



Financial Results Briefing Materials

**Fiscal Period Ended January 2020
(10th Fiscal Period)**

March 17, 2020

Asset Management Company

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

Securities Code: 3455

The translation of the original Japanese Financial Results Briefing Materials is provided solely for information purposes. Should there be any discrepancy between this translation and the Japanese original, the latter shall prevail.

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Financial Summary



- Net income and distribution per unit both exceeded the forecast

Net income
943 million yen
(+4 million yen from
forecast)

NAV per unit
119,303 yen
(+317 yen from
previous fiscal period)

- First issuance of investment corporation bond (social bond) by HCM

Term
10 years

**Credit Rating
A (JCR)**

- Built up a new pipeline utilizing sponsor support

March 2020

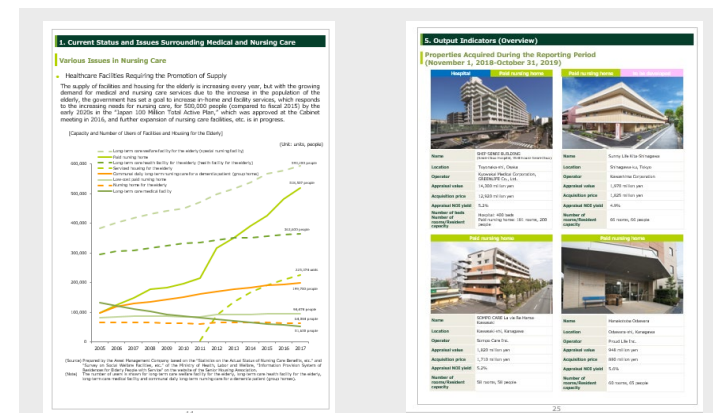
**13 billion
yen**



Royal Kawaguchi
(Kawaguchi-shi, Saitama)

Sawayaka Sanokan
(Sano-shi, Tochigi)

- Transmission of information on the current status of the medical and nursing care industry and actions to resolve issues through Impact Report



2. 10th Fiscal Period (Ended January 2020) Financial Highlights

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

Asset (Assets)	
Number of properties	35 (±0 properties)
Total acquisition price	64.8 billion yen (±0 billion yen)
Total appraisal value	70.4 billion yen (±0 billion yen)
Unrealized gain	4.9 billion yen (+0.1 billion yen)
Average appraisal NOI yield	5.6% (±0%)
Operational rate	100% (+0.1%) →Fully leased
Ratio of fixed rents	100% (±0%)
Ratio of investment in three major metropolitan areas	86.1% (±0%)
Average remaining lease term	14.2 years (-0.5 years)

Debt (Liabilities)	
Total amount of interest-bearing liabilities	32.45 billion yen (±0 billion yen)
Average remaining terms to maturity	3.5 years (+0.9 years)
Average borrowing interest rate	0.58% (+0.03%)
Ratio of long-term debt	90.8% (+14.5%)
Ratio of debt with fixed interest rates	100% (+3.1%)
LTV	47.6% (+0.1%)
Long-Term Issuer Rating (JCR)	A (stable)

Equity (Net assets)	
Total sum of fair value	42.7 billion yen (+1.2 billion yen)
Distribution per unit	3,320 yen (-323 yen)
Distribution in excess of earnings ^(Note 1) (Equivalent to return of capital)	285 yen
NAV per unit	119,303 yen (+317 yen)

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

3. 10th Fiscal Period(Ended January 2020) Actual Results

Although profit decreased from the previous fiscal period due to the increase in asset management fee, etc., distribution per unit exceeded the initial forecast.

(Unit: million yen)

	9th Fiscal Period (Ended July 2019)	10th Fiscal Period (Ended January 2020)				
	Actual	Forecast (Note 2)	Actual	Comparison with Forecast	Comparison with 9th Fiscal Period	
	(A)	(B)	(C)	(C)-(B)	(C)-(A)	$\frac{(C)-(A)}{(A)}$ (%) (Note 3)
Operating revenue	2,008	2,012	2,013	0	+4	+0.2
Operating expenses	818	910	909	-1	+90	+11.1
Expenses related to rent business	586	602	601	-1	+14	+2.5
(Depreciation)	436	442	443	+1	+7	+1.7
Operating income	1,189	1,101	1,103	+2	-86	-7.3
Ordinary income	1,047	940	944	+4	-102	-9.8
Net income	1,046	939	943	+4	-102	-9.8
Distribution per unit (yen)	3,643	3,304	3,320	+16	-323	-8.9
Distribution of earnings	3,325	3,020	3,027	+15	-328	-9.8
Distribution of reserve for temporary difference adjustments	38		8			
Distribution in excess of earnings (return of capital) (Note 1)	280		285			
NAV per unit (yen)	118,986	-	119,303	-	+317	+0.3

10th Fiscal Period Actual Results (Comparison with Forecast)

Difference in operating expenses (-1)

- Decrease in expenses related to rent business (-1)
 - Repair expenses (-3)
 - Depreciation (+1)

10th Fiscal Period Actual Results (Comparison with 9th Fiscal Period)

Difference in operating revenue (+4)

- Increase in rent business revenue (+3)
 - Rent increase due to system investment (EGAO link) (+3)

Difference in operating expenses (+90)

- Increase in expenses related to rent business (+14)
 - Depreciation (+7)
 - Repair expenses (+4)
- Increase in general and administrative expenses (+76)
 - Asset management fee (+56)
 - Non-deductible consumption tax (+7)
 - Research expenses (+4)
 - Administrative service fees (+3)

Difference in non-operating revenue (-14)

- Absence of insurance income (-15)

(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 10th Fiscal Period (B) is the forecast figure announced in " (REIT) Financial Report for Fiscal Period Ended July 2019" dated September 13, 2019.

(Note 3): Figures are rounded off to the first decimal place.

I Financial Summary

4. 11th Fiscal Period (Ending July 2020) and 12th Fiscal Period (Ending January 2021) Earnings Forecasts

Operating revenue is forecasted to increase slightly in the 11th fiscal period while profit is expected to decrease from the previous fiscal period due to expensing of property/city planning tax.

(Unit: million yen)

	10th Fiscal Period (Ended January 2020)	11th Fiscal Period (Ending July 2020)					12th Fiscal Period (Ending January 2021)		
	Actual	Initial forecast (Note 2)	Forecast	Comparison with 10th Fiscal Period			Forecast	Comparison with 11th Fiscal Period Forecast	
	(A)	(B)	(C)	(C)-(A)	(C)-(A) (A) (%) (Note 3)		(D)	(D)-(C)	(D)-(C) (C) (%) (Note 3)
Operating revenue	2,013	2,012	2,015	+2	+0.1		2,015	0	0
Operating expenses	909	966	968	+58	+6.4		976	+8	+0.8
Expenses related to rent business	601	659	661	+60	+10.1		667	+5	+0.9
(Depreciation)	443	445	448	+4	+1.1		453	+4	+1.0
Operating income	1,103	1,046	1,047	-55	-5.1		1,039	-8	-0.8
Ordinary income	944	891	891	-52	-5.6		882	-9	-1.0
Net income	943	890	890	-52	-5.6		881	-9	-1.0
Distribution per unit (yen)	3,320	3,150	3,150	-170	-5.1		3,125	-25	-0.8
Distribution per unit (Excluding distribution in excess of earnings (return of capital) (Note 1))	3,035	2,864	2,864	-171	-5.6		2,835	-29	-1.0
Distribution in excess of earnings (return of capital) (Note 1)	285	286	286	+1	+0.4		290	+4	+1.4

11th Fiscal Period Forecast (Comparison with 10th Fiscal Period)

Difference in operating revenue (+2)

- Attraction of new tenants (+2)

Difference in operating expenses (+58)

- Increase in expenses related to rent business (+60)
 - Expensing of property/city planning tax for properties acquired in 9th Fiscal Period (+48)
 - Repair expenses (+7)
 - Depreciation (+4)

Difference in non-operating expenses (-5)

- Increase in interest expenses (+2)
- Decrease in investment unit issuance expenses (public offering conducted in 5th Fiscal Period) (-4)
- Decrease in loan fees (-2)

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

Difference in operating expenses (+8)

- Expenses for general meeting of unitholders (+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 11th Fiscal Period (B) is the forecast figure announced in " (REIT) Financial Report for Fiscal Period Ended July 2019" dated September 13, 2019.

(Note 3): Figures are rounded off to the first decimal place.

5. Overview of Refinancing

Conducted refinancing of loans (7.7 billion yen) due for repayment in January 2020. HCM issued its first investment corporation bonds (social bonds) together with social loans with an intent to expand financing methods and diversify maturities.

Before Refinancing

Long-term loans
3 years
3.7 billion yen
Interest rate:
0.54565%

Long-term loans
3 years
3 billion yen
Interest rate:
0.53520%

Short-term loans
1 year
1 billion yen
Average interest rate:
0.32%



After Refinancing

Investment corporation
bonds
(Social bonds)
10 years
2 billion yen
Interest rate: 0.780%

Long-term loans
(Social loans)
5 years
4.45 billion yen
Interest rate: 0.54% (Note)

Long-term loans
(Social loans)
3 years
1.25 billion yen
Interest rate: 0.42571%

Actual Results (1)

Expanded financing methods by issuing social bonds

Name	Healthcare & Medical Investment Corporation 1st Series Unsecured Investment Corporation Bonds (Also known as HCM Social Bonds)
Interest rate	0.780%
Term	10 years
Total issuance amount	2 billion yen
Bond rating	A (JCR)

JCR Social Finance Framework Evaluation (Social 1 (F) (highest rating))

Actual Results (2)

Curbed cost increase and extended borrowing period

Average remaining years 2.6 years → **3.5 years**

Average interest rate 0.55% → **0.58%**

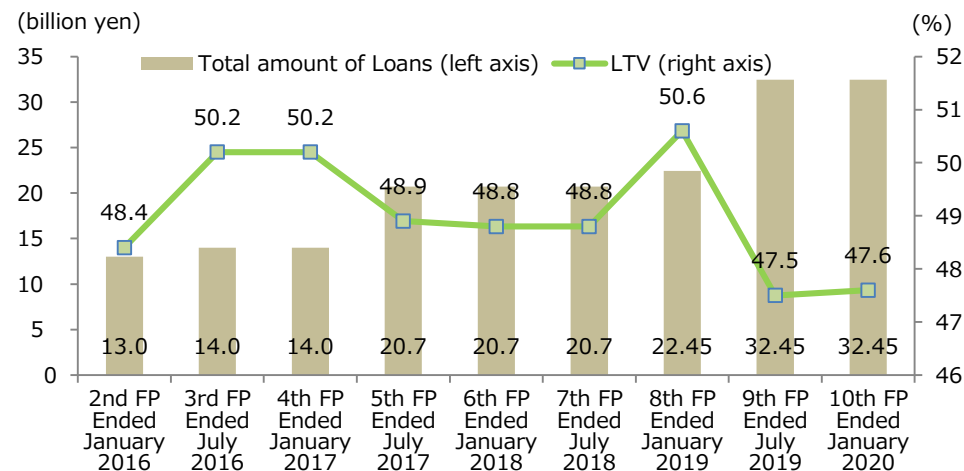
(Note) Interest rates are substantially fixed by the interest rate swap agreement.

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

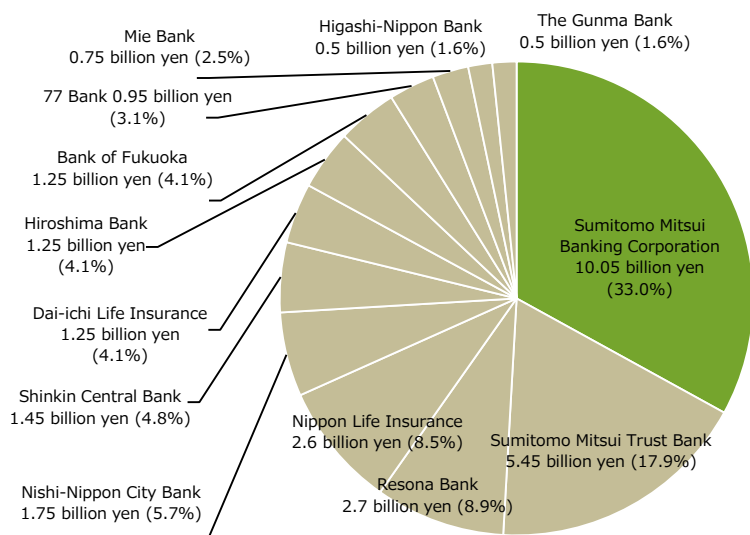
Status of Interest-Bearing Liabilities

		End of 9th FP	End of 10th FP	Change
Total amount of interest-bearing Liabilities	(billion yen)	32.45	32.45	±0
(Investment corporation bonds)	(billion yen)	0	2.0	+2.0
LTV	(%)	47.5	47.6	+0.1
Ratio of debt with fixed interest rates	(%)	96.9	100	+3.1
Ratio of long-term debt	(%)	76.3	90.8	+14.5
Average remaining terms to maturity	(year)	2.6	3.5	+0.9
Average borrowing interest rate	(%)	0.55	0.58	+0.03

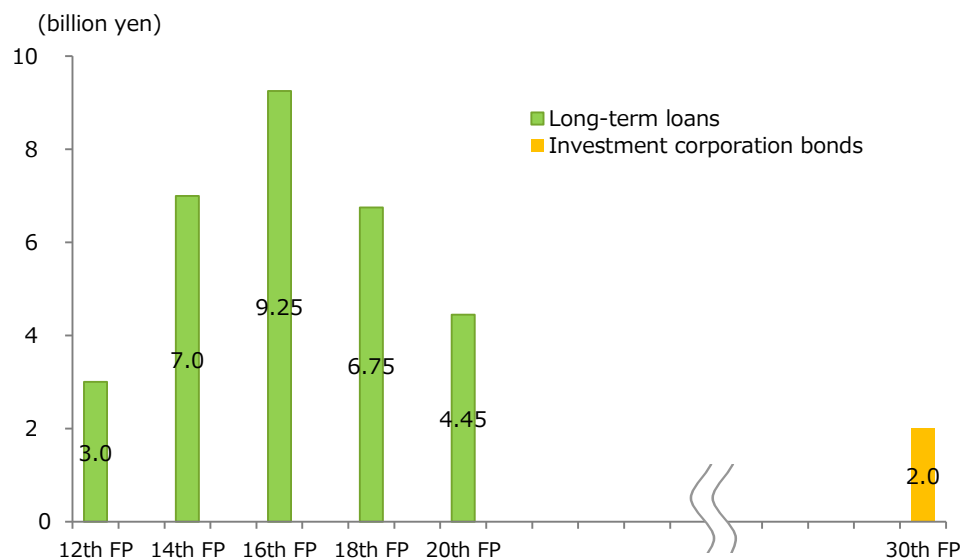
Change in LTV and Total Interest-Bearing Liabilities



