

Impact Report



Issued in December 2022

Introduction

About the Investment Corporation and the Asset Management Company

Healthcare & Medical Investment Corporation (hereinafter, “HCM”) is a J-REIT specializing in healthcare facilities listed in March 2015. It is operated by Healthcare Asset Management Co., Ltd. (hereinafter “HAM”), its asset management company invested in by Ship Healthcare Holdings, Inc., NEC Capital Solutions Co., Ltd. and Sumitomo Mitsui Banking Corporation as main sponsors.

HCM seeks to realize a society where all people can live vibrantly and with peace of mind by continuously investing in and stably owning over the long term healthcare facilities, including facilities and housing for the elderly and medical service-related facilities, etc., which must be enhanced and expanded to the super-aged society.

[Profile of the Investment Corporation]

Corporate name	Healthcare & Medical Investment Corporation
Representative	Yuji Fujise, Executive Director
Location	3-3 Kanda-Ogawamachi, Chiyoda-ku, Tokyo
Listing date	March 19, 2015
Listed stock exchange	Tokyo Stock Exchange Real Estate Investment Trust Securities Market (Securities Code: 3455)
End of fiscal period	January, July

[Profile of the Asset Management Company]

Corporate name	Healthcare Asset Management Co., Ltd.
Representative	Seiji Yoshioka, President & CEO
Location	3-3 Kanda-Ogawamachi, Chiyoda-ku, Tokyo
Establishment date	November 28, 2013
Capital	150 million yen
Shareholders	SHIP HEALTHCARE HOLDINGS INC. (33.3%) NEC Capital Solutions Limited (33.3%) Sumitomo Mitsui Banking Corporation (5.0%) Sumitomo Mitsui Finance and Leasing Company, Limited (4.8%) SMBC Nikko Securities Inc. (4.8%) Yoei Co., Ltd. (4.7%) Ginsen Co., Ltd. (4.7%) Kobe Tochi Tatemono Co., Ltd. (4.7%) Muromachi Building Co., Ltd. (4.7%)
Details of businesses	Investment management business

● About Impact Report

In recent years, companies are required to independently solve social and environmental issues, and movements to evaluate the medium- to long-term growth potential of companies based on non-financial information in addition to the conventional evaluation indicators such as performance and financial information are spreading.

HCM also decided to issue impact report once a year, in principle, as the first J-REIT to raise funds through social finance in February 2019. This report shows the status of allocation of the funds and the actions by HCM and HAM, the Asset Management Company, to solve social issues.

Reporting period	From November 1, 2021 to October 31, 2022
Issue period	Once a year in principle (every December)

Index

1. Investment Philosophy and Impact (Qualitative Targets)	
Investment Philosophy and Impact (QualitativeTargets)	2
2. Policy on Actions for ESG	
Policy on Actions for ESG	2
Environmental Performance Targets/Results	4
External Certifications	5
3. Environment	
Basic Policy for Environment	6
Environmental Initiatives at HCM's Properties	6
Environmental Initiatives at Warehousing Stage	7
Improving resilience (adaptability to disasters, etc.)	8
Use of Environmentally Friendly Materials	8
4. Social	
Stakeholder Engagement	9
Tenant Engagement	9
System Investment Utilizing ICT	10
Effects of Introducing EGAO link at each property (July 2019 - September 2022)	11
Initiatives in Collaboration with the Operators	13
Positive Impact of Investing in Healthcare Facilities	16
Initiatives at HAM	17
5. Governance	
Governance System to Ensure Appropriate Asset Management	20
Initiatives at HCM and HAM	21
Compliance and Risk Management Systems	22
6. Social Finance	
SDGs Social Finance Framework	24
JCR Social Finance Evaluation	24
Status of Allocation of Social Loan and Social Bond	25
Status of Social Finance (as of the end of October,2022)	25
7. Outcome Indicators	
Ratio of Housing for the Elderly to the Elderly Population	26
Change in the Acquisition Amount and Number of Healthcare Facilities in the J-REIT Market	26
8. Output Indicators	
Properties Acquisition and Disposition during the Reporting Period (November 1, 2021 - October 31, 2022)	27
Properties Acquisition during the Reporting Period (November 1, 2021 - October 31, 2022)	27
Portfolio Map	29
Summary of Buildings and Their Leasing Status (as of the end of 15th FP)	30
Overview of Facilities and Housing for the Elderly (as of the end of 15th FP)	31
Overview of Medical Service-Related Facilities (as of the end of 15th FP)	32
Earnings Performance (as of the end of 15th FP)	32
Summary of Appraisal Report (as of the end of 15th FP)	33
Capital Expenditures of Assets Under Management (as of the end of 15th FP)	35
Company Profile of Operators (as of the end of 15th FP)	35
9. Current Status and Issues Surrounding Medical and Nursing Care	
Various Issues Derived from Declining Birthrate and Aging Population	36
Various Issues in Nursing Care	38
Actions by the Government and Local Governments	39

1. Investment Philosophy and Impact (Qualitative Targets)

Investment Philosophy and Impact (Qualitative Targets)

- Realization of a Society Where All People Can Live Vibrantly and with Peace of Mind

HCM aims to serve as a conduit between the nursing care and medical service industries in which social needs are expected to increase and the capital markets, based on the environmental awareness that upgrading and expansion of healthcare facilities is further required in order to respond to the growing demand for medical and nursing care services. In other words, HCM aims to realize a society where all people can live vibrantly and with peace of mind as well as secure stable revenue and achieve steady growth of assets under management by promoting appropriate maintenance and management and new supply of healthcare facilities through stable investment and ownership of healthcare facilities with the keywords of "nursing care," "medical service" and "health."



Serve as a conduit between the nursing care and medical service industries and the capital markets

Develop a portfolio specialized in healthcare facilities, for which demand is expected to grow

Promote the supply of healthcare facilities as social infrastructure

We seek to realize a society where all people can live vibrantly and with peace of mind

2. Policy on Actions for ESG

Policy on Actions for ESG

- Enactment of the "Basic Policy on ESG" incorporating the concept of SDGs

HAM enacted the "Basic Policy on ESG" in September 2018 in order to practice asset management in consideration of Environment, Social and Governance. Upon the enactment of the basic policy, HAM has incorporated the concept of SDGs based on the investment philosophy of HCM.

"Basic Policy on ESG / 1. Basic Philosophy"

In order to realize a "society where all people can live vibrantly and with peace of mind," which is the investment philosophy of HCM, HAM aims to contribute to the super-aged society and maximize unitholder value over the medium to long term through the promotion of provision of healthcare facilities as social infrastructure and construction of a portfolio specializing in healthcare facilities.

HAM will collaborate with various in-house/outside stakeholders including operators and hospital personnel, the sponsors and executives and employees of HAM in order to practice asset management in consideration of ESG including the reduction of environmental burden, efforts toward resolution of social issues in a super-aged society and establishment of governance system.

HAM Website / Basic Policy on ESG

<http://www.hcam.co.jp/pdf/esg.pdf>

- ESG Promotion System

HAM designates the chief officer and executive officers on sustainability as follows.

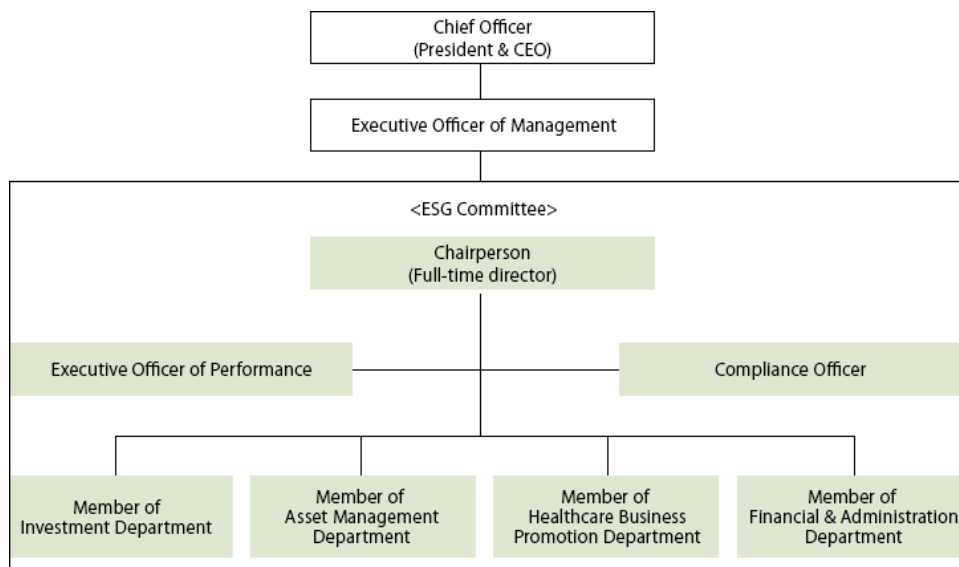
Chief Officer of Sustainability	President & CEO	The Chief Officer of Sustainability puts in place systems for promoting sustainability and supervises the proposal and implementation of various policies, targets and measures
Executive Officer of Sustainability Performance	Head of Asset Management Department	The Executive Officer of Sustainability Performance supervises the planning and implementation of various measures for the promotion of sustainability
Executive Officer of Sustainability Management	Head of Financial & Administration Department	The Executive Officer of Sustainability Management puts in place systems, regulations, etc. for promoting sustainability and supervises the planning and implementation of disclosure measures

Furthermore, HAM has established an ESG Committee which deliberates and drafts various policies, targets and measures regarding sustainability.

2. Policy on Actions for ESG

Policy on Actions for ESG

- Organization Chart as of December 2022 (ESG Decision Making System)



➤ ESG Committee

Chairperson	Either a full-time director or the Executive Officer of Performance, designated by the Chief Officer
Members	(1) Full-time director (2) Executive Officer of Performance (3) Member of Asset Management Department (4) Member of Investment Department (5) Member of Financial & Administration Department (6) Member of Healthcare Business Promotion Department (7) Compliance Officer (8) Other person appointed by the Chairperson
Frequency of meeting	At least once a month in principle

- The Committee reports to the Chief Officer of Sustainability and Executive Officer of Sustainability Management with regard to various policies, targets, measures, etc. at least once every three months.
- The committee reports to the Board of Directors at least once a year on various policies, targets and measures.

➤ PDCA Cycle



















	Fiscal 2021	Fiscal 2022 (Note)
Number of ESG Committee held	3 times	12 times
Number of Management review	Once	0 times
Number of in house ESG training held /Participation rate	Twice/100%	Once/100%

(Note) Fiscal 2022 is described based on actual number from April 2022 to November 2022.

2. Policy on Actions for ESG

Policy on Actions for ESG

- Materiality

	Issues that need to be solved	Highly relevant SDGs
Environment	<ul style="list-style-type: none"> Reduction of water resource consumption Energy conservation and reduction of CO2 emissions Response to natural disasters caused by climate change (Resilience) Waste management and reduction 	    
Social	<ul style="list-style-type: none"> Elimination of the shortage of supply of housing for the elderly against the elderly population Prevention of job separation due to nursing care through the promotion of supply of nursing care facilities Improvement of business efficiency and reduction of work burden for nursing care staff Prevention of abuse of residents and harassment of facility staff Response to the deterioration of buildings of hospitals, promotion of earthquake resistance Work-life balance, health of staff, etc. 	      
Governance	<ul style="list-style-type: none"> Transparency in decision making Fair transaction (Appropriate management of conflicts of interest) Management of various risks (including elimination of antisocial forces) 	   

(Source) Excerpt from the United Nations Information Centre's "SDGs Posters, Logos, Icons and Guidelines")

Environmental Performance Targets/Results

- Basic Targets

Item	Target	Results		
		2020 (standard year)	2021	Rate of change
Total floor area	-	187,280.75㎡	187,280.75㎡	0.0%
Energy	To make the total annual energy data capture rate (%) 100% across HCM's real estate portfolio	80.2%	82.5%	2.9%
GHG (Note2)	To make the total annual GHG emission data capture rate (%) 100% across HCM's real estate portfolio	80.2%	82.5%	2.9%
Water	To make the total annual water consumption data capture rate (%) 100% across HCM's real estate portfolio	74.3%	76.6%	3.1%

(Note1) The data capture rate is calculated based on floor area.

(Note2) Abbreviation for Greenhouse Gas. Same below.

- Long-term Targets :

Item	Target	Unit	Results		
			2020 (standard year)	2021	Rate of change
Total floor area	-	㎡	187,280.75	187,280.75	0.0%
Energy	To achieve a 5% reduction in total annual energy consumption on an intensity basis across HCM's real estate portfolio relative to the baseline year by the target year	Consumption (kWh)	31,628,460	32,921,805	4.1%
		Intensity (kWh/㎡)	210	213	1.4%
GHG	To achieve a 5% reduction in total GHG emissions generated by energy consumption on an intensity basis across HCM's real estate portfolio relative to the baseline year by the target year	Emissions (t-CO2e)	11,368	11,483	1.0%
		Intensity (t-CO2e/㎡)	0.076	0.074	△2.6%
Water	Not to increase annual water consumption on an intensity basis across HCM's real estate portfolio relative to the baseline year by the target year	Consumption (㎡)	418,711	433,241	3.5%
		Intensity (㎡/㎡)	3.0	3.0	0.0%

(Note) The standard year is 2020, the starting year of the effect measurement period is 2021, and the target year is 2025.

2. Policy on Actions for ESG

External Certifications

- GRESB Real Estate Assessment

In the 2022 GRESB Real Estate Assessment, HCM received a “1 Star” in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants.

HCM also received the highest “A Level” for the GRESB Public Disclosure, which assess the width of ESG disclosure.



- BELS Evaluation

BELS (Building-housing Energy-efficiency Labeling System) is a third-party certification program to rate houses and buildings in accordance with the Building Energy Efficiency Act's requirement of effort to label energy efficiency. The rating is based on the BEI (Building Energy Index) value calculated from primary energy consumption based on national building energy consumption standards.

Evaluation and labeling are performed by registered housing evaluation agencies, designated inspection agencies or registered building survey agencies that are members of The Association for Evaluating and Labeling Housing Performance and have filed to perform BELS services, and the evaluation results are indicated on a five-star scale (one to five stars).

The following HCM properties have been rated.

Property name	Evaluation	Date of being rated
 NOAH GARDEN L Grace	 この建物のエネルギー消費量 0% 削減 2022年12月6日交付 国土交通省告示に基づく第三者認証	December 6, 2022
 NOAH GARDEN Season Bell	 この建物のエネルギー消費量 10% 削減 2022年12月6日交付 国土交通省告示に基づく第三者認証	December 6, 2022

3. Environment

Basic Policy for Environment

- Basic Policy for Reducing Environmental Burdens

HCM & HAM

- Reducing Environmental Burdens

HCM strives for energy conservation and reduction of CO2 emissions by improving energy efficiency at its properties and introducing facilities that contribute to energy saving. Also, HCM aims for resource conservation and waste reduction with regard to capital expenditure of its properties and in the formulation and implementation of their repair plans.

Environmental Initiatives at HCM's Properties

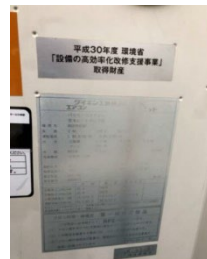
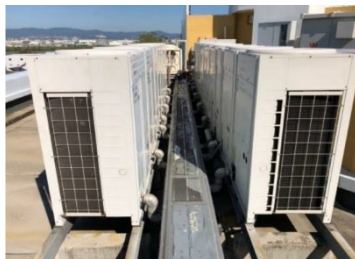
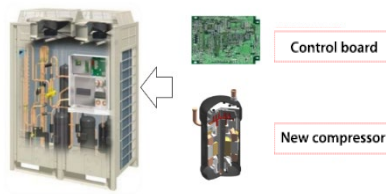
- Energy Saving Renovation Work



HCM & HAM

- Implemented high-efficiency renovation work for airconditioning equipment at "GreenLife Moriguchi" (2018)

- ✓ Replace the control board and compressor of the outdoor unit of the common area air conditioner with ones with high energy-saving performance.
- ✓ Introduction of high-performance air conditioning management unit (collective management of air conditioning in the building, scheduled operation setting)
- ✓ Utilize national subsidy
→ Investment amount 13.5 million yen (of which, the subsidy is 6.4 million yen)



- Upgrades to energy-efficient equipment

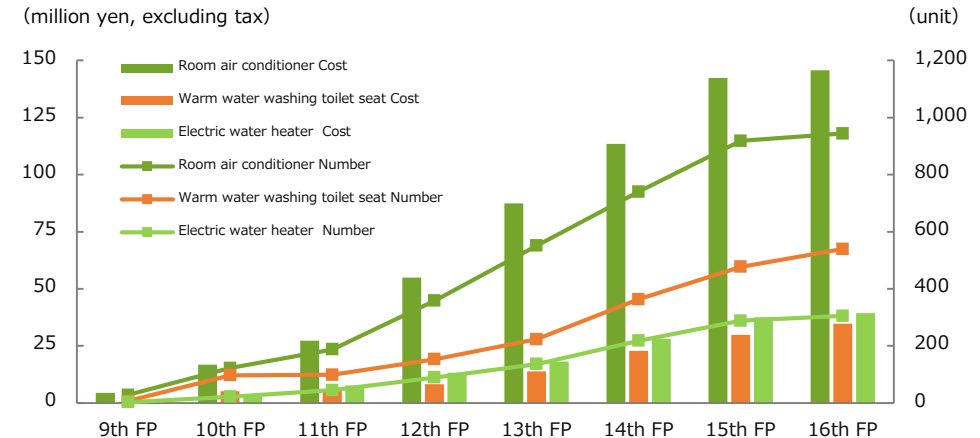


HCM & HAM

HCM has sequentially upgraded to energy- and water-efficient equipment in the rooms at its properties for resident comfort.

Cumulative Upgrade Status by Equipment Type

(million yen, excluding tax)



(Note) Figures are as of the end of each fiscal period, except the figures of 16th fiscal period being as of November 30, 2022.

3. Environment

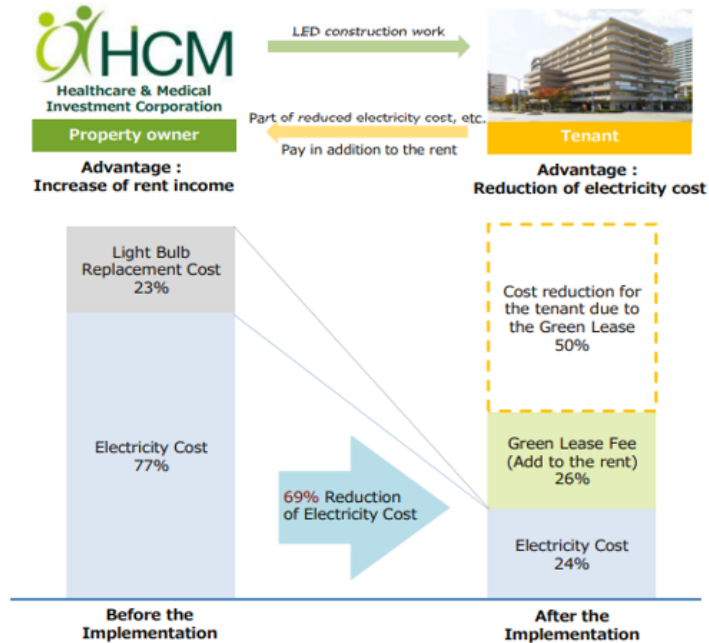
Environmental Initiatives at HCM's Properties

- Green Lease



HCM & HAM

HCM introduced the green lease agreement with the tenant that rent a whole building of “Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)” (2021). This is truly a win-win initiative which enables both HCM and the tenant to receive economic benefits while reducing environmental burden.



• Based on the tenant's lighting equipment usage conditions, which were obtained through interviews, we provisionally calculate that electricity consumption relating to lighting equipment will be reduced by about 69% as a result of performing work to convert the common-area lighting to LEDs.

• Among the benefits that the tenant is expected to receive with LED lighting that has a rated life of 40,000 hours, including reduction of lighting equipment-related electricity fees and reduction of bulb replacement costs, a certain amount will be passed on to HCM in the form of a higher rent in the lease, based on a green lease fee.

Green lease: Win-win action in which property owner and tenant work together to reduce environmental burdens such as energy saving of real estate and improve the working environment, and both sides can benefit from cost reductions, etc.

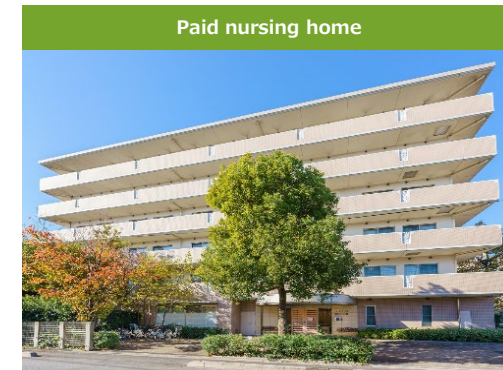
Environmental Initiatives at Warehousing Stage

- Introduction of Green Lease Clauses for Warehousing Properties



Sponsors

For HAM and HCM, sponsors entered into green lease clauses in building lease agreements with operators at the warehousing stage.



[Sample of initiatives]
Heartland Kawaguchi Meiseien
(Acquired in March 30, 2022)



Sponsors

- Initiatives to Obtain Environmental Certifications for Warehousing Properties

In development projects, HCM is working to obtain CASBEE, BELS and other environmental certifications with the cooperation of developers, design companies and other parties.



[Sample of initiatives]
PD house Nishitokyo
(Pipeline property)

3. Environment

Improving resilience (adaptability to disasters, etc.)

- Landslide Prevention Measures Prior to Acquisition

- Landslide Prevention Measures (Hanakotoba Oppama)

Part of the land of Hanakotoba Oppama, which HCM acquired on November 10, 2022, is within a landslide special warning zone and safety measures such as spraying mortar and installing a retaining wall were thus implemented between the steep east and south slopes. However, for the sake of long-term investment in the healthcare facility and based on a study on the impact of collapse of the slope, we decided to take additional prevention measures to improve resilience and ensure long-term safety.

The free frame method was chosen for its stability and safety, Keikyu Construction Co., Ltd., which had experience in landslide prevention in the neighborhood was hired to conduct the survey, planning and construction, HAM received a report on the adequacy of the measures from an independent third-party survey company, confirming that there were no problems, and made the decision that HCM would acquire the property.



HCM & Operators

【Before the implementing of the measures】



Implemented
Landslide
Prevention
Measures

【After the implementing of the measures】



HCM & HAM

- Stormwater countermeasure work at HCM's Properties

- Implementing stormwater countermeasure work (Sawayaka Mekarikan)

At Sawayaka Mekarikan, which incurred damage due to indoor flooding above floor level during torrential rains in western Japan in July 2018, work was carried out to install new concrete-block walls and U-shaped gutters (2021).

