Investment Corporation
Japan Metropolitan Fund Investment Corporation
(Tokyo Stock Exchange Company Code: 8953)
Representative: Masahiko Nishida, Executive Director
URL: https://www.jmf-reit.com/english/
Asset Management Company
KJR Management
Representative: Naoki Suzuki, President & CEO
Inquiries: Keita Araki, Executive Officer & Head of Metropolitan Division
TEL: +81-3-5293-7081

Supplemental Material Concerning Today's Press Release

January 24, 2025

"Notice Concerning Revised Forecasts for Operating Results and Distributions (Upward Revision) for the August 2025 (47th) Fiscal Period"

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

January 24, 2025

Japan Metropolitan Fund Investment Corporation

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

Security code **8953**

Growth Strategy

Growth cycle driven by internal growth & return of gain on sales

Increase cash flow by management of urban properties

Internal Growth

Return of gain on sales / Utilization of proceeds from the sales

Improve total returns

Enhancing DPU

= Growth in NOI & return of gain on sales

+

Enhancing NAV

=Growth in asset value

Return the full amount of gain on sales in principle

Utilization of proceeds from the sales：property acquisition / repurchase of own investment units

Comparison

Implied cap rate vs. NOI yield of acquisition pipeline

NAV discount rate (after taking leverage into account) vs. unrealized gain on acquisition pipeline

