

DBJ Green Bond

DNV GL Second Party Opinion

Scope and Objectives

The Development Bank of Japan Inc. ('DBJ') is issuing a DBJ Green Bond to (re)finance loans which finance a building/development receiving a DBJ Green Building Certification.

DBJ has commissioned DNV GL Business Assurance Services UK limited ("DNV GL") to provide a second party opinion on whether the Green Bond has met the Criteria established in the DBJ Green Bond Framework. In this context, 'green' is as defined by the Sustainability Criteria and Use of Proceeds Criteria detailed further in this document. No assurance is provided over the financial performance of the Green Bond or the value of any investments in the Green Bond.

Responsibilities of the Directors of DBJ and the opinion providers

The Directors of DBJ have sole responsibility for ensuring that the conditions established by the Criteria are met. Our statement represents an independent opinion and is intended to inform DBJ management and investors in the Green Bond as to whether the established Criteria have been met. We have not been responsible for the design or certification of the properties themselves and cannot be held liable if estimates, findings, opinions or conclusions are incorrect. DNV GL holds no other contracts with DBJ.

Basis of DNV GL's opinion

A framework has been developed to establish a set of criteria that can be used to underpin DNV GL's opinion, consisting of sustainability and use-of-proceeds criteria as set out below.

Sustainability Criteria

Sustainability Criteria have been developed against which the nominated properties are reviewed prior to inclusion as an eligible property in DBJ's Green Bond Portfolio. The development of the Sustainability Criteria have been guided by DBJ's Green Building Certification scheme.

The Sustainability Criteria are grouped under the following pillars:

- Project Nomination;
- Ecology;
- Amenities and Risk Management;
- Community and Partnership; and
- Annual Reporting

All four pillars are further subdivided in a total of 11 sub-categories. A property must meet at least one criterion in each of the 11 sub-categories to be eligible for inclusion in the Green Bond.

The sub-categories and Criteria are set out in the Schedule (Part 1) of this document.

Use of Proceeds Criteria

Use of Proceeds Criteria have been established with which DBJ's Green Bond will comply. The Use of Proceeds Criteria are guided by the requirements that an issuer of a Green Bond must use the funds raised to finance eligible projects and that the funds have to be traceable within the issuing organisation. The Criteria are grouped under the following four categories:

- Loan Nomination;
- Management of Use of Proceeds;
- Temporary Holdings; and
- Governance

Green Bond Principles

It is our opinion that, together, the Sustainability Criteria and the Use of Proceeds Criteria meet the guidance given in the Green Bond Principles 2014 (comprising Voluntary Process Guidelines for Issuing Green Bonds, dated 13 January 2014) that there should be a concrete process and disclosure by an issuer to facilitate understanding of the characteristics of a Green Bond by investors and others in this area. Furthermore, in our view, the framework developed for this Green Bond and which underpin our opinion is aligned with the four Principles of the Green Bond Principles.

Work undertaken

The work undertaken to form our opinion included:

- Discussions with selected DBJ employees;
- The development of Sustainability & Use of Proceeds Criteria;
- A review of DBJ's Green Building Certification evidence of the nominated assets, to ensure that the Sustainability Criteria are met; and
- A review of documentary evidence to confirm that the Use of Proceeds Criteria are met.

Findings and DNV GL's opinion

The objectives of DBJ's Green Building Certification include enhanced sustainability performance of the assets certified, in the areas of ecology, amenities and risk management, and community partnerships. Based on the information provided by DBJ, the loans we reviewed in accordance with the DBJ Green Bond Framework and funded through DBJ's Green Bond have the potential to advance these objectives. These loans are:

| Project Name | DBJ Green Building Certification Level |
|-----------------------|--|
| THE OTEMACHI TOWER #1 | 5 Stars |
| THE OTEMACHI TOWER #2 | 5 Stars |
| THE OTEMACHI TOWER #3 | 5 Stars |
| Ochanomizu Sola City | 5 Stars |
| KABUKIZA TOWER | 5 Stars |

In our opinion, the Use of Proceeds Criteria developed for DBJ's Green Bond provides an appropriate means of tracing the use of proceeds of the Green Bond and provides assurance to investors that the proceeds from DBJ's Green Bond will (re)finance the nominated assets.

