

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Asset Pool

Deutsche Hypothekenbank (Actien-Gesellschaft)
24 August 2020

CONTENTS

Overall Evaluation of the Green Bond Programme	3
ISS ESG ASSESSMENT SUMMARY	3
Contribution of the Green Bond Programme to the UN SDGs	4
ISS ESG SPO ASSESSMENT	5
PART I: GREEN BOND PRINCIPLES	5
PART II: SUSTAINABILITY QUALITY OF THE ASSET POOL	9
Green buildings	9
PART III: ASSESSMENT OF DEUTSCHE HYPO'S ESG PERFORMANCE	11
ANNEX 1: ISS ESG Corporate Rating	13
ANNEX 2: Projects included in the asset pool	18
ANNEX 3: Methodology	25
About ISS ESG SPO	26

Overall Evaluation of the Green Bond Programme

Deutsche Hypothekenbank (Deutsche Hypo) commissioned ISS ESG to assist with its Green Bond Programme by assessing three core elements to determine the sustainability quality of the Bond:

1. Deutsche Hypo'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 3).
3. Deutsche Hypo'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	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 include green buildings. The use of proceed category has a significant contribution to SDG 11 'Sustainable Cities and Communities'. The environmental and social risks associated with the projects have been well managed.	Positive
Part 3: Issuer sustainability performance	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. The issuer improved its sustainability performance and hence its ISS ESG Corporate Rating by one grade from "C+" in 2019 to "B-" in 2020. It is rated 6 th out of 126 companies within its sector as of 24.08.2020. This equates to a high relative performance, with a Decile Rank ² of 1.	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 27.04.2020). The controversy check of the underlying assets has been conducted on the 10.08.2020.

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 Programme 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 the Deutsche Hypo’s green bond programme to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 3 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
------------------------------------	--------------------------------	--------------------------	---------------------------------	-------------------------------------

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
Green Buildings with certificates³	Significant Contribution	
Green Buildings	Limited Contribution	

The issuer’s green bond programme significantly contributes to the SDGs 11 thanks to its Use of Proceeds categories promoting sustainable buildings.

³ 33 out of 189 building projects, accounting for 42% of the asset pool, achieved good scores in green building certificates, i.e. minimum BREEAM “Very Good”, LEED “Gold”, DGNB “Gold”, or HQE “Performant”.

ISS ESG SPO ASSESSMENT

PART I: GREEN BOND PRINCIPLES

1. Use of Proceeds

The funds raised through the issue of Green Bonds are used exclusively to finance energy-efficient real estate. The proceeds can be used to finance Green Buildings both in new business and in existing business. Financing is geared towards the construction, project development, acquisition or energy-efficient renovation of buildings. The exact use of the proceeds is defined in the final terms of the respective bond issue.

The total asset pool for this bond comprises EUR 2.713.556.831. Details regarding the projects included in the asset pool, per 31.07.2020, are listed in a table in Annex 2.

Opinion: ISS ESG considers the Use of Proceeds description provided by Deutsche Hypo's Green Bond Framework as aligned with the Green Bond Principles. Moreover, the sustainability objectives of the issuance are in line with the sustainability strategy of the issuer.

2. Process for Project Evaluation and Selection

The energy efficiency of a property to be financed, and therefore its suitability as an asset for a Green Bond, is evaluated in a multi-stage process.

The suitability of a financing for a Green Bond issue and the related features, such as quantified energy efficiency, are recorded and managed in the Bank's portfolio management system. The employees in the lending department (Credit Management) record all the necessary data (such as energy passes, certificates, etc.) of the financing in the Bank's IT systems. On the basis of defined criteria, using the four eyes principle, Treasury will then review whether the financed real estate is suitable for inclusion in the real estate portfolio for a Green Bond issue.

