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REIT Securities Issuer

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(Securities Code: 3455)

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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

We would like to announce that Healthcare & Medical Investment Corporation (hereinafter “HCM”) revised the earnings forecast and distribution forecast for the fiscal period ending July 2019 (from February 1, 2019 to July 31, 2019) announced on September 14, 2018 as follows. In addition, we would like to announce the earnings forecast and distribution forecast for the fiscal period ending January 2020 (from August 1, 2019 to January 31, 2020) as follows.

Details

1. Revision of earnings forecast and distribution forecast for fiscal period ending July 2019

	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Distribution per unit (including distribution in excess of earnings)
Previous forecast (A)	1,318 million yen	651 million yen	542 million yen	541 million yen	2,801 yen	329 yen	3,130 yen
Revised forecast (B)	2,006 million yen	1,184 million yen	1,010 million yen	1,009 million yen	3,245 yen	285 yen	3,530 yen
Amount of change (B)–(A)	688 million yen	533 million yen	468 million yen	468 million yen	444 yen	(44) yen	400 yen
Rate of change (%)	52.2	81.9	86.4	86.5	15.9	(13.4)	12.8

(Reference) Fiscal period ending July 2019

Forecast number of investment units issued and outstanding at end of period: 311,001 units

Forecast net income per unit: 3,245 yen

(Note 1) The earnings forecast and distribution forecast above are the current forecast figures based on the attached “Assumptions Underlying Earnings Forecast for Fiscal Period Ending July 2019 and Fiscal Period Ending January 2020.” Actual operating revenue, operating income, ordinary income, net income, distribution per unit (excluding distribution in excess of earnings) and distribution in excess of earnings per unit may differ as a result of discrepancies from assumptions occurred due to additional acquisition or sale of real estate, etc., change in the real estate market, etc., fluctuation of interest rates, changes in other situations surrounding HCM in the future and other factors. In addition, the forecast is not a guarantee of the amount of distribution or distribution in excess of earnings.(Note 2) Monetary figures are rounded down to the nearest specified unit and percentage figures are rounded to the first decimal place.

2. Earnings forecast and distribution forecast for fiscal period ending January 2020

Reminder: This press release is intended to publicly announce revision of earnings status forecast and distribution forecast for the fiscal period ending July 2019, and the earnings forecast and distribution forecast for the fiscal period ending January 2020 of HCM, and is not prepared for the purpose of investment solicitation. When investing, prospective investors are advised to make judgments at their own discretion.

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	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Distribution per unit (including distribution in excess of earnings)
Fiscal period ending Jan. 2020 (10th fiscal period)	2,006 million yen	1,106 million yen	929 million yen	928 million yen	2,987 yen	283 yen	3,270 yen

(Reference) Fiscal period ending January 2020

Forecast number of investment units issued and outstanding at end of period: 311,001 units

Forecast net income per unit: 2,987 yen

(Note 1) The earnings forecast and distribution forecast above are the current forecast figures based on the attached “Assumptions Underlying Earnings Forecast for Fiscal Period Ending July 2019 and Fiscal Period Ending January 2020.” Actual operating revenue, operating income, ordinary income, net income, distribution per unit (excluding distribution in excess of earnings) and distribution in excess of earnings per unit may differ as a result of discrepancies from assumptions occurred due to additional acquisition or sale of real estate, etc., change in the real estate market, etc., fluctuation of interest rates, changes in other situations surrounding HCM in the future and other factors. In addition, the forecast is not a guarantee of the amount of distribution or distribution in excess of earnings.

(Note 2) Figures are rounded down to the nearest specified unit.

3. Reason for revision and announcement

The assumptions underlying earnings forecast and distribution forecast for the fiscal period ending July 2019 announced on September 14, 2018 have changed due to the decision on acquisition and leasing of to-be-acquired assets announced in “Notice Concerning Acquisition and Leasing of Assets” separately announced today and the resolution on issuance of new investment units announced in “Notice Concerning Issuance and Secondary Offering of New Investment Units” dated today. The newly calculated operating revenue is up 10% or more from the forecast amount, ordinary income is up 30% or more from the forecast amount, net income is up 30% or more from the forecast amount and cash distribution is up 5% or more from the forecast amount. Accordingly, the forecast for the fiscal period ending July 2019 is being revised.

In addition, in conjunction, a new earning forecast and distribution forecast for the fiscal period ending January 2020 is being made based on the same assumptions as those mentioned above.

Please note that the earning forecast and distribution forecast for the fiscal period ending January 2019 announced on September 14, 2018 remain unchanged at this point in time.

