

This translation of the original Japanese financial report (*kessan tanshin*) is provided solely for information purposes.
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(REIT) Financial Report for Fiscal Period Ended July 2016

September 14, 2016

REIT Securities Issuer: Healthcare & Medical Investment Corporation
 Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3455
 URL: <http://www.hcm3455.co.jp/>
 Representative: Seiji Yoshioka, Executive Director
 Asset Management Company: Healthcare Asset Management Co., Ltd.
 Representative: Seiji Yoshioka, President & CEO
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Scheduled date of submission of securities report: October 26, 2016

Scheduled date of commencement of distribution payment: October 21, 2016

Preparation of supplementary financial results briefing materials: Yes

Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for Fiscal Period Ended July 2016 (from February 1, 2016 to July 31, 2016)

(1) Management Status

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Jul. 2016	771	3.5	342	(10.8)	282	(14.2)	281	(14.3)
Ended Jan. 2016	745	36.5	383	38.5	329	341.8	328	347.2

Fiscal period	Net income per unit	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Ended Jul. 2016	2,340	2.2	1.0	36.7
Ended Jan. 2016	2,729	2.5	1.2	44.2

(2) Distributions Status

Fiscal period	Distribution per unit	Total distributions	Distribution in excess of earnings per unit	Total distributions in excess of earnings	Distribution payout ratio	Ratio of distributions to net assets
	(excluding distribution in excess of earnings) yen	(excluding distributions in excess of earnings) million yen	yen	million yen	%	%
Ended Jul. 2016	2,340	281	0	0	100.0	2.2
Ended Jan. 2016	2,730	328	0	0	100.0	2.5

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Jul. 2016	27,896	12,995	46.6	107,847
Ended Jan. 2016	26,874	13,042	48.5	108,237

(4) Status of Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Ended Jul. 2016	551	(1,388)	673	1,796
Ended Jan. 2016	602	(47)	(72)	1,959

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2. Management Status Forecast for Fiscal Period Ending January 2017 (from August 1, 2016 to January 31, 2017) and
Management Status Forecast for Fiscal Period Ending July 2017 (from February 1, 2017 to July 31, 2017)

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
	million yen	%	million yen	%	million yen	%	million yen	%		
Ending Jan. 2017	784	1.6	344	0.6	285	0.8	284	0.8	2,360	0
Ending Jul. 2017	784	0.0	348	1.2	279	(2.1)	278	(2.1)	2,310	0

(Reference) Forecast net income per unit (fiscal period ending January 2017) 2,360 yen

Forecast net income per unit (fiscal period ending July 2017) 2,310 yen

* Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

- ① Changes in accounting policies accompanying amendments to accounting standards, etc.: No
- ② Changes in accounting policies other than ①: No
- ③ Changes in accounting estimates: No
- ④ Retrospective restatement: No

(2) Total Number of Investment Units Issued and Outstanding

- ① Total number of investment units issued and outstanding (including own investment units) at end of period

Fiscal period ended July 2016	120,500 units	Fiscal period ended January 2016	120,500 units
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- ② Number of own investment units at end of period

Fiscal period ended July 2016	— units	Fiscal period ended January 2016	— units
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(Note) For the number of investment units serving as the basis for calculation of net income per unit, please see “Notes on Per Unit Information” on page 23.

* Presentation of Status of Implementation of Audit Procedures

At the time of disclosure of this financial report, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

* Explanation of Appropriate Use of Management Status Forecast, and Other Matters of Special Note

The forecast is a future prospect by the Investment Corporation judged based on information currently available and include many uncertain factors. Actual operating revenue, operating income, ordinary income, net income and distribution per unit are subject to change due to changes in circumstances. In addition, the forecast is not a guarantee of the amount of distributions. For the assumptions underlying the above forecast, please see “Assumptions Underlying Management Status Outlook for Fiscal Period Ending January 2017 and Fiscal Period Ending July 2017” on page 7.

1. Related Parties of the Investment Corporation

Disclosure is omitted because there is no significant change from “Structure of the Investment Corporation” in the most recent securities report (submitted on April 27, 2016).

2. Management Policy and Management Status

(1) Management Policy

Disclosure is omitted because there is no significant change from “Investment Policy,” “Investment Targets” and “Distribution Policy” in the securities report as of today.

(2) Management Status

① Overview of the Fiscal Period Under Review

(a) Brief History of the Investment Corporation

The Investment Corporation was established under the Act on Investment Trusts and Investment Corporations with Healthcare Asset Management Co., Ltd. (hereinafter, the “Asset Management Company”) as the organizer and investments in capital of 200 million yen (2,000 investment units) on December 9, 2014. An issuance of new investment units through public offering (106,500 units) was implemented on March 18, 2015, and the investment securities were listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. (securities code: 3455) on March 19, 2015. In addition, an issuance of new investment units through third-party allotment (12,000 units) in line with public offering was implemented on April 21, 2015. As a result, the total number of investment units issued and outstanding stands at 120,500 units.

(b) Investment Environment and Management Performance

a. Investment Environment

The Investment Corporation was established against the backdrop of social landscape in which expansion and enhancement of nursing care services and medical services through outside healthcare facilities has become an imminent issue, at the time when the population which bears nursing care continues to shrink while aging advances the fastest in the developing nations and the number and percentage of the elderly among the total population is expected to remain on the rise for the time being.

The government has also indicated in “Housing Life Basic Plan (nationwide plan)” a policy target of increasing the ratio of housing for the elderly to the elderly population to 4% in 2025 from 2.1% in 2014.

The Investment Corporation seeks to realize a society where all people can live vibrantly and with peace of mind as well as to secure stable income and to achieve steady growth of the portfolio by promoting appropriate maintenance/management and new supply of healthcare facilities through stable investment in and ownership of healthcare facilities that are under mounting social demand.

b. Management Performance

The Investment Corporation acquired 2 properties (Bonsejour Yotsugi and Medical Home Bonsejour Itami) on March 30, 2016 for 1,338 million yen.

At the end of the fiscal period under review, the Investment Corporation owns 18 properties with the total leasable area of 72,638.45 m², the total number of tenants of 20 and the occupancy rate of 100.0%.

(c) Overview of Fund Procurement

The Investment Corporation upholds stable financial management as its basic policy to secure stable income and to maintain/enhance asset value over the medium- to long-term. During the fiscal period under review, the Investment Corporation procured 1,000 million yen in short-term loans from Sumitomo Mitsui Banking Corporation in line with the acquisition of the above 2 properties. As a result, unitholders’ capital at the end of the fiscal period under review stands at 12,713 million yen, the total number of investment units issued and outstanding at 120,500 units, and the total interest-bearing liabilities at 14,000 million yen. Out of the interest-bearing liabilities, short-term loans of 1,000 million yen and long-term loans of 6,000 million yen will be due for repayment on March 21, 2017.

As of the end of the fiscal period under review, the ratio of interest-bearing liabilities (loan amount) to total assets

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(hereinafter, "LTV") is 50.2%.

(d) Overview of Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period under review was operating revenue of 771 million yen, operating income of 342 million yen, ordinary income of 282 million yen and net income of 281 million yen.

With respect to cash distributions, the Investment Corporation determined to distribute the whole unappropriated retained earnings (except for the portion of less than one yen per unit) to be eligible for special provisions of the tax system on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Law No. 26 of 1957, including subsequent revisions; hereinafter the "Special Taxation Measures Law")), that allows the Investment Corporation to deduct the amount of profit distribution from its taxable income. Accordingly, distribution per unit for the period was 2,340 yen.

② Outlook for the Next Fiscal Period

(a) Investment Environment

The aging of Japan has outpaced all other developed nations and the elderly ratio, especially elderly households with persons aged 65 or over living alone, is expected to grow going forward.

According to "Population Projections for Japan (January 2012)" by National Institute of Population and Social Security Research, the ratio of 65 years or older to the total population was 23.0% in 2010, but the figure is expected to rise to 30.3% in 2025 and 33.4% in 2035. Furthermore, according to "Household Projections for Japan (nationwide) (January 2013)" by National Institute of Population and Social Security Research, the number of elderly single households was 4.98 million and the ratio of elderly single households to the total elderly households was 30.7% in 2010, but the figures are expected to reach 7.01 million or 34.8% in 2025, and 7.62 million or 37.7% in 2035, respectively.

As explained above, while the number of elderly households and elderly single households is projected to increase, the population which bears nursing care is on the decline, creating needs for providing outside nursing care services and medical services for a certain percentage of elderly households.

Under such circumstances, "Housing Life Basic Plan (nationwide plan)" states a government policy of increasing the ratio of housing for the elderly to the elderly population aged 65 or over to 4% in 2025 from 2.1% in 2014.

In order to achieve the above policy goal, new supply of paid senior citizens' home and service-outfitted housing for the elderly for at least 770,000 people in total will be needed.

Furthermore, the government has established guidelines (March 2015) for drawing a community healthcare vision in prefectures. Prefectures have established a vision for community healthcare to adequately promote well-balanced separation of medical functions and cooperation to suit the community, and promotes further separation of functions of by newly implementing such vision in medical planning. Responding to this movement, hospitals are expected to advance capital investment, such as newly building hospital wards to meet the separation of functions and changing current wards to convalescent wards. Along with these, capital needs surrounding hospitals are projected to increase going forward for making buildings earthquake-resistant, reconstructing buildings, etc.

Therefore, demand for healthcare facilities with a particular emphasis on the keywords "nursing care," "medical service" and "health," which the Investment Corporation sets as acquisition targets, is believed to further expand in the future.

