

SECOND PARTY OPINION (SPO)

Re-verification of the Sustainability Quality of the Issuer and Green Bond Asset Pool

Berlin Hyp AG
24 April 2020

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Overall Evaluation of the Green Bond

Berlin Hyp AG (“Berlin Hyp”) commissioned ISS ESG to assist with its Green Bond re-verification by assessing three core elements to determine the sustainability quality of the Bond:

1. Berlin Hyp’s Green Bond framework – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBPs).
2. The asset pool – whether the projects aligned with ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).
3. Berlin Hyp’s sustainability performance, according to the ISS ESG Corporate Rating.

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Performance against GBPs	The issuer has defined a formal concept for its Green Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA GBPs.	Positive
Part 2: Sustainability quality of the asset pool	<p>The overall sustainability quality of the asset pool in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG Green Bond KPIs. The Green Bond KPIs contain a clear description of eligible asset categories which consists of Commercial Real Estate exclusively.</p> <p>All assets of the asset pool are located in highly regulated and developed countries. Legislative frameworks in those countries set minimum standards, which reduce environmental and social risks.</p>	Positive
Part 3: Issuer sustainability performance	<p>The issuer itself shows a good sustainability performance and has been given a rating of B-, which classifies it as ‘Prime’ by the methodology of the ISS ESG Corporate Rating.</p> <p>It is rated 2nd out of 127 companies within its sector as of 24.04.2020. This equates to a high relative performance, with a Decile Rank² of 1.</p>	Status: Prime Rating: B- Decile Rank: 1

¹ The ISS ESG’s present evaluation will remain valid until any modification of the Green Bond Framework or addition of new assets into the asset pool by the issuer and as long as the Corporate Rating does not change (last modification on the 12.07.2019). The controversy check of the underlying assets has been conducted on the 15.04.2020.

² Rank relative to industry group. 1 indicates a high relative ESG performance, while 10 indicates a low relative ESG performance.





Contribution of the Green Bond to the UN SDGs

Based on the assessment of the sustainability quality of the green bond asset pool and using a proprietary methodology, ISS ESG assessed the contribution of Berlin Hyp’s green bonds to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 2 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the bond’s Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Commercial Real Estate <i>(with sustainability certifications LEED Gold or above, BREEAM Very Good or above, DGNB Gold or above, or HQE High Level or above)</i>	Significant Contribution	
Commercial Real Estate <i>(meeting high energy efficiency requirements defined in the framework)</i>	Limited Contribution	  

Annual CO2 Avoidance of the buildings in the Asset Pool

Berlin Hyp established two baselines in order to compare the buildings to existing standards: The first baseline is the average energy performance of European buildings, the second one the German Energy Savings Ordinance (EnEV). Further, Berlin Hyp chose to provide investors with the carbon avoidance that is linked to Berlin Hyp's initial financing share of the respective buildings as well as with the complete carbon avoidance, i.e. the avoidance caused by the complete buildings. More details on the methodology regarding CO2 avoidance can be found in the initial Second Party Opinion from 2016.

The calculations were based on an assessment of the carbon intensity of different energy sources for heating and differentiation of carbon intensity of each country's electricity mix and district heating supply as well as further differentiation of the district heating supply in Germany by region.

The calculations on energy and CO2 data were carried out by Berlin Hyp, ISS ESG carried out a basic plausibility check. More information on the calculations is provided by Berlin Hyp at <https://www.berlinhyp.de/en/investors/green-bonds>.

The following table shows the results of estimations and calculations on the CO2 performance of the buildings within the asset pool for the Green Bond Programme (excluding buildings that were in the cover pool at issuance of the Green Pfandbrief in 2015).

ANNUAL CO₂ AVOIDANCE OF THE BUILDINGS IN THE ASSET POOL (T/MEUR P.Y)

Baseline for CO ₂ avoidance	Proportional allocation to Berlin Hyp initial financing share	Complete allocation to Berlin Hyp financing
Against the European average (heating energy only)	8.24 t/mEUR	15.21 t/mEUR
Against current EnEV reference values (heating energy and electricity)	22.58 t/mEUR	39.89 t/mEUR

ISS ESG SPO ASSESSMENT

PART I: GREEN BOND PRINCIPLES

1. Use of Proceeds

The proceeds of the Green Bonds (Green Pfandbriefe as well as Green Seniors) to be issued by Berlin Hyp will be exclusively used to finance and refinance the acquisition, construction or refurbishment of Green Buildings. These Green Buildings serve as collateral for loans granted by or to be granted by Berlin Hyp. If they are used for Green Pfandbriefe the loans have to be eligible for and included in or to be included in the bank's mortgage cover pool.

