

April 14, 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. Ichigaya 01 and G-Bldg. Shinsaibashi 05)

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 JMF-Bldg. Ichigaya 01 and G-Bldg. Shinsaibashi 05 (the “Acquisition”) as outlined below.

1. Overview of Acquisition

Property name	JMF-Bldg. Ichigaya 01	G-Bldg. Shinsaibashi 05
1) Location	2-1 Kudankita 4-chome, Chiyoda-ku, Tokyo	8-5 Shinsaibashi-suji 2-chome, Chuo-ku, Osaka-shi, Osaka
2) Asset class	Mixed-use (Office, Residence)	Retail
3) Acquisition price (Scheduled)	20,935 million yen	9,000 million yen
4) Appraisal value	22,100 million yen (as of April 1, 2021)	13,200 million yen (as of April 1, 2021)
5) Contract completion date	April 16, 2021 (Scheduled)	April 16, 2021 (Scheduled)
6) Acquisition date	April 30, 2021 (Scheduled)	April 30, 2021 (Scheduled)
7) Seller	Not disclosed ^(Note)	Not disclosed ^(Note)
8) Acquisition funds	Cash on hand (Scheduled)	Cash on hand (Scheduled)
9) Payment	Full payment at closing	Full payment at closing

(Note) Not disclosed as the seller has not agreed to the disclosure.

2. Reason for Acquisition

As there has been constant changes to the operating environment surrounding real estate, such as the 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.

This Acquisition is the first case for JMF after the merger to acquire an urban mixed-use property (offices and residences) and urban retail property in accordance with the investment policy set forth by JMF, and is also part of the replacement strategy.

As a result of the merger, JMF has become a diversified REIT capable of investing not only in retail properties but also in other types of properties such as office buildings and residences, and is able to respond to requests from the same domestic company for simultaneous transactions extending over multiple asset types. One of the properties in this Acquisition is JMF's first acquisition of a mixed-use property that includes residential use, which is considered to be an effect of the merger. In addition, the bridge financing function is being used for the acquisition.

JMF has been investing in urban areas with an eye to the post-COVID-19 era. JMF-Bldg. Ichigaya 01, a target of the acquisition, is evaluated highly because it is a competitive mixed-use property that includes residential use and has a rare locational advantage of being close to Ichigaya Station. With regard to G-Bldg. Shinsaibashi 05, the decision to acquire the property was made considering that (i) it is a good opportunity to acquire a property in a first-rate location in Osaka at an attractive price, and (ii) the property is also competitive on the hardware side.

Highlight of acquisition

Simultaneous transaction of multiple asset types, which was realized by the conversion to a diversified REIT, has enabled the following acquisitions:

- (1) **Mixed-use property that includes residential use for the first time for JMF, and**
- (2) **Urban retail property with a yield significantly higher than the portfolio average.**

Asset Replacement

Disposition	Acquisition	Variation in Portfolio*		
Suburban Retail	Mixed-use			
AEON MALL Yamato	JMF-Bldg. Ichigaya 01			
Suburban Retail	Urban Retail			
AEON Takatsuki	G-Bldg. Shinsaibashi 05			
		As of March 1, 2021	After the asset replacement	Variation
	Urban Retail	51.5%	51.9%	+0.3%
	Suburban Retail	19.7%	17.8%	-1.9%
	Mixed-use	12.0%	13.7%	+1.7%
	Office	15.7%	15.6%	-0.1%
	Hotel	1.1%	1.0%	-0.0%

*Portfolio is based on acquisition price (Pro forma).

【JMF-Bldg. Ichigaya 01】

Attractiveness of facility

- A competitive urban mixed-use property consisting of residential use (10th and 11th floors) and office use (1st to 9th floors) to be acquired for the first time by JMF.

