

39th

Investor Presentation

August 2021 (39th) Period (March 1, 2021 - August 31, 2021)

JMF
JAPAN METROPOLITAN FUND INVESTMENT CORPORATION

Japan Metropolitan Fund Investment Corporation

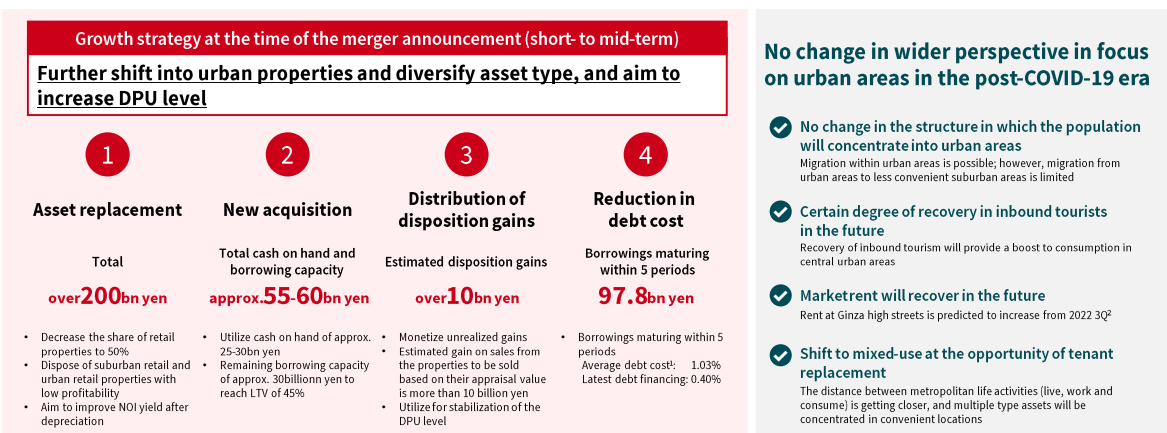
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Welcome to this video presentation of Japan Metropolitan Fund Investment Corporation's operating results for the August 2021 39th period, the six months from March 1, 2021 to August 31, 2021.

In this video, I will provide a brief summary of key highlights of this investor presentation, before passing the microphone to Mr. Araki, Head of the Asset Management Company's Metropolitan Business Division, who will comment on JMF's recent management status together with financial results and forecasts.

JMF's Growth Strategy - Short-to Mid-Term-

Continued focus on urban properties and building the foundation for growth and improving profitability



1. This includes loan-related fees, etc.
2. CBRE "Japan Retail Marketview Q2 2021"

To begin, I would like to reiterate JMF's growth strategy. Effective March 1, 2021, the Investment Corporation completed its merger with MCUBS MidCity Investment Corporation, becoming one of Japan's largest REITs.

As I mentioned at the time of the merger presentation, JMF will initially focus on building a foundation for growth. Over a three- to five-year period after the merger, the Investment Corporation will promote the shift to urban properties and diversify asset types with the aim of increasing its distribution per unit, or DPU, level. In specific terms, energies will be directed toward the replacement of assets exceeding 200 billion yen, the acquisition of properties using cash on hand and borrowings, the distribution of disposition gains, and leveraging future refinancing opportunities to reduce debt costs. Through these means, JMF will build a foundation for growth.

Also, as I have repeatedly mentioned, JMF's focus on urban properties from a broad perspective, which is the basis of its growth strategy, will remain unchanged in the post COVID-19 era.

As far as Japan's demographic profile is concerned, we have witnessed a certain degree of migration within urban areas due to the impact of COVID-19. However, despite some shift from urban centers to suburban areas, migration from urban areas to less convenient suburban areas has been limited. Taking these factors into account, we believe there will be no change in the structure and composition of the population concentrated in urban areas in the future.

Turning to trends in inbound travel, we are not expecting any rapid recovery in the short term, given current restrictions on entering Japan. We do, however, believe that conditions will improve to a certain degree in the future with an upswing in inbound consumption especially in central urban areas.

From an urban area market rent perspective, the latest report released by CBRE K.K. indicates that high street rents in Ginza are projected to increase from the third quarter of 2022. I believe this reflects a market in which tenants are becoming more selective about urban locations. Accordingly, market rents are expected to recover for prime locations in urban areas as well as other regions.

In addition, urban areas are becoming increasingly complex from an area and property unit basis. We have already seen a number of cases where multiple uses are concentrated in highly convenient locations in properties within JMF's portfolio.

Under these circumstances, JMF has not altered its broad perspective adopted at the time of the merger, and will continue to focus on urban areas in line with its growth strategy for the foreseeable future in the with- and post-COVID-19 eras.

Highlights for Aug. 2021 (39th) period

Highlights for Aug. 2021 (39th) period

By steady execution of growth strategy, NOI after depreciation exceeded the forecast although the State of Emergency (SoE) was declared during the period

1. Executed asset replacement at a pace faster than expected

- Have good prospects of acquiring about half of asset replacement target of more than 200 billion yen only six months after the merger
- Recorded gain on sales from three properties of 340 million yen, boosting EPU
- Established a new scheme of acquisition (investing in private REIT, mezzanine loan bonds)

2. Managing the portfolio for the post-COVID-19 era

- Steady progress in lease-up of leasing enhanced properties with conservatively-estimated downtime
- Deepen JMF's unique approaches, such as the utilization of DX and mixed-use

3. Executed debt financing on favorable conditions on the back of creditworthiness

- Issued largest amount of green bonds among 10-year J-REIT bonds, realizing diversification of financing methods and expansion of investor base
- Reducing debt cost by refinancing approximately 35 billion yen (effect on DPU: +11 yen)

NOI
after depreciation¹

VS previous forecast
(Setting before the SoE)

+1.3%

1. Including dividends income

2

Here on page 2, I would like to comment on highlights of the August 2021 39th period.

During the period under review, the government declared a state of emergency on three separate occasions. As a result, almost the entire August 2021 39th period suffered under harsh operating conditions. Despite these difficulties, JMF's net operating income, or NOI, yield after depreciation exceeded its previous forecast announced prior to the state of emergency declarations by 1.3 percentage points. This was largely due to the steady execution of JMF's growth strategy as promised.

In specific terms, JMF's growth strategy generated three highlights in the period under review.

First, JMF executed the replacement of assets at a pace faster than expected.

In just six months after the merger, JMF has sound prospects of acquiring about half of its asset replacement target of more than 200 billion yen. Moreover, the Investment Corporation disposed of three suburban retail properties, recording a gain on sales of 340 million yen. With an eye on external growth after the replacement of assets, JMF has initiated steps to establish a new acquisition scheme including investment in private REITs as well as mezzanine loan bonds.

Second, JMF made steady progress in leasing-up leasing enhanced properties for which a period of downtime was projected through strategic leasing activities that held the post-COVID-19 era in mind.

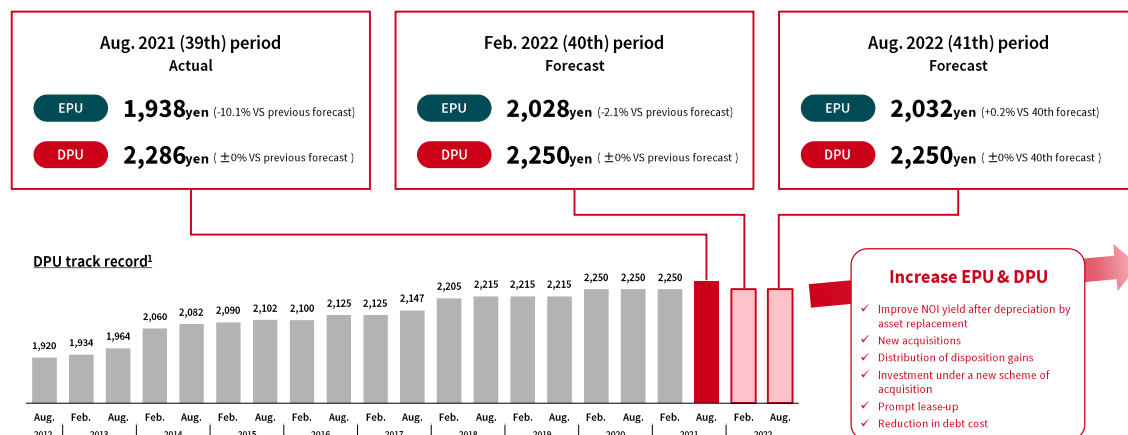
In addition to determining replacement tenants at Hotel Vista Premio Tokyo and G-Bldg. Midosuji 01 where long periods of downtime were expected, steady progress in leasing up other properties is also being made. Furthermore, ongoing initiatives that are unique to the Fund, including the use of digital transformation, or DX, and promotion toward mixed-use, continue to produce results.

Third, JMF undertook debt financing under favorable terms and conditions during the August 2021 39th period. In addition to issuing Green Bonds totaling 8.5 billion yen, the largest 10-year bond issue among J-REITs, in June, JMF refinanced approximately 35 billion yen in borrowings following the announcement of its previous financial results. Over and above diversifying its long-term funding methods by securing the support of ESG investors, the Investment Corporation successfully reduced its debt costs.

