

Second-Party Opinion

Century Affordable Development Sustainability Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Century Affordable Development Sustainability Bond Framework is credible and impactful and aligns with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – Affordable Housing and Energy Efficiency – are aligned with those recognized by the Green Bond Principles and the Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive social impacts and advance the UN Sustainable Development Goals (“SDGs”), specifically SDGs 1, 7 and 10.



PROJECT EVALUATION / SELECTION Century CityView will use the net proceeds of the sustainability bonds to finance the acquisition of an affordable housing complex that has been rehabilitated with energy-efficient measures. The designated Project Manager will assess social and environmental risks associated with the project. Sustainalytics considers Century CityView’s risk management system to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Upon issuance, Century CityView, through direction provided to the Trustee, intends to deposit net bond proceeds into separate accounts for the acquisition of the selected project, a repair and replacement reserve fund to fund modest rehabilitation and ongoing maintenance, a debt service reserve fund, and for the cost of issuance. In this context, no commitments for ongoing management are required. Sustainalytics considers this to be in line with market practice.



REPORTING Century CityView intends to disclose upon settlement of the transaction the full amount allocated to the project. In addition, Century CityView has reported relevant impact metrics in the offering document and will disclose financial and operating results quarterly and annually via the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (EMMA) system pursuant to a continuing disclosure undertaking. Sustainalytics considers this to be in line with market practice.

Evaluation date	October 19, 2021
Issuer Location	Los Angeles, USA

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Introduction

Century Affordable Development, Inc. (“CADI”) is a 501(c)(3) nonprofit organization that is actively involved in the development and preservation of affordable housing throughout Southern California, with a focus on large-scale, multi-phased community-building projects. CADI and its affiliated entities (together, “Century”) engage in the financing, development, and operations of affordable multifamily housing targeted at low-income wage earners across California. CADI established Century CityView LP (“Century CityView”, or the “Borrower”), a single-purpose limited partnership¹ for the acquisition of CityView Apartments – an affordable housing property located in Long Beach, California, under the Sustainability Bond Framework. Century CityView has CADI as the sole managing member of its managing general partner

CADI has developed the Sustainability Bond Framework (the “Framework”), under which the California Municipal Finance Authority (the “Issuer”) will issue the 2021 Series A Bonds (the “Bonds”), and lend the proceeds to Century CityView to finance the acquisition of a project in line with its mission of preserving and providing quality affordable housing. The Framework defines eligibility criteria namely as:

1. Affordable Housing
2. Energy Efficiency

A description of the eligible project for the sustainability bond issuance is provided in Appendix 1.

In September 2021, CADI engaged Sustainalytics to review its Framework, dated October 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), and Social Bond Principles 2021 (SBP).² This Framework has been published in the bond offering document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.10, which is informed by market practice and Sustainalytics expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Century team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. CADI representatives have confirmed (1) they understand it is the sole responsibility of Century to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

¹ Century CityView LP, a newly-formed single purpose limited partnership, will be the borrower and purchaser of the CityView Apartments. Century CityView LP is comprised of CADI XIV LLC, the managing general partner, and Century Long Term Value Fund, LLC (“CLTVF”), the investor limited partner. CADI XIV LLC is a newly-formed limited liability company and has CADI as its sole and managing member. CLTVF is the investor limited partner and has Century Housing Corporation as the sole and managing member.

² The Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>.

³ Century confirmed that the Framework is included in the bond offering document.

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and CADI, as the sole managing member of the managing general partner of Century CityView.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of bond proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that CADI has made available to Sustainalytics for the purpose of this SPO.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Sustainability Bond Framework

Sustainalytics is of the opinion that the Sustainability Bond Framework is credible and impactful, and aligns with the four core components of the SBG, GBP, and SBP. Sustainalytics highlights the following elements of CADI's Sustainability Bond Framework:

- Use of Proceeds:
 - The Framework's use of proceeds criteria are aligned with the categories recognized by the SBP and the GBP, namely affordable housing and energy efficiency, respectively.
 - All bond proceeds raised under the Framework will be used to finance the acquisition and rehabilitation of CityView Apartments ("the Project"), an elderly designated 296-unit affordable housing property, located in Long Beach, California, and related expenses including a debt service reserve fund for the bonds, a repair and replacement reserve fund for the Project, and to pay the costs of issuance.
 - Sustainalytics views the targeted nature of the Project as generating a positive social impact for preserving affordable housing for the elderly. Sustainalytics notes that the Project is subject to rent and income restrictions for a minimum of 55 years since its receipt of low-income housing tax credits (LIHTC) in 2015.⁵ Furthermore, approximately 10% of the units will be rented to families whose income does not exceed 50% of the Area Median Income (AMI), with approximately 90% of units rented to families whose income does not exceed 60% of the AMI.^{6,7} Sustainalytics views the required thresholds positively and considers them to be aligned with market practice, highlighting that 100% of bond proceeds will be applied to financing the preservation of affordable homes and the associated costs. Based on the above considerations, Sustainalytics views the intended social impacts of this financing positively.

