



 **HCM** Healthcare & Medical Investment Corporation

Financial Results Briefing materials

**Financial Period Ended January 2022
(14th Fiscal Period)**

March 18, 2022



Asset Management Company

 **HAM** Healthcare Asset Management Co., Ltd.

Securities Code: 3455

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Topics



1. Highlights for 14th Fiscal Period (Ended January 2022)

1

Performance

- Operating revenue :2,080 million yen (+7 million yen from previous fiscal period, +0 million yen from forecast)
- Net income :913 million yen (△8 million yen from previous fiscal period, +2 million yen from forecast)
- Distribution per unit :3,244 yen (△22 yen from previous fiscal period, +8 yen from forecast)
- NAV per unit :124,814 yen (+3,907 yen from previous fiscal period)

2

Financial Status

- Interest-bearing liabilities totaled 33.15 billion yen (±0 billion yen from previous fiscal period), with LTV at 48.2% (+0.1% from previous fiscal period)
- Long-term issuer ratings (JCR) : A (Positive)

3

Management Status

- Asset size is 37 properties/67.0 billion yen, with unrealized gain expanded to 6.9 billion yen.
- The impact of COVID-19 is little. The operational rate is 100%.
No rent reduction/exemption, deferral of rent payment.

2. Overview of Public Offering①

HCM made a public offering for the first time since February 2019 and realized enhancement of unitholder value by external growth.

Overview of the offering

Launch date	January 17, 2022
Price determination date	January 25, 2022
Payment date	February 1, 2022
Number of new investment units issued (Note 1)	48,499 units
Total number of investment units outstanding	359,500 units
Issue price	124,764 yen
Issue value	120,477 yen
Amount paid in (Note 1)	5,843,014,023 yen

Investment highlights

- 1 Stable portfolio backed by expertise and track record as a REIT dedicated to healthcare facilities.**
- 2 External growth utilizing wide networks and sponsor support.**
- 3 Robust financial structure and ESG initiatives.**

(Note 1) "Number of new investment units issued" and "Amount paid in" include those for third-party allotment on March 1, 2022 (payment date).

(Note 2) "Total appraisal value" is indicated based on the appraisal report with November 30, 2021, as the appraisal date.

(Note 3) "Average remaining lease term" is the remaining lease years of newly acquired/to be acquired assets as of the date of each acquisition calculated by weighting and averaging them with acquisition price and has been rounded down to the first decimal place.

(Note 4) The initial forecast is the forecast figure announced in " (REIT) Financial Report for Fiscal Period Ended July 2021" dated September 14, 2021

(Note 5) "NAV per unit" and "LTV" after the public offering are provisionally calculated by reflecting the public offering (third-party allotment), property acquisition and borrowings on and after February 1, 2022, in the actual results as of the end of the 14th fiscal period.

Overview of the assets acquired/to be acquired through the public offering

Number of properties	Total acquisition price	Total appraisal value (Note 2)
10 properties	11.4 billion yen	12.1 billion yen
Average appraisal NOI yield	Average remaining lease term (Note 3)	Portfolio operational rate
5.2%	19.6 years	100%

Change in portfolio indicators

• Asset size	67.0 billion yen (Ended January 2022)	+11.4 billion yen	78.4 billion yen (expected figures on March 31, 2022)
• Distribution per unit(Ended July 2022)	3,238 yen (Initial forecast(Note 4))	+109 yen	3,347 yen (Forecast)
• NAV per unit (Note 5)	124,814 yen (Ended January 2022)	+1,438 yen	126,252 yen (expected figures on March 31, 2022)
• LTV (Note 5)	48.2% (Ended January 2022)	±0pt	48.2% (expected figures on March 31, 2022)

2. Overview of Public Offering② ~The assets acquired/to be acquired~

By various sourcing routes and the warehousing functions, HCM acquired 10 healthcare facilities in Tokyo Metropolitan area, Kinki area and Hokkaido (Sapporo).

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Seller	Kobe Tochi Tatemono Co.,Ltd	Sakai engineering and construction Co.,Ltd	NEC Capital Solutions Limited		Ginsen Co.,Ltd	Godo Kaisha MYGK 4-Go	Godo Kaisha NOAH GARDEN Utsukushigaoka			NOAH KONZER Co.,Ltd	Total / Average
Type	Paid nursing home with care service						Residential type paid nursing home		Serviced housing for the elderly	Residential- type paid nursing home	
Operator	Sompo Care Inc.		Benesse Style Care Co., Ltd.		SENIOR LIFE SUPPORT Co.,Ltd	MEISHO.Co.,Ltd	NOAH KONZER Co.,Ltd				
Location	Kobe- shi,Hyogo	Sakai- shi,Osaka	Kawaguchi-shi, Saitama				Sapporo-shi, Hokkaido				
(Planned) Acquisition price (million yen)	1,288	600	1,022	822	1,260	2,000	859	622	1,619	1,350	
Appraisal value (million yen)	1,300	646	1,100	883	1,310	2,110	910	660	1,730	1,520	11,442
Appraisal NOI yield	4.9%	5.4%	4.8%	4.8%	4.9%	5.0%	5.6%	5.6%	5.6%	5.8%	12,169
Portfolio operational rate	100.0%										5.2%
Occupancy rate	83.8%	92.0%	90.0%	98.1%	89.3%	98.0%	81.9%	92.2%	85.2%	66.2%	100.0%
Building age (note)	10.4 years	16.4 years	10.7 years	16.9 years	13.3 years	16.1 years	6.3 years	4.2 years	6.0 years	2.3 years	85.5%
(Planned) Acquisition date	February 1, 2022		March 30, 2022		February 1, 2022	March 30, 2022	February 1, 2022			March 30, 2022	-

(Note) "Average building age" is average values with January 31, 2022, 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.

2. Overview of Public Offering ③ ~Introduction of New Operator~

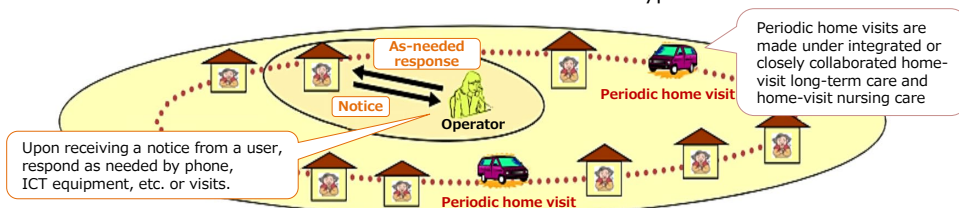
NOAH KONZER Co., Ltd.

Location	14-1-32, Nanajou, Hiragishi, Toyohira-ku, Sapporo-shi, Hokkaido
Founded	March 2002
Capital stock	100 million yen
Representative	Akihiro Wakatsuki
Number of facilities under operation	22 facilities (as of November 30, 2021)
Remarks	<ul style="list-style-type: none"> The company operates 22 facilities and for the elderly (1,524 rooms) in Sapporo City, and the number of facilities serviced housing for the elderly and the number of units they operate rank first in Hokkaido. The company is a comprehensive welfare service provider also engaging in the development of medication support systems and rental of assistive products with its affiliated companies providing meal services, designing and constructing medical/nursing care facilities, etc. The Noah Garden series operated by the company features high-grade buildings, large baths with natural hot spring, and reasonable fees. The nursing care services it provides include "periodic or on-call home-visit long-term care and nursing care" by the jointly established community home-visit service center, home-visit nursing care, day care, rental of assistive products, in-home care support, and home-visit long-term care services.



About periodic or on-call home-visit long-term care and nursing care

- Periodic or on-call home-visit long-term care and nursing care is a care service available around-the-clock in which a home care worker or home care nurse visits homes of those who require long-term care and provides long-term care and nursing care periodically or on call.
- The fee system consists of comprehensive fees of home-visit long-term care and home-visit nursing care, and the basic fees are set in accordance with the long-term care level of the user. Additions and subtractions are made for provision of services tailored to the conditions of the user and the type of the office.



(Source) Website of the Ministry of Health, Labour and Welfare

SENIOR LIFE SUPPORT Co.,Ltd

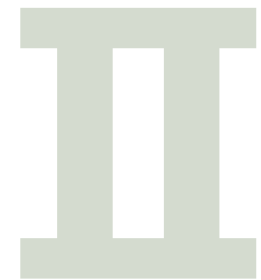
Location	2-5-24 Aoki, Kawaguchi-shi, Saitama
Founded	November 2006
Capital stock	30 million yen
Representative	Akinori Fujimoto
Number of facilities under operation	2 facilities (as of November 30, 2021)
Remarks	<ul style="list-style-type: none"> The company is a nursing care service provider under the umbrella of Zensho Holdings Co., Ltd., which operates food service and such. The Zensho Group has placed nursing care business as one of its four business pillars, and its five group companies operate 30 paid nursing homes, etc. centering on Hokkaido and the Tokyo metropolitan area. Leveraging the knowhow of the company operating major restaurant chains, it provides "safe, delicious food and a comfortable living environment so that people in their advanced years can enjoy a pleasant life."

Meisho Co., Ltd.

Location	4-3-5 Hokima, Adachi-ku, Tokyo
Founded	August 1998
Capital stock	10 million yen
Representative	Chiyoishi Fujita
Number of facilities under operation	31 facilities (as of November 30, 2021)
Remarks	<ul style="list-style-type: none"> Having Sonoda Medical Corporation as its parent organization, the company operates 31 paid nursing homes and such in Tokyo, Saitama and Chiba Prefectures. Against the background of its strong ties with hospitals, it demonstrates a strong presence in the community as "a professional group of medical nursing care." Sonodakai Group is a major medical group which operates 13 hospitals (1,541 beds) mainly in Adachi-ku, Tokyo providing a wide range of community-based medical services covering acute stage to dedicated rehabilitation.



Financial Summary



1. Major Indexes for 14th Fiscal Period (Ended January 2022)

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

Asset (Assets)

Number of properties	37 properties (±0 property)
Total acquisition price	67.0 billion yen (±0 billion yen)
Total appraisal value	73.4 billion yen (+9 billion yen)
Unrealized gain	6.9 billion yen (+1.3 billion yen)
Average appraisal NOI yield	5.6% (±0%)
Portfolio operational rate	100% (±0pt)
Ratio of fixed rents	100% (±0pt)
Ratio of investment in three major metropolitan areas	86.5% (±0pt)
Average remaining lease term	12.2 years (△0.5 years)

Debt (Liabilities)

Total amount of interest-bearing liabilities	33.15 billion yen (±0 billion yen)
Average remaining terms to maturity	2.9 years (+0.5 years)
Average borrowing interest rate	0.55% (△0.02%)
Ratio of long-term debt	72.1% (△6.8pt)
Ratio of debt with fixed interest rates	100% (±0pt)
LTV	48.2% (+0.1pt)
Long-Term Issuer Rating (JCR)	A (Positive)

Equity (Net assets)

Market cap	40.7 billion yen (△6.7 billion yen)
Distribution per unit	3,244 yen (△22 yen)
Distribution in excess of earnings ^(Note) (Equivalent to return of capital)	308 yen (+4 yen)
NAV per unit	124,814 yen (+3,907 yen)

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

2. Actual Results for 14th Fiscal Period (Ended January 2022)

Achieved of +8 yen more than forecast of distribution per unit, while sales increased and profit decreased compared to the previous period.

(Unit: million yen)

	13th fiscal period (Ended July 2021)	14th Fiscal Period (Ended January 2022)				
	Actual	Forecast (Note 2)	Actual	Comparison with Forecast	Comparison with 13th Fiscal Period	
	(A)	(B)	(C)	(C)-(B)	(C)-(A)	$\frac{(C)-(A)}{(A)}$ (%)
Operating revenue	2,073	2,080	2,080	+0	+7	+0.4
Operating expenses	994	1,009	1,007	△2	+13	+1.3
Expenses related to leasing business	690	705	701	△4	+10	+1.5
(Depreciation)	473	481	479	△1	+5	+1.2
General and administrative expenses	303	304	306	+1	+3	+1.0
Operating income	1,078	1,070	1,072	+2	△6	△0.6
Non-operating income	1	—	0	+0	△0	△65.4
Non-operating expenses	157	159	159	△0	+1	+0.8
Ordinary income	922	911	913	+2	△8	△0.9
Net income	921	910	913	+2	△8	△0.9
Distribution per unit (yen)	3,266	3,236	3,244	+8	△22	△0.7
Distribution of earnings	2,962	2,927	2,936	+9	△26	△0.9
Distribution of allowance for temporary difference adjustments	—		—			
Distribution in excess of earnings (return of capital) (Note 1)	304	309	308	△1	+4	+1.3

(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 14th Fiscal Period (B) is the forecast figure announced in “(REIT) Financial Report for Fiscal Period Ended July 2021” dated September 14, 2021.

14th Fiscal Period Actual Results (Comparison with Forecast)

Difference in operating expenses (△2)

- Decrease in expenses related to leasing business (△4)
 - Repair expenses (△2)
 - Depreciation (△1)

14th Fiscal Period Actual Results (Comparison with 13th Fiscal Period)

Difference in operating revenue (+7)

- Full-period contribution of rent revenue from property acquired in the 13th fiscal period

Difference in operating expenses (+13)

- Increase in expenses related to leasing business (+10)
 - Depreciation (+5)
 - Repair expenses (+4)
- Decrease in general and administrative expenses (+3)
 - Asset management fee (+2)
 - Survey fee (renewal of ER) (+1)

II Financial Summary

3. Earnings Forecasts for 15th Fiscal Period (Ending July 2022) and 16th Fiscal Period (Ending January 2023)

Approximate increase in revenue of 300 million yen is forecast in the 15th Fiscal Period due to property acquisition through public offering and distribution per unit is expected to be 3,347 yen (+103 yen from the previous period, +109 yen from initial forecast).

(Unit: million yen)

	14th Fiscal Period (ending January 2022)	15th Fiscal Period (ending July 2022)				16th Fiscal Period (ending January 2023)	
	Actual	Initial forecast (Note 2)	Forecast (Note 3)	Comparison with initial forecast	Comparison with 14th fiscal period	Forecast (Note 3)	Comparison with 15th fiscal period forecast
	(A)	(B)	(C)	(C)-(B)	(C)-(A)	(D)	(D)-(C)
Operating revenue	2,080	2,080	2,371	+290	+290	2,419	+48
Operating expenses	1,007	1,019	1,111	+92	+103	1,176	+65
Expenses related to leasing business	701	710	790	+79	+88	802	+12
(Depreciation)	479	484	551	+66	+71	563	+11
General and administrative expenses	306	309	321	+12	+14	373	+52
Operating income	1,072	1,061	1,259	+198	+187	1,242	△16
Non-operating income	0	—	—	±0	△0	—	±0
Non-operating expenses	159	149	165	+16	+6	172	+7
Ordinary income	913	911	1,093	+182	+180	1,070	△23
Net income	913	910	1,092	+182	+179	1,069	△23
Distribution per unit (yen)	3,244	3,238	3,347	+109	+103	3,286	△61
Distribution per unit (Excluding distribution in excess of earnings (return of capital)(Note1))	2,936	2,928	3,040	+112	+104	2,973	△67
Distribution in excess of earnings (return of capital) (Note 1)	308	310	307	△3	△1	313	+6

15th Fiscal Period Forecast (Comparison with 14th Fiscal Period Results)

Difference in operating revenue (+290)

- Rent revenue from property acquired in the 15th fiscal period (+290)

Difference in operating expenses (+103)

- Increase in expenses related to leasing business(+88)
 - Depreciation (+71)
 - Management service expenses (+5)
 - Repair expenses (+5)
- Increase in general and administrative expenses (+14)
 - Experts' fees (+3)
 - Asset management fee (+2)
 - Administrative service fees (+2)

Difference in Non-operating expenses (+6)

- Increase in interest expenses (+5)

16th Fiscal Period Forecast (Comparison with 15th Fiscal Period Forecast)

Difference in operating expenses (+48)

- Full-period contribution of rent revenue from property acquired in the 15th fiscal period (+48)

Difference in operating expenses (+65)

- Increase in expenses related to leasing business(+12)
 - Depreciation (+11)
- Increase in general and administrative expenses (+52)
 - Asset management fee (+30)
 - Expenses related to investors meeting (+8)
 - Taxes and dues (+5)
 - Survey fee (+3)

Difference in Non-operating expenses (+7)

- Increase in interest expenses (+6)

(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 15th Fiscal Period (B) is the forecast figure announced in " (REIT) Financial Report for Fiscal Period Ended July 2021" dated September 14, 2021.

(Note 3) The forecast for the 15th Fiscal Period (C) and The forecast for the 16th Fiscal Period (D) are the forecast figure announced in " (REIT) Financial Report for Fiscal Period Ended January 2022" dated March 18, 2022.

