



Land Acquisition and Compensation

The Tokyo Metropolitan Government is developing roads, rivers, and parks in order to create neighborhoods that are comfortable to live in.

However, in order to conduct this work it is necessary to acquire land from people, and to have buildings move outside project areas. While this can cause great inconveniences for some people, we would like to ask for your understanding of and cooperation with necessity of such public projects.

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General land acquisition procedures

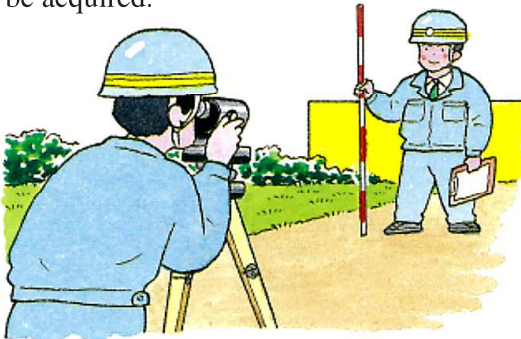
1 Meeting to explain project plans

A meeting will be held to explain matters such as the outline of the project plan, the project implementation process, surveying, and the land acquisition schedule.



2 Surveying

Surveying will be conducted with the attendance of landowners of the adjacent land in order to check the boundaries and finalize the area of land to be acquired.



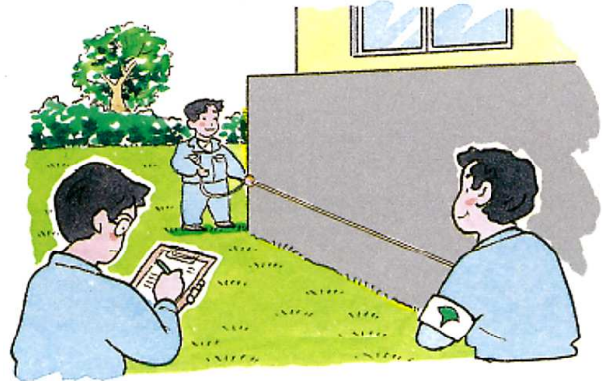
3 Meeting to explain land acquisition

A meeting will be held with land and building owners, leaseholders, and renters (hereinafter, “rights holders”) in the project area to explain matters including the land acquisition procedures, details of compensation, and the support system for rebuilding lives.



4 Examination of buildings and other articles

An examination will be conducted on the structure, quantity, stakeholders, etc. on buildings and other structures that will be relocated with the implementation of the project.



5 Appraisal of land price

The price of the land to be acquired will be appraised.



6 Calculation of the property compensation amount

The compensation amount will be calculated for relocation costs for buildings and other structures, and other naturally occurring losses.

Note that business persons, people renting out buildings, etc. will be asked to submit documents as required for calculation.

7 Discussions for contracts

After explanations are provided on the land acquisition price and property compensation amount, an amount will be individually proposed to each rights holder.



8 Signing of contracts

When discussions have been settled, contracts will be individually entered with rights holders using the following documents.

Note that if there are multiple rights holders, contracts will be entered at the same time as a general rule.

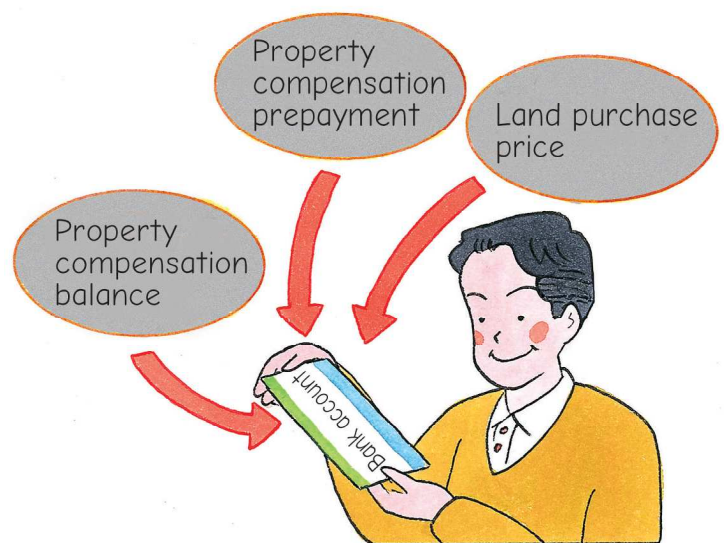


- | | | |
|-----------------|---|---|
| Land owners | ➔ | Land sales contract |
| Leaseholders | ➔ | leasehold extinction compensation agreement |
| Building owners | ➔ | Property relocation compensation agreement |
| Renters | ➔ | Evacuation compensation agreement |

9 Payment of contract amounts

The land purchase price and compensation amount will be paid as follows based on the contract.

