

February 8, 2022

To all concerned parties:

Investment Corporation

Japan Metropolitan Fund Investment Corporation

(Tokyo Stock Exchange Company Code: 8953)

Representative: Masahiko Nishida, Executive Director

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

Asset Management Company

Mitsubishi Corp.-UBS Realty Inc.

Representative: Katsuji Okamoto, President & CEO

Inquiries: Keita Araki, Executive Director &

Head of Metropolitan Business Division

TEL: +81-3-5293-7081

Notice Concerning Revised Forecasts for Operating Results
for the February 2022 (40th) Fiscal Period

Japan Metropolitan Fund Investment Corporation (“JMF”) has revised its forecasts of operating results for the fiscal period ending February 2022 (40th fiscal period) (September 1, 2021 to February 28, 2022) announced on October 15, 2021 in the “Japan Metropolitan Fund Investment Corporation Summary of Financial Results for the Six Months Ended August 31, 2021”. Details are as follows.

1. Revised forecasts of operating results for February 2022 (40th) fiscal period (September 1, 2021 to February 28, 2022)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (excluding distributions in excess of profit)	Distributions in excess of profit per unit (yen)
Previous forecast (A)	37,887	16,107	14,180	14,179	2,250	0
Revised forecast (B)	40,418	18,527	16,621	16,621	2,250	0
Change (B - A)	+2,530	+2,420	+2,441	+2,441	0	-
Rate of change (B - A) / A)	+6.7%	+15.0%	+17.2%	+17.2%	0.0%	-

(Note 1) The number of investment units issued at the end of period is 6,989,091 units.

(Note 2) Figures of less than one unit are rounded down and the “rate of change” is calculated by rounding off to the first decimal place.

(Note 3) Distributions in the previous forecasts for the February 2022 (40th) fiscal period are assumed to consist of retained earnings at the end of the period amounting to 14,179 million yen, and after all of retained earnings for temporary difference adjustment amounting to 1,127 million yen and reversal of reserve for dividends amounting to 417 million yen and for dividends amounting to a total of 15,725 million yen (distributions per unit 2,250 yen).

(Note 4) Distributions in the revised forecasts for the February 2022 (40th) fiscal period are assumed to consist of retained earnings at the end of the period amounting to 16,621 million yen, and after reversal of retained earnings for temporary difference adjustment amounting to 112 million yen and provision of reserve for reduction entry of property of 1,007 million yen, for dividends amounting to a total of 15,725 million yen (distributions per unit 2,250 yen).

(Note 5) Forecasts may be revised if results are expected to deviate from the above forecasts beyond a certain level.

2. Reasons for revision

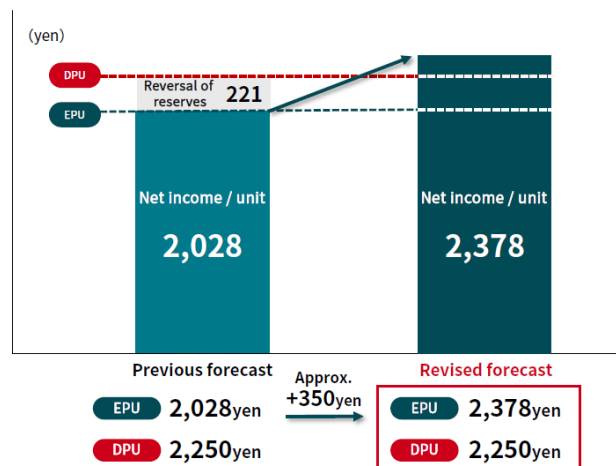
JMF has revised its forecasts of operating results for the fiscal period ending February 2022 (40th fiscal period) (September 1, 2021 to February 28, 2022) announced on October 15, 2021 in the “Japan Metropolitan Fund Investment Corporation Summary of Financial Results for the Six Months Ended August 31, 2021”. As a result of taking into account the current status of investment of assets and other factors, there has been a change in the assumptions due to the replacement of assets after the announcement of the financial results.

The forecasts of operating results for the August 2022 (41st) fiscal period are currently under scrutiny. Accordingly, new forecasts will be announced in the results for the fiscal year ending February 2022 (40th fiscal period), which is scheduled for mid-April 2022.

