centerspace

INVESTOR PRESENTATION

March 2024



Lake Vista – Fort Collins, CO

SAFE HARBOR STATEMENT & LEGAL DISCLOSURE

Certain statements in this presentation are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from expected results. These statements may be identified by our use of words such as “expects,” “plans,” “estimates,” “anticipates,” “projects,” “intends,” “believes,” and similar expressions that do not relate to historical matters. Such risks, uncertainties, and other factors include, but are not limited to, changes in general and local economic and real estate market conditions, rental conditions in our markets, fluctuations in interest rates, the effect of government regulations, the availability and cost of capital and other financing risks, risks associated with our value-add and redevelopment opportunities, the failure of our property acquisitions and disposition activities to achieve expected results, competition in our markets, our ability to attract and retain skilled personnel, our ability to maintain our tax status as a real estate investment trust (REIT), and those risks and uncertainties detailed from time to time in our filings with the Securities and Exchange Commission, including the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” contained in our Form 10-K for the period ended December 31, 2023. We assume no obligation to update or supplement forward-looking statements that become untrue due to subsequent events.



71 France – Edina, MN

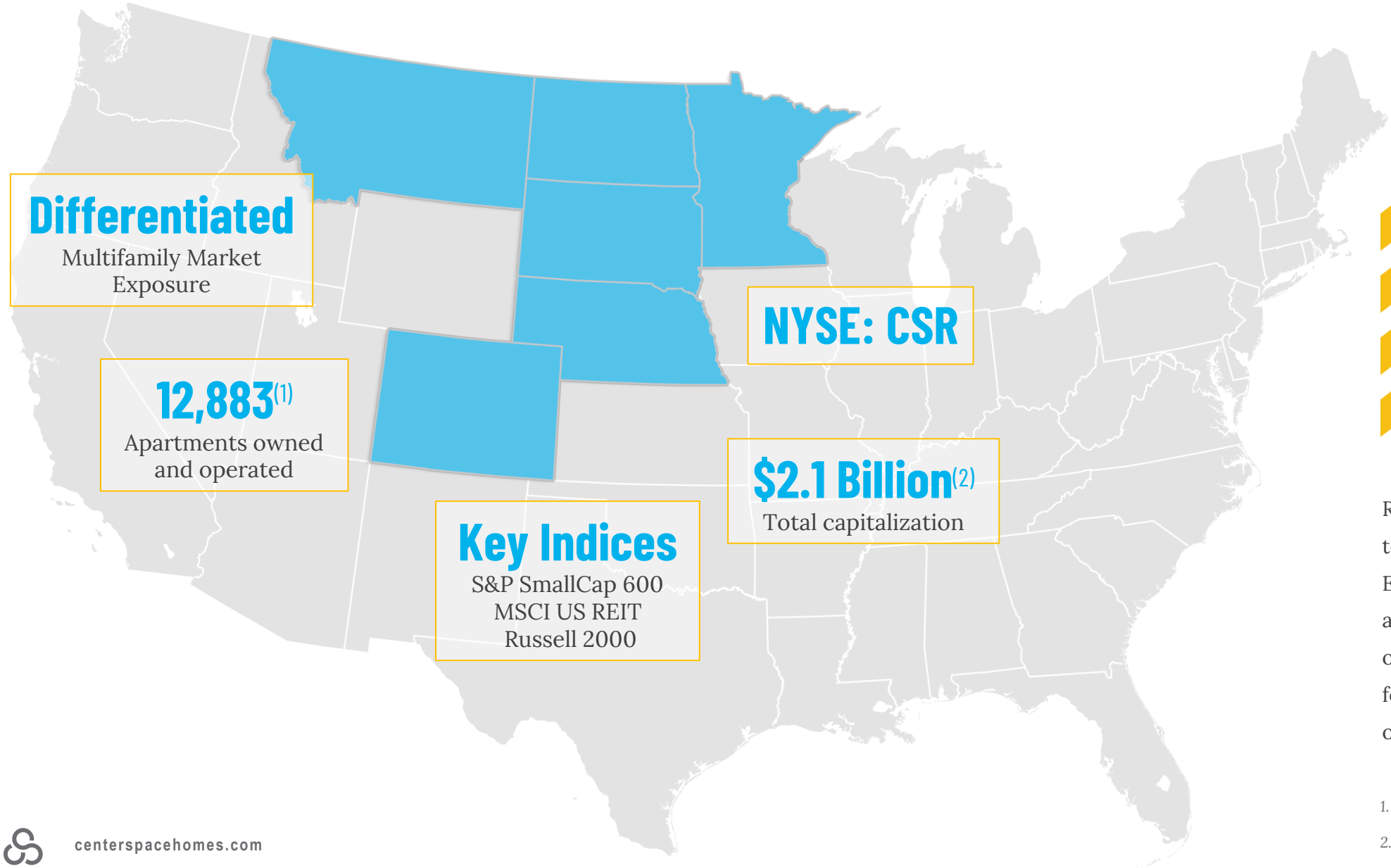
OUR MISSION

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.

COMPANY OVERVIEW



Differentiated
Multifamily Market Exposure

12,883[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. *As of December 31, 2023, adjusted for February 2024 sales*
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 – 2024 FINANCIAL OUTLOOK

	2023 Actual	2024 Guidance Range Low	2024 Guidance Range Mid-Point	2024 Guidance Range High
Same-Store Growth				
Revenues	7.2%	3.0%	4.0%	5.0%
Expenses	4.6%	5.5%	6.3%	7.0%
NOI	9.0%	1.5%	2.5%	3.5%
Per Share				
Net Income	$2.32	($1.31)	($1.15)	($0.99)
FFO	$4.27	$4.54	$4.67	$4.80
Core FFO	$4.78	$4.68	$4.80	$4.92

Other Key Assumptions

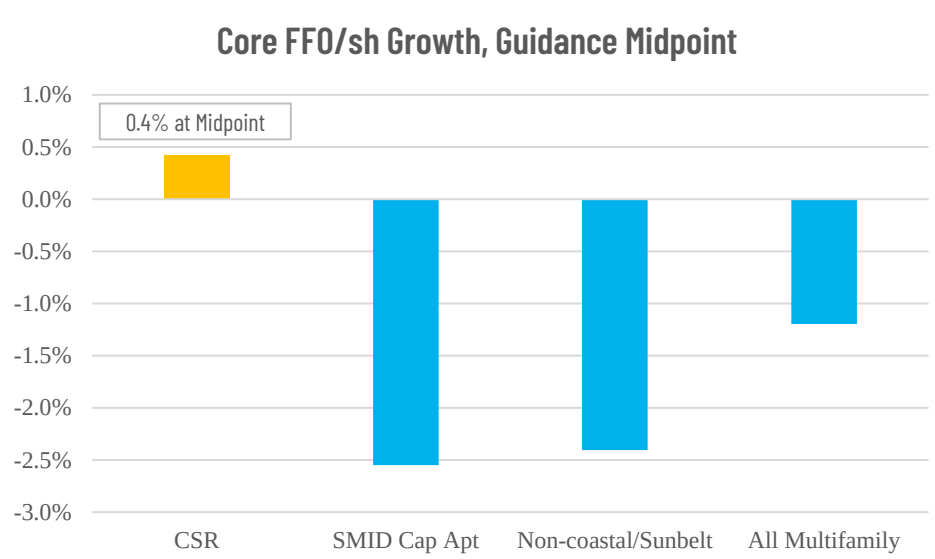
- Same-store capital expenditures of $1,075 per home to $1,150 per home
- Value-add expenditures of $25.0 million to $27.0 million
- Full year dispositions of $18.8 to $19.0 million

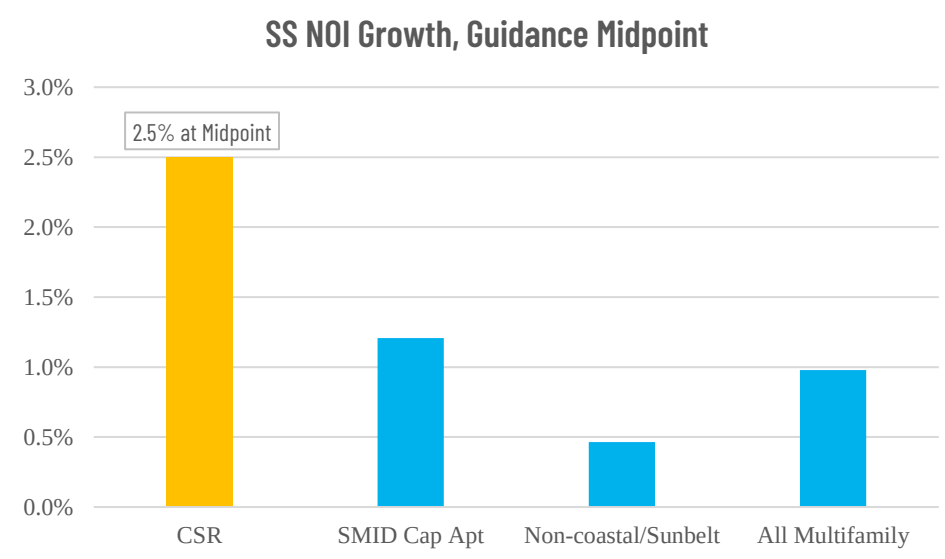


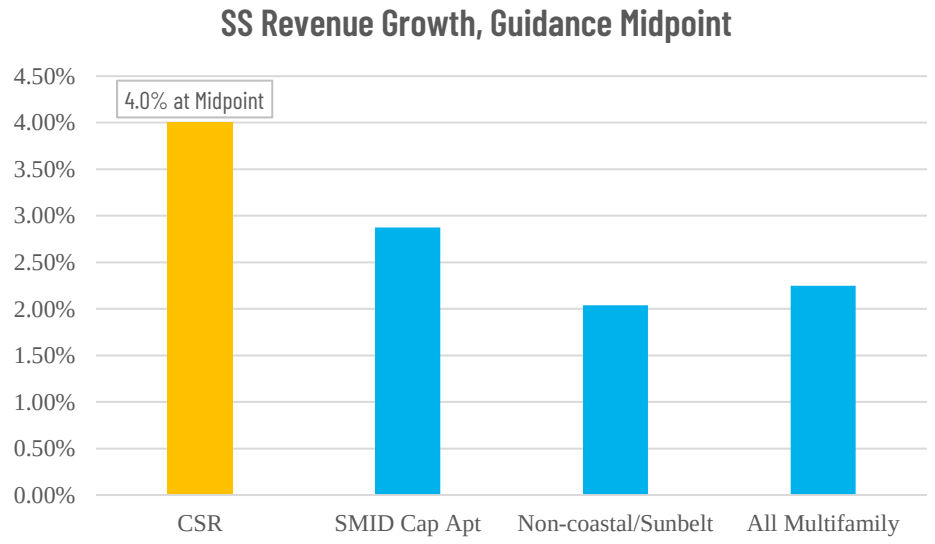
Cascade Shores Townhomes + Flats – Rochester, MN

