

centerspace

INVESTOR PRESENTATION

November 2023

Civic Lofts – Denver, CO



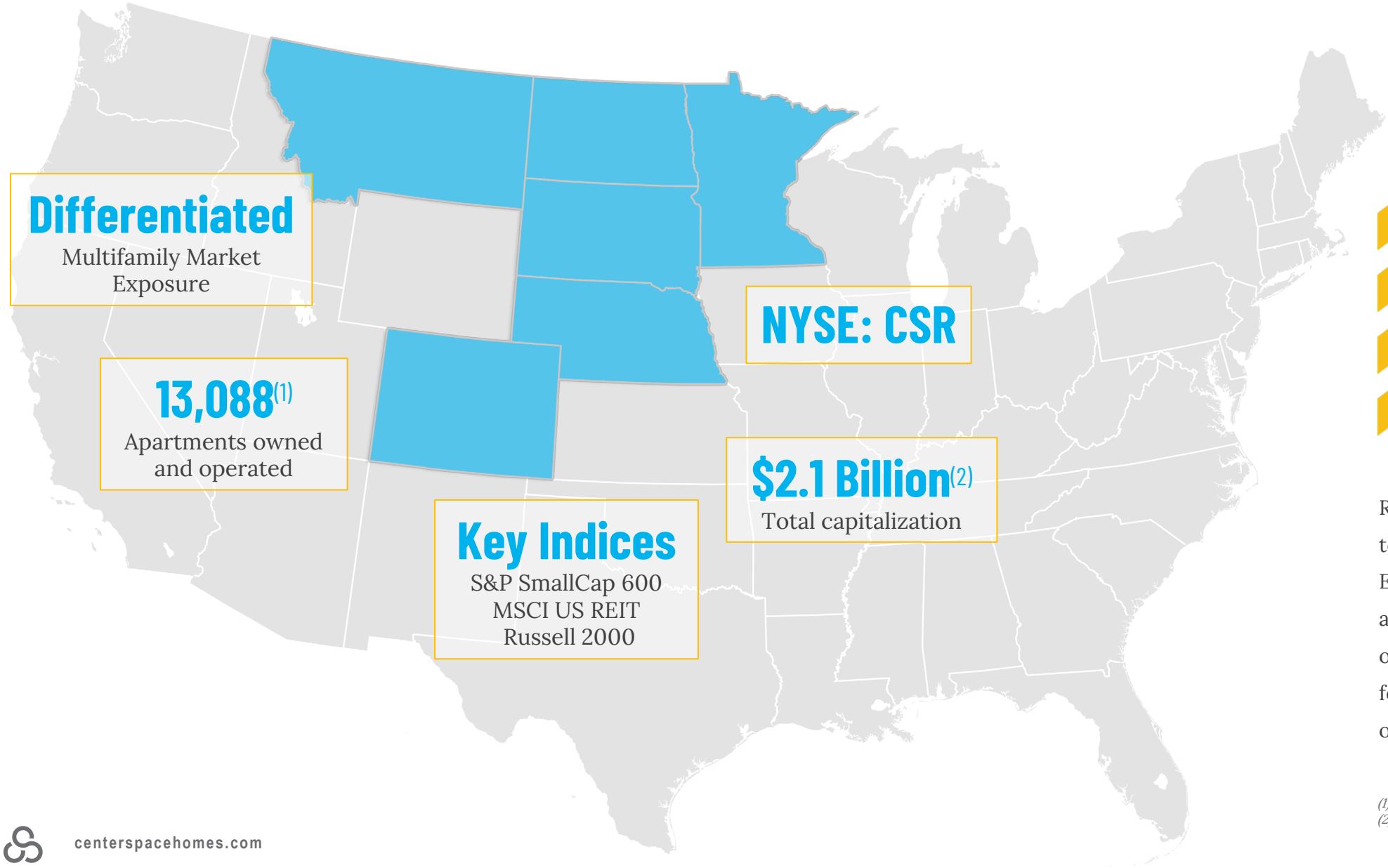
71 France – Edina, MN

OUR MISSION

To provide a great home—
for our residents,
our team members,
and our investors.

OUR VISION

To be the premier provider of apartment homes in vibrant communities by focusing on integrity and serving others.



Differentiated
Multifamily Market Exposure

13,088[1]
Apartments owned and operated

NYSE: CSR

$2.1 Billion[2]
Total capitalization

Key Indices
S&P SmallCap 600
MSCI US REIT
Russell 2000

RESULTS
INNOVATION
SERVICE
ENGAGEMENT

RISE is Centerspace's commitment to Results, Innovation, Service, and Engagement. It is how we monitor and measure our performance in our quest to provide a great home – for our residents, our team, and our investors.

(1) Adjusts for October 2023 acquisition of Lake Vista
(2) See page 11 for breakdown

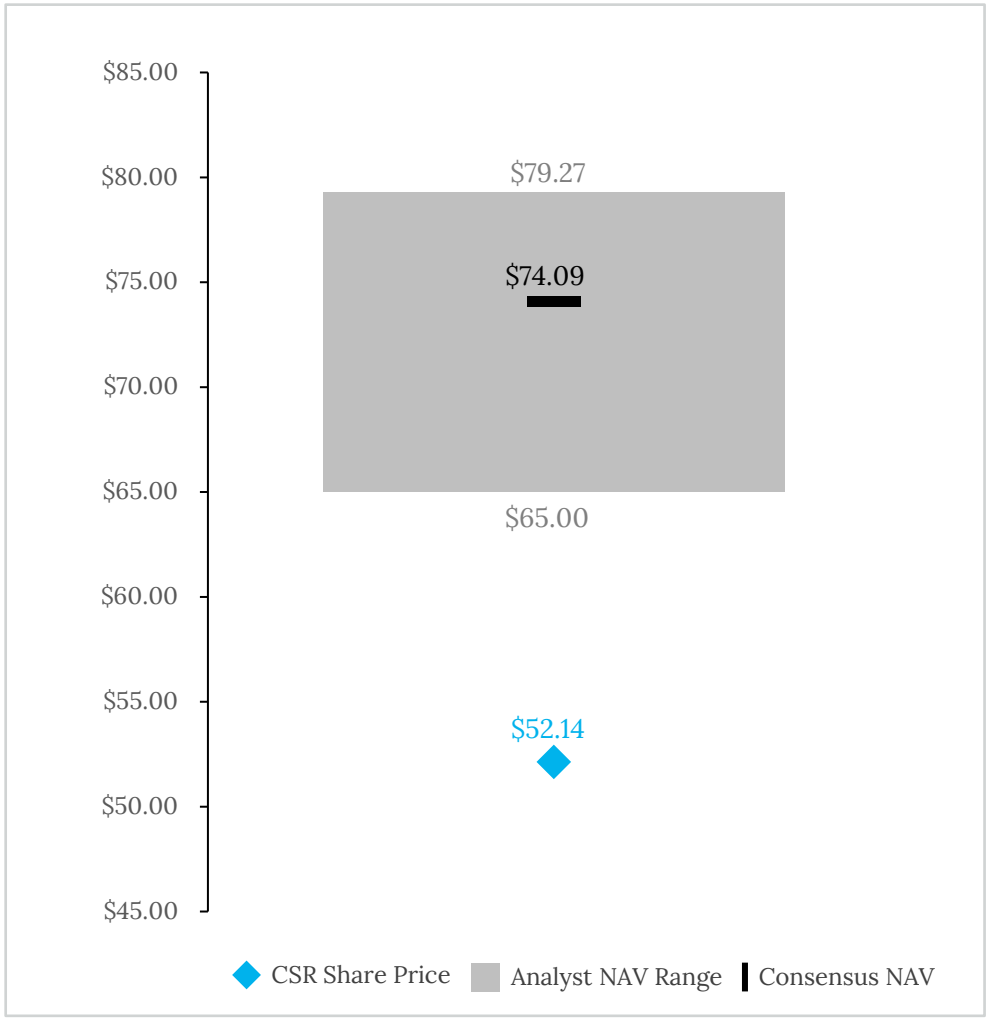
CENTERSPACE

is guided by the north star of increasing distributable cash flow

TO EXECUTE THIS, WE FOCUS ON:

- Exceptional customer experience
- Diverse talent to enable a culture of engagement
- Enhancing efficiencies by scaling the business
- Managing the balance sheet to maximize financial flexibility
- Investing in high-quality and efficient rental communities
- Leveraging technology and systems
- Environmental, Social, Governance (ESG)

RESULTS – ATTRACTIVE VALUATION RELATIVE TO PRIVATE MARKET



- Trading at ~30% discount to consensus NAV per share
- ~$151,300 implied value per home at current share price[1]


Lakeside Village – Lincoln, NE

Source: S&P Capital IQ, Compass Point Research & Trading, LLC
1. Based on Q3 2023 balance sheet adjusted for Lake Vista transaction
CSR Share price is based upon market close on November 6, 2023

RESULTS – 2023 FINANCIAL OUTLOOK

	Q3 YTD 2023	2023 Guidance Range		
	Actual	Low	Mid-Point	High
Same-Store Growth				
Revenues	8.3%	7.00%	7.25%	7.50%
Expenses	6.6%	4.00%	4.25%	4.50%
NOI	9.5%	9.00%	9.25%	9.50%
Per Share				
Net Income	$2.96	$2.90	$3.23	$3.56
FFO	$3.15	$4.20	$4.24	$4.27
Core FFO	$3.56	$4.63	$4.67	$4.71