4. Financial Status

We have built a stable financial base under the bank formation centering on Sumitomo Mitsui Banking Corporation. We have refinanced 7.0 billion yen at the end of the 14th fiscal period and plan to take out new loans of 5.5 billion yen in the 15th fiscal period (March 2022)

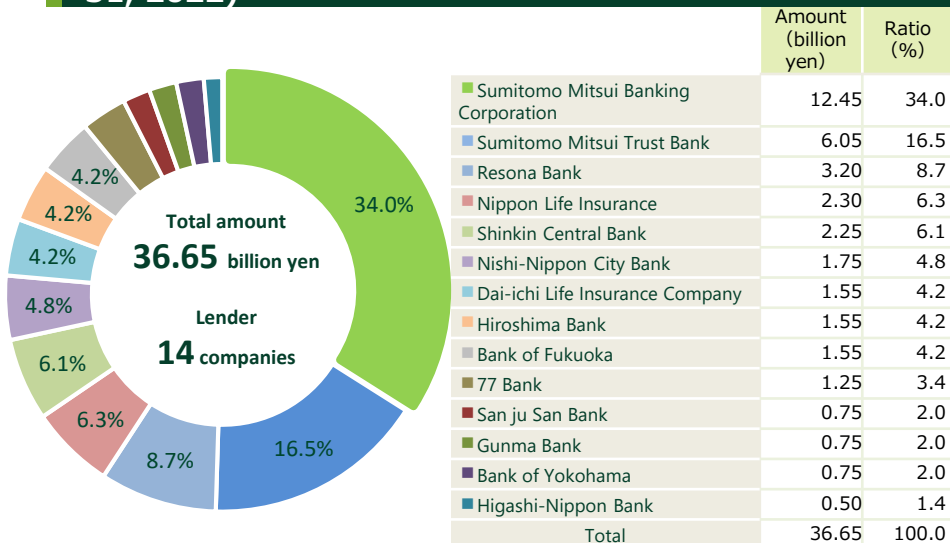
Status of Interest-Bearing Liabilities

		End of 13th FP	End of 14th FP	15th FP (expected figures on March 31, 2022)
Total amount of interest-bearing Liabilities	(billion yen)	33.15	33.15	38.65
(Social bonds)	(billion yen)	20	20	20
Average remaining terms to maturity	(years)	2.4	2.9	2.9
Ratio of debt with fixed interest rates	(%)	100	100	94.8 (Note 1)
LTV	(%)	48.1	48.2	48.2 (Note 2)
Average borrowing interest rate	(%)	0.57	0.55	-

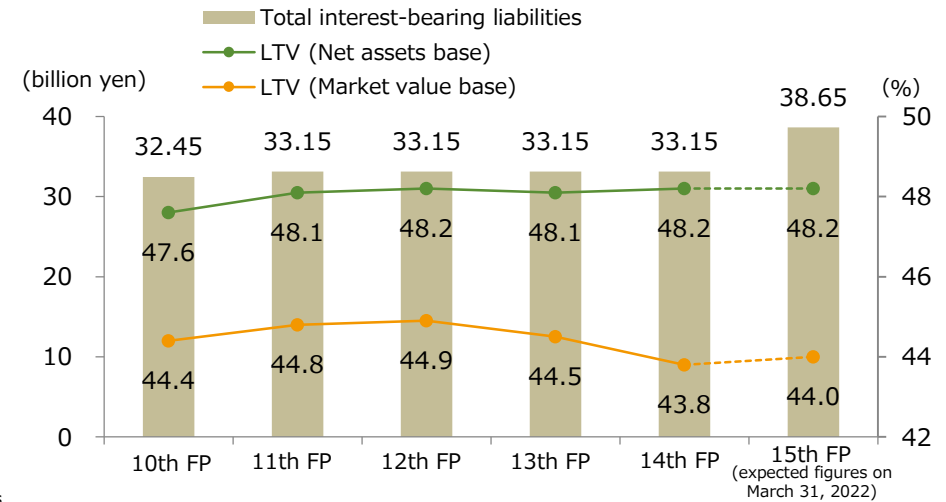
(Note 1) Of the loans of 5.5 billion yen in total (the entire amount with variable interest rates) to be taken out on March 30, 2022, 3.5 billion yen is scheduled to have fixed interest rates after interest rate swap transactions and thus the loans are treated as having fixed interest rates in the calculation.

(Note 2) Calculated by reflecting the public offering (third-party allotment inclusive), property acquisition and borrowings on and after February 1, 2022, in the actual results as of the end of the 14th fiscal period.

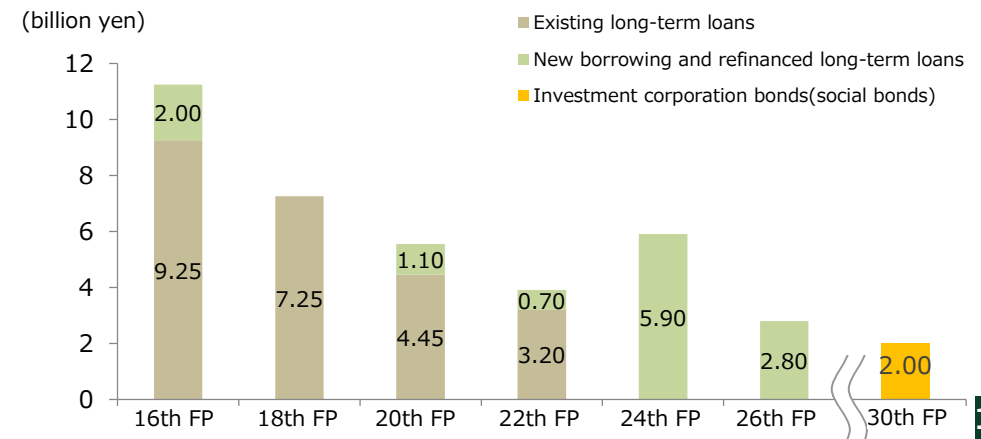
Diversification of Lenders (expected figures on March 31, 2022)



Change in LTV and Total Interest-Bearing Liabilities



Diversification of Maturities (expected figures on March 31, 2022)



5. Changes in Distribution Per Unit/NAV Per Unit

Distribution per unit is stable even under the COVID-19 pandemic, and NAV Per Unit has improved.

Distribution Per Unit/NAV Per Unit

(Distribution Per Unit:yen)

(NAV Per Unit:yen)

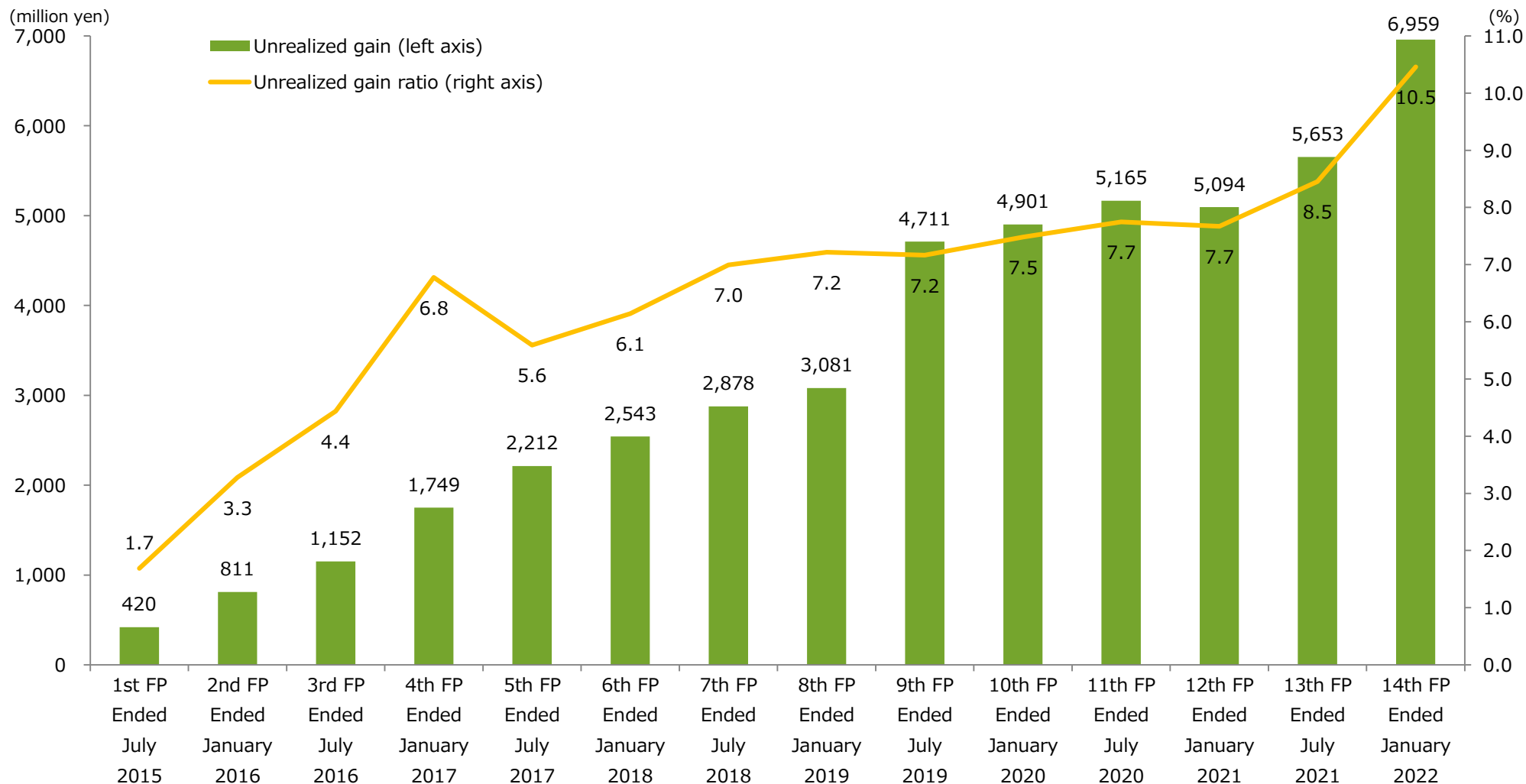


(Note 1) The amount obtained by subtracting distribution in excess of earnings of distribution per unit is indicated.

(Note 2) Distribution in excess of earnings refers to distribution carried out targeting around 20% of depreciation equivalent (return of capital).

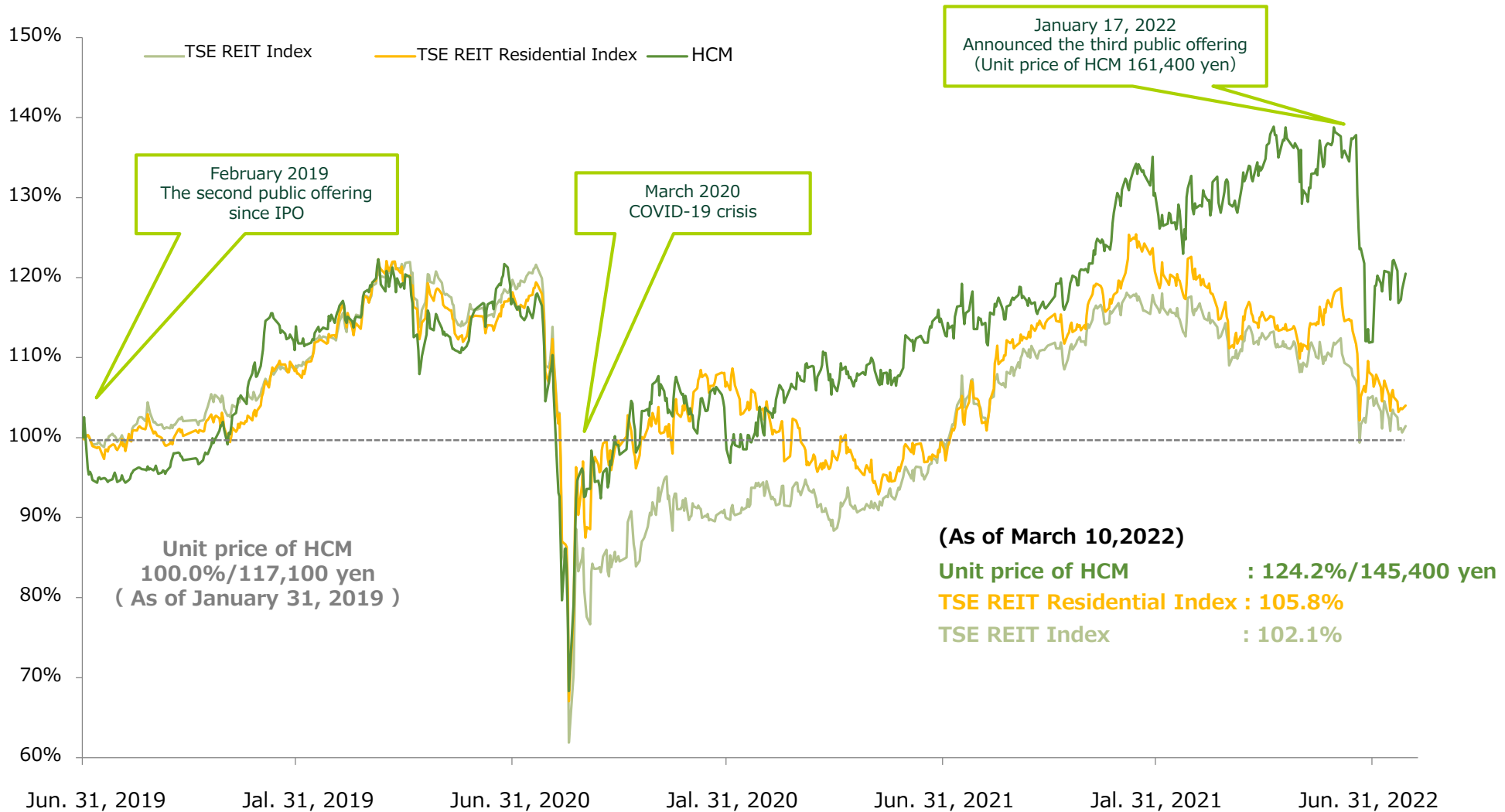
6. Changes in Unrealized Gain

Since the IPO, unrealized gains have been increasing steadily.



7. Changes in Unit Price (from January 31, 2019)

The unit price of HCM outperformed the TSE REIT Index under the COVID-19 pandemic in general.



(Note) It is indicated as a percentage with January 31, 2019, as the base date.

8. Global Index

Aim for inclusion in the FTSE EPRA Nareit Global Real Estate Index in the 15th fiscal period and after as the market cap has increased due to the public offering.

Market cap of J-REITs after adjustment for floating shares (as of March 10, 2022)

<Main requirements for inclusion in the FTSE EPRA Nareit Global Real Estate Index and HCM's Efforts>

(billion yen)



Status of Asset Management



1. Portfolio Highlights

Main operational indicators

	14th FP (Note 2)	15th FP (expected figures on March 31, 2022)
Number of properties	37 properties (±0 property)	47 properties
Total acquisition price	67.0 billion yen (±0 billion yen)	78.4 billion yen
Total appraisal value (Note 1)	73.4 billion yen (+0.9 billion yen)	85.6 billion yen
Average appraisal NOI yield	5.6% (±0pt)	5.5%
Average building age (Note 1)	17.5 years (+0.5 years)	16.6 years
Average remaining lease term (Note 1)	12.2 year (△0.5 years)	13.1 years
Three Major Metropolitan areas	86.5% (±0pt)	82.8%
Portfolio operational rate	100% (±0pt)	99.9%
Number of operators	13 operators (±0 operator)	16 operators

(Note 1) "Total appraisal value" is indicated based on the appraisal report with January 31, 2022 (November 30, 2021 for assets acquired/to be acquired on after February 1, 2022), as the appraisal date.

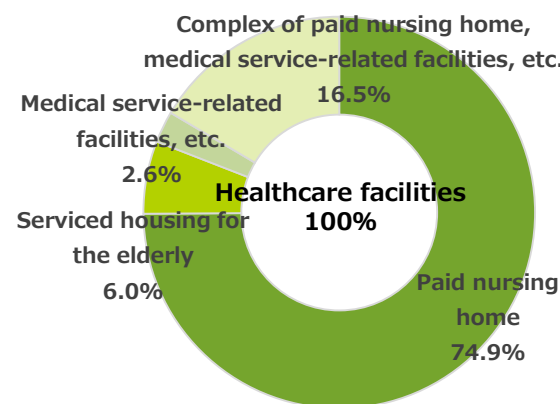
"Average building age" and "Average remaining lease term" are calculated by weighting and averaging them with acquisition prices with January 31, 2022, and March 31, 2022, as the base date for the 14th fiscal period and the 15th fiscal period (expected figures on March 31, 2022), respectively, and have been rounded down to the second 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 13th FP.

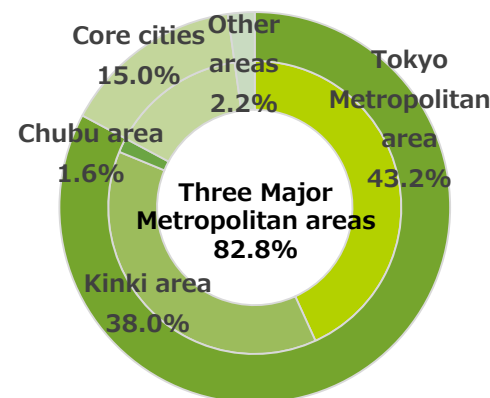
(Note 3) The figures in the graphs are calculated based on acquisition price, rounded off to the first decimal place.

Diversification Status(expected figures on March 31, 2022)(Note3)

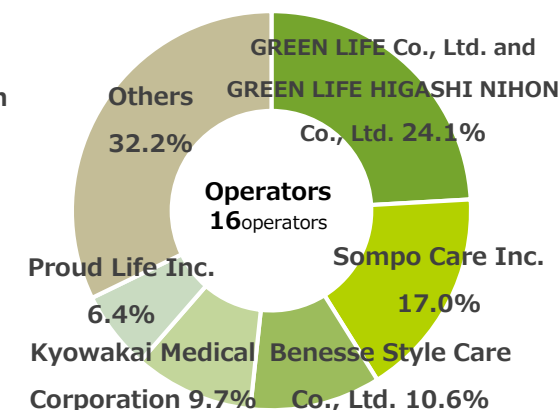
By Type



By Area



By Operator

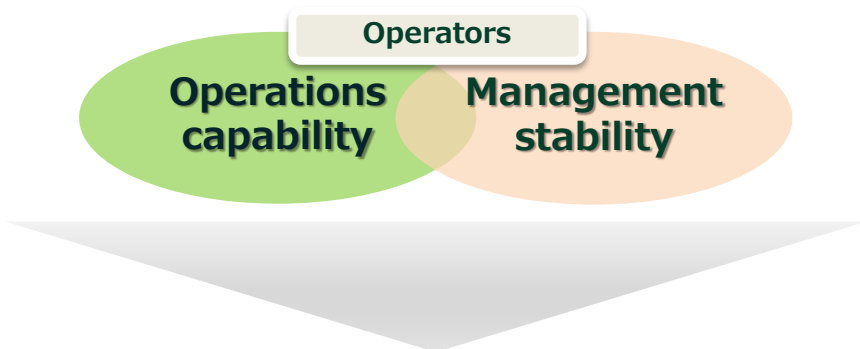


2. Stable Cash Flow in the Long Term①

By leveraging expertise in the healthcare field, HCM stably owns healthcare facilities operated by carefully selected operators.