⁵ The Project received an allocation of Low Income Housing Tax Credits (LIHTC) pursuant to Internal Revenue Code Section 42.

⁶ CADI has communicated that using a percentage of AMI to measure affordability is based on the assumption that no more than approximately 30% of household income should be required for rent payments. This is consistent with the definition of "affordable housing cost" for lower-income households based on State law Health and Safety Code Section 50052.5.

⁷ The California Department of Housing and Community Development commonly defines extremely low income as 0-30% of AMI, very low income as 30-50% of AMI and 50-80% of AMI as lower income, at: <https://hcd.ca.gov/grants-funding/income-limits/index.shtml> <- HCD rents do not apply here. If this is an important piece of info, HUD or TCAC definitions should be cited

- In addition, the acquisition of the Project includes the purchasing of energy efficiency upgrades to the residential complex that has an estimated modeled impact equating to an energy efficiency improvement of approximately 30% per the post-installation report. Renovations made to the Project in 2015 include upgrades such as a new cool roof, replacement of all existing residential and storefront-type aluminium frame single pane windows with nonmetallic frame double pane windows, installation of Energy Star refrigerators, HVAC improvements and LED light installation. In addition, the Project is subject to the California Tax Credit Allocation Committee (CTCAC) regulations on Low-Income Housing Tax Credits (LIHTC), which at the time of the LIHTC award in 2015 held minimum environmental standards for rehabilitation projects, including the integration of energy efficiency measures, to be competitive in the awarding of LIHTC investments.⁸ Based on the above energy efficient improvements, Sustainalytics is of the opinion that the Project will have an overall positive environmental impact.
- Project Evaluation and Selection:
 - Century CityView will use the net proceeds of the sustainability bonds to finance the acquisition of CityView Apartments. The Project has been selected by CADI primarily based on the social benefit of the affordable housing preservation it provides. CADI measures social benefit by a series of quantitative and qualitative indicators such as the number of homes created or preserved, affordability (based on a percentage of AMI), housing retention, populations served and environmental attributes.
 - CADI has in place an environmental and social risk assessment process reviewed by the designated Project Manager, which is then reviewed by a Director of Development and/or a Senior Vice President to ensure these risks are discovered, analyzed and addressed prior to the project selection. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail, see Section 2 of this SPO.
 - Sustainalytics considers this project selection and evaluation process to be in line with market practice.
- Management of Proceeds:
 - The net bond proceeds will be deposited into separate accounts dedicated exclusively to holding and disbursing funds for the Project pursuant to an indenture entered into between the Issuer and the Trustee. The accounts include a project fund, a repair and replacement reserve fund, a debt service reserve fund, and cost of issuance fund. Century CityView intends to allocate 100% of the proceeds from its bond offering to the Project acquisition, modest Project improvements, to fund a debt service reserve fund, and to fund the costs of issuance after the settlement of the transaction by either the Trustee or the appointed escrow company.
 - In this context, no commitments for ongoing management of proceeds are required.
 - Based on Century CityView's commitment to allocate 100% of the proceeds to eligible project uses upon settlement, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Century CityView intends to disclose to investors in its sustainability bond offering document the amount to be allocated to the Project.
 - The Borrower has included relevant impact metrics such as the number of affordable homes preserved and the energy efficiency improvements in its Sustainability Bond Framework and bond offering document.
 - In addition, Century CityView intends to disclose quarterly and annually financial and operating data related to the Project to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system pursuant to a continuing disclosure undertaking and the Trustee.⁹
 - Based on the allocation and impact report commitments, Sustainalytics considers this to be in line with market practice.

⁸ California State Treasurer, California Tax Credit Allocation Committee (CTCAC): <https://www.treasurer.ca.gov/ctcac/index.asp>.

⁹ Municipal Securities Rulemaking Board (MSRB) and the Trustee for the benefit of the Holders and the beneficial owners of the Sustainability Bonds.