Other Key Assumptions

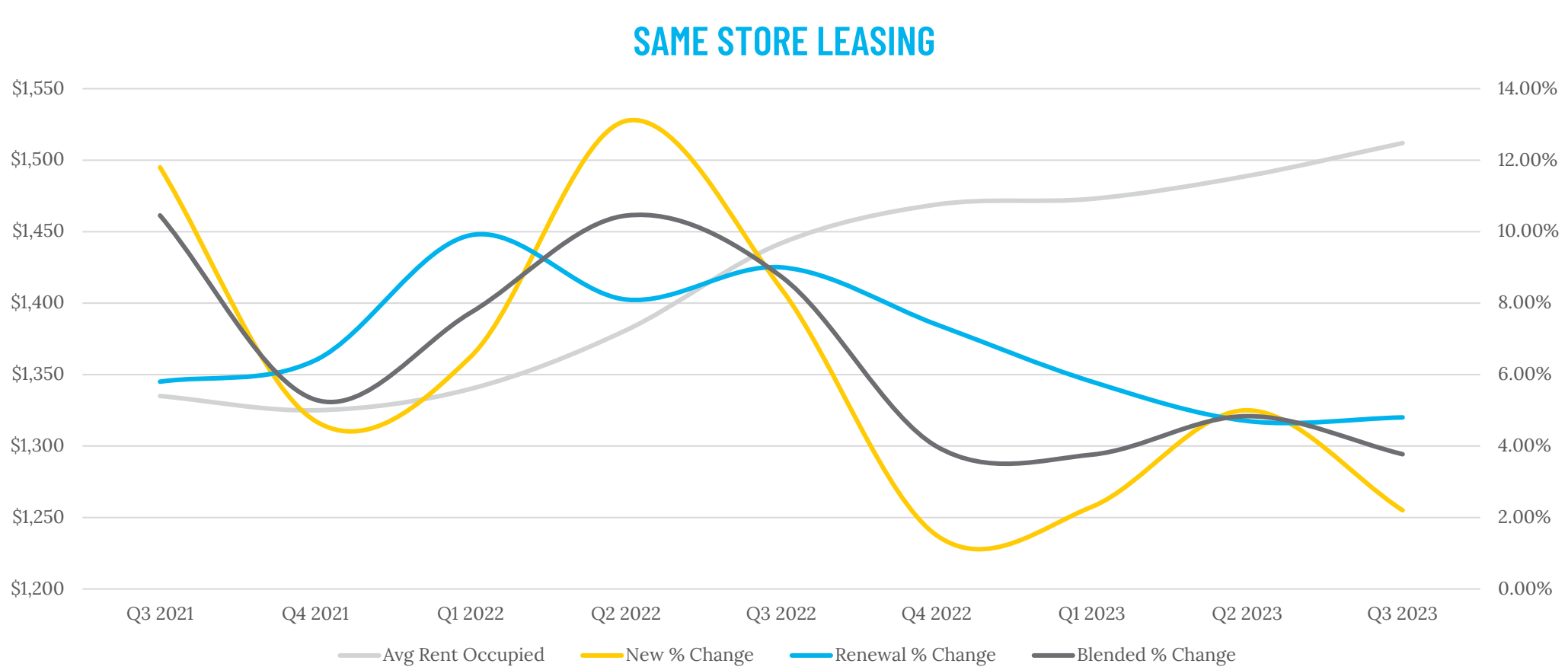
- Same-store capital expenditures of $1,000 per home to $1,050 per home
- Value-add expenditures of $30.0 million to $31.5 million
- Full year dispositions of $226.8 million
- Full year acquisitions of $94.5 million



Cascade Shores Townhomes + Flats – Rochester, MN

RESULTS – PORTFOLIO STABILITY & RESILIENCY

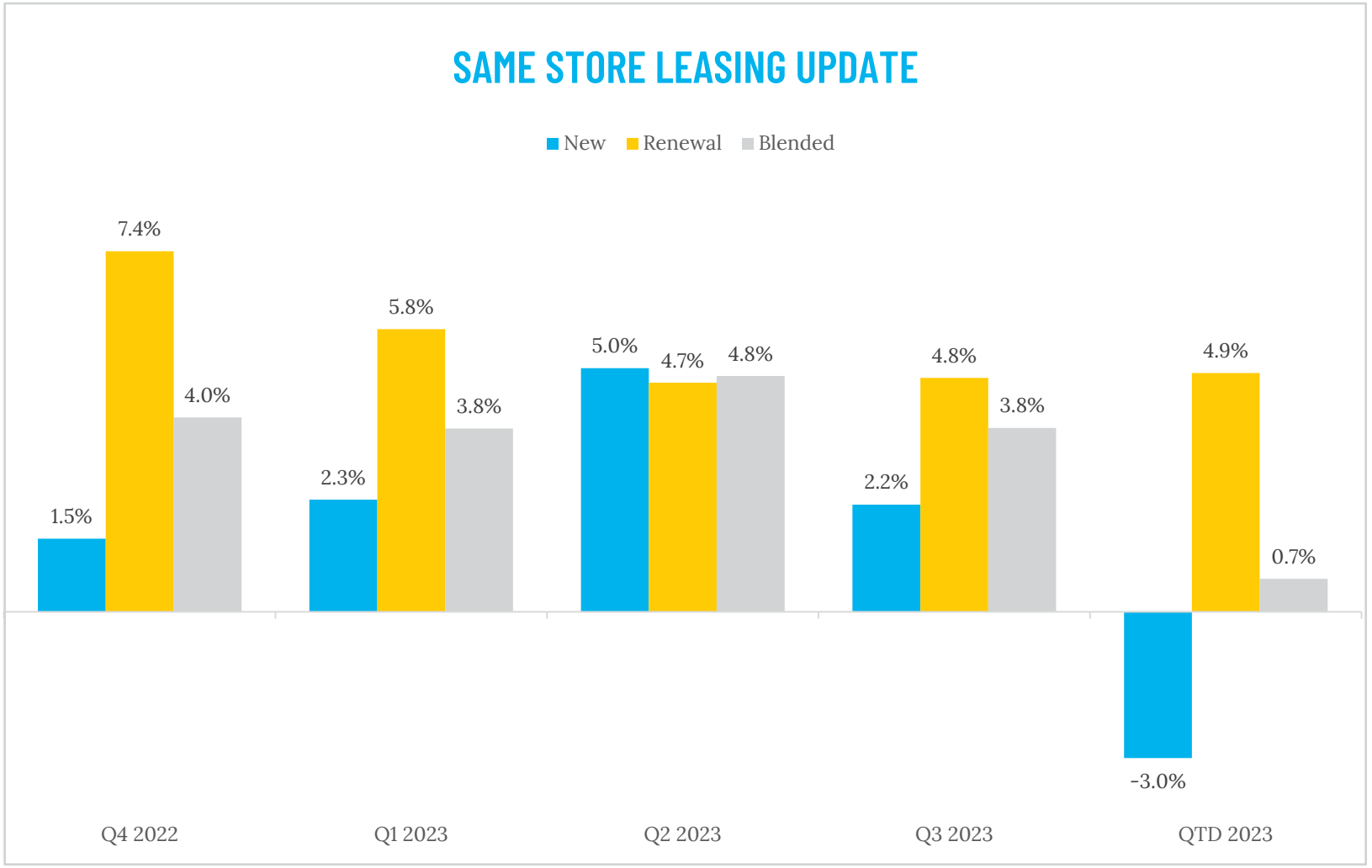
Centerspace has grown average rents even in volatile economic times



	Q4 2022	Q1 2023	Q2 2023	Q3 2023	QTD 2023
Occupancy	94.5%	94.8%	95.1%	94.4%	94.2%
Expirations	15.0%	16.4%	30.1%	36.2%	7.9%

Note: Data represents 2023 Same Store pool. Occupancy represents weighted average physical occupancy. Information is through October 31, 2023

RESULTS – RENEWAL LEASING SPREADS CONTINUE TO HOLD




Oxbo – St. Paul, MN

Note: QTD leasing spreads are through October 31, 2023

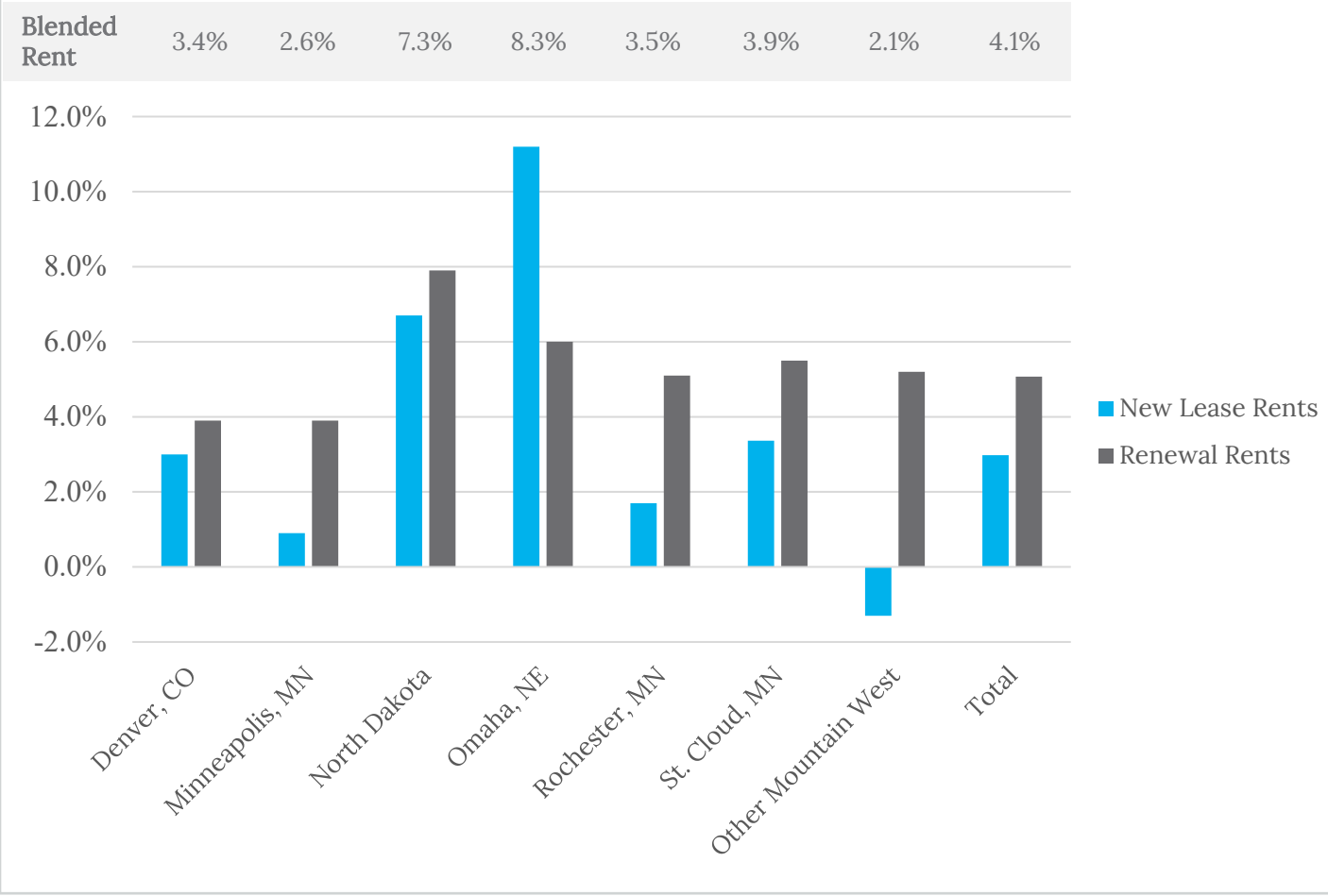
RESULTS – NOI COMPOSITION & RENTAL RATE GROWTH

Market	% of Total NOI
Minneapolis, MN	34.1%
Denver, CO	22.6%
North Dakota	11.2%
Rochester, MN	9.5%
Other Mountain West	8.6%
Omaha, NE	5.4%
St. Cloud, MN	5.4%
Fort Collins, CO	3.3%
Total	**100.0%**