Details regarding the assets included in the Green Bond are listed in the following table (based on loans outstanding):

GREEN ASSET CATEGORY	NUMBER OF OBJECTS	VOLUME OF GREEN BOND ASSET POOL (EUR MILLION)
Green Buildings: Commercial real estate	180 buildings	5,479.55
TOTAL		5,479.55 (100%)

Opinion: ISS ESG considers the Use of Proceeds description provided by Berlin Hyp's Framework as aligned with the Green Bond Principles. Sustainability objectives are clearly stated and align with the strategy of Berlin Hyp.

2. Process for Project Evaluation and Selection

Berlin Hyp has established a Green Building Commission (GBC). This consists of one representative from each of the following divisions of the bank: Corporate Strategy, Origination, Credit, Appraisal and Treasury. In its regular meetings the GBC discusses whether eligibility criteria are still in line with market best practices of Green Building definition. If not, the GBC will discuss possible changes and decide on how to adapt the eligibility criteria. Any change shall only lead to stricter criteria, which means a lower level of energy demand and/or consumption.

At the beginning of the acquisition process, Berlin Hyp's borrowers are being asked to provide relevant documents concerning the eligibility for the bank's green finance portfolio, i.e. primarily EPCs and sustainability certificates. Energy demand calculations are used in case of property developments. The experts in the bank's appraisal division assess a property's qualification as a green building. In case of a positive decision by the appraisers, sales staff is allowed to deduct up to 10 basis points when pre-calculating the loan. Credit staff documents an asset's green building eligibility in the bank's loan monitoring system.

After documentation, Treasury votes on the asset's compliance with the green finance portfolio eligibility criteria and whether it should be included in Berlin Hyp's green finance portfolio. This ensures a four-eye-principle with respect to the identification process. Only loans that have been approved by both divisions, Appraisal and Treasury, are classified by credit staff as green bond

eligible in the bank's loan monitoring system. In any case, data on the properties' energy efficiency and sustainability are entered into the loan monitoring system even if a property doesn't fulfill eligibility criteria. As this process is applied to all new business, it is one of Berlin Hyp's longer term targets to provide evidence about its entire mortgage loan portfolio's energy efficiency.

If the document proving a green buildings' eligibility expires, Berlin Hyp will ask its borrower for new evidence in order to re-assess the property's eligibility. Borrowers are allowed a one-year grace period to provide new evidence. If a borrower does not provide a new EPC and/or sustainability certificate or the new EPC and/or sustainability certificate does not meet Berlin Hyp's eligibility criteria, the asset is removed from the bank's portfolio of eligible assets.

Eligibility criteria

PROPERTY TYPE	ENERGY DEMAND HEATING KWH/(M ² *A)	ENERGY DEMAND ELECTRICITY KWH/(M ² *A)	IN TOTAL KWH/(M ² *A)
Residential	60	-	60
Office³	80	60	140
Retail	60	75	135
Hotels	95	60	155
Logistics buildings (use: storage)	30	35	65
Light industrial (use: production)	105	65	170

In addition/alternatively, eligibility criteria include the following external sustainability certifications:

- LEED – Gold or above
- BREEAM – Very Good or above
- DGNB – Gold or above
- HQE – High Level or above

Eligible assets shall also meet other environmental and/or social criteria. These assets are not to be used for the production of arms, pesticides, tobacco, pornography, nuclear power, coal, oil and fossil fuels.

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by Berlin Hyp's Green Bond Framework as aligned with the Green Bond Principles. The Responsibilities are clearly defined and the eligibility criteria are transparently displayed and reviewed frequently to ensure their alignment with market best practices.

³ Based on third-party energy consultant data, Berlin Hyp decided in 2020 to further strengthen the category threshold for office buildings in order to reflect Berlin Hyp's long term strategy and its specific asset portfolio.

3. Management of Proceeds

Eligible assets already exist on Berlin Hyp's balance sheet (and in the case of a Green Pfandbrief in its mortgage cover pool) at issuance of a new Green Bond. They are not booked in a separate portfolio but flagged in the bank's legal loan monitoring system. Thus, they form a sub-portfolio of Berlin Hyp's overall loan book. The bank shall report on the development of this sub-portfolio on an annual basis.

