

November 30, 2021

To all concerned parties:

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Notice Concerning Acquisition and Disposition of Trust Beneficiary Right in Real Estate in Japan
(Acquisition of JMF-Bldg. Akasaka 02 and Disposition of 3 properties)

Japan Metropolitan Fund Investment Corporation (“JMF”) announced that Mitsubishi Corp. – UBS Realty Inc., JMF’s asset manager (the “Asset Manager”), determined to acquire and dispose of the trust beneficiary right in real estate in Japan (hereinafter the property acquisition is referred to as the “acquisition,” the property disposition is referred to as the “disposition,” and the acquisition and the disposition are collectively referred to as the “replacement”) as outlined below.

1. Overview of the replacement

1) Overview of Acquisition

Property name	JMF-Bldg. Akasaka 02
Location	3-5 Akasaka 2-chome, Minato-ku, Tokyo
Asset class	Office
Acquisition price (Scheduled)	42,428 million yen
Appraisal value	44,200 million yen
Contract completion date	November 30, 2021
Acquisition date	December 1, 2021 (Scheduled)
Seller	Hulic Co., Ltd.
Acquisition funds	Cash on hand, Debt
Payment	Full payment at closing

(Note) Property name is JMF’s management name. The facility is currently referred to as “Akasaka Star Gate Plaza”.

2) Overview of Disposition

Property name	G-Bldg. Ginza 01	G-Bldg. Shinjuku 01	Summit Store Nakano Minamidai
Location	5-1, Ginza 6-chome, Chuo-ku, Tokyo	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	26-2, Minamidai 5-chome, Nakano-ku, Tokyo
Asset class	Retail		
Disposition price (Scheduled) (A)	20,820 million yen ^(Note 1)		
Book value ^(Note 2) (B)	5,530 million yen	6,490 million yen	3,001 million yen
	Total	15,022 million yen	
Difference between disposition price and book value (A-B)	5,797 million yen		
Purchaser	Hulic Co., Ltd.		
Completion date of contract	November 30, 2021		
Disposition date (scheduled)	Co-ownership interest share 30% : December 1, 2021 30% : March 1, 2022 40% : September 1, 2022	December 1, 2021	March 1, 2022

(Note 1) The scheduled disposition price is not disclosed as permission to individually disclose the price was not obtained from the purchaser, but the price for each property is one that the Asset Manager deems reasonable considering the appraisal value etc. in "10. Appraisal Report Summary."

(Note 2) Book value refers to the estimated figures as of December 2021.

(Note 3) The purchaser has agreed to restore the multiple points identified in the engineering reports and other documents regarding each property at the responsibility of JMF.

2. Reason for the replacement

Highlights

- Acquisition of an A-class office building in the area of the three wards of central Tokyo in a bilateral transaction through an asset replacement**
- Progress in the asset replacement strategy for optimizing the use composition of JMF's portfolio**
- Stabilization and improvement of dividends by securing profit after depreciation and a guaranteed gain on sale of the properties over three periods, in accordance with JMF's asset replacement strategy**

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.

Based on the above policies, JMF has developed an asset replacement strategy that targets the disposition mainly of suburban retail property and low return urban retail property, aiming to diversify use, and will implement this replacement as a means to further promote this initiative. The three

properties that it has decided to dispose of this time do not necessarily match the disposition targets in the investment policy and there are no significant risks at present, but as a result of consultations with the seller and purchaser, Hulic Co., Ltd., JMF decided that considering the profitability and future potential of each property, the opportunity for acquisition on this occasion would provide replacement by an A-class office building in a rarely available and prime location and guarantee a sufficient amount of gain on sale of the property, thus contributing to maximizing investment returns.

The cash from this disposition will be allocated to the acquisition of properties in JMF's asset replacement strategy. JMF anticipates that the gains from the replacement will be approximately 5.5 billion yen, but by dispersing the period of disposition over three periods, it plans to allocate the money for securing internal reserves, compensation for any capital loss in the event that it disposes of an existing property with unrealized losses, and as a source of dividends to stabilize and improve dividends. For changes to the portfolio, including this replacement, please refer to the "Supplemental Material on a Series of Press Releases" dated November 30, 2021.