Palisades Apartments – Roseville, MN

2023 vs 2022 Year-To-Date Rental Rate Growth

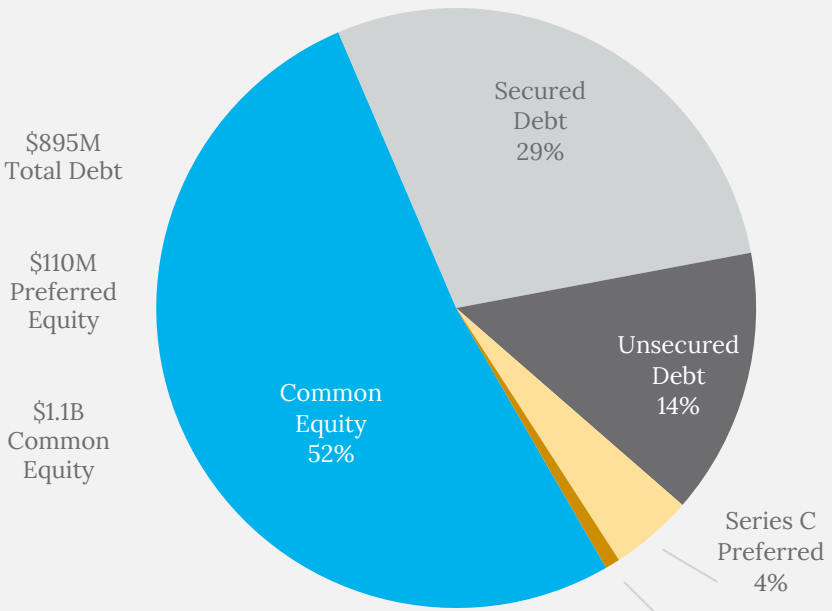


Note: NOI contribution is Q3 2023 multifamily only excluding Minot disposition and including Lake Vista acquisition. Rental rate growth is January 1 – November 7, 2022, compared to January 1 – November 7, 2023

RESULTS – BALANCE SHEET POSITIONED FOR GROWTH

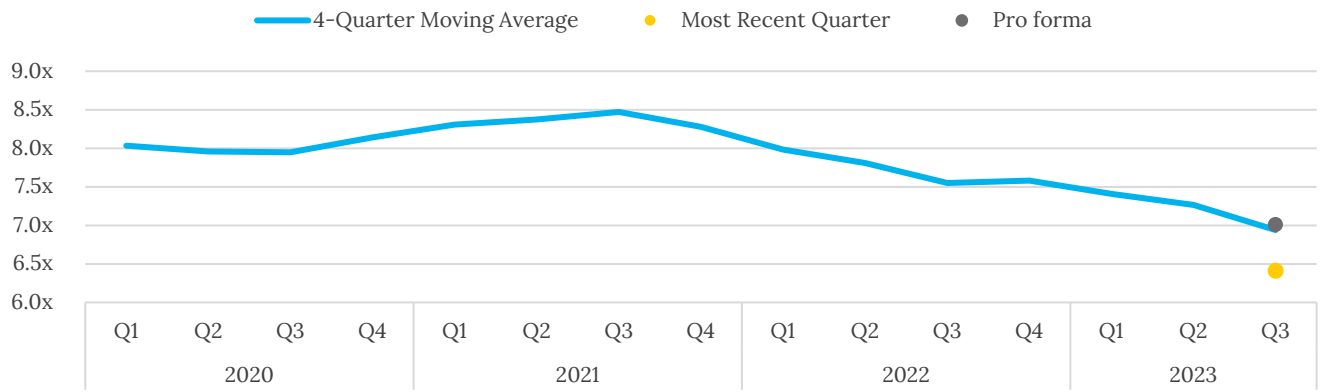
Diversified Permanent Capital Base

$2.1B Total Capitalization (1)



Share price $60.26 as of 9/30/2023

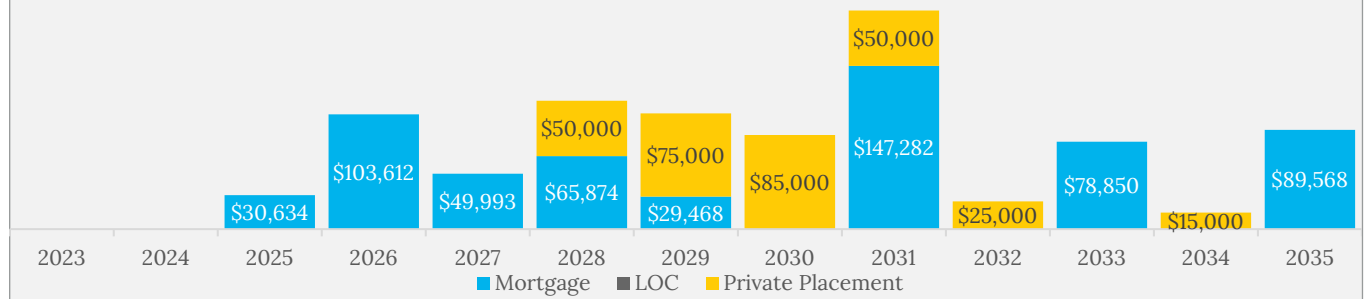
Quarterly Net Debt / Annualized Trailing EBITDA(1, 2)



Low Maturities through 2025 (1)

Most Recent Quarter Wtd Avg Int Rate 3.46% & Wtd Avg Maturity 6.71 Years

(in thousands, except percentages)



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
% of Total Maturing	0.0%	0.0%	3.4%	11.6%	5.6%	12.9%	11.7%	9.5%	22.0%	2.8%	8.8%	1.7%	10.0%
Weighted Average Interest Rate (3)	N/A	N/A	3.7%	3.6%	3.5%	3.1%	4.0%	2.6%	3.2%	2.7%	2.9%	2.8%	5.0%

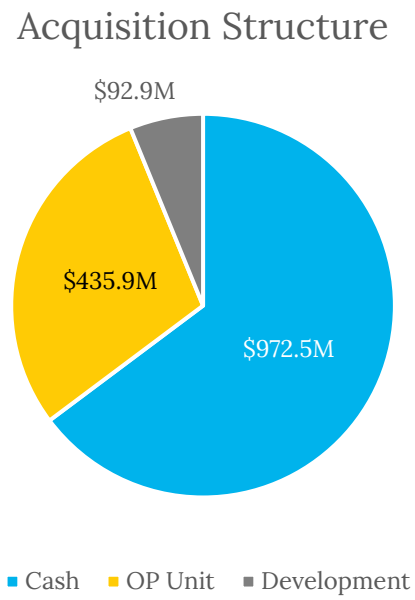
(1) Data is as of 9/30/2023, adjusted for metrics associated with the October 2023 acquisition of Lake Vista

(2) Net debt is the total outstanding debt balance less cash and cash equivalents. Adjusted EBITDA is annualized for periods less than one year. Net debt and adjusted EBITDA are non-GAAP financial measures and should not be considered a substitute for operating results determined in accordance with GAAP. Refer to the Adjusted EBITDA definition included within the Reconciliation to Non-GAAP Financial Measures section in the Appendix

(3) Weighted average interest rate reflects interest expense only and excludes any facility fees

INNOVATION – PORTFOLIO IMPROVEMENT SINCE 2017

Improvement since 2017 driven by disciplined capital allocation and creative deal structuring

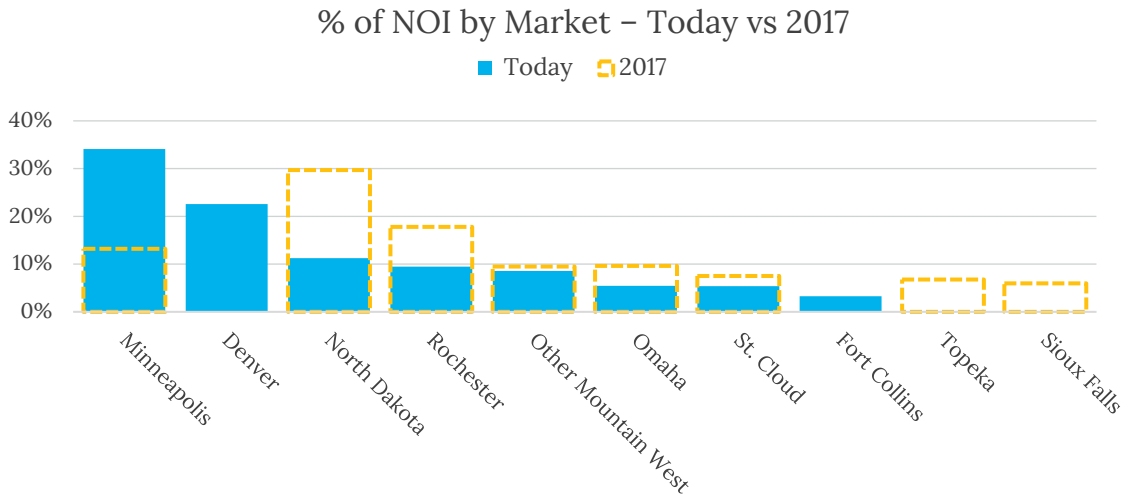


- Acquired 34 communities for $1.5 billion through unique deal structuring which has provided a competitive advantage in transaction market
- $580 million of dispositions as we have reduced our exposure to less efficient communities in lower-growth markets

While similar in total number of homes, investment and disposition activity has resulted in a more efficient and higher quality portfolio

	2017	Today(1)
Communities	100	72
Homes	13,212	13,088
Homes per Community	132	182
Average Monthly Rent	$980	$1,538
% of NOI in 50 Largest MSAs	13%	57%

(1) Q3 2023 multifamily only excluding Minot disposition and including Lake Vista acquisition



INNOVATION – RECENT CAPITAL RECYCLING CONTINUES UPGRADE OF PORTFOLIO QUALITY & MARKET EXPOSURE





MARCH 2023 DISPOSITIONS
MINNEAPOLIS, MN; ST. CLOUD, MN; OMAHA, NE; LINCOLN, NE

Communities	9	Homes	1,567
Avg. Monthly Rent/Home	$1,002	Homes/Community	174
Avg Age (Years)	48	NOI Margin	38.8%





