

November 21, 2022

To all concerned parties:

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**Notice Concerning Acquisition of Trust Beneficiary Right in Real Estate in Japan**  
**(JMF-Residence Fujisawa)**

KJR Management (the “Asset Manager”), to which Japan Metropolitan Fund Investment Corporation (“JMF”) entrusts the management of its assets, determined to acquire of the trust beneficiary right in real estate in Japan (the “Property”) on November 18, 2022 as outlined below. As the decision was made at night on November 18, JMF announces today.

1. Overview of Acquisition

Property name	JMF-Residence Fujisawa <sup>(Note 1)</sup>
Location	1-28, Kawana 1-chome, Fujisawa-shi, Kanagawa
Asset class	Residence
Type of asset	Trust beneficiary right in real estate
Acquisition price (Scheduled)	1,270 million yen
Appraisal value	1,330 million yen
Contract completion date	November 18, 2022
Acquisition date	March 30, 2023 (Scheduled)
Seller	RICOH LEASING COMPANY, LTD. <sup>(Note 2)</sup>
Broker	None
Acquisition funds	Cash on hand, Debt (Planned)

(Note 1) Property name is JMF’s management name. The facility is currently referred to as “N-stage Fujisawa”.

(Note 2) The planned seller at the time of acquisition of the Property by JMF is Ricoh Leasing Company, Ltd., but as of the current date, the owner is Fujisawa Development Project LLC (the “SPC”). Ricoh Leasing Company plans to acquire the trust beneficiary right in the Property from the SPC by the time of acquisition by JMF and to transfer the trust beneficiary right to JMF, but if Ricoh Leasing Company does not hold the trust beneficiary right in the Property on the day of transfer to JMF, JMF will be unable to acquire the Property. As explained in “2. Reason for Acquisition” below, acquisition of this Property is part of a bulk deal covering a total of 10 properties, and if KKR, which is Asset Manager’s sponsor, does not acquire the nine properties other than the Property through a private placement fund, there is a possibility that Ricoh Leasing Company will not be able to acquire the trust beneficiary right, and JMF will not be able to acquire the Property.

2. Reason for Acquisition

**Highlights**

**Participated in a bulk purchase together with KKR for the first time, acquiring a property that meets JMF's portfolio criteria**

As there have been constant changes to the operating environment surrounding real estate, such as 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 a 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.

JMF has acquired JMF-Residence Fujisawa as part of a bulk purchase of 10 properties in which it has acquired the one that met its criteria while KKR, a sponsor of the Asset Manager, is to acquire the remaining nine properties. The completion of the first joint participation with KKR in this investment opportunity is expected to widen acquisition opportunities as JMF is now able to participate in bulk purchase deals, which was previously not possible for JMF alone.

3. Property Summary

For acquisition of the Property, JMF came to the decision based on evaluation of the following.

Location

- The nearest station to the Property, Fujisawa Station, is shared by four lines of three railway companies: JR East Japan's Tokaido Main Line and Shonan-Shinjuku Line, Odakyu Electric Railway's Odakyu Enoshima Line, and Enoshima Electric Railway. Yokohama Station is an approximately 19-minute ride from Fujisawa Station. There are also direct lines from Fujisawa Station to Shinagawa Station, Tokyo Station, and Shinjuku Station.
- The Property is located in a popular area with a good living environment, as many large-scale commercial establishments exist around Fujisawa Station, and it has good access to Enoshima and other tourist sites.
- The Property is conveniently located within an appropriately nine-minute walking distance to Fujisawa Station, with a shopping district on the way to the station having many restaurants. The Property also has a convenience store nearby.

Building Spec

- Relatively new five-story apartment building completed in February 2021 (total of 73 units).
- High-grade property with convenient and crime prevention features: its 24 m<sup>2</sup> 1K units, despite being standard-sized, are equipped with a TV monitor intercom and a bathroom drying function, and its common area has delivery lockers and a self-locking door.

