



6 August 2018

Verification Report for Pre-Issuance Certification of the Green Schuldschein by Encavis AG

Scope

Encavis AG commissioned ISS-oekom to compile a Verification Report for Pre-Issuance Certification of its Green Schuldschein by the Climate Bond Initiative (CBI). The Climate Bond Certification process includes verifying whether the provisions of the Climate Bond Standard issued by the CBI are met and obtaining evidence to support the verification.

Criteria

Relevant CBI Standards for this Climate Bond Certification:

- Climate Bond Standard (Climate Bond Standard Version 2.1; status 01/2017)
- Solar Energy Standard (version 2.1)

Encavis AG's Responsibility

Encavis AG's responsibility was to provide information and documentation on:

- Selection of nominated projects & assets
- Internal processes & controls
- (Proposed) reporting

ISS-oekom's Responsibility as a Verifier

ISS-oekom reviewed the information and documentation provided and developed by Encavis AG to assess the Green Schuldschein alignment with the CBI requirements:

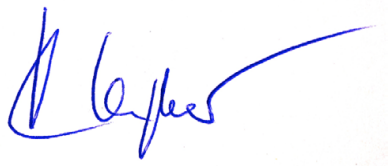
- Conformance with the selection of nominated projects & assets requirements
- Conformance with the internal processes & controls requirements
- Conformance with the reporting requirements

ISS-oekom's approach to assess whether the issuer meets the criteria of the CBI standard was as follows. The issuer provided an overview over the assets to be included in the Green Schuldschein and the relevant processes regarding the proceeds (e.g. use of proceeds, management of proceeds) to ISS-oekom. Further, the issuer needed to fill in a questionnaire that covers all criteria of the Climate Bond Standard 2.1. Additionally, the issuer had to provide background documents that elaborate further on the information mentioned in the questionnaire. With the help of this questionnaire and the background documents, ISS-oekom carried out a desk-based assessment of the CBI criteria. In case any answers were unclear, ISS-oekom contacted the issuer for more details and clarification.

Restriction on Distribution and Use of Report

This Verification Report for Climate Bond Certification including all documentation provided alongside is intended for the use of Encavis AG and the Climate Bond Standard Board. The present document may be published by Encavis AG, CBI and ISS-oekom. CBI and ISS-oekom agree to publish the report with the consent of Encavis AG.

Based on the limited assurance procedures conducted on Encavis AG's Green Schuldschein, nothing has come to our attention that causes us to believe that, in all material respects the Issuer's Green Schuldschein is not in conformance with the Climate Bonds Standard's Pre-Issuance Requirements.



Robert Haßler, CEO

ISS-oekom

Munich, 6 August 2018

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About ISS-oekom

Since March 2018, ISS-oekom has been a member of the ISS family, providing high quality solutions for sustainable and responsible investment and corporate governance. Originally founded in 1993 and formerly known as oekom research, the company is one of the world's leading ESG research and rating agencies for sustainable investments with an unsurpassed rating methodology and quality recognition. ISS-oekom analyzes businesses and countries with respect to their environmental social and governance performance. As an experienced partner of institutional investors and financial service providers, we analyse the level of responsibility exercised by equity and bond issuers towards society and the environment. Under the new ownership, ISS-oekom completes the ESG research and RI services offerings of ISS, making it a worldwide pure-player in the area of RI Research & Solutions. ISS-oekom is headed by Robert Haßler, former CEO and co-founder of oekom-research.

More information: www.oekom-research.com and www.issgovernance.com.

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Annex

- Annex 1: Detailed Findings

Annex 1: Detailed Findings

1. Selection of nominated projects & assets

	Requirement	Factual Findings	Analysis against Requirements
1.1.	Decision-making process to determine eligibility of nominated projects & assets	<p>Encavis AG will invest the allocated funds from the Green Schuldschein in onshore solar parks, which are ground mounted and are located in Germany, Netherlands, Italy, France , Spain, UK, Denmark and/or Ireland. The funds shall be used either for finance or re-finance only.</p> <p>All projected solar parks will generate clean energy with zero emissions. In some projects, the solar parks and the transmission lines are designed to have a net zero environmental impact. Further in some projects, the construction of the plants involves no movement of soil (holm oak protection programme).</p>	✓
1.2.	Assessment of proposed nominated projects & assets	The funds shall be invested in one or more onshore solar electricity generation facilities, so the sector-specific requirements according to the "Criteria for Eligible Projects & Assets - Solar" (version 2.1) are fulfilled.	✓
1.3.	Documentation of eligibility of nominated projects & assets	<p>a) purchase price agreements</p> <p>b) shareholder loan agreements</p>	✓
1.4.	No double nomination of projects & assets	<p>The nominated assets are for new additional assets only.</p> <p>Not used funds will temporarily invested in overnight and term deposit at investment grade banks.</p>	✓

	Requirement	Factual Findings	Analysis against Requirements
1.5.	Net proceeds in relation to issuer's debt obligation	Encavis AG entered in partnerships with the UK-based developer Solarcentury, with the state fund ISIF (Ireland Strategic Investment Fund), and Irish project developer Power Capital. The partnership to Solarcentury gives Encavis AG access to a number of attractive solar parks in Europe and Mexico for a total generating capacity of 1.1 GW. The partnership with ISIF gives Encavis AG access to a pipeline of >20 solar parks with around 140 MW in Ireland. This means, the sum of all projects in the pipeline are much higher than the nominated assets.	✓

2. Internal Processes & Controls

	Requirement	Factual Findings	Analysis against Requirements
2.1.1.	Tracking of proceeds	All fund activities will be documented in Encavis AG book-keeping-system (eGecko). Further the funds can/will be settled on sub-accounts and all cash activities will be documented in the bank account statement. The issuer will describe every process and uses of the funds in the yearly report to the bondholders.	✓
2.1.2.	Managing unallocated proceeds	The nominated assets are for new additional assets only. Not used funds will temporarily invested in overnight and term deposit at investment grade banks.	✓
2.1.3.	Earmarking funds to nominated projects & assets	For every new project there will be a signing and a closing date. At signing date, the purchase agreement / contract will be signed and on the closing date, after all scores mentioned in the contract are fulfilled, the investment team gives their OK	✓

for the payments. All payment details are described in the fund flow memo.

Closing payment will be executed via sub-bank account (proceeds account) and can be easily tracked.

3. Reporting Prior to Issuance

	Requirement	Factual Findings	Analysis against Requirements
3.1.1.	Disclosure on investment areas	Encavis AG will disclose in its issuance documentation (Prospectus/Memorandum) that proceeds will be used to finance/refinance eligible assets.	✓
3.1.2.	Disclosure on intended types of temporary investment instruments	Encavis AG intends to disclose that unallocated proceeds will mainly be used for developments and future eligible investments. Assets currently under construction will need the funding for completion. Not used funds will temporarily be invested in overnight and term deposit at investment grade banks.	✓
3.1.3.	Disclosure regarding pre-issuance verification	The Encavis AG intends to make the Pre-Issuance Certification public on its website. The publishing of the full report is at Encavis AG discretion.	✓
3.1.4.	Disclosure on periodic assurance engagements	Encavis AG has a contractual obligation to send reporting to the paying agent (DZ Bank) on yearly basis.	✓