

As of June 20, 2017

# Hopeful future for Japan

## Nippon Healthcare Investment Corporation

Presentation Material for  
The 6th Fiscal Period Ended April 2017



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# Disclaimer

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# Characteristics of Nippon Healthcare Investment Corporation

## 1 Investment in social infrastructure to contribute to society

- Nippon Healthcare Investment Corporation (NHI) will contribute to society by specializing in investment in healthcare facilities, which are part of the social infrastructure.

## 2 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.

## 3 Stable cash flow

- To stabilize cash flow, NHI will sign long-term fixed-rent lease agreements with operators of healthcare facilities.
- To stabilize management, NHI will consider business collaborations and mutual management backup with carefully selected operators.

## 4 Unitholder return policy utilizing asset characteristics

- NHI will implement unitholder returns through distributions in excess of earnings (refund of investment) utilizing the asset characteristic of a high rate of depreciation.
- NHI will consider unitholder benefits utilizing the characteristics of healthcare facilities.

## 5 Substantial support system and strong independence

- 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 management company is able to establish cooperative relations with a wide range of operators as it is very independent with no participation of operator group.



# Section 1

## **Operating Results**

**for the 6th Fiscal Period**

# Operating Results for 6th Fiscal Period

## Actual results for the 6th Fiscal Period

(unit: million yen)

	5th FP (ended Oct. 2016) (results)	6th FP (ended Apr. 2017) (results)	Difference
Number of properties owned at end of the fiscal period	22	22	-
Operating revenue	679	697	+ 18
Operating expenses	404	419	+ 15
Property-related expense (excluding depreciation)	83	101	+ 17
Depreciation	188	193	+ 5
Operating income	274	277	+ 2
Non-operating revenue	0	0	- 0
Non-operating expense	27	27	+ 0
Interest expense	20	21	+ 0
Ordinary income	247	250	+ 2
Net income	246	249	+ 2

Number of investment units issued and outstanding at the end of the fiscal period (units)	74,632	74,632	-
Distribution per unit (yen) (including distribution in excess of earnings)	4,106	4,143	+ 37
Distribution per unit (excluding distribution in excess of earnings)	3,306	3,343	+ 37
Distribution per unit in excess of earnings	800	800	-

(Reference)

Depreciation per unit (yen)	2,524	2,595
Ratio of distribution in excess of earnings to depreciation per unit	31.7%	30.8%

### Increase factor

Full-year contribution of revenue (rents and common area fees) from 1 properties (+17 million yen)

### Increase factors

Repair cost (+15 million yen)

Depreciation (+5 million yen)

### Decrease factor

Asset custodian and administrative agency compensation (-6 million yen)

## Comparison of forecast and actual results for 6th Fiscal Period

(unit: million yen)

	6th FP (ended Apr. 2017) (forecast) (Disclosed as of 21 Dec. 2016)	6th FP (ended Apr. 2017) (results)	Difference
Number of properties owned at end of the fiscal period	22	22	-
Operating revenue	697	697	-
Operating expenses	422	419	-2
Net income	246	249	+ 3
Distribution per unit (yen) (including distribution in excess of earnings)	4,100	4,143	+ 43
Distribution per unit (excluding distribution in excess of earnings)	3,300	3,343	+ 43
Distribution per unit (in excess of earnings)	800	800	-

### Increase factor

Repair cost (+2 million yen)

### Decrease factor

Other commission fees (-2 million yen)



# Forecast of Operating Results for 7th Fiscal Period and 8th Fiscal Period

## Forecast of the 7th fiscal period

	7th FP (ending Oct. 2017) (forecast)	(unit: million yen) Difference from the 6th FP
Number of properties owned at end of the fiscal period	22	-
Operating revenue	697	- 0
Operating expenses	426	+6
Property-related expenses (excluding depreciation)	101	+0
Depreciation	196	+2
Operating income	271	-6
Non-operating revenue	0	- 0
Non-operating expense	27	+0
Interest expense	21	+0
Ordinary income	243	-6
Net income	242	-6

### Increase factors

Depreciation	(+2 million yen)
Tax and public dues (property-related expense)	(+2 million yen)

### Decrease factor

Repair Cost	(-2 million yen)
-------------	------------------

	7th FP (ending Oct. 2017) (forecast)	Difference from the 6th FP
Number of investment units issued and outstanding at the end of the fiscal period (units)	74,632	-
Distribution per unit (yen)	4,100	-43
(including distribution in excess of earnings)		
Distribution per unit (excluding distribution in excess of earnings)	3,250	-93
Distribution per unit in excess of earnings	850	+50

### (Reference)

Depreciation per unit (yen)	2,632
Ratio of distribution in excess of earnings to depreciation per unit	32.3%

## Forecast of the 8th fiscal period

	8th FP (ending Apr. 2018) (forecast)	(unit: million yen) Difference from the 7th FP
Number of properties owned at end of the fiscal period	22	-
Operating revenue	697	+0
Operating expenses	425	- 0
Property-related expenses (excluding depreciation)	98	-3
Depreciation	198	+1
Operating income	272	+0
Non-operating revenue	-	-
Non-operating expense	29	+1
Interest expense	22	+1
Ordinary income	242	- 0
Net income	241	- 0

	8th FP (ending Apr. 2018) (forecast)	Difference from the 7th FP
Number of investment units issued and outstanding at the end of the fiscal period (units)	74,632	-
Distribution per unit (yen)	4,100	-
(including distribution in excess of earnings)		
Distribution per unit (excluding distribution in excess of earnings)	3,240	-10
Distribution per unit in excess of earnings	860	+10

### (Reference)

Depreciation per unit (yen)	2,656
Ratio of distribution in excess of earnings to depreciation per unit	32.4%



# Section 2

## **External Growth**



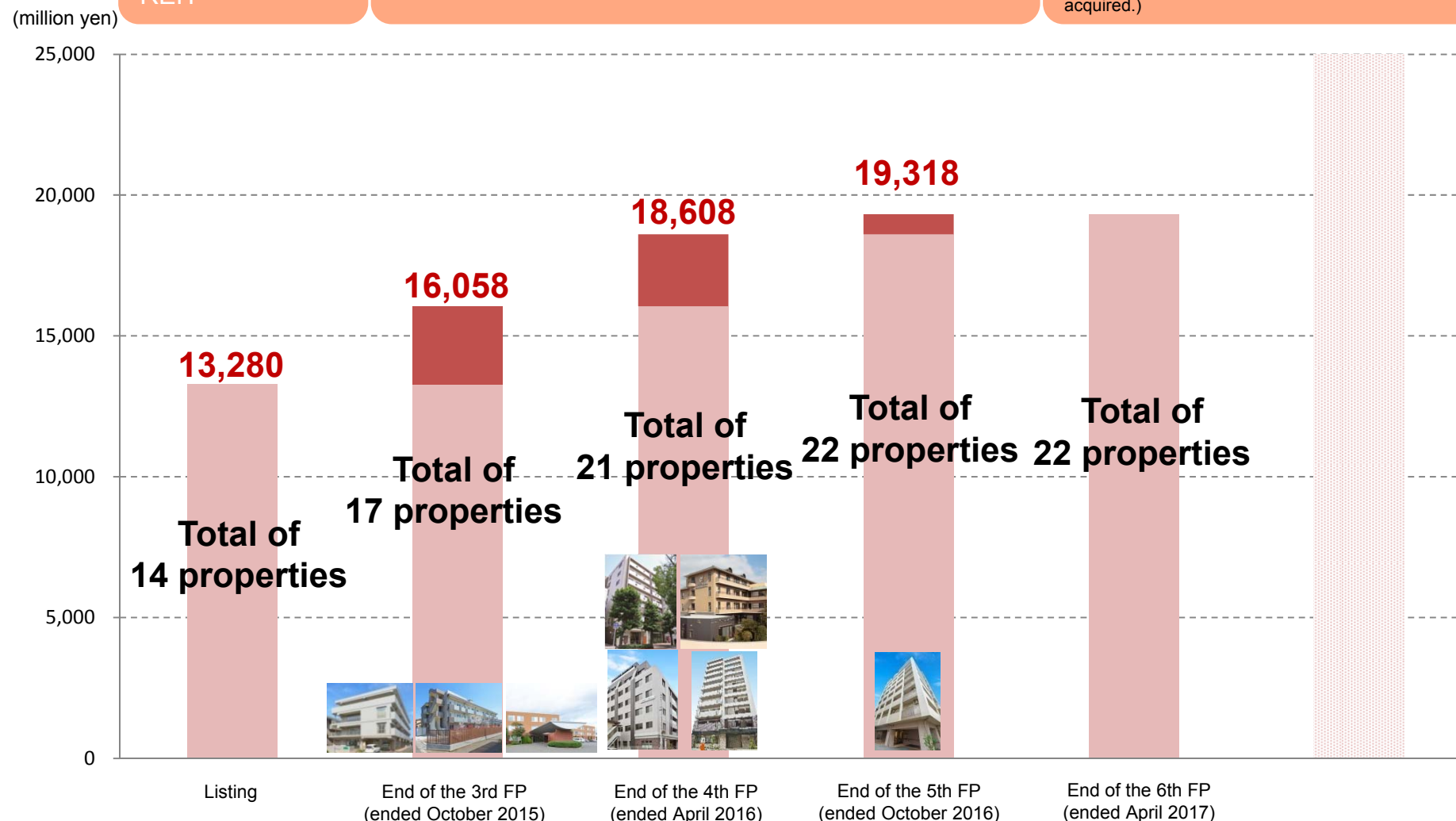
# Change in Asset Size

## Continuous external growth through acquisition of carefully selected properties

Listing as Japan's  
first healthcare  
REIT

External growth through fund procurement including  
the first public offering by a listed healthcare REIT

Further expansion of asset size through formation of  
bridge funds, etc. utilizing sponsor support (several  
preferential negotiation rights in the Three Major  
Metropolitan Areas including Tokyo have been  
acquired.)

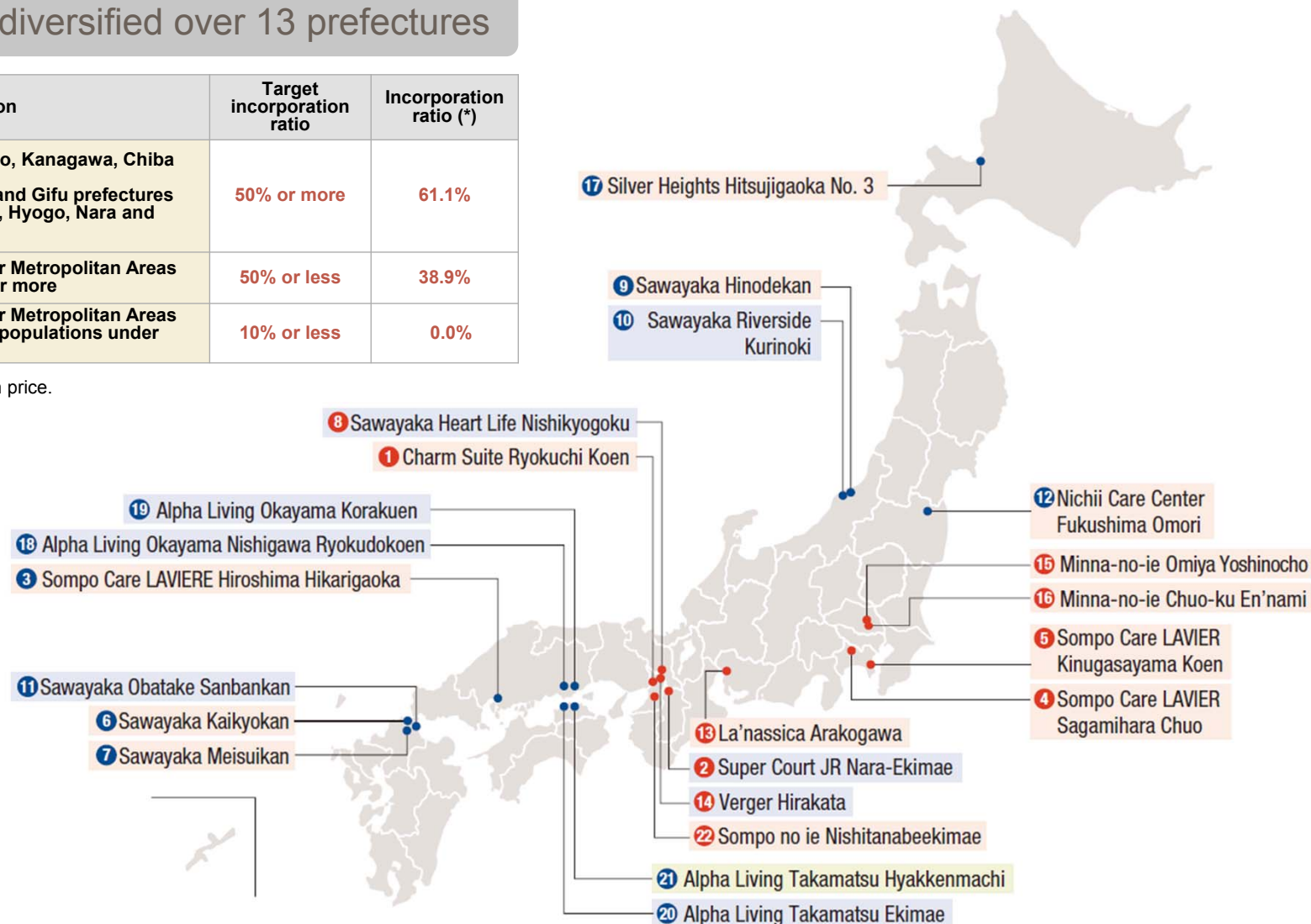


# Portfolio Map (as of April 30, 2017)

Owned properties are diversified over 13 prefectures

Region	Definition	Target incorporation ratio	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	61.1%
Core City Areas	Cities outside the Three Major Metropolitan Areas with populations of 200,000 or more	50% or less	38.9%
Other	Cities outside the Three Major Metropolitan Areas and the Core City Areas with populations under 200,000	10% or less	0.0%

(\*) Incorporation ratio is based on the acquisition price.



(Note) Red numbers refer to Three major metropolitan areas and blue numbers to Core City Areas.  
Facility names with orange background are fee-based homes for the elderly with nursing care, those with blue background are residential-type fee-based homes for the elderly, and those with yellow-green are elderly housing with supportive services.



