

## Financial Results Briefing Materials

**Fiscal Period Ended July 2020**

**(11th Fiscal Period)**

September 15, 2020



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# Financial Summary



# 1. Topics for 11th Fiscal Period (Ended July 2020)

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## Performance

- Operating revenue :2,023 million yen (+10 million yen from previous fiscal period, +8 million yen from forecast)
- Net income :917 million yen (△25 million yen from previous fiscal period, +26 million yen from forecast)
- Distribution per unit :3,240 yen (△80 yen from previous fiscal period, +90 yen from forecast)
- NAV per unit :119,842 yen (+539 yen from previous fiscal period)

2

## Financial Status

- Interest-bearing liabilities totaled 33.15 billion yen (+ 0.7 billion yen from previous fiscal period), with LTV at 48.1% (+ 0.5% from previous fiscal period)
- Long-term issuer rating (JCR): A (Stable)

3

## Management Status

- Asset size expanded to 36 properties/66.3 billion yen, with unrealized gain standing at 5.1 billion yen.
  - Newly acquired Sunny Life Kamakura, a paid nursing home
  - Additionally acquired part of the land for Verde Hotaka (already acquired in 9th FP) to fully own the property.
- The pipeline has expanded to approximately 17 billion yen in total.
- The portfolio occupancy rate is 100%.

## 2. Impact of the Spread of COVID-19

The impact of the spread of COVID-19 on the management status of HCM has been limited.

### Impact on the Existing Portfolio

- Stable rent revenue secured
  - Long-term fixed-rent lease agreements have been concluded with carefully selected operators.
  - There has been no rent reduction/exemption, deferral of rent payment, or mid-term cancellation of lease agreements with tenants, including subtenants.
- Stable facility operations continued
  - With anti-infection measures implemented thoroughly, there have been no cases of infection among residents (as of the end of the 11th fiscal period).
  - Average occupancy rate <sup>(Note)</sup> of the facilities is kept at a high level of 92.6%.

#### <Long-Term Fixed-Rent Lease Agreements>

Average  
remaining lease  
term  
**13.8** years

Ratio of fixed  
rents  
**100%**

Portfolio  
occupancy  
rate  
**100%**

#### <Examples of Efforts Under the COVID-19 Pandemic>

- Conducting thorough medical checks for residents and the staff
- Restricting entry of visitors and contractors and conducting online visits
- Granting special service bonuses to the staff

(Note) The average occupancy rate indicates the ratio obtained by dividing the total number of residents by the total capacity, rounded off to the first decimal place. The number of residents used in the calculation is described in the latest Property Disclosure Statement of Important Matters, which the Asset Management Company obtained as of the date of preparing this document, for the facilities and housing for the elderly owned by HCM.

### Impact on External Growth

- No significant changes in the investment environment (such as acquisition criteria, transaction yields and appraisals) of healthcare facilities
- Demand remains solid and strong for healthcare facilities in the super-aged society.

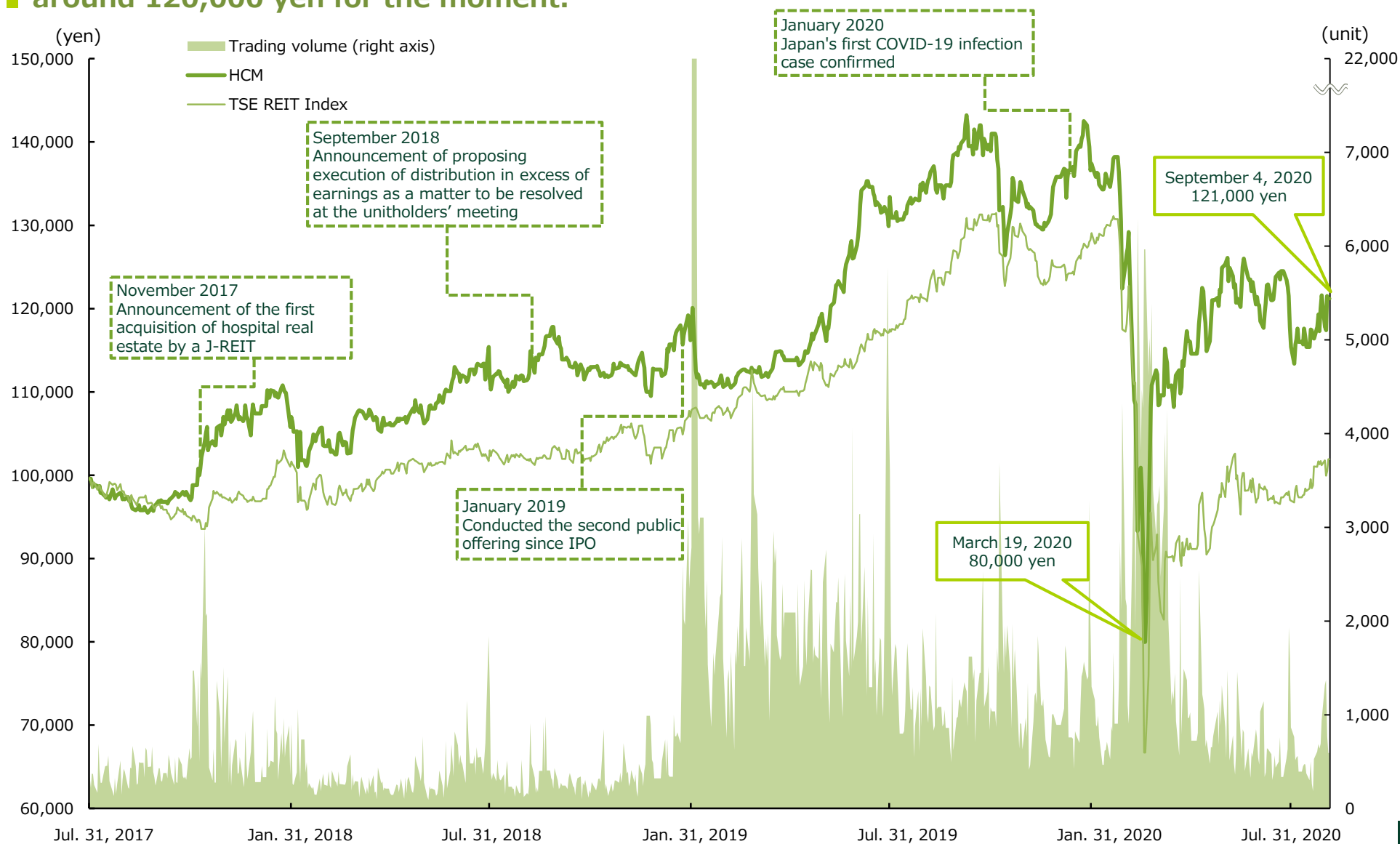
### Impact on Financial Aspects

- No significant changes in the lending attitude among lenders.

**COVID-19 has had no negative impact on the performance of HCM at present. HCM will firmly hold the asset management policy, which remains unchanged, and focus on expanding and stably operating the portfolio.**

# 3. Changes in Unit Price

The HCM investment unit price temporarily dropped to below 80,000 yen but has remained at around 120,000 yen for the moment.



(Note) TSE REIT Index is relativized to the closing price on July 31, 2017.

## 4. Major Indexes for 11th Fiscal Period (Ended July 2020)

Figures in parentheses indicate the change from the end of previous period

### Assets (Assets)

Number of properties	36 properties (+1 property)
Total acquisition price	66.3 billion yen (+1.4 billion yen)
Total appraisal value	71.8 billion yen (+1.4 billion yen)
Unrealized gain	5.1 billion yen (+0.2 billion yen)
Average appraisal NOI yield	5.6% (±0%)
Portfolio occupancy rate	100% (±0%)
Ratio of fixed rents	100% (±0%)
Ratio of investment in three major metropolitan areas	86.3% (+0.2%)
Average remaining lease term	13.8 years (△0.4 years)

### Debt (Liabilities)

Total amount of interest-bearing liabilities	33.15 billion yen (+0.7 billion yen)
Average remaining terms to maturity	2.9 years (△0.6 years)
Average borrowing interest rate	0.57% (△0.01%)
Ratio of long-term debt	88.8% (△2.0%)
Ratio of debt with fixed interest rates	97.9% (△2.1%)
LTV	48.1% (+0.5%)
Long-Term Issuer Rating (JCR)	A (Stable)

### Equity (Net assets)

Total sum of fair value	35.8 billion yen (△6.8 billion yen)
Distribution per unit	3,240 yen (△80 yen)
Distribution in excess of earnings <sup>(Note)</sup> (Equivalent to return of capital)	289 yen (+4 yen)
NAV per unit	119,842 yen (+539 yen)

(Note) Distribution in excess of earnings refers to distribution carried out targeting around 20% of depreciation equivalent (return of capital).



## 5. Actual Results for 11th Fiscal Period (Ended July 2020)

**Achieved distribution per unit of 3,240 yen, +90 yen over forecast, due to an increase in rent revenue with new property acquisitions as well as a decrease in repair expenses, etc.**

(Unit: millions of yen)

	10th Fiscal Period (Ended January 2020)	11th fiscal period (Ended July 2020)				
	Actual	Forecast (Note 2)	Actual	Comparison with Forecast	Comparison with 10th Fiscal Period	
	(A)	(B)	(C)	(C)-(B)	(C)-(A)	(C)-(A) (A) (%)
Operating revenue	2,013	2,015	<b>2,023</b>	+8	+10	+0.5
Operating expenses	909	968	<b>951</b>	△16	+41	+4.6
Expenses related to rent business	601	661	<b>652</b>	△9	+51	+8.5
(Depreciation)	443	448	<b>450</b>	+2	+6	+1.6
Operating income	1,103	1,047	<b>1,072</b>	+24	△31	△2.8
Ordinary income	944	891	<b>918</b>	+26	△25	△2.7
Net income	943	890	<b>917</b>	+26	△25	△2.7
Distribution per unit (yen)	3,320	3,150	<b>3,240</b>	<b>+90</b>	△80	△2.4
Distribution of earnings	3,027	2,864	<b>2,928</b>	+87	△84	△2.8
Distribution of reserve for temporary difference adjustments	8		<b>23</b>			
Distribution in excess of earnings (return of capital) (Note 1)	285	286	<b>289</b>	+3	+4	+1.4
NAV per unit (yen)	119,303	-	<b>119,842</b>	-	+539	+0.5

(Note 1) Distribution in excess of earnings refers to distribution carried out targeting around 20% of depreciation equivalent (return of capital).

(Note 2) The forecast for the 11th Fiscal Period (B) is the forecast figure announced in “(REIT) Financial Report for Fiscal Period Ended January 2020” dated March 17, 2020.

### 11th Fiscal Period Actual Results (Comparison with Forecast)

#### Difference in operating revenue (+8)

- Increase in lease business revenue (+8)
  - Acquisition of new properties (+7)

#### Difference in operating expenses (△16)

- Decrease in expenses related to rent business (△9)
  - Repair expenses (△11)
  - Depreciation (+2)
- Decrease in general and administrative expenses (△7)
  - IR expenses (△2)
  - Legal fees (△3)

### 11th Fiscal Period Actual Results (Comparison with 10th Fiscal Period)

#### Difference in operating revenue (+10)

- Increase in rent business revenue (+10)
  - Acquisition of new properties (+7)
  - Invitation of new tenants (+2)

#### Difference in operating expenses (+41)

- Increase in lease business expenses (+51)
  - Expensing of property/city planning tax for properties acquired in 9th FP (+49)
- Decrease in general and administrative expenses (△9)
  - Asset management fee (△3)
  - IR expenses (△1)



# I Financial Summary

## 6. 12th Fiscal Period (Ending January 2021) and 13th Fiscal Period (Ending July 2021) Earnings Forecasts

In the 12th fiscal period, rent revenue from the properties acquired in the previous fiscal period will contribute throughout the period.  
Distribution per unit is expected to be 3,205 yen (+80 yen from initial forecast).

(Unit: millions of yen)

	11th Fiscal Period (Ended July 2020)	12th Fiscal Period (ending January 2021)			13th Fiscal Period (ending July 2021)		
	Actual	Initial forecast (Note 2)	Forecast	Comparison with initial forecast	Comparison with 11th fiscal period	Forecast	Comparison with 12th fiscal period forecast
	(A)	(B)	(C)	(C)-(B)	(C)-(A)	(D)	(D)-(C)
Operating revenue	2,023	2,015	<b>2,058</b>	+42	+34	<b>2,058</b>	0
Operating expenses	951	976	<b>995</b>	+18	+43	<b>992</b>	△2
Expenses related to rent business	652	667	<b>680</b>	+12	+28	<b>688</b>	+8
(Depreciation)	450	453	<b>461</b>	+8	+10	<b>468</b>	+6
Operating income	1,072	1,039	<b>1,063</b>	+24	△8	<b>1,066</b>	+2
Ordinary income	918	882	<b>905</b>	+22	△13	<b>905</b>	0
Net income	917	881	<b>904</b>	+22	△13	<b>904</b>	0
Distribution per unit (yen)	3,240	3,125	<b>3,205</b>	<b>+80</b>	△35	<b>3,210</b>	+5
Distribution per unit (Excluding distribution in excess of earnings (return of capital)(Note1))	2,951	2,835	<b>2,908</b>	+73	△43	<b>2,908</b>	0
Distribution in excess of earnings (return of capital) (Note 1)	289	290	<b>297</b>	+7	+8	<b>302</b>	+5

### 12th Fiscal Period Forecast (Comparison with 11th Fiscal Period Results)

#### Difference in operating revenue (+34)

- Full-period contribution of rent revenue from properties acquired in the 11th fiscal period (+35)

#### Difference in operating expenses (+43)

- Increase in expenses related to rent business (+28)
  - Repair expenses (+16)
  - Depreciation (+10)
- Increase in general and administrative expenses (+15)
  - Expenses related to general meeting of unitiholders (+7)
  - Continuous ER expenses, etc. (+4)

### 13th Fiscal Period Forecast (Comparison with 12th Fiscal Period Forecast)

#### Difference in operating expenses (△2)

- Increase in lease business expenses (+8)
  - Expensing of property/city planning tax for properties acquired in 11th FP (+2)
  - Depreciation (+6)
- Decrease in general and administrative expenses (△10)
  - Asset management fee (△2)
  - Expenses related to investors meeting (△7)

(Note 1) Distribution in excess of earnings refers to distribution carried out targeting around 20% of depreciation equivalent (return of capital).

(Note 2) The initial forecast for the 12th Fiscal Period (B) is the forecast figure announced in " (REIT) Financial Report for Fiscal Period Ended January 2020" dated March 17, 2020.

HCM newly acquired properties by utilizing sponsor support and continued working to expand the pipeline.

### [New Acquisition] Sunny Life Kamakura



<b>Asset type</b>	Residential type paid nursing home
<b>Location</b>	Kamakura-shi, Kanagawa
<b>Operator</b>	Kawashima Corporation
<b>Opened</b>	November 2014
<b>Appraisal value</b>	1,550 million yen (appraisal date: May 31, 2020)
<b>Acquisition date</b>	June 29, 2020
<b>Acquisition price</b>	1,418 million yen
<b>Appraisal NOI yield</b>	5.3%
<b>No. of rooms/capacity</b>	128 rooms, 128 people
<b>Occupancy rate (Note)</b>	98.4%
<b>Seller</b>	Godo Kaisha MYGK 3-Go

(Note) Occupancy rate is based on the Property Disclosure Statement of Important Matters dated October 1, 2019.

#### ● Key points of acquisition

**Strong sponsor support**

Property acquisition through negotiated transaction utilizing the network and warehousing function of the sponsors.

**Good location**

Approximately a 3-minute walk from the nearest station, the location offers good traffic convenience. On top of it, rich services and competitive pricing keep the bed occupancy rate high.

**Excellent operator**

Kawashima Corporation is a leading company in the industry, operating paid nursing homes nationwide with "Sunny Life" as its main brand (having total capacity of 12,056 people, the fifth largest in Japan) (Note).

