

As of June 19, 2018

Hopeful future for Japan

Nippon Healthcare Investment Corporation

Presentation Material for
The 8th Fiscal Period Ended April 2018
Securities code : 3308



日本ヘルスケア投資法人
Nippon Healthcare Investment Corporation

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



Contents

Disclaimer

Highlights of 8th Fiscal Period (Ended April 2018)	3
Change of Asset Management Fee System	4

Section 1

Operating Results for 8th Fiscal Period

Operating Results for 8th Fiscal Period	7
Forecast of Operating Results for 9th Fiscal Period and 10th Fiscal Period	8
Distribution per Unit	9

Section 2

External Growth

Change in Asset Size	11
Sourcing Route	12

Section 3

Portfolio Analysis

Portfolio List (as of April, 2018)	15
Status of Portfolio: Change in Occupancy Rates	16
Remaining Lease Contract Period of Each Property	17
Status of Portfolio: Fee Systems of Facilities	18
Status of Portfolio (as of April 30, 2018)	19
Portfolio Resident Attributes (as of April 30, 2018)	20

Properties Renovated in the 8th Fiscal Period	21
Continuous Evaluation of Operators and Monitoring System	22
Implementation of Monitoring and Relationships with Operators	23
Introduction of Operators	24
History of Revisions to Nursing Care Fees	25

Section 4

Financial Status

Status of Interest-Bearing Liabilities (as of April 30, 2018)	27
Policy on Distributions in Excess of Earnings	28
Overview of the Unitholder Benefits Program	29

Section 5

Environment Surrounding Healthcare Industry

Surrounding Status of Healthcare Facilities : Progress of aging society	32
Market Size of Healthcare Facilities and Fee-based Homes for the Elderly (by price)	33

Appendix



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Highlights of 8th Fiscal Period (Ended April 2018)

■<Management status>

- Average occupancy rate for the entire portfolio at the end of the 8th Fiscal Period was 91.2%, the highest level since its listing (up 1.7% from the 7th Fiscal Period)
- Implemented renovation of interior and exterior finishing at some facilities for the purpose of promoting and stably maintaining occupancy (Verger Hirakata: 13.0 million yen, Charm Suite Ryokuchi Koen: 7.0 million yen, etc.)
- Operators' rent-paying capacity remained unchanged from the 7th Fiscal Period at 1.5

■<External growth>

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

■<Financial status>

- Converted 1.8 billion yen of the existing debt loans with floating-rate to fixed-rate with concluding the interest-rate swap agreements
- LTV was 46.3%, ratio of fixed rates was 94.9% and average remaining loan period was 1.8 years

Change of Asset Management Fee System

Review of the asset management fee level and changes to the fee system to place weight to management performance

Management fee I (based on assets under management)		
	Basis of the calculation	Ratio (annual)
Before	Total Assets (Book Value)	0.3%(Max)
	↓	↓
After	Total valuation amount (Appraisal value etc.) ※Change from book value to valuation amount basis	0.15%(Max)

Management fee II (based on property-related operating revenue)		
	Basis of the calculation	Ratio
Before	NOI	5.0%(Max)
	No change	↓
After	NOI	6.5%(Max)

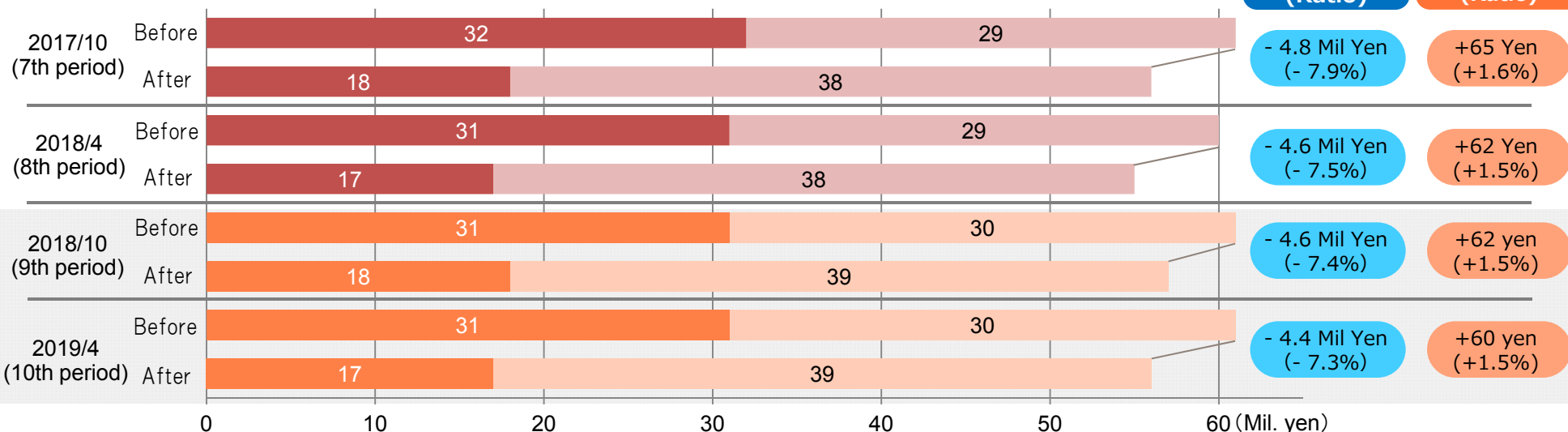
⇒Based on this change, total management fees for the 8th Fiscal period (Ended April 2018) would be decreased by 4.6 million yen (7.5% down). Please refer below for details.

Assumption of this change

■ Management fee I ■ Management fee II

Decreased
fee
(Ratio)

Increased
DPU
(Ratio)



(Note) The assumptions are based on the following provisions. 7th & 8th period: Before(Actual) After(recalculated for the full period). 9th (Before) & 10th (After) period: Forecasts announced on June 18, 2018, both are based on the calculation for the full period. Management fee I based on the assumption appraisal value would be the same as those of the end of 8th period. Please note that these forecasts and assumptions are based on certain provisions, so these may be different from actual figures.



Memorandum



Section 1

Operating Results

for the 8th Fiscal Period

Operating Results for 8th Fiscal Period

Actual results for the 8th Fiscal Period

(unit: million yen)

	7th FP (ended Oct. 2017) (results)	8th FP (ended Apr. 2018) (results)	Difference
Number of properties owned at end of the fiscal period	22	22	-
Operating revenues	697	697	+ 0
Operating expenses	424	424	+ 0
Property-related expense (excluding depreciation)	101	100	- 0
Depreciation	195	198	+ 2
Operating income	273	273	+ 0
Non-operating revenues	0	1	+ 1
Non-operating expense	27	27	- 0
Interest expense	21	21	- 0
Ordinary income	245	247	+ 2
Net income	244	246	+ 2
Number of investment units issued and outstanding at the end of the fiscal period (units)	74,632	74,632	-
Distribution per unit (yen)	4,124	4,163	+39
(including distribution in excess of earnings)			
Distribution per unit (excluding distribution in excess of earnings)	3,274	3,303	+29
Distribution per unit in excess of earnings	850	860	+10
(Reference)			
Depreciation per unit (yen)	2,624	2,657	
Ratio of distribution in excess of earnings to depreciation per unit	32.4%	32.4%	

Factor	Item
Increase	<ul style="list-style-type: none"> Depreciation + 2million yen Utility Charges + 2million yen
Decrease	<ul style="list-style-type: none"> Repair Cost - 3million yen

Comparison of forecast and actual results for 8th Fiscal Period

	8th FP (ended Apr. 2018) (forecast) (Disclosed as of 19 Dec. 2017)	8th FP (ended Apr. 2018) (results)	Difference
Number of properties owned at end of the fiscal period	22	22	-
Operating revenues	697	697	- 0
Operating expenses	427	424	- 2
Net income	241	246	+4
Distribution per unit (yen)	4,100	4,163	+63
(including distribution in excess of earnings)			
Distribution per unit (excluding distribution in excess of earnings)	3,240	3,303	+63
Distribution per unit (in excess of earnings)	860	860	-

Factor	Item
Increase	<ul style="list-style-type: none"> Repair Cost + 2million yen
Decrease	<ul style="list-style-type: none"> Other Fees - 2million yen Depreciation - 1million yen Utility Charges - 1million yen

Forecast of Operating Results for 9th Fiscal Period and 10th Fiscal Period

Forecast of the 9th fiscal period

(unit: million yen)

	9th FP (ending Oct. 2018) (forecast)	Difference from the 8th FP
Number of properties owned at end of the fiscal period	22	-
Operating revenues	697	- 0
Operating expenses	427	+2
Property-related expenses (excluding depreciation)	90	-10
Depreciation	200	+1
Operating income	270	-2
Non-operating revenues	0	-1
Non-operating expense	28	+0
Interest expense	21	+0
Ordinary income	242	-5
Net income	241	-5

Factor	Item
Increase	Asset Custody and Admin. Service Fees + 7million yen
	Depreciation + 1million yen
	Advertising Expenses + 1million yen
Decrease	Repair Cost - 9million yen

	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	-63
(including distribution in excess of earnings)		
Distribution per unit (excluding distribution in excess of earnings)	3,230	-73
Distribution per unit in excess of earnings	870	+10

(Reference)

Depreciation per unit (yen)	2,680
Ratio of distribution in excess of earnings to depreciation per unit	32.5%

Forecast of the 10th fiscal period

(unit: million yen)

	10th FP (ending Apr. 2019) (forecast)	Difference from the 9th FP
Number of properties owned at end of the fiscal period	22	-
Operating revenues	697	+0
Operating expenses	423	-3
Property-related expenses (excluding depreciation)	95	+4
Depreciation	201	+1
Operating income	274	+4
Non-operating revenues	-	-
Non-operating expense	27	- 0
Interest expense	21	- 0
Ordinary income	246	+4
Net income	245	+4

Factor	Item
Increase	Repair Cost + 7million yen
	Other Fees + 4million yen
	Depreciation + 1million yen
Decrease	Asset Custody and Admin. Service Fees - 7million yen
	Asset Management Fee - 5million yen
	Utility Charges - 2million yen

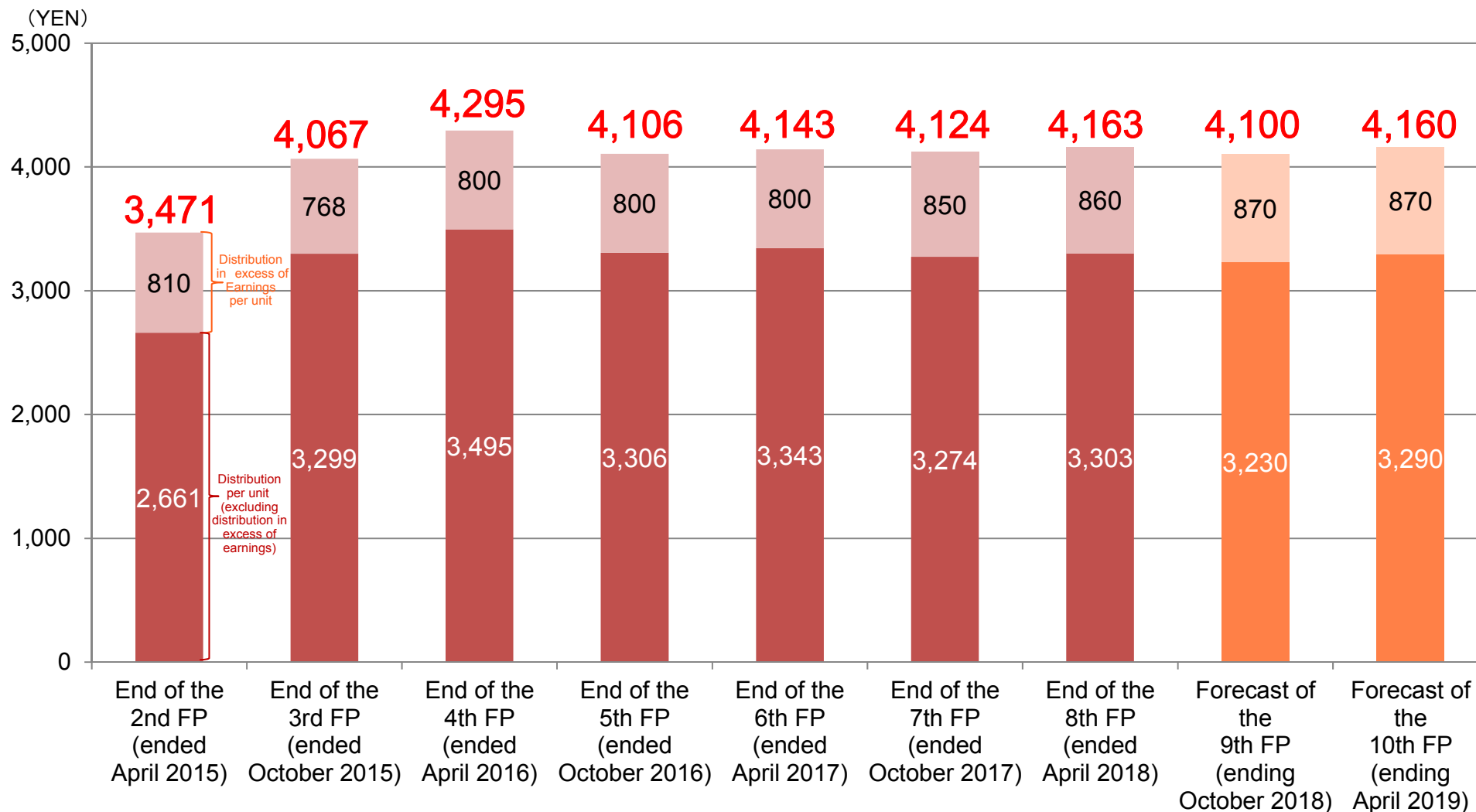
	10th FP (ending Apr. 2019) (forecast)	Difference from the 9th FP
Number of investment units issued and outstanding at the end of the fiscal period (units)	74,632	+0
Distribution per unit (yen)	4,160	+60
(including distribution in excess of earnings)		
Distribution per unit (excluding distribution in excess of earnings)	3,290	+60
Distribution per unit in excess of earnings	870	+0

