



COMMUNITY
CAPITAL
MANAGEMENT
Revitalizing America

2013 Annual Impact Report



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Community Capital Management, Inc. is a Florida-based investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. The securities identified and described herein are current holdings and for illustrative purposes. Their selection was based upon non-performance criteria, such as the security's social and/or environmental attributes. Impact figures mentioned in this report are approximate values. Past performance does not guarantee future results. Market conditions can vary widely over time and can result in a loss of portfolio value.

Introduction

We are pleased to present Community Capital Management's (CCM) Annual Impact Report for the year ended 2013.

Once again, the firm demonstrated continued success in the fixed income impact investing space investing over \$6.1 billion cumulatively (since inception) in community development investment initiatives nationwide on behalf of our clients, generating results that make a powerful impact:

- \$674 million in statewide homeownership and down payment assistance programs
- 11,950 home mortgages for low- and moderate-income borrowers
- \$225 million in job creation and small business development
- \$290 million in economic development
- 277,000 affordable rental housing units
- \$32 million in affordable healthcare facilities

CCM takes a leadership role in creating and identifying fixed income impact investments that are responsive to local community development needs and that are not routinely provided by conventional capital markets. As an intermediary specializing in fixed income impact investments, we are positioned to identify investments that other organizations may not

have the capacity, skill or capital to manage.

Over the last year, we have seen an increase in fixed income impact investments supporting evolving community development initiatives.

For example, sustainable investments have increased as federal and state governments have embraced their importance. Additionally, while early fixed income impact investments concentrated predominantly on affordable housing, emerging strategies place increased emphasis on transit-oriented development (TOD), enterprise development, disaster recovery, education, neighborhood revitalization, sustainable agriculture, and healthy communities and people – specifically children and youth, who face some of the highest risks from unhealthy conditions.

Our separate account clients are increasingly asking us to channel their investments into opportunities with greater amounts of embedded impact. CCM is committed to operating at the forefront of the impact investing movement. Looking forward, we continue to seek ways of investing to revitalize U.S. local communities. This includes CCM's first Clinton Global Initiative America Commitment which seeks to invest \$200 million in market-rate investment opportunities to support revitalization activities nationwide.

Sincerely,

Community Capital Management, Inc.

Fixed Income Impact Investing Themes

Fixed income impact investments that direct monies to community development can target a variety of impact themes, including but not limited to:



Affordable Housing



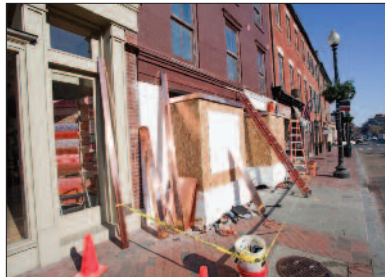
Affordable Healthcare



Enterprise Development



Education and Child Welfare



Redevelopment of Distressed or Blighted Communities



Environmental Sustainability



Healthy Communities



Disaster Recovery

Glossary of Terms

Affordable Housing

Investing in a home often represents a family's primary asset and serves as a base to build wealth creation. Affordable rental housing should cost no more than 30% of a household's income, and can help a community maintain a stable population by supporting workforce housing, and housing for low-income families, the elderly and disabled.

Affordable Healthcare

Creating and retaining affordable healthcare facilities and providing caring, affordable high quality healthcare and supportive services to low- and moderate-income and medically underserved persons.

Enterprise Development

Providing small businesses with access to capital; job training for the un- and under-employed; and employment opportunities for low- and moderate-income persons and communities.

Education and Child Welfare

Assisting the education and development of children and youth, with special emphasis on those who are educationally at risk.

Redevelopment of Distressed or Blighted Communities

Revitalizing low- and moderate-income and distressed or underserved communities.

Environmental Sustainability

Rehabilitating existing buildings; encouraging adaptive reuse; meeting energy codes; requiring renewable, reused, or recycled materials; water conservation; financing wind farms and solar technology; access to transit; brownfield development; and supporting environmentally sustainable small businesses.

