

Think bold today for a brighter tomorrow.



Industrial & Infrastructure Fund Investment Corporation

September 8, 2021

Investment Corporation

Industrial & Infrastructure Fund Investment Corporation

(Tokyo Stock Exchange Company Code: 3249)

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Supplementary Materials Concerning Press Release Dated September 8, 2021

“Notice Concerning Acquisition of Real Estate Trust Beneficiary Right 【IIF Yokkaichi Logistics Center (*Existing Building*)】 ”



Securities Code

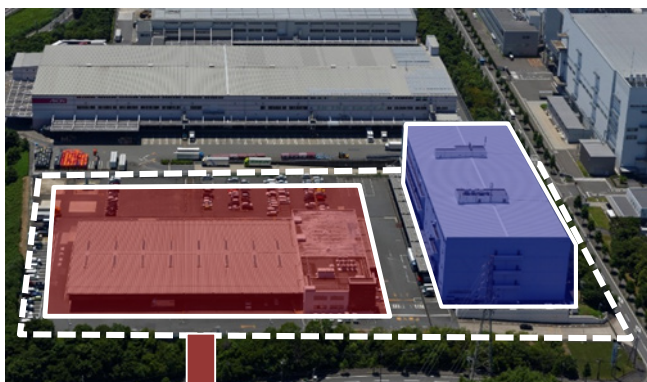
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Acquisition of complex project through CRE proposal (including proposal of development of a new building) in capturing the business expansion needs of a major logistics company

Points

- Acquisition of complex project through CRE proposal (including proposal of development of a new building) in collaboration with Kajima Group capturing the business expansion needs of a major logistics company
- Located close to Yokkaichi-higashi IC near where distribution bases of major logistics companies and the one of the largest semiconductor manufacturing plants in the world are located, dramatically improved traffic convenience by stretching expressway

■ Acquisition of the Existing Building and start of development discussion of the New Building through CRE proposal in collaboration with Kajima Group capturing business expansion needs of a major logistics company



Major logistics company

CRE needs

- Expansion of distribution base due to the business expansion



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Solution Proposal

- Off-balance Sheet Development of newbuilding on the premise due to business expansion

New Building ^(Note1) (Development planned)



- 7 stories above ground (logistics area : 5 stories)
- A floor weight capacity of 1.5t/m²(partially 2.0t/m²), effective ceiling height of 5.0-5.9m and pillar intervals of approx. 11.5m × approx. 11.5m
- Potential to change to a double-sided berth in the future (Available for multi tenants)

Existing Building (Anticipated acquisition)

