

I am Keita Araki. In my capacity as Head of the Asset Management Company's Metropolitan Business Division, I welcome you to this video presentation of JMF's operating results for the February 2023 42nd period, the six months from September 1, 2022 to February 28, 2023.

## Japan Metropolitan Fund Investment Corporation (JMF)

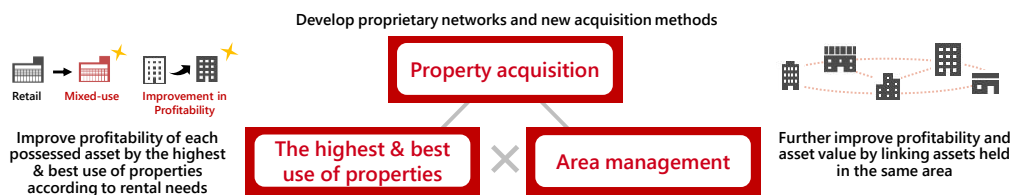


### Direction to aim for

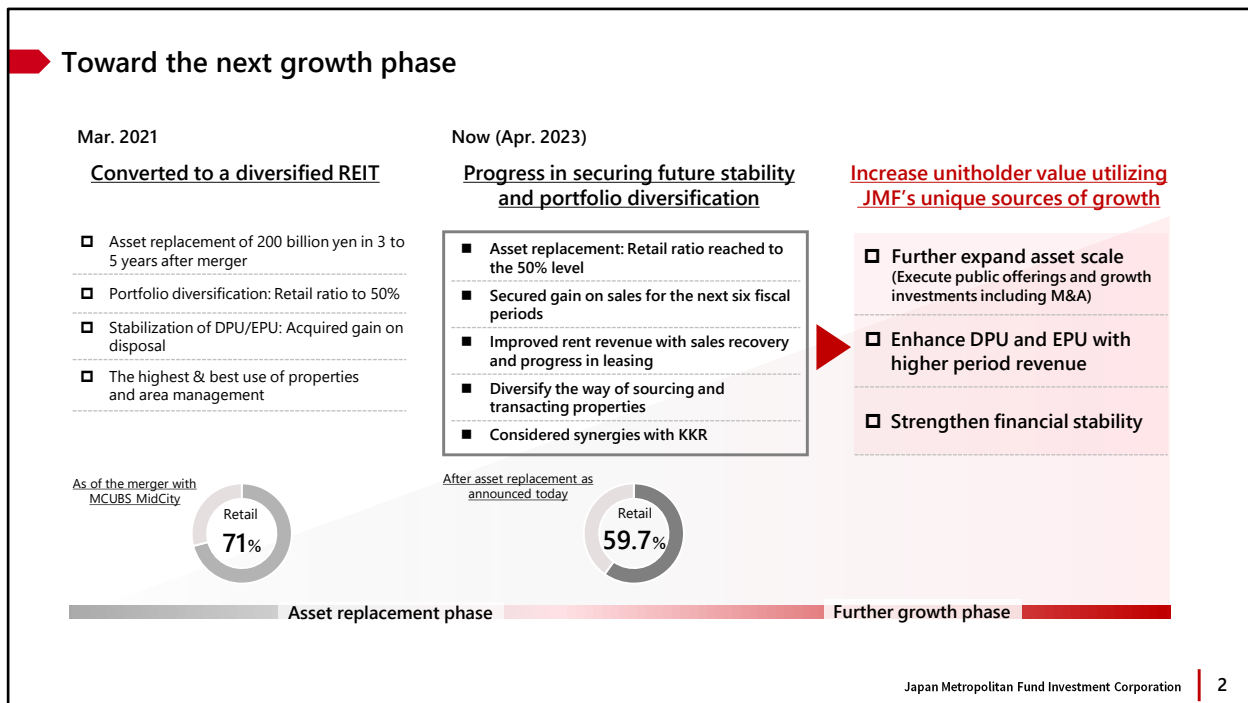
- » Invest in diverse urban real estate supporting "living, working, and consuming," primarily in the three major metropolitan areas
- » Achieve stability and growth by building a portfolio that spans a variety of uses by leveraging our acquisition and management capabilities
- » Aim to expand asset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



### Demonstrate diverse management capabilities



Here on this page, we again provide details of the direction that we believe JMF should take, together with the three strengths that the Investment Corporation continues to demonstrate as a diversified REIT to realize this direction.



Since transitioning to a diversified REIT in 2021, JMF has continued to undertake a 200 billion yen asset replacement strategy in a bid to stabilize its EPU and DPU while optimizing its portfolio.

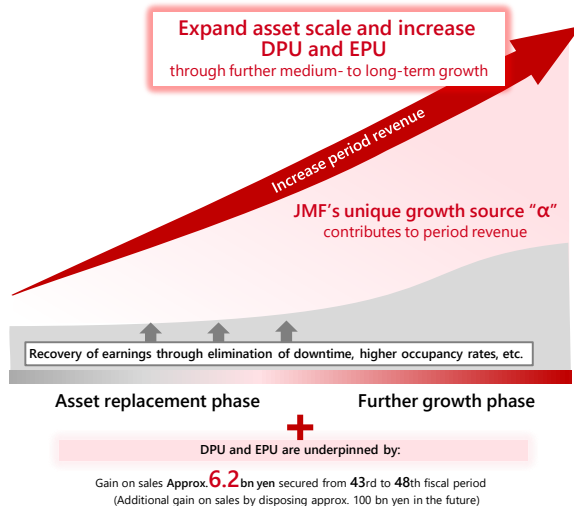
The replacement of assets is progressing at a faster-than-expected pace and the ratio of retail properties to the portfolio as a whole has already narrowed to the 50% range. JMF has made steady progress in ensuring its future stability and has secured a gain on sales for the next three years, or six periods to the 48th period.

Moving forward, JMF will proceed with the latter half of its asset replacement strategy while taking steps to increase period revenue in an effort to transition smoothly to a period of asset scale expansion once the asset replacement phase comes to an end.

## ➡ Increase unitholder value utilizing JMF's unique growth source "α"

### 📦 JMF's unique growth source "α"

- |  |  |
|--|--|
| <b>External Growth</b><br><b>"α"</b>   | <ul style="list-style-type: none"> <li>• Industry-leading information gathering capabilities</li> <li>• JMF's proprietary acquisition methods (Private REIT investment, M&amp;A, etc.)</li> <li>• Synergies with KKR</li> </ul>  |
| <b>Internal Growth</b><br><b>"α"</b>   | <ul style="list-style-type: none"> <li>• Management capabilities leveraging asset scale of over 1 trillion yen</li> <li>• Over 20 years of management know-how</li> <li>• Capability to handle a variety of asset types, including large multi-tenant properties</li> <li>• Relationships with over 1,500 retail and office tenants</li> </ul> |
| <b>Finance &amp; ESG</b><br><b>"α"</b> | <ul style="list-style-type: none"> <li>• Fundraising abilities through high credibility</li> <li>• Industry-leading ESG driving force</li> </ul>   |



I would like to comment on JMF's unique source of growth, which we refer to as alpha, for securing higher period revenue, or put another way, increasing unitholder value.

