

OBVION N.V. Green STORM 2018

POST-ISSUANCE VERIFICATION LETTER

LOW CARBON BUILDINGS CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: June 23 – August 22, 2019

Approved verifier: Sustainalytics

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Scope and Objectives

In May 2018, Obvion N.V. (Obvion) issued green bonds as part of its Green STORM 2018 programme aimed at refinancing an existing mortgage loan portfolio of residential buildings in the Netherlands, focusing namely on buildings with high energy performance and buildings with improved energy performance. June 2019, Obvion engaged Sustainalytics to review the projects funded through the issued green bonds, and provide an assessment as to whether the projects met the Post-Issuance Requirements (Part A, Part B and Part C) of the Climate Bonds Standard.

Green bond projects include:

- The Green STORM 2018 mortgage portfolio, consisting of a total of 2,403¹ loans to eligible residential properties. Schedule 1 provides details of the eligibility, the green bond projects, and the disbursement of proceeds.

Compliance Evaluation Criteria

Post-issuance requirements under Climate Bonds Standards Version 2.1:

- Part A: General Requirements - All the requirements in Part A shall be met to be eligible for post-issuance certification.
- Part B: Eligible Projects & Assets - Part B requirements shall be met based on the projects & assets associated with the bond and the specified eligibility criteria.
- Part C: Requirements for Specific Bond Types - Part C requirements shall be met to be eligible for post-issuance certification and are used selectively, depending on the type of bond in question.

Issuing Entity's Responsibility

Obvion is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, total development cost of each project, and disbursed amounts.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Obvion's green bond, issued to finance mortgages to eligible energy-efficient

¹ As of August 1, 2019. The exact number of assets within the portfolio varies based on the replenishment of eligible mortgages as some loans are prepaid.

properties, and provided an independent opinion informing Obvion as to the conformance of the green bond with the Post-Issuance requirements and the Low Carbon Buildings Criteria of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by Obvion with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Obvion.

Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the bond.

Verifier's Responsibility

Sustainalytics conducted the verification in accordance with the Climate Bonds Standard Version 2.1 and with the International Standard on Assurance Engagements 3000 (ISAE 3000) – Assurance Engagements other than Audits or Reviews of Historical Information.

The work undertaken as part of this engagement included conversations with relevant Obvion employees and review of relevant documentation to confirm the conformance of Obvion's green bonds with the Programmatic Post-Issuance Requirements (Part A, Part B and Part C) of the Climate Bonds Standard Version 2.1.

Exceptions

No exceptions were identified.² All projects aligned with the Post-Issuance requirements of the Climate Bonds Standard and were in conformance to the Residential Low Carbon Buildings criteria.

Conclusion

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the allocation of EUR 581,897,194.98 from the Obvion green bonds, issued to fund eligible green projects, is not in conformance with the Post-Issuance requirements of the Climate Bonds Standard.

Detailed Findings

| Eligibility Criteria | Procedure Performed | Factual Findings | Error or Exceptions Identified |
|---|---|---|--------------------------------|
| Compliance to Part A: General Requirements | Verification of the loan portfolio financed by the green bond in 2018-19 to determine if Part A: General Requirements were met (See Schedule 2A and 2A). | All 2,403 loans reviewed complied with the General Requirements. | None |
| Compliance to Part B: Eligible Projects & Assets | Verification of the loan portfolio financed by the green bond in 2018-19 to determine if projects fall into (i) one of the investment areas of the Climate Bonds Taxonomy (ii) meet the Residential Buildings and Buildings Refurbishment technical criteria. | All 2,403 loans fall under the Low Carbon Buildings Criteria and meet the requirements of the Residential Buildings and Buildings Refurbishment technical criteria. | None |

² As of August 2019 there are no exceptions identified. Obvion has disclosed that, due to irregularities in the data provided by Calcasa, five properties were inadvertently temporarily added to the portfolio. When this discrepancy was noted, the loans were removed via repurchase at the next substitution moment.

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|---|---|--|------|
| Compliance to Part C: Requirements for Specific Bond Types | Bond Type Applicable: Use of Proceeds Bond. | The requirements of Project Holding, Settlement Period and Earmarking have been met. | None |
|---|---|--|------|

Schedule 1: Detailed Overview of Nominated Projects and Assets

All 2,403 mortgages in the portfolio are for residential buildings in the Netherlands that meet the following eligibility criteria:

- Residential buildings which have obtained an Energy Performance Certificate (energy label) of “A” based on the Methodology Energy Performance Certificate. These “A” labelled residential buildings constitute the top 10.1% in terms of energy performance in the Dutch residential market, well within the top 15% required by the Climate Bond Standard.
- Residential buildings that have achieved at least a 30% improvement in energy performance (at least a two-notch upgrade to a ‘definitive’ EPC of “C” or “B” or an upgrade to an EPC label “A”) compared to an average house within the same building period.

