

Industrial & Infrastructure Fund Investment Corporation

July 20, 2022

To all concerned parties:

Investment Corporation

Industrial & Infrastructure Fund Investment Corporation

(Tokyo Stock Exchange Company Code: 3249)

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Notice Concerning Revision of Forecast of Operating Results and Distributions for the July 2022 (30th) Fiscal Period and the January 2023 (31st) Fiscal Period

Industrial & Infrastructure Fund Investment Corporation (“IIF”) announced today its revision to forecast of operating results and distributions for the July 2022 (30th) fiscal period (from February 1, 2022 to July 31, 2022) and forecast of operating results and distributions for the January 2023 (31st) fiscal period (from August 1, 2022 to January 31, 2023), announced in the “Summary of Financial Results” dated March 16, 2022. Details are as follows.

1. Revision of forecast of operating results and distributions for the fiscal period ending July 2022 (30th) fiscal period (from February 1, 2022 to July 31, 2022)

	Operating Revenue (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Distributions per Unit (including distributions in excess of retained earnings per unit) (yen)	Distributions per Unit (excluding distributions in excess of retained earnings per unit) (yen)	Distributions in Excess of Retained Earnings per Unit (yen)
Previous forecast (A)	16,292	6,583	5,610	5,608	3,100	2,516	584
Revised forecast (B)	17,153	7,391	6,421	6,419	3,100	2,896	204
Variance (B) - (A)	+861	+807	+811	+811	0	+380	(380)
Rate of variance	+5.3%	+12.3%	+14.5%	+14.5%	±0.0%	+15.1%	(65.1%)

(Note 1) “Previous forecast” is forecast of operating results and distributions announced in “Summary of Financial Results” dated March 16, 2022 and “Investor Presentation for the Jan. 2022 (29th) Period”. The same shall apply hereinafter.

(Note 2) Forecast of investment units issued and outstanding as of the end of fiscal period ending July 2022 (30th): 2,070,016 units

(Note 3) The forecast figures for the fiscal periods ending July 2022 (30th) represent current calculations based on the assumptions provided in the attached “Assumptions underlying the forecasts of operating results and distributions for the fiscal periods ending July 2022 (30th) and January 2023(31st)”, and actual operating revenue, operating income, ordinary income, net income, distributions per unit (including distributions in excess of retained earnings per unit), distributions per unit (excluding distributions in excess of retained earnings per unit) and distributions in excess of retained earnings per unit may fluctuate significantly from the forecasts due to the deviation in assumptions caused by 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 management environment such as the unexpected need to perform repairs and fluctuations in interest rates and actual number of investment units to be issued and the issue price of new investment units to be issued, among other factors. As such, the revision to forecast and forecast described in this press release do not guarantee any future results.

(Note 4) The above forecasts may be revised if the degree of deviation with subsequent estimates exceeds a certain level.

(Note 5) Digits below the unit are truncated. The same shall apply hereinafter.

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2. Forecast of operating results and distributions for the fiscal period ending January 2023 (31st) (from August 1, 2022 to January 31, 2023)

	Operating Revenue (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Distributions per Unit (including distributions in excess of retained earnings per unit) (yen)	Distributions per Unit (excluding distributions in excess of retained earnings per unit) (yen)	Distributions in Excess of Retained Earnings per Unit (yen)
Previous forecast (A)	16,443	6,780	5,781	5,779	3,020	2,688	332
Revised forecast (B)	17,767	7,565	6,548	6,546	3,070	3,070	0
Variance (B) - (A)	+1,323	+784	+766	+766	+50	+382	(332)
Rate of variance	+8.0%	+11.6%	+13.3%	+13.3%	+1.7%	+14.2%	(100%)

(Note 1) “Previous forecast” is forecast of operating results and distributions announced in “Summary of Financial Results” dated March 16, 2022 and “Investor Presentation for the Jan. 2022 (29th) Period”. The same shall apply hereinafter.

