

5th

Fiscal Period Business Report

(Statement of Financial Performance)

May 1, 2016 – October 31, 2016

Hopeful future for Japan

日本ヘルスケア投資法人

Nippon Healthcare Investment Corporation

I. Overview of Nippon Healthcare Investment Corporation

To Our Investors

Message from Executive Director

We would like to express our deep gratitude to all our unitholders for your support of Nippon Healthcare Investment Corporation (“NHI”).

NHI posted financial performance of 679 million yen in operating revenue, 274 million yen in operating income and 246 million yen in net income for the fiscal period ended October 2016 (5th Fiscal Period). Concerning distributions, NHI declared a distribution amount per unit of 3,306 yen and a distribution amount in excess of earnings per unit of 800 yen, bringing the total distribution amount per unit to 4,106 yen. [See page 3 for Financial and Management Highlights](#)

During the 5th Fiscal Period, NHI acquired Sompo no ie Nishitanabeekimae (acquisition price: 710 million yen) in October 2016, expanding the asset size by 45.5% from 13,280 million yen at the time of listing to 19,318 million yen. NHI will aim to enhance portfolio value through investments in carefully selected properties going forward.

[See page 5 for details of External Growth](#)

The number of operators of facilities owned by NHI has increased from 7 at the time of listing to 11 in the fiscal period ended October 2016. NHI has realized maintenance and improvement of portfolio stability by pressing forward diversification of operators and concluding long-term fixed rent lease agreements. [See page 7 for Stable Management Strategy](#)

On the financial front, NHI will continue to work to further strengthen its financial standing while reducing refinancing risks in the future. [See page 10 for Financial Conditions](#)

Going forward, NHI will strive to maximize unitholders' value together with the joint efforts by Daiwa Real Estate Asset Management Co. Ltd., the asset manager for NHI, Daiwa Securities Group Inc., the sponsor, and AIP Healthcare Japan GK, the advisor.

We wish for the continued success of our unitholders and ask for your continued support of NHI.



Hiroshi Takeuchi Nippon Healthcare Investment Corporation Executive Director

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Please refer to the pages starting from the back cover for information on the operators

Financial and Management Highlights

Steady growth in asset size and maintenance of stable distribution level

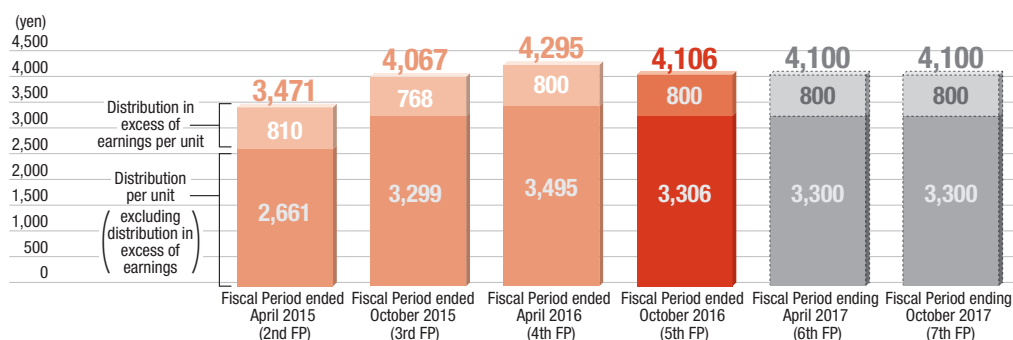
Actual Financial Results for Fiscal Period Ended October 2016 (5th Fiscal Period), Fiscal Period Ending April 2017 (6th Fiscal Period) and Fiscal Period Ending October 2017 (7th Fiscal Period)

	4th Fiscal Period (April 2016) (result)	5th Fiscal Period (October 2016) (result)	Difference	6th Fiscal Period (April 2017) (forecast)	Difference from 5th Fiscal Period	7th Fiscal Period (October 2017) (forecast)	Difference from 6th Fiscal Period
No. of properties owned at the end of the fiscal period	21	22	+1	22	-	22	-
Operating revenue (million yen)	667	679	+12	697	+18	697	-0
Operating expenses (million yen)	377	404	+27	422	+17	421	-0
Operating income (million yen)	289	274	-14	274	+0	275	+0
Non-operating expenses (million yen)	27	27	-0	27	+0	28	+0
Ordinary income (million yen)	261	247	-14	247	-0	247	+0
Net income (million yen)	260	246	-14	246	-0	246	+0

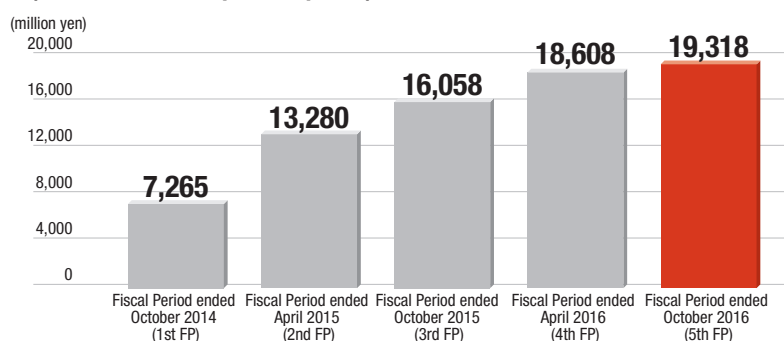
Distribution Result for 5th Fiscal Period, Distribution Forecast for 6th Fiscal Period and 7th Fiscal Period

	4th Fiscal Period (April 2016) (result)	5th Fiscal Period (October 2016) (result)	Difference	6th Fiscal Period (April 2017) (forecast)	Difference from 5th Fiscal Period	7th Fiscal Period (October 2017) (forecast)	Difference from 6th Fiscal Period
Number of investment units issued and outstanding at the end of the fiscal period (units)	74,632	74,632	-	74,632	-	74,632	-
Distribution per unit (including distribution in excess of earnings) (yen)	4,295	4,106	-189	4,100	-6	4,100	-
Distribution per unit (excluding distribution in excess of earnings) (yen)	3,495	3,306	-189	3,300	-6	3,300	-
Distribution in excess of earnings per unit (yen)	800	800	-	800	-	800	-

Distribution per Unit (including distribution in excess of earnings)



Asset Size (total amount of acquisition prices)



Characteristics of Nippon Healthcare Investment Corporation

Contributing to society and delivering returns to unitholders through substantial support system

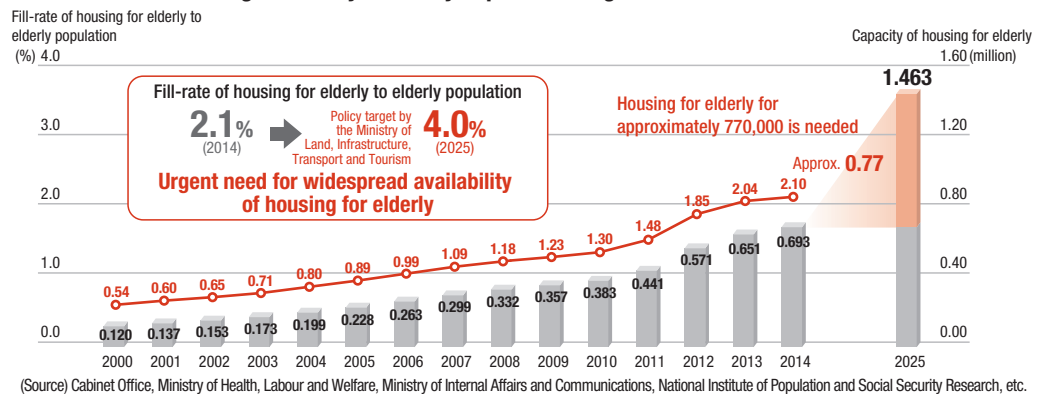
1 Growth through investment in the growing senior market

- Social demand for healthcare facilities is expected to grow in the medium to long term through further aging of the population.
- NHI aims to expand assets under management in the medium to long term using our expertise on healthcare, extensive network and fund raising capabilities.

Japan's graying population

The ratio of the number of people 65 years or older (elderly population) to the total population (population aging rate) in Japan is expected to rise, and the population of the elderly living alone is expected to grow along with the rising population aging rate.

Fill-Rate of Housing for Elderly to Elderly Population Target Rate for 2025



2 Investment in social infrastructure to contribute to society

- NHI will contribute to the development of quality healthcare facilities which serve as social infrastructure.

Expansion of social demand in line with shortage of private nursing homes and facilities for the elderly



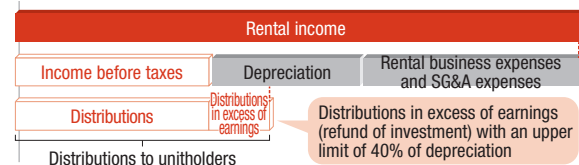
Promotion of supply of quality private nursing homes and facilities for the elderly

3 Stable cash flow

- To stabilize cash flow, NHI will sign long-term fixed-rent lease agreements with operating bodies ("operators") of healthcare facilities.

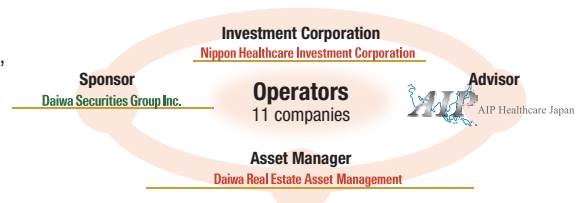
4 Unitholder return policy utilizing asset characteristics

- NHI will implement unitholder returns through distributions in excess of earnings utilizing the asset characteristic of a high rate of depreciation.
- NHI offers a unitholder benefits program for the purpose of expanding the horizons of NHI's unitholders, under the agreement with operators of healthcare facilities which NHI owns.



5 Substantial support system by sponsor and advisor

- NHI will develop the support system that brings together the comprehensive strengths of Daiwa Securities Group Inc. (sponsor), an expert finance company, and AIP Healthcare Japan GK (advisor), an expert healthcare company.
- NHI's asset manager is able to establish cooperative relations with a wide range of operators as it is very independent with no participation of operator groups.



External Growth

Continuous development of portfolio through acquisition of carefully selected properties

Ratios of Investment in Regions

Ratios of investment in regions	Definition	Target incorporation ratio
Three Major Metropolitan Areas	The greater Tokyo area: Tokyo, Kanagawa, Chiba and Saitama prefectures The Chukyo area: Aichi, Mie and Gifu prefectures The Kinki area: Osaka, Kyoto, Hyogo, Nara and Shiga prefectures	50% or more
Core City Areas	Cities outside the Three Major Metropolitan Areas with populations of 200,000 or more	50% or less
Other	Cities outside the Three Major Metropolitan Areas and the Core City Areas with populations under 200,000	10% or less

Ratios of Investment in Healthcare Facility Types

Classification of healthcare facility	Target incorporation ratio
Private nursing homes and other facilities for the elderly	60% or more
Fee-based homes for the elderly (Note 1) (with nursing care/health-type/residential-type)	
Elderly housing with supportive services (Note 2)	
Other private nursing homes and facilities for the elderly	
Medical facilities	40% or less
Other	10% or less

(Note 1) "Fee-based homes for the elderly" refer to facilities as defined by Article 29 of the Act on Social Welfare for the Elderly. However, this excludes facilities that fall under the category of elderly housing with supportive services.

(Note 2) "Elderly housing with supportive services" refers to rental housing registered by prefectures that meet the registration criteria stipulated by the Act on Securement of Stable Supply for Elderly Persons' Housing.

Properties Acquired in 5th FP (ended October 2016)

Sompo no ie Nishitanabeekimae



Location	Osaka-shi, Osaka
Acquisition date	October 6, 2016
Acquisition price (million yen)	710
Total leased area (m ²)	2,095.79
Structure/floors	① RC/9F ② RC/1F
Number of rooms (rooms)	42
Resident capacity (people)	42
Range of room size (m ²)	25.03 ~ 25.08
Opening date	April 1, 2007



Site Features The Property is located an approximate two-minute walk from Nishitanabe Station on the Osaka Municipal Subway Midousuji Line.

Area Features In Abeno Ward where the subject facility is located, the population of the elderly people aged 75 years or over is 13.8 thousand, accounting for 12.8% of the total population, which is a level slightly above the national average of 12.2%. On the other hand, the supply ratio of facilities for people requiring nursing care/requiring support in Abeno Ward is 19.9%, lower than the national average of 28.5%, and the supply ratio within 3km is also lower than national average at 24.3%. We believe that the supply of facilities for people requiring nursing care/requiring support has not reached the point to fill demand.

Property Features Room area of the largest number of room type is relatively large at 25 m² and every room is equipped with bathroom and mini-kitchen.

Operator

Company name	Sompo Care Message Inc.
Head office	552-1Nishiichi, Minami-ku, Okayama-shi, Okayama
Representative director	Tetsuya Kikui
Established	May 1997
Capital	3,925 million yen
Business activities	Operation of fee-based homes for the elderly, elderly housing with supportive services and group homes. home-visit care (home assistance) service business

Facilities operated by the operator

Facilities operated	No. of facilities	Resident capacity
Fee-based homes for the elderly with nursing care	182	9,777
Elderly housing with supportive services	125	7,279
Group homes and others	26	588
Total	333	17,644

Source: The operator's website, financial results briefing material, etc. (Actual results as of March 31, 2016)

Status of Property Acquisition by Sourcing Route

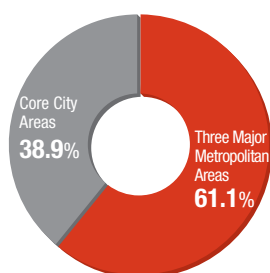
	Properties acquired before listing 14 properties/13,280 million yen	Properties acquired in the 3rd FP 3 properties/2,778 million yen	Properties acquired in the 4th FP 4 properties/2,550 million yen	Properties acquired in the 5th FP 1 property/710 million yen	6th FP~
Asset Management Company's unique network 5 properties/ 3,750 million yen		Off-balancing in line with M&A Silver Heights Hitsujigaoka No.3 · M&A cases for business succession · Needs for securing liquidity on hand	Sales & Leaseback Alpha Living Okayama Nishigawa Ryokudokoen Alpha Living Okayama Korakuen Alpha Living Takamatsu Ekimae Alpha Living Takamatsu Hyakkenmachi · Properties sold by developer group which owns operators · Exclusive needs for facility management		<ul style="list-style-type: none"> Proactively discussing development properties in addition to information on existing facilities obtained from the sourcing routes Also listing cases via bridge funds funded by the sponsor as part of sponsor support. Discussing the cases while acquiring preferential negotiation rights.
Sponsor group 2 properties/ 1,578 million yen		Change of owners Minna-no-ie Orniya Yoshinocho Minna-no-ie Chuo-ku En'nami · Properties introduced by the sponsor group · Needs for asset management from owners			
Advisor 15 properties/ 13,990 million yen	14 properties/ 13,280 million yen			Change of owners Sompo no ie Nishitanabeekimae · Needs for asset management from owners	

Portfolio Status

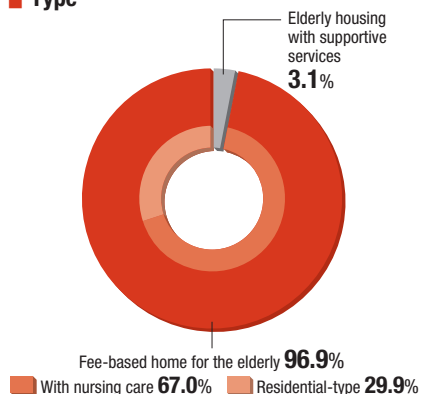
Focusing investment on private nursing homes and other facilities for the elderly for which large demand is expected