This initiative will proactively prevent the spread of damage when a disaster occurs, as well as help to ensure the safety and peace of mind of tenants, employees, and the operator.



Use of Environmentally Friendly Materials



HCM & HAM

- Renovation Using Environmentally Friendly Flooring Materials

- Environmentally friendly products were used when replacing the floors at GreenLife Moriguchi.
- ✓ Environmentally friendly flooring materials: Loose Lay Tile LL Free 50NW-EX by TOLI Corporation
- ✓ Half the amount of products weight consists of recycled materials, which reduced CO₂ emissions (recycled from discarded agricultural vinyl and scrap materials generated during manufacturing).
- ✓ Using durable UV resin coating to reduce staining eliminated the need for wax maintenance during use.

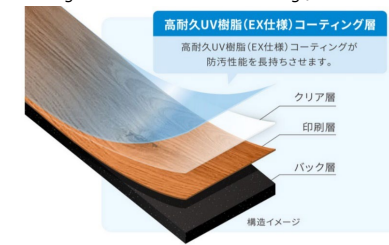
Area of flooring materials used	Gross weight of flooring materials	Ratio of recycled materials	Usage of recycled materials
2,328 m ²	20.5 Ton	50 %	10.2 Ton

CO ₂ emissions	Reduction ratio of CO ₂ emissions	Reduction amount of CO ₂ emissions
17.7 Ton	53 %	9.4 Ton

*Reduction ratio of CO₂ emissions means the comparison to the same merchandise without recycled materials.
(Image of recycle)

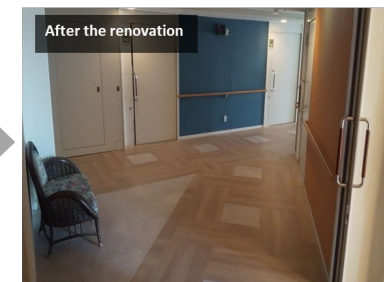
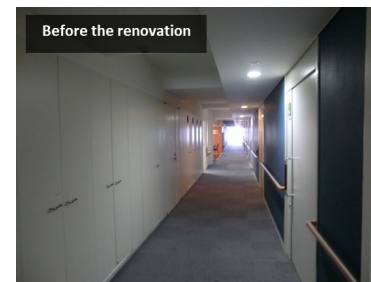


(Image of durable UV resin coating)



- Facility Environment Improvement (Based on User Feedback)

- ✓ Using easy-to-clean flooring improved sanitation and reduced cleaning work.
- ✓ Using flooring that is better for wheelchairs increased activity in the facility.
- ✓ The small step from the hallway to the day room has been eliminated.



4. Social : Social Initiatives

Stakeholder Engagement

- Basic Policy

HCM &
HAM

- Initiatives for Solving the Challenges of an Aged Society

HAM believes that HCM's continuous investment in healthcare facilities and its stable management of assets will help towards solving the social challenges of an aged society. Therefore, we have cooperated with various internal and external stakeholders including unitholders, operators and hospital personnel, the sponsors, executives and employees.

- Responsibilities of HCM and HAM to Key Stakeholders



Tenant Engagement

- Building Trust with Operators and Understanding Operations

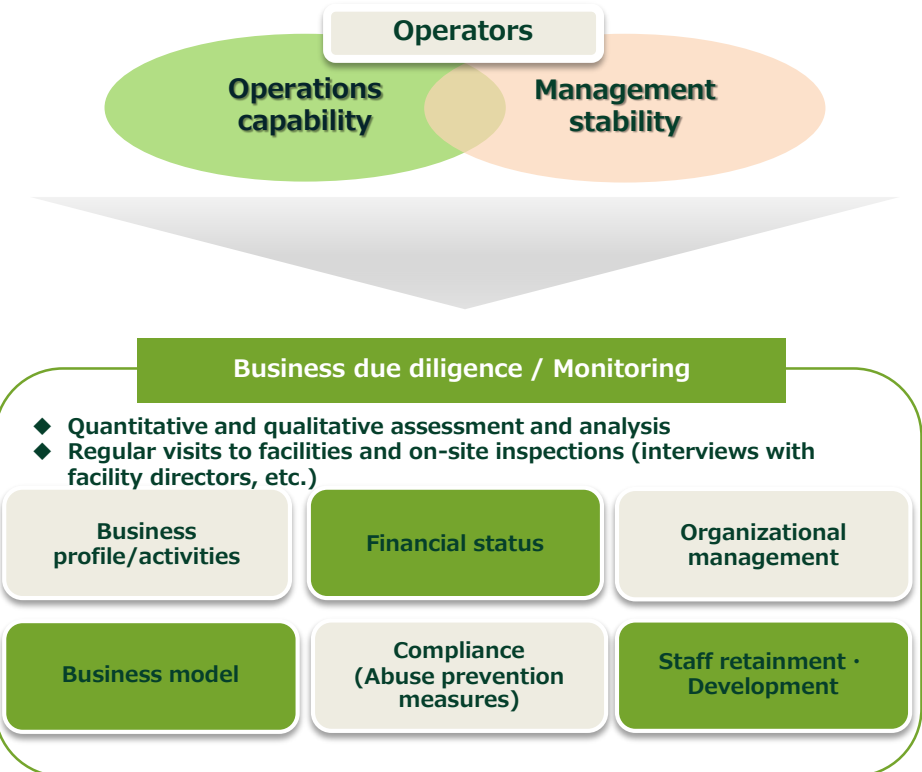
HCM &
HAM

Healthcare facilities are assets that require special know-how and expertise to operate, so in order to properly evaluate an asset on its business characteristics, it is necessary to evaluate the operator's business capabilities and management stability.

Building a relationship of trust with the operator is essential for properly conducting due diligence prior to acquisition and monitoring after acquisition.

HAM actively works to build trust by visiting the healthcare facility and meeting with the facility manager and others in charge to gain an appropriate understanding of the facility's operations.

HCM has built a stable portfolio through business due diligence and monitoring.



4. Social : Social Initiatives

System Investment Utilizing ICT

- Introduction of “EGAO link”, the system for enhancing efficiency of nursing care services



HCM & Operators

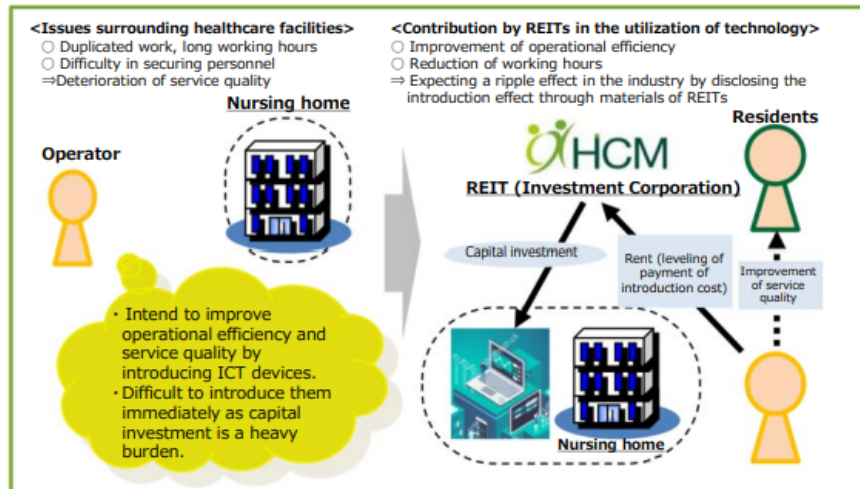
HCM paid 44.6 million yen, the initial cost of capital expenditure for 2 properties owned by HCM, in a lump sum, while the operator paid for the amount of increase in rent, thereby leveling the payment of introduction cost and realizing early introduction. (2019)

- Targeted facilities and amount of capital expenditure

ASHEIM Bunkyo Hakusan (completed introduction in July 2019, 20.9 million yen)

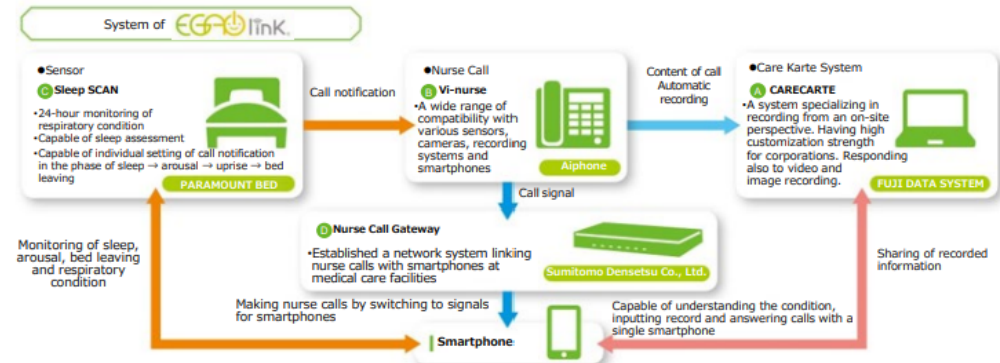
ASHEIM Hikarigaoka (completed introduction in August 2019, 25.6 million yen)

Total Amount of capital expenditure 46.5 million yen



System of EGAO link

A system enabling understanding of situation, record input and response to calls with smartphones possessed by the staff by linking sleep sensor, nurse call and electronic medical chart with nurse call gateway.



(Source) AS PARTNERS Co., Ltd.

Effect of Introduction of EGAO link

The quality of nursing care services is expected to improve through the improvement of business efficiency of nursing care staff and the reduction of work burden through ICT investments.

Reducing night-time regular inspection by using watching sensors

Significantly reducing the time for preparing nursing care records through smartphone input

Reducing the number of nurse calls through monitoring using smartphones

4. Social : Social Initiatives

Effects of Introducing EGAO link at each property (July 2019 - September 2022)

- Effects of Introducing EGAO link at ASHEIM Bunkyoakusan



HCM & Operators

Jul 31, 2019 Sep 30, 2020 Sep 30, 2021 Sep 30, 2022 YoY

1. Reduction of care staff

①Number of residents	48 people	43 people	43 people	49 people	+6 people
②Ratio of staff to residents	1.78 : 1	1.84 : 1	1.86 : 1	2.00 : 1	-0.14
③Full-time employees	14.5 people	12.5 people	13.5 people	16.0 people	+2.5 people
④Contract employees	2.0 people	2.0 people	1.0 person	0.0 people	-1.0 person
⑤Part-time employees	5.6 people	6.9 people	6.5 people	5.7 people	-0.8 people
⑥Temporary workers	2.0 person	0.0 people	0.0 people	0.0 people	±0.0 people
⑦Nursing staff	2.8 people	2.0 people	2.0 people	2.8 people	+0.8 people
⑧Staff per month	26.9 people	23.4 people	23.0 people	24.5 people	+1.5 people
⑨Total working hours	4,734 hours	4,118 hours	4,048 hours	4,312 hours	+264 hours

2. Reducing burden of night-shift work for care staff

①Number of night shifts	2.5 people	2.0 people	2.0 people	2.0 people	±0.0 people
②Total working hours/ month	40 hours	32 hours	32 hours	32 hours	±0 hours
③Regular inspection	4 times	0 times	0 times	0 times	±0 times

3. Improving quality of nursing care services

①Individual activities	20 hours	54 hours	117 hours	61 hours	-56 hours
②Polypharmacy	7.2 medications	6.4 medications	6.1 medications	5.5 medications	-0.6 medications
③Hospitalization rate	5.2%	3.6%	7.8%	2.2%	-5.6%

1. Reduction of care staff

Compared with the previous fiscal year, Staff per month increased by 1.5 people, or 264 hours/month (-2.4 people, or -422 hours/month, from initial introduction).

Since the facility is designed to operate with a 2:1 staffing ratio, 24.5 people is the minimum number of staff for the number of residents as of September 30, 2022.

As the COVID-19 pandemic has made it difficult to recruit and retain part-timers, our reform of the staffing structure will include increasing the ratio of full-time employees through our strength in hiring new graduates, aiming for a stable operation with a total of 24 to 25 people.

2. Reducing burden of night-shift work for care staff

The operator changed from a system with two night-shift positions and one semi-night-shift position to a system with two night-shift positions by **eliminating the semi-night-shift position**, and as of September 30, 2022, **the operator continues to implement this system**. As of September 30, 2022, even after eliminating the semi-night shift, night-shift staff were able to **take 2 hours of break time every day**.

Regular inspections were terminated on October 1, 2019, but as of September 30, 2022, **the operator had not received any complaints from clients or suggestions from the authorities**.

3. Improving quality of nursing care services

The operator have worked to improve operations with the goal of securing 2 hours per day, or 60 hours per month, for the provision of individual activities (activities aimed at revitalizing each resident mentally and physically). When EGAO link was introduced, the number of hours was 20 per month, but as of September 30, 2022, it had **increased by 41 hours**. Although this is a significant decrease compared with the previous year, 60 hours is the basic amount for stable provision.

The operator has taken steps to improve polypharmacy (harmful effects due to combining multiple medications) by using sleep sensors and a medical records software database. With a target of 6.0 or less for the average number of medications used, the operator is promoting optimal use of medications in accordance with residents' health condition in collaboration with partner medical institutions and pharmacies, based on sleep data and medical records data. As a result, as of September 30, 2022, the operator has **achieved our target with 0.5 medications below the target**.

As an index measuring the results of the initiatives implemented to date, the operator has tracked "maintaining and increasing length of stay through improvement of the hospitalization rate." From June to August 2022, the rate sometimes rose to 3.0% to 4.5% due to COVID-19 cases (1.6% in October 2022).

■ Future Initiatives

A database for the practice of science-based care is being completed. This is a phase in which the operator is identifying trends for the entire facility and issues for individual residents based on items such as cognitive function, nutritional status, food and water intake, activity level, sleep status, drug use and elimination status, and refine care services to effectively promote maintenance and improvement. The operator will also enhance education on using the data.

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as partners &&

4. Social : Social Initiatives

Effects of Introducing EGAO link at each property (July 2019 - September 2022)

- Effects of Introducing EGAO link at ASHEIM Hikarigaoka



HCM & Operators

Jul 31, 2019 Sep 30, 2020 Sep 30, 2021 Sep 30, 2022 YoY

1. Reduction of care staff

①Number of residents	83 people	84 people	79 people	72 people	-7 people
②Ratio of staff to residents	2.04 : 1	2.17 : 1	2.04 : 1	1.76 : 1	+0.28
③Full-time employees	23.5 people	20.5 people	23.5 people	24.5 people	+1.0 person
④Contract employees	0.0 people	1.0 person	0.0 people	0.0 people	±0.0 people
⑤Part-time employees	11.6 people	13.7 people	12.2 people	12.4 people	+0.2 people
⑥Temporary workers	1.0 person	0.0 people	0.0 people	0.0 people	±0.0 people
⑦Nursing staff	4.4 people	3.4 people	3.0 people	3.4 people	+0.4 people
⑧Staff per month	40.5 people	38.6 people	38.7 people	40.3 people	+1.6 people
⑨Total working hours	7,128 hours	6,794 hours	6,811 hours	7,093 hours	+282 hours

2. Reducing burden of night-shift work for care staff

①Number of night shifts	3.5 people	3.0 people	3.0 people	3.0 people	±0.0 people
②Total working hours/ month	56 hours	48 hours	48 hours	48 hours	±0 hours
③Regular inspection	4 times	0 times	0 times	0 times	±0 times

3. Improving quality of nursing care services

①Individual activities	56 hours	63 hours	71 hours	121 hours	+50 hours
②Polypharmacy	7.7 medications	6.9 medications	5.7 medications	5.6 medications	-0.1 medications
③Hospitalization rate	7.1%	2.2%	2.2%	4.3%	+2.1%

1. Reduction of care staff

There was an increase of 1.6 people or 282 hours/month compared with the previous fiscal year due to the use of 0.7 temporary nursing staff in instructional time for on-the-job training of new nursing staff and a 1-person surplus due to the placement of new graduates on the care staff. (OJT for nursing staff is scheduled to end on December 31, 2022, and 1 care staff member was transferred on October 1.)

As the COVID-19 has made it difficult to recruit and retain part-timers, our reform of the staffing structure will include increasing the ratio of full-time employees through our strength in hiring new graduates, aiming for a stable operation with a total of 37 to 38 people.

2. Reducing burden of night-shift work for care staff

The operator changed from a system with three night-shift positions and one semi-night-shift position to a system with two night-shift positions by **eliminating the semi-night shift position**, and as of September 30, 2022, **the operator continues to implement this system**. As of September 30, 2022, even after eliminating the semi-night shift, night-shift staff were able to **take 2 hours of break time every day**.

Regular inspections were terminated on October 1, 2019, but as of September 30, 2022, **the operator had not received any complaints from clients or suggestions from the authorities**.

3. Improving quality of nursing care services

The operator has worked to improve operations with the goal of securing 2 hours per day, or 60 hours per month, for the provision of individual activities (activities aimed at revitalizing each resident mentally and physically). When EGAO link was introduced, the number of hours was 56 per month, but as of September 30, 2022, it had **increased significantly to 121 hours**. Note that in fiscal 2022, the average number of hours remained at approximately 70 hours due to the provision of individual activities such as long-distance outings in September 2022.

The operator has taken steps to improve polypharmacy (harmful effects due to combining multiple medications) by using sleep sensors and a medical records software database. With a target of 6.0 or less for the average number of medications used, the operator is promoting optimal use of medications in accordance with residents' health condition in collaboration with partner medical institutions and pharmacies, based on sleep data and medical records data. As a result, as of September 30, 2022, the operator has **achieved our target with 0.4 medications below the target**.

As an index measuring the results of the initiatives implemented to date, the operator has tracked "maintaining and increasing length of stay through improvement of the hospitalization rate." April to July 2022 ranged from 1% to 2%, but the rate increased to 3.9% in August and 4.3% in September due to COVID-19 cases before returning to normalcy at 1% in October.

■ Future Initiatives

A database for the practice of science-based care is being completed. This is a phase in which the operator is identifying trends for the entire facility and issues for individual residents based on items such as cognitive function, nutritional status, food and water intake, activity level, sleep status, drug use and elimination status, and refine care services to effectively promote maintenance and improvement. The operator will also enhance education on using the data.

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4. Social : Social Initiatives

Initiatives in Collaboration with the Operators

- Efforts to Prevent Medication Errors at Facilities



Operators

Noah Konzer Co., Ltd. has developed a medication administration system called "Fukuyakkun" based on operation of its own facilities, to prevent medication errors by users and improve the work efficiency of facility staff.

1. Development Background

Medication errors (i.e., mistakenly given or forgotten medications) should never happen, but they do, mostly caused by human error, and checking to prevent medication errors has been a major burden for staff at facilities.

2. Mechanism of Medication Error Prevention

When facility staff hand out medication to a resident, they use a mobile terminal to read three QR codes: 1) for the resident, 2) for the staff and 3) for the medication bag in order to prevent errors by checking whether the medication is not for the wrong person, being administered at the wrong time, or a double dose.

In addition, three functions - 1) checking medication status on the computer, 2) checking the list of missed medications on the mobile terminal, and 3) an email notification of missed medication - can prevent forgotten medications.



3. Effects of Introducing Fukuyakkun

The development of Fukuyakkun has made it possible for one staff member and one mobile terminal to reliably check medications, improving operational efficiency at facilities where multiple staff members used to check medications multiple times.

It also enables centralized management of medication tasks, from medication receipt and inspection to distribution, support and completion checks, reducing time spent on medication preparation, administration checks and residual medication checks.

The system has been recognized to protect not only residents but also facility staff from medication errors, so as of November 15, 2022, it has been introduced at 520 facilities in Japan (according to the operator's survey).



- Tenant (Operator) Satisfaction Survey

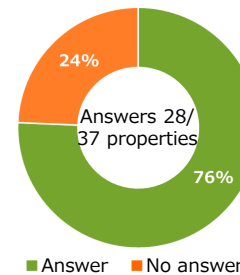


HAM & Operators

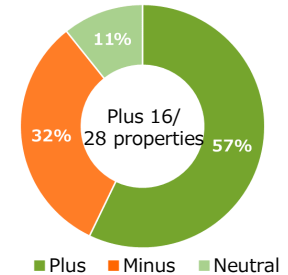
- HAM conducts a satisfaction survey of operators of its properties on a regular basis (in principle once a year), and shares the results of this survey (requests, issues, etc.) with the property management company to increase operator satisfaction.

Survey results (conducted in February 2022)

Survey collection rate



Satisfaction NPS (Number of satisfaction - Number of dissatisfaction)



- Installation of negative pressure ventilator



HCM & Operators

As part of interior arrangements to isolate COVID-19-positive individuals or residents suspected of infection, a simple HEPA ceiling-embedded negative pressure ventilator was installed in short-term care rooms at Green Life Moriguchi.



4. Social : Social Initiatives

Initiatives in Collaboration with the Operators

- Installation of In-House Power Generation Facilities



HAM & Operators

Of the 48 properties owned by HCM as of the end of November 2022, 46 properties (about 95.8%) are equipped with in-house power generation facilities, forming a system prepared for emergencies.

- ESG Promotion Activities for Tenants (Operators)



HAM & Operators

- ESG Workshops for Operators

HCM holds ESG workshops for operators of its properties to deepen their understanding and to introduce and promote initiatives to address issues based on HAM's Basic Policy on ESG.

- Distribution of SDGs Promotion Leaflets

HCM distributes "SDGs promotion leaflets" to operators of properties it owns to promote the SDGs during facilities use.

- Sponsorship of Music Concerts Organized by Operators

HAM sponsored the Nichii Home Autumn Music Festival 2022 organized by operator Nichii Carepalace Company in October 2022.



- Contribution to Local Communities



HCM & Operators

- Employment support for people with disabilities

At "Green Life Moriguchi" and "SHIP Senri Building," hydroponic cultivation of vegetables is carried out as a job assistance project for people with disabilities.

GreenLife Moriguchi (GREEN LIFE Co., Ltd.)



GREEN FARM Senri Chuo (SHIP HEALTHCARE FOOD Co., Ltd.)



4. Social : Social Initiatives

Initiatives in Collaboration with the Operators

➤ Combining Facilities with Daycares for children

As of the end of July 2022, 4 of the 47 properties owned by HCM were contributing to the local community by housing daycare facilities.

Combined-Use Facilities

Property name	Contract area
AQUAMARINE Nishinomiyahama	1769.00㎡
ASHEIM Bunkyo Hakusan	
Kobe Gakuentoshi Building	
SHIP Senri Building	

➤ Combining Facilities with Clinics, Pharmacies, and Day Centers

The properties owned by HCM include some in which part of the area is leased to businesses other than facilities/housing for seniors, such as clinics, pharmacies, and day centers.