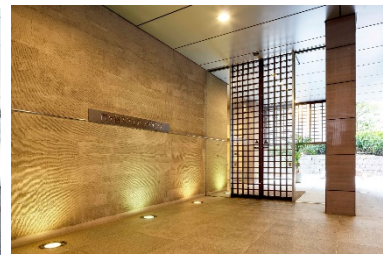
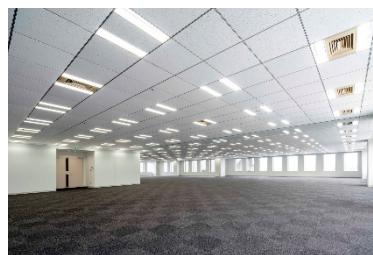
Location

- A rare location offering high convenience for transportation having access to four train lines including JR and Toei Subway Shinjuku Line, with a one-minute walk from the nearest station, Ichigaya Station.
- Located at the corner of Yasukuni-dori, an arterial highway within Tokyo's 23 wards, with good visibility and high locational appeal.
- While the property is located in an office area, the surrounding area is appealing as a good living environment with convenient facilities including supermarkets and drugstores as well as parks.

Specification

- The standard floor area of the office floor is approx. 320 tsubo, and the L-shaped column-free space provides good layout efficiency. The property is also competitive in terms of basic facilities including individual air conditioning and floor load.
- The residences (22 units) are mainly spacious 1LDK units of about 50-80 m², and stable rental demand can be expected from a wide range of people, from single adults to DINKS and families who value transportation convenience.

■ Property photo / Property Location Map



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



<https://goo.gl/maps/Et7cNimAVs8n98ts9>

【G-Bldg. Shinsaibashi 05】

Profitability

- In view of the attractive acquisition price level which takes into consideration the current and future impact of COVID-19, the transaction has realized a good opportunity for acquisition.
- The NOI yield of this property after depreciation is 4.9%, making it well above the portfolio average of 3.5%.

Location

- Located in the Shinsaibashi-suji shopping street, one of the busiest shopping and entertainment districts in Osaka, the property is in a good location where continuous domestic demand can be expected from not only tourists and but also young people.

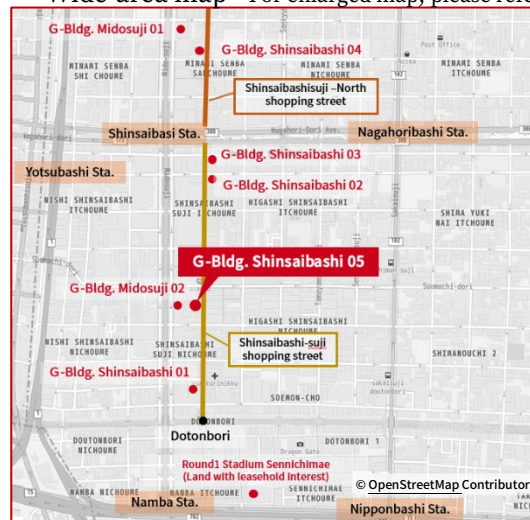
Tenant substitutability

- The property's characteristic rectangular shape with a wide and deep frontage in a shopping street with many small lots provides high visibility and advantages of scale, and tenant demand can be expected from drugstores, major apparel stores, sports stores, and recycled goods stores, which have demand for opening stores in a large area.