(Note) (From) Weekly Senior Housing Newspaper, August 5-12, 2020 issue (No. 594)

### [Additional Acquisition] Verde Hotaka (land)

<b>Asset type</b>	Paid nursing home with care service
<b>Location</b>	Kawaba-mura, Tone-gun, Gunma
<b>Operator</b>	Verde Corporation
<b>Acquisition date</b>	April 1, 2020
<b>Acquisition price</b>	38 million yen

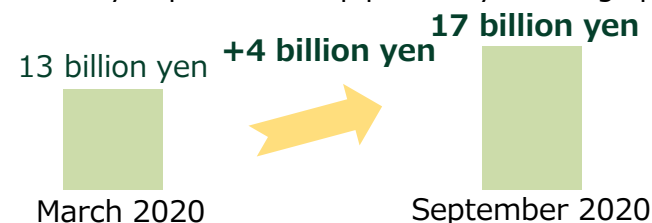


#### ● Key points of acquisition

Additionally acquired part of the land for Verde Hotaka, which HCM had acquired in February 2019, to fully own the property. Effectively reduced annual leasing expenses (land rent) by 1 million yen.

### Expansion of Pipeline

- Proactively expanded the pipeline by utilizing sponsor support.



Granda Minami-Urawa  
(Kawaguchi-shi, Saitama;  
58 rooms)



Noah Garden Legend  
(Sapporo-shi, Hokkaido;  
72 rooms)



Medical Home Bonsejour  
Yamahana  
(Sapporo-shi, Hokkaido;  
60 rooms)

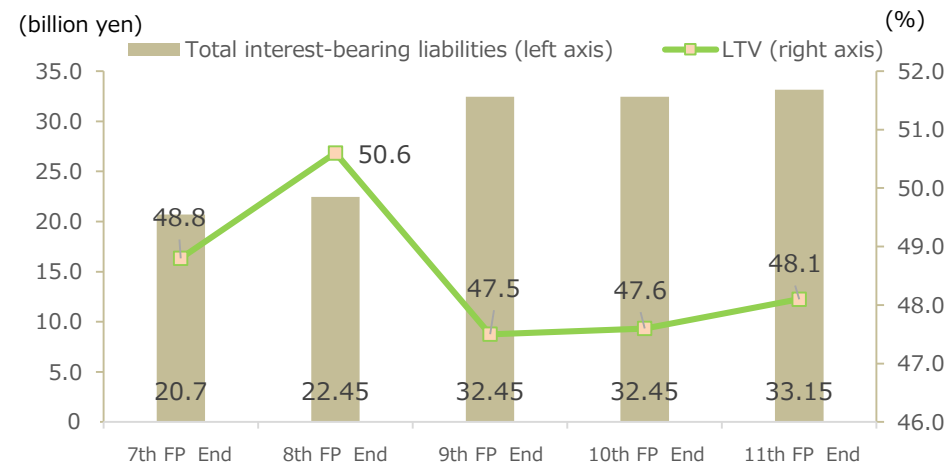
# 8. Financial Status

The bank formation centering on Sumitomo Mitsui Banking Corporation and the LTV level maintained at around 50%.

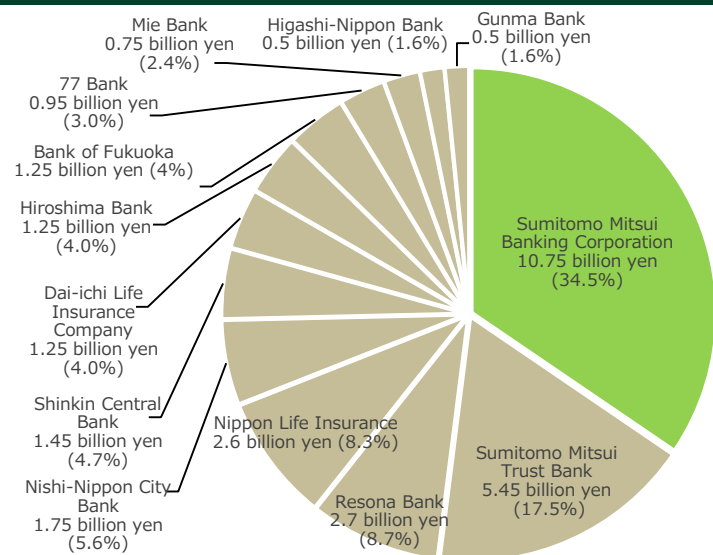
## Status of Interest-Bearing Liabilities

	End of 10th FP	End of 11th FP	Change
<b>Total amount of interest-bearing Liabilities</b> (billion yen)	32.45	33.15	+0.7
<b>(Investment corporation bonds)</b> (billion yen)	2.0	2.0	±0
<b>LTV</b> (%)	47.6	48.1	+0.5
<b>Ratio of debt with fixed interest rates</b> (%)	100	97.9	△2.1
<b>Average borrowing interest rate</b> (%)	0.58	0.57	△0.01

## Change in LTV and Total Interest-Bearing Liabilities

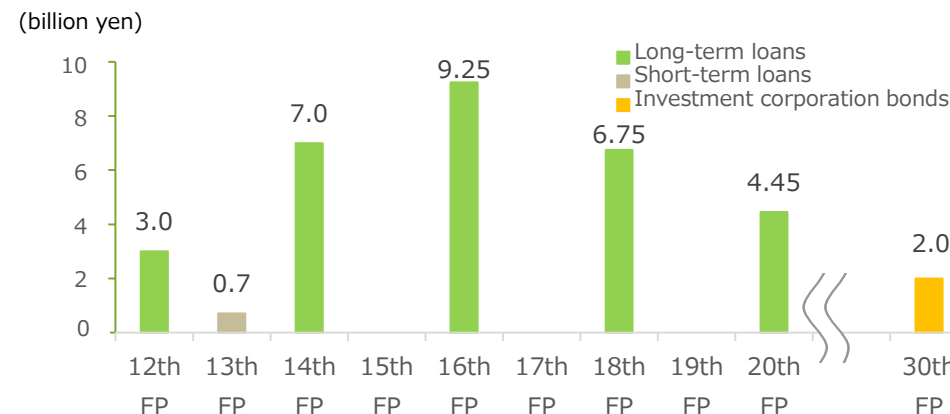


## Diversification of Lenders



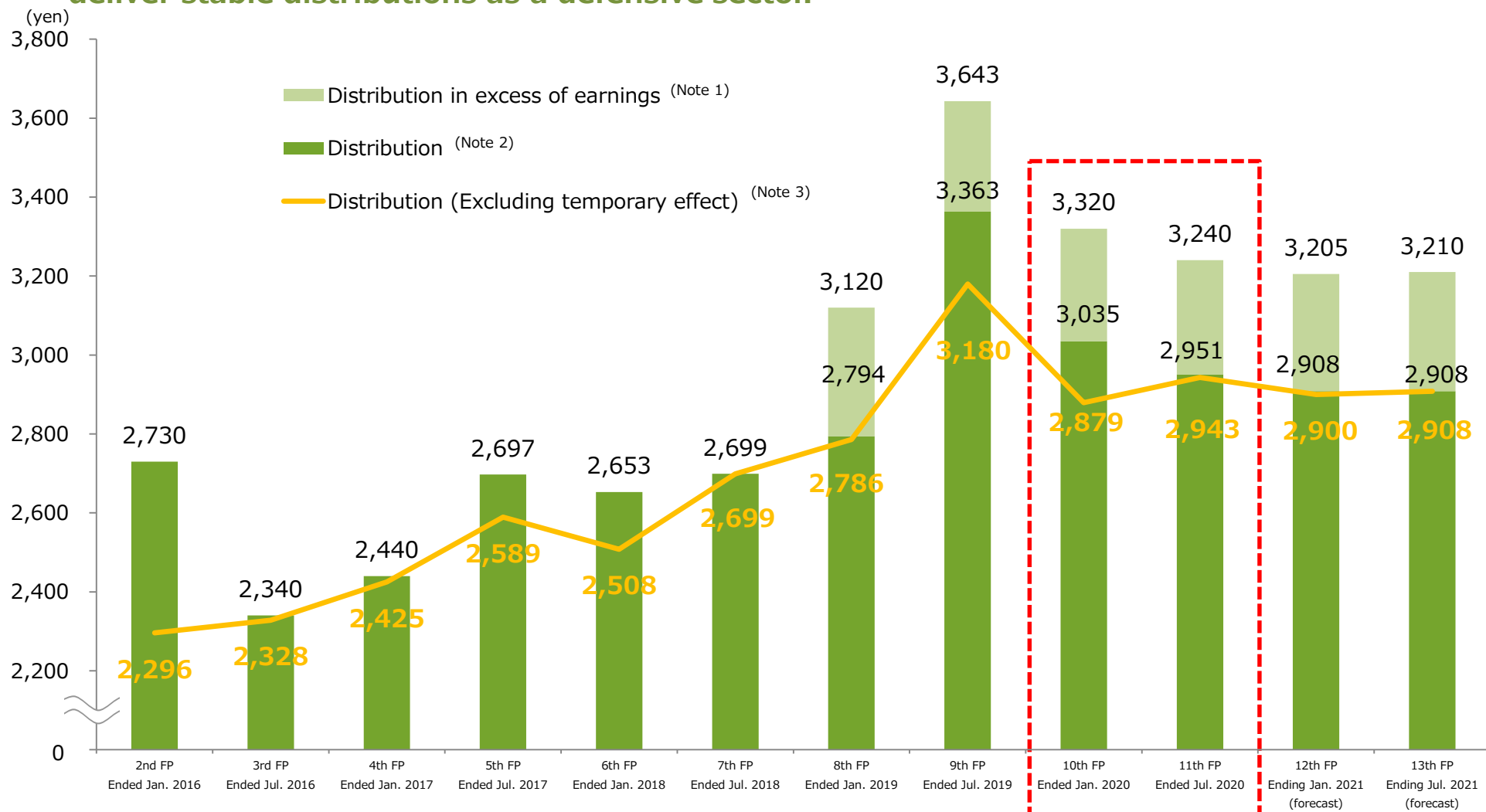
## Diversification of Maturities

Average remaining terms to maturity: 2.9 years.



# 9. Changes in Distribution Per Unit

HCM's distribution excluding temporary effect has increased even under the COVID-19 pandemic. HCM does not expect a significant decrease for the 11th fiscal period and thereafter, and aims to deliver stable distributions as a defensive sector.



(Note 1) Distribution in excess of earnings refers to distribution carried out targeting around 20% of depreciation equivalent (return of capital).

(Note 2) The amount obtained by subtracting distribution in excess of earnings of distribution per unit is indicated.

(Note 3) Temporary effect refers to temporary revenues (insurance income, etc.), property tax and urban planning tax which have not been expensed due to property acquisition.

# Status of Asset Management



## Key Data

## Number of properties

36

(+1 property)

## Total acquisition price

66.3 billion yen

(+1.4 billion yen)

Total appraisal value (Note 1)

71.8 billion yen

(+1.4 billion yen)

## Average appraisal NOI yield

5.6%

(±0%)

Average building age (Note 1)

15.8 years

(+0.3 years)

Average remaining lease term (Note 1)

13.8 years

(△0.4 years)

## Ratio of fixed rents

100%

(±0%)

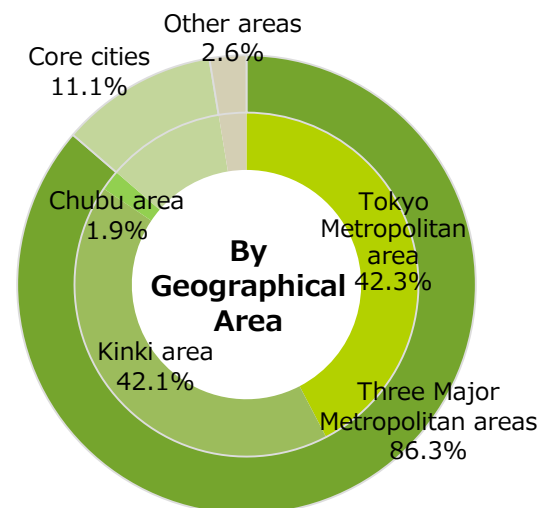
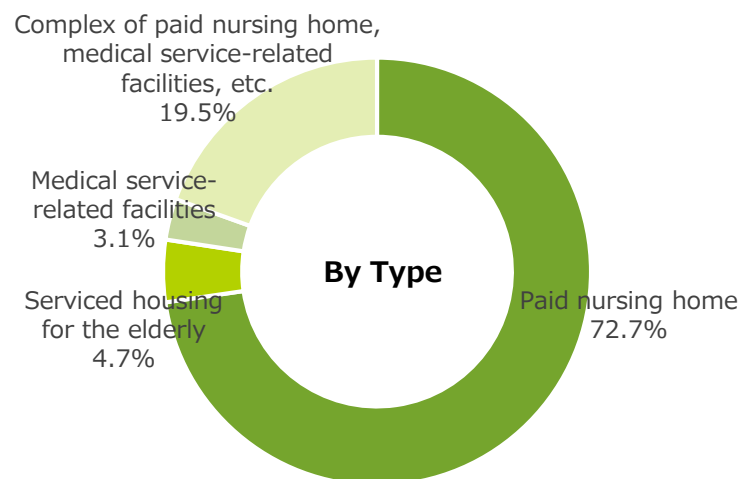
## Portfolio occupancy rate

100%

(±0%)

(Note 1) "Total appraisal value" is indicated based on the appraisal report with July 31, 2020, as the appraisal date. "Average building age" and "Average remaining lease term" are average values with July 31, 2020, as the base date, calculated by dividing the remaining years to maturity by 365 and weighted by acquisition price. The figures are rounded down to the first decimal place. For properties having multiple buildings, they indicate weighted-average figures based on area.

(Note 2) Figures in parentheses are comparison with the end of the 10th FP.

Diversification Status (Note)

(Note) The figures in the graphs are calculated based on acquisition price, rounded to the first decimal place.

## 2. Stable Cash Flow in the Long Term

HCM has concluded long-term fixed-rent agreements in principle with carefully selected operators. HCM secures stable cash flows by continuously monitoring them throughout the period.

### Good Judgement and Monitoring of Operators

Good judgement regarding operators is very important to secure stable rent income

Operations  
capability

Management  
stability

Business due diligence  
(before / after acquisition)

- ◆ Quantitative and qualitative assessment and analysis
- ◆ Regular visits to facilities and on-site inspections (interviews with facility directors, etc.)

Business  
profile/activities

Compliance

Operational  
status of  
facilities

Financial  
status

Abuse  
prevention  
measures

Safety  
management

### Carefully Selected, Excellent Operators

- HCM has 12 operators with strong track records and high creditworthiness, including industry-leading SOMPO Care, Benesse Style Care and GREEN LIFE that belongs to SHIP HEALTHCARE.
- Kyowakai is a major medical corporation that operates six hospitals (2,024 beds) and four long-term care health facilities (495 beds), etc.

#### Top Operators (Based on Acquisition Price) (Note 1)

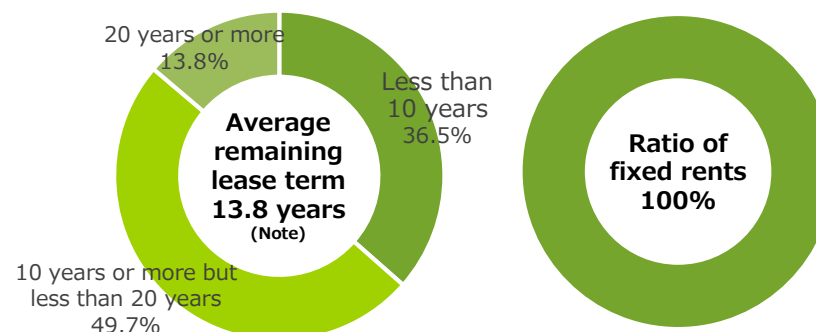
Operator	Total capacity (Note 2)	Share (%)
GREEN LIFE Co., Ltd.	4,373 people (ranked 22nd in Japan) (Note 3)	28.5
GREEN LIFE HIGASHI NIHON Co., Ltd.		
Sompo Care Inc.	25,740 people (ranked 1st in Japan)	17.3
Kyowakai Medical Corporation	-	11.5
Benesse Style Care Co., Ltd.	18,886 people (ranked 2nd in Japan)	9.7

(Note 1) The operators of SHIP Senri Building are separated based on an area basis, with Kyowakai Medical Corporation for the Senri-Chuo Hospital portion and GREEN LIFE for the other portions.

(Note 2) (From) Weekly Senior Housing Newspaper, August 5-12, 2020 issue (No. 594)

(Note 3) Indicates the figure of Ship Healthcare Holdings Co., Ltd. as a whole.

### Long-Term Fixed-Rent Lease Agreements



(Note) The figure is calculated by weighted averaging with acquisition prices after dividing remaining lease days by 365, with July 31, 2020, as reference date, rounded down to the first decimal place.



