

OBVION N.V.

POST-ISSUANCE VERIFICATION LETTER – MARCH 2, 2018

LOW CARBON BUILDINGS CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: February 2018

Approved verifier: Sustainalytics

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Scope and Objectives

Obvion N.V. (“Obvion”) issued green bonds in June 2016 (Green STORM 2016) and June 2017 (Green STORM 2017), aimed at refinancing an existing mortgage loan portfolio with residential buildings in the Netherlands, focusing namely on energy efficiency and energy performance. In February 2018, 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.¹

Green Bond Projects include:

- An existing mortgage loan portfolio with a combined 4,597 residential buildings in the Netherlands as per Cut-Off date 1 February 2018 (Green STORM 2016 with 2065 residential buildings and Green STORM 2017 with 2532 residential buildings).

Compliance Evaluation Criteria

Sustainalytics assessed compliance with the Post-Issuance Requirements under Climate Bond Standard Version 2.1, which are:

- 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 and 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.

For detailed conclusions, please consult **Detailed Findings** Section below.

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 projects, 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 2016 and 2017 green bonds, issued to refinance eligible green

¹ Climate Bonds Standard Post-Issuance Requirements available here:
https://www.climatebonds.net/files/files/Climate%20Bonds%20Standard%20v2_1%20-%20January_2017.pdf

buildings, and provided an independent opinion informing Obvion as to the conformance of the Green Bond with the Post-Issuance Requirements and Low Carbon Buildings criteria of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by Obvion. Sustainalytics is not responsible for any aspect of the Nominated Projects referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, Sustainalytics shall not be held liable if any of the information or data provided by Obvion and used as a basis for this assessment were not correct or complete.

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

The work undertaken as part of this engagement included conversations with relevant Obvion employees and review of relevant documentation to confirm the Green Bond's conformance with the Climate Bonds Certification Post-Issuance Requirements, which include:

- Conformance of the June 2016 green residential mortgage-backed security Green STORM 2016 issuance and the June 2017 green residential mortgage-backed security issuance Green STORM 2017 with the Climate Bonds Standard Version 2.1;
- Conformance with the Technical Criteria on Low Carbon Buildings²;
- Conformance with the Internal Processes & Controls requirements;
- Conformance with Reporting Prior to Issuance requirements.

Exceptions

No exceptions were identified. All projects aligned with the Post-Issuance Requirements of the Climate Bonds Standard and were in conformance to the 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 500m from Green STORM 2016 and EUR 550m from Green STORM 2017 green bonds, issued to fund eligible green projects, is not in conformance with the Post-Issuance Requirements of the Climate Bonds Standard. Additionally, nothing has come to Sustainalytics' attention that causes us to believe that the use of the net green proceeds is not in conformance with the eligibility criteria stipulated in Green STORM 2016 and Green STORM 2017 frameworks.

Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Compliance to Part A: General Requirements	Verification of a representative sample of 60 loans funded by the green bond issuances in 2016 and 2017 to determine if Part A: General Requirements were met.	The representative sample of 60 loans reviewed complied with the General Requirements.	None

² Climate Bonds Standard Low Carbon Buildings Criteria available here: <https://www.climatebonds.net/low-carbon-buildings-criteria>

Compliance to Part B: Eligible Projects & Assets	Verification of a representative sample of 60 loans funded by the green bonds in 2016 and 2017 to determine if projects meet the Low Carbon Buildings technical criteria.	The representative sample of 60 loans meet the requirements of the Low Carbon Buildings technical criteria.	None
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

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 March 2, 2018
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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 existing mortgage loan portfolio with residential buildings in the Netherlands, focusing namely on energy efficiency and energy performance.</p> <p>4.2 Obvion confirms that the nominated projects meet the Eligibility Criteria.</p> <p>4.3 Obvion 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 the 4597 residential buildings (Green STORM 2016 and Green STORM 2017 combined) in the Netherlands as per Cut-Off date 1 February 2018.</p> <p>5.2 Obvion has confirmed that funds have been 100% allocated upon issuance to refinance the Nominated Projects.</p> <p>5.3 Obvion has confirmed that all Net Proceeds of the bond were used for refinancing only.</p> <p>5.4 Obvion has confirmed that Net Proceeds of the bond have been tracked following a formal internal process.</p> <p>5.5 Obvion has confirmed that the Net Proceeds of the bond is no greater than the existing mortgage loan portfolio with residential buildings in the Netherlands, focusing on the improvement of the assets' energy efficiency and energy performance.</p>	5.4 As the total proceeds have already been allocated in full at closing to existing loans, Obvion will only report on the sustainability aspects of this portfolio. Sustainalytics assesses this aspect in line with market practices.
Verification of requirements specified under Non-Contamination of Proceeds	<p>6.1 Obvion confirms that the proceeds have been segregated and tracked in a systematic manner and were exclusively used to refinance Nominated Projects.</p> <p>6.2 Obvion confirms that the totality of the net proceeds from the issuances have been used to fund eligible mortgages in the portfolio, and thus no balance of unallocated proceeds resulted following the issuances.</p>	None
Verification of requirements specified under Confidentiality	<p>7.1 Obvion 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 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	8.1 Obvion has provided a report containing the list of Nominated Projects to which proceeds of the bond have been allocated	None
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Sustainalytics

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