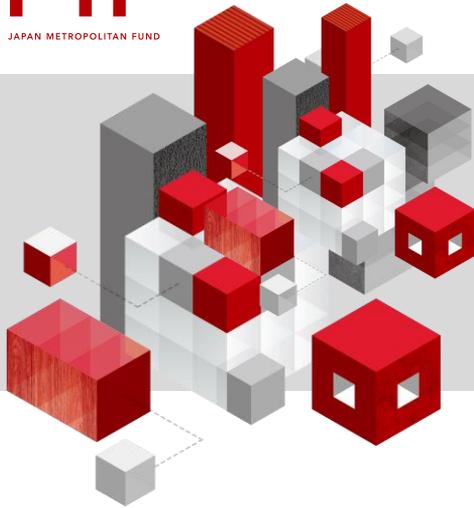




Security code 8953



44<sup>th</sup>

## Financial Results

February 2024 (44th) Period (September 1, 2023 - February 29, 2024)

Japan Metropolitan Fund Investment Corporation

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

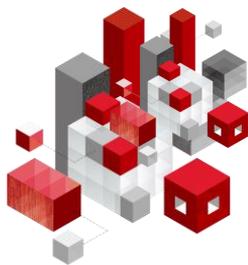
My name is Naoki Suzuki and I am the president of KJR Management, JMF's Asset Management Company.

I would like to take this opportunity to express my deepest gratitude to all our investors and analysts for their continued support of JMF. I would also like to thank you for taking the time to watch this video presentation of JMF's financial results for the February 2024 44th period, the six-months from September 1, 2023 to February 29, 2024.

I will first provide an overview of JMF's operations, and then the Head of the Asset Management Company's Metropolitan Business Division Keita Araki will provide details of the Investment Corporation's results.

Japan Metropolitan Fund  
Investment Corporation

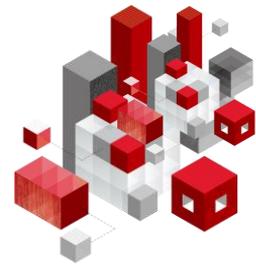
## Management Report

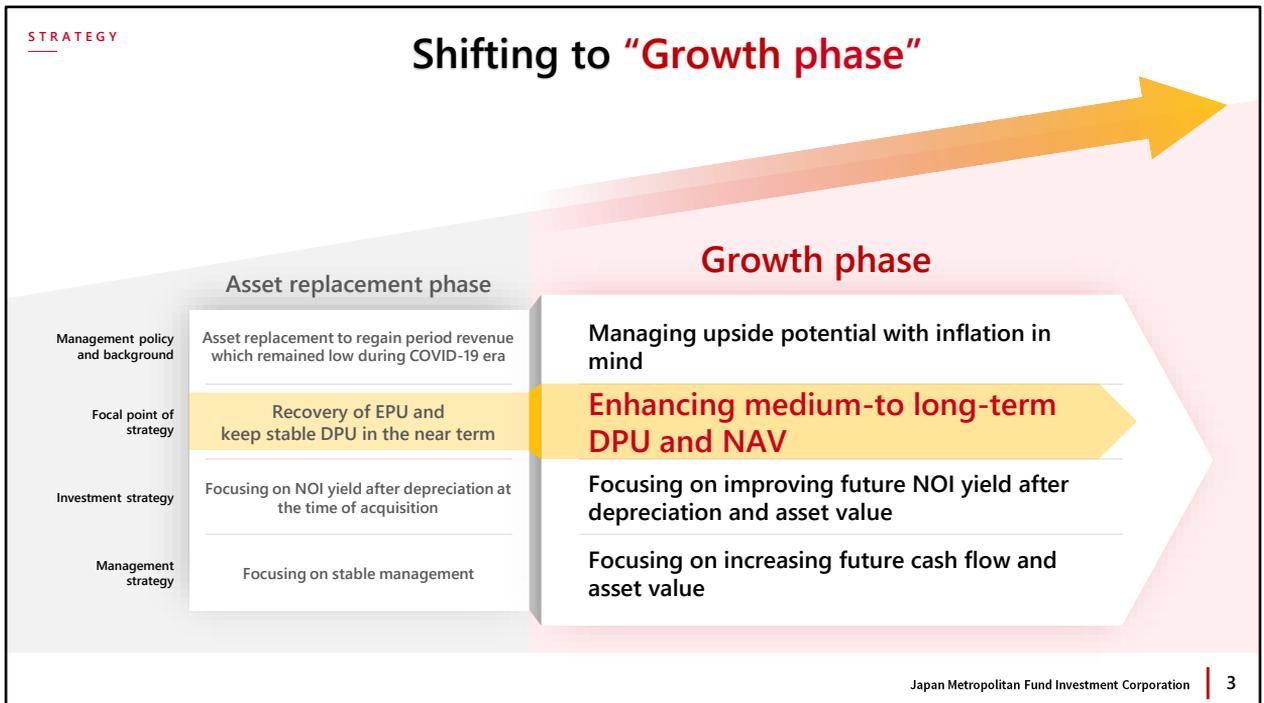


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JMF  
01

## JMF Strategy

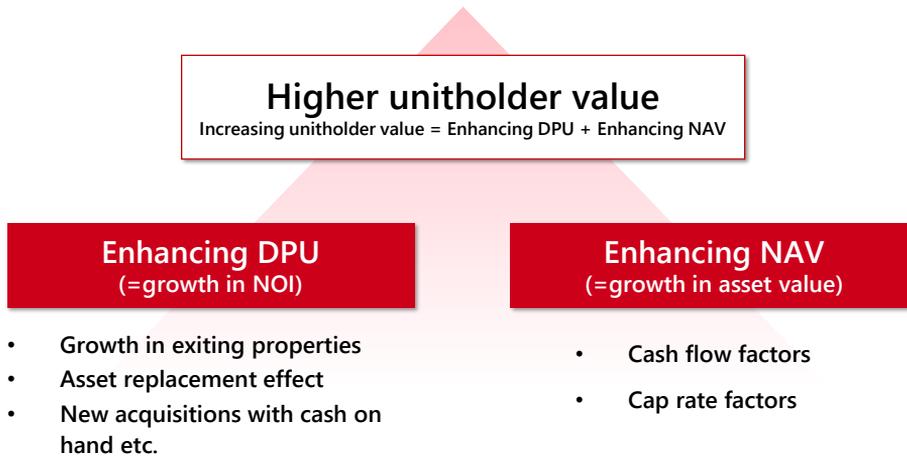




Continuing to show stable growth accompanied by inflation, Japan’s macroeconomic environment is undergoing a shift from the deflationary era of the past 30 years. Real estate, which can be expected to have an inflation-hedging effect, represents an asset class suitable for investors over the medium to long term. However, for J-REITs to provide the returns that can be expected to have these effects, we believe it is important to not only pay stable dividends, but also to continuously increase the value of investment units.

Based on this belief, JMF has been shifting its strategy since last year. As I explained on page 3 of the presentation materials for the 43rd period, we have shifted from an asset replacement phase—in which we focused on stable management and distribution payments to protect unitholder value against the backdrop of the harsh economic environment impacted by COVID-19—to a growth phase, in which we aim to both manage upside potential while keeping inflation in mind and to enhance total returns, including DPU and NAV, over the medium to long term. I am elated to now show you the fruits of this strategy in these financial results.

## Aiming to **improve total returns** as JMF enters the growth phase



## Increasing total returns



44th total return  
**10.3%**

**JMF's total return**

Income return	Capital return
DPU yield (annualized)	NAV growth rate (annualized)
$\left( \frac{\text{DPU in the fiscal period}}{\text{NAV per unit at the beginning of the fiscal period}} \right)$	$\left( \frac{\text{NAV per unit at the end of the fiscal period}}{\text{NAV per unit at the beginning of the fiscal period}} - 1 \right)$
+	

Directing your attention to page 7 of the presentation materials, DPU came in at 2,270 yen as expected while EPU exceeded expectations by 1.8% to 2,291 yen in the 44th period. On the back of this improvement in profitability, NAV per unit totaled 115,100 yen, an increase of 3.1% compared with the end of the previous period.

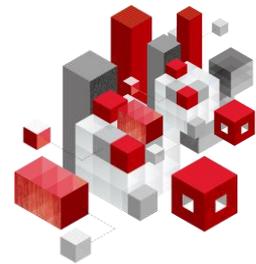
Turning back to page 5, total return is defined as the sum of income return, the DPU yield using NAV per unit at the end of the previous period as its denominator, and capital return, the NAV growth rate from the end of the previous period to the end of the 44th period. When analyzed, returns have increased significantly since the 43rd period, and in the period under review we were able to generate fundamental returns at an annual rate of more than 10%. We believe that this is the result of internal growth measures to actively expand cash flow from existing properties based on the new strategy as well as KJR Management's efforts to demonstrate its management capabilities, as well as the Investment Corporation's property replacement strategy that contributes to the acquisition of medium- to long-term total returns. This, we believe, has laid the foundation for ensuring continuous high level returns going forward.

While we have successfully achieved steady management in this manner, unfortunately, the current investment unit price does not reflect these solid fundamentals. In light of this investment unit price, and as a sign of our commitment to future growth, we have decided to repurchase our own investment units by utilizing readily available cash-on-hand from the sale proceeds obtained through asset replacement.

This concludes my overview of JMF's operations. Next, the Head of the Asset Management Company's Metropolitan Business Division Mr. Araki will elaborate on JMF's operating and financial results for the February 2024 44th period.

JMF  
02

## Financial Highlights

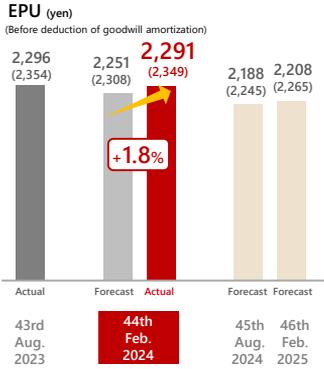


Thank you, Mr. Suzuki. In my capacity as Head of the Asset Management Company's Metropolitan Business Division, I would first like to comment on financial highlights of the fiscal period ended February 29, 2024.

