

As of December 20, 2017

# Hopeful future for Japan

## Nippon Healthcare Investment Corporation

Presentation Material for  
The 7th Fiscal Period Ended October 2017  
Securities code : 3308



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# Highlights of 7th Fiscal Period (Ended October 2017)

## ■ <Management status>

- Average occupancy rate for the entire portfolio at the end of the 7th Fiscal Period was 89.5% (up 2.9% from the 6th Fiscal Period)
- Implemented renovation of interior and exterior finishing at some facilities for the purpose of promoting and stably maintaining occupancy (Sawayaka Hinodekan: 16 million yen, Verger Hirakata: 11 million yen, etc.)
- Operators' rent-paying capacity remained unchanged from the 6th Fiscal Period at 1.5

## ■ <External growth>

- Continual property acquisitions utilizing sponsor's bridge funds (approx. 10.0 billion yen)

## ■ <Financial status>

- Staggered maturities by refinancing 2.3 billion yen
- LTV was 46.2%, ratio of fixed rates was 76.5% and average remaining loan period was 2.3 years

## ■ <Other>

- With Sompo Care Message joining the lineup of operators offering unitholder benefits, unitholder benefits will be offered by all operators for the 7th Fiscal Period



# Section 1

## **Operating Results**

**for the 7th Fiscal Period**

# Operating Results for 7th Fiscal Period

## Actual results for the 7th Fiscal Period

(unit: million yen)

	6th FP (ended Apr. 2017) (results)	7th FP (ended Oct. 2017) (results)	Difference
Number of properties owned at end of the fiscal period	22	22	-
Operating revenue	697	697	- 0
Operating expenses	419	424	+ 4
Property-related expense (excluding depreciation)	101	101	+ 0
Depreciation	193	195	+ 2
Operating income	277	273	- 4
Non-operating revenue	0	0	+ 0
Non-operating expense	27	27	+ 0
Interest expense	21	21	+ 0
Ordinary income	250	245	- 5
Net income	249	244	- 5

### Increase factors

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

### Decrease factor

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

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)	4,143	4,124	- 19
Distribution per unit (excluding distribution in excess of earnings)	3,343	3,274	- 69
Distribution per unit in excess of earnings	800	850	+ 50

(Reference)

Depreciation per unit (yen)	2,595	2,624
Ratio of distribution in excess of earnings to depreciation per unit	30.8%	32.4%

## Comparison of forecast and actual results for 7th Fiscal Period

(unit: million yen)

	7th FP (ended Oct. 2017) (forecast) (Disclosed as of 21 Dec. 2017)	7th FP (ended Oct. 2017) (results)	Difference
Number of properties owned at end of the fiscal period	22	22	-
Operating revenue	697	697	-
Operating expenses	426	424	-1
Net income	242	244	+ 1
Distribution per unit (yen) (including distribution in excess of earnings)	4,100	4,124	+ 24
Distribution per unit (excluding distribution in excess of earnings)	3,250	3,274	+ 24
Distribution per unit (in excess of earnings)	850	850	-



# Forecast of Operating Results for 8th Fiscal Period and 9th Fiscal Period

## 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	427	+2
Property-related expenses (excluding depreciation)	99	-1
Depreciation	199	+3
Operating income	270	-2
Non-operating revenue	0	-0
Non-operating expense	27	-0
Interest expense	21	-0
Ordinary income	242	-2
Net income	241	-2

### Increase factors

Depreciation	(+3 million yen)
Utility Charges	(+3 million yen)
Other fees	(+2 million yen)

### Decrease factor

Repair Cost	(-5 million yen)
-------------	------------------

	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	-24
(including distribution in excess of earnings)		
Distribution per unit (excluding distribution in excess of earnings)	3,240	-34
Distribution per unit in excess of earnings	860	+10

### (Reference)

Depreciation per unit (yen)	2,677
Ratio of distribution in excess of earnings to depreciation per unit	32.1%

## Forecast of the 9th fiscal period

	9th FP (ending Oct. 2018) (forecast)	(unit: million yen) Difference from the 8th FP
Number of properties owned at end of the fiscal period	22	-
Operating revenue	697	-0
Operating expenses	427	-0
Property-related expenses (excluding depreciation)	86	-13
Depreciation	202	+2
Operating income	270	-0
Non-operating revenue	-	-
Non-operating expense	28	+0
Interest expense	21	+0
Ordinary income	242	-0
Net income	241	-0

### Increase factors

Asset Custody and Admin. Service fees	(+6 million yen)
Depreciation	(+2 million yen)

### Decrease factor

Repair Cost	(-12 million yen)
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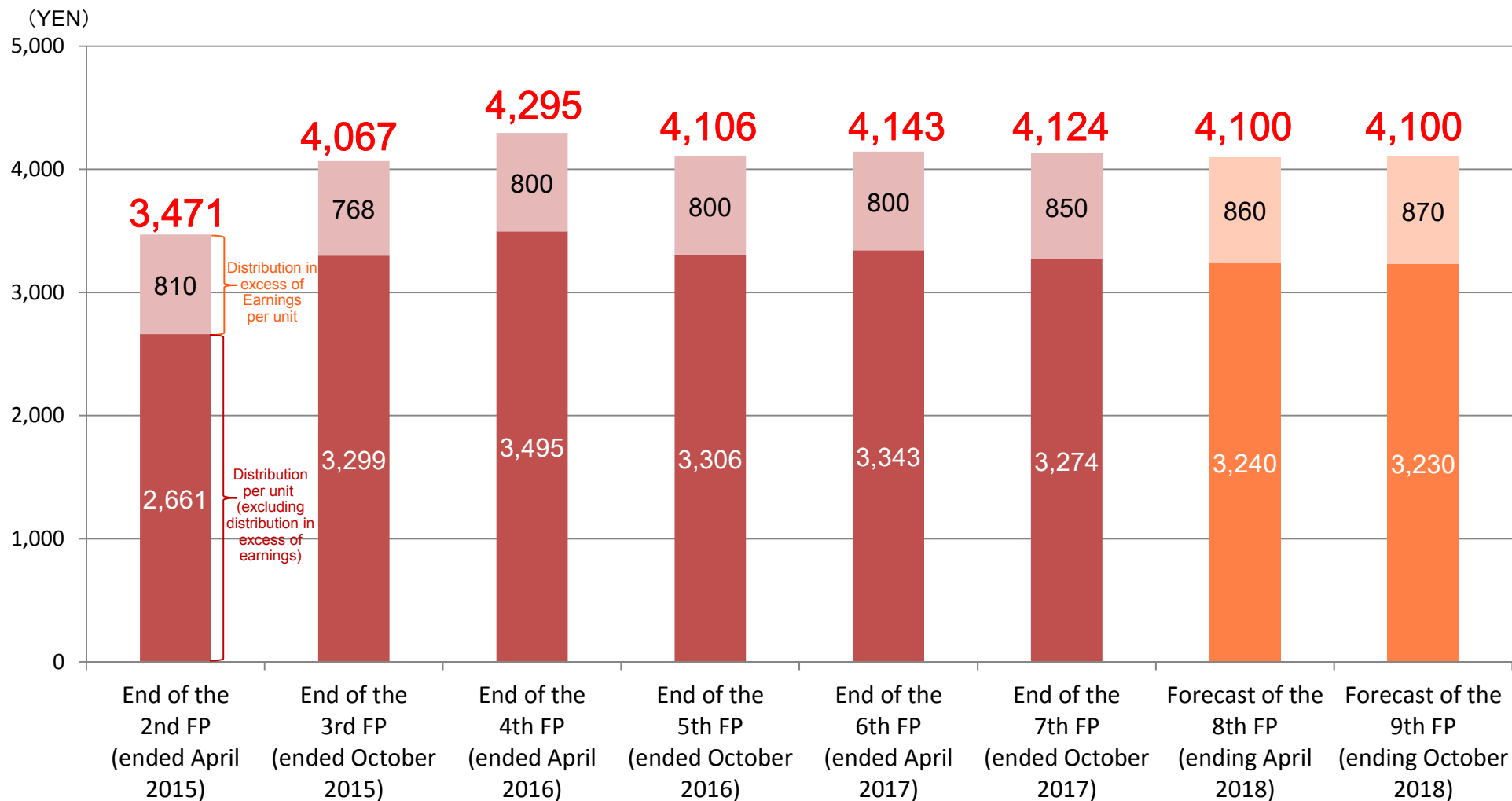
	9th FP (ending Oct. 2018) (forecast)	Difference from the 8th FP
Number of investment units issued and outstanding at the end of the fiscal period (units)	74,632	-
Distribution per unit (yen)	4,100	-
(including distribution in excess of earnings)		
Distribution per unit (excluding distribution in excess of earnings)	3,230	-10
Distribution per unit in excess of earnings	870	+10

### (Reference)

Depreciation per unit (yen)	2,713
Ratio of distribution in excess of earnings to depreciation per unit	32.1%

# Distribution per Unit

## Distribution per Unit







# Section 2

## **External Growth**

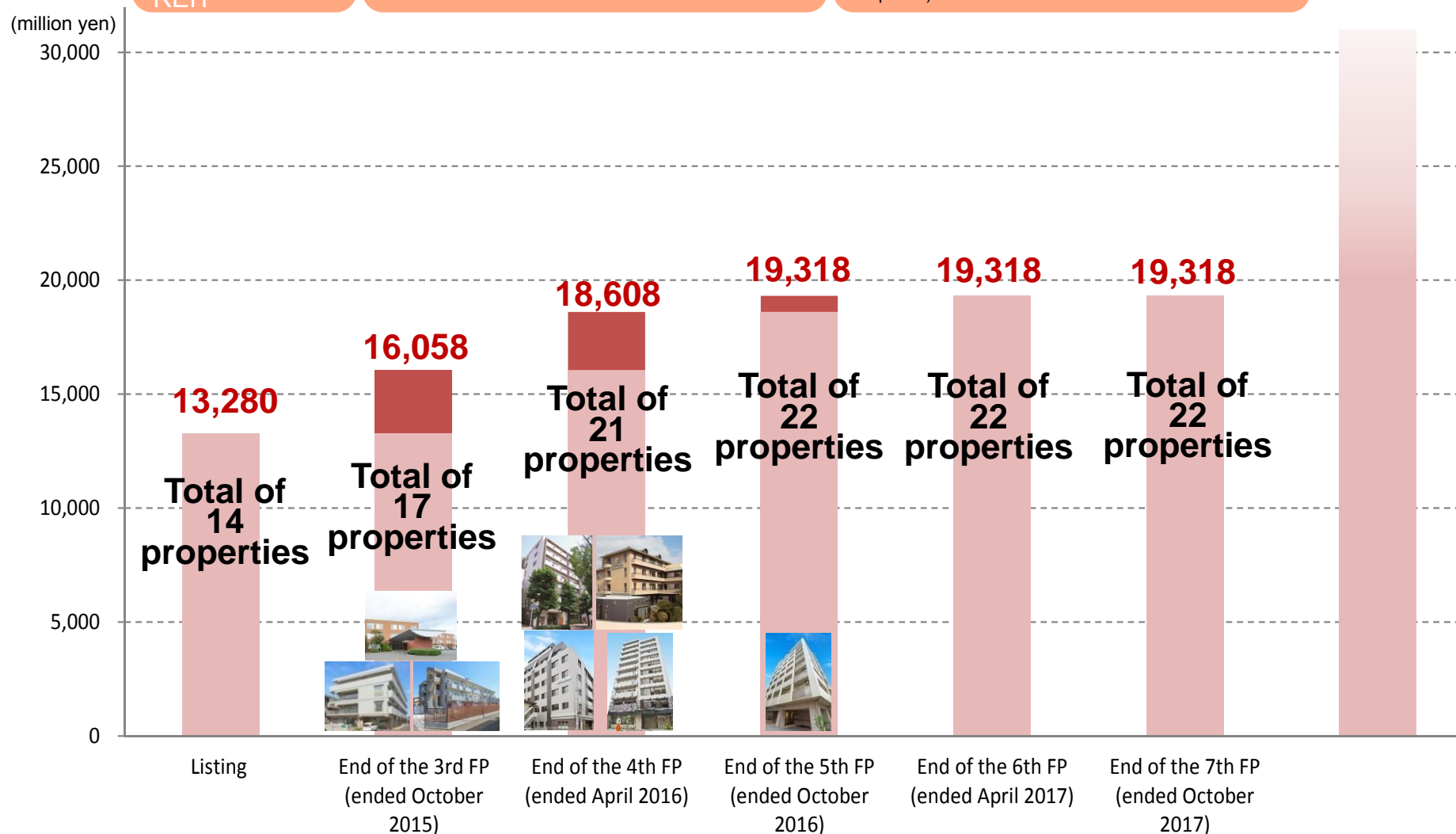
# Change in Asset Size

## 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.)



# 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, 7th 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>4 properties Acquisition price: 2,550 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>		Proactively discussing development properties in addition to information on existing facilities obtained from the sourcing routes
Sponsor group  2 properties 1,578 million yen		<b>Change of owners</b> <p>2 properties Acquisition price: 1,578 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	14 properties 13,280 million yen			<b>Change of owners</b>  <p>Sampo no ie Nishitanabeekimae Acquisition price: 710 million yen</p> <ul style="list-style-type: none"> <li>Needs for asset management from owners</li> </ul>	
Sponsor's bridge funds Approximately 10.0 billion yen					Acquisition of preferential negotiation rights in the Three Major Metropolitan Areas including Tokyo in the amount of approximately 10.0 billion yen



