

Company Profile



- I. About Us
 - 1. About HCM
 - 2. Four Features of HCM
 - 3. Investment Background
 - 4. Strength of the Sponsors
 - 5. HCM's Network and Structure
 - 6. Portfolio Data
 - 7. Portfolio Diversification & Allocation
 - 8. Property List
- II. Growth Strategy of HCM
 - 1. Overview of IPO
 - 2. Target Asset Size
 - 3. Action Plan①
 - 4. Action Plan②
- Appendix
 - 1. Financial Highlights for the 1st Fiscal Period
 - 2. Debt Finance
 - 3. Forecasts of Operating Results
 - 4. Policy for Investing in Medical-Related Facilities
 - 5. Other Initiatives

I . About Us



Profile of HCM

Investment Corporation Name	Healthcare & Medical Investment Corporation ("HCM")
Executive Director	Seiji Yoshioka
Address	2-6-2, Otemachi, Chiyoda-ku, Tokyo, Japan
Asset Management Company	Healthcare Asset Management Co., Ltd.
Fiscal Period	End of January and end of July
Listing Date	March 19, 2015
Total Acquisition Price	23,683 million yen
No. of Properties	16 (1,440 rooms)
Distribution Per Unit (DPU) (Dividend Yield is calculated based on 110,000yen/unit)	<p>(Note) (E) represents estimated DPU.</p>
LTV (Debt/Total Asset)	48.8%(As of July 31 ,2015)
Net Asset Value	106,117 Yen/unit (As of July 31 ,2015)

Profile of HAM (AM Company)

Corporate name	Healthcare Asset Management Co., Ltd. ("HAM")
President & CEO	Seiji Yoshioka
Capital Fund	150 million yen
Major 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, Ltd (4.8%) SMBC Friend Securities Co., Ltd. (4.8%)

Corporate Philosophy

We aim at the social realization that people can live lively in peace.

Contribute to an aging society



Expedite the supply of healthcare facilities as social infrastructure



Develop a portfolio specialized in healthcare facilities with huge potential demand growth



Maximize unitholder value over the medium and long term

1 Investment Philosophy

Conduit between the nursing and medical industry and capital markets

Aim to play a role of connecting between capital markets and the nursing and medical industry, which is expected to grow with increasing social needs, by steadily investing in holding healthcare facilities

2 Strength of the Sponsors

Utilize the main sponsors' functions and know-how

Conduct stable asset management and expand its portfolio in the medium to long term by proactively utilizing the strength of the main sponsors, which have expertise in "nursing care and medical service", "fund management" and "finance"

3 Growth Strategy

Secure strong deal flow by utilizing extensive networks

Secure opportunities to acquire healthcare facilities in the future by utilizing the sponsors' and the support companies' comprehensive capabilities including professional know-how and broad customer base, first refusal rights provided in the support agreements, as well as HAM's own network

