UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For quarterly period ended March 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

COMMISSION FILE NO. 1-6622

ELME COMMUNITIES
(Exact name of registrant as specified in its charter)

Maryland	**53-0261100**
(State of incorporation)	**(IRS Employer Identification Number)**

7550 WISCONSIN AVE, SUITE 900, BETHESDA, MD 20814
(Address of principal executive office) (Zip code)

Registrant's telephone number, including area code: (202) 774-3200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Shares of Beneficial Interest	ELME	NYSE

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 29, 2025, 88,158,657 common shares were outstanding.

ELME COMMUNITIES

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PART I
FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

The information furnished in the accompanying unaudited Consolidated Balance Sheets, Condensed Consolidated Statements of Operations, Condensed Consolidated Statements of Comprehensive Income (Loss), Consolidated Statements of Equity and Consolidated Statements of Cash Flows reflects all adjustments, consisting of normal recurring items, which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. The accompanying financial statements and notes thereto should be read in conjunction with the financial statements and notes for the three years ended December 31, 2024 included in our 2024 Annual Report on Form 10-K filed on February 14, 2025.

ELME COMMUNITIES AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	March 31, 2025 (Unaudited)	December 31, 2024
Assets		
Land	$ 383,808	$ 383,808
Income producing property	2,004,162	1,999,525
	2,387,970	2,383,333
Accumulated depreciation and amortization	(640,061)	(618,299)
Net income producing property	1,747,909	1,765,034
Properties under development or held for future development	30,980	30,980
Total real estate held for investment, net	1,778,889	1,796,014
Cash and cash equivalents	6,396	6,144
Restricted cash	2,556	2,465
Rents and other receivables	12,206	12,511
Prepaid expenses and other assets	27,532	28,628
Total assets	$ 1,827,579	$ 1,845,762
Liabilities		
Notes payable, net	$ 523,061	$ 522,953
Line of credit	182,000	176,000
Accounts payable and other liabilities	31,082	36,293
Dividend payable	15,943	15,898
Advance rents	6,010	6,257
Tenant security deposits	6,282	6,283
Total liabilities	764,378	763,684
Equity		
Shareholders' equity		
Preferred shares, $0.01 par value; 10,000 shares authorized; no shares issued or outstanding	—	—
Shares of beneficial interest, $0.01 par value; 150,000 shares authorized; 88,157 and 88,029 shares issued and outstanding, as of March 31, 2025 and December 31, 2024, respectively	882	880
Additional paid in capital	1,741,220	1,740,078
Distributions in excess of net income	(666,713)	(646,095)
Accumulated other comprehensive loss	(12,467)	(13,066)
Total shareholders' equity	1,062,922	1,081,797
Noncontrolling interests in subsidiaries	279	281
Total equity	1,063,201	1,082,078
Total liabilities and equity	$ 1,827,579	$ 1,845,762

See accompanying notes to the consolidated financial statements.

ELME COMMUNITIES AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Revenue		
Real estate rental revenue	$ 61,493	$ 59,513
Expenses		
Property operating and maintenance	14,175	13,464
Real estate taxes and insurance	7,819	8,255
Property management	2,246	2,218
General and administrative	9,229	6,196
Depreciation and amortization	23,239	24,943
	56,708	55,076
Real estate operating income	4,785	4,437
Other income (expense)		
Interest expense	(9,460)	(9,494)
Other income	—	1,410
	(9,460)	(8,084)
Net loss	$ (4,675)	$ (3,647)
Basic net loss per common share	$ (0.05)	$ (0.04)
Diluted net loss per common share	$ (0.05)	$ (0.04)
Weighted average shares outstanding – basic	88,064	87,885
Weighted average shares outstanding – diluted	88,064	87,885

See accompanying notes to the consolidated financial statements.

ELME COMMUNITIES AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(IN THOUSANDS)
(UNAUDITED)

	Three Months Ended March 31,	
	2025	2024
Net loss	$ (4,675)	$ (3,647)
Other comprehensive income:		
Unrealized gain on interest rate hedges	89	83
Reclassification of unrealized loss on interest rate derivatives to earnings	510	510
Comprehensive loss	$ (4,076)	$ (3,054)

See accompanying notes to the consolidated financial statements.

ELME COMMUNITIES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY
(IN THOUSANDS)
(UNAUDITED)

	Shares Issued and Out-standing	Shares of Beneficial Interest at Par Value	Additional Paid in Capital	Distributions in Excess of Net Income	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balance, December 31, 2024	88,029	$ 880	$ 1,740,078	$ (646,095)	$ (13,066)	$ 1,081,797	$ 281	$ 1,082,078
Net loss	—	—	—	(4,675)	—	(4,675)	—	(4,675)
Unrealized gain on interest rate hedges	—	—	—	—	89	89	—	89
Amortization of swap settlements	—	—	—	—	510	510	—	510
Distributions to noncontrolling interests	—	—	—	—	—	—	(2)	(2)
Dividends ($0.18 per common share)	—	—	—	(15,943)	—	(15,943)	—	(15,943)
Share grants, net of forfeitures and tax withholdings	128	2	1,142	—	—	1,144	—	1,144
Balance, March 31, 2025	88,157	$ 882	$ 1,741,220	$ (666,713)	$ (12,467)	$ 1,062,922	$ 279	$ 1,063,201

	Shares Issued and Out-standing	Shares of Beneficial Interest at Par Value	Additional Paid in Capital	Distributions in Excess of Net Income	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balance, December 31, 2023	87,867	$ 879	$ 1,735,530	$ (569,391)	$ (12,958)	$ 1,154,060	$ 290	$ 1,154,350
Net loss	—	—	—	(3,647)	—	(3,647)	—	(3,647)
Unrealized gain on interest rate hedges	—	—	—	—	83	83	—	83
Amortization of swap settlements	—	—	—	—	510	510	—	510
Distributions to noncontrolling interests	—	—	—	—	—	—	(2)	(2)
Dividends ($0.18 per common share)	—	—	—	(15,885)	—	(15,885)	—	(15,885)
Share grants, net of forfeitures and tax withholdings	136	1	994	—	—	995	—	995
Balance, March 31, 2024	88,003	$ 880	$ 1,736,524	$ (588,923)	$ (12,365)	$ 1,136,116	$ 288	$ 1,136,404

See accompanying notes to the consolidated financial statements.

ELME COMMUNITIES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Cash flows from operating activities		
Net loss	$ (4,675)	$ (3,647)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	23,239	24,943
Credit losses on lease related receivables	983	1,451
Share-based compensation expense	1,372	1,090
Net amortization of debt premiums, discounts and related financing costs	1,071	1,058
Gain on land easements	—	(1,410)
Changes in operating other assets	(573)	(941)
Changes in operating other liabilities	(5,242)	(1,328)
Net cash provided by operating activities	16,175	21,216
Cash flows from investing activities		
Capital improvements to real estate	(5,688)	(13,617)
Non-real estate capital improvements	(10)	(5)
Payments received for land easements	—	3,862
Net cash used in investing activities	(5,698)	(9,760)
Cash flows from financing activities		
Line of credit borrowings, net	6,000	3,000
Dividends paid	(15,898)	(15,911)
Payment of financing costs	(25)	—
Distributions to noncontrolling interests	(2)	(2)
Payment of tax withholdings for restricted share awards	(209)	(178)
Net cash used in financing activities	(10,134)	(13,091)
Net increase (decrease) in cash, cash equivalents and restricted cash	343	(1,635)
Cash, cash equivalents and restricted cash at beginning of period	8,609	8,538
Cash, cash equivalents and restricted cash at end of period	$ 8,952	$ 6,903
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	$ 11,982	$ 11,972
Change in accrued capital improvements and development costs	(139)	(7,309)
Dividend payable	15,943	15,888
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 6,396	$ 4,199
Restricted cash	2,556	2,704
Cash, cash equivalents and restricted cash	$ 8,952	$ 6,903

See accompanying notes to the consolidated financial statements.