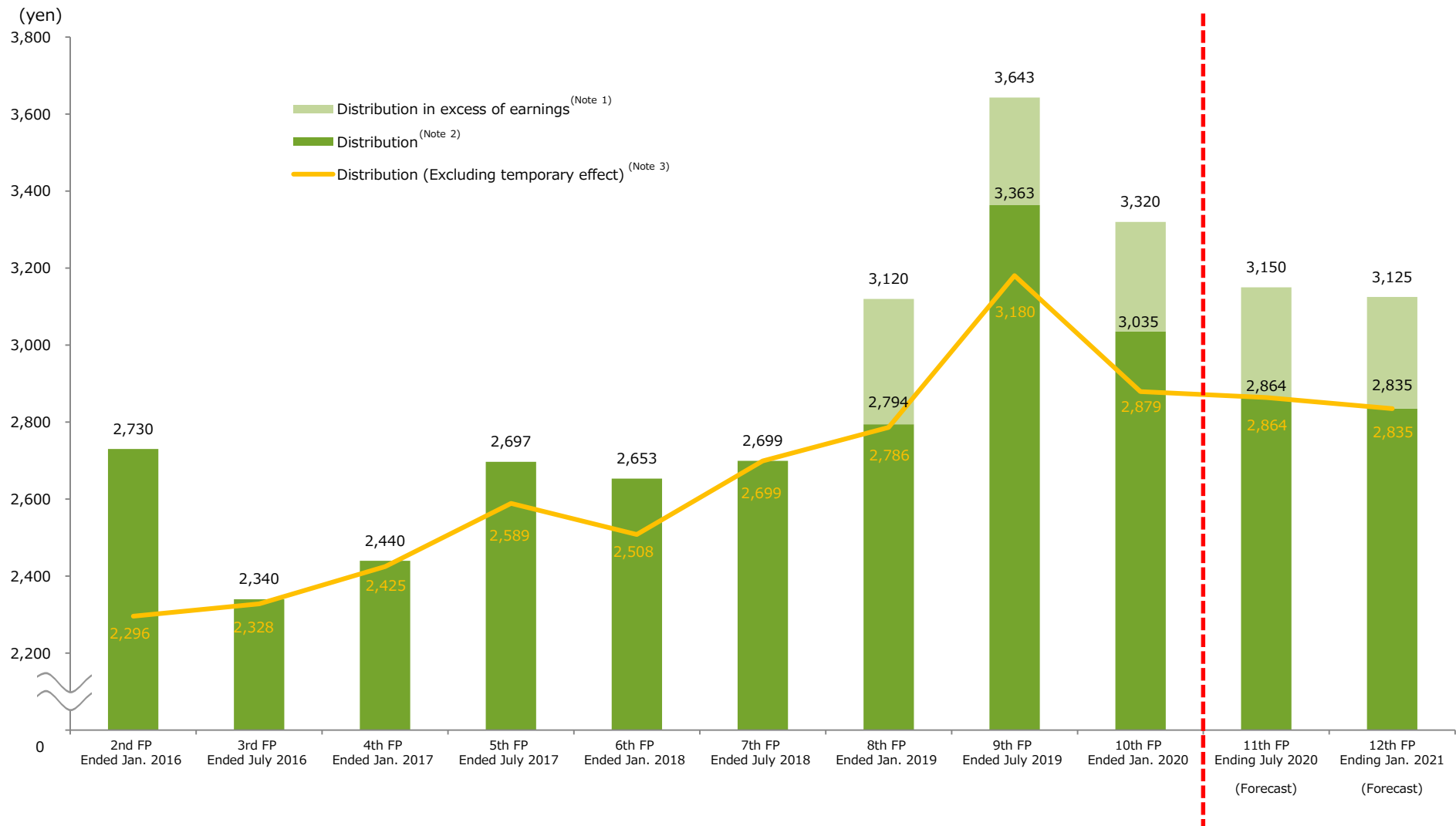
Diversification of Lenders



Diversification of Maturities



7. Changes in Distribution Per Unit

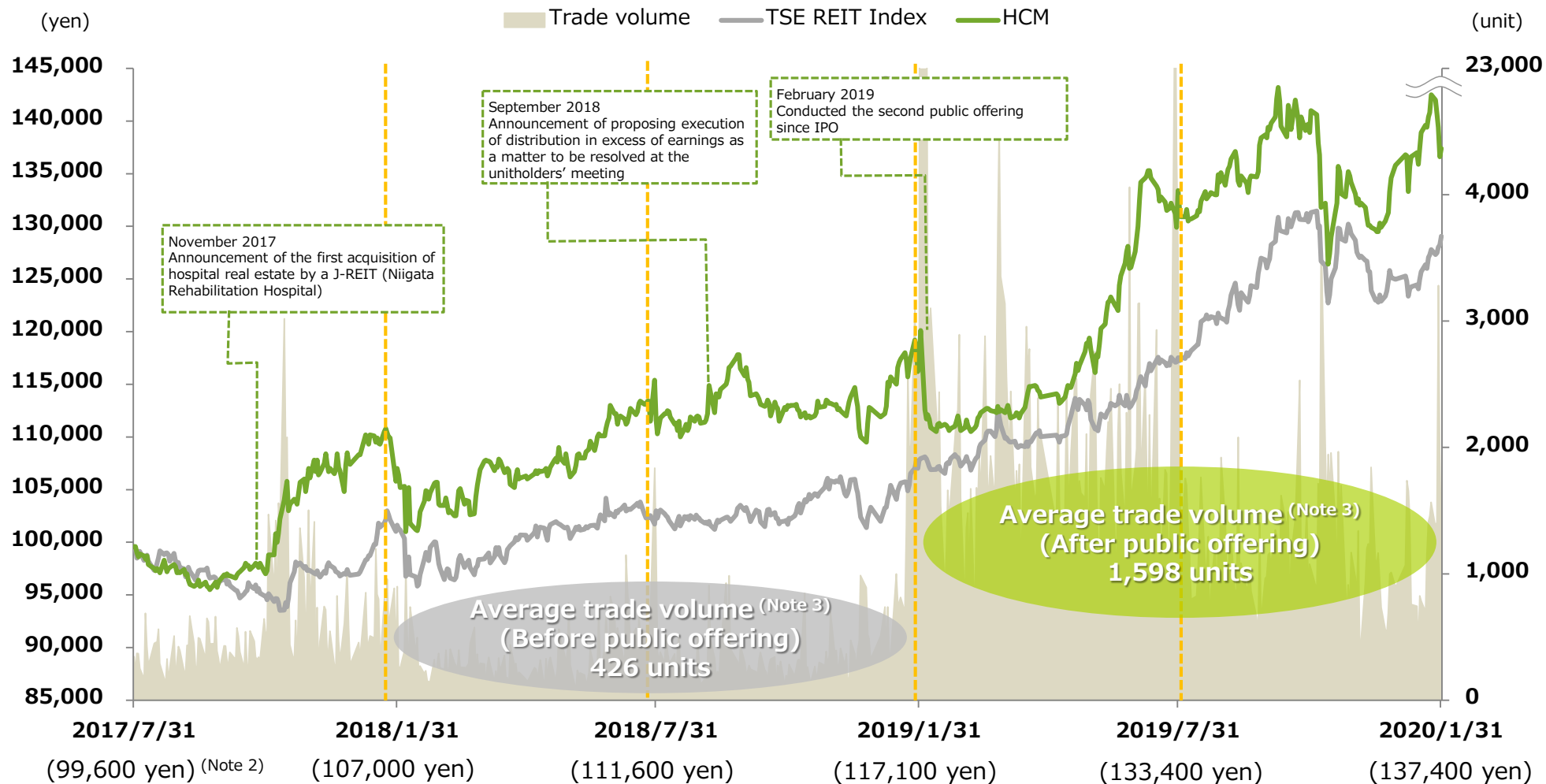


(Note 1): Distribution in excess of earnings refers to distribution carried out targeting around 20% of depreciation equivalent (return of capital).

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

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

8. Changes in Unit Price



(Note 1): TSE REIT index is indexed with the closing price on July 31, 2017, as 100.

(Note 2): The closing price of the investment units of HCM at each point of time is indicated

(Note 3): Each trade volume is calculated by averaging the volume from January 31, 2018 to January 31, 2019 before the public offering and the value from February 12, 2019 to January 31, 2020 after the public offering.

Status of Asset Management



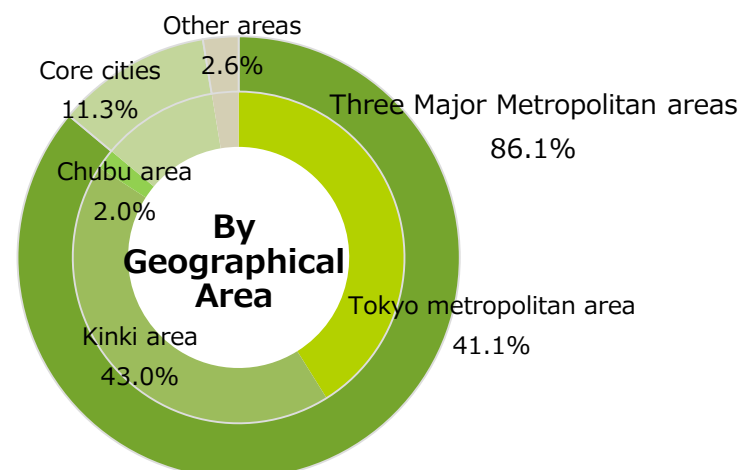
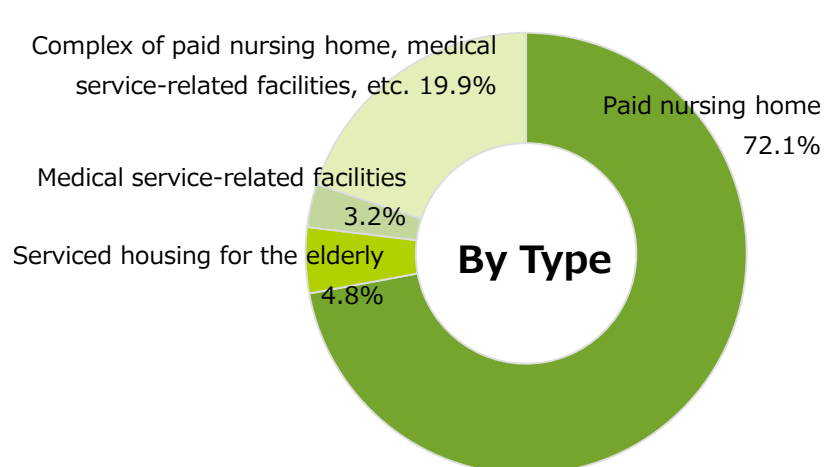
1. Portfolio Highlights

Portfolio Highlights

Number of properties 35 (±0 properties)	Total acquisition price 64.8 billion yen (±0 billion yen)	Total appraisal value (Note 1) 70.4 billion yen (±0 billion yen)	Average appraisal NOI yield 5.6 % (±0%)
Average building age (Note 1) 15.5 years (+0.5 years)	Average remaining lease term (Note 1) 14.2 years (-0.5 years)	Ratio of fixed rents 100 % (±0%)	Operational rate 100 % (+ 0.1%)

(Note) : Figures in parentheses are comparison with the end of 9th FP.

Portfolio Diversification (Note 2)



(Note 1): "Average building age" and "Average remaining lease term" are calculated by weighted averaging with acquisition prices after dividing remaining lease days by 365, with January 31, 2020, as the reference date, rounded down to the first decimal place. When there is more than one building, they are calculated by weighted averaging with areas. "Appraisal Value" is indicated based on the appraisal report with January 31, 2020, as the appraisal date.

(Note 2): The figures in the graphs are calculated based on acquisition price, rounded to the first decimal place.

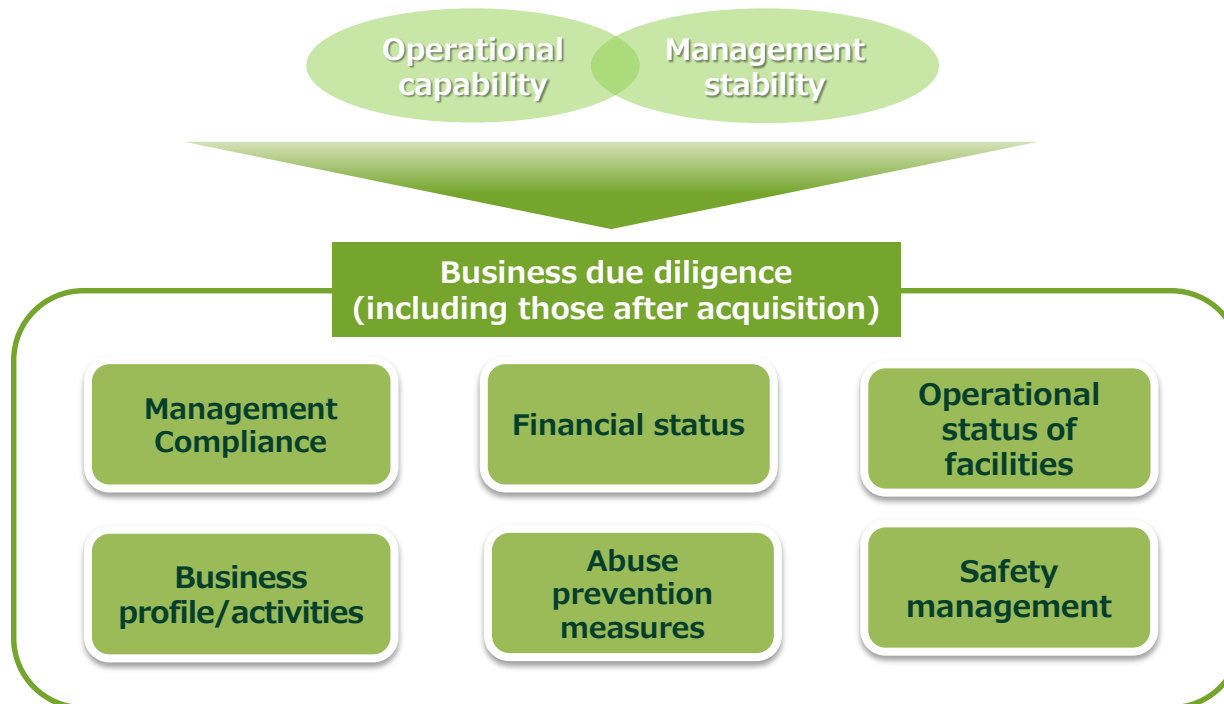
2. Stable Cash Flow in the Long Term (1)

HCM concludes long-term and fixed-rent lease agreements with carefully selected operators in principle and strives to secure stable cash flow through continuous monitoring.

