

Industrial & Infrastructure Fund Investment Corporation

March 13, 2023

To all concerned parties:

Investment Corporation

Industrial & Infrastructure Fund Investment Corporation

(Tokyo Stock Exchange Company Code: 3249)

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Notice Concerning Revision & Announcement of Forecast of Operating Results & Distributions for the Fiscal Period ending July 2023 & January 2024

Industrial & Infrastructure Fund Investment Corporation (“IIF”) announces today its revision to the forecast of operating results and distributions for the July 2023 (32nd) fiscal period (from February 1, 2023 to July 31, 2023) previously announced in the “Summary of Financial Results” dated September 14, 2022. In addition, IIF newly announces today its forecast of operating results and distributions for the January 2024 (33rd) fiscal period (from August 1, 2023 to January 31, 2024). Details are as follows.

1. Revision of forecast of operating results and distributions for the fiscal period ending July 2023 (32nd) (from February 1, 2023 to July 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)	16,583	6,567	5,573	5,571	3,070	2,691	379
Revised forecast (B)	18,402	7,588	6,631	6,630	3,084	3,084	-
Variance (B - A)	+1,819	+1,021	+1,058	+1,058	+14	+393	(379)
Rate of variance	+11.0%	+15.6%	+19.0%	+19.0%	+0.5%	+14.6%	(100%)

Disclaimer:

This press release is intended as general information for the press regarding IIF’s revision of forecast of operating results and distributions for the July 2023 (32nd) fiscal period and forecast of operating results and distributions for the January 2024 (33rd) fiscal period, and has not been prepared for the purpose of solicitation of investment, etc, regardless of the country. This press release does not constitute or form a part of any offer of securities in the United States of America. The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to herein will not be publicly offered or sold in the United States.

Industrial & Infrastructure Fund Investment Corporation

2. Forecast of operating results and distributions for the fiscal period ending January 2024 (33rd) (from August 1, 2023 to January 31, 2024)

	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)
Fiscal period ending January 2024 (33rd)	19,046	8,117	7,147	7,146	3,165	3,125	40

(Note 1) “Previous forecast” refers to the forecast of operating results and distributions announced in “Summary of Financial Results” and “Investor Presentation for the July 2022 (30th) Period” dated September 14, 2022. The same shall apply hereinafter.

(Note 2) Forecast of investment units issued and outstanding as of the end of fiscal period ending July 2023 (32nd): 2,113,516 units (Previous: 2,070,016 units)

Forecast of investment units issued and outstanding as of the end of fiscal period ending January 2024 (33rd): 2,113,516 units
The above assumes full issuance of 43,500 new investment units to be underwritten and purchased by the underwriters in the public offering which was determined at the board of directors meeting held on March 13, 2023 in addition to the 2,070,016 issued investment units outstanding as of today.

(Note 3) The forecast figures for the fiscal periods ending July 2023 (32nd) and January 2024 (33rd) 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 2023 (32nd) and January 2024 (33rd)”. The 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 from the 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 revisions to forecast and forecast described in this press release do not guarantee any future results.

(Note 4) Forecast of distributions in excess of retained earnings per unit includes distributions with decrease in investment capital under tax law.

(Note 5) The above forecasts may be revised if the degree of deviation with subsequent estimates exceeds a certain level.

(Note 6) Digits below the unit are truncated. The same shall apply hereinafter.

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Industrial & Infrastructure Fund Investment Corporation

3. Reasons for the Revision and Announcement

As announced in “Notice Concerning the Acquisition and Leasing of Four Properties in Japan” and “Notice Concerning IIF Atsugi Logistics Center III Redevelopment Project (Follow-up Report 2)” dated today, IIF will acquire four properties and IIF redevelops IIF Atsugi Logistics Center III. As announced in “Notice Concerning Disposition of One Property in Japan 【IIF Kobe Logistics Center】 ” dated February 22, 2023, IIF will dispose of one property.

In addition, as announced in “Notice Concerning Issuance of New Investment Units”, “Notice Concerning the Acquisition and Leasing of Four Properties in Japan” and “Notice Concerning IIF Atsugi Logistics Center III Redevelopment Project (Follow-up Report 2)” dated today, IIF will acquire the four properties mentioned above and pay for construction work associated with the redevelopment of IIF Atsugi Logistics Center III using funds raised from issuance of new investment units through the public offering and new borrowings, and cash on hand.