# Section 3

## **Portfolio Analysis**



# Portfolio List (as of October, 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)	6th FP Occupancy rates (Note 5)	7th FP Occupancy rates (Note 6)
						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	98.4
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	86.4
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	80.0
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	67.5
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	86.5
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	93.8
7	1st Fiscal Period	Sawayaka Meisukan	Fee-based homes for the elderly with nursing care		Kitakyushu City, Fukuoka	590	3.1	813	87	100.0	100.0
8	1st Fiscal Period	Sawayaka Heart Life Nishikyogoku	Residential-type fee-based homes for the elderly		Kyoto City, Kyoto	750	3.9	1,190	84	97.6	100.0
9	2nd Fiscal Period	Sawayaka Hinodekan	Fee-based homes for the elderly with nursing care		Niigata City, Niigata	773	4.0	921	50	100.0	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	92.3
11	2nd Fiscal Period	Sawayaka Obatake Sanbankan	Residential-type fee-based homes for the elderly		Kitakyushu City, Fukuoka	289	1.5	355	50	94.0	92.0
12	1st Fiscal Period	Nichii Care Center Fukushima Omori	Fee-based homes for the elderly with nursing care	Nichii Gakkan	Fukushima City, Fukushima	265	1.4	353	52	100.0	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	99.0
14	1st Fiscal Period	Verger Hirakata	Residential-type fee-based homes for the elderly	Nihon Kaigo	Hirakata City, Osaka	950	4.9	1,600	104	75.7	68.2
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	779	33	81.8	78.7
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	859	51	(Note 7)	58.8
17	3rd Fiscal Period	Silver Heights Hitsujioka No.3	Fee-based homes for the elderly with nursing care	Silver Heights Sapporo	Sapporo City, Hokkaido	1,200	6.2	1,340	109	94.5	90.0
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	81.8
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	95.8
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	88.6
21	4th Fiscal Period	Alpha Living Takamatsu Hyakkenmachi	Elderly housing with supportive services		Takamatsu City, Kagawa	605	3.1	628	50	92.5	88.8
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	97.6
11 operators 22 properties Total						19,318	100.0	24,184	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."

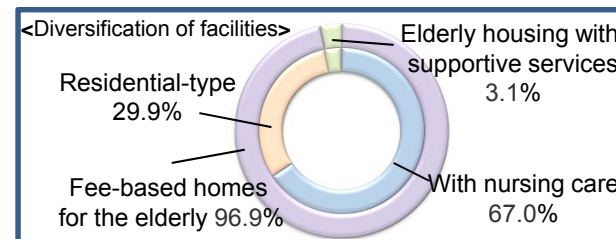
(Note 3) "Appraisal value" is as of October 31, 2017.

(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 matter received in June 2017 from operators by the resident capacity, rounded down to one decimal place.

(Note 6) "Occupancy rate" is obtained by dividing the number of residents indicated in the written explanation of important matters received in December 2017 from operators by the resident capacity, rounded down to one decimal place.

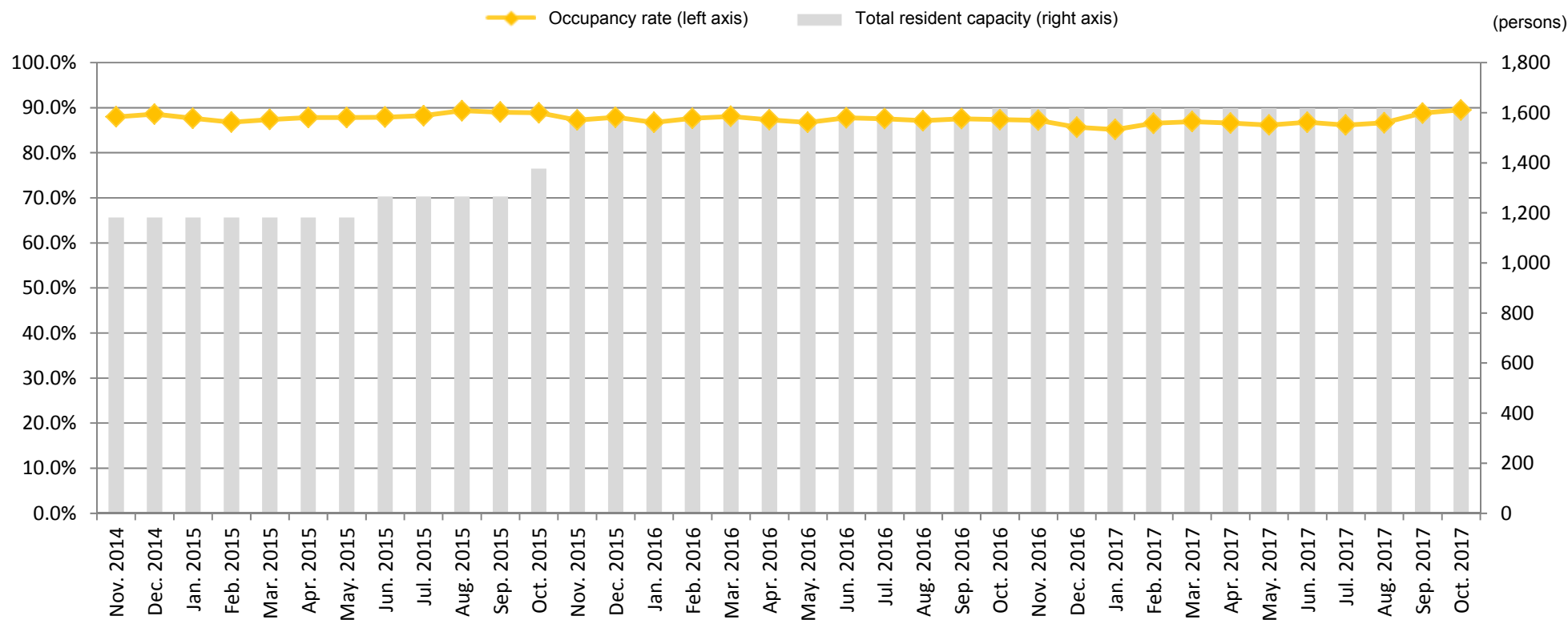
(Note 7) The number of residents was zero at the end of April 2017 because Minna-no-ie Chuo-ku En'nami suspended operations from January 2017.



(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 rose by 2.9% from 86.6% at the end of April 2017 to 89.5% at the end of October 2017.
- The period average rose by 1.0% from 86.3% for the 6th Fiscal Period to 87.3% for the 7th Fiscal Period.

(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	26.4Years
	Minna-no-ie Omiya Yoshinocho	February 28, 2037	19.3Years
Super Court	Super Court JR Nara-Ekimae	July 14, 2039	21.7Years
Charm Care Corporation	Charm Sweet Ryokuchi Koen	August 28, 2038	20.8Years
Silver Heights Sapporo	Silver Heights Hitsujigaoka No.3	November 30, 2035	18.1Years
Anabuki Medical Care	Alpha Living Okayama Nishigawa Ryokudokoen	June 30, 2035	17.7Years
	Alpha Living Okayama Korakuen		
	Alpha Living Takamatsu Ekimae		
	Alpha Living Takamatsu Hyakkenmachi		
Sompo Care Next	Rest Villa Kinugasayama Koen	September 11, 2034	16.9Years
	Rest Villa Hiroshima Hikarigaoka	March 28, 2034	16.4Years
	Rest Villa Sagamihara Chuo		
Sawayaka Club	Sawayaka Hinodekan	November 30, 2034	17.1Years
	Sawayaka Riverside Kurinoki		
	Sawayaka Obatake Sanbankan		
	Sawayaka Kaikyokan	March 27, 2034	16.4Years
	Sawayaka Meisuiikan		
	Sawayaka Heart Life Nishikyogoku		
Nichii Gakkan	Nichii Care Center Fukushima Omori	March 31, 2034	<b>16.4Years</b>
Nihon Kaigo Iryo Center	Verger Hirakata	March 28, 2034	<b>16.4Years</b>
Cedar	La'nassica Arakogawa	March 31, 2028	<b>10.4Years</b>
Sompo Care Message Inc.	Sompo no ie Nishitanabeekimae	March 31, 2027	<b>9.4Years</b>
Average remaining period			<b>17.5Years</b>

(Note) "Remaining Lease Contract Period" indicates period remaining as of October 31, 2017. "Average remaining period" is a weighted average with acquisition prices, rounded to one decimal place.



# Status of Portfolio: Fee Systems of Facilities

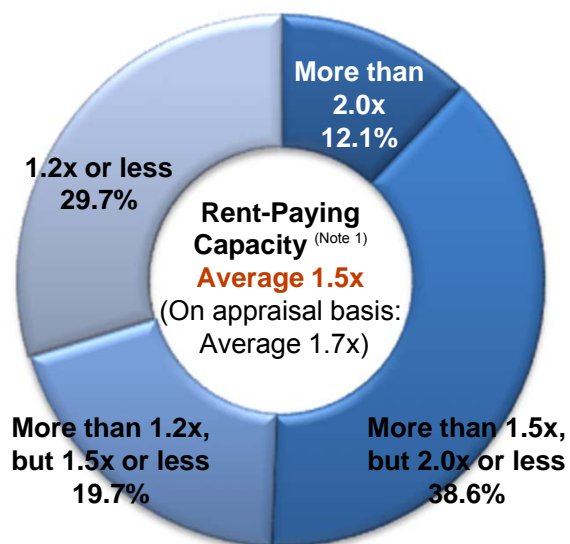
Name of facility	One-time entrance fee (thousand yen) <sup>(Note1,2)</sup>	Monthly rent (yen) <sup>(Note1,2)</sup>	Date of acquiring the written explanation of important matters
Charm Sweet Ryokuchi Koen	2,400~4,800	157,800~203,800	July 1, 2017
		237,800~243,800	
Super Court JR Nara-Ekimae		150,080	October 1, 2017
Sompo Care LAMERE Hiroshima Hikarigaoka	4,500~6,800	186,690	July 1, 2017
		261,690~300,020	
Sompo Care LAMERE Sagamihara Chuo		234,800~254,800	July 1, 2017
Sompo Care LAMERE Kinugasayama Koen	3,800~7,800	199,071	November 6, 2017
		262,401~329,071	
Sawayaka Kaikyokan		142,600~145,600	October 1, 2017
Sawayaka Meisuihan		103,440~138,440	October 1, 2017
Sawayaka Heart Life Nishikyogoku		161,600~181,600	October 1, 2017
Sawayaka Hinodekan		196,820	October 1, 2017
Sawayaka Riverside Kurinoki		157,742	October 1, 2017
Sawayaka Obatake Sanbankan		122,300	October 1, 2017
Nichii Care Center Fukushima Omori		162,743	October 1, 2017
La'nassica Arakogawa	1,260~2,100	152,340~154,340	October 1, 2017
		189,340	
Verger Hirakata		135,000	July 1, 2017
Minna-no-ie Omiya Yoshinocho <sup>(Note 2)</sup>		163,207	October 1, 2017
Minna-no-ie Chuo-ku En'nami <sup>(Note 2)</sup>		158,800	October 1, 2017
Silver Heights Hitsujigaoka No.3	2,000~4,000	165,780~173,340	October 1, 2017
Alpha Living Okayama Nishigawa Ryokudokoen	1380	137,000~159,000	October 1, 2017
Alpha Living Okayama Korakuen	1,620~2,850	148,000~189,000	October 1, 2017
Alpha Living Takamatsu Ekimae	1200	149,000~185,000	October 1, 2017
Alpha Living Takamatsu Hyakkenmachi <sup>(Note 2)</sup>	1200	160,000~222,000	October 1, 2017
Sompo no ie Nishitanabeekimae		175,000	October 1, 2017

(Note1) "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.

