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Main Q&As at Financial Results Briefing for the Fiscal Period Ended April 2019 (10th Fiscal Period) of Nippon Healthcare Investment Corporation

Date and Time: June 21, 2019 (Thursday) 15:30-16:15

Presenter: Toshio Fukushima, President and Representative Director, Daiwa Real Estate Asset Management Co. Ltd.

* Questions are presented in sequential order.

Q1. After listing, has there been any engagement with operators to discuss rent revision?

(Answer)

No. Because we are under long-term fixed rent lease agreements, we have not discussed rent revision with operators ever.

Q2. How do you view the management environment of the healthcare industry? Are there any facilities affected by surging labor costs or experiencing labor shortages?

(Answer)

We recognize that labor has been in short supply across the entire industry for a while. To secure labor, some operators under NHI have hired foreign workers who went through training programs as facility staff. There are also cases of NHI acquiring properties located within walking distance from stations as such proximity makes it easier to secure labor.

Q3. What is the background of expanding the pipeline?

(Answer)

NHI has built up the bridge fund pipelines from 14 billion yen to 24 billion yen in one fiscal period through sponsor support. Previously, there were many cases in which the sellers were private owners, but more recently, a rise in cases of property sales brought in by developers in the nursing home development business can be seen. Daiwa Securities Group has implemented company-wide efforts further upstream, including acquisition of ORIX Living Corporation and capital tie-up with Samty.

Q4. What is your opinion on the expansion of AUM? With the pipelines ready, are you awaiting the investment unit price to go up?

(Answer)

Since the P-NAV multiple is below 1, a public offering is not feasible. Therefore, we believe that it is not time to expand AUM now.