

Use of Proceeds for a Green Senior Unsecured Bond by Berlin Hyp

The net proceeds of Green Senior Unsecured Bonds (“Green Senior”) will be used exclusively to refinance Eligible Assets as defined below. The issuer’s balance sheet includes upon the issue date Eligible Assets for an amount at least equivalent to 110 per cent of the net proceeds of every Green Senior. Eligible Assets shall not be allocated to more than one Green Bond (Green Senior or Green Pfandbrief) of the issuer. In addition, the issuer shall make its best effort to (i) replace Eligible Assets that mature or are redeemed before a Green Senior’s maturity by other Eligible Assets and (ii) generate new Eligible Assets, disbursed after the issuance of these Green Senior, for an amount equivalent to the net proceeds of the Green Senior before the maturity date of such Green Senior.

“Eligible Assets” means loans for the (i) acquisition or (ii) construction and (iii) refurbishment of Green Buildings as defined below. The mortgages on these Green Buildings serve as collateral for loans on the issuer’s balance sheet. “Green Buildings” means energy efficient commercial real estate following the Eligibility Criteria documented in Annex 1 to the issuer’s Green Bond Programme (version 8 August 2016; published on the issuer’s green bond website www.green-pfandbrief.com). In this Green Bond Programme, the issuer also describes its process of evaluation and selection of Eligible Assets and the tasks that its Green Building Commission has to fulfill. Eligible Assets are flagged within the issuer’s legal loan monitoring system and thus form a sub-portfolio of the issuer’s overall loan book.

The issuer has appointed oekom research AG (oekom) to assess the sustainability of its Green Bond Programme. oekom applies its own framework to carry out this assessment. The results are documented in oekom's Second Party Opinion which is available on the issuer’s green bond website. The Second Party Opinion refers to the whole Green Bond Programme and includes every security that is issued under it. oekom or any other party appointed by the issuer later as a successor for oekom in the future will issue a report verifying the compliance of all issued bonds with the Eligibility Criteria on an annual basis. The issuer shall publish these reports on its website.

As long as Berlin Hyp has green bonds outstanding, the issuer will report annually on its website details of its Green Bonds and the loans collateralized by Green Buildings. These reports include details on the portfolio of Eligible Assets, the issuer’s new business in Eligible Assets, and an impact reporting.