

August 4, 2017

To all concerned parties:

Investment Corporation

Industrial & Infrastructure Fund Investment Corporation

(Tokyo Stock Exchange Company Code: 3249)

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Notice Concerning IIF Sendai Taiwa Logistics Center Extension Project

Industrial & Infrastructure Fund Investment Corporation (“IIF”) announced today that Mitsubishi Corp.-UBS Realty Inc., an asset manager to which IIF entrusts management of assets, has decided to make an additional acquisition by constructing a new facility (the “Extension Project”) on the premises of the IIF Sendai Taiwa Logistics Center (the “Property”), which is owned by IIF.

1. Reasons for the Extension Project

IIF seeks to increase unitholder value by conducting property management centered on the 3C Management Cycle ^(Note 1) as a part of its internal growth strategy. In accordance with this strategy, IIF will construct a new two-story office building on the Property to establish a long-term and stable earnings base for the Property and enhance its competitiveness.

Key Point

Stabilize lease agreement while maintaining profitability through the Extension Project based on tenant needs

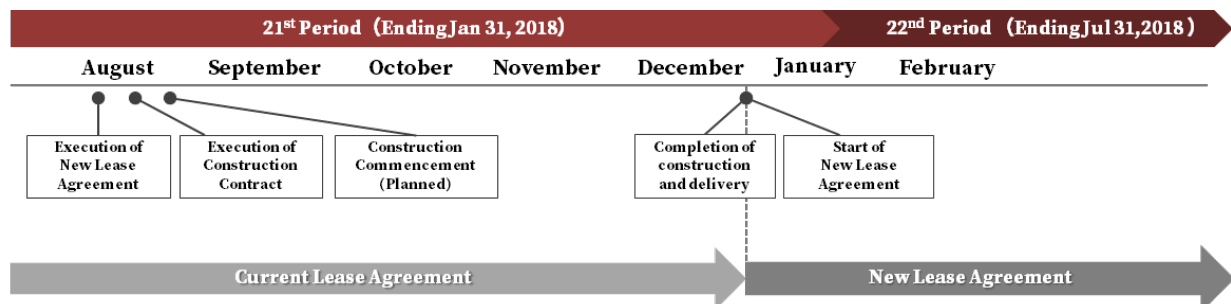
■ Effect of the Extension Project

	Before Extension	+	Extension	=	After Extension
(Expected) Acquisition Price ^(Note2)	¥ 1,480 million		¥ 66 million	➡	¥ 1,546 million
Appraisal Value ^(Note3)	¥ 1,580 million		+ ¥ 70 million	➡	¥ 1,650 million
NOI Yield ^(Note4)	6.0%		6.1%	➡	6.0%
NOI Yield after Depreciation ^(Note4)	4.8%		4.6%	➡	4.8%
Remaining Lease Term ^(Note5)	1.6 years				5.4 years
Cancellation before maturity/ Rent Revision	Allowed (6 months notice)/ Negotiable		Increased Stability ➡		Not Allowed/ Negotiable

The Property is used by its end tenant, a logistics company affiliated with a leading beverage manufacturer, as a key distribution base for the Tohoku region. Expansion of the office section of the property through the Expansion Project will fulfill the needs of the end tenant to accommodate additional employees. Meanwhile newly provided amenities, such as the lounge and changing room, will increase the attractiveness of the Property itself and will enhance its competitiveness.

IIF and Miyago Logistics Co., Ltd., the Property tenant, today executed a new lease agreement (the “New Lease Agreement”) for the entirety of the Property that will commence on the planned date of construction completion and delivery of the Extension Project. The expected date for the construction completion and delivery will be December 25, 2017. After the New Lease Agreement comes into effect, IIF stabilizes the lease over the long term by establishing a no-cancellation period and longer lease term.

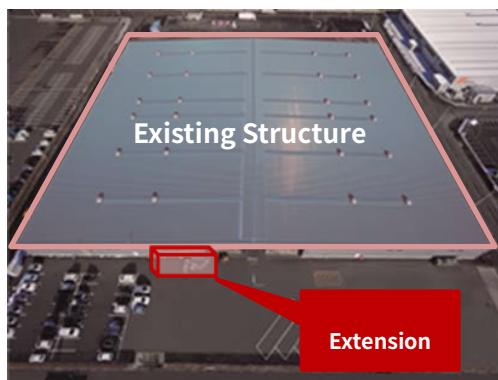
■ Extension Project Schedule (Planned)