Looking at the “Summary of DPU” on page 3, I would like to comment briefly on distributions in closing.

Summary of DPU

Continued stable distributions and aim to improve EPU/DPU level



1. JMF implemented two-for-one investment unit split on March 31, 2021. Therefore, the values of each DPU before Feb 2021 are described the value divided by two which were really paid.

3

JMF continues to provide stable distributions. DPU for the period under review was 2,286 yen, unchanged from the previous forecast.

Looking ahead, we have adopted a conservative approach, factoring in the negative impact of downtime at leasing enhanced properties and the possibility of another state of emergency declaration in the future. Based on the aforementioned, DPU is projected to come in at 2,250 yen for both for the 40th and 41st periods, which is line with the previous forecast.

Meanwhile, JMF will work to further improve its current forecasts for earnings per unit, or EPU, and DPU by maximizing its acquisition and management capabilities, eliminating downtime through the replacement of assets and early leasing of properties, and reducing debt costs.

This then concludes my portion of the presentation. I would now like to hand the microphone to Mr. Araki, Head of the Asset Management Company's Metropolitan Business Division.

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01

Asset Replacement and Growth Investment



Thank you, Mr. Okamoto. In my capacity as Head of the Asset Management Company's Metropolitan Business Division, I would first like to comment on the acquisition and disposition of properties since our previous investor presentation.

Steady acquisition of properties which focus on “locations where people gather” and disposition of property with unrealized losses

Acquisition

3 properties Total 16.5bn yen

- Steady acquisition of mixed-use properties
- Acquisition a property solely for residential use
- Acquisition through arm's-length transactions, backed by high creditworthiness



JMF-Bldg. Hiroo 01
(Minato-ku, Tokyo)
Mixed-use

Acquisition price (Scheduled)	10,000mn yen
NOI yield after depreciation	2.8%



JMF-Residence Gakugeidaigaku
(Setagaya-ku, Tokyo)
Residence

Acquisition price (Scheduled)	1,505mn yen
NOI yield after depreciation	3.1%



JMF-Bldg. Funabashi 01
(Funabashi-shi, Chiba)
Mixed-use

Acquisition price (Scheduled)	5,000mn yen
NOI yield after depreciation	3.6%

Disposition

1 property Total 10.3bn yen

- Further disposition of suburban retail property in progress
- Disposed of the property with unrealized losses for more than the appraised value
- Allocated loss on sales of properties from gain of completed sales of properties during the period

Ito-Yokado Yotsukaido
(Yotsukaido-shi, Chiba)
Suburban retail

Disposition price	10,350mn yen
Appraisal value ¹	9,990mn yen
Book value	12,080mn yen
Loss on sale ²	-1,767mn yen
Unrealized loss ³	-2,090mn yen
NOI yield after depreciation	2.5%



Appropriate the gain on other sales properties during the period⁴ (2,107mn yen)

* Please refer to page 34 for the notes to this page.

JMF is in the process of replacing assets with the aim of realizing an optimal portfolio composition. In line with these endeavors, the Investment Corporation acquired three mixed-use properties for a total acquisition price of 16.5 billion yen and disposed of one suburban retail property for a disposition price of 10.3 billion yen since April, when the Fund's previous financial results were announced.

Looking first at the acquisition of new properties, JMF-Bldg. Hiroo 01 is conveniently located adjacent to Gaien Nishi-Dori in Minamiazabu, Minato-ku. It is a mixed-use facility comprised of commercial low-rise and residential mid- to upper-rise levels. This property allows JMF to demonstrate its strength in retail facility management. On a rent ratio basis, the residential portion of 30 units, comprised mainly of one-bedroom apartments, accounts for 38% of the total rent. The building itself received the Good Design Award and boasts high-quality specifications appropriate for its location. Plans are in place to acquire the property on October 24 at an acquisition price of 10 billion yen. This equates to an NOI yield of 3.2% and an NOI yield after depreciation of 2.8%.

A 10-minute walk from Gakugei-Daigaku Station on the Tokyu Toyoko Line, JMF-Residence Gakugeidaigaku is located in Nozawa, Setagaya-ku, a very popular residential area. The scheduled acquisition of this property, which is designed solely for rental housing use, marks the first of its kind for JMF. Comprised of 41 one-bedroom units measuring between 25 to 27 square meters, the property offers considerable market competitiveness and is recognized as highly stable. While JMF intends to acquire the property in March next year, immediately after construction completion, steps will be taken to gradually initiate leasing prior to acquisition.

On a conservative basis, this property is projected to contribute in full on a stabilized basis around the end of next year. JMF is looking to acquire this property on March 18, 2022, on the completion of construction, at an acquisition price of 1 billion 505 million yen. The NOI yield on an appraisal value basis for a stabilized period is projected to come in at 3.7% and the NOI yield after depreciation at 3.1%.

Just a one-minute walk from Keisei Funabashi Station, one of the busiest stations in Chiba Prefecture, JMF-Bldg. Funabashi 01 is a mixed-use property located in Funabashi City. Construction of the property was only recently completed at the end of September. Each floor has an area of approximately 100 tsubo, making it suitable for both retail and office use. Lease agreements have already been concluded between the seller and tenants for seven of the nine floors, with a lease reservation agreement already executed for one floor. Negotiations are currently underway with tenant candidates for the remaining floor, including a shared office.

JMF expects to acquire the property on November 26 at an acquisition price of 5 billion yen. The NOI yield on an appraisal value basis for a stabilized period is projected to come in at 4.3% and the NOI yield after depreciation at 3.6%.

With each of the aforementioned acquisitions, JMF has secured a prime property against the backdrop of a highly competitive market. This largely reflects the ability of the 12-strong acquisition team to demonstrate its wide array of sourcing capabilities. In this instance, acquisitions were negotiated on an arms-length basis. For JMF-Bldg. Hiroo 01 and JMF-Bldg. Funabashi 01, JMF was able to make accurate assumptions regarding the commercial blocks based on its retail management experience.

As far as the disposition of assets is concerned, JMF is making steady progress. In the period under review, the Investment Corporation has taken steps to dispose of Ito-Yokado Yotsukaido, a suburban retail property, at a disposition price of 10 billion 350 million yen. This is 360 million yen higher than the appraisal value.

This suburban property is located a certain distance from the city center, and has a yield after depreciation of 2.5%, which is low from a contribution to earnings perspective. In light of each of these factors, the property was positioned as an asset for disposal and action taken. Having already disposed of AEON MALL Yamato and AEON Takatsuki for a gain on sale of 2.1 billion yen during the 39th period, the decision was made to dispose of Ito-Yokado Yotsukaido in the same period to help offset the loss on sale associated with the disposal of this property.

Asset replacement progressed steadily exceeding the expectations, and negotiations for the next acquisition and disposition are fully in progress

Asset replacement announced after the merger

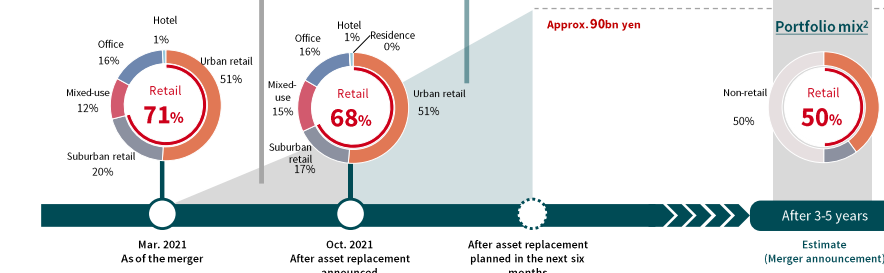
Acquisition 5 properties: Total 46.4bn yen
Average NOI yield (after depreciation): 3.6%

Disposition 3 properties: Total 29.9bn yen
Gain on sales: 340mn yen

Asset replacement planned in the next six months or so

Acquisition Property with preferential negotiation rights¹: Aim for acquisition speedy
Total approx. 45bn yen

Disposition Under concrete negotiations with potential buyers based on letter of intent received²: 3 properties Total approx. 20bn yen



Have good prospects of acquiring about half of asset replacement target only six months after the merger

1. Acquisition or disposition by JMF is not guaranteed.
2. Based on acquisition price

As indicated here on this page, JMF's top-priority efforts to replace assets and optimize its portfolio are progressing steadily and at a pace that exceeds expectations.

Following on from the previous page, and as I mentioned during our last financial results presentation, JMF has acquired five properties totaling 46.4 billion yen and disposed of three properties totaling 29.9 billion yen from the time of the merger in March this year, which coincides with the start of the period under review, to the present. Turning to the replacement of assets planned for the next six months or so, JMF has already obtained preferential negotiation rights for the acquisition of properties totaling approximately 45 billion yen. As far as the disposition of assets is concerned, the Investment Corporation has received letters of intent to purchase properties totaling approximately 20 billion yen from potential buyers at price levels that will allow us to secure a reasonable gain on sale.

