

January 11, 2019

REIT Securities Issuer

Healthcare & Medical Investment Corporation (HCM)

3-3, Kanda-ogawamachi, Chiyoda-ku, Tokyo

Representative: Executive Director Seiji Yoshioka

(Securities Code: 3455)

Asset management company

Healthcare Asset Management Co., Ltd.

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**Notice Concerning Issuance and Secondary Offering of New Investment Units**

We would like to announce that Healthcare & Medical Investment Corporation (hereinafter, “HCM”) resolved, at the board of directors’ meeting of the Investment Corporation held on January 11, 2019, to issue and make a secondary offering of new investment units as follows.

Details

1. Issuance of new investment units by public offering (primary offering)

(1) Number of investment units issued 112,280 units

(2) Paid-in amount (issue value) TBD

Paid-in amount (issue value) will be decided at the board of directors’ meeting of HCM to be held on any date between January 22, 2019 (Tue.) and January 25, 2019 (Fri.) (hereinafter, the “Date of Determining Issue Price and Other Matters”). Paid-in amount (issue value) refers to the amount per unit that HCM is to receive as the amount paid in for new investment units.

(3) Total paid-in amount (total issue value) TBD

(4) Total issue price (total offer price) TBD

Issue price (Offer price) will be decided on the Date of determining Issue Price and Other Matters after considering the demand and other matters with the price arrived at by subtracting the 8th fiscal period (ending January 2019) forecast distribution per unit (excluding forecast distribution in excess of earnings) of 2,773 yen and forecast distribution in excess of earnings per unit of 327 yen from the closing price in regular trading of the investment units of HCM (hereinafter referred to as the “Investment Units”) on Tokyo Stock Exchange, Inc. (hereinafter referred to as “Tokyo Stock Exchange”) on the Date of Determining Issue Price and Other Matters (if there is no closing price on that date, then the most recent closing price preceding that date) and multiplying by a factor between 0.90 and 1.00 (rounded down to the nearest yen) set as provisional conditions.

Reminder: This press release is intended to publicly announce issuance and secondary offering of new investment units of the Investment Corporation and is not prepared for the purpose of investment solicitation. When investing, prospective investors are advised to make a judgment on their own after reading the prospectus for issuance of new investment units and secondary offering as well as its amendments prepared by the Investment Corporation.

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- (5) Offering method New investment units will be offered by primary offering, and an underwriting syndicate of which SMBC Nikko Securities Inc. and Nomura Securities Co., Ltd. are the joint lead managers (hereinafter, collectively the “Underwriters”) will underwrite all investment units of the primary offering. SMBC Nikko Securities Inc. will be the sole bookrunner of the primary offering.
- (6) Details of underwriting agreement The Underwriters will pay to HCM the amount paid-in (total issue value) on the payment date as described in (9) below, and the difference between the total issue price (offer price) and the total paid-in (total issue value) will be the proceeds the Underwriters will receive. HCM will not pay an underwriting fee to the Underwriters.
- (7) Subscription unit One unit or more by unit
- (8) Period of application From the business day following the Date of Determining Issue Price and Other Matters to the date two business days after the Date of Determining Issuing Price and Other Matters.
- (9) Payment date February 1, 2019 (Fri.)
- (10) Delivery date February 4, 2019 (Mon.)
- (11) Paid-in amount (issue value), issue price (offer price) and other matters necessary to issue new investment units by public offering will be determined at upcoming board of directors’ meetings of HCM.
- (12) Each item above is subject to effectuation of notification based on the Financial Instruments and Exchange Act.
2. Secondary offering of investment units (by over-allotment) (Please see <Reference> “1. Secondary offering by over-allotment, etc.” below.)
- (1) Number of investment units offered 5,614 units  
The number of investment units offered mentioned above represents the upper limit of the number of investment units offered by over-allotment by SMBC Nikko Securities Inc., which is the bookrunner of the primary offering, separate from the primary offering, after considering the demand and other matters concerning the primary offering. The number of investment units offered mentioned above may decrease, or secondary offering by over-allotment may not be implemented at all depending on the demand and other matters for the primary offering. The number of investment units offered will be decided at the board of directors’ meeting of HCM to be held on the Date of Determining Issue Price and Other Matters, after considering the demand and other matters for the primary offering.
- (2) Underwriter SMBC Nikko Securities Inc.
- (3) Secondary offer price TBD  
Secondary offer price will be decided on the Date of Determining Issue Price and Other Matters. Secondary offer price will be the same as the issue price (offer price) of the primary offering.
- (4) Total secondary offer value TBD