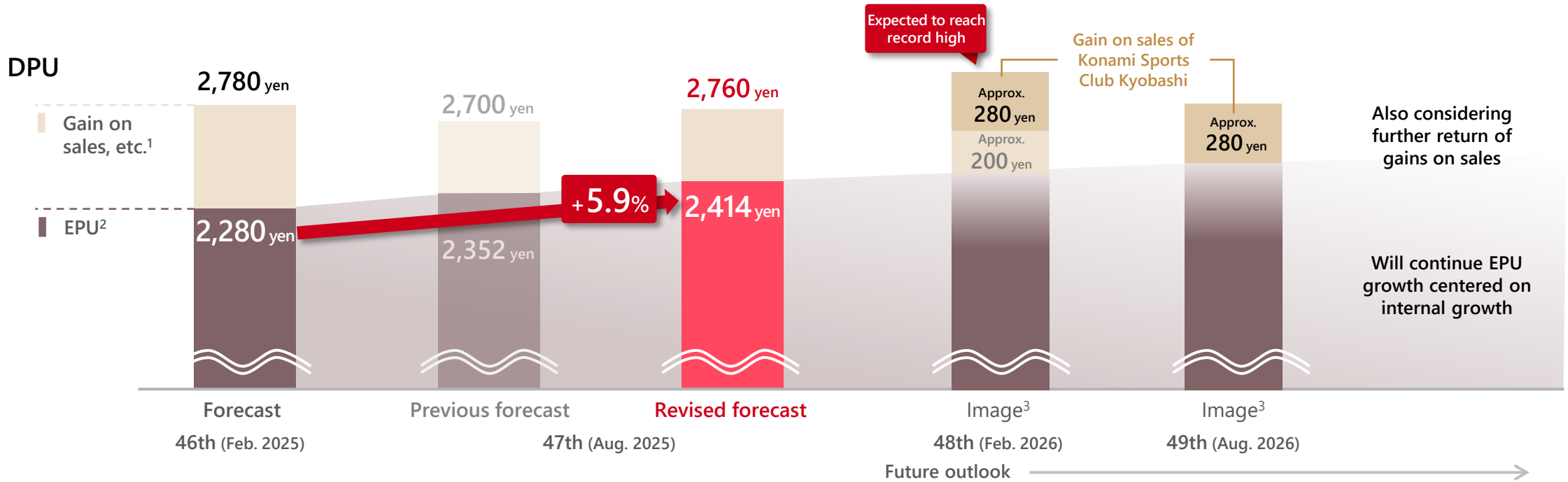
External Growth

Support expansion of growth cycle

：property acquisition / M&A

Summary of revised forecasts for operating results and distributions

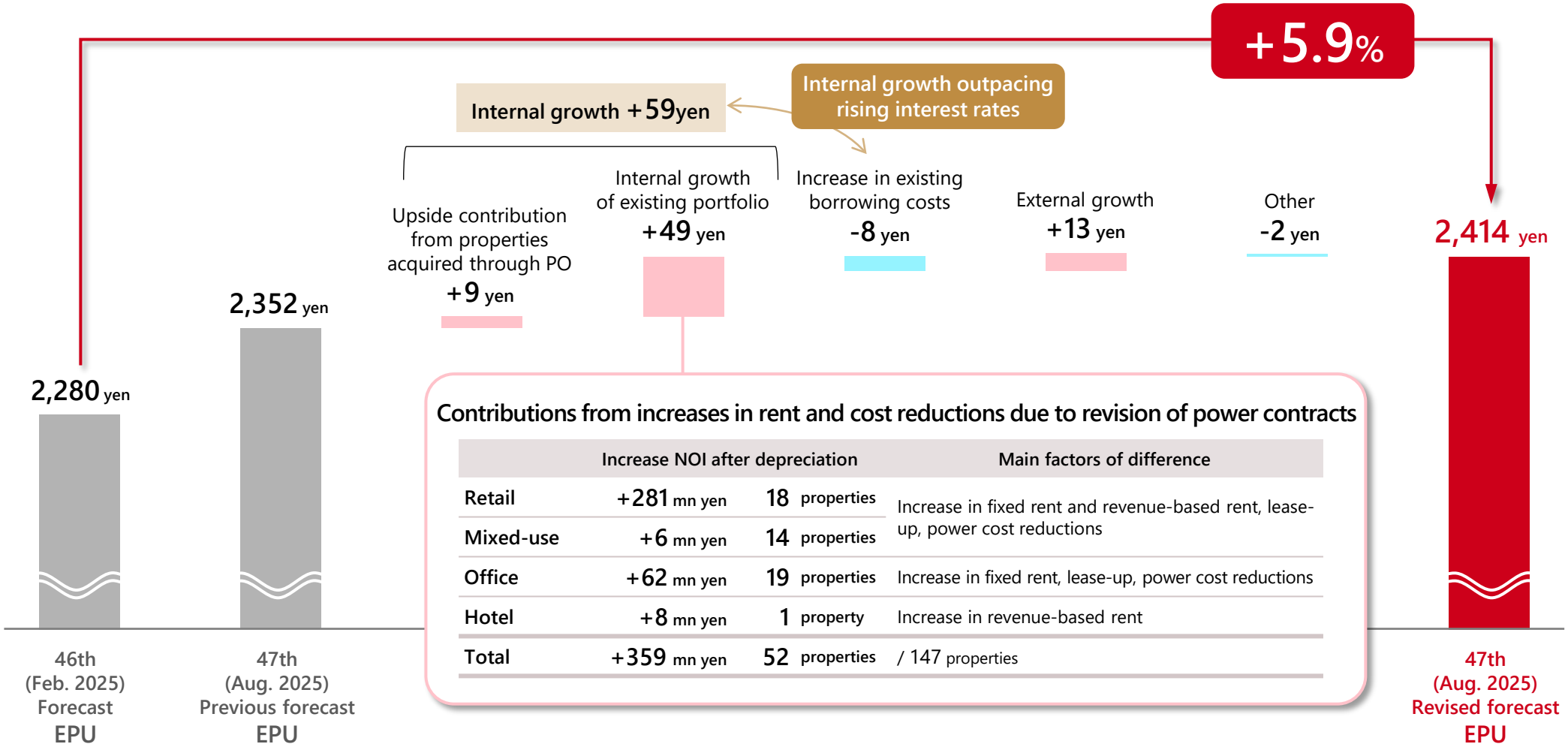
1. Internal growth is progressing at a faster pace than expected, including properties acquired through PO, and EPU will rise by 5.9% in the 47th (vs. 46th)
2. Continue to sell properties significantly above appraisal values. JMF's portfolio focused on urban properties has potential to acquire gains on sales significantly above unrealized gains
3. Gains on sales secured through to the 49th. DPU is expected to reach a record high in the 48th and be above 2,700 yen in the 49th
4. Acquisition pipeline at time of announcement of financial results was managed through borrowings. Utilization of proceeds from sales for property acquisition or repurchase of own investment units based on implied cap rate



1. Gains on sales, etc. include reversals of reserve funds.
2. EPU figures exclude gains/losses on sales and asset management fee II, which is related to gains/losses on sales in the previous period and are before the deduction of amortization of goodwill. The same applies hereinafter.
3. The graphs are images, and actual results may differ due to various factors.

