

Second-Party Opinion

River Green Finance Green Securitized Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the River Green Finance 2019 DAC (River Green Finance) Green Securitized Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible project will lead to positive environmental impacts and advance the UN Sustainable Development Goal 11 (Sustainable Cities and Communities).



PROJECT EVALUATION / SELECTION River Green Finance has selected and assessed the eligible project, along with the loan originator, Goldman Sachs. The mortgage loan is provided through approvals from Goldman Sachs' various internal committees to acquire the eligible project. This is in line with the market practice.



MANAGEMENT OF PROCEEDS River Green Finance intends to use the net proceeds from mortgage-backed notes to refinance the acquisition loan for the eligible project. The eligible project will act as mortgages backing the securitization. This is in line with the market practice.



REPORTING River Green Finance intends to provide allocation reporting on a quarterly basis until the maturity of the securitization, as well as impact reporting until full allocation of the securitization. The allocation reporting will include information such as the size of the outstanding loans, prepayments, defaults, and losses. The impact reporting may have quantitative indicators, where feasible. This is in line with market best practice.

Evaluation date	November 2019
Issuer Location	Dublin, Ireland

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Introduction

River Green Finance 2019 DAC (“River Green Finance”, or the “Issuer”) is a single-purpose investment fund vehicle. The fund is exclusively structured to refinance the acquisition loan provided by Goldman Sachs International (“Goldman Sachs”) on the River Ouest asset, an energy-efficient office building located in Bezons, Greater Paris. Goldman Sachs is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals.

River Green Finance has developed the River Green Finance Green Securitized Bond Framework (the “Framework”) under which it intends to issue green mortgage-backed notes and use the proceeds to refinance, in whole or in part, the acquisition loans on the existing asset (River Ouest) that delivers significant environmental benefits.

The Framework defines eligibility criterion in the following area:

- Green Buildings

River Green Finance engaged Sustainalytics to review the River Green Finance Green Securitized Bond Framework, dated November 2019, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework will be published as Appendix 1 within this document.

As part of this engagement, Sustainalytics held conversations with various members of the Goldman Sachs loan origination team to understand the sustainability impact of the financing of eligible project and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the River Green Finance Green Securitized Bond Framework and should be read in conjunction with that Framework.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the River Green Finance Green Securitized Bond Framework

Summary

Sustainalytics is of the opinion that the River Green Finance Green Securitized Bond Framework is credible and impactful, and aligns with the four core components of the GBP 2018. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The green category eligible for the use of proceeds is recognized as impactful by the GBP 2018.
 - River Green Finance's eligibility criteria for Green Buildings is based on recognized third-party certification standard. i.e., BREEAM (Very Good). Sustainalytics has conducted an evaluation of the certification scheme and considers such standard as having a positive impact (Appendix 2 provides additional details on the certification scheme).
- Project Evaluation and Selection:
 - River Green Finance has selected and assessed the eligible project, along with the loan originator, Goldman Sachs. The mortgage loan was provided through approvals from Goldman Sachs' various internal committees to acquire the eligible project as the sole collateral of the securitization. This is in line with the market practice.
- Management of Proceeds:
 - River Green Finance intends to use the net proceeds from mortgage-backed notes to refinance the acquisition loan (eligible loan) for the eligible project. The eligible loan serving as collateral will be reviewed by an external auditor. This is in line with the market practice.
- Reporting:
 - River Green Finance intends to provide allocation reporting on a quarterly basis until the maturity of the securitization, as well as impact reporting until full allocation of the securitization. An independent third-party will review the allocation reporting. This is in line with market best practice.
 - The allocation reporting will include, but not be limited to, information such as the size of the outstanding loans, prepayments, defaults and losses.
 - The impact reporting may consider quantitative indicators, where feasible, such as energy intensity, total greenhouse gas (GHG) emissions, and carbon intensity.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the River Green Finance Green Securitized Bond Framework aligns to the four core components of the GBP 2018. For detailed information please refer to Appendix 3: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of the Issuer

Commitment of River Green Finance to support financing of the eligible project

The River Green Finance Green Securitized Bond Framework states that the sole aim of the issuance of green notes is to refinance the acquisition loan provided by the lender, Goldman Sachs, for the River Ouest building that has received a recognized green building certification, BREEAM Very Good.

Sustainalytics acknowledges that the eligible project included in the River Green Finance Green Securitized Bond Framework will continue to lead to environmental benefits, and that it will further the intentions of the loan originator, Goldman Sachs, to finance the eligible project that has environmental benefits. The asset backing River Green Finance also aims to encourage several environmental initiatives and to encourage low carbon transportation among employees through the inclusion of multiple electric charge points and the provision of electric cars. To bring transparency to its sustainability efforts, River Green Finance has communicated to Sustainalytics that it will make its bond prospectus (Offering Circular) publicly available. Sustainalytics positively views River Green Finance's green note issuance as an initiative that effectively

River Green Finance Green Securitized Bond Framework

demonstrates River Green Finance's commitment to support the selection and financing of eligible green asset, i.e., River Ouest.

