

SHINSEI SUSTAINABLE  
IMPACT ASSESSMENT

December 3, 2021

Company Name: Shinsei Bank, Limited  
Name of Representative: Hideyuki Kudo  
President and CEO  
(Code: 8303, TSE First Section).

### **“Sustainable Impact” Social Loan to a Limited Liability Company formed by Healthcare Management Partners, Inc.**

Tokyo (Friday, December 3, 2021) --- The Shinsei Bank Group promotes "Sustainable Impact Initiatives" by integrating the perspectives of ESG, SDGs as well as Sustainability into our business with the concept of social impact which aims to have a positive impact on society, adding the environmental, social and the economic value. We provide financing to companies and their businesses addressing social issues with positive impacts through continuous dialogue with those corporate customers.

The Shinsei Bank Group originated a non-recourse loan\*<sup>1</sup> to a limited liability company established by Healthcare Management Partners, Inc. (Headquartered in Minato-ku, Tokyo; Yoshiyuki Morii, President and Representative Director; hereinafter "HMP") acquiring real estate trust beneficiary interests as funds. The loan was made as a "Shinsei Social Loan" on November 30, 2021. This real estate trust beneficiary interest is backed by Sapporo Minami Tokushukai Hospital (88 beds), which is primarily engaged in eased care, which was relocated and newly built in July 2021 due to the aging of the facility.

There are few cases of non-recourse loans targeting hospital real estate due to the requirements for specialized analysis and knowledge regarding the performance of medical corporations that operate hospitals as well as the real estate securitization schemes. Hence, corporate loan procurement by medical corporations is a common fund raising scheme in the hospital business. Shinsei Bank can provide this nonrecourse loan as Shinsei Bank has accumulated its expertise in the healthcare finance field since the establishment of the Healthcare Finance Division in 2010.

Currently, about 40 years have passed since the rush to build hospitals with the last-minute expansion of beds prior to the implementation of private hospital bed regulations in 1986, and rebuilding demand is emerging at hospitals nationwide. In addition to providing funds through conventional corporate loans, Shinsei Bank has been extending nonrecourse loans for the securitization of hospital properties, thereby providing new schemes of financing for medical corporations and other entities and supporting the operation of the hospital business from a financing perspective.

The Shinsei Bank Group has been contributing to the building of a sustainable society by providing ongoing financing for businesses that improve environmental and social issues with the provision of solutions to resolve social and environmental issues as a materiality for the Group management.



(Sapporo Minami Tokushukai Hospital, September 2021)

\*1 Refers to nonrecourse loans for which repayment is funded solely by revenues (cash flows) generated by a particular business or asset. It is also considered an effective financing method for realizing unrealized gains on real estate and for M&A with little cash on hand due to the liquidation of hospital assets of the acquired company.

[Attachment]

## Overview of Evaluation of “Shinsei Social Loans”

“Shinsei Social Loan” is a loan that designates use of funds to businesses or projects that can contribute to addressing and alleviating specific social issues so as to create social impact. Shinsei Social Loans shall align with the “Shinsei Social Finance Framework”<sup>\*2</sup> formulated by Shinsei Bank in May 2020.

Borrower/Subject Matter	Non-recourse loans to G.K.Trinity Illinois
Use of funds	Funds for the acquisition of real estate trust beneficiary interests backed by Sapporo Minami Tokushukai Hospital, which has hospice buildings and disability hospitals
Asset Manager	Healthcare Management Partners, Inc.
Social significance of business	<p>Providing “access to essential services (healthcare) for “disease sufferer” and “people with disabilities”, etc.</p> <ul style="list-style-type: none"><li>➤ Viewpoint of facility users: Ensuring stable medical lives and improving quality through palliative Care</li><li>➤ Viewpoint of family: alleviating psychological distress, adapting to patient illness and post-death lifestyles</li><li>➤ Viewpoint of employment: Promotion of female participation and career advancement in the workplace and realization of a work-life balance</li></ul>
Consistency between the social impact of this project and social issues	This project can contribute mainly to “Goal 3: GOOD HEALTH AND WELL-BEING” of the SDGs. It was also evaluated to be consistent with the national policy such as “Specific measures for achieving the Sustainable Development Goals (SDGs)” by the Cabinet Office and “Basic Plan for Promote Cancer Control Programs” by the Ministry of Health, Labour and Welfare, as well as the regional policies such as one of Hokkaido and Sapporo City.
Other evaluation points	<ul style="list-style-type: none"><li>✓ Sapporo Minami Tokushukai Hospital, under its philosophy of “hospice hospitals that care for the spirit,” implements palliative care by a team with experts from different professional backgrounds, including part-time employees and volunteers, and focuses on mental care for patients, families, and staff as well as physical care. The hospital also carries out initiatives that utilize art that provides a healing effect on people's minds. From the hardware perspective, it is also conscious of the “spirit of hospice,” and it adopts spatial design that is conscious of harmony with nature, low counters that bring patients and staff closer to each other, and private rooms with sunrooms. We also acknowledged the company's active efforts in public disclosure of information on its website and other media.</li><li>✓ HMP has set the organizational goal of contributing to healthcare and nursing care by providing financial services that would be difficult with conventional indirect financing, and has accumulated a track record of investing and managing healthcare assets. We evaluated HMP as contributing to the realization of a sustainable society through businesses of the entire organization</li></ul>

<sup>\*2</sup> Please refer to the attached reference; an overview of the “Shinsei Green / Social / Sustainability Finance Framework” including the Shinsei Social Finance Framework.

## Shinsei Green/Social/Sustainability Finance Framework

In recent years, more companies have chosen financial instruments which restrict use of loan proceeds to specific businesses with environmental / social benefits, such as green loans, social loans or sustainability loans as a means of raising funds. In order to support our customers to solve their environmental / social issues through the implementation of these finances, we formulated the "Shinsei Green Finance Framework", "Shinsei Social Finance Framework" and "Shinsei Sustainability Finance Framework" (hereinafter collectively referred to as "the Framework") in May 2020.

Sustainable Impact Assessment Department, our in-house independent assessment function, confirms whether a loan is aligned with the Framework after assessing the uses of loan proceeds, the management of proceeds, potential negative environmental / social impacts and other elements.

We have also obtained a third-party opinion from Japan Credit Rating Agency, Ltd. (JCR) stating that the Framework is consistent with the relevant principles\*<sup>2</sup> and that the internal implementation system of the Framework is robust.

We use the following logos to verify compliance with the Framework.

[Environmental]



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[Social]



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\*<sup>2</sup> This framework operates in accordance with the following related principles, which are domestic and international guidelines.

- "Green Bond Principles", "Social Bond Principles" and "Sustainability Bond Guidelines" published by the International Capital Market Association (ICMA)
- "Green Loan Principles" formulated by the Loan Market Association (LMA) and the Asia Pacific Loan Market Association

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*Shinsei Bank is a leading diversified Japanese financial institution providing a various 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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