

October 13, 2021

To all concerned parties:

Investment Corporation

Japan Metropolitan Fund Investment Corporation

(Tokyo Stock Exchange Company Code: 8953)

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

Asset Management Company

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Notice Concerning Acquisition of Trust Beneficiary Right
in Real Estate in Japan (JMF-Bldg. Funabashi 01)

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 (the “Property”) as outlined below.

1. Overview of Acquisition

1) Property name	JMF-Bldg. Funabashi 01
2) Location	44-35 Honcho 4-chome, Funabashi-shi, Chiba
3) Asset class	Mixed-use (Retail, Office)
4) Acquisition price (Scheduled)	5,000 million yen
5) Appraisal value	5,420 million yen (as of October 1, 2021)
6) Contract completion date	October 15, 2021 (Scheduled)
7) Acquisition date	November 26, 2021 (Scheduled)
8) Seller	Not disclosed ^(Note)
9) Acquisition funds	Cash on hand (Planned)
10) Payment	Full payment at closing

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

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 Property of this acquisition is an urban mixed-use (retail and office) in accordance with the investment policy set forth by JMF, and is also part of the short to medium term asset replacement strategy.

The decision to acquire the Property has been made as it is a newly-built property close to Funabashi Station in Chiba Prefecture, attracting many inquiries from a variety of sectors, and thus highly competitive in terms of both the location and property specifications.

Also, while the acquisition environment for income-producing real estate has recently been becoming even more severe, acquisition by an arm's-length transaction has been realized as a result of building a relationship with the seller by leveraging the Asset Manager's own networks.

Highlight of acquisition

Acquisition by an arm's-length transaction of a newly-built mixed-use property close to Funabashi Station, which is used by a large number of passengers

Location

- Increased population is anticipated until 2030 in Funabashi City where the Property is located, and three redevelopment projects have been confirmed in the area surrounding the station. Accordingly, expansion in the scale of the market can be expected in the area.
- The Property is located in front of Keisei Electric Railway's Keisei Funabashi Station and is also close to Funabashi Station on the JR and Tobu lines, with a two-minute walk. Passengers using these three stations total approximately 480,000 per day, which is one of the largest usage numbers in Chiba Prefecture. The Property also has good access to the center of Tokyo with an approximately 24-minute ride to Tokyo Station using the JR Sobu line rapid service.

Source: Chiba Prefecture Statistical Yearbook (2020), 2020 Funabashi City Statistical Book

- The Property is located on the Station Road (Prefectural Road No. 39), which has an especially large flow of people among the areas around the South Exit of Funabashi Station where a flourishing livelihood market has been formed with a large number of commuters and students using the station. Therefore, there are high needs for increasing sales space and opening new stores from the surrounding areas.

Facility

- It is a newly-built property completed in September 2021 with 10 floors above ground and one basement floor. Its appealing glass curtain wall design contributes to good visibility.
- A total of nine floors, from the first to ninth floor, are available for tenants, ranging from drug stores to restaurants and service businesses. Due to its scale, specifications, and versatility, the Property can accommodate not only store tenants but also tenants with office needs.

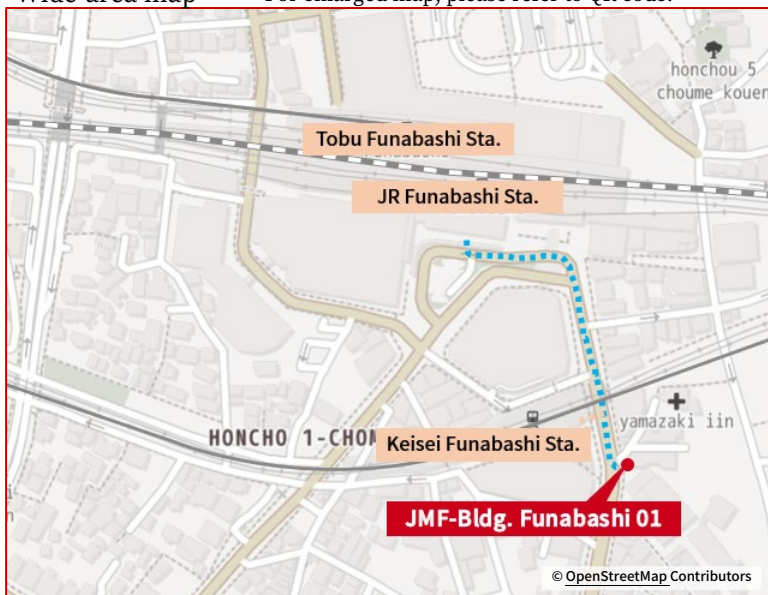
Profitability

- Due to acquisition by an arm's-length transaction, the Property has profitability that exceeds the portfolio average, with an NOI yield after depreciation of 3.6%.

