A New Approach to Investing in Affordable Housing with Social and Environmental Benefits

The U.S. is facing an affordable housing crisis, with low-income families struggling to afford a home that is safe, healthy and connected to the resources they need: good schools, jobs that pay living wages, reliable transportation and high-quality health care.

The Kimpact Evergreen Real Estate Investment Fund ("Kimpact", or the "Fund") seeks to address this affordability and housing shortage by employing a triple bottom line strategy with social and environmental benefits. The Fund has a three-pronged approach to impact investing that: (1) provides quality affordable housing in desirable neighborhoods; (2) reduces building operating expenses and carbon footprint by maximizing operational efficiency; and (3) promotes positive social and community impact through tailored resident and community programs.

Kimpact’s approach is to purchase, own and manage affordable housing properties, with a focus on Low Income Housing Tax Credit (LIHTC), self-regulated market rate, manufactured housing and 55-and-over communities. Due to pervasive mismanagement by developers and owners, as well as a lack of funding by institutional investors, there is often an opportunity to purchase these properties at an attractive price along with potential to improve property condition and management.

The Fund targets an 8-14% net IRR and is currently structured as an open-ended fund with periodic opportunities for redemption*. Kimpact may be an attractive opportunity for investors pursuing a moderate-risk strategy that may require liquidity, and who wish to achieve meaningful impact to underserved communities.

Currently, Kimpact is invested in 26 properties and manages 5,054 units. All properties are running social programs spanning nutrition, health & wellness, financial literacy, career skills, outreach & education, and safety. Between March 2022 and March 2023, Kimpact had more than 50,000 participate in their social programs. In addition, the Fund has projected annualized energy savings of 1,694,466 kWh and reduction in water usage of 97,747,985 gallons — equivalent to 160 households’ energy usage and 100 households water usage per year, respectively.

ABOUT KAIROS INVESTMENT MANAGEMENT COMPANY

Kairos Investment Management Company ("Kairos") is an employee-owned, entrepreneurial real estate investment company. Kairos was established with a long-term orientation to focus on value-based real estate investments with favorable risk/reward characteristics, often with a contrarian investment approach. Since inception, Kairos has generated significant impact, and proven that social and environmental improvements are value add investments that are material to the investors’ overall total return. The Firm has deployed capital into more than $4B worth of property since its inception.

ABOUT THE VENTURE IMPACT PROGRAM (VIP)

VIP is an innovative way for MCF donors to engage in impact investing through philanthropy. Via a partnership with ImpactAssets — a market leader in impact investing – VIP enables philanthropic dollars to be directed towards both non-profit and for-profit companies that are seeking to make positive social or environmental impact.

For further information, contact Safia Kryger-Nelson at MCF, 415.464.2515 or skryger-nelson@marincf.org

* The Fund will convert to a real estate investment trust (REIT) at some point in the future.
## ImpactAssets | RISK RETURN MATRIX

<table>
<thead>
<tr>
<th>RISK LEVEL</th>
<th>HIGH RISK</th>
<th>MODERATE RISK</th>
<th>LOW RISK</th>
</tr>
</thead>
<tbody>
<tr>
<td>NON-MARKET RATE</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>NEAR-MARKET RATE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MARKET RATE</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## ImpactAssets | FUND SUMMARY

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>Real Estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>TARGET FUND SIZE</td>
<td>$2B+</td>
</tr>
<tr>
<td>TERM</td>
<td>Open-ended with quarterly liquidity: investors can submit requests to redeem their capital, with up to a 2-year lockup for full redemption. There is a 10% annual gate on the fund, meaning no more than 1/10 of total fund capital — across all investors — can be redeemed in any given year.</td>
</tr>
<tr>
<td>TARGET RETURN</td>
<td>8-14% net IRR, with approximately two-thirds from cash flow</td>
</tr>
<tr>
<td>IMPACT AREAS</td>
<td>Affordable housing, energy efficiency, community impact</td>
</tr>
</tbody>
</table>
| FUND MANAGER FEES | • 1% annual management fee  
• 20% carried interest over a 6% hurdle rate |
| INVESTMENT FEES | This recommendation will incur an additional fee of 0.40%. The fee is calculated on current asset basis. |
| INVESTMENT THESIS | • Purchase, own and manage affordable housing properties including low-income housing tax credit (LIHTC), self-regulated market rate, manufactured housing, and 55-and-over communities.  
• Obtain advantageous pricing terms in a diversified pool of real estate assets across the U.S. due to a lack of effective management, low occupancy, and/or being over-leveraged or undercapitalized. |
| GEOGRAPHY | United States |
| IMPACT THESIS | • Provide quality affordable housing to effect change and directly benefit the lives of tenants.  
• Improve the physical infrastructure of properties, making buildings more energy and resource efficient.  
• Promote positive social impact and community support through resident and community programs that improve quality of life and create a more cohesive community. Programs are tailored to the specific needs of residents to improve quality of life.  
• Social programs include job training & career development workshops, vaccination clinics, mental health support, financial literacy education courses, meal programs for children/seniors, provision of school supplies, tax preparation services, and first aid trainings. |
| STRENGTHS | • Multifaceted impact, employing a triple bottom line strategy that positively impacts both people and planet.  
• Established track record, as demonstrated by the net IRR of 17% for investors, above the Fund’s target return of 8-14% net IRR. This return has been inclusive of an average annual cash yield of -7%.  
• Offers investors periodic opportunities for redemptions.  
• Strategy of investing across both regulated and non-regulated properties integrates low-income tenants into market rate housing in desirable neighborhoods, a pioneering high impact approach in the industry. |
| RISKS | • Kairo management expects the Fund will convert to a REIT and potentially IPO, which could result in mission drift. This risk is mitigated by the Kimpact team’s explicit commitment to generating positive social change alongside financial returns and by the Fund’s robust impact framework which ensures that impact considerations are present throughout the due diligence of every new opportunity.  
• Investment Committee does not include any external members. Mitigating this risk is a 7-person Limited Partner Advisory Committee (LPAC) which includes 4 outside members. |
| ILLUSTRATIVE INVESTMENT | SEMINOLE RIDGE APARTMENTS  
Seminole Ridge is a 240-unit apartment complex based in Orlando, Florida. With 100% of units set aside for low-income renters (restricted to 60% of average median income), residents benefit from affordable housing as well as Kimpact’s social programs designed to increase quality of life and facilitate economic mobility. Specific programs include mobile food pantries, empowerment workshops, in-person job fairs, pro-bono tax preparation services, and a free rent reporting program that allows residents to quickly and easily build up their credit by paying their rent on time. |

LEGAL AND PROGRAM DISCLAIMER: This is not a solicitation to buy or sell securities, nor a private placement offering pursuant to any private placement memorandum that must be issued to qualified investors. It is an informational description of charitably oriented, social purpose investment options that have been approved by ImpactAssets only for use by its donors. The minimum commitment per account per option is $10,000. There is no guarantee of any recovery of capital. The Fund Manager has not approved the information contained in this Fund profile, including the assignment of risk ratings contained herein.