

March 13, 2019

To all concerned parties:

Investment Corporation

**Industrial & Infrastructure Fund Investment Corporation**

(Tokyo Stock Exchange Company Code: 3249)

Representative: Yasuyuki Kuratsu, Executive Director

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

Asset Management Company

**Mitsubishi Corp.-UBS Realty Inc.**

Representative: Katsuji Okamoto, President &amp; CEO

Inquiries: Hidehiko Ueda,  
Head of Industrial Division

TEL: +81-3-5293-7091

## Notice Concerning Disposition of Trust Beneficiary Right 【IIF Atsugi Logistics Center】

Industrial & Infrastructure Fund Investment Corporation (“IIF”) announced today that Mitsubishi Corp.-UBS Realty Inc., IIF’s asset manager (the “Asset Manager”), decided to dispose (the “Anticipated Disposition”) a trust beneficiary right in real estate (the “Property to be Disposed” or just as the “Property”) as outlined below.

The Anticipated Disposition will take place on March 29, 2019 and August 1, 2019, and 50% of co-ownership interest will be disposed at each time. (The 50% co-ownership interest to be disposed on March 29, 2019 will be referred to as the “Anticipated Disposition (1)” and another 50% co-ownership interest to be disposed on August 1, 2019 will be referred to as the “Anticipated Disposition (2)”. The same shall apply hereafter).

### 1. Summary of the Anticipated Disposition

1)	Property type	Trust beneficiary right in real estate
2)	Asset category	Logistics Facilities
3)	Property name	IIF Atsugi Logistics Center
4)	Book value	1,530 million yen <sup>(Note)</sup>
5)	Disposition price	Anticipated Disposition (1) : 1,280 million yen
		Anticipated Disposition (2) : 1,280 million yen
		Total : 2,560 million yen
6)	Difference between disposition price and book value	1,029 million yen
7)	Appraisal value	2,160 million yen (Value date: January 31, 2019)
8)	Contract date	March 13, 2019
9)	Date of disposition (scheduled)	Anticipated Disposition (1) March 29, 2019
		Anticipated Disposition (2) August 1, 2019
10)	Buyer	SPC (not disclosed) (refer to “4. Profile of Buyer”)

(Note) Book value as of January 31, 2019.

## 2. Reason for Disposition

**Key Points**

- (1) Disposing of property with below average yield after depreciation for the portfolio will improve the profitability of the portfolio.**
- (2) A large amount of unrealized capital gains will be realized, and capital gains will be returned to unitholders.**
- (3) Measures will be implemented for improvement of future profits using capital gains and funds from the disposition.**

IIF regards the current active state of the real estate market as a good opportunity for disposing of property and has decided to dispose of the Property with a large amount of unrealized gains and lower NOI yield after depreciation than the average rate of the portfolio.

The Property's NOI yield after depreciation (as of January 31, 2019) was 2.1%, which is significantly lower than our portfolio's average NOI yield after depreciation of 4.8% (as of January 31, 2019). Since current rent level of the Property is almost same as the market level, and difficult to expect Property's profitability to improve in the future, IIF has decided to dispose the Property to improve profitability of the entire portfolio.

The Anticipated Disposition will be taken place on March 29, 2019 and August 1, 2019, and capital gains from the disposition will be paid to unitholders over two financial periods. Also, as measures for improving profitability, it is planned to repay existing debt in advance using part of the capital gains from the July 2019 (24th) fiscal period with the intention of reducing future interest costs while simultaneously refinancing the debt to longer-term fixed-rate borrowings. <sup>(Note)</sup> In addition, the proceeds from the Anticipated Disposition will be used for various measures to increase unitholder value.

(Note) For details, please refer to the Notice Concerning Debt Financing (Refinancing) and Early Repayment and Cancellation of Interest Rate Swap Agreement", and "Supplementary Materials Concerning Press Release Dated March 13, 2019", published today.

## 3. Information about Property to be Disposed

## (1) Summary of Property to be Disposed

Property name		IIF Atsugi Logistics Center
Property type		Trust beneficiary right in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Location		6-19, Hase, Atsugi-shi, Kanagawa
Acquisition date		October 19, 2007
Acquisition price		2,100 million yen
Land	Land area	5,648.48 m <sup>2</sup>
	Zoning	Semi-industrial area
	Type of possession	Ownership
Building	Building structure/ stories	4-story steel structure with galvanized steel sheet
	Construction completion	January 31, 2005
	Total floor area	10,076.58 m <sup>2</sup>
	FAR/building-to-land ratio	200%/60%
	Type of possession	Ownership
	Use	Warehouse
	Earthquake PML	8.7%

Tenant summary	Number of tenant(s) (major tenant(s))	Fujilogitech Next, Inc.				
	Total rental business revenue (annual)	Not disclosed <sup>(Note)</sup>				
	Tenant leasehold / security deposit	Not disclosed <sup>(Note)</sup>				
	Total leased area	10,959.68 m <sup>2</sup>				
	Occupancy rate (based on leased area)	July 31, 2017	January 31, 2018	July 31, 2018	January 31, 2019	Current date
100%		100%	100%	100%	100%	
Collateral conditions		None				
Special notes		None				

(Note) This is not disclosed as we have not obtained the tenant's agreement to disclosure.