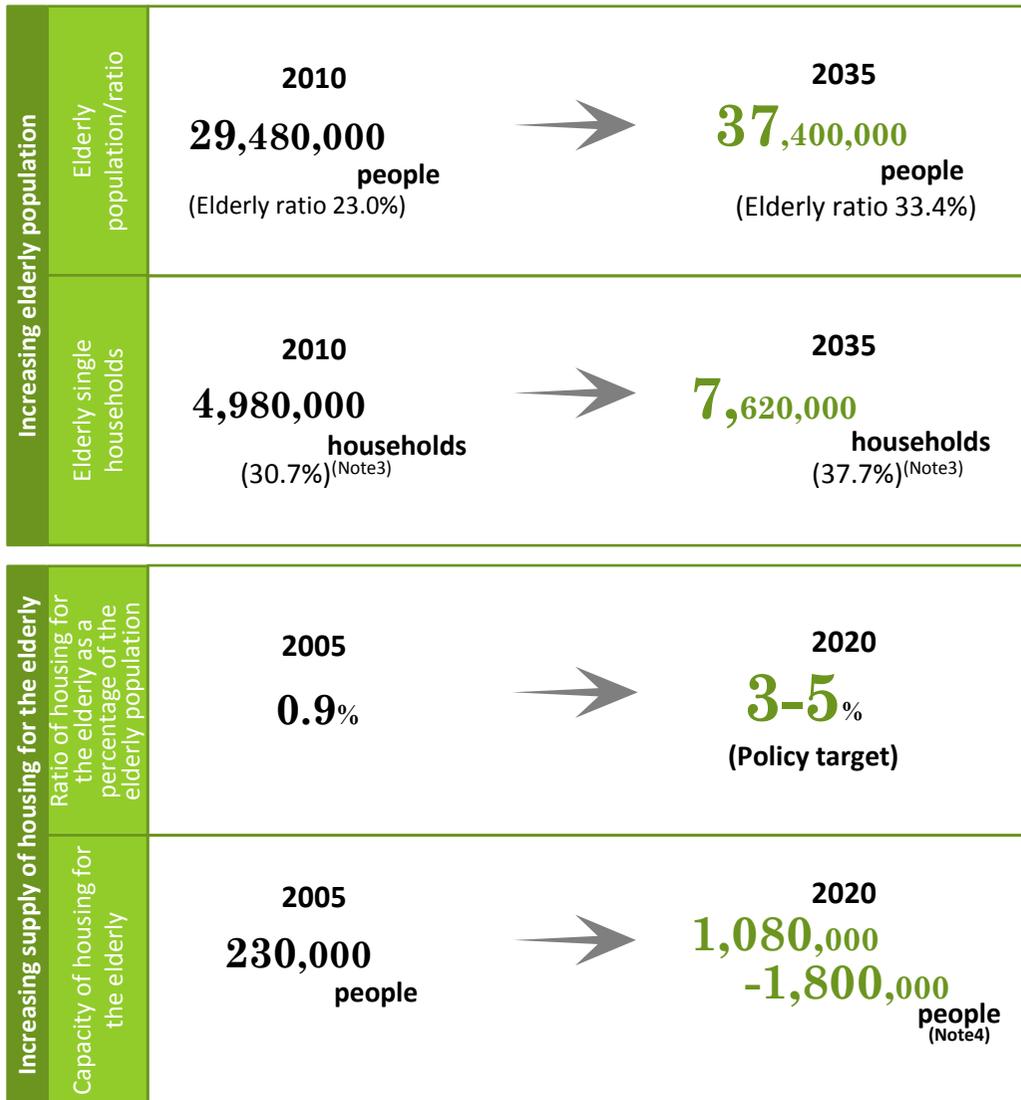
4 Long-Term Stable Cash Flow

Long-term fixed-rent leasing agreements with high quality operators

Aim to secure stable revenues, not only by conducting due diligence and continual monitoring as to business feasibility of the healthcare facilities including the analysis of the management and financial condition of operators, but also by concluding long-term fixed-rent leasing agreement with those creditable operators

3. Investment Background

Focused investment in healthcare facilities, For which demand is expected to grow



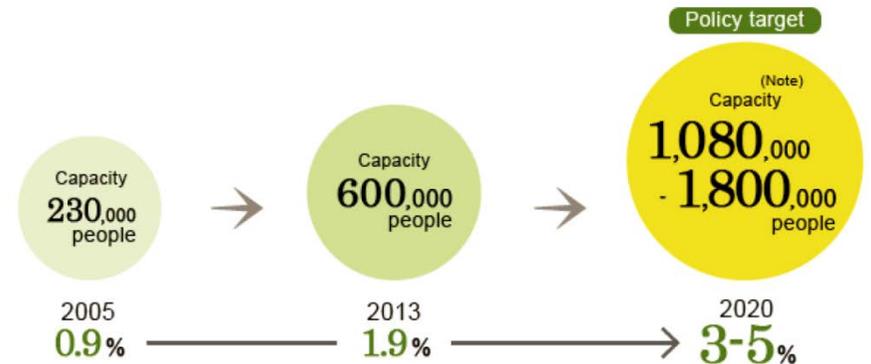
(Note1) The elderly population includes persons in Japan age 65 and above. The elderly ratio is the ratio of elderly persons as a percentage of Japan's total population. Hereinafter the same.
 (Note2) All figures above have been rounded to the nearest whole number.
 (Note3) Indicates the ratio of elderly households with persons living alone as a percentage of total elderly households.
 (Note4) Estimated based on the policy target.

Government's effort to promote measures to address the aging society

March 2011
Housing Life Basic Plan
 (nationwide plan)

The plan promoted the supply of service-outfitted housing for the elderly under the objective of building a living environment that supports a fulfilling, safe and secure home life. Specifically, the plan presented a policy target of raising the ratio of housing for the elderly as a percentage of the elderly population from 0.9% in 2005 to 3-5% by 2020.

Target ratio of housing for the elderly as a percentage of the elderly population



June 2013
Japan Revitalization Strategy
 -JAPAN is BACK-

Established guidelines for the acquisition and operation of housing for the elderly targeting the utilization of healthcare REITs, and the utilization of private sector funds as a part of an effort to create communities in which elderly people have peace of mind and can take care of their daily needs on foot.

December 2013
Economic Measures for Realization of Virtuous Cycles

As a measure to create an environment to bolster the supply of funding for healthcare facilities, this initiative called for "encouraging the supply of funds to healthcare facilities through the promotion of healthcare REIT listings, etc."

(Note) Capacity is estimated based on the policy target for the ratio of housing for the elderly as a percentage of the elderly population.

Leverage the capabilities and know-how in the areas of “nursing care and medical service,” “fund management,” and “finance”

HCM aims to stably manage assets and to grow asset under management over the medium to long term by proactively leveraging the strengths of the major sponsors which possess expert know-how in the fields of nursing care and medical service, fund management, and finance.

Finance



One of Japan’s megabanks, SMBC possesses a wide customer base and has a top-class track record in the field of real estate finance in Japan.

Sponsor Support

- Finance-related advice
- Introduction of customers with healthcare facility liquidation needs, etc.
- Provision of personnel

Nursing Care & Medical Service



A company specializing in the four fields of “medical service,” “health,” “welfare,” and “nursing care.” Centered on partnerships with medical institutions, SHIP HEALTHCARE possesses an extensive track record in managing paid senior citizens’ homes and consulting related to such projects as the rebuilding and upgrading of hospitals and other facilities.

Sponsor Support

- Analysis of healthcare facilities’ competitiveness and business stability/viability, etc.
- Expertise and network in the nursing care and medical service industries
- Provision of personnel