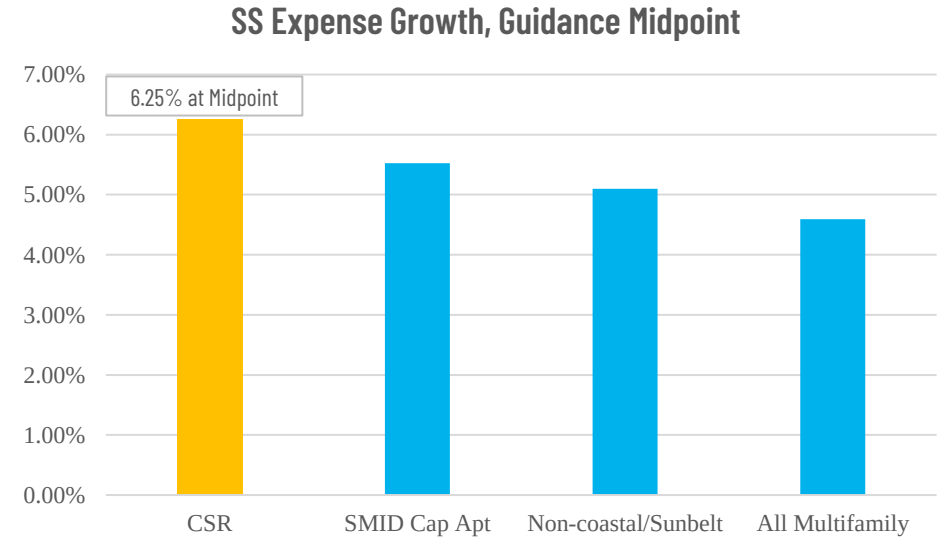
Note: Reconciliations of the above can be found in the appendix of this presentation.

RESULTS – FAVORABLE GROWTH PROFILE





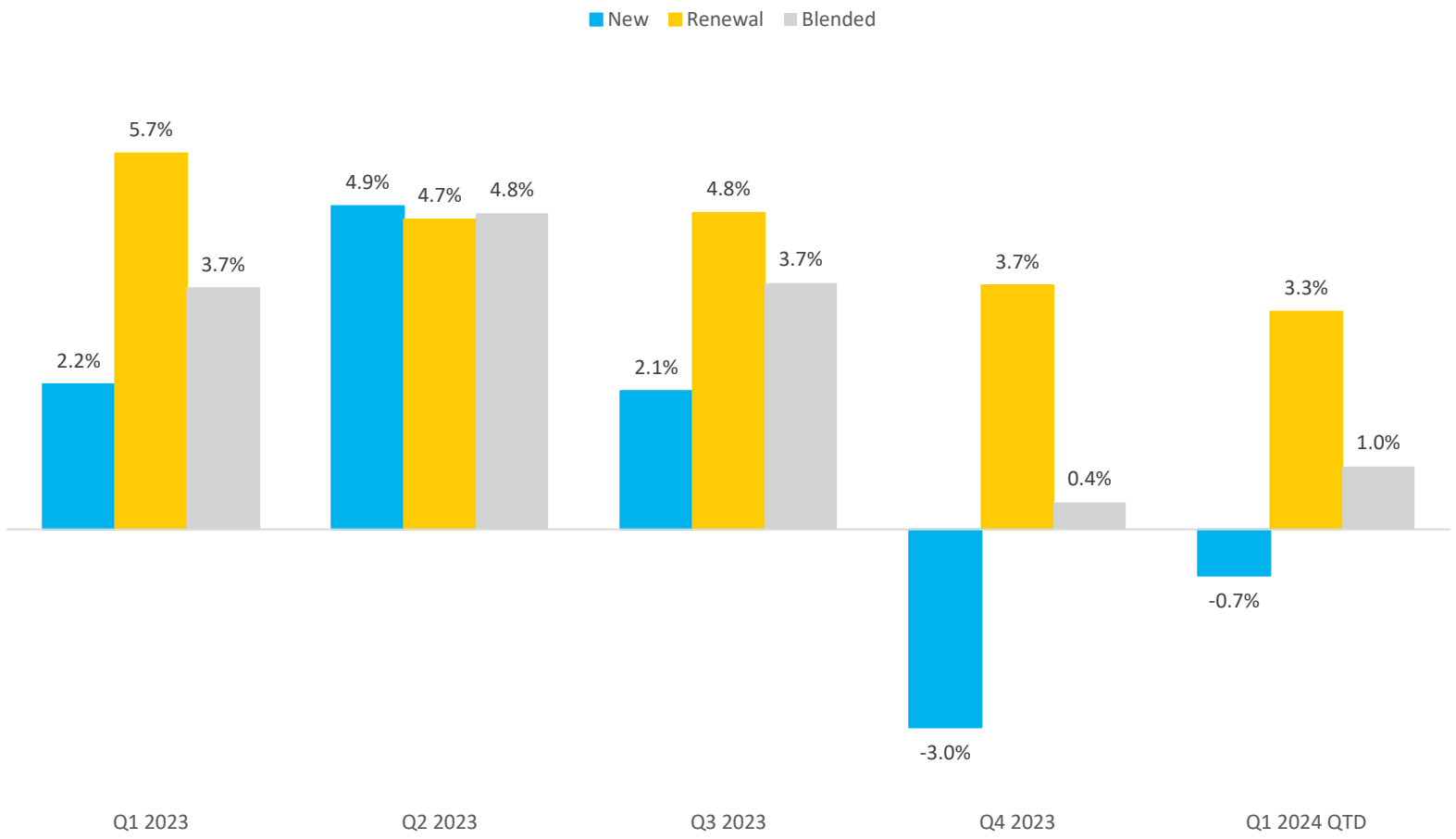




Note: Data is based on midpoint of initial guidance ranges provided by noted peers. SMID Cap Apt group includes ELME, IRT, and NXRT. Non-coastal/Sunbelt group includes CPT, ELME, IRT, MAA, and NXRT. All multifamily group includes AIRC, AVB, CPT, ELME, EQR, ESS, IRT, MAA, NXRT, and UDR. Source data: Company Filings

RESULTS – RENEWAL LEASING SPREADS CONTINUE TO HOLD

SAME STORE LEASING UPDATE

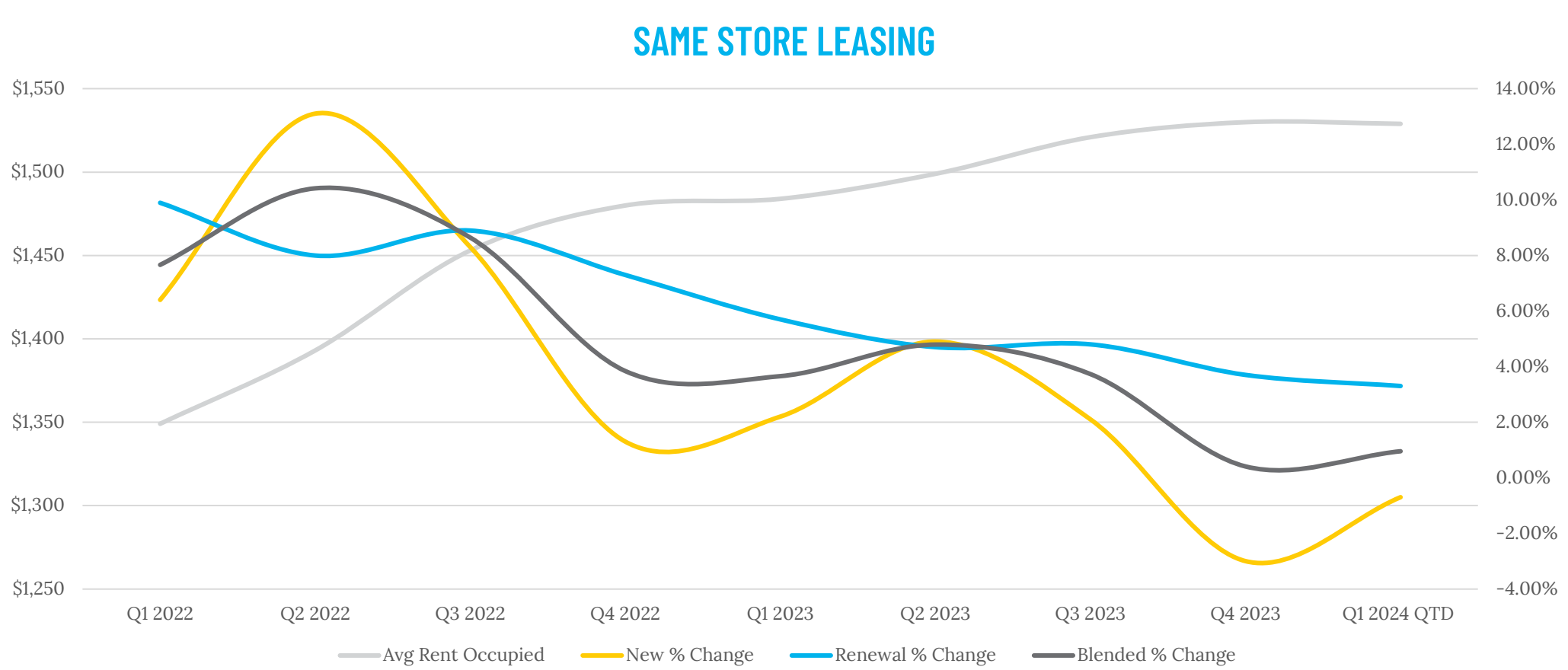



Oxbo – St. Paul, MN

Note: Data represents 2023 Same Store pool. QTD leasing spreads are through March 8, 2024

RESULTS – PORTFOLIO STABILITY & RESILIENCY

Centerspace has grown average rents even in volatile economic times



	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024 QTD
Occupancy	94.8%	95.1%	94.4%	94.4%	94.3%
Expirations	16.2%	30.0%	35.9%	19.5%	12.4%

Note: Data represents 2023 Same Store pool. Occupancy represents weighted average physical occupancy. Information is through March 8, 2024