EPU expected to rise 5.9% compared to forecast for previous period, driven by internal growth outpacing rising interest rates

Internal growth expected in more than one-third of portfolio, including properties acquired through PO



Contributions from increases in rent and cost reductions due to revision of power contracts

	Increase NOI after depreciation		Main factors of difference
Retail	+281 mn yen	18 properties	Increase in fixed rent and revenue-based rent, lease-up, power cost reductions
Mixed-use	+6 mn yen	14 properties	
Office	+62 mn yen	19 properties	Increase in fixed rent, lease-up, power cost reductions
Hotel	+8 mn yen	1 property	Increase in revenue-based rent
Total	+359 mn yen	52 properties	/ 147 properties

Case of internal growth

unimo chiharadai (Ichihara-shi, Chiba)

Property acquired through PO (acquisition date: Oct. 31, 2024)

Revenue-based rent is also expected to increase due to sales growth

- Since JMF's involvement, sales have outperformed the previous year by leveraging operational know-how, and sales forecast for the fiscal year 2025 was revised upward. Revenue-based rent is also expected to significantly exceed the budget
- In addition, proceeded with lease-up for vacant spaces, eliminating the anticipated downtime



Increase in NOI (47th)
+66 mn yen

Trends in sales and revenue-based rent

		Increase in sales YoY	Percentage of revenue-based rent budget (excess)	
After involvement (after decision of acquisition)	Sep.	111 %	—	—
After acquisition	Oct.	102 %	106 %	(+1 mn yen)
	Nov.	111 %	118 %	(+5 mn yen)
	Dec.	104 %	108 %	(+3 mn yen)

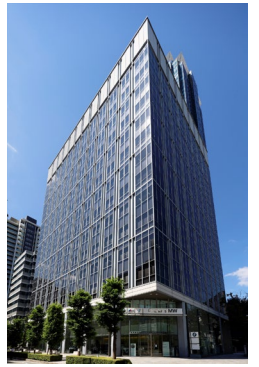
JMF-Bldg. Osaka Fukushima 02 (Osaka-shi, Osaka)

Property acquired through PO (acquisition date: Oct. 9, 2024)

Quickly realized upside at levels above rent gaps

- Tenancy applications scheduled to be vacated in Apr. 2025 were received from multiple tenants in the building wanting to increase floor space
- As a result of negotiations, agreement was reached at a level in excess of the appraisal rent, eliminating vacancies with almost no downtime and increasing the rent
- Conduct aggressive negotiations for rent revisions

vs. previous tenant rent	vs. appraisal rent
+17.2%	+10.4%



Power cost reductions

Cost reductions

Cost reductions by leveraging economies of scale in the portfolio

- Executed a bidding process for the revision of power contracts at 45 properties in the portfolio. Revenue and expense from utilities for the subject property is expected to improve significantly, with a total of approx. +100 million yen per term.
- Will continue to reduce costs by leveraging economies of scale

Case of internal growth

Twin 21
(Osaka-shi, Osaka)

Completed lease-up at JYO Tower, realizing a significant increase in rents

- Leasing has progressed further since the previous announcement of financial results, and 100% of vacancies at JYO Tower have been filled
- Realized a significant increase in rent levels with the replacement from single-tenant to multi-tenant



Increase in NOI (47th)	Upside in rent (from 48th)
+34 mn yen	+401 mn yen/year

G-Bldg. Omotesando 01
(Shibuya-ku, Tokyo)

Successfully increased rent paid by tenant on ordinary lease

- Current tenant, who leases the entire building, is on an ordinary (non-fixed) lease
- With market rents rising in the Omotesando area, following discussions, agreement was reached to increase rent from January 2025



Increase rate in rent
+45.9%

JMF-Bldg. Sasazuka 01
(Shibuya-ku, Tokyo)

Occupancy rate is improving as vacancies are gradually being eliminated

- Vacancies occurred in Sep. 2024 due to the departure of the main tenant, who had leased over 800 tsubo
- About half of the vacancies had already been filled by January 2025 by existing tenants increasing floor space and through new leases



Trends in occupancy ratio

Sep. 2024	▶	Jan. 2025
67.7%		82.5%

JMF-Bldg. Ichigaya 01
(Chiyoda-ku, Tokyo)

NOI increased due to elimination of vacancies and upward revision of rents

- Vacancies for some of the space returned by the main tenant were quickly filled at rents per tsubo higher than for the previous tenant
- Contracts were signed with several existing office and residential tenants at increased rents



Trends in occupancy ratio

Aug. 2024	▶	Feb. 2025 (Scheduled)
89.3%		99.4%

Continue to dispose of assets at prices significantly above appraisal values

JMF's selling strategy

Aim to maximize total returns by pursuing the intrinsic value of assets and selling them to the right buyer at the right time

1 Sales to improve distributions

Generate and continuously earn and return gains on sales that exceed unrealized gains

