

January 22, 2020

REIT Securities Issuer

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Representative: Executive Director Seiji Yoshioka
(Securities Code: 3455)

Asset Management Company

Healthcare Asset Management Co., Ltd.

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Notice Concerning Issuance of Investment Corporation Bonds (Social Bond)

We would like to announce that Healthcare & Medical Investment Corporation (hereinafter, “HCM”) today decided to issue Healthcare & Medical Investment Corporation 1st Series Unsecured Investment Corporation Bonds (with pari passu conditions among the specified investment corporation bonds) (Social Bond)” (a.k.a.: HCM Social Bond) (hereinafter, the “Social Bond”) based on the press release “Notice Concerning Submission of Revised Shelf Registration Statement for Issuance of Social Bond” dated December 9, 2019, and the resolution of HCM’s Board of Directors’ meeting held on November 27, 2019.

As for the structure of the issuance of the social bond (SDGs Social Finance Framework), see section 6 “Structure of the Issuance of the Social Bond (SDGs Social Finance Framework)” below.

Details

1. Overview of the Social Bond

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|-----------------------------------|---|---|
| (1) Name | : | Healthcare & Medical Investment Corporation 1st Series Unsecured Investment Corporation Bonds (with pari passu conditions among the specified investment corporation bonds) (Social Bond) (a.k.a.: HCM Social Bond) |
| (2) Total issue amount | : | 2,000 million yen |
| (3) Form of bond certificate | : | The Act on Book Entry of Corporate Bonds, Shares, etc. (Act No. 75 of 2001. Includes revisions thereafter.) is applicable to the Social Bond and thus investment corporation bond certificates will not be issued. |
| (4) Issue price | : | 100 yen per 100 yen of each Social Bond |
| (5) Redemption price | : | 100 yen per 100 yen of each Social Bond |
| (6) Interest rate | : | 0.780% per annum |
| (7) Denomination price | : | 100 million yen |
| (8) Offering method | : | Public offering |
| (9) Offering period | : | January 22, 2020 (Wednesday) |
| (10) Payment date | : | January 30, 2020 (Thursday) |
| (11) Security and guarantee | : | The Social Bond will be unsecured and unguaranteed, while no specific assets will be reserved. |
| (12) Redemption method and date | : | The total amount of the Social Bond will be redeemed on January 30, 2030.
The Social Bond may be repurchased and cancelled at any time after the payment date, unless otherwise specified by the depository. |
| (13) Interest payment date | : | This will be January 31 and July 31 of each year (the first interest payment date will be July 31, 2020 (Friday). If the date falls on a bank holiday, the payment will be moved to the immediately preceding business day.). |
| (14) Financial covenant | : | Negative pledge clause is attached |
| (15) Credit rating | : | A (Japan Credit Rating Agency, Ltd.) |
| (16) Fiscal agent, issuing agent, | : | Sumitomo Mitsui Trust Bank, Limited |

Healthcare & Medical Investment Corporation

and paying agent

(17) Underwriter : SMBC Nikko Securities Inc.
(Social bond structuring agent) (Note)

(Note) “Social bond structuring agent” refers to a party supporting the issuance of social bonds through the establishment of the framework of social bonds and advice on receiving second-party opinions.

2. Reason for the Issuance of the Social Bond

HCM and Healthcare Asset Management Co., Ltd. (hereinafter, the “Asset Management Company”), the asset management company of HCM, have set an investment philosophy to realize a society where all people can live safely and vibrantly by continuously investing in and stably owning over the long term healthcare facilities including facilities and housing for the elderly and medical care-related facilities which need to be developed and expanded to respond to the aging of society.

Under such investment philosophy, HCM and the Asset Management Company have set the practice of asset management taking into consideration Environmental, Social and Governance (ESG) criteria that have attracted the attention of domestic and foreign investors in recent years, as well as the elimination of social issues in the aged society, as one of their basic ESG policies.

HCM is issuing the Social Bond with an aim to expand fund procurement methods through the expansion of its investor base which is proactively conducting ESG investment, as well as to improve unitholder value over the medium to long term through contribution to the realization of a sustainable society set in the SDGs.

3. Amount, Use and Scheduled Date of Expenditure of Funds to Be Procured

(1) Amount of funds to be procured (estimated net proceeds)

1,985 million yen

(2) Specific use and scheduled date of expenditure of funds to be procured

Based on the SDGs Social Finance Framework, the entire amount is scheduled to be used for the repayment of borrowings (including refinancing) required for the acquisition of assets eligible for social finance (Note 1) due for repayment on January 31, 2020.

(Note 1) “Assets eligible for social finance” refers to existing or new specified assets (as defined in Paragraph 1 Article 2 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951. Including subsequent amendments.)) that meet the eligibility criteria below.