(Note 2) Forecast of investment units issued and outstanding as of the end of fiscal period ending January 2023 (31st): 2,070,016 units

(Note 3) The forecast figures for the fiscal periods ending January 2023 (31st) represent current calculations based on the assumptions provided in the attached “Assumptions underlying the forecasts of operating results and distributions for the fiscal periods ending July 2022 (30th) and January 2023(31st)”, and actual operating revenue, operating income, ordinary income, net income, distributions per unit (including distributions in excess of retained earnings per unit), distributions per unit (excluding distributions in excess of retained earnings per unit) and distributions in excess of retained earnings per unit may fluctuate significantly from the forecasts due to the deviation in assumptions caused by 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 management environment such as the unexpected need to perform repairs and fluctuations in interest rates and actual number of investment units to be issued and the issue price of new investment units to be issued, among other factors. As such, the revision to forecast and forecast described in this press release do not guarantee any future results.

(Note 4) The above forecasts may be revised if the degree of deviation with subsequent estimates exceeds a certain level.

(Note 5) Digits below the unit are truncated. The same shall apply hereinafter.

3. Reasons for Revision and Announcement

As announced in “Notice Concerning Disposition of One Property in Japan 【IIF Osaka Nanko IT Solution Center】 ” dated July 6, 2022, IIF will dispose IIF Osaka Nanko IT Solution Center on August 17, 2022 (31st fiscal period). In addition, as announced in “Notice Concerning Disposition of One Property in Japan 【IIF Inzai Logistics Center】 ” dated today, IIF will dispose IIF Inzai Logistics Center on July 27, 2022(30th fiscal period).

With those disposition, gain on sale of real estate property in the fiscal period ending July 31, 2022 (30th fiscal period) and the fiscal period ending January 31, 2023 (31st fiscal period) is to be recorded.

On the other hand, considering the impact of the soaring energy prices, we reexamined the outlook for utility costs and conservatively reviewed real estate rental expenses and other expenses due to the possibility of incurring some additional expenses in the redevelopment property.

As a result, the revised forecast of distribution per unit (excluding distributions in excess of earnings) for the fiscal period ending July 31, 2022 (30th fiscal period) and the fiscal period ending January 31, 2023 (31st fiscal period) differ by more than 5% from the initial forecast of distribution per unit (excluding distributions in excess of earnings) for the fiscal periods ending July 31, 2022 (30th fiscal period) and January 31, 2023(31st fiscal period), which was announced on March 16, 2022.

Reference: Other press releases announced today:

“Notice Concerning Disposition of One Property in Japan 【IIF Inzai Logistics Center】 ”

“Supplementary Material Concerning Press Releases Dated July 6 and July 20, 2022”

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. 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/>

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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.

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【Attachment】

Assumptions underlying the forecasts of operating results and distributions for the fiscal periods ending July 2022 (30th) and January 2023 (31st)