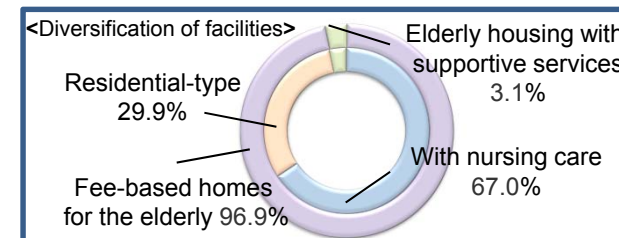
# Section 3

## **Portfolio Analysis**

# Portfolio List (as of April, 2017)

No. (Note 1)	Acquisition period	Property name	Facility type	Operator	Location	Acquisition price (Note 2)		Appraisal value (million yen) (Note 3)	Number of rooms (rooms) (Note 4)	Occupancy rates (Note 5)
						Price (million yen)	Share of portfolio (%)			
1	1st Fiscal Period	Charm Sweet Ryokuchi Koen	Fee-based homes for the elderly with nursing care	Charm Care Corporation	Toyonaka City, Osaka	1,950	10.1	3,060	128	96.0
2	2nd Fiscal Period	Super Court JR Nara-Ekimae	Residential-type fee-based homes for the elderly	Super Court	Nara City, Nara	1,569	8.1	1,750	155	89.6
3	1st Fiscal Period	Sompo Care LAVIERE Hiroshima Hikarigaoka	Fee-based homes for the elderly with nursing care	Sompo Care Next	Hiroshima City, Hiroshima	960	5.0	1,230	80	83.7
4	1st Fiscal Period	Sompo Care LAVIERE Sagamiara Chuo	Fee-based homes for the elderly with nursing care		Sagamiara City, Kanagawa	1,170	6.1	1,750	80	57.5
5	2nd Fiscal Period	Sompo Care LAVIERE Kinugasayama Koen	Fee-based homes for the elderly with nursing care		Yokosuka City, Kanagawa	1,839	9.5	2,060	104	92.3
6	1st Fiscal Period	Sawayaka Kaikyokan	Fee-based homes for the elderly with nursing care	Sawayaka Club	Kitakyushu City, Fukuoka	630	3.3	899	65	100.0
7	1st Fiscal Period	Sawayaka Meisuiikan	Fee-based homes for the elderly with nursing care		Kitakyushu City, Fukuoka	590	3.1	813	87	100.0
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	97.6
9	2nd Fiscal Period	Sawayaka Hinodekan	Fee-based homes for the elderly with nursing care		Niigata City, Niigata	773	4.0	939	50	100.0
10	2nd Fiscal Period	Sawayaka Riverside Kurinoki	Residential-type fee-based homes for the elderly		Niigata City, Niigata	266	1.4	324	33	82.0
11	2nd Fiscal Period	Sawayaka Obatake Sanbankan	Residential-type fee-based homes for the elderly	Nichii Gakkan	Kitakyushu City, Fukuoka	289	1.5	355	50	94.0
12	1st Fiscal Period	Nichii Care Center Fukushima Omori	Fee-based homes for the elderly with nursing care		Fukushima City, Fukushima	265	1.4	353	52	100.0
13	2nd Fiscal Period	La'nassica Arakogawa	Fee-based homes for the elderly with nursing care	Cedar	Nagoya City, Aichi	1,279	6.6	1,430	100	100.0
14	1st Fiscal Period	Verger Hirakata	Residential-type fee-based homes for the elderly	Nihon Kaigo	Hirakata City, Osaka	950	4.9	1,590	104	75.7
15	3rd Fiscal Period	Minna-no-ie Omiya Yoshinocho	Fee-based homes for the elderly with nursing care	Wisnet	Saitama City, Saitama	740	3.8	799	33	81.8
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	903	51	(Note 6)
17	3rd Fiscal Period	Silver Heights Hitsujigaoka No.3	Fee-based homes for the elderly with nursing care	Silver Heights Sapporo	Sapporo City, Hokkaido	1,200	6.2	1,330	109	94.5
18	4th Fiscal Period	Alpha Living Okayama Nishigawa Ryokudokoen	Residential-type fee-based homes for the elderly	Anabuki Medical Care	Okayama City, Okayama	730	3.8	789	53	65.4
19	4th Fiscal Period	Alpha Living Okayama Korakuen	Residential-type fee-based homes for the elderly		Okayama City, Okayama	610	3.2	672	45	83.3
20	4th Fiscal Period	Alpha Living Takamatsu Ekimae	Residential-type fee-based homes for the elderly		Takamatsu City, Kagawa	605	3.1	641	43	97.7
21	4th Fiscal Period	Alpha Living Takamatsu Hyakkenmachi	Elderly housing with supportive services		Takamatsu City, Kagawa	605	3.1	627	50	92.5
22	5th Fiscal Period	Sompo no ie Nishitanabeekimae	Fee-based homes for the elderly with nursing care	Sompo Care Message	Osaka City, Osaka	710	3.7	741	42	92.8
11 operators 22 properties Total						19,318	100.0	24,265	1,598	-

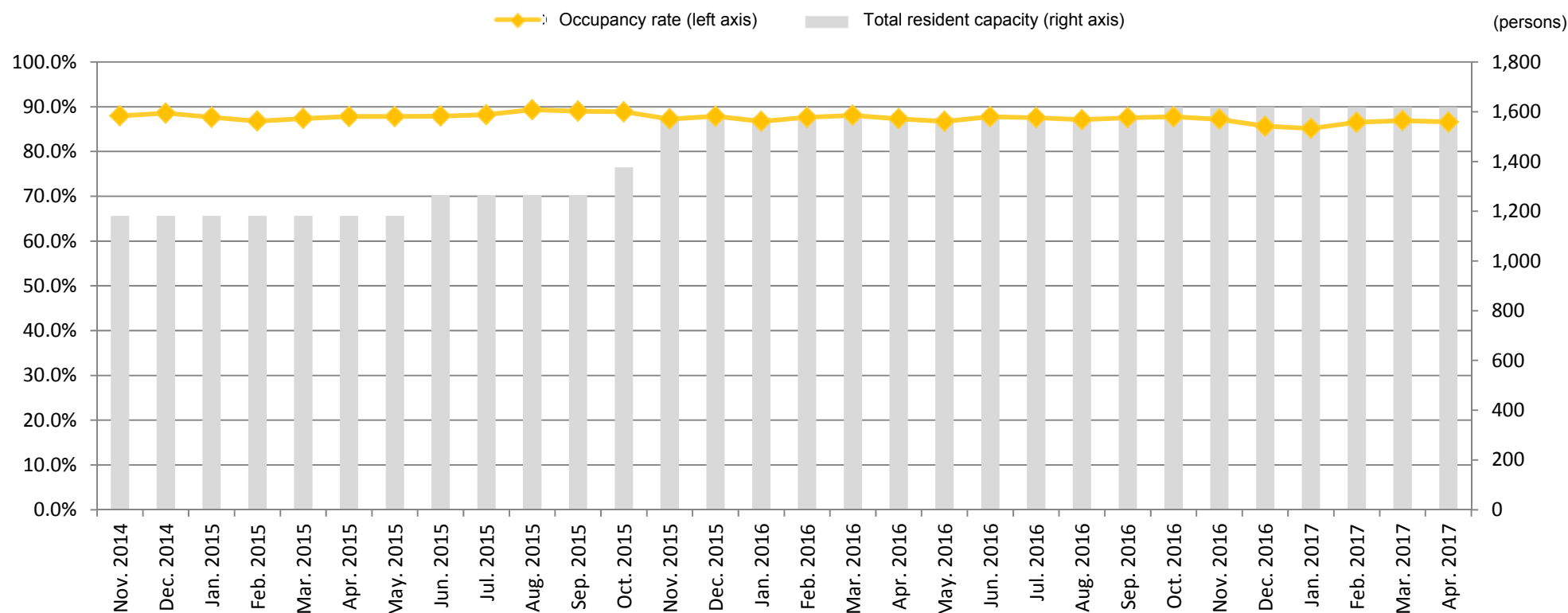
- (Note 1) Red numbers refer to Three major metropolitan areas and blue numbers to Core cities. The background colors for Property name and Facility type columns indicate types of facilities; orange for fee-based homes for the elderly with nursing care, blue for residential-type fee-based homes for the 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 one 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 April 30, 2017 for other properties.
- (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.
- (Note 5) "Occupancy rate" is obtained by dividing the number of residents indicated in the written explanation of important matters by the resident capacity, rounded down to one decimal place.
- (Note 6) "Minna-no-ie chuo-ku En'nami" has suspended business since January 2017, and the number of residents as of the end of April 2017 is zero. It is scheduled to resume operations in September 2017.



(Note) Total acquisition price by type as a percentage of the total acquisition price is indicated.

# Status of Portfolio: Change in Occupancy Rates

## Change in occupancy rates (overall)



### Stable occupancy rates

- The overall occupancy rate has fallen by 1.1% from 87.7% at the end of October 2016 to 86.6% at the end of April 2017.
- The period average has fallen by 1.0% from 87.4% for the 5th Fiscal Period to 86.4% for the 6th Fiscal Period.
- Excluding the impact of Minna-no-ie Chuo-ku En'nami, the occupancy rate at the end of the 6th Fiscal Period was 89.4% and the period average occupancy rate 88.9%, both rising 0.5%.

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

# Remaining Lease Contract Period of Each Property

Operator	Property name	Contract expiry date	Remaining lease contract period
Wisnet	Minna-no-ie Chuo-ku En'nami	March 31, 2044	26.9Years
	Minna-no-ie Omiya Yoshinocho	February 28, 2037	19.8Years
Super Court	Super Court JR Nara-Ekimae	July 14, 2039	22.2Years
Charm Care Corporation	Charm Sweet Ryokuchi Koen	August 28, 2038	21.3Years
Silver Heights Sapporo	Silver Heights Hitsujigaoka No.3	November 30, 2035	18.6Years
Anabuki Medical Care	Alpha Living Okayama Nishigawa Ryokudokoen	June 30, 2035	18.2Years
	Alpha Living Okayama Korakuen		
	Alpha Living Takamatsu Ekimae		
	Alpha Living Takamatsu Hyakkenmachi		
Sompo Care Next	Rest Villa Kinugasayama Koen	September 11, 2034	17.4Years
	Rest Villa Hiroshima Hikarigaoka	March 28, 2034	16.9Years
	Rest Villa Sagamihara Chuo		
Sawayaka Club	Sawayaka Hinodekan	November 30, 2034	17.6Years
	Sawayaka Riverside Kurinoki		
	Sawayaka Obatake Sanbankan		
	Sawayaka Kaikyokan	March 27, 2034	16.9Years
	Sawayaka Meisuikan		
	Sawayaka Heart Life Nishikyogoku		
Nichii Gakkan	Nichii Care Center Fukushima Omori	March 31, 2034	16.9Years
Nihon Kaigo Iryo Center	Verger Hirakata	March 28, 2034	16.9Years
Cedar	La'nassica Arakogawa	March 31, 2028	10.9Years
Sompo Care Message Inc.	Sompo no ie Nishitanabeekimae	March 31, 2027	9.9Years
Average remaining period			18.0Years

(Note) "Remaining Lease Contract Period" indicates period remaining as of April 30, 2017. "Average remaining period" is a weighted average with acquisition prices, rounded to one decimal place.



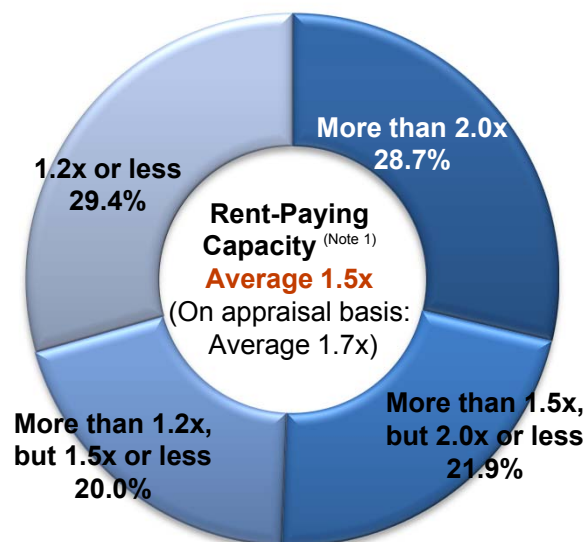
# Status of Portfolio: Fee Systems of Facilities

Name of facility	One-time entrance fee (thousand yen) (Note)	Monthly rent (yen) (Note)	Date of acquiring the written explanation of important matters
Charm Sweet Ryokuchi Koen	2,400~4,800	157,800~203,800 237,800~243,800	April 1, 2017
Super Court JR Nara-Ekimae		150,080	March 1, 2017
Sompo Care LAVIERE Hiroshima Hikarigaoka	4,500~6,800	186,690 261,690~300,020	January 1, 2017
Sompo Care LAVIERE Sagamihara Chuo		234,800~254,800	April 1, 2017
Sompo Care LAVIERE Kinugasayama Koen	3,800~7,800	199,071 262,401~329,071	January 1, 2017
Sawayaka Kaikyokan		142,600~145,600	April 1, 2017
Sawayaka Meisuikan		103,440~138,440	April 1, 2017
Sawayaka Heart Life Nishikyogoku		161,600~181,600	April 1, 2017
Sawayaka Hinodekan		196,820	April 1, 2017
Sawayaka Riverside Kurinoki		157,742	April 1, 2017
Sawayaka Obatake Sanbankan		122,300	April 1, 2017
Nichii Care Center Fukushima Omori		162,743	April 1, 2017
La'nassica Arakogawa	1,260~2,100	152,340~154,340 189,340	April 1, 2017
Verger Hirakata		135,000	January 1, 2017
Minna-no-ie Omiya Yoshinocho		163,207	April 1, 2017
Minna-no-ie Chuo-ku En'nami	-	-	-
Silver Heights Hitsujigaoka No.3	2,000~4,000	162,540	April 1, 2017
Alpha Living Okayama Nishigawa Ryokudokoen	1,380	137,000~159,000	April 1, 2017
Alpha Living Okayama Korakuen	1,620~2,850	148,000~189,000	April 1, 2017
Alpha Living Takamatsu Ekimae	1,200	149,000~185,000	April 1, 2017
Alpha Living Takamatsu Hyakkenmachi	960	152,000~212,000	April 1, 2017
Sompo no ie Nishitanabeekimae		175,000	April 1, 2017

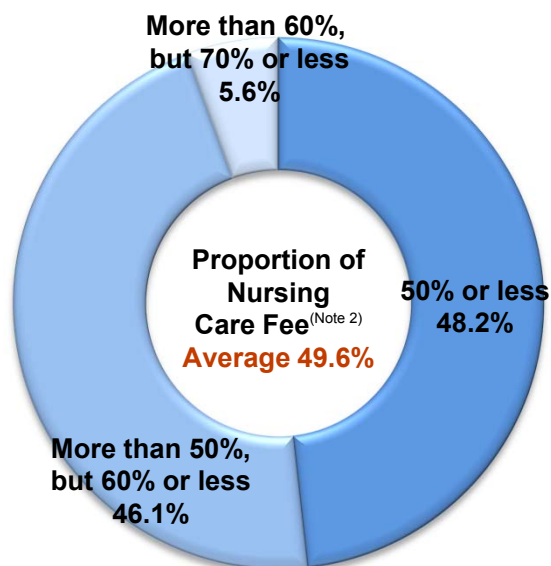
(Note) "One-time entrance fee" indicates one-time entrance fee stated in the written explanation of important matters or in the price list acquired from the operators. "Monthly fee" indicates the monthly fee for a standard single room stated in the written explanation of important matters or in the price list acquired from the operators (excluding the co-payment amount of nursing care insurance services). One-time entrance fee and monthly rent for facilities with one-time entrance fee are indicated on a one-time entrance fee basis (one-time entrance fee and monthly fee are indicated separately) whereas those for facilities without one-time entrance fee are indicated on a monthly payment basis. Occupancy rates are obtained by dividing the number of residents indicated in the written explanation of important matter by resident capacity, rounded down to one decimal place.

