

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

**Japan Finance Organization for Municipalities**

**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:	17 January 2024
Issuer Name:	Japan Finance Organization for Municipalities
Name and Title of Representative:	SATO Fumitoshi, President and Chief Executive Officer
Address of Head Office:	Shisei Kaikan 1-3, Hibiya Koen Chiyoda-ku, Tokyo 100-0012 Japan
Telephone:	+81-3-3539-2697
Contact Person:	IBARAKI Yuko, Manager, Finance, Finance Department
Type of Securities:	Unsecured and unsubordinated notes
Total Issuance Value of Securities:	EUR500,000,000
Contents of Programme Information:	
Date of Announcement:	3 February 2023
Scheduled Issuance Period:	3 February 2023 to 2 February 2024
Maximum Outstanding Issuance Amount:	¥3,000,000,000,000
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
Names of the Joint Lead Managers (the " <b>Joint Lead Managers</b> "):	J.P. Morgan Securities plc Daiwa Capital Markets Europe Limited Mizuho International plc Morgan Stanley & Co. International plc

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 these 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.

3. The notes issued pursuant to these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application fall within disclosure exempt securities under Article 3, item 2 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 notes in Japan under the FIEA. These Issuance Conditions of the Bonds Pertaining to the Initial Listing Application therefore do 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, Inc. does not make any representations or warranties with regard to any part of these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application (including, but not limited to, whether these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application (a) contain a false statement on important matters or (b) lack 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. These Issuance Conditions of the Bonds Pertaining to the Initial Listing Application have 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. To the fullest extent permitted by law, none of the Joint Lead Managers accepts any responsibility for the contents of these 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 notes 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 these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application or any such statement.

16 January 2024

## FINAL TERMS

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the UK Financial Services and Markets Act 2000, as amended ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**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 Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (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 of Singapore, as modified or amended from time to time (the "**SFA**"), JFM has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

**Japan Finance Organization for Municipalities**

**Issue of Series 105**

**EUR500,000,000**

**2.875 per cent. Notes due 2029**

**under the ¥3,000,000,000,000**

**Global Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for JFM or any Dealer to publish a prospectus pursuant to the Prospectus Regulation (EU)

2017/1129 (the "**EU Prospectus Regulation**") or the Prospectus Regulation (EU) 2017/1129 (as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018) (the "**UK Prospectus Regulation**"), as applicable, or supplement a prospectus pursuant to the EU Prospectus Regulation or the UK Prospectus Regulation, as applicable, in each case, in relation to such offer.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 21 July 2023 and the supplement to it dated 21 December 2023 (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Base Prospectus. In order to get the full information on JFM and the offer of the Notes, both the Base Prospectus and this Final Terms must be read in conjunction. The Base Prospectus is available for viewing on the website of the Luxembourg Stock Exchange ([www.LuxSE.com](http://www.LuxSE.com)).

- |     |   |  |
|-----|---|--|
| 1.  | (i) Series Number:  | 105  |
|     | (ii) Tranche Number:                                      | 1  |
|     | (iii) Date on which the Notes become fungible:            | Not Applicable   |
| 2.  | Specified Currency or Currencies:                         | Euro (" <b>EUR</b> ")  |
| 3.  | Aggregate Principal Amount:                               | EUR500,000,000   |
|     | (i) Series:   | EUR500,000,000   |
|     | (ii) Tranche:   | EUR500,000,000   |
| 4.  | Issue Price:  | 99.995 per cent. of the Aggregate Principal Amount plus accrued interest, if any, from 23 January 2024   |
| 5.  | (i) Specified Denominations:                              | EUR100,000 and integral multiples of EUR1,000 in excess thereof  |
|     | (ii) Calculation Amount:                                  | EUR1,000   |
| 6.  | (i) Issue Date:   | 23 January 2024  |
|     | (ii) Interest Commencement Date:                          | Issue Date   |
| 7.  | Maturity Date:  | 23 January 2029  |
| 8.  | Interest Basis:   | 2.875 per cent. Fixed Rate   |
| 9.  | Redemption Basis:   | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their principal amount |
| 10. | Put/Call Options:   | Not Applicable   |
| 11. | Date President's approval for issuance of Notes obtained: | 16 January 2024  |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- |     |                             |  |
|-----|-----------------------------|--|
| 12. | Fixed Rate Note Provisions: | Applicable   |
|     | (i) Rate of Interest:       | 2.875 per cent. per annum payable annually in arrear on each Interest Payment Date |

(ii) Interest Payment Date(s):	23 January in each year subject to the Following Business Day Convention (Unadjusted) with Additional Business Centres being Tokyo and London
(iii) Fixed Coupon Amount:	EUR28.75 per Calculation Amount
(iv) Broken Amount(s):	Not Applicable
(v) Day Count Fraction:	Actual/Actual (ICMA)
(vi) Determination Dates:	Not Applicable
(vii) Unmatured Coupons void:	Condition 10(f) ( <i>Unmatured Coupons void</i> ) is Not Applicable
13. Floating Rate Note Provisions:	Not Applicable
14. Zero Coupon Note Provisions:	Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