Diversification Status

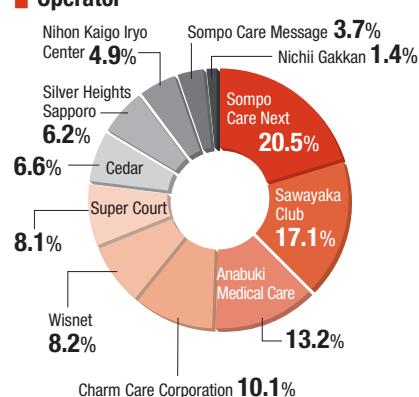
Region



Type



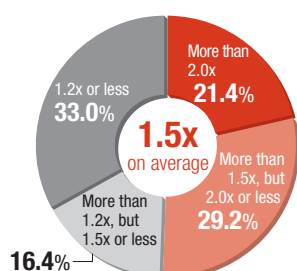
Operator



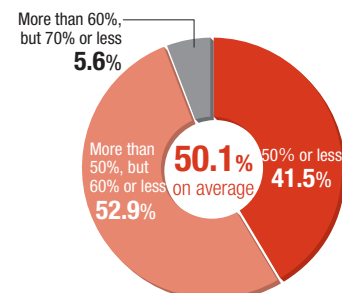
(Note) The ratios in the above three pie charts are calculated based on total acquisition prices, and rounded to the first decimal place

Portfolio Status

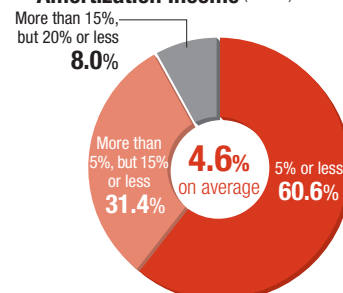
Rent-Paying Capacity (Note 1)



Proportion of Long-Term Care Fee (Note 2)



Proportion of One-Time Entrance Fee Amortization Income (Note 3)



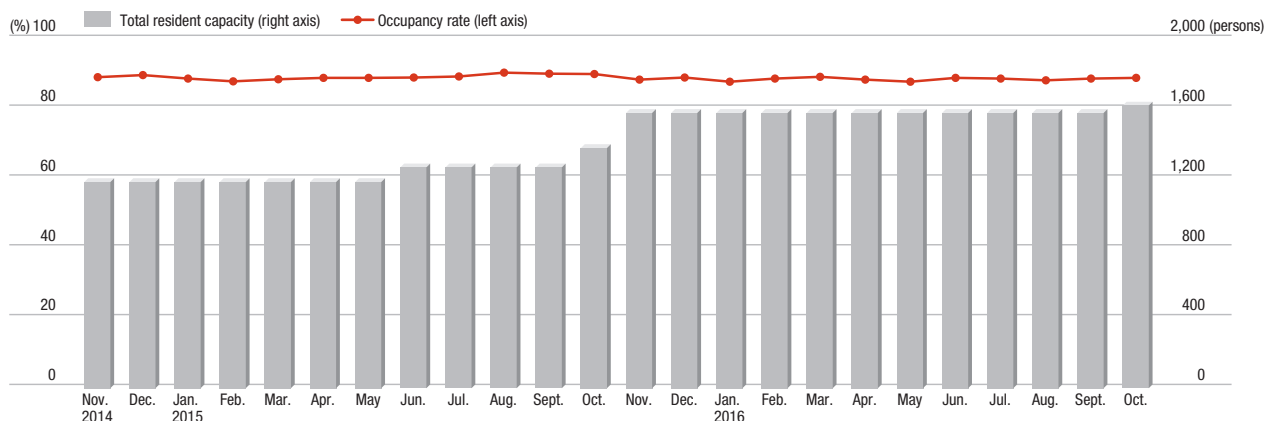
(Note 1) "Rent-paying capacity" refers to the multiple obtained by dividing the respective acquired asset's most recent EBITDAR by rent. EBITDAR = Operating Income + Depreciation + Rent

(Note 2) "Proportion of long-term care fee" refers to the proportion of the acquired asset's net sales that is accounted for by long-term care fee (including residents' co-payment portion).

(Note 3) "Proportion of one-time entrance fee amortization income" refers to the proportion of the acquired asset's net sales that is accounted for by one-time entrance fee amortization income

(*) Data are based on information on business income and expenditures from October 2015 to September 2016 disclosed by the respective operator. However, data for Nichii Care Center Fukushima Omori are based on information on business income and expenditures from July 2015 to June 2016; for La'nassica Arakogawa from April 2015 to March 2016; for Silver Heights Hitsujiigaoka No.3 from September 2015 to August 2016; and for Sompo no ie Nishitanabeekimae from July 2015 to June 2016.

Portfolio Occupancy Rates



Stable occupancy rates

- The overall occupancy rate has risen 0.4% from 87.3% at the end of April 2016 to 87.7% at the end of October 2016.
- The period average for the fiscal period ended October 2016 was 87.4%, unchanged from the period average for the fiscal period ended April 2016 at 87.4%.

(Note) Occupancy rates are obtained by dividing the number of residents based on interviews with all facilities, by resident capacity.

Stable Management Strategy

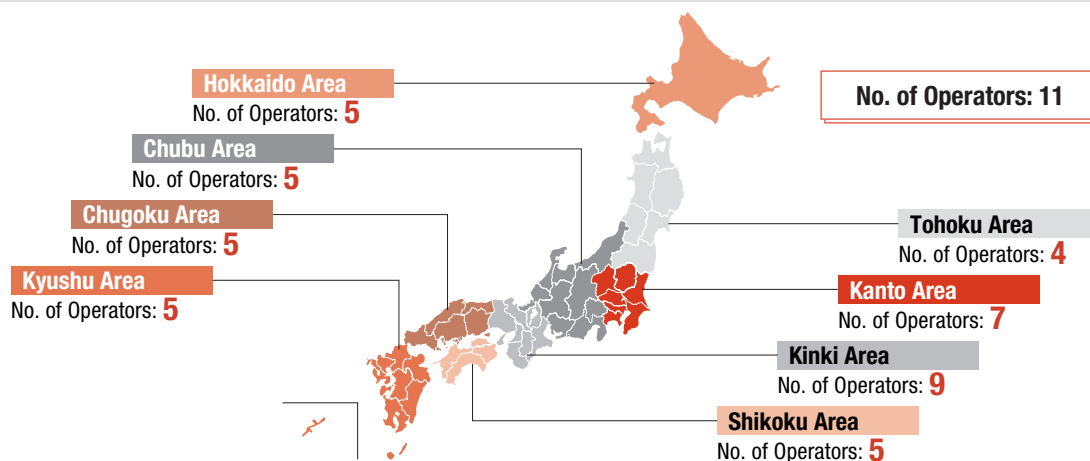
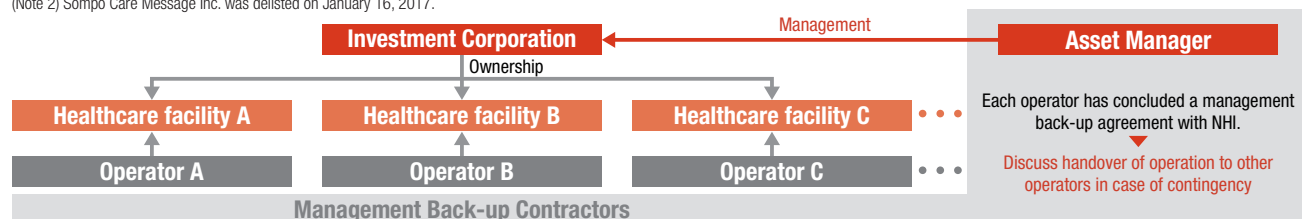
Concluding long-term fixed rent lease agreements

Lease Agreements with Highly Reliable Operators

Operator	Number of facilities operated (cases) (Note 1)	Number of rooms operated (rooms) (Note 1)	Established	Attributes
Nichiigakkan Co., Ltd.	421	13,560	August 1973	Listed on the first section of the Tokyo Stock Exchange
Sompo Care Message Inc. (Note 2)	318	17,336	May 1997	Listed on JASDAQ Standard on the Tokyo Stock Exchange Subsidiary of Sompo Japan Nipponkoa Holdings, Inc., a company listed on the first section of the Tokyo Stock Exchange
Wisnet Co., Ltd.	126	3,576	January 1998	Subsidiary of Sohgo Security Services Co., Ltd. a company listed on the first section of the Tokyo Stock Exchange
Sompo Care Next, Inc.	117	8,799	November 1992	Subsidiary of Sompo Japan Nipponkoa Holdings, Inc., a company listed on the first section of the Tokyo Stock Exchange
Sawayaka Club Co., Ltd.	69	4,128	December 2004	Subsidiary of Uchiyama Holdings Co., Ltd., a company listed on the first section of the Tokyo Stock Exchange
Super Court Co., Ltd.	45	3,019	May 1995	-
Cedar Co., Ltd.	41	2,169	April 1981	Listed on JASDAQ Standard on the Tokyo Stock Exchange
Charm Care Corporation	33	2,340	August 1984	Listed on JASDAQ Standard on the Tokyo Stock Exchange
Anabuki Medical Care Inc.	27	1,196	June 2009	Subsidiary of Anabuki Kosan Inc., a company listed on the first section of the Tokyo Stock Exchange
Nihon Kaigo Iryo Center Co., Ltd.	22	941	October 1997	-
Silver Heights Sapporo Co., Ltd.	3	321	December 1961	-

(Note 1) Number of facilities operated and Number of rooms operated indicate the number of facilities and the number of rooms for fee-based homes for the elderly, group homes and elderly housing with supportive services based on operators' websites and interviews with them (as of October 31, 2016).

(Note 2) Sompo Care Message Inc. was delisted on January 16, 2017.



Development of Quality Portfolio through Careful Selection and Continuous Evaluation of Operators

Business operation cycle

Common items for evaluation at the time of new acquisition and continuous evaluation

- Quality and variety of services that the operator provides
- Credibility and operational skills of the operator

Quantitative perspective

- Stability, profitability, growth potential and productivity of the operator's finances
- Stability, profitability, growth potential of the operator's healthcare business
- The company's history and the number of years in business (The items are confirmed on the basis that such financial data, etc. be provided by the operator.)

Qualitative perspective

- The operator's attitude towards information disclosure
- Degree of importance, etc. of healthcare-related business in the operator group
- Strength, securement of human resources, etc. at the healthcare facility
- Working environment and employment situation of facility workers
- Compliance system at the operator or at each facility (Documents provided by the operator, results of interviews and research by outside experts, etc. are used for confirming the items.)

Conducting the same evaluation as at the time of acquisition even after acquisition

- Six members are placed in the Healthcare Management Team. (Including those holding concurrent positions).
- Regularly conduct the same evaluation as at the time of property acquisition.
- In addition, visit facilities, etc. and conduct facility monitoring, interviews, etc. including the following.

Monitoring (Twice or more/year)

- The Asset Manager and PM companies visit operators' facilities and conduct examinations every fiscal period.

Interviewing (Once or more/year)

- Confirming the following items with directors and care providers at facilities:
 - (1) Responses to residents
 - (2) Employees training program
 - (3) Status of governance (including items to check for prevention of resident mistreatment)

Portfolio List (as of October 31, 2016)

Consists of 11 operators and 22 properties

No (Note 1)	Acquisition period	Property name (Note 1)	Facility type (Note 1)	Operator	Location	Acquisition price (million yen) (Note 2)		Appraisal value (million yen) (Note 3)	Number of rooms (rooms) (Note 4)
							Share of portfolio (%)		
1	1st Fiscal Period	Charm Suite Ryokuchi Koen	Fee-based homes for the elderly with nursing care	Charm Care Corporation	Toyonaka City, Osaka	1,950	10.1	3,060	128
2	2nd Fiscal Period	Super Court JR Nara-Ekimae	Residential-type fee-based homes for the elderly	Super Court Co., Ltd.	Nara City, Nara	1,569	8.1	1,750	155
3	1st Fiscal Period	Sompo Care LAVIER Hiroshima Hikarigaoka	Fee-based homes for the elderly with nursing care	Sompo Care Next Inc.	Hiroshima City, Hiroshima	960	5.0	1,230	80
4	1st Fiscal Period	Sompo Care LAVIER Sagamihara Chuo	Fee-based homes for the elderly with nursing care		Sagamihara City, Kanagawa	1,170	6.1	1,750	80
5	2nd Fiscal Period	Sompo Care LAVIER Kinugasayama Koen	Fee-based homes for the elderly with nursing care		Yokosuka City, Kanagawa	1,839	9.5	2,060	104
6	1st Fiscal Period	Sawayaka Kaikyokan	Fee-based homes for the elderly with nursing care	Sawayaka Club Co., Ltd.	Kitakyushu City, Fukuoka	630	3.3	897	65
7	1st Fiscal Period	Sawayaka Meisuikan	Fee-based homes for the elderly with nursing care		Kitakyushu City, Fukuoka	590	3.1	812	87
8	1st Fiscal Period	Sawayaka Heart Life Nishikyogoku	Residential-type fee-based homes for the elderly		Kyoto City, Kyoto	750	3.9	1,210	84
9	2nd Fiscal Period	Sawayaka Hinodekan	Fee-based homes for the elderly with nursing care		Niigata City, Niigata	773	4.0	938	50
10	2nd Fiscal Period	Sawayaka Riverside Kurinoki	Residential-type fee-based homes for the elderly		Niigata City, Niigata	266	1.4	323	33
11	2nd Fiscal Period	Sawayaka Obatake Sanbankan	Residential-type fee-based homes for the elderly		Kitakyushu City, Fukuoka	289	1.5	355	50
12	1st Fiscal Period	Nichii Care Center Fukushima Omori	Fee-based homes for the elderly with nursing care	Nichiigakkan Co., Ltd.	Fukushima City, Fukushima	265	1.4	353	52
13	2nd Fiscal Period	La'nassica Arakogawa	Fee-based homes for the elderly with nursing care	Cedar Co., Ltd.	Nagoya City, Aichi	1,279	6.6	1,430	100
14	1st Fiscal Period	Verger Hirakata	Residential-type fee-based homes for the elderly	Nihon Kaigo Iryo Center Co., Ltd.	Hirakata City, Osaka	950	4.9	1,590	104
15	3rd Fiscal Period	Minna-no-ie Omiya Yoshinocho	Fee-based homes for the elderly with nursing care	Wisnet Co., Ltd.	Saitama City, Saitama	740	3.8	799	33
16	3rd Fiscal Period	Minna-no-ie Chuo-ku En'nami	Fee-based homes for the elderly with nursing care		Saitama City, Saitama	838	4.3	890	51
17	3rd Fiscal Period	Silver Heights Hitsujigaoka No. 3	Fee-based homes for the elderly with nursing care	Silver Heights Sapporo Co., Ltd.	Sapporo City, Hokkaido	1,200	6.2	1,330	109
18	4th Fiscal Period	Alpha Living Okayama Nishigawa Ryokudokoen	Residential-type fee-based homes for the elderly	Anabuki Medical Care Inc.	Okayama City, Okayama	730	3.8	790	53
19	4th Fiscal Period	Alpha Living Okayama Korakuen	Residential-type fee-based homes for the elderly		Okayama City, Okayama	610	3.2	672	45
20	4th Fiscal Period	Alpha Living Takamatsu Ekimae	Residential-type fee-based homes for the elderly		Takamatsu City, Kagawa	605	3.1	641	43
21	4th Fiscal Period	Alpha Living Takamatsu Hyakkenmachi	Elderly housing with supportive services		Takamatsu City, Kagawa	605	3.1	627	50
22	5th Fiscal Period	Sompo no ie Nishitanabeekimae	Fee-based homes for the elderly with nursing care	Sompo Care Message Inc.	Osaka City, Osaka	710	3.7	744	42
11 operators 22 properties Total						19,318	100.0	24,251	1,598

(Note 1) Red numbers refer to Three Major Metropolitan Areas and blue numbers to Core City Areas. The background colors for Property name and Facility type columns indicate types of facilities; orange for fee-based homes for the elderly with nursing care, blue for residential-type fee-based homes for the elderly and yellow-green for elderly housing with supportive services.