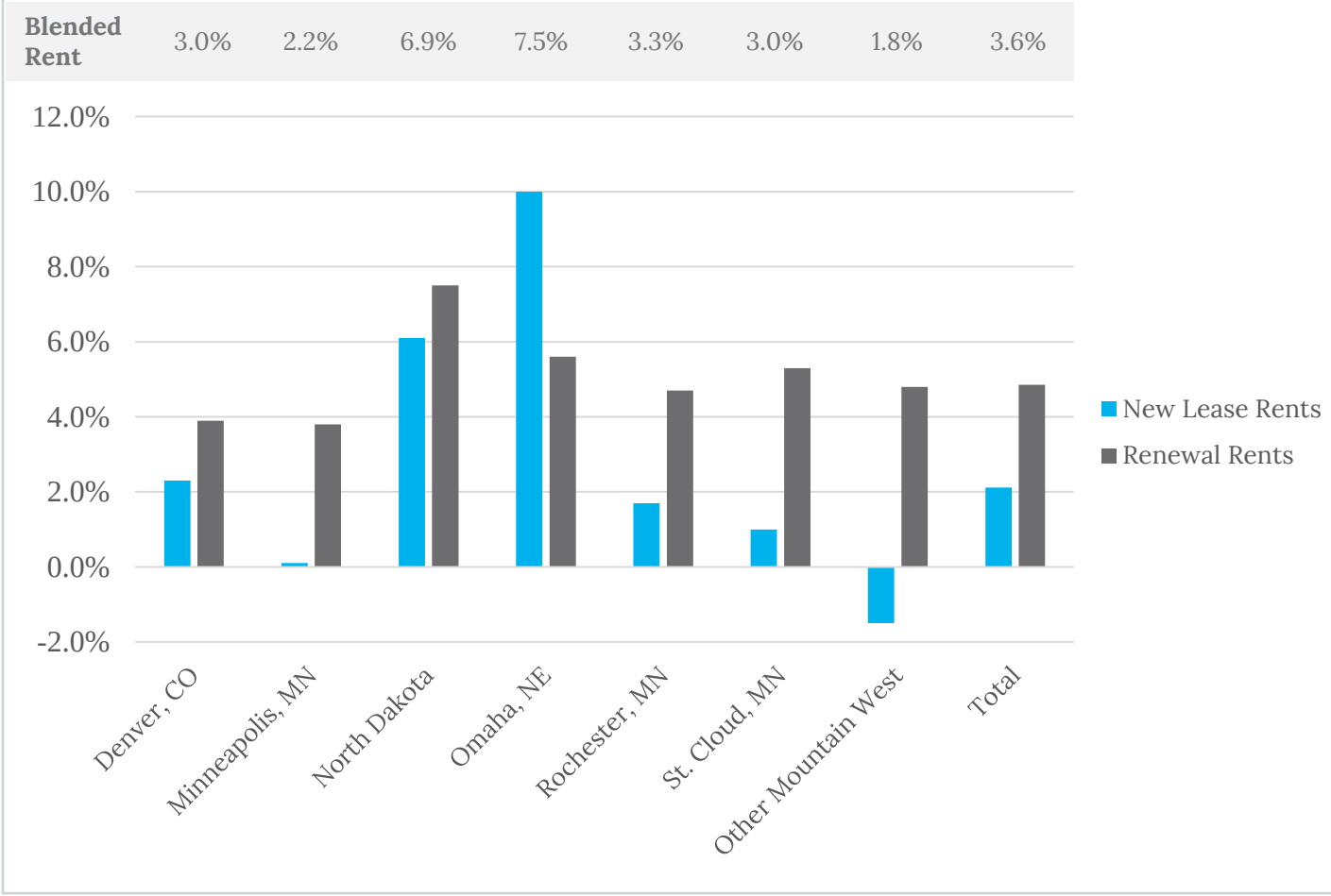
RESULTS – NOI COMPOSITION & RENTAL RATE GROWTH

Market	% of Total NOI
Minneapolis, MN	33.8%
Denver, CO	22.7%
North Dakota	11.3%
Rochester, MN	9.4%
Other Mountain West	8.8%
Omaha, NE	6.2%
St. Cloud, MN	5.0%
Fort Collins, CO	2.8%
Total	**100.0%**



Palisades Apartments – Roseville, MN

2023 vs 2022 Year-To-Date Rental Rate Growth

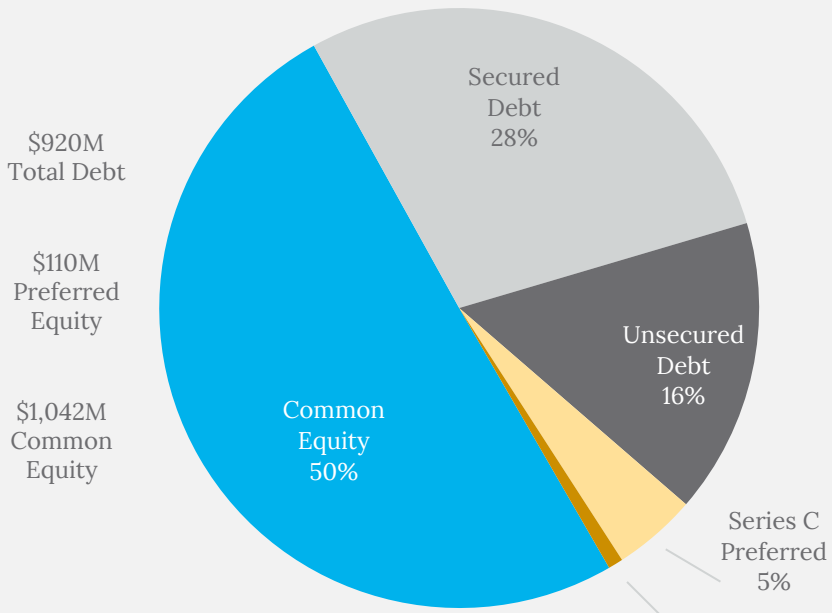


Note: NOI contribution is Q4 2023 multifamily only adjusted for February 2024 sales. Rental rate growth is January 1–December 31, 2022, compared to January 1–December 31, 2023

RESULTS – BALANCE SHEET POSITIONED FOR GROWTH

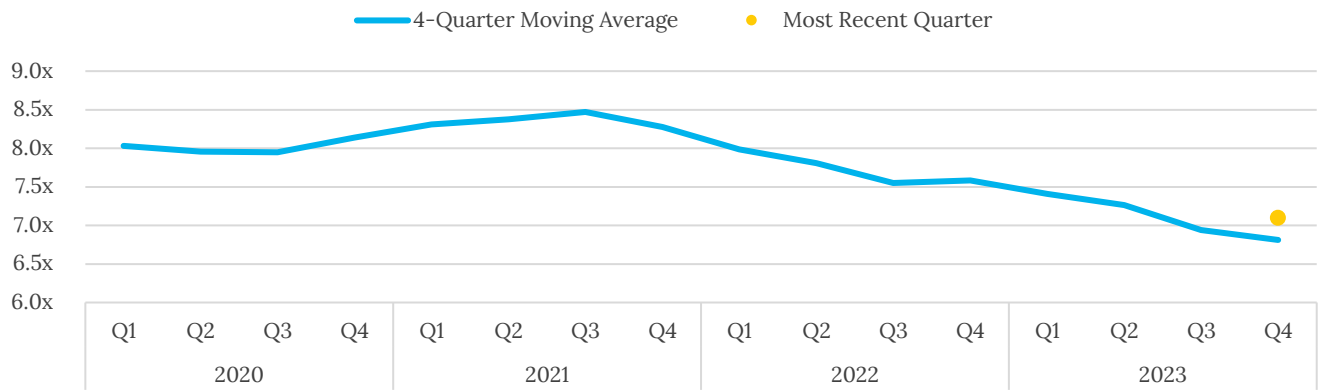
Diversified Permanent Capital Base

$2.1B Total Capitalization



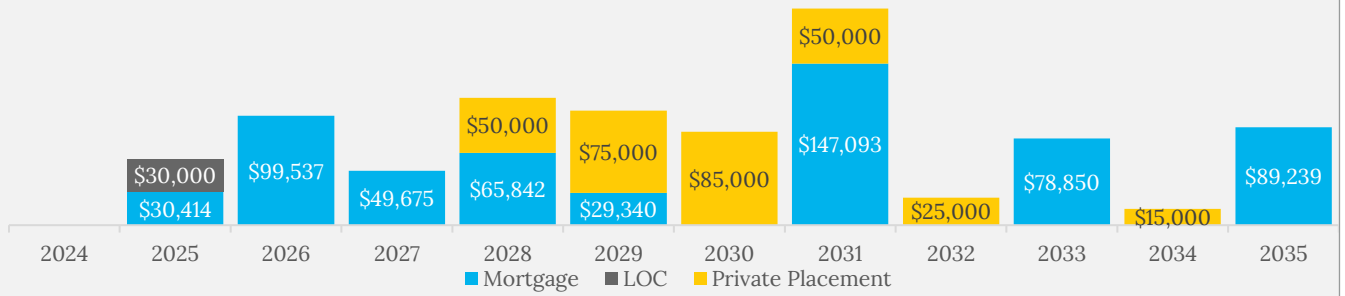
Share price $58.20 as of 12/29/2023

Quarterly Net Debt / Annualized Trailing EBITDA(1)



Low Maturities through 2025

Most Recent Quarter Wtd Avg Int Rate 3.54% & Wtd Avg Maturity 6.3 Years (in thousands, except percentages)

