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REIT Securities Issuer

Healthcare & Medical Investment Corporation (HCM)
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Representative: Executive Director Seiji Yoshioka
(Securities Code: 3455)

Asset management company

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Notice Concerning Borrowing of Funds (Change in Amount of Funds Borrowed, Cancellation of Borrowing and Determination of Interest Rate) and Conclusion of Interest Rate Swap Agreement

We would like to announce that Healthcare & Medical Investment Corporation (hereinafter, “HCM”) decided to change the borrowing amount for part of the borrowing as well as cancel part of the borrowing, in addition to determining the interest rate with regard to the borrowing of funds announced in “Notice Concerning Borrowing of Funds, Loan Prepayment and Obtainment of JCR Social Loan Evaluation” dated January 11, 2019 as follows. We would also like to announce that HCM has decided to conclude an interest rate swap agreement for long-term borrowings of 9.75 billion yen (Drawdown date: February 1, 2019) as follows.

Details

I. Borrowing of funds

1. Change in borrowing amount and determination of interest rate

① Details of borrowing

Type	Lender	Borrowing amount	Interest rate (Note 2)	Drawdown date	Borrowing method	Repayment date	Repayment method	Security
Long-term	Loan syndicate with Sumitomo Mitsui Banking Corporation as an arranger (Note 1)	2,000 million yen	0.45353% (Note 3)	February 1, 2019	Borrowing based on the individual term loan agreement as of January 30, 2019 with the company on the left as a lender	January 31, 2022	Lump-sum repayment on principal repayment date	Unsecured and unguaranteed

(Note 1) The loan syndication consists of Nippon Life Insurance Company, The Hiroshima Bank, Ltd. and The Dai-ichi Life Insurance Company, Limited.

(Note 2) Loan fees and other fees to be paid to the lenders are not included.

(Note 3) The date of interest payment will be the last day of January, April, July and October every year and the repayment day with April 30, 2019 as the first date of interest payment (whenever the date of interest payment is not a business day, such payment will be made on the next business day; whenever the date of interest payment falls on a day of the next month, such payment will be made on the last business day of the current month).

Reminder: This document is intended to publicly announce the borrowing of funds (change in loan amount, cancellation of borrowing and determination of interest rate) and conclusion of interest rate swap agreement of the Investment Corporation and is not prepared for the purpose of investment solicitation.

<Reference>

Details upon the announcement of “Notice Concerning Borrowing of Funds, Loan Prepayment and Obtainment of JCR Social Loan Evaluation” dated January 11, 2019.

Type	Lender	Borrowing amount	Interest rate (Note 1)	Drawdown date	Borrowing method	Repayment date	Repayment method	Security
Long-term	Loan syndicate with Sumitomo Mitsui Banking Corporation as an arranger	3,000 million yen	Fixed interest rate (Note 2)	February 1, 2019	Borrowing based on the individual term loan agreement as of January 30, 2019 with the company on the left as a lender	January 31, 2022	Lump-sum repayment on principal repayment date	Unsecured and unguaranteed

(Note 1) Loan fees and other fees to be paid to the lenders are not included

(Note 2) Interest rate will be determined by the drawdown date based on the contract concluded with the lender. Interest rate will be announced as soon as it is determined.

② Reason for change in the borrowing amount

To decrease the borrowing amount and instead allocate cash on hand for the acquisition of real estate trust beneficiary rights of 8 properties based on the determination of the amount of funds to be raised through issuance of new investment units through public offering announced in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” dated January 11, 2019.

2. Cancellation of borrowing

① Details of borrowing to be cancelled

Type	Lender	Borrowing amount	Interest rate	Drawdown date	Borrowing method	Repayment date	Repayment method	Security
Short-term	Sumitomo Mitsui Banking Corporation	1,000 million yen	Base interest rate (1-month Japanese Yen TIBOR) + 0.25%	February 1, 2019	Borrowing based on the individual term loan agreement as of January 30, 2019 with the company on the left as a lender	January 31, 2020	Lump-sum repayment on principal repayment date	Unsecured and unguaranteed

② Reason for cancellation of borrowing

To decrease the borrowing amount and instead allocate cash on hand for the acquisition of real estate beneficiary rights of 8 properties based on the determination of the amount of funds to be raised through issuance of new investment units through public offering announced in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” dated January 11, 2019

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II. Conclusion of interest rate swap agreement

1. Purpose of conclusion

To fix interest payments and hedge risk of interest-rate fluctuation for the borrowing based on the individual term loan agreement concluded on January 30, 2019 as described in “2. Details of conclusion” below.

