LEO IMPACT CAPITAL
A JBG SMITH COMPANY

Washington Housing Initiative | 2024 Impact Report

IMPACT POOL

LEO Impact Capital

LEO Impact Capital is an investment management platform dedicated to unlocking access to opportunity by acquiring, financing and operating multifamily housing in high impact neighborhoods to preserve affordability for middle-income residents – such as teachers, healthcare workers, first-responders, administrative professionals and other workers whose services are vital to thriving communities. LEO applies a double-bottom line impact framework to improve financial well-being for residents and deliver financial returns for investors. LEO Impact Capital is a subsidiary of JBG SMITH that utilizes the capacity and resources of its NYSE-listed parent company. More information can be found at **www.leoic.com.**

The Washington Housing Initiative Impact Pool

Unlocking Access to Opportunity for Residents and Stakeholders

Through 2024, the Impact Pool has committed more than $84 million for the preservation of over 3,000 affordable housing units, surpassing its goal of investing in 3,000 units by 2025.

Managed by LEO Impact Capital, the Impact Pool is an approximately $115 million investment vehicle that leverages private capital for the preservation and creation of high-quality housing affordable to missing middle renters who are priced out of homeownership – earning too much to qualify for housing subsidies, but not enough to afford market rents – in high impact neighborhoods across the Washington, DC metropolitan area.

LEO Impact Capital

is guided by our Impact Framework

EQUITY
create mixed-income communities in high impact neighborhoods*

ECONOMIC OPPORTUNITY
increase housing stability and residents' financial resilience

AFFORDABILITY
lower rent burden and prevent displacement of residents

TRANSPARENCY
collect and share high-quality data to drive better outcomes

***High impact neighborhoods** are defined as growing neighborhoods with below-average poverty rates, high levels of educational attainment, and proximity to employment, transportation & transit, and other amenities. 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.

Adherence to Global Frameworks

Elevates Our Impact Investing Practices

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 IRIS+, 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).

The Impact Pool adheres to the IRIS+ Core Characteristics of Impact Investing to provide clear reference points and practical actions to establish the baseline expectations for impact investing[1] :

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

In alignment with the IRIS+ Metrics, the following information is measured and reported annually for each investment[2]:

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)

IRIS+ Metrics used by the Impact Pool are aligned with the following **UN Sustainable Development Goals (SDGs)**

- SDG Target 3.9

- SDG Target 6.4

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

- SDG Target 9.4

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

- SDG Target 12.4

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

2024 Achievements

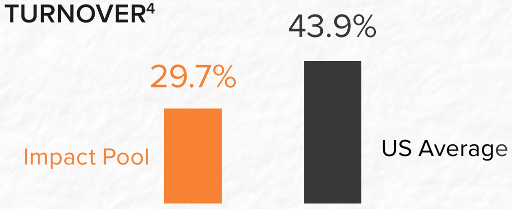
ACQUIRED UNITS
185

RENT SAVINGS VS. MARKET[3]
$272/month (13%)

RESIDENT-FOCUSED EVENTS
Coordinated approximately 3 events per month across our portfolio to facilitate resident engagement and community building.

IMPROVED CREDIT SCORES
2,600+ residents have established or improved their credit scores and 220+ residents moved from subprime (<660) to prime (>661) scores through our partnership with Esusu

TURNOVER[4]



In 2024, the Impact Pool invested $6 million to help its partner refinance 185 multifamily units.

Franklin Apartments

Provided financing to the Montgomery Housing Partnership (MHP) for the refinancing of Franklin Apartments, a 185-unit age-restricted housing community in Takoma Park, Maryland. The owner will continue to preserve affordability for all 185 units, with a minimum of 40% of the units set aside for households earning 60% of AMI or less and 75% set aside for households earning 80% of AMI or less.

Tax Exempt Bond Issuance

Closed on a $13 million tax-exempt bond issuance by the Montgomery County Revenue Authority to replace the Impact Pool's taxable mezzanine loans at Franklin Apartments and Earle Manor in a single issuance with the same terms.

[3] "Market" is defined as the weighted average marketed rent as of 12/31/23 for comparable assets within each submarket.
[4] Impact Pool portfolio vs. US multifamily average (2025 US Apartment Outlook, GreenStreet).