Opinion: ISS ESG finds that Management of Proceeds proposed by Berlin Hyp's Green Bond Framework aligns with the Green Bond Principles. The proceeds are appropriately tracked internally.

4. Reporting

Berlin Hyp provides information about its green bonds on its website www.berlinhyp.de/de/investoren/green-bonds. The English version of the website may be found under www.berlinhyp.de/en/investors/green-bonds.

Relevant documents and information concerning the bank's green bond activities are published on its website. This also contains the bank's reports on its green bonds. As long as Berlin Hyp has green bonds outstanding, the bank will report on an annual basis. Each report will contain details about:

- i. The development of eligible assets on Berlin Hyp's balance sheet and in its mortgage cover pool on a stratified basis
- ii. New business in eligible assets since the last report and assignment of eligible assets to issued bonds on a loan-by-loan basis
- iii. Carbon emissions avoidance (impact reporting) evaluated in comparison to one or more appropriate baselines⁴.

Berlin Hyp publishes annual green bond reportings since 2016. Reports will remain available for investors for future reference on the bank's website.

Opinion: ISS ESG finds that the reporting proposed Berlin Hyp Green Bond Framework aligns with the Green Bond Principles. The allocation and impact reporting occurs annually on the integrality of its mortgage cover pool, on a stratified basis. The impact reporting aligns with best market practices thanks to the comparison of the reported data with appropriate baselines and to the transparency of its calculation methodology.

⁴ The methodology for calculating carbon emissions avoidance is document in every edition of Berlin Hyp's Annual Green Bond Reporting and published on its website.

External review

Second Party Opinion

Berlin Hyp has appointed ISS ESG to assess the sustainability of its Green Bond Program. ISS ESG applies its own framework to carry out this assessment. The results are documented in ISS ESG's Second Party Opinion which is available on the bank's website. The Second Party Opinion refers to the whole Green Bond Program and includes every security that is issued under it.

Annual Re-verification

ISS ESG or any other party appointed by Berlin Hyp later as a successor for ISS ESG in the future will issue a report verifying the compliance of all issued bonds with the criteria documented in this program on an annual basis. These reports will reflect the results of the assessment of the sustainability performance of the program and the issued Green Pfandbriefe and Green Senior bonds. The reports will be published on the bank's website.

PART II: SUSTAINABILITY QUALITY OF THE ASSET POOL

Green commercial real estate

As a Use of Proceeds category, green commercial real estate has a limited contribution to the SDG 11 “Sustainable cities and communities”, when meeting stringent enough sustainability criteria.

The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs related to environmental and social risks applicable for commercial real estate.

ASSESSMENT AGAINST ISS ESG KPI

Prerequisite: Energy efficiency

All the assets underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency.

- ✓ All the assets are in line with the German Energy Savings Regulation (EnEV) and/or have received sustainability certificates such as LEED (Gold or above), BREEAM (Very Good or above), DGNB (Gold or above), HQE (High Level or above).

1. Environmental standards for site selection

- ✓ All assets are located in metropolitan areas, avoiding the risk of greenfield construction.
- ✓ 173 assets out of 180, accounting for 97.4% of the asset pool, are located within a maximum of 1 km from one or more modalities of public transport.

2. Construction standards

- ✓ All the assets are located in countries where high labour and health and safety standards are in place for construction and maintenance work (e.g. ILO core conventions).
- For less than 50% of the assets in the asset pool, sustainable procurement measures regarding building materials are in place (e.g. recycled materials, third-party certification of wood-based materials). No information is available for the remaining assets.

3. Water use minimisation in buildings

- ✓ For more than 50% of the assets in the asset pool, adequate measures to reduce water use (e.g. greywater recycling, efficient applications) are in place. No information is available for the remaining assets.

4. Safety of building users

- ✓ 157 assets out of 180, accounting for 85.5% of the asset pool, provide for measures to ensure operational safety (e.g. requirements for fire protection, in line with national legislation). No information is available for the other assets.

5. Sustainability labels/ certificates

- 49 assets out of 180, accounting for 39.6% of the asset pool, have obtained a (or an equivalent of) BREEAM “Very Good”, DGNB “Gold”, LEED “Gold”, HQE “excellent” certificate or better certification. No information, or lower certification scores have been obtained for the other assets.

Controversy assessment

A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to Berlin Hyp.

