Japan Metropolitan Fund Investment Corporation

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Notice Concerning Renewal and Positive Impact Real Estate Investment (G-Bldg. Minami Ikebukuro 01)

Japan Metropolitan Fund Investment Corporation ("JMF") is focusing on improving the profitability of its portfolio based on the total return strategy. In that regard, as announced in the analyst meeting materials for the 44th fiscal period, JMF is implementing the Large-scale renewal (the "Renewal") at "G-Bldg. Minami Ikebukuro 01" (Toshima-ku, Tokyo) (the "Property") to enhance its competitiveness.

JMF announces that it obtained a third-party opinion of "Positive Impact Real Estate Investment (Note)" for the Renewal today, marking the second such case for JMF, as outlined below.

1. Outline of Renewal at the Property

The Property is an urban retail property located in front of Ikebukuro Station, a very busy shopping and entertainment districts. Since its acquisition by JMF in 2010, it has been operated with a stable NOI yield that exceeds the portfolio average. On the other hand, as the Property approaches its 50th year, we have reviewed all possible options regarding its future operation, including disposition and reconstruction, to maintain and enhance its competitiveness. As a result, we have determined that continuing to hold the Property and undertaking a large-scale renewal will maximize its profitability and contribute to increasing unitholder value.

Highlight Enhancing the Profitability of a 50-Year-Old Property

1. **Based on structural diagnosis, extending the economic durability of the aged property by more than 60 years**
2. **Improving total returns (Enhancing NOI and NAV)**
3. **Realizing Positive Impact Real Estate Investment by evaluating the continuing use of the building through renovation**

■Practical Effect of Renewal at the Property (expected)

Fixed rent (Note 1)	NOI yield (Note 2)	Appraisal value (Note 3)	ROI (Note 4)
+90 mn yen	8.0% (+1.3%)	10.6 bn yen (+26%)	24.2%

(Note) "Positive Impact Real Estate Investment" refers to initiatives in line with the concept of the "the Principles for Positive Impact Finance" (the "PIF Principles") advocated by the United Nations Environment Programme Financial Initiative (the "UNEP FI") and the "Positive Impact Real Estate Investment Framework" (the "PI RE Framework") based thereon.

(Note 1) The difference in annual fixed rent between the stable earnings period after the Property's renewal and the end of the 43rd fiscal period (August 2023) before the renewal. The increase in fixed rents is expected to contribute in stages from the 45th fiscal period (August 2024) and contribute to the full year from the 48th fiscal period (February 2026) and beyond.
(Note 2) NOI yield of the Property on the 47th fiscal period (August 2025) after the completion of the renewal (vs the 43rd fiscal period).
(Note 3) Appraisal value at the end of 44th fiscal period (February 2024). (vs the previous fiscal period)
(Note 4) Calculated by dividing the increase in fixed rent resulting from the effect of renewal at the Property by the capex investment amount associated with the renewal (approximately 370 million yen).

■Details of Renewal at the Property

- ✓ In addition to the increase in economic value through this renewal, an external evaluation agency conducted structural diagnosis of the building and found that, as the concrete and reinforced steel are in good condition, an additional remaining life of the building of over 60 years from the current state is expected
- ✓ Plan to renew the exterior, outdoor facility, and entrance by actively using recycled building materials
- ✓ Compared CO_2 emissions (whole life carbon) between reconstruction and renewal
- ✓ Plan increased rents of more than half of the tenants (including new tenants due to replacement), based on the Renewal plan

2. Acquisition of Positive Impact Real Estate Investment Assessments

In implementing the Renewal, JMF places a strong emphasis on environmental considerations and social responsibility. We have received an evaluation from CSR Design Green Investment Advisory, Co., Ltd. that this project is a "Positive Impact Real Estate Investment" in alignment with the Principles for Positive Impact Finance (PIF) and the Positive Impact Real Estate Investment Framework. For more details, please refer to the "Third-Party Opinion on the Impact Investment on 'G-Bldg. Minami Ikebukuro 01' By Japan Metropolitan Fund Investment Corporation" below.
https://contents.xj-storage.jp/xcontents/89530/fca85c47/b00a/4f2f/a40f/6479dc03aa48/20240912101146450s.pdf

■Impact Topics

- ✓ "Circularity/Resource Intensity & Waste" – Continued use of the building frame through "renewal" using recycled materials
- ✓ "Climate Stability" - Reduction of CO_2 emissions by choosing renewal
- ✓ "An Inclusive and Healthy Economy" – 1st floor lobby renovated to allow walk-through

■Image of exterior renewal



■Image of the 1st floor entrance hall



3. Future Outlook

There is minor impact of the Renewal and acquisition of positive impact real estate investment assessments on the August 2024 (45th) Fiscal Period and the February 2025 (46th) Fiscal Period.

For the forecasts of operating results and distributions for the August 2024 (45th) fiscal period, please refer to "Notice Concerning Revised Forecasts for Operating Results and Distributions (Upward Revision) for the August 2024 (45th) Fiscal Period and the February 2025 (46th) Fiscal Period" dated July 29, 2024. For the forecasts of operating results and distributions for the February 2025 (46th) fiscal period, please refer to "Notice Concerning Revised Forecasts for Operating Results and Distributions (Upward Revision) for the February 2025 (46th) Fiscal Period" dated September 4, 2024.

In addition, specific cases about internal growth measures for each property that will contribute to the full year from August 2025 (47th) Fiscal period and beyond, please refer to "Notice Concerning Progress of Internal Growth Measures (Property Renewal, Etc.)" dated August 19, 2024.

This English language release is for informational purposes only, and the Japanese language release should be referred to as the original.