SEPTEMBER 2022 ACQUISITION
DENVER, CO

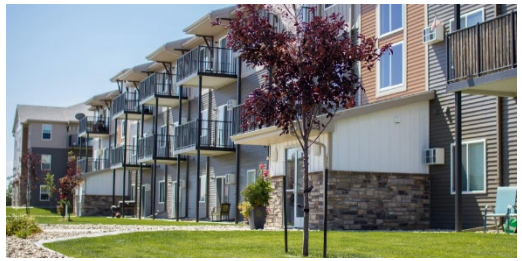
Communities	1	Homes	215
Avg. Monthly Rent/Home	$2,124	Homes/Community	215
Avg Age (Years)	1	NOI Margin	67.0%

- Average capitalization rate of the March 2023 dispositions was 5.3%

- The acquisition and disposition transactions drive operating platform efficiency and improve portfolio quality – recycling capital from communities with lower rent, lower margin, and higher capex needs into a brand-new community with higher rents and margin in a target submarket of Denver

INNOVATION – RECENT CAPITAL RECYCLING CONTINUES UPGRADE OF PORTFOLIO QUALITY & MARKET EXPOSURE





SEPTEMBER 2023 DISPOSITIONS
MINOT, ND

Communities	4	Homes	712+ 50k SF office
Avg. Monthly Rent/Home	$1,071	Homes/Community	178
Avg Age (Years)	23	NOI Margin	59.0%



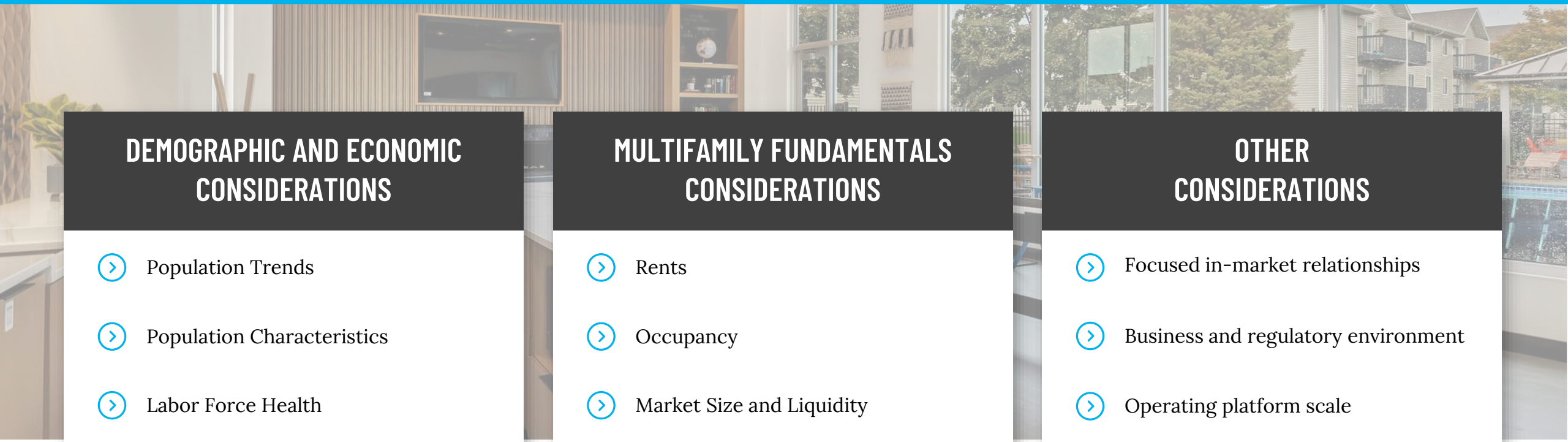


OCTOBER 2023 ACQUISITION
FORT COLLINS, CO

Communities	1	Homes	303
Avg. Monthly Rent/Home	$1,866	Homes/Community	303
Avg Age (Years)	12	NOI Margin	67.9%

- The capitalization rate for the mixed-use Minot dispositions was 7.0% (5.1% on multifamily assuming a capitalization rate of 12% for the office component). The capitalization rate for the Fort Collins acquisition was 5.0%
- The Fort Collins, CO, acquisition will enter us into a new market, create a broader geographic footprint in Colorado and leverage regional operating scale we have built in the region
- Minot, ND, dispositions exit us from that market driving operating platform efficiency and improving portfolio quality by recycling capital from communities with lower rent, lower margin, and higher capex needs into a newer vintage community with higher rents and margin

INNOVATION – APPROACH TO INVESTMENTS & DISPOSITIONS



DEMOGRAPHIC AND ECONOMIC CONSIDERATIONS

- Population Trends
- Population Characteristics
- Labor Force Health
- Employment
- Economic Composition

MULTIFAMILY FUNDAMENTALS CONSIDERATIONS

- Rents
- Occupancy
- Market Size and Liquidity
- Supply and Demand
- General Housing Environment

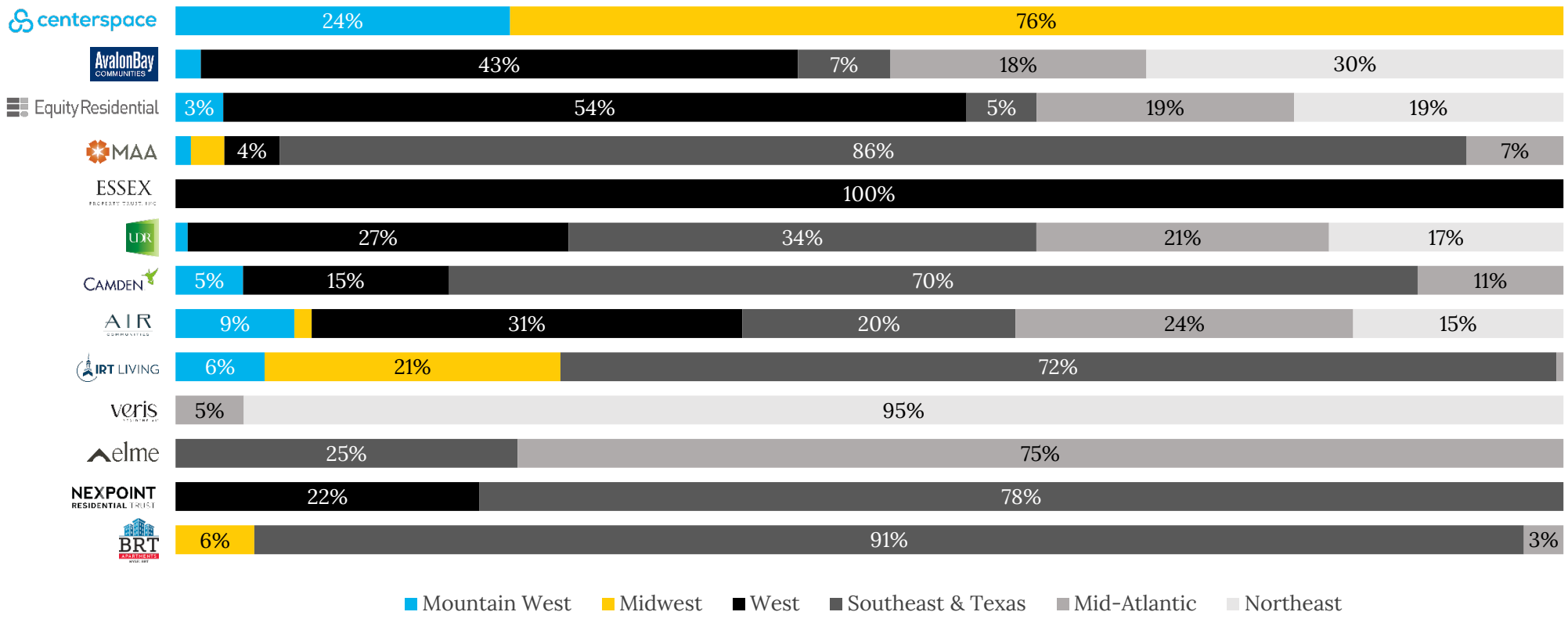
OTHER CONSIDERATIONS

- Focused in-market relationships
- Business and regulatory environment
- Operating platform scale
- Cultural vibrancy
- Sustainability

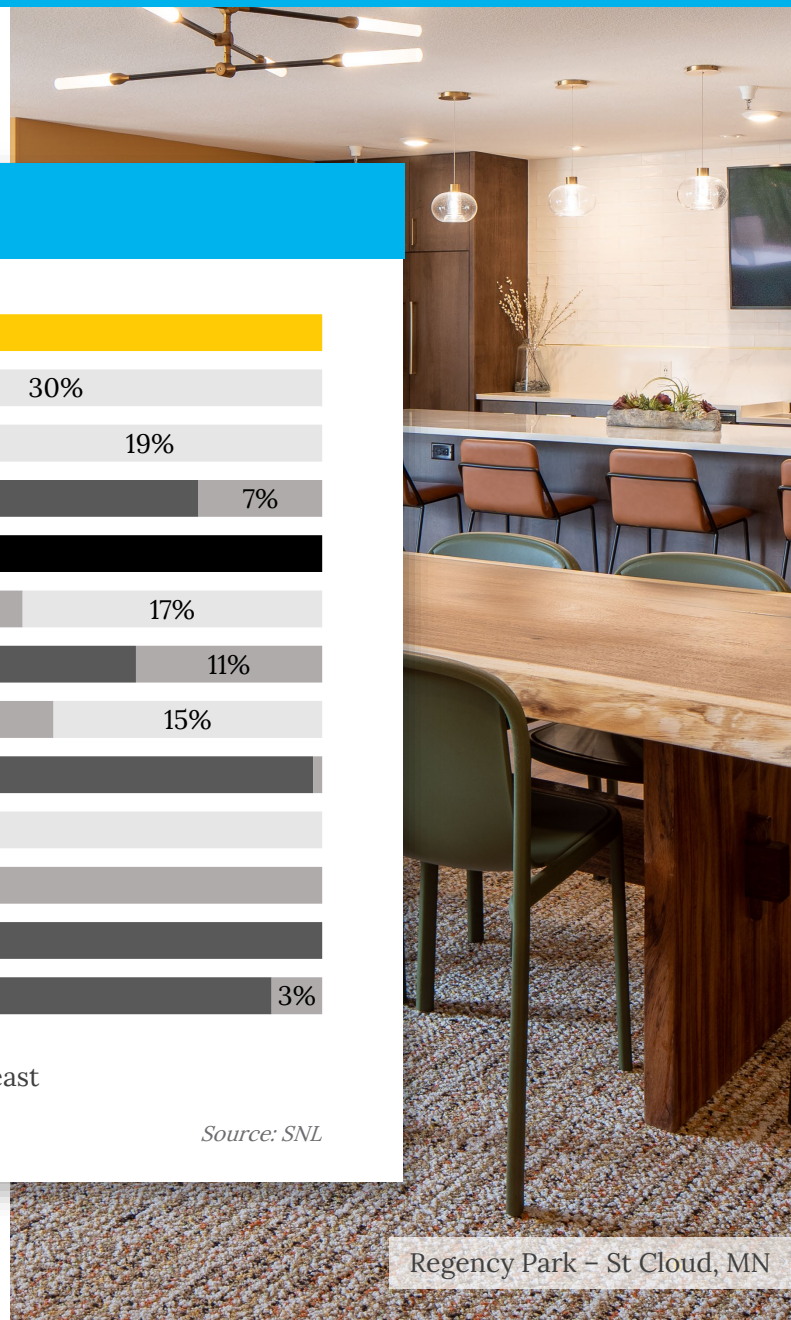
We assess our portfolio on a quarterly basis to determine relative performance and outlook of our existing communities. Disposition focus is placed on communities that recurringly screen in the bottom tier of our portfolio.