At the time of the merger, JMF had in mind an asset replacement target that it expected would take three to five years. Within just six months of the merger in March, we are on track to acquire properties totaling approximately 90 billion yen, which is almost half of our 200 billion yen target.

Currently constructing various acquisition schemes in anticipation of external growth after asset replacement

1 Investment in private REITs

Acquisition of asset exposure with high profitability

Appraisal NOI yields are approximately 5%, relatively high compared to acquisitions from the trading market

Further promote external growth

With regard to properties developed by the sponsors of private REITs, possibility of joint acquisition of large-scale properties that private REITs would have difficulty acquiring on its own and properties outside the investment area for private REITs

Acquisition of investment units of Nisshin Private Residential Reit, Inc. (NSPR)

Investment amount

1,889mnyen

Acquisition of investment units of a private residential REIT whose main sponsor is NISSHIN GROUP HOLDINGS Company, Limited, a condominium developer

[Photos of some NSPR Assets]



Kawasaki Sakuramoto WEST



N-stage Matsudo

2 Mezzanine loan bond investment

Diversification of investment approaches that make effective use of cash reserves

Make effective use of ample cash reserves to invest in new investment approaches for the present and future

Excellent underlying assets

Limit underlying assets of mezzanine loan bond investment to high-quality assets that meet JMF's investment criteria.

Investment in mezzanine funds established by the Mitsubishi Corporation Group

Investment amount

780mn yen

Invested in a fund established by Diamond Realty Management Inc., a private real estate fund management company in the Mitsubishi Corporation Group, for mezzanine loan bonds for residential property located in Tokyo

3 Positive Impact Investing

Considering positive impact investment that takes ESG aspects into account

Directing you to the next page, JMF is strongly promoting the replacement of assets.

At the same time, we are focusing on building a foundation for further acquisition in order to further demonstrate our strengths even after the completion of asset replacement.

As the first among publicly listed REITs, JMF is taking the lead in investing in private REITs.

In specific terms, JMF is collaborating with NISSHIN GROUP HOLDINGS Company, Limited, a condominium developer, and has acquired on two occasions investment units in Nisshin Private Residential Reit, Inc., a real estate investment trust that specializes in residential properties, for a total acquisition price of 1 billion 889 million yen.

In addition to indirectly gaining residential exposure, this investment will help generate high yields in excess of 4%. At the same time, this initiative allows JMF to expand opportunities to acquire properties through collaboration with a condominium developer, and to strengthen its ability to manage residential properties.

Secondly, JMF has started investing in mezzanine loan bonds from the 39th period.

The Investment Corporation is collaborating with Diamond Realty Management Inc., a member of the Mitsubishi Corporation Group and one of Japan's leading mezzanine investment players. Based on this collaboration, JMF has invested in a portion of mezzanine loan bonds for prime rental housing located in central Tokyo, amounting to 780 million yen.

The objective is to invest in properties that are in prime locations while meeting JMF's investment criteria, regardless of asset use.

In addition to the effective use of cash reserves, every effort is being made to diversify investment methods in the future through various means including the acquisition of property information.

Thirdly, JMF is currently considering positive impact investing that takes into account environmental, social, and governance, or ESG, concerns.

We have already concluded a basic agreement with another party. By considering acquisitions from the perspective of positive impact investing while ensuring an appropriate return on investment, we can expect to expand the range of investment targets in the future.

02

Management of Current Portfolio



Control the impact of tenant requests for rent reductions across the entire portfolio

Status of tenant negotiations (Aug. 2021 (39th) period)

Rent collection rate⁴

As of the end of Aug. 2021

98%

(VS as of the end of Feb. 2021: +2%)

Type of Use	Negotiation status	Temporary rent reduction total ¹ (per unit ²)	Occupancy Rate ³ (As of the end of Aug. 2021)
Urban retail	<ul style="list-style-type: none"> Requests for rent reduction have been received from approximately 40 tenants, mainly restaurants and fashion tenants Rent reduction for approximately 40% of tenants 	-42mn yen (-6yen)	99.7%
Suburban Retail	<ul style="list-style-type: none"> No answer to several requests for rent reduction 	-	99.9%
Mixed-use	<ul style="list-style-type: none"> Requests for rent reduction have been received from approximately 20 tenants Rent reduction for some tenants 	-48mn yen (-7yen)	96.0%
Office	<ul style="list-style-type: none"> No answer to several requests for rent reduction 	-	94.4%
Hotel	<ul style="list-style-type: none"> Nothing 	-	100.0%
Total		-91mn yen (-13yen)	99.1%

Impact on the 39th fiscal
period total rent revenue

0.3%

1. Not including the decrease of revenue-based variable rent due to the decline of sales and the rent during the downtime due to the tenant replacement.
2. Calculated based on the amount of investment units issued as of the end of August 2021.
3. Based on the contracted area occupied in the total leasable area of the property.
4. The rent collection rate is calculated by dividing the amount receivable as of the end of the month by the accumulated amount of rent billings.

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Moving on to page 10, I would like to comment on the management of the existing portfolio in the period under review.

The impact of COVID-19 on the portfolio was limited in the 39th period.

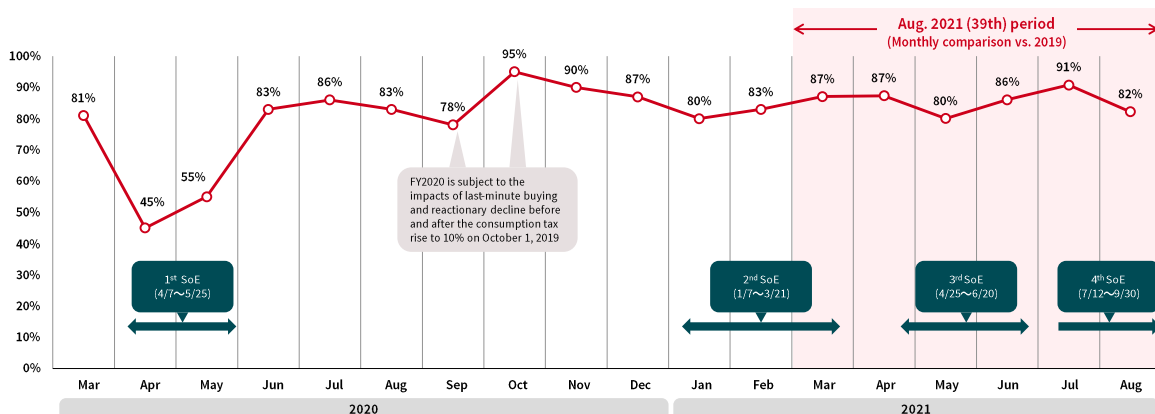
From a temporary rent reduction perspective, JMF took certain measures for urban retail and mixed-use properties. In the 39th period, the total temporary rent reduction was held to 91 million yen, which equates to just 0.3% of rent revenue.

In addition, the tenant occupancy rate by use remained at a high level, reaching 99.1% for the portfolio as a whole.

Moreover, the rent collection rate as of the end of August 2021 was 98%, with almost all tenants paying rent as contracted.

Even under the SoE, sales were generally maintained at around 85% of the level before the outbreak of COVID-19

Sales performance of total portfolio¹ (Monthly comparison vs. 2019)



1. Based on interview by asset management company. (excluding tax)

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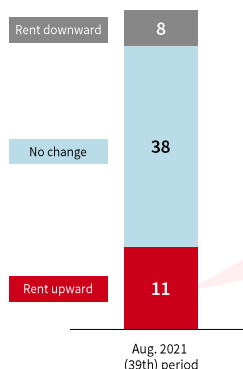
11

The graph on page 11 plots trends in known monthly sales of facilities within the portfolio from March 2020 onwards compared with the corresponding period in 2019 prior to the outbreak of COVID-19.

While the government declared a state of emergency three times during the period under review, sales remained steady at around 85% compared with the corresponding month in 2019.

Negotiations conducted on both rent revisions and tenant replacement, resulting mainly in rent increases and no change in rent

Lease Contract Renewals¹

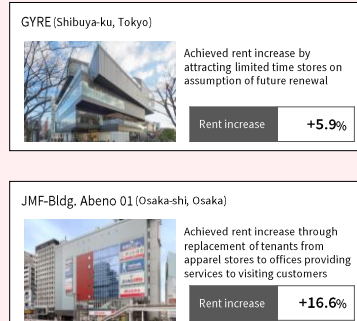


Examples of rent increase

■ Rent increase upon rent revision with existing tenants



■ Rent increase upon tenant replacement



1. It is intended for contracts which will come into the due timing to the expiration of the ordinary building lease contract or fixed-term building lease contract of the retail tenants during the fiscal period ending Aug 2021 (39th fiscal period).
 2. Calculated by (monthly rent after lease contract renewal - monthly rent before lease contract renewal) / monthly rent before lease contract renewal

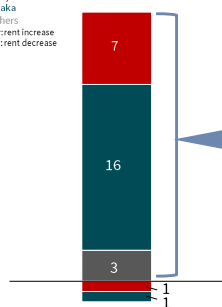
As you can see here on page 12, of the 57 retail tenants whose lease contracts were scheduled to expire during the 39th period, rents increased or remained the same for 49 tenants, or roughly 90%. This was mainly due to successful negotiations at the time of tenant replacement or contract renewal.

