

For Immediate Release

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Implementation of Nonrecourse Loans for Licensed Childcare Centers

Tokyo (Wednesday, September 11, 2019) --- Shinsei Bank, Limited (hereinafter, "Shinsei Bank") today announced that we provided nonrecourse loans to some licensed childcare centers in Tokyo. This is the first nonrecourse loan to licensed childcare centers that Shinsei Bank launched as a new healthcare asset type. This loan will be a pioneer in the banking industry.

At present, there is a strong need for the establishment of licensed childcare centers, mainly in areas where the number of children waiting for them will not be eliminated, and active development is underway by developers such as operators and house manufacturers ("developers"). On the other hand, there is a need for developers to reduce the assets of facilities they have developed. There is also a need for asset sales to eliminate reserve deficits for repairs and to pay inheritance taxes among landowner investors, such as wealthy individuals and asset management companies that invest in real estate for childcare facilities.

Going forward, if real estate investment funds with the ability to appropriately manage childcare facilities become new investors, operators will be able to concentrate on administration. In addition, the securitization of assets and the sale of facilities through the participation of real estate investment funds will lead to the expansion of exit strategies for developers and landowner investors.

For nonrecourse loans, which are preferred by real estate investment funds as a means of financing, it has not been common until now for such loans to be originated as assets for childcare facilities that have a smaller project size and require more sophisticated credit screening. Utilizing the expertise of the Healthcare Finance Division, Shinsei Bank has recently realized nonrecourse loans for childcare centers by securitizing multiple facilities developed and operated by the same operators and developers.

The provision of real estate nonrecourse loans to childcare facilities has high expectations from real estate investment funds and contributes not only to the diversification of financing methods, but also to the expansion of the childcare services industry as a result of the creation of a market for liquidation.

In 2004, Shinsei Bank became the first in the industry to offer real estate nonrecourse loans to nursing homes and serviced homes for the elderly. Since the establishment of the Healthcare Finance Division in 2010, which specializes in providing loans to the nursing care and medical industries, we have been engaged in a diverse range of finance services, from asset finance and M&A advisory to corporate finance for medical corporations and nursing care providers. In November 2018, we provided a nonrecourse loan to hospital facilities. Through these series of finance projects, we are building up our organizational capabilities by building up our knowledge and expertise in credit risk analysis and finance structuring capabilities, and taking on the challenge of creating financing for new healthcare assets.

In line with the core strategies of Shinsei Bank's Medium-term Strategies, we will continue to collaborate with various developers, operators, real estate funds and other entities to create schemes for the development of childcare facilities that enable women to work even during childcare, and contribute to the creation of a society that emphasizes greater diversity and equal opportunity.

End

Shinsei Bank is a leading diversified Japanese financial institution providing a full range of financial products and services to both institutional and individual customers. The Bank has a network of outlets throughout Japan and is committed in its pursuit of uncompromising levels of integrity and transparency in all of its activities in order to earn the trust of its customers, staff and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders. News and other information about Shinsei Bank is available at <https://www.shinseibank.com/corporate/en/index.html>

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