

July 27, 2020

To all concerned parties:

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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

Industrial & Infrastructure Fund Investment Corporation (“IIF”) announced today its revision to forecast of operating results and distributions for the January 2021 (27th) fiscal period (from August 1, 2020 to January 31, 2021) that has been announced in the “Summary of Financial Results” dated March 18, 2020. In addition, IIF newly announced today its forecast of operating results and distributions for the July 2021 (28th) fiscal period (from February 1, 2021 to July 31, 2021). Details are as follows.

There is no change to the forecast of operating results for the July 2020 (26th) fiscal period (from February 1, 2020 to July 31, 2020) that has been announced in the “Summary of Financial Results” dated March 18, 2020.

1. Revision of forecast of operating results and distributions for the fiscal period ending January 2021 (27th) (from August 1, 2020 to January 31, 2021)

	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)	11,409	6,512	5,551	5,549	2,955	2,951	4
Revised forecast (B)	13,904	7,546	6,532	6,530	3,158	3,154	4
Variance (B) - (A)	+2,494	+1,033	+981	+981	203	203	0
Rate of variance	+21.9%	+15.9%	+17.7%	+17.7%	+6.9%	+6.9%	0%

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 January 2021 (27th) fiscal period and forecast of operating results and distributions for the July 2021 (28th) 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.

2. Forecast of operating results and distributions for the fiscal period ending July 2021 (28th) (from February 1, 2021 to July 31, 2021)

	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)
Forecast	14,839	7,526	6,532	6,530	3,158	3,154	4

(Note 1) “Previous forecast” is forecast of operating results and distributions announced in “Summary of Financial Results” and “Investor Presentation for the Jan. 2020 (25th) Period” dated March 18, 2020. The same shall apply hereinafter.

(Note 2) Forecast of investment units issued and outstanding as of the end of fiscal period ending January 2021 (27th): 2,070,016 units (Previous: 1,880,016 units)

Forecast of investment units issued and outstanding as of the end of fiscal period ending July 2021 (28th): 2,070,016 units

Assumes full issuance of a total of 190,000 new investment units, consisting of 181,000 new investment units to be underwritten and purchased by the underwriters in the public offering and the maximum of 9,000 new investment units to be issued in connection with third-party allotment each of which were determined at the board of directors meeting held on July 27, 2020, in addition to the 1,880,016 issued investment units outstanding as of July 27, 2020.

(Note 3) The forecast figures for the fiscal periods ending January 2021 (27th) and July 2021 (28th) 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 January 2021 (27th) and July 2021(28th)”, 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) Forecast of distributions in excess of retained earnings per unit includes distributions in excess of retained earnings from allowance for temporary difference adjustment.

(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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3. Reasons for Revision and Announcement

As announced in “Notice Concerning Acquisition of Real Estate Trust Beneficiary Right 【IIF Shonan Health Innovation Park (3% co-ownership interest)】” dated June 12, 2020, IIF will acquire IIF Shonan Health Innovation Park (3% co-ownership interest) on September 30, 2020. Also, as announced in “IIF to Acquire and Lease Three Properties in Japan” dated today, IIF will acquire IIF Shonan Logistics Center on August 12, 2020, IIF Shonan Health Innovation Park (57% co-ownership interest) on September 30, 2020 and IIF Ichihara Manufacturing Center (land with leasehold interest) on October 5, 2020.

In addition, although IIF previously announced that IIF will acquire IIF Shonan Health Innovation Park (3% co-ownership interest) by cash reserves, as announced in “IIF to Issue New Investment Units and Conduct Secondary Offering of Investment Units”, “IIF to Acquire and Lease Three Properties in Japan” and “Notice Concerning New Debt Financing” dated today, IIF will acquire the above properties to be acquired (including IIF Shonan Health Innovation Park (3% co-ownership interest)) through funds raised from issuance of new investment units through the public offering and third-party allotment and new borrowings, and cash on hand.

As a result, operating revenue is expected to exceed the previous forecast and IIF changed the other assumptions underlying the previous forecast, hence IIF has decided to revise forecast of operating results and distributions for the January 2021 (27th) fiscal period.

In addition, IIF has decided to announce forecast of operating results and distributions for the July 2021 (28th) fiscal period based on the same assumptions.