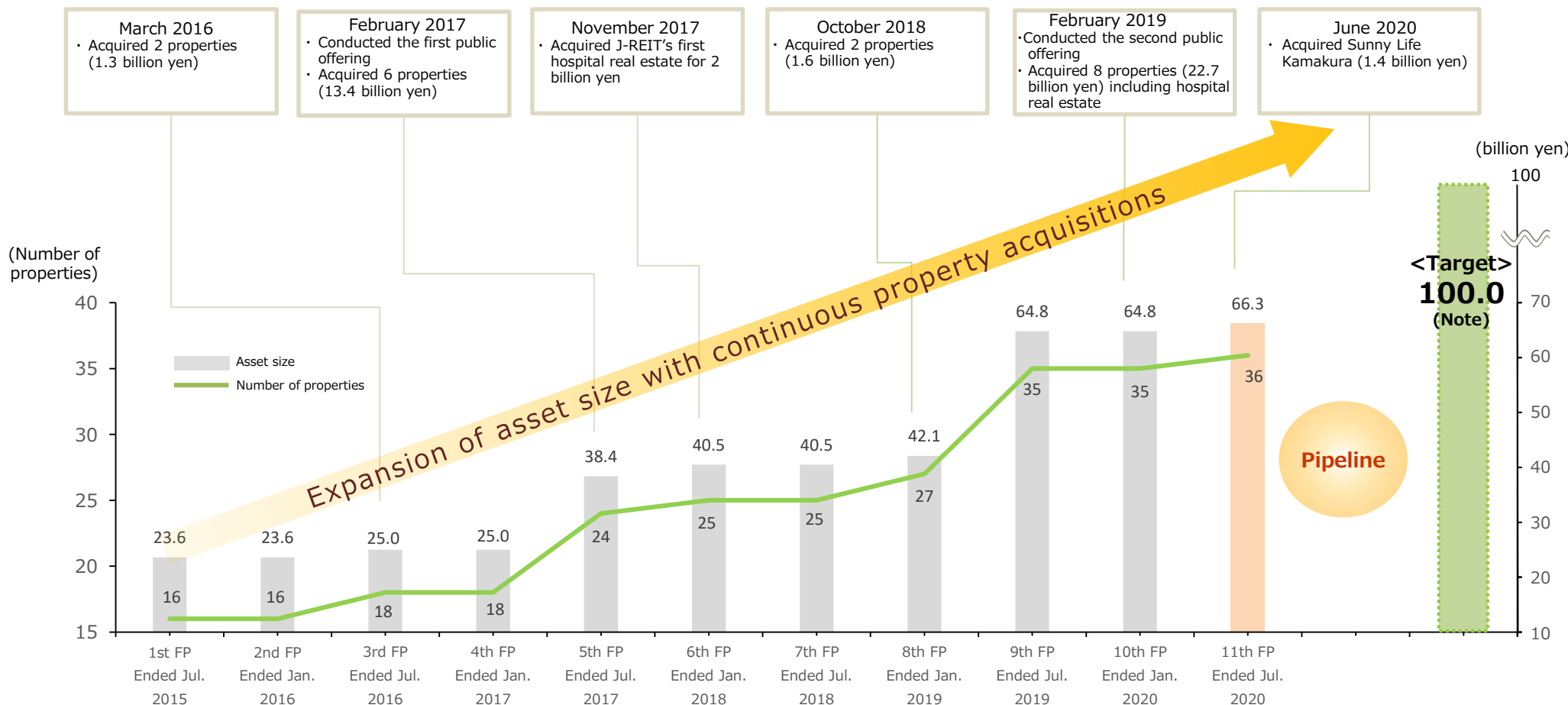
# Actions for Enhancement of Unitholder Value



# 1. Road Map to External Growth

**HCM aims for an asset size of 100 billion yen over the medium term.**  
**With continuous property acquisitions, the asset size has grown by approximately 2.8 times since IPO to 66.3 billion yen.**

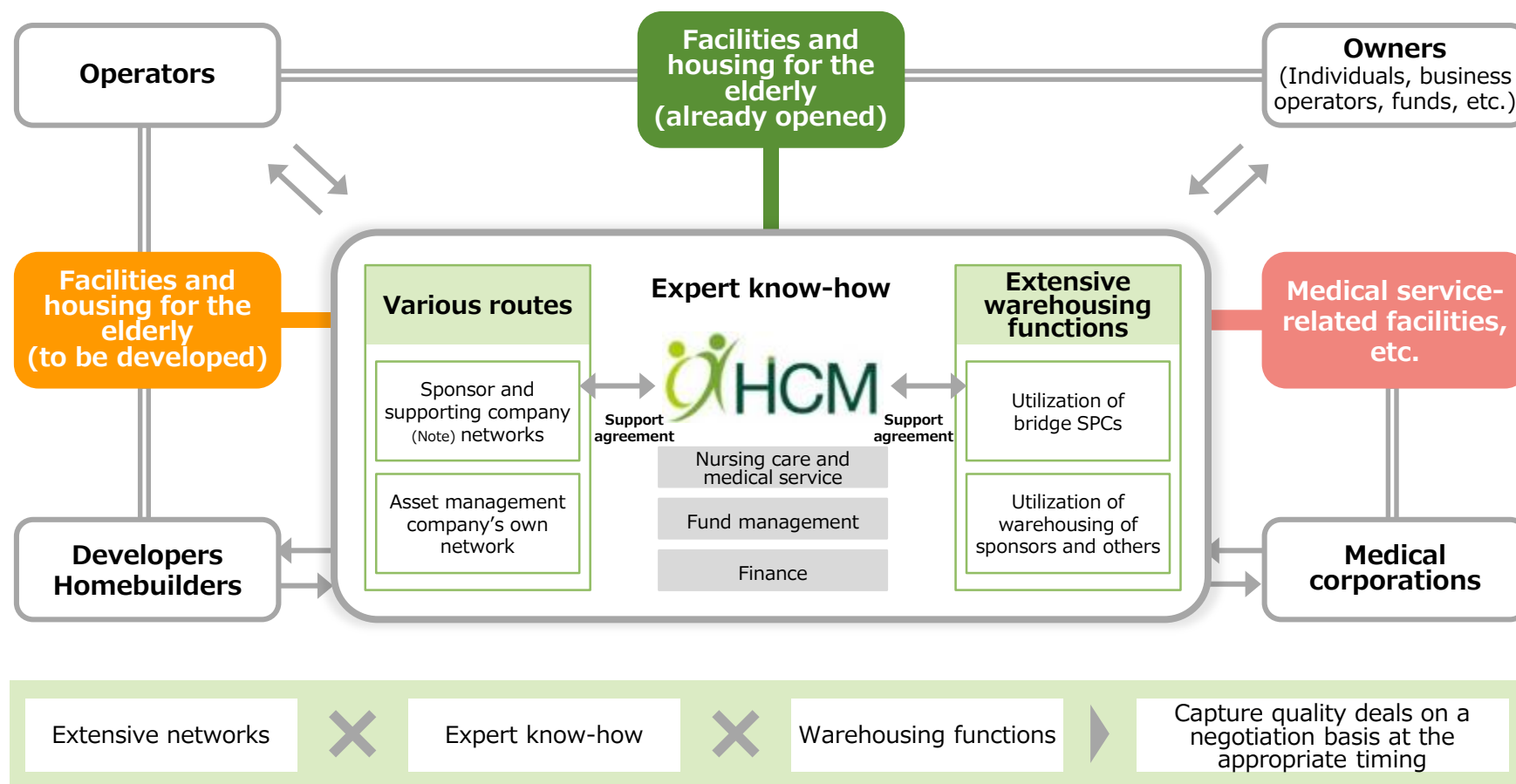
## Change in Asset Size and Number of Properties



## 2. Expansion of Pipeline (1)

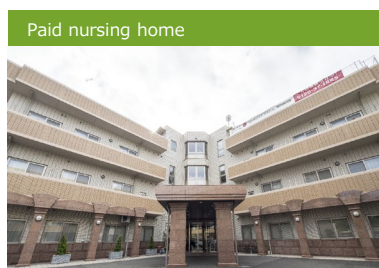
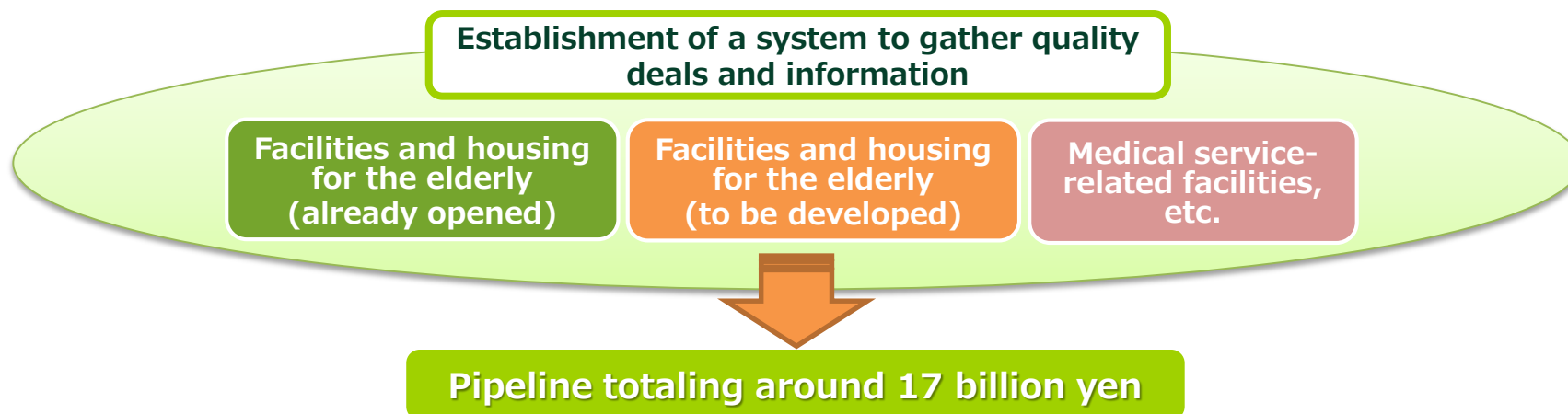
HCM aims to expand and strengthen the pipeline through a “gathering system” that utilizes wide-ranging networks with the sponsors as well as operators and developers, etc. and their various functions.

### System to Gather Quality Deals and Information

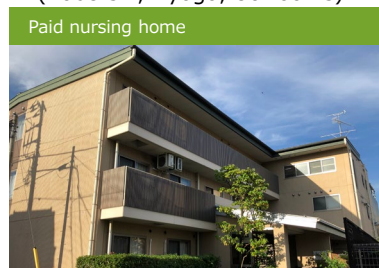


(Note) "Supporting company" refers to a company that has entered into the pipeline support agreement, which provides the first refusal rights, etc. regarding property transfers to HCM, with the Asset Management Company.

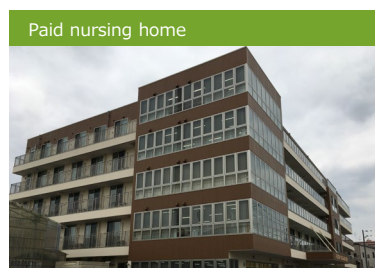
## 2. Expansion of Pipeline (2)



**SOMPO CARE**  
La vie Re Kobe-Ikawadani  
(Kobe-shi, Hyogo; 80 rooms)



**Madoka Minami-Urawa**  
(Kawaguchi-shi, Saitama; 54 rooms)



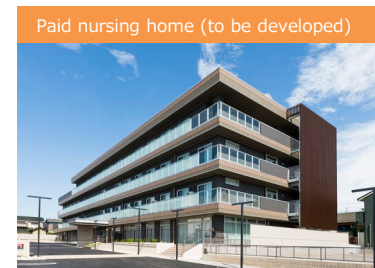
**SAWAYAKA Higashiosakakan**  
(Higashiosaka-shi, Osaka; 94 rooms)



**Noah Garden Casa Ritz**  
(Sapporo-shi, Hokkaido; 49 rooms)



**Sunny Life Itabashi Shimura**  
(Itabashi-ku, Tokyo; 83 rooms)



**Medical Rehabilitation Home Granda**  
Toyota-Motomachi  
(Toyota-shi, Aichi; 75 rooms)

(Note) In case a sponsor or an SPC formed by a sponsor, etc. decides to sell a healthcare facility they own, HCM has the first refusal rights to acquire the property. However, the acquisition is undecided and there is no guarantee that HCM will acquire the property in the future. The above properties are some of healthcare facilities owned by sponsors or SPCs formed by sponsors, etc.

## 3. Actions for Projects of Facilities and Housing for the Elderly

### Properties That Have Already Been Opened

#### Sale & Leaseback

(Property owner = Operator)

- Strengthening of financial standing
- Meticulous maintenance and management of properties
- Financing for M&As

#### Change of Ownership

(Property owner = Party other than operator)

- Exit of effective-use (investment) projects
- Changes in business policy

**Sales of real estate to healthcare REITs which are long-term holders**

#### • Case Example

A project of changing ownership for an existing paid nursing home, which also has a day service facility and a clinic.

One of HCM's sponsors captured the asset replacement need of the previous owner and has already acquired the property on the premise of transferring it to HCM.



Royal Kawaguchi  
(Kawaguchi-shi, Saitama;  
56 rooms)

### Properties to Be Developed

#### Operators

- Flexible opening unrelated to effective-use projects by landlords
- Larger building size

#### Developers, etc.

- Securing buyers after development and completion

**New development utilizing healthcare REITs**

⇒ Leasing risks are limited as operators are generally fixed beforehand

#### • Case Example

A project to relocate an existing paid nursing home.

One of HCM's supporting companies matched the information on land sale it obtained with the relocation need of the operator and led the development process. The facility opened in November 2018.



Medical Rehabilitation Home  
Granda Yamahana  
(Sapporo-shi, Hokkaido;  
52 rooms)

# 4. Actions for Hospital Projects

## Investment & Management Policy

1

### Major investment target

- Real estate of stably managed hospitals (Hospitals expected to play a definite role in the Regional Healthcare Vision) ⇔ Different from business rehabilitation funds
- Medical malls and health checkup centers, etc. may also be incorporated into portfolio

2

### Investment & Management complying with the “Hospital Real Estate Guidelines”

- Allocation of experts familiar with hospital business in the Asset Management Company
- Conclusion of a long-term fixed-rent lease agreement, in principle

3

### Investment ratio

- Together with facilities and housing for the elderly, accounting for 80% or more of the portfolio
- No upper limit set for hospital real estate alone

4

### Promotion for market expansion

- Participation in seminars for medical/nursing care facilities-related operators
- Lectures at industry group meetings (Congress of Japan Hospital Association, etc.)

## Opportunity of REIT Investment (Utilization)

### Size of hospital real estate market

- Market size is approximately 23 trillion yen (Note 1), and hospital real estate accounts for over 50% of the entire healthcare facility real estate market (approximately 51%)
- Mostly self-owned by medical corporations, etc.

### Major hospital needs

- Strengthening financial standing
- Refinancing and liquidation of assets in line with business succession
- M&A financing
- Strengthening and transforming medical functions
- Reconstruction and extension/renovation of buildings

(Note) Calculated by the Asset Management Company based on the estimate value by KPMG Healthcare Japan Co., Ltd. as of June 2016.

## Case Example














<b>Name</b>	SHIP Senri Building (Senri-Chuo Hospital)
<b>Location</b>	Toyonaka-shi, Osaka
<b>Operators</b>	Kyowakai Medical Corporation
<b>Number of beds</b>	400

- Large-scale multi-use healthcare facility, combining a hospital and a paid nursing home
- Developed and master leased in its entirety by a group company of SHIP HEALTHCARE
- Senri Chuo Hospital, a major tenant, opened when the property was completed (2008) as a hospital mainly responsible for subacute and chronic care
- HCM acquired it by utilizing the warehousing functions of the sponsor]



# 5. Actions for ESG

HCM and the Asset Management Company aim to realize the investment philosophy and enhance unitholder value over the medium to long term by practicing asset management that is considerate of Environment, Social and Governance (ESG).

