

As of December 20, 2019

Hopeful future for Japan

Nippon Healthcare Investment Corporation

Presentation Material for
The 9th Fiscal Period Ended October 2018
Securities code : 3308



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

大和リアル・エーステート・アセット・マネジメント
Daiwa Real Estate Asset Management



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Topics for 9th Fiscal Period (Ended October 2018)

■ <External growth>

- Acquired first portfolio property located in Tokyo (December 20, 2018)
“Irise Komae Bettei” (Acquisition price: Approx. 390 million yen, 30% quasi-co-ownership interest)

■ < Management status >

- Average occupancy rate for the entire portfolio at the end of the 9th Fiscal Period remained stable at 90.6% (down 0.6% from the 8th Fiscal Period)
- Operators' rent-paying capacity was 1.6, up 0.1 percentage point from the 8th Fiscal Period

■ < Financial status >

- Number of lender financial institutions increased (End of 8th Fiscal Period: 7 banks → End of 9th Fiscal Period : 8 banks)
- LTV was 46.5%, ratio of fixed rates was 100.0% and average remaining loan period was 2.5 years



Section 1

Operating Results

for the 9th Fiscal Period

Operating Results for 9th Fiscal Period

Actual results for the 9th Fiscal Period

(unit: million yen)

	8th FP (ended Apr. 2018) (results)	9th FP (ended Oct. 2018) (results)	Difference
Number of properties owned at end of the fiscal period	22	22	-
Operating revenue	697	697	- 0
Operating expenses	424	425	+ 1
Property-related expense (excluding depreciation)	100	90	- 9
Depreciation	198	199	+ 1
Operating income	273	271	- 1
Non-operating revenue	1	0	- 1
Non-operating expense	27	28	+ 0
Interest expense	21	21	+ 0
Ordinary income	247	244	- 3
Net income	246	243	- 3
Number of investment units issued and outstanding at the end of the fiscal period (units)	74,632	74,632	-
Distribution per unit (yen)	4,163	4,130	- 33
(including distribution in excess of earnings)			
Distribution per unit (excluding distribution in excess of earnings)	3,303	3,260	- 43
Distribution per unit in excess of earnings	860	870	+ 10
(Reference)			
Depreciation per unit (yen)	2,657	2,674	
Ratio of distribution in excess of earnings to depreciation per unit	32.4%	32.5%	

Factor	Item
Increase	<ul style="list-style-type: none"> Asset Custody and Admin. Service Fees + 6million yen Depreciation + 1million yen
Decrease	<ul style="list-style-type: none"> Repair Cost - 9million yen

Comparison of forecast and actual results for 9th Fiscal Period

(unit: million yen)

	9th FP (ended Oct. 2018) (forecast) (Disclosed as of 18 Jun. 2018)	9th FP (ended Oct. 2018) (results)	Difference
Number of properties owned at end of the fiscal period	22	22	-
Operating revenue	697	697	- 0
Operating expenses	427	425	- 1
Net income	241	243	+ 2
Distribution per unit (yen)	4,100	4,130	+ 30
(including distribution in excess of earnings)			
Distribution per unit (excluding distribution in excess of earnings)	3,230	3,260	+ 30
Distribution per unit (in excess of earnings)	870	870	+ 0

Forecast of Operating Results for 10th Fiscal Period and 11th Fiscal Period

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	23	+1
Operating revenue	705	+7
Operating expenses	424	- 0
Property-related expenses (excluding depreciation)	94	+4
Depreciation	203	+3
Operating income	280	+8
Non-operating revenue	-	- 0
Non-operating expense	28	+0
Interest expense	21	+0
Ordinary income	251	+7
Net income	250	+7

Factor	Item
Increase	<ul style="list-style-type: none"> Revenue (rents and common area fees) from 1 property acquired during the fiscal period + 7million yen
Increase	<ul style="list-style-type: none"> Repair Cost + 5million yen Other Fees + 4million yen
Decrease	<ul style="list-style-type: none"> Asset Custody and Admin. Service Fees - 6million yen Asset Management Fee - 4million 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	-
Distribution per unit (yen) (including distribution in excess of earnings)	4,230	+100
Distribution per unit (excluding distribution in excess of earnings)	3,360	+100
Distribution per unit in excess of earnings	870	-

(Reference)

Depreciation per unit (yen)	2,724
Ratio of distribution in excess of earnings to depreciation per unit	31.9%

Forecast of the 11th fiscal period

(unit: million yen)

	11th FP (ending Oct. 2019) (forecast)	Difference from the 10th FP
Number of properties owned at end of the fiscal period	23	-
Operating revenue	707	+2
Operating expenses	427	+2
Property-related expenses (excluding depreciation)	94	- 0
Depreciation	204	+1
Operating income	280	- 0
Non-operating revenue	-	-
Non-operating expense	29	+0
Interest expense	22	+0
Ordinary income	251	- 0
Net income	250	- 0

Factor	Item
Increase	<ul style="list-style-type: none"> Full-year contribution of revenue (rents and common area fees) from 1 property acquired during the previous fiscal period + 2million yen
Increase	<ul style="list-style-type: none"> Tax and public dues (general and administrative expense) + 1million yen Depreciation + 1million yen