(b) Future Management Policy and Challenges to Address

With recognition of the above investment environment, the Investment Corporation aims to secure stable income and steady growth of the portfolio while seeking to realize a society where all people can live vibrantly and with peace of mind, and manages assets based on the following policies.

a. Asset management policy for existing properties

Healthcare facilities possess a unique property feature in which not only the specifications of location or buildings, but

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also the operational capability of the operator and management stability have a large impact on its value as real estate. When the Investment Corporation acquires a healthcare facility, we aim to secure stable income for a medium- to long-term by, in principle, concluding a long-term lease agreement with fixed rent with the operator that operates the healthcare facility.

The Investment Corporation conducts due diligence on the business feasibility of the facility, including the management and financial conditions of operators, along with real estate due diligence, in order to secure stable income over the medium- to long-term; and also implements continuous monitoring even after the acquisition.

b. New property acquisition policy

The Investment Corporation may utilize the sponsors' comprehensive capabilities, including professional know-how and broad customer base, first refusal rights provided in the support agreements, based on the support agreements which the Asset Management Company has concluded with 13 sponsor companies and such.

Furthermore, the Asset Management Company may, for the purpose of making flexible property acquisition, request sponsors, etc. to temporarily own a property (warehousing) with a precondition that it be transferred to the Investment Corporation.

The Investment Corporation aims to maximize unitholder value by best utilizing the extensive network and warehousing function possessed by the sponsors, etc. and securing stable property acquisition opportunities as mentioned above.

c. Financial policy

The Investment Corporation procures funds considering trends of the financial markets to build a stable financial base for securing stable income over the medium- to long-term and maximizing unitholder value.

With the aim of achieving long-term, stable growth, equity financing will be carried out flexibly, taking into consideration a multitude of factors including the timing of the acquisition of newly-acquired real estate-related assets and the possibility of utilizing the sponsor's warehousing capabilities, LTV, the timing for the repayment of interest-bearing liabilities and the period remaining until repayment, as well as market conditions, while also considering the dilution of the rights of existing unitholders and the resulting decline, etc. in the trading price of investment units.

As to debt financing, stable and flexible leverage control will be implemented by diversifying repayment due dates and setting upper limit of LTV at 65% (may, however, exceed 65% temporarily). In addition, stable bank formation will be established by receiving financial advice from Sumitomo Mitsui Banking Corporation, one of the sponsors, based on the sponsor support agreement concluded between the bank and the Asset Management Company.

(c) Significant Subsequent Events

Not applicable.

(d) Management Status Outlook

The following management status is expected for the fiscal period ending January 2017 (from August 1, 2016 to January 31, 2017) and the fiscal period ending July 2017 (from February 1, 2017 to July 31, 2017). For the assumptions underlying this outlook, please see "Assumptions Underlying Management Status Outlook for Fiscal Period Ending January 2017 and Fiscal Period Ending July 2017" on page 7.

Fiscal period ending January 2017 (from August 1, 2016 to January 31, 2017)	
Operating revenue	784 million yen
Operating income	344 million yen
Ordinary income	285 million yen
Net income	284 million yen
Distribution per unit (excluding distribution in excess of earnings)	2,360 yen
Distribution in excess of earnings per unit	0 yen

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Fiscal period ending July 2017 (from February 1, 2017 to July 31, 2017)	
Operating revenue	784 million yen
Operating income	348 million yen
Ordinary income	279 million yen
Net income	278 million yen
Distribution per unit (excluding distribution in excess of earnings)	2,310 yen
Distribution in excess of earnings per unit	0 yen

(Note) As to the forecast figures above, actual operating revenue, operating income, ordinary income, net income, distribution per unit (excluding distributions in excess of earnings) and distribution in excess of earnings per unit may differ as a result of discrepancies from assumptions occurred due to additional acquisition or sale of real estate, etc., change in the real estate market, etc., fluctuation of interest rates, changes in other situations surrounding the Investment Corporation in the future and other factors. In addition, the forecast is not a guarantee of the amount of distribution or distribution in excess of earnings.

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Assumptions Underlying Management Status Outlook for Fiscal Period Ending January 2017 and Fiscal Period Ending July 2017

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> • Fiscal period ending January 2017 (4th fiscal period): from August 1, 2016 to January 31, 2017 (184 days) • Fiscal period ending July 2017 (5th fiscal period): from February 1, 2017 to July 31, 2017 (181 days)
Assets under management	<ul style="list-style-type: none"> • The assumption is that the Investment Corporation will continue to own the 18 properties (hereinafter, the "Acquired Assets") it owns as of the date of this document and that no other new property acquisition will be made. • There may be changes due to acquisition of new properties, or sale of the Acquired Assets, etc. in the future.
Operating revenue	<ul style="list-style-type: none"> • Lease business revenue from the Acquired Assets is calculated based on the rent stated in the lease agreements that have been concluded. The period-end occupancy rate of each property is expected to be 100.0% for both fiscal periods ending January 2017 and July 2017. • It is assumed that there will no gain or loss on sales of real estate.
Operating expenses	<ul style="list-style-type: none"> • Rental business expenses, the major component of operating expense, are calculated based on the past figures reflecting factors for change in expenses. • Operating income (loss) from real estate leasing (excluding gain on sale of real estate, etc.) after subtracting rental business expenses (including depreciation and amortization) is assumed to be 495 million yen for the fiscal period ending January 2017 and 493 million yen for the fiscal period ending July 2017. • Outsourcing expenses are assumed to be 11 million yen for the fiscal period ending January 2017 and 11 million yen for the fiscal period ending July 2017. • Property tax (real property tax and urban planning tax) is assumed to be 49 million yen for the fiscal period ending January 2017 and 51 million yen for the fiscal period ending July 2017. • In general, real property tax and urban planning tax are calculated by period distribution with previous owners and settled at the time of acquisition in purchasing and selling real estate, but as the Investment Corporation incurs this settlement money in acquisition cost, they are not recorded as expenses in the year of acquisition. Therefore, real property tax and urban planning tax for the assets acquired on March 30, 2016 will be recorded as expenses from the fiscal period ending July 2017. • Depreciation and amortization is calculated by using the straight-line method and assumed to be 204 million yen for the fiscal period ending January 2017 and 205 million yen for the fiscal period ending July 2017. • Repair expenses are assumed to be 14 million yen for the fiscal period ending January 2017 and 13 million yen for the fiscal period ending July 2017, based on the medium-/long-term repair plans drawn by the Asset Management Company. However, as repair expenses may increase or additional repair may be required due to unpredictable reasons, actual expenses may differ significantly from the forecast.
Non-operating expenses	<ul style="list-style-type: none"> • Interest expenses and other borrowing related expenses are assumed to be 59 million yen for the fiscal period ending January 2017 and 69 million yen for the fiscal period ending July 2017.
Loans	<ul style="list-style-type: none"> • As of the end of fiscal period ending July 2016, the Investment Corporation has balance of loans outstanding of 14,000 million yen. As to 7,000 million yen due for repayment in the fiscal period ending July 2017, the entire amount is assumed to be refinanced, and it is assumed that there will be no change in the balance of loans outstanding at the end of the fiscal period ending January 2017 and the fiscal period ending July 2017.
Investment units	<ul style="list-style-type: none"> • The assumption is the total number of investment units issued and outstanding as of the date of this document, which is 120,500 units. And the assumption is that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending July 2017.
Distribution per unit	<ul style="list-style-type: none"> • Distribution per unit (excluding distribution in excess of earnings) is calculated with the assumption being the cash distribution policy provided in the Articles of Incorporation of the Investment Corporation. • Distribution per unit (excluding distribution in excess of earnings) may vary due to various factors, including fluctuation in rent revenue accompanying change in assets under management, change in tenants, etc. or incurrence of unexpected repairs.
Distribution per unit in excess of earnings	<ul style="list-style-type: none"> • No distribution in excess of earnings is scheduled at this point in time.
Other	<ul style="list-style-type: none"> • The assumption is that there will be no revision of laws and regulations, tax systems, accounting standards, securities listing regulations, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above. • The assumption is that there will be no unforeseen serious change in general economic trends, real estate market conditions, etc.

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(3) Investment Risks

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3. Financial Statements

(1) Balance Sheet

(Unit: thousands of yen)

	Previous fiscal period (As of Jan. 31, 2016)	Current fiscal period (As of Jul. 31, 2016)
Assets		
Current assets		
Cash and deposits	1,931,666	1,759,763
Cash and deposits in trust	27,920	36,839
Prepaid expenses	54,821	52,256
Deferred tax assets	13	14
Total current assets	2,014,421	1,848,873
Non-current assets		
Property, plant and equipment		
Buildings in trust	14,143,133	14,611,952
Accumulated depreciation	(357,277)	(558,904)
Buildings in trust, net	13,785,856	14,053,048
Structures in trust	49,897	49,897
Accumulated depreciation	(1,022)	(1,575)
Structures in trust, net	48,875	48,322
Tools, furniture and fixtures in trust	1,669	1,814
Accumulated depreciation	(22)	(89)
Tools, furniture and fixtures in trust, net	1,647	1,725
Land in trust	10,944,899	11,891,121
Total property, plant and equipment	24,781,278	25,994,217
Intangible assets		
Software	7,532	6,622
Total intangible assets	7,532	6,622
Investments and other assets		
Lease and guarantee deposits in trust	10,000	10,000
Long-term prepaid expenses	38,235	19,515
Total investments and other assets	48,235	29,515
Total non-current assets	24,837,045	26,030,355
Deferred assets		
Investment unit issuance expenses	23,028	17,501
Total deferred assets	23,028	17,501
Total assets	26,874,495	27,896,730

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(Unit: thousands of yen)