(Note2) Minna-no-ie Chuo-ku En'nami (Former monthly fee 168,800 yen) and Silver Heights Hitsujigaoka No.3 (Former monthly fee 162,540 yen) revised fees in October 2017; and Alpha Living Takamatsu Hyakkenmachi (Former One-time entrance fee 960,000 yen and monthly fee 152,000 – 212,000 yen) revised fees in May 2017.

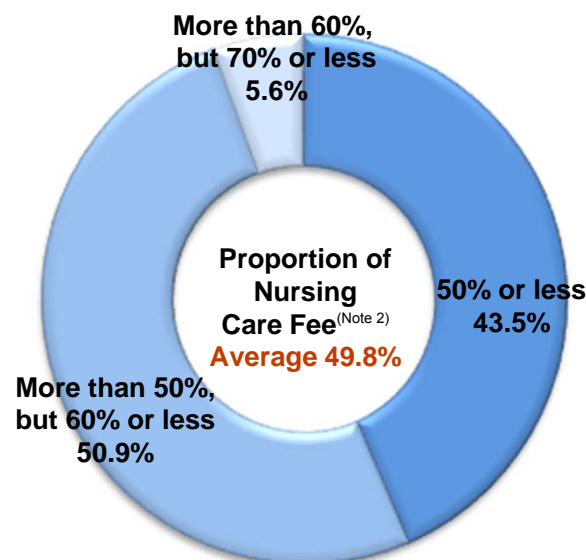
# Status of Portfolio (as of October 31, 2017)

Rent-Paying Capacity



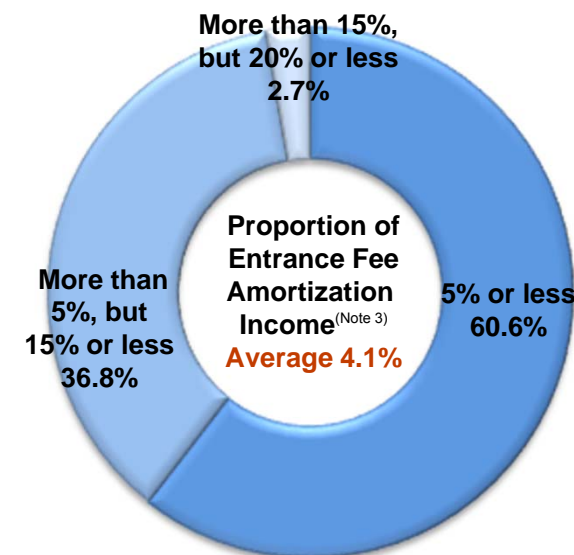
(Note 1) "Rent-paying capacity" refers to the multiple obtained by dividing the respective acquired asset's most recent EBITDAR by rent.  
\* EBITDAR=asset's operating income+ depreciation + rent

Proportion of Nursing Care Fee



(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).

Proportion of Entrance Fee Amortization Income

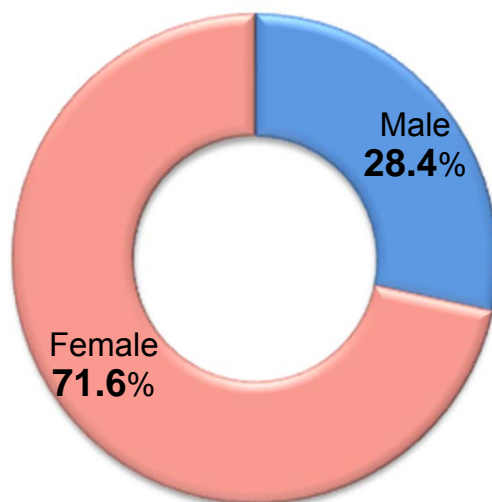


(Note 3) "Proportion of entrance fee amortization income" refers to the proportion of the acquired asset's net sales that is accounted for by entrance fee amortization income.

(\*) Data are based on information on business income and expenditures from October 2016 to September 2017 disclosed by the respective operator. However, data for Nichii Care Center Fukushima Omori are based on information on business income and expenditures from July 2016 to June 2017; for La'nassica Arakogawa from April 2016 to March 2017, and for Silver Heights Hitsujigaoka No.3 from September 2016 to August 2017.

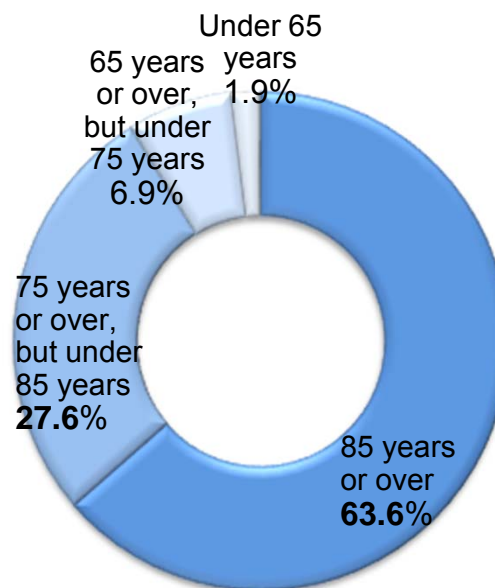
# Portfolio Resident Attributes (as of October 31, 2017)

Gender<sup>(Note1)</sup>



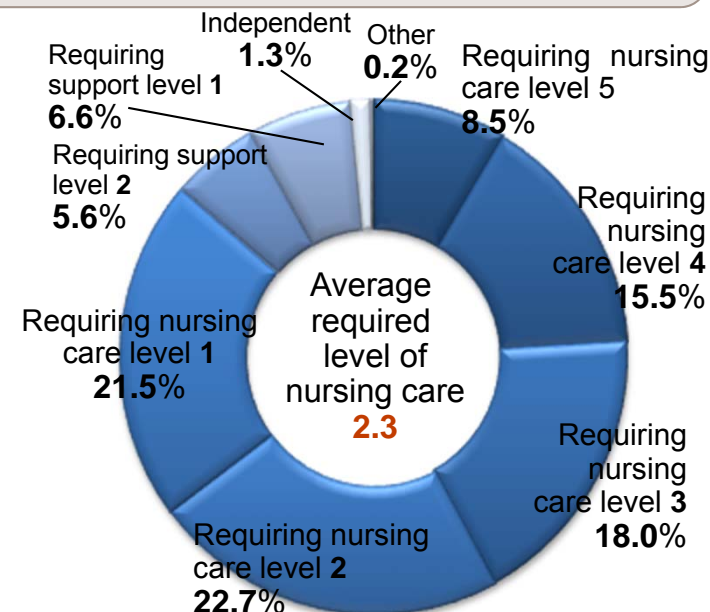
(Note 1) The graph indicates the ratio of the number of residents per gender expressed as a percentage of the total number of residents.

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 (July, 2017-November, 2017) provided by each operator. All percentage figures are rounded to one decimal place. “Average required level of nursing care” is rounded down to the first decimal place.

# Properties Renovated in the 7th Fiscal Period

## Sawayaka Hinodekan (Acquisition price: 773 million yen)



### ■ Site Features

Located approximately 1.7km from Niigata Station on the JR Joetsu Shinkansen and Shin-etsu Main Line

### ■ Property Features

The Property provides standard size private rooms for specified facilities designed for people requiring long-term care, and the rooms are equipped with sink and toilet.

### Renovation of exterior walls (Construction amount: 16 million yen)



Before construction work



After construction work

## Sompo Care LAVIERE Sagamihara Chuo (Acquisition price: 1,170 million yen)



### ■ Site Features

Located approximately 1.2km from Sagamihara Station on the JR Yokohama Line

### ■ Property Features

The Property provides rooms of 18m<sup>2</sup> or more, which is the standard size for rooms designed for people requiring long-term care, and the rooms are equipped with sink, toilet and bed.

### Beautification of 1F entrance portion (Construction amount: 3 million yen)

Entrance



Before construction work

Elevator



After construction work



- At Sawayaka Hinodekan, implemented renovation work contributing to high occupancy rates (100%) by conducting repair work for maintaining the esthetic appearance in order to stay competitive with rival properties in the surrounding area.
- At Sompo Care LAVIERE Sagamihara Chuo, the interior finishing was renovated from the stately one from the time it was constructed 10 years ago to one now based on light color tones. The occupancy rate was up 10 percentage points from the end of the 6th Fiscal Period to 67.5% at the end of the 7th Fiscal Period.
- 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.



# 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

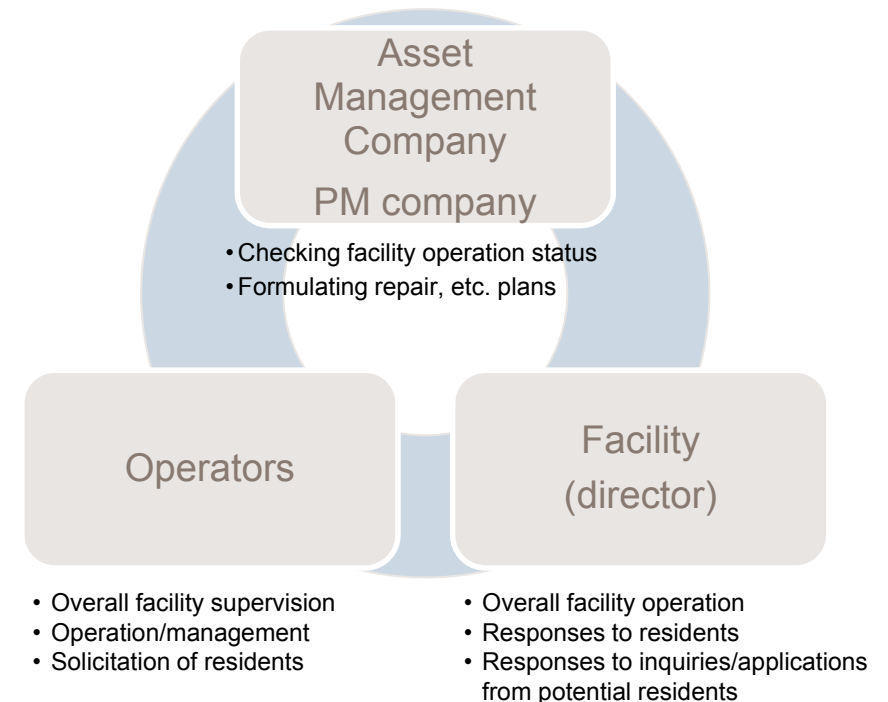
- Stability, profitability, growth potential and productivity of the operator's finances
- Stability, profitability, growth potential of the operator's healthcare business
- The company's history and the number of years in business (The items are confirmed on the basis that such financial data, etc.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

# Implementation of Monitoring and Relationships with Operators

## On-site monitoring

### ■ Sompo Care LAVIERE Kinugasayama Koen

- Facility visit and interview  
(September 2017)