Business evaluation of healthcare facilities and Operators

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



Business due diligence / Monitoring

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

Business profile/activities

Financial status

Organizational management

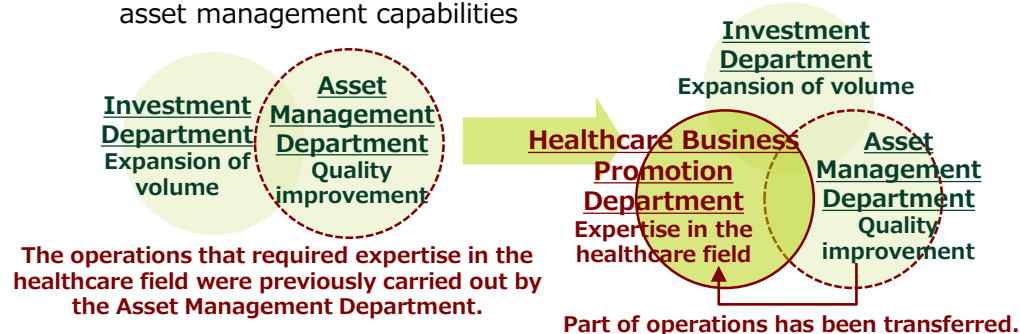
Business model

Compliance (Abuse prevention measures)

Staff retainment・Development

Consolidation/Reinforcement of expertise in the Healthcare Field

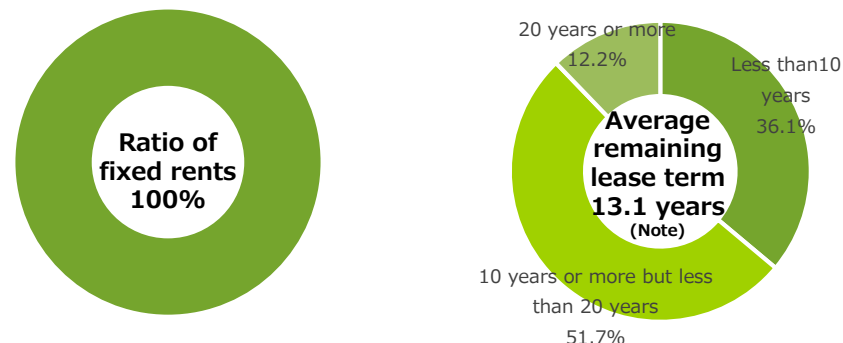
- HCM newly established the Healthcare Business Promotion Department as a department dedicated to conducting business evaluation of healthcare facilities and operators, survey and analysis of the healthcare industry, etc. (October 2021)
- HCM aims to strengthen its expertise in the healthcare field and asset management capabilities



The operations that required expertise in the healthcare field were previously carried out by the Asset Management Department.

Stable rent revenue in the Long Term

- Long-term fixed-rent lease agreements have been concluded with carefully selected operators.

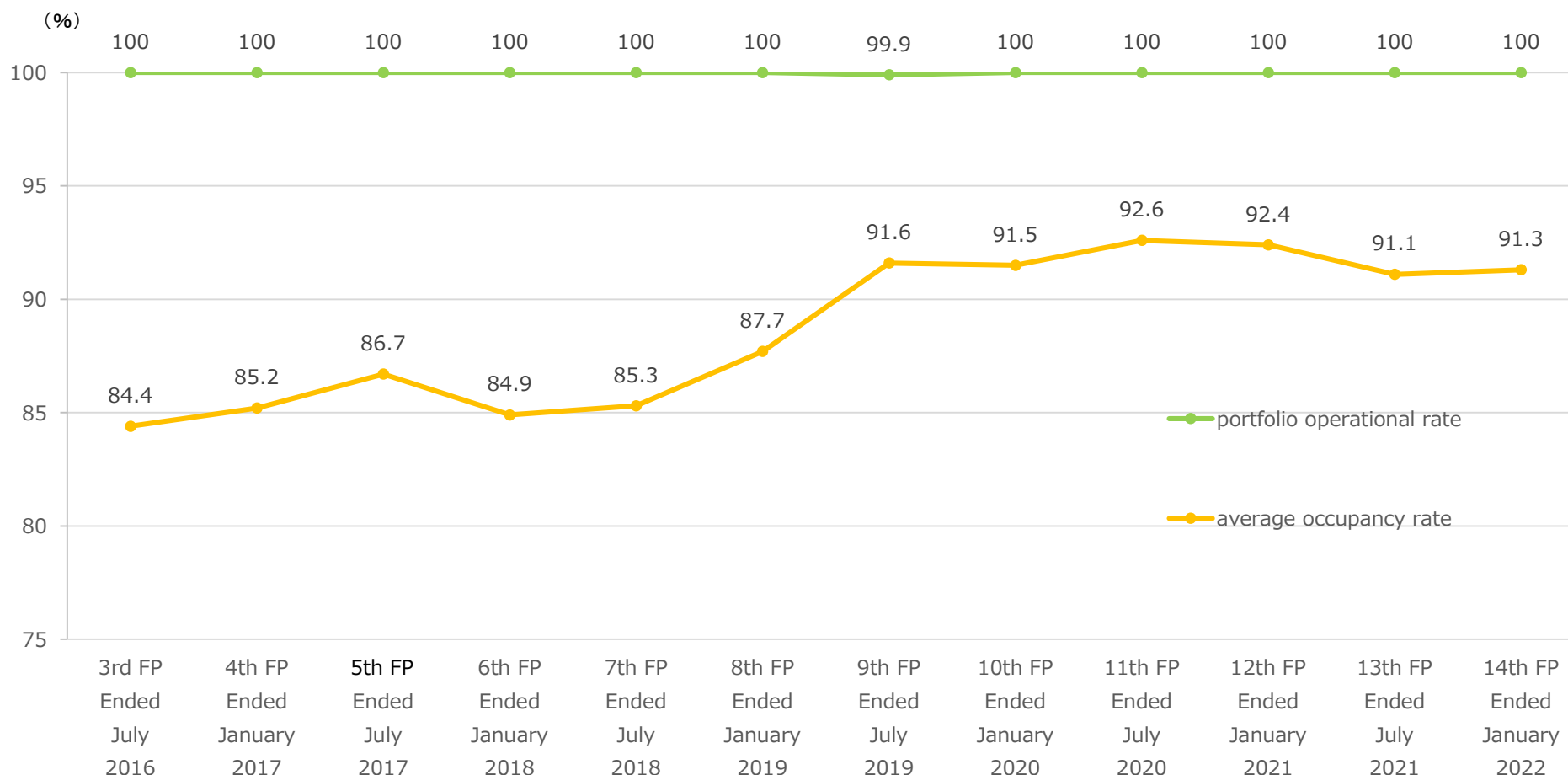


(Note) The figure is based on March 31, 2022, as reference date and calculated by weighted averaging with acquisition prices, rounded down to the first decimal place.

2. Stable Cash Flow in the Long Term②

Portfolio operational rate of HCM has been almost 100% since the IPO, and average occupancy rate of each facility has been maintained at 90% or more at the moment.

Change in Portfolio Operational Rate and Average Occupancy Rate



(Note) Portfolio operational rate indicates the ratio of the rented area to the leasable area of the assets as of the end of each fiscal year, and is rounded off to the first decimal place. Average occupancy rate is the rate obtained by dividing the total number of residents by the total capacity for the facilities and housing for the elderly shown in the Property Disclosure Statement of Important Matters provided by the operator and is rounded off to the first decimal place.

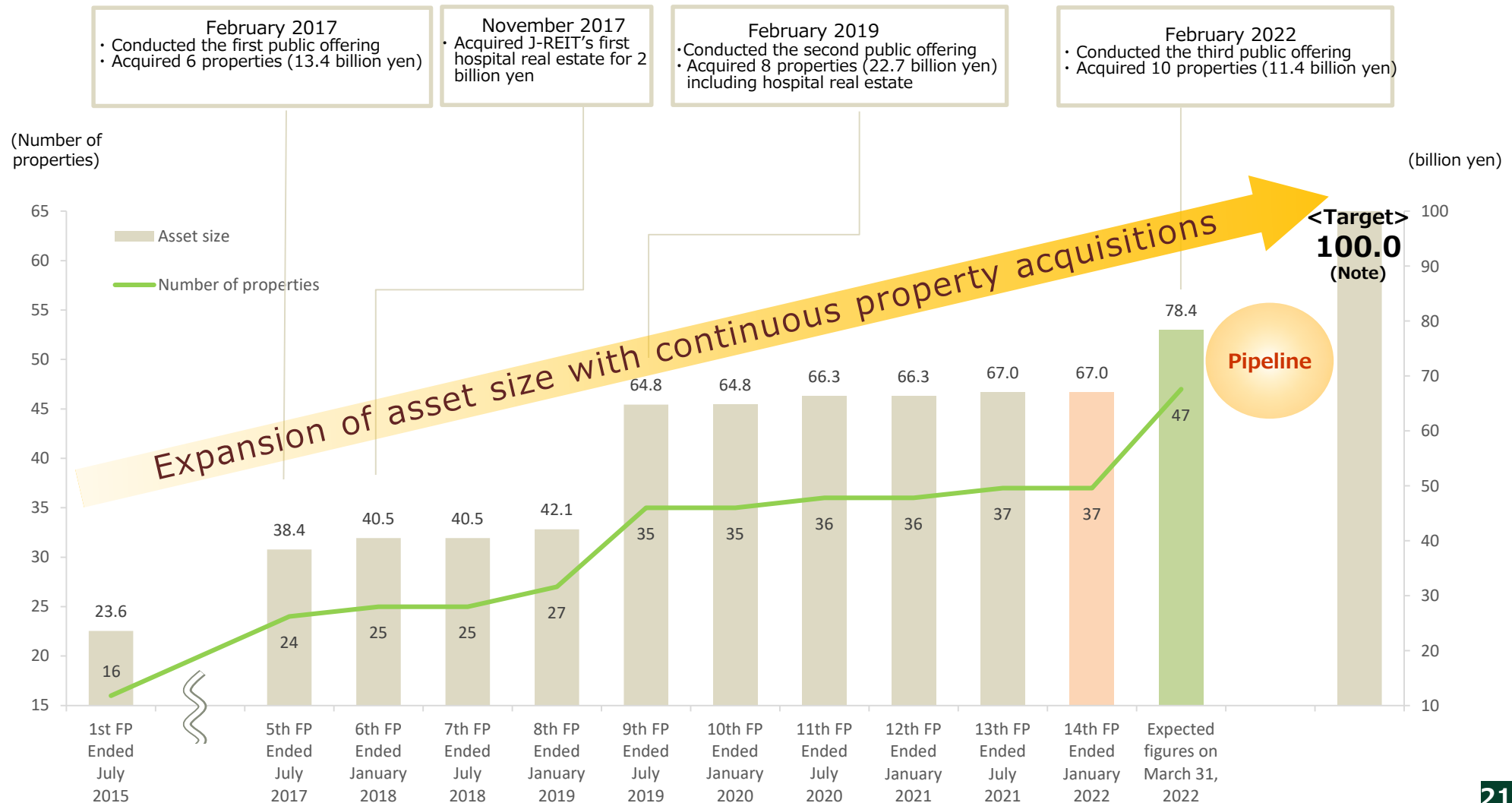
Actions for Enhancement of Unitholder Value

IV

1. Road Map to External Growth

With continuous property acquisition, the asset size expanded to 78.4 billion yen.
The target of 100 billion yen asset size is likely to be reach.

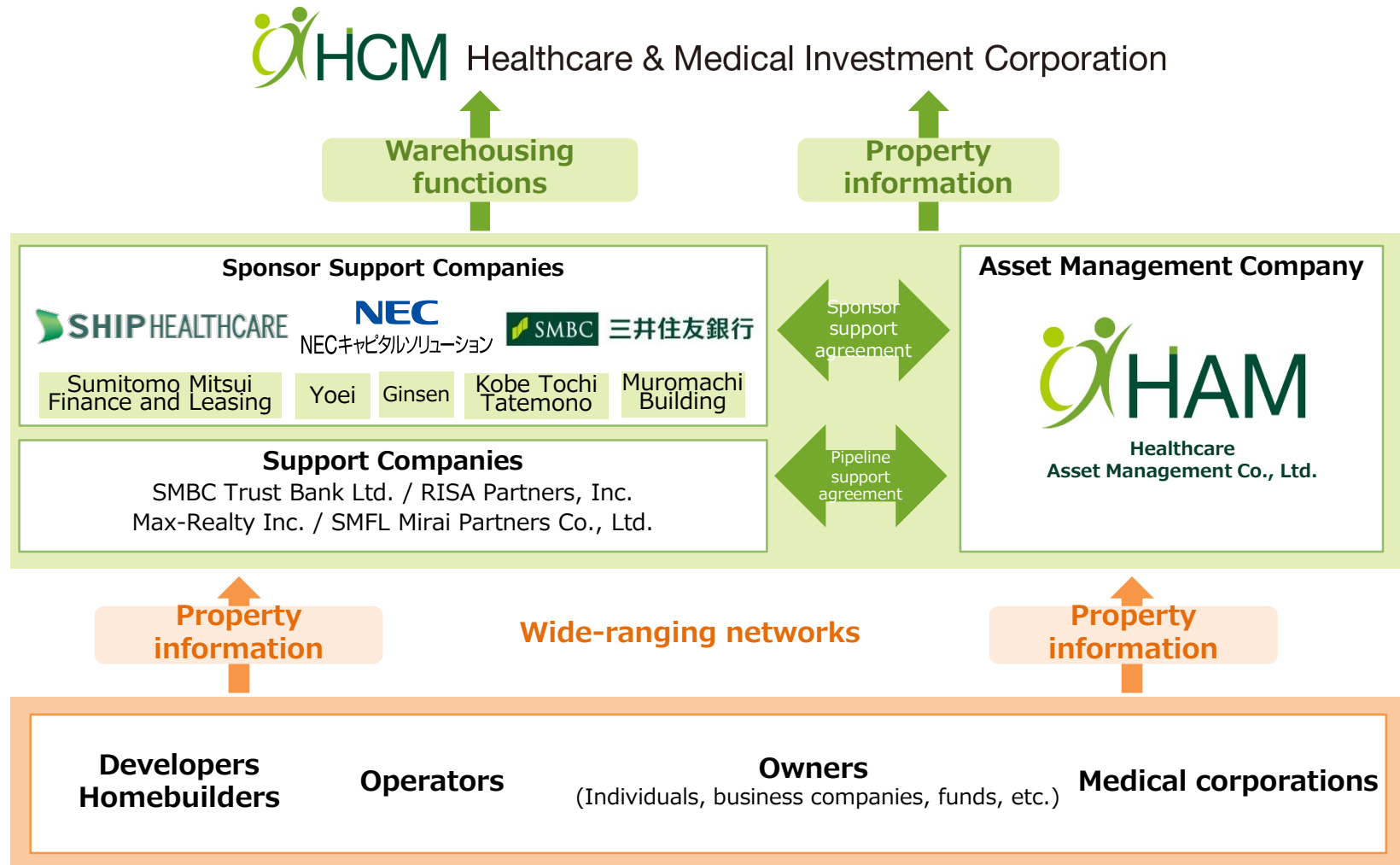
Change in Asset Size and Number of Properties



2. Expansion of Pipeline①

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

System to Gather Quality Deals and Information



2. Expansion of Pipeline②

The pipeline has accumulation of over 20 billion yen in total even after the public offering.

The states of pipeline accumulation

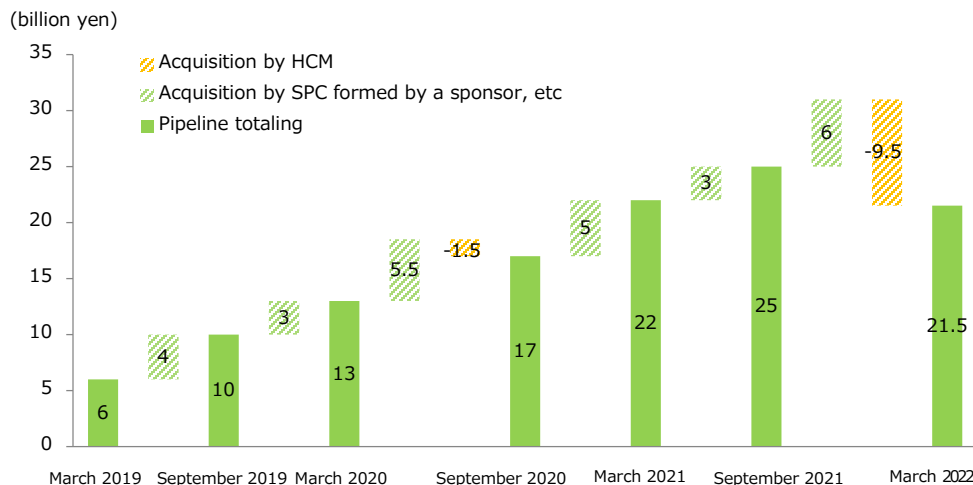
System to gather quality deals and information

Facilities and housing for the elderly (in operation)

Facilities and housing for the elderly (to be developed)

Medical service-related facilities, etc.

