

November 24, 2021

To all concerned parties:

Investment Corporation

Industrial & Infrastructure Fund Investment Corporation

(Tokyo Stock Exchange Company Code: 3249)

Representative: Kumi Honda, Executive Director

URL: <https://www.iif-reit.com/english/>

Asset Management Company

Mitsubishi Corp.-UBS Realty Inc.

Representative: Katsuji Okamoto, President & CEO

Inquiries: Hidehiko Ueda,
Head of Industrial Division

TEL: +81-3-5293-7091

Notice Concerning IIF Atsugi Logistics Center III Redevelopment Project
(Follow-up Report)

Industrial & Infrastructure Fund Investment Corporation (“IIF”) announced that IIF has concluded construction contracts regarding new building and demolition of existing building (the “Construction Contracts”) dated today concerning a cold storage facility (the “Property After Redevelopment”) which is planned to be built on the premise of IIF Atsugi Logistics Center III (the “Property”) related to the redevelopment project (the “Redevelopment Project”) announced in the press release titled “Notice Concerning IIF Atsugi Logistics Center III Redevelopment Project” dated July 7, 2021.

1. Summary of the construction contract regarding new building

Property number	Property name	Contractor	Contract Price (Note) (million yen)	Contract Execution Date	Scheduled Commencement Date of Construction	Scheduled Delivery Date
L-15	IIF Atsugi Logistics Center III	Suzuyo Construction Co., Ltd.	2,704	November 24, 2021	February 1, 2022	September 30, 2023

(Note) “Contract Price” is the construction cost of the Property After Redevelopment described in the construction contract regarding new building and does not include design fee and construction management fee. It differs from the anticipated acquisition price (It is the total of construction cost, design fee, and construction management fee. The same shall apply hereafter.) of the Property After Redevelopment. In addition, it may change in the future due to changes of the plan for the Redevelopment Project as the construction cost is based on the design as of today. For the assumption of the anticipated acquisition price of the Property After Redevelopment as of today, please refer to “5. Summary of the Property After Redevelopment.”

2. Profile of the contractor

The profile of the contractor for the new construction and the demolition work is as follows. The contractor, Suzuyo Construction Co., Ltd. (“Suzuyo Construction”), was employed as a construction contractor for the IIF Nishinomiya Logistics Center Expansion Project completed in May 2016. IIF appointed Suzuyo Construction as the contractor because IIF evaluates Suzuyo Construction in terms of professional and abundant knowledge about operations of logistics and various know-how in development of logistics facility.

(1) Name of company	Suzuyo Construction Co., Ltd.
(2) Head office address	5-17 Matsubara-cho, Shimizu-ku, Shizuoka-shi, Shizuoka, Japan
(3) Representative	Hiroaki Oishi, President & CEO
(4) Main line of business	Construction others
(5) Capital	268 million yen (as of August 31, 2020)

(6) Date of establishment	March 24, 1949
(7) Net assets	This is not disclosed as we have not obtained the contractor's consent for disclosure.
(8) Total assets	This is not disclosed as we have not obtained the contractor's consent for disclosure.
(9) Large shareholder (Shareholding ratio)	Suzuyo Construction Holdings Company (100%) (as of August 31, 2020)
(10) Relation with IIF or the Asset Manager	There are no notable capital, personal or business relationships between IIF / the Asset Manager and the company, and there are no notable capital, personal or business relationships between interested parties and affiliated companies of IIF / the Asset Manager and those of the company. None of the company, its interested parties or its affiliated companies falls under the category of related parties of IIF / the Asset Manager

3. The Schedule of the Redevelopment Project

The Schedule of the Redevelopment Project as of today is as follows.

Conclusion of construction contracts	November 24, 2021
Application for building certification	January 2022 (scheduled)
Demolition term	From February 2022 to July 2022 (scheduled)
Construction term	From February 2022 to September 2023 (scheduled)
Start of newly operation	October 2023 (scheduled)

4. The impacts and forecast on IIF's operating status

(1) The construction cost of new building and the demolition cost

The construction cost of new building is estimated to be 2,704 million yen (taxes excluded) and the demolition cost is estimated to be 244 million yen (taxes excluded). IIF plans to pay the construction cost of new building in installments in accordance with the progress of the construction work. According to the payment schedule of construction cost of new building, the construction cost will be capitalized on IIF's balance sheet in each future fiscal period as "construction in progress". In addition, IIF may pay the construction cost not only in cash on hand but also in financing such as debt, etc. as needed. In case of payment through financing, we will announce again when the amount, date, and method of the financing are determined.