NOTE 1: NATURE OF BUSINESS

Elme Communities, a Maryland real estate investment trust, is a self-administered equity real estate investment trust ("REIT"), and successor to a trust organized in 1960. Our business primarily consists of the ownership of apartment communities in the greater Washington, DC metro and Sunbelt regions. Within these notes to the financial statements, we refer to the three months ended March 31, 2025 and March 31, 2024 as the "2025 Quarter" and the "2024 Quarter," respectively.

Federal Income Taxes

We believe that we qualify as a REIT under Sections 856-860 of the Internal Revenue Code of 1986, as amended (the "Code"), and intend to continue to qualify as such. To maintain our status as a REIT, we are, among other things, required to distribute 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding net capital gains to our shareholders) on an annual basis. When selling a property, we generally have the option of (a) reinvesting the sales proceeds of property sold in a way that allows us to defer recognition of some or all taxable gain realized on the sale, (b) distributing gains to the shareholders with no tax to us or (c) treating net long-term capital gains as having been distributed to our shareholders, paying the tax on the gain deemed distributed and allocating the tax paid as a credit to our shareholders.

Generally, and subject to our ongoing qualification as a REIT, no provisions for income taxes are necessary except for taxes on undistributed taxable income and taxes on the income generated by our taxable REIT subsidiary ("TRS"). Our TRS is subject to corporate federal and state income tax on its taxable income at regular statutory rates. As of both March 31, 2025 and December 31, 2024, our TRS had a deferred tax asset of $1.4 million that was fully reserved.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATIONS

Significant Accounting Policies

We have prepared our consolidated financial statements using the accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2024.

Recent Accounting Pronouncements

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07, "Segment Reporting - Improvements to Reportable Segments Disclosures," which enhances disclosures of significant segment expenses and other segment items regularly provided to the chief operating decision maker ("CODM"). The new standard is effective in fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We adopted the new standard on our consolidated financial statements and related disclosures for the year ended December 31, 2024.

In November 2024, the Financial Accounting Standards Board issued ASU 2024-03, Disaggregation of Income Statement Expenses, which will require additional disclosure of the nature of expenses included in the income statement in response to longstanding requests from investors for more information about an entity's expenses. The new standard requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The new standard will be effective for public companies for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. The requirements will be applied prospectively with the option for retrospective application. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standard update on our consolidated financial statements.

Principles of Consolidation and Basis of Presentation

The accompanying unaudited consolidated financial statements include the consolidated accounts of Elme Communities and our subsidiaries and entities in which Elme Communities has a controlling financial interest. All intercompany balances and transactions have been eliminated in consolidation.

We have prepared the accompanying unaudited financial statements pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with Generally Accepted Accounting Principles ("GAAP") have been condensed or omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequate to make the information presented not misleading. In addition, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for the periods presented have been included. These unaudited financial statements should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2024.

Lessee Accounting

For leases where we are the lessee, primarily our corporate office operating lease, we recognize a right-of-use asset and a lease liability in accordance with Accounting Standards Codification ("ASC") Topic 842. The right-of-use asset and associated liability is equal to the present value of the minimum lease payments, applying our incremental borrowing rate. Our borrowing rate is computed based on observable borrowing rates taking into consideration our credit quality and adjusting to a secured borrowing rate for similar assets and term.

Lease expense for the operating lease is recognized on a straight-line basis over the expected lease term and is included in "General and administrative expenses."

Restricted Cash

Restricted cash includes funds held in escrow for tenant security deposits.

Use of Estimates in the Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: REAL ESTATE

Development/Redevelopment

We have properties under development/redevelopment and held for current or future development. As of March 31, 2025, we have invested $30.4 million, including the cost of acquired land, in a residential development adjacent to Riverside Apartments. During the second quarter of 2022, we paused development activities at the aforementioned property and ceased associated capitalization of interest on spending and real estate taxes.

Properties Sold and Held for Sale

We intend to hold our properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing and owning our properties and to make occasional sales of properties that no longer meet our long-term strategy or return objectives and where market conditions for sale are favorable. The proceeds from the sales may be reinvested into other properties, used to fund development operations or to support other corporate needs or distributed to our shareholders. Depreciation on these properties is discontinued at the time they are classified as held for sale, but operating revenues, operating expenses and interest expense continue to be recognized until the date of sale.

We did not sell or classify any properties as held for sale during the 2025 Quarter or in 2024.

As of March 31, 2025, we assessed our properties, including assets held for development, for impairment and did not recognize any impairment charges during the 2025 Quarter. We applied reasonable estimates and judgments in evaluating each of the properties as of March 31, 2025. Should external or internal circumstances change requiring the need to shorten holding periods or adjust future estimated cash flows from our properties, we could be required to record impairment charges in the future.

NOTE 4: UNSECURED LINE OF CREDIT PAYABLE

During 2024, we entered into a third amended and restated credit agreement (the "Amended Credit Agreement") which provides for aggregate revolving loan commitments of $500.0 million (the "Amended and Restated Revolving Credit Facility") with an accordion feature that allows us to increase the aggregate revolving loan commitments or add term loans of up to $1.0 billion, subject to the lenders' agreement to provide additional revolving commitments or term loans. The Amended and Restated Revolving Credit Facility has a four-year term ending in July 2028, with two six-month extension options. Borrowings under the Amended and Restated Revolving Credit Facility will bear interest, at our option, at a rate of either (a)(i) daily SOFR plus 0.10% (the "Adjusted Daily Simple SOFR") or (ii) term SOFR plus 0.10%, plus, in each case, a margin ranging from 0.70% to 1.40% (depending on our credit rating) or (b) the base rate plus a margin ranging from 0.00% to 0.40% (based upon our credit rating). The base rate is the highest of the administrative agent's prime rate, the federal funds rate plus 0.50% and Adjusted Daily Simple SOFR plus 1.0%. In addition, the Amended Credit Agreement requires the payment of a facility fee equal to 0.10% to 0.30% (depending on our credit rating) on the $500.0 million committed capacity in respect of the Amended and Restated Revolving Credit Facility, without regard to usage. The initial interest rate is based on Adjusted Daily Simple SOFR plus a margin of 0.85% and the initial facility fee equals 0.20%.

As of March 31, 2025, the interest rate on the Amended and Restated Revolving Credit Facility was based on the Adjusted Daily Simple SOFR (inclusive of the 0.10% credit spread adjustment) plus 0.85% applicable margin, the daily SOFR was 4.41% and the facility fee was 0.20%.

All outstanding advances for the Amended and Restated Revolving Credit Facility are due and payable upon maturity in July 2028, unless extended pursuant to one or both of the two six-month extension options. Interest only payments are due and payable generally on a monthly basis.

The amount of the Amended and Restated Revolving Credit Facility's unsecured line of credit unused and available at March 31, 2025 was as follows (in thousands):

Committed capacity	$	500,000
Borrowings outstanding		(182,000)
Unused and available	$	318,000

We executed borrowings and repayments on the Amended and Restated Revolving Credit Facility during the 2025 Quarter as follows (in thousands):

Balance, December 31, 2024	$	176,000
Borrowings		46,000
Repayments		(40,000)
Balance, March 31, 2025	$	182,000

NOTE 5: NOTES PAYABLE

During 2023, we entered into a $125.0 million unsecured term loan ("2023 Term Loan") with an interest rate of SOFR (subject to a credit spread adjustment of 10 basis points) plus a margin of 95 basis points (subject to adjustment depending on Elme Communities' credit rating). The 2023 Term Loan had a two-year term ending in January 2025, with two one-year extension options. We used the proceeds to prepay the remaining $100.0 million portion of the $250.0 million unsecured term loan (the "2018 Term Loan") in full and a portion of our borrowings under our previous revolving credit facility.

During 2024, we entered into a first amendment of the 2023 Term Loan (the "Term Loan Amendment"). The Term Loan Amendment implements various covenant and technical amendments to make the 2023 Term Loan consistent with corresponding provisions in the Amended Credit Agreement. The Term Loan Amendment does not change the maturity or any of the pricing terms of the term loan outstanding under the 2023 Term Loan.

