

**Issuance Conditions of the Bonds Pertaining to  
the Initial Listing Application**

**The Metropolis of Tokyo**

**ISSUANCE CONDITIONS OF THE BONDS PERTAINING TO  
THE INITIAL LISTING APPLICATION**

Type of Information:	Issuance Conditions of the Bonds Pertaining to the Initial Listing Application
Date of Announcement:	8 June 2022
Issuer Name:	The Metropolis of Tokyo
Name and Title of Representative:	Koike Yuriko, Governor
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Type of Securities:	Unsecured and unsubordinated bonds
Total Issuance Value of Securities:	U.S.\$500,000,000
Contents of Programme Information:	
Date of Announcement:	7 June 2022
Scheduled Issuance Period:	8 June 2022 to 7 June 2024
Maximum Outstanding Issuance Amount:	Not Applicable
Matters related to Financial Instruments Exchange Market, etc.:	Not Applicable
Address of Website for Announcement:	<a href="https://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html">https://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html</a>
Status of Submission of Annual Securities Reports:	Not Applicable

Notes to Investors:

1. TOKYO PRO-BOND Market is a market principally for professional investors and bonds listed on the market ("**TOKYO PRO-BOND MARKET Listed Bonds**") may involve high risk. Investors should act with responsibility and be aware of the listing qualification, timely disclosure requirements that apply to issuers of TOKYO PRO-BOND Market Listed Bonds and associated risks such as the fluctuation in market prices. Prospective investors should make an investment judgement only after having carefully considered the contents of this Issuance Conditions of the Bonds Pertaining to the Initial Listing Application.
2. The regulatory framework for TOKYO PRO-BOND Market is different in certain fundamental respects from the regulatory framework applicable to existing exchange markets in Japan. Investors should be aware of the rules and regulations of the TOKYO PRO-BOND Market, which are available on the website of Tokyo Stock Exchange, Inc. (the "**Tokyo Stock Exchange**").
3. The bonds issued pursuant to this Issuance Conditions of the Bonds Pertaining to the Initial Listing Application fall within disclosure exempt securities under Article 3(1) of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**FIEA**"), and as such, no "specified securities information" (*tokutei shouken jouhou*) specified in Article 27-31, Paragraph 1 of the FIEA is required to be delivered or made public in respect of the offering of such bonds in Japan under the FIEA. This Issuance Conditions of the Bonds Pertaining to the Initial Listing Application therefore

does not comprise a "specified securities information" (*tokutei shouken jouhou*) specified in Article 27-31, Paragraph 1 of the FIEA or any amendment thereto specified in Article 27-31, Paragraph 4 of the FIEA.

4. The Tokyo Stock Exchange does not make any representations or warranties with regard to any part of this Issuance Conditions of the Bonds Pertaining to the Initial Listing Application (including, but not limited to, whether the Issuance Conditions of the Bonds Pertaining to the Initial Listing Application (a) contains a false statement on important matters or (b) lacks a statement on: (i) important matters that should be stated or (ii) a material fact that is necessary for avoiding misunderstanding), and will not be liable to any damages or any other liabilities.
5. This Issuance Conditions of the Bonds Pertaining to the Initial Listing Application has been prepared solely by, and is the sole responsibility of, the Issuer, and its contents have not been independently verified by the Joint Lead Managers (as defined herein). To the fullest extent permitted by law, none of the Joint Lead Managers accepts any responsibility for the contents of this Issuance Conditions of the Bonds Pertaining to the Initial Listing Application or for any other statement, made or purported to be made by any Joint Lead Manager or on its behalf in connection with the Issuer or the issue and offering of the bonds described herein. The Joint Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Issuance Conditions of the Bonds Pertaining to the Initial Listing Application or any such statement.



## The Metropolis of Tokyo

### U.S.\$500,000,000 3.375 per cent. Bonds due 2025

#### Issue Price 99.929 per cent.

The above Bonds (the "Bonds") will mature on 16 June, 2025 and may be redeemed earlier at the option of The Metropolis of Tokyo (the "Metropolis" or "Tokyo") only in the event that certain Japanese taxes are imposed on payments in respect of the Bonds, as set out in Condition 5 of the terms and conditions of the Bonds (the "Conditions", and each condition set out in the Conditions being a "Condition"). Interest on the Bonds will accrue at the rate of 3.375 per cent. per annum from and including 16 June, 2022 and be payable semi-annually in arrear on 16 June and 16 December in each year commencing on 16 December, 2022.

Application has been made to the Financial Conduct Authority (the "FCA") under the Financial Services and Markets Act 2000 (the "FSMA") for the Bonds to be admitted to the official list of the FCA (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Bonds to be admitted to trading on the London Stock Exchange's Main Market (the "Main Market"). References in this Offering Circular to securities being "listed" (and all related references) shall mean that such securities have been admitted to trading on the Main Market and have been admitted to the Official List. For the purposes of such application, the Metropolis is an exempt issuer pursuant to Article 1(2) of Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("EUWA") (as amended, the "UK Prospectus Regulation"). Accordingly, this Offering Circular has not been reviewed or approved by the FCA and has not been approved as a prospectus by any other competent authority under the UK Prospectus Regulation. Application is also being made to Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange") for the Bonds to be listed on the TOKYO PRO-BOND Market of the Tokyo Stock Exchange (the "TOKYO PRO-BOND Market").

It is expected that the Bonds will be assigned a credit rating of A+ by S&P Global Ratings Japan Inc. ("S&P"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. The Metropolis has been assigned (i) A+ foreign currency long-term issuer rating and (ii) A+ local currency long-term issuer rating by S&P. The security rating applicable to the Bonds will not necessarily always reflect that applicable to the Metropolis. The credit rating referred to above will be and the issuer ratings referred to above have been issued by S&P, which is not established in the European Union or in the United Kingdom and is not registered under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation") or Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of the domestic law of the United Kingdom by virtue of the EUWA (the "UK CRA Regulation") but such credit rating will be and such issuer ratings have been endorsed by S&P Global Ratings Europe Limited ("S&P Europe"), which is an entity established in the European Union and registered under the CRA Regulation, and S&P Global Ratings UK Limited ("S&P UK"), which is an entity established in the United Kingdom and registered under the UK CRA Regulation.

The Bonds will be in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$2,000 in excess thereof. Bonds sold outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S of the U.S. Securities Act of 1933, as amended (the "Securities Act") ("Unrestricted Bonds") will be evidenced by a global certificate (the "Unrestricted Global Certificate") in registered form, which will be deposited with, and registered in the name of, or a nominee for, a common depository for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") on or about 16 June, 2022 (the "Closing Date"). Bonds sold in the United States to qualified institutional buyers ("QIBs") (as defined in Rule 144A under the Securities Act ("Rule 144A")) ("Restricted Bonds") will be evidenced by a global certificate (the "Restricted Global Certificate", and together with the Unrestricted Global Certificate, the "Global Certificates" and each a "Global Certificate") in registered form, which will be deposited with the custodian (the "DTC Custodian") for The Depository Trust Company ("DTC"), and registered in the name of Cede & Co. as nominee for DTC, on or about the Closing Date. Definitive certificates evidencing holdings of Unrestricted Bonds (the "Unrestricted Definitive Certificates") and definitive certificates evidencing holdings of Restricted Bonds (the "Restricted Definitive Certificates", and together with the Unrestricted Definitive Certificates, the "Definitive Certificates" and each a "Definitive Certificate") will only be available in certain limited circumstances. See "Summary of Provisions relating to the Bonds while in Global Form".

The Bonds have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States. The Bonds are being offered or sold within the United States only to QIBs in reliance on an exemption from registration provided by Rule 144A, and outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Bonds, see "Subscription and Sale" and "Transfer Restrictions".

**Prospective investors should have regard to the factors described under the section headed "Risk Factors" starting on page 11. This Offering Circular does not describe all of the risks of an investment in the Bonds.**

**Goldman Sachs  
International**

**Barclays**

**Citigroup**

**Morgan Stanley**

The date of this Offering Circular is 7 June, 2022.

The Metropolis accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Metropolis, the information contained in this Offering Circular is in accordance with the facts and this Offering Circular makes no omission likely to affect its import.

To the fullest extent permitted by law, none of the Joint Lead Managers (as defined under "Subscription and Sale") accepts any responsibility for: (i) the contents of this Offering Circular or for any other statement, made or purported to be made by the Joint Lead Managers or on their behalf in connection with the Metropolis or the issue and offering of the Bonds, or (ii) the acts or omissions of the Metropolis or any other person (other than the relevant Joint Lead Manager) in connection with the issue and offering of the Bonds. The Joint Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Offering Circular or any such statement.

Other than the application for the admission of the Bonds to the Official List together with admission of the Bonds to trading on the Main Market, and the application to list the Bonds on the TOKYO PRO-BOND Market, no action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular (in proof or final form) in any jurisdiction where action would be required for such purposes.

This Offering Circular may not be used for the purposes of an offer of the Bonds to, or a solicitation for the purchase of Bonds by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or lawful. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Metropolis and the Joint Lead Managers to inform themselves about, and to observe, any such restrictions. For a description of certain restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see "Subscription and Sale" and "Transfer Restrictions".

The Bonds have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Bonds or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense. A prospective investor should be aware that it may be required to bear the financial risks of this investment for an indefinite period of time.

The Bonds are exempt from the requirement for registration under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "Financial Instruments and Exchange Act") and are subject to the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended) (the "Act on Special Measures Concerning Taxation"). The Bonds are not, as part of the primary distribution (*boshu*) by the Joint Lead Managers at any time, to be offered or sold to, or for the benefit of, any person other than a beneficial owner that is, (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a person (a "Specially-Related Party of the Metropolis") having a "special relationship" with the Metropolis (that is, currently, in general terms, a party who is directly or indirectly controlled by the Metropolis) as described in Article 6, paragraph (4) of the Act on Special Measures Concerning Taxation or (ii) a Japanese financial institution, designated in Article 6, paragraph (11) of the Act on Special Measures Concerning Taxation. **BY SUBSCRIBING FOR THE BONDS, AN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED IT IS A PERSON WHO FALLS INTO THE CATEGORY OF (i) OR (ii) ABOVE.**

In addition, interest payments on the Bonds will generally be subject to Japanese withholding tax unless it is established that the Bonds are held by or for the account of a beneficial owner that is (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Party of the Metropolis, (ii) a Japanese designated financial institution described in Article 6, paragraph (11) of the Act on Special Measures Concerning Taxation which complies with the requirement for tax exemption under that paragraph, or (iii) a Japanese public corporation, a Japanese financial institution or a Japanese financial instruments business operator described in Article 3-3, Paragraph (6) of the Act on Special Measures Concerning Taxation which complies with the requirement for tax exemption under that paragraph. See "Taxation — Japan".

The Bonds do not constitute "taxable linked securities" as prescribed by Article 6, paragraph (4) of the Act on Special Measures Concerning Taxation (being securities for which the amount of interest is to be

calculated by reference to certain indexes (as prescribed by Article 3-2-2, paragraph (8) of the Cabinet Order No. 43 of 1957, as amended relating to the Act on Special Measures Concerning Taxation) relating to the Metropolis or a Specially-Related Party of the Metropolis).

In connection with the issue or sale of the Bonds, no person has been authorised to give any information or to make any representation other than as contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Metropolis or the Joint Lead Managers.

Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that the information contained herein is correct as at any time subsequent to its date.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular and any applicable supplement to this Offering Circular;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

**In connection with this issue, Barclays Bank PLC (the "Stabilisation Manager") (or person(s) acting on behalf of the Stabilisation Manager) may over-allot Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or person(s) acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.**

**UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to UK MiFIR is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 (as modified or amended from time to time, the "SFA"), the Metropolis has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Bonds are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

References herein to "U.S.\$" and "U.S. dollars" are to the currency of the United States of America, those to "€" are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3rd May, 1998 on the introduction of the euro, as amended, and those to "¥" and "yen" are to Japanese yen.

References herein to "fiscal years" and to "FY" are to fiscal year(s) of the Metropolis commencing on 1st April of the year indicated and ending on 31st March of the following year. References herein to years not specified as fiscal years or FY are to calendar years.

In this Offering Circular, where information is presented in millions and billions, amounts of less than one million or one billion have been rounded up or down (in certain cases, to the nearest one-tenth of a million or billion), as the case may be. Accordingly, the total of each column of figures may not be equal to the total of the individual items.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

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## OVERVIEW

The following is an overview of certain information contained elsewhere in this Offering Circular. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Circular. Prospective investors should also carefully consider the information set forth in "Risk Factors" below prior to making an investment decision. Capitalised terms not otherwise defined in this overview have the same meaning as elsewhere in this Offering Circular. See "The Metropolis of Tokyo", amongst others, for a more detailed description of the Metropolis.

### Overview of the Metropolis of Tokyo

Tokyo, located in the south of the Kanto Plain, roughly in the middle of the Japanese archipelago and with an area of 2,194 square kilometres as at 1st January, 2022, had a population of 13,972 thousand as at 1st March, 2022. Tokyo is the only governmental unit in Japan designated as a metropolis. Its administrative area consists of three sub-areas, each with different characteristics, comprising 23 special wards, the Tama district and a number of islands in the Pacific Ocean. The address of the Metropolis is 8-1, Nishishinjuku 2-chome, Shinjuku-ku, Tokyo 163-8001, telephone number +81-3-5321-1111.

The major urban area consists of the 23 special wards that extend around Tokyo Bay and which spread into the southern part of the Kanto Plain. Together they form one city, which is often regarded as the City of Tokyo, though each ward is administratively independent. The number of people living in this combined area is 9,660,461, or 69.1 per cent. of Tokyo's population as at 1st March, 2022. Tokyo is not only the largest Japanese city but it is also one of the largest cities in the world. The Tama district lies to the west of the 23 special wards and comprises 26 cities, three towns and one village. The islands in the Pacific Ocean that form part of Tokyo are the Izu Islands and the Ogasawara Islands. These islands have a total of two towns and seven villages.

Tokyo has been the political capital of Japan since 1603, when the Tokugawa Shogunate was established. It became the official capital in 1869, shortly after the Meiji Restoration, which ushered in the modern history of Japan. The Metropolis was created in July 1943 when the administrative authority of the City of Tokyo and that of the Prefecture of Tokyo were amalgamated.

As the capital, Tokyo is the site of the Diet and is the seat of the administrative and judicial branches of the Japanese Government. Tokyo is also the national centre of finance and commerce and has a prominent position in the intellectual and cultural life of Japan.

The growth of the population of Tokyo and the expansion of its economy, which were especially remarkable in the 1960s, have brought about an increase in the influence of the Metropolis beyond its administrative boundaries with the result that the Metropolis and three adjoining prefectures are now together referred to as the Tokyo Metropolitan Region. The population of this region amounts to 36.8 million and accounts for 29.0 per cent. of the entire population of the nation as at 1st January, 2022. About 2.9 million people travel daily into the Metropolis for occupational and educational reasons. The Metropolis and seven surrounding prefectures are together referred to as the National Capital Region.

### ***Selected Statistical, Economic and Financial Information***

#### *General Information*

	<u>Tokyo</u>	<u>Japan</u>	<u>Tokyo's Share of Japan Total (%)</u>	<u>Ranking Among Prefectures</u>
Area (in square kilometres) <sup>(a)</sup> .....	2,194	377,974	0.6%	45
Population (in ten thousands) <sup>(b)</sup> .....	1,397	12,526	11.2	1
Number of motor vehicles (in thousands) <sup>(c)</sup> .....	4,424	82,540	5.4	2
Number of universities and colleges <sup>(d)</sup> .....	143	803	17.8	1

#### Sources:

- (a) As at 1st January, 2022. "Statistical reports on the land area by prefectures and municipalities in Japan" published by Geospatial Information Authority of Japan.
- (b) As at 1st March, 2022. Population of Tokyo: "Households and Population based on Basic Resident Register" (published by the Statistics Division, Bureau of General Affairs, the Tokyo Metropolitan Government (the "TMG")). Population of Japan (provisional estimate for 1st March, 2022): "Population Estimates – March 2022" (published by the Statistics Bureau, the Ministry of Internal Affairs and Communications (the "MIC")).

- (c) As at 30th November, 2021. Surveyed by Automobile Inspection & Registration Information Association.  
 (d) As at 1st May, 2021. "School Basic Survey" published by the Ministry of Education, Culture, Sports, Science and Technology.

### Economy

	<u>Tokyo</u> <i>(billions of yen)</i>	<u>Tokyo's Share of Japan Total</u> <i>(%)</i>
Gross product <sup>(a)</sup> .....	¥107,041.8	19.5%
Industrial shipments <sup>(b)</sup> .....	7,146.7	2.2
Annual sales volume <sup>(c)</sup> .....	199,686.8	34.3

#### Sources:

- (a) For fiscal year 2018. "Annual Report on Prefectural Accounts of Tokyo: FY2018" published by the Metropolis.  
 (b) For fiscal year 2019. "Census of Manufacturers, 2020" published by the Ministry of Economy, Trade and Industry ("METI").  
 (c) Based on survey for 2016 (survey period from 1st January, 2015 to 31st December, 2015). "Economic Census for Business Activity, 2016" published by METI.

### Revenue and Expenditure (General Account)

The following table shows for the fiscal years indicated the Metropolis' actual or estimated revenue (being receipts (including proceeds from new borrowings) by the Metropolis), expenditure (including debt repayments) and balance for its General Account. For a more detailed breakdown of Metropolis' revenues and expenditures, see "The Metropolis of Tokyo — Revenue and Expenditure — General Account".

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated in Final Budget</u>	<u>Estimated in Revised Budget<sup>(a)</sup></u>
			<i>(millions of yen)</i>		
Revenue.....	¥7,515,641	¥7,671,733	¥8,688,613	¥10,408,003	¥7,826,198
Expenditure.....	7,234,822	7,444,627	8,486,952	10,408,003	7,826,198
Balance.....	280,820	227,105	201,661	0	0

#### Note:

- (a) As revised to reflect the supplementary budget approved on 25th March, 2022. Does not reflect the supplementary budget announced on 24th May, 2022. Such supplementary budget has not been approved by the Assembly as of the date hereof.

### Outstanding Debt

The following table shows the Metropolis' outstanding long-term and short-term debt for its General Account, Special Accounts and Public Enterprise Accounts on a combined basis as of the dates indicated. For more detailed information regarding the Metropolis' outstanding debt, see "The Metropolis of Tokyo — Indebtedness — Summary of Outstanding Debt".

	<u>31st March,</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<i>(millions of yen)</i>		
Long-term debt.....	¥8,238,024	¥7,881,354	¥7,807,775
Short-term debt (excluding current portion of long-term debt).....	0	0	0

## Overview of the Terms and Conditions of the Bonds

*This overview does not purport to be complete and must be read as an introduction to this Offering Circular and any decision to invest in the Bonds should be based on a consideration of this Offering Circular as a whole. Words and expressions defined in "Terms and Conditions of the Bonds" shall have the same meanings in this overview.*

<b>Issuer</b> .....	The Metropolis of Tokyo.
<b>Securities Offered</b> .....	U.S.\$500,000,000 3.375 per cent. Bonds due 2025.
<b>Issue Price</b> .....	99.929 per cent.
<b>Closing Date</b> .....	On or about 16 June, 2022.
<b>Delivery</b> .....	It is expected that the Unrestricted Global Certificate will be deposited with and registered in the name of, or a nominee for, a common depository for Euroclear and Clearstream, Luxembourg on or about the Closing Date, and the Restricted Global Certificate will be deposited with the DTC Custodian, and registered in the name of a nominee for DTC, on or about the Closing Date.
<b>Form and Denomination</b> .....	The Bonds are issued in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$2,000 in excess thereof, and evidenced by a Global Certificate. Definitive Certificates will only be available in certain limited circumstances. See "Summary of Provisions Relating to the Bonds While in Global Form".
<b>Interest</b> .....	3.375 per cent. per annum, payable semi-annually in arrear on 16 June and 16 December in each year commencing on 16 December, 2022.
<b>Status</b> .....	The Bonds are direct, unconditional and unsecured obligations of the Metropolis and rank <i>pari passu</i> and rateably without any preference among themselves and (with certain statutory exceptions) at least equally with all other unsecured obligations of the Metropolis from time to time outstanding.
<b>Redemption at Maturity</b> .....	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 16 June, 2025.
<b>Redemption for Taxation</b>	
<b>Reasons</b> .....	If the Metropolis would on the occasion of the next payment due in respect of the Bonds be required as a result of any change in, or amendment to, the laws or regulations of Japan, or any political subdivision or any authority thereof or therein having power to tax (other than, in each case, the Metropolis), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 7 June, 2022, and for reasons outside its control, to pay any Additional Amounts (as defined in Condition 8) pursuant to Condition 8, then the Metropolis may, at its option, upon giving not less than 30 nor more than 60 days' prior notice to the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 14, redeem all (but not some only) of the Bonds at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption.

<b>Withholding Tax</b> .....	All payments of principal and interest in respect of the Bonds will be made free and clear of Japanese withholding taxes, unless such withholding is required by law. In that event, the Metropolis will (subject to the exceptions provided in Condition 8) pay such Additional Amounts as will result in the Bondholders receiving such amounts as they would have received in respect of such Bonds had no such withholding been required.
<b>Cross Acceleration</b> .....	The Bonds are subject to a cross acceleration in respect of indebtedness for borrowed moneys or guarantee of indebtedness for borrowed moneys exceeding in the aggregate U.S.\$10,000,000 (or its equivalent in any other currency or currencies). See Condition 9(iii).
<b>Meetings of Bondholders</b> .....	The terms and conditions of the Bonds and the fiscal agency agreement referred to therein contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally (including changes to the principal amount, interest rate and payment dates). These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. Bondholders may be bound by decisions made by a defined majority that are against their interests.
<b>Governing Law</b> .....	English law.
<b>Jurisdiction</b> .....	English courts.
<b>Listings and Admissions to Trading</b> .....	Application has been made to the FCA for the Bonds to be admitted to the Official List and to the London Stock Exchange for such Bonds to be admitted to trading on the Main Market.  Application is also being made to Tokyo Stock Exchange for the Bonds to be listed on the TOKYO PRO-BOND Market.
<b>Credit Rating for the Bonds</b> .....	It is expected that the Bonds will be assigned a credit rating of A+ by S&P.  A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. The credit rating referred to above will be and the issuer ratings referred to above have been issued by S&P, which is not established in the European Union or in the United Kingdom and is not registered under the CRA Regulation or the UK CRA Regulation but such credit rating will be and such issuer ratings have been endorsed by S&P Europe, which is an entity established in the European Union and registered under the CRA Regulation, and S&P UK, which is an entity established in the United Kingdom and registered under the UK CRA Regulation.
<b>Selling and Transfer Restrictions.</b>	The Bonds have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States. The Bonds are being offered or sold within the United States only to QIBs in reliance on an exemption from registration provided by Rule 144A, and outside the United States to non-U.S. persons in

offshore transactions in reliance on Regulation S. See "Selling Restrictions" and "Transfer Restrictions".

**Use of Proceeds**..... The net proceeds of the issue of the Bonds, amounting to approximately U.S.\$499 million, will be used for general purposes of the Metropolis.

**Fiscal Agent, Paying Agent,  
Registrar and Transfer Agent**..... Mizuho Trust & Banking (Luxembourg) S.A.

**U.S. Paying Agent, U.S. Registrar  
and U.S. Transfer Agent** ..... Deutsche Bank Trust Company Americas.

**Securities Codes for the  
Unrestricted Bonds** ..... ISIN: XS2478801942  
Common Code: 247880194

**Securities Codes for the  
Restricted Bonds** ..... ISIN: US59173LAF76  
CUSIP: 59173L AF7  
Common Code: 248054298

**Legal Entity Identifier (LEI)** ..... 353800FABE4GGB1BMO18

## RISK FACTORS

*Any investment in the Bonds is subject to a number of risks, including the risk that the Metropolis is unable to fulfil its obligations under the Bonds and certain market risks associated with the Bonds. Prior to investing in the Bonds, investors should consider carefully whether an investment in the Bonds is suitable for them in light of all of the information in this Offering Circular, including the risk factors below, and their personal circumstances.*

*The Metropolis believes that the following risks are the material risks that may affect its ability to fulfil its obligations under the Bonds. However, the following does not address all of the risks investors may face in investing in the Bonds. Additional risks and uncertainties relating to the Metropolis that are not currently known to the Metropolis or that the Metropolis currently deems immaterial, may individually or cumulatively have a material adverse effect on the ability of the Metropolis to fulfil its obligations under the Bonds and, if any such risks or uncertainties should be realised, the value of the Bonds may decline and investors could lose all or part of their investment.*

### **1. Factors Related to the Metropolis**

#### **A. *The COVID-19 global pandemic has had a negative impact on economic activity in Japan and worldwide which has impacted and could continue to adversely affect the Metropolis' revenues and financial condition.***

*The COVID-19 pandemic has resulted in decreased economic activity and significant additional healthcare demands.*

In March 2020, the outbreak of COVID-19 was declared a pandemic by the World Health Organization. Since then, governments around the world, including the Japanese Government, have implemented policies intended to contain the spread and impact of COVID-19 and its multiple variants, including imposing travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. These measures have significantly and adversely affected economic systems, global supply chains, and financial markets worldwide. See "—C. If Japanese economic conditions do not improve or if they worsen, the Metropolis' revenues and financial condition may be negatively affected".

In Japan, the COVID-19 containment strategy adopted by the Japanese Government has generally followed a pattern of imposing restrictive measures in response to upward trends in infection case numbers, or "waves", and then relaxing such restrictions when case numbers subside and other criteria are met. In addition, municipalities such as the Metropolis have issued guidelines for determining when business request closures or other countermeasures should be restored. These guidelines, which are subject to ongoing revision, take into account factors such as trends in infection case numbers and the status of the local health care infrastructures.

If infection case numbers continue to fluctuate, the Japanese Government may respond by extending or re-implementing containment measures which have the effect of constraining economic activity, particularly in large commercial and population centres such as the Metropolis where infection case counts have been relatively high.

Under COVID-19, the Metropolis has experienced severe disruptions to social and economic life, including closures of businesses and schools, cancellations of gatherings and large-scale events and changes to business practices, such as the adoption of remote working arrangements. The 2020 Olympic and Paralympic Games in Tokyo were postponed from 2020 to 2021 and games were held largely without spectators. Restrictions on international travel have also significantly reduced the flow of international visitors to the Metropolis, and there is uncertainty as to when international travel volumes will recover. Such disruptions have had, and are expected to continue to have, adverse effects on economic activity within the Metropolis and in Japan as a whole.

The reduction in economic activity had a significant negative effect on the tax revenues of the Metropolis for the fiscal year 2020 and a slight negative effect on the tax revenues of the Metropolis for the fiscal year 2021 (based on the estimated final budget), in each case as compared to the fiscal year 2019. If economic conditions do not improve or worsen, revenue of the Metropolis for future fiscal years may also be adversely affected. In particular, the Metropolis is susceptible to a decrease in corporate economic activity due to its greater reliance on corporate taxes compared with other local governments. Furthermore, local governments

including the Metropolis may be required by the Japanese Government to raise revenue through the issuance of municipal bonds as a result of the decrease in the Japanese Government's tax revenues.

*Measures to address or mitigate the economic damage caused by COVID-19 increase expenditure for government authorities and may not be effective.*

Governments and central banks around the world, including the Japanese Government and the Bank of Japan have taken, or are in the process of taking, significant financial stimulus measures, including but not limited to delaying, reducing or eliminating tax payments, increasing purchases of securities and undertaking other forms of direct fiscal support or public subsidies for businesses and/or individuals, in an effort to mitigate the adverse effects of the COVID-19 outbreak.

The TMG has also implemented emergency COVID-19 spending measures, which have been primarily intended to provide economic support for residents of the Metropolis and businesses, in particular individually owned and small-to-mid sized businesses, while supporting the healthcare system and promoting measures to prevent further spread of the virus. For the fiscal year 2020, a substantial portion of TMG's emergency COVID-19 spending measures was funded by the Japanese Government through national treasury disbursements. Based on the estimated final budget for the fiscal year 2021, the TMG expects to record a significant increase in revenue in the form of national treasury disbursements as compared to the previous year.

The measures described above or that may be implemented in the future by the Metropolis or the Japanese Government and Bank of Japan may not be effective in mitigating the economic damage caused by the public health crisis and the state of emergency measures. The increased demand for funds for such measures may impact the ability of the Metropolis to raise funds at historic levels.

The cost of funding such measures significantly increased the expenses of the Metropolis in the fiscal years 2020 and 2021 as compared to the fiscal year 2019. Combined with the negative impact on annual tax revenues described above, the Metropolis drew upon its reserve fund and support from the Japanese Government to maintain its sound fiscal management. If the COVID-19 pandemic is prolonged or worsens and the Metropolis incurs additional expenses to finance its COVID-19 response, the resulting strain on the Metropolis' finances may significantly impair the ability of the Metropolis to maintain a balanced budget.

*The COVID-19 pandemic has not yet ended and the final impact on the Metropolis is not yet known.*

If the COVID-19 pandemic is prolonged or worsens, both within Japan and globally, it is not possible to predict the total financial impact on the Metropolis. Furthermore, the Metropolis' ability to respond to the public health challenge, mitigate economic damage from the current COVID-19 outbreak or withstand the effects of any future COVID-19 outbreak, and guide the transition to an economic recovery depends heavily on uncertain factors outside of the Metropolis' control, including but not limited to:

- Effectiveness of vaccines (particularly against new COVID-19 variants) and/or other medical treatment, and adequate procurement thereof;
- The provision of and participation in vaccination programmes;
- The duration of the current COVID-19 pandemic and recurrence and virulence of future outbreaks, including COVID-19 variants that may be more contagious, lethal or resistant to existing vaccinations;
- Tokyo's ability to avert a public health crisis that overwhelms the medical system and healthcare infrastructure;
- The scale, timing and effectiveness of economic stimulus measures taken at the national government level; and
- The health of certain industries, such as travel, hospitality and retail, is dependent on inbound tourism to Tokyo, which itself depends on the global community's ability to manage or willingness to return to previous travel patterns following COVID-19.

In the medium to long term, if the COVID-19 pandemic, including variants and future waves of the virus, is not contained, adverse effects on the economies and financial markets of Japan and other countries may

result in a prolonged economic downturn or global economic or financial crisis or recession, as discussed elsewhere in the Risk Factors, which could adversely affect the revenues and financial condition of the Metropolis.

***B. Factors affecting the Metropolis' revenues and expenditures could have adverse effects on its ability to fulfil its payment obligations under the Bonds.***

The Metropolis relies on revenues, mostly in the form of tax revenues, to support its budgeted expenditures, which includes payments of interest and principal on its outstanding bonds. Events, trends or other circumstances, especially those that are outside the control of the Metropolis such as the COVID-19 pandemic (See "—A. The COVID-19 global pandemic has had a negative impact on economic activity in Japan and worldwide which has impacted and could continue to adversely affect the Metropolis' revenues and financial condition") or other factors that impact global economic conditions, such as the ongoing Russian invasion of Ukraine, that result (directly or indirectly) in a larger decrease in revenues or an increase in expenditures, relative to each other, could impair the Metropolis' ability to maintain a balanced budget.

The implementation of the Metropolis' budget may be affected by political, economic, social or other factors, including macroeconomic changes (such as fluctuations in interest rates, commodity prices, currency exchange and external payment balances), unforeseen or larger than anticipated public spending needs due to acts of nature and large-scale disasters causing social turmoil (including large earthquakes, tsunami, typhoon and floods), increase in the frequency and intensity of natural disasters and extreme weather patterns as a result of climate change, pandemics and other public health crises, chaos and anarchy due to terrorism, war or other acts, changes in social structures or population demographics (for example, changes in industrial structures or the workforce, such as larger-than-expected population shifts, declining birth rates or the impact of an ageing population) as well as changes in policies of the Japanese Government, including with respect to the structure of national, prefectural and local taxes (including for example, recent unfavourable changes to tax laws (See "The Metropolis of Tokyo — Taxation — Tax Revenues")). These and other factors could contribute to a decrease in revenues or increase in expenditure and accordingly may influence the Metropolis' implementation of the budget.

In addition, while revenues of the Metropolis are generally affected by macroeconomic conditions, expenditure in the Metropolis' budget does not come under automatic review in case of any revenue decreases. Accordingly, if the Metropolis' actual revenues are lower than the budgeted amount, due to recession or downtrend in the macro economy, for example, the Metropolis' expenditure may remain in accordance with the original budgeted amount (or could increase for unrelated reasons) and consequently may cause a budget deficit of the Metropolis.

The Metropolis also operates public enterprises in compliance with market principles and accordingly takes business risks comparable to that of private enterprises. These public enterprises are required to achieve their intended objectives of enhancing and promoting public welfare and thus may serve as a complementary provider of public services in accordance with instructions from the Metropolis due to policy reasons of the Metropolis. While these public enterprises are viewed separately from the Metropolis' general and special accounts for budget purposes, the Metropolis may be obliged to bear the costs incurred by any public enterprise as a result of such business risks or the provision of public services which may exceed the budgeted operating revenue of such public enterprise.

***C. If Japanese economic conditions do not improve or if they worsen, the Metropolis' revenues and financial condition may be negatively affected.***

Prospective investors in the Bonds should be aware of the challenges faced by the Japanese economy in general. Prior to the outbreak of COVID-19, the domestic economy in Japan had already been showing signs of a slowdown, partially attributable to the increase in the consumption tax from 8 per cent. to 10 per cent. in general, in October 2019. The Japanese economy contracted in the fourth quarter of calendar 2019 and in January/February 2020, reversing a trend of steady improvement in prior years.

The COVID-19 pandemic significantly and adversely affected economic systems, global supply chains, and financial markets worldwide, contributing to diminished investment sentiment, significant volatility in global financial, foreign exchange, commodity and energy markets, and a precipitous decline of value in stock markets around the globe in the early stages of the crisis. In particular, the travel, tourism, hospitality, food service and retail industries around the world, including in Japan, experienced immediate, direct and



adverse impact due to a significant reduction in travel, daily movement and large gatherings of people (through travel restrictions and other voluntary and involuntary containment measures) as well as prolonged closures of workplaces and public buildings in an effort to mitigate the further spread of COVID-19.

In Japan, national and local governments have at times imposed a number of measures aimed at controlling the spread of COVID-19, including the state of emergency declarations mentioned above, as well as travel restrictions, health and safety guidelines for businesses deemed particularly susceptible to infections and social distancing measures. The significant disruption in economic activity as a result of COVID-19 and the measures taken in response have had a significant negative impact on overall economic conditions in Japan, as reflected in the 4.8% year-over-year decline in nominal GDP in 2020, according to the Cabinet Office of Japan. In 2021, nominal GDP increased by 0.7%, as compared to 2020. In 2022, according to preliminary economic reports published monthly by the Cabinet Office of Japan between January and April, the Japanese economy continued to show signs of improvement, as the severity of the impact of COVID-19 on the population lessened and the related restrictive measures imposed by the government are gradually eased. In the medium to long term, if COVID-19 is not contained or if future outbreaks or variants of COVID-19 or similar diseases are not effectively managed, adverse effects on the economies and financial markets of Japan and of many other countries may transform into a prolonged economic downturn or global economic or financial crisis or recession.

While the Japanese and global economies have faced and continue to face immediate challenges raised by COVID-19, a variety of other macroeconomic and geopolitical factors could weigh on economic conditions in Japan. The impact of the United Kingdom's exit from the European Union, geopolitical instability in other various parts of the world including the recent commencement of military conflict between Russia and Ukraine and related sanctions imposed against Russia by the international community, material changes in regional economic or political unions or associations between countries, increased protectionism affecting trade relations globally, and the uncertain impact of the policies pursued by the Biden administration in the United States, could also contribute to economic instability in those and other regions and affect Japanese and global economic conditions.

In addition, climate change has been increasingly recognised as a threat which poses risks to the financial system and global economy as a whole. Governments around the world, including Japan, have made commitments intended to mitigate the effects of climate change by limiting the increase in global average temperature and encouraging the transition to a lower carbon economy, in alignment with international agreements such as the Paris Climate Agreement and UN Climate Change Conference. As a major international city, the Metropolis also has established plans of action and a strategy to mitigate the effects of climate change on the Metropolis and on Japan and to contribute to the global response to the climate crisis, namely its "Zero Emission Tokyo Strategy", which includes a "Carbon Half" initiative to reduce greenhouse gas emissions in Tokyo by 50 per cent. by 2030 compared to 2000 levels, as well as other concrete climate-related and other environmental targets. Progressing towards these climate-related and other environmental commitments is subject to a variety of uncertain factors. For example, achievement of the "Carbon Half" initiative requires the Metropolis to promote an increase in energy efficiency and shift to the use of decarbonised energy, which depends on the plans of the Japanese government, the laws or regulations of Japan, external technological and economic factors such as availability and cost of non-carbon-based energy sources, and the actions and behaviours of individuals and companies residing and working within Tokyo, among other uncertain factors. Achievement of its climate-related and other environmental commitments entails significant investment of resources over a long time horizon, and the impact of pursuing these commitments on the Metropolis' budget and financial condition is impossible to predict, especially in light of the uncertain factors listed above.

Domestically, the long term impact on Japan's economy, trade balance, interest rates and fiscal position of Japan's recent fiscal and monetary policy (including the fiscal and monetary stimulus response to COVID-19), increases in the consumption tax rate and other measures remains uncertain.

Other challenges for the Japanese economy also include an increased dependence on LNG and other energy imports as a result of the nuclear accident at the Fukushima Daiichi Nuclear Plant and suspension of operations at other nuclear power plants. Such dependence may prove increasingly problematic for the Metropolis as the conflict in Ukraine and related sanctions imposed against Russia by the international community impact global fuel markets and prices. In addition, as the yen has recently experienced significant weakening, such imports have become more expensive. In addition, over the long term, Japan faces demographic challenges, such as an ageing workforce and population decrease, and high levels of public debt and associated debt servicing payments.

Any such factors affecting the Japanese economy as a whole may also adversely affect the Metropolis' revenues and financial position.

**D. *The Metropolis' credit rating is linked to Japan's sovereign debt rating, which means a downgrading of Japan would likely result in a downgrading of the Metropolis.***

Due to the Metropolis' status as a local government body in Japan, any rating action taken with respect to Japan can be expected to impact the Metropolis' ratings, including the rating applicable to the Bonds. Historically, reductions in Japan's S&P credit rating and the outlook thereon have been followed by equivalent reductions in the equivalent credit ratings and outlook of the Metropolis.

For example on 16th September, 2015, S&P lowered Japan's long-term sovereign credit rating from AA– (Negative Outlook) to A+ (Stable Outlook), and the following day (17th September, 2015), downgraded the Metropolis' long-term issuer credit and debt ratings from AA– (Negative Outlook) to A+ (Stable Outlook), noting in that case its belief that notwithstanding the Metropolis having the strongest tax base and healthiest financial profile among Japan's local government bodies, Japan is likely to constrain the Metropolis' rating given the financial inflexibility that arises from the centralised nature of Japan's tax structure and rigidly defined mandatory expenses (source: S&P RatingsDirect® "Japan's Aichi, Osaka and Yokohama Downgraded To 'A+/A-1', Tokyo to 'A+', After Sovereign Downgrade; Outlooks Stable").

More recently, on 9th June, 2020, S&P revised down the outlook on Japan's long-term sovereign credit rating from A+ (Positive Outlook) to A+ (Stable Outlook), and again the following day (10th June, 2020) downgraded the outlook on the Metropolis' long-term issuer credit and debt ratings from A+ (Positive Outlook) to A+ (Stable Outlook), noting that it does not believe that the ratings on the Metropolis will exceed the sovereign credit rating on Japan. This is due to the belief that the creditworthiness of Japanese local and regional governments would be strongly affected under a stress scenario which would see sovereign defaults on its debt (source: S&P RatingsDirect® "Outlooks On Three Japanese Local And Regional Governments Revised Down To Stable Following Similar Action On Sovereign").

In addition, on 8th April, 2020, S&P announced that the COVID-19 pandemic is likely to pressure the budgetary performance from fiscal year 2020 to fiscal year 2021 of three Japanese local and regional governments it rates, including the Metropolis, resulting in a likely downward revision in the stand-alone credit profiles ("SACPs") of those government entities. The SACP refers to S&P's opinion of an issuer's creditworthiness in the absence of extraordinary intervention from any related party (such as the Japanese Government in the case of the Metropolis), and is only one component of a rating (source: S&P RatingsDirect® "Japan COVID-19 Emergency Pressures Tokyo, Aichi Prefecture, And Osaka City Budget").

While the Metropolis has not experienced any significant negative effects as a result of those rating actions, such as increased costs or difficulty in raising funds, any further adverse rating actions may adversely affect the Metropolis, and there can be no assurance that Japan's sovereign rating will not be downgraded further in the future, or that the Metropolis' SACP will not be further revised downwards. Investors should also note that notwithstanding the close linkage between Japan's sovereign rating and the Metropolis' issuer credit and debt rating, the Metropolis' debts (including the Bonds) are not direct or indirect obligations of Japan or guaranteed in any way by Japan.

**2. *Factors Related to the Bonds***

**A. *Risks related to the Bonds generally***

Set out below is a brief description of certain risks relating to the Bonds generally:

*The terms and conditions of the Bonds are subject to modification and waivers that could adversely affect the rights of certain Bondholders.*

The terms and conditions of the Bonds and the fiscal agency agreement referred to therein contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally (including changes to the principal amount, interest rate and payment dates). These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. Bondholders may be bound by decisions made by a defined majority that are against their interests.

*Changes in law after the issuance of the Bonds could have an adverse effect on the Bondholders.*

The terms and conditions of the Bonds are based on English law in effect as at the date of issue of the Bonds. No assurance can be given as to the impact of any possible judicial decision or change to English law, administrative practice or mandatory provisions of Japanese law after the date of issue of the Bonds which may have an adverse effect on the Bondholders. Certain changes to Japanese tax law may give the Metropolis the option to redeem the Bonds before their maturity, which redemption could reduce the return on investment as compared to what could have been achieved had the Bonds been redeemed at maturity.

*The Bonds will be issued with a minimum denomination of U.S.\$200,000.*

As the Bonds have a minimum denomination of U.S.\$200,000 plus a higher integral multiple of U.S.\$2,000, it is possible that the Bonds may be traded in amounts in excess of U.S.\$200,000 that are not integral multiples of U.S.\$200,000. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount of Bonds of less than U.S.\$200,000 will not receive a Definitive Certificate in respect of such holding (should Definitive Certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to at least U.S.\$200,000. A Bondholder who, as a result of trading such amounts, holds a principal amount of Bonds other than a multiple of U.S.\$200,000 will receive Definitive Certificates in respect of such holding (provided that the aggregate amount of Bonds it holds is in excess of U.S.\$200,000); however, any such Definitive Certificates that have a denomination that is not an integral multiple of U.S.\$200,000 may be illiquid or difficult to trade.

*The Bonds may be redeemed prior to maturity.*

In the event that the Metropolis would be obliged to increase the amounts payable to the Bonds due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Japan or any political subdivision thereof or any authority therein or thereof having power to tax, the Metropolis may redeem all outstanding Bonds in accordance with the Conditions.

