

March 18, 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.

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Notice Concerning Acquisition of assets
(investment units of domestic real estate investment corporation)

Japan Metropolitan Fund Investment Corporation (“JMF”) announced today that Mitsubishi Corp. – UBS Realty Inc., JMF’s asset manager (the “Asset Manager”), determined acquisition of investment units of Hoosiers Private REIT Investment Corporation (the “Acquisition”) as outlined below.

1. Overview of acquired assets

(1)	Acquired assets	Investment units (the “Investment Units”) of Hoosiers Private REIT Investment Corporation (“HPR”)
(2)	Underlying properties of the acquired assets	6 properties including DUO FLATS Akasaka, DUO FLATS Shibakoen, and Ioru Heiwadori (the “Properties”)
(3)	Number of investment units to be acquired ^(Note 1)	1,100 units (24.4% of HPR’s total issued and to be issued Investment Units)
(4)	Acquisition price (Scheduled)	1,100 million yen (based on HPR’s issue price ^(Note 2))
(5)	Scheduled Investment Units contract date	March 18, 2022
(6)	Scheduled Investment Units acquisition date	March 24, 2022
(7)	Seller	SMBC Nikko Securities Inc.
(8)	Source of funds for acquisition of Investment Units	Cash on hand

(Note 1) JMF has pledged to Hoosiers REIT Advisors Co., Ltd. (the “Hoosiers REIT Advisors”), which is HPR’s asset manager, that when effecting the Acquisition, it will comply with the Unitholders Agreement (the “Agreement”), which provides that the Investment Units shall not be assigned unless certain conditions are satisfied including that the assignee is a qualified institutional investor and that HPR will not be in breach of conduit requirements as a result of assignment. The Agreement provides that in the case where JMF seeks to assign the Investment Units, JMF must provide notification of the assignment of Investment Units at least 15 business days prior to the desired assignment date.

(Note 2) The issue price is the price per investment unit offered by HPR. The Asset Manager calculates the assumed base value of HPR after the acquisition of assets to be acquired in accordance with the formula stipulated in HPR's articles of incorporation, and confirms that the issue price is less than the assumed amount of the relevant base value.

2. Reason for Acquisition

As there have been constant changes to the operating environment surrounding real estate, JMF aims to optimize its portfolio in response to such changes. Since the merger in March 2021, JMF has been replacing assets and have begun investing in housing as a diversified REIT. As of the date of this document, JMF has decided to acquire residential properties for 2 properties worth 4.785 billion. In addition, JMF invested a total of 4.347 billion in private REIT investment backed by housing and in mezzanine loans by constructing new acquisition schemes by the Asset Manager leveraging its unique networks.

This time, JMF decided to acquire the investment units of HPR as the second private residential REIT, considering that JMF can expect a dividend yield of 4% or more by acquiring further residential exposure. JMF believe that collaboration with HPR has the following effects.

Highlight of acquisition

A friendly and strategic collaboration leveraging creditworthiness and networks backed by one of Japan's largest asset portfolios

- ① Acquisition of residential exposure that can be expected to generate a dividend yield of 4% or more through acquisition of investment units of HPR
- ② Stronger external growth potential through collaboration with Hoosiers Group
- ③ Acquisition of a wide range of real estate management opportunities in anticipation of diversification of asset classes as a diversified REIT

① Acquisition of residential exposure that can be expected to generate a dividend yield of 4% or more through acquisition of investment units of HPR

- Rental residential properties scheduled to be acquired by HPR are located in central Tokyo, and HPR is expected to continue focusing on properties in the three major metropolitan areas and core metropolitan areas. (Please refer to 3.② below for its portfolio building policy.) The properties owned by Nisshin Private Residential Reit, Inc., 17.1% of whose investment units are already held by JMF, are also mainly rental residential properties in the suburbs of the Tokyo metropolitan areas, and along with these properties, HPR's properties will contribute to expanding the balance of rental housing in the portfolio.
- The profitability of the portfolio to be acquired by HPR is high, with its average NOI yield standing at 5.8%. ^(Note) (Please refer to 3.④ below for yields on individual properties.) Against this backdrop, a dividend yield of at least 4% can be expected through the investment.
- Hoosiers Holdings ("Hoosiers HD"), the sponsor of HPR, is a listed developer with an edge in the housing business. HPR has entered into a sponsor support agreement with Hoosiers HD, and has promising growth potential.