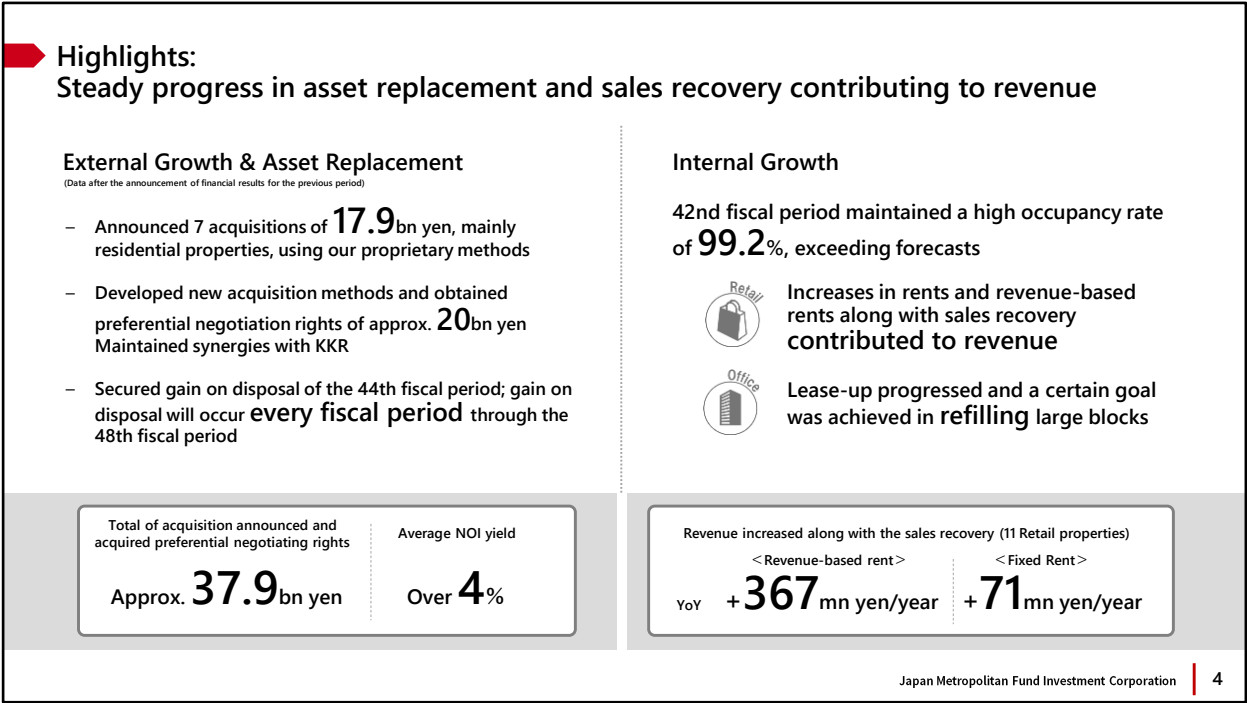
As the driving force behind external growth, alpha is based on industry-leading information gathering capabilities, diverse acquisition methods that draw on JMF's knowledge and experience, and synergies with KKR.

As a source of internal growth, alpha draws on the Investment Corporation's management capabilities that leverage an asset scale of over 1 trillion yen and relationships with over 1,500 retail and office tenants, over 20 years of management know-how, and the ability to directly manage large-scale multi-tenant properties with over 100 to 200 tenants.

From the finance and ESG perspectives, JMF's alpha is also reflected in its fundraising capabilities, which in turn is an indication of the Investment Corporation's high credit standing, and its industry-leading ability to address ESG concerns.

JMF is also working to recover and stabilize the period revenue that had temporarily declined as a result of the COVID-19 pandemic while drawing on the gain on sales realized through the replacement of assets currently underway. At the same time, JMF is working to further increase revenue based on its unique source of growth alpha.

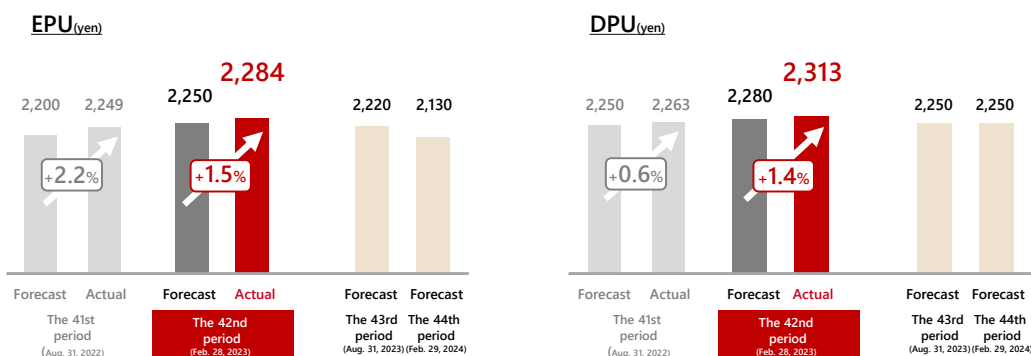
In doing so, JMF will move steadfastly toward an asset scale expansion phase while increasing its EPU and DPU through various means including the increase in capital.



## Highlights:

**42nd: EPU and DPU exceeded forecasts as in 41st**

**43rd and beyond: Also aim for further upside utilizing JMF's unique sources of growth "α"**



I would like to touch briefly on one final highlight, trends in actual and forecast EPU and DPU.

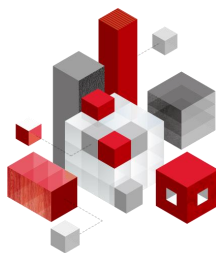
EPU for the 42nd period came in at 2,284 yen, up 1.5% from the forecast of 2,250 yen. DPU climbed 1.4% from the forecast of 2,280 yen, to 2,313 yen. As you can see, results exceeded forecasts for both EPU and DPU.

In addition, we provide details of EPU and DPU forecasts for the 43rd and 44th periods.

As also illustrated here on this page, actual EPU and DPU exceeded forecasts for both the 41st and 42nd periods. Looking ahead, JMF will continue to engage in operations with a view to securing further upside in its EPU and DPU by leveraging its unique source of growth alpha.

Japan Metropolitan Fund  
Investment Corporation

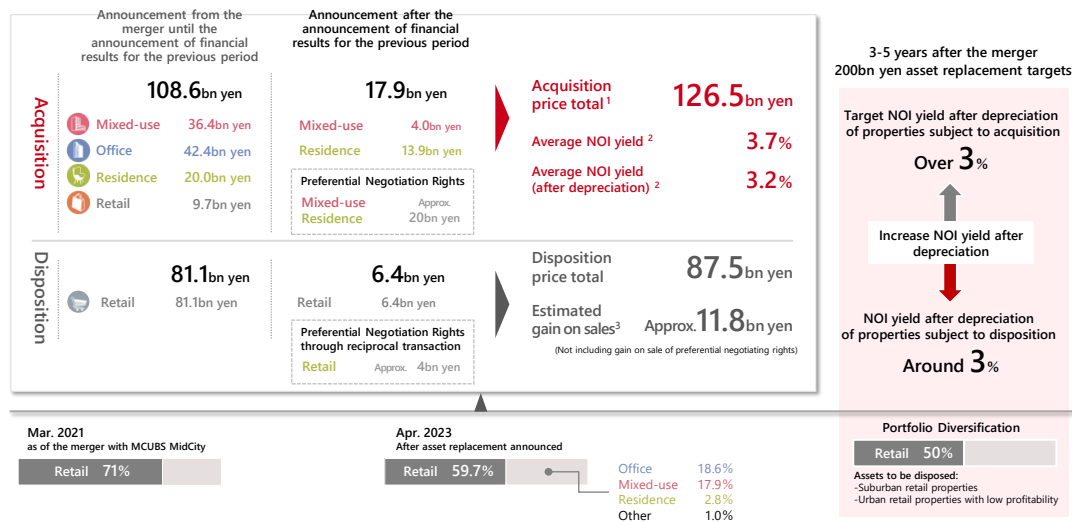
Management Report



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Moving on, I would now like to comment on the Investment Corporation’s Management Report from page 7.

## Ratio of retail to all assets held to reach 50% level through asset replacements



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.

JMF's planned 200 billion yen replacement of assets that began at the time of the merger in March 2021 has continued to progress steadily. The cumulative acquisition and disposition of properties on an acquisition and disposition price basis now stands at 126.5 billion yen and 87.5 billion yen, respectively. In addition, the NOI yield after depreciation of the 200 billion yen of properties subject to disposition is 3% and the NOI yield after depreciation of properties subject to acquisition currently stands at 3.2%. In light of the aforementioned, the replacement of assets is having an accretive effect on JMF's earnings.