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- (5) Offering method Secondary offering of the Investment Units that SMBC Nikko Securities Inc., which is the bookrunner of the primary offering, borrows from SHIP HEALTHCARE HOLDINGS, INC. (hereinafter, “SHIP HEALTHCARE”), NEC Capital Solutions Limited (hereinafter, “NEC Capital”) and Sumitomo Mitsui Banking Corporation (hereinafter, “SMBC”), which are unitholders of the Investment Corporation, with 5,614 units as an upper limit (hereinafter, the “Investment Units Borrowed”) will be implemented, separate from the primary offering, after considering the demand and other matters concerning the primary offering.
- (6) Subscription unit One unit or more by unit
- (7) Period of application Period of application will be the same as the period of application of the primary offering.
- (8) Delivery date February 4, 2019 (Mon.)
- (9) Secondary offer price and other matters necessary for the secondary offering of investment units will be determined at upcoming board of directors’ meetings of HCM.
- (10) Each item above is subject to effectuation of notification based on the Financial Instruments and Exchange Act.
3. Issuance of new investment units by third-party allotment (Please see <Reference> “1. Secondary offering by over-allotment, etc.” below.)
- (1) Number of investment units issued 5,614 units
- (2) Paid-in amount (issue value) TBD  
Paid-in amount (issue value) will be decided at the board of directors’ meeting of HCM to be held on the Date of Determining Issue Price and Other Matters. Paid-in amount (issue value) will be the same as the paid-in amount (issue value) of the primary offering.
- (3) Total paid-in amount (total issue value) TBD
- (4) Allotted party SMBC Nikko Securities Inc.
- (5) Subscription unit One unit or more by unit
- (6) Period of application (Application deadline) February 26, 2019 (Tue.)
- (7) Payment date February 27, 2019 (Wed.)
- (8) For investment units that no investor will subscribe for during the period of application (application deadline) mentioned in (6) above, issuance will be canceled.
- (9) Paid-in amount (issue value) and other matters necessary to issue new investment units by the third-party allotment will be determined at upcoming board of directors’ meetings of HCM.
- (10) In the case that the primary offering is suspended, the issuance of new investment units by third-party allotment will also be suspended.
- (11) Each item above is subject to effectuation of notification based on the Financial Instruments and Exchange Act.



<Reference>

1. Secondary offering by over-allotment, etc.

Upon the primary offering, secondary offering by over-allotment of the Investment Units that SMBC Nikko Securities Inc., which is the bookrunner of the primary offering, borrows from SHIP HEALTHCARE, NEC Capital and SMBC, which are unitholders of HCM, with 5,614 units as an upper limit may be implemented, separate from the primary offering, after considering the demand and other matters concerning the primary offering. The number of investment units offered by over-allotment represents the maximum number of investment units which can be offered and may decrease, or secondary offering by over-allotment may not be implemented at all depending on the demand and other matters.

In relation to secondary offering by over-allotment, in order to allow SMBC Nikko Securities Inc. to acquire the Investment Units necessary to return the Investment Units Borrowed, HCM resolved, at the board of directors' meeting of HCM held on January 11, 2019 (Fri.), to newly issue 5,614 units of the Investment Units by third-party allotment (hereinafter, the "Third-Party Allotment") with SMBC Nikko Securities Inc. as an allotted party with February 27, 2019 (Wed.) as a payment date.

In addition, SMBC Nikko Securities Inc. may buy the Investment Units up to the number of units subject to secondary offering by over-allotment on Tokyo Stock Exchange (hereinafter, the "Syndicate Cover Transaction") for the purpose of returning the Investment Units Borrowed during a period from the day following the date on which the period of application of the primary offering and secondary offering by over-allotment ends to February 22, 2019 (Fri.) (hereinafter, "Syndicate Cover Transaction Period"). All the Investment Units SMBC Nikko Securities Inc. buys by the Syndicate Cover Transaction will be used to return the Investment Units Borrowed. At the discretion of SMBC Nikko Securities Inc., they may not execute the Syndicate Cover Transaction at all or may stop the Syndicate Cover Transaction before the number of units bought reaches the number of units subject to secondary offering by over-allotment during the Syndicate Cover Transaction Period.

SMBC Nikko Securities Inc. may conduct a stabilizing transaction in conjunction with the primary offering and secondary offering by over-allotment. All or part of the Investment Units bought by the stabilizing transaction may be used to return the Investment Units Borrowed.