	Issues that need to be solved	Specific Actions	Highly relevant SDGs
<b>Environment</b>	<ul style="list-style-type: none"> <li>Energy conservation and reduction of CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>Renovation work for improving the efficiency of air conditioning system using subsidies (GreenLife Moriguchi and Kobe Gakuentoshi Building)</li> </ul>	  
<b>Social</b>	<ul style="list-style-type: none"> <li>Elimination of the shortage of supply of housing for the elderly against the elderly population</li> <li>Prevention of job separation due to nursing care through the promotion of supply of nursing care facilities (especially women)</li> <li>Improvement of business efficiency and reduction of work burden for nursing care staff</li> <li>Prevention of abuse of residents and harassment of facility staff</li> <li>Response to the deterioration of hospitals and promotion of earthquake resistance</li> <li>Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>Procured funds through social finance (social loans and social bonds)</li> <li>Issued Impact Reports that summarize endeavors toward addressing social issues</li> <li>Supported the improvement of efficiency of nursing care business of operators with the introduction of ICT system <ul style="list-style-type: none"> <li>Introduced EGAO link, a system for enhancing efficiency of nursing care services (ASHEIM Hikarigaoka and ASHEIM Bunkyoakusan)</li> </ul> </li> <li>Established a remote work system (Asset Management Company)</li> </ul>	    
<b>Governance</b>	<ul style="list-style-type: none"> <li>Transparency in decision making</li> <li>Fair transaction (prevention of conflicts of interest)</li> <li>Management of various risks (including elimination of antisocial forces)</li> </ul>	<ul style="list-style-type: none"> <li>Established a "Customer-Oriented Committee" at the Asset Management Company</li> <li>Established warehousing rules for transactions with interested parties</li> <li>Separate Executive Director of HCM and CEO of the Asset Management Company (to be resolved at the general meeting of unitholders in October 2020)</li> </ul>	  



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# Appendix

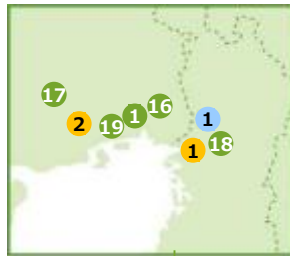
# IV

Strategic investment in three major metropolitan areas

Ratio of investment in three major metropolitan areas

**86.3%**

Kinki area **42.1%**



Chubu area **1.9%**

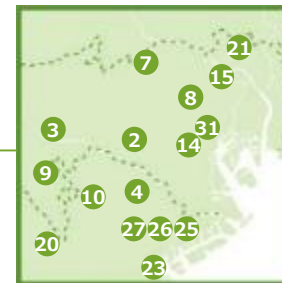
Other areas **2.6%**

Core cities

**11.1%**

Tokyo metropolitan area

**42.3%**



Serviced housing for the elderly

Medical service-related facilities, etc.

Complex of paid nursing homes, medical service-related facilities, etc.

- |   |                                     |
|---|-------------------------------------|
| ① | SOMPO CARE Sampo no ie Awajiekimae  |
| ② | SOMPO CARE Sampo no ie Kobekamisawa |
| ① | Niigata Rehabilitation Hospital     |
| ① | SHIP SENRI BUILDING                 |

Paid nursing home






- |   |   |
|---|---|
| ① | AQUAMARINE Nishinomiyahama                            |
| ② | Bonsejour Chitose-funabashi                           |
| ③ | Bonsejour Hino  |
| ④ | Bonsejour Musashi-shinjo                              |
| ⑤ | Medical Rehabilitation Home Bonsejour Hadanoshibusawa |
| ⑥ | Medical Rehabilitation Home Bonsejour Komaki          |
| ⑦ | ASHEIM Hikarigaoka                                    |
| ⑧ | ASHEIM Bunkyoakusan                                   |
| ⑨ | SOMPO CARE La vie Re Machidaonaji                     |
| ⑩ | SOMPO CARE La vie Re Azamino                          |
| ⑪ | SAWAYAKA Tachibanakan                                 |
| ⑫ | SAWAYAKA Mekarikan                                    |
| ⑬ | SAWAYAKA Tagawakan                                    |
| ⑭ | GOOD TIME HOME Fudo-mae                               |
| ⑮ | Bonsejour Yotsugi                                     |
| ⑯ | Medical Home Bonsejour Itami                          |
| ⑰ | Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)   |
| ⑱ | GreenLife Moriguchi Home for The Aged                 |
| ⑲ | Hapine Kobe Uozaki Nibankan                           |
| ⑳ | Granda Tsuruma-Yamato                                 |
| ㉑ | Smiling Home Medice Adachi                            |
| ㉒ | Aikoen Ichibankan Building (Aikoen Ichibankan)        |
| ㉓ | Hanakotoba Minami                                     |
| ㉔ | Hanakotoba Miura                                      |
| ㉕ | SOMPO CARE La vie Re Hama-Kawasaki                    |
| ㉖ | Hanakotoba Shin-Yokohama                              |
| ㉗ | Hanakotoba Shin-Yokohama II                           |
| ㉘ | Hanakotoba Odawara                                    |
| ㉙ | Verde Minowa  |
| ㉚ | Verde Hotaka  |
| ㉛ | Sunny Life Kita-Shinagawa                             |
| ㉜ | Sunny Life Kamakura                                   |

# Details of Portfolio (1)

Paid nursing home				
①	②	③	④	⑤
AQUAMARINE Nishinomiya	Bonjour Chitose-funabashi	Bonjour Hino	Bonjour Musashi-shinjo	Medical Rehabilitation Home Bonjour Hadanoshibusawa
				




Location	4-15-2 Nishinomiya, Nishinomiya-shi, Hyogo	1-37-3 Funabashi, Setagaya-ku, Tokyo	438-1 Ochikawa, Hino-shi, Tokyo	773-2 Chitose, Takatsu-ku, Kawasaki-shi, Kanagawa	1-6-60 Shibusawakami, Hadano-shi, Kanagawa
Nearest station	Hanshin Nishinomiya Station on the Hanshin Main Line	Chitose-Funabashi Station on the Odakyu Odawara Line	Mogusaen Station on the Keio Line	Musashi-Shinjo Station on the JR Nambu Line	Shibusawa Station on Odakyu Odawara Line
Construction completion	May 2007	March 1988	May 1990	February 1985	July 1991
Acquisition period	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2015
Appraisal NOI <sup>(Note 1)</sup>	119 million yen	49 million yen	43 million yen	36 million yen	47 million yen
Appraisal NOI yield <sup>(Note 1)</sup>	6.1%	5.9%	6.0%	6.2%	6.4%
Appraisal value <sup>(Note 1)</sup>	2,140 million yen	974 million yen	818 million yen	643 million yen	850 million yen
Acquisition price (ratio)	1,950 million yen (2.9%)	824 million yen (1.2%)	724 million yen (1.1%)	582 million yen (0.9%)	728 million yen (1.1%)
Site area	2,587.93 m <sup>2</sup>	1,020.92 m <sup>2</sup>	2,211.28 m <sup>2</sup>	1,233.49 m <sup>2</sup>	2,588.04 m <sup>2</sup>
Leasable area	5,274.54 m <sup>2</sup>	2,342.17 m <sup>2</sup>	1,984.17 m <sup>2</sup>	1,710.43 m <sup>2</sup>	3,435.79 m <sup>2</sup>
Structure/ number of floors <sup>(Note 2)</sup>	RC, 5F	RC, B1 6F	RC, 3F	RC, 4F	RC, 5F
Number of rooms/resident capacity	90 rooms, 100 people	42 rooms, 47 people	56 rooms, 58 people	46 rooms, 49 people	100 rooms, 101 people
occupancy rate <sup>(Note 3)</sup>	100.0%	87.2%	96.6%	91.8%	94.1%
Operator	GREEN LIFE	Benesse Style Care	Benesse Style Care	Benesse Style Care	Benesse Style Care
Remaining years of lease agreement <sup>(Note 4)</sup>	16.8 years	5.8 years	5.8 years	6.3 years	6.8 years

# Details of Portfolio (2)

Paid nursing home				
⑥	⑦	⑧	⑨	⑩
Medical Rehabilitation Home Bonsejour Komaki	ASHEIM Hikarigaoka	ASHEIM Bunkyo-hakusan	SOMPO CARE La vie Re Machida-onoji	SOMPO CARE La vie Re Azamino
				






<b>Location</b>	3-1 Shiroyama, Komaki-shi, Aichi	4-3-23 Yahara, Nerima-ku, Tokyo	4-36-13 Hakusan, Bunkyo-ku, Tokyo	1612 Onojimachi, Machida-shi, Tokyo	19-24 Ayumigaoka, Tsuzuki-ku, Yokohama-shi, Kanagawa
<b>Nearest station</b>	Ajioka Station on the Meitetsu Komaki Line	Shakujii-Koen Station on the Seibu Ikebukuro Line	Hakusan Station on the Toei Subway Mita Line	Keio Nagayama Station on the Keio Sagamihara Line Odakyu Nagayama Station on the Odakyu Tama Line	Nakagawa Station on the Yokohama Municipal Subway Blue Line
<b>Construction completion</b>	March 1991	March 2006	February 2007	October 2007	March 2004
<b>Acquisition period</b>	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2015
<b>Appraisal NOI</b> <sup>(Note 1)</sup>	92 million yen	76 million yen	74 million yen	193 million yen	156 million yen
<b>Appraisal NOI yield</b> <sup>(Note 1)</sup>	7.3%	5.5%	5.1%	5.3%	5.1%
<b>Appraisal value</b> <sup>(Note 1)</sup>	1,450 million yen	1,570 million yen	1,650 million yen	3,780 million yen	3,230 million yen
<b>Acquisition price (ratio)</b>	1,270 million yen (1.9%)	1,385 million yen (2.1%)	1,430 million yen (2.2%)	3,580 million yen (5.4%)	3,050 million yen (4.6%)
<b>Site area</b>	8,229.85 m <sup>2</sup>	2,868.46 m <sup>2</sup>	540.29 m <sup>2</sup>	7,404.13 m <sup>2</sup>	2,748.64 m <sup>2</sup>
<b>Leasable area</b>	8,858.49 m <sup>2</sup>	3,628.60 m <sup>2</sup>	2,507.25 m <sup>2</sup>	7,720.17 m <sup>2</sup>	5,789.25 m <sup>2</sup>
<b>Structure/ number of floors</b> <sup>(Note 2)</sup>	SRC RC S, 10F	RC, 3F	RC, 8F	RC, B1 6F	RC, B1 5F
<b>Number of rooms/resident capacity</b>	124 rooms, 165 people	83 rooms, 89 people	50 rooms, 52 people	163 rooms, 169 people	145 rooms, 145 people
<b>occupancy rate</b> <sup>(Note 3)</sup>	76.4%	88.8%	84.6%	69.8%	84.1%
<b>Operator</b>	Benesse Style Care	AS PARTNERS	AS PARTNERS	Sompo Care	Sompo Care
<b>Remaining years of lease agreement</b> <sup>(Note 4)</sup>	6.8 years	13.6 years	6.6 years	7.2 years	6.9 years

# Details of Portfolio (3)

Paid nursing home				
⑪	⑫	⑬	⑭	⑮
SAWAYAKA Tachibanakan	SAWAYAKA Mekarikan	SAWAYAKA Tagawakan	GOOD TIME HOME Fudo-mae	Bonjour Yotsugi
				

<b>Location</b>	173-15 Oaza Ryugeji, Hakata-ku, Fukuoka-shi, Fukuoka	1-9-15 Okubo, Moji-ku, Kitakyushu-shi, Fukuoka	393-1 Oaza Ita, Tagawa-shi, Fukuoka	5-25-13 Nishigotanda, Shinagawa-ku, Tokyo	3-1-11 Higashiyotsugi, Katsushika-ku, Tokyo
<b>Nearest station</b>	Sasahara Station on the JR Kagoshima Honsen Line	Mojiko Station on the JR Kagoshima Honsen Line	Magarikane Station on the Heisei Chikuho Railway Tagawa Line	Fudo-mae Station on the Tokyu Meguro Line	Yotsugi Station on the Keisei Railway Oshiage Line
<b>Construction completion</b>	October 2005	November 2005	January 2006	March 1992	March 1989
<b>Acquisition period</b>	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2016
<b>Appraisal NOI <sup>(Note 1)</sup></b>	93 million yen	85 million yen	25 million yen	91 million yen	48 million yen
<b>Appraisal NOI yield <sup>(Note 1)</sup></b>	6.1%	6.2%	6.4%	5.2%	5.8%
<b>Appraisal value <sup>(Note 1)</sup></b>	1,530 million yen	1,400 million yen	380 million yen	1,950 million yen	886 million yen
<b>Acquisition price (ratio)</b>	1,520 million yen (2.3%)	1,380 million yen (2.1%)	390 million yen (0.6%)	1,740 million yen (2.6%)	824 million yen (1.2%)
<b>Site area</b>	3,359.66 m <sup>2</sup>	3,758.26 m <sup>2</sup>	4,300.90 m <sup>2</sup>	1,206.60 m <sup>2</sup>	1,136.46 m <sup>2</sup>
<b>Leasable area</b>	5,652.94 m <sup>2</sup>	4,720.46 m <sup>2</sup>	2,366.20 m <sup>2</sup>	3,400.20 m <sup>2</sup>	1,962.89 m <sup>2</sup>
<b>Structure/number of floors <sup>(Note 2)</sup></b>	RC, B1 6F	RC, 4F	RC, 3F	RC, B1 5F	RC, 5F
<b>Number of rooms/resident capacity</b>	104 rooms, 104 people	95 rooms, 95 people	60 rooms, 60 people	61 rooms, 67 people	61 rooms, 65 people
<b>occupancy rate <sup>(Note 3)</sup></b>	97.1%	97.9%	98.3%	86.6%	89.2%
<b>Operator</b>	Sawayaka Club	Sawayaka Club	Sawayaka Club	JAPAN LIFEDESIGN	Benesse Style Care
<b>Remaining years of lease agreement <sup>(Note 4)</sup></b>	7.5 years	7.5 years	7.5 years	6.3 years	5.4 years

# Details of Portfolio (4)

Paid nursing home				
16	17	18	19	20
Medical Home Bonsejour Itami	Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)	GreenLife Moriguchi Home for The Aged	Hapine Kobe Uozaki Nibankan	Granda Tsuruma-Yamato
				

<b>Location</b>	1-2-25 Chuo, Itami-shi, Hyogo	1-1-2 Gakuennishimachi, Nishi-ku, Kobe-shi, Hyogo	6-17-34 Satanakamachi, Moriguchi-shi, Osaka	8-10-7 Uozakiminamimachi, Higashinada-ku, Kobe-shi, Hyogo	2-3-41 Shimotsuruma, Yamato-shi, Kanagawa
<b>Nearest station</b>	Hankyu Itami Station on the Hankyu Railway Itami Line	Gakuentoshi Station on the Kobe Municipal Subway Seishin-Yamate Line	Dainichi Station on the Osaka Municipal Subway Tanimachi Line and Osaka Monorail	Uozaki Station on the Hanshin Electric Railway	Tsuruma Station on the Odakyu Enoshima Line
<b>Construction completion</b>	March 1989	January 2009	September 2006	March 2010	March 1998
<b>Acquisition period</b>	Fiscal period ended July 2016	Fiscal period ended July 2017	Fiscal period ended July 2017	Fiscal period ended July 2017	Fiscal period ended July 2017
<b>Appraisal NOI</b> <sup>(Note 1)</sup>	36 million yen	225 million yen	220 million yen	48 million yen	53 million yen
<b>Appraisal NOI yield</b> <sup>(Note 1)</sup>	7.1%	5.2%	5.3%	5.2%	5.3%
<b>Appraisal value</b> <sup>(Note 1)</sup>	557 million yen	4,420 million yen	4,400 million yen	995 million yen	1,060 million yen
<b>Acquisition price (ratio)</b>	514 million yen (0.8%)	4,320 million yen (6.5%)	4,150 million yen (6.3%)	930 million yen (1.4%)	1,000 million yen (1.5%)
<b>Site area</b>	1,976.11 m <sup>2</sup>	2,742.81 m <sup>2</sup>	5,872.83 m <sup>2</sup>	932.94 m <sup>2</sup>	2,877.11 m <sup>2</sup>
<b>Leasable area</b>	2,129.87 m <sup>2</sup>	12,636.48 m <sup>2</sup>	8,356.85 m <sup>2</sup>	1,772.89 m <sup>2</sup>	3,427.08 m <sup>2</sup>
<b>Structure/number of floors</b> <sup>(Note 2)</sup>	SRC, 11F (Exclusive portion)	RC, B1 9F	S RC, 9F	S, B1 4F	RC S, 5F
<b>Number of rooms/resident capacity</b>	62 rooms, 64 people	131 rooms, 138 people	155 rooms, 189 people	47 rooms, 47 people	73 rooms, 90 people
<b>occupancy rate</b> <sup>(Note 3)</sup>	95.3%	99.3%	100.0%	100.0%	81.1%
<b>Operator</b>	Benesse Style Care	GREEN LIFE	GREEN LIFE	GREEN LIFE	Benesse Style Care
<b>Remaining years of lease agreement</b> <sup>(Note 4)</sup>	6.8 years	20.6 years	19.2 years	20.6 years	1.6 years



