



 **HCM** Healthcare & Medical Investment Corporation

Financial Results Briefing materials

Financial Period Ended January 2023
(16th Fiscal Period)

March 17, 2023

Asset Management Company

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

Securities Code : 3455

Executive Summary

I Financial Summary

1. Major Indexes for 16th Fiscal Period (Ended January 2023) P4
2. Actual Results for 16th Fiscal Period (Ended January 2023) P5
3. Earnings Forecasts for 17th Fiscal Period (Ending July 2023) and 18th Fiscal Period (Ending January 2024) P6
4. Changes in DPU/NAV Per Unit P7
5. Changes in Unrealized Gain P8
6. Financial Status P9
7. Changes in Unit Price P11

II Status of Asset Management

1. Portfolio Highlights P13
2. Stable Cash Flow in the Long Term P14

III Actions for External Growth

1. Road Map to External Growth P17
2. Asset Replacement P18
3. Expansion of Pipeline P20
4. Actions for Acquisition of Hospital Property P22

IV ESG Initiatives

1. Materiality P24
2. Environment P25
3. Social P27
4. Governance P28

V Environment Surrounding Healthcare Industry

1. Supply and Demand of Healthcare Facilities P30
2. Regional Comprehensive Care System P31
3. Regional Healthcare Vision P32
4. Facilities and Housing for the Elderly P33

VI Appendix

1

Portfolio

- Conducted the asset replacement for the first time (acquired 2 properties, disposed 1 property)
- Asset size expanded to 48 properties/79.2 billion yen, The target of 100 billion yen asset size is likely to be reached
- With the rise of appraisal value, the unrealized gains increased to 9.4 billion yen, and the unrealized gains ratio expanded from 10.3% to 12.0%

2

Performance

- DPU : 3,557 yen (+190 yen (+5.6%) from previous fiscal period, +73 yen (+2.1%) from forecast)
- NAV per unit : 131,033 yen (+3,964 yen (+3.1%) from previous fiscal period)
- The impact of COVID-19 is little. The operational rate recovered 100%.

3

Financial Status

- Refinanced with social loans. (9.75 billion yen)
- Continued the existing basic policy of long term, fixed interest rate and diversified maturities
- Interest-bearing liabilities is 39.15 billion yen (+500 million yen from previous fiscal period) and LTV is 48.2% (+0.1pt from previous fiscal period)

4

Other Topics

- Inclusion in FTSE EPRA Nareit Global Real Estate Index
- Participated in GRESB 2022, received “1 Star” in Real Estate Assessment, and the highest “A Level” rating in Public Disclosure

Financial Summary



1. Major Indexes for 16th Fiscal Period (Ended January 2023)

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

Asset (Assets)

| | |
|---|--|
| Number of properties | 48 properties (+1 properties) |
| Total acquisition price | 79.2 billion yen (+0.7 billion yen) |
| Total appraisal value | 88.2 billion yen (+1.8 billion yen) |
| Unrealized gain | 9.4 billion yen (+1.3 billion yen) |
| Average appraisal NOI yield | 5.5% (±0pt) |
| Portfolio operational rate | 100.0% (+0.1pt) |
| Ratio of fixed rents | 100.0% (±0pt) |
| Ratio of investment in three major metropolitan areas | 82.9% (+0.1pt) |
| Average remaining lease term | 12.5 years (△0.3 years) |

Debt (Liabilities)

| | |
|--|--|
| Total amount of interest-bearing liabilities | 39.15 billion yen (+0.50 billion yen) |
| Average remaining terms to maturity | 3.3 years (+0.7 years) |
| Average borrowing interest rate | 0.70% (+0.14pt) |
| Ratio of long-term debt | 76.4% (+5.5pt) |
| Ratio of debt with fixed interest rates | 94.9% (+0.1pt) |
| LTV | 48.2% (+0.1pt) |
| Long-Term Issuer Rating (JCR) | A+ (Stable) |

Equity (Net assets)

| | |
|---|--|
| Market cap | 58.2 billion yen (△4.0 billion yen) |
| DPU | 3,557 yen (+190 yen) |
| Distribution in excess of earnings ^(Note) (Equivalent to return of capital) | 0 yen (△307 yen) |
| NAV per unit | 131,033 yen (+3,964 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 16th Fiscal Period (Ended January 2023)

Achieved the highest revenue since IPO, and increased DPU by +190 yen (+5.6%) without distribution in excess of earnings.

(Unit: million yen)

| | 15th fiscal period (Ended July 2022) | 16th Fiscal Period (Ended January 2023) | | | | |
|---|---|--|--------------|------------------------------------|---------------------------|--------------------------|
| | Actual | Forecast (Note 2) | Actual | Comparison with 15th Fiscal Period | | Comparison with Forecast |
| | (A) | (B) | (C) | (C)-(A) | $\frac{(C)-(A)}{(A)}$ (%) | (C)-(B) |
| Operating revenue | 2,371 | 2,621 | 2,632 | +261 | 11.0% | +11 |
| Operating expenses | 1,105 | 1,191 | 1,178 | +72 | 6.6% | △13 |
| Expenses related to leasing business | 784 | 809 | 801 | +17 | 2.3% | △7 |
| (Depreciation) | 551 | 563 | 563 | +11 | 2.1% | △0 |
| General and administrative expenses | 321 | 381 | 376 | +54 | 17.1% | △5 |
| Operating income | 1,265 | 1,429 | 1,453 | +188 | 14.9% | +24 |
| Non-operating income | 2 | — | 1 | △0 | △33.8% | +1 |
| Non-operating expenses | 166 | 175 | 176 | +9 | 5.8% | +0 |
| Ordinary income | 1,101 | 1,253 | 1,279 | +178 | 16.2% | +25 |
| Net income | 1,100 | 1,252 | 1,278 | +178 | 16.2% | +25 |
| DPU (yen) | 3,367 | 3,484 | 3,557 | +190 | 5.6% | +73 |
| Distribution of earnings | 3,059 | 3,484 | 3,557 | +497 | 16.2% | +73 |
| Distribution of allowance for temporary difference adjustments | 1 | | 0 | | | |
| Distribution in excess of earnings (return of capital) (Note 1) | 307 | 0 | 0 | △307 | △100% | - |

(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 16th Fiscal Period (B) is the forecast figure announced in "Notice Concerning Revision of Earnings Forecast and Distribution Forecast for Fiscal Period Ending January 2023 and July 2023" dated September 21, 2022.

16th Fiscal Period Actual Results (Comparison with 15th Fiscal Period)

Difference in operating revenue (+261)

- Full-period contribution of rent revenue from properties acquired in the 15th fiscal period (+48)
- Increase of rent revenue by asset replacement (+9)
- Capital gain on asset replacement (+204)

Difference in operating expenses (+72)

- Increase in expenses related to leasing business (+17)
 - Depreciation (+11)
 - Repair expenses (+6)
- Increase in general and administrative expenses (+54)
 - Asset management fee (+43)
 - Cost related to Investors meeting (+6)
 - Survey fee (+4)

Difference in Non-operating expenses (+9)

- Increase in interest expenses (+9)

16th Fiscal Period Actual Results (Comparison with Forecast)

Difference in operating revenue (+11)

- Increase in rent revenue from property newly acquired (Hanakotoba Oppama) (+9)
- Deference in capital gain on asset replacement (+1)

Difference in operating expenses (△13)

- Decrease in expenses related to leasing business(△7)
 - Repair expenses (△7)
- Decrease in general and administrative expenses(△5)
 - Advertisement expenses (△2)

I Financial Summary

3. Earnings Forecasts for 17th Fiscal Period (Ending July 2023) and 18th Fiscal Period (Ending January 2024)

Net income for the 17th fiscal period is expected to decrease compared with the previous period due to reduction of capital gain, increase of property taxes related to assets acquired in the 15th and 16th fiscal periods, and increase in interest expenses with rising interest rates

(Unit: million yen)

| | 16th Fiscal Period (ending January 2023) | 17th Fiscal Period (ending July 2023) | | | | 18th Fiscal Period (ending January 2024) | |
|--|---|--|----------------------|--|--|---|---|
| | Actual | Initial forecast (Note 2) | Forecast (Note 3) | Comparison with 16th fiscal period | Comparison with initial forecast | Forecast (Note 3) | Comparison with 17th fiscal period forecast |
| | (A) | (B) | (C) | (C)-(A) | (C)-(B) | (D) | (D)-(C) |
| Operating revenue | 2,632 | 2,420 | 2,438 | △193 | +17 | 2,438 | ±0 |
| Operating expenses | 1,178 | 1,168 | 1,173 | △4 | +4 | 1,183 | +10 |
| Expenses related to leasing business | 801 | 819 | 822 | +20 | +2 | 829 | +7 |
| (Depreciation) | 563 | 559 | 559 | △3 | +0 | 566 | +6 |
| General and administrative expenses | 376 | 349 | 351 | △25 | +2 | 353 | +2 |
| Operating income | 1,453 | 1,252 | 1,264 | △189 | +12 | 1,254 | △10 |
| Non-operating income | 1 | — | — | △1 | ±0 | — | ±0 |
| Non-operating expenses | 176 | 187 | 201 | +25 | +14 | 203 | +1 |
| Ordinary income | 1,279 | 1,064 | 1,063 | △216 | △1 | 1,051 | △11 |
| Net income | 1,278 | 1,063 | 1,062 | △216 | △1 | 1,050 | △11 |
| DPU (yen) | 3,557 | 3,270 | 3,265 | △292 | △5 | 3,235 | △30 |
| DPU (Excluding distribution in excess of earnings (return of capital) (Note 1)) | 3,557 | 2,958 | 2,954 | △603 | △4 | 2,920 | △34 |
| Distribution in excess of earnings (return of capital) (Note 1) | 0 | 312 | 311 | +311 | △1 | 315 | +4 |

17th Fiscal Period Forecast (Comparison with 16th Fiscal Period Results)

Difference in operating revenue (△193)

- Full-period contribution of rent revenue from properties acquired in the 16th fiscal period (+11)
- Reduction of capital gain (△204)

Difference in operating expenses (△4)

- Increase in expenses related to leasing business (+20)
 - Tax and dues (+25)
- Decrease in general and administrative expenses (△25)
 - Asset management fee (△13)
 - Asset custody fee and administrative service fees (△7)
 - Expenses related to investors meeting (△6)

Difference in Non-operating expenses (+25)

- Increase in interest expenses (+27)

17th Fiscal Period Forecast (Comparison with Previous 17th Fiscal Period Forecast)

Difference in operating expenses (+17)

- Increase in rent revenue from the property newly acquired (Hanakotoba Oppama) (+17)

Difference in operating expenses (+4)

- Taxes and dues (+2)
- Asset management fee (+2)

Difference in Non-operating expenses (+14)

- Increase in interest expenses (+13)

18th Fiscal Period Forecast (Comparison with 17th Fiscal Period Forecast)

Difference in operating expenses (+10)

- Increase in expenses related to leasing business (+7)
 - Depreciation (+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 17th Fiscal Period (B) is the forecast figure announced in "Notice Concerning Revision of Earnings Forecast and Distribution Forecast for Fiscal Period Ending January 2023 and July 2023" dated September 21, 2022.

(Note 3) The forecast for the 17th Fiscal Period (C) and The forecast for the 18th Fiscal Period (D) are the forecast figure announced in " (REIT) Financial Report for Fiscal Period Ended January 2023" dated March 17, 2023.

4. Changes in DPU/NAV Per Unit

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

DPU/NAV Per Unit

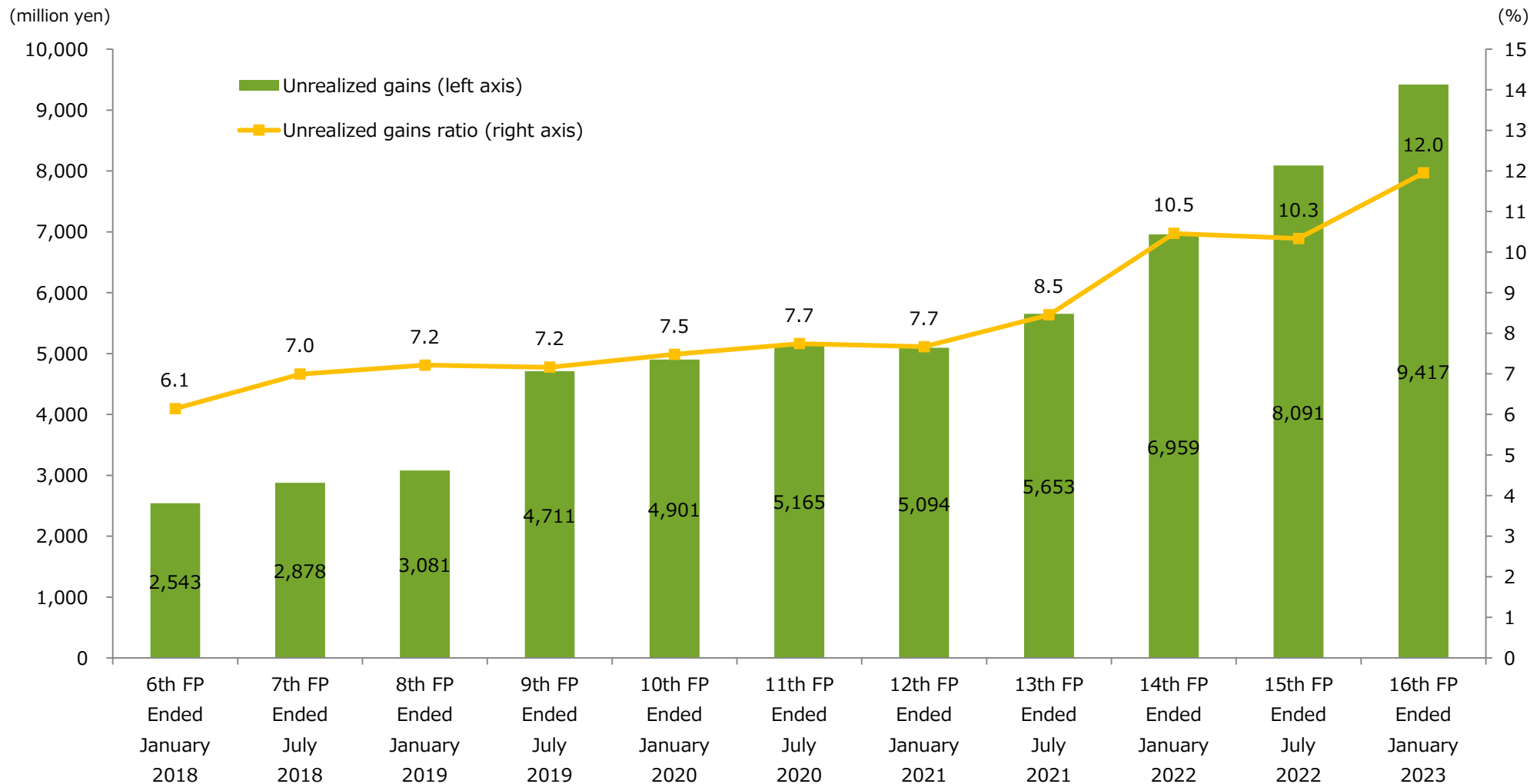


(Note 1) Distribution in excess of earnings refers to distribution carried out targeting around 20% of depreciation equivalent (return of capital).
 (Note 2) The amount obtained by subtracting distribution in excess of earnings of DPU is indicated.

COVID-19 spread

5. Changes in Unrealized Gains

Unrealized gains have been increasing steadily.



6. Financial Status①

Conducted refinancing of 9.75 billion yen in January 2023, maintained financial stability through long term, fixed interest rate loans and diversified maturities

Overview of Refinance

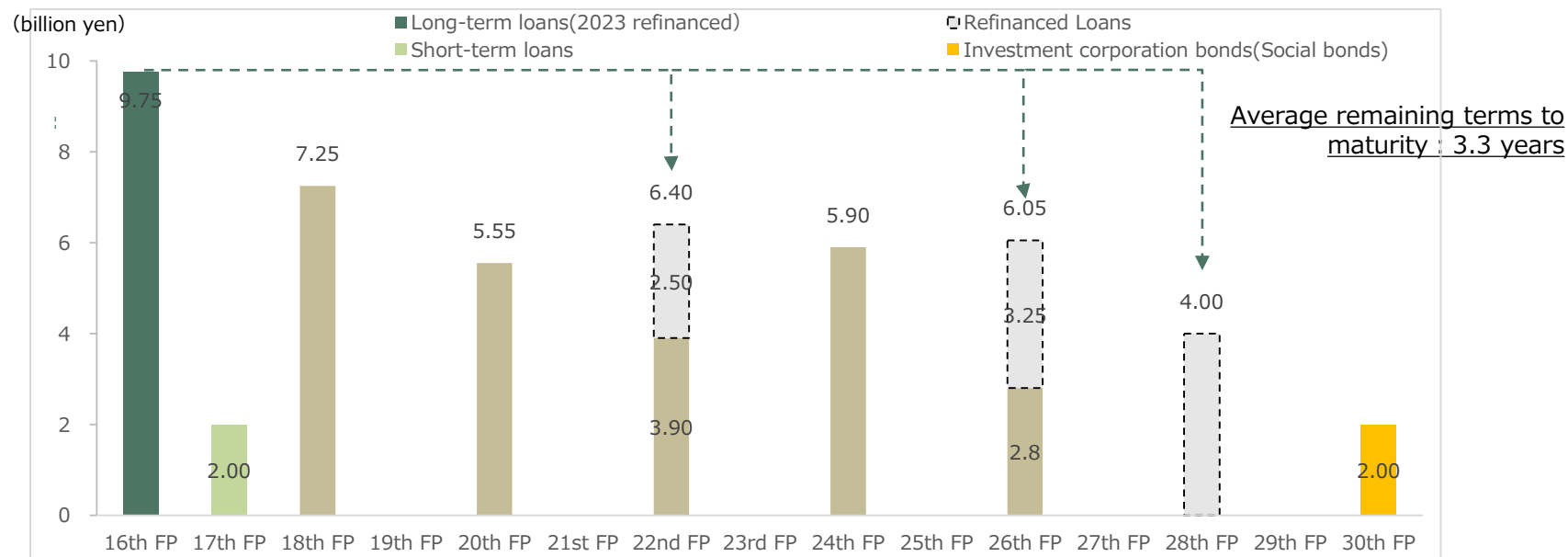
Loans to be refinanced

| Type | Amount (billion yen) | Interest rate | Drawdown date | Term |
|---------------|----------------------|---------------|---------------|-----------|
| Long-term | 4.00 | 0.57% | 2018/3/20 | 4.8 years |
| | 4.00 | 0.41% | 2019/2/1 | 4.0 years |
| | 1.25 | 0.42% | 2020/1/31 | 3.0 years |
| Short-term | 0.50 | 0.31% | 2022/9/30 | 0.3 years |
| Sum / Average | 9.75 | 0.48% | - | 4.0 years |