During the fourth quarter of 2024, we exercised one of two one-year extension options on the 2023 Term Loan to extend the maturity of the loan to January 10, 2026. The interest rate on the 2023 Term Loan is effectively fixed at 5.77% by two interest rate swap arrangements through its maturity date of January 10, 2026 (see note 6).

NOTE 6: DERIVATIVE INSTRUMENTS

During the first quarter of 2023, we entered intotwo interest rate swap arrangements with an aggregate notional amount of $125.0 million that effectively fixed the interest at4.73% for the 2023 Term Loan beginning on July 21, 2023 through the 2023 Term Loan's initial maturity date of January 10, 2025.

During the second quarter of 2024, we entered intotwo forward interest rate swap arrangements with an aggregate notional amount of $150.0 million beginning on January 10, 2025 through January 10, 2026. These forward interest rate swap arrangements effectively fix (i) a portion of our variable rate debt based on an adjusted daily SOFR at 4.72% (subject to applicable interest rate margins) and (ii) the 2023 Term Loan's interest rate at 5.77% beginning on January 10, 2025 through the extended loan maturity date of January 10, 2026.

The interest rate swap arrangements are recorded at fair value in accordance with GAAP, based on discounted cash flow methodologies and observable inputs. We record the effective portion of changes in fair value of the cash flow hedges in Other comprehensive income (loss). We assess the effectiveness of a cash flow hedge both at inception and on an ongoing basis. If a cash flow hedge is no longer expected to be effective, hedge accounting is discontinued. Hedge ineffectiveness of our cash flow hedges is recorded in earnings.

The fair values of the interest rate swaps as of March 31, 2025 and December 31, 2024, were as follows (in thousands):

				Fair Value Derivative Assets (Liabilities)	
Derivative Instrument	**Aggregate Notional Amount**	**Effective Date**	**Maturity Date**	**March 31, 2025**	**December 31, 2024**
Interest rate swap	$ 75,000	July 21, 2023	January 10, 2025	$ —	$ 14
Interest rate swap	50,000	July 21, 2023	January 10, 2025	—	9
Interest rate swap	100,000	January 10, 2025	January 10, 2026	(549)	(624)
Interest rate swap	50,000	January 10, 2025	January 10, 2026	(275)	(312)
				$ (824)	$ (913)

We record interest rate swaps on our consolidated balance sheets within Prepaid expenses and other assets when in a net asset position and within Accounts payable and other liabilities when in a net liability position. The net unrealized gains on the effective swaps were recognized in Other comprehensive income (loss), as follows (in thousands):

	Three Months Ended March 31,	
	2025	2024
Unrealized gain on interest rate hedges	$ 89	$ 83

Amounts reported in Accumulated other comprehensive loss related to effective cash flow hedges will be reclassified to interest expense as interest payments are made on our variable-rate debt. During the next twelve months, we estimate that an additional $0.8 million related to our outstanding interest rate swap arrangements will be reclassified as a net increase to interest expense.

The losses reclassified from Accumulated other comprehensive loss into interest expense for the three months ended March 31, 2025 and 2024, were as follows (in thousands):

	Three Months Ended March 31,	
	2025	2024
Loss reclassified from accumulated other comprehensive loss into interest expense	$ 510	$ 510

During the next twelve months, we estimate that an additional $2.0 million related to the previously settled interest rate swap arrangements will be reclassified as an increase to interest expense.

We have agreements with each of our derivative counterparties that contain a provision whereby we could be declared in default on our derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to our default on the indebtedness. As of March 31, 2025, the fair value of derivative liabilities was $0.8 million. As of March 31, 2025, we have not posted any collateral related to these agreements.

Derivative instruments expose us to credit risk in the event of non-performance by the counterparty under the terms of the interest rate hedge agreements. We believe that we minimize our credit risk on these transactions by dealing with major, creditworthy financial institutions. We monitor the credit ratings of counterparties and our exposure to any single entity, thus minimizing our credit risk concentration.

NOTE 7: FAIR VALUE DISCLOSURES

Assets and Liabilities Measured at Fair Value on a Recurring Basis

For assets and liabilities measured at fair value on a recurring basis, quantitative disclosures about the fair value measurements are required to be disclosed separately for each major category of assets and liabilities, as follows:

Level 1: Quoted prices in active markets for identical assets
Level 2: Significant other observable inputs
Level 3: Significant unobservable inputs

The only assets or liabilities we had at March 31, 2025 and December 31, 2024 that are recorded at fair value on a recurring basis are the assets held in the Supplemental Executive Retirement Plan ("SERP"), which primarily consist of investments in mutual funds, and the interest rate derivatives (see note 6).

We base the valuations related to the SERP on quoted prices in active markets and accordingly these valuations fall into Level 1 in the fair value hierarchy.

The valuation of the interest rate derivatives is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each interest rate derivative. This analysis reflects the contractual terms of the interest rate derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate derivatives are determined using the market standard methodology of netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. To comply with the provisions of ASC 820, *Fair Value Measurement*, we incorporate credit valuation adjustments in the fair value measurements to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk. These credit valuation adjustments were concluded to not be significant inputs for the fair value calculations for the periods presented. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as the posting of collateral, thresholds, mutual puts and guarantees. The valuation of interest rate derivatives fall into Level 2 in the fair value hierarchy.

The fair values of these assets as of March 31, 2025 and December 31, 2024 were as follows (in thousands):

	March 31, 2025				December 31, 2024			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Assets:								
SERP	$ 2,678	$ 2,678	$ —	$ —	$ 2,648	$ 2,648	$ —	$ —
Interest rate swaps	—	—	—	—	23	—	23	—
Liabilities:								
Interest rate swaps	(824)	—	(824)	—	(936)	—	(936)	—

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets not measured at fair value on an ongoing basis but subject to fair value adjustments only in certain circumstances, such as when there is evidence of impairment, are measured at fair value on a nonrecurring basis. In the 2025 Quarter, the Company did not have any assets or liabilities measured at fair value on a nonrecurring basis.

Financial Assets and Liabilities Not Measured at Fair Value

The following disclosures of estimated fair value were determined by management using available market information and established valuation methodologies, including discounted cash flow models. Many of these estimates involve significant judgment. The estimated fair value disclosed may not necessarily be indicative of the amounts we could realize on disposition of the financial instruments. The use of different market assumptions or estimation methodologies could have an effect on the estimated fair value amounts. In addition, fair value estimates are made at a point in time and thus, estimates of fair value subsequent to March 31, 2025 may differ significantly from the amounts presented. The valuations of cash and cash equivalents and restricted cash fall into Level 1 in the fair value hierarchy and the valuations of debt instruments fall into Level 3 in the fair value hierarchy.

As of March 31, 2025 and December 31, 2024, the carrying values and estimated fair values of our financial instruments were as follows (in thousands):

	March 31, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	$ 6,396	$ 6,396	$ 6,144	$ 6,144
Restricted cash	2,556	2,556	2,465	2,465
Line of credit	182,000	182,000	176,000	176,000
Notes payable, net	523,061	478,560	522,953	472,412

NOTE 8: SHARE-BASED COMPENSATION

Elme Communities maintains short-term and long-term incentive plans that allow for stock-based awards to officers and non-officer employees. Stock based awards are provided to officers and non-officer employees, as well as trustees, under the Elme Communities 2016 Omnibus Incentive Plan, as amended and restated effective May 30, 2024 (the "Omnibus Incentive Plan"). An amendment and restatement of the Omnibus Incentive Plan was approved by our board of trustees in April 2024 and approved by our shareholders in May 2024 to, among other changes, increase the number of shares available to be issued by 2,900,000, from 2,400,000 shares to 5,300,000 shares (including shares issued pursuant to awards made under the Omnibus Incentive Plan prior to its amendment). The Omnibus Incentive Plan, as amended, allows for awards in the form of restricted shares, restricted share units, options and other awards up to an aggregate of 5,300,000 shares over the ten-year period in which the plan is in effect. Restricted share units are converted into shares of our stock upon full vesting through the issuance of new shares.