3. Property Summary (Acquisition)

[JMF-Bldg. Akasaka 02]

For acquisition of the Property, JMF came to the decision based on evaluation of the following.

Location

- As the Property is located right from the Tameike-sanno Station gateway on the Tokyo Metro Ginza and Namboku lines, and it is also approximately a five-minute walk from the Kokkai-gijidomae Station on the Marunouchi and Chiyoda lines, it is in a convenient location with access to four major subway lines.
- The property faces three roads, including Sotobori-dori Avenue, and as it was designed using an integrated design system, it has a panoramic view of the public open space and its glass curtain wall exterior contributes to good visibility.
- The Tameike-sanno area where the Property is located has good access to government offices, and is also home to a concentration of foreign embassies and domestic offices of a number of prominent foreign-owned corporations. Several redevelopment plans are currently in progress in the area and growth potential is expected for the area.

Building Spec

- The relatively new property that was completed in 2011 has two below ground and 16 above ground floors. A typical floor is a large space of around 235 tsubo, and having a ceiling height of 2,800 mm and no support pillars, the office space gives a sense of openness with a high degree of freedom in the layout including floor division.
- The lower floors from the first floor below ground to the second floor above ground house a bank and clinics, and the floors from 3 to 16 are used as offices. There are 7 elevators and parking spaces for 52 cars.

■ Property photo / Property Location Map

Appearance



Interior (Office floor)



Wide-area map (Image)

* For enlarged map, please refer to QR code.



<https://goo.gl/maps/1McTYirTpitoXyJz8>

Property name	JMF-Bldg. Akasaka 02		
Location	3-5 Akasaka 2-chome, Minato-ku, Tokyo		
Type of asset	Trust beneficiary right in real estate		
Trustee	Mitsubishi UFJ Trust and Banking Corporation		
Trust period	June 1, 2006 – December 31, 2041 (Scheduled)		
Land			
Land area	1,893.72 m ²	Zoning	Commercial district
FAR / building-to-land ratio	700% / 80%	Type of possession	Ownership
Building			
Structure / stories	16 stories above ground and 2 basement floor, S-structure with flat roof		
Total floor area	17,493.58 m ²	Type	Office, Retail, Parking
Completion date	February 25, 2011	Type of possession	Ownership
Design	KAJIMA CORPORATION Tokyo Architectural Construction First-class architectural firm		
Construction	KAJIMA CORPORATION Tokyo Architectural Construction		
Constructional Inspector	URBAN HOUSING EVALUATION		
PML	1.9% (Based on the earthquake risk assessment (details) report prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)		
Acquisition price	42,428 million yen		
Appraisal value	44,200 million yen (as of November 1, 2021)		
Appraiser	Japan Real Estate Institute		
Tenant summary (as of October 31, 2021)			
Number of tenants	7		
Annual rent	1,487 million yen		
Tenant leasehold / security deposit	1,483 million yen		
Total leased area	12,202.96 m ²	Occupancy rate (based on leased area)	100.0%
Total leasable area	12,202.96 m ²		
Collateral conditions	None		
Special notes	<ul style="list-style-type: none"> • Due to plans for a portion of the property to be a public open space, the applicable floor-area ratio has been relaxed. In addition, it will be necessary to make a portion of the public open space available to the general public for passage and to maintain and manage the public open space. • 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. 		

- 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 the 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 or lease reservation contracts (including the lease agreements, etc. concluded between the master lease company and end tenants; the same applies hereinafter) as of the above.
- “Annual rent” is calculated by taking the total amount of monthly rents and common area fees indicated in the lease agreements or other documents in effect as of the above for the property 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”, “Total leasable area”, and “Occupancy rate (based on leased area)” represent the total sums in the lease contracts as of above.
- With regard to the details of tenants, notices of cancellation have already been received (Number of tenants: 2, the number of tenants vacating is 1, but the number of lease contracts is shown in “Number of tenants” base on the above notes.) so they are expected to move out. As of January 2022, it is expected that there will be five tenants and the occupancy rate will be 74.5%.