Alignment with Social Bond Principles 2021

Sustainalytics has determined that the Sustainability Bond Framework aligns to the four core components of the SBP and GBP. For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Performance of CADI

Contribution of Framework to CADI's sustainability mandate

Sustainalytics is of the opinion that CADI demonstrates a commitment to sustainability driven by its mission to develop and preserve affordable housing. Furthermore, as part of the Century family of affiliated entities, CADI is aligned with Century's sustainability goals. Through the stated vision that "homes are the cornerstone of a thriving and just society", Century views affordable housing as the cornerstone to building healthy, sustainable communities.

Over the past 20 years, Century has acquired, rehabilitated or developed more than 500,000 square feet of housing and supportive service space, including 1,741 residential units across 21 developments that are being actively operated. As of October 2021, the CADI housing portfolio consists of 1,741 affordable homes with more than 2,650 units in the pipeline.

As previously noted, all of CADI's activities take place within California, where buildings are subject to the State's building code and green building standards; the code is currently the strictest of its kind in the United States. California's requirements include guidelines for both energy and water efficiency, as well as low emission flooring and other building materials, and requires that all new residential construction meet extremely low or zero net energy requirements, starting from January 2020.

Sustainalytics is of the opinion that the Framework is aligned with the CADI's overall sustainability efforts and will further the Company's action on fulfilling its mission.

Well positioned to address common social and environmental risks associated with the Project

Sustainalytics acknowledges that the Project funded under the Framework will generate overall positive environmental and social impacts; however, Sustainalytics is aware that the eligible Project could also lead to negative environmental and social outcomes. In regard to potential social risks, Sustainalytics recognizes that well-intentioned social programs such as affordable housing may inadvertently exacerbate existing inequalities if they are not well targeted to specific communities and groups, while some of the environmental risks may include adverse impact on the local environment due to pollution in the rehabilitation process.

Sustainalytics is of the opinion that CADI is well positioned to manage and mitigate these risks through the following policies and procedures, and the context in which it operates:

- Regarding housing affordability, the Project received an allocation by the Low-Income Housing Tax Credits (LIHTC) pursuant to the Internal Revenue Code Section 42¹⁰ which provides credits for investments in low-income housing buildings.
- The Project is subject to rent and income restrictions for a minimum of 55 years, requiring that approximately 10% of units be rented to families whose income does not exceed 50% of the AMI and approximately 90% of the units will be rented to families whose income does not exceed 60% of the AMI. This is in accordance with requirements delineated in the CTCAC Regulatory Agreement,¹¹ the Department of Housing and Urban Development (HUD) Use Agreement and coordinating HUD documents¹² (which survived the termination of the HUD 202 financing),¹³ the existing Bond Regulatory Agreement and the Bond Regulatory Agreement to be recorded with this transaction.
- A designated Project Manager assessed the social and environmental risks via a standardized due diligence checklist. If risks are discovered, they are jointly addressed by the Project Manager and a Director of Development and/or a Senior Vice President.

¹⁰ Section 42 provides for a credit for investment in certain low-income housing buildings. Accessible at: <https://www.irs.gov/pub/irs-drop/rr-04-82.pdf>.

¹¹ Office of the State Treasurer, Low-Income Housing Tax Credit Programs, available: <https://www.treasurer.ca.gov/ctcac/tax.asp>.

¹² HUD uses the information provided to ensure that owners continue to maintain the projects as low-income housing resources. A form HUD Use Agreement is available at: <https://www.hud.gov/sites/documents/12-08HSGNA1.PDF>. Century CityView has shared its HUD Agreement with Sustainalytics in confidence.

¹³ "The Section 202 program helps expand the supply of affordable housing with supportive services for the elderly. It provides very low-income elderly with options that allow them to live independently but in an environment that provides support activities." Available at: https://www.hud.gov/program_offices/housing/mfh/progdesc/eld202.

- Sustainalytics considers that other environmental impacts are mitigated by the laws and regulations in place in the California state jurisdiction in which Century CityView operates, as well as Century's internal selection process which prioritizes environmentally sustainable practices with a commitment to creating equitable and accessible communities. In addition, the project received an allocation by the LIHTC program, which at the time included sustainability incentives.

Overall, Sustainalytics is of the opinion that through CADl's efforts as well as its adherence to and compliance with applicable laws and regulations, that it is well positioned to mitigate environmental and social risks associated with the Project financed under its Framework.

Section 3: Impact of Use of Proceeds

The use of proceeds categories, affordable housing and energy efficiency rehabilitation, are aligned with those recognized by the GBP and SBP. Sustainalytics has focused below on how the impact is specifically relevant in the local context.

