

Industrial & Infrastructure Fund Investment Corporation

April 24, 2024

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

KJR Management

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Notice Concerning Acquisition and Leasing of Real Estate Trust Beneficiary Rights **【IIF Iwate Ichinoseki Logistics Center】**

Industrial & Infrastructure Fund Investment Corporation (“IIF”) announces today that KJR Management, IIF’s asset manager (the “Asset Manager”), decided to acquire and lease domestic real estate trust beneficiary rights (the “Anticipated Acquisition”), as outlined below.

1. Summary of the Anticipated Acquisition

Property number (Note 1)	Property name	Location	Seller	Anticipated acquisition price (million yen)	Appraisal value (Note 2) (million yen)	Unrealized gain (Note 3) (million yen) (ratio)	NOI yield (Note 3)	NOI yield after depreciation (Note 3)	Anticipated acquisition date
L-82	IIF Iwate Ichinoseki Logistics Center	Ichinoseki-shi, Iwate	GLR Investment Co., Ltd.	1,070	1,400	330 (+30.8%)	7.7%	5.5%	April 30, 2024

(Note 1) “Property number” classifies properties owned or to be acquired by IIF into three categories, namely, L (logistics facilities), F (manufacturing, research and development facilities), and I (infrastructure facilities).

(Note 2) The “Appraisal value” is the appraisal value as of April 1, 2024, described in the appraisal report for the building. For the details of the appraisal report, please refer to “9. Summary of Appraisal Report” below.

(Note 3) The unrealized gain is a figure between appraisal value and anticipated acquisition price. For the calculation formulas of “NOI yield” and the “NOI yield after depreciation”, please refer to “【Reference: Definitions of Individual Calculation Formulas】” below.



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2. Reason for Acquisition and Lease

IIF decided to acquire the Anticipated Acquisitions based on its judgment that the characteristics of the property are aligned with IIF's investment strategies, specifically, the acquisition of quality assets that would contribute to increased cash distributions per unit. In deciding whether to acquire the three properties to be acquired, we evaluated the properties in terms of profitability, long-term usability and versatility. Shipment of manufactured goods in the Tohoku area has exceeded the level before the great earthquake, and in Iwate Prefecture, the semiconductor business is growing steadily due to the return of manufacturers to the domestic market and the Japanese government's support for the construction of new semiconductor plants, and logistics demand from manufacturers continues to increase. In addition, in response to the 2024 problem in the logistics industry, there is a growing trend in the Tohoku area toward decentralization of bases to shorten transportation distances and increasing inventory at regional bases to reduce the number of long-distance shipments. The property is located in Ichinoseki City in the southern area of Iwate Prefecture, where the manufacturing industry is concentrated. Based on the above background, the property is a logistics facility with the potential for future upside as logistics demand in the Tohoku area increases in the future. Please refer to section "3. Summary of the Anticipated Acquisitions and Leases" for the details and reasons for acquisitions and leases of the properties. With regards to the reasons for the leases of the Anticipated Acquisitions, we are of the view that the tenants of the Anticipated Acquisitions meets the tenant selection criteria set forth in the "Report on the Management Structure and System of the Issuer of REIT Units and Related Parties" (Available in Japanese only), released on October 26, 2023.

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3. Summary of the Anticipated Acquisition and Leases

(1) Summary of Property

Type of asset	Trust beneficiary right in real estate	Summary of building structure evaluation	Evaluator	Japan Constructive Inspect Association
Anticipated acquisition date	April 30, 2024		Evaluation date	October 24, 2023
Anticipated acquisition price	1,070 million yen		Immediate repair cost	0 yen
Appraisal value	1,400 million yen		Short-term repair cost	0 yen
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.		Long-term repair cost	125,177,000 yen
Date of trust beneficiary rights set	April 30, 2024		Annualized average repair cost	10,431,000 yen (Annual average for 12 years)
Trustee	Sumitomo Mitsui Trust Bank, Limited			
Trust period end	April 30, 2034			
Location	4-12, Chidori-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa, Japan and others			
Land area	6,738.64 m ²	Building structure / stories	Building: Four-story steel structure with galvanized steel sheet roof Annex: Single-story steel structure with galvanized steel sheet roof	
Zoning	Exclusive industrial area			
Designated floor area ratio/ Designated building-to-land ratio	200%/60%			
Type of Possession	Ownership			
Earthquake PML	1.1%	Completion	Building: August 28, 1992 Annex: March 30, 1995, and others	
Collateral	None	Gross floor area	13,117.76 m ²	
		Type of building	Building: Warehouse Annex: Workplace, guardhouse, lavatory	
Special notes	<ul style="list-style-type: none"> Legal compliance issues have been remarked in the Engineering Report of the property, which will be remedied by the seller. 			