As a result, IIF changed the assumptions underlying the previous forecast, including the expectation that operating revenues will exceed the previous forecast, hence IIF has decided to revise the forecast of operating results and distributions for the fiscal period ending July 2023 (32nd).

Furthermore, IIF has decided to announce the forecast of operating results and distributions for the fiscal period ending January 2024 (33rd) based on the same assumptions.

Reference: Operating results and distributions for the fiscal period ended January 2023 (31st) (from August 1, 2022 to January 31, 2023) announced in the “Summary of Financial Results for the Six Months Ended January 31, 2023” dated today.

	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)
Fiscal period ending January 2023 (31st)	17,944	6,939	5,942	5,940	3,122	2,870	252

(Note) Forecast of distributions in excess of retained earnings per unit of 252 yen includes distributions in excess of retained earnings from allowance for temporary difference adjustment.

Reference: Other press releases announced today:

“Notice Concerning Issuance of New Investment Units”

“Notice Concerning the Acquisition and Leasing of Four Properties in Japan”

“Supplementary Material for the Press Release Announced on March 13, 2023”

“Notice Concerning IIF Atsugi Logistics Center III Redevelopment Project (Follow-up Report 2)”

“Notice Concerning Debt Financing (Refinancing)”

“Notice Concerning Acquisition of SBTi Validation”

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 <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: 81-3-5293-7091), 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 as the original.

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Industrial & Infrastructure Fund Investment Corporation

【Attachment】

Assumptions underlying the forecasts of operating results and distributions for the fiscal periods ending July 2023 (32nd) and January 2024 (33rd)

Item	Assumption																		
Accounting period	32nd Fiscal Period From February 1, 2023 to July 31, 2023 (181 days) 33rd Fiscal Period From August 1, 2023 to January 31, 2024 (184 days)																		
Assets owned	<p>In addition to the real estate and trust beneficial interest in real estate for the 74 properties owned by IIF as of March 13, 2023, it is assumed that IIF acquires the following Anticipated Acquisitions and disposes the following Anticipated Disposition. IIF has concluded the purchase and sale agreement (the construction contracts for new construction and demolition of existing buildings for IIF Atsugi Logistics Center III (Redevelopment)) concerning all of the following Anticipated Acquisitions and Anticipated Disposition, and each acquisition and disposition date is as follows.</p> <p><Anticipated Acquisitions></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">IIF Shiga Ryuoh Logistics Center</td> <td>Anticipated to be acquired on March 23, 2023</td> </tr> <tr> <td>IIF Omihachiman Logistics Center</td> <td>Anticipated to be acquired on March 23, 2023</td> </tr> <tr> <td>IIF Hanno Manufacturing Center (<i>land with leasehold interest</i>)</td> <td>Anticipated to be acquired on March 23, 2023</td> </tr> <tr> <td>IIF Ota Manufacturing Center</td> <td>Anticipated to be acquired on May 15, 2023</td> </tr> <tr> <td>IIF Atsugi Logistics Center III (<i>Redevelopment</i>)</td> <td>Anticipated to be acquired on December 31, 2023</td> </tr> </table> <p><Anticipated Disposition></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">IIF Kobe Logistics Center (<i>3% co-ownership interest</i>)</td> <td>Anticipated to be disposed on April 7, 2023</td> </tr> <tr> <td>IIF Kobe Logistics Center (<i>32% co-ownership interest</i>)</td> <td>Anticipated to be disposed on July 31, 2023</td> </tr> <tr> <td>IIF Kobe Logistics Center (<i>40% co-ownership interest</i>)</td> <td>Anticipated to be disposed on January 19, 2024</td> </tr> <tr> <td>IIF Kobe Logistics Center (<i>25% co-ownership interest</i>)</td> <td>Anticipated to be disposed on March 22, 2024</td> </tr> </table> <p>It is assumed that there are no changes in the properties, except the Anticipated Acquisitions and Anticipated Disposition stated above, until the end of January 2024, however, changes may occur due to the acquisition or disposition of other properties in actual.</p>	IIF Shiga Ryuoh Logistics Center	Anticipated to be acquired on March 23, 2023	IIF Omihachiman Logistics Center	Anticipated to be acquired on March 23, 2023	IIF Hanno Manufacturing Center (<i>land with leasehold interest</i>)	Anticipated to be acquired on March 23, 2023	IIF Ota Manufacturing Center	Anticipated to be acquired on May 15, 2023	IIF Atsugi Logistics Center III (<i>Redevelopment</i>)	Anticipated to be acquired on December 31, 2023	IIF Kobe Logistics Center (<i>3% co-ownership interest</i>)	Anticipated to be disposed on April 7, 2023	IIF Kobe Logistics Center (<i>32% co-ownership interest</i>)	Anticipated to be disposed on July 31, 2023	IIF Kobe Logistics Center (<i>40% co-ownership interest</i>)	Anticipated to be disposed on January 19, 2024	IIF Kobe Logistics Center (<i>25% co-ownership interest</i>)	Anticipated to be disposed on March 22, 2024
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Interest-bearing debt	<p>The total amount of interest-bearing debt as of March 13, 2023 is JPY 208,283 million, consisting of long-term debt (including those loans that will become due within one year) of JPY 189,883 million, short-term debt of 3,700 million yen, and investment corporation bonds (including those bonds that will become due within one year) of JPY 14,700 million. With regard to the long-term debts of 10,100 million yen and the short-term debts of 1,700 million yen scheduled to arrive on maturity date in the 32nd fiscal period and the long-term debts of 11,000 million yen and the short-term debts of 2,000 million yen scheduled to arrive on maturity date in the 33rd fiscal period, IIF plans to refinance them with the same amount of the long-term debts etc..</p> <p>It is assumed that IIF implements long-term debts and short-term debts financing in the amount of JPY 4,000 million in total for the purpose of acquiring the properties as mentioned above in “Assets owned” on May 15, 2023. As a result, it is assumed that the total amount of interest-bearing debt as of the end of July 2023 and January 2024 is both JPY 212,283 million.</p>																		