Careful Selection and Monitoring of Operator

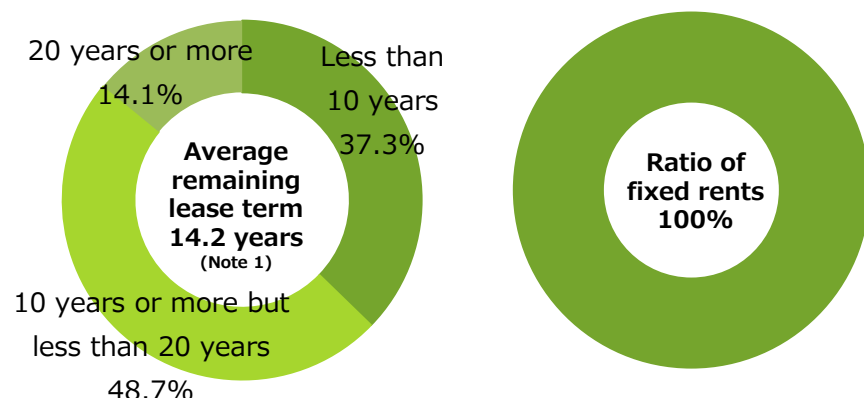
- Currently owns healthcare facilities operated by 12 operators including major companies operating nationwide
- Monitors regularly measures for prevention of elder abuse and safety management taken by operators in addition to the operational and financial status

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



2. Stable Cash Flow in the Long Term (2)

Long-Term Fixed-Rent Lease Agreements



Example of Proactive Capital Expenditure (10th Fiscal Period)

Property	Details	Investment Amount
Niigata Rehabilitation Hospital	Renovation of rooftop waterproof	31.0 million yen
ASHEIM Hikarigaoka	Introduction of system utilizing ICT (EGAO link)	25.6 million yen
GOOD TIME HOME Fudo-mae	Renewal of air conditioners in common areas	19.1 million yen
Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)	Renovation work for improving the efficiency of outdoor air conditioner unit in common areas (Utilization of subsidy)	8.2 million yen

Actions for Enhancement of Cash Flow

- Purchase of land with leasehold interest (Verde Hotaka) (scheduled to be acquired in April 2020)
 - To achieve complete ownership by acquiring the land with leasehold interest of the property from the operator

Annual rental expenses Reduced 1.0 million yen



- Attraction of new tenants (SOMPO Care Laville Hamakawasaki)
 - Invited a clinic to the first floor of the property, and occupancy rate recovered to 100%

Annual rent Increased by 4.5 million yen



- Rent increase due to introduction of system utilizing ICT (EGAO link) (ASHEIM Hikarigaoka)
 - Added the amount equivalent to depreciation to conventional rent

Annual rent Increased by 4.2 million yen



(Note 1): The figure is calculated by weighted averaging with acquisition prices after dividing remaining lease days by 365, with January 31, 2020, as reference date, rounded down to the first decimal place.

Actions for Enhancement of Unitholder Value

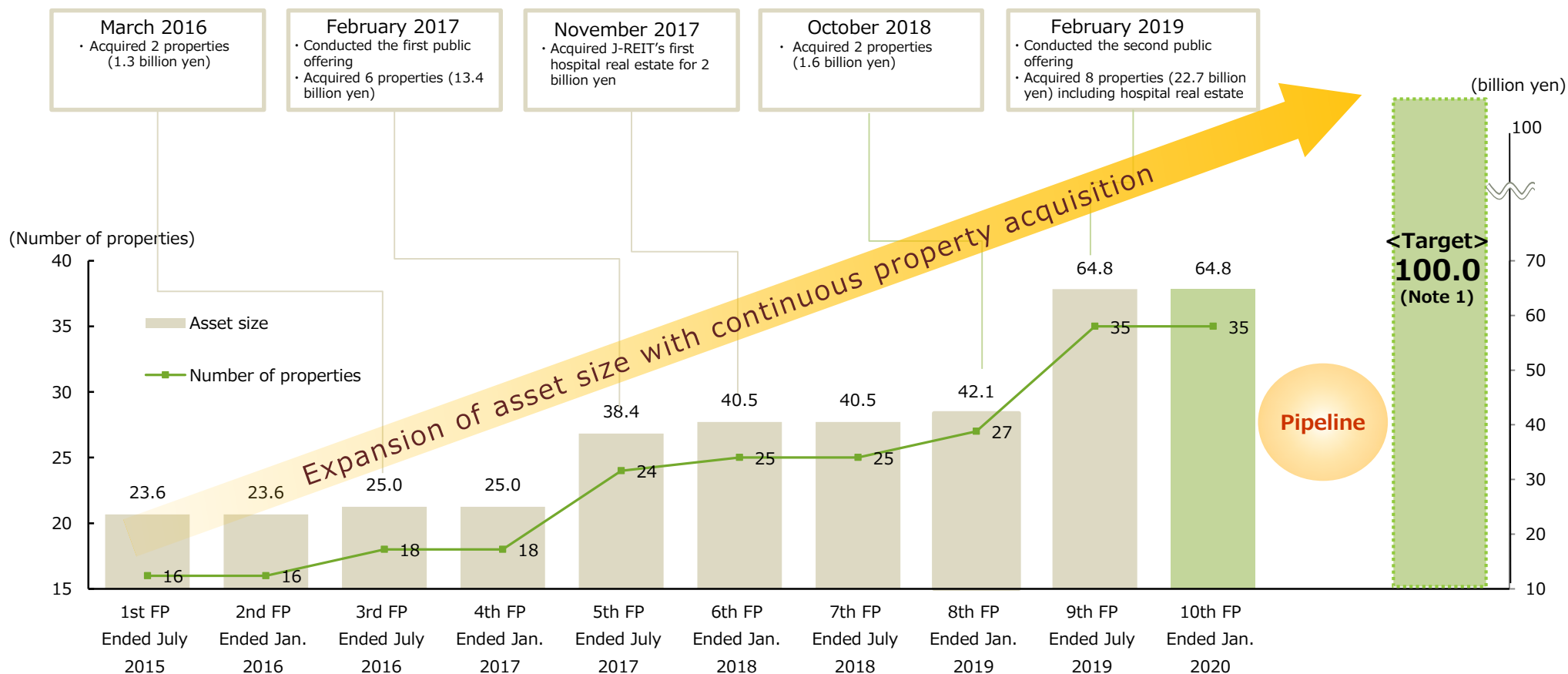


1. Road Map to External Growth

HCM aims for an asset size of 100 billion yen over the medium term. (Note 1)

With continuous property acquisition since IPO, the asset size expanded about 2.7 times to 64.8 billion yen.

Change in Asset Size and Number of Properties

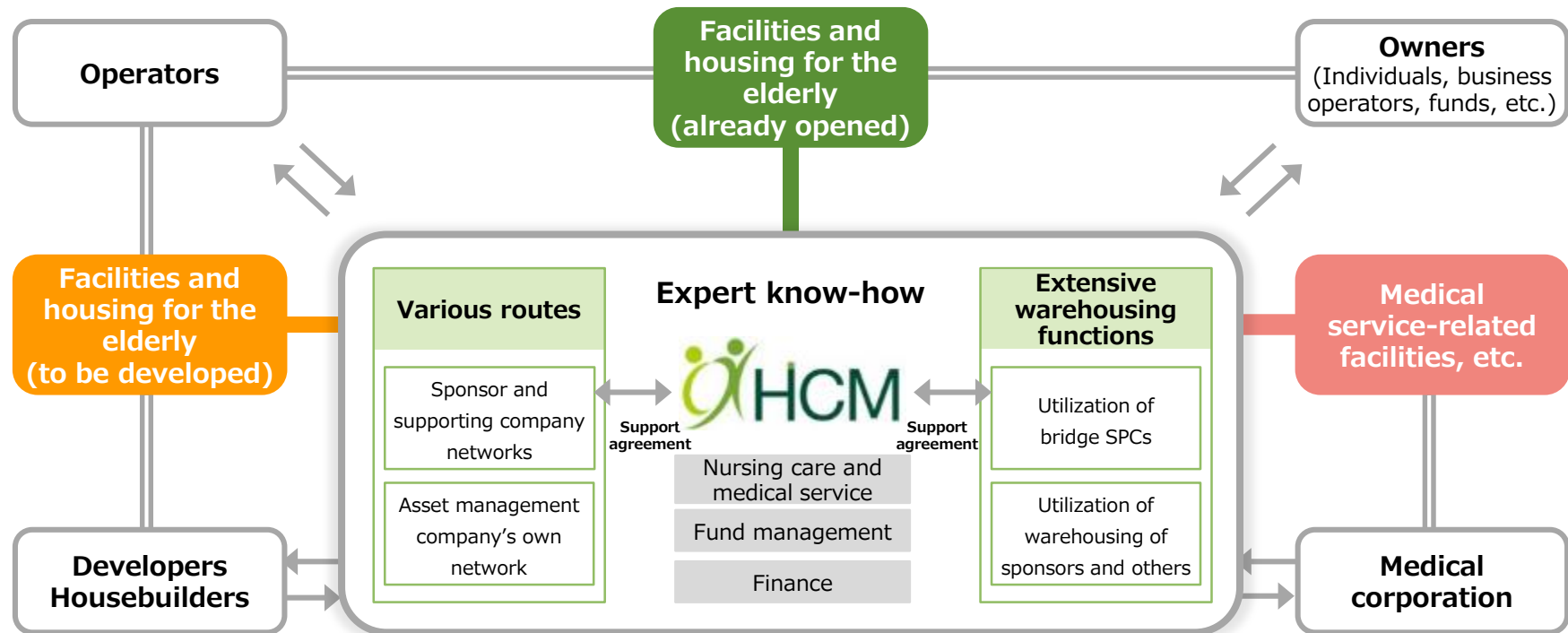


(Note 1) : The target may not be achieved due to future events, market environment and other factors.

2. Expansion of Pipeline (1)

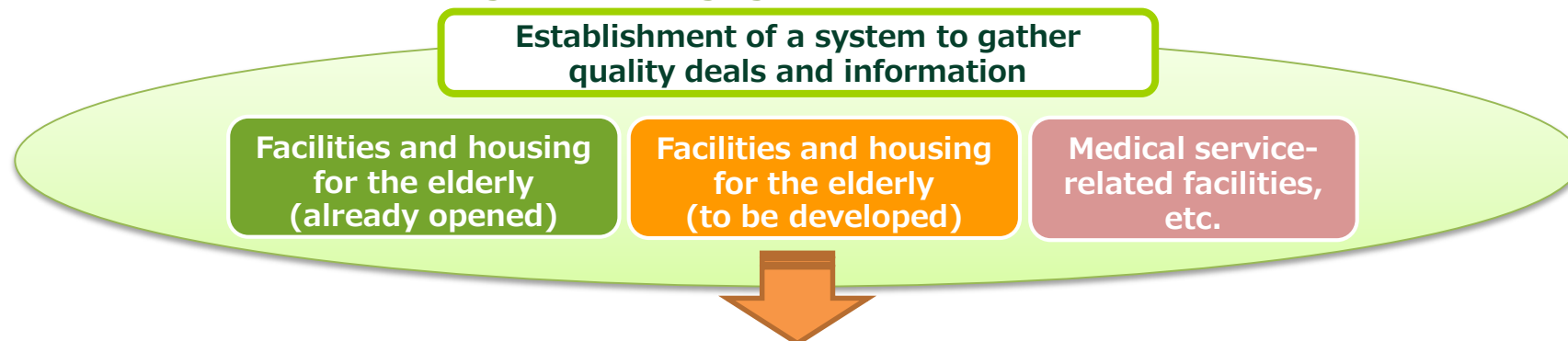
HCM aims to expand and strengthen information flow and property acquisition methods through its network with the sponsor as well as operators, developers and owners.

System to Gather Quality Deals and Information



2. Expansion of Pipeline (2)

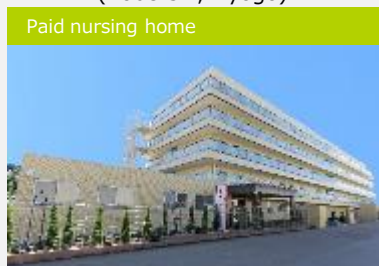
HCM will focus on further expansion of pipeline by strengthening its “system to gather quality deals and information” utilizing its wide-ranging network and various functions.



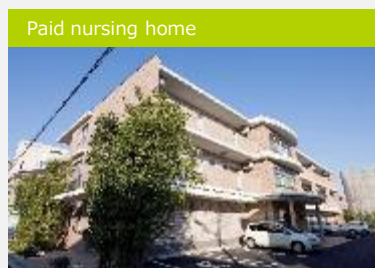
Pipeline totaling around 13.0 billion yen (Part)



SOMPO CARE La vie Re Kobe-Ikawadani
(Kobe-shi, Hyogo)



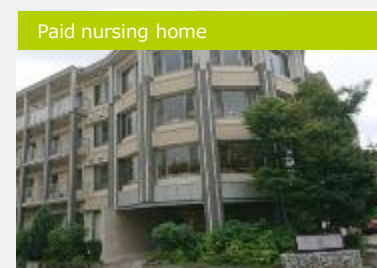
Sunny Life Kamakura
(Kamakura-shi, Kanagawa)



Royal Kawaguchi
(Kawaguchi-shi, Saitama)



Sawayaka Sanokan
(Sano-shi, Tochigi)



AMICA VILLA INAGE
(Chiba-shi, Chiba)



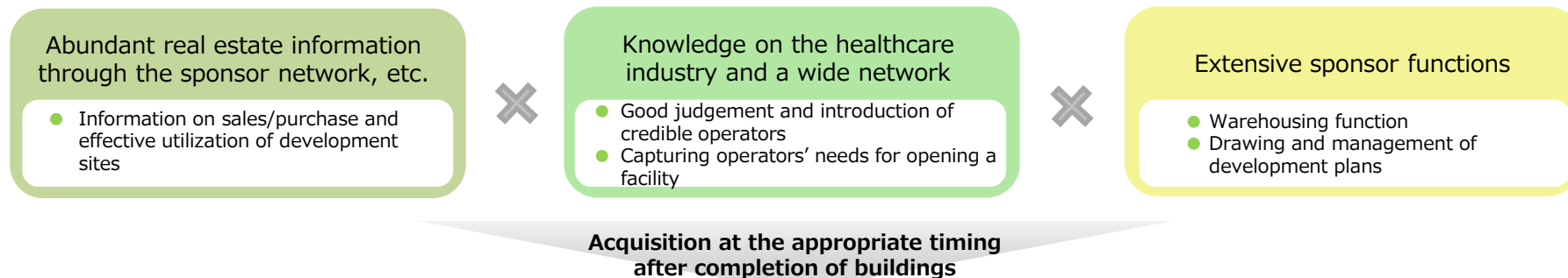
Medical Rehabilitation Home Granda Yamahana
(Sapporo-shi, Hokkaido)

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

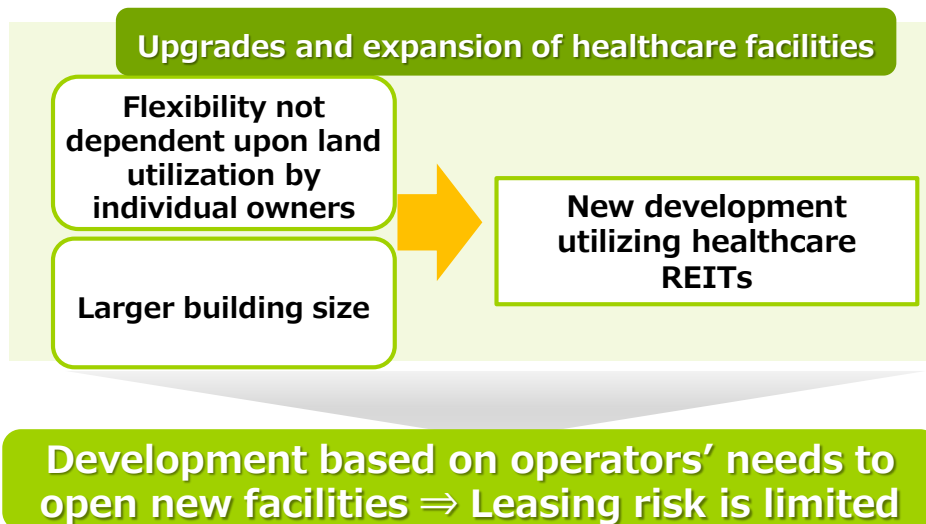
3. Actions for Development Projects

HCM promotes actions for development projects by utilizing its network in the industry and various functions.