Reference: Forecast of operating results and distributions for the fiscal period ending July 2020 (26th) (from February 1, 2020 to July 31, 2020) announced in the “Summary of Financial Results” dated March 18, 2020

	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 July 2020 (26th)	10,984	6,191	5,259	5,257	2,800	2,796	4

Reference: Other press releases announced today:

“IIF to Issue New Investment Units and Conduct Secondary Offering of Investment Units”

“IIF to Acquire and Lease Three Properties in Japan”

“Notice Concerning New Debt Financing”

“Supplementary Material for Press Release Announced on July 27, 2020”

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/>

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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 January 2021 (27th) and July 2021 (28th)

Item	Assumption						
Accounting period	27th Fiscal Period From August 1, 2020 to January 31, 2021 (184 days) 28th Fiscal Period From February 1, 2021 to July 31, 2021 (181 days)						
Assets owned	<p>With respect to the 27th and 28th fiscal periods, we assume that we will acquire three properties (IIF Shonan Logistics Center, IIF Shonan Health Innovation Park (<i>60% co-ownership interest</i>) and IIF Ichihara Manufacturing Center (<i>land with leasehold interest</i>)), as well as the 75 properties we owned as of July 27, 2020. With respect to all properties anticipated to be acquired, we have already entered into a purchase agreement and expect the timing of the acquisition of each of such properties to occur as provided below.</p> <p><Anticipated Acquisitions></p> <table border="1"> <tr> <td>IIF Shonan Logistics Center</td><td>Anticipated to be acquired on August 12, 2020</td></tr> <tr> <td>IIF Shonan Health Innovation Park (<i>60% co-ownership interest</i>)</td><td>Anticipated to be acquired on September 30, 2020</td></tr> <tr> <td>IIF Ichihara Manufacturing Center (<i>land with leasehold interest</i>)</td><td>Anticipated to be acquired on October 5, 2020</td></tr> </table> <p>While we assume that we will not acquire or dispose of any properties following the acquisition of the three anticipated properties mentioned above until the end of July 2021, deviations from our forecasts may occur due to acquisitions, disposals or similar activities relating to properties.</p>	IIF Shonan Logistics Center	Anticipated to be acquired on August 12, 2020	IIF Shonan Health Innovation Park (<i>60% co-ownership interest</i>)	Anticipated to be acquired on September 30, 2020	IIF Ichihara Manufacturing Center (<i>land with leasehold interest</i>)	Anticipated to be acquired on October 5, 2020
IIF Shonan Logistics Center	Anticipated to be acquired on August 12, 2020						
IIF Shonan Health Innovation Park (<i>60% co-ownership interest</i>)	Anticipated to be acquired on September 30, 2020						
IIF Ichihara Manufacturing Center (<i>land with leasehold interest</i>)	Anticipated to be acquired on October 5, 2020						
Interest-bearing debt	<p>The total amount of interest-bearing debt as of July 27, 2020 was JPY 170,583 million, consisting of long-term debt (including those loans that will become due within one year) of JPY 160,583 million and investment corporation bonds of JPY 10,000 million.</p> <p>We assume that we will implement long-term debt financing in the amount of JPY 23,800 million long-term debt financing for the purpose of acquiring the properties as mentioned above in “Assets owned” on September 28, 2020. As a result, we assume the total amount of interest-bearing debt as of the end of January 2021 and July 2021 will both be JPY 194,383 million.</p>						

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Item	Assumption
Operating revenues	<p>We have estimated the rent revenue based on lease agreements we expect to be effective during the 27th and 28th fiscal periods, as well as, among others, market environment, characteristic of individual property, competitiveness of properties and status of individual tenant (including a plan for evacuation). We assume the properties are owned as described in “Assets owned” above and that there will be no arrears or non-payments of rent by the tenants for the 27th and 28th fiscal periods.</p> <p>In addition, there is a possibility that, for 2 properties of the assets owned, the occupancy status may not change or some tenants may cancel in the 28th fiscal period, however, since it is yet to be confirmed at this time, we have conservatively estimated that we do not generate part or all of rent revenues for those properties in the 28th fiscal period from such properties.</p>
Operating expenses	<p>We estimate the aggregate expenses related to fixed property tax, city planning tax and depreciable property tax will be approximately JPY 942 million and JPY 1,135 million and repair costs will be approximately JPY 392 million and JPY 601 million for the 27th and 28th fiscal periods, respectively. The portion of fixed property tax, city planning tax and other costs to be divided with the sellers of the properties in accordance with the number of days owned upon the acquisition of such properties will not be recorded as expenses as such portion and will be included in the acquisition cost of such properties, and those taxes will be recorded as expenses from the following year of the acquisition. Thus, the fixed property tax, city planning tax and depreciable property tax on the three properties to be acquired will be expensed starting from the 28th fiscal period. The total amount of fixed property tax, city planning tax and depreciable property tax included in the acquisition cost of the three anticipated properties, as described in “Assets owned” above, is assumed to be approximately JPY 170 million.</p> <p>Depreciation (including ancillary expenses) is calculated based on the straight-line method and is estimated to be approximately JPY 1,789 million and JPY 1,843 million for the 27th and 28th fiscal periods, 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” above, we estimate the interest expenses, other debt-related expenses, interest expenses on investment corporation bonds and amortization of investment corporation bond issuance costs will be approximately JPY 931 million and JPY 938 million for the 27th and 28th fiscal periods, respectively.</p> <p>We estimate the amortization of the cost concerning the issuance of new investment units will be approximately JPY 77 million and JPY 55 million for the 27th and 28th fiscal periods, respectively. We plan to amortize the cost concerning the issuance of new investment units based on the straight-line method for 36 months.</p>
Extraordinary gain or loss	No extraordinary gain or loss is expected for the 27th and 28th fiscal periods.
Issue of units	We assume that the full issuance of up to 190,000 new investment units, consisting of 181,000 units through the public offering and up to 9,000 units through the third-party allotment, each of which was determined at the board of directors meeting held on July 27, 2020, in addition to the 1,880,016 investment units outstanding as of July 27, 2020.

