

September 29, 2021

To all concerned parties:

Investment Corporation

**Japan Metropolitan Fund Investment Corporation**

(Tokyo Stock Exchange Company Code: 8953)

Representative: Shuichi Namba, Executive Director

URL: <https://www.jmf-reit.com/english/>

Asset Management Company

**Mitsubishi Corp.-UBS Realty Inc.**

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Notice Concerning Acquisition of Trust Beneficiary Right in Real Estate in Japan  
(JMF-Bldg. Hiroo 01 and JMF-Residence Gakugeidaigaku)

Japan Metropolitan Fund Investment Corporation (“JMF”) announced today that Mitsubishi Corp. – UBS Realty Inc., JMF’s asset manager (the “Asset Manager”), determined to acquire the trust beneficiary right in real estate <sup>(Note 1)</sup> (the “Acquisition”) as outlined below.

## 1. Overview of Acquisition

1) Property name	JMF-Bldg. Hiroo 01	JMF-Residence Gakugeidaigaku
2) Location	1-11 Minamiazabu 5-chome, Minato-ku, Tokyo	142-1 Nozawa 3-chome, Setagaya- ku, Tokyo
3) Asset class	Mixed-use (Retail, Residence)	Residence
4) Acquisition price (Scheduled)	10,000 million yen	1,505 million yen
5) Appraisal value	10,200 million yen (as of September 1, 2021)	1,650 million yen <sup>(Note 2)</sup> (as of September 1, 2021)
6) Contract completion date	September 30, 2021 (Scheduled)	September 30, 2021 (Scheduled)
7) Acquisition date	October 29, 2021 (Scheduled)	March 18, 2022 (Scheduled) <sup>(Note 3)</sup>
8) Seller	JUP Holding TMK	MORIMOTO Co.,Ltd.
9) Acquisition funds	Cash on hand (planned)	Cash on hand (planned)
10) Payment	Full payment at closing	Full payment at closing

(Note 1) Agreement has been reached with the seller that the JMF-Residence Gakugeidaigaku will be placed in trust by the time of the acquisition and JMF will acquire the trust beneficiary right of the trust.

(Note 2) Since the building is currently under construction, an appraisal agency conducted an “uncompleted building appraisal,” which was enacted on November 1, 2014 (revised on May 1, 2014), in accordance with the real property appraisal standards specified by the Ministry of Land, Infrastructure, Transport and Tourism, and the appraisal amount indicated in the appraisal report is the appraisal value (this applies hereinafter).

(Note 3) The currently-scheduled acquisition date is indicated, but since the building is currently under construction, the acquisition date is subject to change depending on the progress of the construction.

## 2. Reason for Acquisition

As there have been constant changes to the operating environment surrounding real estate, such as widespread e-commerce and remote working due to the rapid advancement in information technologies, and the trend of mixed-use by area and by property, JMF aims to optimize its portfolio in response to such changes. To this end, JMF will continue to secure stable earnings on a medium to long term basis and ensure steady growth of operating assets by promoting carefully-screened investment in retail facilities, office buildings, residences, hotels, and mixed-use properties used for a combination of those purposes, located mainly in urban areas.

The Acquisition involves an urban mixed-use property (retail and residence), as well as a property solely for rental housing use in the urban areas category, which marks JMF's first acquisition of its kind. It is in accordance with the investment policy set forth by JMF, and is also part of the replacement strategy over the short to medium term.

### Highlight of acquisition

**Asset replacement strategy proceeding with acquisition of urban mixed-use and urban rental residential properties**

#### 【JMF-Bldg. Hiroo 01】

The property is located in Hiroo, an area of high popularity for luxury residences. Not only is it just a four-minute walk from the Hiroo Station on the Tokyo Metro Hibiya Line, providing excellent access, it is a relatively new property that provides a certain sense of scale. JMF favorably evaluated the property for its high level of competitiveness in terms of both location and building specifications and made the decision to acquire it.

The property has a refined exterior appearance that combines an exposed concrete design with originality and received a 2008 Good Design Award.

