

Japan Credit Rating Agency, Ltd. (JCR) announces the following fund portfolio rating.

## Real Estate Non-Recourse Loan Jointly Managed Designated Money Trust Program

<Assignment>

Fund Portfolio Rating: A (fp)

*A Fund Portfolio Rating is an evaluation of the quality of a fund's assets and not an evaluation of the redeemability of its liabilities. An act to assign, provide or make available for inspection a fund portfolio rating is different from an act pertaining to JCR's credit rating business. The results of this evaluation do not promise to provide or make publicly available a predetermined credit rating. The results of this evaluation are also not intended to provide advice to the fund rated or its related parties regarding the organizational structure or the composition of the fund's major assets and liabilities.*

### Rationale

This is a fund portfolio rating for "Real Estate Non-Recourse Loan Jointly Managed Designated Money Trust Program" (the Program), which is a program for performance-based dividend jointly managed designated money trust established in accordance with certain investment guidelines and backed by real estate non-recourse loans held by Sumitomo Mitsui Trust Bank, Limited ("SMTB") in its bank account, as the underlying assets.

The management guidelines stipulate that JCR's fund portfolio rating of "A (fp)" be maintained for the Program as a whole, with certain financing conditions and conservative LTV standards set for individual jointly managed trusts. The forms of investments from the jointly managed trusts are assumed to be debt guarantees for real estate non-recourse loans for which SMTB is the creditor, acquisition of beneficial interests with real estate non-recourse loans as trust assets, etc. In the event of a mismatch in the investment period between the invested assets of the jointly managed trust and the beneficial interests to be issued by the jointly managed trusts to investors, a certain amount will be invested in liquid assets in order to mitigate the risk at the time of redemption of the principal of those beneficial interests.

After confirming the management policy regarding the quality of assets under management of the jointly managed trusts for the Program, JCR conducted a risk assessment of the individual investment assets that are currently scheduled to be included in the portfolio, using a method equivalent or similar to the credit rating. Specifically, the main items considered were the market environment surrounding the real estate property, current lease terms, property value based on medium- to long-term cash flow levels and other factors, financing conditions such as LTV and liquidity facilities, and the management abilities of the parties involved in the scheme. As a result, JCR evaluated the average asset quality of the entire jointly managed trusts as a whole at a fund portfolio rating of "A (fp)."

Shigeo Sugiyama, Tetsuya Nakagawa

### Rating

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Fund Portfolio Rating: A (fp)

<Outline of Program>

Name:	Real Estate Non-Recourse Loan Jointly Managed Designated Money Trust Program
Scheduled Start Date:	March 31, 2023
Scheme:	Performance-based Dividend Jointly-Managed Designated Money Trust
Trustee:	Sumitomo Mitsui Trust Bank, Limited
Investment Target (excerpt):	Real estate non-recourse loans held by Sumitomo Mitsui Trust Bank, Limited in its bank account that meet the following conditions <ul style="list-style-type: none"><li>- Rating (including shadow rating): "A" or higher</li><li>- External appraisal LTV: less than or equal to 60%</li></ul>
Credit Enhancement & Liquidity Facility:	N/A

**A fund portfolio rating is an evaluation of average quality of fund investment target.**

**AAA (fp): Average quality of fund portfolio is equivalent to AAA Long-term Issue Rating**

**AA (fp): Average quality of fund portfolio is equivalent to AA Long-term Issue Rating**

**A (fp): Average quality of fund portfolio is equivalent to A Long-term Issue Rating**

**BBB (fp): Average quality of fund portfolio is equivalent to BBB Long-term Issue Rating**

**N (fp): Not included in any of the upper grades**

## **Japan Credit Rating Agency, Ltd.**

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