

CLIMATE BONDS STANDARD VERIFICATION LETTER

Issuing entity: Alpha Trains Finance S.A.

Kind of engagement: Assurance Engagement

Period engagement was carried out: September 2nd 2016 to September 27th 2016

Approved verifier: Sustainalytics US Inc.,

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Scope:

Alpha Trains Luxembourg Holdings S.à r.l. and its subsidiaries, among which Alpha Trains Finance S.A. is the issuing entity, has engaged Sustainalytics to review and verify that the upcoming issuance of Alpha Trains' Green Private Placement Framework meets the requirements of the Climate Bond Standard Version 2.0.

Objectives:

Alpha Trains' commitment to green and sustainable transportation is captured in the company's mission statement and Environmental, Social and Governance Policy (ESG Policy). The company recognizes its environmental responsibility, and the role of sustainable transportation in furthering a low-carbon economy.

Alpha Trains' fleet of electric rolling stock has made it a strong contributor to, and an active stakeholder in, the sustainable modernization of public transportation in Europe. In line with this trajectory, Alpha Trains is planning to issue a Green Private Placement to refinance a fleet of 63 energy efficient Electric Multiple Unit (EMU) train sets that are deployed on 15-year concession agreements for two projects in Germany ("Nominated Projects and Assets"). The Nominated Projects and Assets fall under the Climate Bond Low Carbon Transport Standard – Electrified Rail Infrastructure category.

Criteria

Climate Bond Standards Version 2.0

- Low Carbon Transport Standard
 - Criteria 3: All infrastructure, infrastructure upgrades, rolling stock and vehicles for electrified public transport including electrified rail, trams, trolleybuses and cable cars.

Issuing Entity's Responsibility

Alpha Trains provided confirmation relating to:

- The proceeds of the Green Private Placement which will be used to refinance two fleets of modern energy efficient Electric Multiple Unit (EMU) trains;
- The process of management and disbursement of funds;
- The details about the reporting commitments.

Verifier's Responsibility

The work undertaken as part of this engagement included conversations with relevant Alpha Trains' employees and review of relevant documentation to confirm Green Private Placement's conformance with the Climate Bonds Certification Pre-Issuance Requirements, which include:

- Conformance of Alpha Trains Green Private Placement with the Climate Bonds Standard Version 2.0;
- The Technical Criteria on Low Carbon Transport Standard Criteria 3: All infrastructure, infrastructure upgrades, rolling stock and vehicles for electrified public transport including electrified rail, trams, trolleybuses and cable cars.
- Conformance with the Internal Processes & Controls requirements of 1) Tracking of proceeds 2) Managing unallocated proceeds and 3) Earmarking funds for Nominated Projects and Assets
- Conformance with Reporting Prior to Issuance requirements.

Basis of the Opinion

Sustainalytics conducted the verification in accordance with the Climate Bond Standard Version 2.0 and with International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Information.

Sustainalytics has relied on the information and the facts presented by Alpha Trains. Sustainalytics is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, Sustainalytics shall not be held liable if any of the information or data provided by Alpha Trains management and used as a basis for this assessment were not correct or complete.

Independence and Quality Control

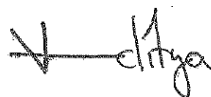
Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Alpha Trains Green Private Placement, issued to refinance eligible EMU trains for Project STS and Project EMIL in Germany. Sustainalytics provided an independent opinion informing the conformance of the Green Private Placement with Climate Bond Standards Version 2.0. Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the Green Private Placement.

Restriction on Distribution and Use of Report

This report along with the information provided is for the use and publication of Alpha Trains and Climate Bond Standard Board only and not for the use of any other external parties.

Opinion

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, Alpha Trains Green Private Placement, issued to refinance eligible EMU trains for Project STS and Project EMIL in Germany (Details regarding these assets are described in Schedule 1), is not in conformance with the Climate Bond Standard Version 2.0 Pre-Issuance Requirements including Part B Eligible Projects and Assets.



Vikram Puppala
September 27th, 2016
215 Spadina Ave, Suite 300,
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Schedule 1: Detailed Overview of Nominated Projects and Assets

Details of the two Nominated Projects and Assets in Germany are provided below:

1. **Project STS Saale-Thüringen-Südharz (Project STS)**

Operated by Abellio Rail Mitteldeutschland GmbH, a 100% indirectly-owned subsidiary of Dutch state-owned railways NS. Located in central eastern Germany connecting major cities in four German states, including Leipzig (the most populated city in Saxony), Halle, Erfurt, and Kassel. The fleet consists of:

35 Bombardier Talent 2 EMUs – providing a total of 6,330 seats

- Lot A: 20 3-car single deck Bombardier Talent 2
- Lot B: 15 5-car single deck Bombardier Talent 2

The Talent 2 EMU train sets for the STS project were manufactured by the German subsidiary of global rail and aviation Bombardier group, based in Canada. The Talent 2 is certified according to the International EPD System (Environmental Product Declarations) and Bombardier applies the latest technological and environmental standards which results in an energy efficient EMU train set of which 96% can be recycled.

