JBG SMITH

WASHINGTON HOUSING INITIATIVE IMPACT POOL

2022 IMPACT REPORT

THE WASHINGTON HOUSING INITIATIVE IMPACT POOL GENERATES REAL **LOCAL IMPACT** THROUGH INTENTIONAL AND COLLABORATIVE **INVESTMENTS.**

To date, the Impact Pool has provided more than $65 million in financing for the preservation of 2,565 housing units.

Managed by a subsidiary of JBG SMITH Properties, the Impact Pool is a $115 million investment vehicle that leverages private capital to provide essential workers like teachers, nurses, first responders, and their families with access to high-quality housing in amenity-rich neighborhoods near schools, public transportation, and job opportunities.

THE IMPACT POOL IS GUIDED BY OUR FIVE KEY PRINCIPLES

- **Focus** on high-impact neighborhoods
- **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

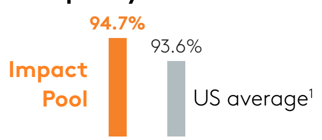
High-impact neighborhoods *are defined as well-resourced neighborhoods that are relatively low-cost today but are susceptible to increased private investments that lead to rapidly rising housing costs that price out working families from their communities. These are areas where the Impact Pool can produce 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.*

IMPACT POOL 2022 **ACHIEVEMENTS**

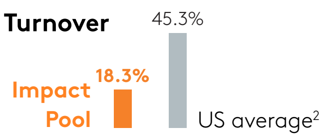
2022 represented a year of tremendous growth for the Washington Housing Initiative Impact Pool portfolio.

Acquired units
955

Occupancy



Turnover



Rent savings vs. market[3]
$326/month (16%)

Improved credit scores
266 residents have established credit scores and 1,975+ residents have improved their scores through our partnership with Esusu.

Rent relief funds
Facilitated $300,000 in rent relief funds to support residents at WHI properties

[1] Impact Pool portfolio vs. US multifamily average (2023 US Apartment Outlook, GreenStreet).
[2] Impact Pool portfolio vs. US multifamily average (2023 US Apartment Outlook, GreenStreet).
[3] "Market" is defined as the weighted average marketed rent as of 12/31/22 for comparable assets within each submarket.

In 2022, the Impact Pool provided over $50 million in financing to help acquire 955 multifamily units.

EARLE MANOR

Provided financing to the Washington Housing Conservancy and Montgomery Housing Partnership for their acquisition of Earle Manor, a 140-unit apartment complex located in Wheaton, Maryland. The transaction created 105 units of committed affordable housing – 70 units for residents earning 50% of area medium income (AMI) or less and 35 units for those earning 70% of AMI or less. The asset was the first use of the County's non-profit workforce housing Payment in Lieu of Taxes (PILOT) program, which provides a full abatement on County taxes. Affordability is guaranteed by a 20-year covenant.

THE GALE ECKINGTON

Partnered with the Jonathan Rose Companies to acquire The Gale Eckington, a 603-unit Class A apartment community located in the Eckington submarket of Washington, DC. The transaction created 350 units of committed affordable housing – 48 units for those earning 60% of AMI or less and 302 units for those earning 80% of AMI or less. Affordability is guaranteed by a 99-year covenant.

THE LOREE GRAND AT UNION PLACE

Provided financing to the Washington Housing Conservancy for their acquisition of The Loree Grand at Union Place, a 212-unit Class A apartment building located in the Union Market neighborhood of Washington, DC. The transaction preserved all 212 units as committed affordable housing – 159 units for those earning 80% of AMI or less and all remaining units for those earning 120% of AMI or less. Affordability is guaranteed by a 99-year covenant.