Well positioned to address common environmental and social risks associated with the projects

Although Sustainalytics recognizes that the use of proceeds from River Green Finance's Framework will be directed towards acquisition loans for the eligible project, there could be potential environmental and social risks associated with financing the eligible project. Such risks may include a lack of pollution control in construction and development projects and increased exposure of the local community to adverse effects.

River Green Finance's securitization includes loan covenants concerning the compliance with applicable environmental regulations, which require the considerations of certain environmental and social factors detailed in the loan documentation on an ongoing basis. For example, there is a requirement to maintain compliance with applicable environmental permits.

Aside from these loan covenants, the loan originator, Goldman Sachs, worked with an independent environmental consultant who assessed the potential risks associated with the property. After the due diligence review, the third-party environmental consultant found no reasonable basis for concluding any environmental concerns.

Due to the above-mentioned procedures, Sustainalytics believes that River Green Finance has sufficiently identified, and managed environmental and social risks commonly associated with the eligible project.

Section 3: Impact of Use of Proceeds

The eligible category is recognized as impactful by the GBP 2018.

Importance of green buildings in the context of France

The residential and non-residential building stock in France is responsible for approximately 45% of the country's total energy consumption, 60% of its heating, and 27% of its GHG emissions by 2018.² Sustainalytics recognizes that by including an eligible green asset in the Framework with a recognized certification standard, such as BREEAM, River Green Finance intends to promote buildings that achieve significant reductions in carbon intensity and/or energy consumption.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green securitized bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.B By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, and resilience to disasters, and develop and implement.

Conclusion

River Green Finance 2019 DAC (River Green Finance) has developed its Green Securitized Bond Framework to refinance the eligible project, River Ouest, which continues to deliver positive environmental outcomes. Sustainalytics believes that the River Green Finance Green Securitized Bond Framework supports loan originator's intentions to finance an eligible project which will continue contributing to the advancement of a key UN Sustainable Development Goal 11 (Sustainable Cities and Communities). Additionally, Sustainalytics

² Information retrieved from <http://theconversation.com/france-the-road-to-a-low-carbon-building-sector-by-2050-will-be-a-long-one-103485>

is of the opinion that River Green Finance has sufficiently identified, and managed environmental and social risks commonly associated with the eligible project intended to be refinanced by the use of proceeds.

Overall, Sustainalytics is of the opinion that the River Green Finance Green Securitized Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

Appendices

Appendix 1: The River Green Finance Securitized Bond Framework November 2019

River Green Finance 2019 DAC is planning to issue a green CMBS, River Green Finance 2019, and align its Framework with the four core components of the Green Bond Principles 2018.

The sole aim of the green River Green Finance 2019 issuance is to refinance the acquisition loan provided by Goldman Sachs ("GS") on the River Ouest energy-efficient asset that meets the eligibility criteria described below. River Ouest is located in Bezons, Greater Paris and was developed in 2009, with a BREEAM "Very Good" rating awarded in 2017 ("the Asset").

River Green Finance 2019 will be a standalone Collateralized Mortgage Backed Securities ("CMBS") issuance secured solely on the aforementioned asset, with no additional lending, asset substitution, or use of proceeds permitted. The CMBS will have an expected maturity in November 2024, and the notes will be principally repaid as a bullet payment (although there is 1-2% annual amortisation).

1 Use of Proceeds

The proceeds of the green River Green Finance 2019 issuance will be used to refinance the existing mortgage loan provided by GS to finance the acquisition of the Asset by LRC Capital, a European real estate investor.

The solely eligible asset is the loan backed by the BREEAM "Very Good" River Ouest office asset, meeting the eligibility criteria set out below.

Eligibility Criteria

The eligible project should have received, or are expected to receive, a minimum certification of BREEAM "Very Good", or LEED "Gold" or any equivalent standard.

2 Project Evaluation and Selection Process

River Green Finance 2019 DAC has assessed, in coordination with GS (which originates numerous loans in its ordinary course of business through approvals from various internal committees), that given the strong BREEAM certification underpinning the sole collateral of this financing, this green financing qualifies for the standalone River Green Finance 2019 DAC securitisation.

Goldman Sachs provided the mortgage loan to finance the acquisition of the office asset.

3 Management of Proceeds

Net proceeds from the issuance of the mortgage-backed notes shall be used to refinance the acquisition loan provided by Goldman Sachs, and thus there will be no balance of funds to be invested. Therefore, only mortgages meeting the eligibility criteria will be backing the River Green Finance 2019 DAC securitisation. The eligible loan that serves as collateral will be documented, and this information will be checked by an external auditor.

4 Reporting

River Green Finance 2019 DAC is committed to provide an allocation report until the maturity of the green securitisation as well as an impact reporting until full allocation of the green securitisation.

The allocation report will be delivered on a quarterly basis and will include the loan's outstanding size, prepayments, defaults, losses etc.

