

Morgan Stanley



Affordable Housing Revenue Bonds, 2024 Series A Board Presentation Materials

November 21, 2024

AHRB Overview and 2024 Series A Highlights

AHRB Overview

- From 2008 until last year, CalHFA financed multifamily mortgage loans primarily with conduit bonds and bank private placements
- On August 8, 2023, CalHFA re-entered the bond market with its \$85 million inaugural issuance under a new AHRB limited obligation parity bond indenture to finance on-balance sheet multifamily mortgage production

2024 Series A

- \$108 million of bond proceeds funded five permanent loans for developments located in Sacramento, Fairfield, Menlo Park, Fresno, and Pittsburg
- Rated Aa2 by Moody's and AA by S&P
- Designated as Sustainability Bonds due to Social and Green attributes of the developments
- S&P Global Ratings issued a Second-Party Opinion verifying that the bonds are aligned with the Social Bond and Green Bond Principles and Sustainability Guidelines

2024 Series A Official Statement

| | | |
|--|---|---|
| <p>NEW ISSUE—BOOK-ENTRY ONLY</p> <p><i>This cover page contains information for quick reference only. It is not a summary of the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.</i></p> | | <p>Moody's/S&P: "Aa2"/"AA" (see "RATINGS" herein)</p> |
| <p>\$107,580,000</p> <p>CALIFORNIA HOUSING FINANCE AGENCY</p> <p>Affordable Housing Revenue Bonds, \$67,580,000 2024 Series A-1 (Non-AMT) (Sustainability Bonds) \$40,000,000 2024 Series A-2 (Non-AMT) (Sustainability Bonds)</p> | | |
| <p>Dated: Date of delivery</p> | | <p>See as shown on the inside cover page</p> |
| <p>Purpose:</p> | <p>The Agency will use the proceeds of the Affordable Housing Revenue Bonds, 2024 Series A-1 (the "2024 Series A-1 Bonds") and Affordable Housing Revenue Bonds, 2024 Series A-2 (the "2024 Series A-2 Bonds") and, collectively with the 2024 Series A-1 Bonds, the "2024 Series A Bonds") to refinance the Agency's previous financing of five (5) permanent mortgage loans (the "2024 Series A Borrower Loans") for five (5) multifamily rental housing developments (collectively, the "2024 Series A Projects"). See "PLAN OF FINANCING."</p> | |
| <p>Sustainability Bonds Designation</p> | <p>The Agency has designated the 2024 Series A Bonds as "Sustainability Bonds." See "DESIGNATION OF THE 2024 Series A BONDS AS SUSTAINABILITY BONDS."</p> | |
| <p>Tax Exemption</p> | <p>In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Agency, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2024 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code (the "Code"), except that no opinion is expressed as to the status of interest on any 2024 Series A Bond for any period that such 2024 Series A Bond is held by a "substantial user" of the facilities financed or refinanced by the 2024 Series A Bonds or by a "related person" within the meaning of Section 147(a) of the Code. In the further opinion of Bond Counsel, interest on the 2024 Series A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2024 Series A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the 2024 Series A Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024 Series A Bonds. See "TAX MATTERS."</p> | |
| <p>Redemption of 2024 Series A Bonds</p> | <p>The 2024 Series A Bonds are subject to redemption prior to maturity as described herein. See "DESCRIPTION OF THE 2024 Series A-1 BONDS" and "DESCRIPTION OF THE 2024 Series A-2 BONDS."</p> | |
| <p>Mandatory Tender of 2024 Series A-2 Bonds</p> | <p>The 2024 Series A-2 Bonds are subject to mandatory tender at the option of the Agency on February 1, 2028 or such earlier date on or after August 1, 2027 as determined by the Agency for all or a portion of the 2024 Series A-2 Bonds, subject to the provisions described herein regarding subsequent mandatory tender.</p> | |
| | <p>The Agency has no liability or obligation to pay or make available the Purchase Price on the Mandatory Tender Date. Failure to pay the Purchase Price of the 2024 Series A-2 Bonds does not, in and of itself, constitute an Event of Default under the Indenture. In the event that the Purchase Price or the Redemption Price of the 2024 Series A-2 Bonds is not paid, the Outstanding 2024 Series A-2 Bonds will bear interest at a rate equal to 9% per annum from the Mandatory Tender Date to but not including the date of purchase, redemption or maturity, as applicable. This Official Statement in general describes the 2024 Series A-2 Bonds only prior to the Mandatory Tender Date or the earlier date, if any, on which the 2024 Series A-2 Bonds are purchased upon mandatory tender at the option of the Agency. See "DESCRIPTION OF THE 2024 Series A-2 BONDS."</p> | |
| <p>Interest</p> | <p>The 2024 Series A Bonds will bear interest at the rates and payable on the dates set forth on the inside cover page of this Official Statement.</p> | |
| <p>Security</p> | <p>The 2024 Series A Bonds are limited obligations of the Agency and will be payable solely from and secured by the revenues and assets pledged therefor pursuant to the Indenture, including, without limitation, certain payments to be made under or with respect to the 2024 Series A Borrower Loans and the 2024 Series A Restricted Assets. The 2024 Series A Bonds are the second series of Bonds issued under the Indenture and will be secured on a parity with and will be entitled to the same benefit and security as other Bonds (other than Subordinate Bonds) issued and to be issued in the future under the Indenture, except as described herein.</p> | |
| | <p>Neither the Agency, any of its members, the State of California, nor any political subdivision thereof (except the Agency, to the limited extent set forth in the Indenture) nor any public agency shall in any event be liable for the payment of the principal or Redemption Price of, premium (if any) or interest on the 2024 Series A Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever except as set forth in the Indenture, and none of the 2024 Series A Bonds or any of the Agency's agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The Agency has no taxing power.</p> | |
| <p>Bond Counsel</p> | <p>Orrick, Herrington & Sutcliffe LLP.</p> | |
| <p>Underwriters' Counsel</p> | <p>Kinok Rock LLP.</p> | |
| <p>Disclosure Counsel</p> | <p>Orrick, Herrington & Sutcliffe LLP.</p> | |
| <p>Trustee</p> | <p>U.S. Bank Trust Company, National Association.</p> | |
| <p>Book-Entry System</p> | <p>The Depository Trust Company. See APPENDIX E—"Book-Entry Only System."</p> | |
| <p>Delivery</p> | <p>The 2024 Series A Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval as to their legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the issuer, and certain other conditions. The 2024 Series A Bonds are expected to be delivered on or about November 14, 2024.</p> | |
| | <p>Morgan Stanley</p> <p>Academy Securities, Inc. BofA Securities, Inc. Fidelity Capital Markets Ramirez & Co., Inc.</p> | <p>RBC Capital Markets</p> |
| | <p>Dated: October 23, 2024</p> | |