(Reference)

Depreciation per unit (yen)	2,705
Ratio of distribution in excess of earnings to depreciation per unit	32.2%

Distribution per Unit

Distribution per Unit





Section 2

External Growth

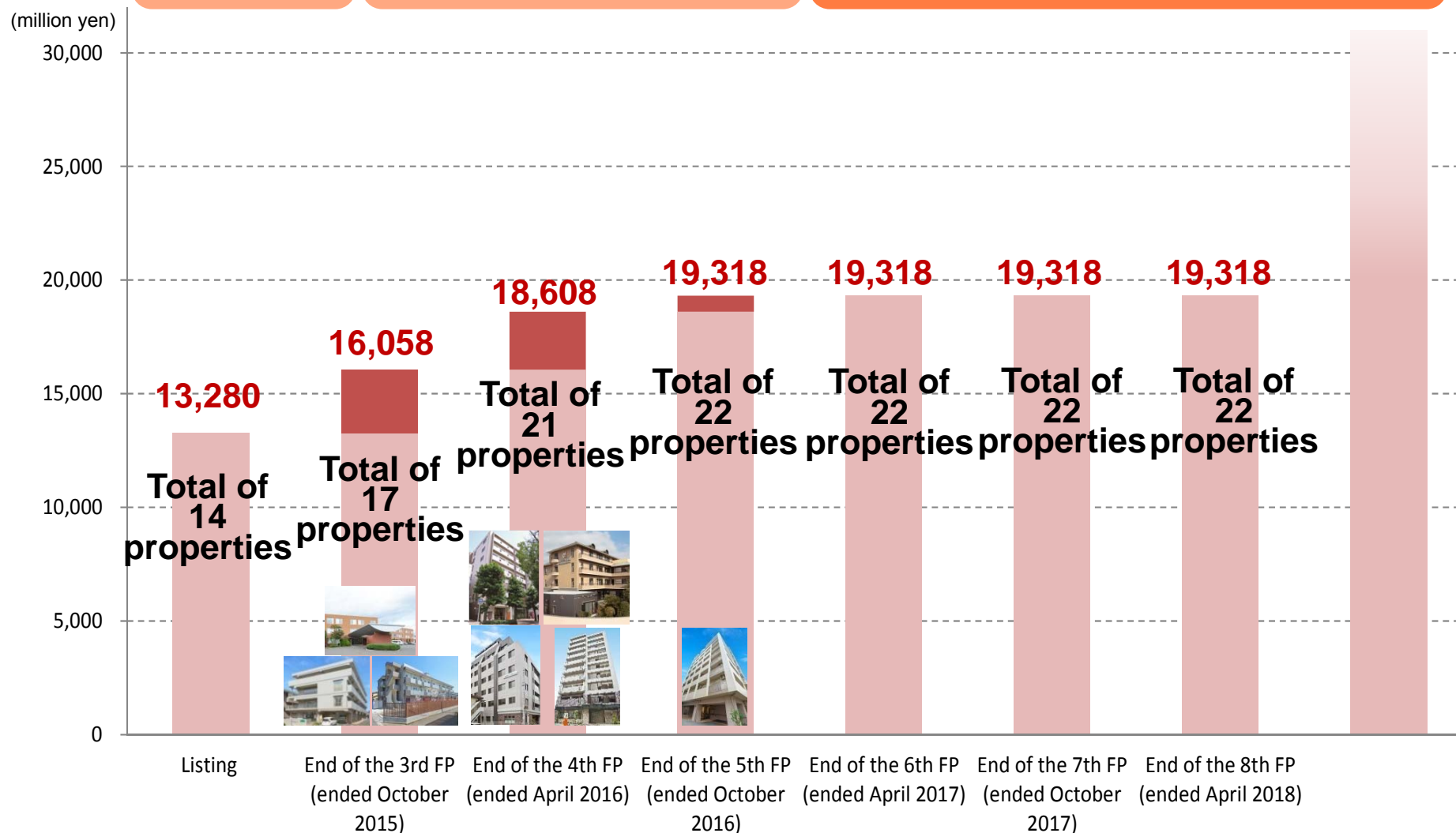
Change in Asset Size

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 of around 10 billion yen 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 ~

Asset
Management
Company's
unique network

5 properties
3,750 million
yen

Off-balancing in line with M&A

Silver Heights
Hitsujigaoka No.3
Acquisition price:
1,200 million yen

- M&A cases for business succession
- Needs for securing liquidity on hand

Sales & Leaseback



4 properties
Acquisition price: 2,550 million yen

- Properties sold by developer group which owns operators
- Exclusive needs for facility management

Sponsor's
bridge funds

Approximately
10.0 billion yen

Advisor

15 properties
13,990 million
yen

14
properties
13,280
million
yen

Change of owners



Sampo no ie
Nishitanabeekimae
Acquisition price:
710 million yen

- Needs for asset management from owners

Daiwa Securities
Group Inc.

2 properties
1,578 million yen

Change of
owners

2 properties
Acquisition price:
1,578 million yen

- Properties introduced by the sponsor group
- Needs for asset management from owners

Acquired properties in the Three Major Metropolitan Areas including Tokyo through formation of bridge funds, etc. by sponsors (Preferential negotiation rights: acquired around 10 billion yen)

Proactively discussing development properties in addition to information on existing facilities obtained from the sourcing routes



Memorandum



Section 3

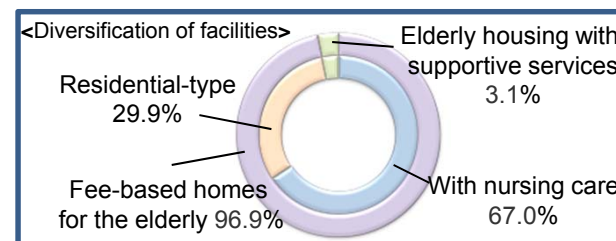
Portfolio Analysis



Portfolio List (as of April, 2018)

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 (%)		
						Price (million yen)	Share of portfolio (%)			7th FP (Note5)	8th FP (Note6)	Difference
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	98.4	98.4	-0.0
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	86.4	93.5	7.1
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	80.0	97.5	17.5
4	1st Fiscal Period	Sompo Care LAVIERE Sagamihara Chuo	Fee-based homes for the elderly with nursing care		Sagamihara City, Kanagawa	1,170	6.1	1,780	80	67.5	71.2	3.7
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	2,050	104	86.5	90.3	3.8
6	1st Fiscal Period	Sawayaka Kaikyokan	Fee-based homes for the elderly with nursing care	Sawayaka Club	Kitakyushu City, Fukuoka	630	3.3	898	65	93.8	98.4	4.6
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	100.0	0.0
8	1st Fiscal Period	Sawayaka Heart Life Nishikyogoku	Residential-type fee-based homes for the elderly		Kyoto City, Kyoto	750	3.9	1,140	84	100.0	98.8	-1.2
9	2nd Fiscal Period	Sawayaka Hinodekan	Fee-based homes for the elderly with nursing care		Niigata City, Niigata	773	4.0	920	50	100.0	100.0	0.0
10	2nd Fiscal Period	Sawayaka Riverside Kurinoki	Residential-type fee-based homes for the elderly		Niigata City, Niigata	266	1.4	323	33	92.3	94.8	2.5
11	2nd Fiscal Period	Sawayaka Obatake Sanbankan	Residential-type fee-based homes for the elderly		Kitakyushu City, Fukuoka	289	1.5	355	50	92.0	100.0	8.0
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	341	52	100.0	100.0	0.0
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	99.0	98.0	-1.0
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	68.2	70.0	1.8
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	777	33	78.7	93.9	15.2
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	860	51	58.8	64.7	5.9
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	1,340	109	90.0	93.6	3.6
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	787	53	81.8	87.2	5.4
19	4th Fiscal Period	Alpha Living Okayama Korakuen	Residential-type fee-based homes for the elderly		Okayama City, Okayama	610	3.2	671	45	95.8	89.5	-6.3
20	4th Fiscal Period	Alpha Living Takamatsu Ekimae	Residential-type fee-based homes for the elderly		Takamatsu City, Kagawa	605	3.1	641	43	88.6	90.9	2.3
21	4th Fiscal Period	Alpha Living Takamatsu Hyakkenmachi	Elderly housing with supportive services		Takamatsu City, Kagawa	605	3.1	626	50	88.8	85.1	-3.7
22	5th Fiscal Period	Sompo no ie Nishitanabeekimae	Fee-based homes for the elderly with nursing care	Sompo Care(Note 7)	Osaka City, Osaka	710	3.7	739	42	97.6	97.6	0.0
11 operators 22 properties Total						19,318	100.0	24,121	1,598	-	-	

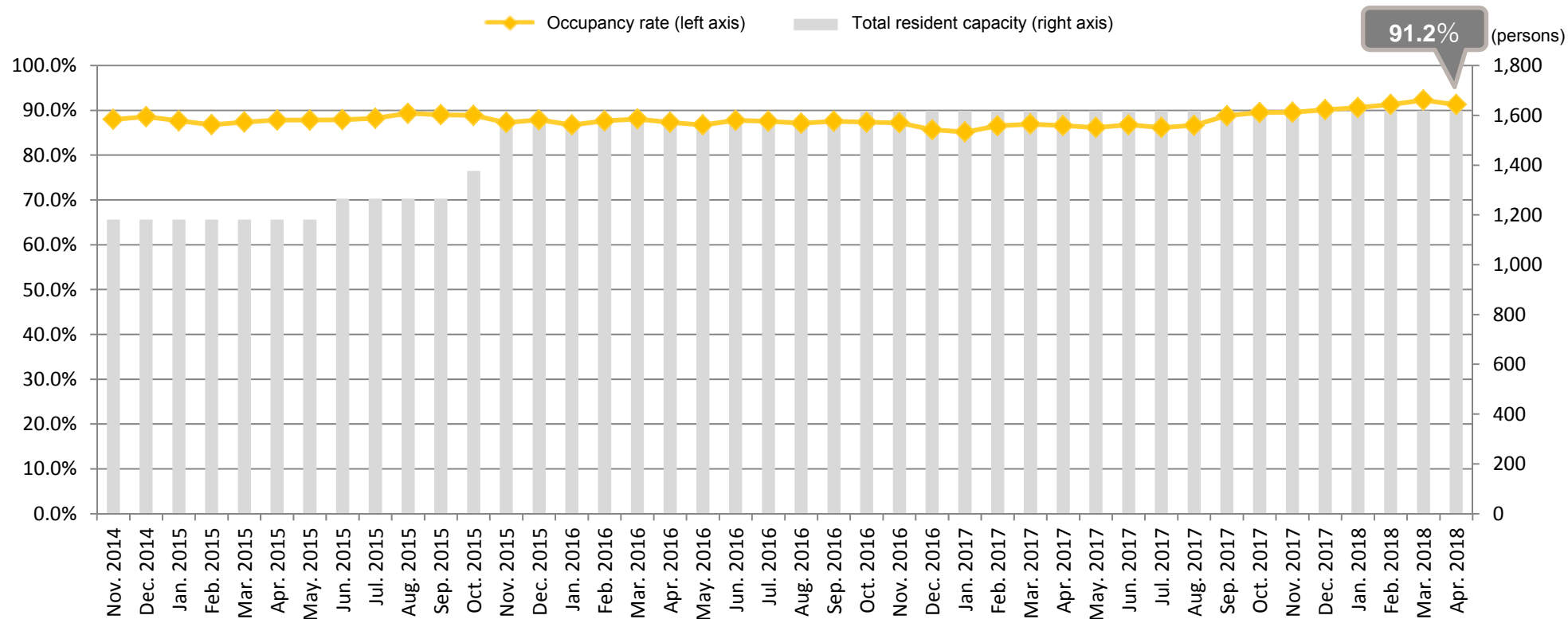
- (Note 1) Red numbers refer to Three major metropolitan areas and blue numbers to Core cities. The background colors for Property name and Facility type columns indicate types of facilities; orange for fee-based homes for the elderly with nursing care, blue for residential-type fee-based homes for the 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, 2018.
- (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 December 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 May 2018 from operators by the resident capacity, rounded down to one decimal place.
- (Note 7) The corporate name of Sompo Care Message Inc. was changed to Sompo Care Inc. on April 1, 2018.