After the refinance

| Type | Amount (billion yen) | Interest rate | Drawdown date | Term |
|---------------|----------------------|---------------|---------------|-----------|
| Long-term | 2.50 | 0.72% | 2023/1/31 | 3.0 years |
| | 3.25 | 1.09% | 2023/1/31 | 5.0 years |
| | 4.00 | 1.29% | 2023/1/31 | 6.0 years |
| Sum / Average | 9.75 | 1.08% | - | 4.8 years |

Diversification of Maturities



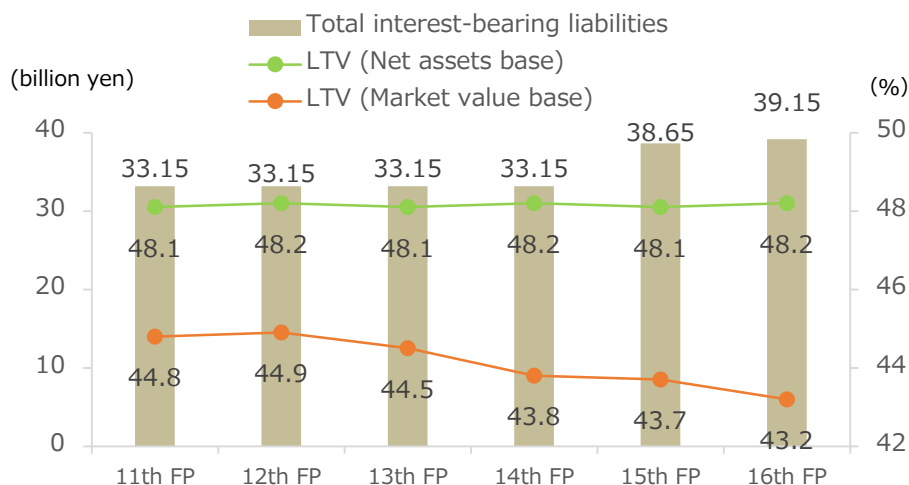
6. Financial Status②

Bank formation centering on SMBC, added SBI Shinsei Bank as a new lender

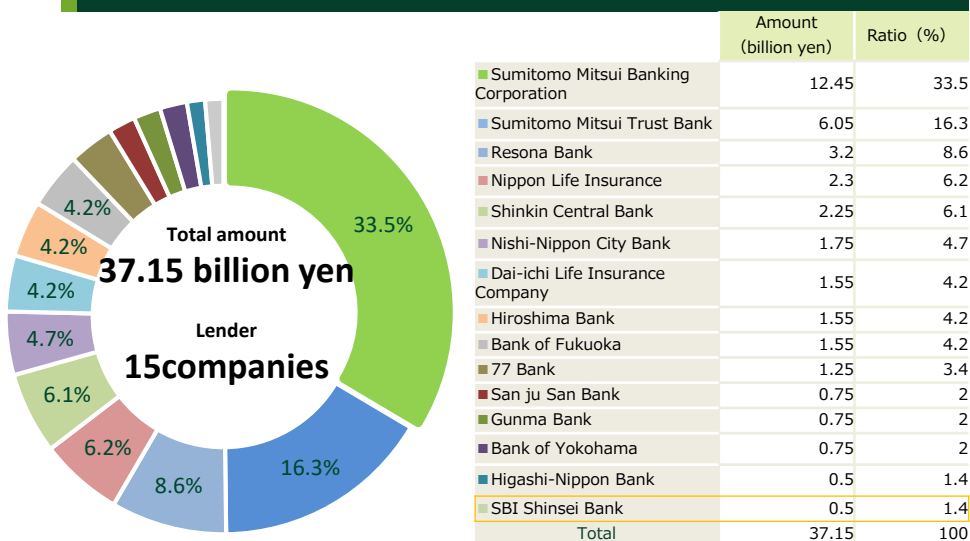
Status of Interest-Bearing Liabilities

| | | End of 15th FP | End of 16th FP | Change |
|---|----------------------|-------------------|-------------------|--------|
| Total amount of interest-bearing Liabilities | (billion yen) | 38.65 | 39.15 | +0.5 |
| (Social bonds) | (billion yen) | 2.0 | 2.0 | ±0 |
| Average remaining terms to maturity | (years) | 2.6 | 3.3 | +0.7 |
| Ratio of debt with fixed interest rates | (%) | 94.8 | 94.9 | +0.1 |
| LTV | (%) | 48.1 | 48.2 | +0.1 |
| Average borrowing interest rate | (%) | 0.56 | 0.70 | +0.14 |

Change in LTV and Total Interest-Bearing Liabilities



Diversification of Lenders



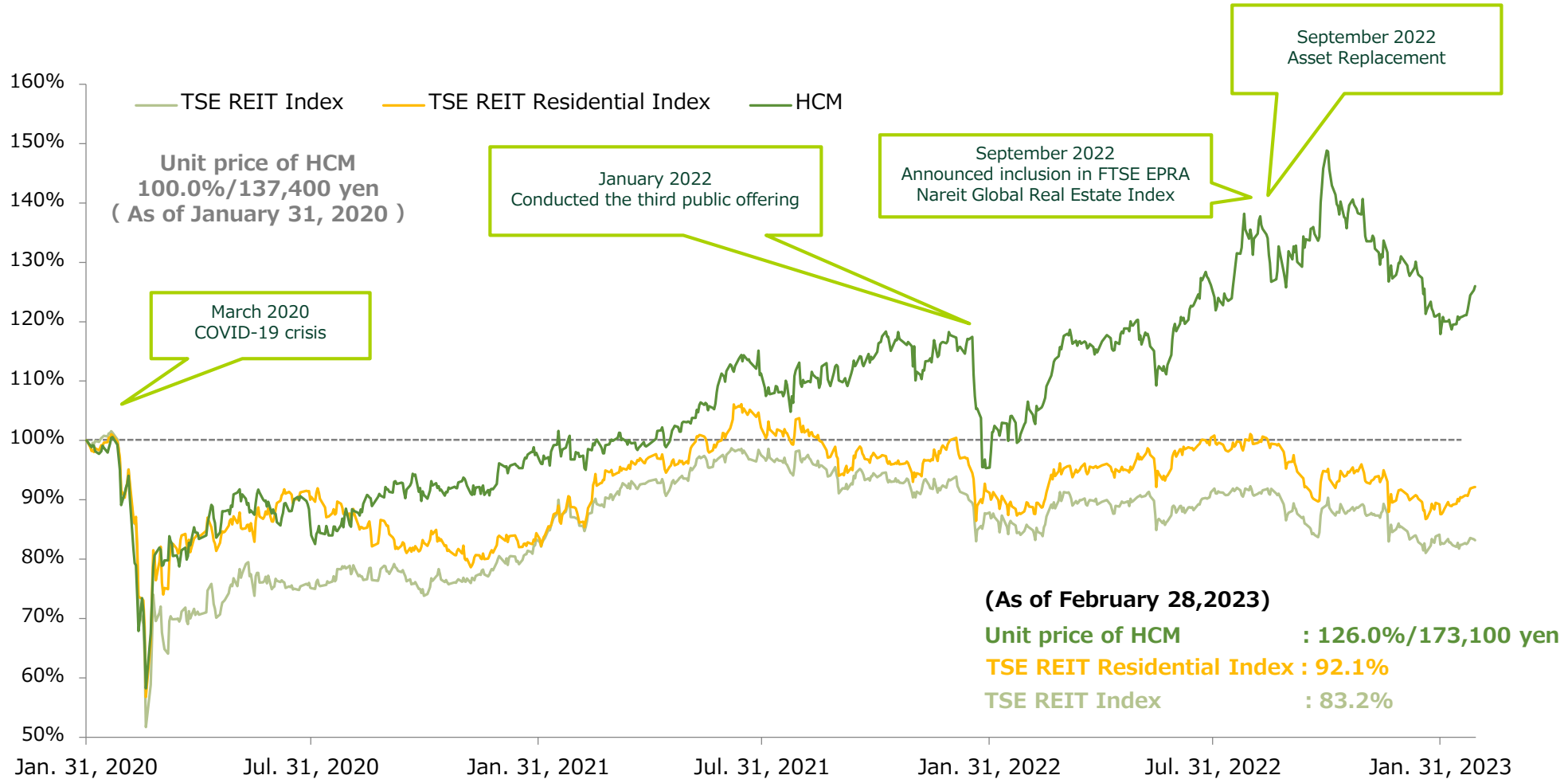
Rating and Framework Evaluation

| Rating Agency | Issuer Rating (Outlook) |
|--|--|
| Japan Credit Rating Agency, Ltd. (JCR) | Long-Term Issuer Rating A+ (Stable) |
| External Evaluation Agency | Social Finance Framework Evaluation (Note 1) |
| Japan Credit Rating Agency, Ltd. (JCR) | Social 1(F) (The highest evaluation) |

(Note 1) JCR Social Finance Evaluation is an evaluation performed by Japan Credit Rating Agency, Ltd. (hereinafter, "JCR") by confirming that the use of funds are in alignment with the Social Finance components of the principles published by the International Capital Market Association (ICMA) and consistent with the SDGs.

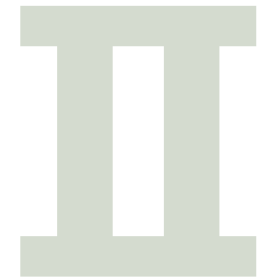
7. Changes in Unit Price

The unit price of HCM has recovered to the level prior to the spread of COVID-19 and has generally outperformed each index.



(Note) It is indicated as a percentage with January 31, 2020, as the base date.

Status of Asset Management

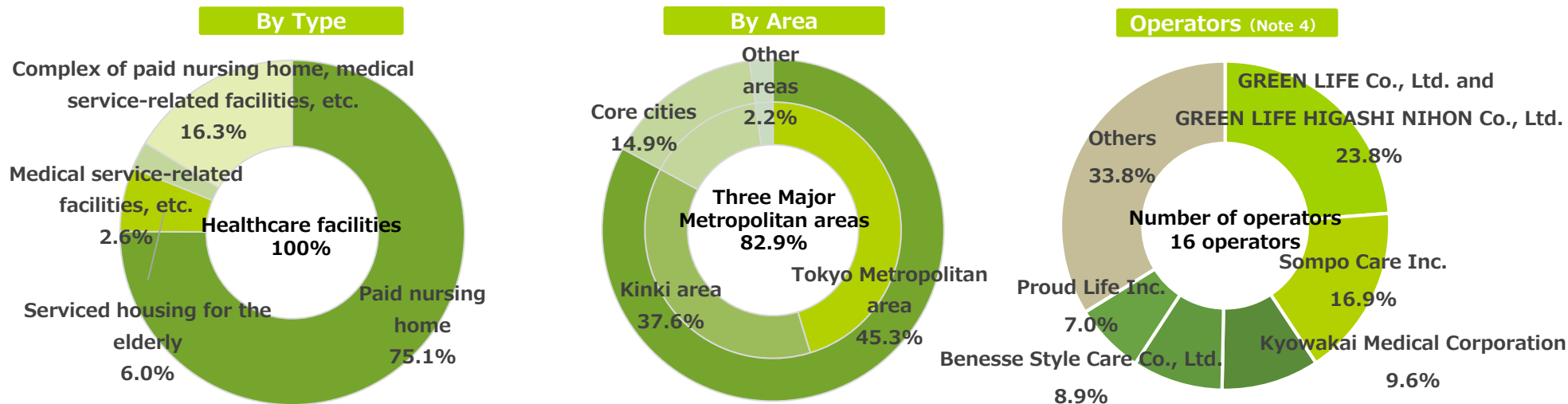


1. Portfolio Highlights

Key Data

| | | | |
|---|---|--|--|
| Number of properties 48 (+1 properties) | Total acquisition price 79.2 billion yen (+0.7 billion yen) | Total appraisal value (Note 1) 88.2 billion yen (+1.8 billion yen) | Average appraisal NOI yield 5.5% (±0pt) |
| Average building age (Note 1) 17.1 years (+0.2 years) | Average remaining lease term (Note 1) 12.5 years (△0.3 years) | Ratio of fixed rents 100% (±0pt) | Portfolio operational rate 100.0% (+0.1pt) |

Diversification Status (Note 3)



(Note 1) "Total appraisal value" is indicated based on the appraisal report with January 31, 2023, as the appraisal date. "Average building age" and "Average remaining lease term" are average values with January 31, 2023, as the base date, calculated by dividing the remaining years to maturity by 365 and weighted by acquisition price. The figures are rounded down to the first decimal place. For properties having multiple buildings, they indicate weighted-average figures based on area.

(Note 2) Figures in parentheses are comparison with the end of the 15th FP.

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

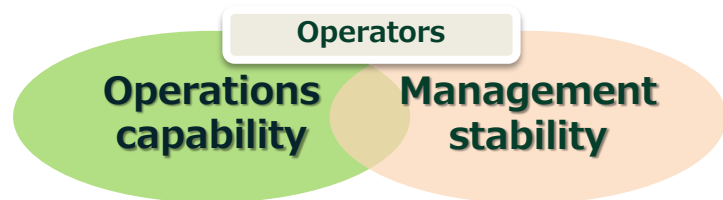
(Note 4) The operators of SHIP Senri Building are separated based on an area basis, with Kyowakai Medical Corporation for the Senri-Chuo Hospital portion and GREEN LIFE for the other portions.

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

Carefully Selected Operators

- 16 operators with strong track records and high creditworthiness, including industry-leading SOMPO Care, Benesse Style Care and GREEN LIFE that belongs to SHIP HEALTHCARE.
- Kyowakai is a major medical corporation that operates 6 hospitals (2,108 beds) and 4 geriatric health services facilities (495 beds), etc.

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

| Operator | Total capacity (Note 2) | Share (%) |
|------------------------------------|---|-----------|
| GREEN LIFE Co., Ltd. | 4,431 people (ranked 25th in Japan) (Note 3) | 23.8 |
| GREEN LIFE HIGASHI NIHON Co., Ltd. | | |
| Sompo Care Inc. | 29,443 people (ranked 1st in Japan) | 16.9 |
| Kyowakai Medical Corporation | - | 9.6 |
| Benesse Style Care Co., Ltd. | 19,798 people (ranked 2nd in Japan) | 8.9 |

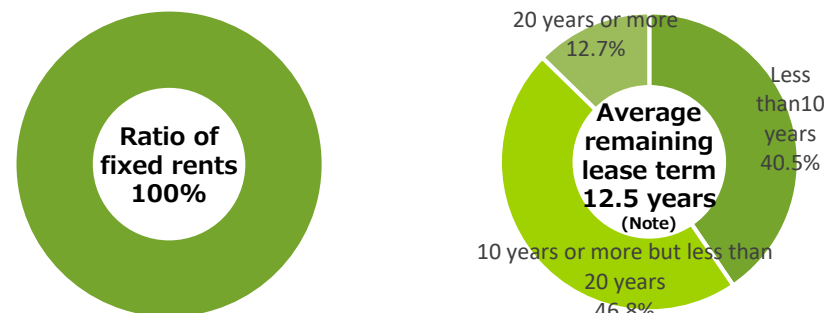
(Note 1) The operators of SHIP Senri Building are separated based on an area basis, with Kyowakai Medical Corporation for the Senri-Chuo Hospital portion and GREEN LIFE for the other portions.

(Note 2) (From) Weekly Senior Housing Newspaper, August 3・10, 2022 issue (No. 681)

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

Stable Rent Revenue in the Long Term

- Long-term fixed-rent lease agreements have been concluded with carefully selected operators.
- No direct impact from rising utility costs, as these costs are borne by operators in principle.

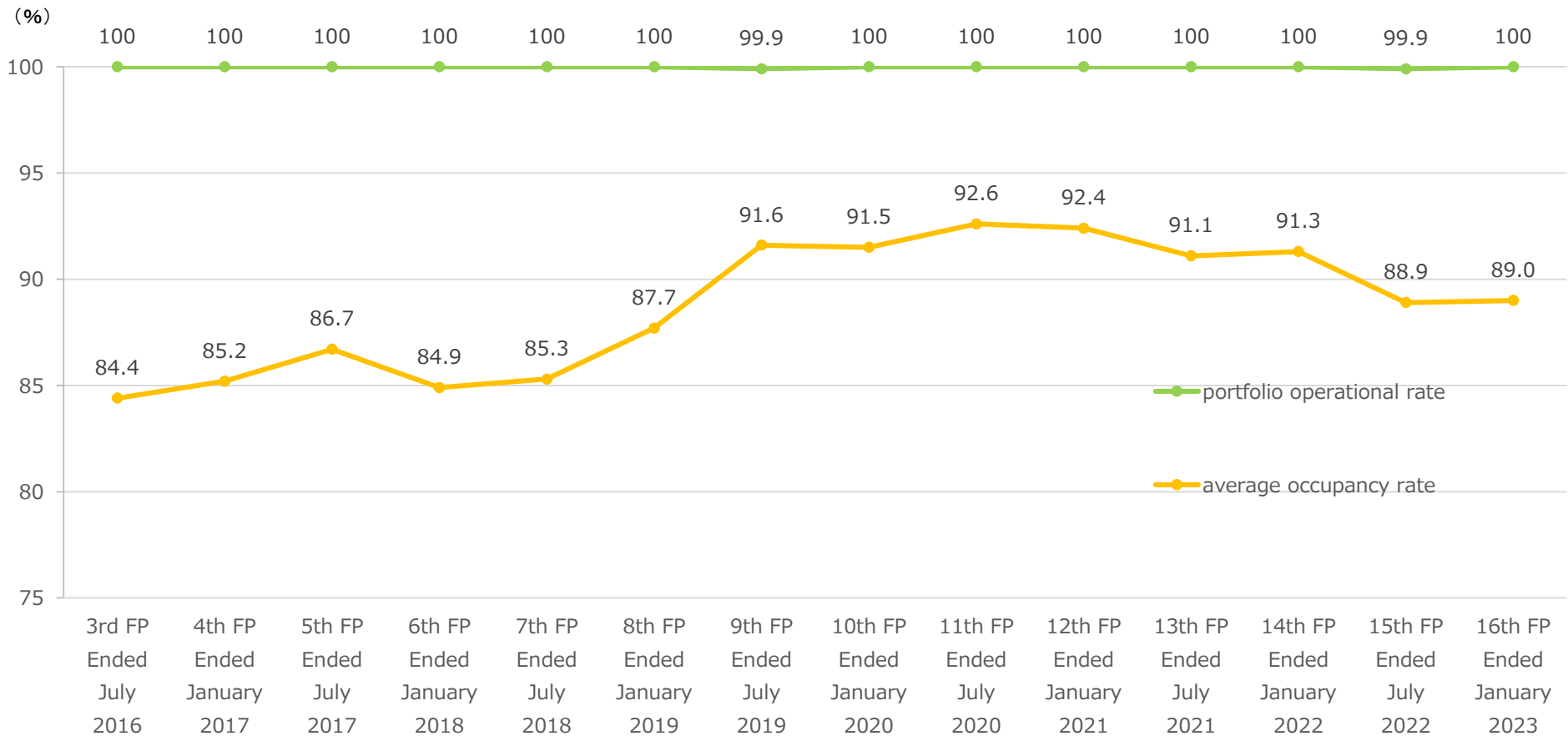


(Note) The figure is based on January 31, 2023, as reference date and calculated by weighted averaging with acquisition prices, rounded down to the first decimal place.