Item	Assumption						
Accounting period	30th Fiscal Period from February 1, 2022 to July 31, 2022 (181 days) 31st Fiscal Period from August 1, 2022 to January 31, 2023 (184 days)						
Assets owned	<p>In addition to the real estate and trust beneficial interest in real estate for the 76 properties owned by IIF as of July 20, 2022, it is assumed that it will acquire the following Anticipated Acquisition and dispose the following Anticipated Dispositions. IIF has concluded the purchase and sale agreement concerning all of the following Anticipated Acquisition and Anticipated Dispositions, and each acquisition and disposition date is as follows.</p> <p><Anticipated Acquisition></p> <table border="1" style="width: 100%;"> <tr> <td style="width: 60%;">IIF Yokkaichi Logistics Center (New Building)</td> <td>Anticipated to be acquired on September 16, 2022</td> </tr> </table> <p><Anticipated Dispositions></p> <table border="1" style="width: 100%;"> <tr> <td style="width: 60%;">IIF Inzai Logistics Center</td> <td>Anticipated to be disposed on July 27, 2022</td> </tr> <tr> <td>IIF Osaka Nanko IT Solution Center</td> <td>Anticipated to be disposed on August 17, 2022</td> </tr> </table> <p>It is assumed that there is no change in the properties, except Anticipated Acquisition and Anticipated Dispositions above, until the end of January 2023, however, there may be a change due to the acquisition or disposition of our properties in actual.</p>	IIF Yokkaichi Logistics Center (New Building)	Anticipated to be acquired on September 16, 2022	IIF Inzai Logistics Center	Anticipated to be disposed on July 27, 2022	IIF Osaka Nanko IT Solution Center	Anticipated to be disposed on August 17, 2022
IIF Yokkaichi Logistics Center (New Building)	Anticipated to be acquired on September 16, 2022						
IIF Inzai Logistics Center	Anticipated to be disposed on July 27, 2022						
IIF Osaka Nanko IT Solution Center	Anticipated to be disposed on August 17, 2022						
Interest-bearing debt	<p>The total amount of interest-bearing debt as of July 20, 2022 is 202,783 million yen, consisting of long-term debt (including those loans that will become due within one year) of 184,383 million yen, short-term debt of 3,400 million yen and investment corporation bonds of 15,000 million yen.</p> <p>With regard to the long-term debts of 7,000 million yen scheduled to arrive on maturity date in the 30th fiscal period, IIF has already refinanced them with long-term debts of the same amount. With regard to the long-term debts of 5,000 million yen and investment corporation bonds of 5,000 million yen scheduled to arrive on maturity date or redemption date in the 31st fiscal period, IIF plans to refinance them with long-term debts and investment corporation bonds of the same amount.</p> <p>In addition, for the purpose of acquiring the property as mentioned in “Assets owned” above, it is assumed that IIF borrows new long-term debts of 5,500 million yen on September 16, 2022. As a result, it is assumed that the total interest-bearing debt as of the end of July 2022 and the end of January 2023 are 202,783 million yen and 208,283 million yen, respectively.</p>						

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Item	Assumption
Operating revenues	IIF has estimated the rent revenue taking into consideration market environment, characteristic of individual property, competitiveness of properties and status of individual tenant including a plan for evacuation, based on effective lease agreements during the 30th fiscal period and the 31st fiscal period. It is assumed that there is no arrears or non-payments of rent during the 30th fiscal period and the 31st fiscal period based on the assumptions described in "Assets owned" above. In addition, with regard to IIF Atsugi Logistics Center III and IIF Hamura Logistics Center to be redeveloped (planned), it is assumed that no rent revenue is generated from the beginning of the 30th fiscal period and June 2022 in the 30th fiscal period, respectively.
Operating expenses	<p>Fixed property tax, city planning tax and depreciable property tax, and repair costs in the 30th period is forecast to be approximately 1,362 million yen and approximately 1,003 million yen (including approximately 244 million yen of demolition cost of existing building of IIF Atsugi Logistics Center III), respectively. Fixed property tax, city planning tax and depreciable property tax, and repair costs in the 31st period is forecast to be approximately 1,419 million yen and approximately 992 million yen (including approximately 136 million yen of demolition cost of existing building of IIF Hamura Logistics Center*), respectively. Fixed property tax and city planning tax, which are settled according to the number of days owned by the previous owner in connection with the new acquisition of the property, are not recorded as expenses because they are included in the acquisition cost, but are recorded as expenses from the following year. Accordingly, fixed property tax, city planning tax, and depreciable property tax relating to the properties acquired in the 30th fiscal period (IIF Iruma Manufacturing Center (land with leasehold interest) and IIF Tochigi Mooka Manufacturing Center (land with leasehold interest)) and to be acquired described in the "Assets owned" above will be recorded as expenses from the 32nd fiscal period. Fixed property tax, city planning tax and depreciable property tax, which are included in the acquisition cost of the properties to be acquired, are assumed to be approximately 16 million yen.</p> <p>Depreciations including ancillary expenses for the 30th fiscal period and the 31st fiscal period are calculated based on the straight-line method and are estimated to be approximately 2,158 million yen and approximately 2,037 million yen, respectively.</p> <p>Calculation of external outsourcing expenses (property management fees, building management fees, etc.) is based on actual results thus far.</p> <p>* The demolition cost includes removal cost of asbestos. IIF has recorded asset retirement obligations related to expenses for removal of the asbestos since the fiscal period ended December 2016 (the 19th fiscal period). However, as the asset retirement obligations will be reversed for removal of the asbestos, they will be offset by demolition cost on accounting.</p>
Non-operating expenses	<p>IIF estimate the non-operating expenses (the interest expenses, other debt-related expenses, etc.) for the 30th fiscal period and for the 31st fiscal period will be approximately 969 million yen and approximately 1,017 million yen, respectively.</p> <p>IIF estimate the amortization of the cost concerning the issuance of new investment units for the 30th fiscal period and for the 31st fiscal period will be approximately 43 million yen and approximately 29 million yen, respectively.</p>
Extraordinary gain or loss	No extraordinary gain or loss is expected for the 30th fiscal period and for the 31st fiscal period.
Total number of units issued	It is assumed that the total number of issued investment units as of the submission date is 2,070,016

