



RESOURCE

RESOURCE REIT, INC.

SUPPLEMENTAL OPERATING & FINANCIAL INFORMATION

Q2 2021

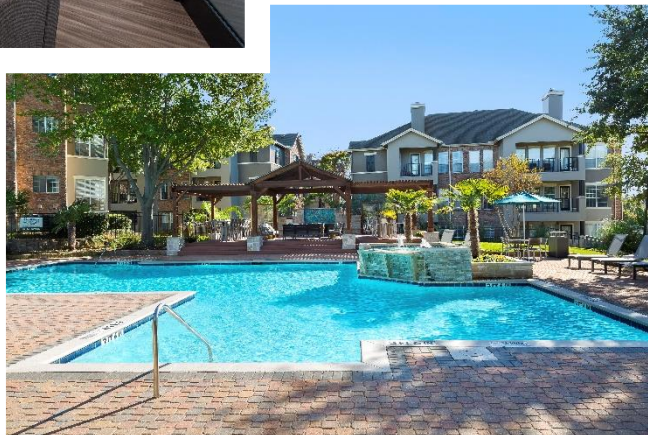
August 31, 2021



81 Fifty at West Hills, OR



The Estates at Johns Creek, GA



The Palmer at Las Colinas, TX

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Resource REIT, Inc.
June 30, 2021
Company Information:

Resource REIT, Inc. (“RRE” or the “Company”) is a real estate investment trust that owns and operates multifamily apartment properties across the United States. RRE’s targeted portfolio consists primarily of suburban “Class B” multifamily assets in highly desirable submarkets of growth-oriented MSAs. After the acquisition of a new multifamily apartment property, the Company often seeks to invest additional capital in the property to enhance its marketability and value (properties receiving additional capital are referred to herein as “value add properties”). In addition, the Company may invest in other real estate assets or debt secured by real estate assets. The Company continually monitors the composition and performance of its portfolio of optimized, renovated properties and pursues sales opportunities that will maximize returns for stockholders. More information may be found on the Company’s website at www.resourcereit.com, under the “Investor Relations” tab.

Corporate Headquarters

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Philadelphia, PA 19103
212 546-5005

Forward-Looking Statements

This supplement contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and includes this statement for purposes of complying with these safe harbor provisions. 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 terms such as “anticipate,” “believe,” “could,” “estimate,” “expects,” “intend,” “may,” “plan,” “potential,” “project,” “should,” “will” and “would” or the negative of these terms or other comparable terminology. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond the Company’s control and which could materially affect its results of operations, financial condition, cash flows, performance or future achievements or events. Factors that could cause actual results to differ materially from these expectations include, but are not limited to, the risks discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020, as updated by the Company’s subsequent reports filed with the Securities and Exchange Commission, including the continuing adverse effect of the current pandemic of the novel coronavirus (“COVID-19”) on the financial condition, results of operations, cash flows and performance of the Company, its tenants and the real estate market, global economy and financial markets generally. See “COVID-19 Pandemic” below. Actual results may differ materially from those contemplated by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publicly revise or update these forward-looking statements to reflect events or circumstances after the date of this supplement, except as may be required under applicable law.

Presentation of Operating Data and Financial Information

On January 28, 2021, Resource Real Estate Opportunity REIT, Inc. (“REIT I”), Resource Real Estate Opportunity REIT II, Inc. (“REIT II”) and Resource Apartment REIT III, Inc. (“REIT III”) completed the merger described in Note 1 of the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 (the “Merger”). In the Merger, the Company (f/k/a REIT II) was the legal acquirer and REIT I was the accounting acquirer for financial reporting purposes.

Historical Financial Results

The Company’s historical unaudited Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020 and Consolidated Statements of Operations for the three and six months ended June 30, 2021 and 2020 (all as reported in the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2021) included herein present the actual financial condition and results of operations for REIT I prior to the Merger closing on January 28, 2021 and the combined entity for periods after the Merger closing. For this reason, the historical period to period comparisons may not be meaningful as the Merger represents a significant business combination for the Company.

Supplemental and Combined Financial Results

The Company’s “supplemental” unaudited financial information included herein presents: (i) the Company’s actual financial condition as of March 31, 2021 and June 30, 2021 and (ii) supplemental results of operations for the Company for the three months ended March 31, 2021 and the three and six months ended June 30, 2021, as if the Merger occurred on January 1, 2021. The Company’s “combined” unaudited financial information included herein presents the combined financial condition and results of operations for REIT I, REIT II and REIT III as of and for the three and six months ended June 30, 2020 (as aggregated from the information reported in their respective Quarterly Reports on Form 10-Q for the quarter ended June 30, 2020). The supplement information has been prepared to give effect to the Merger as if it occurred on January 1, 2021, such that for the period from January 1, 2021 through January 28, 2021, the actual results of operations for REIT II and REIT III have been combined with the actual results of operations for REIT I during the period immediately prior to the Merger, depreciation and amortization and amortization of fair value adjustments related to assumed debt at the Merger have been adjusted to reflect the Merger as of January 1, 2021, and the information for the period after January 28, 2021 reflects the actual results of the combined company. The supplement information does not

reflect pro forma financial statements as prepared in compliance with Article 11 of Regulation S-X as it does not reflect the Merger as of the earliest date reported (January 1, 2020). The combined information for periods during 2020 is presented on a combined basis whereby the combined financial condition and results of operations for REIT I, REIT II and REIT III have been aggregated based on the financial information reported by each respective company in its Quarterly Report on Form 10-Q for the periods. Management believes the supplemental and combined period to period comparisons may be more meaningful to investors as it presents financial information for all three companies which merged into the Company.

Resource REIT, Inc.
Second Quarter 2021 Financial Results

Operating Data and Financial Results

Second Quarter Highlights

- Net income attributable to common stockholders of \$6.4 million, or \$0.04 per common share-diluted, for the three months ended June 30, 2021, as compared to a net loss attributable to common stockholders of (\$6.5) million, or (\$0.08) per common share-diluted, for the three months ended June 30, 2020.
- Total revenues increased 88% to \$62.1 million for the three months ended June 30, 2021, as compared to \$33.0 million for the three months ended June 30, 2020.
- One property sold for \$49.8 million resulting in net proceeds of \$24.1 million.
- Quarterly dividend of \$0.07 per share of common stock paid on June 30, 2021.

Key Financial Measures

- The table below sets forth the Company's net income (loss) attributable to common stockholders, FFO and Core FFO, each on a per share basis, for the three and six months ended June 30, 2021 and 2020:

| Per Share | Three Months Ended | | Six Months Ended | |
|-----------------------------|--------------------|---------------|------------------|---------------|
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| Net income (loss) - diluted | \$ 0.04 | \$ (0.08) | \$ (0.07) | \$ (0.18) |
| FFO - diluted | \$ 0.07 | \$ 0.08 | \$ 0.09 | \$ 0.13 |
| Core FFO - diluted | \$ 0.10 | \$ 0.08 | \$ 0.20 | \$ 0.14 |

Please see the section entitled "Non-GAAP Financial Measures and Other Definitions" in this supplement for definitions of capitalized terms. Definitions of non-GAAP financial measures, including FFO and Core FFO, are included together with reconciliations of such measures to the Consolidated Statements of Operations on page 13.

Supplemental and Combined Operating Data and Financial Results

Results below are presented on a supplemental basis for the three months ended March 31, 2021 and the three and six months ended June 30, 2021, as if the Merger occurred on January 1, 2021, and a combined basis for the three and six months ended June 30, 2020:

Financial Results

- Supplemental net income attributable to common stockholders of \$7.0 million, or \$0.04 per common share-diluted, for the three months ended June 30, 2021, as compared to a combined net loss attributable to common stockholders of (\$15.3) million, or (\$0.10) per common share-diluted, for the three months ended June 30, 2020.
- Supplemental FFO increased 16% to \$11.6 million, or \$0.07 per common share-diluted, for the three months ended June 30, 2021, as compared to combined FFO of \$10.0 million, or \$0.06 per common share-diluted, for the three months ended June 30, 2020.
- Supplemental Core FFO increased 47% to \$16.2 million, or \$0.10 per common share-diluted, for the three months ended June 30, 2021, as compared to combined Core FFO of \$11.0 million, or \$0.07 per common share-diluted, for the three months ended June 30, 2020.

- Supplemental Adjusted EBITDA increased 27% to \$27.9 million for the three months ended June 30, 2021, as compared to a combined Adjusted EBITDA of \$22.0 million for the three months ended June 30, 2020.

Portfolio Performance

- Supplemental Rental income grew 4.4% to \$62.1 million for the three months ended June 30, 2021, as compared to combined rental income of \$59.5 million for the three months ended June 30, 2020.
- Supplemental Same Store NOI before property management fees increased 5.6% to \$35.8 million for the three months ended June 30, 2021, as compared to combined Same Store NOI before property management fees of \$33.9 million for the three months ended June 30, 2020.
- Supplemental Same Store property operating margin before property management fees improved 60 basis points to 57.6% for the three months ended June 30, 2021, as compared to a combined Same Store property operating margin before property management fees of 57.0% for the three months ended June 30, 2020.
- Supplemental Portfolio occupancy increased 290 basis points to 95.2% and supplemental portfolio average rent increased 1.8% to \$1,325 for the three months ended June 30, 2021, as compared to combined results of 92.3% portfolio occupancy and portfolio average rent of \$1,301, respectively, for the three months ended June 30, 2020.

Please see the section entitled “Non-GAAP Financial Measures and Other Definitions” in this supplement for definitions of capitalized terms. Definitions of non-GAAP financial measures, including FFO and Core FFO, are included together with reconciliations of such measures to the Consolidated Statements of Operations on page 13.