- **Land purchase price and leasehold compensation**
The entire amount will be paid after completion of registration.
- **Compensation for property relocation**
Up to 80% of compensation will be paid in advance after the contract is entered, and the balance will be paid after property relocation is completed.
- **Evacuation compensation**
Up to 80% of compensation will be paid in advance after the contract is entered, and the balance will be paid after evacuation is completed.



(Note) Contract amounts will be transferred to an account at a financial institution.

10 Delivery of land

Tokyo Metropolitan Government will conduct subdivision and ownership rights transfer registration for the land to be transferred. In addition, buildings and other structures will be transferred by rights holders, and the land will be delivered once completion of this task has been confirmed by the Tokyo Metropolitan Government.



Compensation overview

1 Land purchase price

Land will be acquired at a normal trading price.

This price will be determined considering appraisal prices from real estate appraisers and the published market value based on the Public Notice of Land Prices Act. Note that this price is reviewed each year.

If there is a leasehold on the land to be purchased, an agreement will be reached between the land owner and the lessee on the allocation of compensation between the parties involved prior to entering a contract with the Tokyo Metropolitan Government.



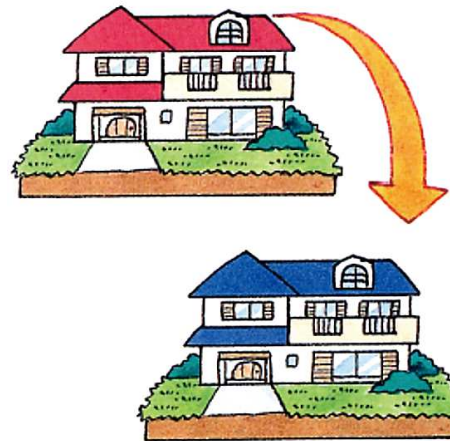
2 Compensation for property relocation

If there are buildings or other structures on land that is to be acquired, they must be relocated elsewhere. A compensation amount will be provided for the relocation of buildings, etc. at this time and for the costs described in the items below as “naturally occurring losses” based on the compensation standards.

The types of compensation are briefly outlined below.

(1) Building relocation compensation

If there are buildings on the land to be purchased, compensation will be provided for the expenses incurred in relocating them.



(2) Structure relocation compensation

If there are gates, walls, decorative garden stones, or other items on the land to be purchased, compensation will be provided for the expenses incurred in relocating them.

(3) Tree compensation

If there are trees eligible for relocation growing on the land to be acquired, compensation will be provided for the expenses incurred in relocating the trees.

(4) Personal property compensation

Compensation will be provided for the relocation of furniture and household goods, store merchandise, office supplies, and other items.



(5) Temporary housing compensation

If it is determined that building occupants require temporary housing while the building is being relocated, the cost of renting will be compensated.

(6) Renter compensation

If it is determined that a rental contract between the landlord and a lessee cannot continue due to relocation of the building, additional compensation will be provided for renting in a comparable building.

(7) Business compensation

If it is determined that a store, factory, or other business must temporarily close in order to relocate, compensation will be provided equivalent to the loss of earnings, fixed expenses, and payments to employees to cover interrupted wages for the period the business is closed.

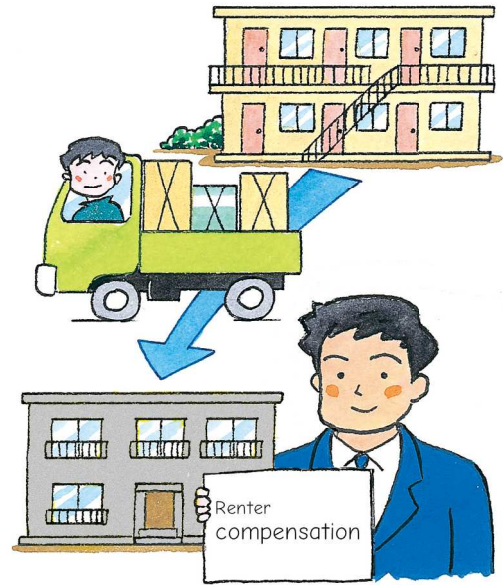
Additionally, if it is determined that there will be a temporary decline once the business has reopened, compensation will be provided for the losses incurred.