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Industrial & Infrastructure Fund Investment Corporation

Item	Assumption				
Operating revenues	<p>IIF has estimated the rent revenue taking into consideration the market environment, characteristics of individual properties, competitiveness of properties and status of individual tenants including plans to vacate, based on effective lease agreements during the 32nd fiscal period and the 33rd fiscal period. It is assumed that there is no arrears or non-payments of rent during the 32nd fiscal period and the 33rd fiscal period based on the assumptions described in “Assets owned” above. With regard to the following two properties that are currently undergoing redevelopment projects, the following assumptions apply.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center; vertical-align: middle;">IIF Atsugi Logistics Center III</td> <td style="width: 50%; padding: 5px;">Assumption that rent revenue is not generated from the beginning of the 32nd fiscal period until the 33rd fiscal period in December 2023, and is generated from January 2024, after the completion of acquisition.</td> </tr> <tr> <td style="text-align: center; vertical-align: middle;">IIF Hamura Logistics Center</td> <td style="padding: 5px;">Assumption that no rental income is generated from the beginning of the 32nd fiscal period until the end of the 33rd fiscal period.</td> </tr> </table> <p>In addition, it is assumed that the gain on sales of the asset to be disposed is approximately JPY 857 million in the 32nd fiscal period (disposition of 3% and 32% co-ownership interest) and approximately JPY 1,000 million in the 33rd fiscal period (disposition of 40% co-ownership interest).</p>	IIF Atsugi Logistics Center III	Assumption that rent revenue is not generated from the beginning of the 32nd fiscal period until the 33rd fiscal period in December 2023, and is generated from January 2024, after the completion of acquisition.	IIF Hamura Logistics Center	Assumption that no rental income is generated from the beginning of the 32nd fiscal period until the end of the 33rd fiscal period.
IIF Atsugi Logistics Center III	Assumption that rent revenue is not generated from the beginning of the 32nd fiscal period until the 33rd fiscal period in December 2023, and is generated from January 2024, after the completion of acquisition.				
IIF Hamura Logistics Center	Assumption that no rental income is generated from the beginning of the 32nd fiscal period until the end of the 33rd fiscal period.				
Operating expenses	<p>Fixed property tax, city planning tax and depreciable property tax, and repair costs in the 32nd fiscal period are forecasted to be approximately JPY 1,407 million and approximately JPY 876 million, respectively. Fixed property tax, city planning tax and depreciable property tax, and repair costs in the 33rd fiscal period are forecasted to be approximately JPY 1,410 million and approximately JPY 752 million, respectively. Fixed property tax and city planning tax etc., which are to be 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 to be recorded as expenses from the following year. Accordingly, fixed property tax, city planning tax, and depreciable property tax relating to the properties to be acquired described in the above "Assets owned" will be recorded as expenses from the 34th fiscal period. In addition, as for the property to be acquired, IIF Atsugi Logistics Center III (Redevelopment) is newly built, and thus it is assumed that there is no fixed property tax, city planning tax and depreciable property tax to be included in the acquisition cost.</p> <p>Depreciations including ancillary expenses for the 32nd fiscal period and the 33rd fiscal period are calculated based on the straight-line method and are estimated to be approximately JPY 2,082 million and approximately JPY 2,119 million, respectively.</p> <p>Calculation of external outsourcing expenses (property management fees, building management fees, etc.) is based on actual results thus far.</p>				