15. Call Option:	Not Applicable
16. Put Option:	Not Applicable
17. Final Redemption Amount of each Note:	EUR1,000 per Calculation Amount
18. Early Redemption Amount	Par (being EUR1,000 per Calculation Amount)
Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:	

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

19. Form of Notes:	Registered Notes, evidenced by a Regulation S Global Registered Note. The Notes evidenced by the Regulation S Global Registered Note will be held under the new safekeeping structure (" <b>New Safekeeping Structure</b> " or "NSS"), be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the Regulation S Global Registered Note will be deposited on or around the Issue Date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.
20. New Global Note:	No
21. Additional Financial Centre(s):	London and Tokyo
22. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	No
23. Reserved Matters Quorum:	Three-Quarters Quorum


## **HONG KONG SFC CODE OF CONDUCT**

24. Hong Kong SFC Code of Conduct Not Applicable provisions:

## **LISTING AND ADMISSION TO TRADING APPLICATION**

This Final Terms comprises the final terms required to have the Notes admitted to the Official List of the Luxembourg Stock Exchange and admitted to trading to the Euro MTF Market of the Luxembourg Stock Exchange pursuant to JFM's Medium Term Note Programme.

Signed on behalf of Japan Finance Organization for Municipalities:

By:   
.....  
*Duly authorised*

Date: 16 January 2024



## PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

Application has been made for the Notes to be admitted to listing on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange. Application has been made for the Notes to be displayed on the Luxembourg Green Exchange (LGX).

Application has been made for the Notes to be listed and admitted to trading on the TOKYO PRO-BOND Market of the Tokyo Stock Exchange with effect from the first business day in Tokyo following the Issue Date. Application has been made for the Notes to be displayed on the TOKYO PRO-BOND Market Green and Social Bonds Platform.
2. **RATINGS**

Ratings: The Notes to be issued are expected to be rated:

S&P: A+  
Moody's: A1
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Save as discussed in "Subscription and Sale", so far as JFM is aware, no person involved in the offer of the Notes has an interest material to the offer.
4. **TOTAL EXPENSES**

Estimated total expenses: Estimated total expenses related to admission to trading is EUR3,575.
5. **YIELD**

Indication of yield: Calculated as 2.876 per cent. on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
6. **OPERATIONAL INFORMATION**

ISIN: XS2749769696

Common Code: 274976969

FISN: See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN

CFI Code: See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN

Legal Entity Identifier: 5493007YYYNZ4NMEOD64

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Not Applicable

Banking S.A. and/or DTC and the relevant identification number(s):

Names and addresses of additional Paying Agent(s) (if any): MUFG Bank, Ltd., London Branch  
Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AN

Intended to be held in a manner which would allow Eurosystem eligibility: Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

## 7. DISTRIBUTION

- (i) Method of distribution: Syndicated
- (ii) If syndicated:
- (A) Names of Managers: J.P. Morgan Securities plc  
Daiwa Capital Markets Europe Limited  
Mizuho International plc  
Morgan Stanley & Co. International plc
- (B) Date of Subscription Agreement: 16 January 2024
- (C) Stabilising Managers (if any): Daiwa Capital Markets Europe Limited
- (iii) If non-syndicated, name of Dealer: Not Applicable
- (iv) Indication of the overall amount of the underwriting commission and of the placing commission: 0.125 per cent. of the Aggregate Principal Amount
- (v) U.S. Selling Restrictions (Categories of potential investors to which the Notes are offered): Reg. S Compliance Category 2; TEFRA not applicable

## 8. USE OF PROCEEDS

- (i) Use of Proceeds: The net proceeds, or an amount equal to the net proceeds, of the issuance of the Notes will be used exclusively to finance or re-finance, in whole or in part, existing and/or future Eligible Projects (as defined below), by way of loans made by JFM to local governments, made at any time following the date falling 36 months prior to the Issue Date. "Eligible Projects" means sewerage projects which meet the Eligibility Criteria (as defined below).

**"Eligibility Criteria"** means sewerage projects, for which the purposes are, the development, construction, maintenance, update or operation of sewerage-related assets that comply with Japanese laws relating to sewerage drainage standards (including the Sewerage Act (Act No. 79 of 1958, as amended), the Water Pollution Act (Act No. 138 of 1970, as amended) and the Purification Tank Act (Act No. 43 of 1983, as amended)) (the **"Japanese Sewerage Laws"**), including sewerage management-related facilities, sewerage facilities or equipment and sewerage pipes.

(ii) Process for Project Evaluation and Selection:

Local governments in Japan that are seeking funding for sewerage-related projects from JFM begin by engaging in consultation with either the national or prefectural government (as applicable) and will formulate sewerage business plans. Such local governments will then seek consent or approval with regard to the borrowing required to conduct such sewerage business plans from the relevant government. To obtain such consent or approval a local government's business plan is required to comply with the Japanese Sewerage Laws. Following receipt of the necessary consent or approval, a local government can apply to JFM for funding; all lending by JFM to Eligible Projects must go through the consent or approval process mentioned above.