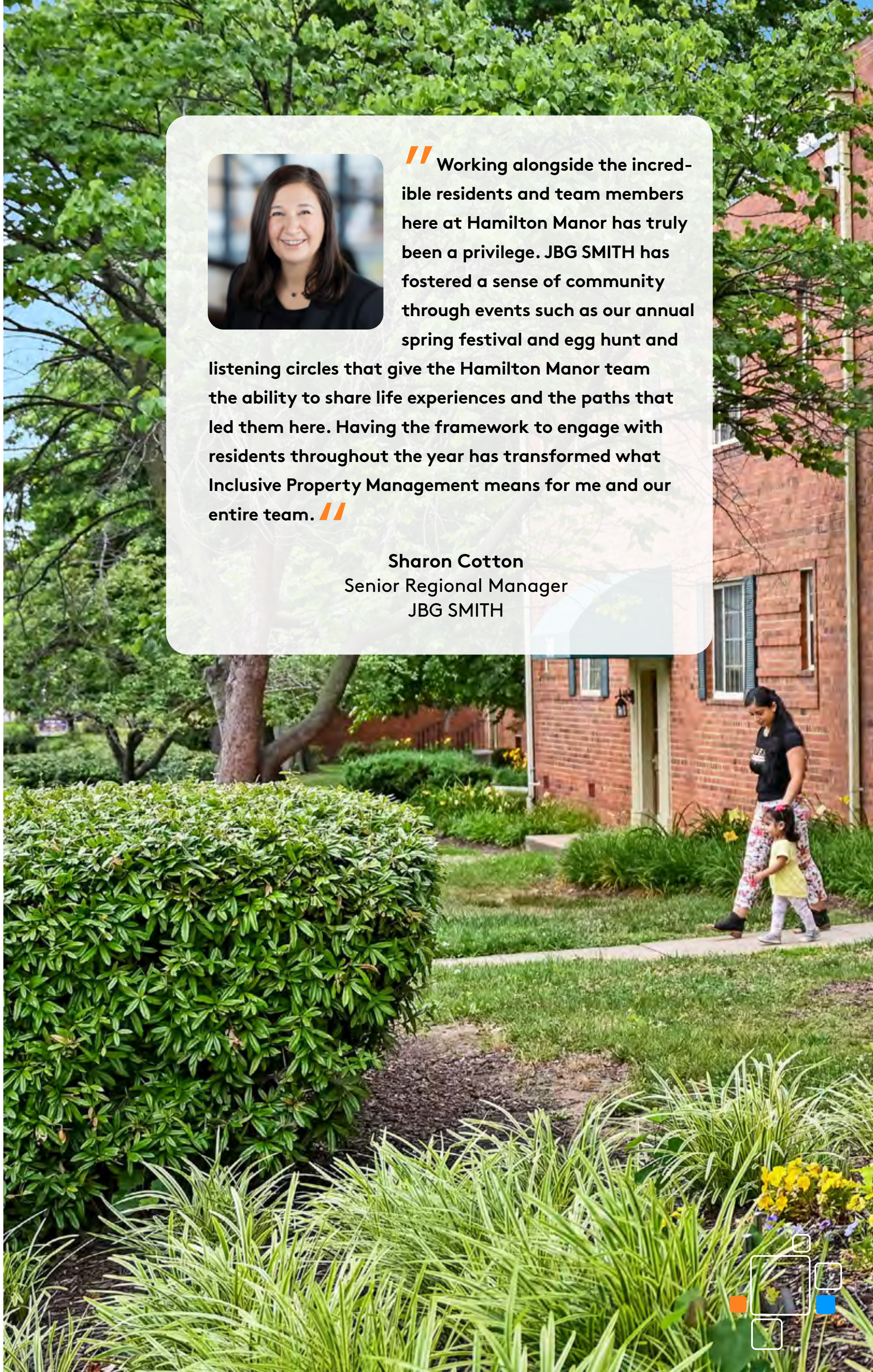
CASE STUDY

SOCIAL IMPACT **INVESTMENT IN ACTION** AT HAMILTON MANOR

In summer 2021, the Impact Pool provided financing to a joint venture between the Washington Housing Conservancy and National Housing Trust Communities to support their acquisition of Hamilton Manor, a 245-unit apartment community located in Hyattsville, Maryland. The community is centrally located in Prince George's County, the state's top job creator, and near retail amenities, two Metro stations, the University of Maryland, and downtown DC. Hamilton Manor offers residents a multi-generational neighborhood with high quality of life, diversity, and an abundance of community organizations.

The property, managed by JBG SMITH, has implemented an affordability program that creates 184 units of dedicated affordable housing for families earning 80% or less AMI in this fast-growing submarket. Of those units, 98 units (40%) are affordable for residents earning 60% of AMI or less.