#### 4. Profile of Buyer

The buyer of the Property to be disposed is a SPC set up by domestic business company, but the buyer's profile cannot be disclosed as we have not obtained consent from the buyer with respect to disclosure. There is no capital, personal or business relationships to note between IIF / the Asset Manager and the SPC. The SPC does not fall under the category of related parties of IIF / the Asset Manager.

#### 5. Broker

##### (i) Profile of the Broker

(1)	Name	Mizuho Trust & Banking Co., Ltd.
(2)	Location	2-1,1-chome, Yaesu, Chuo-ku, Tokyo, Japan
(3)	Name and Title of Representatives	President & CEO: Tetsuo Iimori
(4)	Business	Trust bank, banking business
(5)	Capital	247.3 billion yen (as of March 31, 2018)
(6)	Date Established	May 9, 1925
(7)	Relationship with IIF or Asset Manager	
	Capital Relationship	There is no capital relationship to note between IIF / the asset manager and the relevant company. In addition, there are no noteworthy capital relationships between interested parties and affiliated companies of IIF / the asset manager and those of the relevant company.
	Personal Relationship	There is no personal relationship to note between IIF / the asset manager and the relevant company.
	Business Relationship	There is no business relationship to note between IIF / the asset manager and the relevant company.
	Related Parties Relationship	The relevant company does not fall under the category of a related party of IIF / the asset manager. In addition, none of the related parties and affiliated companies of the relevant company fall under the category of the related parties of IIF/ the asset manager.

##### (ii) Commission

The commission pertaining to this transaction cannot be disclosed as we have not obtained the necessary permission from the broker of the transaction to disclose the commission.

#### 6. Means of Payment

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

**7. Scheduled Date of Disposition**

	First Transaction (Anticipated Disposition (1))	Second Transaction (Anticipated Disposition (2))
Contract signing date	March 13, 2019	March 13, 2019
Date of delivery of property (scheduled)	March 29, 2019	August 1, 2019
Date of payment of price (scheduled)	March 29, 2019	August 1, 2019

**8. Matters relating to Forward Commitment Contracts**

The sale and purchase agreement for the Anticipated Disposition (2) on August 1, 2019 is considered to be a forward commitment contract (a postdated sales and purchase agreement which provides for the delivery and settlement to take place one month or more from the effective date of the agreement or any other related agreements) under the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators”. Under the sales and purchase agreement pertaining to the disposition of the Property or the agreement to be entered into between IIF and the buyer on March 29, 2019, which stipulates that disposition of the co-ownership interest, in the event that there is a material breach of the agreements by IIF or the buyer and the other party makes a demand for performance or rectification specifying a reasonable period of time, the other party may cancel the sales and purchase agreement in whole or in part if the party in breach fails to perform its obligations or rectify its breach within the specified period, and the party in breach shall pay to the other party an amount equivalent to 10% of the purchase price in case where breaching whole agreement, and 10% of the purchase money for 50 %co-ownership interest ( the disposition price for the Anticipated Disposition (2)) in case where breaching part of the agreement as a penalty.

**9. Future Outlook of IIF**

The impact of the Anticipated Acquisition on IIF’s operating status for the period ending July 2019 (February 1, 2019 – July 31, 2019), please refer to the “Financial Result for the period ended January 2019 (23<sup>rd</sup>)” released today. Also, please refer to the news release titled “Notice Concerning Debt Financing (Refinancing), Prepayment and Termination of the Contract of Interest Swap” for the details of utilization of proceeds from the Anticipated Disposition.

## 10. Summary of Appraisal Report

Appraiser	Japan Real Estate Institute
Appraisal value	2,160 million yen
Appraisal value as of:	January 31, 2019

Item	Value	Notes
Indicated value based on income approach	2,160 million yen	
DC method	2,190 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	108million yen	
Operating profit from lump-sum payments	0 million yen	
Capital expenditures	5 million yen	
Net income	103 million yen	
Capitalization rate	4.7%	
DCF method	2,120 million yen	
Discount rate	4.4%	
Terminal capitalization rate	5.0%	
Other matters for consideration	N/A	

(Note) As 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

**About IIF:** Industrial and 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](mailto: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.*