For the number of units calculated by deducting the number of units bought by the stabilizing transaction and Syndicate Cover Transaction and used to return the Investment Units Borrowed from the number of units subject to secondary offering by over-allotment, SMBC Nikko Securities Inc. plans to acquire the Investment Units based on the allotment determined by the Third-Party Allotment in whole or part, and as a result, the final number of units issued by the Third-Party Allotment may decrease by that extent, or issuance may not be implemented at all, due to forfeiture.

Whether or not the secondary offering by over-allotment will be implemented and the number of investment units offered in the event that the secondary offering by over-allotment is implemented will be determined on the Date of Determining Issue Price and Other Matters. In the event that the secondary offering by over-allotment is not implemented, the borrowing of the Investment Units by SMBC Nikko Securities Inc. from SHIP HEALTHCARE, NEC Capital and SMBC will not take place. Accordingly, SMBC Nikko Securities Inc. will not accept or subscribe for allotment pertaining to the Third-Party Allotment and, as a result, the issuance of new investment units by the Third-Party Allotment will not be implemented at all, due to forfeiture. In addition, the Syndicate Cover Transaction on Tokyo Stock Exchange, too, will not take place.

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### 2. Changes in the total number of outstanding investment units by the issuance of new investment units

Current total number of outstanding investment units	193,107 units
Number of investment units	
added by issuance of new investment units by primary offering	112,280 units
Total number of outstanding investment units	
after issuance of new investment units by primary offering	305,387 units
Number of investment units	
added by issuance of new investment units by the Third-Party Allotment	5,614 units (Note)
Total number of outstanding investment units	
after issuance of new investment units by the Third-Party Allotment	311,001 units (Note)

(Note) The number of units SMBC Nikko Securities Inc. subscribes for and to be issued subsequently of all investment units offered by the Third-Party Allotment.

### 3. Purpose and reason for issuance

After consideration while keeping market trends, the level of distribution per unit, the level of LTV and other factors in mind, HCM decided to issue new investment units in view of acquisition of new real property and other assets (as defined in Article 105, Item 1 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations; the same shall apply hereinafter) leading to expansion of asset size and stabilization of financial base.

(Note) For details of the real property and other assets to be newly acquired, please see “Notice Concerning Acquisition and Leasing of Assets” separately announced today.

### 4. Amount to be raised, use of funds and scheduled expenditure date

#### (1) Amount of funds raised (estimated net amount)

11,550,000,000 yen (upper limit)

(Note) The sum of the proceeds from the primary offering of 11,000,000,000 yen and the maximum proceeds from the issuance of new investment units by the Third-Party Allotment of 550,000,000 yen. The abovementioned amount is the estimate calculated based on the closing price in regular trading of the Investment Units on Tokyo Stock Exchange as of December 19, 2018 (Wed.).

#### (2) Specific usage and planned date of disbursement of funds raised

HCM will use the proceeds from the primary offering (11,000,000,000 yen) to pay part of the funds for acquisition of the assets that HCM plans on acquiring as outlined in “Notice Concerning Acquisition and Leasing of Assets” separately announced today (hereinafter, the “To-be-Acquired Assets”). The proceeds from the issuance of new investment units by the Third-Party Allotment resolved on the same date as the primary offering (550,000,000 yen (upper limit)) will be used to repay the loans that HCM borrowed as funds for acquisition of the To-be-Acquired Assets or will be used as cash on hand to pay part of the funds for acquisition of specified assets (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations; the same shall apply hereinafter) in the future.

(Note) HCM plans to deposit the funds raised from the Third-Party Allotment with a financial institution until disbursement.

### 5. Designation of allocated party

Not applicable.

Note: This English document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail. The English name marked by an asterisk (\*) is not the officially recognized one. It has been translated using the conventional translations of the terms.



## 6. Future outlook

Please see “Notice Concerning Revision of Earnings Forecast and Distribution Forecast for Fiscal Period Ending July 2019, and Earnings Forecast and Distribution Forecast for Fiscal Period Ending January 2020” separately announced today.

## 7. Most recent three business periods’ management status, equity financing status, etc.

### (1) Most recent three business periods’ management status

	Fiscal period ended July 2017	Fiscal period ended Jan. 2018	Fiscal period ended July 2018
Net income per unit (Note 1)	2,704 yen	2,653 yen	2,698 yen
Distribution per unit	2,697 yen	2,653 yen	2,699 yen
Actual distribution payout ratio (Note 2)	100.0%	100.0%	100.0%
Net assets per unit	105,234 yen	105,190 yen	105,238 yen

(Note 1) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units.