#### Attractiveness of facility

- The property is an urban mixed-use facility with commercial use (second basement level to third floor) with a tenant composition comprising primarily a drugstore and service businesses and residential use (4th to 11th floors) featuring a luxurious entrance and interior corridors. It is expected to generate stable rental income.
- The commercial portion of the property produces solid demand from nearby residents, primarily for services such as various schools and early childhood education.
- The residential portion (30 units) features a variety of residences from one-bedroom to two-bedroom apartments (areas are from approximately 40 m<sup>2</sup> to 115 m<sup>2</sup>). The residences can be expected to generate demand from a broad range of renters from single adults to couples and families who value the living environment and transportation convenience.

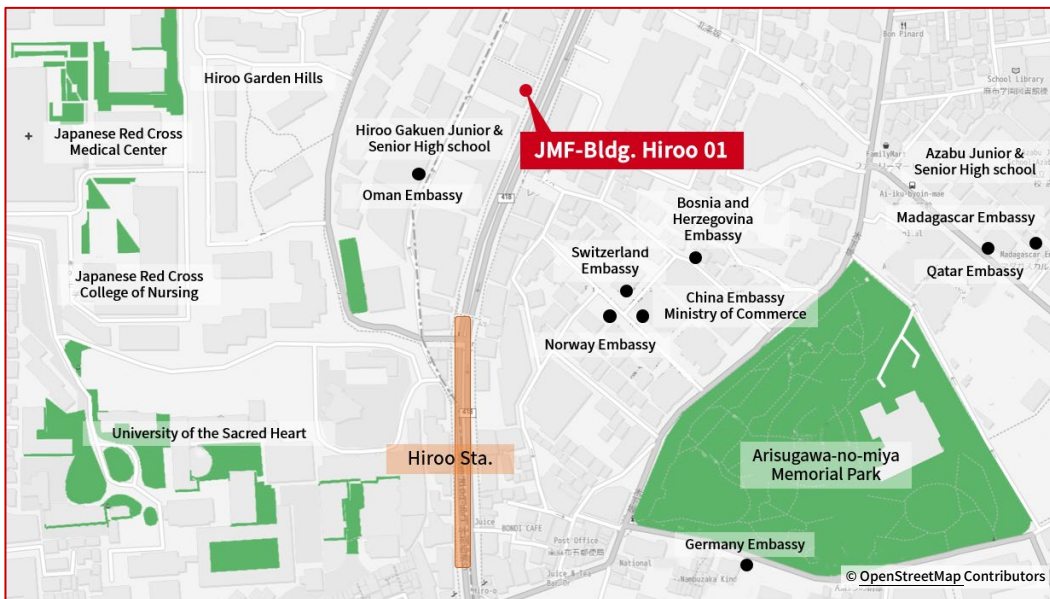
#### Location

- The property is quite close to the Hiroo Station on the Tokyo Metro Hibiya Line—just a four-minute walk—and is adjacent to Gaien Nishi-Dori, providing excellent visibility.
- Hiroo, a cultural and educational area with universities and embassies, is known as one of Tokyo's foremost luxury residential districts. It offers an excellent living environment with many amenities in the surrounding area including facilities that enhance the convenience of everyday life as well as parks such as Arisugawa-no-miya Memorial Park.

■ Property Photo / Property Location Map



Wide-area Map \* For enlarged map, please refer to QR code.



<https://goo.gl/maps/kKCuruN9KkT96Nse8>



【JMF-Residence Gakugeidaigaku】

The property, which is currently under construction, is in a favorable location, a 10-minute walk from the Gakugei-daigaku Station on the Tokyu Tōyoko Line, a highly popular residential area. In addition, it is a high-end rental condominium developed by MORIMOTO Co., Ltd., which has received praise from the market as a developer of urban designer residences, leading JMF to evaluate the property as having high competitiveness in terms of both location and physical specifications, and JMF made the decision to acquire the property. As the environment for the acquisition of rental residences becomes increasingly severe, JMF was able to carry out an arm’s-length transaction as a result of building a relationship with the seller by leveraging the Asset Manager’s own networks.