# Status of Portfolio (as of April 30, 2017)

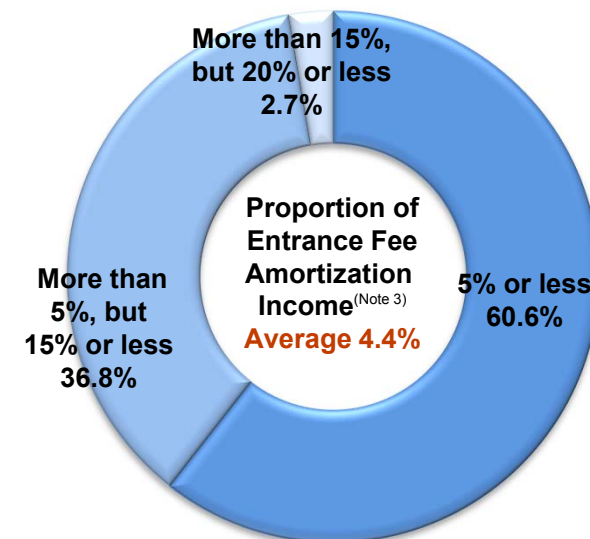
Rent-Paying Capacity



Proportion of Nursing Care Fee



Proportion of Entrance Fee Amortization Income



(Note 1) "Rent-paying capacity" refers to the multiple obtained by dividing the respective acquired asset's most recent EBITDAR by rent.  
\* EBITDAR=asset's operating income+ depreciation + rent

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

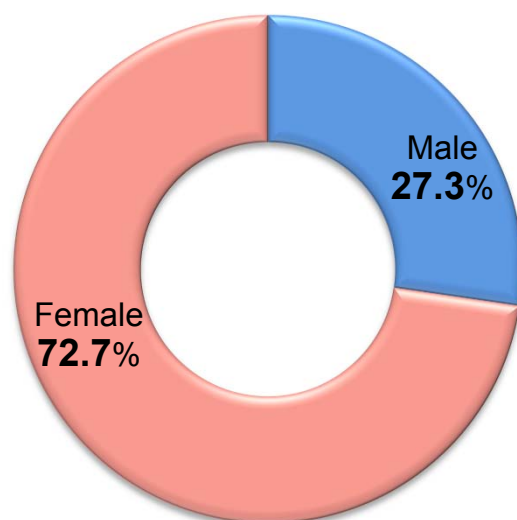
(Note 3) "Proportion of entrance fee amortization income" refers to the proportion of the acquired asset's net sales that is accounted for by entrance fee amortization income.

(\*) Data are based on information on business income and expenditures from April 2016 to March 2017 disclosed by the respective operator. However, data for Nichii Care Center Fukushima Omori are based on information on business income and expenditures from January 2016 to December 2016; for Silver Heights Hitsujigaoka No.3 from March 2016 to February 2017.



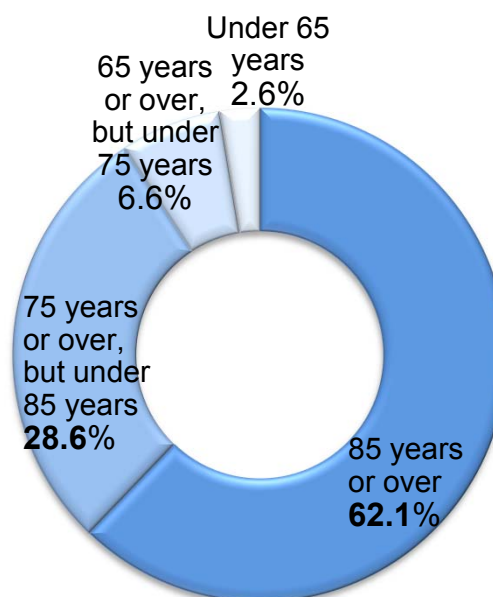
# Portfolio Resident Attributes (as of April 30, 2017)

Gender<sup>(Note1)</sup>



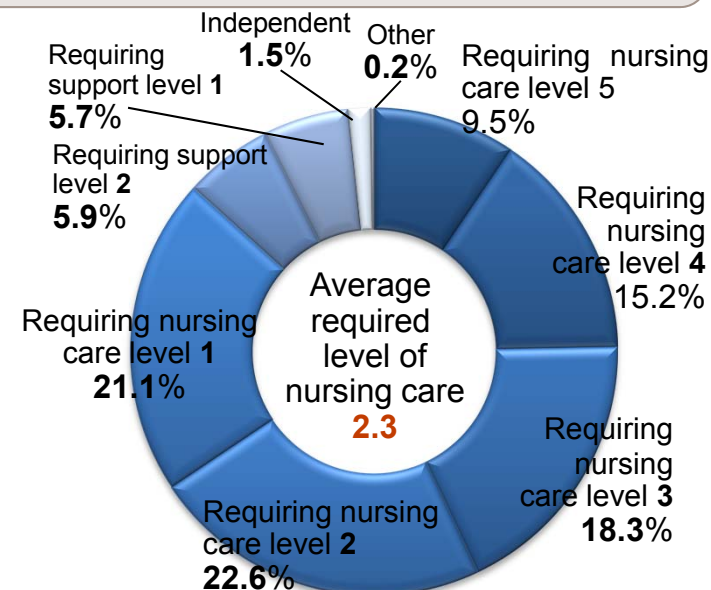
(Note 1) The graph indicates the ratio of the number of residents per gender expressed as a percentage of the total number of residents.

Age Group<sup>(Note2)</sup>



(Note 2) The graph indicates the ratio of the number of residents per age group expressed as a percentage of the total number of residents (except for residents at Sampo Care LAVIERE Sagamihara Chuo and Sampo Care LAVIERE Kinugasayama Koen as there is no such information stated in the written explanation of important matters).

Level of Requiring Nursing Care or Support<sup>(Note 3)</sup>



(Note3) The graph indicates the ratio of the number of residents per level of requiring nursing care or support expressed as a percentage of the total number of residents.

“Average level of nursing care” indicates the figure obtained by multiplying the respective number of residents categorized as independent, requiring support level 1, requiring support level 2, requiring nursing care levels 1-5 and other by 0, 0.375, 1, 1-5 and 1 respectively, and dividing the sum total by the number of residents.

(\*) Data are based on figures stated in the written explanation of important matters (October, 2016-April, 2017) provided by each operator. Numbers related to Minna-no-ie Chuo-ku En'nami are excluded from the above graphs as it has suspended its operation since January, 2017 . All percentage figures are rounded to one decimal place. “Average required level of nursing care” is rounded down to the first decimal place.

# Value Enhanced Properties in 6th Fiscal Period (ended Apr. 2017)

## Sawayaka Heart Life Nishikyogoku (Acquisition price: 750 million yen)

### Strategically value enhanced property



#### ■ Locational Features

The property is located approximately an 18-minute walk from Katsura Station on the Hankyu Kyoto Line. It stands in an area with Katsura River to the west and Tenjin to the east.

#### ■ Property Features

The property provides standard sized private rooms designed for people requiring long-term care and the rooms are equipped with sink and toilet.

#### Renovation of exterior walls <Renovation cost: 13.0 million yen>



<Before renovation>



<After renovation>

- Implemented value enhancement work for maintaining the esthetic appearance contributing to high occupancy rates (Nishikyogoku: 97.6%, Kaikyokan: 100%) in order to stay competitive with rival properties in the surrounding area.
- Proactive implementation of necessary repair work has led to higher satisfaction of not only the residents and their families but also of facility employees, and has also resulted in a stronger relationship with the operator.

## Sawayaka Kaikyokan (Acquisition price: 630 million yen)

### Strategically value enhanced property



#### ■ Locational Features

The property is located along the bay, a 15-minute walk from Wakamatsu Station on the JR Chikuho Main Line. It stands in an urban district with a city office, community center, hospital and other structures.

#### ■ Property Features

The property provides standard sized private rooms

#### Renovation of exterior walls <Renovation cost: 13.1 million yen>



<Side view of the facility (after renovation)>



<Railing and wall (after renovation)>

# Continuous Evaluation of Operators and Monitoring System

## 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

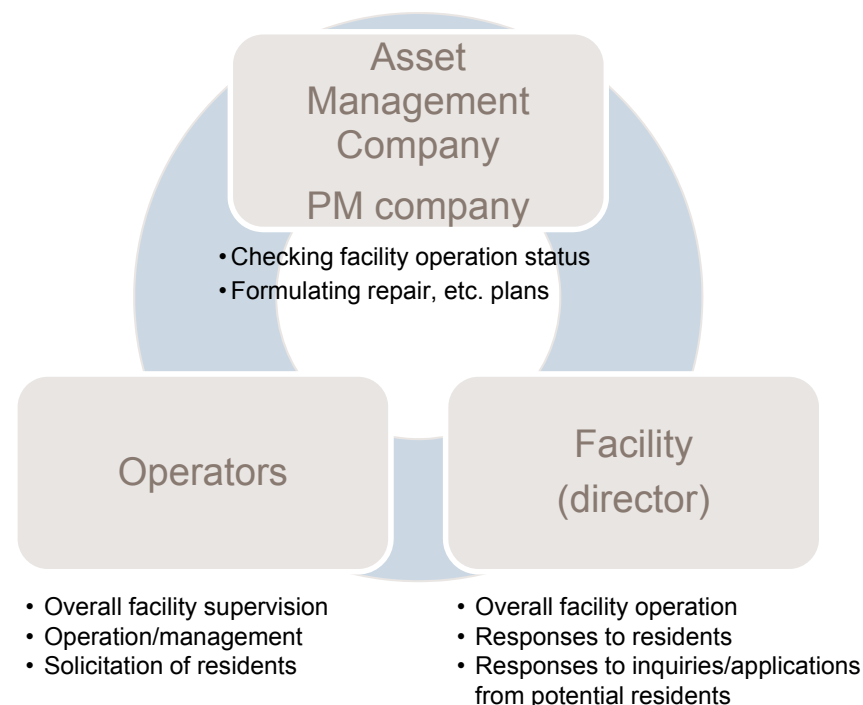
- Stability, profitability, growth potential and productivity of the operator's finances
- Stability, profitability, growth potential of the operator's healthcare business
- The company's history and the number of years in business (The items are confirmed on the basis that such financial data, etc.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

## Facility management/Monitoring system

- The Asset Management Company of NHI strives to enhance value of facilities by regularly collecting information on the operation from the operators and the facilities (directors) in cooperation with PM companies, etc.



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

- Four 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 Management Company 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)



## On-site Monitoring

### ■ Sompo Care LAVIERE Hiroshima Hikarigaoka

■ Facility visit and interview  
(Mar. 2017)



### ■ Sawayaka Kaikyokan

■ Facility visit and interview  
(Apr. 2017)



### ■ Sawayaka Heart Life Nishikyogoku

■ Facility visit and interview  
(Apr. 2017)



### ■ Sawayaka Meisuihan

■ Facility visit and interview  
(Apr. 2017)



### ■ Sompo Care LAVIERE Sagamihara Chuo

■ Sushi Caravan (April, 2017) : Served sushi to its facility residents as one of measures to improve customer satisfaction by Sompo Care Next.





# Memorandum

# Introduction of Operators

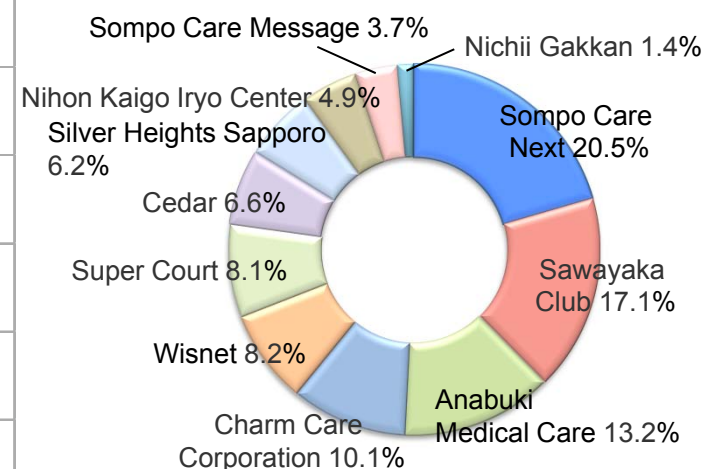
## Highly reliable operators

(\*) Operators are listed in order of the number of facilities they manage

Operator	Number of managed facilities (Note)	Number of operating rooms (Note)	Established	Attributes
Nichii Gakkan	424	13,703	August, 1973	Listed on the first section of the Tokyo Stock Exchange
Sompo Care Message	319	17,393	May, 1997	Subsidiary of Sompo Holdings, Inc., a company listed on the first section of the Tokyo Stock Exchange
Wisnet	127	3,548	January, 1998	Subsidiary of Sohgo Security Service Co., Ltd., a company listed on the first section of the Tokyo Stock Exchange
Sompo Care Next	117	8,799	November, 1992	Subsidiary of Sompo Holdings, Inc., a company listed on the first section of the Tokyo Stock Exchange
Sawayaka Club	70	4,185	December, 2004	Subsidiary of Uchiyama Holdings Co., Ltd., a company listed on the first section of the Tokyo Stock Exchange
Super Court	46	3,091	May, 1995	—
Cedar	41	2,169	April, 1981	Listed on JASDAQ Standard on the Tokyo Stock Exchange
Charm Care Corporation	38	2,706	August, 1984	Listed on JASDAQ Standard on the Tokyo Stock Exchange
Anabuki Medical Care	29	1,291	June, 2009	Subsidiary of Anabuki Kosan Inc., a company listed on the first section of the Tokyo Stock Exchange
Nihon Kaigo Iryo Center	22	941	October, 1997	—
Silver Heights Sapporo	3	321	December, 1961	—

(Note) Number of managed facilities and Number of operating rooms 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 May 31, 2017).

## Diversification of Operators



Asset size in which lease agreement is concluded with a single operator

**40% or less**

(Note) The total acquisition price by operator as a percentage of the total acquisition price is indicated, rounded to one decimal place.



# Operator Initiatives

## Charm Care Corporation



- Implementing measures to improve working conditions sequentially from May 2017 in order to secure competent care staff.

### Initiatives on improving working conditions of care staff

1. Reestablishment of a career path system
2. Raising caregiver qualification allowance and night-shift allowance
3. Establishment of a system for limited regular employees
4. Extension of employment period (Establishment of an elder employee system)

### ■ Example of improving working conditions (example of annual income)

	First year (22 years old) Initial training	Fourth year (26 years old) Certified care worker	Sixth year (28 years old) Certified care worker	Eighth year (30 years old) Certified care worker
Increase rate after improvement of working conditions	4.5%	7.8%	8.9%	11.1%

- **Qualification allowance:** Initial training for care staff 3,000 yen → 6,000 yen  
Those who completed training for working care staff: 5,000 yen → 10,000 yen (Twofold increase)
- **Night-shift allowance:** 5,000 yen per shift → 7,000 yen per shift (1.4-fold increase)

### ■ Establishment of a system for “limited regular employees”

<Improvement in working conditions when becoming a “limited regular employee” from a junior employee>

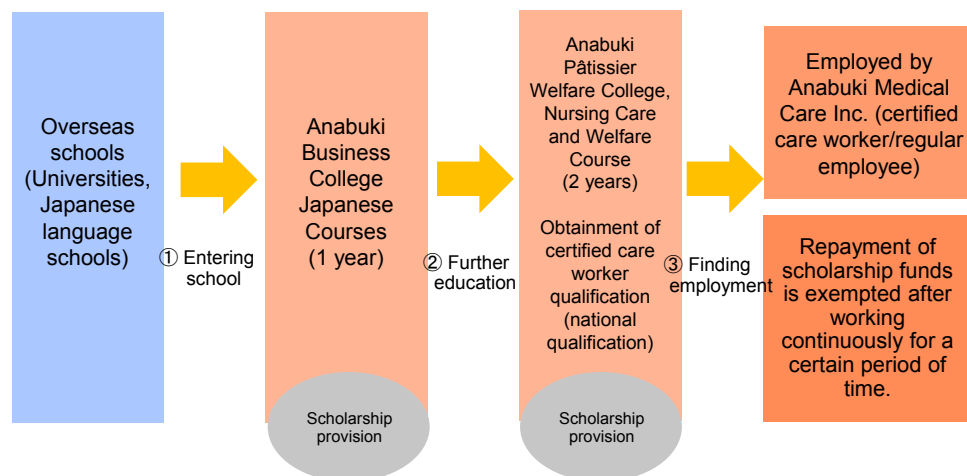
Junior employee: Not eligible for bonus → Limited regular worker: Normally eligible for bonus equivalent to 1.5-month salary

## Anabuki Medical Care Inc.



- Newly established a scholarship program for foreign students studying nursing care in Japan in order to secure care staff in the future

- Supports foreign students learning Japanese and nursing care knowledge/skills at training schools operated by Anabuki Group by newly establishing a scholarship program for foreign students studying nursing care,
- With assured acquisition of certified care worker qualification, long-term employment will be possible through obtaining work visa.
- Six foreign students from the program joined Anabuki Medical Care Inc. in April 2017 with certified care worker qualification, which are given upon graduation from the training school. Since joining the company, the former students have worked as caregivers at Alpha Living, and repayment of scholarship funds will be exempted entirely after working for a certain period of time.



