

August 18, 2023

To all concerned parties:

Investment Corporation

Japan Metropolitan Fund Investment Corporation

(Tokyo Stock Exchange Company Code: 8953)

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Asset Management Company

KJR Management

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Notice Concerning Disposition of Trust Beneficiary Right in Real Estate in Japan
(G-Bldg. Minami Aoyama 02)

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	G-Bldg. Minami Aoyama 02
Location	8-5, Minami Aoyama 5-chome, Minato-ku, Tokyo
Asset class	Retail
Disposition price (Scheduled)	5,383 million yen
Book value ^(Note 1)	5,167 million yen
Gains on disposition ^(Note 2)	Approx. 9 million yen
Broker	Applicable
Purchaser ^(Note 3)	Not disclosed
Completion date of contract	August 18, 2023
Disposition date (Scheduled)	August 31, 2023

(Note 1) The book value is the actual value as of the end of February 2023 (42nd 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 scheduled 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

- 1. Steadily executing of JMF's asset replacement strategy for optimization of the use composition of its portfolio as part of JMF's growth strategy**
- 2. Disposed of the Property at a price level above the appraisal value after comprehensively considering the future profitability of the Property, which has a NOI yield after depreciation below the portfolio average, and other factors**

In JMF's asset replacement strategy, suburban retail properties and urban retail properties with low profitability are within the scope of disposition. After comprehensively considering the future profitability of the Property, as the NOI yield after depreciation is in the lower 2% range and below the portfolio average, and the fixed-term building lease agreement with the main tenant is for a long period, JMF has decided that disposition of the Property in the current environment at a price level above the appraisal value (5,180 million yen), and carrying out asset replacement with a more profitable property after securing the profit on disposition, would contribute to increasing unitholder value.

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 9 million yen for the August 2023 fiscal period (43rd fiscal period). They will be allocated as a source of dividends to stabilize and improve the level of distributions.

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 42nd fiscal period submitted on May 30, 2023.

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. 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. Overview of Broker

There is no capital, personal or business relationships to note between JMF/the Asset Manager and the broker.

6. Means of Payment

Full payment at the time of transfer

7. Disposition Schedule

Decision-making date	August 18, 2023
Disposition contract signing date	
Payment date (Scheduled)	August 31, 2023
Property transfer date (Scheduled)	

8. Future Outlook

The approximately 9 million yen in gains from the disposition is scheduled to accrue in the August 2023 fiscal period (43rd fiscal period). There are no changes to the currently announced forecasts of operation for the August 2023 fiscal period (43rd fiscal period: from March 1, 2023 to August 31, 2023) and February 2024 fiscal period (44th fiscal period: from September 1, 2023 to February 29, 2024).

9. Appraisal Report Summary

Property name	G-Bldg. Minami Aoyama 02
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Appraisal value	5,180 million yen
Appraisal date	August 1, 2023

Item	Value	Notes
Indicated value by income approach	5,180 million yen	
DC method	5,330 million yen	
Operating income	212 million yen	
Effective gross income	218 million yen	
Losses from vacancy, etc.	6 million yen	
Operational cost	46 million yen	
Maintenance and management fee	3 million yen	
Utility cost	13 million yen	
Repair expenses	0 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	1 million yen	
Property tax	22 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	3 million yen	
Net operating income	165 million yen	
Operating profit on lump-sum payments	1 million yen	
Capital expenditure	1 million yen	
Net cash flow	165 million yen	
Capitalization rate	3.1 %	
DCF method	5,120 million yen	
Discount rate	3.1 %	
Terminal capitalization rate	3.2 %	
Indicated value by cost approach	6,100 million yen	
Land ratio	96.9 %	
Building ratio	3.1 %	

Other matters of consideration	N/A
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[Reference]

The forecast of the operating results for August 2023 fiscal period (Announced on April 19, 2023), and the results for February 2023 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)
August 2023 fiscal period (The forecast)	41,353	17,536	15,516	15,515	2,250	0
February 2023 fiscal period (The results)	41,332	17,887	15,965	15,964	2,313	0