Same Store Property Operating Results

The table below reflects supplemental Same Store property results for the three months ended March 31, 2021 and the three and six months ended June 30, 2021 and combined Same Store property results for the three and six months ended June 30, 2020:

(Dollars in thousands, except rent per unit)

| | Three Months Ended | | | Six Months Ended | | | Three Months Ended March 31, 2021 |
|---|--------------------|------------------|----------|------------------|------------------|----------|---|
| | June 30, 2021 | June 30, 2020 | Variance | June 30, 2021 | June 30, 2020 | Variance | |
| Operating Results: | | | | | | | |
| Rental income ⁽¹⁾ | \$ 62,093 | \$ 59,462 | 4.4% | \$ 123,157 | \$ 119,293 | 3.2% | \$ 61,064 |
| Property operating expenses ⁽¹⁾ | 26,320 | 25,591 | 2.8% | 52,733 | 50,535 | 4.3% | 26,413 |
| Net operating income ("NOI") before property management fees ⁽²⁾ | 35,773 | 33,871 | 5.6% | 70,424 | 68,758 | 2.4% | 34,651 |
| Property management fees | 1,679 | 2,620 | -35.9% | 3,321 | 5,292 | -37.2% | 1,642 |
| Net operating income after property management fees ⁽²⁾ | 34,094 | 31,251 | 9.1% | 67,103 | 63,466 | 5.7% | 33,009 |
| Average Occupancy | 95.2% | 92.3% | 2.9% | 95.0% | 92.8% | 2.2% | 94.8% |
| Net effective rent per occupied unit | \$ 1,325 | \$ 1,301 | 1.8% | \$ 1,316 | \$ 1,297 | 1.5% | \$ 1,307 |
| NOI Margin before property management fees (%) | 57.6% | 57.0% | 0.6% | 57.2% | 57.6% | -0.4% | 56.7% |
| NOI Margin after property management fees (%) | 54.9% | 52.6% | 2.3% | 54.5% | 53.2% | 1.3% | 54.1% |

(1) Excludes activity for Non-Same Store properties.

(2) Same Store portfolio consists of 51 properties, which represent 14,995 units, for the three months ended March 31, 2021 and three and six months ended June 30, 2021 and 2020, respectively.

Please see the section entitled "Non-GAAP Financial Measures and Other Definitions" in this supplement for definitions of non-GAAP financial measures, including NOI.

COVID-19 Pandemic

One of the most significant risks and uncertainties facing the Company and the real estate industry generally continues to be the effect of the ongoing public health crisis of the COVID-19 pandemic. The Company continues to closely monitor the impact of the COVID-19 pandemic on all aspects of its business, including how the pandemic is impacting its tenants. The Company did not experience significant disruptions from the COVID-19 pandemic during the three and six months ended June 30, 2021; however, a small percentage of its tenants have submitted pandemic-related rent deferral requests. The Company is evaluating each tenant rent relief request on an individual basis, considering a number of factors. Not all tenant rent relief requests will ultimately result in modified agreements, nor is the Company forgoing its contractual rights under its lease agreements. As of June 30, 2021, the number and dollar value of the Company's executed tenant rent relief plans are not significant.

The extent to which the COVID-19 pandemic will continue to impact the Company's operations and those of its tenants depends on future developments, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, none of which can be predicted with confidence. The Company is unable to predict the ultimate impact that the pandemic will have on its financial condition, results of operations and cash flows due to numerous uncertainties.

During the three months ended June 30, 2021, the Company's net bad debt was \$908,000. The table below presents additional details on the supplemental components of bad debt for the three months ended March 31, 2021 and June 30, 2021 and combined components of bad debt for the three months ended June 30, 2020:

| Components of Bad Debt ⁽¹⁾ (Dollars in thousands) | Q2 2021 | | Q2 2020 | | Q1 2021 | |
|---|---------|------------|---------|------------|---------|------------|
| | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| Operating Results: | | | | | | |
| Charge-offs | \$ 557 | 0.9% | \$ 225 | 0.4% | \$ 570 | 0.9% |
| Bad Debt Recoveries | (233) | -0.4% | (140) | -0.2% | (202) | -0.3% |
| Provision for bad debt | 584 | 0.9% | 33 | 0.1% | 520 | 0.9% |
| Net bad debt | 908 | 1.4% | 118 | 0.3% | 888 | 1.5% |

(1) Percentages are a percentage of total rental income. Bad Debt is recorded as a reduction to rental income in our consolidated statements of operations.

Portfolio Operating Statistics

The table below reflects the supplemental Portfolio Operating Statistics for the three months ended March 31, 2021 and June 30, 2021 and combined Portfolio Operating Statistics for the three months ended June 30, 2020:

| (Dollars in thousands, except rent per unit) | Q2 2021 | Q2 2020 | Q1 2021 |
|---|------------|------------|------------|
| Rental income | \$ 62,105 | \$ 59,475 | \$ 61,070 |
| Property operating expenses | 26,345 | 25,480 | 26,396 |
| Net operating income before property management fees | 35,760 | 33,995 | 34,674 |
| Property management fees | 1,679 | 2,621 | 1,642 |
| Net operating income after property management fees | 34,081 | 31,374 | 33,032 |
| NOI Margin before property management fees (%) | 57.6% | 57.2% | 56.8% |
| NOI Margin after property management fees (%) | 54.9% | 52.8% | 54.1% |
| Collections - 30 day | 95.6% | 98.4% | 95.2% |
| Total rent collected, as a percentage of rent billed ⁽¹⁾ | 96.7% | N/A | 97.8% |
| Average occupancy | 95.2% | 92.3% | 94.8% |
| Net effective rent per occupied unit | \$ 1,325 | \$ 1,301 | \$ 1,307 |
| Resident retention rate | 51.7% | 56.3% | 53.3% |

(1) Includes rents collected for all periods presented through June 30, 2021.

Please see the section entitled "Non-GAAP Financial Measures and Other Definitions" in this supplement for definitions of non-GAAP financial measures, including NOI.

Disposition Activity

On June 29, 2021, the Company completed the sale of Evergreen at Coursey Place, a 352-unit apartment community located in Baton Rouge, LA. Gross sale proceeds totaled \$49.8 million, resulting in net proceeds of \$24.1 million and a gain of \$18.7 million.

Financial Liquidity

As of June 30, 2021, the Company had a total liquidity position of approximately \$251.1 million, which includes \$174.6 million of unrestricted cash and \$76.5 million of additional capacity under the Company's secured revolving credit facility.

Capital Expenditures - Supplemental

For the three months ended June 30, 2021, recurring capital expenditures were \$1.2 million, or \$80 per unit, non-recurring capital expenditures were \$2.6 million, or \$172 per unit, and value-add capital expenditures were \$732,000, or \$49 per unit. For the six months ended June 30, 2021, recurring capital expenditures were \$2.1 million, or \$139 per unit, non-recurring capital expenditures were \$3.6 million, or \$239 per unit, and value-add capital expenditures were \$1.2 million, or \$77 per unit.

Distributions

On May 11, 2021, the Company's Board of Directors declared a cash distribution of \$0.07 per share for the second quarter of 2021, which was paid on June 30, 2021 to stockholders of record at the close of business on June 29, 2021.

Selected Financial Information

See the tables on the following pages for selected financial information for Resource REIT, Inc.

The following tables present the historical financial statements reported in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 (filed August 10, 2021):

Resource REIT, Inc.
Consolidated Balance Sheets
(in thousands, except share data)

| | June 30, 2021 (unaudited) | December 31, 2020 |
|--|------------------------------|-------------------|
| ASSETS | | |
| Investments: | | |
| Rental properties, net | \$ 2,128,052 | \$ 897,975 |
| Identified intangible assets, net | 1,043 | 5 |
| Total investments | 2,129,095 | 897,980 |
| Cash | 174,604 | 70,015 |
| Restricted cash | 18,779 | 14,769 |
| Subtotal- cash and restricted cash | 193,383 | 84,784 |
| Due from related parties | - | 2,763 |
| Tenant receivables, net of allowance of \$2,310 and \$774, respectively | 1,000 | 516 |
| Prepaid expenses and other assets | 14,562 | 6,000 |
| Goodwill | 154,667 | 154,935 |
| Operating lease right-of-use assets | 2,873 | 3,180 |
| Total assets | \$ 2,495,580 | \$ 1,150,158 |
| LIABILITIES AND EQUITY | | |
| Liabilities: | | |
| Mortgage notes payable, net | \$ 1,554,165 | \$ 825,986 |
| Accounts payable and accrued expenses | 19,687 | 12,677 |
| Accrued real estate taxes | 15,832 | 7,370 |
| Due to related parties | 3,022 | 20,245 |
| Tenant prepayments | 2,125 | 1,210 |
| Security deposits | 5,136 | 2,860 |
| Operating lease liabilities | 2,901 | 3,190 |
| Total liabilities | \$ 1,602,868 | \$ 873,538 |
| Equity: | | |
| Preferred stock, par value \$.01; 10,000,000 shares authorized, none issued | - | - |
| Common stock, par value \$.01; 1,000,000,000 shares authorized; 158,009,186 and 86,075,442 shares issued and outstanding (including 1,044,963 and 790,272 of unvested restricted shares, respectively) | 1,580 | 861 |
| Convertible stock; par value \$.01; 50,000 shares authorized; 50,000 and 49,935 shares issued and outstanding, respectively | 1 | 1 |
| Additional paid-in capital | 1,267,069 | 618,074 |
| Accumulated other comprehensive income (loss) | (16) | (391) |
| Accumulated deficit | (502,025) | (469,736) |
| Total stockholders' equity | 766,609 | 148,809 |
| Noncontrolling interest | 126,103 | 127,811 |
| Total equity | 892,712 | 276,620 |
| Total liabilities and equity | \$ 2,495,580 | \$ 1,150,158 |