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 around 90% even amid the COVID-19 pandemic.

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.

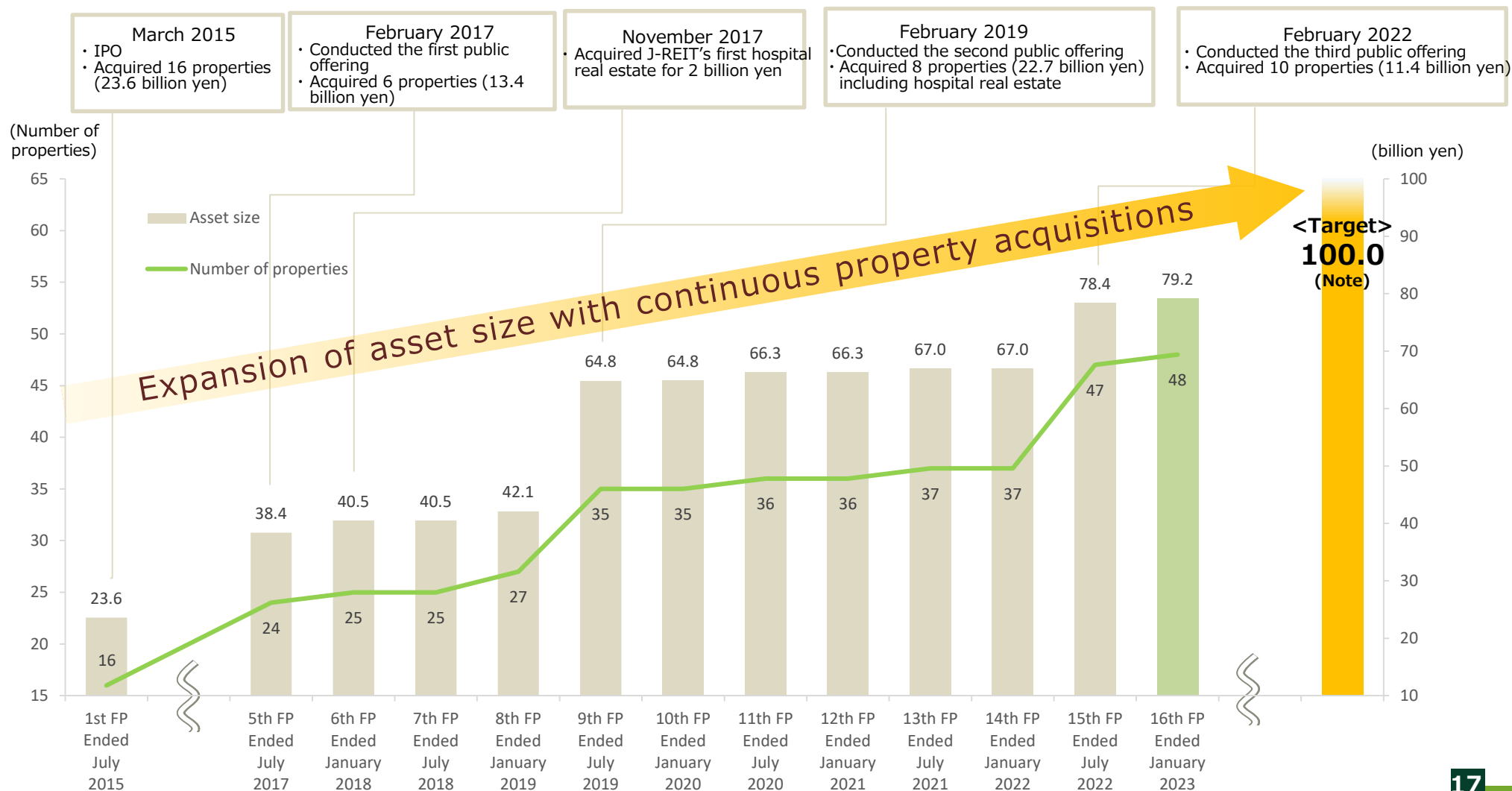
Actions for External Growth



1. Road Map to External Growth

With continuous property acquisition, the asset size expanded to 79.2 billion yen.
The mid-term target of 100 billion yen asset size is likely to be reached.

Change in Asset Size and Number of Properties



2. Asset Replacement①

Acquired two new paid nursing homes in the Tokyo metropolitan area

Acquired Asset

Paid nursing home-43 Nichii Home Inage

- A Residential-type paid nursing home opened in March 2022 by Nichii Care Palace, a major operator in the industry, which succeeded the business from ALSOK Nursing Care.
- Surrounded by parks and schools, it is located in a calm residential environment with abundant greenery, and features luxurious building specifications.
- High-quality operations are expected in cooperation with Nichii Group's total nursing care network.



| | |
|--|--------------------|
| Location | Chiba-shi, Chiba |
| Construction completion | February 2008 |
| acquisition date | September 30, 2022 |
| acquisition price | 1,508 million yen |
| Appraisal value (Note 1) | 1,670 million yen |
| Appraisal NOI yield (Note1) | 5.5% |
| Remaining years of lease agreement (Note 2) | 10.1 years |
| Operator | Nichii Carepalace |



Paid nursing home-44 Hanakotoba Oppama

- A paid nursing home with care service operated by Proud Life, a subsidiary of Sony Financial Holdings that operates mainly in Kanagawa Prefecture. Located along a national route, about 10 minutes' walk from the nearest station.
- In addition to its high brand value, the facility features competitive pricing and high quality care and medical services, including multiple nursing staff on duty 365 days a year, and maintains a high occupancy rate.



| | |
|--|------------------------|
| Location | Yokosuka-shi, Kanagawa |
| Construction completion | July 2011 |
| acquisition date | November 10, 2022 |
| acquisition price | 500 million yen |
| Appraisal value (Note 1) | 509 million yen |
| Appraisal NOI yield (Note1) | 5.0% |
| Remaining years of lease agreement (Note 2) | 29.8 years |
| Operator | Proud Life |



(Note 1) Figures in Appraisal NOI, Appraisal NOI yield and Appraisal Value are as of January 31, 2023. Appraisal NOI is rounded down to the nearest million yen and Appraisal NOI yield to the first decimal place.

(Note 2) Remaining years of lease agreement is as of January 31, 2023, rounded down to the first decimal place.

2. Asset Replacement②

HCM's first asset disposition, with the aim of improving the quality and profitability of the portfolio over the medium- to long-term.

Disposed and Acquired Assets

Disposed Asset



| | |
|---|--|
| Name | Medical Rehabilitation Home Bonsejour Komaki |
| Location | Komaki-shi, Aichi |
| Construction completion | March 1991 |
| Disposition date | September 27, 2022 |
| Disposition price | 1,450 million yen |
| Initial Acquisition Price | 1,270 million yen |
| Remaining years of lease agreement (Note 1) | 4.3 years |
| Operator | Benesse Style Care |



Acquired Asset



| | |
|--------------------------|-------------------|
| Name | Nichii Home Inage |
| Acquisition price | 1,508 million yen |



| | |
|--------------------------|-------------------|
| Name | Hanakotoba Oppama |
| Acquisition price | 500 million yen |

Effect of asset replacement

Building age (Note 2)

31.9 years (Disposed asset) → **14.1 years** (Acquired Asset)

Remaining years of lease agreement (Note 2)

4.3 years (Disposed Asset) → **15.0 years** (Acquired Asset)

Gain on disposition
204 million yen

- Continue to focus on the expansion of asset size
- Also consider property replacements as necessary from the perspective of improving the quality and profitability of the portfolio over the medium- to long-term.

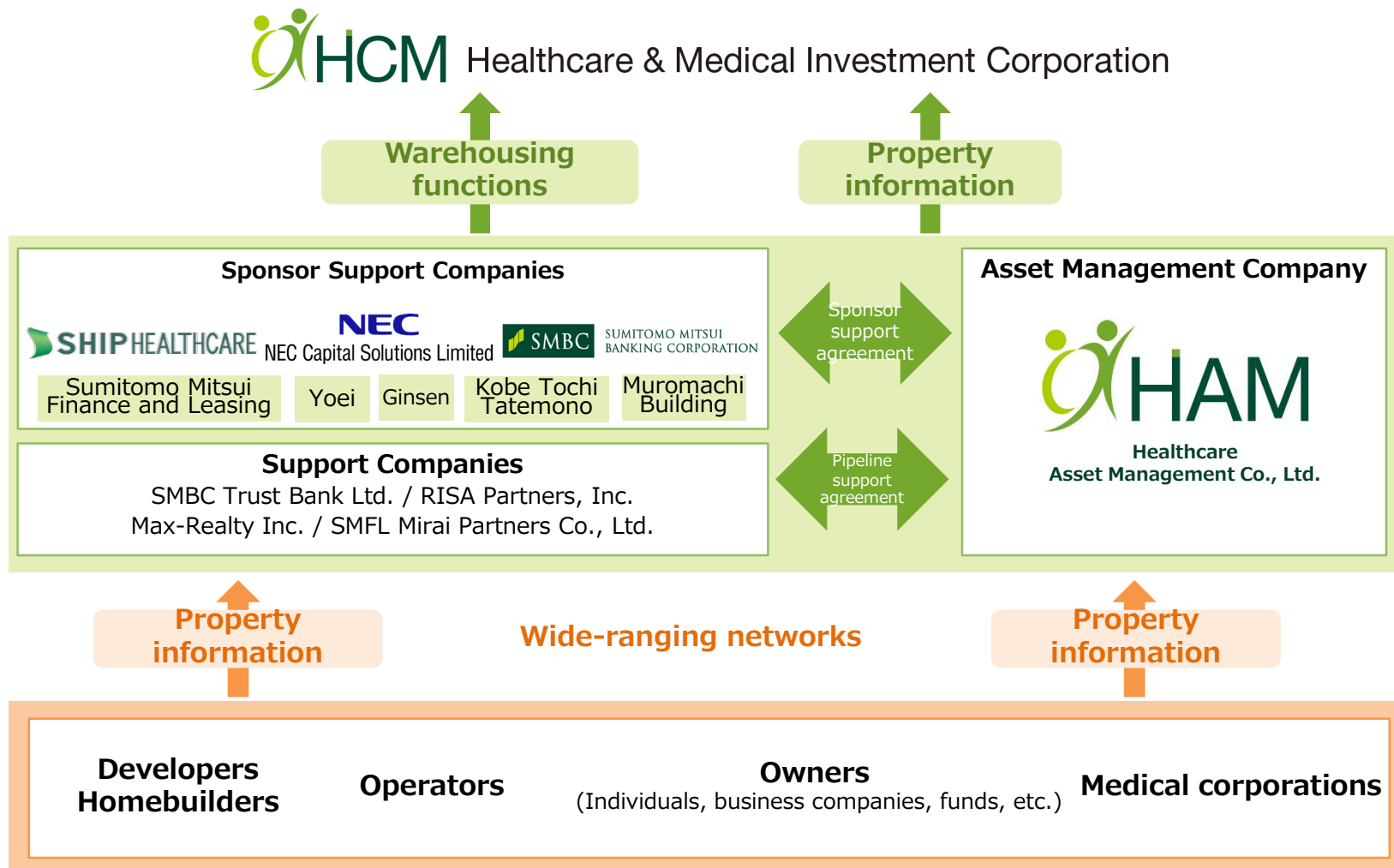
(Note 1) The figures is indicated on the assumption of continuous ownership until the end of the 16th fiscal period (January 31, 2023).

(Note 2) Remaining years of lease agreement is calculated based on the figure as of the end of the 16th fiscal period (January 31, 2023). However, for the acquired assets, the figures are weighted averages based on the acquisition prices of the two properties, rounded down to the first decimal place.

3. 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.

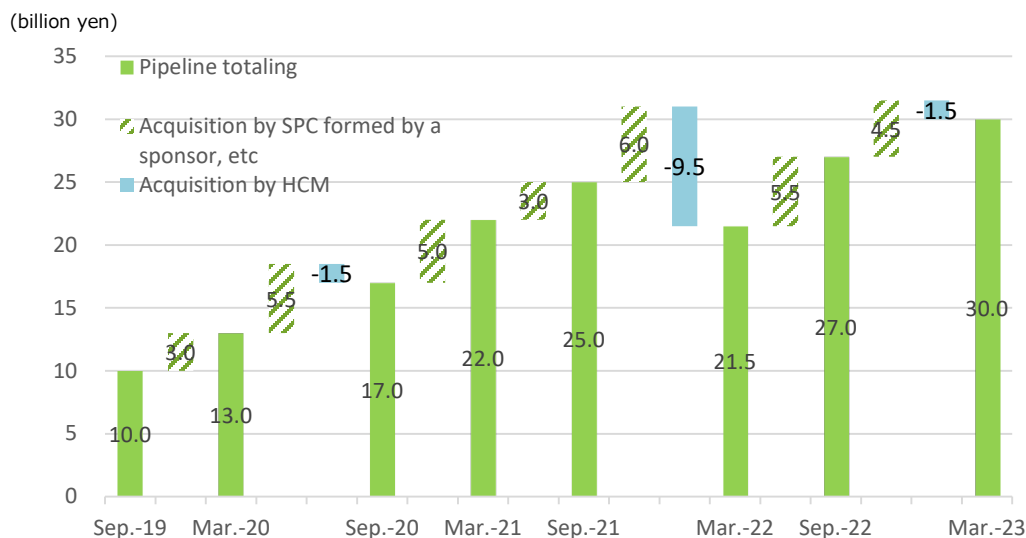
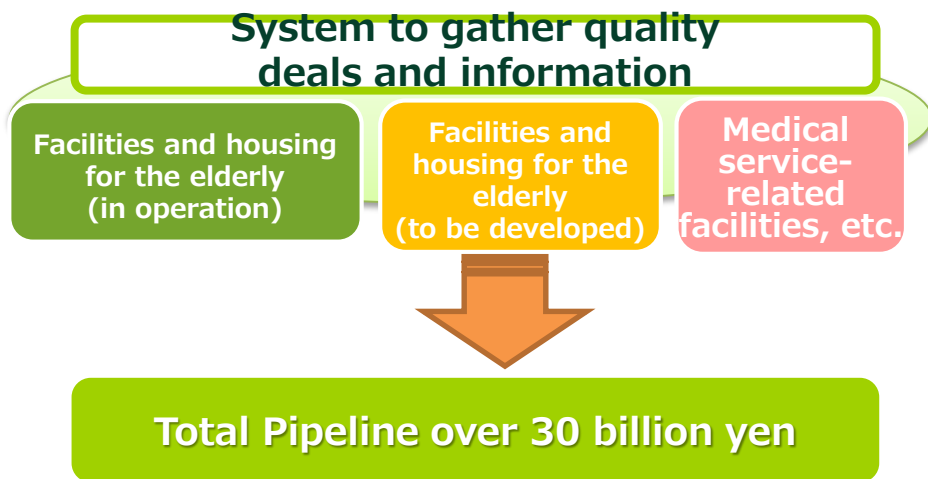
System to Gather Quality Deals and Information



3. Expansion of Pipeline②

The pipeline has accumulated to about 30 billion yen in total.

The States of Pipeline Accumulation



(Note) The above properties are some of healthcare facilities owned by sponsors, etc. The acquisition is undecided and there is no guarantee that HCM will acquire the property in the future.

Pipeline Examples

Facilities and Housing for the Elderly(in operation)



Paid nursing home

Hapine Esaka
(Suita-shi, Osaka; 46 rooms)

Change of ownership of residential type paid nursing home. Captured the previous owner's selling needs through sponsor's network. Operated by Ship Healthcare Group, maintains stable operation in a favorable location.



Paid nursing home

(Soka-shi, Saitama; 150 rooms)



Paid nursing home

(Sano-shi, Tochigi; 50 rooms)

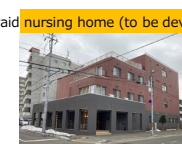
Facilities and Housing for the Elderly(to be developed)



Paid nursing home (to be developed)

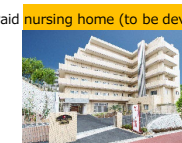
PD House Higashiosaka
(Higashiosaka-shi, Osaka; 48 rooms)

Utilized a warehousing function of a non-sponsor company, to capture a new developer's needs of exiting from development project. A paid nursing home specializing in Parkinson's disease. Opened in July 2022.



Paid nursing home (to be developed)

(Sapporo-shi, Hokkaido; 52 rooms)



Paid nursing home (to be developed)

(Itabashi-ku, Tokyo; 83 rooms)

4. Actions for Acquisition of Hospital Property

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 sets for hospital real estate alone

4

Promotion for market expansion

- Lectures on utilization of Healthcare REIT at industry group meetings (Congress of Japan Hospital Association, etc.)
- Participation in seminars for medical care-related operators hosted by the Financial Services Agency and the Ministry of Land, Infrastructure, Transport and Tourism

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, 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 |
| Operator | 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 sponsors

ESG Initiatives

IV

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"> Reduction of water resource consumption Energy conservation and reduction of CO₂ emissions Response to natural disasters caused by climate change (Resilience) Waste management and reduction | <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) Use of Environmentally Friendly Materials (GreenLife Moriguchi) Landslide Prevention Measures (Hanakotoba Oppama) |      |
| Social | <ul style="list-style-type: none"> Elimination of the shortage of supply of housing for the elderly against the elderly population Prevention of job separation due to nursing care through the promotion of supply of nursing care facilities Improvement of business efficiency and reduction of work burden for nursing care staff Prevention of abuse of residents and harassment of facility staff Response to the deterioration of hospitals and promotion of earthquake resistance Work-life balance, health of staff, etc. | <ul style="list-style-type: none"> Introduced EGAO link, a system for enhancing efficiency of nursing care services (ASHEIM Hikarigaoka and ASHEIM Bunkyoakusan) Operator employment support for people with disabilities (GreenLife Moriguchi, SHIP SENRI BUILDING) Tenant (Operator) Satisfaction Surveys Employee satisfaction survey at the Asset Management Company, continued implementation of Premium Friday, and introduction of a corporate-type defined contribution plan |        |
| 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) Establishment of a system in which an external third party periodically verifies the operation status of the warehousing rules in order to appropriately manage transactions with interested parties. Continue to share examples of initiatives taken by each department and exchange opinions at the "Customer-Oriented Committee" of the Asset Management Company Monthly compliance workshops held at the asset management company |     |

2. Environment①

External Evaluation/Environmental Certification

● GRESB

- Participation in the GRESB from 2022
HCM received a "1 Star" rating in the GRESB Real Estate Assessment and the highest "A Level" rating in the GRESB Public Disclosure.