Healthy Communities

Establishing and maintaining effective population-based strategies that reduce the burden of chronic disease and achieve healthy equity.

Disaster Recovery

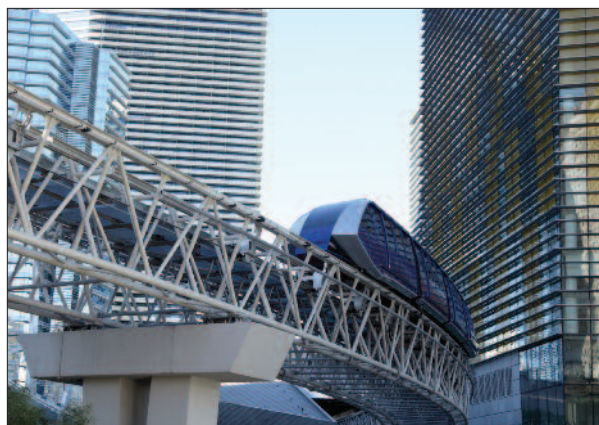
Supporting various community development activities in federally-designated disaster areas.

Fixed Income Impact Investing – Evolving Themes

Early fixed income impact investments have traditionally focused on community initiatives such as affordable housing for low- and moderate-income individuals and families. Today, emerging strategies place increased emphasis on community initiatives such as environmental sustainability, transit-oriented development (TOD), and healthy communities and people.

Transit-Oriented Development

A key component of TOD is creating communities that include a mix of housing, retail and/or commercial development and amenities, all integrated into walkable neighborhoods and within a half mile of quality public transportation. TOD is critically important because it provides an opportunity to build economically resilient communities and meet the demand for the communities of tomorrow.



Healthy Communities

Supporting the creation of healthy, sustainable communities and agriculture is critical to our nation's future. The percentage of overweight children in the United States is growing at a startling rate, with one out of three kids considered overweight or at risk of becoming obese. Increases in obesity and diet-related diseases are major public health problems and may be worse in some communities as access to affordable and nutritious food is difficult.

What Activities can Sustainable Fixed Income Investments Support?

The environmental benefits of sustainable fixed income investments are quite subjective and can encompass a wide range of individual values. Given their nebulous nature, sustainable fixed income investments may be evaluated on standards set forth by third party, independent environmental research firms such as Global Green USA¹.

Smart Growth

- Existing Housing Rehabilitation
- Revitalization Plans
- Proximity to Services
- Proximity to Transit
- Adaptive Reuse
- Wetlands Preservation
- Floodplain Preservation
- Urban Infill
- Habitat Preservation
- Brownfields Redevelopment

Energy Efficiency

- Specified Efficient Products
- Energy Star® Appliances
- Insulation Standards
- HVAC Performance
- Energy Codes
- Energy Star® Homes
- Photovoltaics

Resource Conservation

- Water Conservation
- Maintenance Free Standard
- Stormwater Protection
- Construction & Demolition Recycling
- Existing Flora Preservation
- Renewable Materials
- Reused Materials

Health Protection

- Environmental Assessment
- Hazard Abatement
- Indoor Air Quality (IAQ) Ventilation
- Hazard Proximity
- IAQ Paint
- IAQ Formaldehyde
- IAQ Carpet



¹Global Green USA is the American affiliate of Green Cross International, founded by President Gorbachev, to foster a global value shift toward a sustainable and secure future. For nearly 20 years, Global Green USA has been a national leader in advocating for smart solutions to global warming including green building for affordable housing, schools, cities and communities that save money, improve health and create green jobs.