HIGHLIGHT

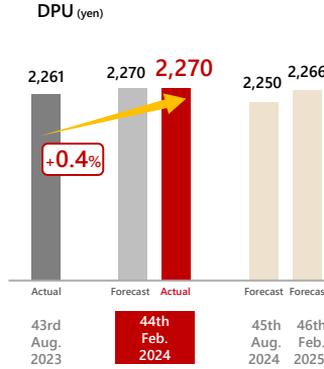
EPU

**+1.8%** exceeds forecast  
by internal growth



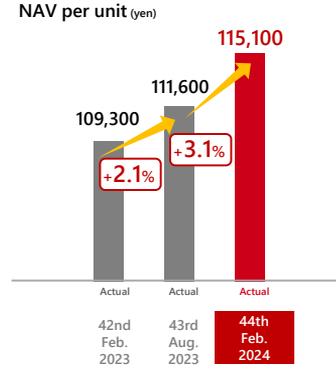
DPU

**+0.4%** increase  
compared to previous period



NAV per unit

**+3.1%** increase  
from the previous period

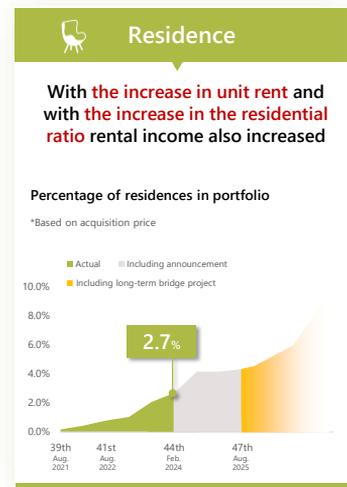
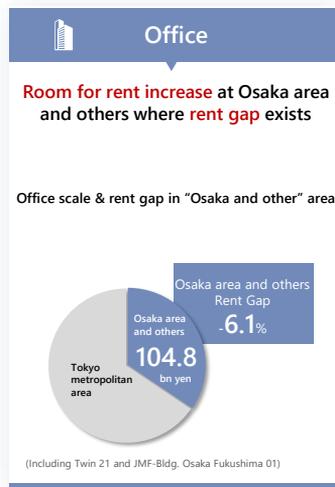
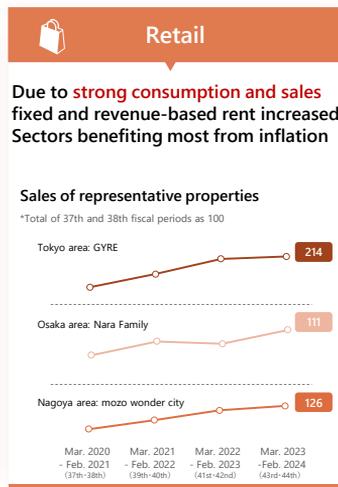


Here on page 7, we set out the highlights of the February 2024 44th period.

EPU came in at 2,291 yen, 1.8% higher than was previously forecast, due to such factors as rising revenue-based rents at retail properties and hotels, which performed well. DPU came in at 2,270 yen, 0.4 of a percentage point higher than the 2,261 yen in the previous period.

NAV per unit also continues its upward trend. This was due to the continued increase in rents for each type of use. Following an increase of 2.1% in the previous period, the 3.1% increase this period resulted in an NAV per unit of 115,100 yen.

## Why can JMF increase the rents of its properties?



Please turn to page 8.

JMF rents for each type of use continue to rise.

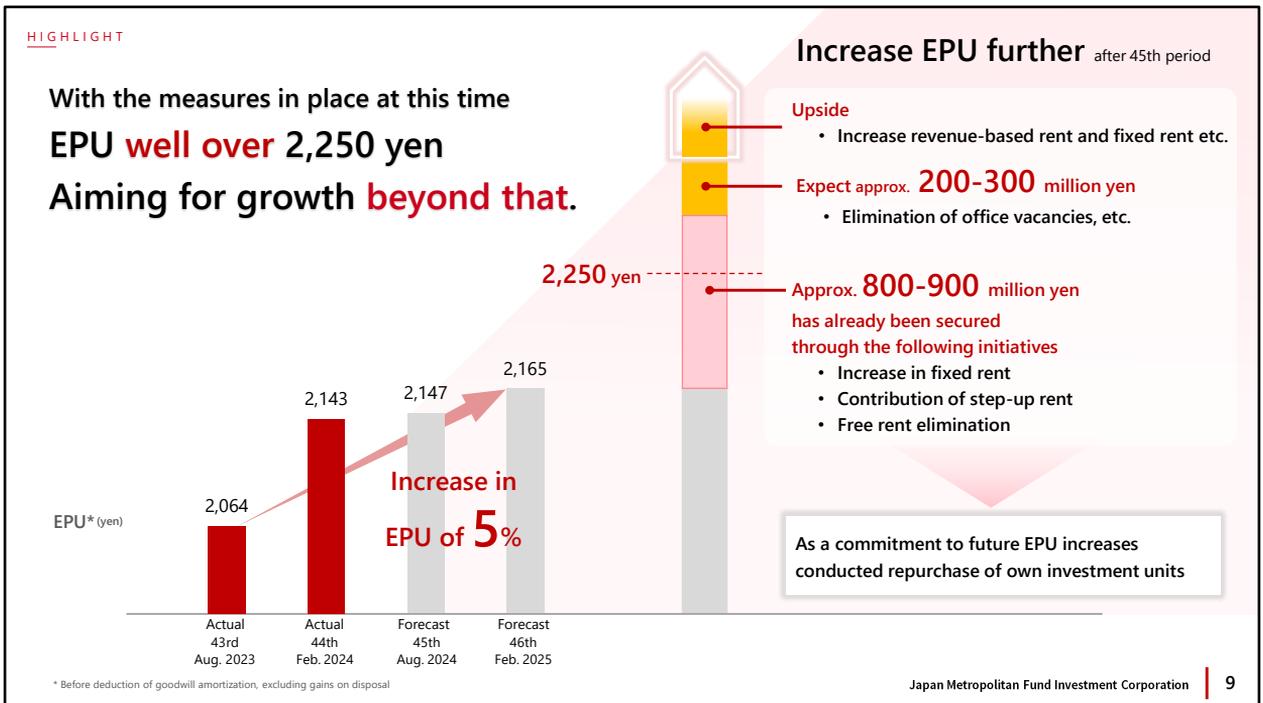
Here, I would like to explain the key points of the rent increases by type of use.

Rents for JMF's retail properties continue to rise due to locational and tenant advantages as well as our management capabilities, and as a result both fixed and revenue-based rents are steadily increasing.

In terms of the external environment, rising income levels mainly in urban areas, the steady benefits from consumption and inflation, and an increase in inbound consumption are all supporting strong rents from retail properties in urban areas.

A high proportion of JMF's offices are located in the Osaka and other areas, where there is a rent gap of 6.1%. Having achieved rent increases especially in the Osaka and other areas to date, we will continue to increase rents at the time of rent revision and tenant replacement.

The percentage of residential properties in our portfolio has increased through a variety of acquisition methods, and total rental income has also improved. The unit rent of individual residential properties is also steadily increasing.



I now ask that you turn to page 9.

What we term the actual EPU, before amortization and excluding gain on sale from EPU, is expected to increase 5% from the 43rd to the 46th periods.

Also, due to fixed rent increases at G-Bldg. Midosuji 02, step-up rents at JMF-Bldg. Ginza Chuo-dori 01, and the elimination of free rent at G-Bldg. Shinsaibashi 03 and other factors, we have already secured contracts that will increase the rent by 800 million to 900 million yen per period. Adding this secured amount to the actual EPU as of the 46th period means that EPU has already accumulated to a level that significantly exceeds 2,250 yen.

Furthermore, by leasing up a certain amount of vacant office space, rents will increase by 200 million to 300 million yen per period. By adding to this increase in revenue-based rents and fixed rents through future initiatives, we believe there is room for further upside potential.

In addition, there are currently several tenants considering vacant space

in JMF-Bldg. Kawasaki 01, and the lease-up of approximately 1,000 tsubo, which was not factored into the announced budget, is currently in progress.

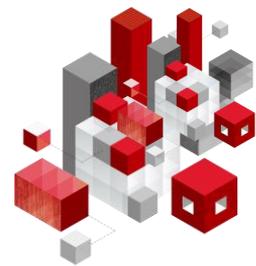
In conjunction with the financial results announcement, we advised that JMF will repurchase its own investment units with a total acquisition amount of up to 1 billion yen.

As explained, actual EPU and NAV are currently rising and are expected to climb further going forward, but in contrast the investment unit price is trending weakly.

JMF will continue to pursue increases in EPU to improve unitholder value and, as a commitment to future growth, reached the decision to undertake the repurchase of its own investment units at this time.

JMF  
03

## Internal Growth



Next, moving on to internal growth.

I would like to provide a detailed explanation of how we are able to raise property rents on page 11.

Why can JMF increase the rents of its properties?

**Rapid growth of rents throughout the portfolio (top line)**

Overall portfolio rents

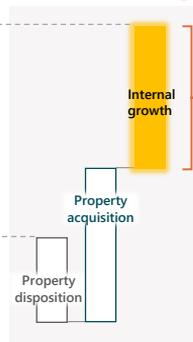
(mn yen)

35,500  
35,000  
34,500  
34,000  
33,500  
33,000  
32,500  
32,000

Actual 41st Aug. 2022    Actual 42nd Feb. 2023    Actual 43rd Aug. 2023    Actual 44th Feb. 2024    Forecast 45th Aug. 2024    Forecast 46th Feb. 2025

From the 41st to the 46th term

**+1.7 bn yen (+ over 5%)**



Through internal growth

Approx. **+1.2 bn yen**

Rent income for the entire portfolio, which we term the top line, has been steadily increasing based on actual results and will continue to trend upward in the 45th and 46th periods, for which we have recently announced our forecasts.

Rental income for the 46th period is expected to increase over 5%, to 1.7 billion yen, compared with the 41st period.

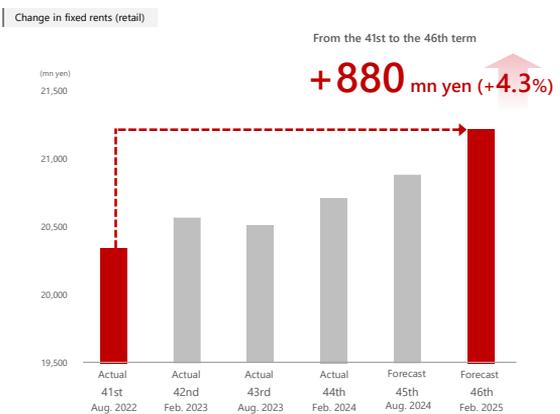
Rents through internal growth alone, excluding the impact of property sales, are expected to increase 1.2 billion yen compared with the 41st period.

Why can JMF increase the rents of its properties?