(8) Loss of rental income

If a building subject to relocation is being rented out and rent money cannot be collected during the period of relocation, compensation will be provided for the amount equivalent to rental income, excluding building management costs.

(9) Miscellaneous relocation expenses compensation

If a building is relocated or tenants must be vacated, compensation will be provided for costs involved in selecting a new location for the building or residence for displaced tenants, as well as costs incurred for related legal procedures.



◆ A list of compensation provided for property relocation is as follows.

Residence status Compensation item	If living in your own building	If leasing a building	
		Building owner	Renter
Building relocation compensation	●	●	—
Structure relocation compensation	●	●	●
Tree compensation	●	●	●
Personal property compensation	●	—	●
Temporary housing compensation	▲ (If temporary housing is deemed necessary)	—	▲ (If temporary housing is deemed necessary)
Renter compensation	—	—	● (For cases other than temporary housing compensation)
Business compensation	● (Limited to business persons)	—	● (Limited to business persons)
Loss of rental income	—	●	—
Miscellaneous relocation expenses compensation	●	●	●

Compensation is provided for each of the items with a ● mark.
 Compensation is provided when deemed necessary for each of the items with a ▲ mark.
 (Note) Even if there is a ● mark, compensation cannot be provided when it is determined that no such losses have occurred.



Deadlines for property relocation, evacuation, etc.

Tokyo Metropolitan Government will stipulate standard building construction periods and times required for relocation, and establish deadlines for property relocation, evacuation, etc. Cooperation is requested with completing relocation by the deadlines in contracts.

Furthermore, because accounting for the national government and local public bodies is based on a fiscal year period (from April to the end of the following March), the fiscal year end will initially be set as the deadline. However, if this period is not sufficient due to factors such as contracts, etc. during the beginning of the new year, the deadline can be extended until a recognized date.



Tax incentives

The following tax incentives may apply for the delivery of land, etc., accompanying public projects. (Note the inventory assets are excluded.)

1 Special tax incentives for capital gains

Either of the following options can be selected.

(Note) Please consult with your local tax office on the details.

(1) Deferral of taxation for the acquisition of substitutive assets

If land, etc. is transferred and a certain amount of substitutive assets are acquired with the compensation received within two years as a general rule, there is special treatment allowing for the deferral of taxation as it is determined that there was no transfer for the portion corresponding to the compensation amount allocated to the acquisition of substitutive assets.

*As a general rule, the substitutive assets must be the same type of assets as the assets that were transferred, and such certification is conducted by the tax office.

(2) Special deduction of 50 million yen

There is a special treatment consisting of a special deduction of up to 50 million yen for the balance after deducting asset acquisition expenses and transfer expenses from the transfer price for land, etc.

However, the following conditions apply.

- (1) The deduction applies when the land, etc. is transferred within six months of the first purchase offer, etc.
- (2) If two assets or more are transferred two times or more across a period of two years for the same project, the deduction is limited to assets transferred in the first year.

*If assets are transferred for two or more public projects in the same year, the upper limit for the deduction is 50 million yen.

– Impact on taxes, public allowances, etc. if land purchase price or compensation for property relocation are accepted –

There could be a temporary impact on the payout amount, etc. for the following items that are provided based on income or assessment and collection.

- (1) In some cases the income limitations for public allowance or spouses subject to deductions based on the Income Tax Act (special spouse deduction, etc) could be exceeded, causing allowances for the following year to be suspended and removal from the scope of income deductions.
- (2) In some cases the insurance premium share of public health insurance (nursing care insurance, etc.) could increase.

For the details, please consult with the contact point of your responsible tax office, ward office, city office, etc.

2 Special treatment for real estate acquisition taxes

If a person that has transferred land and received property relocation compensation for their house uses the compensation money to acquire real estate, real estate acquisition taxes will be reduced for the replacement real estate.

(Note) Please consult with your local metropolitan tax office on the details.



3 Preferential treatment for the offeror of substitutive land

If a three party contract is entered between the Tokyo Metropolitan Government, a land owner in the project area, and an offeror of substitutive land, the offeror of substitutive land will be entitled to a special deduction of up to 15 million yen from the sales proceed.

As there are detailed regulations concerning such three party contracts, please consult with an office representative on the details in advance.



Assistance with rebuilding lives

The following system has been established for assistance with rebuilding lives. Please consult with an office representative on the details.

1 Relocation loans

While compensation for land acquisition will be provided as cash, there is a relocation loan program for people lacking sufficient funds who are having difficulties with procurement.