2. Details of conclusion

<Borrowing with conclusion of interest rate swap agreement (1) (hereinafter “Targeted Borrowing (1)”) >

Type	Lender	Borrowing amount	Interest rate (Note 2)	Drawdown date	Borrowing method	Repayment date	Repayment method	Security
Long-term	Loan syndication with Sumitomo Mitsui Banking Corporation as an arranger (Note 1)	4,000 million yen	Base interest rate (1-month Japanese Yen TIBOR) + 0.35% (Note 3)	February 1, 2019	Borrowing based on the individual term loan agreement as of January 30, 2019 with the company on the left as a lender	January 31, 2023	Lump-sum repayment on principal repayment date	Unsecured and unguaranteed

(Note 1) The loan syndication consists of Sumitomo Mitsui Trust Bank, Limited, Sumitomo Mitsui Banking Corporation, Resona Bank, Limited, The Nishi-Nippon City Bank, Ltd., Shinkin Central Bank, The Bank of Fukuoka, Ltd. and The Gunma Bank, Ltd.

(Note 2) Loan fees and other fees to be paid to the lenders are not included.

(Note 3) The interest rate applied to Targeted Borrowing (1) will be fixed at 0.41988% in effect based on the following interest rate swap agreement.

<Interest rate swap agreement for Targeted Borrowing (1)>

①Counterparty	Sumitomo Mitsui Trust Bank, Limited
②Assumed principal	4,000 million yen
③Interest rate	Fixed interest rate for payment 0.06988% Variable interest rate received JBA One-month Japanese yen TIBOR However, the variable interest rate received applied to initial payment (period of application: from February 1, 2019 to February 28, 2019) will be the base interest rate corresponding to the relevant period calculated by linear proration based on the Japanese yen TIBOR released by JBA.
④Start date	February 1, 2019
⑤End date	January 31, 2023
⑥Date of interest payment	The last day of every month and the repayment day of the principal with February 28, 2019 as the first date of interest payment (whenever the date of interest payment is not a business day, such payment will be made on the next business day; whenever the date of interest payment falls on a day of the next month, such payment will be made on the last business day of the current month).

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<Borrowing with conclusion of interest rate swap agreement (2) (hereinafter “Targeted Borrowing (2)”) >

Type	Lender	Borrowing amount	Interest rate (Note 2)	Drawdown date	Borrowing method	Repayment date	Repayment method	Security
Long-term	Loan syndication with Sumitomo Mitsui Banking Corporation as an arranger (Note 1)	5,750 million yen	Base interest rate (1-month Japanese Yen TIBOR) + 0.45% (Note 3)	February 1, 2019	Borrowing based on the individual term loan agreement as of January 30, 2019 with the company on the left as a lender	January 31, 2024	Lump-sum repayment on principal repayment date	Unsecured and unguaranteed

(Note 1) The loan syndication consists of Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited, The Nishi-Nippon City Bank, Ltd., Shinkin Central Bank, The Bank of Fukuoka, Ltd., The Gunma Bank, Ltd. and The 77 Bank, Ltd.

(Note 2) Loan fees and other fees to be paid to the lenders are not included.

(Note 3) The interest rate applied to Targeted Borrowing (2) will be fixed at 0.539% in effect based on the following interest rate swap agreement.

<Interest rate swap agreement for Targeted Borrowing (2)>

① Counterparty	Sumitomo Mitsui Trust Bank, Limited
② Assumed principal	5,750 million yen
③ Interest rate	Fixed interest rate for payment 0.089% Variable interest rate received JBA One-month Japanese yen TIBOR However, the variable interest rate received applied to initial payment (period of application: from February 1, 2019 to February 28, 2019) will be the base interest rate corresponding to the relevant period calculated by linear proration based on the Japanese yen TIBOR released by JBA.
④ Start date	February 1, 2019
⑤ End date	January 31, 2024
⑥ Date of interest payment	The last day of every month and the repayment day of the principal with February 28, 2019 as the first date of interest payment (whenever the date of interest payment is not a business day, such payment will be made on the next business day; whenever the date of interest payment falls on a day of the next month, such payment will be made on the last business day of the current month).