PUBLIC MULTIFAMILY REIT MARKET OVERVIEW

GEOGRAPHIC FOCUS (% OF UNITS)



Source: SNL



Regency Park – St Cloud, MN

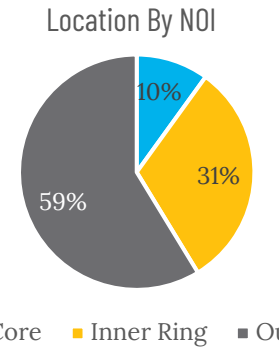
INNOVATION – COMPETITIVE ADVANTAGE IN MINNEAPOLIS

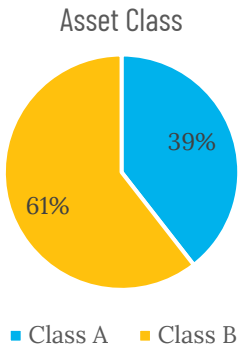


MARKET HIGHLIGHTS

- 29 CSR communities, 4,916 homes, scaled portfolio with opportunities in operating partnership unit transactions, mezzanine financing and development participation, and capital recycling
- 16th largest MSA, 3.7M population
- 15 Fortune 500 companies headquartered
- Diversified economy with large presence of healthcare, finance, food production and retail employers
- $91,341 median household income is 22% higher than the United States median
- 113,273 forecasted job additions between 2020-2030 (+6.2%)

CSR HIGHLIGHTS







Noko: 130-home community built in 2021 with 24k SF grocer adjacent to Lake Nokomis

CSR Portfolio NOI %	34%
CSR Minneapolis Portfolio Average Rent	$1,504
CSR YTD Average Annual Income	$97,496
CSR YTD Rent-to-Income Ratio	22.6%
CSR Q3 2023 Minneapolis Portfolio Occupancy %	94.3%
Median Home Value	$378,349
Unemployment Rate	2.7%

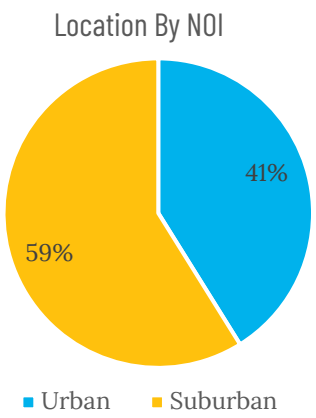
INNOVATION – GROWTH IN DENVER

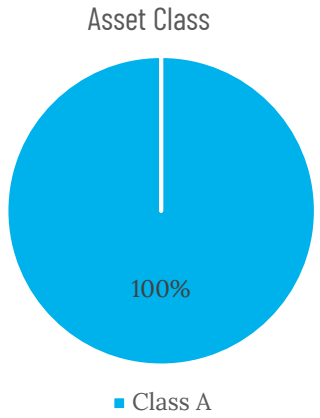


MARKET HIGHLIGHTS

- **7** CSR communities, 2,104 homes, entered Denver Q4 2017 and achieved critical mass
- 19th largest MSA, 3.0M population
- 21 Fortune 1,000 companies headquartered in Colorado
- Diversified economy with large presence of aviation/aerospace, healthcare, telecommunications and tech employers
- $98,975 median household income is 32% higher than the United States median
- 364,311 forecasted job additions between 2020-2030 (+23.2%)

CSR HIGHLIGHTS







Lyra: 215-home community in Centennial; 2022 built in Denver's SE Business Corridor

CSR Portfolio NOI %	23%
CSR Denver Portfolio Average Rent	$1,976
CSR YTD Average Annual Income	$125,058
CSR YTD Rent-to-Income Ratio	23.7%
CSR Q3 2023 Denver Portfolio Occupancy %	94.8%
Median Single-Family Home Value	$597,060
Unemployment Rate	3.3%

Portfolio hallmarks include low unemployment rates, affordability of rents, resident financial strength, and diversified economies

Region	% of NOI[1]	Population	Market Homes	Median Household Income	Unemployment Rate	3-Month Avg Job Growth	Median Single-Family Home Value	Trailing 12-Month Deliveries[4]	Market Vacancy[4]	YoY Market Rent Growth[4]	Homes Under Construction / % of Stock[4]	Centerspace YTD Avg Annual Income[5]	Centerspace YTD Rent-To-Income Ratio[5]
Minneapolis, MN	34.1%	3,693,729	268,261	$91,341	2.7%	1.7%	$378,349	8,424	6.9%	1.2%	14,967 / 5.6%	$97,496	22.6%
Denver, CO	22.6%	2,985,871	290,693	$98,975	3.3%	0.3%	$597,060	11,341	8.0%	0.6%	32,446 / 11.2%	$125,058	23.7%
North Dakota [2]	11.2%	237,990	16,694	$72,162	1.5%	1.0%	$296,282	424	4.4%	3.9%	0 / 0.0%	$97,156	20.9%
Rochester, MN	9.5%	228,073	10,796	$85,369	2.1%	3.0%	$315,595	502	8.5%	0.8%	662 / 6.1%	$122,535	22.3%
Other Mountain West [3]	8.6%	335,367	14,413	$74,529	2.1%	0.1%	$375,660	2,083	10.3%	2.4%	652 / 4.5%	$83,586	22.5%
Omaha, NE	5.4%	976,671	81,154	$79,638	2.3%	1.4%	$280,100	2,597	6.0%	4.2%	2,485 / 3.1%	$94,989	20.8%
St. Cloud, MN	5.4%	201,868	15,755	$71,370	2.3%	0.9%	$291,483	313	3.7%	3.1%	130 / 0.8%	$89,423	21.5%
Fort Collins, CO	3.3%	366,778	17,346	$88,403	2.9%	2.6%	$559,986	0	5.4%	1.6%	1,570 / 9.1%	TBD	TBD

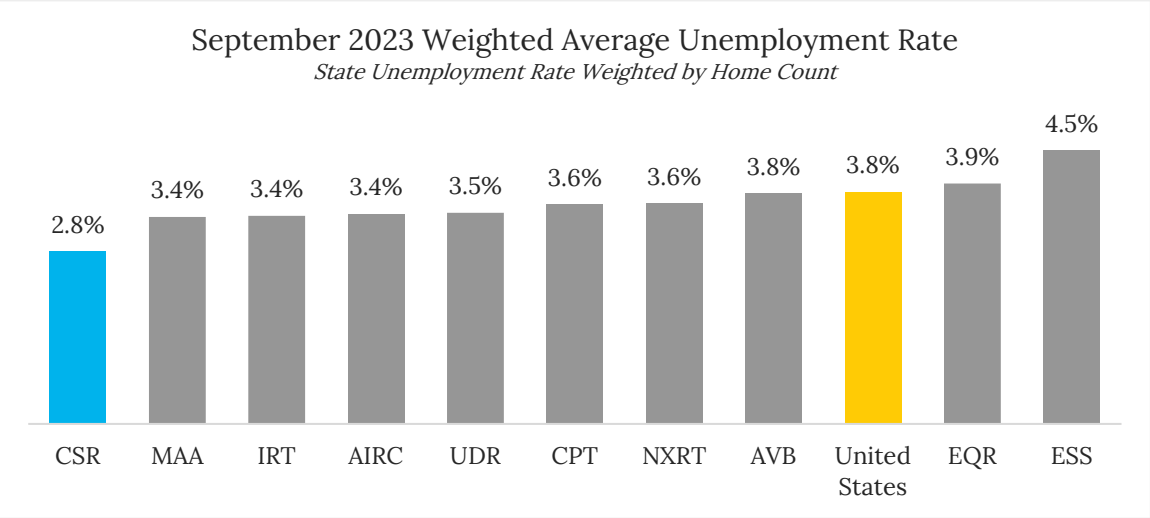
Note: Median household income, unemployment rate, 3-month avg job growth, median home value, CSR avg annual income, and CSR rent-to-income ratio are weighted by NOI contribution of metro/micro market within North Dakota and Other Mountain West. Market vacancy and rent growth are weighted by total inventory of homes in each metro/micro market. All other data is summation of each metro/micro market

Sources: US Census Bureau, Bureau of Labor Statistics, FRED, Zillow, CoStar
(1) Q3 2023 multifamily only excluding Minot disposition and including Lake Vista acquisition
(2) Includes Bismarck, ND and Grand Forks, ND
(3) Includes Billings, MT and Rapid City, SD
(4) As of Q3 2023
(5) Yardi Resident Screening data for approved applicants as of 10/31/2023

- 715k apartment homes in CSR portfolio markets, set against 22M total apartment homes in United States
- Centerspace resident rent-to-income ratio of approximately 21%-24% by market compares to 30% United States median rent-to-income ratio