- Hamilton Manor offers low- and moderate-income residents long-term affordability via a 20-year covenant.
- JBG SMITH and the owners used the following tools from our Inclusive Property Management framework to drive both operating stability and economic mobility for residents at Hamilton Manor:
  - Engaged four resident stewards to liaise with staff and residents to advance the social impact strategy at the property.
  - Hosted over 20 resident engagement pop-ups with staff & consultant-led activities, such as meet & greets and seasonal events, that attract upwards of 150 residents.
  - Established an onsite library for residents and their families.
  - Created a resident WhatsApp group in both English and Spanish as a way for the community to communicate and share resources.
  - Provided positive credit reporting through Esusu to help residents build financial strength, with 68 residents establishing a credit score and 218 residents improving their score.



"Working alongside the incredible residents and team members here at Hamilton Manor has truly been a privilege. JBG SMITH has fostered a sense of community through events such as our annual spring festival and egg hunt and listening circles that give the Hamilton Manor team the ability to share life experiences and the paths that led them here. Having the framework to engage with residents throughout the year has transformed what Inclusive Property Management means for me and our entire team."

Sharon Cotton
Senior Regional Manager
JBG SMITH

WE ARE COMMITTED TO **RESPONSIBLE PRACTICES** THAT MEET AND **EXCEED GLOBAL FRAMEWORKS**

Investments from the Impact Pool are designed to generate more than just financial gains. Impact Pool investments measure and support social and environmental impacts using the IRIS+ system, the generally accepted impact accounting system that leading impact investors use to measure, manage, and optimize impact. The IRIS+ system was developed, and is managed as a public good, by the Global Impact Investing Network (GIIN).

Projects funded with Impact Pool capital commit to:

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

The Impact Pool adheres to the IRIS+ Core Characteristics of Impact Investing which provide clear reference points and practical actions to establish the baseline expectations for impact investing :

- **Intentionality**
- **Use Evidence and Impact Data in Investment Design**
- **Manage Impact Performance**
- **Contribute to the Growth of the Industry**

IRIS+

In alignment with the IRIS+ Metrics, the following information is measured and reported annually, for each investment[5]:

1. Rent savings vs market rates **(Metric: PI1748)**
2. Number of households served below 60% - 80% AMI **(Metric: PD5833)**
3. Energy Purchased/Produced: total **(Metric: OI8825)** and renewable **(Metric: OI3324)**
4. Annual Waste Recycled **(Metric: OI2535)**
5. Annual Greenhouse Gas Emissions- scope 1 and scope 2 **(Metric: OI1479)**

In addition to the IRIS+ Metrics, the Impact Pool is aligned 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

[4] Source: https://iris.thegiin.org/core-characteristics-of-impact-investing/
[5] All metrics are measured and accounted in accordance with the IRIS+ Catalog of Metrics.

CASE STUDY

ECONOMIC BENEFITS THROUGH ESUSU

In 2022, the Impact Pool completed its first full year of partnership with Esusu, a rental payment reporting platform that aims to reduce financial hardships while promoting economic opportunities.

