|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Elme Communities - Capitalization Table** | | | | | |
| **Item** | **Amount** | **PPC Holdings** | **Coupon** | **Secured** | **Maturity** |
|  |  |  |  |  |  |
| Cash and Equivalents | 7,093 |  |  |  |  |
| Revolving Credit Facility | 175,000 | - | S + 80-150 | N | 2028 |
| 2023 Term Loan | 125,000 | - | S + 95 | N | 2026 |
| Senior Unsecured Notes | 50,000 | - | 7.25% | N | 2028 |
| Senior Unsecured Notes | 350,000 | - | 3.44% | N | 2030 |
| (Less: Unamortized Debt Issue Costs) | -1,804 | - | - | N | - |
| **Total Debt** | **698,196** |  |  |  |  |
| Book Value of Equity | 1,046,193 |  |  |  |  |
| **Book Capitalization** | **1,744,389** |  |  |  |  |
| ***Key Financial Ratios:*** | | | | | |
| Total Debt To Adj Ebitda | - |  |  |  |  |
| Unencumbered Assets To Unsecured Debt | None |  |  |  |  |
| Total Debt To Market Value Of Re Assets | None |  |  |  |  |
| Total Debt To Market Capitalization | - |  |  |  |  |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Elme Communities - Historical Financial Analysis** | **Fiscal Year Ended** | |  |  |  | **YTD** | | **LTM** |
| **Metric** | **2020** | **2021** | **2022** | **2023** | **2024** | **9/30/24** | **9/30/25** | **9/30/25** |
| **Revenue** | **294,118** | **169,151** | **209,380** | **227,911** | **241,935** | **4,642** | **4,486** | **241,779** |
| ***% YoY Growth*** |  | -0.0% | 0.0% | 0.0% | 0.0% |  |  |  |
| Cost of Goods Sold | 69,127 | 66,915 | 81,437 | 87,938 | 97,562 | 23,937 | 24,240 | 97,865 |
| **Gross Profit** | **224,991** | **102,236** | **127,943** | **139,973** | **144,373** | **(19,295)** | **(19,754)** | **143,914** |
| ***% Margin*** |  |  |  |  |  | (0.4%) | (0.4%) | 0.1% |
| Operating Expenses | 143,981 | 100,194 | 119,980 | 156,697 | 120,904 | 31,139 | 32,468 | 122,233 |
| Adjustments | 130,664 | 72,807 | 98,845 | 140,512 | 105,427 | 29,952 | 26,665 | 102,140 |
| **Adjusted EBITDA** | **152,883** | **68,214** | **97,122** | **117,449** | **128,896** | **35,799** | **31,450** | **124,547** |
| ***% Margin*** |  |  |  |  |  | 0.8% | 0.7% | 0.1% |
| Interest Expense | 37,305 | 34,063 | 24,940 | 30,429 | 37,835 | 9,494 | 9,460 | 37,801 |
| Taxes |  |  |  |  |  |  |  |  |
| Change in Working Capital |  |  |  |  |  | (387) | (4,669) |  |
| *Other* | 0 | 4,109 | 712 | 569 | 1,410 | 1,410 | 0 | 0 |
| Capital Expenditures | 58,317 | 32,459 | 38,256 | 38,626 | 47,602 | 6,313 | 5,559 | 46,848 |
| **Free Cash Flow** | **54,674** | **56,697** | **34,955** | **46,043** | **47,641** | **7,594** | **10,477** | **50,524** |
| Acq. / Disp. | 152,889 | 744,035 | (204,433) | (107,595) | 0 | 5,272 | 0 | (5,272) |
| Change in Debt | 0 | 0 | 0 | 0 | 0 |  |  |  |
| Equity / Dividends | (96,959) | (88,984) | (58,333) | (63,838) | (63,636) | 15,911 | 15,898 | (63,649) |
| *Other* | 5,080 | 7,114 | 3,334 | 2,924 | 6,796 | 180 | 236 | 6,852 |
| **Change in Cash** | **0** | **0** | **0** | **0** | **0** |  |  |  |
| **Cash - End of Period** | **8,303** | **234,220** | **9,852** | **8,538** | **8,609** |  |  |  |
| **Total Debt** | **987,370** | **496,946** | **552,359** | **679,345** | **698,953** | **682,539** | **705,061** | **705,061** |
| **Book Equity** | **1,320,787** | **1,316,755** | **1,263,488** | **1,154,060** | **1,081,797** | **1,136,116** | **1,062,922** | **1,062,922** |
| EBITDA / Int. Exp. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| ***Key Financial Ratios:*** | |  |  |  |  |  |  |  |
| Total Debt / Book Capital | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Debt + Leases / EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Debt + Leases / Book Capital | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITDAR / Interest + Rent |  |  |  |  |  |  |  | 0.0 |
|  |  |  |  |  |  |  |  |  |

