



JBG SMITH

WASHINGTON
HOUSING
INITIATIVE
IMPACT POOL



2021 IMPACT REPORT

THE WASHINGTON HOUSING INITIATIVE IMPACT POOL: INVESTMENT CAPITAL THAT WORKS FOR **EVERYONE**.

The Impact Pool is a private investment vehicle that provides the financing to preserve affordable multifamily housing for local workers, who are the lifeblood of their communities. Managed by JBG SMITH Impact Manager, a subsidiary of JBG SMITH Properties, the Impact Pool has raised nearly \$115 million in investor commitments.

As of the end of 2021, the Washington Housing Initiative Impact Pool has provided a total of \$55.8 million in financing for the creation and preservation of approximately 1,610 affordable workforce housing units.

KEY PRINCIPLES



Focus on High-Impact Locations



Commit to Long-Term Affordability



Invest at Scale with Speed, Certainty, & Flexibility

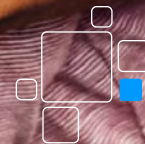


Sustain and Strengthen Inclusive Communities



Build a Replicable Model that Can be Used by Other Communities

High-Impact Locations are defined as neighborhoods that are relatively low-cost today, but are susceptible to increased private investments that lead to rapidly rising housing that price out working families from their communities. These are areas where the Impact Pool can produce the most impact by investing in properties to maintain affordable rents, allowing residents to benefit from improvements in schools, neighborhood services, and transit, while still yielding attractive returns for investors.



RESPONSIBLE INVESTMENTS MADE IN LINE WITH GLOBAL FRAMEWORKS

Investments from the Impact Pool are designed to generate more than just financial gains. Our investments measure and support social and environmental impacts using the IRIS framework developed by the Global Impact Investing Network (GIIN). The GIIN defines impact investments as, “investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return¹.”

Projects funded with Impact Pool capital commit to:

- Accept affordability covenants
- Support critical neighborhood resident services
- Re-invest a portion of the profits in affordability and impact
- Measure and track social and environmental outcomes



¹ <https://thegiin.org/impact-investing/need-to-know/#what-is-impact-investing>

Impact Pool investments align with the following UN Sustainable Development Goals (SDGs):



GOOD HEALTH AND WELL-BEING

- SDG Target 3.9



INDUSTRY, INNOVATION, AND INFRASTRUCTURE

- SDG Target 9.4



CLEAN WATER AND SANITATION

- SDG Target 6.4



SUSTAINABLE CITIES & COMMUNITIES

- SDG Target 11.1
- SDG Target 11.2
- SDG Target 11.3
- SDG Target 11.6



AFFORDABLE & CLEAN ENERGY

- SDG Target 7.1
- SDG Target 7.2
- SDG Target 7.3



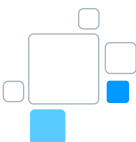
RESPONSIBLE CONSUMPTION AND PRODUCTION

- SDG Target 12.4



In alignment with the Global Impact Investing Network (GIIN), all investments measure and report the following information annually:

- 1 Rent savings vs. market rates (PI1748)
- 2 Number of households served below 60% - 80% AMI (PD5833)
- 3 Energy purchased/produced: total (OI8825) and renewable (OI3324)
- 4 Annual waste recycled (OI2535)
- 5 Annual greenhouse gas emissions- scope 1 and scope 2 (OI1479)



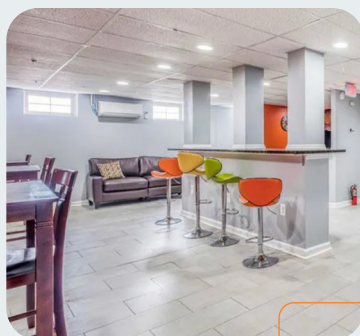
WASHINGTON HOUSING INITIATIVE IMPACT POOL 2021 **ACHIEVEMENTS**

- **Provided \$34 million in financing for the preservation of approximately 459 multifamily units.**



- **Hamilton Manor**

Provided an \$8.6 million mezzanine loan to the Washington Housing Conservancy and NHT Communities for the acquisition of a 245-unit apartment complex located in Hyattsville, Maryland. The transaction created 184 units of committed affordable housing – 98 units for those earning 60% of area median income (AMI) or less and 184 units for those earning 80% of AMI or less – and is protected via a 20-year covenant.



- **Huntwood Courts**

Provided a \$25.4 million bridge loan to the Washington Housing Conservancy for its first acquisition in DC, a 214-unit multifamily building located in the Deanwood neighborhood of Northeast, Washington, DC. The transaction preserves all 214 units as committed affordable housing – 170 units for those earning 60% of AMI or less – and is protected via a 15-year covenant.