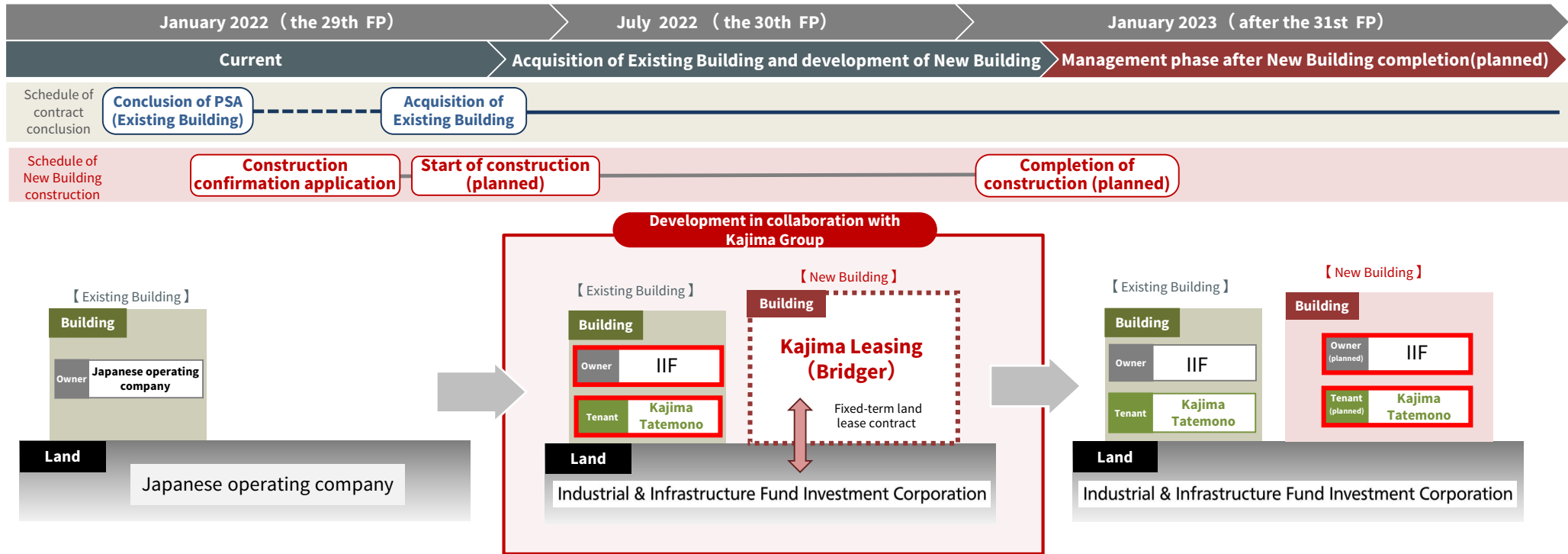


- 5 stories above ground (logistics area : 4 stories)
- A floor weight capacity of 1.5t/m², effective ceiling height of 5.3-5.4m and pillar intervals of approx. 11m × approx. 11m
- Highly versatile logistics facility with capacity to divide into three spaces and lease them respectively

Anticipated acquisition price	JPY 3,640 million
Appraisal value ^(Note3)	JPY 3,957 million
Unrealized gain ^(Note4) (Unrealized gain ratio)	JPY 317 million (+8.7%)
NOI yield/ NOI yield after depreciation ^(Note5)	5.4% / 4.3%
Tenant ^(Note6)	Kajima Tatemono Sogo Kanri Co., Ltd
Occupancy rate ^(Note6)	100.0%
Contract type ^(Note6)	Fixed-term building lease contract
Contract term ^(Note6)	10 years
Renewal / Revision ^(Note6)	Not allowed in principle/ Not allowed in principle

Expect profit contribution without downtime by utilizing the bridge scheme of Kajima Group

Scheme and schedule of the Development Project



Effect of the Development Project

	Existing Building	+	New Building	=	After acquisition of New Building
Anticipated acquisition price ^(Note1)	JPY 3,640 million		JPY 5,180 million		JPY 8,820 million
Appraisal value ^(Note2)	JPY 3,957 million				JPY 9,990 million (+JPY 6,033 million)
Unrealized gain (Unrealized gain ratio) ^(Note3)	JPY 317 million (+8.7%)				JPY 1,170 million (+13.3%)
Significant improvement of appraisal value and unrealized gain by development and acquisition of new building (planned)					
Total floor area ^(Note4)	18,155.31 m ²		34,354.00 m ²		52,509.31 m ²
NOI yield/ NOI yield after depreciation ^(Note5)	5.4% / 4.3%		5.4% / 2.7%		5.4% / 3.4% (after adjustment by optimal payable distribution: 3.8%) ^(Note6)

Areas around Yokkaichi – higashi IC where expressway networks have been developed in recent years and access to wide areas has been improved dramatically

Industrial cluster with the greatest value of manufactured products shipment of semiconductors and other electronic components in Japan, locating distribution bases of major logistics companies