(Note) The value equal to the total amount of NOI on the assets to be acquired in the revenue and expenditure projections for the fiscal period ending December,31 2022 made by HPR, divided by the total planned acquisition price.

② **Stronger external growth potential through collaboration with Hoosiers Group**

The Asset Manager has reached an agreement as described below with Hoosiers HD and Hoosiers REIT Advisors (collectively, the “Hoosiers Group” for the two companies, Hoosiers HD and Hoosiers REIT Advisors) regarding various collaboration opportunities. JMF will enhance its external growth potential through investment in HPR and collaboration with the Hoosiers Group.

- With regard to a part of properties developed by Hoosiers HD, (i) in cases where HPR cannot acquire such properties, the launch of a joint fund that includes JMF as a major investor and the granting of a preferential negotiating right to JMF at the time of property sales by the joint fund, (ii) joint acquisition by HPR and JMF, and (iii) the granting of a second preferential negotiating right to JMF following HPR
- Discussion toward continual acquisition of investment units by JMF at the time of HPR’s capital increase in the future

③ **Acquisition of a wide range of real estate management opportunities in anticipation of diversification of asset classes as a diversified REIT**

HPR is a private REIT that invests mainly in housing but also invests in healthcare and other facilities. (Please refer to 3.② below for its investment policy.) Through collaboration with the Hoosiers Group, JMF aims to further accumulate expertise relating to acquisition and operation of rental residential properties. With regard to healthcare facilities, which are included in the scope of HPR’s investment portfolio, such facilities are not major investment targets of JMF at present. However, as one of the applications in anticipation of an aging society, from the viewpoint of area management and pursuing the most effective use of portfolio assets suited to the times, JMF considers that the increased knowledge of operation of healthcare facilities that can be gained through the Acquisition will help to further enhance the operational capability of the diversified REIT that supports metropolitan life in Japan from the perspective of real estate. JMF believes that it has acquired a wide range of real estate management opportunities through the Acquisition.

3. Overview of HPR

① Overview

(1) Investment Corporation name	Hoosiers Private REIT Investment Corporation
(2) Location	3-16, Nihombashimuromachi 4-chome, Chuo-ku, Tokyo
(3) Name and job title of the representative	Haruyasu Ito, Executive Officer
(4) Investment corporation format	Unlisted open-ended investment corporation
(5) Total capital	200 million yen (as of February 10, 2022)
(6) Date established	February 10, 2022
(7) Net assets	200 million yen (as of February 10, 2022)
(8) Total assets	200 million yen (as of February 10, 2022)

(9) Major shareholder (shareholding ratio)	Hoosiers HD owns 100% of the investment units (as of March 18, 2022) ^(Note)
(10) Relationship with JMF / the Asset Manager	
Capital relationship Personal relationship Trade relationship	There are no capital, personal or business relationships to note between JMF/the Asset Manager and HPR.
Related parties	HPR is not a related party of JMF or the Asset Manager.

(Note) However, according to HPR, as of the end of HPR's first fiscal year (December 31, 2022), HPR does not plan to be a family-owned company of which more than 50% of the total number of issued investment units or voting rights are held by a single unitholder and its special related parties (as defined in Article 4 of the Order for Enforcement of the Corporation Tax Act).

② Overview of HPR's Investment Policy, Financial Data, Etc.

Investment policy	HPR seeks to maximize unitholder value by achieving steady growth of assets under management and stable income over the medium to long term.
Investment targets	Residence / investment ratio: At least 80% (rental condominiums for single and small households, serviced apartments, company housing, etc.) Healthcare facilities / investment ratio: No more than 20% (private nursing homes, serviced housing for the elderly) and others (clinic malls/medical buildings, health promotion facilities, community contribution facilities)
Portfolio building policy	<p>■ Investment ratio by area</p> <ul style="list-style-type: none"> - The three major metropolitan areas (Tokyo metropolitan areas, Kinki areas, Chukyo areas) and core metropolitan areas (ordinance-designated cities other than the 3 major metropolitan areas, prefectural capitals, and regional core cities with a population of 0.2 million or more): At least 80% - Other (excluding the 3 major metropolitan areas and the core metropolitan areas): No more than 20%
LTV ^(Note 1, 2)	44.9% (forecast for the end of December 2022)
Distributions per unit ^(Note 2)	37,298 yen (forecast for the end of December 2022) 23,668 yen (forecast for the end of June 2023)
Fiscal period	The end of June and December
The Date to start operating	Late March 2022 (Planned)

(Note 1) LTV is obtained by dividing interest bearing debts in the balance sheet for the fiscal year ending December 2022, which was prepared by HPR, by the total assets.

