

Investment Corporation

Industrial & Infrastructure Fund Investment Corporation

(Tokyo Stock Exchange Company Code: 3249)

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Supplementary Material for Press Release Announced on July 27, 2020

“Notice Concerning Revision of Forecast of Operating Results and Distributions for the January 2021 (27th) Fiscal Period and Forecast of Operating Results and Distributions for the July 2021 (28th) Fiscal Period”



IIF Shonan Health Innovation Park (60% co-ownership interest)⁽¹⁾



IIF Ichihara Manufacturing Center (land with leasehold interest)⁽¹⁾

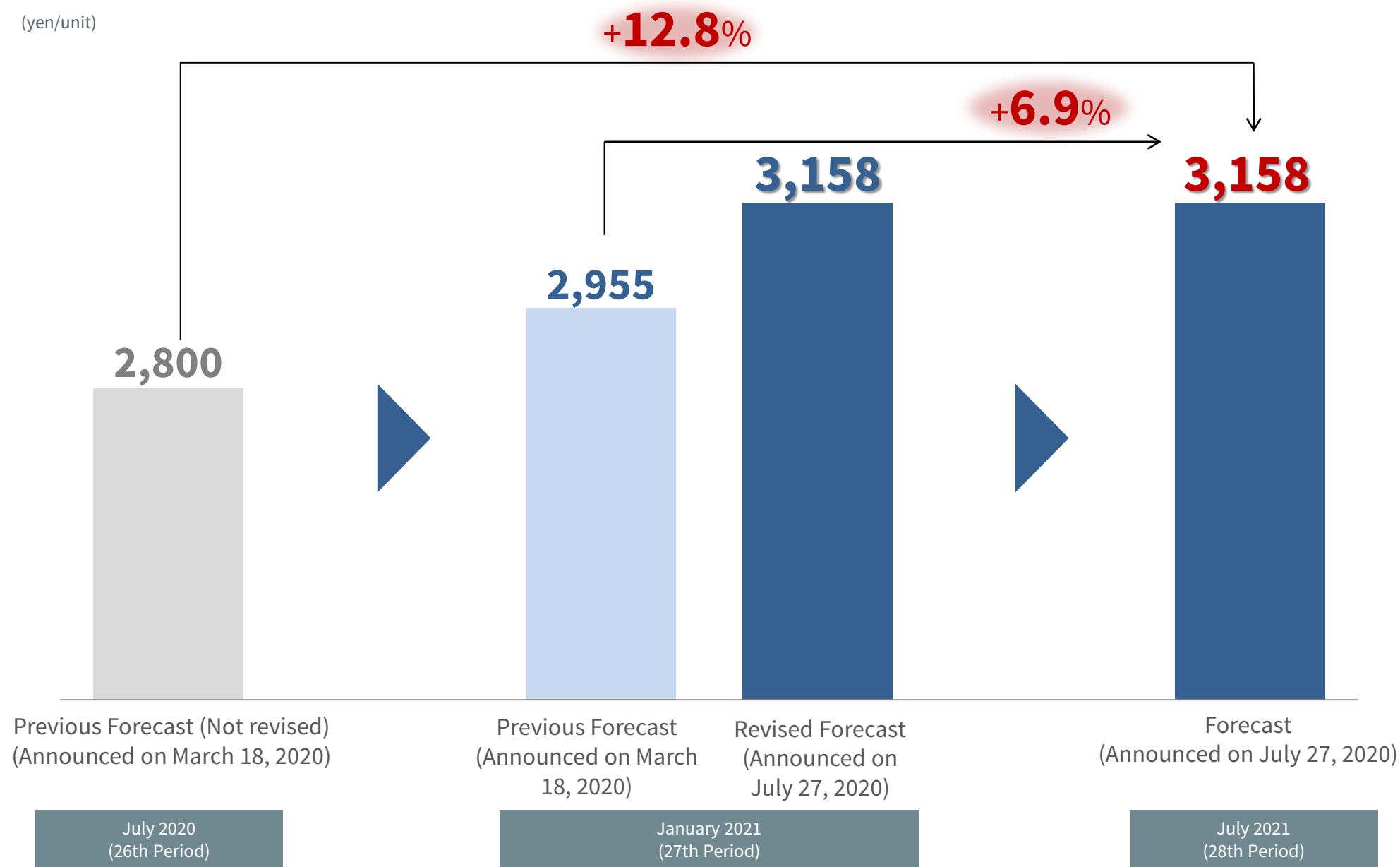
TSE Code

3249

Enhance Unitholders' Value through New Acquisitions

■ DPU (including distributions in excess of retained earnings per unit) Forecast ⁽²⁾

(yen/unit)



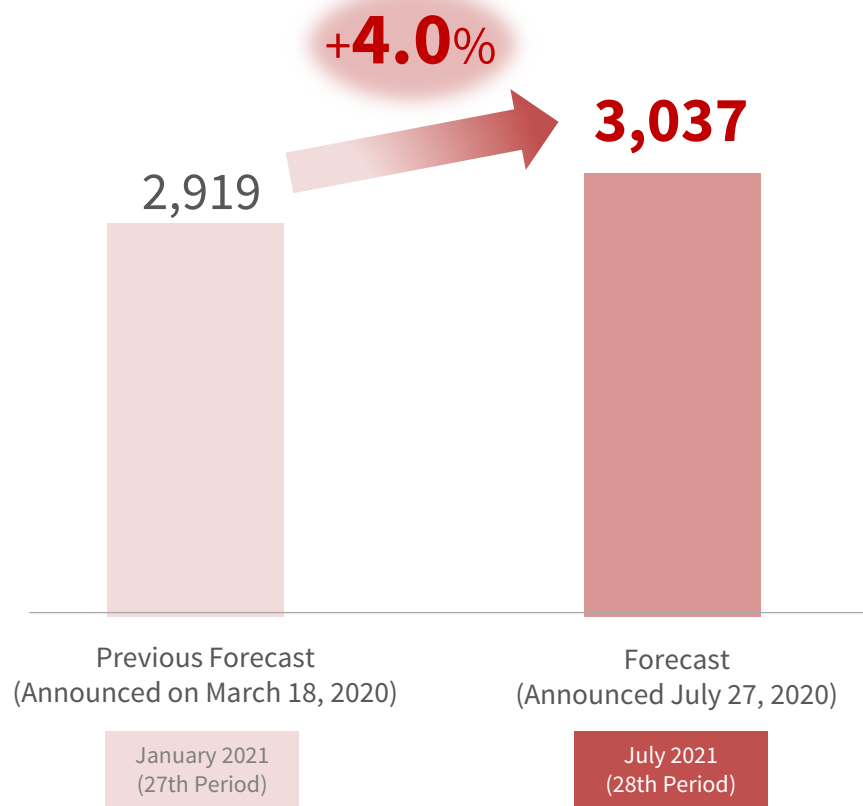
DPU Expected to Increase by 4.0%

(after Adjustment of Fixed Property Tax and City Planning Tax, and One-time Profit and Loss regarding Revenues)⁽³⁾