These areas are open to not only residents of the facility but also the local community in general, providing it with necessary medical and care services.

As of the end of July 2022, 8 of the 47 properties owned by HCM were contributing to the local community by housing clinics or pharmacies.

Combined-Use Facilities (clinic, pharmacy)

Property name	Contract area
Kobe Gakuentoshi Building	2900.46㎡
Smiling Home Medice Adachi	
AIKOEN ICHIBANKAN Building	
SOMPO CARE La vie Re Hama-Kawasaki	
Hanakotoba Shin-Yokohama	
Hanakotoba Shin-Yokohama II	
Royal Kawaguchi	
SHIP Senri Building	

As of the end of July 2022, 9 of the 48 properties owned by HCM were contributing to the local community by housing day centers.

Combined-Use Facilities (Day Centers)

Property name
SAWAYAKA Tachibanakan
SAWAYAKA Mekarikan
SOMPO CARE La vie Re Hama-Kawasaki
Royal Kawaguchi
Heartland Kawaguchi Meiseien
NOAH GARDEN LEGEND
NOAH GARDEN L Grace
NOAH GARDEN CASA RICH
NOAH GARDEN Season Bell

➤ ASHEIM Bunkyo Hakusan (Kids Harmony Hakusan)



4. Social : Social Initiatives

Positive Impact of Investing in Healthcare Facilities

- Investment in Affordable Senior Housing

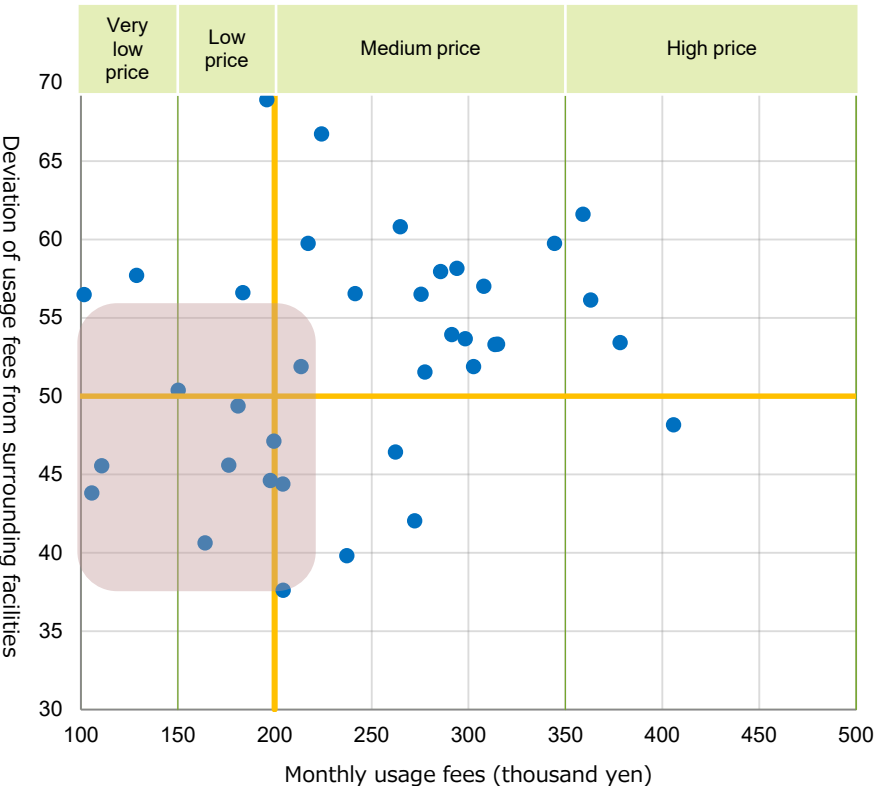


HCM & Operators

The scatter plots below show the monthly fees of HCM's main facilities on the horizontal axis and the deviation compared with surrounding facilities on the vertical axis. Our investments are diversified rather than skewing toward a high price range.

In particular, the facilities with reasonable monthly fees for their area (the lower-left shaded area) are not only price-competitive but also affordable to a wide range of elderly people. HCM defines these facilities as affordable facilities.

HCM and HAM believe that investing in these affordable facilities for the elderly can contribute to the development and revitalization of communities where people can continue to live.



Data source: Prepared by HAM based on "Paid Nursing Home Product Data: Average Monthly Cost for 60-month Nursing Care Residents" and "Average Monthly Cost for 120-month Independent Residents" by Tamura Planning & Operating.

- Efforts to Appoint Female Facility Managers



Operators

The percentage of female facility managers at HCM-owned properties reached 31.9% in FY2022, and women are being actively promoted to managerial positions.

Proportion of Female Facility Managers at Properties Owned by HCM (Note1)

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Number of target properties (Note2)	34	35	36	47
Number of male	23	23	25	32
Male ratio	67.6%	65.7%	69.4%	68.1%
Number of female	11	12	11	15
Female ratio	32.4%	34.3%	30.6%	31.9%

(Note1) Created based on the disclosure statement of important matters for each facility obtained by HAM every fiscal year.

(Note2) Covers properties owned by HCM at the end of each year, excluding Niigata Rehabilitation Hospital. "SHIP Senri Building" covers Well House Senri-Chuo, a pay nursing home with care services.

4. Social : Initiatives aimed at HAM Executives and Employees

Initiatives at HAM

Human Capital Development

HAM

Personnel Data (Diversity & Inclusion)

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Number of executives and employees (Note1)	15	16	18	19
(Number of directly hired executives and employees)	8	9	10	14
(Number of assigned employees)	7	6	8	5
Number of male	14	15	17	18
Male ratio	93.3%	93.8%	94.4%	94.7%
Number of female	1	1	1	1
Female ratio	6.7%	6.3%	5.6%	5.3%
Number of manager	5	5	6	6
Number of male	5	5	6	6
Male ratio	100.0%	100.0%	100.0%	100.0%
Number of female	0	0	0	0
Female ratio	0.0%	0.0%	0.0%	0.0%
Number of new hires	2	2	1	4
Number of employees leaving the company	1	1	0	0
Annual turnover rate (Note2)	6.3%	5.9%	0.0%	0.0%
Average monthly overtime hours	40.1	27.5	25.6	35.9
Average employment	2 years and 5 months	3 years and 0 months	3 years and 4 months	3 years and 3 months
Average paid leave acquired	11.7	16.3	10.9	11.2
Acquisition Rate	55.9%	71.1%	53.3%	56.1%
Health examination / screening rate	100%	100%	100%	100%
Occupational injury frequency (Note3)	0%	0%	0%	0%

(Note1) Numbers of employees are as of the end of each fiscal year (March 31).

(Note2) The ratio of employees leaving the company to total employees as of the end of each fiscal period (March 31) are indicated.

(Note3) Occupational injury frequency = Number of occupational injury ÷ Total actual working hours × 1,000,000

Human Capital Development Initiatives / Framework for Ensuring that Executives and Employees Are Suitably Motivated

In order for employees to improve their professional skills, HAM recommends the acquisition of qualifications that are closely related to our business, such as a Real Estate Notary license or ARES Certified Master license.

Number of Employees Holding Qualifications as of the End of October 2022 (including employees on temporary assignment from the sponsors, etc.)	Ratio
Real Estate Notary	13 65.0%
ARES Certified Master	11 55.0%
First-Class Architect	1 5.0%
Property Manager	1 5.0%
Real Estate Consulting Master	1 5.0%
Certified Building Administrator	1 5.0%
Small and Medium Enterprise Management Consultant	1 5.0%
Certified International Investment Analyst	1 5.0%
Chartered Member Analyst of the Securities Analysts Association of Japan	2 10.0%
Medical Management Specialist, Second Grade	1 5.0%
Medical Management Specialist, Third Grade	4 20.0%

4. Social : Initiatives aimed at HAM Executives and Employees

Initiatives at HAM

In order to foster and improve self-directed compliance awareness, we hold monthly compliance workshops and rigorously implement customer-oriented business operations (fiduciary duty) for all executives and employees.

	Fiscal 2020	Fiscal 2021	Fiscal 2022
Number of compliance workshops	22	23	14
Number of participation in external compliance workshops	13	26	6

(Note) The number of compliance workshops held in fiscal 2022 and the number of participants in external training are based on the actual number of meetings held and participated in from April to November 2022.

Main theme of compliance workshops	Fiscal 2020 (Number of participants/ Participation rate) (Note)	Fiscal 2021	Fiscal 2022
Compliance program of each fiscal year	20 /100%	21 /100%	22 /100%
FSA Administrative Guidelines, Supervisory Guidelines, Basic Policy on Securities Monitoring, etc.	18 /100%	21 /100%	19 /100%
Basic Policy on Customer-Oriented Business Operation	20 /100%	–	19 /100%
Exclusion of anti social force	19 /100%	21 /100%	21 /100%
Insider Trading Regulations and Corporate Related Information Management System	20 /100%	21 /100%	20 /100%
Information Management as an Asset Management Company	20 /100%	21 /100%	20 /100%

Main theme of compliance workshops	Fiscal 2020 (Number of participants/ Participation rate) (Note)	Fiscal 2021	Fiscal 2022
Management of Personal Information and Data	20 /100%	21 /100%	20 /100%
Disclosure / Fair Disclosure	18 /100%	20 /100%	–
Regulations on Conduct under the Financial Instruments and Exchange Act, Issuance Disclosure and Distribution Disclosure	19 /100%	20 /100%	–
Appropriate Management of Related Party Transactions and Conflicts of Interest	18 /100%	20 /100%	19 /100%
Accidents, Scandals and Clerical Errors	19 /100%	21 /100%	–
Complaint Handling and Financial ADR System	21 /100%	22 /100%	–
Prevention of Money Laundering and Confirmation at Time of Transaction	18 /100%	20 /100%	20 /100%
FATCA	19 /100%	20 /100%	–
Reporting Obligations to FSA, MLIT, etc., Statutory Ledgers and Licensing Matters	20 /100%	20 /100%	–
Rules on Entertainment/Gifts and Prevention of Bribery	20 /100%	20 /100%	–
Human rights	–	–	18 /100%
Items of Special Note Regarding Real Estate Fund Managers	20 /100%	20 /100%	–
Confirmation Tests (first quarter)	16 /100%	16 /100%	16 /100%
Confirmation Tests (second quarter)	16 /100%	18 /100%	14 /100%
Confirmation Tests (third quarter)	16 /100%	18 /100%	–
Confirmation Tests (fourth quarter)	16 /100%	18 /100%	–

(Note) The participation rate is calculated using the number of full-time directors and employees as the denominator and the number of participants as the numerator. Follow-up training is provided for those absent on the day of the workshop, and the number of participants includes those who attended the follow-up training.

4. Social : Initiatives aimed at HAM Executives and Employees

Initiatives at HAM

➤ Actions Aimed at Securing Human Resources

HAM has continued to consider new hires for the purpose of ensuring that we have sufficient human resources and to promote the development of an employee-friendly working environment, such as actively encouraging employees to take paid leave (paid leave usage rate in FY2021: 56.1%), with the aim of improving the motivation of employees and executives and retaining them on a long-term basis.

In addition, as part of our human resources strategy, we are working to enhance our asset management operations by accepting highly specialized employees with diverse backgrounds from the sponsor companies.

➤ Initiatives for Fair Personnel Evaluation

HAM has revised its personnel evaluation system, clarifying the roles and abilities required for each employee level, to evaluate job performance, base element, and comprehensive achievement of three performance targets which consist of single-year targets, medium-term targets and skill development. The final evaluation for the year for each employee is determined through regular interviews with and feedback from primary and secondary evaluators, making it a fair personnel evaluation process.

➤ Benefits and work-life balance

✓ Introduction of Cumulative Investment System

We have introduced a cumulative investment system that allows directly hired executives and employees to purchase HCM investment units. It is expected that the introduction of this system will assist executives and employees with asset-building and make them more conscious of improving business performance, which we believe will contribute to the continuous growth of HCM and improved unitholder value. Moreover, with the aim of promoting investment unit acquisition by employees and thereby enhancing the impact of the system, we began providing financial incentives in April 2021.

✓ Introduction of Corporate Defined Contribution Pension Plan

HAM has introduced a corporate defined contribution pension plan as one of its benefit programs, with the aim of contributing to the lifelong stability and welfare of its executives and employees.

✓ Vacation System

HAM provides a vacation system which includes leave for weddings, funerals, pregnancy, childbirth, childcare, sick or injured children and family care.

✓ Premium Friday

As part of our efforts to reform the way we work, we encourage employees to leave the office early on "Premium Friday" (the last Friday of the month).

✓ Health Examinations

Health examinations with items of inspection exceeding the legal requirement are conducted once every year.

✓ Employee Satisfaction Survey

We conducted a questionnaire survey on employee satisfaction in and 2021 through a third-party investigation agency in order to understand employee's perceptions of work as well as the conditions of the workspace and to realize an office environment that is conducive to work. Employees were questioned anonymously on items such as resonance with the corporate philosophy, worthwhileness of work and personal relationship and atmosphere of the workplace. The results of the survey were shared with all employees. We will continue introducing measures that will further increase the satisfaction of employees.

➤ Arrangement of the Office Environment

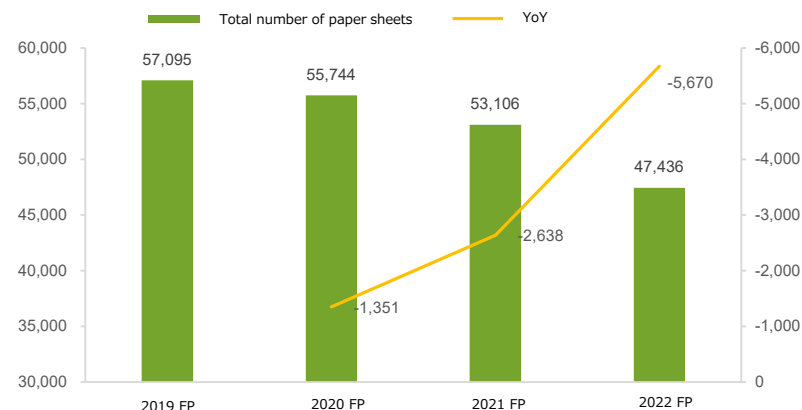
HAM implements the following in an effort to establish an environment that is conducive to the work of employees.

- Introduction of a system of remote working
- All executives and employees are lent laptops with secure communication environments via VPN connection.
- Monitors, etc. are loaned to those who wish to ensure a working environment equivalent to an office.
- Installation of multiple low-concentration ozone generators (Airmess)
- Installation of large-scale monitors in meeting rooms



➤ Digitization of Internal Meeting Materials

In September 2022, HAM implemented a paperless system for meeting materials at its officer meetings, Management Committee meetings and Board of Directors meetings in order to reduce environmental impact. As a result of this initiative, the total number of paper sheets used for approximately three months was reduced by 5,670 sheets (approx. 10.7%) year-on-year.



(Note) Calculated based on the total for the three-month period from August 21 to November 20 of each fiscal year.

5. Governance

Governance System to Ensure Appropriate Asset Management

Corporate Governance

Corporate Governance

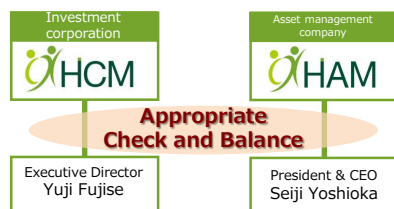
The institutional operation of HCM is conducted by the General Meeting of Unitholders comprised of HCM's unitholders in addition to the Board of Directors comprised of one executive director and two supervisory directors, as well as the accounting auditor.

Directors' compensations are stipulated by the Articles of Incorporation. The maximum compensation for the executive director is 500,000 yen per month per person and the monthly compensation is determined by the Board of Directors. The maximum compensation for the supervisory directors is 500,000 yen per month per person and the monthly compensation is determined by the Board of Directors.

Furthermore, as employment is forbidden to HCM by the Act on Investment Trusts and Investment Corporations, HCM does not employ any employees but entrusts the management of its assets to the Asset Management Company.

Separation of Executive Director of HCM and President & CEO of HAM

From November 1, 2020, the system in which President & CEO of HAM concurrently serves as executive director of HCM was dissolved.



Board of Directors Meetings, Executive Director and Supervisory Director

The supervisory directors were replaced at the General Meeting of Unitholders held in October 2022. Supervisory Director Shida, who served four terms, retired and Supervisory Director Sato was appointed. The executive directors and supervisory directors attended all board meetings held.

Title	Name	Profession · Expertise	Gender	Years in office	Status of Attendance in Board of Directors Meetings
Executive Director	Yuji Fujise	Shimada Hamba & Osajima Lawyer	Male	2 years and 1 month	16 times/16 times (100%)
Supervisory Director	Sachihiko Fujimoto	Hayabusa Asuka Law Offices Counsel, Certified public accountant	Male	8 years	16 times/16 times (100%)
Supervisory Director	Kaori Sato	Torikai Law Office Partner, Lawyer	Female	1 month	Once/Once (100%)

[Reference: Information on Former Supervisory Directors (Dec 2014 to Oct 2022)]

Previous Supervisory Director	Yasuo Shida	Blakemore & Mitsuki Partner, Lawyer	Male	7 years and 11 months	15 times/15 times (100%)
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(Note 1) The term of office is from the time of appointment to the end of November 2022.

(Note 2) The number of board meetings attended is based on the actual number of board meetings held from November 2021 to November 2022 during the tenure of each director.

Appropriate Management of Conflicts of Interest

- Related party is defined in broader terms than interested party, etc. under the Investment Trust Law, and established a system to carry out transactions after conducting rigorous examinations. For details of the decision-making process, please refer to "Decision-Making Flow Concerning Acquisition of Assets Under Management" on the next page.



- Fee for property acquisition from related party or property transfer to related party Acquisition or transfer price × **0.5%** (usually 1.0%) is upper limit.

Compensation for the Asset Management Company

Total compensation	
14th Fiscal Period (ended Jan. 2022)	15th Fiscal Period (ended Jul.2022)
200,330 thousand yen	203,435 thousand yen

(Note) Apart from the above, 66,960 thousand yen of asset management fees were generated in the 15th fiscal period (ended Jul. 2022) for property acquisition included in the book value of real estate, etc.

Compensation for the Auditor

Title	Name	Total compensation	
		14th Fiscal Period (ended Jan. 2022)	15th Fiscal Period (ended Jul.2022)
Accounting auditor	PricewaterhouseCoopers Aarata LLC	7,500 thousand yen	9,500 thousand yen

Compensation for the Directors

Title	Name	14th Fiscal Period (ended Jan. 2022)		15th Fiscal Period (ended Jul.2022)		16th Fiscal Period (ended Jan.2023) (Note 1)	
		Monthly Compensation	Total Compensation	Monthly Compensation	Total Compensation	Monthly Compensation	Total Compensation
Executive Director	Yuji Fujise	300 thousand yen	1,800 thousand yen	300 thousand yen	1,800 thousand yen	300 thousand yen (Note 2)	2,100 thousand yen
Supervisory Director	Sachihiko Fujimoto	250 thousand yen	1,500 thousand yen	250 thousand yen	1,500 thousand yen	250 thousand yen	1,500 thousand yen
Supervisory Director	Kaori Sato	—	—	—	—	250 thousand yen	750 thousand yen

[Reference: Information on Former Supervisory Directors (Dec 2014 to Oct 2022)]

Previous Supervisory Director	Yasuo Shida	250 thousand yen	1,500 thousand yen	250 thousand yen	1,500 thousand yen	250 thousand yen	750 thousand yen
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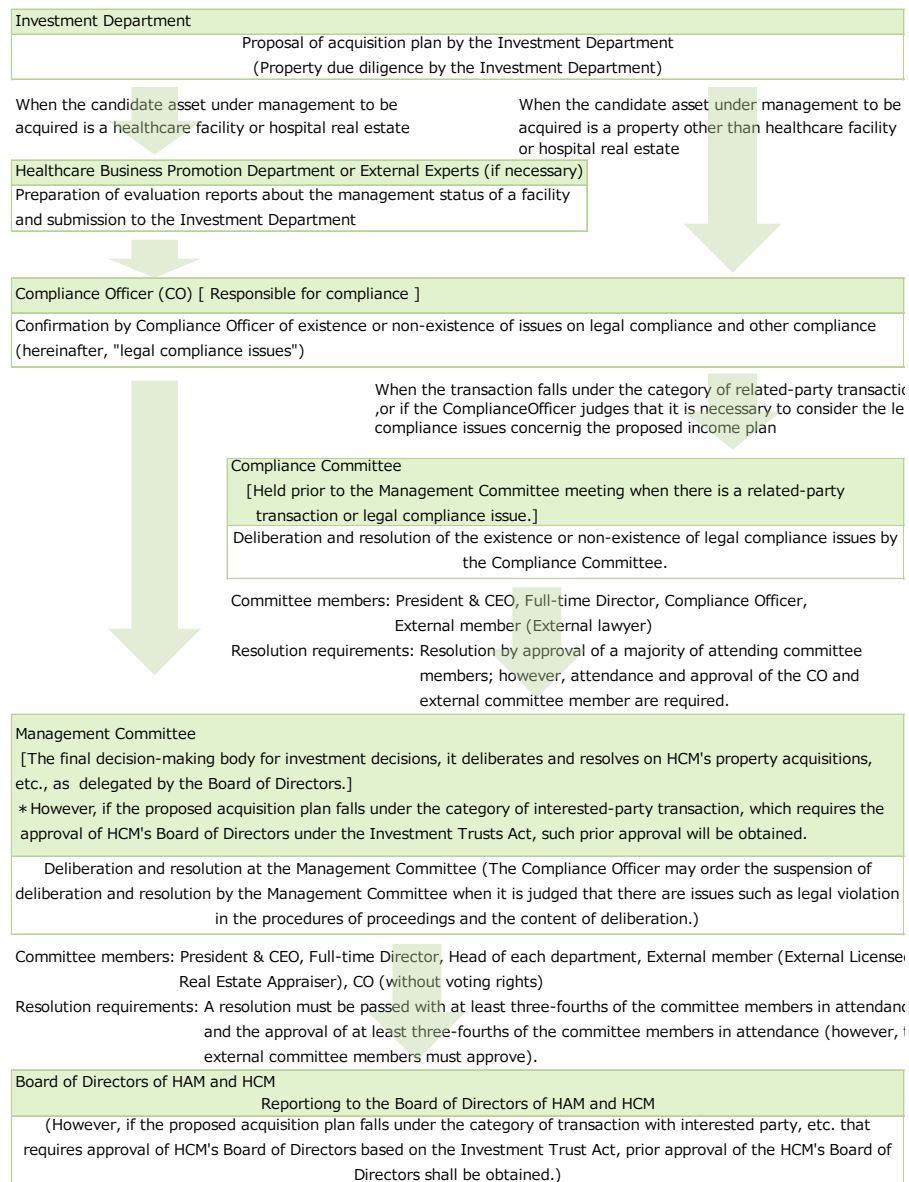
(Note 1) Total compensation for the 16th fiscal period is an estimated amount.