Ability to ascertain the intrinsic value of assets

- **A Continue to hold**
  - Room for future internal growth
  - Unrealized gains can be expanded
- **B Consider selling**
  - Limited room for future internal growth
  - Can realize returns significantly above unrealized gains by selling now

Determine whether will lead to maximization of total returns

∞

Ability to sell assets in a way that maximizes their intrinsic value

<If decision is made to sell>

Utilize proprietary network, taking into account market conditions and optimization of asset use

Maximize gains on sales /
Maximize distributions

2 Sales to optimize the portfolio and stabilize distributions (Continue from JMF's launch in March 2021)

Diversify the portfolio, improve profitability and generate gains on sales

Sales targets: ■ Mainly suburban retail properties ■ Urban retail properties with low profitability

Continued to dispose of assets at prices significantly above appraisal values

Case: Ito-Yokado Tsunashima, Konami Sports Club Kyobashi

Maximize property value by selling for the purpose of converting to other uses

Ability to ascertain the intrinsic value of assets

A Continue to hold

B **Consider selling** Can realize returns significantly above unrealized gains by selling now = **maximization of total returns**

- **Prime locations near major stations** in residential areas can be sold to developers as land for apartment buildings at prices **significantly above appraisal values**
- **Entire amount of gains on sales are returned** by selling in a way that maximizes property value
- **Total returns are also improved** through asset replacement and elimination of unrealized losses

Continuously generate gains on sales in the future

- JMF **owns many** properties in similar prime locations where there is a need to convert property to other uses

  Example: GMS near stations, leased land (on which supermarkets are built) near stations in residential areas

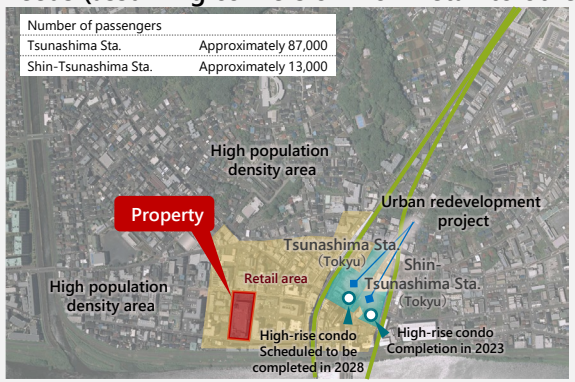
- Several properties are being considered for sale. **Will continue to sell properties in a way that maximizes property value** by carefully assessing improvements in indicated value by income approach and by cost approach

Asset disposition for amounts significantly higher than unrealized gains

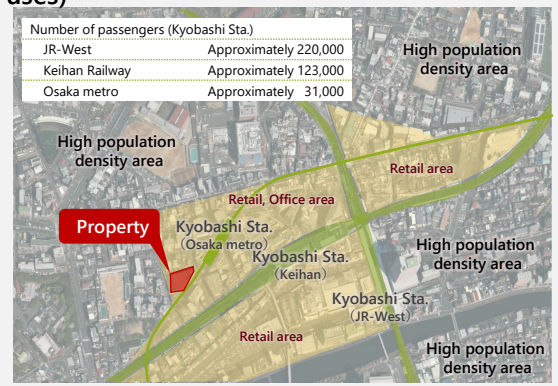
Sales since Sep. 2024	<Sep. 2024 announcement> Ito-Yokado Tsunashima	<Today's announcement> Konami Sports Club Kyobashi
Disposition price (A)	9.0 bn yen	7.45 bn yen
Appraisal value (B)	5.13 bn yen	3.03 bn yen
Disposition price vs. appraisal value (C=A/B)	1.8x	2.5x
Return the full amount in principle Gain on sales (planned) (D=A-book value (planned)+disposition cost)	4.6 bn yen (645 yen per unit)	4.0 bn yen (563 yen per unit)
Unrealized gain or loss (E=B-book value (planned)	+0.8 bn yen	△0.3 bn yen
Excess amount over unrealized gain on loss (F=D-E)	+3.8 bn yen	+4.3 bn yen

* The above figures are as of the time of announcement.

Realize the most effective use of the property and maximize property value by identifying needs (assuming conversion from retail to other uses)



Ito-Yokado Tsunashima (Yokohama-shi, Kanagawa)



Konami Sports Club Kyobashi (Osaka-shi, Osaka)

Source: Created by processing information from the Geospatial Information Authority of Japan website (https://mapps.gsi.go.jp/).
The number of passengers getting on and off the train is based on information from Statistical Information Research (https://statresearch.jp/) for 2022.

Japan Metropolitan Fund Investment Corporation

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