Progress in asset replacement

## Acquired a total of approx. 37.9bn yen in new acquisitions and preferential negotiation rights through acquisition methods unique to JMF

| New acquisitions                   | Total Acquisition price (Scheduled) | Average NOI yield (After depreciation) | Preferential Negotiation Rights           | NOI yield (Estimated) |
|------------------------------------|-------------------------------------|--|---|-----------------------|
| <b>7</b> Residence properties etc. | <b>17.9bn yen</b>                   | <b>4.1%(3.5%)</b>                      | <b>6</b> Rights / Approx. <b>20bn yen</b> | Over <b>4%</b>        |

### Relative transactions, limited bids, etc.

Acquired at or above the portfolio average NOI yield after depreciation



March 2023  
JMF-Bldg. Nakano 01  
(Nakano-ku, Tokyo)



April 2023 (Scheduled)  
JMF-Residence Akabane Shimo  
(Kita-ku, Tokyo)



April 2023 (Scheduled)  
JMF-Residence Shin-Yokohama  
(Yokohama-shi, Kanagawa)

Acquisition of new residential properties in exit for development projects

April 2024 (Scheduled) JMF Residence Asakusabashi 3-chome (Taito-ku, Tokyo)

May 2024 (Scheduled) JMF-Residence Tenjimbashisuji 6-chome (Osaka-shi, Osaka)

### Collaboration with KKR

Jointly Participation in Large-Scale Deals alongside KKR



March 2023  
JMF Residence Fujisawa  
(Fujisawa-shi, Kanagawa)

### Additional investments in private REITs

Fourth additional investment in NSPR since 2021

- The dividend yield is expected to rise to 4.7% from current 4.2% due in part to collaboration effect

Jan. 2023  
(Additional investment)

|                       | Additional investment | 1.4bn yen                       |      |
|-----------------------|-----------------------|---------------------------------|------|
| Amount of Investments | 5.0bn yen             | Dividend yield                  | 4.2% |
|                       | (Share 22.2%)         | (Estimated next dividend yield) | 4.7% |

\*NSPR stands for "Nisshin Private Residences REIT, Inc."

### Acquisition of preferential negotiation rights

Through our proprietary information networks and acquisition methods, we acquired preferential negotiating rights for highly profitable projects

- Part of an S-class mixed-use building directly connected to Sapporo Station (the Sapporo Station Exchange Center North 5 West 1 and West 2 District Urban Redevelopment Project)
- A mixed-use property in an area with high tourism demand
- Residence properties in urban areas (Reciprocal transaction)

Japan Metropolitan Fund Investment Corporation

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JMF took steps to acquire seven new properties at a total scheduled acquisition price of 17.9 billion yen, together with preferential negotiation rights over six properties totaling approximately 20 billion yen, for a total of 13 properties at approximately 37.9 billion yen in the period under review. These properties are distinguished by their relatively high NOI yields which exceed 4%.

Of the aforementioned seven properties, JMF has newly acquired five residential properties and one mixed-use property, while increasing its investment in a private REIT. At the same time, JMF has acquired preferential negotiation rights over six mixed-use and residential properties. This steady acquisition of properties is attributed to such factors as JMF's ability to consummate deals through various means including negotiated and reciprocal transactions as well as limited bids based on its relationships with sellers including business companies and developers, to participate in deals in collaboration with KKR, and to handle mixed-use and other asset types.

## Secured gains on disposal over the next six fiscal periods, aiming for further gains in the future

### Secure gains on sales by flexibly disposition

#### Scheduled for disposition in September 2023

AEON MALL Tsurumi Ryokuchi (25% quasi-co-ownership interest)

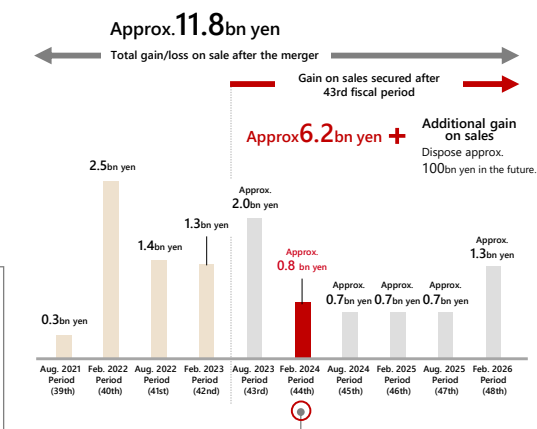
- Gain on sales will be recognized in the 44th fiscal period (ending Feb. 2024) by executing a partial disposal of the property at the appraised value, considering comprehensive consideration of the neighborhood competitive environment, future profitability, and other factors
- Extended the original lease with tenants until 2038
- The remaining portion (75%, approximately 2.5bn yen in unrealized gains) will be considered for disposal in the future.

| Disposition       | Total disposition price (Scheduled) | Total gain on disposition |
|-------------------|-------------------------------------|---------------------------|
| 1 retail property | 6.4bn yen                           | Approx. 0.8 bn yen        |

#### Total assets transferred announced

| Disposed      | Total disposition price (Scheduled) | Total gain on disposition |
|---------------|-------------------------------------|---------------------------|
| 13 properties | 87.5 bn yen                         | Approx. 11.8 bn yen       |

### Control of gain on disposal



In the period under review, JMF took steps to dispose of a 25% quasi-co-ownership interest in AEON MALL Tsurumi Ryokuchi, a retail property located in Osaka. Scheduled for disposition in September 2023, JMF plans to recognize a gain on sales in the 44th period. With the disposition price set at the same level as the appraisal value of 6.4 billion yen, JMF plans to realize a gain on sales of approximately 0.8 billion yen. The decision to dispose of the property reflects such factors as JMF's assessment of the neighborhood competitive environment and future profitability. In successfully negotiating a lease agreement extension with the tenant to 2038, JMF also concluded a memorandum of understanding preventing the revision of rents and early cancellation. As far as the Investment Corporation's remaining 75% quasi co-ownership interest in AEON MALL Tsurumi Ryokuchi is concerned, JMF has therefore put in place certain stabilization measures.

In light of the Investment Corporation's disposal activities, JMF has secured a total gain on sales of approximately 6.2 billion yen, over three years, or six periods from the 43rd to 48th period. Looking ahead, JMF expects to realize additional gains on sales from the disposition of properties totaling roughly 100 billion yen.

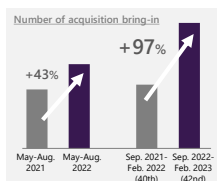
## Further strengthen external growth

### Synergy with KKR

- **Jointly Participation in Large-Scale Deals**
  - JMF and KKR jointly participated in a large residential deal of 10 properties, and after considering whether meeting JMF's investment criteria, JMF completed acquiring "JMF Residence Fujisawa".
- **Collaboration with KKR**
  - Began considering joint proposals with KKR and collaboration with business investees
  - Sought growth opportunities through M&A
- **Increase in pipeline information**
  - The amount of deal information on 42nd nearly doubled from 40th after sponsor change

### Newly established Investment Division at KJRM

- **Strengthen the acquisition capability by centralizing information**
  - Established Investment Division in Jan. 2023
  - Expanded the department responsible for collaboration with KKR and CRE within the Investment Division
  - Quickly identify what is needed from increasing pipeline information to contribute to JMF's growth



### J-REIT's first participation in an S-class complex redevelopment project

#### Significance of Participation

- Secured an S-class mixed-use property to be completed in fiscal 2028 in a rare prime location directly connected to Sapporo Station
- Expect to acquire the property at an NOI yield in the low to mid 4% range, higher than those for neighboring offices, by participating in the project from the development stage
- Expect to acquire development know-how by building relationships with the government and other entities and expand the possibility of new investment methods, such as PRE and CRE.



- Participation in the Association through the redevelopment project in Mar. 2023
- JMF plans to acquire the land and a portion of the floors of an S-class complex facility (exclusive area of approx. 7,000 m<sup>2</sup> (planned)) by paying a total of approx. 9.6bn yen in contributions during the development period

Elaborating further on JMF's unique source of growth, external growth alpha, I direct your attention to this page.

First, we believe that synergy with its new sponsor, KKR, will enhance JMF's ability to acquire properties.