(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 1.7% from 89.5% at the end of October 2017 to 91.2% at the end of April 2018.
- The period average rose by 3.5% from 87.3% for the 7th Fiscal Period to 90.8% for the 8th 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	25.9Years
	Minna-no-ie Omiya Yoshinocho	February 28, 2037	18.8Years
Super Court	Super Court JR Nara-Ekimae	July 14, 2039	21.2Years
Charm Care Corporation	Charm Sweet Ryokuchi Koen	August 28, 2038	20.3Years
Silver Heights Sapporo	Silver Heights Hitsujigaoka No.3	November 30, 2035	17.6Years
Anabuki Medical Care	Alpha Living Okayama Nishigawa Ryokudokoen	June 30, 2035	17.2Years
	Alpha Living Okayama Korakuen		
	Alpha Living Takamatsu Ekimae		
	Alpha Living Takamatsu Hyakkenmachi		
Sompo Care Next	Rest Villa Kinugasayama Koen	September 11, 2034	16.4Years
	Rest Villa Hiroshima Hikanigaoka	March 28, 2034	15.9Years
	Rest Villa Sagamihara Chuo		
Sawayaka Club	Sawayaka Hinodekan	November 30, 2034	16.6Years
	Sawayaka Riverside Kurinoki		
	Sawayaka Obatake Sanbankan		
	Sawayaka Kaikyokan	March 27, 2034	15.9Years
	Sawayaka Meisuikan		
	Sawayaka Heart Life Nishikyogoku		
Nichii Gakkan	Nichii Care Center Fukushima Omori	March 31, 2034	15.9Years
Nihon Kaigo Iryo Center	Verger Hirakata	March 28, 2034	15.9Years
Cedar	La'nassica Arakogawa	March 31, 2028	9.9Years
Sompo Care	Sompo no ie Nishitanabeekimae	March 31, 2027	8.9Years
Average remaining period			17.0Years

(Note) "Remaining Lease Contract Period" indicates period remaining as of April 30, 2018. "Average remaining period" is a weighted average with acquisition prices, rounded to one decimal place.

Status of Portfolio: Fee Systems of Facilities

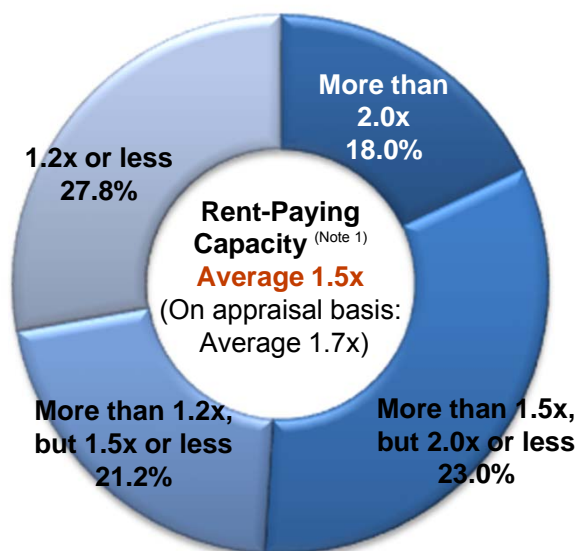
Name of facility	One-time entrance fee (thousand yen)	Monthly rent (yen)	Date of acquiring the written explanation of important matters
Charm Sweet Ryokuchi Koen (Note 2)	2,400~4,800	162,120~208,120	April 1, 2018
		242,120~248,120	
Super Court JR Nara-Ekimae		150,080	April 1, 2018
Sompo Care LAVIERE Hiroshima Hikarigaoka	4,500~6,800	186,690	April 1, 2018
		261,690~300,020	
Sompo Care LAVIERE Sagamihara Chuo		234,800~254,800	April 1, 2018
Sompo Care LAVIERE Kinugasayama Koen	3,800~7,800	199,071	April 1, 2018
		262,401~329,071	
Sawayaka Kaikyokan		142,600~145,600	April 1, 2018
Sawayaka Meisuikan		103,440~138,440	April 1, 2018
Sawayaka Heart Life Nishikyogoku		161,600~181,600	April 1, 2018
Sawayaka Hinodekan		196,820	April 1, 2018
Sawayaka Riverside Kurinoki		157,742	April 1, 2018
Sawayaka Obatake Sanbankan		122,300	April 1, 2018
Nichii Care Center Fukushima Omori		162,743	April 1, 2018
La'nassica Arakogawa	1,260~2,100	152,340~154,340	April 1, 2018
		189,340	
Verger Hirakata		135,000	April 25, 2018
Minna-no-ie Omiya Yoshinocho (Note 2)		166,837	April 1, 2018
Minna-no-ie Chuo-ku En'nami (Note 2)		162,400	April 1, 2018
Silver Heights Hitsujigaoka No.3	2,000~4,000	165,780~173,340	April 1, 2018
Alpha Living Okayama Nishigawa Ryokudokoen	1,380	137,000~159,000	April 1, 2018
Alpha Living Okayama Korakuen	1,620~2,850	148,000~189,000	April 1, 2018
Alpha Living Takamatsu Ekimae (Note 2)	1,200	157,000~180,000	April 1, 2018
Alpha Living Takamatsu Hyakkenmachi (Note 2)	1,200	160,000~205,000	April 1, 2018
Sompo no ie Nishitanabeekimae (Note 2)		182,500	April 1, 2018

(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.

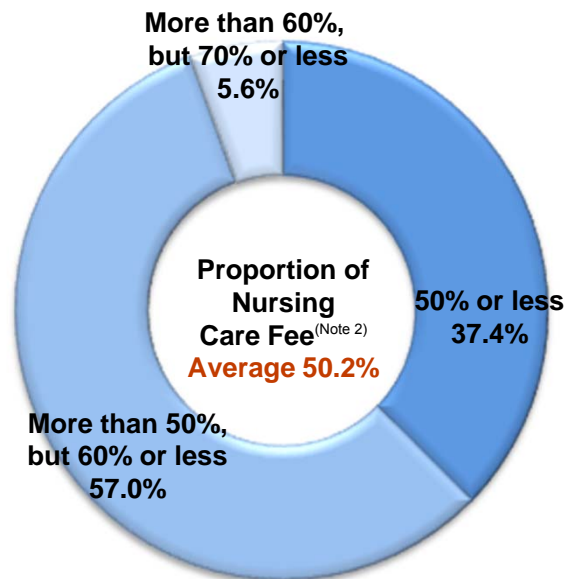
(Note2) Charm Sweet Ryokuchi Koen (One-time entrance fee plan / Former monthly fee 157,800 - 203,800 yen, Non One-time entrance fee plan / Former monthly fee 237,800 - 243,800 yen) revised fees in February 2018, Mina-no-ie Omiya Yoshinocho (Former monthly fee 163,207 yen) and Mina-no-ie Chuo-ku En'nami (Former monthly fee 158,800 yen) revised fees in April 2018, Alpha Living Takamatsu Ekimae (Former monthly fee 149,000 - 185,000 yen) revised fees in November 2017 and; Alpha Living Takamatsu Hyakkenmachi (Former monthly fee 160,000 - 222,000 yen) and Sompo no ie Nishitanabeekimae (Former monthly fee 175,000 yen) revised fees in April 2018.

Status of Portfolio (as of April 30, 2018)

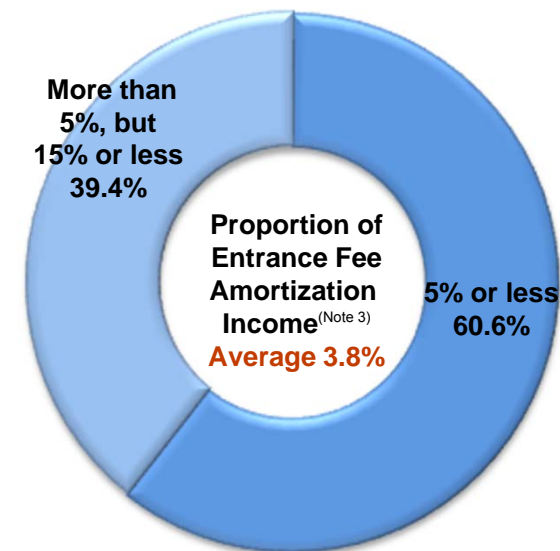
Rent-Paying Capacity



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

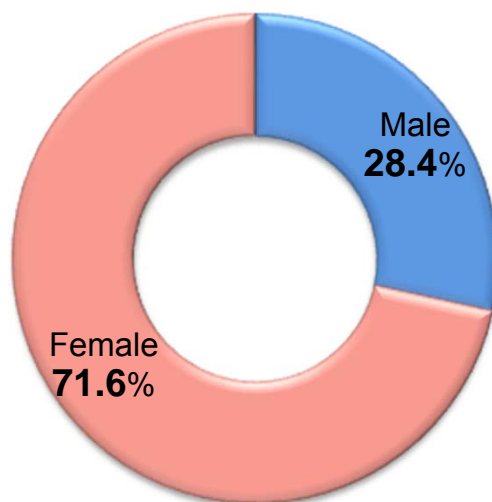
(Note 2) "Proportion of nursing care fee" refers to the proportion of the acquired asset's net sales that is accounted for by nursing care fee (including residents' co-payment portion).

(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 2017 to March 2018 disclosed by the respective operator. However, data for Nichii Care Center Fukushima Omori are based on information on business income and expenditures from January 2017 to December 2017; and for Silver Heights Hitsujigaoka No.3 from March 2017 to February 2018.

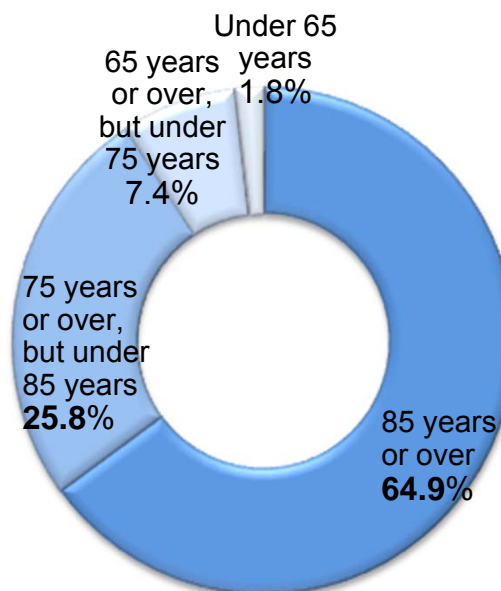
Portfolio Resident Attributes (as of April 30, 2018)

Gender^(Note1)



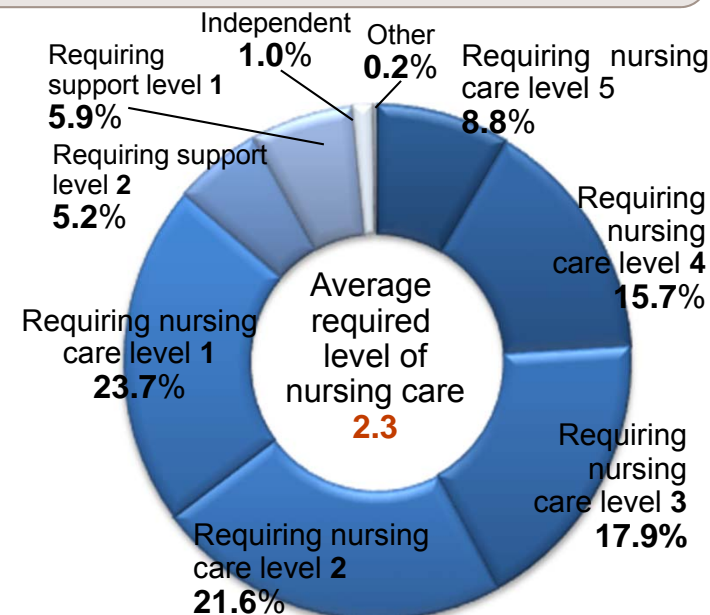
(Note 1) The graph indicates the ratio of the number of residents per gender expressed as a percentage of the total number of residents.