# Details of Portfolio (5)

Paid nursing home				
21	22	23	24	25
Smiling Home Medice Adachi	Aikoen Ichibankan Building (Aikoen Ichibankan)	Hanakotoba Minami	Hanakotoba Miura	SOMPO CARE La vie Re Hama-Kawasaki
				





Location	3-35-10 Minamihanabatake, Adachi-ku, Tokyo	1-3239-1 Tamachi, Chuo-ku, Niigata-shi, Niigata	2-4-38 Shinkawacho, Minami-ku, Yokohama-shi, Kanagawa	3-5 Suwacho, Miura-shi, Kanagawa	23-1 Tajimacho, Kawasaki-ku, Kawasaki-shi, Kanagawa
Nearest station	Rokucho Station on the Tsukuba Express	Niigata Station on the JR Shinetsu Main Line	Yoshinocho Station on the Yokohama Municipal Subway Blue Line	Misakiguchi Station on the Keikyū Kurihama Line	Odasakae Station on the JR Nambu Line
Construction completion	November 2005	February 2010	February 2010	June 2007	March 2007
Acquisition period	Fiscal period ended July 2017	Fiscal period ended July 2017	Fiscal period ended January 2019	Fiscal period ended January 2019	Fiscal period ended July 2019
Appraisal NOI <sup>(Note 1)</sup>	120 million yen	45 million yen	56 million yen	35 million yen	90 million yen
Appraisal NOI yield <sup>(Note 1)</sup>	5.3%	5.9%	5.2%	5.7%	5.2%
Appraisal value <sup>(Note 1)</sup>	2,460 million yen	865 million yen	1,190 million yen	665 million yen	1,820 million yen
Acquisition price (ratio)	2,253 million yen (3.4%)	770 million yen (1.2%)	1,071 million yen (1.6%)	615 million yen (0.9%)	1,710 million yen (2.6%)
Site area	2,069.41 m <sup>2</sup>	2,597.52 m <sup>2</sup>	428.76 m <sup>2</sup>	1,017.55 m <sup>2</sup>	2,832.33 m <sup>2</sup>
Leasable area	3,870.98 m <sup>2</sup>	4,311.20 m <sup>2</sup>	1,710.68 m <sup>2</sup>	1,959.64 m <sup>2</sup>	4,060.21 m <sup>2</sup>
Structure/ number of floors <sup>(Note 2)</sup>	RC, 4F	S, 5F	RC, 7F	RC, 4F	RC, 4F (exclusively-owned portion)
Number of rooms/resident capacity	82 rooms, 82 people	90 rooms, 90 people	51 rooms, 51 people	53 rooms, 54 people	58 rooms, 58 people
occupancy rate <sup>(Note 3)</sup>	96.3%	100.0%	98.0%	100.0%	87.9%
Operator	GREEN LIFE HIGASHI NIHON Co., Ltd.	Medical Corporation AIKOKAI	Proud Life Inc.	Proud Life Inc.	Sompo Care
Remaining years of lease agreement <sup>(Note 4)</sup>	16.5 years	16.0 years	12.3 years	12.3 years	7.4 years

# Details of Portfolio (6)

Paid nursing home				
26	27	28	29	30
Hanakotoba Shin-Yokohama	Hanakotoba Shin-Yokohama II	Hanakotoba Odawara	Verde Minowa	Verde Hotaka
				

<b>Location</b>	1-11-5 Shinyokohama, Kohoku-ku, Yokohama-shi, Kanagawa	1-11-11 Shinyokohama, Kohoku-ku, Yokohama-shi, Kanagawa	3-383-10 Sakawa, Odawara-shi, Kanagawa	839-4 Azamachiyabo, Kamishiba, Misatomachi, Takasaki-shi, Gunma	1221 Azamaebara, Oazanamashina, Kawaba-mura, Tone-gun, Gunma
<b>Nearest station</b>	Shin-Yokohama Station on the Yokohama Municipal Subway Blue Line and the JR Yokohama Line	Shin-Yokohama Station on the Yokohama Municipal Subway Blue Line and the JR Yokohama Line	Kamonomiya Station on the JR Tokaido Line	Takasaki Station on the JR Takasaki Line	Numata Station on the JR Joetsu Line
<b>Construction completion</b>	March 2004	April 2007	September 2009	November 2003 (Building 1) February 1974 (Building 2)	September 1982 (Building 1) July 1989 (Building 2)
<b>Acquisition period</b>	Fiscal period ended July 2019	Fiscal period ended July 2019	Fiscal period ended July 2019	Fiscal period ended July 2019	Fiscal period ended July 2019
<b>Appraisal NOI</b> <sup>(Note 1)</sup>	109 million yen	22 million yen	49 million yen	109 million yen	91 million yen
<b>Appraisal NOI yield</b> <sup>(Note 1)</sup>	5.2%	5.8%	5.6%	6.7%	6.9%
<b>Appraisal value</b> <sup>(Note 1)</sup>	2,230 million yen	401 million yen	948 million yen	1,700 million yen	1,430 million yen
<b>Acquisition price (ratio)</b>	2,071 million yen (3.1%)	375 million yen (0.6%)	880 million yen (1.3%)	1,620 million yen (2.4%)	1,328 million yen (2.0%)
<b>Site area</b>	894.00 m <sup>2</sup>	375.00 m <sup>2</sup>	1,202.12 m <sup>2</sup>	7,920.29 m <sup>2</sup>	4,375.31 m <sup>2</sup>
<b>Leasable area</b>	5,230.23 m <sup>2</sup>	1,837.29 m <sup>2</sup>	2,203.42 m <sup>2</sup>	11,098.17 m <sup>2</sup>	6,352.86 m <sup>2</sup>
<b>Structure/number of floors</b> <sup>(Note 2)</sup>	RC, 9F	RC, B1 7F	RC, 4F	S, 5F (Building 1) S RC, 8F (Building 2)	S SRC, 5F (Building 1) S, 2F (Building 2)
<b>Number of rooms/resident capacity</b>	136 rooms, 136 people	29 rooms, 30 people	60 rooms, 65 people	174 rooms, 206 people	121 rooms, 174 people
<b>occupancy rate</b> <sup>(Note 3)</sup>	94.9%	93.3%	98.5%	92.7%	98.9%
<b>Operator</b>	Proud Life Inc.	Proud Life Inc.	Proud Life Inc.	Verde Corporation	Verde Corporation
<b>Remaining years of lease agreement</b> <sup>(Note 4)</sup>	12.3 years	12.3 years	12.3 years	6.8 years	6.8 years

# Details of Portfolio (7)

Paid nursing home		Serviced housing for the elderly	
31	32	1	2
Sunny Life Kita-Shinagawa	Sunny Life Kamakura	SOMPO CARE Sompō no ie Awajiekimae	SOMPO CARE Sompō no ie Kobekamisawa
			

Location	3-8-6 Kitashinagawa, Shinagawa-ku, Tokyo	214-4 Aza Kichime, Kamimachiya, Kamakura-shi, Kanagawa	3-20-26 Awaji, Higashiyodogawa-ku, Osaka-shi, Osaka Awaji Station on the Hankyu Railway Kyoto and Senri Lines	8-2-5 Kamisawadori, Hyogo-ku, Kobe-shi, Hyogo
Nearest station	Shimbamba Station on the Keikyū Line	Shonan-Machiya Station on the Shonan Monorail	Awaji Station on the Hankyu Railway Kyoto and Senri Lines	Kamisawa Station on the Kobe Municipal Subway Seishin-Yamate Line
Construction completion	September 2018	September 2014	June 2009	June 2009
Acquisition period	Fiscal period ended July 2019	Fiscal period ended July 2020	Fiscal period ended July 2015	Fiscal period ended July 2015
Appraisal NOI <sup>(Note 1)</sup>	90 million yen	76 million yen	116 million yen	72 million yen
Appraisal NOI yield <sup>(Note 1)</sup>	4.9%	5.3%	6.0%	6.0%
Appraisal value <sup>(Note 1)</sup>	1,950 million yen	1,550 million yen	2,170 million yen	1,340 million yen
Acquisition price (ratio)	1,825 million yen (2.8%)	1,418 million yen (2.1%)	1,930 million yen (2.9%)	1,200 million yen (1.8%)
Site area	1,105.12 m <sup>2</sup>	2,055.67 m <sup>2</sup>	1,251.26 m <sup>2</sup>	743.22 m <sup>2</sup>
Leasable area	2,135.54 m <sup>2</sup>	3,817.91 m <sup>2</sup>	5,745.15 m <sup>2</sup>	4,058.35 m <sup>2</sup>
Structure/ number of floors <sup>(Note 2)</sup>	S, 3F	S, 5F	RC, 12F	S, 9F
Number of rooms/resident capacity	66 rooms, 66 people	128 rooms, 128 people	137rooms, 137 people	85 rooms, 85 people
occupancy rate <sup>(Note 3)</sup>	87.9%	98.4%	96.4%	88.2%
Operator	Kawashima Corporation	Kawashima Corporation	Sompo Care	Sompo Care
Remaining years of lease agreement <sup>(Note 4)</sup>	23.2 years	19.2 years	14.0 years	14.0 years

# Details of Portfolio (8)

Medical service-related facilities, etc.	Paid nursing home・medical service-related facilities, etc.
①	①
Niigata Rehabilitation Hospital	SHIP SENRI BUILDING



<b>Location</b>	761 Kizaki, Kita-ku, Niigata-shi, Niigata	1-4-3 Shinsenri-higashimachi, Toyonaka-shi, Osaka
<b>Nearest station</b>	Hayadori Station on the JR Hakushin Line	Senri-Chuo Station on the Kita-Osaka Kyuko Namboku Line and the Osaka Monorail
<b>Construction completion</b>	April 1990 (Building 1) February 2001 (Building 2)	September 2008
<b>Acquisition period</b>	Fiscal period ended January 2018	Fiscal period ended July 2019
<b>Appraisal NOI</b> <sup>(Note 1)</sup>	152 million yen	680 million yen
<b>Appraisal NOI yield</b> <sup>(Note 1)</sup>	7.4%	5.2%
<b>Appraisal value</b> <sup>(Note 1)</sup>	2,260 million yen	14,200 million yen
<b>Acquisition price (ratio)</b>	2,060 million yen (3.1%)	12,920 million yen (19.5%)
<b>Site area</b>	15,056.85 m <sup>2</sup>	4,202.65 m <sup>2</sup>
<b>Leasable area</b>	13,476.55 m <sup>2</sup>	24,813.85 m <sup>2</sup>
<b>Structure/ number of floors</b> <sup>(Note 2)</sup>	RC, 3F (Building 1) S, 5F (Building 2)	RC, B1 11F
<b>Number of rooms/resident capacity</b>	168 beds	Hospital: 400 beds Paid nursing home: 181 rooms, 200 people
<b>occupancy rate</b> <sup>(Note 3)</sup>	-	Paid nursing home: 100 %
<b>Operator</b>	Medical Corporation AIKOKAI	Kyowakai Medical Corporation GREEN LIFE
<b>Remaining years of lease agreement</b> <sup>(Note 4)</sup>	26.6 years	18.2 years







(Note 1) Figures in Appraisal NOI, Appraisal NOI yield and Appraisal Value are as of July 31, 2020. Appraisal NOI is rounded down to the nearest million yen and Appraisal NOI yield to the first decimal place.

(Note 2) As for abbreviation used in Structure column, SRC refers to steel-reinforced concrete, RC refers to reinforced concrete and S refers to steel structure.

(Note 3) The bed occupancy rate indicates the ratio obtained by dividing the number of residents by the capacity, rounded off to the first decimal place. The number of residents used in the calculation is described in the latest Property Disclosure Statement of Important Matters, which the Asset Management Company obtained as of the date of preparing this document, for the facilities and housing for the elderly owned by HCM.

(Note 4) Remaining years of lease agreement is as of July 31, 2020, rounded down to the first decimal place.

# IV Appendix Operator List (1)

Operator name		Number of facilities (Note 1)		Attribute	Remarks	Facilities owned by HCM	Share (%) (Note 2)
		Facilities and housing for the elderly	Hospital				
GREEN LIFE Co., Ltd.		28	-	Consolidated subsidiary of SHIP HEALTHCARE HOLDINGS, INC., which is listed on the TSE First Section	A nursing care business that plays a central role in the Lifecare Business of SHIP HEALTHCARE HOLDINGS, INC. Operates nursing care facilities nationwide.	AQUAMARINE Nishinomiya Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi) GreenLife Moriguchi Home for The Aged Hapine Kobe Uozaki Nibankan Smiling Home Medice Adachi SHIP SENRI BUILDING	28.5 (Note 3)
GREEN LIFE HIGASHI NIHON Co., Ltd.		38	-				
Sompo Care Inc.		434	-	Consolidated subsidiary of Sompo Holdings, Inc., which is listed on the TSE First Section	Mainly operates paid nursing homes with care service under the Sompo Care La vie Re brand and mid-to low-end homes under the SOMPO CARE Sompo no ie brand and the SOMPO CARE Sompo no ie S brand, centering on three major metropolitan areas.	SOMPO CARE La vie Re Machidaonaji SOMPO CARE La vie Re Azamino SOMPO CARE Sompo no ie Awajiekimae SOMPO CARE Sompo no ie Kobekamisawa SOMPO CARE La vie Re Hama-Kawasaki	17.3
Kyowakai Medical Corporation		4 (Note 4)	6	-	A major medical corporation operating a wide range of businesses including six hospitals (2,026 beds), four long-term care health facilities (495 beds), and home care support. Provides safe and convenient medical/nursing care services ranging from acute-stage medical care to rehabilitation, home medical care, and nursing care.	SHIP SENRI BUILDING (Senri-Chuo Hospital)	11.5
Benesse Style Care Co., Ltd.		330	-	Consolidated subsidiary of Benesse Holdings, Inc., which is listed on the TSE First Section	Operates seven brands in Tokyo, Osaka, Nagoya, and elsewhere in Japan. The brands are mainly mid-to high-end, such as Bonsejour and GRANNY AND GRANDA.	Bonsejour Chitose-funabashi Bonsejour Hino Bonsejour Musashi-shinjo Medical Rehabilitation Home Bonsejour Hadanoshibusawa Medical Rehabilitation Home Bonsejour Komaki Bonsejour Yotsugi Medical Home Bonsejour Itami Granda Tsuruma-Yamato	9.7
Proud Life Inc.		27	-	A consolidated subsidiary of Sony Financial Holdings Inc., which is listed on the TSE First Section	A former Yuuai Holdings Group company. Operates paid nursing homes, etc. under the "Hanakotoba" brand, centering on Kanagawa Prefecture. Affiliated with Sony Financial Holdings Inc. since 2017.	Hanakotoba Minami Hanakotoba Miura Hanakotoba Odawara Hanakotoba Shin-Yokohama Hanakotoba Shin-Yokohama II	7.6

# IV Appendix Operator List (2)

Operator name		Number of facilities (Note 1)		Attribute	Remarks	Facilities owned by HCM	Share (%) (Note 2)
		Facilities and housing for the elderly	Hospital				
Sawayaka Club Co., Ltd.		86	-	A consolidated subsidiary of UCHIYAMA HOLDINGS Co., Ltd., which is listed on the TSE First Section	Operates facilities under the SAWAYAKA brand (low price range without advance fees) around Japan, centering on Fukuoka Prefecture.	SAWAYAKA Tachibanakan SAWAYAKA Mekarikan SAWAYAKA Tagawakan	5.0
Kawashima Corporation		126	-	Unlisted company	A major nursing care business operator operating nationwide centering on the Tokyo Metropolitan Area, with Sunny Life as the main brand and under the motto "Encourage the elderly and the family to get relieved from exhausting nursing care." None of their facilities requires initial fees.	Sunny Life Kita-Shinagawa Sunny Life Kamakura	4.9
Verde Corporation		5	-	Unlisted company	A core company of the Hotaka Kai Group, a nursing care/welfare business group holding the largest number of rooms in Gunma Prefecture.	Verde Minowa Verde Hotaka	4.4
Medical Corporation AIKOKAI		11	2	A medical corporation which belongs to NSG Group with sales of over 100 billion yen (Note 5)	Operating hospitals and clinics as well as paid nursing home with care service, group home and long-term care health facilities in Niigata Prefecture	Aikoen Ichibankan Building (Aikoen Ichibankan) Niigata Rehabilitation Hospital	4.3
AS PARTNERS Co., Ltd.		20	-	Unlisted company	Operates paid nursing homes and day service facilities under the ASHEIM brand in the Tokyo Metropolitan Area.	ASHEIM Hikarigaoka ASHEIM Bunkyohakusan	4.2
JAPAN LIFEDESIGN Inc.		3	-	Capital partnership by Nomura Real Estate Holdings, Inc., which is an unlisted company	Operates paid nursing homes under the GOOD TIME HOME brand in Tokyo. Operates in Kyushu and Hokkaido besides the Tokyo Metropolitan Area through SOUSEI JIGYODAN Co., Ltd., the parent company, and other subsidiaries.	GOOD TIME HOME Fudo-mae	2.6

(Note 1) "Number of facilities" indicates figures tallied by the Asset Management Company based on information obtained from each company (including announced materials) and information on its website (as of March 31, 2019).