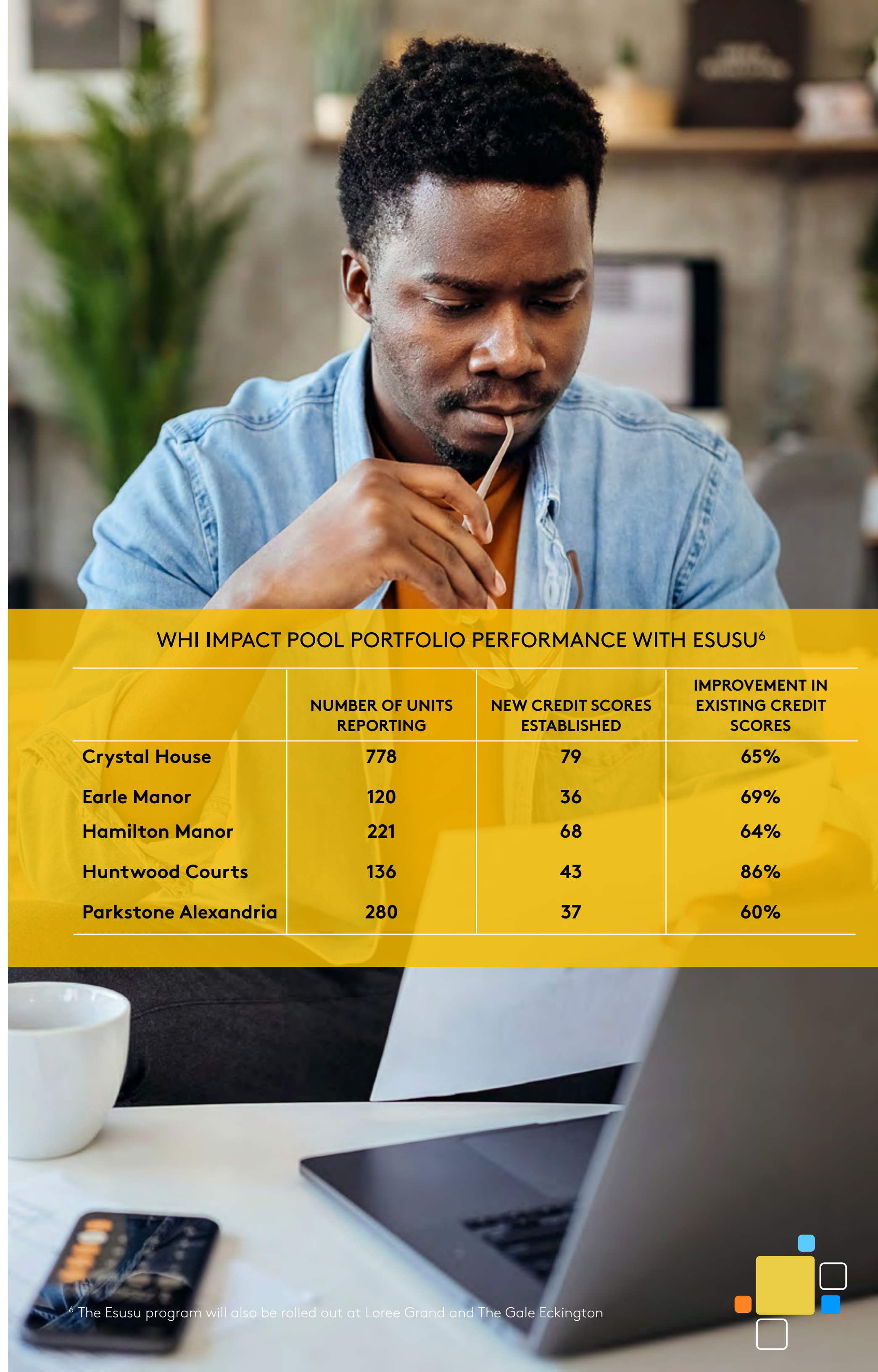
Through Esusu residents have the option to build their credit scores by reporting on-time monthly rental payments to all major credit bureaus. Users can also view and monitor their credit reports, track improvements, and gain access to financial resources. Residents experiencing financial difficulties can apply for interest-free rent relief loans and support. Esusu is utilized at every Impact Pool investment.

Esusu offers benefits to both residents and property owners:

- Increases resident retention
- Incentivizes on time monthly payments
- Builds financial sustainability and wellness through improved credit scores
- Offers rent relief access through 0% interest rental loans
- Offers standardized property management tools and services
- Strengthens property performance

Since the launch in August 2021:

- **2,123** units have participated
- **2,948** residents have participated
- **67%** improvement in credit scores
- **266** new credit scores established
- **$21,600** microloans deployed to **10** residents



WHI IMPACT POOL PORTFOLIO PERFORMANCE WITH ESUSU[6]

	NUMBER OF UNITS REPORTING	NEW CREDIT SCORES ESTABLISHED	IMPROVEMENT IN EXISTING CREDIT SCORES
Crystal House	778	79	65%
Earle Manor	120	36	69%
Hamilton Manor	221	68	64%
Huntwood Courts	136	43	86%
Parkstone Alexandria	280	37	60%

[6] The Esusu program will also be rolled out at Loree Grand and The Gale Eckington

ENABLING THE GROWTH OF **INCLUSIVE NEIGHBORHOODS** THAT PROVIDE ACCESS TO **ECONOMIC EQUITY**

- On average, renters in WHI properties save $326/month (**16%**) on rent compared to the market.
- For low-income[7] renters, the average savings is $370/month (**21%**).
- For moderate-income[8] renters, the average savings is $286/month (**13%**).