Non-operating expenses	<p>Based on the assumptions of “Interest-bearing debt” stated above, it is assumed that the non-operating expenses (the interest expenses, other debt-related expenses, etc.) for the 32nd fiscal period and for the 33rd fiscal period are approximately JPY 956 million and approximately JPY 969 million, respectively.</p> <p>It is assumed that the amortization of the cost concerning the issuance of new investment units for the 32nd fiscal period and for the 33rd fiscal period are approximately JPY 21 million and approximately JPY 9 million, respectively.</p>				
Extraordinary gain or loss	No extraordinary gain or loss is expected for the 32nd and for the 33rd fiscal periods.				
Issue of units	It is assumed that full issuance of 43,500 units through the public offering which was determined at the board of directors meeting held on March 13, 2023, in addition to the 2,070,016 investment units outstanding as of March 13, 2023.				

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Industrial & Infrastructure Fund Investment Corporation

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 32nd fiscal period and the 33rd fiscal period, however, 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 32nd fiscal period and for the 33rd 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 32nd fiscal period and for the 33rd fiscal period are assumed as follows.</p> <p>For the 32nd fiscal period and the 33rd fiscal period, taxable income will be less than accounting income as a whole, and thus there will not be taxable income in excess of accounting income. Therefore, it is assumed that no distribution in excess of retained earnings per unit (allowance for temporary difference adjustments) is made.</p> <p>The 32nd fiscal period</p> <ol style="list-style-type: none"> (1) Tax discrepancy related to interest costs and depreciation, etc. for asset retirement obligations of asbestos removal of the IIF's asset, etc. (approximately JPY 16 million). (2) Partial resolution of tax discrepancy related to asset retirement obligations recorded for the disposal of waste materials discovered to exist underground at the subject site during the demolition of the existing building at IIF Hamura Logistics Center (approximately JPY 126 million). <p>It is assumed that the reversal of allowance for temporary differences (approximately JPY 111 million) will be calculated by deducting the amount equivalent of the tax discrepancy in the 32nd fiscal period ((1) approximately JPY 16 million) from the reversal of allowance for temporary differences ((2) approximately JPY 126 million) that will arise from the partial resolution of the tax discrepancy at IIF Hamura Logistics Center.</p> <p>The 33rd fiscal period</p> <ol style="list-style-type: none"> (3) Tax discrepancy related to interest costs and depreciation, etc. for asset retirement obligations of asbestos removal of the IIF's asset, etc. (approximately JPY 18 million). (4) Partial resolution of tax discrepancy related to asset retirement obligations recorded for the disposal of waste materials discovered to exist underground at the subject site during the demolition of the existing building at IIF Hamura Logistics Center (approximately JPY 561 million). <p>It is assumed that the reversal of allowance for temporary differences (approximately JPY 544 million) will be calculated by deducting the amount equivalent of the tax discrepancy in the 33rd fiscal period ((3) approximately JPY 18 million) from the reversal of allowance for temporary differences ((4) approximately JPY 561 million) that will arise from the partial resolution of the tax discrepancy at IIF Hamura Logistics Center.</p>