Age Group^(Note2)



(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^(Note 3)



(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 (April 2018) 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 8th Fiscal Period

Verger Hirakata (Acquisition price: 950 million yen)



■ Site Features

Located approximately 3.5km from Kuzuha Station on the Keihan Main Line

■ Property Features

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

Renovation of exterior walls (Construction amount: 13 million yen)



Before construction work



After construction work

Charm Suite Ryokuchi Koen (Acquisition price: 1,950 million yen)



■ Site Features

Located approximately 1.4km from Ryokuchi Koen Station on the Kita-Osaka Kyuko Railway Namboku Line

■ Property Features

The Property has spacious common-use areas. In addition to a cafeteria on each floor, a hall has been established on the facility's highest floor, which is being used for activities, etc. In addition, a fountain and flowerbed have been set up in the entrance lobby, giving it a sense of luxury.

Renovation of exterior walls and rooftop waterproofing repair work (Construction amount: 7 million yen)

Rooftop waterproofing repair work



Before construction work



After construction work

- “Verger Hirakata” and “Charm Suite Ryokuchi Koen” were constructed 10 years ago and repair work for maintaining the esthetic appearances have been implemented 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.

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

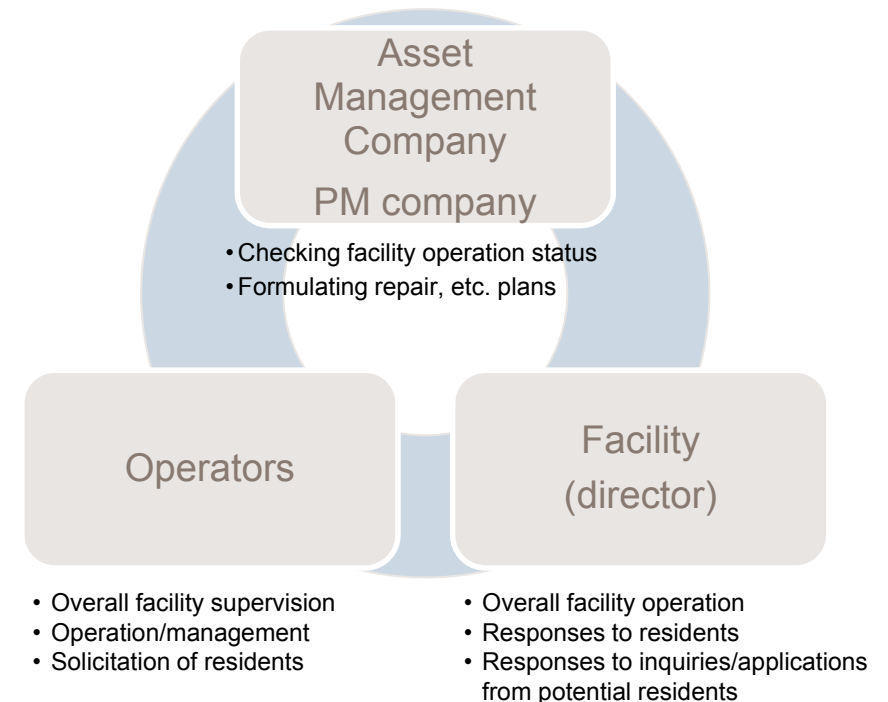
- Stability, profitability, growth potential and productivity of the operator's finances
- Stability, profitability, growth potential of the operator's healthcare business
- The company's history and the number of years in business (The items are confirmed on the basis that such financial data, etc.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

■ Super Court JR Nara-Ekimae

■ Facility visit and interview (April 2018)



■ Sawayaka Hinodekan

■ Facility visit and interview (March 2018)



■ Nichii Care Center Fukushima Omori

■ Facility visit and interview (April 2018)



■ Silver Heights Hitsujigaoka No.3

■ Facility visit and interview (April 2018)



On-site monitoring

■ Alpha Living Okayama Korakuen

■ Facility visit and interview (April 2018)



■ Sompo no ie Nishitanabeekimae

■ Facility visit and interview (April 2018)



Relationships with operators

■ Minna-no-ie Chuo-ku En'nami

■ Work experience at the facility (March 2018): For interactions with facility employees and residents





Introduction of Operators

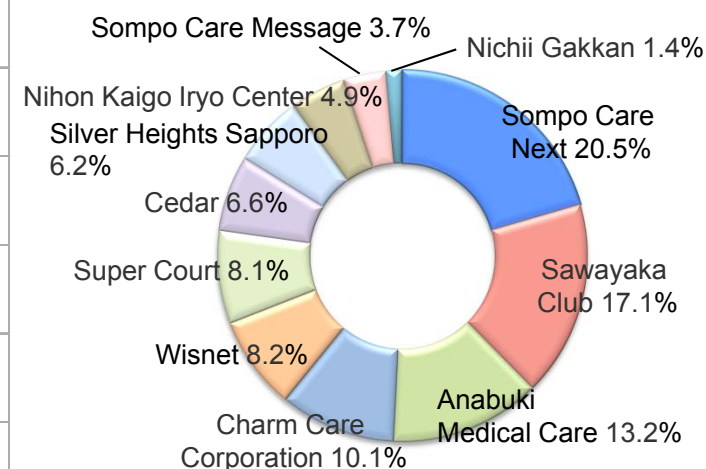
Highly reliable operators

Operator	Number of managed facilities (Note1,2)	Number of operating rooms (Note1)	Established	Attributes
Nichii Gakkan	425	13,822	August, 1973	Listed on the first section of the Tokyo Stock Exchange
Sompo Care	311	17,305	May, 1997	Subsidiary of Sompo Holdings, Inc., a company listed on the first section of the Tokyo Stock Exchange
Wisnet	125	3,497	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	80	4,735	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	—
Charm Care Corporation	46	3,214	August, 1984	Listed on JASDAQ Standard on the Tokyo Stock Exchange
Cedar	39	2,209	April, 1981	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	21	908	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 May 31, 2018).

(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.

History of Revisions to Nursing Care Fees

Time of revision	Main points of revision	Rate of revision
FY 2005 revision (Enforced in October 2005)	<ul style="list-style-type: none"> ■ Securement of fairness between at-home care and facility services, etc. <ul style="list-style-type: none"> ➢ Review of nursing care fees related to living costs and meal costs 	
FY 2006 revision	<ul style="list-style-type: none"> ■ Promotion of encouraging self-support and at-home nursing care <ul style="list-style-type: none"> ➢ Promotion of nursing care prevention and rehabilitation <ul style="list-style-type: none"> • Changing prevention benefits provision from piecework payment to comprehension payment by month ➢ Reinforcement of support for those requiring medium- to high- levels of nursing care <ul style="list-style-type: none"> • Additional payment for home-visit long-term care and home-visit nursing care provided to those requiring high level of cares, etc. 	-0.5% 【-2.4%】 [At-home: -0.1%] 【-1.0%】 [Facility: ±0.0%] 【-4.0%】 【】: Rate of revision including revision in FY2005
FY 2009 revision	<ul style="list-style-type: none"> ■ Improvement in working conditions of care providers <ul style="list-style-type: none"> ➢ Securement of care providers / improvement of working conditions of care providers <ul style="list-style-type: none"> • Additional payment in accordance with care providers' expertise, career, etc. 	+3.0% [At-home: +1.7%] [Facility: +1.3%]
FY 2012 revision	<ul style="list-style-type: none"> ■ Securement of improved working conditions for care staff and promotion of community comprehensive care <ul style="list-style-type: none"> ➢ Foundation of additional payment for improving working conditions ➢ Establishment of new services such as around-the-clock periodical door-to-door service 	+1.2% [At-home: +1.0%] [Facility: +0.2%]
FY 2014 revision	<ul style="list-style-type: none"> ■ Response to increased burden due to the consumption tax hike 	+0.63%
FY 2015 revision	<ul style="list-style-type: none"> ■ Initiatives for building a “community comprehensive care system” <ul style="list-style-type: none"> ➢ Further reinforcement of care for those requiring medium- to high- levels of nursing care and those with dementia ➢ Promotion of securing care staff ➢ Enhancement of appropriateness of service assessment and establishment of efficient system for providing services 	-2.27% [At-home: -1.42%] [Facility: -0.85%]
FY 2017 revision	<ul style="list-style-type: none"> ■ Improvement in working conditions of care providers <ul style="list-style-type: none"> ➢ 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% [At-home: +0.72%] [Facility: +0.42%]
FY 2018 revision	<ul style="list-style-type: none"> ■ Promotion of establishing a system to provide high-quality and efficient long-term care service <ul style="list-style-type: none"> ➢ Promotion of community comprehensive care system ➢ Realization of high-quality long-term care service contributing to self-reliance and prevention of deterioration in condition ➢ Securement of diversified personnel and improvement of productivity ➢ Securement of stability and sustainability of the system through enhancement of appropriateness and focus in long-term care service 	+0.54%



Section 4

Financial Status

Status of Interest-Bearing Liabilities (as of April 30, 2018)

Status of Interest-Bearing Liabilities (as of April 30, 2018)

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%		
	Mizuho Bank (**)	500		0.524%	June 1, 2015	May 29, 2020
	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		0.138%	April 28, 2016	April 30, 2020
	Mizuho Bank (**)	800		0.402%	October 31, 2017	October 31, 2022
	Shinkin Central Bank (**)	500		0.265%		October 30, 2020
	The Musashino Bank (**)	500		0.365%		April 28, 2022
Total		9,800	-	-	-	-

LTV^(Note)

46.3%

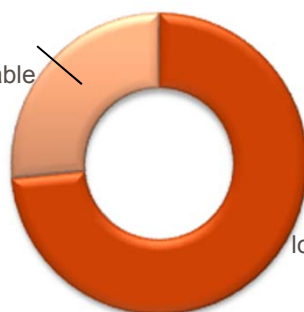
Average
remaining
period^(Note)

1.8 years

(Note) LTV and average remaining period indicate figures calculated as of April 30, 2018, rounded to the first decimal place. LTV is calculated based on total assets.

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

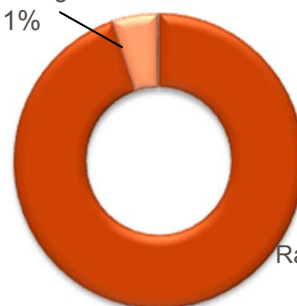
Short-term loans payable and current portion of long-term loans payable
26.5%



Long-term loans payable
73.5%

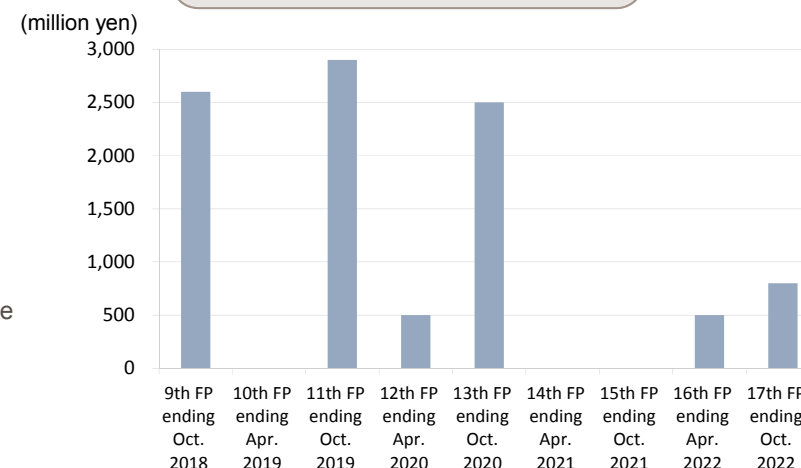
Ratio of Fixed Rates and Floating Rates

Ratio of floating rate
5.1%



Ratio of fixed rate
94.9%

Repayment Schedule



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

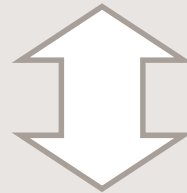
(**) For loans of which floating interest rates have been converted to, in effect, fixed rates through a swap agreement, interest rate indicates the rate after such conversion.