Information session in Vietnam (Nov. 2016)

## <(Reference) Revisions to Nursing Care Fees>

### FY2017 revision

- Improvement in working conditions of care providers
  - Established a new system to raise salary in accordance with care provider experience or qualifications and raised monthly salary by 10,000 yen-worth on average.

+1.14%  
[In-home: +0.72%]  
[Facility: +0.42%]



# Section 4

## **Financial Status**



# Status of Interest-Bearing Liabilities (as of April 30, 2017)

## Status of Interest-Bearing Liabilities (as of April 30, 2017)

Term	Lender	Balance (million yen)	Interest rate type	Interest rate(*)	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 (**)	800	Fixed	0.344%	November 5, 2014	October 31, 2017
	The Musashino Bank (**)(***)	500		0.329%		October 31, 2017
	Shinkin Central Bank	500		0.355%		October 31, 2017
	Sumitomo Mitsui Trust Bank (**)	1,200		0.431%		October 31, 2018
Long-term	Resona Bank (**)	1,200	Fixed	0.532%	November 5, 2014	October 31, 2019
	Mizuho Bank (**)	1,000		0.532%		October 31, 2019
	Mizuho Trust & Banking (**)	700		0.532%		October 31, 2019
	The Dai-ichi Life Insurance	500		0.431%		October 31, 2018
	Mizuho Bank (**)	500		0.524%	June 1, 2015	May 29, 2020
	Mizuho Trust & Banking (**)	500		0.524%		May 29, 2020
	The Musashino Bank (**)	500		0.524%		May 29, 2020
	Resona Bank (**)	500		0.474%	October 15, 2015	October 30, 2020
	Shinkin Central Bank	400		0.293%		October 31, 2018
	Sumitomo Mitsui Trust Bank (**)	500		0.138%	April 28, 2016	April 30, 2020
Total		9,800	-	-	-	-

LTV<sup>(Note)</sup>

46.1%

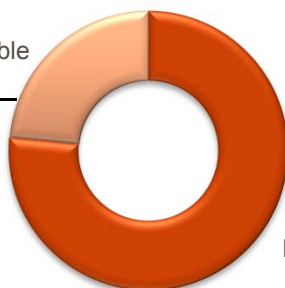
Average  
remaining  
period<sup>(Note)</sup>

2.0 years

(Note) LTV and average remaining period indicate figures calculated as of April 30, 2017, rounded to the first decimal place. LTV is calculated based on total assets.

### Ratio of Long-Term Loans Payable and Short-Term Loans Payable

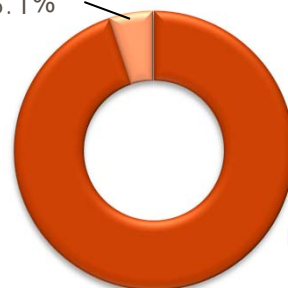
Short-term loans payable and current portion of long-term loans payable  
23.5%



Long-term loans payable  
76.5%

### Ratio of Fixed Rates and Floating Rates

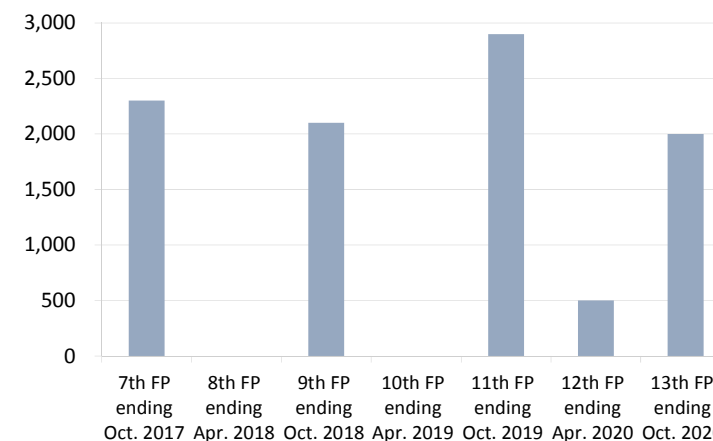
Ratio of floating rate  
5.1%



Ratio of fixed rate  
94.9%

### Repayment Schedule

(million yen)



(\*) Interest rates are rounded to the third decimal place.

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

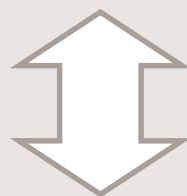
(\*\*\*) Interest rates are converted on a one year=365 days basis.

# Policy on Distributions in Excess of Earnings / Index including NHI

## Implementation of distributions in excess of earnings taking advantage of features of healthcare assets

### High depreciation ratio

- Regarding facilities owned by NHI, the ratio of buildings to the entire asset is high, at nearly 70%.
- The ratio of depreciation without cash payout is high.

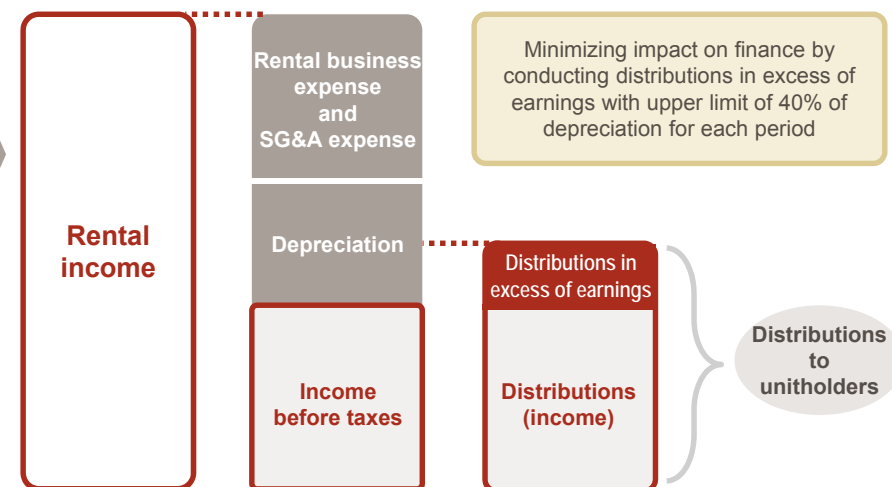


### Low burden of construction expenses

- Repairs to be borne by NHI are limited to building frames and main structural sections
- Expenses required for update of equipment tend to be low

Implement distributions in excess of earnings every accounting period with

**an upper limit of 40% of depreciation**



## Index including NHI

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

# Overview of Unitholder Benefits Program

With the cooperation of operators who are the tenants, the unitholder benefits program will be offered to unitholders as of the end of fiscal period ended April 2017.



Charm Care Corporation

Discount coupon for entrance fee

Free voucher for an overnight trial stay (with meals)



SOMPOケア

Sompo Care Next, Inc.

Discount coupon for entrance fee

Discount on room fee

Free voucher for a one-day facility tour  
(with lunch provided)



Sawayaka Club Co., Ltd.

Discount on room fee

Free voucher for an overnight trial stay (with meals)

Free voucher for a one-day facility tour  
(with lunch provided)



Nichiigakkan Co., Ltd.

Free Enrollment and discount from  
Tuition of COCO Juku, etc.

Discount voucher for homemaking, childcare and  
nursing-care at his/her own expense services



Cedar Co., Ltd.

Free voucher for an overnight trial stay (with meals)

Free voucher for a one-day facility tour  
(with lunch provided)



Nihon Kaigo Iryo Center Co., Ltd.

Free voucher for an overnight trial stay (with meals)



Wisnet Co., Ltd.

Discount on occupancy expenses



Silver Heights  
Sapporo  
Co., Ltd.

Discount coupon for entrance fee

Free voucher for an overnight trial stay  
(with meals)

Free voucher for a one-day facility tour  
(with lunch provided)



Anabuki Medical  
Care Inc.

Furniture presented to new residents of  
Anabuki Medical Care's facilities  
that are owned by NHI



Super Court  
Co., Ltd.

Free voucher for an overnight trial stay  
(with meals)

Free voucher for a one-day facility tour  
(with lunch provided)

Cash back for the monthly payment  
for the new resident

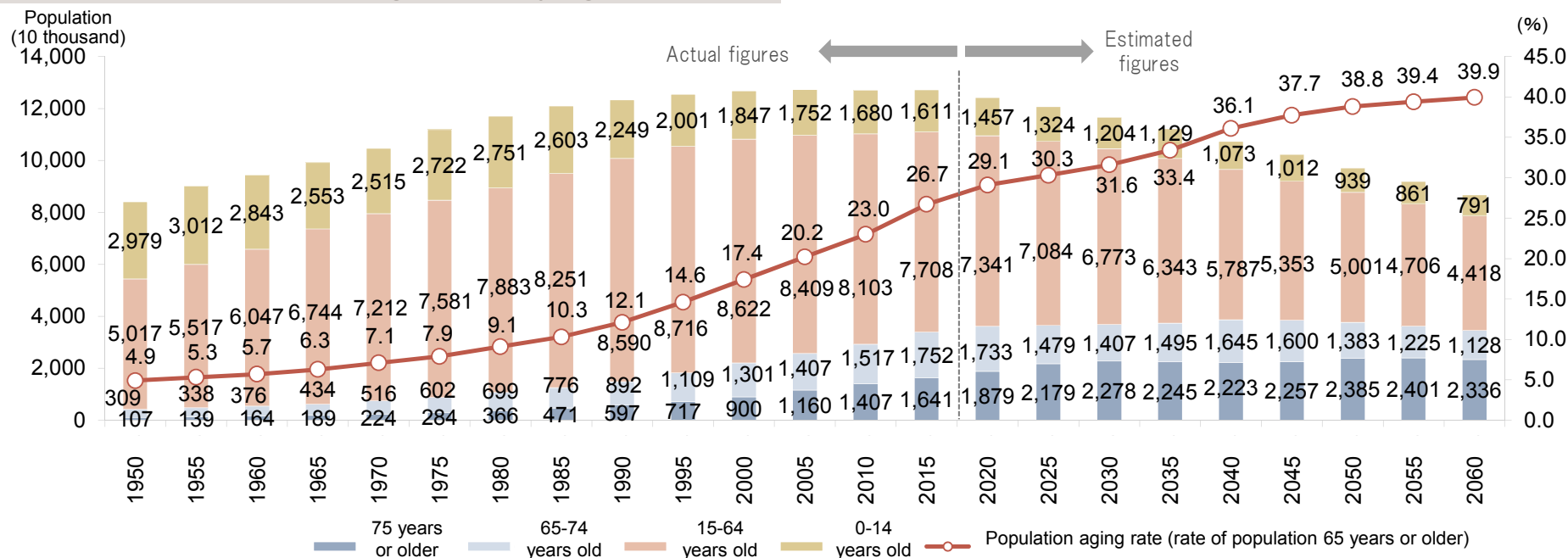


# Section 5

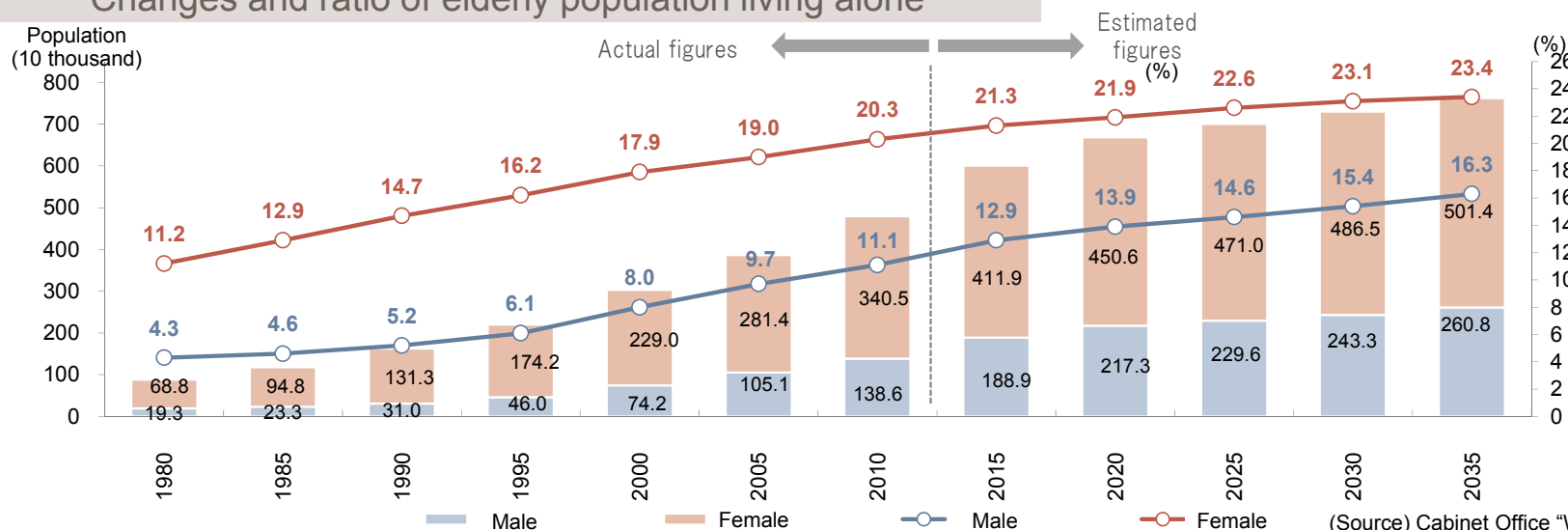
## **Environment Surrounding Healthcare Industry**

# Surrounding Status of Healthcare Facilities (1): Progress of aging society

## Domestic demographics by age



## Changes and ratio of elderly population living alone



(Source) Cabinet Office "White Paper on Aging Society 2016"

## Surrounding Status of Healthcare Facilities (2): Supply necessity of housing for elderly

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

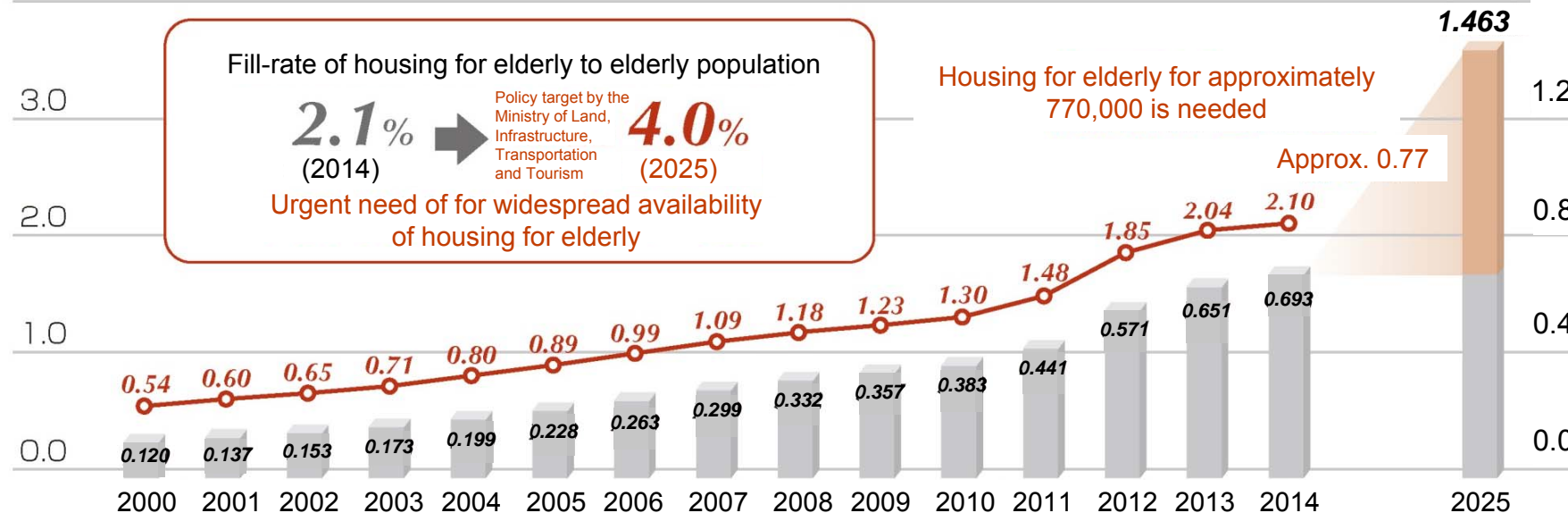
Based on the government policy target indicated in “Basic plans for housing for people (nationwide plans)” approved by the cabinet on March 18, 2016.