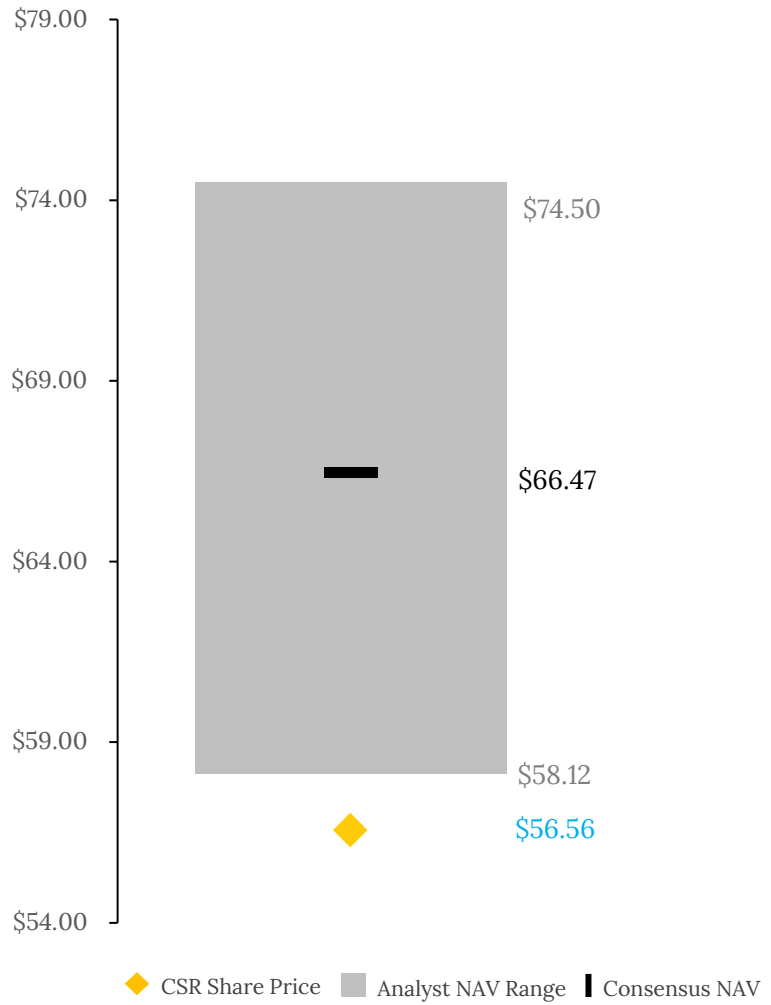


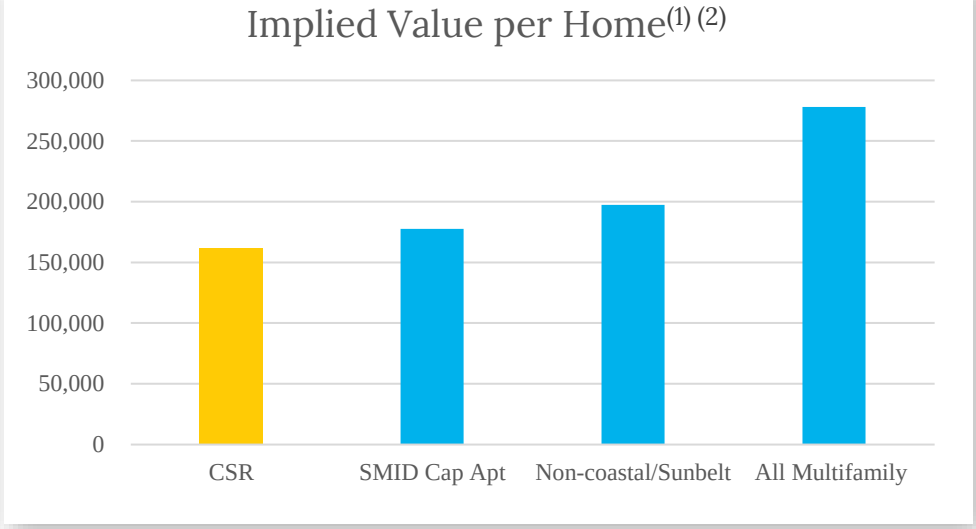
% of Total Maturing	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	0.0%	6.6%	10.8%	5.4%	12.6%	11.3%	9.2%	21.4%	2.7%	8.6%	1.6%	9.7%
Weighted Average Interest Rate (2)												
	0.0%	4.9%	3.6%	3.5%	3.1%	4.0%	2.6%	3.2%	2.7%	2.9%	2.8%	5.0%

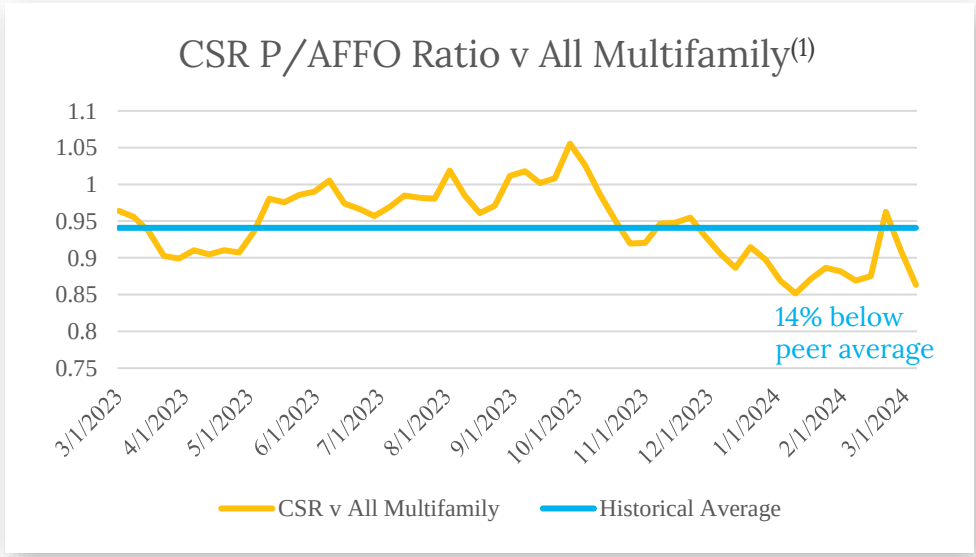
Note: All data is as of 12/31/2023.

1. 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
2. Weighted average interest rate reflects interest expense only and excludes any facility fees or other associated expenses.

RESULTS – ATTRACTIVE VALUATION VS BOTH PRIVATE AND PUBLIC MARKETS







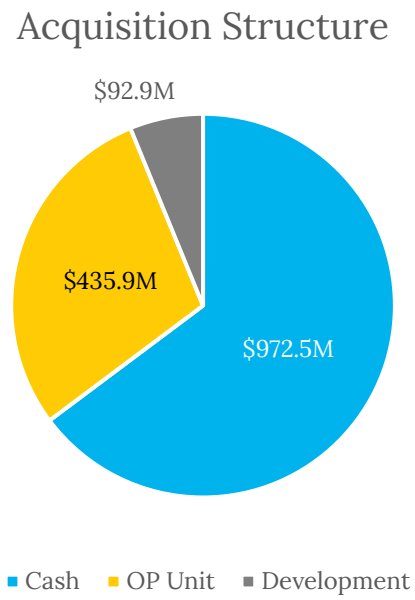
- Trading at **~15%** discount to consensus NAV per share(1) (2)
- **~$162,000** implied value per home at current share price(2)
- **~14%** P/AFFO discount to public multifamily peer average multiple(1)

1. Share Price, Consensus NAV per Share, Implied Value per Home, and Consensus AFFO estimates are as of March 11, 2024. SMID Cap Apt group includes ELME, IRT, and NXRT. Non-coastal/Sunbelt group includes CPT, ELME, IRT, MAA, and NXRT. All multifamily group includes AIRC, AVB, CPT, ELME, EQR, ESS, IRT, MAA, NXRT, and UDR.
2. Based on Dec. 31, 2023, balance sheets. CSR calculation is adjusted for February 2024 dispositions

Source: S&P Capital IQ, Company Filings

INNOVATION – PORTFOLIO IMPROVEMENT SINCE 2017

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

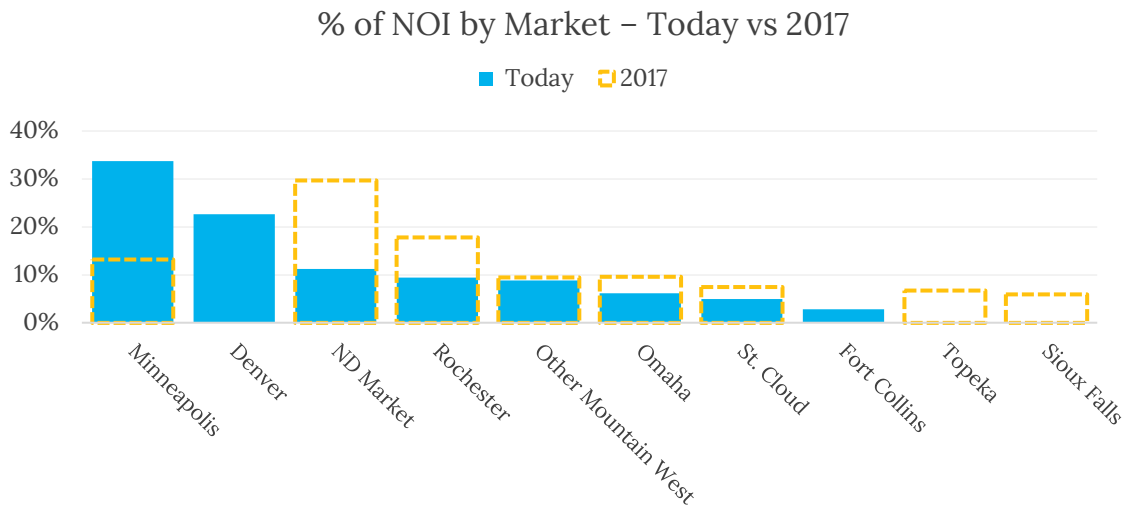


- Acquired 34 communities for $1.5 billion through unique deal structuring which has provided a competitive advantage in transaction market
- $599 million of dispositions as we have reduced our exposure to less efficient communities in lower-growth markets

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	70
Homes	13,212	12,883
Homes per Community	132	184
Average Monthly Rent	$980	$1,551
% of NOI in 50 Largest MSAs	13%	57%

(1) *Q4 2023 multifamily only adjusted for February 2024 sales*



INNOVATION – RECENT CAPITAL RECYCLING ACCRETIVE TO PORTFOLIO QUALITY AND FINANCIAL PERFORMANCE





SEPTEMBER 2023 & FEBRUARY 2024 DISPOSITIONS
MINOT, ND & MINNEAPOLIS, MN

Communities	6	Homes	917+ 50k SF office
Avg. Monthly Rent/Home	$1,072	Homes/Community	153
Avg Community Age	30 Years	NOI Margin	52.1%

- Centerspace recently completed the sale of six communities for gross proceeds of $101.4mm. These communities had lower rents, lower margin and higher capex needs
- Sale proceeds fund the acquisition of Lake Vista Apartment Homes, share repurchases, and the Trident Avalon preferred financing loan

OCTOBER 2023 ACQUISITION
LAKE VISTA APARTMENT HOMES, FORT COLLINS, CO

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

SHARE REPURCHASES[1]

