

41st

Investor Presentation

August 2022 (41st) Period (March 1, 2022 - August 31, 2022)

Japan Metropolitan Fund Investment Corporation

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

Japan Metropolitan Fund Investment Corporation (JMF)



Direction to aim for

- » Invest in diverse urban real estate supporting "living, working, and consuming," primarily in the three major metropolitan areas
- » Achieve stability and growth by building a portfolio that spans a variety of uses by leveraging our acquisition and management capabilities
- » Aim to expand asset scale to further increase unitholder value



Demonstrate diverse management capabilities



Create a virtuous cycle where area value and asset value improve together

The highest & best use of properties



Area management

Property acquisition

Develop proprietary networks and new acquisition methods



Further improve profitability and asset value by linking assets held in the same area

Progress in building foundations for growth with a view to moving to the next stage

Mar. 2021

Converted to a diversified REIT

- ❑ Portfolio diversification
- ❑ Improved liquidity of investment units
- ❑ The highest & best use of properties and area management
- ❑ Investment for growth with increased risk tolerance
- ❑ Improved resilience against environmental degradation

Now (Aug. 2022)

Build a base for growth and improve profitability

- Asset replacement of 200 billion yen
- Recovery of P/NAV
- Achieving highest & best use of properties
- Diversify the way of sourcing and transacting properties
- Actively distributing disposition gains



Apr. 2022 Participation by KKR

Improvement of unitholder value

- ❑ Enhance value of real estate as well as the surrounding areas
- ❑ Improve profits through external growth
- ❑ Conduct a public offering
- ❑ Execute growth investments including M&A

Highlights

External growth

01

Announced acquisition of **five** new/relatively new residential properties in an challenging market environment.



Total Acquisition price

10.5bn yen

Average NOI yield

4.1%

02

KKR'S acquisition of KJRM has improved our sourcing and acquisition capabilities.

- Increased number of large portfolio deals
- Joint participation in portfolio deals along with KKR

JMF's own acquisition capabilities



KKR

03

Leasing of urban retail properties progressed with a clear recovery in retail sales.
Lease-up of offices and residential properties is steady.

Occupancy rate

99%



Attracting tenants in response to changing times and signs of a tailwind with the return of inbound tourism



Large blocks are being refilled



Unit rents are increasing

Rent increase
due to rent revision

+ 84mn yen/
Fiscal Period

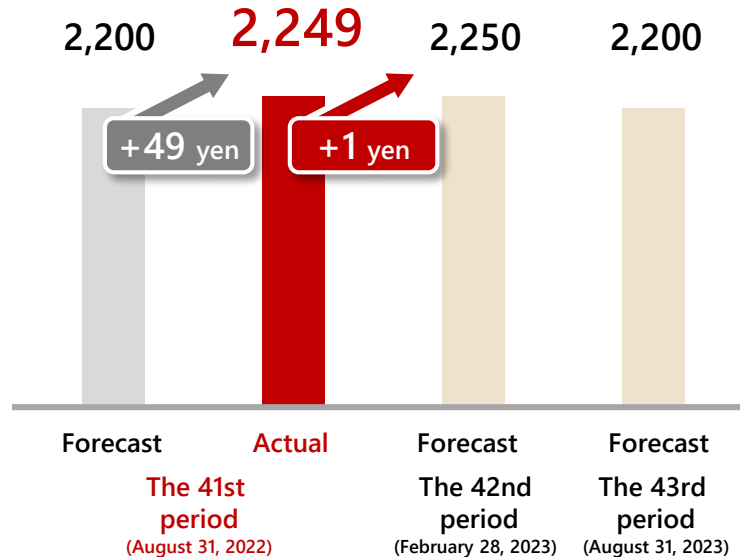
Highlights

Achievements and Future

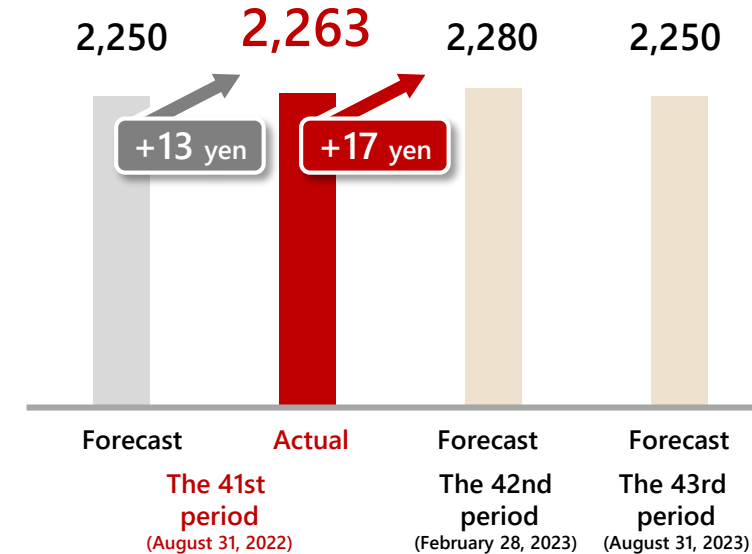
41st : EPU and DPU exceeded the forecast