PART III: ASSESSMENT OF BERLIN HYP'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides a rating and then designates a company as 'Prime⁵' or 'Not Prime' based on its performance relative to the industry sector. It is also assigned a Decile Rank, indicating this relative industry group performance, with 1 indicating a high relative ESG performance, and 10 a low relative ESG performance.

COMPANY	STATUS	Rating	DECILE RANK
BERLIN HYP AG	PRIME	B-	1

This means that the company performed well in terms of sustainability, both compared against others in the industry and in terms of the industry-specific requirements defined by ISS ESG. In ISS ESG's view, the securities issued by the company therefore all meet the basic requirements for sustainable investments.

As of 24.04.2020, this rating places Berlin Hyp 2nd out of 127 companies rated by ISS ESG in the Mortgage & Public Sector Finance sector.


Key Challenges facing companies in term of sustainability management in this sector are:

- Sustainability impacts of lending and other financial services/products
- Statutory ESG-standards linked to the geographical allocation of the lending portfolio
- Customer and product responsibility
- Employee relations and work environment

In all of the key issues, Berlin Hyp rates above the average for the sector. A very significant outperformance was achieved in "Sustainability impacts of lending and other financial services/products" and "Employee relations and work environment".

The company does not face any controversy.

Details on the rating of the issuer can be found in Annex 1.



Robert Hassler, Head of ISS ESG Ratings
London/Munich/Rockville/Zurich

⁵ Prime is only awarded to the top sector performers, often less than 10% of companies within the respective sector.

DISCLAIMER

1. Validity of the SPO: For Berlin Hyp's potential Green Bond/Green Schuldscheindarlehen issuances occurring between April 2020 and April 2021.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
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ANNEX 1: ISS ESG Corporate Rating

The following pages contain extracts from Berlin Hyp ISS ESG Corporate Rating.

ESG Corporate Rating

Berlin Hyp AG

Industry	Financials/Mortgage & Public Sector Finance	Status	Prime	 <small>RATED BY</small> ISS ESG
Country	Germany	Rating	B-	
ISIN	DE000A1EWN89	Prime Threshold	C	
		Decile Rank	1	

Absolute Rating



The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively

Decile Rank



Low relative performance

High relative performance

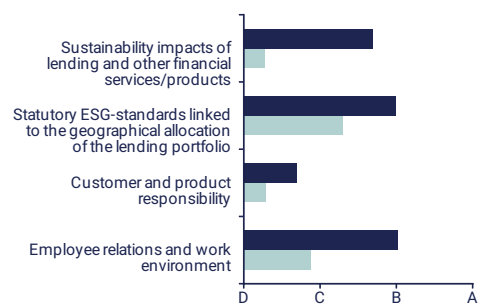
Indicates decile rank relative to industry group. A decile rank of 1 indicates a high relative ESG performance, while a 10 indicates a lower relative ESG performance.

Industry Leaders

Company name (in alphabetical order)	Country	Grade
Berlin Hyp AG	DE	B-
Münchener Hypothekbank eG	DE	B-
de Volksbank N.V.	NL	B

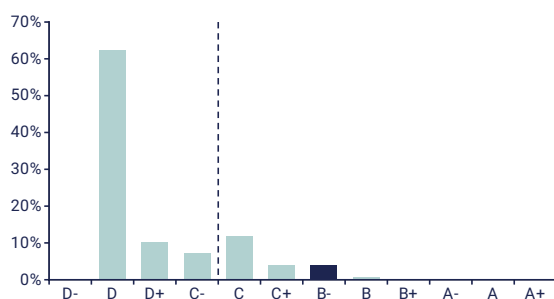
Legend: ■ Industry ■ Company --- Prime

Key Issue Performance

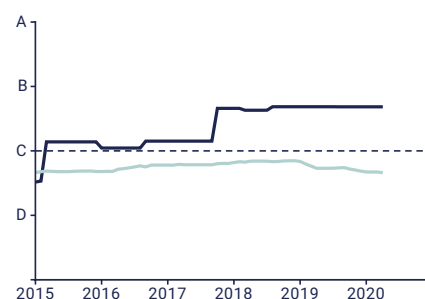


Distribution of Ratings

127 companies in the industry



Rating History



Berlin Hyp AG

Analyst Opinion

Sustainability Opportunities

With regard to the company's main sphere of activities, large-volume real estate financing, there is potential for the provision of funding to social housing. Albeit some loans of that kind were granted to charitable housing cooperatives, volumes are not publicly disclosed and thus such finance is estimated to remain still modest. In the environmental domain the company endeavors to promote environmentally friendly commercial real estate by issuing several green bonds in two assets classes (Pfandbrief; senior unsecured). Underlying assets qualify for the mortgage covered pool through certain green building standards, such as BREEAM, LEED or DGNB and through energy-efficiency certificates. At the end of 2018, about 16 percent of the company's total loan portfolio accounted for such sustainable buildings. Although financing sustainable real estate is still not the main market for the company compared to the total loan-book, it aims at increasing this share to 20 percent by 2020.