*In relation to instruments issued in global form, investors will have to rely on the procedures of the applicable clearing system for transfer, payment and communication with the Metropolis.*

The Restricted Bonds initially will be evidenced by the Restricted Global Certificate, registered in the name of a nominee for DTC and deposited with the DTC Custodian, and the Unrestricted Bonds initially will be evidenced by the Unrestricted Global Certificate, registered in the name of or a nominee for, and deposited with a common depositary for, Euroclear and Clearstream, Luxembourg (as further described in "Summary of Provisions relating to the Bonds while in Global Form").

While the Bonds are evidenced by a Global Certificate, the Metropolis will discharge its payment obligations under the Bonds by making payments through the applicable clearing system for distribution to their respective account holders. Accordingly, a holder of a beneficial interest in Bonds evidenced by a Global Certificate must rely on the procedures of the applicable clearing system to receive payments under the Bonds. The Metropolis has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificates.

Holders of beneficial interests in Bonds evidenced by a Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the applicable clearing system to appoint appropriate proxies under and in accordance with the rules of such clearing system.

#### ***B. Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk and credit risk:

*Any adverse change in an applicable credit rating could adversely affect the trading price for the Bonds, and a credit rating may not reflect all risks.*

The Bonds are expected to be assigned a credit rating of A+ by S&P. The credit rating referred to above will be and the issuer ratings referred to above have been issued by S&P, which is not established in the European Union or in the United Kingdom and is not registered under the CRA Regulation or the UK CRA

Regulation but such credit rating will be and such issuer ratings have been endorsed by S&P Europe, which is an entity established in the European Union and registered under the CRA Regulation, and S&P UK, which is an entity established in the United Kingdom and registered under the UK CRA Regulation. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Bonds. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Bonds. Under the CRA Regulation and the UK CRA Regulation, certain investors may generally only use a credit rating for regulatory purposes in the European Union or in the United Kingdom (as applicable) if the credit rating is issued by a credit rating agency established in the European Union or in the United Kingdom (as applicable) and registered in accordance with the CRA Regulation or the UK CRA Regulation (as applicable) (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation or the UK CRA Regulation (as applicable)). Investors who wish to use a credit rating for regulatory purposes in the European Union or in the United Kingdom should consider whether a credit rating assigned to an issue of Bonds may be used for this purpose.

*There is no active trading market for the Bonds.*

The Bonds will be new securities for which there is no established trading market, and one may never develop. If a market does develop, it may not be sustained throughout the life of the Bonds or it may not be liquid. Although applications are being made for the Bonds to be admitted to the Official List, and to the London Stock Exchange for the Bonds to be admitted to trading on the Main Market, and an application is also being made to the Tokyo Stock Exchange for the Bonds to be listed and traded on the TOKYO PRO-BOND Market, there is no assurance that such applications will be accepted or that an active trading market will develop or, if developed, that it will continue, even if such applications are accepted. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Bonds. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Metropolis.

*Bondholders will be subject to interest rate related risks.*

Investment in fixed rate bonds (such as the Bonds) involves the risk that subsequent changes in market interest rates may adversely affect the value of such bonds.

*If an investor holds Bonds which are not denominated in the investor's home currency, it will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Bonds could result in an investor not receiving payments on those Bonds.*

The Metropolis will pay principal of and interest on the Bonds in U.S. dollars (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Metropolis to make payments in respect of the Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal.

## **FORWARD-LOOKING STATEMENTS**

This Offering Circular contains certain forward-looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "estimate", "project", "will", "would", "may", "could", "continue" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Offering Circular, including, without limitation, those regarding the financial position, vision, strategy, plans and objectives for future operation and administration of the Metropolis (including its climate-related goals and initiatives) are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements, to be materially different from those expressed or implied by these forward-looking statements. These forward looking statements are based on numerous assumptions regarding the present and future plans and the environment in which the Metropolis expects to operate in the future. Important factors that could cause the Metropolis' revenues, expenditures or financial condition to differ materially from those in the forward looking statements include, among other factors described in this Offering Circular, changes in the policies, visions or plans of the Metropolis or Japan, changes in social structures, population demographics and other assumptions, and changes in the economic, political or social climate in Tokyo, Japan or elsewhere.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors". Any forward-looking statements made by or on behalf of the Metropolis speak only as at the date they are made. The Metropolis does not undertake to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

## ENFORCEABILITY OF CIVIL LIABILITIES

As a matter of English law, the Metropolis is not immune from the jurisdiction of the English courts in connection with the Bonds as it has submitted to the jurisdiction of such courts in connection therewith. However, in view of the absence of a specific consent to relief or enforcement, the Metropolis may be immune from any relief by way of an injunction or order for specific performance or for the recovery of land or other property and its property may be immune from any process for the enforcement of a judgment or arbitration award or, in an action *in rem*, for its arrest, detention or sale (except, in cases where Section 13(4) of the U.K. State Immunity Act 1978 (the "State Immunity Act") applies, for property which is in use or intended for use for commercial purposes) to the extent that it is held by the courts not to have consented to such process or relief (within the meaning of Section 13 of the State Immunity Act).

The Metropolis has not agreed to waive any immunity it may have as a foreign government in U.S. courts nor has it submitted to the jurisdiction of any U.S. court, or appointed any agent for service of process in the United States in connection with any action or proceeding arising out of or relating to the Bonds. In addition, all or substantially all of the officials of the Metropolis are resident, and all or substantially all of the assets of the Metropolis are located, in Japan. As a result, it may not be possible for Holders of the Bonds to effect service of process within the United States upon the Metropolis or its officials or to enforce against the Metropolis or such persons judgments obtained in U.S. courts, whether predicated upon the civil liability provisions of the U.S. federal or state securities laws or other laws of the United States.

Under certain circumstances, a U.S. court could determine that the United States Foreign Sovereign Immunity Act of 1976 precludes the granting of sovereign immunity in an action or proceeding against the Metropolis even without the Metropolis waiving its immunity. However, even if a U.S. judgment could be obtained against the Metropolis as a result, it may not be possible to enforce such judgment against the Metropolis or its officials or to obtain a judgment in Japanese court based on such judgment. The Metropolis has been advised by its Japanese counsel, Nagashima Ohno & Tsunematsu, that in original actions or in actions for enforcement of judgments of U.S. courts brought before Japanese courts, there is doubt as to the enforceability in Japan of liabilities based solely on U.S. federal and state securities laws.

Under Japanese law, the Metropolis may be sued in the courts of competent jurisdiction of Japan in respect of its obligations under the Bonds and is not entitled to immunity (whether on the grounds of sovereignty or otherwise) from any suit which may be brought before such courts in respect of such obligations. Certain properties and assets of the Metropolis located in Japan may not be subject to attachment to enforce final, conclusive and enforceable judgments against the Metropolis in respect of its obligations under the Bonds to protect public usage of such properties and assets.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Bonds, amounting to approximately U.S.\$499 million, will be used for general purposes of the Metropolis.

## **PRESENTATION OF FINANCIAL INFORMATION**

This Offering Circular includes financial information for the Metropolis based on several types of accounts and accounting procedures that are either required by law to be prepared by the Metropolis or which are prepared by the Metropolis to supplement the statutorily required primary accounts. The financial information in this Offering Circular includes: (i) information derived from account settlement information for the Metropolis' General Account, Special Accounts and Public Enterprise Accounts based on local government accounting procedures, (ii) selected portions of the Metropolis' financial statements prepared in accordance with Tokyo Metropolitan Government Accounting Standards and (iii) account settlement information for the Metropolis' Ordinary Account reported to the MIC. As a result of the different preparation methodologies and accounts covered, information presented for a given fiscal period may not be directly comparable across these three categories of financial information.

### **Account Settlement Information based on Local Government Accounting Standards ("Local Government Accounting Standards")**

Each local public body in Japan, including the Metropolis, is required pursuant to the Local Autonomy Act of Japan (Act No. 67 of 1947) (the "Local Autonomy Act") to prepare an annual statement of revenues and expenditures for budgetary purposes. This account settlement information is prepared on a cash basis in accordance with Local Governmental Accounting Standards and must be approved by the Tokyo Metropolitan Assembly (the "Assembly"). Japanese local government account settlements contrast actual revenues earned and expenses incurred during the local government's fiscal year (1st April to 31st March) against budgets prepared using the estimated revenues and expenses for the same fiscal year. Account settlement information allows the Metropolis, taxpayers and investors to assess the efficiency and accuracy of the budget, and also provides a basis and framework for the budget for the following fiscal year. Account settlement information prepared on the basis of Local Government Accounting Standards presented herein covers the Metropolis' General Account, Special Accounts and Public Enterprise Accounts.

### **Financial Statements Prepared in Accordance with Tokyo Metropolitan Government Accounting Standards (the "Metropolis Accounting Standard Financial Statements")**

Since April 2006, the Metropolis has prepared annual financial statements for its General Account and Special Accounts based on accrual basis accounting and double-entry bookkeeping procedures in addition to the above-mentioned account settlement information prepared using Local Government Accounting Standards. These financial statements are prepared in accordance with the Tokyo Metropolitan Government Accounting Standards, an accounting standard developed by the Metropolis and adopted in 2006. The Metropolis Accounting Standard Financial Statements are published annually as reference material for the account settlement information prepared using Local Government Accounting Standards. The Metropolis Accounting Standard Financial Statements comprise (1) a balance sheet; (2) a statement of operating cost; (3) a cash flow statement; and (4) a statement of changes in net assets and are audited each year by the Audit and Inspection Commission of the TMG to determine whether the financial statements have been prepared in accordance with the Tokyo Metropolitan Government Accounting Standards. The Metropolis believes these financial statements provide useful supplemental information regarding the Metropolis' financial status and condition when read together with the account settlement information prepared using Local Government Accounting Standards. Certain portions of the Metropolis Accounting Standard Financial Statements for the fiscal years 2018, 2019 and 2020 have been included in Annex A to this Offering Circular.

### **Account Settlement Information based on Ordinary Accounts in Accordance with Criteria Established by the MIC (the "Metropolis Ordinary Accounts")**

Each Japanese local public body is also required to prepare and submit a report to the Japanese Government each year on its revenues and expenditures attributable to its Ordinary Accounts. Ordinary Accounts is a standardised classification established by the MIC for compiling local government accounting statistics that allow the MIC to clarify the financial condition of local public bodies and to make a statistical comparison between local public bodies since the scope of each local public body's General and Special Accounts may vary. Revenues, expenditures and other information presented herein for the Metropolis' Ordinary Accounts refers to this information prepared and reported by the Metropolis to the MIC on the basis described above. Information in this Offering Circular that has been prepared on this basis is referred to as "Ordinary Account Presentation (MIC basis)".



**Revenues and Expenditures**

References to the revenues of the Metropolis in this Offering Circular comprise receipts of the Metropolis including proceeds from new borrowings incurred by the Metropolis in the relevant period. References to expenditures of the Metropolis in this Offering Circular include debt repayments made by the Metropolis in the relevant period.

## THE METROPOLIS OF TOKYO

### Introduction

Tokyo, located in the south of the Kanto Plain, roughly in the middle of the Japanese archipelago and with an area of 2,194 square kilometres as at 1st January, 2022, had a population of 13,972 thousand as at 1st March, 2022. Tokyo is the only governmental unit in Japan designated as a metropolis. Its administrative area consists of three sub-areas, each with different characteristics, comprising 23 special wards, the Tama district and a number of islands in the Pacific Ocean. The address of the Metropolis is 8-1, Nishishinjuku 2-chome, Shinjuku-ku, Tokyo 163-8001, telephone number +81-3-5321-1111.

The website of the Metropolis is at <https://www.metro.tokyo.lg.jp/english/index.html>. Information contained in or accessible from the website in this paragraph does not form part of this Offering Circular unless that information is incorporated by reference into this Offering Circular.

The major urban area consists of the 23 special wards that extend around Tokyo Bay and which spread into the southern part of the Kanto Plain. Together they form one city, which is often regarded as the City of Tokyo, though each ward is administratively independent. The number of people living in this combined area is 9,660,461, or 69.1 per cent. of Tokyo's population as at 1st March, 2022. Tokyo is not only the largest Japanese city but it is also one of the largest cities in the world. The Tama district lies to the west of the 23 special wards and comprises 26 cities, three towns and one village. The islands in the Pacific Ocean that form part of Tokyo are the Izu Islands and the Ogasawara Islands. These islands have a total of two towns and seven villages.

Tokyo has been the political capital of Japan since 1603, when the Tokugawa Shogunate was established. It became the official capital in 1869, shortly after the Meiji Restoration, which ushered in the modern history of Japan. The Metropolis was created in July 1943 when the administrative authority of the City of Tokyo and that of the Prefecture of Tokyo were amalgamated.

As the capital, Tokyo is the site of the Diet and is the seat of the administrative and judicial branches of the Japanese Government. Tokyo is also the national centre of finance and commerce and has a prominent position in the intellectual and cultural life of Japan.

The growth of the population of Tokyo and the expansion of its economy, which were especially remarkable in the 1960s, have brought about an increase in the influence of the Metropolis beyond its administrative boundaries with the result that the Metropolis and three adjoining prefectures are now together referred to as the Tokyo Metropolitan Region. The population of this region amounts to 36.8 million and accounts for 29.0 per cent. of the entire population of the nation as at 1st January, 2022. About 2.9 million people travel daily into the Metropolis for occupational and educational reasons. The Metropolis and seven surrounding prefectures are together referred to as the National Capital Region.

In 2001, the population of Tokyo first reached 12 million people. Thereafter, it continued to increase and in 2013, exceeded 13 million people due to in-bound migration from other prefectures.

The following table compares certain demographic and other metrics of Tokyo with the rest of the country:

	Tokyo	Japan	Tokyo's Share of Japan Total (%)	Ranking Among Prefectures
Area (in square kilometres) <sup>(a)</sup> .....	2,194	377,974	0.6%	45
Population (in ten thousands) <sup>(b)</sup> .....	1,397	12,526	11.2	1
Number of motor vehicles (in thousands) <sup>(c)</sup> .....	4,424	82,540	5.4	2
Number of universities and colleges <sup>(d)</sup> .....	143	803	17.8	1
Number of newspapers published (in thousands) <sup>(e)</sup> .....	3,247	33,027	9.8	1
Number of movie theatres <sup>(f)</sup> .....	323	1,467	22.0	1
Number of hospitals <sup>(g)</sup> .....	632	8,193	7.7	1

Sources:

- (a) As at 1st January, 2022. "Statistical reports on the land area by prefectures and municipalities in Japan" published by Geospatial Information Authority of Japan.
- (b) As at 1st March, 2022. Population of Tokyo: "Households and Population based on Basic Resident Register" (published by the Statistics Division, Bureau of General Affairs, the TMG). Population of Japan (provisional estimate for 1st March 2022): "Population Estimates – March 2022" (published by the Statistics Bureau, the MIC).

- (c) As at 30th November, 2021. Surveyed by Automobile Inspection & Registration Information Association.
- (d) As at 1st May, 2021. "School Basic Survey" published by the Ministry of Education, Culture, Sports, Science and Technology.
- (e) As of October 2021. Surveyed by The Japan Newspaper Publishers & Editors Association.
- (f) As at 31st March, 2021. "Report on Public Health Administration and Services 2020" published by the Ministry of Health, Labour and Welfare.
- (g) As at 31st December, 2021. "Survey of Medical Institutions" published by the Ministry of Health, Labour and Welfare.

### ***Tokyo's Long-Term Strategy***

In March 2021, after a comprehensive process of agenda-setting and public comment beginning in 2019, the TMG formulated a strategy for Tokyo's future, as its new long-term strategy. In light of the societal changes brought into relief by the COVID-19 pandemic, the TMG's new long-term strategy aims to leverage this opportunity for structural change to build upon and enhance the strategic vision for Tokyo's future laid out in December 2019 and to define a path for bringing that vision to reality.

The strategy for Tokyo's future is based on four basic pillars:

- Use backcasting as a method for planning for the future;
- Implement policy through collaborations with a variety of entities, including the private sector;
- Become a "Smart Tokyo" through digital transformation ("DX"); and
- Be agile in response to generational changes and changes in social conditions.

Through the implementation of these four pillars, the TMG seeks to realise its long-term vision for Tokyo as "a city where people can shine". Under its new strategic framework, the TMG sets forth a rearticulated version of its long-term vision for Tokyo, which consists of:

- 20 "visions" to achieve by the 2040s in areas such as childcare, education, gender equality and welfare;
- 20 + 1 strategic plans for 2030 to help realise the strategic vision, with the focus on three areas: community, children and the ageing population. The "+1" represents plan number zero – namely, to address the COVID-19 pandemic, which is essential to leading the way to a new Tokyo; and
- 122 specific projects and initiatives to enable and accelerate progress towards the achievement of the strategic plans.

Through the implementation of its long-term strategy, the TMG seeks to promote the realisation of Tokyo as a "Safe City", "Diverse City", and "Smart City", and also to secure the foundation for Tokyo's future as a city that balances growth and maturity.

In February 2022, the TMG set out certain new initiatives to add to its long-term strategy. These initiatives consist of:

- "Safety and security" – implementing crisis management plans to increase the safety and security of the residents of the Metropolis;
- "Inclusive society" – building a barrier-free society;
- "Green & digital" – creating a sustainable city in harmony with nature;
- "Global" – working towards becoming the world's global leading financial, economic and cultural city;
- "Children-first" – formulating policies to promote the wellbeing of children; and
- "Digital reformation of the Metropolitan government" – implementing structural improvements to better serve the needs of Tokyo's populace through DX.

## Administration

### General

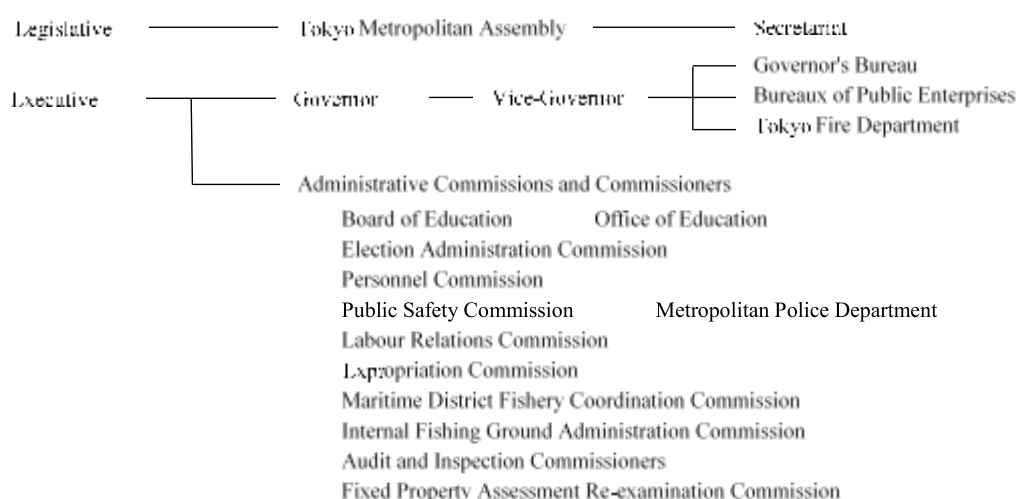
The Metropolis of Tokyo is one of the ordinary local public bodies provided for by the Local Autonomy Act. It is unique among local public bodies in Japan in that it exercises powers of prefectural administration over its 23 special wards (each of which is a special local public body) and over its cities, towns and villages (each of which is an ordinary local public body) and also exercises certain powers of municipal administration within the special ward areas, particularly in relation to matters requiring uniform treatment.

The Metropolis has also had certain functions of the Japanese Government delegated to it as set out in certain laws or regulations.

The Japanese Constitution grants each local public body, including the Metropolis, the right to manage its own property, affairs and administration, subject to certain laws concerning organisation and operations established by the Diet.

The administrative system of the Metropolis is divided into the legislative (the Assembly) and the executive (the Governor and a number of administrative commissions and commissioners). Whilst the Governor is the principal administrative officer of the Metropolis and exercises overall control of its administration, the Bureaux of Public Enterprises (Waterworks, Transportation and Sewerage Works), the Fire Department and the administrative commissions and commissioners are accorded a certain degree of autonomy.

The legislative and executive organs are outlined in the following table:



### The Tokyo Metropolitan Assembly

The legislative body of the Metropolis is the Assembly, which is composed of 127 members elected for terms of four years by the citizens of 42 constituencies. All Metropolitan residents who are Japanese nationals and at least 18 years old are eligible to vote after continuous residence for three months. The most recent general election was held on 4th July, 2021.

The composition of the Assembly in terms of political parties, as at 22nd November, 2021 is shown below:

	<b>Number of Assembly Members</b>
Liberal Democratic Party .....	33
TOMIN First .....	31
Tokyo Komei .....	23
Japanese Communist Party .....	19
The Constitutional Democratic Party of Japan .....	15
Non-partisan (Future TOKYO) .....	1
Non-partisan (Tokyo Ishin).....	1
Non-partisan (Freedom Empowerment Association).....	1

	<b>Number of Assembly Members</b>
Non-partisan (Green Tokyo).....	1
Non-partisan (Seikatsusha Network).....	1
Total.....	<u>126</u>

Note: One seat is vacant as at 22nd November, 2021.

The Assembly functions basically as the decision-making organ of the Metropolis and has the legislative power to enact, amend and repeal by-laws and to approve or reject the budget submitted by the Governor. The Governor must obtain the consent of the Assembly before they appoint the Vice-Governors, the Audit and Inspection Commissioners and certain other senior executive officials. The Assembly, as the representative of the residents, can also examine, investigate and ask for explanations about the administration and fiscal activities of the Metropolis.

Ordinary legislation may be introduced by any member of the Assembly, with the consent of one twelfth part of the Assembly, and by the Governor, but the right to introduce budgetary legislation is exclusively vested in the Governor. The Assembly has the power to increase or decrease funds for particular budget proposals. The Governor can require the Assembly to reconsider action taken but the Assembly may confirm its position by a vote of two-thirds of the members present. In the event that the Assembly fails to appropriate funds for expenses which the Metropolis is obliged to meet, the Governor may appropriate and disburse the necessary funds without Assembly approval. If the Governor loses a vote of confidence in the Assembly, they must resign unless they dissolve the Assembly within ten days.

Regular sessions of the Assembly are convened by the Governor four times a year and usually last for approximately two weeks, although the initial session each year, which deals with the budget, normally extends for 30 days. The Governor may also convene a short extraordinary session whenever they deem necessary.

### ***The Executive Body***

The executive body consists of the Governor and a number of administrative commissions and commissioners.

The Governor is elected by direct popular vote for a four-year term. The most recent election for Governor was held on 5th July, 2020. The Governor represents the Metropolis, is its principal administrative officer and is responsible for executing the decisions of the Assembly. Some of the Governor's duties are carried out on her behalf by the Vice-Governors and other officials.

The Bureaux of Waterworks, Transportation and Sewerage Works have managers, appointed by the Governor, who have authority to represent the Metropolis in all matters related to the public enterprises under their control except for certain functions reserved to the Governor.

Firefighting is usually the responsibility of the individual municipality (city, town or village) but the special wards are considered a single municipality for this purpose and it is the Governor's task to supervise the Tokyo Fire Department and fire stations. The head of the Tokyo Fire Department, appointed by the Governor, is the Superintendent-General who has the authority to appoint and supervise officers and firefighters.

In order to prevent an undue concentration of power in one individual, certain executive powers are vested in independent administrative commissions and commissioners. These commissioners are in most cases appointed by the Governor, with the consent of the Assembly to the appointment generally also being required.

The maximum numbers of employees, including short-time employees who were reappointed after retiring from full-time positions, and excluding employees who are temporarily retired, temporary employees, part-time employees and similar such staff, of the Metropolis in the fiscal years 2020, 2021 and 2022, which are stipulated in the by-laws of the Metropolis, are 169,475, 170,193 and 170,657, respectively.

## ***Dissolution, Dismissal and Inspection***

The Assembly may be dissolved, or the Governor may be dismissed, by the vote of a majority of voters following a demand for dissolution or dismissal, as the case may be, signed by at least one-third of all eligible voters. A demand for dissolution may not be made within one year following a general election or the vote on a previous demand for dissolution. A demand for dismissal may not be made within one year after the incumbent Governor assumes office or the vote on a previous demand for dismissal.

Eligible voters may demand the enactment, amendment or repeal of Metropolitan by-laws, except those relating to local taxes, charges or fees, and may request the Audit and Inspection Commissioners to investigate any aspect of the affairs of the Metropolis. In each case the signatures of one-fiftieth of all eligible voters are required. A demand relating to by-laws is submitted to the Assembly but is not binding upon it, although the Audit and Inspection Commissioners must carry out any investigation that is requested. The five Audit and Inspection Commissioners, two of whom are members of the Assembly, are responsible for making periodic examinations of the accounts of the Metropolis and may, on their own initiative, investigate other financial matters of the Metropolis as well.

## **Economic Position**

### ***General Tokyo***

Tokyo is the business centre of Japan and makes a greater contribution to the national economy than any other city. Particularly significant is the concentration in the capital of public and private sector administration. In addition to being the location of the legislative, administrative and judicial branches of the Japanese Government, Tokyo is the administrative seat of more than half (according to statistics available at the website of the National Tax Agency of Japan, 61.7 per cent. in fiscal year 2020) of all Japanese privately-owned enterprises with a paid-in capital of more than ¥5 billion.

### ***Gross Product***

The gross product of Tokyo in the fiscal year 2018 was ¥107,041.8 billion, which accounted for 19.5 per cent. of the gross domestic product of Japan. Per capita income in Tokyo in the fiscal year 2018 was ¥5,415 thousand, about 1.63 times higher than the national average.

The following table sets forth a breakdown of the gross product of Tokyo for the fiscal years 2016, 2017 and 2018 by category of business:

	<b>FY2016</b>		<b>FY2017</b>		<b>FY2018</b>	
	<b>Actual</b>		<b>Actual</b>		<b>Actual</b>	
	<i>(billions of yen)</i>	<i>(%)</i>	<i>(billions of yen)</i>	<i>(%)</i>	<i>(billions of yen)</i>	<i>(%)</i>
Services <sup>(c)</sup> .....	¥18,723.6	17.8%	¥18,738.0	17.7%	¥18,811.6	17.6%
Wholesale and Retail Trade .....	21,687.6	20.6	21,550.2	20.3	21,685.4	20.3
Finance and Insurance .....	8,296.8	7.9	8,566.4	8.1	8,731.9	8.2
Manufacturing .....	9,289.5	8.8	9,303.1	8.8	9,178.5	8.6
Public Administration .....	4,038.9	3.8	3,940.1	3.7	4,112.1	3.8
Transport and Postal Services .....	4,853.8	4.6	4,963.5	4.7	5,022.5	4.7
Information and Communications .....	10,929.0	10.4	10,788.3	10.2	11,016.3	10.3
Construction .....	5,647.2	5.4	6,220.9	5.9	6,260.5	5.8
Others .....	21,660.4	20.6	21,894.2	20.7	22,223.1	20.8
Total .....	<u>¥105,126.9</u>	<u>100.0%</u>	<u>¥105,964.7</u>	<u>100.0%</u>	<u>¥107,041.8</u>	<u>100.0%</u>

#### Notes:

- Amounts calculated based on current prices.
- The categories of business were reclassified in March 2018 and the figures in the table above retroactively reflect the new classification.
- Services includes (a) accommodation and restaurant services, (b) professional, technical and supporting services and (c) other services.

Source: "Annual Report on Prefectural Accounts of Tokyo: FY2018" published by the Metropolis.

## ***Labour and Employment***

As a main driver of economic activity and a major population centre in Japan, Tokyo contributes a significant portion of the nationwide labour force. According to the MIC, the productive-age population

(defined as persons 15-64 years of age) in Tokyo as of 1st October, 2020 was estimated to be 9.29 million, or 12.4 per cent. of the productive-age population in Japan as a whole.

The unemployment rate in Tokyo has steadily decreased in recent years. According to the MIC's Labour Force Survey, the unemployment rate in Tokyo was 2.9 per cent. in 2017, 2.6 per cent. in 2018, 2.3 per cent. in 2019, 3.1 per cent. in 2020 and 3.0 per cent. in 2021.

### Services

The contribution of service industries to the gross product of Tokyo has increased steadily for a number of years reflecting the growing demand for recreational facilities and the rising importance of Tokyo as an international city.

### Wholesale and Retail Trade

Tokyo's functionality as a commercial city is increasing as its industrial importance decreases. According to the Economic Census for Business Activity, 2016, the numbers of stores, persons engaged in retail and wholesale trade, and annual sales volume for retail and wholesale combined in Tokyo were the highest in the nation, accounting for 11.1 per cent., 16.8 per cent. and 34.3 per cent., respectively, of the national totals. Particularly noteworthy is Tokyo's large share in the total wholesale business of the nation.

The following table gives comparative figures for Tokyo and the whole of Japan for 2016:

	Tokyo	Japan	Tokyo's Share of Japan Total (%)
<i>Wholesale</i>			
Number of stores.....	54,057	364,814	14.8%
Number of persons engaged.....	1,052,359	3,941,646	26.7
Annual sales volume (in billions of yen).....	179,112	436,523	41.0
<i>Retail</i>			
Number of stores.....	96,671	990,246	9.8
Number of persons engaged.....	896,240	7,654,443	11.7
Annual sales volume (in billions of yen).....	20,574	145,104	14.2
<i>Total</i>			
Number of stores.....	150,728	1,355,060	11.1
Number of persons engaged.....	1,948,599	11,596,089	16.8
Annual sales volume (in billions of yen).....	199,687	581,626	34.3

Source:

"Economic Census for Business Activity, 2016" published by METI.

Note:

Number of stores and number of persons engaged are based on survey conducted on 1st June, 2016. Annual sales volume based on data for period from 1st January, 2015 to 31st December, 2015.

### Manufacturing

Though gradually losing their relative importance over a period of years, reflecting the relocation of large factories in the surrounding prefectures as a result of the restrictions imposed on them in highly urbanised areas, manufacturing industries still play a vital role in the Tokyo economy.

The value of industrial shipments from Tokyo in 2019 amounted to ¥7,146.7 billion, accounting for 2.2 per cent. of the national total and ranking 16th among the 47 prefectures. In terms of both numbers of factories and persons engaged in manufacturing industries, Tokyo ranked fourth and eighth, providing 5.4 per cent. and 3.2 per cent., respectively, of the totals.

The following table gives a breakdown of Tokyo's major manufacturing industries by value of industrial shipments in 2019:

	Value of Industrial Shipments (billions of yen)	Share of Tokyo's Total (%)	Share of Japan's Total (%)
Transportation equipment .....	¥1,208.5	16.9%	1.8%
Printed products .....	739.9	10.4	15.3

	<b>Value of Industrial Shipments</b> <i>(billions of yen)</i>	<b>Share of Tokyo's Total</b> <i>(%)</i>	<b>Share of Japan's Total</b> <i>(%)</i>
General machinery.....	876.2	12.3	2.2
Electrical machinery and equipment.....	773.2	10.8	4.2
Food.....	727.4	10.2	2.4
Information and communication equipment.....	477.7	6.7	7.1
Chemical industry products.....	381.9	5.3	1.3
Others.....	1,961.7	27.4	1.6
<b>Total.....</b>	<b>¥7,146.7</b>	<b>100.0%</b>	<b>2.2%</b>

Source: "Census of Manufacturers, 2020" published by METI.

Note:

Industrial shipments made by, and numbers of factories and persons engaged in manufacturing industries of, enterprises comprising three people or less are not reflected in data in this paragraph and the above table.

### ***Transportation and Communication***

Tokyo is the hub of the Japanese transportation industry. It is served by all major Japanese railways and Tokyo International Airport (Haneda) is one of the nation's major air terminals. The Port of Tokyo offers harbour facilities for a wide range of vessels in international and domestic trade.

The following table sets forth various figures for the Port of Tokyo in 2020:

Exports <i>(in billions of yen)</i> .....	5,233
Imports <i>(in billions of yen)</i> .....	10,986
Number of arriving vessels.....	21,154
Gross tonnage of arriving vessels <i>(in thousand tonnes)</i> .....	167,332
Cargo handled <i>(in thousand tonnes)</i> .....	80,867

Source:

"The State of the Port of Tokyo, 2020" published by the Metropolis.

### ***Finance and Insurance***

Tokyo is the financial centre of Japan and the location of the Bank of Japan. A large number of major banks, insurance companies and securities houses have their head offices in Tokyo. As at 31st March, 2021, 35.7 per cent. of total Japanese bank deposits were held by banks located in Tokyo and 43.0 per cent. of total bank loans were advanced in Tokyo, according to statistics published by the Bank of Japan.

## **Major Activities of the TMG**

### ***Urban Facilities***

City planning is carried out by the TMG to promote the orderly development and steady improvement of buildings in Tokyo and to provide facilities for a healthy and cultural urban life for its citizens. For this purpose the TMG formulates land use plans, urban facilities plans (such as roads, railways, sewers and parks) and urban development plans. Building regulations are also imposed for safety, fire prevention and sanitation purposes, as well as to ensure the conformity of buildings with city planning requirements.

At present, the TMG is promoting urban development with greater emphasis on the environment, greenery and landscape, in addition to reinforcing its international competitiveness and securing public safety under the basic goal of developing "a mature, advanced city with vitality and comfort".

### ***Housing***

The TMG's housing policy is aimed at the "realisation and maintenance of abundant lifestyles" by focusing on three areas: effective use of existing housing stock, linking diverse constituents and fields of expertise and developing policies tailored to local communities.

In the field of publicly-owned housing, as at 31st March, 2022, the TMG owned and managed about 260,000 housing units which were let at relatively low rents to the low-income stratum as a safety net.



At present, considering the declining population in Japan, the TMG aims to create a Tokyo that is a more attractive place to live, both by making efforts to address declining birth-rates and the ageing population while developing well-balanced policies that are suited to specific locations.

### ***Roads, Rivers and Parks***

#### *Roads*

There were approximately 24,730 kilometres of roads in Tokyo in April 2021, of which 2,371 kilometres, or 9.6 per cent., were the responsibility of the TMG. Besides maintaining and improving existing roads, the TMG also undertakes the construction of new roads according to city plans.

#### *Rivers*

The TMG's activities with regard to river control vary from area to area, depending upon local features, and include flood and tidal wave prevention, improving river environments, landslide disaster prevention, coastline preservation and others.

#### *Parks*

In April 2021, there were 12,042 urban parks and other green areas in Tokyo with a combined expanse of approximately 8,039 hectares or 5.76 square metres per head of population. The TMG attaches great importance to the provision of parks and other green areas. As part of its promotion of sustainable and attractive urban development, the TMG has made improvements to Takaido Park, Shinozaki Park, Higashi Fushimi Park and other public parks while continuing to open new green spaces.

In addition to urban parks, there are three national parks, one quasi-national park and six Metropolitan parks, all in areas of outstanding natural beauty and which are visited by approximately 6 million people annually. The TMG also operates five zoos, including the Ueno Zoological Gardens and the Tama Zoological Park.

The preservation of green areas and natural scenery is regarded by the TMG as an essential element of its activities with regard to parks and it exercises its authority to promulgate regulations with a view to achieving this objective.

### ***The Port of Tokyo***

The Port of Tokyo is a major international port that plays a critical role in sustaining economic activity and supporting a population of over 40 million residents in the broader capital region, while also serving key functions as an industrial base and a space for recreational activity and lifestyles.

As administrator of the Port of Tokyo, the TMG is engaged in operations and management at the port, improving functionality, and maintenance of waterfront facilities. In 2020, TMG managed container freight volume of 44.70 million tonnes. The waterfront area, consisting of 2,766 hectares of reclaimed land, is actively used for logistics services, metropolitan transit network improvements, urban redevelopment and facilities, and environmental restoration and creation of new neighborhoods.

### ***Public Transport***

The TMG operates buses, underground railways, a tram, a monorail and the Nippori-Toneri Liner. During the fiscal year 2020, these services carried a total of about 2.53 million passengers daily. During the fiscal year 2020, there were 1,527 buses in service, transporting approximately 500 thousand passengers daily on 131 routes. The underground railways operated by the TMG, which total 109.0 business kilometres in length, are the Asakusa Line, the Mita Line, the Shinjuku Line and the Ōedo Line. During the fiscal year 2020, the underground railways carried an average of about 1.92 million passengers daily. The only remaining tramline is the Tokyo Sakura Tram (the Arakawa Line). The Metropolitan monorail operates inside the Ueno Zoological Gardens (the service has been suspended since November 2019). The "Nippori-Toneri Liner" is an automated guideway transit system spanning 9.7 business kilometres in coverage.

## ***Waterworks***

The TMG supplies approximately 4.21 million cubic metres of drinking water per day on average to approximately 13.63 million inhabitants of the 23 special wards and of 26 cities and towns in the Tama district, the total area supplied extending to 1,239 square kilometres. The water supply dissemination rate in that area has been 100 per cent. since 1988. The sources of Tokyo's water supply are the Tonegawa, Arakawa and Tamagawa rivers and others. Industrial water is provided to among others, factories and plants in the eight special wards along the Arakawa river and part of Nerima ward.

## ***Sewerage System***

The TMG is responsible for the construction, maintenance and management of the sewerage system in the 23 special wards. In the Tama district, the TMG constructs, maintains and manages the treatment plants and the main pipes of the regional sewerage system, while the individual municipal governments in the district are responsible for the branch pipes connecting with the main pipes. As of the last day of the fiscal year 1994, the sewerage system coverage rate reached nearly 100 per cent. of the population of the 23 special wards, and the current sewerage system coverage rate in Tama district is approximately 99 per cent.

## ***Social Services***

### ***Welfare***

#### ***Senior Citizens***

In January 2022, there were approximately 3.14 million people aged 65 years or older living in Tokyo. Of these senior citizens, many need assistance, such as those living alone, those who are bed-ridden or those suffering loss of mental acuity. For this reason, the TMG (i) provides essential services for those who live at home and (ii) provides homes for those who cannot live with their families. In April 2000, the Long-Term Care Insurance System was introduced in Japan and the TMG assists its 23 special wards, cities, towns and villages in providing the senior citizens who are bed-ridden or suffering loss of mental acuity with care services under the system. The TMG also assists other senior citizens by introducing employment opportunities and providing subsidies and counselling to old people's clubs to encourage their social activities.

#### ***People with Disabilities***

As at 31st January, 2022, there were more than 708 thousand people with disabilities having the relevant certifications in Tokyo. For these people the TMG (i) provides counselling services, (ii) subsidises medical fees, (iii) provides allowances and practical assistance to people with disabilities living at home, (iv) provides facilities for the treatment, training and guidance of the disabled, (v) assists in the management of welfare factories and other centres that produce employment opportunities for people with disabilities and (vi) promotes social activities for the disabled.

#### ***Children***

The child (under 18 years old) population of Tokyo was approximately 1.83 million in January 2022. In order to promote the healthy upbringing of children, the TMG engages in such activities as (i) establishing guidance centres for consultation on problems related to children, (ii) subsidising day-care centres for children under school age who cannot be looked after at home owing to the guardian's employment or for other reasons, (iii) managing foster homes for children who are unable to enjoy an ordinary life with their families and (iv) taking care of single parent families.

### ***Health***

Currently, there are 146 health centres and other healthcare related centres in Tokyo which promote public health in the region. Of these establishments, 12 are administered in the Tama district and the islands by the TMG and through these health centres, the TMG, together with the local governments, (i) conducts health counselling, (ii) seeks countermeasures against infectious diseases, (iii) carries out food and drug safety inspections and (iv) monitors the sanitary condition of public baths and other similar business facilities.

### ***Environmental Protection***

In recognition of the critical importance of action in the next 10 years toward the realisation of a "zero emission Tokyo", which seeks to contribute to virtually zero CO2 emissions in the world by 2050 and to limit temperature increase to 1.5°C, the TMG in January 2021 formed "Carbon Half", a plan to halve greenhouse gas emissions by 2030 compared to 2000. In March 2021, the "Zero Emission Tokyo Strategy" was updated to accelerate action to achieve this goal.

In May 2021, the Tokyo Metropolitan Environmental Council began revising the Tokyo Metropolitan Environmental Master Plan, and is also considering strengthening and expanding the various initiatives through ordinances. The TMG has formulated "Fast Forward to 'Carbon Half'", which outlines a roadmap toward Tokyo's "Carbon Half" and accelerates and strengthens initiatives in each sector.

## *Education*

### *School Education*

As at 1st May, 2021, there were 976 kindergartens, 40 accredited early childhood education and care centres, 1,328 elementary schools, 801 junior high schools, 8 unified elementary and junior high schools, 429 senior high schools, 8 six-year high schools, 71 special needs schools and 554 other schools such as higher technical schools in Tokyo, which figures include both public and private schools. A total of approximately 1.57 million infants and students attend these 4,215 schools. These schools comprise state schools which are administered by the national government, public schools which are administered by the TMG and other local governments in Tokyo, and private schools which are independently owned. State, public and private schools account for 1 per cent., 55 per cent. and 44 per cent., respectively, of the total number of schools and 1 per cent., 63 per cent. and 36 per cent., respectively, of all infants and students attending such schools.

Public kindergartens, accredited early childhood education and care centres, elementary schools, junior high schools and unified elementary and junior high schools are principally administered by the municipal governments, whereas senior high schools, six-year high schools and special needs schools are principally administered by the TMG. The TMG's approval is required for the establishment or closing of private schools and it also provides them with administrative guidance and financial assistance, although, in the case of private kindergartens and higher technical schools, these functions are delegated to the mayors of the special wards and cities in which they are located.

### *Social and Cultural Education*

The TMG engages in various activities for the benefit of citizens of all ages to provide them with the facilities and opportunities required to enhance the level of their cultural education and to engage in healthy outdoor activities with a view to creating a well-balanced society.

## *Other Services*

### *Consumer*

Acting in the interests of consumers, the TMG (i) takes measures to prevent damage and danger caused in relation to goods and services, (ii) acts to prevent improper sales and seeks redress for those who suffer as a result of such sales, (iii) sets standards for labelling, packaging and measuring and (iv) ensures that goods and services are offered for sale to consumers in such manner as will satisfy a variety of their needs.

### *Community and Culture*

The TMG supports activities that foster a community spirit and also promote cultural activities amongst its residents. In this regard it often acts in concert with municipal governments.

### *Sports Promotion*

The TMG aims to maximise the legacy of the 2020 Olympic and Paralympic Games (together, the "Games") through "Sports Field Tokyo" by providing a variety of environments for "playing, watching, and supporting" sports, and by increasing the popularity of para-sports, so that everyone can enjoy the power of sports, such as health improvement and human connections. The policy goals of this measure include raising the percentage of Tokyo residents who play sports at least once a week to 70%, which would be the

highest level in the world, and raising the percentage of Tokyo residents with disabilities who play sports at least once a week to 50%.

### *Central Wholesale Market*

The Tokyo Metropolitan Central Wholesale Market was established to ensure stable supplies of perishable commodities at moderate prices. The TMG's role in this respect is to administer the market, to maintain and manage the related facilities and to supervise market practices. In 2021, the annual turnover of perishable food products, etc. comprised 347,835 tonnes of marine produce, 1,876,879 tonnes of agricultural produce, 78,291 tonnes of meat, 1,050 million pieces of cut flowers, cut leaves and cut branches, 24 million potted flowers and 3 million boxes of young plants and other products.

### ***Industry and Employment***

#### *Industry*

The present situation with regard to industry in Tokyo is described under the caption "Economic Position". The TMG's policies in this sector are aimed principally at small- and medium-scale businesses, at the tourism industry and at agricultural, forestry and fishery operations.