Fill-rate of housing for elderly to elderly population

(%) 4.0

Capacity of housing for elderly

1.6(million)



(Source) Cabinet office, Ministry of Health, Labour and Welfare, Ministry of International Affairs and Communications, National Institute of Population and Social Security Research, etc.

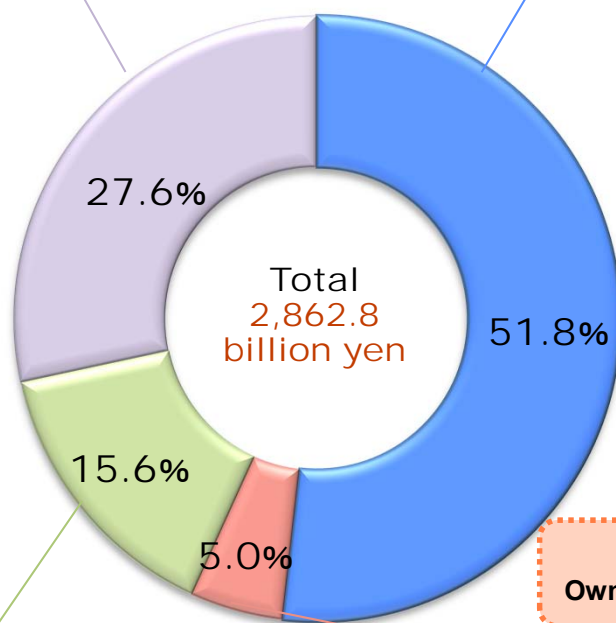
# Market Size by Segment( as of June 2016)

Market size of fee-based home for the elderly requiring nursing care is large, therefore there is much room for NHI to expand

## Market size by facility type

Group Homes  
Net Sales 791.5 bil. yen  
No. of facilities 13,080  
(199,817 rooms)

Fee-based for the elderly (for those requiring nursing care)  
Net Sales 1,483.8 bil. yen  
No. of facilities 12,074  
(396,961 rooms)



Elderly housing with supportive services  
Net Sales 445.6 bil. yen  
No. of facilities 5,751  
(184,151 rooms)

Fee-based homes for the elderly (for those who are independent)  
Net Sales 141.9 bil. yen  
No. of facilities 466  
(35,391 rooms)

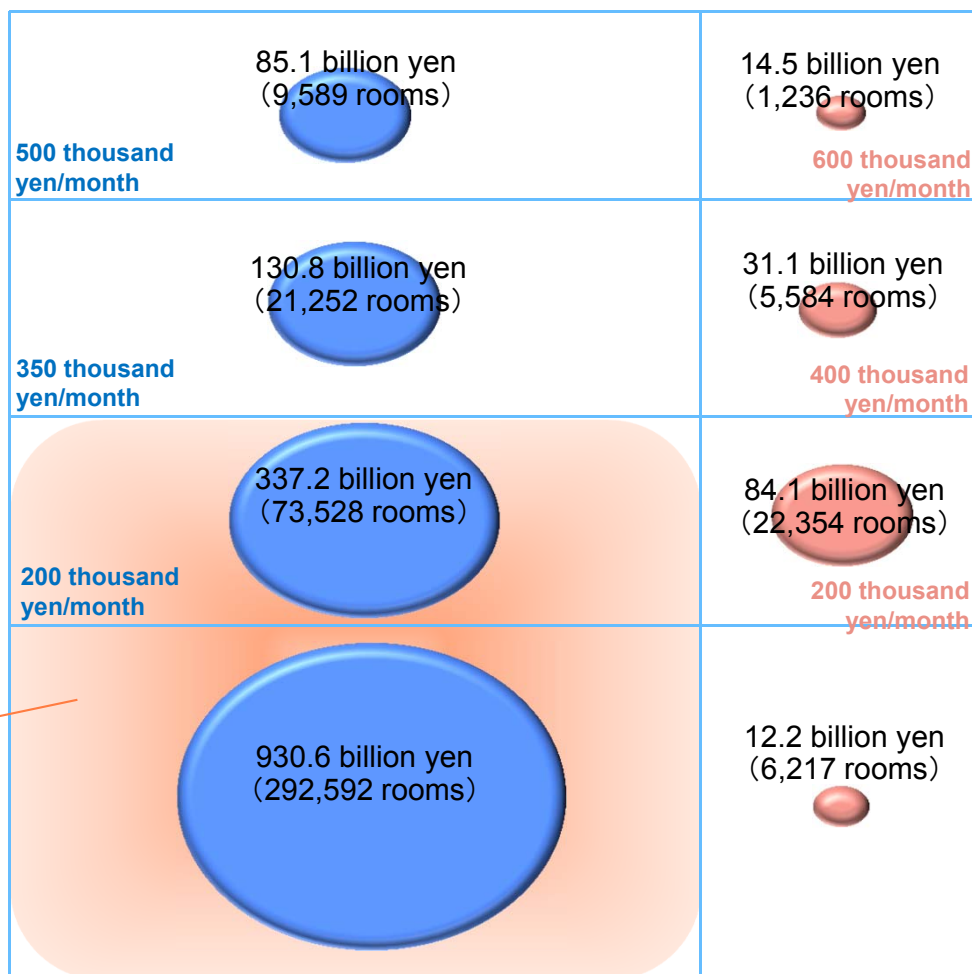
Zone of  
Owned properties

## Market size by price (Fee-based homes for the elderly requiring nursing care/who are independent)

High

Price (assumed monthly fees)

Low



Requiring nursing care

Independent

Source: KPMG Healthcare Japan Co., Ltd

Residents' physical condition



# (Reference) History of Revisions to Nursing Care Fees

Time of revision	Main points of revision	Rate of revision
<b>FY 2003 revision</b>	<ul style="list-style-type: none"> <li>■ <b>Enhancement of appropriateness of facility services, etc.</b> <ul style="list-style-type: none"> <li>➢ Improvement in service quality and appropriateness</li> </ul> </li> <li>▪ Adjusting service fees by taking into account the difference in income and expenditure of facilities           <ul style="list-style-type: none"> <li>➢ Assessment of at-home services for encouraging self-support</li> </ul> </li> <li>▪ Enhancing livelihood support of home-visit nursing care, additional payment for rehabilitation implemented individually, etc.</li> </ul>	-2.3% [At-home: +0.1%] [Facility: -4.0%]
<b>FY 2005 revision (Enforced in October 2005)</b>	<ul style="list-style-type: none"> <li>■ <b>Securement of fairness between at-home care and facility services, etc.</b> <ul style="list-style-type: none"> <li>➢ Review of nursing care fees related to living costs and meal costs</li> </ul> </li> </ul>	
<b>FY 2006 revision</b>	<ul style="list-style-type: none"> <li>■ <b>Promotion of encouraging self-support and at-home nursing care</b> <ul style="list-style-type: none"> <li>➢ Promotion of nursing care prevention and rehabilitation               <ul style="list-style-type: none"> <li>▪ Changing prevention benefits provision from piecework payment to comprehension payment by month</li> </ul> </li> <li>➢ Reinforcement of support for those requiring medium- to high- levels of nursing care</li> <li>▪ Additional payment for home-visit long-term care and home-visit nursing care provided to those requiring high level of cares, etc.</li> </ul> </li> </ul>	-0.5%      【-2.4%】 [At-home: -0.1%]      【-1.0%】 [Facility: ±0.0%]      【-4.0%】 【】: Rate of revision including revision in FY2005
<b>FY 2009 revision</b>	<ul style="list-style-type: none"> <li>■ <b>Improvement in working conditions of care providers</b> <ul style="list-style-type: none"> <li>➢ Securement of care providers / improvement of working conditions of care providers</li> <li>▪ Additional payment in accordance with care providers' expertise, career, etc.</li> </ul> </li> </ul>	+3.0% [At-home: +1.7%] [Facility: +1.3%]
<b>FY 2012 revision</b>	<ul style="list-style-type: none"> <li>■ <b>Securement of improved working conditions for care staff and promotion of community comprehensive care</b> <ul style="list-style-type: none"> <li>➢ Foundation of additional payment for improving working conditions</li> <li>➢ Establishment of new services such as around-the-clock periodical door-to-door service</li> </ul> </li> </ul>	+1.2% [At-home: +1.0%] [Facility: +0.2%]
<b>FY 2014 revision</b>	<ul style="list-style-type: none"> <li>■ <b>Response to increased burden due to the consumption tax hike</b></li> </ul>	+ 0.63%
<b>FY 2015 revision</b>	<ul style="list-style-type: none"> <li>■ <b>Initiatives for building a “community comprehensive care system”</b> <ul style="list-style-type: none"> <li>➢ Further reinforcement of care for those requiring medium- to high- levels of nursing care and those with dementia</li> <li>➢ Promotion of securing care staff</li> <li>➢ Enhancement of appropriateness of service assessment and establishment of efficient system for providing services</li> </ul> </li> </ul>	-2.27% [At-home: -1.42%] [Facility: -0.85%]
<b>FY 2017 revision</b>	<ul style="list-style-type: none"> <li>■ <b>Improvement in working conditions of care providers</b> <ul style="list-style-type: none"> <li>➢ Established a new system to raise salary in accordance with care provider experience or qualifications and raised monthly salary by 10,000 yen-worth on average.</li> </ul> </li> </ul>	+1.14% [At-home: +0.72%] [Facility: +0.42%]



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# Appendix

# Sourcing Route

	Upon Listing 14 properties 13,280 million yen	Properties acquired in 3rd FP 3 properties/2,778 million yen	Properties acquired in 4th FP 4 properties/2,550 million yen	Property acquired in 5th FP 1 property/710 million yen	6th FP~
Asset Management Company's unique network  5 properties 3,750 million yen		<b>Off-balancing in line with M&amp;A</b> <p>Silver Heights Hitsujigaoka No.3 Acquisition price: 1,200 million yen</p> <ul style="list-style-type: none"> <li>M&amp;A cases for business succession</li> <li>Needs for securing liquidity on hand</li> </ul>	<b>Sales &amp; Leaseback</b> <p>Alpha Living Okayama Nishigawa Ryokudokoen Acquisition price: 730 million yen</p> <p>Alpha Living Okayama Korakuen Acquisition price: 610 million yen</p> <p>Alpha Living Takamatsu Ekimae Acquisition price: 605 million yen</p> <p>Alpha Living Takamatsu Hyakkenmachi Acquisition price: 605 million yen</p> <ul style="list-style-type: none"> <li>Properties sold by developer group which owns operators</li> <li>Exclusive needs for facility management</li> </ul>		<ul style="list-style-type: none"> <li>Proactively discussing development properties in addition to information on existing facilities obtained from the sourcing routes</li> <li>Also listing cases via bridge funds funded by the sponsor as part of sponsor support. Discussing the cases while acquiring preferential negotiation rights in the three major metropolitan areas</li> </ul>
Sponsor group  2 properties 1,578 million yen		<b>Change of owners</b> <p>Minna-no-ie Omiya Yoshinocho Acquisition price: 740 million yen</p> <p>Minna-no-ie Chuo-ku En'nami Acquisition price: 838 million yen</p> <ul style="list-style-type: none"> <li>Properties introduced by the sponsor group</li> <li>Needs for asset management from owners</li> </ul>			
Advisor 15 properties  13,990 million yen	<b>14 properties 13,280 million yen</b>			<b>Change of owners</b> <p>Sompo no ie Nishitanabeekimae Acquisition price: 710 million yen</p> <ul style="list-style-type: none"> <li>Needs for asset management from owners</li> </ul>	

# Introduction of Operators (1)



Nichii Gakkan Company
2-9 Kanda-Surugadai, Chiyoda-ku, Tokyo
Chairman, President and CEO, Akihiko Terada
August 2, 1973
11,933 million yen
Listed company (First Section of the Tokyo Stock Exchange, Securities code: 9792)
Medical Support Business, Nursing Care and Health Care Business, Education Business and Child-care Business



Nichii Care Center Fukushima Omori



Company name	Sompo Care Next Inc.
Head office	4-12-8 Higashi Shinagawa, Shinagawa-ku, Tokyo
Representative director	Representative director, Ken Endo
Established	November 11, 1992
Capital	5,095 million yen
Attributes (listed market)	Consolidated subsidiary of Sompo Holdings, Inc. (First Section of the Tokyo Stock Exchange, Securities code: 8630)
Principal businesses	Fee-based nursing homes for the elderly, fee-based assisted-living homes for the elderly, outpatient day long-term care (day service) business, home-visit long-term care (home help service) business, home-visit nursing business, in-home long-term care support business
Parent company	Sompo Holdings, Inc.



Sompo Care LAVIERE  
Kinugasayama Koen



Sompo Care LAVIERE  
Hiroshima Hikarigaoka



Sompo Care LAVIERE  
Sagamihara Chuo



Company name	Sawayaka Club Co., Ltd.
Head office	2-10-10 Kumamoto, Kokura-kita-ku, Kitakyushu-shi, Fukuoka
Representative director	Representative director, Fumiharu Uchiyama
Established	December 1, 2004
Capital	200 million yen
Attributes (listed market)	Consolidated subsidiary of Uchiyama Holdings Co., Ltd. (First Section of the Tokyo Stock Exchange, Securities code: 6059)
Principal businesses	Operation of fee-based homes for the elderly, elderly housing with supportive services, group homes, short-stay facilities, helper stations, care plan centers, nursing care day service centers and multifunctional nursing care in a small group home setting
Parent company	Uchiyama Holdings Co., Ltd.