- **Inclusive Property Management:** In consultation with the National Initiative on Mixed-Income Communities at Case-Western Reserve University and the Washington Housing Conservancy (WHC), JBG SMITH completed the first phase of the social impact strategy to include the following property management strategies:



Advancing racial equity and inclusion by committing to an antiracist approach to property management.



Aiming for universal quality by creating highly sought-after buildings and communities.



Maximizing tenant choice and voice by assisting in their housing search.



Focusing on the long-term by maintaining focus on strategic innovation and data-oriented decision making.



Advocating for trust and respect by promoting practices that build such among tenants and the community as a whole.

- **Resident Credit Building:** Partnered with Esusu, a platform that allows renters to report their rental payments to major credit bureaus and boost their credit scores. The platform helps WHI tenants improve their financial health and stability and is currently available to tenants at Crystal House and Hamilton Manor. The Esusu platform will become available to tenants at other WHI properties in 2022.
- **Rent Relief:** Facilitated a \$1 million rent relief fund to support tenants at WHI properties. These funds help residents experiencing short-term financial hardship access critical support to ensure they can remain in their homes. Additionally, the property management teams connected residents with local rent relief and other support programs during the pandemic, through which over \$440,000 in relief was provided to residents.



PROMOTING **INCLUSIVE COMMUNITIES** AND **ECONOMIC EQUITY** BY OFFERING AFFORDABLE HOUSING IN HIGH-IMPACT LOCATIONS

- On average, renters in WHI properties save \$276/month (**15%**) on rent compared to the market.
- For low-income² renters, the average savings is \$327/month (**20%**).
- For moderate-income³ renters, the average savings is \$219/month (**11%**).

2021 WHI RENT SAVINGS

	NUMBER OF UNITS	AVERAGE AFFORDABLE RENT ⁴	AVERAGE MARKET RENT ⁵	VARIANCE (\$)	VARIANCE (%)
Total Low-Income	711	\$1,304	\$1,631	(\$327)	-20%
Total Moderate-Income	628	\$1,828	\$2,047	(\$219)	-11%
Total ⁶	1,339	\$1,550	\$1,826	(\$276)	-15%



² 60% or less of AMI

³ 80% or less of AMI

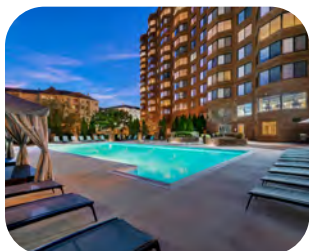
⁴ Affordable rents based on designated affordability (AMI) level as of 12/31/21.

⁵ Market rents based on comp set for each property as of 12/31/21.

⁶ 528 units have been income verified for residents earning 80% of AMI and below as of 12/31/21.



2021 AFFORDABILITY **ACHIEVEMENTS**



PARKSTONE ALEXANDRIA

- 305 units (94%) at the property have rents affordable to households earning 80% of AMI or less.



CRYSTAL HOUSE

- 547 units (66%) at the property have rents affordable to households earning 80% of AMI or less.



HAMILTON MANOR

- 245 units (100%) at the property have rents affordable to households earning 80% of AMI or less.



HUNTWOOD COURTS

- 214 units (100%) at the property have rents affordable to households earning 80% of AMI or less.



SOCIAL IMPACT INVESTMENT IN ACTION AT CRYSTAL HOUSE

Crystal House was a pivotal transaction. The 825-unit building is located in the heart of National Landing, just blocks from Amazon's HQ2. With funding from the Impact Pool and Amazon's Housing Equity Fund, the Washington Housing Conservancy (WHC) closed on the \$350 million property in just over two months. The property is managed by JBG SMITH.

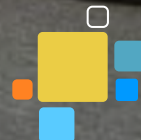
As a result of the Impact Pool's investment, an affordability program is being implemented to create 619 units (75%) of committed affordable housing in National Landing for those earning \$85,000 or less per year, or 80% of AMI or less, by way of Crystal House. Of those units, 165 (20% of the total) are affordable for residents earning 50% of AMI or less. A 99-year covenant ensures long-term affordability for residents.