	Previous fiscal period (As of Jan. 31, 2016)	Current fiscal period (As of Jul. 31, 2016)
Liabilities		
Current liabilities		
Operating accounts payable	4,431	27,658
Short-term loans payable	-	1,000,000
Current portion of long-term loans payable	-	6,000,000
Accounts payable - other	23,860	28,339
Accrued expenses	91,819	89,536
Income taxes payable	857	879
Accrued consumption taxes	1,326	1,308
Advances received	114,110	122,031
Deposits received	72	72
Total current liabilities	236,480	7,269,826
Non-current liabilities		
Long-term loans payable	13,000,000	7,000,000
Tenant leasehold and security deposits	595,400	631,259
Total non-current liabilities	13,595,400	7,631,259
Total liabilities	13,831,880	14,901,086
Net assets		
Unitholders' equity		
Unitholders' capital	12,713,600	12,713,600
Surplus		
Unappropriated retained earnings (undisposed loss)	329,015	282,044
Total surplus	329,015	282,044
Total unitholders' equity	13,042,615	12,995,644
Total net assets	*1 13,042,615	*1 12,995,644
Total liabilities and net assets	26,874,495	27,896,730

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(2) Statement of Income

(Unit: thousands of yen)

	Previous fiscal period From: Aug. 1, 2015 To: Jan. 31, 2016	Current fiscal period From: Feb. 1, 2016 To: Jul. 31, 2016
Operating revenue		
Lease business revenue	*1 740,945	*1 767,051
Other lease business revenue	*1 4,843	*1 4,834
Total operating revenue	745,789	771,885
Operating expenses		
Expenses related to rent business	*1 222,279	*1 283,346
Asset management fee	76,006	73,732
Asset custody fee	1,335	1,375
Administrative service fees	11,309	11,159
Directors' compensations	3,000	3,000
Property tax	11,745	12,752
Other operating expenses	36,210	44,267
Total operating expenses	361,887	429,633
Operating income	383,901	342,252
Non-operating income		
Interest income	132	171
Insurance income	6,608	-
Other	52	20
Total non-operating income	6,793	191
Non-operating expenses		
Interest expenses	26,425	25,140
Investment unit issuance expenses	5,526	5,526
Borrowing related expenses	28,895	28,877
Total non-operating expenses	60,847	59,544
Ordinary income	329,847	282,899
Income before income taxes	329,847	282,899
Income taxes - current	884	905
Income taxes - deferred	5	(0)
Total income taxes	889	904
Net income	328,957	281,994
Retained earnings brought forward	57	50
Unappropriated retained earnings (undisposed loss)	329,015	282,044

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(3) Statement of Unitholders' Equity

Previous fiscal period (from August 1, 2015 to January 31, 2016)

(Unit: thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	12,713,600	73,562	73,562	12,787,162	12,787,162
Changes of items during period					
Dividends of surplus		(73,505)	(73,505)	(73,505)	(73,505)
Net income		328,957	328,957	328,957	328,957
Total changes of items during period	—	255,452	255,452	255,452	255,452
Balance at end of current period	*1 12,713,600	329,015	329,015	13,042,615	13,042,615

Current fiscal period (from February 1, 2016 to July 31, 2016)

(Unit: thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	12,713,600	329,015	329,015	13,042,615	13,042,615
Changes of items during period					
Dividends of surplus		(328,965)	(328,965)	(328,965)	(328,965)
Net income		281,994	281,994	281,994	281,994
Total changes of items during period	—	(46,970)	(46,970)	(46,970)	(46,970)
Balance at end of current period	*1 12,713,600	282,044	282,044	12,995,644	12,995,644

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(4) Statement of Cash Distributions

(Unit: yen)

	Previous fiscal period From: Aug. 1, 2015 To: Jan. 31, 2016	Current fiscal period From: Feb. 1, 2016 To: Jul. 31, 2016
I. Unappropriated retained earnings	329,015,203	282,044,453
II. Amount of distributions [Amount of distribution per investment unit]	328,965,000 [2,730]	281,970,000 [2,340]
III. Retained earnings carried forward	50,203	74,453
Method of calculation of amount of distributions	In accordance with the cash distribution policy described in Article 36, Paragraph 1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall be up to its profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥328,965,000, which is the maximum integral multiple to 120,500 investment units issued and outstanding as the distribution of earnings. The Investment Corporation has decided not to make cash distribution in excess of earnings defined in Article 36, Paragraph 2 of the Investment Corporation's Articles of Incorporation.	In accordance with the cash distribution policy described in Article 36, Paragraph 1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall be up to its profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥281,970,000, which is the maximum integral multiple to 120,500 investment units issued and outstanding as the distribution of earnings. The Investment Corporation has decided not to make cash distribution in excess of earnings defined in Article 36, Paragraph 2 of the Investment Corporation's Articles of Incorporation.

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(5) Statement of Cash Flows

(Unit: thousands of yen)

	Previous fiscal period From: Aug. 1, 2015 To: Jan. 31, 2016	Current fiscal period From: Feb. 1, 2016 To: Jul. 31, 2016
Cash flows from operating activities		
Income before income taxes	329,847	282,899
Depreciation	196,398	203,156
Borrowing related expenses	28,895	27,408
Investment unit issuance expenses	5,526	5,526
Interest income	(132)	(171)
Interest expenses	26,425	25,140
Decrease (increase) in consumption taxes refund receivable	25,752	-
Decrease (increase) in prepaid expenses	4,794	(6,124)
Increase (decrease) in operating accounts payable	4,088	23,227
Increase (decrease) in accounts payable - other	(2,101)	11,113
Increase (decrease) in accrued consumption taxes	1,326	(18)
Increase (decrease) in accrued expenses	25,152	(2,181)
Increase (decrease) in advances received	(901)	7,920
Increase (decrease) in deposits received	(15,737)	-
Subtotal	629,334	577,896
Interest income received	132	171
Interest expenses paid	(26,281)	(25,241)
Income taxes paid	(1,147)	(883)
Net cash provided by (used in) operating activities	602,037	551,942
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(45,470)	(1,423,944)
Purchase of intangible assets	(1,571)	-
Proceeds from tenant leasehold and security deposits	-	35,859
Net cash provided by (used in) investing activities	(47,041)	(1,388,085)
Cash flows from financing activities		
Increase in short-term loans payable	-	1,000,000
Dividends paid	(72,690)	(326,840)
Net cash provided by (used in) financing activities	(72,690)	673,159
Net increase (decrease) in cash and cash equivalents	482,306	(162,983)
Cash and cash equivalents at beginning of period	1,477,280	1,959,586
Cash and cash equivalents at end of period	*1 1,959,586	*1 1,796,603

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(6) Notes on the Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment The straight-line method is adopted. The useful life of principal property, plant and equipment is as follows: Buildings in trust 7-60 years Structures in trust 38-52 years Tools, furniture and fixtures in trust 6-15 years</p> <p>(2) Intangible assets The straight-line method is adopted.</p>
2. Accounting for deferred assets	Investment unit issuance expenses Depreciated evenly over 3 years.
3. Standards for revenue and expense recognition	<p>Accounting for fixed asset tax, etc. For fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held, the accounting is that, of the tax amount assessed and determined, the amount corresponding to the concerned calculation period is expensed as expenses related to rent business.</p> <p>In connection with the acquisition of real estate including trust beneficiary interests in real estate, the amount equivalent to real property tax, etc. for the initial fiscal year, which was settled with the seller, is not recorded as expenses but included in the cost of acquisition of the concerned real estate, etc. The amount equivalent to real property tax, etc. included in the acquisition of real estate, etc. was none (none applicable) in the previous fiscal period and was 3,832 thousand yen in the fiscal period under review.</p>
4. Method of Hedge Accounting	<p>(1) Hedge accounting approach Special treatment is applied for interest rate swaps.</p> <p>(2) Hedging instruments and hedge items Hedging instruments : Interest rate swap transaction Hedge items : Interest on loans</p> <p>(3) Hedging policy The Investment Corporation conducts interest rate swap transactions for hedging risks provided in the Articles of Incorporation of the Investment Corporation, pursuant to the risk management basic policy.</p> <p>(4) Method of assessing hedge effectiveness The assessment of hedge effectiveness for interest rate swap transactions is omitted since they satisfy the requirements for special treatment.</p>
5. Scope of funds in the statement of cash flows (cash and cash equivalents)	The funds (cash and cash equivalents) in the statement of cash flows comprise cash on hand and cash in trust, demand deposits and deposits in trust, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.
6. Other significant matters serving as the basis for preparation of financial statements	<p>(1) Accounting for beneficiary interest in trust for real estate, etc. Concerning beneficiary interest in trust for real estate, etc. owned, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income.</p> <p>The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet.</p> <p>① Cash and deposits in trust ② Buildings in trust; structures in trust; tools, furniture and fixtures in trust; land in trust</p> <p>(2) Accounting for consumption tax, etc. Consumption tax and local consumption tax are excluded from transaction amounts.</p> <p>Non-deductible consumption taxes on acquisition of assets is included in the cost of acquisition of each asset.</p>

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(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

*1 Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

(Unit: thousands of yen)

	Previous fiscal period (As of Jan. 31, 2016)	Current fiscal period (As of Jul. 31, 2016)
	50,000	50,000

[Notes to the Statement of Income]

*1 Breakdown of operating income (loss) from real estate leasing

(Unit: thousands of yen)

	Previous fiscal period From: Aug. 1, 2015 To: Jan. 31, 2016	Current fiscal period From: Feb. 1, 2016 To: Jul. 31, 2016
A. Operating revenue from real estate leasing		
Revenue related to rent business		
Rent revenue	740,945	767,051
Other revenue related to rent business		
Other revenue	4,843	4,834
Total operating revenue from real estate leasing	745,789	771,885
B. Operating expenses from real estate leasing		
Expenses related to rent business		
Property tax	–	49,594
Outsourcing expenses	10,519	10,901
Repair expenses	8,414	11,912
Insurance expenses	1,449	1,742
Depreciation	195,488	202,246
Other expenses related to rent business	6,407	6,948
Total operating expenses from real estate leasing	222,279	283,346
C. Operating income (loss) from real estate leasing [A – B]	523,509	488,539