Cases where JMF secured a rent increase were generally characterized by existing tenants of retail facilities located in residential areas in front of railway stations who reported robust sales despite the impact of COVID-19. There were also instances of tenants in industries and business categories that were keen to open new stores in prime locations in central urban areas at higher rents than previous tenants.

Continued rent increase, steady management of small- and mid-sized offices, and increase in rents for large-sized offices

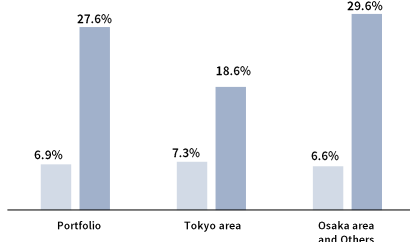
Lease Contract Renewals¹

■ Tokyo
■ Osaka
■ Others
■ Up:rent increase
■ Down:rent decrease

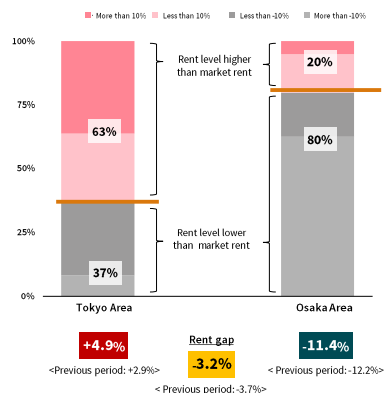


Rate of rent increase

■ Weighted average rent increase upon rent revision with current tenants
■ Weighted average rent increase upon tenant replacement



Rent Gaps² (contract rent-based)



- Only fixed rent contracts that are subject to contract renewal due to the termination of ordinary building lease contracts and fixed-term building lease contracts are covered during the fiscal period ending Aug. 2021 (39th fiscal period).
- Market rent refers to estimated contract rent of standard floor of each property assessed by CBRE K.K. as of Aug. 2021. The rent equal to the market rent is included in "Less than 10%".

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Next, I would like to touch on the status of contract renewals for offices.

JMF continued to secure steady rent increases and renewals in the 39th period. As shown at the left of the page, lease contract renewals yielded an increase in rent in 26 instances and a decrease in only two. As indicated by the bar graph at the center of the page, the rate of rent increase for new tenants at the time of replacement remained high at 27.6% compared with the previous period. Turning to the rent gap for the portfolio, levels in the Osaka area are still in excess of 10%. Taking into consideration the ongoing overall gap of 3.2%, we will continue to work toward an increase in the future.

Looking at the office buildings in JMF's portfolio, the Investment Corporation has continued to engage in steady management concluding new contracts and increasing rents not only for small- and mid-sized offices, but also large-sized offices.

Hoshino Resort Group to be the new operator of Hotel Vista Premio Tokyo

Overview of New Operator

Newly introduced OMO urban tourism hotel brand of Japan's leading hotel operator

OMO3 東京赤坂
by 星野リゾート



Property Name ¹	OMO3 Tokyo Akasaka
Name of the Tenant	Akasaka Hotel Management Co., Ltd. (Wholly owned by Hoshino Resorts Inc.)
Leased Area	4,043.94m ²
Lease Period	20 years from June 1, 2021
Lease Type	Fixed-term building lease contract
Opening Date (Scheduled)	January 7, 2022

Aim of contracting with this operator

Steady hotel operations

- Japan's leading hotel operator with a history of over 100 years
- Operating a wide range of 51 hotels in Japan, from luxury inns to urban hotels²

Contributing to the enhancement of area value

- The OMO brand's concept, "enjoying the city," is in line with JMF's efforts to enhance the area value
- Guided tours that introduce the attractions of the city are expected to attract visitors to JMF's properties

Scope for future collaboration

- Possibility of collaboration when attracting accommodation properties in mixed-use
- Possibility of accommodation plans combined with JMF's properties



Guided tour

1. JMF has changed the name of the property to "OMO3 Tokyo Akasaka" from "Hotel Vista Premio Tokyo" on October 13, 2021.

2. As of Oct. 15, 2021

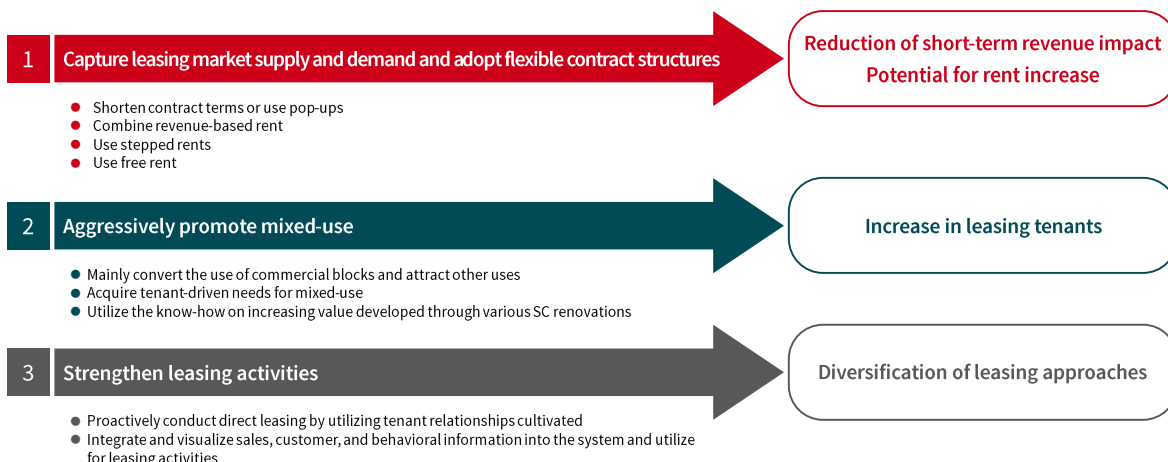
JMF currently holds two hotels within its investment portfolio. The operator of one of these hotels located in Akasaka, Hotel Vista Premio Tokyo, terminated operations in March this year. Taking full advantage of the property's outstanding location and leasing capabilities, JMF was quick to conclude an agreement with the Hoshino Resort Group, a leader in its field, to take over as operator.

Announced by Hoshino Resort just a few days ago on October 13, the hotel will commence operations on January 7, 2022 under the Hoshino Resort OMO urban tourism hotel brand.

We selected the Hoshino Resort Group as our operator because the OMO brand concept of enjoying the city, not to mention the stability associated with the Group's sound hotel management track record, is in line with JMF's area value enhancement strategy. Moreover, we believe that the Hoshino Resort Group is a partner with whom we can collaborate in the future and create additional measures in combination with other properties.

Next, I would like to elaborate on leasing conditions.

Implement strategic leasing activities in view of the post-COVID-19 era



One of JMF's major real estate management strengths is its in-house leasing team, which is capable of engaging in detailed and speedy leasing activities based on the characteristics of the properties it owns. We are looking to strategically lease up properties with an eye on the post-pandemic period, especially in view of our current circumstances where issues relating to COVID-19 are yet to be fully resolved.

First, we believe that the number of tenants seeking to open new stores in prime properties is on the rise. Despite the current COVID-19 environment, we see a certain number of tenants who are looking to open a new store with a small investment amount while reducing the rent burden for a certain period of time.

Here, we are endeavoring to shorten the contract period, and are targeting pop-up tenants, while utilizing stepped rents, percentage rents, and free rents, in order to both induce tenants to open new stores and secure the potential for upside revision in the future.

Second, for properties that were previously used for a single purpose, we are aggressively promoting the shift to mixed-use by removing any barriers between applications according to the characteristics of each property. This in turn is leading to an increase in the number of leasing candidates.

Third, and as I will explain in more detail later, we are strengthening our DX-based real estate management, and are using various types of data in our leasing activities.

We are strategically engaging in leasing activities while keeping the above three points in mind.

New tenants have been decided for properties with large expected downtime, and leasing activities for other properties are under way

Previous Announced Properties

Property Name	Type of Use	Leasing Status	Current leasing situation ¹	Estimated Downtime ² (mnyen)		
				40 th FP		41 th FP
				Previous Forecast	Revised Forecast	Forecast
Hotel Vista Premio Tokyo ³	Hotel	Lease-up completed	Contract concluded with Hoshino Resort Group (open for business in Jan. 2022)	182	165	129*
G-Bldg. Midosuji 01	Urban retail	Lease-up completed	Contract concluded with high brand store (tenancy commences in May 2022)	148	98	32
mozo wonder city	Urban retail	Lease-up completed	The contracts of about 170 tenants will expire at the end of Jan 2022, and JMF is planning to replace them in stages with new tenants from Mar. to July	136	153	255*
JMF-Bldg. Shibuya 03	Office	Partial lease-up completed	Lease-up completed for one of four vacant blocks, and applications received for the remaining blocks	102	88	74
JMF-Bldg. Ichigaya 01	Mixed-use	Under way	Tenancy applications received for one of three vacant blocks	88	81	86
JMF-Bldg. Toyokocho 02	Office	Partial lease-up completed	Lease-up completed for one of six vacant blocks, and tenancy application received for one of the remaining blocks	67	63	108
JMF-Bldg. Shibuya 02	Office	Under way	Some tenants under consideration for one vacant block	34	31	31
JMF-Bldg. Osaka Fukushima 01	Mixed-use	Under way	Lease-up completed for one of two vacant blocks	32	21	21
				793	704	740

1. As of Oct. 15, 2021.

2. Based on the values obtained by multiplying the vacant area by the market rent or the values obtained by the difference between budget NOI and appraisal NOI.

