

March 29, 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

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**Notice Concerning Acquisition of Trust Beneficiary Right in Real Estate in Japan**  
**(JMF-Residence Shin-Yokohama and JMF-Residence Akabane Shimo)**

Japan Metropolitan Fund Investment Corporation (“JMF”) announces today that KJR Management, JMF’s asset manager (the “Asset Manager”), determined to acquire the trust beneficiary right in real estate in Japan as outlined below.

1. Overview of Acquisition

Property name	JMF-Residence Shin-Yokohama <sup>(Note 1)</sup>	JMF-Residence Akabane Shimo <sup>(Note 2)</sup>
Location	Shi-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Shimo, Kita-ku, Tokyo
Asset class	Residence	
Type of asset	Trust beneficiary right in real estate	Trust beneficiary right in real estate <sup>(Note 3)</sup>
Acquisition price (Scheduled)	3,190 million yen	2,200 million yen
Appraisal value	3,370 million yen	2,430 million yen
Contract completion date	March 31, 2023 (Scheduled)	March 30, 2023 (Scheduled)
Acquisition date (Scheduled)	April 27, 2023	
Seller	Not disclosed <sup>(Note 4)</sup>	KT CAPITAL CORPORATION
Broker	Applicable	
Acquisition funds	Cash on hand (Planned)	

(Note 1) Property name is JMF’s management name. The facility is currently referred to as “RJR Prescia Shin-Yokohama”.

(Note 2) Property name is JMF’s management name. The facility is currently referred to as “TAK PLAZA II”.

(Note 3) Agreement has been reached with the seller that the JMF-Residence Akabane Shimo will be established a trust with the property as trust assets by the time of the acquisition and JMF will acquire the trust beneficiary right of the trust.

(Note 4) Not disclosed as the seller has not agreed to the disclosure. There are no capital, personal or business relationships to note between JMF/the Asset Manager and the seller.

2. Reason for Acquisition

**Highlights**

**Asset replacement strategy proceeding with acquisition of two excellent rental residential properties (5.39 billion yen) located in the city center, which is convenient for transportation and everyday life.**

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.

All the two residential properties that were acquired are excellent rental residences located in the city center, which is convenient for transportation and everyday life. While the conditions in the real estate trading market remain harsh, the acquisition of these excellent residences with an NOI yield in excess of 4% will contribute to the progress of asset replacement and an improvement in the portfolio quality.

3. Property Summary

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

[JMF-Residence Shin-Yokohama]

Location

- The property is an approximately eight-minute walk from Shin-Yokohama Station on the Yokohama Municipal Subway Blue Line and ten-minute walk from Shin-Yokohama Station on the JR Yokohama Line and Tokaido Shinkansen Line. Due to the ease of access afforded by Shinkansen to wide areas in addition to the center of Yokohama City, stable demand is expected not only from single adults working at neighboring manufacturers and medical facilities but also from corporations.
- Additionally, the Sotetsu-Tokyu Direct Line opened in March 2023 has realized direct access to Shibuya and Meguro Stations, which are in the central Tokyo area. This has made five lines of five companies available and further increased the transportation convenience of the Shin-Yokohama area, where the local community is expected to be revitalized.
- While the area in front of Shin-Yokohama Station is filled with retail facilities and restaurants, the surrounding area, with large park facilities such as Shin-Yokohama Station Park and Shin-Yokohama Park, is not only conveniently located for everyday life but also an excellent living environment rich in green.

Building Spec

- Ten-story rental apartment building (total of 108 units). Its 1R and 1LDK units measuring approximately 30 to 38 m<sup>2</sup> are competitively designed to bring safety and comfort, with a TV monitor intercom, a bathroom drying function, a delivery locker, and other facilities.
- The first floor and the first basement floor designated for shops are stably tenanted for long terms by two tenants using a showroom and office and a music school, respectively.

Profitability and Potential

- For the property, an NOI yield of 4.1% is secured.
- The population within a 1-kilometer radius is approximately 23 thousand, and is expected to grow even further, by 4.5% by 2030 and 5.7% by 2040 compared to the 2020 levels, providing stable residential demand.