(Note 2) Shares based on acquisition price are indicated. Furthermore, the operators of SHIP Senri Building are separated based on an area basis, with Kyowakai Medical Corporation for the Senri-Chuo Hospital portion and GREEN LIFE Co., Ltd. for the other portions.

(Note 3) The share of GREEN LIFE HIGASHI NIHON Co., Ltd. is 3.4%.

(Note 4) Only the number of long-term care health facilities is indicated.

(Note 5) Indicates the actual figures in fiscal 2018 based on NSG Group's website.



# Summary of Appraisal Report (1)

Property name	Appraisal company	Appraisal value (million yen) (A)	Summary of Appraisal Report (Note 1)						End of January 2020	
			Direct capitalization method		DCF method			Appraisal NOI (million yen) (Note 3)	Appraisal value (million yen) (B)	Difference (million yen) (A)-(B)
			Indicated value (million yen)	Capitalization rate (%)	Indicated value (million yen)	Discount rate (%) (Note 2)	Terminal capitalization rate (%)			
AQUAMARINE Nishinomiya	Rich Appraisal Institute Co., Ltd.	2,140	2,160	5.3	2,130	5.0	5.5	119	2,140	0
Bonjour Chitose-funabashi	The Tanizawa Sogo Appraisal Co., Ltd.	974	993	4.4	966	4.5	4.6	49	974	0
Bonjour Hino	The Tanizawa Sogo Appraisal Co., Ltd.	818	832	4.8	812	4.9	5.0	43	818	0
Bonjour Musashi-shinjo	The Tanizawa Sogo Appraisal Co., Ltd.	643	653	5.1	638	5.2	5.3	36	643	0
Medical Rehabilitation Home Bonjour Hadanoshibusawa	The Tanizawa Sogo Appraisal Co., Ltd.	850	864	5.0	844	5.1	5.2	47	850	0
Medical Rehabilitation Home Bonjour Komaki	The Tanizawa Sogo Appraisal Co., Ltd.	1,450	1,460	5.5	1,440	5.6	5.7	92	1,450	0
ASHEIM Hikarigaoka	Japan Real Estate Institute	1,570	1,580	4.8	1,560	4.6	5.0	76	1,580	△10
ASHEIM Bunkyoakusan	Japan Real Estate Institute	1,650	1,660	4.4	1,630	4.2	4.6	74	1,660	△10
SOMPO CARE La vie Re Machidaonaji	Japan Real Estate Institute	3,780	3,820	4.9	3,740	4.7	5.1	193	3,790	△10
SOMPO CARE La vie Re Azamino	Japan Real Estate Institute	3,230	3,270	4.6	3,190	4.4	4.8	156	3,230	0
SAWAYAKA Tachibanakan	Japan Real Estate Institute	1,530	1,540	5.6	1,510	5.4	5.8	93	1,530	0
SAWAYAKA Mekarikan	Japan Real Estate Institute	1,400	1,410	5.7	1,390	5.5	5.9	85	1,410	△10
SAWAYAKA Tagawakan	Japan Real Estate Institute	380	382	5.8	377	5.6	6.0	25	381	△1
GOOD TIME HOME Fudo-mae	Japan Real Estate Institute	1,950	1,970	4.4	1,920	4.2	4.6	91	1,950	0
Bonjour Yotsugi	The Tanizawa Sogo Appraisal Co., Ltd.	886	902	4.7	879	4.8	4.9	48	886	0
Medical Home Bonjour Itami	The Tanizawa Sogo Appraisal Co., Ltd.	557	566	5.1	553	5.2	5.3	36	557	0
Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)	Daiwa Real Estate Appraisal Co., Ltd.	4,420	4,470	4.7	4,400	4.5	4.9	225	4,420	0
GreenLife Moriguchi Home for The Aged	Daiwa Real Estate Appraisal Co., Ltd.	4,400	4,460	4.6	4,380	4.4	4.8	220	4,400	0
Hapine Kobe Uozaki Nibankan	Daiwa Real Estate Appraisal Co., Ltd.	995	1,010	4.6	989	4.4	4.8	48	995	0
Granda Tsuruma-Yamato	The Tanizawa Sogo Appraisal Co., Ltd.	1,060	1,070	4.7	1,050	4.8	4.9	53	1,060	0



# Summary of Appraisal Report (2)

Property name	Appraisal company	Appraisal value (million yen) (A)	Summary of Appraisal Report (Note 1)						End of January 2020	
			Direct capitalization method		DCF method			Appraisal NOI (million yen) (Note 3)	Appraisal value (million yen) (B)	Difference (million yen) (A)-(B)
			Indicated value (million yen)	Capitalization rate (%)	Indicated value (million yen)	Discount rate (%) (Note 2)	Terminal capitalization rate (%)			
Smiling Home Medice Adachi	The Tanizawa Sogo Appraisal Co., Ltd.	2,460	2,490	4.7	2,450	4.8	4.9	120	2,460	0
AIKOEN ICHIBANKAN Building	The Tanizawa Sogo Appraisal Co., Ltd.	865	866	5.2	864	5.3	5.4	45	865	0
Hanakotoba Minami	Japan Real Estate Institute	1,190	1,200	4.6	1,170	4.4	4.8	56	1,190	0
Hanakotoba Miura	The Tanizawa Sogo Appraisal Co., Ltd.	665	671	4.9	662	5.0	5.1	35	665	0
SOMPO CARE La vie Re Hama-Kawasaki	JLL Morii Valuation & Advisory K.K.	1,820	1,850	4.6	1,780	4.4	4.8	90	1,820	0
Hanakotoba Shin-Yokohama	Japan Real Estate Institute	2,230	2,260	4.5	2,200	4.3	4.7	109	2,240	△10
Hanakotoba Shin-Yokohama II	Japan Real Estate Institute	401	403	4.8	399	4.6	5.0	22	401	0
Hanakotoba Odawara	The Tanizawa Sogo Appraisal Co., Ltd.	948	960	4.9	943	4.8 - 5.0	5.1	49	948	0
Verde Minowa	Daiwa Real Estate Appraisal Co., Ltd.	1,700	1,710	5.0	1,690	4.8	5.2	109	1,700	0
Verde Hotaka	Daiwa Real Estate Appraisal Co., Ltd.	1,430	1,440	5.4	1,420	5.2	5.6	91	1,360	+70
Sunny Life Kita-Shinagawa	Daiwa Real Estate Appraisal Co., Ltd.	1,950	1,980	4.5	1,930	4.3	4.7	90	1,970	△20
Sunny Life Kamakura	The Tanizawa Sogo Appraisal Co., Ltd.	1,550	1,560	4.6	1,540	4.7	4.8	76	-	+1,550
SOMPO CARE Sompō no ie Awajiekimae	Japan Real Estate Institute	2,170	2,190	5.2	2,150	5.0	5.4	116	2,170	0
SOMPO CARE Sompō no ie Kobekamisawa	Japan Real Estate Institute	1,340	1,350	5.2	1,320	5.0	5.4	72	1,340	0
Niigata Rehabilitation Hospital	Japan Real Estate Institute	2,260	2,270	6.6	2,250	6.4	6.8	152	2,260	0
SHIP SENRI BUILDING	The Tanizawa Sogo Appraisal Co., Ltd.	14,200	14,400	4.5	14,100	4.5 - 4.6	4.7	680	14,300	△100
Total		71,862	72,672	-	71,266	-	-	3,736	70,413	+1,449

(Note 1) "Appraisal value" is based on the appraisal report with July 31, 2020, 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. The indicated figures are those used by the respective appraisal organizations. For Hanakotoba Odawara, the rate is 4.8% for fiscal 2019 to fiscal 2021 and 5.0% for fiscal 2022 onward; and for SHIP Senri Building, the rate is 4.5% for fiscal 2019 to fiscal 2021 and 4.6% for fiscal 2022 onward.

(Note 3) "Appraisal NOI" indicates net operating income obtained by direct capitalization method stated in real estate appraisal report with July 31, 2020 as the appraisal date, 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.

# IV Appendix Status of Income/Expenditure of Owned Properties (As of the End of the 11th Fiscal Period)

(Unit: thousand yen)

Property name	Real estate lease business revenue		Real estate lease business expenses							NOI <sup>(Note 2)</sup>
	Rent revenue	Other revenue		Property tax	Outsourcing	Repair expenses	Insurance expenses	Depreciation and amortization	Other	
AQUAMARINE Nishinomiyahama	Not disclosed <sup>(Note 1)</sup>		23,803	4,264	2,100	1,220	200	15,616	400	59,156
Bonsejour Chitose-funabashi			5,575	1,794	224	-	101	3,048	404	21,448
Bonsejour Hino			5,062	1,240	214	-	77	3,130	400	19,520
Bonsejour Musashi-shinjo			4,096	1,012	167	-	68	2,447	400	16,224
Medical Rehabilitation Home Bonsejour Hadanoshibusawa			8,391	1,820	213	-	139	5,817	400	21,164
Medical Rehabilitation Home Bonsejour Komaki			14,115	4,565	201	-	321	8,627	400	39,755
ASHEIM Hikarigaoka			15,614	3,825	381	1,392	147	9,467	400	39,789
ASHEIM Bunkyo Hakusan			12,145	2,621	381	-	115	8,626	400	38,668
SOMPO CARE La vie Re Machidaonaji			45,723	5,905	780	1,062	347	37,229	400	96,505
SOMPO CARE La vie Re Azamino			32,672	4,742	780	142	252	26,355	400	78,882
SAWAYAKA Tachibanakan			26,429	2,655	1,140	-	320	21,913	400	47,338
SAWAYAKA Mekarikan			25,778	2,970	1,140	-	229	21,039	400	43,494
SAWAYAKA Tagawakan			8,385	1,108	1,140	-	101	5,635	400	12,933
GOOD TIME HOME Fudo-mae			14,469	3,099	600	778	161	9,429	400	45,960
Bonsejour Yotsugi			4,947	970	223	-	66	3,286	400	20,761
Medical Home Bonsejour Itami			6,509	1,377	371	-	101	4,260	400	14,020
Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)			51,138	9,577	900	-	523	39,737	400	114,098
GreenLife Moriguchi Home for The Aged			35,285	6,937	1,363	2,088	343	24,152	400	108,866
Hapine Kobe Uozaki Nibankan			9,546	1,400	1,200	-	81	6,464	400	24,417
Granda Tsuruma-Yamato			7,285	1,938	618	-	137	4,191	400	27,156

# IV Appendix Status of Income/Expenditure of Owned Properties (As of the End of the 11th Fiscal Period)

(Unit: thousand yen)

Property name	Real estate lease business revenue			Real estate lease business expenses							NOI <sup>(Note 2)</sup>
		Rent revenue	Other revenue		Property tax	Outsourcing	Repair expenses	Insurance expenses	Depreciation and amortization	Other	
Smiling Home Medice Adachi	Not disclosed <sup>(Note 1)</sup>			14,608	3,229	540	260	160	10,019	400	60,618
AIKOEN ICHIBANKAN Building				9,372	2,560	780	900	102	4,630	400	21,918
Hanakotoba Minami				6,727	1,541	600	120	71	3,994	400	27,866
Hanakotoba Miura				6,772	1,541	600	-	81	4,150	400	17,777
SOMPO CARE La vie Re Hama-Kawasaki				18,662	3,416	2,770	680	186	11,207	400	44,904
Hanakotoba Shin-Yokohama				16,049	4,388	900	1,717	225	8,418	400	54,281
Hanakotoba Shin-Yokohama II				5,436	2,499	600	-	83	1,853	400	11,230
Hanakotoba Odawara				8,054	1,356	600	325	89	5,282	400	24,851
Verde Minowa				25,481	5,256	1,020	319	460	18,025	400	56,452
Verde Hotaka				23,954	2,222	1,020	180	225	19,743	563	45,894
Sunny Life Kita-Shinagawa				10,318	2,944	600	-	108	6,265	400	45,446
Sunny Life Kamakura				3,113	-	128	-	29	2,883	72	7,406
SOMPO CARE Sompno ie Awajiekimae				27,014	4,921	510	-	248	20,934	400	58,378
SOMPO CARE Sompno ie Kobekamisawa				17,545	2,908	510	955	163	12,608	400	35,353
Niigata Rehabilitation Hospital				26,829	9,849	1,030	-	350	15,099	500	78,149
SHIP SENRI BUILDING				75,492	27,236	1,500	-	1,069	45,286	400	341,595
Total	2,023,819	2,015,035	8,783	652,411	139,701	27,850	12,141	7,495	450,881	14,341	1,822,288

(Note 1) "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 fiscal period under review based on the lease agreements.

(Note 2) "NOI" = Real estate lease business revenue - Real estate lease business expenses + depreciation and amortization

## Balance Sheet

(Unit: thousands of yen)

	10th Fiscal Period ended January 2020	11th Fiscal Period ended July 2020
<b>Assets</b>		
Current assets	2,450,025	1,889,055
Cash and deposits	2,160,660	1,624,242
Cash and deposits in trust	177,603	145,223
Prepaid expenses	110,995	119,589
Other	766	-
Non-current assets	65,726,997	66,926,310
Property, plant and equipment	65,473,380	66,696,041
Intangible assets	39,487	795
Investments and other assets	214,129	229,473
Deferred assets	46,511	39,047
Investment unit issuance expenses	25,696	19,272
Investment corporation bond issuance costs	20,815	19,774
<b>Total assets</b>	<b>68,223,535</b>	<b>68,854,413</b>
<b>Liabilities</b>		
Current liabilities	3,677,538	4,351,659
Operating accounts payable	40,298	13,055
Short-term loans payable	-	700,000
Current portion of long-term loans payable	3,000,000	3,000,000
Accounts payable – other	41,888	44,458
Accrued expenses	239,697	236,790
Income taxes payable	812	966
Accrued consumption taxes	25,721	18,359
Advances received	329,047	337,618
Deposits received	72	410
Non-current liabilities	31,311,236	31,389,820
Investment corporation bonds	2,000,000	2,000,000
Long-term loans payable	27,450,000	2,745,000
Tenant leasehold and security deposits	1,734,009	1,805,509
Tenant leasehold and security deposits in trust	86,766	86,766
Derivatives liabilities	40,097	47,336
Other	362	207
<b>Total liabilities</b>	<b>34,988,775</b>	<b>35,742,479</b>
<b>Net assets</b>		
Unitholders' equity	33,274,857	33,160,269
Unitholders' capital, net	32,293,251	32,202,128
Surplus	981,606	958,141
Valuation and translation adjustments	△40,097	△47,336
Deferred gains or losses on hedges	△40,097	△47,336
<b>Total net assets</b>	<b>33,234,759</b>	<b>33,112,933</b>
<b>Total liabilities and net assets</b>	<b>68,223,535</b>	<b>68,854,413</b>

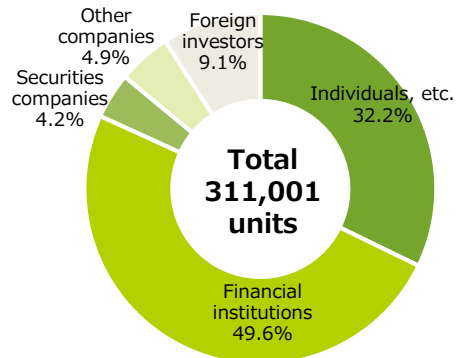
## Statement of Income

(Unit: thousand yen)