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III Status of loans after the Borrowing and Refinancing

The indicators after the Borrowing and Refinancing (Note 1) announced in “Part II Reference Information/II. Supplementary Information on Reference Document/6. Investment Highlight/(4) Promotion of Stable Financial Operation and Distribution Policy Contributing to the Enhancement of Unitholder Value/(ii) Financial Highlights” of the securities registration statement submitted on January 11, 2019 will be updated as follows.

	Before change	After change
LTV (Note 2)	50.8%	48.5%
Total borrowing amount	34.45 billion yen	32.45 billion yen
Ratio of long-term loans payable (Note 3)	74.7%	76.3%
Ratio of borrowings with fixed interest rates (Note 4)	94.2%	96.9%
Average remaining terms to maturity (Note 5)	3.0 years	3.0 years

(Note 1) “Borrowing” refers to the borrowing based on the individual term loan agreement as of January 30, 2019 and “Refinancing” refers to the borrowing based on the individual term loan agreement as of January 29, 2019 for the repayment of 1 billion yen of short-term loans payable due for repayment on January 31, 2019. For details of each borrowing, please refer to “Notice Concerning Borrowing of Funds, Loan Prepayment and Obtainment of JCR Social Loan Evaluation” dated January 11, 2019 and “I. Borrowing of Funds” above.

(Note 2) LTV after the Borrowing and Refinancing is calculated using the following formula.

$LTV = \frac{\text{Total amount of borrowings after the Borrowing and Refinancing (32.45 billion yen (A))}}{\text{total assets as of the end of the fiscal period ended July 2018 (42.43 billion yen) + amount of new funds borrowed through the Borrowing (11.75 billion yen) - amount of existing funds borrowed to be repaid through the Refinancing (1 billion yen*) + amount of new funds borrowed through the Refinancing (1 billion yen) + amount of proceeds from the Offering (12.68 billion yen**) + tenant leasehold and security deposits for the assets acquired in the 8th fiscal period (0.05 billion yen***)}}}$

(A) Total amount of borrowings after the Borrowing and Refinancing = total amount of borrowings as of the end of the fiscal period ended July 2018 (20.7 billion yen) + amount of funds borrowed through the Borrowing (11.75 billion yen) - amount of existing funds borrowed to be repaid through the Refinancing (1 billion yen) + amount of new funds borrowed through the Refinancing (1 billion yen)

*The amount of existing funds borrowed to be repaid through the Refinancing refers to 1 billion yen of short-term loans payable due for repayment on January 31, 2019.

**The amount of proceeds from the Offering refers to the total amount (12.68 billion yen) of the upper limit of proceeds in public offerings and proceeds from the issuance of new investment units through third-party allotment.

***Tenant leasehold and security deposits for the assets acquired in the 8th fiscal period refers to the tenant leasehold and security deposits for “Hanakotoba Minami” and “Hanakotoba Miura” acquired in the 8th fiscal period (0.05 billion yen).

(Note 3) The ratio of long-term loans payable is calculated using the following formula and by assuming the status of borrowing as of February 1, 2019.

$\text{Ratio of long-term loans payable} = \frac{\text{total amount of long-term loans payable after the Borrowing and Refinancing (24.75 billion yen (A))}}{\text{total amount of borrowings after the Borrowing and Refinancing (32.45 billion yen (B))}}$

(A) Total amount of long-term borrowings after the Borrowing and Refinancing = total amount of long-term loans payable as of the end of the fiscal period ended July 2018 (19.7 billion yen) + amount of new funds borrowed through the Borrowing (11.75 billion yen) - amount of long-term loans payable to be repaid within one year after the Refinancing (6.7 billion yen) + amount of new funds borrowed through the Refinancing (1 billion yen) - amount of funds borrowed due for repayment on January 31, 2020 among the amount of new funds borrowed through the Refinancing (1 billion yen)

(B) Total amount of borrowings after the Borrowing and Refinancing = total amount of borrowings as of the end of the fiscal period ended July 2018 (20.7 billion yen) + amount of new funds borrowed through the Borrowing (11.75 billion yen) - amount of

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existing funds borrowed to be repaid through the Refinancing (1 billion yen) + amount of new funds borrowed through the Refinancing (1 billion yen)

(Note 4) Ratio of borrowings with fixed interest rates is calculated using the following formula.