Total Compensation Expense

Total compensation expense recognized in the consolidated financial statements for all outstanding share-based awards was $1.4 million and $1.1 million for the 2025 Quarter and 2024 Quarter, respectively.

Restricted Share Awards

The total fair values of restricted share awards vested was $0.7 million and $0.6 million for the 2025 Quarter and 2024 Quarter, respectively.

The total unvested restricted share awards at March 31, 2025 was 493,625 shares, which had a weighted average grant date fair value of $15.82 per share. As of March 31, 2025, the total compensation cost related to unvested restricted share awards was $6.0 million, which we expect to recognize over a weighted average period of 24 months.

NOTE 9: EARNINGS PER COMMON SHARE

We determine "Basic earnings per share" using the two-class method as our unvested restricted share awards and units have non-forfeitable rights to dividends, and are therefore considered participating securities. We compute basic earnings per share by dividing net income less the allocation of undistributed earnings to unvested restricted share awards and units by the weighted-average number of common shares outstanding for the period.

We also determine "Diluted earnings per share" as the more dilutive of the two-class method or the treasury stock method with respect to the unvested restricted share awards. We further evaluate any other potentially dilutive securities at the end of the period and adjust the basic earnings per share calculation for the impact of those securities that are dilutive. Our dilutive earnings per share calculation includes the dilutive impact of operating partnership units under the if-converted method and our share based awards with performance conditions prior to the grant date and all market condition awards under the contingently issuable method.

The computations of basic and diluted earnings per share for the three months ended March 31, 2025 and 2024 were as follows (in thousands, except per share data):

	Three Months Ended March 31,	
	2025	2024
Numerator:		
Net loss	$ (4,675)	$ (3,647)
Allocation of earnings to unvested restricted share awards	(89)	(80)
Adjusted net loss	$ (4,764)	$ (3,727)
Denominator:		
Weighted average shares outstanding – basic and diluted	88,064	87,885
Basic net loss per common share	$ (0.05)	$ (0.04)
Diluted net loss per common share	$ (0.05)	$ (0.04)
Dividends declared per common share	$ 0.18	$ 0.18

NOTE 10: SEGMENT INFORMATION

We operate in a single reportable segment which includes the ownership, development, redevelopment and acquisition of apartment communities (the "Residential segment"). Within the Residential segment, we do not distinguish or group our consolidated operations based on size (only one community, Riverside Apartments, comprises more than 10% of consolidated revenues), type (all assets in the segment are residential) or geography (all but six communities are within the Washington, DC metro region). Further, our apartment communities have similar long-term economic characteristics and provide similar products and services to our residents.

We have one office property, Watergate 600, which does not meet the quantitative or qualitative criteria for a reportable segment and has been classified within "Other", along with business activities that are not part of an operating segment, on our segment disclosure tables.

Our CODM, the Chief Executive Officer, reviews financial information presented on a consolidated basis for purposes of assessing the performance and allocating resources to the operating segment. The CODM uses net operating income ("NOI"), defined as real estate rental revenue less real estate expenses (the significant segment expense), as the key basis of measurement for the reported segment profit or loss.

We evaluate performance based upon NOI of the combined properties in the segment. Our reportable operating segment consolidates similar properties. GAAP requires that segment disclosures present the measure(s) used by the CODM for purposes of assessing each segment's performance. NOI is a key measurement of our segment profit and loss and is defined as real estate rental revenue less real estate expenses.

The following tables present revenues, NOI, capital expenditures and total assets for the three months ended March 31, 2025 and 2024 from our Residential segment as well as Other, and reconcile NOI to net loss as reported (in thousands):

	Three Months Ended March 31, 2025		
	Residential	Other	Consolidated
Real estate rental revenue	$ 57,007	$ 4,486	$ 61,493
Real estate expenses	20,609	1,385	21,994
Net operating income	$ 36,398	$ 3,101	$ 39,499
Property management expenses			(2,246)
General and administrative expenses			(9,229)
Depreciation and amortization			(23,239)
Interest expense			(9,460)
Net loss			$ (4,675)

Capital expenditures	$	5,663	$	35	$	5,698
Total assets	$	1,703,880	$	123,699	$	1,827,579

	Three Months Ended March 31, 2024					
	Residential		Other		Consolidated	
Real estate rental revenue	$	54,871	$	4,642	$	59,513
Real estate expenses		20,358		1,361		21,719
Net operating income	$	34,513	$	3,281	$	37,794
Property management expenses						(2,218)
General and administrative expenses						(6,196)
Depreciation and amortization						(24,943)
Interest expense						(9,494)
Other income						1,410
Net loss					$	(3,647)
Capital expenditures	$	13,565	$	57	$	13,622
Total assets	$	1,751,228	$	125,311	$	1,876,539

NOTE 11: SHAREHOLDERS' EQUITY

On February 20, 2024, we entered into an equity distribution agreement (the “Equity Distribution Agreement”) with Wells Fargo Securities, LLC, BNY Mellon Capital Markets, LLC, Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, KeyBanc Capital Markets Inc., TD Securities (USA) LLC and Truist Securities, Inc. as agents and forward sellers, as applicable, (collectively, the “Agents” or “Forward Sellers”, as applicable), and Wells Fargo Bank, National Association, The Bank of New York Mellon, Citibank, N.A., Goldman Sachs & Co. LLC, KeyBanc Capital Markets Inc., The Toronto-Dominion Bank and Truist Bank as forward purchasers pursuant to which up to an aggregate gross sales price of $350.0 million of Elme Communities’ common shares of beneficial interest, $0.01 par value per share, may be offered and sold from time to time through the Agents, acting as the Company’s sales agents or, if applicable, the Forward Sellers, or directly to the Agents as principals for their own accounts. In connection with entry into the Equity Distribution Agreement, we terminated our prior at-the-market offering program. At the time of such termination, approximately $340.0 million remained unsold under such prior program.

We did not issue common shares under the Equity Distribution Agreement or any prior equity distribution agreements during the 2025 Quarter or 2024 Quarter.

We have a dividend reinvestment program, whereby shareholders may use their dividends and optional cash payments to purchase common shares. The common shares sold under this program may either be common shares issued by us or common shares purchased in the open market. Net proceeds under this program are used for general corporate purposes.

We did not issue common shares under the dividend reinvestment program during the 2025 Quarter and 2024 Quarter.

ITEM 2: MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto appearing in Item 1 of this report and the more detailed information contained in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission (“SEC”) on February 14, 2025.

We refer to the three months ended March 31, 2025 and March 31, 2024 as the “2025 Quarter” and the “2024 Quarter,” respectively.

Forward-Looking Statements

This Form 10-Q contains forward-looking statements within the meaning of federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward looking statements by the use of forward-looking terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” or “potential” or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. Such statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of Elme Communities to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Additional factors which may cause the actual results, performance, or achievements of Elme Communities to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements include, but are not limited to: the risks associated with the outcome, objectives and timing of the strategic alternatives review, including the incurrence of costs and expenses and diversion of management’s time in connection with such review; the risks associated with ownership of real estate in general and our real estate assets in particular; the economic health of the areas in which our properties are located, particularly with respect to the greater Washington, DC metro and Sunbelt regions; risks associated with our ability to execute on our strategies, including new strategies with respect to our operations and our portfolio, including the acquisition of apartment homes in the Sunbelt markets and our ability to realize any anticipated operational benefits from our internalization of community management functions; the risk of failure to enter into and/or complete acquisitions and dispositions; changes in the composition of our portfolio; reductions in or actual or threatened changes to the timing of federal government spending; the economic health of our residents; the impact from macroeconomic factors (including inflation, increases in interest rates, potential economic slowdowns or recessions, tariffs and trade barriers, supply chain disruptions and geopolitical conflicts); risks related to our ability to control our expenses if revenues decrease; compliance with applicable laws and corporate social responsibility goals, including those concerning the environment and access by persons with disabilities; risks related to legal proceedings; risks related to not having adequate insurance to cover potential losses; changes in the market value of securities; terrorist attacks or actions and/or cyber-attacks; whether we will succeed in the day-to-day property management and leasing activities that we have previously outsourced; the availability and terms of financing and capital and the general volatility of securities markets; the risks related to our organizational structure and limitations of share ownership; failure to qualify and maintain our qualification as a REIT and the risks of changes in laws affecting REITs; and other risks and uncertainties detailed from time to time in our filings with the SEC, including our 2024 Form 10-K filed on February 14, 2025. While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We undertake no obligation to update our forward-looking statements or risk factors to reflect new information, future events, or otherwise.