* This material is to 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/>

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[Attached document]

Assumptions Underlying Earnings Forecast
for Fiscal Period Ending July 2019 and Fiscal Period Ending January 2020

Item	Assumptions															
Accounting period	<ul style="list-style-type: none"> ➤ Fiscal period ending July 2019 (9th fiscal period): from February 1, 2019 to July 31, 2019 (181 days) ➤ Fiscal period ending January 2020 (10th fiscal period): from August 1, 2019 to January 31, 2020 (184 days) 															
Assets under management	<ul style="list-style-type: none"> ➤ The assumption is that, in addition to the real estate trust beneficiary rights that HCM owns as of the date of this document (27 properties in total) (hereinafter “Owned Assets”), the real estate trust beneficiary rights to be newly acquired after issuance of new investment units as resolved at the board of directors’ meeting of HCM held today (hereinafter “To-be-Acquired Assets,” and the Owned Assets and To-be-Acquired Assets collectively referred to as “Assets Under Management”) will be acquired on February 1, 2019. For details of the To-be-Acquired Assets, please see “Notice Concerning Acquisition and Leasing of Assets” separately announced today. ➤ The assumption is that there will be no change (acquisition of new properties, disposal of Assets Under Management, etc.) other than the acquisition of the To-be-Acquired Assets through to the end of the fiscal period ending January 2020. ➤ In reality, there may be changes due to acquisition of new properties other than the To-be-Acquired Assets, or disposal of Assets Under Management, etc. 															
Operating revenue	<ul style="list-style-type: none"> ➤ Lease business revenue from the Owned Assets is calculated by taking into account the lease agreements of each of the Assets Under Management in effect as of the date of this document, tenant trends, market trends, etc. Lease business revenue from the To-be-Acquired Assets is calculated by taking into account the information obtained from the current owners, etc. of the To-be-Acquired Assets, lease agreements of the To-be-Acquired Assets scheduled to be in effect as of the scheduled date of acquisition of the To-be-Acquired Assets, tenant trends, market trends, etc. ➤ For operating revenue, the assumption is that there will be no default or non-payment of rent by tenants. 															
Operating expenses	<ul style="list-style-type: none"> ➤ The main components of rental business expenses, the major component of operating expenses, are as follows: <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Fiscal period ending July 2019</th> <th style="text-align: center;">Fiscal period ending Jan. 2020</th> </tr> </thead> <tbody> <tr> <td>Property tax:</td> <td style="text-align: center;">90 million yen</td> <td style="text-align: center;">90 million yen</td> </tr> <tr> <td>Repair expenses:</td> <td style="text-align: center;">18 million yen</td> <td style="text-align: center;">19 million yen</td> </tr> <tr> <td>Depreciation :</td> <td style="text-align: center;">440 million yen</td> <td style="text-align: center;">442 million yen</td> </tr> <tr> <td>Other expenses related to rent business:</td> <td style="text-align: center;">44 million yen</td> <td style="text-align: center;">44 million yen</td> </tr> </tbody> </table> ➤ Of rental business expenses, the major component of operating expenses, expenses other than depreciation for the Owned Assets are calculated based on the past figures and reflecting factors for change in expenses. Expenses other than depreciation for the To-be-Acquired Assets are calculated by taking into account the information obtained from the current owners, etc. and reflecting factors for change in expenses. ➤ In general, real property tax and urban planning tax are calculated by period distribution with the current owners and settled at the time of acquisition in the purchasing and selling of real estate, etc., but as HCM includes this settlement money in acquisition cost, such are not recorded as expenses in the year of acquisition. Therefore, for the To-be-Acquired Assets, there will be no recording as expenses in the fiscal period ending July 2019, and real property tax and urban planning tax for fiscal 2020 will be recorded as expenses from the fiscal period ending July 2020. For the To-be-Acquired Assets, the total amount of real property tax and urban planning tax to be included in acquisition cost is assumed to be 90 million yen. ➤ Repair expenses are recorded as expenses in the amount that the asset management company (Healthcare Asset Management Co., Ltd.; hereinafter “Asset Management Company”) assumes to be required in each business period per property. However, as 		Fiscal period ending July 2019	Fiscal period ending Jan. 2020	Property tax:	90 million yen	90 million yen	Repair expenses:	18 million yen	19 million yen	Depreciation :	440 million yen	442 million yen	Other expenses related to rent business:	44 million yen	44 million yen
	Fiscal period ending July 2019	Fiscal period ending Jan. 2020														
Property tax:	90 million yen	90 million yen														
Repair expenses:	18 million yen	19 million yen														
Depreciation :	440 million yen	442 million yen														
Other expenses related to rent business:	44 million yen	44 million yen														