The Gale Eckington

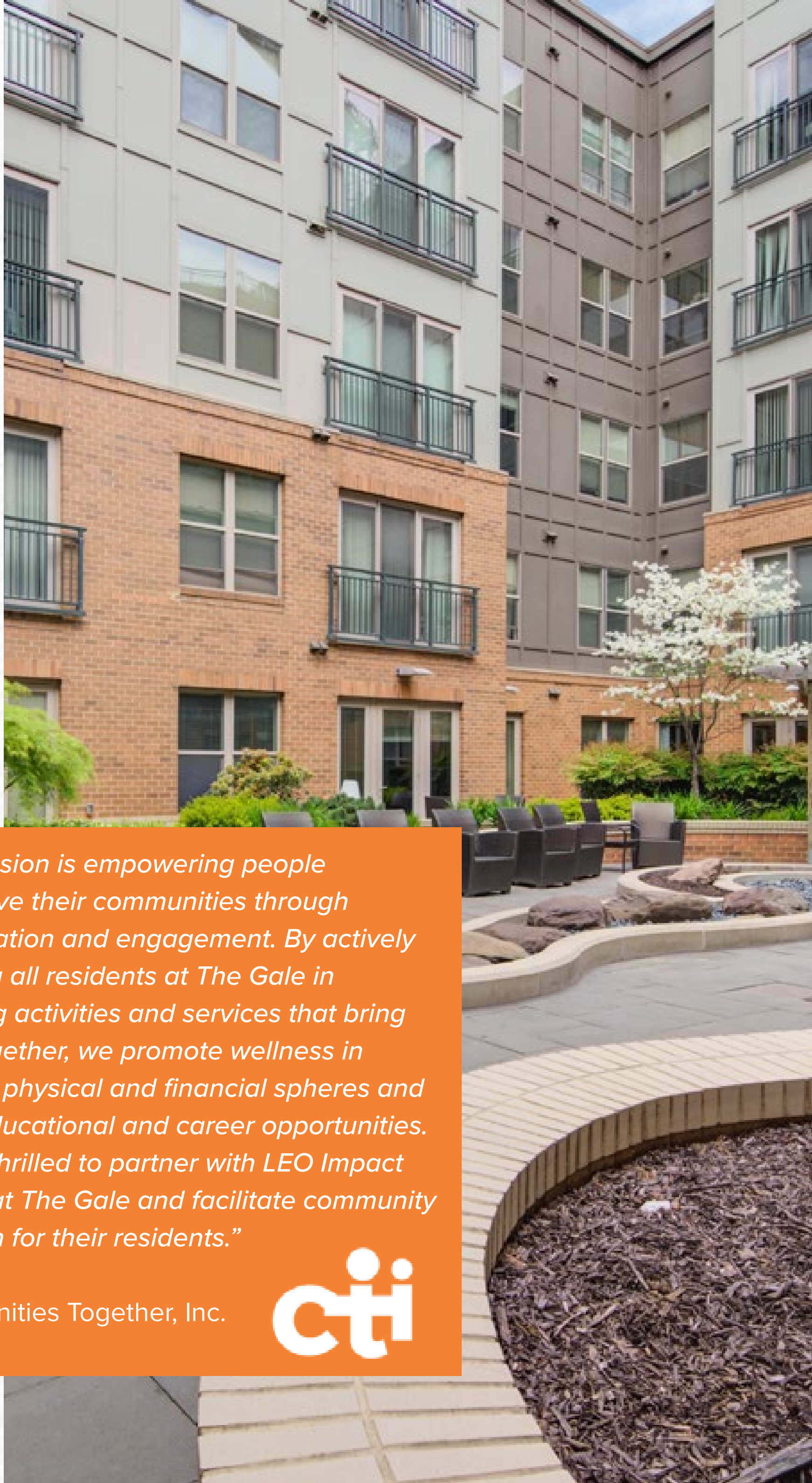
Impact Investment in Action

In December 2022, the Impact Pool partnered with the Jonathan Rose Companies to acquire The Gale Eckington, a 603-unit apartment community located in the Eckington/NoMa neighborhood of Washington, DC. The community is centrally located in a fast-growing submarket that has experienced significant growth due to its proximity to Union Market, H Street Corridor and easy access to Union Station (Amtrak & MARC trains). The joint venture has committed to preserving 350 units (58%) for residents earning 80% of AMI or less for 99 years, of which 48 units (8%) are for residents earning 60% of AMI or less.

The joint venture uses the following **inclusive property management tools** at The Gale:

- Provide positive credit reporting through Esusu to help residents build financial strength.
- In September 2024, partnered with Communities Together, Inc. (CTI) a third-party non-profit provider of community and resident engagement services. CTI serves over 9,000 residents in the DC metro area to help residents build wealth, health, self-reliance and community stewardship – reducing evictions, vacancies and delinquencies. CTI has a full CORES certification *(Certified organization for resident engagement services)* that signifies their use of best practices that can unlock additional funding and financing incentives for resident services.
    - In the first few months of the partnership, the team has hosted more than 10 events including meet & greets, wellness events, game nights, dance classes and holiday-themed parties.

CTI events are designed to build relationships among residents across socioeconomic lines, supporting our evidence-based impact strategy that recognizes social connectedness as essential for increased economic mobility over time.



“Our mission is empowering people to improve their communities through collaboration and engagement. By actively involving all residents at The Gale in enriching activities and services that bring them together, we promote wellness in both the physical and financial spheres and foster educational and career opportunities. We are thrilled to partner with LEO Impact Capital at The Gale and facilitate community cohesion for their residents.”