2013 Community Impact

In 2013, CCM invested approximately \$750 million in community development initiatives nationwide on behalf of its clients, generating results that make a powerful impact:

\$150 million in statewide homeownership and down payment assistance programs

1,400 home mortgages for low- and moderate-income borrowers

\$43 million in job creation and small business development

\$20 million in economic development (i.e., environmental sustainability, neighborhood revitalization, healthy communities)

23,000 affordable rental housing units

\$500,000 in affordable healthcare facilities

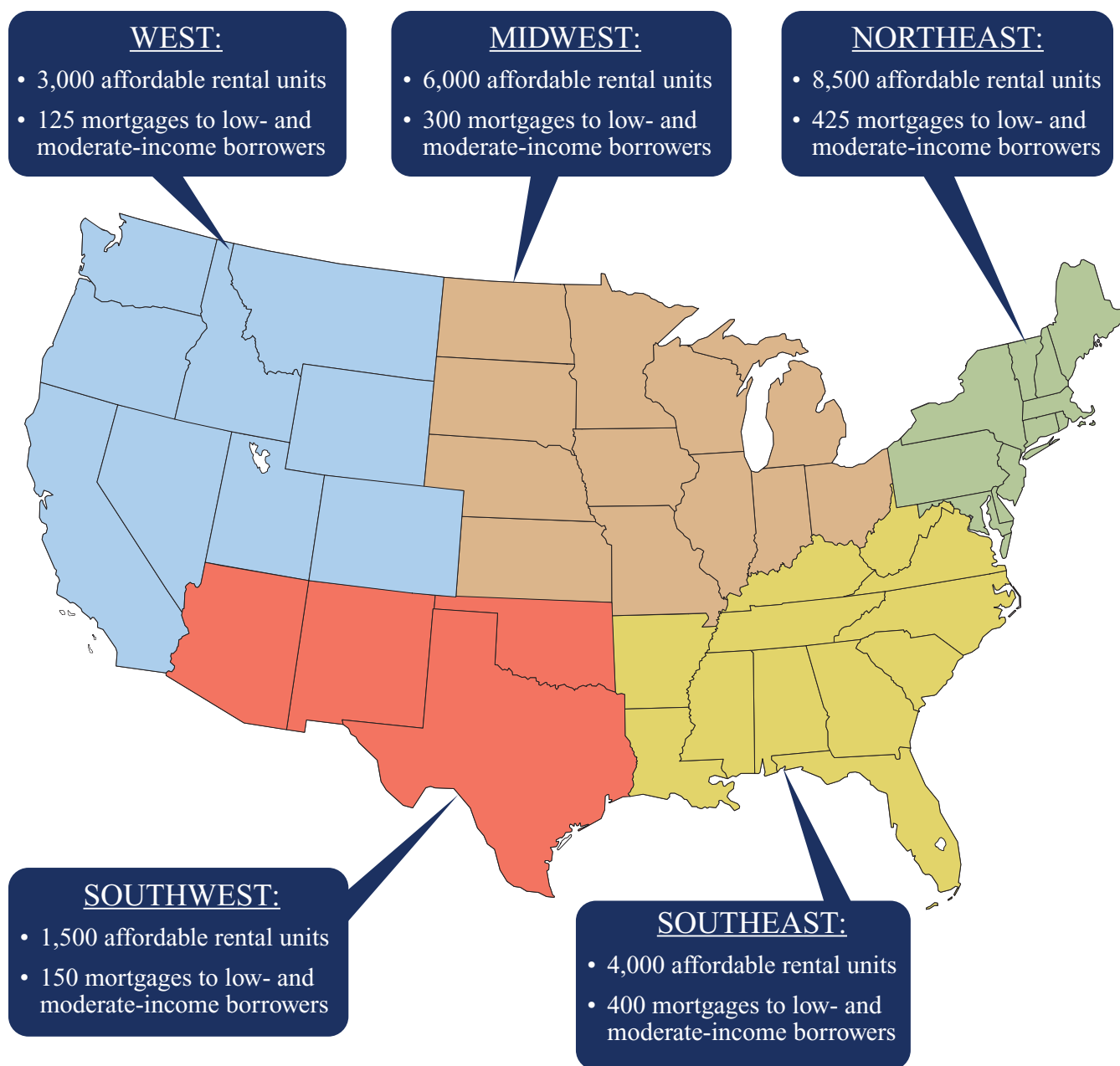
“A primary component and benefit of CCM’s process is its impact research which provides an added layer of transparency by detailing the use of proceeds and providing a full understanding of the programs being financed.”



