

January 20, 2022

To all concerned parties:

Investment Corporation

Industrial & Infrastructure Fund Investment Corporation

(Tokyo Stock Exchange Company Code: 3249)

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Notice Concerning Completion of Acquisition of Real Estate Trust Beneficiary Right**【IIF Atsugi Manufacturing Center Expansion Project】**

Industrial & Infrastructure Fund Investment Corporation (“IIF”) announced today that the expansion project (the “Expansion Project”) of IIF Atsugi Manufacturing Center (the “Property”) which have been announced in the press release titled “Notice Concerning IIF Atsugi Manufacturing Center Expansion Project” dated March 17, 2021 was completed and IIF has completed to additionally acquire the expanded portion^(Note) today.

(Note) The additional portion acquired through the Expansion Project in the building of the Property is referred to as the “Expansion” or the “Property Acquired”, the existing building excluding the Expansion is referred to as the “Existing Building”, the Property (land and the Existing Building) before the Expansion Project is referred to as the “Existing Property”. The same shall apply hereinafter.

1. Profile of the Property Acquired

Property number	Property name	Type of asset	Acquisition Price (million yen)	Completion of acquisition date ^(Note2)
F-15	IIF Atsugi Manufacturing Center (<i>Expansion</i>)	Trust beneficiary right in real estate	300 (the entire property: 12,200 ^(Note1))	January 20, 2022

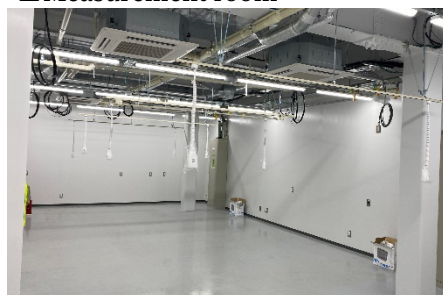
(Note 1) The figure is the total acquisition price of the Existing Property which is the sum of the acquisition price of the land with leasehold interest acquired on April 27, 2018 and that of the Existing Building acquired on June 1, 2020 and the Expansion. For the summary of acquisition of the land with leasehold interest and the Existing Building, please refer to the press release titled “IIF to Acquire and Lease Ten Properties in Japan” dated February 20, 2018 and “IIF to Acquire and Lease Five Properties in Japan” dated November 29, 2019.

(Note 2) IIF acquired the Expansion by the delivery from HAZAMA ANDO CORPORATION after contractee status based on the construction contract between ICHIKOH INDUSTRIES, LTD. as the contractee and HAZAMA ANDO CORPORATION as the contractor was novated to Mizuho Trust & Banking Co., Ltd., which acts as trustee (the “Trustee”), from ICHIKOH INDUSTRIES, LTD.

■ Office



■ Measurement room



※ For the details of Expansion Project, please refer to the press release titled “Notice Concerning IIF Atsugi Manufacturing Center Expansion Project” dated March 17, 2021.

<https://contents.xj-storage.jp/xcontents/32490/31eb4316/3937/4d81/b682/597cc4d611be/140120210317479965.pdf>

■ Effect of the Expansion Project to the entire property

	Existing Property		Expansion		Existing Property plus Expansion
Acquisition Price ^(Note 1)	JPY 11,900 mn.	+	JPY 300 mn.	=	JPY 12,200 mn.
Appraisal Value ^(Note 2) (Survey value)	JPY 15,900 mn.		JPY 400 mn.		JPY 16,300 mn.
NOI ^(Note 3)	JPY 662 mn.		JPY 19 mn.		JPY 682 mn.
NOI Yield ^(Note 3)	5.6%		6.6%		5.6%
NOI Yield After Depreciation ^(Note 3)	4.4%		4.4%		4.4%

(Note 1) The figure for the acquisition price of the Existing Property is derived from the total acquisition price of land and the Existing Building, the figure for the acquisition price of the Expansion is derived from the acquisition price of the Expansion (the total of construction costs, design supervision fees, and construction management fees), and the figure for the acquisition price of the "Existing Property plus Expansion" is derived from the total acquisition price of the Existing Property and the Expansion. The same shall apply hereinafter.