After considering the bulk purchase of 10 residential properties in conjunction with KKR in autumn last year, JMF concluded the acquisition of JMF Residence Fujisawa in March. At the same time, JMF began considering joint proposals with real estate holding companies and collaboration with KKR business investees.

Furthermore, market awareness toward the Asset Management Company's efforts to engage in private placement fund management in collaboration with KKR has increased. As a result, the number of projects brought to our attention has climbed considerably, almost doubling compared with the previous year.

We have also embarked on a reorganization in a bid to strengthen our acquisition capabilities. In centralizing the acquisition functions of the

divisions that manage each REIT, we established the Investment Division with a total of around 25 employees in January 2023. Moreover, we added a new department within the Investment Division. This department is responsible for enhancing collaboration with KKR and handling CRE proposals.

The data at the right side of the page is an example of JMF making the most of its unique acquisition methods.

In specific terms, JMF expects to acquire an S-class mixed-use property in a prime location directly connected to Sapporo Station at an NOI yield in the low to mid 4% range by participating in a Type 1 Urban Redevelopment Project from the development stage. Scheduled for completion in fiscal 2028, JMF plans to employ a portion of the cash generated from depreciation during the development phase to make progressive payments and eventually acquire approximately 7,000 square meters of office floor space.

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

Occupancy Rate<sup>1</sup>

| Type of Use        | Aug. 2022<br>(41st) period | Feb. 2023<br>(42nd) period |          | Aug. 2023<br>(43rd) period<br>Forecast | Feb. 2024<br>(44th) period<br>Forecast |
|--------------------|----------------------------|----------------------------|----------|--|--|
|                    |                            | Previous forecast          | Actual   |  |  |
| Portfolio Total    | 99.1%                      | 99.0%                      | ➡ 99.2%  | 99.1%                                  | 98.9%                                  |
| Retail             | 99.6%                      | 99.6%                      | ➡ 99.7%  | 99.7%                                  | 99.7%                                  |
| Office & Mixed-use | 96.6%                      | 95.6%                      | ➡ 96.5%  | 96.0%                                  | 96.1%                                  |
| Residence          | 98.1%                      | 94.8%                      | ➡ 96.4%  | 94.4%                                  | 84.9%*                                 |
| Hotel              | 100.0%                     | 100.0%                     | ➡ 100.0% | 100.0%                                 | 100.0%                                 |

<sup>1</sup> Based on the contracted area occupied in the total leasable area of the property.

\* Due to the impact of JMF-Residence Machida, which is slated for completion in Sep. 2023 and to be acquired in Oct. 2023

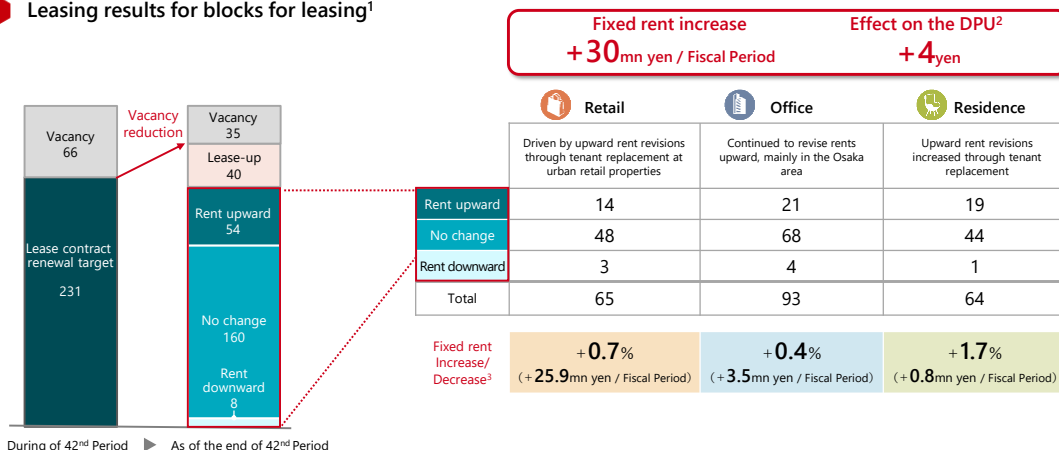
The table on this page outlines trends in occupancy rates.

The occupancy rate as of the end of February 2023 was higher than initially forecast for each type of use, climbing to 99.2% for the portfolio as a whole, up from 99.1% as of the end of the previous period. Looking ahead, we will continue to adopt a conservative approach toward forecasts for the next two periods.

Meanwhile, the occupancy rate for residential properties is forecast to decline in the 44th period owing to the acquisition of the newly built JMF Residence Machida at the beginning of the period.

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

### Leasing results for blocks for leasing<sup>1</sup>



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 Feb. 2023 (42<sup>nd</sup> fiscal period) and which is vacant at the beginning of the fiscal period ended Feb. 2023 (42<sup>nd</sup> 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 Feb. 2023 (42<sup>nd</sup> fiscal period).
3. Upper: (monthly rent after lease contract renewal - monthly rent before lease contract renewal) / monthly rent before lease contract renewal  
Lower: monthly rent after lease contract renewal - monthly rent before lease contract renewal

Next, I would like to touch on the status of leasing for the entire portfolio.

For the 42<sup>nd</sup> period, leases for 231 blocks were subject to renewal owing to the expiration of contracts. As of the start of the period, 66 blocks were vacant.

As of the end of the period under review, the number of vacant blocks decreased significantly from 66 to 35. Following the renewal of 222 of the 231 leases subject to renewal, fixed rent increased 30 million yen per period. These factors had a positive impact on DPU of 4 yen.

## Retail sales increased nationwide, leading to rent increases

### Sales of retail facilities recovered, mainly owing to domestic consumption

Sales performance of 11 retail properties (YoY)

|             |                         | Aug. 2022 (41st) period |      |      |      |      |      |      | Feb. 2023 (42nd) period |      |      |      |      |
|-------------|-------------------------|-------------------------|------|------|------|------|------|------|-------------------------|------|------|------|------|
|             |                         | Mar.                    | Apr. | May  | Jun. | Jul. | Aug. | Sep. | Oct.                    | Nov. | Dec. | Jan. | Feb. |
| Tokyo area  | GYRE                    | 118%                    | 129% | 143% | 131% | 159% | 139% | 138% | 151%                    | 147% | 136% | 114% | 161% |
|             | La Porte Aoyama         | 121%                    | 139% | 152% | 142% | 115% | 121% | 121% | 104%                    | 102% | 101% | 115% | 136% |
|             | KAWASAKI Le FRONT       | 109%                    | 102% | 100% | 107% | 105% | 107% | 107% | 107%                    | 103% | 105% | 118% | 119% |
|             | MARINE & WALK YOKOHAMA  | 139%                    | 117% | 126% | 119% | 125% | 146% | 153% | 125%                    | 104% | 110% | 98%  | 112% |
|             | Machinoma Omori         | 113%                    | 89%  | 93%  | 103% | 101% | 99%  | 102% | 111%                    | 107% | 109% | 106% | 106% |
|             | Abiko Shopping Plaza    | 98%                     | 97%  | 93%  | 99%  | 99%  | 95%  | 96%  | 100%                    | 99%  | 99%  | 100% | 100% |
| Osaka area  | KAMISHIN PLAZA          | 102%                    | 113% | 122% | 100% | 97%  | 97%  | 100% | 105%                    | 109% | 105% | 105% | 106% |
|             | Kyoto Family            | 92%                     | 101% | 125% | 101% | 102% | 105% | 105% | 107%                    | 101% | 108% | 105% | 111% |
|             | Nara Family             | 94%                     | 98%  | 91%  | 97%  | 100% | 104% | 99%  | 101%                    | 102% | 101% | 110% | 109% |
| Nagoya area | mozo wonder city        | 94%                     | 108% | 119% | 109% | 111% | 118% | 119% | 109%                    | 104% | 104% | 115% | 132% |
| Other area  | Oyama Yuen Harvest Walk | 94%                     | 105% | 102% | 104% | 104% | 111% | 106% | 106%                    | 96%  | 101% | 103% | 109% |

### Revenue-based rent increased along with the sales recovery

Change of 11 retail properties

#### Impact on revenue-based on sales (39<sup>th</sup> & 40<sup>th</sup> period vs 41<sup>st</sup> & 42<sup>nd</sup> period)

Revenue-based rent **+7.4%** **+305mn yen/year**

- Sales increase resulting from the phased renewal of mozo wonder city
- Sales increase at KAWASAKI Le FRONT and GYRE, among others

Other sales-linked revenues **+23.4%** **+62mn yen/year**

- Increase in fee income due to DX support at mozo wonder city and KAWASAKI Le FRONT etc.