Until the proceeds are not fully allocated, River Green Finance 2019 DAC will provide to the investor an impact report including some key metrics such as:

- Energy intensity (kWh/m²GIA/year),
- Total emissions (tCO₂e/year) or
- Carbon intensity (kgCO₂e/m²GIA/year); amongst others

5 External Review

The allocation report will be reviewed and provided by a third party, CBRE. This framework is submitted and reviewed to a Second-Party Opinion (SPO).

Appendix 2: Overview of BREEAM Green Building Certification Scheme

	BREEAM ³
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.
Certification levels	Pass Good Very Good Excellent Outstanding
Areas of Assessment	• Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation
Requirements	Prerequisites depending on the levels of certification + Credits with associated points This number of points is then weighted by item⁴ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.
Performance display	

³ BREEAM, Building Research Establishment LTD; <https://breeam.com>

⁴ BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

Appendix 3: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	River Green Finance 2019 DAC (River Green Finance)
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	River Green Finance Green Securitized Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	November 2019
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

River Green Finance Green Securitized Bond Framework

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible category for the use of proceeds – Green Buildings -- is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible project will lead to positive environmental impacts and advance the UN Sustainable Development Goals 11 (Sustainable Cities and Communities).

Use of proceeds categories as per GBP:

- | | |
|--|--|
| ☐ Renewable energy | ☐ Energy efficiency |
| ☐ Pollution prevention and control | ☐ Environmentally sustainable management of living natural resources and land use |
| ☐ Terrestrial and aquatic biodiversity conservation | ☐ Clean transportation |
| ☐ Sustainable water and wastewater management | ☐ Climate change adaptation |
| ☐ Eco-efficient and/or circular economy adapted products, production technologies and processes | ☒ Green buildings |
| ☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | ☐ Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

River Green Finance has selected and assessed eligible projects, along with the loan originator, Goldman Sachs. The mortgage loan is provided through approvals from Goldman Sachs' various internal committees to acquire the eligible project. This is in line with the market practice.

Evaluation and selection

- | | |
|--|--|
| ☒ Credentials on the issuer's environmental sustainability objectives | ☒ Documented process to determine that projects fit within defined categories |
| ☒ Defined and transparent criteria for projects eligible for Green Bond proceeds | ☐ Documented process to identify and manage potential ESG risks associated with the project |
| ☐ Summary criteria for project evaluation and selection publicly available | ☐ Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

- | | |
|--|---|
| ☒ Evaluation / Selection criteria subject to external advice or verification | ☒ In-house assessment |
| ☐ Other (please specify): | |

3. MANAGEMENT OF PROCEEDSOverall comment on section *(if applicable)*:

River Green Finance intends to use the net proceeds from mortgage-backed notes to refinance the acquisition loan. The eligible project will act as mortgages backing the securitization. This is in line with the market practice.

Tracking of proceeds:

- | |
|--|
| ☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| ☐ Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| ☐ Other <i>(please specify)</i> : |

Additional disclosure:

- | | |
|--|--|
| ☐ Allocations to future investments only | ☐ Allocations to both existing and future investments |
| ☐ Allocation to individual disbursements | ☒ Allocation to a portfolio of disbursements |
| ☐ Disclosure of portfolio balance of unallocated proceeds | ☐ Other <i>(please specify)</i> : |

4. REPORTINGOverall comment on section *(if applicable)*:

River Green Finance intends to provide allocation reporting on a quarterly basis until the maturity of the securitization, as well as impact reporting until full allocation of the securitization. The allocation reporting will include, but not limited to, information such as the size of the outstanding loans, prepayments, defaults and losses. The impact reporting may have quantitative indicators, where feasible. This is in line with market best practice.

Use of proceeds reporting:

- | | |
|---|--|
| ☐ Project-by-project | ☒ On a project portfolio basis |
|---|--|

- ☐ Linkage to individual bond(s) ☐ Other (*please specify*):

Information reported:

- ☐ Allocated amounts ☐ Green Bond financed share of total investment
- ☒ Other (*please specify*): loan's outstanding size, prepayments, defaults and losses.

Frequency:

- ☐ Annual ☐ Semi-annual
- ☒ Other (please specify): quarterly basis

Impact reporting:

- ☐ Project-by-project ☒ On a project portfolio basis
- ☐ Linkage to individual bond(s) ☐ Other (please specify):

Frequency:

- ☒ Annual ☐ Semi-annual
- ☐ Other (please specify):

Information reported (expected or ex-post):

- ☒ GHG Emissions / Savings ☐ Energy Savings
- ☐ Decrease in water use ☒ Other ESG indicators (please specify): energy and carbon intensity

Means of Disclosure

- ☐ Information published in financial report ☐ Information published in sustainability report
- ☐ Information published in ad hoc documents ☐ Other (please specify):
- ☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE
Type(s) of Review provided:

- | | |
|---|--|
| ☐ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☒ Verification / Audit: allocation report will be provided by an independent third party. | ☐ Rating |
| ☐ Other (<i>please specify</i>): | |

Review provider(s):
Date of publication:
ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

Sustainalytics

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For more information, visit www.sustainalytics.com

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