(Note 2) Monthly compensation for executive directors has changed to 400 thousand yen since November 2022.

5. Governance

Initiatives at HCM and HAM

➤ Decision-Making Flow Concerning Acquisition of Assets Under Management



➤ External Members of the Management Committee and Compliance Committee

The members of HAM's Management Committee and Compliance Committee are comprised of outside experts selected by the Board of Directors. Checks for conflicts of interest are set in place and the fairness, objectivity and validity of the committees' decision making are ensured. The external members of the Management Committee and Compliance Committee are as follows.

Compliance Committee

	Name	Gender	Profession/ Title	voting right	veto right
Chairperson	Hiroyuki Matsumoto	Male	HAM/ Compliance Officer	●	○
External member	Eriko Matsuno	Female	Attorney/ Tokyo J Law Offices Representative	●	○
Member	Seiji Yoshioka	Male	HAM/ Representative Director	○	—
Member	Kyosuke Umezu	Male	HAM/ Full-time Director	○	—
Member	Atsushi Tanno	Male	HAM/ Director and Chief Investment Officer	○	—

Resolution requirements: Resolution by approval of a majority of attending committee members; however, attendance and approval of the CO and external committee member are required.

Management Committee

	Name	Gender	Profession/ Title	voting right	veto right
Chairperson	Seij Yoshioka	Male	HAM/ Representative Director	○	—
External member	Toshiko Okamura	Female	Licensed Real Estate Appraiser/ Toukatsu Real Estate Appraisal Representative	●	○
Member	Kyosuke Umezu	Male	HAM/ Full-time Director	○	—
Member	Atsushi Tanno	Male	HAM/ Director and Chief Investment Officer	○	—
Member	Atsumasa Furuya	Male	HAM/ Head of Financial Management Division	○	—
Member	Kazushige Endo	Male	HAM/ Chief Asset Management Officer	○	—
Member	Noboru Kushige	Male	HAM/ Chief Healthcare Business Promotion Officer	○	—
Member	Hiroyuki Matsumoto	Male	HAM/ Compliance Officer	—	○

Resolution requirements: A resolution must be passed with at least three-fourths of the committee members in attendance and the approval of at least three-fourths of the committee members in attendance (however, the external committee member must approve).

➤ Ratio of Women and External (Outside) Members in Each Committee

Meeting structure	Ratio of Women	Ratio of External (Outside) Members
Board of Directors of HCM	33.3%	66.7%
Board of Directors of HAM	0.0%	0.0%
Management Committee	12.5%	12.5%
Compliance Committee	20.0%	20.0%

(Note) The external (outside) ratio is the ratio of outside officers and committee members who are independent from the shareholders of the HAM. Independence is determined in accordance with the requirements for outside directors as stipulated in Article 2, Paragraph 15 of the Companies Act.

5. Governance

Compliance and Risk Management Systems

- Compliance

HCM &
HAM

- Compliance System

HAM, fully cognizant of the significance of the fact that the asset management it conducts with the assets of HCM constitutes the management of the funds of HCM's investors, in order to ensure the development of an appropriate management structure, has set up the Compliance Office as a division responsible for matters pertaining to compliance of HAM, and has appointed a Compliance Officer as an individual responsible for supervising matters pertaining to compliance, thereby ensuring the effectiveness of the function of internal oversight of other departments. The appointment or the dismissal of the Compliance Officer will be processed through the resolution of the Board of Directors.

The Compliance Officer, as the key person responsible for compliance at HAM, is charged with establishing and maintaining the internal compliance structure of the company and raising the level of standards awareness within the company with regard to compliance with all applicable laws and rules. Also, the Compliance Officer will promote awareness of compliance of executives and employees and disseminate compliance through the planning and implementation of compliance trainings for executives and employees. To those ends, the Compliance Officer continually monitors to ensure that all operations conducted for the asset management of HCM by HAM comply with all applicable laws and the Articles of Incorporation of HCM, and exercises supervision over the overall internal compliance environment in daily operations.

In view of the importance of the duties of the Compliance Officer, only a person having adequate investigative and supervisory capacity for ensuring compliance with all applicable laws, regulations and rules will be appointed as the Compliance Officer.

- Formulation and Execution of the Compliance Manual

In order to ensure thorough compliance with laws, etc. (referring to laws, ordinances, regulations and other orders HAM must observe in executing operations, the regulations of the Investment Trusts Association, Japan (the "Investment Trusts Association"), the regulations of the financial instruments exchange to which HCM is listed, the Articles of Incorporation of HCM, the Articles of Incorporation and in-house rules of HAM and the agreements concluded by HAM based on such (including asset management entrustment agreements), etc.), HAM has established the Compliance Rules and the Compliance Manual, has formulated the Compliance Program, which is a concrete practice plan for realizing compliance with laws, etc., and will strive to implement compliance with laws, etc. in accordance with the program.

- Initiatives to Prevent Corruption, Eliminate Anti-Social Forces, and Prevent Money Laundering and Terrorist Funding

HAM has established a system to strictly prohibit and prevent corruption, such as bribery, money laundering, embezzlement, and other violations of the law. This includes the establishment of the Rules on Prevention of Bribery, Reception of Gifts and Rules on Handling of Verifications on Transactions.

As a basic policy for eliminating anti-social forces, HAM stipulates that "it will sever any ties whatsoever with anti-social forces, reject unjust demands from them, engage in no backroom deals with and provide no funds to them, and, if necessary, take legal action against them and adopt a company-wide response to anti-social forces while collaborating with specialized external organizations."

Based on this basic policy, HAM severs all ties with anti-social forces, ensures appropriate management of HAM, and prevents significant harm to stakeholders, including executives and employees, and shareholders, and with the aim of fulfilling HAM's social responsibilities, it has established Regulations for Eliminating Anti-Social Forces and Manual for Eliminating Anti-Social Forces, etc., which stipulate policies and specific procedures for handling their elimination.

Furthermore, it has established a department for handling anti-social forces and a supervisory officer, and through internal compliance training, it aims to comprehensively inform all executives and employees about the policies for eliminating anti-social forces and the methods of handling them.

- Establishment of Internal Reporting System

HAM has established a system for consultation and appropriate handling of reports related to violations and other questionable acts or facts in relation to laws and other societal standards and the Compliance Manual (compliance-related information). Both internal and external points of contact are in place.

- Compliance workshops

In order to foster and improve self-directed compliance awareness, we hold monthly compliance workshops and rigorously implement customer-oriented business operations (fiduciary duty) for all executives and employees.

5. Governance

Compliance and Risk Management Systems

- Risk Management

HCM &
HAM

- Risk Management

With regard to the various risks concerning investment management, HCM observes the rules stipulated in the Investment Trust Act and other related laws and regulations. Also, HAM establishes appropriate company regulations for such risks, sets forth necessary organizational structures and educates executives and employees in order to enhance their mindfulness of compliance, among other measures. The specific initiatives are as follows.

A. HCM

HCM is managed by the Board of Directors comprised of one executive director and two supervisory directors. The Board of Directors convenes at least once every three months as necessary to pass resolutions pertaining to matters stipulated by law and HCM's Board of Directors' Rules and report on the status of execution of operations by HAM and executive director of HCM. This system enables supervisory directors that are independent from HAM and interested parties, etc. to supervise the status of execution of operations. Also, the supervisory directors may request reports concerning the operations and financial status of HCM from HAM, the asset custody company, etc. and conduct necessary investigations.

B. HAM

In order to appropriately manage various risks, HAM has formulated the Risk Management Rules as company regulations, stipulating that significant risks must be reported to the Board of Directors without delay. Additionally, HAM has formulated the Related Party Transaction Rules in order to prevent harm to the interests of HCM, thereby establishing strict rules against conflicts of interest. Regarding compliance, HAM has established the Compliance Regulations and the Compliance Manual to promote thorough legal compliance, has formulated the Compliance Program, which is a concrete practice plan for realizing compliance with laws, etc., and will strive to implement compliance with laws, etc. in accordance with the program.

Furthermore, HAM has formulated the Internal Audit Rules to secure adequacy of operations and promote efficient management, thereby establishing a self-monitoring system.

- Internal Audits

A. Organization and Details of Internal Audits

The internal audits of HAM are conducted by the Internal Audit Office and Internal Audit Office Manager. Moreover, when the Compliance Officer also occupies the post of Internal Audit Office Manager, the Head of Financial & Administration Department shall have authority over and owe duty for internal audits concerning the operations of the Compliance Officer and Compliance Office.

(The person appointed to the post of Head of Financial & Administration Department shall be one with sufficient knowledge and experience for proper execution of internal audits of the Compliance Officer and Compliance Office.)

The internal audits will target all organizations and divisions and their operations.

The Internal Audit Division formulates an internal audit plan upon understanding the conditions of internal management, risk management, etc. of audited divisions. In principle, internal audits shall be conducted based on the internal audit plan at least once a year (periodic audits). However, audits will also be conducted by special order of the Representative Director (special audits). Special audits shall be prescribed by the Representative Director when it is recognized to be particularly necessary in cases where, during an internal audit plan's target period, facts contrary to the conditions of internal management, risk management, etc. of audited divisions grasped as of the formulation of the internal audit plan come to light.

When internal audits are being conducted, each division must present and explain documents, registers, etc. to the Internal Audit Office and Internal Audit Office Manager as requested and cooperate for the smooth implementation of the audit.

B. Remedial Measures Based on Results of Internal Audits

The Internal Audit Office and Internal Audit Office Manager shall notify the audited divisions of the audit results. The Representative Director may issue recommendations for improvement to an audited division in light of the audit results. The audited division shall then prepare an improvement plan and, having effected the improvement, report to the Representative Director and Internal Audit Office Manager with regard to the status of improvement. The Representative Director and Internal Audit Office Manager shall then deliberate the content of the report, thereby confirming the effective functioning of the internal audit.

- BCP Measures

In preparation for emergency situations that may occur in the course of management of HCM's assets due primarily to large-scale earthquakes, fires, typhoons, storms, flooding, abnormal weather and other natural disasters, other man-made disasters such as terrorist attacks and cyberattacks, infectious diseases such as novel influenza viruses or damage/disruption of lifelines, HAM has established a Crisis Management Manual for a policy of measures of preparation, ensuring of chain-of-command, prevention of spread of damage and continuation of important operations for the purpose of promptly ensuring the safety of executives and employees, reducing risk and damage, preventing an increase of loss for unitholders and stakeholders, ensuring continuation of important operations and early recovery, etc.

Also, HAM's office, general warehouse, etc. are equipped with three days' worth of emergency food and water for executives and employees and other stockpiles and equipment.

- Confirmation of Safety

In order to quickly grasp the situation and safety of executives and employees in a disaster, HAM has introduced a system of confirming safety using the internet and emails as part of the company's crisis management strategy. Safety confirmation trainings are conducted at least once a year. The participation rate in fiscal 2022 was 100%.

6. Social Finance

SDGs Social Finance Framework

JCR Social Finance Framework Evaluation The highest evaluation Social 1 (F)

Social bond

Date of issue : January 30, 2020 **Period : 10 years**
Amount of issue : 2 billion yen **Interest rate : 0.78%**

Social loan

Social loan balance : 32.15 billion yen
(about 86.5% of the loan balance)
(As of October 31, 2022)
※ New loans after January 2019 are all social loans.

What Is Social Finance?

Social Finance refers to finance with issuance of bonds and loans “that raise funds for new and existing projects with positive social outcomes.” Specifically, it is a financing approach where (i) The use of funds is limited to projects with a high degree of contribution to society, (ii) The funds are reliably tracked and managed, and (iii) Transparency is secured through reporting after the fund-raising.

ESG financing is showing signs of spreading to various financing tools rather than just bonds in recent years. There is already encouragement being explicitly made for investment in various financial instruments, such as the “Green Loan Principles” published by the Loan Market Association for green projects.

In the “Recommendation from the High Level Meeting on ESG Finance - Toward becoming a big power in ESG finance-” announced by the Ministry of the Environment on July 27, 2018, promotion of ESG financing that have ESG and SDG contributions as the use of proceeds has been incorporated as follows:

“We understand that a strategic shift toward a decarbonized, sustainable society is exactly the source of Japan’s competitiveness and “new growth,” as both the Paris Agreement and Sustainable Development Goals (SDGs) pursue such a society. Against this backdrop, we have confirmed that it is essential to develop ESG investments, which are being accelerated ahead in direct finance, into those with a larger social impact, and to realize ESG financing in indirect finance as well through collaborations between regional financial institutions and local governments, etc. with financial institutions’ responses to the global trend in mind... Given Japan’s financial structure centered on indirect finance, encouraging considerations to ESG in loan will also be a key to expansion of sustainable and inclusive ESG finance.”

Establishment of SDGs Social Finance Framework

HAM established the SDGs Social Finance Framework limiting the use of funds to investments with a high degree of social contribution when HCM raises funds through borrowings or issuance of bonds as social finance as well as defining the confirmation and management system of the status of allocation of procured funds and reporting system of the effect of social contribution, etc. The framework limits the use of funds procured from social financing to new investments in healthcare facilities and refinancing. In addition, it also defines the criteria and process of project selection, fund management method, status of allocation of funds and reporting on social outcome.

JCR Social Finance Evaluation

What Is JCR Social Finance Evaluation?

JCR Social Finance Evaluation is an evaluation performed by Japan Credit Rating Agency, Ltd. (hereinafter, “JCR”) by confirming that the use of funds are in alignment with the Social Finance components of the principles published by the International Capital Market Association (ICMA) and consistent with the SDGs. In the confirmation and evaluation, the “Social Bond Principles” and “Mapping of SDGs and Social Project Categories” published by ICMA are used as reference indicators in the evaluation, and such include the “Social Finance Framework Evaluation,” an evaluation for the framework of fund procurement, “Social Loan Evaluation,” an evaluation for borrowings, and “Social Bond Evaluation,” an evaluation for bonds

Acquisition of First Social Finance Evaluation by a J-REIT

HCM was the first J-REIT to acquire social finance evaluation by JCR for the social finance framework and the social loans through which funds were procured in February 2019 (total of 11.75 billion yen). The impact of HCM’s businesses on the society, the management method of the procured funds, the information disclosure system, etc. were highly evaluated, and HCM received the highest evaluation for each item. For details, please refer to the evaluation report on JCR’s website.


Evaluation item	Result
Social Finance Framework Evaluation	Social1 (F)
Social Loan Evaluation	Social1

JCR website

<https://www.jcr.co.jp/en/>

First issuance of social bond of HCM

When the refinancing in January 2020, HCM issued the Social Bond for the first time with an aim to expand fund procurement methods by 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 by contribution to the realization of a sustainable society set in the SDGs.

Actions	Targets of SDGs	Expected effects of social contribution
Continuous investment in healthcare facilities and stable asset management		<ul style="list-style-type: none"> Elimination of the shortage of housing for the elderly against the population Promotion of earthquake resistance at hospitals Promotion of the shift of hospital functions to realize a sustainable society
		<ul style="list-style-type: none"> Promotion of social advancement of women who were forced to leave their jobs to be engaged in nursing care by promoting the supply of nursing care facilities
		<ul style="list-style-type: none"> Reduction of work burden of nursing care staff through ICT system investments in nursing care facilities

6. Social Finance

Status of Allocation of Social Loan and Social Bond

- Status of Use and Procurement of Funds (November 1, 2021 - October 31, 2022)

Use of funds		Fund procurement	
Acquisition of healthcare facilities	6 billion yen	Social loan	13 billion yen
Refinancing	7 billion yen	Social bond	—
Expenses, etc.(Note)	—	Own funds	—
Total	13 billion yen	Total	13 billion yen

(Note) Expenses include research expenses, investment unit issuance expenses, loan fees, etc. associated with property acquisition.

- List of Social Loans and Social Bond (November 1, 2021 - October 31, 2022)

HCM procured 7.0 billion yen on January 31, 2022, 5.5 billion yen on March 30, 2022, and 0.5 billion yen on September 30, 2022, and allocated the entire amount as funds for financing borrowings associated with the acquisition of trust beneficiary rights for healthcare facilities and refinancing such borrowings.

[List of Social Loans]

Lender	Borrowing amount	Interest rate	Drawdown date	Repayment date	Repayment method	Security
Loan syndicate with Sumitomo Mitsui Banking Corporation as an arranger	1.1 billion yen	Fixed interest rate	January 31, 2022	January 31, 2025	Lump-sum repayment on principal repayment date	Unsecured Unguaranteed
	5.9 billion yen	3-month TIBOR+0.45%		January 31, 2027		
SMBC	2 billion yen	3-month TIBOR+0.25%	March 30, 2022	March 30, 2023		
Loan syndicate with Sumitomo Mitsui Banking Corporation as an arranger	0.7 billion yen	3-month TIBOR+0.35%	March 30, 2022	January 31, 2026		
	2.8 billion yen	3-month TIBOR+0.55%		January 31, 2028		
SMBC	0.5 billion yen	3-month TIBOR+0.25%	September 30, 2022	January 31, 2023		

[Status of Use and Allocation of Funds]

Use of Funds	Allocation ratio	Unallocated amount
Funds for acquisition of healthcare facilities (including trust beneficiary rights)	46.2%	None
Funds for refinancing	53.8%	

[Borrowings for Refinancing]

Lender	Balance	Drawdown date	Refinancing date
Loan syndicate with Sumitomo Mitsui Banking Corporation as an arranger	2 billion yen	March 3, 2017	January 31, 2022
	3 billion yen	March 21, 2017	
	2 billion yen	February 1, 2019	

Initial use of funds

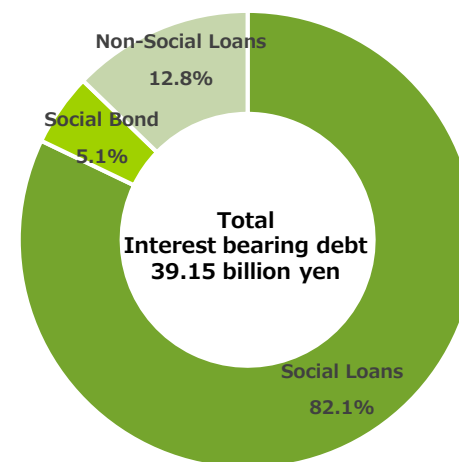
• Acquisition funds for Kobe Gakuentoshi Building, GreenLife Moriguchi, Hapine Kobe Uozaki Nibankan, Granda Tsuruma-Yamato, Smiling Home Medice Adachi and AIKOE ICHIBANKAN Building.

• Acquisition funds for AQUAMARINE Nishinomiya, ASHEIM Hikarigaoka, ASHEIM Bunkyo, SOMPO CARE La vie Re Machidaonaji, SOMPO CARE La vie Re Azamino, SAWAYAKA Tachibananakan, SAWAYAKA Mekarikan, SAWAYAKA Tagawakan, GOOD TIME HOME Fudo-mae, SOMPO CARE Somp no ie Awajiekimae, SOMPO CARE Somp no ie Kobekamisawa, Bonsejour Yotsugi, Medical Home Bonsejour Itami.

• SOMPO CARE La vie Re Hama-Kawasaki, Hanakotoba Shin-Yokohama, Hanakotoba Shin-Yokohama II, Hanakotoba Odawara, Verde Minowa, Verde Hotaka, Sunny Life Kita-Shinagawa, SHIP Senri Building.

Status of Social Finance (as of the end of October, 2022)

Social loans accounted for 32.15 billion yen (82.1%) and social bonds for 2.0 billion yen (5.1%) of total interest-bearing debt as of the end of October 2022, for a total of 34.15 billion yen (87.2%) procured through social finance.



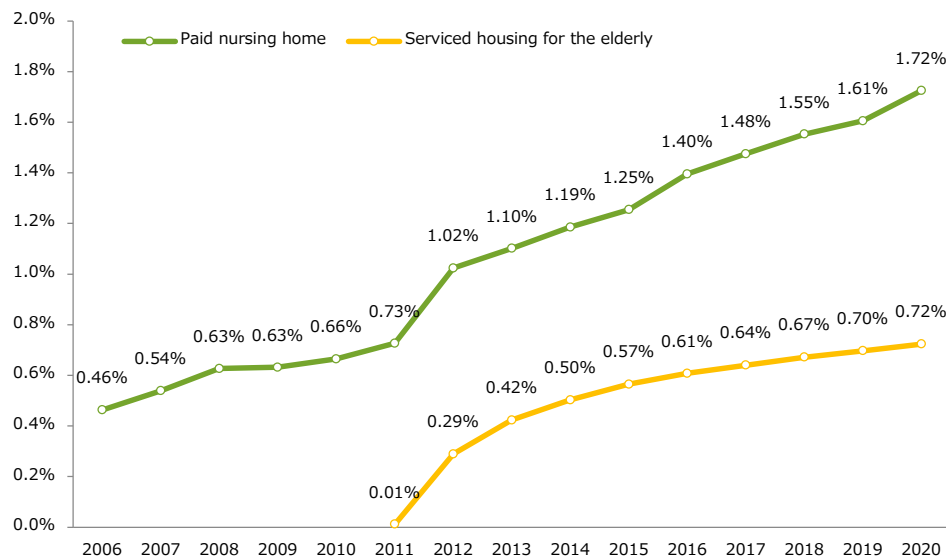
7. Outcome Indicators

Ratio of Housing for the Elderly to the Elderly Population

• Status of Supply of Healthcare Facilities

Although the supply of facilities and housing for the elderly is increasing every year in response to the growing demand for medical and nursing care service, the supply rate of paid nursing homes against the elderly population was 1.72% in 2020 and that of serviced housing for the elderly was only 0.72% in 2020.

[Supply Rate of Facilities and Housing for the Elderly Against the Elderly Population (Aged 65 Years or Older)]



(Source) Prepared by the Asset Management Company based on the "Overview of Survey on Social Welfare Facilities, etc." of Ministry of Health, Labour and Welfare, "Information Provision System of Serviced housing for the elderly" on the website of the Senior Housing Association, and "Population Estimation" of the Ministry of Internal Affairs and Communications.

Change in the Acquisition Amount and Number of Healthcare Facilities in the J-REIT Market

As of the end of October 2022, the total acquisition amount of healthcare facilities was 318,746 million yen and the cumulative number of properties was 174 in the J-REIT market. Of these, the cumulative acquisition amount for HCM was 80,007 million yen (25.1%) and the cumulative number of properties for HCM was 48 (27.6%).