Total Pipeline over 20 billion yen

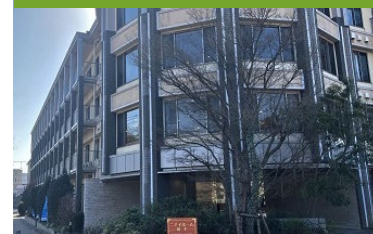


(Note) In case a sponsor or an SPC formed by a sponsor, etc. decides to sell a healthcare facility they own, HCM has the first refusal rights to acquire the property. However, the acquisition is undecided and there is no guarantee that HCM will acquire the property in the future. The above properties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

Case of pipeline

Facilities and housing for the elderly(in operation)

Paid nursing home



Nichii Home Inage
(Chiba-shi, Chiba; 85 rooms)

Change of ownership of a paid nursing home. Needs for property sale by a large company were seized on time and the property is currently owned by NEC Capital Solutions, a sponsor.

Paid nursing home



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

Paid nursing home



SOMPO CARE Sompō no ie
Hachiojimotomachi
(Hachioji, Tokyo; 85 rooms)

Facilities and housing for the elderly(to be developed)

Paid nursing home (to be developed)



Sunny Life Higashikurume
(Higashikurume-shi, Tokyo; 119 rooms)

The acquisition was made by a bridge fund formed by RISA Partners, a support company, as an exit for a property developed by a large developer

Paid nursing home (to be developed)



Charm Hanakoganei
(Kodaira-shi, Tokyo; 66 rooms)

Paid nursing home (to be developed)



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

3. 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), 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

- Rebuilding, extension, securing of relocation site with the intention of strengthening medical functions
- Financing for floor expansion and M&A to expand their business
- Strengthen financial status, Diversification of financing methods, Cash flow management
- Concentration of management resources on the main business, Outsourcing of real estate business
- Improving the brand of operating facilities

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

Case Example














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

4. ESG Initiatives

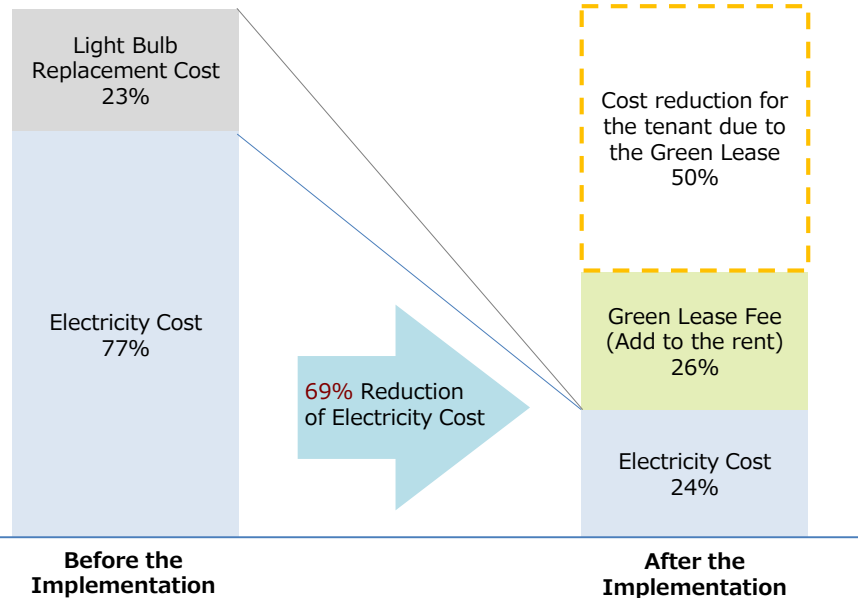
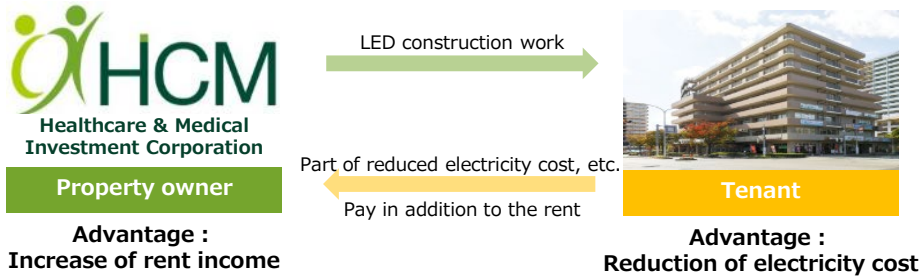
Worked to contribute to the aged society and enhance unitholder value over the medium to long term through asset management that contributes to ESG.

	Issues that need to be solved	Specific Actions	Highly relevant SDGs
Environment	<ul style="list-style-type: none"> Energy conservation and reduction of CO₂ emissions 	<ul style="list-style-type: none"> Green lease (Kobe Gakuentoshi Building) Renovation work for improving the efficiency of air conditioning system using subsidies (GreenLife Moriguchi and Kobe Gakuentoshi Building) 	  
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 and Promotion of women's empowerment 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 hospitals and promotion of earthquake resistance and Promotion of hospital function conversion Work-life balance, health of staff, etc. 	<ul style="list-style-type: none"> Procured funds through social finance (social loans and social bonds) Issued Impact Reports that summarize endeavors toward addressing social issues (every December) Supported the improvement of efficiency of nursing care business of operators with the introduction of ICT system <ul style="list-style-type: none"> Introduced EGAO link, a system for enhancing efficiency of nursing care services (ASHEIM Hikarigaoka and ASHEIM Bunkyoakusan) Employment support for people with disabilities (GreenLife Moriguchi) Established a remote work system (Asset Management Company) Implemented countermeasures against the spread of COVID-19 	    
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) 	<ul style="list-style-type: none"> Separation of Executive Director of HCM and CEO of the Asset Management Company (resolved at the general meeting of unitholders in October 2020) Established warehousing rules for transactions with interested parties Established a "Customer-Oriented Committee" at the Asset Management Company 	  

4. ESG Initiatives ~ Environment ~

Green Lease

- HCM introduced a green lease agreement with a tenant that rent a whole building of "Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)" (2021)



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.

Energy Saving Renovation Work

- Implemented high-efficiency renovation work for air-conditioning 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)



- Contributed to developing and expanding healthcare facilities in Japan through continuous investment by serving as a conduit between the nursing/medical industry and the capital market.

Super-aged society

Increase in Elderly Single Households

The shortage of supply of healthcare facilities

Hospitals do not meet the earthquake resistance standard



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

- Established a social finance framework to provide investment opportunities for investors who have strong interest in ESG investment.

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

Social bond

Date of issue : January 30, 2020
Amount of issue : 2 billion yen

Period : 10 years
Interest rate : 0.78%

Social loan

Social loan balance: 26.15 billion yen
(about 84% of the loan balance)(As of January 31, 2022)
※ New loans after February 2019 are all social loans.

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

- Introduced a system (EGAO link) that can respond to nurse calls, create nursing care records and grasp the situation in the resident's bed in real time on a smartphone. (2019)

<Effect of Introducing EGAO Link at ASHEIM Bunkyoohakusan>

	July 31, 2019	Sept. 30, 2021	Difference
Staff per month	26.9 people	23.0 people	▲3.9 people
Total working hours	4,734 hours	4,048 hours	▲686 hours
Improving quality of nursing care services			
	July 31, 2019	Sept. 30, 2021	Difference
Individual activities	20 hours	117 hours	+97 hours

ESG Initiatives

- Issuance of Impact Report summarizing actions to solve issues which the medical and nursing care industries are facing (every December, on HP)



4. ESG Initiatives ~ Governance ~

Basic Policy of Management

- Implementation of customer-oriented business operation
 - HAM established the "Customer-Oriented Committee".
- Strengthening autonomous compliance framework
 - Holding monthly compliance workshops.(More than 20 times a year)

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.

interested party, etc.
under the
Investment Trust Law

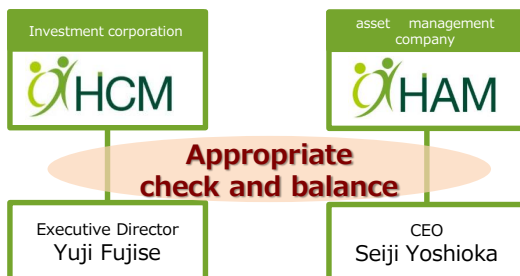
related party

- Acquisition fee for property acquisition from related party and Disposition fee for property disposition to related party

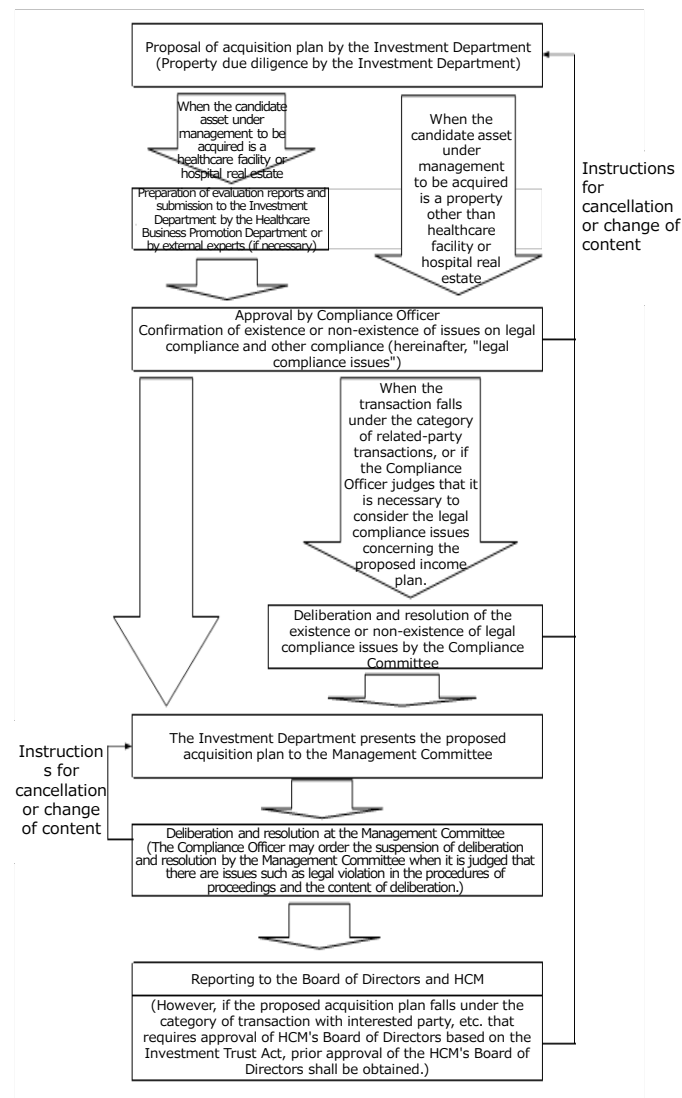
Acquisition or Disposition price×**0.5%** (usually 1.0%) is upper limit

Separation of Executive Director of HCM and CEO of the Asset Management Company

- From November 1, 2020, the system in which CEO of asset management company concurrently serves as executive director of HCM was dissolved.



Decision-Making Flow Concerning Acquisition of Assets Under Management

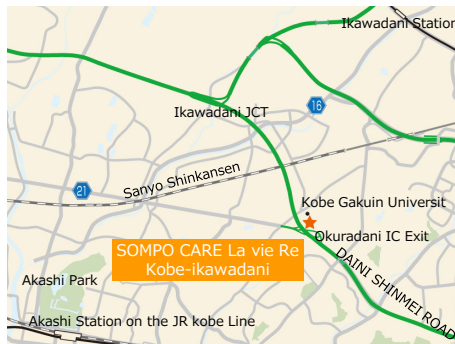


Appendix①



The assets acquired/to be acquired through the public offering

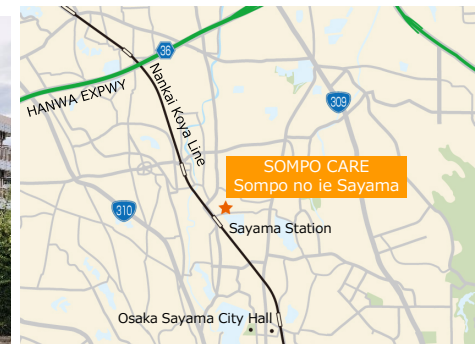
SOMPO CARE La vie Re Kobe-ikawadani Paid nursing homes



- The property is a paid nursing home with care service opened in July 2009. It is reachable by bus from JR Akashi Station and Ikawadani Station on the Kobe Municipal Subway, and is located on a hill overlooking the Akashi Kaikyo Bridge, in proximity to the Arise Campus of Kobe Gakuin University. The ratio of nursing staff to residents is 2.5 to 1, exceeding the standard ratio, and extensive nursing care services for those requiring intensive nursing care are provided.
- It is also equipped with many shared facilities, including a dining/functional training room and private bath on each floor.

(Planned) Acquisition date	February 1, 2022
(Planned) Acquisition price	1,288 million yen
Appraisal value	1,300 million yen
Appraisal NOI yield	4.9%
Location	Kobe-shi, Hyogo
Leasable area/Site area	3,824.54m ² /3,606.00m ²
Structure/number of floors	RC · S, 4F
Number of rooms/resident capacity	80 rooms, 80 people
Construction completion	April 2009 (New construction) December 2015 (Expansion)
occupancy rate	83.8%
Operator	Sompo Care Inc.

SOMPO CARE Sompo no ie Sayama Paid nursing homes



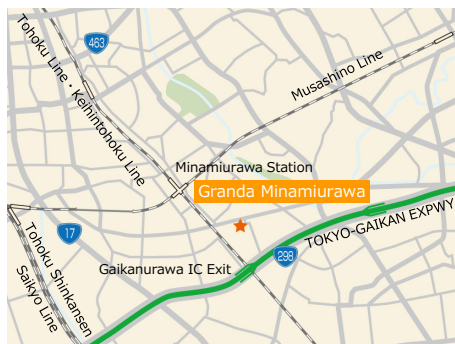
- The property is a paid nursing home with care service opened in October 2005 and is located approximately a 5-minute walk from Sayama Station on the Nankai Koya Line. Taimaike Pond spreads out to the south of the property, and the surrounding area is a residential area with a calm atmosphere with abundant greenery.
- The size of the room, which is about 25 m², as well as the specifications of each room being fully equipped with a bathroom, kitchen and toilet strongly appeal to those who emphasize privacy and thus demonstrate competitiveness.

(Planned) Acquisition date	February 1, 2022
(Planned) Acquisition price	600 million yen
Appraisal value	646 million yen
Appraisal NOI yield	5.4%
Location	Sakai-shi, Osaka
Leasable area/Site area	1,997.87m ² /2,263.33m ²
Structure/number of floors	S, 3F
Number of rooms/resident capacity	50 rooms, 50 people
Construction completion	August 2005
occupancy rate	92.0%
Operator	Sompo Care Inc.

The assets acquired/to be acquired through the public offering

Granda Minamiurawa

Paid nursing homes

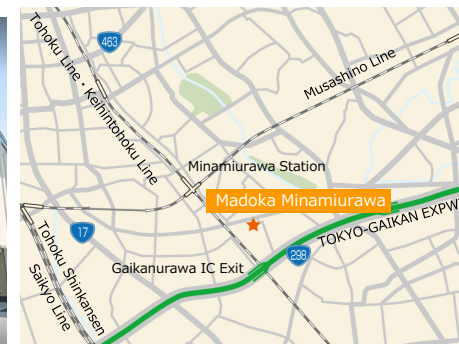


- The property is a paid nursing home with care service opened in August 2011. It is located a 14-minute walk from JR Minami-Urawa Station, and the surrounding is a quiet residential area with many detached homes and a public housing complex. It is adjacent to Madoka Minami-Urawa, also operated by Benesse Style Care.
- The Granda series is developed under the concept of a rich and colorful life in a home full of character, and provides nursing care services that suit the care plan of each resident.

(Planned) Acquisition date	March 30, 2022
(Planned) Acquisition price	1,022 million yen
Appraisal value	1,100 million yen
Appraisal NOI yield	4.8%
Location	Kawaguchi-shi, Saitama
Leasable area/Site area	2,373.25m ² /2,620.05m ²
Structure/number of floors	S, 3F
Number of rooms/resident capacity	58 rooms, 60 people
Construction completion	July 2011
occupancy rate	90.0%
Operator	Benesse Style Care Co., Ltd

Madoka Minamiurawa

Paid nursing homes



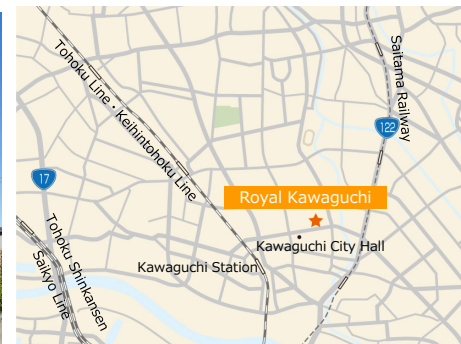
- The property is a paid nursing home with care service opened in May 2005. It is located a 14-minute walk from JR Minami-Urawa Station, and the surrounding is a quiet residential area with many single family homes and a public housing complex. It is adjacent to Granda Minami-Urawa, also operated by Benesse Style Care.
- The Madoka series is developed under the concept of emphasizing interaction with many people including other residents and their families, and provides group care services in groups of around 20 people.