### ■ Minna-no-ie Omiya Yoshinocho

- Facility visit and interview  
(October 2017)



### ■ Charm Suite Ryokuchi Koen

- Facility visit and interview  
(October 2017)



### ■ Alpha Living Okayama Nishigawa Ryokudokoen

- Facility visit and interview  
(October 2017)



## Relationships with operators

### ■ Sompo Care LAVIERE Kinugasayama Koen

- Respect for the Aged Day (September 2017):  
Delivered a congratulatory address as owner on invitation at  
the Respect for the Aged Ceremony hosted by the facility



### ■ Minna-no-ie Chuo-ku En'nami

- Resumed operations (September 2017):  
Lent a hand, such as moving possessions for residents,  
upon the facility's resumption of operations



# Introduction of Operators

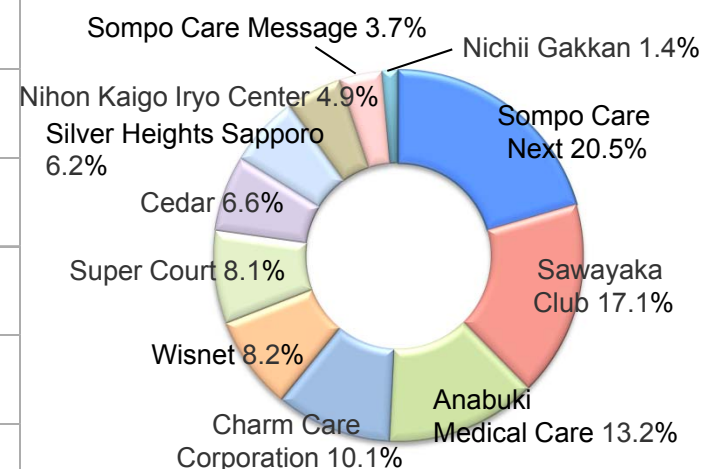
## Highly reliable operators

Operator	Number of managed facilities (Note1,2)	Number of operating rooms (Note1)	Established	Attributes
Nichii Gakkan	425	13,793	August, 1973	Listed on the first section of the Tokyo Stock Exchange
Sompo Care Message	317	17,273	May, 1997	Subsidiary of Sompo Holdings, Inc., a company listed on the first section of the Tokyo Stock Exchange
Wisnet	127	3,556	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	8,826	November, 1992	Subsidiary of Sompo Holdings, Inc., a company listed on the first section of the Tokyo Stock Exchange
Sawayaka Club	74	4,270	December, 2004	Subsidiary of Uchiyama Holdings Co., Ltd., a company listed on the first section of the Tokyo Stock Exchange
Super Court	48	3,209	May, 1995	—
Cedar	42	2,254	April, 1981	Listed on JASDAQ Standard on the Tokyo Stock Exchange
Charm Care Corporation	40	2,866	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	25	1,033	October, 1997	—
Silver Heights Sapporo	3	321	December, 1961	—

(Note1) 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 November 30, 2017).

(Note2) Operators are listed in order of the number of facilities they manage.

## 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 (AI and System Introduction)

## Nichii Gakkan

### Agrees to business alliance in the medical and long-term care fields with NEC (November 2017)

- Nichii Gakkan commenced joint research for development of long-term care and self-reliance support services for the elderly utilizing artificial intelligence (AI).
- Where the creation of care plans designed for elderly persons individually is usually performed manually by care managers, the joint research will involve utilizing one of NEC's AI technologies, "Heterogeneous Mixture Learning Technology," for that process. This technology that automatically detects patterns from a wide range of data will be used to learn and analyze various data on the elderly in an aim for proposal of optimal care plans for elderly persons individually.
- The plan is to not only create care plans for physical care, such as assistance in bathing and assistance in attending outpatient appointments, and livelihood support, such as cooking and cleaning, but also to create care plans promoting effective mobility improvement, etc. that are evidence-based through AI.
- The aim is to help long-term care business operators minimize the burden on care managers and other on-site staff and foster human resources capable of creating more highly effective care plans.

## Sompo Care Group (Sompo Care Message and Sompo Care Next)

### Sompo Japan Nipponkoa Insurance Inc. invests in Care Design Institute Inc. (October 2017)

- Based on the decision to take part in "development of AI-based care planning systems," Sompo Japan Nipponkoa Insurance Inc., which is a domestic business company in the Sompo Holdings Group, invested in Care Design Institute Inc. (CDI), which develops and provides AI-based care planning systems.
- Going forward, realization of care management that leads to support for self-reliance and prevention of deterioration in conditions will be aimed by working together with CDI to create care plans according to the health and living conditions of the persons requiring support or long-term care through utilization of AI.
- CDI develops and provides systems realizing care management that leads to support for self-reliance by creating care plans according to the health and living conditions of the persons requiring support or long-term care through utilization of AI.
- By providing various data that would serve to develop such AI and by taking part in the operation of the business, the Sompo Care Group will keep realizing "custom-made care" designed for users individually while also contributing to solving the issues faced by the long-term care industry.

## Anabuki Medical Care

### Commences operating care record management system developed in-house (September 2017)

- Anabuki Medical Care commenced operation of "Medical Care System" jointly developed with Anabuki College Service for care record form management and work shifts for the purpose of minimizing the work burden on staff.
- With introduction of this system, shift rostering, checking of the status of inputting provision records, extraction of medical information and long-term care, etc. livelihood information and calculation of productivity metrics are automated, enabling time savings from enhancement of operational efficiency and serving to enhance the quality of services, make up for labor shortages and prevent care accidents.





# Section 4

## **Financial Status**

# Status of Interest-Bearing Liabilities (as of October 31, 2017)

## Status of Interest-Bearing Liabilities (as of October 31, 2017)

Term	Lender	Balance (million yen)	Interest	Interest	Drawdown	Repayment deadline
Short-term	Mizuho Bank	500	Floating	Tibor+0.300%	September 29, 2017	September 28, 2018
Current Portion of Long-term	Sumitomo Mitsui Trust Bank (**)	1,200	Fixed	0.431%	November 5, 2014	October 31, 2018
	The Dai-ichi Life Insurance	500		0.431%		
	Shinkin Central Bank (**)	400		0.293%	October 15, 2015	
Long-term	Resona Bank (**)	1,200	Fixed	0.532%	November 5, 2014	October 31, 2019
	Mizuho Bank (**)	1,000		0.532%		
	Mizuho Trust & Banking (**)	700		0.532%	June 1, 2015	May 29, 2020
	Mizuho Bank (**)	500		0.524%		
	Mizuho Trust & Banking (**)	500		0.524%		
	The Musashino Bank (**)	500		0.524%		
	Resona Bank (**)	500		0.474%	October 15, 2015	October 30, 2020
	Sumitomo Mitsui Trust Bank (**)	500	Floating	0.138%	April 28, 2016	April 30, 2020
	Mizuho Bank	800		Tibor+0.275%	October 31, 2017	October 31, 2022
	Shinkin Central Bank	500		Tibor+0.175%		October 30, 2020
	The Musashino Bank	500		Tibor+0.250%		April 28, 2022
Total		9,800	-	-	-	-

LTV<sup>(Note)</sup>

46.2%

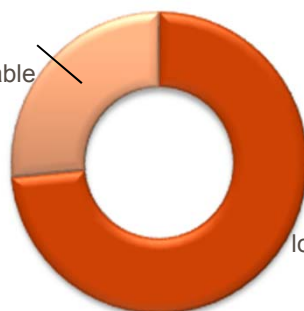
Average  
remaining  
period<sup>(Note)</sup>

2.3 years

(Note) LTV and average remaining period indicate figures calculated as of October 31, 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

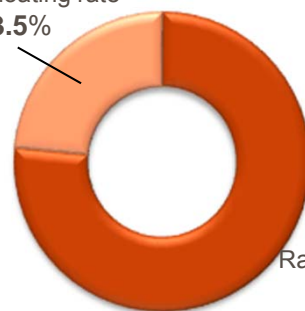
Short-term loans payable and current portion of long-term loans payable  
26.5%



Long-term loans payable  
73.5%

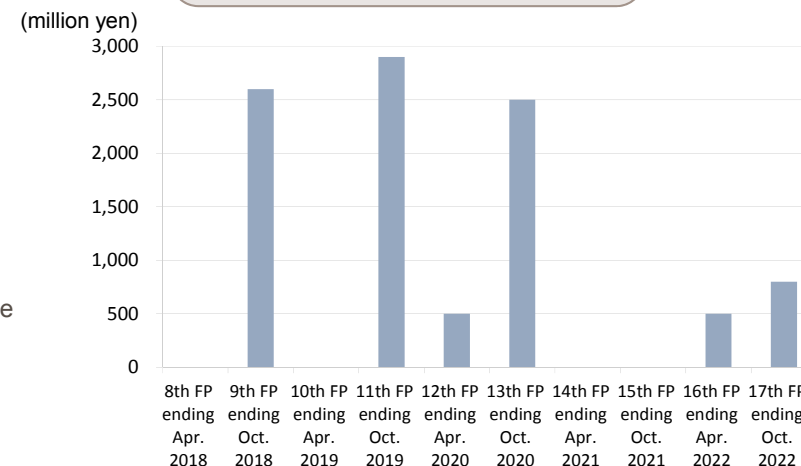
### Ratio of Fixed Rates and Floating Rates

Ratio of floating rate  
23.5%



Ratio of fixed rate  
76.5%

### Repayment Schedule



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

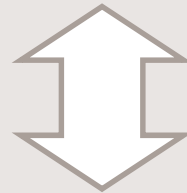
(\*\*) For loans of which floating interest rates have been converted to, in effect, fixed rates through a swap agreement, interest rate indicates the rate after such conversion.

# Policy on Distributions in Excess of Earnings

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

### High depreciation ratio

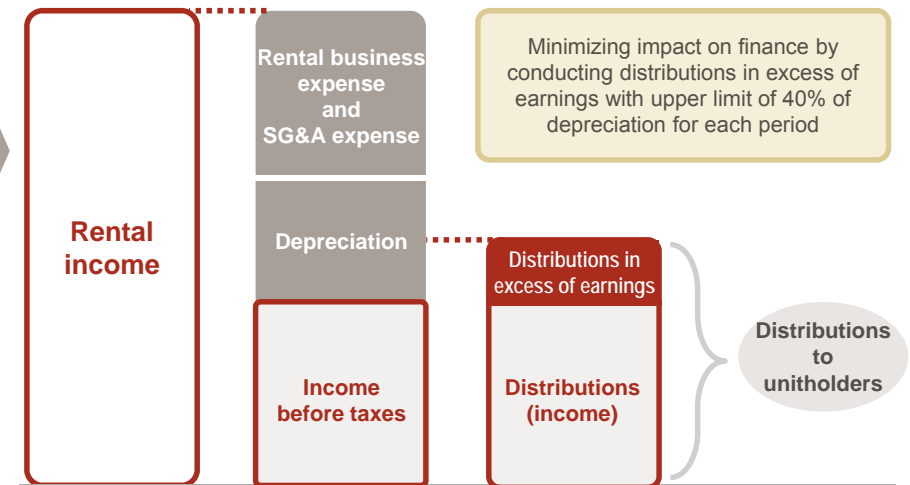
- Regarding facilities owned by NHI, the ratio of buildings to the entire asset is high, at nearly 70%.
- The ratio of depreciation without cash payout is high.