Importance of affordable housing in the state of California

The lack of affordable housing is a substantial problem in the United States and particularly in the State of California. More than 3 million Californian households spend greater than 30% of their income on rent, with more than 1.5 million households spending more than 50%.¹⁴ In 2020, Los Angeles County alone reported more than 66,000 men, women and children experiencing homelessness, a 12.7% year-over-year increase. There were over 161,548 people experiencing homelessness in California as of January 2020, representing 28% of the national total¹⁵ despite being home to only approximately 12% of the country's population.¹⁶ Furthermore, studies have shown that housing poverty leads to negative social outcomes across multiple dimensions as families and individuals are compelled to make trade-offs between spending on rent and on other essentials such as food, healthcare, and transportation.¹⁷

Overcoming California's severe housing crisis entails significant investment in projects with positive social impact. The Governor's 2020-21 Budget Proposal included USD 750 Million into the California Access to Housing Services (CAAHS) Fund to help street-based homeless population and increase the number of housing units in the region.¹⁸ In addition to this direct funding, housing development at the level required will also need additional private-sector debt investment. In this context and considering the thresholds which are used by Century CityView to ensure affordability, Sustainalytics considers the investments made under the Framework to be impactful.

Incorporation of environmentally friendly attributes into affordable housing

The building sector is the second-largest source of GHG emissions in the state of California¹⁹ and has been subject to increasing regulation. Under the LIHTC program, eligibility and competitiveness are determined by threshold criteria and a point-based system, respectively. At the time of the Project's LIHTC award, sustainable design improvements were required as part of the threshold criteria. As such, green design elements required to achieve the necessary threshold benchmark are a key part of the developer's preliminary site assessment criteria.

This environmental lens is of particular relevance considering the populations that are being served, as low-income and minority communities "often bear the most severe consequences of environmental degradation and pollution"²⁰ and sustainability attributes may also reduce utility costs that may present savings for tenants. Furthermore, the Project is located in proximity to public transport, which reduces the time and money spent by residents and contributes to their social and economic well-being. This is in line with supporting transit-oriented development (TOD). The environmental footprint of well-developed TODs is estimated to be

¹⁴ California Department of Housing and Community Development, "California's Housing Future: Challenges and Opportunities", <https://hcd.ca.gov/policy-research/plans-reports/docs/California's-Housing-Future-Main-Draft.pdf>

¹⁵ United States Interagency Council on Homelessness, California Homelessness Statistics, <https://www.usich.gov/homelessness-statistics/ca/>

¹⁶ World Population Review, <https://worldpopulationreview.com/states/california-population/>

¹⁷ CityLab, "For Low-Income Renters, the Affordable Housing Gap Persists", <https://www.citylab.com/equity/2018/03/for-low-income-renters-the-gap-in-affordable-housing-persists/555458/>

¹⁸ The California Legislature's Nonpartisan Fiscal and Policy Advisor, The 2021 Budget, The Governor's Homelessness Plan, <https://lao.ca.gov/Publications/Report/4152>

¹⁹ California Air Resources Board, "Research on Green Buildings", <https://ww2.arb.ca.gov/research/research-green-buildings>

²⁰ Massey, R, "Environmental Justice: Income, Race, and Health", http://www.ase.tufts.edu/gdae/education_materials/modules/environmental_justice.pdf

~35% lower than that of conventional developments²¹ by reducing overall vehicle-miles traveled and indirectly through ancillary benefits such as increased suitability for energy conservation and district energy applications, improved stormwater management as less impermeable surfaces are required for parking, and greater opportunities for solar power usage.²²

Considering the above, Sustainalytics views positively the specific green investments made under the Framework, as well as addressing the environmental impact of building accommodation serving low-income populations.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the Sustainability Bond Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Affordable Housing	1. No Poverty	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
	10. Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency

Conclusion

CADI has developed the Sustainability Bond Framework under which it intends to issue sustainability bonds and use the proceeds to finance the acquisition of a project in line with its mission of preserving and providing quality affordable housing. Sustainalytics considers that the Project funded by the sustainability bond proceeds is expected to provide positive environmental and social impact.

The Sustainability Bond Framework outlines a process by which proceeds will be allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Sustainability Bond Framework is aligned with the overall sustainability strategy of the Borrower, and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 1, 7 and 10. Additionally, Sustainalytics is of the opinion that the Borrower has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Century CityView is well-positioned to use the bond proceeds and that that Sustainability Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021) and Social Bond Principles (2021).