(Note 2) "Acquisition price" is excluding consumption tax, local consumption tax and the various expenses required for the acquisition. "Share of portfolio" is the respective acquisition price expressed as a percentage of the total of the acquisition prices, rounded to the first decimal place. Therefore, the total of "Share of portfolio" may be different from the figure indicated in "Total."

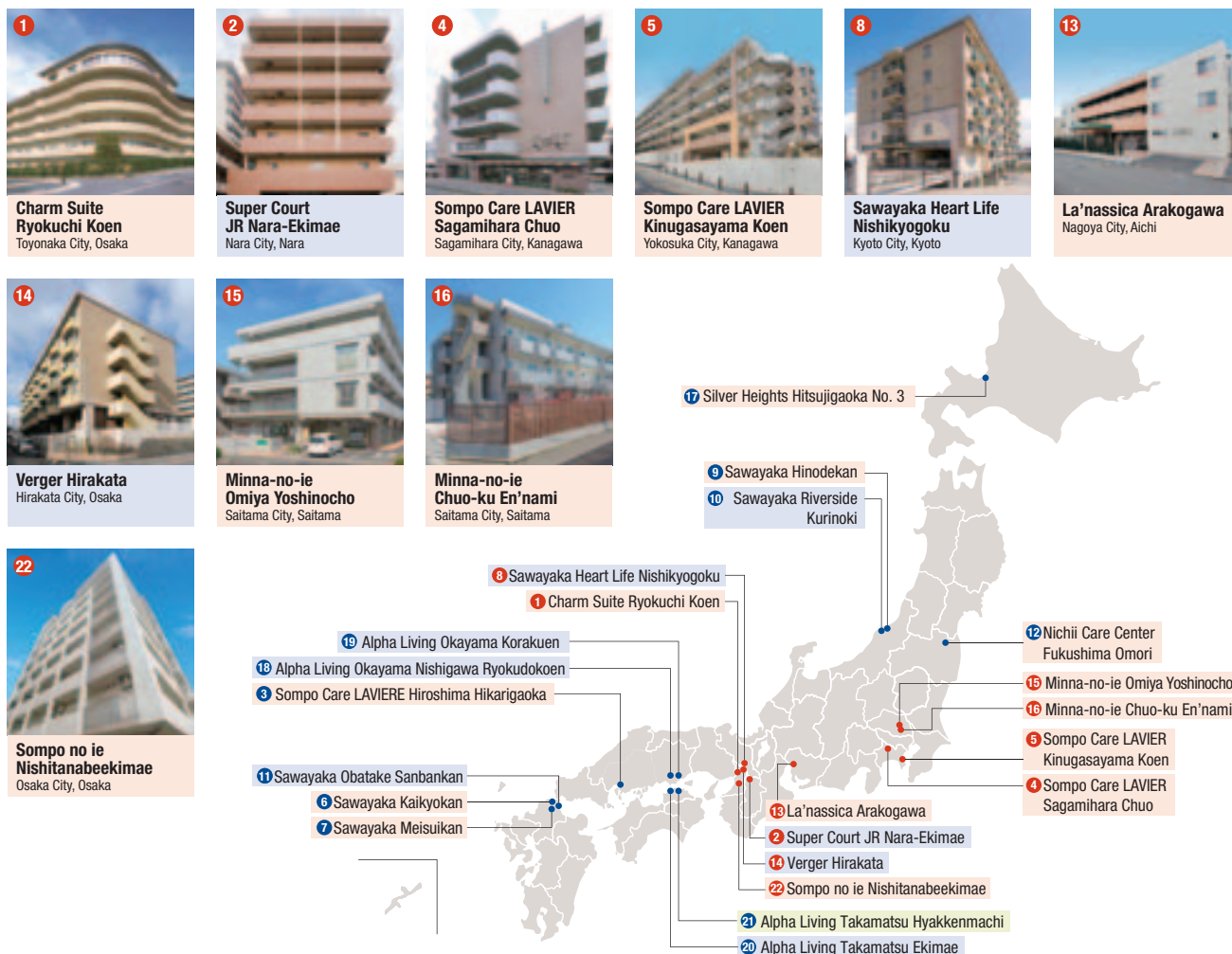
(Note 3) "Appraisal value" is as of October 31, 2016.

(Note 4) "Number of rooms" is the figure indicated in the written explanation of important matters pertaining to the fee-based home for the elderly provided by the operator.

Portfolio Map (as of October 31, 2016)

Making diversified investment in healthcare facilities in Japan

Three Major Metropolitan Areas



Core City Areas



(Note) Red numbers refer to Three Major Metropolitan Areas and blue numbers to Core City Areas. The background colors for Property name and Facility type columns indicate types of facilities; orange for fee-based homes for the elderly with nursing care, blue for residential-type fee-based homes for the elderly and yellow-green for elderly housing with supportive services.

Financial Conditions

Conducting stable financial management by converting interest rate into a fixed rate and diversifying repayment dates

Status of Interest-Bearing Liabilities (as of October 31, 2016)

Term	Lender	Balance (million yen)	Type of interest	Interest rate (%) (Note 1)	Drawdown date	Repayment deadline
Short-term	Mizuho Bank	500	Floating	T+0.300	October 6, 2016	September 29, 2017
Current portion of long-term loans payable	Mizuho Bank (Note 2)	800	Fixed	0.344	November 5, 2014	October 31, 2017
	The Musashino Bank (Note 2) (Note 3)	500		0.329		October 31, 2017
	Shinkin Central Bank	500		0.355		October 31, 2017
Long-term	Mizuho Bank (Note 2)	1,000	Fixed	0.532	November 5, 2014	October 31, 2019
	Resona Bank (Note 2)	1,200		0.532		October 31, 2019
	Sumitomo Mitsui Trust Bank (Note 2)	1,200		0.431		October 31, 2018
	Mizuho Trust & Banking (Note 2)	700		0.532		October 31, 2019
	The Dai-ichi Life Insurance	500		0.431		October 31, 2018
	Mizuho Bank (Note 2)	500		0.524	June 1, 2015	May 29, 2020
	Mizuho Trust & Banking (Note 2)	500		0.524		May 29, 2020
	The Musashino Bank (Note 2)	500		0.524		May 29, 2020
	Resona Bank (Note 2)	500		0.474	October 15, 2015	October 30, 2020
	Shinkin Central Bank (Note 2)	400		0.293		October 31, 2018
	Sumitomo Mitsui Trust Bank (Note 2)	500		0.138	April 28, 2016	April 30, 2020
Total		9,800	-	-	-	-

(Note 1) Interest rates are rounded to the third decimal place.

(Note 2) For loans of which variable interest rates have been converted to, in effect, fixed rates through a swap agreement, interest rate indicates the rate after such conversion.

(Note 3) Interest rates are converted on a one year=365 days basis.

Ratio of Long-Term Loans and Short-Term Loans

Short-term loans payable and current portion of long-term loans payable

23.5%

Long-term loans

76.5%

Ratio of Fixed Rates and Variable Rates

Ratio of floating rate

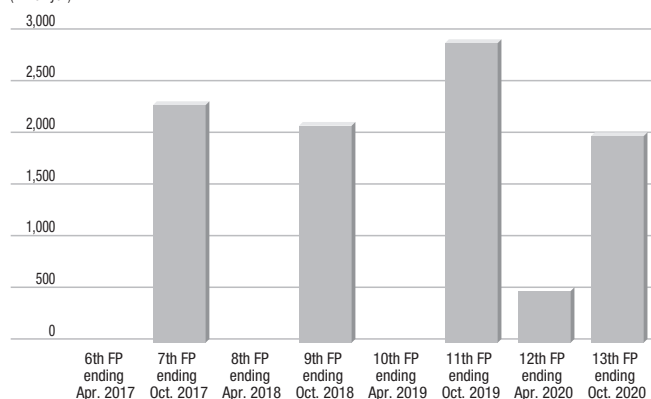
5.1%

Ratio of fixed rate

94.9%

Repayment Schedule

(million yen)



Average remaining period (Note 1)

2.5 years

(as of October 31, 2016)

LTV (Note 2)

46.0%

(as of October 31, 2016)

(Note 1) Average remaining period is rounded to the first decimal place.

(Note 2) LTV is calculated based on total assets.

Indices that Include NHI

Month/year	Name of index
September 2015	Thomson Reuters GPR/APREA Composite Index

Description of Asset Manager

Organization of Asset Manager (as of November 30, 2016)

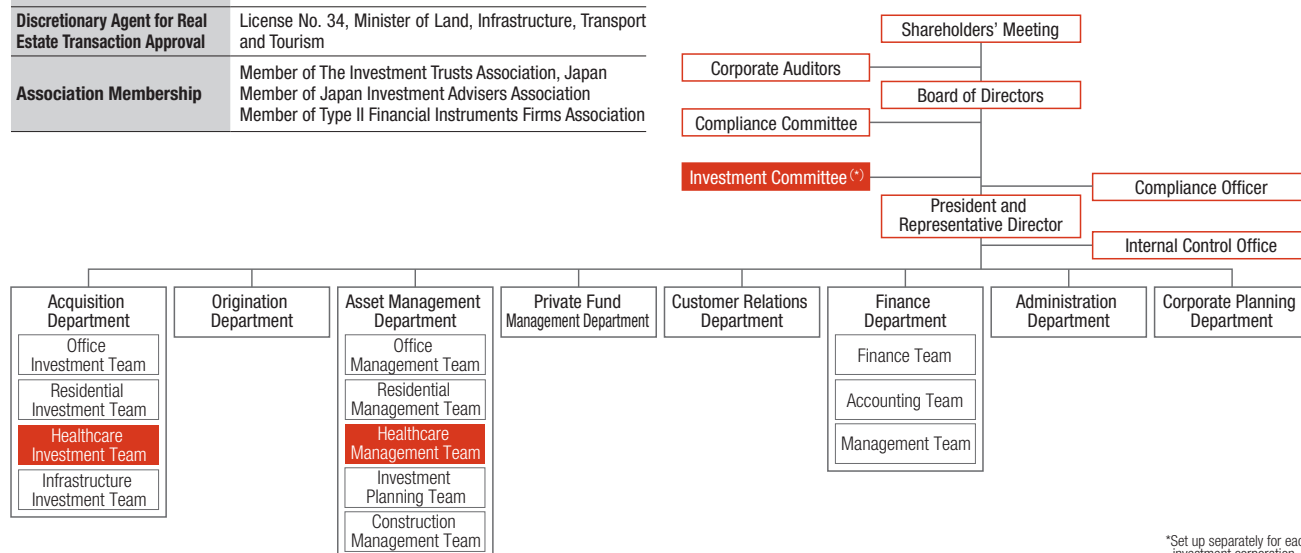
■ Corporate Profile

Company Name	Daiwa Real Estate Asset Management Co., Ltd.
Address	6-2-1 Ginza, Chuo-ku, Tokyo
Established	October 21, 2004
Paid-in Capital	200 million yen
President	Akira Yamanouchi
Board of Directors	9 Executive directors: 4; Executive auditors: 1 Non-executive directors: 2; Non-executive auditors: 2
Employees	69 (excluding dispatched employees)
Registration of Financial Instruments Business Operator	Registration No. 355 (Financial Instruments), Director General, Kanto Local Finance Bureau (Kinsho)
Building Lots and Buildings Transaction Business License	License No. (3)-83920, Governor of Tokyo
Discretionary Agent for Real Estate Transaction Approval	License No. 34, Minister of Land, Infrastructure, Transport and Tourism
Association Membership	Member of The Investment Trusts Association, Japan Member of Japan Investment Advisers Association Member of Type II Financial Instruments Firms Association

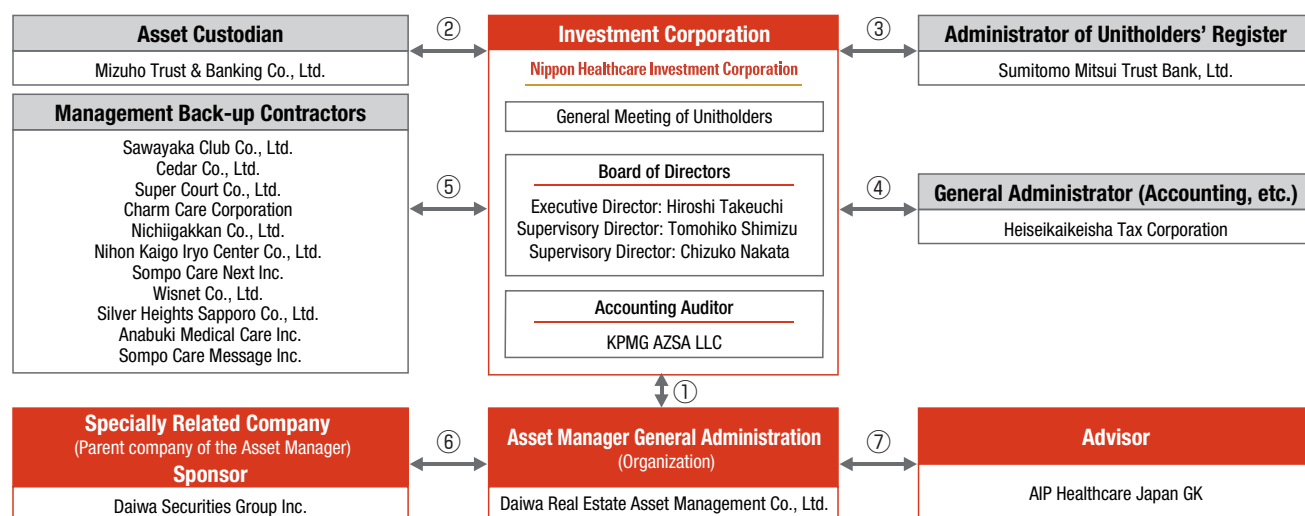
■ Directors and Auditors

President and Representative Director	Akira Yamanouchi
Vice President and Representative Director	Yuji Shinotsuka
Vice President and Representative Director	Yoshiki Nishigaki
Director	Naoyuki Owa
Director (non-executive)	Mikita Komatsu
Director (non-executive)	Akihiko Ogino
Auditor	Tamaki Shibayama
Auditor (non-executive)	Morimasa Matsuda
Auditor (non-executive)	Shinji Kiso

■ Organizational Chart



Structure



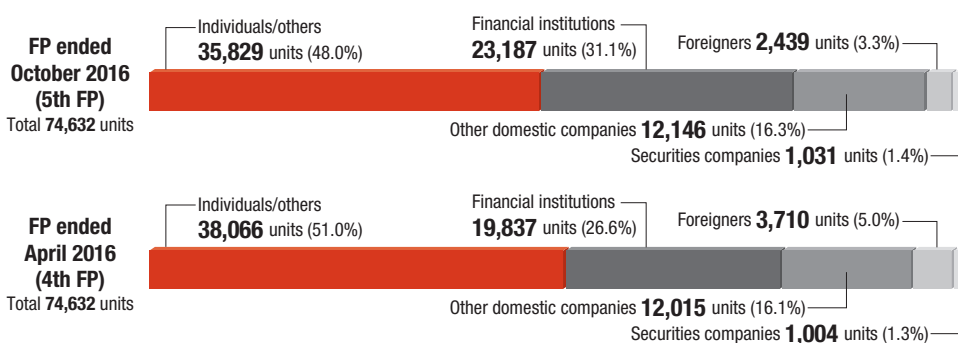
- ① Asset management agreement/General administration affairs agreement related to operation ④ General administrator of accounting agreement ⑦ Advisory agreement
 ② Asset custodian agreement ⑤ Management back-up agreement
 ③ General administrator of unitholders' registry agreement ⑥ Sponsor support agreement

History of Investment Unit Prices



Overview of Investment Units and Unitholders (as of October 31, 2016)