The eligibility requirements for these loans and an overview is described below.

(1) Projects subject to loans

Public projects including those for roads, rivers, and parks.

(2) People eligible for loans

The following requirements must be fulfilled by land and building owners, leaseholders, and renters in the project area in (1).

- A. Person who is eligible for a compensation agreement for relocation compensation for which one year has not elapsed since entering the compensation agreement
- B. It is determined that procuring the funds required for the acquisition of substitute land or buildings would be difficult
- C. Has sufficient loan repayment capacity (can also be joint capacity with family members the person lives with)

(3) Loan amount

The maximum amount is 30 million yen, within an amount that is half of the total amount of the land purchase price and property compensation amount (excluding the business compensation amount, etc.) and the scope of repayment capacity. However, if half of the total amount is under 5 million yen, the loan amount can be increased up to 5 million yen.

In addition, the loan amount may be increased if it is determined that relocation is particularly difficult.

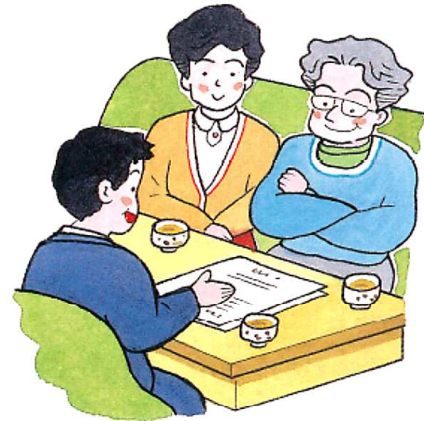
(4) Interest, repayment period, and repayment method

(1) Interest will consist of a fixed interest rate that applies when the loan is decided on, and there will be a two-year period without interest. (2) There are four types of repayment periods based on repayment capacity, specifically 20 years, 15 years, 10 years, and 5 years. However, for unsecured loans there are two types, specifically 10 years and 5 years. (3) The repayment method is either even semiannual payments of principal and interest or even monthly payments of principal and interest, or repayment used in parallel with these methods.

(5) Collateral and the joint guarantor

For collateral, as a general rule, the first lien will be established on the real estate that was acquired with the loan.

In addition, there must be at least one joint guarantor who fulfills certain requirements (no more than 60 years old, repayment capacity, etc.)



2 Arrangements for replacement land

If a land and building owner, leaseholder, and renter in a project area for public projects including those for roads, rivers, and parks is not able to secure a relocation site for their own use despite considerable efforts, the Tokyo Metropolitan Government will work to make arrangements for replacement land that is owned by the Tokyo Metropolitan Government. People for which one year has not elapsed since entering a contract with the Tokyo Metropolitan Government will be eligible for this program. In addition, private sector real estate information may be provided.

Note that as expenses for the selection of a relocation site will not be required for people that arrangements have been made for, this amount will be deducted from the compensation amount.

3 Arrangements for public housing

While renters will relocate using the compensation amount as a general rule, if relocation on their own is difficult the public housing program can be used in accordance with the residence standards for public housing. Housing that arrangements can be made for is limited to empty units of Tokyo Metropolitan housing and Tokyo Metropolitan Housing Supply Corporation housing that is allocated to people whose relocation is necessitated by public projects (newly built housing is not eligible). Accordingly, there are various limitations on housing that arrangements can be made for depending on the occupancy status, and it is not possible to designate a specific housing unit.

Note that the expenses no longer needed as a result of public housing arrangements will be deducted from the compensation amount.



When land cannot be acquired through dialogue

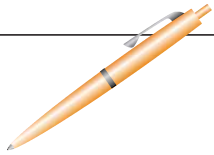
As a general rule, land will be acquired by the Tokyo Metropolitan Government through dialogue.

However, when such dialogue on disputes over land and buildings cannot be completed due to factors such as (1) not being able to determine the owner, leaseholder, etc., (2) not being able to determine the successor for inheritances, or (3) not being able to determine the allocation of compensation between landowners and leaseholders, or (4) not being able to reach an understanding with respect to compensation and other matters despite holding sufficient dialogue, the land may be acquired by following the procedures stipulated in the Compulsory Purchase of Land Act in consideration of factors such as the many people who have already cooperated and the status of the project.

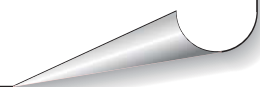
In such a case, the land price will be newly appraised at the time such procedures are adopted.

As acquisition through expropriation procedures is only a form of exceptional treatment, we request that you hold sufficient dialogue with an office representative.

Memo



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