INNOVATION – PORTFOLIO COMPARES FAVORABLY ON UNEMPLOYMENT & SUPPLY

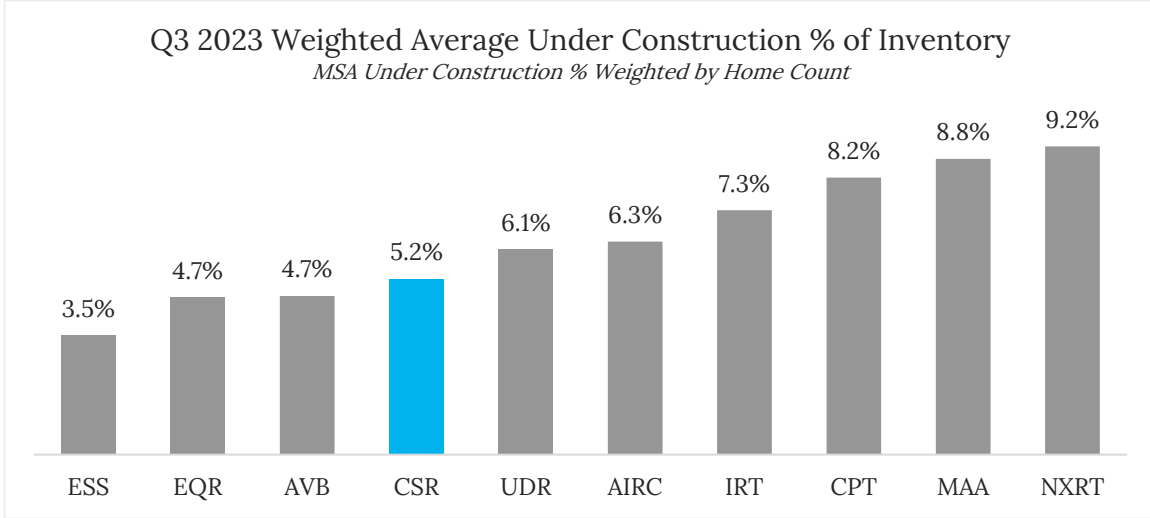
Creditworthiness of residents produces strong rent collection rates; low unemployment in Centerspace portfolio markets can insulate performance in recessionary conditions



Sources: SNL, BLS

- Low unemployment in our portfolio relative to all housing sectors- apartment, manufactured housing, and single-family rentals, is leading to strong collection rates
- Centerspace's portfolio has the lowest weighted average unemployment rate among public multifamily companies across its markets

Measured supply pipeline in Centerspace portfolio markets allows the ability to drive rent growth and retain occupancy

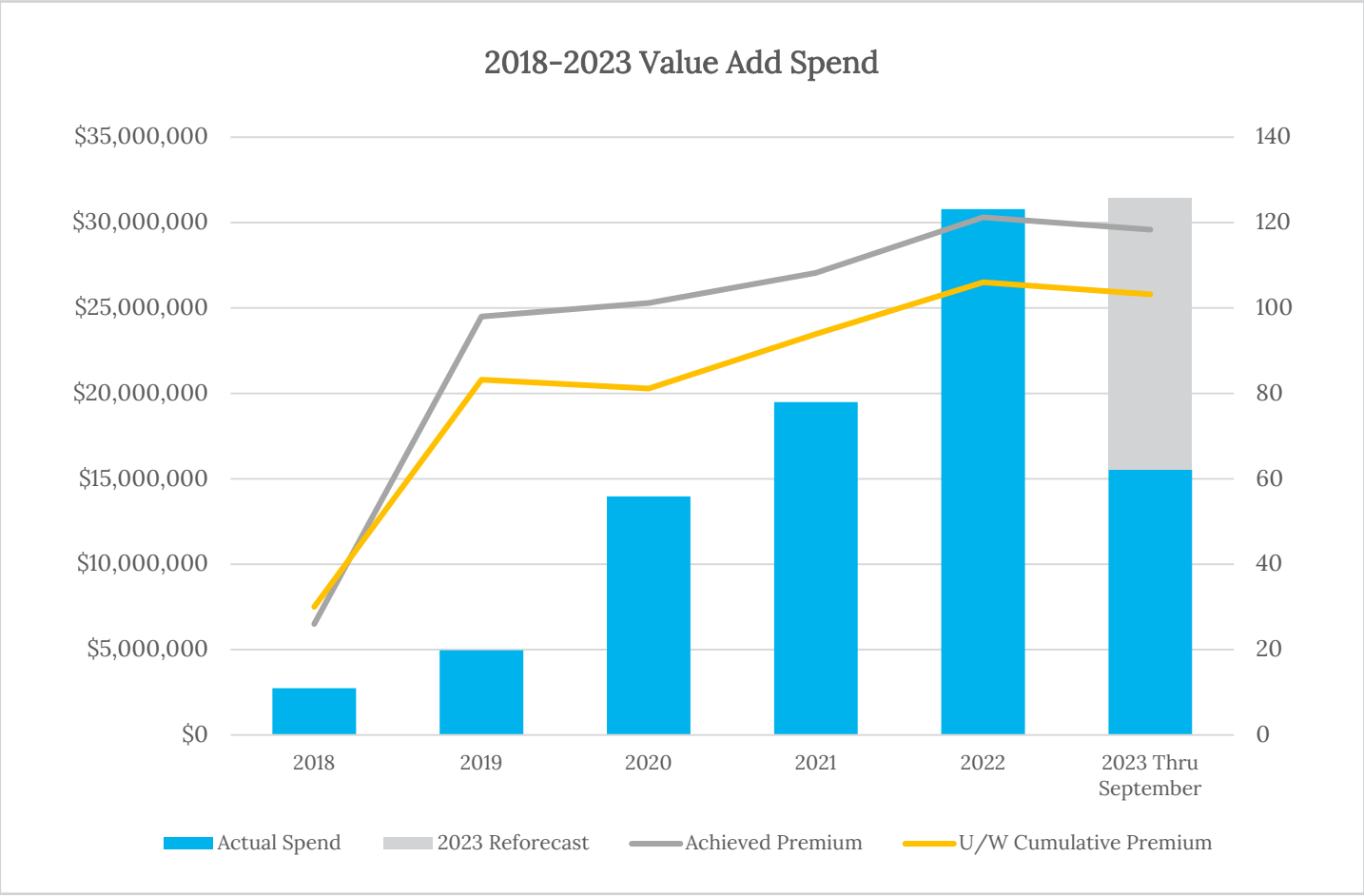


Sources: SNL, CoStar

- Less competition from new supply allows the ability to push rents while maintaining occupancy
- Among public multifamily companies, Centerspace's markets have the fifth lowest number of homes under construction as a percentage of total market inventory

INNOVATION – HISTORICAL VALUE-ADD GROWTH

Centerspace's past and current projects have generated a 15.7% return on investment resulting in over $229 million of incremental value creation[1]



Spend increased from $2.7mm in 2018 to $30.8mm in 2022 to a forecasted $30.8mm[2] in 2023

Blended U/W premium in 2023 was $103 per unit, achieved $118

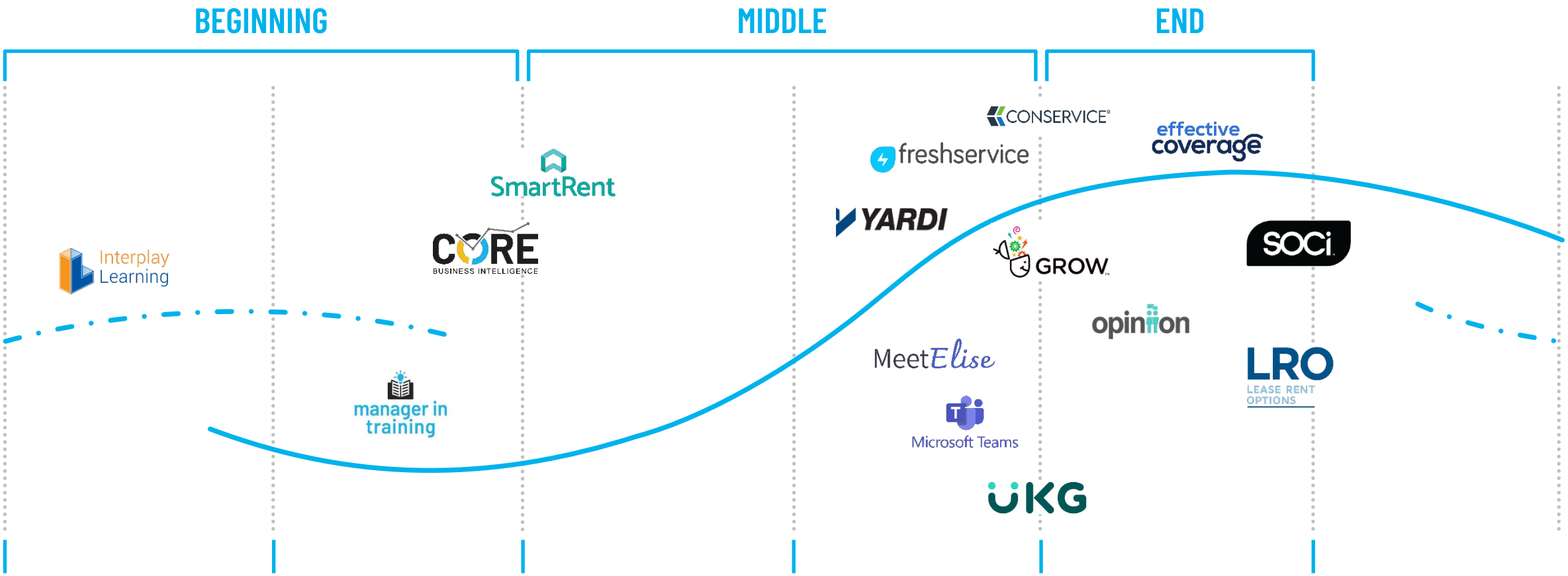
1. Includes unit renovations, common area renovations, and other value add projects and calculated as incremental NOI divided by a 6.0% cap rate, net of capital investment. Incremental NOI of $13.7mm calculated as total cost-to-date of $87.5mm multiplied by ROI of 15.7%
2. Midpoint of $30.0mm-31.5mm range noted in most recent FFO Guidance released with Q3 2023 earnings

INNOVATION – VALUE CREATION

VALUE ADD PIPELINE (UNITS)[1]							
	UNIT RENOVATIONS		COMMON AREAS RENOVATIONS				
($ IN MILLIONS)	CURRENT	IDENTIFIED PIPELINE	CURRENT	IDENTIFIED PIPELINE	REMAINING SMART HOME PIPELINE	TOTAL	PROJECTS FOR LONGER TERM CONSIDERATION
UNITS IMPACTED	4,166	1,531	5,998 25 properties	3,092 18 properties	13,088		7,470
Completed to Date	3,272	-	4,046 17 properties	-	2,417		-
Remaining Units to Renovate	986	1,531	1,952 8 properties	3,092 18 properties	10,671		7,470
Remaining Value Add Costs[2]	$14-16	$22-24	$13-17	$20-26	$16-19	$85-102	$108-120
Future Incremental NOI[3]	$2.7-2.9	$4.1-4.6	$1.3-1.7	$2.1-2.7	$3.4-4.0	$13.6-15.9	$20.1-22.2
Future Identified Value Creation Opportunity[4]	$30-33	$47-51	$9-12	$15-19	$41-48	$142-164	$227-251
Incremental Value created per share[5]						$7.77-$8.99	

