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MC-UBS GROUP

Japan Metropolitan Fund Investment Corporation

April 28, 2021

To all concerned parties:

Investment Corporation
Japan Metropolitan Fund Investment Corporation
(Tokyo Stock Exchange Company Code: 8953)
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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 to acquire the investment units of domestic real estate investment corporation (the "Acquisition") as outlined below.

1. Overview of acquired assets

(1)	Acquired assets	Investment units (the "Investment Units") of Nisshin Private Residential Reit, Inc. ("NSPR")
(2)	Underlying properties of the acquired assets	26 properties including Kawasaki Sakuramoto WEST, and N-stage Matsudo (the "Properties")
(3)	Number of investment units to be acquired(note 1)	300 units (2.0% of NSPR's total issued Investment Units)
(4)	Acquisition price (Scheduled)	337 million yen (based on the net asset value(note 2) as of December 31, 2020)
(5)	Scheduled Investment Units contract date	May 7, 2021
(6)	Scheduled Investment Units acquisition date	May 11, 2021
(7)	Seller	Mizuho Securities Co., Ltd.
(8)	Source of funds for acquisition of Investment Units	Cash on hand

(Note 1) JMF has pledged to Nisshin Group HD (defined below) 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 NSPR 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 days prior to the desired assignment date.

(Note 2) The net asset value is the price per investment unit calculated on the basis of the appraised value.

2. Reason for Acquisition

Highlight of acquisition

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

① Acquisition of large-scale residential exposure through acquisition of investment units of a private residential REIT
② Increased knowledge relating to residential operation
③ Stronger external growth potential

① **Acquisition of large-scale residential exposure through acquisition of investment units of a private residential REIT**

JMF conducts operations with "Support metropolitan life (live, work and consume) in Japan from the perspective of real estate" as its vision. NSPR is an unlisted, open-ended investment corporation (asset manager: NISSHIN FUDOSAN Investment Advisors, Inc. ("Nisshin FIA")) whose main sponsor is NISSHIN GROUP HOLDINGS Company, Limited ("Nisshin Group HD"), a mid-sized condominium developer. NSPR invests primarily in rental residential properties. NSPR fully leverages support from its sponsor group including Nisshin Group HD while identifying superior properties located primarily in the Tokyo Metropolitan region, where continued demand for rental housing is expected as a result of future population shifts and smaller households, and seeks to improve the quality of its portfolio by increasing the satisfaction of tenants of its rental residential properties. It conducts operations intended to maximize unitholder value by achieving steady growth of assets under management and stable income over the medium to long term.

This investment policy of NSPR is believed to be in agreement with JMF's objective of increasing unitholder value through investment in urban real estate in Japan.

In addition, the rental housing transactional market has been overheating in recent years, and opportunities are limited to acquire relatively new properties in the Tokyo Metropolitan region, which are NSPR's main assets, at the level of NSPR's portfolio appraisal NOI yield (5.2%(note)). Therefore, JMF believes that NSPR's portfolio is favorable from the perspective of profitability.

The Asset Manager, JMF, NSPR, Nisshin Group HD, and Nisshin FIA conducted negotiations and discussions, reaching agreement on good-faith discussion for the ongoing acquisition of investment units when NSPR increases its capital in the future starting with the Acquisition. JMF plans to support NSPR's growth and expand and enhance the high-quality, high-profitability residential portion of its portfolio through the acquisition of the investment units.

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

② **Increased knowledge relating to residential operation**

Japan Retail Fund Investment Corporation and MCUBS MidCity Investment Corporation, the predecessors of JMF, did not invest in rental residential properties, but as a diversified REIT, JMF has added rental residential properties to the scope of its investment portfolio. The Asset Manager, primarily through human resources who have experience in residential housing acquisition and operation, has accumulated knowledge and expertise relating to acquisition and operation of

residential housing and previously decided to acquire multipurpose facilities that include both residences and offices. Through the acquisition of the investment units of NSPR, which receives support from its sponsor group including Nisshin Group HD, as well as collaboration with Nisshin Group HD, the Asset Manager will acquire information on the rental housing market and operational know-how and will work to further increase its knowledge concerning the acquisition of multipurpose facilities that include rental housing and residences and operation of rental housing.