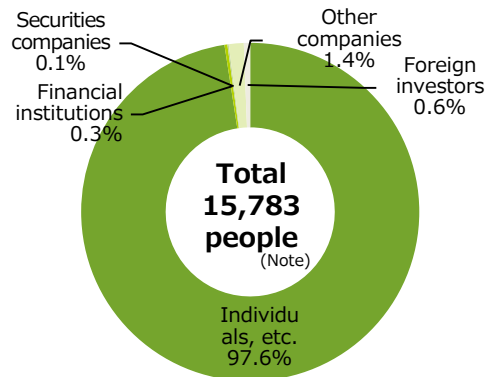
	10th Fiscal Period ended January 2020	11th Fiscal Period ended July 2020
Operating revenue	2,013,274	2,023,819
Lease business revenue	2,004,334	2,015,035
Other lease business revenue	8,939	8,783
Operating expenses	909,860	951,651
Expenses related to rent business	601,131	652,411
Asset management fee	200,660	196,932
Asset custody fee	3,407	3,408
Administrative service fees	22,679	21,480
Directors' compensations	3,000	3,000
Property tax	25,521	26,307
Other operating expenses	53,459	48,111
<b>Operating income</b>	<b>1,103,413</b>	<b>1,072,167</b>
Non-operating income	1,786	2,398
Interest income	7	10
Insurance income	-	1,891
Interest on refund of consumption taxes	358	-
Refund of fixed asset taxes	766	-
Reversal of distribution payable	651	367
Other	2	128
Non-operating expenses	160,622	155,669
Interest expenses	91,751	86,089
Interest expenses on investment corporation bonds	42	7,800
Amortization of investment unit issuance expenses	11,406	6,424
Amortization of investment corporation bond issuance costs	-	1,040
Borrowing expenses	57,421	54,314
<b>Ordinary income</b>	<b>944,576</b>	<b>918,896</b>
Extraordinary income	3,552	-
Subsidy income	3,552	-
Extraordinary losses	3,552	-
Loss on tax purpose reduction entry of non-current assets	3,552	-
<b>Income before income taxes</b>	<b>944,576</b>	<b>918,896</b>
Income taxes - current	813	968
Income taxes - deferred	7	△7
<b>Total income taxes</b>	<b>821</b>	<b>960</b>
<b>Net income</b>	<b>943,755</b>	<b>917,935</b>
Retained earnings brought forward	37,851	40,206
Unappropriated retained earnings (undisposed loss)	981,606	958,141

## Status of Unitholders

Ratio of Number of  
Investment Units by  
Unitholder Type

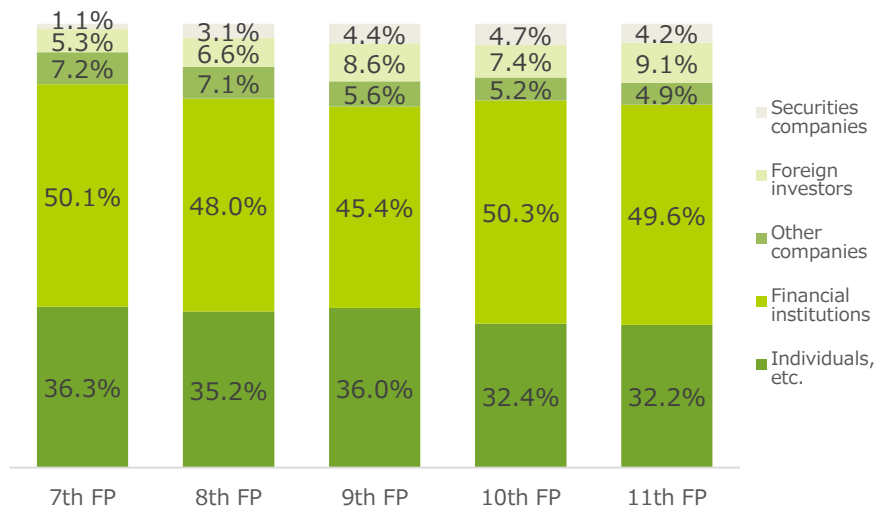


Ratio of Number of Unitholders  
by Unitholder Type



(Note) Increased by 63 from the previous fiscal period

## Changes in Ratio of Number of Investment Units by Unitholder Type (most recent 5 fiscal periods)



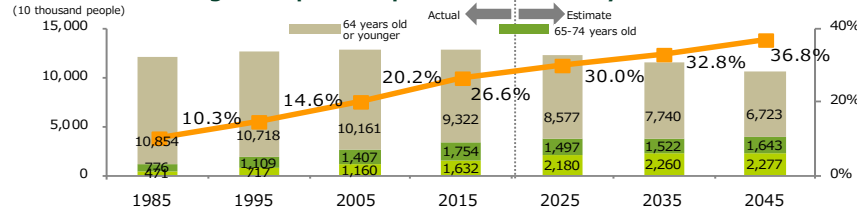
(Note) Ratios in the graphs are rounded to the first decimal place.

## List of Top Unitholders

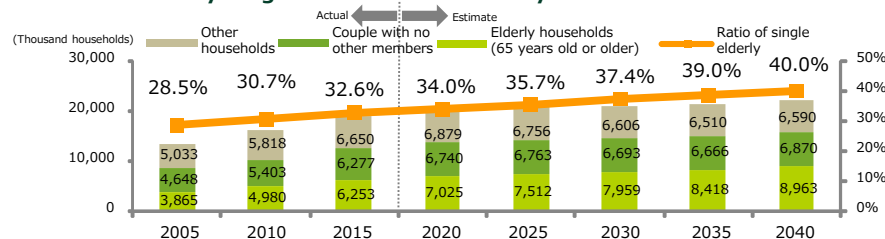
Ranking	Name	Number of investment units owned (units)	Ownership ratio (%)
1	Custody Bank of Japan, Ltd. (Trust Account)	77,325	24.9
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	32,429	10.4
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	13,564	4.4
4	Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	9,463	3.0
5	NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	7,627	2.5
6	Morgan Stanley MUFG Securities Co., Ltd.	6,005	1.9
7	Credit Suisse AG	5,413	1.7
8	NEC Capital Solutions Limited	4,000	1.3
	SHIP HEALTHCARE HOLDINGS INC.	4,000	1.3
	Sumitomo Mitsui Banking Corporation	4,000	1.3
Total		163,826	52.7

## Rising Elderly Ratio and Increase in Elderly Single Households

### Outlook of Change in Japan's Population and Elderly Ratio



### Ratio of Elderly Single Households in Elderly Households

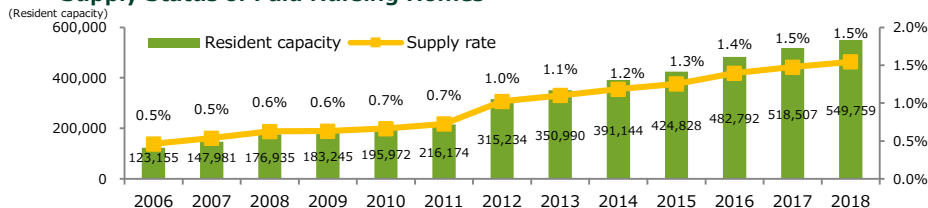


(Source) "Projection of the Number of Households for Japan (Nationwide Projection)" (Projection for January 2013) and (Projection for 2018) by the National Institute of Population and Social Security Research

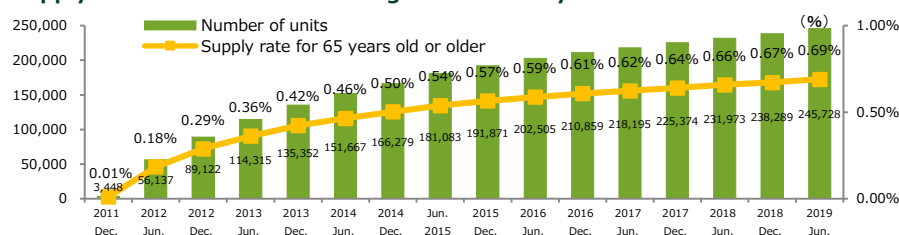
## Promotion of Further Supply of Healthcare Facilities

Although supply of facilities and housing for the elderly is on the rise each year, the supply rate of paid nursing homes against the elderly population was a mere 1.5% in 2017, and promotion of further supply is needed.

### Supply Status of Paid Nursing Homes



### Supply Status of Serviced Housing for the Elderly



## Upgrades and Expansion of Healthcare Facilities Backed by Government Policy

June 2014

Guidelines Concerning Utilizing Healthcare REITs Targeting Housing for the Elderly, etc.

Following the Guidelines Concerning Utilizing Healthcare REITs Targeting Housing for the Elderly, etc. announced in June 2014, Guidelines Concerning REITs Targeting Hospital Real Estate was announced in June 2015.

June 2015

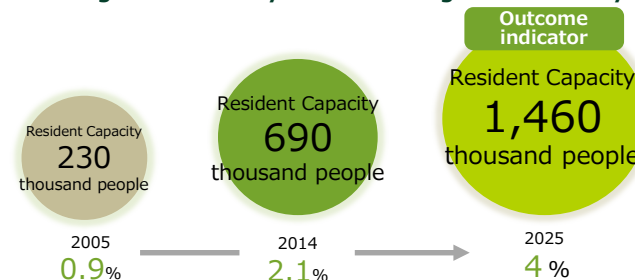
Guidelines Concerning REITs Targeting Hospital Real Estate

March 2016

Housing Life Basic Plan (nationwide plan)

With an aim to realize home life that enables the elderly to live independently, a target to raise the ratio of housing for the elderly as a percentage of the elderly population from 2.1% in 2014 to 4% by 2025 was set.

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



## Current Status of Reconstruction of Hospitals, etc.

- Hospitals that were constructed in the 1960's and 1970's and do not meet the earthquake resistance standards still exist.
- Ratio of quake-resistant paid nursing homes is 95% or more while that of quake-resistant hospitals remains at 76.0%. (Ministry of Health, Labour and Welfare's 2019 "Survey on Seismic Retrofit of Hospitals")

<"Act for Partial Revision of the Act on Promotion of Seismic Retrofitting of Buildings" was enforced in November 2013>

(Hospital: Having more than 3 floors above ground and a total floor area of 5,000 m<sup>2</sup> or more)

**Seismic diagnosis and reporting of the results which were required as only best endeavors have become compulsory, and thus investment such as reconstruction is urgent**

## Quantitative Expansion for Achieving "Zero Care Leave" and Improvement of Nursing Care Service Quality

- The Ministry of Health, Labor and Welfare has decided to provide subsidies to promote the upgrade of paid nursing homes with care service mainly by private sectors to achieve the government's goal of "zero care leave."
- In addition, the introduction of robots/sensors and ICT which is carried out upon large-scale repair of nursing care facilities, etc. has also been added to the target of provision of subsidies to promote the improvement of productivity at nursing care sites.

### Promotion of upgrade of nursing homes with care service (expansion)

In consideration of the situation in which housing for the elderly is receiving various nursing care needs especially in urban areas, **we will also add nursing homes with care service designated as operators engaged in daily life long-term nursing care for those admitted to a specified facility to the target of provision of subsidies** since it is appropriate to promote the upgrade of facilities including nursing homes with care service (daily life long-term nursing care for those admitted to a specified facility) as a nursing care service base to achieve "zero care leave".

(Facilities to receive subsidies after expansion)

- Facilities currently receiving subsidies



- **Nursing home with care service designated as operators engaged in daily life long-term nursing care for those admitted to a specified facility**

- \* Facility upgrade costs are provided only to small-scale facilities (capacity of 29 people or less).
- \* Nursing home for the elderly and care house are also currently receiving subsidies.

(Maximum unit price of subsidy)

- Facility upgrade costs  
4.48 million yen per resident
- Opening preparation expenses  
839,000 yen per resident
- Support of lump-sum payment for the establishment of fixed-term leasehold  
1/4 of roadside value

(Requirements for receiving subsidy)

- Opening preparation expenses are subsidized nationwide from the viewpoint of securing human resources which is a bottleneck in facility upgrades on a nationwide basis.
- Provision of facility upgrade costs and support of lump-sum payment for the establishment of fixed-term leaseholds are conducted only in Hokkaido, Ibaraki, Saitama, Chiba, Tokyo, Kanagawa, Shizuoka, Aichi, Kyoto, Osaka, Hyogo, and Fukuoka prefectures where the increase in demand for nursing care is conspicuous.

### Support of the introduction of robots/sensors and ICT upon large-scale repair of facilities (expansion)

**We will add the introduction of robots/sensors and ICT which is carried out upon large-scale repair of nursing care facilities, etc. to the target of provision of subsidies** to promote the improvement of productivity at nursing care sites.

(At the time of receiving opening preparation expenses at present)

- At the time of opening
- At the time of floor expansion
- At the time of reopening (reconstruction)

(At the time of receiving opening preparation expenses after expansion)

- At the time of opening
- At the time of floor expansion
- At the time of reopening (reconstruction)
- **"Upon large-scale repair"**

(Maximum unit price of opening preparation expenses subsidized at the time of opening etc.)

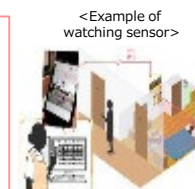
Example of intensive care home for the elderly, long-term care health facility for the elderly, GH for a dementia patient, nursing home with care service:  
839,000 yen per resident

(Maximum unit price of opening preparation expenses subsidized upon large-scale repair)

Intensive care home for the elderly, long-term care health facility for the elderly, GH for a dementia patient and nursing home with care service  
Example of home:  
420,000 yen per resident

(Requirements for receiving subsidy)

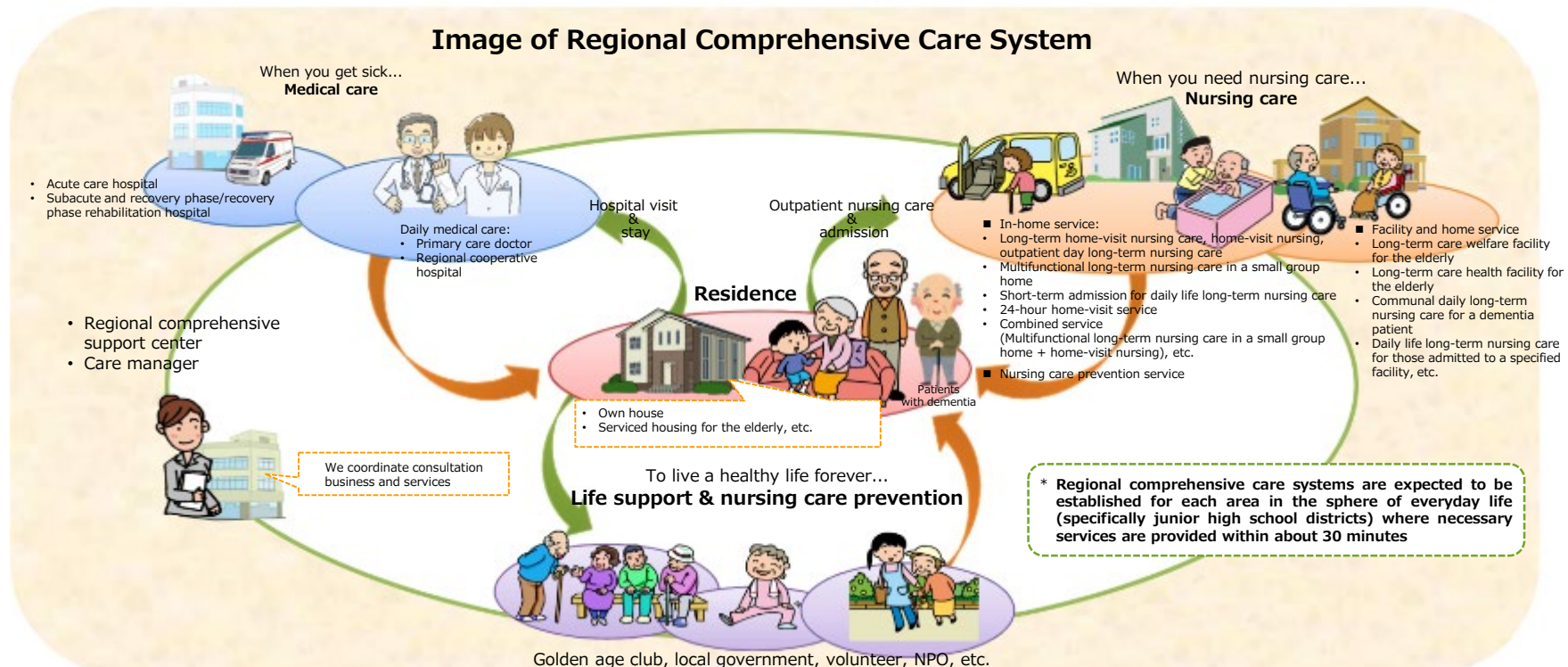
- The unit price of subsidies upon "large-scale repairs" will be 1/2 the amount of that at the time of "opening of facilities" as expenses for the maintenance of equipment other than robots/sensors and ICT, employment during staff training, staff recruitment expenses and awareness raising expenses for establishment are not required.
- Also, subsidized expenses are limited to hardware such as tablet devices and smartphones, software, cloud services, maintenance and support costs, installation setting, installation training and security measures.
- To be implemented until 2023.