(Note 2) The appraisal value of the Existing Property is the survey value based on the price survey report as of January 31, 2021. The appraisal value of "Existing Property plus Expansion" is based on the appraisal report for the entire property after the Expansion Project as of January 1, 2022. The appraisal value of the Expansion is the difference between the appraisal value of the Existing Property and the "Existing Property plus Expansion". Please refer to the below for more detail; "3. Summary of Appraisal Report".

(Note 3) $NOI\ yield = NOI^* / Acquisition\ price$

$NOI\ yield\ after\ depreciation = (NOI^* - Depreciation\ expense^{**}) / Acquisition\ price$

* NOI is calculated by using the net operating income for the first fiscal year under the DCF method indicated in the price survey report as of January 31, 2021 with regard to the Existing Property and the appraisal report for the entire property after the Expansion Project as of January 1, 2022 with regard to the "Existing Property plus Expansion". The NOI of the Expansion is the difference between the NOI of the Existing Property and that of the "Existing Property plus Expansion".

** Depreciation expenses are based on an estimate calculated by using the depreciation rates under the straight-line method in proportion to the useful life for the Existing Property, the Expansion and the "Existing Property plus Expansion".

2. Information about Property^(Note1)

		Before Expansion Project (The Existing Property)	After Expansion Project
Property name		IIF Atsugi Manufacturing Center	
Type of asset		Trust beneficiary right in real estate	
Location		832-1, Aza Momijiyama, Shimofurusawa, Atsugi-shi, Kanagawa, Japan and others	
Acquisition date		(Land) April 27, 2018 (Building) June 1, 2020	(Land) April 27, 2018 (Building) June 1, 2020 (Expansion) January 20, 2022
Acquisition price		11,900 million yen	12,200 million yen (Expansion : 300 million yen)
Appraisal value (Survey value)		15,900 million yen	16,300 million yen
Land	Land area	64,327.54m ²	
	Zoning	Industrial area	
	Type of possession	Usufructuary right	
Building	Building structure/ stories	2-story steel structure with alloy plated steel sheet roof	2-story steel structure with alloy plated steel sheet roof ^(Note 2)
	Construction completion	May 31, 2019	(Existing Building) May 31, 2019 (Expansion) January 20, 2022 ^(Note 2)
	Total floor area	31,387.81m ²	<u>32,660.06 m²</u> ^(Note 2) (Breakdown) Existing Building : 31,387.81m ² Expansion : <u>1,272.25m²</u> ^(Note 2)
	Floor area ratio/ building-to-land ratio	200% / 60%	
	Type of possession	Ownership	
	Use	Factory	Factory ^{(Note 2) (Note 3)}
	Earthquake PML	8.0%	8.0%
Special notes			
<ul style="list-style-type: none"> · The land is reserved land under the Atsugi Morinosato Higashi District Land Readjustment Business of the Atsugi Urban Redevelopment Project, which is to be carried out by Atsugi Morinosato Higashi District Land Readjustment Association and is scheduled to be completed by the end of the fiscal year 2023. Since any property right of reserved land shall not be obtained until the following day of the date of public notice on land substitution under the Land Readjustment Act, IIF will neither be allowed to obtain the property right of such reserved land or to register the transfer of such property right until the following day of the date of public notice on land substitution. Any transfer of the reserved land requires approval of the Atsugi Morinosato Higashi District Land Readjustment Association. Boundaries of the land will be eventually determined at the time of land substitution. · If IIF transfers the land, or grants any security or usufruct over the land or rights regarding the land, IIF is required to gain approval of the Atsugi Morinosato Higashi District Land Readjustment Association (which shall not reserve or reject such approval unreasonably, and shall cooperate with the procedures necessary for such transfer). · A part of the subject land is leased to TEPCO Power Grid, Incorporated (“TEPCO Power Grid”) for the purpose of setting up supporters for power transmission lines and the trustee consents to TEPCO Power Grid’s entering into the subject land during its maintenance works, etc. of such power transmission lines. · IIF concluded an agreement with ICHIKOH INDUSTRIES, LTD. on the following matters: <ul style="list-style-type: none"> (i.) ICHIKOH INDUSTRIES, LTD. may make an offer to purchase the subject property and subject building to IIF when three years pass since May 31, 2019 and every three years afterwards, and in such case, IIF shall sell or have the trustee sell the subject property to ICHIKOH INDUSTRIES, LTD. at a sale and purchase price and other terms agreed with ICHIKOH INDUSTRIES, LTD. (ii.) IIF must, during the period of the building lease agreement under which the lessee is ICHIKOH INDUSTRIES, LTD., give prior notification to ICHIKOH INDUSTRIES, LTD. if it sells or has the trustee sell the subject property to any third party. If ICHIKOH INDUSTRIES, LTD. offers to purchase the subject property to IIF within 20 days of receipt of such notification, it may have priority on consultations with IIF on a sale and purchase price and other terms for 30 days from such offer, and IIF shall make consultation in good faith. (iii.) If IIF or the trustee notifies ICHIKOH INDUSTRIES, LTD. of an expiry of the building lease agreement under which the lessee is ICHIKOH INDUSTRIES, LTD., IIF or the trustee must confirm the lessee’s willingness to purchase the subject property. If ICHIKOH INDUSTRIES, LTD. offers to purchase the subject property to IIF, IIF shall sell or have the trustee sell the subject building to ICHIKOH INDUSTRIES, LTD. at a sale and purchase price and other terms agreed with ICHIKOH INDUSTRIES, LTD. Also, ICHIKOH INDUSTRIES, LTD. may have priority on consultations on the subject land with IIF on a sale and purchase price and other terms for 30 days from such offer, and IIF shall make consultation in good faith. 			



