

DNV GL Business Assurance

Pre-Issuance Verification Opinion

FlexiGroup – Green ABS Notes

Climate Bond Standard

22 April 2016

PRE-ISSUANCE VERIFICATION STATEMENT

DNV GL Business Assurance Australia Pty Ltd (“DNV GL”) has performed the Pre Issuance Verification of the FlexiGroup Green ABS Notes, specifically the Flexi ABS Trust 2016-1 Class A2-G Notes (“the Bond”) with ISIN AU3FN0031100, including the summary criteria for verification of assertions made by FlexiGroup (Flexi) detailed in Appendix A and the information provided in the Asset Portfolio contained within Appendix B of this verification statement.

It is DNV GL’s responsibility to provide an independent verification statement on the compliance of the Bond with the Climate Bond Standard.

DNV GL conducted a limited assurance engagement in accordance with the Climate Bond Standard Version 2.0 and with International Standard on Assurance Engagements 3000 Assurance Engagements other than Audits or Reviews of Historical Information. The verification included i) checking whether the provisions of the Climate Bond Standard were consistently and appropriately applied and ii) the collection of evidence supporting the verification.

DNV GL’s verification approach draws on an understanding of the risks associated with conforming to the Climate Bond Standard and the controls in place to mitigate these. DNV GL planned and performed the verification by obtaining evidence and other information and explanations that DNV GL considers necessary to give limited assurance that the Bond meets the requirements of the Climate Bond Standard.

Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that the Flexi Green ABS Notes, are not, in all material respects, in accordance with the Pre Issuance requirements of the Climate Bond Standard Version 2.0 and Associated Solar Technical Criteria.

No assurance is provided regarding the financial performance of the Flexi Bond or the value of any investments in the Bond. Our objective has been to provide assurance that the Bond has met the criteria established on the basis set out below.

Our statement represents an independent opinion and is intended to inform Flexi management and investors in the Flexi Green ABS Notes as to whether the Climate Bond Standard criteria have been met. In our work we have relied on the information supplied by Flexi. DNV GL are not responsible for any loss suffered as a result of information provided by Flexi.

DNV GL
DNV GL Business Assurance Pty Ltd

Sydney
22 April 2016

APPENDIX A

Summary criteria for assertions of compliance with the Climate Bond Standard v2.0

The criteria against which Flexi and its solar energy assets have been reviewed prior to inclusion in the Bond are grouped under the Compliance Requirements as detailed within the Climate Bond Standard including:

Part A: General Requirements

Area	Requirement
Project Nomination	The Climate Bond issued must specify the project collateral or physical assets with which it is associated
Use of Proceeds	Proceeds must be allocated to Nominated Project(s)
Non-Contamination	Issuers are permitted a grace period to allocate or re-allocate funds to Nominated Project(s)
Confidentiality	The information disclosed to the Verifier and the Climate Bond Standards Board may be subject to confidentiality arrangements
Reporting	Reporting on use of proceeds and nominated projects and assets

Part B: Eligible Projects & Assets.

Renewable energy projects include financing of or investments in equipment and systems which enable the use of energy from renewable sources such as solar, as detailed in Appendix B.

Area	Requirement
Solar Energy Generation	Solar electricity generation facilities
	Wholly dedicated transmission infrastructure for solar electricity generation facilities
	Eligible Project & Assets that have activities in solar electricity generation facilities shall have a minimum of 85% of electricity generated from solar energy resources

Part C: Requirements for Specific Bond Types

Area	Requirement
Project Holding	The Issuer of the bond shall continue to hold Nominated Projects & Assets which have Fair Market Value at least equal to the original principal amount of the bond at the time of issuance
Settlement Period	Issuers shall demonstrate that the Net Proceeds of the bond have been distributed to the Nominated Projects & Assets within 24 months of the issuance of the bond
Earmarking	The Issuer of the bond shall maintain the earmarking process to manage and account for funding to the Nominated Projects & Assets

APPENDIX B

Flexi Green ABS Notes Eligible Projects and Assets (“Nominated Projects”) as at 21st April 2016.

Asset / Project Type	Location	Project Holding (AUD million)	Proposed Note Issuance (AUD million)	Asset / Project Name
Solar PV	Australia	85.8	50	Rooftop Solar Energy PV system loans (portfolio of over 17,000 underlying contracts diversified across all 7 Australian states and territories).