3. The property name was changed to "OMO3 Tokyo Akasaka" on October 13, 2021.

* JMF conservatively estimated the rent revenue from Hotel Vista Premio Tokyo during the 41st fiscal period. Renewal expenses such as repairs and loss on retirement of non-current assets are included in the forecast for mozo wonder city during the 41st fiscal period.

Additional Property

G-Bldg. Shinsaibashi 03 (Bldg. A)

- Master lease tenant, "UNIQLO," expires at the end of September 2021
- Obligation and details of restoration are being discussed with the tenant
- At the same time, negotiations are under way with new tenant candidates

At the time of our previous financial results announcement, we presented a list of properties for which we were projecting a period of downtime for budgeting purposes. This list has since been updated in line with leasing activity progress.

As you can see, leasing has already been completed for the top three properties where a significant period of downtime was expected. As previously mentioned, a contract has been concluded for Hotel Vista Premio Tokyo. Activities to lease G-Bldg. Midosuji 01 have also been completed with a high brand store that befits the Midosuji area. Looking at the third line of the table, the contracts of 170 tenants are scheduled to expire at mozo wonder city. Of this total, JMF plans to replace, relocate, or reopen roughly 50 tenants with contracts determined for almost all succeeding tenants.

As far as the rent revenue amounts associated with estimated periods of downtime are concerned, JMF has adopted a conservative approach when calculating the portion of percentage rent for Hotel Vista Premio Tokyo under its new operator. In the case of G-Bldg. Midosuji 01, tenants are scheduled to take up space from May next year. On this basis, downtime at this property is projected to continue until the 41st period. While replacement tenants have all but been determined at mozo wonder city, we are estimating the period of downtime to continue into the 40th and 41st periods. This largely reflects the incidence of vacancies attributable to renovation work from February to July next year. JMF will post such temporary expenses as repairs and loss on retirement of non-current assets in a lumpsum in the 41st period in connection with the aforementioned renovation at mozo wonder city. These expenses have also been factored into the period of downtime in the 41st period.

Meanwhile, tenant demand for office space in the Shibuya area, which had been weak for a while, is returning, and we are seeing progress in leasing for the two properties JMF owns.

Taking into account each of these factors, leasing activities are steadily progressing. On a conservative basis, we anticipate the amount attributable to estimated downtime will continue at around 700 million yen in both the 40th and 41st periods.

As indicated at the right of the page, G-Bldg. Shinsaibashi 03 (Bldg. A) has been added to the list of properties where we have confirmed a large-scale departure. The property, which faces Shinsaibashi-suji Street in Osaka, was occupied by UNIQLO as the sole tenant. UNIQLO has been reviewing its strategy for large stores in urban centers, and decided to vacate at the end of September when the lease contract expired. We are currently discussing the details of restoring the property to its original condition, which is expected to take a considerable amount of time. Our plan is to determine a replacement tenant or tenants as soon as possible while utilizing this period.

The property is located in a prime location in the commercial area of the Kansai region, and maintains a high profile as a gateway to the Shinsaibashi-suji shopping district. A number of potential tenants have already expressed interest and negotiations have only just begun.

Drawing on the aforementioned leasing strategy, I would like to comment on specific examples of leasing results at urban properties from the next page.

Diversified leasing activities in urban properties based on the leasing strategy

Pop-up Store

G-Bldg. Jingumae 09 (Shibuya-ku, Tokyo)

Acquired pop-up needs because of convenient location along fashion street



Outdoor brand
"L.L. Bean"
Fall/Winter Media Exhibition



Apparel brand produced
by popular model
Limited Store

Shift to Mixed-use

G-Bldg. Tenjin Nishi-dori 01 (Fukuoka-shi, Fukuoka)

Attracted shared office space after restaurant tenants moved out, and converting an old commercial building into a mixed-use building



To be upgraded to a suitable appearance for mixed-use building

G-Bldg. Midosuji 01 (Osaka-shi, Osaka)

Conducted leasing activities to attract various types of tenants with the assumption of mixed-use, and decided on the opening of a high-brand store for retail and office tenants



Upper floors :
Office (Luxury brand)



Lower floors :
Retail (Luxury brand)

Located along Cat Street, a main thoroughfare in the Omotesando area, G-Bldg. Jingumae 09 has witnessed several store openings that address pop-up needs.

We are also working to promote the shift to mixed-use properties by combining the location advantages of JMF's properties with the ability to accommodate multiple uses.

To date, the commercial building, G-Bldg. Tenjin Nishi-dori 01 has been tenanted by restaurants from the second floor and above. Since this spring, we have undertaken renovations to the exterior façade and entrance to make the property more suitable for mixed-use. Currently, successful steps have been taken to attract shared office and service tenants.

Diversified leasing activities in urban properties based on the leasing strategy

Direct Leasing

G-Bldg. Umeda 01

(Osakashi, Osaka)

Attracted a third-wave coffee shop originating from U.S. as a first store in Osaka



Blue Bottle Coffee

Leasing utilizing behavioral characteristics analysis

La Porte Aoyama

(Shibuya-ku, Tokyo)

Analysis of the flow of people by installing beacons

Analyze the attributes and behavioral characteristics of visitors and the flow of people in the area by combining the beacons installed in the facility and the beacon information in the Omotesando area



Results of behavioral characteristics analysis (Example of female visitors)

- Less likely to cook for themselves, **more likely to eat out**
- **High sensitivity to food and drink**
- More likely to invest in hobbies and self-improvement
- Mainly use public transportation to get around
- **More interested in authenticity** than cost performance

Leasing based on analysis

Successfully attracted the first French bakery and cafe to re-launch in Japan



Gontran Cherrier

Turning to other examples on page 18, beacons have been installed within La Porte Aoyama to track the flow of people. We are analyzing the flow of people in the area where the facility is located by using data on the shopping behavior of visitors to the facility and to the surrounding area. Based on the results of this analysis, we engaged in leasing activities and successfully attracted a bakery and café that would prove popular among visitors.

Utilize digital technology and innovate asset management



Improve the real value of owned assets

With the development of e-commerce and work from home, the "real value" of visiting retail facilities or offices is becoming more and more important

Boost real value with digital technology

E-Commerce

Retail facilities available at any time by purchasing from e-commerce sites linked to its inventory

Property App

Improve convenience by settlement function and grant loyalty through point services



Multifaceted data utilization

Increasing complexity of property operations due to increasing related information as more mixed use of areas and property units

Create and integrate data from various information gathered on owned assets, and link them together

Customer Data Platform

Consolidate diverse data, such as EC site data, application data, sales data, location data, and visitor data

Area Management Concept

Mutually send commercial, office, and hotel users of JMF properties in the same area

Examples of Innovation through Digital Transformation

Leasing

- Target by using customer data platform
- Propose business types that match customer trends to tenants

Revenue Increase

- Increase revenue-based rent through e-commerce sites
- Gain advertising revenue associated with digital information

Facility Management

- Improve the efficiency of electricity and other energy use by using weather and property data
- Optimize security and cleaning areas based on visitor behavior data

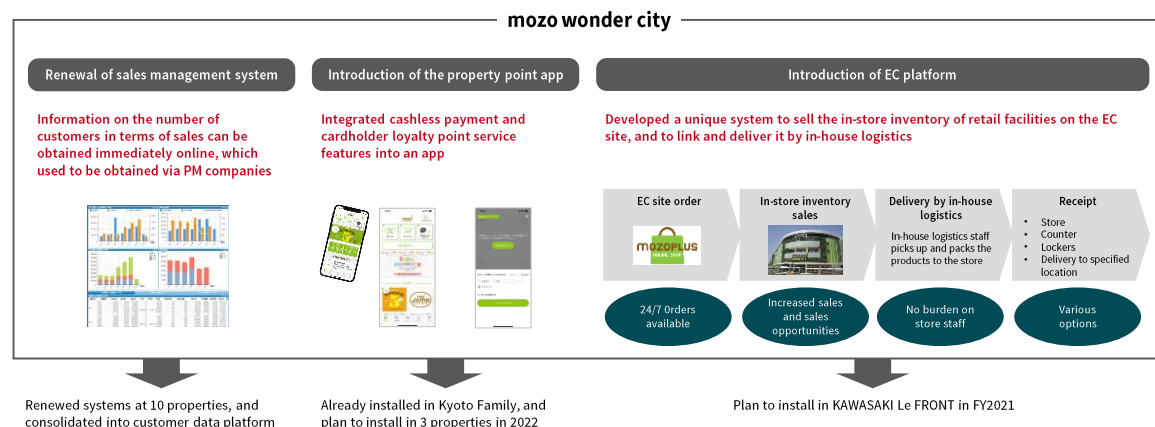
JMF is committed to the innovation of asset management through the use of digital technology.