Policy on Distributions in Excess of Earnings

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

High depreciation ratio

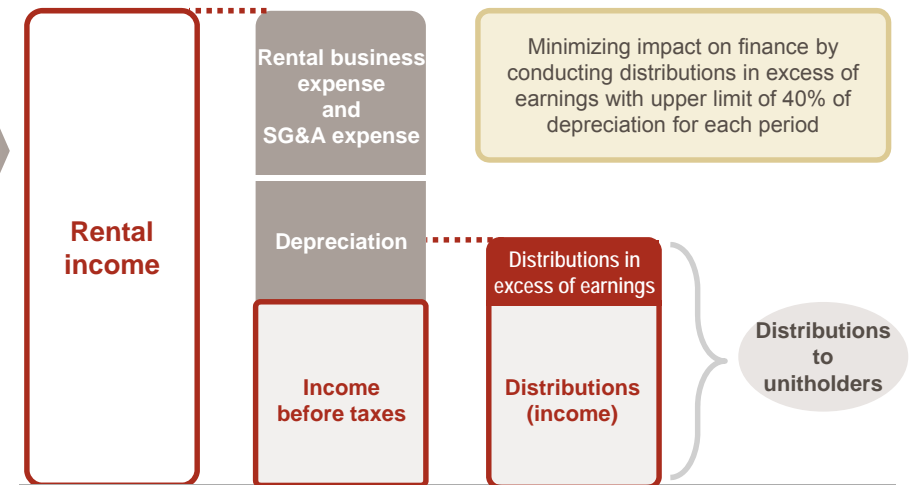
- Regarding facilities owned by NHI, the ratio of buildings to the entire asset is high, at nearly 70%.
- The ratio of depreciation without cash payout is high.



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 2018.



- 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)



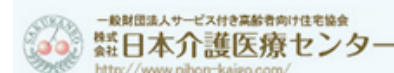
- <COCO Juku>
- Free enrollment

- <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

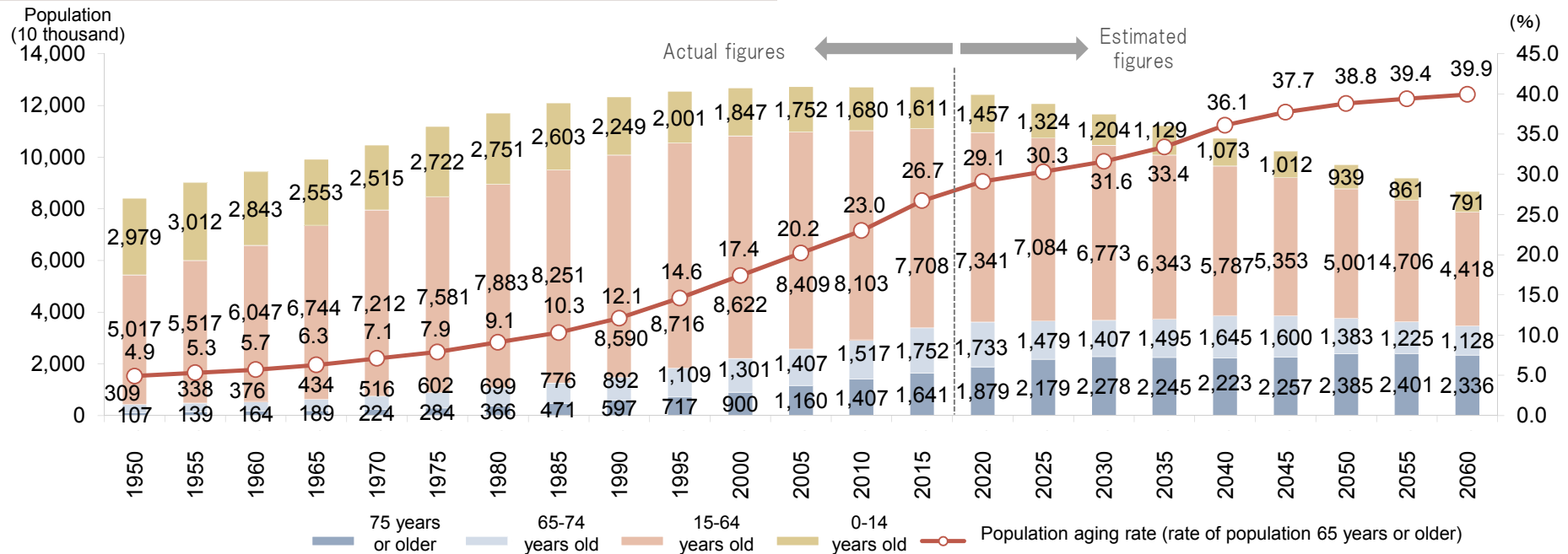


Section 5

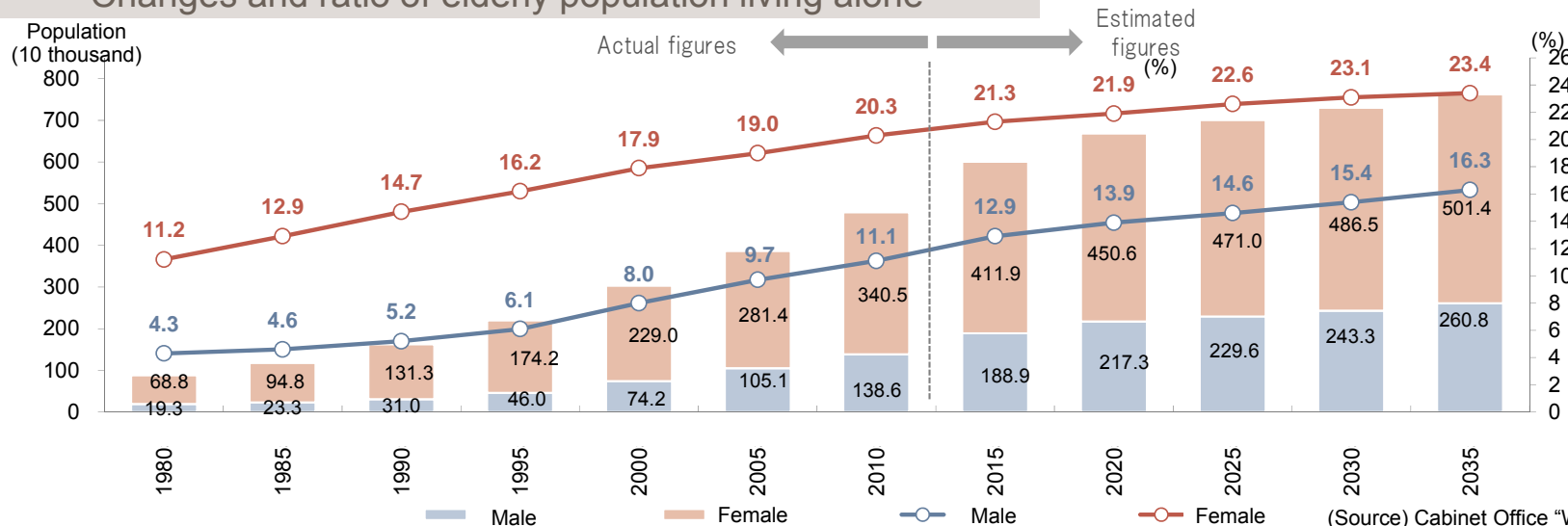
Environment Surrounding Healthcare Industry

Surrounding Status of Healthcare Facilities : Progress of aging society

Domestic demographics by age



Changes and ratio of elderly population living alone



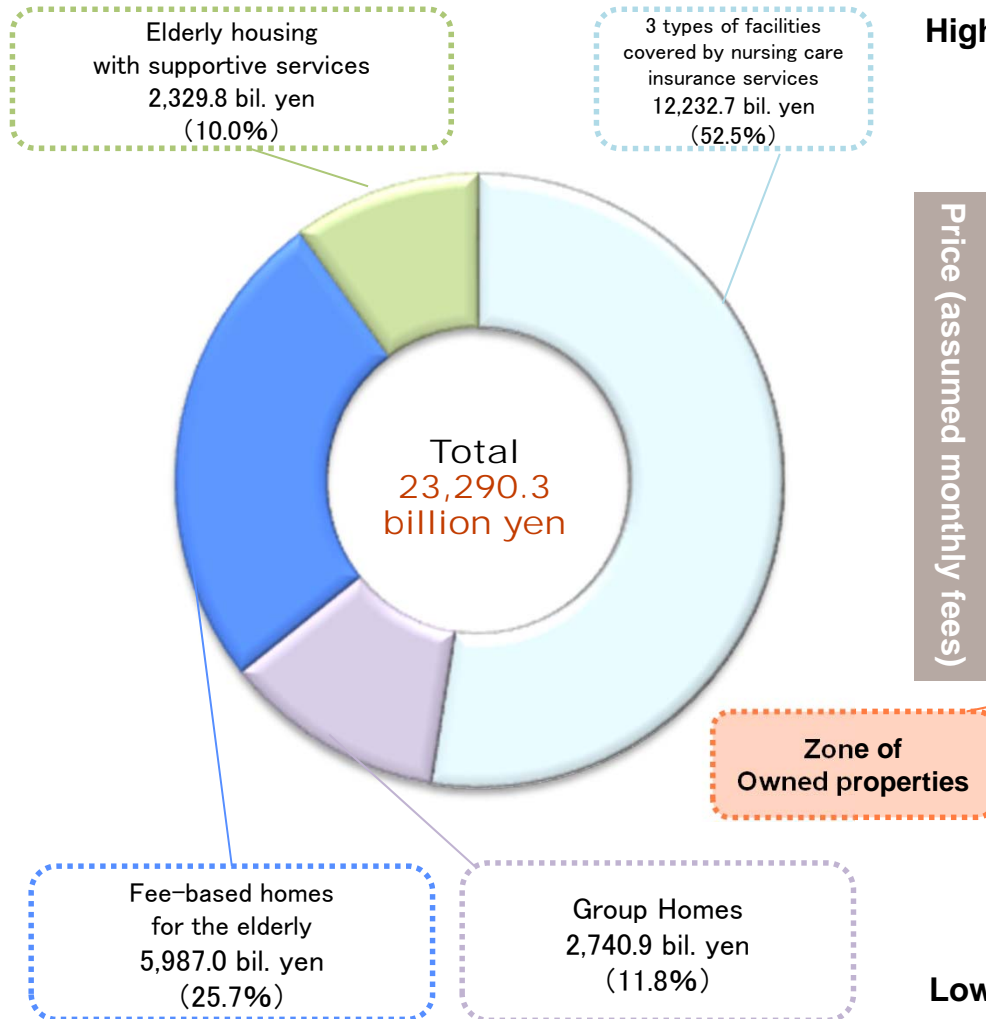
(Source) Cabinet Office "White Paper on Aging Society 2017"



