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Main Q&As at Financial Results Briefing for the Fiscal Period Ended October 2017 (7th Fiscal Period) of Nippon Healthcare Investment Corporation

Date and Time: December 20, 2017 (Wednesday) 15:30-16:05

Presenter: Akira Yamanouchi, President and Representative Director, Daiwa Real Estate Asset Management Co. Ltd.

* Questions are presented in sequential order.

Q1. There was an explanation that the satisfaction of residents, facility employees, etc. is being enhanced by conducting renovation work on properties in the portfolio. Do you think it is possible to raise the rent payable by operators as a result of such work?

(Answer)

We have entered into fixed-rent lease agreements, meaning that repair and renovation work does not directly lead to rent rises. However, we intend to keep positively considering work of the sort that would in turn lead to an increase in the monthly rent that operators receive from residents, and we are implementing such so as to ensure long-lasting relationships with operators.

Q2. How do you perceive the competitive environment among facilities surrounding properties in the portfolio?

(Answer)

Our recognition is that the competitive environment varies by area and that area circumstances change significantly with changes in supply. Discerning supply-demand by micro-area is thus thought to be very important. At the Chuo-ku En'nami facility, the decision was made upon the change in the sponsor of the operator to temporarily suspend operations in light of the state of excess supply at the facilities in the surrounding area. On the other hand, it is a fact that there are also areas with strong demand that would make raising monthly rent feasible. We perceive that there is no large oversupply when seen on the whole.

Q3. What is your view on measures like buybacks and M&As?

(Answer)

In terms of buybacks, if seen as a measure to return cash to unitholders, the distribution in excess of earnings is thought to serve that purpose. In terms of M&As, as stated from before, the stance is to positively consider whenever it would be in the interests of unitholders, but no such matter is set as of today.

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