No. of Investment Units by Investor Type



No. of Unitholders by Investor Type

Individuals/others	8,784 (97.4%)
Financial institutions	30 (0.3%)
Other domestic companies	144 (1.6%)
Foreigners	37 (0.4%)
Securities companies	21 (0.2%)
Total	9,016

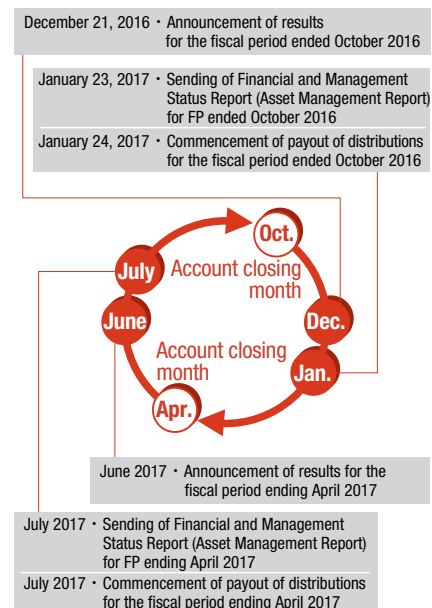
(Note) Rounded to the first decimal place

Top Ten Unitholders (as of October 31, 2016)

	Name of Investor	Number of Units Owned (units)	Percentage Share (%)
1.	Daiwa Securities Group Inc.	7,600	10.2
2.	The Master Trust Bank of Japan, Ltd. (Investment Trust Account)	5,676	7.6
3.	Japan Trustee Services Bank Ltd. (Trust Investment Trust Account)	5,602	7.5
4.	Trust & Custody Services Bank Ltd. (Trust Investment Trust Account)	3,883	5.2
5.	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1,873	2.5
6.	Daiwa Real Estate Asset Management Co., Ltd.	1,000	1.3
7.	THE BANK OF NEW YORK MELLON 140044	850	1.1
8.	Fukui Medical Credit Association	745	1.0
9.	Yonezawa Shinkin Bank	700	0.9
10.	Osaka Shinkin Bank	690	0.9
	Total	28,619	38.4

(Note) Rounded to the first decimal place

IR Calendar



Investor Memo

End of fiscal period	April 30 and October 31 of each year
General Meeting of Unitholders	Held at least once every two years
Date for finalizing Unitholders with voting rights for the General Meeting of Unitholders	Date publicly announced beforehand
Reference date for finalizing payment of distributions	April 30 and October 31 of each year (distributions are paid within three months of the reference date)
Listed financial instruments exchange	Tokyo Stock Exchange (securities code: 3308)
Newspaper in which notice is posted	Nihon Keizai Shimbun
Manager of Unitholder Registry, etc.	Sumitomo Mitsui Trust Bank, Limited, 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233
Office handling administrative affairs	Transfer Agency Department of Sumitomo Mitsui Trust Bank, Limited, 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 Phone 0120-782-031 (toll-free in Japan)
Service counter	Head Office and all branches of the Sumitomo Mitsui Trust Bank nationwide

Procedures for Changing Address, Etc.

Please notify the securities company you are dealing with for changes in address, name, etc. For procedures concerning investment units recorded in special account, please contact Stock Transfer Agency Department at Sumitomo Mitsui Trust Bank, Limited (TEL: 0120-782-031 (toll-free in Japan)).

Distributions

Distributions will be payable upon presenting the "Receipt for Distributions" at a post office nearby. In case the due date has been passed, please designate the method of receiving on the back of the receipt and send it to Stock Transfer Agency Department at Sumitomo Mitsui Trust Bank, Limited, or bring it to the head office or branch offices of the bank to receive it. Please note that distributions will not be payable after three years of the payment start date as specified by the Articles of Incorporation of NHI. If you wish to receive distributions via bank transfer, etc. in the future, please contact the securities company you are dealing with.

Notice

[Concerning Statement of Distributions]

The "Statement of Distributions" sent upon payment of distributions serves as a "Notice of Payment" required pursuant to the Act on Special Measures Concerning Taxation. The document may be used to confirm the amount of distributions after receiving, or can serve as an attachment document upon filing a tax return. Thus please make sure to keep it if you are planning to file a tax return. However, if you have selected the method of allocation of dividends in proportion to the number of shares, the amount of withholding tax will be calculated by the securities company, etc. Please confirm with the securities company you are dealing with for any attachment document required for filing a tax return.

Provision of Information via Website



In order to have unitholders deepen understanding of NHI, NHI has been putting forth effort to communicate information through its website. It provides information on the overview of the portfolio and operators as well as healthcare REIT structure. A service providing e-mail notification of news release updates and such to those registered on "IR Email Distribution Service" is also available.

NHI's website <http://www.nippon-healthcare.co.jp/en/>

Notice on Briefing Session on Asset Management for 5th Fiscal Period

NHI will hold a briefing session on asset management for the fiscal period ended October 2016 (5th fiscal period).

- Date and time:** January 31, 2017 (Tuesday)
10:00 a.m.~ (venue opening at 9:40 a.m.)
- Venue:** 18F, GranTokyo North Tower
1-9-1 Marunouchi,
Chiyoda-ku, Tokyo
- Presenter:** Akira Yamanouchi, President of
Daiwa Real Estate Asset
Management Co., Ltd.

III. Asset Management Report

1. Management Status and Other Performance Highlights Data

Fiscal Period		5th Period (From May 1, 2016 To Oct. 31, 2016)	4th Period (From Nov. 1, 2015 To Apr. 30, 2016)	3rd Period (From May 1, 2015 To Oct. 31, 2015)	2nd Period (From Nov. 1, 2014 To Apr. 30, 2015)	1st Period (From Jan. 7, 2014 To Oct. 31, 2014)
(1) Operating Performance (Millions of yen, except per unit data or where otherwise indicated)						
Operating revenues		679	667	556	508	355
Rental revenues		679	667	556	508	355
Operating expenses		405	377	331	262	185
Property-related expenses		272	258	208	166	113
Operating income		275	290	225	246	170
Ordinary income		248	262	201	163	131
Net income		247	261	201	162	130
(2) Properties, etc. (as of end of period)						
Total assets		21,316	20,848	17,667	15,135	8,466
[period-on-period percentage changes]		[+2.2%]	[+18.0%]	[+16.7%]	[+78.8%]	[-]
Interest-bearing liabilities		9,800	9,300	8,800	6,400	5,850
Net assets		10,595	10,669	8,035	8,046	2,110
[period-on-period percentage changes]		[-0.7%]	[+32.8%]	[-0.1%]	[+281.4%]	[-]
Unitholders' capital, net	Note 3	10,349	10,408	7,835	7,884	1,980
(3) Distributions						
Total distribution amount		306	321	247	211	130
Total distribution of retained earnings		246	261	200	162	130
Total distribution in excess of retained earnings		60	60	47	49	-
Dividend payout	Note 4	100%	100%	100%	100%	100%
(4) Per Unit Information						
Total number of units issued (units)		74,632	74,632	60,800	60,800	19,800
Net assets per unit (yen)		141,969	142,958	132,160	132,332	106,546
Distribution per unit (yen)		4,106	4,295	4,067	3,471	6,546
Distribution amount from earnings per unit (yen)		3,306	3,495	3,299	2,661	6,546
Distribution amount in excess of earnings per unit (yen)		800	800	768	810	-
(5) Financial Indicators						
ROA	Notes 5 and 6	1.2%	1.4%	1.2%	1.4%	1.5%
[annual rate]		[2.3%]	[2.7%]	[2.4%]	[2.8%]	[2.6%]
ROE	Notes 6 and 7	2.3%	2.8%	2.5%	3.2%	6.1%
[annual rate]		[4.6%]	[5.6%]	[4.9%]	[6.4%]	[10.3%]
Capital ratio		49.7%	51.2%	45.5%	53.2%	24.9%
[period-on-period percentage changes]		[-1.5%]	[5.7%]	[-7.7%]	[28.2%]	[-]
LTV (loan to value)		46.0%	44.6%	49.8%	42.3%	69.1%
Property leasing cash flows (NOI)	Note 8	596	596	499	479	336
(6) Other Referential Information						
Number of investment properties		22	21	17	14	8
Number of tenants	Note 9	22	21	17	14	8
Total rentable area (m ²)		67,298.83	65,203.04	57,173.22	46,142.60	27,793.71
Occupancy rate	Note 10	100.0%	100.0%	100.0%	100.0%	100.0%
Depreciation		188	187	152	138	94
Capital expenditures		20	10	2	0	1

(Note 1) The Fund has two fiscal periods per year, a six-month period from May 1 to October 31, and November 1 to April 30 of the following year. However, the first fiscal period of the Fund is from the date of incorporation (January 7, 2014) to the end of October 2014.

(Note 2) Operating revenues, etc. do not include consumption taxes, etc.

(Note 3) The indicated amounts are unitholders' equity less deduction amount of unitholders' equity.

(Note 4) Dividend payouts for the 1st, 2nd and 4th fiscal periods are calculated by the following formula since issuances of new investment units were implemented.

Dividend payout: $[\text{Total distribution amount (excluding distribution in excess of earnings)} \div \text{Net income}] \times 100$

(Note 5) ROA: $\text{Ordinary income} \div [(\text{Total assets at beginning of period} + \text{Total assets at end of period}) \div 2] \times 100$

(Note 6) Annualized figures are calculated by using the asset management period of the respective fiscal period; 218 days from March 28, 2014, the actual commencement date of the asset management, to October 31, 2014 for the 1st Fiscal Period; 181 days for the 2nd Fiscal Period; 184 days for the 3rd Fiscal Period; 182 days for the 4th Fiscal Period and 184 days for the 5th Fiscal Period.

ROA and ROE for the 1st Fiscal Period are calculated based on total assets at end of period and net assets at end of period, respectively.

(Note 7) ROE: $\text{Net income} \div [(\text{Net assets at beginning of period} + \text{Net assets at end of period}) \div 2] \times 100$

(Note 8) Property leasing cash flows (NOI): $\text{Rental revenues} - \text{Property-related expenses} + \text{Depreciation}$

(Note 9) Number of tenants is the total number of end tenants.

(Note 10) Occupancy rate: $\text{Total leased area} \div \text{Total rentable area} \times 100$

2. Developments in Asset Management in the Fiscal Period under Review

(1) Brief History of the Investment Corporation

Nippon Healthcare Investment Corporation (hereinafter referred to as “NHI”) was incorporated on January 7, 2014 under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; including amendments thereto) (hereinafter referred to as the “Investment Trusts Act”) with Daiwa Real Estate Asset Management Co. Ltd. (hereinafter referred to as the “Asset Management Company”) as the organizer. After its incorporation, NHI conducted an additional issuance of investment units through private placement (18,800 units) on April 3, 2014. NHI commenced actual management with the acquisition of eight properties on March 28, 2014 by using the proceeds from the concerned capital increase through private placement and loans.

After accumulating a track record for roughly seven months after the start of asset management, in the previous fiscal period, NHI conducted a public offering through the issuance of an additional 39,000 investment units on November 4, 2014. On the following day, NHI made additional acquisitions of six properties concurrently with the listing on the REIT Securities Section of the Tokyo Stock Exchange (the “TSE”) (Securities code: 3308). In the 3rd Fiscal Period, NHI made additional acquisitions of three properties with borrowing and cash on hand, and in the 4th Fiscal Period, NHI implemented an additional issuance of investment units through public offering (12,130 units) on November 17, 2015 and additionally acquired four properties. Furthermore, in the 5th Fiscal Period, NHI made additional acquisition of one property on October 6, 2016 with borrowing and cash on hand. Through the additional acquisition of property, the total acquisition price which was 13,280 million yen as of the listing increased to 19,318 million yen as of October 31, 2016.

As the first Japanese REIT specializing in healthcare facilities in that it invests solely in properties of which the principal use is healthcare facilities, NHI effectively utilizes investor capital to initiate expansion of supply of high-quality healthcare facilities that provide users with high-standard services, while at the same time produce ample and dependable returns to investors for further capital circulation. In this way, NHI aims at creating a new value cycle for healthcare facilities and the services provided, together with investors. Through these efforts, NHI would like to contribute to the realization of Japan’s major policy to improve the residential environment for the elderly by effectively utilizing private sector funds.

(2) Investment Environment and Management Performance

(A) Investment Environment (from May 1, 2016 to October 31, 2016)

NHI was established to address Japan’s structural problem of age demographics where the younger population is decreasing and the ratio of elderly people is increasing, and the associated social demand for the enhancement of private nursing homes and other facilities for the elderly, which are thought to be lacking.

Japan has the population of the elderly aged 65 years or over (hereinafter referred to as the elderly population) accounting for approximately more than one-quarter of the total population as of June 1, 2016 (according to the Ministry of Internal Affairs and Communications’ “Population Estimates” announced on November 21, 2016), and the population of the elderly is forecast to continue to account for an increasingly greater proportion and the population of the elderly living alone is forecast to continue to grow. There is thus recognized to be sufficient potential for greater development of housing for the elderly with nursing care services, etc. that are designed for the elderly to reside (referring to “silver housing” (public housing for the elderly), “good rental housing for the elderly,” “elderly housing with supportive services,” “fee-based homes for the elderly” and “low-cost homes for the elderly;” the same shall apply hereinafter).

The Ministry of Land, Infrastructure, Transport and Tourism has set as a policy target that the ratio of housing for the elderly to the elderly population shall be 4% in 2025. In order to accomplish this policy target, new supply of housing for the elderly for approximately 770,000 people (estimate) is required by 2025.

In this manner, as social demand is mounting for healthcare facilities – particularly, private nursing homes and other facilities for the elderly – and the enhancement of private nursing homes and other facilities for the elderly is one of the priority tasks even as a national policy, NHI will focus investment for the time being on private nursing homes and other facilities for the elderly among healthcare facilities and thereby seize opportunities to earn cash flows arising from the mounting social demand.

(B) Management Performance

In the 5th Fiscal Period (fiscal period ended October 2016), NHI acquired one property (Sompo no ie Nishitanabe ekimae; acquisition price: 710 million yen) on October 6, 2016.

Concerning the properties held as of the end of the 5th Fiscal Period (October 31, 2016), the leasable floor area was 67,298.83m² and the occupancy rate was 100.0%.

(3) Overview of Capital Procurement

(A) Procurement of Funds for Acquisition

In the 5th Fiscal Period, NHI conducted the following borrowing of funds for use as funds for acquisition, etc. of a new property.

- (a) NHI conducted borrowing of funds on October 6, 2016 from Mizuho Bank, Ltd of 500 million yen as part of funds for the acquisition of a new property (Sompo no ie Nishitanabe ekimae) acquired on the same day.

(B) Status of Interest-Bearing Liabilities

As a result of the above, the balance of interest-bearing liabilities outstanding as of the end of the 5th Fiscal Period (October 31, 2016) stood at 9,800 million yen (short-term debt: 500 million yen; long-term debt: 9,300 million yen). The balance of the current portion of long-term debt stood at 1,800 million yen. In addition, the average remaining period at the end of the 5th Fiscal Period was 2.5 years.

During the 5th Fiscal Period, NHI concluded an interest rate swap agreement for the 500 million yen borrowed on April 28, 2016, for the purpose of hedging the risk of interest rate fluctuations.

(4) Capital Expenditures During the Fiscal Period under Review

The following summarizes the main construction work that constitutes capital expenditures conducted during the 5th Fiscal Period. Capital expenditures for the 5th Fiscal Period amounted to 20 million yen and, when combined with the 22 million yen in repair expenses charged to 5th Fiscal Period expenses, totaled 42 million yen in construction work implemented.