The 2024 Series A Bonds attracted \$144 million of retail orders - with 95% of the par filled with retail orders - allowing Morgan Stanley to lower rates by 5 – 10 basis points during the pricing

Overview of the 2024 Series A Borrower Loans

| Project Name | City/County | Units | Outstanding Principal Amount (\$MM) ¹ | Loan Term / Amort. Period | Gross Loan Rate | Supplemental Security | Subsidy Program | 4% LIHTC | HAP Contract Subsidy Units |
|-----------------------|----------------------------|------------|--|-------------------------------|-----------------|-----------------------|---|----------|----------------------------|
| Arden Way | Sacramento/ Sacramento | 120 | \$13.4 | 30 years/ 35 years | 4.50% | None | MIP | Yes | n/a |
| One Lake Family | Fairfield/ Solano | 190 | 27.3 | 30 year/ 40 years | 4.36% | None | MIP | Yes | n/a |
| Gateway Family | Menlo Park/ San Mateo | 140 | 44.1 | 30 years/ 40 years | 3.77% | FHA Risk-Sharing | Section 8; City of Menlo Park; San Mateo County | Yes | 81 |
| Brand Haven Senior | Fresno/ Fresno | 180 | 11.4 | 17 years/ 35 years | 4.65% | N/A | MIP; City of Fresno CDBG; City of Fresno HOME | Yes | n/a |
| Beacon Villa | Pittsburg/ Contra Costa | 54 | 12.9 | 17 years/ 40 years | 4.37% | N/A | MIP | Yes | n/a |
| Total/ Wt. Avg | | 684 | \$109.1 | 27 years/ 39 years | 4.17% | | | | |

1) Outstanding Principal as of November 14, 2024

2024 Series A Transaction Structure

Transaction Overview

2024 Series A-1

- \$67.6MM: serials (8/1/2025 – 8/1/2036) and terms (2039, 2044, 2049, and 2052)

2024 Series A-2

- \$40.0MM soft put bond

Redemption Provisions

2024 Series A-1

- Optional Redemption on or after 2/1/33 at par
- Special Redemption
- Term bonds subject to Mandatory Sinking Fund Redemption

2024 Series A-2

- Mandatory Tender: February 1, 2028
- Optional Redemption: August 1, 2027
- Maximum Rate: 9%
- Term bonds subject to Mandatory Sinking Fund Redemption

Transaction Structure (\$000s) 2024 Series A-1 Serials and Terms

| Maturity | Par | Yield | Maturity | Par | Yield | |
|----------|---------|-------|------------------|----------|--------|-------|
| 8/1/2025 | \$1,275 | 2.95% | 8/1/2031 | \$1,135 | 3.30% | |
| 2/1/2026 | 1,190 | 2.95% | 2/1/2032 | 1,125 | 3.35% | |
| 8/1/2026 | 1,185 | 2.95% | 8/1/2032 | 1,175 | 3.35% | |
| 2/1/2027 | 1,175 | 3.00% | 2/1/2033 | 1,170 | 3.45% | |
| 8/1/2027 | 1,220 | 3.00% | 8/1/2033 | 1,220 | 3.50% | |
| 2/1/2028 | 1,195 | 3.00% | 2/1/2034 | 1,215 | 3.55% | |
| 8/1/2028 | 1,220 | 3.00% | 8/1/2034 | 1,265 | 3.60% | |
| 2/1/2029 | 1,215 | 3.05% | 2/1/2035 | 1,265 | 3.65% | |
| 8/1/2029 | 1,260 | 3.05% | 8/1/2035 | 1,315 | 3.65% | |
| 2/1/2030 | 1,255 | 3.15% | 2/1/2036 | 1,265 | 3.70% | |
| 8/1/2030 | 1,220 | 3.20% | 8/1/2036 | 1,320 | 3.70% | |
| 2/1/2031 | 1,190 | 3.25% | | | | |
| | | | Term Bond | 8/1/2039 | 7,775 | 3.85% |
| | | | Term Bond | 8/1/2044 | 12,220 | 4.15% |
| | | | Term Bond | 8/1/2049 | 12,400 | 4.25% |
| | | | Term Bond | 8/1/2052 | 7,115 | 4.30% |