-Communities Together, Inc.

Economic Benefits

Through Esusu Case Study

The Impact Pool partners with Esusu, a rental payment reporting platform that aims to reduce financial hardships while promoting economic opportunities.

Esusu allows residents to build their credit scores by reporting on-time monthly rental payments to all major credit bureaus. Users can view and monitor their credit reports, track improvements, and gain access to financial resources. In addition, 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 MANAGERS:

- 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

OVERVIEW OF ESUSU'S PERFORMANCE ACROSS THE IMPACT POOL:

- **2,617** units are reporting
- **3,621** residents are reporting
- **250+** residents moved from subprime to prime credit scores
- **$26,100** emergency assistance loans to 12 residents

In 2024 alone...

- **59% of our residents saw an improvement in their credit scores**
- **330+ of our residents established a credit score for the first time**

Unlocking Access

to Opportunity in High Impact Neighborhoods

Through the end of 2024, the Impact Pool has invested more than $84 million in 3,018 housing units across nine properties. These investments leverage the importance of high impact neighborhoods to drive life-changing outcomes for residents and promote economic mobility through housing stability.

- On average, renters in Impact Pool properties **save $272/month (13%)** on rent compared to the market.
- For low-income renters, the average savings **$319/month (17%).**[5]
- For moderate-income renters, the average savings is **$199/month (8%).**[6]

2024 Impact Pool Rent Savings

	Number of Units	Average Affordable Rent	Average Market Rent	Variance ($)	Variance (%)
Total Low-Income	1,648	$1,522	$1,840	($319)	(17%)
Total Moderate-Income	1,063	$2,198	$2,397	($199)	(8%)
Total	**2,711**	**$1,787**	**$2,059**	**($272)**	**(13%)**

[5] 60% of AMI or less
[6] 80% of AMI or less

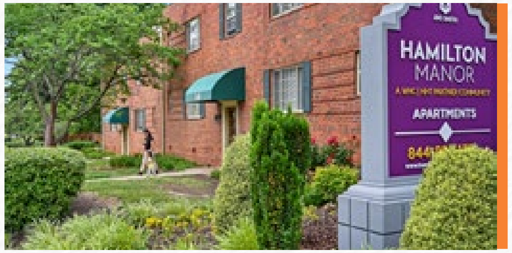
2024 Affordability Achievements

Parkstone Alexandria

321 units (98%) at the property have rents affordable to households earning 80% of AMI or less.

Crystal House

680 units (82%) 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 60% of AMI or less.

Earle Manor

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

The Gale Eckington

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

Loree Grand

127 units (60%) at the property have rents affordable to households earning 80% of AMI of less.

Falkland Chase

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

Franklin Apartments

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

Environmental Performance Metrics

LEO embeds sustainability throughout our portfolio, making capital investments to reduce buildings' environmental footprint, lower residents' utility costs, and enhance value. Our investments contribute progress toward at least six of the United Nations' Sustainable Development Goals, aligning our work to the world's most significant development priorities.

Absolute Energy Consumption

	Total 2024 (MWH)	Data Coverage (SF)
Crystal House	12,288	746,503
Earle Manor	2,502	135,000
Hamilton Manor	6,147	194,126
Huntwood Courts	3,652	165,000
Parkstone	6,443	375,547
Falkland Chase S.W.	2,906	242,097
Loree Grand	2,097	233,206
*The Gale Eckington	5,325	562,172
Total	41,360	2,653,651

Waste Diverstion

	Total Waste Weight (US Tons)	LANDFILLED WASTE (US TONS)	DIVERTED WASTE FROM LANDFILL (%)
Crystal House (I & II)	1,003	737	26%
Earle Manor	249	187	25%
Hamilton Manor	831	809	3%
Huntwood Courts	358	352	2%
Parkstone	332	305	8%
Falkland Chase S.W.	224	127	43%
Loree Grand	227	140	38%
*The Gale Eckington	107	60	44%
Total	3,331.83	2,718.18	18%

Absolute Water Consumption

	Total 2024 (KGAL)	Data Coverage (SF)
Crystal House (I & II)	33,085	746,503
Earle Manor	6,537	135,000
Hamilton Manor	20,118	194,126
Huntwood Courts	8,906	165,000
Parkstone	19,578	375,547
Falkland Chase S.W.	8,924	242,097
Loree Grand	9,774	233,206
*The Gale Eckington	20,610	562,172
Total	127,530	2,653,651

Carbon Accounting

4.76 KGCO2E/SF – CARBON EMISSIONS PER SQUARE FOOT

2024 Absolute GHG Emissions

	2023 CO2e (MT)
Scope 1	178
Scope 2	761
Scope 3	8,517
Total	9,456

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 2024, scope 3 emissions were calculated in one asset, where residents are individually metered.

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