Ratio of borrowings with fixed interest rates = total amount of borrowings with fixed interest rates after the Borrowing and Refinancing (31.45 billion yen (A)) / total amount of borrowings after the Borrowing and Refinancing (32.45 billion yen (B))

(A) Total amount of borrowings with fixed interest rates after the Borrowing and Refinancing = total amount of borrowings with fixed interest rates as of the end of the fiscal period ended July 2018 (19.7 billion yen) + total amount of borrowings with fixed interest rates (including borrowings for which interest rate swap agreements have been concluded and interest rates have been fixed) (11.75 billion yen) among the amount of new funds borrowed through the Borrowing and Refinancing

(B) Total amount of borrowings after the Borrowing and Refinancing = total amount of borrowings as of the end of the fiscal period ended July 2018 (20.7 billion yen) + amount of new funds borrowed through the Borrowing (11.75 billion yen) - amount of existing funds borrowed to be repaid through the Refinancing (1 billion yen) + amount of new funds borrowed through the Refinancing (1 billion yen)

(Note 5) Average remaining terms to maturity is the weighted average of the period until the repayment date indicated in the loan agreement as of February 1, 2019 (including the amount of new funds borrowed through the Borrowing and the amount of new funds borrowed through the Refinancing but excluding the amount of existing funds borrowed to be repaid through the Refinancing) based on the amount of funds borrowed after the Borrowing and Refinancing.

Status of interest-bearing debt after the Borrowing and Refinancing (Unit: million yen)

	Before the Borrowing and Refinancing	After the Borrowing and Refinancing	Change
Short-term loans payable (Note)	2,750	1,000	(1,750)
Current portion of long-term loans payable (Note)	—	—	—
Long-term loans payable (Note)	19,700	31,450	11,750
Total borrowings	22,450	32,450	10,000
Investment corporation bonds	—	—	—
Total borrowings and investment corporation bonds	22,450	32,450	10,000
Other interest-bearing debts	—	—	—
Total interest-bearing debts	22,450	32,450	10,000

(Note) Short-term loans payable are those for which the period to the repayment day is one year or less, and current portion of long-term loans payable is those due for repayment within one year among those for which the period to the repayment day is over one year. Long-term loans payable are those that are not due for repayment within one year among those for which the period to the repayment day is over one year. “Before the Borrowing and Refinancing” indicates the balance as of today and “After the Borrowing and Refinancing” indicates the amount reflecting the change due to the Borrowing and Refinancing within the balance as of today.

List of lenders after the Borrowing and Refinancing

Lender	Borrowings (million yen)	Share (%)
Sumitomo Mitsui Banking Corporation	12,050	37.1
Sumitomo Mitsui Trust Bank, Limited	5,450	16.8
Resona Bank, Limited	2,700	8.3
Nippon Life Insurance Company	2,600	8.0
The Nishi-Nippon City Bank, Ltd.	1,750	5.4

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Shinkin Central Bank	1,450	4.5
The Dai-ichi Life Insurance Company, Limited	1,250	3.9
The Hiroshima Bank, Ltd.	1,250	3.9
The Bank of Fukuoka, Ltd.	1,250	3.9
The 77 Bank, Ltd.	950	2.9
The Mie Bank, Ltd.	750	2.3
Higashi-Nippon Bank, Ltd.	500	1.5
The Gunma Bank, Ltd.	500	1.5
Total	32,450	100.0

IV. Future outlook

The effect on the management status announced in “Notice Concerning Revision of Earnings Forecast for Fiscal Period Ending July 2019, and Earnings Forecast for Fiscal Period Ending January 2020” dated January 11, 2019 is minimal and there is no change in the management status forecast.

V. Other items necessary for investors to properly understand and judge the information

For risk concerning repayment of the Borrowing, there is no change to the information contained in “Part II Reference Information/II. Supplementary Information on Reference Document/9. Investment Risk” of the securities registration statement submitted on January 11, 2019.

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

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