Location

- The property is in a favorable location, just a 10-minute walk from the Gakugei-daigaku Station on a flat route with no elevation difference that passes through Nishiguchi Shopping Street
- Travel time on the Tokyu Tōyoko Line express train is only about six minutes to Shibuya Station, providing excellent access to business and commercial areas such as Shinjuku, Ikebukuro, Yokohama and Minato Mirai.
- There is a concentration of convenient facilities within walking distance as well as Himonya Park and other parks, creating a quiet and peaceful living environment where urban functions and nature can be enjoyed

Specification

- The property is a five-story designer rental condominium with a total of 41 residential one-bedroom units that provide ample natural light in living areas and feature bathing, toilet and washroom facilities in separate rooms.
- The property is new construction, and the unit layouts are suitable for telecommuting—they are unique among competing properties and satisfy the rental needs of single adults who work in the city center and childless working couples
- The high-end specifications feature hotel-like corridors, and a design with a gray and white exterior color scheme is planned to create a high-grade impression

Potential

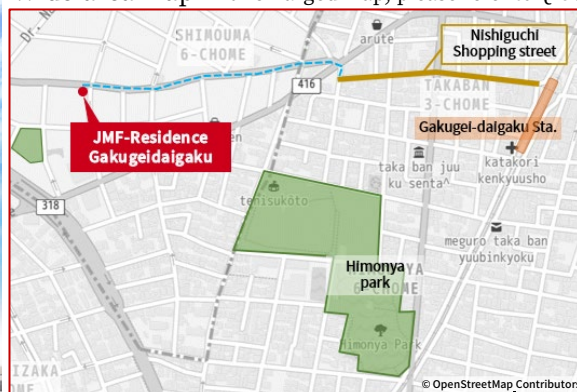
- The population within a 1 kilometer radius is extremely high at about 56,000, and the population is expected to grow even further, by 2.5% by 2030 and 2.3% by 2040 compared to 2020, providing stable residential demand

Source: 2019 Basic resident register population

■ Perspective Drawing / Property Location Map



Wide-area Map \* For enlarged map, please refer to QR code.



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## 3. Property Summary

Property name	JMF-Bldg. Hiroo 01		
Location	1-11 Minamiazabu 5-chome, Minato-ku, Tokyo		
Type of asset	Trust beneficiary right in real estate		
Trustee	Mizuho Trust & Banking Co., Ltd.		
Trust period	July 24, 2015 – October 31, 2041 (Scheduled)		
Land			
Land area	1,411.99 m <sup>2</sup> (Note)	Zoning	Category I residential zone, Category I mid/high-rise oriented residential zone
FAR / building-to-land ratio	400% · 300% / 60%	Type of possession	Ownership
Building			
Structure / stories	12 stories above ground and 2 basement floor, SRC-structure and RC-structure with flat roof		
Total floor area	5,237.81 m <sup>2</sup>	Type	Residence · Retail · Parking · Bicycle parking lot
Completion date	November 29, 2007	Type of possession	Ownership
Design	STUDIO DREAM CO., LTD		
Construction	NAKANO CORPORATION		
Constructional Inspector	The Building Center of Japan		
PML	4.6% (Based on the earthquake risk assessment (details) report prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)		
Acquisition price	10,000 million yen		
Appraisal value	10,200 million yen (as of September 1, 2021)		
Appraiser	CBRE K.K.		
Tenant summary (as of the end of July 2021)			
Number of tenants	36 (Hiroo Golf IMPACT, Poppins NURSERY SCHOOL Hiroo)		
Annual rent	337 million yen		
Tenant leasehold / security deposit	168 million yen		
Total leased area	4,145.98 m <sup>2</sup>	Occupancy rate (based on leased area)	98.4%
Total leasable area	4,212.41 m <sup>2</sup>		
Collateral conditions	None		
Special notes	The seller has agreed to restore the multiple points identified in the engineering report and other documents regarding the property at the responsibility of the seller.		

(Note ) It includes a private road (about 59 m).