● TCFD Recommendations

- In March 2023, HCM announced its support for TCFD (Task Force on Climate-related Financial Disclosure) and participated in the TCFD Consortium, an organization of domestic TCFD supporting companies



● BELS Evaluation

- The following HCM properties have been rated by BELS (Building-housing Energy-efficiency Labeling System)

NOAH GARDEN L Grace



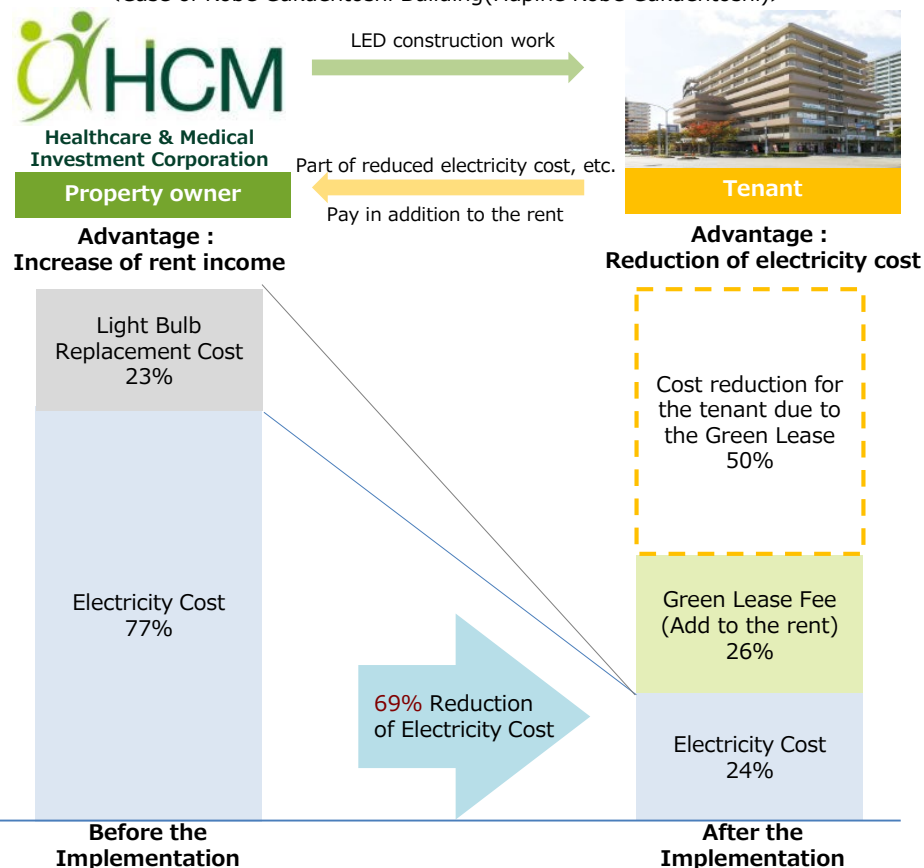
NOAH GARDEN Season Bell



Conversion of Lighting Equipment to LEDs (Green Lease)

- Converted lighting equipment in common-area to LEDs, reducing electricity consumption by about 70%. Both HCM and tenants receive economic benefits from the introduction of green lease agreements. (2021, Kobe Gakuentoshi Building)

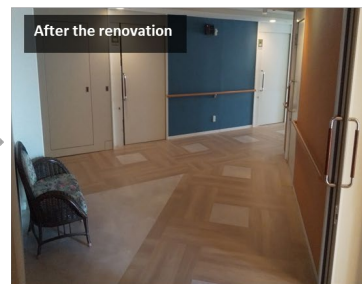
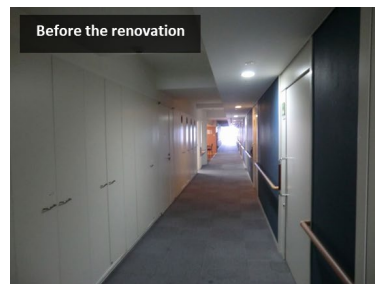
<Case of Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)>



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.

Use of Environmentally Friendly Materials

- Environmentally friendly products were used when replacing the floors (2022, GreenLife Moriguchi)
- ✓ Half the amount of products weight consists of recycled materials, which reduced CO₂ emissions (recycled from discarded agricultural vinyl and scrap materials generated during manufacturing)
- ✓ Easy to clean flooring, which improved sanitation
- ✓ Improved safety due to fewer steps



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

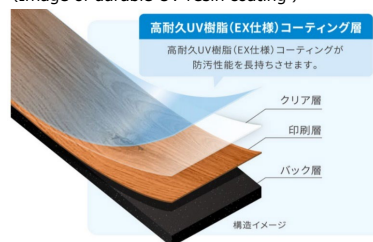
| CO ₂ emissions | Reduction ratio of CO ₂ emissions | Reduction amount of CO ₂ emissions |
|---------------------------|--|---|
| 17.7 Ton | 53 % | 9.4 Ton |

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

(Image of recycle)



(Image of durable UV resin coating)



Improving Resilience (adaptability to disasters, etc.)

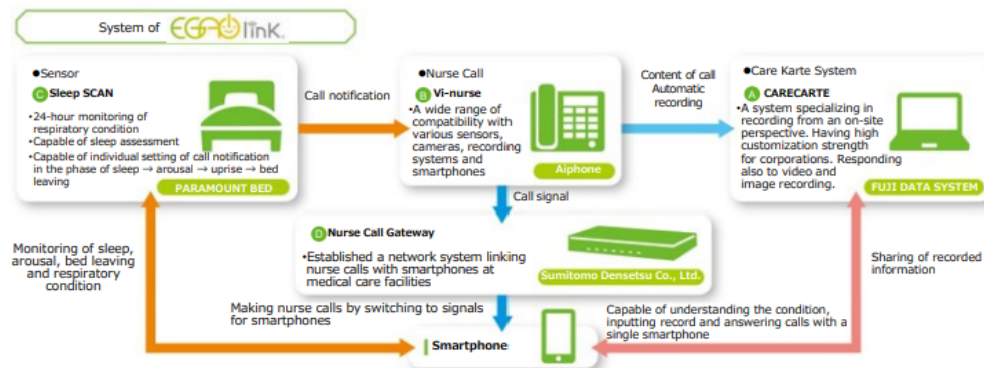
- Although safety measures such as spraying mortar and installing a retaining wall had already been implemented to the steep slopes extending from east to south side of “Hanakotoba Oppama”, HCM acquired the property after the seller implemented additional landslide prevention measures to strengthen safety for the sake of long-term investment in the healthcare facility. (2022)

【Before the implementing of the measures】 【After the implementing of the measures】



System Investment Utilizing ICT(EGAO link)

- Introduced a system capable of understanding of situation, input records, and response to calls with smartphone, supported the improvement of efficiency of nursing care services.(ASHEIM Hikarigaoka, ASHEIM Bunkyo Hakusan)



(Source) AS PARTNERS Co., Ltd.

➤ Effect of Introduction of EGAO link

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

Reducing night-time regular inspection by using watching sensors

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

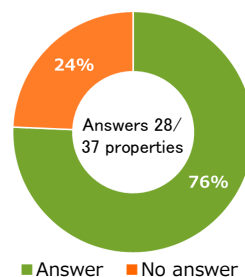
Reducing the number of nurse calls through monitoring using smartphones

Stakeholder Engagement

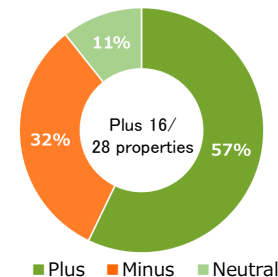
- HAM conducts a satisfaction survey of operators of its properties on a regular basis (in principle once a year), and shares the results of this survey (requests, issues, etc.) with the property management company to increase operator satisfaction.

Survey results (conducted in February 2022)

Survey collection rate



Satisfaction NPS (Number of satisfaction – Number of dissatisfaction)

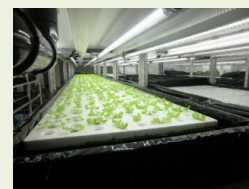


- Interviews with operators in the asset management report (optional page) disseminated operator features and initiatives.

Employment Support for People with Disabilities

- Taking advantage of available space in the facility, hydroponic cultivation of vegetables is carried out as a job assistance project for people with disabilities. (Green Life Moriguchi, SHIP Senri Building)

GreenLife Moriguchi (GREEN LIFE Co., Ltd.)



Basic Management Policy

- 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.

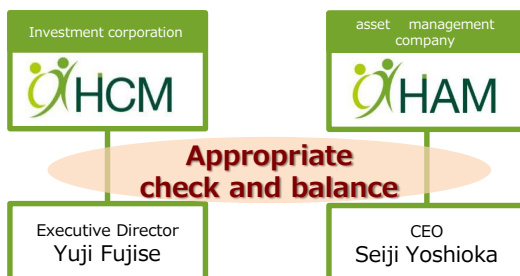


- Acquisition fee for property acquisition from related party and Disposition fee for property disposition to related party

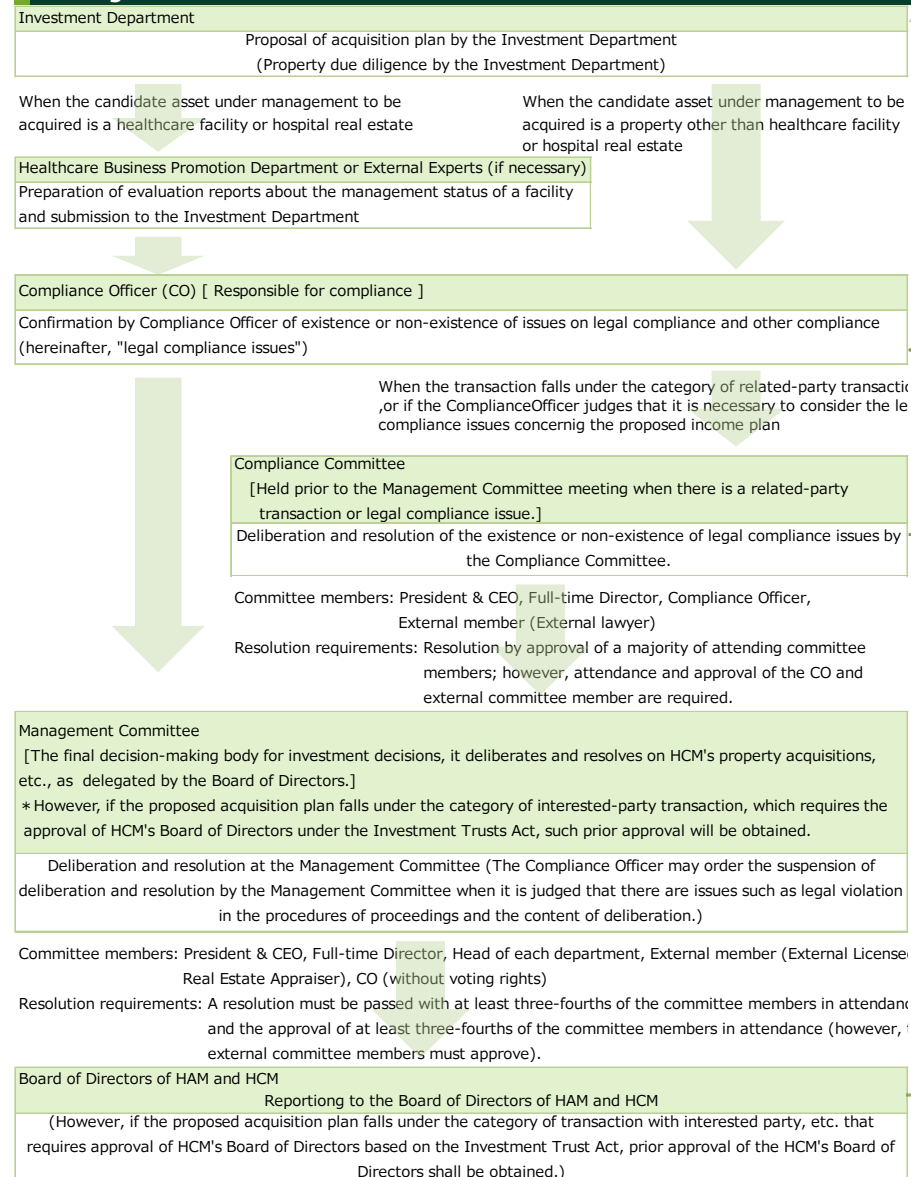
Acquisition or Disposition price \times **0.5%** (usually 1.0%) is upper limit

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



Instruct
ions for
cancell
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change
of
content

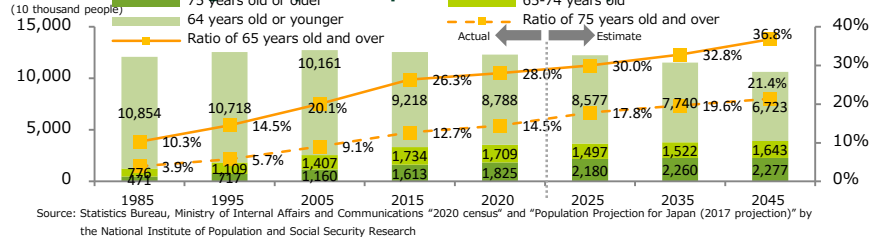
Environment Surrounding the Healthcare Industry



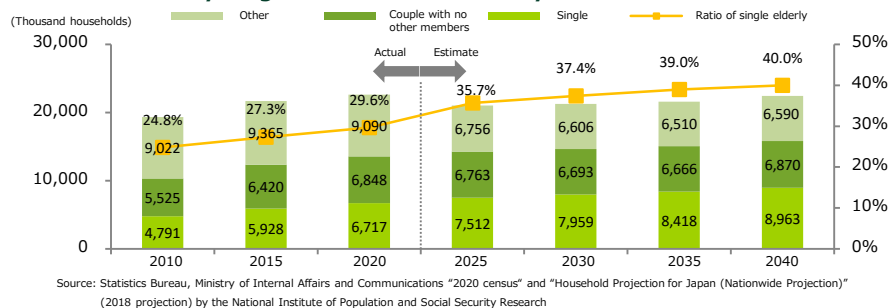
1. Supply and Demand of Healthcare Facilities

Rising Elderly Ratio and Increase in Elderly Single Households

Outlook of Change in Japan's Population and Elderly Ratio



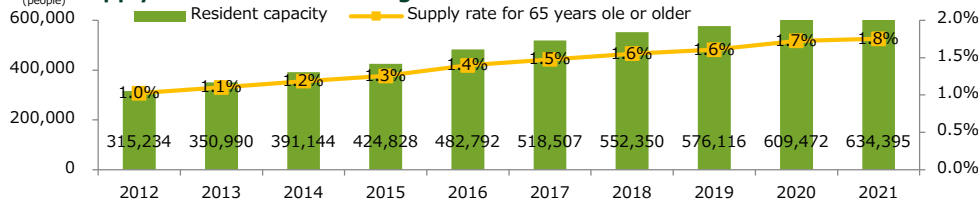
Ratio of Elderly Single Households in Elderly Households



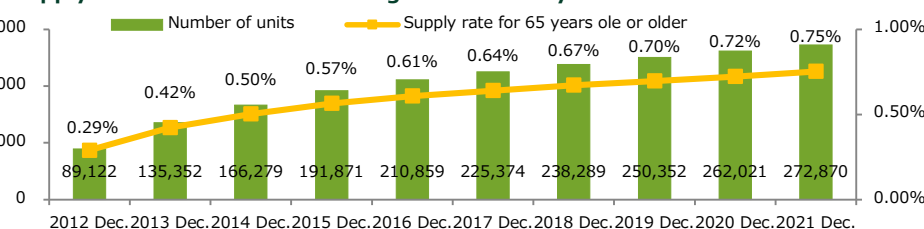
Promotion of Further Supply of Healthcare Facilities

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 1.8% in 2021, and promotion of further supply is needed.

Supply Status of Paid Nursing Homes



Supply Status of Serviced Housing for the Elderly



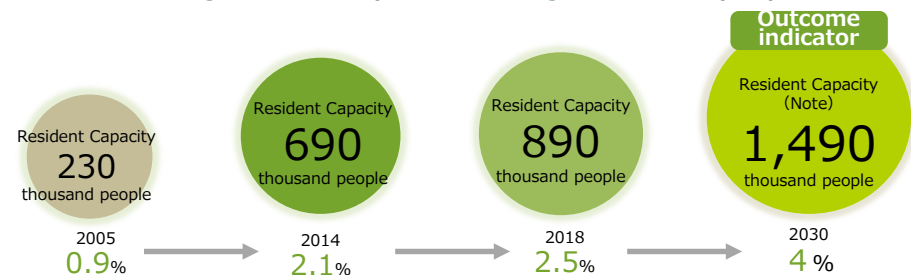
Upgrades and Expansion of Healthcare Facilities Backed by Government Policy

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

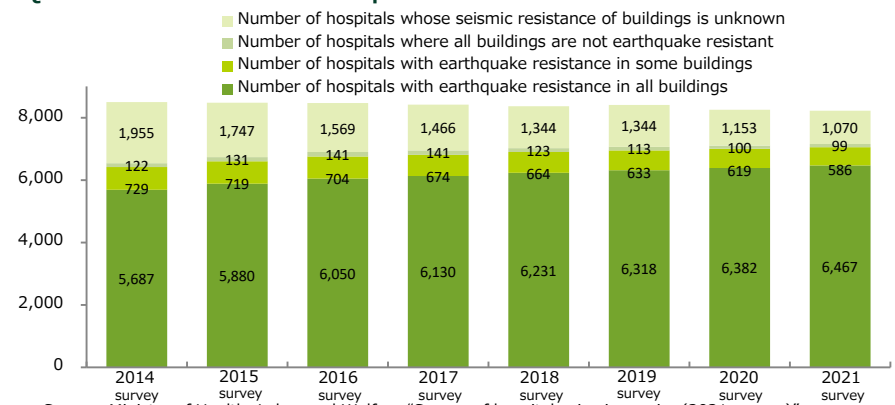


(Note) Resident capacity is estimated based on the outcome indicator for the ratio of housing for the elderly as a percentage of the elderly population.