42nd: Dividends are expected to **increase** from previous (41st) period

EPU (yen)



DPU (yen)



Japan Metropolitan Fund
Investment Corporation

Management Report



External Growth

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Utilization of gains on disposal	10

Internal Growth

Status of our portfolio	11
Status of each sector	13

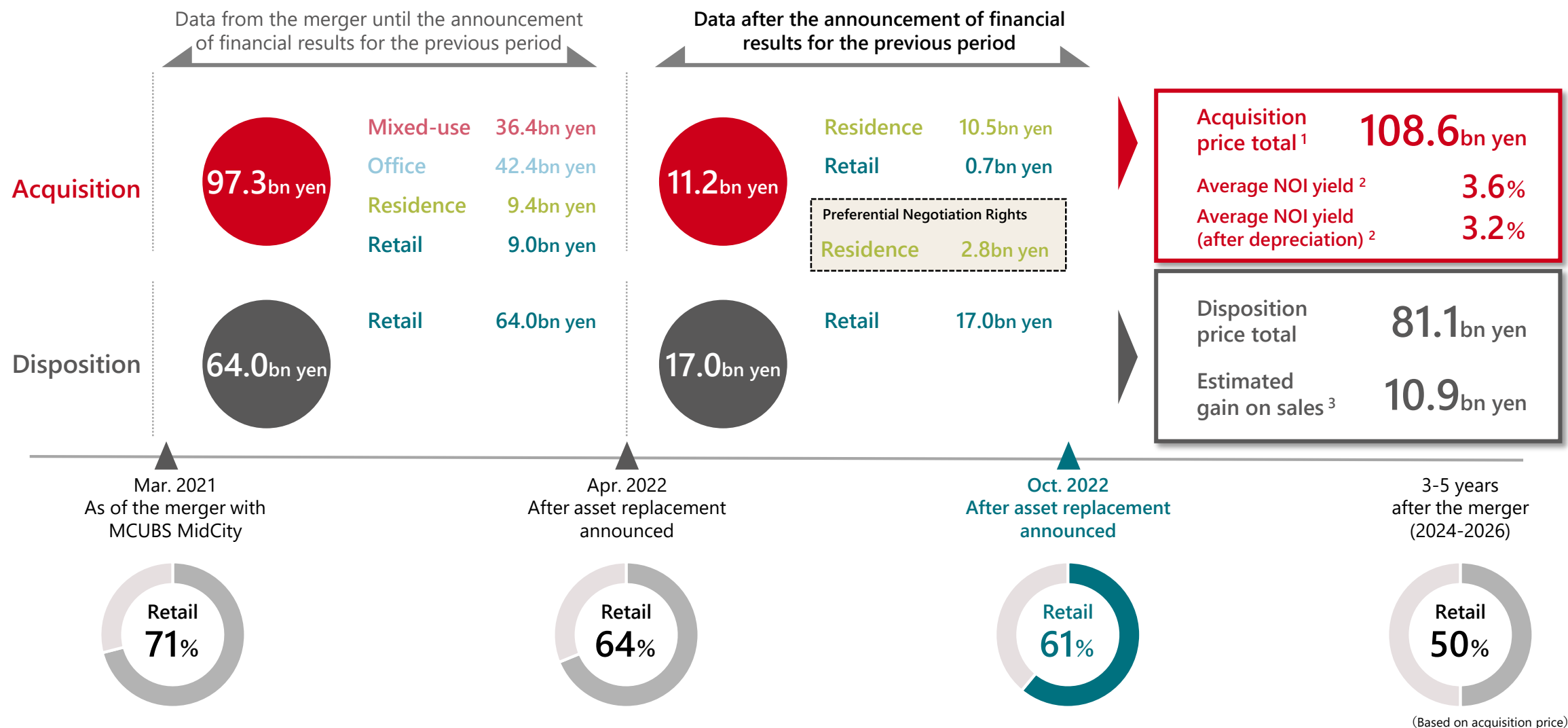
Finance・ESG

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Accounting Results

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Asset replacement with transactions worth 200 billion yen is half-way complete



1. Includes the total investment amount in private REITs.
2. Calculated including distributions from investment in private REITs.
3. Calculated by deducting the sum of the book value and the asset disposition costs from the disposition price. The book value and cost of sale of the property to be disposed are calculated using assumed values. The same applies thereafter.