Fund Management

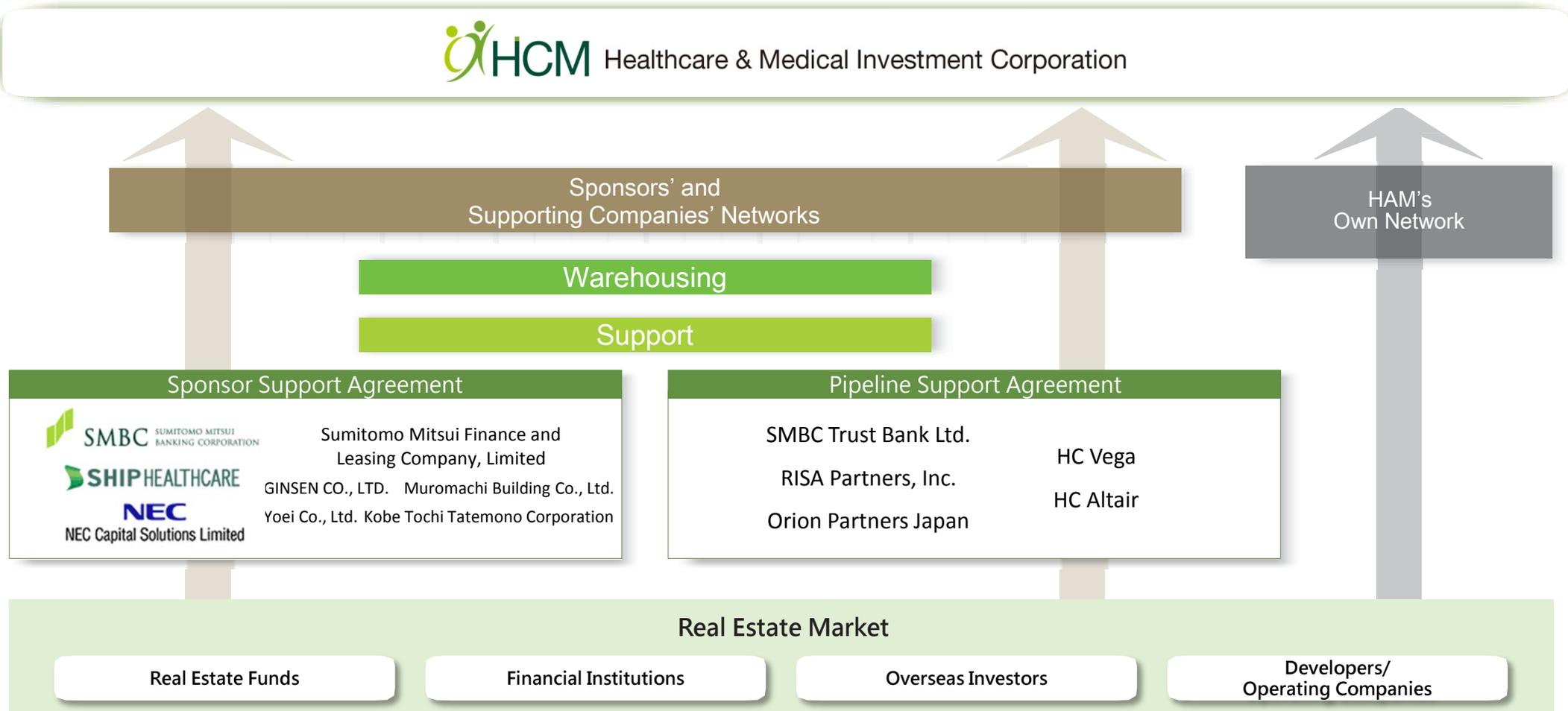


NEC Group’s comprehensive financial services company. In the business domains of “companies,” “credits,” and “assets,” NEC Capital Solutions Limited carries out investments, loans, and advisory services primarily through its subsidiary RISA Partners, Inc., through funds and other mechanisms.

Sponsor Support

- Know-how related to fund management
- Warehousing function
- Provision of personnel

Sponsor Support/Network



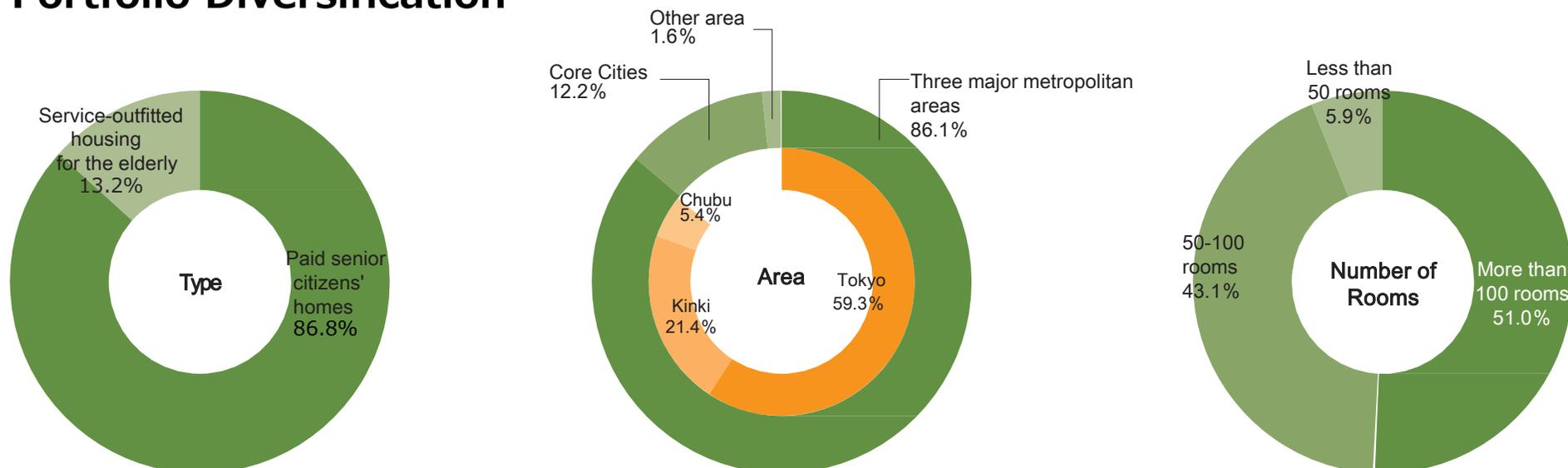
Cash Flow Structure



Portfolio Highlights

Number of Properties 16 properties	Total Acquisition Price 23.6 billion yen	Total Appraisal Value 25.3 billion yen	Total Book Value 24.9 billion yen
Average Age 15.1 years	Average Remaining Lease Term 13.7 years	Occupancy Rate 100 %	Unrealized Gain 400 million yen

