

March 30, 2022

To all concerned parties:

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**Japan Metropolitan Fund Investment Corporation**  
 (Tokyo Stock Exchange Company Code: 8953)  
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 Asset Management Company  
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Notice Concerning Acquisition of Real Estate in Japan (Positive Impact Real Estate Investment)  
(Karuizawa Commongrounds (Land with leasehold interest))

Japan Metropolitan Fund Investment Corporation (“JMF”) announced that Mitsubishi Corp. – UBS Realty Inc., JMF’s asset manager (the “Asset Manager”), determined to acquire the real estate in Japan (the “Acquisition”) as outlined below.

The Acquisition is the first “Positive Impact Real Estate Investment <sup>(Note)</sup>” of JMF.

1. Overview of Acquisition

Property name	Karuizawa Commongrounds (Land with leasehold interest)
Location	1689-2, Aza-Toriiharawaki, Oaza-Nagakura, Karuizawa-machi, Kitasaku-gun, Nagano, etc.
Asset class	Mixed-use (Retail, Office)
Acquisition price (Scheduled)	499 million yen
Appraisal value	532 million yen (as of March 1, 2022)
Contract completion date	March 31, 2022 (Scheduled)
Acquisition date	December 15, 2022 (Scheduled)
Seller	Culture Convenience Club Co., Ltd. (“CCC”)
Acquisition funds	Cash on hand (Planned)
Payment	Full payment at closing

(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. We obtained a third-party opinion on the Acquisition from CSR Design Green Investment Advisory Co., Ltd. and have received an appraisal of the consistency of the PIF Principles and PI RE Framework in the Acquisition (<https://contents.xj-storage.jp/xcontents/89530/3b05bd4c/11e3/4f5b/887e/75c21c52e7a9/20220329141925096s.pdf>)

## 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. Also, based on the Asset Manager's Vision for Sustainability, "Contribute to solve global-scale issues through achieving enhancements to unitholder value by investment management", JMF actively engaged in ESG (Environment, Society, Governance) initiatives with the aim of realizing a sustainable society.

In recent times, triggered by the spread of COVID-19, more and more people are interested in having a "third place," a place other than their home, school or workplace, or moving to rural areas through taking advantage of working from home (remote working). In these circumstances, Karuizawa has been drawing attention as an attractive location because it is easily accessible from metropolitan areas. In this project, JMF will acquire the land with leasehold interest for a mixed-use facility located in this area as its first "Positive Impact Real Estate Investment."

The Asset Manager determined to make the Acquisition after assessing not only whether it will attract people and whether it will be profitable, but also how it will impact society as a place to create a sustainable local community.

With respect to the assessment of its social impact, we obtained a third-party opinion on the Acquisition from CSR Design Green Investment Advisory Co., Ltd., which concludes that the Acquisition is fully aligned with the PIF Principles and the PI RE Framework. Please refer to "Supplemental Material Concerning Press Release Dated March 30, 2022" released today for the details of the "Positive Impact Real Estate Investment."

### Highlight of Acquisition

- **JMF will invest in a project embodying its philosophy in Karuizawa, a new promising urban area.**
- **Long-term stable earnings generated by a fixed-term leasehold for business use will secure an NOI yield after depreciation of 4.7%.**
- **The Acquisition is the first "Positive Impact Real Estate Investment" of JMF.**

### Projects that embody JMF's philosophy

- CCC, the lessee, and the tenants to which CCC will lease the building plan to open a bookstore, educational facilities, shared offices, restaurants and other facilities on the land with leasehold interest (some of the facilities have already opened). Together with the adjacent residences, this project will embody JMF's "live, work and consume" vision.
- CCC, the lessee, has outstanding planning and leasing abilities. Following the Acquisition, JMF can expect to build relationships that differ from previous relationships by becoming involved in the local community through collaboration with CCC and taking opportunities to operate interrelated, multiple use facilities. In doing so, it will aim to strengthen its area management capabilities with a view to expanding the relationships to other properties owned by it.

### Location

- The Karuizawa area, where the property is located, is one of the typical areas of holiday homes with the highest recognition and strongest brand power in Japan. Karuizawa Station, the center of the area, is easily accessible from Tokyo Station, taking approximately one hour by Shinkansen.
- The population of the town of Karuizawa increased by 2.9% in 2020 compared with 2010. Since the outbreak of COVID-19, more and more people are moving to the town from metropolitan areas, and visitors to the town have been further diversified as a result of changing lifestyles, including “workation” (working while on vacation) and dual residences. It is expected to develop into a new urban area.
- The property is located about eight minutes’ drive southwest from Karuizawa Station in the Naka-Karuizawa area. That area is particularly rich in natural environment among the areas in Karuizawa and has many spa facilities. It has been under further development in recent years, mainly in the Karuizawa Hoshino area.