General

Introductory Matters

We provide our Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations and financial condition. We organize the MD&A as follows:

- *Overview.* Discussion of our business outlook, operating results, investment and financing activity and capital requirements to provide context for the remainder of MD&A.
- *Results of Operations.* Discussion of our financial results comparing the 2025 Quarter to the 2024 Quarter.
- *Liquidity and Capital Resources.* Discussion of our financial condition and analysis of changes in our capital structure and cash flows.
- *Funds From Operations.* Calculation of NAREIT Funds From Operations (“NAREIT FFO”), a non-GAAP supplemental measure to net income.

- *Critical Accounting Estimates.* Descriptions of accounting policies that reflect significant judgments and estimates used in the preparation of our consolidated financial statements.

When evaluating our financial condition and operating performance, we focus on the following financial and non-financial indicators:

- *Net operating income ("NOI")*, calculated as set forth below under the caption "Results of Operations - Net Operating Income." NOI is a non-GAAP supplemental measure to net income.
- *Funds From Operations ("NAREIT FFO")*, calculated as set forth below under the caption "Funds from Operations." NAREIT FFO is a non-GAAP supplemental measure to net income.
- *Average occupancy*, calculated as average daily occupied apartment homes as a percentage of total apartment homes.

For purposes of evaluating comparative operating performance, we categorize our properties as "same-store" or "non-same-store." Same-store portfolio properties include properties that were owned for the entirety of the years being compared, and exclude properties under redevelopment or development and properties acquired, sold or classified as held for sale during the years being compared. We define development properties as those for which we have planned or ongoing major construction activities on existing or acquired land pursuant to an authorized development plan. Development properties are categorized as same-store when they have reached stabilized occupancy (90%) before the start of the prior year. We define redevelopment properties as those for which we have planned or ongoing significant development and construction activities on existing or acquired buildings pursuant to an authorized plan, which has an impact on current operating results, occupancy and the ability to lease space with the intended result of a higher economic return on the property. We categorize a redevelopment property as same-store when redevelopment activities have been complete for the majority of each year being compared.

Overview

Our revenues are derived primarily from the ownership and operation of income producing property. As of March 31, 2025, we owned approximately 9,400 residential apartment homes in the Washington, DC and Atlanta metro regions. We also own and operate approximately 300,000 square feet of commercial space in the Washington, DC metro region.

During the 2025 Quarter, we announced that our board of trustees had initiated a formal review to evaluate strategic alternatives for Elme Communities in an effort to maximize shareholder value. This review remains ongoing and there is no deadline or definitive timetable set for completion of this review and there can be no assurance that this process will result in Elme Communities pursuing a transaction or any other strategic outcome.

Operating Results

Net loss, NOI and NAREIT FFO for the three months ended March 31, 2025 and 2024 were as follows (in thousands):

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	$ Change	% Change
Net loss	$ (4,675)	$ (3,647)	$ (1,028)	28.2 %
NOI [(1)]	$ 39,499	$ 37,794	$ 1,705	4.5 %
NAREIT FFO [(2)]	$ 18,564	$ 21,296	$ (2,732)	(12.8) %

[(1)] See page 22 of the MD&A for a reconciliation of NOI to net income.

[(2)] See page 29 of the MD&A for a reconciliation of NAREIT FFO to net income.

The increase in net loss is primarily due to higher professional fees ($2.9 million) in the 2025 Quarter in connection with the previously disclosed cooperation agreement entered into on March 19, 2025 (the "Cooperation Agreement") and activities related to the board of trustee's ongoing strategic alternatives review and higher other income ($1.4 million) in the 2024 Quarter. These were partially offset by lower depreciation and amortization expenses ($1.7 million) and higher NOI ($1.7 million) in the 2025 Quarter.

The increase in NOI is primarily due to higher NOI from same-store properties ($1.9 million), partially offset by lower NOI at Watergate ($0.2 million). The higher same-store NOI was primarily due to higher rental rates. Residential same-store average occupancy for our portfolio increased to 94.8% as of March 31, 2025 from 94.3% as of March 31, 2024.

The decrease in NAREIT FFO is primarily due to higher general and administrative expenses ($3.0 million) and higher other income ($1.4 million) in the 2024 Quarter, partially offset by higher NOI ($1.7 million).

Investment Activity

There were no significant investment transactions during the 2025 Quarter.

Financing Activity

As of April 29, 2025, our Amended and Restated Revolving Credit Facility has a borrowing capacity of $314.0 million.

As of March 31, 2025, the interest rate on the Amended and Restated Revolving Credit Facility was based on the Adjusted Daily Simple SOFR (inclusive of the 0.10% credit spread adjustment) plus 0.85% applicable margin, the daily SOFR was 4.41% and the facility fee was 0.20%.

Capital Requirements

We have no debt maturities scheduled until 2026. We expect to have additional capital requirements as set forth on page25 (Liquidity and Capital Resources – Capital Requirements).

Results of Operations

The discussion that follows is based on our consolidated results of operations for the 2025 Quarter and the 2024 Quarter.

Net Operating Income

NOI, defined as real estate rental revenue less direct real estate operating expenses, is a non-GAAP measure. NOI is calculated as net income, less non-real estate revenue and the results of discontinued operations (including the gain or loss on sale, if any), plus interest expense, depreciation and amortization, lease origination expenses, general and administrative expenses, acquisition costs, real estate impairment, casualty gain and losses and gain or loss on extinguishment of debt. NOI does not include management expenses, which consist of corporate property management costs and property management fees paid to third parties. NOI is the primary performance measure we use to assess the results of our operations at the property level. We believe that NOI is a useful performance measure because, when compared across periods, it reflects the impact on operations of trends in occupancy rates, rental rates and operating costs on an unleveraged basis, providing perspective not immediately apparent from net income. NOI excludes certain components from net income in order to provide results more closely related to a property's results of operations. For example, interest expense is not necessarily linked to the operating performance of a real estate asset. In addition, depreciation and amortization, because of historical cost accounting and useful life estimates, may distort operating performance at the property level. As a result of the foregoing, we provide NOI as a supplement to net income, calculated in accordance with GAAP. NOI does not represent net income or income from continuing operations calculated in accordance with GAAP. As such, NOI should not be considered an alternative to these measures as an indication of our operating performance. A reconciliation of net loss to NOI follows.

2025 Quarter Compared to 2024 Quarter

The following table reconciles net loss to NOI and provides the basis for our discussion of our consolidated results of operations and NOI in the 2025 Quarter compared to the 2024 Quarter. All amounts are in thousands, except percentage amounts.