Portfolio Diversification

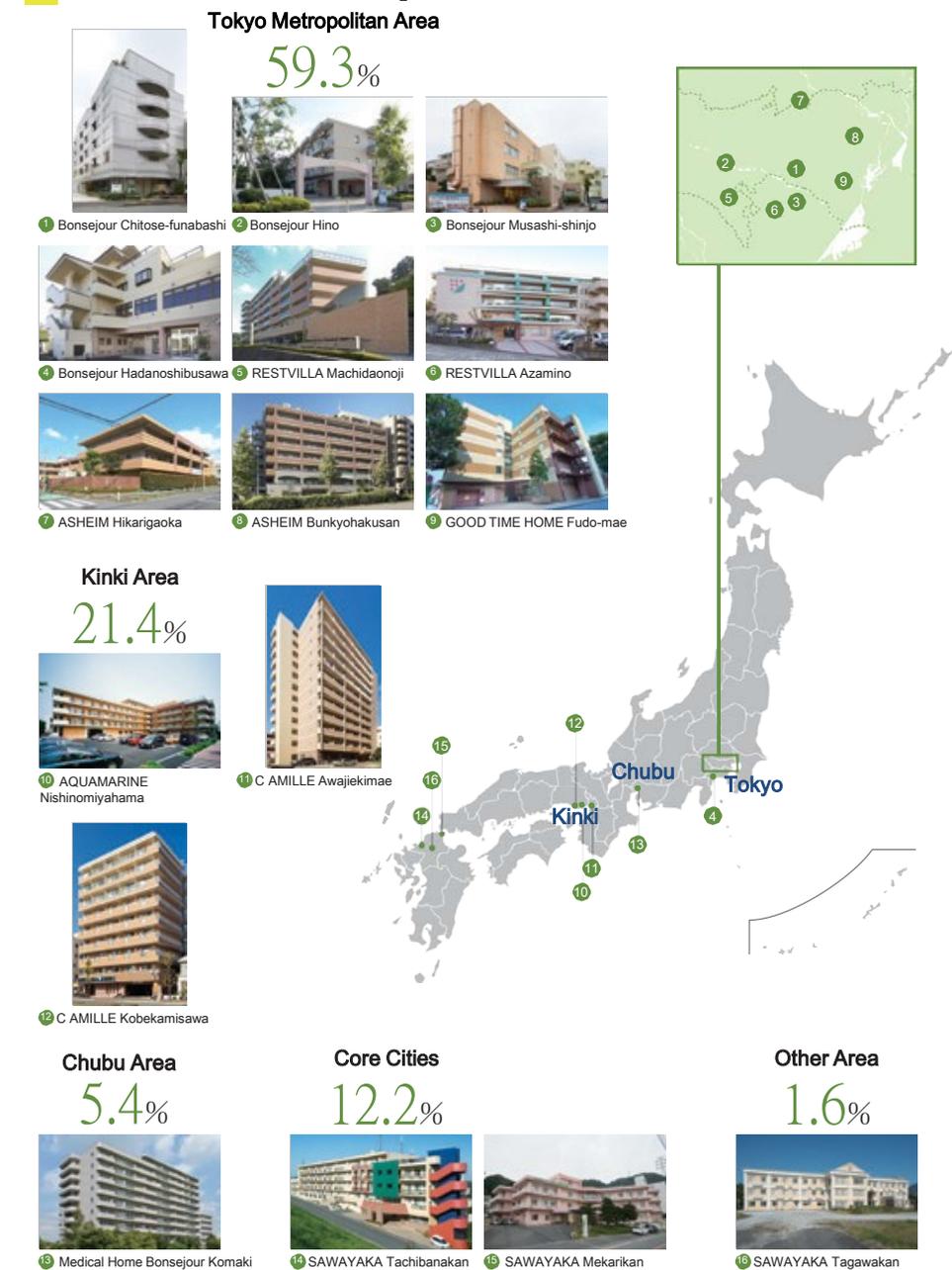


(Note) The percentage in the above pie charts "by type", "by area", and "by number of rooms" is the ratio to the total acquisition price, rounded to the first decimal place.

Geographical Area

Area	Definition	Share of portfolio
Three Major Metropolitan Areas	Tokyo Metropolitan Area (Tokyo, Kanagawa, Saitama, Chiba)	More than 80%
	Kinki Area(Osaka, Kyoto, Hyogo)	
	Chubu Area(Aichi)	
Core Cities	Designated cities, prefectural capitals and regional core cities	
Other Area	Excluding three major metropolitan areas and core cities	Less than 20%

Portfolio Map



Asset Type

Type	Share of portfolio	
Healthcare Facilities	More than 80%	
Homes and Facilities for the elderly		① Paid senior citizens' homes
		② Service-outfitted housing for the elderly
		③ Group homes for the elderly with dementia
		④ Other facilities for the elderly
Medical service-related facilities, etc.		
Others	Less than 20%	

(Note) The "ratio" is calculated based on the acquisition price, rounded to the first decimal place.