Strengths of HCM



Characteristics of Development Projects



Case Example

<Case example 1>

- Major housebuilder acquired the development site and a paid nursing home is currently under construction based on the assumption that the sponsor will purchase it after completion.

Scheduled to be completed in February and open in April 2020. Sunny Life Itabashi Shimura (Itabashi-ku, Tokyo)



<Case example 2>

- Development project of a paid nursing home utilizing idle land owned by the sponsor
- Currently drawing a development plan that utilizes the development/warehousing functions of the sponsor after carefully selecting operators.

4. Actions for Hospital Real Estate

Investment & Management Policy

- 1 **Major investment target**
 - A hospital which can play an important role in the Regional Healthcare Vision
 - May acquire a medical mall, health check-up center other than hospitals
- 2 **Investment & Management complying with the “Hospital Real Estate Guidelines”**
 - Allocation of experts familiar with hospital business in the Asset Management Company
 - No involvement in operation of hospitals, in principle
 - Conclusion of a fixed-rent/long-term lease agreement, in principle
- 3 **Investment ratio**
 - Together with facilities and housing for the elderly, accounting for 80% or more of the portfolio
 - No upper limit set for hospital real estate alone
- 4 **Promotion for market expansion**
 - Participation in seminars for medical/nursing care facilities-related operators
 - Lectures at industry group meetings(Congress of Japan Hospital Association, etc.)

Opportunity of REIT investment (utilization)

- **Size of hospital real estate market**
 - Market size is approximately 23 trillion yen ^(Note 1), and hospital real estate accounts for over 50% of the entire healthcare facility real estate market (approximately 51%)
 - Mostly self-owned by medical corporations, etc.
- **Main hospital needs**
 - Strengthen financial standing
 - Refinancing and liquidation of assets in line with business succession
 - M&A financing
 - Strengthening of medical functions/fund procurement for conversion
 - Reconstruction and extension/renovation of buildings

Case Example



Name	SHIP SENRI BUILDING (Senri-Chuo Hospital)
Location	Toyonaka-shi, Osaka
Operators	Kyowakai Medical Corporation
Number of beds	400

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

(Note 1): Preliminary calculation by KPMG Healthcare Japan Co., Ltd.

5. Actions for ESG (1)

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

Basic ESG Policy

- Promotion in collaboration with various in-house/outside stakeholders including operators, hospital personnel, sponsors, executives and employees

Reduction of environmental burden (E)

Resolution of social issues in an aging society (S)

Establishment of governance system (G)

Information disclosure to investors and other stakeholders

Reduction of Environmental Burden (E)

- Renovation work for improving the efficiency of air conditioning system using subsidies

Efforts to Solve Social Issues (S)

- Newly established employment support facility for the disabled
 - Effective utilization of the former site of day-care center for employees
- Supported the improvement of efficiency of nursing care business of operators with the introduction of ICT system
 - Introduction of "EGAO link"

Establishment of Governance System (G)

- Actions by the "Customer-Oriented Committee"
 - Sharing the voices of unitholders and operators on a company-wide basis in order to reflect them on the operation of HCM as well as considering looking back on daily work and addressing new efforts from the perspective of customers.

(Case examples of "customer-oriented business operation")

- Development of warehousing rules
- Implementation of ICT investments (EGAO link) contributing to the reduction of the burden of nursing care staff at facilities
- Formulation of "Basic Policy on ESG"

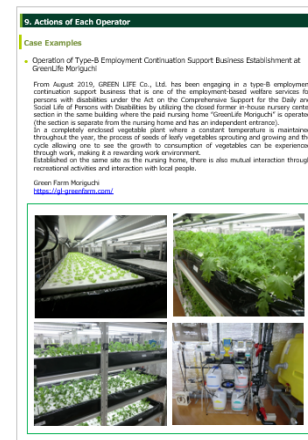
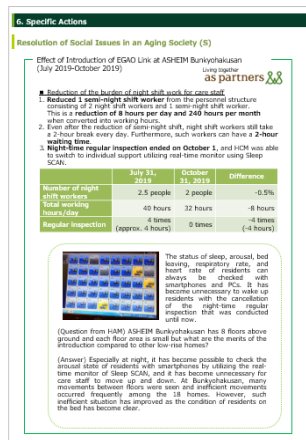
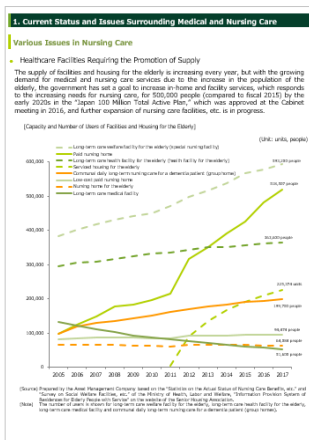
Information Disclosure to Investors and Other Stakeholders

- Periodic information transmission through Impact Reports (issued every December)
- Holding of financial results briefing session
- Enhancement of materials disclosed in English

In addition to the status of allocation of funds procured through social finance, non-financial information related to the medical and nursing care industry was disclosed in the impact report.

Overview of Impact Report

Issue period	December 2019 (scheduled to be issued every December in principle)	
Purpose	In addition to the status and effects of the allocation of funds procured through social financing, the current situation surrounding medical care and nursing care in an aging society and examples of the actions by HCM (including the Asset Management Company) and each operator to solve social issues (*) are indicated. We hope that it will provide a better understanding of HCM and the healthcare market to a broad range of stakeholders including the HCM's stakeholders.	
Case Examples (*)	<p>[Actions by HCM]</p> <ul style="list-style-type: none"> ● Renovation work for improving the efficiency of outdoor air conditioner unit (Green Life Moriguchi) <ul style="list-style-type: none"> ➢ Reduction of energy consumption and utilization of subsidies ● System investment utilizing ICT (ASHEIM Bunkyo Hakusan, etc.) <ul style="list-style-type: none"> ➢ Improvement of efficiency of nursing care work and reduction of working hours at the facility <p style="text-align: right;">etc.</p>	<p>[Actions by Operator]</p> <ul style="list-style-type: none"> ● Actions to tackle shortage of human resources in nursing care <ul style="list-style-type: none"> ➢ Improvement of treatment and acceptance of foreign technical interns ● Actions in the event of disaster <ul style="list-style-type: none"> ➢ Actions to accept victims and ensure the safety of residents ● Employment support for people with disabilities <ul style="list-style-type: none"> ➢ Operation of work continuation support office utilizing the empty space in paid nursing homes <p style="text-align: right;">etc.</p>



Appendix

IV

Strategic investment in three major metropolitan areas

Ratio of investment in three major metropolitan areas

86.1%

Kinki area **43.0%**

Core cities
11.3%

Tokyo metropolitan area
41.1%

Chubu area **2.0%**

Other areas **2.6%**

Serviced housing for the elderly	1	SOMPO CARE Sampo no ie S Awajiekimae
	2	SOMPO CARE Sampo no ie S Kobekamisawa
Medical service-related facilities, etc.	1	Niigata Rehabilitation Hospital
Complex of paid nursing homes, medical service-related facilities, etc.	1	SHIP SENRI BUILDING

Paid nursing home

- 1 AQUAMARINE Nishinomiyaama
- 2 Bonsejour Chitose-funabashi
- 3 Bonsejour Hino
- 4 Bonsejour Musashi-shinjo
- 5 Medical Rehabilitation Home Bonsejour Hadanoshibusawa
- 6 Medical Rehabilitation Home Bonsejour Komaki
- 7 ASHEIM Hikarigaoka
- 8 ASHEIM Bunkyoakusan
- 9 SOMPO CARE La vie Re Machidaonaji
- 10 SOMPO CARE La vie Re Azamino
- 11 SAWAYAKA Tachibanakan
- 12 SAWAYAKA Mekarikan
- 13 SAWAYAKA Tagawakan
- 14 GOOD TIME HOME Fudo-mae
- 15 Bonsejour Yotsugi
- 16 Medical Home Bonsejour Itami
- 17 Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)
- 18 GreenLife Moriguchi
- 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

Details of Portfolio (1)

Paid nursing home					
	①	②	③	④	⑤
	AQUAMARINE Nishinomiyahama	Bonjour Chitose-funabashi	Bonjour Hino	Bonjour Musashi-shinjo	Medical Rehabilitation Home Bonjour Hadanoshibusawa
					
Location	4-15-2, Nishinomiyahama, 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 Hanshin Main Line	Chitose-funabashi Station on Odakyu Odawara Line	Mogusaen Station on Keio Line	Musashi-Shinjo Station on 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)	119 million yen	49 million yen	43 million yen	36 million yen	47 million yen
Appraisal NOI yield (Note 1)	6.1%	5.9%	6.0%	6.2%	6.4%
Appraisal Value (Note 1)	2,140 million yen	974 million yen	818 million yen	643 million yen	850 million yen
Acquisition Price (ratio)	1,950 million yen (3.0%)	824 million yen (1.3%)	724 million yen (1.1%)	582 million yen (0.9%)	728 million yen (1.1%)
Site area	2,587.93 m ²	1,020.92 m ²	2,211.28 m ²	1,233.49 m ²	2,588.04 m ²
Leasable area	5,274.54 m ²	2,342.17 m ²	1,984.17 m ²	1,710.43 m ²	3,435.79 m ²
Structure/number of floor (Note 2)	RC, 5F	RC, B1/6F	RC, 3F	RC, 4F	RC, 5F
Number of Rooms/Resident Capacity	90 rooms, 100 people	42 rooms, 47 people	56 rooms, 58 people	46 rooms, 49 people	100 rooms, 101 people
Occupancy Rate (Note 3)	100.0%	87.2%	98.3%	95.9%	95.0%
Operator	GREEN LIFE	Benesse style Care	Benesse style Care	Benesse style Care	Benesse style Care
Remaining years of lease agreement (Note 4)	17.3 years	6.3 years	6.3 years	6.8 years	7.3 years

(Note 1): Figures in Appraisal NOI, Appraisal NOI yield and Appraisal Value are as of January 31, 2020.


Appraisal NOI is rounded down to the nearest million yen and Appraisal NOI yield to the first decimal place.

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

(Note 3): Occupancy Rate indicates the ratio obtained by dividing the number of residents by resident capacity, rounded to the first decimal place.

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

Details of Portfolio (2)

Paid nursing home					
	6	7	8	9	10
	Medical Rehabilitation Home Bonsejour Komaki	ASHEIM Hikarigaoka	ASHEIM Bunkyo Hakusan	SOMPO CARE La vie Re Machidaonoji	SOMPO CARE La vie Re Azamino
					
Location	3-1, Shiroyama, Komaki-shi, Aichi	4-3-23, Yahara, Nerima-ku, Tokyo	4-36-13, Hakusan, Bunkyo-ku, Tokyo	1612, Onojimachi, Machida-shi, Tokyo	19-24, Ayumigaoka, Tsuzuki-ku, Yokohama-shi, Kanagawa
Nearest Station	Ajioka Station on Meitetsu Komaki Line	Shakujii-koen Station on Seibu Ikebukuro Line	Hakusan Station on Toei Subway Mita Line	Keio Nagayama Station on Keio Sagamihara Line Odakyu Nagayama Station on Odakyu Tama Line	Nakagawa Station on Yokohama Municipal Subway Blue Line
Construction Completion	March 1991	March 2006	February 2007	October 2007	March 2004
Acquisition Period	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2015
Appraisal NOI ^(Note 1)	92 million yen	76 million yen	74 million yen	193 million yen	156 million yen
Appraisal NOI yield ^(Note 1)	7.3%	5.5%	5.1%	5.3%	5.1%
Appraisal Value ^(Note 1)	1,450 million yen	1,580 million yen	1,660 million yen	3,790 million yen	3,230 million yen
Acquisition Price (ratio)	1,270 million yen (2.0%)	1,385 million yen (2.1%)	1,430 million yen (2.2%)	3,580 million yen (5.5%)	3,050 million yen (4.7%)
Site area	8,229.85 m ²	2,868.46 m ²	540.29 m ²	7,404.13 m ²	2,748.64 m ²
Leasable area	8,858.49 m ²	3,628.60 m ²	2,507.25 m ²	7,720.17 m ²	5,789.25 m ²
Structure/number of floor ^(Note 2)	SRC/RC/S, 10F	RC, 3F	RC, 8F	RC, B1/6F	RC, B1F/5F
Number of Rooms/Resident Capacity	124 rooms, 165 people	83 rooms, 89 people	50 rooms, 52 people	163 rooms, 169 people	145 rooms, 145 people
Occupancy Rate ^(Note 3)	76.4%	91.0%	92.3%	69.8%	67.6%
Operator	Benesse style Care	AS PARTNERS	AS PARTNERS	Sompo Care	Sompo Care
Remaining years of lease agreement ^(Note 4)	7.3 years	14.1 years	7.1 years	7.7 years	7.4 years

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

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

(Note 3): Occupancy Rate indicates the ratio obtained by dividing the number of residents by resident capacity, rounded to the first decimal place.

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

Details of Portfolio (3)

Paid nursing home					
	11	12	13	14	15
	SAWAYAKA Tachibanakan	SAWAYAKA Mekarikan	SAWAYAKA Tagawakan	GOOD TIME HOME Fudo-mae	Bonjour Yotsugi
					
Location	173-15, Oaza Ryugeji, Hakata-ku, Fukuoka-shi, Fukuoka	1-9-15, Okubo, Moji-ku, Kitakyushu-shi, Fukuoka	393-1, Oaza Ita, Tagawa-shi, Fukuoka	5-25-13, Nishigotanda, Shinagawa-ku, Tokyo	3-1-11, Higashiyotsugi, Katsushika-ku, Tokyo
Nearest Station	Sasahara Station on JR Kagoshima Honsen Line	Mojiko Station on JR Kagoshima Honsen Line	Magarikane Station on Heisei Chikuho Railway Tagawa Line	Fudo-mae Station on Tokyu Meguro Line	Yotsugi Station on Keisei Railway Oshiage Line
Construction Completion	October 2005	November 2005	January 2006	March 1992	March 1989
Acquisition Period	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended July 2016
Appraisal NOI ^(Note 1)	93 million yen	85 million yen	25 million yen	92 million yen	48 million yen
Appraisal NOI yield ^(Note 1)	6.1%	6.2%	6.5%	5.2%	5.8%
Appraisal Value ^(Note 1)	1,530 million yen	1,410 million yen	381 million yen	1,950 million yen	886 million yen
Acquisition Price (ratio)	1,520 million yen (2.3%)	1,380 million yen (2.1%)	390 million yen (0.6%)	1,740 million yen (2.7%)	824 million yen (1.3%)
Site area	3,359.66 m ²	3,758.26 m ²	4,300.90 m ²	1,206.60 m ²	1,136.46 m ²
Leasable area	5,652.94 m ²	4,720.46 m ²	2,366.20 m ²	3,400.20 m ²	1,962.89 m ²
Structure/number of floor ^(Note 2)	RC, B1/6F	RC, 4F	RC, 3F	RC, B1F/5F	RC, 5F
Number of Rooms/Resident Capacity	104 rooms, 104 people	95 rooms, 95 people	60 rooms, 60 people	61 rooms, 67 people	61 rooms, 65 people
Occupancy Rate ^(Note 3)	100.0%	91.6%	100.0%	86.6%	92.3%
Operator	Sawayaka Club	Sawayaka Club	Sawayaka Club	JAPAN LIFE DESIGN	Benesse style Care
Remaining years of lease agreement ^(Note 4)	8.0 years	8.0 years	8.0 years	6.8 years	5.9 years

(Note 1): Figures in Appraisal NOI, Appraisal NOI yield and Appraisal Value are as of January 31, 2020.