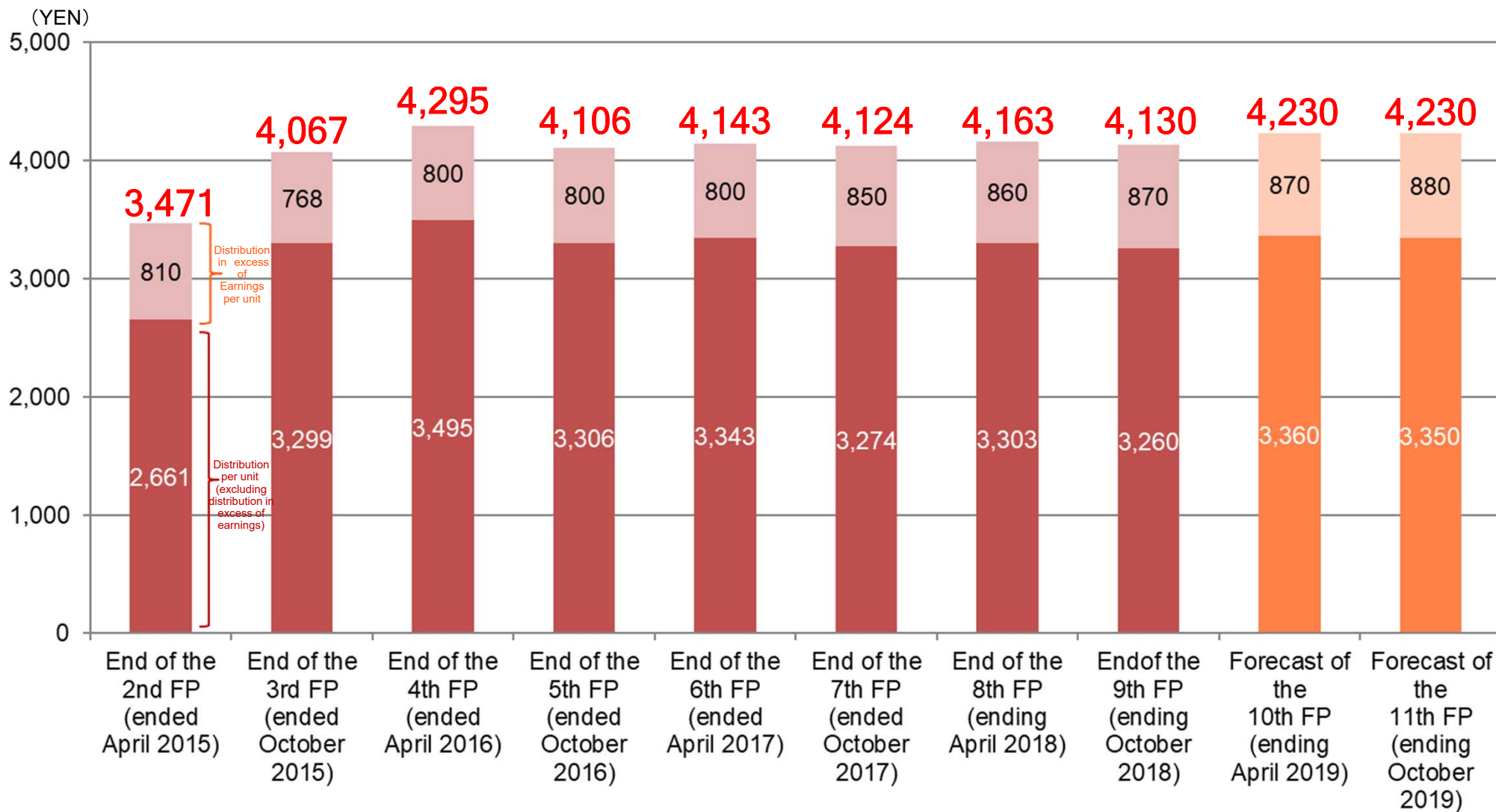
	11th FP (ending Oct. 2019) (forecast)	Difference from the 10th FP
Number of investment units issued and outstanding at the end of the fiscal period (units)	74,632	-
Distribution per unit (yen) (including distribution in excess of earnings)	4,230	-
Distribution per unit (excluding distribution in excess of earnings)	3,350	-10
Distribution per unit in excess of earnings	880	+10

(Reference)

Depreciation per unit (yen)	2,746
Ratio of distribution in excess of earnings to depreciation per unit	32.0%

Distribution per Unit

Distribution per Unit





Section 2

External Growth

Effective Utilization of Cash on Hand

Utilization methods of cash on hand

- Of various options for utilizing cash on hand (property acquisition, repayment of loans, acquisition of own investment units, distributions in excess of earnings, etc.), acquired a property which can continue to contribute most to distribution as well as distributions in excess of earnings in previous fiscal periods.

Assumed scenario	Specific measures	Effect/impact
Distributions in excess of earnings	Implement distributions in excess of earnings every accounting period with an upper limit of 40% of depreciation	Contribution to stable distribution
Acquisition of new properties	<ul style="list-style-type: none"> Allocate fund for property acquisition since cash on hand accumulates by around 100 million yen every fiscal period Consider continuous acquisition from bridge funds in accordance with the amount of cash on hand 	Continuous contribution to distribution
Repayment of loans	Reduce debt cost through repayment of interest-bearing liabilities	Low cost cut effect
Acquisition of own investment units	Seek capital efficiency through acquisition/retirement of own investment units	Will lead to a decline of liquidity due to a decrease in the number of issued investment units



We will aim for maximization of unitholders' value through efficient use of funds.

Property Acquired in 10th Fiscal Period (Ending April 2019)

Irise Komae Bettei (partial acquisition)

Acquisition price: 394.5 million yen (Acquisition date: December 20, 2018, 30% quasi-co-ownership interest)

Operator: HITOWA Care Service Co., Ltd.

Facility type: Fee-based homes for the elderly with nursing care



First acquisition of a property located in highly populated Tokyo

Location	1-32-5 Higashi-nogawa, Komae-shi, Tokyo	Appraisal value	399 million yen (Note)
Structure/ floors	RC/3F	Appraisal NOI yield	4.6%
Quasi-co-owner	GK DA Healthcare 2	Area	2,475.48m ²
Number of rooms	59	Total floor area	2,016.73m ²
Occupancy rate	98.3% (Written explanation of important matter as of July 1, 2018)	Construction completion	January 2017

(Note) As of December 1, 2018. Calculated the amount for the 30% quasi-co-ownership interest.

■ Site Features

Various flowers are planted in the facility site. With cherry blossoms running along Nogawa Green Space in the vicinity, a pleasant environment has been created in the community along with the Kitami Fureai Park on the east side of the Property.