Name of Property (Location)	Purpose	Period	Expenditure (Millions of yen)
Charm Suite Ryokuchi Koen (Toyonaka City, Osaka)	Replacement of hot-water supply system for bathroom	From: October 2016 To: October 2016	7
Super Court JR Nara-Ekimae (Nara City, Nara)	Replacement of water heater for bathroom	From: August 2016 To: August 2016	2
Nichii Care Center Fukushima Omori (Fukushima City, Fukushima)	Replacement of air- conditioners	From: October 2016 To: October 2016	1
Other		From: May 2016 To: October 2016	10
Total			20

(5) Overview of Financial Performance and Distributions

As a result of the management described above, NHI posted financial performance for the 5th Fiscal Period of 679 million yen in operating revenue, 275 million yen in operating income, 248 million yen in ordinary income and 247 million yen in net income.

Concerning distributions, to ensure that the amount equivalent to distributions from earnings would be included in the amount of tax-deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including amendments thereto) (hereinafter referred to as the "Special Taxation Measures Act")), NHI decided to distribute the entire amount of unappropriated retained earnings, excluding fractions of the distribution amount per unit that are less than 1 yen. Accordingly, NHI declared a distribution amount per unit of 3,306 yen.

In addition, in principle, NHI adopts a policy of implementing cash distributions in excess of earnings uninterruptedly every fiscal period in accordance with the distribution policy set out in the articles of incorporation (Note). Based on this policy, NHI decided to distribute 59,705,600 yen, which is the amount roughly equivalent to 32% of the 188 million yen in depreciation for the 5th Fiscal Period, as reimbursement of investments in capital. Accordingly, NHI declared a distribution amount in excess of earnings per unit of 800 yen.

(Note) NHI adopts a policy of implementing uninterrupted distributions in excess of earnings (reimbursement of investments in capital) in an amount not to exceed 40% of depreciation in every accounting period within the scope that would not have adverse impact on the financial position of NHI after setting aside the cash and deposits that NHI deems appropriate, taking into account the status of establishment of lines of credit, etc., in order to not affect long-term repair plans in light of the capital expenditures for each accounting period assumed based on the long-term repair plans and to meet needs for funds (new acquisition of investment assets, repairs and capital expenditures required to maintain and enhance portfolio assets, NHI's working capital, repayment of obligations, payout of distributions, etc.).

The six-month average amount of the sum total amount of emergency repair expenses, short-term repair expenses and long-term repair expenses stated in the engineering report by Tokio Marine & Nichido Risk Consulting Co., Ltd. and Assets Research and Development Inc. for all assets held as of the end of the 5th Fiscal Period (22 properties) is 29 million yen.

3. Future Management Policy and Tasks

(1) Investment Environment

Japan has the population of the elderly accounting for approximately more than one-quarter of the total population, and the population of the elderly is expected to continue to account for an increasingly greater proportion and the population of the elderly living alone is expected to continue to grow. With the development of medical technology, among other factors, the average life expectancy at birth for Japanese people is at 80.79 years for males and 87.05 years for females according to the Ministry of Health, Labour and Welfare's "Abridged Life Tables for Japan 2015," while record-highs were set in terms of the population aged 65 years or over at 34 million people and the proportion of the elderly population is at 27.1% of the total population of 127 million as of June 1, 2016 according to the Ministry of Internal Affairs and Communications' "Population Estimates" (announced on November 21, 2016).

According to the National Institute of Population and Social Security Research's "Population Projections for Japan (January 2012)," the total population will increase to 124 million people, the elderly population to 36 million people and the proportion of the elderly population to 29.1% in 2020 and then, while the total population will decrease by approximately 40 million people from that at present to 87 million people, the elderly population will reach 35 million people and the proportion of the elderly population to 39.9% in 2060.

To provide for future growth in demand for housing for the elderly, the Ministry of Land, Infrastructure, Transport and Tourism has set as a policy target that the ratio of housing for the elderly to the elderly population shall be 4% by 2025. In order to accomplish this policy target, new supply of housing for the elderly for approximately 770,000 people (estimate) is expected to be needed by 2025.

In such an environment, there is recognized to be sufficient potential for greater development of housing for the elderly with nursing care services, etc. that are designed for the elderly to reside through effective utilization of private sector funds.

(2) Management Policy and Tasks

(A) Strategy for Managing Existing Properties

NHI implements the following measures to earn stable revenue and serve to maintain and enhance unitholder value.

(a) Stabilization of earnings

In principle, NHI shall invest in properties with the actual remaining lease contract period at the time of acquisition of 10 years or more, taking into account also the possibility of contract renewal. In view of lease agreements concluded between NHI or trustees and operators realizing conversion of expenses borne by operators into fixed rates and stabilization of earnings of NHI, the policy shall be to make the lease agreements of content that, in principle, operators pay a fixed amount of rent. The lease agreements with operators for the assets that NHI has acquired are all fixed-rent agreements.

(b) Criteria and methods for selecting operators

In the event of acquisition of healthcare facilities, not only the quality of the facilities as real estate, but also the creditworthiness, operational capabilities, etc. of the operators operating the facilities are regarded as important factors by NHI in realizing stable occupancy. This is because the operators being capable of providing services of a quality and type that matches the entrance fee, monthly service fee, etc. in order to be the residents' choice and the operators being capable of operating the facilities continuously are regarded as important factors in terms of also the profitability and asset value of healthcare facilities.

(c) Employment of "Backup Operator Membership"

NHI has concluded an agreement on backup of operational management with each and every operator of acquired assets. The main purpose of said agreement is that, in the event that a lease agreement for a healthcare facility held by NHI has ended or is expected to end due to contract termination, contract cancellation or other reason, where NHI requests the operator to operate the healthcare facility by conclusion of a new lease agreement with NHI or the trustee, the operator shall sincerely discuss the request. In addition, NHI shall consider concluding a similar agreement with also the operators of healthcare facilities to be acquired in the future. Such relationship by agreement with operators is referred to as "Backup Operator Membership."

(B) Investment Strategy for New Properties

NHI aims to realize stable external growth through not only leveraging the track record and network of the Asset Management Company, but also sourcing property information, etc. by working in collaboration with the sponsor group and adviser.

(a) Track record and network of the Asset Management Company

The Asset Management Company is striving for property acquisitions that utilize the wide range of property sourcing channels based on strong relationship building with various related parties (business companies, financial institutions, major real estate brokerage companies and real estate brokerage parties, etc.) accumulated through asset management of Daiwa Office Investment Corporation (balance of assets for which management is entrusted as of the end of November 2016: approximately 467.7 billion yen) and Daiwa Residential Private Investment Corporation (balance of assets for which management is entrusted as of the end of November 2016: approximately 90.7 billion yen). In addition, in order to expand and boost opportunities to acquire healthcare facilities in which NHI invests, the Asset Management Company has installed an investment team specializing in healthcare facilities and is promoting also the building of relationships with new suppliers and sources of property information (healthcare facility operators, developers, etc.) other than existing property sourcing channels to collect property information.

(b) Sourcing of property information, etc. by working in collaboration with the sponsor group

The Asset Management Company believes that leveraging the network of branches and clients possessed by the sponsor group, the Daiwa Securities Group, as needed will enable a search across Japan for operators that meet the selection criteria set forth by the Asset Management Company and consideration of the feasibility of collaboration in property acquisition and development, commissioning of facility operation, etc., and thinks that expansion of property acquisition opportunities can thus be expected.

(c) Sourcing of property information, etc. by working in collaboration with the adviser

The Asset Management Company has concluded an advisory agreement with AIP Healthcare Japan GK, which implements an investment strategy that has been focused on the healthcare sector (hospitals and nursing care facilities) since 2001 and has been engaged in investment specializing in private nursing homes and other facilities for the elderly since 2008. Based on this agreement, the Asset Management Company receives advice on information provision, management and operation of healthcare facilities that are the investment assets of NHI, collaboration with operators, etc. The Asset Management Company believes that this would contribute to realization of stable performance in the medium to long term of NHI.

In the 5th Fiscal Period (fiscal period ended October 2016), NHI acquired one property (Sompo no ie Nishitanabe ekimae; acquisition price: 710 million yen) on October 6, 2016.

(C) Financial Strategy

NHI will procure and manage funds in accordance with the following policy in pursuit of realization of stable revenue and steady growth and efficient management of assets under management.

(a) Additional issuance of investment units

Additional issuance of investment units shall be implemented with agility, while comprehensively taking into account the timing of acquisition of real estate that are to be newly acquired, ratio of interest-bearing liabilities to total assets (hereinafter referred to as “LTV”), economic and market conditions, etc. and also taking into consideration the dilution of investment units.

(b) Borrowing of funds and issuance of investment corporation bonds

LTV shall be set at a level that takes heed of securing of financing capacity and, in principle, no higher than 60%. However, LTV may temporarily exceed 60% for such purposes as acquisition of new investment assets and reduction of refinancing risk.

In order to build a stable financial base and underpin future growth strategies, NHI shall not only establish a so-called main-bank system of having leading financial institutions as its main banks of account, but also make proactive efforts to diversify fund procurement sources through such means as borrowing from multiple lenders and issuing investment corporation bonds.

Funds shall be procured appropriately by negotiating with several financial institutions over borrowing costs, borrowing period, whether or not collateral is provided and other terms and conditions upon the borrowing of funds, and comprehensively considering the terms and conditions while taking into consideration the balance of interest rate trends, market level, financial agility and security, lender composition and other factors.

In order to reduce the risk of interest rate fluctuations and refinancing risk, NHI shall consider extending financing periods, converting interest rates to fixed rates, staggering repayment dates, introducing highly-flexible financial covenants, etc. as needed.

NHI shall consider securing committed, revolving or other lines of credit as needed for agile procurement of various required funds.

(c) Fund management

NHI shall retain at all times the cash and deposits that NHI deems appropriate, taking into account also the status of establishment of lines of credit, etc., in order to meet needs for funds (new acquisition of investment assets, repairs and capital expenditures required to maintain and enhance portfolio assets, NHI's working capital, repayment of obligations, payout of distributions, etc.).

NHI shall pursue efficient fund management whereby, of the amount equivalent to depreciation, the amount remaining after setting aside cash and deposits shall be allocated to implementing cash distributions in excess of earnings to unitholders uninterruptedly every fiscal period in an amount not to exceed 40% of depreciation in every accounting period, comprehensively taking into account NHI's surrounding economic environment and real estate market trends, the status of portfolio assets and financial status of NHI and other factors.

There may be cases where surplus funds will be invested into securities and monetary claims that are highly secure and liquid.

Derivative transactions (Article 2, Paragraph 6 of the Investment Trusts Act) shall be limited to those managed for the purpose of hedging the risk of fluctuations in interest rates on the liabilities of NHI.

(D) Schedule of Capital Expenditures

The following summarizes the main capital expenditures in line with currently planned construction works for renovation, etc. Furthermore, the scheduled construction amounts include portions that will be charged as expenses in terms of accounting.

Name of Property (Location)	Purpose	Estimated Period	Estimated Cost (Millions of yen)		
			Total	Payment for the current period	Cumulative amount paid
Silver Heights Hitsujigaoka No. 3 (Sapporo City, Hokkaido)	Repair work of elevators	From: April 2017 To: April 2017	6	-	-
Verge HIRAKATA (Hirakata City, Osaka)	Renewal of lighting in common areas	From: April 2017 To: April 2017	5	-	-
Sompo Care LAVIERE Hiroshima Hikarigaoka (Hiroshima City, Hiroshima)	Renewal of water heater	From: April 2017 To: April 2017	3	-	-

IV. Balance Sheets

As of October 31, 2016 and April 30, 2016

(Thousands of yen)

	As of October 31, 2016	As of April 30, 2016
Assets		
Current Assets:		
Cash and cash equivalents [Notes 3, 4 and 5]	1,466,184	1,601,495
Consumption tax refundable	–	2,191
Prepaid expenses	20,290	15,342
Deferred tax assets [Note 12]	13	15
Other current assets	1,262	378
Total Current Assets	1,487,749	1,619,421
Investment Properties, at cost: [Notes 4, 6 and 7]		
Land in trust accounts	7,949,066	7,528,825
Buildings and structures in trust accounts	12,559,576	12,189,211
Tools, furniture and fixtures in trust accounts	7,811	3,915
Less: accumulated depreciation	(759,125)	(570,714)
Leasehold rights in trust accounts	40,886	40,886
Total Investment Properties, net	19,798,214	19,192,123
Other Assets:		
Right of trademark	166	177
Software	2,218	2,585
Lease and guarantee deposits in trust	10,000	10,000
Long-term prepaid expenses	17,223	23,578
Total Other Assets	29,607	36,340
Total Assets	21,315,570	20,847,884

The accompanying notes are an integral part of these financial statements.

(Thousands of yen)

	As of October 31, 2016	As of April 30, 2016
Liabilities		
Current Liabilities:		
Operating accounts payable	24,839	23,862
Short-term debt [Notes 4,5 and 10]	500,000	–
Long-term debt due within one year [Notes 4,5 and 10]	1,800,000	–
Accounts payable - other	75,367	57,957
Income taxes payable	867	910
Accrued consumption taxes	337	–
Rent received in advance	85,086	74,027
Deposits received	573	303
Other current liabilities	2,829	1,640
Total Current Liabilities	2,489,898	158,699
Long-Term Liabilities:		
Long-term debt [Notes 4, 5 and 10]	7,500,000	9,300,000
Tenant security deposits including trust accounts [Note 5]	730,216	719,884
Total Long-Term Liabilities	8,230,216	10,019,884
Total Liabilities	10,720,114	10,178,583
Net Assets [Notes 9 and 13]		
Unitholders' Equity:		
Unitholders' capital	10,504,334	10,504,334
Deduction from unitholders' capital	(155,648)	(95,942)
Unitholders' capital, net	10,348,686	10,408,392
Units authorized: 10,000,000 units		
Units issued and outstanding: 74,632 units		
Retained earnings	246,770	260,909
Total Unitholders' Equity	10,595,456	10,669,301
Total Net Assets	10,595,456	10,669,301
Total Liabilities and Net Assets	21,315,570	20,847,884

The accompanying notes are an integral part of these financial statements.

V. Statements of Income

For the six months ended October 31, 2016 and April 30, 2016

(Thousands of yen)

	For the six months ended October 31, 2016	For the six months ended April 30, 2016
Operating Revenues and Expenses		
Operating Revenues:		
Rental revenues [Note 8]	679,473	667,161
Total Operating Revenues	679,473	667,161
Operating Expenses:		
Property-related expenses [Note 8]	272,216	258,085
Asset management fees	61,226	58,122
Asset custody fees	725	630
Administrative service fees	17,087	8,595
Trust fees	6,286	6,252
Directors' compensation	4,200	3,600
Audit fees	6,000	6,000
Other operating expenses	37,029	36,203
Total Operating Expenses	404,769	377,487
Operating Income	274,704	289,674
Non-Operating Revenues and Expenses		
Non-Operating Revenues:		
Interest income	3	34
Other non-operating revenues	3	2
Total Non-Operating Revenues	6	36
Non-Operating Expenses:		
Interest expense	20,892	21,447
Borrowing expenses	6,248	5,784
New Investment units issuance costs	—	682
Total Non-Operating Expenses	27,140	27,913
Ordinary Income	247,570	261,797
Income Before Income Taxes	247,570	261,797
Income taxes - current	868	915
Income taxes - deferred	2	(0)
Total Income Taxes [Note 12]	870	915
Net Income	246,700	260,882
Retained Earnings Brought Forward	70	27
Retained Earnings at End of Period	246,770	260,909

The accompanying notes are an integral part of these financial statements.

