

April 14, 2023

To all concerned parties:

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Notice Concerning Partial Disposition of Trust Beneficiary Right in Real Estate in Japan
(AEON MALL Tsurumi Ryokuchi)

Japan Metropolitan Fund Investment Corporation (“JMF”) announces today that KJR Management, JMF’s asset manager (the “Asset Manager”), determined to dispose of part of quasi-co-ownership interest of the trust beneficiary right in real estate in Japan (the “Property”) as outlined below.

1. Overview of Disposition

Property name	AEON MALL Tsurumi Ryokuchi (25% quasi-co-ownership interest) ^(Note 1)
Location	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka
Asset class	Retail
Disposition price (Scheduled)	6,400 million yen
Book value ^(Note 2)	5,524 million yen
Gains on disposition ^(Note 3)	Approx. 0.8 billion yen
Broker	None
Purchaser	Asset Finance Osaka Tsurumi Godo Kaisha
Completion date of contract	April 14, 2023
Disposition date (Scheduled)	September 29, 2023 (scheduled)

(Note 1) JMF will continue to hold the remaining 75% of quasi-co-ownership interest of the trust beneficiary right in real estate

(Note 2) The book value is calculated by multiplying the expected value of the disposition property as a whole as of the month of disposition by the quasi-co-ownership interest percentage.

(Note 3) Gains on disposition are reference figures as the difference calculated at this time by subtracting book value and disposition-related expenses from the scheduled disposition price, and may differ from the actual gains on disposition.

(Note 4) In connection with the disposition of the quasi-co-ownership interest in the property, JMF, the Purchaser and the Trust beneficiary are scheduled to enter into an agreement between the beneficiaries (the “Agreement”), and an agreement is scheduled to be entered into to the effect that if a quasi co-owner intends to transfer its quasi co-ownership interest, it may not transfer its own quasi co-ownership interest of the trust beneficiary right in the Property to a third party, except with the prior written approval of the other co-owners. Further, with respect to instructions, etc. to the trust beneficiaries, an agreement is intended to be entered into to the effect that decisions on certain important matters shall be made by an agreement by all of the quasi co-owners, and that the Asset Manager may make decisions on other matters at its sole discretion.

(Note 5) Purchaser has agreed to restore the multiple points identified in the engineering reports and other documents regarding each property at the responsibility and cost of JMF.

2. Reason for Disposition

Highlights

1. As part of JMF's growth strategy, steady execution of JMF's asset replacement strategy for optimization of the use composition of its portfolio
2. The gain from the disposition to be recorded in the 44th fiscal period ending February 2024 fiscal period by control of the timing of disposition
3. Examining future disposition of the remaining interest (75%)

In JMF's asset replacement strategy, suburban retail properties and urban retail properties with low profitability are within the scope of disposition. While comprehensively taking into account the anticipated intensification of the competitive environment in the neighborhood and the future profitability of the property, JMF has determined that securing the gains from the partial disposition (25% quasi-co-ownership interest) will contribute to improving unitholder value.

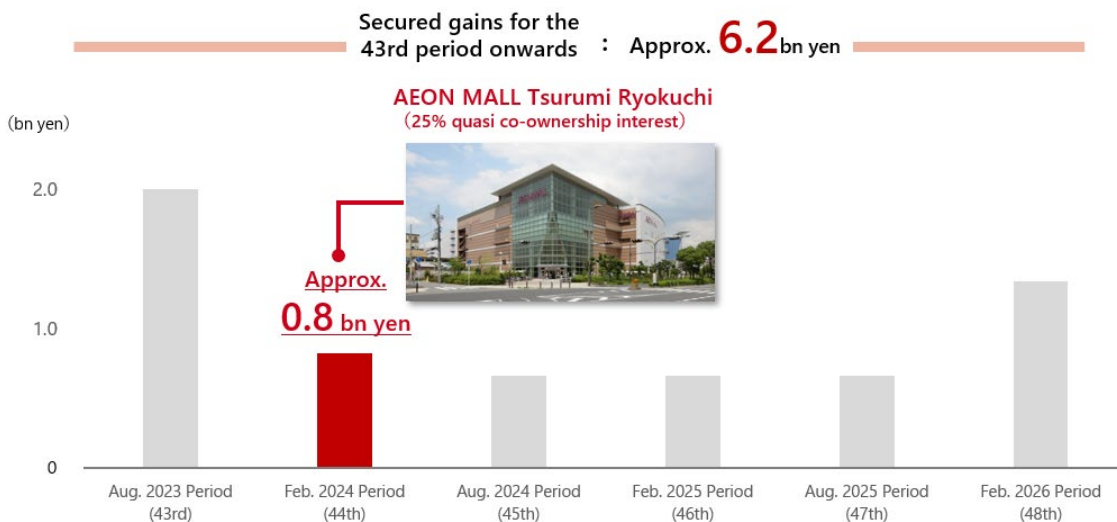
The scheduled disposition price (25% quasi co-ownership interest) ^(Note) is the same as the appraisal value, and JMF will allocate the cash from the disposition mainly to acquire properties in JMF's asset replacement strategy. In addition, the gains on the disposition are expected to be approximately 0.8 billion yen. They will be allocated as a source of dividends to stabilize and improve the level of distributions.