DPU Forecast

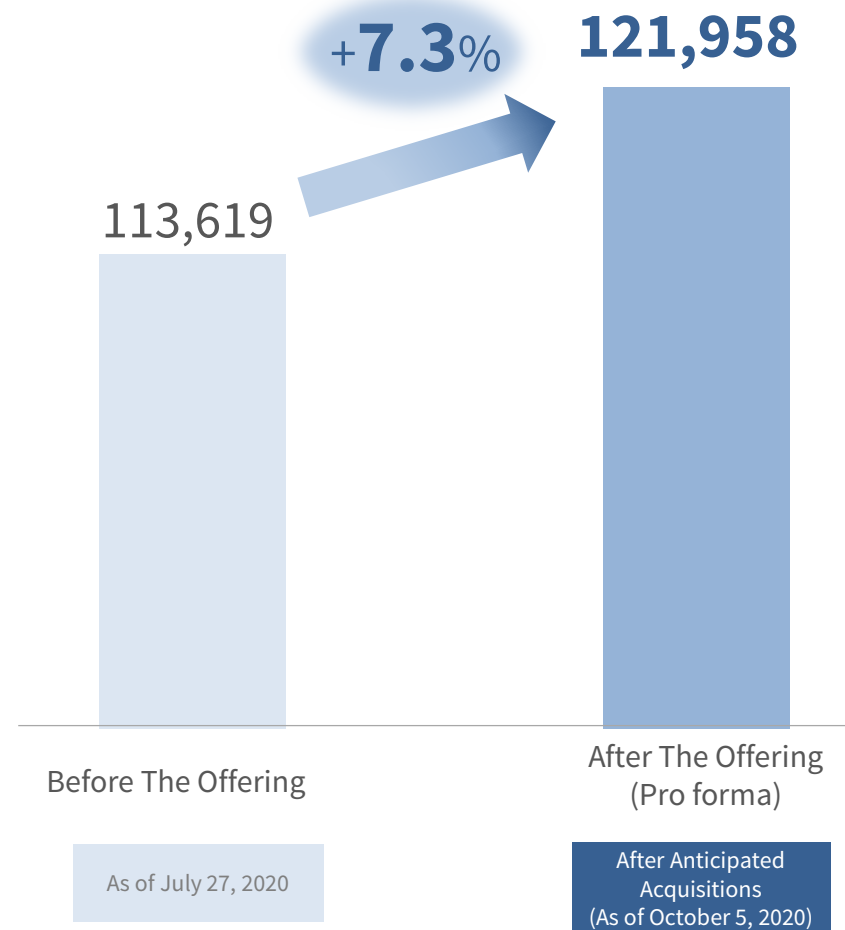
(after adjustment of fixed property tax and city planning tax, and one-time profit and loss regarding revenues)*

(yen/unit)



Appraisal NAV per Unit ^{(4) (5)}

(yen/unit)



“DPU forecast (after adjustment of fixed property tax and city planning tax, and one-time profit and loss regarding revenues)” means the distributions per unit estimated assuming fixed property tax, city planning tax, and depreciable property tax accounted for the acquisition costs during each calculation period to be accounted as expenses and also taking into account adjustment of rent revenues. For the definition of “adjustment of rent revenues”, please refer to (Note 3)

Notes and Calculations

(Note 1)

- For IIF Shonan Health Innovation Park (60% co-ownership interest), the sale and purchase agreements were concluded as of June 12, 2020 and July 27, 2020 concerning 3% co-ownership interest and 57% co-ownership interest, respectively.
- For IIF Ichihara Manufacturing Center (land with leasehold interest), IIF will acquire the land within the dotted line.

(Note 2)

- “Distributions per unit (including distributions in excess of retained earnings per unit)” includes distributions in excess of profit (distributions of the amount equivalent to the increase of temporary differences adjustment reserve).
- Please refer to the press release dated today “Notice Concerning Revision of Forecast of Operating Results and Distributions for the January 2021 (27th) Fiscal Period and Forecast of Operating Results and Distributions for the July 2021 (28th) Fiscal Period” for relevant assumptions for the DPU forecast.

Disclaimer about the DPU (including distributions in excess of retained earnings per unit) forecast

The forecasts for the January 2021 (27th) and July 2021 (28th) fiscal periods represent current calculations based on the assumptions stated in the press release dated today “Notice Concerning Revision of Forecast of Operating Results and Distributions for the January 2021 (27th) Fiscal Period and Forecast of Operating Results and Distributions for the July 2021 (28th) Fiscal Period” and the actual DPU (including distributions in excess of retained earnings per unit) may differ significantly from the forecasts due to factors such as future acquisitions and sales of real estate, changes in rent income as a result of changes in the tenants, changes in the investment environment such as the unexpected need to perform repairs, fluctuations in interest rates and actual number of investment units to be issued and the issue price of any new investment units to be decided, among other factors.