Sawayaka Hinodekan



Sawayaka Obatake Sanbankan



Sawayaka Meisuikan



Sawayaka Kaikyokan



Company name	Cedar Co., Ltd.
Head office	1-7-19 Obatake, Kokura-kita-ku, Kitakyushu-shi, Fukuoka
Representative director	Representative director, Takayasu Zakoda
Established	April 25, 1981
Capital	432 million yen
Attributes (listed market)	Listed company (JASDAQ of the Tokyo Stock Exchange, Securities code: 2435)
Principal businesses	Operation of fee-based homes for the elderly, elderly housing with supportive services, group homes, short-stay facilities, helper stations, care plan centers, nursing care day service centers and multifunctional nursing care in a small group home setting



La'nassica Arakogawa

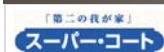
# Introduction of Operators (2)



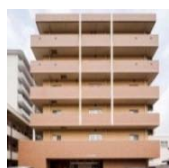
Company name	Charm Care Corporation
Head office	3-6-32 Nakanoshima, Kita-ku, Osaka-shi, Osaka
Representative director	Representative director, Takahiko Shimomura
Established	August 22, 1984
Capital	192 million yen
Attributes (listed market)	Listed company (JASDAQ of the Tokyo Stock Exchange, Securities code: 6062)
Principal businesses	Operation of fee-based nursing homes for the elderly with care and fee-based assisted-living homes for the elderly



Charm Sweet Ryokuchi Koen



Company name	Super Court Co., Ltd.
Head office	1-7-7 Nishihonmachi, Nishi-ku, Osaka-shi, Osaka
Representative director	Representative director, Akiyoshi Yamamoto
Established	May 19, 1995
Capital	50 million yen
Attributes (listed market)	Unlisted company
Principal businesses	Operation/management of fee-based homes for the elderly and housing for the elderly, operation/management of buildings and condominiums, planning/design/construction of rental apartments, a nursing care worker nurturing and training business, etc.
Parent company	Super Holdings Co., Ltd.



Super Court JR Nara-Ekimae



Company name	Nihon Kaigo Iryo Center Co., Ltd.
Head office	2-4-1 Hannancho, Abeno-ku, Osaka-shi, Osaka
Representative director	Representative director, Yusuke Taniguchi
Established	October 7, 1997
Capital	50 million yen
Attributes (listed market)	Unlisted company
Principal businesses	In-home nursing care support business, home-visit nursing care business, operation of rental housing for the elderly, selling and rental of equipment covered by public aid, care worker training business, real estate business



Verger Hirakata



Company name	Wisnet Co., Ltd.
Head office	2-795 Mihashi, Omiya-ku, Saitama-shi, Saitama
Representative director	Representative director, Yuuichi Miyazawa
Established	January 1998
Capital	390 million yen
Attributes (listed market)	Consolidated subsidiary of Sohgo Security Service CO., LTD., (First Section of the Tokyo Stock Exchange, Securities code: 2331)
Principal business	Operation and management of group home for dementia, fee-based homes for the elderly with nursing care, elderly housing with supportive services, helper station, day service center, small scale multi-function home care, home care support office, visiting nursing station



Minna-no-ie Omiya Yoshinocho



Minna-no-ie Chuo-ku En'nami

# Introduction of Operators (3)



Company name	Silver Heights Sapporo Co., Ltd.
Head office	3-41, Fukuzumisanjou, Toyohira-ku, Sapporo-shi, Hokkaido
Representative director	Representative director, Hirofumi Kaneko
Established	December 1961
Capital	50 million yen
Attributes (listed market)	Unlisted company
Principal businesses	Operation of fee-based homes for the elderly, homecare service specified in the Long-Term Care Insurance Act, homecare support specified in the Long-Term Care Insurance Act, purchase/sales, arrangement, lease and management of real estate, etc.



Company name	Anabuki Medical Care Inc.
Head office	2-8, Togyamachi, Takamatsu, Kagawa
Representative director	Representative director, Yoshihisa Otani
Established	June 2009
Capital	80 million yen
Attributes (listed market)	Consolidated subsidiary of Anabuki Kosan Inc. (First Section of the Tokyo Stock Exchange, Securities code: 8928)
Principal businesses	Nursing care-related business (nursing care business, operation of fee-based homes for the elderly, etc.), real estate management, advertising, etc.



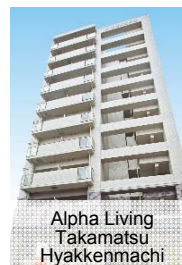
Alpha Living Okayama  
Nishigawa  
Ryokudokoen



Alpha Living Okayama Korakuen



Alpha Living Takamatsu  
Ekimae



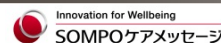
Alpha Living  
Takamatsu  
Hyakkenmachi



Backup operator for Silver Heights Hitsujigaoka No.3

Living Platform, Ltd. agreed with Silver Heights Sapporo Co., Ltd. to provide mutual managerial and financial support, and concluded, on September 7, 2015, a business partnership agreement which confirms development of management system together as group companies.

Company name	Living Platform, Ltd
Head office	20-291, Minami Nijo-nishi, Chuo-ku, Sapporo-shi, Hokkaido
Representative director	Representative director, Hirofumi Kaneko
Established	June 2011
Capital	79 million yen
Attributes (listed market)	Unlisted company
Principal businesses	Nursing care-related business (nursing care business, operation of fee- based homes for the elderly, etc.), real estate management, advertising, etc.



Company name	Sompo Care Message Inc.
Head office	522-1, Nishiichi, Minami-ku, Okayama-shi, Okayama
Representative director	Representative director, Tetsuya Kikui
Established	May 1997
Capital	3,925 million yen
Attributes (listed market)	Consolidated subsidiary of Sompo Holdings, Inc. (First Section of the Tokyo Stock Exchange, Securities code: 8630)
Principal businesses	Operation of fee-based homes for the elderly, elderly housing with supportive services and group homes; Home-visit care (home assistance) service business
Parent company	Sompo Holdings Inc.



Sompo no ie  
Nishitanabeekimae



# Ranking of Operators Based on the Number of Rooms

Ranking (Note 1)	Company name	Fee-based homes for the elderly with nursing care		Residential-type fee-based homes for the elderly		Other housing for the elderly		Total (Note 2)	
		Number of facilities	Number of rooms	Number of facilities	Number of rooms	Number of facilities	Number of rooms	Number of facilities	Number of rooms
1	Sompo Holdings Inc. (Note 3)	294	18,310	5	112	134	7,687	454	26,585
2	Company A	248	13,183	44	2,540	3	159	297	15,900
3	Nichiigakkan Co., Ltd.	134	8,095	2	100	6	238	417	13,361
4	Company B	120	7,629	43	2,708	-	-	163	10,337
5	Company C	57	4,556	32	3,039	-	-	90	7,607
6	Company D	13	952	10	184	12	247	150	6,718
7	Company E	9	630	1	26	4	70	257	5,378
8	Company F	35	2,028	49	3,076	2	140	90	5,307
9	Company G	70	4,178	5	350	6	206	90	4,905
10	Company H	18	1,668	13	966	2	163	48	4,685
11	Company I	31	1,556	3	106	92	3,012	126	4,674
12	Company J	8	228	8	197	75	4,163	94	4,633
13	Company K	11	3,613	4	824	-	-	15	4,437
14	Company L	38	2,091	4	100	7	293	153	4,405
15	Sawayaka Club Co., Ltd.	48	3,233	15	818	1	103	75	4,332
16	Company M	47	3,143	9	564	1	60	62	4,074
17	ALSOK Group (Note 4)	44	2,031	3	92	6	175	133	3,899
18	Company N	3	290	-	-	17	3,200	20	3,490
19	Company O	26	2,025	-	-	10	724	67	3,325
20	Company P	-	-	-	-	101	3,230	101	3,230
21	Super Court Co., Ltd.	17	1,086	25	1,835	2	76	44	2,997
22	Company Q	3	111	4	102	5	192	59	2,732
23	Company R	20	1,596	9	479	5	297	39	2,444
24	Company S	24	1,343	-	-	-	-	80	2,378
25	Company T	4	314	21	1,884	2	166	27	2,364
26	Company U	21	1,792	-	-	6	494	28	2,313
27	Cedar Co., Ltd.	39	2,220	-	-	-	-	42	2,265
28	Company V	5	246	4	78	7	195	68	2,247
29	Charm Care Corporation	30	2,053	1	103	1	84	32	2,240
30	Company W	7	2,183	-	-	-	-	7	2,183

(Note 1) The companies are ranked in descending order according to the number of rooms in the total column.

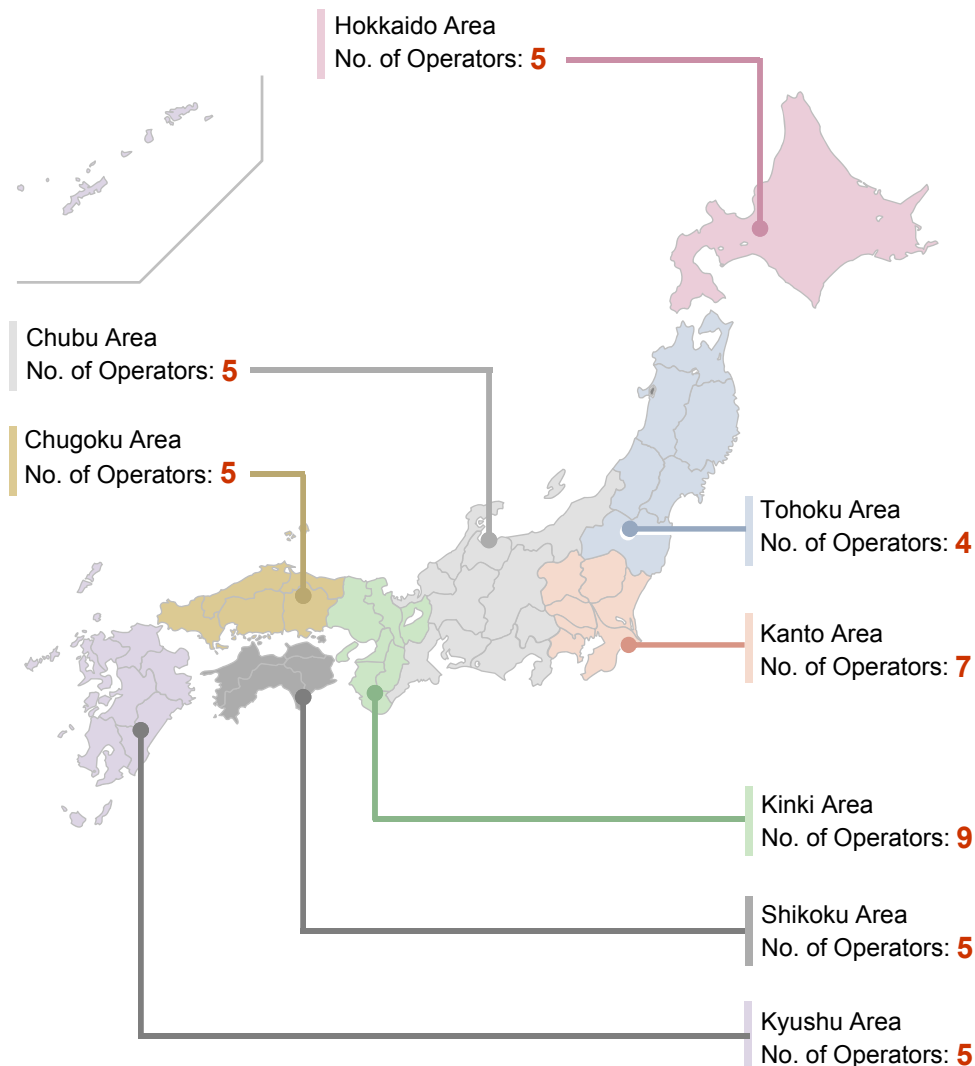
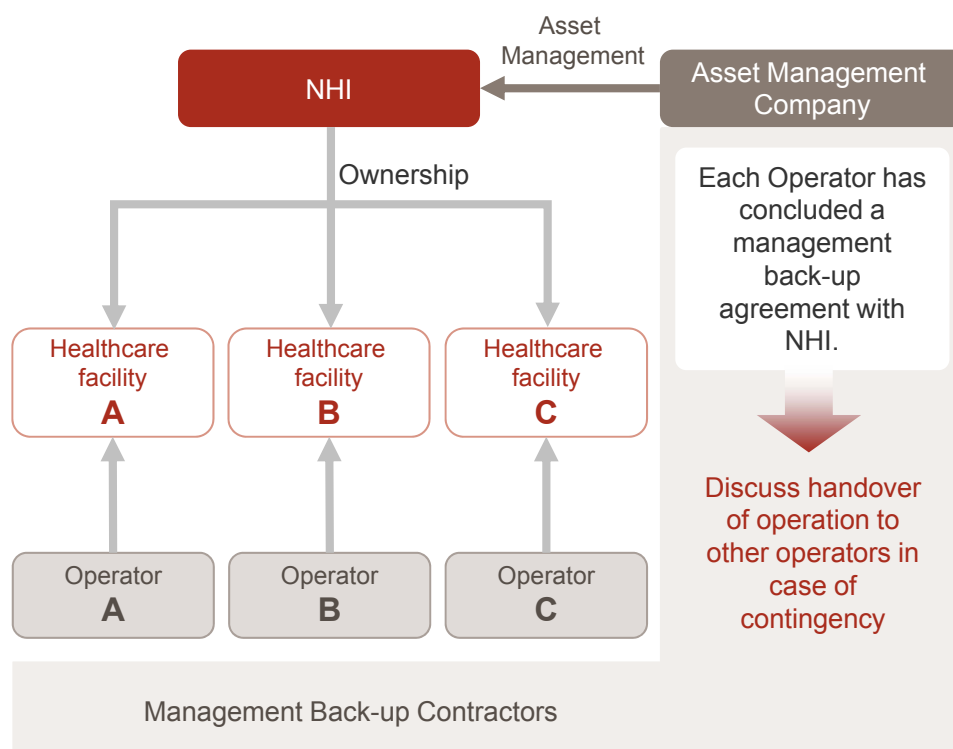
(Note 2) The total figures include group homes for the elderly with dementia and other facilities for the elderly operated by related companies.

(Source) Shukan Koreisha Jutaku Shimben (Weekly elderly housing newspaper)

(Note 3) The figures are sum of Sompo Care Message and Sompo Care Next's.

(Note 4) The figures are those of Wisnet.