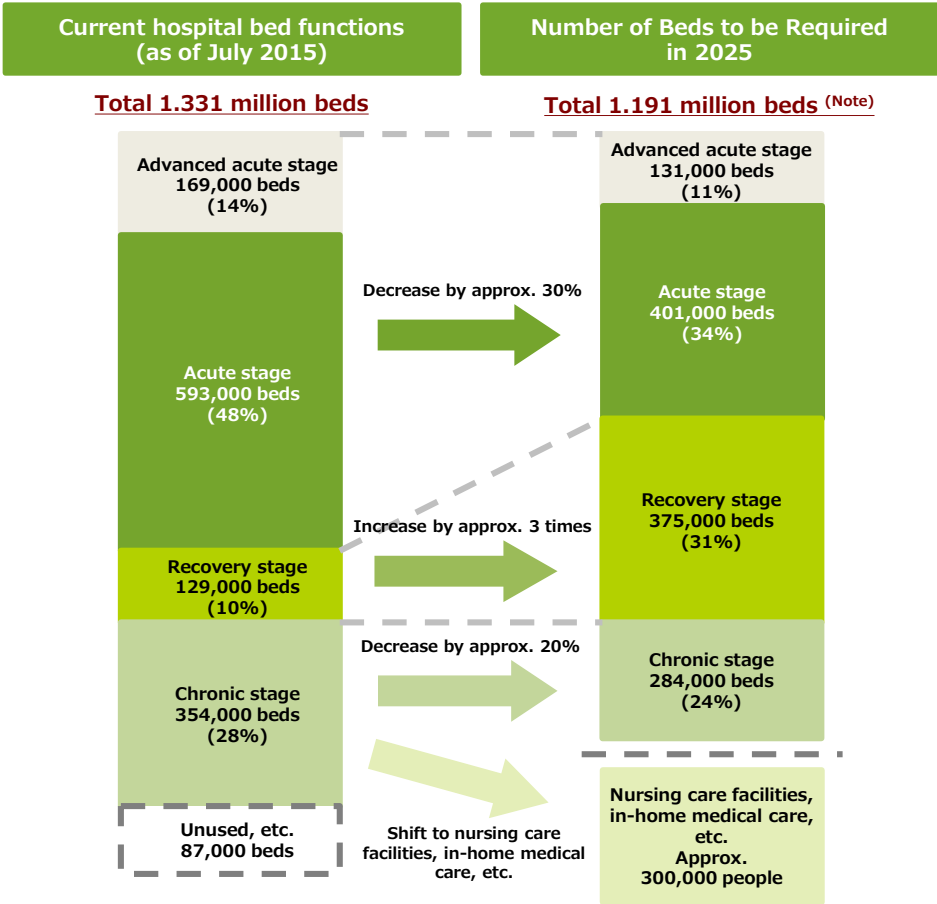
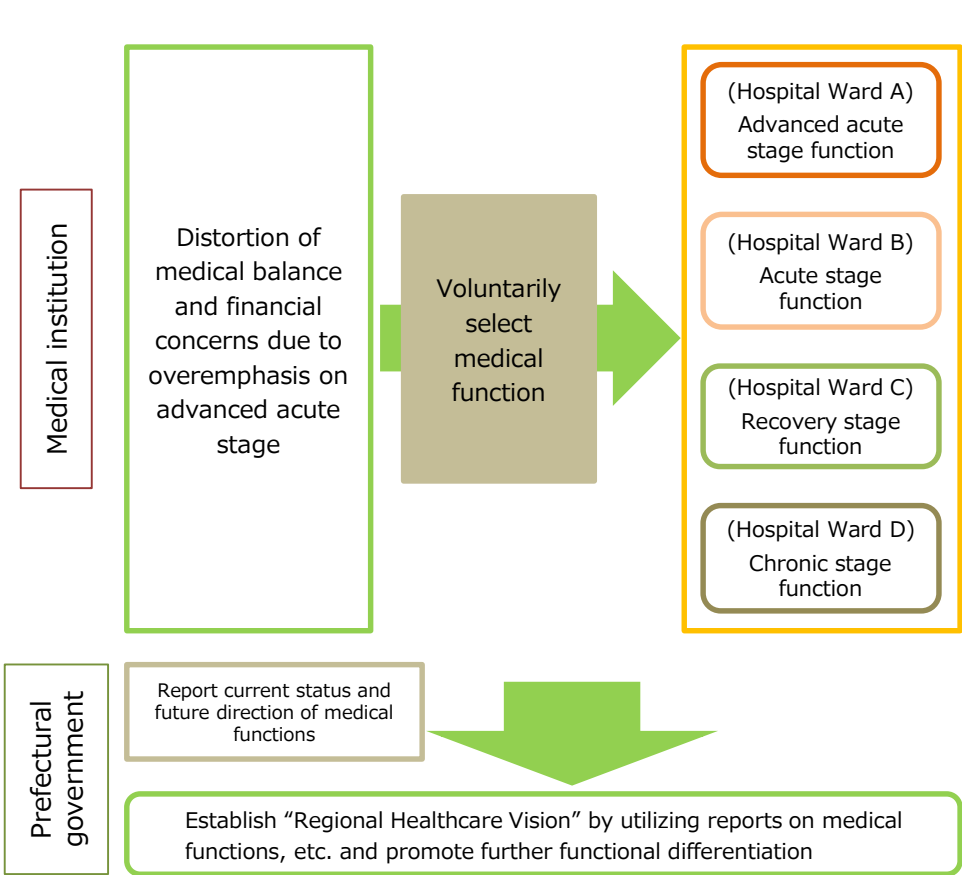
## Regional Comprehensive Care System

- We will establish a **regional comprehensive care system that provides residences, medical care, nursing care, preventative medicine and life support in an integrated manner** to offer an environment where the elderly can continue living in an area they are used to, even after they come to require nursing care, in around 2025 when the baby-boomer generation will be 75 or older.
- Establishment of a regional comprehensive care system is necessary to support the lives in regions where elderly with dementia live as the number of elderly with dementia is expected to increase in the future.
- **There is a large regional difference concerning the progress of aging.** There are, for example, large cities with the overall population remaining flat but the population of people aged 75 years old or older increasing rapidly and rural areas with the population of people aged 75 years old or older increasing slightly although the overall population decreasing.  
It is necessary **for municipalities and prefectural governments, which are the insurer, to create** a regional comprehensive care system **based on autonomy and independence and in accordance with regional characteristics.**



## About Regional Healthcare Vision

“Regional Healthcare Vision” is to estimate and stipulate medical demand (number of patients) and required number of beds in 2025 for each medical function in each area of the vision (secondary medical area) in order to promote functional differentiation and coordination of hospital wards.  
 Following this, prefectural governments and medical staff will respond to realize the formulated initiative.



(Source) Prepared by the Asset Management Company based on “Initiatives for Medical/Nursing Care Reform” (June 22, 2017) by the Ministry of Health, Labour and Welfare  
 (Note) Total of Cabinet Secretariat’s estimates (June 2015). Within the range of 1.148 million beds to 1.191 million beds.

## Investment Philosophy



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

## Three Features

**Investment in healthcare facilities for which demand is expected to grow**

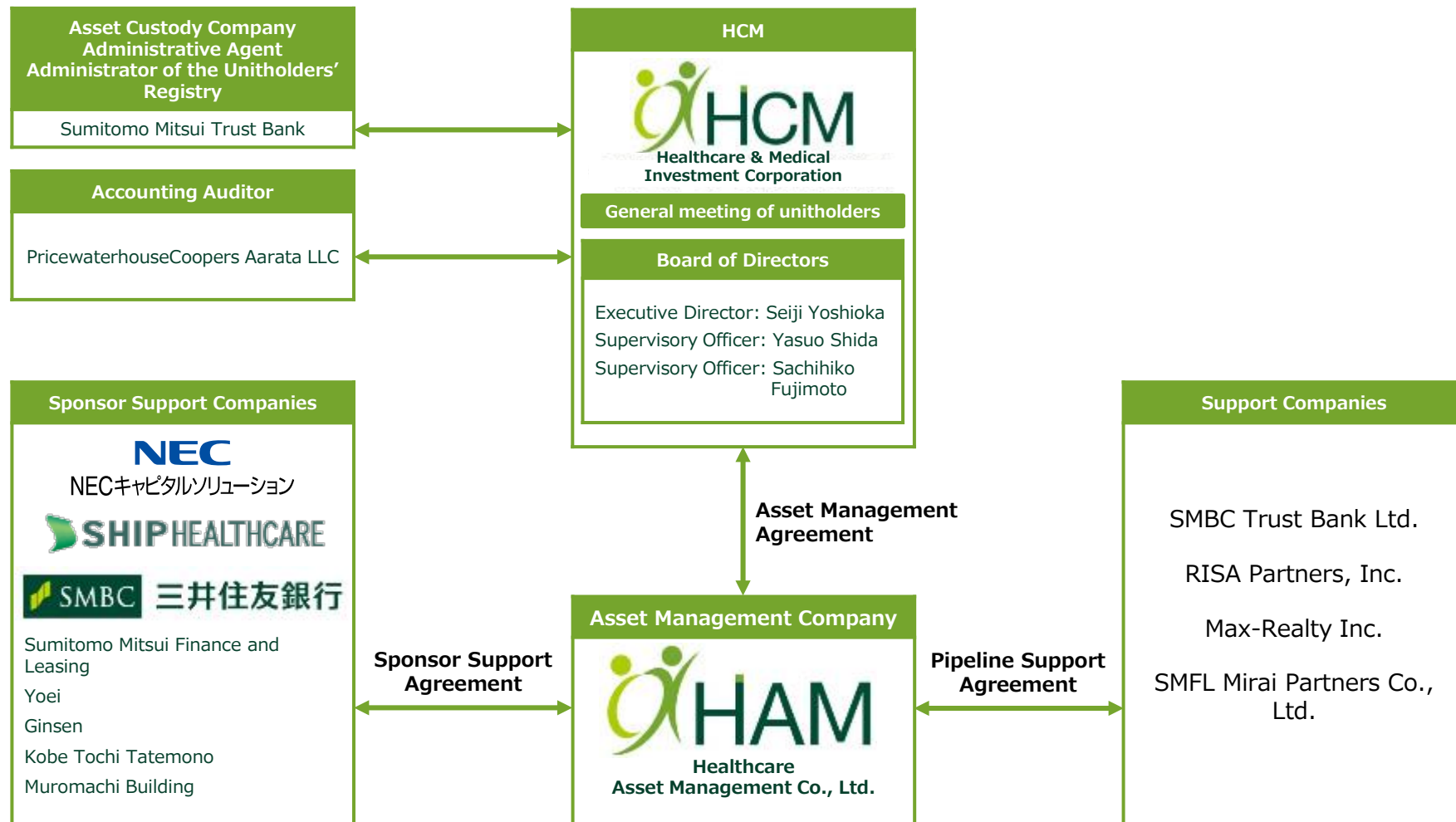
- Increase in demand due to further advancement of aging society
- Upgrades and expansion of healthcare facilities backed by government policy

**Strong support from sponsors**

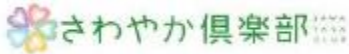
- Utilization of advanced expertise in "nursing care and medical service," "fund management" and "finance" held by SHIP HEALTHCARE, NEC Capital and SMBC
- Securement of property acquisition opportunities by utilizing extensive networks

**Stable Cash Flow in the Long Term**

- Conclusion of long-term fixed-rent lease agreements with credible operators
- Proper portfolio management based on strong relationship with operators



# Overview of Unitholder Special Benefit Plan

Company Name		Details of Special Benefits
Benesse Senior Support Co., Ltd.	株式会社ベネッセシニアサポート (Benesse's consultation room for nursing care)	<ul style="list-style-type: none"> <li>Free consultation on nursing care</li> </ul>
Sompo Care Inc.		<ul style="list-style-type: none"> <li>Discount initial fee or monthly fee</li> </ul>
JAPAN LIFEDESIGN Inc.		<ul style="list-style-type: none"> <li>Free trial move-in (two-days and one-night with meals)</li> <li>Discount initial fees</li> </ul>
GREEN LIFE Co., Ltd. GREEN LIFE HIGASHI NIHON Co., Ltd.		<ul style="list-style-type: none"> <li>Free trial move-in (two-days and one-night with meals)</li> <li>Tour with free lunch</li> </ul>
Sawayaka Club Co., Ltd.		<ul style="list-style-type: none"> <li>Discount monthly fee for initial month</li> <li>Free trial move-in (two-days and one-night with meals)</li> <li>Tour with free lunch</li> </ul>
AS PARTNERS Co., Ltd.		<ul style="list-style-type: none"> <li>Discount initial fees</li> <li>Discount monthly fee</li> <li>Free trial move-in (four-days and three-nights)</li> <li>Tour with free lunch</li> </ul>
Proud Life Inc.		<ul style="list-style-type: none"> <li>Discount deposit or initial fees</li> </ul>

(Note 1) Details of special benefits are for people who are unitholders as of the end of 11th fiscal period and are subject to change.

# Profile of Asset Management Company

## Profile of the Company

<b>Trade name</b>	Healthcare Asset Management Co., Ltd.	
<b>Location</b>	3-3 Kanda-Ogawamachi, Chiyoda-ku, Tokyo	
<b>Founded</b>	November 28, 2013	
<b>Capital stock</b>	150 million yen	
<b>CEO</b>	Seiji Yoshioka	
<b>Shareholders</b>	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	4.7%
	Ginsen	4.7%
	Kobe Tochi Tatemono	4.7%
	Muromachi Building	4.7%
<b>Registration, license, etc.</b>	Registered as a financial service provider Director of Kanto Local Finance Bureau (Kinsho) No. 2815	
	License as a building lots and buildings business operator Governor of Tokyo (2) No. 96339	
	License as an entrusted agency services for transactions Minister of Land, Infrastructure, Transport and Tourism No. 85	

## Organizational Structure





# Profile of Major Sponsors



With a stated mission to “create an environment of people protecting life,” SHIP HEALTHCARE HOLDINGS, INC. focuses on the five business domains of medical, health, welfare, nursing care and services. Centering around the partnership with medical institutions, the entire group companies carry out a variety of nursing care and medical service-related businesses, ranging from consultation on reconstruction, development, etc. of hospitals and such to operation of nursing homes and dispensing pharmacy business.



## NECキャピタルソリューション

As the NEC Group's comprehensive financial services company, NEC Capital Solutions Limited delivers finance services such as leasing and installment payments to a broad customer base. In addition, it offers investments, loans, and advisory services through funds, etc. in the business domains of “companies,” “credits,” and “assets,” mainly through its subsidiary, RISA Partners, Inc.



Positioned as the core company of the SMBC Group, SMBC possesses one of the strongest sales foundations in Japan as well as the ability to execute strategies quickly, and is capable of providing financial services through its influential group companies. Furthermore, it boasts one of the strongest track record in Japan for financing listed real estate investment corporations.

### SHIP HEALTHCARE HOLDINGS INC.

Headquarters location	3-20-8 Kasuga, Suita-shi, Osaka
Representative	Chairman and CEO: Kunihisa Furukawa President and COO: Hirotaka Ogawa
Founded	August 1992
Capital stock	15,553 million yen
Sales	484,395 million yen on a consolidated basis (fiscal period ended March 2020)

### NEC Capital Solutions Limited

Headquarters location	2-15-3 Konan, Minato-ku, Tokyo
Representative	President: Tomoo Imazeki
Founded	November 1978
Capital stock	3,776 million yen
Sales	197,438 million yen (fiscal period ended March 2020)

### Sumitomo Mitsui Banking Corporation

Headquarters location	1-1-2 Marunouchi, Chiyoda-ku, Tokyo
Representative	President and CEO: Makoto Takashima
Capital stock	1,770,996 million yen



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## Disclaimer

This presentation 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 (September 15, 2020) 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.

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