8. Property List

Tenant Name (Operator)	Property Name	Type of Facilities	Location	Acquisition Price (Note 1)		Appraisal Value (mill. yen) (Note 3)	No. of Rooms	Occupancy Rate(%)		
				Price (Mill. yen)	Ratio (%) (Note 2)			As of	Remark (Note4)	
GREEN LIFE Co.,Ltd.	AQUAMARINE Nishinomiya	Paid senior citizen's home	Hyogo	1,950	8.2	2,090	90	96.0	July 2015	A
Benesse Style Care Co.,Ltd.	Bonsejour Chitose-funabashi	Paid senior citizen's home	Tokyo	824	3.5	919	42	97.6	April 2015	B
	Bonsejour Hino	Paid senior citizen's home	Tokyo	724	3.1	774	56	98.2	April 2015	B
	Bonsejour Musashi-shinjo	Paid senior citizen's home	Kanagawa	582	2.5	611	46	95.7	February 2015	B
	Bonsejour Hadanoshibusawa	Paid senior citizen's home	Kanagawa	728	3.1	807	100	86.0	January 2015	B
	Medical Bonsejour Komaki	Paid senior citizen's home	Aichi	1,270	5.4	1,380	123	81.3	January 2015	B
	AS PARTNERS Co.,Ltd.	ASHEIM Hikarigaoka	Paid senior citizen's home	Tokyo	1,385	5.8	1,510	83	94.4	August 2015
ASHEIM Bunkyo		Paid senior citizen's home	Tokyo	1,430	6.0	1,560	50	98.1	July 2015	A
Watami no Kaigo Co.,Ltd.	RESTVILLA Machidaonaji	Paid senior citizen's home	Tokyo	3,580	15.1	3,750	163	74.0	July 2015	A
	RESTVILLA Azamino	Paid senior citizen's home	Kanagawa	3,050	12.9	3,210	145	75.9	July 2015	A
Sawayaka Club Co.,Ltd.	SAWAYAKA Tachibanakan	Paid senior citizen's home	Fukuoka	1,520	6.4	1,580	104	96.2	July 2015	A
	SAWAYAKA Mekarikan	Paid senior citizen's home	Fukuoka	1,380	5.8	1,460	95	93.7	July 2015	A
	SAWAYAKA Tagawakan	Paid senior citizen's home	Fukuoka	390	1.6	411	60	96.7	July 2015	A
JAPAN LIFE DESIGN Inc.	GOOD TIME HOME Fudo-mae	Paid senior citizen's home	Tokyo	1,740	7.3	1,870	61	91.0	July 2015	A
Message Co.,Ltd.	C AMILLE Awajiekimae	Service-outfitted housing for the elderly	Osaka	1,930	8.1	2,130	137	97.8	July 2015	C
	C AMILLE Kobekamisawa	Service-outfitted housing for the elderly	Hyogo	1,200	5.1	1,320	85	95.3	July 2015	C
Total				23,683	100.0	25,382	1,440			

(Note1) The "acquisition price" does not include the acquisition cost, fixed property tax, urban planning tax, consumption tax and local consumption tax.

(Note2) The "ratio" is calculated based on the acquisition price, rounded to the first decimal place.

(Note3) The "appraisal value" is as of July 31, 2015.

(Note4) A : Based on the "Statement of Important Matters."

B : Based on the survey conducted by Tamura Planning & Operating Co., Ltd. It may differ from the occupancy rate in the "Statement of Important Matters" to be disclosed at the later date.

C : Estimated from the number of vacant rooms disclosed in each properties website. Accordingly, it may differ from the actual occupancy rate.