③ **Stronger External Growth Potential**

Through the acquisition of NSPR's investment units, discussion with Nisshin Group HD will become possible in the rental housing transactional market, where acquisition opportunities are limited. In addition, with regard to properties developed by Nisshin Group HD, JMF will discuss the joint acquisition of large-scale rental housing properties that NSPR would have difficulty acquiring on its own and on the acquisition by JMF of properties that would be difficult for NSPR to acquire.

These initiatives have been carried out by the Asset Manager leveraging its unique networks supported by the strong investment capabilities backed by JMF's high credit worthiness and one of Japan's largest asset portfolios. JMF will continue to search for and carry out growth measures through new initiatives, such as those mentioned above, that only it can implement.

3. Overview of NSPR

① Overview

(1)	Investment Corporation name	Nisshin Private Residential Reit, Inc.
(2)	Location	8-1, Shinjuku 5-chome, Shinjuku-ku, Tokyo
(3)	Name and job title of the representative	Shigeaki Shigemasa, Executive Officer
(4)	Investment corporation format	Unlisted open-ended investment corporation
(5)	Total capital	13,831 million yen (as of December 31, 2020)
(6)	Date established	December 22, 2017
(7)	Net assets	14,155 million yen (as of December 31, 2020)
(8)	Total assets	27,147 million yen (as of December 31, 2020)
(9)	Major shareholder (shareholding ratio)	Not disclosed as the Investment Corporation has not agreed to the disclosure.
(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 NSPR.
	Related parties	NSPR is not a related party of JMF or the Asset Manager.

Note: However, according to NSPR, NSPR is not 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 NSPR's Investment Policy, Financial Data, Etc.

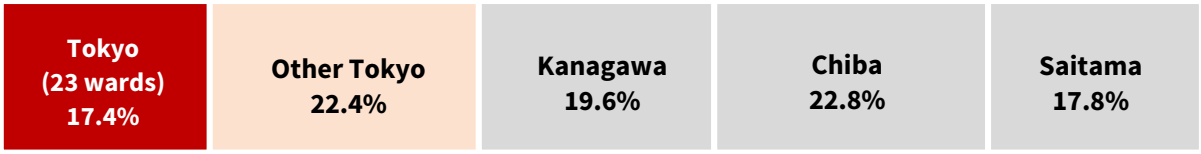
Investment policy	NSPR seeks to maximize unitholder value by achieving steady growth of assets under management and stable income over the medium to long term.
Investment targets	Rental housing (including company housing and student dorms) (investment ratio: 100%)
Portfolio development policy	■ Investment target regions - Tokyo metropolitan region (Tokyo, Kanagawa, Saitama, and Chiba): At least 80% - Regional cities (cities outside the Tokyo metropolitan region with populations of at least 300,000 or within commuting range (within a radius of about 20 km)): No more than 20% ■ Sponsor-developed new properties (properties that are no more than three years old at the time of acquisition by NSPR): At least 50%
LTV (as of December 31, 2020)	46.3%
Distributions (December 2020 fiscal period)	23,436 yen (per unit)
Fiscal period	The end of June and December
The Date to start operating	March 23, 2018

③ Overview of NSPR's Portfolio（As of February 1, 2021）

The number of properties	26 properties
The amount of Acquisition price	28,845 million yen
The amount of appraisal value (Note1)	30,924 million yen
Appraisal NOI yield (Note2)	5.2%
Ratio in Tokyo metropolitan region	100%
Total leasable area	49,921.28 ㎡
Average occupancy rate(note 3)	97.2%
Average age(note 4) (Based on acquisition price)	7.0 years
Total number of leasable units	1,954

(Note 1) The total appraisal value as of December 31, 2020 with respect to properties owned as of December 31, 2020 and as of October 31, 2020 with respect to properties acquired in or after January 2021.
(Note 2) The value equal to the total amount of NOI based on the direct capitalization method in appraisal reports divided by the total acquisition price.
(Note 3) The value equal to the area actually leased of all properties divided by the leasable area of all properties.
(Note 4) The value based on the completion date recorded in the registry books of main properties.