### 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**





# Overview of the 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.



- Discount coupon for the initial lump sum payment (200,000 yen discount from the initial lump sum payment, or in the case of the plan of 0 yen initial lump sum payment, discount the amount equivalent to the monthly rent)
- Free voucher for an overnight trial stay (with meals)



- <For the contract of lump sum payment plan>
- Discount from the initial lump sum payment (200,000 yen or 3% discount from the initial lump sum payment, whichever is the greater)
- <For the contract of monthly payment plan>
- From the monthly payment, persistent discount of 3% of the amount equivalent to the monthly rent (until the end of the contract term)
  - Free one-day facility tour (with lunch provided)



- 10% discount coupon for the first monthly payment
- Free voucher for an overnight trial stay (with meals)
- Free voucher for a one-day facility tour (with lunch provided)



<COCO Juku>

- Free enrollment and discount from tuition
- <COCO Juku Junior >
- Free enrollment

<New York University-Professional Department of American Language Institute Tokyo school>

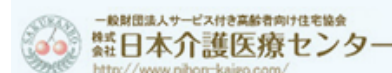
- Free enrollment and discount from tuition

<Nichii Life>

- Discount voucher for house keeping, childcare and long-term care service



- Free voucher for an overnight trial stay (with meals)
- Free voucher for a one-day facility tour (with lunch provided)



- Free voucher for an overnight trial stay (with meals)



- Discount on occupancy expenses (discount of 2 month's rent of the facility upon moving in)



- Discount coupon for the initial lump sum payment (5% discount)
- Free voucher for an overnight trial stay (with meals)
- Free voucher for a facility tour (with lunch provided)



- Furniture presented to the new resident for the below "Facilities Available" (chosen from the catalog Anabuki Medical Care provides)
- (worth 50,000 yen excluding tax, in excess of 50,000 yen the difference shall be paid by the resident, can also choose two or more pieces of furniture if it is within 50,000 yen)



- Free voucher for an overnight trial stay (with meals) one-time-only
- Free voucher for a facility tour (with lunch provided) one-time-only
- 50,000 yen cash back for the monthly payment for the new resident
- (one-time-only, need to stay more than three months after moving into the facility)



- <Nursing homes "Sompo no ie">
- From the monthly payment, discount of the amount equivalent to 1 month's rent and maintenance fees of the available facility
- <Elderly housing with supportive services "Sompo no ie S">
- From the monthly payment, discount of the amount equivalent to 1 month's rent, common area fees and life support services fees of the available facility



# Memorandum



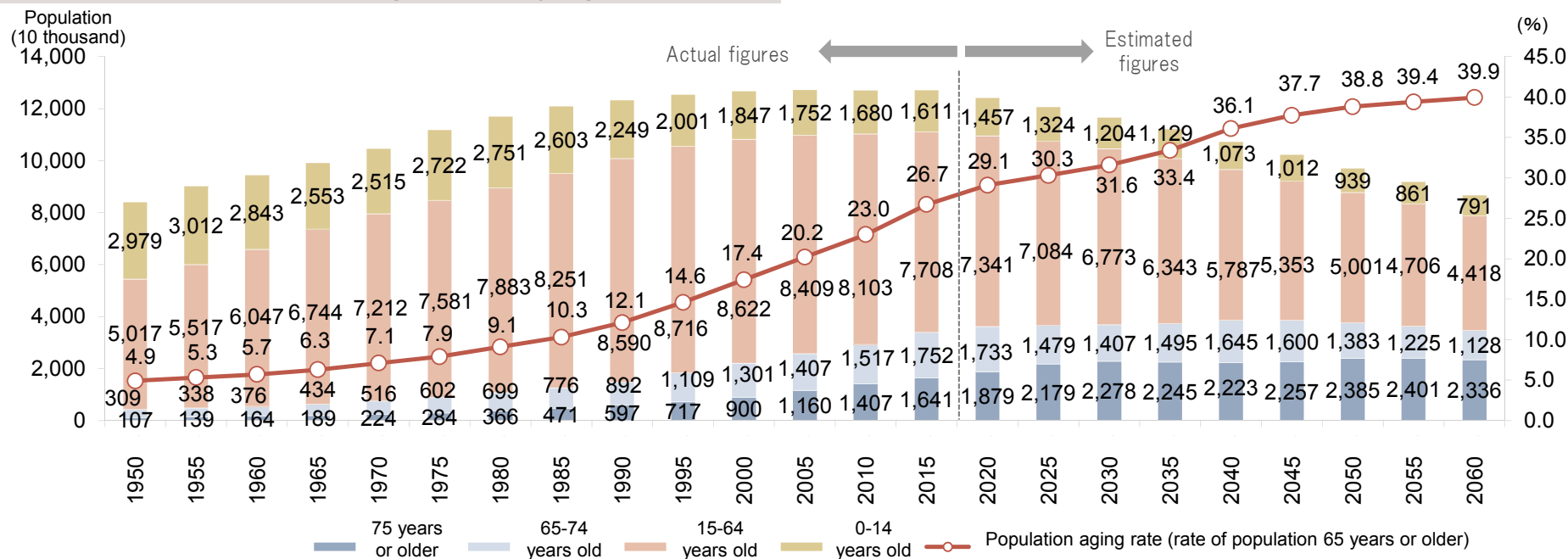
# Section 5

## **Environment Surrounding Healthcare Industry**

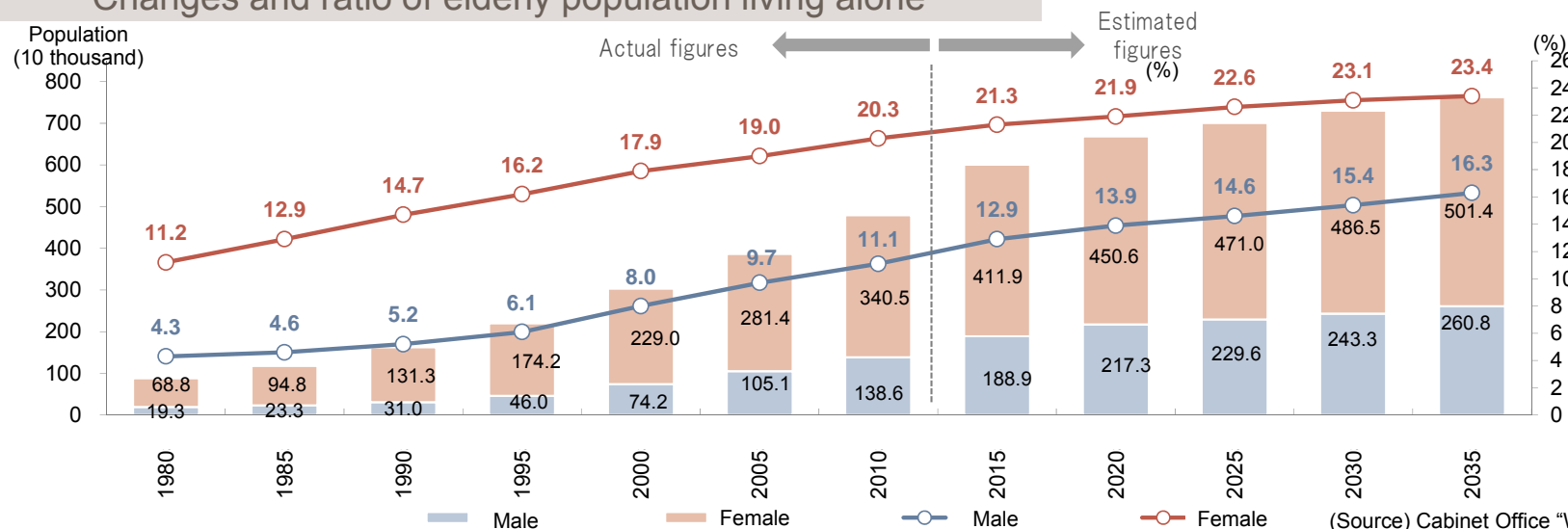


# Surrounding Status of Healthcare Facilities : Progress of aging society

## Domestic demographics by age



## Changes and ratio of elderly population living alone



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

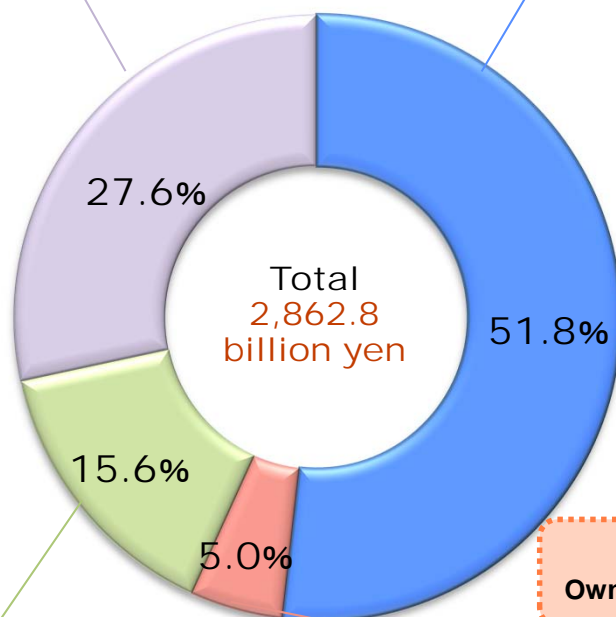
# Market Size by Segment( as of June 2016)

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)

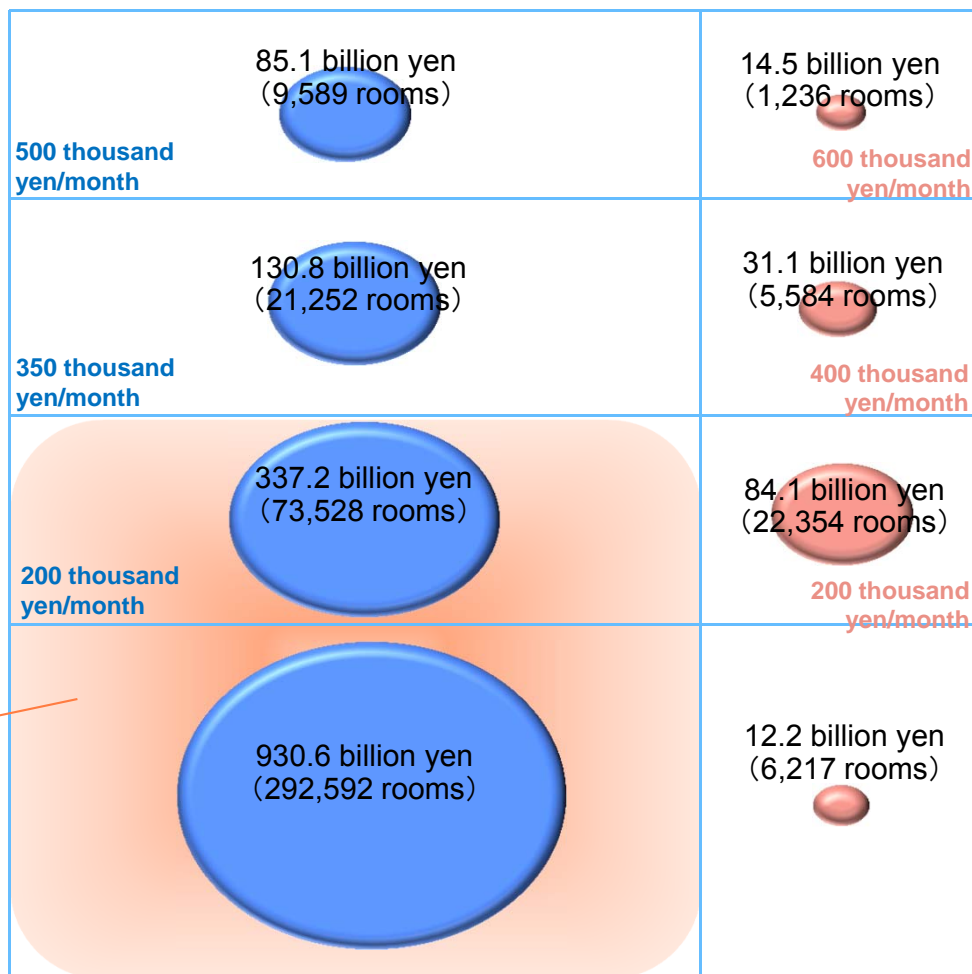
Zone of  
Owned properties

## 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

# 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% <b>【-2.4%】</b> [At-home: -0.1%] <b>【-1.0%】</b> [Facility: ±0.0%] <b>【-4.0%】</b> <b>【】</b> : 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%]