(Planned) Acquisition date	March 30, 2022
(Planned) Acquisition price	822 million yen
Appraisal value	883 million yen
Appraisal NOI yield	4.8%
Location	Kawaguchi-shi, Saitama
Leasable area/Site area	1,918.98m ² /2,620.05m ²
Structure/number of floors	S, 3F
Number of rooms/resident capacity	54 rooms, 54 people
Construction completion	April 2005
occupancy rate	98.1%
Operator	Benesse Style Care Co., Ltd

The assets acquired/to be acquired through the public offering

Royal Kawaguchi

Paid nursing homes

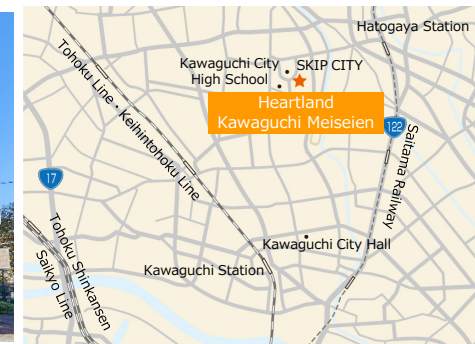


- The property is a paid nursing home with care service opened in April 2010, and has a jointly established day service facility and clinic. It is located an 18-minute walk from JR Kawaguchi Station and the surrounding offers a relatively quiet residential environment with many low-rise buildings.
- An extensive nursing care system, such as unit care, a 2-to-1 ratio of care staff and residents, and provision of nursing care prevention services through concierges, has been established. The tangible aspect of the property is also fulfilling as there are seven bathing facilities, a rooftop garden with a view and such.

(Planned) Acquisition date	February 1, 2022
(Planned) Acquisition price	1,260 million yen
Appraisal value	1,310 million yen
Appraisal NOI yield	4.9%
Location	Kawaguchi-shi, Saitama
Leasable area/Site area	3,484.02㎡/2,294.91㎡
Structure/number of floors	RC, 3F
Number of rooms/resident capacity	56 rooms, 56 people
Construction completion	October 2008
occupancy rate	89.3%
Operator	SENIOR LIFE SUPPORT Co.,Ltd

Heartland Kawaguchi Meiseien

Paid nursing homes

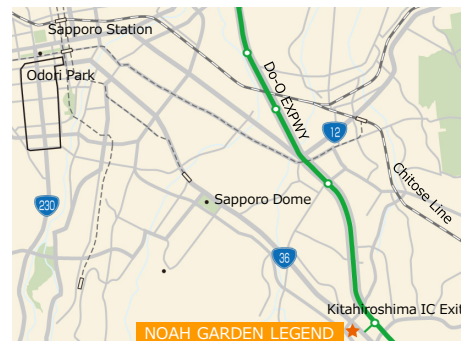


- The property is a paid nursing home with care service opened in February 2006, and has a jointly established day service facility. It is located approximately 1.6 km from Hatogaya Station on the Saitama Railway and stands in a quiet residential area near the center of Kawaguchi City.
- It has wide appeal for both those requiring assistance and nursing care due to the peace of mind concerning medical needs it offers through operation by a medical corporation group and strong collaboration with its hospitals as well as a full lineup of rehabilitation and recreation programs. Combined with reasonable fees, it has maintained a high occupancy rate.

(Planned) Acquisition date	March 30, 2022
(Planned) Acquisition price	2,000 million yen
Appraisal value	2,110 million yen
Appraisal NOI yield	5.0%
Location	Kawaguchi-shi, Saitama
Leasable area/Site area	3,885.90㎡/1,996.66㎡
Structure/number of floors	RC, 6F
Number of rooms/resident capacity	97 rooms, 100 people
Construction completion	January 2006
occupancy rate	98.0%
Operator	MEISHO.Co.,Ltd

NOAH GARDEN LEGEND

Paid nursing homes

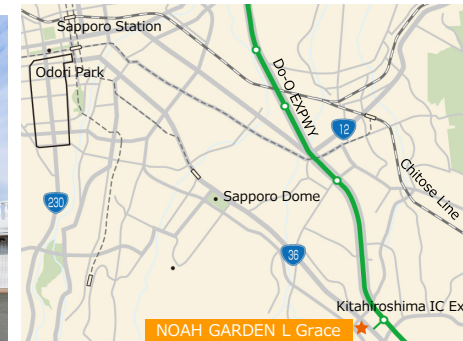


- The property is a residential-type paid nursing home opened in November 2015. It is situated along the arterial road approximately three minutes from the Kitahiroshima Interchange on the Do-O Expressway, forming “Noah Garden Utsukushigaoka” (238 rooms in total) along with “NOAH GARDEN L Grace” and “NOAH GARDEN CASA RICH.”
- It has a white-themed western-style exterior, and the inside also renders a high-grade atmosphere and has a large bath with a natural hot spring. A periodic or on-call home-visit nursing care office is jointly established to provide around-the-clock care and nursing care to residents.

(Planned) Acquisition date	February 1, 2022
(Planned) Acquisition price	859 million yen
Appraisal value	910 million yen
Appraisal NOI yield	5.6%
Location	Sapporo-shi, Hokkaido
Leasable area/Site area	2,736.89m ² /9,012.28m ²
Structure/number of floors	RC, 4F
Number of rooms/resident capacity	72 rooms, 72 people
Construction completion	October 2015
occupancy rate	81.9%
Operator	NOAH KONZER Co.,Ltd

NOAH GARDEN L Grace

Paid nursing homes



- The property is a residential-type paid nursing home opened in November 2017. It is situated along the arterial road approximately three minutes from the Kitahiroshima Interchange on the Do-O Expressway, forming “Noah Garden Utsukushigaoka” (238 rooms in total) along with “NOAH GARDEN LEGEND” and “NOAH GARDEN CASA RICH.”
- It has a white-themed western-style exterior, and the inside also renders a high-grade atmosphere and has a large bath with natural hot spring. A periodic or on-call home-visit nursing care office is jointly established to provide around-the-clock care and nursing care to residents.

(Planned) Acquisition date	February 1, 2022
(Planned) Acquisition price	622 million yen
Appraisal value	660 million yen
Appraisal NOI yield	5.6%
Location	Sapporo-shi, Hokkaido
Leasable area/Site area	2,075.25m ² /9,012.28m ²
Structure/number of floors	RC, 4F
Number of rooms/resident capacity	51 rooms, 51 people
Construction completion	October 2017
occupancy rate	92.2%
Operator	NOAH KONZER Co.,Ltd

NOAH GARDEN CASA RICH

Serviced housing for the elderly

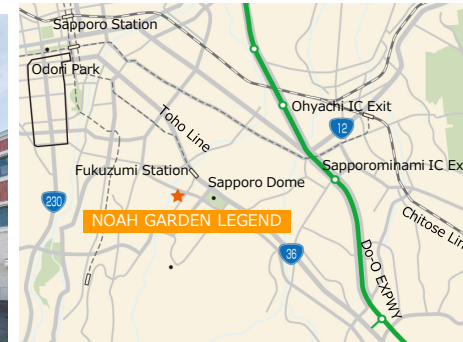


- The property is a serviced housing for the elderly opened in April 2015 (the building was extended in November 2016 to open "Second Court"). It is situated along the arterial road approximately three minutes from the Kitahiroshima Interchange on the Do-O Expressway, forming "Noah Garden Utsukushigaoka" (238 rooms in total) along with "NOAH GARDEN LEGEND" and "NOAH GARDEN L Grace."
- It has a white-themed western-style exterior, and the inside also renders a high-grade atmosphere and has a large bath with natural hot spring. A periodic or on-call home-visit long-term care and nursing care office and a day service facility are jointly established to provide around-the-clock care and nursing care to residents.

(Planned) Acquisition date	February 1, 2022
(Planned) Acquisition price	1,619 million yen
Appraisal value	1,730 million yen
Appraisal NOI yield	5.6%
Location	Sapporo-shi, Hokkaido
Leasable area/Site area	4,986.98m ² /9,012.28m ²
Structure/number of floors	RC, CASA RICH:4F (Second Court:5F)
Number of rooms/resident capacity	115 rooms, 115 people
Construction completion	CASA RICH:March 2015 (Second Court:October 2016(Expansion))
occupancy rate	85.2%
Operator	NOAH KONZER Co.,Ltd

NOAH GARDEN Season Bell

Paid nursing homes

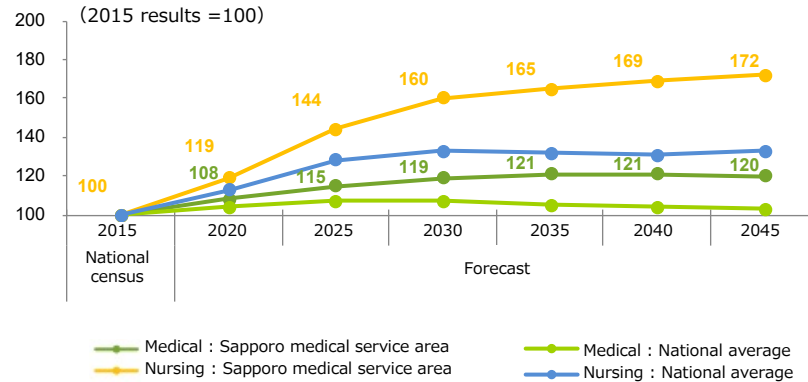


- The property is a residential-type paid nursing home opened in January 2020, and has a jointly established periodic or on-call home-visit long-term care and nursing care office and a day service facility. It is situated along the arterial road, an approximately 15-minute walk from Fukuzumi Station on the Sapporo City Subway, and there are many facilities for daily living such as supermarkets and clinics around the station.
- While the fees are set reasonably, the building is relatively new with all rooms being for private use and is also equipped with ample facilities such as a karaoke room in the common area and a large bath with a natural hot spring.

(Planned) Acquisition date	March 30, 2022
(Planned) Acquisition price	1,350 million yen
Appraisal value	1,520 million yen
Appraisal NOI yield	5.8%
Location	Sapporo-shi, Hokkaido
Leasable area/Site area	4,602.26m ² /3,636.38m ²
Structure/number of floors	RC, 5F
Number of rooms/resident capacity	136 rooms, 136 people
Construction completion	December 2019
occupancy rate	66.2%
Operator	NOAH KONZER Co.,Ltd

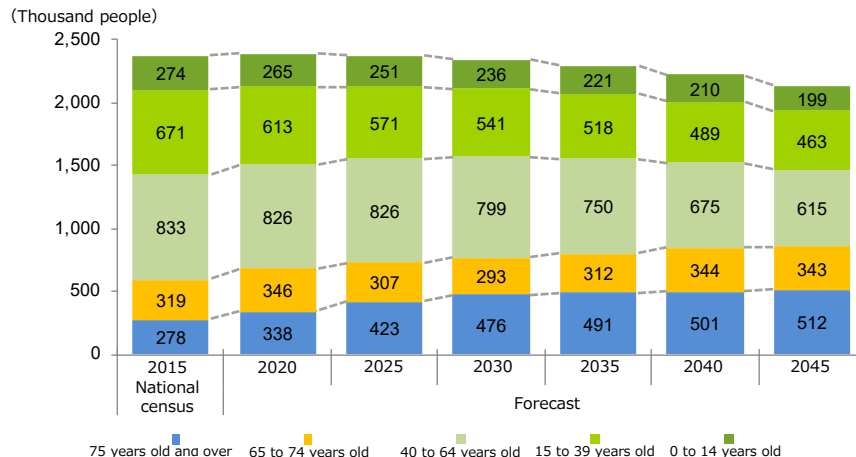
The demand for medical/nursing care in the Sapporo medical service area is projected to remain above the national average, and development of housing for the elderly is more advanced than in other cities outside Hokkaido.

Medical/nursing care demand projection index in the Sapporo medical service area



(Source) Website of Japan Medical Association's Japan Medical Analysis Platform

Population Projection for the Sapporo medical service area



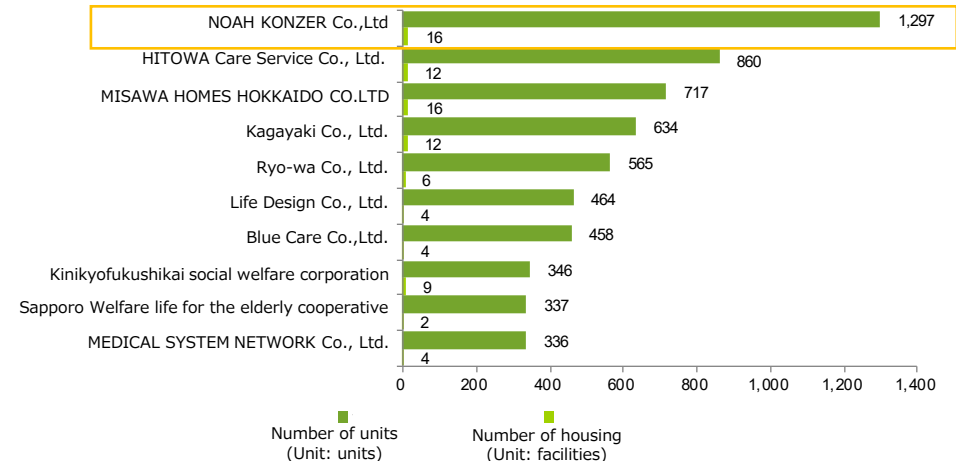
(Source) Website of Japan Medical Association's Japan Medical Analysis Platform

The satisfaction of Housing for the Elderly

City	Resident capacity per 1,000 people aged 75 and over		Resident capacity					Population (Unit : People)
	Housing for the Elderly	Facilities for the Elderly	① Paid nursing homes	② Serviced housing for the elderly	③ Total (①+②)	④ Other facilities for the elderly	⑤ Total (③+④)	
Yokohama	51.7	117.2	19,918	5,092	25,010	31,651	56,661	483,533
Osaka	73.1	141.2	17,648	8,577	26,225	24,424	50,649	358,607
Nagoya	69.7	133.3	16,494	4,326	20,820	19,014	39,834	298,893
Sapporo	113.0	174.8	16,862	12,911	29,773	16,294	46,067	263,593
Fukuoka	88.9	157.3	11,375	3,271	14,646	11,266	25,912	164,686
Kobe	55.5	122.8	7,884	4,484	12,368	15,001	27,369	222,932
Kawasaki	83.8	146.3	10,923	1,944	12,867	9,581	22,448	153,471
Kyoto	39.0	109.0	3,910	4,262	8,172	14,695	22,867	209,717
Saitama	81.7	148.6	9,074	3,673	12,747	10,440	23,187	156,008
Hiroshima	43.8	117.6	3,603	3,100	6,703	11,311	18,014	153,197
Sendai	52.8	130.8	4,796	1,903	6,699	9,902	16,601	126,953
Hokkaido	68.3	143.8	36,513	21,500	58,013	64,118	122,131	849,096
Nationwide	46.2	114.3	576,116	270,244	846,360	1,247,187	2,093,547	18,315,718

(Note) The resident capacity of paid nursing homes in "Sufficiency status of housing for the elderly" is prepared based on the data published by each municipality. The resident capacity of serviced housing for the elderly is prepared based on the data registered in the "information provision system for residence for elderly people with service" as of September 30, 2021.