#### Impact of sales increase on fixed rent (39<sup>th</sup> & 40<sup>th</sup> period vs 41<sup>st</sup> & 42<sup>nd</sup> period)

Fixed rent **+0.6%** **+71mn yen/year**

- Impacts of tenant replacements and upward rent revisions at KAWASAKI Le FRONT and La Porte Aoyama
- Impact of tenant replacements and upward rent revisions along with the renewal of mozo wonder city

Retail property sales have experienced a notable recovery following the lifting of restrictions on movements to prevent further spread of COVID-19 and the subsequent resumption of consumption in Japan nationwide.

This trend is also evident in the data for JMF's 11 multi-type retail properties.

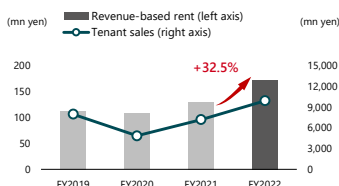
As sales have begun to recover and increase at retail properties, JMF has seen upswings in not only revenue-based rent, but also app settlement revenue due to DX support, and credit card fees revenue on the back of the increase in sales. Moreover, signs of an upside revision of fixed rent at the time of lease renewal are beginning to emerge.

Limiting these discussions once again to JMF's 11 multi-type retail properties, revenue-based rent for the 12-month period from March 2022 to February 2023 climbed 7.4%, or 305 million yen. Annual other sales-linked revenues expanded 62 million yen, and annual fixed rent grew 71 million yen.

## Resumption of inbound tourism already started contributing to rent increases and leasing



Record-high sales substantially boosted by revenue-based rent

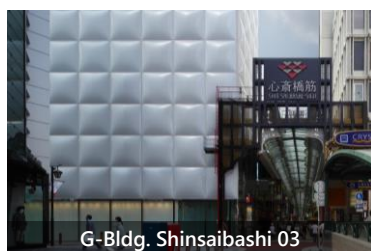


Fixed rent is also expected to increase with planned renewals

Fixed rent is estimated to increase, taking the opportunity of the renewal with the phased tenant replacements from Jan. 2023 to Mar. 2024.

% of area covered by renewal  
**23%**

Assumed fixed rent increase  
**+30%**



**A Bldg.:**  
Efforts to attain long-term contracts are being accelerated

| Term                  | Leasing Status  |
|-----------------------|---|
| Feb. 2023 - Mar. 2023 | The contract with SHEIN pop-up store was extended by two months due to its strong performance |
| Apr. 2023 - Jul. 2023 | IKEA pop-up store   |
| Aug. 2023 -           | Detailed discussion on a long-term contract with a successor tenant candidate is ongoing.     |

**B Bldg.:**  
Lease-up with long-term contracts

Long-term contract concerning the block vacated by a drug store was signed in Jan. 2023, achieving full occupancy.



As I mentioned a moment ago, domestic consumption is exhibiting a rapid recovery in its own right. At the same time, inbound consumption is also recovering gradually due to the easing of restrictions on foreigners entering Japan since October 2022. Each of these factors is beginning to underpin increases in rents and progress in leasing activities.

At GYRE, a multi-type retail facility on Omotesando, a prime location, robust domestic consumption, coupled with the gradual resumption of inbound spending triggered record-high sales in fiscal 2022. As a result, JMF witnessed a 32.5% year-on-year increase in revenue-based rent. In light of this robust trend in retail property sales, JMF has commenced renovation work, including the expansion of well performing stores and replacement of tenants. Based on these endeavors, fixed rent for the renovated portion is projected to increase 30%.

In addition, we are currently negotiating with several potential candidates to fill the space vacated by UNIQLO at the A building of G-Bldg. Shinsaibashi 03 on a long-term basis. To ensure the effective use of this negotiation period, we extended the leases with pop-up store tenants, on a short-term, temporary basis, including IKEA from April to July.

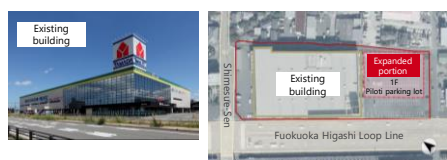
Meanwhile, an agreement has already been concluded for the space vacated by a drug store at the adjoining B building.

## Internal growth was attained also with master lease properties by utilizing the tenant relations function

### Enhanced profitability arising from value increase

- ✓ Understood the need for expansion among tenants through **tenant relations** to strengthen their competitiveness
- ✓ Additionally acquired portions constructed by tenants in Mar. 2023 by succeeding the position of the construction ordered
- ✓ Realized **contract period extensions (20+ years)** and **enhanced profitability** by signing a new lease contract

Kaden sumairu kan YAMADA Fukuoka Shime Honten (Kasuya-gun, Fukuoka)



#### Effects on expansion

|  | Existing building | Existing building & Expanded portion |
|--|-------------------|--------------------------------------|
| Acquisition price                              | 4,150mn yen       | 4,852mn yen                          |
| NOI yield <sup>1</sup>                         | 7.4%              | 7.8%                                 |
| NOI yield <sup>2</sup><br>(after depreciation) | 5.5%              | 5.8%                                 |

Amount of investment  
702mn yen  
ROI<sup>3</sup>  
10.7%

1. NOI for existing buildings is NOI in the DC method on the survey report with an appraisal date of February 28, 2023, and NOI for the overall after expansion is NOI in the DC method on the survey report.  
2. Depreciation of the existing building is the annualized value of the actual value for the February 2023 fiscal period, and depreciation of the expanded portion is the approximate value at this time.  
3. NOI increase / Investment Amount

### Enhanced profitability arising from rent revisions

- ✓ Understood tenants' willingness to re-contract through **tenant relations** and started re-contracting negotiations **a few years before the expiration of valid contracts**
- ✓ In all cases, JMF achieved new lease contracts with **longer term (20+ years)** and **higher rents**.
- ✓ The **contract rent** of the three properties under the phased rent system ultimately **increased by approx. 15%**

AEON MALL Sapporo  
Hassamu  
(Sapporo-shi, Hokkaido)



DFS T GALLERIA  
OKINAWA  
(Naha-shi, Okinawa)

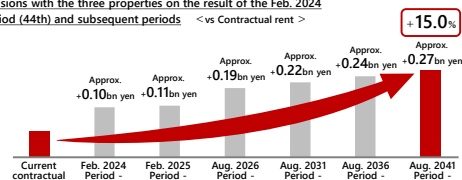


AEON MALL  
Tsudanuma  
(Narashino-shi, Chiba)



\*New contract has been signed in Sep. 2019

Impact of rent increases resulting from the contract renewals and revisions with the three properties on the result of the Feb. 2024 Period (44th) and subsequent periods < vs Contractual rent >



We provide examples of JMF's unique source of growth, internal growth alpha, during the period under review.

As indicated at the left of the page, JMF has secured an ROI of 10.7% and an increase in overall NOI yield from 7.4% to 7.8% at Kaden sumairu kan YAMADA Fukuoka Shime Honten, a property leased in its entirety to YAMADA DENKI Co., Ltd., after completing expansion work at a total investment amount of 702 million yen. Successful steps were also taken to extend the lease contract with YAMADA DENKI by more than 20 years. In addition to increasing profitability, this initiative has underpinned contract stability.

A certain percentage of the retail properties owned by the Investment Corporation are master lease properties with the AEON Group and other companies. Taking into consideration robust sales at master lease properties, JMF is securing extensions in the terms of lease contracts and increased rents.