	Three Months Ended March 31,			
	2025	2024	$ Change	% Change
Net loss	$ (4,675)	$ (3,647)	$ (1,028)	28.2 %
Adjustments:				
Property management expenses	2,246	2,218	28	1.3 %
General and administrative expenses	9,229	6,196	3,033	49.0 %
Real estate depreciation and amortization	23,239	24,943	(1,704)	(6.8) %
Interest expense	9,460	9,494	(34)	(0.4) %
Other income	—	(1,410)	1,410	(100.0) %
Total net operating income (NOI)	$ 39,499	$ 37,794	$ 1,705	4.5 %
Residential revenue:				
Same-store portfolio	$ 57,007	$ 54,871	$ 2,136	3.9 %
Total	57,007	54,871	2,136	3.9 %
Residential expenses:				
Same-store portfolio	20,546	20,301	245	1.2 %
Development	63	57	6	10.5 %
Total	20,609	20,358	251	1.2 %
Residential NOI:				
Same-store portfolio	36,461	34,570	1,891	5.5 %
Development	(63)	(57)	(6)	10.5 %
Total	36,398	34,513	1,885	5.5 %
Other NOI [(1)]	3,101	3,281	(180)	(5.5) %
Total NOI	$ 39,499	$ 37,794	$ 1,705	4.5 %

(1) Other: Watergate 600

Residential Revenue

Residential revenue is comprised of (a) rent from operating leases of multifamily residential apartments with terms of approximately one year or less, recognized on a straight-line basis, (b) revenue from the recovery of operating expenses from our residents, (c) credit losses on lease related receivables, (d) revenue from leases of retail space at our apartment communities and (e) parking and other tenant charges.

Residential revenue from same-store residential properties increased $2.1 million, or 3.9%, to $57.0 million for the 2025 Quarter, compared to $54.9 million for the 2024 Quarter, primarily due to higher rental income ($1.0 million), lower credit losses ($0.5 million), lower vacancy loss ($0.4 million) and higher ancillary income ($0.2 million).

Average occupancy for residential properties for the 2025 Quarter and 2024 Quarter was as follows:

March 31, 2025			March 31, 2024			% Change		
Same-Store	**Non-Same-Store**	**Total**	**Same-Store**	**Non-Same-Store**	**Total**	**Same-Store**	**Non-Same-Store**	**Total**
94.8 %	NA	94.8 %	94.3 %	NA	94.3 %	0.5 %	NA	0.5 %

The increase in same-store average occupancy was primarily due to higher average occupancy at Elme Cumberland, Elme Eagles Landing, The Ashby at McLean, Elme Manassas, Elme Herndon and Elme Druid Hills, partially offset by lower average occupancy at Elme Conyers, The Clayborne and Yale West.

Residential Expenses

Residential expenses as a percentage of residential revenue for the 2025 Quarter and the 2024 Quarter were 36.2% and 37.1%, respectively.

Residential expenses from same-store residential properties increased $0.2 million, or 1.2%, to $20.5 million for the 2025 Quarter, compared to $20.3 million for the 2024 Quarter, primarily due to higher administrative ($0.3 million), higher repairs and maintenance ($0.3 million) and higher utilities ($0.2 million) expenses. The increase is partially offset by lower real estate tax ($0.5 million) and lower turnover ($0.1 million) expenses.

Other NOI

Other NOI decreased ($0.2 million) due to lower rental revenue at Watergate 600.

Other Income and Expenses

General and administrative expenses: Increase of $3.0 million primarily due to higher professional fees ($2.9 million) in connection with the Cooperation Agreement and activities related to the board of trustee's ongoing strategic alternatives review.

Real estate depreciation and amortization: Decrease of $1.7 million primarily due to lower depreciation and amortization at Elme Druid Hills due to in-place leases amortization in the 2024 Quarter ($1.8 million).

Interest expense: Interest expense by debt type for the three months ended March 31, 2025 and 2024 was as follows (in thousands):

	Three Months Ended March 31,			
Debt Type	**2025**	**2024**	**$ Change**	**% Change**
Notes payable	$ 6,333	$ 6,120	$ 213	3.5 %
Line of credit	3,127	3,374	(247)	(7.3)%
Total	$ 9,460	$ 9,494	$ (34)	(0.4)%

- *Notes payable*: Increase primarily due to a higher effective interest rate in the 2025 Quarter driven by the interest rate swap arrangements that became effective on January 10, 2025.

- *Line of credit*: Decrease primarily due to a lower weighted average interest rate of 5.3% in the 2025 Quarter, as compared to a weighted average interest rate of 6.3% in the 2024 Quarter, partially offset by a higher weighted average borrowings of $183.6 million in the 2025 Quarter, as compared to weighted average borrowings of $168.3 million in the 2024 Quarter.

Other Income: Other income during the 2024 Quarter consists of additional payments received with respect to easements previously conveyed at The Wellington and Takoma Park, a previously owned retail property.

Liquidity and Capital Resources

We believe we will have adequate liquidity over the next twelve months to operate our business and to meet our cash requirements, including meeting our debt obligations, capital and contractual obligations, as well as the payment of dividends, and funding possible growth opportunities.

We also believe we have adequate liquidity beyond 2025 and we have no debt maturities until 2026 and only $357.0 million of scheduled debt maturities prior to 2029, based on current amounts outstanding under our Amended and Restated Revolving Credit Facility. As of April 29, 2025, we had cash and cash equivalents totaling $2.7 million and a borrowing capacity of $314.0 million on our Amended and Restated Revolving Credit Facility, resulting in a total liquidity position of $316.7 million.

While we currently intend to continue to pay dividends at or about current levels, we will continue to assess the payment of our dividends on a quarterly basis. Future determinations regarding the declaration and payment of dividends, if any, will be at the discretion of our board of trustees which considers, among other factors, trends in our levels of NAREIT FFO and ongoing capital requirements to achieve a targeted payout ratio.

Capital Requirements

As of the end of the 2025 Quarter, our full-year 2025 capital requirements are summarized below:

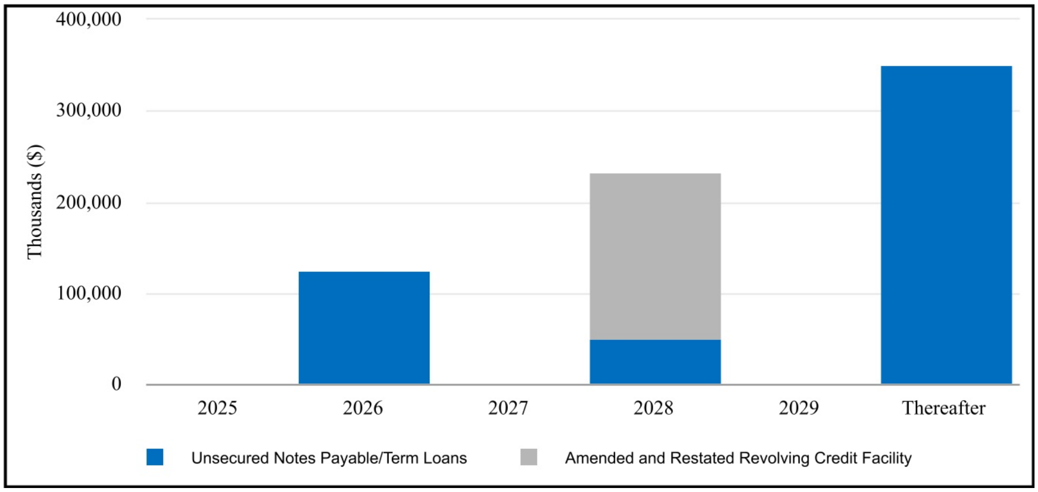
- Funding dividends and distributions to our shareholders (which we intend to continue to pay at or about current levels);
- Approximately $41.0 - $46.0 million to invest in our existing portfolio of operating assets, inclusive of $26.0 - $31.0 million of major capital expenditures; and
- Funding for potential property acquisitions throughout 2025, offset by proceeds from potential property dispositions.