JMF has secured approximately 11.8 billion yen in gains from dispositions by the dispositions of assets, including the Property, announced by it, of 87.5 billion yen after the merger in accordance with its asset replacement strategy. Among these, gains on dispositions to be realized over the six periods from the 43rd fiscal period ending August 2023 are expected to be approximately 6.2 billion yen by controlling and distributing the timing of disposition.

By making returns to unitholders or internally reserving these gains on dispositions through recovery of sales and progress in leasing after the COVID-19 pandemic, JMF aims to further improve unitholder value while ensuring provision for downside risks such as temporary fluctuations in income and expenditure due to tenant replacement, cost increases and other factors.

(Note) The difference between the appraisal value and book value as of the end of February 2023.

[Diversification of gains on the disposition]



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 41st fiscal period submitted on November 28, 2022.

4. Overview of Purchaser

Name	Asset Finance Osaka Tsurumi Godo Kaisha
Location	Not disclosed as the purchaser has not agreed to the disclosure.
Name and job title of the representative	Function Manager: General Incorporated Association Asset Finance Osaka Tsurumi
Business	1. Sale, exchange, leasing, management, ownership and use of real estate; 2. Acquisition, holding and disposal of trust beneficiary rights pursuant to trust agreements; 3. Making anonymous partnership equity contributions and accepting anonymous partnership equity contributions; 4. Acquisition, holding and disposal of securities; and 5. Any other auxiliary and/or related businesses to the items described above
Capital	100,000 yen
Date established	August 29, 2022
Net assets	Not disclosed as the purchaser has not agreed to the disclosure.
Total assets	
Major shareholder (shareholding ratio)	
Relationship with JMF / the Asset Manager	
Capital relationship Personal relationship Trade relationship	There is no capital, personal or transactional ties to be stated between the purchaser and JMF or the Asset Manager. There is no capital, personal or transactional ties to be specified between the related parties/related companies of JMF or the Asset Manager and the related parties/related companies of the purchaser.
Related parties	Any of the purchaser or the related parties/related companies of the purchaser do not fall under the related party of JMF or the Asset Manager.

5. Means of Payment

Full payment at the time of transfer

6. Disposition Schedule

Decision-making date	April 14, 2023
Disposition contract signing date	
Payment date (Scheduled)	September 29, 2023
Property transfer date (Scheduled)	

7. Future Outlook

The approximately 0.8 billion yen in gains from the disposition is scheduled to accrue in the February 2024 fiscal period (44th fiscal period). Therefore, there are no changes to the currently announced forecasts of operation for the February 2023 fiscal period (42nd fiscal period: from September 1, 2022 to February 28, 2023) and August 2023 fiscal period (43rd fiscal period: from March 1, 2023 to August 31, 2023). The forecast of operation for the February 2024 fiscal period (44th fiscal period), taking into account the impact of this disposition, will be announced in the financial report scheduled for release on April 19, 2023.

8. Appraisal Report Summary

Property name	AEON MALL Tsurumi Ryokuchi
Appraiser	Japan Real Estate Institute
Appraisal value	25,600 million yen
Appraisal date	February 28, 2023

Item	Value	Notes
Indicated value by income approach	25,600 million yen	
DC method	25,700 million yen	
Operating income	1,728 million yen	
Effective gross income	1,728 million yen	
Losses from vacancy, etc.	0 yen	
Operational cost	364 million yen	
Maintenance and management fee	0 million yen	
Utility cost	0 yen	
Repair expenses	18 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 have included it under "Other expenses" instead.
Leasing cost	0 yen	
Property tax	287 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 have included it under "Other expenses" instead.
Other expenses	59 million yen	
Net operating income	1,363 million yen	
Operating profit on lump-sum payments	16 million yen	
Capital expenditure	43 million yen	
Net cash flow	1,336 million yen	
Capitalization rate	5.2 %	
DCF method	25,500 million yen	
Discount rate	4.9 %	
Terminal capitalization rate	5.4 %	
Indicated value by cost approach	19,300 million yen	
Land ratio	60.6 %	
Building ratio	39.4 %	

Other matters of consideration	N/A
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(Note) The appraisal value of 100% ownership interest. The equivalent amount obtained by multiplying the appraisal value by the 25% quasi-co-ownership interest subject to the disposition is 6,400 million yen.

[Reference]

The forecast of the operating results for February 2023 fiscal period (Announced on October 19, 2022), and the results for August 2022 fiscal period

	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)
February 2023 fiscal period (The forecast)	40,916	17,662	15,726	15,725	2,280	0
August 2022 fiscal period (The results)	41,112	17,694	15,723	15,722	2,263	0