- Barbara VanScoy
Chief Impact Investment Officer

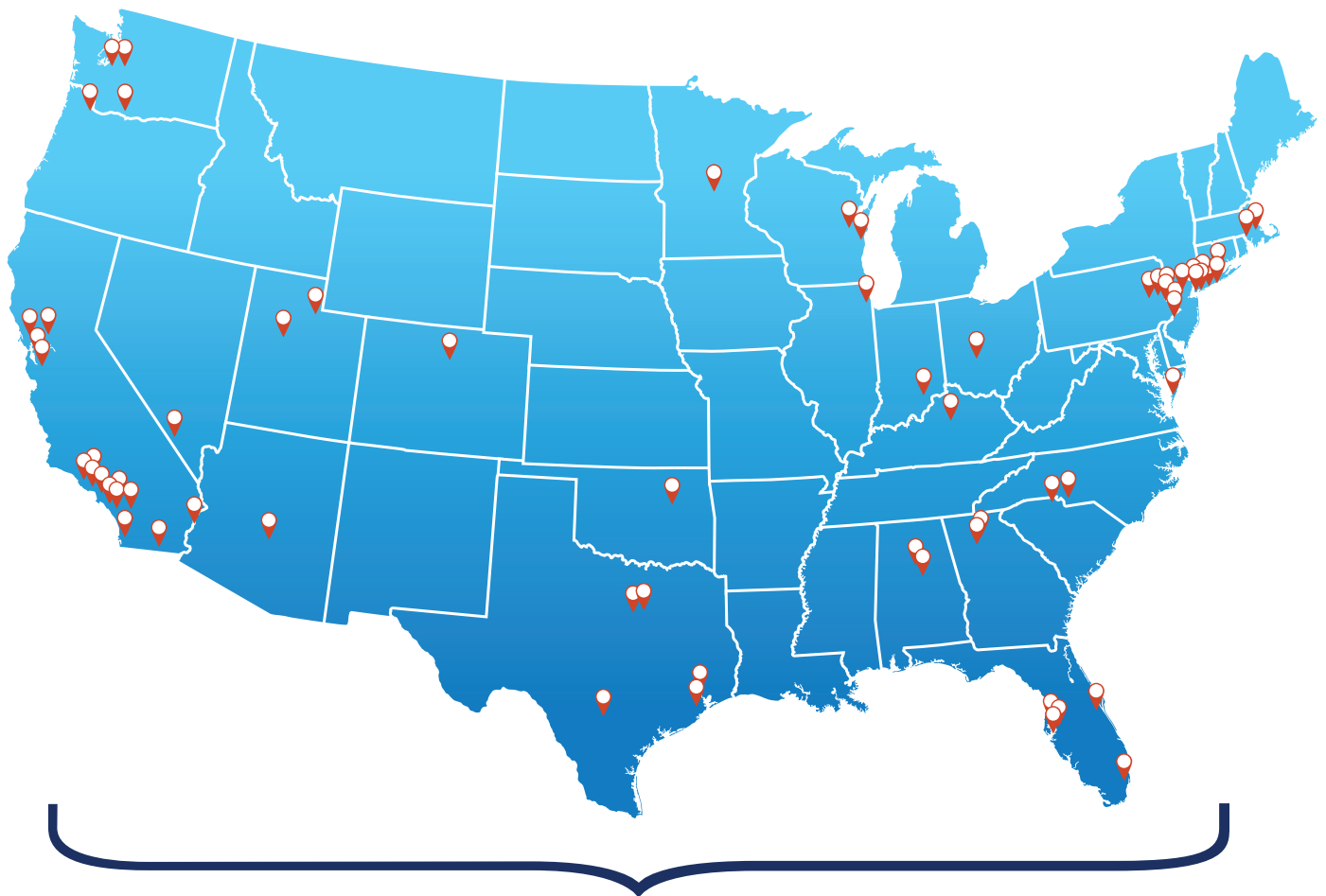
Affordable Homeownership & Affordable Rental Housing