Industrial & Infrastructure Fund Investment Corporation

- (Note 1) The underlined parts of the items in the table above are the changes from the contents announced in the press release titled "Notice Concerning IIF Atsugi Manufacturing Center Expansion Project" dated March 17, 2021. There is no change in the amendment agreement dated March 17, 2021 regarding the fixed-term building lease contract, concluded with the lessee based on the Expansion Project.
- (Note 2) The registration of the Expansion is scheduled to be made dated today and the contents are described based on the registration.
- (Note 3) Although the use of the Property based on the registration is factory, offices, break rooms, test rooms, and measurement rooms are added through the Expansion Project.

3. Summary of Appraisal Report

【Entire Property including the Expansion】

Appraiser	CBRE K.K.
Appraisal value	16,300 million yen
Appraisal value as of:	January 1, 2022

Item	Value	Notes
Indicated value based on income approach	16,300 million yen	
DC method	16,400 million yen	
Operating income	Not disclosed	(Note)
Effective gross income	Not disclosed	
Loss from vacancy	Not disclosed	
Operating expenses	Not disclosed	
Maintenance and management fee	Not disclosed	
Utility cost	Not disclosed	
Repair expenses	Not disclosed	
Property management fee	Not disclosed	
Leasing cost	Not disclosed	
Property tax	Not disclosed	
Insurance premium	Not disclosed	
Other expenses	Not disclosed	
Net operating income	681 million yen	
Operating profit from lump-sum payments	5 million yen	
Capital expenditures	0 million yen	
Net income	686 million yen	
Capitalization rate	4.2%	
DCF method	16,300 million yen	
Discount rate	3.9%	
Terminal capitalization rate	4.3%	
Indicated Value based on cost approach	16,200 million yen	
Portion of Land	59.21%	
Portion of Building	40.79%	

Other matters that the appraisal firm considered upon conducting the appraisal	None
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(Note) Disclosure of this information may negatively affect IIF's competitiveness and work to the detriment of unitholders. Therefore, we have decided not to disclose the information.

4. Future Outlook of IIF

The acquisition of the Expansion has no material impact on the forecasts of operating status for the fiscal period ending January 2022 (the 29th fiscal period: August 1, 2021 to January 31, 2022) and the fiscal period ending July 2022 (the 30th fiscal period: February 1, 2022 to July 31, 2022), and the forecasts of operating status for the same fiscal periods remain unchanged.

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/>

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