Current Status of Reconstruction of Hospitals, etc.

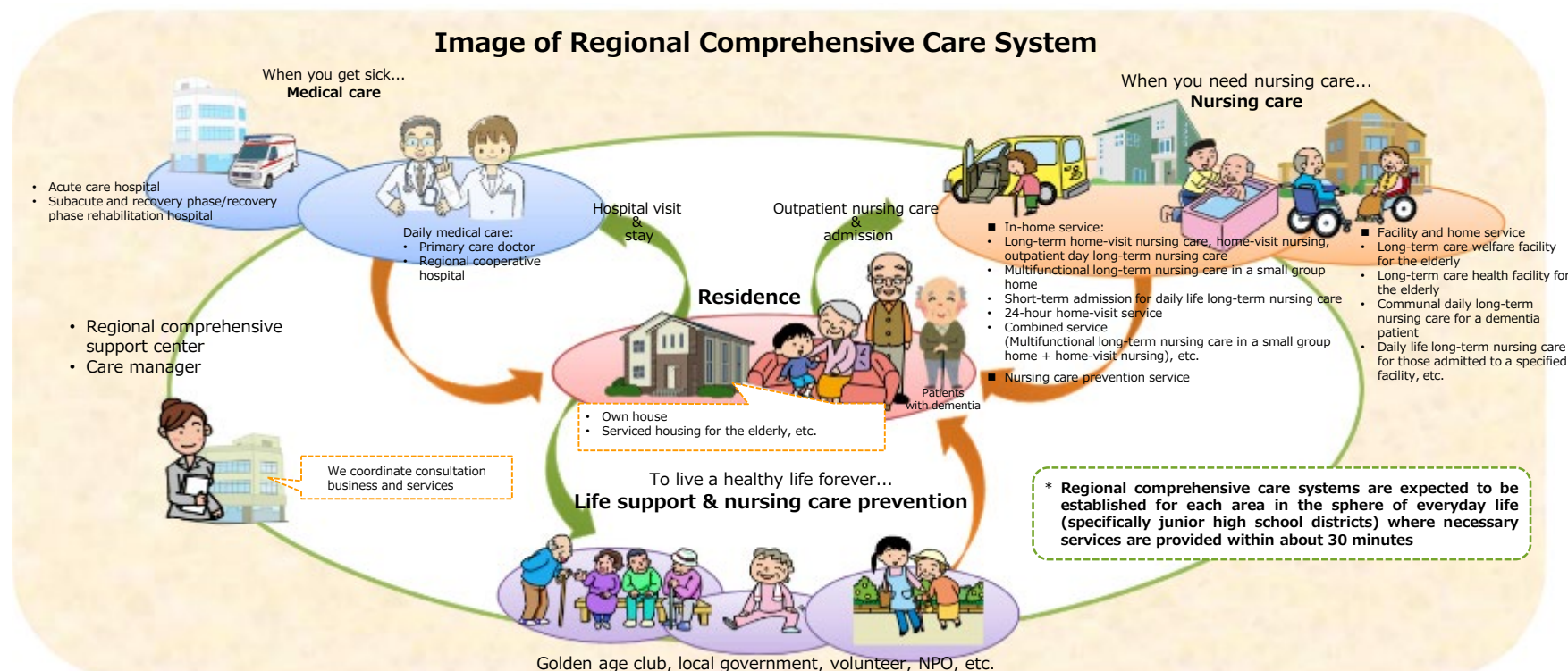
- Hospitals that were constructed in the 1960's and 1970's and do not meet the earthquake resistance standards still exist.
- Ratio of quake-resistant paid nursing homes is 95% or more while that of quake-resistant hospitals remains at 77.3%.

Quake-resistant statues of hospitals



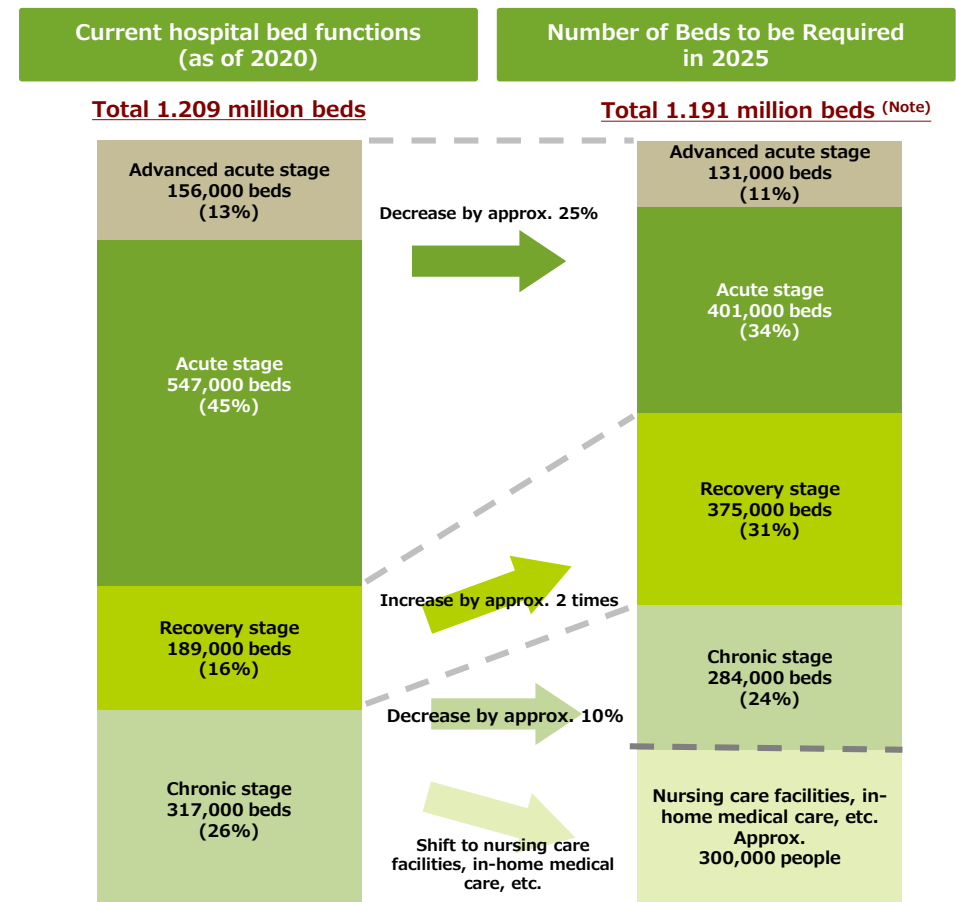
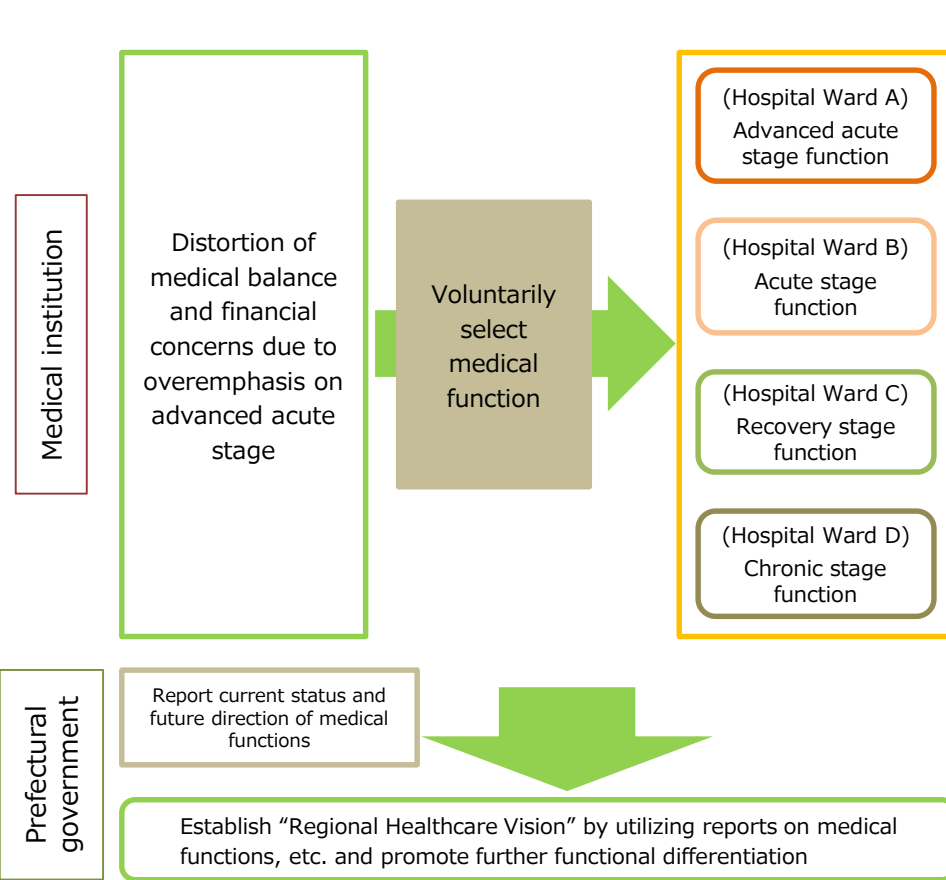
Regional Comprehensive Care System

- 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.**



3. 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.

4. 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 |
| Geriatric health services facilities | 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 |

Appendix

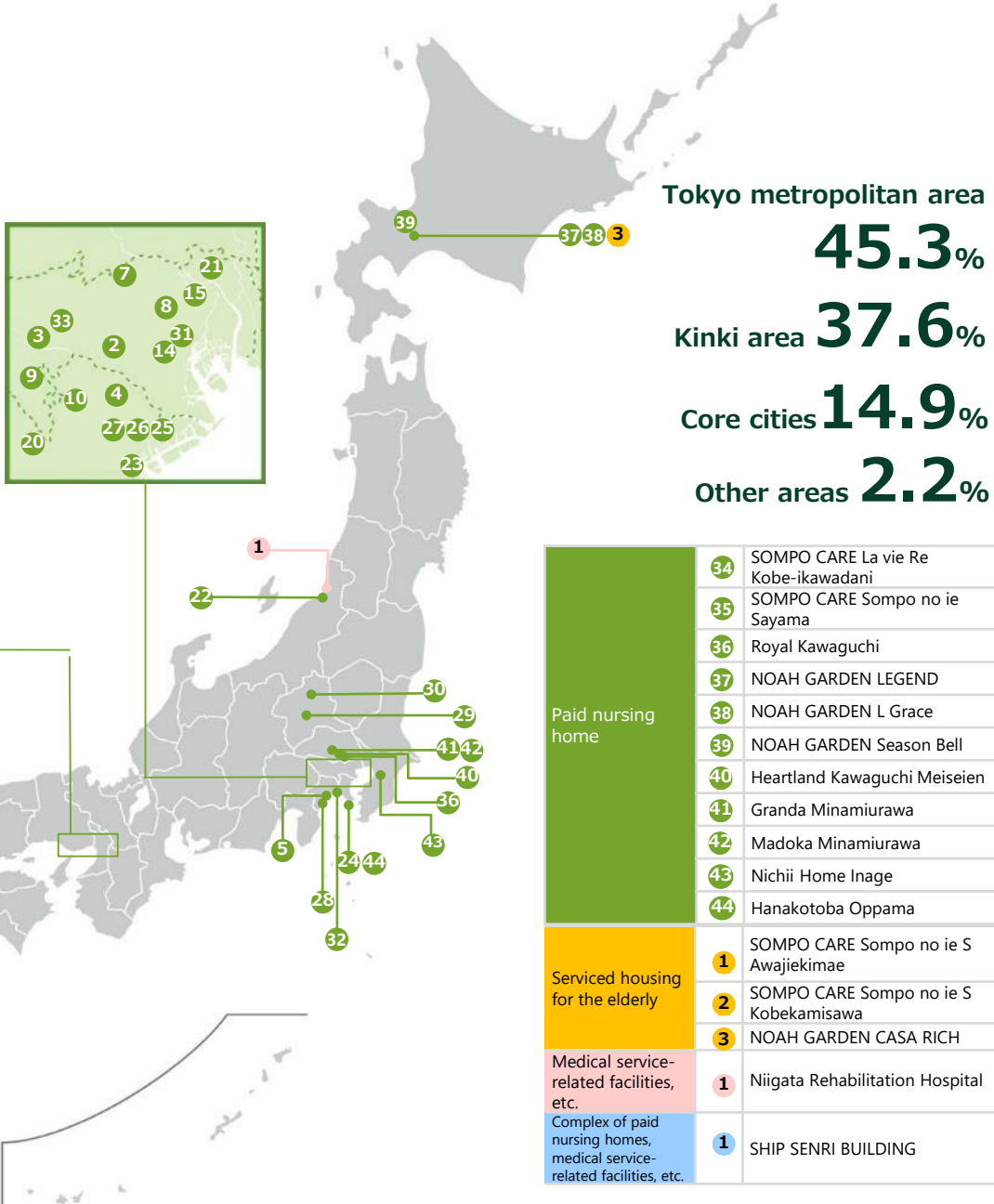


Portfolio Map

Ratio of investment in three major metropolitan areas

82.9%

Strategic investment in three major metropolitan areas



| | | |
|---|----|---|
| Paid nursing home | 1 | AQUAMARINE Nishinomiyahama |
| | 2 | Bonsejour Chitose-funabashi |
| | 3 | Bonsejour Hino |
| | 4 | Bonsejour Musashi-shinjo |
| | 5 | Medical Rehabilitation Home Bonsejour Hadanoshibusawa |
| | 7 | ASHEIM Hikarigaoka |
| | 8 | ASHEIM Bunkyohakusan |
| | 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 |
| Serviced housing for the elderly | 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 Nishikokubunji |
| Medical service-related facilities, etc. | 34 | SOMPO CARE La vie Re Kobe-ikawadani |
| | 35 | SOMPO CARE Sompno ie Sayama |
| | 36 | Royal Kawaguchi |
| Complex of paid nursing homes, medical service-related facilities, etc. | 37 | NOAH GARDEN LEGEND |
| | 38 | NOAH GARDEN L Grace |
| | 39 | NOAH GARDEN Season Bell |
| | 40 | Heartland Kawaguchi Meiseien |
| | 41 | Granda Minamiurawa |
| | 42 | Madoka Minamiurawa |
| | 43 | Nichii Home Inage |
| | 44 | Hanakotoba Oppama |
| | 1 | SOMPO CARE Sompno ie S Awajiekimae |
| | 2 | SOMPO CARE Sompno ie S Kobekamisawa |
| | 3 | NOAH GARDEN CASA RICH |
| | 1 | Niigata Rehabilitation Hospital |
| | 1 | SHIP SENRI BUILDING |

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 |
|  |  |  |  |  |





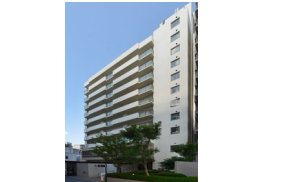
| | | | | | |
|---|--|--|-----------------------------------|---|--|
| Location | 4-15-2 Nishinomiya, Nishinomiya-shi, Hyogo | 1-37-3 Funabashi, Setagaya-ku, Tokyo | 438-1 Ochikawa, Hino-shi, Tokyo | 773-2 Chitose, Takatsu-ku, Kawasaki-shi, Kanagawa | 1-6-60 Shibusawakami, Hadano-shi, Kanagawa |
| Nearest 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% | 6.5% |
| Appraisal value ^(Note 1) | 2,100 million yen | 997 million yen | 834 million yen | 643 million yen | 850 million yen |
| Acquisition price (ratio) | 1,950 million yen (2.5%) | 824 million yen (1.0%) | 724 million yen (0.9%) | 582 million yen (0.7%) | 728 million yen (0.9%) |
| 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) | 99.0% | 78.7% | 93.1% | 95.9% | 89.1% |
| Operator | GREEN LIFE | Benesse Style Care | Benesse Style Care | Benesse Style Care | Benesse Style Care |
| Remaining years of lease agreement ^(Note 4) | 14.3 years | 3.3 years | 3.3 years | 3.8 years | 4.3 years |

Details of Portfolio②



| Paid nursing home | | | | |
|---|---|--|---|---|
| ⑦ | ⑧ | ⑨ | ⑩ | ⑪ |
| ASHEIM Hikarigaoka | ASHEIM Bunkyo Hakusan | SOMPO CARE La vie Re Machida Onoiji | SOMPO CARE La vie Re Azamino | SAWAYAKA Tachibanakan |
|  |  |  |  |  |

| Location | 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 | 173-15 Oaza Ryugeji, Hakata-ku, Fukuoka-shi, Fukuoka |
|---|--|---|---|---|---|---|
| Nearest station | 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 | Sasahara Station on the JR Kagoshima Honsen Line |
| Construction completion | March 2006 | February 2007 | October 2007 | | March 2004 | October 2005 |
| 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) | 76 million yen | 74 million yen | 193 million yen | | 156 million yen | 93 million yen |
| Appraisal NOI yield ^(Note 1) | 5.5% | 5.2% | 5.3% | | 5.1% | 6.1% |
| Appraisal value ^(Note 1) | 1,590 million yen | 1,790 million yen | 4,140 million yen | | 3,480 million yen | 1,610 million yen |
| Acquisition price (ratio) | 1,385 million yen (1.7%) | 1,430 million yen (1.8%) | 3,580 million yen (4.5%) | | 3,050 million yen (3.8%) | 1,520 million yen (1.9%) |
| Site area | 2,868.46 m ² | 540.29 m ² | 7,404.13 m ² | | 2,748.64 m ² | 3,359.66 m ² |
| Leasable area | 3,628.60 m ² | 2,507.25 m ² | 7,720.17 m ² | | 5,789.25 m ² | 5,652.94 m ² |
| Structure/ number of floors ^(Note 2) | RC, 3F | RC, 8F | RC, B1 6F | | RC, B1 5F | RC, B1 6F |
| Number of rooms/resident capacity | 83 rooms, 89 people | 50 rooms, 52 people | 163 rooms, 169 people | | 145 rooms, 145 people | 104 rooms, 104 people |
| occupancy rate ^(Note 3) | 86.5% | 92.3% | 80.5% | | 95.9% | 94.2% |
| Operator | AS PARTNERS | AS PARTNERS | Sampo Care | | Sampo Care | Sawayaka Club |
| Remaining years of lease agreement ^(Note 4) | 11.1 years | 4.1 years | 4.7 years | | 4.4 years | 5.0 years |