- Figures of less than one million yen are rounded down, and percentages are rounded to the nearest second decimal place.
- “Location” represents the address of each property or the registered address of the building.
- “Land area” and “Total floor area” are based on descriptions in registry books.
- “Zoning” represents the classification of land by its use, stipulated in Section 1-1, Article 8 of the City Planning Act.
- “Number of tenants” represents the total number of lease contracts (including the lease agreements, etc. concluded between the master lease company and end tenants; the same applies hereinafter) as of the above.  
For residences, parking and bicycle parking lot, a pass-through master lease agreement will be concluded. The number of tenants listed is the total number of tenants in the retail zone and end-tenants in the residential zone.
- “Annual rent” is calculated by taking the total amount of monthly rents and common area fees indicated in the lease agreements and other documents in effect as of the above for properties to be acquired and multiplying this amount by 12, rounded down to the nearest million yen. Amounts expressly stated in lease agreements as rents for warehouses and land (flat parking lots) are excluded.
- “Tenant leasehold / security deposit”, “Total leased area” and “Total leasable area” represent the total sums and areas in the lease contracts, etc. as of the above.

Property name	JMF-Residence Gakugeidaigaku		
Location	142-1 Nozawa 3-chome, Setagaya-ku, Tokyo		
Type of asset	Trust beneficiary right in real estate		
Land			
Land area	543.43 m <sup>2</sup>	Zoning	Category 1 residential districts
FAR / building-to-land ratio	200% / 80%	Type of possession	Ownership
Building			
Structure / stories	5 stories above ground, RC-structure (Scheduled)		
Total floor area	1,427.31 m <sup>2</sup> (Scheduled)	Type	Residence
Completion date	March 18, 2022 (Scheduled)	Type of possession	Ownership
Design	FUKUSHI construction Co.,Ltd.		
Construction	FUKUSHI construction Co.,Ltd.		
Constructional Inspector	URBAN HOUSING EVALUATION		
PML	—		
Acquisition price	1,505 million yen		
Appraisal value	1,650 million yen (as of September 1, 2021)		
Appraiser	Japan Real Estate Institute		
Tenant summary			
Number of tenants	—		
Annual rent	—		
Tenant leasehold / security deposit	—		
Total leased area	—	Occupancy rate	—
Total leasable area	1,052.13 m <sup>2</sup> (Scheduled)	(based on leased area)	—
Collateral conditions	None		
Special notes	None		

- Figures of less than one million yen are rounded down, and percentages are rounded to the nearest second decimal place.
- “Location” represents the address of each property or the registered address of the building.
- “Land area” is based on descriptions in registry books.
- “Structure / stories”, “Total floor area” and “Type” are based on confirmed certificate notations.
- “Zoning” represents the classification of land by its use, stipulated in Section 1-1, Article 8 of the City Planning Act.
- With regard to “PML”, since the construction is not yet completed, JMF plans to obtain an analysis report for earthquake risks by the time of acquisition.
- “Number of tenants”, “Annual rent”, “Tenant leasehold / security deposit”, “Total leased area” and “Occupancy rate (based on leased area)” have been left blank (indicated with a dash), as the asset to be acquired is currently under construction.
- “Total leasable area” are based on design documents, etc.
- For the property, a pass-through master lease agreement will be concluded.

## 4. Overview of Seller

## 【JMF-Bldg. Hiroo 01】

1) Name	JUP Holding TMK
2) Location	In Tokyo Kyodo Accounting Office, 1-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo
3) Name and job title of the representative	Hisayoshi Kitagawa, Director
4) Business	Business related to the securitization of specified assets and any other business incidental and/or related to the aforementioned business relating to the securitization of specified assets
5) Capital	100,000 yen
6) Date established	August 14, 2020
7) Net assets	Not disclosed as the seller has not agreed to the disclosure.
8) Total assets	
9) Major shareholder (shareholding ratio)	
10) Relationship with JMF / the Asset Manager	
Capital relationship Personal relationship Trade relationship	There is no capital, personal or transactional ties to be stated between the seller and JMF or the Asset Manager. There is no capital, personal or transactional ties to be specified between the related parties/related companies of JMF or the Asset Manager and the related parties/related companies of the seller.
Related parties	Any of the seller or the related parties/related companies of the seller do not fall under the related party of JMF or the Asset Manager.

