

To all concerned parties:

Investment Corporation

**Industrial & Infrastructure Fund Investment Corporation**

(Tokyo Stock Exchange Company Code: 3249)

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Asset Management Company

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Notice Concerning Amendment of Lease Agreement with Existing Tenant  
(IIF Sagamihara R&D Center)

Industrial & Infrastructure Fund Investment Corporation (“IIF”) announces that Mitsubishi Corp. - UBS Realty Inc., an asset management company to which IIF entrusts its asset management, today concluded the amendment of lease agreement (the “Amended Agreement”) with Micron Memory Japan, Inc. (“Micron”) for IIF Sagamihara R&D Center (the “Property”), a property owned by the IIF. Micron is the current tenant of the Property. The details are set forth below.

## 1. Outline

IIF and Micron, the current tenant, on October 23, 2017, have concluded amendment for the current lease agreement for 10-year contract period commencing on November 1, 2017.

**[Key Points] Long-Term, Stable Lease Agreement Executed with Micron**

- **Based on the tenant’s need for long-term continuous use, stabilization of the agreement was achieved by concluding a long-term lease agreement (10-year term, non-cancellation for first five years)**
- **The lease format was changed to lease of the entire building by Micron, providing greater freedom regarding use of the building while increase profitability by additionally leasing common areas**

【Highlight of Amended Agreement】<sup>(note 1)</sup>

	Current Lease Agreement	Amended Agreement (Estimation)
Contract Type <sup>(note 2)</sup>	Other	Other
Contract Period	1 year	<b>10 years</b>
Non-Cancellation Period	None	<b>5 years from commencement of the lease</b>
Early Termination	6 months’ notice	<b>24 months’ notice</b>
NOI Yield <sup>(note 3)</sup>	7.5%	<b>8.7%</b>
NOI Yield after Depreciation <sup>(note 4)</sup>	6.6%	<b>7.7%</b>

(Note 1) “Highlight of Amended Agreement” only covers the lease agreement with Micron.

(Note 2) Contract type “Other” refers generally to leases pursuant to which the lessor’s ability to refuse renewal of the lease after it expires is limited under applicable Japanese laws.

(Note 3) NOI yield = NOI\* / acquisition price

(Note 4) NOI yield after Depreciation = (NOI\* - depreciation\*\*) / acquisition price

\* NOI for “Current Lease Agreement” 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 regards to the values for Amended Agreement (estimation), reference values calculated using the net operating income for the first fiscal year under the DCF method indicated in the appraisal report as of July 31, 2017 and the expected rent fluctuation after the amendment.

\*\* Depreciation expenses are based on an estimate calculated by using the depreciation rates under the straight-line method in proportion to the useful life.

2. Overview of Amended Agreement

		Amended Agreement
(1)	Tenant Name	Micron Memory Japan Inc.
(2)	Contract Date	October 23, 2017
(3)	Contract Start Date	November 1, 2017
(4)	Lease Area	17,416.03 m <sup>2</sup> (Note 1)
(5)	Percentage in Total Leasable Area of the Property	90.1%
(6)	Percentage in Total Leasable Area of IIF	1.4%
(7)	Annual Rent (excluding consumption tax)	Not disclosed (Note 2)
(8)	Term of Contract	Ten years
(9)	Type of Contract	Other
(10)	Deposit	Not disclosed (Note 2)
(11)	Revision of Rent	No revision for five years from the commencement of lease (thereafter, rent will be revised once every two years)
(12)	Early Termination	Early termination permitted upon the provision of 24 months' prior notice

(Note 1) The leased area changed in conjunction with the amendment of lease agreement for Micron covering the entire facility (Main Building).

(Note 2) Not disclosed as the tenant has not agreed to the disclosure of information.

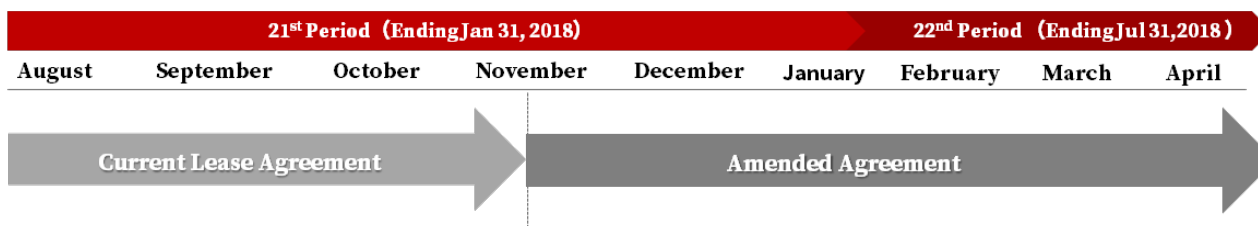
【Tenants and Lease Agreements】

《Current Lease Agreement》				《Amended Agreement》				
	Tenant	Leasable Area	Contract Period		Tenant	Leasable Area	Contract Period	
Main Building (Note 1)	Micron Memory Japan, Inc.	12,113.00 m <sup>2</sup>	1 year	Main Building (note 1)	Micron Memory Japan, Inc.	17,416.03 m <sup>2</sup>	10 years	
	SINCERE Corporation (Note 2)	35.00 m <sup>2</sup>	1 year					
	Nittsu NEC Logistics, Ltd. (Note 2)	7.00 m <sup>2</sup>	1 year					
	Vacant	237.00 m <sup>2</sup>	-					
Annex	NEC Corporation (Shiyo taishaku)	1,912.37 m <sup>2</sup>	1 year	Annex	NEC Corporation (Shiyo taishaku)	1,912.37 m <sup>2</sup>	1 year	
Total		14,304.37 m <sup>2</sup>		Total		19,328.40 m <sup>2</sup>		