(2) Description of Leases Relating to Anticipated Acquisition

Number of Tenant(s)	11
Lease Type	Ordinary Building Lease Agreement and others
Main Tenant(s)	<ul style="list-style-type: none"> Nippon Manufacturing Service Corporation TMEIC Corporation Tokyo Electron Technology Solutions Ltd.
Annual Rent	Not disclosed ^(Note)
Deposit	Not disclosed ^(Note)
Leased Area	9,846.01 m ²
Leasable Area	11,643.85 m ²
Occupancy Rate	84.6 %

(Note) Not disclosed because necessary permission is not obtained from the tenants to disclose the information..

(3) Reasons for the Acquisition

■Key point

- Located in the Ichinoseki area of Iwate Prefecture, which has an advantage in terms of industrial concentration in the automobile, semiconductor, and other industries.
- Potential exists to increase profitability through lease-up of vacant areas.

■Long-term Usability (Likelihood of Long-term Use by Current Tenants)

- Occupied by several companies related to distribution, storage, and repair for the manufacturing industry in the Tohoku area, including the product storage and operation base of TMEIC, a systems company for manufacturing plants of Toshiba-Mitsubishi Electric Group and the business base in the Tohoku area for product storage and repair for clients of Nippon Manufacturing Service, a manufacturing outsourcing service provider.
- High tenant continuity with the location in the "Ichinoseki Higashi Industrial Park" developed by Ichinoseki City, in which the site offers a wide range of preferential programs such as subsidies and tax exemptions to promote industry.

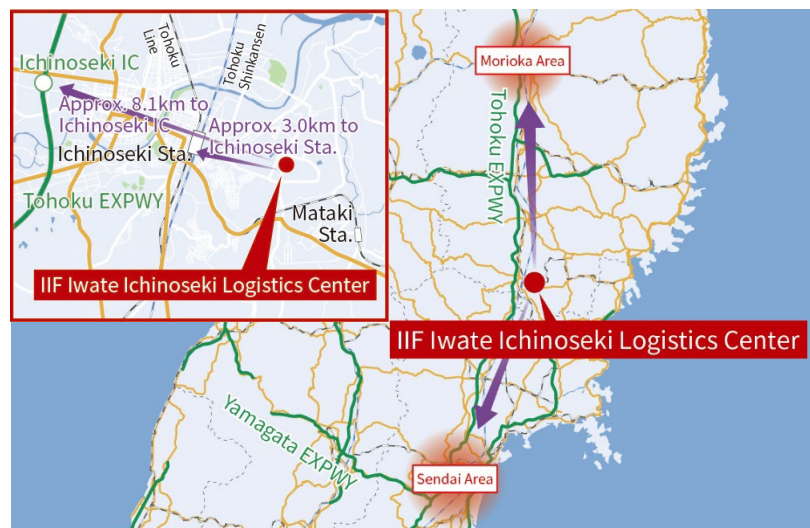
■Versatility (Versatility as a Real Estate Asset)

<Location>

- Located approximately 8.1 km east of "Ichinoseki" IC on the Tohoku Expressway with good access to the Tohoku Expressway, close to National Route 284, a major highway connecting the Sanriku coast and inland, at approximately 1.7 km. National Route 342 connecting Yokote City, Akita Prefecture and Tome City, Miyagi Prefecture, and National Route 4 connecting Chuo-ku, Tokyo and Aomori City are also 3~5 km away. These provides the property a good access to a wide area including the Tohoku region.
- Located in the "Ichinoseki Higashi Industrial Park" on a hill at the eastern end of the urban area centered on JR "Ichinoseki" Station, and near a residential area, which provides no problems in terms of securing employees and labor force.

<Location>

- Four-story box-type facility with a floor area of approximately 1,000 tsubo per floor (approximately 800 tsubo on the first floor only), with a loading dock on the south side of the first floor.
- Installed three elevators (one of which is a 3-ton cargo elevator) to handle a variety of cargo.
- The floor load is 1.5 t/m² for the 1st floor and 0.7 t/m² for the 2nd ~ 4th floors, ceiling height is 6.0 m for the 1st floor, 3.1 m for the 2nd ~ 3rd floors, 3.5 m for the 4th floor, and pillar span is 8.3 m ~ 8.9 m × 8.5 m ~14.0 m, ensuring sufficient specifications..