In 2013, CCM invested a total of approximately 1,400 home mortgages to low- and moderate-income borrowers and approximately 23,000 affordable rental housing units. The map below breaks these figures down even further by geography.



Small Business Development and Job Creation/Retention

In 2013, CCM invested approximately \$40 million in U.S. Small Business Administration (SBA) loans helping small business with development, creating and/or retaining jobs, and providing small businesses with access to credit.



2013 Small Business Development and Job Creation/Retention

\$40 million invested

90 SBA Loans

478 Jobs Created/Retained

The U.S. SBA was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation.

Economic Development

In 2013, CCM invested approximately \$20 million in general economic development impact initiatives such as neighborhood revitalization and healthy communities. This includes approximately \$13 million in environmentally sustainable activities.



New York State Energy Research and Development Authority

The New York State Energy Research and Development Authority will fund energy audits and energy efficiency improvements for eligible applicants pursuant to the Authority's Green Jobs – Green New York (GJGNY) Program. The GJGNY Program provides funding to support sustainable community development, create opportunities for green jobs, and establish a fund to finance energy audits and energy efficiency retrofits or improvements for the owners and occupants of residential, multifamily, small businesses, and not-for-profits.

George School Project

The George School is a Pennsylvania nonprofit corporation that operates a private boarding and day school. Financing will help construct a new fitness and athletic center and other capital improvements. The new center is designed to achieve Leadership in Energy & Environmental Design (LEED) certification and keeps with the school's commitment to environmental stewardship. All concrete from the original center was crushed onsite and recycled to build the new foundation. Other green components include a vegetative roof, rain gardens to promote drainage, an air dehumidification system to help heat the pool, and solar hot water collectors.



Fixed Income Impact Profiles

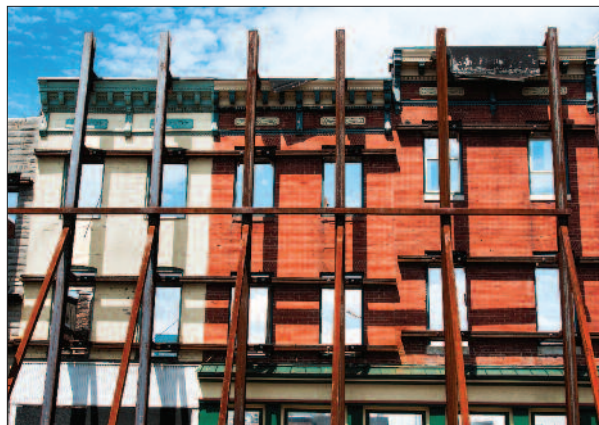
Sumner Field Minneapolis, Minnesota

Sumner Field is an affordable rental property originally built in 1938 as the first government-built and operated housing development in Hennepin County, Minnesota.

Sumner Field, also known as Near Northside Phase 1A, is part of a proposed development that will include 900 new mixed-income units built in the style of the Minneapolis neighborhood tradition and “New Urbanism”.

New Urbanism is an urban design movement which promotes walkable neighborhoods containing a range of housing and job types. It supports regional planning for open space, context-appropriate architecture and planning, and the balanced development of jobs and housing.

New Urbanism is believed to reduce traffic congestion, increase the supply of affordable housing and rein in suburban sprawl.