4. Property Summary (Disposition)

The properties for disposition—G-Bldg. Ginza 01, G-Bldg. Shinjuku 01 and Summit Store Nakano Minamidai—are all urban retail properties, but it was assessed that through this replacement the quality and stability of our portfolio would increase due to the improvement in building age, the stabilization of cashflow and the increase in office ratio, leading to the decision to dispose of the properties.

The details of the disposition of the three properties are as stated in Part 1, Fund Information, Item 1. Status of the Fund, 5 Status of investment management (2) Investments assets of the 39th Securities Report (submitted on November 25, 2021).

5. Overview of Seller and Purchaser

Name	Hulic Co., Ltd.
Location	7-3, Nihonbashi Odenmachi, Chuo-ku, Tokyo
Name and job title of the representative	Manabu Yoshidome, President, Representative Director
Business	Real estate holding, leasing, sales and brokerage
Capital	62,718 million yen (as of June 30, 2021)
Date established	March 26, 1957
Net assets	519,527 million yen (as of June 30, 2021)
Total assets	2,140,663 million yen (as of June 30, 2021)
Major shareholder (shareholding ratio)	Meiji Yasuda Life Insurance Company (7.07%), Sompo Japan Insurance Inc. (6.28%), Tokyo Tatemono Co., Ltd. (6.05%), Fuyo General Lease Co., Ltd. (6.04%) (as of June 30, 2021)
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/purchaser 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/purchaser.
Related parties	Any of the seller/purchaser or the related parties/related companies of the seller/purchaser do not fall under the related party of JMF or the Asset Manager.

6. Matters Concerning Forward Commitment

None (the Acquisition)

7. Means of Payment

The acquisition funds for the acquisition will be appropriated with cash on hand and new loans. For information on raising funds through new loans, please refer to the “Notice Concerning Debt Financing (New Debt Financing)” dated November 30, 2021.

As for the payment method, JMF is planning lump sum settlements upon transfer for all the properties.

8. The replacement Schedule

1) Acquisition Schedule

Property name	JMF-Bldg. Akasaka 02
Decision-making date	November 30, 2021
Contract signing date	November 30, 2021
Payment date	December 1, 2021 (Scheduled)
Property transfer date	

2) Disposition Schedule

Property name	G-Bldg. Ginza 01	G-Bldg. Shinjuku 01	Summit Store Nakano Minamidai
Decision-making date	November 30, 2021		
Contract signing date	November 30, 2021		
Payment date (Scheduled)	Co-ownership interest share 30% : December 1, 2021 30% : March 1, 2022 40% : September 1, 2022	December 1, 2021	March 1, 2022
Property transfer date (Scheduled)			

9. Future Outlook

The gain on sales of property accrued through this replacement will be distributed in three periods. JMF is expecting a currently announced appropriation of 2.4 billion yen in the 40th Fiscal Period (September 1, 2021 to February 28, 2022), and 1.7 billion yen in the 41st Fiscal Period (March 1, 2022 to August 31, 2022). For this reason, we expect improvement in the management status and dividends, but are considering internally retaining part of the sales profits in the 40th Fiscal Period, and as with 41st Fiscal Period, at this point in time the impact will be insignificant and there are thus no changes to the expected management status or dividends.

10. Appraisal Report Summary

1) Overview of property (Acquisition)

Property name	JMF-Bldg. Akasaka 02
Appraiser	Japan Real Estate Institute
Appraisal value	44,200 million yen
Appraisal date	November 1, 2021

Item	Value	Notes
Indicated value by income approach	44,200 million yen	
DC method	44,900 million yen	
Operating income	1,535 million yen	
Effective gross income	1,581 million yen	
Losses from vacancy, etc.	45 million yen	
Operational cost	315 million yen	
Maintenance and management fee	71 million yen	Assessed based on results for previous years, taking into consideration the unique characteristics of the target property
Utility cost	56 million yen	Assessed taking into consideration results for previous years and occupancy rate, etc.
Repair expenses	9 million yen	With reference to the ER and similar properties, etc, taking into consideration results for previous years.
Property manager fee	5 million yen	With reference to the contracts.
Leasing cost	12 million yen	Assessed based on assumed rotation period.
Property tax	159 million yen	Assessed based on materials relating to taxes and public charges and tax burden adjustments and other factors
Insurance premium	0 million yen	
Other expenses	0 yen	
Net operating income	1,220 million yen	
Operating profit on lump-sum payments	14 million yen	
Capital expenditure	22 million yen	With reference to the ER and similar properties, etc.
Net cash flow	1,211 million yen	
Capitalization rate	2.7 %	
DCF method	43,500 million yen	
Discount rate	2.4 %	
Terminal capitalization rate	2.8 %	
Indicated value by cost approach	40,700 million yen	
Land ratio	91.2 %	
Building ratio	8.8 %	