As of August 1, 2019, the distribution of the portfolio is as follows:

| EPC Label | Outstanding Amount | Share of outstanding amount | # of Loans | Share of number of loans |
|--------------|------------------------|-----------------------------|--------------|--------------------------|
| A | €546,514,361.34 | 93.92% | 2,256 | 93.88% |
| B | €5,489,721.46 | 0.94% | 27 | 1.12% |
| C | €29,893,112.18 | 5.14% | 120 | 4.99% |
| Total | €581,897,194.98 | 100.00% | 2,403 | 100% |

Schedule 2A: Post-Issuance General Requirements of the Climate Bonds Standard

| | |
|-------------------------------|--|
| Nominated Projects & Assets | <p>4.1 Statement on the environmental objectives of the bond</p> <p>4.2 Nominated Projects meet the Climate Bonds criteria</p> <p>4.3 Confirmation that Nominated Projects and Assets will not be nominated to other Climate Bonds</p> |
| Use of Proceeds | <p>5.1 Net Proceeds of the bond allocated to the Nominated Projects</p> <p>5.2 Funds allocated to Nominated Projects within 24 months of issuance of the bond</p> <p>5.3 Estimate of the share of the Net Proceeds used for financing and re-financing</p> <p>5.4 Net Proceeds of the bond shall be tracked by the Issuer following a formal internal process</p> <p>5.5 Net Proceeds of the bond shall be no greater than the total investment or the total Fair Market Value of the Nominated Projects & Assets at the time of issuance</p> |
| Non-Contamination of Proceeds | <p>6.1 Tracking of proceeds</p> <p>6.2 Managing of unallocated proceeds</p> <p>6.3 In the case of a Force Majeure, the Issuer may apply to the Climate Bonds Standard Board for an extension to the asset allocation period</p> |
| Confidentiality | <p>7.1 Information about the Nominated Projects & Assets provided to the Verifier and to the Climate Bonds Standard Board</p> <p>7.2 Issuer should disclose information about the bond and the Nominated Projects & Assets to the market</p> |
| Reporting Post-Issuance | <p>8.1 Report containing the list of Nominated Projects & Assets to which proceeds of the bond have been allocated</p> |

Schedule 2B: Conformance to the Post-Issuance Requirements of the Climate Bonds Standard

| Procedure Performed | Factual Findings | Error or Exceptions Identified |
|--|--|--------------------------------|
| Verification of Nominated Projects & Assets | <p>4.1 The objective of the bond is to primarily use proceeds to refinance an eligible portfolio of residential mortgages on energy-efficient properties (Nominated Projects).</p> <p>4.2 Obvion's management confirms that the nominated projects meet the Eligibility Criteria.</p> <p>4.3 Obvion's management confirms that the projects shall not be nominated to other Climate Bonds.</p> | None |
| Verification of requirements specified under Use of Proceeds | <p>5.1 Net Proceeds of the bond have been allocated to 2,403 eligible loans.</p> <p>5.2 Obvion's management has confirmed that funds have been allocated to Nominated Projects within [Number of months it took issuer to allocate funds] months of the issuance.</p> <p>5.3 Obvion's management has confirmed that all Net Proceeds of the bond were used for refinancing of eligible mortgages only.</p> <p>5.4 Obvion's management has confirmed that Net Proceeds of the bond shall be tracked by the Issuer following a formal internal process.</p> <p>5.5 Obvion's management has confirmed that the Net Proceeds of the bond shall be no greater than the total investment in the Nominated Projects or the Total Development Cost of the Nominated Projects.</p> | None |
| Verification of requirements specified under Non-Contamination of Proceeds | <p>6.1 Obvion's management confirms that the proceeds have been segregated and tracked in a systematic manner and were exclusively used to finance Nominated Projects.</p> <p>6.2 Obvion's management confirms that the proceeds were fully allocated to refinance the eligible portfolio at the time of issuance.</p> <p>6.3 N/A</p> | None |
| Verification of requirements specified under Confidentiality | <p>7.1 Obvion's management confirms that all relevant information about the Nominated Projects has been provided to the Verifier and to the Climate Bonds Standard Board to support the assessment of conformance with the Climate Bonds Standard.</p> <p>7.2 Obvion's management confirms that all relevant information about the bond and the Nominated Projects has been disclosed to the market.</p> | None |
| Verification of requirements specified under Reporting Post-Issuance | <p>8.1 Obvion's management has provided a report containing the list of Nominated Projects to which proceeds of the bond have been allocated (See Schedule 1).</p> | None |

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Sustainalytics

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For more information, visit www.sustainalytics.com

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