USE OF PROCEEDS

The net proceeds of the issue of the Bonds, amounting to approximately EUR299 million, will be used to fund existing and future Eligible Projects (as defined below) in accordance with the Metropolis' Sustainability Bond Framework (as defined below in "Sustainability Bond Framework").

"Eligible Projects" mean either green or social projects as set out below.

Green Projects

- Countermeasures for the "heat island" effect (including improving heat reflection and the water retention of roads);
- Installation of photovoltaic (PV) systems in metropolitan housing;
- Development of small and medium sized rivers;
- Development of metropolitan parks; and
- Greening of waterfronts.

Social Projects

- Removal of utility poles;
- Improving earthquake and water resistance of river facilities;
- Life extension of bridges;
- Improvement of the internet environment the islands of Tokyo; and
- Construction and renovation of schools for special needs education.

SUSTAINABILITY BOND FRAMEWORK

Sustainability Bond Framework Overview

The Metropolis has defined a formal concept for its sustainability bonds ("Sustainability Bonds") regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting in its sustainability bond framework (the "Sustainability Bond Framework"). The Metropolis has obtained a Second Party Opinion from Moody's Japan K.K. on 28th August, 2024, on the Sustainability Bond Framework's conformity with the International Capital Markets Association ("ICMA") Green Bond Principles 2021, the ICMA Social Bond Principles 2023 and the ICMA Sustainability Bond Guidelines 2021.

Use of Proceeds

For a description of the use of the proceeds of the issue of the Bonds, see "Use of Proceeds".

Process for Project Evaluation and Selection

In general, in order to create local debt, prefectural governments are required to either consult the MIC and obtain its consent or report in advance to the MIC. Furthermore, in line with the formal concept described above, the project selection for the inclusion in the use of proceeds of the Sustainability Bonds is carried out by the Metropolis.

The projects that are eligible for the proceeds of the issue of the Sustainability Bonds in a fiscal year will be selected based on an evaluation using the Environmental (E), Social (S) and Governance (G) eligibility criteria in the table below. For Green Projects, the environmental aspects in section E-1 and E-2 are given priority. For Social Projects, the social aspects in S-1 and S-2 are given priority.

No.	Evaluation Aspects	Evaluation Items	Perspective
E-1	Environmental	Clarity of positive impact	Positive environmental outcomes of the projects can be measured quantitatively, or are clear.
E-2	Environmental	Reduction of negative impact	Initiatives are in place to reduce negative impacts of the project.
S-1	Social	Clarity of positive impact	Positive social outcomes of the projects can be measured quantitatively, or are clear.
S-2	Social	Reduction of negative impact	Initiatives are in place to reduce negative impacts of the project.
G-1	Governance	Policy & regulatory compliance	Project plans comply with laws and guidelines such as the Future Tokyo strategy, and Japan's Local Government Finance Act.
G-2	Governance	Feasibility / urgency	Special consideration regarding significant feasibility or urgency of projects.
G-3	Governance	Effect sustainability	The positive environmental / social outcomes of the project will be sustainable.

The process for selecting projects to be financed by the Sustainability Bonds is described below.

Evaluation and Selection Procedures and Division of Roles

- The Bureau of Finance of the Metropolis (the "Bureau of Finance") requests that bureaus involved identify any projects that could be eligible for the proceeds of the issue of the Sustainability Bonds.
- The bureaus involved list the projects that are potentially eligible for the proceeds of the issue of the Sustainability Bonds and then submit information about the projects that may be eligible to the Bureau of Finance.
- The Bureau of Finance examines the content of the projects and narrows down the list of potential eligible projects.
- The Bureau of Finance evaluates the projects. In the evaluation, it is confirmed that each project is within the scope of the Metropolis' environmental categories and social categories, and the projects are evaluated using the ESG eligibility criteria, etc., based on the information submitted by the bureaus

involved. The measures implemented to reduce environmental and social risks associated with the implementation of the project are confirmed.

- The Bureau of Finance selects candidate projects.
- The Bureau of Environment of the Metropolis examines the candidate projects from an environmental perspective (only for green projects).
- The Bureau of Finance selects projects to be allocated the proceeds of the issue of the Sustainability Bonds (and notifies the bureaus of their decision).

Monitoring

At least once in the following fiscal year, the Bureau of Finance, in collaboration with other relevant parties, will confirm that the projects are being properly implemented. If any issues arise, they will be promptly discussed with the relevant bureau, and appropriate action will be taken to address the situation.

Management of Proceeds

Under the Local Autonomy Act of Japan (Act No. 67 of 1947, as amended), local governments must be able to correlate their expenditure in each fiscal year to their annual revenue. Therefore, in principle, all proceeds from the Metropolis' Sustainability Bonds are allocated within the same fiscal year to projects scheduled for funding. Information on the planned allocations and corresponding amounts will be determined after the Bureau of Finance, in collaboration with the bureau responsible for each project, confirms relevant details, including the implementation status. This information will be disclosed prior to the bond issuance.

The Bureau of Finance manages allocation of proceeds to appropriate projects and monitors the progress of such projects. In the following fiscal year, the Bureau of Finance confirms that the full amount of the proceeds has been allocated to eligible projects and discloses this information in accordance with the procedures set out in the "Reporting" sub-section below. After the Sustainability Bonds are issued, the proceeds will be managed by classifying the funds into accounting categories based on the budget rules of the Metropolis. Until the proceeds are allocated, they will be managed in accordance with the Tokyo Metropolitan Public Money Management Policy.

At the end of each fiscal year, for all revenue and expenditures, including those related to projects funded by the proceeds of the issue of the Sustainability Bonds, the result of execution and settlement-related documents will be created and submitted to the Audit and Inspection Commissioners of the Metropolis for inspection. The documents will be submitted together with the comments of the commissioners to the Tokyo Metropolitan Assembly for certification.

Reporting

The allocation of the proceeds of the issue of the Sustainability Bonds will be disclosed at the first fiscal-year-end following the fiscal year of the issuance. The process below will be used to compile and prepare the information for disclosure on the Metropolis' website (http://www.zaimu.metro.tokyo.jp/ bond/en/en.html):

(a) The Bureau of Finance confirms the project expenditures status with the bureaus responsible for each project.

(b) The Bureau of Finance determines the breakdown of the appropriated proceeds of the issue of the Sustainability Bonds.

(c) The results of the appropriation are compiled and the impact report is prepared.

(d) (c) is disclosed on the Metropolis' website.

(e) If the proceeds of the issue of the Sustainability Bonds are to be appropriated to a single project over multiple years, it must be disclosed.

Information contained in or accessible from the website set out above does not form part of and is not incorporated by reference into this Offering Circular.

For the avoidance of doubt, the Sustainability Bond Framework and the Second Party Opinion are not incorporated by reference into, and do not form part of, the Offering Circular.