Content

Title：	Regulations Governing Real Estate Investment by Insurance Enterprises Ch
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Content： Article5

Benchmarks for immediate use and derived benefit relating to real estate investment made by insurance enterprises are as follows;

1. A piece of real estate that is in a usable state, is in use and offers reasonable return on investment is deemed meeting the benchmarks for immediate use and derived benefit, which however excludes the situations where a vacant lot is used for parking lot, let out for advertising or built with a structure that does not carry a legally assigned house number.

2. The real estate investments of an insurance enterprise will be benchmarked as a group or individually to determine whether they meet the benchmarks for immediate use and derived benefit according to the following principles.

(1) Real estate acquired, in usable state, in use, and meeting the benchmarks set out in the preceding subparagraph for five (5) consecutive years or longer prior will be benchmarked as a group. The scope of the group may be delineated based on the annualized yield rate specified in Item 1 of Subparagraph 3.

(2) Real estate that does not meet the conditions in the preceding item will be benchmarked individually. However real estate that meets the benchmarks in the preceding subparagraph for five (5) consecutive years will be categorized under group investment for benchmarking purpose.

(3) Investment involving superficies will be benchmarked individually.

(4) When a piece of real estate investment benchmarked as a group is no longer in usable state due to demolishing and reconstruction, it will be benchmarked individually.

(5) Real estate that can be used by long-term care services or investment targets that meet the conditions set out in Item 2 of Subparagraph 3 hereof may be benchmarked individually.

3. “Reasonable return on investment” referred to in Subparagraph 1 hereof shall meet the following conditions:

(1) For real estate investments benchmarked as an individual or group, their occupancy rate shall reach 60% and their annualized rate of return shall meet the following conditions:

a. For real estate acquired prior to August 24, 2012, their annualized rate of return shall be based on the benchmark rate plus 0.5%.

b. For real estate acquired between August 24, 2012 (inclusive) and November 18, 2012 (inclusive), their annualized rate of return should not be lower than benchmark rate plus 0.75%.

c. For real estate acquired on or after November 19, 2012, their annualized rate of return shall be based on the benchmark rate plus 1.25% .

d. If a property group contains real estates that fall under two or more of the preceding items with different add-on spreads,the annualized rate of return for that group shall be determined by taking the highest result from the benchmark interest rates plus the applicable add-on spreads within that group.

e. Real estate that can be used by long-term care services, their annualized rate of return shall not be lower than benchmark rate.

(2) When investing in a residential building for rent and at least 50% of the building area held are rented to elderly over 65 years of age, the annualized rate of return on the investment shall not be lower than benchmark rate, to which the provisions of the preceding item on real estate occupancy rate and annualized rate of return do not apply.

4. Benchmarking for annualized rate of returns under the preceding subparagraph shall be done on the first business day of the month at the time of evaluation, and evaluation shall be conducted by checking the occupancy rate and annualized rate of return monthly.