Resource REIT, INC.
Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|-------------------|------------------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | |
| Rental income | \$ 62,105 | \$ 32,991 | \$ 115,505 | \$ 66,367 |
| Property management fee income - related parties | — | — | 342 | — |
| Asset management fee income - related parties | — | — | 833 | — |
| Other revenue | — | — | 37 | — |
| Total revenues | <u>62,105</u> | <u>32,991</u> | <u>116,717</u> | <u>66,367</u> |
| Expenses: | | | | |
| Property operating expenses | 16,923 | 9,025 | 31,811 | 18,259 |
| Real estate taxes | 7,960 | 4,443 | 15,185 | 8,831 |
| Acquisition costs | — | — | — | 113 |
| Property management fees - third party | 1,679 | — | 3,321 | — |
| Management fees - related party | — | 4,547 | — | 9,130 |
| Casualty loss | 618 | 52 | 918 | 203 |
| General and administrative | 6,875 | 2,410 | 15,894 | 5,046 |
| Loss on disposal of assets | 308 | 112 | 418 | 221 |
| Depreciation and amortization expense | 27,947 | 13,006 | 51,050 | 26,167 |
| Total expenses | <u>62,310</u> | <u>33,595</u> | <u>118,597</u> | <u>67,970</u> |
| Loss before other income (expense) | (205) | (604) | (1,880) | (1,603) |
| Other income (expense): | | | | |
| Interest expense | (10,898) | (6,260) | (25,430) | (14,140) |
| Interest income | 6 | 41 | 21 | 99 |
| Gain on sale of rental property | 18,734 | — | 18,734 | — |
| Gain on sale of land easement | — | 290 | — | 290 |
| Insurance proceeds in excess of cost basis | 143 | 36 | 161 | 36 |
| Total other income (expense) | <u>7,985</u> | <u>(5,893)</u> | <u>(6,514)</u> | <u>(13,715)</u> |
| Income (loss) before income taxes | 7,780 | (6,497) | (8,394) | (15,318) |
| Provision for income taxes | (3) | — | (206) | — |
| Net income (loss) | <u>\$ 7,777</u> | <u>\$ (6,497)</u> | <u>\$ (8,600)</u> | <u>\$ (15,318)</u> |
| Preferred return to preferred OP unit holders | (1,120) | — | (2,240) | — |
| Net income (loss) after preferred return | 6,657 | (6,497) | (10,840) | (15,318) |
| Less: Allocation of income to preferred unit holders attributable to noncontrolling interest | 52 | — | 111 | — |
| Less: Net (income) loss attributable to noncontrolling interest | (357) | — | 508 | — |
| Net income (loss) attributable to common stockholders | <u>\$ 6,352</u> | <u>\$ (6,497)</u> | <u>\$ (10,221)</u> | <u>\$ (15,318)</u> |
| Weighted average common shares outstanding- basic | 156,780 | 85,708 | 146,075 | 85,500 |
| Weighted average common shares outstanding- diluted | 156,822 | 85,708 | 146,075 | 85,500 |
| Net income (loss) per common share- BASIC | <u>\$ 0.04</u> | <u>\$ (0.08)</u> | <u>\$ (0.07)</u> | <u>\$ (0.18)</u> |
| Net income (loss) per common share- DILUTED | <u>\$ 0.04</u> | <u>\$ (0.08)</u> | <u>\$ (0.07)</u> | <u>\$ (0.18)</u> |

The following tables present supplemental results for the three months ended March 31, 2021 and the three and six months ended June 30, 2021 (as if the Merger occurred on January 1, 2021) and combined results for the three and six months ended June 30, 2020 (combined results of REIT I, REIT II and REIT III as reported in their respective Quarterly Reports on Form 10-Q for the quarter ended June 30, 2020):

Resource REIT, INC.
Supplemental and Combined Consolidated Statements of Operations

(in thousands, except per share data)
(unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | | Three Months Ended March 31, |
|--|--------------------------------|---------------------|------------------------------|---------------------|---------------------------------|
| | 2021 ⁽¹⁾ | 2020 ⁽²⁾ | 2021 ⁽¹⁾ | 2020 ⁽²⁾ | 2021 ⁽¹⁾ |
| Revenues: | | | | | |
| Rental income | \$ 62,105 | \$ 59,475 | \$ 123,175 | \$ 119,347 | \$ 61,070 |
| Other revenue | - | - | 37 | - | 37 |
| Total revenues | <u>62,105</u> | <u>59,475</u> | <u>123,212</u> | <u>119,347</u> | <u>61,107</u> |
| Expenses: | | | | | |
| Property operating expenses | 16,923 | 15,833 | 33,664 | 31,576 | 16,741 |
| Real estate taxes | 7,960 | 8,097 | 16,275 | 16,116 | 8,315 |
| General and administrative- property | 1,462 | 1,550 | 2,802 | 2,751 | 1,340 |
| Property operating expenses before property management fees | 26,345 | 25,480 | 52,741 | 50,443 | 26,396 |
| Property management fees - third party | 1,679 | - | 3,321 | - | 1,642 |
| Property management fees - related party | - | 2,621 | - | 5,294 | - |
| Property operating expenses including property management fees | 28,024 | 28,101 | 56,062 | 55,737 | 28,038 |
| Acquisition costs | - | - | - | 113 | - |
| Management fees - related party | - | 5,961 | - | 11,778 | - |
| Transaction costs | - | - | 7,822 | - | 7,822 |
| Casualty Loss | 618 | 450 | 924 | 1,102 | 306 |
| General and administrative | 5,413 | 3,163 | 13,767 | 7,032 | 8,354 |
| Loss on disposal of assets | 308 | 213 | 426 | 514 | 118 |
| Depreciation and amortization expense | 27,302 | 25,297 | 55,805 | 50,873 | 28,503 |
| Total expenses | 61,665 | 63,185 | 134,806 | 127,149 | 73,141 |
| Loss before other income (expense) | 440 | (3,710) | (11,594) | (7,802) | (12,034) |
| Other income (expense): | | | | | |
| Interest expense | (10,898) | (11,964) | (26,850) | (26,914) | (15,952) |
| Interest income | 6 | 53 | 22 | 148 | 16 |
| Gain on sale of rental property | 18,734 | - | 18,734 | 530 | - |
| Gain on sale of land easement | - | 290 | - | 290 | - |
| Insurance proceeds in excess of cost basis | 143 | 36 | 161 | 36 | 18 |
| Total other income (expense) | 7,985 | (11,585) | (7,933) | (25,910) | (15,918) |
| Net income (loss) | <u>8,425</u> | <u>(15,295)</u> | <u>(19,527)</u> | <u>(33,712)</u> | <u>(27,952)</u> |
| Allocation of income to preferred unit holders | (1,120) | - | (2,240) | - | (1,120) |
| Net income (loss) after preferred unit distributions | 7,305 | (15,295) | (21,767) | (33,712) | (29,072) |
| Less: Allocation of income to preferred unit holders attributable to noncontrolling interest | 52 | - | 103 | - | 51 |
| Less: Net (income) loss attributable to noncontrolling interest | (387) | - | 897 | - | 1,284 |
| Net income (loss) attributable to common stockholders | <u>\$ 6,970</u> | <u>\$ (15,295)</u> | <u>\$ (20,767)</u> | <u>\$ (33,712)</u> | <u>\$ (27,737)</u> |
| Weighted average common shares outstanding - basic ⁽³⁾ | | | | | |
| | 156,780 | 157,270 | 156,726 | 156,992 | 156,671 |
| Weighted average common shares outstanding - diluted ⁽³⁾ | | | | | |
| | 156,822 | 157,270 | 156,749 | 156,992 | 156,676 |
| Net income (loss) per common share - BASIC | <u>\$ 0.04</u> | <u>\$ (0.10)</u> | <u>\$ (0.13)</u> | <u>\$ (0.21)</u> | <u>\$ (0.18)</u> |
| Net income (loss) per common share - DILUTED | <u>\$ 0.04</u> | <u>\$ (0.10)</u> | <u>\$ (0.13)</u> | <u>\$ (0.21)</u> | <u>\$ (0.18)</u> |

(1) Assumes merger occurred on January 1, 2021.

(2) Reflects combined results of REIT I, REIT II and REIT III.

(3) Shares have been adjusted for the 2020 periods shown by the same exchange ratio used for the merger of REIT I, REIT II and REIT III.

Supplemental and Combined Financial & Operating Highlights

(Dollars in thousands, except per share and rent per unit data)

| | Three Months Ended | | |
|---|--------------------|------------------|-------------------|
| | June 30, 2021 | June 30, 2020 | March 31, 2021 |
| Selected Financial Information | | | |
| Operating Statistics: | | | |
| Net income (loss) attributable to common stockholders | \$ 6,970 | \$ (15,295) | \$ (27,737) |
| Net income (loss) per common share - diluted | \$ 0.04 | \$ (0.10) | \$ (0.18) |
| Rental income | \$ 62,105 | \$ 59,475 | \$ 61,070 |
| Property operating expenses | \$ 28,024 | \$ 28,101 | \$ 28,038 |
| Net Operating Income | \$ 34,081 | \$ 31,374 | \$ 33,032 |
| Net Operating Income Margin (%) | 54.9% | 52.8% | 54.1% |
| Adjusted EBITDA | \$ 27,891 | \$ 21,966 | \$ 24,325 |
| Funds From Operations | \$ 11,578 | \$ 9,999 | \$ (4,766) |
| FFO per diluted share | \$ 0.07 | \$ 0.06 | \$ (0.03) |
| Core Funds From Operations | \$ 16,206 | \$ 11,043 | \$ 15,328 |
| Core FFO per share | \$ 0.10 | \$ 0.07 | \$ 0.10 |
| Core FFO payout ratio (%) | 68.1% | 0.0% | 72.0% |
| Dividends to common shareholders | \$ 11,039 | \$ - | \$ 11,029 |
| Dividends to preferred unitholders | \$ 1,120 | \$ - | \$ 1,120 |
| Dividends per share, per quarter (common) | \$ 0.07 | \$ - | \$ 0.07 |
| Dividends per share, annualized (common) | \$ 0.28 | \$ - | \$ 0.28 |
| Dividend yield on NAV (%) (common) | 3.1% | 0.0% | 3.1% |
| DRIP (%) | 24.2% | 0.0% | 22.6% |
| DRIP shares ⁽¹⁾ | 311 | - | 289 |
| Shares redeemed ⁽¹⁾ | 149 | 255 | 306 |
| Shares redeemed, price | \$ 9.06 | \$ 10.01 | \$ 9.08 |
| NAV ^{(1), (2)} | \$ 1,497,159 | \$ 1,425,588 | \$ 1,497,159 |
| NAV, per share ^{(1), (2)} | \$ 9.06 | \$ 9.12 | \$ 9.06 |
| Portfolio Data: | | | |
| Total gross assets | \$ 2,833,511 | \$ 2,431,373 | \$ 2,848,794 |
| Mortgage notes payable, net | \$ 1,554,165 | \$ 1,493,190 | \$ 1,582,382 |
| Cash balance | \$ 174,604 | \$ 108,543 | \$ 147,078 |
| Total number of properties | 50 | 51 | 51 |
| Total units | 14,643 | 14,995 | 14,995 |
| Collections - 30 day | 95.6% | 98.4% | 95.2% |
| Total rent collected, as a percentage of rent billed ⁽³⁾ | 96.7% | N/A | 97.8% |
| Average occupancy | 95.2% | 92.3% | 94.8% |
| Net effective rent per occupied unit | \$ 1,325 | \$ 1,301 | \$ 1,307 |
| Resident retention rate | 51.7% | 56.3% | 53.3% |
| Liquidity: | | | |
| Unrestricted cash | \$ 174,604 | \$ 108,543 | \$ 147,078 |
| Secured line of credit - availability | \$ 76,507 | \$ - | \$ - |
| Total Liquidity | \$ 251,111 | \$ 108,543 | \$ 147,078 |