2024 Series A-2 Fixed-Rate Soft Put Bond

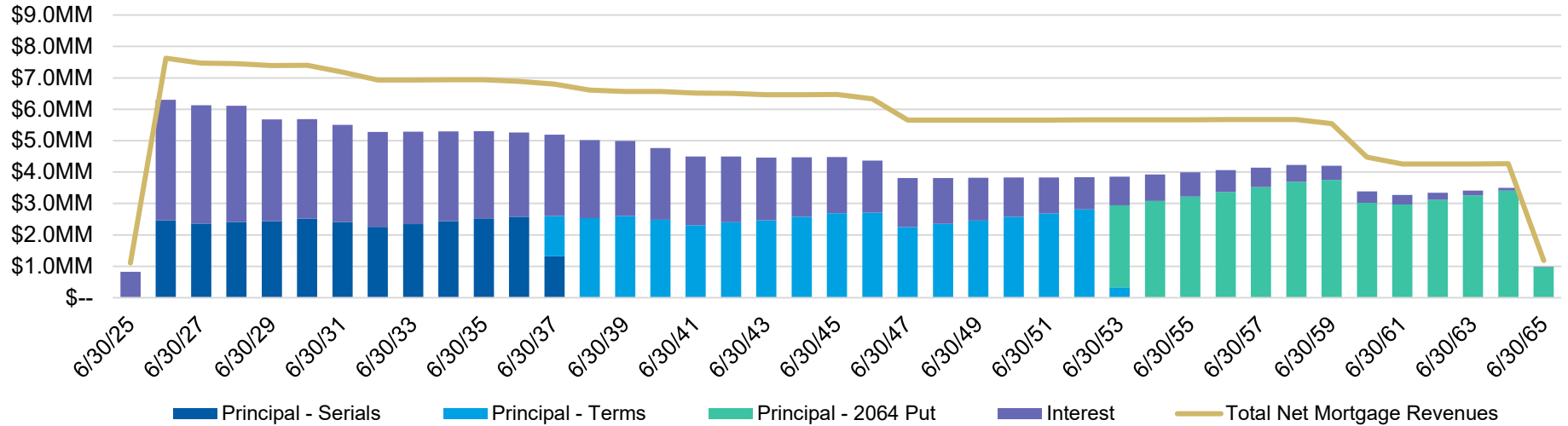
| Maturity | Par | Yield |
|----------|----------|-------|
| 8/1/2064 | \$40,000 | 3.25% |

2024 Series A Arbitrage Yield 3.18%

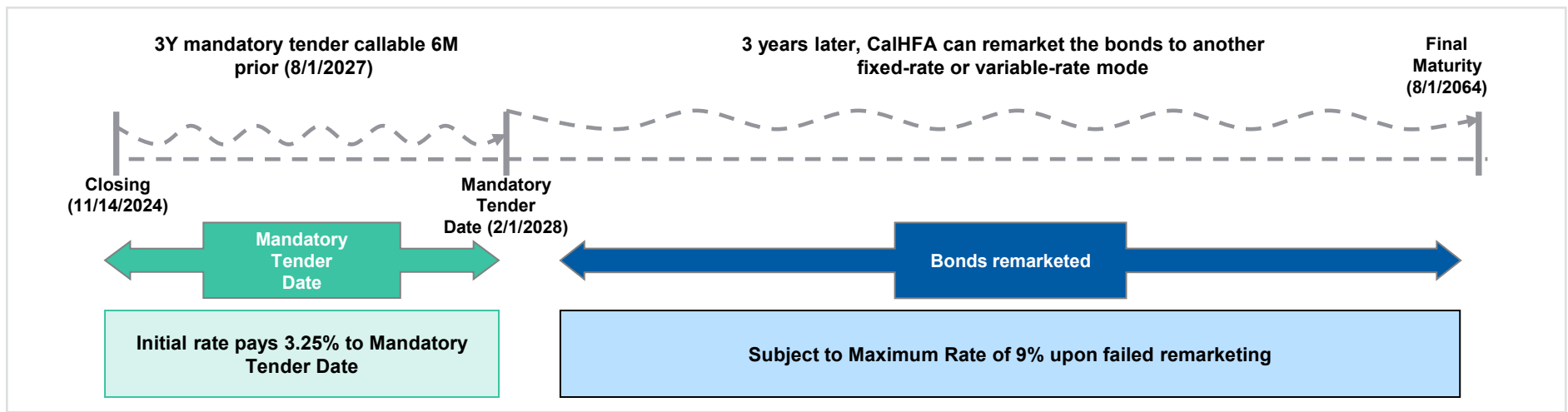
2024 Series A Bond Structure and Mechanics

2024 Series A Bond Structure

Bond Principal and Interest and Net Mortgage Revenues of 2024 Series A Borrower Loans and MFIII Loans by Fiscal Year