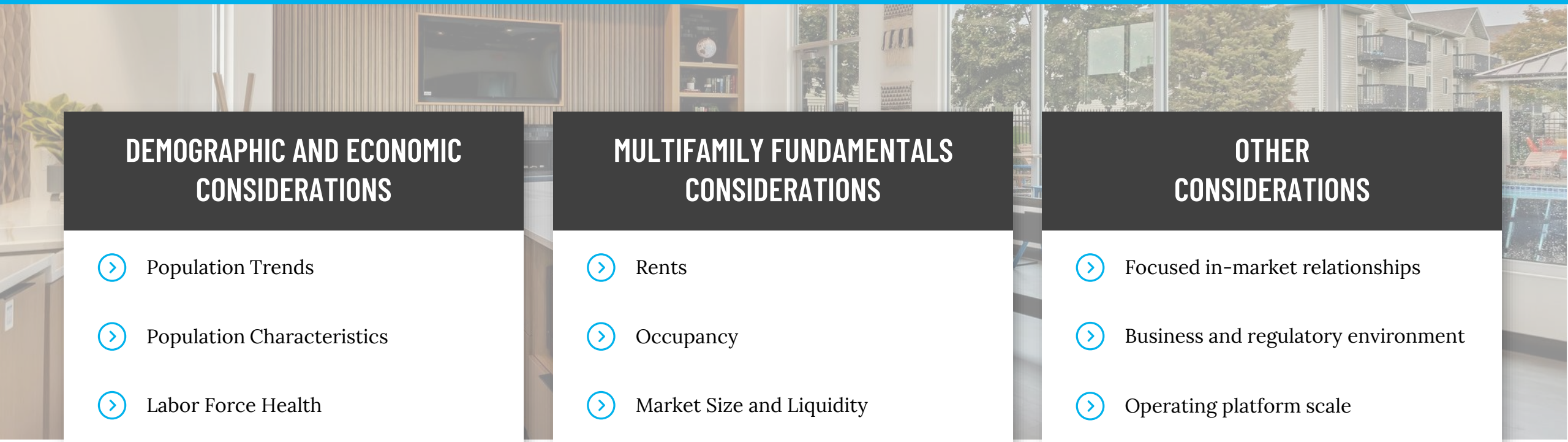
Shares Repurchased	~180,000	Share repurchase price	$53.00

PREFERRED FINANCING OVERVIEW
TRIDENT AVALON DEVELOPMENT, INVER GROVE HEIGHTS (MINNEAPOLIS), MN

CSR Loan Amount	$15.1mm	Total Project Cost	$68.8mm
CSR Last Dollar LTC	87%	Interest Rate	10%
CSR Amount Funded to Date	$7.6mm	Purchase Option Discount	7%

1. Share repurchases include those repurchased in open market transactions between Nov. 2, 2023 and Feb. 14, 2024. The share price includes commissions paid

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

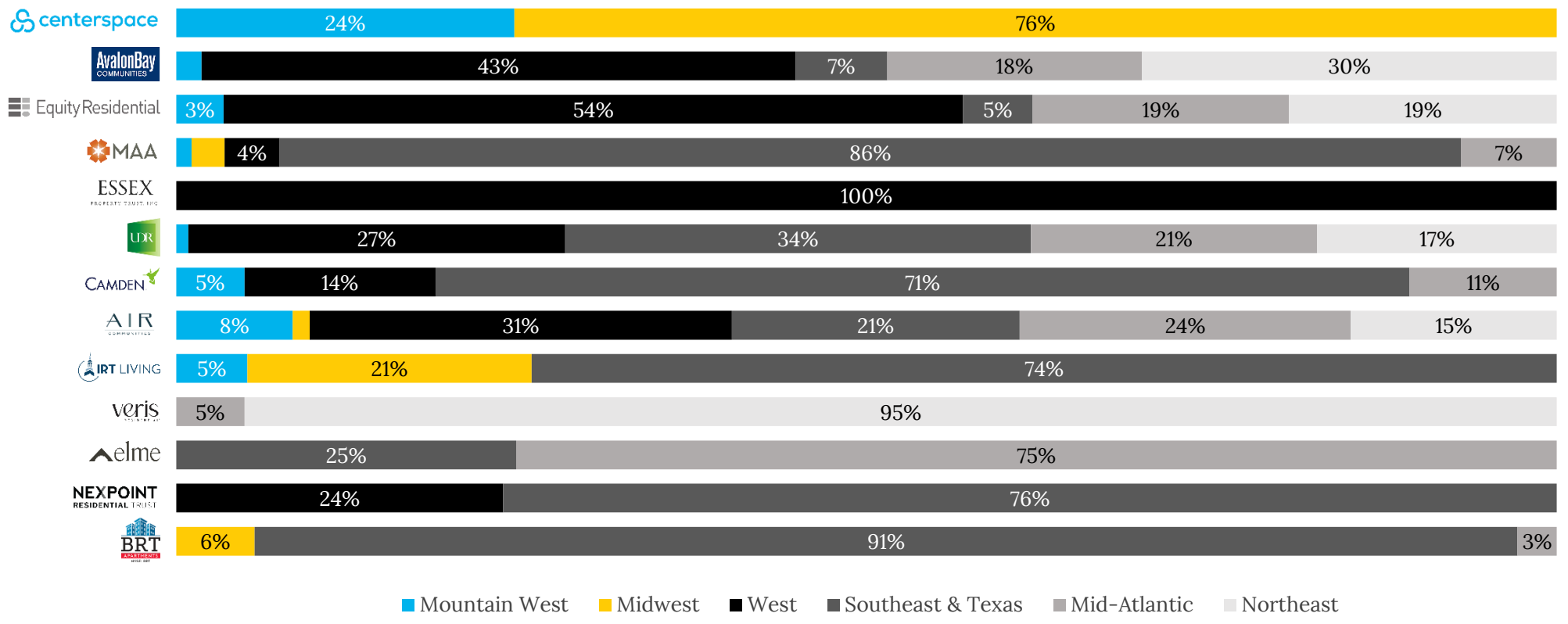
OTHER CONSIDERATIONS

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

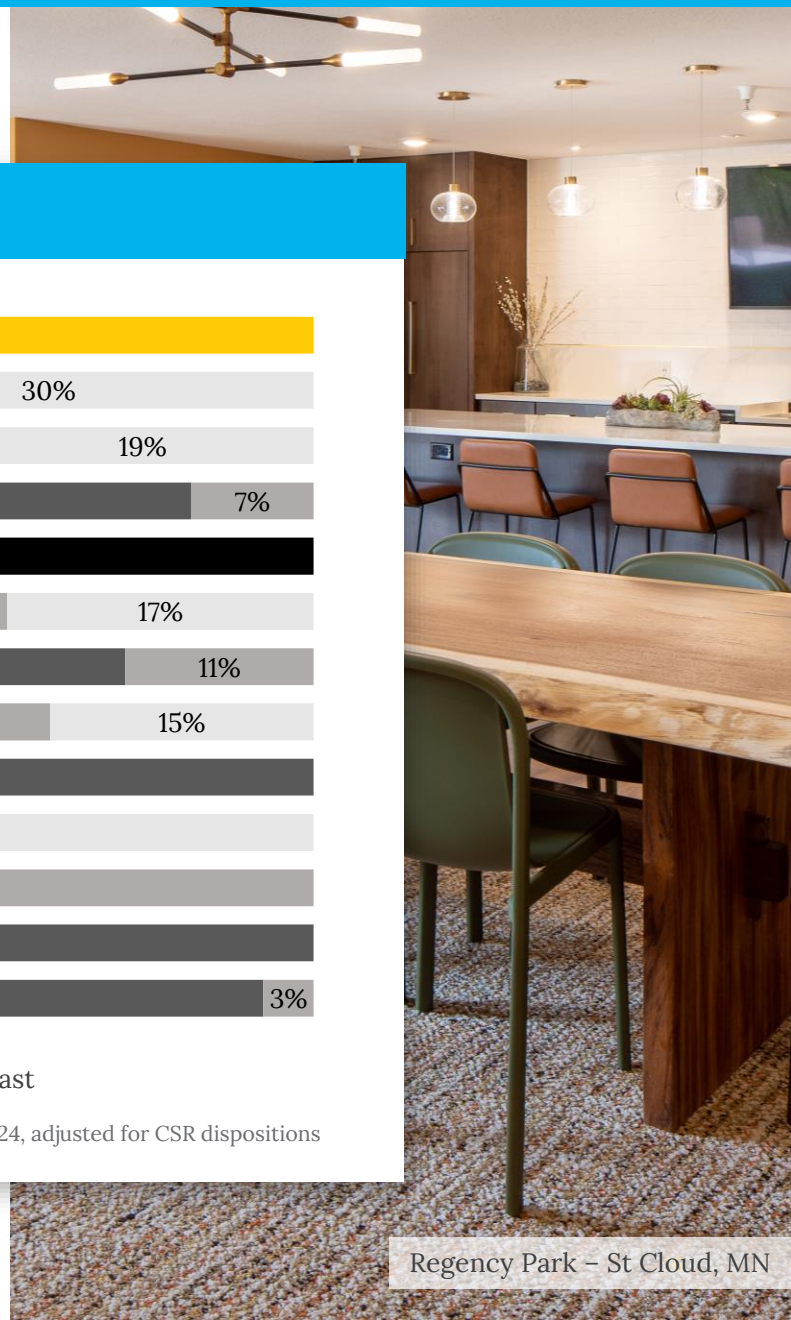
We assess our portfolio on a quarterly basis to determine relative performance and outlook of our existing communities. Disposition focus is placed on communities that recurringly screen in the bottom tier of our portfolio.

PUBLIC MULTIFAMILY REIT MARKET OVERVIEW

GEOGRAPHIC FOCUS (% OF UNITS)



Source: SNL, March 11, 2024, adjusted for CSR dispositions



Regency Park – St Cloud, MN

INNOVATION – COMPETITIVE ADVANTAGE IN MINNEAPOLIS

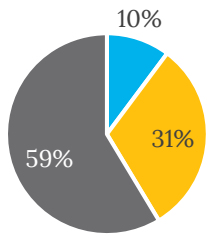


MARKET HIGHLIGHTS

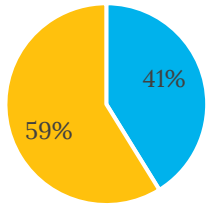
- 27 CSR communities, 4,711 homes, scaled portfolio with opportunities in operating partnership unit transactions, mezzanine financing and development participation, and capital recycling
- 16th largest MSA, 3.7M population
- 15 Fortune 500 companies headquartered
- Diversified economy with large presence 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

Location by NOI



Asset Class by NOI





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

CSR Portfolio NOI %	34%
CSR Minneapolis Portfolio Average Rent	$1,531
CSR 2023 Average Annual Income	$98,203
CSR 2023 Rent-to-Income Ratio	22.7%
CSR Q4 2023 Minneapolis Portfolio Occupancy %	95.3%
Median Single-Family Home Value	$365,325
Unemployment Rate	2.4%

Source: FRED, Zillow
Note: Data as of 12/31/23, adjusted for CSR dispositions. Occupancy refers to average financial occupancy.