II. Growth Strategy of HCM

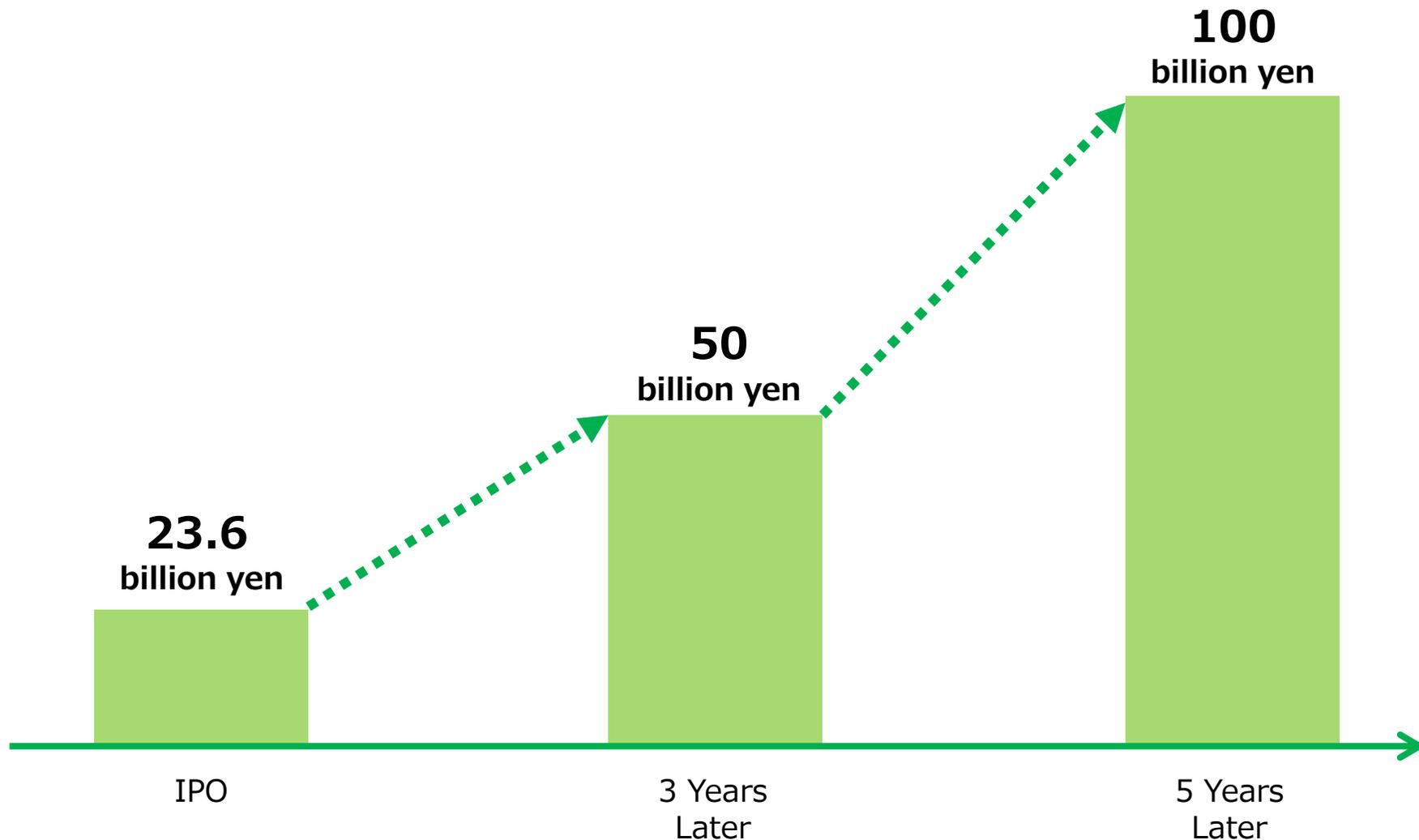


Overview of Offering

Listing Date	March 19, 2015
Total Number of Units Offered	118,500 units (Domestic public offering) (Over-allotment) 106,500 units 12,000 units
Issue Price	110,000 yen/unit
Offering Amount	Approx. 13 billion yen

(Note) Ratios are on an acquisition price basis.

Aim to achieve a portfolio size of 50 billion yen in 3 years and 100 billion yen in 5 years



(Note) Targets are as of the date when this material is prepared. They may not be achieved due to future events or market environment.

1. Utilization of Extensive Networks

- Sponsors' Networks

Existing
Facilities

- ✓ Introduction of customers with needs to liquidate healthcare facilities

Development

- ✓ Introduction of information on land for development of healthcare facilities

- HAM's Network

- ✓ Direct access to operators and real estate companies

2. Utilization of the Warehousing Function

- Strong Warehousing Function

- ✓ Timely and flexible purchase of properties

- ✓ First refusal rights provided in the support agreements with sponsors and supporting companies

⇒ Already possesses first refusal rights for 14 properties warehoused by the sponsors valued at around 33.6 billion yen in total

Potential Deal Flow (From IPO through the end of Aug. 2015)

- ① Number of properties introduced (Note 1) : 181
- ② Number of properties examined (Note 2) : 81
- ③ Number of properties under negotiation (Note 3) : 16

(Properties Introduced by Asset Type)

Asset Type	Number (Properties)	Ratio (%) (Note 4)
Paid senior citizen's homes	71	39.2
Service-outfitted housing for the elderly	21	11.6
Medical service-related facilities	13	7.2
Land for development	46	25.4
Others	30	16.6
Total	181	100.0



(Properties under Negotiation by Asset Type)

Asset Type	Number (Properties)	Ratio (%) (Note 4)
Paid senior citizen's homes	12	75.0
Service-outfitted housing for the elderly	1	6.3
Medical service-related facilities	3	18.8
Total	16	100.0

(Note 1) The number of properties that were introduced to HAM.

(Note 2) The number of properties which were considered to conform to HCM's purchase policy and on which the preliminary research was conducted.

(Note 3) The number of properties currently under negotiation with the sellers. The properties may not be purchased depending on the negotiation with the sellers or due diligence in the future.

(Note 4) Ratio is rounded to the first decimal place.

Appendix



Financial Results

	Actual result for the 1st fiscal period	Forecast for the 1st fiscal period (Note 1)	Increase	Main difference
Operating Revenue	546 mil. yen	536 mil. yen	+10 mil. yen	Rents remained unchanged at the time of rent review
Operating Income	277 mil. yen	248 mil. yen	+29 mil. yen	Less repair expenses
Ordinary Income	74 mil. yen	32 mil. yen	+42 mil. yen	Less interest payments
Net Income	73 mil. yen	32 mil. yen	+42 mil. yen	
Distribution per Unit	610 yen	268 yen	+342 yen	

Key Indicators

Total Assets	26,638 mil. yen	Number of Outstanding Units	120,500 units
Interest-Bearing Liabilities	13,000 mil. yen	Net Assets per Unit (Note 3)	106,117 yen
LTV (Note 2)	48.8%	Unit Price (End of July 2015)	119,400 yen

(Note 1) Forecasts for the 1st fiscal period are figures announced in the "Notice Concerning the Forecasts of Operating Results for the Fiscal Period Ending July 2015 and January 2016" as of March 19, 2015.

(Note 2) LTV is the ratio of interest-bearing liabilities to total assets, rounded to the first decimal place.

(Note 3) The net assets per unit is calculated by dividing the net assets by the total number of outstanding investment units as of the end of the fiscal Period (120,500 units).