**Future increases in fixed rents of retail properties is ensured. Further increases in rents due to additional growth are expected.**

**Actual**  
**+4.3% growth by 46th fiscal period is ensured**



\* Properties held in the 41st fiscal period (excluding properties that were disposed of or the disposition was announced after the 42nd fiscal period)

**Future outlook**  
**With the market rents on an uptrend, further growth is expected by increasing rents at the time of contract renewal**



Source: CBRE K.K., "Japan Retail Market View"



Property with expected rent increase

**Not factored into earnings forecast properties with significant rent increase expected**

- KAWASAKI Le FRONT (commercial portion)
- Kyoto Family
- mozo wonder city

Moving on, I will outline the status of each type of use, beginning with retail properties on page 12.

Fixed rents for retail properties in the 46th period are expected to increase 880 million yen, or 4.3%, compared with the 41st period.

On the right of the page, we provide details of our future outlook.

The market rents on urban street-front properties in each city are on the rise due to steady tenant sales.

Additionally, the contract periods for retail property tenants are relatively short, around five to seven years, and thus there are a certain number of tenants whose contracts expire in each period.

We will therefore continue to raise fixed rents at the time of tenant replacement or contract renewal.

Additionally, significant increases in rents, which are currently under negotiation with tenants and have not been factored into the 45th and 46th period forecasts, are expected to occur at KAWASAKI Le FRONT,

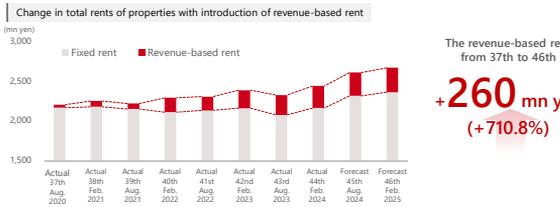
Kyoto Family, and mozo wonder city.

Why can JMF increase the rents of its properties?

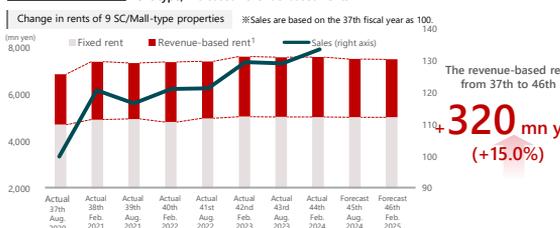
Revenue-based rents in retail properties have significantly increased in tandem with rising sales

Actual

Urban street-front properties Succeeded in introducing a revenue-based rent in the COVID-19 in properties that had been mainly fixed.



SC/Mall-type properties Favorable sales in SC/Mall-type properties, most of which set a revenue-based rent type, increased revenue-based rents

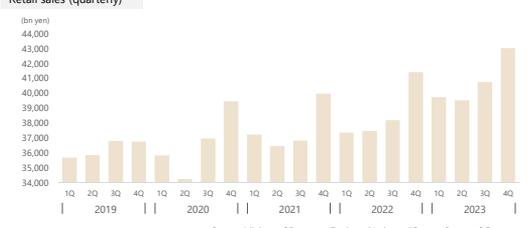


1. Part of the rent includes a minimum guaranteed rent.

Future outlook

Because retail tenants' revenue-based rent is linked to sales, not profits, it is expected to grow due to an increase in sales.

Retail sales in Japan on the rise



**JMF Initiatives**

- Urban street-front properties: Continue to introduce revenue-based rent to street-front properties in urban areas aggressively
- SC/Mall-type properties: Increase sales by leveraging operational capabilities

As indicated on page 13, revenue-based rents at retail properties have significantly increased in tandem with rising sales.

First, although most urban street-front properties in city centers will generally have fixed-rent contracts, JMF has been strategically introducing revenue-based rents since the 37th period, during the COVID-19 pandemic. As a result, we are expecting revenue-based rent income to increase 260 million yen from the 37th to the 46th period.

In SC/mall-type properties, we also demonstrate our ability to attract customers and lease tenants using DX and other technologies. Having been on the rise from the 37th period onward due to increased sales, revenue-based rent is expected to increase 320 million yen from the 37th to the 46th period.

Looking ahead, as retail sales continue to rise due to inflation, revenue-based rents, which are linked to sales rather than profits, are also expected to rise. Under these circumstances, we aim to further increase revenue-based rents by actively introducing the revenue-based rent format and demonstrating our operational capabilities in retail property

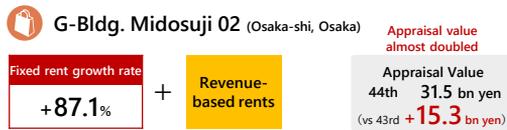
management.

Why can JMF increase the rents of its properties?

By making use of JMF's "Area Management" capability and its tenant relationships



With value in the Midosuji area increasing, JMF increased fixed rents on current contracts with introducing revenue-based rents



Fixed rent growth rate \*Rent under the current contract is set at 100.



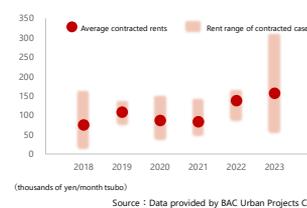
Decision made to open "Dior" in FY2024

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



- Contracted rents for tenants along Midosuji are on the rise
- Revitalization of the Midosuji area through public-private collaboration increased values in the area and further improved the superiority of properties.

Tenant contracts in Midosuji



Midosuji future plan

Conversion to a full mall (pedestrian walkway) by 2037



Source: "Midosuji Future Vision," Osaka City website

Source: Data provided by BAC Urban Projects Co., Ltd.

Please turn to page 14.

We are also able to achieve higher rents at retail properties by making use of JMF's "Area Management" capability and strong relationships with quality tenants.

JMF manages multiple properties in Midosuji, Osaka's prime commercial area. Against the backdrop of the rising potential of the Midosuji area and strong tenant sales, we increased the fixed rent at G-Bldg. Midosuji 02 by 87.1% in two stages and also succeeded in introducing the new revenue-based rent format.

As a result, the building's appraisal value almost doubled, increasing 15.3 billion yen from the previous period.

The improved potential of the Midosuji area is also having a positive impact on leasing, and the LVMH Group made the decision to open its Dior store at JMF-Bldg. Midosuji 01 in fiscal 2024.

Increased rents through tenant replacement by renovating properties

Retail

Rents will substantially increase starting in the 46th period under the value-up construction plan.

**G-Bldg. Minami Ikebukuro 01**  
(Toshima-ku, Tokyo)

Fixed rent growth rate

+19.9%

Appraisal Value  
44th 10.6 bn yen  
(vs 43rd +2.16 bn yen)



- Increased rents of more than half of the tenants (including new tenants due to replacement) at the time of expiration of contracts.
- Structural diagnosis in the process of construction is expected to prolong economic durability.
- Positive impact evaluation expected in fall 2024.

Investment amount	Approx. 0.4 bn yen	ROI	22%
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Increased rents by reviewing blocks and replacing tenants.

**Abiko Shopping Plaza** (Abiko-shi, Chiba)

Fixed rent growth rate, etc.

+1.8%

Appraisal Value  
44th 13.3 bn yen  
(vs 43rd +0.4 bn yen)



- Increased rents due to renovation of the 3rd floor and tenant replacement.
- Attracted large hub shops to one-third of the 2nd floor, including a block tenanted by Ito-Yokado. Three tenants are to open in Oct. 2024.
- Appraisal value rose due to higher tenant rents on the 3rd floor. (tenants on the 2nd floor not reflected)

Operate with options of asset replacement and tenant replacement in mind.

**Ito-Yokado Tsunashima**  
(Yokohama-shi, Kanagawa)



- Consider options to maximize unitholder value.

Asset replacement

Ensure gains on sales

Received offers at an amount far beyond appraisal value.

Retentions

Increase property value

Confirmation of intent to open new stores from potential new tenants

Continuing on to page 15, at JMF's retail properties, we are also increasing rents based on our renewal know-how and leasing capabilities, which form part of our management capabilities.

G-Bldg. Minami Ikebukuro 01 is a 48-year-old retail building, but we are confirming its long-term economic durability through a structural diagnosis, conducting approximately 400 million yen worth of renovation work and replacing three of its eight tenants. As a result, fixed rent will increase 19.9% and the appraisal value 2.16 billion yen compared with the previous period.

At Abiko Shopping Plaza, we are leveraging our leasing capabilities and replacing tenants on the third floor and one-third of the second floor, which was previously leased to Ito-Yokado.

After the replacement of third floor tenants has been completed, the fixed rent will increase 1.8% and the appraisal value 400 million yen.

In addition, the Ito-Yokado Tsunashima store is situated in an excellent location in front of Tsunashima Station on the Tokyu Toyoko Line, and as

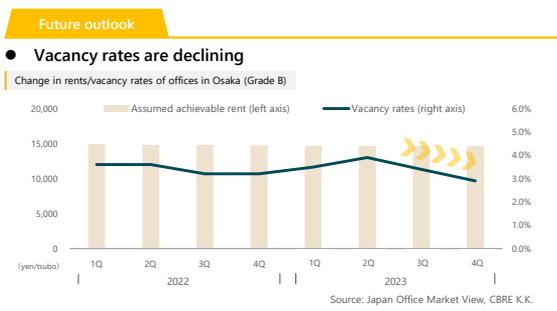
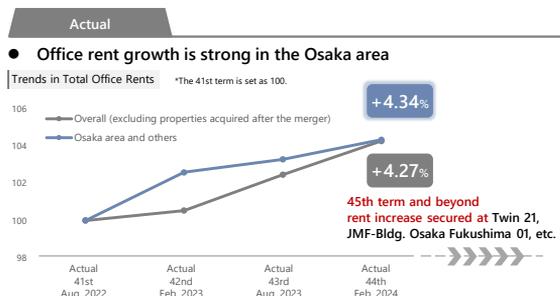
a result of lengthy negotiations with the tenant, Ito-Yokado, we were able to successfully have the store move out.

Currently, we are working on both the improvement of asset value through tenant retention and asset replacement. We have already confirmed the intentions of potential retained tenants to open stores at levels that exceed their current rents. As far as asset replacement is concerned, we have received multiple offers to present high-quality assets and sell them at more than double the book value. Ultimately, we plan to decide on a policy for each property in the pursuit of maximizing investor profits.

As previously mentioned, one of the major factors that allows JMF to increase rents is its unique property management capabilities in, for example, renewals, leasing, and tenant relationships.

Why can JMF increase the rents of its properties?