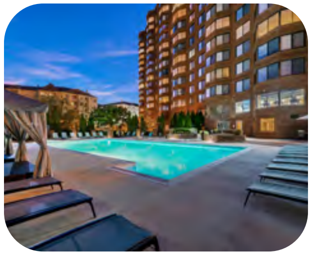
2022 WHI RENT SAVINGS

	NUMBER OF UNITS	AVERAGE AFFORDABLE RENT[9]	AVERAGE MARKET RENT[10]	VARIANCE ($)	VARIANCE (%)
Total Low-Income	965	$1,393	$1,764	($370)	(21%)
Total Moderate-Income	1,050	$1,936	$2,222	($286)	(13%)
Total	2,015	$1,676	$2,002	($326)	(16%)

Through the end of 2022, the Impact Pool has invested more than $65 million to acquire 2,565 housing units across seven properties. These efforts give community members ongoing access to affordable housing units and promote economic equity through housing security.

[7] 60% or less of AMI
[8] 80% of less of AMI
[9] Affordable rents based on designated affordability (AMI) level as of 12/31/22.
[10] Market rents based on comp set for each property as of 12/31/22

2022 AFFORDABILITY **ACHIEVEMENTS**



PARKSTONE ALEXANDRIA

313 units (96%) at the property have rents affordable to households earning 80% of AMI or less.

EARLE MANOR

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

CRYSTAL HOUSE

627 units (76%) at the property have rents affordable to households earning 80% of AMI or less.

THE GALE ECKINGTON

384 units (64%) at the property have rents affordable to households earning 80% of AMI or less.[11]

HAMILTON MANOR

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

THE LOREE GRAND

98 units (46%) at the property have rents affordable to households earning 80% of AMI of less.[12]

HUNTWOOD COURTS

214 units (100%) at the property have rents affordable to households 60% of AMI or less.

[11] The asset was acquired on December 15, 2022. The affordability program will be phased in over four years.
[12] The asset was acquired on December 21, 2022. The affordability program will be phased in over two years.

ENVIRONMENTAL **PERFORMANCE** METRICS

ENERGY

ABSOLUTE ENERGY CONSUMPTION		
	TOTAL 2022 (MWH)	DATA COVERAGE (SF)
Parkstone	7,109	329,454
Crystal House	13,376	746,503
Hamilton Manor	6,903	194,126
Huntwood Court	4,432	165,000
Earle Manor	2,069	135,000
Total	33,889	1,570,083

WATER

ABSOLUTE WATER CONSUMPTION		
	TOTAL 2022 (KGAL)	DATA COVERAGE (SF)
Parkstone	16,811	329,454
Crystal House	36,055	746,503
Hamilton Manor	18,798	194,126
Huntwood Court	10,467	165,000
Earle Manor	2,863	135,000
Total	84,993	1,570,083

WASTE

WASTE DIVERSION			
	TOTAL WASTE WEIGHT (US TONS)	LANDFILLED WASTE (US TONS)	DIVERTED WASTE FROM LANDFILL (%)
Parkstone	320	282.04	12%
Crystal House	1673	1324.13	21%
Hamilton Manor	580	557.88	4%
Huntwood Court	322	315.32	2%
Earle Manor	245	183.41	25%
Total	3,139.35	2,662.78	15.2%

CARBON ACCOUNTING

4.76 kgCO_2e/SF — Carbon Emissions Per Square Foot (Scope 1, 2, and 3)