Plans to acquire five new/relatively new residential properties with an average NOI yield of over 4% by utilizing a variety of acquisition methods

Acquisition

5 Residence properties

Total Acquisition price (Scheduled)

10.5bn yen

Average NOI yield

4.1%

Preferential Negotiation Rights

2 Residence properties / **2.8**bn yen

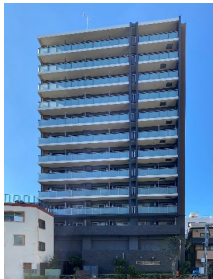


Reciprocal transaction

Exchange of assets consistent with mutual strategic interests



JMF Residence
Osaka Fukushima
(Osaka-shi, Osaka)



JMF Residence
Kita-shinagawa
(Shinagawa-ku, Tokyo)



Collaboration with a sponsor of private REITs we invest in

Acquisition of properties developed by sponsors of private REITs investees



JMF Residence
Ikebukuro 1-chome
(Toshima-ku, Tokyo)

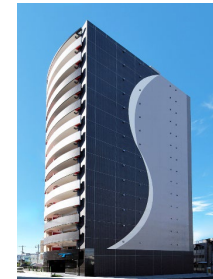


Initiatives with developers

Acquisition of properties developed by developers



JMF Residence
Machida
(Machida-shi, Tokyo)



JMF Residence
Osaka Noda
(Osaka-shi, Osaka)

Preferential
Negotiation
Rights

(Temporary Name)
SÉRÉNITÉ Nagaranaka
1-chome Project



Partnership with KKR

Participating in Large-Scale Deal with KKR

KKR

Jointly participate in deals with sponsors and obtain preferential negotiation rights

JMF is now participating in a large scale portfolio deal with KKR that meet JMF'S investment criteria

➤ Synergies with new sponsor KKR to further expand external growth

Recent changes resulting from KKR's acquisition of KJRM

Future growth

Already realized

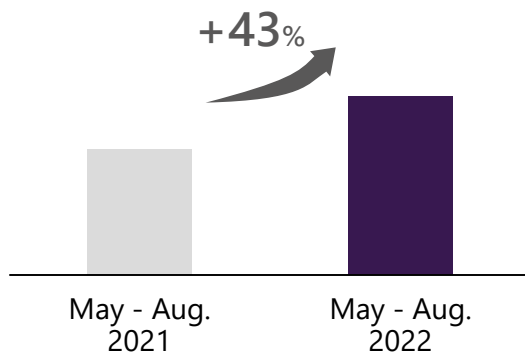
1 Increased opportunities to participate in large deals

Jointly participated in a portfolio deal with KKR that required acquiring in one package aiming to acquire properties which meet JMF's investing criteria

JMF already got preferential negotiating rights and proceeding to acquire properties

2 Increased pipeline information

Number of acquisition projects



3 KJRM launched its private real estate fund management business

On September 30, 2022, the company established the Private Fund Business Department and commenced the management business.

Expect further increases in pipeline information as we broaden transaction activities on the private side with KKR

Examples of measures



Jointly participate in large deals with KKR Group



Collaboration with KKR to create real estate carve-out opportunities from corporates



Expand growth opportunities through M&A

Secured approximately 10.9 billion yen in gains on disposal after the merger, aiming for further gains in the future

Assets transferred since the announcement of the financial results for the previous fiscal year

Aiming for further EPU and DPU growth in the 42nd fiscal year and beyond

Disposition	Total disposition price (planned)	Total gain on disposition
4 retail properties	17 bn yen	Approx. 4.8 bn yen

Offset loss on disposal against other gains on disposal to control DPU

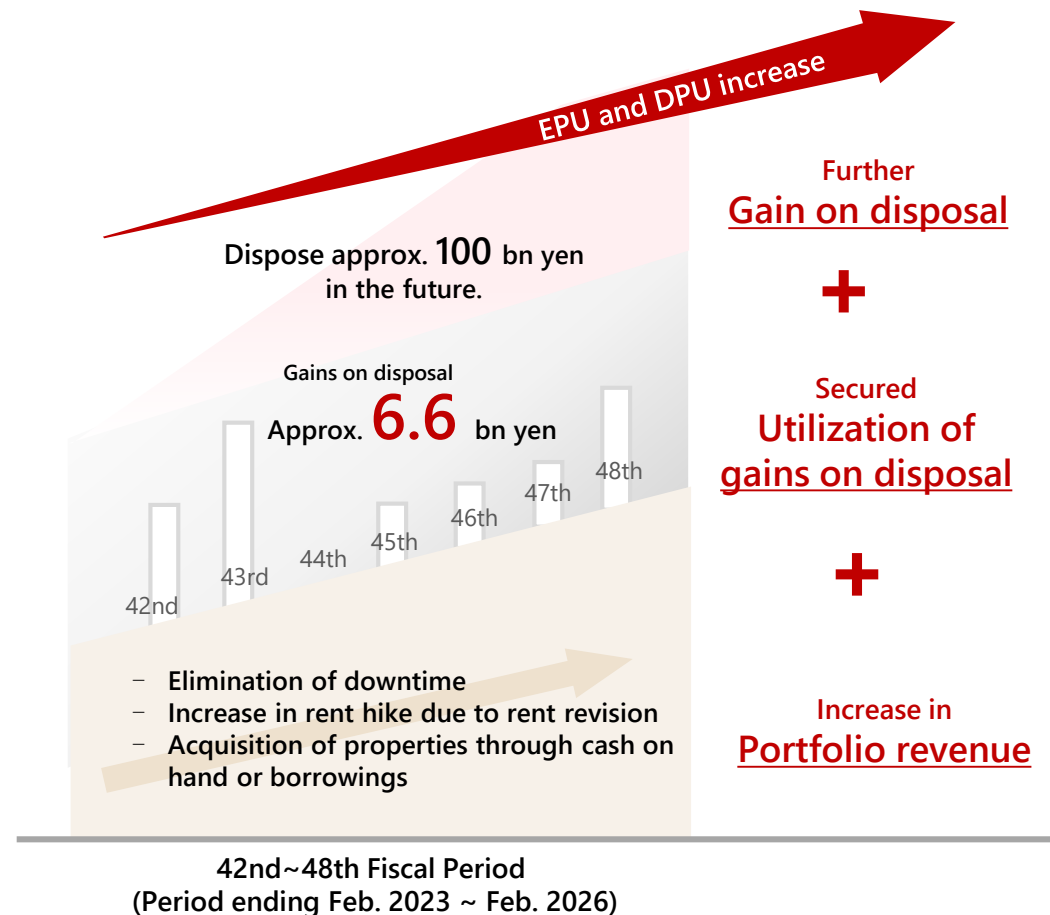
Secured gain on disposal of 43rd fiscal period