Since last year, we have developed and launched our own e-commerce site for large retail facilities that utilizes facility applications and converts in-store inventory to an online format. These digitally enabled tools are designed to enhance consumer convenience. Our goal is to increase the real value of our assets by creating new incentives to visit brick and mortar stores.

At the same time, by consolidating various data obtained through various sources including e-commerce sites and facility applications into an integrated customer data platform, we will help promote multifaceted data utilization.

Ultimately, the data will be used for a variety of purposes including more accurate leasing, increased digital revenue as well as efficient facility and area management. In this manner, JMF will continue to innovate asset management and improve its asset management capabilities, an underlying strength.

Execute and expand DX measures horizontally, starting from mozo wonder city, and reflect them in the customer data platform as needed



Once again, as I mentioned a moment ago, we are progressively launching our own facility application and system to convert in-store inventory into an online format at mozo wonder city, a large retail facility in Nagoya. In the future, we plan to expand this initiative horizontally to other large facilities.

Moving forward, we plan to consolidate the increasing amount of facility data through horizontal expansion into an integrated customer data platform to further expand the scope of utilization.

Slight decline in appraisal value by 0.7%, and almost flat cap rate

Portfolio Valuation¹

	Appraisal Value				Cap rates ³		
	As of Feb. 28, 2021 ² (mn yen)	As of Aug. 31, 2021 (mn yen)	Change (mn yen)	(%)	As of Feb. 28, 2021 ² (%)	As of Aug. 31, 2021 (%)	Change (%)
Urban retail	711,210	701,550	-9,660	-1.4	3.84	3.87	+0.03
Mixed-use	185,430	185,610	180	+0.1	3.74	3.75	+0.01
Office	184,710	184,530	-180	-0.1	3.73	3.75	+0.02
Hotel	12,440	12,440	-	-	4.01	4.01	-
Suburban retail	196,610	196,690	80	+0.0	4.89	4.90	+0.00
Total / Average	1,290,400	1,280,820	-9,580	-0.7	3.97	3.99	+0.02

1. AEON Mall Yamato (50% quasi-co-ownership interest), AEON Takatsuki, and Ito-Yokado Totsukaido, which were disposed of in the Aug. 2021 (39th) period, are not included.

2. JMF-Bldg. Ichigaya03 and G-Bldg. Shinsaibashi05 are as of Apr. 1, 2021, and the other properties are as of the end of Feb. 2021.

3. Weighted average of direct cap rates at appraisal value. (excluding properties to which the direct capitalization method is not applied)

Despite the impact of the pandemic, the decline in appraisal value of JMF's portfolio as a whole was only 0.7%. Moreover, the cap rate remains essentially unchanged.

By asset type, the total appraisal value of urban retail properties decreased by 1.4%, due mainly to the termination of the lease contract by UNIQLO at G-Bldg. Shinsaibashi 03.

03

Finance



Top-class green bond issuance record among J-REITs

(1)
May 2018

First green bond issued
by J-REIT

Issue amount	8,000mn yen
Term	5.0years
Interest rate	0.210%
Issue date	May 25, 2018
Redemption date	May 25, 2023
Number of investors who declared investment	10

(2)
June 2019

Issued green bond with
the lowest interest rate
among 5-year J-REIT bonds¹

Issue amount	7,000mn yen
Term	5.0years
Interest rate	0.200%
Issue date	June 25, 2019
Redemption date	June 25, 2024
Number of investors who declared investment	7

(3)
June 2021

Largest 10-year J-REIT Green Bond Issuance²

Issue amount	8,500mn yen
Term	10.0years
Interest rate	0.450%
Issue date	June 25, 2021
Redemption date	June 25, 2031
Number of investors who declared investment	22

Investors who declared investment

- Aoi Mori Shinkin Bank
- ASAHIKAWA SHINKIN BANK
- Hyogo Shinkin Bank
- Iwajaken Ichi Shinkumori Bank
- KANONJI SHINKIN BANK
- North Pacific Bank, Ltd.
- The SAGAMI Shinkin Bank
- The Tsuruga Shinkin Bank
- The Yamanashi Chuo Bank, Ltd.
- Credit Guarantee Corporation of Osaka
- Dai-Itoku Shinyokumai
- Mitsubishi UFJ Trust and Banking Corporation
- Mutual Aid Foundation for Japan Postal Group
- Nissay Asset Management Corporation
- Sumitomo Mitsui Trust Asset Management Co., Ltd.
- The Dai-ichi Life Insurance Company, Limited
- Sawayama Shinkin Bank
- Shizuoka Yaiyu Shinkin Bank
- Takasaka Shinkin Bank
- The TF Bank, Ltd.
- The Choshi Shinkin Bank
- The Kita Osaka Shinkin Bank

1. As of June 25, 2019
2. As of June 25, 2021

Changing tack, I would like to comment on JMF's financial strategy.

Prior to its merger, Japan Retail Fund Investment Corporation was the first J-REIT to issue Green Bonds in 2018. After the merger, and amid the growing interest in ESG issues, JMF took positive steps to further expand its investor base through the recent issuance of another series of 10-year Green Bonds totaling 8.5 billion yen, the largest by any J-REIT.

Aim to reduce debt cost by maintaining a strong balance sheet

Financial Indicators

Credit ratings (JCR)	AA (Stable)
LTV ¹	43.6%
LTV (based on appraisal value) ²	38.6%
Average debt cost ³	0.75%
Average loan term remaining ⁴	4.7 years
Long-term borrowing ratio ⁵	100.0%
Fixed-interest ratio	94.4%

Benchmark

LTV benchmark: **40% - 50%**
Acquisition capacity:
(from LTV 43.6% to 45.0%) **Approx. 30bn yen**

Latest Refinancing (Apr. 7, 2021 – Oct. 7, 2021)

	Before	After
Amount	35,250mn yen	35,250mn yen
Avg. term	6.0 years	7.3 years
Avg. debt cost ⁶	0.82%	0.40%

Effect on
the DPU⁷
+11 yen

Borrowings maturing within 5 periods (Long-term Fixed and Investment Corporation Bond Only)

	Feb. 2022 Period (40th)	Aug. 2022 Period (41st)	Feb. 2023 Period (42nd)	Aug. 2023 Period (43rd)	Feb. 2024 Period (44th)	Total/ Average
Amount	9,000mn yen	27,900mn yen	14,500mn yen	26,900mn yen	19,500mn yen	97,800mn yen
Avg. term	7.2 years	7.7 years	8.4 years	7.4 years	9.2 years	8.0 years
Avg. debt cost ⁶	1.16%	1.04%	1.06%	0.90%	1.14%	1.03%

If refinanced at 0.7%, effect on the DPU⁷

+23 yen

* Please refer to page 34 for the notes to this page.

Here at the left side of page 24, we provide details of key financial indicators.

Since its last financial results announcement, JMF has undertaken new borrowings to refinance existing debt totaling 35 billion 250 million yen. These new borrowings are at an average loan term of 7.3 years and an average debt cost of 0.40%. This translates to a positive impact in DPU of 11 yen.

Borrowings that are scheduled to mature over the next five periods come to 97 billion 800 million yen, with an average term of 8 years and at an average debt cost of 1.03%. Should the Investment Corporation refinance these borrowings at an average debt cost of 0.7%, the positive impact on DPU would come to 23 yen. Depending on the financial environment, we believe there is still significant room for JMF to reduce debt costs through refinancing in the future.

04 ESG



Strongly promote ESG as a front runner in the J-REIT industry

ESG Initiatives(Mar. 1, 2021 – Aug. 31, 2021)

Sustainability Promotion

- Issued ESG Report on March 2021
- Established medium-to long-term KPI in June 2021

Environment

- Promote the introduction of renewable energy
- Reduction of electricity by implementing the Light Down Campaign
- Introduced “WOSH”, a recycling-oriented hand-washing stand, to three properties
- Newly acquired external environmental certification (9 properties)
- Acquired third-party guarantee for environmental performance
- Issuance of green bonds

Social

- Introduce share cycle and make buildings barrier-free
- Participate in the Community Bus Utilization Promotion Project and strengthen resilience response
- Implementation of workplace vaccination and establishment of a new vaccine leave at asset management company
- Hold online off-site meetings as a place for employees to interact

Governance

- 100% participation in board of directors of Investment Corporation
- Held online seminars for individual investors

1. As of the end of Aug. 2021
2. Excluding executives and temporary staff

ESG Highlights¹

GRESB Real Estate Assessment
(As of Oct. 15, 2021)

5stars

CDP Climate Change Program

B-

MSCI ESG Rating

BBB

Percentage of green building
certified Buildings²

74.0%

Number of green building
certified Buildings

65Buildings

Female employee ratio²
(Asset Manager)

37.1%

Next, I would like to touch on JMF’s efforts to address ESG concerns.