The applicable criteria are determined by a Green Building Commission which is comprised of members of the sustainability circle that supports the sustainability management team in its tasks. The Green Building Commission defines the Green Bond Minimum Standards (short: GBMS) and ensures in its regular meetings that the minimum standards required in the target markets are at least complied with. An asset is categorised as a Green Building if the applicable GBMS are fulfilled at the time of inclusion of the financing in the Green Bond portfolio. The currently applicable GBMS are as follows:

Germany

Energy pass with a maximum final energy demand or consumption (heat) in kWh/(m²*a) by main asset class:

- 60 kWh/(m²*a) for residential properties
- 30 kWh/(m²*a) for logistics buildings
- 70 kWh/(m²*a) for retail buildings (shopping malls, department stores)

- 95 kWh/(m²*a) for other retail buildings
- 95 kWh/(m²*a) for hotel buildings (up to 3 star hotels)
- 105 kWh/(m²*a) for hotel buildings (4 to 5 star hotels)
- 110 kWh/(m²*a) for production and storage buildings (with heating)
- 110 kWh/(m²*a) for office buildings without air conditioning
- 135 kWh/(m²*a) for office buildings with air conditioning

Foreign countries

In its foreign markets, Deutsche Hypo is already following the proposals of the Technical Expert Group (TEG). The main type of use of a residential or commercial building must be assigned to the top 15% of the national building stock. The identification is based on the primary energy demand. The necessary data, including the average primary energy demand and the country-specific CO₂ intensity, is provided by Drees & Sommer engineering experts. Drees & Sommer will update this data on a regular basis. This will bring the selection criteria of the Green Bond Framework in line with current market standards.

In all target markets, the primary energy demand or consumption (warmth) should be used for valuation if the use of renewable energy reduces the primary energy demand or consumption to below the final energy figure.

Furthermore, it is possible to identify a Green Building in all target markets with help of the following sustainability certificates:

- LEED Gold or above
- BREEAM Very Good or above
- DGNB Gold or above
- HQE Performant

A Green Building-classification without an energy performance certificate or sustainability certificate is possible, too:

- For project developments, if the aspired energy demand or sustainability specification will be in line with the current Green Bond Minimum Standards.
- For financed buildings without an energy performance certificate or sustainability certificate a detailed statement with an energy demand calculation by a real estate valuer is necessary.

Deutsche Hypo's real estate customers are asked to submit a new valid document before the energy performance certificate or sustainability certificate will expire. With the expiration of valid documents, a moratorium of one (Green Buildings identified by an energy performance certificate) respectively three years (Green Buildings identified by a sustainability certificate) exists. This gives real estate customers flexibility in generating new valid documents. Furthermore, it limits the reduction of Deutsche Hypo's own funding potential.

In addition, real estate belonging to customers from business areas considered to be controversial may not be financed. This criterion is also a strict additional condition of Deutsche Hypo's business strategy and is embedded in Deutsche Hypo's sustainability programme (www.deutsche-hypo.de).

An additional condition for the use of Green Buildings is that the financed real estate is only leased to uncontroversial main tenants. A main tenant contributes more than 10% to the rental incomes. The property will be excluded from the portfolio of suitable Green Buildings should it become known that a main tenant operates in a controversial business⁴.

Opinion: ISS ESG considers the described Process for Project Evaluation and Selection provided by Deutsche Hypo as complete, exhaustive and aligned with the Green Bond Principles. The process to determine that projects fit within the defined categories is well structured, responsibilities are clearly defined and various stakeholders (e.g. the credit management and the green building commission) are involved in the process. Moreover, Deutsche Hypo excludes controversial business practices.

3. Management of Proceeds

The suitability of green assets in the portfolio for Green Bond issues is reviewed by Treasury employees on a regular basis and flagged in Deutsche Hypo's portfolio system. Unsuitable financings and the underlying assets are replaced by new financings or assets. A financing and its underlying assets are considered unsuitable if it becomes known that a main tenant is involved in an area of business that is considered to be controversial or if the energy pass or sustainability certificate expires.

Deutsche Hypo has set itself the requirement that the real estate suitable for a Green Bond issue must at least correspond to the volume of the green bond that has been issued or is to be issued. If it is not possible to directly use the proceeds from Green Bonds to finance energy-efficient real estate in accordance with this framework, they must be immediately invested with a credit institution with a sufficiently positive rating granted by a recognised sustainability rating agency (e.g. ISS ESG with at least Prime Status) on an interim basis.