**Increased rents at the time of contract renewal. Upside potential due to rent gap.**



**JMF-Bldg. Osaka Fukushima 01**  
(Osaka-shi, Osaka)

Contribution from 45th

**Fixed rent growth rate**  
**+9.5%**  
(only relevant floors)

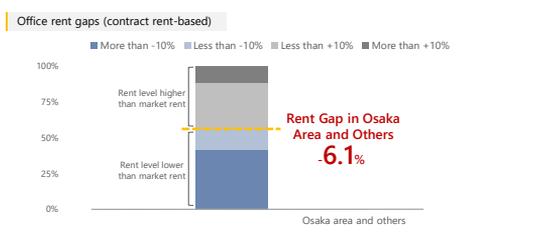
**Appraisal Value**  
44th 9.84 bn yen  
(vs 43rd +20 mn yen)

**JMF-Bldg. Ginza Chuo-dori 01**  
(Chuo-ku, Tokyo)

Contribution in full since 46th

**Fixed rent growth rate**  
**+18.0%**  
(only relevant floors)

**Appraisal Value**  
44th 13.55 bn yen  
(vs 43rd +150 mn yen)



Next, to help explain the increase in office rents, I draw your attention to page 16.

Looking at trends in total office rents, levels increased 4.27% compared with the 41st period overall in the period under review. Of these, the Osaka and other areas, where office rents are increasing steadily, rose 4.34%.

At JMF-Bldg. Osaka Fukushima 01, we took advantage of the rising market rents in the Umeda area due to redevelopment and increased the fixed rent for the applicable floors 9.5% and the appraisal value 20 million yen by increasing existing tenant rents.

At JMF-Bldg. Ginza Chuo-dori 01, we took advantage of the timing of the rise in office rents near Ginza Chuo-dori, established agreements with existing tenants on office floors, and held discussions to increase rents. As a result, the fixed rent for the applicable floors and appraisal value increased 18% and 150 million yen, respectively.

The future outlook is shown on the right of the page.

As far as JMF offices are concerned, the Osaka and other areas account for 40% of the total office space, with offices comprised mainly of Grade B buildings.

Osaka's Grade B offices are not in direct competition with the newly supplied Grade S and A offices, and the vacancy rate is on a declining trend because of their superior rent unit prices.

We will continue to raise office rents by combining these characteristics of the Osaka area with the 6.1% rent gap that I mentioned earlier.

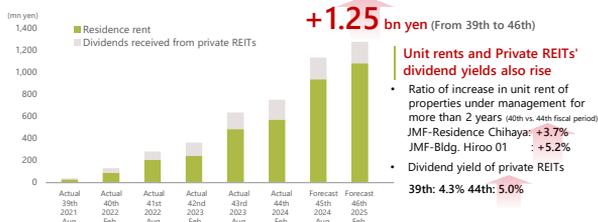
Why can JMF increase the rents of its properties?

**Significant increase in total rent due to synergistic effect of increase in unit rent and residential ratio**

**Actual**

- Steady progress in residence acquisitions and total rental income

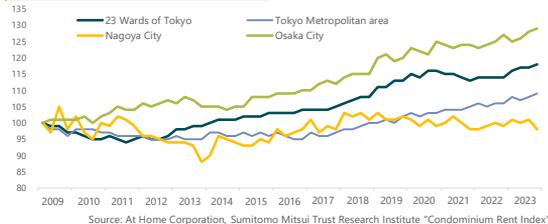
Change in total rents of residences (including dividend income from private REITs)



**Future outlook**

- Unit rents in Tokyo, Osaka, and Nagoya are on the rise

Trends in unit rents of condominiums (quarterly) \*The 1Q of 2009 term is set as 100.

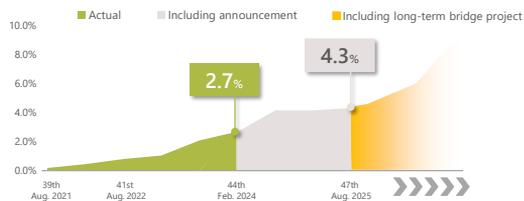


**Expectation for early lease-up at a level over appraisal rents**

**JMF-Residence Machida (Machida-shi, Tokyo)**



Changes in the ratio of residential properties in the portfolio (based on acquisition price)



Touching on the increase in rents at residential properties, I ask that you turn to page 17.

Since 2021, when JMF transitioned to a diversified REIT, we have been actively working to acquire residential assets in light of the rising trend of rents for residential properties.

Total rents from residential properties, including dividend yields from private REITs, have been rising rapidly and are forecast to increase 1.25 billion yen per period compared with the 39th period.

Factors that contribute to this forecast, include the use of a variety of acquisition methods, such as bulk acquisitions, exchange transactions, and the acquisition of investment units in private REITs, as well as higher rents at existing properties, higher occupancy rates, and higher dividend income from private REITs.

Here I would like to provide a specific example of a residential rent increase.

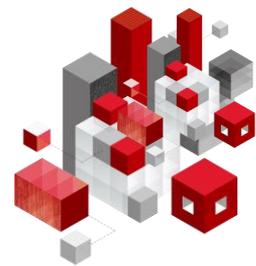
In October 2023, we acquired JMF-Residence Machida, a property with a total of 181 units, all of which were vacant, immediately after construction was completed. The plan had been to acquire the property immediately after completion and lease residences over a 13-month period due to its superior property grade and location. However, due to the property's competitiveness and strategic leasing activities, the contracted rents exceeded the appraised rents, and all the residences were occupied within six months.

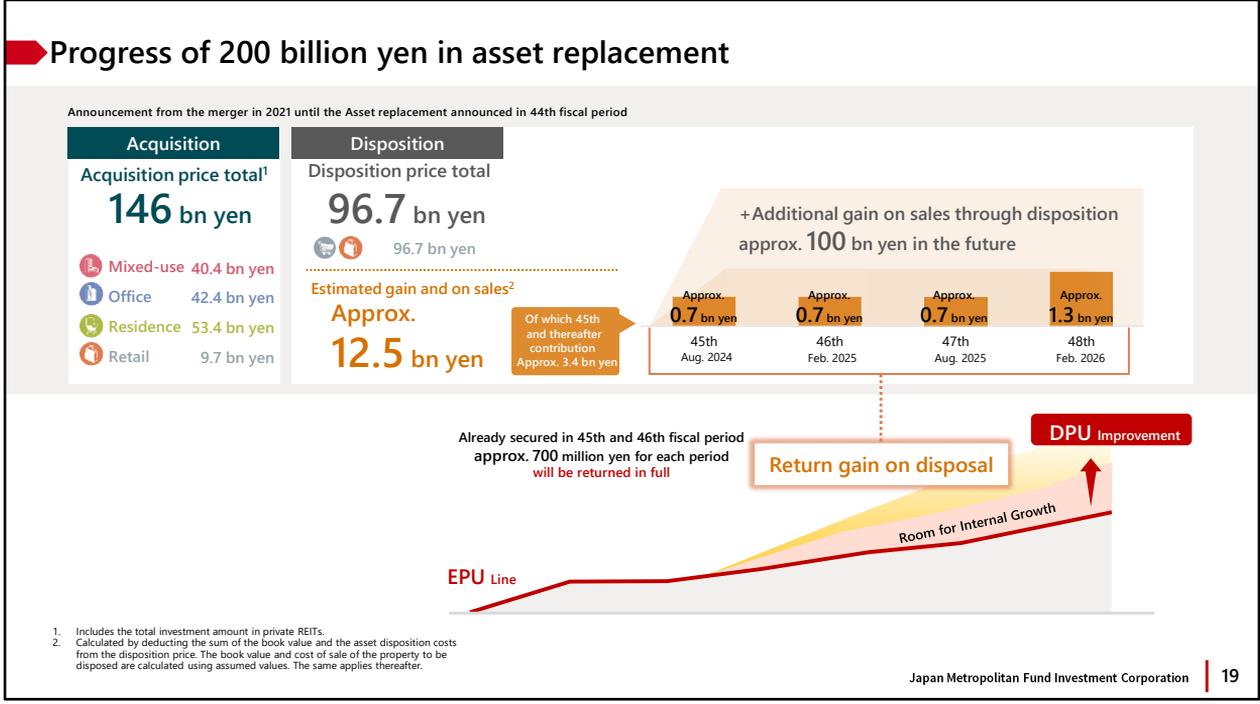
Turning to the right of the page, and with regard to our future outlook, we plan to increase the ratio of residential properties in our portfolio by a certain amount against the backdrop of the continued steady rise in residential rents. As a specific project that is currently underway, and since the end of the last fiscal year, we have been completing a long-term bridge project for 25 high-quality residential properties that is expected to return future growth, and are making good progress in gaining a foothold in the acquisition of more residential properties.

While explaining JMF's rent growth potential for each type of use, the Investment Corporation also possesses strengths in the acquisition and operation of mixed-use properties that feature retail, office, and residential components. I would like to add that we will also be promoting rent growth in our mixed-use properties.

JMF  
04

## External Growth & Asset Replacement





Next, directing you to page 19, I will provide an overview of the Investment Corporation’s asset replacement activities and external growth.

JMF has continued to make steady progress in the replacement of assets since 2021, while realizing gains on sales.

In particular, we are proceeding with efforts while adjusting the timing of sales with a view to the dispersion of gains on sales. The plan is to realize additional gains on sales of approximately 100 billion yen in the years ahead.

The graphic at the bottom right of the page shows EPU/DPU.

Actual EPU is steadily growing, and taking into consideration the potential for internal growth, the secured gains on sale and additional gains on sale can be returned as an upside in the form of dividends.

We also anticipate that the full amount of the gains on sales secured for the 45th and 46th periods will be returned, and that DPU for the 46th

period will come in at 2,266 yen, which exceeds 2,250 yen, as previously mentioned.

## Acquired 6 residential properties for 13 billion yen, increasing the ratio of residential properties in the portfolio

### Acquired properties



	JMF-Residence Meiekinami	JMF-Residence Setagaya Mishuku	JMF-Residence Shin-Itabashi	JMF-Residence Kuramae 2-chome	JMF-Residence Kuramae Torigoe
Location	Nagoya-shi, Aichi	Setagaya-ku, Tokyo	Itabashi-ku, Tokyo	Taito-ku, Tokyo	Taito-ku, Tokyo
Acquisition date	December 2023	March 2024	March 2024	April 2024	April 2024
Acquisition price	2,290 million yen	3,050 million yen	1,420 million yen	3,070 million yen	1,960 million yen
Appraisal value	2,420 million yen	3,410 million yen	1,600 million yen	3,380 million yen	2,220 million yen
NOI yield	4.3%	3.7%	3.8%	3.5%	3.6%

### Additional investments in private REIT

Nisshin Private Residential Reit, Inc.