Secured gain on disposal for 4 periods (45th to 48th Period)

G-Bldg. Jingumae 02	Round 1 Stadium Takatsuki	Life Kishibe (Land with leasehold interest)	AEON mall Sapporo Naebo
April 2022	April 2023 (Scheduled)	March 2023 (Scheduled)	August 2024, etc. (Scheduled)

Total assets transferred announced

Disposed	Total disposition price (Scheduled)	Total gain on disposal
12 properties	81.1 bn yen	Approx. 10.9 bn yen



Ended the period with a higher occupancy rate than the initial forecast;
aiming for further increases in occupancy rates in the future



Occupancy Rate¹

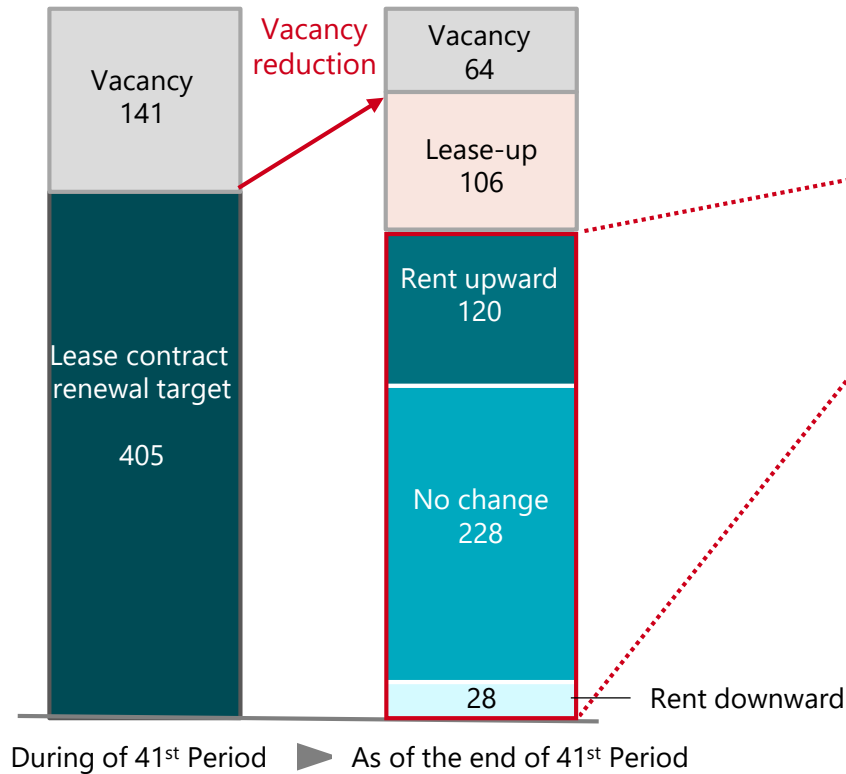
Type of Use	Feb. 2022 (40th) period	Aug. 2022 (41st) period		Feb. 2023 (42nd) period Forecast	Aug. 2023 (43rd) period Forecast
		Previous forecast	Actual		
Portfolio Total	98.5%	98.8%	99.1%	99.0%	98.8%
Retail	99.1%	99.5%	99.6%	99.6%	99.7%
Office & Mixed-use	94.7%	94.9%	96.6%	95.6%	94.3%
Residence	98.6%	95.4%	98.1%	94.8%	96.0%
Hotel	100.0%	100.0%	100.0%	100.0%	100.0%

1. Based on the contracted area occupied in the total leasable area of the property.

Steadily increase or maintain rent at lease renewal time and reduce vacancies through lease-up

Leasing results for blocks for leasing¹

Rent increase **+84mn yen / Fiscal Period** Effect on the DPU² **+12yen**



	Retail	Office	Residence
	Driven by upward rent revisions through tenant replacement at multi-tenant retail properties	Continued to revise rents upward, mainly in the Osaka and Sendai areas	Upward rent revisions increased through tenant replacement
Rent upward	33	72	15
No change	55	118	55
Rent downward	20	7	1
Total	108	197	71
Rent Increase/Decrease ³	+ 3.3%	+ 1.6%	+ 2.6%

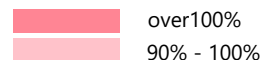
* Please refer to page 21 for the notes to this page.