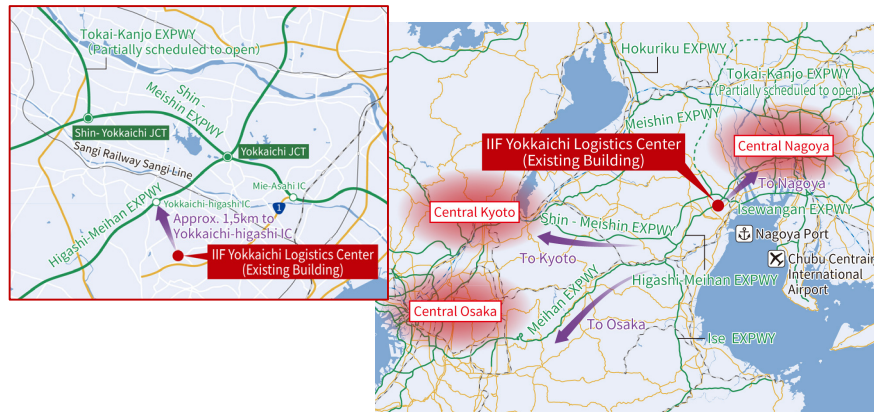
Located close to the one of the largest semiconductor plants in the world and with excellent access to wide areas

- ✓ Accessible to wide areas due to the connection from Higashi-Meihan Expressway to Shin-Meishin Expressway and Isewangan Expressway and locating many distribution bases of major logistics companies
- ✓ Close to Kioxia Yokkaichi Plant expanding currently its scale to increase production due to expanding demand for semiconductors

Yokkaichi city as industrial cluster of electronic components, devices, and electronic circuit, etc.

- ✓ Yokkaichi city has the greatest value of manufactured products shipment of “electronic components, devices, and electronic circuit manufacturers”, mainly semiconductors.
- ✓ Demand for semiconductors is expected to expand in the future due to the spread of 5G and recovering demand for smartphones and data centers etc.

【A location with an improved expressway network and excellent access to metropolitan areas】

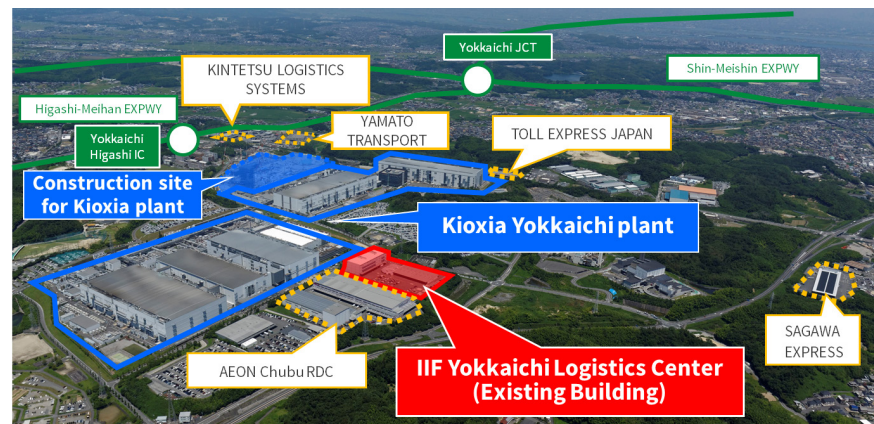


【Value of manufactured products shipment of electronic components, devices, and electronic circuits】

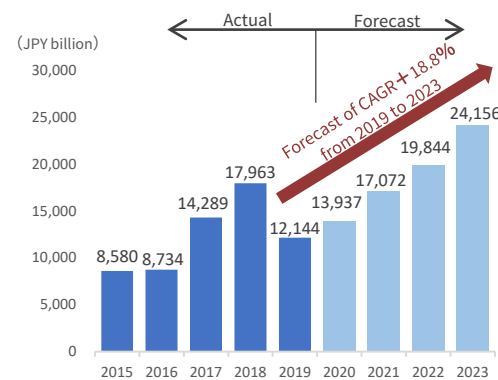
(JPY in billion)		
1	Yokkaichi city	1,321
2	Kameyama city	460
3	Inazawa city	245
4	Isahaya city	244
5	Yao city	226
6	Hitachinaka city	226
7	Kirishima city	226
8	Osaki city	219
9	Higashihiroshima city	215
10	Izumo city	214

Source : Created by the Asset Manager based on Ministry of Economy, Trade and Industry, "Industry statistical survey 2019 (as of FY2018)"