# Management Back-up Agreement










# Appraisal Value at End of Fiscal Period (as of April 30, 2017)

Property name	Appraiser	End of 6th FP							End of 5th FP	Difference (End of 6th FP - End of 5th FP)
		Appraisal value	Overview of appraisal report						Appraisal value	
			Direct capitalization method		DCF method			Appraisal NOI		
			Price (million yen)	Cap rate (%)	Price (million yen)	Discount rate (%)	Terminal cap rate (%)			(million yen)
Nichii Care Center Fukushima Omori	Japan Real Estate Institute	353	356	5.7	349	5.5	5.9	22	353	-
Sompo Care LAVIERE Hiroshima Hikarigaoka	Japan Real Estate Institute	1,230	1,240	5.2	1,210	5.0	5.4	69	1,230	-
Sompo Care LAVIERE Sagamihara Chuo	Daiwa Real Estate Appraisal	1,750	1,770	4.9	1,740	4.7	5.1	88	1,750	-
Charm Sweet Ryokuchi Koen	Daiwa Real Estate Appraisal	3,060	3,100	4.6	3,040	4.4	4.8	144	3,060	-
Sawayaka Kaikyokan	Japan Real Estate Institute	899	907	5.3	890	5.1	5.5	50	897	2
Sawayaka Meisukan	Japan Real Estate Institute	813	819	5.3	807	5.1	5.5	47	812	1
Sawayaka Heart Life Nishikyogoku	Daiwa Real Estate Appraisal	1,210	1,220	4.9	1,200	4.7	5.1	60	1,210	-
Verger Hirakata	Daiwa Real Estate Appraisal	1,590	1,610	5.2	1,580	5.0	5.4	85	1,590	-
Sompo Care LAVIERE Kinugasayama Koen	The Tanizawa Sōgō Appraisal	2,060	2,080	4.8	2,050	4.9	5.0	100	2,060	-
La'nassica Arakogawa	The Tanizawa Sōgō Appraisal	1,430	1,440	5.1	1,430	5.2	5.3	74	1,430	-
Sawayaka Hinodekan	Daiwa Real Estate Appraisal	939	950	4.9	934	4.7	5.1	47	938	1
Sawayaka Riverside Kurinoki	Daiwa Real Estate Appraisal	324	330	5.0	322	4.8	5.2	17	323	1
Sawayaka Obatake Sanbankan	Daiwa Real Estate Appraisal	355	360	5.1	353	4.9	5.3	18	355	-
Super Court JR Nara-Ekimae	The Tanizawa Sōgō Appraisal	1,750	1,770	5.0	1,740	5.1	5.2	91	1,750	-
Minna-no-ie Omiya Yoshinocho	The Tanizawa Sōgō Appraisal	799	807	4.9	796	5.0	5.1	40	799	-
Minna-no-ie Chuo-ku En'nami	Japan Real Estate Institute	903	912	4.9	894	4.7	5.1	45	890	13
Silver Heights Hitsujigaoka No.3	Daiwa Real Estate Appraisal	1,330	1,340	4.9	1,330	4.7	5.1	70	1,330	-
Alpha Living Okayama Nishigawa Ryokudokoen	Daiwa Real Estate Appraisal	789	803	4.5	783	4.3	4.7	37	790	-1
Alpha Living Okayama Korakuen	Daiwa Real Estate Appraisal	672	682	4.6	667	4.4	4.8	32	672	-
Alpha Living Takamatsu Ekimae	Daiwa Real Estate Appraisal	641	653	4.6	636	4.4	4.8	30	641	-
Alpha Living Takamatsu Hyakkenmachi	Daiwa Real Estate Appraisal	627	635	4.7	624	4.5	4.9	31	627	-
Sompo no ie Nishitanabeekimae	The Tanizawa Sōgō Appraisal	741	749	4.7	738	4.8	4.9	36	744	-3
Total		24,265	24,533	-	24,113	-	-	1,244	24,251	14



# Portfolio List (1)

Property name	Nichii Care Center Fukushima Omori	Sompo Care LAVIERE Hiroshima Hikarigaoka	Sompo Care LAVIERE Sagamihara Chuo	Charm Sweet Ryokuchi Koen	Sawayaka Kaikyokan
					
Location (residential address)	21-3 Omori Ojibouchi, Fukushima-shi, Fukushima	2-40 Hikarigaoka, Higashi-ku, Hiroshima-shi, Hiroshima	3-6-3 Chuo, Chuo-ku, Sagamihara-shi, Kanagawa	3-2-21 Nishiizumigaoka, Toyonaka-shi, Osaka	1-11-13 Hama-machi, Wakamatsu-ku, Kitakyushu-shi, Fukuoka
Access	Approximately 2.2km from Fukushima Station on the JR Tohoku Main Line	Approximately 1.1km from Hiroshima Station on the JR Sanyo Main Line	Approximately 1.2km from Sagamihara Station on the JR Yokohama Line	Approximately 1.4km from Ryokuchi-koen Station on the Kita-Osaka Kyuko Railway Namboku Line	Approximately 1.1km from Wakamatsu Station on the JR Chikuhō Main Line
Acquisition price (million yen)	265	960	1,170	1,950	630
Real estate appraisal value (million yen) (Note 1)	353	1,230	1,750	3,060	899
NOI yield (%) (Note 2)	8.5	7.2	7.6	7.4	8.0
Depreciation (million yen) (Note 3)	5	9	9	15	7
Structure / floors (Note 4)	S/3F	RC/7F	RC/5F	RC/B1・5F	RC/6F
Leasable area (m <sup>2</sup> )	1,964.68	4,133.82	3,732.95	5,329.73	2,694.42
Total leased area (m <sup>2</sup> )	1,964.68	4,133.82	3,732.95	5,329.73	2,694.42
Number of rooms (rooms)	52	80	80	128	65
Occupancy rate (%) (Note 5)	100.0	83.7	57.5	96.0	100.0
Operator	Nichii Gakkan Company	Sompo Care Next Inc.	Sompo Care Next Inc.	Charm Care Corporation	Sawayaka Club Co., Ltd.
Remaining lease contract period (year) (Note 6)	16.9	16.9	16.9	21.3	16.9

(Note 1) Appraisal values are as of April 30, 2017.

(Note 2) NOI yields are calculated by dividing the appraisal NOI by the acquisition price.



(Note 3) Figures for depreciation are actual figures of the 5th FP ended in April 30, 2017.

(Note 4) For description of structure, "S" refers to steel-framed structure and "RC" refers to reinforced concrete structure.

(Note 5) Occupancy rates are obtained by dividing the number of residents indicated in the written explanation of important matter by the number of rooms, rounded to one decimal place.

(Note 6) Remaining lease contract periods are as of April 30, 2017.

## Portfolio List (2)

Property name	Sawayaka Meisukan	Sawayaka Heart Life Nishikyogoku	Verger Hirakata	Sompo Care LAVIERE Kinugasayama Koen	La'nassica Arakogawa
					
Location (residential address)	5-7-6 Higashinarumizu, Yahatanishi-ku, Kitakyushu-shi, Fukuoka	8 Tsutsumishita-cho, Nishikyogoku, Ukyo-ku, Kyoto-shi, Kyoto	2-20-4 Koyamichi, Hirakata-shi, Osaka	4-8-15 Koyabe, Yokosuka-shi, Kanagawa	4-34-1 Takagi-cho, Minato-ku, Nagoya-shi, Aichi
Access	Approximately 2km from Kurosaki Station on the JR Kagoshima Main Line	Approximately 1.2km from Nishikyogoku Station on the Hankyu Kyoto Line	Approximately 3.5km from Kuzuha Station on the Keihan Main Line	Approximately 1.2km from Kinugasa Station on the JR Yokosuka Line	Approximately 1.4km from Arakogawa-koen Station on the Nagoya Rinkai-kosoku Railway Aonami Line
Acquisition price (million yen)	590	750	950	1,839	1,279
Real estate appraisal value (million yen) (Note 1)	813	1,210	1,590	2,060	1,430
NOI yield (%) (Note 2)	8.1	8.1	9.0	5.5	5.8
Depreciation (million yen) (Note 3)	7	6	9	16	17
Structure / floors (Note 4)	RC/B1・6F	RC/6F	RC/5F	RC/B1・5F	S/4F
Leasable area (m <sup>2</sup> )	4,553.67	2,459.19	2,925.25	4,265.88	3,590.40
Total leased area (m <sup>2</sup> )	4,553.67	2,459.19	2,925.25	4,265.88	3,590.40
Number of rooms (rooms)	87	84	104	104	100
Occupancy rate (%) (Note 5)	100.0	97.6	75.7	92.3	100.0
Operator	Sawayaka Club Co., Ltd.	Sawayaka Club Co., Ltd.	Nihon Kaigo Iryo Center Co., Ltd.	Sompo Care Next Inc.	Cedar Co., Ltd.
Remaining lease contract period (year) (Note 6)	16.9	16.9	16.9	17.4	10.9

(Note 1) Appraisal values are as of April 30, 2017.

(Note 2) NOI yields are calculated by dividing the appraisal NOI by the acquisition price.







(Note 3) Figures for depreciation are actual figures of the 5th FP ended in April 30, 2017.

(Note 4) For description of structure, "S" refers to steel-framed structure and "RC" refers to reinforced concrete structure.

(Note 5) Occupancy rates are obtained by dividing the number of residents indicated in the written explanation of important matter by the number of rooms, rounded to one decimal place.

(Note 6) Remaining lease contract periods are as of April 30, 2017.

# Portfolio List (3)

Property name	Sawayaka Hinodekan	Sawayaka Riverside Kurinoki	Sawayaka Obatake Sanbankan	Super Court JR Nara-Ekimae	Minna-no-ie Omiya Yoshinocho	Minna-no-ie Chuo-ku En'nami
						
Location (residential address)	2-2-33 Hinode, Chuo-ku, Niigata-shi, Niigata	2-2-43 Hinode, Chuo-ku, Niigata-shi, Niigata	1-6-37 Obatake, Kokurakita-ku, Kitakyushu-shi, Fukuoka	1-5-35 Omiyacho, Nara-shi, Nara	2-214-3 Yoshinocho, Kita-ku, Saitama-shi, Saitama	5-5-17 En'nami, Chuo-ku, Saitama-shi, Saitama
Access	Approximately 1.7km from Niigata Station on the JR Joetsu Shinkansen and Shinetsu Main Line	Approximately 1.65km from Niigata Station on the JR Joetsu Shinkansen and Shinetsu Main Line	Approximately 2.5km from Kokura Station on the JR Kagoshima Main Line	Approximately 280m from Nara Station on the JR Kansai Main Line	Approximately 2.5km from Miyahara Station on the JR Takasaki Line	Approximately 2.4km from Kitayono Station on the JR Saikyo Line
Acquisition price (million yen)	773	266	289	1,569	740	838
Real estate appraisal value (million yen) (Note 1)	939	324	355	1,750	799	903
NOI yield (%) (Note 2)	6.2	6.4	6.5	5.8	5.5	5.4
Depreciation (million yen) (Note 3)	8	3	4	17	6	8
Structure / floors (Note 4)	S/3F	S/4F	S/3F	RC/7F	RC/4F	RC/3F
Leasable area (m <sup>2</sup> )	2,674.37	1,349.39	1,411.78	5,057.07	1,800.03	1,963.03
Total leased area (m <sup>2</sup> )	2,674.37	1,349.39	1,411.78	5,057.07	1,800.03	1,963.03
Number of rooms (rooms)	50	33	50	155	33	51
Occupancy rate (%) (Note 5)	100.0	82.0	94.0	89.6	81.8	(Note 7)
Operator	Sawayaka Club Co., Ltd.	Sawayaka Club Co., Ltd.	Sawayaka Club Co., Ltd.	Super Court Co., Ltd.	Wisnet Co., Ltd.	Wisnet Co., Ltd.
Remaining lease contract period (year) (Note 6)	17.6	17.6	17.6	22.2	19.8	26.9

(Note 1) Appraisal values are as of April 30, 2017.

(Note 2) NOI yields are calculated by dividing the appraisal NOI by the acquisition price.

(Note 3) Figures for depreciation are actual figures of the 5th FP ended in April 30, 2017.







(Note 4) For description of structure, "S" refers to steel-framed structure and "RC" refers to reinforced concrete structure.

(Note 5) Occupancy rates are obtained by dividing the number of residents indicated in the written explanation of important matter by the number of rooms, rounded to one decimal place.

(Note 6) Remaining lease contract periods are as of April 30, 2017.

(Note 7) Minna-no-ie chuo-ku En'nami has suspended business since January 2017, and the number of residents as of the end of April 2017 is zero. It is scheduled to resume operations in September 2017

# Portfolio List (4)

Property name	Silver Heights Hitsujigaoka No.3	Alpha Living Okayama Nishigawa Ryokudokoen	Alpha Living Okayama Korakuen	Alpha Living Takamatsu Ekimae	Alpha Living Takamatsu Hyakkenmachi	Sompo no ie Nishitanabeekimae
						
Location (residential address)	15-4-38, Tsukisamu Higashi Shijo, Toyohira- ku, Sapporo-shi, Hokkaido	6-2 Chuo-cho, Kita-ku, Okayama-shi, Okayama	1-11-4, Hama, Naka-ku, Okayama-shi, Okayama	1-6, Nishiuchi-machi, Takamatsu-shi, Kagawa	8-11, Hyakken-machi, Takamatsu-shi, Kagawa	1-1-21 Nishitanabe-cho, Abeno-ku, Osaka-shi, Osaka
Access	Approximately 1.2km from Nango Juhatchome Station on the Tozai Line of the Sapporo Municipal Subway	Approximately 1.5km from Okayama Station on the JR Sanyo Main Line	Approximately 1.9km from Okayama Station on the JR Sanyo Main Line	Approximately a five- minute walk from Takamatsu Station on the JR Yosai Line	Approximately 1.1km from Takamatsu Station on the JR Yosai Line	Approximately a two- minute walk from Nishitanabe Station on the Osaka Municipal Subway Midosuji Line.
Acquisition price (million yen)	1,200	730	610	605	605	710
Real estate appraisal value (million yen) (Note 1)	1,330	789	672	641	627	741
NOI yield (%) (Note 2)	5.9	5.1	5.3	5.1	5.2	5.1
Depreciation (million yen) (Note 3)	8	7	4	6	6	5
Structure / floors (Note 4)	RC/3F	RC/7F	RC/4F	RC/6F	RC/10F	RC/9F
Leasable area (m <sup>2</sup> )	7,267.56	2,124.16	2,128.44	1,848.06	1,929.16	2,095.79
Total leased area (m <sup>2</sup> )	7,267.56	2,124.16	2,128.44	1,848.06	1,929.16	2,095.79
Number of rooms (rooms)	109	53	45	43	50	42
Occupancy rate (%) (Note 5)	94.5	65.4	83.3	97.7	92.5	92.8
Operator	Silver Heights Sapporo Co., Ltd.	Anabuki Medical Care Inc.	Anabuki Medical Care Inc.	Anabuki Medical Care Inc.	Anabuki Medical Care Inc.	Sompo Care Message Inc.
Remaining lease contract period (year) (Note 6)	18.6	18.2	18.2	18.2	18.2	9.9

(Note 1) Appraisal values are as of April 30, 2017.

(Note 2) NOI yields are calculated by dividing the appraisal NOI by the acquisition price.

(Note 3) Figures for depreciation are actual figures of the 5th FP ended in April 30, 2017.

(Note 4) For description of structure, "S" refers to steel-framed structure and "RC" refers to reinforced concrete structure.

(Note 5) Occupancy rates are obtained by dividing the number of residents indicated in the written explanation of important matter by the number of rooms, rounded to one decimal place.