2022 ABSOLUTE GHG EMISSIONS	
	2022 CO_2e (MT)
Scope 1	3,859
Scope 2	3,376
Scope 3	243
Total	7,478

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

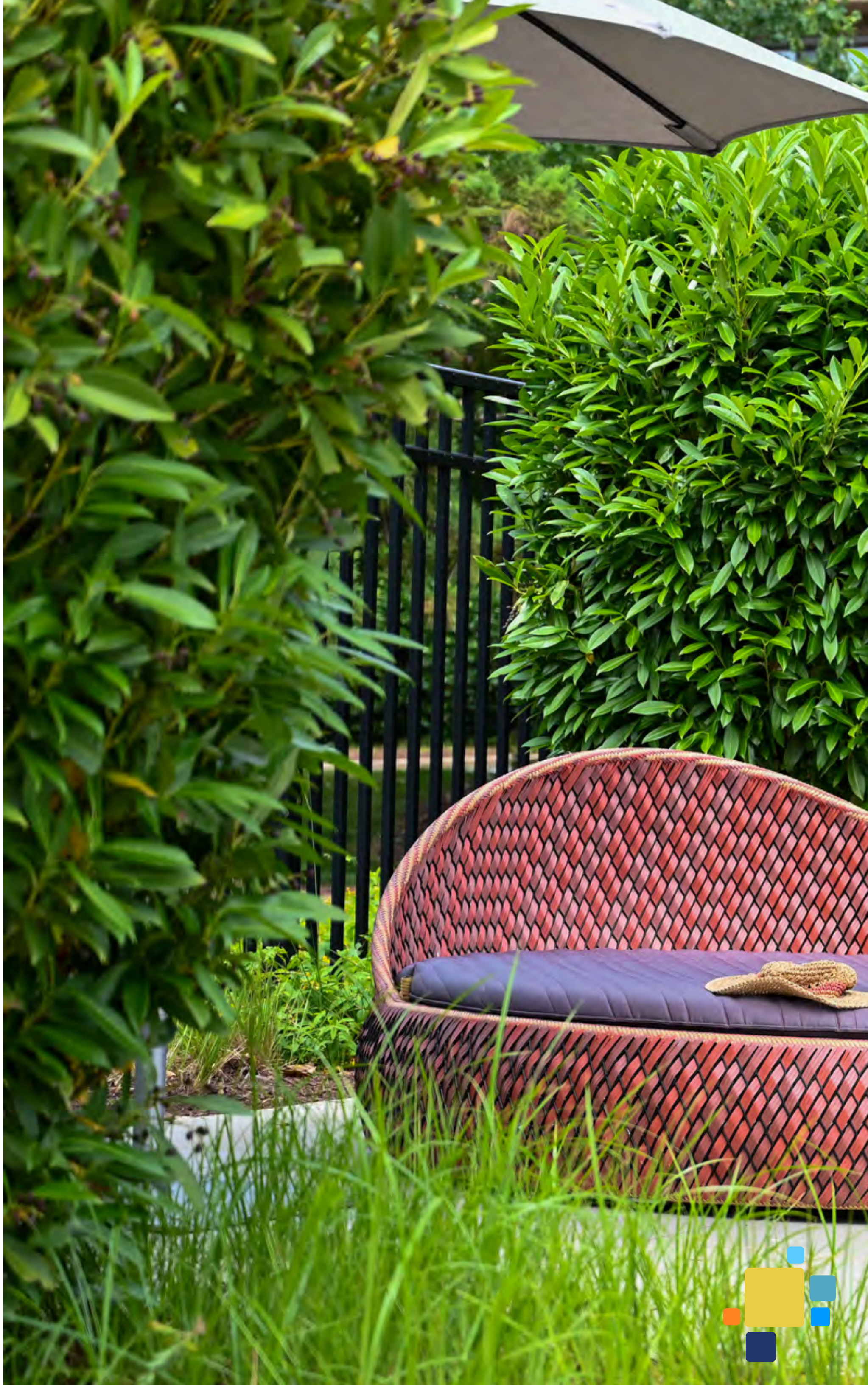
Scope 2 – **Indirect** greenhouse gas emissions from energy purchased and generated off-site but used by base building and master metered systems (e.g., electricity, steam)

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

CO_2e – Carbon Dioxide Equivalent (CO_2e) is a single metric to account for the global warm¬ing 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 2022, scope 3 emissions were calculated in one asset, where residents are individually metered.



LRQA

LRQA Independent Assurance Statement

Relating to JBG Associate's Assertion for the Calendar Year 2022

This Assurance Statement has been prepared for JBG Associates, L.L.C in accordance with our contract.

Terms of Engagement

LRQA was commissioned by JBG Associates, L.L.C (JBGS) to provide independent assurance of its assertion ("the Inventory") for the calendar year 2022 against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using LRQA's verification procedure and ISO 14064 - Part 3 for greenhouse gas emissions.