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Item	Assumption
Distributions per unit (excluding distributions in excess of retained earnings per unit)	We assume that all of the net income at the end of the fiscal periods, disregarding amounts less than JPY 1 per unit, will be distributed. The calculations of distributions per unit for the 27th and 28th fiscal periods were based on the assumption that fluctuations in the fair value of interest rate swaps will not have any impact on distributions per unit.
Distributions in excess of retained earnings per unit (allowance for temporary difference adjustments)	With respect to IIF Kazo Logistics Center, which we acquired on September 1, 2016, IIF Hamura Logistics Center, which we acquired on December 22, 2016, IIF Ichikawa Food Processing Center, which we acquired on June 3, 2019, and IIF Yokohama Tsuzuki R&D Center, which we acquired on March 2, 2020, we have recorded asset retirement obligations related to asbestos removal, and we expect to record an allowance for temporary difference adjustment for tax accounting discrepancies related to interest costs on such asset retirement obligations and depreciation expenses relating to buildings, etc. For the 27th and 28th fiscal periods, we assume that we will make a distribution in excess of retained earnings (allowance for temporary difference adjustments) of JPY 4 per unit for each fiscal period.

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<Reference>

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

	Fiscal Period Ending January 2021 27th Period (Previous Forecast) ^(Note 1)	Fiscal Period Ending January 2021 27th Period (New Forecast)	Fiscal Period Ending July 2021 28th Period (Forecast)
Distributions per Unit (including distributions in excess of retained earnings per unit) (yen)	2,955	3,158	3,158
Distributions in excess of retained earnings per unit (allowance for temporary difference adjustment) (yen)	4	4	4
Distributions per Unit (excluding allowance for temporary difference adjustment) (yen)	2,951	3,154	3,154
Investment units outstanding as of end of fiscal period (units) ^(Note 2)	1,880,016	2,070,016	2,070,016

(Note 1) “Fiscal Period Ending January 2021 (27th) (Previous Forecast)” refers to the forecast distributions per unit for the fiscal period ending January 2021 (27th), which was announced on March 18, 2020 in “Summary of Financial Results”. The same shall apply hereinafter.

(Note 2) Investment units outstanding as of the end of fiscal periods ending January 2021 (27th) (New Forecast) and July 2021 (28th) (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 January 2021 (27th) and July 2021 (28th)”.

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【Transition of Distributions per Unit (after adjustment of fixed property tax and city planning tax, and one-time profit and loss regarding revenues) ^(Note 1) (Forecast)】

	Fiscal Period Ending January 2021 27th Period (Based on Previous Forecast)	Fiscal Period Ending January 2021 27th Period (Based on New Forecast)	Fiscal Period Ending July 2021 28th Period (Forecast)
Total estimated value of fixed property tax, city planning tax etc. that are not expensed and one-time profit and loss regarding revenues (million yen) ^(Note 2)	67	286	251
①Distributions in excess of retained earnings per unit (allowance for temporary difference adjustment) (yen)	4	4	4
②Distributions per unit (after adjustment of fixed property tax and city planning tax, and one-time profit and loss regarding revenues) excluding distributions in excess of retained earnings (yen)	2,915	3,016	3,033
③Distributions per unit (after adjustment of fixed property tax and city planning tax, and one-time profit and loss regarding revenues) (yen)	2,919	3,020	3,037
Investment units outstanding as of end of fiscal period (units) ^(Note 3)	1,880,016	2,070,016	2,070,016

(Note 1) “Transition of Distributions per unit (after adjustment of fixed property tax and city planning tax, and one-time profit and loss regarding revenues)” is the estimated distributions per unit with total of estimated value of fixed property tax, city planning tax etc. that are not expensed and one-time profit and loss regarding revenues taken into account. Thus, each forecast distributions per unit (after adjustment of fixed property tax and city planning tax, and one-time profit and loss regarding revenues) does not describe the distributions per unit or expectation of a specific period respectively.

