

Tokyo Metropolitan Government Issuance of Social Bond

February 2025



SUSTAINABLE
DEVELOPMENT **GOALS**

To all Investors

Thank you for your understanding and cooperation with TMG Bonds.

By the first half of this fiscal year, the Tokyo Metropolitan Government (TMG) has issued Tokyo Social Bonds seven times, the first of its kind among local governments in Japan, putting emphasis on communication with investors.

As a result, TMG received great support and participation from investors.

TMG is planning to issue its eighth Tokyo Social Bond.

Proceeds from the issuance of Tokyo Social Bonds, as is the case for previous issuances, are scheduled to be allocated to many projects to resolve various kinds of social issues.

This IR material will provide you with information regarding the background, framework and the purpose of Tokyo Social Bonds.

We hope this material could be useful for deepening your understanding of Tokyo Social Bonds.

We appreciate your consideration for buying Tokyo Social Bond.

Best Regards,

**Bond Section, Budget Division, Bureau of Finance
Tokyo Metropolitan Government**

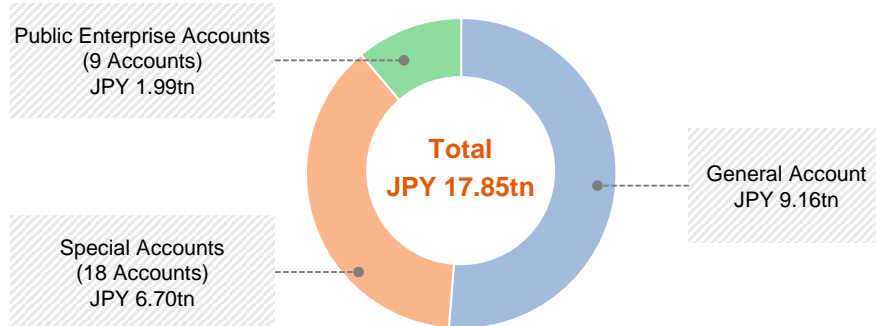
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TMG's Financial Status (FY2025 Budget Base)

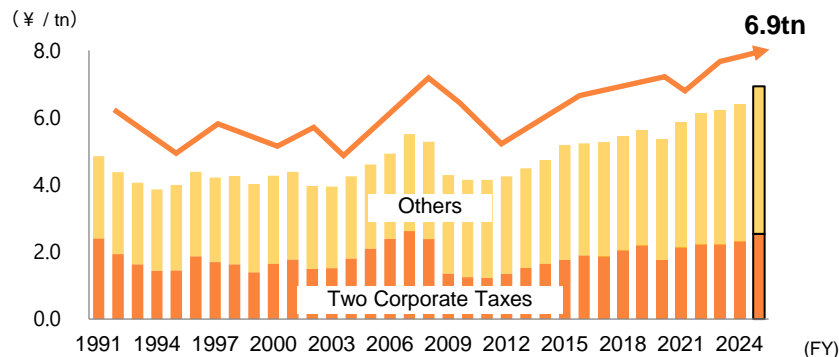
▶ TMG's Fiscal Scale

- TMG's FY2025 general account original budget : **JPY 9.16tn** (Japan: JPY 115.54tn, All local governments : 97.10tn)
- TMG's total budget (general account + special accounts + public enterprise accounts) is **JPY17.85tn**



▶ Trends in Metropolitan Tax Revenue

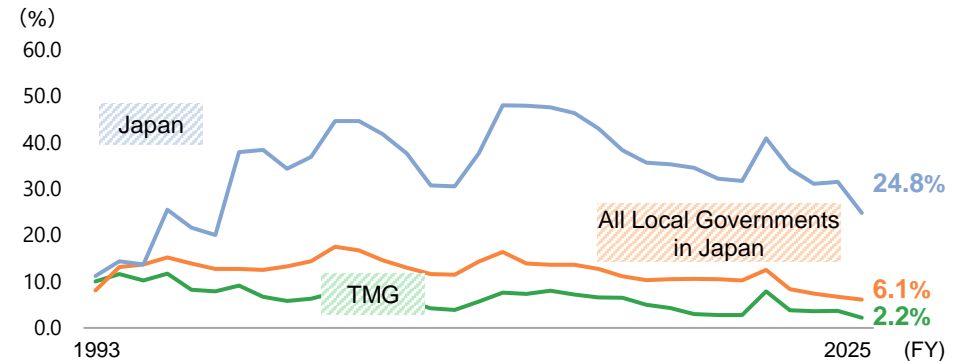
- Metropolitan Tax Revenue increased JPY 543.1bn (8.5%) from the previous fiscal year to **JPY 6.93tn**, mainly due to an increase in Two Corporate Taxes on the back of strong corporate earnings