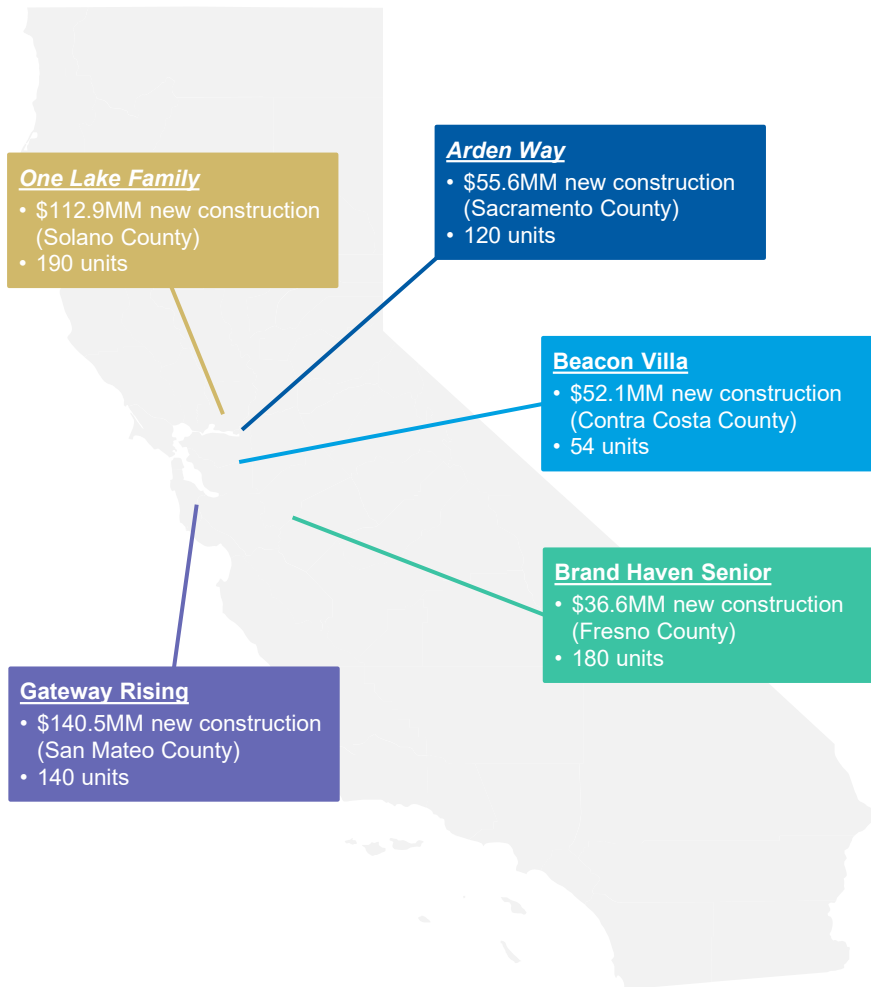


2024 A-2 Fixed-Rate Soft Put Bond Mechanics

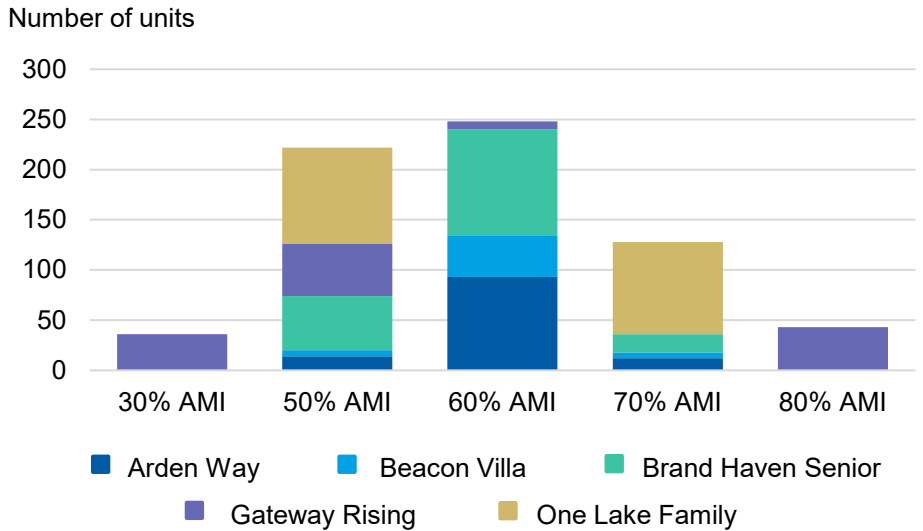


2024 Series A Sustainability Bonds Loan Detail

684 New Construction Units Throughout the State



Unit Mix Spans Across AMI Categories



| Project Name | Title 24 CA Building Standard Code | Additional Green Building Standard | Environmental Characteristics |
|--------------------|------------------------------------|------------------------------------|---|
| Arden Way | ✓ | GreenPoint | Unit heat pumps, PV solar, solar hot water |
| Beacon Villa | ✓ | -- | Unit heat pumps, low-water use landscaping, solar panels |
| Brand Haven Senior | ✓ | GreenPoint | Tenant access garden beds |
| Gateway Rising | ✓ | LEED Gold | Unit heat pumps, solar energy, electric vehicle charging stations, rain beds and bio retention areas, double-panel Low-E window, Green Label Plus carpet, Low VOC paint |
| One Lake Family | ✓ | -- | Unit heat pumps, garden beds, charging stations for electric vehicles, PV solar, solar water heater |

S&P Second-Party Opinion

Utilization of a Second Party Opinion (“SPO”)

- The 2024 Series A Bonds have been designated as **Sustainability Bonds** pursuant to a Second-Party Opinion provided by S&P Global Ratings in which S&P confirms that the use of proceeds align with the International Capital Market Association’s (“ICMA”) “Sustainability Bond Guidelines”
- The S&P SPO finds that “the financed projects contribute toward the gradual decarbonization of the residential building sector” and that the CalHFA Impact Framework aligns with the Sustainability Bond Principles

“The California Housing Finance Agency (CalHFA) has a strong social license to operate in the communities it serves. Since its inception, CalHFA has helped more than 222,000 Californians purchase their first home via its affordable single-family loans and down payment assistance program, and helped preserve or build more than 78,000 affordable homes. CalHFA’s ambitious education and counseling services, which aim to promote financial literacy and upward mobility to the populations it serves, underpin its efforts.”

—S&P Global Ratings

S&P SPO

Powered by Shades of Green

An S&P Global Second Party Opinion (SPO) includes S&P Global Ratings’ opinion on whether the documentation of a sustainable finance instrument, framework, or program, or a financing transaction aligns with certain third-party published sustainable finance principles. Certain SPOs may also provide our opinion on how the issuer’s most material sustainability factors are addressed by the financing. An SPO provides a point-in-time opinion, reflecting the information provided to us at the time the SPO was created and published, and is not surveilled. We assume no obligation to update or supplement the SPO to reflect any facts or circumstances that may come to our attention in the future. An SPO is not a credit rating, and does not consider credit quality or factor into our credit ratings. See [Analytical Approach: Second Party Opinions](#)

Second Party Opinion

California Housing Finance Agency 2024 Series A Bonds

Oct. 11, 2024

Primary contact

Natalie Wu
San Francisco
+1 415-371-5025
nataliewu@spglobal.com

Location: United States
Sector: Real Estate

Alignment With Principles Aligned = Conceptually aligned = Not aligned =

- Social Bond Principles, ICMA, 2023
- Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- Sustainability Bond Guidelines ICMA, 2021

See [Alignment Assessment](#) for more detail.