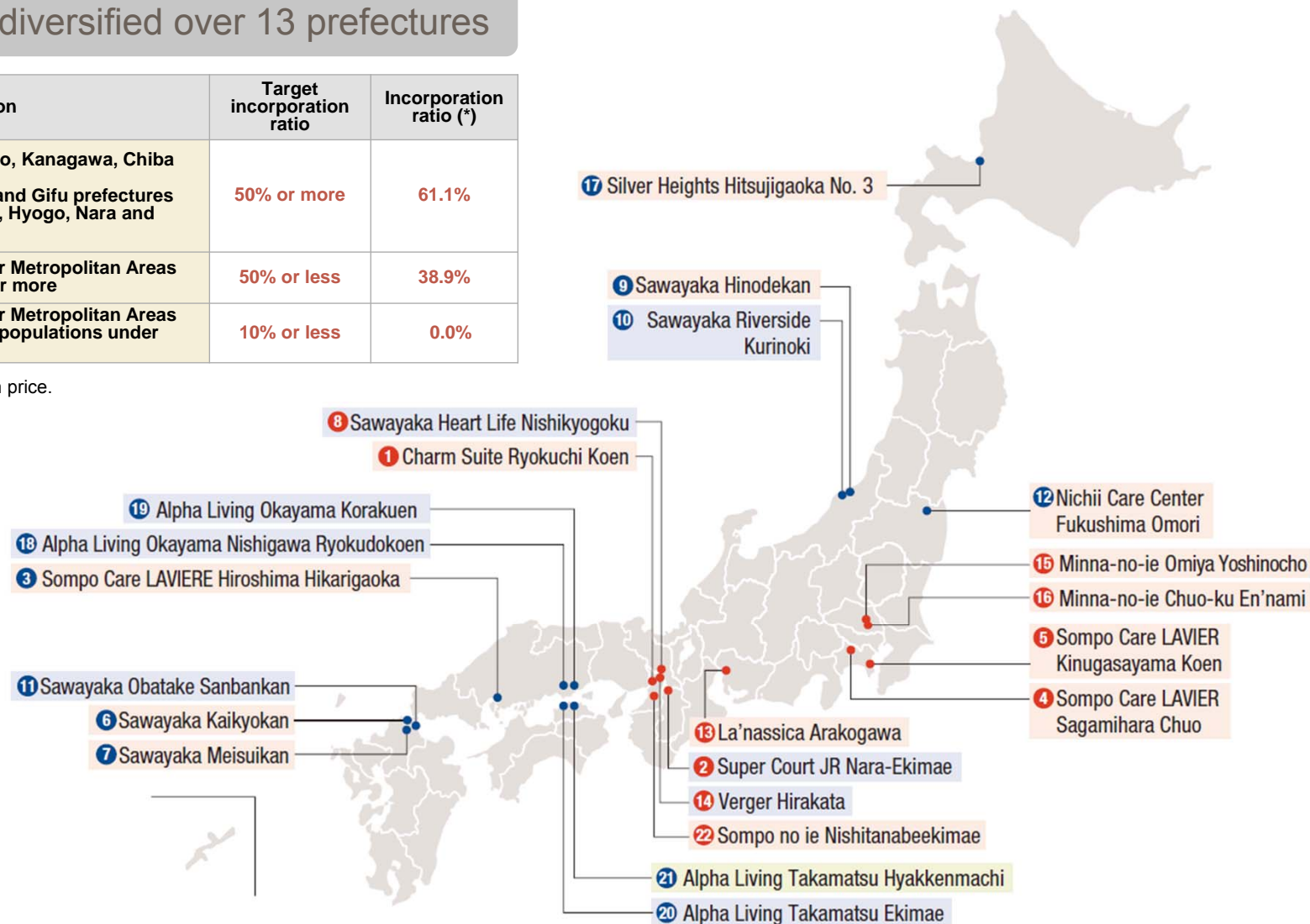
# Appendix

# Portfolio Map (as of October 31, 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.



# Introduction of Operators (1)



Company name	Nichii Gakkan Company
Head office	2-9 Kanda-Surugadai, Chiyoda-ku, Tokyo
Representative director	Chairman, President and CEO, Nobusuke Mori
Established	August 2, 1973
Capital	11,933 million yen
Attributes (listed market)	Listed company (First Section of the Tokyo Stock Exchange, Securities code: 9792)
Principal businesses	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.



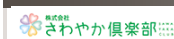
Sompo Care LAVIERE  
Kinugasayama Koen



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 Meisukan



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

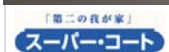
# Introduction of Operators (2)



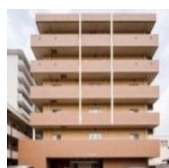
Company name	Charm Care Corporation
Head office	3-6-32 Nakanoshima, Kita-ku, Osaka-shi, Osaka
Representative director	Representative director, Takahiko Shimomura
Established	August 22, 1984
Capital	192 million yen
Attributes (listed market)	Listed company (JASDAQ of the Tokyo Stock Exchange, Securities 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



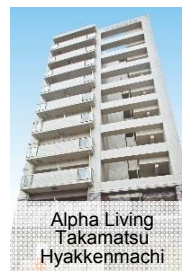
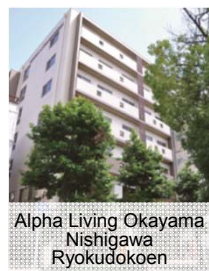
# Introduction of Operators (3)



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.



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.



# 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)	291	18,110	3	91	133	7,744	448	26,421
2	Company A	251	13,338	55	3,224	3	159	311	16,739
3	Nichiigakkan Co., Ltd.	139	8,473	2	100	6	238	425	13,793
4	Company B	125	7,912	43	2,705	-	-	168	10,617
5	Company C	68	5,568	32	2,940	-	-	101	8,520
6	Company D	17	1,147	9	174	15	321	165	7,739
7	Company E	39	2,283	60	3,821	1	81	105	6,239
8	Company F	9	630	1	26	8	150	272	5,692
9	Company G	73	4,651	5	386	4	191	92	5,457
10	Company H	8	228	8	197	90	4,911	109	5,381
11	Company I	18	1,691	14	1,097	2	163	51	4,929
12	UCHIYAMA HOLDINGS Co., Ltd. (Note 4)	43	3,146	15	921	-	-	80	4,823
13	Company J	34	1,697	3	106	92	3,011	129	4,814
14	Company K	50	3,525	8	467	5	273	68	4,373
15	Company L	13	3,533	43	824	-	-	56	4,357
16	ALSOK Group (Note 5)	46	2,165	4	148	6	215	139	4,192
17	Company M	38	1,759	7	165	8	293	158	4,156
18	Company N	27	2,127	-	-	14	1,073	73	3,794
19	Company O	3	290	-	-	1	20	21	3,510
20	Company P	-	-	-	-	108	3,357	108	3,357
21	Super Court Co., Ltd.	16	1,037	27	1,958	1	59	44	3,054
22	Charm Care Corporation	36	2,511	3	280	-	-	39	2,791
23	Company Q	3	111	4	102	5	192	59	2,732
24	Company R	26	1,457	-	-	-	-	92	2,663
25	Company S	21	2,052	-	-	6	494	28	2,573
26	Company T	5	379	23	2,016	2	166	30	2,561
27	Company U	7	290	8	182	6	175	63	2,456
28	Company V	20	1,596	9	479	5	296	39	2,443
29	Cedar Co., Ltd.	41	2,370	-	-	-	-	44	2,415
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.

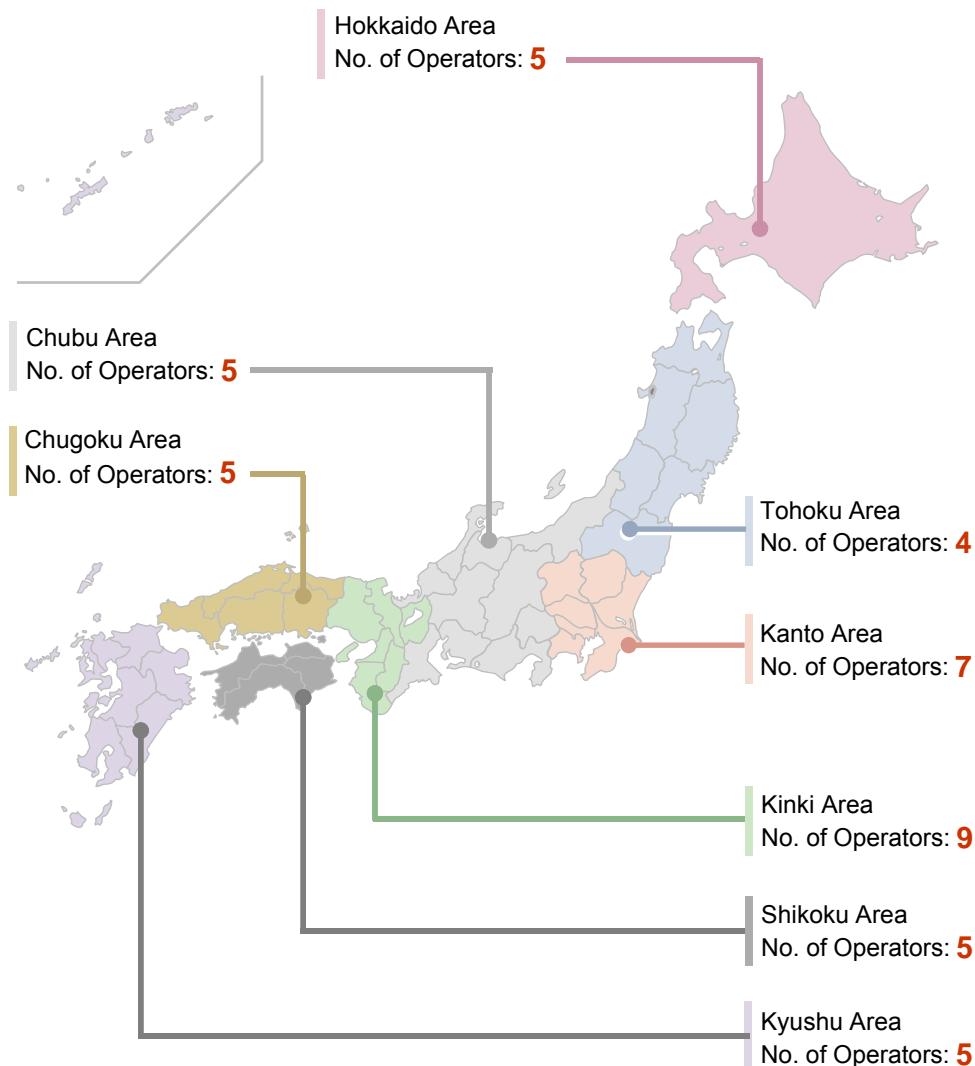
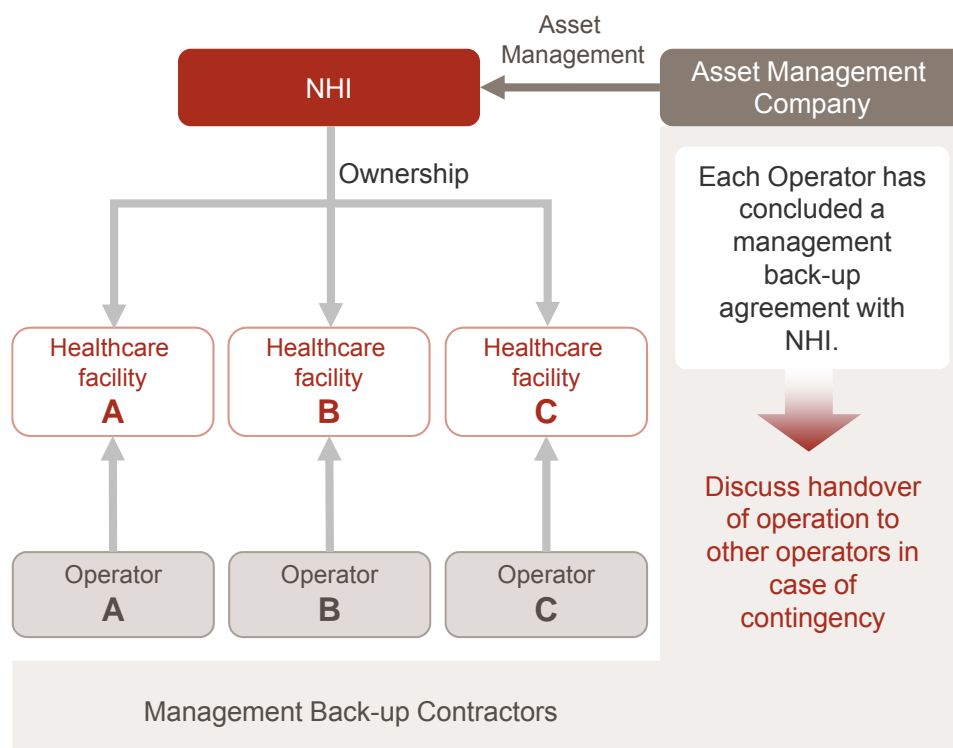
(Source) Shukan Koreisha Jutaku Shimben (Weekly elderly housing newspaper)

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

(Note 4) UCHIYAMA HOLDINGS is a parent company of Sawayaka Club.