VI. Statements of Changes in Net Assets

For the six months ended October 31, 2016

(Thousands of yen)

	Number of Units	Unitholders' Capital	Deduction from Unitholders' capital	Unitholders' Capital, net	Retained Earnings	Total
Balance as of April 30, 2016	74,632	10,504,334	(95,942)	10,408,392	260,909	10,669,301
Distributions in excess of retained earnings	—	—	(59,706)	(59,706)	—	(59,706)
Distributions of earnings	—	—	—	—	(260,839)	(260,839)
Net income	—	—	—	—	246,700	246,700
Balance as of October 31, 2016	74,632	10,504,334	(155,648)	10,348,686	246,770	10,595,456

For the six months ended April 30, 2016

(Thousands of yen)

	Number of Units	Unitholders' Capital	Deduction from Unitholders' capital	Unitholders' Capital, net	Retained Earnings	Total
Balance as of October 31, 2015	60,800	7,884,000	(49,248)	7,834,752	200,606	8,035,358
Issuance of new investment units	13,832	2,620,334	—	2,620,334	—	2,620,334
Distributions in excess of retained earnings	—	—	(46,694)	(46,694)	—	(46,694)
Distributions of earnings	—	—	—	—	(200,579)	(200,579)
Net income	—	—	—	—	260,882	260,882
Balance as of April 30, 2016	74,632	10,504,334	(95,942)	10,408,392	260,909	10,669,301

The accompanying notes are an integral part of these financial statements.

VII. Statements of Cash Flows

For the six months ended October 31, 2016 and April 30, 2016

(Thousands of yen)

	For the six months ended October 31, 2016	For the six months ended April 30, 2016
Cash Flows from Operating Activities:		
Income before income taxes	247,570	261,797
Depreciation and amortization	188,788	187,463
New investment units issuance costs	—	682
Interest expense	20,892	21,447
Increase (Decrease) in accounts payable	(3,328)	(14,263)
Increase (Decrease) in rent received in advance	11,058	4,900
Cash payments of interest expense	(21,120)	(21,330)
(Increase) Decrease in consumption taxes refundable	2,191	(122)
Other, net	263	8,040
Net Cash Provided by Operating Activities	446,314	448,614
Cash Flows from Investing Activities:		
Payments for purchases of investment properties	(772,830)	(2,760,003)
Proceeds from tenant security deposits	10,332	74,653
Net Cash Used in Investing Activities	(762,498)	(2,685,350)
Cash Flows from Financing Activities:		
Proceeds from short-term debt	500,000	900,000
Repayment of short-term debt	—	(900,000)
Proceeds from long-term debt	—	500,000
Proceeds from issuance of new investment units	—	2,619,653
Payments of distributions of earnings	(259,733)	(200,064)
Payments of distributions in excess of retained earnings	(59,395)	(46,557)
Net Cash Provided by Financing Activities	180,872	2,873,032
Net Change in Cash and Cash Equivalents	(135,311)	636,296
Cash and Cash Equivalents at Beginning of Period	1,601,495	965,199
Cash and Cash Equivalents at End of Period (Note 3)	1,466,184	1,601,495

The accompanying notes are an integral part of these financial statements.

VIII. Notes to Financial Statements

For the six months ended October 31, 2016 and April 30, 2016

Note 1 – Organization and Basis of Presentation

Organization

Nippon Healthcare Investment Corporation (hereinafter referred to as “NHI”) was established on January 7, 2014 as an investment corporation under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent revisions, hereinafter referred to as the “Investment Trust Act”) by the founder (Daiwa Real Estate Asset Management (hereinafter referred to as “DREAM”)).

NHI is an externally managed real estate fund, established as an investment corporation. DREAM, as NHI’s asset management company, is engaged in acquiring, managing, leasing, and renovating healthcare facilities. Daiwa Securities Group Inc. currently owns 100% of DREAM.

On November 4, 2014, NHI had raised 5,616,000 thousand yen through an initial public offering of units. Those units were listed on the J-REIT section of the Tokyo Stock Exchange.

As of October 31, 2016, NHI had trust beneficiary interests in 22 healthcare facilities with approximately 67,299 square meters of healthcare facilities space and had leased space to 22 tenants. The occupancy rate for the healthcare facilities was 100%.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trust Act, the Financial Instruments and Exchange Act and their related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards or accounting principles generally accepted in the United States of America.

The accompanying financial statements have been reformatted and translated into English from the financial statements of NHI prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. In preparing the accompanying financial statements, relevant notes have been expanded and certain reclassifications have been made from the Japanese GAAP financial statements. Certain supplementary information included in the statutory Japanese GAAP financial statements, but not required for fair presentation, is not presented in the accompanying financial statements.

NHI maintains its accounting records in Japanese yen.

Note 2 – Summary of Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits, and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with maturities of three months or less from the date of acquisition.

Investment Properties

Investment properties are recorded at cost, which includes the allocated purchase price, related costs and expenses for acquisition of the properties. Property and equipment balances are depreciated using the straight-line method over the estimated useful lives. The estimated useful lives of the principal tangible fixed assets (including assets held in trust) are as follows:

	As of October 31, 2016	As of April 30, 2016
Buildings and structures	4-58 years	4-58 years
Tools, furniture and fixtures	3-10 years	3-10 years

Costs related to the renovation, construction and improvement of properties are capitalized. Expenditures for repairs and maintenance which do not add to the value of a property or prolong its useful life are expensed as incurred.

New Investment Units Issuance Costs

The issuance costs of investment units are expensed when incurred.

Income Taxes

Income taxes are accounted for on the basis of income for financial statement purposes. The tax effect of temporary differences between the amounts of assets and liabilities for financial statements and for income tax purposes is recognized as deferred taxes.

Real Estate Taxes

Real estate taxes are imposed on properties on a calendar year basis and expensed when incurred. In terms of newly purchased properties, NHI capitalizes a portion of the real estate taxes that relate to a period from the purchase date of each property until the end of the calendar year as part of the acquisition cost of the relevant property. Capitalized real estate taxes amounted to 781 thousand yen for the six months ended October 31, 2016 and 1,345 thousand yen for the six months ended April 30, 2016.

Consumption Taxes

Consumption taxes are excluded from transaction amount.

Non-deductible consumption taxes on acquisition of assets are included in the acquisition costs of the relevant asset.

Hedge Accounting

NHI conducts derivative transactions in order to hedge against risks defined in its Articles of Incorporation based on its risk management policy. NHI utilizes derivative financial instruments such as interest-rate swap agreements only for the purpose of hedging its exposure to changes in interest rates. NHI deferred recognition of gains or losses resulting from changes in fair value of interest-rate swap agreements because its interest-rate agreements met the criteria for deferral hedging accounting.

However, NHI applies special treatment to the interest-rate swap agreements that meet the criteria for such special treatment. Under the special treatment, interest-rate swaps are not remeasured at fair value; instead, the net amount paid or received under the interest-rate swap agreements is recognized and included in interest expense. The hedge effectiveness for interest-rate swap agreements is assessed each fiscal period except for those that meet the criteria of special treatment.

Revenue Recognition

Operating revenues consist of fixed rental revenues, which are recognized on an accrual basis over the life of each lease.

Accounting Treatment of Beneficiary Interests in Trust Assets Including Real Estate

For trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheet and income statement accounts.

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents stated on the accompanying balance sheets and statements of cash flows as of October 31, 2016 and April 30, 2016 consisted of the following:

	As of October 31, 2016	As of April 30, 2016
Cash and deposits	1,029,613	1,193,868
Cash and deposits in trust	436,571	407,627
Cash and cash equivalents	1,466,184	1,601,495

Note 4 – Pledged Assets and Secured Liabilities

The carrying amount of assets pledged as collateral and the secured liabilities as of October 31, 2016 and April 30, 2016 were as follows:

	As of October 31, 2016	As of April 30, 2016
Assets pledged:		
Cash and cash equivalents	436,571	407,627
Land in trust accounts	7,949,066	7,528,825
Buildings and structures in trust accounts	11,801,118	11,618,751
Tools, furniture and fixtures in trust accounts	7,144	3,661
Leasehold rights in trust accounts	40,886	40,886
Total	20,234,785	19,599,750
Secured liabilities:		
Short-term debt	500,000	—
Long-term debt due within one year	1,800,000	—
Long-term debt	7,500,000	9,300,000
Total	9,800,000	9,300,000

Note 5 – Financial Instruments

(For the six months ended October 31, 2016 and April 30, 2016)

(1) Status of Financial Instruments

(A) Policy for financial instruments

NHI procures funds through various financing methods (such as borrowings, issuance of investment units) for acquisition and renovation of investment properties, payments of dividends and reimbursement of bank borrowings.

In financing through interest-bearing debt, to secure stable financing capacity and reduce future risk of rising interests, NHI secures long-term fixed-rate borrowings with well-diversified maturities.

NHI manages surplus funds with safe and highly liquid money claims and securities (in principle, deposits).

Derivative transactions are conducted only for the purpose of reducing risk of future interest rate fluctuations.

(B) Types and risks of financial instruments and related risk management system

Proceeds from debt financing are used mainly for acquisition of investment properties. While these debts are exposed to liquidity risk upon repayment, NHI manages the risk by maintaining the LTV ratio at low levels, diversifying maturities, keeping the ratio of long-term debt to total debt at high levels, and diversifying lenders with particular focus on domestic financial institutions. Bank borrowings with floating interest rates are exposed to the risk of future interest rate fluctuations and NHI manages that by using derivative transactions such as interest-rate swap agreements.

NHI evaluates the effectiveness of hedges by comparing the accumulated cash-flow changes of hedged items and that of hedging items, and then verifies the ratio of both amounts of changes. Furthermore, NHI omits assessment of hedge effectiveness for the interest-rate swap agreements which meet the criteria of special treatment.

Execution and management of derivative transactions have been carried out based on the regulations defined in the basic policy of risk management.

Tenant security deposits represent funds deposited by tenants, and NHI is exposed to the risk of refunding deposits in the event that a tenant terminates the contract. However, such risk is limited by reserving some parts of the funds.

Deposits are used for investing NHI's surplus funds. These deposits are exposed to credit risks such as bankruptcy of the depository financial institutions. NHI manages credit risk by restricting the tenor of the deposit relatively short and setting a minimum credit rating requirement for the depository financial institutions.

(C) Supplementary explanation for fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if applicable. When there is no quoted market price available, fair value is reasonably estimated. As certain assumptions are used for the estimation of fair value, the result of such estimation may differ if different assumptions are used. Also, the contractual amounts of derivative transactions do not represent the market risk involved in these derivative transactions.

(2) Estimated Fair Value of Financial Instruments

The book value, fair value and difference between the two as of October 31, 2016 and April 30, 2016 are as follows. The financial instruments whose fair value is extremely difficult to estimate are excluded from the following table.

(As of October 31, 2016)

(Thousands of yen)

	Book Value	Fair Value	Difference
Cash and cash equivalents	1,466,184	1,466,184	–
Total	1,466,184	1,466,184	–
Short-term debt	500,000	500,000	–
Long-term debt due within one year	1,800,000	1,799,476	(524)
Long-term debt	7,500,000	7,528,469	28,469
Total	9,800,000	9,827,945	27,945
Derivative transactions	–	–	–

(As of April 30, 2016)

(Thousands of yen)

	Book Value	Fair Value	Difference
Cash and cash equivalents	1,601,495	1,601,495	–
Total	1,601,495	1,601,495	–
Long-term debt	9,300,000	9,363,560	63,560
Total	9,300,000	9,363,560	63,560
Derivative transactions	–	–	–

Notes:

1. Methods to estimate fair value of financial instruments and derivative transactions

Assets

(1) Cash and cash equivalents

As these instruments are settled in short period of time, their fair value and book value are nearly identical. Therefore, for these items, the book value is assumed as the fair value.

Liabilities

(1) Short-term debt, long-term debt due within one year and long-term debt

For short-term debt, long-term debt due within one year and long-term debt with floating interest rates, their fair value and book value are nearly identical and there are no significant changes in NHI's credit risk after borrowing. Therefore, for these items, their book value is assumed as their fair value. For short-term debt, long-term debt due within one year and long-term debt with fixed interest rates, their fair value is based on the present value of principle and interest cash flows discounted at the current interest rate estimated to be applied if similar new debt is entered into. However, the fair value of certain floating-rate long-term debt due within one year and long term debt that qualifies for the special treatment of interest-rate swaps is determined by discounting the sum of its principal and interest payments net of any cash flows from the interest-rate swaps.

Derivative Transactions

(1) Derivatives to which hedge accounting is applied

(As of October 31, 2016)

(Thousands of yen)

Method of Hedge Accounting	Type of Derivative Transactions	Hedged Items	Contract Amount (Due after one year)	Fair Value(*)
Special treatment for interest rate swap transactions	Interest rate swap transactions Receive floating and pay fixed	Long-term debt due within one year and long-term debt	8,300,000 (7,000,000)	–(**)
Total			8,300,000 (7,000,000)	–

(As of April 30, 2016)

(Thousands of yen)

Method of Hedge Accounting	Type of Derivative Transactions	Hedged Items	Contract Amount (Due after one year)	Fair Value(*)
Special treatment for interest rate swap transactions	Interest rate swap transactions Receive floating and pay fixed	Long-term debt due within one year and long-term debt	7,800,000 (7,800,000)	–(**)
Total			7,800,000 (7,800,000)	–

*The fair value is provided by the financial institution.

**The values of derivatives qualifying for special treatment of interest rate swap transactions are included in that of related long-term debt. This is because such swaps are handled together with hedged long-term debt.

2. Financial instruments whose fair value is extremely difficult to estimate

Tenant security deposits including trust accounts (with the book value of 730,216 thousand yen as of October 31, 2016 and 719,884 thousand yen as of April 30, 2016) that have been deposited from tenants are not marketable and the actual deposit period cannot be reliably determined, thus making it impossible to reasonably estimate their future cash flows, and therefore, it is considered to be extremely difficult to estimate their fair value.

3. Redemption schedule for money claims

(As of October 31, 2016)

(Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and cash equivalents	1,466,184	–	–	–	–	–
Total	1,466,184	–	–	–	–	–

(As of April 30, 2016)

(Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and cash equivalents	1,601,495	–	–	–	–	–
Total	1,601,495	–	–	–	–	–

4. Redemption schedule for long-term debt

(As of October 31, 2016)

(Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Short-term debt	500,000	–	–	–	–	–
Long-term debt due within one year	1,800,000	–	–	–	–	–
Long-term debt	–	2,100,000	2,900,000	2,500,000	–	–
Total	2,300,000	2,100,000	2,900,000	2,500,000	–	–

(As of April 30, 2016)

(Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Long-term debt	–	1,800,000	2,100,000	3,400,000	2,000,000	–
Total	–	1,800,000	2,100,000	3,400,000	2,000,000	–

Note 6 – Schedule of Tangible Fixed Assets of Investment Properties

Investment properties as of October 31, 2016 and April 30, 2016 consisted of the following:

(Thousands of yen)

	As of October 31, 2016			As of April 30, 2016		
	Acquisition costs	Accumulated depreciation	Book value	Acquisition costs	Accumulated depreciation	Book value
Land in trust accounts	7,949,066	–	7,949,066	7,528,825	–	7,528,825
Buildings and structures in trust accounts	12,559,576	(758,458)	11,801,118	12,189,211	(570,460)	11,618,751
Tools, furniture and fixtures in trust accounts	7,811	(667)	7,144	3,915	(254)	3,661
Total	20,516,453	(759,125)	19,757,328	19,721,951	(570,714)	19,151,237

Note 7 – Investment and Rental Properties

NHI owns fee-based homes for the elderly, etc. (including land) in the three major metropolitan areas and core cities. The book value, net change in the book value and the fair value of the investment and rental properties are as follows:

(For the six months ended October 31, 2016)

(Thousands of yen)

Book Value			Fair value as of October 31, 2016
As of April 30, 2016	Change during the period(*1)	As of October 31, 2016	
19,192,123	606,091	19,798,214	24,251,000

(For the six months ended April 30, 2016)

(Thousands of yen)

Book Value			Fair value as of April 30, 2016
As of October 31, 2015	Change during the period(*2)	As of April 30, 2016	
16,637,596	2,554,527	19,192,123	23,215,000

(Note 1) The book value represents the acquisition costs less accumulated depreciation.