(Note 2) “Total estimated value of fixed property tax, city planning tax etc. that are not expensed and one-time profit and loss regarding revenues” is the estimated value of fixed property tax, city planning tax and depreciable property tax which is not accounted as expenses in respective calculation period as being accounted as initial acquisition cost (property-related taxes that has not been expensed) and Adjustment of Rent Revenues (as defined below). “Adjustment of Rent 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)”), which has a possibility of current tenants evacuating the property after the end of the fiscal period ending July 2021 (28th). 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 fiscal period ending July 2021 (28th) for the purpose of disclosing adjusted distributions per unit as a reference, although there is no impact on the distribution per unit of the fiscal period ending July 2021 (28th).

(Note 3) Investment units outstanding as of the end of fiscal periods ending January 2021 (27th) (Based on New Forecast) and July 2021 (28th) (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 January 2021 (27th) and July 2021 (28th)”.

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【Transition of Appraisal NAV per Unit】

	As of July 27, 2020 ^(Note 1)	After Anticipated Acquisitions ^(Note 2) (As of October 5, 2020) (Pro forma)
Appraisal NAV per Unit (yen)	113,619	121,958
Investment units outstanding (units) ^(Note 3)	1,880,016	2,070,016

(Note 1) Appraisal NAV per unit as of July 27, 2020 is calculated according to the following formula:

Appraisal NAV per unit as of July 27, 2020 = {Total amount of unitholders' capital as of the end of the fiscal period ended January 2020 + difference between appraisal value and acquisition price / book value of the assets held by IIF as of July 27, 2020*} ÷ Total number of investment units outstanding as of the end of fiscal period ended January 2020

- * The difference between appraisal value and acquisition price as of July 27, 2020 consists of the difference between appraisal value as of January 31, 2020 and book value for the four properties acquired after the January 31, 2020 and the difference between appraisal value as of the end of January 2020 (25th fiscal period). The four properties acquired after January 31, 2020 includes 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*).

(Note 2) Appraisal NAV per unit after Anticipated Acquisitions is calculated according to the following formula:

Appraisal NAV per unit after Anticipated Acquisitions = {Total amount of unitholders' capital as of the end of the fiscal period ended January 2020 + Total issue value for the Offering*** + Maximum amount of total issue value for the Third-Party Allotment*** + Aggregate difference between appraisal value and acquisition price / book value on the appraisal value after the Anticipated Acquisitions} ÷ Total number of investment units outstanding after Anticipated Acquisitions**

- * Total issue amount to be issued in connection with the Offering and maximum amount to be issued through the Third-Party Allotment are estimated as JPY 31,556,083,000 and JPY 1,569,087,000 respectively. These figures were calculated assuming that the issue value is JPY 174,343 per investment unit, based on the closing price for regular trading of the investment units*** on the Tokyo Stock Exchange as of Friday, July 10, 2020. These amounts are also based on the assumption that the lead manager subscribes and makes payments for all the investment units to be issued via the Third-Party Allotment. Accordingly, if the actual issue amount pursuant to the Offering and the Third-Party Allotment is less than the figure estimated as above or all or portion of proceeds from the Third-Party Allotment is not paid in full, the total issue value for the Offering and the total issue value for the Third-Party Allotment may be reduced from the figures estimated as above, which will result in a lower-than-estimated NAV per unit after Anticipated Acquisitions. However, if the actual issue value is larger than the figure estimated above, the actual total issue value for the Offering and the actual total issue value for the Third-Party Allotment may increase from the figures estimated above, which will result in a higher-than-expected NAV per unit after Anticipated Acquisitions.

- ** Assumes that the lead manager subscribes and makes payments for all the investment units to be issued via the Third-Party Allotment.

Appraisal NAV per unit after Anticipated Acquisitions are figures estimated as of today, under the assumption above, calculated by adding the difference between appraisal value and acquisition price on the Anticipated Acquisitions to the NAV as of July 27, 2020, which is calculated based on the appraisal value of the assets held by IIF and figures stated in the balance sheet for the fiscal year ended January 2020 (25th), and dividing this sum by the estimated total number of investment units outstanding after Anticipated Acquisitions. This estimated NAV per unit may vary from the actual NAV per unit after Anticipated Acquisitions.

- *** For definitions of the respective terms, please refer to the press release "IIF to Issue New Investment Units and Conduct Secondary Offering of Investment Units" published as of today.

(Note 3) The number of investment units outstanding after Anticipated Acquisitions (as of October 5, 2020) is based on the assumptions stated in the Attachment, "Assumptions underlying the forecasts of operating results and distributions for the fiscal periods ending January 2021 (27th) and July 2021 (28th)".

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