Opinion: ISS ESG finds that the Management of Proceeds description provided by Deutsche Hypo's Green Bond Framework is aligned with the Green Bond Principles. Moreover, types of temporary investment instruments for unallocated proceeds are disclosed and back-up options are subject to sustainable criteria.

4. Reporting

Each year, Deutsche Hypo publishes a Green Bond report on its website (www.deutsche-hypo.de). The report contains the following information:

- Current volume of the Green Building portfolio
- CO₂ reduction of all Green Buildings compared to the relevant average (including the computation)

⁴ Controversial business segments are defined in Deutsche Hypo's "Guidelines for sustainable real estate finance". For a detailed list of all controversial business segments please take a look at the chapter "Sustainability at Deutsche Hypo" in Deutsche Hypo's current Sustainability report.

- Characterisation of the Green Buildings according to property certifications, location, sustainability aspects, etc.

Deutsche Hypo publishes this data on an aggregated basis. This ensures that the Bank lives up to the requirements of its customers and the Data Protection Act. In addition, Deutsche Hypo reports on outstanding bonds and their volumes on a regular basis and publishes the information on its website.

Opinion: *ISS ESG finds that the reporting proposed by Deutsche Hypo is aligned with the Green Bond Principles and that reporting indicators are already well defined. However, no clear indication is given concerning the duration of the reporting.*

External review

Deutsche Hypo assigns an independent provider to review the implementation of the Green Bond principles and the sustainability of the Bank's overall Green Bond programme. This second-party opinion is posted on Deutsche Hypo's website (www.deutsche-hypo.de), and the task is given to an independent sustainability rating agency.

PART II: SUSTAINABILITY QUALITY OF THE ASSET POOL

Green buildings

As a Use of Proceeds category, green buildings with certificates (e.g. BREEAM, LEED) have a significant contribution while green buildings in general have a limited contribution to the SDG 11 “Sustainable cities and communities”.

The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS ESG KPI

Energy Efficiency prerequisites

- ✓ All the assets underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency or substantial increases in energy efficiency in case of existing buildings.

Involvement of local residents at the planning stage - *applicable for new buildings only*

- For all newly constructed or renovated buildings⁵ in the asset pool, no information is available on the involvement of local residents at the planning stage.

Environmental standards for site selection - *applicable for new buildings only*

- ✓ 24 out of the 27 newly constructed buildings with a floor space of above 5,000 m², accounting for 91% of the respective asset pool’s volume, are inside metropolitan areas. For the 3 newly constructed buildings outside metropolitan areas, accounting for 9% of the respective asset pool’s volume, an environmental impact assessment is not available.
- ✓ 21 out of the 29 newly constructed buildings, accounting for 85% of the respective asset pool’s volume, were developed on brownfield sites. The remaining 8 projects, accounting for 15% of the asset pool, were developed on a greenfield site.

Access to public transport

- ✓ 176 out of 189 building projects, accounting for 97% of the asset pool, are located within a maximum of 1 km from one or more modalities of public transport. The remaining 13 projects, accounting for 3% of the asset pool, are within a maximum of 10 km from a modality of public transport.

Social standards for construction

- ✓ All newly constructed or renovated building projects are located in countries where high labour standards are in place for construction work conducted by own employees and contractors (e.g. ILO core conventions).

⁵ Year of construction or renovation as of 2019.

- ✓ For all newly constructed or renovated building projects, high standards regarding health and safety for both own employees and contractors are in place (provided for by national legislation).

Environmental standards for construction

- For all newly constructed or renovated building projects in the asset pool, no information is available on environmental standards during construction/renovation (e.g. waste and energy consumption and adequate management of waste streams at construction site).

Sustainable building materials

- For all newly constructed or renovated building projects in the asset pool, no information is available on sustainable procurement measures regarding building materials (e.g. recycled materials, third-party certification of wood bases materials).

Water use minimization in buildings

- For 18 out of 189 building projects, accounting for 22% of the asset pool, adequate measures to reduce water use are in place (e.g. greywater recycling, efficient applications). For the remaining projects, no information is available on adequate measures.

Safety of buildings users

- ✓ For 95 out of 189 building projects located in Germany, accounting for 64% of the asset pool, operational safety is ensured by constructional measures (e.g. fire safety, exit routes) (based on national legislation). For the remaining projects, accounting for 36% of the asset pool, no detailed information on safety is available.