*Up to fiscal year 2023, it's the settlement amount; for 2024, it's the revised final budget amount, and for 2025, it's the initial budget amount

▶ Debt Dependent Ratio (Original Budget Base)

- TMG's debt dependent ratio (the proportion of municipal bond issuance amount in its budget) maintains lower level compared to the national government and all local governments in Japan
- Embodies the soundness of TMG's fiscal management**



▶ TMG's Credit Rating

- In recognition of its disciplined fiscal administration, TMG enjoys from S&P Global Ratings Japan Inc. the A+ rating in the long-term issuer credit, and the aa+ rating in the stand-alone credit profile, or rating specific to TMG, net of any influence from the national government

Issuer Credit Rating

A+

(Capped by Japan's sovereign rating)

Stand-Alone Credit Profile

aa+

*Rated by S&P Global Ratings Japan Inc.

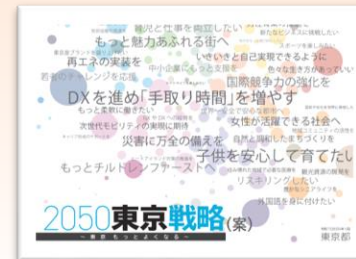
TMG's Long-Term Strategy

January 2025

Released “2050 Tokyo Strategy (Draft)”

- “2050 Tokyo Strategy (Draft)” is **a new compass for TMG's management** that outlines policies to be implemented by 2035 to realize the Tokyo's Vision to be achieved in the 2050s
- **Aiming to become “the best city in the world” with balancing “growth” and “maturity”**, in which everyone can shine and feel their happiness

* This text is a provisional translation and may be subject to change



“the best city in the world” with balancing “growth” and “maturity”

Mar 2021

Formulated “Future Tokyo”



● 2021

● 2022

Feb 2022

“Future Tokyo”

version up 2022

● 2023

Jan 2023

“Future Tokyo”

version up 2023

● 2024

Jan 2024

“Future Tokyo”