(1) As reported, DRIP shares, shares redeemed and NAV for the three REITs combined, adjusted for the merger exchange ratio.

(2) For June 30, 2021 and March 31, 2021 above, NAV information is as of January 28, 2021.

(3) Includes rents collected for all periods presented through June 30, 2021.

Supplemental and Combined FFO & Core FFO Reconciliation

(Dollars in thousands, except per share data)

| | Three Months Ended | | Six Months Ended | | Three Months Ended |
|--|--------------------|-------------|------------------|-------------|--------------------|
| | June 30, | | June 30, | | March 31, |
| | 2021 | 2020 | 2021 | 2020 | 2021 |
| Funds From Operations (FFO): | | | | | |
| Net income (loss) attributable to common stockholders | \$ 6,970 | \$ (15,295) | \$ (20,767) | \$ (33,712) | \$ (27,737) |
| Less: Gain on sale of rental property ⁽¹⁾ | (17,874) | - | (17,874) | (530) | - |
| Plus: Depreciation expense ⁽¹⁾ | 22,482 | 25,294 | 45,453 | 50,694 | 22,971 |
| FFO attributable to common stockholders | 11,578 | 9,999 | 6,812 | 16,452 | (4,766) |
| Stock compensation expense ⁽¹⁾ | 362 | - | 3,245 | - | 2,883 |
| Debt prepayment costs ⁽¹⁾ | - | - | 2,324 | - | 2,324 |
| Acquisition fees | - | - | - | 113 | - |
| Transaction Costs ⁽¹⁾ | - | - | 7,463 | - | 7,463 |
| Amortization of Intangible Lease Assets ⁽¹⁾ | 3,567 | 3 | 7,791 | 179 | 4,224 |
| Realized loss on change in fair value of interest rate caps ⁽¹⁾ | 13 | 43 | 63 | 59 | 50 |
| Debt premium (discount) amortization ⁽¹⁾ | (151) | (110) | 324 | (220) | 475 |
| Deferring financing costs amortization ⁽¹⁾ | 385 | 694 | 2,785 | 1,427 | 2,400 |
| Casualty losses, net of casualty gains ⁽¹⁾ | 452 | 414 | 727 | 1,066 | 275 |
| Core FFO attributable to common stockholders | \$ 16,206 | \$ 11,043 | \$ 31,534 | \$ 19,076 | \$ 15,328 |
| Basic net income (loss) per common share | \$ 0.04 | \$ (0.10) | \$ (0.13) | \$ (0.21) | \$ (0.18) |
| Diluted net income (loss) per common share | \$ 0.04 | \$ (0.10) | \$ (0.13) | \$ (0.21) | \$ (0.18) |
| FFO, per diluted share ⁽²⁾ | \$ 0.07 | \$ 0.06 | \$ 0.04 | \$ 0.10 | \$ (0.03) |
| Core FFO per diluted share ⁽²⁾ | \$ 0.10 | \$ 0.07 | \$ 0.20 | \$ 0.12 | \$ 0.10 |
| Weighted average shares outstanding - basic | 156,780 | 157,270 | 156,726 | 156,992 | 156,671 |
| Weighted average shares outstanding - diluted ⁽³⁾ | 156,822 | 157,270 | 156,749 | 156,992 | 156,676 |

(1) Each line item is adjusted to reflect the allocation to the noncontrolling interests for the three and six months ended June 30, 2021 as follows (in thousands): gain on sale of rental property \$860 and \$860, depreciation expense of \$1,081 and \$2,187, stock compensation expense of \$17 and \$156, debt prepayment costs of \$0 and \$112, transaction costs of \$0 and \$359, amortization of intangible lease assets of \$172 and \$374, realized loss on change in fair value of interest rate caps related to extinguishments of \$1 and \$3, debt premium (discount) amortization of \$7 and \$16, deferred financing costs amortization of \$19 and \$134, and casualty losses, net of casualty gains of \$21 and \$35.

(2) Calculated using weighted average shares outstanding - diluted

(3) None of the shares of convertible stock and 602,506 unvested performance based restricted stock awards are included in the diluted earnings per share calculations because the necessary conditions for conversion have not been satisfied as of either June 30, 2021 or 2020. Weighted average shares outstanding - diluted in this table, which was used to calculate FFO per share and Core FFO per share, includes 23,094 weighted average unvested restricted shares outstanding for the six months ended June 30, 2021 however, these restricted shares were excluded from the calculation of diluted net loss per common share because their effect would be antidilutive for the six months ended June 30, 2021. Income (loss) attributable to outstanding OP Common and Preferred units issued in the Self-Management Transaction are included in net (income) loss attributable to noncontrolling interest, and therefore, excluded from the calculation of earnings (loss) per common share, basic and diluted, for all periods presented. In addition, in the event of a listing of the shares of our common stock on a national securities exchange, beginning 180 days after the date of such listing, the holders of OP Preferred Units shall have the right to require us to purchase the OP Preferred Units in exchange for a number of listed shares of our common stock determined by dividing (i) the number of OP Preferred Units multiplied by the redemption price as of the date of the exchange by (ii) the volume-weighted average price of such listed shares over the 30-day period prior to the date of the exchange. The additional 7.5 million common shares that potentially could be issued for this conversion at June 30, 2021 were excluded from diluted earnings per share, FFO per share and Core FFO per share as their impact, including reflecting removal of the \$1.1 million and \$2.2 million preferred distribution from the numerator would be antidilutive for the three and six months ended June 30, 2021.

Supplemental and Combined Adjusted EBITDA Reconciliation and Interest Coverage Ratio

| (Dollars in thousands) | Three Months Ended | | Six Months Ended | | Three Months Ended |
|---|--------------------|------------------|------------------|------------------|--------------------|
| | June 30, | | June 30, | | March 31, |
| | 2021 | 2020 | 2021 | 2020 | 2021 |
| Adjusted EBITDA: | | | | | |
| Net income (loss) attributable to common stockholders | \$ 6,970 | \$ (15,295) | \$ (20,767) | \$ (33,712) | \$ (27,737) |
| Plus: Allocation of income (loss) to noncontrolling interests | 335 | - | (1,000) | - | (1,335) |
| Less: Gain on sale of rental property | (18,734) | - | (18,734) | (530) | - |
| Less; Debt premium (discount) amortization | (158) | 110 | 340 | 220 | 498 |
| Plus: Depreciation and amortization expense | 27,302 | 25,297 | 55,805 | 50,873 | 28,503 |
| Plus: Interest expense | 10,638 | 11,117 | 21,089 | 25,208 | 10,451 |
| Plus: Interest expense - preferred unit holders ⁽¹⁾ | 1,120 | - | 2,240 | - | 1,120 |
| Plus: Deferring financing costs amortization | 404 | 694 | 2,919 | 1,427 | 2,515 |
| Plus: Realized loss on change in fair value of interest rate caps | 14 | 43 | 66 | 59 | 52 |
| Plus: Debt prepayment costs | - | - | 2,436 | - | 2,436 |
| Plus: Transaction Costs | - | - | 7,822 | - | 7,822 |
| Adjusted EBITDA | \$ 27,891 | \$ 21,966 | \$ 52,216 | \$ 43,545 | \$ 24,325 |
| Interest Cost: | | | | | |
| Interest expense ⁽²⁾ | \$ 12,018 | \$ 11,964 | \$ 29,090 | \$ 26,914 | \$ 17,072 |
| INTEREST COVERAGE | 2.3x | 1.8x | 1.8x | 1.6x | 1.4x |

(1) Reported as allocation of income to preferred unit holders to noncontrolling interest on Consolidated Statements of Operations.

(2) Includes interest expense paid to preferred unit holders.