【Close to Kioxia Yokkaichi Plant】

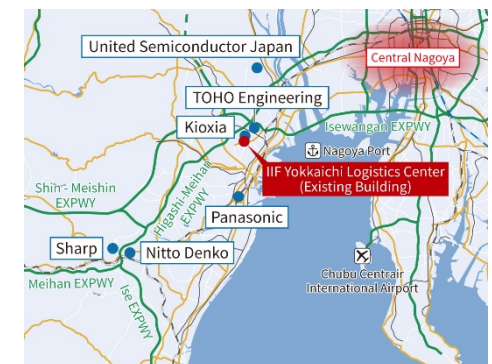


【Forecast expansion of semiconductor memory market】



Source : Created by the Asset Manager based on the website of IC Insight

【Industrial cluster of semiconductors and related industries around Yokkaichi city (Note)】



Notes

- P.1 (Note 1) IIF has not decided to acquire the New Building as of today. IIF has concluded the Project Agreement concerning including acquisition of the New Building, however, the Project Agreement does not oblige to IIF to acquire the New Building and does not assure IIF of the acquisition of the New Building. In addition, the specs of the New Building may change in the future due to changes in the content of plan for the Development Project. The same shall apply hereinafter.
- (Note 2) This is rendering images prepared on the assumption that the New Building is scheduled to be constructed on premise of IIF Yokkaichi Logistics Center (Existing Building) (the "Development Project"), and may differ from the actual building.
- (Note 3) The "appraisal value" is the total of the appraisal value based on the appraisal report for the Existing Building as of August 1, 2021 and the appraisal value based on the appraisal report for planned construction site for New Building as of August 1, 2021. For the details of the appraisal report, please refer to "11. Summary of Appraisal Report" in the press release date September 8, 2021. The same shall apply hereinafter.
- (Note 4) The "unrealized gain" of the Existing Building is the difference between the appraisal value and the anticipated acquisition price of the Existing Building. The same shall apply hereinafter.
- (Note 5) NOI yield = NOI* / Anticipated acquisition price**
NOI yield after depreciation = (NOI-depreciation ***) / Anticipated acquisition price
*With respect to the calculation of NOI, the NOI of the Existing Building is calculated based on the total net operating income for the first fiscal year under the DCF method indicated in the appraisal report for the Existing Building as of August 1, 2021 and in the appraisal report for planned construction site for New Building as of August 1, 2021. The same shall apply hereinafter.
**Anticipated acquisition price of the Existing Building is set forth in the sales value of the trust beneficiary right in the purchase agreement (excluding acquisition-related costs, fixed asset tax, urban planning tax and consumption tax). The same shall apply hereinafter.
*** The depreciation of the Existing Building is estimates as of today calculated by using the depreciation rates under the straight-line method in proportion to the useful life for the Existing Building. The same shall apply hereinafter.
- (Note 6) The fixed-term building lease contract has not been concluded as of today so these items may change in the future.
- P.2 (Note 1) The "Anticipated acquisition price" of the New Building is a reference figure based on the anticipated acquisition price specified in the Project Agreement. The "Anticipated acquisition price" of the Property after acquisition of the New Building is a reference figure of totaling the anticipated acquisition price of the Existing Building and that of the New Building. However, IIF has not decided to acquire the New Building as of today and the actual acquisition price of the New Building may change in the future due to changes in the content of plan for the Development Project. In addition, the Project Agreement does not oblige to IIF to acquire the New Building and does not assure IIF of the acquisition of the New Building. The same shall apply hereinafter.
- (Note 2) The "Appraisal value" of the Property after acquisition of the New Building is the survey value based on the survey report for the entire of the Existing Building and the New Building based on the plan for the Development Project as of August 1, 2021.
- (Note 3) The "Unrealized gain" of the Property after acquisition of the New Building is the difference between the survey value based on the survey report for the entire of the Existing Building and the New Building based on the plan for the Development Project as of August 1, 2021 and the total anticipated acquisition price of the Existing Building and the New Building. The "Unrealized gain" of the Property after acquisition of the New Building is estimated value as of today and there is no guarantee that it will be consistent with actual unrealized gain after the acquisition of the New Building. The anticipated acquisition price of the New Building and the actual survey value (appraisal value) of the New Building may change in the future due to changes in the content of plan for the Development Project.
- (Note 4) The "Total floor area" of the New Building is the reference figure based on the current plan for the Development Project. The "Total floor area" of the Property after acquisition of the New Building is the sum of the total floor area of the Existing Building and that of the New Building. The "Total floor area" of the New Building may change in the future due to changes in the content of plan for the Development Project.
- (Note 5) With respect to the calculation of NOI, the NOI of the Property after acquisition of the New Building is calculated based on the net operating income for the first fiscal year under the DCF method indicated in the survey report for the entire of the Existing Building and the New Building based on the plan for the Development Project as of August 1, 2021. The NOI of the New Building is the difference between the NOI of the Existing Building and that of the Property after acquisition of the New Building. The depreciation of the Property after acquisition of the New Building is estimate as of today calculated by using the depreciation rates under the straight-line method in proportion to the useful life for the Property after acquisition of the New Building. The depreciation of the New Building is the difference between depreciation of the Existing Building and that of the Property after acquisition of the New Building. The anticipated acquisition price of the New Building is a reference figure based on the anticipated acquisition price specified in the Project Agreement. The anticipated acquisition price of the Property after acquisition of the New Building is a reference figure of totaling the anticipated acquisition price of the Existing Building and that of the New Building. The actual acquisition price of the New Building may change in the future due to changes in the content of plan for the Development Project, and thus the NOI and the NOI after depreciation of the New Building and the Property after acquisition of the New Building may change in the future due to changes in the content of plan for the Development Project.
- (Note 6) NOI yield after depreciation (after adjustment by optimal payable distribution) = (Annual NOI after depreciation of the Property after acquisition of the New Building + depreciation (annual) of the New Building × 30%) / Anticipated acquisition price of the Property after acquisition of the New Building
Approval of changes in the Articles of Incorporation of IIF at the General Meeting of Unitholders of IIF is mandatory to implement optimal payable distribution. As of today, IIF has not decided on implementation of the optimal payable distribution, nor the call of the General Meeting of Unitholders for such amendment. NOI yield after depreciation (after adjustment by optimal payable distribution) described in this document is a reference value based on estimate as of today, and there is no guarantee that it will be realized.
- P3. (Note) Plants related to semiconductors and related industries that are confirmed by publicly announced information of each company are described as of July 31,2021.