■ Area Features

The area within a 3-km radius of the Property spans all of Komae City and part of Chofu City and part of Setagaya Ward. The number of elderly people aged 75 years or over is 122,000, accounting for 32.6% of the total population of the two cities and one ward. The number of elderly people aged 75 or over in Komae City is expected to increase to 12,400 in 2025 from 10,600 in 2018.

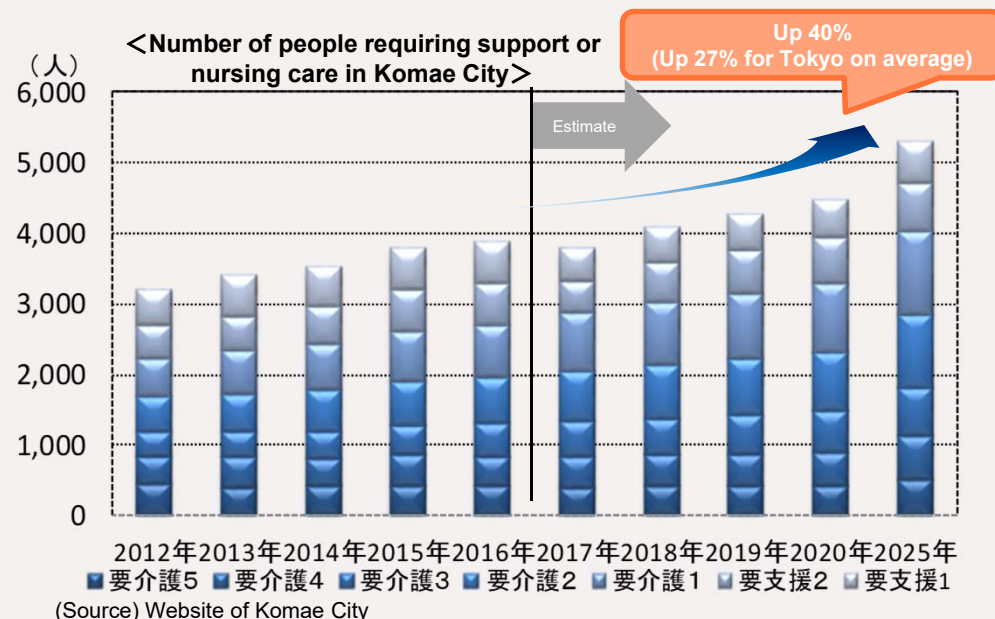
■ Property Features

The Property is a relatively new facility, completed in 2017, and has private rooms of mainly around 18 m², the standard room size for facilities with nursing care. The rooms are equipped with a sink and toilet.

Increase rate of the number of people requiring support or nursing care in Komae City

The number of people requiring support or nursing care in Komae City was 3,778 in 2017, and is estimated to be 4,470 in 2020 (up 18% from 2017) and 5,296 in 2025 (up 40% from 2017).

As for the entire Tokyo, the number of people requiring support or nursing care was 591,631 in 2017 and is estimated to be 748,703 in 2025 (up 27% from 2017). Thus the increase rate is greater for Komae City.



(Reference) <Estimated population for Komae City>

	2017	2020 (estimate)	2025 (estimate)
Total population (persons)	81,633	81,813	81,566
Elderly population (persons)	19,670	20,064	20,495
Rate of population 65 years or older	24.1%	24.5%	25.1%
Number of people requiring support/nursing care (persons)	3,778	4,470	5,296
Ratio against total population	4.6%	5.5%	6.5%

Introduction of New Operator



Company name	HITOWA Care Service Co., Ltd.
Head office	1-4-5 Roppongi, Minato-ku, Tokyo
Representative	President and Chief Executive Officer: Yoshiteru Hakamada
Established	November 2006
Capital	100 million yen
Attributes (listed market)	Unlisted
Business purpose/Principal businesses	<p>[Purpose] By providing support for the elderly's independent life and the families to back stronger family bonds under the concept of "supporting families and living," aims to realize improvement in quality of life (QOL) of all customers through realization of nursing care services that make users feel "glad to have met us" and provision of a plus-one service.</p> <p>[Principal businesses] <ul style="list-style-type: none"> • Operation of fee-based homes for the elderly • Operation of elderly housing with supportive services • In-home nursing care support business • In-home care services business • Home-visit nursing care business </p>

Facilities under management	Number of facilities	Number of rooms
Daily Life Long-Term Care Admitted to a Specified Facility	48	2,836
Residential-type fee-based homes for the elderly	52	3,276
Elderly housing with supportive services	9	614
Group homes	5	81
Total	114	6,807

Company name/Slogan

►About the company name

HITOWA=HITO (people)+WA (harmony/circle)+TOWA (eternity)

As a company that provides comprehensive life support services, we wish to create a better society connecting various businesses to make one "circle" while valuing "harmony" among people. We also wish to continue supporting people and their daily life "eternally". The company name "HITOWA" carries such our thoughts.

►Business slogan

All for care services that make users feel "glad to have met us."

►10 Rules for providing nursing care.

1. Will provide nursing care that I wish to have for my family members.
2. Will provide heartfelt services with smiles.
3. Will accept and welcome anyone.
4. Will aim to provide nursing care that will be appreciated until the very end.
5. Will eliminate all accidents.
6. Will respect user's dignity and character.
7. Will aim to provide meal services/eating assistance that bring joy to the users.
8. Will aim to provide pleasant toileting care.
9. Will aim to provide safe and reliable bathing care.
10. Will be a company beloved by the community.