Supplemental and Combined Same Store Portfolio Net Operating Income Reconciliation

(Dollars in thousands, except rent per unit)

| | Three Months Ended | | | Six Months Ended | | | Three Months Ended |
|---|--------------------|--------------------|-------------|--------------------|--------------------|-------------|--------------------|
| | June 30, | | | June 30, | | | |
| | 2021 | 2020 | % change | 2021 | 2020 | % change | 2021 |
| Revenues: | | | | | | | |
| Rental and other property revenue | \$ 62,093 | \$ 59,462 | 4.4% | \$ 123,157 | \$ 119,293 | 3.2% | \$ 61,064 |
| Property Operating Expenses: | | | | | | | |
| Real estate taxes | 7,960 | 8,097 | -1.7% | 16,275 | 16,111 | 1.0% | 8,315 |
| Property insurance | 1,555 | 1,627 | -4.4% | 3,045 | 3,024 | 0.7% | 1,490 |
| Payroll | 5,585 | 5,277 | 5.8% | 11,058 | 10,485 | 5.5% | 5,473 |
| Utilities | 3,541 | 3,316 | 6.8% | 7,302 | 6,837 | 6.8% | 3,761 |
| Landscaping | 732 | 743 | -1.5% | 1,246 | 1,248 | -0.2% | 514 |
| Repairs and maintenance | 2,701 | 2,345 | 15.2% | 5,512 | 4,712 | 17.0% | 2,811 |
| Turnover | 1,150 | 1,043 | 10.3% | 2,096 | 2,025 | 3.5% | 946 |
| General and administrative | 1,462 | 1,549 | -5.6% | 2,802 | 2,746 | 2.0% | 1,340 |
| Marketing | 628 | 578 | 8.7% | 1,261 | 1,179 | 7.0% | 633 |
| Other expenses | 1,006 | 1,016 | -1.0% | 2,136 | 2,168 | -1.5% | 1,130 |
| Total property operating expenses | 26,320 | 25,591 | 2.8% | 52,733 | 50,535 | 4.3% | 26,413 |
| Property management fees | 1,679 | 2,620 | -35.9% | 3,321 | 5,292 | -37.2% | 1,642 |
| Same Store net operating income ⁽¹⁾ | \$ 34,094 | \$ 31,251 | 9.1% | \$ 67,103 | \$ 63,466 | 5.7% | \$ 33,009 |
| Same Store NOI margin | 54.9% | 52.6% | 2.3% | 54.5% | 53.2% | 1.3% | 54.1% |
| Average occupancy | 95.2% | 92.3% | 2.9% | 95.0% | 92.8% | 2.2% | 94.8% |
| Net effective rent per occupied unit | \$ 1,325 | \$ 1,301 | 1.8% | \$ 1,316 | \$ 1,297 | 1.5% | \$ 1,307 |
| Reconciliation of Same Store net operating income to net income (loss) attributable to common stockholders | | | | | | | |
| Same Store net operating income | 34,094 | 31,251 | | 67,103 | 63,466 | | 33,009 |
| Non-Same Store net operating income | (13) | 123 | | 10 | 144 | | 23 |
| Total NOI | \$ 34,081 | \$ 31,374 | | \$ 67,113 | \$ 63,610 | | \$ 33,032 |
| Other (expense) income: | | | | | | | |
| Casualty loss | (618) | (450) | | (924) | (1,102) | | (306) |
| Acquisition costs | - | - | | - | (113) | | - |
| Transaction costs | - | - | | (7,822) | - | | (7,822) |
| Management fees - related party | - | (5,961) | | - | (11,778) | | - |
| General and administrative | (5,413) | (3,163) | | (13,767) | (7,032) | | (8,354) |
| Loss on disposal of assets | (308) | (213) | | (426) | (514) | | (118) |
| Depreciation and amortization expense | (27,302) | (25,297) | | (55,805) | (50,873) | | (28,503) |
| Interest expense | (10,898) | (11,964) | | (26,850) | (26,914) | | (15,952) |
| Interest income | 6 | 53 | | 22 | 148 | | 16 |
| Gain on sale of rental property | 18,734 | - | | 18,734 | 530 | | - |
| Gain on sale of land easement | - | 290 | | - | 290 | | - |
| Management fee and other income | - | - | | 37 | - | | 37 |
| Insurance proceeds in excess of cost basis | 143 | 36 | | 161 | 36 | | 18 |
| Total other expense (income) | (25,656) | (46,669) | | (86,640) | (97,322) | | (60,984) |
| Net income (loss) | \$ 8,425 | \$ (15,295) | | \$ (19,527) | \$ (33,712) | | \$ (27,952) |
| Allocation of income to preferred unit holders | (1,120) | - | | (2,240) | - | | (1,120) |
| Net income (loss) after preferred unit distributions | 7,305 | (15,295) | | (21,767) | (33,712) | | (29,072) |
| Less: Allocation of income to preferred unit holders attributable to noncontrolling interest | 52 | - | | 103 | - | | 51 |
| Less: Net loss attributable to noncontrolling interest | (387) | - | | 897 | - | | 1,284 |
| Net income (loss) attributable to common stockholders | \$ 6,970 | \$ (15,295) | | \$ (20,767) | \$ (33,712) | | \$ (27,737) |

(1) Same Store portfolio consists of 51 properties (including Evergreen at Coursey Place which was sold on June 29, 2021), which represent 14,995 units.

Supplemental and Combined Same Store Portfolio Net Operating Income by State

THREE MONTHS ENDED JUNE 30, 2021 AND 2020

(Dollars in thousands, except rent per unit)

| State | Number of Properties | Units | Rental Income | | | Property Operating Expenses ⁽¹⁾ | | | Net Operating Income | | | Average Occupancy | | | Net Effective Rent Per Occupied Unit | | |
|---------------------------------|----------------------|---------------|------------------|------------------|-------------|--|------------------|--------------|----------------------|------------------|-------------|-------------------|--------------|-------------|--------------------------------------|-----------------|-------------|
| | | | 2021 | 2020 | % Change | 2021 | 2020 | % Change | 2021 | 2020 | % Change | 2021 | 2020 | % Change | 2021 | 2020 | % Change |
| Alabama | 2 | 480 | \$ 1,649 | \$ 1,516 | 8.8% | \$ 845 | \$ 770 | 9.7% | \$ 804 | \$ 746 | 7.8% | 96.8% | 92.0% | 4.8% | \$ 1,008 | \$ 993 | 1.5% |
| Arizona | 2 | 866 | 3,307 | 2,928 | 12.9% | 1,110 | 1,111 | -0.1% | 2,197 | 1,817 | 20.9% | 97.1% | 93.4% | 3.7% | 1,201 | 1,106 | 8.6% |
| California | 2 | 694 | 3,947 | 3,919 | 0.7% | 1,642 | 1,592 | 3.1% | 2,305 | 2,327 | -0.9% | 95.9% | 92.4% | 3.5% | 1,979 | 1,913 | 3.4% |
| Colorado | 4 | 1,016 | 4,680 | 4,600 | 1.7% | 1,655 | 1,686 | -1.8% | 3,025 | 2,914 | 3.8% | 92.6% | 91.6% | 1.0% | 1,507 | 1,518 | -0.7% |
| Florida | 4 | 984 | 4,081 | 3,713 | 9.9% | 1,900 | 1,901 | -0.1% | 2,181 | 1,812 | 20.4% | 97.2% | 91.6% | 5.5% | 1,267 | 1,234 | 2.7% |
| Georgia | 7 | 1,790 | 7,797 | 7,453 | 4.6% | 3,601 | 3,499 | 2.9% | 4,196 | 3,954 | 6.1% | 95.7% | 92.0% | 3.7% | 1,374 | 1,362 | 0.9% |
| Illinois | 4 | 1,251 | 6,070 | 5,673 | 7.0% | 2,394 | 2,619 | -8.6% | 3,676 | 3,054 | 20.4% | 97.2% | 91.5% | 5.7% | 1,561 | 1,544 | 1.1% |
| Louisiana ⁽²⁾ | 1 | 352 | 1,092 | 1,086 | 0.6% | 567 | 510 | 11.2% | 525 | 576 | -8.9% | 96.9% | 95.3% | 1.5% | 947 | 969 | -2.2% |
| Minnesota | 2 | 739 | 2,985 | 3,044 | -1.9% | 1,385 | 1,374 | 0.8% | 1,600 | 1,670 | -4.2% | 96.3% | 94.4% | 1.8% | 1,330 | 1,284 | 3.5% |
| North Carolina | 2 | 623 | 2,301 | 2,246 | 2.4% | 946 | 990 | -4.4% | 1,355 | 1,256 | 7.9% | 93.7% | 93.2% | 0.4% | 1,200 | 1,179 | 1.7% |
| Ohio | 1 | 156 | 720 | 721 | -0.1% | 288 | 231 | 24.7% | 432 | 490 | -11.8% | 91.7% | 93.6% | -1.9% | 1,361 | 1,270 | 7.1% |
| Oregon | 2 | 545 | 2,404 | 2,330 | 3.2% | 985 | 1,000 | -1.5% | 1,419 | 1,330 | 6.7% | 96.1% | 92.7% | 3.4% | 1,410 | 1,414 | -0.2% |
| Pennsylvania | 1 | 133 | 674 | 617 | 9.2% | 383 | 313 | 22.4% | 291 | 304 | -4.3% | 96.4% | 91.0% | 5.4% | 1,453 | 1,416 | 2.6% |
| Texas | 14 | 4,769 | 17,884 | 17,305 | 3.3% | 9,138 | 9,449 | -3.3% | 8,746 | 7,856 | 11.3% | 94.3% | 91.6% | 2.7% | 1,211 | 1,199 | 1.0% |
| Virginia | 3 | 597 | 2,502 | 2,311 | 8.3% | 1,160 | 1,166 | -0.5% | 1,342 | 1,145 | 17.2% | 97.4% | 95.4% | 2.0% | 1,272 | 1,232 | 3.2% |
| Total / Weighted Average | 51 | 14,995 | \$ 62,093 | \$ 59,462 | 4.4% | \$ 27,999 | \$ 28,211 | -0.8% | \$ 34,094 | \$ 31,251 | 9.1% | 95.2% | 92.3% | 2.9% | \$ 1,325 | \$ 1,301 | 1.8% |

(1) Includes property operating expenses, real estate taxes and property management fees but excludes Non-Same Store expenses.

(2) Table includes Evergreen at Coursey Place, which was sold on June 29, 2021.