<Eligibility criteria>

(i) Facilities and housing for the elderly

- a. Nursing homes for the elderly
- b. Serviced housing for the elderly
- c. Group homes for the elderly with dementia
- d. Other facilities and housing for the elderly

(ii) Medical care-related facilities

- a. Hospitals and clinics
- b. Medical malls where multiple clinics, pharmacies, and other facilities are located
- c. PET centers and medical examination centers
- d. Other advanced medical facilities

(iii) Other nursing care, medical care and health-related facilities

- a. Facilities providing or capable of providing services that are economically or functionally ancillary or related to the facilities referred to in items (i) and (ii) above, or other facilities providing or capable of providing services for the purpose of providing nursing care, medical care, or restoration, maintenance or improvement of health
- b. Educational facilities training personnel engaged in items (i) and (ii) above
- c. Facilities deemed necessary to acquire or useful in connection with investments in real estate, etc. (Note 2) or real estate-backed securities (Note 2) in (i) and (ii) above

(Note 2) “Real estate, etc.” and “real estate-backed securities” are as defined in Article 30, Paragraph 1, Item (2) and (3) of HCM’s Articles of Incorporation.

4. Investors That Have Declared Investment in the Social Bond

Below is a list of investors that have expressed an intention to invest in the Social Bond as of today and consented to disclosure of their name.

- UEDA SHINKIN BANK
- Odawara Daiichi Shinyokumiai
- KIBI-SHINKIN
- The Sawayaka Shinkin Bank
- Daitokyo Credit Cooperative
- Tsurushin Kumiai
- Osaka Shoko Shinkin Bank
- The Kita Osaka Shinkin Bank
- Kiryu Shinkin Bank
- Shizuoka-ken Ishi Credit Cooperative
- Takanahe Shinkin Bank
- Nishihyogo Shinkin Bank

5. Status of Interest-Bearing Debt After the Issuance of the Social Bond

(Unit: million yen)

	Before Issuance of the Social Bond	After Issuance of the Social Bond (Note 2)	Change
Short-term loans payable (Note 1)	1,000	—	(1,000)
Current portion of long-term loans payable (Note 1)	6,700	3,000	(3,700)
Long-term loans payable (Note 1)	24,750	27,450	2,700
Total borrowings	32,450	30,450	(2,000)
Investment corporation bonds	—	2,000	2,000
Total borrowings and investment corporation bonds	32,450	32,450	—

(Note 1) Short-term loans payable are those which the period to the repayment day is one year or less, and current portion of long-term loans payable are those that are due for repayment within one year among those 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 which the period to the repayment day is over one year.

(Note 2) The status after the issuance as well as the refinancing announced in “Notice Concerning Borrowing of Funds (Refinancing of Existing Loans)” separately announced today.

6. Structure of the Issuance of the Social Bond (SDGs Social Finance Framework)

HCM has received “Social 1 (F),” the highest rating in the “JCR Social Finance Framework Evaluation” (Note), by Japan Credit Rating Agency, Ltd. (hereinafter, “JCR”) as a third-party evaluation of the SDGs Social Finance Framework (hereinafter, the “Framework”).

For details on the Framework, please see “Notice Concerning Submission of Revised Shelf Registration Statement for the Issuance of Social Bond” dated December 9, 2019.

(Note) “JCR Social Finance Framework Evaluation” refers to a third-party evaluation by JCR of social bond issuance or social loan borrowing policy (social finance policy) of the issuer or borrower in accordance with the social bond principles created by International Capital Market Association (ICMA). In this evaluation, JCR conducts “social evaluation” to assess whether the use of procured funds described in the social finance policy of the issuer or borrower falls under the category of social project as well as “management, operation and transparency evaluation” to assess the management and operation system and transparency of the issuer or borrower, and the “JCR Social Finance Framework Evaluation” is performed as a comprehensive evaluation of such evaluations. Moreover, “JCR Social Finance Framework Evaluation” is indicated with a rating code ending with “(F)” to distinguish it from evaluations of individual bonds or loans. The “JCR Social Finance Framework Evaluation” of the Social Bond is posted on JCR’s website below.

<https://www.jcr.co.jp/greenfinance/social/>

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.



7. Other Items Necessary for Investors to Understand and Judge the Information Properly

For risk concerning redemption, etc. of the Social Bond, there is no change to the information contained in “Part I Fund Information/I. Status of Funds/3. Investment Risk” of the Securities Report submitted on October 30, 2019.

[Reference]

Concerning the issuance of the Social Bond, HCM has submitted shelf registration supplements to the Kanto Local Finance Bureau.

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

Reminder: This press release is intended to publicly announce the issuance of social bonds and is not prepared for the purpose of investment solicitation.