(Note 6) Remaining lease contract periods are as of April 30, 2017

# Balance Sheets for 6th Fiscal Period Ended April 2017

		The 5th FP Actual		The 6th FP Actual	
		Amount (million yen)	Ratio	Amount (million yen)	Ratio
Assets	Current Assets	1,487	7.0%	1,611	7.6%
	Cash and deposits	1,029		1,163	
	Cash and deposits in trust	436		431	
	Other current assets	21		16	
	Fixed Assets	19,827	93.0%	19,658	92.4%
	Tangible fixed assets	19,757	92.7%	19,593	92.1%
	Buildings and others (including trust property)	11,808		11,644	
	Land and others (including trust property)	7,949		7,949	
	Intangible fixed assets	43	0.2%	42	0.2%
	Leasehold rights and leasehold rights in trust	40		40	
	Other intangible fixed assets	2		2	
	Investments and other assets	27	0.1%	21	0.1%
	Leasehold and security deposits paid in trust	10		10	
	Long-term prepaid expenses	17		11	
<b>Total Assets</b>		<b>21,315</b>	<b>100.0%</b>	<b>21,269</b>	<b>100.0%</b>

		The 5th FP Actual		The 6th FP Actual	
		Amount (million yen)	Ratio	Amount (million yen)	Ratio
Liabilities	Current Liabilities	2,489	11.7%	2,501	11.8%
	Operating account payables	24		55	
	Short-term loans payable	500		500	
	Current portion of long-term loans payable	1,800		1,800	
	Accounts payable – other	75		55	
	Advances received	85		85	
	Other current liabilities	4		5	
	Fixed Liabilities	8,230	38.6%	8,230	38.7%
	Long-term loans payable	7,500		7,500	
	Tenant leasehold and security deposits	730		730	
<b>Total Liabilities</b>		<b>10,720</b>	<b>50.3%</b>	<b>10,731</b>	<b>50.5%</b>
Net Assets	Unitholders' equity (net)	10,348	48.5%	10,288	48.4%
	Unitholders' equity	10,504		10,504	
	Deduction from unitholders' equity	-155		-215	
	Unappropriated retained earnings	246	1.2%	249	1.2%
<b>Total Net Assets</b>		<b>10,595</b>	<b>49.7%</b>	<b>10,538</b>	<b>49.5%</b>
<b>Total Liabilities and Net Assets</b>		<b>21,315</b>	<b>100.0%</b>	<b>21,269</b>	<b>100.0%</b>



# Status of Unitholders as of the end of April 2017

## Ownership ratio of investment units by category

Category of unitholders	Number of units at the end of 5th FP	Number of units at the end of 6th FP	Increase/decrease from the previous FP	Ratio at the end of 6th FP*
Individual/others	35,829	36,048	219	48.30%
Financial institutions	23,187	22,470	-717	30.11%
Major city banks	0	0	0	0.00%
Regional banks	1,792	1,518	-274	2.03%
Trust banks	17,728	17,261	-467	23.13%
Life insurance companies	286	286	0	0.38%
Non-life insurance companies	0	0	0	0.00%
Other financial institutions	3,381	3,405	24	4.56%
Other domestic companies	12,146	12,404	258	16.62%
Foreigners	2,439	2,624	185	3.52%
Securities companies	1,031	1,086	55	1.46%
<b>Total</b>	<b>74,632</b>	<b>74,632</b>	<b>0</b>	<b>100.00%</b>

## Major unitholders (top 10)

No.	Name	Number of units held at the end of 5th FP	Number of units held at the end of 6th FP	Increase/decrease from the previous FP	Ratio at the end of 6th FP*
1	Daiwa Securities Group Inc.	7,600	0	7,600	10.18%
2	Japan Trustee Services Bank Ltd. (Trust Investment Trust Account)	5,602	-130	5,472	7.33%
3	The Master Trust Bank of Japan, Ltd. (Investment Trust Account)	5,676	-340	5,336	7.15%
4	Trust & Custody Services Bank Ltd. (Trust Investment Trust Account)	3,883	152	4,035	5.41%
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1,873	-172	1,701	2.28%
6	Daiwa Real Estate Asset Management Co. Ltd.	1,000	0	1,000	1.34%
7	Osaka Shinkin Bank	690	197	887	1.19%
8	THE BANK OF NEW YORK MELLON 140044	850	0	850	1.14%
9	Fukui Medical Credit Association	745	0	745	1.00%
10	YONEZAWA SHINKIN BANK	700	0	700	0.94%
<b>Total</b>		<b>28,619</b>	<b>-293</b>	<b>28,326</b>	<b>37.95%</b>

\*Rounded to two decimal places.

\*Rounded to two decimal places.

# IR Activities / Indices that include NHI

## Held IR events at regions of the country

Month / Year	Name of IR Event	Location
<b>July 2016</b>	• Daiwa J-REIT Festa 2016	Tokyo
<b>July 2016</b>	• 3rd general meeting of unitholders • Briefing session on asset management for individual investors (4th FP)	Tokyo
<b>November 2016</b>	• J-REIT Fair for individual investors 2016 (cosponsored by ARES and TSE)	Tokyo
<b>December 2016</b>	• Special seminar for healthcare facility operators	Osaka
<b>December 2016</b>	• Financial results briefing for institutional investors (5th FP)	Tokyo
<b>January 2017</b>	• Briefing session on asset management for individual investors (5th FP)	Tokyo
<b>February 2017</b>	• TSE IR Festa 2017	Tokyo
<b>June 2017 (Plan)</b>	• Special seminar for healthcare facility operators	Fukuoka

Special seminar for healthcare facility operators  
(Osaka)



TSE IR Festa 2017

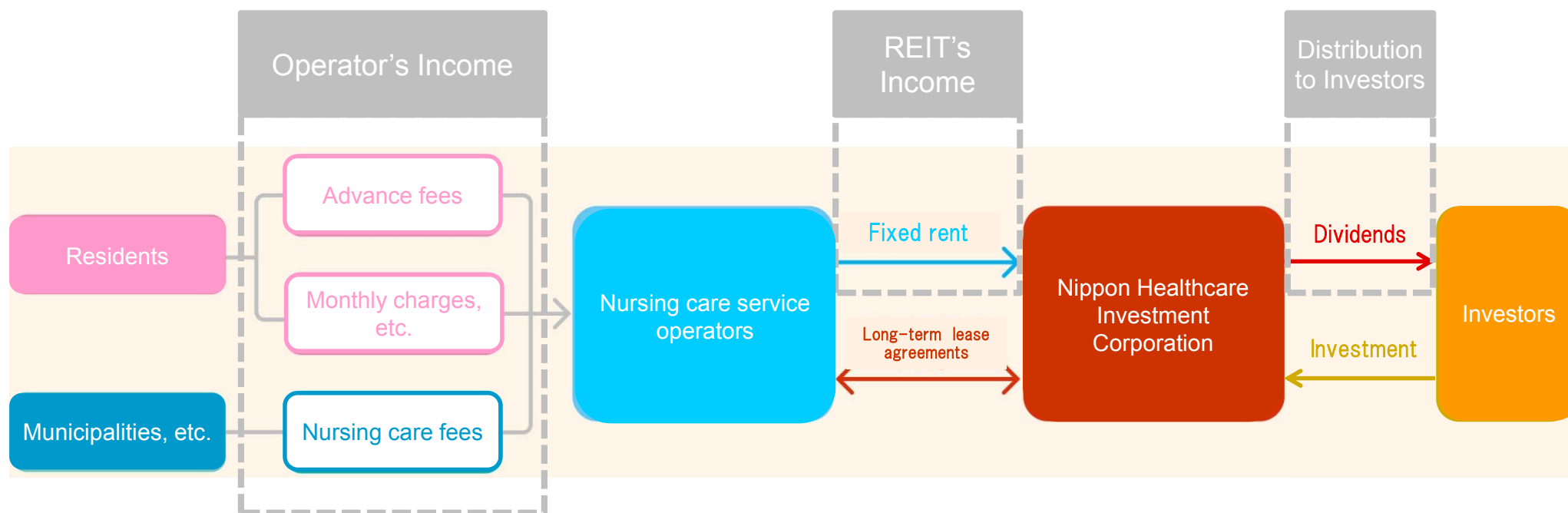


## Indices that include NHI

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



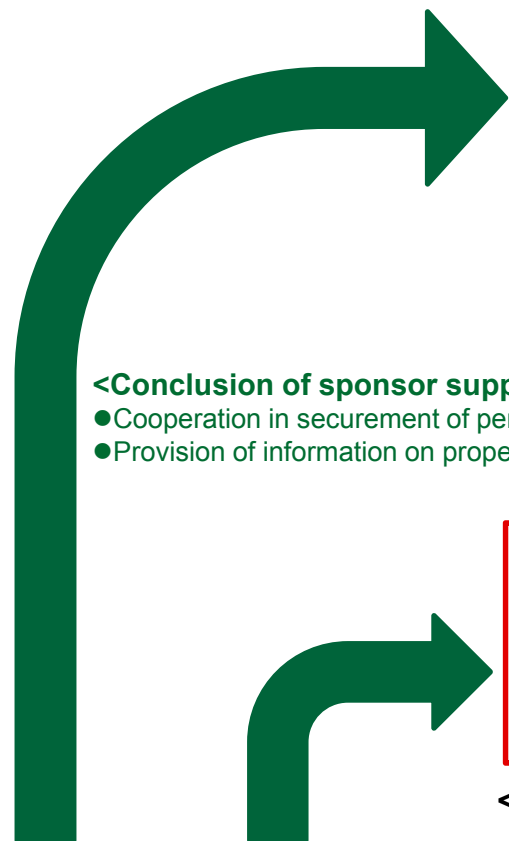
# Framework of stable cash flow





# Support and Independence

<Same boat investment in NHI by the Daiwa Securities Group Inc.>  
Holding 10.2% of NHI's investment units issued



## <Conclusion of sponsor support agreement>

- Cooperation in securement of personnel
- Provision of information on properties, etc.

### Investment Corporation

日本ヘルスケア投資法人

Nippon Healthcare Investment Corporation

### Asset Management

### Asset Management Company

大和リアル・エステート・アセット・マネジメント

Daiwa Real Estate Asset Management

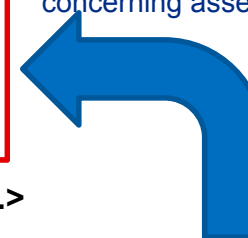
<Invested 100% by Daiwa Securities Group Inc.>

### Operator

- Sawayaka Club Co., Ltd.
- Super Court Co., Ltd.
- Nichiigakkan Company
- Sompo Care Next Inc.
- Cedar Co., Ltd.
- Charm Care Corporation
- Nihon Kaigo Iryo Center Co., Ltd.
- Wisnet Co., Ltd.
- Silver Heights Sapporo Co., Ltd.
- Anabuki Medical Care Inc.
- Sompo Care Message Inc.

## <Conclusion of advisory agreement>

- Provision of information on management/operation of healthcare facilities
- Provision of advisory work such as assisting and supporting negotiations with operators
- Provision of advice on market research/analysis concerning assets under investment target



### Sponsor

大和証券グループ本社

Daiwa Securities Group Inc.

Support

### Advisor



AIP Healthcare Japan



# Overview of Asset Management Company (1)

## Corporate Profile

As of May 31, 2017

Corporate 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
Representative Director	Akira Yamanouchi
Board of Directors	10 Executive directors: 5 / Executive auditors: 1 Non-executive directors: 2 / Non-executive auditors: 2
No. of Employees	69 (excluding dispatched employees)
Registered financial instruments firm	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, Transportation 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

As of May 31, 2017

President and Representative Director	Akira Yamanouchi
Vice President and Representative Director	Yuji Shinotsuka
Vice President and Representative Director	Yoshiki Nishigaki
Director	Hajime Imbe
Director (non-executive)	Mikita Komatsu
Director (non-executive)	Naoya Otani
Auditor	Tamaki Shibayama
Auditor (non-executive)	Morimasa Matsuda
Auditor (non-executive)	Shinji Kiso

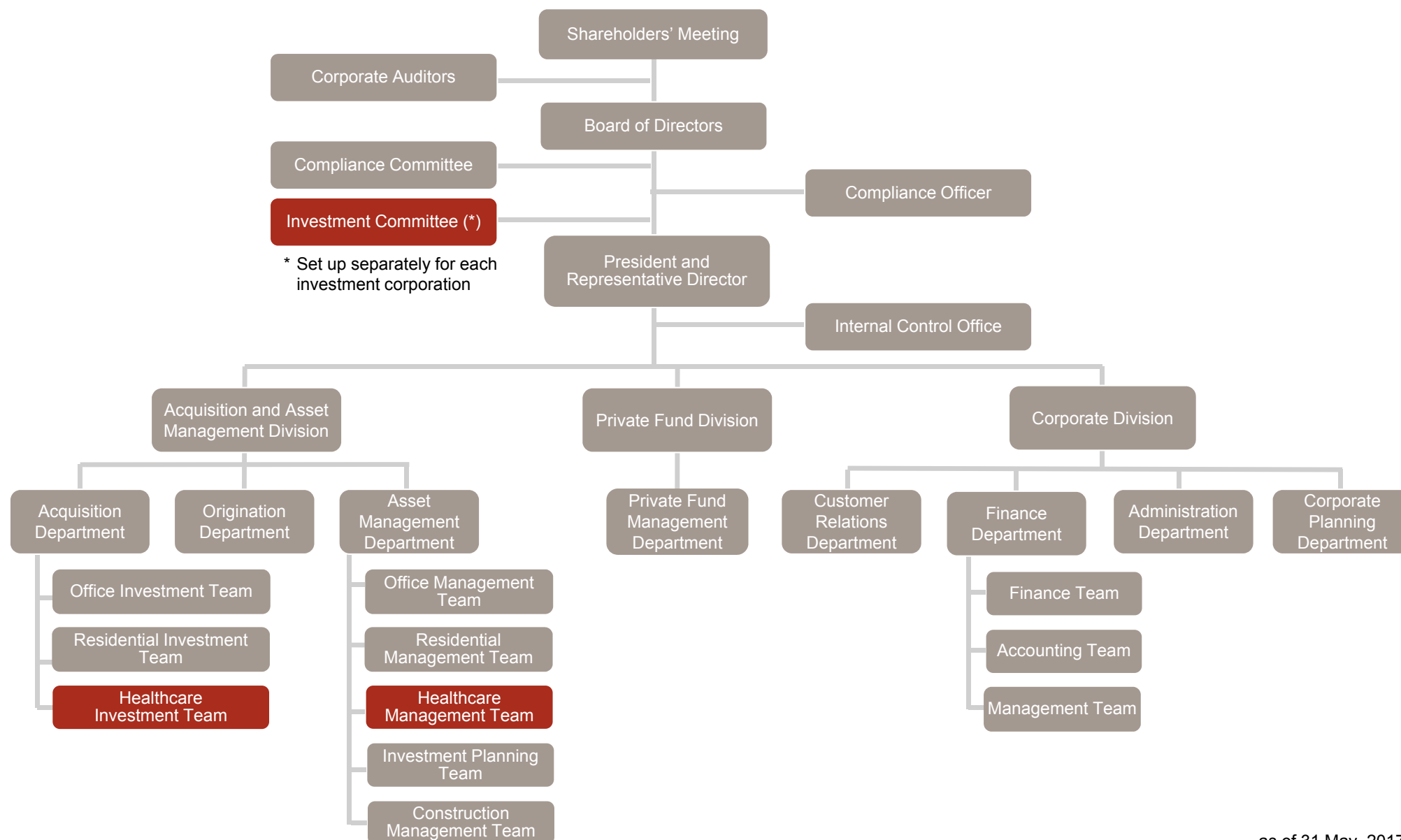
## REITs which entrust the asset management to the Asset Management Company

As of May 31, 2017

Daiwa Office Investment Corporation	Listed REIT focusing on office buildings Asset size: approximately 469.3 billion yen (54 properties)
Daiwa Residential Private Investment Corporation	Unlisted REIT focusing on residential properties Asset size: approximately 100.5 billion yen (64 properties)
Nippon Healthcare Investment Corporation	Japan's first listed REIT focusing on healthcare facilities Asset size: approximately 19.3 billion yen (22 properties)

# Overview of Asset Management Company (2)

## Organization of Asset Management Company



as of 31 May, 2017