Potential

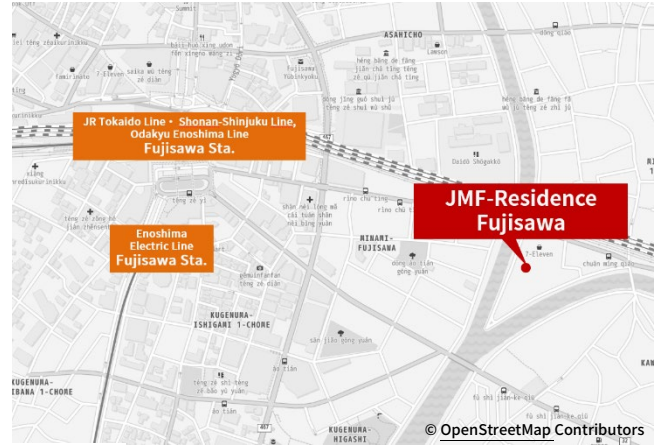
- Fujisawa City has a stable population with little demographic changes as people continue to move into the city. The Property expects a stable occupancy rate and rent income, given the demand from people commuting to offices in Yokohama and Tokyo and workers in the city, as well as robust needs for corporate contracts.

■ Property Photo / Property Location Map



Wide-area Map

\*For enlarged map, please refer to QR code.



<https://goo.gl/maps/PByhRbrRTb2aExZh7>

# Japan Metropolitan Fund Investment Corporation

Property name	JMF-Residence Fujisawa		
Location	1-28, Kawana 1-chome, Fuzisawa-shi, Kanagawa		
Type of asset	Trust beneficiary right in real estate		
Trustee	SMBC Trust Bank Ltd.		
Trust period	September 29, 2020 - March 31, 2043 (Scheduled)		
Land			
Land area	1,119.31 m <sup>2</sup>	Zoning	Category I residential zone
FAR / building-to-land ratio	200% / 60%	Type of possession	Ownership
Building			
Structure / stories	5 stories above ground, RC-structure with flat roof		
Total floor area	1,927.33 m <sup>2</sup>	Type	Residence · Propane Storage
Completion date	February 16, 2021	Type of possession	Ownership
Design	Creo Co., Ltd.		
Construction	TADA CORPORATION		
Constructional Inspector	Japan Constructive Inspect Association		
PML	7.3% (Based on the earthquake risk assessment (details) report prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)		
Acquisition price	1,270 million yen		
Appraisal value	1,330 million yen (as of September 1, 2022)		
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.		
Tenant summary (as of September 30, 2022)			
Number of tenants	72		
Annual rent	66 million yen		
Tenant leasehold / security deposit	5 million yen		
Total leased area	1,687.93 m <sup>2</sup>	Occupancy rate (based on leased area)	98.6%
Total leasable area	1,711.13 m <sup>2</sup>		
Collateral conditions	None		
Special notes	None		

- Figures of less than one million yen are rounded down, and percentages are rounded to the nearest second decimal place.
- For the property, a pass-through master lease agreement is concluded.
- “Location” represents the address of the property or the registered address of the building.
- “Land area” and “Total floor area” are based on descriptions in registry books.
- “Zoning” represents the classification of land by its use, stipulated in Section 1-1, Article 8 of the City Planning Act.
- “Number of tenants” represents the total number of lease contracts or lease reservation contracts (including the lease agreements, etc. concluded between the master lease company and end tenants; the same applies hereinafter) as of the above.
- “Annual rent” is calculated by taking the total amount of monthly rents and common area fees indicated in the lease agreements or other documents in effect as of the above for the property to be acquired and multiplying this amount by 12, rounded down to the nearest million yen. Amounts expressly stated in lease agreements as rents for warehouses and land (flat parking lots) are excluded.
- “Tenant leasehold / security deposit”, “Total leased area”, “Total leasable area”, and “Occupancy rate (based on leased area)” represent the total sums in the lease contracts as of the above.