(Note 5) The figures are those of Wisnet.

# Management Back-up Agreement










# Appraisal Value at End of Fiscal Period (as of October 31, 2017)

Property name	Appraiser	End of 7th FP							End of 6th FP	Difference (End of 7th FP - End of 6th FP)  (million yen)
		Appraisal value  (million yen)	Overview of appraisal report						Appraisal value  (million yen)	
			Direct capitalization method		DCF method			Appraisal NOI  (million yen)		
			Price  (million yen)	Cap rate  (%)	Price  (million yen)	Discount rate  (%)	Terminal cap rate (%)			
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	Daiw a Real Estate Appraisal	1,750	1,770	4.9	1,740	4.7	5.1	88	1,750	-
Charm Sw eet Ryokuchi Koen	Daiw a Real Estate Appraisal	3,060	3,100	4.6	3,040	4.4	4.8	144	3,060	-
Saw ayaka Kaikyokan	Japan Real Estate Institute	899	907	5.3	890	5.1	5.5	50	899	-
Saw ayaka Meisukan	Japan Real Estate Institute	813	819	5.3	807	5.1	5.5	47	813	-
Saw ayaka Heart Life Nishikyogoku	Daiw a Real Estate Appraisal	1,190	1,200	5.0	1,180	4.8	5.2	60	1,210	-20
Verger Hirakata	Daiw a Real Estate Appraisal	1,600	1,610	5.2	1,590	5.0	5.4	85	1,590	10
Sompo Care LAVIERE Kinugasayama Koen	The Tanizaw a Sōgō Appraisal	2,060	2,080	4.8	2,050	4.9	5.0	100	2,060	
La'nassica Arakogaw a	The Tanizaw a Sōgō Appraisal	1,430	1,440	5.1	1,430	5.2	5.3	74	1,430	-
Saw ayaka Hinodekan	Daiw a Real Estate Appraisal	921	933	5.0	916	4.8	5.2	47	939	-18
Saw ayaka Riverside Kurinoki	Daiw a Real Estate Appraisal	324	330	5.0	322	4.8	5.2	17	324	-
Saw ayaka Obatake Sanbankan	Daiw a Real Estate Appraisal	355	360	5.1	353	4.9	5.3	18	355	-
Super Court JR Nara-Ekimae	The Tanizaw a Sōgō Appraisal	1,750	1,770	5.0	1,740	5.1	5.2	91	1,750	-
Minna-no-ie Omiya Yoshinocho	The Tanizaw a Sōgō Appraisal	779	787	4.9	776	5.0	5.1	39	799	-20
Minna-no-ie Chuo-ku En'nami	Japan Real Estate Institute	859	869	4.9	848	4.7	5.1	44	903	-44
Silver Heights Hitsujigaoka No.3	Daiw a Real Estate Appraisal	1,340	1,350	4.9	1,330	4.7	5.1	70	1,330	10
Alpha Living Okayama Nishigawa Ryokudokoen	Daiw a Real Estate Appraisal	789	803	4.5	783	4.3	4.7	37	789	-
Alpha Living Okayama Korakuen	Daiw a Real Estate Appraisal	672	684	4.6	667	4.4	4.8	32	672	-
Alpha Living Takamatsu Ekimae	Daiw a Real Estate Appraisal	641	653	4.6	636	4.4	4.8	30	641	-
Alpha Living Takamatsu Hyakkenmachi	Daiw a Real Estate Appraisal	628	635	4.7	625	4.5	4.9	31	627	1
Sompo no ie Nishitanabeekimae	The Tanizaw a Sōgō Appraisal	741	749	4.7	738	4.8	4.9	36	741	-
Total		24,184	24,445	-	24,020	-	-	1,243	24,265	-81

# 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	10	10	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	80.0	67.5	98.4	93.8
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)	16.4	16.4	16.4	20.8	16.4

(Note 1) Appraisal values are as of October 31, 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 7th FP ended in October 31, 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 October 31, 2017.



## Portfolio List (2)

Property name	Sawayaka Meisui	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	1,190	1,600	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	10	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	100.0	68.2	86.5	99.0
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)	16.4	16.4	16.4	16.9	10.4

(Note 1) Appraisal values are as of October 31, 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 7th FP ended in October 31, 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 October 31, 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)	921	324	355	1,750	779	859
NOI yield (%) (Note 2)	6.2	6.4	6.5	5.8	5.3	5.3
Depreciation (million yen) (Note 3)	8	3	4	17	7	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	92.3	92.0	86.4	78.7	58.8
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)	17.1	17.1	17.1	21.7	19.3	26.4

(Note 1) Appraisal values are as of October 31, 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 7th FP ended in October 31, 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 October 31, 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 Yosan Line	Approximately 1.1km from Takamatsu Station on the JR Yosan 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)	1,340	789	672	641	628	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)	90.0	81.8	95.8	88.6	88.8	97.6
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)	18.1	17.7	17.7	17.7	17.7	9.4

(Note 1) Appraisal values are as of October 31, 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 7th FP ended in October 31, 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 October 31, 2017.





# Status of Income (Loss) of Investment Real Estate Properties (as of October 31, 2017)

(Unit: thousand yen)

Property name	(Unit: thousand yen)									
	7th Fiscal Period (from May 1, 2017 to October 31, 2017)									
	Property-related operating revenue (Note 1)	Property-related operating expenses								NOI (Note 2)
		Consignment expenses	Utility expenses	Taxes and dues	Non-life insurance expenses	Repair expenses	Depreciation	Other		
Nichii Care Center Fukushima Omori	Not disclosed	7,807	147	-	852	38	386	5,183	1,200	11,775
Sompo Care LAVIERE Hiroshima Hikarigaoka		15,808	575	-	2,873	84	1,902	10,372	-	34,769
Sompo Care LAVIERE Sagamihara Chuo		16,378	737	-	2,306	84	3,016	10,234	-	42,275
Charm Suite Ryokuchi Koen		21,362	1,238	-	4,515	115	-	15,493	-	72,881
Sawayaka Kaikyokan		9,756	608	-	1,824	81	-	7,241	-	25,930
Sawayaka Meisuikan		11,661	571	-	2,810	120	185	7,974	-	24,814
Sawayaka Heart Life Nishikyogoku		9,477	846	-	1,731	55	150	6,694	-	30,481
Verger Hirakata		24,516	601	-	1,871	62	11,765	10,215	-	31,298
Sompo Care LAVIERE Kinugasayama Koen		21,402	921	-	3,972	102	-	16,406	-	50,631
La'nassica Arakogawa		20,126	645	-	2,283	82	-	17,116	-	37,789
Sawayaka Hinodekan		26,702	389	-	1,888	55	16,000	8,368	-	8,216
Sawayaka Riverside Kurinoki		4,668	133	-	948	28	-	3,557	-	8,807
Sawayaka Obatake Sanbankan		5,326	151	-	834	28	-	4,311	-	9,665
Super Court JR Nara-Ekimae		22,203	1,373	-	3,004	108	-	17,718	-	46,305
Minna-no-ie Omiya Yoshinocho		9,409	539	-	1,808	44	-	7,016	-	20,250
Minna-no-ie Chuo-ku En'nami		13,216	588	378	2,195	47	1,217	8,788	-	20,963
Silver Heights Hitsujigaoka No.3		15,703	600	-	6,177	145	-	8,781	-	35,317
Alpha Living Okayama Nishigawa Ryokudokoen		9,872	375	-	1,823	46	-	7,626	-	18,635
Alpha Living Okayama Korakuen		6,288	322	-	1,618	46	-	4,301	-	16,525
Alpha Living Takamatsu Ekimae		8,153	366	-	1,295	43	-	6,448	-	15,558
Alpha Living Takamatsu Hyakkenmachi		9,020	355	-	1,672	44	-	6,947	-	15,928
Sompo no ie Nishitanabeekimae		8,196	354	-	1,700	51	1,040	5,049	-	17,517
Total	697,552	297,062	12,445	378	50,008	1,519	35,662	195,847	1,200	596,338

(Note 1) "Property-related operating revenue" is not disclosed property by property because consent for disclosure has not been obtained from tenants.

(Note 2) NOI = Property-related operating revenue - Property-related operating expenses + Depreciation

# Balance Sheets for 7th Fiscal Period Ended October 2017

		The 6th FP Actual		The 7th FP Actual	
		Amount (million yen)	Ratio	Amount (million yen)	Ratio
Assets	Current Assets	1,611	7.6%	1,693	8.0%
	Cash and deposits	1,163		1,223	
	Cash and deposits in trust	431		447	
	Other current assets	16		22	
	Fixed Assets	19,658	92.4%	19,524	92.0%
	Tangible fixed assets	19,593	92.1%	19,457	91.7%
	Buildings and others (including trust property)	11,644		11,508	
	Land and others (including trust property)	7,949		7,949	
	Intangible fixed assets	42	0.2%	42	0.2%
	Leasehold rights and leasehold rights in trust	40		40	
	Other intangible fixed assets	2		1	
	Investments and other assets	21	0.1%	24	0.1%
	Leasehold and security deposits paid in trust	10		10	
	Long-term prepaid expenses	11		14	
<b>Total Assets</b>		<b>21,269</b>	<b>100.0%</b>	<b>21,218</b>	<b>100.0%</b>

		The 6th FP Actual		The 7th FP Actual	
		Amount (million yen)	Ratio	Amount (million yen)	Ratio
Liabilities	Current Liabilities	2,501	11.8%	2,814	13.3%
	Operating account payables	55		59	
	Short-term loans payable	500		500	
	Current portion of long-term loans payable	1,800		2,100	
	Accounts payable – other	54		63	
	Advances received	85		85	
	Other current liabilities	5		5	
	Fixed Liabilities	8,230	38.7%	7,930	37.4%
	Long-term loans payable	7,500		7,200	
	Tenant leasehold and security deposits	730		730	
<b>Total Liabilities</b>		<b>10,731</b>	<b>50.5%</b>	<b>10,744</b>	<b>50.6%</b>
Net Assets	Unitholders' equity (net)	10,288	48.4%	10,229	48.2%
	Unitholders' equity	10,504		10,504	
	Deduction from unitholders' equity	-215		-275	
	Unappropriated retained earnings	249	1.2%	244	1.2%
	<b>Total Net Assets</b>	<b>10,538</b>	<b>49.5%</b>	<b>10,473</b>	<b>49.4%</b>
<b>Total Liabilities and Net Assets</b>		<b>21,269</b>	<b>100.0%</b>	<b>21,218</b>	<b>100.0%</b>

# Status of Unitholders as of the end of October 2017

## Ownership ratio of investment units by category

Category of unitholders	Number of units at the end of 6th FP	Number of units at the end of 7th FP	Increase/decrease from the previous FP	Ratio at the end of 7th FP*
Individual/others	36,048	38,649	2,601	51.79%
Financial institutions	22,470	19,266	-3,204	25.81%
Major city banks	0	0	0	0.00%
Regional banks	1,518	1,160	-358	1.55%
Trust banks	17,261	14,737	-2,524	19.75%
Life insurance companies	286	286	0	0.38%
Non-life insurance companies	0	0	0	0.00%
Other financial institutions	3,405	3,083	-322	4.13%
Other domestic companies	12,404	12,280	-124	16.45%
Foreigners	2,624	2,978	354	3.99%
Securities companies	1,086	1,459	373	1.95%
<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 6th FP	Increase/decrease from the previous FP	Number of units held at the end of 7th FP	Ratio at the end of 7th FP*
1	Daiwa Securities Group Inc.	7,600	0	7,600	10.18%
2	The Master Trust Bank of Japan, Ltd.(Investment Trust Account)	5,336	1,110	6,446	8.64%
3	Japan Trustee Services Bank Ltd. (Trust Investment Trust Account)	5,472	-1,014	4,458	5.97%
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1,701	217	1,918	2.57%
5	Trust & Custody Services Bank Ltd. (Trust Investment Trust Account)	4,035	-2,577	1,458	1.95%
6	Fukui Medical Credit Association	745	400	1,145	1.53%
7	Daiwa Real Estate Asset Management Co. Ltd.	1,000	0	1,000	1.34%
8	Osaka Shinkin Bank	887	0	887	1.19%
9	THE BANK OF NEW YORK MELLON 140044	850	0	850	1.14%
10	UENOYA BUILDING Co. Ltd.	654	39	693	0.93%
<b>Total</b>		<b>28,280</b>	<b>-1,825</b>	<b>26,455</b>	<b>35.45%</b>

\*Rounded to two decimal places.