Sustainability labels / Certificates

- 33 out of 189 building projects, accounting for 42% of the asset pool, achieved good scores in green building certificates, i.e. minimum BREEAM "Very Good", LEED "Gold", DGNB "Gold", or HQE "Performant". For the remaining projects, building certificates are not available or no certificates were issued.

Sustainable use / purpose of buildings

- ✓ For all 189 building projects, sectors such as alcohol, embryo research, fossil fuels, gambling, GMO, palm oil, pornography, tobacco or activities within the arms or defense industry are excluded from financing by Deutsche Hypo.

Controversy assessment

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

PART III: ASSESSMENT OF DEUTSCHE HYPO'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides a rating and then designates a company as 'Prime⁶' or 'Not Prime' based on its performance on basic ESG requirements. 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
DEUTSCHE HYPOTHEKENBANK	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 24.08.2020, this rating places Deutsche Hypo 6th out of 126 companies rated by ISS ESG in the Financials/Mortgage & Public sector. Deutsche Hypo improved its sustainability performance and hence its rating by one grade from "C-" in 2019 to "B-" in 2020.

Key Challenges facing companies in terms 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 four key issues, Deutsche Hypo rates above the average for the sector. A very significant outperformance was achieved in "Sustainability impacts of lending and other financial services/products", "Customer and product responsibility" and "Employee relations and work environment".

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

⁶ 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 Deutsche Hypo's potential Green Bond issuances occurring between 08/2020 and 08/2021.
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.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

The issuer that is the subject of this report may have purchased self-assessment tools and publications from ISS Corporate Solutions, Inc. ("ICS"), a wholly-owned subsidiary of ISS, or ICS may have provided advisory or analytical services to the issuer. No employee of ICS played a role in the preparation of this report. If you are an ISS institutional client, you may inquire about any issuer's use of products and services from ICS by emailing disclosure@issgovernance.com.

This report has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While ISS exercised due care in compiling this report, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, the research and scores provided are not intended to constitute an offer, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies.

ISS is an independent company owned by entities affiliated Genstar Capital ("Genstar"). ISS and Genstar have established policies and procedures to restrict the involvement of Genstar and any of Genstar's employees in the content of ISS' reports. Neither Genstar nor their employees are informed of the contents of any of ISS' analyses or reports prior to their publication or dissemination. The issuer that is the subject of this report may be a client of ISS or ICS, or the parent of, or affiliated with, a client of ISS or ICS.

© 2020 | Institutional Shareholder Services and/or its affiliates

ANNEX 1: ISS ESG Corporate Rating

The following pages contain extracts from Deutsche Hypo's 2020 ISS ESG Corporate Rating.

Deutsche Hypothekenbank (Actien-Gesellschaft)

Corporate ESG Performance
Prime
 RATED BY
ISS ESG

Company Information

Country
Germany

ISIN
DE000DHY4614

Industry
Financials/Mortgage & Public Sector Finance

Key Results

Rating
B-

Decile Rank
1

Transparency Level
Very High

Status
Prime

Performance score
62.89

Prime Threshold
C

Absolute Rating

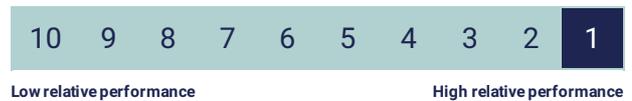


The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively.

Transparency Level



Decile Rank

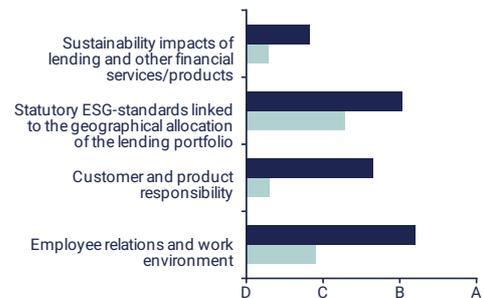


Industry Leaders

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

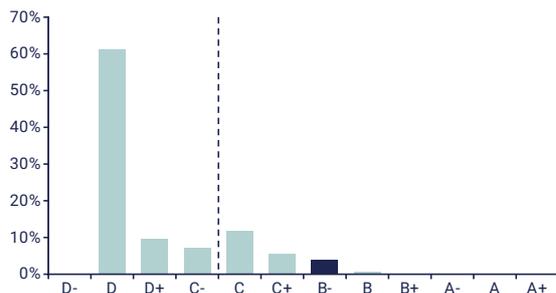
Legend: ■ Industry ■ Company --- Prime

Key Issue Performance



Distribution of Ratings

126 companies in the industry



Rating History



Deutsche Hypothekenbank (Actien-Gesellschaft)