(Note 2) LTV and Distributions per unit are estimated values by HPR, and may differ from actual results.

③ Overview of HPR's Portfolio (assets to be acquired)

The number of properties	6 properties
The amount of Acquisition price	7,521 million yen
The amount of appraisal value ^(Note 1)	7,912 million yen
Appraisal NOI yield ^(Note 2)	5.4%

Investment area ^(Note 3)	Tokyo metropolitan areas: 55.8% Nagoya areas: 19.6% Other ordinance-designated cities: 24.6%
Total leasable area	20,901.80 m ²
Average occupancy rate ^(Note 4)	96.8%

(Note 1) The amount of appraisal value is the total appraisal value as of January 1, 2022. DAIWA REAL ESTATE APPRAISAL CO.,LTD., Tanizawa Sogo Appraisal Co., Ltd., and Japan Valuers Co., Ltd. are employed as the appraisal organizations.

(Note 2) The value equal to the total amount of NOI based on the direct capitalization method in appraisal reports divided by the total expected acquisition price.

(Note 3) The investment area ratio is the value based on the expected acquisition price.

(Note 4) The value equal to the area actually leased of all properties to be acquired divided by the leasable area of all properties to be acquired as of the end of November 2021.

④ Details of HPR's Asset (to be acquired)

Property name	Asset class	Location	Leasable area ^(Note 1)	Yield ^(Note 2)
DUO FLATS Akasaka	Residence	7-7, Akasaka 6-chome, Minato-ku, Tokyo	1,370.51 m ²	5.3%
DUO FLATS Shibakoen	Residence	2-14, Shiba 3-chome, Minato-ku, Tokyo	983.79 m ²	4.1%
U-LIFE Maison Minaminokaze	Healthcare	53-1, Nishinoho aonohigashi, Kitanaagoya-shi, Aichi	5,171.16 m ²	5.9%
Ioru Heiwadori	Healthcare	2-3, Heiwadori 1-chome minami, Shiroishi-ku, Sapporo-shi, Hokkaido	4,402.55 m ²	6.2%
Alicecort building	Urban retail	33-15, Matsugaoka 1-chome, Nakano-ku, Tokyo	3,465.21 m ²	6.2%
Miyanomori Sports Club	Urban retail	1-1, Kita3joNishi 27-chome, Chuo-ku, Sapporo-shi, Hokkaido	4,854.38 m ²	7.7%

(Note 1) Leasable area means the leasable area of properties that are trust real estate; the leasable area based on the lease agreement or building plans and the like rounded down to the first digit after the decimal is indicated.

(Note 2) The value equal to NOI in the revenue and expenditure projections for the fiscal period ending December 31, 2022 made by HPR, divided by the planned acquisition price.

⑤ Overview of Hoosiers REIT Advisors Co., Ltd.

(1) Trade name	Hoosiers REIT Advisors Co., Ltd.
(2) Location	3-16, Nihombashimurumachi 4-chome, Chuo-ku, Tokyo
(3) Date established	August 13, 2019
(4) Name and job title of the representative	Haruyasu Ito, Representative Director
(5) Major shareholder (shareholding ratio)	Hoosiers HD owns 100%
(6) Capital	100 million yen
(7) Employee	7 (as of March 1, 2022)

(8) Permits and approvals, etc.	Financial instruments business operator registration (Kanto Finance Bureau Commissioner (financial instruments) No. 3309) (Investment Management Business) Housing lots and buildings dealer license (Governor of Tokyo (1) No. 103955) Discretionary real estate transaction license (Minister of Land, Infrastructure Transport and Tourism License No. 141)
(9) Memberships	The Investment Trusts Association

4. Overview of Business Partners

(1) Name	SMBC Nikko Securities Inc.
(2) Location	5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
(3) Name and job title of the representative	President & CEO Yuichiro Kondo
(4) Business	Financial Instruments Business
(5) Capital	10,000 million yen (As of December 31, 2021)
(6) Date established	June 15, 2009
(7) Net assets	880,145 million yen (As of December 31, 2021)
(8) Total assets	13,178,739 million yen (As of December 31, 2021)
(9) Major shareholder (shareholding ratio)	Sumitomo Mitsui Financial Group (100%)
(10) Relationship with JMF / the Asset Manager	
Capital relationship Personal relationship Trade relationship	There are no capital, personal or business relationships to note between JMF/the Asset Manager and this business partner.
Related parties	This business partner is not a related party of JMF or the Asset Manager.

