

# Industrial & Infrastructure Fund Investment Corporation

February 22, 2023

To all concerned parties:

Investment Corporation

**Industrial & Infrastructure Fund Investment Corporation**

(Tokyo Stock Exchange Company Code: 3249)

Representative: Kumi Honda, Executive Director

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Asset Management Company

**KJR Management**

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## **Notice Concerning Revision of Forecast of Operating Status** **for the January 2023 (31st) Fiscal Period**

Industrial & Infrastructure Fund Investment Corporation (“IIF”) announces today its revision of forecast of operating status for the fiscal period ending January 2023 (31st fiscal period: From August 1, 2022 to January 31, 2023), announced in the “Summary of Financial Results” dated September 14, 2022. Details are as follows.

1. Revision of forecast of operating status for the fiscal period ending January 2023 (31st fiscal period :  
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)	17,922	7,562	6,549	6,547	3,070	3,070	-
Revised forecast (B)	17,944	6,939	5,942	5,940	3,122	2,870	252
Variance (B) - (A)	+22	(622)	(606)	(606)	+52	(200)	+252
Rate of variance	+0.1%	(8.2%)	(9.3%)	(9.3%)	+1.7%	(6.5%)	-

(Note 1) “Previous forecast” is forecast of operating status for the fiscal period ending January 2023 (31st fiscal period) announced in “Summary of Financial Results” dated September 14, 2022 and “Investor Presentation for the Jun. 2022 (30th) Period”. The same shall apply hereinafter.

(Note 2) All of the distributions in excess of retained earnings per unit of 252 yen is related to the allowance for temporary difference adjustments.

(Note 3) Investment units issued and outstanding as of the end of fiscal period ending January 2023 (31st fiscal period): 2,070,016 units

(Note 4) The forecast figures for the fiscal period ending January 2023 (31st fiscal period) represent current figures and are subject to change depending on the results of future settlement work. As such, the forecast described in this press release does not guarantee any future results.

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

## 2. Reasons for Revision

The forecast of distribution per unit (excluding distributions in excess of retained earnings) differs by more than 5% from the forecast of distributions per unit (excluding distributions in excess of retained earnings) for the fiscal period ending January 31, 2023 (31st fiscal period), which was announced on September 14, 2022, and thus the announcement is being made.

### (i) Expenses recognized for the redevelopment of IIF Hamura Logistics Center

As announced in the "Notice Concerning IIF Hamura Logistics Center Redevelopment Project" dated March 9, 2022 and "Notice Concerning IIF Hamura Logistics Center Redevelopment Project (Follow-up Report)" dated August 31, 2022, the redevelopment project of IIF Hamura Logistics Center (hereafter, the "Redevelopment Project") is in progress.

During the demolition of the existing buildings for the Redevelopment Project, it was discovered that buried materials originated from once existed buildings as well as waste materials obligated to be removed under laws and regulations were in the ground on the site subject to the Redevelopment Project. As a result of detailed investigations and discussions with the competent administrative agencies, Asset Retirement Obligation (715 million yen) is to be recorded in the fiscal period ending January 31, 2023 (31st fiscal period), based on a reasonable calculation of the total estimated costs for the disposal of the waste, after considering the impact of the disposal on business performance. In addition, for accounting reason, additional depreciation expense of 715 million yen is to be incurred in the 31st fiscal period along with the recording of the Asset Retirement Obligation, but the impact on distributions per unit (including distributions in excess of retained earnings) is expected to be minimal due to the implementation of a distribution in excess of retained earnings (Allowance for Temporary Difference Adjustments ("ATA")) derived from tax discrepancy for excess of accounting income regarding the depreciation expenses.

The schedule for the construction of new building for the IIF Hamura Logistics Center will change due to the disposal of the waste, etc., and the details will be announced as soon as determined.

### (ii) Impact on forecasted distributions

The disposal work for the waste and other materials will be taken place over the next three fiscal periods, ending July 31, 2023 (32nd fiscal period), ending January 31, 2024 (33rd fiscal period), and ending July 31, 2024 (34th fiscal period). The tax discrepancy will be resolved and the reversal of ATA will occur in the respective fiscal periods.

On the other hand, as announced in the "Notice Concerning Disposition of Domestic Real Estate Trust Beneficiary Interests "IIF Kobe Logistics Center" " dated today, 35% of the co-ownership interests in IIF Kobe Logistics Center, will be disposed in the fiscal period ending July 31, 2023 (32nd period), 40% in the fiscal period ending January 31, 2024 (33rd period) and the remaining 25% in the fiscal period ending July 31, 2024 (34th period). We expect to recover the level of distributions by recording a gain on sales of real estate (reference: difference between the disposition price and book value: 2,766 million yen) in the respective fiscal periods in connection with the disposition.

As for the forecast of operating status for the fiscal period ending July 2023 (32nd fiscal period), we are reviewing details of profit and loss such as gain on sales described above, fluctuation of utility cost (including increase in amount to be borne to tenants), and reversal of ATA, and thus the updated forecast of operating status will be informed at the time of announcement of financial results for the fiscal period ending January 31, 2023 (31st fiscal period).

# Industrial & Infrastructure Fund Investment Corporation

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/>

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 KJR Management., asset manager for Industrial & Infrastructure Fund Investment Corporation.

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*This English language release is for informational purposes only, and the Japanese language release should be referred to*