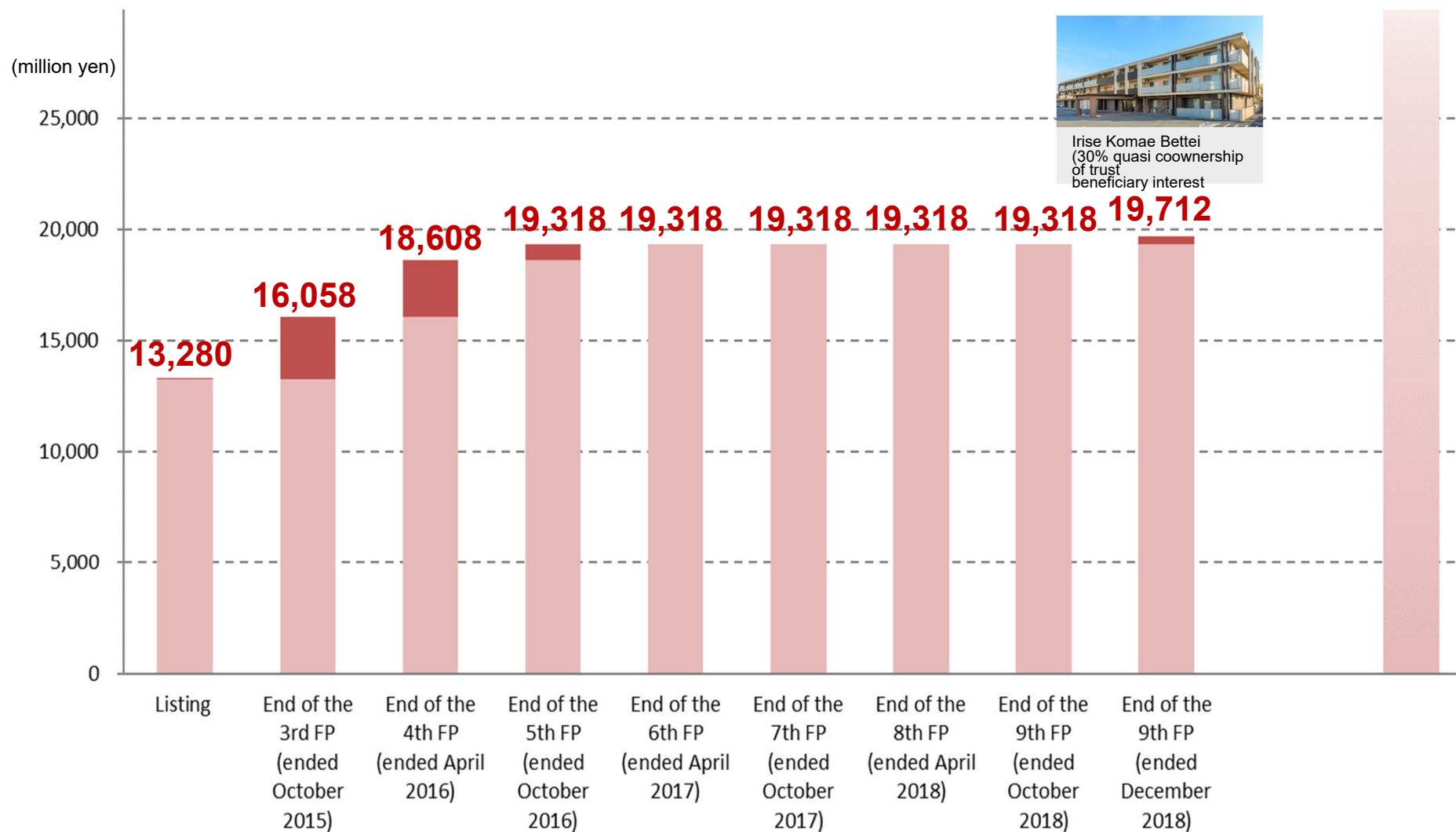
To provide nursing care services that make users feel "glad to have met us"

Yoshiteru Hakamada
President and Chief Executive Officer

(Source) Website of HITOWA Care Service Co., Ltd., etc.

Change in Asset Size

Continuous external growth through acquisition of carefully selected properties



Pipeline Development

Increase in the number of property acquisitions using bridge funds formed by Daiwa Securities Group (sponsor) and Daiwa ACA HealthCare as pipelines.

Sponsor's bridge funds

<Pipeline with properties totaling 14 billion yen (part)>



Nichii Home Kachidoki



(Tentative) Kasama Project



Irise Komae Bettei
(70% quasi-co-ownership interest)



Alpha Living Takamatsu
Konyamachi

Daiwa ACA HealthCare Inc. (Pipeline support agreement to be concluded)

<Conclusion of a pipeline support agreement with Daiwa ACA HealthCare, of which a stake of 66% is held by the sponsor, is under discussion>
(Scheduled to be concluded in January 2019)

- Seek to acquire properties from funds formed by Daiwa ACA HealthCare going forward

Sponsor

大和証券グループ本社

Daiwa Securities Group Inc.

Investment
(66%)

Daiwa ACA HealthCare Inc.

[Principal businesses] Investment in care facilities/hospitals in Japan

- Investment in promising nursing care-related real estate and hospital real estate
- Investment in operators which own healthcare real estate
(Business succession of medical corporations, care providers, etc.)

Existing facilities and
developed/value-added
properties



Future
pipelines

Investment
Corporation

日本ヘルスケア投資法人

Nippon Healthcare Investment Corporation

Portfolio Map (as of December 20, 2018)