Source: 2020 Basic Resident Register

■ Property Photo / Property Location Map  
Appearance



Interior (Residential area entrances)

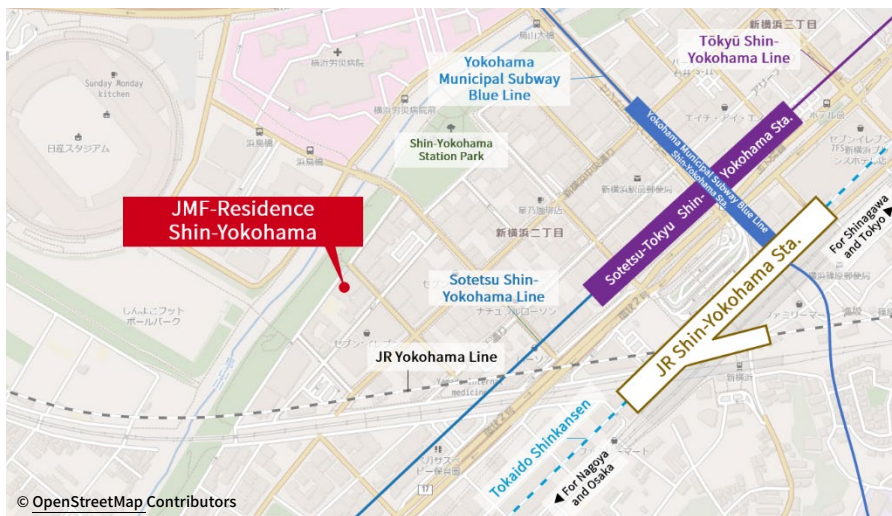


Interior (An example within a residence)



Wide-area Map

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



<https://goo.gl/maps/n6y1h8ixqFcN9UAk9>

# Japan Metropolitan Fund Investment Corporation

Property name	JMF-Residence Shin-Yokohama			
Location	18-15, Shi-Yokohama 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa			
Type of asset	Trust beneficiary right in real estate			
Trustee	Sumitomo Mitsui Trust Bank, Limited			
Trust period	April 27, 2023 –April 30, 2043 (Scheduled)			
Land				
	Land area	862.00 m <sup>2</sup>	Zoning	Commercial district
	FAR / building-to-land ratio	600%/80%	Type of possession	Ownership
Building				
	Structure / stories	10 stories above ground and 1 basement floors, S-structure with flat roof		
	Total floor area	5,171.12 m <sup>2</sup>	Type	Residence, Retail, Parking
	Completion date	May 30, 2009	Type of possession	Ownership
	Design	DAIWA HOUSE INDUSTRY CO., LTD.		
	Construction			
	Constructional Inspector	Bureau Veritas Japan		
	PML	9.3% (Based on the earthquake risk assessment (details) report prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)		
Acquisition price	3,190 million yen			
Appraisal value	3,370 million yen (as of March 1, 2023)			
Appraiser	JLL Morii Valuation & Advisory K.K.			
Tenant summary (as of February 28, 2023)				
	Number of tenants	108		
	Annual rent	144 million yen		
	Tenant leasehold / security deposit	15 million yen		
	Total leased area	3,926.52 m <sup>2</sup>	Occupancy rate (based on leased area)	98.4%
	Total leasable area	3,989.11 m <sup>2</sup>		
Collateral conditions	None			
Special notes	The seller has agreed to restore the multiple points identified in the engineering report and other documents regarding the property at the responsibility and cost of the seller.			

- 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 scheduled to 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 (including the lease agreements, etc. concluded between the master lease company and end tenants; the same applies hereinafter) as of the above. The number of tenants listed is the total number of tenants in the office zone and the retail zone.
- “Annual rent” is calculated by taking the total amount of monthly rents and common area fees indicated in the lease agreements and other documents in effect as of the above for properties 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” and “Total leasable area” represent the total sums and areas in the lease contracts, etc. as of the above.

[JMF-Residence Akabane Shimo]

### Location

- The property is accessible from two stations on seven lines; an approximately 13-minute walk from Akabane Station on the JR Keihin-Tohoku-Negishi Line, Saikyo Line, Utsunomiya Line/Takasaki Line, and Shonan-Shinjuku Line, and an approximately six-minute walk from Shimo Station on the Tokyo Metro Namboku Line. Other subway lines are easily accessible from Shimo Station and direct access is offered from Akabane Station to Ikebukuro Station, Shinjuku Station, and Tokyo Station, which are major terminal stations. The transportation convenience of the property is excellent.
- In addition to a supermarket nearby, a shopping mall is to be opened this autumn at a three-minute walking distance, which is expected to further increase convenience in everyday life. Additionally, with Shimocho Park, childcare facilities, Kita Ward's Kita Undo Park and Genki Plaza with a heated swimming pool, the neighboring area provides comfortable living environment combining quietness and convenience in everyday life.