The recovery in retail properties is evident



Expect further increases in revenue-based rent

Sales performance of retail facilities (YoY)



		2022					
		Mar.	Apr.	May	Jun.	Jul.	Aug.
Tokyo area	GYRE	118%	129%	143%	131%	159%	139%
	La Porte Aoyama	121%	139%	152%	142%	115%	121%
	KAWASAKI Le FRONT	109%	102%	100%	107%	105%	107%
	MARINE & WALK YOKOHAMA	139%	117%	126%	119%	125%	146%
	Machinoma Omori	113%	89%	93%	103%	101%	99%
	Abiko Shopping Plaza	98%	97%	93%	99%	99%	95%
Osaka area	KAMISHIN PLAZA	102%	113%	122%	100%	97%	97%
	Kyoto Family	92%	101%	125%	101%	102%	105%
	Nara Family	94%	98%	91%	97%	100%	104%
Nagoya area	mozo wonder city	94%	108%	119%	109%	111%	118%
Other area	Oyama Yuen Harvest Walk	118%	121%	124%	132%	116%	128%



Pedestrian traffic among domestic residents increased

YoY change of pedestrian traffic in major commercial areas¹



		2022					
		Mar.	Apr.	May	Jun.	Jul.	Aug.
Tokyo area	Ginza	104%	110%	136%	116%	109%	115%
	Omotesando	90%	95%	116%	109%	99%	108%
	Shinjuku	102%	109%	132%	111%	103%	114%
	Shibuya	105%	108%	129%	109%	104%	112%
	Shinsaibashi (Osaka)	94%	113%	137%	114%	103%	109%
Osaka area	Umeda (Osaka)	94%	125%	174%	127%	108%	118%
	Kawaramachi (Kyoto)	96%	120%	155%	124%	109%	114%
	Sannomiya (Kobe)	99%	116%	141%	113%	99%	105%
Nagoya area	Sakae	93%	102%	122%	110%	95%	103%
Fukuoka area	Tenjin	91%	95%	120%	109%	93%	101%

1. Using "KDDI Location Analyzer," the figures were calculated based on the total population estimated by expanding data from public statistics.

Urban retail properties are experiencing an increase in demand from prospective tenants for new store openings, and the resumption of inbound tourism is acting as a tailwind



Attracting new tenants in response to changing times



JMF-Bldg. Takadanobaba 01

Physical stores specializing in delivery and handling food and daily necessities



KAWASAKI Le-FRONT

Stores where you can purchase a wide variety of capsule toys



G-Bldg. Omotesando 02

Stores where customers can experience coordination by stylists and hair/make-up artists



JMF-Bldg. Umeda 01

Properties where life insurance companies offer information about insurance and demonstrate its value