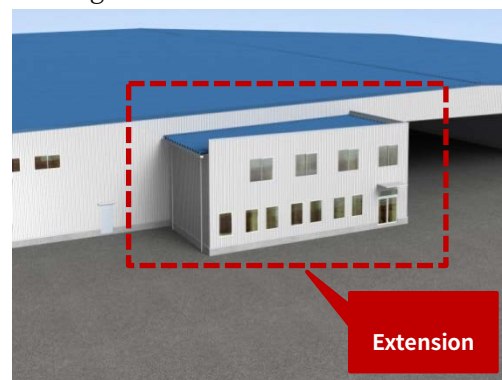
- (Note 1) A portfolio management approach that accurately determines tenant needs through close communications (Communicate), strategically makes custom proposals to meet individual needs (Customize) so that the value to meet those needs and investor value (long-term, stable investment return, plus added value) can be created (Create).
- (Note 2) The figure for the Extension is derived from the expected acquisition price relating to the Extension Project (the total of construction costs, design fee, and CM fees), and the figure for the After Extension is obtained by totaling the acquisition price of the Property prior to construction, plus the expected acquisition price for the Extension. As of today, a construction agreement has not been executed and the construction has not yet commenced, thus, the actual figure for expected acquisition price may differ.
- (Note 3) The value for the Before Extension is based on the price as of July 31, 2017, and the After Extension is based on the value based on the researched value as of July 31, 2017. Please refer to the below for more detail; 4. Overview of Price Survey Report.
- (Note 4) NOI yield = $\text{NOI}^* \div \text{Acquisition price (Expected)}$
 NOI yield after depreciation = $(\text{NOI}^* - \text{Depreciation expenses}^{**}) \div \text{Acquisition price (Expected)}$
 * NOI is calculated by using the net operating income for the first fiscal year under the DCF method indicated in the appraisal report as of July 31, 2017 with regard to the Before Extension and the price survey report as of July 31, 2017 with regard to the After Extension.
 ** 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 both Before Extension and After Extension.
- (Note 5) The current lease term for the Before Extension will expire on February 28, 2019, and the lease term for the After Extension will expire on December 24, 2022, as planned under the New Lease Agreement.

2. Exterior View and Image of the Extension

■ Exterior View



■ Image of the Extension



* A conceptual image of the completed structure. The actual structure may differ.

3. Overview of the Property

	Existing building	Extension (Portion to be Acquired)
Property name	IIF Sendai Taiwa Logistics Center	
Type of asset	Trust beneficiary right in real estate	
Location	3-15, Maino 2-chome, Taiwa-cho, Kurokawa-gun, Miyagi, Japan	
Acquisition date ^(Note 1)	February 21, 2017	December 25, 2017
(Expected) Acquisition price ^(Note 2)	1,480 million yen	66 million yen
Land	Land area	27,248.86 m ²
	Zoning	Quasi-industrial area
	Type of Ownership	Ownership
Building	Structure /Stories	Building 1: Steel structure with galvanized steel sheet roof Building 2: 1-story wooden construction with galvanized steel sheet roof 2-story steel structure with galvanized steel sheet roof ^(Note 3)
	Date Constructed	January 31, 2006 December 25, 2017 ^(Note 3)
	Gross Floor Area	11,990.24 m ² (Building 1: 11,960.43 m ² / (Building 2: 29.81 m ²) 264.40 m ² ^(Note 3)
	FAR/Building-to-land ratio	200%/60%
	Type of Ownership	Ownership
	Type of building	Building 1: Warehouse and office Building 2: Lounge and bathroom Office, lounge, other facility
	PML	2.4% —
Tenant summary ^(Note 4)	Tenant(s)	Miyago Logistics Co., Ltd.
	Annual rent	Not disclosed ^(Note 5)
	Deposit	Not disclosed ^(Note 5)
	Total leased area	15,555.15 m ²
	Occupancy rate (based on leased area)	100%
	Period of contract	5 years ^(Note 6)
	Type of contract	Standard lease agreement
	Cancellation before maturity/ Rent Revision	Not allowed/Negotiable
Collateral conditions		N/A
Special notes		N/A

(Note 1) The acquisition date is the initial acquisition date with regard to the existing building and the planned construction completion and delivery date with regard to the extension.

(Note 2) The figure for the Extension is derived from the expected acquisition price relating to the Extension Project (the total of construction costs, design fee, and CM fees). As of today, a construction agreement has not been executed and construction has not yet commenced, thus, the actual figure for the expected acquisition price may differ.

(Note 3) The Extension structure/stories, date constructed, and gross floor areas are planned data as of the date of this release based on the current design.

(Note 4) The tenant(s) information indicates the content of the New Lease Agreement.

(Note 5) Consent has not been obtained from the tenant, and accordingly, the annual rent and deposit are not disclosed.

(Note 6) The period of contract is five years starting from the date of construction completion and delivery of the extension (Expected to start from December 25, 2017 until December 24, 2022).

4. Overview of Price Survey Report

The Property as a Whole Including the Extension

Appraiser	Japan Real Estate Institute
Researched value	1,650 million yen
Value date	July 31, 2017

Item	Value	Notes
Indicated value based on income approach	1,650 million yen	
DC method	1,660 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	93 million yen	
Operating profit from lump-sum payments	0 million yen	
Capital expenditures	3 million yen	
Net income	89 million yen	
Capitalization rate	5.4 %	
DCF method	1,630 million yen	
Discount rate	5.1 %	
Terminal capitalization rate	5.7 %	
Indicated Value based on cost approach	1,470 million yen	
Portion of Land	53.8%	
Portion of Building	46.2%	

Other matters for consideration	N/A
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(Note) As the disclosure of these information may cause disadvantage to investors and negatively affect IIF's competitiveness, IIF has judged not to disclose the information.

5. Future Outlook

The Extension Project will have only a marginal impact on the revenue forecast for the period ending January 2018 (August 1, 2017-January 31, 2018). Accordingly, revenue forecast for the said period remain unchanged.

* For an overview of acquisition of the Property, refer to the news release entitled "IIF to Acquire and Lease Eleven Properties in Japan" dated January 24, 2017.

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 <http://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.