Supplemental and Combined Same Store Portfolio Net Operating Income by State

SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(Dollars in thousands, except rent per unit)

| State | Number of Properties | Units | Rental Income | | | Property Operating Expenses ⁽¹⁾ | | | Net Operating Income | | | Average Occupancy | | | Net Effective Rent Per Occupied Unit | | |
|---------------------------------|----------------------|---------------|-------------------|-------------------|-------------|--|------------------|-------------|----------------------|------------------|-------------|-------------------|--------------|-------------|--------------------------------------|-----------------|-------------|
| | | | 2021 | 2020 | % Change | 2021 | 2020 | % Change | 2021 | 2020 | % Change | 2021 | 2020 | % Change | 2021 | 2020 | % Change |
| Alabama | 2 | 480 | \$ 3,258 | \$ 3,038 | 7.2% | \$ 1,655 | \$ 1,508 | 9.7% | \$ 1,603 | \$ 1,530 | 4.8% | 96.2% | 92.5% | 3.7% | \$ 1,007 | \$ 996 | 1.1% |
| Arizona | 2 | 866 | 6,523 | 5,803 | 12.4% | 2,270 | 2,220 | 2.3% | 4,253 | 3,583 | 18.7% | 96.8% | 93.3% | 3.5% | 1,183 | 1,093 | 8.2% |
| California | 2 | 694 | 7,953 | 7,924 | 0.4% | 3,321 | 3,297 | 0.7% | 4,632 | 4,627 | 0.1% | 95.2% | 92.5% | 2.7% | 1,979 | 1,906 | 3.9% |
| Colorado | 4 | 1,016 | 9,157 | 9,168 | -0.1% | 3,195 | 3,190 | 0.2% | 5,962 | 5,978 | -0.3% | 92.5% | 91.1% | 1.4% | 1,504 | 1,507 | -0.2% |
| Florida | 4 | 984 | 8,083 | 7,497 | 7.8% | 3,766 | 3,694 | 1.9% | 4,317 | 3,803 | 13.5% | 96.7% | 92.2% | 4.5% | 1,260 | 1,233 | 2.2% |
| Georgia | 7 | 1,790 | 15,446 | 14,991 | 3.0% | 6,930 | 7,007 | -1.1% | 8,516 | 7,984 | 6.7% | 95.6% | 92.6% | 3.0% | 1,365 | 1,359 | 0.4% |
| Illinois | 4 | 1,251 | 11,913 | 11,484 | 3.7% | 4,953 | 5,213 | -5.0% | 6,960 | 6,271 | 11.0% | 95.9% | 92.6% | 3.3% | 1,547 | 1,543 | 0.2% |
| Louisiana ⁽²⁾ | 1 | 352 | 2,213 | 2,161 | 2.4% | 1,097 | 995 | 10.3% | 1,116 | 1,166 | -4.3% | 96.1% | 94.8% | 1.4% | 975 | 969 | 0.6% |
| Minnesota | 2 | 739 | 6,019 | 6,054 | -0.6% | 2,792 | 2,802 | -0.4% | 3,227 | 3,252 | -0.8% | 95.6% | 94.7% | 0.9% | 1,324 | 1,276 | 3.7% |
| North Carolina | 2 | 623 | 4,564 | 4,424 | 3.2% | 1,819 | 1,864 | -2.4% | 2,745 | 2,560 | 7.2% | 93.3% | 93.2% | 0.1% | 1,199 | 1,171 | 2.4% |
| Ohio | 1 | 156 | 1,419 | 1,489 | -4.7% | 590 | 592 | -0.3% | 829 | 897 | -7.6% | 91.7% | 96.3% | -4.6% | 1,257 | 1,264 | -0.5% |
| Oregon | 2 | 545 | 4,747 | 4,694 | 1.1% | 1,990 | 1,870 | 6.4% | 2,757 | 2,824 | -2.4% | 95.3% | 92.9% | 2.4% | 1,398 | 1,417 | -1.3% |
| Pennsylvania | 1 | 133 | 1,342 | 1,247 | 7.6% | 780 | 643 | 21.3% | 562 | 604 | -7.0% | 97.0% | 91.7% | 5.2% | 1,450 | 1,413 | 2.6% |
| Texas | 14 | 4,769 | 35,590 | 34,724 | 2.5% | 18,563 | 18,629 | -0.4% | 17,027 | 16,095 | 5.8% | 94.2% | 92.5% | 1.7% | 1,203 | 1,195 | 0.7% |
| Virginia | 3 | 597 | 4,930 | 4,595 | 7.3% | 2,333 | 2,303 | 1.3% | 2,597 | 2,292 | 13.3% | 97.1% | 95.0% | 2.1% | 1,259 | 1,221 | 3.1% |
| Total / Weighted Average | 51 | 14,995 | \$ 123,157 | \$ 119,293 | 3.2% | \$ 56,054 | \$ 55,827 | 0.4% | \$ 67,103 | \$ 63,466 | 5.7% | 95.0% | 92.8% | 2.3% | \$ 1,316 | \$ 1,297 | 1.5% |

(1) Includes property operating expenses, real estate taxes and property management fees but excludes Non-Same Store expenses.

(2) Table includes Evergreen at Coursey Place, which was sold on June 29, 2021.

Supplemental Portfolio Information

THREE MONTHS ENDED JUNE 30, 2021
(Dollars in thousands, except rent per unit)

| Property | Market | Number of Units | Year Built | Net Effective Rent per Occupied Unit ⁽¹⁾ | Revenue per Occupied Unit ⁽²⁾ | Average Occupancy |
|---|-------------------|-----------------|--------------|---|--|-------------------|
| 1000 Spalding | Atlanta, GA | 252 | 1995 | \$ 1,370 | \$ 1,464 | 95.7% |
| 81 Fifty at West Hills | Portland, OR | 357 | 1985 | 1,392 | 1,531 | 95.0% |
| Adair off Addison | Dallas, TX | 152 | 1980 | 1,136 | 1,241 | 96.1% |
| Adair off Addison II | Dallas, TX | 200 | 1979 | 1,257 | 1,417 | 94.7% |
| Addison at Sandy Springs | Sandy Springs, GA | 236 | 1987 | 1,226 | 1,313 | 94.1% |
| Arcadia | Centennial, CO | 300 | 1984 | 1,580 | 1,698 | 96.0% |
| Aston at Cinco Ranch | Katy, TX | 228 | 2000 | 1,358 | 1,434 | 98.1% |
| Bay Club | Jacksonville, FL | 220 | 1990 | 1,262 | 1,360 | 97.0% |
| Bristol Grapevine | Grapevine, TX | 376 | 1978 - 1981 | 1,051 | 1,172 | 95.8% |
| Bryant at Yorba Linda | Yorba Linda, CA | 400 | 1986 | 2,157 | 2,059 | 95.1% |
| Calloway at Las Colinas | Irving, TX | 536 | 1984 | 1,154 | 1,294 | 87.4% |
| Courtney Meadows | Jacksonville, FL | 276 | 2001 | 1,245 | 1,414 | 98.2% |
| Crosstown at Chapel Hill | Chapel Hill, NC | 411 | 1990 | 1,179 | 1,299 | 92.3% |
| Estates at Johns Creek | John's Creek, GA | 403 | 1999 | 1,662 | 1,943 | 96.3% |
| Evergreen at Coursey Place ⁽³⁾ | Baton Rouge, LA | 352 | 2003 | 947 | 1,071 | 96.9% |
| Grand Reserve | Naperville, IL | 319 | 1997 | 1,737 | 1,847 | 98.1% |
| Green Trails | Lisle, IL | 440 | 1988 | 1,457 | 1,567 | 96.8% |
| Heritage Pointe | Gilbert, AZ | 458 | 1989 | 1,181 | 1,299 | 98.0% |
| Indigo Creek | Glendale, AZ | 408 | 1998 | 1,223 | 1,319 | 96.1% |
| Martin's Point | Lombard, IL | 256 | 1989 | 1,508 | 1,568 | 96.2% |
| Matthew's Reserve | Matthews, NC | 212 | 1998 | 1,238 | 1,344 | 95.0% |
| Maxwell Townhomes | San Antonio, TX | 316 | 1983 | 1,124 | 1,234 | 85.4% |
| Meridian Pointe | Burnsville, MN | 339 | 1989 | 1,405 | 1,502 | 95.0% |
| Montclair Terrace | Portland, OR | 188 | 1968 - 2006 | 1,444 | 1,513 | 97.1% |
| Perimeter 5550 | Atlanta, GA | 165 | 1994 | 1,301 | 1,430 | 97.2% |
| Perimeter Circle | Atlanta, GA | 194 | 1995 | 1,383 | 1,491 | 95.0% |
| Pines of York | Yorktown, VA | 248 | 1976 | 1,061 | 1,198 | 98.2% |
| Point Bonita | Chula Vista, CA | 294 | 1970 - 1988 | 1,739 | 1,877 | 96.7% |
| Providence in the Park | Arlington, TX | 524 | 1997 | 1,298 | 1,390 | 91.1% |
| Ravina | Austin, TX | 498 | 2001 | 1,253 | 1,431 | 97.6% |
| Retreat at Rocky Ridge | Birmingham, AL | 206 | 1986 | 852 | 1,003 | 96.8% |
| Skyview | Westminster, CO | 224 | 1985 | 1,294 | 1,414 | 85.9% |
| South Lamar Village | Austin, TX | 208 | 1981 | 1,328 | 1,449 | 97.5% |
| Sunset Ridge | San Antonio, TX | 324 | 1949 | 1,138 | 1,273 | 96.2% |
| Tech Center Square | Newport News, VA | 208 | 1985 | 1,081 | 1,225 | 97.5% |
| Terraces at Lake Mary | Lake Mary, FL | 284 | 1998 | 1,304 | 1,513 | 96.8% |
| The Brookwood Apartment Homes | Homewood, AL | 274 | 1968 | 1,125 | 1,316 | 96.8% |
| The Cannery | Dayton, OH | 156 | 1800s / 2011 | 1,361 | 1,678 | 91.7% |
| The Palmer at Las Colinas | Dallas, TX | 476 | 1991 | 1,413 | 1,547 | 95.2% |
| The Summit | Alexandria, VA | 141 | 1976 | 1,935 | 2,159 | 96.4% |
| The Westside Apartment Homes | Plano, TX | 412 | 1984 | 1,139 | 1,314 | 93.7% |
| TrailPoint | The Woodlands, TX | 271 | 1981 | 1,099 | 1,193 | 96.1% |
| Tramore Village | Austell, GA | 324 | 1999 | 1,227 | 1,336 | 95.0% |
| Uptown Buckhead | Atlanta, GA | 216 | 1989 | 1,263 | 1,376 | 96.7% |
| Verdant | Boulder, CO | 216 | 1991 | 1,892 | 2,073 | 95.1% |
| Verona | Littleton, CO | 276 | 1985 | 1,278 | 1,382 | 93.6% |
| Vista | Philadelphia, PA | 133 | 1964 | 1,453 | 1,754 | 96.4% |
| Wimbledon Oaks | Arlington, TX | 248 | 1986 | 1,128 | 1,260 | 95.2% |
| Windbrooke Crossing | Buffalo Grove, IL | 236 | 1986 | 1,571 | 1,719 | 97.8% |
| Winthrop West | Riverview, FL | 204 | 1990 | 1,252 | 1,386 | 96.8% |
| Woods at Burnsville | Burnsville, MN | 400 | 1984 | 1,267 | 1,317 | 97.5% |
| Total / Weighted Average | | 14,995 | | \$ 1,325 | \$ 1,451 | 95.2% |