## Income Statement

* Investment income grew 6% in FY24, driven by strong market performance in the Washington, D.C. metro area due to favorable demand-supply dynamics (54% less construction since 3Q22) and limited availability of value-oriented housing. Same-store lease growth stood at 2.3% in FY24, with strong occupancy of 95%. Market tailwinds were offset by oversupply in the Atlanta housing market (expected to improve by FY26) and delinquency-related occupancy pressure (~2% of revenue in 4Q24 due to higher-than-expected delinquencies). These are being addressed via improved processes and eviction timelines.
* In YTD period, Elme continued to see strong investment income growth of ~3%, driven by similar market dynamics. Despite high exposure to Washington, D.C., only 7.2% of jobs are non-DoD federal agency jobs, minimizing DOGE risk.
* The Fund generated $118.0M EBITDA in FY24, with margins contracting 130bps due to higher utility and administrative costs. EBITDA margins declined 30bps in LTM period.

## Cash Flow Statement

* Elme generated strong FCF of $47.6M in FY24 (~4% YoY growth), supported by topline growth and favorable changes in working capital, despite 24% higher capex.
* Elme completed 500 full renovations in 2024 (17% ROI) and launched Phase 1 of Wi-Fi initiative (7 communities). In Q1, 88 property renovations were completed. Elme continues capex with focus on targeting growth communities.
* No M&A activity in FY24 or 1Q25.
* Elme paid out $66.6M in dividends in FY24, consistent with past payouts.

## Balance Sheet

* Elme maintains disciplined balance sheet with leverage of 5.9x and unencumbered portfolio.
* Fund maintains a balanced maturity schedule and ample liquidity ($9.0M cash and $182.0M revolver availability as of April 29, 2025).
* Ended 1Q25 with ample liquidity.
* In 3Q24, downsized bank facility from $700M to $500M due to non-usage; $70M outstanding as of April 29, 2025.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Elme Communities - Comparable Analysis** | | | | | | | | | | | | | |
| **Company** | **S&P / Moody's / Fitch Rating** | **As of** | Revenue (000s) | LTM EBITDA (000s) | **EBITDA Margin %** | **EBITDAR / (Int + Rents)** | **Total Debt + COL / EBITDAR** | **Net Debt + COL / EBITDAR** | **Total Debt + COL / Total Cap** | **FCF + Rents / Total Debt + COL** | **3-Year Average Total Debt + COL / EBITDAR** | **3-Year Average Total Debt + COL / Total Cap** | **3-Year Average FCF + Rents / Total Debt + COL** |
| *Elme Communities* | BBB / Baa2 / BBB | 12/31/2024 | 241779.0 | 80100.0 | 33.1% | 3.1x | 0.0x | -0.1x | 0.0x | - | 0.0x | 0.0x | - |
| *Mid-America Apartment Communities* | BBB / Baa2 / BBB | 12/31/2024 | 2197492.0 | 1339112.0 | 60.9% | 7.7x | 0.0x | -0.0x | 0.0x | - | 0.0x | 0.0x | - |
| *Camden Property Trust* | BBB / Baa2 / BBB | 12/31/2024 | 1559606.0 | 835758.0 | 53.6% | 6.4x | 4.5x | 4.5x | 0.4x | 0.1x | 3.4x | 0.4x | 0.0x |
| *UDR, Inc.* | BBB / Baa2 / BBB | 12/31/2024 | 3365816.0 | 1039545.0 | 30.9% | 1.4x | 2.2x | 2.2x | 0.6x | 0.4x | 2.2x | 0.6x | 0.4x |
| *Independence Realty Trust* | BBB / Baa2 / BBB | 12/31/2024 | 640406.0 | 255926.0 | 40.0% | 3.4x | 0.0x | -0.2x | 0.0x | - | 0.0x | 0.0x | - |
| **Average** |  |  | **1601019.8** | **710088.2** | **43.7%** | **4.4x** | **1.3x** | **1.3x** | **0.2x** | **0.3x** | **1.1x** | **0.2x** | **0.2x** |
| **Median** |  |  | **1559606.0** | **835758.0** | **40.0%** | **3.4x** | **0.0x** | **-0.0x** | **0.0x** | **0.3x** | **0.0x** | **0.0x** | **0.2x** |