INNOVATION – GROWTH IN DENVER

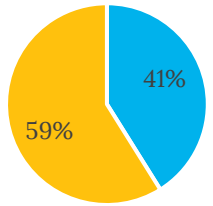


MARKET HIGHLIGHTS

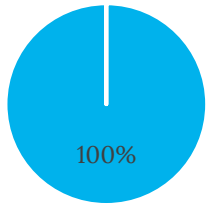
- **7** CSR communities, 2,104 homes, entered Denver Q4 2017 and achieved critical mass
- 19th largest MSA, 3.0M population
- 21 Fortune 1,000 companies headquartered in Colorado
- Diversified economy with large presence of aviation/aerospace, healthcare, telecommunications and tech employers
- $98,975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

CSR HIGHLIGHTS

Location by NOI



Asset Class by NOI





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

CSR Portfolio NOI %	23%
CSR Denver Portfolio Average Rent	$1,985
CSR 2023 Average Annual Income	$119,541
CSR 2023 Rent-to-Income Ratio	24.2%
CSR Q4 2023 Denver Portfolio Occupancy %	95.3%
Median Single-Family Home Value	$588,819
Unemployment Rate	3.3%

Source: FRED, Zillow
Note: Data as of 12/31/23, Occupancy refers to average financial occupancy

INNOVATION – PROVIDING DIFFERENTIATED EXPOSURE

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 Net Deliveries[4]	Market Vacancy[4]	YoY Market Rent Growth[4]	Homes Under Construction / % of Stock[4]	CSR YTD Avg Annual Income[5]	CSR YTD Rent-To-Income Ratio[5]
Minneapolis, MN	33.8%	3,693,729	273,528	$91,341	2.4%	1.5%	$365,325	11,609	7.9%	1.1%	12,620 / 4.6%	$98,203	22.7%
Denver, CO	22.7%	2,985,871	293,741	$98,975	3.3%	-0.7%	$588,819	11,971	8.7%	1.2%	28,593 / 9.7%	$119,541	24.2%
North Dakota [2]	11.3%	237,990	16,725	$72,279	1.8%	0.8%	$288,441	424	5.0%	2.8%	0 / 0.0%	$97,302	21.3%
Rochester, MN	9.4%	228,073	11,287	$85,369	2.0%	3.6%	$306,316	962	11.3%	-0.4%	704 / 6.2%	$120,578	22.6%
Other Mountain West [3]	8.8%	335,367	15,328	$74,901	3.0%	1.2%	$367,265	1,767	13.4%	1.4%	413 / 2.7%	$81,539	23.0%
Omaha, NE	6.2%	976,671	81,708	$79,638	2.4%	1.4%	$276,279	2,963	6.6%	3.1%	2,206 / 2.7%	$100,788	20.8%
St. Cloud, MN	5.0%	201,868	16,015	$71,370	2.8%	0.1%	$283,201	575	5.5%	3.2%	50 / 0.3%	$90,609	21.6%
Fort Collins, CO	2.8%	366,778	17,634	$88,403	2.8%	3.3%	$549,493	462	7.5%	1.8%	2,201 / 12.5%	$128,334	25.9%

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

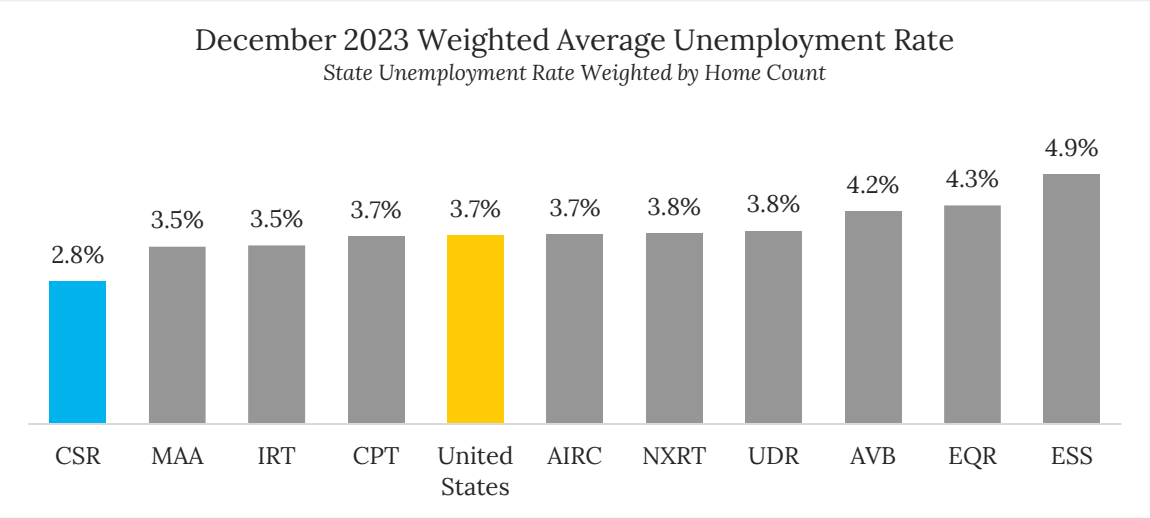
Sources: US Census Bureau, Bureau of Labor Statistics, FRED, Zillow, CoStar

1. Q4 2023 multifamily only adjusted for February 2024 sales
2. Includes Bismarck, ND and Grand Forks, ND
3. Includes Billings, MT and Rapid City, SD
4. As of Q4 2023
5. Yardi Resident Screening data for all approved applicants as of 12/31/23

- 726k apartment homes in CSR portfolio markets, set against 23M total apartment homes in United States
- Centerspace resident rent-to-income ratio of approximately 21%-26% by market compares to 30% United States median rent-to-income ratio

INNOVATION – PORTFOLIO COMPARES FAVORABLY ON UNEMPLOYMENT & SUPPLY

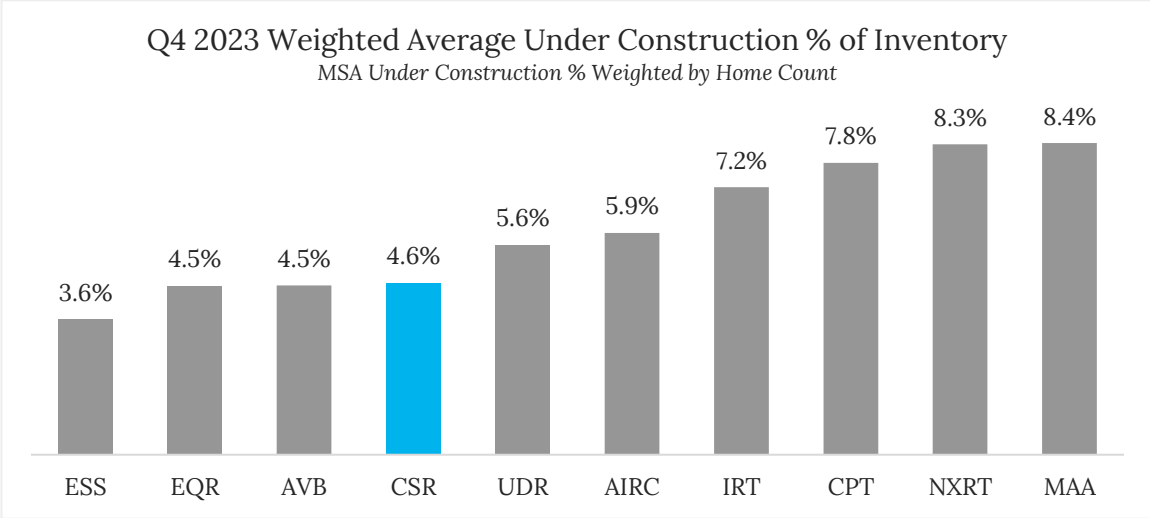
Creditworthiness of residents produces strong rent collection rates; low unemployment in Centerspace portfolio markets can insulate performance in recessionary conditions



Sources: S&P Global, 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

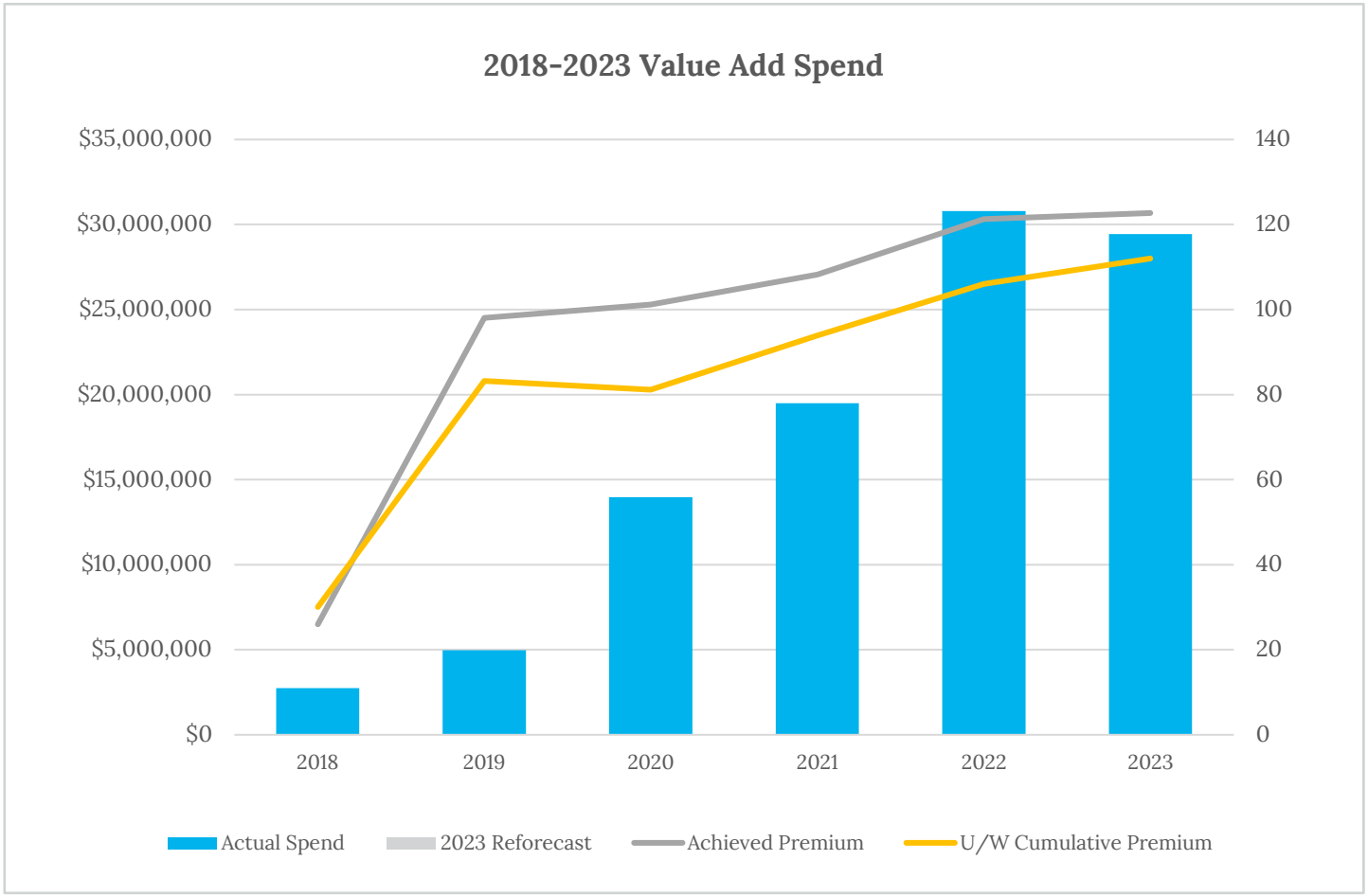
Measured supply pipeline in Centerspace portfolio markets allows the ability to drive rent growth and retain occupancy