\*Rounded to two decimal places.

# IR Activities / Indices that include NHI

## Held IR in regions of the country

Month / Year	Name of IR Event	Location
<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</b>	Special seminar for healthcare facility operators	Fukuoka
<b>June 2017</b>	Financial results briefing for institutional investors (6th FP)	Tokyo
<b>July 2017</b>	Briefing session on asset management for individual investors (6th FP)	Tokyo
<b>October 2017</b>	J-REIT Fair for individual investors 2017 (cosponsored by ARES and TSE)	Tokyo

Special seminar for healthcare facility operators (Fukuoka)



J-REIT Fair for individual investors 2017 (cosponsored by ARES and TSE)



## Indices that include NHI

Month / Year	Name of index
<b>September 2015</b>	Thomson Reuters GPR / APREA Composite Index

## IR schedule

•Fiscal period ends: April and October

•Securities code: 3308

	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Announcement of financial results		● Announcement of financial results for fiscal period ended October				End of fiscal period
Payout of distributions			● Commencement of payout of distributions for fiscal period ended October			
Asset management report			● Sending of asset management report for fiscal period ended October			

	May	June	July	Aug.	Sept.	Oct.
Announcement of financial results		● Announcement of financial results for fiscal period ended April				End of fiscal period
Payout of distributions			● Commencement of payout of distributions for fiscal period ended April			
Asset management report			● Sending of asset management report for fiscal period ended April			



# Guide to Website (<http://www.nippon-healthcare.co.jp/en/>)

Provides details on real estate under management, IR mail delivery service, etc.

**Securities code** | **3308**

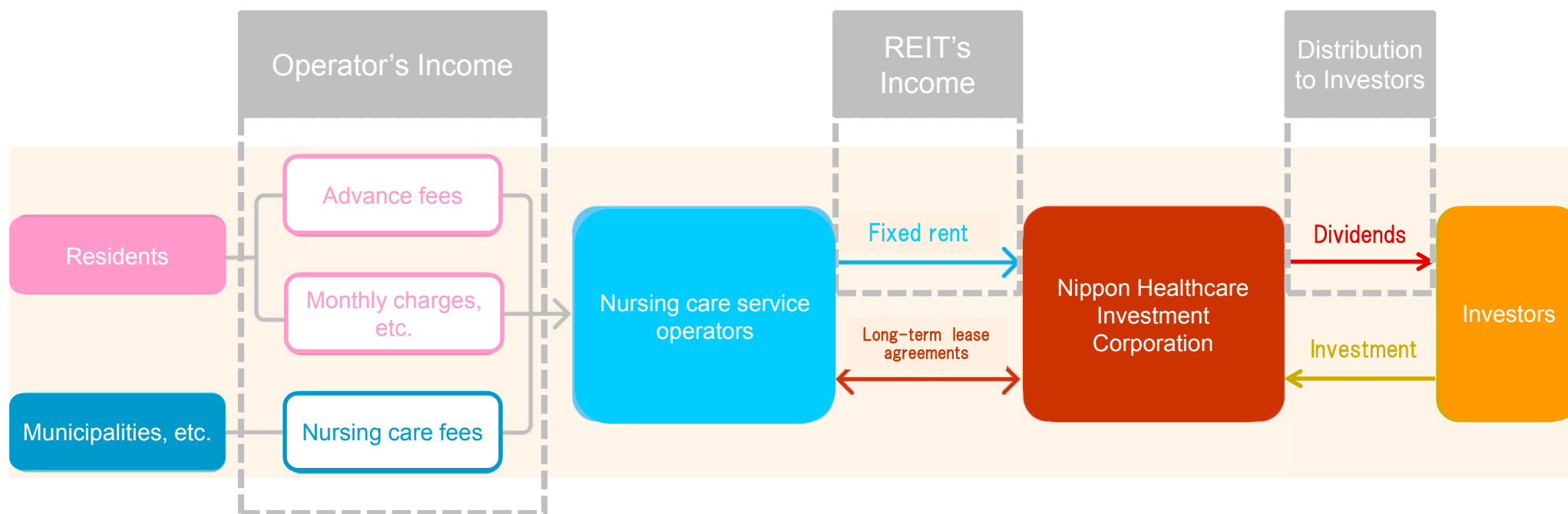
- What are healthcare facilities?
- What are healthcare REITs?
- Guide to portfolio
- Unitholder benefits
- Introduction of operators

## ■ IR mail delivery service registration form

Service delivering the latest news releases, occupancy rates, etc.



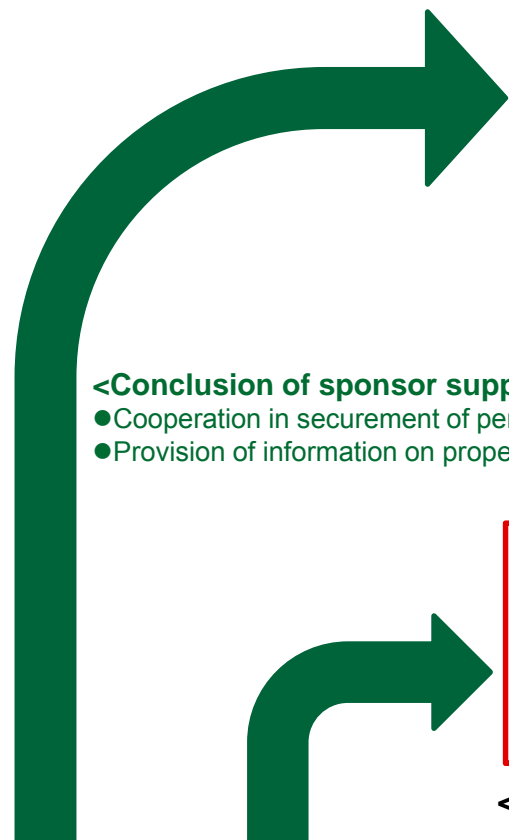
# Framework of stable cash flow





# 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

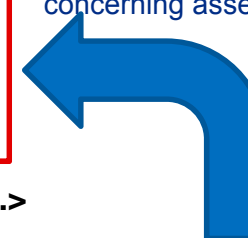
<Invested 100% by Daiwa Securities Group Inc.>

### 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 December 1, 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	63 (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 December 1, 2017

President and Representative Director	Akira Yamanouchi
Vice President and Representative Director	Yuji Shinotsuka
Vice President and Representative Director	Yoshiki Nishigaki
Director	Toshio Fukushima
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

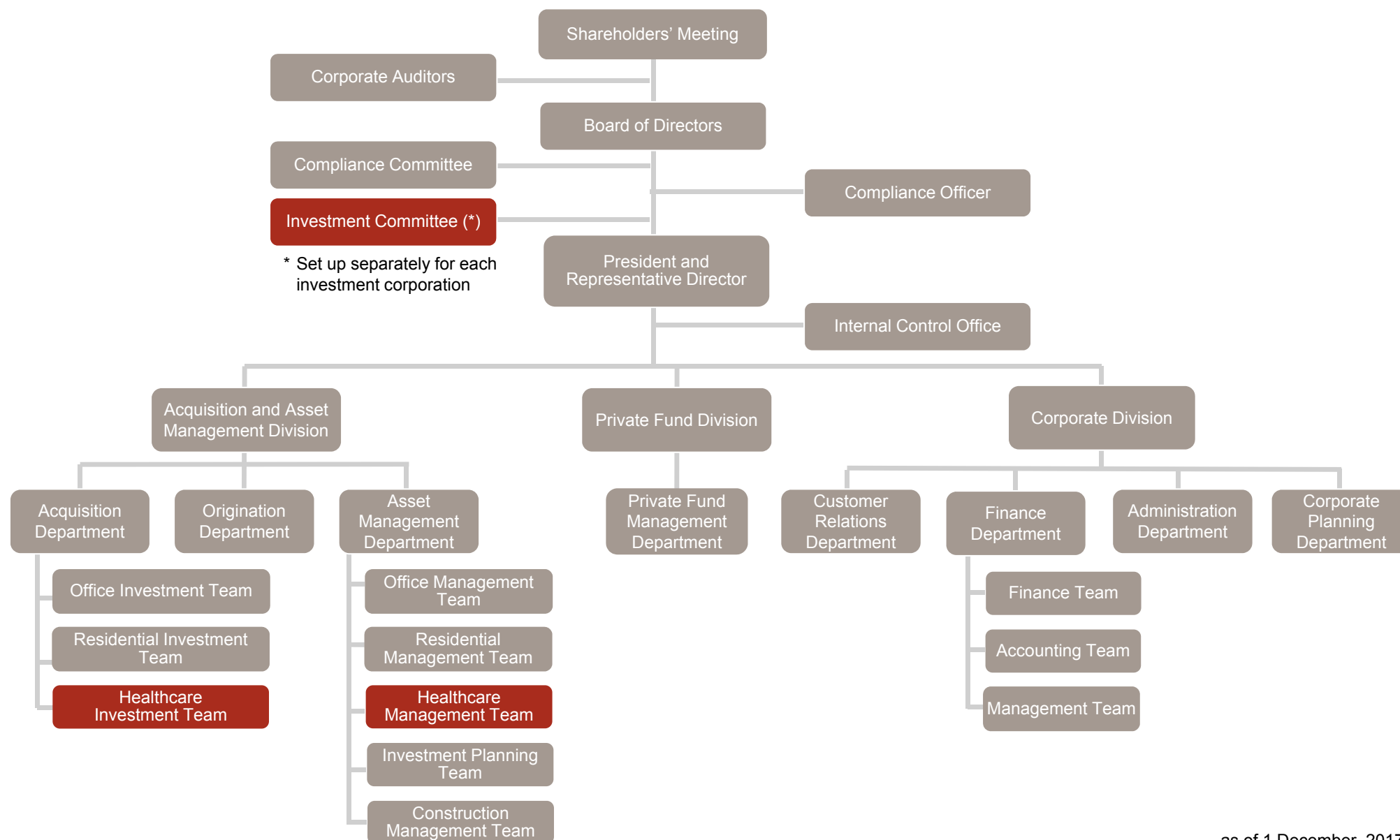
As of November 30, 2017

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 (68 properties)
Nippon Healthcare Investment Corporation	Japan's first listed REIT focusing on healthcare facilities Asset size: approximately 19.3 billion yen (22 properties)

(\*) excluding silent partnership equity interest

# Overview of Asset Management Company (2)

## Organization of Asset Management Company



as of 1 December, 2017