### Profitability

- The property has profitability that exceeds the portfolio average 3.6%, with an NOI yield after depreciation of 4.7%.
- JMF plans to enter into a 49-year fixed-term leasehold for business use with the lessee, CCC, expecting to secure stable earnings from rent income for a long period.

## Outline of the facility

### 1 Local community hub

A bookstore, cafe and other facilities will contribute to a lively local community and fostering of culture, functioning as a community hub.



### 2 Workplace

Shared offices and coworking spaces will be installed as corporate offices and personal working spaces.



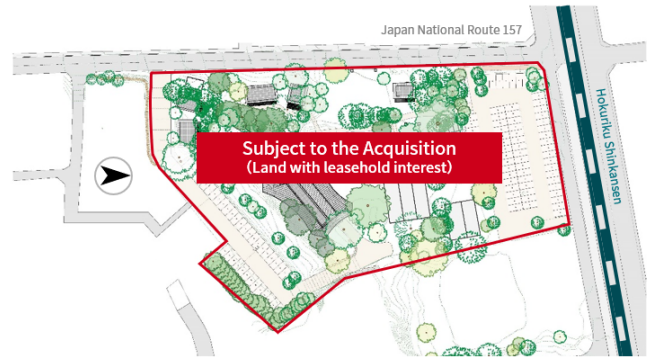
### 3 Learning environment

An international learning environment will be provided by international standard after-school services for schoolchildren and an international children's library.



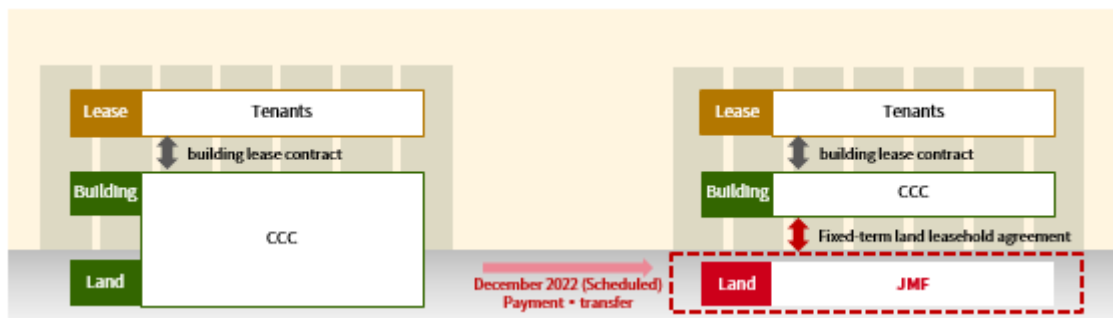
### 4 Energy sharing

The facility will use renewable energy for its electricity source and share energy with the adjacent residential areas by purchasing their surplus electricity to cover its shortfall.



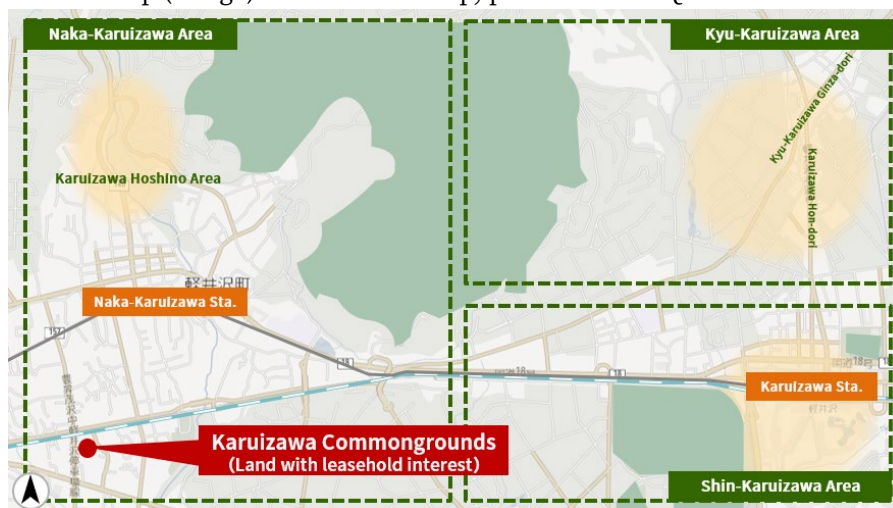
<u>2020 First Phase Opening</u>	Opened Shared Office, Education Facilities	<span style="border: 1px solid green; border-radius: 50%; padding: 2px;">2</span> <span style="border: 1px solid orange; border-radius: 50%; padding: 2px;">3</span>
<u>2021 Second Phase Opening</u>	Child Care-Related Facilities, Restaurants	<span style="border: 1px solid orange; border-radius: 50%; padding: 2px;">3</span> <span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">1</span>
<u>2022 Grand Opening</u>	Bookstore, Regional Content	<span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">1</span>

## Transaction overview



## Property location map

Location map (Image) \* For detail map, please refer to QR code.