1. Value add pipeline data is as of September 30, 2023, adjusted for acquisition of Lake Vista in October. These projections include forward-looking information
2. Illustrative estimated cost / unit ranging from $14,500 to $16,000 | Common Area $6,500 - $8,500 | Smart Home $1,500 - $1,750
3. Illustrative 18.6% annual ROI based on Centerspace's historical, units-only return | 10.4% ROI based on Common-Area Return | 21.4% based on Smart Home return
4. Calculated as Incremental NOI divided by 6.0% cap rate, net of capital invested
5. Calculated as Incremental Value Creation divided by Weighted average shares and units – diluted of 18,246,000 for the Three Months Ended 9/30/2023

SERVICE – TECHNOLOGY & OPERATING PLATFORM INITIATIVES



Beginning the journey	Training in new methods and developing Standard Operating Procedures	Starting to see initial results	Accelerating knowledge	Approaching steady state and evaluating how we maximize the benefits	Cycle continues for each new product

**Illuminate* by Nancy Duarte and Patti Sanchez

SERVICE – TECHNOLOGY IMPLEMENTATION CASE STUDIES

SmartRent

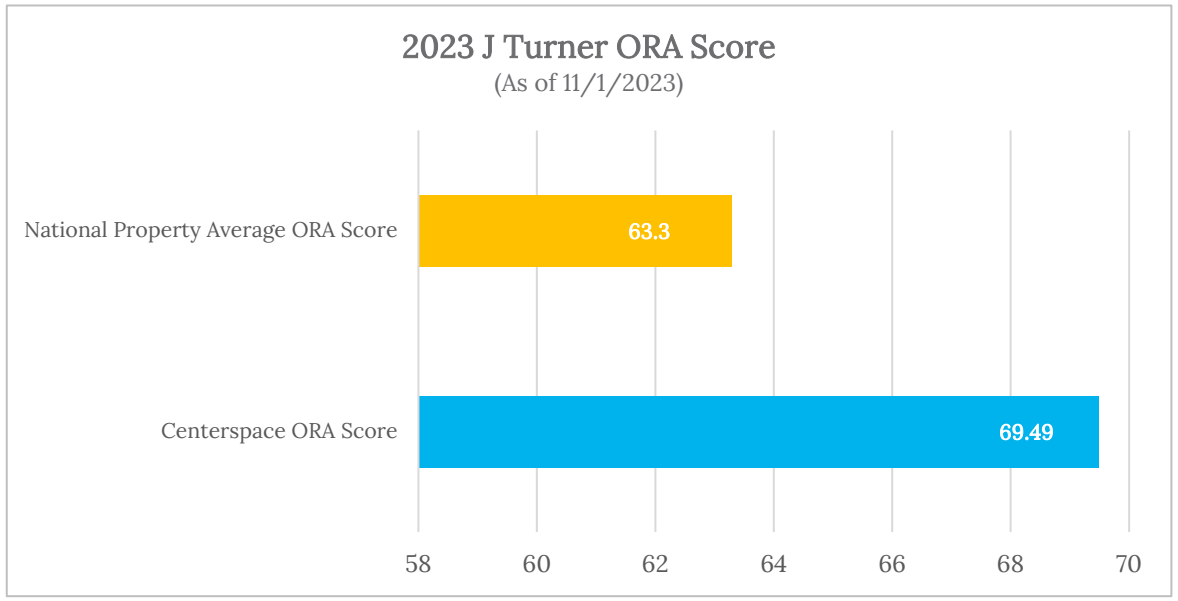
- Smart home solutions and connectivity platform that includes integrated smart locks, connected thermostats, leak sensors, and app access from resident smartphones granting in-home control
- Piloted at ten communities to date with positive results
- Phase 2 implementation in process which includes 38 additional communities with ~8,400 homes
- Phase 2 implementation expected to generate $3M+ increase in cash flow primarily from rent premiums and savings on water leaks
- Saves team member time from not having to change locks on move-in and move-out
- Monitors vacant apartments and decreases utility costs

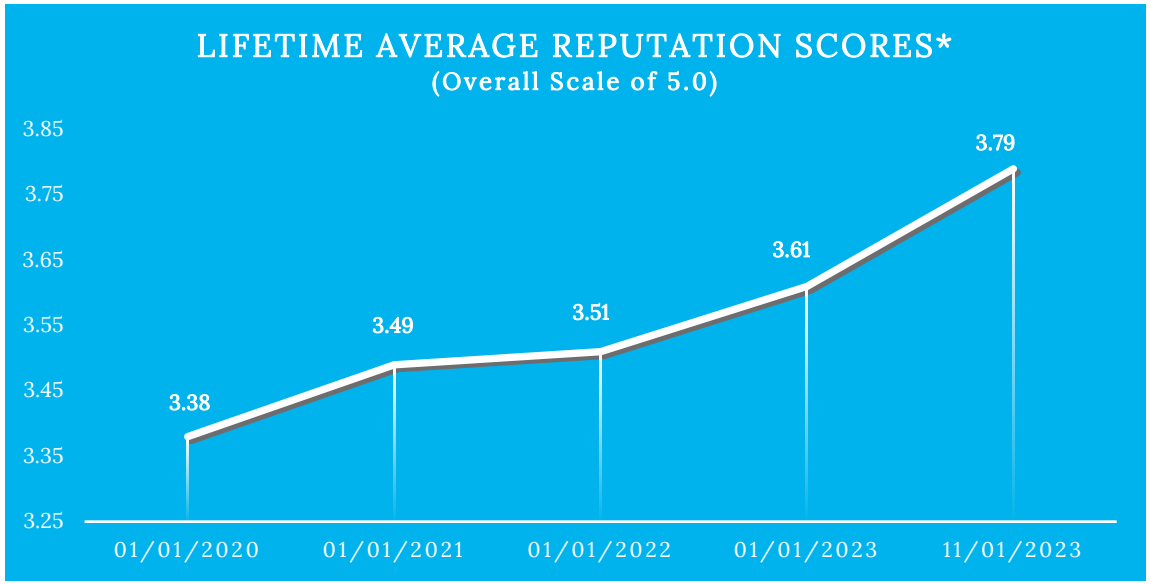
MeetElise

Powerful AI for smarter leasing

- Artificial Intelligence (AI) platform that manages electronic communication with prospects by answering emails, texts, and chats
- Implemented Meet Elise portfolio-wide in April 2022
- Since implementation, Meet Elise has interacted with 135,000+ prospects and scheduled 18,000+ appointments
- Saves team members time from communicating with prospects and ensures we are promptly responding to every prospect
- Contributed to ~650 basis point increase in lead-to-appointment ratio from 24.8% Q1 2022 to 31.3% Q1 2023

SERVICE – ENHANCING CUSTOMER EXPERIENCE IS A CORE GOAL





*All Current Properties





ORA TOP PERFORMERS

Red 20 Apartments in Minneapolis, MN and Ironwood Apartments in New Hope, MN were named to the 2022 Elite 1% in the J Turner Research 2022 ORA Power Rankings report. This report highlights the nation's top 1% of communities ranked by ORA.

ENGAGEMENT – ESG HIGHLIGHTS

ENVIRONMENTAL

- Established formal ESG targets and published them for the first time in the 2022 annual report
- Participated in the GRESB annual assessment to identify risks and opportunities and benchmark performance amongst real estate peers
- Created ENERGY STAR portfolios for 100% of our portfolio to ensure we comply with environmental laws and regulations

SOCIAL

- Donated $77,196 to national, regional, and diversity-promoting charities
- Named a Top Workplace by the Minneapolis Star Tribune for the fourth consecutive year
- Maintain a strong Diversity, Equity, and Inclusion committee that upholds our DE&I Corporate Policy
- Team members completed 1,676 volunteer hours in 2022

GOVERNANCE

- Maintain a Supermajority Independent Board with 87.5% of board members being independent
- Senior leadership team is 55.6% female, with Centerspace placed on the prestigious Honor Roll for the Minnesota Census of Women in Corporate Leadership for the third consecutive year
- Received a #1 governance score from Institutional Shareholder Services

AWARDS & RECOGNITION

NAA EXCELLENCE AWARDS 2022 — LEADING ORGANIZATION IN DIVERSITY, EQUITY, AND INCLUSION

StarTribune TOP WORK PLACES 2023 — TOP WORKPLACE FOR FOUR CONSECUTIVE YEARS

MADACS 2023 — SEVEN MADACS AWARDS IN 2023

EXECUTIVE MANAGEMENT TEAM



Anne Olson
President & CEO



Bhairav Patel
EVP & CFO

ISS rated top score of 1 - indicating highest quality corporate governance practices and lowest governance risk