version up 2024

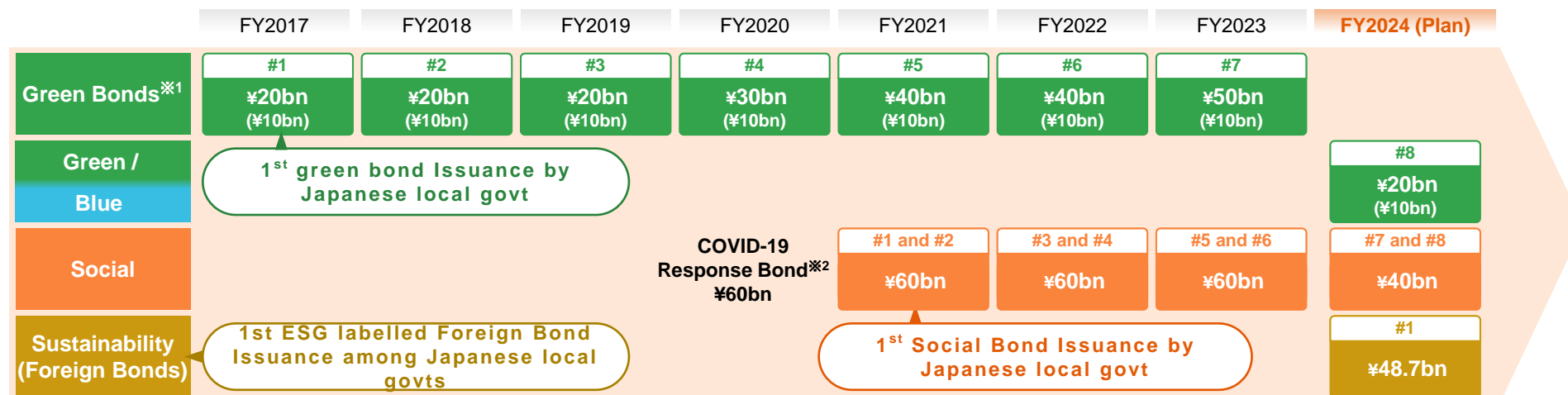
● 2025



TMG's Sustainable Bonds History

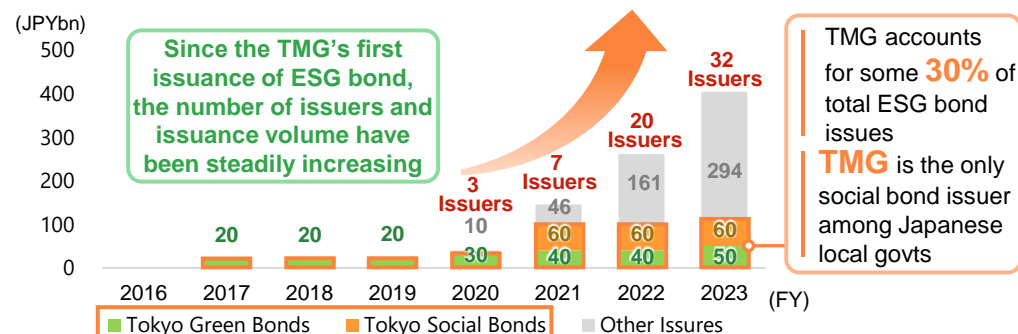
► Issuance History of TMG's Sustainable Bonds

- Issued "Tokyo Green Bond" in 2017 **for the first time in Japanese local govt**. Thereafter, TMG has continued to issue ESG bonds annually, including "Tokyo Social Bond" (first issued in 2021, the first by a local govt), there by leading the sustainable finance market in Japan



※1 "(#)" means the amount of the issuance for individual investors (e. JPY10bn issued annually if converted into JPY). ※2 Third-party certifications were granted for all except for COVID-19 Response Bond ¥60bn in 2020.

► ESG Bonds in Domestic Local Government Bond Market※



※ Source: the website of local governments and the Local Bond Association Converting. For foreign currency-denominated amounts, the equivalent amount in JPY is recorded. Excluding ESG bonds that do not comply with ICMA principle.

ESG-Related Award History

Refinitive Japan	[DEALWATCH AWARDS2022] Sustainable Finance Issuer of the Year "Proactively issuing ESG-bonds, TMG established a strong presence. By enhancing information dissemination both domestically and internationally, TMG received investor's support, leading to oversubscription."
Japan Times	[Sustainable Japan Award2023] "ESG Category – Special Jury Award" "TMG has issued Green Bonds and Social Bonds, and its pioneering initiatives have played a significant role in revitalizing the ESG bond market of local Governments."
Environmental Finance (environmental finance magazine in UK)	[Environmental Finance Bond Awards 2023] Social Bond of the Year – local authority/municipality "As the first local government bond issuer, TMG has engaging in the sustainable bond market. The June 2022 issuance expanded the scope of eligible projects, demonstrating a brand range of fund utilization."

Overview of Tokyo Social Bonds

Series No.	#5	#6	#7	#8
Tenor	5yr	5yr	5yr	5yr
Currency / Issue Size	JPY 30bn	JPY 30bn	JPY 25bn	JPY 15bn(TBD)
Use of Proceeds	The proceeds of the bond were allocated to projects for individuals in need of social support			The proceeds of the bond will be allocated to projects for individuals in need of social support
Coupon	0.190%	0.433%	0.604%	—
Spread	JGB+12.0bp	JGB+9.0bp	JGB+5.5bp	—
Issue Price	100.00	100.00	100.00	100.00
Pricing Date	Jun 23, 2023	Feb 22, 2024	Jun 26, 2024	February 2025 or later
Settlement Date	Jul 4, 2023	Mar 5, 2024	Jul 5, 2024	February 2025 or later
Ratings		A+ (S&P)		A+ (S&P)
External Review		Reviewed by R&I		Reviewed by R&I