Share of serviced housing for the elderly in Hokkaido (Top 10 companies)



(Source) Website of Information provision system for residence for elderly people with service (as of September 30, 2021)

Appendix②



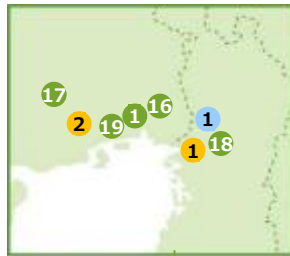
Portfolio Map

Strategic investment in three major metropolitan areas

Ratio of investment in three major metropolitan areas

86.5%

Kinki area **41.6%**

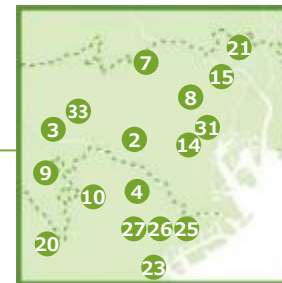


Chubu area **1.9%**

Other areas **2.6%**

Core cities
11.0%

Tokyo metropolitan area
43.0%



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 Bunkyo Hakusan |
| ⑨ | SOMPO CARE La vie Re Machidaonoji |
| 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 |
| 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 |
| ㉝ | Nichii Home Nishikubunji |

Details of Portfolio①

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 ^(Note 1)	117 million yen	48 million yen	43 million yen	39 million yen	47 million yen
Appraisal NOI yield ^(Note 1)	6.0%	5.9%	6.0%	6.8%	6.4%
Appraisal value ^(Note 1)	2,100 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 ²	1,020.92 m ²	2,211.28 m ²	1,233.49 m ²	2,588.04 m ²
Leasable area	5,274.54 m ²	2,342.17 m ²	1,984.17 m ²	1,710.43 m ²	3,435.79 m ²
Structure/ number of floors ^(Note 2)	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 ^(Note 3)	100.0%	87.2%	93.1%	89.8%	96.0%
Operator	GREEN LIFE	Benesse Style Care	Benesse Style Care	Benesse Style Care	Benesse Style Care
Remaining years of lease agreement ^(Note 4)	15.3 years	4.3 years	4.3 years	4.8 years	5.3 years

Details of Portfolio②






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
				

Location	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
Nearest station	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
Construction completion	March 1991	March 2006	February 2007	October 2007	March 2004
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 ^(Note 1)	92 million yen	76 million yen	74 million yen	193 million yen	156 million yen
Appraisal NOI yield ^(Note 1)	7.3%	5.5%	5.1%	5.3%	5.1%
Appraisal value ^(Note 1)	1,450 million yen	1,520 million yen	1,680 million yen	3,940 million yen	3,300 million yen
Acquisition price (ratio)	1,270 million yen (1.9%)	1,385 million yen (2.1%)	1,430 million yen (2.1%)	3,580 million yen (5.3%)	3,050 million yen (4.5%)
Site area	8,229.85 m ²	2,868.46 m ²	540.29 m ²	7,404.13 m ²	2,748.64 m ²
Leasable area	8,858.49 m ²	3,628.60 m ²	2,507.25 m ²	7,720.17 m ²	5,789.25 m ²
Structure/ number of floors ^(Note 2)	SRC RC S, 10F	RC, 3F	RC, 8F	RC, B1 6F	RC, B1 5F
Number of rooms/resident capacity	124 rooms, 165 people	83 rooms, 89 people	50 rooms, 52 people	163 rooms, 169 people	145 rooms, 145 people
occupancy rate ^(Note 3)	79.4%	92.1%	82.7%	67.5%	99.3%
Operator	Benesse Style Care	AS PARTNERS	AS PARTNERS	Sompo Care	Sompo Care
Remaining years of lease agreement ^(Note 4)	5.3 years	12.1 years	5.1 years	5.7 years	5.4 years

Details of Portfolio③

Paid nursing home					
	⑪	⑫	⑬	⑭	⑮
	SAWAYAKA Tachibanakan	SAWAYAKA Mekarikan	SAWAYAKA Tagawakan	GOOD TIME HOME Fudo-mae	Bonjour Yotsugi
					
Location	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
Nearest station	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
Construction completion	October 2005	November 2005	January 2006	March 1992	March 1989
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 2016
Appraisal NOI (Note 1)	93 million yen	85 million yen	25 million yen	91 million yen	48 million yen
Appraisal NOI yield (Note 1)	6.1%	6.2%	6.4%	5.2%	5.8%
Appraisal value (Note 1)	1,550 million yen	1,430 million yen	383 million yen	1,990 million yen	886 million yen
Acquisition price (ratio)	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%)
Site area	3,359.66 m ²	3,758.26 m ²	4,300.90 m ²	1,206.60 m ²	1,136.46 m ²
Leasable area	5,652.94 m ²	4,720.46 m ²	2,366.20 m ²	3,400.20 m ²	1,962.89 m ²
Structure/number of floors (Note 2)	RC, B1 6F	RC, 4F	RC, 3F	RC, B1 5F	RC, 5F
Number of rooms/resident capacity	104 rooms, 104 people	95 rooms, 95 people	60 rooms, 60 people	61 rooms, 67 people	61 rooms, 65 people
occupancy rate (Note 3)	100.0%	84.2%	100.0%	86.6%	86.2%
Operator	Sawayaka Club	Sawayaka Club	Sawayaka Club	JAPAN LIFEDESIGN	Benesse Style Care
Remaining years of lease agreement (Note 4)	6.0 years	6.0 years	6.0 years	4.8 years	3.9 years

Details of Portfolio④

Paid nursing home					
	⑬	⑭	⑮	⑯	⑰
	Medical Home Bonsejour Itami	Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)	GreenLife Moriguchi	Hapine Kobe Uozaki Nibankan	Granda Tsuruma-Yamato
					
Location	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
Nearest station	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
Construction completion	March 1989	January 2009	September 2006	March 2010	March 1998
Acquisition period	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
Appraisal NOI (Note 1)	36 million yen	227 million yen	220 million yen	48 million yen	53 million yen
Appraisal NOI yield (Note 1)	7.1%	5.2%	5.3%	5.2%	5.3%
Appraisal value (Note 1)	557 million yen	4,540 million yen	4,500 million yen	995 million yen	1,060 million yen
Acquisition price (ratio)	514 million yen (0.8%)	4,320 million yen (6.4%)	4,150 million yen (6.2%)	930 million yen (1.4%)	1,000 million yen (1.5%)
Site area	1,976.11 m ²	2,742.81 m ²	5,872.83 m ²	932.94 m ²	2,877.11 m ²
Leasable area	2,129.87 m ²	12,636.48 m ²	8,356.85 m ²	1,772.89 m ²	3,427.08 m ²
Structure/ number of floors (Note 2)	SRC, 11F (Exclusive portion)	RC, B1 9F	S RC, 9F	S, B1 4F	RC S, 5F
Number of rooms/resident capacity	62 rooms, 64 people	131 rooms, 138 people	155 rooms, 189 people	47 rooms, 47 people	73 rooms, 90 people
occupancy rate (Note 3)	82.8%	97.8%	100.0%	100.0%	74.4%
Operator	Benesse Style Care	GREEN LIFE	GREEN LIFE	GREEN LIFE	Benesse Style Care
Remaining years of lease agreement (Note 4)	5.3 years	19.1 years	17.7 years	19.1 years	2.1 years

Details of Portfolio⑤

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 Keikyu 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 ^(Note 1)	120 million yen	45 million yen	56 million yen	35 million yen	89 million yen
Appraisal NOI yield ^(Note 1)	5.3%	5.8%	5.2%	5.6%	5.2%
Appraisal value ^(Note 1)	2,500 million yen	860 million yen	1,240 million yen	668 million yen	1,810 million yen
Acquisition price (ratio)	2,253 million yen (3.4%)	770 million yen (1.1%)	1,071 million yen (1.6%)	615 million yen (0.9%)	1,710 million yen (2.6%)
Site area	2,069.41 m ²	2,597.52 m ²	428.76 m ²	1,017.55 m ²	2,832.33 m ²
Leasable area	3,870.98 m ²	4,311.20 m ²	1,710.68 m ²	1,959.64 m ²	4,060.21 m ²
Structure/ number of floors ^(Note 2)	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 ^(Note 3)	91.5%	91.1%	90.2%	96.3%	89.7%
Operator	GREEN LIFE HIGASHI NIHON Co., Ltd.	Medical Corporation AIKOKAI	Proud Life Inc.	Proud Life Inc.	Sompo Care
Remaining years of lease agreement ^(Note 4)	15.0 years	14.5 years	10.8 years	10.8 years	5.9 years

Details of Portfolio⑥

Paid nursing home				
②⑥	②⑦	②⑧	②⑨	③①
Hanakotoba Shin-Yokohama	Hanakotoba Shin-Yokohama II	Hanakotoba Odawara	Verde Minowa	Verde Hotaka
				

Location	1-11-5 Shinyokohama, Kohoku-ku, Yokohama-shi, Kanagawa	1-11-11 Shinyokohama, Kohoku-ku, Yokohama-shi, Kanagawa	3-9-12 Sakawa, Odawara-shi, Kanagawa	839-4 Azamachiyabo, Kamishiba, Misatomachi, Takasaki-shi, Gunma	1221 Azamaebara, Oazanamashina, Kawaba-mura, Tone-gun, Gunma
Nearest station	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
Construction completion	March 2004	April 2007	September 2009	November 2003 (Building 1) February 1974 (Building 2)	September 1982 (Building 1) July 1989 (Building 2)
Acquisition period	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
Appraisal NOI (Note 1)	109 million yen	21 million yen	49 million yen	109 million yen	91 million yen
Appraisal NOI yield (Note 1)	5.2%	5.8%	5.6%	6.7%	6.9%
Appraisal value (Note 1)	2,330 million yen	383 million yen	947 million yen	1,700 million yen	1,430 million yen
Acquisition price (ratio)	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%)
Site area	894.00 m ²	375.00 m ²	1,202.12 m ²	7,920.29 m ²	4,375.31 m ²
Leasable area	5,230.23 m ²	1,837.29 m ²	2,203.42 m ²	11,098.17 m ²	6,352.86 m ²
Structure/number of floors (Note 2)	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)
Number of rooms/resident capacity	136 rooms, 136 people	29 rooms, 30 people	60 rooms, 65 people	174 rooms, 206 people	121 rooms, 174 people
occupancy rate (Note 3)	86.8%	96.7%	96.9%	93.7%	100.0%
Operator	Proud Life Inc.	Proud Life Inc.	Proud Life Inc.	Verde Corporation	Verde Corporation
Remaining years of lease agreement (Note 4)	10.8 years	10.8 years	10.8 years	5.3 years	5.3 years

Details of Portfolio⑦

Paid nursing home			Serviced housing for the elderly	
③①	③②	③③	①	②
Sunny Life Kita-Shinagawa	Sunny Life Kamakura	Nichii Home Nishikokubunji	SOMPO CARE Sompo no ie Awajiekimae	SOMPO CARE Sompo no ie Kobekamisawa
				
3-8-6 Kitashinagawa, Shinagawa-ku, Tokyo	214-4 Aza Kichime, Kamimachiya, Kamakura-shi, Kanagawa	2-11-22 Nishikoigakubo, Kokubunji-shi, Tokyo	3-20-26 Awaji, Higashiyodogawa-ku, Osaka-shi, Osaka	8-2-5 Kamisawadori, Hyogo-ku, Kobe-shi, Hyogo
Shimbamba Station on the Keikyū Line	Shonan-Machiya Station on the Shonan Monorail	Nishikokubunji Station on the JR Chuo Line	Awaji Station on the Hankyu Railway Kyoto and Senri Lines	Kamisawa Station on the Kobe Municipal Subway Seishin-Yamate Line
September 2018	September 2014	September 1990	June 2009	June 2009
Fiscal period ended July 2019	Fiscal period ended July 2020	Fiscal period ended July 2021	Fiscal period ended July 2015	Fiscal period ended July 2015
90 million yen	76 million yen	36 million yen	116 million yen	72 million yen
4.9%	5.3%	5.0%	6.0%	6.0%
2,040 million yen	1,580 million yen	761 million yen	2,210 million yen	1,360 million yen
1,825 million yen (2.7%)	1,418 million yen (2.1%)	720 million yen (1.1%)	1,930 million yen (2.9%)	1,200 million yen (1.8%)
1,105.12 m²	2,055.67 m²	1,948.41 m²	1,251.26 m²	743.22 m²
2,135.54 m²	3,817.91 m²	1,559.99 m²	5,745.15 m²	4,058.35 m²
S, 3F	S, 5F	S, 3F	RC, 12F	S, 9F
66 rooms, 66 people	128 rooms, 128 people	46 rooms, 46 people	137rooms, 137 people	85 rooms, 85 people
89.4%	96.1%	97.8%	86.9%	80.0%
Kawashima Corporation	Kawashima Corporation	Nichii Carepalace	Sompo Care	Sompo Care
21.7 years	17.7 years	1.1 years	12.5 years	12.5 years

Details of Portfolio⑧

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



Location	761 Kizaki, Kita-ku, Niigata-shi, Niigata	1-4-3 Shinsenri-higashimachi, Toyonaka-shi, Osaka
Nearest station	Hayadori Station on the JR Hakushin Line	Senri-Chuo Station on the Kita-Osaka Kyuko Namboku Line and the Osaka Monorail
Construction completion	April 1990 (Building 1) February 2001 (Building 2)	September 2008
Acquisition period	Fiscal period ended January 2018	Fiscal period ended July 2019
Appraisal NOI <small>(Note 1)</small>	153 million yen	679 million yen
Appraisal NOI yield <small>(Note 1)</small>	7.4%	5.2%
Appraisal value <small>(Note 1)</small>	2,300 million yen	14,200 million yen
Acquisition price (ratio)	2,060 million yen (3.1%)	12,920 million yen (19.3%)
Site area	15,056.85 m ²	4,202.65 m ²
Leasable area	13,476.55 m ²	24,813.85 m ²
Structure/ number of floors <small>(Note 2)</small>	RC, 3F (Building 1) S, 5F (Building 2)	RC, B1 11F
Number of rooms/resident capacity	168 beds	Hospital: 400 beds Paid nursing home: 181 rooms, 200 people
occupancy rate <small>(Note 3)</small>	-	Paid nursing home: 100 %
Operator	Medical Corporation AIKOKAI	Kyowakai Medical Corporation GREEN LIFE
Remaining years of lease agreement <small>(Note 4)</small>	25.5 years	16.7 years








(Note 1) Figures in Appraisal NOI, Appraisal NOI yield and Appraisal Value are as of January 31, 2022. 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 January 31, 2022, rounded down to the first decimal place.

Operator List①

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	—	A 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 Nishinomiyahama Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi) GreenLife Moriguchi Hapine Kobe Uozaki Nibankan Smiling Home Medice Adachi SHIP SENRI BUILDING	28.2 (Note 3)
GREEN LIFE HIGASHI NIHON Co., Ltd.		38	—				
Sompo Care Inc.		452	—	A 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	17.1
Kyowakai Medical Corporation		4 (Note 4)	7	-	A major medical corporation operating a wide range of businesses including six hospitals (2,276 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)	11.4
Benesse Style Care Co., Ltd.		339	—	A 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	9.6
Proud Life Inc.		29	—	A consolidated subsidiary of Sony Group Corporation, 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	7.5
Sawayaka Club Co., Ltd.		90	—	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	4.9

Operator List②

Operator name		Number of facilities (Note 1)		Attribute	Remarks	Facilities owned by HCM	Share (%) (Note 2)
		Facilities and housing for the elderly	Hospital				
Kawashima Corporation		136	—	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	4.8
Verde Corporation		6	—	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		12	2	A medical corporation which belongs to NSG Group with sales of over 110 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	4.2
AS PARTNERS Co., Ltd.		22	—	Unlisted company	Operates paid nursing homes and day service facilities under the ASHEIM brand in the Tokyo Metropolitan Area.	ASHEIM Hikarigaoka ASHEIM Bunkyo Hakusan	4.2
JAPAN LIFEDESIGN Inc.		3	—	Unlisted company (Capital partnership by Nomura Real Estate Holdings, Inc.)	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
Nichii Carepalace Company		81	—	A consolidated subsidiary of NICHII GAKKAN CO., LTD., which is unlisted company	Nichii Carepalace Company operates “Nichii Home”, a paid nursing home, and “Iris Garden”, serviced housing for the elderly, mainly in the Tokyo metropolitan area. It is a core company that promotes in-home nursing care for the Nichii Group, which operates nationwide, focusing on nursing care, medical care, and education.	Nichii Home Nishikokubunji	1.1

(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, 2021).

(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 September 2021 based on NSG Group’s website.

Summary of Appraisal Report①

Property name	Appraisal company	Appraisal value (million yen) (A)	Summary of Appraisal Report (Note 1)						End of July 2021 Appraisal value (million yen) (B)	Difference (million yen) (A)-(B)
			Direct capitalization method		DCF method			Appraisal NOI (million yen) (Note 3)		
			Indicated value (million yen)	Capitalization rate (%)	Indicated value (million yen)	Discount rate (%) (Note 2)	Terminal capitalization rate (%)			
AQUAMARINE Nishinomiyahama	Rich Appraisal Institute Co., Ltd.	2,100	2,110	5.2	2,090	4.9	5.4	117	2,060	+40
Bonsejour Chitose-funabashi	The Tanizawa Sogo Appraisal Co., Ltd.	974	994	4.4	966	4.5	4.6	48	974	0
Bonsejour Hino	The Tanizawa Sogo Appraisal Co., Ltd.	818	832	4.8	812	4.9	5.0	43	818	0
Bonsejour Musashi-shinjo	The Tanizawa Sogo Appraisal Co., Ltd.	643	653	5.1	638	5.2	5.3	39	643	0
Medical Rehabilitation Home Bonsejour Hadanoshibusawa	The Tanizawa Sogo Appraisal Co., Ltd.	850	864	5.0	844	5.1	5.2	47	850	0
Medical Rehabilitation Home Bonsejour 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	1,520	1,530	4.7	1,500	4.5	4.9	76	1,490	+30
ASHEIM Bunkyoakusan	Japan Real Estate Institute	1,680	1,700	4.3	1,660	4.1	4.5	74	1,650	+30
SOMPO CARE La vie Re Machidaonoji	Japan Real Estate Institute	3,940	3,990	4.7	3,890	4.5	4.9	193	3,780	+160
SOMPO CARE La vie Re Azamino	Japan Real Estate Institute	3,300	3,350	4.5	3,250	4.3	4.7	156	3,230	+70
SAWAYAKA Tachibanakan	Japan Real Estate Institute	1,550	1,560	5.5	1,530	5.3	5.7	93	1,520	+30
SAWAYAKA Mekarikan	Japan Real Estate Institute	1,430	1,440	5.6	1,410	5.4	5.8	85	1,400	+30
SAWAYAKA Tagawakan	Japan Real Estate Institute	383	386	5.7	380	5.5	5.9	25	377	+6
GOOD TIME HOME Fudo-mae	Japan Real Estate Institute	1,990	2,020	4.3	1,960	4.1	4.5	91	1,950	+40
Bonsejour Yotsugi	The Tanizawa Sogo Appraisal Co., Ltd.	886	902	4.7	879	4.8	4.9	48	886	0
Medical Home Bonsejour 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.	4,540	4,600	4.6	4,520	4.4	4.8	227	4,450	+90
GreenLife Moriguchi	Daiwa Real Estate Appraisal Co., Ltd.	4,500	4,560	4.5	4,470	4.3	4.7	220	4,400	+100
Hapine Kobe Uozaki Nibankan	Daiwa Real Estate Appraisal Co., Ltd.	995	1,010	4.6	988	4.4	4.8	48	974	+21
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 Report②

Property name	Appraisal company	Appraisal value (million yen) (A)	Summary of Appraisal Report (Note 1)						End of July 2021 Appraisal value (million yen) (B)	Difference (million yen) (A)-(B)
			Direct capitalization method		DCF method			Appraisal NOI (million yen) (Note 3)		
			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.	2,500	2,530	4.6	2,480	4.7	4.8	120	2,500	0
AIKOEN ICHIBANKAN Building	The Tanizawa Sogo Appraisal Co., Ltd.	860	864	5.2	858	5.3	5.4	45	860	0
Hanakotoba Minami	Japan Real Estate Institute	1,240	1,250	4.4	1,220	4.2	4.6	56	1,180	+60
Hanakotoba Miura	The Tanizawa Sogo Appraisal Co., Ltd.	668	676	4.8	664	4.9	5.0	35	668	0
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	1,810	0
Hanakotoba Shin-Yokohama	Japan Real Estate Institute	2,330	2,360	4.3	2,300	4.1	4.5	109	2,230	+100
Hanakotoba Shin-Yokohama II	Japan Real Estate Institute	383	385	5.0	380	4.8	5.2	21	376	+7
Hanakotoba Odawara	The Tanizawa Sogo Appraisal Co., Ltd.	947	961	4.9	941	4.8~5.0	5.1	49	946	+1
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	1,430	0
Sunny Life Kita-Shinagawa	Daiwa Real Estate Appraisal Co., Ltd.	2,040	2,070	4.3	2,020	4.1	4.5	90	2,000	+40
Sunny Life Kamakura	The Tanizawa Sogo Appraisal Co., Ltd.	1,580	1,600	4.5	1,570	4.6	4.7	76	1,580	0
Nichii Home Nishikokubunji	Daiwa Real Estate Appraisal Co., Ltd.	761	772	4.3	756	4.1	4.5	36	762	△1
SOMPO CARE Sampo no ie Awajiekimae	Japan Real Estate Institute	2,210	2,230	5.1	2,180	4.9	5.3	116	2,170	+40
SOMPO CARE Sampo no ie Kobekamisawa	Japan Real Estate Institute	1,360	1,370	5.1	1,340	4.9	5.3	72	1,340	+20
Niigata Rehabilitation Hospital	Japan Real Estate Institute	2,300	2,310	6.5	2,290	6.3	6.7	153	2,260	+40
SHIP SENRI BUILDING	The Tanizawa Sogo Appraisal Co., Ltd.	14,200	14,400	4.5	14,100	4.5~4.6	4.7	679	14,200	0
Total		73,485	74,365	—	72,819	—	—	3,773	72,531	+954

(Note 1) "Appraisal value" is based on the appraisal report with January 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. The indicated figures are those used by the respective appraisal organizations. For Hanakotoba Odawara, the rate is 4.8% for 1 year and 5.0% for 2 years onward; and for SHIP Senri Building, the rate is 4.5% for 1~2 years and 4.6% for 3 years onward.

