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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 Revision of 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 forecasts and distribution forecasts for the fiscal period ending July 2019 (from February 1, 2019 to July 31, 2019) and the fiscal period ending January 2020 (from August 1, 2019 to January 31, 2020) announced on January 11, 2019 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)	2,006 million yen	1,184 million yen	1,010 million yen	1,009 million yen	3,245 yen	285 yen	3,530 yen
Revised forecast (B)	2,006 million yen	1,178 million yen	1,018 million yen	1,017 million yen	3,270 yen	285 yen	3,555 yen
Amount of change (B)–(A)	–	(6) million yen	8 million yen	8 million yen	25 yen	–	25 yen
Rate of change (%)	–	(0.6)	0.8	0.8	0.8	–	0.7

(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: 3,279 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.

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

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.



## 2. Revision of earnings forecast and distribution forecast for fiscal period ending January 2020

	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)	2,006 million yen	1,106 million yen	929 million yen	928 million yen	2,987 yen	283 yen	3,270 yen
Revised forecast (B)	2,006 million yen	1,101 million yen	939 million yen	938 million yen	3,017 yen	285 yen	3,302 yen
Amount of change (B)-(A)	–	(5) million yen	9 million yen	9 million yen	30 yen	2 yen	32 yen
Rate of change (%)	–	(0.5)	1.0	1.0	1.0	0.7	1.0

(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: 3,017 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.

## 3. Reason for revision and announcement

The assumptions underlying earnings forecasts and distribution forecasts for the fiscal period ending July 2019 and the fiscal period ending January 2020 announced on January 11, 2019 have changed as a result of determination of amount of funds borrowed and interest rate concerning the borrowing of funds announced in “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” dated January 30, 2019 as well as other forecasts reviewed in the compilation work for the financial statements for the fiscal period ended January 2019. Accordingly, the forecasts for the fiscal period ending July 2019 and the fiscal period ending January 2020 have been revised.

\* 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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[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"> <li>➤ Fiscal period ending July 2019 (9th fiscal period): from February 1, 2019 to July 31, 2019 (181 days)</li> <li>➤ Fiscal period ending January 2020 (10th fiscal period): from August 1, 2019 to January 31, 2020 (184 days)</li> </ul>															
Assets under management	<ul style="list-style-type: none"> <li>➤ It is assumed that there will be no changes (acquisition of new properties, sale of assets under management, etc.) in the trust beneficiary interests in real estate (35 properties in total) owned by HCM as of the date of this document (hereinafter, the “Assets Under Management”) through to the end of the fiscal period ending January 2020. Actual change resulting from acquisition of new properties or sale of the Assets Under Management, etc. may occur in the future.</li> </ul>															
Operating revenue	<ul style="list-style-type: none"> <li>➤ Lease business revenue from the Assets Under Management is calculated by considering and analyzing the lease agreement of each Asset Under Management effective as of the date of this document, tenants and market condition, etc.</li> <li>➤ For operating revenue, it is assumed that there will be no default or non-payment of rents by tenants.</li> </ul>															
Operating expenses	<ul style="list-style-type: none"> <li>➤ The main breakdown 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;">45 million yen</td> <td style="text-align: center;">46 million yen</td> </tr> </tbody> </table> </li> <li>➤ Out of rental business expenses, the major component of operating expenses, expenses other than depreciation is calculated based on the past figures reflecting factors for change in expenses.</li> <li>➤ In purchasing and selling real estate in general, real property tax and urban planning tax are calculated by period distribution with previous owners and settled at the time of acquisition, but as HCM includes this settlement money in acquisition cost, they are not recorded as expenses in the year of acquisition. Accordingly, real property tax and urban planning tax of the Assets Acquired in the 9th fiscal period will not be recorded as expenses in the fiscal period ending July 2019 and the fiscal period ending January 2020, and such for fiscal 2020 will be recorded as expenses from the fiscal period ending July 2020. Moreover, the total amount of real property tax and urban planning tax to be included in the acquisition cost of the Assets Acquired in the 9th fiscal period is 90 million yen.</li> <li>➤ For repair expenses, the Asset Management Company records the expenses it deems necessary for each property in each period. However, as repair expenses may increase or additional repairs may be required due to unpredictable factors, actual expenses may differ significantly from the forecast.</li> <li>➤ Depreciation is calculated using the straight-line method and includes ancillary expenses.</li> <li>➤ The asset management fee paid to the Asset Management Company is assumed to be 142 million yen for the fiscal period ending July 2019 and 200 million yen for the fiscal period ending January 2020.</li> </ul>		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:	45 million yen	46 million yen
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Non-operating expenses	<ul style="list-style-type: none"> <li>➤ Investment unit issuance expenses accompanying the issuance of new investment units are depreciated evenly over 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.</li> <li>➤ Interest expenses and other borrowing-related expenses are assumed to be 148 million yen for the fiscal period ending July 2019 and 151 million yen for the fiscal period ending January 2020</li> </ul>															

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**HCM** Healthcare & Medical Investment Corporation

Loans	<ul style="list-style-type: none"> <li>➤ As of the date of this document, HCM has a balance of loans outstanding of 32,450 million yen. It is assumed that there will be no change in the balance of loans outstanding at the end of the fiscal period ending July 2019 and the fiscal period ending January 2020 after the refinancing of 7,700 million yen of loans due for repayment on January 31, 2020.</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>➤ The assumption is that the total number of investment units issued and outstanding is 311,001 units as of the date of this document. Furthermore, the assumption is that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending January 2020.</li> <li>➤ Distribution per unit is calculated based on the forecasted number of units issued and outstanding at the end of period of 311,001 units for the fiscal period ending July 2019 and for the fiscal period ending January 2020, respectively.</li> </ul>
Distribution per unit (excluding distribution in excess of earnings)	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ 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.</li> </ul>
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> <li>➤ Distribution in excess of earnings per unit is calculated pursuant to the policies provided in the Articles of Incorporation of HCM, policies provided below, 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 the fiscal period ending January 2020, respectively.</li> <li>➤ 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.</li> <li>➤ 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.</li> <li>➤ For the fiscal period ending July 2019 and the fiscal period ending January 2020, the assumption is that there is no change in the fair value of interest rate swaps, and of distribution in excess of earnings, that from reserve for temporary difference adjustments is not expected.</li> </ul>
Other	<ul style="list-style-type: none"> <li>➤ The assumption is that there will be no revision of laws and regulations, tax systems, accounting standards, securities listing regulations, rules of The Investment Trusts Association, Japan, etc. that will impact the above forecast figures.</li> <li>➤ The assumption is that there will be no unforeseen serious change in general economic trends, real estate market conditions, etc.</li> </ul>

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