Sustainability Risks

The company's covered pool claims are mainly distributed throughout Germany, France and the Netherlands, countries with fairly good environmental and social minimum standards. Hence, risks from Berlin Hyp's financing activities appear moderately low. Moreover, for managing its social and environmental risks stemming from loan origination, Berlin Hyp applies comprehensive guidelines concerning its real estate financing segment. Guidelines include client-related stipulations in various environmental and social areas, from resource efficiency, pollution, biodiversity aspects and climate change impacts to human and labour rights, community matters such as noise and traffic, and regarding vulnerable population groups. Although BerlinHyp is pioneering the sector with such sophisticated guidelines, there is room for improvement for the institute to establish a more elaborated system for compliance in that area. With regard to its own (liquidity) investment portfolio, the bank uses a set of exclusion criteria concerning controversial business sectors and practices. These are followed through with an appropriate management approach. Since the company does not engage in retail finance and deals with professional real estate developers only, customer-related risks appear manageable. However, only initial steps are taken on responsible sales practices as well as towards the treatment of clients with debt repayment problems.

A policy covering workplace security is in place and there is no evidence on redundancies over the last years. Various working time models ensure adequate work-life balance of its employees and the company addressed health and safety issues with a company-wide management system, which covers also aspects of psychological well-being.

With regard to its governance processes, Berlin Hyp applies policies covering various important compliance issues, like corruption, insider trading and money laundering, antitrust, gifts and favors. Necessary procedures to ensure application of the rules are present through employee trainings, compliance risk assessments and whistleblowing procedures.

Governance Opinion

Berlin Hyp is a wholly-owned subsidiary of Landesbank Berlin Holding, ultimately possessed by Sparkassen-Finanzgruppe, the umbrella organisation of German savings banks. The company's governance structure allows for an appropriate separation of managerial and supervisory functions with the entirety of members of the board qualifying as independent, including the board's chairman Mr Helmut Schleweis (as at July 11, 2019). Furthermore, the board has established committees concerning audit, nomination and remuneration, all composed of likewise independent members. Compensation for the executive management team is reported for each individual, split up according to fixed and variable amounts as well as long-term incentives.

Regarding the company's governance of sustainability, a committee dedicated to sustainability appears to be missing. In addition, ESG criteria apparently are not incorporated into the banks' executive remuneration scheme.

Berlin Hyp's code of conduct covers all relevant aspects of business ethics, such as corruption, insider trading, conflicts of interest, antitrust, gifts and favors, of which some are reflected on in more detail. Application of the rules is ensured by employee trainings, compliance risk assessments and adequate whistleblowing procedures.

Berlin Hyp AG

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Controversial Business Practices - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
 - Degree of verification of allegations and claims
 - Severity of impact on people and the environment, and systematic or systemic nature of malpractices
- Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

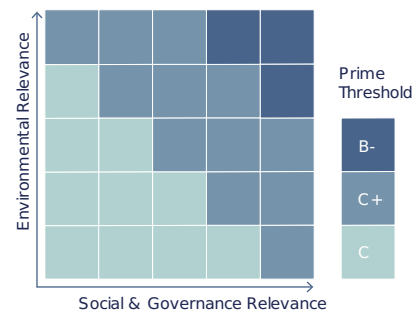
Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Berlin Hyp AG

Methodology - Overview

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Major Shareholders & Ownership Summary - Overview of the company's major shareholders at the time of generation of this report. All data as well as the categorisation system for the investor types is based on information from S&P Capital IQ.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

ANNEX 2: Methodology

ISS ESG Green Bond KPIs

The ISS ESG Green Bond KPIs serves as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Berlin Hyp’s Green Bond.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details below) who will send them directly to you.

Asset evaluation methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Berlin Hyp (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Berlin Hyp’s Green Bond contributes to related SDGs and has a positive association with their respective sub-targets.

The contribution assessment is displayed at the asset category level (see page 4 of this SPO).

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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