We applied the Sustainability Criteria and the Use of Proceeds Criteria developed in the DBJ Green Bond Framework against the assets nominated by DBJ.

On the basis of the information provided by DBJ and the work undertaken, it is our opinion is that DBJ's Green Bond meets the Criteria set out in the DBJ Green Bond Framework.

for DNV GL Business Assurance Services UK limited

18th September 2014



Douglas Farquhar

Principal Consultant and Project Director
UK Sustainability, DNV GL – Business Assurance

Schedule: The Criteria

Part 1 - Sustainability Criteria

| Pillar | Sub-category | Criteria |
|--|----------------------------------|--|
| Project Nomination | DBJ Green Building Certification | The property has been rated Three Stars or higher under DBJ's Green Building Certification scheme |
| | Disclosure | The property publicly discloses its environmental and social performance and/or management policies |
| Ecology | Certification | The property has been environmentally certified by a third party, through one of the following: <ul style="list-style-type: none"> • BREEAM; • LEED; • CASBEE; • A public authority, such as the Tokyo Metropolitan Government; or • Other publicly recognised certification system |
| | Energy Efficiency | The property includes features to improve the energy efficiency of <ul style="list-style-type: none"> • Temperature control; or • Lighting |
| | | The property has: <ul style="list-style-type: none"> • Submitted the Perimeter Annual Load (PAL) to the municipality or has the PAL calculated independently; or • Submitted the Energy Reduction Ration (ERR) to the municipality, or has the ERR calculated independently |
| | Natural Resources | The property includes features to improve: <ul style="list-style-type: none"> • Water Conservation; or • Reducing, reusing, and recycling of waste |
| | Renewable Energy | Where possible, the property sources its energy from renewable sources |
| Amenities & Risk Management | Amenities | The property offers services and/or facilities over and above legislative and regulatory requirements to ensure the comfort and wellbeing of the tenants |
| | | Where possible, the ceiling and floor of the property include features to improve the comfort and wellbeing of its tenants |
| | | Where appropriate, the property is easily accessible by public or alternate transportation |
| | Risk Management | The property has low environmental risks, or has counter measures in place to prevent or mitigate environmental risks |
| | | The property has appropriate security control measures in place to ensure the safety and security of its tenants |
| Community & Partnership | Partnership | The property partners on social and environmental activities and shares future plans and current performance with: <ul style="list-style-type: none"> • the regional community, surrounding residents, or region; or • the tenant or the property manager or building manager |
| | Community | If appropriate, the property is accessible for less-abled persons |
| | | If appropriate, the property includes features to: <ul style="list-style-type: none"> • reduce heat island effects; or • preserve biodiversity |
| | Annual Reporting | DBJ must ensure that the sustainability criteria above are met over the lifetime of the Bond through external reporting to investors. |

Part 2 - Use of Proceeds Criteria

| Category | Use of Proceeds Criteria |
|--------------------------------------|--|
| Loan Nomination | The nominated loans of DBJ's Green Bond must be identifiable as those that have passed the Sustainability Criteria |
| | The Use of Proceeds project list must contain information about the financing needs of the nominated loans |
| Management of use of proceeds | The proceeds from DBJ's Green Bond must be placed with the nominated loans |
| | DBJ can only use the Green Bond proceeds on the nominated loans |
| | The value of the Green Bond should be smaller than or equal to the financing needs of the nominated loans |
| Temporary Holdings | A list of replacement loans should be drawn up, in case of force majeure impacting the viability of the loans |
| | Temporary Holdings: Bond proceeds not yet placed in the nominated loans should be held in cash and/or a money-market portfolio and not be placed in activities that are contrary to the intent of green bonds. |
| Governance | DBJ must ensure that the system and processes as specified in Criteria above meet their requirements over the lifetime of the Green Bond |

About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. With our origins stretching back to 1864, we are today a leading provider of services for managing risk, with a global presence of more than 500 offices in over 100 different countries. Our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. This means continuously developing new approaches to health, safety, quality and environmental management, so businesses can run smoothly in a world full of surprises.