JMF is strongly promoting ESG as a front-runner in the J-REIT industry, and has already implemented the initiatives listed on the left side of this page over the past six months.

At the same time, the Investment Corporation was awarded 5 stars on October 15, 2021 from the GRESB real estate assessment for this fiscal year. Currently, the percentage of certified buildings is 74%.

Establish new med- to long-term KPIs towards a sustainable society

ESG Materiality & KPI (Level of Importance ★★★)

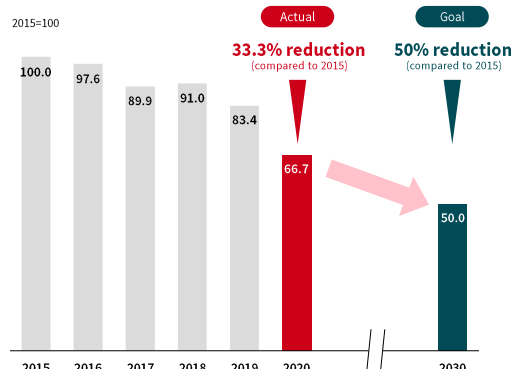
ESG materiality	Target	KPI
Response to climate change	Reduction in CO ₂ emission	Reduce CO ₂ emissions per unit by 50% by 2030 compared with 2015 Aim to reach carbon neutrality by 2050
Response to sustainability certifications	Improving proportion of environmental certifications	Acquiring certifications for 75% or more of the total portfolio (Total floor area basis)
	Improving sustainability activities through participation in GRESB and other external evaluation institutions	<ul style="list-style-type: none"> • GRESB Acquiring “5 Star” • CDP Acquiring more than “B”
Building resilience	Implementing disaster prevention measures	<ul style="list-style-type: none"> • Preparing emergency supplies at 100% of the properties where such supplies can be kept • Developing an emergency communication network that covers 100% of properties • Collecting engineering reports (ERs) regularly for 100% of properties
Energy efficiency	Improvement in energy consumption	Reduction in electric consumption per unit by 20% compared with 2015 (Target year: 2030)
	Introduction of renewable energy use	Renewable energy ratio of electricity used in business activities to 20% (Target year: 2030)
Ensuring of health and well-being of and convenience for people (tenants)	Improvement in tenant employee space	Improving communication space and refresh space at the time of renewal
	Visualization of health and comfort	Considering acquisition of wellness certification

Here on page 27, we list the medium- to long-term KPIs that were newly established and announced in June. JMF is committed to achieving a sustainable society by setting clear KPIs.

Reducing CO₂ Emissions

Achieved 33% reduction compared to 2015, and will promote switching to renewable energy in the future

Track record of CO₂ emissions (per unit basis¹) (assuming 2015 as 100)



Actions to Reduce CO₂ Emissions

1 Introduction of energy-saving equipment such as LED lighting and energy-saving air-conditioning equipment

2 Switching to electricity procured from renewable energy

	In 2021 End of February	In 2021 October 15 Time ²	Action
Number of renewable energy installations (Direct lease properties)	4	14	Promote the changeover, focusing on properties that consume a large amount of electricity
Number of renewable energy installations (Master lease properties)	4	4	Encourage tenants to switch to renewable energy
Percentage of renewable energy consumption to the entire portfolio electricity consumption	0.9%	8.8%	

In 2030
Goal

20%

1. CO₂ emissions per unit of production are calculated based on the total floor area (after taking into account the status of operations).

2. Includes properties planning to introduce renewable energy. Renewable energy as a percentage of portfolio electricity volume is calculated based on electricity consumption from March 1, 2020 to the end of February 2021.

JMF has set the KPI of reducing CO₂ emissions per unit by 50% by 2030 with the aim of reaching carbon neutrality by 2050.

The Investment Corporation has already achieved a 33.3% reduction in CO₂ emissions per unit compared to 2015. Looking ahead, we will focus mainly on such measures as the introduction of energy-saving equipment including LED lighting and energy-saving air-conditioning systems, and switch to electricity procured from renewable energy sources. In particular, significant progress has been made since March in the switch to electricity from renewable energy sources. Renewable energy accounted for 0.9% of the portfolio's total electricity consumption as of the end of February 2021, increasing to 8.8% as of October 15, 2021. Our goal is to lift this ratio to 20% by 2030, while keeping a close eye on the balance with costs.

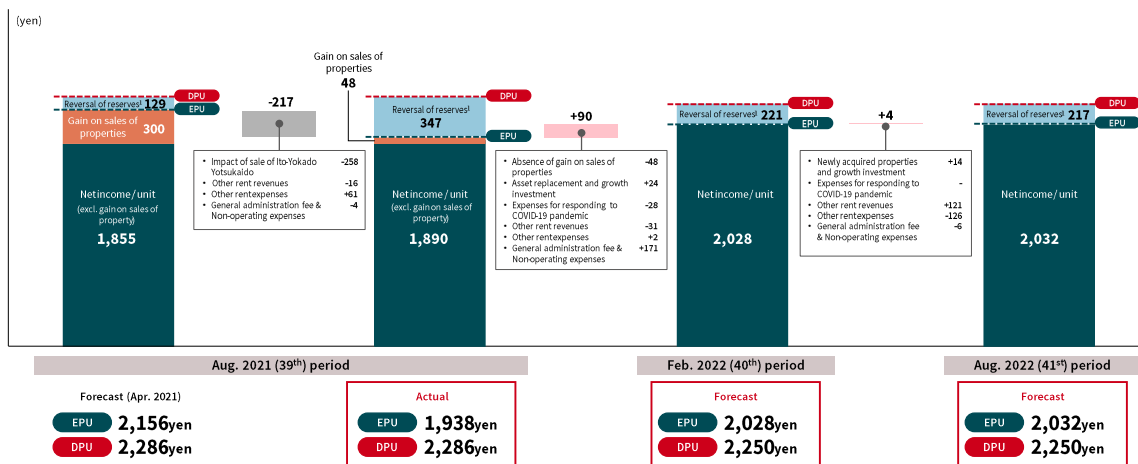
Moving on, I would like to comment on JMF's financial results for the 39th period together with forecasts for the 40th and 41st periods.

05

Financial Results and Forecasts



JMF expects to maintain stable distributions and steadily increase EPU, not including the gain or loss on disposition



1. Includes reversal of reserve for temporary difference adjustment to avoid additional tax burden due to tax association discrepancy

Here on page 30, we provide details of DPU for the 39th, 40th, and 41st periods.

JMF's DPU for the 39th period came in at 2,286 yen as announced. DPU for the 40th period is projected to total 2,250 yen as previously forecast. DPU for the 41st period is also expected to come in at 2,250 yen.

Elaborating further, EPU excluding the gain or loss on disposition for the 39th period increased from the initially announced 1,855 yen to 1,890 yen due to the decline in repairs and utility expenses. This increase was also despite the downturn in rent revenue attributable to the disposition of Ito-Yokado Yotsukaido.

As far as the gain on sales of properties is concerned, the disposition of a 50% quasi co-ownership interest in AEON Mall Yamato coupled with the sale of AEON Takatsuki at the time financial results for the previous period were announced had a positive impact of 300 yen. Thereafter, the loss on sale attributable to the disposition of Ito-Yokado Yotsukaido during the 39th period had a negative impact of 48 yen.

Accounting for each of the aforementioned, EPU ultimately declined from 2,156 yen to 1,938 yen. After undertaking a reversal of reserves to the tune of 347 yen, DPU for the 39th period finally came in at 2,286 yen in line with previous announcements.

EPU for the 40th period is expected to total 2,028 yen, up 90 yen from the previous period's 1,938 yen including a gain/loss on sale. Principal negative factors include 48 yen attributable

to the absence of the previous period's gain on sale, 28 yen to factor in rent reduction risk owing to the effects of the pandemic, and 31 yen for the downturn in revenue associated with delays in leasing up properties and the decline in percentage rent. In contrast, positive factors include 24 yen for contributions to revenue from properties acquired in the previous period and 171 yen for the decline in selling and administrative expenses as a result of the absence of merger-related expenses.

As a result, DPU is forecast to come in at 2,250 yen, as previously announced, following the reversal of reserves to the tune of 221 yen.

EPU for the 41st period is projected to total 2,032 yen, up 4 yen compared with the 40th period.

On the plus side, EPU was positively impacted by such factors as contributions to revenue from newly acquired properties which we believe will equate to 13 yen, and 149 yen for the increase in revenue attributable to ongoing progress in lease-up activities as well as the incidence of one-time revenue. On the minus side, negative factors include 28 yen to factor in rent reduction risk owing to the effects of the pandemic, and 132 yen for the increase in expenses attributable to the upswing in repair costs as well as real estate taxes.

Based on the aforementioned, DPU is forecast to total 2,250 yen, unchanged from the previous period, after a reversal of reserves of 217 yen.