[Notes to the Statement of Unitholders' Equity]

*1 Total number of investment units authorized and total number of investment units issued and outstanding

	Previous fiscal period From: Aug. 1, 2015 To: Jan. 31, 2016	Current fiscal period From: Feb. 1, 2016 To: Jul. 31, 2016
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	120,500 units	120,500 units

[Notes to the Statement of Cash Flows]

*1 Reconciliation of cash and cash equivalents at end of period to the amount of balance sheet items

(Unit: thousands of yen)

	Previous fiscal period From: Aug. 1, 2015 To: Jan. 31, 2016	Current fiscal period From: Feb. 1, 2016 To: Jul. 31, 2016
Cash and deposits	1,931,666	1,759,763
Cash and deposits in trust	27,920	36,839
Cash and cash equivalents	1,959,586	1,796,603

[Notes on Operating Leases Transactions]

Non-cancellable operating leases (as lessor)

(Unit: thousands of yen)

	Previous fiscal period As of Jan. 31, 2016	Current fiscal period As of Jul. 31, 2016
Not later than 1 year	1,455,995	1,527,713
Later than 1 year	14,525,673	15,959,893
Total	15,981,668	17,487,606

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

Pursuant to the policy of conducting stable and sound financial management, the Investment Corporation procures funds for asset acquisition, repayment of loans, etc. by means of loans from financial institutions or issuance of new investment units, etc. As to fund procurement through loans, the Investment Corporation pays attention to extending loan periods, fixing interest rates, diversifying repayment dates and such to secure financial stability and avoid a risk of interest rate rise in the future.

Derivative transactions shall be limited to those invested for the purpose of hedging the risk of fluctuations in interest rates on loans, etc. and other risks.

(2) Description of financial instruments and associated risks, and risk management system

Funds from loans are used primarily for acquisition of trust beneficiary interests in real estate.

Although loans are exposed to liquidity risks on the repayment date, impact of the market interest rate rise on the management of the Investment Corporation is limited by appropriately managing the ratio of interest-bearing liabilities, and such risks are controlled by diversifying repayment dates.

Although loans with floating interest rates are exposed to interest rate fluctuation risks, the ratios of loan balances with floating rates and fixed rates against the entire loans are adjusted according to the financing environment. Furthermore, derivative transactions (interest rate swap transactions) have been used for part of loans with floating rates to avoid interest fluctuation risks and to fix interest payment. Execution/management of derivative transactions carried out for the purpose of hedging interest rate fluctuation risks is conducted pursuant to provisions that stipulate the basic policy of risk management.

Although tenant leasehold and security deposits are deposits from tenants and are exposed to liquidity risks at the time of refunding upon tenants' move-outs, the Investment Corporation controls liquidity risks by maintaining liquidity in hand, etc.

For deposits, such risks are controlled by setting lower limit to the credit rating of financial institutions at which deposits are made (excluding deposits for settlement), etc.

(3) Supplementary explanation to matters concerning fair value, etc. of financial instruments

The fair value of financial instruments, aside from values based on market price, includes values based on reasonable calculation when no market price is available. Certain assumptions are adopted in the calculation of the concerned values. Accordingly, there may be cases where the concerned values will vary when different assumptions are adopted.

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2. Matters concerning fair value, etc. of financial instruments

Carrying amount, fair value and difference between the two were as follows. The financial instruments whose fair values are deemed extremely difficult to determine are excluded from the table below. (Please refer to (Note 2).)

Previous fiscal period (from August 1, 2015 to January 31, 2016)

(Unit: thousands of yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,931,666	1,931,666	–
(2) Cash and deposits in trust	27,920	27,920	–
Total assets	1,959,586	1,959,586	–
(3) Long-term loans payable	13,000,000	12,993,564	(6,435)
Total liabilities	13,000,000	12,993,564	(6,435)
(4) Derivatives	–	–	–

Current fiscal period (from February 1, 2016 to July 31, 2016)

(Unit: thousands of yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,759,763	1,759,763	–
(2) Cash and deposits in trust	36,839	36,839	–
Total assets	1,796,603	1,796,603	–
(3) Short-term loans payable	1,000,000	1,000,000	–
(4) Current portion of long-term loans payable	6,000,000	6,000,000	–
(5) Long-term loans payable	7,000,000	7,006,662	6,662
Total liabilities	14,000,000	14,006,662	6,662
(6) Derivatives	–	–	–

(Note 1) Method of calculation of the fair value of financial instruments

(1) Cash and deposits; (2) Cash and deposits in trust; (3) Short-term loans payable

Because these are settled in a short period of time, the fair value is approximately the same as the book value and thus stated at that book value.

(4) Current portion of long-term loans payable; (5) Long-term loans payable

For those with floating interest rates that reflect market interest rates within a short period of time, the book value is deemed a reasonable approximation of the fair value as there are no significant changes in the Investment Corporation's credit standing after borrowing; therefore, the book value is used as the fair value equivalent. Those with fixed interest rates are calculated by discounting the sum of principal and interest (*) at a reasonable rate estimated for a similar loan that is made corresponding to the remaining period.

(*)For long-term loans with floating interest rate to which special treatment for interest rate swaps is applied (please refer to "Derivative Transactions" below), the sum of principal and interest under the interest rates after the interest rate swaps are indicated.

(6) Derivative transactions

Please refer to "Notes on Derivative Transactions" below.

(Note 2) Financial instruments for which estimation of fair value is recognized to be difficult.

(Unit: thousands of yen)

	Previous fiscal period (As of Jan. 31, 2016)	Current fiscal period (As of Jul. 31, 2016)
Tenant leasehold and security deposits	595,400	631,259

Tenant leasehold and security deposits are not subject to valuation at fair value, because a reasonable estimation of cash flows is recognized to be extremely difficult due to there being no market price and difficulty of calculating the actual deposit period from when lessees move in to when they move out.

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(Note 3) Amount of redemption of monetary claims scheduled to be due after the account closing date

Previous fiscal period (As of January 31, 2016)

(Unit: thousands of yen)

	Not later than 1 year
Cash and deposits	1,931,666
Cash and deposits in trust	27,920
Total	1,959,586

Current fiscal period (As of July 31, 2016)

(Unit: thousands of yen)

	Not later than 1 year
Cash and deposits	1,759,763
Cash and deposits in trust	36,839
Total	1,796,603

(Note 4) Amount of repayment of loans scheduled to be due after the account closing date

Previous fiscal period (As of January 31, 2016)

(Unit: thousands of yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Long-term loans payable	—	6,000,000	7,000,000	—	—	—
Total	—	6,000,000	7,000,000	—	—	—

Current fiscal period (As of July 31, 2017)

(Unit: thousands of yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Short-term loans payable	1,000,000	—	—	—	—	—
Long-term loans payable	6,000,000	7,000,000	—	—	—	—
Total	7,000,000	7,000,000	—	—	—	—

[Notes on Securities]

Previous fiscal period (as of January 31, 2016)

Not applicable.

Current fiscal period (as of July 31, 2016)

Not applicable.

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

Previous fiscal period (as of January 31, 2016)

Not applicable.

Current fiscal period (as of July 31, 2016)

Not applicable.

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2. Derivative transactions to which hedge accounting is applied

Previous fiscal period (as of January 31, 2016)

(Unit: thousands of yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Calculation method for the fair value
				Due after one year		
Special treatment for interest rate swaps	Interest rate swap transaction Floating receivable; fixed payable	Long-term loans payable	7,000,000	7,000,000	(Note)	—

(Note) Since those with special treatment of interest rate swaps are treated integrally with hedged long-term loans payable, the market values of such are shown as included in the market value in "(3) Long-term loans payable" in "[Notes on Financial Instruments], 2. Matters concerning fair value, etc. of financial instrument" above.

Current fiscal period (as of July 31, 2016)

(Unit: thousands of yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Calculation method for the fair value
				Due after one year		
Special treatment for interest rate swaps	Interest rate swap transaction Floating receivable; fixed payable	Long-term loans payable	7,000,000	7,000,000	(Note)	—

(Note) Since those with special treatment of interest rate swaps are treated integrally with hedged long-term loans payable, the market values of such are shown as included in the market value in "(5) Long-term loans payable" in "[Notes on Financial Instruments], 2. Matters concerning fair value, etc. of financial instrument" above.

[Notes on Retirement Benefits]

Previous fiscal period (as of January 31, 2016)

Not applicable.

Current fiscal period (as of July 31, 2016)

Not applicable.

[Notes on Tax-Effect Accounting]

1. Breakdown of main causes for occurrence of deferred tax assets and deferred tax liabilities

(Unit: thousands of yen)

	Previous fiscal period As of Jan. 31, 2016	Current fiscal period As of Jul. 31, 2016
Deferred tax assets		
Non-deductible accrued enterprise tax	13	14
Total deferred tax assets	13	14
Net deferred tax assets	13	14

2. Breakdown of major components that caused any significant differences between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

(Unit: %)

	Previous fiscal period As of Jan. 31, 2016	Current fiscal period As of Jul. 31, 2016
Statutory tax rate	32.31	32.31
[Adjustments]		
Deductible distributions payable	(32.22)	(32.20)
Other	0.18	0.21
Effective income tax rate after application of tax-effect accounting	0.27	0.32

[Notes on Share of Profit (Loss) of Entities Accounted for Using Equity Method, etc.]

Previous fiscal period (as of January 31, 2016)

Not applicable.