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Item	Assumption
Distributions per unit (excluding distributions in excess of retained earnings per unit)	<p>It is assumed that net income excluding amounts less than 1 yen per unit is distributed in its entirety. In the 30th fiscal period and the 31st fiscal period, it is assumed that the entire amount remaining after deducting the reversal of the allowance for temporary difference adjustments from net income is distributed excluding amounts less than 1 yen per unit. The calculation of distribution per unit for the 30th fiscal period and for the 31st fiscal period is based on the assumption that fluctuations in the fair value of interest rate swaps have no impact on distributions per unit.</p>
Distributions in excess of retained earnings per unit (allowance for temporary difference adjustments)	<p>The taxable income in excess of accounting income for the 30th fiscal period and for the 31st fiscal period is as follows. As a result of below, taxable income will be less than accounting income and there will not be taxable income in excess of accounting income as a whole. Therefore, it is assumed that no distribution in excess of retained earnings per unit (allowance for temporary difference adjustments) is made.</p> <p>The 30th fiscal period</p> <ol style="list-style-type: none"> (1) The taxable income in excess of accounting income related to interest costs for asset retirement obligations of asbestos removal of the IIF's asset and depreciation expenses relating to buildings, etc. (depreciation of approximately 12 million yen relating to buildings, etc. for asset retirement obligations of IIF Hamura Logistics Center is included (2) below). (2) The taxable income in excess of accounting income related to depreciation due to a change in the estimated useful lives of existing buildings, etc. for the implementation of a redevelopment project at IIF Hamura Logistics Center (approximately 190 million yen). (3) The abolishment of the taxable income in excess of accounting income (approximately 626 million yen recorded in 28th fiscal period and 29th fiscal period) related to depreciation due to completion of demolition of existing buildings, etc. of IIF Atsugi Logistic Center III. <p>The reversal of distribution in excess of profits (allowance for temporary difference adjustments) (approximately 424 million yen) will be equivalent to the amount calculated by deducting the amount of taxable income in excess of accounting income ((1)approximately 12 million yen and (2) approximately 190 million yen) in the 30th fiscal period from reversal amount of allowance for temporary difference adjustments ((3)approximately 626 million yen) caused by abolition of taxable income in excess of accounting income of IIF Atsugi Logistic Center III.</p> <p>The 31st fiscal period.</p> <ol style="list-style-type: none"> (4) The taxable income in excess of accounting income related to interest costs for asset retirement obligations of asbestos removal of the IIF's asset and depreciation expenses relating to buildings, etc. (approximately 11 million yen). (5) The abolition of taxable income in excess of accounting income related to depreciation due to completion of demolition of existing buildings, etc. of IIF Hamura Logistic Center and to asset retirement obligations of asbestos removal (approximately 203 million yen in total). <p>The reversal of distribution in excess of profits (allowance for temporary difference adjustments) (approximately 192 million yen) will be equivalent to the amount calculated by deducting the amount of taxable income in excess of accounting income ((4)approximately 11 million yen) in the 31st fiscal period from reversal amount of allowance for temporary difference adjustments ((5)approximately 203 million yen) caused by abolition of taxable income in excess of accounting income of IIF Hamura Logistic Center.</p>