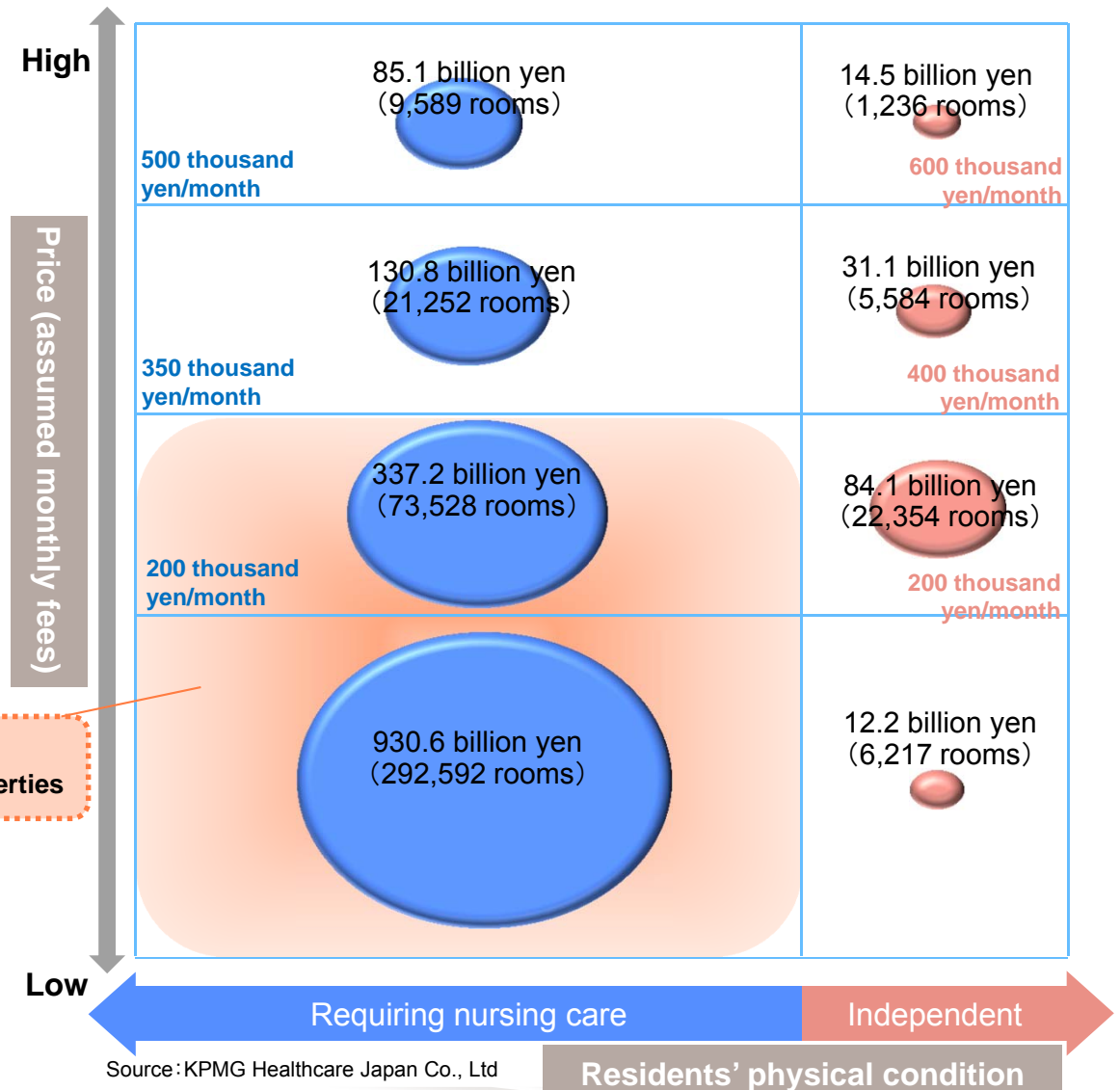
Market Size of Healthcare Facilities and Fee-based Homes for the Elderly (by price)

Market size of fee-based homes for the elderly and elderly housing with supportive services is 8 trillion yen, therefore there is much room for NHI to expand

Market size of healthcare facilities(as of Oct. 2017)



Market size by price (Fee-based homes for the elderly requiring nursing care/who are independent) (as of June 2016)





Memorandum

The word "Appendix" is centered within a light gray circle. A horizontal bar, composed of a light gray segment on the left and a darker gray segment on the right, passes through the circle behind the text. A thin dark line runs horizontally across the bar below the text.

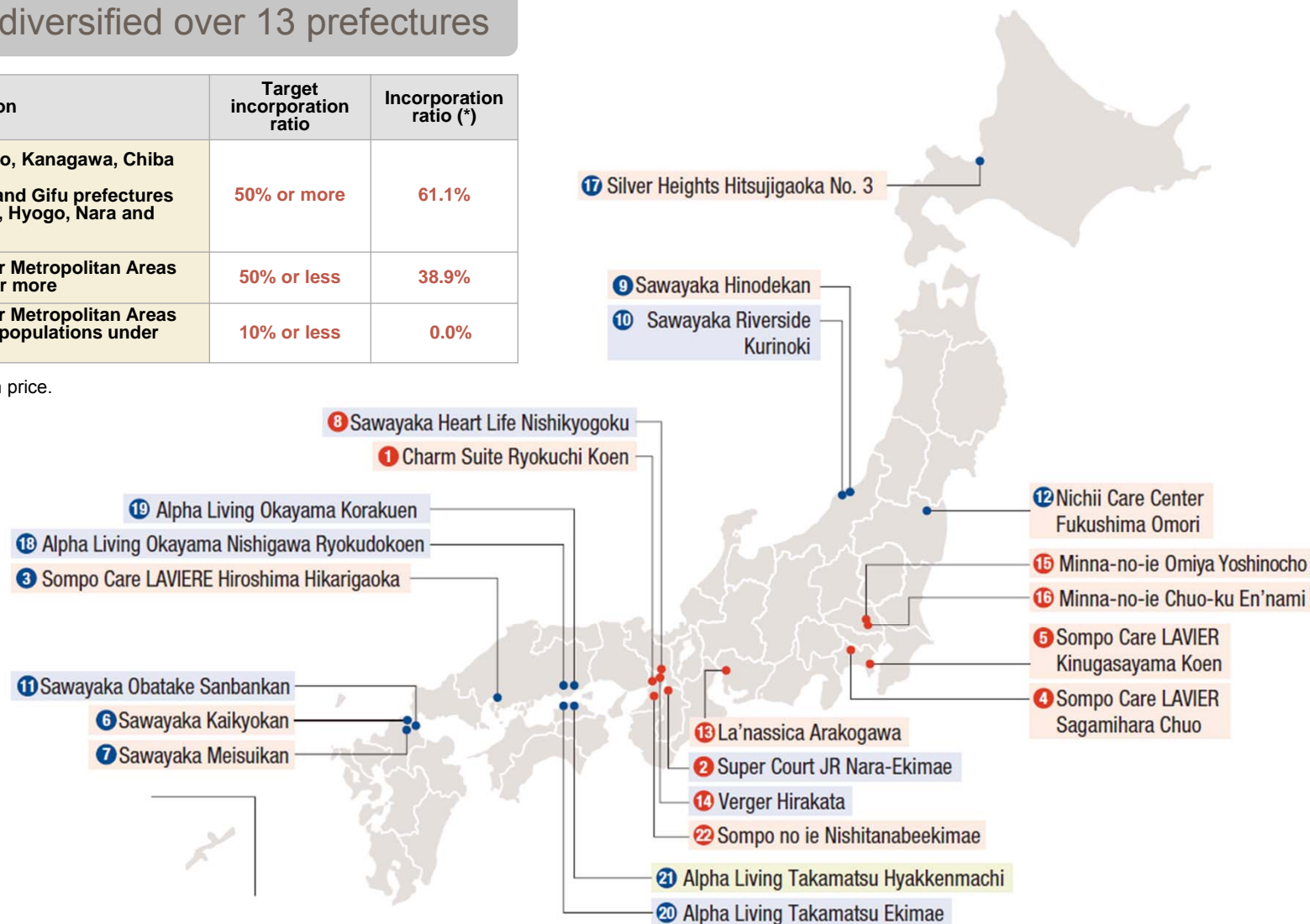
Appendix

Portfolio Map (as of April 30, 2018)

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.



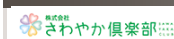
Sompo Care LAVIERE
Kinugasayama Koen



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

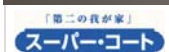
Introduction of Operators (2)



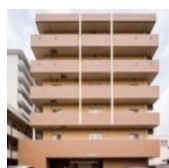
Company name	Charm Care Corporation
Head office	3-6-32 Nakanoshima, Kita-ku, Osaka-shi, Osaka
Representative director	Representative director, Takahiko Shimomura
Established	August 22, 1984
Capital	192 million yen
Attributes (listed market)	Listed company (JASDAQ of the Tokyo Stock Exchange, Securities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

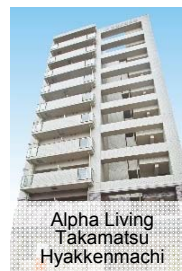
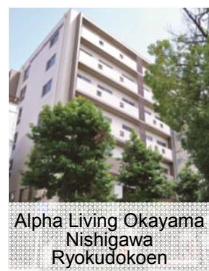
Introduction of Operators (3)



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 Inc.
Head office	4-12-8, Higashi-Shinagawa, Shinagawa-ku, Tokyo
Representative director	President, Ken Endo
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.

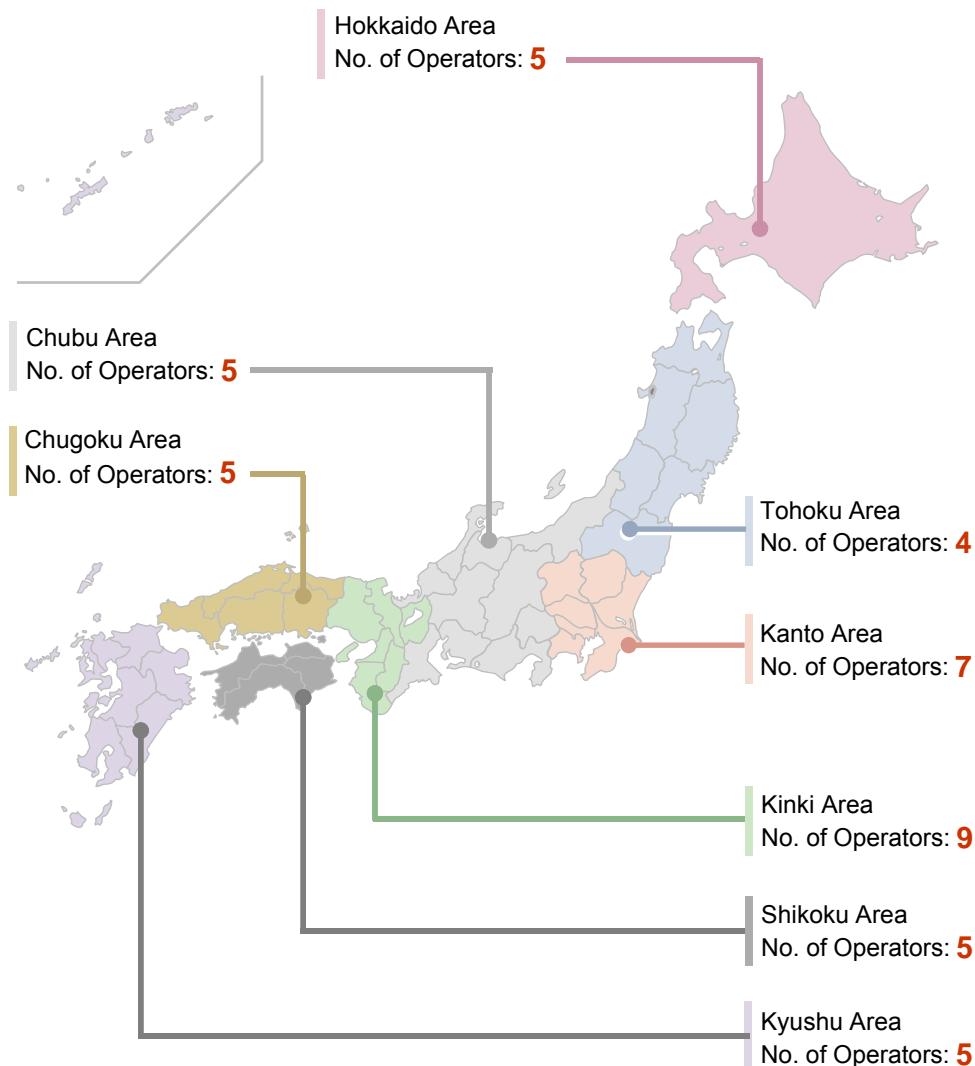
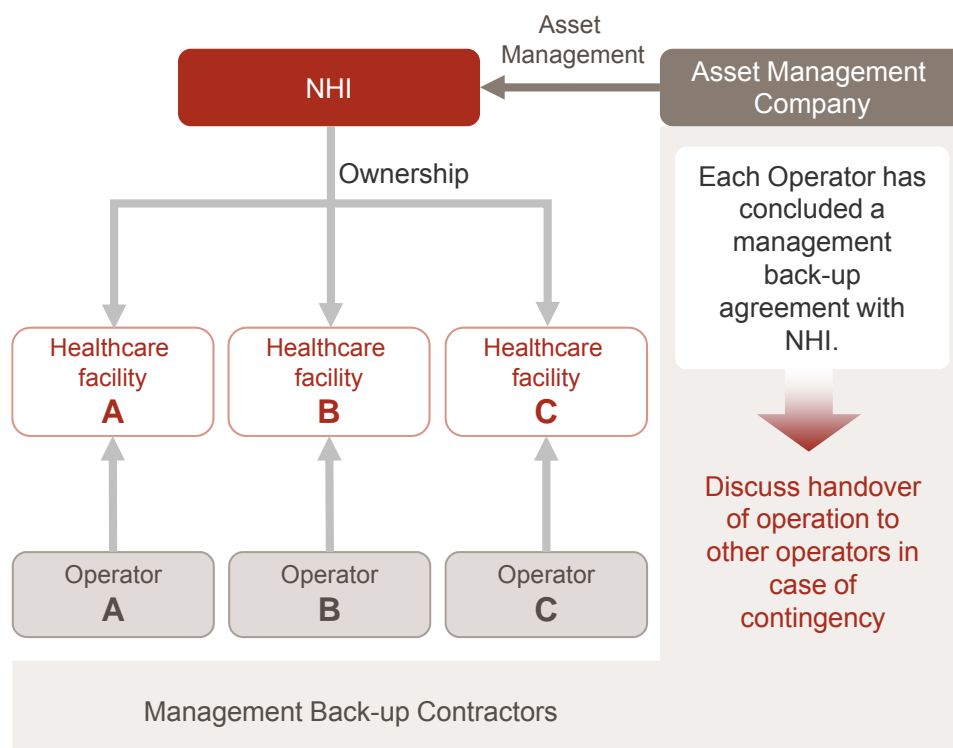
(Source) Shukan Koreisha Jutaku Shimben (Weekly elderly housing newspaper)

