Japan Metropolitan Fund Investment Corporation

July 29, 2024

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Notice Concerning Revised Forecasts for Operating Results and Distributions (Upward Revision) for the August 2024 (45th) Fiscal Period and the February 2025 (46th) Fiscal Period

Japan Metropolitan Fund Investment Corporation ("JMF") has revised forecasts for the operating results and distributions for the fiscal period ending August 2024 fiscal period (45th fiscal period: March 1, 2024 to August 31, 2024) and February 2025 fiscal period (46th fiscal period: September 1, 2024 to February 28, 2025) announced on April 17, 2024 in the "Japan Metropolitan Fund Investment Corporation Summary of Financial Results for the Six Months Ended February 29, 2024". Details are as follows.

1. Revised Forecasts for Operating Results for August 2024 (45th) Fiscal Period (March 1, 2024 to August 31, 2024)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (excluding distributions in excess of profit)	Distributions in excess of profit per unit (yen)
Previous forecast (A)	40,478	17,409	15,294	15,293	2,250	—
Revised forecast (B)	40,747	17,686	15,575	15,574	2,300	—
Change (B – A)	+268	+276	+280	+280	+50	—
Rate of change ((B – A) / A)	+0.7%	+1.6%	+1.8%	+1.8%	+2.2%	—

(Note 1) The previous forecast (A) assumes that the number of investment units issued at the end of period is 6,989,091 units.

(Note 2) The revised forecast (B) assumes that the number of investment units issued at the end of period is 6,978,509 units, which is based on the cancellation of the total number of own investment units (10,582 units) on June 7, 2024 that JMF acquired from April 18, 2024 to May 16, 2024.

(Note 3) Distributions in the previous forecasts for the August 2024 (45th) fiscal period are assumed to consist of retained earnings at the end of the period amounting to 15,293 million yen, and after all of retained earnings for reversals of reserve for tax purpose reduction entry amounting to 64 million yen, reversals of reserve for dividends amounting to 354 million yen and reversals of reserve for temporary difference adjustments amounting to 13 million yen and for dividends amounting to a total of 15,725 million yen (distributions per unit 2,250 yen).

(Note 4) Distributions in the revised forecasts for the August 2024 (45th) fiscal period are assumed to consist of retained earnings at the end of the period amounting to 15,574 million yen, and after all of retained earnings for reversals of reserve for tax purpose reduction entry amounting to 96 million yen, reversals of reserve for dividends amounting to 366 million yen and reversals of for temporary difference adjustments amounting to 13 million yen and for dividends amounting to a total of 16,050 million yen (distributions per unit 2,300 yen).

(Note 5) Forecasts may be revised if results are expected to deviate from the above forecasts beyond a certain level.

(Note 6) Figures of less than one unit are truncated and percentages are rounded to the first decimal place.

2. Revised Forecasts for Operating Results for February 2025 (46th) Fiscal Period (September 1, 2024 to February 28, 2025)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (excluding distributions in excess of profit)	Distributions in excess of profit per unit (yen)
Previous forecast (A)	40,700	17,597	15,435	15,434	2,266	—
Revised forecast (B)	41,448	18,310	16,145	16,145	2,370	—
Change (B – A)	+747	+713	+710	+710	+104	—
Rate of change ((B – A) / A)	+1.8%	+4.1%	+4.6%	+4.6%	+4.6%	—

(Note 1) The previous forecast (A) assumes that the number of investment units issued at the end of period is 6,989,091 units.

(Note 2) The revised forecast (B) assumes that the number of investment units issued at the end of period is 6,978,509 units, which is based on the cancellation of the total number of own investment units (10,582 units) on June 7, 2024 that JMF acquired from April 18, 2024 to May 16, 2024.

(Note 3) Distribution in the previous forecasts for the February 2025 (46th) fiscal period are assumed to consist of retained earnings at the end of the period amounting to 15,434 million yen, and after all of retained earnings for reversals of reserve for dividends amounting to 404 million yen and for dividends amounting to a total of 15,839 million yen (distributions per unit 2,266 yen).

(Note 4) Distribution in the revised forecasts for the February 2025 (46th) fiscal period are assumed to consist of retained earnings at the end of the period amounting to 16,145 million yen, and after all of retained earnings for reversals of reserve for dividends amounting to 398 million yen and for dividends amounting to a total of 16,539 million yen (distributions per unit 2,370 yen).

(Note 5) Forecasts may be revised if results are expected to deviate from the above forecasts beyond a certain level.

(Note 6) Figures of less than one unit are truncated and percentages are rounded to the first decimal place.