There can be no assurance that our capital requirements will not be materially higher or lower than the above expectations. We currently believe that we will generate sufficient cash flow from operations and potential property sales and have access to the capital resources necessary to fund our requirements for the remainder of 2025. However, as a result of the uncertainty of the general market conditions in the greater Washington, DC metro and Sunbelt regions, economic conditions affecting the ability to attract and retain residents and tenants or achieve anticipated rental rates, declines in our share price, unfavorable changes in the supply of competing properties, or our properties not performing as expected, we may not generate sufficient cash flow from operations and property sales or otherwise have access to capital on favorable terms, or at all. If we are unable to obtain capital from other sources, we may need to alter capital spending to be materially different than what is stated above. If capital were not available, we may be unable to satisfy the distribution requirement applicable to REITs, make required principal and interest payments, make strategic acquisitions or make necessary and/or routine capital improvements or undertake improvement/redevelopment opportunities with respect to our existing portfolio of operating assets.

Debt Financing

We generally use secured or unsecured, corporate-level debt, including unsecured notes, our Amended and Restated Revolving Credit Facility, bank term loans and mortgages to meet our borrowing needs. Long-term, we generally use fixed rate debt instruments in order to match the returns from our real estate assets. If we issue unsecured debt in the future, we will seek to “ladder” the maturities of our debt to mitigate exposure to interest rate risk in any particular future year. We also utilize variable rate debt for short-term financing purposes. At times, our mix of variable and fixed rate debt may not suit our needs. At those times, we may use derivative financial instruments including interest rate swaps and caps, forward interest rate options or interest rate options in order to assist us in managing our debt mix. We may either hedge our variable rate debt to give it an effective fixed interest rate or hedge fixed rate debt to give it an effective variable interest rate.

As of March 31, 2025, our future debt principal payments are scheduled as follows (in thousands):



	Future Maturities of Debt									
Year		**Unsecured Debt**			**Amended and Restated Revolving Credit Facility**				**Total Debt**	**Average Interest Rate**
2025	$	—		$	—			$	—	—%
2026		125,000	(1)		—				125,000	5.8%
2027		—			—				—	—%
2028		50,000			182,000	(2)			232,000	5.8%
2029		—			—				—	—%
Thereafter		350,000			—				350,000	4.1%
Scheduled principal payments	$	525,000		$	182,000			$	707,000	4.9%
Net discounts/premiums		(65)			—				(65)	
Loan costs, net of amortization		(1,874)			—				(1,874)	
Total maturities	$	523,061		$	182,000			$	705,061	4.9%

(1) During 2023, we entered into the 2023 Term Loan, which had an initial two-year term ending in January 2025, and provided for two one-year extension options. In the fourth quarter of 2024, we exercised one of two one-year extension options on the 2023 Term Loan to extend the maturity of the loan to January 10, 2026. In the first quarter of 2023, we entered into two interest rate swap arrangements with an aggregate notional amount of $125.0 million that effectively fixed the 2023 Term Loan's interest rate at 4.73% beginning on July 21, 2023 through the 2023 Term Loan's initial maturity date of January 10, 2025. In the second quarter of 2024, we entered into two forward interest rate swap arrangements with an aggregate notional amount of $150.0 million beginning on January 10, 2025 through the loan maturity date of January 10, 2026. These forward interest rate swap arrangements effectively fix (i) a portion of our variable rate debt based on an adjusted daily SOFR at 4.72% (subject to applicable interest rate margins) and (ii) the 2023 Term Loan's interest rate at 5.77% beginning on January 10, 2025 through the loan maturity date of January 10, 2026.

(2) During the third quarter of 2024, we executed the Amended Credit Agreement that provides for a revolving credit facility of $500.0 million that matures in July 2028, with two six-month extension options.

As of March 31, 2025, the weighted average maturity for our debt is 4.1 years. If principal amounts due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, our cash flow may be insufficient to repay all maturing debt. Prevailing interest rates or other factors at the time of a refinancing, such as possible reluctance of lenders to make commercial real estate loans, may result in higher interest rates and increased interest expense or inhibit our ability to finance our obligations.

From time to time, we may seek to repurchase and cancel our outstanding unsecured notes and term loans through open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Debt Covenants

Pursuant to the terms of the Amended Credit Agreement, 2023 Term Loan and unsecured notes, we are subject to customary operating covenants and maintenance of various financial ratios.

Failure to comply with any of the covenants under the Amended Credit Agreement, 2023 Term Loan, unsecured notes or other debt instruments could result in a default under one or more of our debt instruments. This could cause our lenders to accelerate the timing of payments and could therefore have a material adverse effect on our business, operations, financial condition and liquidity. In addition, our ability to draw on our Amended and Restated Revolving Credit Facility or incur other unsecured debt in the future could be restricted by the debt covenants.

As of March 31, 2025, we were in compliance with the covenants related to our Amended Credit Agreement, 2023 Term Loan, and unsecured notes.

Common Equity

We have authorized for issuance 150.0 million common shares, of which 88.2 million shares were outstanding at March 31, 2025.

On February 20, 2024, we entered into an equity distribution agreement (the "Equity Distribution Agreement") with Wells Fargo Securities, LLC, BNY Mellon Capital Markets, LLC, Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, KeyBanc Capital Markets Inc., TD Securities (USA) LLC and Truist Securities, Inc. as agents and forward sellers, as applicable, (collectively, the "Agents" or "Forward Sellers", as applicable), and Wells Fargo Bank, National Association, The Bank of New York Mellon, Citibank, N.A., Goldman Sachs & Co. LLC, KeyBanc Capital Markets Inc., The Toronto-Dominion Bank and Truist Bank as forward purchasers pursuant to which up to an aggregate gross sales price of $350.0 million of Elme Communities' common shares of beneficial interest, $0.01 par value per share, may be offered and sold from time to time through the Agents, acting as the Company's sales agents or, if applicable, the Forward Sellers, or directly to the Agents as principals for their own accounts. In connection with entry into the Equity Distribution Agreement, we terminated our prior at-the-market offering program. At the time of such termination, approximately $340.0 million remained unsold under such prior program.

We did not issue common shares under the Equity Distribution Agreement or any prior equity distribution agreements during the 2025 Quarter or 2024 Quarter.

We have a dividend reinvestment program whereby shareholders may use their dividends and optional cash payments to purchase common shares. The common shares sold under this program may either be common shares issued by us or common shares purchased in the open market. We intend to use the proceeds of the sale of any newly issued common shares issued under this program, if any, for general corporate purposes.

We did not issue common shares under the dividend reinvestment program during the 2025 Quarter or 2024 Quarter.

Preferred Equity

Elme Communities' board of trustees can, at its discretion, authorize the issuance of up to 10.0 million preferred shares. The ability to issue preferred equity provides Elme Communities an additional financing tool that may be used to raise capital for future acquisitions or other business purposes. As of March 31, 2025, no preferred shares were issued and outstanding.

Historical Cash Flows

Cash flows from operations are an important factor in our ability to sustain our dividend at its current rate. If our cash flows from operations were to decline significantly from current levels, we may have to reduce our dividend. Consolidated cash flow information is summarized as follows (in thousands):

	Three Months Ended March 31,		Change	
	2025	2024	$	%
Net cash provided by operating activities	$ 16,175	$ 21,216	$ (5,041)	(23.8)%
Net cash used in investing activities	(5,698)	(9,760)	4,062	(41.6)%
Net cash used in financing activities	(10,134)	(13,091)	2,957	(22.6)%

Net cash provided by operating activities decreased primarily due to higher net loss due to higher general and administrative expenses.

Net cash used in investing activities decreased primarily due to lower expenditure on capital improvements during the 2025 Quarter, partially offset by the cash provided by the land easements in the 2024 Quarter.

Net cash used in financing activities decreased primarily due to higher net borrowings on the Amended and Restated Revolving Credit Facility during the 2025 Quarter.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of March 31, 2025 that are reasonably likely to have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Funds From Operations

NAREIT FFO is a widely used measure of operating performance for real estate companies. In its 2018 NAREIT FFO White Paper Restatement, the National Association of Real Estate Investment Trusts, Inc. ("NAREIT") defines NAREIT FFO as net income (computed in accordance with GAAP) excluding gains (or losses) associated with sales of properties; impairments of depreciable real estate, and real estate depreciation and amortization. We consider NAREIT FFO to be a standard supplemental measure for REITs, and believe it is a useful metric because it facilitates an understanding of the operating performance of our properties without giving effect to real estate depreciation and amortization, which historically assumes that the value of real estate assets diminishes predictably over time. Since real estate values have instead historically risen or fallen with market conditions, we believe that NAREIT FFO more accurately provides investors an indication of our ability to incur and service debt, make capital expenditures and fund other needs. Our NAREIT FFO may not be comparable to FFO reported by other REITs. These other REITs may not define the term in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently.