(Unit: million yen, property)

	Acquisition amount of healthcare facilities				Number of healthcare facilities			
	Entire J-REIT market		HCM		Entire J-REIT market		HCM	
	Acquisition Price	Cumulative acquisition Price	Acquisition Price	Cumulative acquisition Price	Number of properties Acquired	Cumulative number of Properties	Number of properties Acquired	Cumulative number of Properties (Note1)
2001	0	0	0	0	0	0	0	0
2002	0	0	0	0	0	0	0	0
2003	0	0	0	0	0	0	0	0
2004	0	0	0	0	0	0	0	0
2005	0	0	0	0	0	0	0	0
2006	2,865	2,865	0	0	4	4	0	0
2007	5,600	8,465	0	0	4	8	0	0
2008	0	8,465	0	0	0	8	0	0
2009	0	8,465	0	0	0	8	0	0
2010	0	8,465	0	0	0	8	0	0
2011	0	8,465	0	0	0	8	0	0
2012	2,510	10,975	0	0	2	10	0	0
2013	1,980	12,955	0	0	2	12	0	0
2014	28,782	41,737	0	0	20	32	0	0
2015	63,411	105,148	23,683	23,683	40	72	16	16
2016	6,278	111,426	1,338	25,021	5	77	2	18
2017	18,417	129,843	15,483	40,504	10	87	7	25
2018	21,675	151,518	1,686	42,190	11	98	2	27
2019	38,900	190,418	22,691	64,881	13	111	8	35
2020	72,820	263,238	1,456	66,337	33	144	1 (Note2)	36
2021	27,237	290,475	720	67,057	12	156	1	37
January 2022	0	290,475	0	67,057	0	156	0	37
February 2022	6,248	296,723	6,248	73,305	6	162	6	43
March 2022	9,881	306,604	5,194	78,499	7	169	4	47
April 2022	2,340	308,944	0	78,499	1	170	0	47
May 2022	0	308,944	0	78,499	0	170	0	47
June 2022	0	308,944	0	78,499	0	170	0	47
July 2022	0	308,944	0	78,499	0	170	0	47
August 2022	0	308,944	0	78,499	0	170	0	47
September 2022	3,522	312,466	1,508	80,007	3	173	1	48
October 2022	6,280	318,746	0	80,007	1	174	0	48

(Source) Prepared by the Asset Management Company based on ARES J-REIT Databook (October 2022)

(Note1) The accumulated number of properties acquired by HCM is described, therefore, disposed properties aren't included in the calculation.

(Note2) Verde Hotaka (land) is not included in the number of properties acquired as it is based on the properties already owned.

8. Output Indicators (During the Reporting Period)

Properties Acquisition and Disposition during the Reporting Period (November 1, 2021 - October 31, 2022)

- HCM newly acquired six properties (total acquisition price:6,248 million yen) in February 2022, four properties (total acquisition price:5,194 million yen) in March 2022, one property (acquisition price:1,508 million yen) in September 2022.

Acquisition date	Property Name	Property type	Acquisition price (million yen)
February 1, 2022	SOMPO CARE La vie Re Kobeikawadani	Paid nursing home	1,288
	SOMPO CARE Sompno ie Sayama	Paid nursing home	600
	Royal Kawaguchi	Paid nursing home	1,260
	NOAH GARDEN LEGEND	Paid nursing home	859
	NOAH GARDEN L Grace	Paid nursing home	622
	NOAH GARDEN CASA RICH	Serviced housing for the elderly	1,619
March 30, 2022	NOAH GARDEN Season Bell	Paid nursing home	1,350
	Heartland Kawaguchi Meiseien	Paid nursing home	2,000
	Granda Minamiurawa	Paid nursing home	1,022
	Madoka Minamiurawa	Paid nursing home	822
September 30, 2022	Nichii Home Inage	Paid nursing home	1,508
Total			12,950

- HCM disposed one property (disposition price:1,450 million yen) in September 2022.

Disposition date	Property Name	Property type	Disposition price (million yen)
September 27, 2022	Medical Rehabilitation Home Bonsejour Komaki	Paid nursing home	1,450

[Change in Portfolio Status]

End of fiscal period ended July 2021 (13th FP)		End of October 2022		Comparison with End of 13th FP
Number of properties	37	Number of properties	47	+10
Total acquisition price	67.0 billion yen	Total acquisition price	78.7 billion yen	+11.6 billion yen
Total appraisal value	72.5 billion yen	Total appraisal value	86.5 billion yen	+14 billion yen
Average appraisal NOI yield	5.6%	Average appraisal NOI yield	5.5%	-0.1%
Hospital real estate	2	Hospital real estate	2	±0
Number of operators	13	Number of operators	16	+3
Occupancy Rate	100%	Occupancy Rate	99.9%	-0.1%
Average remaining lease term	12.7 years	Average remaining lease term	11.2 years	-1.5 years

Properties Acquisition during the Reporting Period (November 1, 2021 - October 31, 2022)

Paid nursing home	
	
Name	SOMPO CARE La vie Re Kobeikawadani
Location	Kobe-shi, Hyogo
Operator	SOMPO Care
Appraisal value	1,300 million yen
Acquisition price	1,288 million yen
Appraisal NOI yield	4.9%
Number of rooms/Resident capacity	80 rooms, 80 people

Paid nursing home	
	
Name	SOMPO CARE Sompno ie Sayama
Location	Sakai-shi, Osaka
Operator	SOMPO Care
Appraisal value	647 million yen
Acquisition price	600 million yen
Appraisal NOI yield	5.4%
Number of rooms/Resident capacity	50 rooms, 50 people

Paid nursing home	
	
Name	Royal Kawaguchi
Location	Kawaguchi-shi, Saitama
Operator	SENIOR LIFE SUPPORT
Appraisal value	1,310 million yen
Acquisition price	1,260 million yen
Appraisal NOI yield	4.9%
Number of rooms/Resident capacity	56 rooms, 56 people

Paid nursing home	
	
Name	NOAH GARDEN LEGEND
Location	Sapporo-shi, Hokkaido
Operator	NOAH KONZER
Appraisal value	910 million yen
Acquisition price	859 million yen
Appraisal NOI yield	5.6%
Number of rooms/Resident capacity	72 rooms, 72 people

8. Output Indicators (During the Reporting Period)

Properties Acquisition during the Reporting Period (November 1, 2021 - October 31, 2022)

Paid nursing home



Name	NOAH GARDEN L Grace
Location	Sapporo-shi, Hokkaido
Operator	NOAH KONZER
Appraisal value	660 million yen
Acquisition price	622 million yen
Appraisal NOI yield	5.6%
Number of rooms/Resident capacity	51 rooms, 51 people

Serviced housing for the elderly



Name	NOAH GARDEN CASA RICH
Location	Sapporo-shi, Hokkaido
Operator	NOAH KONZER
Appraisal value	1,730 million yen
Acquisition price	1,619 million yen
Appraisal NOI yield	5.6%
Number of rooms/Resident capacity	115 rooms, 115 people

Paid nursing home



Name	Granda Minamiurawa
Location	Kawaguchi-shi, Saitama
Operator	Benesse Style Care
Appraisal value	1,100 million yen
Acquisition price	1,022 million yen
Appraisal NOI yield	4.8%
Number of rooms/Resident capacity	58 rooms, 60 people

Paid nursing home



Name	Madoka Minamiurawa
Location	Kawaguchi-shi, Saitama
Operator	Benesse Style Care
Appraisal value	883 million yen
Acquisition price	822 million yen
Appraisal NOI yield	4.8%
Number of rooms/Resident capacity	54 rooms, 54 people

Paid nursing home



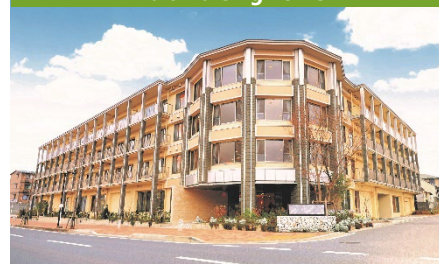
Name	NOAH GARDEN Season Bell
Location	Sapporo-shi, Hokkaido
Operator	NOAH KONZER
Appraisal value	1,520 million yen
Acquisition price	1,350 million yen
Appraisal NOI yield	5.8%
Number of rooms/Resident capacity	136 rooms, 136 people

Paid nursing home



Name	Heartland Kawaguchi Meiseien
Location	Kawaguchi-shi, Saitama
Operator	MEISHO
Appraisal value	2,180 million yen
Acquisition price	2,000 million yen
Appraisal NOI yield	5.0%
Number of rooms/Resident capacity	97 rooms, 100 people

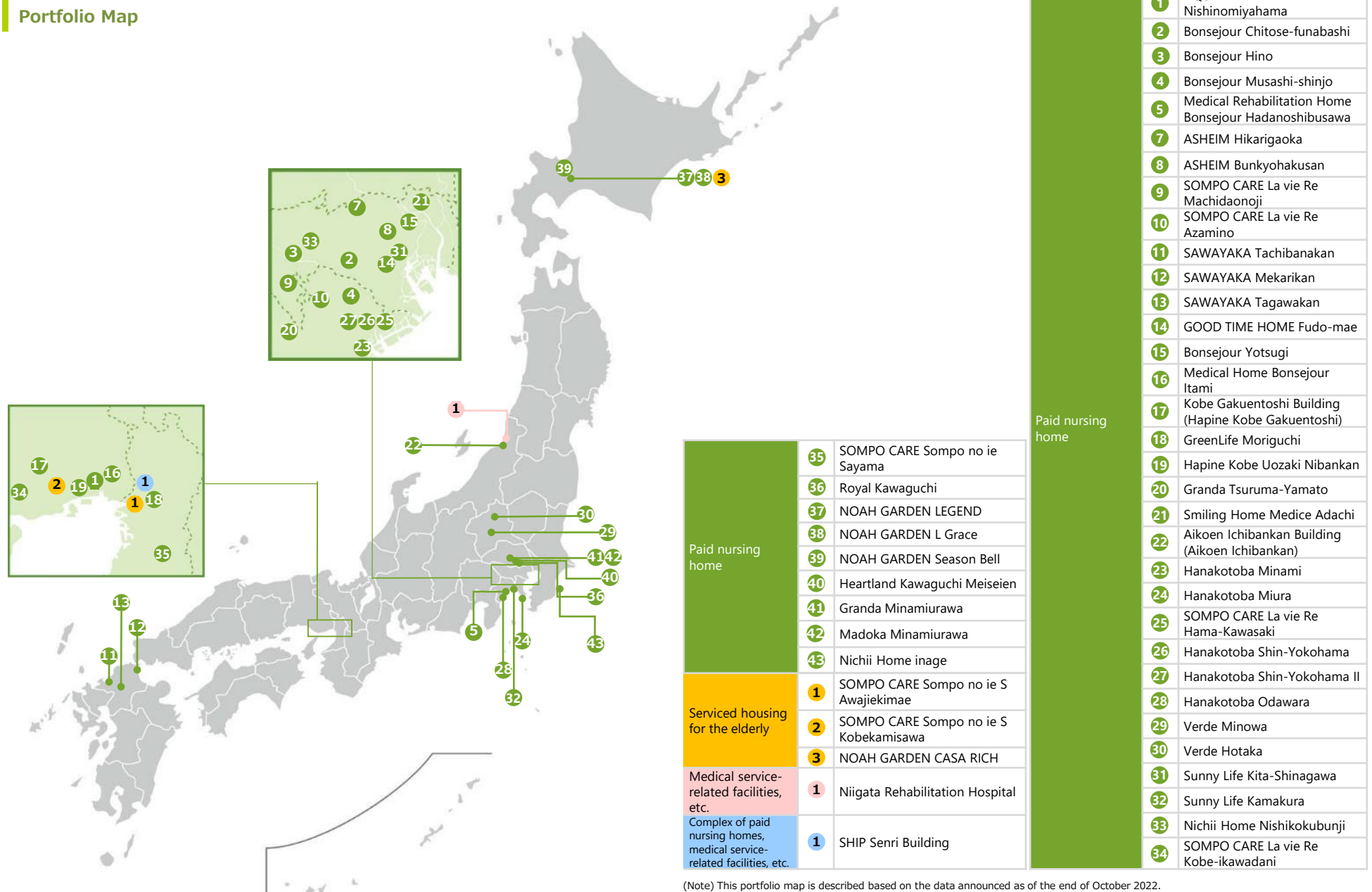
Paid nursing home



Name	Nichii Home Inage
Location	Chiba-shi, Chiba
Operator	Nichii Carepalace
Appraisal value	1,660 million yen
Acquisition price	1,508 million yen
Appraisal NOI yield	5.5 %
Number of rooms/Resident capacity	85 rooms, 95 people

8. Output Indicators

Portfolio Map



(Note) This portfolio map is described based on the data announced as of the end of October 2022.

8. Output Indicators

Summary of Buildings and Their Leasing Status (as of the end of 15th FP)

Property number	Property name	Structure/ No. of floors (Note 1)	Construction completion (Note 2)	leasable area (m ²) (Note 3)	Leased area (m ²) (Note 4)	No. of tenants (companies) (Note 5)	Operational rate (%) (Note 6)
Paid nursing home-1	AQUAMARINE Nishinomiya-hama	RC/5F	May 18, 2007	5,274.54	5,274.54	2	100.0
Paid nursing home-2	Bonjour Chitose-funabashi	RC/B1・6F	Mar. 8, 1988	2,342.17	2,342.17	1	100.0
Paid nursing home-3	Bonjour Hino	RC/3F	May 2, 1990	1,984.17	1,984.17	1	100.0
Paid nursing home-4	Bonjour Musashi-shinjo	RC/4F	Feb. 21, 1985	1,710.43	1,710.43	1	100.0
Paid nursing home-5	Medical Rehabilitation Home Bonjour Hadanoshibusawa	RC/5F	Jul. 17, 1991	3,435.79	3,435.79	1	100.0
Paid nursing home-6	Medical Rehabilitation Home Bonjour Komaki	SRC・RC・S/10F	Mar. 13, 1991	8,858.49	8,858.49	1	100.0
Paid nursing home-7	ASHEIM Hikarigaoka	RC/3F	Mar. 6, 2006	3,628.60	3,628.60	1	100.0
Paid nursing home-8	ASHEIM Bunkyo-hakusan	RC/8F	Feb. 27, 2007	2,507.25	2,507.25	2	100.0
Paid nursing home-9	SOMPO CARE La vie Re Machidaonji	RC/B1・6F	Oct. 29, 2007	7,720.17	7,720.17	1	100.0
Paid nursing home-10	SOMPO CARE La vie Re Azamino	RC/B1・5F	Mar. 1, 2004	5,789.25	5,789.25	1	100.0
Paid nursing home-11	SAWAYAKA Tachibanakan	RC/B1・6F	Oct. 31, 2005	5,652.94	5,652.94	1	100.0
Paid nursing home-12	SAWAYAKA Mekarikan	RC/4F	Nov. 15, 2005	4,720.46	4,720.46	1	100.0
Paid nursing home-13	SAWAYAKA Tagawakan	RC/3F	Jan. 20, 2006	2,366.20	2,366.20	1	100.0
Paid nursing home-14	GOOD TIME HOME Fudo-mae	RC/B1・5F	Mar. 18, 1992	3,400.20	3,400.20	1	100.0
Paid nursing home-15	Bonjour Yotsugi	RC/5F	Mar. 28, 1989	1,962.89	1,962.89	1	100.0
Paid nursing home-16	Medical Home Bonjour Itami	SRC/11F (exclusively-owned portion)	Mar. 3, 1989	2,129.87	2,129.87	1	100.0
Paid nursing home-17	Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)	RC/B1・9F	Jan. 7, 2009	12,636.48	12,636.48	1	100.0
Paid nursing home-18	GreenLife Moriguchi	S・RC/9F	Sep. 6, 2006	8,356.85	8,356.85	1	100.0
Paid nursing home-19	Hapine Kobe Uozaki Nibankan	S/B1・4F	Mar. 31, 2010	1,772.89	1,772.89	1	100.0
Paid nursing home-20	Granda Tsuruma-Yamato	RC・S/5F	Mar. 6, 1998	3,427.08	3,427.08	1	100.0
Paid nursing home-21	Smiling Home Medice Adachi	RC/4F	Nov. 16, 2005	3,870.98	3,870.98	2	100.0
Paid nursing home-22	AIKOEN ICHIBANKAN Building	S/5F	Feb. 4, 2010	4,311.20	4,125.97	3	95.7
Paid nursing home-23	Hanakotoba Minami	RC/7F	Feb. 24, 2010	1,710.68	1,710.68	1	100.0
Paid nursing home-24	Hanakotoba Miura	RC/4F	Jun. 27, 2007	1,959.64	1,959.64	1	100.0
Paid nursing home-25	SOMPO CARE La vie Re Hama-Kawasaki	RC/4F (exclusively-owned portion)	Mar. 8, 2007	4,060.21	4,060.21	5	100.0
Paid nursing home-26	Hanakotoba Shin-Yokohama	RC/9F	Mar. 15, 2004	5,230.23	5,230.23	1	100.0
Paid nursing home-27	Hanakotoba Shin-Yokohama II	RC/B1・7F	Apr. 25, 2007	1,837.29	1,837.29	1	100.0
Paid nursing home-28	Hanakotoba Odawara	RC/4F	Sep. 16, 2009	2,203.42	2,203.42	1	100.0
Paid nursing home-29	Verde Minowa	①S/5F ②S・RC/8F	①Nov. 20, 2003 ②Feb. 28, 1974	11,098.17	11,098.17	1	100.0
Paid nursing home-30	Verde Hotaka	①S・SRC/5F ②S/2F	①Sep. 29, 1982 ②Jul. 1, 1989	6,352.86	6,352.86	1	100.0

Property number	Property name	Structure/ No. of floors (Note 1)	Construction completion (Note 2)	leasable area (m ²) (Note 3)	Leased area (m ²) (Note 4)	No. of tenants (companies) (Note 5)	Operational rate (%) (Note 6)
Paid nursing home-31	Sunny Life Kita-Shinagawa	S/3F	Sep. 20, 2018	2,135.54	2,135.54	1	100.0
Paid nursing home-32	Sunny Life Kamakura	S/5F	Sep. 19, 2014	3,817.91	3,817.91	1	100.0
Paid nursing home-33	Nichii Home Nishikokubunji	S/3F	Sep. 29, 1990	1,559.99	1,559.99	1	100.0
Paid nursing home-34	SOMPO CARE La vie Re Kobe-ikawadani	RC・S/4F	Apr. 24, 2009	3,824.54	3,824.54	1	100.0
Paid nursing home-35	SOMPO CARE Sompno no ie Sayama	S/3F	Aug. 15, 2005	1,997.87	1,997.87	1	100.0
Paid nursing home-36	Royal Kawaguchi	RC/3F	Oct. 1, 2008	3,484.02	3,484.02	1	100.0
Paid nursing home-37	NOAH GARDEN LEGEND	RC/4F	Oct. 10, 2015	2,736.89	2,736.89	1	100.0
Paid nursing home-38	NOAH GARDEN L Grace	RC/4F	Oct. 27, 2017	2,075.25	2,075.25	1	100.0
Paid nursing home-39	NOAH GARDEN Season Bell	RC/5F	Dec. 10, 2019	4,602.26	4,602.26	1	100.0
Paid nursing home-40	Heartland Kawaguchi Meiseien	RC/6F	Jan. 30, 2006	3,885.90	3,885.90	1	100.0
Paid nursing home-41	Granda Minamiurawa	S/3F	Jul. 15, 2011	2,373.25	2,373.25	1	100.0
Paid nursing home-42	Madoka Minamiurawa	S/3F	Apr. 11, 2005	1,918.98	1,918.98	1	100.0
Service housing for the elderly-1	SOMPO CARE Sompno no ie S Awajikimae	RC/12F	Jun. 12, 2009	5,745.15	5,745.15	1	100.0
Service housing for the elderly-2	SOMPO CARE Sompno no ie S Kobekamisawa	S/9F	Jun. 11, 2009	4,058.35	4,058.35	1	100.0
Service housing for the elderly-3	NOAH GARDEN CASA RICH	RC/5F	Mar. 27, 2015	4,986.98	4,986.98	1	100.0
Medical service-related facilities-1	Niigata Rehabilitation Hospital	①RC/3F ②S/5F	①Apr. 20, 1990 ②Feb. 28, 2001	13,476.55	13,476.55	1	100.0
Complex of paid nursing homes, medical service related facilities, etc.-1	SHIP Senri Building	RC/B1・11F	Sep. 5, 2008	24,813.85	24,813.85	1	100.0
Total		—	—	219,804.68	219,619.45	56	99.9

(Note 1) “Structure/No. of floors” indicates information provided in the real estate registry of the building of each owned asset. “S” refers to steel structure, “RC” refers to reinforced concrete structure, “SRC” refers to steel-reinforced concrete structure, “B” refers to basement floor and “F” refers to floors above ground.

(Note 2) “Construction completion” indicates the date of new construction provided in the real estate registry of the building of each owned asset.

(Note 3) “Leasable area” indicates figures based on the lease agreement of each building.

(Note 4) “Leased area” indicates the areas out of the leasable area for which actual lease agreements have been concluded and are leased.

(Note 5) “No. of tenants” indicates the number of tenants of each building based on the lease agreements. For the section of healthcare facilities in which the trustee of each owned asset and HCM conclude a lease agreement (master lease agreement) with an aim to have HCM sublease to the master lease company (section of paid nursing home with nursing care for Smiling Home Medice Adachi), the master lease company (operator) is counted as a tenant, and accordingly indicated as the number of tenants; while for the properties subject to pass-through master lease agreement where rents from end tenants are received intact, in principle, the total number of end tenants is indicated as the number of tenants. However, for the sections that are not subject to the lease agreement (master lease agreement) between the trustee and HCM, the number of lessees leasing a building from the trustee is counted as the number of tenants and indicated accordingly.

(Note 6) “Occupancy rate” indicates the leased area as a percentage of the leasable area of each owned asset as of July 31, 2022, and is rounded to one decimal place.