(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 April 30, 2018)

Property name	Appraiser	End of 8th FP							End of 7th FP	Difference (End of 8th FP - End of 7th 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	341	344	5.7	338	5.5	5.9	21	353	-12
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	1,780	1,800	4.8	1,770	4.6	5.0	88	1,750	30
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	898	907	5.3	889	5.1	5.5	50	899	-1
Saw ayaka Meisukan	Japan Real Estate Institute	813	819	5.3	806	5.1	5.5	47	813	-
Saw ayaka Heart Life Nishikyogoku	Daiw a Real Estate Appraisal	1,140	1,150	5.2	1,130	5.0	5.4	60	1,190	-50
Verger Hirakata	Daiw a Real Estate Appraisal	1,590	1,610	5.2	1,580	5.0	5.4	85	1,600	-10
Sompo Care LAVIERE Kinugasayama Koen	The Tanizaw a Sōgō Appraisal	2,050	2,080	4.8	2,040	4.9	5.0	100	2,060	-10
La'nassica Arakogaw a	The Tanizaw a Sōgō Appraisal	1,430	1,440	5.1	1,420	5.2	5.3	74	1,430	-
Saw ayaka Hinodekan	Daiw a Real Estate Appraisal	920	932	5.0	915	4.8	5.2	47	921	-1
Saw ayaka Riverside Kurinoki	Daiw a Real Estate Appraisal	323	329	5.0	321	4.8	5.2	17	324	-1
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	777	787	4.9	773	5.0	5.1	39	779	-2
Minna-no-ie Chuo-ku En'nami	Japan Real Estate Institute	860	870	4.9	849	4.7	5.1	44	859	1
Silver Heights Hitsujigaoka No.3	Daiw a Real Estate Appraisal	1,340	1,350	4.9	1,330	4.7	5.1	70	1,340	-
Alpha Living Okayama Nishigawa Ryokudokoen	Daiw a Real Estate Appraisal	787	801	4.5	781	4.3	4.7	37	789	-2
Alpha Living Okayama Korakuen	Daiw a Real Estate Appraisal	671	684	4.6	666	4.4	4.8	32	672	-1
Alpha Living Takamatsu Ekimae	Daiw a Real Estate Appraisal	641	652	4.6	636	4.4	4.8	30	641	-
Alpha Living Takamatsu Hyakkenmachi	Daiw a Real Estate Appraisal	626	633	4.7	623	4.5	4.9	31	628	-2
Sompo no ie Nishitanabeekimae	The Tanizaw a Sōgō Appraisal	739	748	4.7	735	4.8	4.9	36	741	-2
Total		24,121	24,406	-	23,945	-	-	1,241	24,184	-63

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)	341	1,230	1,780	3,060	898
NOI yield (%) (Note 2)	8.3	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 ²)	1,964.68	4,133.82	3,732.95	5,329.73	2,694.42
Total leased area (m ²)	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	97.5	71.2	98.4	98.4
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)	15.9	15.9	15.9	20.3	15.9

(Note 1) Appraisal values are as of April 30, 2018.

(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 8th FP ended in April 30, 2018.

(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, 2018.

Portfolio List (2)

Property name	Sawayaka Meisuiikan	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	1,140	1,590	2,050	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 ²)	4,553.67	2,459.19	2,925.25	4,265.88	3,590.40
Total leased area (m ²)	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	98.8	70.0	90.3	98.0
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)	15.9	15.9	15.9	16.4	9.9

(Note 1) Appraisal values are as of April 30, 2018.

(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 8th FP ended in April 30, 2018.

(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, 2018.

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)	920	323	355	1,750	777	860
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	9
Structure / floors (Note 4)	S/3F	S/4F	S/3F	RC/7F	RC/4F	RC/3F
Leasable area (m ²)	2,674.37	1,349.39	1,411.78	5,057.07	1,800.03	1,963.03
Total leased area (m ²)	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	94.8	100.0	93.5	93.9	64.7
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)	16.6	16.6	16.6	21.2	18.8	25.9

(Note 1) Appraisal values are as of April 30, 2018.

(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 8th FP ended in April 30, 2018.

(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, 2018.

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 Midotsuji Line.
Acquisition price (million yen)	1,200	730	610	605	605	710
Real estate appraisal value (million yen) (Note 1)	1,340	787	671	641	626	739
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 ²)	7,267.56	2,124.16	2,128.44	1,848.06	1,929.16	2,095.79
Total leased area (m ²)	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)	93.6	87.2	89.5	90.9	85.1	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)	17.6	17.2	17.2	17.2	17.2	8.9

(Note 1) Appraisal values are as of April 30, 2018.

(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 8th FP ended in April 30, 2018.

(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, 2018.



Status of Income (Loss) of Investment Real Estate Properties (as of April 30, 2018)

(Unit: thousand yen)

Property name	8th Fiscal Period (from November 1, 2017 to April 30, 2018)									
	Property-related operating revenues (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	8,335	164	-	1,022	37	555	5,356	1,200	11,420
Sompo Care LAVIERE Hiroshima Hikarigaoka		17,058	510	-	2,882	82	2,639	10,944	-	34,085
Sompo Care LAVIERE Sagamihara Chuo		13,644	740	-	2,304	81	255	10,262	-	45,037
Charm Suite Ryokuchi Koen		29,142	1,224	-	4,515	112	7,767	15,522	-	65,130
Sawayaka Kaikyokan		9,746	609	-	1,823	79	-	7,234	-	25,932
Sawayaka Meisuiikan		11,475	572	-	2,812	116	-	7,974	-	25,000
Sawayaka Heart Life Nishikyogoku		9,851	797	-	1,726	53	579	6,694	-	30,107
Verger Hirakata		26,746	604	-	1,871	61	13,627	10,581	-	29,434
Sompo Care LAVIERE Kinugasayama Koen		21,727	919	-	3,971	99	330	16,406	-	50,315
La'nassica Arakogawa		20,548	664	-	2,267	80	420	17,116	-	37,367
Sawayaka Hinodekan		12,574	409	-	1,877	54	1,861	8,372	-	22,350
Sawayaka Riverside Kurinoki		4,863	133	-	944	28	200	3,557	-	8,615
Sawayaka Obatake Sanbankan		5,424	237	-	834	27	-	4,325	-	9,580
Super Court JR Nara-Ekimae		24,904	1,374	-	3,003	105	2,659	17,761	-	43,649
Minna-no-ie Omiya Yoshinocho		9,868	884	-	1,806	43	-	7,135	-	19,910
Minna-no-ie Chuo-ku En'nami		15,655	932	2,523	2,190	46	-	9,963	-	19,699
Silver Heights Hitsujigaoka No.3		16,475	675	-	6,182	141	695	8,781	-	34,756
Alpha Living Okayama Nishigawa Ryokudokoen		9,793	364	-	1,755	45	-	7,626	-	18,713
Alpha Living Okayama Korakuen		6,315	304	-	1,659	45	-	4,306	-	16,498
Alpha Living Takamatsu Ekimae		8,016	302	-	1,224	41	-	6,448	-	15,695
Alpha Living Takamatsu Hyakkenmachi		8,947	302	-	1,654	43	-	6,947	-	15,999
Sompo no ie Nishitanabeekimae		7,669	380	-	1,705	50	484	5,049	-	18,043
Total	697,766	298,788	13,108	2,523	50,036	1,479	32,072	198,367	1,200	597,345

(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 8th Fiscal Period Ended April 2018

		The 7th FP Actual		The 8th FP Actual	
		Amount (million yen)	Ratio	Amount (million yen)	Ratio
Assets	Current Assets	1,693	8.0%	1,794	8.5%
	Cash and deposits	1,223		1,349	
	Cash and deposits in trust	447		429	
	Other current assets	22		15	
	Fixed Assets	19,524	92.0%	19,351	91.5%
	Tangible fixed assets	19,457	91.7%	19,284	91.2%
	Buildings and others (including trust property)	11,508		11,335	
	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	1		1	
	Investments and other assets	24	0.1%	25	0.1%
	Leasehold and security deposits paid in trust	10		10	
	Long-term prepaid expenses	14		15	
Total Assets		21,218	100.0%	21,146	100.0%

		The 7th FP Actual		The 8th FP Actual	
		Amount (million yen)	Ratio	Amount (million yen)	Ratio
Liabilities	Current Liabilities	2,814	13.3%	2,803	13.3%
	Operating account payables	59		58	
	Short-term loans payable	500		500	
	Current portion of long-term loans payable	2,100		2,100	
	Accounts payable – other	63		53	
	Advances received	85		85	
	Other current liabilities	5		6	
	Fixed Liabilities	7,930	37.4%	7,930	37.5%
	Long-term loans payable	7,200		7,200	
	Tenant leasehold and security deposits	730		730	
	Total Liabilities	10,744	50.6%	10,733	50.8%
Net Assets	Unitholders' equity (net)	10,229	48.2%	10,165	48.1%
	Unitholders' equity	10,504		10,504	
	Deduction from unitholders' equity	-275		-338	
	Unappropriated retained earnings	244	1.2%	246	1.2%
	Total Net Assets	10,473	49.4%	10,412	49.2%
Total Liabilities and Net Assets		21,218	100.0%	21,146	100.0%

Status of Unitholders as of the end of April 2018

Ownership ratio of investment units by category

Category of unitholders	Number of units at the end of 7th FP	Number of units at the end of 8th FP	Increase/decrease from the previous FP	Ratio at the end of 8th FP*
Individual/others	38,649	35,474	- 3,175	47.53%
Financial institutions	19,266	19,832	566	26.57%
Major city banks	-	-	-	0.00%
Regional banks	1,160	493	- 667	0.66%
Trust banks	14,737	16,092	1,355	21.56%
Life insurance companies	286	286	-	0.38%
Non-life insurance companies	-	-	-	0.00%
Other financial institutions	3,083	2,961	- 122	3.97%
Other domestic companies	12,280	12,273	- 7	16.44%
Foreigners	2,978	6,199	3,221	8.31%
Securities companies	1,459	854	- 605	1.14%
Total	74,632	74,632	-	100.00%

*Rounded to two decimal places.