2. **Project EMIL Emsland/Mittelland (Project EMIL)**

Operated by WestfalenBahn GmbH in the densely populated North Rhine-Westphalia and Lower Saxony regions. The regions are characterised by strong economic activity and comprise of several medium to large-sized municipalities (Münster, Osnabrück, Hannover, Braunschweig, Emden) that have a high number of passengers commuting between them. The fleet consists of:

28 Stadler Flirt 3 and KISS EMUs – providing a total of 11,363 seats

- Lot A (Emsland): 15 single deck 4-car Stadler Flirt 3
- Lot B (Mittelland): 13 double deck 6-car Stadler KISS

Schedule 2A: Climate Bonds Certification Pre-Issuance Requirements

<p>Selection of Nominated Projects:</p>	<p>1.1 Statement on the environmental objectives of the bond</p> <p>1.2 Nominated Projects meet the Climate Bonds criteria</p> <p>1.3 Document a list of Nominated Projects and Assets</p> <p>1.4 Confirmation that Nominated Projects and Assets will not be nominated to other Climate Bonds</p> <p>1.5 Confirmation that Net Proceeds of the Green Private Placement shall not be greater than the value of the Nominated Projects and Assets</p>
<p>Internal Processes and Controls</p>	<p>2.1.1 Tracking of proceeds</p> <p>2.1.2 Managing of unallocated proceeds</p> <p>2.1.3 Earmarking funds to Nominated Projects and Assets</p>
<p>Reporting Prior to Issuance</p>	<p>3.1.1 Investment area of Nominated Projects and Assets</p> <p>3.1.2 Intended types of temporary investments of unallocated proceeds</p> <p>3.1.3 Approach of Verifier</p> <p>3.1.4 Whether periodic assurance engagement will be undertaken</p>

Schedule 2B: Conformance to Climate Bonds Certification Pre-Issuance Requirements

Procedure Performed	Factual Findings	Error or Exceptions Identified
Verification of requirements specified under Selection of Nominated Projects	<p>1.1 The objective of the Green Private Placement is to primarily use proceeds to refinance two Electric Multiple Unit (EMU) fleets (“Nominated Projects”).</p> <p>1.2 The Nominated Projects meet the Low Carbon Land Transport criteria under Part B of the Climate Bond Standard.</p> <p>1.3 The two Nominated Projects include:</p> <ul style="list-style-type: none"> - Project STS (Operated by Abellio Rail Mitteldeutschland GmbH with a fleet of 35 Bombardier Talent 2 EMUs). - Project EMIL (Operated by WestfalenBahn GmbH with a fleet of 28 Stadler Flirt 3 and KISS EMUs). <p>1.4 Alpha Trains’ management confirms that the Nominated Projects and Assets shall not be nominated to other Climate Bonds.</p> <p>1.5 Alpha Trains’ management confirms that the net proceeds of the Green Private Placement shall not be greater than the value of the Nominated Projects and Assets.</p>	None
Verification of requirements specified under Internal Processes and Controls	<p>2.1.1 Alpha Trains’ management confirms that proceeds will be segregated and tracked in a systematic manner and will be exclusively used to refinance the Eligible Assets.</p> <p>2.1.2 Alpha Trains’ management confirms that all net proceeds will be immediately used (i.e. allocated at issuance) to refinance the Eligible Assets. There will not be any unallocated Net Proceeds.</p> <p>2.1.3 Alpha Trains’ management has confirmed that the Green Private Placement proceeds will be</p>	None

	<p>immediately used for the repayment of debt originally raised to acquire the Nominated Projects and Assets.</p>	
<p>Verification of requirements specified under Reporting Prior to Issuance</p>	<p>3.1.1 The Green Private Placement Information Memorandum confirms that the proceeds of the transaction will primarily be used to refinance two Electric Multiple Unit (EMU) fleets. These fall under the ‘Low Carbon Transport’ classification of Climate Bonds Taxonomy.</p> <p>3.1.2 The Green Private Placement Information Memorandum confirms that all net proceeds will be immediately used (i.e. allocated at issuance) to refinance the Eligible Assets.</p> <p>3.1.3 The Green Private Placement Information Memorandum confirms that an approved third party verifier has been appointed to confirm the Green Private Placement’s conformance with pre-issuance requirements of the Climate Bonds Standard.</p> <p>3.1.4 The Green Private Placement Information Memorandum confirms that an approved third party verifier will conduct post-issuance assurance exercise within a year’s time to reaffirm conformance of the Private Placement with the Climate Bonds Standard.</p>	<p>None</p>

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The client is fully responsible for ensuring its commitments` compliance, implementation and monitoring.