(Note 2) Distribution payout ratio = Distribution per unit (excluding distribution in excess of earnings) ÷ Net income per unit × 100

Due to capital increase by public offering during the period changing the number of investment units during the period, distribution payout ratio for the fiscal period ended July 2017 is calculated by using the following formula (rounded down to the first decimal place):

Distribution payout ratio = Total distribution (excluding distribution in excess of earnings) ÷ Net income × 100

### (2) Most recent investment unit price status

#### ① Most recent three business periods’ status

	Fiscal period ended July 2017	Fiscal period ended Jan. 2018	Fiscal period ended July 2018
Opening price	103,000 yen	99,600 yen	106,400 yen
High price	103,000 yen	110,800 yen	115,400 yen
Low price	96,300 yen	95,500 yen	101,000 yen
Closing price	99,600 yen	107,000 yen	111,600 yen

(Note) The opening, high and low prices are based on the closing price on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market.

#### ② Most recent six months’ status

	2018 Aug.	Sept.	Oct.	Nov.	Dec.	2019 Jan. (Note 1)
Opening price	110,300 yen	111,400 yen	115,800 yen	112,900 yen	113,000 yen	111,900 yen
High price	112,500 yen	117,800 yen	116,600 yen	113,500 yen	114,700 yen	115,200 yen
Low price	110,000 yen	111,400 yen	111,500 yen	111,800 yen	109,500 yen	111,900 yen
Closing price	111,300 yen	116,500 yen	113,000 yen	113,200 yen	112,700 yen	114,800 yen

(Note 1) The investment unit prices for January 2019 are as of January 10, 2019 (Thur.).

(Note 2) The opening, high and low prices are based on the closing price on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market.

#### ③ Investment unit price on business day preceding issuance resolution date

	Jan. 10, 2019
Opening price	115,200 yen
High price	115,700 yen
Low price	114,800 yen
Closing price	114,800 yen

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### (3) Most recent three business periods' equity financing status

#### ① Public Offering

Issue date	February 1, 2017
Amount of funds raised	6,749,662,350 yen
Paid-in amount (issue value)	97,609 yen
Total number of outstanding investment units at the time of the offering	120,500 units
Number of investment units issued by the offering	69,150 units
Total number of outstanding investment units after the offering	189,650 units
Initially intended usage of funds at the time of the issuance To pay part of the funds for acquisition of the assets that HCM plans on acquiring	
Planned date of disbursement at the time of the issuance	February 2017
Allocation of funds at present The entire amount was used on the abovementioned planned date of disbursement	

#### ② Third-Party Allotment

Issuance date	March 1, 2017
Amount of funds raised	337,434,313 yen
Paid-in amount (issue value)	97,609 yen
Total number of outstanding investment units at the time of the offering	189,650 units
Number of investment units issued by the offering	3,457 units
Total number of outstanding investment units after the offering	193,107 units
Initially intended usage of funds at the time of the issuance To repay the loans borrowed as funds for acquisition of to-be-acquired assets or will be used as cash on hand to pay part of the funds for acquisition of specified assets in the future	
Planned date of disbursement at the time of the issuance	From March 2017
Allocation of funds at present The entire amount was used on the abovementioned planned date of disbursement	

### 8. Restriction of sale and additional issuance

- (1) SHIP HEALTHCARE, NEC Capital, SMBC, Sumitomo Mitsui Finance and Leasing Company, Limited, Yoei Co., Ltd., Ginsen Co., Ltd., Kobe Tochi Tatemono Co., Ltd. and Muromachi Building Co., Ltd., which are unitholders of HCM, have agreed with SMBC Nikko Securities Inc. upon the primary offering not to sell the Investment Units without prior approval from SMBC Nikko Securities Inc. in writing during a period from the Date of Determining Issue Price and Other Matters to a date 180 days after the delivery date of the primary offering.

In the abovementioned case, SMBC Nikko Securities Inc. has a right to remove this restriction in whole or part or to shorten the restriction period at its own discretion.

- (2) HCM has agreed with SMBC Nikko Securities Inc. upon the primary offering not to issue the Investment Units (however, excluding issuance of the Investment Units by the Third-Party Allotment or by split of investment units) without prior approval from SMBC Nikko Securities Inc. in writing during a period from the Date of Determining Issue Price and Other Matters to a date 90 days after the delivery date of the primary offering.

In the abovementioned case, SMBC Nikko Securities Inc. has a right to remove this restriction in whole or part or to shorten the restriction period at its own discretion.

\* This material will be distributed to the Kabuto Club, Press Club of MLIT and Construction Trade Journal Press Club of MLIT.

\* Website of HCM: <http://www.hcm3455.co.jp/en/>

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