Appraisal NOI is rounded down to the nearest million yen and Appraisal NOI yield to the first decimal place.

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

(Note 3): Occupancy Rate indicates the ratio obtained by dividing the number of residents by resident capacity, rounded to the first decimal place.

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

Details of Portfolio (4)

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

Location	1-2-25, Chuo, Itami-shi, Hyogo	1-1-2, Gakuennishimachi, Nishi-ku, Kobe-shi, Hyogo	6-17-34, Satanakamachi, Moriguchi-shi, Osaka	8-10-7, Uozakiminamimachi, Higashinada-ku, Kobe-shi, Hyogo	2-3-41, Shimotsuruma, Yamato-shi, Kanagawa
Nearest Station	Hankyu Itami Station on Hankyu Railway Itami Line	Gakuentoshi Station on Kobe Municipal Subway Seishin-Yamate Line	Dainichi Station on Osaka Municipal Subway Tanimachi Line and Osaka Monorail	Uozaki Station on Hanshin Electric Railway	Tsuruma Station on Odakyu Enoshima Line
Construction Completion	March 1988	January 2009	September 2006	March 2010	March 1998
Acquisition Period	Fiscal period ended July 2016	Fiscal period ended July 2017	Fiscal period ended July 2017	Fiscal period ended July 2017	Fiscal period ended July 2017
Appraisal NOI ^(Note 1)	36 million yen	225 million yen	220 million yen	48 million yen	53 million yen
Appraisal NOI yield ^(Note 1)	7.1%	5.2%	5.3%	5.2%	5.3%
Appraisal Value ^(Note 1)	557 million yen	4,420 million yen	4,400 million yen	995 million yen	1,060 million yen
Acquisition Price (ratio)	514 million yen (0.8%)	4,320 million yen (6.7%)	4,150 million yen (6.4%)	930 million yen (1.4%)	1,000 million yen (1.5%)
Site area	1,976.11 m ²	2,742.81 m ²	5,872.83 m ²	932.94 m ²	2,877.11 m ²
Leasable area	2,129.87 m ²	12,636.48 m ²	8,356.85 m ²	1,772.89 m ²	3,427.08 m ²
Structure/number of floor ^(Note 2)	SRC, 11F (Exclusive portion)	RC, B1F/9F	S/RC, 9F	S, B1F/4F	RC/S, 5F
Number of Rooms/Resident Capacity	62 rooms, 64 people	131 rooms, 138 people	155 rooms, 189 people	47 rooms, 47 people	73 rooms, 90 people
Occupancy Rate ^(Note 3)	93.8%	93.5%	100.0%	100.0%	86.7%
Operator	Benesse style Care	GREEN LIFE	GREEN LIFE	GREEN LIFE	Benesse style Care
Remaining years of lease agreement ^(Note 4)	7.3 years	21.1 years	19.7 years	21.1 years	2.1 years

(Note 1): Figures in Appraisal NOI, Appraisal NOI yield and Appraisal Value are as of January 31, 2020.

Appraisal NOI is rounded down to the nearest million yen and Appraisal NOI yield to the first decimal place.

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

(Note 3): Occupancy Rate indicates the ratio obtained by dividing the number of residents by resident capacity, rounded to the first decimal place.

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

Details of Portfolio (5)

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

Location	3-35-10, Minamihanabatake, Adachi-ku, Tokyo	1-3239-1, Tamachi, Chuo-ku, Niigata-shi, Niigata	2-4-38, Shinkawacho, Minami-ku, Yokohama-shi, Kanagawa	3-5, Suwacho, Miura-shi, Kanagawa	23-1, Tajimacho, Kawasaki-ku, Kawasaki-shi, Kanagawa
Nearest Station	Rokucho Station on Tsukuba Express	Niigata Station on JR Shinetsu Main Line	Yoshinocho Station on Yokohama Municipal Subway Blue Line	Misakiguchi Station on Keikyu Kurihama Line	Odasakae Station on JR Nambu Line
Construction Completion	November 2005	February 2010	February 2010	June 2007	March 2007
Acquisition Period	Fiscal period ended July 2017	Fiscal period ended July 2017	Fiscal period ended January 2019	Fiscal period ended January 2019	Fiscal period ended July 2019
Appraisal NOI ^(Note 1)	120 million yen	45 million yen	56 million yen	35 million yen	90 million yen
Appraisal NOI yield ^(Note 1)	5.3%	5.9%	5.2%	5.7%	5.2%
Appraisal Value ^(Note 1)	2,460 million yen	865 million yen	1,190 million yen	665 million yen	1,820 million yen
Acquisition Price (ratio)	2,253 million yen (3.5%)	770 million yen (1.2%)	1,071 million yen (1.7%)	615 million yen (0.9%)	1,710 million yen (2.6%)
Site area	2,069.41 m ²	2,597.52 m ²	428.76 m ²	1,017.55 m ²	2,832.33 m ²
Leasable area	3,870.98 m ²	4,311.20 m ²	1,710.68 m ²	1,959.64 m ²	4,060.21 m ²
Structure/number of floor ^(Note 2)	RC, 4F	S, 5F	RC, 7F	RC, 4F	RC, 4F (Exclusive portion)
Number of Rooms/Resident Capacity	82 rooms, 82 people	90 rooms, 90 people	51 rooms, 51 people	53 rooms, 54 people	58 rooms, 58 people
Occupancy Rate ^(Note 3)	84.1%	100.0%	88.2%	92.6%	75.9%
Operator	GREEN LIFE HIGASHI NIHON Co., Ltd.	Medical Corporation AIKOKAI	Proud Life Inc.	Proud Life Inc.	Sompo Care
Remaining years of lease agreement ^(Note 4)	17.0 years	16.5 years	12.8 years	12.8 years	7.9 years

(Note 1): Figures in Appraisal NOI, Appraisal NOI yield and Appraisal Value are as of January 31, 2020.

Appraisal NOI is rounded down to the nearest million yen and Appraisal NOI yield to the first decimal place.

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

(Note 3): Occupancy Rate indicates the ratio obtained by dividing the number of residents by resident capacity, rounded to the first decimal place.

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

Details of Portfolio (6)

Paid nursing home					
	26	27	28	29	30
	Hanakotoba Shin-Yokohama	Hanakotoba Shin-Yokohama II	Hanakotoba Odawara	Verde Minowa	Verde Hotaka
					
Location	1-11-5, Shinyokohama, Kohoku-ku, Yokohama-shi, Kanagawa	1-11-11, Shinyokohama, Kohoku-ku, Yokohama-shi, Kanagawa	3-383-10, Sakawa, Odawara-shi, Kanagawa	839-4, Azamachiabo, Kamishiba, Misatomachi, Takasaki-shi, Gunma	1221, Azamaebara, Oazanamashina, Kawaba-mura, Tone-gun, Gunma
Nearest Station	Shin-Yokohama Station on Yokohama Municipal Subway Blue Line and JR Yokohama Line	Shin-Yokohama Station on Yokohama Municipal Subway Blue Line and JR Yokohama Line	Kamonomiya Station on JR Tokaido Line	Takasaki Station on JR Takasaki Line	Numata Station on JR Joetsu Line
Construction Completion	March 2004	April 2007	September 2009	November 2003 (Building 1) February 1974 (Building 2)	September 1982 (Building 1) July 1989 (Building 2)
Acquisition Period	Fiscal period ended July 2019	Fiscal period ended July 2019	Fiscal period ended July 2019	Fiscal period ended July 2019	Fiscal period ended July 2019
Appraisal NOI ^(Note 1)	109 million yen	22 million yen	49 million yen	109 million yen	90 million yen
Appraisal NOI yield ^(Note 1)	5.2%	5.8%	5.6%	6.7%	7.0%
Appraisal Value ^(Note 1)	2,240 million yen	401 million yen	948 million yen	1,700 million yen	1,360 million yen
Acquisition Price (ratio)	2,071 million yen (3.2%)	375 million yen (0.6%)	880 million yen (1.4%)	1,620 million yen (2.5%)	1,290 million yen (2.0%)
Site area	894.00 m ²	375.00 m ²	1,202.12 m ²	7,550.81 m ²	4,375.31 m ²
Leasable area	5,230.23 m ²	1,837.29 m ²	2,203.42 m ²	11,098.17 m ²	6,352.86 m ²
Structure/number of floor ^(Note 2)	RC, 9F	RC, B1F/7F	RC, 4F	S, 5F (Building 1) S/RC, 8F (Building 2)	S/SRC, 5F (Building 1) S, 2F (Building 2)
Number of Rooms/Resident Capacity	136 rooms, 136 people	29 rooms, 30 people	60 rooms, 65 people	174 rooms, 206 people	121 rooms, 174 people
Occupancy Rate ^(Note 3)	97.1%	96.7%	98.5%	94.2%	98.9%
Operator	Proud Life Inc.	Proud Life Inc.	Proud Life Inc.	Verde Corporation	Verde Corporation
Remaining years of lease agreement ^(Note 4)	12.8 years	12.8 years	12.8 years	7.3 years	7.3 years

(Note 1): Figures in Appraisal NOI, Appraisal NOI yield and Appraisal Value are as of January 31, 2020.






Appraisal NOI is rounded down to the nearest million yen and Appraisal NOI yield to the first decimal place.

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

(Note 3): Occupancy Rate indicates the ratio obtained by dividing the number of residents by resident capacity, rounded to the first decimal place.

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

Details of Portfolio (7)

	Paid nursing home	Serviced housing for the elderly		Medical service-related facilities, etc.	Paid nursing home · Medical service-related facilities, etc.
	31	1	2	1	1
	Sunny Life Kita-Shinagawa	SOMPO CARE Sompno ie S Awajiekimae	SOMPO CARE Sompno ie S Kobekamisawa	Niigata Rehabilitation Hospital	SHIP SENRI BUILDING
					
Location	3-8-6, Kitashinagawa, Shinagawa-ku, Tokyo	3-20-26, Awaji, Higashiyodogawa-ku, Osaka-shi, Osaka	8-2-5, Kamisawadori, Hyogo-ku, Kobe-shi, Hyogo	761, Kizaki, Kita-ku, Niigata-shi, Niigata	1-4-3, Shinsenri-higashimachi, Toyonaka-shi, Osaka
Nearest Station	Shimbamba Station on Keikyu Line	Awaji Station on Hankyu Railway Kyoto and Senri Lines	Kamisawa Station on Kobe Municipal Subway Seishin-Yamate Line	Hayadori Station on JR Hakushin Line	Senri-Chuo Station on Kita-Osaka Kyuko Namboku Line and Osaka Monorail
Construction Completion	September 2018	June 2009	June 2009	April 1990 (Building 1) February 2001 (Building 2)	September 2008
Acquisition Period	Fiscal period ended July 2019	Fiscal period ended July 2015	Fiscal period ended July 2015	Fiscal period ended January 2018	Fiscal period ended July 2019
Appraisal NOI ^(Note 1)	91 million yen	116 million yen	72 million yen	152 million yen	680 million yen
Appraisal NOI yield ^(Note 1)	4.9%	6.0%	6.0%	7.4%	5.2%
Appraisal Value ^(Note 1)	1,970 million yen	2,170 million yen	1,340 million yen	2,260 million yen	14,300 million yen
Acquisition Price (ratio)	1,825 million yen (2.8%)	1,930 million yen (3.0%)	1,200 million yen (1.8%)	2,060 million yen (3.2%)	12,920 million yen (19.9%)
Site area	1,105.12 m ²	1,251.26 m ²	743.22 m ²	15,056.85 m ²	4,202.65 m ²
Leasable area	2,135.54 m ²	5,745.15 m ²	4,058.35 m ²	13,476.55 m ²	24,813.85 m ²
Structure/number of floor ^(Note 2)	S, 3F	RC, 12F	S, 9F	RC, 3F (Building 1) S, 5F (Building 2)	RC, B1/11F
Number of Rooms/Resident Capacity	66 rooms, 66 people	137 rooms/137 people ^(Note 3)	85 rooms, 85 people	168 beds	Hospital: 400 beds Paid nursing home: 181 rooms, 200 people
Occupancy Rate ^(Note 4)	87.9%	98.5%	92.9%	-	Paid nursing home: 100 %
Operator	Kawashima Corporation	Sompo Care	Sompo Care	Medical Corporation AIKOKAI	Kyowakai Medical Corporation GREEN LIFE
Remaining years of lease agreement ^(Note 5)	23.7 years	14.5 years	14.5 years	27.1 years	18.7 years

(Note 1): Figures in Appraisal NOI, Appraisal NOI yield and Appraisal Value are as of January 31, 2020.

Appraisal NOI is rounded down to the nearest million yen and Appraisal NOI yield to the first decimal place.

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

(Note 3): Number of rooms/resident capacity as a serviced housing for the elderly is 136 rooms/136 people

(Note 4): Occupancy Rate indicates the ratio obtained by dividing the number of residents by resident capacity, rounded to the first decimal place.

(Note 5): Remaining years of lease agreement is as of January 31, 2020, rounded down to the first decimal place.