(1) Represents the average net effective rent per occupied unit.

(2) Represents total revenue per occupied unit.

(3) Property sold on June 29, 2021.

Supplemental Mortgage Notes Payable Summary Information

AS OF JUNE 30, 2021

(Dollars in thousands)

| Property | Type | Term (months) | Outstanding Principal ⁽¹⁾ | Interest Rate ⁽²⁾ | Maturity Date |
|--|----------|------------------|---|---------------------------------|------------------|
| 1000 Spalding | Fixed | 84 | 35,035 | 2.51% | 12/1/2027 |
| Addison at Sandy Springs | Floating | 84 | 22,143 | 1.86% | 5/1/2025 |
| Arcadia | Fixed | 84 | 56,810 | 2.57% | 12/1/2027 |
| Bay Club | Floating | 84 | 20,651 | 1.97% | 8/1/2024 |
| Bristol Grapevine | Floating | 84 | 32,855 | 1.81% | 5/1/2025 |
| Bryant at Yorba Linda | Floating | 84 | 74,908 | 2.35% | 4/15/2027 |
| Calloway at Las Colinas | Fixed | 84 | 51,935 | 2.57% | 12/1/2027 |
| Courtney Meadows | Floating | 84 | 26,206 | 1.94% | 1/1/2025 |
| Crosstown at Chapel Hill | Floating | 84 | 42,650 | 1.87% | 7/1/2025 |
| Grand Reserve | Floating | 120 | 47,845 | 1.82% | 5/1/2028 |
| Green Trails | Floating | 84 | 58,894 | 2.09% | 6/1/2024 |
| Indigo Creek | Floating | 84 | 38,988 | 2.03% | 5/1/2024 |
| Martin's Point | Floating | 84 | 28,909 | 1.96% | 11/1/2024 |
| Matthew's Reserve | Fixed | 84 | 23,850 | 4.47% | 9/1/2025 |
| Maxwell Townhomes | Fixed | 120 | 12,335 | 4.32% | 1/1/2022 |
| Meridian Pointe | Floating | 84 | 37,912 | 2.00% | 8/1/2024 |
| Perimeter 5550 | Floating | 84 | 20,630 | 1.60% | 1/1/2026 |
| Perimeter Circle | Floating | 84 | 26,115 | 1.60% | 1/1/2026 |
| Pines of York | Fixed | 120 | 13,625 | 4.46% | 12/1/2021 |
| Point Bonita | Fixed | 120 | 25,015 | 5.33% | 10/1/2023 |
| Ravina | Fixed | 120 | 25,126 | 3.76% | 5/1/2022 |
| Skyview | Floating | 120 | 28,029 | 2.46% | 10/1/2026 |
| Sunset Ridge | Floating | 84 | 28,600 | 2.44% | 11/1/2027 |
| Terraces at Lake Mary | Floating | 84 | 31,001 | 2.01% | 9/1/2024 |
| The Brookwood Apartment Homes | Fixed | 120 | 18,897 | 4.82% | 11/1/2021 |
| The Summit | Fixed | 84 | 27,580 | 3.84% | 7/1/2026 |
| TrailPoint | Floating | 120 | 17,240 | 2.51% | 11/1/2023 |
| Tramore Village | Floating | 84 | 32,492 | 1.90% | 4/1/2025 |
| Verdant | Fixed | 84 | 47,146 | 2.57% | 12/1/2027 |
| Wimbledon Oaks | Fixed | 84 | 18,410 | 4.33% | 3/1/2026 |
| Windbrooke Crossing | Floating | 84 | 35,990 | 2.79% | 1/1/2024 |
| Winthrop West | Fixed | 84 | 21,760 | 4.36% | 10/1/2025 |
| Woods at Burnsville | Floating | 84 | 36,450 | 2.23% | 2/1/2024 |
| Structured Credit Facility - Advance 1 | Fixed | 120 | 235,205 | 2.79% | 2/1/2031 |
| Structured Credit Facility - Advance 2 | Fixed | 84 | 235,205 | 2.62% | 2/1/2028 |
| Structured Credit Facility - Floating | Floating | 120 | 24,760 | 2.07% | 2/1/2031 |
| Total / Weighted Average | | | 1,561,202 | 2.60% | |

(1) Mortgage debt is non-recourse to the Company and encumbers the multifamily properties.

(2) At June 30, 2021, one-month LIBOR in effect was 0.10%.

Supplemental Debt Summary

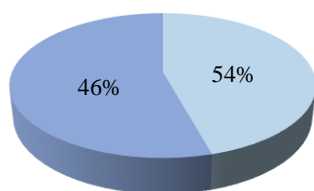
AS OF JUNE 30, 2021

(Dollars in thousands)

| | Amount | Weighted Avg Rate | Type | Weighted Average Maturity |
|--|--------------|-------------------|----------|---------------------------|
| Debt: | | | | |
| Mortgage notes payable - variable rate | 713,268 | 2.08% | Floating | 4.17 |
| Mortgage notes payable - fixed rate | 847,934 | 3.04% | Fixed | 6.45 |
| Total Mortgage notes payable | 1,561,202 | 2.60% | | 5.41 |
| Unamortized premium / deferred financing costs | (7,037) | | | |
| Total mortgage notes payable, net | 1,554,165 | | | |
| Secured revolving credit facility ⁽¹⁾ | - | - | | |
| Equity Capitalization - period end | 1,567,418 | | | |
| Total Capitalization | \$ 3,121,583 | | | |

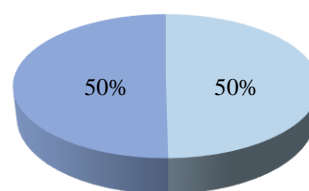
(1) Secured revolving credit facility has a total capacity of \$100.0 million, including \$15.0 million available in letters of credit, of which none was drawn as of June 30, 2021. Borrowings under the facility mature on May 20, 2024.

Fixed vs. Floating ⁽²⁾



■ Mortgage notes payable - variable rate
■ Mortgage notes payable - fixed rate

Capitalization



■ Total mortgage notes payable, net
■ Equity Capitalization - period end

(2) As of June 30, 2021, the Company maintains 21 interest rate caps with a combined notional value of \$724.9 million with strike prices ranging from 1.45% to 5.84% (maturing May 2022) and maturity dates ranging from July 2021 to February 2026.

| | Secured Fixed Debt | Secured Variable Debt | Total Debt | % of Total Debt | Weighted Average Interest rate |
|--------------------------------|--------------------|-----------------------|---------------------|-----------------|--------------------------------|
| Debt Maturity Schedule: | | | | | |
| 2021 | \$ 32,522 | \$ - | \$ 32,522 | 2.1% | 4.7% |
| 2022 | 37,461 | - | 37,461 | 2.4% | 3.9% |
| 2023 | 25,015 | 17,240 | 42,255 | 2.7% | 4.2% |
| 2024 | - | 288,795 | 288,795 | 18.5% | 2.1% |
| 2025 | 45,610 | 156,346 | 201,956 | 12.9% | 2.4% |
| 2026 | 45,990 | 74,774 | 120,764 | 7.7% | 2.7% |
| 2027 + | 661,336 | 176,113 | 837,449 | 53.7% | 2.6% |
| Total | \$ 847,934 | \$ 713,268 | \$ 1,561,202 | 100.0% | 2.6% |

Supplemental Debt Covenants and Encumbered Asset Information

AS OF JUNE 30, 2021

(Dollars in thousands)

| Secured Revolving Credit Facility | Requirement | Actual | Compliance |
|--|-------------|------------|------------|
| Debt Covenant Summary: | | | |
| Maximum total leverage ratio ⁽¹⁾ | ≤ 65% | 52.4% | Yes |
| Minimum fixed charge coverage ratio ⁽²⁾ | ≥ 1.35x | 1.77x | Yes |
| Maximum secured recourse debt | ≤ 5% | 0.0% | Yes |
| Minimum tangible net worth | ≥ \$678,834 | \$ 915,456 | Yes |

(1) Steps down to 60% after 18 months (beginning the third quarter of 2022).

(2) Steps up to 1.50x after 12 months (beginning the first quarter of 2022).