[Reference]

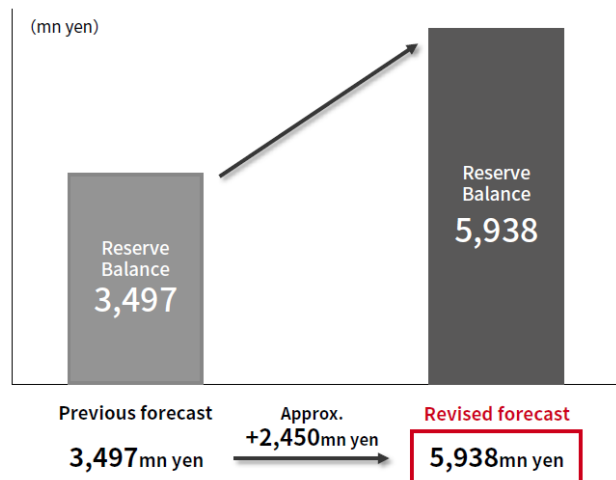
i. EPU (Earnings Per Unit) increased by approximately 350 yen

In the February 2022 (40th) fiscal period, net income will increase from 14,179 million yen (2,028 yen per unit) at the time of the previous announcement to 16,621 million yen (2,378 yen per unit) and EPU will also increase by approximately 350 yen, but there is no change in the distribution amount per unit.



ii. Expected reserve balance increased by approximately 2,450 million yen

In the February 2022 (40th) fiscal period, the previous forecast assumed that the reserve balance would be 3,497 million yen through reversal. However, it is assumed that a portion of the gain from transfer will be transferred to the reduced reserve by utilizing the system of special exemptions for the purchase of long-term-owned assets in conjunction with the generation of gains from transfer through an asset replacement. As a result, the reserve balance is expected to increase by approximately 2,450 million yen.



Gains on these dispositions are expected to be incurred in the August 2022 fiscal period and the February 2023 fiscal period due to the transfer to which JMF has already concluded contracts.

3. Assumptions Underlying the Forecast of Operation for February 2022 (40th) Fiscal Period

Item	Assumption
Accounting period	February 2022 (40th) Fiscal Period (September 1, 2021 to February 28, 2022) (181 days)
Assets owned	<ul style="list-style-type: none"> • We assume that assets owned comprise 129 properties, interests in one silent partnership (tokumei kumiai), investment units of one domestic real estate investment corporation reflecting an additional acquisition, and one unit of investment limited partnership interests. Assumptions for the consolidated financial results for the August 2021 (39th) fiscal period are based on the following assumptions: assets held as of October 15, 2021; reflecting the two properties (JMF-Bldg. Akasaka 02 and 50% co-ownership interests in JMF-Residence Chihaya) acquired through today and four properties transferred (G-Bldg. Minami Aoyama 01, 30% co-ownership interests in G-Bldg. Ginza 01, G-Bldg. Shinjuku 01 and 50% co-ownership interests in Valor Kachigawa (Land with leasehold interest)). • Except for the changes indicated above, we assume that no other (anticipated) changes (new property acquisitions or sale of owned properties, etc., excluding reconstruction of current properties) will occur prior to the end of the February 2022 (40th) fiscal period. • Actual numbers may vary according to the acquisition of new properties and disposition of current portfolio properties in the portfolio, etc.
Issue of units	<ul style="list-style-type: none"> • The number of investment units issued as of the end of the August 2021 (39th) fiscal period was 6,989,091 units, and we assume that there will not be any additional issuance of new investment units or repurchase/retirement of JMF's own investment units through the end of the February 2022 (40th) fiscal period.
Interest-bearing debt	<ul style="list-style-type: none"> • In the February 2022 (40th) fiscal period, 6,000 million yen was newly borrowed as part of the acquisition funds for acquired assets, and 5,000 million yen of investment corporation bonds (Green Bonds) were issued to use as cash on hand, which was depleted by the acquisition of acquired assets. • Interest-bearing debt due or to be repaid in the February 2022 (40th) fiscal period is 28,500 million yen, of which 17,500 million yen has already been refinanced. As a result, interest-bearing debt as of today is 549,675 million yen, consisting of short-term borrowings of 6,500 million yen, long-term borrowings of 478,675 million yen and investment corporation bonds (including Green Bonds) of 64,500 million yen. • Interest-bearing debt due by the end of the February 2022 (40th) fiscal period is 11,000 million yen, but the source of repayment is assumed to be funded entirely through borrowings, etc.