Details of Portfolio③






| Paid nursing home | | | | | |
|---|---|---|--|---|---|
| | ⑫ | ⑬ | ⑭ | ⑮ | ⑯ |
| | SAWAYAKA Mekarikan | SAWAYAKA Tagawakan | GOOD TIME HOME Fudo-mae | Bonsejour Yotsugi | Medical Home Bonsejour Itami |
| |  |  |  |  |  |
| Location | 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 | 1-2-25 Chuo, Itami-shi, Hyogo |
| Nearest station | 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 | Hankyu Itami Station on the Hankyu Railway Itami Line |
| Construction completion | November 2005 | January 2006 | March 1992 | March 1989 | March 1989 |
| Acquisition period | Fiscal period ended July 2015 | Fiscal period ended July 2015 | Fiscal period ended July 2015 | Fiscal period ended July 2016 | Fiscal period ended July 2016 |
| Appraisal NOI ^(Note 1) | 85 million yen | 25 million yen | 91 million yen | 47 million yen | 38 million yen |
| Appraisal NOI yield ^(Note 1) | 6.2% | 6.4% | 5.2% | 5.7% | 7.5% |
| Appraisal value ^(Note 1) | 1,480 million yen | 398 million yen | 2,100 million yen | 905 million yen | 557 million yen |
| Acquisition price (ratio) | 1,380 million yen (1.7%) | 390 million yen (0.5%) | 1,740 million yen (2.2%) | 824 million yen (1.0%) | 514 million yen (0.6%) |
| Site area | 3,758.26 m ² | 4,300.90 m ² | 1,206.60 m ² | 1,136.46 m ² | 1,976.11 m ² |
| Leasable area | 4,720.46 m ² | 2,366.20 m ² | 3,400.20 m ² | 1,962.89 m ² | 2,129.87 m ² |
| Structure/ number of floors ^(Note 2) | RC, 4F | RC, 3F | RC, B1 5F | RC, 5F | SRC, 11F (Exclusive portion) |
| Number of rooms/resident capacity | 95 rooms, 95 people | 60 rooms, 60 people | 61 rooms, 67 people | 61 rooms, 65 people | 62 rooms, 64 people |
| occupancy rate ^(Note 3) | 89.5% | 98.3% | 85.1% | 81.5% | 71.9% |
| Operator | Sawayaka Club | Sawayaka Club | JAPAN LIFEDESIGN | Benesse Style Care | Benesse Style Care |
| Remaining years of lease agreement ^(Note 4) | 5.0 years | 5.0 years | 3.8 years | 2.9 years | 4.3 years |

Details of Portfolio④

| Paid nursing home | | | | |
|---|---|--|---|---|
| ⑰ | ⑱ | ⑲ | ⑳ | ㉑ |
| Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi) | GreenLife Moriguchi | Hapine Kobe Uozaki Nibankan | Granda Tsuruma-Yamato | Smiling Home Medice Adachi |
|  |  |  |  |  |

| | | | | | |
|--|--|---|--|--|---|
| Location | 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 | 3-35-10 Minamihanabatake, Adachi-ku, Tokyo |
| Nearest station | 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 | Rokucho Station on the Tsukuba Express |
| Construction completion | January 2009 | September 2006 | March 2010 | March 1998 | November 2005 |
| Acquisition period | Fiscal period ended July 2017 | Fiscal period ended July 2017 | Fiscal period ended July 2017 | Fiscal period ended July 2017 | Fiscal period ended July 2017 |
| Appraisal NOI (Note 1) | 226 million yen | 220 million yen | 48 million yen | 53 million yen | 120 million yen |
| Appraisal NOI yield (Note 1) | 5.2% | 5.3% | 5.2% | 5.3% | 5.3% |
| Appraisal value (Note 1) | 4,600 million yen | 4,650 million yen | 1000 million yen | 1,060 million yen | 2,560 million yen |
| Acquisition price (ratio) | 4,320 million yen (5.5%) | 4,150 million yen (5.2%) | 930 million yen (1.2%) | 1,000 million yen (1.3%) | 2,253 million yen (2.8%) |
| Site area | 2,742.81 m ² | 5,872.83 m ² | 932.94 m ² | 2,877.11 m ² | 2,069.41 m ² |
| Leasable area | 12,636.48 m ² | 8,356.85 m ² | 1,772.89 m ² | 3,427.08 m ² | 3,870.98 m ² |
| Structure/ number of floors (Note 2) | RC, B1 9F | S RC, 9F | S, B1 4F | RC S, 5F | RC, 4F |
| Number of rooms/resident capacity | 131 rooms, 138 people | 155 rooms, 189 people | 47 rooms, 47 people | 73 rooms, 90 people | 82 rooms, 82 people |
| occupancy rate (Note 3) | 92.8% | 100.0% | 95.7% | 73.3% | 90.2% |
| Operator | GREEN LIFE | GREEN LIFE | GREEN LIFE | Benesse Style Care | GREEN LIFE HIGASHI NIHON Co., Ltd. |
| Remaining years of lease agreement (Note 4) | 18.1 years | 16.7 years | 18.1 years | 1.1 years | 14.0 years |

Details of Portfolio⑤

| Paid nursing home | | | | |
|---|---|--|---|---|
| ②② | ②③ | ②④ | ②⑤ | ②⑥ |
| Aikoen Ichibankan Building (Aikoen Ichibankan) | Hanakotoba Minami | Hanakotoba Miura | SOMPO CARE La vie Re Hama-Kawasaki | Hanakotoba Shin-Yokohama |
|  |  |  |  |  |

| | | | | | |
|--|---|---|---|---|---|
| Location | 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 | 1-11-5 Shinyokohama, Kohoku-ku, Yokohama-shi, Kanagawa |
| Nearest station | 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 | Shin-Yokohama Station on the Yokohama Municipal Subway Blue Line and the JR Yokohama Line |
| Construction completion | February 2010 | February 2010 | June 2007 | March 2007 | March 2004 |
| Acquisition period | Fiscal period ended July 2017 | Fiscal period ended January 2019 | Fiscal period ended January 2019 | Fiscal period ended July 2019 | Fiscal period ended July 2019 |
| Appraisal NOI (Note 1) | 43 million yen | 56 million yen | 35 million yen | 89 million yen | 109 million yen |
| Appraisal NOI yield (Note 1) | 5.6% | 5.2% | 5.6% | 5.2% | 5.2% |
| Appraisal value (Note 1) | 838 million yen | 1,270 million yen | 668 million yen | 1,850 million yen | 2,460 million yen |
| Acquisition price (ratio) | 770 million yen (1.0%) | 1,071 million yen (1.4%) | 615 million yen (0.8%) | 1,710 million yen (2.2%) | 2,071 million yen (2.6%) |
| Site area | 2,597.52 m ² | 428.76 m ² | 1,017.55 m ² | 2,832.33 m ² | 894.00 m ² |
| Leasable area | 4,311.20 m ² | 1,710.68 m ² | 1,959.64 m ² | 4,060.21 m ² | 5,230.23 m ² |
| Structure/number of floors (Note 2) | S, 5F | RC, 7F | RC, 4F | RC, 4F (exclusively-owned portion) | RC, 9F |
| Number of rooms/resident capacity | 90 rooms, 90 people | 51 rooms, 51 people | 53 rooms, 54 people | 58 rooms, 58 people | 136 rooms, 136 people |
| occupancy rate (Note 3) | 90.0% | 94.1% | 100.0% | 89.7% | 90.4% |
| Operator | Medical Corporation AIKOKAI | Proud Life Inc. | Proud Life Inc. | Sompo Care | Proud Life Inc. |
| Remaining years of lease agreement (Note 4) | 13.5 years | 9.8 years | 9.8 years | 4.9 years | 9.8 years |

Details of Portfolio⑥






| Paid nursing home | | | | |
|---|---|--|---|---|
| 27 | 28 | 29 | 30 | 31 |
| Hanakotoba Shin-Yokohama II | Hanakotoba Odawara | Verde Minowa | Verde Hotaka | Sunny Life Kita-Shinagawa |
|  |  |  |  |  |

| | | | | | |
|--|---|---|--|--|--|
| Location | 1-11-11 Shinyokohama, Kohoku-ku, Yokohama-shi, Kanagawa | 3-9-12 Sakawa, Odawara-shi, Kanagawa | 839-4 Aza Machiyabo, Kamishiba, Misatomachi, Takasaki-shi, Gunma | 1221 Aza Maebara, Oaza Namashina, Kawaba-mura, Tone-gun, Gunma | 3-8-6 Kitashinagawa, Shinagawa-ku, Tokyo |
| Nearest station | 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 | Shimbamba Station on the Keikyu Line |
| Construction completion | April 2007 | September 2009 | November 2003 (Building 1) February 1974 (Building 2) | September 1982 (Building 1) July 1989 (Building 2) | September 2018 |
| 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) | 21 million yen | 49 million yen | 109 million yen | 91 million yen | 90 million yen |
| Appraisal NOI yield (Note 1) | 5.8% | 5.6% | 6.7% | 6.9% | 4.9% |
| Appraisal value (Note 1) | 384 million yen | 946 million yen | 1,730 million yen | 1,460 million yen | 2,090 million yen |
| Acquisition price (ratio) | 375 million yen (0.5%) | 880 million yen (1.1%) | 1,620 million yen (2.0%) | 1,328 million yen (1.7%) | 1,825 million yen (2.3%) |
| Site area | 375.00 m ² | 1,202.12 m ² | 7,920.29 m ² | 4,375.31 m ² | 1,105.12 m ² |
| Leasable area | 1,837.29 m ² | 2,203.42 m ² | 11,098.17 m ² | 6,352.86 m ² | 2,135.54 m ² |
| Structure/number of floors (Note 2) | RC, B1 7F | RC, 4F | S, 5F (Building 1) S RC, 8F (Building 2) | S SRC, 5F (Building 1) S, 2F (Building 2) | S, 3F |
| Number of rooms/resident capacity | 29 rooms, 30 people | 60 rooms, 65 people | 174 rooms, 206 people | 121 rooms, 174 people | 66 rooms, 66 people |
| occupancy rate (Note 3) | 96.7% | 98.5% | 96.1% | 98.9% | 86.4% |
| Operator | Proud Life Inc. | Proud Life Inc. | Verde Corporation | Verde Corporation | Kawashima Corporation |
| Remaining years of lease agreement (Note 4) | 9.8 years | 9.8 years | 4.3 years | 4.3 years | 20.7 years |

Details of Portfolio⑦

| Paid nursing home | | | | | |
|---|---|---|--|---|---|
| | ③② | ③③ | ③④ | ③⑤ | ③⑥ |
| | Sunny Life Kamakura | Nichii Home Nishikokubunji | SOMPO CARE La vie Re Kobe-ikawadani | SOMPO CARE Sompno ie Sayama | Royal Kawaguchi |
| |  |  |  |  |  |
| Location | 214-4 Aza Kichime, Kamimachiya, Kamakura-shi, Kanagawa | 2-11-22 Nishikoigakubo, Kokubunji-shi, Tokyo | 1745-1 Ozaki, Arise, Ikawadanicho, Nishi-ku, kobe-shi, Hyogo | 548-1 Minaminoda, Higashi-ku Sakai-shi, Osaka | 2-5-24 Aoki, Kawaguchi-shi, Saitama |
| Nearest station | Shonan-Machiya Station on the Shonan Monorail | Nishikokubunji Station on the JR Chuo Line | Ikawadani Station on the Kobe Municipal Subway Seishin-Yamate Line | Sayama Station on the Nankai Koya Line | Kawaguchi-Motogo Station on the Saitama Railway |
| Construction completion | September 2014 | September 1990 | April 2009(New construction) December 2015(Expansion) | August 2005 | October 2008 |
| Acquisition period | Fiscal period ended July 2020 | Fiscal period ended July 2021 | Fiscal period ended July 2022 | Fiscal period ended July 2022 | Fiscal period ended July 2022 |
| Appraisal NOI ^(Note 1) | 76 million yen | 36 million yen | 63 million yen | 32 million yen | 62 million yen |
| Appraisal NOI yield ^(Note 1) | 5.3% | 5.0% | 4.9% | 5.4% | 4.9% |
| Appraisal value ^(Note 1) | 1,620 million yen | 777 million yen | 1,300 million yen | 647 million yen | 1,340 million yen |
| Acquisition price (ratio) | 1,418 million yen (1.8%) | 720 million yen (0.9%) | 1,288 million yen (1.6%) | 600 million yen (0.8%) | 1,260 million yen (1.6%) |
| Site area | 2,055.67 m ² | 1,948.41 m ² | 3,606.00 m ² | 2,264.75 m ² | 2,294.91m ² |
| Leasable area | 3,817.91 m ² | 1,559.99 m ² | 3,824.54 m ² | 1,997.87 m ² | 3,484.02m ² |
| Structure/ number of floors ^(Note 2) | S, 5F | S, 3F | RC・S, 4F | S, 3F | RC, 3F |
| Number of rooms/resident capacity | 128 rooms, 128 people | 46 rooms, 46 people | 80 rooms, 80 people | 50 rooms, 50 people | 56 rooms, 56 people |
| occupancy rate ^(Note 3) | 89.1% | 91.3% | 82.5% | 84.0% | 91.1% |
| Operator | Kawashima Corporation | Nichii Carepalace | Sompo Care Inc. | Sompo Care Inc. | SENIOR LIFE SUPPORT |
| Remaining years of lease agreement ^(Note 4) | 16.7 years | 0.1 years (Note 5) | 13.1 years | 2.6 years | 26.6 years |

Details of Portfolio⑧

| Paid nursing home | | | | | |
|---|---|---|--|---|---|
| | ③⑦ | ③⑧ | ③⑨ | ④⑩ | ④① |
| | NOAH GARDEN LEGEND | NOAH GARDEN L Grace | NOAH GARDEN Season Bell | Heartland Kawaguchi Meiseien | Granda Minamiurawa |
| |  |  |  |  |  |
| Location | 10-4-3 2-Jo, Utsukushigaoka, Kiyota-ku, Sapporo-shi, Hokkaido | 10-4-1 2-Jo, Utsukushigaoka, Kiyota-ku, Sapporo-shi, Hokkaido | 5-3-1 1-Jo, Fukuzumi, Toyohira-ku, Sapporo-shi, Hokkaido | 3-10-17 Kamiaoki, Kawaguchi-shi, Saitama | 63-2 Nishinotsuma, Koyaba, Kawaguchi-shi, Saitama |
| Nearest station | Kaminoppo Station on the JR Chitose Line | Kaminoppo Station on the JR Chitose Line | Fukuzumi Station on the Sapporo City Subway | Hatogaya Station on the Saitama Railway | Minami-Urawa Station on the JR Keihin-Tohoku Line |
| Construction completion | October 2015 | October 2017 | December 2019 | January 2006 | July 2011 |
| Acquisition period | Fiscal period ended July 2022 | Fiscal period ended July 2022 | Fiscal period ended July 2022 | Fiscal period ended July 2022 | Fiscal period ended July 2022 |
| Appraisal NOI ^(Note 1) | 48 million yen | 35 million yen | 78 million yen | 100 million yen | 49 million yen |
| Appraisal NOI yield ^(Note 1) | 5.6% | 5.6% | 5.8% | 5.0% | 4.8% |
| Appraisal value ^(Note 1) | 910 million yen | 660 million yen | 1,520 million yen | 2,230 million yen | 1,100 million yen |
| Acquisition price (ratio) | 859 million yen (1.1%) | 622 million yen (0.8%) | 1,350 million yen (1.7%) | 2,000 million yen (2.5%) | 1,022 million yen (1.3%) |
| Site area | 9,012.28㎡ | 9,012.28㎡ | 3,636.38㎡ | 1,996.66㎡ | 2,620.05㎡ |
| Leasable area | 2,736.89㎡ | 2,075.25㎡ | 4,602.26㎡ | 3,885.90㎡ | 2,373.25㎡ |
| Structure/ number of floors ^(Note 2) | RC, 4F | RC, 4F | RC, 5F | RC, 6F | S, 3F |
| Number of rooms/resident capacity | 72 rooms, 72 people | 51 rooms, 51 people | 136 rooms, 136 people | 97 rooms, 100 people | 58 rooms, 60 people |
| occupancy rate ^(Note 3) | 72.2% | 92.2% | 71.3% | 100.0% | 85.0% |
| Operator | NOAH KONZER | NOAH KONZER | NOAH KONZER | MEISHO | Benesse Style Care |
| Remaining years of lease agreement ^(Note 4) | 27.1 years | 27.1 years | 29.1 years | 8.6 years | 18.4 years |

Details of Portfolio⑨

| Paid nursing home | | | |
|---|---|---|---|
| | ④② | ④③ | ④④ |
| | Madoka Minamiurawa | Nichii Home Inage | Hanakotoba Oppama |
| |  |  |  |
| Location | 58 Nishinotsuma, Koyaba, Kawaguchi-shi, Saitama | 2153-2 Miyanogicho, Inage-ku, Chiba-shi, Chiba | 1-1-11 Oppamacho, Yokosuka-shi, Kanagawa |
| Nearest station | Minami-Urawa Station on the JR Keihin-Tohoku Line | Inage Station on the JR Sobu Line | Keikyu-Taura station on the Keikyu Line |
| Construction completion | April 2005 | February 2008 | July 2011 |
| Acquisition period | Fiscal period ended July 2022 | Fiscal period ended January 2023 | Fiscal period ended January 2023 |
| Appraisal NOI ^(Note 1) | 39 million yen | 83 million yen | 25 million yen |
| Appraisal NOI yield ^(Note 1) | 4.8% | 5.5% | 5.0% |
| Appraisal value ^(Note 1) | 883 million yen | 1670 million yen | 509 million yen |
| Acquisition price (ratio) | 822 million yen (1.0%) | 1508 million yen (1.9%) | 500 million yen (0.6%) |
| Site area | 2,620.05㎡ | 2,444.12㎡ | 1,499.82㎡ |
| Leasable area | 1,918.98㎡ | 4,700.07㎡ | 1,899.46㎡ |
| Structure/ number of floors ^(Note 2) | S, 3F | RC, 4F | S, 5F |
| Number of rooms/resident capacity | 54 rooms, 54 people | 85 rooms, 95 people | 59 rooms, 59 people |
| occupancy rate ^(Note 3) | 98.1% | 61.1% | 96.6% |
| Operator | Benesse Style Care | Nichii Carepalace | Proud Life Inc. |
| Remaining years of lease agreement ^(Note 4) | 2.2 years | 10.1 years | 29.8 years |