While unable to disclose details of each new lease contract, terms and conditions for the three properties presented at the right side of the page,

include long-term fixed rent step up increases. As you can see from the graph at the bottom right of the page, total fixed rent at the three properties is projected to eventually increase approximately 15%, or 270 million yen per period.

## Leasing steadily progressed; for example, solutions to the substantial vacancy of Twin 21 have become foreseeable

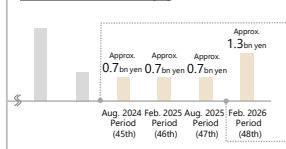
### Twin 21 (Osaka-shi, Osaka)

#### OBP Panasonic Tower

Solutions to the moving-out of the whole-building renting tenant have become foreseeable

- Approx. half of the sub-lease tenants wish to remain.
- Detailed negotiations concerning the majority of the plots to be vacated at the end of Mar. 2024 (approx. 6,000 tsubo) with successor tenant candidates are ongoing
- Expect revenue growth after completion of leasing
- If leasing goes as expected, gain on sales already secured in preparation for the return of floors may contribute to distributions.

Secured Gain on Sale Trend (P9)



#### MID Tower

Although a large tenant determined to move out, most of the spaces are to be occupied with rent hike

- A large tenant is planning to vacate from the total plot of approx. 600 tsubo at the end of May 2023
- Approx. 90% of the vacated plot is scheduled to be occupied by successor tenants with higher rent

OBP Panasonic Tower MID Tower

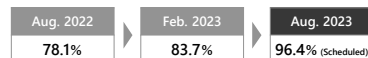


### JMF-Bldg. Akasaka 02 (Minato-ku, Tokyo)



Being filled with contracts at the level of estimated rent at the property acquisition

- The three floors out of the vacated upper 3.5 floors are expected to be filled successfully
- Their rents are kept at the level estimated at the property acquisition



### JMF-Bldg. Higobashi 01 (Osaka-shi, Osaka)



Steady inquiries before large tenant vacancy

- A large tenant is planning to vacate at the end of Jul. 2023
- One floor out of the four floors to be vacated is scheduled to be filled under an increased-rent-based contract
- Remaining floors are being considered by some tenant candidates
- The current rent for the vacating tenant is not reached to the market rent, expected further upsides with the tenant replacement

Office building leasing activities are also progressing steadily.

JMF has made significant progress over the past six month in leasing space at Twin 21 OBP Panasonic Tower that is scheduled to fall vacant over two phases at the end of March 2024 and September 2025.

First, we continue to confirm the terms and conditions under which Panasonic Corporation is expected to vacate space. With roughly half of the sub-lease tenants expressing their desire to remain, in reality the number of tenants that require replacement falls by 50%.

In addition, concrete negotiations with a potential replacement tenant are underway for most of the 6,000 tsubo that will be returned as of the end of March 2024. Leasing is indeed progressing more smoothly than expected.

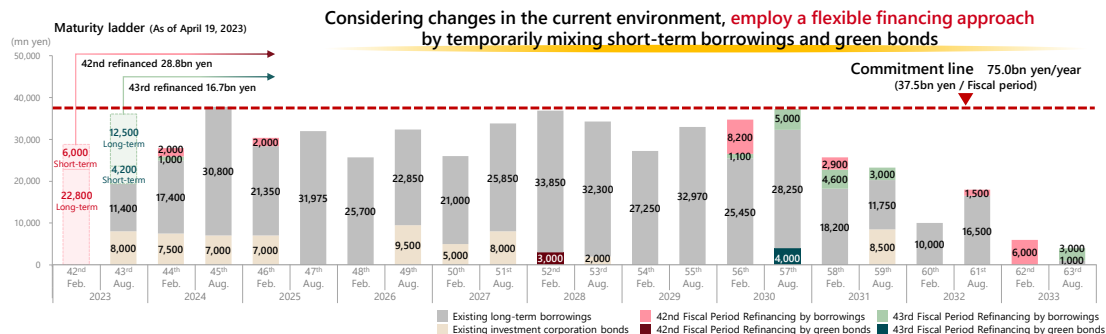
Taking into consideration the intentions of certain tenants to remain, and progress in our new tenant leasing activities, we anticipate considerable upside for an increase in rent.

Furthermore, should leasing progress as expected, the potential exists for the gain on sales secured over the 45th to 48th periods to offset such factors as the downtime associated with vacated space to be applied to boost DPU.

Looking at JMF-Bldg. Akasaka 02, occupancy is forecast to reach 96.4% as of the end of August 2023 as space is filled at rent levels anticipated at the time of acquisition.

## Diversification of lender composition and maturity ladder and focus on longer-term borrowing, with strong balance sheet maintained

| Credit ratings (JCR) | LTV <sup>1</sup>                             | Average debt cost <sup>2</sup> | Average loan term remaining <sup>3</sup> | Long-term borrowing ratio <sup>4</sup> | Fixed-interest ratio |
|----------------------|--|--------------------------------|--|--|----------------------|
| AA<br>(Stable)       | Book value : 44.1%<br>Appraisal value: 39.2% | 0.70%                          | 4.4years                                 | 98.9%                                  | 95.5%                |

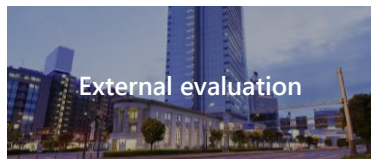


1. Book value: It is calculated by dividing the total interest-bearing debt as of the end of Feb. 2023 (42nd Period) by the total assets as of the end of Feb. 2023 (42nd).
2. Appraisal value: It is calculated by dividing the total interest-bearing debt as of the end of Feb. 2023 (42nd Period) by the sum of the unrealized gain or loss and the total assets as of the end of Feb. 2023 (42nd 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 Feb. 2023 (42nd Period) by the total interest-bearing as of the end of Feb. 2023 (42nd Period).
4. The figure is a weighted average of remaining loan terms based on the amount of interest-bearing as of the end of Feb. 2023 (42nd Period).

JMF has received a AA flat credit rating. With a long-term borrowing ratio of 98.9% and a fixed-interest ratio of 95.5%, JMF maintains a strong balance sheet. At the same time, the Investment Corporation's basic policy toward the diversification of its lender composition and maturity ladder remains unchanged.

Taking into consideration changes in the current procurement environment, however, JMF is adopting a flexible approach toward the procurement of funds, looking at a mix of temporary short-term borrowings and the successive issuance of green bonds over the 42nd and 43rd periods.

## Continue proactive ESG initiatives



Designated as B score for 2022 by the Carbon Disclosure Project ("CDP") Climate Change Program



Participated in the CDP climate change program for assessing climate change information disclosure activities seven years in a row. Obtained B score in FY2022

Certification and registration for the "Eco Action 21", an Environmental Management System

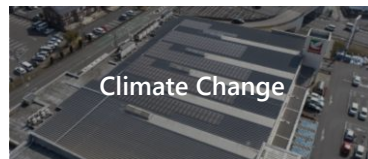
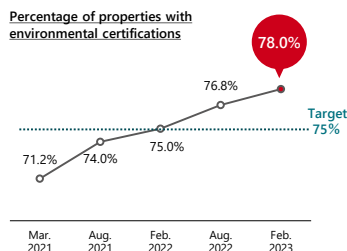


Accredited as and registered in the Eco-Action 21, established as an environmental management system by the Ministry of the Environment of Japan



Maintain the target for the ratio of properties with environmental certificates<sup>1</sup>

Percentage of properties with environmental certifications



New GHG emissions reduction targets announced

Formulated an ambitious total-emission-volume-based new emissions reduction target to reinforce our commitment toward carbon neutrality

Now submitting an application for certification examination to the Science Based Targets (SBT) initiative for the new target

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

Next, I would like to comment on JMF's ongoing efforts to proactively address ESG concerns.

As far as the acquisition of environmental certifications are concerned, JMF received accreditation for 3 new properties in the current period. This lifts the percentage of properties with environmental certifications to 78.0%.