5. Status of Property Acquirer, etc.

The Acquisition is not an acquisition from a special related party of JMF or the Asset Manager.

6. Matters Concerning Forward Commitment

None

7. Means of Payment

All of the acquisition funds relating to the Acquisition will be JMF's own funds. The planned settlement method is a lump-sum payment on the day before the scheduled acquisition date.

8. Acquisition Schedule

Contract Date	March 18, 2022
Scheduled Payment Date	March 23, 2022
Scheduled Acquisition Date	March 24, 2022

9. Future Outlook

The impact of the Acquisition on financial results for the August 2022 fiscal period (the 41st fiscal period, from March 1, 2022 to August 31, 2022) will be minor and there are no revisions of forecasts of results.

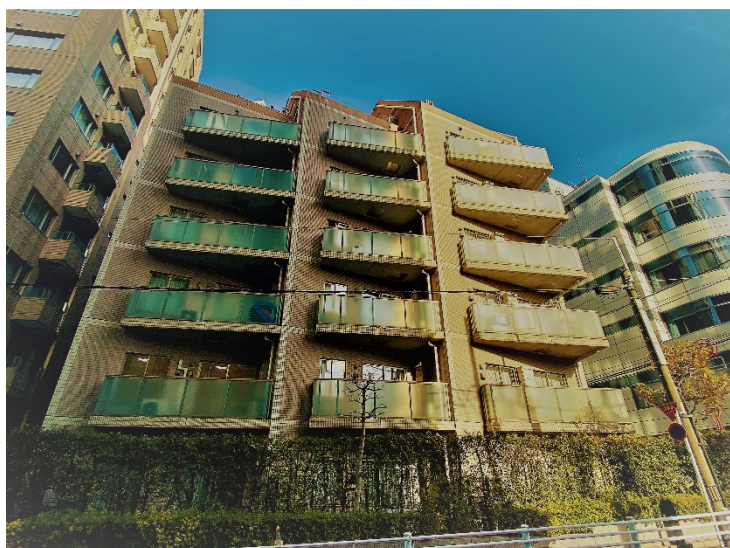
[Reference]

Prospective Income and Expenditures after the Acquisition

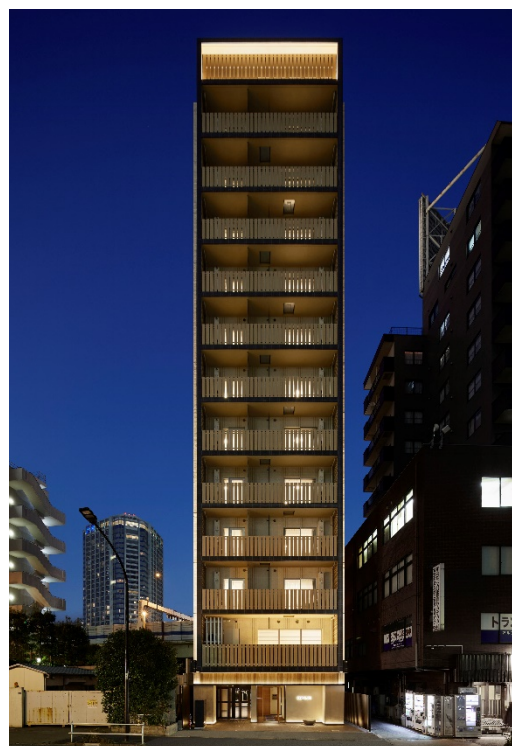
Prospective Income and Expenditures		
HPR fiscal year end	1st period (2022/3/25-2022/12/31)	2nd period (2023/1/1-2023/6/30)
Distributions per unit	37,298 yen	23,668 yen
Total number of investment units to be acquired	1,100 units	
Total distribution amount	Approximately 41 million yen	Approximately 26 million yen

- The calculation period of HPR is from January 1 to the end of June and from July 1 to the end of December each year, but the first period covered is approximately 9 months from March 25, 2022 to December 31, 2022.
- The distribution per unit is estimated value by HPR.
- The total distribution amount is the amount calculated by multiplying the distribution per unit by the total number of units to be acquired.
- The distribution per units and the total distribution amount may differ from the actual disbursement.

[Photos of some HPR assets scheduled to be acquired]



DUO FLATS Akasaka



DUO FLATS Shibakoen



Ioru Heiwadori