Details of Portfolio⁽¹⁰⁾

| | Serviced housing for the elderly | | | Medical service-related facilities, etc. | Paid nursing home· medical service-related facilities, etc. |
|---|---|---|--|---|---|
| | ① | ② | ③ | ① | ① |
| | SOMPO CARE Sompō no ie S Awajiekimae | SOMPO CARE Sompō no ie S Kobekamisawa | NOAH GARDEN CASA RICH | Niigata Rehabilitation Hospital | SHIP SENRI BUILDING |
| |  |  |  |  |  |
| Location | 3-20-26 Awaji, Higashiyodogawa-ku, Osaka-shi, Osaka | 8-2-5 Kamisawadori, Hyogo-ku, Kobe-shi, Hyogo | 10-4-5 2-Jo, Utsukushigaoka, Kiyota-ku, Sapporo-shi, Hokkaido | 761 Kizaki, Kita-ku, Niigata-shi, Niigata | 1-4-3 Shinsenri-higashimachi, Toyonaka-shi, Osaka |
| Nearest station | Awaji Station on the Hankyu Railway Kyoto and Senri Lines | Kamisawa Station on the Kobe Municipal Subway Seishin-Yamate Line | Kaminoppo Station on the JR Chitose Line | Hayadori Station on the JR Hakushin Line | Senri-Chuo Station on the Kita-Osaka Kyuko Namboku Line and the Osaka Monorail |
| Construction completion | June 2009 | June 2009 | March 2015(New construction) October 2016(Expansion) | April 1990 (Building 1) February 2001 (Building 2) | September 2008 |
| Acquisition period | Fiscal period ended July 2015 | Fiscal period ended July 2015 | Fiscal period ended July 2022 | Fiscal period ended January 2018 | Fiscal period ended July 2019 |
| Appraisal NOI ^(Note 1) | 116 million yen | 72 million yen | 91 million yen | 153 million yen | 678 million yen |
| Appraisal NOI yield ^(Note 1) | 6.0% | 6.0% | 5.6% | 7.4% | 5.2% |
| Appraisal value ^(Note 1) | 2,350 million yen | 1,420 million yen | 1,730 million yen | 2,300 million yen | 14,200 million yen |
| Acquisition price (ratio) | 1,930 million yen (2.4%) | 1,200 million yen (1.5%) | 1,619 million yen (2.0%) | 2,060 million yen (2.6%) | 12,920 million yen (16.3%) |
| Site area | 1,251.26 m ² | 743.22 m ² | 9,012.28m ² | 15,056.85 m ² | 4,202.65 m ² |
| Leasable area | 5,745.15 m ² | 4,058.35 m ² | 4,986.98m ² | 13,476.55 m ² | 24,813.85 m ² |
| Structure/ number of floors ^(Note 2) | RC, 12F | S, 9F | RC, 4F (SECOND COURT : 5F) | RC, 3F (Building 1) S, 5F (Building 2) | RC, B1 11F |
| Number of rooms/resident capacity | 137rooms, 137 people | 85 rooms, 85 people | 115 rooms, 115 people | 168 beds | Hospital: 400 beds Paid nursing home: 181 rooms, 200 people |
| occupancy rate ^(Note 3) | 74.5% | 87.1% | 73.9% | - | Paid nursing home: 100 % |
| Operator | Sompo Care | Sompo Care | NOAH KONZER | Medical Corporation AIKOKAI | Kyowakai Medical Corporation GREEN LIFE |
| Remaining years of lease agreement ^(Note 4) | 11.5 years | 11.5 years | 27.1 years | 24.1 years | 15.7 years |

(Note 1) Figures in Appraisal NOI, Appraisal NOI yield and Appraisal Value are as of January 31, 2023. 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, 2023, rounded down to the first decimal place.

(Note 5) As of the date of this document, the lease period has been extended to March 11, 2028.

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 Prime Market | 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 | 23.8 (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 Prime Market | 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 S Awajiekimae SOMPO CARE Sompo no ie S Kobekamisawa SOMPO CARE La vie Re Hama-Kawasaki SOMPO CARE La vie Re Kobe-ikawadani SOMPO CARE Sompo no ie Sayama | 16.9 |
| Kyowakai Medical Corporation |  | 4 (Note 4) | 6 | - | A major medical corporation operating a wide range of businesses including six hospitals (2,108 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) | 9.6 |
| Benesse Style Care Co., Ltd. |  | 343 | — | A consolidated subsidiary of Benesse Holdings, Inc., which is listed on the TSE Prime Market | 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 Bonsejour Yotsugi Medical Home Bonsejour Itami Granda Tsuruma-Yamato Granda Minamiurawa Madoka Minamiurawa | 8.9 |
| Proud Life Inc. |  | 31 | — | A consolidated subsidiary of Sony Group Corporation, which is listed on the TSE Prime Market | 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 Hanakotoba Oppama | 7.0 |
| NOAH KONZER Co.,Ltd |  | 23 | — | Unlisted company | The company operates facilities and for the elderly 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. | NOAH GARDEN LEGEND NOAH GARDEN L Grace NOAH GARDEN Season Bell NOAH GARDEN CASA RICH | 5.6 |

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 | | | | |
| Sawayaka Club Co., Ltd. |  | 94 | — | A of UCHIYAMA HOLDINGS Co., Ltd., which is listed on the TSE Standard Market | Operates facilities under the SAWAYAKA brand (low price range without advance fees) around Japan, centering on Fukuoka Prefecture. | SAWAYAKA Tachibanakan SAWAYAKA Mekarikan SAWAYAKA Tagawakan | 4.2 |
| Kawashima Corporation |  | 145 | — | 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 | 4.1 |
| 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 | 3.7 |
| Medical Corporation AIKOKAI |  | 13 | 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 | 3.6 |
| 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 | 3.6 |
| 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 Nichii Home Inage | 2.8 |
| Meisho Co., Ltd. |  | 31 | — | Unlisted company | Having Sonoda Medical Corporation as its parent organization, the company operates paid nursing homes and such in Tokyo, Saitama and Chiba Prefectures. | Heartland Kawaguchi Meiseien | 2.5 |
| 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 | 2.2 |
| SENIOR LIFE SUPPORT Co.,Ltd | | 2 | — | A affiliate of Zensho Holdings Co., Ltd., which is listed on the TSE Prime Market | The company is a nursing care service provider under the umbrella of Zensho Holdings Co., Ltd., which operates food service and such. | Royal Kawaguchi | 1.6 |

(Note 1) "Number of facilities" indicates figures tallied by the Asset Management Company based on information obtained from each company (including announced materials) and information on its website (as of March 31, 2023).

(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 2.8%.

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

(Note 5) Indicates the actual figures in September 2023 based on NSG Group's website.

Summary of Appraisal Report①

| Property name | Appraisal company | End of January 2023 Appraisal value (million yen) (A) | Summary of Appraisal Report (Note 1) | | | | | | End of July 2022 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 | 2,100 | 0 |
| Bonsejour Chitose-funabashi | The Tanizawa Sogo Appraisal Co., Ltd. | 997 | 1,020 | 4.3 | 987 | 4.4 | 4.5 | 48 | 997 | 0 |
| Bonsejour Hino | The Tanizawa Sogo Appraisal Co., Ltd. | 834 | 849 | 4.7 | 827 | 4.8 | 4.9 | 43 | 818 | +16 |
| 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 |
| ASHEIM Hikarigaoka | Japan Real Estate Institute | 1,590 | 1,590 | 4.5 | 1,590 | 4.3 | 4.6 | 76 | 1,560 | +30 |
| ASHEIM Bunkyohakusan | Japan Real Estate Institute | 1,790 | 1,800 | 4.1 | 1,780 | 3.9 | 4.2 | 74 | 1,750 | +40 |
| SOMPO CARE La vie Re Machidaonoji | Japan Real Estate Institute | 4,140 | 4,160 | 4.5 | 4,110 | 4.3 | 4.6 | 193 | 4,050 | +90 |
| SOMPO CARE La vie Re Azamino | Japan Real Estate Institute | 3,480 | 3,500 | 4.3 | 3,450 | 4.1 | 4.4 | 156 | 3,400 | +80 |
| SAWAYAKA Tachibanakan | Japan Real Estate Institute | 1,610 | 1,620 | 5.3 | 1,590 | 5.1 | 5.5 | 93 | 1,580 | +30 |
| SAWAYAKA Mekarikan | Japan Real Estate Institute | 1,480 | 1,490 | 5.4 | 1,460 | 5.2 | 5.6 | 85 | 1,450 | +30 |
| SAWAYAKA Tagawakan | Japan Real Estate Institute | 398 | 401 | 5.5 | 395 | 5.3 | 5.7 | 25 | 391 | +7 |
| GOOD TIME HOME Fudo-mae | Japan Real Estate Institute | 2,100 | 2,120 | 4.1 | 2,080 | 3.9 | 4.2 | 91 | 2,050 | +50 |
| Bonsejour Yotsugi | The Tanizawa Sogo Appraisal Co., Ltd. | 905 | 922 | 4.6 | 897 | 4.7 | 4.8 | 47 | 886 | +19 |
| Medical Home Bonsejour Itami | The Tanizawa Sogo Appraisal Co., Ltd. | 557 | 566 | 5.1 | 553 | 5.2 | 5.3 | 38 | 557 | 0 |
| Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi) | Daiwa Real Estate Appraisal Co., Ltd. | 4,600 | 4,600 | 4.5 | 4,580 | 4.3 | 4.7 | 226 | 4,540 | +60 |
| GreenLife Moriguchi | Daiwa Real Estate Appraisal Co., Ltd. | 4,650 | 4,720 | 4.4 | 4,620 | 4.2 | 4.6 | 220 | 4,500 | +150 |
| Hapine Kobe Uozaki Nibankan | Daiwa Real Estate Appraisal Co., Ltd. | 1,000 | 1,020 | 4.5 | 997 | 4.3 | 4.7 | 48 | 995 | +5 |
| 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 |
| Smiling Home Medice Adachi | The Tanizawa Sogo Appraisal Co., Ltd. | 2,560 | 2,590 | 4.5 | 2,540 | 4.6 | 4.7 | 120 | 2,500 | +60 |
| AIKOEN ICHIBANKAN Building | The Tanizawa Sogo Appraisal Co., Ltd. | 838 | 840 | 5.1 | 837 | 5.2 | 5.3 | 43 | 860 | △22 |
| Hanakotoba Minami | Japan Real Estate Institute | 1,270 | 1,280 | 4.3 | 1,260 | 4.1 | 4.4 | 56 | 1,240 | +30 |
| Hanakotoba Miura | The Tanizawa Sogo Appraisal Co., Ltd. | 668 | 676 | 4.8 | 665 | 4.9 | 5.0 | 35 | 668 | 0 |
| SOMPO CARE La vie Re Hama-Kawasaki | JLL Morii Valuation & Advisory K.K. | 1,850 | 1,880 | 4.5 | 1,820 | 4.3 | 4.7 | 89 | 1,810 | +40 |
| Hanakotoba Shin-Yokohama | Japan Real Estate Institute | 2,460 | 2,480 | 4.1 | 2,440 | 3.9 | 4.2 | 109 | 2,400 | +60 |

Summary of Appraisal Report②

| Property name | Appraisal company | End of January 2023 Appraisal value (million yen) (A) | Summary of Appraisal Report (Note 1) | | | | | | End of July 2022 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 (%) | | | |
| Hanakotoba Shin-Yokohama II | Japan Real Estate Institute | 384 | 385 | 5.0 | 382 | 4.8 | 5.2 | 21 | 383 | +1 |
| Hanakotoba Odawara | The Tanizawa Sogo Appraisal Co., Ltd. | 946 | 959 | 4.9 | 941 | 5.0 | 5.1 | 49 | 946 | 0 |
| Verde Minowa | Daiwa Real Estate Appraisal Co., Ltd. | 1,730 | 1,740 | 4.9 | 1,720 | 4.7 | 5.1 | 109 | 1,700 | +30 |
| Verde Hotaka | Daiwa Real Estate Appraisal Co., Ltd. | 1,460 | 1,470 | 5.3 | 1,450 | 5.1 | 5.5 | 91 | 1,430 | +30 |
| Sunny Life Kita-Shinagawa | Daiwa Real Estate Appraisal Co., Ltd. | 2,090 | 2,120 | 4.2 | 2,070 | 4.0 | 4.4 | 90 | 2,040 | +50 |
| Sunny Life Kamakura | The Tanizawa Sogo Appraisal Co., Ltd. | 1,620 | 1,640 | 4.4 | 1,610 | 4.5 | 4.6 | 76 | 1,620 | 0 |
| Nichii Home Nishikokubunji | Daiwa Real Estate Appraisal Co., Ltd. | 777 | 790 | 4.2 | 771 | 4.0 | 4.4 | 36 | 760 | +17 |
| SOMPO CARE La vie Re Kobe-ikawadani | Rich Appraisal Institute Co., Ltd. | 1,300 | 1,320 | 4.3 | 1,290 | 4.1 | 4.5 | 63 | 1,300 | 0 |
| SOMPO CARE Sompno ie Sayama | Rich Appraisal Institute Co., Ltd. | 647 | 656 | 4.7 | 643 | 4.5 | 4.9 | 32 | 647 | 0 |
| Royal Kawaguchi | Daiwa Real Estate Appraisal Co., Ltd. | 1,340 | 1,350 | 4.2 | 1,330 | 4.0 | 4.4 | 62 | 1,310 | +30 |
| NOAH GARDEN LEGEND | The Tanizawa Sogo Appraisal Co., Ltd. | 910 | 920 | 5.1 | 910 | 5.2 | 5.3 | 48 | 910 | 0 |
| NOAH GARDEN L Grace | The Tanizawa Sogo Appraisal Co., Ltd. | 660 | 660 | 5.1 | 660 | 5.2 | 5.3 | 35 | 660 | 0 |
| NOAH GARDEN Season Bell | The Tanizawa Sogo Appraisal Co., Ltd. | 1,520 | 1,530 | 5.0 | 1,520 | 5.1 | 5.2 | 78 | 1,520 | 0 |
| Heartland Kawaguchi Meiseien | Japan Real Estate Institute | 2,230 | 2,240 | 4.2 | 2,210 | 4.0 | 4.3 | 100 | 2,180 | +50 |
| Granda Minamiurawa | Rich Appraisal Institute Co., Ltd. | 1,100 | 1,110 | 4.1 | 1,090 | 3.9 | 4.2 | 49 | 1,100 | 0 |
| Madoka Minamiurawa | Rich Appraisal Institute Co., Ltd. | 883 | 893 | 4.1 | 879 | 3.9 | 4.2 | 39 | 883 | 0 |
| Nichii Home Inage | Rich Appraisal Institute Co., Ltd. | 1,670 | 1,700 | 4.6 | 1,660 | 4.4 | 4.8 | 83 | — | +1,670 |
| Hanakotoba Oppama | The Tanizawa Sogo Appraisal Co., Ltd. | 509 | 512 | 4.4 | 508 | 4.5 | 4.6 | 25 | — | +509 |
| SOMPO CARE Sompno ie S Awajiekimae | Japan Real Estate Institute | 2,350 | 2,370 | 4.8 | 2,320 | 4.6 | 5.0 | 116 | 2,250 | +100 |
| SOMPO CARE Sompno ie S Kobekamisawa | Japan Real Estate Institute | 1,420 | 1,430 | 4.9 | 1,400 | 4.7 | 5.1 | 72 | 1,390 | +30 |
| NOAH GARDEN CASA RICH | The Tanizawa Sogo Appraisal Co., Ltd. | 1,730 | 1,740 | 5.1 | 1,720 | 5.2 | 5.3 | 91 | 1,730 | 0 |
| Niigata Rehabilitation Hospital | Japan Real Estate Institute | 2,300 | 2,310 | 6.5 | 2,290 | 6.3 | 6.7 | 153 | 2,300 | 0 |
| SHIP SENRI BUILDING | The Tanizawa Sogo Appraisal Co., Ltd. | 14,200 | 14,400 | 4.5 | 14,100 | 4.5~4.6 | 4.7 | 678 | 14,200 | 0 |
| Total | | 88,206 | 89,126 | — | 85,574 | — | — | 4,390 | 86,364 | +3,292 |
| Difference (except The assets acquired in 16th FP) | | | | | | | | | | +1,113 |

(Note 1) "Appraisal value" is based on the appraisal report with January 31, 2023, 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 SHIP Senri Building, the rate is 4.5% for 1 year and 4.6% for 2 years onward.

(Note 3) "Appraisal NOI" indicates net operating income obtained by direct capitalization method stated in real estate appraisal report with January 31, 2023 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.