Movement in preparation for the return of inbound tourism



JMF-Bldg. Ginza Chuo-Dori 01

"Boucheron" to open one of the world's largest flagship stores



G-Bldg. Omotesando 02

Luxury brand's lifestyle business to open new stores



G-Bldg. Shinsaibashi 03

Fast-growing global EC brand "SHEIN" to open a pop-up store



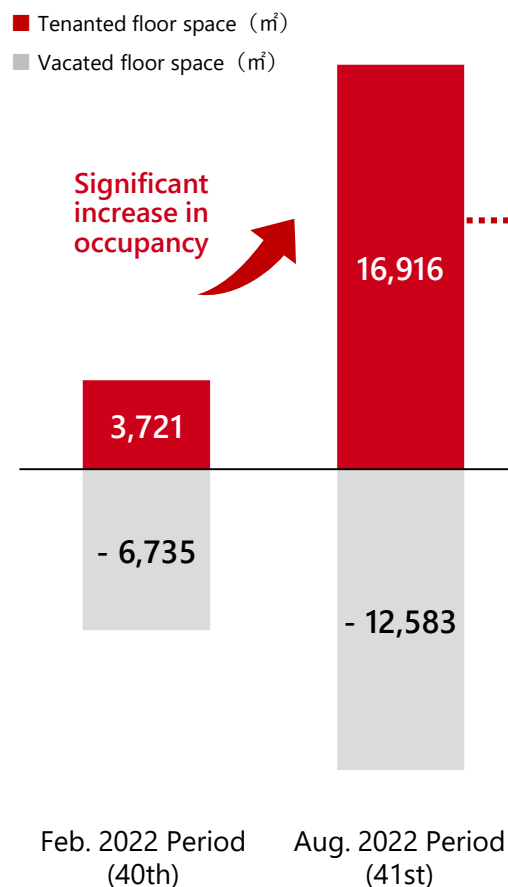
DFS T GALLERIA OKINAWA

Long-term lease renewal to be signed

Office occupancy increased significantly and vacancies are being eliminated



Area of move-ins and move-outs in the 41st fiscal period



Examples of leasing

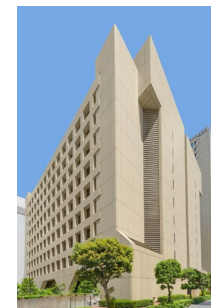
JMF-Bldg. Shibuya 02



A vacancy of over 1,000 tsubo was refilled in just three months

- A major tenant vacated an office of over 1,000 tsubo in April 2022
- The common areas of the building were renovated
- A major IT company in the neighborhood moved in to expand its base of operations

JMF-Bldg. Kawasaki 01



Property fully occupied with over 300 tsubo of space refilled

- Vacancies were prolonged due to changes in the office market in Kawasaki
- Refilled them through flexible leasing

JMF-Bldg. Akasaka 02



Refilling is in progress for vacancies on four floors

- Four floors were vacated at the end of December 2021 due to lease cancellations expected at the time of property acquisition
- The occupancy rate improved thanks to occupancy by service companies and others
- Property viewing increased by companies that appreciate its location advantages

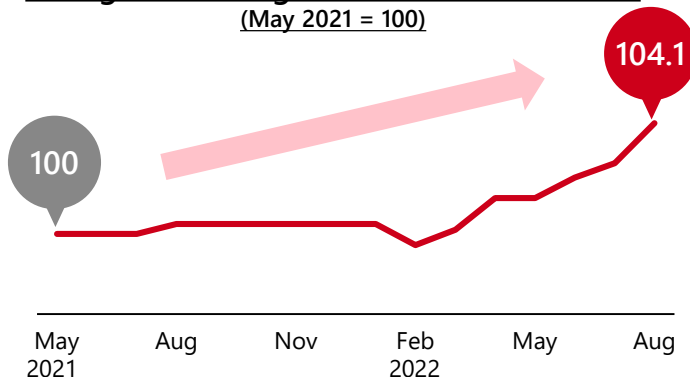
Residential properties have achieved good operating results through higher unit rents and occupancy rates

- The average rent of residential unit increased after the acquisition through a series of tenant replacements and upward revisions to rents



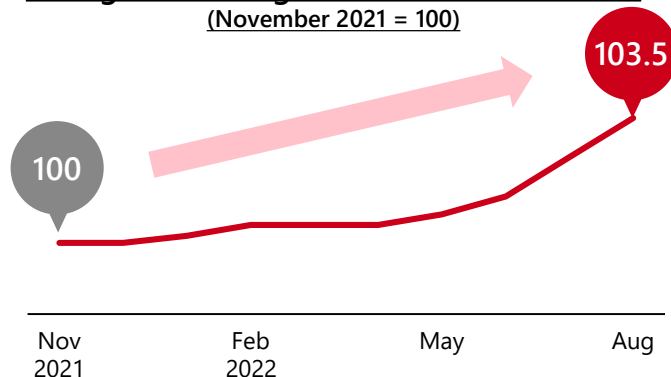
JMF-Bldg. Ichigaya 01
(acquired in April 2021)

Changes in average rent of residential unit
(May 2021 = 100)

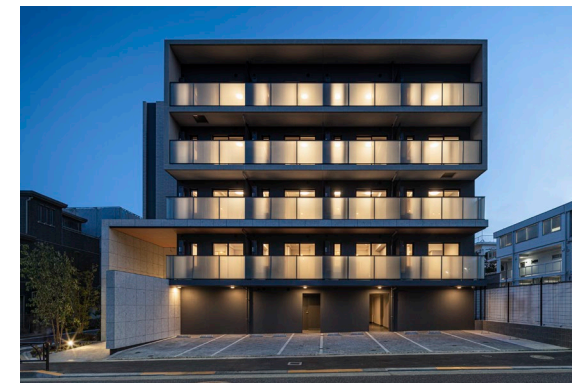


JMF-Bldg. Hiroo 01
(acquired in October 2021)

Changes in average rent of residential unit
(November 2021 = 100)