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Industrial & Infrastructure Fund Investment Corporation

Item	Assumption
<p style="text-align: center;">Distributions in excess of retained earnings per unit (distribution with decrease in investment capital under tax law)</p>	<p>In the 32nd fiscal period, the newly forecasted distribution per unit (JPY 3,084) exceeds the forecasted distribution per unit (JPY 3,070) announced in the "Summary of Financial Results for the Six Months ended July 31, 2022" dated September 14, 2022, due to the expected gain on the sales related to IIF Kobe Logistics Center (scheduled to be disposed on April 7, 2023 (3% co-ownership interest) and July 31, 2023 (32% co-ownership interest)), and therefore, it is assumed that the distribution in excess of earnings (distribution with a decrease in investment under tax laws) is not made.</p> <p>For the 33rd fiscal period, it is assumed that optimal payable distribution (distribution under tax law with decrease in investment capital) of JPY 40 per unit is made. Given the anticipated gain on sale of real estate etc. related to IIF Kobe Logistics Center (scheduled to be disposed on January 19, 2024 (40% co-ownership interest)), it is assumed that distribution in excess of earnings per unit of 40 yen, equivalent to an amount calculated by deducting the gain on sale of real estate etc. (JPY 473 per unit) from the estimated amount of distributions in excess of earnings (distribution with a decrease in investment under tax laws) (JPY 513 per unit) based on (1) and (2) below, is made.</p> <p>(1) In accordance with the policy of optimal payable distribution (*1), in the event that the amount of distribution per unit is expected to temporarily decrease by a certain degree, it is assumed that optimal payable distribution is made in order to mitigate the impact on distribution below for the purpose of stabilizing the distribution amount per unit. (JPY 493 per unit)</p> <ul style="list-style-type: none"> • Decrease in rent revenue due to the implementation of redevelopment project at IIF Atsugi Logistics Center III, etc. (JPY 10 per unit) • Decrease in rent revenue due to the implementation of redevelopment project at IIF Hamura Logistics Center, etc. (JPY 33 per unit) • Increase in utility cost at IIF Shonan Health Innovation Park (after offsetting revenue from tenants), etc. (JPY 193 per unit) • Reversal of allowance for temporary difference adjustment (equivalent to an amount calculated by deducting the amount equivalent to the tax discrepancy arising in the 33rd fiscal period from reversal of allowance for temporary difference adjustment arising from the partial resolution of the tax discrepancy at IIF Hamura Logistics Center) (JPY 257 per unit) <p>(2) In accordance with the policy of continuous surplus cash distribution(*2), for redevelopment properties and newly constructed properties, etc., which have a high building value ratio and a high depreciation ratio, among the newly acquired assets, the policy shall be to distribute an amount determined by IIF up to 30% of the depreciation for the relevant operating period for such properties as cash in excess of profits, in principle, for each fiscal period, and it is assumed that continuous distributions in excess of profits for the following properties (to be) acquired will be made. (JPY 20 per unit)</p> <ul style="list-style-type: none"> • IIF Yokkaichi Logistics Center (New building) (JPY 10 per unit) • IIF Shiga Ryuoh Logistics Center (JPY 4 per unit) • IIF Atsugi Logistics Center III (Redevelopment) (JPY 6 per unit) <p>*1 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, (A) Policy regarding Optimal Payable Distribution" on the latest securities report (submitted on October 27, 2022).</p> <p>*2 The distribution policy is described in "Part 1, Fund Information, Item 1. Status of Fund, 1. Overview of Investment Corporation, (1) Changes in Major Management Indicators, (ii) Management of Assets, (ii) Outlook for the Next Fiscal Year (Reference Information)" on the latest securities report (submitted on October 27, 2022). The partial amendment to IIF's Articles of Incorporation was approved at the general meeting of unitholders held on October 28, 2022, and the distribution policy has already been changed.</p>