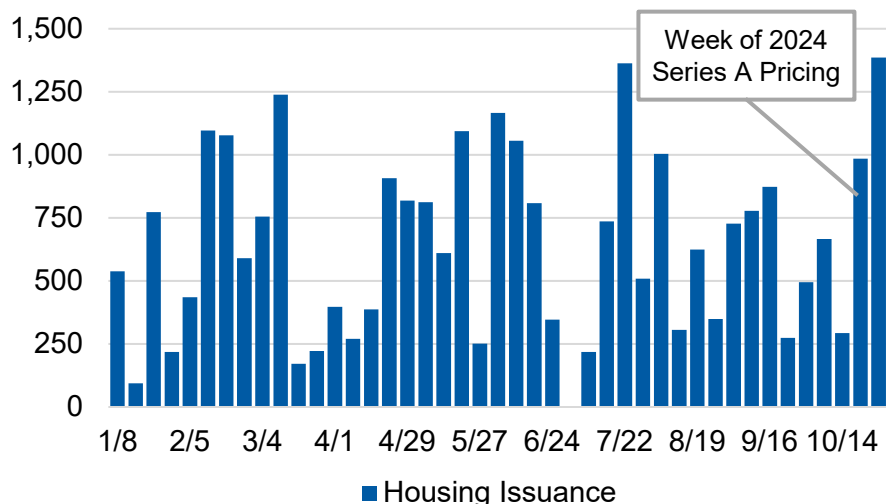
| Strengths | Weaknesses | Areas to watch |
|--|--|--|
| <p>The California Housing Finance Agency (CalHFA) has a strong social license to operate in the communities it serves. Since its inception, CalHFA has helped more than 222,000 Californians purchase their first home via its affordable single-family loans and down payment assistance program, and helped preserve or build more than 78,000 affordable homes. CalHFA’s ambitious education and counseling services, which aim to promote financial literacy and upward mobility to the populations it serves, underpin its efforts.</p> <p>A stringent regulatory framework underscores compliance with social objectives. Various federal and state laws, with specific requirements to lend to and set aside housing for low- to moderate-income residents and maintain affordable rent levels for all residents, govern CalHFA’s single-family mortgage loans and multifamily rental projects.</p> <p>California has among the most ambitious state energy codes in the U.S., and the financed projects materially exceed state regulation. Three out of the five projects contain third-party green building certifications, GreenPoint and LEED, which exceeded the 2019 version of Title 24. The</p> | <p>This financing funds one new construction project that contains fossil fuel direct heating. Title 24 requires energy efficient furnaces and boilers. However, any fossil fuel direct heating, in our view, increases emissions lock-in risk and prolongs the asset life of a technology that is incompatible with a low carbon, climate resilient (LCCR) future.</p> | <p>CalHFA’s processes for assessing and managing physical climate risks are limited. While it requires certain projects to purchase flood insurance, and Title 24 of the California Building Code stipulates additional protective building features for houses situated in wildfire-prone areas, the issuer lacks specific policies addressing physical climate risk. Additionally, one of its financed projects is located in a county with relatively high wildfire risk, though the project makes use of low water landscaping, which we believe partly mitigates water stress and wildfire risk.</p> |

spglobal.com/ratings
This product is not a credit rating |
Oct. 11, 2024 1

Market Snapshot

Fixed Rate State HFA New Issue Supply

(\$MM) \$39.5BN Housing Issuance 2024 YTD (+24% vs. 2023 YoY)



Week of 10/21: \$1.1BN of State HFA Issuance

| Date | Par (\$MM) | Issuer | Housing Type |
|--------------|------------------|-----------------|---------------|
| Oct 21 | \$95.5 | Iowa FA | Single Family |
| Oct 21 | 120.0 | Maryland CDA | Single Family |
| Oct 22 | 175.0 | Idaho HFA | Single Family |
| Oct 22 | 107.6 | California HFA | Multifamily |
| Oct 23 | 298.6 | Connecticut HFA | Single Family |
| Oct 23 | 275.0 | Ohio HFA | Single Family |
| Total | \$1,071.7 | | |

Week of 10/21: \$1.9 BN of California Issuance

New Issues greater than \$10 million

| Pricing Date | Par (\$MM) | Issuer | Sector | Moody's | S&P | Fitch |
|--------------|------------------|---|----------------------------|---------|-----|-------|
| Oct 22 | \$107.6 | California Housing Finance Authority | State Multi-Family Housing | Aa2 | AA | -- |
| Oct 22 | 223.8 | Cerritos Community College District | Community College District | Aa1 | AA | -- |
| Oct 22 | 42.0 | Temecula Valley Unified School District | Mello-Roos | -- | AA | -- |
| Oct 23 | 21.5 | Castro Valley Unified School District | School District | Aa2 | -- | -- |
| Oct 23 | 65.2 | Irvine Unified Schools | Mello-Roos | -- | AA | -- |
| Oct 24 | 34.8 | California School Finance Authority | Charter School | -- | BBB | -- |
| Oct 24 | 12.6 | Independent Cities Finance Authority | Mobile Home Housing | -- | -- | -- |
| Oct 24 | 22.0 | Pacifica School District | School District | Aa3 | -- | -- |
| Oct 24 | 88.6 | Visalia Unified School District | School District | Aa2 | -- | -- |
| Oct 24 | 1,243.2 | California Community Choice Financing Authority | Gas Forward Contract | A1 | -- | -- |
| Total | \$1,861.3 | | | | | |

Source: Morgan Stanley Matrix, Refinitiv; Data as of 10/31/2024

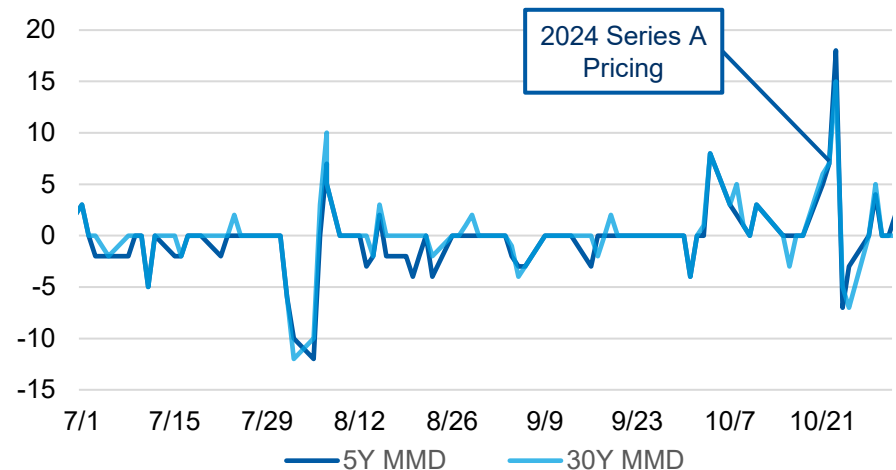
Macroeconomic Data and Fed Policy the Week of Pricing 2024 Series A