Major unitholders (top 10)

No.	Name	Number of units held at the end of 7th FP	Increase/decrease from the previous FP	Number of units held at the end of 8th FP	Ratio at the end of 8th FP*
1	Daiwa Securities Group Inc.	7,600	-	7,600	10.18%
2	The Master Trust Bank of Japan, Ltd.(Investment Trust Account)	6,446	879	7,325	9.81%
3	Japan Trustee Services Bank Ltd. (Trust Investment Trust Account)	4,458	191	4,649	6.23%
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1,918	536	2,454	3.29%
5	Trust & Custody Services Bank Ltd. (Trust Investment Trust Account)	1,458	- 176	1,282	1.72%
6	STATE STREET BANK AND TRUST COMPANY 505001	664	369	1,033	1.38%
7	Daiwa Real Estate Asset Management Co. Ltd.	1,000	-	1,000	1.34%
8	SCB SG S/A SCB THAILAND AC FOR CIMB-PRINCIPAL PROPERTY JP000294300545	-	953	953	1.28%
9	Fukui Medical Credit Association	1,145	- 200	945	1.27%
10	UENOYA BUILDING Co. Ltd.	693	210	903	1.21%
Total		25,382	2,762	28,144	37.71%

*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
June 2017	Special seminar for healthcare facility operators	Fukuoka
June 2017	Financial results briefing for institutional investors (6th FP)	Tokyo
July 2017	Briefing session on asset management for individual investors (6th FP)	Tokyo
October 2017	J-REIT Fair for individual investors 2017 (cosponsored by ARES and TSE)	Tokyo
December 2017	Financial results briefing for institutional investors (7th FP)	Tokyo
January 2018	Briefing session on asset management for individual investors (7th FP)	Tokyo
February 2018	Special seminar for healthcare facility operators	Osaka
February 2018	Seminar for individual investors (sponsored by a security company)	Yokohama
March 2018	TSE IR Festa 2018	Tokyo
March 2018	Special seminar for healthcare facility operators	Tokyo

Special seminar for healthcare facility operators (Tokyo)



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



Indices that include NHI

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



IR Schedule

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.

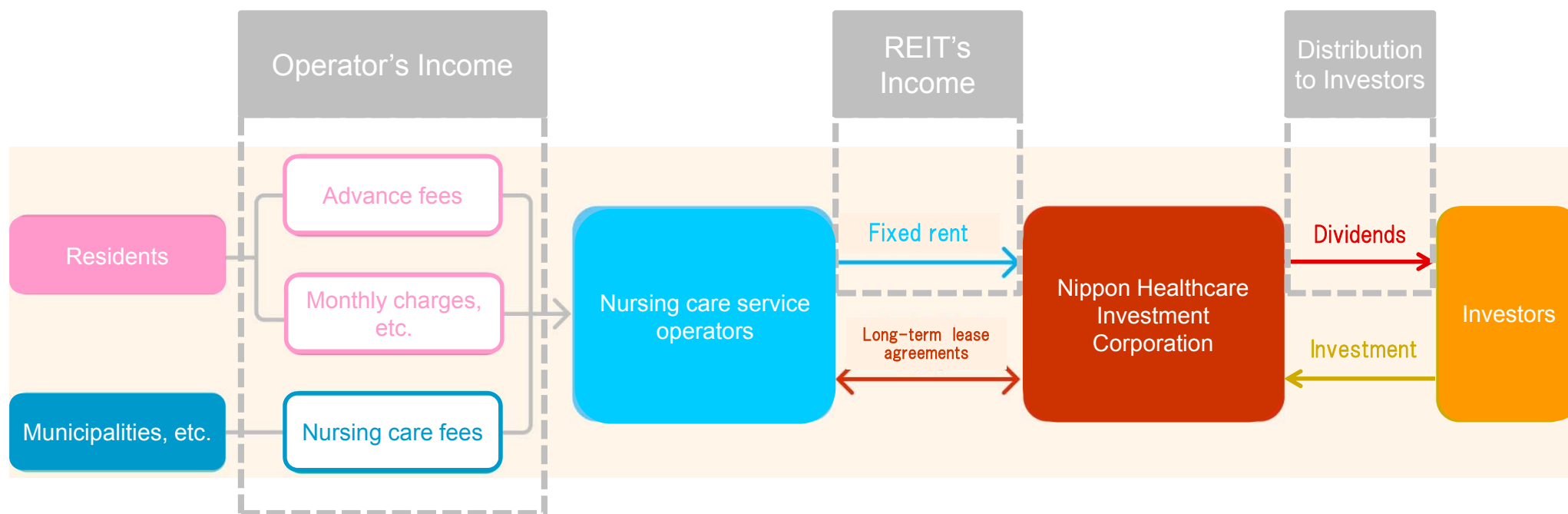
Securities code | **3308**

- 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.

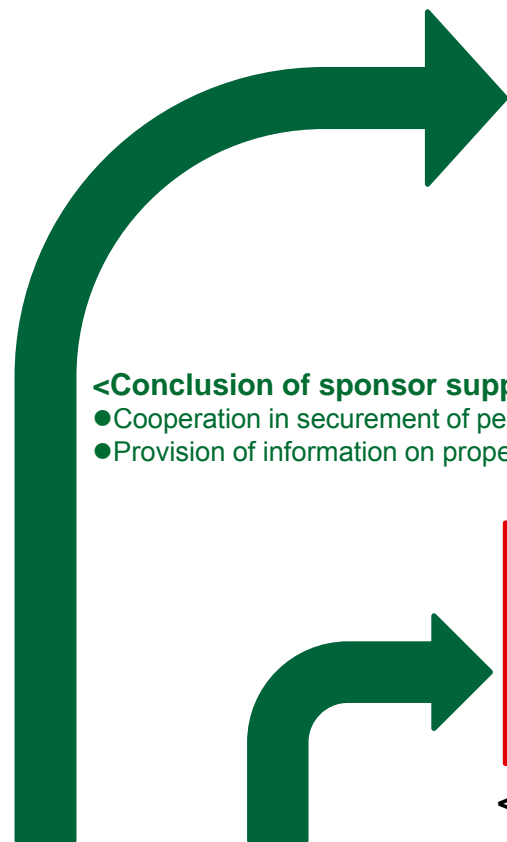
Framework of stable cash flow





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

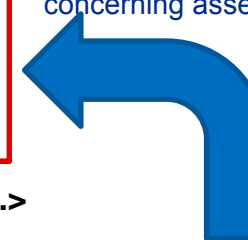
<Invested 100% by Daiwa Securities Group Inc.>

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 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



Real Estate and Infrastructure AM Business in Daiwa Securities Group

- Aims to respond to the changes in management environment and expand assets under management as well as investment fields to infrastructure, logistics, hotel and overseas

Management environment surrounding investors

Expansion of assets under management meeting various needs

Difficulty in management due to low interest rate

Diversification of investor needs

Expansion and diversification of assets under management

Development of a new fund procurement method

- Internal and external growth of REITs under management, etc.
- Expanding new fields such as infrastructure, logistics and hotel

- Considering investments in overseas assets and Debt investment
- Capturing significant growth opportunity through M&A, etc.

- Diversification of securitization scheme (overseas investment, products for individuals)

- Fund procurement utilizing FinTech in progress such as cloud funding
- Strengthening of base through collaboration and partnership

Expansion of targeted assets under management	Office	2009	大和証券オフィス投資法人 Daiwa Office Investment Corporation	441.2 billion yen
	Residential	2012	大和証券レジデンシャル・プライベート投資法人 Daiwa Residential Private Investment Corporation	110.0 billion yen
		2014	 日本賃貸住宅投資法人 Japan Rental Housing Investments Inc.  株式会社ミカサ・アセット・マネジメント Mi-Casa Asset Management Inc.	225.5 billion yen
		2018	 SAMTY RESIDENTIAL  SAMTY Asset Management	81.5 billion yen ^{*1}
	Healthcare	2014	日本ヘルスケア投資法人 Nippon Healthcare Investment Corporation	19.3 billion yen
	Industrial infrastructure, energy, etc.	2016	 IDI infrastructures	69.0 billion yen ^{*2}
		2016	Private real estate fund	11.0 billion yen
	Hotel	2018	大和証券ホテル・プライベート投資法人 Daiwa Hotel Private Investment Corporation	9.2 billion yen
	Overseas	Making consideration for formation of real estate financial instruments backed by overseas real estate (also considering alliance with a local leading real estate AM company)		



^{*1} Sub-sponsor

^{*2} Amount of investment commitment (not included in real estate AUM)

Real Estate AUM of Daiwa Securities Group **897.9 billion yen** (including sub-sponsor)

Real Estate AUM of Daiwa Real **590.8 billion yen** (as of July 19, 2018)



Overview of Asset Management Company (1)

Corporate Profile

As of June 1, 2018

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 June 1, 2018

President and Representative Director	Akira Yamanouchi
Vice President and Representative Director	Yuji Shinotsuka
Vice President and Representative Director	Yoshiki Nishigaki
Executive Managing 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

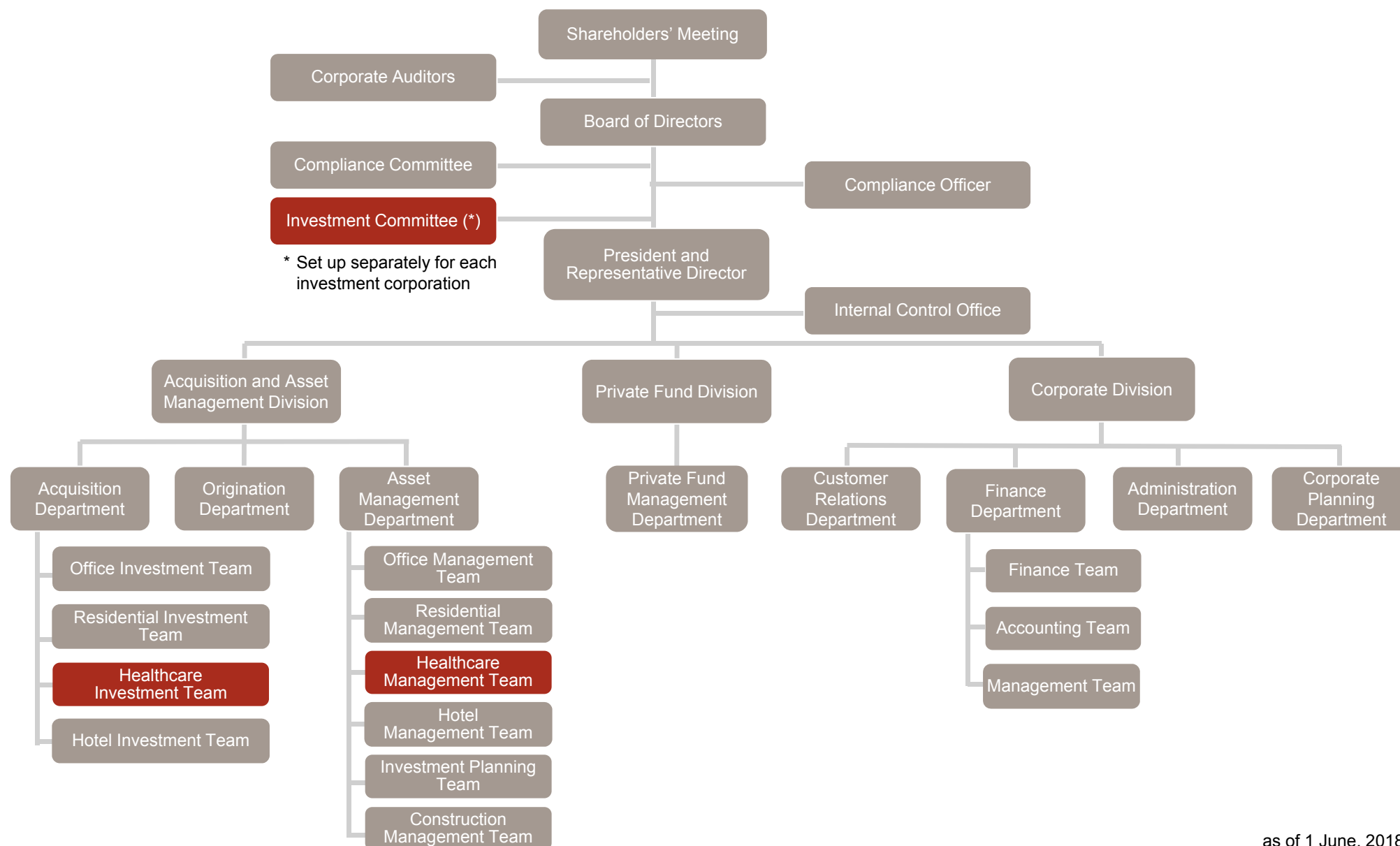
As of June 19, 2018

Daiwa Office Investment Corporation	Listed REIT focusing on office buildings Asset size: approximately 441.2 billion yen (56 properties)(*)
Daiwa Residential Private Investment Corporation	Unlisted REIT focusing on residential properties Asset size: approximately 110.0 billion yen (71 properties)
Nippon Healthcare Investment Corporation	Jap an's first listed REIT focusing on healthcare facilities Asset size: approximately 19.3 billion yen (22 properties)
Daiwa Hotel Private Investment Corporation	Private REIT focusing on hotels Asset size: approximately 9.2 billion yen (3 properties)

(*) excluding silent partnership equity interest

Overview of Asset Management Company (2)

Organization of Asset Management Company



as of 1 June, 2018



Memorandum