Date of additional acquisition	January 2024
Additional investment	1.2 billion yen
Amount of investments (Share)	6.2 billion yen (25.2%)
Dividend yield	5.1%

### Acquisition of long-term bridge projects

Through our own information network and acquisition methods acquired profitable long-term bridge projects

**7 projects / approx. 85 bn yen**

NOI yield (Estimated)

**More than 4%**

### Utilization of various financing methods

- Funds for the sale of properties due to asset replacement
- Cash on hand
- Borrowings (Acquisition capacity up to 45% LTV: approx. 20.8 bn yen)
- Public offering

Please turn to page 20.

During the 44th period, JMF acquired six residential properties for 13 billion yen, increasing the residential property ratio to 4.3% when the currently announced properties scheduled for acquisition are included.

Located within easy walking distance of the business area around Nagoya Station, JMF-Residence Meiekinami features a high proportion of 2LDK units, making it a property that is differentiated from its competitors and enjoys market competitiveness. Regarding the other four properties, three are all newly built within Tokyo's 23 wards, and one property was built in 2007 in Mishuku, Setagaya Ward. All of the aforementioned market-competitive properties were acquired in bulk.

In addition, JMF made an additional investment of 1.2 billion yen in Nisshin Private REIT, increasing its total investment to 6.2 billion yen. The dividend yield was initially 4.2%, but thanks to the sharing of our management know-how, this rose to 5.1%.

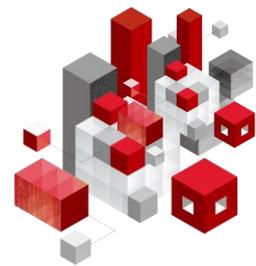
We have also secured highly profitable long-term bridge projects

involving seven properties for approximately 85 billion yen with an NOI yield of more than 4%.

Also, the idea is for future property acquisition funds to be selected from among a variety of options, including proceeds from the sale of properties through asset replacement, cash on hand, borrowings, and an increase in capital. In each case, selection of the most appropriate option will be made depending on the market environment and JMF's circumstances at the time.

JMF  
05

## Finance & Sustainability

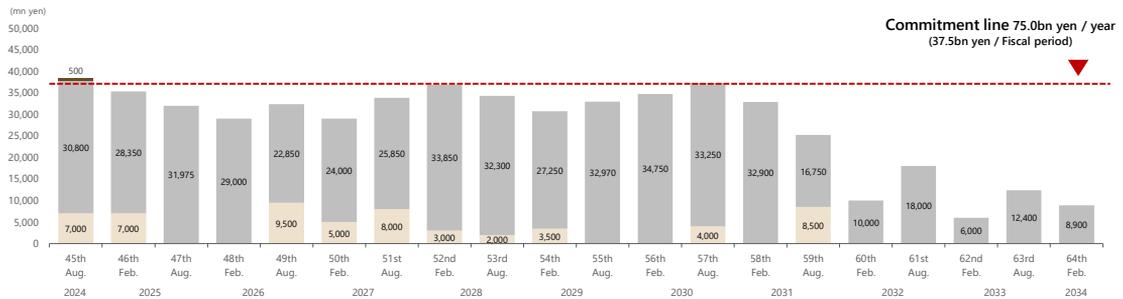


## Adopt flexible funding methods, such as a mix of variable borrowing rates, in light of current changes in the environment.

### Financial Indicators

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 (Stable)	Book value : 44.1% Appraisal value : 38.1%	0.73% (43rd : 0.72%)	4.2 years (43rd : 4.4 years)	99.9%	96.4%

### Maturity ladder (as of Feb. 29, 2024)



- Book value: It is calculated by dividing the total interest-bearing debt as of the end of Feb. 2024 (44th) Period by the total assets as of the end of the Feb. 2024 (44th) Period.
- Appraisal value: It is calculated by dividing the total interest-bearing debt as of the end of Aug. 2023 (43rd) Period by the sum of the unrealized gain or loss and the total assets as of the end of Feb. 2024 (44th) Period.
- 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. 2024 (44th) Period; by the total interest-bearing as of the end of Feb. 2024 (44th) Period.
- The figure is a weighted average of remaining loan terms based on the amount of interest-bearing as of the end of Feb. 2024 (44th) Period.

Next, I would like to comment on JMF's finance and sustainability initiatives from page 22.

As far as financing is concerned, JMF will continue to focus on long-term fixed loans, but will also take advantage of changes in the current financial environment and flexibly implement adjustments to some borrowing periods and variable borrowing rates.

## Continued proactive approach to sustainability



external evaluation

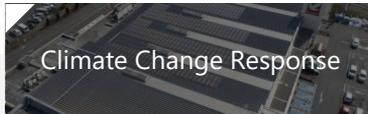
Designated as "Five Stars" in GRESB  
Received "A-" in CDP



Designated Five Stars, the highest rank in three consecutive years. As for disclosure evaluation, designated A, the top rating, in seven consecutive years



Designated as A-, a rank higher than the previous year. As for supplier engagement evaluation, designated as the highest rank and appointed as a supplier engagement leader.

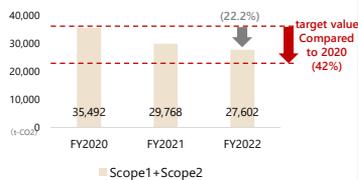


Climate Change Response

Progress steadily toward 2030 GHG emissions reduction target

FY2030 Reduction target **42%** (Compared to FY2020)

Reduction results through FY2022 **22.2%** (Compared to FY2020)



Support for DEI  
(Diversity, Equity & Inclusion)

Biodiversity Initiatives

Joining "Japan Business Initiative for Biodiversity"  
Signing "the 30by30 Alliance"



As the first step in an effort for TNFD disclosure, a framework shared by TCFD, we participated in Japan Business Initiative for Biodiversity, and joined and signed membership to gather information.

Please turn to page 23.

JMF continues to actively engage in sustainability initiatives.

From an external evaluation perspective, JMF received the highest 5-star GRESB rating for the third consecutive year, and improved its CDP ranking from last year by one to "A-."

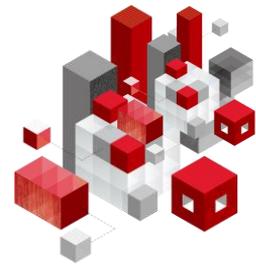
Turning to the Investment Corporation's response to climate change, and in the context of its GHG emissions target for which it received SBTi certification last year, JMF achieved a 22.2% reduction by 2022, and is making steady progress toward the 2030 emissions reduction target of 42%.

With regard to governance, JMF joined the Japan Business and Biodiversity Initiative as well as Japan's 30by30 Alliance for Biodiversity.

Lastly, I would like to elaborate on our financial results for the February 2024 44th period and our forecasts for the next two periods.

JMF  
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## Accounting Results



Directing you to page 25, we provide details of the Investment Corporation's financial results for the 44th period and forecasts for the next two periods.

**Actual results for the fiscal period ended Feb. 29, 2024 and forecasts for the fiscal periods ending Aug. 31, 2024 and Feb 28, 2025**

	Feb. 2024 (44 <sup>th</sup> ) period Forecast A	Feb. 2024 (44 <sup>th</sup> ) period Actual B	Change (B-A)	Aug. 2024 (45 <sup>th</sup> ) period Previous forecast C	Aug. 2024 (45 <sup>th</sup> ) period Revised forecast D	Change (D-C)	Feb. 2025 (46 <sup>th</sup> ) period Forecast E	vs FP 45 <sup>th</sup> (E-D)
<b>Operating revenue</b> (Gain on sales of properties)	40,787 mn yen (1,465 mn yen)	40,879 mn yen (1,434 mn yen)	+91 mn yen +0.2%	39,760 mn yen (679 mn yen)	40,478 mn yen (684 mn yen)	+718 mn yen +1.8%	40,700 mn yen (699 mn yen)	+221 mn yen +0.5%
<b>Operating income</b> (Loss on sales of properties)	17,759 mn yen (-)	18,026 mn yen (-)	+266 mn yen +1.5%	17,095 mn yen (-)	17,409 mn yen (-)	+314 mn yen +1.8%	17,597 mn yen (-)	+187 mn yen +1.1%
<b>Net income</b>	15,735 mn yen	16,016 mn yen	+280 mn yen +1.8%	15,001 mn yen	15,293 mn yen	+292 mn yen +1.9%	15,434 mn yen	+141 mn yen +0.9%
<b>Earnings per unit (EPU)</b> (EPU before amortization of goodwill)	2,251 yen (2,308 yen)	2,291 yen (2,349 yen)	+40 yen +1.8%	2,146 yen (2,203 yen)	2,188 yen (2,245 yen)	+42 yen +2.0%	2,208 yen (2,265 yen)	+20 yen +0.9%
<b>Distribution per unit (DPU)</b>	2,270 yen	2,270 yen	-	2,250 yen	2,250 yen	-	2,266 yen	+16 yen +0.7%
<b>Reserve balance</b>	5,829 mn yen	6,109 mn yen	+280 mn yen +4.8%	5,105 mn yen	5,677 mn yen	+572 mn yen +11.2%	5,272 mn yen	-404 mn yen -7.1%

Japan Metropolitan Fund Investment Corporation | 25

Turning first to the 44th period, operating revenue increased 91 million yen compared with forecasts. Despite a decrease in utility income due to lower electricity rates, this upswing in operating revenue was largely due to increases in revenue-based income/GOP-linked income owing to higher sales at retail tenants and the OMO3 Tokyo Akasaka Hotel.

Operating income increased 266 million yen compared with forecasts. NCF-linked PM compensation and depreciation expenses also increased. Factors that helped underpin these results included a significant decrease in utility costs due to the lower electricity rates and a decrease in expenses due to a review of certain repair work.

Non-operating income/loss included a decrease in refinancing costs, which was considered a buffer. As a result, net income amounted to 16 billion and 16 million yen, an increase of 280 million yen compared with forecasts. EPU for the 44th period was 2,291 yen, an increase of 40 yen compared with forecasts.

Turning to DPU for the 44th period, while reversing reserves to the tune of 371 million yen to eliminate tax discrepancies, JMF has allocated 522

million yen from the gain on sales to the reduction reserve, resulting in a DPU of 2,270 yen as forecast.

Moving on to forecasts for the 45th period, operating revenue will increase 718 million yen compared with the previous period forecast. This is largely due to the projected increase in fixed rents at G-Bldg. Midosuji 02, the acquisition of five new residential properties, the early lease-up of JMF-Residence Machida, and an increase in GOP-linked income owing to increased sales at the OMO3 Tokyo Akasaka Hotel.