Key Market Themes and Rate Movement

- The week of pricing started with a 5 bps rate increase in 5Y MMD followed by a 7 bps rate increase Tuesday, and peaked with another 18 bps rate hike on Wednesday
- Prior to the week of 10/21, a daily movement of 18 bps or higher of 5Y MMD had occurred only once since March '20
- Fed began rate cuts in September; Projected to be followed by two consecutive cuts in 2024 and four in 2025
- Nonfarm Payrolls were more positive than market expectations causing futures to no longer price in a 50 bps cut at either remaining Fed meeting this year

Daily MMD Rate Movement

(Bps) July 1 – October 31, 2024



MMD Rate Movement: Week of 10/14 and 10/21

| Date | Mon 10/14 | | Tue 10/15 | | Wed 10/16 | | Thu 10/17 | | Fri 10/18 | |
|---------|-----------|----|-----------|----|-----------|-----|-----------|----|-----------|----|
| | Rate | Δ | Rate | Δ | Rate | Δ | Rate | Δ | Rate | Δ |
| 5Y MMD | -- | -- | 2.44 | -- | 2.44 | -- | 2.44 | -- | 2.44 | -- |
| 30Y MMD | -- | -- | 3.69 | -- | 3.66 | -3 | 3.66 | -- | 3.66 | -- |
| | Mon 10/21 | | Tue 10/22 | | Wed 10/23 | | Thu 10/24 | | Fri 10/25 | |
| | Rate | Δ | Rate | Δ | Rate | Δ | Rate | Δ | Rate | Δ |
| 5Y MMD | 2.49 | +5 | 2.56 | +7 | 2.74 | +18 | 2.67 | -7 | 2.64 | -3 |
| 30Y MMD | 3.72 | +6 | 3.79 | +7 | 3.94 | +15 | 3.89 | -5 | 3.82 | -7 |

Source: Morgan Stanley Matrix, Refinitiv; Data as of 10/31/2024

Exceptional Pricing Results

2024 Series A Priced 25-60 Basis Points Better Than Other HFA Transactions Pricing the Same Week

- Morgan Stanley proposed pricing the transaction ahead of a week of heavy supply and the election
- Despite the 7 to 12 bps rate increase in MMD on the day of pricing, Morgan Stanley was able to reduce yields by 5 to 10 bps across various maturities as a result of the strong retail order book
- Ultimately, the transaction experienced highly favorable pricing results compared to other HFA issuances, including 16 to 20 bps through the recent CalVet transaction terms on a spread basis

Long-Term Tax-Exempt HFA Pricings – Week of October 21, 2024 (Yields)

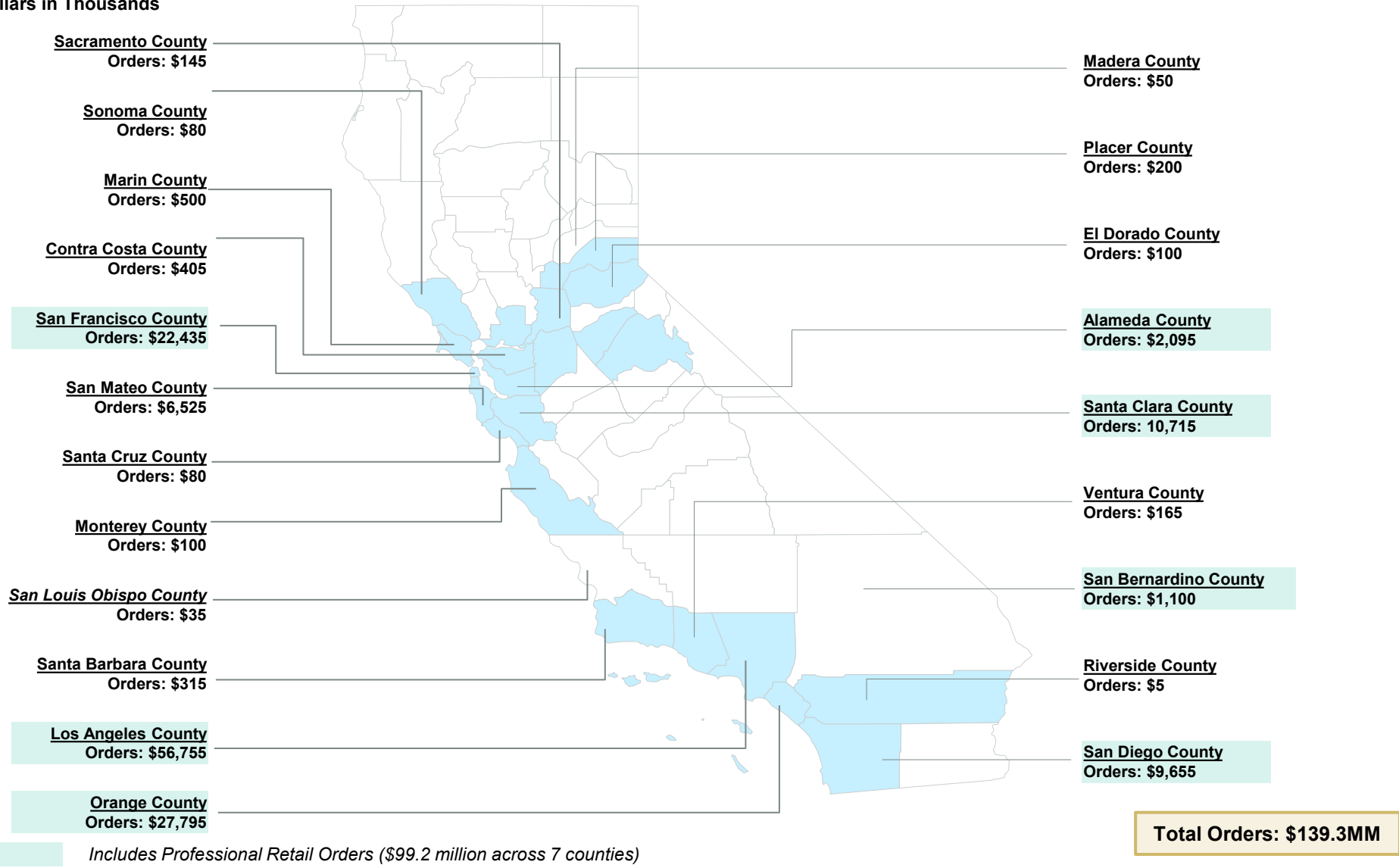
| Issuer | CalHFA | CT HFA | OH HFA | IA FA | MD CDA | Comparison of Yields | |
|-----------------|-----------|------------|-----------|------------|------------|----------------------|-----------------------------|
| Ratings (M/S/F) | Aa2/AA/-- | Aaa/AAA/-- | Aaa/--/-- | Aaa/AAA/-- | Aa1/--/AA+ | | |
| Total Par | \$68mm | \$206mm | \$275mm | \$73mm | \$40mm | | |
| Pricing Date | Tue 10/22 | Wed 10/23 | Wed 10/23 | Mon 10/21 | Mon 10/21 | | |
| Tenor | Yield | | | | | Avg Yield | CalHFA Yield Δ to Avg Yield |
| 15 Y | 3.85% | 4.20% | 4.10% | -- | 4.00% | 4.10% | -0.25% |
| 20 Y | 4.15% | 4.60% | 4.50% | 4.35% | 4.35% | 4.45% | -0.30% |
| 25 Y | 4.25% | 4.75% | 4.65% | 4.50% | 4.45% | 4.59% | -0.34% |
| 30 Y | 4.30% | 4.80% | 4.70% | 4.55% | -- | 4.68% | -0.38% |