SENIOR LEADERSHIP TEAM



Grant Campbell
SVP, Investments



Jean Denn
SVP, Operations



Julie Ellis
SVP, Chief Accounting Officer



Julie Letner
SVP, Talent and Culture



Susan Picotte
SVP, Asset Management & Operations Support



Brad Abel
VP, Information Technology



Joe McComish
VP, Finance

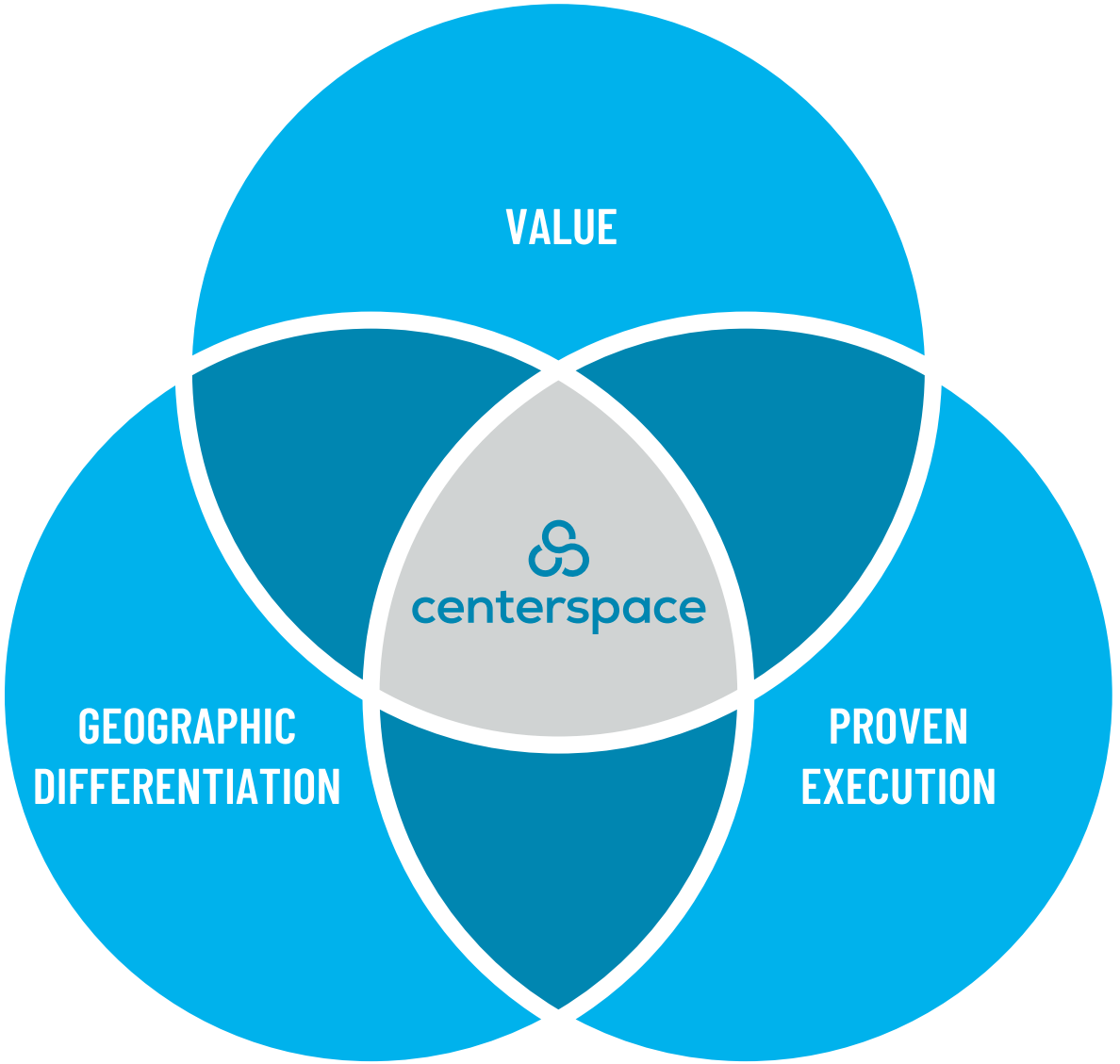


Jim Mitchell
VP, Facilities



Kelly Weber
VP, Marketing & Communications

KEY TAKEAWAYS



APPENDIX

Reconciliation of Net Income (Loss) Available to Common Shareholders to Funds From Operations and Core Funds From Operations

Centerspace believes that FFO, which is a non-GAAP financial measure used as a standard supplemental measure for equity real estate investment trusts, is helpful to investors in understanding its operating performance, primarily because its calculation does not assume that the value of real estate assets diminishes predictably over time, as implied by the historical cost convention of GAAP and the recording of depreciation. Centerspace uses the definition of FFO adopted by the National Association of Real Estate Investment Trusts, Inc. ("Nareit"). Nareit defines FFO as net income or loss calculated in accordance with GAAP, excluding:

- depreciation and amortization related to real estate;
- gains and losses from the sale of certain real estate assets;
- impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity; and
- similar adjustments for partially owned consolidated real estate entities.

The exclusion in Nareit's definition of FFO of gains and losses from the sale of real estate assets and impairment write-downs helps to identify the operating results of the long-term assets that form the base of the company's investments, and assists management and investors in comparing those operating results between periods.

Due to the limitations of the Nareit FFO definition, Centerspace has made certain interpretations in applying this definition. The company believes that all such interpretations not specifically identified in the Nareit definition are consistent with this definition. Nareit's FFO White Paper 2018 Restatement clarified that impairment write-downs of land related to a REIT's main business are excluded from FFO and a REIT has the option to exclude impairment write-downs of assets that are incidental to its main business.

While FFO is widely used by Centerspace as a primary performance metric, not all real estate companies use the same definition of FFO or calculate FFO in the same way. Accordingly, FFO presented here is not necessarily comparable to FFO presented by other real estate companies. FFO should not be considered as an alternative to net income or any other GAAP measurement of performance, but rather should be considered as an additional, supplemental measure. FFO also does not represent cash generated from operating activities in accordance with GAAP, nor is it indicative of funds available to fund all cash flow needs, including the ability to service indebtedness or make distributions to shareholders.

Core Funds from Operations ("Core FFO") is FFO as adjusted for non-routine items or items not considered core to business operations. By further adjusting for items that are not considered part of core business operations, the company believes that Core FFO provides investors with additional information to compare core operating and financial performance between periods. Core FFO should not be considered as an alternative to net income, or any other GAAP measurement of performance, but rather should be considered an additional supplemental measure. Core FFO also does not represent cash generated from operating activities in accordance with GAAP, nor is it indicative of funds available to fund the company's cash needs, including its ability to service indebtedness or make distributions to shareholders. Core FFO is a non-GAAP and non-standardized financial measure that may be calculated differently by other REITs and should not be considered a substitute for operating results determined in accordance with GAAP.

RECONCILIATION TO NON-GAAP MEASURES

	Three Months Ended (in thousands)				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
Funds From Operations					
Net (loss) income available to common shareholders	$ 6,167	$ (3,470)	$ 41,964	$ (3,613)	$ (2,130)
Adjustments:					
Noncontrolling interests – Operating Partnership and Series E preferred units	1,204	(712)	8,566	(753)	(439)
Depreciation and amortization	24,697	24,371	25,993	25,768	23,720
Less depreciation – non real estate	(56)	(89)	(91)	(91)	(94)
Less depreciation – partially owned entities	(20)	(19)	(19)	(19)	(18)
Loss (gain) on sale of real estate and other assets	(11,235)	71	(60,159)	(14)	–
FFO applicable to common shares and Units	**$ 20,757**	**$ 20,152**	**$ 16,254**	**$ 21,278**	**$ 21,039**
Adjustments to Core FFO:					
Non-cash casualty (gain) loss	854	(52)	13	20	46
Technology implementation costs[1]	–	–	–	89	234
Interest rate swap termination, amortization, and mark-to-market	324	159	138	104	204
Amortization of assumed debt	(116)	(116)	(116)	(117)	(116)
Pursuit costs	–	–	5	137	38
Severance and transition related costs	–	(19)	3,199	–	–
Loss on litigation settlement and one-time trial costs[2]	34	3,201	–	–	–
Other miscellaneous items[3]	(129)	(22)	49	(28)	17
Core FFO applicable to common shares and Units	**$ 21,724**	**$ 23,303**	**$ 19,542**	**$ 21,483**	**$ 21,462**
FFO applicable to common shares and Units	$ 20,757	$ 20,152	$ 16,254	$ 21,278	$ 21,039
Dividends to preferred unitholders	160	160	160	160	160
FFO applicable to common shares and Units - diluted	$ 20,917	$ 20,312	$ 16,414	$ 21,438	$ 21,199
Core FFO applicable to common shares and Units	$ 21,724	$ 23,303	$ 19,542	$ 21,483	$ 21,462
Dividends to preferred unitholders	160	160	160	160	160
Core FFO applicable to common shares and Units - diluted	$ 21,884	$ 23,463	$ 19,702	$ 21,643	$ 21,622
Per Share Data					
Net income (loss) per share and Unit - diluted	**$ 0.41**	**$ (0.23)**	**$ 2.76**	**$ (0.24)**	**$ (0.14)**
FFO per share and Unit - diluted	**$ 1.15**	**$ 1.11**	**$ 0.89**	**$ 1.16**	**$ 1.13**
Core FFO per share and Unit - diluted	**$ 1.20**	**$ 1.28**	**$ 1.07**	**$ 1.17**	**$ 1.15**
Weighted average shares - basic	14,989	14,949	15,025	15,027	15,373
Effect of redeemable operating partnership Units	908	965	968	974	984
Effect of Series D preferred units	228	228	228	228	228
Effect of Series E preferred units	2,093	2,103	2,118	2,185	2,186
Effect of dilutive restricted stock units and stock options	28	24	20	9	30
Weighted average shares and Units - diluted	18,246	18,269	18,359	18,423	18,801

(1) Costs are related to a two-year implementation

(2) Consists of a $2.9 million loss on litigation settlement for a trial judgment entered against the Company and $371,000 in one-time trial costs related to the litigation matter for the nine months ended September 30, 2023

(3) Consists of (gain) loss on investments

Reconciliation of Net Income (Loss) Available to Common Shareholders to Adjusted EBITDA

Adjusted EBITDA is earnings before interest, taxes, depreciation, amortization, gain or loss on sale of real estate and other investments, impairment of real estate investments, gain or loss on extinguishment of debt, gain or loss from involuntary conversion, and other non-routine items or items not considered core to business operations. Adjusted EBITDA is a non-GAAP financial measure and should not be considered a substitute for operating results determined in accordance with GAAP. The company considers Adjusted EBITDA to be an appropriate supplemental performance measure because it permits investors to view income from operations without the effect of depreciation, financing costs, or non-operating gains and losses.

	Three Months Ended (in thousands)				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
Adjusted EBITDA					
Net income (loss) attributable to controlling interests	$ 7,774	$ (1,863)	$ 43,571	$ (2,006)	$ (523)
Adjustments:					
Dividends to Series D preferred unitholders	160	160	160	160	160
Noncontrolling interests – Operating Partnership and Series E preferred units	1,204	(712)	8,566	(753)	(439)
Income (loss) before noncontrolling interests – Operating Partnership and Series E preferred units	$ 9,138	$ (2,415)	$ 52,297	$ (2,599)	$ (802)
Adjustments:					
Interest expense	8,542	8,626	10,305	9,589	7,856
Depreciation/amortization related to real estate investments	24,675	24,351	25,971	25,747	23,699
Non-cash casualty (gain) loss	854	(52)	13	20	46
Interest income	(187)	(248)	(92)	(92)	(82)
(Gain) loss on sale of real estate and other investments	(11,235)	71	(60,159)	(14)	—
Technology implementation costs[1]	—	—	—	89	234
Pursuit costs	—	—	5	137	38
Severance and transition related costs	—	(19)	3,199	—	—
Loss on litigation settlement and one-time trial costs[2]	34	3,201	—	—	—
Other miscellaneous items[3]	(129)	(22)	49	(28)	17
Adjusted EBITDA	$ 31,692	$ 33,493	$ 31,588	$ 32,849	$ 31,006

(1) Costs are related to a two-year implementation
(2) Consists of a $2.9 million loss on litigation settlement for a trial judgment entered against the Company and $371,000 in one-time trial costs related to the litigation matter for the nine months ended September 30, 2023
(3) Consists of (gain) loss on investments