(Note 3)

- “DPU (after adjustment of fixed property tax and city planning tax, and one-time profit and loss regarding revenues)” does not indicate a forecast or an estimate of DPU of IIF for a certain accounting period. The same shall apply hereinafter.
- “Adjustment of rent revenues” for “DPU (after adjustment of fixed property tax and city planning tax, and one-time profit and loss regarding revenues)” refers to an adjustment in calculation for the distribution per unit, by which IIF conservatively assumes no rent revenues for 1 property of the assets owned (which is different from the 2 properties stated in assumptions for “Operating Revenues” on Attachment “Assumptions underlying the forecasts of operating results and distributions for the fiscal periods ending January 2021 (27th) and July 2021 (28th)” in the press release dated today “Notice Concerning Revision of Forecast of Operating Results and Distributions for the January 2021 (27th) Fiscal Period and Forecast of Operating Results and Distributions for the July 2021 (28th) Fiscal Period”), which has a possibility of current tenants evacuating the property after the end of the July 2021 (28th) Fiscal Period. Though IIF may have full occupancy from the subsequent tenant replacement, as it is not determined at the moment, IIF has conservatively adjusted such rent revenues by deducting such amount from the profit calculated based on forecast of the July 2021 (28th) Fiscal Period, although there is no impact on the distribution per unit of the July 2021 (28th) Fiscal Period, for the purpose of disclosing adjusted distributions per unit based on the forecast for the July 2021 (28th) Fiscal Period as a reference.

(Note 4)

- “Appraisal NAV per unit” as of July 27, 2020 is calculated according to the following formula:
$$\text{Appraisal NAV per unit as of July 27, 2020} = \frac{\{\text{Total amount of unitholders' capital as of the end of the fiscal period ended January 31, 2020} + \text{Difference between Appraisal Value and Acquisition Price} / \text{Book Value of the portfolio properties as of July 27, 2020}\}}{\div \text{Total number of investment units outstanding as of the end of the fiscal period ended January 31, 2020}}$$

*Difference between Appraisal Value and Acquisition Price / Book Value of the portfolio properties as of July 27, 2020 is represented by the difference between the appraisal value and acquisition price as of January 31, 2020 for the Properties Acquired in the 26th Fiscal Period and the difference between the appraisal value and book value as of the end of the fiscal period ended January 31, 2020 (end of the 25th Fiscal Period) for other properties in the portfolio. Properties Acquired in the 26th Fiscal Period refer to IIF Yokohama Tsuzuki R&D Center, IIF Hiroshima Seifushinto Logistics Center, IIF Atsugi Manufacturing Center (building) and IIF Okazaki Manufacturing Center (land with leasehold interest). The same shall apply hereinafter.

(Note 5)

- “Appraisal NAV per unit” after Anticipated Acquisitions is calculated according to the formula below. “After Anticipated Acquisitions” means October 5, 2020, which is after the acquisition of 3 properties as stated in the press release dated today “IIF to Acquire and Lease Three Properties in Japan”. The same shall apply hereinafter.

$$\text{Appraisal NAV per unit after Anticipated Acquisitions} = \frac{\{\text{Unitholders' capital as of the end of the fiscal period ended January 31, 2020 (end of the 25th Fiscal Period)} + \text{Total issue value** of the Offering} + \text{Maximum total issue value** of the Third Party Allotment} + \text{Total of Difference between Appraisal Value and Acquisition Price} / \text{Book Value after Anticipated Acquisitions compared with appraisal value****}\}}{\div \text{Number of units outstanding after Anticipated Acquisitions****}}$$

* For the definition of the “Offering”, “Third Party Allotment” and “IIF Investment Units”, please refer to the press release dated today “IIF to Issue New Investment Units and Conduct Secondary Offering of Investment Units”. The same shall apply hereinafter. For the outline of the Anticipated Acquisitions regarding the Offering, please refer to the press release dated today “IIF to Acquire and Lease Three Properties in Japan”.