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Current fiscal period (as of July 31, 2016)

Not applicable.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.

Previous fiscal period (from August 1, 2015 to January 31, 2016)

Not applicable.

Current fiscal period (from February 1, 2016 to July 31, 2016)

Not applicable.

2. Affiliated company, etc.

Previous fiscal period (from August 1, 2015 to January 31, 2016)

Not applicable.

Current fiscal period (from February 1, 2016 to July 31, 2016)

Not applicable.

3. Fellow subsidiary, etc.

Previous fiscal period (from August 1, 2015 to January 31, 2016)

Not applicable.

Current fiscal period (from February 1, 2016 to July 31, 2016)

Not applicable.

4. Director, major individual unitholder, etc.

Previous fiscal period (from August 1, 2015 to January 31, 2016)

Classification	Name of company, etc. or person	Address	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held by (in) the Investment Corporation (%)	Relationship		Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
						Concurrent holding of director's position, etc.	Business relationship				
Director, or close relative of director	Seiji Yoshioka	—	—	Executive Director of the Investment Corporation and President & CEO of the Asset Management Company	—	Executive Director of the Investment Corporation and President & CEO of the Asset Management Company		Payment of asset management fee to the Asset Management Company	76,006 (Note)	Accrued expenses	82,087

Of the amounts above, the transaction amount does not include consumption tax.

(Note) Terms and conditions of transactions and decision-making approach to such, etc.

- Terms and conditions of transactions are decided taking into account the actual market value.
- The transaction is one that was conducted by Seiji Yoshioka as President and CEO of a third party (Healthcare Asset Management Co., Ltd.), and the amount of the asset management fee is based on the terms and conditions provided in the Articles of Incorporation of the Investment Corporation.

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Current fiscal period (from February 1, 2016 to July 31, 2016)

Classification	Name of company, etc. or person	Address	Capital stock or investments in capital(thous and yen)	Description of business or occupation	Percentage of voting rights, etc. held by (in) the Investment Corporation (%)	Relationship		Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
						Concurrent holding of director's position, etc.	Business relationship				
Director, or close relative of director	Seiji Yoshioka	—	—	Executive Director of the Investment Corporation and President & CEO of the Asset Management Company	—	Executive Director of the Investment Corporation and President & CEO of the Asset Management Company		Payment of asset management fee to the Asset Management Company	80,422 (Note 1) (Note 2)	Accrued expenses	79,630

Of the amounts above, the transaction amount does not include consumption tax.

(Note 1) Under "Description of transaction," the amount of transaction for the payment of asset management fee to the Asset Management Company includes the property acquisition incentive portion included in the book value of individual real estate, etc. in the amount of 6,690 thousand yen.

(Note 2) Terms and conditions of transactions and decision-making approach to such, etc.

1. Terms and conditions of transactions are decided taking into account the actual market value.
2. The transaction is one that was conducted by Seiji Yoshioka as President and CEO of a third party (Healthcare Asset Management Co., Ltd.), and the amount of the asset management fee is based on the terms and conditions provided in the Articles of Incorporation of the Investment Corporation.

[Notes on Asset Retirement Obligations]

Previous fiscal period (as of January 31, 2016)

Not applicable.

Current fiscal period (as of July 31, 2016)

Not applicable.

[Notes on Investment and Rental Properties]

The Investment Corporation owns paid senior citizens' home and service-outfitted housing for the elderly (18 properties in total) primarily in the Three Major Metropolitan Areas and Core Cities. The carrying amount, amount of increase (decrease) during the period and fair value of these investment and rental properties are as follows:

(Unit: thousands of yen)

	Previous fiscal period From: Aug. 1, 2015 To: Jan. 31, 2016	Current fiscal period From: Feb. 1, 2016 To: Jul. 31, 2016
Carrying amount		
Balance at beginning of period	24,961,522	24,781,278
Amount of increase (decrease) during period	(180,243)	1,212,938
Balance at end of period	24,781,278	25,994,217
Fair value at end of period	25,593,000	27,147,000

(Note 1) "Carrying amount" is the amount of the cost of acquisition, less accumulated depreciation.

(Note 2) The decrease amount in the amount of increase (decrease) during period for the previous fiscal period is mainly attributable to depreciation and amortization (195,488 thousand yen). Out of the amount of increase (decrease) during period for the current fiscal period, the amount of increase is mainly attributable to the acquisition of 2 properties (1,338,000 thousand yen) and the amount of decrease is mainly attributable to depreciation and amortization (202,246 thousand yen).

(Note 3) "Fair value at end of period" is the appraisal value or investigation value by an outside real estate appraiser.

The income (loss) concerning investment and rental properties in 3rd fiscal period is as stated in "Notes to the Statement of Income" earlier in this document.

[Notes on Segment Information]

1. Segment information

Segment information is omitted because Healthcare & Medical Investment Corporation operates a single segment, which is

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the real estate leasing business.

2. Related information

Previous fiscal period (from August 1, 2015 to January 31, 2016)

(1) Information about products and services

Information about products and services is omitted because net sales to external customers for a single products and services category are in excess of 90% of operating revenue on the statement of income.

(2) Information about geographic areas

① Net sales

Information about net sales is omitted because net sales to external customers in Japan are in excess of 90% of operating revenue on the statement of income.

② Property, plant and equipment

Information about property, plant and equipment is omitted because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information about major customers

Information on net sales to a single external customer is omitted because consent has not been obtained from the tenant.

Current fiscal period (from February 1, 2016 to July 31, 2016)

(1) Information about products and services

Information about products and services is omitted because net sales to external customers for a single products and services category are in excess of 90% of operating revenue on the statement of income.

(2) Information about geographic areas

① Net sales

Information about net sales is omitted because net sales to external customers in Japan are in excess of 90% of operating revenue on the statement of income.

② Property, plant and equipment

Information about property, plant and equipment is omitted because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information about major customers

Information on net sales to a single external customer is omitted because consent has not been obtained from the tenant.

[Notes on Per Unit Information]

	Previous fiscal period From: Aug. 1, 2015 To: Jan. 31, 2016	Current fiscal period From: Feb. 1, 2016 To: Jul. 31, 2016
Net assets per unit	108,237 yen	107,847 yen
Net income per unit	2,729 yen	2,340 yen

(Note 1) Net income per unit is calculated by dividing net income by the average number of investment units during the period (the daily weighted average number of investment units). In addition, diluted net income per unit is not stated because there are no diluted investment units.

(Note 2) The following is the basis for calculation of net income per unit.

	Previous fiscal period From: Aug. 1, 2015 To: Jan. 31, 2016	Current fiscal period From: Feb. 1, 2016 To: Jul. 31, 2016
Net income (thousands of yen)	328,957	281,994
Amount not attributable to common unitholders (thousands of yen)	-	-
Net income attributable to common investment units (thousands of yen)	328,957	281,994
Average number of investment units during period (units)	120,500	120,500

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[Notes on Significant Subsequent Events]

Not applicable.

(9) Changes in Total Number of Investment Units Issued and Outstanding

There is no change to the total number of investment units issued and outstanding and to unitholders' capital since no capital increase, etc. was conducted during the fiscal period under review. The following are the changes in unitholders' capital and total number of investment units issued and outstanding since the establishment of the Investment Corporation.

Date	Description	Total number of investment units issued and outstanding (units)		Unitholders' capital (thousands of yen)		Remarks
		Increase	Balance	Increase	Balance	
December 9, 2014	Establishment through private placement	2,000	2,000	200	200	(Note 1)
March 18, 2015	Capital increase through public offering	106,500	108,500	11,246	11,446	(Note 2)
April 21, 2015	Capital increase through third-party allotment	12,000	120,500	1,267	12,713	(Note 3)

(Note 1) The Investment Corporation was established with issue price of 100,000 yen.

(Note 2) New investment units were issued through public offering with issue price of 110,000 yen (paid-in amount of 105,600 yen) per unit.

(Note 3) New investment units were issued through third-party allotment in line with public offering, with paid-in amount of 105,600 yen per unit.

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4. Changes in Directors

(1) Changes in Directors of Healthcare & Medical Investment Corporation

Not applicable.

Changes in Officers and Directors will be announced at the time of decision.

(2) Changes in Directors of the Asset Management Company

Not applicable.

Changes in Officers and Directors will be announced at the time of decision.

5. Reference Information

(1) Investment Status

Asset type	Asset use		Area	Current fiscal period (as of Jul. 31, 2016)	
				Total amount held (millions of yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Real estate trust beneficiary right	Homes and facilities for the elderly	Paid senior citizens' home	Three Major Metropolitan Areas (Note 3)	19,225	68.9
			Core Cities (Note 4)	3,013	10.8
			Other area (Note 5)	416	1.5
		Service-outfitted housing for the elderly	Three Major Metropolitan Areas (Note 3)	3,338	12.0
			Core Cities (Note 4)	—	—
			Other area (Note 5)	—	—
		Group homes for the elderly with dementia	—	—	
		Other facilities for the elderly	—	—	
		Subtotal	25,994	93.2	
	Medical service-related facilities, etc.	—	—		
	Other	—	—		
Total	25,994	93.2			
Deposits and other assets			1,902	6.8	
Total amount of assets			27,896	100.0	

(Note 1) "Total amount held" is the carrying amount (in the case of real estate trust beneficiary right, the book value after depreciation and amortization).

(Note 2) Figures in "As a percentage of total assets" are rounded to one decimal place.

(Note 3) "Three Major Metropolitan Areas" refers to Tokyo Metropolitan Area (Tokyo, Kanagawa, Saitama, Chiba), Kinki Areas (Osaka, Kyoto, Hyogo) and Chubu Area (Aichi).