3. Reasons for Revision

JMF has revised upward its forecasts of distributions per unit, taking into consideration the current asset management status and other factors regarding the operating results and distributions for the fiscal period ending August 2024 (45th fiscal period) (March 1, 2024 to August 31, 2024) and February 2025 (46th fiscal period) (September 1, 2024 to February 28, 2025) announced on April 17, 2024 in the “Japan Metropolitan Fund Investment Corporation Summary of Financial Results for the Six Months Ended February 29, 2024”.

The main reason for the revised forecast is that lease negotiation with tenants and revenue-based rents, which had been conservatively assumed, have been much higher than expected due to an increase in rent and other operating revenues (internal growth) of the existing portfolio. As a result, the distribution per unit in this revised forecast for the fiscal period ending February 2025 (46th fiscal period) is expected to exceed the level before the spread of the COVID-19 and reach a record high.

For details, please refer to the “Supplemental Material Concerning Today's Press Release” dated today.

4. Assumptions Underlying the Forecast of Operation for August 2024 (45th) Fiscal Period and February 2025 (46th) Fiscal Period

Item	Assumption
Accounting period	・ August 2024 (45th) Fiscal Period (March 1,2024 to August 31, 2024) (184 days) ・ February 2025 (46th) Fiscal Period (September 1, 2024 to February 28, 2025) (181 days)
Assets owned	・ We assume that 141 properties, six interests in silent partnership *(tokumei kumiai)*, two kinds of investment units of domestic real estate investment corporations, and one of investment limited partnership interests as of today, plus disposition and scheduled redemption of investment limited partnership interests under below will be under management. August 2024 (45th) Fiscal Period (March 1,2024 to August 31, 2024) (184 days) <Disposition> AEON MALL Sapporo Naebo (a 20% quasi-co-ownership of trust beneficiary right in real estate) February 2025 (46th) Fiscal Period (September 1, 2024 to February 28, 2025) (181 days) <Disposition> AEON MALL Sapporo Naebo (a 20% quasi-co-ownership of trust beneficiary right in real estate) <Redemption of investments> Investment limited partnership interests ・ Except the changes described above, we assume that no other (anticipated) changes (new property acquisitions and sales of owned properties etc., excluding reconstruction of current properties) by the acquisitions of new properties and dispositions of current portfolio properties, etc., will occur prior to the end of the February 2025 (46th) fiscal period. ・ The actual number may vary according to the acquisitions of new properties and dispositions of current portfolio properties in the portfolio, etc.
Issue of units	・ The assumption is that the number of investment units issued is 6,978,509 units after the cancellation on June 7, 2024 of the total number of own investment units (10,582 units) that JMF acquired between April 18, 2024 and May 16, 2024. ・ Except for the above, assuming that there will not be any additional issuance of new investment units or repurchase and cancellation of own investment units by the end of the fiscal period ending February 2025 (46th) fiscal period.
Interest-bearing debt	・ Interest-bearing debt, including refinancing of loans concluded on July 12, 2024, stands at 553,645 million yen, the breakdown of which is short-term debts of 4,000 million yen and long-term debts (including Green Loans) of 499,145 million yen and investment corporation bonds (including Green Bonds) of 50,500 million yen. ・ Excluding the announced refinancing above, interest-bearing debt that will come due by the end of the February 2025 (46th) fiscal period amounts to 4,000 million yen in short-term borrowings, 28,350 million yen in long-term borrowings and 7,000 million yen in investment corporation bonds, but it is assumed that the entire amount will be procured through borrowings as the source of funds for repayment.
Operating revenues	・ With respect to gain on sales of property, we assume that gain on sales of property of 684 million yen in the disposition of AEON MALL Sapporo Naebo (a 20% quasi-co-ownership of trust beneficiary right in real estate) in the fiscal period ending August 2024 (45th) and 699 million yen in the disposition of AEON MALL Sapporo Naebo (a 20% quasi-co-ownership of trust beneficiary right in real estate) in the fiscal period ending February 2025 (46th) will be