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Item	Assumption
<p>Optimal payable distribution per unit (distribution with decrease in investment capital under tax law)</p>	<p>Optimal payable distribution (distribution with decrease in investment capital under tax law) of which IIF determines the amount may be made based on the temporary excess distribution policy* in order to stabilize the amount of distribution per unit in the event that the amount of distribution per unit is expected to decrease to a certain degree temporarily.</p> <p>The 30th fiscal period With regard to the forecast of distribution per unit (3,100 yen) announced in “Summary of Financial Results” dated March 16, 2022, it was assumed that optimal payable distribution of 584 yen per unit was made to cover temporary expenses at IIF Atsugi Logistics Center and IIF Hamura Logistics Center Redevelopment Project, and soaring utility expenses at IIF Shonan Health Innovation Park. However, due to the expected gain on sale of IIF Inzai Logistics Center (to be dispositioned on July 27, 2022), it is assumed that the optimal payable distribution (distribution with decrease in investment capital under tax law) is reduced to 204 yen per unit in order to maintain the forecast of distribution per unit (3,100 yen).</p> <p>The 31st fiscal period With regard to the forecast of distribution per unit (3,020 yen) announced in “Summary of Financial Results” dated March 16, 2022, it was assumed that optimal payable distribution of 332 yen per unit was made. However, due to the expected gain on sale of IIF Osaka Nanko IT Solution Center (to be disposed on August 17, 2022), the new forecast of distribution per unit (3,070 yen), exceeding the initially announced forecast of distribution per unit (3,020 yen), is made. Therefore, it is assumed that no optimal payable distribution (distribution with decrease in investment capital under tax law) is made.</p> <p>* The distribution policy is described in “Part 1, Fund Information, Item 1. Status of Fund, 2. Investment Policies, (3) Cash Distribution Policies, (ii) Cash Distributions in Excess of Profits on most recent securities report (submitted on April 27, 2022).</p>

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<Reference>

【Transition of Distributions per Unit (including distributions in excess of retained earnings per unit) (Forecast)】

	Fiscal Period Ending January 2022 (29th Period) (Actual)	Fiscal Period Ending July 2022 (30th Period) (Initial Forecast) (Note)	Fiscal Period Ending July 2022 (30th period) (Revised Forecast)	Fiscal Period Ending January 2023 (31st period) (Initial Forecast) (Note)	Fiscal Period Ending January 2023 (31st period) (Revised Forecast)
(1) Distributions per Unit (including distributions in excess of retained earnings per unit) (yen)	3,060	3,100	3,100	3,020	3,070
(2) Distributions in excess of retained earnings per unit (allowance for temporary difference adjustment) (yen)	5	-	-	-	-
(3) Distributions per Unit (excluding allowance for temporary difference adjustment) (yen)	259	584	204	332	-
(4) Distribution per unit excluding (2) and (3) above (yen/unit) ((1) - (2) - (3))	2,796	2,516	2,896	2,688	3,070
(Forecast) Investment units outstanding as of end of fiscal period (units)	2,070,016	2,070,016	2,070,016	2,070,016	2,070,016

(Note) “Fiscal Period Ending July 2022 (30th) (Initial Forecast)” and “Fiscal Period Ending January 2023 (31st) (Initial Forecast)” refer to the forecast of distributions per unit for the July 2022 (30th) fiscal period (from February 1, 2022 to July 31, 2022) and forecast of distributions per unit for the January 2023 (31st) fiscal period (from August 1, 2022 to January 31, 2023), announced in “Summary of Financial Results” dated March 16, 2022.