**The expected maximum issue amount from the Offering and the Third-Party Allotment are calculated assuming that IIF will raise 31,556,083,000 yen and 1,569,087,000 yen respectively. Such amounts are calculated based on the closing price for ordinary trading of IIF Investment Units on the Tokyo Stock Exchange as of Friday, July 10, 2020 and assumes the issue price at 174,343 yen per unit. In addition, with respect to the maximum total issue amount from the Third-Party Allotment, we assume that all units to be issued for the Third-Party Allotment are subscribed and paid in full by the lead manager. Accordingly, if the actual issue amount pursuant to the Offering and the Third-Party Allotment is lower than the expected price, or that the payment for the issuance of new investment units through the Third-Party Allotment have not taken place either in whole or in part, the total issue amount from the Offering and the Third-Party Allotment will be less than the expected price, and the actual Appraisal NAV per Unit after the Anticipated Acquisitions may be lower than as they were stated. On the contrary, if the actual issue amount is higher than the expected price, the total issue amount from the Offering and the Third-Party Allotment will be greater than the expected price, and the actual Appraisal NAV per Unit after the Anticipated Acquisitions may be greater than as they were stated.

*** “Total of Difference between Appraisal Value and Acquisition Price / Book Value after Anticipated Acquisitions compared with appraisal value” is calculated according to the formula below. Please note that there is no assurance that such figure is realized.

$$\text{Total of Difference between Appraisal Value and Acquisition Price} / \text{Book Value after Anticipated Acquisitions compared with appraisal value} = \text{Total of value calculated at the end of the period or the appraisal value of IIF Portfolio Assets after Anticipated Acquisitions} - \text{Book value of the IIF Portfolio Assets as of the end of the fiscal period ended January 31, 2020} - \text{Total of acquisition price of Properties Acquired in the 26th Fiscal Period} - \text{Total of Anticipated Acquisition Price of Anticipated Acquisitions}$$

****It is assumed that all the units issued in the Third Party Allotment is subscribed and paid in full by the lead manager. “Appraisal NAV per unit” after Anticipated Acquisitions indicates an estimate as of July 27, 2020 calculated by, under the assumptions as above, adding difference between appraisal value and acquisition price / book value, etc. of Anticipated Acquisitions to Appraisal NAV as of July 27, 2020 based on Difference between Appraisal Value and Acquisition Price / Book Value of the portfolio properties as of July 27, 2020 and figures stated in the balance sheet for the January 2020 (25th) fiscal period, and then divided by the estimated total number of units outstanding after Anticipated Acquisitions. The estimate does not necessarily coincide with the actual Appraisal NAV per unit after Anticipated Acquisitions.

Think bold today for a brighter tomorrow.



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- This material may contain information such as data on future performance, plans, management targets, and strategies. Such descriptions with regard to the future are based on current hypotheses and assumptions about future events and trends in the business environment, but these hypotheses and assumptions are not necessarily correct. As such, actual results may vary significantly due to various factors
- This material is prepared based on Japanese accounting principles unless otherwise noted
- This material is supplementary materials on press release announced on July 27, 2020, and has not been prepared for the purpose of soliciting the acquisition of IIF's investment securities or the signing of financial instruments contracts. When investing, we ask investors to invest on their own responsibility and their own judgment
- IIF is a publicly-offered real estate investment corporation (J-REIT) investing in real estate and related assets the prices of which may fluctuate. Unitholders of the investment corporation may suffer loss when unit prices decline in the market or an amount of distributions declines, according to economic and interest rate circumstances, a balance of supply and demand for units, real estate market environment, fluctuations of prices of, and rent revenues from real estate properties under management, disasters, aggravation of financial status of IIF and other reasons.

Asset Management Company : Mitsubishi Corp.-UBS Realty Inc.

(Financial Instruments Dealer, Director of Kanto Local Financial Bureau (Financial Instruments Dealer)

Number 403, Member of The Investment Trusts Association, Japan)