Item	Assumption
	recorded. ・ Rent and other operating revenues are calculated based on lease contracts in effect as of today. ・ Rent levels and estimated rents for the portions of properties that are vacant are calculated taking into account negotiations with our tenants and other relevant factors that took place until the date of this document. ・ We assume that there will be no arrears or nonpayment of rent by our tenants through the end of the February 2025 (46th period).
Operating expense (excluding goodwill amortization)	・ We assume property-related taxes of 3,695 million yen in August 2024 (45th) fiscal period and 3,690 million yen in February 2025 (46th) fiscal period. ・ With respect to property taxes, urban planning taxes and depreciable assets taxes ("taxes on property and equipment") on properties owned by JMF, the tax amount assessed and payable for the corresponding accounting periods has been calculated as property-related expenses. However, should any need arise for settlement, such as a need to pay settlement amount for taxes on property and equipment, in relation to new property acquisitions to be made during the year in which the period falls ("amounts equivalent to taxes on property and equipment"), such amounts are taken into account in the acquisition cost of the properties and therefore are not recorded as expenses for the period. Therefore, with respect to taxes on property and equipment pertaining to the properties acquired in 2024 (JMF-Residence Setagaya Mishuku, JMF-Residence Shin-itabashi, JMF-Residence Kuramae 2-chome, JMF-Residence Kuramae Torigoe, JMF-Residence Asakusabashi 3-chome, JMF-Residence Sakuranomiya, JMF-Residence Miyakojima, JMF-Residence Tenjimbashisuji 6-chome), the tax amounts assessed and payable for the relevant accounting periods will be recorded as property-related expenses in 2025 and onwards. We have assumed that the amounts equivalent to taxes on property and equipment included in the acquisition costs of these properties are equivalent to 22 million yen in total. ・ We assume that repair and maintenance will be 829 million yen for the August 2024 (45th) fiscal period and 914 million yen for the February 2025 (46th) fiscal period. However, repair and maintenance expenses may vary substantially from the estimate since such expenses may be incurred due to unforeseeable reasons. ・ We assume that depreciation will be 5,556 million yen for the August 2024 (45th) fiscal period and 5,542 million yen for the February 2025 (46th) fiscal period. ・ We assume that outsourcing fees will be property management fees of 888 million yen for the August 2024 (45th) fiscal period and 876 million yen for the February 2025 (46th) fiscal period. And facility management fees of 2,481 million yen for the August 2024 (45th) fiscal period and 2,533 million yen for the February 2025 (46th) fiscal period. ・ We assume that we will incur losses of 58 million yen in the August 2024 (45th) fiscal period and 116 million yen for the February 2025 (46th) fiscal period, respectively, on the disposal of property related to facility updates, etc. at each property. With respect to the loss on disposal of property described above, those losses related to properties whose estimated useful lives are determined to be subject to review as a result of the change in the estimate from an accounting perspective will be treated as depreciation. ・ Asset management fees are based on the assumption that the ongoing asset management fee structure of JMF will not be changed.
Goodwill	・ We assume that the goodwill will be amortized over 20 years using the straight-line basis in

Item	Assumption
amortization	accordance with the Accounting Standard for Business Combinations (Accounting Standards Board of Japan Statement No. 21 revised on January 16, 2019). We assume that goodwill amortization for the August 2024 (45th) fiscal period and the February 2025 (46th) fiscal period will be 401 million yen.
Non-operating expenses	・ We assume that non-operating expenses (including interest expenses, loan-related costs, interest expenses on investment corporation bonds, etc.) will be 2,114 million yen for the August 2024 (45th) fiscal period and 2,165 million yen for the February 2025 (46th) fiscal period.
Distribution per unit	・ The distributions per unit are determined in accordance with the cash distribution policy stipulated in the Articles of Incorporation of JMF. ・ It is assumed that the distributions for the August 2024 (45th) fiscal period are calculated based on the assumptions that a total of 16,050 million yen (distributions per unit: 2,300 yen), consisting of retained earnings at the end of the period amounting to 15,574 million yen, plus reversal of reserve for dividends amounting to 366 million yen and reserve for temporary difference adjustment amounting to 13 million yen to avoid additional tax imposition resulting from inconsistencies between tax and accounting treatment, in addition, reversal of reserve for reduction tax purpose entry amounting to 96 million yen as voluntary reversal. ・ It is assumed that the distributions for the February 2025 (46th) fiscal period are calculated based on the assumptions that a total of 16,539 million yen (distributions per unit: 2,370 yen), consisting of retained earnings at the end of the period amounting to 16,145 million yen, plus reversal of reserve for dividends amounting to 398 million yen to avoid additional tax imposition resulting from inconsistencies between tax and accounting treatment. ・ We assume that additional tax imposition resulting from inconsistencies between tax and accounting treatment will be avoided by reversing of retained earnings for temporary difference adjustments.
Distributions in excess of profit per unit	・ We do not plan to make distributions in excess of profits at this time.
Other	・ We assume that there will be no amendment of laws, accounting standards and the tax system in Japan that will impact the aforementioned forecasts and no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.