As regards small- and medium-scale businesses, the TMG provides (i) information as well as guidance and consultancy services, (ii) assistance for introducing management techniques, (iii) financial and other assistance to venture businesses, and (iv) assistance in financing operations through loan facilities. In the tourism industry, the Metropolis takes measures to promote Tokyo internationally, to develop tourism resources and to improve facilities aimed at foreign tourists. With regard to agriculture, forestry and fisheries, the TMG devises and implements schemes for the development of urban agriculture and the promotion of agriculture, forestry and fisheries in mountainous communities and on the islands.

#### *Employment*

See "*Economic Position*" for further information on employment in Tokyo. The TMG implements measures to (i) modernise labour relations and improve working conditions, particularly for those employed by smaller businesses, (ii) provide services for finding suitable employment and (iii) supply vocational training.

### ***Disaster Prevention and Security***

To protect the life and property of Tokyo citizens, the TMG is taking measures in relation to various kinds of disaster, such as emerging infectious diseases and terrorism, in addition to natural disasters, such as earthquakes, storms, floods and other natural disasters.

In March 2021, the "Tokyo Disaster Prevention Plan 2021" was formulated in order to improve rapid response to natural disasters including earthquakes, storms, floods and volcanic eruptions. The plan aims to further improve the understanding, self-help, mutual assistance and cooperation of residents. The TMG intends to further make progress steadily in establishing a disaster response system and creating a city that is resilient against disasters, and thereby form a society where citizens are able to help one another and take appropriate action.

#### *Firefighting and Rescue*

The Tokyo Fire Department is a comprehensive disaster prevention organisation operating under its own authority in the 23 special wards. In addition, local authorities in 25 cities, three towns and one village in the Tama district have entrusted firefighting responsibility to the Tokyo Fire Department. As at 1st April, 2022, it operated 292 fire stations and fire station branches and 2,744 fire engines and other appliances. To protect citizens' lives and property from disasters, the Tokyo Fire Department is engaged in the tasks of preventing, guarding against and suppressing fires, and rescuing and providing ambulance services to victims of traffic and industrial accidents. It also carries out extensive disaster prevention activities, such as earthquake countermeasures and flood prevention activities.

## *Police*

The Metropolitan Police Department is responsible for (i) street patrols, (ii) traffic control, (iii) crime investigation and prevention and (iv) the prevention of juvenile delinquency. To assist it in these tasks, the TMG had, as at 31st March, 2022, 102 police stations and 1,113 police substations, etc. throughout Tokyo and 495 patrol cars. In this way the Police Department provides a highly mobile service keeping in close contact with the local community.

## **Revenue and Expenditure**

The Metropolis prepares annual statements of revenues (being receipts by the Metropolis) and expenditures, as required by the Local Autonomy Act. This account settlement information is prepared on a cash basis in accordance with Local Governmental Accounting Standards and covers the Metropolis' General Account and Special Accounts. Account settlement information for each of the Metropolis' Public Enterprise Accounts is prepared on a separate basis. As described below and in "Presentation of Financial Information", the Metropolis also prepares financial statements based on accrual basis accounting.

The Metropolis is also required to prepare and submit a report to the Japanese Government each year on its revenues and expenditures based on its Ordinary Accounts. See "Financial Status – Revenues and Expenditures in the Ordinary Account of the Metropolis" for more information on the Metropolis' Ordinary Accounts.

The Metropolis also prepares annual financial statements for its General Account and Special Accounts in accordance with Tokyo Metropolitan Government Accounting Standards and publishes such financial statements as a supplement to its account settlement information based on Local Government Accounting Standards. Certain portions of the Metropolis' Tokyo Accounting Standard Financial Statements for the fiscal years 2018, 2019 and 2020 have been included in Annex A to this Offering Circular.

For more information regarding the several types of accounts and accounting procedures prepared by the Metropolis, see "Presentation of Financial Information".

Unless otherwise stated, the following discussion relates to the Metropolis' account settlement information prepared on a cash basis in accordance with Local Governmental Accounting Standards.

## ***Budgetary System***

The Governor is charged with the responsibility of preparing the annual Metropolitan budget, submitting it to the Assembly, generally in February each year, and obtaining the approval of the Assembly before the beginning of each fiscal year on 1st April. The Metropolis, like all other ordinary local public bodies, is required to use a fiscal year commencing on 1st April and ending on 31st March of the following year. From time to time the original budget may be supplemented by resolutions of the Assembly initiated by the Governor. The MIC must be advised of the adoption of the budget, and a summary of it is published in the Official Gazette of the Metropolis.

The revenues and expenditures of the Metropolis are audited at least once each fiscal year by the Audit and Inspection Commissioners, who are required to deliver reports of their audits to the Assembly and the Governor, and such reports are published in the Official Gazette of the Metropolis.

## ***Accounts***

The accounts of the Metropolis consist of (i) the General Account, (ii) a number of Special Accounts and (iii) Public Enterprise Accounts. The General Account and the Special Accounts of the Metropolis for each fiscal year are closed on 31st May of the following fiscal year. Therefore, the figures for revenue and expenditure for the fiscal year, and the outstanding amounts as at the end of the fiscal year (i.e., 31st March of the following calendar year) in these accounts reflect the cash flows until 31st May of the following fiscal year and are attributable to the receivables and payables accrued in the relevant fiscal year. The Chief Director of Accounting of the Metropolis must submit a final statement of those accounts to the Governor within three months thereafter. The Public Enterprise Accounts are closed at the end of the fiscal year on 31st March and the manager of each public enterprise must submit a final statement of its accounts to the Governor within two months thereafter. The Governor must refer all final statements to the Audit and Inspection Commissioners for their opinion and the statements and opinions are then submitted to the

Assembly for a vote on the final statements. After consideration by the Assembly, the final statements are reported to the MIC and summaries are published in the Official Gazette of the Metropolis.

The General Account provides for all general expenditures of the Metropolis such as those for education, police and firefighting, public works, social welfare and public housing. The Special Accounts are established for the execution of specific projects or in cases where there is a necessity for treating specific revenues and expenditures separately from the general ones. As at 1st April, 2022 there were 14 Special Accounts. The Public Enterprise Accounts are for the public enterprises run by the Metropolis such as the waterworks, sewerage works, underground railways and hospitals. 11 Public Enterprise Accounts were being maintained as at 1st April, 2022. The General Account and the Special Accounts are managed on a cash basis and the Public Enterprise Accounts are managed on an accrual basis.

#### General Account

The following table shows actual revenues and expenditures for the fiscal years 2018, 2019 and 2020 and the estimated revenues and expenditures in the final budget for the fiscal year 2021 and the revised budget for the fiscal year 2022 for the Metropolis' General Account:

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated in Final Budget</u>	<u>Estimated in Revised Budget<sup>(d)</sup></u>
	<i>(millions of yen)</i>				
<b>Revenues</b>					
Metropolitan Taxes.....	¥5,446,357	¥5,631,801	¥5,349,831	¥5,606,775	¥5,630,771
Local Transfer Taxes.....	276,836	271,502	47,301	50,791	49,227
Special Local Government Grants.....	5,997	17,777	8,976	19,874	7,659
Special Grants.....	2,645	2,622	2,950	2,999	3,093
Rents and Fees.....	83,360	82,161	75,836	87,422	85,561
National Treasury Disbursement.....	309,399	327,495	1,200,274	2,901,048	742,479
Transferred from Other Accounts.....	444,737	450,864	686,895	911,246	587,996
Metropolitan Debt <sup>(a)</sup> .....	112,309	111,930	471,188	299,844	298,728
Carried Over from Preceding Fiscal year.....	270,917	280,820	227,105	104,197	1
Others.....	552,812	494,760	618,255	423,807	420,682
Total.....	<u>¥7,515,641</u>	<u>¥7,671,733</u>	<u>¥8,688,613</u>	<u>¥10,408,003</u>	<u>¥7,826,198</u>
<b>Expenditures<sup>(b)</sup></b>					
Metropolitan Assembly.....	4,978	5,024	5,103	5,653	6,057
General Administration.....	176,390	255,539	273,817	266,362	234,933
Tax Collection.....	68,186	66,248	68,083	71,715	76,225
Citizens, Cultural and Sports Affairs.....	—	—	—	—	59,219
Citizens and Cultural Affairs.....	33,754	26,428	29,689	28,029	—
Sports Promotion.....	76,842	269,977	100,449	404,307	—
Urban Development.....	104,603	137,460	91,709	102,968	126,198
Environmental Protection.....	29,251	73,285	48,239	57,947	121,923
Social Welfare and Public Health.....	1,075,480	1,197,398	1,760,705	2,152,913	1,699,690
Industrial and Labour Affairs.....	410,632	483,004	1,394,876	2,362,822	590,160
Public Works.....	441,521	425,855	427,235	486,982	585,509
Port and Harbour.....	107,784	103,864	85,480	93,382	107,050
Education.....	800,439	800,716	813,960	854,275	876,381
Police.....	630,646	646,341	636,345	642,252	658,106
Firefighting and Prevention.....	247,435	258,338	246,947	248,825	253,422
Debt Service <sup>(c)</sup> .....	429,600	363,138	346,950	332,250	345,627
Others.....	2,597,281	2,332,012	2,157,367	2,297,319	2,085,698
Total.....	<u>¥7,234,822</u>	<u>¥7,444,627</u>	<u>¥8,486,952</u>	<u>¥10,408,003</u>	<u>¥7,826,198</u>
Balance.....	<u>¥280,820</u>	<u>¥227,105</u>	<u>¥201,661</u>	<u>¥0</u>	<u>¥0</u>

#### Notes:

- (a) Includes proceeds from new borrowings incurred by the Metropolis.
- (b) The total unaudited amounts of costs incurred by public enterprises which the Metropolis paid to public enterprises were ¥245.1 billion, ¥236.9 billion and ¥238.3 billion in the fiscal years 2018, 2019 and 2020, respectively. Such costs are included mainly in the total amount of the relevant actual expenditures in the above table. Also, the estimated total amounts of such costs for the fiscal years 2021 and 2022 are included mainly in the total amounts of the estimated expenditures in the final budget for the fiscal year 2021 and the revised budget for the fiscal year 2022, respectively.
- (c) Substantially all of the amounts comprise amounts contributed to the sinking fund reserve and repayments on principal and payments of interest.
- (d) As revised to reflect the supplementary budget approved on 25th March, 2022. Does not reflect the supplementary budget announced on 24th May, 2022. Such supplementary budget has not been approved by the Assembly as of the date hereof.

## Revenues

In the fiscal year 2019, the Metropolis' revenues increased by ¥156,091 million compared to the fiscal year 2018, due mainly to an increase of ¥185,444 million in Metropolitan taxes. In the fiscal year 2020, the Metropolis' revenues increased by ¥1,016,880 million compared to the fiscal year 2019, due mainly to an increase of ¥872,779 million in national treasury disbursement. In the fiscal years 2018, 2019 and 2020, Metropolitan taxes comprised 72.5 per cent., 73.4 per cent. and 61.6 per cent., respectively, of the Metropolis' total revenues (including new borrowings). For a more detailed description of the Metropolitan taxes, including a breakdown by major category, see "— Taxation — Tax Revenues".

## Estimated Revenues

The following table gives the breakdown of estimated revenues in the revised budget for the fiscal year 2022 for the Metropolis' General Account (as a percentage of the total estimated revised budget):

	<b>FY2022 Estimated in Revised Budget</b>
	<b>(%)</b>
Metropolitan taxes .....	71.9%
Dependent revenue <sup>(a)</sup> .....	10.3%
Metropolitan debt .....	3.8%
Others <sup>(b)</sup> .....	14.0%

### Notes:

- (a) "Dependent revenue" consists of local transfer taxes, subsidies, special local government grants, special grants and national treasury disbursement.
- (b) "Others" include dues and contributions, rents and fees, property revenues, donations, amounts transferred from other accounts, miscellaneous revenues and carried over from the preceding fiscal year.

As the above table shows, the estimated proportion of the Metropolis' total revenues attributable to sources other than dependent revenue and issuance of debt in the Metropolis' revised budget for the fiscal year 2022 is 85.9 per cent. This is referred to as the independent revenue ratio, reflecting the proportion of revenues which a local government can raise independently of the central government (e.g., local taxes, usage charges, charges for services, commissions, property revenues and other miscellaneous revenues). According to the MIC, the comparable ratio for all local public bodies in Japan is 52.1 per cent. (calculated based on the weighted average of all local governments in Japan, including the Metropolis). The Metropolis' relatively high independent revenue ratio provides the Metropolis with substantial flexibility in its fiscal management.

## Expenditures

In the fiscal year 2019, the Metropolis' expenditures increased by ¥209,806 million compared to the fiscal year 2018, due mainly to an increase of ¥121,918 million in social welfare and public health. In the fiscal year 2020, the Metropolis' expenditures increased by ¥1,042,324 million compared to the fiscal year 2019, due mainly to an increase of ¥911,872 million in industrial and labour affairs.

## Estimated Expenditures

The following table gives the breakdown of estimated expenditures in the revised budget for the fiscal year 2022 for the Metropolis' General Account (as a percentage of the total estimated revised budget):

	<b>FY2022 Estimated in Revised Budget</b>
	<b>(%)</b>
Payroll-related expenses.....	20.7%
Subsidies .....	21.0%
Investment expenses.....	12.5%
Financial adjustment grant for special wards <sup>(a)</sup> .....	14.2%
Expenditure for Public Bonds.....	4.4%
Others <sup>(b)</sup> .....	27.2%

Notes:

- (a) The Metropolis posts the financial adjustment grant for special wards as an expenditure based on the Local Autonomy Act, through which a portion of certain tax revenues received by the Metropolis are transferred to the 23 special wards and are allocated with the goal of adjusting the imbalances of financial strength among the special wards and ensuring the continued provision of public services by the special wards.
- (b) "Others" include loans, non-personnel expenses and money drawn for the Public Enterprise Accounts, among others.

As the above table shows, the estimated proportion of the Metropolis' total expenditure attributable to mandatory spending, i.e., payroll-related expenses and expenditure for public bonds, in the Metropolis' revised budget for the fiscal year 2022 is 25.1 per cent. According to the MIC, the comparable ratio for all local public bodies in Japan is 34.7 per cent. (calculated based on the weighted average of all local governments in Japan, including the Metropolis). The Metropolis' relatively low mandatory expenses ratio, together with a substantial portion of expenses that can be adjusted based on the Metropolis' policy priorities, such as investment expenses, provide the Metropolis with substantial flexibility in its fiscal management.

In July 1999, the Metropolis developed its administrative and fiscal reform covering the period from the fiscal year 2000 to the fiscal year 2003 reflecting the effect of the prolonged economic stagnation and the unavoidable transformation of its fiscal structure. Further, in October 2003, the Metropolis developed its second administrative and fiscal reform covering the period from the fiscal year 2004 to the fiscal year 2006. As a result of these reforms, the level of spending in administrative activities was held down since the fiscal year 2000. In addition, there have been efforts to improve efficiency and effectiveness and to strictly verify each policy since achieving the administrative and fiscal reform. Through planned utilisation of funds and the issuance of debts, spending in administrative activities has maintained a relatively stable level despite fluctuations in tax revenues, and the Metropolis has provided stable administrative services throughout the periods.

*Special Accounts*

The following table shows actual revenues and expenditures for the fiscal years 2018, 2019 and 2020 and the estimated revenues and expenditures in the final budget for the fiscal year 2021 and the original budget for the fiscal year 2022 for each of the Metropolis' Special Accounts:

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated in Final Budget</u>	<u>Estimated in Original Budget</u>
	<i>(millions of yen)</i>				
Special Wards Fiscal Adjustment					
Revenues .....	¥1,068,163	¥1,099,226	¥987,396	¥1,091,571	¥1,109,337
Expenditures.....	1,068,163	1,099,226	987,396	1,091,571	1,109,337
Balance .....	0	0	0	0	0
Local Consumption Tax Adjustment <sup>(a)</sup>					
Revenues .....	2,070,936	2,061,001	2,441,398	2,685,828	2,543,746
Expenditures.....	1,857,448	1,751,580	2,193,967	2,446,308	2,285,302
Balance .....	213,488	309,421	247,430	239,520	258,444
Ogasawara Islands Livelihood Rehabilitation Fund					
Revenues .....	756	769	761	372	372
Expenditures.....	0	15	0	372	372
Balance .....	756	754	761	0	0
National Health Insurance					
Revenues .....	1,115,092	1,115,751	1,105,194	1,144,972	1,106,469
Expenditures.....	1,093,151	1,095,125	1,060,970	1,144,972	1,106,469
Balance .....	21,941	20,626	44,224	0	0
Single Parent Welfare Loan Fund					
Revenues .....	5,870	6,541	7,594	3,612	4,372
Expenditures.....	2,918	2,607	2,155	3,612	4,372
Balance .....	2,952	3,935	5,439	0	0
Physically or Mentally Disabled Persons Annuity Fund					
Revenues .....	4,408	4,121	3,826	3,833	3,544
Expenditures.....	4,408	4,121	3,826	3,833	3,544
Balance .....	0	0	0	0	0
Tokyo Metropolitan Hospital Organisation Loan					
Revenues .....	—	—	—	—	18,323
Expenditures.....	—	—	—	—	18,323
Balance .....	—	—	—	—	0



	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated in Final Budget</u>	<u>Estimated in Original Budget</u>
	<i>(millions of yen)</i>				
Small and Medium Enterprise Facility Installation Fund					
Revenues .....	23,670	2,441	2,141	650	609
Expenditures.....	21,955	723	427	650	609
Balance .....	1,715	1,718	1,714	0	0
Forestry and Lumber Industry Improvement Subsidy					
Revenues .....	107	110	113	52	51
Expenditures.....	0	0	0	52	51
Balance .....	107	110	113	0	0
Coastal Fishery Improvement Subsidy					
Revenues .....	154	168	173	48	48
Expenditures.....	0	3	0	48	48
Balance .....	154	166	173	0	0
Slaughter House					
Revenues .....	5,837	5,270	5,572	5,969	6,118
Expenditures.....	5,837	5,270	5,572	5,969	6,118
Balance .....	0	0	0	0	0
Metropolitan Public Housing					
Revenues .....	161,493	159,068	146,082	174,909	176,588
Expenditures.....	160,581	158,142	144,539	174,909	176,588
Balance .....	912	926	1,543	0	0
Metropolitan Public Housing Tenants Security Deposit					
Revenues .....	8,736	10,178	10,487	10,833	10,829
Expenditures.....	1,380	2,453	2,304	2,642	2,973
Balance .....	7,356	7,725	8,184	8,191	7,856
Urban Development Fund					
Revenues .....	3,391	3,953	3,054	1,023	7,513
Expenditures.....	3,391	3,953	3,054	1,023	7,513
Balance .....	0	0	0	0	0
Land Acquisition					
Revenues .....	14,355	12,385	12,382	17,775	22,818
Expenditures.....	7,319	5,594	6,037	17,775	22,818
Balance .....	7,035	6,791	6,345	0	0
Debt Service <sup>(b)</sup>					
Revenues .....	1,167,171	1,281,157	1,338,802	1,173,245	1,092,348
Expenditures.....	1,167,171	1,281,157	1,338,802	1,173,245	1,092,348
Balance .....	0	0	0	0	0
Waterfront Urban Infrastructure Development Project					
Revenues .....	4,207	3,809	3,778	3,261	3,292
Expenditures.....	964	771	970	1,675	1,401
Balance .....	3,242	3,038	2,809	1,586	1,891

Notes:

- (a) Local consumption tax adjustments represent inter-regional adjustments between the locations where such tax was collected and the location where such tax was due.
- (b) Amounts necessary for debt service in each fiscal year are transferred from the General Account, Special Accounts (other than the Debt Service Account) and the Public Enterprise Accounts to the Debt Service Account to be paid out in respect of redemptions and interest payments.

*Public Enterprise Accounts*

The following table shows the actual revenues and expenditures for the fiscal years 2018, 2019 and 2020, the final budget for the fiscal year 2021 and the original budget for the fiscal year 2022 for each of the Metropolitan's Public Enterprise Accounts:

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated in Final Budget</u>	<u>Estimated in Original Budget</u>
	<i>(millions of yen)</i>				
Hospitals					
Profit/Loss Account <sup>(b)</sup>					
Revenues.....	¥161,555	¥166,076	¥184,100	¥184,720	¥46,213
Expenditures.....	164,608	169,414	173,450	184,720	46,213
Current Balance <sup>(a)</sup> .....	(3,052)	(3,337)	10,650	0	0

	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated in Final Budget</b>	<b>Estimated in Original Budget</b>
	<i>(millions of yen)</i>				
Capital Account <sup>(c)</sup>					
Revenues.....	718	711	13,730	12,927	28
Expenditures.....	36,648	29,290	30,758	28,871	2,468
Current Balance <sup>(a)</sup> .....	(35,930)	(28,579)	(17,029)	(15,944)	(2,440)
Central Wholesale Market <sup>(d)</sup>					
Profit/Loss Account <sup>(b)</sup>					
Revenues.....	519,081	67,214	22,948	22,838	22,470
Expenditures.....	56,182	41,460	33,754	36,911	43,475
Current Balance <sup>(a)</sup> .....	462,899	25,754	(10,806)	(14,073)	(21,005)
Capital Account <sup>(c)</sup>					
Revenues.....	72,253	1,297	530	0	0
Expenditures.....	16,277	2,593	63,378	5,006	10,691
Current Balance <sup>(a)</sup> .....	55,976	(1,296)	(62,849)	(5,006)	(10,691)
Urban Redevelopment Project					
Profit/Loss Account <sup>(b)</sup>					
Revenues.....	3	11	105	119	82
Expenditures.....	0	0	0	15	10
Current Balance <sup>(a)</sup> .....	3	11	105	104	72
Capital Account <sup>(c)</sup>					
Revenues.....	638	7,386	2,343	5,680	7,075
Expenditures.....	608	7,223	2,382	5,791	7,078
Current Balance <sup>(a)</sup> .....	30	163	(39)	(111)	(3)
Waterfront Area Development Project					
Profit/Loss Account <sup>(b)</sup>					
Revenues.....	48,689	15,325	15,658	40,846	42,082
Expenditures.....	39,836	5,417	6,272	16,337	28,031
Current Balance <sup>(a)</sup> .....	8,853	9,909	9,386	24,509	14,051
Capital Account <sup>(c)</sup>					
Revenues.....	387	166	166	177	1
Expenditures.....	7,850	10,679	96,309	9,300	10,726
Current Balance <sup>(a)</sup> .....	(7,463)	(10,513)	(96,143)	(9,123)	(10,725)
Port and Harbour Project					
Profit/Loss Account <sup>(b)</sup>					
Revenues.....	4,892	4,909	4,869	4,675	4,973
Expenditures.....	3,195	3,257	3,188	3,795	4,051
Current Balance <sup>(a)</sup> .....	1,698	1,651	1,681	880	922
Capital Account <sup>(c)</sup>					
Revenues.....	0	0	0	743	817
Expenditures.....	674	1,890	3,715	2,047	3,271
Current Balance <sup>(a)</sup> .....	(674)	(1,890)	(3,715)	(1,304)	(2,454)
Transportation					
Profit/Loss Account <sup>(b)</sup>					
Revenues.....	56,329	54,573	46,619	58,381	61,156
Expenditures.....	55,786	56,410	57,850	65,347	66,494
Current Balance <sup>(a)</sup> .....	543	(1,837)	(11,231)	(6,966)	(5,338)
Capital Account <sup>(c)</sup>					
Revenues.....	5,938	11,436	7,553	9,169	11,241
Expenditures.....	11,783	19,195	11,840	11,113	14,257
Current Balance <sup>(a)</sup> .....	(5,845)	(7,759)	(4,286)	(1,944)	(3,016)
Urban Rapid Transit Railway					
Profit/Loss Account <sup>(b)</sup>					
Revenues.....	180,069	180,156	127,840	161,476	152,394
Expenditures.....	140,136	146,136	138,258	157,303	154,398
Current Balance <sup>(a)</sup> .....	39,932	34,020	(10,418)	4,173	(2,004)
Capital Account <sup>(c)</sup>					
Revenues.....	16,939	18,464	56,539	71,526	62,572
Expenditures.....	90,339	106,837	111,017	132,242	95,808
Current Balance <sup>(a)</sup> .....	(73,400)	(88,373)	(54,478)	(60,716)	(33,236)
Electric Power					
Profit/Loss Account <sup>(b)</sup>					
Revenues.....	1,723	1,847	2,393	1,655	1,237
Expenditures.....	1,015	1,057	1,443	1,410	1,484
Current Balance <sup>(a)</sup> .....	708	790	950	245	(247)
Capital Account <sup>(c)</sup>					
Revenues.....	0	0	0	0	0
Expenditures.....	197	217	457	134	149
Current Balance <sup>(a)</sup> .....	(197)	(217)	(457)	(134)	(149)
Waterworks					
Profit/Loss Account <sup>(b)</sup>					
Revenues.....	363,578	365,892	351,691	364,385	373,346

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated in Final Budget</u>	<u>Estimated in Original Budget</u>
	<i>(millions of yen)</i>				
Expenditures.....	324,188	328,804	323,512	351,474	353,686
Current Balance <sup>(a)</sup> .....	39,390	37,088	28,179	12,911	19,660
Capital Account <sup>(c)</sup>					
Revenues.....	29,349	18,361	23,185	52,678	49,795
Expenditures.....	119,667	114,755	119,976	149,799	173,053
Current Balance <sup>(a)</sup> .....	(90,318)	(96,394)	(96,792)	(97,121)	(123,258)
Industrial Waterworks					
Profit/Loss Account <sup>(b)</sup>					
Revenues.....	1,750	2,545	5,664	1,910	16,976
Expenditures.....	1,718	2,484	4,912	8,079	12,238
Current Balance <sup>(a)</sup> .....	31	61	752	(6,169)	4,738
Capital Account <sup>(c)</sup>					
Revenues.....	238	359	138	116	2,424
Expenditures.....	423	759	144	137	1,599
Current Balance <sup>(a)</sup> .....	(185)	(400)	(6)	(21)	825
Sewerage					
Profit/Loss Account <sup>(b)</sup>					
Revenues.....	389,898	395,330	386,567	397,796	398,309
Expenditures.....	344,627	357,182	355,602	372,868	374,869
Current Balance <sup>(a)</sup> .....	45,270	38,148	30,965	24,928	23,440
Capital Account <sup>(c)</sup>					
Revenues.....	183,277	179,665	172,253	191,592	180,944
Expenditures.....	356,812	353,662	358,168	364,652	350,622
Current Balance <sup>(a)</sup> .....	(173,535)	(173,996)	(185,915)	(173,060)	(169,678)

Notes:

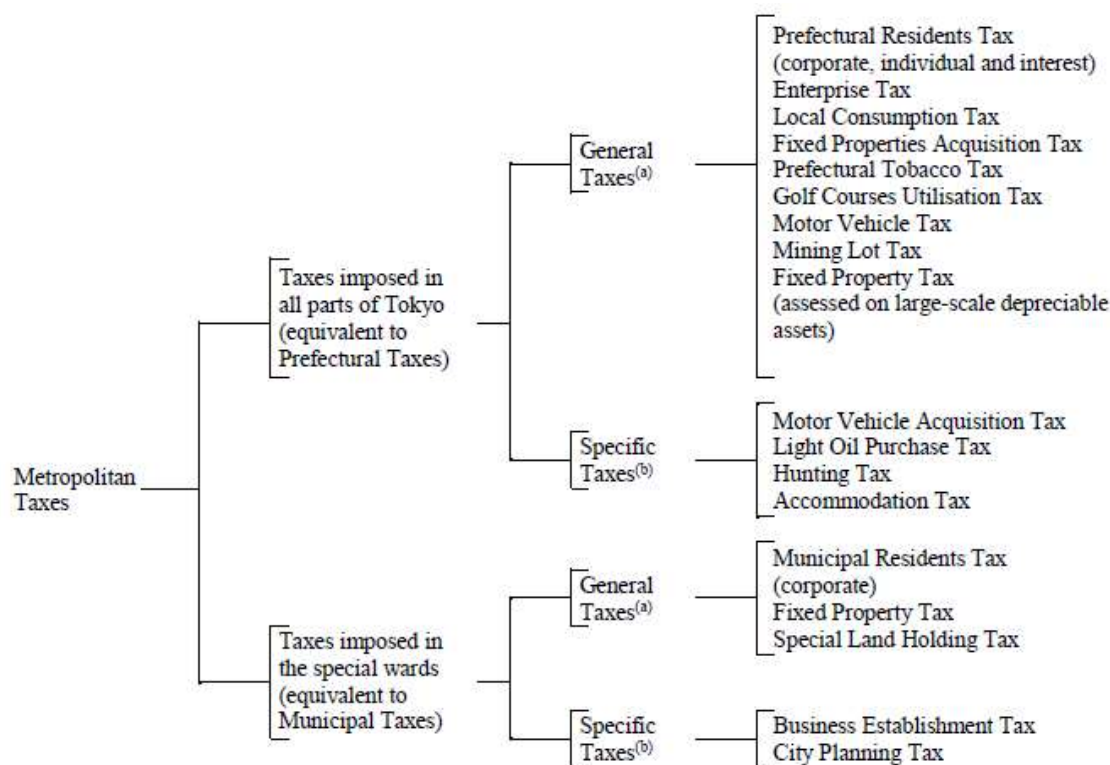
- (a) The "Current Balance" figures in the above table do not take into account any balances transferred between fiscal years or any transfers from reserves to eliminate negative current balance.
- (b) The profit/loss account is an account that records current revenues and expenditures relating to the operation of the business, such as fee revenues, payroll expenses, rent, operating costs, interest expenses and depreciation expenses.
- (c) The capital account is an account that records capital revenues and expenditures, such as revenue from borrowings, revenue from the sale of properties, expenditures for construction and improvement and expenditures for repayment of borrowings.
- (d) Upon completion of the relocation to Toyosu, the site of the former fish market in Tsukiji was transferred for accounting purposes from the Public Enterprise Accounts to the General Account. As a result, revenues in respect of the Central Wholesale Market for the fiscal year 2018 reflect an extraordinary gain arising from the transfer. The transfer was correspondingly recorded as an expenditure of the General Account for the fiscal year 2018.

## Taxation

### *Structure of Taxation*

Metropolitan taxes constitute the major part of the Metropolis' revenue, with their budgeted contribution to the General Account revenue in the fiscal year 2021 final budget being 53.9 per cent. and in the fiscal year 2022 revised budget being 71.9 per cent., respectively. Metropolitan taxes are, as in the case of taxes collected by other local public bodies, assessed in accordance with the Local Tax Act (Act No. 226 of 1950, as amended) (the "Local Tax Act"). Since the TMG functions in the special wards partly as a municipal government as well as a prefectural government, Metropolitan taxes include certain municipal taxes in addition to prefectural taxes.

The following table shows the classification of the Metropolitan taxes currently in force:



Notes:

(a) General taxes are those collected to meet general expenditure.

(b) Specific taxes are those collected to meet specified items of expenditure.

### Tax Revenues

The following tables show the Metropolis' actual tax revenues for the fiscal years 2018, 2019 and 2020 and the estimated tax revenues in the final budget for the fiscal year 2021 and the revised budget for the fiscal year 2022, together with the relative contributions made by the principal categories of tax:

	FY2018 Actual		FY2019 Actual		FY2020 Actual	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Residents Tax .....	¥1,893,397	34.8%	¥1,938,435	34.4%	¥1,649,785	30.8%
Enterprise Tax .....	1,143,480	21.0	1,261,202	22.4	1,154,838	21.6
Fixed Property Tax .....	1,242,744	22.8	1,285,240	22.8	1,303,634	24.4
Local Consumption Tax .....	552,271	10.1	528,588	9.4	644,462	12.0
Others .....	614,465	11.3	618,337	11.0	597,112	11.2
Total .....	¥5,446,357	100.0%	¥5,631,801	100.0%	¥5,349,831	100.0%
Two Corporate Taxes <sup>(a)</sup> .....	¥2,044,651	37.5%	¥2,180,090	38.7%	¥1,751,852	32.7%

Note:

(a) Two Corporate Taxes refer to the corporate enterprise tax (being a part of enterprise tax) and the corporate inhabitant tax (being a part of residents tax).

	FY2021 Estimated in Final Budget		FY2022 Estimated in Revised Budget <sup>(b)</sup>	
	(millions of yen)	(%)	(millions of yen)	(%)
Residents Tax .....	¥1,747,629	31.2%	¥1,708,430	30.3%
Enterprise Tax .....	1,243,619	22.2	1,275,866	22.7
Fixed Property Tax .....	1,316,838	23.5	1,364,866	24.2
Local Consumption Tax .....	682,368	12.2	656,722	11.7

	FY2021 Estimated in Final Budget		FY2022 Estimated in Revised Budget <sup>(b)</sup>	
	(millions of yen)	(%)	(millions of yen)	(%)
Others .....	616,322	11.0	624,887	11.1
Total.....	<u>¥5,606,775</u>	<u>100.0%</u>	<u>¥5,630,771</u>	<u>100.0%</u>
Two Corporate Taxes <sup>(a)</sup> .....	¥1,925,281	34.3%	¥1,913,789	34.0%

Notes:

- (a) Two Corporate Taxes refer to the corporate enterprise tax (being a part of enterprise tax) and the corporate inhabitant tax (being a part of residents tax).
- (b) As revised to reflect the supplementary budget approved on 25th March, 2022. Does not reflect the supplementary budget announced on 24th May, 2022. Such supplementary budget has not been approved by the Assembly as of the date hereof.

As the above tables show, the four principal sources of tax revenue of the Metropolis are residents tax, enterprise tax, fixed property tax and local consumption tax, which are estimated to contribute an aggregate of 89.1 per cent. in the final budget for the fiscal year 2021 and 88.9 per cent. in the revised budget for the fiscal year 2022, respectively.

Under tax reform legislation adopted for the fiscal year 2019, a special corporate enterprise tax (*tokubetsu houjin jigyouzei*) was established from 1st October, 2019, through which a part of the corporate enterprise tax is put into national taxes and redistributed to prefectural authorities in the form of a special corporate enterprise transfer tax (*tokubetsu houjin jigyoujouyozei*). When combined with previously implemented measures, such as the expansion of the corporate inhabitant tax as a source for tax reallocation to local governments, the negative impact on the TMG's finances is estimated to be ¥1,138.7 billion for fiscal year 2022.

In the fiscal year 2022 general account budget, the Metropolis can independently control 85.9 per cent. of its revenue, which includes local taxes, and 34.0 per cent. of the TMG's tax revenue is derived from the corporate enterprise tax and corporate inhabitant tax.

A brief description of the four principal taxes is set forth below.

#### Residents Tax

The residents tax is divided into (i) individual residents tax, (ii) corporate residents tax and (iii) residents tax on interest, dividends and capital gains.

The individual residents tax is levied on individuals maintaining a residence, office or business establishment in Tokyo, and the Metropolis' revenues for the individual residents tax were ¥930 billion, ¥959 billion and ¥991 billion in the fiscal years 2018, 2019 and 2020, respectively. This tax consists of a variable element (currently 4 per cent.) determined on the basis of the individual taxable income in previous year, and a fixed element (currently ¥1,500 per year), subject to certain deductions and exemptions.

The corporate residents tax is imposed on joint-stock companies and other corporations, as well as educational, charitable and similar organisations and certain associations carrying on profitable business activities (collectively, "corporations") that maintain offices or other business establishments in Tokyo. The Metropolis' revenues for the corporate residents tax were ¥954 billion, ¥973 billion and ¥652 billion in the fiscal years 2018, 2019 and 2020, respectively. This tax consists of a fixed element (currently ranging from ¥20,000 to ¥3,800,000, depending on the location of the relevant office and the size of the corporation) and a variable element which is equivalent to a percentage of the corporation's national corporation income tax (currently ranging from 7.0 per cent. to 10.4 per cent. for corporations located within the 23 special wards area, or ranging from 1.0 per cent. to 2.0 per cent. for corporations located outside the 23 special wards area).

The residents tax on interest is imposed on individuals in respect of the payment of interest on certain "general bonds" or deposits or certain other payments made to them. This tax is levied at the rate of 5 per cent. on the basis of the amount of such payments and is paid by way of withholding by the financial institutions located in Tokyo making such payments. The residents tax on interest for corporations was repealed on 1st January, 2016. The residents tax on dividends is imposed on individuals in respect of the payment of dividends on listed shares, profit distributions from publicly offered investment trusts, interest on certain "specified bonds" or certain other payments made to them. This tax is levied at the rate of 5 per

cent. on the basis of the amount of such payments and is paid by way of withholding by the payers or payment handling agents located in Tokyo making such payments. The residents tax on capital gains is imposed on individuals in respect of the final capital gains in a given year arising from sale of listed shares or certain "specified bonds" that are held in "specified accounts" having withholding services functions. This tax is levied at the rate of 5 per cent. on the basis of the amount of such capital gains and is paid by way of withholding by the securities houses located in Tokyo maintaining such accounts.

#### *Enterprise Tax*

Substantially all of the tax revenue from the enterprise tax is derived from the corporate enterprise tax, the Metropolis' revenues from which were ¥1,091 billion, ¥1,208 billion and ¥1,100 billion in the fiscal years 2018, 2019 and 2020, respectively. The corporate enterprise tax is imposed on business activities conducted by corporations. In general, the net income of a corporation is used as the basis for taxation. In the case of gas and electric utility companies and insurance companies, however, the enterprise tax is calculated on the basis of gross revenues. The corporate enterprise tax varies with the size of the corporation, the amount of the net taxable income and the type of the corporation, such rates at present ranging from 3.5 per cent. to 7.48 per cent. for corporations taxed on the basis of net income and ranging from 0.75 per cent. to 1.065 per cent. for corporations taxed on the basis of gross revenue. Furthermore, for corporations subject to the business scale-based enterprise taxation regime (meaning, in general, corporations having a stated capital exceeding ¥100 million), the corporate enterprise tax is calculated as the sum of the amount on the basis of the net income (ranging 0.495 per cent. to 1.18 per cent.), the added value (1.26 per cent.) and the paid-in capital (0.525 per cent.).

#### *Fixed Property Tax*

The fixed property tax is imposed on the assessed value of land, buildings and certain depreciable assets located within the 23 special wards area and is payable by the owners of such assets as of 1st January of each year. The current rate is 1.4 per cent.

#### *Consumption Tax*

The consumption tax consists of national and local consumption taxes, and is generally imposed on sale of goods and provision of services, which is payable by sellers of goods and service providers. Pursuant to revisions of the Consumption Tax Act in August 2012, the Japanese consumption tax rate increased from 5 per cent. to 8 per cent. on 1st April, 2014, which included an increase of local consumption tax from 1.0 per cent. to 1.7 per cent. The consumption tax rate was further increased to 10 per cent. in October 2019, including an increase of local consumption tax from 1.7 per cent. to 2.2 per cent.; provided that the reduced rate of 8 per cent. (local consumption tax being 1.76 per cent.) applies to certain qualifying groceries and newspapers.

In addition, the standards for local consumption tax adjustment among local governments were amended effective as at 1st April, 2018. As a result, the TMG's total estimated tax revenue for the fiscal year 2022 has been reduced by approximately ¥126.2 billion.

### **Indebtedness**

#### *General*

The Metropolis may incur short-term debt to meet expenses included in the budget, provided that such debt is repaid during the fiscal year in which it is incurred. Short-term debt raised on the Public Enterprise Accounts may be re-financed provided that it is repaid within one year of the refinancing.

The Metropolis may also, by provision in its budget, incur long-term debt, i.e. debt with a maturity date after the current fiscal year in which the debt is incurred in order to (i) finance public enterprises undertaken by the Metropolis, (ii) make investments and loans, (iii) refinance existing long-term debt, (iv) finance disaster emergency measures, disaster relief measures and disaster recovery measures and (v) construct public or official facilities and purchase real estate for public or official use. Under relevant Japanese law, such long-term debt incurred by local public entities is referred to as "local debt".

As described below, under the consulting system for creation of local debt, generally the Metropolis is required to consult with the MIC when it incurs local debt, but such consultation is not required for short-

term debt. The authorisation to incur long-term debt is given by the budget, which is approved by the Assembly.

### ***National Governmental System Concerning Local Debt***

#### *Consulting System for Creation of Local Debt*

The consulting system for creation of local debt was adopted in replacement of the former permission system for creation of local debt as at the fiscal year 2006 pursuant to the comprehensive legislation enacted in 1999 for the purpose of enhancing the independence of local public bodies in the management of their affairs.

Under the consulting system for creation of local debt by local public bodies, generally the creation of local debt is not subject to the permission of the MIC but prefectural governments are required to consult with the MIC when they incur local debt. A local public body may create local debt other than by loans from the Japanese Government or entities related to the Japanese Government without obtaining the consent of the MIC, if a report thereon is given to the assembly of such local public body in advance. However, a local public body continues to be required to obtain permission from the MIC in cases specified by law where creation of local debt by a local public body should be controlled by the MIC for securing the financial resources for the payment of the principal of and interest on local debt ("Bond Expenses"). A local public body may incur local debt by loans from the Japanese Government or entities related to the Japanese Government only if the consent of the MIC is obtained for creation of such local debt.

In order to promote the autonomy and independence of local public entities, this system was partially amended as of 1st February, 2012 by introducing a notification system with respect to the incurrence of local debt. Under the notification system, those local public entities looking to create local debt from sources other than the Japanese Government or entities related to the Japanese Government will not, in principle, be required to consult in advance with the MIC, provided that the local public entity satisfies certain conditions, such as having a Real Deficit Ratio of less than 18 per cent. Local public entities looking to incur local debt that do not meet such criteria continue to be required to consult in advance with the MIC.

#### *Local Debt Plan*

The MIC prepares a local debt plan annually after consultation with the Ministry of Finance. The local debt plan is prepared based on the Local Financial Plan described below. The consent under the consulting system will be given based on the applicable local debt plan.

#### *Local Financial Plan*

The Local Financial Plan is a national governmental plan which is prepared by the Cabinet, submitted to the Diet and disclosed to the public every fiscal year. The Local Financial Plan contains estimates of the aggregate amount of revenues and expenditures to be included in the Ordinary Accounts (see "Financial Status – Revenues and Expenditures in the Ordinary Account of the Metropolis") of all local public bodies in Japan for the immediately following fiscal year.

In this Local Financial Plan, the main revenue items are local taxes, local allocation tax and local debt, and the main expenditure items are general administration expenses, investment expenses and Bond Expenses. Local allocation tax is a certain portion of taxes collected by the Japanese Government which is allocated by the Japanese Government to local public bodies pursuant to a certain standard for the purpose of securing all local public bodies a minimum percentage of financial resources to smooth out imbalances in financial resources among local public bodies. The Metropolis has never been allocated local allocation tax since the local allocation tax system was adopted in 1954.

The aggregate amount of the principal of newly incurred local debt and the aggregate amount of Bond Expenses are stated in the revenues and the expenditures of the Local Financial Plan, respectively. Therefore, the financial resources for Bond Expenses are planned to be secured at national level by balancing the expenditures, including Bond Expenses, against the revenues.