Tokyo Social Bonds Framework ※summary excerpt

I. Use of Proceeds	<ul style="list-style-type: none"> The eligible projects are specified in the framework annex, in which the contents of is below: <ol style="list-style-type: none"> Project category Project name Social issue addressed Measurement of effectiveness
II. Process for Project Evaluation and Selection	<ol style="list-style-type: none"> Projects to be allocated Tokyo Social Bond funding in a fiscal year are selected through an evaluation of their eligibility based on criteria covering environmental, social and governance aspects, while also confirming the social issues they address. The Bureau of Finance evaluates each of the projects. In the evaluation, based on information submitted on a project, it is confirmed that the project addresses a social issue and evaluations are conducted using criteria such as eligibility from the environmental, social and governance aspects. The measures to reduce environmental and social risks associated with the implementation of the project are confirmed. In cooperation with the bureaus and other parties, confirmation that the projects are properly implemented will be made at least once in the following fiscal year. In the event that a problem arises, the situation will be discussed with the relevant bureau and action will be taken promptly to improve the situation.
III. Management of Proceeds	<ul style="list-style-type: none"> In order to identify the use of allocated funds, the proceed will be managed through classification into accounting segments under TMG's budget rules. Funds to be allocated to projects selected for the fiscal year in principle. Documents required for financial statements to be prepared after the end of each fiscal year for approval by the Tokyo Metropolitan Assembly.
IV. Reporting	<ul style="list-style-type: none"> Information on the amount of funds to be allocated to, and the expected social impact of each selected project to be posted on the TMG website prior to the issuance, followed by disclosure of the actual amount allocated to and impact of each selected project by the end of the following fiscal year. Impact report will be published at the TMG website in the following fiscal year, in which actual amount allocated will be disclosed.

Framework


SPO


Impact Report


These are available at TMG's website!

Tokyo Social Bond

検索











TOKYO METROPOLITAN GOVERNMENT

[Government](#)
[Business](#)
[Visitors](#)
[Media](#)



Tokyo Social Bonds

January 23, 2024
Bureau of Finance

Tokyo Social Bonds

Issuance Results

- [Issuance Results](#)

List of investors who declared investment in Tokyo Social Bonds

This is the list of investors who emphasized with the significance of the issuance of Tokyo Social Bonds and declared investment in it.

- [FY2024\(Series 6\)](#)
- [FY2023\(Series 5\)](#)
- [FY2022\(Series 4\)](#)

Categories

Business

Tags

Finance































Impact Report for FY2023

- Published **the Impact Reports** for the FY2023 “Tokyo Social Bond (#5 and #6) in October 2024
- Will continue our effort to further enhance transparency** of issuances by providing clear reporting on allocated projects and their impacts
- Appointed a second-party external reviewer (R&I) and attained post-issuance review**, which is mentioned as “Key Recommendations” by ICMA, in order to secure a quality issuance

▶ Second Party Opinion

R&I

- Compliance with the Social Bond Principles
- All financed projects were recognized as contributing positively to achieving the SDGs (see the table below)

USE OF PROCEEDS	SUSTAINABLE DEVELOPMENT GOALS
Disaster countermeasures for facilities and infrastructure	    
Measures for aging public facilities and infrastructure	      
Promotion of industry and employment continuity and generation	 
Building an educational environment to fully draw out the individuality and potentials of each student	    
Infrastructure development for long-term care services	 
Development of child welfare facilities, etc.	   
Strengthening the housing safety net	 
Universal design for accessible public facilities	 
Enhance the healthcare provision system	

▶ Project Examples & Impacts from FY2023 (#5,#6) (Examples)

Removal of Utility Poles

Disaster countermeasures for infrastructure

Impact Length of roads cleared of utility poles

Tokyo metropolitan roads **27.52km**

Coastal roads, etc. **1.9km**



Construction of public housing

Strengthening the housing safety net

Impact # of reconstructed houses

FY2023 **2,149units**

Total **48,149units**



Life extension of bridges

Measures for aging Infrastructure

Impact # of renovated bridges

FY2023 **12bridges**

Total **143bridges**



Installation of platform doors at stations

Disaster countermeasures for facilities

Impact # of stations with platform doors installed















Installation completed

at all **106stations**



Eligible Project Details

※SDGs mappings are referenced from the Second Party Opinion.