8. Output Indicators

Overview of Facilities and Housing for the Elderly (as of the end of 15th FP)

Property number	Property name	Type of facility	Operator	No. of rooms (rooms) (Note 1)	Capacity (persons) (Note 1)	No. of residents (persons) (Note 1)	Occupancy rate (%) (Note 2)	Preparation date of Property Disclosure Statement of Important Matters (Note 3)
Paid nursing home-1	AQUAMARINE Nishinomiyahama	Paid nursing home	GREEN LIFE Co.,Ltd.	90	100	99	99.0	July 1, 2022
Paid nursing home-2	Bonjour Chitose-funabashi	Paid nursing home	Benesse Style Care Co., Ltd.	42	47	37	78.7	May 1, 2022
Paid nursing home-3	Bonjour Hino	Paid nursing home	Benesse Style Care Co., Ltd.	56	58	50	86.2	May 1, 2022
Paid nursing home-4	Bonjour Musashi-shinjo	Paid nursing home	Benesse Style Care Co., Ltd.	46	49	45	91.8	June 1, 2022
Paid nursing home-5	Medical Rehabilitation Home Bonjour Hadanoshibusawa	Paid nursing home	Benesse Style Care Co., Ltd.	100	101	88	87.1	April 1, 2022
Paid nursing home-6	Medical Rehabilitation Home Bonjour Komaki	Paid nursing home	Benesse Style Care Co., Ltd.	124	165	130	78.8	April 1, 2022
Paid nursing home-7	ASHEIM Hikarigaoka	Paid nursing home	AS PARTNERS Co., Ltd	83	89	81	91.0	April 1, 2022
Paid nursing home-8	ASHEIM Bunkyoakusan	Paid nursing home	AS PARTNERS Co., Ltd	50	52	43	82.7	April 1, 2022
Paid nursing home-9	SOMPO CARE La vie Re Machidaonaji	Paid nursing home	Sompo Care Inc.	163	169	114	67.5	April 1, 2022
Paid nursing home-10	SOMPO CARE La vie Re Azamino	Paid nursing home	Sompo Care Inc.	145	145	144	99.3	June 1, 2022
Paid nursing home-11	SAWAYAKA Tachibanakan	Paid nursing home	Sawayaka Club Co., Ltd.	104	104	99	95.2	April 1, 2022
Paid nursing home-12	SAWAYAKA Mekarika	Paid nursing home	Sawayaka Club Co., Ltd.	95	95	77	81.1	April 1, 2022
Paid nursing home-13	SAWAYAKA Tagawakan	Paid nursing home	Sawayaka Club Co., Ltd.	60	60	58	96.7	April 1, 2022
Paid nursing home-14	GOOD TIME HOME Fudo-mae	Paid nursing home	JAPAN LIFEDESIGN Inc.	61	67	58	86.6	October 1, 2021
Paid nursing home-15	Bonjour Yotsugi	Paid nursing home	Benesse Style Care Co., Ltd.	61	65	53	81.5	April 1, 2022
Paid nursing home-16	Medical Home Bonjour Itami	Residential type paid nursing home	Benesse Style Care Co., Ltd.	62	64	53	82.8	April 1, 2022
Paid nursing home-17	Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)	Paid nursing home	GREEN LIFE Co.,Ltd.	131	138	128	92.8	July 1, 2022
Paid nursing home-18	GreenLife Moriguchi	Paid nursing home	GREEN LIFE Co.,Ltd.	155	189	189	100.0	August 12, 2022
Paid nursing home-19	Hapine Kobe Uozaki Nibankan	Paid nursing home	GREEN LIFE Co.,Ltd.	47	47	45	95.7	August 1, 2022
Paid nursing home-20	Granda Tsuruma-Yamato	Paid nursing home	Benesse Style Care Co., Ltd.	73	90	69	76.7	May 1, 2022
Paid nursing home-21	Smiling Home Medice Adachi	Paid nursing home	GREEN LIFE HIGASHI NIHON Co., Ltd.	82	82	77	93.9	June 1, 2022
Paid nursing home-22	AIKOEN ICHIBANKAN Building	Paid nursing home	Medical Corporation AIKOKAI	90	90	82	91.1	May 1, 2022
Paid nursing home-23	Hanakotoba Minami	Paid nursing home	Proud Life Inc.	51	51	46	90.2	May 1, 2022
Paid nursing home-24	Hanakotoba Miura	Paid nursing home	Proud Life Inc.	53	54	46	85.2	May 1, 2022
Paid nursing home-25	SOMPO CARE La vie Re Hama-Kawasaki	Paid nursing home	Sompo Care Inc.	58	58	52	89.7	April 1, 2022
Paid nursing home-26	Hanakotoba Shin-Yokohama	Paid nursing home	Proud Life Inc.	136	136	118	86.8	April 1, 2022

Property number	Property name	Type of facility	Operator	No. of rooms (rooms) (Note 1)	Capacity (persons) (Note 1)	No. of residents (persons) (Note 1)	Occupancy rate (%) (Note 2)	Preparation date of Property Disclosure Statement of Important Matters (Note 3)
Paid nursing home-27	Hanakotoba Shin-Yokohama II	Paid nursing home	Proud Life Inc.	29	30	29	96.7	April 1, 2022
Paid nursing home-28	Hanakotoba Odawara	Paid nursing home	Proud Life Inc.	60	65	63	96.9	November 1, 2021
Paid nursing home-29	Verde Minowa	Paid nursing home	Verde Corporation	174	206	193	93.7	March 1, 2022
Paid nursing home-30	Verde Hotaka	Paid nursing home	Verde Corporation	121	174	172	98.9	April 1, 2022
Paid nursing home-31	Sunny Life Kita-Shinagawa	Paid nursing home	Kawashima Corporation	66	66	59	89.4	April 1, 2022
Paid nursing home-32	Sunny Life Kamakura	Residential type paid nursing home	Kawashima Corporation	128	128	114	89.1	July 1, 2022
Paid nursing home-33	Nichii Home Nishikokubunji	Paid nursing home	Nichii Carepalace Company	46	46	43	93.5	April 1, 2022
Paid nursing home-34	SOMPO CARE La vie Re Kobe-ikawadani	Paid nursing home	Sompo Care Inc.	80	80	67	83.8	April 1, 2022
Paid nursing home-35	SOMPO CARE Sompo no ie Sayama	Paid nursing home	Sompo Care Inc.	50	50	46	92.0	April 1, 2022
Paid nursing home-36	Royal Kawaguchi	Paid nursing home	SENIOR LIFE SUPPORT Co.,Ltd	56	56	49	87.5	April 1, 2022
Paid nursing home-37	NOAH GARDEN LEGEND	Residential type paid nursing home	Noah Konzer Co.,Ltd.	72	72	59	81.9	September 21, 2021
Paid nursing home-38	NOAH GARDEN L Grace	Residential type paid nursing home	Noah Konzer Co.,Ltd.	51	51	47	92.2	September 21, 2021
Paid nursing home-39	NOAH GARDEN Season Bell	Residential type paid nursing home	Noah Konzer Co.,Ltd.	136	136	90	66.2	September 21, 2021
Paid nursing home-40	Heartland Kawaguchi Meiseien	Paid nursing home	Meisho Co., Ltd.	97	100	100	100.0	June 15, 2022
Paid nursing home-41	Granda Minamiurawa	Paid nursing home	Benesse Style Care Co., Ltd.	58	60	54	90.0	April 1, 2022
Paid nursing home-42	Madoka Minamiurawa	Paid nursing home	Benesse Style Care Co., Ltd.	54	54	47	87.0	April 1, 2022
Serviced housing for the elderly -1	SOMPO CARE Sompo no ie S Awajiekimae	Serviced housing for the elderly	Sompo Care Inc.	137	137	116	84.7	April 1, 2022
Serviced housing for the elderly -2	SOMPO CARE Sompo no ie S Kobekamisawa	Serviced housing for the elderly	Sompo Care Inc.	85	85	74	87.1	April 1, 2022
Serviced housing for the elderly -3	NOAH GARDEN CASA RICH	Serviced housing for the elderly	Noah Konzer Co.,Ltd.	115	115	98	85.2	September 21, 2021
Complex of paid nursing homes, medical service related facilities, etc. -1	SHIP Senri Building (Note 4)	Hospital, paid nursing home with nursing home	GREEN LIFE Co.,Ltd.	181	200	200	100.0	July 1, 2022
Total		-	-	4,014	4,276	3,801	88.9	-

(Note 1) “No. of rooms,” “Capacity” and “No. of residents” indicate figures based on figures stated in Property Disclosure Statement of Important Matters (hereinafter the “Property Disclosure Statement of Important Matters”) of paid nursing homes provided by the operators.

(Note 2) “Occupancy rate” indicates the occupancy rate obtained by dividing the number of residents by capacity, rounded to one decimal place.

(Note 3) “Preparation date of Property Disclosure Statement of Important Matters” indicates the date of application, reference date or preparation date stated on the document.

(Note 4) SHIP Senri Building is a property with a hospital and paid nursing home, and the above table provides an overview of the facilities related to its paid nursing home.

8. Output Indicators

Overview of Medical Service-Related Facilities (as of the end of 15th FP)

Property number	Medical service-related facilities-1		
Property name	Niigata Rehabilitation Hospital		
Operator	Medical Corporation AIKOKAI	Date of establishment	June 1990 (established as Oyama Hospital, the precursor)
Type of facility	Hospital	Authorized number of beds	168 beds (general beds: 108 beds/convalescent-stage beds: 60 beds)
Subject of medical treatment	Rehabilitation, orthopedic surgery, internal medicine, neurology, dental & dental and oral surgery	Facility certification	Training facilities certified by the Japanese Association of Rehabilitation Medicine
Facility criteria (Hospitalization fee)	2nd floor (48 beds) Hospitalization fee of hospital ward for comprehensive community care 1 3rd floor (60 beds) Basic hospitalization fee for general hospital ward (acute hospitalization fee 4) Medical management fee for comprehensive community care 1 4th floor (60 beds) Hospitalization fee of hospital ward for rehabilitation at recovery stage 1		
External evaluation	Hospital certified by Japan Council for Quality Health Care (Certification number: JC1424-3) 3rdG:Ver.1.1 Added function Rehabilitation function (Certification number: JC1424-R2) Ver.3.0		
Property number	Complex of paid nursing homes,medical service related facilities,etc.-1		
Property name	SHIP Senri Building (Senri-Chuo Hospital) (Note)		
Operator	Medical Corporation Kyowakai	Date of establishment	October 2008
Type of facility	Hospital	Authorized number of beds	400 beds (400 general beds)
Subject of medical treatment	Rehabilitation, orthopedics, neurosurgery,surgery,internal medicine and neurology	Facility certification	Training facilities certified by the Japanese Association of Rehabilitation Medicine
Facility criteria (Hospitalization fee)	West 6th floor (25 beds) Palliative care hospital ward hospitalization fee 2		East 6th floor (25 beds) Facilities for the disabled, etc. 2 10:1 Basic hospitalization fee
	West 5th floor (50 beds) Facilities for the disabled, etc. 2 10:1 Basic hospitalization fee		East 5th floor (50 beds) Facilities for the disabled, etc. 2 10:1 Basic hospitalization fee
	West 4th floor (50 beds) Facilities for the disabled, etc. 2 10:1 Basic hospitalization fee		East 4th floor (50 beds) Facilities for the disabled, etc. 2 10:1 Basic hospitalization fee
	West 3rd floor (50 beds) Facilities for the disabled, etc. 2 10:1 Basic hospitalization fee		East 3rd floor (50 beds) Recovery phase rehabilitation ward hospitalization fee 1
	West 2nd floor (50 beds) Recovery phase rehabilitation ward hospitalization fee 1		
External evaluation	Hospital certified by Japan Council for Quality Health Care (Certification number: JC2382) 3rdG:Ver.2.0		

(Note) SHIP Senri Building is a property with a hospital and paid nursing home, and the above table provides an overview of the facilities related to its hospital.

Earnings Performance (as of the end of 15th FP)

(Unit: thousands of yen)

Property name	Current fiscal period (from February 1, 2022, to July 31, 2022)										
	Operating revenue from real estate leasing		Operating expenses from real estate leasing							N O I (Note 3)	
	Rent revenue	Other revenue	Property tax	Outsourcing expenses	Repair expenses	Insurance expenses	Depreciation	Other, net			
AQUAMARINE Nishinomiya Bonsejour Chitose-funabashi	Not disclosed (Note 2)		24,765	4,249	2,100	468	236	17,310	400	59,888	
Bonsejour Hino			5,607	1,813	225	-	119	3,048	401	21,366	
Bonsejour Musashi-shinjo			5,078	1,247	214	-	85	3,130	400	19,496	
Medical Rehabilitation Home Bonsejour Hadanoshibusawa			4,126	1,031	167	-	80	2,447	400	16,138	
Medical Rehabilitation Home Bonsejour Komaki			8,399	1,813	213	-	154	5,817	400	21,097	
ASHEIM Hikarigaoka			14,137	4,553	201	-	355	8,627	400	39,542	
ASHEIM Bunkyoakusan			16,645	3,868	381	522	212	11,260	400	40,364	
SOMPO CARE La vie Re Machidaonaji			12,530	2,572	381	250	129	8,795	400	38,453	
SOMPO CARE La vie Re Azamino			48,621	5,945	780	1,959	392	39,144	400	95,522	
SAWAYAKA Tachibanakan			34,224	4,705	780	3,512	285	24,540	400	75,520	
SAWAYAKA Mekarikan			26,620	2,669	1,200	-	370	21,980	400	47,213	
SAWAYAKA Tagawakan			26,486	2,984	1,200	-	273	21,628	400	43,375	
GOOD TIME HOME Fudo-mae			8,487	1,108	1,200	-	119	5,659	400	12,856	
Bonsejour Yotsugi			15,164	3,061	600	190	182	10,730	400	46,566	
Medical Home Bonsejour Itami			4,934	950	223	-	73	3,286	400	20,660	
Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)			6,533	1,390	371	-	111	4,260	400	13,949	
GreenLife Moriguchi			52,509	9,568	900	303	579	40,758	400	114,648	
Hapine Kobe Uozaki Nibankan			39,791	6,999	1,363	3,220	379	27,428	400	107,636	
Granda Tsuruma-Yamato			9,684	1,393	1,200	122	90	6,478	400	24,294	
Smiling Home Medice Adachi			7,262	1,934	618	-	152	4,158	400	27,144	
AIKOEN ICHIBANKAN Building			20,140	3,327	540	4,191	177	11,503	400	56,571	
Hanakotoba Minami			8,477	2,552	780	-	112	4,632	400	20,564	
Hanakotoba Miura			9,495	1,543	600	1,711	79	5,161	400	26,265	
SOMPO CARE La vie Re Hama-Kawasaki			9,902	1,555	600	998	88	6,260	400	16,766	
			18,846	3,463	2,770	113	206	11,891	400	45,396	

8. Output Indicators

Earnings Performance (as of the end of 15th FP)

(Unit: thousands of yen)

Property name	Current fiscal period (from February 1, 2022, to July 31, 2022)										
	Operating revenue from real estate leasing			Operating expenses from real estate leasing							N O I (Note 3)
		Rent revenue	Other revenue		Property tax	Outsourc ing expenses	Repair expenses	Insuranc e expenses	Deprecia tion	Other, net	
Hanakotoba Shin- Yokohama	Not disclosed (Note 2)			17,431	4,413	900	2,926	249	8,543	400	53,024
Hanakotoba Shin- Yokohama II				5,674	2,521	600	-	92	2,061	400	11,198
Hanakotoba Odawara				9,260	1,393	600	787	99	5,981	400	24,320
Verde Minowa				26,964	5,242	1,020	260	508	19,533	400	56,477
Verde Hotaka				26,616	2,211	1,020	1,625	249	21,110	400	44,600
Sunny Life Kita- Shinagawa				10,185	2,798	600	-	119	6,265	401	45,580
Sunny Life Kamakura				12,719	2,769	720	-	179	8,650	400	38,830
Nichii Home Nishikokubunji				4,029	1,220	660	25	92	1,631	400	18,743
SOMPO CARE La vie Re Kobe- ikawadani				10,240	-	750	681	191	8,218	400	35,184
SOMPO CARE Sompno no ie Sayama				3,951	-	750	-	104	2,700	396	17,658
Royal Kawaguchi				8,413	-	1,647	1,097	182	5,087	399	33,874
NOAH GARDEN LEGEND				8,211	-	300	-	130	7,615	165	26,403
NOAH GARDEN L Grace				6,025	-	300	-	102	5,458	165	19,454
NOAH GARDEN Season Bell				10,107	-	487	-	141	9,206	271	29,325
Heartland Kawaguchi Meiseien				10,086	-	487	-	148	9,177	271	36,607
Granda Minamiurawa				4,577	-	325	-	89	4,026	135	18,462
Madoka Minamiurawa				3,175	-	325	60	71	2,582	135	14,546
SOMPO CARE Sompno no ie S Awajiekimae				28,052	4,903	510	710	298	21,230	400	57,635
SOMPO CARE Sompno no ie S Kobekamisawa				16,897	2,912	510	-	183	12,892	400	36,284
NOAH GARDEN CASA RICH				14,748	-	300	-	238	14,044	165	50,074
Niigata Rehabilitation Hospital			27,754	9,656	1,030	112	387	16,068	500	78,193	
SHIP Senri Building			80,488	27,640	1,500	-	1,183	49,764	400	341,078	
Total	2,371,156	2,360,228	10,928	784,089	143,989	34,956	25,845	10,093	551,793	17,410	2,138,860

Not disclosed
(Note 2)

(Note 1) All figures indicated are rounded down to the nearest thousand yen.

(Note 2) "Real estate lease business revenue," "rent revenue" and "other revenue" of each property are not disclosed as consent for disclosure has not been obtained from tenants. The total is the sum of amounts received as rent for the current fiscal period based on the lease agreements.

(Note 3) "NOI" = Real estate lease business revenue - real estate lease business expenses + depreciation and amortization

Summary of Appraisal Report (as of the end of 15th FP)

Property number	Property name	Appraisal company	Appraisal value (millions of yen)	Summary of Appraisal Report (Note 1)						Appraisal NOI (millions of yen) (Note 3)	Appraisal NOI yield (%) (Note 4)
				Direct capitalization method		DCF method					
				Indicated value (millions of yen)	Capitalization rate (%)	Indicated value (millions of yen)	Discount rate (%) (Note 2)	Terminal capitalization rate (%)			
Paid nursing home-1	AQUAMARINE Nishinomiyahama	Rich Appraisal Institute Co.,Ltd.	2,100	2,110	5.2	2,090	4.9	5.4	117	6.0	
Paid nursing home-2	Bonsejour Chitose-funabashi	The Tanizawa Sogo Appraisal Co., Ltd.	997	1,020	4.3	987	4.4	4.5	48	5.9	
Paid nursing home-3	Bonsejour Hino	The Tanizawa Sogo Appraisal Co., Ltd.	818	832	4.8	812	4.9	5.0	43	6.0	
Paid nursing home-4	Bonsejour Musashi-shinjo	The Tanizawa Sogo Appraisal Co., Ltd.	643	653	5.1	638	5.2	5.3	39	6.8	
Paid nursing home-5	Medical Rehabilitation Home Bonsejour Hadanoshibusawa	The Tanizawa Sogo Appraisal Co., Ltd.	850	864	5.0	844	5.1	5.2	47	6.5	
Paid nursing home-6	Medical Rehabilitation Home Bonsejour Hadanoshibusawa	The Tanizawa Sogo Appraisal Co., Ltd.	1,450	1,460	5.5	1,440	5.6	5.7	92	7.3	
Paid nursing home-7	ASHEIM Hikarigaoka	Japan Real Estate Institute	1,560	1,560	4.6	1,550	4.4	4.7	76	5.5	
Paid nursing home-8	ASHEIM Bunkyohakusan	Japan Real Estate Institute	1,750	1,760	4.2	1,740	4.0	4.3	74	5.2	
Paid nursing home-9	SOMPO CARE La vie Re Machidaonoji	Japan Real Estate Institute	4,050	4,070	4.6	4,020	4.4	4.7	193	5.3	
Paid nursing home-10	SOMPO CARE La vie Re Azamino	Japan Real Estate Institute	3,400	3,420	4.4	3,370	4.2	4.5	156	5.1	
Paid nursing home-11	SAWAYAKA Tachibanakan	Japan Real Estate Institute	1,580	1,590	5.4	1,560	5.2	5.6	93	6.1	
Paid nursing home-12	SAWAYAKA Mekarikan	Japan Real Estate Institute	1,450	1,460	5.5	1,430	5.3	5.7	85	6.2	
Paid nursing home-13	SAWAYAKA Tagawakan	Japan Real Estate Institute	391	394	5.6	387	5.4	5.8	25	6.4	
Paid nursing home-14	GOOD TIME HOME Fudo-mae	Japan Real Estate Institute	2,050	2,070	4.2	2,030	4.0	4.3	91	5.2	
Paid nursing home-15	Bonsejour Yotsug	The Tanizawa Sogo Appraisal Co., Ltd.	886	902	4.7	879	4.8	4.9	47	5.7	
Paid nursing home-16	Medical Home Bonsejour Itami	The Tanizawa Sogo Appraisal Co., Ltd.	557	566	5.1	553	5.2	5.3	38	7.5	
Paid nursing home-17	Kobe Gakuentoshi Building	Daiwa Real Estate Appraisal Co., Ltd.	4,540	4,600	4.6	4,520	4.4	4.8	227	5.2	
Paid nursing home-18	GreenLife Moriguchi	Daiwa Real Estate Appraisal Co., Ltd.	4,500	4,560	4.5	4,470	4.3	4.7	220	5.3	

8. Output Indicators

Summary of Appraisal Report (as of the end of 15th FP)