Moreover, JMF has set new GHG emissions reduction targets in its efforts to address climate change.

## A new GHG emissions reduction target by 2030 has been formulated in accordance with SBTi certification

### Previous targets

- Reduce CO2 emissions per unit by 50% by 2030 compared with 2015
- Aim to reach carbon neutrality by 2050

|                 |                      |  |
|-----------------|----------------------|--|
| Mid-term Goals  | Target year          | 2030   |
|                 | Base year            | 2015   |
|                 | Reduction Rate       | 50%  |
|                 | Reduction targets    | Scope1, Scope2 & Scope3 (category13)                         |
|                 | Calculation Criteria | Per unit basis   |
| Long-term Goals | Target year          | 2050   |
|                 | Reduction Rate       | 100%   |
|                 | Reduction targets    | Total GHG emissions<br>*Scope1, Scope2 & Scope3 (category13) |

### New Targets

- Reduce absolute Scope 1+2 emissions by 42% by 2030 (compared with 2020)
- Aim for net-zero absolute GHG emissions throughout the entire value chain by 2050

|   |
|---|
| 2030  |
| <u>2020</u>   |
| <u>42%</u>  |
| <u>Scope1 &amp; Scope2</u>  |
| <u>Gross basis</u>  |
| 2050  |
| 100%  |
| <u>GHG emissions throughout the entire value chain</u><br><u>*Scope1 &amp; Scope2 &amp; Scope3 (all categories)</u> |

Now submitting an application for certification examination to the Science Based Targets (SBT) initiative

Details of the Investment Corporation's new target are presented in red. Aiming for net-zero absolute GHG emissions by 2050, JMF will reduce absolute Scope 1 + 2 emissions by 42% by 2030 compared with 2020.

Meanwhile, JMF is submitting an application for certification examination to the Science Based Targets initiative with respect to its new target.

Accounting Results

**Actual results for the fiscal period ended Feb. 28, 2023 and forecasts for the fiscal periods ending Aug. 31, 2023 and Feb. 29, 2024**

|   | Feb. 2023<br>(42 <sup>nd</sup> ) period<br>Forecast<br>A | Feb. 2023<br>(42 <sup>nd</sup> ) period<br>Actual<br>B | Change<br>(B-A)     | Aug. 2023<br>(43 <sup>rd</sup> ) period<br>Previous forecast<br>C | Aug. 2023<br>(43 <sup>rd</sup> ) period<br>Revised forecast<br>D | Change<br>(D-C) | Feb. 2024<br>(44 <sup>th</sup> ) period<br>Forecast<br>E | vs FP 43 <sup>rd</sup><br>(E-D) |
|---|--|--|---------------------|---|--|-----------------|--|---------------------------------|
| <b>Operating revenue</b><br>(Gain on sales of properties)               | 40,916mn yen<br>(1,345mn yen)                            | 41,332mn yen<br>(1,345mn yen)                          | +416mn yen<br>+1.0% | 40,472mn yen<br>(2,001mn yen)                                     | 41,353mn yen<br>(2,008mn yen)                                    | +881mn yen      | 40,388mn yen<br>(823mn yen)                              | -965mn yen                      |
| <b>Operating income</b><br>(Loss on sales of properties)                | 17,662mn yen<br>(-)                                      | 17,887mn yen<br>(-)                                    | +224mn yen<br>+1.3% | 17,371mn yen<br>(-)   | 17,536mn yen<br>(-)  | +164mn yen      | 16,932mn yen<br>(-)                                      | -603mn yen                      |
| <b>Net income</b>   | 15,725mn yen   | 15,964mn yen   | +239mn yen<br>+1.5% | 15,376mn yen  | 15,515mn yen   | +139mn yen      | 14,890mn yen   | -625mn yen                      |
| <b>Earnings per unit (EPU)</b><br>(EPU before amortization of goodwill) | 2,250yen<br>(2,307yen)                                   | 2,284yen<br>(2,341yen)                                 | +34yen<br>+1.5%     | 2,200yen<br>(2,257yen)  | 2,220yen<br>(2,277yen)   | +20yen          | 2,130yen<br>(2,187yen)                                   | -90yen                          |
| <b>Distribution per unit (DPU)</b>                                      | 2,280yen   | 2,313yen   | +33yen<br>+1.4%     | 2,250yen  | 2,250yen   | -               | 2,250yen   | -                               |
| <b>Reserve balance</b>  | 5,700mn yen  | 5,709mn yen  | +8mn yen<br>+0.2%   | 5,351mn yen   | 5,499mn yen  | +148mn yen      | 4,664mn yen  | -834mn yen                      |

Japan Metropolitan Fund Investment Corporation | 20

In closing, I would like to report on the Investment Corporation's actual results for the 42nd February 2023 period and forecasts for the next two fiscal periods ending August 31, 2023 and February 29, 2024.

Turning first to financial results for the 42nd period, operating revenue was 416 million yen higher than the forecast. This was mainly due to increases in fixed and revenue-based rent in line with the recovery in retail tenant sales, utilities income on the back of the progress achieved in passing on costs to tenants, and credit card fees revenue as a result of such factors as the introduction of facility apps at large-scale multi-type retail properties.

While operating income increased 224 million yen compared with the forecast, JMF incurred upswings in expenses after bringing forward repair expenses from the next period as well as utility costs against other factors including the downturn in depreciation expenses.

From a non-operating income and expenses perspective, non-operating expenses decreased compared with forecasts owing to the impact of such factors as the downturn in debt costs. As a result, net income

climbed 239 million yen compared with the forecast, to 15 billion 964 million yen. EPU for the 42nd period came in at 2,284 yen, up 34 yen compared with the forecast.

In the period under review, JMF undertook a reversal of reserves to the tune of 28 yen to eliminate tax discrepancies. Based on the aforementioned, DPU totaled 2,313 yen for the 42nd period, 33 yen higher than the forecast.

Turning to forecasts for the 43rd period, operating revenue is projected to climb 881 million yen compared with the previous forecast.

This is mainly due to the projected increases in rent revenue on the back of contributions from newly acquired properties, fixed rent in line with progress in the leasing of office buildings, revenue-based rent as a result of the recovery in retail tenant sales, and utilities income following the progress achieved in passing on costs to tenants.

On the earnings front, operating income is expected to grow 164 million yen compared with the previous forecast. As you can see, the degree of operating income increase is lower than operating revenue. This is mainly due to upswings in expenses after bringing forward repair expenses from the next period and the increase in utility cost unit prices.

Once again from a non-operating income and expenses perspective, non-operating expenses are projected to increase after taking into account such factors as the possibility of an upswing in debt costs on the back of an increase in interest rates. On this basis, net income is anticipated to total 15 billion 515 million yen, 139 million yen higher than the previous forecast. Accounting for each of these factors, EPU for the 43rd period is expected to come in at 2,220 yen, up 20 yen compared with the previous forecast.

In the 43rd period, DPU is estimated to total 2,250 yen, unchanged from the 42nd period. This largely reflects a reversal of reserves of 36 yen to eliminate tax discrepancies against a provision to reserves of 6 yen.

Finally, operating revenue for the 44th period is projected to decline 965 million yen compared with the revised forecast for the 43rd period.

While anticipating a decline of approximately 1.2 billion yen in the gain on sales compared with the 43rd period, the downturn in operating revenue is projected to narrow owing to progress in the leasing of office buildings, the substantial upswing in fixed rent associated with the elimination of

free rent, and the increase in fixed rent against the backdrop of robust retail property sales.

From a profit perspective, operating income is forecast to decline 603 million yen compared with the revised forecast for the 43rd period. The narrower forecast period-on-period downturn in operating income compared with the decrease in operating revenue largely reflects anticipated decreases in repair as well as depreciation expenses.

As far as non-operating income and expenses are concerned, expenses are expected to increase after factoring in such trends as the potential impact on debt costs of an increase in interest rates. As a result, net income is estimated to total 14 billion 890 million yen, down 625 million yen compared with the revised forecast for the 43rd period. On this basis, EPU is forecast to come in at 2,130 yen.