Investment Area Composition (Based on acquisition price)



Age Composition (Based on acquisition price)



Tenant Composition (Based on leased space)



④ Details of NSPR's Main Asset Portfolio（As of February 1, 2021）

Property name	Location	Total leasable area (Note)
N-stage Tamagakuseikaikan	4-216-4, Aza-Higashinakano, Hachioji-shi, Tokyo	1,965.13 ㎡
N-stage Nishikawaguchi	3-29-15, Namiki, Kawaguchi-shi, Saitama	2,946.40 ㎡
N-stage Akihabara	3-34-3, Kanda-Sakumacho, Chiyoda-ku, Tokyo	1,477.06 ㎡
N-stage Nishifunabashi II	2-417, Katsusikacho, Funabashi-shi, Chiba	1,986.46 ㎡
N-stage Kameido	6-27-2, Kameido, Koto-ku, Tokyo	2,006.77 ㎡
N-stage Dokkyodaigakumae	2-9-25, Sakaecho, Soka-shi, Saitama	3,029.72 ㎡
N-stage Kumegawa	2-6-6, Sakaecho, Higashimurayama-shi, Tokyo	2,283.84 ㎡
MIRADA RIDGE	2-7-17, Haramachida, Machida-shi, Tokyo	2,245.44 ㎡
Kawasaki Sakuramoto WEST	1-2-12, Sakuramoto, Kawasaki-ku, Kawasaki-shi, Kanagawa	3,913.60 ㎡
N-stage Matsudo	914-1, Hinokuchi, Matsudo-shi, Chiba	2,802.78 ㎡

16 other properties (all rental housing)

(Note) "Total leasable area" means the total 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.

⑤ Overview of NISSHIN FUDOSAN Investment Advisors, Inc.

(1)	Trade name	NISSHIN FUDOSAN Investment Advisors, Inc.
(2)	Location	8-1, Shinjuku 5-chome, Shinjuku-ku, Tokyo
(3)	Date established	October 1, 2013
(4)	Name and job title of the representative	Shigeaki Shigemasa, Representative Director
(5)	Major shareholder (shareholding ratio)	NISSHIN GROUP HOLDINGS Company, Limited（60%） Atrium Co., Ltd.（13%） ASSETLEAD Inc.（13%） J.S.B.Co., Ltd.（9%） AMBITION CORPORATION（5%）
(6)	Capital	150 million yen
(7)	Employee	19（As of September 30, 2020）
(8)	Permits and approvals, etc.	Financial instruments business operator registration (Kanto Finance Bureau Commissioner (financial instruments) No. 2830) (investment management business, investment advisory and agency business) Housing lots and buildings dealer license (Governor of Tokyo (2) No. 96164) Discretionary real estate transaction license (Minister of Land, Infrastructure Transport and Tourism License No. 112)
(9)	Memberships	Japan Investment Advisers Association The Investment Trusts Association

4. Overview of Business Partners

(1)	Name	Mizuho Securities Co., Ltd.
(2)	Location	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
(3)	Name and job title of the representative	President & CEO Yoshiro Hamamoto
(4)	Business	Financial Instruments Business
(5)	Capital	125,167 million yen（As of March 31, 2020）
(6)	Date established	July 16, 1917
(7)	Net assets	888,390 million yen（As of March 31, 2020）
(8)	Total assets	12,755,956 million yen（As of March 31, 2020）
(9)	Major shareholder (shareholding ratio)	Mizuho Financial Group, Inc. (95.80%) The Norinchukin Bank (4.20%)
(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 NSPR.
	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 Investment Unit acquisition date.

8. Acquisition Schedule

Contract Date	Scheduled Acquisition Date
May 7, 2021	May 11, 2021

9. Future Outlook

The impact of the Acquisition on financial results for the August 2021 fiscal period (the 39th fiscal period, from March 1, 2021 to August 31, 2021) and the February 2022 fiscal period (the 40th fiscal period (from September 1, 2021 to February 28, 2022) will be de minor and there are no revisions of forecasts of results.

[Reference]

Prospective Income and Expenditures for the Acquisition

Prospective Income and Expenditures	
Distributions per unit	23,436 yen
Number of investment units to be acquired	300 unit
Total distribution amount	Approximately 7 million yen

・The amount of the distribution per unit is the actual amount for NSPR's 6th fiscal period (the fiscal period ended December 31, 2020).

・The total distribution amount is the amount calculated by multiplying the per unit distribution amount by the total number of units to be acquired, and the actual disbursement may differ.

[Photos of some NSPR Assets]



Kawasaki Sakuramoto WEST



N-stage Akihabara



N-stage Kumegawa



N-stage Matsudo