Owned properties are diversified over 14 prefectures

Three Major Metropolitan Areas



1
Charm Suite
Ryokuchi Koen
Toyonaka City, Osaka



2
Super Court
JR Nara-Ekimae
Nara City, Nara



4
Somo Care LAVIER
Sagami-hara Chuo
Sagami-hara City, Kanagawa



5
Somo Care LAVIER
Kinugasa-yama Koen
Yokosuka City, Kanagawa



8
Sawayaka Heart Life
Nishikyogoku
Kyoto City, Kyoto



13
La'nassica Arakogawa
Nagoya City, Aichi



14
Verger Hirakata
Hirakata City, Osaka



15
Minna-no-ie
Omiya Yoshinocho
Saitama City, Saitama



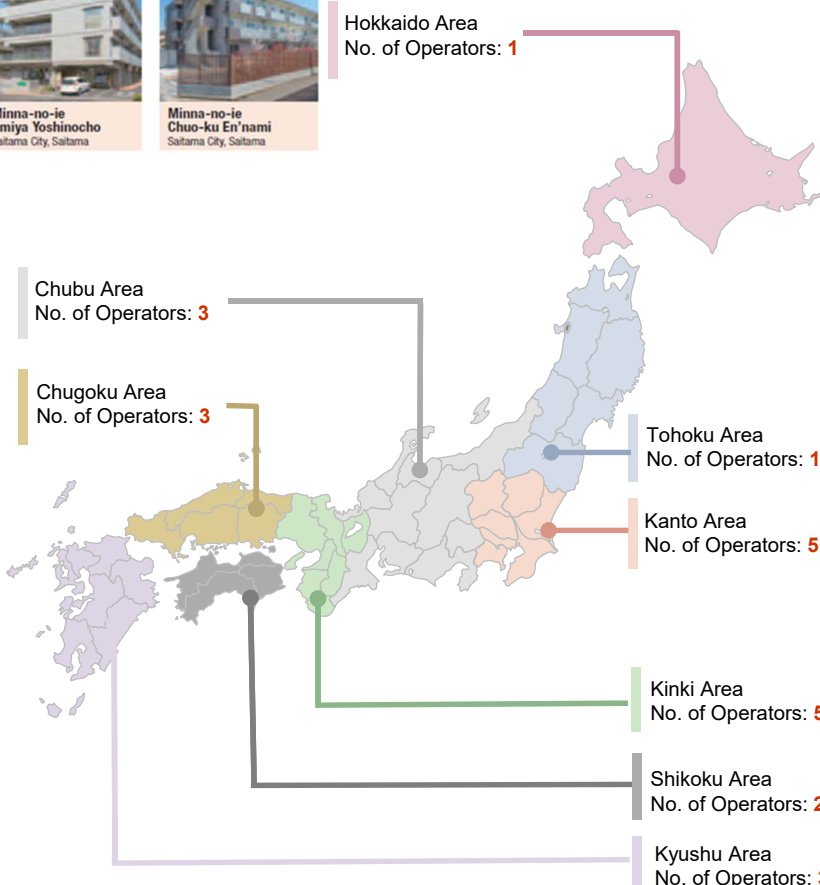
16
Minna-no-ie
Chuo-ku En'nami
Saitama City, Saitama



22
Somo no ie
Nishitanabeekimae
Osaka City, Osaka



Irise Komae Bettei
Komae City, Tokyo



Core City Areas



3
Somo Care LAVIER
Hiroshima Hikarigaoka
Hiroshima City, Hiroshima



6
Sawayaka Kaikyokan
Kitakyushu City, Fukuoka



7
Sawayaka Meisuikan
Kitakyushu City, Fukuoka



9
Sawayaka Hinodekan
Niigata City, Niigata



10
Sawayaka Riverside
Kurinoki
Niigata City, Niigata



11
Sawayaka Obatake
Sanbankan
Kitakyushu City, Fukuoka



12
Nichii Care Center
Fukushima Omori
Fukushima City, Fukushima



17
Silver Heights
Hitsujigaoka No. 3
Sapporo City, Hokkaido



18
Alpha Living Okayama
Nishigawa Ryokudoko
Okayama City, Okayama



19
Alpha Living Okayama
Korakuen
Okayama City, Okayama



20
Alpha Living Takamatsu
Ekimae
Takamatsu City, Kagawa



21
Alpha Living Takamatsu
Hyakkenmachi
Takamatsu City, Kagawa

(Note) Red numbers refer to Three Major Metropolitan Areas and blue numbers to Core City Areas. The background colors for property names 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.

(Note2) "Minna-no-ie: Omiya Yoshinocho" has renamed to "Minna-no-ie: Omiya Tsutsujigaoka Park" on 1 December 2018. Same as hereinter

Ratios of Investment in Regions

		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	61.8%
Core City Areas	Cities outside the Three Major Metropolitan Areas with populations of 200,000 or more	50% or less	38.2%
(*) 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.

Introduction of Operators

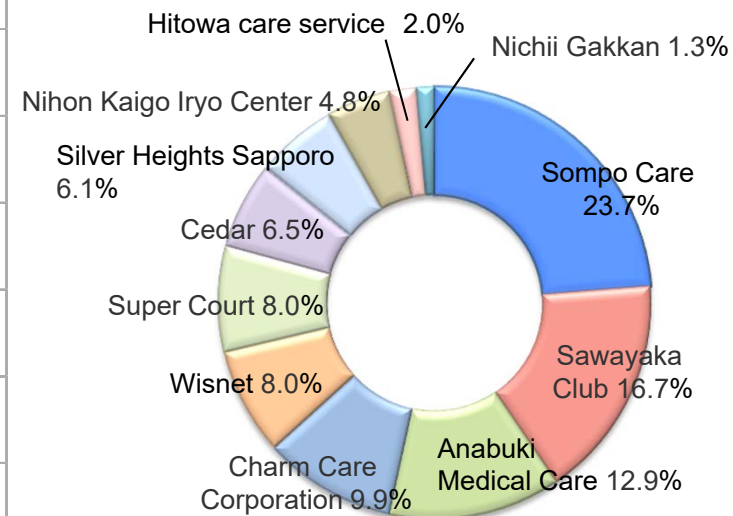
Highly reliable operators

Operator	Number of managed facilities (Note 1,2)	Number of operating rooms (Note 1)	Established	Attributes
Nichii Gakkan	429	13,970	August, 1973	Listed on the first section of the Tokyo Stock Exchange
Sompo Care	428	26,131	May, 1997	Subsidiary of Sompo Holdings, Inc., a company listed on the first section of the Tokyo Stock Exchange
Wisnet	125	3,524	January, 1998	Subsidiary of Sohgo Security Service Co., Ltd., a company listed on the first section of the Tokyo Stock Exchange
Hitowa care service	114	6,807	November, 2006	—
Sawayaka Club	82	4,814	December, 2004	Subsidiary of Uchiyama Holdings Co., Ltd., a company listed on the first section of the Tokyo Stock Exchange
Super Court	48	3,236	August, 1984	—
Charm Care Corporation	48	3,209	May, 1995	Listed on JASDAQ Standard on the Tokyo Stock Exchange
Cedar	42	2,254	April, 1981	Listed on JASDAQ Standard on the Tokyo Stock Exchange
Anabuki Medical Care	30	1,338	June, 2009	Subsidiary of Anabuki Kosan Inc., a company listed on the first section of the Tokyo Stock Exchange
Nihon Kaigo Iryo Center	21	905	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 October 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.



