

Industrial & Infrastructure Fund Investment Corporation

February 22, 2023

To all concerned parties:

Investment Corporation
Industrial & Infrastructure Fund Investment Corporation
(Tokyo Stock Exchange Company Code: 3249)
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Notice Concerning Disposition of One Property in Japan

【IIF Kobe Logistics Center】

Industrial & Infrastructure Fund Investment Corporation (“IIF”) announces today that KJR Management, IIF’s asset manager (the “Asset Manager”), decided to dispose (the “Anticipated Disposition”) trust beneficiary rights in real estate (the “Property to be disposed” or the “Property”) as outlined below.

1. Summary of the Anticipated Disposition

Property name	IIF Kobe Logistics Center
Type of asset	Trust beneficiary right in real estate
Location	2-10, Maya-futo, Nada-ku, Kobe-shi, Hyogo
Disposition price ^(Note 1)	8,520 million yen
Book value ^(Note 2)	5,754 million yen
Difference between disposition price and book value ^(Note 3)	2,766 million yen
Appraisal value(survey price)	8,520 million yen
Broker	None
Buyer	Special Purpose Company (Not disclosed) ^(Note 4)
Contract signing date	March 1, 2023 (scheduled)
Delivery date (scheduled)	Co-ownership 3% : April 7, 2023 32% : July 31, 2023 40% : January 19, 2024 25% : March 22, 2024

(Note 1) The disposition price excludes expenses related to the disposition.

(Note 2) The book value is as of July 31, 2022.

(Note 3) The difference between disposition price and book value is shown for reference. The actual gain on sale is different from the difference above.

(Note 4) The buyer’s profile cannot be disclosed as we have not obtained consent from the buyer with respect to disclosure. For the details, please refer to the following “4. Profile of Buyer”.

(Note 5) In accordance with the disposition of the co-ownership of the trust beneficiary interests in real estate pertaining to the Property, IIF intends to enter into an agreement with the buyer by the contract signing date. IIF and buyer are going to agree that both IIF and the buyer shall not be permitted to dispose its interests in the real estate trust beneficiary right to a third party until IIF disposes all of its interests to the buyer, and that, with respect to instructions to the trustee, etc., certain important matters shall be determined by unanimous agreement of all co-owners.

2. Reasons for Disposition

IIF has decided to dispose of the Property at a price of the appraised value and book value or more from the viewpoint of improving the stability of the portfolio, and the viewpoint of maintaining and improving the level of distribution per unit by utilizing the gain on the sales.

After the end-tenant left in February 2021, the Property was renovated from a BTS type to a multi-tenant type in consideration of the logistics needs in the Kansai area, and the construction was completed at the end of April 2022. In addition, leasing activities are being conducted concurrently, and one tenant moved in last November. On the other hand, we have received a proposal of the property disposition under the above conditions from the buyer, and we dispose the Property based on a comprehensive analysis of the impact on our portfolio, taking into account the property's location characteristics, age, and building specifications, and comparing mid-to-long term holding and disposition.

The proceeds from the Anticipated Disposition will be used for future property acquisitions and redevelopment, etc. to maintain and improve the distribution per unit. The Anticipated Disposition is scheduled to take place over three fiscal periods (the fiscal period ending July 31, 2023 (32nd fiscal period), the fiscal period ending January 31, 2024 (33rd fiscal period), and the fiscal period ending July 31, 2024 (34th fiscal period)), and since a gain on sales will be recorded in each fiscal period, it is expected to contribute to stabilizing the level of distributions.

Industrial & Infrastructure Fund Investment Corporation

3. Information about the Property to be disposed

Property name		IIF Kobe Logistics Center				
Type of asset		Trust beneficiary right in real estate				
Trustee		Mitsubishi UFJ Trust and Banking Corporation				
Location		2-10, Maya-futo, Nada-ku, Kobe-shi, Hyogo				
Acquisition date		February 7, 2013				
Acquisition price		5,193 million yen				
Book value		5,754 million yen (As of July 31, 2022)				
Land	Land area	40,486.00 m ²				
	Zoning	Semi-industrial area				
	Floor area ratio/ building-to-land ratio	200% /70%(Note1)				
	Type of possession	Ownership				
Building	Building structure/ stories	Main building: 2-stories; steel-framed with galvanized alloy steel sheet roofing Attached building: 1-story; ferroconcrete building with zinc-coated steel plate (guard station, restroom)				
	Construction completion	January 23, 2001 Extension: September 15, 2004				
	Total floor area	Main Building: 39,546.05 m ² Attached Building: 21.69 m ²				
	Type of possession	Ownership				
	Use	Main building: Warehouse Attached building: Guard Station, Restroom				
	Earthquake PML	5.5%				
Tenant summary	Number of tenants	One company				
	Total rental business revenue(annual)	Not disclosed (Note2)				
	Security deposit	Not disclosed (Note2)				
	Total leased area	6,719.94 m ²				
	Total leasable area	37,052.41m ²				
	Occupancy rate (Based on leased area)	July 31, 2021	January 31, 2022	July 31, 2022	January 31, 2023	Current date
	100%	100%	0%	18.1%	18.1%	
Collateral conditions		None				
Special notes		None				

(Note1) The original building to land ratio of this property is 60%, but has been expanded to 70% because of the application for an easement of the corner plot.

(Note2) This is not disclosed as we have not obtained the tenant's consent for disclosure.

4. Profile of Buyer

The buyer of the Property is a special purpose company, but the buyer's profile cannot be disclosed as we have not obtained consent from the buyer with respect to disclosure. There are no notable capital, personal or business relationships between IIF / the Asset Manager and the special purpose company / affiliated companies of the special purpose company ("the buyers"), 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 buyers. None of the buyers, its interested parties or its affiliated companies falls under the category of related parties of IIF / the Asset Manager.