(Note 4) "Core Cities" refers to designated cities, prefectural capitals and regional core cities other than the Three Metropolitan Areas. Regional core cities refers to cities with a population of 200,000 or more.

(Note 5) "Other" refers to areas other than the Three Metropolitan Areas and the Core Cities.

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(2) Investment Real Estate Properties

① Acquisition prices, etc. of investment real estate properties and their shares of investment

Overview of real estate in trust for trust beneficiary rights that the Investment Corporations owns as of July 31, 2016 is as follows.

Type of specified asset	Area	Property name	Acquisition price (millions of yen) (Note 1)	Share of investment (%) (Note 2)	Current fiscal period (as of Jul. 31, 2016)		
					Carrying amount (millions of yen) (Note 3)	Opinion of value at end of period (millions of yen) (Note 4)	
Real estate trust beneficiary right	Tokyo Metropolitan area	Bonsejour Chitose-funabashi	824	3.3	844	958	
		Bonsejour Hino	724	2.9	744	806	
		Bonsejour Musashi-shinjo	582	2.3	598	633	
		Medical Rehabilitation Home Bonsejour Hadanoshibusawa (Note 5)	728	2.9	758	838	
		SOMPO CARE La vie Re Machidaonaji (Note 5)	3,580	14.3	3,707	3,750	
		SOMPO CARE La vie Re Azamino (Note 5)	3,050	12.2	3,145	3,210	
		ASHEIM Hikarigaoka	1,385	5.5	1,432	1,540	
		ASHEIM Bunkyo Hakusan	1,430	5.7	1,464	1,590	
		GOOD TIME HOME Fudo-mae	1,740	7.0	1,773	1,910	
		Bonsejour Yotsugi	824	3.3	852	872	
		Subtotal	14,867	59.4	15,320	16,107	
	Kinki area	AQUAMARINE Nishinomiya	1,950	7.8	2,040	2,160	
		Sompo no ie S Awajiekimae (Note 5)	1,930	7.7	2,057	2,130	
		Sompo no ie S Kobekamisawa (Note 5)	1,200	4.8	1,281	1,320	
		Medical Home Bonsejour Itami	514	2.1	543	550	
		Subtotal	5,594	22.4	5,922	6,160	
	Chubu area	Medical Rehabilitation Home Bonsejour Komaki (Note 5)	1,270	5.1	1,320	1,430	
		Subtotal	1,270	5.1	1,320	1,430	
	Core cities	SAWAYAKA Tachibanakan	1,520	6.1	1,576	1,580	
		SAWAYAKA Mekarikan	1,380	5.5	1,437	1,460	
		Subtotal	2,900	11.6	3,013	3,040	
	Other area	SAWAYAKA Tagawakan	390	1.6	416	410	
		Subtotal	390	1.6	416	410	
	Total (18 properties)			25,021	100.0	25,994	27,147

(Note 1) "Acquisition price" does not include acquisition-related expenses, property tax, urban planning tax, consumption tax and local consumption tax.

(Note 2) "Share of investment" refers to the acquisition price of each property as a percentage of the total acquisition price, and the figures are rounded to one decimal place.

(Note 3) "Carrying amount" indicates book value after depreciation and amortization as of July 31, 2016.

(Note 4) "Opinion of value at end of period" indicates amounts stated in the appraisal report with appraisal date of July 31, 2016, prepared by real estate appraisers of Japan Real Estate Institute, the Tanizawa Sogo Appraisal Co., Ltd. and Rich Appraisal Institute Co., Ltd., based on the Articles of Incorporation of the Investment Corporation and the rules set by the Investment Trusts Association, Japan.

(Note 5) As to "Property name," "Bonsejour Hadanoshibusawa" has been changed to "Medical Rehabilitation Home Bonsejour Hadanoshibusawa," "RESTVILLA Machidaonaji" to "SOMPO CARE La vie Re Machidaonaji," "RESTVILLA Azamino" to "SOMPO CARE La vie Re Azamino," "CAMILLE Awajiekimae" to "Sompo no ie Awajiekimae," "CAMILLE Kobekamisawa" to "Sompo no ie Kobekamisawa" and "Medical Home Bonsejour Komaki" to "Medical Rehabilitation Home Bonsejour Komaki" as of the date of this document. The same shall apply hereinafter in this document.

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② Buildings of investment real estate properties and their leasing status

Annual rent of each property is not disclosed as consent from the tenants have not been obtained. The total annual rent from real estate in trust owned by the Investment Corporation as of July 31, 2016 is 1,562 million yen (Note).

(Note) The amount is obtained by totaling amounts calculated by multiplying each monthly rent in lease agreements effective as of July 31, 2016, and is rounded down to the nearest million yen.

Area	Property name	Structure/ No. of floors (Note 1)	Construction completion (Note 2)	Total leasable area (m ²) (Note 3)	Total leased area (m ²) (Note 4)	No. of tenants (companies) (Note 5)	Occupancy rate (%) (Note 6)	Appraisal NOI (millions of yen) (Note 7)
Metropolitan area	Bonsejour Chitose-funabashi	RC/B1 6F	Mar. 8, 1988	2,342.17	2,342.17	1	100.0	49
	Bonsejour Hino	RC/3F	May 2, 1990	1,984.17	1,984.17	1	100.0	43
	Bonsejour Musashi-shinjo	RC/4F	Feb. 21, 1985	1,710.43	1,710.43	1	100.0	36
	Medical Rehabilitation Home Bonsejour Hadanoshibusawa	RC/5F	Jul. 17, 1991	3,435.79	3,435.79	1	100.0	47
	SOMPO CARE La vie Re Machidaonaji	RC/B1 6F	Oct. 29, 2007	7,720.17	7,720.17	1	100.0	192
	SOMPO CARE La vie Re Azamino	RC/B1 5F	Mar. 1, 2004	5,789.25	5,789.25	1	100.0	156
	ASHEIM Hikarigaoka	RC/3F	Mar. 6, 2006	3,628.60	3,628.60	1	100.0	76
	ASHEIM Bunkyoakusan	RC/8F	Feb. 27, 2007	2,494.78	2,494.78	2	100.0	72
	GOOD TIME HOME Fudo-mae	RC (partly S)/B1 5F	Mar. 18, 1992	3,400.20	3,400.20	1	100.0	92
	Bonsejour Yotsugi	RC/5F	Mar. 28, 1989	1,962.89	1,962.89	1	100.0	48
		Subtotal			34,468.45	34,468.45	11	100.0
Kinki area	AQUAMARINE Nishinomiyaahama	RC/5F	May 18, 2007	5,157.26	5,157.26	2	100.0	121
	Sompo no ie Awajiekimae	RC/12F	Jun. 12, 2009	5,658.53	5,658.53	1	100.0	116
	Sompo no ie Kobekamisawa	S/9F	Jun. 11, 2009	3,626.25	3,626.25	1	100.0	72
	Medical Home Bonsejour Itami	SRC/11F	Mar. 3, 1989	2,129.87	2,129.87	1	100.0	36
		Subtotal			16,571.91	16,571.91	5	100.0
Chubu area	Medical Rehabilitation Home Bonsejour Komaki	SRC/10F	Mar. 13, 1991	8,858.49	8,858.49	1	100.0	92
		Subtotal			8,858.49	8,858.49	1	100.0
Core cities	SAWAYAKA Tachibanakan	RC/B1 6F	Oct. 31, 2005	5,652.94	5,652.94	1	100.0	95
	SAWAYAKA Mekarikan	RC/4F	Nov. 15, 2005	4,720.46	4,720.46	1	100.0	87
		Subtotal			10,373.40	10,373.40	2	100.0
Other area	SAWAYAKA Tagawakan	RC/3F	Jan. 20, 2006	2,366.20	2,366.20	1	100.0	25
		Subtotal			2,366.20	2,366.20	1	100.0
Total				72,638.45	72,638.45	20	100.0	1,463

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

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

(Note 3) "Total leasable area" indicates the areas believed to be leasable based on the lease agreement or the drawing of each building.

(Note 4) "Total leased area" indicates the areas, out of the total leasable area, for which actual lease agreements have been concluded and are leased.

(Note 5) "No. of tenants" indicates the number of tenants based on the lease agreements of each building. For the healthcare facility section of each owned asset, the master lease company which operates the healthcare facility at the respective section (operator) is counted as a tenant, and accordingly indicated as the number of tenants.

(Note 6) "Occupancy rate" indicates the total leased area as a percentage of the total leasable area of each owned asset as of July 31, 2016, and is rounded to one decimal place.

(Note 7) "Appraisal NOI" indicates net operating income obtained by direct capitalization method stated in real estate appraisal report with July 31, 2016 as appraisal date, and is rounded down to the nearest million yen. The above appraisal NOI is NOI obtained by direct capitalization method.