- Crystal House offers low- and moderate-income residents savings of approximately \$260/month on rent compared to market rents in National Landing.
- JBG SMITH provides property management for WHC and plans to implement over \$15 million in upgrades to building systems over the next 10 years.
- JBG SMITH and WHC use the following inclusive property management tools at Crystal House:
 - Developed an advisory team for WHC that can help advance the social impact strategy across Crystal House and other WHI properties.
 - Created "Humans of Crystal House," where residents sit for a group interview to deliberate on an experience or observation, fostering camaraderie.
 - Engaged residents by planning and hosting events, such as watch parties, designed to promote relationship-building among residents.
 - Recruited social impact managers who are employees of JBG SMITH and are responsible for helping to advance the social impact strategy to enable all residents to achieve housing stability and economic mobility at Crystal House and other WHC properties.
 - Implemented a technology pilot strategy to focus on strategic communications for social impact.

HUMANS OF CRYSTAL HOUSE

"It takes a village for personal growth, personal wealth, emotional support, even self-care – and thanks to my fellow residents and management team at Crystal House, I have found my village."

Danny Rodriguez,
a resident at Crystal House




REDUCING THE NEGATIVE ENVIRONMENTAL IMPACTS OF THE BUILT ENVIRONMENT


Extending the useful lives of buildings through long-term capital investments, rather than redevelopment, reduces the generation of new “embodied carbon” emissions, which result from materials and construction processes throughout the entire lifecycle of a building. The embodied carbon of building materials used during construction account for nearly half of a building’s lifetime carbon emissions.


JBG SMITH conducted a study to measure the amount of avoided embodied carbon emissions from reusing each of the four WHI buildings.


WHI Asset	Embodied Carbon Avoided (MtCO ₂ e)
Crystal House	34,676
Parkstone	15,304
Hamilton Manor	8,918
Huntwood Courts	7,664


In total, extending the useful life of these buildings has saved **66,561** metric tons of CO₂ emissions, equivalent to:

**14,476** passenger vehicles removed from the road for one year

**8,016** homes energy consumption for one year

**13** wind turbines running for one year

**2.5 million** incandescent lamps switched to LEDs

**1.1 million** tree seedlings grown for 10 years

CASE STUDY: ENERGY AUDIT AT HUNTWOOD COURTS

The Impact Pool conducts an energy audit of every potential investment as part of its due diligence review. At Huntwood Courts, an ASHRAE Level II Energy Audit was completed with the objective of assessing the operation, programming, functionality, physical condition, and maintenance status of the utility consuming systems (mechanical, electrical, and plumbing), and recommending Energy Conservation Measures (ECMs) and Water Conservation Measures (WCMs) that will benefit the environment and the residents.

Huntwood Courts Energy Audit Process

Huntwood Courts, a 2021 Impact Pool investment, consists of three 4-story buildings built in 1951.

STEP 1

Review and Document – The building’s operations were reviewed and documented to identify areas where the building did not operate as intended or where more efficient equipment or techniques could be applied. The lighting systems, HVAC, and plumbing fixtures were identified as critical improvement areas.

STEP 2

Property Visit – EBI Consulting visited the property to review mechanical systems, identify utility uses, verify proper operations, and to interview the building’s property management team to gather historical data on the building systems.

STEP 3

Data Collection and Review – EBI reviewed the collected data and assembled a list of recommendations to reduce energy and water consumption.

STEP 4

Cost Estimates – EBI developed calculations and cost estimates for each potential energy/water project.

EBI Consulting identified a total of sixteen energy and water conservation measures with the expected capital investment, annual cost savings, electric savings, gas savings, and water savings. These conservation measures will be implemented as part of the asset’s capital plan.



ENVIRONMENTAL PERFORMANCE METRICS

ENERGY

ABSOLUTE ENERGY CONSUMPTION		
	TOTAL 2021 (MWH)	DATA COVERAGE (SF)
Parkstone	6,705	329,454
Crystal House	11,474	746,503
Hamilton Manor	6,232	194,126
Huntwood Court	4,077	165,000
Total	28,488	1,435,083

WATER

ABSOLUTE WATER CONSUMPTION		
	TOTAL 2021 (KGAL)	DATA COVERAGE (SF)
Parkstone	16,901	329,454
Crystal House	32,312	746,503
Hamilton Manor	19,658	194,126
Huntwood Court	11,574	165,000
Total	80,445	1,435,083

WASTE

WASTE DIVERSION			
	TOTAL WASTE WEIGHT (US TONS)	LANDFILLED WASTE (US TONS)	DIVERTED WASTE FROM LANDFILL (%)
Parkstone	1,123	1,106	1.5%
Crystal House	3,003	2,866	4.7%
Hamilton Manor	545	538	1.3%
Huntwood Court	160	154	3.8%
Total	4,831	4,664	3.5%