Although operating income is expected to increase 314 million yen compared with the previous period forecast, the extent of increase will be reduced. The main contributory factors are forecast to include an increase in repair costs due to the postponement of certain repair work from the previous period and an increase in taxes and public dues.

Under non-operating income and expenses, non-operating expenses are forecast to increase after factoring in the possibility of interest rate hikes into cost of debt. As a result, net income is expected to total 15 billion 293 million yen, an increase of 292 million yen compared with the previous period forecast, EPU for the 45th period is anticipated to come in at 2,188 yen, an increase of 42 yen compared with the previous period forecast.

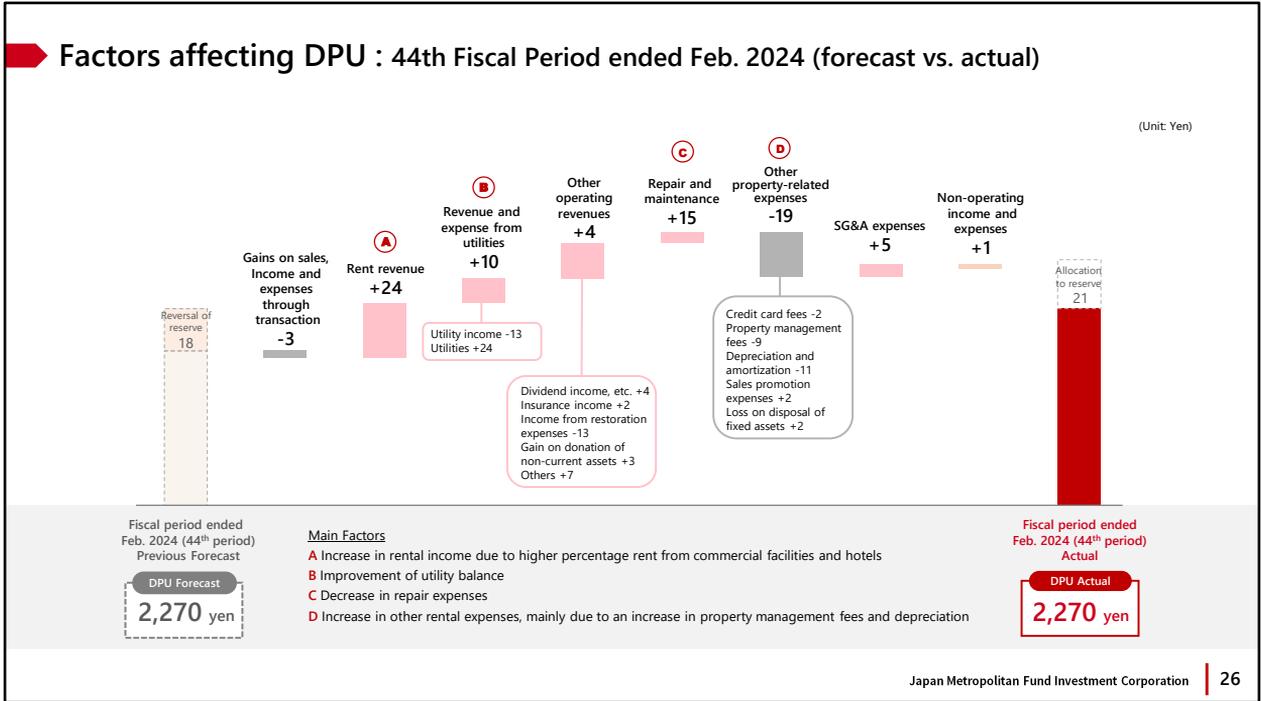
Recognizing that EPU before goodwill amortization is 2,245 yen, the forecast DPU for the 45th period is estimated to total 2,250 yen, which is considered to be the lower limit.

Putting forward forecasts for the 46th period for the first time, operating revenue is expected to increase 221 million yen compared with the 45th period forecast. This is due to the full contribution of rents from residential income properties acquired in the 45th period and the elimination of free rent at G-Bldg. Shinsaibashi 03.

Operating income is forecast to increase 187 million yen compared with the 45th period forecast. This reflects a decrease in the rate of increase due to factors such as an increase in BM costs.

Non-operating income and expenses are forecast to increase for a variety of reasons. This includes factoring in the possibility of interest rate hikes in debt costs. As a result, net income is expected to total 15 billion 434 million yen, an increase of 141 million yen compared with the 45th period forecast, and EPU for the 46th period is expected to come in at 2,208 yen.

The forecast DPU for the 46th period is anticipated to total 2,266 yen. As the EPU forecast before goodwill amortization exceeds 2,250 yen, we will distribute the full amount as dividends without setting aside any gains on sale.



Please be sure to take a look at the key points listed on pages 26 and 27, which cover the main factors that affected the actual distribution per unit for the 44th period and might affect forecasts for the 45th and 46th periods.

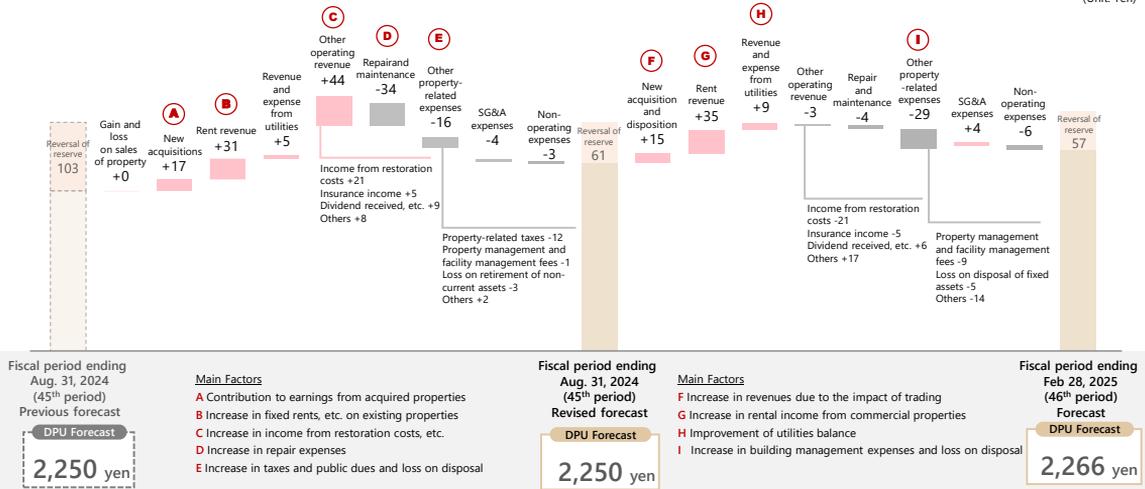
Lastly, I would like to reiterate that to increase unitholder value amidst the inflationary trend, we continue to operate our assets with a strong awareness of upside potential management on a daily basis. Recently, actual EPU and NAV per unit, which underpin unitholder value, have been steadily rising.

To sustain this growth trend, we will continue to leverage JMF's unique management capabilities to operate on the upside in terms of both internal and external growth. We gratefully look forward to your continued support.

## Factors for increase/decrease in DPU :

Aug. 2024 period (45th period), Feb. 2025 period (46th period) (forecast)

(Unit: Yen)



## Financial highlights of Feb. 2024 (44<sup>th</sup>) period

### Asset

No. of properties	133 <small>properties</small>
Asset size	1,210 <small>bn yen</small>
Appraisal value	1,344.5 <small>bn yen</small>
Unrealized gain	194.9 <small>bn yen</small>
NOI yield <sup>1</sup>	4.4 %
NOI yield after depreciation <sup>1</sup>	3.5 %

### Debt

Interest-bearing debt	550.1 <small>bn yen</small>
LTV <sup>2</sup> (based on appraisal value) <sup>3</sup>	44.1 % (38.1%)
Average debt cost <sup>3</sup>	0.73 %
Average loan term remaining until maturity <sup>4</sup>	4.2 years
Long-term borrowing ratio	99.9 %
Fixed-interest ratio	96.4 %
Credit ratings (JCR)	AA (Stable)

### Equity

Market capitalization <sup>5</sup>	617.1 <small>bn yen</small>
NAV per unit <sup>6</sup>	115,100 <small>yen</small>
Balance of reserve	6.1 <small>bn yen</small>

### Sustainability

GRESB Real Estate Assessment	5 Star (Highest Rank)
CDP Climate Change Program	A-
MSCI ESG Rating <sup>7</sup>	BBB
Renewable energy introduction ratio <sup>8</sup> <small>(Portfolio ratio)</small>	16.2 %
Green building certified Buildings <small>(Total floor area basis)</small>	79.2 %
Female employee ratio (Asset Manager) <sup>9</sup>	34.5 %

1. Including dividends income

2. It is calculated by dividing the total interest-bearing debt as of the end of Feb. 2024 (44th) Period by the total assets as of the end of the Feb. 2024 (44th).

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. 2024 (44th) Period by the total interest-bearing as of the end of Feb. 2024 (44th) 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. 2024 (44th) Period.

5. As of the end of Feb. 2024

6. (Net assets + Unrealized profits and losses - Total distribution) / Total units outstanding

7. The inclusion of JMF in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of JMF by MSCI or any of its affiliates.

8. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

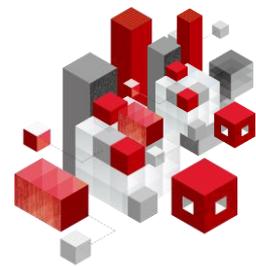
9. Calculated based on electricity consumption from March 1, 2023 to the end of February 2024.