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③ Summary of Appraisal Report

Property name	Appraisal company	Appraisal value (millions of yen)	Summary of Appraisal Report					Appraisal NOI (millions of yen) (Note 2)
			Direct capitalization method		DCF method			
			Indicated value (millions of yen)	Capitalization rate (%)	Indicated value (millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	
AQUAMARINE Nishinomiyahama	Rich Appraisal Institute Co., Ltd.	2,160	2,180	5.4	2,150	5.1	5.6	121
Bonjour Chitose-funabashi	The Tanizawa Sogo Appraisal Co., Ltd.	958	976	4.5	950	4.6	4.7	49
Bonjour Hino	The Tanizawa Sogo Appraisal Co., Ltd.	806	819	4.9	800	5.0	5.1	43
Bonjour Musashi-shinjo	The Tanizawa Sogo Appraisal Co., Ltd.	633	643	5.2	629	5.3	5.4	36
Medical Rehabilitation Home Bonjour Hadanoshibusawa	The Tanizawa Sogo Appraisal Co., Ltd.	838	852	5.1	832	5.2	5.3	47
Medical Rehabilitation Home Bonjour Komaki	The Tanizawa Sogo Appraisal Co., Ltd.	1,430	1,440	5.6	1,420	5.7	5.8	92
ASHEIM Hikarigaoka	Japan Real Estate Institute	1,540	1,560	4.9	1,520	4.7	5.1	76
ASHEIM Bunkyoakusan	Japan Real Estate Institute	1,590	1,610	4.5	1,570	4.3	4.7	72
SOMPO CARE La vie Re Machidaonaji	Japan Real Estate Institute	3,750	3,790	5.0	3,710	4.8	5.2	192
SOMPO CARE La vie Re Azamino	Japan Real Estate Institute	3,210	3,250	4.7	3,170	4.5	4.9	156
SAWAYAKA Tachibanakan	Japan Real Estate Institute	1,580	1,590	5.6	1,560	5.4	5.8	95
SAWAYAKA Mekarikan	Japan Real Estate Institute	1,460	1,470	5.7	1,440	5.5	5.9	87
SAWAYAKA Tagawakan	Japan Real Estate Institute	410	413	5.8	406	5.6	6.0	25
GOOD TIME HOME Fudo-mae	Japan Real Estate Institute	1,910	1,930	4.5	1,880	4.3	4.7	92
Bonjour Yotsugi	The Tanizawa Sogo Appraisal Co., Ltd.	872	887	4.8	866	4.9	5.0	48
Medical Home Bonjour Itami	The Tanizawa Sogo Appraisal Co., Ltd.	550	558	5.2	546	5.3	5.4	36
Sompo no ie Awajiekimae	Japan Real Estate Institute	2,130	2,150	5.3	2,110	5.1	5.5	116
Sompo no ie Kobekamisawa	Japan Real Estate Institute	1,320	1,330	5.3	1,310	5.1	5.5	72
Total		27,147	27,448		26,869			1,463

(Note 1) Figures are based on appraisal reports with appraisal date of July 31, 2016.

(Note 2) "Appraisal NOI" indicates net operating income obtained by direct capitalization method stated in real estate appraisal report with July 31, 2016 as appraisal date, and is rounded down to the nearest million yen. The above appraisal NOI is NOI obtained by direct capitalization method.

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④ Status of Capital Expenditures of Assets under Management

a. Schedule of Capital Expenditures

Of capital expenditures associated with repair work, etc. currently planned for assets owned by the Investment Corporation as of July 31, 2016, the following are the major estimated amounts. The estimated construction costs include the portion separately charged to expenses in accounting.

Name of real estate, etc.	Purpose	Scheduled period	Estimated construction costs (thousands of yen)		
			Total amount	Payment during period	Total amount already paid
GOOD TIME HOME Fudo-mae (Shinagawa-ku, Tokyo)	Replacement of high-voltage parts of substation facilities	From: November 2016 To: November 2016	10,000	—	—
GOOD TIME HOME Fudo-mae (Shinagawa-ku, Tokyo)	Updating of parking facilities	From: December 2016 To: December 2016	6,200	—	—
ASHEIM Hikarigaoka (Nerima-ku, Tokyo)	Repair work of exterior walls	From: October 2016 To: October 2016	4,000	—	—
Other real estate, etc.	—	—	21,445	—	—
Total			41,645	—	—

b. Capital Expenditures During Period

Of construction work falling under the category of capital expenditures conducted in the fiscal period under review for assets held by the Investment Corporation as of July 31, 2016, the following are the major amounts. The capital expenditures in the fiscal period under review amounted to 12,027 thousand yen and repair expenses separately charged to expenses amounted to 11,912 thousand yen for a combined total of 23,940 thousand yen of construction work implemented.

Name of real estate, etc.	Purpose	Period	Construction costs (thousands of yen)
SOMPO CARE La vie Re Azamino (Yokohama-shi, Kanagawa)	Construction of recirculation filtration device	From: June 2016 To: July 2016	3,124
ASHEIM Bunkyoakusan (Bunkyo-ku, Tokyo)	Replacement of water heater	From: June 2016 To: July 2016	1,200
SAWAYAKA Mekarikan (Kitakyushu-shi, Fukuoka)	Replacement of electricity measuring apparatus	From: May 2016 To: June 2016	1,101
Other real estate, etc.	—	—	6,602
Total			12,027

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④ Information of Major Tenants

“Major tenants” refers to tenants whose leased areas occupy 10% or more of total leased area of the entire portfolio at the end of the fiscal period under review (on July 31, 2016). The annual rent and tenant leasehold and security deposits of each property are not disclosed as consent from the tenants has not been obtained.

Tenant name	Property name	leased area (m ²) (Note 1)	Contract expiration date (Note 2)	Appraisal NOI (millions of yen) (Note 3)	Share (%) (Note 4)
Benesse Style Care Co., Ltd.	Bonjour Chitose-funabashi	2,342.17	May 24, 2026	49	3.2
	Bonjour Hino	1,984.17	May 24, 2026	43	2.7
	Bonjour Musashi-shinjo	1,710.43	November 23, 2026	36	2.4
	Medical Rehabilitation Home Bonjour Hadanoshibusawa	3,435.79	May 21, 2027	47	4.7
	Medical Rehabilitation Home Bonjour Komaki	8,858.49	May 21, 2027	92	12.2
	Bonjour Yotsugi	1,962.89	January 5, 2026	48	2.7
	Medical Home Bonjour Itami	2,129.87	May 21, 2027	36	2.9
	Total	22,423.81	—	354	30.9
Sompo Care Next Inc.	SOMPO CARE La vie Re Machidaonji	7,720.17	October 31, 2027	192	10.6
	SOMPO CARE La vie Re Azamino	5,789.25	June 27, 2027	156	8.0
	Total	13,509.42	—	348	18.6
Sawayaka Club Co., Ltd.	SAWAYAKA Tachibanakan	5,652.94	January 29, 2028	95	7.8
	SAWAYAKA Mekarikan	4,720.46	January 29, 2028	87	6.5
	SAWAYAKA Tagawakan	2,366.20	January 29, 2028	25	3.3
	Total	12,739.60	—	208	17.5
Sompo Care Message Co., Ltd. (Note 5)	Sompo no ie Awajiekimae	5,658.53	July 31, 2034	116	7.8
	Sompo no ie Kobekamisawa	3,626.25	July 31, 2034	72	5.0
	Total	9,284.78	—	188	12.8

(Note 1) “Leased area” indicates areas which are leased to operators as of July 31, 2016.

(Note 2) “Contract expiration date” indicates the contract expiration date stated in the lease agreement with the operator as the lessee.

(Note 3) “Appraisal NOI” indicates net operating income obtained by direct capitalization method stated in real estate appraisal report with July 31, 2016 as appraisal date, and is rounded down to the nearest million yen. The above appraisal NOI is NOI obtained by direct capitalization method.

(Note 4) “Share” indicates the leased area of each property as a percentage of the total leasable area owned by the Investment Corporation as of July 31, 2016, and is rounded to one decimal place.

(Note 5) The name of the company was changed to “Sompo Care Message Co., Ltd.” from “Message Co., Ltd.” on July 1, 2016.

⑥ Portfolio Overview

a. Facility Overview

Property name	Type of facility	Operator	No. of rooms (rooms) (Note 1)	Capacity (persons) (Note 1)	No. of residents (persons) (Note 1)	Occupancy rate (%) (Note 2)	Preparation date of Property Disclosure Statement of important Issues (Note 3)
AQUAMARINE Nishinomiya	Paid senior citizens’ home with nursing care	GREEN LIFE Co., Ltd.	90	100	97	97.0	June 30, 2016
Bonjour Chitose-funabashi	Paid senior citizens’ home with nursing care	Benesse Style Care Co., Ltd.	42	47	44	93.6	July 1, 2015
Bonjour Hino	Paid senior citizens’ home with nursing care	Benesse Style Care Co., Ltd.	56	58	51	87.9	July 1, 2015
Bonjour Musashi-shinjo	Paid senior citizens’ home with nursing care	Benesse Style Care Co., Ltd.	46	49	41	83.7	July 1, 2015
Medical Rehabilitation Home Bonjour Hadanoshibusawa	Paid senior citizens’ home with nursing care	Benesse Style Care Co., Ltd.	100	101	90	89.1	July 1, 2015
Medical Rehabilitation Home Bonjour Komaki	Residential type paid senior citizens’ home	Benesse Style Care Co., Ltd.	123	166	110	66.3	July 1, 2015
ASHEIM Hikarigaoka	Paid senior citizens’ home with nursing care	AS PARTNERS Co., Ltd.	83	89	85	95.5	July 1, 2016
ASHEIM Bunkyo	Paid senior citizens’ home with nursing care	AS PARTNERS Co., Ltd.	50	52	46	88.5	July 1, 2016
SOMPO CARE La vie Re Machidaonji	Paid senior citizens’ home with nursing care	Sompo Care Next Inc.	163	169	110	65.1	July 1, 2016
SOMPO CARE La vie Re Azamino	Paid senior citizens’ home with nursing care	Sompo Care Next Inc.	145	145	95	65.5	July 1, 2016
SAWAYAKA Tachibanakan	Paid senior citizens’ home with nursing care	Sawayaka Club Co., Ltd.	104	104	101	97.1	July 1, 2016
SAWAYAKA	Paid senior citizens’ home	Sawayaka Club Co., Ltd.	95	95	93	97.9	July 1, 2016