Operator List (1)

Operator name	Number of facilities (Note 1)		Attribute	Remarks	Facilities owned by HCM
	Facilities and housing for the elderly	Hospital			
GREEN LIFE Co., Ltd.	25	-	Consolidated subsidiary of SHIP HEALTHCARE HOLDINGS, INC., which is listed on the TSE First Section	A nursing care business that plays a central role in the Lifecare Business of SHIP HEALTHCARE HOLDINGS, INC. Operates nursing care facilities nationwide.	AQUAMARINE Nishinomiyahama Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi) GreenLife Moriguchi Hapine Kobe Uozaki Nibankan Smiling Home Medice Adachi SHIP SENRI BUILDING (Well House Senri-Chuo)
GREEN LIFE HIGASHI NIHON Co., Ltd.	36	-			
Sompo Care Inc.	441	-	Consolidated subsidiary of Sompo Holdings, Inc., which is listed on the TSE First Section	Mainly operates paid nursing homes with care service under the Sompo Care La vie Re brand and mid- to low-end homes under the SOMPO CARE Sompo no ie brand and the SOMPO CARE Sompo no ie S brand, centering on three major metropolitan areas.	SOMPO CARE La vie Re Machidaonoji 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
Benesse Style Care Co., Ltd.	323	-	Consolidated subsidiary of Benesse Holdings, Inc., which is listed on the TSE First Section	Operates seven brands in Tokyo, Osaka, Nagoya, and elsewhere in Japan. The brands are mainly mid- to high-end, such as Bonsejour and GRANNY AND GRANDA.	Bonsejour Chitose-funabashi Bonsejour Hino Bonsejour Musashi-shinjo Medical Rehabilitation Home Bonsejour Hadanoshibusawa Medical Rehabilitation Home Bonsejour Komaki Bonsejour Yotsugi Medical Home Bonsejour Itami Granda Tsuruma-Yamato
Sawayaka Club Co., Ltd.	85	-	Consolidated subsidiary of UCHIYAMA HOLDINGS Co., Ltd., which is listed on the TSE First Section	Operates low-price facilities with no initial fees under the SAWAYAKA brand in Fukuoka Prefecture and elsewhere in Japan.	SAWAYAKA Tachibanakan SAWAYAKA Mekarikan SAWAYAKA Tagawakan
AS PARTNERS Co., Ltd.	17	-	Unlisted company	Operates paid nursing homes and day service facilities under the ASHEIM brand in the Greater Tokyo Area.	ASHEIM Hikarigaoka ASHEIM Bunkyo Hakusan

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

Operator List (2)

Operator name	Number of facilities (Note 1)		Attribute	Remarks	Facilities owned by HCM
	Facilities and housing for the elderly	Hospital			
JAPAN LIFEDESIGN Inc.	3	-	Capital partnership by Nomura Real Estate Holdings, Inc., which is an unlisted company	Operates paid nursing homes under the GOOD TIME HOME brand in Tokyo. Operates in Kyushu and Hokkaido besides the Tokyo Metropolitan Area through SOUSEI JIGYODAN Co., Ltd., the parent company, and other subsidiaries.	GOOD TIME HOME Fudo-mae
Medical Corporation AIKOKAI	10	2	A medical corporation which belongs to NSG Group with sales of over 80 billion yen (Note 3)	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
Kyowakai Medical Corporation	4 (Note 2)	6	-	A major medical corporation operating a wide range of businesses including six hospitals (2,024 beds), four long-term care health facilities (495 beds) and home care support. Provides safe and convenient medical/nursing care services for all, from those in an acute stage to those in need of rehabilitation, at-home medical/nursing care.	SHIP SENRI BUILDING (Senri-Chuo Hospital)
Kawashima Corporation	116	-	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
Proud Life Inc.	26	-	Consolidated subsidiary of Sony Financial Holdings Inc., which is listed on the TSE First Section	Former Yuuai Holdings Group company. Operates paid nursing homes, etc. under the "Hanakotoba" brand centering on Kanagawa. Came under Sony Financial Holdings Inc. in 2017.	Hanakotoba Minami Hanakotoba Miura Hanakotoba Odawara Hanakotoba Shin-Yokohama Hanakotoba Shin-Yokohama II
Verde Corporation	5	-	Unlisted company	A core company of the Hotaka Kai Group, a nursing care/welfare business group holding the largest number of rooms in Gunma Prefecture.	Verde Minowa Verde Hotaka

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

(Note 2): Only the number of long-term care health facilities is indicated.

(Note 3): Indicates the actual figures in fiscal 2017 based on NSG Group's website.

Summary of Appraisal Report (1)

Property name	Appraisal company	Appraisal value (million yen) (Note 1) (A)	Summary of Appraisal Report						End of July 2019	
			Direct capitalization method		DCF method			Appraisal NOI (million yen) (Note 2)	Appraisal value (million yen) (B)	Difference (million yen) (A)-(B)
			Indicated value (million yen)	Capitalization rate (%)	Indicated value (million yen)	Discount rate (%)	Terminal capitalization rate (%)			
AQUAMARINE Nishinomiya-hama	Rich Appraisal Institute Co., Ltd.	2,140	2,160	5.3%	2,130	5.0%	5.5%	119	2,140	0
Bonjour Chitose-funabashi	The Tanizawa Sogo Appraisal Co., Ltd.	974	993	4.4%	966	4.5%	4.6%	49	974	0
Bonjour Hino	The Tanizawa Sogo Appraisal Co., Ltd.	818	832	4.8%	812	4.9%	5.0%	43	818	0
Bonjour Musashi-shinjo	The Tanizawa Sogo Appraisal Co., Ltd.	643	653	5.1%	638	5.2%	5.3%	36	643	0
Medical Rehabilitation Home Bonjour Hadanoshibusawa	The Tanizawa Sogo Appraisal Co., Ltd.	850	864	5.0%	844	5.1%	5.2%	47	850	0
Medical Rehabilitation Home Bonjour Komaki	The Tanizawa Sogo Appraisal Co., Ltd.	1,450	1,460	5.5%	1,440	5.6%	5.7%	92	1,450	0
ASHEIM Hikarigaoka	Japan Real Estate Institute	1,580	1,580	4.8%	1,570	4.6%	5.0%	76	1,570	+10
ASHEIM Bunkyo-hakusan	Japan Real Estate Institute	1,660	1,670	4.4%	1,640	4.2%	4.6%	74	1,650	+10
SOMPO CARE La vie Re Machida-onoji	Japan Real Estate Institute	3,790	3,830	4.9%	3,740	4.7%	5.1%	193	3,790	0
SOMPO CARE La vie Re Azamino	Japan Real Estate Institute	3,230	3,270	4.6%	3,190	4.4%	4.8%	156	3,230	0
SAWAYAKA Tachibanakan	Japan Real Estate Institute	1,530	1,540	5.6%	1,510	5.4%	5.8%	93	1,590	-60
SAWAYAKA Mekarikan	Japan Real Estate Institute	1,410	1,420	5.7%	1,390	5.5%	5.9%	85	1,450	-40
SAWAYAKA Tagawakan	Japan Real Estate Institute	381	383	5.8%	378	5.6%	6.0%	25	411	-30
GOOD TIME HOME Fudo-mae	Japan Real Estate Institute	1,950	1,970	4.4%	1,920	4.2%	4.6%	92	1,950	0
Bonjour Yotsugi	The Tanizawa Sogo Appraisal Co., Ltd.	886	902	4.7%	879	4.8%	4.9%	48	886	0
Medical Home Bonjour Itami	The Tanizawa Sogo Appraisal Co., Ltd.	557	566	5.1%	553	5.2%	5.3%	36	557	0
Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)	Daiwa Real Estate Appraisal Co., Ltd.	4,420	4,470	4.7%	4,400	4.5%	4.9%	225	4,410	+10
GreenLife Moriguchi	Daiwa Real Estate Appraisal Co., Ltd.	4,400	4,460	4.6%	4,380	4.4%	4.8%	220	4,400	0
Hapine Kobe Uozaki Nibankan	Daiwa Real Estate Appraisal Co., Ltd.	995	1,010	4.6%	989	4.4%	4.8%	48	995	0
Granda Tsuruma-Yamato	The Tanizawa Sogo Appraisal Co., Ltd.	1,060	1,070	4.7%	1,050	4.8%	4.9%	53	1,060	0
Smiling Home Medice Adachi	The Tanizawa Sogo Appraisal Co., Ltd.	2,460	2,490	4.7%	2,450	4.8%	4.9%	120	2,440	+20

(Note 1): "Appraisal value" is based on the appraisal report with January 31, 2020, as the appraisal date.

(Note 2): "Appraisal NOI" indicates net operating income obtained by direct capitalization method stated in real estate appraisal report with January 31, 2020, as the appraisal date, and is rounded down to the nearest million yen.
The above appraisal NOI is NOI obtained by direct capitalization method.

Summary of Appraisal Report (2)

Property name	Appraisal company	Summary of Appraisal Report							End of July 2019	
		Appraisal value (million yen) (Note 1) (A)	Direct capitalization method		DCF method			Appraisal NOI (million yen) (Note 2)	Appraisal value (million yen) (B)	Difference (million yen) (A)-(B)
			Indicated value (million yen)	Capitalization rate (%)	Indicated value (million yen)	Discount rate (%)	Terminal capitalization rate (%)			
Aikoen Ichibankan Building (Aikoen Ichibankan)	The Tanizawa Sogo Appraisal Co., Ltd.	865	866	5.2%	864	5.3%	5.4%	45	862	+3
Hanakotoba Minami	Japan Real Estate Institute	1,190	1,200	4.6%	1,170	4.4%	4.8%	56	1,190	0
Hanakotoba Miura	The Tanizawa Sogo Appraisal Co., Ltd.	665	671	4.9%	662	5.0%	5.1%	35	664	+1
SOMPO CARE La vie Re Hama-Kawasaki	JLL Morii Valuation & Advisory K.K.	1,820	1,850	4.6%	1,790	4.4%	4.8%	90	1,820	0
Hanakotoba Shin-Yokohama	Japan Real Estate Institute	2,240	2,260	4.5%	2,210	4.3%	4.7%	109	2,230	+10
Hanakotoba Shin-Yokohama II	Japan Real Estate Institute	401	403	4.8%	399	4.6%	5.0%	22	401	0
Hanakotoba Odawara	The Tanizawa Sogo Appraisal Co., Ltd.	948	960	4.9%	943	4.8-5.0%	5.1%	49	948	0
Verde Minowa	Daiwa Real Estate Appraisal Co., Ltd.	1,700	1,710	5.0%	1,690	4.8%	5.2%	109	1,700	0
Verde Hotaka	Daiwa Real Estate Appraisal Co., Ltd.	1,360	1,370	5.6%	1,350	5.4%	5.8%	90	1,360	0
Sunny Life Kita-Shinagawa	Daiwa Real Estate Appraisal Co., Ltd.	1,970	2,000	4.5%	1,960	4.3%	4.7%	91	1,970	0
SOMPO CARE Sampo no ie S Awajiekimae	Japan Real Estate Institute	2,170	2,190	5.2%	2,150	5.0%	5.4%	116	2,170	0
SOMPO CARE Sampo no ie S Kobekamisawa	Japan Real Estate Institute	1,340	1,350	5.2%	1,320	5.0%	5.4%	72	1,340	0
Niigata Rehabilitation Hospital	Japan Real Estate Institute	2,260	2,270	6.6%	2,250	6.4%	6.8%	152	2,260	0
SHIP SENRI BUILDING	The Tanizawa Sogo Appraisal Co., Ltd.	14,300	14,400	4.5%	14,200	4.5-4.6%	4.7%	680	14,300	0
Total		70,413	71,093	-	69,827	-	-	3,661	70,479	-66

(Note 1): "Appraisal value" is based on the appraisal report with January 31, 2020, as the appraisal date.

(Note 2): "Appraisal NOI" indicates net operating income obtained by direct capitalization method stated in real estate appraisal report with January 31, 2020, as the appraisal date, and is rounded down to the nearest million yen. The above appraisal NOI is NOI obtained by direct capitalization method.

IV Appendix

Status of Income/Expenditure of Owned Properties (As of the End of the 10th Fiscal Period)

(Unit: thousand yen)

Property name	Real estate lease business revenue			Real estate lease business expenses							NOI ^(Note 2)
		Rent revenue	Other revenue		Property tax	Outsourcing	Repair expenses	Insurance expenses	Depreciation and amortization	Other	
AQUAMARINE Nishinomiyahama	Not disclosed ^(Note 1)			24,792	4,281	2,100	2,598	206	15,205	400	57,756
Bonsejour Chitose-funabashi				5,577	1,794	224	-	104	3,048	404	21,363
Bonsejour Hino				5,064	1,240	213	-	79	3,130	400	19,467
Bonsejour Musashi-shinjo				4,097	1,012	167	-	70	2,447	400	16,128
Medical Rehabilitation Home Bonsejour Hadanoshibusawa				8,398	1,823	213	-	143	5,817	400	21,077
Medical Rehabilitation Home Bonsejour Komaki				14,125	4,566	201	-	330	8,627	400	39,521
ASHEIM Hikarigaoka				14,066	3,687	384	-	150	9,443	400	41,313
ASHEIM Bunkyoakusan				12,025	2,502	384	-	112	8,626	400	38,788
SOMPO CARE La vie Re Machidaonoji				44,505	5,974	780	251	334	36,765	400	97,259
SOMPO CARE La vie Re Azamino				34,262	4,795	780	1,921	244	26,121	400	77,058
SAWAYAKA Tachibanakan				26,261	2,660	1,140	-	287	21,773	400	47,409
SAWAYAKA Mekarikan				25,648	2,976	1,140	-	183	20,949	400	43,551
SAWAYAKA Tagawakan				8,366	1,120	1,140	-	86	5,620	400	12,940
GOOD TIME HOME Fudo-mae				14,750	3,092	600	1,553	157	8,947	400	45,196
Bonsejour Yotsugi				4,946	968	223	-	68	3,286	400	20,708
Medical Home Bonsejour Itami				6,512	1,376	371	-	104	4,260	400	13,931
Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)				51,681	9,599	900	630	538	39,614	400	113,432
GreenLife Moriguchi				38,386	6,956	1,372	5,396	352	23,908	400	105,521
Hapine Kobe Uozaki Nibankan				9,529	1,401	1,200	-	84	6,444	400	24,414
Granda Tsuruma-Yamato				7,289	1,938	618	-	141	4,191	400	27,072

(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

IV Appendix Status of Income/Expenditure of Owned Properties (As of the End of the 10th Fiscal Period)

(Unit: thousand yen)

Property name	Real estate lease business revenue			Real estate lease business expenses							NOI (Note 2)
		Rent revenue	Other revenue		Property tax	Outsourcing	Repair expenses	Insurance expenses	Depreciation and amortization	Other	
Smiling Home Medice Adachi	Not disclosed ^(Note 1)			13,663	3,231	540	40	164	9,287	400	60,672
AIKOEN ICHIBANKAN Building				8,477	2,562	780	-	104	4,630	400	22,813
Hanakotoba Minami				6,916	1,543	600	310	71	3,991	400	27,675
Hanakotoba Miura				6,937	1,535	600	282	85	4,034	400	17,505
SOMPO CARE La vie Re Hama-Kawasaki				15,152	-	3,147	472	191	10,940	400	46,081
Hanakotoba Shin-Yokohama				10,296	-	900	347	231	8,418	400	60,033
Hanakotoba Shin-Yokohama II				2,939	-	600	-	85	1,853	400	13,726
Hanakotoba Odawara				6,458	-	600	95	92	5,271	400	26,412
Verde Minowa				20,358	-	1,020	512	473	17,953	400	61,521
Verde Hotaka				21,976	-	1,020	120	231	19,701	902	47,831
Sunny Life Kita-Shinagawa				7,377	-	600	-	110	6,265	400	48,388
SOMPO CARE Sompno ie S Awajiekimae				28,605	4,930	510	1,575	255	20,934	400	56,787
SOMPO CARE Sompno ie S Kobekamisawa				16,730	2,910	510	140	161	12,608	400	36,168
Niigata Rehabilitation Hospital				26,558	9,856	1,030	-	360	14,811	500	78,133
SHIP SENRI BUILDING				48,393	397	1,500	-	1,098	44,997	400	368,405
Total	2,013,274	2,004,334	8,939	601,131	90,736	28,112	16,244	7,500	443,930	14,607	1,856,072

(Note 1): "Real estate lease business revenue," "rent revenue" and "other revenue" of each property are not disclosed as consent for disclosure has not been obtained from tenants. The total is the sum of amounts received as rent for the fiscal period under review based on the lease agreements.