■ Property photo / Property Location Map



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



<https://goo.gl/maps/nNsonXSzD2qF31eC9>

3. Property Summary

Property name		JMF-Bldg. Ichigaya 01		
Location		2-1 Kudankita 4-chome, Chiyoda-ku, Tokyo		
Type of asset		Trust beneficiary right in real estate		
Trustee		Mitsubishi UFJ Trust and Banking Corporation		
Trust period		August 1, 2002 – April 30, 2031 (Scheduled)		
Land				
	Land area	1,983.53 m ²	Zoning	Commercial district
	FAR / building-to-land ratio	500%・700%／80%	Type of possession	Ownership
Building				
	Structure / stories	11 stories above ground and 1 basement floor, Steel / SRC-structure with flat roof		
	Total floor area	13,905.41 m ²	Type	Office・Residence・Parking
	Completion date	October 1, 2004	Type of possession	Ownership
	Design	Mitsubishi Jisho Sekkei Inc.		
	Construction	SHIMIZU CORPORATION		
	Constructional Inspector	Tokyo Bldg-Tech Center Co.,Ltd		
	PML	2.5% (Based on the earthquake risk assessment (details) report prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)		
Acquisition price		20,935 million yen		
Appraisal value		22,100 million yen (as of April 1, 2021)		
Appraiser		Tanizawa Sôgô Appraisal Co., Ltd.		
Tenant summary (as of the end of February 2021)				
	Number of tenants	27		
	Annual rent	745 million yen		
	Tenant leasehold / security deposit	709 million yen		
	Total leased area	9,204.03 m ²	Occupancy rate (based on leased area)	88.7%
	Total leasable area	10,372.26 m ²		
Collateral conditions		None		
Special notes		The residential use part of the property may not be converted for any other uses. It is because the property, which received permission for the comprehensive design system under Article 59-2 of the Building Standards Act and is subject to the urban housing comprehensive design system pursuant to the Tokyo Metropolitan Government's Comprehensive Design Permission Outline , has enjoyed the relaxation of the applicable floor-area ratio and non-imposition of the road diagonal limitation (building height limitation) for the reason that part of the property is set aside as residential units and a public open space. In addition, the owner of the property has the obligation to maintain and manage the public open space.		

- 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 offices, a pass-through master lease agreement will be concluded with JMF, and for residences, a pass-through master lease agreement will be concluded with ITOCHU Urban Community Co. Ltd. as the property management company. The number of tenants listed is based on the number of end-tenants.
- "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		G-Bldg. Shinsaibashi 05		
Location		8-5 Shinsaibashi-suji 2-chome, Chuo-ku, Osaka-shi, Osaka		
Type of asset		Trust beneficiary right in real estate		
Trustee		Mitsubishi UFJ Trust and Banking Corporation		
Trust period		September 29, 2020 – April 30, 2031 (Scheduled)		
Land	Land area	436.66 m ²	Zoning	Commercial district
	FAR / building-to-land ratio	1000%／80%	Type of possession	Ownership
Building	Structure / stories	2 stories above ground and 1 basement floor, SRC-structure with flat roof		
	Total floor area	942.95 m ²	Type	Retail
	Completion date	October 23, 2017	Type of possession	Ownership
	Design	Takenaka Corporation		
	Construction	Takenaka Corporation		
	Constructional Inspector	Nihon Kakunin Architectures Inspection Center Co.,Ltd		
	PML	9.4% (Based on the earthquake risk assessment (details) report prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)		
Acquisition price		9,000 million yen		
Appraisal value		13,200 million yen (as of April 1, 2021)		
Appraiser		Tanizawa Sōgō Appraisal Co., Ltd.		
Tenant summary (as of the end of February 2021)				
	Number of tenants (main tenants)	1 (SUNDRUG)		
	Annual rent	Not disclosed ^(Note)		
	Tenant leasehold / security deposit	Not disclosed ^(Note)		
	Total leased area	999.29 m ²	Occupancy rate (based on leased area)	100%
	Total leasable area	999.29 m ²		
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” 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 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 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. Revenue-based rent is calculated based primarily on sales as of the above.
- “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.

(Note) Not disclosed as the tenant has not agreed to the disclosure.

4. Overview of Seller

JMF acquires the two properties from different bridge sellers, but we have not obtained the necessary permission from the sellers to disclose its name and other related information. There are no capital, personal or business relationships to note between JMF/the Asset Manager and the sellers. In addition, the sellers do not fall under the category of a related party of JMF/the Asset Manager.