<p>Operating revenues</p>	<ul style="list-style-type: none"> • With respect to gain on sales of property, we assume that gain on sales of property of 2,528 million yen will be recorded. • Rent and other operating revenues are calculated based on lease contracts in effect as of today. • Rent levels and estimated rents for the portions of properties that are vacant are calculated taking into account negotiations with our tenants and other relevant factors that took place until today. • We assume that there will be no arrears or nonpayment of rent by our tenants through the end of the February 2022 (40th) fiscal period. • Considering the state of negotiations with tenants, etc. as of today, certain risks of a potential decrease in revenues due to the impact of COVID-19 are assumed to exist.
<p>Operating expense (excluding goodwill amortization)</p>	<ul style="list-style-type: none"> • We assume property-related taxes of 3,301 million yen. • With respect to property taxes, urban planning taxes and depreciable asset taxes (“taxes on property and equipment”) on properties owned by JMF, the tax amount assessed and payable for the corresponding accounting periods has been calculated as property-related expenses. However, should any need arise for settlement, such as a need to pay a settlement amount for taxes on property and equipment, in relation to new property acquisitions to be made during the year in which the period falls (“amounts equivalent to taxes on property and equipment”), such amounts are taken into account in the acquisition cost of the properties and therefore are not recorded as expenses for the period. Therefore, with respect to taxes on property and equipment pertaining to the properties acquired in 2021 (JMF-Bldg. Ichigaya 01, G-Bldg. Shinsaibashi 05, JMF-Bldg. Hiroo 01, JMF-Bldg. Funabashi 01, and JMF-Bldg. Akasaka 02), the tax amounts assessed and payable for the relevant accounting periods will be recorded as property-related expenses in 2022 and onwards. We have assumed that the amounts equivalent to taxes on property and equipment included in the acquisition costs of JMF-Bldg. Ichigaya 01, G-Bldg. Shinsaibashi 05, JMF-Bldg. Hiroo 01, JMF-Bldg. Funabashi 01, and JMF-Bldg. Akasaka 02 are equivalent to 93 million yen in total. • We assume that repair and maintenance will be 649 million yen. • We assume that depreciation will be 6,045 million yen. • We assume that outsourcing fees will be property management fees of 812 million yen and facility management fees of 2,412 million yen. • We assume that we will incur losses of 28 million yen on the disposal of property related to facility updates, etc. at each property. With respect to the loss on disposal of property described above, those losses related to properties whose estimated useful lives are determined to be subject to review as a result of the change in the estimate from an accounting perspective will be treated as depreciation. • Asset management fees are based on the assumption that the ongoing asset management fee structure of JMF will not be changed.
<p>Goodwill amortization</p>	<ul style="list-style-type: none"> • We assume that the goodwill will be amortized over 20 years using the straight-line basis in accordance with the Accounting Standard for Business Combinations (Accounting Standards Board of Japan Statement No. 21 revised on January 16, 2019). We assume that goodwill amortization will be 401 million yen.
<p>Non-operating revenues</p>	<ul style="list-style-type: none"> • We assume support funds for system development of 48 million yen. • We assume support funds for COVID-19 of 14 million yen.

<p>Non-operating expenses</p>	<ul style="list-style-type: none"> We assume that non-operating expenses (including interest expenses, loan-related costs, interest expenses on investment corporation bonds, etc.) will be 1,975 million yen. We assume that the amount of 17 million yen will be deducted as reversal of deferred revenues from interest expenses.
<p>Distributions per unit</p>	<ul style="list-style-type: none"> The distributions per unit are determined in accordance with the cash distribution policy stipulated in the Articles of Incorporation of JMF. It is assumed that the distributions are calculated based on the assumption of a total of 15,725 million yen (distributions per unit: 2,250 yen), consisting of retained earnings at the end of the period amounting to 16,621 million yen, plus reversal of reserve for temporary difference adjustment amounting to 112 million yen and reversal of reserve for dividends amounting to 1,007 million yen. It is assumed that retained earnings for temporary difference adjustment of JMF will be reversed in at least a 50-year equal payment (31 million yen) each fiscal period starting in the fiscal period ended August 2017 (31st fiscal period). We assume that additional tax imposition resulting from inconsistencies between tax and accounting treatment will be avoided by reversing retained earnings for temporary difference adjustments.
<p>Distributions in excess of profit per unit</p>	<ul style="list-style-type: none"> We do not plan to make distributions in excess of profits at this time.
<p>Other</p>	<ul style="list-style-type: none"> We assume that there will be no amendment of laws, accounting standards and the tax system in Japan that will impact the aforementioned forecasts and that no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.