²¹ Cervero & Sullivan, "Toward Green TODs", <https://trid.trb.org/view/1084149>

²² Center for Neighborhood Technology, "Transit Oriented Development and The Potential for VMT-related Greenhouse Gas Emissions Growth Reduction", https://www.cnt.org/sites/default/files/publications/TOD-Potential-GHG-Emissions-Growth.FINAL_.pdf

Appendices

Appendix 1: CityView Apartments Project

CityView Apartments (the Project) is an Elderly Designated, 296-unit affordable housing property located at 3333 Pacific Place in Long Beach, California. The Project is approximately 20 miles south of Los Angeles in Los Angeles County and was originally developed utilizing HUD 202 financing. The original HUD mortgage was prepaid in 2015 and is subject to a 202 Use Agreement through July 1, 2035. The Project received an allocation of Low Income Housing Tax Credits (LIHTC) pursuant to Internal Revenue Code Section 42 and is subject to rent and income restrictions for a minimum of 55 years, requiring that approximately 10% of the units will be rented to families whose income does not exceed 50% of the AMI and approximately 90% of the units will be rented to families whose income does not exceed 60% of the AMI. The remaining 5% of the units will be rented to families whose income does not exceed 60% of the AMI in accordance with requirements delineated in the HUD Use Agreement and the HUD Rent Setting Letter, which survived the termination of the HUD 202 financing.

The Placed-in-Service year of the Project was 2016, the End of Initial Compliance Period is December 31, 2031 and the End of the Extended Use Period is 2071. The Project is currently exempt from ad valorem property taxes via a California Welfare Tax Exemption.

Appendix 2: Sustainability Bond/ Sustainability Bond Programme -External Review Form

Section 1. Basic Information

Borrower name: Century CityView LP.

Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable: Sustainability Bond Framework

Review provider's name: Sustainalytics

Completion date of this form: October 19, 2021

Publication date of review publication:

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible category for the use of proceeds – Affordable Housing and Energy Efficiency– are aligned with those recognized by the Green Bond Principles and the Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive social impacts and advance the United Nations (“UN”) Sustainable Development Goals (SDGs), specifically SDGs 1, 7 and 10.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Century CityView will use the net proceeds of the sustainability bonds to finance the acquisition of an affordable housing complex that has been rehabilitated with energy-efficient measures. The designated Project Manager will assess social and environmental risks associated with the project. Sustainalytics considers Century CityView's risk management system to be adequate and the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Social Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Upon issuance, Century CityView, through direction provided to the Trustee, intends to deposit net bond proceeds into separate accounts for the acquisition of the selected project, a repair and replacement reserve fund to fund modest rehabilitation and ongoing maintenance, a debt service reserve fund, and for the cost of issuance. In this context, no commitments for ongoing management are required. Sustainalytics considers this to be in line with market practice.

Tracking of proceeds:

- Social Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- | | |
|---|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
|---|--|

- | | |
|--|--|
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input checked="" type="checkbox"/> Other (please specify):
Allocation to a single property that is already completed |

4. REPORTING

Overall comment on section (if applicable):

Century CityView intends to disclose upon settlement of the transaction the full amount allocated to the project. In addition, Century CityView has reported relevant impact metrics in the offering document and will disclose financial and operating results quarterly and annually via the Municipal Security Rulemaking Board’s Electronic Municipal Market Access (EMMA) system pursuant to a continuing disclosure undertaking. Sustainalytics considers this to be in line with market practice.

Use of proceeds reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|--|--|
| <input type="checkbox"/> Allocated amounts | <input checked="" type="checkbox"/> Social Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|---|--------------------------------------|
| <input type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input checked="" type="checkbox"/> Other (please specify):
Once at the offering | |

Impact reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|--|---|
| <input checked="" type="checkbox"/> Number of beneficiaries | <input type="checkbox"/> Target populations |
| <input checked="" type="checkbox"/> Other ESG indicators (please specify):
Energy Efficiency Improvements | |

Frequency:

Annual Semi-annual

Other (please specify):

Once at the offering

Means of Disclosure

Information published in financial report Information published in sustainability report

Information published in ad hoc documents Other (please specify):

Reporting information will be made available to investors in the offering documents

Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

Consultancy (incl. 2nd opinion) Certification

Verification / Audit Rating

Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP

- i. Second-Party Opinion: An institution with social expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer’s adviser for its Social Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Social Bond Principles. In particular, it can include an assessment of the issuer’s overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer’s internal tracking method for use of proceeds, allocation of funds from Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.

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- iii. **Certification:** An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
 - iv. **Social Bond Scoring/Rating:** An issuer can have its Social Bond, associated Social Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

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