JFM has established a Green Bond Working Group, consisting of members from JFM's Corporate Planning Department, Administration Department, Finance Department, Loan Department and the Local Government Support Department including members who have experience in local government projects related to the environment, that is responsible for selecting Eligible Projects based on the Eligibility Criteria and ensuring that the allocation of the net proceeds (or an amount equal to the net proceeds) of the issuance of the Notes is in alignment with the Eligibility Criteria. JFM's Loan Department is responsible for confirming that a local government applying for funding has obtained the required consent or approval for the funding from the relevant government.

(iii) Management of Proceeds:

JFM's Green Bond Working Group will track, monitor and account for the net proceeds (or an amount equal to the net proceeds) of the issuance of the Notes. Prior to allocation of such amount to Eligible Projects, such amount will be held in JFM's liquidity portfolio, including cash and cash equivalents. Payment of principal and interest on the Notes will be made from JFM's general funds and will not be directly linked to the performance of any Eligible Project.

(iv) Reporting:

JFM's Green Bond Working Group will conduct a survey of its local government borrowers in respect of the environmental impact of their sewerage projects which JFM finances.

Following that survey, JFM will select certain Eligible Projects with respect to which the relevant local governments have returned effective responses, to form the **"Effective Portfolio"**. JFM's intension is to select an Effective Portfolio that includes loans of an aggregate principal amount equivalent to the net proceeds of the Notes. JFM's Green Bond Working Group will then report on the Effective Portfolio as set out below.

JFM intends to report annually on its website the following information until full allocation of the net proceeds (or an amount equal to the net proceeds) from the issuance of the Notes:

- (i) The amount of net proceeds (or an amount equal to the net proceeds) from the issuance of the Notes that have been allocated to Eligible Projects in the Effective Portfolio;
- (ii) A breakdown of the Effective Portfolio by project type (expected to include sewerage treatment plants, advanced treatment plants, sludge treatment plants, pump stations and pipes, as well as others);
- (iii) Certain expected or estimated key performance indicators for each Eligible Project in the Effective Portfolio (expected to include project descriptions, total project costs, population of the covered area, water management capacity and water quality impact (where relevant), absolute amount of sludge treated and disposed of (where relevant), newly constructed pipe length and/or total pipe length (where relevant), and other positive environmental impacts of new construction or update of sewerage management-related facilities, sewerage facilities or equipment and sewerage pipes);
- (iv) Case studies of certain specific Eligible Projects in the Effective Portfolio; and
- (v) The refinancing rate (as a percentage of the total amount of proceeds).

Projects which are subject of such reporting are expected to be in line with the eligible Green Project category "Sustainable water and wastewater management" and/or "Pollution prevention and control" of the green bond principles set by the International Capital Market Association. The contents of JFM's website do not form part of these Final Terms.

**APPENDIX**  
**ADDITIONAL INFORMATION**

**JFM's Approach to Sustainability in Relation to Sewerage Systems in Japan**

The sewerage system in Japan is relatively well established, with a penetration rate of 92.9 per cent. as of 31 March 2023 (source: Ministry of Land, Infrastructure and Transport). With such a high penetration rate, the necessity for maintenance of sewerage pipes and treatment plants is growing. Moreover, the number of pipes aged 50 years and over is expected to grow, while more than half of the water treatment facilities are over 15 years old and demand for reconstruction is strong. In addition, Japan has been seeing a rise in natural disasters such as typhoons and earthquakes in recent years, leading to increased needs to protect and upgrade lifeline water facilities to be able to minimise the impact of such natural disasters. The Japanese Government and its municipalities are working together towards establishing a sustainable sewerage system through upgrading and protecting the system.

In a broader context, the Japanese Government has set a policy goal of achieving a recycling rate for sewage sludge of 85 per cent. by the end of March 2031 with the aim of reducing CO<sub>2</sub> emission in line with the Paris Agreement under the United Nations Framework Convention on Climate Change of 2016. Further, in accordance with the Act on Promotion of Global Warming Countermeasures (Act No. 117 of 1998, as amended) and its related policies, Japan has set a policy goal of achieving a utilisation rate of sewage sludge as energy of 35 per cent. by the end of March 2026 and 37 per cent. by the end of March 2031. The main form of energy recycling for this purpose is biomass power generation using sewerage remains, which has been promoted in accordance with the Basic Act for the Promotion of Utilization of Biomass (Act No. 52 of 2009).

In light of this, with its objective of providing local governments with long-term funding at low interest rates, JFM is funding the reconstruction and upgrade of sewerage systems through the Local Government Borrowing Programme. This programme specifies the amount and source of fundraising of sewerage business as well as other businesses. Every fiscal year over the recent years, JFM has lent more than ¥300 billion to the sewerage business in Japan.