AS OF JUNE 30, 2021

(Dollars in thousands)

| Encumbered Asset Information ⁽³⁾ | Total Properties | Total Units | % of Total | Gross Assets ⁽⁶⁾ | Debt | LTV | Q2 | |
|---|---------------------|----------------|------------|-----------------------------|--------------|-------|-----------|------------|
| | | | | | | | 2021 NOI | % of Total |
| Encumbered assets - Corporate Level Facility ⁽⁴⁾ | 5 | 931 | 6.4% | \$ 103,087 | \$ - | 0.0% | \$ 1,845 | 5.5% |
| Encumbered assets - Property Level ⁽⁵⁾ | 33 | 9,842 | 67.2% | 1,811,952 | 1,066,032 | 58.8% | 22,734 | 67.7% |
| Encumbered assets - Structured Credit Level Facility ⁽⁵⁾ | 12 | 3,870 | 26.4% | 653,173 | 495,170 | 75.8% | 8,987 | 26.8% |
| | 50 | 14,643 | 100.0% | \$ 2,568,212 | \$ 1,561,202 | 60.8% | \$ 33,566 | 100.0% |

(3) The table above excludes the activity for Evergreen at Coursey Place for the three months ended June 30, 2021. The property was sold on June 29, 2021.

(4) Secured revolving credit facility is secured by a pledge of the equity interests of certain of the Company's subsidiaries.

(5) Secured by mortgages.

(6) Gross asset calculation excludes goodwill, cash, prepaids and other assets recorded at our corporate level.

Supplemental and Combined Capital Analysis

(Dollars in thousands)

| | As of | | |
|--|------------------|------------------|-------------------|
| | June 30, 2021 | June 30, 2020 | March 31, 2021 |
| Capitalization: | | | |
| NAV, per share | \$ 9.06 | \$ 9.12 | \$ 9.06 |
| Common shares & OP units outstanding | 165,941 | 157,053 | 165,781 |
| Market value of common equity | 1,503,425 | 1,432,323 | 1,501,976 |
| Preferred Operating Partnership Unit Liquidation Value | 63,993 | - | 63,993 |
| Equity capitalization | 1,567,418 | 1,432,323 | 1,565,969 |
| Total mortgage debt ⁽¹⁾ | 1,561,202 | 1,503,248 | 1,589,565 |
| Secured revolving credit facility | - | - | - |
| Total debt outstanding | 1,561,202 | 1,503,248 | 1,589,565 |
| Less: Cash and cash equivalents | (174,604) | (108,543) | (147,078) |
| Total net debt | 1,386,598 | 1,394,705 | 1,442,487 |
| Total Enterprise Value | \$ 2,954,016 | \$ 2,827,028 | \$ 3,008,456 |
| Adjusted EBITDA ⁽²⁾ | \$ 27,891 | \$ 21,966 | \$ 24,325 |
| Total Net Debt / Adjusted EBITDA ⁽³⁾ | 12.4x | 15.9x | 14.8x |
| Total Net Debt / Enterprise Value | 46.9% | 49.3% | 47.9% |

(1) Total mortgage debt breakdown presented on pg. 21 for June 30, 2021.

(2) Adjusted EBITDA reconciliation presented on pg. 16.

(3) Adjusted EBITDA is shown on an annualized basis for periods shorter than one year.

Supplemental and Combined Capital Expenditures ⁽¹⁾

(Dollars in thousands, except per unit)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|----------|------------------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| Total Same-Store properties / units | 14,995 | 14,995 | 14,995 | 14,995 |
| Recurring | \$ 1,201 | \$ 1,213 | \$ 2,078 | \$ 2,304 |
| Non-Recurring | 2,582 | 1,087 | 3,591 | 1,750 |
| Capital Expenditures - Same Store | \$ 3,783 | \$ 2,300 | \$ 5,669 | \$ 4,054 |
| Capital Expenditures, per unit - Same Store | \$ 252 | \$ 153 | \$ 378 | \$ 270 |
| Value Add | 732 | 2,471 | 1,158 | 8,863 |
| Total Capital Spend - Same Store | \$ 4,515 | \$ 4,771 | \$ 6,827 | \$ 12,917 |
| Total Capital Spend, per unit - Same Store | \$ 301 | \$ 318 | \$ 455 | \$ 861 |
| All properties / units | 14,995 | 14,995 | 14,995 | 14,995 |
| Recurring | \$ 1,201 | \$ 1,213 | \$ 2,078 | \$ 2,304 |
| Non-Recurring | 2,582 | 1,087 | 3,591 | 1,750 |
| Capital Expenditures - All | \$ 3,783 | \$ 2,300 | \$ 5,669 | \$ 4,054 |
| Capital Expenditures, per unit - All | \$ 252 | \$ 153 | \$ 378 | \$ 270 |
| Value Add | 732 | 2,471 | 1,158 | 8,863 |
| Total Capital Spend - All | \$ 4,515 | \$ 4,771 | \$ 6,827 | \$ 12,917 |
| Total Capital Spend, per unit - All | \$ 301 | \$ 318 | \$ 455 | \$ 861 |

(1) The above table reflects total capital spent on fixed assets placed in service for the periods presented.

Non-GAAP Financial Measures and Other Definitions

Average Occupancy

Average occupancy represents the daily average occupied units for the reporting period divided by the total number of units, expressed as a percentage.

Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-GAAP financial measures. EBITDA represents net income (loss) (computed in accordance with GAAP) before interest expense, including amortization of deferred financing costs, income tax expense and depreciation and amortization expenses.

Adjusted EBITDA further excludes certain other non-cash or non-operating gains or losses related to items such as asset sales, debt extinguishments and acquisition related debt extinguishment expenses, casualty losses, transaction and related Merger costs and abandoned deal costs. The Company considers both EBITDA and Adjusted EBITDA to be appropriate supplemental measures of performance because they eliminate interest, income taxes, depreciation and amortization, other non-cash or non-operating gains and losses and one-time items which permit investors to view income from operations without these non-cash or non-operating items.

Funds From Operations (“FFO”) and Core FFO

FFO and Core FFO are non-GAAP financial performance measures. FFO is widely recognized as a measure of operating performance for a REIT. The Company uses FFO as defined by Nareit to be net income or loss, computed 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 after related adjustments for noncontrolling interests. The Company believes that FFO is helpful to investors and management as a measure of operating performance.

Core FFO includes certain adjustments to FFO for non-routine items or items not considered core to business operations. Core FFO adjusts FFO to exclude equity compensation expense, losses on extinguishment of debt and modification costs, transaction (including Self-Management) costs, amortization of deferred financing costs, amortization of intangible lease assets, debt premium or discount amortization, realized losses on fair value adjustments related to interest rate caps, and casualty gains and losses. The Company believes that Core FFO is helpful to investors and management as a measure of operating performance.

Generally Accepted Accounting Principles (“GAAP”)

The Company defines GAAP as generally accepted accounting principles in the United States.

Interest Coverage

Interest coverage is a ratio computed by dividing Adjusted EBITDA by interest expense.

Net Debt

Net debt is calculated as total debt less cash and cash equivalents. The Company believes that Net Debt is a helpful measure of its credit position and progress towards reducing overall leverage.

Supplemental and Combined Reconciliation of Debt to Net Debt

(Dollars in thousands)

| | As of | | |
|-----------------------------------|------------------|------------------|-------------------|
| | June 30, 2021 | June 30, 2020 | March 31, 2021 |
| Total mortgage debt | \$ 1,561,202 | \$ 1,503,248 | \$ 1,589,565 |
| Secured revolving credit facility | - | - | - |
| Total debt outstanding | 1,561,202 | 1,503,248 | 1,589,565 |
| Less: Cash and cash equivalents | (174,604) | (108,543) | (147,078) |
| Total net debt | \$ 1,386,598 | \$ 1,394,705 | \$ 1,442,487 |
| Adjusted EBITDA | \$ 27,891 | \$ 21,966 | \$ 24,325 |
| Total Net Debt / Adjusted EBITDA | 12.4x | 15.9x | 14.8x |
| Enterprise Value | \$ 2,954,016 | \$ 2,827,028 | \$ 3,008,456 |
| Total Net Debt / Enterprise Value | 46.9% | 49.3% | 47.9% |

Net Effective Rent Per Occupied Unit

Net effective rent per occupied unit represents the average of gross potential rent net of gain/loss to lease, less vacancy, non-revenue units and concessions, divided by the average occupancy (in units) for the period presented.

Net Operating Income ("NOI")

NOI is a non-GAAP financial performance measure. The Company defines NOI as total property revenue less total property expenses, excluding interest expense, depreciation and amortization and non-recurring and recurring expenses that are not reflective of the continuing operations of the properties. The Company uses NOI to evaluate the performance of the portfolio on a Same Store and Non-Same Store basis because it reflects the core operations of property performance without the other corporate level and non-recurring items not related to the Company's properties and their continuing operations. NOI should only be used as an alternative measure of performance.

Same Store Properties and Same Store Portfolio

The Company defines Same Store properties as properties that were in the Company's portfolio for the entirety of the comparative periods presented. The Company reviews the Same Store portfolio at the beginning of each calendar year and adds properties that were owned at the beginning of the previous year. Properties that are held-for-sale or that have been sold are excluded from the Same Store portfolio. However, notwithstanding the foregoing, for the three months ended June 30, 2021, Evergreen at Coursey Place, which was sold on June 29, 2021, was included since the property's operations contributed almost an entire quarter of activity. The Company believes this is helpful when comparing to prior period results.

Total Gross Assets

Total Gross Assets equals total assets plus accumulated depreciation and amortization, including fully depreciated real estate assets that are still in service. The following table provides a reconciliation of total assets to total gross assets.

(Dollars in thousands)

| | As of | | |
|--------------------------------|---------------------|---------------------|---------------------|
| | June 30, 2021 | June 30, 2020 | March 31, 2021 |
| Total assets | \$ 2,495,580 | \$ 1,963,927 | \$ 2,522,863 |
| Plus: accumulated depreciation | 304,558 | 418,475 | 295,862 |
| Plus: accumulated amortization | 33,373 | 48,971 | 30,069 |
| Total gross assets | \$ 2,833,511 | \$ 2,431,373 | \$ 2,848,794 |