### Building Spec

- The property is a five-story rental apartment building (total of 58 units). Its units are mainly 1LDK and 2LDK, some of which are equipped with a kitchen with a serving counter. The convenience to the residents increased by a parking lot and a bicycle parking lot, as well as a lounge in the common area, meets the demand of DINKs and families.
- Large-scale repair work was completed in 2020.

### Profitability

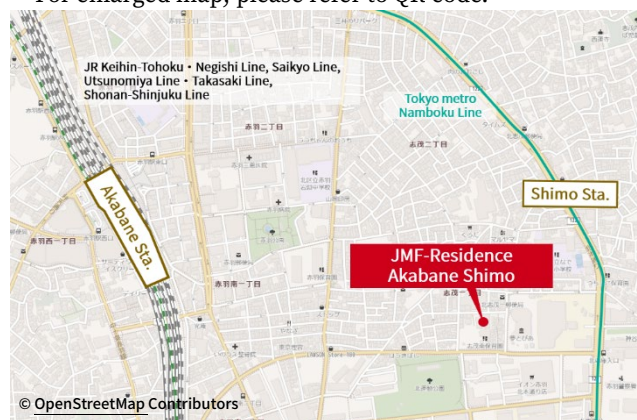
- For the property, an NOI yield of 4.1% is secured.
- Additionally, considering the average occupancy rate remaining high at 98.5% in the past four years, stable residential demand can be expected in the future.

### ■ Property Photo / Property Location Map



### Wide-area Map

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



<https://goo.gl/maps/wcUEx7B3BmhKuBur7>



# Japan Metropolitan Fund Investment Corporation

Property name	JMF-Residence Akabane Shimo		
Location	4-13, Shimo 1-chome, Kita-ku, Tokyo		
Type of asset	Trust beneficiary right in real estate		
Trustee	Sumitomo Mitsui Trust Bank, Limited		
Trust period	April 27, 2023 –April 30, 2043 (Scheduled)		
Land			
Land area	1,612.31 m <sup>2</sup>	Zoning	Category 1 residential districts
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	2,914.38 m <sup>2</sup>	Type	Residence
Completion date	December 19, 2006	Type of possession	Ownership
Design	Sumitomo Mitsui Construction Co., Ltd.		
Construction			
Constructional Inspector	HOUSEPLUS CORPORATION		
PML	5.4% (Based on the earthquake risk assessment (details) report prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)		
Acquisition price	2,200 million yen		
Appraisal value	2,430 million yen (as of March 1, 2023)		
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.		
Tenant summary (as of February 28, 2023)			
Number of tenants	57		
Annual rent	95 million yen		
Tenant leasehold / security deposit	8 million yen		
Total leased area	2,705.77 m <sup>2</sup>	Occupancy rate (based on leased area)	98.7%
Total leasable area	2,740.30 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 scheduled to 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 (including the lease agreements, etc. concluded between the master lease company and end tenants; the same applies hereinafter) as of the above. The number of tenants listed is the total number of tenants in the office zone and the retail zone.
- “Annual rent” is calculated by taking the total amount of monthly rents and common area fees indicated in the lease agreements and other documents in effect as of the above for properties 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” and “Total leasable area” represent the total sums and areas in the lease contracts, etc. as of the above.

4. Overview of Seller

[JMF-Residence Shin-Yokohama]

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

[JMF-Residence Akabane Shimo]

Name	KT CAPITAL CORPORATION
Location	17-2, Marunouchi 1-chome, Naka-ku, Nagoya-shi, Nagoya
Name and job title of the representative	Yoshinori Tamano, President and Representative Director
Business	Development, sales, and brokerage of real estate; management of company-owned rental buildings and parking lots; real estate securitization business; planning, construction, and sales of condominiums
Capital	99 million yen (as of March 1, 2023)
Date established	November 16, 2001
Net assets	Not disclosed
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 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. Status of Owners, Etc. of the Property

The acquisition of JMF-Residence Shin-Yokohama and JMF-Residence Akabane Shimo is not from any parties having a special interest in JMF or the Asset Manager.