Status of Income/Expenditure of Properties①

(Unit: thousand yen)

| Property name | Real estate lease business revenue | | Real estate lease business expenses | | | | | | | 16th FP NOI (Note 2) | 15th FP NOI (Note 2) |
|---|------------------------------------|---------------|-------------------------------------|--------------|-------------|-----------------|--------------------|-------------------------------|-------|-------------------------|-------------------------|
| | Rent revenue | Other revenue | | Property tax | Outsourcing | Repair expenses | Insurance expenses | Depreciation and amortization | Other | | |
| AQUAMARINE Nishinomiyahama | Not disclosed (Note 1) | | 26,760 | 4,249 | 2,100 | 2,175 | 236 | 17,599 | 400 | 58,181 | 59,888 |
| Bonsejour Chitose-funabashi | | | 5,610 | 1,813 | 225 | - | 122 | 3,048 | 401 | 21,371 | 21,366 |
| Bonsejour Hino | | | 5,078 | 1,247 | 214 | - | 85 | 3,130 | 400 | 19,473 | 19,496 |
| Bonsejour Musashi-shinjo | | | 4,128 | 1,030 | 167 | - | 82 | 2,447 | 400 | 16,136 | 16,138 |
| Medical Rehabilitation Home Bonsejour Hadanoshibusawa | | | 8,399 | 1,813 | 213 | - | 154 | 5,817 | 400 | 21,114 | 21,097 |
| Medical Rehabilitation Home Bonsejour Komaki (Note 3) | | | 5,447 | 2,158 | 62 | - | 225 | 2,875 | 124 | 11,427 | 39,542 |
| ASHEIM Hikarigaoka | | | 16,407 | 3,868 | 381 | 72 | 212 | 11,471 | 400 | 40,813 | 40,364 |
| ASHEIM Bunkyo Hakusan | | | 12,304 | 2,572 | 381 | - | 129 | 8,819 | 400 | 39,003 | 38,453 |
| SOMPO CARE La vie Re Machidaonoji | | | 49,166 | 5,945 | 780 | 2,457 | 392 | 39,190 | 400 | 95,024 | 95,522 |
| SOMPO CARE La vie Re Azamino | | | 33,085 | 4,705 | 780 | 2,500 | 285 | 24,413 | 400 | 76,528 | 75,520 |
| SAWAYAKA Tachibanakan | | | 26,635 | 2,669 | 1,200 | - | 370 | 21,994 | 400 | 47,216 | 47,213 |
| SAWAYAKA Mekarikan | | | 26,483 | 2,982 | 1,200 | - | 273 | 21,628 | 400 | 43,378 | 43,375 |
| SAWAYAKA Tagawakan | | | 8,485 | 1,106 | 1,200 | - | 119 | 5,659 | 400 | 12,858 | 12,856 |
| GOOD TIME HOME Fudo-mae | | | 16,856 | 3,061 | 600 | 1,935 | 182 | 10,677 | 400 | 44,821 | 46,566 |
| Bonsejour Yotsugi | | | 4,933 | 949 | 223 | - | 73 | 3,286 | 400 | 20,718 | 20,660 |
| Medical Home Bonsejour Itami | | | 6,531 | 1,388 | 371 | - | 111 | 4,260 | 400 | 13,951 | 13,949 |
| Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi) | | | 53,775 | 9,568 | 900 | 1,184 | 579 | 41,142 | 400 | 113,767 | 114,648 |
| GreenLife Moriguchi | | | 43,543 | 6,999 | 1,363 | 6,344 | 379 | 28,056 | 400 | 104,512 | 107,636 |
| Hapine Kobe Uozaki Nibankan | | | 9,579 | 1,393 | 1,200 | - | 90 | 6,495 | 400 | 24,416 | 24,294 |
| Granda Tsuruma-Yamato | | | 7,262 | 1,934 | 618 | - | 152 | 4,158 | 400 | 27,065 | 27,144 |
| Smiling Home Medice Adachi | | | 16,011 | 3,327 | 540 | - | 177 | 11,567 | 400 | 60,763 | 56,571 |
| AIKOEN ICHIBANKAN Building | | | 11,338 | 2,551 | 780 | 2,850 | 112 | 4,644 | 400 | 18,110 | 20,564 |
| Hanakotoba Minami | | | 8,680 | 1,541 | 600 | 799 | 79 | 5,260 | 400 | 27,180 | 26,265 |
| Hanakotoba Miura | | | 10,347 | 1,553 | 600 | 1,380 | 88 | 6,325 | 400 | 16,377 | 16,766 |
| SOMPO CARE La vie Re Hama-Kawasaki | | | 19,714 | 3,463 | 2,770 | 480 | 206 | 12,393 | 400 | 45,030 | 45,396 |

VI Appendix Status of Income/Expenditure of Properties②

(Unit: thousand yen)

| Property name | Real estate lease business revenue | | | Real estate lease business expenses | | | | | | | 16th FP NOI (Note 2) | 15th FP NOI (Note 2) |
|-------------------------------------|------------------------------------|--------------|---------------|-------------------------------------|--------------|-------------|-----------------|--------------------|-------------------------------|--------|-------------------------|-------------------------|
| | | Rent revenue | Other revenue | | Property tax | Outsourcing | Repair expenses | Insurance expenses | Depreciation and amortization | Other | | |
| Hanakotoba Shin-Yokohama | Not disclosed (Note 1) | | | 18,364 | 4,412 | 900 | 3,859 | 249 | 8,543 | 400 | 52,091 | 53,024 |
| Hanakotoba Shin-Yokohama II | | | | 6,474 | 2,521 | 600 | 800 | 92 | 2,061 | 400 | 10,398 | 11,198 |
| Hanakotoba Odawara | | | | 9,360 | 1,388 | 600 | 700 | 99 | 6,172 | 400 | 24,412 | 24,320 |
| Verde Minowa | | | | 27,058 | 5,242 | 1,020 | - | 508 | 19,887 | 400 | 56,737 | 56,477 |
| Verde Hotaka | | | | 25,692 | 2,208 | 1,020 | 380 | 249 | 21,435 | 400 | 45,848 | 44,600 |
| Sunny Life Kita-Shinagawa | | | | 10,185 | 2,798 | 600 | - | 119 | 6,265 | 401 | 45,580 | 45,580 |
| Sunny Life Kamakura | | | | 13,607 | 2,767 | 720 | 889 | 179 | 8,650 | 400 | 37,942 | 38,830 |
| Nichii Home Nishikokubunji | | | | 4,265 | 1,220 | 660 | 50 | 92 | 1,842 | 400 | 18,714 | 18,743 |
| SOMPO CARE La vie Re Kobe-ikawadani | | | | 10,892 | - | 750 | 1,309 | 189 | 8,243 | 400 | 34,578 | 35,184 |
| SOMPO CARE Sompno ie Sayama | | | | 4,010 | - | 750 | 57 | 103 | 2,700 | 400 | 17,589 | 17,658 |
| Royal Kawaguchi | | | | 8,145 | - | 1,647 | 754 | 180 | 5,159 | 402 | 34,214 | 33,874 |
| NOAH GARDEN LEGEND | | | | 8,533 | - | 300 | 320 | 129 | 7,615 | 167 | 26,082 | 26,403 |
| NOAH GARDEN L Grace | | | | 6,026 | - | 300 | - | 101 | 5,458 | 166 | 19,453 | 19,454 |
| NOAH GARDEN Season Bell | | | | 12,420 | - | 720 | 40 | 212 | 11,047 | 400 | 43,248 | 29,325 |
| Heartland Kawaguchi Meiseien | | | | 12,357 | - | 720 | - | 223 | 11,013 | 400 | 54,036 | 36,607 |
| Granda Minamiurawa | | | | 5,923 | - | 480 | 277 | 134 | 4,831 | 200 | 26,979 | 18,462 |
| Madoka Minamiurawa | | | | 3,909 | - | 480 | - | 107 | 3,121 | 200 | 21,562 | 14,546 |
| Nichii Home Inage | | | | 8,532 | - | 605 | 22 | 176 | 7,456 | 271 | 29,985 | - |
| Hanakotoba Oppama | | | | 1,995 | - | 270 | - | 52 | 1,490 | 181 | 6,743 | - |
| SOMPO CARE Sompno ie Awajiekimae | | | | 27,341 | 4,902 | 510 | - | 298 | 21,230 | 400 | 58,346 | 57,635 |
| SOMPO CARE Sompno ie Kobekamisawa | | | | 17,151 | 2,910 | 510 | 255 | 183 | 12,892 | 400 | 36,031 | 36,284 |
| NOAH GARDEN CASA RICH | | | | 14,748 | - | 300 | - | 236 | 14,044 | 166 | 50,074 | 50,074 |
| Niigata Rehabilitation Hospital | | | | 27,856 | 9,654 | 1,030 | - | 387 | 16,285 | 500 | 78,308 | 78,193 |
| SHIP SENRI BUILDING | | | | 80,552 | 27,640 | 1,500 | - | 1,182 | 49,829 | 400 | 341,078 | 341,078 |
| Total | 2,427,608 | 2,417,024 | 10,583 | 801,972 | 141,560 | 36,466 | 31,894 | 10,417 | 563,645 | 17,987 | 2,189,281 | 2,138,860 |

(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

(Note 3) The figure is as of September 27, 2022 as its disposition date.

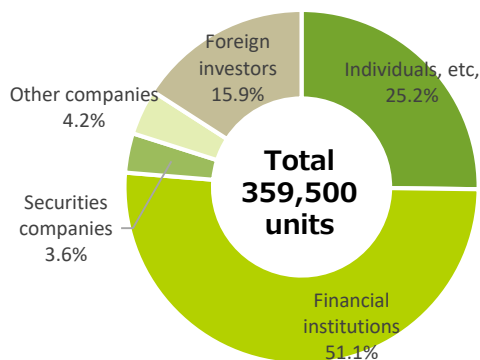
Balance Sheet and Income Statement

| Balance Sheet (Unit: thousand yen) | | 15th Fiscal Period ended July 2022 | 16th Fiscal Period ended January 2023 |
|---|--|---------------------------------------|--|
| Assets | | | |
| Current assets | | 1,797,490 | 2,008,064 |
| Cash and deposits | | 1,311,232 | 1,539,878 |
| Cash and deposits in trust | | 297,360 | 272,156 |
| Operating accounts receivable | | 23,745 | 51,052 |
| Consumption taxes receivable | | 121,812 | 137,266 |
| Prepaid expenses | | 41,022 | – |
| Derivative receivables | | 910 | 7,709 |
| Other | | 1,406 | – |
| Non-current assets | | 78,516,016 | 79,197,762 |
| Property, plant and equipment | | 78,272,804 | 78,788,993 |
| Intangible assets | | 3,097 | 2,771 |
| Investments and other assets | | 240,114 | 405,997 |
| Deferred assets | | 44,324 | 37,541 |
| Investment unit issuance costs | | 28,713 | 22,970 |
| Investment corporation bond issuance costs | | 15,611 | 14,570 |
| Total assets | | 80,357,832 | 81,243,368 |
| Liabilities | | | |
| Current liabilities | | 12,020,870 | 10,208,351 |
| Operating accounts payable | | 82,367 | 55,678 |
| Current portion of long-term loans payable | | 9,250,000 | 7,250,000 |
| Short-term loans payable | | 2,000,000 | 2,000,000 |
| Accounts payable – other | | 34,971 | 103,501 |
| Accrued expenses | | 247,646 | 295,543 |
| Income taxes payable | | 913 | 702 |
| Consumption taxes payable | | 5,456 | 105,273 |
| Advances received | | 398,493 | 397,489 |
| Deposits received | | 126 | 162 |
| Derivative liabilities | | 895 | – |
| Non-current liabilities | | 29,536,057 | 32,066,763 |
| Investment corporation bonds | | 2,000,000 | 2,000,000 |
| Long-term loans payable | | 25,400,000 | 27,900,000 |
| Tenant leasehold and security deposits | | 1,921,309 | 1,936,482 |
| Tenant leasehold and security deposits in trust | | 167,616 | 167,616 |
| Deferred tax liabilities | | 11,393 | 47,322 |
| Derivatives liabilities | | 35,216 | 14,977 |
| Other | | 521 | 365 |
| Total liabilities | | 41,556,928 | 42,275,114 |
| Net assets | | | |
| Unitholders' capital | | 38,812,194 | 38,880,132 |
| Unitholders' capital, net | | 37,701,032 | 37,590,306 |
| Surplus | | 1,111,161 | 1,289,825 |
| Valuation and translation adjustments | | △11,290 | 88,121 |
| Deferred gains or losses on hedges | | △11,290 | 88,121 |
| Total net assets | | 38,800,904 | 38,968,253 |
| Total liabilities and net assets | | 80,357,832 | 81,243,368 |

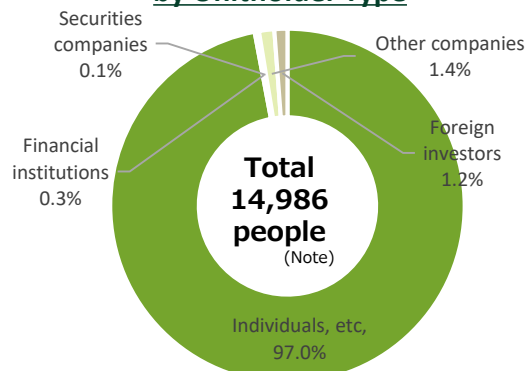
| Statement of Income (Unit: thousand yen) | | 15th Fiscal Period ended July 2022 | 16th Fiscal Period ended January 2023 |
|--|--|---------------------------------------|--|
| Operating revenue | | 2,371,156 | 2,632,258 |
| Leasing business revenues | | 2,360,228 | 2,417,024 |
| Other revenue related to leasing business | | 10,928 | 10,583 |
| Gain on sales of real estate properties | | – | 204,649 |
| Operating expenses | | 1,105,602 | 1,178,377 |
| Expenses related to leasing business | | 784,089 | 801,972 |
| Asset management fee | | 203,435 | 246,843 |
| Asset custody fee | | 3,864 | 4,063 |
| Administrative service fees | | 23,404 | 24,293 |
| Directors' compensation | | 4,800 | 5,100 |
| Property tax | | 30,628 | 31,166 |
| Other operating expenses | | 55,379 | 64,937 |
| Operating income | | 1,265,553 | 1,453,880 |
| Non-operating income | | 2,048 | 1,355 |
| Interest income | | 7 | 5 |
| Insurance income | | 1,566 | 254 |
| Interest on tax refund | | – | 81 |
| Reversal of distribution payable | | 474 | 1,000 |
| Other | | – | 14 |
| Non-operating expenses | | 166,555 | 176,148 |
| Interest expenses | | 93,992 | 101,400 |
| Interest expenses on investment corporation bonds | | 7,800 | 7,800 |
| Amortization of investment unit issuance costs | | 5,742 | 5,742 |
| Amortization of investment corporation bond issuance costs | | 1,040 | 1,040 |
| Borrowing expenses | | 57,979 | 60,164 |
| Ordinary income | | 1,101,046 | 1,279,087 |
| Income before income taxes | | 1,101,046 | 1,279,087 |
| Income taxes - current | | 914 | 703 |
| Income taxes - deferred | | △2 | 10 |
| Total income taxes | | 911 | 713 |
| Net income | | 1,100,134 | 1,278,374 |
| Retained earnings brought forward | | 11,027 | 11,451 |
| Unappropriated retained earnings (undisposed loss) | | 1,111,161 | 1,289,825 |

Status of Unitholders

**Ratio of Number of Investment Units
by Unitholder Type**

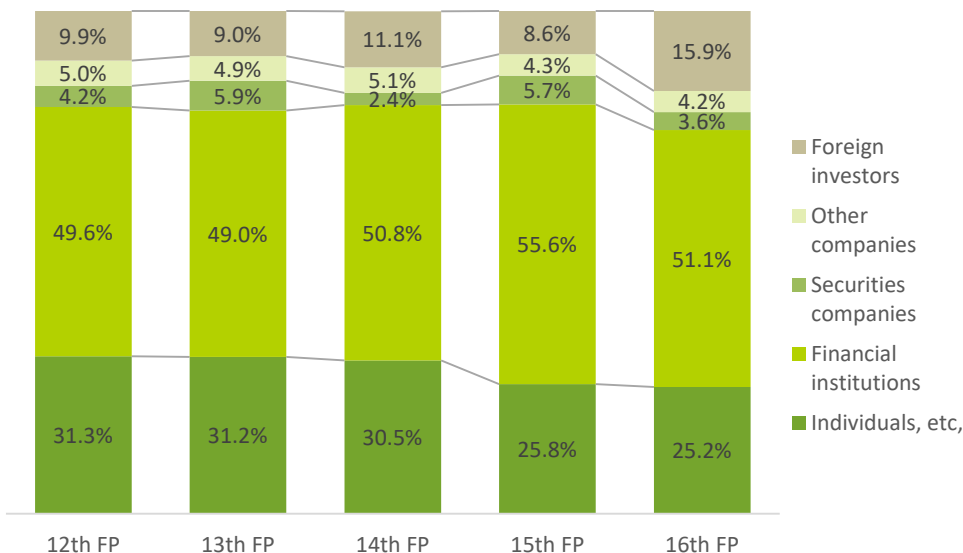


**Ratio of Number of Unitholders
by Unitholder Type**



(Note) Decreased by 322 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) | 90,151 | 25.1 |
| 2 | The Master Trust Bank of Japan, Ltd. (Trust Account) | 59,637 | 16.6 |
| 3 | The Nomura Trust and Banking Co., Ltd. (Investment Trust Account) | 14,857 | 4.1 |
| 4 | NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS | 11,587 | 3.2 |
| 5 | Morgan Stanley MUFG Securities Co., Ltd. | 6,333 | 1.8 |
| 6 | JP MORGAN CHASE BANK 385781 | 4,458 | 1.2 |
| 7 | NEC Capital Solutions Limited | 4,000 | 1.1 |
| | SHIP HEALTHCARE HOLDINGS INC. | 4,000 | 1.1 |
| | Sumitomo Mitsui Banking Corporation | 4,000 | 1.1 |
| 10 | SMBC Nikko Securities Inc. | 3,382 | 0.9 |
| Total | | 202,405 | 56.3 |

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 |
| NOAH KONZER Co.,Ltd |  | <ul style="list-style-type: none"> Tour with free lunch Discount deposit |

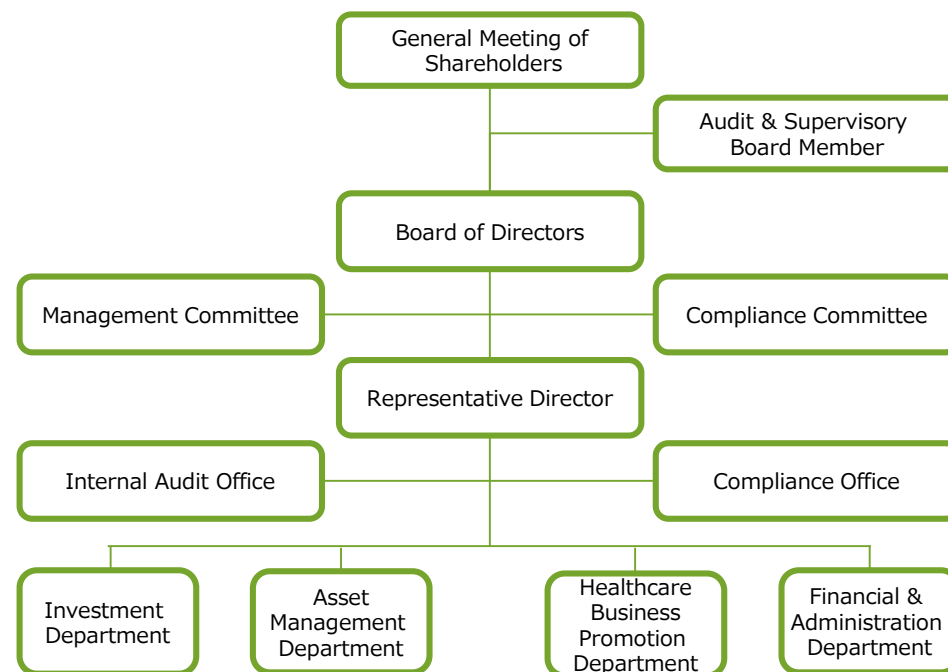
(Note) The special benefits are for unitholders as of the end of January 2023 and are subject to change in the future.

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



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 Capital Solutions Limited

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.



**SUMITOMO MITSUI
BANKING CORPORATION**

Positioned as the core company of the SMFG, 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: Kunihisa Furukawa President: Futoshi Ohashi |
| Founded | August 1992 |
| Capital stock | 15,553 million yen |
| Sales | 514,353 million yen on a consolidated basis (fiscal period ended March 2022) |

NEC Capital Solutions Limited

| | |
|-----------------------|---|
| Headquarters location | 2-15-3 Konan, Minato-ku, Tokyo |
| Representative | President: Masaaki Suganuma |
| Founded | November 1978 |
| Capital stock | 3,776 million yen |
| Sales | 230,196 million yen (fiscal period ended March 2022) |

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

This presentation material contains forward-looking statements including forecasts, outlooks, goals and plans. These statements are based on the information available as of the date when this material is prepared (March 17, 2023) and incorporate certain subjective assumptions about uncertain factors that may affect future results. Accordingly, these statements are inherently not guarantees of future performance and actual results may differ materially.

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