4. Overview of Seller

Name	RICOH LEASING COMPANY, LTD.
Location	4-1, Kioi-cho, Chiyoda-ku, Tokyo
Name and job title of the representative	President and CEO Tokuharu Nakamura
Business	<ul style="list-style-type: none"> <li>• Lease and finance</li> <li>• Service</li> <li>• Investment</li> </ul>
Capital	7,896,868,687 yen
Date established	December 21, 1976
Net assets	202,794 million yen (as of June 30, 2022)
Total assets	1,193,850 million yen (as of June 30, 2022)
Major shareholder (shareholding ratio)	Ricoh Company, Ltd. (33.67%), Mizuho Leasing Company, Ltd. (19.98%), Others (as of March 31, 2022)
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 seller 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 seller.
Related parties	Any of the seller or the related parties/related companies of the seller do not fall under the related party of JMF or the Asset Manager.

5. Matters Concerning Forward Commitment

Under the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators”, the acquisition of the Property is considered to be a “forward commitment, etc. <sup>(Note)</sup>” by an investment corporation. If JMF cannot meet its forward commitment, 20% of the expected purchase price shall be paid as a penalty for breach of contract.

(Note) Forward commitment, etc. is defined as “a postdated sales and purchase agreement which provides for the delivery and settlement to take place one month or more from the effective date of the agreement or any other related agreements.”

6. Means of Payment

Full payment at the time of transfer

7. Acquisition Schedule

Decision-making date	November 18, 2022
Contract completion date	
Payment date (Scheduled)	March 30, 2023
Property transfer date (Scheduled)	

8. Future Outlook

The acquisition of the Property will have no impact on the fiscal period ending February 2023 (42nd fiscal period: September 1, 2022 to February 28, 2023). In addition, the impact on the August 2023 fiscal period (43rd fiscal period: March 1, 2023 to August 31, 2023) is minor, and there is no change to the Forecast of Operation.

9. Appraisal Report Summary

Property name	JMF-Residence Fujisawa
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Appraisal value	1,330 million yen
Appraisal date	September 1, 2022

Item	Value	Notes
Indicated value by income approach	1,330 million yen	
DC method	1,360 million yen	
Operating income	68 million yen	
Effective gross income	72 million yen	
Losses from vacancy, etc.	3 million yen	
Operational cost	12 million yen	
Maintenance and management fee	3 million yen	Assessed based on similar properties and planned contract
Utility cost	0 million yen	Assessed based on actual performance values
Repair expenses	1 million yen	Assessed based on similar properties and other factors including restoring cost in the residences
Property manager fee	1 million yen	Assessed based on planned contracts, etc.
Leasing cost	2 million yen	Assessed based on similar properties and other factors
Property tax	4 million yen	Assessed based on amounts for the fiscal 2022, taking into consideration tax burden levels and other factors
Insurance premium	0 million yen	Assessed based on the estimated amount
Other expenses	0 million yen	A reserve fund is appropriated
Net operating income	56 million yen	
Operating profit on lump-sum payments	0 million yen	
Capital expenditure	1 million yen	
Net cash flow	54 million yen	
Capitalization rate	4.0 %	
DCF method	1,310 million yen	
Discount rate	3.8 %	
Terminal capitalization rate	4.2 %	
Indicated value by cost approach	1,360 million yen	
Land ratio	55.0 %	
Building ratio	45.0 %	

Other matters of consideration	N/A
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[Reference]

The forecast of the operating results for February 2023 fiscal period (Announced on October 19, 2022), and the results for the previous 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)
The forecast of the operating results (the February 2023 fiscal period)	40,916	17,662	15,726	15,725	2,280	0
Operating results for the previous period (the August 2022 fiscal period)	41,112	17,694	15,723	15,722	2,263	0

[Reference]

Prospective Income and Expenditures for the Property

NOI (Net Operating Income)	56 million yen
NOI yield	4.4 %
Depreciation	18 million yen
NOI yield after depreciation	3.0 %

- NOI refers to NOI used in the Direct Capitalization Method on the appraisal report.
- NOI yield is calculated by dividing NOI by the acquisition price and rounded to the nearest second decimal place.
- Depreciation is a rough estimate at present.
- NOI yield after depreciation is calculated by dividing NOI after deducting depreciation by the acquisition price and rounded to the nearest second decimal place.