Analyst Opinion

Sustainability Opportunities

Deutsche Hypothekenbank (Deutsche Hypo) finances large-scale commercial real estate projects. The company issues green bonds and uses funds to finance green buildings, some of which are certified to standards such as LEED and DNGB standard. While Deutsche Hypo is seemingly increasing its exposure towards green buildings, they do not make up the company's main business yet.

Sustainability Risks

Deutsche Hypothekenbank's (Deutsche Hypo) covered pool claims are primarily located in countries with fairly good environmental and social minimum standards, primarily in Germany, the Netherlands, the United Kingdom and France. Although the environmental and social risk profile from its lending portfolio appears to be rather uncritical, Deutsche Hypo shows rather minimal efforts to minimise the impact of loan origination. The institute applies some general regulations concerning human and labour rights, and excludes financing of banned and controversial weapons. Though not strict, the company has implemented some guidelines concerning typical sustainability issues of the real estate sector, such as energy efficiency, emissions-intensity, construction materials and access to public transport. Customer and product responsibility is addressed through a comprehensive strategy on marketing as well as through some suitable procedures for treating clients with debt repayment problems fairly. Deutsche Hypo's employees enjoy well-developed work-life balance and adequate health and safety structures. Ethics risks are adequately managed via a code of conduct, which covers most important topics, such as corruption, conflict of interests, insider dealings, and money laundering in detail, and is underpinned by suitable measures, such as compliance training and a reasonable whistleblower mechanism.

Governance Opinion

Deutsche Hypothekenbank (Deutsche Hypo) is a wholly-owned subsidiary of Norddeutsche Landesbank, ultimately owned by the State of Lower Saxony, Germany. The chair of the supervisory board (Thomas Bürkle) is not independent as he is also the chief executive of Deutsche Hypo's parent company (as at February 4, 2020). Likewise, the majority of the remaining board members are not independent. Board committees in charge of audit, remuneration and nomination are in place but primarily consist of non-independent board members. The bank discloses figures for remuneration split-up according to fixed amounts and variable short and long-term performance components, but only for the executive team as a whole.

A respective board committee dedicated to sustainability appears to be missing. While sustainability performance objectives are integrated into executive management's remuneration, the objectives themselves remain unclear. The bank's compliance framework is comprehensive: The bank's code of conduct comprises most of the relevant compliance topics in detail. This includes stipulations on corruption, insider dealing, conflict of interests, gifts and favours, as well as money laundering. Employee are required to give formal acknowledgment to the code and regular training as well as reporting channels, anonymous and confidential, if needed, are designed to additionally ensure compliance.

Deutsche Hypothekenbank (Actien-Gesellschaft)

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.

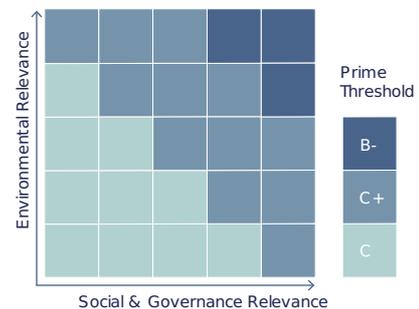
Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile 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.

Deutsche Hypothekenbank (Actien-Gesellschaft)

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.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

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).

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).