Our assurance engagement covered JBGS operations and activities in North America and specifically the following requirements:

- Verifying conformance with:
  - JBGS' reporting methodologies for the selected datasets
  - World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (otherwise referred to as the WRI/WBCSD GHG Protocol) for the GHG data[1].
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
  - Direct (Scope 1), Energy Indirect (Scope 2) and Other Indirect (Scope 3) GHG emissions
  - Scope 3 GHG emissions verified only includes Category 13: Downstream Leased Assets for electricity used by residential properties
  - Water consumption
  - Waste generated
  - Green building square footage KPI
  - Washington Housing Initiative energy use, water consumption and waste generated only

LRQA's responsibility is only to JBGS. LRQA disclaims any liability or responsibility to others as explained in the end footnote. JBGS's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Inventory and for maintaining effective internal controls over the systems from which the Inventory is derived. Ultimately, the Inventory has been approved by, and remains the responsibility of JBGS.

LRQA's Opinion

Based on LRQA's approach, we believe that JBGS has, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable performance data and information as summarized in Table 1,2, & 3 below.

The opinion expressed is formed on the basis of a limited level of assurance[2] and at the materiality of the professional judgement of the verifier.

1. *http://www.ghgprotocol.org/*
2. The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LRQA

Table 1: Summary of JBGS's CY 2022 GHG Emissions for REIT[6] Portfolio

Scope of GHG emissions	Tonnes CO2e
Scope 1 Emissions	13,141
Scope 2 Emissions Location Based[1]	60,778
Scope 2 Emissions Market Based[1]	0
Scope 3 Emissions, Category 13: Downstream leased assets[2]	9,127

Note 1: Scope 2, Location-based and Market-based are defined in the GHG Protocol Scope 2 Guidance, 2015
Note 2: Scope 3, Category 13 is defined in the GHG Protocol Corporate Value Chain (Scope3) Accounting and Reporting Standards. Scope 3 Emissions are only for separately metered electricity purchased by residents for individual resident units, within Multifamily buildings.

Table 2: Summary of JBGS's CY 2022 Sustainability Data for REIT[6] Portfolio

Parameter	Quantity	Units
Energy Use – JBGS Electricity[3]	211,044	MWh
Energy Use – Natural Gas[4]	58,947	MWh
Energy Use – Residential Electricity[5]	31,032	MWh
Water Use	430,097	kGal
Waste - Landfill	7,719	US Tons
Waste - Recycled	4,515	US Tons
Waste - Composting	71.36	US Tons
Green building square footage KPI	11,764,283	Sq. Ft.
Purchased offsets for Scope 1 emissions	14,086	Tonnes CO_2e
Purchased renewable energy credits for Scope 2 emissions	243,645	MWh
Remaining renewable energy credits	32,601	MWh

Note 3: Excludes Resident Units in Multifamily buildings and Ground Floor Retail Units.
Note 4: Excludes Ground Floor Retail Unit.
Note 5: Includes Residential unit only (Scope 3).
Note: 6: Real Estate Investment Trust (REIT). Major portfolio consisting of commercial and multifamily properties.

Table 3: Summary of JBGS's Sustainability Data for WHI[7] Portfolio

Parameter	Quantity	Units
Energy Use – Electricity	12,593	MWh
Energy Use – Natural Gas	21,296	MWh
Water Use	84,993	kGal
Waste - Landfill	2,662	US Tons
Waste - Recycled	476	US Tons

Note 7: Washington Housing Initiative (WHI). Special portfolio consisting of only five properties.

LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- reviewing processes related to the control of GHG emissions and other sustainability data and records;
- interviewing relevant employees of the organization responsible for managing GHG emissions and other sustainability data and records;
- assessing JBGS' data management systems to confirm they are designed to prevent significant errors, omissions or mis-statements in the Inventory. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal quality control;
- verifying historical GHG emissions data and records at an aggregated level for the calendar year 2022; and
- verifying green building square footage KPI.

INDEPENDENT THIRD-PARTY **VERIFICATION**

The Inventory includes a deduction from JBGS' emissions of 14,086 tonnes CO_2e relating to offsets. We have verified that these offsets were acquired and that their inclusion in the Inventory is reasonable. We have not performed any assurance procedures regarding the providers of these offsets and express no opinion on whether they have, or will, result in a reduction of CO_2e.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Signed Dated: 11 April 2023

Neville Dias

Neville Dias
LRQA Lead Verifier
On behalf of LRQA, Inc.,
1330 Enclave Parkway, Suite 200 Houston, TX 77077

LRQA reference: UQA00002265 / 5806964