9. Excluding executives and temporary staff

JMF

Reference

## About JMF



Philosophy of JMF

**Japan's largest diversified REIT investing in real estate properties serving as a foundation of the metropolitan life (live, work and consume)**

- 01** Over **20**-year track record and approximately 160 professionals
- 02** **1.2** trillion yen in AUM [ No. **1** among diversified J-REITs and No. **2** among all J-REITs ]
- 03** Inflation-resistant portfolio Focused on urban retail properties located in three major metropolitan areas
- 04** Sponsor synergies with **KKR**, a leading global investment firm with US\$553 billion in AUM
- 05** Stable financial base (**AA** rating) and industry-leading Sustainability

Corporate Name	Japan Metropolitan Fund Investment Corporation <b>JMF</b>
Security Codes	8953
Fund Listing	March 12, 2002
Closing Month	Six months ending in February and August of each year (Distribution payment months: May & November)
Asset management company	KJR Management <b>KJRM</b>
Sponsor	<b>K K R</b> (76KK, a subsidiary of KKR)
Other entrusted asset management	<b>Industrial &amp; Infrastructure Fund Investment Corporation</b> <b>IIF</b> (The only J-REIT specializing in industrial properties.) AUM : 494.5 bn yen (as of March 31, 2024, after taking into account of the announced sale of properties) <b>Private funds</b> AUM : 115.0 bn yen (as of March 31, 2024)

## AUM has grown to 1.2 trillion yen through two mergers since listing in 2002



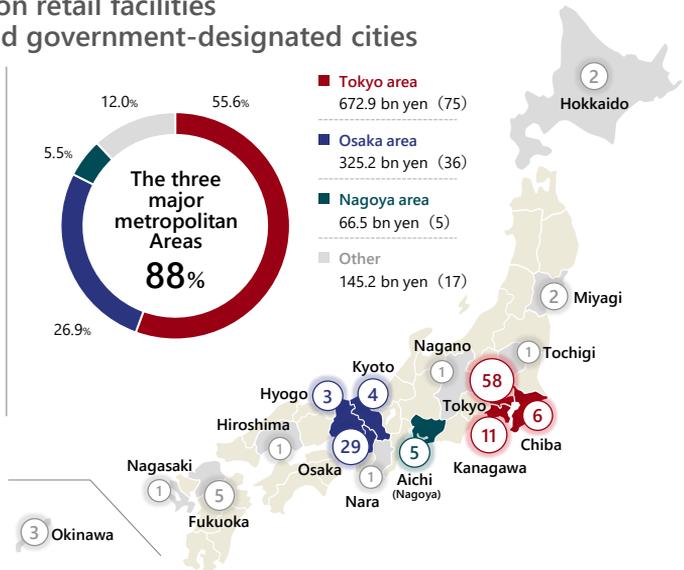
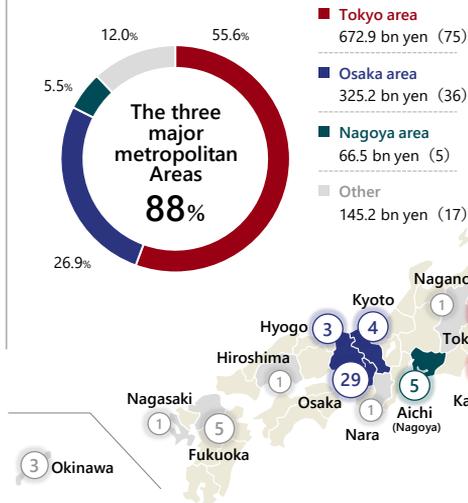
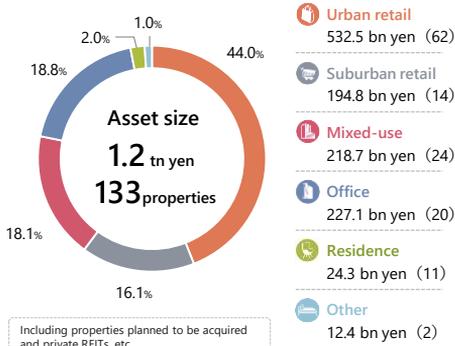
### History of JMF

- Mar. 2002 (1st)**  
Japan Retail Fund (JRF) listed as Japan's third REIT and first REIT specializing in retail properties in Japan
- Mar. 2010 (17th)**  
**M&A 1** Merged with LaSalle Japan REIT Inc.
- Mar. 2021 (39th)**  
**M&A 2** Merged with office-focused REIT MCUBS MidCity Investment Corporation (former MID REIT, Inc.)  
Diversified REIT, Japan Metropolitan Fund Investment Corporation was born

### History of KJRM

- Nov. 2000**  
Established an asset management company (Mitsubishi Corp.-UBS Realty, Inc.)
- Mar. 2002**  
JRF IPO
- Apr. 2015**  
Acquired shares of MID REIT Management (MCUBS MidCity Inc.)
- Oct. 2007**  
IIF IPO
- Jul. 2019**  
**M&A** Merged with MCUBS MidCity
- Apr. 2022**  
**Change of sponsor** Acquired by KKR  
The name changed to KJR Management
- Oct. 2022**  
Started Private Solutions business

### Distributed investment with a focus on retail facilities in three major metropolitan areas and government-designated cities



\* Acquisition price (1.21tn yen) basis as of Feb. 29, 2024  
\* Figures in parentheses are numbers of properties

## JMF's Portfolio Outlook

Type of Use (Number of property)	Acquisition Price (bn yen)	Appraisal Value (bn yen)	Unrealized profits and losses (bn yen)	Annual basis NOI <sup>1</sup> (bn yen)	NOI Yield	Occupancy Rate				
						The 43rd period (Aug. 31, 2023)	The 44th period (Feb. 29, 2024)		The 45th period (Aug. 31, 2024)	The 46th period (Feb. 28, 2025)
						Forecast	Actual	Forecast	Forecast	
 Urban retail (62)	532.5	633.6	134.3	24.9	4.7%	99.7%	99.8%	<b>99.8%</b>	99.9%	99.3%
 Suburban retail (14)	194.8	190.9	31.5	9.6	4.9%					
 Mixed-use (24)	218.7	247.4	23.0							
 Office (20)	227.1 (235.7 <sup>2</sup> )	232.8	3.7	17.4	3.9%	96.9%	96.2%	<b>97.5%</b>	95.4%	95.0%
 Residence (11)	24.3 (32.7 <sup>3</sup> )	27.1	2.0	0.8	3.6%	96.6%	86.6%	<b>93.3%</b>	92.7%	96.5%
 Hotel (2)	12.4	12.4	0.1	0.5	4.5%	100.0%	100.0%	<b>100.0%</b>	100.0%	100.0%
<b>ALL (133)</b>	<b>1,210.0</b>	<b>1,344.5</b>	<b>194.9</b>	<b>53.4</b>	<b>4.4%</b>	99.2%	99.1%	<b>99.3%</b>	99.0%	98.6%
V5 43rd Actual ALL (+1)	-4.3	+20.1	+23.6	+1.3	+0.1point					

1. Annual basis NOI does not include dividend income etc.
2. Includes ownership of silent partnership interests related to Nagoya Lucent Tower.
3. Includes the total investment amount in private REITs.
4. Total acquisition price including ownership of silent partnership interests related to Nagoya Lucent Tower and private REITs is 1,227.0bn yen.

## Focuses on investing in retail properties and diversifies investments to mixed-use, offices, and residential properties

### < Major investment targets >



#### Retail

##### Investment targets

- Facing high street
- Urban retail properties
- Residential stations



##### JMF's targets

- High commercial viability, such as downtown and trade area population
- Properties with the potential for appreciation during inflation due to percentage rents

##### Facing high street



GYRE  
(Tokyo : Omotesando)



Cheers Ginza  
(Tokyo : Ginza)



G-Bldg. Midosuji 02  
(Osaka : Midosuji)

##### Urban retail properties



MARINE & WALK YOKOHAMA  
(Yokohama)



DFS T GALLERIA OKINAWA (Okinawa)

##### Residential Stations



mozo wonder city (Nagoya)



Machinoma Omori (Tokyo)



#### Mixed-use

##### Investment targets

- Mixed-use properties located in urban areas



Retail + Office  
Twin 21



Retail + Residence  
JMF-Bldg. Hiroo 01



Retail + Hotel  
JMF-Bldg.  
Shibuya 01



Office + Residence  
JMF-Bldg.  
Ichigaya 01



##### JMF's targets

- Tenant mix based on retail facility management know-how
- Conversion of existing properties to make the most efficient use of their uses



#### Offices

##### Investment targets

- Urban & Commuter-town Offices



JMF-Bldg.  
Nishimbashi  
Hamacho 01  
(Tokyo)



JMF-Bldg.  
Higobasahi 01  
(Osaka)



##### JMF's targets

- Distributed investments mainly in Tokyo and Osaka
- Medium and B-class properties that do not compete with newly developed S-class properties



#### Residence, other

##### Investment targets

- Rental residential properties in densely populated areas with good access to the city center
- Hotels in urban areas



JMF-Residence  
Gakugeidaigaku (Tokyo)



##### JMF's targets

- Mainly new or recently built residential for singles and DINKS
- Invest in private REITs that invest in residential properties

## Build a portfolio that transcends use through property management and acquisition capabilities

### Internal Growth $\alpha$

- Management capabilities leveraging asset scale of over 1 trillion yen
- Over 20 years of management know-how
- Capability to handle a variety of asset types, including large multi-tenant properties
- Relationships with over 1,500 retail and office tenants

### External Growth $\alpha$

- Industry-leading information gathering capabilities
- JMF's proprietary acquisition methods (Private REIT investment, M&A, etc.)
- Synergies with KKR, including from carve-outs

#### The highest & best use of properties



Improve profitability of assets by making the best use of properties to meet rental needs

#### Area management



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



#### Proprietary network



Since listing, build a proprietary information network that does not rely on sponsors

#### Development of new methods



Expands acquisition methods further by converting to a diversified REIT

## Property Management

▼ Management methods		▼ Details
<b>The highest &amp; best use of properties</b>		
1	Review of contract details	<ul style="list-style-type: none"> <li>Change contract terms (increase rent, convert to a fixed-term lease, etc.)</li> <li>Introduce revenue-based rent or step-up rent</li> </ul>
2	Tenant replacement	<ul style="list-style-type: none"> <li>Eliminate rent gaps</li> <li>Improve contract terms</li> </ul>
3	Large-scale renewal	<ul style="list-style-type: none"> <li>Maintain freshness of facilities and improve value</li> </ul>
4	Conversion	<ul style="list-style-type: none"> <li>Convert to mixed-use facilities</li> </ul>
5	Reconstruction	<ul style="list-style-type: none"> <li>Temporarily take properties off the balance sheet and repurchase them after reconstruction</li> <li>The investment corporation reconstructs properties with them on the balance sheet</li> </ul>
<b>Area management</b>		
	Attracting tenants between properties	<ul style="list-style-type: none"> <li>Introduce other properties to meet tenant needs for new store openings</li> </ul>
	DX	<ul style="list-style-type: none"> <li>Building a Customer Data Platform (CDP)</li> </ul>
	Sustainability	<ul style="list-style-type: none"> <li>Introduce green leasing</li> <li>Contribute to the environment, society, and employee satisfaction</li> </ul>