(2) The impacts and forecast on IIF's operating status

The impact of the conclusion of the Construction Contracts on IIF's operating status for the period ending January 2022 (the 29th fiscal period: August 1, 2021 to January 31, 2022) and the period ending July 2022 (the 30th fiscal period: February 1, 2022 to July 31, 2022) is not material and the forecasts of operating status for the same period remain unchanged. The forecasts of operating status above are estimated including the impact of the Redevelopment Project.

5. Summary of the Property After Redevelopment

	Property Before Redevelopment	Property After Redevelopment ^(Note 1) (As of July 7, 2021)	Property After Redevelopment ^(Note 2) (As of November 24, 2021)	
Property name	IIF Atsugi Logistics Center III			
Type of asset	Trust beneficiary right in real estate			
Location	3007-7, Kamiechi Aza Uenohara, Atsugi-shi, Kanagawa			
(Anticipated) acquisition date	March 7, 2012	<Land> March 7, 2012 <Property After Redevelopment> September 30, 2023	<Land> March 7, 2012 <Property After Redevelopment> September 30, 2023 ^(Note 3)	
(Anticipated) acquisition price	2,290 million yen	4,432 million yen (anticipated)	4,434 million yen (anticipated) ^(Note 4)	
Land price (ratio)	1,662 million yen (72.6%)	1,662 million yen (37.5%)	1,662 million yen (37.5%)	
Building price (ratio)	627 million yen (27.4%)	2,769 million yen (62.5%)	2,772 million yen (62.5%)	
Appraisal Value (Survey value) ^(Note 5)	3,200 million yen (As of January 31, 2021)	7,030 million yen (As of June 1, 2021)	7,030 million yen (As of June 1, 2021)	
Unrealized gain (ratio) ^(Note 6)	813 million yen (+34.1%)	2,597 million yen (+58.6%)	2,595 million yen (+58.5%)	
NOI yield / NOI yield after depreciation ^(Note 7) (after adjustment by optimal payable distribution)	7.0 % / 6.0 %	7.0% / 5.1% (5.7%)	7.0% / 5.1% (5.7%)	
Land	Land area	17,415.20m ²		
	Zoning	Industrial exclusive area		
	Type of possession	Ownership		
Building	Building structure/stories	< Main building > 3-storied steel-framed reinforced concrete building with zinc-coated steel plate roof < Attached building > One-story ferroconcrete building with deck roof	4-storied steel-framed building	4-storied steel-framed building ^(Note 8)
	Construction completion	October 23, 1981 August 22, 2000 ^(Expansion)	September 30, 2023	September 30, 2023 ^(Note 8)
	Total floor area	16,470.24m ²	23,369.28m ²	23,403.67 m ² ^(Note 8)
	Floor area ratio(cap) / Building-to-land ratio(cap)	100.8% (200%) / 42.6% (45%)	132.9% (200%) / 45% (45%)	132.7% (200%) / 44.7% (45%) ^(Note 8)
	Type of possession	Ownership		
	Use	< Main building > Warehouse, goods discharge spot < Attached building > Guardhouse	Warehouse	Warehouse ^(Note 8)
	Earthquake PML	7.3%	-	5.1 ^(Note 8)
Collateral conditions	None			
Special notes	None			
Designer	Nikken Sekkei Ltd ^(Note 9)	Suzuyo Construction Co., Ltd. (planned)	Suzuyo Construction Co., Ltd.	
Contractor	KAJIMA CORPORATION ^(Note 9)	Suzuyo Construction Co., Ltd. (planned)	Suzuyo Construction Co., Ltd.	