	Projects for allocation on #8	Social issues addressed	KPI	Related SDGs
Disaster countermeasures for facilities and infrastructure	① Upgrade to elevators equipped with restart functions	Securing the safety and security of users (reducing the risk of being trapped in elevators in the event of an earthquake, etc.)	Number of elevator units installed	  
Measures for aging public facilities and infrastructure	② Renovation of cultural facility (renovation of the Edo-Tokyo Museum)	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Number of facility users	 
Strengthening the housing safety net	③ Construction of public housing	Reconstructing aging public housing for low income residents who are unable to secure adequate housing on their own	Number of reconstructed units	 
	④ Repairment of housing	Repairs to address issues such as aging public housing for low income residents who are unable to secure adequate housing on their own	Number of units with exterior wall repairs	 
Universal design for accessible public facilities	⑤ Increase barrier-free routes	Building an environment where everyone can move about safely and comfortably	Number of elevators installed	 
	⑥ Introduction of people-friendly Toei subway cars	Introducing subway cars that everyone can feel safe and comfortable using	Daily average number of passengers Number of train formations introduced	 
Enhance the healthcare provision system	⑦ Loans to the Tokyo Metropolitan Hospital Organization	Providing high quality healthcare, such as provision of government-led healthcare services and enhancement of local healthcare, amid the aging population and changing healthcare environment	Number of outpatients and inpatients	

Use of Proceeds Case Study

▶ #8 Eligible Project

③ Construction of public housing (Strengthening the housing safety net)



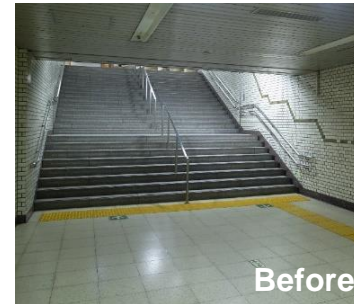
- Providing housing at affordable rents to low-income individuals who are unable to secure housing at a minimum standard of living
- Focusing on residential buildings constructed before the 1960s, the rebuilding process is carried out due to aging and deterioration
- Rebuilding is also important from the perspective of improving disaster resilience and fireproofing, and is being prompted in a planned manner

The status of municipal housing unit reconstruction :

	Actual Number	Goal Number
Number of reconstructed units	48,149 units (as of the end of FY2022)	131,000 units

▶ #8 Eligible Project

⑤ Increase barrier-free routes



- At all stations of Toei subway, at least one barrier-free route from the ground level, through the ticket gates, to station platforms by using elevator and other kinds of that has been established
- After their establishment, TMG plans to develop barrier-free transfer routes through the installation of elevators at transfer stations and other key points
- TMG will make efforts to improve the barrier-free routes, taking into account the station's structure and surrounding conditions to enhance convenience

The status of improving in the Toei subway

	Actual Number	Goal Number
Number of elevators installed	11 stations (as of the end of FY2023)	14 stations (as of the end of FY2025)

Project Categories and its SDGs Mapping

- Eligible projects planned for this issuance are classified in **7 projects across 5 categories** with **6 corresponded SDGs targets in total**
- Particularly, “**Target 11: Sustainable cities and communities**” is planned to have the most corresponded projects among other SDGs targets