Property number	Property name	Appraisal company	Appraisal value (millions of yen)	Summary of Appraisal Report (Note 1)					Appraisal NOI (millions of yen) (Note 3)	Appraisal NOI yield (%) (Note 4)
				Direct capitalization method		DCF method				
				Indicated value (millions of yen)	Capitalization rate (%)	Indicated value (millions of yen)	Discount rate (%) (Note 2)	Terminal capitalization rate (%)		
Paid nursing home-19	Hapine Kobe Uozaki Nibankan	Daiwa Real Estate Appraisal Co., Ltd.	995	1,010	4.6	988	4.4	4.8	48	5.2
Paid nursing home-20	Granda Tsuruma-Yamato	The Tanizawa Sogo Appraisal Co., Ltd.	1,060	1,070	4.7	1,050	4.8	4.9	53	5.3
Paid nursing home-21	Smiling Home Medice Adachi	The Tanizawa Sogo Appraisal Co., Ltd.	2,500	2,540	4.6	2,480	4.7	4.8	120	5.3
Paid nursing home-22	AIKOEN ICHIBANKAN Building	The Tanizawa Sogo Appraisal Co., Ltd.	860	864	5.2	858	5.3	5.4	45	5.8
Paid nursing home-23	Hanakotoba Minami	Japan Real Estate Institute	1,240	1,250	4.4	1,230	4.2	4.5	56	5.2
Paid nursing home-24	Hanakotoba Miura	The Tanizawa Sogo Appraisal Co., Ltd.	668	676	4.8	664	4.9	5.0	35	5.6
Paid nursing home-25	SOMPO CARE La vie Re Hama-Kawasaki	JLL Morii Valuation & Advisory K.K.	1,810	1,840	4.6	1,780	4.4	4.8	89	5.2
Paid nursing home-26	Hanakotoba Shin-Yokohama	Japan Real Estate Institute	2,400	2,420	4.2	2,380	4.0	4.3	109	5.2
Paid nursing home-27	Hanakotoba Shin-Yokohama II	Japan Real Estate Institute	383	385	5.0	380	4.8	5.2	21	5.8
Paid nursing Home -28	Hanakotoba Odawara	The Tanizawa Sogo Appraisal Co., Ltd.	946	959	4.9	940	4.8~5.0	5.1	49	5.6
Paid nursing Home -29	Verde Minowa	Daiwa Real Estate Appraisal Co., Ltd.	1,700	1,710	5.0	1,690	4.8	5.2	109	6.7
Paid nursing Home -30	Verde Hotaka	Daiwa Real Estate Appraisal Co., Ltd.	1,430	1,440	5.4	1,420	5.2	5.6	91	6.9
Paid nursing Home -31	Sunny Life Kita-Shinagawa	Daiwa Real Estate Appraisal Co., Ltd.	2,040	2,070	4.3	2,020	4.1	4.5	90	4.9
Paid nursing Home -32	Sunny Life Kamakura	The Tanizawa Sogo Appraisal Co., Ltd.	1,620	1,640	4.4	1,610	4.5	4.6	76	5.3
Paid nursing Home -33	Nichii Home Nishikokubunji	Daiwa Real Estate Appraisal Co., Ltd.	760	772	4.3	755	4.1	4.5	36	5.0
Paid nursing Home -34	SOMPO CARE La vie Re Kobe-ikawadani	Rich Appraisal Institute Co.,Ltd.	1,300	1,320	4.3	1,290	4.1	4.5	63	4.9
Paid nursing Home -35	SOMPO CARE Sompno ie Sayama	Rich Appraisal Institute Co.,Ltd.	647	656	4.7	643	4.5	4.9	32	5.4
Paid nursing Home -36	Royal Kawaguchi	Daiwa Real Estate Appraisal Co., Ltd.	1,310	1,320	4.3	1,300	4.1	4.5	62	4.9
Paid nursing Home -37	NOAH GARDEN LEGEND	The Tanizawa Sogo Appraisal Co., Ltd.	910	920	5.1	910	5.2	5.3	48	5.6
Paid nursing Home -38	NOAH GARDEN L Grace	The Tanizawa Sogo Appraisal Co., Ltd.	660	660	5.1	660	5.2	5.3	35	5.6
Paid nursing home-39	NOAH GARDEN Season Bell	The Tanizawa Sogo Appraisal Co., Ltd.	1,520	1,530	5.0	1,520	5.1	5.2	78	5.8

Property number	Property name	Appraisal company	Appraisal value (millions of yen)	Summary of Appraisal Report (Note 1)					Appraisal NOI (millions of yen) (Note 3)	Appraisal NOI yield (%) (Note 4)
				Direct capitalization method		DCF method				
				Indicated value (millions of yen)	Capitalization rate (%)	Indicated value (millions of yen)	Discount rate (%) (Note 2)	Terminal capitalization rate (%)		
Paid nursing Home -40	Heartland Kawaguchi Meiseien	Japan Real Estate Institute	2,180	2,190	4.3	2,160	4.1	4.4	100	5.0
Paid nursing Home -41	Granda Minamiurawa	Rich Appraisal Institute Co.,Ltd.	1,100	1,110	4.1	1,090	3.9	4.2	49	4.8
Paid nursing Home -42	Madoka Minamiurawa	Rich Appraisal Institute Co.,Ltd.	883	893	4.1	879	3.9	4.2	39	4.8
Service housing for the elderly-1	SOMPO CARE Sompno ie S Awajiekimae	Japan Real Estate Institute	2,250	2,270	5.0	2,230	4.8	5.2	116	6.0
Service housing for the elderly-2	SOMPO CARE Sompno ie S Kobekamisawa	Japan Real Estate Institute	1,390	1,400	5.0	1,370	4.8	5.2	72	6.0
Service housing for the elderly -3	NOAH GARDEN CASA RICH	The Tanizawa Sogo Appraisal Co., Ltd.	1,730	1,740	5.1	1,720	5.2	5.3	91	5.6
Medical service-related facilities-1	Niigata Rehabilitation Hospital	Japan Real Estate Institute	2,300	2,310	6.5	2,290	6.3	6.7	153	7.4
Complex of paid nursing homes, medical service related facilities, etc.-1	SHIP Senri Building	The Tanizawa Sogo Appraisal Co., Ltd.	14,200	14,400	4.5	14,100	4.5~4.6	4.7	679	5.2
Total			86,364	87,256	—	85,727	—	—	4,378	5.5

(Note 1) "Appraisal value" is based on the appraisal report with July 31, 2022, as the appraisal date.

(Note 2) "Discount rate" represents a yield used to discount net cash flow during an analysis period and terminal value at the end of an analysis period back to present value, and figures used by respective appraisal organizations are shown. For Hanakotoba Odawara, 4.8% for the first fiscal year and 5.0% from the second fiscal year, and for SHIP Senri Building, 4.5% for the first and second fiscal years and 4.6% from the third fiscal year.

(Note 3) "Appraisal NOI" indicates net operating income obtained by direct capitalization method stated in the real estate appraisal report with July 31, 2022, as the appraisal date and is rounded down to the nearest million yen. In addition, NOI is revenue before deducting depreciation and differs from NCF (net cash flow), which is the amount calculated by adding the gain on investment from security deposits, etc. to NOI and deducting capital expenditures. The same shall apply hereinafter in this document.

(Note 4) "Appraisal NOI yield" is calculated by the formula below and rounded down to one decimal place. In the column of total appraisal NOI yield, the average appraisal NOI yield, which is calculated by dividing the total appraisal NOI of the respective real estate in trust by the total acquisition price, is shown (rounded down to the first decimal place).
Appraisal NOI yield = Appraisal NOI of the respective real estate in trust / Acquisition price of the respective real estate in trust

8. Output Indicators

Capital Expenditures of Assets Under Management (as of the end of 15th FP)

14th FP (Ending January 2022) Actual

Name of real estate (Location)	Purpose	Period	Construction costs (thousands of yen)
SOMPO CARE Sampo no ie S Awajiekimae (Osaka-shi, Osaka)	Renovation of exterior walls	From: October 2021 To: January 2022	30,920
SOMPO CARE Sampo no ie S Kobekamisawa (Kobe-shi, Hyogo)	Renovation of exterior walls	From: November 2021 To: January 2022	23,617
AQUAMARINE Nishinomiyahama (Nishinomiyahama-shi, Hyogo)	Renewal of 66 air conditioner units in rooms	From: November 2021 To: January 2022	8,217
SAWAYAKA Mekarikan (Kitakyushu-shi, Fukuoka)	Renewal of air conditioners in common areas on floors 1-3	From: November 2021 To: November 2021	6,566
Other real estate, etc.	—	—	59,138
Total			128,460

15th FP (Ending July 2022) Actual

Name of real estate (Location)	Purpose	Period	Construction costs (thousands of yen)
GreenLife Moriguchi (Moriguchi-shi, Osaka)	Renewal of flooring materials for corridors on floors 3-8	From: April 2022 To: May 2022	15,048
Niigata Rehabilitation Hospital (Niigata-shi, Niigata)	Renovation of exterior walls of machine room and storage room for hazardous materials	From: March 2022 To: June 2022	14,800
GreenLife Moriguchi (Moriguchi-shi, Osaka)	Renewal of 74 air conditioner units in rooms for floors 5-8	From: December 2021 To: March 2022	13,310
Other real estate	—	—	68,027
Total			111,185

16th FP (Ending January 2023) Plan

Name of real estate (Location)	Purpose	Period	Estimated construction costs (thousands of yen)		
			Total Amount	Payment during period	Total amount already paid
Niigata Rehabilitation Hospital (Niigata-shi, Niigata)	Rooftop waterproofing and renovation of exterior walls of south building	From: October 2022 To: December 2022	50,250	—	—
ASHEIM Hikarigaoka (Nerima-ku, Tokyo)	Renewal of air conditioners in common areas	From: November 2022 To: December 2022	21,000	—	—
GreenLife Moriguchi (Moriguchi-shi, Osaka)	LED lighting	From: September 2022 To: January 2023	20,000	—	—
SAWAYAKA Tagawakan (Tagawa-shi, Fukuoka)	Rooftop waterproofing	From: November 2022 To: December 2022	7,000	—	—
SAWAYAKA Tagawakan (Tagawa-shi, Fukuoka)	Renewal of bathroom tile	From: November 2022 To: December 2022	4,000	—	—

Company Profile of Operators (as of the end of 15th FP)

Operator name	Headquarters location	Representative	Founded	Capital stock or total assets (millions of yen)	Attribute
GREEN LIFE Co., Ltd.	3-20-8 Kasuga, Suitashi, Osaka	Representative Director Nobuyuki Tamai	May 1994	50	Consolidated subsidiary of Ship Healthcare Holdings Inc. which is listed on the TSE Prime Market
GREEN LIFE HIGASHI NIHON Co., Ltd.	1-4-16, Yaesu, Chuoku, Tokyo	Representative Director Nobuyuki Tamai	July 2003	50	Consolidated subsidiary of Ship Healthcare Holdings Inc. which is listed on the TSE Prime Market
Sampo Care Inc.	4-12-8 HigashiShinagawa, Shinagawa-ku, Tokyo	Representative Director Ken Endo	May 1997	3,925	Consolidated subsidiary of Sampo Holdings, Inc., which is listed on the TSE Prime Market
Kyowakai Medical Corporation	16-5, Chuochi, Kawanishi-shi, Hyogo	Director Toru Kitagawa	August 1982	6,110	—
Benesse Style Care Co., Ltd.	2-3-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo	Representative Director Shinya Takiyama	September 1995	100	Consolidated subsidiary of Benesse Holdings, Inc., which is listed on the TSE Prime Market
Proud Life Inc.	1-2-4, Isago, Kawasaki-ku, Kawasaki-shi, Kanagawa	Representative Director Hiroshi Sonoda	July 2006	3	Consolidated subsidiary of Sony Group Corporation, which is listed on the TSE Prime Market
Sawayaka Club Co., Ltd.	2-10-10 Kumamoto, Kukurakita-ku, Kitakyushu-shi, Fukuoka	Representative Director Fumiharu Uchiyama	December 2004	100	Consolidated subsidiary of UCHIYAMA HOLDINGS Co., Ltd., which is listed on the TSE Standard Market
Kawashima Corporation	248-2, Higashi-nohara, Kimitsu-shi, Chiba	Representative Director Teruo Kawashima	September 1990	50	Unlisted company
Verde Corporation	839-4, Kamishiba, Misatomachi, Takasakishi, Gunma	Representative Director Tomoyuki Higuchi	June 1970	30	Unlisted company
Medical Corporation AIKOKAI	761 Kizaki, Kita-ku, Niigata-shi, Niigata	Director Hiromu Ikeda	November 1993	344	A medical corporation which belongs to NSG Group with sales of over 100 billion yen (Note 2)
AS PARTNERS Co., Ltd.	2-2, Kanda surugadai, Chiyoda-ku, Tokyo	Representative Director Takeshi Uemura	November 2004	122	Unlisted company
JAPAN LIFEDESIGN Inc.	1-7-1, Akasaka, Minato-ku, Tokyo	Representative Director Shosetsu Ito	April 2004	340	Unlisted company Capital partnership with Nomura Real Estate Holdings, Inc.
Nichii Carepalace Company	2-9, Kandasurugadai, Chiyoda-ku, Tokyo	Representative Director Yukio Akiyama	June 1964	80	Unlisted company Consolidated subsidiary of NICHII GAKKAN CO., LTD.
SENIOR LIFE SUPPORT Co., Ltd.	2-5-24, Aoki, Kawaguchi-shi, Saitama	Representative Director Akinori Fujimoto	November 2006	30	Affiliated company of ZENSHO HOLDINGS Co., Ltd., which is listed on the TSE Prime Market
NOAH KONZER Co., Ltd.	14-1-32, Nanajou, Hiragishi, Toyohira-ku, Sapporo-shi, Hokkaido	Representative Director Akihiro Wakatsuki	February 1979	100	Unlisted company
Meisho Co., Ltd.	4-3-5, Hokima, Adachi-ku, Tokyo	Representative Director Chiyoishi Fujita	August 1998	10	Unlisted company

(Note 1) "Headquarters location," "Representative," "Founded" and "Capital stock or total assets" are based on the information in the registry as of July 1, 2022. Only one person is described in the "Representative," "Capital stock or total assets" is rounded off to the nearest million yen.
(Note 2) Indicates the actual figures in September 2021 based on NSG Group's website.

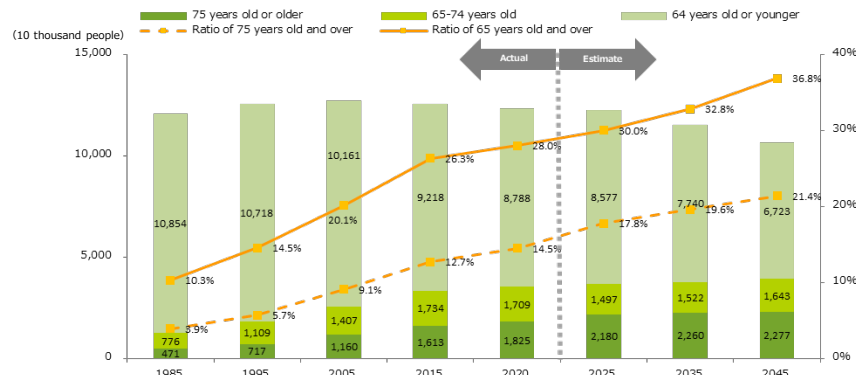
9. Current Status and Issues Surrounding Medical and Nursing Care

Various Issues Derived from Declining Birthrate and Aging Population

Progress in Population Decline and Aging

Japan's population of elderly people aged 65 or older is estimated to be 36 million and 27 thousand (as of September 15, 2022), representing 29.1% of the total population, which makes it the most aged society in the world. Due to the population aged 65 or older growing while the total population is decreasing and the birthrate declining, the aging rate will continue to increase, with the National Institute of Population and Social Security Research's "Population Projection for Japan (2017 Projection)" estimating that it will reach 33.3% in 2036, resulting in a society where one in three citizens are aged 65 years or older. As the proportion of people aged 75 or older in particular continues to rise, the caregiver labor shortage caused by the declining birthrate and the increase in care needs due to the aging of society are starting to have a major impact on the medical and care industries.

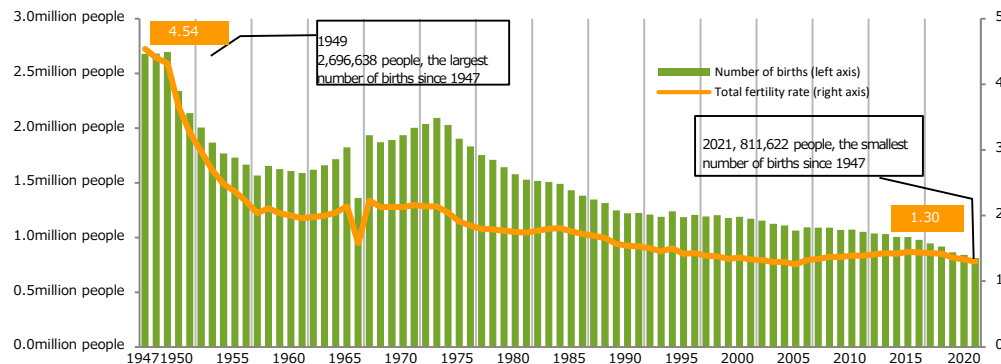
[Outlook for Change in Total Population and Aging Rate]



(Source) Created by HAM based on the Ministry of Internal Affairs and Communications Statistics Bureau 2020 Census and the National Institute of Population and Social Security Research's "Population Projection for Japan (2017 Projection)"

(Source) Website of the Ministry of Internal Affairs and Communications Statistics Bureau, Statistics Topics No. 132, "A Statistical View of Japan's Elderly Population: On the Occasion of Respect-for-the-Aged Day"

[Change in Number of Births and Birth Rate]

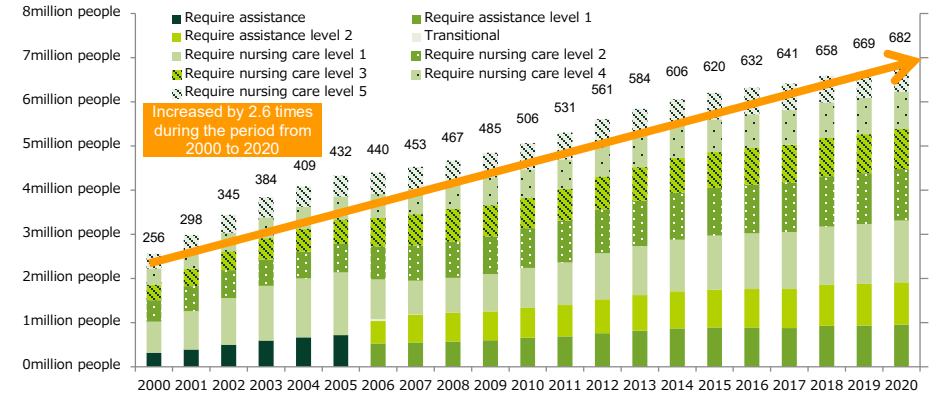


(Source) "Demographic Statistics (2021)" of Ministry of Health, Labour and Welfare

Growing Demand for Nursing Care Services and Change in Medical Services

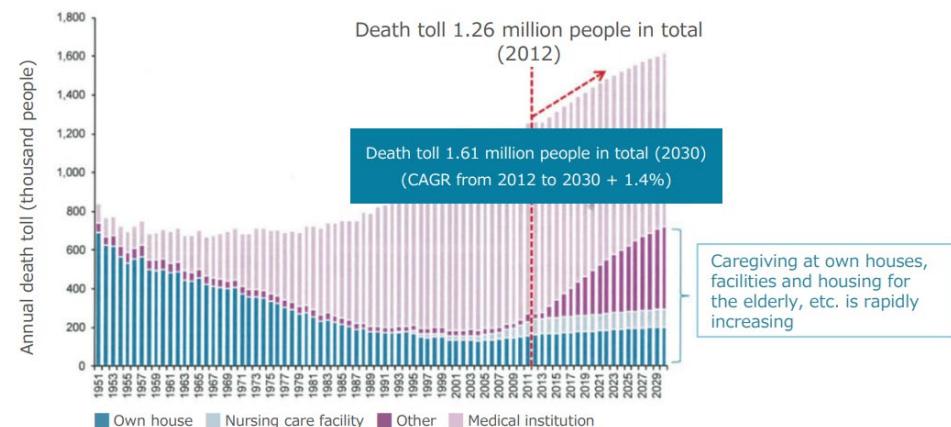
With the aging of the population, it is forecast that the number of people eligible to receive nursing care will continue to increase and that it will become more difficult than ever to take care of members in the same household due to the declining birthrate and change in family structure. In order to respond to the increasing needs for nursing care, it is necessary to secure caregivers and promote the supply of healthcare facilities. It is expected that the number of deaths due to aging will increase and the number of people who spend their final days at homes and facilities for the elderly other than medical institutions will increase rapidly. In the future, the role of facilities for the elderly, etc. by caregivers will be emphasized, and cooperation between medical services (in-home medical care) at homes and facilities for the elderly by medical institutions and institutions related to medical service and nursing care will be required.

[Change in the Number of People Eligible to Receive Nursing Care by Degree of Nursing Care Required]



(Source) "Nursing Care Insurance Business Status Report" of Ministry of Health, Labour and Welfare

Annual Death Toll and Place of Death



(Source) KPMG Healthcare Japan Co., Ltd

(Note) CAGR (compound average growth rate) is the annual average growth rate obtained using the geometric mean per year based on the growth rate over multiple years.

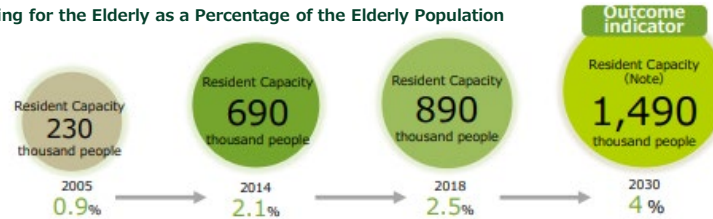
9. Current Status and Issues Surrounding Medical and Nursing Care

Various Issues Derived from Declining Birthrate and Aging Population

Healthcare Facilities Requiring the Promotion of Supply

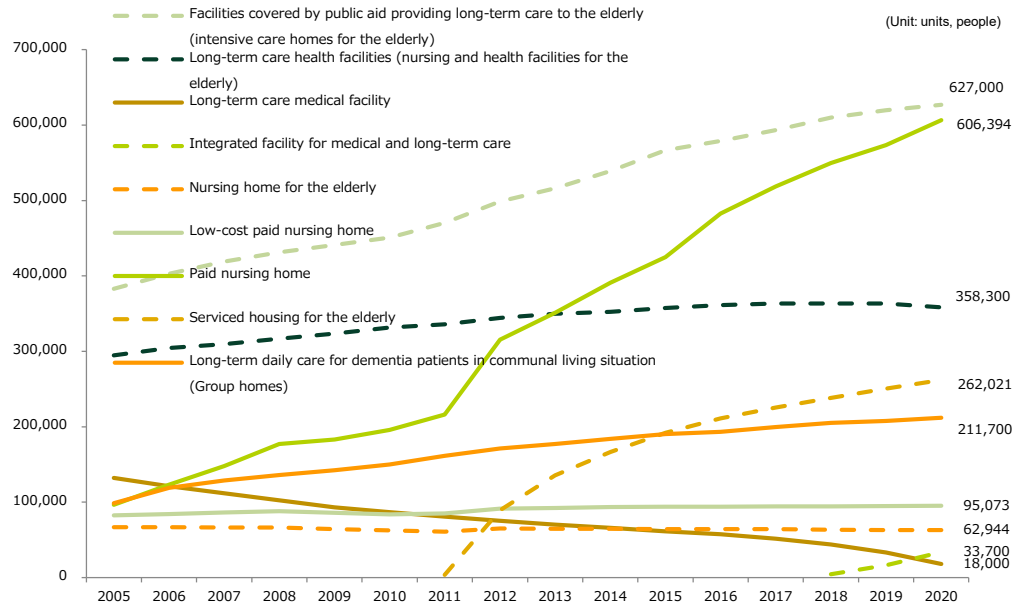
In the Basic Housing Policy (National Plan) approved by the Cabinet on March 19, 2021, the goal is to form and develop communities where diverse generations support each other and the elderly can live in good health and peace of mind, and a target was set to raise the ratio of senior housing to the senior population from 2.5% in 2018 to 4% by 2030.

Ratio of Housing for the Elderly as a Percentage of the Elderly Population



(Note) Resident capacity is estimated based on the outcome indicator for the ratio of housing for the elderly as a percentage of the elderly population. In the plan, Housing for elderly means paid nursing home, serviced housing for the elderly, group homes and Geriatric health services facilities.