(Note 2) Significant changes

(*1) For the six months ended October 31, 2016, the major reason of increase is acquisition of one property (710,000 thousand yen). The major reason of decrease is depreciation (188,410 thousand yen).

(*2) For the six months ended April 30, 2016, the major reason of increase is acquisition of four properties (2,550,000 thousand yen). The major reason of decrease is depreciation (187,085 thousand yen).

(Note 3) The fair values as of October 31, 2016 and April 30, 2016 represent the sum of appraisal values estimated by external real estate appraisers.

Income and loss from investment and rental properties for the six months ended October 31, 2016 and April 30, 2016 are disclosed in Note 8.

Note 8 – Rental Revenues and Expenses

Rental revenues and expenses for the periods ended October 31, 2016 and April 30, 2016 were as follows:

(Thousands of yen)

	For the six months ended October 31, 2016	For the six months ended April 30, 2016
A Revenues from property leasing		
Rental revenues	679,473	667,161
Total revenues from property leasing	679,473	667,161
B. Property-related expenses		
Consignment expenses	11,560	11,575
Taxes and dues	47,130	36,901
Non-life insurance expenses	1,506	1,484
Repair expenses	22,274	19,494
Depreciation	188,410	187,085
Leasehold fees	1,200	1,200
Other property-related expenses	136	346
Total property-related expenses	272,216	258,085
C. Operating income from property leasing [A – B]	407,257	409,076

Note 9 – Net Assets

NHI issues only non-par value units in accordance with the Investment Trust Act and all of the issue prices of new units are designated as stated capital. NHI maintains at least 50,000 thousand yen as the minimum amount of net assets, as required by the Investment Trust Act.

Note 10 – Short-term debt, long-term debt due within one year and long-term debt

Short-term debt, long-term debt due within one year and long-term debt as of October 31, 2016 and April 30, 2016 consisted of the following:

(Thousands of yen)

	As of October 31, 2016	As of April 30, 2016
Secured loans due 2017 to 2020, principally from banks and insurance companies with interest rates mainly ranging from 0.3% to 0.5%	9,800,000	9,300,000
Total	9,800,000	9,300,000

[Note] The interest rate presented is the spot rate as of October 31, 2016. As for long-term debts due within one year and long-term debts which were hedged by interest-rate swaps for the purpose of avoiding interest rate fluctuation risk, the swapped interest rates are used.

The annual maturities of short-term debt, long-term debt due within one year and long-term debt as of October 31, 2016 were as follows:

	(Thousands of yen)
Due within one year	2,300,000
Due after one to two years	2,100,000
Due after two to three years	2,900,000
Due after three to four years	2,500,000
Due after four to five years	–
Due after five years	–

Note 11 – Leases

As Lessor

The future minimum rental revenues under existing non-cancelable operating leases as of October 31, 2016 and April 30, 2016 were as follows:

	(Thousands of yen)	
	As of October 31, 2016	As of April 30, 2016
Due within one year	1,256,418	1,256,418
Due after one year	11,934,196	12,572,103
Total	13,190,614	13,828,521

Note 12 – Income Taxes

NHI is subject to income taxes in Japan. The effective tax rate on NHI's income based on applicable Japanese tax law was estimated as 0.35% for the six months ended October 31, 2016 and for the six months ended April 30, 2016. The following table summarizes the significant differences between the statutory tax rates and NHI's effective tax rates for financial statement purposes.

	For the six months ended October 31, 2016	For the six months ended April 30, 2016
Statutory tax rate	31.74%	32.31%
Deductible dividends	(31.63)	(32.19)
Others	0.24	0.23
Effective tax rate	0.35%	0.35%

NHI was established as an investment corporation under the Investment Trust Act, and as long as an investment corporation distributes to its unitholders at least 90% of earnings available for dividends for a period and other requirements prescribed in the Special Taxation Measures Law of Japan are met, the investment corporation is allowed to deduct the total amount of dividends, excluding distribution in excess of earnings, in calculating its taxable income under Japanese tax regulations.

The significant components of deferred tax assets and liabilities as of October 31, 2016 and April 30, 2016 were as follows:

	(Thousands of yen)	
	As of October 31, 2016	As of April 30, 2016
Deferred tax assets:		
Accrued enterprise tax	13	15
Total deferred tax assets	13	15
Net deferred tax assets	13	15

Note 13 – Per Unit Information

Information about net assets per unit and net income per unit as of October 31, 2016 and April 30, 2016 and for the periods then ended were as follows. The computation of net income per unit is based on the daily weighted average number of units outstanding during the period. The computation of net assets per unit is based on the number of units outstanding at each period end.

	For the six months ended October 31, 2016	For the six months ended April 30, 2016
Net assets at period end per unit	141,969 yen	142,958 yen
Net income per unit	3,305 yen	3,566 yen

Net income per unit is calculated by dividing the net income by the daily weighted average number of investment units issued and outstanding. The diluted net income per unit is not stated as there are no diluted investment units.

(Note) The basis for calculating the net income per unit is as follows.

	For the six months ended October 31, 2016	For the six months ended April 30, 2016
Net income (thousands of yen)	246,700	260,882
Amount not available to ordinary unitholders (thousands of yen)	–	–
Net income available to ordinary unitholders (thousands of yen)	246,700	260,882
Average number of units during the period (units)	74,632	73,144

Note 14 – Distribution

In accordance with the cash distribution policy described in Article 33-1-1 of the Articles of Incorporation of NHI, NHI determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall be up to its earnings as the maximum amount. Following this policy, NHI has decided that it shall distribute 246,733,392 yen for the fiscal period ended October 31 2016, which is the maximum integral multiple to 74,632 units issued and outstanding as the distribution of earnings, and 260,838,840 yen for the fiscal period ended April 30 2016, which is the maximum integral multiple to 74,632 units. In addition, NHI will continue to make distributions in excess of earnings (refund of capital contribution to unitholders) every period in accordance with the cash distribution policy described in Article 33-1-2 of the Articles of Incorporation of NHI. Based on the policy, NHI has decided that it shall distribute 59,705,600 yen, which is calculated as the approximate equivalent of 32% of 188,410,440 yen of the depreciation amount posted for the fiscal period ended October 31 2016, as distributions in excess of earnings (refund of capital contribution to unitholders) and 59,705,600 yen for the fiscal period ended April 30 2016, which is calculated as the approximate equivalent of 32% of 187,085,173 yen of the depreciation amount posted for the fiscal period ended April 30 2016.

(Yen)

	For the six months ended October 31, 2016		For the six months ended April 30, 2016	
	Total	Per unit	Total	Per unit
Unappropriated retained earnings	246,769,756		260,908,644	
Distributions in excess of retained earnings	59,705,600		59,705,600	
Deduction from unit holders' capital				
Distributions				
Distributions of retained earnings	246,733,392	3,306	260,838,840	3,495
Distributions in excess of retained earnings	59,705,600	800	59,705,600	800
Total distributions	306,438,992	4,106	320,544,440	4,295
Retained earnings brought forward	36,364		69,804	

Note 15 – Transactions with Related Parties

(For the six months ended October 31, 2016)

Classification	Subsidiary of major unitholder
Name of company, etc.	DA Healthcare Alpha LLC
Location	Minato-ku, Tokyo
Capital stock (Thousands of yen)	300
Business description	Real estate business
Percentage of voting rights, etc. held by related party (Held in NHI)	–
Relation to the related party	Interested party
Nature of transaction	Acquisition of trust beneficiary interests in real estate (Notes 1, 2 and 3)
Amount of transaction (Thousands of yen)	2,550,000
Account	–
Balance at end of period (Thousands of yen)	–

Consumption taxes are not included in transaction amounts.

(Note 1) Acquisition of trust beneficiary interests in real estate mentioned above is for Alpha Living Okayama Nishigawa Ryokudokoen, Alpha Living Okayama Korakuen, Alpha Living Takamatsu Ekimae and Alpha Living Takamatsu Hyakkenmachi, and the amount of transaction indicates the amount (purchasing amount for real estate, etc. indicated in the sales contract for trust beneficiary interests) that does not include expenses (taxes and dues, etc.) required for the acquisitions of the real estate, etc.

(Note 2) Terms of transaction with interested party are decided based on rules against conflict of interest, which are internal rules of the Asset Management Company.

(Note 3) Terms of transaction are determined based on market prices.

Note 16 – Segment Information

For the six months ended October 31, 2016 and April 30, 2016

Segment Information

Segment information has been omitted as NHI has only one segment, which is the property leasing business.

Related Information

Information about Products and Services

Disclosure of this information has been omitted as operating revenues to external customers for a single product/service category account for more than 90% of the operating revenues on the statements of income and retained earnings.

Information about Geographic Areas

(1) Operating revenues

Disclosure of this information has been omitted as domestic operating revenues account for more than 90% of total operating revenues.

(2) Investment properties

Disclosure of this information has been omitted as domestic investment properties account for more than 90% of the book value of the total investment properties.

Information about Major Tenants

Disclosure of this information has been omitted as there is no tenant that accounts for 10% or more of the operating revenues recorded in the statements of income and retained earnings.

Note 17 – Significant Subsequent Events

None applicable.

Independent Auditor's Report

To the Board of Directors of
Nippon Healthcare Investment Corporation

We have audited the accompanying financial statements of Nippon Healthcare Investment Corporation (a Japanese Real Estate Investment Trust), which comprise the balance sheets as at October 31, 2016 and April 30, 2016, and the statements of income, statements of changes in net assets and statements of cash flows for each of the six months periods then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nippon Healthcare Investment Corporation as at October 31, 2016 and April 30, 2016, and their financial performance and cash flows for each of the six months periods then ended in accordance with accounting principles generally accepted in Japan.

KPMG AZSA LLC

January 20, 2017
Tokyo, Japan

Super Court's Firm Track Record:



Fee-based homes for the elderly with nursing care
Super Court Koriyama Tsutsui

Location	856-2 Tsutsui-cho, Yamato Koriyama-shi, Nara
Nearest station	Approximately 6-minute walk from Tsutsui Station on Kintetsu Kashihara Line
Structure, size	RC/3F
Number of rooms	68
Opening date	April 1, 2010



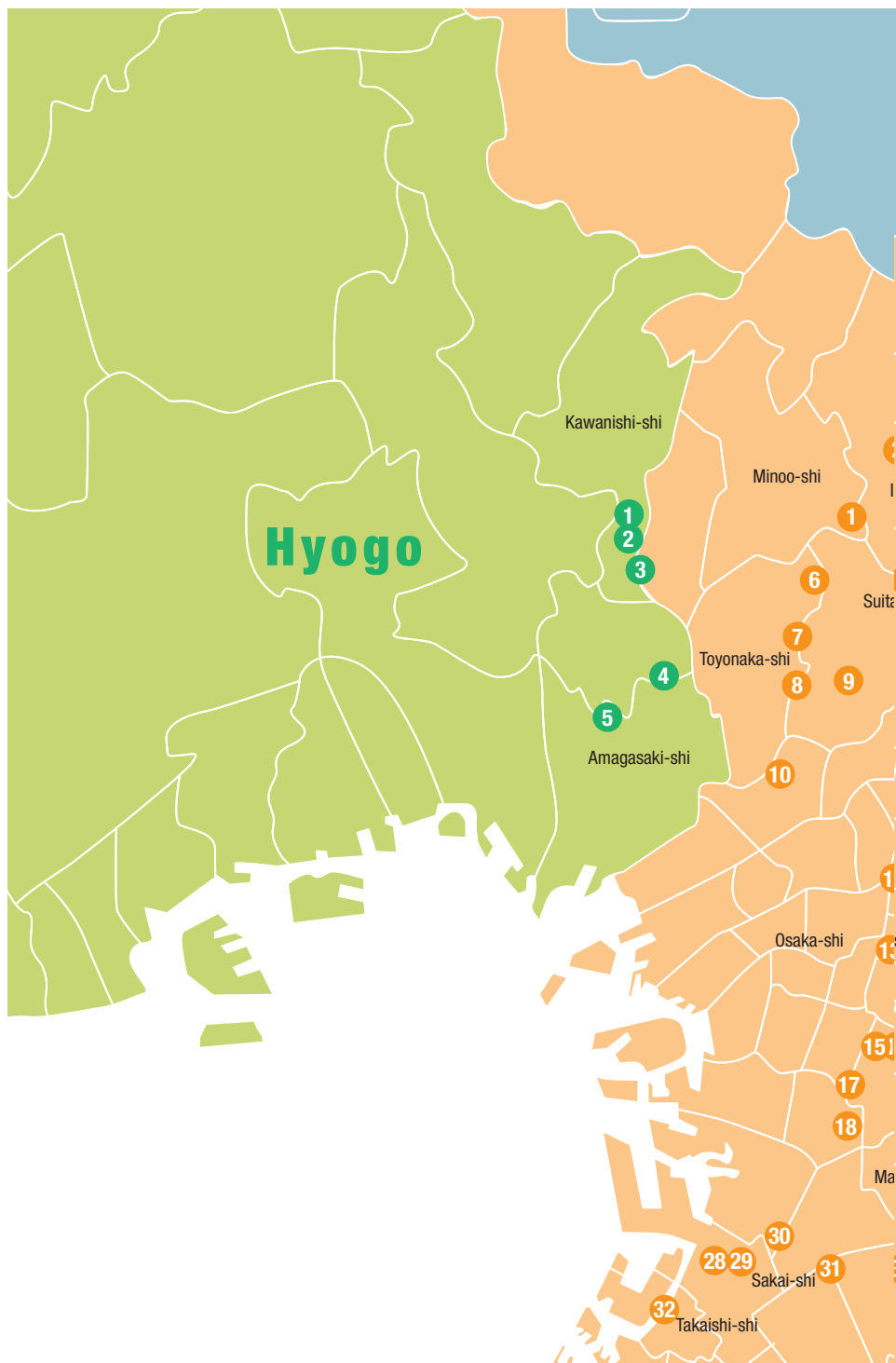
Fee-based homes for the elderly with nursing care
Super Court Kawanishi Kamo

Location	2-6-23 Kamo, Kawanishi-shi, Hyogo
Nearest station	Approximately 13-minute walk from Kawanishi Ikeda Station on JR Fukuchiyama Line
Structure, size	RC/4F
Number of rooms	55
Opening date	May 1, 2012



Fee-based homes for the elderly
Super Court Suita Yamate

Location	4-31-21 Yamate-cho, Suita-shi, Osaka
Nearest station	Approximately 5-minute walk from Hankyu Bus stop Asahigaokacho meishin-shita
Structure, size	S/4F
Number of rooms	60
Opening date	April 1, 2013



Osaka Area

- | | | |
|------------------------------------|-------------------------------------|---|
| ① Super Court Minoo Onohara | ② Super Court Ibaraki Saito | ③ Super Court Ibaraki Sakura-dori |
| ⑦ Super Court Toyonaka Momoyamadai | ⑧ Super Court Toyonaka Ryokuchikoen | ⑨ Super Court Suita Yamate |
| ⑬ Super Court Imazato | ⑭ Seiryō Tatsumikita | ⑮ Super Court Higashi Sumiyoshi 1-gokan |
| ⑰ Seiryō Hirano Kire | ⑳ Super Court Hirano | ㉑ Super Court Kadoma |
| ㉒ Super Court Higashi Osaka Mito | ㉓ Super Court Yao | ㉔ Super Court Matsubara |
| ㉖ Super Court Sakai Shirasagi | ㉗ Super Court Takaishi Hagoromo | |

Hyogo Area

- | | | |
|----------------------------------|--------------------------------|---------------------------|
| ① Super Court Minami Hanayashiki | ② Super Court Kawanishi Kamo | ③ Super Court Kawanishi |
| ④ Super Court Kyo Shijo Omiya | ⑤ Super Court Kyo Nishikyogoku | ⑥ Super Court Kyo Katsura |