■ Property photo / Property Location Map



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



<https://goo.gl/maps/iWfrE1CBQDjQkHw67>

3. Property Summary

Property name	JMF-Bldg. Funabashi 01		
Location	44-35 Honcho 4-chome, Funabashi-shi, Chiba		
Type of asset	Trust beneficiary right in real estate		
Trustee	Sumitomo Mitsui Trust Bank, Limited		
Trust period	November 26, 2021 – November 30, 2041 (Scheduled)		
Land			
Land area	645.71 m ² (Note)	Zoning	Commercial district
FAR / building-to-land ratio	600% · 400% / 100%	Type of possession	Ownership
Building			
Structure / stories	10 stories above ground and 1 basement floor, S-structure and RC-structure with flat roof		
Total floor area	3,142.07 m ²	Type	Retail
Completion date	September 10, 2021	Type of possession	Ownership
Design	Hagiwara Architects, Engineers and Consultants.		
Construction	IKEDA CONSTRUCTION Co., Ltd.		
Constructional Inspector	J ARCHITECTURE INSPECTION CENTER		
PML	3.2% (Based on the earthquake risk assessment (details) report prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)		
Acquisition price	5,000 million yen		
Appraisal value	5,420 million yen (as of October 1, 2021)		
Appraiser	Tanizawa Sōgō Appraisal Co., Ltd.		
Tenant summary (as of October 1, 2021)			
Number of tenants	6		
Annual rent	220 million yen		
Tenant leasehold / security deposit	152 million yen		
Total leased area	2,543.63 m ²	Occupancy rate (based on leased area)	88.8%
Total leasable area	2,865.76 m ²		
Collateral conditions	None		
Special notes	None		

(Note) It includes a private road (about 44.6 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 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, lease reservation 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” and “Total leasable area” represent the total sums and areas in the lease contracts or the lease reservation contracts, etc. as of the above.

4. Overview of Seller

The seller is a domestic company, but we have not obtained the necessary permission from the seller 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 seller. In addition, the seller does not fall under the category of a related party of JMF/the Asset Manager.

5. Matters Concerning Forward Commitment

Under the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators", the acquisition of the Property is considered to be a "forward commitment, etc. ^(Note)" 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.

(Note) Forward commitment, etc. 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

Decision-making date	October 13, 2021
Contract signing date	October 15, 2021 (Scheduled)
Payment date	November 26, 2021 (Scheduled)
Property transfer date	November 26, 2021 (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. Funabashi 01
Appraiser	Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal value	5,420 million yen
Appraisal date	October 1, 2021

Item	Value	Notes
Indicated value by income approach	5,420 million yen	
DC method	5,580 million yen	
Operating income	266 million yen	
Effective gross income	278 million yen	
Losses from vacancy, etc.	11 million yen	
Operational cost	54 million yen	
Maintenance and management fee	6 million yen	Assessed based on planned contracts and similar properties, taking into consideration the unique characteristics of the target property
Utility cost	27 million yen	Assessed taking into consideration similar properties and the unique characteristics of the target property
Repair expenses	1 million yen	With reference to the ER and similar properties, etc.
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	Assessed based on the lease contracts in consideration of the turnover rate, etc.
Property tax	10 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	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	6 million yen	
Net operating income	212 million yen	
Operating profit on lump-sum payments	1 million yen	
Capital expenditure	2 million yen	With reference to the ER and similar properties, etc.
Net cash flow	211 million yen	
Capitalization rate	3.8 %	
DCF method	5,350 million yen	
Discount rate	3.9 %	
Terminal capitalization rate	4.0 %	
Indicated value by cost approach	4,980 million yen	
Land ratio	82.6 %	
Building ratio	17.4 %	

Other matters of consideration	N/A
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[Reference]

Prospective Income and Expenditures for the property

Prospective Income and Expenditures	
NOI (Net Operating Income)	212 million yen
NOI yield	4.3 %
Depreciation	32 million yen
NOI yield after depreciation	3.6 %

- 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.