# of projects corresponding to each SDGs goal (※1)	1 貧困をなくそう	2 気候変動に 対応	3 すべての人に 健康と福祉を	4 質の高い教育を みんなに	5 ジェンダー平等を 実現しよう	6 安全な水とトイレを 世界中に	7 エネルギーをみんなに そしてクリーンに	8 働きがいも 経済成長も	9 産業と技術革新の 基盤をつくろう	10 人や国の不平等を なくそう	11 住み続けられる まちづくりを	12 つくる責任 つかう責任	13 気候変動に 対応する	14 海の豊かさ を守ろう	15 陸の豊かさも 守ろう	16 平和と公正を すべての人に	17 パートナーシップで 目標を達成しよう	Total
Disaster Countermeasures	-	-	-	-	-	-	-	-	1	-	1	-	1	-	-	-	-	3
Measures for aging facilities and infrastructure	-	-	-	1	-	-	-	-	-	-	1	-	-	-	-	-	-	2
Strengthening the housing safety net	2	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	4
Universal design for accessible public facilities	-	-	-	-	-	-	-	-	2	-	2	-	-	-	-	-	-	4
Enhance the healthcare provision system	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Total	2	-	1	1	-	-	-	-	3	-	6	-	1	-	-	-	-	14

※SDGs mappings are referring to SPO

※SDGs mappings are subject to change in accordance with changes in use of proceeds

Systematic Safeguards for Local Government Bonds in Japan

Local Government Bonds in Japan have systematic safeguards

1. Local Debt Plan – Consulting System for Creation of Local Debt:

Long-term borrowing guidelines by which the national government specifies the amount and sources of fundraising by local government.

Consultation / Approval for Borrowing

or

Notification for Borrowing^{*1}

National
Government

Prefectures
(Local
Governments)

2. Local Allocation Tax System:

Financial equalization grants by the national government to reallocate a portion of taxes collected by the national government to local governments.

**TMG has never been allocated Local Allocation Tax
since the system was adopted in 1954**

^{*1} Local governments that meet the following requirements, such as TMG, can issue LGBs without consulting with the Minister for Internal Affairs and Communications or the prefectural governor.

1) Real debt payment ratio is less than 18%, 2) real deficit is 0, 3) consolidated real deficit ratio is 0, 4) future burden ratio is less than 400% (prefectures and government-ordinance-designated cities) or 350% (municipalities)

TMG's Credit Profile

Extract from TMG Rating Report by S&P as of October 31st 2024

Solid credit ratings on TMG's fiscal management and wealthy economy from S&P Global Ratings (S&P)

- “ We view TMG's economy as the key strength for the rating. **TMG is at the heart of Japan's economy** and attracts widespread economic, political, and other value-added activities that support diverse job opportunities in a variety of industries, along with high residential income. ”
- “ We believe **TMG will continue its financial management** by balancing revenue and expenditure. ”
- “Under the leadership of Governor Yuriko Koike, who is serving her third term following the gubernatorial election in July 2024, TMG will continue making active use of reserves and striving to secure financial resources through project reviews. In addition, **the TMG treasury team's record leads us to think it will maintain sufficient control to preserve disciplined financial management.**”
- “ We forecast TMG's balance after capital accounts will remain positive over the next two years, with growth in revenue exceeding that in spending. **We expect TMG's tax revenue to continue to increase.** Factors supporting this are **strong corporate-related tax revenue, robust employment and property prices, and higher local consumption tax revenue.** ”
- We expect **TMG's debt burden to remain very low compared with its Japanese peers and similar to that of international peers.**

Ratings (S&P)		
Issuer Credit Rating*1		Stand-Alone Credit Profile*2
TMG	Japan	TMG
A+/Stable	A+/Stable	aa+

*1 TMG's A+ credit rating is capped by Japan's sovereign government and rating.

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).

*2 SACPs (Stand-alone credit profile) refer to S&P's opinion of an issue's or issuer's creditworthiness, in the absence of extraordinary intervention from its parent or affiliate or related government, and is only one component of a rating.

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TMG Website

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TMG IR Website

<https://www.zaimu.metro.tokyo.jp/bond/ir/ir.html>



Official note
(Global Financial City Team)

<https://note.com/gcft>



- This report is intended to provide investors with general information on TMG's financial situation and not to distribute or offer for subscription any specific bonds.
- Although this report is based on a set of data deemed reliable, we do not guarantee its accuracy or integrity. The future prospects and forecasts contained in this report fall within reasonable range in the view of the TMG; we are not in a position to guarantee their realization.
- The TMG may have published, or may publish going forward, other reports that contradict what is said in this report. The readers are advised to use this report under their own responsibility.