Interest-Bearing Liabilities

Total Amount	13,000 mil. yen	LTV (Note 1)	48.8%
Average Remaining Term to Maturity	2.2 years	Ratio of Fixed Interest Borrowings	53.8%
Ratio of Long-Term Liabilities	100.0%		

Bank Formation

Category	Lender	Borrowing Date	Balance (mil. yen)	Average Interest Rate	Maturity	Repayment Method	Security
Long-Term Borrowings	SMBC Nippon Life Insurance Resona Bank Shinkin Central Bank Nishi-Nippon City Bank Higashi-Nippon Bank Bank of Fukuoka Mie Bank	March 20, 2015	6,000	Floating Interest Rate (Note 2) + 0.2%	March 21, 2017	Lump-sum payment on the maturity	Unsecured/ unguaranteed
	SMBC Sumitomo Mitsui Trust Bank Nippon Life Insurance Resona Bank 77 Bank Dai-ichi Life Insurance Hiroshima Bank	March 20, 2015	7,000	0.466% (Note 3)	March 20, 2018		
	Total		13,000	—	—		

(Note 1) LTV is the ratio of interest-bearing liabilities to total assets, rounded to the first decimal place.

(Note 2) The floating interest rate is the 1-month Japanese Yen TIBOR announced by JBA TIBOR Administration.

(Note 3) Fixed interest rate in effect. The interest rate swap contract was concluded with Sumitomo Mitsui Trust Bank on March 20, 2015 for the purpose of hedging future interest risks.

Forecasts of Earnings and Distribution for the 2nd and 3rd Fiscal Periods

	Forecast for the 2nd fiscal period (Ending January 2016)			Forecast for the 3rd fiscal period (Ending July 2016)
	Original Forecast (March 19, 2015)	Revised Forecast	Increase	
Operating Revenue	729 mil. yen	735 mil. yen	+6 mil. yen	735 mil. yen
Operating Income	361 mil. yen	364 mil. yen	+3 mil. yen	316 mil. yen
Ordinary Income	272 mil. yen	301 mil. yen	+29 mil. yen	253 mil. yen
Net Income	272 mil. yen	301 mil. yen	+29 mil. yen	253 mil. yen
Distribution per Unit	2,259 yen	2,500 yen	+241 yen	2,100 yen

- Major reason for differences of operating income, ordinary income, net income and distribution per unit between the 2nd fiscal period and the 3rd fiscal period is that fixed property and city planning taxes on portfolio assets will start to be recorded in the 3rd fiscal period

(Note) The forecasts provided above are based on information currently available and do not take into account various unforeseen factors. Accordingly, actual operation revenue, operating income, ordinary income, net income and distribution per unit may differ depending on various changes in conditions. The forecasts do not guarantee distribution amounts either.

Direction of Medical Administration

In October 2014, the hospital bed function reporting system was introduced, in which each hospital reports its current and future bed functions in each ward in order to clarify the current hospital bed functions and medical function necessary for local communities

Name of Medical Function	Description of Medical Function
Advanced Acute Phase	Provide patients in the acute phase with intensive medical care to promptly stabilize their condition
Acute Phase	Provide patients in the acute phase with medical care to promptly stabilize their condition
Recovery Phase	Provide patients who are past the acute phase with medical care and rehabilitation to restart in-home care
Chronic Phase	Hospitalize patients who need long-term care



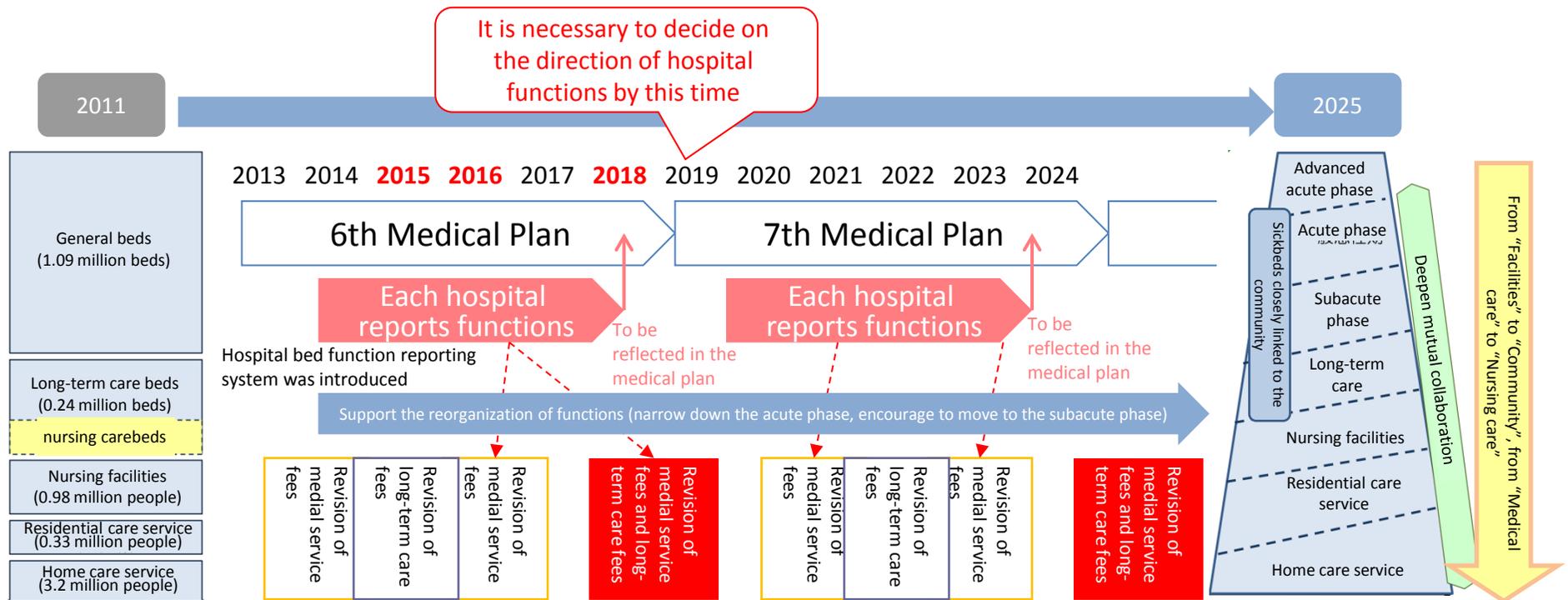
Based on the results of the hospital bed function reporting, each prefectural government estimates and determines the medical demand and the number of necessary hospital beds in 2025 for each envisaged area (in principle, the secondary medical care zone) and for each medical function