[Capacity and Number of Users of Facilities and Housing for the Elderly]



(Source) Prepared by the Asset Management Company based on the "Statistics on the Actual Status of Nursing Care Benefits, etc." and "Survey on Social Welfare Facilities, etc." of Ministry of Health, Labour and Welfare, "Information Provision System of serviced housing for the elderly" on the website of the Senior Housing Association.

(Note) The number of users is shown for facilities covered by public aid providing long-term care to the elderly, Long-term care health facilities, long-term care medical facility and long-term daily care for dementia patients in communal living situation (Group homes).

(Reference) Environmental Improvement for Upgrading and Expanding Healthcare Facilities

In the "Japan Revitalization Strategy-JAPAN is BACK-" dated June 14, 2013, the government announced its policy to "enact a guideline concerning acquisition and management of housing for the elderly, etc. for the utilization of healthcare REITs with an aim to utilize private fund" as part of urban development to enable the elderly, etc. to walk and live safely. Following this policy, the Ministry of Land, Infrastructure, Transport and Tourism enacted the "Guideline related to the utilization of healthcare REITs targeting housing for the elderly, etc." on June 27, 2014, and the "Guideline related to REITs targeting hospital real estate" on June 26, 2015, and guidelines for utilizing healthcare REITs were established. As a measure to spread healthcare REITs, seminars targeting related business operators jointly held by the Financial Services Agency, the Ministry of Land, Infrastructure, Transport and Tourism, the Tokyo Stock Exchange, and the Association For Real Estate Securitization have been held several times a year, and efforts by the public and private sectors are being made.

高齢者向け住宅等を対象とするヘルスケアリートの活用に係るガイドライン

国土交通省

1. 目的

○ 高齢者向け住宅等を対象とするヘルスケアリートの活用に係るガイドラインは、**宅地建物取引業法**(昭和27年法律第176号)第50条の2等に基づく取引一任代理等の認可申請等に関して整備すべき組織体制を示すとともに、ヘルスケア施設の取引に留意すべき事項を示すことを目的としている。

2. 概要

○ 対象施設

サービス付き高齢者向け住宅
有料老人ホーム
認知症高齢者グループホーム
※なお、病院については、今後別途検討を行う予定。

○ 適用時期

平成26年7月1日
(国にヘルスケア施設を運用対象とする資産運用会社は平成26年10月1日。当該資産運用会社が新たなヘルスケア施設の取得を行う場合はその取得の日)

○ 資産運用会社が整備すべき組織体制(認可要件)

次のいずれかにより、ヘルスケア施設の事業特性を十分に理解している者を配置又は関与させること。
a. 一定の経験を有する重要な使用人の配置
b. 外部専門家からの助言
c. 投資委員会等への外部専門家の配置 等

○ ヘルスケア施設の取引に留意すべき事項

○ 利用者への配慮事項

- ヘルスケアリートの仕組みの周知
- ヘルスケア施設の適切な運営に係る関係法令や通知等の確認、及び行政指導等への対応確保
- その他
- オペレータとの連絡関係の構築及び運営状況の把握
- 情報の収集及び開示

○ 取引一任代理等の認可申請等における業務方法書への記載事項

- 利用者の安心感の確保
- ヘルスケア施設の取引等への専門家の関与方法

病院不動産を対象とするリートに係るガイドライン

国土交通省

1. 目的

○ 病院不動産を対象とするリートに係るガイドラインは、**宅地建物取引業法**(昭和27年法律第176号)第50条の2等に基づく取引一任代理等の認可申請等に関して整備すべき組織体制を示すとともに、**病院関係者との信頼関係の構築、医療法等の規定及びこれに関連する通知の遵守**を示すことを目的としている。

2. 概要

○ 対象とする不動産

医療法第1条の5第1項に規定する病院の用に供されている不動産

○ 適用時期

平成27年7月1日

○ 資産運用会社が整備すべき組織体制(認可要件)

次のいずれかにより、専門家を配置又は関与させること。
a. 一定の経験を有する重要な使用人の配置
b. 外部専門家からの助言
c. 投資委員会等への外部専門家の配置 等

○ 病院関係者との信頼関係の構築等

- 病院関係者との信頼関係の構築
- 医療法等の規定及びこれに関連する通知の遵守
- 医療法等の規定及びこれに関連する通知の遵守の確保等

a. 事前の確認及び医療法等の規定又はこれに関連する通知の周知の徹底

資産運用会社の役員及び投資運用の責任者及び担当者、病院不動産を対象とするリートの法人に当たり、病院関係者が医療法等の規定又はこれに関連する通知を遵守する旨を説明すること。また、病院不動産の取引に際して、資産運用会社は、病院関係者との信頼関係を構築する。また、医療法等の規定又はこれに関連する通知に違反する旨を通知している旨を明らかにし、違反内容又は対応策等(発生予防等)を事前に確認すること。

b. 資料不払い等の場合の対応

一定の理由が病院関係者が資料を支払うことができない等の場合は、資産運用会社は、国土交通省に連絡すること。

○ 取引一任代理等の認可申請等における業務方法書への記載事項

- 病院関係者との信頼関係の構築等
- 病院不動産の取引等への専門家の関与方法

9. Current Status and Issues Surrounding Medical and Nursing Care

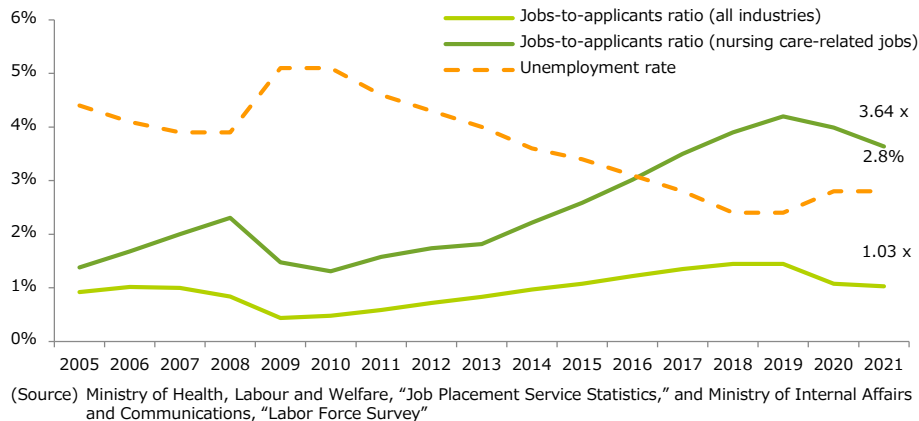
Various Issues in Nursing Care

● Personnel Shortage in the Nursing Care Industry

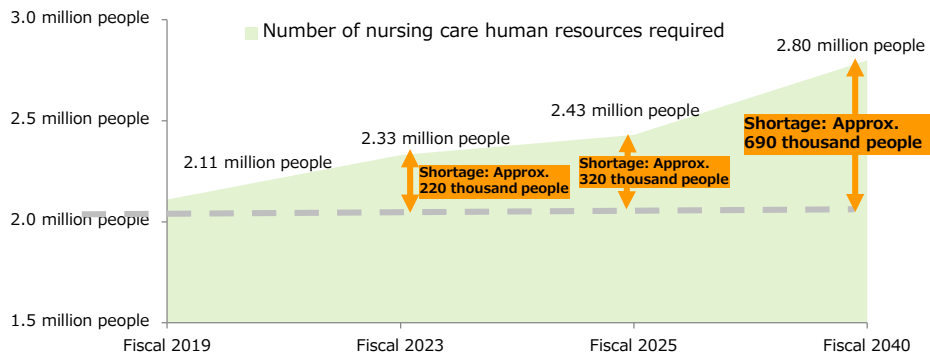
In fiscal 2021, the jobs-to-applicants ratio for nursing care-related occupations was 3.64 times, which is higher than that for all occupations.

Based on information such as the projected volume of nursing care services in the 8th Nursing Care Insurance Business Plan, the number of required nursing care personnel, as estimated by prefectural governments, will be shortage of approximately 690 thousand in fiscal 2040.

[Jobs-to-Applicants Ratio (All Industries and Nursing Care-Related Occupations) and Unemployment Rate]



[Needs for Nursing Care Human Resources Towards 2040]



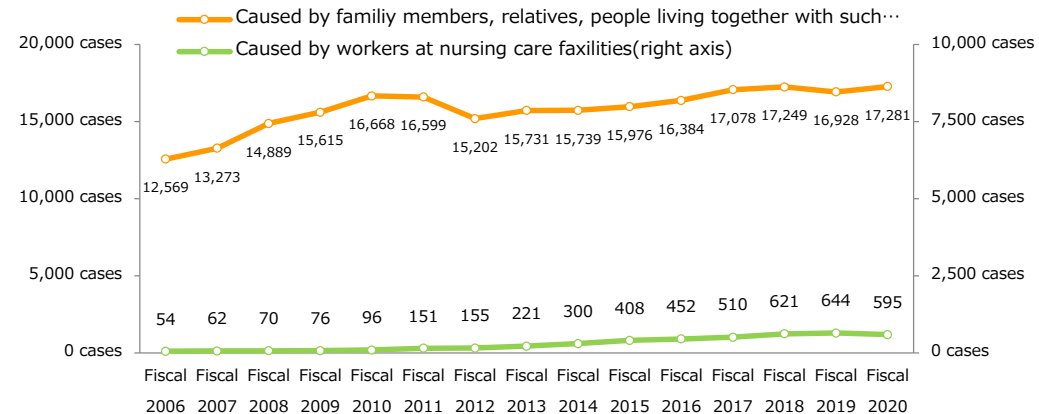
(Source) Ministry of Health, Labour and Welfare, "Number of Nursing Care Personnel Required Based on 8th Nursing Care Insurance Business Plan – Appendix 1"

● Abuse of the Elderly in Nursing Care

Abuse of the elderly in nursing care is also a major issue. There are various reasons for abuse, but there are many cases in which abuse is caused by the heavy burden of nursing care, and there is a need to expand nursing care services responding to the need to reduce the burden of caregivers.

In addition, although the number of cases of abuse in nursing care facilities smaller than that of abuse by families, there are certain number of abuse in nursing care facilities, nursing care business operators are taking actions toward workers at nursing care facilities including improvement of the knowledge on abuse and holding trainings and preparing manuals with an aim to prevent abuse and inappropriate care.

[Change in the Number of Cases of Elderly Abuse]



(Source) "Survey Results on the Status of Response Based on the "Act on the Prevention of Elder Abuse, Support for Caregivers of Elderly Persons and Other Related Matters" in Fiscal 2019" of Ministry of Health, Labour and Welfare

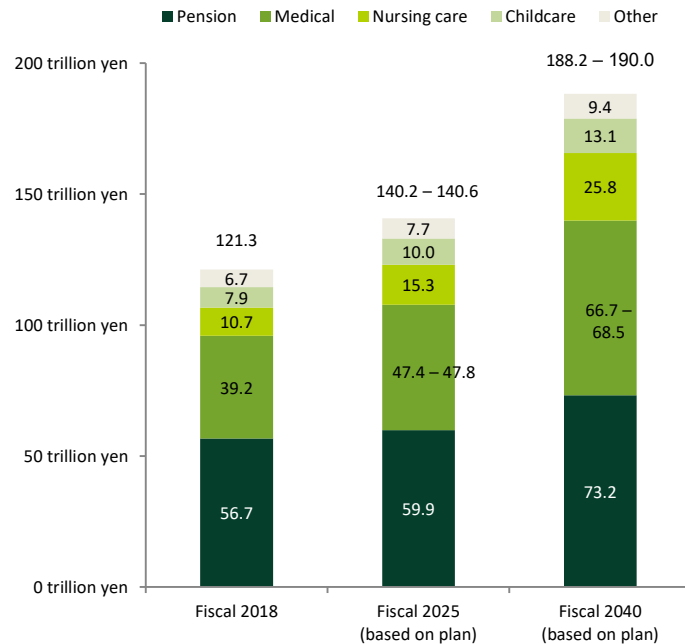
9. Current Status and Issues Surrounding Medical and Nursing Care

Actions by the Government and Local Governments

Further Increase in Social Security Benefits (Medical and Nursing Care)

With the progress in aging population and declining birthrate, social security benefits in Japan are forecast to increase significantly, which is a major issue.

[Future Outlook for Social Security Benefits Towards 2040]



(Source) “Future Outlook for Social Security Towards 2040” of the Cabinet Secretariat, Cabinet Office, Ministry of Finance, Ministry of Health, Labour and Welfare

Establishment of Regional Comprehensive Care System

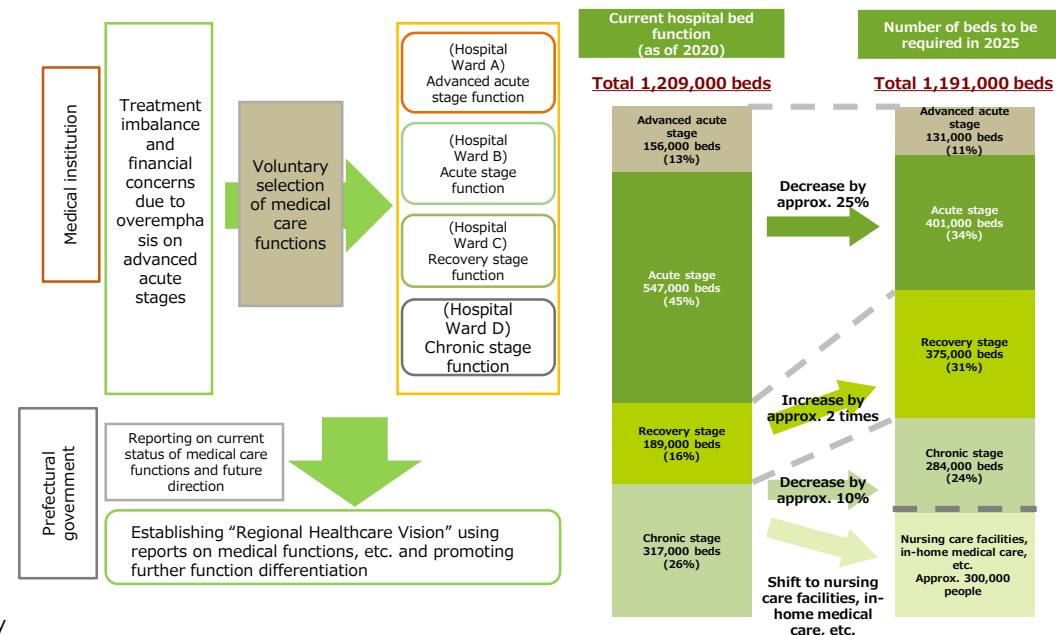
With the further increase in demand for medical and nursing care after 2025 when the baby boomers will be 75 or older, the government (Ministry of Health, Labour and Welfare) is promoting the construction of a regional comprehensive care system that integrally provides housing, medical service, nursing care, prevention and life support to enable the elderly to continue living in familiar areas until the end of their lives to the maximum extent possible with an aim to maintain the dignity of the elderly and support independent life.

It is believed that the extension of healthy life expectancy and a society that supports the elderly by utilizing not only public services but also the power of the community can be realized with the regional comprehensive care system in accordance with the actual circumstances of each region, leading to the securement of the sustainability of the social security system.

Establishment of Regional Healthcare Vision and Promotion of Differentiation and Coordination of Medical Functions

There is a need to respond to the increasing and diversifying demand for medical and nursing care services within limited medical resources as well as establish a system that effectively and efficiently provides high-quality and appropriate medical care. The “Regional Healthcare Vision” has been institutionalized by the “Act for Securing Comprehensive Medical and Long-term Care in the Community” aiming to establish a medical care provision system that can even withstand the super-aged society (Note).

Regional Healthcare Vision is an initiative to realize an efficient medical care provision system by estimating the number of beds required in 2025 for each of the four medical functions based on the future population projections and promoting functional differentiation of hospital bed and coordination of hospitals through consultation by local medical staff.



(Note) “Super-aged society” refers to a society in which the elderly population aged 65 or older (aging rate) accounts for 21% or more of the total population

(Source) Created by HAM based on Ministry of Health, Labour and Welfare’s “Regional Healthcare Vision” (October 9, 2020).

(Source) “Current Hospital Bed Function (as of 2020)” created by HAM based on a document entitled “About the 2020 Hospital Bed Function Report,” which was created by Ministry of Health, Labour and Welfare based on a 2020 hospital bed usage report; “Number of Beds to Be Required in 2025” created by HAM based on Ministry of Health, Labour and Welfare’s “Initiatives for Medical/Nursing Care Reform” (June 22, 2017).

9. Current Status and Issues Surrounding Medical and Nursing Care

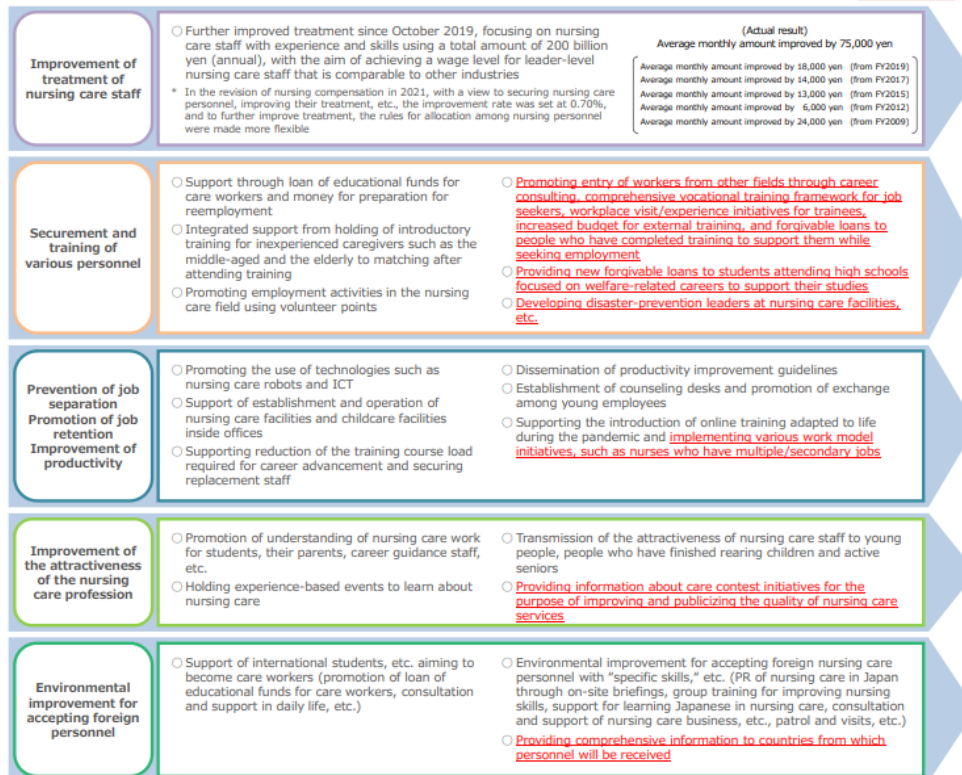
Actions by the Government and Local Governments

Environmental Improvement for Securing Nursing Care Personnel

In order to respond to the needs for nursing care personnel which are expected to continue increasing in the future, the government will implement measures such as the “improvement of working conditions for nursing care staff,” “securement and training of various personnel,” “prevention of job separation, promotion of job retention and improvement of productivity,” “enhancement of the attractiveness of the nursing care profession” and “environmental improvement for accepting foreign personnel.” The improvement of the treatment for nursing care personnel and improvement of productivity at nursing care sites were also stated in “Japan 100 Million Total Active Plan.”

Comprehensive Measures to Secure Nursing Care Personnel (Main Actions)

Appendix 3



*Underlined text indicates new initiatives in the 2021 budget

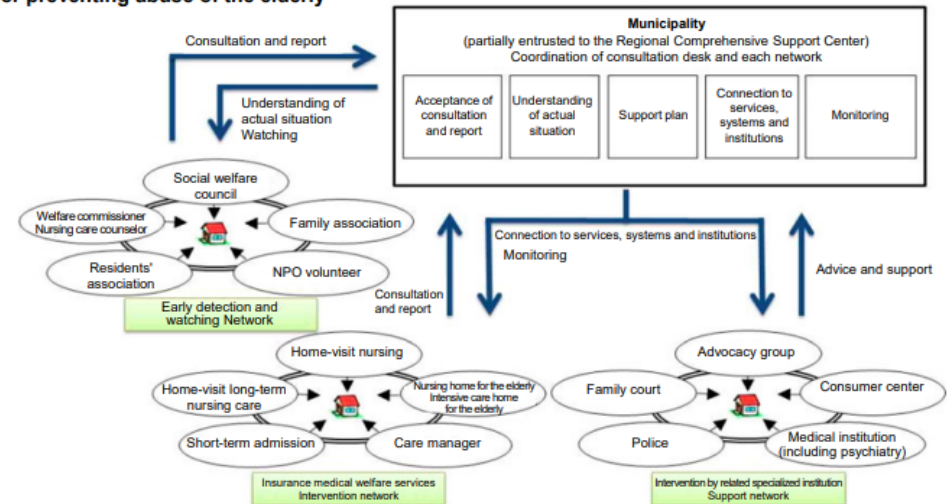
(Source) Ministry of Health, Labour and Welfare, “Number of Nursing Care Personnel Required Based on 8th Nursing Care Insurance Business Plan – Appendix 3: Comprehensive Measures to Secure Nursing Care Personnel (Main Actions)”

Actions for Preventing Abuse of the Elderly

The government and local governments are taking various actions to prevent the abuse of the elderly.

- Construction of network to prevent elderly abuse
- Conducting survey based on the “Act on the Prevention of Elder Abuse, Support for Caregivers of Elderly Persons and Other Related Matters” every year
- Formulation of manual to respond to abuse
- Development of a cooperative system with related institutions and private organizations
- Publicizing of information on support desk and name of cooperators responding to elderly abuse, etc.

Example of construction of network for preventing abuse of the elderly



(Source) “Basics of Preventing Elderly Abuse” of Ministry of Health, Labour and Welfare

Disclaimer

This material contains forward-looking statements including forecasts, outlooks, goals and plans. These statements are based on the information available as of the date when this material is prepared and incorporate certain subjective assumptions about uncertain factors that may affect future results. Accordingly, these statements are inherently not guarantees of future performance and actual results may differ materially. The opinions, outlooks and estimates contained in this material reflect our view and judgment based on information as of the date when this material is prepared and involve risks and uncertainties. No guarantee is made as to the accuracy, completeness, appropriateness and validity of information contained in this material. It is not promised that information contained in this material will always be updated. Contents of this material are subject to change without notice. This material is not intended as a solicitation for investment. Any investment decision must be made based on your own judgment and responsibility.

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