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- This document may contain information such as data on future performance, plans, management targets, and strategies. These forward-looking statements are based on current hypotheses and assumptions about future events and trends in the business environment, but these hypotheses and assumptions are not necessarily correct. As such, actual results may vary significantly due to various factors.
- Unless otherwise noted, this document is prepared based on Japanese accounting principles.
- This document relates to the press release entitled “Notice Concerning Acquisition of Real Estate Trust Beneficiary Right 【IIF Yokkaichi Logistics Center (*Existing Building*)】 ” dated September 8, 2021 and is not prepared for the purpose of soliciting acquisition of IIF investment securities or the signing of financial instruments contracts. When investing, investors are requested to invest under their own responsibility and based on their own judgment.
- IIF is a publicly-offered real estate investment corporation (J-REIT) investing in real estate and related assets, the prices of which may fluctuate. Unitholders of the Investment Corporation may incur losses when unit prices decline in the market or when the amounts of distributions decline according to economic and interest rate circumstances, the balance of supply and demand for units, the real estate market environment, fluctuations in prices of and rent revenues from real estate properties under management, disaster, deterioration of the financial status of IIF, and other factors. For details, please see “Investment Risks” in the IIF Securities Report.

Asset Management Company: Mitsubishi Corp.-UBS Realty Inc.

(Financial Instruments Dealer, Director of Kanto Financial Bureau (Financial Instruments Dealer)

Number 403, Member of The Investment Trusts Association, Japan)