5. Matters Concerning Forward Commitment

None

6. Means of Payment

Full payment at the time of transfer

7. Acquisition Schedule

Property name	JMF-Bldg. Ichigaya 01	G-Bldg. Shinsaibashi 05
Decision-making date	April 14, 2021	April 14, 2021
Contract signing date	April 16, 2021 (Scheduled)	April 16, 2021 (Scheduled)
Payment date	April 30, 2021 (Scheduled)	April 30, 2021 (Scheduled)
Property transfer date	April 30, 2021 (Scheduled)	April 30, 2021 (Scheduled)

8. Future Outlook

There is no impact of the acquisition on our operating results for the February 2021 fiscal period (from September 1, 2020 to February 28, 2021). And that for the August 2021 fiscal period (from March 1, 2021 to August 31, 2021) 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 April 16, 2021.

9. Appraisal Report Summary

Property name	JMF-Bldg. Ichigaya 01
Appraiser	Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal value	22,100 million yen
Appraisal date	April 1, 2021

Item	Value	Notes
Indicated value by income approach	22,100 million yen	
DC method	23,600 million yen	
Operating income	961 million yen	
Effective gross income	1,011 million yen	
Losses from vacancy, etc.	49 million yen	
Operational cost	218 million yen	
Maintenance and management fee	34 million yen	Assessed with reference to the estimated amount of the building maintenance
Utility cost	53 million yen	Calculated in consideration of actual results of past years and occupancy rates
Repair expenses	9 million yen	With reference to the ER and similar properties, etc. Including restoring cost in the residences
Property manager fee	6 million yen	Assessed based on the lease contracts
Leasing cost	11 million yen	Assessed based on the lease contracts in consideration of the turnover rate, etc.
Property tax	96 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 2020
Insurance premium	0 million yen	Assessed based on disclosed material by the Asset Management Company
Other expenses	5 million yen	Assessed with reference to actual results of past years
Net operating income	743 million yen	
Operating profit on lump-sum payments	7 million yen	Assessed with reference to various financial yields
Capital expenditure	20 million yen	With reference to the ER and similar properties, etc.
Net cash flow	730 million yen	
Capitalization rate	3.1 %	Examined by comparing various transaction yields in similar area for supply and demand, and assessed in consideration of future fluctuation estimate of net operating income
DCF method	21,400 million yen	
Discount rate	3.2 %	Setting a base yield for office by cumulated method, etc. based on yields of financial instruments, and assessed in consideration of individual risk for the property
Terminal capitalization rate	3.3 %	Assessed based on the capitalization rate in consideration of future uncertainty
Indicated value by cost approach	20,800 million yen	
Land ratio	91.0 %	
Building ratio	9.0 %	

Other matters of consideration	N/A
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Property name	G-Bldg. Shinsaibashi 05
Appraiser	Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal value	13,200 million yen
Appraisal date	April 1, 2021

Item	Value	Notes
Indicated value by income approach	13,200 million yen	
DC method	14,000 million yen	
Operating income	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.
Effective gross income	Not disclosed	
Losses from vacancy, etc.	Not disclosed	
Operational cost	Not disclosed	
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	35 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	9 million yen	
Net operating income	444 million yen	
Operating profit on lump-sum payments	4 million yen	
Capital expenditure	0 million yen	
Net cash flow	448 million yen	
Capitalization rate	3.2 %	
DCF method	12,800 million yen	
Discount rate	2.9 % (1st to 7th years) 3.3 % (8th to)	
Terminal capitalization rate	3.4 %	
Indicated value by cost approach	11,500 million yen	
Land ratio	97.9 %	
Building ratio	2.1 %	

Other matters of consideration	N/A
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[Reference]

Prospective Income and Expenditures for the property

Prospective Income and Expenditures	JMF-Bldg. Ichigaya 01	G-Bldg. Shinsaibashi 05
NOI (Net Operating Income)	743 million yen	444 million yen
NOI yield	3.6 %	4.9 %
Depreciation	42 million yen	4 million yen
NOI yield after depreciation	3.3 %	4.9 %

- 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.