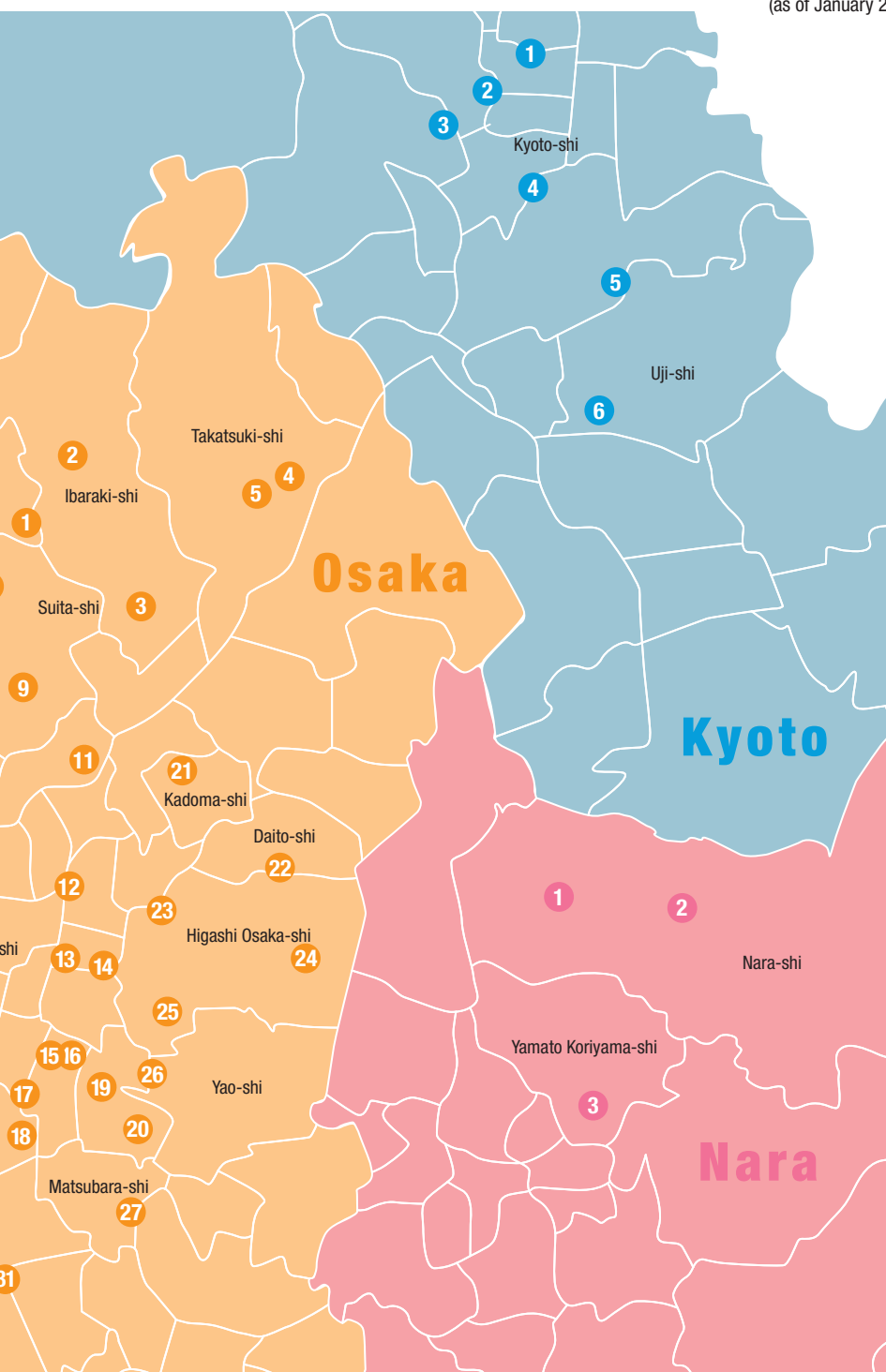
Nara Area

- | | | |
|------------------------|------------------------------|--------------------------------|
| ① Super Court Ayameike | ② Super Court JR Nara-Ekimae | ③ Super Court Koriyama Tsutsui |
|------------------------|------------------------------|--------------------------------|

*Properties shown above with photos are not currently owned by NHL nor planned to be owned in the future.

Operating 46 Facilities in the Kansai Area

(as of January 2017)



Fee-based homes for the elderly with nursing care
Super Court Higashi Yodogawa

Location	1-6-28 Daidominami, Higashi Yodogawa-ku, Osaka-shi, Osaka
Nearest station	Approximately 6-minute walk from Daido Toyosato Station on Subway Imazatosuji Line
Structure, size	S/4F
Number of rooms	60
Opening date	May 1, 2013



Fee-based homes for the elderly with nursing care
Super Court Kyo Rokujizo

Location	312 Oshima, Momoyama-cho, Fushimi-ku, Kyoto-shi, Kyoto
Nearest station	Approximately 5-minute walk from Rokujizo Station on Keihan Uji Line
Structure, size	R/4F
Number of rooms	59
Opening date	December 1, 2014



Fee-based homes for the elderly with nursing care
Super Court Takatsuki Jonai

Location	1-24 Jonai-cho, Takatsuki-shi, Osaka
Nearest station	Approximately 9-minute walk from Takatsukishi Station on the Hankyu Kyoto Line
Structure, size	S/3F
Number of rooms	60
Opening date	May 1, 2015

- | | | |
|--|---------------------------------------|--|
| 4 Super Court Takatsuki Jonai | 5 Super Court Takatsuki | 6 Super Court Senri Chuo |
| 10 Super Court Mikuni | 11 Super Court Higashi Yodogawa | 12 Super Court Osakajoko |
| 16 Super Court Higashi Sumiyoshi 2-gokan | 17 Super Court Nagaikoen Front | 18 Seiryō Higashi Sumiyoshi |
| 22 Super Court Daito | 23 Super Court Higashi Osaka Takaida | 24 Super Court Higashi Osaka Shin Ishikiri |
| 28 Super Court Sakai Kamiishi | 29 Super Court Sakai Kamiishi 2-gokan | 30 Super Court Sakai |
| 4 Super Court Inadera | 5 Super Court Mukonoso | |
| 4 Super Court Kyo Fujimori | 5 Super Court Kyo Rokujizo | 6 Super Court Uji Okubo |

Efforts by and Features



Natural Hot Springs – Natural Healing Power –

Natural hot spring water is brought to Super Court facilities from its group company, Super Hotel Osaka Natural Hot Springs.*²

The natural hot spring has positive effects of enhancing blood circulation through the whole body and relaxing both body and mind, not just because the substances contained in the water and hyperthermic action, but the mechanical action of water pressure and buoyancy in the large bath. With better flow of blood and lymph fluid, supply of nutritious substances and excretion of waste are enhanced (decreasing active oxygen and increasing antioxidant capacity), and metabolism of tissues and repair mechanism become activated (improving immune strength), thus generating stronger natural healing power.

By transporting the hot spring water, we provide residents with the joy of a natural hot spring right at facilities.

Operation with Advanced IT

Super Court believes that proactive use of information systems as one of the means for communication between family members and as a tool to improve work efficiency will contribute to improving service quality for customers. The information system is developed and operated according to the four policies of “providing information to family members,” “assisting attracting customers,” “improving work efficiency” and “sharing information among employees for value creation.” Furthermore, Super Court works with its IT strategy office and highly-expertized business partners to strengthen/improve security against external threats focusing on hardware and networks while raising awareness of information security among all employees.



SC-Fit

For-Elderly Training SC-Fit

SC-Fit is a training method uniquely developed by Super Court that incorporates Comprehensive Geriatric Training (CGT)*³ and chair rhythm (exercise using chairs and towels).

One characteristic of SC-Fit training is that it is provided mainly by care-prevention exercise instructors.

The purpose of the training is not to “maintain” the physical strength of the elderly but to go a step further to “enhance” it. SC-Fit comprehensively trains various elements of physical strength such as balance and flexibility on top of strengthening muscles.

*1 “Strength” of the strength model refers to strength both in the person and the environment, which will be the key point when preparing care plans. The intention is to focus on the strength originally existent in the person and to draw it out for further enhancement.

*2 Excluding Super Court Hirano Kire, hot spring water transported to Super Court facilities comes from Hananoi, a natural hot spring in Osaka, which is a genuine natural hot spring. It was the first hot spring in Osaka to be granted the use of nationally standardized signboard indicating it to be an authorized natural hot spring, based on the evaluation by a fair screening organization, “Japan Natural Hot Spring Inspection Authority.”

*3 CGT refers to Comprehensive Geriatric Training, which is a training targeting the elderly for the purpose of improving motor functions by conducting functional training for muscles and balance about twice a week to verify its effectiveness. The program is based on scientific evidence and its safety and effectiveness have been proved, and it has been put into practice in various municipalities across the nation. Furthermore, the CGT program is recommended by the Japanese government as a function-enhancing program.

of Super Court



Hospitality Fostered through Hotel Operation

“Hospitality” is welcoming and treating people with goodwill. Having hotel business as the parent organization, we will provide warm services that only Super Court can offer. We always keep in mind to smile and greet cheerfully at all times and to pay delicate attention and show care on a day-to-day basis. We aim to offer not ordinary care but the finest care incorporating hospitality acquired at hotels. What we offer with hospitality is emotionally moving experiences in daily life. We will provide sincere services to assure residents of peaceful and pleasant life at Super Court.

Efforts on Dementia Care

We provide dementia care with focus on what the person “wants to do,” “likes to do” and “can do.” At Super Court, the resident’s “strong points” and “motivation” are identified through regular case discussions to enable preparation of care plans and provision of services that are suitable for his/her conditions and behaviors. We emphasize trust relationships with residents by understanding the residents’ past living environment and individual characteristics, and put forth efforts to help them with realizing their dreams and goals as well as leading active daily lives.

- Care plans that draw out strong points (Strength Model^{*1})
- Recollection therapy that encourages recovery of memories and activation of the brain through looking at old photos and items
- Dementia care case discussion



Recollection room

Types of Strength

Ability

can do ...

Confidence

have confidence in doing ...

Motivation

want to do ...

Liking

like to do ...

Surroundings

have someone to do it with ...

Strength Model

Care that values the ability and characteristics essentially possessed by the residents

Creating an atmosphere where the residents can say what they like and can do.

“Strength” in “strength model” means “strong points.” While drawing out residents’ motivation, ability, liking, ambition, confidence and such, we provide care that adds strength to the residents by having them feel that they have someone to care for them in their surroundings.



Aiming for facility operation that can assure local residents of “worry-free golden years with Super Court”



Representative Director

Akiyoshi Yamamoto

Super Court decided to enter the elderly care business with hopes to contribute to society while assisting the forthcoming aging society, and opened Super Court Higashi Sumiyoshi 1-gokan in June 2000. Currently (as of January 2017), we operate fee-based homes for the elderly in 46 locations, limiting the area to Kansai.

Our mission is to create services that will make local residents feel that “their golden years are worry-free because there are Super Courts,” through cultivating autonomous, emotionally-sensitive personnel. To that end, we have pursued to offer meticulous high-quality services thoroughly focusing on providing “safe, clean and lively daily lives” and “thoughtful care” that are expected from the residents and their families.

We will continue to aim for creating care facilities that will please local residents.

We appreciate your continuous support and guidance.



Received the Kansai Management Quality Award (Gold)

*Kansai Quality Award is an award in which Kansai Productivity Center recognizes organizations that have shown outstanding business results, for the purpose of producing world class companies and organizations from the Kansai area through “good management.”

Reasons for Recognition

- **Development of strategy and enhancement of on-site capabilities through cultivation of autonomous emotionally-sensitive persons**

By discussing strategic themes regularly from a broad range of perspectives at “management quality meetings” and “ISO quality meetings,” enhancement of organizational capabilities to improve/reform management issues is achieved. These activities support creating a corporate culture that nurtures “autonomous emotionally-sensitive persons” who are able to think for themselves and act, and also to appreciate others and be impressed.

- **Highly unique facility operation focusing on dementia care and improvement of physical functions**

Under the policy to always provide safe, clean and lively daily lives, unique facility operation is conducted centering on dementia care. Residents’ physical functions are enhanced through exercises, and mental states/conditions are kept stable/improved by installing a section recreating scenes from the Showa Era. Monthly goals set and achievements are reported to families with photos and letters, valuing connection with families.

- **Improving operational efficiency and establishing comprehensive medical/care service infrastructure utilizing IT**

In order to improve operational efficiency and establish comprehensive medical/care service infrastructure, Super Court succeeded in computerization of a memory system utilizing IT. Introduction of this system was carefully carried out with repeated exchanges with the jurisdictional administration, being the industry’s first to attempt such. In addition, detailed educational training on IT tools was provided across the company for on-site staff who were unfamiliar with the operation of tablets.



Foundation Spirits

1. Mutual trust and desire to take on new challenges

Wanting to create a company with excellent management that continues to challenge and is trusted by customers, local people, business partners and employees.

2. Foresight and creativity

Wanting to create “care services with a bright future” that take in the trends of the future and spread them to the community.

3. Tenacious pursuit

Wanting to create care facilities that pursue safe, clean, lively and “meaningful lives of residents.”

4. Hospitality

Wanting to provide genuine services that offer emotionally moving experiences in daily lives.

5. Respect for human beings and love of family

Wanting to bring happiness to employees and their families by having them grow into autonomous emotionally-sensitive persons based on human power and sensitivity.

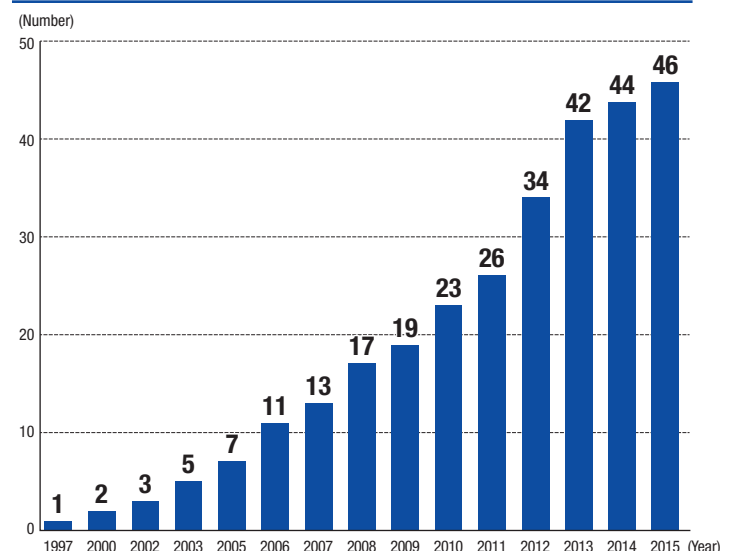
Management Philosophy

- We will offer thoughtful care by putting ourselves in the position of families while always providing safe, clean and lively daily lives.
- With a devoted hands-on approach, we will change ourselves to meet customer needs wholeheartedly with an aim to satisfy.
We seek to become a creative company that takes in the trends of the future by establishing unique, high-quality services with the gathered efforts of the entire group.

Company Overview

Company name	Super Court Co., Ltd.
Established	1995
Representative director	Akiyoshi Yamamoto
Business activities	Operation and management of fee-based homes for the elderly/elderly housing Operation and management of buildings and apartments (track record of over 6,000 rooms) Planning, designing and construction of rental apartments (track record of over 300 buildings)
Paid-in capital	50 million yen
Net sales	12.5 billion yen (fiscal period ended March 2016)
Settlement period	March
Head office	CE Nishihonmachi Building, 1-7-7 Nishihonmachi, Nishi-ku, Osaka-shi, Osaka
Number of employees	1,397 (as of March 2016) *including part-time employees/excluding temporary employees
Main financing banks	Resona Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd.
No. of building lots and buildings transaction business license	License No. (4) 5548 issued by the Minister of Land, Infrastructure, Transportation and Tourism

Change in Number of Facilities Operated



Introduction of Operators

Super Court Co., Ltd.