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

Balance Sheet

	(Unit: thousand yen)	
	9th Fiscal Period Fiscal period ended July 2019	10th Fiscal Period Fiscal period ended January 2020
Assets		
Current assets	2,329,873	2,450,025
Cash and deposits	1,897,300	2,160,660
Cash and deposits in trust	142,524	177,603
Operating accounts receivable	16	-
Prepaid expenses	110,615	110,995
Consumption taxes receivable	179,416	-
Other	-	766
Non-current assets	65,958,581	65,726,997
Property, plant and equipment	65,729,194	65,473,380
Buildings in trust	29,538,375	29,245,277
Structures in trust	76,701	75,481
Machine and device in trust	10,773	13,381
Tools, furniture and fixtures in trust	58,393	94,289
Land in trust	36,044,949	36,044,949
Intangible assets	40,596	39,487
Investments and other assets	188,790	214,129
Deferred assets	37,103	46,511
Total assets	68,325,557	68,223,535
Liabilities		
Current liabilities	8,290,182	3,677,538
Operating accounts payable	11,716	40,298
Short-term loans payable ^(Note 1)	7,700,000	3,000,000
Accounts payable - other	73,843	41,888
Accrued expenses	174,390	239,697
Income taxes payable	967	812
Accrued consumption taxes	-	25,721
Advances received	329,191	329,047
Deposits received	72	72
Non-current liabilities	26,609,080	31,311,236
Investment corporation bonds	-	2,000,000
Long-term loans payable	24,750,000	27,450,000
Tenant leasehold and security deposits	1,734,009	1,734,009
Tenant leasehold and security deposits in trust	86,766	86,766
Derivatives liabilities	37,784	40,097
Other	520	362
Total liabilities	34,899,262	34,988,775
Net assets		
Unitholders' equity	33,464,079	33,274,857
Unitholders' capital	32,392,149	32,293,251
Surplus	1,071,929	981,606
Valuation and translation adjustments (Deferred gains and losses on hedges)	-37,784	-40,097
Total net assets	33,426,294	33,234,759
Total liabilities and net assets	68,325,557	68,223,535

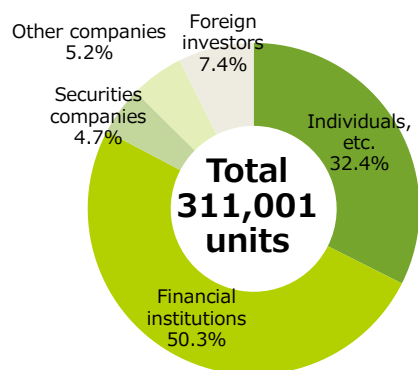
Statement of Income

	(Unit: thousand yen)	
	9th Fiscal Period Fiscal period ended July 2019	10th Fiscal Period Fiscal period ended January 2020
Operating revenue	2,008,674	2,013,274
Lease business revenue	2,000,800	2,004,334
Other lease business revenue	7,874	8,939
Operating expenses	818,931	909,860
Expenses related to rent business	586,721	601,131
Asset management fee	144,071	200,660
Asset custody fee	3,207	3,407
Administrative service fees	19,416	22,679
Directors' compensations	3,000	3,000
Property tax	17,685	25,521
Other operating expenses	44,829	53,459
Operating income	1,189,743	1,103,413
Non-operating income	16,614	1,786
Reversal of distribution payable	1,608	651
Interest income	5	7
Insurance income	15,000	-
Interest on refund of consumption taxes and other	-	358
Refund of fixed asset taxes	-	766
Non-operating expenses	159,310	160,622
Interest expenses	90,543	91,751
Interest expenses on investment corporation bonds	-	42
Investment unit issuance expenses	11,406	11,406
Borrowing expenses	57,359	57,421
Ordinary income	1,047,048	944,576
Extraordinary profit	-	3,552
Extraordinary loss	-	3,552
Income before income taxes	1,047,048	944,576
Total income taxes	967	821
Income taxes - current	968	813
Income taxes - deferred	-0	7
Net income	1,046,080	943,755
Retained earnings brought forward	25,848	37,851
Unappropriated retained earnings (undisposed loss)	1,071,929	981,606

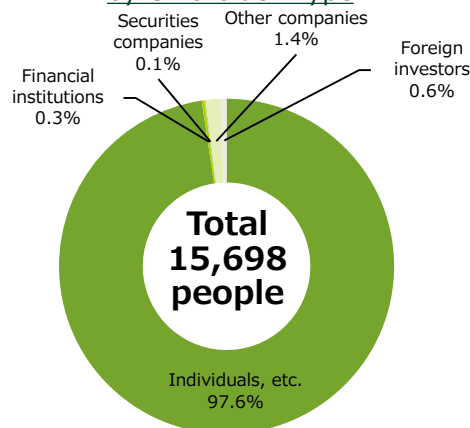
(Note 1): Figures include current portion of long-term loans payable.

Status of Unitholders

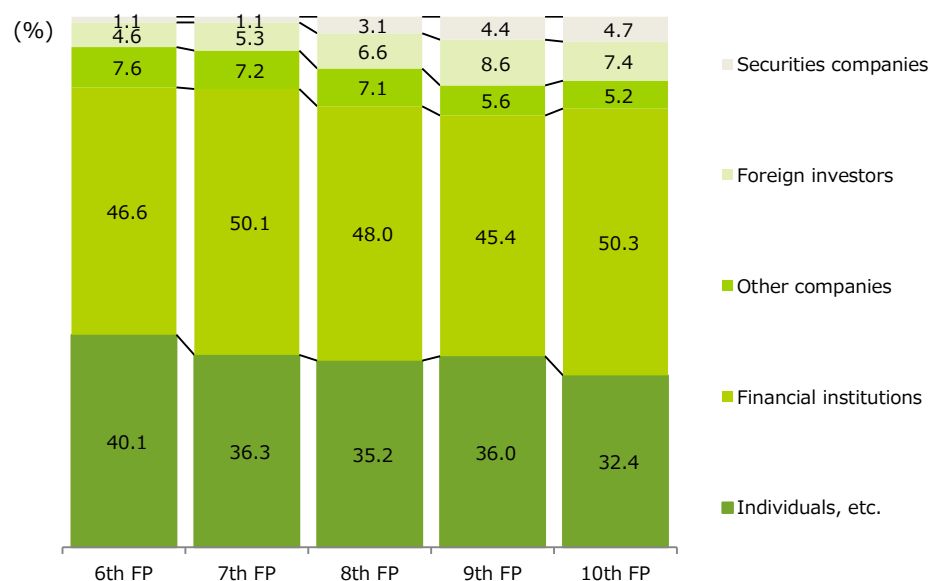
Ratio of Number of Investment Units by Unitholder Type



Ratio of Number of Unitholders by Unitholder Type



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

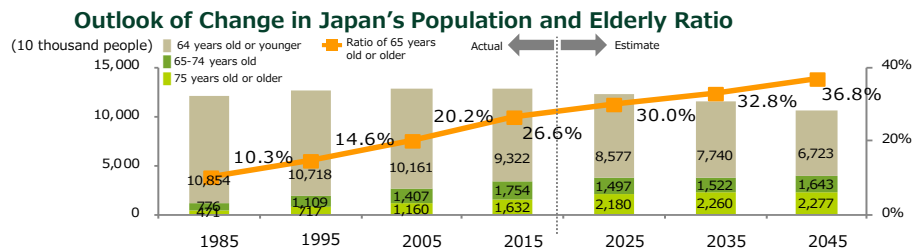


(Note 1): Ratios in the graphs are rounded to the first decimal place.

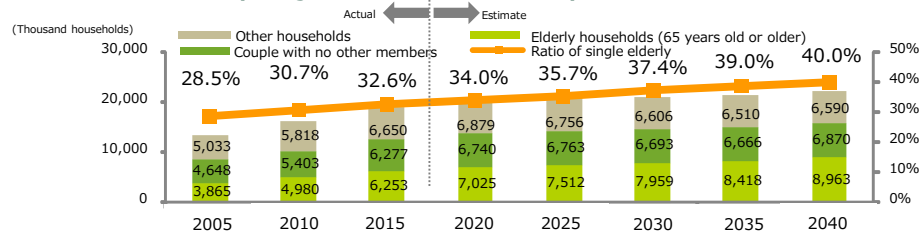
List of Top Unitholders

Ranking	Name	Number of investment units owned (unit)	Ownership ratio (%)
1	Japan Trustee Services Bank Ltd. (Trust Account)	73,130	23.5
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	36,790	11.8
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	12,943	4.2
4	Trust & Custody Services Bank Ltd. (Securities Investment Trust Account)	10,413	3.3
5	JPMorgan Securities Japan Co., Ltd.	4,781	1.5
6	NORTHERN TRUST CO.(AVFC) RE FIDELITY FUNDS	4,627	1.5
7	NEC Capital Solutions Limited	4,000	1.3
	SHIP HEALTHCARE HOLDINGS INC.	4,000	1.3
	Sumitomo Mitsui Banking Corporation	4,000	1.3
	UEDA YAGI TANSHI Co., Ltd.	4,000	1.3
Total		158,684	51.0

Rising Elderly Ratio and Increase in Elderly Single Households



Ratio of Elderly Single Households in Elderly Households

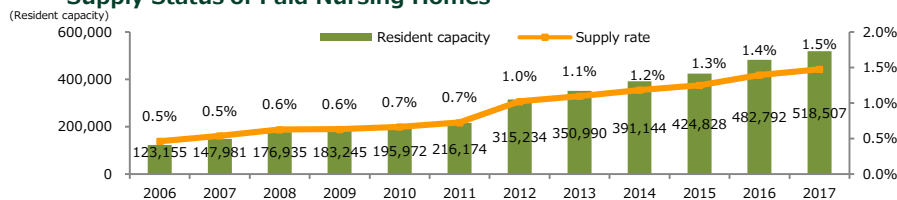


(Source) "Projection of the Number of Households for Japan (Nationwide Projection)" (Projection for January 2013) and (Projection for 2018) by the National Institute of Population and Social Security Research

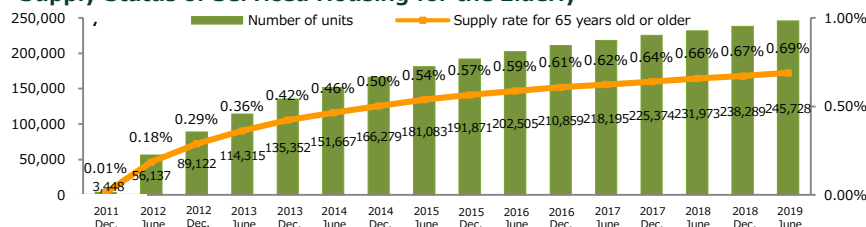
Promotion of Further Supply of Healthcare Facilities

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

Supply Status of Paid Nursing Homes



Supply Status of Serviced Housing for the Elderly



Upgrades and Expansion of Healthcare Facilities Backed by Government Policy

2014
June

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

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

2015
June

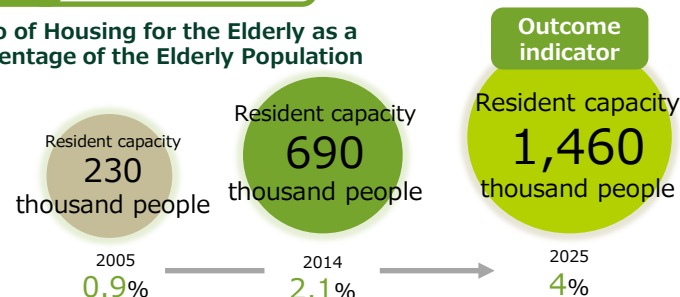
Guidelines Concerning REITs Targeting Hospital Real Estate

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

2016
March

Housing Life Basic Plan (nationwide plan)

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 74.5%. (Ministry of Health, Labour and Welfare's 2018 "Survey on Seismic Retrofit of Hospitals")

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

(Hospital: Having more than 3 floors above ground and a total floor area of 5,000 m² or more)

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

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

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

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

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

(Facilities to receive subsidies after expansion)

- Facilities currently receiving subsidies



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

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

(Maximum unit price of subsidy)

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

(Requirements for receiving subsidy)

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

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

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

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

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

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

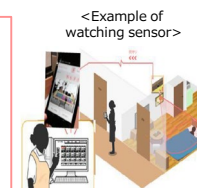
- At the time of opening
- At the time of floor expansion
- At the time of reopening (reconstruction)
- **"Upon large-scale repair"**

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

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

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

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

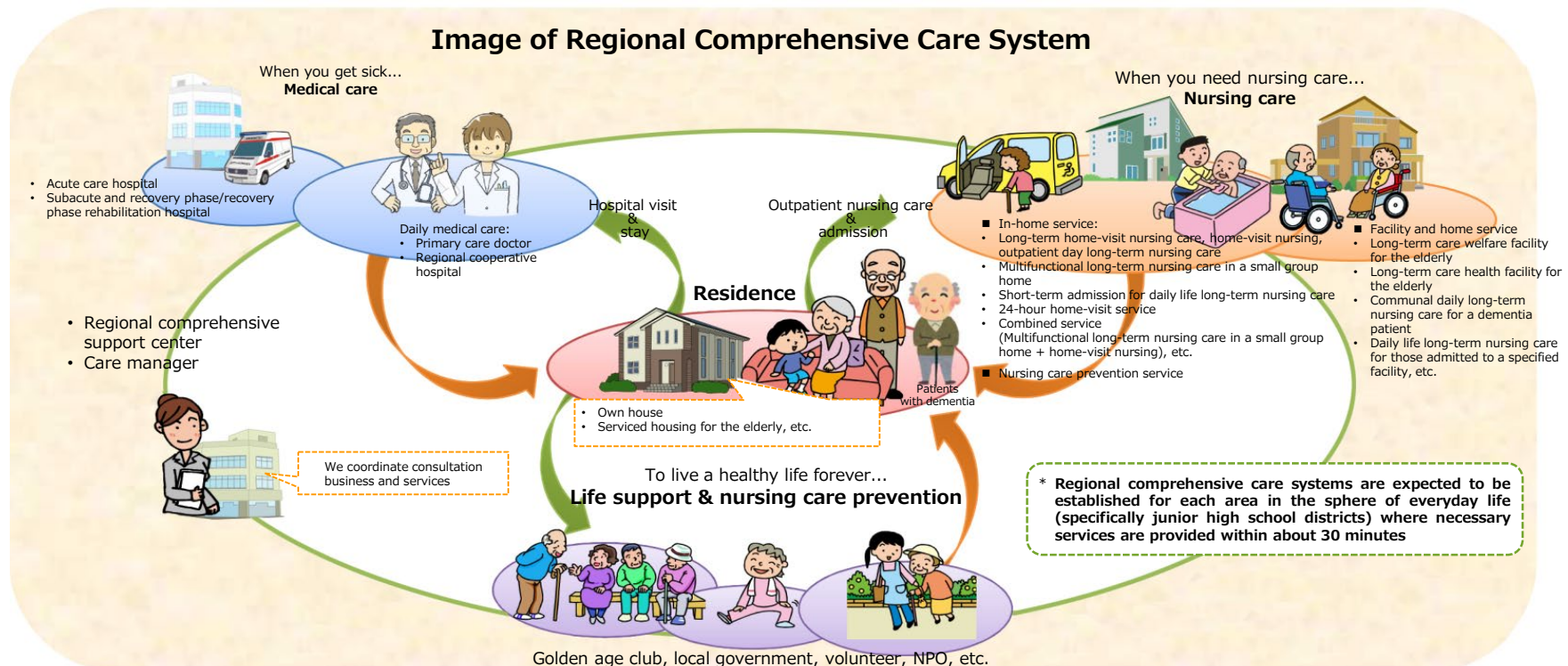


(Requirements for receiving subsidy)