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<https://goo.gl/maps/dA79F7sXbmYSfpjW7>

## 3. Property Summary

Property name	Karuzawa Commongrounds (Land with leasehold interest)		
Location	1689-2, Aza-Toriiharawaki, Oaza-Nagakura, Karuzawa-machi, Kitasaku-gun, Nagano, etc.		
Type of asset	Real estate		
Land			
Land area	11,315.43 m <sup>2</sup>	Zoning	category I residential zone
FAR / building-to-land ratio	200% / 60%	Type of possession	Ownership
Acquisition price	499 million yen		
Appraisal value	532 million yen (as of March 1, 2022)		
Appraiser	Tanizawa Sōgō Appraisal Co., Ltd.		
Tenant summary (as of December 15, 2022 (scheduled))			
Number of tenants	1 (CCC)		
Annual rent	Not disclosed <sup>(Note 1)</sup>		
Tenant leasehold / security deposit	Not disclosed <sup>(Note 1)</sup>		
Total leased area	11,315.43 m <sup>2</sup>	Occupancy rate (based on leased area)	100%
Total leasable area	11,315.43 m <sup>2</sup>		
Period of contract	December 15, 2022 – December 14, 2071 (for 49 years)		
Type of contract	Fixed-term land leasehold agreement for business use		
Revision of rent	not possible		
Early termination	not possible <sup>(Note 2)</sup>		
Collateral conditions	None		
Special notes	None		

(Note 1) The tenant has not agreed to the disclosure of information.

(Note 2) In the case where JMF intends to sell the property to a third party, if it presents to CCC in advance the conditions of the sale to the third party, including the sale price, and CCC indicates its intention to purchase the property, JMF shall implement the procedures to enter into a sale contract for the property with CCC.

- 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” is 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.
- For “Tenant summary”, as it is scheduled that a fixed-term land leasehold agreement for business use will be entered into on the time JMF acquires the property, it is based on the assumption that such agreement is executed as of the anticipate acquisition date.

## 4. Overview of Seller

Name	Culture Convenience Club Co., Ltd.
Location	Sumitomo Fudosan Shibuya Garden Tower 6F, 16-17 Nanpeidai-cho, Shibuya-ku, Tokyo
Name and job title of the representative	Muneaki Masuda, president and CEO
Business	Operating holding company of the CCC Group
Capital	100 million yen (as of March 31, 2021)
Date established	September 20, 1985
Net assets	71,366 million yen (as of March 31, 2021)
Total assets	354,517 million yen (as of March 31, 2021)
Major shareholder (shareholding ratio)	Muneaki Masuda (50.10%), Soroku Masuda (39.81%), SO-TWO. INC (10.09%) (as of March 31, 2021)
Relationship with JMF / the Asset Manager	
Capital relationship	There is no capital, personal or transactional ties to be stated between the seller and JMF or the Asset Manager. There is no capital, personal or transactional ties to be specified between the related parties/related companies of JMF or the Asset Manager and the related parties/related companies of the seller.
Personal relationship	
Trade relationship	
Related parties	Any of the seller or the related parties/related companies of the seller do not fall under the related party of JMF or 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. <sup>(Note)</sup>” 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. The Acquisition Schedule

Decision-making date	March 30, 2022
Contract signing date	March 31, 2022 (Scheduled)
Payment date	December 15, 2022 (Scheduled)
Property transfer date	December 15, 2022 (Scheduled)

## 8. Future Outlook

There will be no impact on our revenue forecast for the February 2022 fiscal period (from September 1, 2021 to February 28, 2022) and the August 2022 fiscal period (from March 1, 2022 to August 31, 2022).

## 9. Appraisal Report Summary

Property name	Karuizawa Commongrounds (Land with leasehold interest)
Appraiser	Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal value	532 million yen
Appraisal date	March 1, 2022

Item	Value	Notes
Indicated value by income approach	532 million yen	
DCF method	532 million yen	Acquired only by appraisal using the DCF method for the acquisition of the land only.
Discount rate	4.4 %	
Discount rate for reversionary value	4.6 %	The terminal capitalization rate is not adopted because it is assumed that, based on Fixed-term land leasehold agreement for business, the land will be returned as a vacant site after the expiry of the lease term.

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)	23 million yen
NOI yield	4.7 %
Depreciation	—
NOI yield after depreciation	4.7 %

- NOI refers to NOI used in the first year of the DCF Method on the appraisal report (PM fees are excluded because PM companies are not employed).
- 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.