## 【JMF-Residence Gakugeidaigaku】

1) Name	MORIMOTO Co., Ltd.
2) Location	Marunouchi Building, 14th floor 4-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
3) Name and job title of the representative	Hiroyoshi Morimoto, chairman and CEO
4) Business	Real estate sales (condominiums and single-family homes), real estate services, real estate brokering, and income-generating real estate development
5) Capital	100 million yen
6) Date established	July 1983
7) Net assets	Not disclosed as the seller has not agreed to the disclosure.
8) Total assets	
9) Major shareholder (shareholding ratio)	
10) Relationship with JMF / the Asset Manager	
Capital relationship Personal relationship Trade relationship	There is no capital, personal or transactional ties to be stated between the seller and JMF or the Asset Manager. There is no capital, personal or transactional ties to be specified between the related parties/related companies of JMF or the Asset Manager and the related parties/related companies of the seller.
Related parties	Any of the seller or the related parties/related companies of the seller do not fall under the related party of JMF or the Asset Manager.

## 5. Matters Concerning Forward Commitment

For the acquisition of JMF-Bldg. Hiroo 01, not fall under the category.

For that of JMF-Residence Gakugeidaigaku, under the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators," the acquisition of the property is considered to be a "forward commitment, etc. <sup>(Note)</sup>" by an investment corporation. If JMF cannot meet its forward commitment, 20% of the expected purchase price shall be paid as a penalty for breach of contract.

In addition, the property is currently under construction and is scheduled to be completed in March 2022, and as a result, JMF is exposed to construction completion risks, property transfer risks, and other risks until the building is completed. JMF plans to mitigate these construction completion and property transfer risks by setting the following main points as conditions to payment of the purchase price.

- Construction of the building in accordance with the design drawings specified in the purchase agreement, acquisition of certification of passed inspection, and acquisition of all permits and approvals required by laws and regulations; and
- Confirmation of compliance by the building with the Architectural Standards Act and other construction-related laws and regulations and verification of the absence of any problems upon the conclusion of the designated due diligence.

(Note) Forward commitment is defined as "a postdated sales and purchase agreement which provides for the delivery and settlement to take place one month or more from the effective date of the agreement or any other related agreements.

## 6. Means of Payment

Full payment at the time of transfer

## 7. Acquisition Schedule

Property name	JMF-Bldg. Hiroo 01	JMF-Residence Gakugeidaigaku
Decision-making date	September 29, 2021	September 29, 2021
Contract signing date	September 30, 2021 (Scheduled)	September 30, 2021 (Scheduled)
Payment date	October 29, 2021 (Scheduled)	March 18, 2022 (Scheduled)
Property transfer date	October 29, 2021 (Scheduled)	March 18, 2022 (Scheduled)

## 8. Future Outlook

There is no impact of the Acquisition on our operating results for the August 2021 fiscal period (from March 1, 2021 to August 31, 2021), and the impact for the February 2022 fiscal period (from September 1, 2021 to February 28, 2022) is minor, but the forecasts for Operating Results is currently under scrutiny. So, it will be announced in the financial report scheduled for release on October 15, 2021.



## 9. Appraisal Report Summary

Property name	JMF-Bldg. Hiroo 01
Appraiser	CBRE K.K.
Appraisal value	10,200 million yen
Appraisal date	September 1, 2021