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

Regional Comprehensive Care System

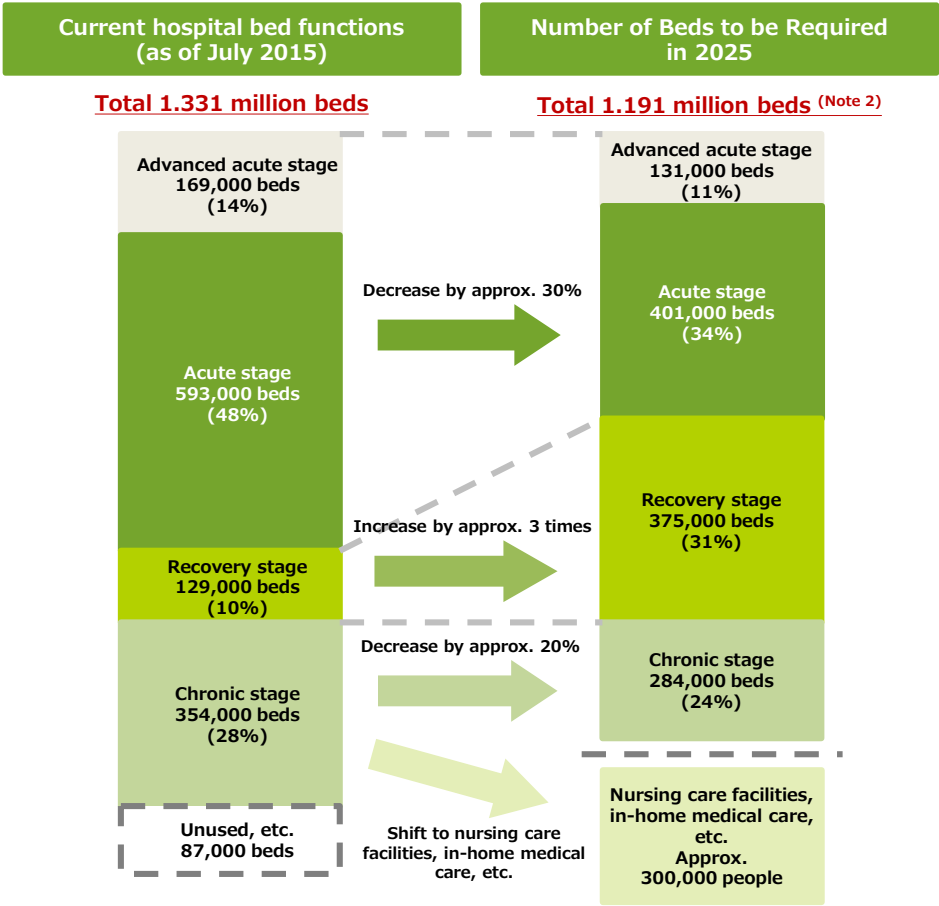
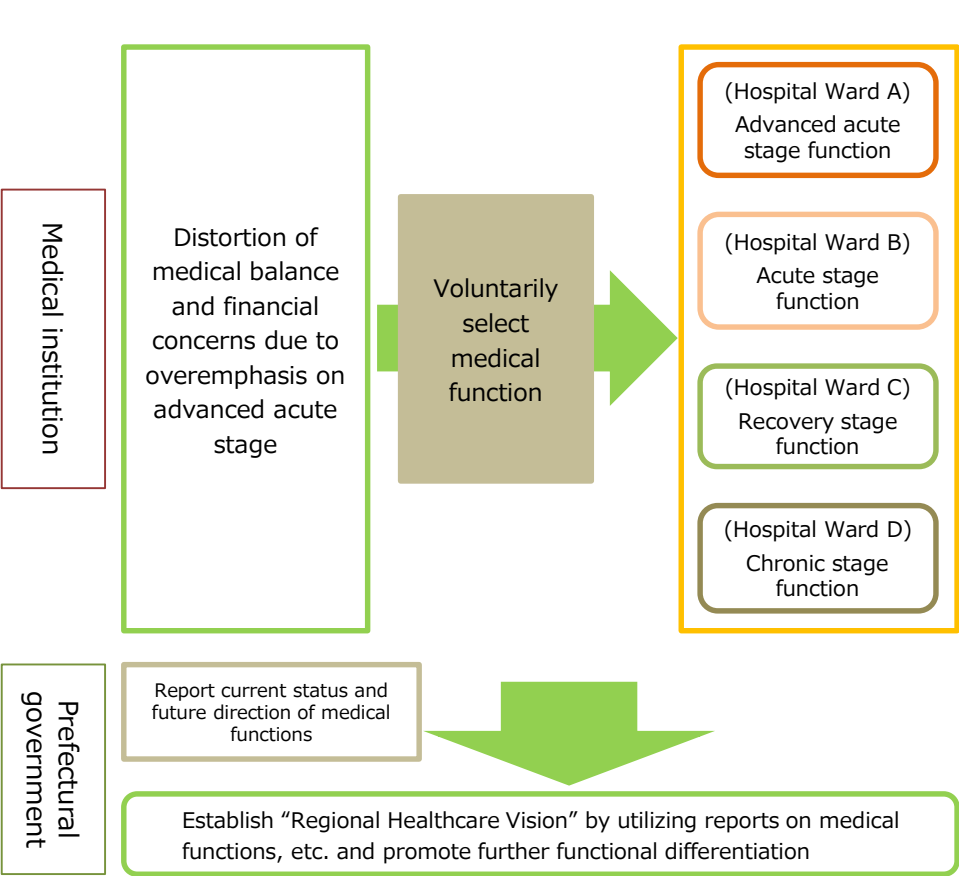
- We will establish a **regional comprehensive care system that provides residences, medical care, nursing care, preventative medicine and life support in an integrated manner** to offer an environment where the elderly can continue living in an area they are used to, even after they come to require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



About Regional Healthcare Vision

“Regional Healthcare Vision” is to estimate and stipulate medical demand (number of patients) and required number of beds in 2025 for each medical function in each area of the vision (secondary medical area) in order to promote functional differentiation and coordination of hospital wards.

Following this, prefectural governments and medical staff will respond to realize the formulated initiative.



(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.

(Note 2): Total of Cabinet Secretariat’s estimates (June 2015). Within the range of 1.148 million beds to 1.191 million beds.

(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

Investment Philosophy



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

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

Promote the supply of healthcare facilities as social infrastructure

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

Three Features

Investment in healthcare facilities for which demand is expected to grow

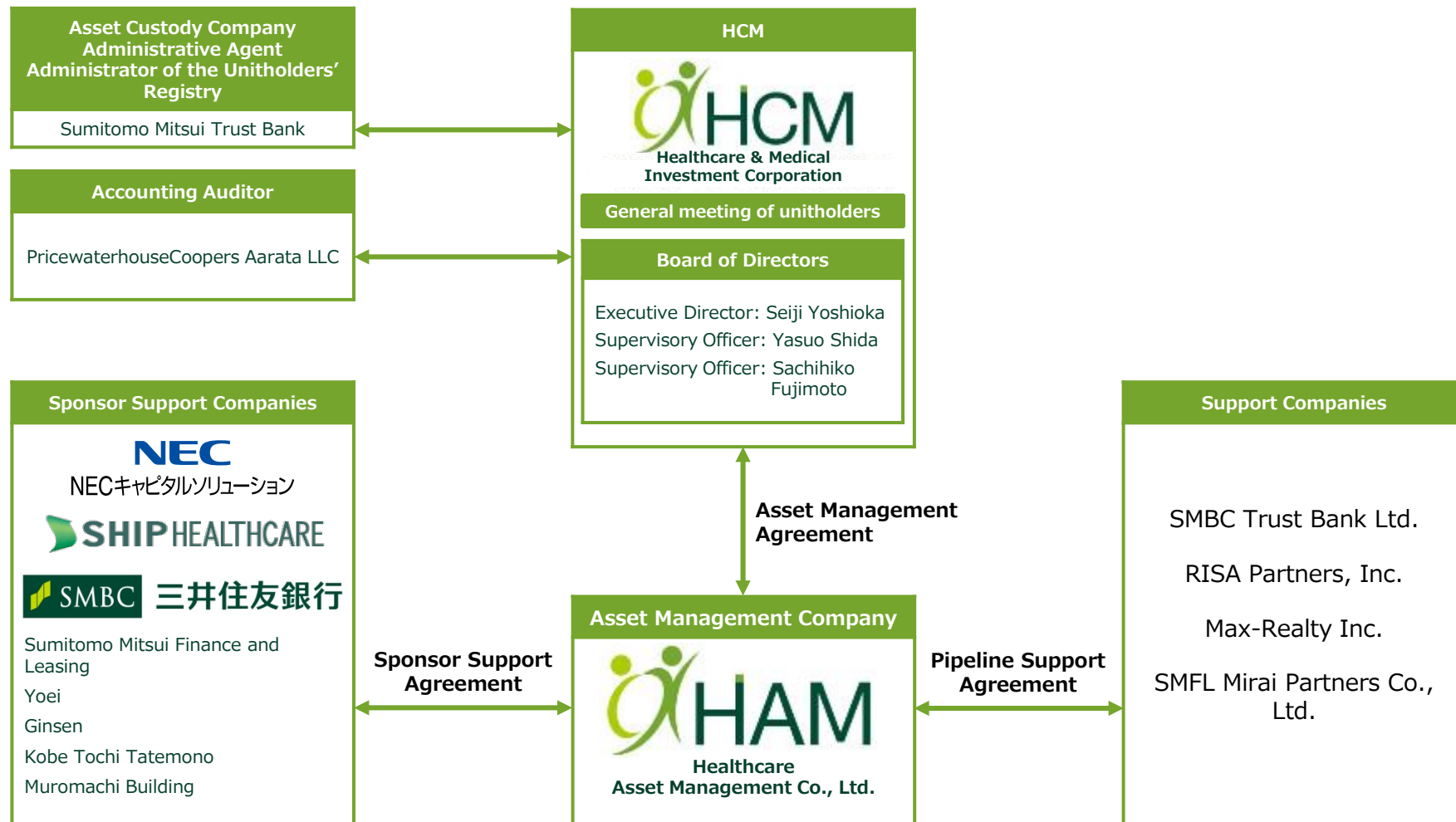
- Increase in demand due to further advancement of aging society
- Upgrades and expansion of healthcare facilities backed by government policy

Strong support from sponsors



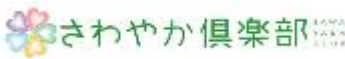

- Utilization of advanced expertise in "nursing care and medical service," "fund management" and "finance" held by SHIP HEALTHCARE, NEC Capital and SMBC
- Securement of property acquisition opportunities by utilizing extensive networks

Stable Cash Flow in the Long Term

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



Overview of Unitholder Special Benefit Plan

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

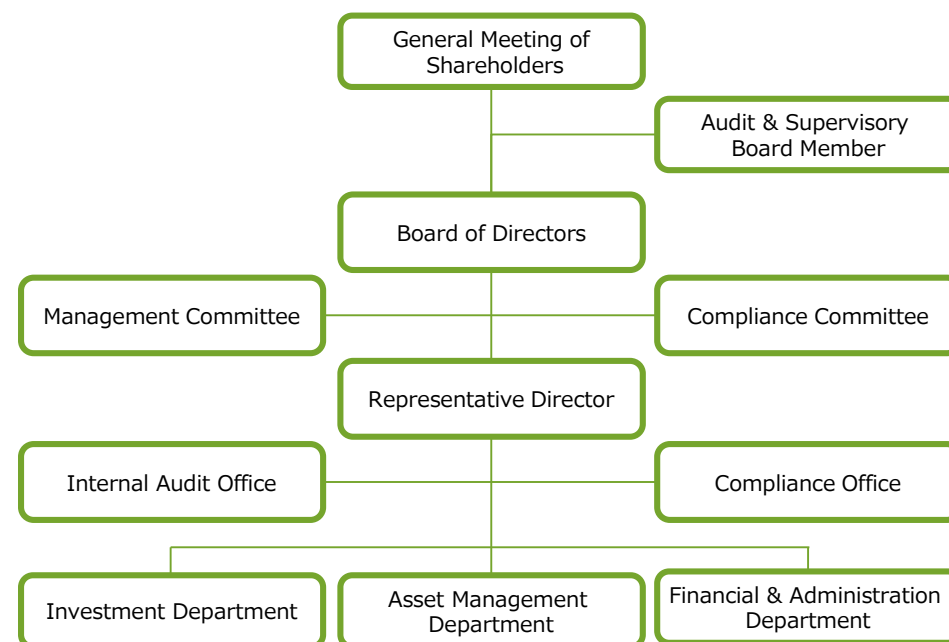
(Note 1): Details of special benefits are for people who are unitholders as of the end of 10th fiscal period and are subject to change.

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	
President and Representative	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	4.6%
	Ginsen	4.6%
	Kobe Tochi Tatemono	4.6%
	Muromachi Building	4.6%
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キャピタルソリューション

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



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

SHIP HEALTHCARE HOLDINGS INC.

Headquarters location	3-20-8 Kasuga, Suita-shi, Osaka
Representative	Chairman and CEO: Kuniyoshi Furukawa President and COO: Hirotaka Ogawa
Founded	August 1992
Capital stock	15,553.01 million yen
Sales	444.0 billion yen on a consolidated basis (fiscal period ended March 2019)

NEC Capital Solutions Limited

Headquarters location	2-15-3 Konan, Minato-ku, Tokyo
Representative	President: Tomoo Imazeki
Founded	November 1978
Capital stock	3,776.88 million yen
Sales	204.1 billion yen on a consolidated basis (fiscal period ended March 2019)

Sumitomo Mitsui Banking Corporation

Headquarters location	1-1-2 Marunouchi, Chiyoda-ku, Tokyo
Representative	President and CEO: Makoto Takashima
Capital stock	1,770.9 billion yen

Disclaimer

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The opinions, outlooks and estimates contained in this material reflect our view and judgment based on information as of the date when this material is prepared and involve risks and uncertainties.

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