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.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 2: Projects included in the asset pool

NR.	COUNTRY	TYPE OF BUILDING / PROJECT	GREEN BUILDING CERTIFICATION	LEVEL OF CERTIFICATE	DATE OF ISSUE OF THE CERTIFICATE	CONSTRUCTION YEAR	YEAR OF RENOVATION	SHARE OF TOTAL
1	DE	Office and administration buildings				2015		0.2%
2	DE	Office and administration buildings	DGNB	Platin	1/12/2016	2010		1.1%
3	DE	Office and administration buildings	LEED	Gold	12/1/2017	2006		0.3%
4	DE	Specialist market	DGNB	Platin	10/1/2017	1969	1996	1.3%
5	DE	Logistics center (multi-user capable)				2010		0.9%
6	DE	Shopping centre or department store				1999	2007	1.2%
7	DE	Office and administration buildings				1924	2009	0.8%
8	DE	Shopping centre or department store				2012		0.6%
9	DE	Shopping centre or department store	DGNB	Gold	10/1/2017	1998	2006	1.0%
10	DE	Shopping centre or department store	DGNB	Gold	10/1/2017		2011	2.4%
11	DE	Office building with shops/restaurants	DGNB	Silber	9/5/2012	2011		1.2%
12	DE	Office and administration buildings				1990		0.2%
13	DE	Shopping centre or department store				2012		0.2%
14	DE	Shopping centre or department store				2013		0.4%
15	DE	Supermarket				2013		0.1%
16	DE	Multi-family house				2015		0.6%
17	DE	Office and administration buildings	LEED	Gold	3/3/2014	1957	2011	2.2%
18	DE	Office building with shops/restaurants	DGNB	Gold	9/20/2017	2016		0.7%
19	DE	Office and administration buildings				2012		1.0%
20	DE	Supermarket				2013		0.1%
21	DE	Shopping centre or department store				2016		0.8%
22	DE	Office building with shops/restaurants	LEED	Gold	8/1/2017	2021		1.5%
23	DE	Office and administration buildings	LEED	Gold		2014		0.2%
24	DE	Office and administration buildings				2010		2.8%

25	DE	Office and administration buildings				2007		1.4%
26	DE	Offices	LEED	Platin	2/1/2020	2019		4.0%
27	DE	Shop and/or office building				1958	2011	1.3%
28	DE	Office and administration buildings				1962	2009	0.2%
29	DE	Logistics center (multi-user capable)				2016		0.1%
30	DE	Logistics center (multi-user capable)				2016		0.1%
31	DE	Logistics center (multi-user capable)				2016		0.1%
32	DE	Logistics center (multi-user capable)				2016		0.1%
33	DE	Logistics center (multi-user capable)				2016		0.1%
34	DE	Specialist market				2017		0.9%
35	DE	Hotel				1900	2010	0.4%
36	DE	Office building with shops/restaurants	DGNB	Gold	11/11/2016	2013		0.4%
37	DE	Office building with shops/restaurants	DGNB	Gold	3/29/2016	2013		0.7%
38	DE	Office and administration buildings				2020		2.7%
39	DE	Office and administration buildings				2020		0.1%
40	DE	Shopping centre or department store	DGNB	Gold	10/1/2017	1971	2016	2.4%
41	DE	Office and administration buildings				1950	2015	1.1%
42	DE	Logistics center (multi-user capable)				2016		0.3%
43	DE	Logistics center (multi-user capable)				2013		0.3%
44	DE	Logistics center (multi-user capable)				2017		0.5%
45	DE	Shopping centre or department store				2018		0.7%
46	DE	Logistics center (multi-user capable)				2015		0.5%
47	DE	Logistics center (multi-user capable)				2016		0.4%
48	DE	Logistics center (multi-user capable)				2015		0.1%
49	DE	Logistics center (multi-user capable)				2014		0.0%
50	DE	Logistics center (multi-user capable)				2016		0.1%
51	DE	Logistics center (multi-user capable)				2018		0.6%
52	DE	Logistics center (multi-user capable)				2014		0.3%
53	DE	Logistics center (multi-user capable)				2014		0.0%
54	DE	Logistics center (multi-user capable)				2017		0.1%