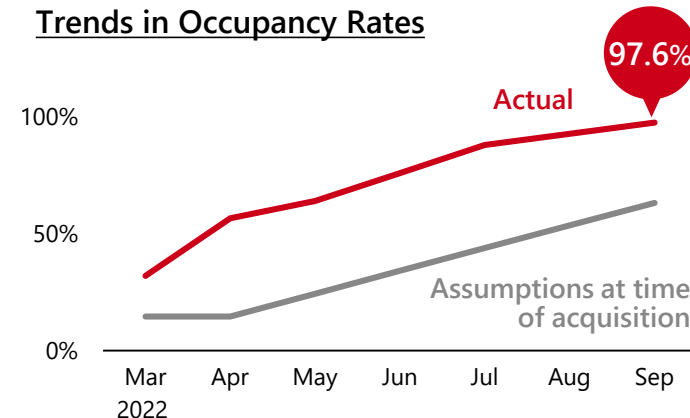


- Acquired a new property and increased occupancy rates at a faster pace than assumed at the time of acquisition



JMF-Residence Gakugeidaigaku
(acquired in March 2022)

Trends in Occupancy Rates



Strong financial base continued



Strong financial base to withstand rising interest rates

credit rating

AA
(Stable)

Long-term
borrowing ratio¹

98.9%

Fixed-interest
ratio

94.4%

Borrowings maturing within 5 periods² (Long-term Fixed and Investment Corporation Bond Only)

	Amount	Avg. term	Avg. debt cost ³
Feb. 2023 Period (42nd)	4.0bn yen	8.0year	0.88%
Aug. 2023 Period (43rd)	26.9bn yen	7.4year	0.90%
Feb. 2024 Period (44th)	19.5bn yen	9.2year	1.14%
Aug. 2024 Period (45th)	33.7bn yen	7.4year	0.64%
Feb. 2025 Period (46th)	26.4bn yen	8.7year	0.83%
Total/ Average	110.5bn yen	8.0years	0.84%

1. Long-term loans and investment corporation bonds that become due within one year are included in the long-term borrowing.
2. As of October 19, 2022.
3. This includes loan-related fees, etc.



Steady financing, unchanged after sponsor change

Latest Refinancing (Apr. 30, 2022 – Oct. 7, 2022)

Borrowed with longer terms and lower debt costs

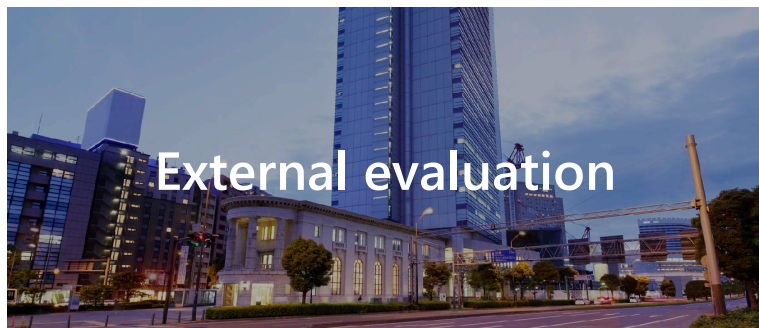
	Before	After
Amount	34.9bn yen	34.87bn yen
Avg. term	7.2years	7.6years
Avg. debt cost ³	0.93%	0.73%

Green Bonds Issued

Steadily issued bonds even in a volatile interest rate environment

Amount of issue	4.0 bn yen
length of time	5.0 years
Interest rate	0.34%
Issue date	June 30, 2022

Continue proactive ESG initiatives



Received the highest GRESB rating of 5 Stars



Real Estate Assessment **5 Star**

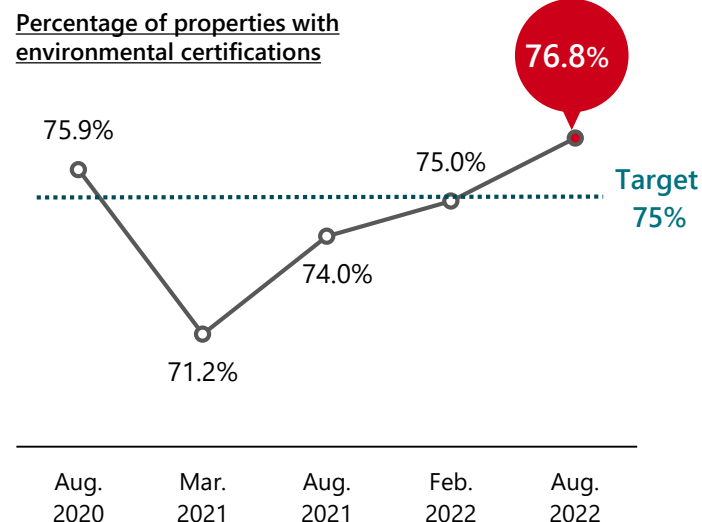
Disclosure Rating **A level**

Selected as an "Asia-Pacific Climate Change Leader Company"

Nikkei Asia, the English-language media arm of Nikkei Asia, the Financial Times (U.K.), and Statista, a German research firm, jointly selected the top 200 companies in the "Asia-Pacific Climate Change Leaders" survey.



Maintain the target for the ratio of properties with environmental certificates¹



1. Total floor area basis (excluding land with leasehold interest assets)



Conduct scenario analysis based on TCFD recommendations

(For details, please refer to p. 56~61 of the detailed explanatory materials for the 41st fiscal year.)