 Denotes lowest yield Denotes higher or highest yield

Exceptional Pricing Results

Strong Retail Distribution Throughout the State

Dollars in Thousands

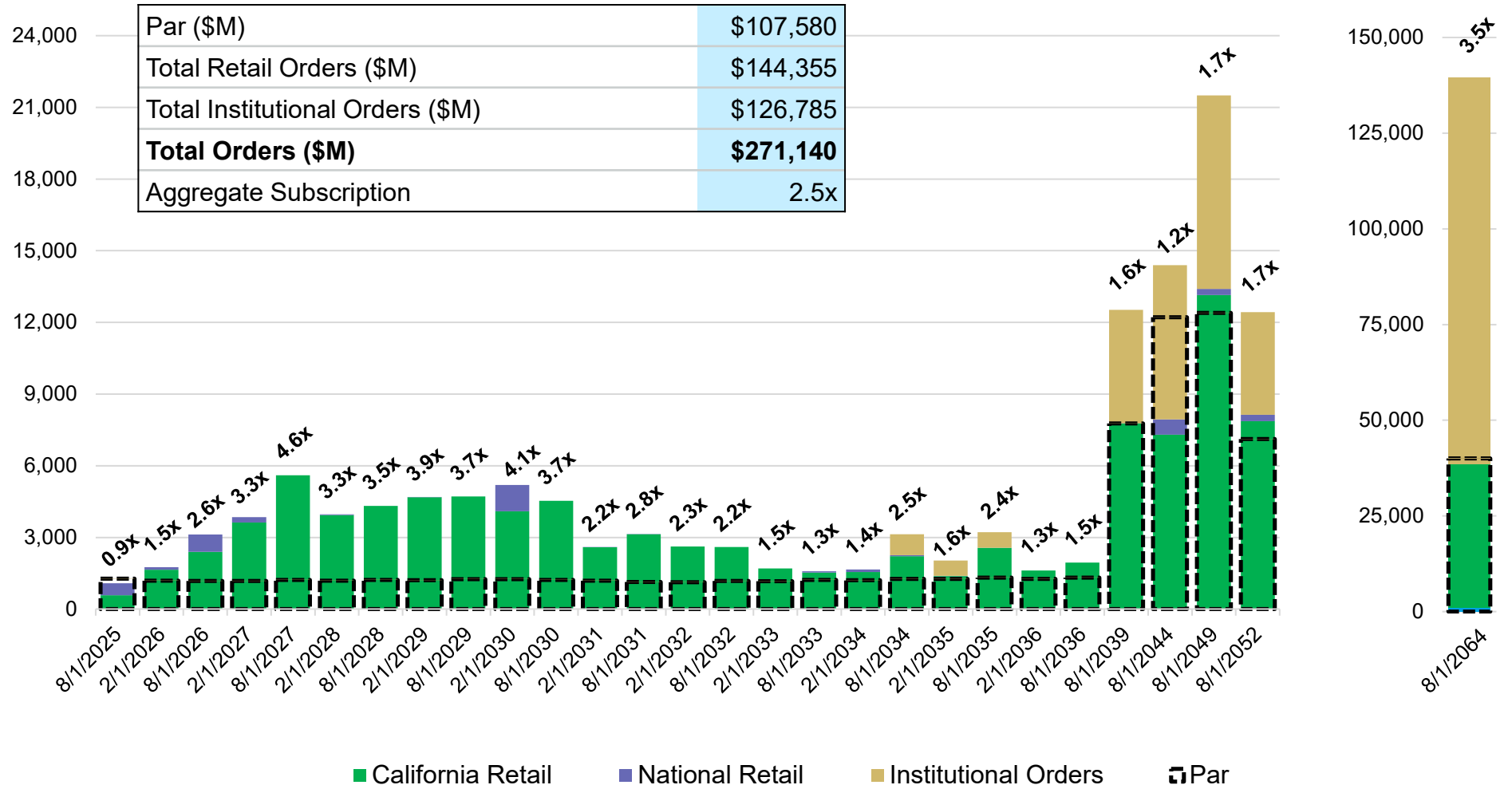


CalHFA 2024 Series A Order Results

Subscription by Maturity

(\$M)