55	DE	Logistics center (multi-user capable)				2017		0.1%
56	DE	Logistics center (multi-user capable)				2017		0.0%
57	DE	Logistics center (multi-user capable)				2016		0.1%
58	DE	Logistics center (multi-user capable)				2017		0.2%
59	DE	Logistics center (multi-user capable)				2018		0.2%
60	DE	Logistics center (multi-user capable)				2019		0.1%
61	DE	Offices				2019		0.6%
62	DE	Office and administration buildings				2011		0.3%
63	DE	Office building with shops/restaurants				1964	2006	0.7%
64	DE	Office building with shops/restaurants				2020		1.2%
65	DE	Shopping centre or department store				2012		0.3%
66	DE	Conference and business hotels (from 100 rooms)				1986	2013	1.6%
67	DE	Shopping centre or department store	DGNB	Platin	1/4/2016	2008		2.5%
68	DE	Office and administration buildings	DGNB	Gold	4/26/2014	2014		0.8%
69	DE	Hotel				2021		0.3%
70	DE	Office and administration buildings				2020		0.8%
71	DE	Office and administration buildings				2003	2018	2.6%
72	DE	Logistics center (multi-user capable)				2018		0.2%
73	DE	High-rise residential building				2023		0.4%
74	DE	Office building with shops/restaurants				2019		0.5%
75	DE	Office building with shops/restaurants				2018		0.9%
76	DE	Shop/office/warehouse/residential building				1960	2013	0.5%
77	DE	Office building with shops/restaurants				2004		0.4%
78	DE	Logistics center (multi-user capable)				2020		0.9%
79	DE	Shopping centre or department store				2019		0.3%
80	DE	Multi-family house				2021		0.1%
81	DE	Multi-family house				2020		0.2%
82	DE	Office and administration buildings	DGNB	Gold	Requested	2019		1.0%
83	DE	Office building with shops/restaurants				2022		0.0%
84	DE	Office and administration buildings				2020		0.6%

85	DE	Office building with shops/restaurants				2021		0.8%
86	DE	Office building with shops/restaurants				2021		0.1%
87	DE	Office building with shops/restaurants				2021		0.1%
88	DE	Multi-family house				2021		0.1%
89	DE	Multi-family house				2021		0.3%
90	DE	Multi-family house				2021		0.2%
91	DE	Shopping centre or department store				2019		0.3%
92	DE	Office and administration buildings				1900	2013	0.6%
93	DE	Logistics center (multi-user capable)				2020		0.3%
94	DE	Office building with shops/restaurants				2017		0.6%
95	DE	Multi-family house				2017		0.6%
96	FA	Offices	BREEAM	Excellent	7/29/2016	1880	2016	0.7%
97	FA	Offices	HQE	Tres Performant	12/22/2017	1974		2.7%
98	FA	Office and administration buildings	HQE	Tres Performant	12/11/2018	2020		0.4%
99	FA	Offices	HQE	Performant	6/26/2014	1967	2014	1.2%
100	GB	Office and administration buildings	BREEAM	Excellent	11/25/2011	1975	2012	0.3%
101	GB	Office and administration buildings	BREEAM	Excellent	1/16/2009	2009		0.8%
102	IE	Aparthotel	BREEAM	Very Good	6/19/2019	2019		0.6%
103	NL	Multi-family house				2016		0.2%
104	NL	Multi-family house				2017		0.2%
105	NL	Apartment building				2017		1.2%
106	NL	Shopping centre or department store				2011		0.3%
107	NL	Apartment building				2016		0.1%
108	NL	Single family house				2015		0.0%
109	NL	Residential building				2016		0.1%
110	NL	Multi-family house				2006		0.0%
111	NL	Multi-family house				2006		0.2%
112	NL	Multi-family house				2003		0.2%
113	NL	Single family house				2007		0.1%
114	NL	Multi-family house				2005		0.1%