Sources: S&P Global, CoStar

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

Centerspace's past and current projects have generated a 15.1% return on investment, resulting in over $154 million of incremental value creation[1]

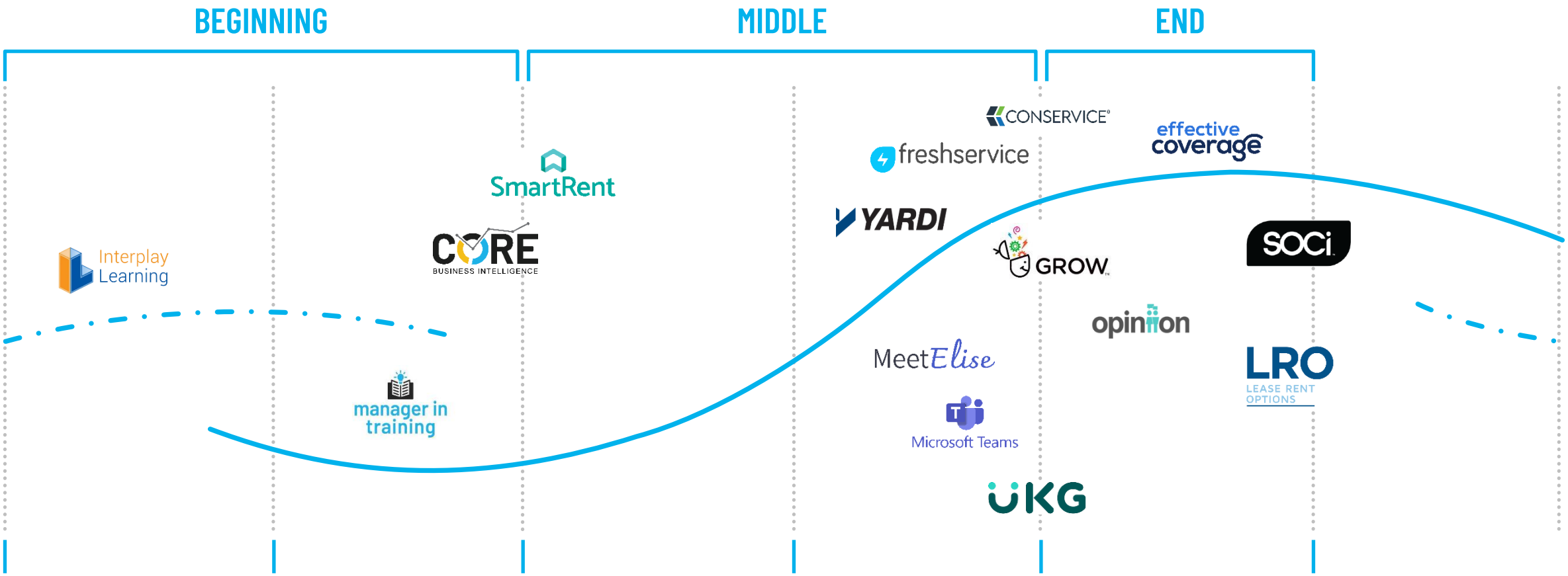


Spend increased from $2.7mm in 2018 to $29.4mm in 2023, with $26.0mm[2] projected in 2024

Blended U/W premium in 2023 was $112 per unit, achieved $122

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 $15.3mm calculated as total cost-to-date at 12/31/23 of $101.7mm, multiplied by ROI of 15.1%
2. Midpoint of $25.0mm-27.0mm range noted in most recent FFO Guidance released with Q4 2023 earnings

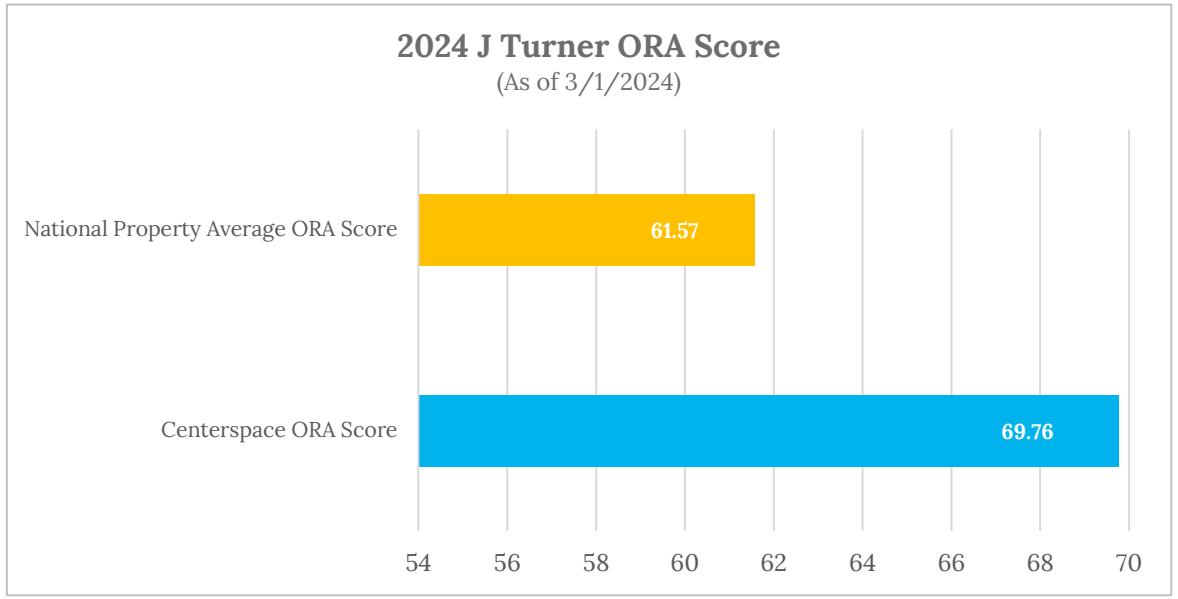
SERVICE – TECHNOLOGY & OPERATING PLATFORM INITIATIVES

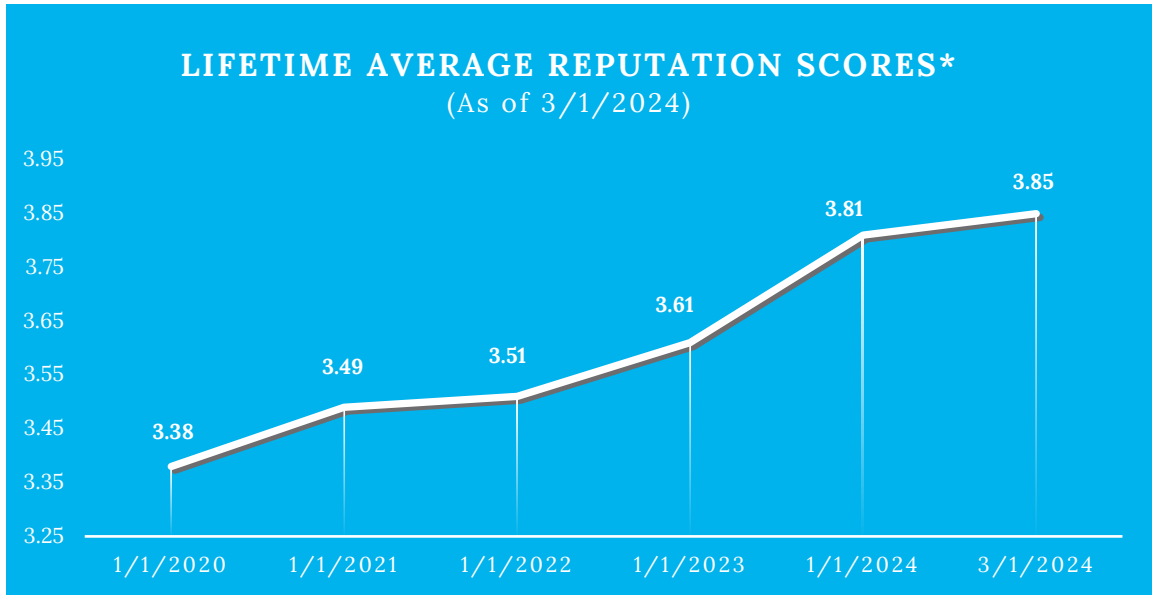


Beginning the journey	Training in new methods and developing Standard Operating Procedures	Starting to see initial results	Accelerating knowledge	Approaching steady state and evaluating how we maximize the benefits	Cycle continues for each new product

**Illuminate* by Nancy Duarte and Patti Sanchez

SERVICE – ENHANCING CUSTOMER EXPERIENCE IS A CORE GOAL





*Reflects all properties in the portfolio as of the reporting date



ORA TOP PERFORMER

Red 20 Apartments in Minneapolis, MN was named to the 2023 Elite 1% in the J Turner Research 2023 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
- Submitted our second annual GRESB submission and increased our score 15%, from 55 in year one to 63 in year two
- Implemented smart home technology at 55% of Centerspace communities [1]

SOCIAL

- Donated $75,710 to national, regional, and diversity-promoting charities in 2023
- 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 2,623 volunteer hours in 2023

GOVERNANCE

- Maintain a Supermajority Independent Board with 87.5% of board members being independent
- Senior leadership team is 59.3% female and Board of Trustees is 62.5% female
- 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

