Japan Metropolitan Fund Investment Corporation

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To all concerned parties:

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Notice Concerning Disposition of Trust Beneficiary Right in Real Estate in Japan (Konami Sports Club Kyobashi)

Japan Metropolitan Fund Investment Corporation ("JMF") announces today that KJR Management, JMF's asset manager (the "Asset Manager"), determined to dispose of the trust beneficiary right in real estate in Japan (the "Property") as outlined below.

1. Overview of Disposition

Property name	Konami Sports Club Kyobashi
Location	1-8-17 Higashinoda-cho, Miyakojima-ku, Osaka-shi, Osaka
Asset class	Retail
Disposition price (Planned)	7,450 million yen ① 3,725 million yen (50% co-ownership interest) ② 3,725 million yen (50% co-ownership interest)
Book value (Note 1)	3,339 million yen
Gains on disposition (Note 2)	Approx. 4.0 billion yen
Broker	None
Purchaser	Not disclosed (Note 3)
Completion date of contract (Scheduled)	January 27, 2025
Disposition date (Scheduled)	① September 30, 2025 (48th fiscal period) ② March 31, 2026 (49th fiscal period)

(Note 1) The book value is the actual value as of the end of August 2024 (45th fiscal period).

(Note 2) Gains on disposition are reference figures as the difference calculated at this time by subtracting book value and disposition-related expenses from the planned disposition price, and may differ from the actual gains on disposition.

(Note 3) Not disclosed as the purchaser has not agreed to the disclosure. There are no capital, personal or business relationships to note between JMF/the Asset Manager and the purchaser.

2. Reason for Disposition

Highlights

Realized improvement of total returns by disposing the Property at a price significantly higher than the book value (approximately 2.5 times the appraisal value)
(1) Enhancing NAV, (2) Maintaining DPU level above 2,700 yen

As there have been constant changes to the operating environment surrounding real estate, such as the recovery of retail properties and inbound tourism in the post-COVID-19 era, widespread e-commerce and remote working due to the rapid advancement in information technologies, and the trend of mixed-use by area and by property, JMF aims to optimize its portfolio in response to such changes. To this end, JMF will continue to secure stable earnings on the medium to long term basis and ensure steady growth of operating assets by promoting carefully-screened investment in retail facilities, office buildings, residences, hotels, and mixed-use properties used for a combination of those purposes, located mainly in urban areas. In addition, JMF aims to enhance total returns and expand the growth cycle using the growth strategies of "internal growth" and "return of gains on sales" as drivers.

The Property's NOI yield after depreciation was below the portfolio average and it had unrealized losses. The Asset Manager considered multiple scenarios for the Property, which is in a prime location near Kyobashi Station, including holding onto the Property and rebuilding, taking into account tenant continuity and replaceability. As a result, the Asset Manager chose "asset disposition" by which the expected purchaser is unlikely to be restricted by the current use of the Property, thereby realizing an increase in total returns as described below.

(1) Enhancing NAV

The disposal was realized at a price significantly higher than the book value (approximately 2.5 times the appraisal value). It also led to increase in the portfolio's NAV through eliminating approximately 300 million yen of unrealized losses.

(2) Maintaining DPU level above 2,700 yen

In addition to EPU growth centered on the internal growth of the portfolio, by returning the entire gain on the sale of the Property in the February 2026 (48th) fiscal period and the August 2026 (49th) fiscal period, JMF expects to be able to maintain a DPU level above 2,700 yen for the two-year period from the February 2025 (46th) fiscal period to the August 2026 (49th) fiscal period.

Based on the principle of returning the entire amount of gains on sales, JMF will continue to pursue its asset replacement strategy with the aim of enhancing the distribution level.

3. Property Summary

A summary of the Property to be disposed of is set out in Part 1, Fund Information, Item 1. Status of the Fund, 5 Status of investment management, (2) Investment assets, of JMF's securities report for the 45th fiscal period submitted on November 28, 2024.

4. Overview of Purchaser

The purchaser is a domestic company, but we have not obtained the necessary permission from the purchaser to disclose its name and other related information. The purchaser holds a portion of the issued investment units of JMF, but there is no capital, personal or business relationships to note between JMF/the Asset Manager and the purchaser. In addition, the purchaser does not fall under the category of a related party of JMF/the Asset Manager.

5. Means of Payment

Full payment at the time of transfer

6. Disposition Schedule

Decision-making date	January 24, 2025
Disposition contract signing date (Scheduled)	January 27, 2025
Payment date (Scheduled)	① September 30, 2025 ② March 31, 2026
Property transfer date (Scheduled)	

7. Future Outlook

As a result of the disposition, JMF expects to record a gain on sales of approximately 2.0 billion yen each in the February 2026 (48th) fiscal period and the August 2026 (49th) fiscal period, for a total of approximately 4.0 billion yen.

There is no impact of the disposition on the February 2025 fiscal period (the 46th fiscal period, from September 1, 2024 to February 28, 2025) and the August 2025 fiscal period (the 47th fiscal period, from March 1, 2025 to August 31, 2025). For the latest forecast of operating results, please refer to “Notice Concerning Revised Forecasts for Operating Results and Distributions (Upward Revision) for the August 2025 (47th) Fiscal Period” and “Supplemental Material Concerning Today’s Press Release.” dated today.

8. Appraisal Report Summary

Property name	Konami Sports Club Kyobashi
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal value	3,030 million yen
Appraisal date	August 31, 2024

Item	Value	Notes
Indicated value by income approach	3,030 million yen	
DC method	3,040 million yen	
Operating income	193 million yen	
Effective gross income	193 million yen	
Losses from vacancy, etc.	0 yen	
Operational cost	26 million yen	
Maintenance and management fee	0 yen	
Utility cost	0 yen	
Repair expenses	7 million yen	
Property manager fee	Not disclosed	As the disclosure of this item may negatively affect JMF's competitiveness and business to the detriment of its unitholders, the Asset Manager has decided not to disclose this information here, and has included it under "Other expenses" instead.
Leasing cost	0 yen	
Property tax	16 million yen	
Insurance premium	Not disclosed	As the disclosure of this item may negatively affect JMF's competitiveness and business to the detriment of its unitholders, the Asset Manager has decided not to disclose this information here, and has included it under "Other expenses" instead.
Other expenses	2 million yen	
Net operating income	166 million yen	
Operating profit on lump-sum payments	2 million yen	
Capital expenditure	17 million yen	
Net cash flow	152 million yen	
Capitalization rate	5.0 %	
DCF method	3,030 million yen	
Discount rate	4.7 %	
Terminal capitalization rate	5.1 %	
Indicated value by cost approach	2,360 million yen	
Land ratio	72.1 %	
Building ratio	27.9 %	

Other matters of consideration	N/A

This English language release is for informational purposes only, and the Japanese language release should be referred to as the original.