Meanwhile, JMF expects to post a certain amount of gain on sales after completing the disposition in the 44th period of a retail property included in the reciprocal transaction through which the Investment Corporation acquired preferential negotiation rights over the mixed-use residential and retail property in an urban area outlined on page 8. While this gain on sales has not been included in forecasts for the 44th period, EPU is expected to come in at around the same level as the 43rd period once the gain on sales is realized.

DPU in the 44th period is projected to total 2,250 yen, the same amount as the 43rd period, owing to a 40 yen reversal of reserves to eliminate tax discrepancies and a further voluntary reversal of 79 yen.

Factors that contribute to an increase or decrease in actual DPU for the 42nd period and forecast DPU for the 43rd and 44th periods are presented on pages 21 and 22 of the presentation materials. I would ask that you review at your leisure.

In conclusion, I would like to provide certain additional comments regarding JMF's EPU and DPU forecasts for the next two 43rd and 44th periods.

JMF has upwardly revised its announced forecasts for EPU and DPU owing to a variety of factors. This includes the increase in rent income attributable to higher tenant occupancy rates in the 41st and 42nd periods and robust retail property sales, as well as the posting of a gain on sales on the back of the replacement of assets.

As indicated in our explanation of EPU and DPU forecasts for the 43rd

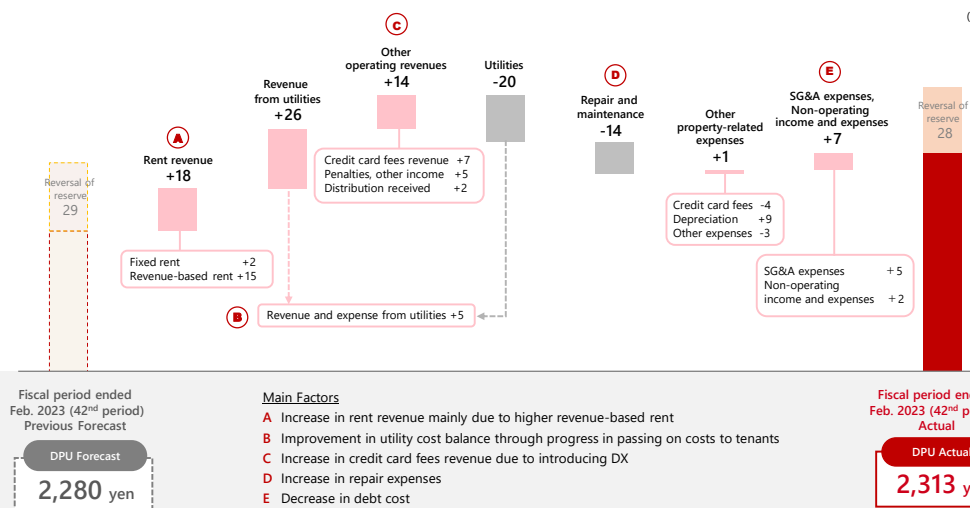
and 44th periods, JMF will continue to target an improvement and increase by securing upswings in revenue-based and fixed rent on the back of higher sales mainly at retail properties, maintaining and further raising high tenant occupancy rates, reducing costs through meticulous property management, and promoting other initiatives. At the same time, the Investment Corporation will work to increase revenue by leveraging its unique source of growth alpha.

Furthermore, JMF will continue to dispose of assets totaling roughly 100 billion yen based on its asset replacement strategy, thereby generating the potential to realize a gain on sales.

Moving forward, JMF will work diligently to exceed announced forecasts for EPU and DPU while increasing returns to unitholders as a result by implementing a combination of the aforementioned measures. As we endeavor to achieve our established goals, we ask for your continued support and understanding.

## Factors affecting DPU : 42nd Fiscal Period ending Feb. 2023 (forecast vs. actual)

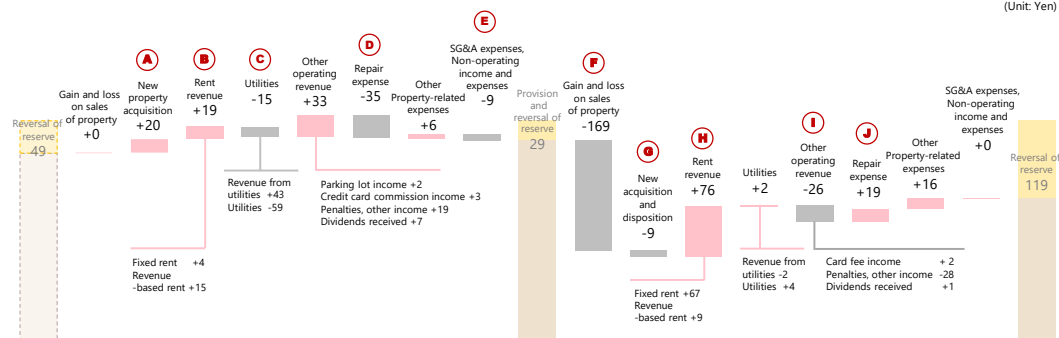
(Unit: Yen)



# Accounting Results

## Factors for increase/decrease in DPU : Aug. 2023 period (43rd period), Feb. 2024 period (44th period) (forecast)

(Unit: Yen)



Fiscal period ending  
Aug. 31, 2023  
(43rd period)  
Previous forecast

### Main Factors

- A Increase due to new property acquisitions
- B Increase in office lease-up and revenue-based rent
- C Increase in utilities costs
- D Increase in repair expenses
- E Increase in debt costaa

DPU Forecast

2,250 yen

Fiscal period ending  
Aug. 31, 2023  
(43rd period)  
Revised forecast

DPU Forecast

2,250 yen

### Main Factors

- F Decrease in gain on sale
- G Decrease in revenue during the period due to disposition
- H Increase in rental income mainly due to higher fixed rents
- I Stripping of restoration fee income, etc.
- J Decrease in repair expenses

Fiscal period ending  
Feb. 29, 2024  
(44th period)  
Forecast

DPU Forecast

2,250 yen

## Financial highlights of Feb. 2023 (42<sup>nd</sup>) period

### Asset

|   |                           |
|---|---------------------------|
| No. of properties                         | 128 properties            |
| Asset size                                | 1,207.2 <sub>bn</sub> yen |
| Appraisal value                           | 1,303.0 <sub>bn</sub> yen |
| Unrealized gain                           | 155.5 <sub>bn</sub> yen   |
| NOI yield <sup>1</sup>                    | 4.5%                      |
| NOI yield after depreciation <sup>1</sup> | 3.5%                      |

### Debt

|   |                         |
|---|-------------------------|
| Interest-bearing debt                                   | 550.6 <sub>bn</sub> yen |
| LTV ratio <sup>2</sup>                                  | 44.1%                   |
| Average debt cost <sup>3</sup>                          | 0.70%                   |
| Average loan term remaining until maturity <sup>4</sup> | 4.4 years               |
| Credit ratings (JCR)                                    | AA <sub>(Stable)</sub>  |

### Equity

|                                    |                         |
|------------------------------------|-------------------------|
| Market capitalization <sup>5</sup> | 714.9 <sub>bn</sub> yen |
| NAV per unit <sup>6</sup>          | 109,300 <sub>yen</sub>  |
| Balance of reserve                 | 5.7 <sub>bn</sub> yen   |

1. Including dividends income
2. It is calculated by dividing the total interest-bearing debt as of the end of Feb. 2023 (42<sup>nd</sup>) Period by the total assets as of the end of the Feb. 2023 (42<sup>nd</sup>) 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 Feb. 2023 (42<sup>nd</sup>) Period by the total interest-bearing as of the end of Feb. 2023 (42<sup>nd</sup>) Period.
4. The figure is a weighted average of remaining loan terms based on the amount of interest-bearing as of the end of Feb. 2023 (42<sup>nd</sup>) Period.
5. As of the end of Feb. 2023
6. (Net assets + Unrealized profits and losses - Total distribution) / Total units outstanding

# 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)