Worldview assumed under 1.5°C scenario

Increased transition to a decarbonized society, lower physical risk but increased transition risk



EPU for the current period was higher than the forecast, and we aim to improve EPU and DPU even further

	Aug. 2022 (41 st) period Forecast	Aug. 2022 (41 st) period Actual	Change		Feb. 2023 (42 nd) period Forecast	vs FP41	Aug. 2023 (43 rd) period Forecast	vs FP42
Operating revenue (Gain on sales of properties)	40,660mn yen (1,817mn yen)	41,112mn yen (1,831mn yen)	+451mn yen	+1.1%	40,916mn yen (1,345mn yen)	-196mn yen	40,472mn yen (2,001mn yen)	-443mn yen
Operating income (Gain on sales of properties)	17,357mn yen (427mn yen)	17,694mn yen (420mn yen)	+337mn yen	+1.9%	17,662mn yen (-)	-31mn yen	17,371mn yen (-)	-291mn yen
Net income	15,380mn yen	15,722mn yen	+342mn yen	+2.2%	15,725mn yen	+2mn yen	15,376mn yen	-349mn yen
Earnings per unit (EPU)	2,200yen	2,249yen	+49yen	+2.2%	2,250yen	+1yen	2,200yen	-50yen
Distribution per unit (DPU)	2,250yen	2,263yen	+13yen	+0.6%	2,280yen	+17yen	2,250yen	-30yen
Reserve balance	5,659mn yen	5,910mn yen	+251mn yen	+4.4%	5,700mn yen	-209mn yen	5,351mn yen	-349mn yen

Financial highlights of Aug. 2022 (41st) period

Asset

No. of properties	127 properties
Asset size	1,207.4 _{bn yen}
Appraisal value	1,307.6 _{bn yen}
Unrealized gain	157.2 _{bn yen}
NOI yield ¹	4.4%
NOI yield after depreciation ¹	3.4%

Debt

Interest-bearing debt	549.6 _{bn yen}
LTV ratio ²	44.0%
Average debt cost ³	0.71%
Average loan term remaining until maturity ⁴	4.6 years
Credit ratings (JCR)	AA(Stable)

Equity

Market capitalization ⁵	772.9 _{bn yen}
NAV per unit ⁶	109,600 _{yen}
Balance of reserve	5.9 _{bn yen}

* Please refer to page 21 for the notes to this page.

Note

P.12

1. It is intended for the spaces which will come into the due timing to the expiration of the ordinary building lease contract or fixed-term building lease contract of the tenants during the fiscal period ended Aug. 2022 (41st fiscal period) and which is vacant at the beginning of the fiscal period ended Aug. 2022 (41st fiscal period). Excluded master lease contracts and temporary use contracts.
2. Calculated by the difference of monthly rent before revision and monthly rent after revision converted to semi-annualized basis and divided it by the issued investment units as of Aug. 2022 (41st) period.
3. Calculated by (monthly rent after lease contract renewal – monthly rent before lease contract renewal) / monthly rent before lease contract renewal

P.20

1. Including dividends income
2. It is calculated by dividing the total interest-bearing debt as of the end of Aug. 2022 (41st) Period by the total assets as of the end of the Aug. 2022 (41st).
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. 2022 (41st) Period, by the total interest-bearing as of the end of Aug. 2022 (41st) 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. 2022 (41st) Period.
5. As of the end of Aug. 2022
6. (Net assets + Unrealized profits and losses - Total distribution) / Total units outstanding

MEMO

Japan Metropolitan Fund Investment Corporation

Disclaimer

- This material may contain information such as data on future performance, plans, management targets, and strategies. Such descriptions with regard to the future are based on current hypotheses and assumptions about future events and trends in the business environment, but these hypotheses and assumptions are not necessarily correct. As such, actual results may vary significantly due to various factors.
- This material is prepared based on Japanese accounting principles unless otherwise noted.
- This material is to be used for analyzing the financial results of JMF, and is not prepared for the purpose of soliciting the acquisition of JMF's investment securities or the signing of financial instruments contracts. When investing, we ask investors to invest on their own responsibility and their own judgment.
- JMF is a publicly-offered real estate investment corporation (J-REIT) investing in real estate and related assets the prices of which may fluctuate. Unitholders of the Investment Corporation may suffer loss when unit prices decline in the market or an amount of distributions declines, according to economic and interest rate circumstances, a balance of supply and demand for units, real estate market environment, fluctuations of prices of, and rent revenues from real estate properties under management, disasters, aggravation of financial status of JMF and other reasons. For details, please see "Investment Risk" in the Securities Registration Statement (offering circular) and the Securities Report of JMF.

Asset Management Company: KJR Management

(Financial Instruments Dealer Director of Kanto Financial Bureau (Financial Instruments Dealer) Number 403, Member of The Investment Trusts Association, Japan, Member of the Japan Investment Advisers Association, Member of the Type II Financial Instruments Firms Association)