#### *Local Autonomy System Reform*

The Bankruptcy Law and other insolvency laws do not apply to local public bodies and local public bodies do not have any systems for the equal distribution to creditors in the event of insolvency. However, in the

event that the deficit ratio in the immediately preceding fiscal year of a local public body reaches a certain scale, such local public body becomes unable to incur local debt without obtaining permission from the MIC even under the consulting system for creation of local debt. Such local public body may elect to make a Financial Reconstruction Plan by consulting with and obtaining the consent of the MIC, and compile the budget pursuant to such Financial Reconstruction Plan. Such local public body having made the Financial Reconstruction Plan can be permitted by the MIC to incur local debt only if it complies with such Financial Reconstruction Plan. Such local public body not having made a Financial Reconstruction Plan is prohibited from incurring local debt for the construction of public or official facilities or the purchase of real estate for public or official use.

The above rules were amended effective as at 1st April, 2009 and applied to the financial results of fiscal year 2008. Under the new Law on the Fiscal Consolidation of Local Governments, there will be two classes of local public bodies having financial difficulties. One is local public bodies which are required to make a Fiscal Consolidation Plan, and the other is local public bodies which are required to make a Fiscal Reconstruction Plan. The local public bodies which are required to make a Fiscal Consolidation Plan are those whose financial ratios including deficit ratio reach the early consolidation standards, as described at the end of this section. Such local public bodies are required to make a Fiscal Consolidation Plan, which must be approved by their assemblies. The chief of the local public body is required to report the implementation of such Fiscal Consolidation Plan to the assembly, announce it to the public, and report it to the MIC or the governor of the relevant prefecture. The MIC or governor of the relevant prefecture may make a recommendation to such local public body. However, the local public body is not restricted from incurring local debt as described below.

If financial ratios of a local public body become worse and fail to meet the fiscal reconstruction standards, it will be required to make a Fiscal Reconstruction Plan. Such local public bodies will be required to compile their budgets pursuant to such Fiscal Reconstruction Plan and the chief of the local public body may consult with and obtain the consent of the MIC in regard to the Fiscal Reconstruction Plan. Those local public bodies not having obtained the consent of the MIC in regard to the Fiscal Reconstruction Plan are prohibited from incurring local debt other than debt for disaster relief expenditures. However, those local bodies that have obtained the consent of the MIC in regard to such Fiscal Reconstruction Plan may incur local debt, which matures within the planned period of such Fiscal Reconstruction Plan, within the range of the shortage of their income against expenditure.

Local public bodies are required to disclose four ratios to evaluate the need for fiscal consolidation starting from financial accounts of fiscal year 2007. The four ratios and standards thereunder for the TMG for fiscal year 2020 are as follows:

	Early consolidation standards	Fiscal reconstruction standards
Real Deficit Ratio (the ratio of deficit to standard fiscal scale) .....	5.63%	8.76%
Consolidated Real Deficit Ratio (the ratio of consolidated deficit in all accounts to standard fiscal scale).....	10.63%	18.76%
Real Debt Payment Ratio (the ratio of debt payment by general revenue to standard fiscal scale).....	25%	35%
Future Burden Ratio (the ratio of outstanding debt including future burdens of public enterprises and government affiliates to standard financial scale) .....	400%	— <sup>(a)</sup>

Note: There is no fiscal reconstruction standards set in respect of the Future Burden Ratio.

For a description of the real debt payment ratio and future burden ratio of the Metropolis, see "— Financial Status — Fiscal Indices" below.

### **Summary of Outstanding Debt**

#### *Long-term debt*

The following table shows the outstanding balance of long-term debt as at 31st March, 2019, 2020 and 2021 for the Metropolis' General Account, Special Accounts and Public Enterprise Accounts:

	31st March,		
	2019	2020	2021
	<i>(millions of yen)</i>		
General Account .....	¥5,055,115	¥4,812,893	¥4,992,149



	31st March,		
	2019	2020	2021
	<i>(millions of yen)</i>		
Special Accounts			
Single Parent Welfare Loan Fund.....	28,795	28,795	28,795
Small and Medium Enterprise Facility Installation Fund .....	3,118	2,700	2,414
Slaughter House.....	2,471	2,392	2,821
Metropolitan Public Housing .....	548,189	542,289	532,947
Land Acquisition.....	32,314	27,566	23,836
Total Special Accounts.....	<u>¥614,887</u>	<u>¥603,742</u>	<u>¥590,813</u>
Public Enterprise Accounts			
Hospitals.....	70,634	52,937	45,966
Central Wholesale Market.....	362,633	363,843	304,372
Waterfront Area Development Project.....	187,265	187,265	97,485
Port and Harbour Project.....	95	62	28
Transportation.....	48,412	52,882	55,448
Urban Rapid Transit Railway.....	300,601	268,337	244,720
Waterworks .....	235,823	232,331	231,542
Sewerage .....	1,362,559	1,307,063	1,245,254
Total Public Enterprise Accounts .....	<u>¥2,568,022</u>	<u>¥2,464,720</u>	<u>¥2,224,813</u>
Total long-term debt.....	<u>¥8,238,024</u>	<u>¥7,881,354</u>	<u>¥7,807,775</u>

#### *Short-Term Debt*

The Metropolis had no short-term debt (excluding the current portion of long-term debt) as at 31st March, 2019, 2020 and 2021.

#### *Payment Schedule*

The following table shows the unaudited payment schedule for the periods through fiscal year 2031 of the principal and interest on long-term debt outstanding as at 31st March, 2022:

#### *Payment schedule of the principal and interest on long-term debt outstanding as at 31st March, 2022*

Fiscal Year	Principal	Interest	Total
	<i>(millions of yen)</i>		
2022.....	¥727,990	¥61,315	¥789,305
2023.....	753,985	54,673	808,658
2024.....	781,556	48,444	830,000
2025.....	876,907	43,192	920,099
2026.....	688,059	39,583	727,642
2027.....	405,600	36,812	442,413
2028.....	457,074	33,733	490,807
2029.....	426,295	29,397	455,692
2030.....	551,402	26,980	578,382
2031.....	420,053	24,605	444,658

#### Notes:

- (a) Principal and interest payable in foreign currency are shown at the actual rate at the time of conversion of the proceeds into yen, unless a currency exchange contract is in effect, in which case it is shown at the contract rate.
- (b) All debt is fixed-rate debt.

#### ***Debt Payment Record***

The Metropolis made payments of the principal and interest on long-term debt of, ¥855,278 million in aggregate (¥754,119 million for payments of principal and ¥101,159 million for payments of interest), ¥979,758 million in aggregate (¥890,147 million for payments of principal and ¥89,611 million for payments of interest) and ¥1,046,744 million in aggregate (¥969,071 million for payments of principal and ¥77,673 million for payments of interest) during the fiscal year 2018, 2019 and 2020, respectively.

The Metropolis has not defaulted on payment of principal or interest on any indebtedness within a period of twenty years prior to the date of this Offering Circular.

#### ***Outstanding Balance of Long-Term Debt of the Metropolis Classified by Source of Funds***

The long-term debt of the Metropolis can be classified into two categories; (i) debt incurred by loans from the Japanese Government or entities related to the Japanese Government and (ii) debt incurred by loans from financial institutions and the issue of bonds.

Of the total outstanding balance of long-term debt of the Metropolis as at 31st March, 2021, which amounted to ¥7,807,775 million, 13.2 per cent. represented debt incurred by loans from the Japanese Government or entities related to the Japanese Government (such as loans from the Japanese Government's Fiscal Loan Fund and loans extended by Japan Post Co., Ltd. ("Japan Post") and Japan Finance Organization for Municipalities) and 86.8 per cent. represented debt incurred by loans from financial institutions and the issue of bonds.

Of the total outstanding balance of long-term debt of the Metropolis as at 31st March, 2020, which amounted to ¥7,881,354 million, 13.7 per cent. represented debt incurred by loans from the Japanese Government or entities related to the Japanese Government (such as loans from the Japanese Government's Fiscal Loan Fund and loans extended by Japan Post and Japan Finance Organization for Municipalities) and 86.3 per cent. represented debt incurred by loans from financial institutions and the issue of bonds.

Of the total outstanding balance of long-term debt of the Metropolis as at 31st March, 2019, which amounted to ¥8,238,024 million, 13.81 per cent. represented debt incurred by loans from the Japanese Government or entities related to the Japanese Government (such as loans from the Japanese Government's Fiscal Loan Fund and loans extended by Japan Post and Japan Finance Organization for Municipalities) and 86.2 per cent. represented debt incurred by loans from financial institutions and the issue of bonds. Of this 86.2 per cent., 3.7 per cent. represented debt incurred by loans from financial institutions and 82.5 per cent. represented debt incurred by the issue of bonds.

For the fiscal year 2022, the Metropolis plans to raise approximately ¥550 billion in the aggregate through bond offerings consisting of approximately ¥260 billion of 10-year bonds, approximately ¥50 billion of foreign debt, approximately ¥40 billion of medium-term bonds with three to seven year maturities and super long-term bonds with 20 to 30 year maturities, approximately ¥40 billion of green bonds, the proceeds of which it expects to use for certain "green" projects, approximately ¥60 billion of social bonds, the proceeds of which it expects to use for certain "social" projects, and approximately ¥100 billion of bonds that may be issued at various times during the fiscal year and with various maturities. This issuance plan may be amended from time to time in accordance with funding needs, market conditions and other circumstances.

### **Foreign Debt**

The following table shows the foreign debt offered outside of Japan incurred by the Metropolis remaining outstanding as at 31st March, 2022:

#### *Foreign debt remaining outstanding as at 31st March, 2022<sup>(a)</sup>*

	<b>Outstanding Amount</b> <i>(millions)</i>
5 <sup>7</sup> / <sub>100</sub> % Bonds due 2034.....	€160
4 <sup>26</sup> / <sub>100</sub> % Bonds due 2032.....	€294
4 <sup>27</sup> / <sub>100</sub> % Bonds due 2035.....	€150
4 <sup>7</sup> / <sub>10</sub> % Bonds due 2033.....	€344
4 <sup>9</sup> / <sub>10</sub> % Bonds due 2035.....	€318
2.5% Bonds due 2022.....	U.S.\$500
3 <sup>1</sup> / <sub>4</sub> % Bonds due 2023.....	U.S.\$500
2 <sup>5</sup> / <sub>8</sub> % Bonds due 2024.....	U.S.\$1,000
3 <sup>3</sup> / <sub>4</sub> % Bonds due 2025.....	U.S.\$1,500
1 <sup>1</sup> / <sub>8</sub> % Bonds due 2026.....	U.S.\$1,000

Note:

(a) All foreign debt mentioned above is bullet maturity debt (with no amortisation features).

### **Reserve Fund**

Article 4-2 of the Local Finance Law directs that any local public body shall, in order to preserve its sound management, consider its financial situation not only in relation to the current fiscal year, but also with a view to subsequent fiscal years, when it undertakes budget preparation or implementation or any action that will result in an increase in expenditures or a decrease in revenues. The Metropolis has established various reserve funds for this purpose.

Reserve funds of the Metropolis include (i) general purpose funds, including an adjusting fund for finance reserved for the purpose of adjusting revenue sources between fiscal years and contributing to sound future finance management and a social infrastructure improvement funds, (ii) special purpose funds for future

special financial demands of the Metropolis, such as the hosting reserve fund for the Games, which was transferred from the general purpose fund in fiscal year 2014 and (iii) a sinking fund reserve for the purpose of ensuring the financial sources for the Bond Expenses of the Metropolis and averaging the financial burden for such expenses over a long period of time. Some of these reserve funds are also available for general purposes.

The following table shows the outstanding balance of the Metropolis' reserve fund as at 31st March, 2019, 2020 and 2021:

	31st March,		
	2019	2020	2021
	<i>(millions of yen)</i>		
Funds for General Purposes .....	¥842,800	¥934,494	¥532,708
Adjusting Fund for Finance.....	842,800	934,494	532,708
Funds for Special Purposes .....	1,684,647	1,719,633	1,736,402
Social Infrastructure Improvement Fund .....	387,981	571,173	486,534
Welfare and Health Fund .....	4,807	4,275	—
Hosting reserve fund for the Games .....	512,418	307,541	429,000
Others.....	779,441	836,644	820,868
Sinking Fund.....	1,599,348	1,553,793	1,562,432
Total.....	<u>¥4,126,795</u>	<u>¥4,207,920</u>	<u>¥3,831,542</u>

### ***Status of Investments and Loans***

The Metropolis makes investments in and extends loans to certain entities.

Certain information is given below as to investments and loans made from the Metropolis' General Account and the Special Accounts. The following tables show the five largest entities and item (in terms of the outstanding balance of investments and loans as at 31st March, 2021) and the outstanding balance of investments in and loans to such five entities and item as at 31st March, 2019, 2020 and 2021, together with the total outstanding balance of investments and loans as at the same dates:

#### *Investments (including stocks and other contributions)*

	31st March,		
	2019	2020	2021
	<i>(millions of yen)</i>		
Total outstanding balance .....	¥879,907	¥896,358	¥934,319
Of which:			
Japan Expressway Holding and Debt Repayment Agency .....	301,978	302,898	302,904
Tokyo Metropolitan University .....	147,933	147,931	147,931
Tokyo Waterfront Area Rapid Transit Inc. ....	43,521	43,521	43,521
Tokyo Kiraboshi Financial Group, Inc.....	43,047	43,047	43,047
Tokyo Tama Intercity Monorail Co., Ltd.....	40,285	40,285	40,285

#### *Loans*

	31st March,		
	2019	2020	2021
	<i>(millions of yen)</i>		
Total outstanding balance .....	¥1,108,790	¥1,083,367	¥1,441,210
Of which:			
Loans under Institutionalised Financing Structure <sup>(a)</sup> .....	149,705	165,559	615,049
Tokyo Metropolitan Housing Supply Corporation.....	391,893	382,352	330,539
Tokyo Metropolitan Subway Construction Co., Ltd. ....	200,000	200,000	200,000
Loans for Haneda Airport Re-expansion Project.....	108,528	108,528	108,123
Metropolitan Intercity Railway Company.....	61,849	49,970	38,624

Note:

- (a) Loans under Institutionalised Financing Structure is an item of loans in a final statement which consists of loans to Credit Guarantee Corporation of Tokyo and two other entities.

#### ***Indemnities***

In addition to outstanding debt, the Metropolis gives certain indemnities to third parties against losses caused by the non-payment of obligations by others, when authorised by the budget. The Metropolis has

outstanding indemnities in the aggregate maximum amount of approximately ¥244 billion, of which ¥11 billion is the maximum amount which can become payable in the fiscal year 2022.

## Financial Status

In addition to account settlement information prepared for budgetary purposes pursuant to the Local Autonomy Act, the Metropolis also prepares certain account settlement and other information on the basis of its Ordinary Accounts in accordance with criteria established by the MIC. The following is a summary of certain financial information prepared by the Metropolis on the basis of its Ordinary Accounts for the fiscal years 2018, 2019 and 2020.

### *Revenues and Expenditures in Metropolis' Ordinary Account*

The Metropolis is required to prepare and submit a report to the Japanese Government each year on its revenues and expenditures for its Ordinary Accounts.

Ordinary Accounts are statistical and conceptual accounts used for determining the financial position of individual local public bodies as well as for analysing overall local fiscal conditions. These accounts are reconfigured to conform to the accounting procedures of local public bodies according to standards established by the MIC, which facilitates comparison of local public bodies based on standardised information.

The accounts targeted in Ordinary Accounts include the General Account and certain Special Accounts but exclude the Public Enterprise Accounts, quasi-public enterprise accounts, and profit-earning business accounts. Ordinary Accounts presents a net calculation that has been adjusted to eliminate overlap between accounts. For fiscal year 2021, the Metropolis' Ordinary Accounts consisted of the General Account and 13 Special Accounts.

The following table shows the total revenues and expenditures in the Metropolis' Ordinary Account for the fiscal years 2018, 2019 and 2020:

	FY2018	FY2019	FY2020
	<i>(millions of yen)</i>		
Revenues (A) .....	¥7,868,759	¥8,112,851	¥9,054,650
Metropolitan tax .....	5,462,509	5,732,615	5,293,013
TMG bonds .....	142,732	138,563	491,651
Others .....	2,263,518	2,241,673	3,269,986
Expenditures (B) .....	7,379,012	7,581,115	8,609,541
General expenditure .....	5,343,738	5,222,399	6,595,630
Personnel cost .....	1,512,323	1,532,060	1,526,152
Expenditure for public bond .....	474,474	406,028	388,165
Others .....	1,560,800	1,952,687	1,625,746
Formal Balance of Revenues and Expenditures (C = A – B) .....	489,747	531,736	445,110
Balance to be carried forward (D) <sup>(a)</sup> .....	362,414	404,008	444,221
Actual balance (C – D) .....	¥127,333	¥127,729	¥889

Note:

(a) Balance to be carried forward represents expenditures budgeted for the relevant fiscal year but not actually made in such fiscal year and carried forward to the subsequent fiscal year.

### *Fiscal Indices*

The following table shows certain fiscal indices based on the Metropolis' Ordinary Account and the simple or weighted average of all prefectures for the fiscal years 2018, 2019 and 2020:

	FY2018	FY2019	FY2020
	<i>(%)</i>		
Ordinary Balance Ratio <sup>(a)</sup>			
Metropolis .....	77.5%	74.4%	84.9%
Weighted average of all prefectures .....	100.7	99.8	103.0
Ratio of Bond Expenses Burden <sup>(b)</sup>			
Metropolis .....	6.8	5.6	5.3
Weighted average of all prefectures .....	18.2	17.7	16.6
Financial Capability Index <sup>(c)</sup>			
Metropolis .....	1.179	1.177	1.150
Simple average of all prefectures .....	0.52	0.52	0.52

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>
		(%)	
Ratio of Dependence on Creation of Local Debt <sup>(d)</sup>			
Metropolis .....	1.8	1.7	5.4
Weighted average of all local governments .....	10.4	10.5	9.4
Real Debt Payment Ratio <sup>(e)</sup>			
Metropolis .....	1.5	1.5	1.4
Weighted average of all prefectures .....	10.9	10.6	10.2
Future Burden Ratio <sup>(f)</sup>			
Metropolis .....	22.7	23.6	24.2
Weighted average of all prefectures .....	173.6	172.9	171.3

Sources:

Simple or weighted average of all prefectures:

- (a)(b)(c): "White Paper on Local Public Finance", published by the MIC (March 2022).  
 (d): "White Paper on Local Public Finance", published by the MIC (March 2021).  
 (e)(f): "White Paper on Local Public Finance", published by the MIC (March 2022), "Outline of the Ratio for Determining Soundness and Financial Shortfall Ratio based on fiscal 2019 account settlements" and "Outline of the Ratio for Determining Soundness and Financial Shortfall Ratio based on fiscal 2018 account settlements", each published by the MIC.

Notes:

- (a) Ordinary Balance Ratio is the ratio of the "general revenue sources for the ordinary expenses (such as personnel expenses and bond expenses)" (i.e., general revenue resources allotted to regularly disbursed expenses) to the "total of ordinary general revenue sources (such as the Metropolitan taxes and local debt with some exceptions)", which indicates flexibility of fiscal structure. For the purpose of calculating the weighted average of all prefectures, "special share of revenue decrease compensation loans" and "extraordinary financial measures loans" are not included in the ordinary general revenue sources.
- (b) Ratio of Bond Expenses Burden is the ratio of the "general revenue sources for Bond Expenses" to the "general revenue sources", which indicates fiscal burden level of Bond Expenses by showing the amount of the general revenue sources appropriated to Bond Expenses.
- (c) Financial Capability Index is an average over three fiscal years (including the fiscal year indicated) of standard financial revenue (being an amount calculated in accordance with the Local Allocation Tax Act of Japan (Act No. 211 of 1950, the "Local Allocation Tax Act") as being a certain proportion of standard tax revenues) divided by standard financial needs (being the annual amount of expenditure estimated to be required for a local authority to perform its administrative affairs at a reasonable level, as calculated in accordance with the Local Allocation Tax Act).
- (d) Ratio of Dependence on Creation of Local Debt is the ratio of the "total amount of local debt incurred by the relevant local authority in the relevant fiscal year" to the "total amount of revenue of the relevant local authority in the relevant fiscal year".
- (e) Real Debt Payment Ratio is the ratio of the "general revenue resources appropriated to pay off bonds" to the "standard financial scale". The term "standard financial scale" denotes the scale of ordinary general revenue sources which would normally be raised or received by the relevant local authority under normal conditions (being the total of the standard tax revenue and ordinary local allocation tax).
- (f) Future Burden Ratio is the ratio of the "future debts including those of the public-private joint sector as well as expected future debts on the General Account" to the "standard financial scale".

The above indices are metrics used by the MIC to monitor the financial health and flexibility of the financial structure of local governments.

## REPORT OF AUDIT AND INSPECTION COMMISSIONER

28th April, 2022

To the Governor of Tokyo

I, Audit and Inspection Commissioner of The Tokyo Metropolitan Government, have examined the tables showing (i) the revenues, expenditures and balances on the General Account of The Metropolis of Tokyo (the "Metropolis") for the fiscal years 2018, 2019 and 2020 and the estimated revenues, expenditures and balances on such Account of the Metropolis in the final budget for the fiscal year 2021 and the revised budget for the fiscal year 2022, (ii) the outstanding balances of long-term debt and short-term debt (excluding the current portion of long-term debt) of the Metropolis as at 31st March, 2019, 2020 and 2021, (iii) the revenues, expenditures and balances on the Special Accounts of the Metropolis for the fiscal years 2018, 2019 and 2020 and the estimated revenues, expenditures and balances on such Account of the Metropolis in the final budget for the fiscal year 2021 and the original budget for the fiscal year 2022, (iv) the revenues, expenditures and balances on the Public Enterprise Accounts of the Metropolis for the fiscal years 2018, 2019, 2020 and the estimated revenues, expenditures and balances on such Account of the Metropolis in the final budget for the fiscal year 2021 and the original budget for the fiscal year 2022, (v) the tax revenues of the Metropolis for the fiscal years 2018, 2019 and 2020 and the estimated tax revenues of the Metropolis in the final budget for the fiscal year 2021 and the revised budget for the fiscal year 2022, (vi) the outstanding balances of foreign debt of the Metropolis as at 31st March 2022 and the reserve funds of the Metropolis as at 31st March, 2019, 2020 and 2021, (vii) the revenues and expenditures in the Ordinary Account of the Metropolis for the fiscal years 2018, 2019 and 2020, and (viii) the outstanding balance of investments in and loans to the five largest entities and item (in terms of the outstanding balance of investments and loans as at 31st March, 2021) as at 31st March, 2019, 2020 and 2021 and the total outstanding balances of investments and loans as at the same dates, set forth under "Overview — Overview of The Metropolis of Tokyo — Selected Statistical, Economic and Financial Information — Revenue and Expenditure (General Account)", "Overview — Overview of The Metropolis of Tokyo — Selected Statistical, Economic and Financial Information — Outstanding Debt", "The Metropolis of Tokyo — Revenue and Expenditure", "The Metropolis of Tokyo — Taxation", "The Metropolis of Tokyo — Indebtedness" and "The Metropolis of Tokyo — Financial Status", respectively, in the Offering Circular relating to the issue by the Metropolis of one or more series of bonds up to an aggregate principal amount equivalent to U.S.\$500,000,000 to be issued in overseas markets. I have also examined the audited accounts of the Metropolis for the fiscal years 2018, 2019 and 2020 and the final budget of the Metropolis for the fiscal year 2021 and the revised budget of the Metropolis for the fiscal year 2022.

Based on such examinations, I confirm that the tables referred to above fairly present in abbreviated form (i) the revenues, expenditures and balances on the General Account of the Metropolis for the fiscal years 2018, 2019 and 2020 and the estimated revenues, expenditures and balances on such Account of the Metropolis in the final budget for the fiscal year 2021 and the revised budget for the fiscal year 2022, (ii) the outstanding balances of long-term debt and short-term debt (excluding the current portion of long-term debt) of the Metropolis as at 31st March, 2019, 2020 and 2021, (iii) the revenues, expenditures and balances on the Special Accounts of the Metropolis for the fiscal years 2018, 2019 and 2020 and the estimated revenues, expenditures and balances on such Account of the Metropolis in the final budget for the fiscal year 2021 and the original budget for the fiscal year 2022, (iv) the revenues, expenditures and balances on the Public Enterprise Accounts of the Metropolis for the fiscal years 2018, 2019, 2020 and the estimated revenues, expenditures and balances on such Account of the Metropolis in the final budget for the fiscal year 2021 and the original budget for the fiscal year 2022, (v) the tax revenues of the Metropolis for the fiscal years 2018, 2019 and 2020 and the estimated tax revenues of the Metropolis in the final budget for the fiscal year 2021 and the revised budget for the fiscal year 2022, (vi) the outstanding balances of foreign debt of the Metropolis as at 31st March 2022 and the reserve funds of the Metropolis as at 31st March, 2019, 2020 and 2021, (vii) the revenues and expenditures in the Ordinary Account of the Metropolis for the fiscal years 2018, 2019 and 2020, and (viii) the outstanding balance of investments in and loans to the five largest entities and item (in terms of the outstanding balance of investments and loans as at 31st March, 2021) as at 31st March, 2019, 2020 and 2021 and the total outstanding balances of investments and loans as at the same dates.

Tokyo, Japan

Mogaki Yukio  
Audit and Inspection Commissioner of  
The Tokyo Metropolitan Government

## TERMS AND CONDITIONS OF THE BONDS

*The following (except for paragraphs in italics) are the terms and conditions of the Bonds substantially in the form in which they will appear in the Fiscal Agency Agreement referred to below:*

### 1. **General**

The U.S.\$500,000,000 3.375 per cent. Bonds due 2025 (the "Bonds", which expression includes any further bonds issued pursuant to Condition 13 and forming a single series therewith) of The Metropolis of Tokyo (the "Metropolis") are constituted by a deed of covenant dated 16 June, 2022 (as amended or supplemented from time to time, the "Deed of Covenant") entered into by the Metropolis and are the subject of a fiscal agency agreement dated 16 June, 2022 (as amended or supplemented from time to time, the "Fiscal Agency Agreement") between the Metropolis, Mizuho Trust & Banking (Luxembourg) S.A. as fiscal agent (in such capacity, the "Fiscal Agent", which expression includes any successor fiscal agent appointed from time to time in connection with the Bonds), as paying agent, as registrar and as transfer agent, and Deutsche Bank Trust Company Americas as U.S. paying agent (together with the Fiscal Agent and Mizuho Trust & Banking (Luxembourg) S.A. as paying agent, the "Paying Agents", which expression includes any successor or additional paying agents appointed from time to time in connection with the Bonds), as U.S. registrar (in such capacity, and together with Mizuho Trust & Banking (Luxembourg) S.A. as registrar, the "Registrars", which expression includes any successor or additional registrars appointed from time to time in connection with the Bonds) and as U.S. transfer agent (in such capacity, and together with Mizuho Trust & Banking (Luxembourg) S.A. as transfer agent, the "Transfer Agents", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Bonds). References herein to the "Agents" are to the Fiscal Agent, the Registrars, the Transfer Agents and the Paying Agents and any reference to an "Agent" is to any one of them. Certain provisions of these Conditions are summaries of the Fiscal Agency Agreement and the Deed of Covenant and subject to their detailed provisions. The Bondholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement and the Deed of Covenant applicable to them. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection by Bondholders during normal business hours at the specified office of the Fiscal Agent, presently being at 1B, Rue Gabriel Lippmann, L-5365 Munsbach, Grand Duché de Luxembourg, and at the specified offices of the Paying Agents.

### 2. **Form and Status**

- (a) *Form:* The Bonds are in registered form, in the denomination of U.S.\$200,000 and integral multiples of U.S.\$2,000 in excess thereof, and are not exchangeable for bonds in bearer form.
- (b) *Status:* The Bonds are direct, unconditional and unsecured obligations of the Metropolis and rank *pari passu* and rateably without any preference among themselves and (with certain statutory exceptions) at least equally with all other unsecured obligations of the Metropolis from time to time outstanding.

### 3. **Registers, Title and Transfers**

- (a) *Registers:* The Registrars will each maintain a register (each, the "Register") in respect of the Bonds in accordance with the provisions of the Fiscal Agency Agreement. In these Conditions, the "Holder" of a Bond means the person in whose name such Bond is for the time being registered in a Register (or, in the case of a joint holding, the first named thereof) and "Bondholder" shall be construed accordingly. A certificate (each, a "Certificate") will be issued to each Bondholder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the applicable Register.
- (b) *Title:* The Holder of each Bond shall (except as otherwise required by law) be treated as the absolute owner of such Bond for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of

any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder.

- (c) *Transfers*: Subject to Conditions 3(f) and 3(g) below, a Bond may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the specified office of any Registrar or Transfer Agent, together with such evidence as the applicable Registrar or Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* no transfer may be made which would result in the principal amount of Bonds held by a holder and in respect of which a Certificate is to be issued being less than U.S.\$200,000. Where not all the Bonds evidenced by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor.

*Transfers of interests in the Bonds represented by a Global Certificate will be effected in accordance with the rules of the relevant clearing systems, as described in "Summary of provisions relating to the Bonds while in Global Form".*

- (d) *Registration and delivery of Certificates*: Within five business days of the surrender of a Certificate in accordance with Condition 3(c) above, the applicable Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Bonds transferred to each relevant Holder at its specified office or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "business day" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar has its specified office.
- (e) *No charge*: The transfer of a Bond will be effected without charge by or on behalf of the Metropolis or any Registrar but against such indemnity as the applicable Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (f) *Closed periods*: Bondholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Bonds.
- (g) *Regulations concerning transfers and registration*: All transfers of Bonds and entries on the Registers are subject to the detailed regulations concerning the transfer of Bonds scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Metropolis with the prior written approval of the Registrars. A copy of the current regulations will be made available (free of charge) by the Registrars to any Bondholder who requests in writing a copy of such regulations.

#### 4. **Interest**

- (a) *Rate of Interest*: The Bonds bear interest from and including 16 June, 2022 (the "Issue Date") at the rate of 3.375 per cent. per annum (the "Rate of Interest"), payable in arrear on 16 June and 16 December in each year (each, an "Interest Payment Date"), commencing on 16 December, 2022, subject as provided in Condition 7. Interest in respect of any Bond shall be calculated per U.S.\$2,000 in principal amount of the Bond (the "Calculation Amount"). Each Bond will cease to bear interest from the due date of redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (after as well as before any judgment) until (and including) whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day which is seven days after the Fiscal Agent has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).
- (b) *Amount of Interest and calculations*: The amount of interest payable on each Interest Payment Date shall be U.S.\$33.75 in respect of each Calculation Amount. If interest



payable in respect of the Calculation Amount is required to be paid in respect of a Bond on any other date, it shall be calculated by applying the Rate of Interest to such Calculation Amount, multiplying the product by the relevant Day Count Fraction, and rounding the resulting figure to the nearest cent (half a cent being rounded upwards), where:

"Calculation Period" means the relevant period for which interest is to be calculated from (and including) the first day in such period to (but excluding) the last day in such period; and

"Day Count Fraction" means, in respect of any period, the number of days in the relevant period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30.

## 5. **Redemption and Purchase**

- (a) *Final Redemption:* Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 16 June, 2025.
- (b) *Redemption for Taxation Reasons:* If the Metropolis would on the occasion of the next payment due in respect of the Bonds be required as a result of any change in, or amendment to, the laws or regulations of Japan, or any political subdivision or any authority thereof or therein having power to tax (other than, in each case, the Metropolis), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 7 June, 2022, and for reasons outside its control, to pay any Additional Amounts (as defined in Condition 8) pursuant to Condition 8, then the Metropolis may, at its option, upon giving not less than 30 nor more than 60 days' prior notice to the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 14, redeem all (but not some only) of the Bonds at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption.
- (c) *Purchase:* The Metropolis may at any time purchase or otherwise acquire Bonds in the open market or otherwise. Bonds purchased by the Metropolis may be held or resold or, at the discretion of the Metropolis, may be surrendered to a Registrar for cancellation.
- (d) *Cancellation:* All Bonds redeemed or purchased and surrendered by the Metropolis as aforesaid shall be cancelled forthwith and may not be reissued or resold.

6. **Prescription**

Claims for principal and interest on redemption shall become void unless the relevant Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

7. **Payments**

- (a) *Principal:* Payments of principal shall be made by U.S. dollar cheque drawn on, or, upon application by a Holder of a Bond to the specified office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the specified office of any Paying Agent.
- (b) *Interest:* Payments of interest shall be made by U.S. dollar cheque drawn on, or upon application by a Holder of a Bond to the specified office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account maintained by such Holder with, a bank in New York City and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the specified office of any Paying Agent.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Bondholders in respect of such payments.
- (d) *Payments on business days:* Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by U.S. dollar cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the specified office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Bond shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 7 arriving after the due date for payment or being lost in the mail. In this paragraph, "business day" means any day on which banks are open for general business (including dealings in foreign currencies) in New York City, London and Tokyo and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).
- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Bond, the Metropolis shall procure that the amount and date of such payment are noted on the applicable Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.
- (f) *Record date:* Each payment in respect of a Bond will be made to the person shown as the Holder in the applicable Register at the opening of business in the place of the applicable Registrar's specified office on the fifteenth day before the due date for such payment (the "Record Date"). Where payment in respect of a Bond is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the applicable Register at the opening of business on the relevant Record Date.
- (g) *Agents:* The initial Fiscal Agent, the initial Paying Agents, the initial Registrars and the initial Transfer Agents and their respective specified offices are set out at the end of these terms and conditions. The Metropolis reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent, Registrar or Transfer Agent and to appoint additional or other Paying Agents, Registrars or Transfer Agents or another

Fiscal Agent, provided that it will at all times maintain a Fiscal Agent and a Registrar. Notice of any such termination or appointment and of any changes in the specified offices of the Fiscal Agent, the Paying Agents, the Registrars or the Transfer Agents will be given to the Bondholders in accordance with Condition 14.

## 8. **Taxation**

- (a) *Taxation:* All payments of principal and interest by or on behalf of the Metropolis in respect of the Bonds will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Japan, or any authority therein or thereof having power to tax ("Taxes"), unless the withholding or deduction of such Taxes is required by law. In that event, the Metropolis will pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts received by the Holder after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Bonds in the absence of such withholding or deduction; except that no Additional Amounts shall be payable:
- (i) to, or to a third party on behalf of a Holder or beneficial owner of a Bond that is an individual non-resident of Japan or a non-Japanese corporation and is liable for such Taxes in respect of such Bond by reason of:
    - (A) its having some connection with Japan other than the mere holding of, receipt of interest on, or the enforcement of its rights under, such Bond; or
    - (B) its being a party having a special relationship with the Metropolis as described in Article 6, paragraph (4) of the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended) (the "Act on Special Measures Concerning Taxation") (a "Specially-Related Party of the Metropolis");
  - (ii) to, or to a third party on behalf of a Holder or beneficial owner of a Bond that would otherwise be exempt from any such withholding or deduction but that fails to comply with any applicable requirement to provide Interest Recipient Information (as defined in paragraph (b) below) or to submit a Written Application for Tax Exemption (as defined in paragraph (b) below) to the Paying Agent, or whose Interest Recipient Information is not duly communicated through the Participant (as defined in paragraph (b) below) and the relevant international clearing organisation to the Paying Agent;
  - (iii) to, or to a third party on behalf of a Holder or beneficial owner of Bond that is for Japanese tax purposes treated as an individual resident of Japan or a Japanese corporation (except for (A) a Designated Financial Institution (as defined in paragraph (b) below) that complies with the requirement to provide Interest Recipient Information or to submit a Written Application for Tax Exemption and (B) an individual resident of Japan or a Japanese corporation that duly notifies the relevant Paying Agent of its status as not being subject to Taxes to be withheld or deducted by the Metropolis by reason of such individual resident of Japan or Japanese corporation receiving interest on the relevant Bond through a payment handling agent in Japan appointed by it);
  - (iv) where the Bonds are presented for payment (where such presentation is required) more than 30 days after the Relevant Date except to the extent that the relevant Bondholder would have been entitled to such Additional Amounts on presenting the same for payment at the expiry of such 30-day period;
  - (v) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be treated as income, for Japanese tax purposes, of a beneficiary or settlor with respect to such fiduciary or a partner of such partnership or other beneficial owner, in each case, who would

not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or other beneficial owner been the Holder of such Bond; or

- (vi) in any case that is a combination of any of paragraphs (i) to (v) above.

As used herein, the "Relevant Date" means the date on which such payment first becomes due, except that, if the amount of the moneys payable has not been received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect shall have been duly given to the Bondholders in accordance with Condition 14.

- (b) *Definitions:* For the purposes of Conditions 8(a)(ii) and 8(a)(iii) above:

- (i) where a Bond is held through a certain participant of an international clearing organisation or a certain financial intermediary (each, a "Participant"), in order to receive payments free of withholding or deduction by the Metropolis for, or on account of, Taxes, if the beneficial owner of the relevant Bond is:

- (A) an individual non-resident of Japan or a non-Japanese corporation (other than a Specially-Related Party of the Metropolis); or
- (B) a Japanese financial institution falling under certain categories prescribed by the Act on Special Measures Concerning Taxation, and the cabinet order (Cabinet Order No. 43 of 31st March, 1957, as amended) thereunder (together with ministerial ordinances and other regulations thereunder, the "Law") (a "Designated Financial Institution"),

all in accordance with the Law, such beneficial owner shall, at the time of entrusting a Participant with the custody of the relevant Bond, provide certain information prescribed by the Law to enable the Participant to establish that such beneficial owner is exempted from the requirement for Taxes to be withheld or deducted (the "Interest Recipient Information") and advise the Participant if such beneficial owner ceases to be so exempted (including the case where the beneficial owner who is an individual non-resident of Japan or a non-Japanese corporation becomes a Specially-Related Party of the Metropolis); and

- (ii) where a Bond is not held through a Participant, in order to receive payments free of withholding or deduction by the Metropolis for, or on account of, Taxes, if the beneficial owner of the relevant Bond is:

- (A) an individual non-resident of Japan or a non-Japanese corporation (other than a Specially-Related Party of the Metropolis); or
- (B) a Designated Financial Institution,

all in accordance with the Law, such beneficial owner shall, prior to each time on which it receives interest, submit to the relevant Paying Agent a written application for tax exemption (*Hikazei Tekiyo Shinkokusho*) (a "Written Application for Tax Exemption") in the form obtainable from such Paying Agent stating, *inter alia*, the name and address (and, if applicable, the Japanese individual or corporation identification number) of such beneficial owner, the title of the Bonds, the relevant interest payment date, the amount of interest and the fact that such beneficial owner is qualified to submit the Written Application for Tax Exemption, together with the documentary evidence regarding its identity and residence.

Any reference in these terms and conditions to principal or interest shall be deemed also to refer to any Additional Amounts payable under this Condition 8.

9. **Events of Default**

If any one or more of the following events shall have occurred and be continuing:

- (i) *Non-payment:* A default is made in the payment of any interest in respect of any of the Bonds when and as the same ought to be paid in accordance therewith and for 30 days thereafter; or
- (ii) *Breach of other obligations:* A default is made in the performance or observance by the Metropolis of any other obligation under the Bonds or the Deed of Covenant and (except where such failure is not capable of remedy, when no such notice shall be required) such default shall continue for 60 days after written notice requiring such default to be remedied shall have been given to the Metropolis by the holders of not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding; or
- (iii) *Cross-acceleration:* (a) Any indebtedness of the Metropolis for borrowed moneys exceeding in the aggregate U.S.\$10,000,000 (or its equivalent in any other currency or currencies) is accelerated as a result of a default by any person or any event treated in effect as a default or (b) the Metropolis defaults in the repayment or discharge of any such indebtedness when due or at the expiration of any grace period originally applicable thereto or (c) the Metropolis fails to pay when properly called upon to do so any guarantee of indebtedness for borrowed moneys exceeding in the aggregate U.S.\$10,000,000 (or its equivalent in any other currency or currencies) given by it, and such acceleration is not rescinded or annulled or such default or failure is not remedied within 60 days after written notice thereof shall have been given to the Metropolis by the holders of not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding; or
- (iv) *Moratorium:* A moratorium is declared in respect of all or any part of the indebtedness of the Metropolis; or
- (v) *Abolishment:* The Metropolis is abolished except in the case where another entity effectively assumes the entire obligations of the Metropolis under the Bonds,

then the Holder of any Bond may give notice to the Metropolis that such Bond is immediately repayable whereupon such Bond shall become immediately repayable at its principal amount together with interest accrued to (but excluding) the date of actual repayment unless prior to the time when the Metropolis receives such notice all events of default provided for herein in respect of the Bonds shall have been cured.

10. **Fiscal Agent, Paying Agents, Registrars and Transfer Agents**

In acting under the Fiscal Agency Agreement, the Fiscal Agent, Paying Agents, Registrars and Transfer Agents are acting solely as agents of the Metropolis and do not assume any obligation or duty to, or any relationship of agency or trust for or with, the Bondholders, except that (without affecting the obligations of the Metropolis to the Bondholders to repay the Bonds in accordance with their terms) any funds received by the Fiscal Agent for the payment of the principal or interest on the Bonds shall, to the extent permitted by law, be held by it in trust for the Bondholders, as the case may be, until the expiration of the periods of prescription in Condition 6.

The Fiscal Agency Agreement may be amended by the parties thereto, without the consent of any Bondholder, if in the reasonable opinion of the Metropolis and the Fiscal Agent the amendment will not adversely affect the interests of the Bondholders.

11. **Replacement of Certificates**

Should any Certificate be lost, stolen, destroyed, mutilated or defaced, it may be replaced with a new Certificate at the specified office of a Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Metropolis may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. **Meetings of Bondholders**

The Fiscal Agency Agreement contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including modification by extraordinary resolution (being a resolution passed at a meeting of the Bondholders duly convened and held in accordance with the provisions contained in the Fiscal Agency Agreement by a majority consisting of not less than three-quarters of the principal amount represented at the meeting) of the Bonds (including their terms and conditions) and the Deed of Covenant. An extraordinary resolution duly passed at any such meeting shall be binding on all the Bondholders, whether present or not. Any modification, *inter alia*, postponing the date of maturity of the Bonds or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Bonds, altering the currency of account or the currency of payment of the Bonds will only be binding if passed at a meeting of Bondholders (or at any adjournment thereof) at which a special quorum (provided for in the Fiscal Agency Agreement, being two or more persons holding or representing not less than 100 per cent. or, at any adjourned meeting, three-quarters of the aggregate principal amount, of the outstanding Bonds) is present.

13. **Further Issues**

The Metropolis may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Metropolis may determine at the time of their issue. References in these terms and conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds.

*Any such further issue will, however, not have the same CUSIP, ISIN, Common Code or other identifying number as the outstanding Bonds unless such further issue is fungible with such outstanding Bonds for U.S. federal income tax purposes.*

14. **Notices**

Notices to the Bondholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the applicable Register. Any such notice shall be deemed to have been given on the seventh day after the date of mailing.

*So long as the Bonds are evidenced by a Global Certificate and such Bonds are held on behalf of a clearing system, notices to Bondholders shall be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders in substitution for mailing required by these Conditions.*

15. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

16. **Governing Law**

The Bonds, and any non-contractual obligations arising out of or in connection with the Bonds, are governed by, and shall be construed in accordance with, English law.

The Metropolis hereby irrevocably and unconditionally submits to the jurisdiction of the English courts for all purposes in connection with this Bond appertaining hereto (including any non-contractual obligation arising out of or in connection with the Bonds) and in relation thereto the Metropolis hereby irrevocably appoints Mizuho Bank, Ltd., London Branch at its specified office for the time being in London (presently being at Mizuho House, 30 Old Bailey, London EC4M 7AU, United Kingdom (marked for the attention of the Head of Legal Department)) as its authorised agent upon whom process may be served in any action or proceedings of or in the courts of England arising out of or relating to this Bond (including any non-contractual obligation arising out of or in connection with the Bonds).