6. Overview of Broker

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

7. Matters Concerning Forward Commitment

Not applicable

8. Means of Payment

Full payment at the time of transfer

9. Acquisition Schedule

Property name	Decision-making date	Contract completion date (Scheduled)	Payment date (Scheduled)	Property transfer date (Scheduled)
JMF-Residence Shin-Yokohama	March 29, 2023	March 31, 2023		April 27, 2023
JMF-Residence Akabane Shimo		March 30, 2023		

10. Future Outlook

There is no impact of the acquisition of JMF-Residence Shin-Yokohama and JMF-Residence Akabane Shimo on the fiscal period ending February 2023 (42nd fiscal period: September 1, 2022 to February 28, 2023), and the impact on August 2023 fiscal period (43rd fiscal period: March 1, 2023 to August 31, 2023) is minor, but the forecasts for Operating Results is currently under scrutiny. So, it will be announced in the financial report scheduled for release on April 19, 2023.



11. Appraisal Report Summary

Property name	JMF-Residence Shin-Yokohama
Appraiser	JLL Morii Valuation & Advisory K.K.
Appraisal value	3,370 million yen
Appraisal date	March 1, 2023

Item	Value	Notes
Indicated value by income approach	3,370 million yen	
DC method	3,390 million yen	
Operating income	162 million yen	
Effective gross income	170 million yen	
Losses from vacancy, etc.	8 million yen	
Operational cost	30 million yen	
Maintenance and management fee	6 million yen	Assessed based on similar properties, taking into consideration the unique characteristics of the target property
Utility cost	1 million yen	Assessed based on actual performance values
Repair expenses	5 million yen	Assessed based on ER, similar properties and other factors including restoring cost in the residences
Property manager fee	2 million yen	Assessed based on planned contracts, etc.
Leasing cost	2 million yen	Assessed based on similar properties and other factors
Property tax	7 million yen	Assessed based on materials relating to taxes and public charges and tax burden levels and other factors
Insurance premium	0 million yen	Assessed based on the estimated amount
Other expenses	2 million yen	Renewal fees, etc. are appropriated
Net operating income	131 million yen	
Operating profit on lump-sum payments	0 million yen	
Capital expenditure	13 million yen	
Net cash flow	118 million yen	
Capitalization rate	3.5 %	
DCF method	3,340 million yen	
Discount rate	3.2 %	
Terminal capitalization rate	3.5 %	
Indicated value by cost approach	2,490 million yen	
Land ratio	80.0 %	
Building ratio	20.0 %	

Other matters of consideration	N/A
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Property name	JMF-Residence Akabane Shimo
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Appraisal value	2,430 million yen
Appraisal date	March 1, 2023

Item	Value	Notes
Indicated value by income approach	2,430 million yen	
DC method	2,530 million yen	
Operating income	113 million yen	
Effective gross income	118 million yen	
Losses from vacancy, etc.	4 million yen	
Operational cost	22 million yen	
Maintenance and management fee	3 million yen	Assessed with reference to the contracts
Utility cost	1 million yen	Assessed based on similar properties and other factors
Repair expenses	4 million yen	Assessed based on ER, similar properties and other factors including restoring cost in the residences
Property manager fee	2 million yen	Assessed with reference to the contracts
Leasing cost	2 million yen	Assessed taking into consideration the unique characteristics of the target property
Property tax	5 million yen	Assessed based on amounts for the fiscal 2022
Insurance premium	0 million yen	Assessed with reference to the contracts
Other expenses	3 million yen	Assessed with reference to similar properties, taking into consideration results for previous years
Net operating income	90 million yen	
Operating profit on lump-sum payments	0 million yen	
Capital expenditure	4 million yen	
Net cash flow	86 million yen	
Capitalization rate	3.4 %	
DCF method	2,390 million yen	
Discount rate	3.5 %	
Terminal capitalization rate	3.6 %	
Indicated value by cost approach	2,540 million yen	
Land ratio	85.0 %	
Building ratio	15.0 %	

Other matters of consideration	N/A
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# Japan Metropolitan Fund Investment Corporation

[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

## Prospective Income and Expenditures for the Property

Property name	JMF-Residence Shin-Yokohama	MF-Residence Akabane Shimo
NOI (Net Operating Income)	131 million yen	90 million yen
NOI yield	4.1 %	4.1 %
Depreciation	18 million yen	7 million yen
NOI yield after depreciation	3.6 %	3.8 %

- 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.