| | |
|----------------------------------|------------------|
| Par (\$M) | \$107,580 |
| Total Retail Orders (\$M) | \$144,355 |
| Total Institutional Orders (\$M) | \$126,785 |
| Total Orders (\$M) | \$271,140 |
| Aggregate Subscription | 2.5x |



Disclaimer

Morgan Stanley & Co. LLC ("Morgan Stanley") is not recommending an action to you; (b) Morgan Stanley is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you with respect to the information and material contained in this communication; (c) Morgan Stanley is acting for its own interests; (d) you should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material; and (e) Morgan Stanley seeks to serve as an underwriter on a future transaction and not as a financial advisor or municipal advisor. The information provided is for discussion purposes only in anticipation of being engaged to serve as underwriter. The primary role of an underwriter is to purchase securities with a view to distribution in an arm's-length commercial transaction with the issuer. The underwriter has financial and other interests that differ from those of the issuer and obligated persons.

Any non-historical interest rates used herein are hypothetical and take into consideration conditions in today's market and other factual information such as the issuer's or obligated person's credit rating, geographic location and market sector. As such, these rates should not be viewed as rates that Morgan Stanley guarantees to achieve for the transaction should we be selected to act as underwriter. Any information about interest rates and terms for SLGs is based on current publicly available information and treasury or agency rates for open-market escrows are based on current market interest rates for these types of credits and should not be seen as costs or rates that Morgan Stanley guarantees to achieve for the transaction should we be selected to act as underwriter.

We have prepared this document solely for informational purposes. You should not definitively rely upon it or use it to form the definitive basis for any decision, contract, commitment or action whatsoever, with respect to any proposed transaction or otherwise. You and your directors, officers, employees, agents and affiliates must hold this document and any oral information provided in connection with this document in strict confidence and may not communicate, reproduce, distribute or disclose it to any other person, or refer to it publicly, in whole or in part at any time except with our prior written consent. If you are not the intended recipient of this document, please delete and destroy all copies immediately.

We have prepared this document and the analyses contained in it based, in part, on certain assumptions and information obtained by us from the recipient, its directors, officers, employees, agents, affiliates and/or from other sources. Our use of such assumptions and information does not imply that we have independently verified or necessarily agree with any of such assumptions or information, and we have assumed and relied upon the accuracy and completeness of such assumptions and information for purposes of this document. Neither we nor any of our affiliates, or our or their respective officers, employees or agents, make any representation or warranty, express or implied, in relation to the accuracy or completeness of the information contained in this document or any oral information provided in connection herewith, or any data it generates and accept no responsibility, obligation or liability (whether direct or indirect, in contract, tort or otherwise) in relation to any of such information. We and our affiliates and our and their respective officers, employees and agents expressly disclaim any and all liability which may be based on this document and any errors therein or omissions therefrom. Neither we nor any of our affiliates, or our or their respective officers, employees or agents, make any representation or warranty, express or implied, that any transaction has been or may be effected on the terms or in the manner stated in this document, or as to the achievement or reasonableness of future projections, management targets, estimates, prospects or returns, if any. Any views or terms contained herein are preliminary only, and are based on financial, economic, market and other conditions prevailing as of the date of this document and are therefore subject to change. We undertake no obligation or responsibility to update any of the information contained in this document. Past performance does not guarantee or predict future performance.

This document and the information contained herein do not constitute an offer to sell or the solicitation of an offer to buy any security, commodity or instrument or related derivative, nor do they constitute an offer or commitment to lend, syndicate or arrange a financing, underwrite or purchase or act as an agent or advisor or in any other capacity with respect to any transaction, or commit capital, or to participate in any trading strategies, and do not constitute legal, regulatory, accounting or tax advice to the recipient. We recommend that the recipient seek independent third party legal, regulatory, accounting and tax advice regarding the contents of this document. This document does not constitute and should not be considered as any form of financial opinion or recommendation by us or any of our affiliates. This document is not a research report and was not prepared by the research department of Morgan Stanley or any of its affiliates.

Notwithstanding anything herein to the contrary, each recipient hereof (and their employees, representatives, and other agents) may disclose to any and all persons, without limitation of any kind from the commencement of discussions, the U.S. federal and state income tax treatment and tax structure of the proposed transaction and all materials of any kind (including opinions or other tax analyses) that are provided relating to the tax treatment and tax structure. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal and state income tax treatment of the proposed transaction and does not include information relating to the identity of the parties, their affiliates, agents or advisors.

This document is provided by Morgan Stanley & Co. LLC and/or certain of its affiliates or other applicable entities, which may include Morgan Stanley Realty Incorporated, Morgan Stanley Senior Funding, Inc., Morgan Stanley Bank, N.A., Morgan Stanley & Co. International plc, Morgan Stanley Securities Limited, Morgan Stanley Bank AG, Morgan Stanley MUFG Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Morgan Stanley Asia Limited, Morgan Stanley Australia Securities Limited, Morgan Stanley Australia Limited, Morgan Stanley Asia (Singapore) Pte., Morgan Stanley Services Limited, Morgan Stanley & Co. International plc Seoul Branch and/or Morgan Stanley Canada Limited. Unless governing law permits otherwise, you must contact an authorized Morgan Stanley entity in your jurisdiction regarding this document or any of the information contained herein.

© Morgan Stanley and/or certain of its affiliates. All rights reserved.