## **SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM**

Transfers of interests in the Bonds in respect of which the Global Certificates are issued shall be effected through the records of the relevant clearing system and their respective participants in accordance with the rules and procedures of the relevant clearing system and their respective direct and indirect participants.

Upon issue, the Unrestricted Bonds will be evidenced by the Unrestricted Global Certificate which will be deposited with, and registered in the name of the nominee for, the common depository for Euroclear and Clearstream, Luxembourg, and the Restricted Bonds will be evidenced by the Restricted Global Certificate, which will be deposited with the DTC Custodian and registered in the name of Cede & Co. as nominee for DTC.

In relation to any Bonds evidenced by a Global Certificate, references in the Terms and Conditions of the Bonds to the "Holder" or the "Bondholder" are references to the person in whose name such Global Certificate is for the time being registered in the applicable Register which, in the case of the Unrestricted Global Certificate held by or on behalf of a common depository for Euroclear and/or Clearstream, Luxembourg, will be that common depository or a nominee for that common depository and in the case of the Restricted Global Certificate held by or on behalf of DTC, will be Cede & Co. as nominee for DTC.

Each of the persons shown in the records of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Certificate (each an "Accountholder") must look solely to DTC, Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Metropolis to the Holder of such Global Certificate and in relation to all other rights arising under such Global Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Certificate will be determined by the respective rules and procedures of DTC, Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Bonds are evidenced by a Global Certificate, Accountholders shall have no claim directly against the Metropolis in respect of payments due under the Bonds and such obligations of the Metropolis will be discharged by payment to the Holder of such Global Certificate.

### **Transfers of Interests in Bonds Evidenced by Global Certificates**

Transfers of interests in Bonds evidenced by Global Certificates within DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Metropolis, the Joint Lead Managers or the Agents will have any responsibility or liability for any aspect of the records of any DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Certificate or for maintaining, supervising or reviewing any of the records of DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Bonds. Consequently, the ability to transfer interests in a Global Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of a Definitive Certificate representing such interest.

Subject to compliance with the transfer restrictions applicable to the Bonds described under "Transfer Restrictions", transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will be effected by the relevant clearing systems in accordance with their respective rules and through action taken by the DTC Custodian, the Registrars and the Fiscal Agent.

On or after the Issue Date, transfers of Bonds between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Bonds between participants in DTC will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

For transfers between a holder of interests in the Restricted Global Certificate and a holder of interests in the Unrestricted Global Certificate, there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, and transfers of interests in the relevant Global Certificate will be effected through the Fiscal Agent, the DTC Custodian, the applicable Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) two business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Fiscal Agent or the applicable Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear and Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg accountholders or between DTC participants are not affected by such restriction on cross-market transfers.

For a further description of restrictions on the transfer of Bonds, see "Subscription and Sale" and "Transfer Restrictions".

Upon the issue of the Restricted Global Certificate to be held by or on behalf of DTC, DTC or the DTC Custodian will credit the respective nominal amounts of the individual beneficial interests evidenced by such Restricted Global Certificate to the account of DTC participants. Ownership of beneficial interests in Bonds evidenced by such Restricted Global Certificate will be held through participants of DTC. Ownership of beneficial interests in Bonds evidenced by such Restricted Global Certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee. DTC has advised the Metropolis that it will take any action permitted to be taken by a Holder of Bonds evidenced by the Restricted Global Certificate held by or on behalf of DTC (including, without limitation, the presentation of the Restricted Global Certificate for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in such Restricted Global Certificate are credited, and only in respect of such portion of the aggregate nominal amount of Bonds evidenced by such Restricted Global Certificate as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the Restricted Global Certificate for Restricted Definitive Certificates (which will bear the relevant legends set out in "Transfer Restrictions"), which it will distribute to its participants in accordance with their proportionate entitlements.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in Bonds evidenced by the Global Certificates among participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Metropolis, the Joint Lead Managers or the Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their respective operations.

While a Global Certificate is lodged with DTC, Euroclear, Clearstream, Luxembourg or any relevant clearing system, Definitive Certificates for the Bonds will not be eligible for clearing and settlement through such clearing systems.

#### **Conditions Applicable to Bonds Evidenced by Global Certificates**

Each Global Certificate will contain provisions which modify the effect of the terms and conditions of the Bonds set out in this Offering Circular. The following is a summary of those provisions:

##### **1. Exchange**

The Unrestricted Global Certificate will become exchangeable in whole, but not in part, for Unrestricted Definitive Certificates if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 9 occurs.



The Restricted Global Certificate will become exchangeable in whole, but not in part, for Restricted Definitive Certificates if (a) DTC notifies the Metropolis that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Global Certificate or ceases to be a clearing agency (as defined in the U.S. Securities Exchange Act of 1934 (the "Exchange Act")), or is at any time no longer eligible to act as such, and the Metropolis is (in the case of DTC ceasing to be a depositary) unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or (b) any of the circumstances described in Condition 9 occurs.

Whenever a Global Certificate is to be exchanged for Definitive Certificates, such Definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of the relevant Global Certificate within five business days of the delivery, by or on behalf of the registered Holder of such Global Certificate, DTC, Euroclear and/or Clearstream, Luxembourg, to the applicable Registrar of such information as is required to complete and deliver such Definitive Certificates (including, without limitation, the names and addresses of the persons in whose names the Definitive Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the relevant Global Certificate at the specified office of the applicable Registrar. Such exchange will be effected in accordance with the provisions of the Fiscal Agency Agreement and the regulations concerning the transfer and registration of Bonds scheduled thereto and, in particular, shall be effected without charge to any Bondholder, but against such indemnity as the applicable Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange. In the event that Definitive Certificates for the Bonds are issued, a Bondholder who holds a principal amount of less than U.S.\$200,000 will not receive a Definitive Certificate in respect of such holding and would need to purchase a principal amount of Bonds such that it holds an amount of U.S.\$200,000 or above in integral multiples of U.S.\$2,000 thereof.

If:

- (a) Definitive Certificates have not been issued and delivered by 5.00 p.m. (Luxembourg time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the relevant Global Certificate; or
- (b) any of the Bonds evidenced by the relevant Global Certificate has become due and payable in accordance with the Conditions or the date for final redemption of the Bonds has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the relevant Global Certificate on the due date for payment in accordance with the terms of such Global Certificate,

then, at 5.00 p.m. (Luxembourg time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (b) above) each person shown in the records of Euroclear and/or Clearstream, Luxembourg (or any other relevant clearing system) as being entitled to interest in the Bonds (each an "Accountholder") shall acquire under the Deed of Covenant rights of enforcement against the Metropolis ("Direct Rights") to compel the Metropolis to perform its obligations to the Holder of the relevant Global Certificate in respect of the Bonds evidenced by such Global Certificate, including the obligation of the Metropolis to make all payments when due at any time in respect of such in accordance with the Conditions as if such Bonds had (where required by the Conditions) been duly presented and surrendered on the due date in accordance with the Conditions.

The Direct Rights shall be without prejudice to the rights which the Holder of a Global Certificate may have under such Global Certificate or otherwise. Payment to the Holder of a Global Certificate in respect of any Bonds evidenced by such Global Certificate shall constitute a discharge of the Metropolis' obligations under the Bonds and the Deed of Covenant to the extent of any such payment and nothing in the Deed of Covenant shall oblige the Metropolis to make any payment under the Bonds to or to the order of any person other than the Holder of such Global Certificate.

As a condition of any exercise of Direct Rights by an Accountholder, such Accountholder shall, as soon as practicable, give notice of such exercise to the Bondholders in the manner provided for in the Conditions or the relevant Global Certificate for notices to be given by the Metropolis to Bondholders.

2. **Payments**

In the case of all payments made in respect of a Global Certificate, "business day" means any day which is a day on which dealings in foreign currencies may be carried on in New York City, London and Tokyo.

Each payment in respect of the Bonds evidenced by any Global Certificate will be made to the person shown as the Holder in the applicable Register at the close of business (in the relevant clearing system) on the fifth Clearing System Business Day before the due date for such payment (for the purposes of the Bonds evidenced by such Global Certificate, such date being the "Record Date") where "Clearing System Business Day" means a day on which each clearing system for which the Unrestricted Global Certificate and the Restricted Global Certificate are being held is open for business.

3. **Notices**

So long as the Bonds are evidenced by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to holders of Bonds evidenced by such Global Certificate may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for mailing required by the terms and conditions of the Bonds. Such notices shall be deemed to have been given in accordance with the Conditions on the date of delivery to the relevant clearing system.

4. **Meetings**

The Holder of the Bonds in respect of which a Global Certificate is issued shall be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each U.S.\$2,000 of Bonds in respect of which a Global Certificate is issued.

5. **Redemption at the Option of the Metropolis**

The option of the Metropolis to redeem the Bonds prior to maturity provided for in Condition 5(b) shall be exercised or performed by the Metropolis giving notice to the Bondholders within the time limits relating thereto set out in and containing the information required of the Metropolis in accordance with such Condition.

6. **Purchase and Cancellation**

Cancellation of any Bonds evidenced by a Global Certificate required by the terms and conditions of the Bonds to be cancelled following its purchase will be effected by a reduction in the principal amount of the Bonds evidenced by such Global Certificate. A record of such reduction will be endorsed in the appropriate schedule of the relevant Global Certificate.

## TAXATION

**The tax laws of the investor's state and of the Metropolis' state of incorporation might have an impact on the income received from the securities. Prospective purchasers of Bonds should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Bonds and receiving payments of interest, principal and/or other amounts under the Bonds and the consequences of such actions under the tax laws of those countries.**

### Japan

*The following is a general description of certain Japanese tax aspects of the Bonds and does not purport to be a comprehensive description of the tax aspects of the Bonds. Prospective purchasers should note that, although the general tax information on Japanese taxation is described hereunder for convenience, the statements below are general in nature and not exhaustive.*

*Prospective purchasers are advised to consult their own legal, tax, accountancy or other professional advisers in order to ascertain their particular circumstances regarding taxation. The statements below are based on current tax laws and regulations in Japan and current income tax treaties executed by Japan all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). Neither such statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Bondholder or any person purchasing, selling or otherwise dealing in the Bonds or any tax implication arising from the purchase, sale or other dealings in respect of the Bonds.*

### ***Representation by Investors upon Primary Distribution (Boshu)***

**BY SUBSCRIBING FOR THE BONDS, AN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED IT IS A PERSON WHO FALLS INTO THE CATEGORY OF (i) OR (ii) BELOW:**

- (i) A beneficial owner that is, for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a person (a "Specially-Related Party of the Metropolis") having a "special relationship" with the Metropolis (that is, currently, in general terms, a party who is directly or indirectly controlled by the Metropolis) as described in Article 6, paragraph (4) of the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended) (the "Act on Special Measures Concerning Taxation"); or
- (ii) A beneficial owner that is a Japanese financial institution, designated in Article 6, paragraph (11) of the Act on Special Measures Concerning Taxation.

### ***The Bonds are Not "Taxable-Linked Securities"***

The Bonds do not constitute "taxable linked securities" as prescribed by Article 6, paragraph (4) of the Act on Special Measures Concerning Taxation (being securities for which the amount of interest is to be calculated by reference to certain indexes (as prescribed by Article 3-2-2, paragraph (8) of the Cabinet Order No. 43 of 1957, as amended (the "Cabinet Order") relating to the Act on Special Measures Concerning Taxation) relating to the Metropolis or a Specially-Related Party of the Metropolis).

### ***Capital Gains, Stamp Tax and Other Similar Taxes, Inheritance Tax and Gift Tax***

Gains derived from the sale of Bonds outside Japan by an individual non-resident of Japan or a non-Japanese corporation having no permanent establishment within Japan are, in general, not subject to Japanese income tax or corporate tax.

No stamp, issue, registration or similar taxes or duties will, under current Japanese law, be payable in Japan by Bondholders in connection with the issue of the Bonds, nor will such taxes be payable by Bondholders in connection with their transfer if such transfer takes place outside Japan.

Japanese inheritance tax or gift tax at progressive rates may be payable by an individual, wherever resident, who has acquired Bonds from another individual as legatee, heir or donee.

## **Interest Payments on Bonds and Redemption Gain**

*The following description of Japanese taxation (limited to national taxes) (subject to the relevant tax treaty between Japan and the relevant country) applies exclusively to interest on the Bonds and the redemption gain, meaning any positive difference between the acquisition price of the interest-bearing Bonds of the holder and the amount which the holder receives upon redemption of such interest-bearing Bonds (the "Redemption Gain"), where such Bonds are issued by the Metropolis outside Japan and payable outside Japan. In addition, the following description assumes that the Bonds will only be evidenced by Global Certificates, and no Bonds evidenced by Definitive Certificates that are independently traded are issued, in which case different tax consequences may apply. It is not intended to be exhaustive and prospective purchasers are recommended to consult their tax advisers as to their exact tax position.*

### 1. Non-Japanese-resident Investors

If the recipient of interest on the Bonds or of the Redemption Gain is an individual non-resident of Japan or a non-Japanese corporation for Japanese tax purposes, as described below, the Japanese tax consequences on such individual non-resident of Japan or non-Japanese corporation are significantly different depending upon whether such individual non-resident of Japan or non-Japanese corporation is a Specially-Related Party of the Metropolis (as defined below). Most importantly, if such individual non-resident of Japan or non-Japanese corporation is a Specially-Related Party of the Metropolis, income tax at the rate of 15.315 per cent. of the amount of such interest will be withheld by the Metropolis under Japanese tax law.

#### 1.1 Interest

- (1) If the recipient of interest on the Bonds is an individual non-resident of Japan or a non-Japanese corporation having no permanent establishment within Japan or having a permanent establishment within Japan but where the receipt of the interest on the Bonds is not attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan through such permanent establishment, no Japanese income tax or corporate tax is payable with respect to such interest whether by way of withholding or otherwise, if certain requirements are complied with, *inter alia*:
  - (i) if the relevant Bonds are held through a certain participant in an international clearing organisation such as Euroclear, Clearstream, Luxembourg or DTC or a certain financial intermediary prescribed by the Act on Special Measures Concerning Taxation and the relevant Cabinet Order (together with the Act on Special Measures Concerning Taxation and the ministerial ordinance and other regulations thereunder, the "Law") (each, a "Participant"), the requirement that such recipient provide, at the time of entrusting a Participant with the custody of the relevant Bonds, certain information prescribed by the Law to enable the Participant to establish that the recipient is exempt from the requirement for Japanese tax to be withheld or deducted (the "Interest Recipient Information"), and advise the Participant if such individual non-resident of Japan or non-Japanese corporation ceases to be so exempted (including the case where it becomes a Specially-Related Party of the Metropolis), and that the Metropolis prepare and file a certain confirmation prescribed by the Law ("Interest Recipient Confirmation") with the competent local tax office in a timely manner based upon the Interest Recipient Information communicated through the Participant and the relevant clearing organisation; and
  - (ii) if the relevant Bonds are not held by a Participant, the requirement that such recipient submit to the Fiscal Agent or the Paying Agent (as the case may be) a written application for tax exemption (*Hikazei Tekiyo Shinkokusho*) (the "Written Application for Tax Exemption"), together with certain documentary evidence, and that the Metropolis file the Written Application for Tax Exemption so received with the competent local tax office in a timely manner.

Failure to comply with such requirements described above (including the case where the Interest Recipient Information is not duly communicated as required under the Law) will

result in the withholding by the Metropolis of income tax at the rate of 15.315 per cent. of the amount of such interest.

- (2) If the recipient of interest on the Bonds is an individual non-resident of Japan or a non-Japanese corporation having a permanent establishment within Japan and the receipt of interest is attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan through such permanent establishment, such interest will not be subject to a 15.315 per cent. withholding tax by the Metropolis, if the requirements concerning the Interest Recipient Information and the Interest Recipient Confirmation or the Written Application for Tax Exemption as set out in paragraph 1.1(1) above are complied with. Failure to do so will result in the withholding by the Metropolis of income tax at the rate of 15.315 per cent. of the amount of such interest. The amount of such interest will be subject to regular income tax or corporate tax, as appropriate.
- (3) Notwithstanding paragraphs 1.1(1) and (2) above, if an individual non-resident of Japan or a non-Japanese corporation mentioned above is a person who has a special relationship with the Metropolis (that is, currently, in general terms, a party who is directly or indirectly controlled by the Metropolis) within the meaning prescribed by the Cabinet Order under Article 6, paragraph (4) of the Act on Special Measures Concerning Taxation (such person is referred to as a "Specially-Related Party of the Metropolis") as at the beginning of the fiscal year of the Metropolis in which the relevant Interest Payment Date falls, the exemption from Japanese withholding tax on interest mentioned above will not apply, and income tax at the rate of 15.315 per cent. of the amount of such interest will be withheld by the Metropolis. If such individual non-resident of Japan or non-Japanese corporation has a permanent establishment within Japan, regular income tax or corporate tax, as appropriate, collected otherwise than by way of withholding, could apply to such interest under Japanese tax law.
- (4) If an individual non-resident of Japan or a non-Japanese corporation (regardless of whether it is a Specially-Related Party of the Metropolis) is subject to Japanese withholding tax with respect to interest on the Bonds under Japanese tax law, a reduced rate of withholding tax or exemption from such withholding tax may be available under the relevant income tax treaty between Japan and the country of tax residence of such individual non-resident of Japan or non-Japanese corporation. As of the date of this Offering Circular, Japan has income tax treaties, conventions or agreements whereby the above-mentioned withholding tax rate is reduced, generally to 10 per cent. with, *inter alia*, Australia, Canada, Finland, France, Hong Kong, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Singapore and Switzerland. Under the income tax treaties between Japan and Austria, Belgium, Denmark, Germany, Spain, Sweden, the United Kingdom or the United States of America, interest paid to qualified Austrian, Belgian, Danish, German, Spanish, Swedish, United Kingdom or United States residents is generally exempt from Japanese withholding tax (for Belgium, only for a Belgian enterprise). Japan has also signed an amendment to the existing tax treaty with Switzerland generally exempting interest from Japanese withholding tax, and the amendment has not yet entered into force. Under the current income tax treaties between Japan and Australia, France, the Netherlands, New Zealand or Switzerland, certain limited categories of qualified Australian, French, Dutch, New Zealand or Swiss residents receiving interest on the Bonds may, subject to compliance with certain procedural requirements under Japanese law, be fully exempt from Japanese withholding tax for interest on the Bonds (provided that no exemption will apply to pension funds in the case of Australia and New Zealand). In order to avail themselves of such reduced rate of, or exemption from, Japanese withholding tax under any applicable income tax treaty, individual non-residents of Japan or non-Japanese corporations which are entitled, under any applicable income tax treaty, to a reduced rate of, or exemption from, Japanese withholding tax on payment of interest by the Metropolis are required to submit an Application Form for Income Tax Convention regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Interest (as well as any other required forms and documents) in advance through the Metropolis to the relevant tax authority before payment of interest.

- (5) Under the Law, (a) if an individual non-resident of Japan or a non-Japanese corporation that is a beneficial owner of the Bonds becomes a Specially-Related Party of the Metropolis, or an individual non-resident of Japan or a non-Japanese corporation that is a Specially-Related Party of the Metropolis becomes a beneficial owner of the Bonds, and (b) if such Bonds are held through a Participant, then such individual non-resident of Japan or non-Japanese corporation would be obligated to notify the Participant of such change in status by the immediately following Interest Payment Date of the Bonds. As described in paragraph 1.1(3) above, as the status of such individual non-resident of Japan or non-Japanese corporation as a Specially-Related Party of the Metropolis for Japanese withholding tax purposes is determined based on the status as at the beginning of the fiscal year of the Metropolis in which the relevant Interest Payment Date falls, such individual non-resident of Japan or non-Japanese corporation should, by such notification, identify and advise the Participant of the specific Interest Payment Date on which Japanese withholding tax starts to apply with respect to such individual non-resident of Japan or non-Japanese corporation as being a Specially-Related Party of the Metropolis.

## 1.2 Redemption Gain

- (1) If the recipient of the Redemption Gain is an individual non-resident of Japan or a non-Japanese corporation having no permanent establishment within Japan or having a permanent establishment within Japan but where the receipt of such Redemption Gain is not attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan through such permanent establishment, no income tax or corporate tax is payable with respect to such Redemption Gain.
- (2) If the recipient of the Redemption Gain with respect to the Bonds is an individual non-resident of Japan or a non-Japanese corporation having a permanent establishment within Japan and the receipt of such Redemption Gain is attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan through such permanent establishment, such Redemption Gain will not be subject to any withholding tax but will be subject to regular income tax or corporate tax, as appropriate.
- (3) Notwithstanding paragraphs 1.2(1) and (2) above, if an individual non-resident of Japan or a non-Japanese corporation mentioned above is a Specially-Related Party of the Metropolis as at the beginning of the fiscal year of the Metropolis in which such individual non-resident of Japan or non-Japanese corporation acquired such Bonds, the Redemption Gain will not be subject to withholding tax but will be subject to regular income tax or corporate tax, as appropriate, under Japanese tax law, regardless of whether such individual non-resident of Japan or non-Japanese corporation has a permanent establishment within Japan; provided that exemption may be available under the relevant income tax treaty.

## 2. Japanese Resident Investors

If the recipient of interest on the Bonds is an individual resident of Japan or a Japanese corporation for Japanese tax purposes, as described below, regardless of whether such recipient is a Specially-Related Party of the Metropolis, in addition to any applicable local tax, income tax will be withheld at the rate of 15.315 per cent. of the amount of such interest, if such interest is paid to an individual resident of Japan or a Japanese corporation (except for (i) a Designated Financial Institution (as defined below) which complies with the requirement for tax exemption under Article 6, paragraph (11) of the Act on Special Measures Concerning Taxation or (ii) a Public Corporation (as defined below) or a Specified Financial Institution (as defined below), to which such interest is paid through the Japanese Custodian (as defined below) in compliance with the requirement for tax exemption under Article 3-3, paragraph (6) of the Act on Special Measures Concerning Taxation).

In addition to the withholding tax consequences upon resident investors as explained in this section, resident investors should consult their own tax advisors regarding regular income tax or corporate tax consequences otherwise than by way of withholding, bearing in mind, especially for individual residents of Japan, the change to the taxation regime of bonds which took effect on 1st January, 2016.

## 2.1 Interest

- (1) If an individual resident of Japan or a Japanese corporation (other than a Specified Financial Institution (as defined below) or a Public Corporation (as defined below), who complies with the requirement as referred to in paragraph 2.1(2) below) receives payments of interest on the Bonds through certain Japanese payment handling agents (each a "Japanese Payment Handling Agent"), income tax at the rate of 15.315 per cent. of the amount of such interest will be withheld by the Japanese Payment Handling Agent rather than by the Metropolis. As the Metropolis is not in a position to know in advance the recipient's status, the recipient of interest falling within this category should inform the Metropolis through a Paying Agent of its status in a timely manner. Failure to so inform may result in double withholding.
- (2) If the recipient of interest on the Bonds is a Japanese public corporation or a Japanese public-interest corporation designated by the relevant law (*koukyohojin tou*) (each, a "Public Corporation") or a Japanese bank, a Japanese insurance company, a Japanese financial instruments business operator or other Japanese financial institution falling under certain categories prescribed by the relevant Cabinet Order under Article 3-3, paragraph (6) of the Act on Special Measures Concerning Taxation (each, a "Specified Financial Institution") that keeps its Bonds deposited with, and receives the interest through, a Japanese Payment Handling Agent with custody of the Bonds (the "Japanese Custodian") and such recipient submits through such Japanese Custodian to the competent tax authority the report prescribed by the Law, no withholding tax is levied on such interest. However, since the Metropolis is not in a position to know in advance the recipient's such tax exemption status, the recipient of interest falling within this category should inform the Metropolis through a Paying Agent of its status in a timely manner. Failure to so notify the Metropolis may result in the withholding by the Metropolis of a 15.315 per cent. income tax.
- (3) If an individual resident of Japan or a Japanese corporation (except for a Designated Financial Institution which complies with the requirements described in paragraph 2.1(4) below) receives interest on the Bonds not through a Japanese Payment Handling Agent, income tax at the rate of 15.315 per cent. of the amount of such interest will be withheld by the Metropolis.
- (4) If a Japanese bank, a Japanese insurance company, a Japanese financial instruments business operator or other Japanese financial institution falling under certain categories prescribed by the Cabinet Order under Article 6, paragraph (11) of the Act on Special Measures Concerning Taxation (each, a "Designated Financial Institution") receives interest on the Bonds not through a Japanese Payment Handling Agent and the requirements concerning the Interest Recipient Information and the Interest Recipient Confirmation or the Written Application for Tax Exemption as referred to in paragraph 1.1(1) above are complied with, no withholding tax will be imposed.

## 2.2 Redemption Gain

If the recipient of the Redemption Gain is an individual resident of Japan or a Japanese corporation, such Redemption Gain will not be subject to any withholding tax.

## 3. Special Additional Tax for Reconstruction from the Great East Japan Earthquake

Due to the imposition of a special additional withholding tax of 0.315 per cent. (or 2.1 per cent. of 15 per cent.) to secure funds for reconstruction from the Great East Japan Earthquake, the withholding tax rate has been effectively increased to 15.315 per cent. during the period beginning on 1st January, 2013 and ending on 31st December, 2037. On or after 1st January, 2038, the withholding tax rate will be 15 per cent., where the foregoing references to the withholding tax rate of 15.315 per cent. shall read 15 per cent. There is also special additional tax imposed upon regular income tax, as referred to in the foregoing descriptions, for the period mentioned above.

## **Certain U.S. Federal Income Tax Considerations**

The following is a description of certain U.S. federal income tax consequences of the ownership and disposition of the Bonds by the U.S. Holders described below, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to acquire Bonds. This discussion applies only to U.S. Holders that purchase Bonds pursuant to this offering at the "issue price", which is the first price at which a substantial amount of the Bonds is sold to the public, and that hold the Bonds as capital assets for U.S. federal income tax purposes. This discussion does not describe all of the tax consequences that may be relevant to an investor in the Bonds in light of its particular circumstances, including the possible effects of and special tax accounting rules under Section 451 of the Code (as defined below), alternative minimum tax or Medicare contribution tax consequences and differing tax consequences that may be applicable if such investor is, for instance:

- a financial institution;
- an insurance company;
- a regulated investment company;
- a dealer or trader in securities that uses a mark-to-market method of tax accounting;
- holding Bonds as part of a "straddle" or integrated transaction;
- a person whose functional currency is not the U.S. dollar;
- a person holding the Bonds in connection with a trade or business conducted outside of the United States;
- a partnership for U.S. federal income tax purposes; or
- a tax-exempt entity.

If an investor in the Bonds is a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of its partners will generally depend on the status of the partners and its activities. A partnership owning Bonds and partners in such partnership should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of the Bonds.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions, Treasury regulations, and the income tax treaty between the United States and Japan, or the Treaty, changes to any of which subsequent to the date of this Offering Circular may affect the tax consequences described herein, possibly with retroactive effect. This summary does not address state, local or non-U.S. tax consequences, U.S. federal estate or gift tax consequences or any consequences other than U.S. federal income tax consequences.

**Any prospective investor considering the purchase of Bonds should consult its tax adviser with regard to the application of the U.S. federal tax laws to its particular situation, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.**

A "U.S. Holder" is a beneficial owner of a Bond that is for U.S. federal income tax:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

### ***Interest***

It is expected, and therefore this discussion assumes, that the Bonds will be issued without original issue discount for U.S. federal income tax purposes. Interest paid on a Bond will be taxable to a U.S. Holder as



ordinary income at the time it accrues or is received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. The amount of interest taxable as ordinary income will include amounts, if any, withheld in respect of Japanese taxes and any additional amounts paid with respect thereto as described under "Terms and Conditions of the Bonds—Taxation". See "— Japan — Interest Payments on Bonds and Redemption Gain — 1. Non-Japanese-resident Investors — 1.1 Interest — (4)" for a discussion of the requirements for obtaining an exemption from Japanese withholding tax.

Interest will constitute foreign-source income for U.S. federal income tax purposes. Subject to applicable limitations, some of which vary depending on the U.S. Holder's particular circumstances, any Japanese income taxes withheld from interest payments on a Bond may be creditable against the U.S. Holder's U.S. federal income tax liability. However, any Japanese withholding tax on interest payments will not be creditable (i) if such tax is imposed due to the failure to provide Interest Recipient Information or a Written Application for Tax Exemption, as the case may be, under Japanese law or (ii) to the extent the tax is withheld in excess of any applicable Treaty rate. The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisers regarding the availability of foreign tax credits in their particular circumstances. Instead of claiming a credit, subject to applicable limitations, U.S. Holders may elect to deduct foreign taxes (if any) in computing their taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year.

#### ***Sale or Other Taxable Disposition of the Bonds***

Upon the sale or other taxable disposition of a Bond, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale or other taxable disposition and its tax basis in the Bond. For these purposes, the amount realised does not include any amount attributable to accrued interest, which is treated as described under "*—Interest*" above. A U.S. Holder's tax basis in a Bond will generally equal the amount it paid for such Bond.

Gain or loss realised on the sale or other taxable disposition of a Bond will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale or other taxable disposition the Bond has been held for more than one year. Long-term capital gains recognised by non-corporate taxpayers are eligible to be taxed at rates lower than those applicable to ordinary income. The deductibility of capital losses is subject to limitations. Gain or loss generally will be U.S. source for purposes of computing a U.S. Holder's foreign tax credit limitation.

#### ***Backup Withholding and Information Reporting***

Information returns may be required to be filed with the Internal Revenue Service, or the IRS, in connection with payments on the Bonds and proceeds received from a sale or other disposition of the Bonds unless the U.S. Holder is an exempt recipient (that, if required, establishes such exemption). A U.S. Holder may also be subject to backup withholding on these payments unless it provides its taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules or, if required, provides proof of an applicable exemption. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against a U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

## CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "Clearing Systems") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Metropolis believes to be reliable, but neither the Metropolis nor the Joint Lead Managers takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Metropolis and any other party to the Fiscal Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

### Clearing Systems

#### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

#### *DTC*

DTC has advised the Metropolis that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and, together with Direct Participants, "Participants"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "DTC Rules"), DTC makes book entry transfers of Bonds in registered form among Direct Participants on whose behalf it acts with respect to Bonds accepted into DTC's book entry settlement system ("DTC Bonds") as described below and receives and transmits distributions of principal and interest on DTC Bonds. The DTC Rules are on file with the U.S. Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Bonds ("Owners") have accounts with respect to the DTC Bonds similarly are required to make book entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Bonds through Direct Participants or Indirect Participants will not possess Bonds, the DTC Rules, by virtue of the requirements

described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Bonds.

Purchases of DTC Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Bonds on DTC's records. The ownership interest of each actual purchaser of each DTC Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Bonds, except in the event that use of the book entry system for the DTC Bonds is discontinued.

To facilitate subsequent transfers, all DTC Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Bonds unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Metropolis as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Metropolis or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, relevant agents or the Metropolis, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Metropolis, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its DTC Bonds purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Bonds by causing the Direct Participant to transfer the Participant's interest in the DTC Bonds, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Bonds are transferred by Direct Participants on DTC's records and followed by a book entry credit of tendered DTC Bonds to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Bonds at any time by giving reasonable notice to the Metropolis or the relevant agent. Under such circumstances, in the event that a successor depository is not obtained, DTC Bond certificates are required to be printed and delivered.

The Metropolis may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC Bond certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Bonds to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Bonds, will be required to withdraw its Bonds from DTC.

The information in this section concerning DTC and DTC's book entry system has been obtained from sources that the Metropolis believes to be reliable, but the Metropolis takes no responsibility for the accuracy thereof.

### **Registration and Form**

Book entry interests in the Bonds held through Euroclear and Clearstream, Luxembourg will be evidenced by the Unrestricted Global Certificate registered in the name of a nominee of, and held by, a common depository for Euroclear and Clearstream, Luxembourg. Book entry interests in the Bonds held through DTC will be evidenced by the Restricted Global Certificate registered in the name of Cede & Co., as nominee for DTC, and held by the DTC Custodian. As necessary, the applicable Registrar will adjust the amounts of Bonds on the applicable Register for the accounts of Euroclear, Clearstream, Luxembourg and DTC to reflect the amounts of Bonds held through Euroclear, Clearstream, Luxembourg and DTC, respectively. Beneficial ownership of book entry interests in Bonds will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC.

The aggregate holdings of book entry interests in the Bonds in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book entry accounts of each such institution. Euroclear, Clearstream, Luxembourg or DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book entry interests in the Bonds will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book entry interests in the Bonds. The applicable Registrar will be responsible for maintaining a record of the aggregate holdings of Bonds registered in the name of a common nominee for Euroclear and Clearstream, Luxembourg, a nominee for DTC and/or, if individual Certificates are issued in the limited circumstances described in the Global Certificates, holders of Bonds evidenced by those Definitive Certificates. The Fiscal Agent will be responsible for ensuring that payments received by it from the Metropolis for holders of book entry interests in the Bonds holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be, and the Fiscal Agent will also be responsible for ensuring that payments received by the Fiscal Agent from the Metropolis for holders of book entry interests in the Bonds holding through DTC are credited to DTC.

The Metropolis will not impose any fees in respect of holding the Bonds; however, holders of book-entry interests in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream, Luxembourg or DTC.

### **Clearing and Settlement Procedures**

#### ***Initial Settlement***

Upon their original issue, the Bonds will be in global form represented by the two Global Certificates. Interests in the Bonds will be in uncertified book entry form. Purchasers electing to hold book entry interests in the Bonds through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds. Book entry interests in the Bonds will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts on the business day following the Closing Date against payment (value the Closing Date). DTC participants acting on behalf of purchasers electing to hold book entry interests in the Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book entry interests in the Bonds following confirmation of receipt of payment to the Metropolis on the Closing Date.

### ***Secondary Market Trading***

Secondary market trades in the Bonds will be settled by transfer of title to book entry interests in the Clearing Systems. Title to such book entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream, Luxembourg or DTC, as the case may be, in accordance with their respective procedures. Book entry interests in the Bonds may be transferred within Euroclear and within Clearstream, Luxembourg and between Euroclear and Clearstream, Luxembourg in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg. Book entry interests in the Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book entry interests in the Bonds between Euroclear or Clearstream, Luxembourg and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream, Luxembourg and DTC.

### **General**

None of Euroclear, Clearstream, Luxembourg or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

None of the Metropolis or any of their agents will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective participants of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

## SUBSCRIPTION AND SALE

Goldman Sachs International, Barclays Bank PLC, Citigroup Global Markets Limited and Morgan Stanley & Co. International plc (together, the "Joint Lead Managers") have, pursuant to a subscription agreement dated 7 June, 2022 (the "Subscription Agreement"), agreed with the Metropolis, subject to the satisfaction of certain conditions, severally but not jointly, to purchase the aggregate principal amount of the Bonds as indicated in the table below at the issue price of 99.929 per cent. of their principal amount (the "Issue Price"):

<b>Joint Lead Managers</b>	<b>Aggregate Principal Amount of the Bonds</b>
Goldman Sachs International .....	U.S.\$140,000,000
Barclays Bank PLC .....	U.S.\$120,000,000
Citigroup Global Markets Limited .....	U.S.\$120,000,000
Morgan Stanley & Co. International plc .....	U.S.\$120,000,000
Total .....	<u>U.S.\$500,000,000</u>

The Metropolis has agreed to pay to the Joint Lead Managers a total combined management and underwriting commission and selling concession of 0.100 per cent. of the principal amount of the Bonds. In addition, the Metropolis has agreed to reimburse the Joint Lead Managers for certain expenses in connection with the issue of the Bonds. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Metropolis.

Save as discussed above, so far as the Metropolis is aware, no person involved in the offer of the Bonds has an interest material to the Bonds.

### **Selling Restrictions**

#### ***United States of America***

The Bonds have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds are being offered, sold or delivered only: (a) outside the United States in offshore transactions in reliance on Regulation S and (b) in the United States only to QIBs in connection with resales by the Joint Lead Managers, in reliance on, and in compliance with, Rule 144A.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Bonds within the United States or to, or for the account or benefit of, U.S. persons, other than pursuant to Rule 144A, and such Joint Lead Manager will have sent to each dealer to which it sells Bonds during the distribution compliance period relating thereto, a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Bonds, any offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

#### ***United Kingdom***

Each Joint Lead Manager has agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Metropolis; and

- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

### **Japan**

The Bonds are exempt from the requirement for registration under the Financial Instruments and Exchange Act and are subject to the Act on Special Measures Concerning Taxation. Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell as part of its primary distribution (*boshu*) at any time, any Bonds to, or for the benefit of, any person other than:

- (i) a beneficial owner that is, for Japanese tax purposes, neither:
  - (x) an individual resident of Japan or a Japanese corporation; nor
  - (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Party of the Metropolis (that is, currently, in general terms, a party who is directly or indirectly controlled by the Metropolis) as described in Article 6, paragraph (4) of the Act on Special Measures Concerning Taxation; or
- (ii) a beneficial owner that is a Japanese financial institution, designated in Article 6, paragraph (11) of the Act on Special Measures Concerning Taxation.

### **General**

Some of the Joint Lead Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Metropolis. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Metropolis. Certain of the Joint Lead Managers and their affiliates that have a lending relationship with the Metropolis routinely hedge their credit exposure to the Metropolis consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Metropolis' securities, including potentially the Bonds. Any such short positions could adversely affect future trading prices of the Bonds. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Settlement**

It is expected that delivery of the Bonds will be made on the 7th business day following the date of pricing of the Bonds (such settlement cycle being referred to herein as "T+7"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Bonds on or after the date of pricing of the Bonds may be required, by virtue of the fact that the Bonds initially will settle in T+7, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisers.

## TRANSFER RESTRICTIONS

*Due to the following significant transfer restrictions applicable to the Bonds, investors are advised to consult legal counsel prior to making any reoffer, resale, pledge, transfer or disposal of the Bonds.*

### **Unrestricted Bonds**

Each purchaser of Unrestricted Bonds outside the United States pursuant to Regulation S and each subsequent purchaser of such Bonds in resales prior to the expiration of 40 days after the Closing Date (the "distribution compliance period"), by accepting delivery of this Offering Circular and the Bonds, will be deemed to have represented, agreed and acknowledged that:

- (i) it is, or at the time the Unrestricted Bonds are purchased will be, the beneficial owner of such Bonds and:
  - (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S); and
  - (b) it is not an affiliate of the Metropolis or a person acting on behalf of such an affiliate;
- (ii) it understands that such Unrestricted Bonds have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Bonds except:
  - (a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or
  - (b) to the Metropolis; or
  - (c) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB, in each case in accordance with any applicable securities laws of any State of the United States;
- (iii) it understands that the Metropolis, the Registrars, the Fiscal Agent, the Paying Agents, the Transfer Agents, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

On or prior to the fortieth day after the issue date, Bonds represented by an interest in the Unrestricted Global Certificate may also be transferred to a person who wishes to hold such Bonds in the form of an interest in the Restricted Global Certificate, but only upon receipt by the applicable Registrar of a written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. After such fortieth day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Global Certificate.

Bonds represented by an interest in a Restricted Global Certificate may also be transferred to a person who wishes to hold such Bonds in the form of an interest in an Unrestricted Global Certificate, but only upon receipt by the applicable Registrar of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Any interest in a Bond evidenced by the Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Bond evidenced by the Unrestricted Global Certificate will, upon transfer, cease to be an interest in a Bond evidenced by the Restricted Global Certificate and become an interest in a Bond evidenced by the Unrestricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Bonds evidenced by the Unrestricted Global Certificate.

### **Restricted Bonds**

Each purchaser of Bonds evidenced by the Restricted Global Certificate in reliance on Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged



as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

- (i) the purchaser is (a) a QIB, (b) acquiring the Bonds for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Bonds or the Metropolis and (d) is aware, and each beneficial owner of such Bonds has been advised that the sale of the Bonds to it is being made in reliance on Rule 144A;
- (ii) the purchaser understands that (1) the Bonds have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the Metropolis or any of their respective affiliates, in each case in accordance with any applicable securities laws of any State of the United States, and (2) it will, and each subsequent holder of the Bonds evidenced by the Restricted Global Certificate is required to, notify any purchaser of the Bonds evidenced by the Restricted Global Certificate from it of the resale restrictions applicable to the Bonds evidenced by the Restricted Global Certificate;
- (iii) the purchaser understands that the Unrestricted Global Certificate and any Unrestricted Definitive Certificate will bear a legend to the following effect, unless the Metropolis determines otherwise in accordance with applicable law:

THE BONDS EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE BONDS EVIDENCED HEREBY, AGREES FOR THE BENEFIT OF THE METROPOLIS THAT THE BONDS EVIDENCED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS.

- (iv) the purchaser understands that the Restricted Global Certificate and any Restricted Definitive Certificate will bear a legend to the following effect, unless the Metropolis determines otherwise in accordance with applicable law:

"THE BONDS EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE BONDS EVIDENCED HEREBY, AGREES FOR THE BENEFIT OF THE METROPOLIS OF TOKYO (THE "METROPOLIS") THAT THE BONDS EVIDENCED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) TO THE METROPOLIS OR THEIR RESPECTIVE AFFILIATES. THIS LEGEND MAY ONLY BE REMOVED AT THE OPTION OF THE METROPOLIS."

- (v) if it is acquiring any Bonds for the account of one or more QIBs the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

- (vi) the purchaser understands that the Metropolis, the Registrars, the Fiscal Agent, the Paying Agents, the Transfer Agents, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Upon the transfer, exchange or replacement of the Restricted Global Certificate or a Restricted Definitive Certificate, or upon specific request for removal of the legend, the Metropolis will deliver only the Restricted Global Certificate or one or more Restricted Definitive Certificates that bear such legend or will refuse to remove such legend, unless there is delivered to the Metropolis and the applicable Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the Metropolis that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Any interest in a Bond evidenced by the Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Bond evidenced by the Unrestricted Global Certificate will, upon transfer, cease to have an interest in a Bond evidenced by the Restricted Global Certificate and become an interest in Bond evidenced by the Unrestricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in a Bond evidenced by the Unrestricted Global Certificate.

**Prospective purchasers that are QIBs are hereby notified that sellers of the Restricted Global Registered Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

## **LEGAL MATTERS**

The validity of the Bonds will be passed upon on behalf of the Metropolis by Nagashima Ohno & Tsunematsu, counsel for the Metropolis as to matters of Japanese law, and by Davis Polk & Wardwell LLP, counsel for the Metropolis as to matters of United States law. Certain legal matters will be passed upon for the Managers by Clifford Chance (Gaikokuho Kyodo Jigyo), English legal counsel for the Managers, as to matters of English law and by Clifford Chance, United States counsel for the Managers, as to matters of United States law.

## **OFFICIAL STATEMENTS**

The Metropolis has included the information in this Offering Circular (including but not limited to the financial statements in pages A-3 to A-57 (both inclusive)), whose source is identified as a publication of the Metropolis, Japan or one of their respective agencies or instrumentalities in reliance on the authority of the publication as a public official document. All other information that the Metropolis has provided in this Offering Circular under the captions "Presentation of Financial Information", "Risk Factors", "The Metropolis of Tokyo" and "General Information" have been supplied by the Metropolis on the authority of public officials of the Metropolis.