The redevelopment is transforming a 145-acre vacant site into a stable, affordable and sustainable urban neighborhood of Minneapolis’ downtown area.

Community assets and amenities include Sumner Library, close proximity to downtown employment, neighborhood community centers, and a network of neighborhood schools. Proposed new amenities include enhanced parks, walking and biking trails, and a new cultural center.

Rooster Valley Farm School Snoqualmie, Washington

Rooster Valley Farm School is a unique preschool in the Snoqualmie Valley in that it is the only school in which students interact daily with farm animals and actively work and play in a productive garden. It is a farm-based state-licensed program for children ages 2 ½ to 5.

Rooster Valley Farm School's classroom includes:

- A balance of child-directed and teacher-directed activities including individual, small and whole group work;
- Thematic farm-based curriculum that provides opportunities for children to nurture all of the learning intelligences through multiple modes of expression;
- Learning stations including art, science, math, reading, blocks, puzzles, manipulatives, writing and dramatic play; and
- Classroom cooking, including butter, jam, applesauce and ice cream, allowing each child to experience how food is created.



Rooster Valley Farm School's outdoor experience includes:

- **Planting and Harvesting**

The life cycle of plants is taught through activities such as planting bulbs, cultivating vegetables, and harvesting crops. In the process, children learn about farming, soil, water and plants. Many of these foods are incorporated into daily snacks.

- **Farm Animals and Farm Chores**

Feeding the farm animals, walking the goat, collecting eggs, and shearing the sheep teach children about life cycles, empathy and respect.

- **Rooster Junction**

A miniature town with streets for children to walk and ride tricycles along with simulated stores for students to explore.

Lakeview at Victoria Park Waldorf, Maryland



Lakeview at Victoria Park is an affordable rental property where 107 of the 108 units are restricted to seniors with incomes at or below 60% of area median income.

The project received an impact fee waiver from the Charles County commissioners to lower the minimum age from 62 years to 55 years to make housing more accessible to people locally.

The building was designed to meet the changing physical demands of the aging process down to even the most minute details.

This includes addressing:

- Loss of sight and hearing by painting the wall accents in bright primary colors, installing fluorescent light bulbs in all light fixtures, and sound-proofing between floors and units.
- Changes in mobility by installing hand rails on one side of the hallways and a handicapped access button on front doors.
- Frail seniors by installing emergency pull cords in bedrooms, bathrooms and community rooms.
- Security while maintaining independence by outfitting the building with key fobs so residents only have to flash their personalized key fob in front of a key pad to unlock the door. With the help of an internal video monitoring system, residents can also see who is at their front door before buzzing them in.
- Amenities such as front-controlled ranges, enlarged refrigerators, lazy susans, and pull-out drawers in kitchen cabinets. All doors have levers, rather than knobs, to eliminate unnecessary wrist strain and all bathrooms have offset plumbing so that residents don't have to lean over to turn on the water in the shower.



Statewide Homeownership Texas

The Texas State Affordable Housing Corporation (TSAHC) serves the housing needs of low-, very low- and extremely low-income Texans and other underserved populations who do not have comparable housing options through conventional financial channels.

The proceeds finance loans made to qualified persons or families of low- and moderate-income in order to finance the purchase of single family residential housing in Texas.

TSAHC offers three separate programs:

(1) The Professional Educators Home Loan Program

A professional educator is defined as a full-time classroom teacher, teacher aide, school librarian, school nurse or school counselor employed by a public school district in the state of Texas; or a full-time faculty member of either an undergraduate or graduate professional nursing or allied health program in the state of Texas.

(2) The Homes for Texas Heroes Home Loan Program

A Texas hero is defined as a full time, paid firefighter, emergency medical services personnel, peace officer, corrections officer, juvenile corrections officer, county jailer, or a public security officer working in the state of Texas; and

(3) The Home Sweet Texas Loan Program

Serving Texas families at or below 80% of area median income.



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