115	NL	Multi-family house				2010		0.3%
116	NL	Multi-family house				2000		0.1%
117	NL	Multi-family house				2008		0.1%
118	NL	Multi-family house				2007		0.2%
119	NL	Multi-family house				2004		0.1%
120	NL	Multi-family house				2006		0.2%
121	NL	Multi-family house				2004		0.0%
122	NL	Multi-family house				2007		0.1%
123	NL	Multi-family house				2007		0.1%
124	NL	Multi-family house				2005		0.0%
125	NL	Multi-family house				2005		0.0%
126	NL	Single family house				2006		0.1%
127	NL	Multi-family house				2006		0.2%
128	NL	Multi-family house				2008		0.2%
129	NL	Multi-family house				2009		0.2%
130	NL	Multi-family house				2010		0.0%
131	NL	Single family house				2010		0.1%
132	NL	Residential building				2011		0.1%
133	NL	Multi-family house				2008		0.0%
134	NL	Residential building				2013		0.1%
135	NL	Residential building				2012		0.1%
136	NL	Residential building				2010		0.1%
137	NL	Multi-family house				2010		0.1%
138	NL	Residential building				2010		0.0%
139	NL	Multi-family house				2013		0.1%
140	NL	Residential building				2013		0.0%
141	NL	Offices				2003		0.0%
142	NL	Store building				2002		0.0%
143	NL	Multi-family house				2010		0.0%
144	NL	Residential building				2012		0.0%

145	NL	Multi-family house				2011		0.1%
146	NL	Multi-family house				2013		0.2%
147	NL	Residential building				2015		0.1%
148	NL	Residential building				2015		0.1%
149	NL	Residential building				2015		0.1%
150	NL	Multi-family house				2005		0.1%
151	NL	Residential building				2010		0.1%
152	NL	Multi-family house				2010		0.1%
153	NL	Offices				2008		0.0%
154	NL	Multi-family house				2018		0.2%
155	NL	Multi-family house				2017		0.5%
156	NL	Multi-family house				2019		0.6%
157	NL	Multi-family house				2017		0.4%
158	NL	Multi-family house				2017		0.4%
159	NL	Multi-family house				2017		0.2%
160	NL	Multi-family house				2016		0.1%
161	NL	Multi-family house				2016		0.2%
162	NL	Multi-family house				2013		0.2%
163	NL	Multi-family house				2013		0.2%
164	NL	Multi-family house				2010		0.2%
165	NL	Office and administration buildings				1998		0.7%
166	NL	Apartment building	BREEAM	Very Good	2/12/2018	2017		0.7%
167	NL	Offices				1910	2018	1.2%
168	NL	Offices				1958	2009	2.1%
169	NL	Multi-family house				2003	2018	0.1%
170	NL	Multi-family house				1993	2018	0.1%
171	NL	Multi-family house				2018		0.4%
172	NL	Multi-family house				2017		0.7%
173	NL	Offices				1870	2013	0.2%
174	NL	Multi-family house				2007		0.1%

175	NL	Multi-family house				2005	2019	0.1%
176	NL	Multi-family house				1981	2019	0.1%
177	NL	Multi-family house				1997	2019	0.0%
178	NL	Multi-family house				1999	2020	0.2%
179	NL	Multi-family house				1973	2020	0.1%
180	PL	Office building with shops/restaurants	BREEAM	Very Good	12/5/2018	1999		0.6%
181	PL	Offices	BREEAM	Excellent	9/17/2019	2003		1.7%
182	PL	Shopping centre or department store				2016		0.7%
183	PL	Office building with shops/restaurants	BREEAM	Very Good	10/24/2016	2016		1.5%
184	PL	Shopping centre or department store	DGNB	Gold	10/1/2017	2007		1.5%
185	PL	Offices	BREEAM	Excellent		2016		1.1%
186	PL	Office building with shops/restaurants	LEED	Platin	2/1/2013	2012		0.7%
187	PL	Office building with shops/restaurants	BREEAM	Excellent	9/21/2016	1998	2017	2.2%
188	PL	Offices	BREEAM	Excellent	5/17/2016	2016		1.2%
189	ES	Shopping centre or department store	BREEAM	Very Good	3/16/2017	2012		1.6%

ANNEX 3: 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 Deutsche Hypo’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” represented by a red circle, 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. ISS ESG requires a minimum of 50% of the asset pool to positively qualify against the KPIs, represented by a green tick.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Deutsche Hypo (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 Deutsche Hypo’s Green Bond contributes to related SDGs and has a positive association with their respective sub-targets.

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/>

For Information about SPO services, and this Green Bond, contact:

Federico Pezzolato

Federico.Pezzolato@isscorporatesolutions.com

SPO@isscorporatesolutions.com

+44.20.3192.5760