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<Reference>

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

	Fiscal Period Ending July 2023 (32nd) (Previous Forecast) ^(Note 1)	Fiscal Period Ending July 2023 (32nd) (Revised Forecast)	Fiscal Period Ending January 2024 (33rd) (Forecast)
(1) Distributions per Unit (including distributions in excess of retained earnings per unit) (yen/unit)	3,070	3,084	3,165
(2) Distributions in excess of retained earnings per unit (allowance for temporary difference adjustment) (yen/unit)	5	-	-
(3) Distributions in excess of retained earnings per unit (distributions with decrease in investment capital under tax law) (yen/unit)	374	-	40
(4) Distributions per Unit excluding (2) and (3) above (yen/unit) ((1) - (2) - (3))	2,691	3,084	3,125
Investment units outstanding as of the end of fiscal period (units) ^(Note 2)	2,070,016	2,113,516	2,113,516

(Note 1) “Fiscal Period Ending July 2023 (32nd) (Previous Forecast)” refers to the forecast distributions per unit for the fiscal period ending July 2023 (32nd), which was announced on September 14, 2022 in “Summary of Financial Results for the Six Months ended July 31, 2022”. The same shall apply hereinafter.

(Note 2) Investment units outstanding as of the end of fiscal periods ending July 2023 (32nd) (Revised Forecast) and January 2024 (33rd) (Forecast) are based on the assumption referred to in the attachment “Assumptions underlying the forecasts of operating results and distributions for the fiscal periods ending July 2023 (32nd) and January 2024 (33rd)”.

Disclaimer:

This press release is intended as general information for the press regarding IIF’s revision of forecast of operating results and distributions for the July 2023 (32nd) fiscal period and forecast of operating results and distributions for the January 2024 (33rd) fiscal period, and has not been prepared for the purpose of solicitation of investment, etc, regardless of the country. This press release does not constitute or form a part of any offer of securities in the United States of America. The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to herein will not be publicly offered or sold in the United States.

Industrial & Infrastructure Fund Investment Corporation

【Transition of Distributions per Unit (after adjustment of fixed property tax, city planning tax and non-recurring gains or losses, etc.) (Note 1)】

	Fiscal Period Ending July 2023 (32nd) (Previous Forecast)	Fiscal Period Ending January 2024 (33rd) (Forecast)
Distribution per unit (JPY per unit)	3,070	3,165
Distributions per Unit (after adjustment of fixed property tax, city planning tax and non-recurring gains or losses, etc.) (JPY per unit) ^(Note 1)	3,060	3,153
Investment units outstanding as of the end of fiscal period (units) ^(Note 2)	2,070,016	2,113,516

(Note 1) “Forecast of distribution per unit (after adjustment of fixed property tax, city planning tax and non-recurring gains or losses, etc.)” refers to the forecast of distribution per unit after deducting distributions in excess of earnings (distribution with decrease in investment capital under tax law), considering the impact of fixed property tax and city planning tax, that have not been expensed in each fiscal period, and non-recurring gains or losses, etc. adjustments (hereinafter, “amount of adjustment for fixed property tax, city planning tax and non-recurring gains or losses, etc.”), and adding continuous surplus cash distribution (distribution with decrease in investment capital under tax law) per unit. Therefore, each distribution forecast per unit (after adjustment of fixed property tax, city planning tax and non-recurring gains or losses, etc.) does not represent a forecast or estimate of the distribution per unit for a specific fiscal period of IIF.

The estimated “amount for adjustment of fixed property tax, city planning tax and non-recurring gains or losses, etc.” refers to sum of the property tax and city planning tax, that have not been expensed in each fiscal period because they are included in the acquisition cost, and adjustment of non-recurring gains or losses, etc. “Adjustment of non-recurring gains or losses, etc.” refers to sum of profit and loss adjustments for which the non-recurring factor is expected to be eliminated after the each fiscal period such as elimination of non-recurring costs in connection with redevelopment project, difference between the estimated amount of rental revenue from new acquisitions, assuming that it contribute for the full year, and the budget of rental revenue for the fiscal period in which the new acquisition will contribute, and adjustment to stabilize utility cost and other expenses that temporarily increase or decrease due to soaring resource prices, seasonal factors, etc.