## Property acquisition

▼ Acquisition Method		▼ Details
1	Reciprocal transaction	<ul style="list-style-type: none"> <li>Asset replacement to create alignment of mutual strategic interests</li> </ul>
2	Initiatives with developers	<ul style="list-style-type: none"> <li>Acquisition of properties developed for exit</li> </ul>
3	Collaboration with tenants	<ul style="list-style-type: none"> <li>Acquire tenant assets based on tenant needs</li> </ul>
4	Related to investment in private REITs	<ul style="list-style-type: none"> <li>Acquired units of privately placed REITs that meet the investment criteria</li> <li>Acquisition of properties developed by private REIT sponsors</li> </ul>
5	Mezzanine loan bond investment	<ul style="list-style-type: none"> <li>Investments in funds organized for mezzanine loan bond investment purposes</li> <li>Acquire properties by leveraging a network of lenders with mezzanine loans</li> </ul>
6	M&A	<ul style="list-style-type: none"> <li>Mergers with J-REITs</li> </ul>
7	Sponsor support by KKR	<ul style="list-style-type: none"> <li>Jointly participate in large-scale deals with sponsors to acquire properties that meet investment criteria</li> </ul>
8	Participation in Redevelopment Projects as a Participating Partner	<ul style="list-style-type: none"> <li>Participation in large-scale redevelopment projects as a participating partner</li> <li>Acquire properties to be developed after redevelopment</li> </ul>

## Examples of JMF's Property Management Capabilities

### The highest & best use of properties

#### Tenant replacement

##### □ JMF-Bldg. Higobashi01 (Osaka-shi, Osaka)

Completed backfill of four floors vacated at the end of July by expanding floor space and attracting new tenants



##### □ OMO3 Tokyo Akasaka (Mitsuto-ku, Tokyo)



- In 2021, a former tenant began civil rehabilitation proceedings and moved out
- Replaced by a new tenant, OMO, a Hoshino Resort Group brand
- Occupancy increased after the COVID-19 pandemic, increasing revenue-based rent

#### Large-scale renewal

##### □ mozo wonder city (Nagoya-shi, Aichi)

Major renovation regularly implemented to maintain freshness



- Created a new food sales zone to capture changes in consumer behavior during the COVID-19 pandemic
- Established industry-university partnerships with local universities and set up stores under the theme of sustainability
- Both sales and customer numbers exceeded plan expectations

#### Conversion to mixed-use

##### □ JMF-Bldg. Tenjin Nishi-dori 01 (Fukuoka-shi, Fukuoka)

- The Tenjin Big Bang project extends to the redevelopment of the surrounding area
- In September 2022, exterior wall construction work was conducted, envisioning a mixed-use facility while utilizing the old building without demolishing it
- Attracted co-working space and service tenants after restaurant tenants left

Floor	BEFORE	AFTER
9F	Restaurant (Dining bar)	Coworking space
8F	Restaurant (Izakaya)	Restaurant (Izakaya)
7F	Restaurants (Darts bar)	Restaurants (Darts bar)
6F	Restaurant (Izakaya)	Beauty salon
5F	Restaurant (Izakaya)	Restaurant (Izakaya)
4F	Restaurant (Izakaya)	Beauty salon
3F	Restaurant (Izakaya)	Medical clinic
1F - 2F	Sales of goods	Sales of goods

#### Reconstruction

##### □ JMF-Bldg. Jiyugaoka 01 (Meguro-ku, Tokyo)

- In 2015, decided to reconstruct the 30-year-old Building B as the investment corporation's first reconstruction with the property on the balance sheet
- The building now has an advanced structure, with the main structure made of fire-resistant wood, which gives it an advantage in leasing and reduces environmental impact
- In 2020, after the tenants moved out, the building was designed to allow for subdivided leasing when reconstructed and successfully attracted successor tenants



Expenditure	Increase in NOI	ROI
<b>598mn yen</b>	<b>37mn yen</b>	<b>6.4%</b>

## Examples of JMF's Property Management Capabilities

### Area management

#### Attracting tenants between properties

#### Attracted MUJI stores to large blocks in two properties

- KAMISHIN PLAZA (Osaka-shi, Osaka)
- Kyoto Family (Kyoto-shi, Kyoto)

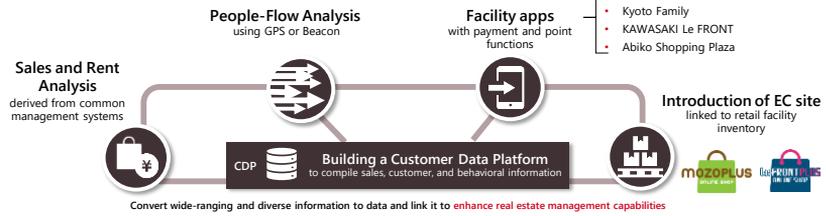
- Promptly understood strategies for opening tenant stores in retail facilities adjacent to residential areas during the COVID-19 pandemic at KAMISHIN PLAZA and succeeded in attracting the stores to large blocks (opened in October 2022)
- Information collaboration between properties enabled store openings in the Kyoto Family property (opened in June 2022)



### DX

#### Synergistic effects on revenue expansion and area management through DX

#### Promoting operational sophistication through DX



#### ~ Effects of DX ~

##### □ Revenue expansion

###### Sales increase

- Increase sales per customer through membership
- Increase sales and income by raising the membership sales ratio

###### Cost reduction

- Discontinuation of advertising costs for paper-based advertising and old systems in conjunction with the introduction of the app
- Optimization of SG&A expenses by determining visitor attributes and residences

##### □ Expansion of customer base and trade area

- Increase in sales from outside the trade area
- Increase in customers outside of business hours

##### □ Area management

- Generation of demand through customer referrals, etc. (Tsunagu Pass)
- Investigation of appropriate property acquisition

##### □ Leasing

- Investigation of accurate store opening by determining traffic volumes and customer attributes, etc.

## Examples of JMF's Property Acquisition Capabilities

### Reciprocal transaction

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

#### Asset replacement to create alignment of mutual strategic interests

Through reciprocal transactions with Hulic Co., Ltd. in 2021

- Acquired Class-A office space in a prime location
- Secured adequate gain on sales of real estate divided into three fiscal periods (approx. 5.5 billion yen)

#### Secured gains on sales through reciprocal sales

Acquisition price	Disposition price
42.4bn yen	20.8bn yen
	<b>Gains on sales</b>
	5.6bn yen



### Initiatives with developers

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

#### Acquisition of properties developed by developers for exit

- In March 2022, JMF acquired a newly built stand-alone residential property for the first time
- Contracts concluded at a faster pace than expected at the time of acquisition, resulting in a higher occupancy rate
- Assumed yield at the time of acquisition exceeded

#### Effects were greater than expected at the time of acquisition

	Forecast	After Acquisition (44th)
NOI yield	3.7%	<b>3.8%</b>
NOI yield (after depreciation)	3.1%	<b>3.2%</b>



### Collaboration with tenants

#### □ Tecc LIFE SELECT Fukuoka Shime Honten (Kasuya-gun, Fukuoka)

#### Acquisition of tenant assets based on tenant needs for additional floor space

- 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

#### Effects on expansion

	Existing building	Existing building & Expanded portion
Acquisition price	4,150mn yen	<b>4,852mn yen</b>
NOI yield	7.4%	<b>7.8%</b>
NOI yield (after depreciation)	5.5%	<b>5.8%</b>



### Related to investment in private REITs

#### □ Investment units of NSPR and HPR

#### Investment in privately placed REITs, a first for a publicly offered investment corporation

Amount of Investments	Dividend yield
<b>8.3bn yen</b> (as of Feb. 2024)	<b>4.3% → 5.0%</b> 39 <sup>th</sup> → 44 <sup>th</sup>

#### Significance of investment in private REITs

- 1. Acquire exposure to residential property with high profitability**  
Enjoy profitability with a dividend yield of at least 4%
- 2. Increased knowledge of residential property management**  
Acquire market information and management know-how, etc.
- 3. Stronger External Growth Potential**  
Possibility of acquisition of properties developed by sponsors of private REITs



◀ In March 2023, we acquired the property from Hoosiers Asset Management

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

\*NSPR stands for "Noshin Private Residences REIT, Inc."  
\*HPR stands for "Hoosiers Private REIT Investment Corporation"

## KKR, a leading global investment firm

# KKR

Listed on the New York Stock Exchange with offices in 4 continents across 25 cities worldwide



### Credit & Liquid Strategies

USD 246bn

- Leveraged Credit
- Alternative Credit
- Hedge Fund
- Strategic Partnerships



### Private Equity & Real Assets

USD 308bn

- Private Equity
- Infrastructure
- Growth Equity
- Real Estate
- Energy

\* As of Dec. 31, 2023

## Extensive track record of investing in Japan

- KKR has invested about USD18bn in Japanese companies across asset classes since the Japan office was established in 2006
- Extensive track record of investing in the success of Japanese businesses



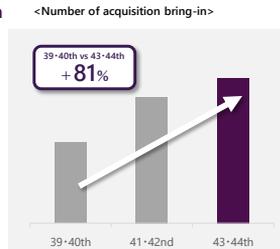
## Provide growth opportunities by leveraging our corporate network

- Generate significant real estate deal flow by leveraging KKR's extensive global network of partners and portfolio companies across asset classes (private equity, real estate, infrastructure, etc.)
- Tap into KKR's M&A and capital markets expertise and value creation capabilities to create both organic and inorganic growth opportunities

## Synergy with KKR

### Increase in pipeline information

- Significant increase in deal information after KKR took over the sponsor in 2022 (41st period) in addition to conversion to a diversified REIT in 2021 (39th period)



### Joint Participation in Large-Scale Deals

- Collaborate with KKR on deals that would otherwise be challenging to enter alone to acquire properties that meet JMF's investment criteria

### Collaboration with KKR

- Joint proposals with KKR, collaboration with business investment targets, and consideration of carve-outs
- Seek growth opportunities through M&A

### JMF × KKR Joint participation with KKR in large-scale deals



Participated with KKR in a large-scale portfolio deal for 10 residential properties and acquired JMF-Residence Fujisawa, which meets JMF's investment criteria

Acquired in Mar. 2023  
JMF-Residence Fujisawa (Fujisawa, Kanagawa)

### <Reference> IIF × KKR Carve-out deals through CRE Proposal

Example of "Industrial & Infrastructure Fund Investment Corporation" for which KJRM is entrusted with asset management

**Central Tank Terminal Co., Ltd.**  
IIF acquired three rare sites with leasehold interest for tank terminals



IIF Kawasaki Port Tank Terminal (Land with leasehold interest)

**LOGISTEED, Ltd.**  
IIF acquired 28 core logistics facility properties



IIF Osakaibaraki Logistics Center



# 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 (JREIT) 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)