CARBON ACCOUNTING



4.87 kgCO₂e/SF — Carbon Emissions Per Square Foot
(Scope 1, 2, and 3)

2021 ABSOLUTE GHG EMISSIONS	
	2021 CO ₂ e (MT)
Scope 1	3,036
Scope 2	3,682
Scope 3	270
Total	6,987

Scope 1 – **Direct** greenhouse gas emissions from fuels burned on-site (e.g., natural gas, diesel fuel oil)

Scope 2 – **Indirect** greenhouse gas emissions from energy purchased and generated off-site but used by base building and master metered systems (e.g., electricity, steam)

Scope 3 – **Indirect** greenhouse gas emissions generated by producing energy controlled by others (e.g., multifamily and retail tenants that pay their own utility bills)

CO₂e – Carbon Dioxide Equivalent (CO₂e) is a single metric to account for the global warming potential of all greenhouse gases (methane, nitrous oxide, etc.) relative to carbon dioxide.

Scope 1 and Scope 2 emissions reported reflect both master metered resident usage, as well as the company's own usage.

In 2021, scope 3 emissions were calculated in one asset, where residents are individually metered.



INDEPENDENT THIRD-PARTY VERIFICATION

CODE GREEN

GHG Data Verification

From: Haley Keyko, Justin Stephens, CodeGreen Solutions
To: Kimberly Pexton, JBG SMITH WHI Portfolio
Date: May 6, 2022
RE: Third Party Verification – Limited Assurance

Scope

CodeGreen Solutions has conducted an independent third-party review of JBG SMITH WHI Portfolio's 2021 greenhouse gas inventory with the intention of providing Limited Assurance of the submission's accuracy and completeness. The scope of the review includes all Scope 1, Scope 2, and Scope 3 emissions sources, as it applies to the selected reporting boundary of US operations under operational control.

The objective of this Limited Assurance is to confirm data, controls, and processes supporting the greenhouse gas (GHG) emission calculations per JBG SMITH WHI Portfolio's GHG assertion according to the procedures set out in ISO 14064-3. The goal is to provide Limited Assurance using an independent third-party team within CodeGreen Solutions.

The scope included verification of all properties in the portfolio. This statement should not be relied upon to detect all errors, omissions, or misstatements that may exist.

Level of Assurance

Level of assurance is used to determine the depth of detail that a Verification Body designs into the Verification Plan to determine if there are material errors, omissions, or misstatements in a company's GHG assertions. Three levels of review are generally recognized – Reasonable Assurance, Limited Assurance, and Checked Review. Reasonable Assurance generates the highest level of confidence that an emissions report is materially correct (with the exception of Absolute Assurance which is generally impractical for companies to achieve). Limited Assurance provides less confidence and involves less detailed examination of GHG data and supporting documentation. Checked Review is a third-party review of data that does not comply with the definition of assurance/verification but does offer a review of data accuracy and completeness. CodeGreen's verification of JBG SMITH WHI Portfolio's GHG Emissions Inventory for calendar year 2021 was constructed to provide Limited Assurance.

Roles and Responsibilities

CodeGreen assigned an independent internal team to perform Limited Assurance in accordance with ISO 14064-3 International Standard. The internal team performing this review has not contributed to the compilation of the JBG SMITH WHI Portfolio's 2021 performance summary. The verification team was chosen based on their competencies in understanding and calculating organizational greenhouse gas emissions, and in evaluating the effectiveness and accuracy of these statements. The GHG statement presented herein is the responsibility of the verification team.

Additionally, an independent review of the verification plan, activities, and conclusion was performed. The independent review assessed the appropriateness of team competencies, whether the verification plan has been designed properly, whether all verification activities have been completed, significant decisions made during the verification, whether sufficient and appropriate evidence was collected to support the verification opinion, adherence to the ISO 14064-3 standard, and the final verification opinion.

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CODE GREEN

Methodology

We completed our review in accordance with the ISO 14064 Part 3: Greenhouse Gases: Specification with guidance for the validation and verification of greenhouse gas assertions (ISO, 2019). As such, we planned and performed our work in order to provide Limited Assurance, rather than Reasonable Assurance or Externally Checked Review, with respect to the GHG assertion. We believe our work provides a reasonable basis for our conclusion.