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Mekarikan	with nursing care						
SAWAYAKA Tagawakan	Paid senior citizens' home with nursing care	Sawayaka Club Co., Ltd.	60	60	58	96.7	July 1, 2016
GOOD TIME HOME Fudo-mae	Paid senior citizens' home with nursing care	JAPAN LIFEDESIGN Inc.	61	67	59	88.1	July 1, 2016
Bonsejour Yotsugi	Paid senior citizens' home with nursing care	Benesse Style Care Co., Ltd.	61	65	62	95.4	July 1, 2015
Medical Home Bonsejour Itami	Residential type paid senior citizens' home	Benesse Style Care Co., Ltd.	62	64	59	92.2	July 1, 2015
Sompo no ie Awajiekimae	Service-outfitted housing for elderly	Sompo Care Message Co., Ltd.	137 (Note 4)	137 (Note 4)	129	94.2	—
Sompo no ie Kobekamisawa	Service-outfitted housing for elderly	Sompo Care Message Co., Ltd.	85	85	65	76.5	—
Total			1,563	1,653	1,395	84.4	—

(Note 1) "No. of rooms," "Capacity" and "No. of residents" of paid senior citizens' home indicate figures stated in Property Disclosure Statement of important Issues (hereinafter the "Property Disclosure Statement of important Issues") of the paid senior citizens' home provided by the operators, or figures confirmed by interviewing the operators. "No. of rooms" and "Capacity" of service-outfitted housing for elderly indicate figures posted on the website of each property prepared by the operators as of July 31, 2016. "No. of residents" of service-outfitted housing for elderly indicate figures posted on the website of each property prepared by the operators as of September 7, 2016.

(Note 2) "Occupancy rate" of paid senior citizens' home indicates the occupancy rate stated in the Property Disclosure Statement of important Issues or the rate obtained by dividing the number of residents by capacity, rounded to one decimal place. "Occupancy rate" of service-outfitted housing for elderly indicates the rate obtained by dividing the number of residents by capacity, rounded to one decimal place.

(Note 3) "Preparation date of Property Disclosure Statement of important Issues" indicates the date stated on the Property Disclosure Statement of important Issues or the base date. Information is not provided for service-outfitted housing for elderly since the Property Disclosure Statement of important Issues does not exist.

(Note 4) The number of rooms as service-outfitted housing for elderly is 136.

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b. Leasing status

Area	Property name	Current fiscal period (from February 1, 2016 to July 31, 2016)			
		No. of tenants (Note 1)	Occupancy rate (as of the end of period) (%)	Revenue related to rent business (during the period) (millions of yen)	Percentage of total revenue related to rent business (%)
Tokyo Metropolitan area	Bonjour Chitose-funabashi	1	100.0	Not disclosed (Note 2)	
	Bonjour Hino	1	100.0		
	Bonjour Musashi-shinjo	1	100.0		
	Medical Rehabilitation Home				
	Bonjour Hadanoshibusawa	1	100.0		
	SOMPO CARE La vie Re Machidaonaji	1	100.0		
	SOMPO CARE La vie Re Azamino	1	100.0		
	ASHEIM Hikarigaoka	1	100.0		
	ASHEIM Bunkyo Hakusan	2	100.0		
	GOOD TIME HOME Fudo-mae	1	100.0		
	Bonjour Yotsugi	1	100.0		
Subtotal	11	100.0			
Kinki area	AQUAMARINE Nishinomiya	2	100.0		
	Sompo no ie Awajiekimae	1	100.0		
	Sompo no ie Kobekamisawa	1	100.0		
	Medical Home Bonjour Itami	1	100.0		
	Subtotal	5	100.0		
Chubu area	Medical Rehabilitation Home				
	Bonjour Komaki	1	100.0		
	Subtotal	1	100.0		
Core cities	SAWAYAKA Tachibanakan	1	100.0		
	SAWAYAKA Mekarikan	1	100.0		
	Subtotal	2	100.0		
Other	SAWAYAKA Tagawakan	1	100.0		
	Subtotal	1	100.0		
	Total	20	100.0	767	100.0

(Note 1) "No. of tenants" indicates the number of tenants based on the lease agreements of each building. For the healthcare facility section of each owned asset, the master lease company which operates the healthcare facilities in the respective sections (operator) is counted as a tenant, and accordingly indicated as the number of tenants.

(Note 2) "Revenue related to rent business" and "Percentage of total revenue related to rent business" of each property are not disclosed as consent for disclosure of revenue related to rent business has not been obtained from the tenants. The total is the sum of amounts received as rent for the fiscal period under review based on the lease agreements.

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c. Earnings Performance

(Unit: thousands of yen)

Property name	Current fiscal period (from February 1, 2016 to July 31, 2016)										
	Real estate lease business revenue			Real estate lease business expenses						NOI (Note 3)	
	Rent revenue	Other revenue		Property tax	Outsourcing	Insurance expenses	Repair expenses	Depreciation and amortization	Other		
AQUAMARINE Nishinomiya-hama				24,039	4,643	2,100	118	2,290	14,486	400	59,377
Bonjour Chitose-funabashi				5,510	1,774	224	58	—	3,048	403	21,382
Bonjour Hino				4,997	1,208	213	45	—	3,130	400	19,488
Bonjour Musashi-shinjo				4,027	971	167	40	—	2,447	400	16,139
Medical Rehabilitation Home Bonjour Hadanoshibusawa				8,354	1,841	213	81	—	5,817	400	21,093
Medical Rehabilitation Home Bonjour Komaki				13,994	4,578	201	187	—	8,627	400	39,626
ASHEIM Hikarigaoka				16,259	3,732	388	86	4,572	7,078	400	34,619
ASHEIM Bunkyo-hakusan				10,171	2,522	388	64	—	6,796	400	36,457
SOMPO CARE La vie Re Machidaonaji			Not disclosed (Note 2)	43,550	5,916	780	191	1,116	35,145	400	96,528
SOMPO CARE La vie Re Azamino				30,866	4,688	780	140	1,730	23,126	400	77,459
SAWAYAKA Tachibanakan				25,983	2,682	1,140	162	—	21,597	400	47,348
SAWAYAKA Mekarikan				25,453	3,037	1,140	140	—	20,771	400	43,601
SAWAYAKA Tagawakan				8,268	1,185	1,140	49	—	5,492	400	12,918
GOOD TIME HOME Fudo-mae				11,049	2,884	600	90	2,202	4,872	400	44,822
Bonjour Yotsugi				3,211	—	152	48	—	2,738	271	14,727
Medical Home Bonjour Itami				4,105	—	251	32	—	3,550	271	10,429
Sompo no ie Awajiekimae				26,961	4,993	510	145	—	20,911	400	58,408
Sompo no ie Kobekamisawa				16,541	2,930	510	92	—	12,608	400	36,357
Total	771,885	767,051	4,834	283,346	49,594	10,901	1,742	11,912	202,246	6,948	690,786

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

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

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

This translation of the original Japanese financial report (*kessan tanshin*) is provided solely for information purposes. Should there be any discrepancy between this translation and the Japanese original, the latter shall prevail.

d. Diversification by type

Brand	Number of properties	Acquisition price (millions of yen)	Opinion of value at end of period (millions of yen) (Note 1)	Share (%) (Note 2)
Paid senior citizens' homes	16	21,891	23,697	87.5
Service-outfitted housing for the elderly	2	3,130	3,450	12.5
Total	18	25,021	27,147	100.0

(Note 1) "Opinion of value at end of period" indicates amounts stated in the appraisal report with appraisal date of July 31, 2016, prepared by real estate appraisers of Japan Real Estate Institute, the Tanizawa Sogo Appraisal Co., Ltd. and Rich Appraisal Institute Co., Ltd., based on the Articles of Incorporation of the Investment Corporation and the rules set by the Investment Trusts Association, Japan.

(Note 2) "Share" refers to the percentage of the total acquisition price, and the figures are rounded to one decimal place.

e. Diversification by area

Classification/region	Number of properties	Acquisition price (millions of yen)	Opinion of value at end of period (millions of yen) (Note 1)	Share (%) (Note 2)
Three Major Metropolitan Areas	15	21,731	23,697	86.9
Tokyo Metropolitan Area	10	14,867	16,107	59.4
Kinki Area	4	5,594	6,160	22.4
Chubu Area	1	1,270	1,430	5.1
Core Cities	2	2,900	3,040	11.6
Other Areas	1	390	410	1.6
Total	18	25,021	27,147	100.0

(Note 1) "Opinion of value at end of period" indicates amounts stated in the appraisal report with appraisal date of July 31, 2016, prepared by real estate appraisers of Japan Real Estate Institute, the Tanizawa Sogo Appraisal Co., Ltd. and Rich Appraisal Institute Co., Ltd., based on the Articles of Incorporation of the Investment Corporation and the rules set by the Investment Trusts Association, Japan.

(Note 2) "Share" refers to the percentage of the total acquisition price, and the figures are rounded to one decimal place.

f. Diversification by the number of rooms

No. of rooms	Number of properties	Acquisition price (millions of yen)	Opinion of value at end of period (millions of yen) (Note 1)	Share (%) (Note 2)
More than 100 rooms	6	12,078	12,938	48.3
50 rooms to 100 rooms	10	11,537	12,618	46.1
Less than 50 rooms	2	1,406	1,591	5.6
Total	18	25,021	27,147	100.0

(Note 1) "Opinion of value at end of period" indicates amounts stated in the appraisal report with appraisal date of July 31, 2016, prepared by real estate appraisers of Japan Real Estate Institute, the Tanizawa Sogo Appraisal Co., Ltd. and Rich Appraisal Institute Co., Ltd., based on the Articles of Incorporation of the Investment Corporation and the rules set by the Investment Trusts Association, Japan.

(Note 2) "Share" refers to the percentage of the total acquisition price, and the figures are rounded to one decimal place.