- (Note 1) The items of the Property After Redevelopment (As of July 7, 2021) are based on the press release titled “Notice Concerning IIF Atsugi Logistics Center III Redevelopment Project” dated July 7, 2021.
- (Note 2) The underlined parts of the items of the Property After Redevelopment (As of November 24, 2021) are the changes from the contents announced in the press release titled "Notice Concerning IIF Atsugi Logistics Center III Redevelopment Project" dated July 7, 2021.
- (Note 3) “(Anticipated) acquisition date” of the Property After Redevelopment (As of November 24, 2021) is the scheduled date of completion and delivery as of today. It may change depending on the progress of the Redevelopment Project in the future.
- (Note 4) “(Anticipated) acquisition price” of the Property After Redevelopment (As of November 24, 2021) is reference value by totaling the price of land already acquired (the acquisition price of the land described in the trust beneficiary right purchase and sale agreement for the Property at the time of the acquisition in 2012) and anticipated acquisition price of the Property After Redevelopment. The anticipated acquisition price of the Property After Redevelopment is estimated value based on the design as of today and the actual acquisition price of the Property After Redevelopment may change in the future due to changes of the plan for the Redevelopment Project. The same shall apply hereafter.
- (Note 5) “Appraisal value (Survey value)” of the Property Before Redevelopment is the survey value based on the survey report as of January 31, 2021. “Appraisal value (Survey value)” of the Property After Redevelopment (As of July 7, 2021) and that of the Property After Redevelopment (As of November 24, 2021) are the survey value based on the survey report based on the plans for the Redevelopment Project as of June 1, 2021. For the details of the survey report, please refer to the press release titled "Notice Concerning IIF Atsugi Logistics Center III Redevelopment Project" dated July 7, 2021.
- (Note 6) “Unrealized gain” of the Property Before Redevelopment is the difference between the survey value based on the survey report as of January 31, 2021 and the book value as of January 31, 2021. “Unrealized gain” of the Property After Redevelopment (As of July 7, 2021) is the difference between the survey value based on the survey report based on the plans for the Redevelopment Project as of June 1, 2021 and the anticipated acquisition price as of July 7, 2021. “Unrealized gain” of the Property After Redevelopment (As of November 24, 2021) is the difference between the survey value based on the survey report based on the plans for the Redevelopment Project as of June 1, 2021 and the anticipated acquisition price as of November 24, 2021.
- (Note 7) $\text{NOI yield} = \text{Annual NOI}^* / (\text{Anticipated}) \text{ acquisition price}$
 $\text{NOI yield after depreciation} = \text{Annual NOI after depreciation}^{**} / (\text{Anticipated}) \text{ acquisition price}$
 $\text{NOI yield after depreciation (after adjustment by optimal payable distribution}^{***}) = (\text{Annual NOI after depreciation} + \text{depreciation (annual) of Property After Redevelopment} \times 30\%) / (\text{Anticipated}) \text{ acquisition price}$
 * The annual NOI of the Property Before Redevelopment is the total actual NOI for the 26th fiscal period ended July 31, 2020 and the 27th fiscal period ended January 31, 2021 of the Property. The annual NOI of the Property After Redevelopment (As of July 7, 2021) and that of the Property After Redevelopment (As of November 24, 2021) are the net operating income for the first fiscal year under the DCF method indicated in the survey report based on the plan for the Redevelopment Project as of June 1, 2021. The annual NOI of the Property After Redevelopment (As of July 7, 2021) and that of the Property After Redevelopment (As of November 24, 2021) are the estimated value after the completion of the Property After Redevelopment based on the plan for the Redevelopment Project, and there are no guarantee that they will be realized and the actual annual NOI after redevelopment may change in the future due to changes of the plan for the Redevelopment Project. The same shall apply hereafter.
 ** Annual NOI after depreciation= Annual NOI-depreciation (annual)
 Depreciation of the Property Before Redevelopment is the total actual depreciation for the 26th fiscal period ended July 31, 2020 and the 27th fiscal period ended January 31, 2021 of the Property. Depreciation of the Property After Redevelopment (As of July 7, 2021) and that of the Property After Redevelopment (As of November 24, 2021) are estimates calculated by using the depreciation rates under the straight-line method in proportion to the useful life for the Property After Redevelopment.
 *** 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.
- (Note 8) “Building structure / stories”, “Construction completion”, “Total floor area”, “Floor area ratio/Building-to-land ratio”, “Use” and “Earthquake PML” of the Property After Redevelopment (As of November 24, 2021) are described based on the design as of today. They may change in the future due to changes of the plan for the Redevelopment Project.
- (Note 9) The “Designer” and “Contractor” before the Redevelopment Project are regarding the building before redevelopment.

■ Images of the Property After Redevelopment



※These are rendering images prepared on the assumption that the building is scheduled to be completed, and may differ from the actual building.

■ Map



About IIF: Industrial & Infrastructure Fund Investment Corporation (“IIF”) is the first J-REIT focused on acquiring and operating both industrial and infrastructure properties in Japan – properties that play a vital role in the Japanese economy, and for which IIF expects to see stable demand in the mid to long term. With respect to industrial properties, IIF intends to invest in a diverse portfolio of properties, including manufacturing and research and development facilities. Please refer to our website at <https://www.iif-reit.com/english/>

Contacts: For the further information relating to this press release as well as IIF and its Asset Manager, please feel free to contact Mr. Hidehiko Ueda (Telephone Number: 81-3-5293-7090), Head of Industrial Division at Mitsubishi Corp.-UBS Realty, Inc., asset manager for Industrial & Infrastructure Fund Investment Corporation.

Investor Relations: Telephone Number: 81-3-5293-7091 E-mail: iif-3249.ir@mc-ubs.com

This English language release is for informational purposes only, and the Japanese language release should be referred to as the original.