Item	Value	Notes
Indicated value by income approach	10,200 million yen	
DC method	10,400 million yen	
Operating income	380 million yen	
Effective gross income	393 million yen	
Losses from vacancy, etc.	12 million yen	
Operational cost	59 million yen	
Maintenance and management fee	7 million yen	Assessed taking into consideration amounts for prior years and similar properties
Utility cost	12 million yen	Calculated in consideration of actual results of past years and occupancy rates
Repair expenses	6 million yen	With reference to the ER and similar properties, etc. Including restoring cost in the residences
Property manager fee	Not disclosed	As the disclosure of this item may negatively affect JMF's competitiveness and business to the detriment of its unitholders, the Asset Manager has decided not to disclose this information here, and have included it under "Other expenses" instead.
Leasing cost	7 million yen	Assessed based on standard tenant replacement cycle
Property tax	20 million yen	Assessed based on land price fluctuation rate and measures for tax burden adjustment described in the materials related to taxes and public dues for the fiscal 2021
Insurance premium	Not disclosed	As the disclosure of this item may negatively affect JMF's competitiveness and business to the detriment of its unitholders, the Asset Manager has decided not to disclose this information here, and have included it under "Other expenses" instead.
Other expenses	5 million yen	
Net operating income	320 million yen	
Operating profit on lump-sum payments	1 million yen	
Capital expenditure	9 million yen	With reference to the ER and similar properties, etc.
Net cash flow	313 million yen	
Capitalization rate	3.0 %	
DCF method	10,200 million yen	
Discount rate	2.8 %	
Terminal capitalization rate	3.1 %	
Indicated value by cost approach	7,080 million yen	
Land ratio	87.4 %	
Building ratio	12.6 %	

Other matters of consideration	N/A
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Property name	JMF-Residence Gakugeidaigaku
Appraiser	Japan Real Estate Institute
Appraisal value	1,650 million yen
Appraisal date	September 1, 2021

Item	Value	Notes
Indicated value by income approach	1,650 million yen	
DC method	1,700 million yen	
Operating income	67 million yen	
Effective gross income	70 million yen	
Losses from vacancy, etc.	3 million yen	
Operational cost	12 million yen	
Maintenance and management fee	2 million yen	Assessed based on planned contracts and similar properties, taking into consideration the unique characteristics of the target property
Utility cost	0 million yen	Assessed taking into consideration similar properties and the unique characteristics of the target property
Repair expenses	0 million yen	With reference to the ER and similar properties, etc. Including restoring cost in the residences
Property manager fee	1 million yen	Assessed based on planned contracts and expense levels for similar properties, taking into consideration the unique characteristics of the target property
Leasing cost	2 million yen	Assessed taking into consideration the average annual replacement rate for tenants, occupancy rates, and other factors
Property tax	4 million yen	Assessed based on materials relating to taxes and public charges for fiscal 2021, taking into consideration tax burden adjustments and other factors
Insurance premium	0 million yen	Assessed based on insurance rates taking into consideration insurance policies, insurance rates for buildings similar to the target building, and other factors
Other expenses	0 million yen	Internet expenses are reported
Net operating income	55 million yen	
Operating profit on lump-sum payments	0 million yen	
Capital expenditure	0 million yen	
Net cash flow	54 million yen	
Capitalization rate	3.2 %	
DCF method	1,600 million yen	
Discount rate	3.0 %	
Terminal capitalization rate	3.4 %	
Indicated value by cost approach	1,790 million yen	
Land ratio	80.0 %	
Building ratio	20.0 %	

Other matters of consideration	N/A
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The building is under construction and is scheduled to be completed in March 2022, and accordingly, an appraisal agency conducted an “uncompleted building appraisal,” which was enacted on November 1, 2014 (revised on May 1, 2014), in accordance with the real property appraisal standards specified by the Ministry of Land, Infrastructure, Transport and Tourism, and the appraisal amount indicated in the appraisal report is the appraisal value.

[Reference]

Prospective Income and Expenditures for the property

Prospective Income and Expenditures	JMF-Bldg. Hiroo 01	JMF-Residence Gakugeidaigaku
NOI (Net Operating Income)	320 million yen	55 million yen
NOI yield	3.2 %	3.7 %
Depreciation	37 million yen	8 million yen
NOI yield after depreciation	2.8 %	3.1 %

- NOI refers to NOI used in the Direct Capitalization Method on the appraisal report.
- NOI yield is calculated by dividing NOI by the acquisition price and rounded to the nearest second decimal place.
- Depreciation is a rough estimate at present.
- NOI yield after depreciation is calculated by dividing NOI after deducting depreciation by the acquisition price and rounded to the nearest second decimal place.