5. Profile of Broker

None.

6. Matters relating to Forward Commitment Contracts

The purchase and sale agreement concerning the Anticipated Disposition falls within the definition of forward commitment contract, etc. ^(Note) as stipulated in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. In the case of a material breach of the contract (including a material breach of the representations and warranties) caused intentionally or negligently by IIF or the buyer, IIF or the buyer may notify fulfillment or correction to the breaching party in writing specifically indicating the breach for a reasonable period. In the event that such breach is not fulfilled or corrected within the period of such notice (However, if it is clear that the condition cannot be resolved even if a reasonable period of time is specified, a notice is not required.), the sale and purchase agreement may be cancelled. The breaching party shall compensate damages that the other party suffer due to or related to the breach under the contract (including the case that representations and warranties made in the agreement are untrue in any material respect) up to total amount equivalent to 10% of the disposition price.

(Note) A forward commitment contract, etc. is defined as any purchase and sale agreement or other type of agreement that is signed a month or more in advance of the actual date of the settlement or delivery pursuant to the agreement.

7. Means of Payment

The settlement will be conducted by a lump sum on each scheduled date of delivery.

8. Scheduled Date of Disposition

Decision date of transfer	February 22, 2023
Contract signing date (scheduled)	March 1, 2023
Payment date (scheduled)	Co-ownership 3% : April 7, 2023 32% : July 31, 2023
Delivery date (scheduled)	40% : January 19, 2024 25% : March 22, 2024

9. Future Outlook of IIF

With Regard to the forecast of operating status for the fiscal period ending July 2023 (32nd fiscal period) taking into account the impact of the Disposition and other factors, we are reviewing details of profit and loss including the impact of the Disposition, additional costs incurred in redeveloping IIF Hamura Logistics Center, and fluctuation of utility cost (including increase in amount to be borne to tenants), etc., and thus the updated forecast of operating status will be informed at the time of announcement of financial results for the fiscal period ending January 31, 2023 (31st fiscal period).

For the forecast of the operating status for the fiscal period ending January 31, 2023 (31st period: From August 1, 2022 to January 31, 2023), please refer to the "Notice Concerning Revision of Forecast of Operating Status for the January 2023 (31st) Fiscal Period" announced today.

Summary of Appraisal Report

【IIF Kobe Logistics Center】

Appraiser	CBRE K.K
Survey price	8,520 million yen
Survey price as of:	July 31, 2022

Item	Value	Notes
Indicated value by income approach	8,520 million yen	
DC method	8,470 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	391 million yen	
Operating profit from lump-sum payments	2 million yen	
Capital expenditures	25 million yen	
Net income	368 million yen	
Capitalization rate	4.4%	
DCF method	8,520 million yen	
Discount rate	3.9%	
Terminal capitalization rate	4.3%	

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

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 KJR Management., asset manager for Industrial & Infrastructure Fund Investment Corporation.

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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.

Stabilization of distributions by distributing gains on sales over three fiscal periods

Decided to dispose of the Property early in light of the impact on the portfolio.



Background of the Disposition

After the end-tenant, a major toy manufacturer, left before maturity due to early termination of lease, value-added work was performed for the property in order to convert it to a multi-tenant building in consideration of the next leasing.

Value-added work for the property to a multi-tenant building was completed in April 2022. Leasing activities started and lease-up of one lot (occupancy rate: 18.1%) was completed.

While continuing lease-up of the remaining lots, we will conduct disposition activity in parallel, taking into account the property's location, age and spec.

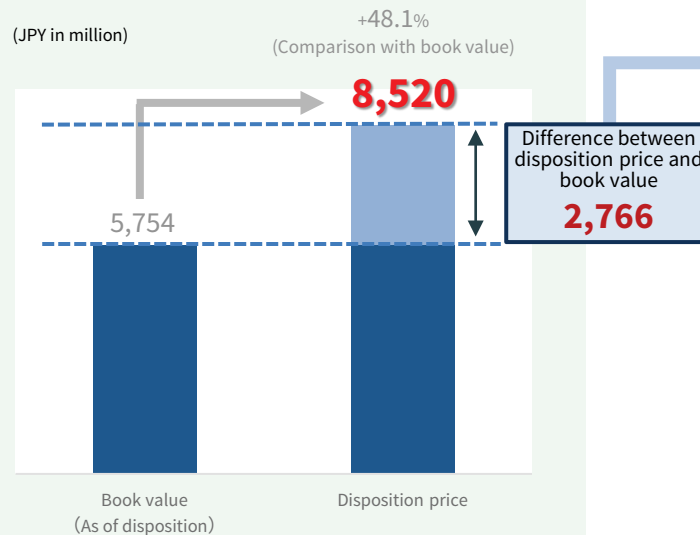
Decided to dispose of the property early based on a comprehensive analysis of the impact on our portfolio. Divided sales and distribution over three fiscal periods will contribute to stabilizing the level of distributions.

Property Characteristics

- Maya wharf is located at the center of Kobe Port, which enables to cover wide-area including the Hanshin area.
- Valuable logistics warehouse with highly versatile spec, located near the central area of Kobe City and near IC of expressway.

<Summary of the Disposition>

Acquisition price	5,193
Book value (As of July 31, 2022)	5,754
Appraisal value (As of July 31, 2022)	8,520
Disposition price	8,520
Difference between disposition price and book value	2,766



<Image of distribution of gain on sale>

Divided sales and distribution over three fiscal periods from the fiscal period ending July 31, 2023