In closing, I would like to again comment on the status of JMF's management.

The environment surrounding tenants has changed due a variety of factors including the impact of COVID-19. As a result, we have seen a number of tenants vacate space. Despite this difficult environment, JMF has steadily secured replacement tenants thanks to the excellent location of its properties and leasing capabilities.

We are taking into consideration the ongoing impact of COVID-19. After also adopting a conservative approach when estimating the sales of replacement tenants based on percentage rents as well as the resumption of operations, we anticipate downtime in each of the 40th and 41st periods will approximate the levels recorded in the previous period. Building on this foundation, we now have in place a scenario under which rents can be expected to recover, depending on whether the pandemic dissipates.

As I mentioned earlier in this presentation, there is a chance that the pandemic will reemerge in the 40th and 41st periods. As a result, we are drafting conservative forecasts that take into account the risk of a decline in rents owing to COVID-19.

With this in mind, forecasts for the next two periods have been prepared in light of the risks associated with an unstable environment including the pandemic. In each case, EPU is projected to fall below the forecast DPU of 2,250 yen.

Meanwhile, JMF continues to take full advantage of its strengths in property acquisition. Over the ensuing six months, the Investment Corporation is looking to acquire properties totaling approximately 45 billion yen. While the disposition of properties may extend over multiple periods, JMF is in the planning stage with respect to the disposition of properties amounting to roughly 20 billion yen, which are expected to generate commensurate gains.

Although not reflected in announced forecasts, JMF plans to realize improvements in

periodic income through the acquisition of properties while maintaining reserves and increasing distributions through the disposition of properties.

With the lifting of the state of emergency nationwide in October, there are expectations that the behavior of consumers, office workers, and tenants will change. Despite this positive outlook, we believe the unstable environment attributable to COVID-19 will continue for a while longer. Against this backdrop, JMF will push forward a variety of parallel initiatives. First, we will utilize reserves and gains from the sale of properties as a result of the replacement of assets to address the possibility of a temporary decline in earnings. Second, we will acquire new properties using free cash and minimize downtime by strengthening leasing activities while working diligently to stabilize distributions. At the same time, we will endeavor to lift short-term profitability in a timely manner by reducing costs through refinancing. Third, we will optimize our portfolio through the replacement of assets, establish a foundation for property acquisition, and build a facility management platform through the promotion of DX in a bid to achieve growth once the pandemic is under control.

JMF is committed to becoming a REIT that is supported by investors. As we work toward achieving our goals, we ask for your continued understanding.

This then concludes the presentation. We thank you for your interest and attention.

Highlights of Aug. 2021 Period (39th)

Achievement of DPU as previously forecast thanks to improvement in rent NOI and reversal of reserve, despite reduction in gain on sales of property

	Aug. 2021 Period (39 th) Previous forecast	Aug. 2021 Period (39 th) Actual	Change		Comments
Operating revenue	40,510 mn yen	40,360 mn yen	-149 mn yen	-0.4 %	• Decrease in rent revenue based rent due to COVID-19
Operating income	17,122 mn yen	15,560 mn yen	-1,561 mn yen	-9.1 %	• Loss on sale of Ito-Yokado Yotsukaido • Decrease in rent expenses due to utilities and repairs
Net income	15,071 mn yen	13,549 mn yen	-1,521 mn yen	-10.1 %	• Decrease in interest payments
Allocation to reserve	-	-	-	-	
Reversal of reserve	905 mn yen	2,427 mn yen	+1,521 mn yen	+168.0 %	
Total distribution	15,977 mn yen	15,977 mn yen	-	-	
Distribution per unit (DPU)	2,286 yen	2,286 yen	-	-	
[Reference]					
Rent NOI ¹ : excl. gain or loss on sales of property	26,958 mn yen	27,163 mn yen	+204 mn yen	+0.8 %	
Gain or loss on sales of property	2,101 mn yen	340 mn yen	-1,761 mn yen	-83.8 %	
Balance of reserve	6,564 mn yen	5,042 mn yen	-1,521 mn yen	-23.2 %	

1. Including dividends income

Conservative forecast taking into account absence of gain on sales of properties and downtime caused by tenant exit

	Aug. 2021 Period (39 th) Actual	Feb. 2022 Period (40 th) Revised Forecast	Change		Comments
Operating revenue	40,360 mn yen	37,877 mn yen	-2,473 mn yen	-6.1 %	<ul style="list-style-type: none"> Absence of gain on sale and income of disposed properties in previous period Contribution, in full, of rent revenue of acquired properties in previous period Rent reduction due to COVID-19
Operating income	15,560 mn yen	16,107 mn yen	+546 mn yen	+3.5 %	<ul style="list-style-type: none"> Decrease in rent expenses Increase in general administration fees due to absence of merger fee and merger cost
Net income	13,549 mn yen	14,179 mn yen	+630 mn yen	+4.7 %	<ul style="list-style-type: none"> Decrease in interest payments
Allocation to reserve	-	-	-	-	
Reversal of reserve	2,427 mn yen	1,545 mn yen	-882 mn yen	-36.3 %	
Total distribution	15,977 mn yen	15,725 mn yen	-251 mn yen	-1.6 %	
Distribution per unit (DPU)	2,286 yen	2,250 yen	-36 yen	-1.6 %	
[Reference]					
Rent NOP ¹ : excl. gain or loss on sales of property	27,163 mn yen	26,897 mn yen	-266 mn yen	-1.0 %	
Gain or loss on sales of property	340 mn yen	-	-340 mn yen	-	
Balance of reserve	5,042 mn yen	3,497 mn yen	-1,545 mn yen	-30.7 %	

1. Including dividends income

Forecast of Aug. 2022 Period (41st)

While the newly acquired properties will contribute to earnings, the forecast is conservative taking into account of downtime caused by tenant exit or pandemic.

	Feb. 2022 Period (40th) Revised Forecast	Aug. 2022 Period (41st) Forecast	Change		Comments
Operating revenue	37,877 mn yen	38,877 mn yen	+990	mn yen +2.6 %	<ul style="list-style-type: none"> Contribution of rent revenue of acquired properties in previous period Increase in other rent revenues
Operating income	16,107 mn yen	16,149 mn yen	+42	mn yen +0.3 %	<ul style="list-style-type: none"> Increase in rent expenses due to real estate taxes and repair expenses Increase in general administration fees
Net income	14,179 mn yen	14,203 mn yen	+23	mn yen +0.2 %	<ul style="list-style-type: none"> Decrease in non-operating income Decrease in interest payments
Allocation to reserve	-	-	-	-	
Reversal of reserve	1,545 mn yen	1,522 mn yen	-23	mn yen -1.5 %	
Total distribution	15,725 mn yen	15,725 mn yen	-	-	
Distribution per unit (DPU)	2,250 yen	2,250 yen	-	-	
[Reference]					
Rent NOI ¹ : excl. gain or loss on sales of property	26,897 mn yen	26,961 mn yen	+64	mn yen +0.2 %	
Gain or loss on sales of property	-	-	-	-	
Balance of reserve	3,497 mn yen	1,974 mn yen	-1,522	mn yen -43.5 %	

1. Including dividends income

Note

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1. Based on the appraisal report as of the end of Feb. 2021.
2. Calculated by deducting the sum of the book value and the asset disposition fee from the disposition price.
3. Calculated by deducting the book value as of the date of sale from the appraisal value as of the end of Feb. 2021.
4. Calculated by deducting the sum of the book value and the asset disposition fee as of the date of sales from the sum of the disposition price of AEON MALL Yamato (50% quasi-co-ownership interest) disposed of on March 30, 2021 and AEON Takatsuki disposed of on March 10, 2021.

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1. It is calculated by dividing the total interest-bearing debt as of the end of Aug. 2021 (39th) Period by the total assets as of the end of the Aug. 2021 (39th).
2. It is calculated by dividing the total interest-bearing debt as of the end of Aug. 2021 (39th) Period by the sum of the unrealized gain or loss and the total assets as of the end of Aug. 2021 (39th) Period.
3. It is calculated by dividing the annual total of interest for debt and investment corporation bonds, loan-related expenses, expenses for issuance and redemption of investment corporation bonds and custodial fees of investment corporation bonds as of the end of Aug. 2021 (39th) Period, by the total interest-bearing as of the end of Aug. 2021 (39th) Period.
4. The figure is a weighted average of remaining loan terms based on the amount of interest-bearing as of the end of Aug. 2021 (39th) Period.
5. Long-term loans and investment corporation bonds that become due within one year are included in the long-term borrowing.
6. This includes loan-related fees, etc.
7. Calculated by the difference of debt cost before refinancing and debt cost after refinancing converted to semi-annualized basis and divided it by the issued investment units as of this document.

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Japan Metropolitan Fund Investment Corporation

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Asset Management Company : Mitsubishi Corp.- UBS Realty Inc.

(Financial Instruments Dealer Director of Kanto Financial Bureau (Financial Instruments Dealer) Number 403, Member of The Investment Trusts Association, Japan)