The following table provides the calculation of our NAREIT FFO and a reconciliation of net loss to NAREIT FFO for the three months ended March 31, 2025 and 2024 (in thousands):

	Three Months Ended March 31,	
	2025	**2024**
Net loss	$ (4,675)	$ (3,647)
Adjustment:		
Depreciation and amortization	23,239	24,943
NAREIT FFO	$ 18,564	$ 21,296

Critical Accounting Estimates

We base the discussion and analysis of our financial condition and results of operations upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. There were no changes made by management to the critical accounting policies in the three months ended March 31, 2025. We discuss the most critical estimates in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on February 14, 2025.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The principal material financial market risk to which we are exposed is interest rate risk. Our exposure to market risk for changes in interest rates relates primarily to refinancing long-term fixed rate obligations, the opportunity cost of fixed rate obligations in a falling interest rate environment and our variable rate line of credit.

The table below presents principal, interest and related weighted average interest rates by year of maturity, with respect to debt outstanding on March 31, 2025 (in thousands):

	2025	2026	2027	2028	2029	Thereafter	Total	Fair Value
Unsecured fixed rate debt								
Principal	$ —	$ 125,000 (1)	$ —	$ 50,000	—	$ 350,000	$ 525,000	$ 478,560
Interest payments	$ 14,407	$ 18,189	$ 17,995	$ 16,155	$ 14,315	$ 14,315	$ 95,376	
Interest rate on debt maturities	— %	5.8 %	— %	5.8 %	— %	4.1 %	4.9 %	
Unsecured variable rate debt								
Principal	$ —	$ —	$ —	$ 182,000	$ —	$ —	$ 182,000	$ 182,000
Variable interest rate on debt maturities				5.3 %			5.3 %	

(1) Represents the 2023 Term Loan with a floating interest rate. The full amount of the 2023 Term Loan was effectively fixed by two interest rate swaps that became effective on July 21, 2023 and expired on the loan's initial maturity date of January 10, 2025. In the fourth quarter of 2024, we exercised one of two one-year extension options on the 2023 Term Loan to extend the maturity of the loan to January 10, 2026. The full amount of the 2023 Term Loan is effectively fixed by two interest rate swaps that became effective on January 10, 2025 and expire on the loan maturity date of January 10, 2026.

We enter into interest rate swap arrangements designated and qualifying as cash flow hedges to reduce our exposure to the variability in future cash flows attributable to changes in interest rates. Derivative instruments expose us to credit risk in the event of non-performance by the counterparty under the terms of the interest rate hedge agreement. We believe that we minimize our credit risk on these transactions by dealing with major, creditworthy financial institutions. As part of our ongoing control procedures, we monitor the credit ratings of counterparties and our exposure to any single entity, thus minimizing our credit risk concentration.

The following table sets forth information pertaining to interest rate swap contracts in place as of March 31, 2025 and December 31, 2024 and their respective fair values (in thousands):

					Fair Value as of:	
Notional Amount	Fixed Rate	Floating Index Rate	Effective Date	Expiration Date	March 31, 2025	December 31, 2024
$ 75,000	3.677%	USD-SOFR	7/21/2023	1/10/2025	$ —	$ 14
50,000	3.676%	USD-SOFR	7/21/2023	1/10/2025	—	9
100,000	4.719%	USD-SOFR	1/10/2025	1/10/2026	(549)	(624)
50,000	4.720%	USD-SOFR	1/10/2025	1/10/2026	(275)	(312)
					$ (824)	$ (913)

We enter into debt obligations primarily to support general corporate purposes including acquisition of real estate properties, capital improvements and working capital needs.

As the majority of our outstanding debt is long-term, fixed rate debt, our interest rate risk has not changed significantly from what was disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on February 14, 2025. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Debt Financing."

ITEM 4: CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

There have not been any changes in Elme Communities' internal control over financial reporting (as defined by Rule 13a-15(f)) that occurred during the period covered by the report that have materially affected, or are reasonably likely to materially affect, Elme Communities' internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

None.

ITEM 1A: RISK FACTORS

There have been no material changes from the risk factors previously disclosed in response to "Part I - Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2024 filed on February 14, 2025.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

A summary of our repurchases of shares of our common stock for the three months ended March 31, 2025 was as follows:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased
January 1 - January 31, 2025	$ —	$ —	—	$50,000,000
February 1 - February 28, 2025	13,743	15.23	—	$50,000,000
March 1 - March 31, 2025	—	—	—	$50,000,000
Total	$ 13,743	$ 15.23	—	

(1) Represents restricted shares surrendered by employees to Elme to satisfy such employees' applicable statutory minimum tax withholding obligations in connection with the vesting of restricted shares.

(2) On October 26, 2023, the Board authorized and approved a share repurchase program of up to $50.0 million of the Company's common shares of beneficial interest over a period of two years, subject to any applicable limitations or restrictions set forth in our existing credit facility and other debt agreements. The share repurchase program is scheduled to expire on October 25, 2025, unless extended by the Board.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: MINE SAFETY DISCLOSURES

None.

ITEM 5: OTHER INFORMATION

Trading Arrangements

During the three months ended March 31, 2025, no trustee or officer of Elme Communitiesadopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6: EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File Number	Exhibit	Filing Date	
3.1	Articles of Amendment and Restatement of Declaration of Trust of the Company, as amended	10-K	001-06622	3.1	2/17/2023	
3.2	Articles Supplementary of Elme Communities	8-K	001-06622	3.1	3/20/2025	
3.3	Amended and Restated Bylaws of Elme Communities, as amended	8-K	001-06622	3.1	9/20/2023	
10.1	Cooperation Agreement, dated March 19, 2025, by and among Elme Communities, Argosy-Lionbridge Real Estate Securities, L.P. and the Related Persons on Schedule A thereto	8-K	001-06622	10.1	3/20/2025	
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended ("the Exchange Act")					X
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
31.3	Certification of the Chief Administrative Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32	Certification of the Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)					

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ELME COMMUNITIES

/s/ Paul T. McDermott

Paul T. McDermott
President and Chief Executive Officer

/s/ Steven M. Freishtat

Steven M. Freishtat
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ W. Drew Hammond

W. Drew Hammond
Senior Vice President, Chief Administrative Officer and Treasurer
(Principal Accounting Officer)

DATE: May 2, 2025

Exhibit 31.1

CERTIFICATION

I, Paul T. McDermott, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Elme Communities;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 2, 2025

/s/ Paul T. McDermott

Paul T. McDermott
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Steven M. Freishtat, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Elme Communities;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

DATE: May 2, 2025

/s/ Steven M. Freishtat

Steven M. Freishtat

Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.3

CERTIFICATION

I, W. Drew Hammond, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Elme Communities;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

DATE: May 2, 2025

/s/ W. Drew Hammond

W. Drew Hammond
Chief Administrative Officer
(Principal Accounting Officer)

Exhibit 32

WRITTEN STATEMENT OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the President and Chief Executive Officer, the Chief Financial Officer and Chief Administrative Officer of Elme Communities, each hereby certifies on the date hereof, that:

(a) the Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Elme Communities.

DATE: May 2, 2025	/s/ Paul T. McDermott Paul T. McDermott President and Chief Executive Officer
DATE: May 2, 2025	/s/ Steven M. Freishtat Steven M. Freishtat Chief Financial Officer (Principal Financial Officer)
DATE: May 2, 2025	/s/ W. Drew Hammond W. Drew Hammond Chief Administrative Officer (Principal Accounting Officer)