## GENERAL INFORMATION

1. The issue of the Bonds was duly authorised by the Governor on 22nd April, 2022.
2. The Unrestricted Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg, and the Restricted Bonds have been accepted for clearance through DTC. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York, 10041-0099, United States of America. The ISIN, common code and CUSIP of the Bonds are as follows:

	Common Code	ISIN	CUSIP
Unrestricted Bonds .....	247880194	XS2478801942	—
Restricted Bonds .....	248054298	US59173LAF76	59173L AF7

3. The listing of the Bonds on the Official List will be expressed in U.S. dollars as a percentage of their principal amount (excluding accrued interest). It is expected that the admission of the Bonds to the Official List and admission of the Bonds to trading on the Main Market will be granted on 15 June, 2022 (to take effect on 17 June, 2022). Prior to its official listing, dealings will be permitted by the London Stock Exchange in accordance with its rules. The total expenses related to the admission of trading are estimated to be U.S.\$10,000. If, despite the reasonable endeavours of the Metropolis once listing has been obtained, maintaining a listing of the Bonds on the Official List is impossible, impracticable or unduly onerous, the Metropolis may apply for a de-listing of the Bonds from the Official List and will use its reasonable endeavours to obtain and maintain a listing of the Bonds on another leading stock exchange for the listing of equivalent securities.
4. It is expected that the listing of the Bonds on the TOKYO PRO-BOND Market will take effect on 17 June, 2022. The listing of the Bonds on the TOKYO PRO-BOND Market is expected to take effect as an issue under a bond issuance programme of the Metropolis listed on such market. There are no expenses related to the listing of such programme on the TOKYO PRO-BOND Market. If maintaining a listing of the Bonds on the TOKYO PRO-BOND Market is impossible, impracticable or unduly onerous, the Metropolis may stop making efforts to continue the listing of the Bonds on the TOKYO PRO-BOND Market.

TOKYO PRO-BOND Market is a market principally for professional investors and bonds listed on the market ("TOKYO PRO-BOND Market Listed Bonds") may involve high investment risk. Investors should act with responsibility and be aware of the listing qualification, timely disclosure requirements that apply to issuers of TOKYO PRO-BOND Market Listed Bonds and associated risks such as the fluctuation in market prices. Prospective investors should make an investment judgment only after having carefully considered the contents of this Offering Circular.

The Tokyo Stock Exchange does not make any representations or warranties with regard to any part of this Offering Circular (including, but not limited to, whether this Offering Circular (a) contains a false statement on important matters or (b) lacks a statement on: (i) important matters that should be stated or (ii) a material fact that is necessary for avoiding misunderstanding) and will not be liable to any damages for any other liabilities.

5. So long as any of the Bonds remain outstanding copies of the Fiscal Agency Agreement, incorporating the forms of the Certificates and the Deed of Covenant will be available for inspection during usual business hours (except Saturdays, Sundays and legal holidays) at the specified offices of the Fiscal Agent and each of the Paying Agents.
6. Mogaki Yukio, the Audit and Inspection Commissioner (an internal executive organ of the Metropolis as described below) of the Metropolis, of 8-1, Nishishinjuku 2-chome, Shinjuku-ku, Tokyo, Japan, has audited certain financial information included in this Offering Circular as set forth in "Report of Audit and Inspection Commissioner". Mogaki Yukio is not a member of the Assembly. As described in the section headed "The Metropolis of Tokyo — Administration", the Audit and Inspection Commissioners are one of the internal executive organs of the Metropolis appointed by the Governor with the consent of the Assembly. The Audit and Inspection Commissioners are accorded a degree of autonomy and independence. The Report of Audit and Inspection Commissioner included in this Offering Circular is included, in the form and context in which it is included, with the consent of the Audit and Inspection Commissioner, who has

authorised the contents of that part of this Offering Circular. The Audit and Inspection Commissioner accepts responsibility for the Report of Audit and Inspection Commissioner contained in this Offering Circular. To the best of the knowledge of the Audit and Inspection Commissioner, the information contained in the Report of Audit and Inspection Commissioner contained in this Offering Circular is in accordance with the facts and this Offering Circular makes no omission likely to affect its import.

7. There are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Metropolis is aware) during the 12 months preceding the date of this Offering Circular which may have or have had in the recent past significant effects on the financial position of the Metropolis.
8. There has been no significant change in the public finance and trade position of the Metropolis since 31st March, 2021.
9. The yield on the Bonds is 3.400 per cent. per annum. The yield is calculated at the issue date of the Bonds on the basis of the Issue Price. It is not an indication of future yield.
10. The Global Certificate and any Definitive Certificates will bear the following legend:

"Interest payments on this security will generally be subject to Japanese withholding tax unless it is established that the security is held by or for the account of a beneficial owner that is (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special relationship with the Metropolis as described in Article 6, paragraph (4) of the Act on Special Measures Concerning Taxation of Japan (a "Specially-Related Party of the Metropolis"), (ii) a Japanese designated financial institution described in Article 6, paragraph (11) of the Act on Special Measures Concerning Taxation of Japan which complies with the requirement for tax exemption under that paragraph, or (iii) a Japanese public corporation, a Japanese financial institution or a Japanese financial instruments business operator described in Article 3-3, paragraph (6) of the Act on Special Measures Concerning Taxation of Japan which complies with the requirement for tax exemption under that paragraph.

Interest payments on this security to an individual resident of Japan, to a Japanese corporation (except as described in the preceding paragraph), or to an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Party of the Metropolis will be subject to deduction in respect of Japanese income tax at a rate of currently 15.315 per cent. of the amount of such interest."

11. Where information has been sourced from the publication of a party other than the Metropolis, the source of such information has been identified at their respective occurrences within this Offering Circular, and such information has been accurately reproduced and, as far as the Metropolis is aware and is able to ascertain from the information published by that party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
12. The Legal Entity Identifier (LEI) code of the Metropolis is 353800FABE4GGB1BMO18.

**ANNEX A – METROPOLIS ACCOUNTING STANDARD FINANCIAL STATEMENTS**

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Fiscal Year 2020

II . COMBINED FINANCIAL  
STATEMENTS  
(for General and  
All Special Accounts)



# 1. Combined Balance Sheet

(As of March 31, 2021)

Description of accounts	Amount (yen)	Description of accounts	Amount (yen)
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>I Current Assets</b>	1,580,036,135,883	<b>I Current Liabilities</b>	454,799,923,377
Cash and deposits	520,395,882,887	Accounts refundable	2,222,796,404
Unpaid overdue accounts	111,962,161,266	Metropolitan debt	338,063,558,337
Allowance for loss on unpaid receivables	△ 11,864,683,592	Short-term borrowings	1,500,000
Funds and financial reserves	822,575,961,908	Borrowings from other accounts	0
Adjusted fund for public finance	532,707,718,908	Borrowings from funds	0
Sinking fund	289,868,243,000	Other short-term borrowings	1,500,000
Short-term loans	137,838,558,228	Lease liabilities	152,821,210
Allowance for loss on bad loans	△ 871,744,814	Accounts payable	0
Other current assets	0	Deferred payments	0
<b>II Fixed Assets</b>	33,941,915,711,759	Unpaid guarantee obligations	0
<b>1 Administrative property</b>	8,089,844,861,077	Other accounts payable	0
<b>1 Tangible fixed assets</b>	8,084,364,233,531	Allowance for bonuses	113,614,964,114
Buildings	2,418,226,688,371	Other current liabilities	744,283,312
Structures	292,862,915,080	<b>II Fixed Liabilities</b>	6,236,363,266,867
Trees and forests	696,243,138	Metropolitan debt	5,244,897,859,055
Ships	6,178,291,417	Long-term borrowings	375,361,964
Aircraft	6,778,041,858	Borrowings from other accounts	0
Floating piers, etc.	3,207,081,625	Borrowing from funds	0
Land	5,356,414,972,042	Other long-term borrowings	375,361,964
<b>2 Intangible fixed assets</b>	5,480,627,546	Lease liabilities	331,864,579
Land-use rights	5,480,627,546	Allowance for retirement benefits	954,085,174,000
Other intangible fixed assets	0	Other allowances	0
<b>2 Ordinary property</b>	1,523,953,279,012	Other fixed liabilities	36,673,007,269
<b>1 Tangible fixed assets</b>	1,512,397,164,243	Security deposits	16,673,007,269
Buildings	344,078,934,560	Other fixed liabilities	20,000,000,000
Structures	46,345,315,256		
Trees and forests	94,000,333		
Ships	3		
Aircraft	0		
Floating piers, etc.	6,108,552		
Land	1,121,872,805,539		
<b>2 Intangible fixed assets</b>	11,556,114,769		
Land-use rights	372,941,000		
Other intangible fixed assets	11,183,173,769		
<b>3 Movable properties</b>	76,496,882,371		
<b>4 Infrastructure assets</b>	14,972,023,703,205		
<b>1 Tangible fixed assets</b>	14,957,156,234,229		
Buildings	54,067,242,926		
Structures	2,043,937,974,189		
Floating piers, etc.	637,829,450		
Land	12,858,513,187,664		
<b>2 Intangible fixed assets</b>	14,867,468,976		
Land-use rights	14,867,468,976		
Other intangible fixed assets	0		
<b>5 Software</b>	7,491,153,022		
<b>6 Lease assets</b>	1,177,760,145		
<b>7 Construction in progress</b>	1,306,019,901,860		
<b>8 Software in progress</b>	765,102,560		
<b>9 Investments and other assets</b>	7,964,143,068,507		
Securities	238,991,822,967		
Investments in capital	681,997,459,270		
Allowance for investment loss	0		
Investments in public enterprise accounts	2,230,644,843,011		
Long-term loans	1,313,256,327,646		
Allowance for loss on bad loans	△ 1,994,703,918		
Other long-term debts	9,300,555,931		
Funds and financial reserves	3,324,624,392,316		
Sinking fund	1,272,563,865,160		
Special purpose fund	1,736,402,327,092		
Managed fixed amount financial reserve	315,658,200,064		
Other investments	167,322,371,284		
		<b>TOTAL LIABILITIES</b>	6,691,163,190,244
		<b>NET ASSETS</b>	
		Net assets, including net increase(or decrease) for the period	28,830,788,657,398 103,508,569,821
		<b>TOTAL NET ASSETS</b>	28,830,788,657,398
<b>TOTAL ASSETS</b>	35,521,951,847,642	<b>TOTAL LIABILITIES AND NET ASSETS</b>	35,521,951,847,642

## 2. Combined Statement of Operating Costs

From April 1, 2020

To March 31, 2021

Description of accounts	Amount (yen)
<b>ORDINARY REVENUE AND EXPENSES</b>	
<b>I Operating Revenue and Expenses</b>	<b>△ 5,968,852,640</b>
1 Operating revenue	9,448,303,126,459
Metropolitan taxes	4,752,672,397,999
Local consumption tax (before settlement)	2,131,976,776,449
Local transfer taxes	47,300,769,288
Special local government grants	8,976,337,000
Subsidy for municipalities which locate national facilities	34,223,000
Revenue from other tax sources	5,679,206
National treasury disbursements	1,488,629,402,256
Traffic safety special grants	2,950,129,000
Receipt from operations (Special Accounts)	3,641,744
Charges and contributions	437,700,740,086
Rents and fees	143,801,185,888
Revenue from property	12,349,510,331
Revenue from commissioned projects	49,829,045,226
Revenue from other business and sales	363,238,526,758
Donations	1,278,438,642
Transfer from other accounts	7,392,823,491
Other operating revenue	163,500,095
2 Operating expenses	9,454,271,979,099
Tax-related subsidies	1,389,352,911,265
Salary and wages	1,368,910,997,458
Service and supplies	380,340,296,486
Maintenance and repairs	106,291,721,552
Social welfare	140,673,600,724
Local consumption tax settlement	1,544,332,387,357
Financial assistance for non-capital investment	3,400,730,623,110
Portion of subsidies (with state aids) granted for capital investment but used for non-capital expenses	74,110,925,713
Portion of subsidies (without state aids) granted for capital investment but used for non-capital expenses	329,139,186,943
Financial assistance for capital investment (initiated/owned by the national government)	36,512,028,350
Non-capital investment	73,143,037,287
Subsidies to other accounts	183,522,989,024
Depreciation	210,209,704,174
Provision for guaranteed obligations	759,068,030
Provision for allowance for loss on unpaid receivables	8,027,430,618
Provision for allowance for loss on bad loans	0
Provision for allowance for bonuses	113,614,964,114
Provision for allowance for retirement benefits	90,516,324,252
Provision for other allowances	0
Other operating expenses	4,083,782,642
<b>II Financial Revenue and Expenses</b>	<b>△ 39,999,232,189</b>
1 Financial revenue	13,821,125,855
Interest and dividend	13,821,125,855
2 Financial expenses	53,820,358,044
Interest on Metropolitan debt	51,087,653,515
Debt issuing expenses	2,416,436,692
Discount on debt issuance	284,218,630
Interest on borrowing from other accounts, etc.	32,049,207
<b>Surplus from ordinary activities</b>	<b>△ 45,968,084,829</b>
<b>EXTRAORDINARY GAINS AND LOSSES</b>	<b>71,775,973,603</b>
1 Extraordinary gains	101,866,229,257
Gain on sales of fixed assets	3,364,047,091
Other extraordinary gains	98,502,182,166
2 Extraordinary losses	30,090,255,654
Loss on sales of fixed assets	357,887,929
Loss on disposal of fixed assets	3,361,170,431
Disaster restoration	2,408,927,203
Loss on unpaid receivables	115,996,570
Loss on bad loans	14,349,726
Other extraordinary losses	23,831,923,795
<b>Net surplus for the period</b>	<b>25,807,888,774</b>

### 3. Combined Cash Flow Statement

From April 1, 2020

To March 31, 2021

Description of accounts	Amount (yen)	Description of accounts	Amount (yen)
<b>I Cash Flows from Operating Activities (administration services)</b>		<b>II Cash Flows from Investing Activities (i.e. Infrastructure Development)</b>	
Tax and dues	6,893,662,293,461	National treasury disbursements	55,169,194,052
Metropolitan taxes	4,705,368,895,678	National treasury disbursements	51,647,226,599
Local consumption tax (before settlement)	2,131,976,776,449	Charges and contributions	2,890,285,251
Local transfer taxes	47,300,769,288	Transfer from other accounts, etc.	631,682,202
Special local government grants	8,976,337,000	Proceeds from property	9,664,740,419
Subsidy for municipalities which locate national facilities	34,223,000	Proceeds from sales of property	9,664,740,419
Revenue from other tax sources	5,292,046	Transfer from funds and financial reserves	958,409,819,402
National treasury disbursements	1,492,400,054,123	Adjusted fund for public finance	472,090,000,000
National treasury disbursements	1,489,449,925,123	Sinking fund	280,600,905,000
Traffic safety special grants	2,950,129,000	Special purpose fund	205,718,914,402
Other proceeds from operating activities	1,042,659,692,888	Managed fixed amount financial reserve	0
Receipts from operations (Special Accounts)	6,450,377	Collection of loans, etc.	425,775,037,448
Charges and contributions	437,626,726,743	Proceeds from security deposits	468,117,382
Rents and fees	143,685,803,548	Payments for development of infrastructure	351,975,177,051
Revenue from property	12,350,407,227	Service and supplies	6,272,576,919
Revenue from commissioned projects	49,829,045,226	Financial assistance for non-capital investment	13,783,374
Revenue from other business and sales	363,503,328,868	Portion of subsidies (with state aids) granted for capital investment but used for non-capital expenses	81,983,279,322
Donations	1,278,438,642	Portion of subsidies (without state aids) granted for capital investment but used for non-capital expenses	263,705,537,436
Transfer from other accounts	34,379,492,257	Transfer to funds and financial reserves	604,200,923,687
Financial revenue	13,821,125,855	Adjusted fund for public finance	70,303,600,225
Interest and dividend	13,821,125,855	Sinking fund	289,240,449,160
Tax-related subsidies	1,389,352,911,265	Special purpose fund	223,178,467,358
Tax-related subsidies	1,389,352,911,265	Managed fixed amount financial reserve	21,478,406,944
Payments for operating activities	7,770,877,250,381	Loans and capital investments, etc.	919,828,263,474
Salary and wages	1,573,517,923,957	Investments in capital	115,789,767,537
Service and supplies	381,055,352,886	Subsidies to other accounts	51,467,385,772
Maintenance and repairs	106,291,721,552	Loans	752,571,110,165
Social welfare	140,673,600,724	Payments for security deposits	677,692,575
Local consumption tax settlement	1,544,332,387,357	<b>Net cash flows used in investing activities</b>	<b>△ 427,195,148,084</b>
Financial assistance for non-capital investment	3,401,568,780,975	<b>Net cash flows provided by operating and investing activities</b>	<b>△ 227,813,880,184</b>
Portion of subsidies (with state aids) granted for capital investment but used for non-capital expenses	74,263,278,613	<b>III Cash Flows from Financing Activities</b>	
Portion of subsidies (without state aids) granted for capital investment but used for non-capital expenses	329,139,186,943	Proceeds from financing activities	1,135,113,388,538
Financial assistance for capital investment (initiated/owned by the national government)	36,512,028,350	Metropolitan debt	752,690,081,370
Subsidies to other accounts	183,522,989,024	Borrowing from other accounts, etc.	0
Financial expenses	80,522,809,578	Borrowings from funds	0
Interest and commission on Metropolitan debt	80,490,760,371	Transfer from other accounts	382,423,307,168
Interest on borrowing from other accounts, etc.	32,049,207	Payments for financing activities	969,218,155,437
Extraordinary payments	2,408,927,203	Redemption of Metropolitan debt (debt principal)	969,070,744,729
Disaster restoration	2,408,927,203	Repayment of borrowing to other accounts	147,410,708
<b>Net cash flows provided by operating activities</b>	<b>199,381,267,900</b>	Repayment of borrowing to funds	0
		<b>Net cash flows used in financing activities</b>	<b>165,895,233,101</b>
		<b>Net increase in cash for the period</b>	<b>△ 61,918,647,083</b>
		<b>Cash at the beginning of period</b>	<b>582,314,529,970</b>
		<b>Cash at the end of period</b>	<b>520,395,882,887</b>

4. Combined Statement of Changes in Net Assets

From April 1, 2020  
To March 31, 2021

(yen)

	Opening balance	National treasury disbursements	Contributions, transfer from other accounts, etc. for capital investment	Assessed value of donated property	Transfer to other municipalities	Inter-account transactions	Other surplus	TOTAL
Balance at the beginning of period	19,023,423,532,668	1,501,118,415,708	102,865,479,770	434,070,509,816	△ 159,804,028,204	0	7,825,606,177,819	28,727,280,087,577
Net change for the period		51,633,443,225	3,324,536,305	26,788,053,865	△ 4,045,352,348	0	25,807,888,774	103,508,569,821
Increase (decrease) of fixed assets, etc.		51,633,443,225	3,324,536,305	26,788,053,865	△ 4,045,352,348	△ 54,910,223,955		22,790,457,092
Increase (decrease) of Metropolitan debt						△ 8,427,916,575		△ 8,427,916,575
Other inter-account transactions						63,338,140,530		63,338,140,530
Net surplus for the period							25,807,888,774	25,807,888,774
Balance at the end of period	19,023,423,532,668	1,552,751,858,933	106,190,016,075	460,858,563,681	△ 163,849,380,552	0	7,851,414,066,593	28,830,788,657,398

## 5. Supporting Schedule

### (1) Tangible and Intangible Fixed Assets

(yen)

Asset Description	Balance at the beginning of period	Net increase (decrease) for the period	Balance at the end of period	Accumulated depreciation at the end of period	Depreciation for the period	Net book value at the end of period
<b>TANGIBLE FIXED ASSETS</b>	30,673,484,931,785	375,776,985,564	31,049,261,917,349	5,111,649,740,970	209,588,492,079	25,937,612,176,379
Administrative Property(used solely for public administration purposes)	11,081,683,279,620	199,841,226,620	11,281,524,506,240	3,197,160,272,709	127,676,351,292	8,084,364,233,531
Buildings	5,041,875,991,972	123,138,015,352	5,165,014,007,324	2,746,787,318,953	109,223,542,713	2,418,226,688,371
Structures	695,714,651,066	16,882,399,993	712,597,051,059	419,734,135,979	15,699,094,681	292,862,915,080
Trees and forests	682,984,081	13,259,057	696,243,138	0	0	696,243,138
Ships	17,298,303,271	0	17,298,303,271	11,120,011,854	1,482,235,246	6,178,291,417
Aircraft	22,561,395,369	2,276,976,000	24,838,371,369	18,060,329,511	1,060,585,768	6,778,041,858
Floating piers, etc.	3,708,779,534	956,778,503	4,665,558,037	1,458,476,412	210,892,884	3,207,081,625
Land	5,299,841,174,327	56,573,797,715	5,356,414,972,042	0	0	5,356,414,972,042
Ordinary Property	2,041,777,903,411	△ 54,596,687,376	1,987,181,216,035	474,784,051,792	21,467,554,018	1,512,397,164,243
Buildings	737,366,969,091	383,625,417	737,750,594,508	393,671,659,948	19,298,141,118	344,078,934,560
Structures	124,521,324,884	12,613,175	124,533,938,059	78,188,622,803	2,168,652,397	46,345,315,256
Trees and forests	94,086,033	△ 85,700	94,000,333	0	0	94,000,333
Ships	728,700,000	0	728,700,000	728,699,997	0	3
Aircraft	0	0	0	0	0	0
Floating piers, etc.	2,201,177,596	0	2,201,177,596	2,195,069,044	760,503	6,108,552
Land	1,176,865,645,807	△ 54,992,840,268	1,121,872,805,539	0	0	1,121,872,805,539
Movable Properties (valued at 1,000,000 or greater)	212,883,435,876	6,231,807,992	219,115,243,868	142,618,361,497	11,533,576,613	76,496,882,371
Infrastructure Assets	16,028,626,481,349	224,663,382,997	16,253,289,864,346	1,296,133,630,117	48,854,926,341	14,957,156,234,229
Buildings	119,977,536,813	10,395,956,060	130,373,492,873	76,306,249,947	3,380,354,134	54,067,242,926
Structures	3,207,837,994,076	53,258,767,958	3,261,096,762,034	1,217,158,787,845	45,381,875,498	2,043,937,974,189
Floating piers, etc.	3,306,421,775	0	3,306,421,775	2,668,592,325	92,696,709	637,829,450
Land	12,697,504,528,685	161,008,658,979	12,858,513,187,664	0	0	12,858,513,187,664
Lease assets	2,131,185,000	0	2,131,185,000	953,424,855	56,083,815	1,177,760,145
Construction in progress	1,306,382,646,529	△ 362,744,669	1,306,019,901,860	0	0	1,306,019,901,860
<b>INTANGIBLE FIXED ASSETS</b>	37,882,834,667	3,112,877,189	40,995,711,856	835,244,983	621,212,095	40,160,466,873
Administrative Property(used solely for public administration purposes)	5,454,497,174	26,130,372	5,480,627,546	0	0	5,480,627,546
Land-use rights	5,454,497,174	26,130,372	5,480,627,546	0	0	5,480,627,546
Other intangible fixed assets	0	0	0	0	0	0
Ordinary Property	11,052,978,962	503,135,807	11,556,114,769	0	0	11,556,114,769
Land-use rights	372,941,000	0	372,941,000	0	0	372,941,000
Other intangible fixed assets	10,680,037,962	503,135,807	11,183,173,769	0	0	11,183,173,769
Infrastructure Assets	14,867,468,976	0	14,867,468,976	0	0	14,867,468,976
Land-use rights	14,867,468,976	0	14,867,468,976	0	0	14,867,468,976
Other intangible fixed assets	0	0	0	0	0	0
Software	3,106,060,475	5,220,337,530	8,326,398,005	835,244,983	621,212,095	7,491,153,022
Software in progress	3,401,829,080	△ 2,636,726,520	765,102,560	0	0	765,102,560
<b>TOTAL</b>	<b>30,711,367,766,452</b>	<b>378,889,862,753</b>	<b>31,090,257,629,205</b>	<b>5,112,484,985,953</b>	<b>210,209,704,174</b>	<b>25,977,772,643,252</b>

### (2) Allowance

(yen)

Category	Balance at the beginning of period	Increase for the period	Decrease for the period		Balance at the end of period
			Application of allowance	Others	
Allowance for loss on unpaid receivables	8,004,176,220	8,080,959,939	4,166,923,246	53,529,321	11,864,683,592
Allowance for loss on bad loans	3,183,085,936	213,658,899	202,639,658	327,656,445	2,866,448,732
Allowance for investment loss	0	0	0	0	0
Allowance for bonuses	115,398,343,008	113,614,964,114	115,398,343,008	0	113,614,964,114
Allowance for retirement benefits	949,384,767,000	90,516,324,252	85,815,917,252	0	954,085,174,000
<b>TOTAL</b>	<b>1,075,970,372,164</b>	<b>212,425,907,204</b>	<b>205,583,823,164</b>	<b>381,185,766</b>	<b>1,082,431,270,438</b>

## 6. Notes to the Financial Statements

Fiscal Year 2019 From April 1, 2019 To March 31, 2020	Fiscal Year 2020 From April 1, 2020 To March 31, 2021
<p>1. Significant Accounting Policies</p> <p>(1) Method for Depreciating Tangible Fixed Assets</p> <p>a) Administrative property, ordinary property, lease assets and infrastructure assets</p> <p>For tangible fixed assets listed under administrative properties, ordinary properties, and lease assets, depreciation is based on the straight-line depreciation method in accordance with the useful life criteria set forth in the “Administrative Guidelines for the Registry of Public Property owned by the Tokyo Metropolitan Government.”</p> <p>For tangible fixed assets listed under infrastructure assets, depreciation is based on the straight-line depreciation method in accordance with the useful life criteria set forth in the “Administrative Guidelines for the Registry of Public Property owned by the Tokyo Metropolitan Government” and the “Bureau of Construction Standards for Infrastructure Asset Management.” However, in the case of road pavement, for example, the replacement cost method is adopted, and the cost for partial replacement, i.e. the paving cost, is solely expensed.</p> <p>b) Movable properties (valued at ¥1,000,000 or greater)</p> <p>Movable properties are depreciated based on the straight-line depreciation method in accordance with the useful life criteria set forth in the “Useful Life Standards for Movable Properties”.</p>	<p>1. Significant Accounting Policies</p> <p>(1) Method for Depreciating Tangible Fixed Assets</p> <p>a) Administrative property, ordinary property, lease assets and infrastructure assets</p> <p style="text-align: center;">See left</p> <p>b) Movable properties (valued at ¥1,000,000 or greater)</p> <p style="text-align: center;">See left</p>
<p>(2) Method for Depreciating Intangible Fixed Assets</p> <p>a) Superficies, easement, patents, copyrights, etc., are not depreciated.</p> <p>b) Software is depreciated through the straight-line depreciation method, with a useful life of 5 years and residual value of zero.</p>	<p>(2) Method for Depreciating Intangible Fixed Assets</p> <p>a) Superficies, easement, patents, copyrights, etc.</p> <p style="text-align: center;">See left</p> <p>b) Software</p> <p style="text-align: center;">See left</p>
<p>(3) Method and Criterion for Evaluating Securities and Investments in Capital</p> <p>Securities and investments in capital are the capital and shares of Policy Collaboration</p>	<p>(3) Method and Criterion for Evaluating Securities and Investments in Capital</p> <p style="text-align: center;">See left</p>

<p style="text-align: center;">Fiscal Year 2019 From April 1, 2019 To March 31, 2020</p>	<p style="text-align: center;">Fiscal Year 2020 From April 1, 2020 To March 31, 2021</p>
<p>Organizations, etc. held by the Tokyo Metropolitan Government and are booked according to their acquisition costs. When the market or real value of the investment has declined significantly, the devalued price shall replace the carrying book value.</p>	
<p>(4) Criterion for Booking Allowance Provisions</p> <p>a) Allowance for loss on unpaid receivables</p> <p>A portion of unpaid overdue accounts attributable to nonpayment of metropolitan taxes, rents, and such, might become irrecoverable due to the expiration of the prescription period or other causes. Thus, an allowance for losses on unpaid receivables is provided for by multiplying the percentage of credit loss - a percentage derived by the recent collection status of said accounts, the financial condition of the debtor(s), the actual amount of credit loss during the past 3 years, and such - by the balance of the said receivables at the end of the fiscal year.</p> <p>If a more practical method of calculation exists for individual credit situations, that method is used to book allowance for losses.</p> <p>b) Allowance for loss on bad loans</p> <p>A portion of existing loans might become irrecoverable if a reduction or exemption of repayment is granted. Thus, an allowance for losses on bad loans is provided for by multiplying the percentage of credit loss - a percentage derived by the recent collection status of said loans, the financial condition of the borrower(s), the actual amount of write-down during the past 3 years, and such - by the balance of loans outstanding at the end of the fiscal year.</p> <p>If a more practical method of calculation exists for individual credit situations, that method is used to book allowance for losses.</p> <p>c) Allowance for investment loss</p> <p>Of securities and investments in capital of organizations that provide administrative services, when the market or real value has declined to a certain extent from the acquisition</p>	<p>(4) Criterion for Booking Allowance Provisions</p> <p>a) Allowance for loss on unpaid receivables</p> <p style="text-align: center;">See left</p> <p>b) Allowance for loss on bad loans</p> <p style="text-align: center;">See left</p> <p>c) Allowance for investment loss</p> <p style="text-align: center;">See left</p>

<p style="text-align: center;">Fiscal Year 2019 From April 1, 2019 To March 31, 2020</p>	<p style="text-align: center;">Fiscal Year 2020 From April 1, 2020 To March 31, 2021</p>
<p>value, the difference is booked as allowance for investment loss. If the market or real value recovers, the allowance is reversed.</p> <p>d) Allowance for retirement benefits The allowance for retirement benefits is equivalent to the lump-sum payment due to the employees if all of them voluntarily left their posts at the end of the fiscal year.</p> <p>e) Allowance for bonuses Of bonuses and subsequent statutory welfare expenses to be paid to employees in the following fiscal year, the amount that should be included in this fiscal year is booked as allowance for bonuses.</p>	<p>d) Allowance for retirement benefits  See left</p> <p>e) Allowance for bonuses  See left</p>
<p>(5) Conversion of assets and liabilities denominated in foreign currency into Japanese yen The Tokyo Metropolitan Government has raised foreign debts in the U.S. and Europe, both of which are covered by swap contracts between the said foreign currency and Japanese yen. Consequently, the debts are booked in their original yen amounts at time of issuance since the principal and debt interest is considered to assume no risk due to currency rate fluctuations.</p>	<p>(5) Conversion of assets and liabilities denominated in foreign currency into Japanese yen  See left</p>
<p>(6) Other important matters fundamental to the preparation of financial statements</p> <p>a) Valuation of fixed assets The valuation of public properties, movable properties, infrastructure assets, software and lease assets is based on their acquisition costs.</p> <p>b) Presentation of gross and net amounts in the financial statements In the Combined Accounts, the transfer between accounts, as well as debts and credits are offset and the monetary value is presented on a net basis.  In the statement of operating costs, if an allowance is provided and reversed in the same year, the amount of provision for the said allowance (to be posted to operating expenses), and the amount of reversal thereof (to be posted to other operating revenue) are offset and</p>	<p>(6) Other important matters fundamental to the preparation of financial statements</p> <p>a) Valuation of fixed assets  See left</p> <p>b) Presentation of gross and net amounts in the financial statements  See left</p>



<p style="text-align: center;">Fiscal Year 2019 From April 1, 2019 To March 31, 2020</p>	<p style="text-align: center;">Fiscal Year 2020 From April 1, 2020 To March 31, 2021</p>
<p>presented on a net basis.</p>	
<p>2. Change of Significant Accounting Policies (1) Changes in description of accounts Reversal of allowance has previously been included in the statement of operating costs as "other extraordinary gains," but from this fiscal year this is included in "other operating revenue." Reversal of allowance for loss on bad loans for the period was 154,753,383 yen, and there was no reversal of other provisions (allowances for loss on unpaid receivables, investment loss, and retirement benefits).</p>	<p>2. Change of Significant Accounting Policies</p> <hr style="width: 20%; margin: 20px auto;"/>
<p>3. Significant Subsequent Events (1) Other significant subsequent events COVID-19 is seriously impacting economic activities and the livelihoods of Tokyo residents, and it is expected that funds will be used in fiscal 2020 as well in order to continue implementing necessary measures to achieve a balance between socioeconomic activities and preventing the spread of the disease. In addition, as the future trend of the economy is uncertain, there are concerns about impacts on metropolitan tax revenues, which are easily affected by the economy.</p>	<p>3. Significant Subsequent Events</p> <hr style="width: 20%; margin: 20px auto;"/>

#### 4. Contingent Liabilities

- (1) Total amount of commitments by contract authorization involving debt guarantee and compensation for loss, of which the liability is contingent

Category	As of March 31, 2021
To public corporations, institutions, etc.	(Yen) 47,201,258,000
General Account	47,201,258,000
To others	208,506,812,000
General Account	208,506,812,000
TOTAL	255,708,070,000
General Account	255,708,070,000

#### 5. Additional Information

- (1) Two month account adjustment period

Although the financial statements are prepared based upon information as of March 31, 2021, an adjustment period is adopted by the Metropolitan Government in closing its books. This adjustment period is from the end of the fiscal year until the “account closure date” of May 31 as stipulated in Article 235-5 of the Local Autonomy Act. Figures reflecting cash receipts and disbursement and the subsequent fluctuations of assets and liabilities during this period constitute the final fiscal year end figures. (i.e. The accounting period is extended by two months to absorb cash transactions involving debt or credit defined at the end of the fiscal year.)

- (2) Cash other than annual revenue and expenditures

Cash other than annual revenue and expenditures (cash in custody that does not fall under the possession of the Tokyo Metropolitan Government as stipulated in Paragraph 3, Article 235-4 of the Local Autonomy Act) is not booked in the financial statements. As of March 31, 2021, cash other than annual revenue and expenditures was 42,686,657,153 yen.

(3) Amounts committed to subsidize interest payments and such in following years

Category	As of March 31, 2021
Interest subsidies	(Yen) 235,800,905,000
General Account	235,800,905,000
Others	978,165,664,335
General Account	848,775,031,335
Metropolitan Housing Account	129,390,633,000
TOTAL	1,213,966,569,335
General Account	1,084,575,936,335
Metropolitan Housing Account	129,390,633,000

(4) Planned payments for projects brought forward

Category	As of March 31, 2021
Budget carried over	(Yen) 665,844,264,000
General Account	657,149,034,000
Land Acquisition Account	11,230,000
Metropolitan Housing Account	8,684,000,000
Budget carried over due to unforeseeable events	8,886,968,000
General Account	8,886,968,000
TOTAL	674,731,232,000
General Account	666,036,002,000
Land Acquisition Account	11,230,000
Metropolitan Housing Account	8,684,000,000

(5) Temporary Borrowing

For a temporary accommodation of funds, 500 billion yen was transferred from the Adjusting Fund for Public Finance on May 29, 2020, and refunded thereto by June 12, 2020. The interest accrued on these funds was 383,561 yen, of which payment was borne by the General Account.

(6) Other items which are helpful for better understanding the financial statements

a) Provision for allowances and other operating revenue arising from reversal of relevant allowances

In combining accounts, the balance arising from the provision and reversal of an allowance is aggregated and presented on a net basis.

Financial Statement	Account Title (Debit)	Amount	Account Title (Credit)	Amount
		(Yen)		(Yen)
Statement of Operating Costs	Provision for allowance for loss on unpaid receivables	4,065,393	Other operating revenue	34,550,393
	Provision for allowance for retirement benefits	30,485,000		

b) Transfer between accounts to be offset when combining accounts

Transactions between accounts are summarized as follows.

(The amounts below are offset and balanced out in the combined financial statements.)

Financial Statement	Account Title (Debit)	Amount	Account Title (Credit)	Amount
		(Yen)		(Yen)
Balance Sheet			Net assets (Transfer from General Account)	5,276,322,080
Statement of Operating Costs	Transfer to General Account	647,764,131,156	Transfer from General Account	1,091,704,111,115
	Operating expenses - Tax-related subsidies	987,395,908,000	Operating revenue - Metropolitan taxes	644,462,417,702
	Operating expenses - Subsidies to other accounts	111,901,512,095	Operating revenue - Transfer from other accounts	5,618,700,354
Balance Sheet/ Statement of Operating Costs TOTAL		1,747,061,551,251		1,747,061,551,251

Financial Statement	Account Title (Payments)	Amount	Account Title (Receipts or Proceeds)	Amount
Cash Flow Statement	Transfer to General Account - Operating Activities	(Yen) 647,764,131,156	Transfer from General Account - Operating Activities	(Yen) 1,141,829,704,549
	Transfer to General Account - Investing Activities	2,300,000,000	Transfer from General Account - Investing Activities	261,853,870,994
	Payments for Operating Activities - Tax-related subsidies	987,395,908,000	Transfer from General Account - Financing Activities	42,764,637,681
	Payments for Operating Activities - Subsidies to other accounts	111,982,706,876	Proceeds from Operating Activities - Metropolitan taxes	644,462,417,702
	Payments for Operating Activities - Interest and commission on Metropolitan debt	53,424,224,073	Proceeds from Operating Activities - Transfer from other accounts	8,997,183,455
	Payments for Investing Activities - Sinking fund	286,897,191,592	Proceeds from Investing Activities - Transfer from other accounts, etc.	32,796,876,483
	Payments for Investing Activities - Subsidies to other accounts	2,016,391,486	Proceeds from financing activities - Borrowing from other accounts, etc.	1,800,000,000
	Payments for Financing Activities - Redemption of Metropolitan debt (debt principal)	45,569,698,961	Proceeds from financing activities - Transfer from other accounts	2,845,561,280
	Payments for Financing Activities - Repayment of borrowing to other accounts	2,321,800,000	Proceeds from Investing Activities - Revenue from collection of loans	2,321,800,000
Cash Flow Statement TOTAL		2,139,672,052,144		2,139,672,052,144

c) Inter-Account debts and credits

Inter-Account debts and credits are summarized as follows.

(The amounts below are offset and balanced out in the combined financial statements.)

Account	Asset	Amount	Liability	Amount
		(Yen)		(Yen)
Metropolitan Housing Account			Current liabilities - Borrowings from other accounts	2,201,800,000
Metropolitan Housing Tenants Security Deposit Account	Current Assets - Short-term loans	2,201,800,000		
Metropolitan Housing Account			Fixed liabilities - Borrowings from other accounts	6,461,200,000
Metropolitan Housing Tenants Security Deposit Account	Fixed Assets - Long-term loans	6,461,200,000		
TOTAL		8,663,000,000		8,663,000,000

## 6. Other References

### (1) Balance Sheet

#### a) Details of securities and investments, and loans

Category	To Tokyo Metropolitan Government Policy Collaboration Organizations	To other organizations	Total
	(Yen)	(Yen)	(Yen)
Securities	111,121,408,858	127,870,414,109	238,991,822,967
Investments in capital	147,765,969,763	534,231,489,507	681,997,459,270
Loans	348,065,290,262	1,103,029,595,612	1,451,094,885,874

#### b) Planned servicing of Metropolitan debt and borrowings

Category	Redemption In FY2021	Redemption in and after FY2022	Total
	(Yen)	(Yen)	(Yen)
Metropolitan debt	338,063,558,337	5,244,897,859,055	5,582,961,417,392
General Account	312,898,228,600	4,703,086,283,027	5,015,984,511,627
Single Parent Welfare Loan Fund Account	0	28,794,770,028	28,794,770,028
Small and Medium Enterprise Facility Installation Fund Account	1,583,660,000	830,253,813	2,413,913,813
Slaughter House Account	113,708,077	2,707,609,136	2,821,317,213
Metropolitan Housing Account	23,467,961,660	509,478,943,051	532,946,904,711
Other borrowings	1,500,000	375,361,964	376,861,964
Small and Medium Enterprise Facility Installation Fund Account	1,500,000	375,361,964	376,861,964
<b>TOTAL</b>	<b>338,065,058,337</b>	<b>5,245,273,221,019</b>	<b>5,583,338,279,356</b>
General Account	312,898,228,600	4,703,086,283,027	5,015,984,511,627
Single Parent Welfare Loan Fund Account	0	28,794,770,028	28,794,770,028
Small and Medium Enterprise Facility Installation Fund Account	1,585,160,000	1,205,615,777	2,790,775,777
Slaughter House Account	113,708,077	2,707,609,136	2,821,317,213
Metropolitan Housing Account	23,467,961,660	509,478,943,051	532,946,904,711

(2) Statement of Operating Costs

a) Details of revenues and their accounting basis

Account	Description and Accounting Basis
Operating revenue	
Metropolitan taxes	Ordinary taxes (excluding local consumption tax) as defined in the current Local Tax Act, taxes provided for in the former law, special purpose taxes and a special-purpose discretionary tax (namely, accommodation tax provided for in the Tokyo Metropolitan Accommodation Tax Ordinance) are recognized as revenue when they are received and booked accordingly.
Local consumption tax (before settlement)	Local consumption tax is booked upon receipt before its final adjustment among prefectures.
Local transfer taxes	Local road transfer tax, petroleum gas transfer tax, special tonnage transfer tax, aviation fuel transfer tax, local gasoline transfer tax, forest environment transfer tax, motor vehicle tonnage transfer tax and Special corporate enterprise transfer tax are booked as revenue upon receipt.
Special local government grants	(a) Grants provided to supplement reduced individual inhabitant tax revenue of local governments resulting from special tax deductions such as that for housing loan balances are booked as revenue. (b) Grants provided to supplement reduced revenue of local governments due to the temporary lowering of the automotive environmental performance-based tax in order to level out demand resulting from the consumption tax rate increase, are booked as revenue.
Subsidy for municipalities which locate national facilities	The national government offers a subsidy to municipalities which locate national facilities as alternative financial resource for fixed assets tax. The subsidy is booked as revenue upon receipt.
Revenue from other tax sources	Metropolitan Inhabitant Tax on interest income after settlement among prefectures and revenues from the collection of delinquent taxes are booked upon receipt.
National treasury disbursements	Disbursements from the national government are booked as revenue when allotted to operating activities.
Traffic safety special grants	Based on the Road Traffic Act, the national government allocates revenues from fines, etc. to local governments as grants to establish road traffic safety facilities and their management. The grants are booked as revenue.
Receipts from operations (Special Accounts)	When the special accounts receive loan interest, premiums or damages for contract breaches, they are booked as revenue.
Charges and Contributions	Incoming public charges and contributions are booked as revenue when they are applied to the operating activities.
Rents and fees	Rents and fees are booked as revenue upon receipt.
Revenue from property	Rents, sales and other revenue from properties are booked as revenue upon receipt.
Revenue from commissioned projects	Revenue from commissioned projects is booked as revenue upon receipt.
Revenue from other business and sales	Revenue from profit-making businesses, proceeds from the sale of movable assets, etc. are booked as revenue upon receipt.