Section 3

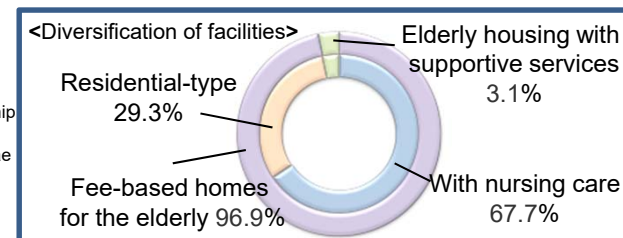
Portfolio Analysis



Portfolio List (as of December 20, 2018)

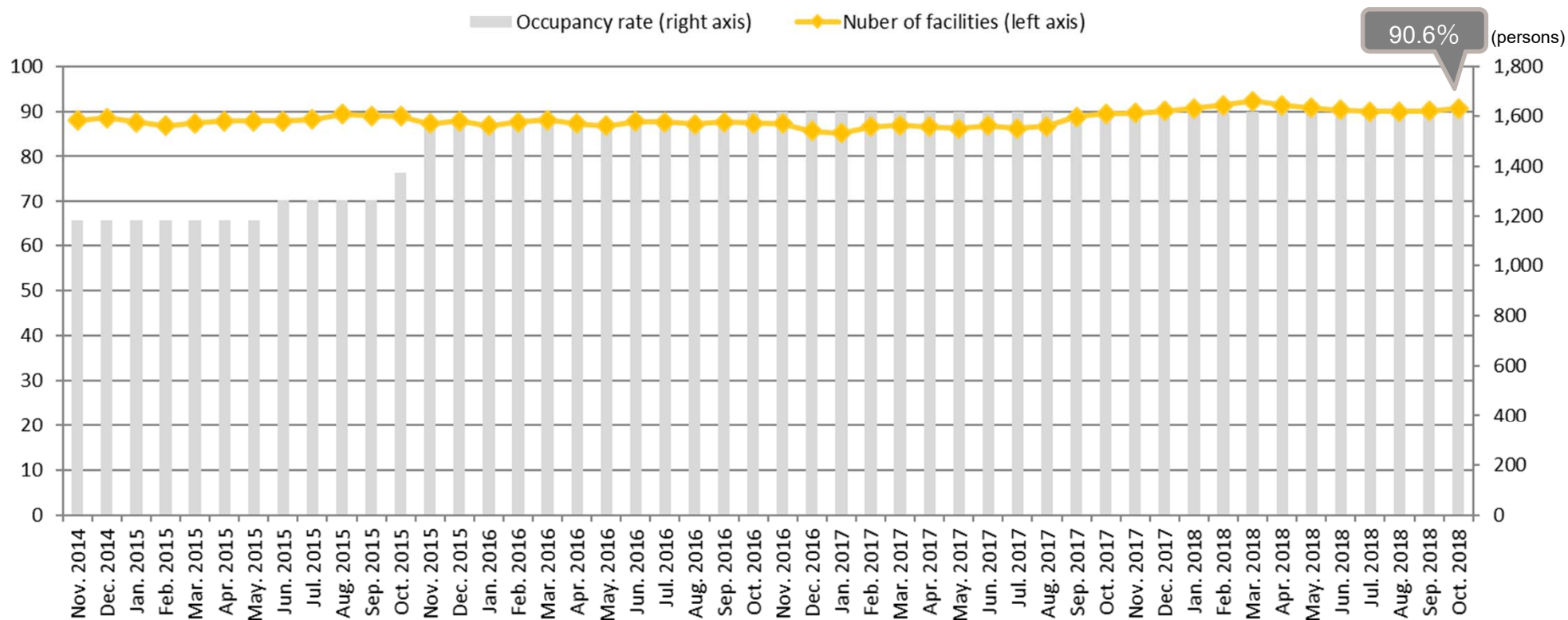
No. (Note 1)	Acquisition period	Property name	Facility type	Operator	Location	Acquisition price (Note 2)		Appraisal value (million yen) (Note 3)	Number of rooms (rooms) (Note 4)	Occupancy rates (%)		
						Price (million yen)	Share of portfolio (%)			7th FP (Note 6)	8th FP (Note 6)	Difference
1	1st Fiscal Period	Charm Sweet Ryokuchi Koen	Fee-based homes for the elderly with nursing care	Charm Care Corporation	Toyonaka City, Osaka	1,950	9.9	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	8.0	1,750	155	93.5	92.9	-0.6
3	1st Fiscal Period	Sompo Care LAVIERE Hiroshima Hikarigaoka	Fee-based homes for the elderly with nursing care	Sompo Care	Hiroshima City, Hiroshima	960	4.9	1,230	80	97.5	93.7	-3.8
4	1st Fiscal Period	Sompo Care LAVIERE Sagamihara Chuo	Fee-based homes for the elderly with nursing care		Sagamihara City, Kanagawa	1,170	5.9	1,780	80	71.2	78.7	7.5
5	2nd Fiscal Period	Sompo Care LAVIERE Kinugasayama Koen	Fee-based homes for the elderly with nursing care		Yokosuka City, Kanagawa	1,839	9.3	2,060	104	90.3	89.4	-0.9
6	5th Fiscal Period	Sompo no ie Nishitanabeekimae	Fee-based homes for the elderly with nursing care		Osaka City, Osaka	710	3.6	739	42	97.6	97.6	0.0
7	1st Fiscal Period	Sawayaka Kaikyokan	Fee-based homes for the elderly with nursing care	Sawayaka Club	Kitakyushu City, Fukuoka	630	3.2	898	65	98.4	95.3	-3.1
8	1st Fiscal Period	Sawayaka Meisukan	Fee-based homes for the elderly with nursing care		Kitakyushu City, Fukuoka	590	3.0	813	87	100.0	100.0	0.0
9	1st Fiscal Period	Sawayaka Heart Life Nishikyogoku	Residential-type fee-based homes for the elderly		Kyoto City, Kyoto	750	3.8	1,140	84	98.8	94.0	-4.8
10	2nd Fiscal Period	Sawayaka Hinodekan	Fee-based homes for the elderly with nursing care		Niigata City, Niigata	773	3.9	920	50	100.0	96.0	-4.0
11	2nd Fiscal Period	Sawayaka Riverside Kurinoki	Residential-type fee-based homes for the elderly		Niigata City, Niigata	266	1.3	323	33	94.8	94.8	0.0
12	2nd Fiscal Period	Sawayaka Obatake Sanbankan	Residential-type fee-based homes for the elderly		Kitakyushu City, Fukuoka	289	1.5	355	50	100.0	94.0	-6.0
13	1st Fiscal Period	Nichii Care Center Fukushima Omori	Fee-based homes for the elderly with nursing care	Nichii Gakkan	Fukushima City, Fukushima	265	1.3	341	52	100.0	100.0	0.0
14	2nd Fiscal Period	La'nassica Arakogawa	Fee-based homes for the elderly with nursing care	Cedar	Nagoya City, Aichi	1,279	6.5	1,430	100	98.0	98.0	0.0
15	1st Fiscal Period	Verger Hirakata	Residential-type fee-based homes for the elderly	Nihon Kaigo	Hirakata City, Osaka	950	4.8	1,590	104	70.0	76.6	6.6
16	3rd Fiscal Period	Minna-no-ie Omiya Tsutsujigaoka Park	Fee-based homes for the elderly with nursing care	Wisnet	Saitama City, Saitama	740	3.8	776	33	93.9	84.8	-9.1
17	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	64.7	80.3	15.6
18	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	6.1	1,340	109	93.6	92.7	-0.9
19	4th Fiscal Period	Alpha Living Okayama Nishigawa Ryokudokoen	Residential-type fee-based homes for the elderly	Anabuki Medical Care	Okayama City, Okayama	730	3.7	787	53	87.2	76.3	-10.9
20	4th Fiscal Period	Alpha Living Okayama Korakuen	Residential-type fee-based homes for the elderly		Okayama City, Okayama	610	3.1	658	45	89.5	89.5	0.0
21	4th Fiscal Period	Alpha Living Takamatsu Ekimae	Residential-type fee-based homes for the elderly		Takamatsu City, Kagawa	605	3.1	641	43	90.9	81.8	-9.1
22	4th Fiscal Period	Alpha Living Takamatsu Hyakkenmachi	Elderly housing with supportive services		Takamatsu City, Kagawa	605	3.1	626	50	85.1	83.3	-1.8
23	10th Fiscal Period	Irise Komae Bettei	Fee-based homes for the elderly with nursing care	Hitowa care service	Komae City, Tokyo	394	2.0	399	59	-	98.3	-
11 operators 22 properties Total						19,712	100.0	24,516	1,657	-	-	-