1. As of Feb. 29, 2024

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



Brad Abel
SVP, *Information Technology*



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*



Kelly Weber
SVP, *Strategic Services*

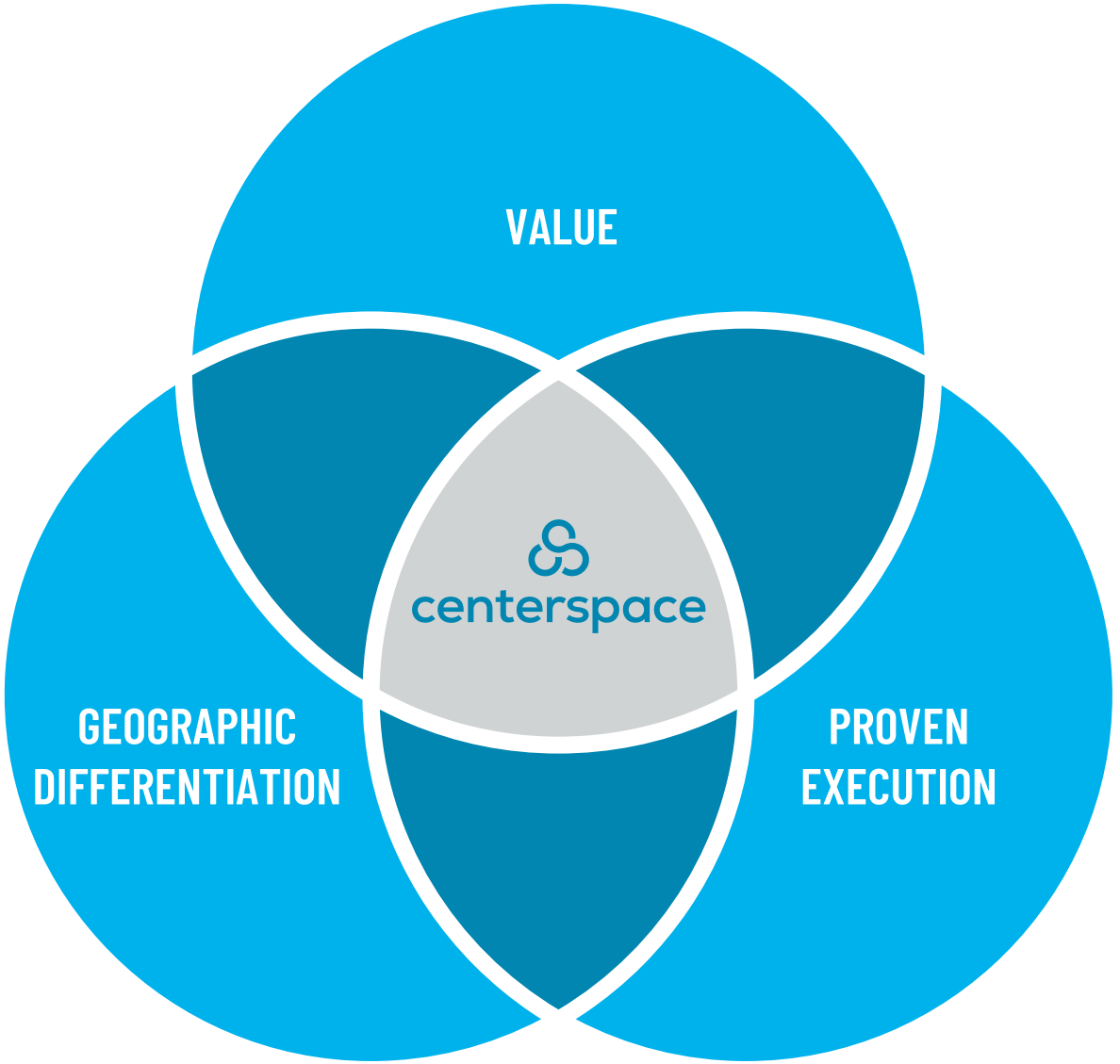


Joe McComish
VP, *Finance*



Jim Mitchell
VP, *Facilities*

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 and amortization. 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)					Year Ended (in thousands)	
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022	12/31/2023	12/31/2022
Funds From Operations							
Net (loss) income available to common shareholders	$ (9,764)	$ 6,167	$ (3,470)	$ 41,964	$ (3,613)	$ 34,897	$ (20,537)
Adjustments:							
Noncontrolling interests – Operating Partnership and Series E preferred units	(1,917)	1,204	(712)	8,566	(753)	7,141	(4,299)
Depreciation and amortization	26,617	24,697	24,371	25,993	25,768	101,678	105,257
Less depreciation – non real estate	(85)	(56)	(89)	(91)	(91)	(322)	(387)
Less depreciation – partially owned entities	(22)	(20)	(19)	(19)	(19)	(80)	(65)
Impairment of real estate investments	5,218	—	—	—	—	5,218	—
Loss (gain) on sale of real estate and other assets	82	(11,235)	71	(60,159)	(14)	(71,240)	(41)
FFO applicable to common shares and Units	**$ 20,129**	**$ 20,757**	**$ 20,152**	**$ 16,254**	**$ 21,278**	**$ 77,292**	**$ 79,928**
Adjustments to Core FFO:							
Non-cash casualty (gain) loss	535	854	(52)	13	20	1,350	254
Technology implementation costs[1]	—	—	—	—	89	—	873
Interest rate swap termination, amortization, and mark-to-market	315	324	159	138	104	936	(100)
Amortization of assumed debt	136	(116)	(116)	(116)	(117)	(212)	(464)
Pursuit costs	—	—	—	5	137	5	1,302
Severance and transition related costs	(10)	—	(19)	3,199	—	3,170	—
Loss on litigation settlement and one-time trial costs[2]	1,035	34	3,201	—	—	4,270	—
Other miscellaneous items[3]	(35)	(129)	(22)	49	(28)	(137)	90
Core FFO applicable to common shares and Units	**$ 22,105**	**$ 21,724**	**$ 23,303**	**$ 19,542**	**$ 21,483**	**$ 86,674**	**$ 81,883**
FFO applicable to common shares and Units	$ 20,129	$ 20,757	$ 20,152	$ 16,254	$ 21,278	$ 77,292	$ 79,928
Dividends to preferred unitholders	160	160	160	160	160	640	640
FFO applicable to common shares and Units - diluted	$ 20,289	$ 20,917	$ 20,312	$ 16,414	$ 21,438	$ 77,932	$ 80,568
Core FFO applicable to common shares and Units	$ 22,105	$ 21,724	$ 23,303	$ 19,542	$ 21,483	$ 86,674	$ 81,883
Dividends to preferred unitholders	160	160	160	160	160	640	640
Core FFO applicable to common shares and Units - diluted	$ 22,265	$ 21,884	$ 23,463	$ 19,702	$ 21,643	$ 87,314	$ 82,523
Per Share Data							
Net income (loss) per share and Unit - diluted	**$ (0.65)**	**$ 0.41**	**$ (0.23)**	**$ 2.76**	**$ (0.24)**	**$ 2.32**	**$ (1.35)**
FFO per share and Unit - diluted	**$ 1.11**	**$ 1.15**	**$ 1.11**	**$ 0.89**	**$ 1.16**	**$ 4.27**	**$ 4.32**
Core FFO per share and Unit - diluted	**$ 1.22**	**$ 1.20**	**$ 1.28**	**$ 1.07**	**$ 1.17**	**$ 4.78**	**$ 4.43**
Weighted average shares - basic	15,013	14,989	14,949	15,025	15,027	14,994	15,216
Effect of redeemable operating partnership Units	862	908	965	968	974	925	978
Effect of Series D preferred units	228	228	228	228	228	228	228
Effect of Series E preferred units	2,087	2,093	2,103	2,118	2,185	2,100	2,185
Effect of dilutive restricted stock units and stock options	31	28	24	20	9	24	38
Weighted average shares and Units - diluted	18,221	18,246	18,269	18,359	18,423	18,271	18,645

1. Costs are related to a two-year implementation
2. Consists of a $3.9 million loss on litigation settlement for a trial judgment entered against the Company and $406,000 in associated trial costs related to the litigation matter for the year ended December 31, 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)					Year Ended (in thousands)	
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022	12/31/2023	12/31/2022
Adjusted EBITDA							
Net income (loss) attributable to controlling interests	$ (8,156)	$ 7,774	$ (1,863)	$ 43,571	$ (2,006)	$ 41,326	$ (14,109)
Adjustments:							
Dividends to Series D preferred unitholders	160	160	160	160	160	640	640
Noncontrolling interests – Operating Partnership and Series E preferred units	(1,918)	1,204	(712)	8,566	(753)	7,140	(4,299)
Income (loss) before noncontrolling interests – Operating Partnership and Series E preferred units	$ (9,914)	$ 9,138	$ (2,415)	$ 52,297	$ (2,599)	$ 49,106	$ (17,768)
Adjustments:							
Interest expense	8,900	8,542	8,626	10,305	9,589	36,373	32,692
Depreciation/amortization related to real estate investments	26,595	24,675	24,351	25,971	25,747	101,592	105,185
Impairment of real estate investments	5,218	—	—	—	—	5,218	—
Non-cash casualty (gain) loss	535	854	(52)	13	20	1,350	254
Interest income	(316)	(187)	(248)	(92)	(92)	(843)	(712)
(Gain) loss on sale of real estate and other investments	83	(11,235)	71	(60,159)	(14)	(71,240)	(41)
Technology implementation costs[1]	—	—	—	—	89	—	873
Interest rate swap mark-to-market	—	—	—	—	—	—	(564)
Pursuit costs	—	—	—	5	137	5	1,302
Severance and transition related costs	(10)	—	(19)	3,199	—	3,170	—
Loss on litigation settlement and one-time trial costs[2]	1,035	34	3,201	—	—	4,240	—
Other miscellaneous items[3]	(35)	(129)	(22)	49	(28)	(137)	90
Adjusted EBITDA	$ 32,091	$ 31,692	$ 33,493	$ 31,588	$ 32,849	$ 128,834	$ 121,311

1. Costs are related to a two-year implementation
2. Consists of a $3.9 million loss on litigation settlement for a trial judgment entered against the Company and $406,000 in associated trial costs related to the litigation matter for the year ended December 31, 2023
3. Consists of (gain) loss on investments

Reconciliations of Operating Income to Net Operating Income

Net operating income, or NOI, is a non-GAAP financial measure which the Company defines as total real estate revenues less property operating expenses, including real estate taxes. Centerspace believes that NOI is an important supplemental measure of operating performance for real estate because it provides a measure of operations that is unaffected by depreciation, amortization, financing, property management overhead, casualty losses, and general and administrative expenses. NOI does not represent cash generated by operating activities in accordance with GAAP and should not be considered an alternative to net income, net income available for common shareholders, or cash flow from operating activities as a measure of financial performance.

		Outlook	
	Year Ended	Year Ended	
	12/31/2023	12/31/2024	
	Actual	Low	High
Operating income	84,453	20,152	25,277
Adjustments:			
General and administrative and property management expenses	29,433	27,300	26,700
Casualty loss	2,095	1,350	1,250
Depreciation and amortization	101,678	106,098	105,298
Impairment of real estate	5,218	—	—
(Gain) loss on sale of real estate and other assets	(71,244)	400	200
Loss on litigation settlement	3,864	50	25
Net Operating Income	155,497	155,350	158,750