	Donations	Donations are booked as revenue upon receipt.
	Transfer from other accounts	Money transferred from other accounts is booked as revenue when it is applied to operating activities.
	Other operating revenue	Other revenue from operating activities is booked under this title.
Financial revenue		
	Interest and dividends	Interest on bank deposits, dividends from stocks and other financial instruments are booked upon receipt.
Extraordinary gains		
	Gain on sales of fixed assets	Proceeds (or receivables) from sales of fixed assets (other than securities and investments) are offset with the book value of said assets, and recognized as a gain if the proceeds exceed the book value.
	Other extraordinary gains	Gains from the sales of securities and investments, reversal of allowances, prior-year adjustments, etc. are booked under this title.

b) Local consumption tax and local consumption tax settlement

In order to clarify revenue and expenditures related to local consumption tax, in the operating revenue, local taxes are classified as metropolitan taxes and local consumption tax (before settlement), and similarly, in the operating expenses, financial assistance for non-capital investment is described separately as local consumption tax settlement and financial assistance for non-capital investment.

c) Expenses relevant to capital investment

“Expenses for capital investment, with national subsidies” “Expenses for capital investment with no national subsidies,” and “Expenses relevant to the nation’s government’s capital investment” are all accounted for as operating expenses since these costs are not added to the acquisition cost of the fixed assets of the Tokyo Metropolitan Government on account of their nature.

d) Major items under other extraordinary gains and losses

Of the other extraordinary gains, prior-year adjustments revealed a gain of 94,580,679,213 yen.

Of the other extraordinary losses, prior-year adjustments revealed a loss of 23,801,646,835 yen.



### (3) Cash Flow Statement

The following is a breakdown of the difference between the “net surplus for the period” in the statement of operating costs and “net cash flows provided by operating activities” in the cash flow statement.

	(Yen)
Net surplus for the period in the Statement of Operating Costs	25,807,888,774
Changes in tangible fixed Asset	210,564,715,443
Depreciation expenses	210,209,704,174
Loss (or gain) on sales of fixed assets	△ 3,006,159,162
Loss on disposals of fixed assets	3,361,170,431
Changes in current assets/liabilities relating to operating activities	△ 44,826,077,951
Decrease (Increase) of unpaid overdue accounts	△ 44,815,205,968
Increase (Decrease) of unpaid refunds	△ 10,871,983
Other non-cash items	82,505,000,005
Provision for allowance for loss on unpaid receivables	8,027,430,618
Loss on unpaid receivables	115,996,570
Loss on bad loans	14,349,726
Provision for allowance for retirement benefits	90,516,324,252
Payments for retirement benefits	△ 85,815,917,252
Other non-cash revenue/expense items	69,646,816,091
Other items	△ 74,670,258,371
Other extraordinary gains	△ 98,502,182,166
Other extraordinary losses	23,831,923,795
Net cash flows provided by operating activities in the Cash Flow Statement	199,381,267,900

Fiscal Year 2019

II . COMBINED FINANCIAL  
STATEMENTS  
(for General and  
All Special Accounts)

**1. Combined Balance Sheet**  
(As of March 31, 2020)

Description of accounts	Amount (yen)	Description of accounts	Amount (yen)
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>I Current Assets</b>	1,961,185,254,931	<b>I Current Liabilities</b>	446,183,342,278
Cash and deposits	582,314,529,970	Accounts refundable	2,233,668,387
Unpaid overdue accounts	67,146,955,298	Metropolitan debt	326,894,533,671
Allowance for loss on unpaid receivables	△ 8,004,176,220	Short-term borrowings	1,000,000
Funds and financial reserves	1,215,095,023,683	Borrowings from other accounts	0
Adjusted fund for public finance	934,494,118,683	Borrowings from funds	0
Sinking fund	280,600,905,000	Other short-term borrowings	1,000,000
Short-term loans	105,478,632,357	Lease liabilities	144,697,212
Allowance for loss on bad loans	△ 845,710,157	Accounts payable	0
Other current assets	0	Deferred payments	0
<b>II Fixed Assets</b>	33,289,024,294,770	Unpaid guarantee obligations	0
1 Administrative property	8,004,300,298,872	Other accounts payable	0
1 Tangible fixed assets	7,998,845,801,698	Allowance for bonuses	115,398,343,008
Buildings	2,395,467,697,759	Other current liabilities	1,511,100,000
Structures	288,497,771,235	<b>II Fixed Liabilities</b>	6,076,746,119,846
Trees and forests	682,984,081	Metropolitan debt	5,089,740,021,282
Ships	7,660,526,663	Long-term borrowings	378,575,460
Aircraft	4,234,451,627	Borrowings from other accounts	0
Floating piers, etc.	2,461,196,006	Borrowing from funds	0
Land	5,299,841,174,327	Other long-term borrowings	378,575,460
2 Intangible fixed assets	5,454,497,174	Lease liabilities	484,685,789
Land-use rights	5,454,497,174	Allowance for retirement benefits	949,384,767,000
Other intangible fixed assets	0	Other allowances	0
2 Ordinary property	1,597,780,139,630	Other fixed liabilities	36,758,070,315
1 Tangible fixed assets	1,586,727,160,668	Security deposits	16,758,070,315
Buildings	361,394,688,665	Other fixed liabilities	20,000,000,000
Structures	48,365,871,105		
Trees and forests	94,086,033		
Ships	3		
Aircraft	0		
Floating piers, etc	6,869,055		
Land	1,176,865,645,807		
2 Intangible fixed assets	11,052,978,962		
Land-use rights	372,941,000		
Other intangible fixed assets	10,680,037,962		
3 Movable properties	74,115,009,087		
4 Infrastructure assets	14,754,223,511,394		
1 Tangible fixed assets	14,739,356,042,418		
Buildings	46,554,645,632		
Structures	1,994,566,341,942		
Floating piers, etc.	730,526,159		
Land	12,697,504,528,685		
2 Intangible fixed assets	14,867,468,976		
Land-use rights	14,867,468,976		
Other intangible fixed assets	0		
5 Software	2,892,027,587		
6 Lease assets	1,233,843,960		
7 Construction in progress	1,306,382,646,529		
8 Software in progress	3,401,829,080		
9 Investments and other assets	7,544,694,988,631		
Securities	239,151,822,967		
Investments in capital	644,664,765,527		
Allowance for investment loss	0		
Investments in public enterprise accounts	2,179,177,457,239		
Long-term loans	1,018,933,065,995		
Allowance for loss on bad loans	△ 2,337,375,779		
Other long-term debts	10,777,741,976		
Funds and financial reserves	3,287,005,139,422		
Sinking fund	1,273,191,659,000		
Special purpose fund	1,719,633,687,302		
Managed fixed amount financial reserve	294,179,793,120		
Other investments	167,322,371,284		
		<b>TOTAL LIABILITIES</b>	6,522,929,462,124
		<b>NET ASSETS</b>	
		Net assets,	28,727,280,087,577
		including net increase(or decrease) for	849,333,139,406
		the period	
		<b>TOTAL NET ASSETS</b>	28,727,280,087,577
<b>TOTAL ASSETS</b>	35,250,209,549,701	<b>TOTAL LIABILITIES AND NET ASSETS</b>	35,250,209,549,701

## 2. Combined Statement of Operating Costs

From April 1, 2019

To March 31, 2020

Description of accounts	Amount (yen)
<b>ORDINARY REVENUE AND EXPENSES</b>	
<b>I Operating Revenue and Expenses</b>	<b>760,476,568,418</b>
1 Operating revenue	8,915,771,271,730
Metropolitan taxes	5,110,197,257,746
Local consumption tax (before settlement)	1,847,513,468,714
Local transfer taxes	271,501,849,671
Special local government grants	17,776,568,000
Subsidy for municipalities which locate national facilities	33,937,000
Revenue from other tax sources	11,063,584
National treasury disbursements	604,379,351,026
Traffic safety special grants	2,622,024,000
Receipt from operations (Special Accounts)	5,653,390
Charges and contributions	446,975,639,174
Rents and fees	150,850,259,099
Revenue from property	12,793,694,649
Revenue from commissioned projects	53,909,685,048
Revenue from other business and sales	366,604,083,700
Donations	52,430,791
Transfer from other accounts	7,143,946,837
Other operating revenue	23,400,359,301
2 Operating expenses	8,155,294,703,312
Tax-related subsidies	1,436,018,012,206
Salary and wages	1,374,654,333,680
Service and supplies	336,474,822,782
Maintenance and repairs	106,858,688,413
Social welfare	136,212,866,129
Local consumption tax settlement	1,218,111,705,986
Financial assistance for non-capital investment	2,426,500,708,504
Portion of subsidies (with state aids) granted for capital investment but used for non-capital expenses	59,004,119,352
Portion of subsidies (without state aids) granted for capital investment but used for non-capital expenses	365,781,148,554
Financial assistance for capital investment (initiated/owned by the national government)	36,950,991,190
Non-capital investment	27,523,495,256
Subsidies to other accounts	188,990,050,908
Depreciation	202,613,875,002
Provision for guaranteed obligations	0
Provision for allowance for loss on unpaid receivables	5,014,824,613
Provision for allowance for loss on bad loans	0
Provision for allowance for bonuses	115,398,343,008
Provision for allowance for retirement benefits	115,307,657,466
Provision for other allowances	0
Other operating expenses	3,879,060,263
<b>II Financial Revenue and Expenses</b>	<b>△ 45,964,830,092</b>
1 Financial revenue	13,826,196,933
Interest and dividend	13,826,196,933
2 Financial expenses	59,791,027,025
Interest on Metropolitan debt	58,061,001,065
Debt issuing expenses	1,509,476,353
Discount on debt issuance	180,616,496
Interest on borrowing from other accounts, etc.	39,933,111
<b>Surplus from ordinary activities</b>	<b>714,511,738,326</b>
<b>EXTRAORDINARY GAINS AND LOSSES</b>	<b>3,265,412,923</b>
1 Extraordinary gains	148,186,070,704
Gain on sales of fixed assets	5,796,798,771
Other extraordinary gains	142,389,271,933
2 Extraordinary losses	144,920,657,781
Loss on sales of fixed assets	1,036,008,745
Loss on disposal of fixed assets	64,251,767,978
Disaster restoration	1,531,347,421
Loss on unpaid receivables	141,417,248
Loss on bad loans	103,929,311
Other extraordinary losses	77,856,187,078
<b>Net surplus for the period</b>	<b>717,777,151,249</b>

### 3. Combined Cash Flow Statement

From April 1, 2019

To March 31, 2020

Description of accounts	Amount (yen)	Description of accounts	Amount (yen)
<b>I Cash Flows from Operating Activities (administration services)</b>		<b>II Cash Flows from Investing Activities (i.e. Infrastructure Development)</b>	
Tax and dues	7,240,050,343,147	National treasury disbursements	64,330,507,629
Metropolitan taxes	5,103,213,456,178	National treasury disbursements	60,986,373,470
Local consumption tax (before settlement)	1,847,513,468,714	Charges and contributions	2,664,267,161
Local transfer taxes	271,501,849,671	Transfer from other accounts, etc.	679,866,998
Special local government grants	17,776,568,000	Proceeds from property	16,170,596,777
Subsidy for municipalities which locate national facilities	33,937,000	Proceeds from sales of property	16,170,596,777
Revenue from other tax sources	11,063,584	Transfer from funds and financial reserves	788,544,044,983
National treasury disbursements	607,595,780,026	Adjusted fund for public finance	0
National treasury disbursements	604,973,756,026	Sinking fund	345,172,919,000
Traffic safety special grants	2,622,024,000	Special purpose fund	443,371,125,983
Other proceeds from operating activities	1,068,949,452,099	Managed fixed amount financial reserve	0
Receipts from operations (Special Accounts)	8,804,198	Collection of loans, etc.	295,085,447,273
Charges and contributions	446,899,108,694	Proceeds from security deposits	830,226,559
Rents and fees	150,643,764,490	Payments for development of infrastructure	555,822,172,588
Revenue from property	12,796,163,963	Service and supplies	8,309,336,887
Revenue from commissioned projects	53,909,685,048	Financial assistance for non-capital investment	8,385,190
Revenue from other business and sales	365,673,685,671	Portion of subsidies (with state aids) granted for capital investment but used for non-capital expenses	98,400,426,925
Donations	52,430,791	Portion of subsidies (without state aids) granted for capital investment but used for non-capital expenses	449,104,023,586
Transfer from other accounts	38,965,809,244	Transfer to funds and financial reserves	871,773,496,538
Financial revenue	13,826,196,933	Adjusted fund for public finance	91,694,432,727
Interest and dividend	13,826,196,933	Sinking fund	299,617,133,000
Tax-related subsidies	1,436,018,012,206	Special purpose fund	478,792,414,596
Tax-related subsidies	1,436,018,012,206	Managed fixed amount financial reserve	1,669,516,215
Payments for operating activities	6,454,901,596,881	Loans and capital investments, etc.	387,768,771,298
Salary and wages	1,579,268,633,079	Investments in capital	45,592,911,000
Service and supplies	336,461,557,622	Subsidies to other accounts	44,527,981,579
Maintenance and repairs	106,858,688,413	Loans	297,647,878,719
Social welfare	136,212,866,129	Payments for security deposits	612,507,726
Local consumption tax settlement	1,218,111,705,986	<b>Net cash flows used in investing activities</b>	<b>△ 651,016,124,929</b>
Financial assistance for non-capital investment	2,427,432,489,107	<b>Net cash flows provided by operating and investing activities</b>	<b>295,522,417,832</b>
Portion of subsidies (with state aids) granted for capital investment but used for non-capital expenses	59,004,119,352		
Portion of subsidies (without state aids) granted for capital investment but used for non-capital expenses	365,610,495,095	<b>III Cash Flows from Financing Activities</b>	
Financial assistance for capital investment (initiated/owned by the national government)	36,950,991,190	Proceeds from financing activities	636,599,157,968
Subsidies to other accounts	188,990,050,908	Metropolitan debt	425,153,503,170
Financial expenses	91,432,272,936	Borrowing from other accounts, etc.	0
Interest and commission on Metropolitan debt	91,392,339,825	Borrowings from funds	0
Interest on borrowing from other accounts, etc.	39,933,111	Transfer from other accounts	211,445,654,798
Extraordinary payments	1,531,347,421	Payments for financing activities	890,284,765,786
Disaster restoration	1,531,347,421	Redemption of Metropolitan debt (debt principal)	890,147,087,698
		Repayment of borrowing to other accounts	137,678,088
		Repayment of borrowing to funds	0
<b>Net cash flows provided by operating activities</b>	<b>946,538,542,761</b>	<b>Net cash flows used in financing activities</b>	<b>△ 253,685,607,818</b>
		<b>Net increase in cash for the period</b>	<b>41,836,810,014</b>
		<b>Cash at the beginning of period</b>	<b>540,477,719,956</b>
		<b>Cash at the end of period</b>	<b>582,314,529,970</b>

4. Combined Statement of Changes in Net Assets

From April 1, 2019  
To March 31, 2020

	Opening balance	National treasury disbursements	Contributions, transfer from other accounts, etc. for capital investment	Assessed value of donated property	Transfer to other municipalities	Inter-account transactions	Other surplus	TOTAL
Balance at the beginning of period	19,023,423,532,668	1,440,132,076,701	99,292,432,068	360,790,099,884	△ 153,520,219,720	0	7,107,829,026,570	27,877,946,948,171
Net change for the period		60,986,339,007	3,573,047,702	73,280,409,932	△ 6,283,808,484	0	717,777,151,249	849,333,139,406
Increase (decrease) of fixed assets, etc.		60,986,339,007	3,573,047,702	73,280,409,932	△ 6,283,808,484	80,308,889,194		211,864,877,351
Increase (decrease) of Metropolitan debt						△ 9,520,090,338		△ 9,520,090,338
Other inter-account transactions						△ 70,788,798,856		△ 70,788,798,856
Net surplus for the period							717,777,151,249	717,777,151,249
Balance at the end of period	19,023,423,532,668	1,501,118,415,708	102,865,479,770	434,070,509,816	△ 159,804,028,204	0	7,825,606,177,819	28,727,280,087,577

(yen)

5. Supporting Schedule

(1) Tangible and Intangible Fixed Assets

Asset Description	Balance at the beginning of the period	Net increase (decrease) for the period	Balance at the end of period	Accumulated depreciation at the end of period	Depreciation for the period	Net book value at the end of period
<b>TANGIBLE FIXED ASSETS</b>						
Administrative Property(used solely for public administration purposes)	30,016,755,346,427	656,699,585,358	30,673,454,931,785	4,966,824,427,425	202,399,842,114	25,706,660,504,360
Buildings	10,725,239,762,193	386,443,517,437	11,081,683,279,620	3,082,837,477,922	123,982,637,552	7,899,845,801,698
Structures	4,823,275,258,377	218,600,733,595	5,041,875,991,972	2,646,408,294,213	104,420,368,915	2,395,467,697,759
Trees and forests	659,751,637,665	35,963,013,401	695,714,651,066	407,216,879,831	17,334,619,862	288,497,771,235
Ships	683,439,929	△ 455,848	682,984,081	0	0	682,984,081
Aircraft	15,978,045,361	1,320,257,910	17,298,303,271	9,637,776,608	1,482,235,246	7,660,526,663
Floating piers, etc.	20,117,548,218	2,443,847,151	22,561,395,369	18,326,943,742	686,737,794	4,234,451,627
Land	1,688,626,156	2,020,153,378	3,708,779,534	1,247,583,528	58,695,735	2,461,196,006
Ordinary Property	5,203,745,206,487	96,095,967,840	5,299,841,174,327	0	0	5,299,841,174,327
Buildings	1,888,015,885,458	153,762,017,953	2,041,777,903,411	455,050,742,743	18,216,281,639	1,586,727,160,668
Structures	633,947,848,742	103,419,120,349	737,366,969,091	375,972,280,426	16,072,856,627	361,394,688,665
Trees and forests	123,143,052,825	1,378,272,059	124,521,324,884	76,155,453,779	2,142,664,509	48,365,871,105
Ships	94,000,333	85,700	94,086,033	0	0	94,086,033
Aircraft	728,700,000	0	728,700,000	728,699,997	0	3
Floating piers, etc.	0	0	0	0	0	0
Land	2,201,177,596	0	2,201,177,596	2,194,308,541	760,503	6,869,055
Movable Properties (valued at 1,000,000 or greater)	1,127,901,105,962	48,964,539,845	1,176,865,645,807	0	0	1,176,865,645,807
Infrastructure Assets	212,423,240,133	460,195,743	212,883,435,876	138,768,426,789	10,757,727,703	74,115,009,087
Buildings	15,836,058,454,531	192,568,026,818	16,028,626,481,349	1,289,270,438,931	49,387,091,405	14,739,356,042,418
Structures	120,044,257,802	△ 66,720,989	119,977,536,813	73,422,891,181	3,788,993,516	46,554,645,632
Floating piers, etc.	3,192,551,766,464	15,286,227,612	3,207,837,994,076	1,213,371,652,134	45,492,238,565	1,994,566,341,942
Land	2,757,545,659	548,876,116	3,306,421,775	2,575,895,616	105,859,304	730,526,159
Lease assets	12,520,704,884,606	176,799,644,079	12,697,504,528,685	0	0	12,697,504,528,685
Construction in progress	2,131,185,000	0	2,131,185,000	897,341,040	56,083,815	1,233,843,960
<b>INTANGIBLE FIXED ASSETS</b>	1,352,916,819,112	△ 46,534,172,583	1,306,382,646,529	0	0	1,306,382,646,529
Administrative Property(used solely for public administration purposes)	34,004,818,434	3,878,016,233	37,882,834,667	214,032,888	214,032,888	37,668,801,779
Land-use rights	5,443,216,517	11,280,657	5,454,497,174	0	0	5,454,497,174
Other intangible fixed assets	5,443,216,517	11,280,657	5,454,497,174	0	0	5,454,497,174
Ordinary Property	11,573,132,063	△ 520,153,101	11,052,978,962	0	0	11,052,978,962
Land-use rights	1,196,270,000	△ 823,329,000	372,941,000	0	0	372,941,000
Other intangible fixed assets	10,376,862,063	303,175,899	10,680,037,962	0	0	10,680,037,962
Infrastructure Assets	14,044,139,976	823,329,000	14,867,468,976	0	0	14,867,468,976
Land-use rights	14,044,139,976	823,329,000	14,867,468,976	0	0	14,867,468,976
Other intangible fixed assets	0	0	0	0	0	0
Software	657,798,840	2,448,261,635	3,106,060,475	214,032,888	214,032,888	2,892,027,587
Software in progress	2,286,531,038	1,115,298,042	3,401,829,080	0	0	3,401,829,080
<b>TOTAL</b>	30,050,790,164,861	680,577,601,591	30,711,367,766,452	4,967,038,460,313	202,613,875,002	25,744,329,306,139

(2) Allowance

Category	Balance at the beginning of period	Increase for the period		Decrease for the period		Balance at the end of period
		Application of allowance	Others	Application of allowance	Others	
Allowance for loss on unpaid receivables	8,353,470,995	5,099,349,467	5,364,119,388	84,524,854	8,004,176,220	8,004,176,220
Allowance for loss on bad loans	3,509,829,568	219,245,438	171,990,249	373,998,521	3,183,085,936	3,183,085,936
Allowance for investment loss	0	0	0	0	0	0
Allowance for bonuses	111,892,062,109	115,398,343,008	111,892,062,109	0	115,398,343,008	115,398,343,008
Allowance for retirement benefits	923,555,707,000	115,307,657,466	89,478,597,466	0	949,384,767,000	949,384,767,000
<b>TOTAL</b>	1,047,311,069,672	236,024,595,379	206,906,769,212	458,523,675	1,075,970,372,164	1,075,970,372,164

## 6. Notes to the Financial Statements

Fiscal Year 2018 From April 1, 2018 To March 31, 2019	Fiscal Year 2019 From April 1, 2019 To March 31, 2020
<p>1. Significant Accounting Policies</p> <p>(1) Method for Depreciating Tangible Fixed Assets</p> <p>a) Administrative property, ordinary property, lease assets and infrastructure assets</p> <p>For tangible fixed assets listed under administrative properties, ordinary properties, and lease assets, depreciation is based on the straight-line depreciation method in accordance with the useful life criteria set forth in the “Administrative Guidelines for the Registry of Public Property owned by the Tokyo Metropolitan Government.”</p> <p>For tangible fixed assets listed under infrastructure assets, depreciation is based on the straight-line depreciation method in accordance with the useful life criteria set forth in the “Administrative Guidelines for the Registry of Public Property owned by the Tokyo Metropolitan Government” and the “Bureau of Construction Standards for Infrastructure Asset Management.”</p> <p>However, in the case of road pavement, for example, the replacement cost method is adopted, and the cost for partial replacement, i.e. the paving cost, is solely expensed.</p> <p>b) Movable properties (valued at ¥1,000,000 or greater)</p> <p>Movable properties are depreciated based on the straight-line depreciation method in accordance with the useful life criteria set forth in the “Useful Life Standards for Movable Properties”.</p>	<p>1. Significant Accounting Policies</p> <p>(1) Method for Depreciating Tangible Fixed Assets</p> <p>a) Administrative property, ordinary property, lease assets and infrastructure assets</p> <p style="text-align: center;">See left</p> <p>b) Movable properties (valued at ¥1,000,000 or greater)</p> <p style="text-align: center;">See left</p>
<p>(2) Method for Depreciating Intangible Fixed Assets</p> <p>a) Superficies, easement, patents, copyrights, etc., are not depreciated.</p> <p>b) Software is depreciated through the straight-line depreciation method, with a useful life of 5 years and residual value of zero.</p>	<p>(2) Method for Depreciating Intangible Fixed Assets</p> <p style="text-align: center;">See left</p>
<p>(3) Method and Criterion for Evaluating Securities and Investments in Capital</p> <p>Securities and investments in capital are the capital and shares of Tokyo Metropolitan</p>	<p>(3) Method and Criterion for Evaluating Securities and Investments in Capital</p> <p>Securities and investments in capital are the capital and shares of Policy Collaboration</p>



<p style="text-align: center;">Fiscal Year 2018 From April 1, 2018 To March 31, 2019</p>	<p style="text-align: center;">Fiscal Year 2019 From April 1, 2019 To March 31, 2020</p>
<p>Government supervised organizations held by the Tokyo Metropolitan Government and are booked according to their acquisition costs. When the market or real value of the investment has declined significantly, the devalued price shall replace the carrying book value.</p>	<p>Organizations, etc. held by the Tokyo Metropolitan Government and are booked according to their acquisition costs. When the market or real value of the investment has declined significantly, the devalued price shall replace the carrying book value.</p>
<p>(4) Criterion for Booking Allowance Provisions</p> <p>a) Allowance for loss on unpaid receivables</p> <p>A portion of unpaid overdue accounts attributable to nonpayment of metropolitan taxes, rents, and such, might become irrecoverable due to the expiration of the prescription period or other causes. Thus, an allowance for losses on unpaid receivables is provided for by multiplying the percentage of credit loss - a percentage derived by the recent collection status of said accounts, the financial condition of the debtor(s), the actual amount of credit loss during the past 3 years, and such - by the balance of the said receivables at the end of the fiscal year.</p> <p>If a more practical method of calculation exists for individual credit situations, that method is used to book allowance for losses.</p> <p>b) Allowance for loss on bad loans</p> <p>A portion of existing loans might become irrecoverable if a reduction or exemption of repayment is granted. Thus, an allowance for losses on bad loans is provided for by multiplying the percentage of credit loss - a percentage derived by the recent collection status of said loans, the financial condition of the borrower(s), the actual amount of write-down during the past 3 years, and such - by the balance of loans outstanding at the end of the fiscal year.</p> <p>If a more practical method of calculation exists for individual credit situations, that method is used to book allowance for losses.</p> <p>c) Allowance for investment loss</p> <p>Of securities and investments in capital of organizations that provide administrative services, when the market or real value has declined to a certain extent from the acquisition</p>	<p>(4) Criterion for Booking Allowance Provisions</p> <p>a) Allowance for loss on unpaid receivables</p> <p style="text-align: center;">See left</p> <p>b) Allowance for loss on bad loans</p> <p style="text-align: center;">See left</p> <p>c) Allowance for investment loss</p> <p style="text-align: center;">See left</p>

<p style="text-align: center;">Fiscal Year 2018 From April 1, 2018 To March 31, 2019</p>	<p style="text-align: center;">Fiscal Year 2019 From April 1, 2019 To March 31, 2020</p>
<p>value, the difference is booked as allowance for investment loss. If the market or real value recovers, the allowance is reversed.</p> <p>d) Allowance for retirement benefits The allowance for retirement benefits is equivalent to the lump-sum payment due to the employees if all of them voluntarily left their posts at the end of the fiscal year.</p> <p>e) Allowance for bonuses Of bonuses and subsequent statutory welfare expenses to be paid to employees in the following fiscal year, the amount that should be included in this fiscal year is booked as allowance for bonuses.</p>	<p>d) Allowance for retirement benefits  See left</p> <p>e) Allowance for bonuses  See left</p>
<p>(5) Conversion of assets and liabilities denominated in foreign currency into Japanese yen The Tokyo Metropolitan Government has raised foreign debts in the U.S. and Europe, both of which are covered by swap contracts between the said foreign currency and Japanese yen. Consequently, the debts are booked in their original yen amounts at time of issuance since the principal and debt interest is considered to assume no risk due to currency rate fluctuations.</p>	<p>(5) Conversion of assets and liabilities denominated in foreign currency into Japanese yen  See left</p>
<p>(6) Other important matters fundamental to the preparation of financial statements</p> <p>a) Valuation of fixed assets The valuation of public properties, movable properties, infrastructure assets, software and lease assets is based on their acquisition costs.</p> <p>b) Presentation of gross and net amounts in the financial statements In the Combined Accounts, the transfer between accounts, as well as debts and credits are offset and the monetary value is presented on a net basis. In the statement of operating costs, if an allowance is provided and reversed in the same year, the amount of provision for the said allowance (to be posted to operating expenses), and the amount of reversal thereof (to be posted to other extraordinary gains) are offset and</p>	<p>(6) Other important matters fundamental to the preparation of financial statements</p> <p>a) Valuation of fixed assets  See left</p> <p>b) Presentation of gross and net amounts in the financial statements In the Combined Accounts, the transfer between accounts, as well as debts and credits are offset and the monetary value is presented on a net basis. In the statement of operating costs, if an allowance is provided and reversed in the same year, the amount of provision for the said allowance (to be posted to operating expenses), and the amount of reversal thereof (to be posted to other operating revenue) are offset and</p>

<p style="text-align: center;">Fiscal Year 2018 From April 1, 2018 To March 31, 2019</p>	<p style="text-align: center;">Fiscal Year 2019 From April 1, 2019 To March 31, 2020</p>
<p>presented on a net basis.</p>	<p>presented on a net basis.</p>
<p>2. Change of Significant Accounting Policies</p> <hr style="width: 25%; margin-left: 10%;"/>	<p>2. Change of Significant Accounting Policies</p> <p>(1) Changes in description of accounts</p> <p>Reversal of allowance has previously been included in the statement of operating costs as "other extraordinary gains," but from this fiscal year this is included in "other operating revenue." Reversal of allowance for loss on bad loans for the period was 154,753,383 yen, and there was no reversal of other provisions (allowances for loss on unpaid receivables, investment loss, and retirement benefits).</p>
<p>3. Significant Subsequent Events</p> <hr style="width: 25%; margin-left: 10%;"/>	<p>3. Significant Subsequent Events</p> <p>(1) Other significant subsequent events</p> <p>COVID-19 is seriously impacting economic activities and the livelihoods of Tokyo residents, and it is expected that funds will be used in fiscal 2020 as well in order to continue implementing necessary measures to achieve a balance between socioeconomic activities and preventing the spread of the disease. In addition, as the future trend of the economy is uncertain, there are concerns about impacts on metropolitan tax revenues, which are easily affected by the economy.</p>

#### 4. Contingent Liabilities

- (1) Total amount of commitments by contract authorization involving debt guarantee and compensation for loss, of which the liability is contingent, is as follows

Category	As of March 31, 2020
To public corporations, institutions, etc.	(Yen) 53,134,640,000
General Account	53,134,640,000
To others	203,212,219,000
General Account	203,212,219,000
TOTAL	256,346,859,000
General Account	256,346,859,000

#### 5. Additional Information

- (1) Two month account adjustment period

Although the financial statements are prepared based upon information as of March 31, 2020, an adjustment period is adopted by the Metropolitan Government in closing its books. This adjustment period is from the end of the fiscal year until the “account closure date” of May 31 as stipulated in Article 235-5 of the Local Autonomy Act. Figures reflecting cash receipts and disbursement and the subsequent fluctuations of assets and liabilities during this period constitute the final fiscal year end figures. (i.e. The accounting period is extended by two months to absorb cash transactions involving debt or credit defined at the end of the fiscal year.)

- (2) Cash other than annual revenue and expenditures

Cash other than annual revenue and expenditures (cash in custody that does not fall under the possession of the Tokyo Metropolitan Government as stipulated in Paragraph 3, Article 235-4 of the Local Autonomy Act) is not booked in the financial statements. As of March 31, 2020, cash other than annual revenue and expenditures was 45,126,285,382 yen.

(3) Amounts committed to subsidize interest payments and such in following years:

Category	As of March 31, 2020
Interest subsidies	(Yen) 19,684,951,000
General Account	19,684,951,000
Others	700,212,293,489
General Account	577,750,705,489
Metropolitan Housing Account	122,461,588,000
TOTAL	719,897,244,489
General Account	597,435,656,489
Metropolitan Housing Account	122,461,588,000

(4) Planned payments for projects brought forward

Category	As of March 31, 2020
Budget carried over	(Yen) 70,128,827,000
General Account	57,355,281,000
Land Acquisition Account	6,167,000
Metropolitan Housing Account	12,518,000,000
Waterfront Urban Infrastructure Development Project Account	249,379,000
Budget carried over due to unforeseeable events	9,409,452,464
General Account	8,343,818,464
Land Acquisition Account	41,626,000
Metropolitan Housing Account	1,024,008,000
TOTAL	79,538,279,464
General Account	65,699,099,464
Land Acquisition Account	47,793,000
Metropolitan Housing Account	13,542,008,000
Waterfront Urban Infrastructure Development Project Account	249,379,000

(5) Temporary Borrowing

For a temporary accommodation of funds, 300 billion yen was transferred from the Adjusting Fund for Public Finance on May 30, 2019, and refunded thereto by June 5, 2019. The interest accrued on these funds was 575,342 yen, of which payment was borne by the General Account.

(6) Other items which are helpful for better understanding the financial statements:

a) Provision for allowances and other operating revenue (arising from reversal of relevant allowances)

In combining accounts, the balance arising from the provision and reversal of an allowance is aggregated (and presented on a net basis).

Financial Statement	Account Title (Debit)	Amount	Account Title (Credit)	Amount
Statement of Operating Costs	Provision for allowance for loss on unpaid receivables	(Yen) 6,340,257	Other operating revenue	(Yen) 24,994,238
	Provision for allowance for loss on bad loans	9,104,751		
	Provision for allowance for retirement benefits	9,549,230		

b) Transfer between accounts (to be offset when combining accounts)

Transactions between accounts are summarized as follow. The amounts below are offset and balanced out in the combined financial statements:

Financial Statement	Account Title (Debit)	Amount	Account Title (Credit)	Amount
Balance Sheet		(Yen)	Net assets (Transfer from General Account)	(Yen) 5,317,584,362
Statement of Operating Costs	Transfer to General Account	533,264,866,164	Transfer from General Account	1,207,894,372,341
	Operating expenses - Tax-related subsidies	1,099,225,769,000	Operating revenue - Metropolitan taxes	528,587,604,966
	Operating expenses - Subsidies to other accounts	115,685,697,366	Operating revenue - Transfer from other accounts	6,376,770,861
Balance Sheet/ Statement of Operating Costs TOTAL		1,748,176,332,530		1,748,176,332,530

Financial Statement	Account Title (Payments)	Amount	Account Title (Receipts or Proceeds)	Amount
Cash Flow Statement	Transfer to General Account - Operating Activities	(Yen) 533,264,866,164	Transfer from General Account - Operating Activities	(Yen) 1,263,385,014,033
	Transfer to General Account - Investing Activities	1,676,212,063	Transfer from General Account - Investing Activities	271,317,929,974
	Payments for Operating Activities - Tax-related subsidies	1,099,225,769,000	Transfer from General Account - Financing Activities	43,744,269,675
	Payments for Operating Activities - Subsidies to other accounts	115,768,949,917	Proceeds from Operating Activities - Metropolitan taxes	528,587,604,966
	Payments for Operating Activities - Interest and commission on Metropolitan debt	59,489,401,674	Proceeds from Operating Activities - Transfer from other accounts	10,456,572,351
	Payments for Investing Activities - Sinking fund	297,323,854,493	Proceeds from Investing Activities - Transfer from other accounts, etc.	33,421,679,146
	Payments for Investing Activities - Subsidies to other accounts	2,276,747,159	Proceeds from financing activities - Borrowing from other accounts, etc.	1,857,000,000
	Payments for Financing Activities - Redemption of Metropolitan debt (debt principal)	47,085,113,561	Proceeds from financing activities - Transfer from other accounts	3,340,843,886
Payments for Financing Activities - Repayment of borrowing to other accounts	2,161,800,000	Proceeds from Investing Activities - Revenue from collection of loans	2,161,800,000	
Cash Flow Statement TOTAL		2,158,272,714,031		2,158,272,714,031

c) Inter-Account debts and credits

Inter-Account debts and credits are summarized as follow. The amounts below are offset and balanced out in the combined financial statements;

Account	Asset	Amount	Liability	Amount
Metropolitan Housing Account		(Yen)	Current liabilities - Borrowings from other accounts	(Yen) 2,321,800,000
Metropolitan Housing Tenants Security Deposit Account	Current Assets - Short-term loans	2,321,800,000		
Metropolitan Housing Account			Fixed liabilities - Borrowings from other accounts	6,863,000,000
Metropolitan Housing Tenants Security Deposit Account	Fixed Assets - Long-term loans	6,863,000,000		
TOTAL		9,184,800,000		9,184,800,000

6. Other References

(1) Balance Sheet

a) Details of securities and investments, and loans

Category	To Tokyo Metropolitan Government Policy Collaboration Organizations	To other organizations	Total
	(Yen)	(Yen)	(Yen)
Securities	111,121,408,858	128,030,414,109	239,151,822,967
Investments in capital	114,910,692,436	529,754,073,091	644,664,765,527
Loans	401,210,096,704	723,201,601,648	1,124,411,698,352

b) Planned servicing of Metropolitan debt and borrowings

Category	Redemption In FY2020	Redemption in and after FY2021	Total
	(Yen)	(Yen)	(Yen)
Metropolitan debt	326,894,533,671	5,089,740,021,282	5,416,634,554,953
General Account	295,767,535,391	4,544,691,417,517	4,840,458,952,908
Single Parent Welfare Loan Fund Account	0	28,794,770,028	28,794,770,028
Small and Medium Enterprise Facility Installation Fund Account	1,292,250,000	1,407,611,813	2,699,861,813
Slaughter House Account	133,909,948	2,258,317,213	2,392,227,161
Metropolitan Housing Account	29,700,838,332	512,587,904,711	542,288,743,043
Other borrowings	1,000,000	378,575,460	379,575,460
Small and Medium Enterprise Facility Installation Fund Account	1,000,000	378,575,460	379,575,460
TOTAL	326,895,533,671	5,090,118,596,742	5,417,014,130,413
General Account	295,767,535,391	4,544,691,417,517	4,840,458,952,908
Single Parent Welfare Loan Fund Account	0	28,794,770,028	28,794,770,028
Small and Medium Enterprise Facility Installation Fund Account	1,293,250,000	1,786,187,273	3,079,437,273
Slaughter House Account	133,909,948	2,258,317,213	2,392,227,161
Metropolitan Housing Account	29,700,838,332	512,587,904,711	542,288,743,043



(2) Statement of Operating Costs

a) Detail of revenues and their accounting basis

Account	Description and Accounting Basis
Operating revenue	
	Metropolitan taxes
	Ordinary taxes (excluding local consumption tax) as defined in the current Local Tax Act, taxes provided for in the former law, special purpose taxes and a special-purpose discretionary tax (namely, accommodation tax provided for in the Tokyo Metropolitan Accommodation Tax Ordinance) are recognized as revenue when they are received and booked accordingly.
	Local consumption tax (before settlement)
	Local consumption tax is booked upon receipt before its final adjustment among prefectures.
	Local transfer taxes
	Local road transfer tax, petroleum gas transfer tax, special tonnage transfer tax, aviation fuel transfer tax, local special corporate transfer tax, local gasoline transfer tax, forest environment transfer tax and motor vehicle tonnage transfer tax are booked as revenue upon receipt (i.e. at the moment that the receipt of the revenue is confirmed).
	Special local government grants
	(a) Grants provided to supplement reduced individual inhabitant tax revenue of local governments resulting from special tax deductions such as that for housing loan balances are booked as revenue. (b) Grants provided to supplement reduced revenue of local governments due to the temporary lowering of the automotive environmental performance-based tax in order to level out demand resulting from the consumption tax rate increase, are booked as revenue. (c) Regarding local government costs related to providing childhood education and daycare services free of charge, because local government revenues from the increase in the consumption tax is minimal, grants are booked as revenue to have all costs borne through national funds.
	Subsidy for municipalities which locate national facilities
	The national government offers a subsidy to municipalities which locate national facilities as alternative financial resource for fixed assets tax. The subsidy is booked as revenue upon receipt.
	Revenue from other tax sources
	Metropolitan Inhabitant Tax on interest income after settlement among prefectures and revenues from the collection of delinquent taxes are booked upon receipt.
	National treasury disbursements
	Disbursements from the national government are booked as revenue when allotted to operating activities.
	Traffic safety special grants
	Based on the Road Traffic Act, the national government allocates revenues from fines, etc. to local governments as grants to establish road traffic safety facilities and their management. The grants are booked as revenue.
	Receipts from operations (Special Accounts)
	When the special accounts receive loan interest, premiums or damages for contract breaches, they are booked as revenue.
	Charges and Contributions
	Incoming public charges and contributions are booked as revenue when they are applied to the operating activities.
	Rents and fees
	Rents and fees are booked as revenue upon receipt.

Revenue from property	Rents, sales and other revenue from properties are booked as revenue upon receipt.
Revenue from commissioned projects	Revenue from commissioned projects is booked as revenue upon receipt.
Revenue from other business and sales	Revenue from profit-making businesses, proceeds from the sale of movable assets, etc. are booked as revenue upon receipt.
Donations	Donations are booked as revenue upon receipt.
Transfer from other accounts	Money transferred from other accounts is booked as revenue when it is applied to operating activities.
Other operating revenue	Other revenue from operating activities is booked under this title.
Financial revenue	
Interest and dividends	Interest on bank deposits, dividends from stocks and other financial instruments are booked upon receipt.
Extraordinary gains	
Gain on sales of fixed assets	Proceeds (or receivables) from sales of fixed assets (other than securities and investments) are offset with the book value of said assets, and recognized as a gain if the proceeds exceed the book value.
Other extraordinary gains	Gains from the sales of securities and investments, reversal of allowances, prior-year adjustments, etc. are booked under this title.

b) Local consumption tax and local consumption tax settlement

In order to clarify revenue and expenditures related to local consumption tax, in the operating revenue, local taxes are classified as metropolitan taxes and local consumption tax (before settlement), and similarly, in the operating expenses, financial assistance for non-capital investment is described separately as local consumption tax settlement and financial assistance for non-capital investment.

c) Expenses relevant to capital investment

“Expenses for capital investment, with national subsidies” “Expenses for capital investment with no national subsidies,” and “Expenses relevant to the nation’s government’s capital investment” are all accounted for as operating expenses since these costs are not added to the acquisition cost of the TMG’s fixed assets on account of their nature.

d) Major items under other extraordinary gains and losses

Of the other extraordinary gains, special income from the reestablishment of ownership of land for public facilities associated with the implementation of the land readjustment project was 125,921,301,060 yen, and prior-year adjustments revealed a gain of 11,116,770,858 yen. Of the other extraordinary losses, prior-year adjustments revealed a loss of 50,896,104,559 yen.

(3) Cash Flow Statement

The following is a breakdown of the difference between the “net surplus for the period” in the statement of operating costs and “net cash flows provided by operating activities” in the cash flow statement.