- (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" of "Irise Komae Bettei" is as of December 1, 2018, and the other facilities are as of October 31, 2018. "Irise Komae · Bettei" is equivalent to a quasi-ownership of 30%.
- (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. "Irise Komae / Bettei" lists the number of rooms in the whole facility.
- (Note 5) "Occupancy rate" is obtained by dividing the number of residents indicated in the written explanation of important matter received in May 2018 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 November 2018 from operators by the resident capacity, rounded down to one decimal place.
- (Note 7) As of April 1, 2018, "Sompo Care Message, Inc." Changed its name to "Sompo Care ,Inc." and absorbed "SOMPO Care Next Corporation" as of July 1, 2018.



Status of Portfolio: Change in Occupancy Rates

Change in occupancy rates (overall)



Stable occupancy rates

- The overall occupancy rate down by 0.6% from 91.2% at the end of April 2018 to 90.6% at the end of October 2018.
- The period average down by 0.6% from 90.8% for the 8th Fiscal Period to 90.2% for the 9th Fiscal Period.
- Although the occupancy rate both during the year and at the end of the year declined as compared with the previous Fiscal Period, it remained stable at 90%.

(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
Hitowa care service	Irise Komae Bettei	January 31, 2047	28.3Years
Wisnet	Minna-no-ie Chuo-ku En'nami	March 31, 2044	25.4Years
	Minna-no-ie Omiya Tsutsujigaoka Park	February 28, 2037	18.3Years
Super Court	Super Court JR Nara-Ekimae	July 14, 2039	20.7Years
Charm Care Corporation	Charm Sweet Ryokuchi Koen	August 28, 2038	19.8Years
Silver Heights Sapporo	Silver Heights Hitsujigaoka No.3	November 30, 2035	17.1Years
Anabuki Medical Care	Alpha Living Okayama Nishigawa Ryokudokoen	June 30, 2035	16.7Years
	Alpha Living Okayama Korakuen		
	Alpha Living Takamatsu Ekimae		
	Alpha Living Takamatsu Hyakkenmachi		
Sompo Care	Rest Villa Kinugasayama Koen	September 11, 2034	15.9Years
	Rest Villa Hiroshima Hikarigaoka	March 28, 2034	15.4Years
	Rest Villa Sagamihara Chuo		
	Sompo no ie Nishitanabeekimae	March 31, 2027	8.4Years
Sawayaka Club	Sawayaka Hinodekan	November 30, 2034	16.1Years
	Sawayaka Riverside Kurinoki		
	Sawayaka Obatake Sanbankan		
	Sawayaka Kaikyokan	March 27, 2034	15.4Years
	Sawayaka Meisuikan		
	Sawayaka Heart Life Nishikyogoku		
Nichii Gakkan	Nichii Care Center Fukushima Omori	March 31, 2034	15.4Years
Nihon Kaigo Iryo Center	Verger Hirakata	March 28, 2034	15.4Years
Cedar	La'nassica Arakogawa	March 31, 2028	9.4Years
Average remaining period			16.8Years

(Note1) In case that the property leased to multiple tenants, the information is based on lease agreements with the main tenant of operators.