(Note 3) "Appraisal NOI" indicates net operating income obtained by direct capitalization method stated in real estate appraisal report with January 31, 2022 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.

VI Appendix② Status of Income/Expenditure of Owned Properties (As of the End of the 14th Fiscal Period)

(Unit: thousand yen)

Property name	Real estate lease business revenue		Real estate lease business expenses							NOI ^(Note 2)
	Rent revenue	Other revenue		Property tax	Outsourcing	Repair expenses	Insurance expenses	Depreciation and amortization	Other	
AQUAMARINE Nishinomiyahama	Not disclosed ^(Note 1)		25,567	4,271	2,100	1,875	236	16,684	400	58,459
Bonsejour Chitose-funabashi			5,582	1,794	225	-	112	3,048	401	21,400
Bonsejour Hino			5,070	1,240	214	-	85	3,130	400	19,480
Bonsejour Musashi-shinjo			4,102	1,011	167	-	75	2,447	400	16,161
Medical Rehabilitation Home Bonsejour Hadanoshibusawa			8,402	1,816	213	-	154	5,817	400	21,106
Medical Rehabilitation Home Bonsejour Komaki			14,138	4,554	201	-	355	8,627	400	39,571
ASHEIM Hikarigaoka			16,122	3,824	381	42	212	11,260	400	40,888
ASHEIM Bunkyoakusan			12,168	2,575	381	-	129	8,680	400	38,700
SOMPO CARE La vie Re Machidaonoji			46,925	5,950	780	783	392	38,618	400	96,693
SOMPO CARE La vie Re Azamino			37,856	4,703	780	5,033	285	26,654	400	73,997
SAWAYAKA Tachibanakan			26,582	2,665	1,200	-	370	21,945	400	47,220
SAWAYAKA Mekarikan			26,329	2,958	1,200	-	273	21,498	400	43,402
SAWAYAKA Tagawakan			8,485	1,106	1,200	-	119	5,659	400	12,858
GOOD TIME HOME Fudo-mae			15,369	3,051	600	519	182	10,616	400	46,247
Bonsejour Yotsugi			4,924	940	223	-	73	3,286	400	20,755
Medical Home Bonsejour Itami			6,519	1,376	371	-	111	4,260	400	13,962
Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)			52,912	9,564	900	919	579	40,549	400	114,037
GreenLife Moriguchi			38,816	6,919	1,363	4,169	379	25,583	400	106,767
Hapine Kobe Uozaki Nibankan			9,595	1,395	1,200	39	90	6,470	400	24,375
Granda Tsuruma-Yamato			7,262	1,934	618	-	152	4,158	400	27,052

VI Appendix② Status of Income/Expenditure of Owned Properties (As of the End of the 14th Fiscal Period)

(Unit: thousand yen)

Property name	Real estate lease business revenue			Real estate lease business expenses							NOI (Note 2)
		Rent revenue	Other revenue		Property tax	Outsourcing	Repair expenses	Insurance expenses	Depreciation and amortization	Other	
Smiling Home Medice Adachi	Not disclosed (Note 1)			17,556	3,279	540	1,746	177	11,413	400	59,064
AIKOEN ICHIBANKAN Building				8,477	2,554	780	-	112	4,630	400	22,814
Hanakotoba Minami				9,959	1,535	600	2,230	79	5,114	400	25,754
Hanakotoba Miura				9,853	1,548	600	1,086	88	6,129	400	16,676
SOMPO CARE La vie Re Hama-Kawasaki				18,845	3,433	2,770	350	206	11,684	400	45,190
Hanakotoba Shin-Yokohama				18,005	4,383	900	3,529	249	8,543	400	52,450
Hanakotoba Shin-Yokohama II				5,939	2,499	600	286	92	2,061	400	10,934
Hanakotoba Odawara				9,157	1,364	600	984	99	5,709	400	24,151
Verde Minowa				25,991	5,190	1,020	-	508	18,871	400	56,788
Verde Hotaka				26,692	2,174	1,020	2,270	249	20,578	400	43,992
Sunny Life Kita-Shinagawa				10,180	2,793	600	-	119	6,265	401	45,585
Sunny Life Kamakura				12,825	2,796	720	80	179	8,650	400	38,746
Nichii Home Nishikokubunji				2,782	-	660	90	92	1,540	400	19,897
SOMPO CARE Sompno ie Awajiekimae				27,244	4,909	510	128	298	20,998	400	58,215
SOMPO CARE Sompno ie Kobekamisawa				17,209	2,900	510	499	183	12,715	400	35,800
Niigata Rehabilitation Hospital				27,563	9,668	1,030	-	387	15,977	500	78,294
SHIP SENRI BUILDING				80,259	27,500	1,500	-	1,183	49,675	400	341,218
Total	2,080,436	2,069,514	10,921	701,277	142,184	29,283	26,664	8,683	479,559	14,903	1,858,718

(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 and Statement of Income for the 14th Fiscal Period

Balance Sheet

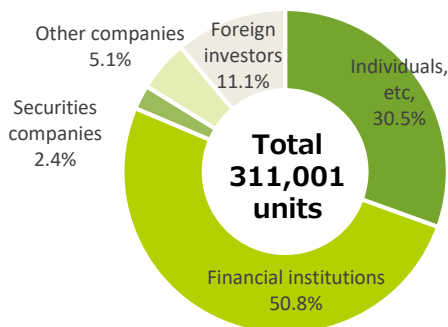
(Unit: thousand yen)	13th Fiscal Period ended July 2021	14th Fiscal Period ended January 2022
Assets		
Current assets	1,806,355	2,001,918
Cash and deposits	1,482,160	1,689,721
Cash and deposits in trust	207,158	181,881
Operating accounts receivable	3,042	2,081
Prepaid expenses	113,994	125,455
Derivative receivables	–	2,778
Non-current assets	67,053,357	66,759,887
Property, plant and equipment	66,877,828	66,525,573
Intangible assets	397	198
Investments and other assets	175,131	234,115
Deferred assets	24,117	16,652
Investment unit issuance expenses	6,424	–
Investment corporation bond issuance costs	17,693	16,652
Total assets	68,883,830	68,778,458
Liabilities		
Current liabilities	7,797,089	10,016,661
Operating accounts payable	79,827	62,190
Current portion of long-term loans payable	7,000,000	9,250,000
Accounts payable – other	121,248	104,024
Accrued expenses	238,140	240,609
Income taxes payable	887	866
Consumption taxes payable	15,496	17,631
Advances received	341,362	338,838
Deposits received	126	795
Derivative liabilities	–	1,705
Non-current liabilities	28,121,947	25,894,748
Investment corporation bonds	2,000,000	2,000,000
Long-term loans payable	24,150,000	21,900,000
Tenant leasehold and security deposits	1,865,509	1,865,509
Tenant leasehold and security deposits in trust	86,766	86,766
Deferred tax liabilities	1,217	10,473
Derivatives liabilities	18,453	31,997
Total liabilities	35,919,037	35,911,409
Net assets		
Unitholders' equity	32,980,592	32,877,933
Unitholders' capital, net	31,997,489	31,948,891
Surplus	983,103	929,041
Valuation and translation adjustments	△15,799	△10,884
Deferred gains or losses on hedges	△15,799	△10,884
Total net assets	32,964,792	32,867,048
Total liabilities and net assets	68,883,830	68,778,458

Statement of Income

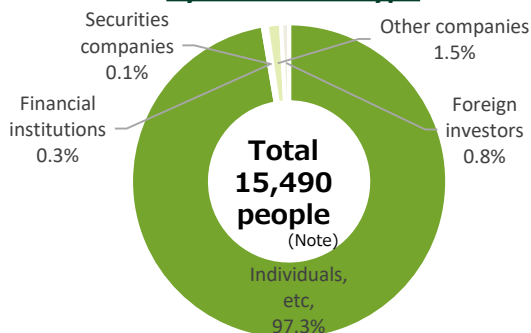
(Unit: thousand yen)	13th Fiscal Period ended July 2021	14th Fiscal Period ended January 2022
Operating revenue	2,073,038	2,080,436
Leasing business revenues	2,062,148	2,069,514
Other revenue related to leasing business	10,889	10,921
Operating expenses	994,481	1,007,899
Expenses related to leasing business	690,998	701,277
Asset management fee	197,621	200,330
Asset custody fee	3,432	3,430
Administrative service fees	21,461	21,551
Directors' compensation	4,800	4,800
Property tax	27,787	28,457
Other operating expenses	48,380	48,051
Operating income	1,078,556	1,072,537
Non-operating income	1,356	469
Interest income	8	6
Insurance income	762	–
Reversal of distribution payable	584	463
Non-operating expenses	157,821	159,068
Interest expenses	86,600	88,014
Interest expenses on investment corporation bonds	7,800	7,800
Amortization of investment unit issuance costs	6,424	6,424
Amortization of investment corporation bond issuance costs	1,040	1,040
Borrowing expenses	55,955	55,789
Ordinary income	922,091	913,938
Income before income taxes	922,091	913,938
Income taxes - current	888	867
Income taxes - deferred	0	1
Total income taxes	889	868
Net income	921,201	913,069
Retained earnings brought forward	61,901	15,971
Unappropriated retained earnings (undisposed loss)	983,103	929,041

Status of Unitholders

Ratio of Number of Investment Units by Unitholder Type

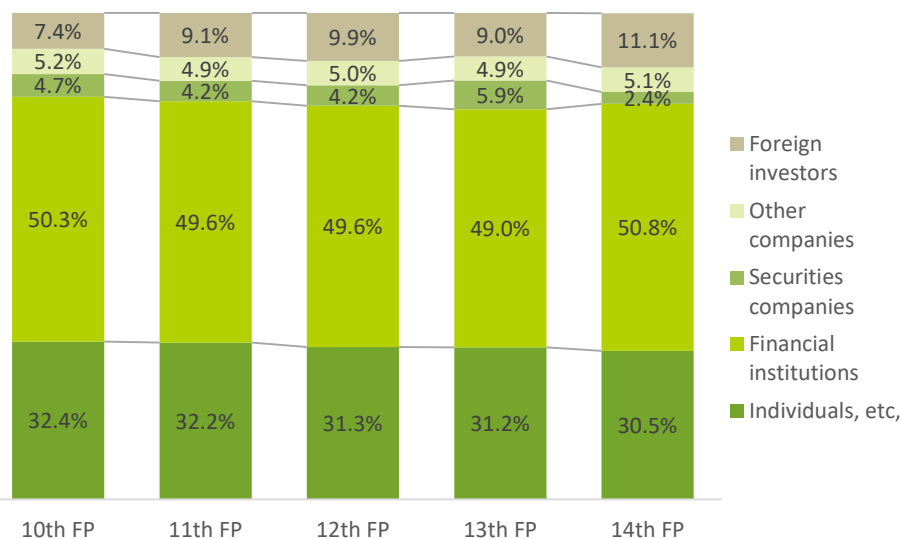


Ratio of Number of Unitholders by Unitholder Type



(Note) Decreased by 122 from the previous fiscal period

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



(Note) The ratio of each index is rounded off to the first decimal place.

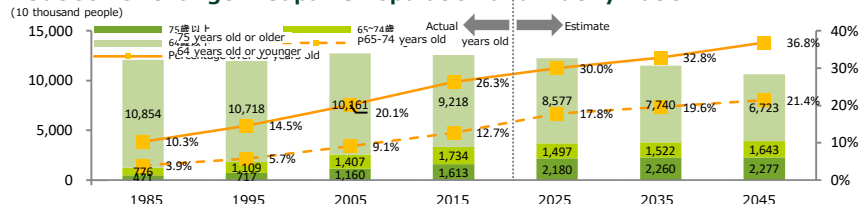
List of Top Unitholders

Ranking	Name	Number of investment units owned (units)	Ownership ratio (%)
1	Custody Bank of Japan, Ltd. (Trust Account)	83,724	26.9
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	36,993	11.9
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	10,016	3.2
4	Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	7,913	2.5
5	NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	7,627	2.5
6	NEC Capital Solutions Limited	4,000	1.3
	SHIP HEALTHCARE HOLDINGS INC.	4,000	1.3
	Sumitomo Mitsui Banking Corporation	4,000	1.3
9	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	3,560	1.1
10	GOLDMAN SACHS INTERNATIONAL	3,436	1.1
Total		165,269	53.1

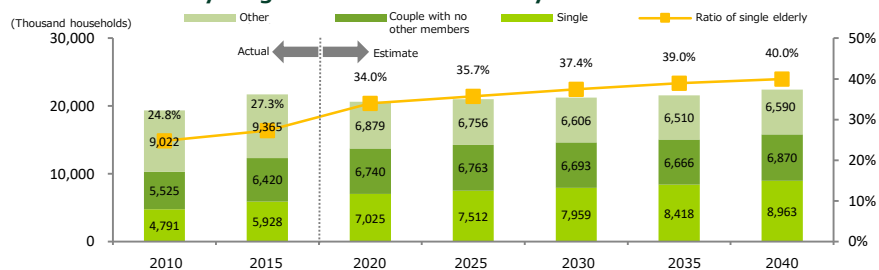
Environment Surrounding Healthcare Facilities ①

Rising Elderly Ratio and Increase in Elderly Single Households

Outlook of Change in Japan's Population and Elderly Ratio



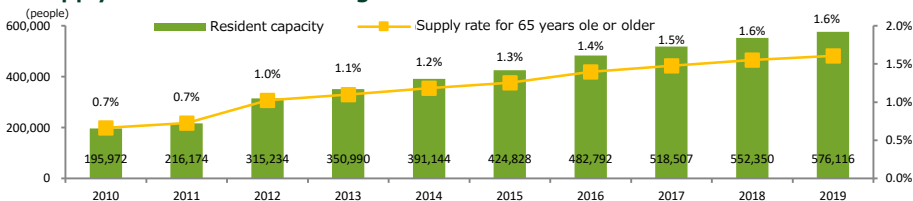
Ratio of Elderly Single Households in Elderly Households



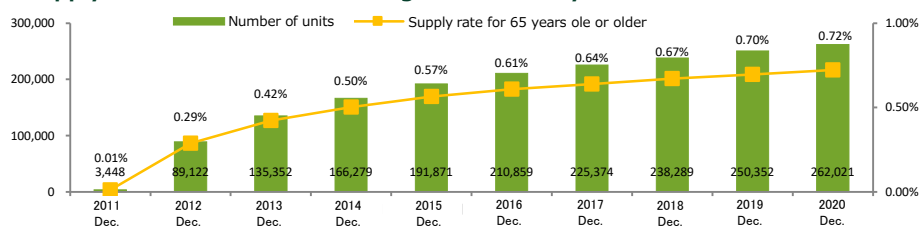
Promotion of Further Supply of Healthcare Facilities

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 1.6% in 2019, and promotion of further supply is needed.