Assumptions used in the calculation of the distribution per unit (after adjustment of fixed property tax, city planning tax and non-recurring gains or losses, etc.) are as follows:

【Fiscal Period Ending July 2023 (32nd) (Previous Forecast)】

- (1) Distribution in excess of retained earnings (Optimal payable distribution (distribution with decrease in investment capital under tax law)): JPY 364 per unit
- (2) Items in the estimation of adjustments of fixed property tax, city planning tax and non-recurring gains or losses, etc.
 - Assuming that the fixed property tax and city planning tax of JPY 16 million for the three properties acquired in the fiscal period ending July 31, 2022 (30th Fiscal Period) and the fiscal period ending January 31, 2023 (31st Fiscal Period) would be recorded for the entire fiscal period starting from the beginning of the fiscal period ending July 31, 2023 (32nd Fiscal Period).
 - Assuming that the revenue decrease of JPY 95 million due to the redevelopment project at IIF Atsugi Logistics Center III and IIF Hamura Logistics Center would not be recorded.
 - Assuming that temporary incurred cost of JPY 659 million due to increase in utilities costs caused by a sharp rise in resource prices and increase in repair expenses at IIF Shonan Health Innovation Park would not be recorded.
- (3) Distribution in excess of retained earnings (Continuous surplus cash distribution (distribution with decrease in investment capital under tax law)): JPY 10 per unit

*Property subject to continuous surplus cash distributions is assumed to be IIF Yokkaichi Logistics Center (New building)

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Industrial & Infrastructure Fund Investment Corporation

【Fiscal Period Ending January 2024 (33rd) (Forecast)】

- (1) Distribution in excess of retained earnings (Optimal payable distribution (distribution with decrease in investment capital under tax law)): JPY 40 per unit
- (2) Items in the estimation of adjustments of fixed property tax, city planning tax and non-recurring gains or losses, etc.
- Assuming that expenses of JPY 58 million equivalent to the fixed property tax and city planning tax for the five properties to be acquired in the fiscal period ending July 31, 2023 (32nd Fiscal Period) and the fiscal period ending January 31, 2024 (33rd Fiscal Period) would be recorded for the entire fiscal period starting from the beginning of the fiscal period ending January 31, 2024 (33rd Fiscal Period).
 - Assuming that the gain on sale of real estate, etc. of JPY 1,000 million from the sale of IIF Kobe Logistics Center (40% quasi co-ownership interest) would not be recorded.
 - Assuming that reversal of allowance for adjustment of temporary difference of JPY 543 million to be recorded in the fiscal period ending January 31, 2024 (33rd Fiscal Period) (including reversal of allowance for adjustment of temporary difference due to asset retirement obligations at IIF Hamura Logistics Center) would not be recorded.
 - Assuming that revenue equivalent of JPY 498 million in total as adjustment to stabilize utility costs to the initial budget at the time of acquisition in IIF Shonan Health Innovation Park, including the utility cost sharing to be received from tenants, and adjustment to stabilize non-recurring costs and downtime during redevelopment at IIF Atsugi Logistics Center (Redevelopment) and IIF Hamura Logistics Center (Redevelopment) would be additionally recorded.
 - Assuming that rent revenue and rent expenses including depreciation for IIF Atsugi Logistics Center III (Redevelopment) would be recognized for the entire fiscal period starting from the beginning of the fiscal period ending January 31, 2024 (33rd Fiscal Period), and additional rent revenue of JPY 144 million and rent expenses of JPY 31 million, equivalent to 5 months, would be recorded respectively.
 - Assuming that additional adjustment cost of JPY 48 million for the difference in number of days, etc. would be recorded.
- (3) Distribution in excess of retained earnings (Continuous surplus cash distribution (distribution with decrease in investment capital under tax law)): JPY 20 per unit
- *Properties subject to continuous surplus cash distributions are assumed to be IIF Yokkaichi Logistics Center (New building), IIF Shiga Ryuoh Logistics Center and IIF Atsugi Logistics Center III (Redevelopment)

(Note 2) Investment units outstanding as of the end of fiscal periods ending July 2023 (32nd) (Previous Forecast) and January 2024 (33rd) (Forecast) are based on the assumption referred to in the attachment "Assumptions underlying the forecasts of operating results and distributions for the fiscal periods ending July 2023 (32nd) and January 2024 (33rd)".

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