Data Set	Review Level	Date Range
Energy Consumption	Limited Assurance	Jan 1, 2021 – December 31, 2021
GHG Emissions	Limited Assurance	Jan 1, 2021 – December 31, 2021
Water Consumption	Limited Assurance	Jan 1, 2021 – December 31, 2021

A materiality level of 5% was applied. The processes for performing the Limited Assurance of the submission are described as follows:

Energy Consumption Data

CodeGreen has reviewed data entered into ENERGY STAR Portfolio Manager to ensure energy consumption totals are reasonably accurate and complete. Missing data and assumptions have been reported back to JBG SMITH WHI Portfolio and outlined within the survey response where applicable. CodeGreen reviewed tenant meter information from other sources to ensure energy consumption was accurately allocated throughout the portfolio to a reasonable degree. Based on CodeGreen's Limited Assurance review, there is no evidence indicating that the 2021 data are not reasonably accurate and complete.

GHG Emissions Data

CodeGreen has reviewed applicable data and worked with JBG SMITH WHI Portfolio to prepare a GHG inventory following GHG Protocol Corporate Account and Reporting Standard: Revised Edition guidelines. CodeGreen reviewed energy consumption data utilizing ENERGY STAR Portfolio Manager data and reported tenant meter data to ensure reasonably proper allocation of Scope 1, 2, and 3 emissions. Emissions factors and Global Warming Potentials were also verified. Based on CodeGreen's Limited Assurance review, there is no evidence indicating that the 2021 data are not reasonably accurate and complete.

Water Consumption Data

CodeGreen has reviewed water data from ENERGY STAR Portfolio Manager and utility bills. CodeGreen worked with JBG SMITH WHI Portfolio to calculate absolute water consumption data for their portfolio of assets. Based on CodeGreen's Limited Assurance review, there is no evidence indicating that the 2021 data are not reasonably accurate and complete.

Exclusions and Incomplete Data

Some exclusions and incomplete data do exist. Exclusions such as unavailable data, partial data coverage by area, and partial data by time period have been identified and discussed with JBG Smith. There is also inconsistency in the availability of tenant data. Where available, tenant data has been included separately and identified as such. Where not available, data have been listed as "Whole Building" and base building versus tenant data are not distinguished. In cases where tenant data is included, this data

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INDEPENDENT THIRD-PARTY VERIFICATION

CODE GREEN

have been reviewed to assure that all tenants within the asset are accounted for. Therefore, the tenant data included reflects only what was reported and available by JBG SMITH WHI Portfolio. Some estimates are included for energy, and water, and therefore, GHG emissions. Estimates include minor filling of gaps in data and other that are within reasonable, industry-accepted norms.

Summary of Assertion

Assurance Parameters	Verification Approach
Level of Assurance	Limited Assurance
Organizational Boundary	JBG SMITH WHI Portfolio Assets under Operational Control
Geographic Boundary	USA
Inventory Period	January 1, 2021 – December 31, 2021
Scopes Covered	Scope 1, Scope 2, Scope 3
Emissions Covered	CO ₂ , N ₂ O, CH ₄
Protocols used for GHG Data Review	WRI's Greenhouse Gas Protocol
Risks Analyzed	Occurrence, Completeness, Accuracy, Cut-Off, Classification
Types of Energy Sources Covered (Emissions Activities)	Whole Building and Tenant Sub-metered/Direct Metered Electricity, Natural Gas, Fuel Oil
Types of Water Sources Covered	Whole Building Domestic Water
Types of Waste Sources Covered	Whole Building Total Generated Waste, Total Landfilled Waste, Total Recycled Waste
Assurance Criteria used for Verification Process	ISO 14064-3: Greenhouse gases -- Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions (2019)

Verification Opinion

Based on our Limited Assurance review of the organizational emission for JBG SMITH WHI Portfolio from January 1, 2021 to December 31, 2021, nothing has come to our attention which causes us to believe that the energy, water, waste, and GHG assertion for 2021 data is not presented fairly in accordance with the relevant criteria. The emission estimates were calculated in a consistent and transparent manner and were found to be a reasonably fair and accurate representation of the JBG SMITH WHI Portfolio actual usage.

CodeGreen has verified a total of:

- 6,987 metric tons of CO₂ equivalent (CO₂e) emissions
- 28,488,023.71 kWh of energy consumption
- 80,445 kGal of water consumption

Based on the processes and procedures conducted, there is no evidence that the GHG statement:

- Is not materially correct
- Is not a fair representation of the GHG data

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- Has not been prepared in accordance with the Greenhouse Gas Protocol

Attestation:

Justin Stephens

Justin Stephens, DevOps Administrator

CODE GREEN

Haley Keyko

Haley Keyko, Associate Director

CODE GREEN

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