(Note 1) The leased area changed in conjunction with the amendment of lease agreement for Micron covering the entire facility (Main Building).

(Note 2) The current lease contracts with SINCERE Corporation and Nittsu NEC Logistics, Ltd. are planned to be terminated on October 31, 2017.

【Schedule】



### 3. Background to the Lease Amendment

Micron is the Japanese subsidiary of U.S.-based Micron Technology, Inc., which boasts a large global market share for DRAM<sup>(note)</sup>, a core semiconductor memory product. Micron positions the facility as a key R&D center in Japan and has continuously occupied it since 2000. At the facility, Micron develops and designs DRAM and other components for mobile devices, and it plays a role as a technology and sales site for designing products that meet customer needs. As a result, it is an important site for Micron. IIF held repeated discussions with Micron premised on amendment of the agreement to a long-term lease, and agreement was reached on the execution of a 10-year lease agreement with a five-year non-cancellation period.

In addition, leasing the entire main building will increase the degree of freedom of use of the building for Micron while increasing lease profit by including in the leased area conference rooms, the cafeteria, and other common areas.

With the lease amendment, IIF plans to spend capital expenditures for improvements to employee restrooms and common area floors. With the lease amendment, Micron plans to improve the employee working environment and expand functions as an R&D center premised on long-term, continuous use and plans to perform interior construction, primarily in office spaces, as well as construction for electrical and IT facilities.

(Note) DRAM stands for a core semiconductor memory product named Dynamic RAM.

#### 【Features of the Facility】

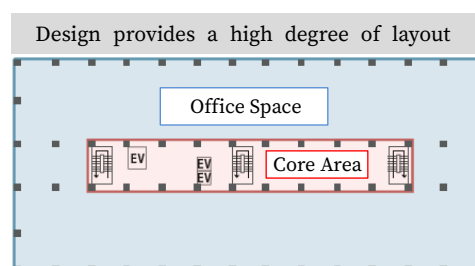
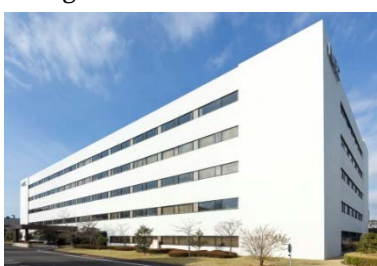
##### ■ Location

The property is located near the Sagami-hara Machinery and Metal Industrial Park, Oyama Industrial Park, and other industrial parks, and the area has long had a concentration of R&D facilities and plants of leading Japanese companies. Access is good to National Highway 16, which is a main highway, the Metropolitan Inter-City Expressway, the Tomei Expressway, and the Chuo Expressway and is within walking distance from the Minami Hashimoto Station on the JR Sagami Line. The site is approximately five minutes by train from the Hashimoto Station, which is a terminal station, affording good transportation convenience for commuting.



##### ■ Facilities

The building is a rectangle (regular shape), and the interior features a pillar-less layout that provides a high degree of freedom and efficiency in the utilization of interior space. The 2,800 mm ceiling height makes it possible to bring in research equipment, and 300 mm OA floors are provided to facilitate PC use. The building is also equipped with various amenities such as an employee cafeteria to provide a comfortable working environment.



## 4. Overview of Tenant

(1)	Name	Micron Memory Japan Inc.
(2)	Location	2-2-1, Yaesu, Chuo-ku, Tokyo
(3)	Name and Job Title of Representatives	Yoshitaka Kinoshita, President
(4)	Business	Development, design, and manufacture of DRAM products
(5)	Capital	30.0 billion yen
(6)	Established Date	December 20, 1999
(7)	Relationship with IIF or Asset Manager	
	Capital Relationship Personal Relationship Trade Relationship	IIF and the Asset Manager do not have noteworthy capital, personal or trade relationships with Micron Memory Japan Inc. In addition, there is no noteworthy capital, personal or trade relationship between affiliated companies of IIF, the Asset Manager and those of Micron Memory Japan Inc.
	Related Party	Micron Memory Japan Inc. is not a related party of IIF or the Asset Manager, and there are no affiliates of Micron Memory Japan Inc. that are related parties of IIF and the Asset Manager.

## 5. Future Outlook

It is expected that this transaction will have only a marginal impact on our forecast of operational result for the fiscal period ending January 2018 (August 1, 2017 to January 31, 2018), and thus our forecasts will remain unchanged.

**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.