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	<p>repair expenses may increase or additional repair may be required due to unpredictable reasons, actual expenses may differ significantly from the forecast.</p> <ul style="list-style-type: none"> ➤ Depreciation is calculated by using the straight-line method inclusive of incidental expenses, etc. ➤ Asset management fee payable to the Asset Management Company is expected to be 142 million yen for the fiscal period ending July 2019 and 202 million yen for the fiscal period ending January 2020.
Non-operating expenses	<ul style="list-style-type: none"> ➤ Investment unit issuance expenses associated with the issuance of new investment units are amortized by using the straight-line method over a period of 3 years, and are assumed to be 10 million yen for the fiscal period ending July 2019 and 10 million yen for the fiscal period ending January 2020. ➤ Interest expenses and other borrowing-related expenses are assumed to be 163 million yen for the fiscal period ending July 2019 and 166 million yen for the fiscal period ending January 2020.
Loans	<ul style="list-style-type: none"> ➤ As of today, HCM has a balance of loans outstanding of 22,450 million yen. The assumption is that the 1,000 million yen loan due for repayment on January 31, 2019 will be refinanced, that a total amount of 13,750 million yen will be borrowed on February 1, 2019 from qualified institutional investors as provided in Article 2, Paragraph 3, Item 1 of the Financial Instruments and Exchange Act to pay a part of the funds for acquisition of the To-be-Acquired Assets and related expenses, and that a 1,750 million yen loan prepayment will be made, bringing the balance of loans outstanding to 34,450 million yen. In addition, the proceeds from the issuance of new investment units by third-party allotment (5,614 units (upper limit)) stated in “Investment units” below is expected to be used to repay the loans borrowed as funds for acquisition of the To-be-Acquired Assets or used as cash on hand to pay a part of the funds for acquisition of specified assets in the future. ➤ With the issuance of new investment units to be issued this time, LTV is expected to be 50.8% for the fiscal period ending July 2019 and 50.8% for the fiscal period ending January 2020. ➤ LTV is calculated by using the following formula: LTV = Total interest-bearing liabilities ÷ Total assets × 100 ➤ LTV may vary depending on the issuing value of new investment units to be issued this time.
Investment units	<ul style="list-style-type: none"> ➤ The assumption is that, in addition to the investment units issued and outstanding as of today of 193,107 units, the maximum number of investment units planned to be newly issued in the issuance of new investment units (112,280 units) and issuance of new investment units by third-party allotment (5,614 units (upper limit)) as resolved at the board of directors’ meeting of HCM held today of 117,894 units in total will all be issued. For details of the issuance of new investment units, please see “Notice Concerning Issuance and Secondary Offering of New Investment Units” announced today. ➤ The assumption is that there will be no change in the number of investment units due to issuance of new investment units, etc. other than the above through to the end of the fiscal period ending July 2019 and the end of the fiscal period ending January 2020. ➤ Distribution per unit is calculated on the basis of the forecast number of investment units issued and outstanding at the end of the fiscal period ending July 2019 and the end of the fiscal period ending January 2020 of 311,001 units, which includes the abovementioned maximum number of investment units planned to be newly issued of 117,894 units in total.
Distribution per unit (excluding distribution in excess of earnings)	<ul style="list-style-type: none"> ➤ Distribution per unit (excluding distribution in excess of earnings) is calculated with the assumption being the cash distribution policy provided in the Articles of Incorporation of HCM. ➤ Distribution per unit (excluding distribution in excess of earnings) may vary due to various factors, including fluctuation in rent revenue accompanying change in Assets Under Management, change in tenants, etc. or incurrence of unexpected repairs.
Distribution in excess of	<ul style="list-style-type: none"> ➤ The amount of distribution in excess of earnings per unit is calculated pursuant to the policies provided in the Articles of Incorporation of HCM, policies provided below,

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earnings per unit	<p>other applicable laws and regulations, rules of self-regulatory organizations, etc. The total amount of distribution in excess of earnings is assumed to be 88 million yen for the fiscal period ending July 2019 and 88 million yen for the fiscal period ending January 2020.</p> <ul style="list-style-type: none">➤ The total amount of distribution in excess of earnings is distributed up to the amount equivalent to 20/100 of the depreciation recorded in the accounting period immediately before the accounting period when HCM will pay the said distribution, sufficiently taking into consideration the amount of capital expenditure necessary for maintaining and improving the competitiveness of HCM's Assets Under Management and the financial position of HCM.➤ However, distribution in excess of earnings may be conducted up to an amount lower than the above amount or may not be conducted when the implementation of distribution in excess of earnings up to the said amount is judged to be inappropriate based on the economic environment surrounding HCM, trends of the real estate market and leasing market, status of HCM's Assets Under Management and financial conditions.
Other	<ul style="list-style-type: none">➤ The assumption is that there will be no revision of laws and regulations, tax systems, accounting standards, listing regulations of Tokyo Stock Exchange, Inc., rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above.➤ The assumption is that there will be no unforeseen serious change in general economic trends, real estate market conditions, etc.

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