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4. Profile of Seller

(1) Name of company	GLR Investment Co., Ltd.
(2) Head office address	13F Marunouchi Building, 2-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
(3) Representative	Yoshinobu Tada, Founder & Chief Executive Officer
(4) Main line of business	Principal investment in logistics facilities, brokerage of leasing and sales, and asset management business
(5) Capital	40 million yen (as of March 31, 2024)
(6) Date of establishment	March 28, 2007
(7) Net assets	Not disclosed ^(Note)
(8) Total assets	Not disclosed ^(Note)
(9) Major shareholder (Shareholding ratio)	Not disclosed ^(Note)
(10) Relation with IIF or the Asset Manager	There is no notable capital, personal or business relationships between IIF / the Asset Manager and the seller, and there is no notable capital, personal or business relationships between interested parties and affiliated companies of IIF / the Asset Manager and those of the seller. None of the seller, its interested parties or its affiliated companies falls under the category of related parties of IIF / the Asset Manager

(Note) Not disclosed because necessary permission is not obtained from the seller to disclose the information.

5. Profile of Broker

None.

6. Means of Payment

The Anticipated Acquisition will be financed by cash on hands. In addition, IIF plans to conduct a lump-sum settlement upon delivery of the Anticipated Acquisition.

7. Date of Acquisition

Property name	Contract signing date	Payment date (scheduled)	Delivery date (scheduled)
IIF Iwate Ichinoseki Logistics Center	April 24, 2024	April 30, 2024 ^(Note)	April 30, 2024

(Note) Payment of the purchase price in the amount of JPY 100 million has been withheld until the seller completes matters related to the rectification of the real estate in trust that must be addressed by the seller.

8. Outlook of IIF

The acquisition of the Anticipated Acquisition has no material impact on the forecasts of operating status for the fiscal period ending July 2024 (the 34th fiscal period: February 1, 2024 to July 31, 2024) and the fiscal period ending January 2025 (the 35th fiscal period: August 1, 2024 to January 31, 2025); thus the forecasts of operating status for the same fiscal periods remain unchanged.

9. Summary of Appraisal Report

【IIF Iwate Ichinoseki Logistics Center】

Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Survey value	1,400 million yen
Survey value as of:	April 1, 2024

Item	Value	Notes
Indicated value by income approach	1,400 million yen	
DC method by the adjusted Inwood method	1,500 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	82 million yen	
Operating profit from lump-sum payments	0 million yen	
Capital expenditures	9 million yen	
Net income	73 million yen	
Discount rate of adjusted Inwood method	4.9 %	
DCF method	1,360 million yen	
Discount rate	5.0 %	
Discount rate of the terminal value	5.1 %	
Indicated value based on cost approach	1,200 million yen	
Proportion of land	22.4 %	
Proportion of building	77.6 %	

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

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10. Various indices of Anticipated Acquisition

【IIF Iwate Ichinoseki Logistics Center】

NOI yield	7.7%	NOI	82 million yen
NOI yield after depreciation	5.5%	Depreciation	23 million yen

【Reference: Definitions of Individual Calculation Formulas】

Definitions of Individual Calculation Formulas regarding “NOI yield”, “NOI yield (after depreciation)” referred to in Note 3 on Page 1 “1. Summary of the Anticipated Acquisition” and “NOI yield”, “NOI yield (after depreciation)”, “NOI” and “Depreciation” referred to in “10. Various indices of Anticipated Acquisition” above.

Each figure is calculated as follows.

NOI yield = NOI* / Anticipated acquisition price**

NOI yield (after depreciation) = (NOI - depreciation***) / Anticipated acquisition price

* With respect to the calculation of NOI, each NOI of Anticipated Acquisitions is calculated using the net operating income in the direct capitalization method indicated in each appraisal report as of April 1, 2024.

** Anticipated acquisition price is set forth in the sales value of the Anticipated Acquisition in the purchase agreements (excluding acquisition-related costs, fixed asset tax, urban planning tax and consumption tax).

*** The depreciation of the Anticipated Acquisition is an estimated figure calculated by using the depreciation rates under the straight-line method in proportion to the useful life as with other assets owned by IIF.

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. Regarding 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 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: 81-3-5293-7091), 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.