It is important to identify hospitals which are highly likely to remain in the secondary medical care zone

Future Medical Plan Schedule

Ministry of Health, Labor and Welfare aims to realize the “2025 model” by linking the biennial revision of medical service fees and the quinquennial review of the medical plan. In 2018, both medical service fees and long-term care fees will be revised at the same time and the 7th medical plan will start. 2018 will be a milestone year



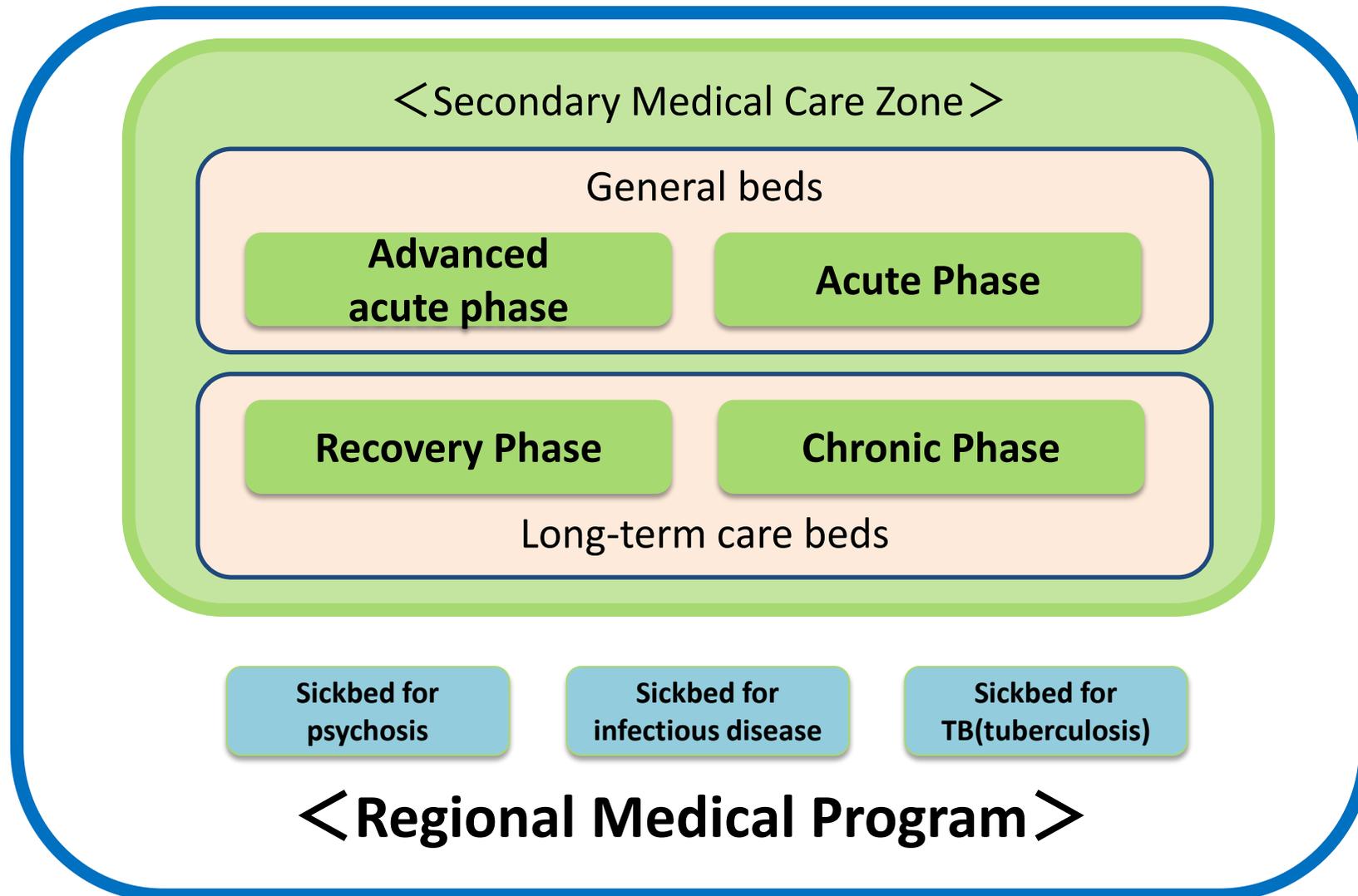
(Note) Excerpt from "Report on the research and analysis of hospital macro environment" prepared by Ship Healthcare Holdings Co., Ltd.

It is important to assess the possibility of remaining in the secondary medical care zone in 2025

Example of Hospitals to be Considered for Acquisition

Hospitals Participating in Regional Medical Programs

Regionally-oriented flagship hospitals properly positioned under regional medical programs



Introduction of a Unitholder Special Benefit Plan

Aim to introduce a unitholder special benefit plan during the 2nd fiscal period in cooperation with operators of healthcare facilities which HCM owns

<Example of unitholder special benefit plans currently under consideration>

- Free consultation for unitholders and their family on nursing care in general
- Trial move-in



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 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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