Other matters of consideration	N/A
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2) Overview of property (Disposition)

Property name	G-Bldg. Ginza 01
Appraiser	Japan Real Estate Institute
Appraisal value	9,000 million yen
Appraisal date	August 31, 2021

Item	Value	Notes
Indicated value by income approach	9,000 million yen	
DC method	9,090 million yen	
Operating income	391 million yen	
Effective gross income	399 million yen	
Losses from vacancy, etc.	7 million yen	
Operational cost	72 million yen	
Maintenance and management fee	5 million yen	
Utility cost	13 million yen	
Repair expenses	1 million yen	
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	2 million yen	
Property tax	44 million yen	
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	4 million yen	
Net operating income	318 million yen	
Operating profit on lump-sum payments	3 million yen	
Capital expenditure	3 million yen	
Net cash flow	318 million yen	
Capitalization rate	3.5 %	
DCF method	8,910 million yen	
Discount rate	3.2 %	
Terminal capitalization rate	3.6 %	
Indicated value by cost approach	9,630million yen	
Land ratio	98.5 %	
Building ratio	1.5 %	

Other matters of consideration	N/A
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Property name	G-Bldg. Shinjuku 01
Appraiser	Japan Real Estate Institute
Appraisal value	7,810 million yen
Appraisal date	August 31, 2021

Item	Value	Notes
Indicated value by income approach	7,810 million yen	
DC method	7,870 million yen	
Operating income	324 million yen	
Effective gross income	324 million yen	
Losses from vacancy, etc.	0 yen	
Operational cost	18 million yen	
Maintenance and management fee	0 million yen	
Utility cost	0 yen	
Repair expenses	0 million yen	
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	0 yen	
Property tax	17 million yen	
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	0 million yen	
Net operating income	305 million yen	
Operating profit on lump-sum payments	2 million yen	
Capital expenditure	1 million yen	
Net cash flow	306 million yen	
Capitalization rate	3.9 %	
DCF method	7,750 million yen	
Discount rate	3.5 %	
Terminal capitalization rate	4.1 %	
Indicated value by cost approach	7,840 million yen	
Land ratio	97.9 %	
Building ratio	2.1 %	

Other matters of consideration	N/A
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Property name	Summit Store Nakano Minamidai
Appraiser	Japan Real Estate Institute
Appraisal value	3,830 million yen
Appraisal date	August 31, 2021

Item	Value	Notes
Indicated value by income approach	3,830 million yen	
DC method	3,880 million yen	
Operating income	168 million yen	
Effective gross income	168 million yen	
Losses from vacancy, etc.	0 yen	
Operational cost	12 million yen	
Maintenance and management fee	0 yen	
Utility cost	0 yen	
Repair expenses	0 million yen	
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	0 yen	
Property tax	10 million yen	
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	1 million yen	
Net operating income	155 million yen	
Operating profit on lump-sum payments	1 million yen	
Capital expenditure	1 million yen	
Net cash flow	155 million yen	
Capitalization rate	4.0 %	
DCF method	3,780 million yen	
Discount rate	3.7 %	
Terminal capitalization rate	4.2 %	
Indicated value by cost approach	3,190 million yen	
Land ratio	87.1 %	
Building ratio	12.9 %	

Other matters of consideration	N/A
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[Reference]

Prospective Income and Expenditures for the property

Prospective Income and Expenditures	JMF-Bldg. Akasaka 02
NOI (Net Operating Income)	1,220 million yen
NOI yield	2.9 %
Depreciation	137 million yen
NOI yield after depreciation	2.6 %

- 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.