	(Yen)
Net surplus for the period in the Statement of Operating Costs	717,777,151,249
Changes in tangible fixed Asset	262,104,852,954
Depreciation expenses	202,613,875,002
Loss (or gain) on sales of fixed assets	△ 4,760,790,026
Loss on disposals of fixed assets	64,251,767,978
Changes in current assets/liabilities relating to operating activities	△ 3,976,689,099
Decrease (Increase) of unpaid overdue accounts	△ 3,928,588,468
Increase (Decrease) of unpaid refunds	△ 48,100,631
Other non-cash items	35,166,312,512
Provision for allowance for loss on unpaid receivables	5,014,824,613
Loss on unpaid receivables	141,417,248
Loss on bad loans	103,929,311
Provision for allowance for retirement benefits	115,307,657,466
Payments for retirement benefits	△ 89,478,597,466
Other non-cash revenue/expense items	4,077,081,340
Other items	△ 64,533,084,855
Other extraordinary gains	△ 142,389,271,933
Other extraordinary losses	77,856,187,078
Net cash flows provided by operating activities in the Cash Flow Statement	946,538,542,761

Fiscal Year 2018

II . COMBINED FINANCIAL  
STATEMENTS  
(for General and  
All Special Accounts)

# 1. Combined Balance Sheet

(As of March 31, 2019)

Description of accounts	Amount (yen)	Description of accounts	Amount (yen)
<b>ASSETS</b>		<b>LIABILITIES</b>	
I Current Assets	1,895,335,916,479	I Current Liabilities	508,290,770,335
Cash and deposits	540,477,719,956	Accounts refundable	2,281,769,018
Unpaid overdue accounts	63,218,366,830	Metropolitan debt	392,492,334,119
Allowance for loss on unpaid receivables	Δ 8,353,470,995	Short-term borrowings	1,000,000
Funds and financial reserves	1,187,972,604,956	Borrowings from other accounts	0
Adjusted fund for public finance	842,799,685,956	Borrowings from funds	0
Sinking fund	345,172,919,000	Other short-term borrowings	1,000,000
Short-term loans	112,637,972,252	Lease liabilities	137,005,089
Allowance for loss on bad loans	Δ 818,346,870	Accounts payable	0
Other current assets	201,070,350	Deferred payments	0
II Fixed Assets	32,731,204,786,796	Unpaid guarantee obligations	0
1 Administrative property	7,757,906,328,236	Other accounts payable	0
1 Tangible fixed assets	7,752,463,111,719	Allowance for bonuses	111,892,062,109
Buildings	2,272,114,259,189	Other current liabilities	1,486,600,000
Structures	266,898,788,495	II Fixed Liabilities	6,240,302,984,769
Trees and forests	683,439,929	Metropolitan debt	5,277,509,534,068
Ships	6,674,782,700	Long-term borrowings	379,248,459
Aircraft	1,876,999,555	Borrowings from other accounts	0
Floating piers, etc.	469,635,364	Borrowing from funds	0
Land	5,203,745,206,487	Other long-term borrowings	379,248,459
2 Intangible fixed assets	5,443,216,517	Lease liabilities	629,383,001
Land-use rights	5,443,216,517	Allowance for retirement benefits	923,555,707,000
Other intangible fixed assets	0	Other allowances	0
2 Ordinary property	1,462,942,072,254	Other fixed liabilities	38,229,112,241
1 Tangible fixed assets	1,451,368,940,191	Security deposits	16,718,012,241
Buildings	274,013,962,074	Other fixed liabilities	21,511,100,000
Structures	49,352,242,261		
Trees and forests	94,000,333		
Ships	3		
Aircraft	0		
Floating piers, etc	7,629,558		
Land	1,127,901,105,962		
2 Intangible fixed assets	11,573,132,063		
Land-use rights	1,196,270,000		
Other intangible fixed assets	10,376,862,063		
3 Movable properties	73,076,987,838		
4 Infrastructure assets	14,652,995,159,709		
1 Tangible fixed assets	14,638,951,019,733		
Buildings	50,347,241,362		
Structures	2,067,611,384,418		
Floating piers, etc.	287,509,347		
Land	12,520,704,884,606		
2 Intangible fixed assets	14,044,139,976		
Land-use rights	14,044,139,976		
Other intangible fixed assets	0		
5 Software	657,798,840		
6 Lease assets	1,289,927,775		
7 Construction in progress	1,352,916,819,112		
8 Software in progress	2,286,531,038		
9 Investments and other assets	7,427,133,161,994		
Securities	240,832,461,234		
Investments in capital	636,108,429,291		
Allowance for investment loss	0		
Investments in public enterprise accounts	2,134,649,475,660		
Long-term loans	1,009,438,821,930		
Allowance for loss on bad loans	Δ 2,691,482,698		
Other long-term debts	10,140,628,610		
Funds and financial reserves	3,231,332,456,683		
Sinking fund	1,254,175,431,000		
Special purpose fund	1,684,646,748,778		
Managed fixed amount financial reserve	292,510,276,905		
Other investments	167,322,371,284		
		<b>TOTAL LIABILITIES</b>	<b>6,748,593,755,104</b>
		<b>NET ASSETS</b>	
		Net assets,	27,877,946,948,171
		including net increase(or decrease) for	
		the period	180,591,070,134
		<b>TOTAL NET ASSETS</b>	<b>27,877,946,948,171</b>
<b>TOTAL ASSETS</b>	<b>34,626,540,703,275</b>	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>34,626,540,703,275</b>

## 2. Combined Statement of Operating Costs

From April 1, 2018

To March 31, 2019

Description of accounts	Amount (yen)
<b>ORDINARY REVENUE AND EXPENSES</b>	
<b>I Operating Revenue and Expenses</b>	<b>797,166,175,403</b>
1 Operating revenue	8,683,041,321,141
Metropolitan taxes	4,895,424,169,975
Local consumption tax (before settlement)	1,868,392,851,399
Local transfer taxes	276,836,146,334
Special local government grants	5,996,834,000
Subsidy for municipalities which locate national facilities	29,642,000
Revenue from other tax sources	13,797,502
National treasury disbursements	571,475,282,120
Traffic safety special grants	2,645,143,000
Receipt from operations (Special Accounts)	1,477,007,049
Charges and contributions	461,125,540,061
Rents and fees	152,297,276,182
Revenue from property	12,595,734,897
Revenue from commissioned projects	53,700,260,414
Revenue from other business and sales	374,511,083,551
Donations	34,562,129
Transfer from other accounts	6,396,818,559
Other operating revenue	89,171,969
2 Operating expenses	7,885,875,145,738
Tax-related subsidies	1,421,808,792,670
Salary and wages	1,355,518,147,133
Service and supplies	301,549,510,266
Maintenance and repairs	105,226,286,503
Social welfare	131,303,032,031
Local consumption tax settlement	1,299,969,678,719
Financial assistance for non-capital investment	2,221,341,674,200
Portion of subsidies (with state aids) granted for capital investment but used for non-capital expenses	51,068,238,232
Portion of subsidies (without state aids) granted for capital investment but used for non-capital expenses	368,420,529,062
Financial assistance for capital investment (initiated/owned by the national government)	45,481,584,326
Non-capital investment	18,605,554,039
Subsidies to other accounts	190,637,884,142
Depreciation	198,805,768,522
Provision for guaranteed obligations	0
Provision for allowance for loss on unpaid receivables	7,229,137,051
Provision for allowance for loss on bad loans	0
Provision for allowance for bonuses	111,892,062,109
Provision for allowance for retirement benefits	53,970,785,167
Provision for other allowances	0
Other operating expenses	3,046,481,566
<b>II Financial Revenue and Expenses</b>	<b>△ 52,181,208,677</b>
1 Financial revenue	14,017,180,960
Interest and dividend	14,017,180,960
2 Financial expenses	66,198,389,637
Interest on Metropolitan debt	64,594,726,162
Debt issuing expenses	1,322,294,500
Discount on debt issuance	213,397,078
Interest on borrowing from other accounts, etc.	67,971,897
<b>Surplus from ordinary activities</b>	<b>744,984,966,726</b>
<b>EXTRAORDINARY GAINS AND LOSSES</b>	<b>△ 632,316,798,677</b>
1 Extraordinary gains	55,335,176,371
Gain on sales of fixed assets	19,823,524,645
Other extraordinary gains	35,511,651,726
2 Extraordinary losses	687,651,975,048
Loss on sales of fixed assets	1,309,285,314
Loss on disposal of fixed assets	12,912,557,340
Disaster restoration	797,770,726
Loss on unpaid receivables	1,410,495,547
Loss on bad loans	137,804,000
Other extraordinary losses	671,084,062,121
<b>Net surplus for the period</b>	<b>112,668,168,049</b>

### 3. Combined Cash Flow Statement

From April 1, 2018

To March 31, 2019

Description of accounts	Amount (yen)	Description of accounts	Amount (yen)
<b>I Cash Flows from Operating Activities (administration services)</b>		<b>II Cash Flows from Investing Activities (i.e. Infrastructure Development)</b>	
Tax and dues	7,045,355,409,218	National treasury disbursements	75,541,170,973
Metropolitan taxes	4,894,086,137,983	National treasury disbursements	71,688,809,497
Local consumption tax (before settlement)	1,868,392,851,399	Charges and contributions	3,115,466,817
Local transfer taxes	276,836,146,334	Transfer from other accounts, etc.	736,894,659
Special local government grants	5,996,834,000	Proceeds from property	51,065,021,536
Subsidy for municipalities which locate national facilities	29,642,000	Proceeds from sales of property	51,065,021,536
Revenue from other tax sources	13,797,502	Transfer from funds and financial reserves	648,467,355,607
National treasury disbursements	574,251,609,120	Adjusted fund for public finance	0
National treasury disbursements	571,606,466,120	Sinking fund	226,353,830,000
Traffic safety special grants	2,645,143,000	Special purpose fund	422,113,525,607
Other proceeds from operating activities	1,098,845,660,661	Managed fixed amount financial reserve	0
Receipts from operations (Special Accounts)	1,479,991,083	Collection of loans, etc.	349,722,897,171
Charges and contributions	461,082,022,907	Proceeds from security deposits	703,469,033
Rents and fees	152,241,619,698	Payments for development of infrastructure	958,797,127,091
Revenue from property	12,601,217,506	Service and supplies	7,425,290,864
Revenue from commissioned projects	53,700,260,414	Financial assistance for non-capital investment	835,056,078
Revenue from other business and sales	374,469,533,814	Portion of subsidies (with state aids) granted for capital investment but used for non-capital expenses	128,093,010,427
Donations	34,562,129	Portion of subsidies (without state aids) granted for capital investment but used for non-capital expenses	822,443,769,722
Transfer from other accounts	43,236,453,110	Transfer to funds and financial reserves	506,481,223,081
Financial revenue	14,017,180,900	Adjusted fund for public finance	126,284,240,934
Interest and dividend	14,017,180,900	Sinking fund	310,295,173,000
Tax-related subsidies	1,421,808,792,670	Special purpose fund	67,991,081,924
Tax-related subsidies	1,421,808,792,670	Managed fixed amount financial reserve	1,910,727,223
Payments for operating activities	6,274,210,323,547	Loans and capital investments, etc.	366,753,569,129
Salary and wages	1,557,730,536,542	Investments in capital	37,156,344,525
Service and supplies	301,549,404,858	Subsidies to other accounts	51,422,753,469
Maintenance and repairs	104,837,272,503	Loans	278,174,471,135
Social welfare	131,303,032,031	Payments for security deposits	729,012,671
Local consumption tax settlement	1,299,969,678,719	<b>Net cash flows used in investing activities</b>	<b>Δ 707,261,017,652</b>
Financial assistance for non-capital investment	2,221,934,385,885	<b>Net cash flows provided by operating and investing activities</b>	<b>225,567,369,683</b>
Portion of subsidies (with state aids) granted for capital investment but used for non-capital expenses	51,068,238,232		
Portion of subsidies (without state aids) granted for capital investment but used for non-capital expenses	369,698,306,309	<b>III Cash Flows from Financing Activities</b>	
Financial assistance for capital investment (initiated/owned by the national government)	45,481,584,326	Proceeds from financing activities	572,247,532,361
Subsidies to other accounts	190,637,884,142	Metropolitan debt	336,755,057,922
Financial expenses	102,824,585,621	Borrowing from other accounts, etc.	0
Interest and commission on Metropolitan debt	102,756,613,724	Borrowings from funds	0
Interest on borrowing from other accounts, etc.	67,971,897	Transfer from other accounts	235,492,474,439
Extraordinary payments	797,770,726	Payments for financing activities	754,249,084,351
Disaster restoration	797,770,726	Redemption of Metropolitan debt (debt principal)	754,118,818,974
<b>Net cash flows provided by operating activities</b>	<b>932,828,387,335</b>	Repayment of borrowing to other accounts	130,265,377
		Repayment of borrowing to funds	0
		<b>Net cash flows used in financing activities</b>	<b>Δ 182,001,551,990</b>
		<b>Net increase in cash for the period</b>	<b>43,565,817,693</b>
		<b>Cash at the beginning of period</b>	<b>496,911,902,263</b>
		<b>Cash at the end of period</b>	<b>540,477,719,956</b>

4. Combined Statement of Changes in Net Assets

From April 1, 2018  
To March 31, 2019

(yen)

	Opening balance	National treasury disbursements	Contributions, transfer from other accounts, etc. for capital investment	Assessed value of donated property	Transfer to other municipalities	Inter-account transactions	Other surplus	TOTAL
Balance at the beginning of period	19,023,423,532,668	1,369,277,743,214	95,374,086,975	354,280,236,235	△ 140,160,579,576	0	6,995,160,858,521	27,697,355,878,037
Net change for the period		70,854,333,487	3,918,345,093	6,509,863,649	△ 13,359,640,144	0	112,668,168,049	180,591,070,134
Increase (decrease) of fixed assets, etc.		70,854,333,487	3,918,345,093	6,509,863,649	△ 13,359,640,144	△ 11,808,545,861		56,114,356,224
Increase (decrease) of Metropolitan debt						△ 8,260,449,380		△ 8,260,449,380
Other inter-account transactions						20,068,995,241		20,068,995,241
Net surplus for the period							112,668,168,049	112,668,168,049
Balance at the end of period	19,023,423,532,668	1,440,132,076,701	99,292,432,068	360,790,099,884	△ 153,520,219,720	0	7,107,829,026,570	27,877,946,948,171



5. Supporting Schedule

(1) Tangible and Intangible Fixed Assets

Asset Description	Balance at the beginning of period	Net increase (decrease) for the period	Balance at the end of period	Accumulated depreciation at the end of period	Depreciation for the period	Net book value at the end of period
<b>TANGIBLE FIXED ASSETS</b>						
Administrative Property(used solely for public administration purposes)	29,101,855,453,791	914,929,892,636	30,016,785,346,427	4,746,718,540,059	198,805,768,522	25,270,066,806,368
Buildings	10,638,203,145,152	87,036,617,041	10,725,239,762,193	2,972,776,650,474	114,863,518,166	7,752,463,111,719
Structures	4,756,539,525,646	66,735,732,731	4,823,275,258,377	2,551,160,999,188	97,982,035,433	2,272,114,259,189
Trees and forests	656,993,103,267	2,758,534,398	659,751,637,665	392,852,849,170	13,670,266,378	266,898,788,495
Ships	684,770,160	△ 1,330,231	683,439,929	0	0	683,439,929
Aircraft	15,319,120,561	658,924,800	15,978,045,361	9,303,262,661	1,153,659,119	6,674,782,700
Floating piers, etc.	22,522,183,199	△ 2,404,634,981	20,117,548,218	18,240,548,663	1,996,374,827	1,876,999,555
Land	1,696,526,156	△ 7,900,000	1,688,626,156	1,218,990,792	61,182,409	469,635,364
Ordinary Property	5,184,447,916,163	19,297,290,324	5,203,745,206,487	0	0	5,203,745,206,487
Buildings	1,337,099,538,608	550,916,346,850	1,888,015,885,458	436,646,945,267	17,447,787,201	1,451,368,940,191
Structures	628,213,794,156	5,734,054,586	633,947,848,742	359,933,886,668	15,238,618,431	274,013,962,074
Trees and forests	136,487,205,685	△ 13,344,152,860	123,143,052,825	73,790,810,564	2,130,306,542	49,352,242,261
Ships	95,054,333	△ 1,054,000	94,000,333	0	0	94,000,333
Aircraft	728,700,000	0	728,700,000	728,699,997	34,000	34,000
Floating piers, etc.	0	0	0	0	0	0
Land	2,201,177,596	558,527,499,124	2,201,177,596	2,193,548,038	78,828,228	7,629,558
Movable Properties (valued at 1,000,000 or greater)	569,373,606,838	6,049,248,236	1,127,801,105,962	139,346,252,295	10,402,455,452	1,127,901,105,962
Infrastructure Assets	206,373,991,897	126,800,171,283	212,423,240,133	1,197,107,434,798	56,035,923,888	73,076,987,838
Buildings	15,709,258,283,248	2,654,792,935	15,836,058,454,531	69,697,016,440	3,331,043,413	14,638,951,019,733
Structures	117,389,464,867	45,597,212,353	120,044,257,802	1,124,940,382,046	52,599,021,173	60,347,241,362
Trees and forests	3,146,954,554,111	2,757,545,659	3,192,551,766,464	2,470,036,312	105,859,347	2,067,611,384,418
Floating piers, etc.	2,757,545,659	0	2,757,545,659	0	0	287,509,347
Land	12,442,156,718,611	78,548,165,995	12,520,704,884,606	0	0	12,520,704,884,606
Lease assets	2,131,185,000	0	2,131,185,000	841,257,225	56,083,815	1,289,927,775
Construction in progress	1,208,789,309,886	144,127,509,226	1,352,916,819,112	0	0	1,352,916,819,112
<b>INTANGIBLE FIXED ASSETS</b>						
Administrative Property(used solely for public administration purposes)	30,789,795,981	3,215,022,453	34,004,818,434	0	0	34,004,818,434
Land-use rights	5,443,216,517	0	5,443,216,517	0	0	5,443,216,517
Other intangible fixed assets	5,443,216,517	0	5,443,216,517	0	0	5,443,216,517
Ordinary Property	10,499,895,808	1,073,236,255	11,573,132,063	0	0	11,573,132,063
Land-use rights	1,196,270,000	0	1,196,270,000	0	0	1,196,270,000
Other intangible fixed assets	9,303,625,808	1,073,236,255	10,376,862,063	0	0	10,376,862,063
Infrastructure Assets	14,044,139,976	0	14,044,139,976	0	0	14,044,139,976
Land-use rights	14,044,139,976	0	14,044,139,976	0	0	14,044,139,976
Other intangible fixed assets	0	0	0	0	0	0
Software	0	657,798,840	657,798,840	0	0	657,798,840
Software in progress	802,543,680	1,483,987,358	2,286,531,038	0	0	2,286,531,038
<b>TOTAL</b>	<b>29,132,645,249,772</b>	<b>918,144,915,089</b>	<b>30,050,790,164,861</b>	<b>4,746,718,540,059</b>	<b>198,805,768,522</b>	<b>25,304,071,624,802</b>

(2) Allowance

Category	Balance at the beginning of period	Increase for the period	Decrease for the period		Balance at the end of period
			Application of allowance	Others	
Allowance for loss on unpaid receivables	8,975,506,471	7,296,599,457	7,852,067,401	66,567,532	8,353,470,995
Allowance for loss on bad loans	3,857,946,100	169,788,998	140,147,400	377,758,130	3,509,829,568
Allowance for investment loss	0	0	0	0	0
Allowance for bonuses	105,403,548,732	111,892,062,109	105,403,548,732	0	111,892,062,109
Allowance for retirement benefits	963,710,396,000	53,970,785,167	94,125,474,167	0	923,555,707,000
<b>TOTAL</b>	<b>1,081,947,397,303</b>	<b>173,329,235,731</b>	<b>207,521,237,700</b>	<b>444,325,662</b>	<b>1,047,311,069,672</b>

## 6. Notes to the Financial Statements

Fiscal Year 2017 From April 1, 2017 To March 31, 2018	Fiscal Year 2018 From April 1, 2018 To March 31, 2019
<p>1. Significant Accounting Policies</p> <p>(1) Method for Depreciating Tangible Fixed Assets</p> <p>a) Administrative property, ordinary property, lease assets and infrastructure assets</p> <p>For tangible fixed assets listed under administrative properties, ordinary properties, and lease assets, depreciation is based on the straight-line depreciation method in accordance with the useful life and residual value criteria set forth in the “Administrative Guidelines for the Registry of Public Property owned by the Tokyo Metropolitan Government.”</p> <p>For tangible fixed assets listed under infrastructure assets, depreciation is based on the straight-line depreciation method in accordance with the useful life and residual value criteria set forth in the “Administrative Guidelines for the Registry of Public Property owned by the Tokyo Metropolitan Government” and the “Bureau of Construction Standards for Infrastructure Asset Management.” However, in the case of road pavement, for example, the replacement cost method is adopted, and the cost for partial replacement, i.e. the paving cost, is solely expensed.</p> <p>b) Movable properties (valued at ¥1,000,000 or greater)</p> <p>Movable properties are depreciated based on the straight-line depreciation method in accordance with the useful life criteria set forth in the “Useful Life Standards for Movable Properties”.</p>	<p>1. Significant Accounting Policies</p> <p>(1) Method for Depreciating Tangible Fixed Assets</p> <p>a) Administrative property, ordinary property, lease assets and infrastructure assets</p> <p>For tangible fixed assets listed under administrative properties, ordinary properties, and lease assets, depreciation is based on the straight-line depreciation method in accordance with the useful life criteria set forth in the “Administrative Guidelines for the Registry of Public Property owned by the Tokyo Metropolitan Government.”</p> <p>For tangible fixed assets listed under infrastructure assets, depreciation is based on the straight-line depreciation method in accordance with the useful life criteria set forth in the “Administrative Guidelines for the Registry of Public Property owned by the Tokyo Metropolitan Government” and the “Bureau of Construction Standards for Infrastructure Asset Management.” However, in the case of road pavement, for example, the replacement cost method is adopted, and the cost for partial replacement, i.e. the paving cost, is solely expensed.</p> <p>b) Movable properties (valued at ¥1,000,000 or greater)</p> <p style="text-align: right;">See left</p>
<p>(2) Method for Depreciating Intangible Fixed Assets</p> <p>a) Superficies, easement, patents, copyrights, etc., are not depreciated.</p> <p>b) Software is depreciated through the straight-line depreciation method, with a useful life of 5 years and residual value of zero.</p>	<p>(2) Method for Depreciating Intangible Fixed Assets</p> <p style="text-align: right;">See left</p>
<p>(3) Method and Criterion for Evaluating Securities and Investments in Capital</p> <p>Securities and investments in capital are the</p>	<p>(3) Method and Criterion for Evaluating Securities and Investments in Capital</p>

<p style="text-align: center;">Fiscal Year 2017 From April 1, 2017 To March 31, 2018</p>	<p style="text-align: center;">Fiscal Year 2018 From April 1, 2018 To March 31, 2019</p>
<p>capital and shares of Tokyo Metropolitan Government supervised organizations held by the Tokyo Metropolitan Government and are booked according to their acquisition costs. When the market or real value of the investment has declined significantly, the devalued price shall replace the carrying book value.</p>	<p style="text-align: center;">See left</p>
<p>(4) Criterion for Booking Allowance Provisions</p> <p>a) Allowance for loss on unpaid receivables</p> <p>A portion of unpaid overdue accounts attributable to nonpayment of metropolitan taxes, rents, and such, might become irrecoverable due to the expiration of the prescription period or other causes. Thus, an allowance for losses on unpaid receivables is provided for by multiplying the percentage of credit loss - a percentage derived by the recent collection status of said accounts, the financial condition of the debtor(s), the actual amount of credit loss during the past 3 years, and such - by the balance of the said receivables at the end of the fiscal year.</p> <p>If a more practical method of calculation exists for individual credit situations, that method is used to book allowance for losses.</p> <p>b) Allowance for loss on bad loans</p> <p>A portion of existing loans might become irrecoverable if a reduction or exemption of repayment is granted. Thus, an allowance for losses on bad loans is provided for by multiplying the percentage of credit loss - a percentage derived by the recent collection status of said loans, the financial condition of the borrower(s), the actual amount of write-down during the past 3 years, and such - by the balance of loans outstanding at the end of the fiscal year.</p> <p>If a more practical method of calculation exists for individual credit situations, that method is used to book allowance for losses.</p> <p>c) Allowance for investment loss</p> <p>Of securities and investments in capital of organizations that provide administrative services, when the market or real value has declined to a</p>	<p>(4) Criterion for Booking Allowance Provisions</p> <p>a) Allowance for loss on unpaid receivables</p> <p style="text-align: center;">See left</p> <p>b) Allowance for loss on bad loans</p> <p style="text-align: center;">See left</p> <p>c) Allowance for investment loss</p> <p style="text-align: center;">See left</p>

<p style="text-align: center;">Fiscal Year 2017 From April 1, 2017 To March 31, 2018</p>	<p style="text-align: center;">Fiscal Year 2018 From April 1, 2018 To March 31, 2019</p>
<p>certain extent from the acquisition value, the difference is booked as allowance for investment loss. If the market or real value recovers, the allowance is reversed.</p> <p>d) Allowance for retirement benefits The allowance for retirement benefits is equivalent to the lump-sum payment due to the employees if all of them voluntarily left their posts at the end of the fiscal year.</p> <p>e) Allowance for bonuses Of bonuses and subsequent statutory welfare expenses to be paid to employees in the following fiscal year, the amount that should be included in this fiscal year is booked as allowance for bonuses.</p>	<p>d) Allowance for retirement benefits  See left</p> <p>e) Allowance for bonuses  See left</p>
<p>(5) Conversion of assets and liabilities denominated in foreign currency into Japanese yen The Tokyo Metropolitan Government has raised foreign debts in the U.S. and Europe, both of which are covered by swap contracts between the said foreign currency and Japanese yen. Consequently, the debts are booked in their original yen amounts at time of issuance since the principal and debt interest is considered to assume no risk due to currency rate fluctuations.</p>	<p>(5) Conversion of assets and liabilities denominated in foreign currency into Japanese yen  See left</p>
<p>(6) Other important matters fundamental to the preparation of financial statements</p> <p>a) Valuation of fixed assets The valuation of public properties, movable properties, infrastructure assets, software and lease assets is based on their acquisition costs.</p> <p>b) Presentation of gross and net amounts in the financial statements In the Combined Accounts, the transfer between accounts, as well as debts and credits are offset and the monetary value is presented on a net basis. In the statement of operating costs, if an allowance is provided and reversed in the same year, the amount of provision for the said allowance (to be posted to operating expenses), and the amount of reversal thereof (to be posted to other extraordinary gains) are offset and presented on a net basis.</p>	<p>(6) Other important matters fundamental to the preparation of financial statements</p> <p>a) Valuation of fixed assets  See left</p> <p>b) Presentation of gross and net amounts in the financial statements  See left</p>

<p style="text-align: center;">Fiscal Year 2017 From April 1, 2017 To March 31, 2018</p>	<p style="text-align: center;">Fiscal Year 2018 From April 1, 2018 To March 31, 2019</p>
<p>2. Change of Significant Accounting Policies</p> <p>(1) Change in accounting principles or procedures</p> <p>a) Software acquisition cost has conventionally been processed at the time of expenditure, but if it is acknowledged that the cost will decrease in the future, starting from this fiscal year, it is booked as assets.</p> <p>This change has been made to appropriately distribute expenses in the cost reduction period, and accurately reflect this situation in the financial statements.</p> <p>Through this change, 802,543,680 yen has been newly booked as software in progress. The total for the assets section has increased by this amount.</p> <p>b) Non-capital investment has conventionally been processed at the time of expenditure, but starting from this fiscal year, it is booked as assets.</p> <p>This change comes from treating non-capital investment, which is classified as “rights from investment” as is for investments in capital under the Local Autonomy Act, in the same manner as investments in capital in the financial statements as well.</p> <p>After dividing securities and investments, non-capital investment of 134,648,652,802 yen was booked as investment in capital. The total for the assets section increased by this amount.</p> <p>c) Of securities and investments in capital of organizations that provide administrative services, when the market or real value declines to a certain extent from the acquisition value, from this fiscal year, the difference will be booked as allowance for investment loss.</p> <p>This change has been made so that damage from investment in organizations that provide administrative services can be reflected in a timely manner in the financial statements before depletion.</p> <p>However, for this fiscal year, as the scope of organizations that provide administrative services is currently under study and the organizations defined as such have not been determined, no</p>	<p>2. Change of Significant Accounting Policies</p> <p>(1) Change in accounting principles or procedures</p> <hr style="width: 30%; margin-left: auto; margin-right: 0;"/>

<p style="text-align: center;">Fiscal Year 2017 From April 1, 2017 To March 31, 2018</p>	<p style="text-align: center;">Fiscal Year 2018 From April 1, 2018 To March 31, 2019</p>
<p>allowance for investment loss has been booked.</p> <p>d) Allowance for retirement benefits has conventionally been derived from the unit price by appointer, but from this fiscal year, the calculation is based on the unit price by appointer and by number of years of employment.</p> <p>This change has been made to reflect future financial burdens more accurately in the financial statements.</p> <p>Through this change, the allowance for retirement benefits has increased by 101,447,149,400 yen, and the total for the liabilities section has increased by this amount.</p> <p>e) Allowance for bonuses has conventionally been derived from end-of-term and achievement-based bonuses, but from this fiscal year, statutory welfare expenses are included in the calculation.</p> <p>This change was made to accurately reflect in the financial statements the highly likely financial burdens resulting from the payment of bonuses.</p> <p>Through this change, the allowance for bonuses has increased by 19,347,800,571 yen, and the total for the liabilities section has increased by this amount.</p>	<hr style="width: 30%; margin-left: auto; margin-right: 0;"/>
<p>(2) Changes in description of accounts</p> <p>a) The description of vessels and aircraft under administrative property and ordinary property were conventionally shown in the balance sheet as a total for “vessels” (17,254,706,156 yen last fiscal year), but from this fiscal year, in accordance with the classification in the public property ledger, this is described as “ships” (11,931,885,403 yen this fiscal year) and “aircraft” (4,877,222,445 yen this fiscal year).</p> <p>b) The description of tangible fixed assets under infrastructure assets have conventionally been classified and described in the balance sheet as “land” (12,369,353,045,442 yen last fiscal year) and “other than land” (2,214,925,935,053 yen last fiscal year), but from this fiscal year, in accordance with the classification of administrative property and ordinary property, these have been classified and described as “buildings” (57,883,048,425 yen this</p>	<p>(2) Changes in description of accounts</p> <hr style="width: 30%; margin-left: auto; margin-right: 0;"/>

<p style="text-align: center;">Fiscal Year 2017 From April 1, 2017 To March 31, 2018</p>	<p style="text-align: center;">Fiscal Year 2018 From April 1, 2018 To March 31, 2019</p>
<p>fiscal year), “structures” (2,206,276,137,716 yen this fiscal year), “floating piers, etc.” (629,786,341 yen this fiscal year), and “land” (12,442,156,718,611 yen this fiscal year).</p> <p>c) Local taxes have conventionally been described in the statement of operating costs as “local taxes” (6,483,108,558,794 yen last fiscal year), but in order to clarify revenue and expenditures related to local consumption tax, from this fiscal year, this is described as “metropolitan taxes” (4,624,457,775,884 yen this fiscal year) and “local consumption tax (before settlement)” (1,895,950,460,940 yen this fiscal year).</p> <p>In the Cash Flow Statement, this has been described as “local taxes” (6,485,138,155,853 yen last fiscal year), but from this fiscal year, this is described as “metropolitan taxes” (4,625,646,598,530 yen this fiscal year) and “local consumption tax (before settlement)” (1,895,950,460,940 yen this fiscal year).</p> <p>d) Financial assistance for non-capital investment has conventionally been described in the statement of operating costs as “financial assistance for non-capital investment” (2,284,233,505,944 yen last fiscal year), but in order to clarify revenue and expenditures related to local consumption tax, from this fiscal year, this is described separately as “local consumption tax settlement” (1,232,352,418,566 yen this fiscal year) and “financial assistance for non-capital investment” (1,199,689,841,422 yen this fiscal year). In the cash flow statement, what was described as “financial assistance for non-capital investment,” (2,284,004,481,761 yen last fiscal year) is, from this fiscal year, described separately as “local consumption tax settlement” (1,232,352,418,566 yen this fiscal year) and “financial assistance for non-capital investment” (1,201,086,207,088 yen this fiscal year).</p>	<hr style="width: 25%; margin-left: auto; margin-right: 0;"/>





(3) Amounts committed to subsidize interest payments and such in following years:

Category		As of March 31, 2019
		(Yen)
Interest subsidies		22,268,322,000
General Account		22,268,322,000
Others		1,029,032,923,109
General Account		921,032,266,109
Metropolitan Housing Account		108,000,657,000
TOTAL		1,051,301,245,109
General Account		943,300,588,109
Metropolitan Housing Account		108,000,657,000

(4) Planned payments for projects brought forward

Category		As of March 31, 2019
		(Yen)
Budget carried over		65,540,938,000
General Account		49,198,516,000
Land Acquisition Account		97,983,000
Metropolitan Housing Account		16,101,000,000
Waterfront Urban Infrastructure Development Project Account		143,439,000
Budget carried over due to unforeseeable events		2,505,406,000
General Account		2,505,406,000
TOTAL		68,046,344,000
General Account		51,703,922,000
Land Acquisition Account		97,983,000
Metropolitan Housing Account		16,101,000,000
Waterfront Urban Infrastructure Development Project Account		143,439,000

(5) Temporary Borrowing

For a temporary accommodation of funds, 100 billion yen was transferred from the Adjusting Fund for Public Finance on May 31, 2018, and refunded thereto by June 1, 2018. The interest accrued on these funds was 27,397 yen, of which payment was borne by the General Account.

(6) Other items which are helpful for better understanding the financial statements:

a) Provision for allowances and other extraordinary gains (arising from reversal of relevant allowances) In combining accounts, the balance arising from the provision and reversal of an allowance is aggregated (and presented on a net basis).

Financial Statement	Account Title (Debit)	Amount	Account Title (Credit)	Amount
Statement of Operating Costs	Provision for allowance for loss on unpaid receivables	(Yen) 58,625,817	Other extraordinary gains	(Yen) 61,957,361
	Provision for allowance for loss on bad loans	3,331,544		

b) Transfer between accounts (to be offset when combining accounts)

Transactions between accounts are summarized as follow. The amounts below are offset and balanced out in the combined financial statements:

Financial Statement	Account Title (Debit)	Amount	Account Title (Credit)	Amount
Balance Sheet		(Yen)	Net assets (Transfer from General Account)	(Yen) 2,107,210,838
Statement of Operating Costs	Transfer to General Account	575,115,495,647	Transfer from General Account	1,179,575,974,694
	Operating expenses - Tax-related subsidies	1,068,163,142,000	Operating revenue - Metropolitan taxes	552,271,151,662
	Operating expenses - Subsidies to other accounts	115,334,876,265	Operating revenue - Transfer from other accounts	24,659,176,718
Balance Sheet/ Statement of Operating Costs TOTAL		1,758,613,513,912		1,758,613,513,912

Financial Statement	Account Title (Payments)	Amount	Account Title (Receipts or Proceeds)	Amount
Cash Flow Statement	Transfer to General Account - Operating Activities	(Yen) 575,115,495,647	Transfer from General Account - Operating Activities	(Yen) 1,240,651,205,208
	Transfer to General Account - Investing Activities	1,785,518,733	Transfer from General Account - Investing Activities	278,863,903,531
	Payments for Operating Activities - Tax-related subsidies	1,068,163,142,000	Transfer from General Account - Financing Activities	93,859,951,563
	Payments for Operating Activities - Subsidies to other accounts	115,411,677,332	Proceeds from Operating Activities - Metropolitan taxes	552,271,151,662
	Payments for Operating Activities - Interest and commission on - Metropolitan debt	65,841,524,950	Proceeds from Operating Activities - Transfer from other accounts	29,500,944,204
	Payments for Investing Activities - Sinking fund	308,064,236,249	Proceeds from Investing Activities - Transfer from other accounts, etc.	33,397,716,671
	Payments for Investing Activities - Subsidies to other accounts	1,104,926,365	Proceeds from financing activities - Borrowing from other accounts, etc.	800,000,000
	Payments for Financing Activities - Redemption of Metropolitan debt (debt principal)	98,856,905,735	Proceeds from financing activities - Transfer from other accounts	4,998,554,172
	Payments for Financing Activities - Repayment of borrowing to other accounts	1,661,800,000	Proceeds from Investing Activities - Revenue from Collection of loans	1,661,800,000
Cash Flow Statement	TOTAL	2,236,005,227,011		2,236,005,227,011

#### c) Inter-Account debts and credits

Inter-Account debts and credits are summarized as follow. The amounts below are offset and balanced out in the combined financial statements;

Account	Asset	Amount	Liability	Amount
Metropolitan Housing Account		(Yen)	Fixed liabilities - Borrowings from other accounts	(Yen) 9,489,600,000
Metropolitan Housing Tenants Security Deposit Account	Fixed Assets - Long-term loans	9,489,600,000		
TOTAL		9,489,600,000		9,489,600,000

#### d) Changes in Accounting Estimates

With regard to tangible fixed assets held by the Tokyo Metropolitan Government, as a result of reviewing residual value, residual value of tangible fixed assets has been abolished from this fiscal year, with the method changed to depreciation to memo value. In addition, as a result of examining the useful life, the useful life of some tangible fixed assets has been changed from the current fiscal year. Due to these changes, prior year adjustment loss amounted to 665,989,249,243 yen.

6. Other References

(1) Balance Sheet

a) Details of securities and investments, and loans

Category	To organizations supervised by the Tokyo Metropolitan Government (*)	To other organizations	Total
	(Yen)	(Yen)	(Yen)
Securities	111,121,408,858	129,711,052,376	240,832,461,234
Investments in capital	96,681,916,625	539,426,512,666	636,108,429,291
Loans	412,262,776,130	709,814,018,052	1,122,076,794,182

\* From April 1, 2019, the category name, “Organizations Supervised by the Tokyo Metropolitan Government,” has been changed to “TMG Policy Collaboration Organization” from revision of criteria.

b) Planned servicing of Metropolitan debt and borrowings

Category	Redemption In FY2019	Redemption in and after FY2020	Total
	(Yen)	(Yen)	(Yen)
Metropolitan debt	392,492,334,119	5,277,509,534,068	5,670,001,868,187
General Account	359,052,511,233	4,728,376,413,023	5,087,428,924,256
Single Parent Welfare Loan Fund Account	0	28,794,770,028	28,794,770,028
Small and Medium Enterprise Facility Installation Fund Account	870,806,000	2,247,380,813	3,118,186,813
Slaughter House Account	226,657,441	2,244,227,161	2,470,884,602
Metropolitan Housing Account	32,342,359,445	515,846,743,043	548,189,102,488
Other borrowings	1,000,000	379,248,459	380,248,459
Small and Medium Enterprise Facility Installation Fund Account	1,000,000	379,248,459	380,248,459
<b>TOTAL</b>	<b>392,493,334,119</b>	<b>5,277,888,782,527</b>	<b>5,670,382,116,646</b>
General Account	359,052,511,233	4,728,376,413,028	5,087,428,924,256
Single Parent Welfare Loan Fund Account	0	28,794,770,028	28,794,770,028
Small and Medium Enterprise Facility Installation Fund Account	871,806,000	2,626,629,272	3,498,435,272
Slaughter House Account	226,657,441	2,244,227,161	2,470,884,602
Metropolitan Housing Account	32,342,359,445	515,846,743,043	548,189,102,488

(2) Statement of Operating Costs

a) Detail of revenues and their accounting basis

Account	Description and Accounting Basis
Operating revenue	
Metropolitan taxes	Ordinary taxes (excluding local consumption tax) as defined in the current Local Tax Act, taxes provided for in the former law, special purpose taxes and a special-purpose discretionary tax (namely, accommodation tax provided for in the Tokyo Metropolitan Accommodation Tax Ordinance) are recognized as revenue when they are received and booked accordingly.
Local consumption tax (before settlement)	Local consumption tax is booked upon receipt before its final adjustment among prefectures.
Local transfer taxes	Local road transfer tax, petroleum gas transfer tax, special tonnage transfer tax, aviation fuel transfer tax, local special corporate transfer tax and local gasoline transfer tax are booked as revenue upon receipt (i.e. at the moment that the receipt of the revenue is confirmed).
Special local government grants	Grants provided to supplement reduced individual inhabitant tax revenue of local governments resulting from special tax deductions such as that for housing loan balances are booked as revenue.
Subsidy for municipalities which locate national facilities	The national government offers a subsidy to municipalities which locate national facilities as alternative financial resource for fixed assets tax. The subsidy is booked as revenue upon receipt.
Revenue from other tax sources	Metropolitan Inhabitant Tax on interest income after settlement among prefectures and revenues from the collection of delinquent taxes are booked upon receipt.
National treasury disbursements	Disbursements from the national government are booked as revenue when allotted to operating activities.
Traffic safety special grants	Based on the Road Traffic Act, the national government allocates revenues from fines, etc. to local governments as grants to establish road traffic safety facilities and their management. The grants are booked as revenue.
Receipts from operations (Special Accounts)	When the special accounts receive loan interest, premiums or damages for contract breaches, they are booked as revenue.
Charges and Contributions	Incoming public charges and contributions are booked as revenue when they are applied to the operating activities.
Rents and fees	Rents and fees are booked as revenue upon receipt.
Revenue from property	Rents, sales and other revenue from properties are booked as revenue upon receipt.
Revenue from commissioned projects	Revenue from commissioned projects is booked as revenue upon receipt.
Revenue from other business and sales	Revenue from profit-making businesses, proceeds from the sale of movable assets, etc. are booked as revenue upon receipt.
Donations	Donations are booked as revenue upon receipt.
Transfer from other accounts	Money transferred from other accounts is booked as revenue when it is

		applied to operating activities.
	Other operating revenue	Other revenue from operating activities is booked under this title.
Financial revenue		
	Interest and dividends	Interest on bank deposits, dividends from stocks and other financial instruments are booked upon receipt.
Extraordinary gains		
	Gain on sales of fixed assets	Proceeds (or receivables) from sales of fixed assets (other than securities and investments) are offset with the book value of said assets, and recognized as a gain if the proceeds exceed the book value.
	Other extraordinary gains	Gains from the sales of securities and investments, reversal of allowances, prior-year adjustments, etc. are booked under this title.

b) Local consumption tax and local consumption tax settlement

In order to clarify revenue and expenditures related to local consumption tax, in the operating revenue, local taxes are classified as metropolitan taxes and local consumption tax (before settlement), and similarly, in the operating expenses, financial assistance for non-capital investment is described separately as local consumption tax settlement and financial assistance for non-capital investment.

c) Expenses relevant to capital investment

“Expenses for capital investment, with national subsidies” “Expenses for capital investment with no national subsidies,” and “Expenses relevant to the nation’s government’s capital investment” are all accounted for as operating expenses since these costs are not added to the acquisition cost of the TMG’s fixed assets on account of their nature.

d) Major items under other extraordinary gains and losses

For “other extraordinary gains,” prior-year adjustments revealed a gain of 31,237,677,802 yen; and, for “other extraordinary losses,” prior-year adjustments revealed a loss of 671,083,969,721 yen.

(3) Cash Flow Statement

The following is a breakdown of the difference between the “net surplus for the period” in the statement of operating costs and “net cash flows provided by operating activities” in the cash flow statement.

	(Yen)
Net surplus for the period in the Statement of Operating Costs	112,668,168,049
Changes in tangible fixed Asset	859,193,335,774
Depreciation expenses	198,805,768,522
Loss (or gain) on sales of fixed assets	△ 18,514,239,331
Loss on disposals of fixed assets	12,912,557,340
Changes in accounting estimates	665,989,249,243
Changes in current assets/liabilities relating to operating activities	6,518,133,783
Decrease (Increase) of unpaid overdue accounts	6,063,710,718
Increase (Decrease) of unpaid refunds	454,423,065
Other non-cash items	△ 15,134,411,423
Provision for allowance for loss on unpaid receivables	7,229,137,051
Loss on unpaid receivables	1,410,495,547
Loss on bad loans	137,804,000
Provision for allowance for retirement benefits	53,970,785,167
Payments for retirement benefits	△ 94,125,474,167
Other non-cash revenue/expense items	16,242,840,979
Other items	△ 30,416,838,848
Other extraordinary gains	△ 35,511,651,726
Other extraordinary losses	5,094,812,878
Net cash flows provided by operating activities in the Cash Flow Statement	932,828,387,335

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**LEGAL ADVISERS**

*To the Metropolis*

*As to Japanese law*

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