

Independent Reasonable Assurance Report to the Directors and Management of The National Housing Finance and Investment Corporation

Assurance conclusion

Based on our reasonable assurance procedures, as described in this statement as of 22 June 2020, in our opinion the National Housing Finance and Investment Corporation's ('NHFIC') bond issuance process ('Bond Issuance') in relation to its 2020 Third Social Bond meets the requirements of the criteria defined below, in all material aspects.

Subject Matter and Criteria

The subject matter of the Bond Issuance and associated criteria are set out in the table below:

Subject Matter	Criteria
Pre-issuance process for NHFIC's Social Bond, as described in NHFIC's Sustainability Bond Framework, that sets out:	<ul style="list-style-type: none"> ▶ International Capital Markets Association's Social Bond Principles ('SBPs') June 2018 ▶ Draft Loan Agreements with Community Housing Providers (CHPs) ▶ NHFIC's internal policies and procedures, as documented in NHFIC's Sustainability Bond Framework
<ul style="list-style-type: none"> ▶ Policies and procedures related to the use of proceeds and management of proceeds raised from the Bond ▶ Minimum criteria for eligible Community Housing Providers to be funded by the Bond ▶ Procedures for reporting on the use of proceeds and performance of the Bond 	

Management Responsibility

The management of NHFIC is responsible for the collection, preparation, and presentation of the Subject Matter in accordance with the Criteria and for maintaining adequate records and internal controls that are designed to support the Bond Issuance.

Assurance Practitioner's Responsibility

Our responsibility is to express a reasonable assurance conclusion on the Subject Matter. Our assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements ASAE 3000: *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ('ASAE 3000').

Level of Assurance

A reasonable assurance engagement consists of making enquiries and applying analytical, controls testing, and other evidence-gathering procedures that are sufficient for us to obtain a meaningful level of assurance as the basis for a positive form of conclusion. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our Approach

Assurance procedures performed included, but were not limited to:

- ▶ Reviewing the policies and procedures in NHFIC's Sustainability Bond Framework to assess whether they are aligned to the requirements of the SBPs
- ▶ Conducting enquiries with personnel to understand the business, processes, and systems for collecting, collating, and reporting information relating to the Bond Issuance
- ▶ Confirming the eligibility of assets for inclusion in NHFIC's Social Bond against NHFIC's Sustainability Bond Framework and SBPs
- ▶ Reviewing the draft loan agreements to Community Housing Providers to review loan purpose and calculate the total value of eligible assets
- ▶ Agreeing the total value of eligible assets against the intended value of net proceeds to be raised through the issuance of the Social Bond
- ▶ Obtaining representation from NHFIC Management.

Limitations

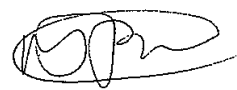
There are inherent limitations in performing assurance; for example, assurance engagements are based on selective testing of the information being examined and it is possible that fraud, error, or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ASAE 3000 and the SBPs is subjective and will be interpreted differently by different stakeholder groups. Our assurance was limited to NHFIC's Bond Issuance (pre-issuance) and did not include any procedures in relation to NHFIC's statutory financial statements. Our assurance is limited to policies and procedures in place as 22 June 2020.

Use of Report

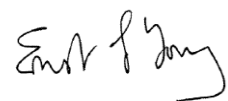
Our responsibility in performing our assurance activities is to the Directors and Management of NHFIC only and in accordance with the terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on NHFIC's Bond Issuance is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third-party purpose.

Our Independence and Assurance Team

In accordance with APES 110 *Code of Ethics for Assurance Practitioners*, the firm and all professional personnel involved in this engagement have met the requirements of Australia or International professional ethical requirements, including our independence. Our team has the required competencies and experience for this assurance engagement.



Dr Matthew Bell, Partner
Partner,
Brisbane, Australia
22 June 2020



Ernst & Young