Supply Status of Paid Nursing Homes



Supply Status of Serviced Housing for the Elderly



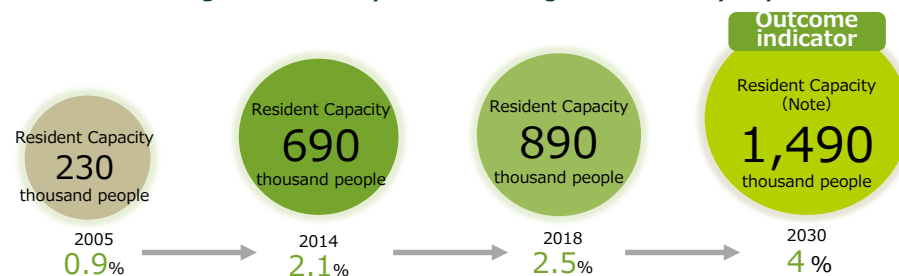
Upgrades and Expansion of Healthcare Facilities Backed by Government Policy

March 2021

Housing Life Basic Plan (nationwide plan)

A target to raise the ratio of housing for the elderly as a percentage of the elderly population to 4% by 2030 was set.

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

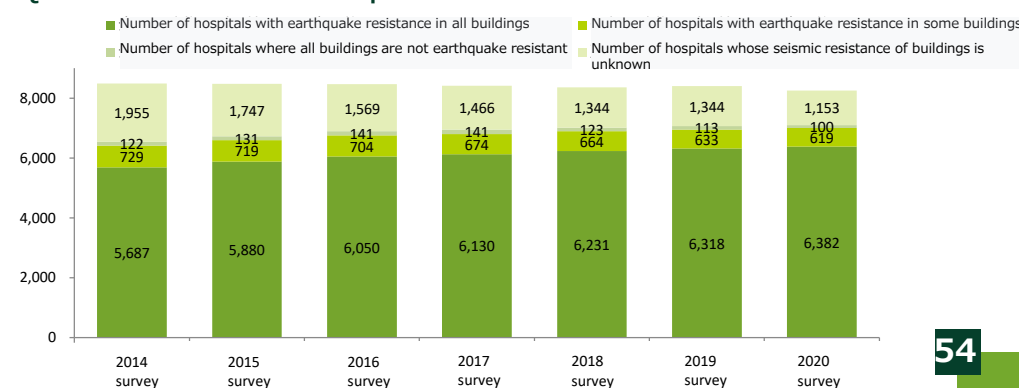


(Note) Resident capacity is estimated based on the outcome indicator for the ratio of housing for the elderly as a percentage of the elderly population.

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 77.3%.

Quake-resistant statues of hospitals



Environment Surrounding Healthcare Facilities ②

Overview of Nursing Care Fee Revision in Fiscal year 2021

Revision rate : +0.70% (0.05% of it is special evaluations for dealing with COVID-19 (Until the end of September 2021))

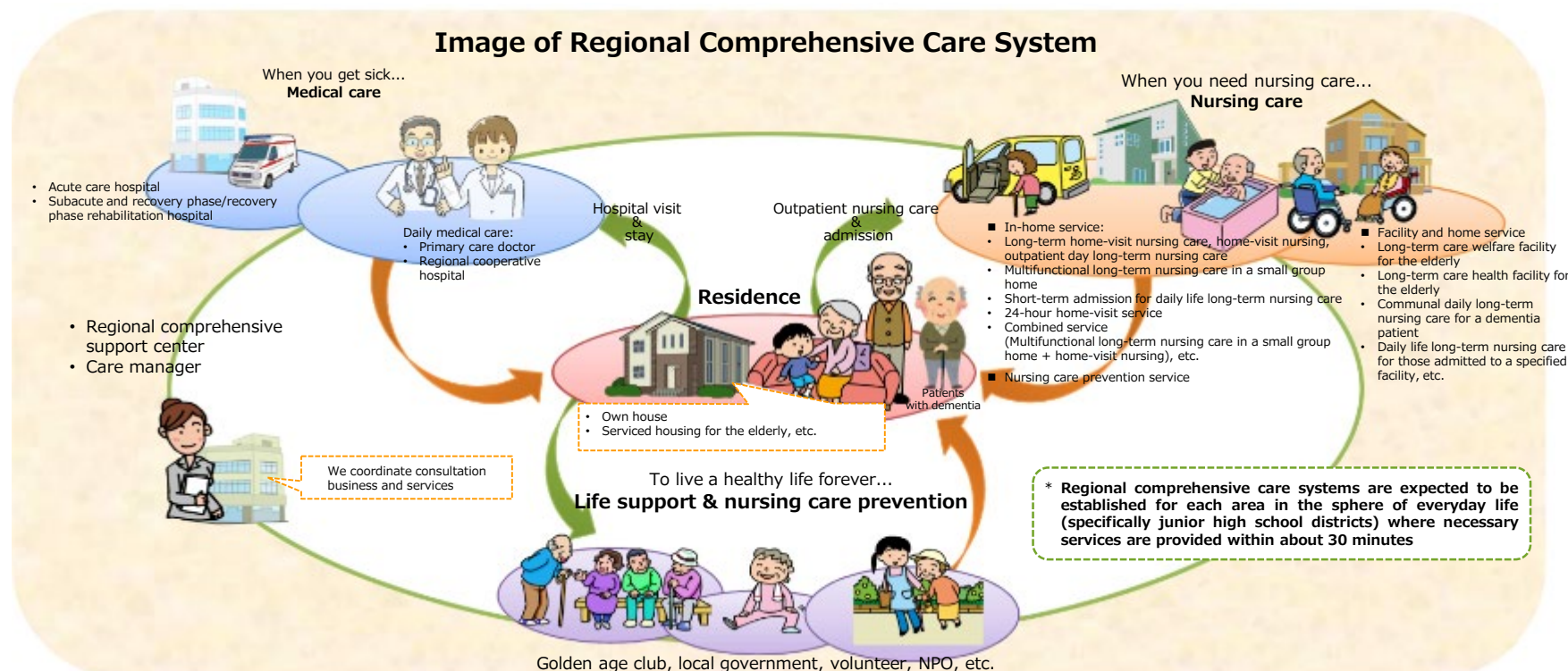
Major viewpoints of the revision	
1.Strengthening responsiveness to infectious diseases and disasters	3.Promotion of actions for independence support and prevention of severity
2.Promotion of comprehensive community care system	4.Securing nursing care personnel and innovation nursing care place
	5.Ensuring the stability and sustainability of the system

Changes Made by Recent Revisions

Revision period (FY)	Major points upon revision	Revision rate
2009	<ul style="list-style-type: none"> Securement of personnel by nursing care business operators and improvement of working conditions Cooperation with medical services and enhanced care for people with dementia Provision of efficient services and securement of new services 	3.00%
2012	<ul style="list-style-type: none"> Improvement of in-home services and more focused efforts on facilities Improvement and increased focus of efforts on services to support independent living Cooperation between medical services and nursing care services, and division of functions Securement of nursing personnel and evaluation of service quality 	1.20%
2014 (temporary)	<ul style="list-style-type: none"> Response to consumption tax hike (8%) 	0.63%
2015	<ul style="list-style-type: none"> Further strengthening of response to people requiring moderate to severe level of nursing care and the elderly with dementia Promotion of measures to secure nursing personnel Improvement in evaluation of services and establishment of efficient service provision system 	△2.27%
2017 (temporary)	<ul style="list-style-type: none"> Improvement of working conditions for nursing personnel 	1.14%
2018	<ul style="list-style-type: none"> Promote regional comprehensive care system Realize high-quality nursing care services that contribute to supporting unassisted living and preventing of increase in severity Secure various human resources and improve productivity Secure stability and sustainability of the system through making nursing care services more appropriate and focused 	0.54%
2021	<ul style="list-style-type: none"> Strengthening responsiveness to infectious diseases and disasters Promotion of comprehensive community care system Promotion of actions for independence support and prevention of severity Securing nursing care personnel and innovation nursing care place Ensuring the stability and sustainability of the system 	0.70%

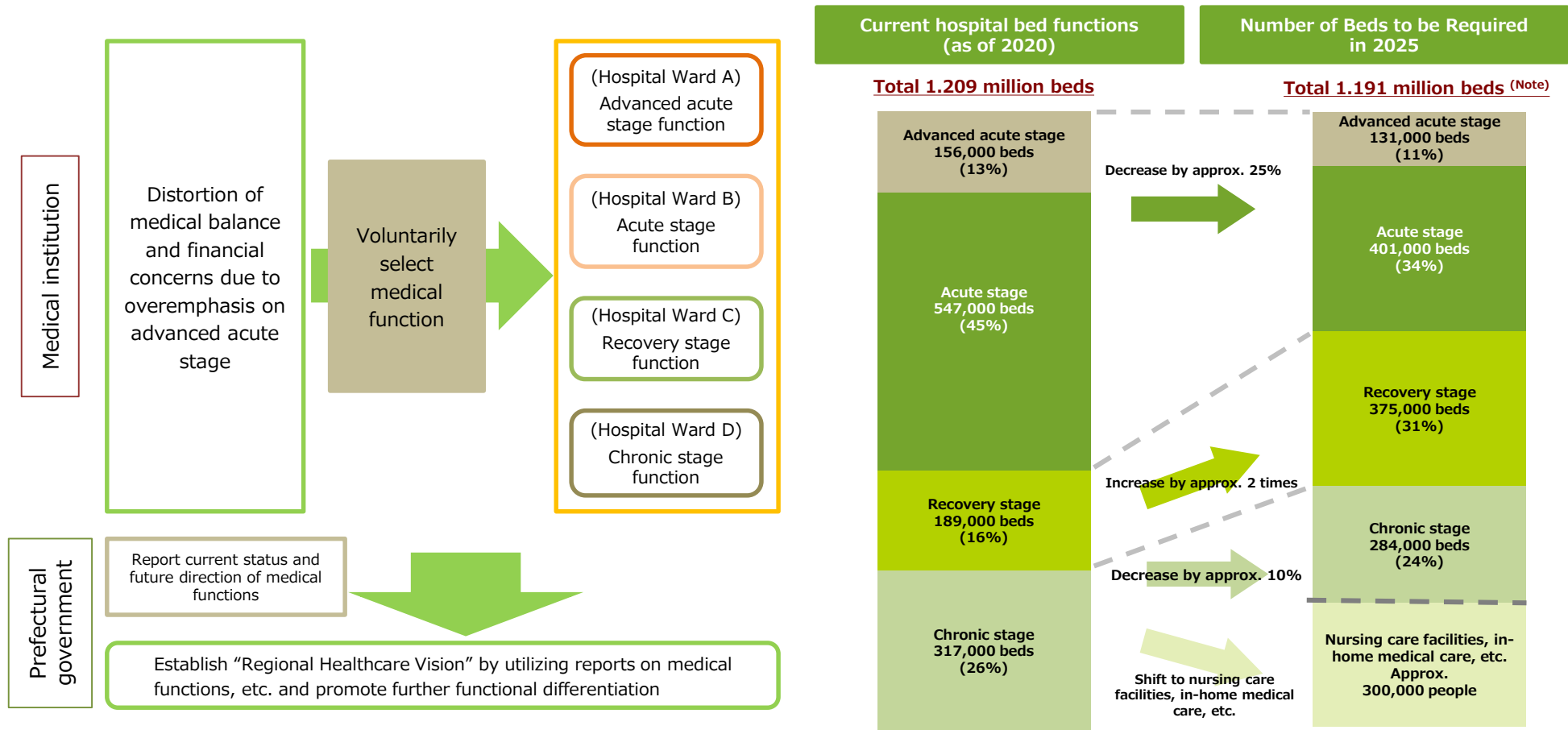
Regional Comprehensive Care System

- 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.

(Note 1) The upper chart is prepared by the Asset Management Company based on the “Community Healthcare Initiative” of the Ministry of Health, Labour and Welfare.

Environment Surrounding Healthcare Facilities ⑤

Facilities and Housing for the Elderly

Type	Characteristics	Main founder
Paid nursing homes with care service	These are paid nursing homes for the elderly that fall under the prefectural government's designation of "Daily Life Long-Term Care Admitted to a Specified Facility" for long-term insurance. Facility staff provide nursing care services when residents need nursing care, and the nursing care fee is a fixed amount (fixed) based on the level of nursing care required for respective residents. Facilities must be designated in order to open (restrictions apply).	For-profit Entities
Residential type paid nursing homes	Unlike paid nursing homes with care service, these are paid nursing homes for the elderly in which residents themselves enter separate contracts with external operators to receive nursing care services in the case they need nursing care. The nursing care fee is based on the amount of nursing care services the resident used (variable). Facilities need to notify the government in order to open.	For-profit Entities
Serviced housing for the elderly (Sakouju)	This is rental housing for the elderly that meets registration standards for size, facilities, etc. At a minimum, it must provide safety confirmation and living consultation services. Facilities must register in order to open.	For-profit entities
Long-term daily care for dementia patients in communal living situation (Group homes)	These are one type of community-based long-term care service business stipulated by the Long-Term Care Insurance Act. Their purpose is to delay the progress of dementia of users, who are people requiring nursing care and in the state of dementia, through communal living in small groups of up to nine people per unit with assistance and functional training.	For-profit Entities
Facilities covered by public aid providing long-term care to the elderly (intensive care homes for the elderly)	These are welfare facilities for the elderly for people requiring nursing care on a continual and steady basis but have difficulty receiving it at home. With stricter admission requirements since April 2015, these facilities in principle target elderly people requiring long-term care level 3 or higher.	Social welfare corporations
Long-term care health facilities (nursing and health facilities for the elderly)	These are facilities to provide medical treatment, nursing care under medical supervision, functional training and other necessary medical services as well as everyday care with the aim of returning people requiring nursing care to a self-independent state and living at their own homes.	Medical Corporations
Integrated facilities for medical and long-term care	Established in April 2018, these are facilities that provide everyday medical supervision, a certain level of nursing care and residential functions to elderly people who require long-term recuperation. End-of-life care and deathwatch are also available.	Medical Corporations

HCM's Investment Philosophy and Three Features

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

With the cooperation of operators, we offer unitholder special benefits.

Company Name		Details of Special Benefits
Sompo Care Inc.		<ul style="list-style-type: none"> Discount initial fee or monthly fee
JAPAN LIFEDESIGN Inc.		<ul style="list-style-type: none"> Free trial move-in (two-days and one-night with meals) Discount initial fee
GREEN LIFE Co., Ltd. GREEN LIFE HIGASHI NIHON Co., Ltd.		<ul style="list-style-type: none"> Free trial move-in (two-days and one-night with meals) Tour with free lunch
Sawayaka Club Co., Ltd.		<ul style="list-style-type: none"> Discount monthly fee for initial month Free trial move-in (two-days and one-night with meals) Tour with free lunch
AS PARTNERS Co., Ltd.		<ul style="list-style-type: none"> Discount initial fee Discount monthly fee Free trial move-in (four-days and three-nights) Tour with free lunch
Proud Life Inc.		<ul style="list-style-type: none"> Discount initial fee or deposit
Lifecare Design Inc.		<ul style="list-style-type: none"> Discount initial fee
Nichii Carepalace Company		<ul style="list-style-type: none"> Discount initial fee

(Note) The special benefits are for unitholders as of the end of January 2022 and are subject to change in the future.

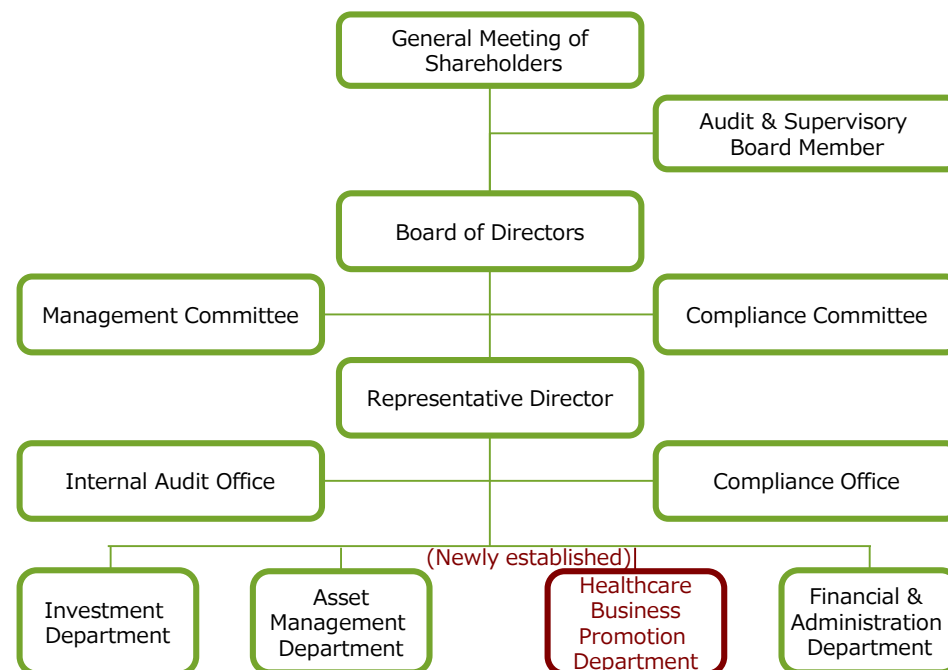
Profile of Asset Management Company

Profile of the Company

Trade name	Healthcare Asset Management Co., Ltd.	
Location	3-3 Kanda-Ogawamachi, Chiyoda-ku, Tokyo	
Founded	November 28, 2013	
Capital stock	150 million yen	
CEO	Seiji Yoshioka	
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%
Registration, license, etc.	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

As of October 1, 2021



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: Kuniyoshi Furukawa President: Futoshi Ohashi
Founded	August 1992
Capital stock	15,553 million yen
Sales	497,156 million yen on a consolidated basis (fiscal period ended March 2021)

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	209,914 million yen (fiscal period ended March 2021)

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

Disclaimer

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