(Note2) All leasing contracts are ordinary lease contracts.

(Note3) "Remaining Lease Contract Period" indicates period remaining as of October 31, 2018. "Average remaining period" is a weighted average with acquisition prices, rounded to one decimal place.

Status of Portfolio: Fee Systems of Facilities

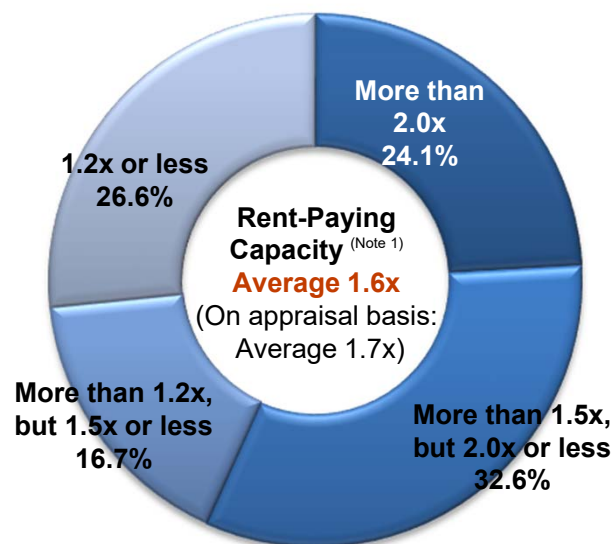
Name of facility	One-time entrance fee (thousand yen)	Monthly rent (yen)	Date of acquiring the written explanation of important matters
Charm Sweet Ryokuchi Koen	2,400~4,800	165,879~211,879	July 1, 2018
		245,879~251,879	
Super Court JR Nara-Ekimae		150,080	May 1, 2018
Sompo Care LAVIERE Hiroshima Hikarigaoka	4,500~6,800	186,690	November 1, 2018
		261,690~300,020	
Sompo Care LAVIERE Sagamihara Chuo		234,800~254,800	July 1, 2018
Sompo Care LAVIERE Kinugasayama Koen	3,800~7,800	199,071	August 1, 2018
		262,401~329,071	
Sawayaka Kaikyokan		142,600~145,600	October 1, 2018
Sawayaka Meisuikan		103,440~138,440	October 1, 2018
Sawayaka Heart Life Nishikyogoku		161,600~181,600	October 1, 2018
Sawayaka Hinodekan		196,820	October 1, 2018
Sawayaka Riverside Kurinoki		157,742	October 1, 2018
Sawayaka Obatake Sanbankan		122,300	October 1, 2018
Nichii Care Center Fukushima Omori		162,743	October 1, 2018
La'nassica Arakogawa	1,260~2,100	152,340~154,340	October 1, 2018
		189,340	
Verger Hirakata		135,000	September 26, 2018
Minna-no-ie Omiya Tsutsujigaoka Park		166,837	October 1, 2018
Minna-no-ie Chuo-ku En'nami		162,400	October 1, 2018
Silver Heights Hitsujigaoka No.3	2,000~4,000	165,780~173,340	October 1, 2018
Alpha Living Okayama Nishigawa Ryokudokoen	1,380	137,000~159,000	October 1, 2018
Alpha Living Okayama Korakuen	1,620~2,850	148,000~189,000	October 1, 2018
Alpha Living Takamatsu Ekimae	1,200	157,000~180,000	October 1, 2018
Alpha Living Takamatsu Hyakkenmachi	1,200	160,000~205,000	October 1, 2018
Sompo no ie Nishitanabeekimae		195,500	October 1, 2018
Irise Komae Bettei		227,000~248,000	July 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 162,120 - 208,120 yen, Non One-time entrance fee plan / Former monthly fee 242,120 - 248,120 yen) revised fees in February 2018, Sompo no ie Nishitanabeekimae (Former monthly fee 182,500 yen) revised fees in April 2018.

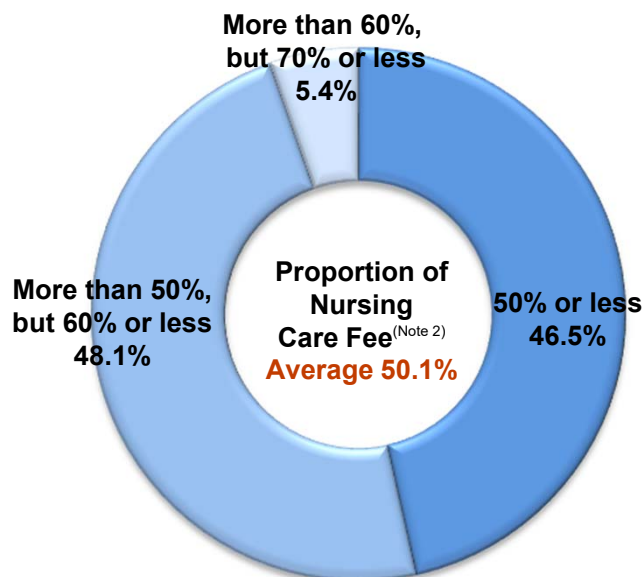
Status of Portfolio (as of December 20, 2018)

Rent-Paying Capacity



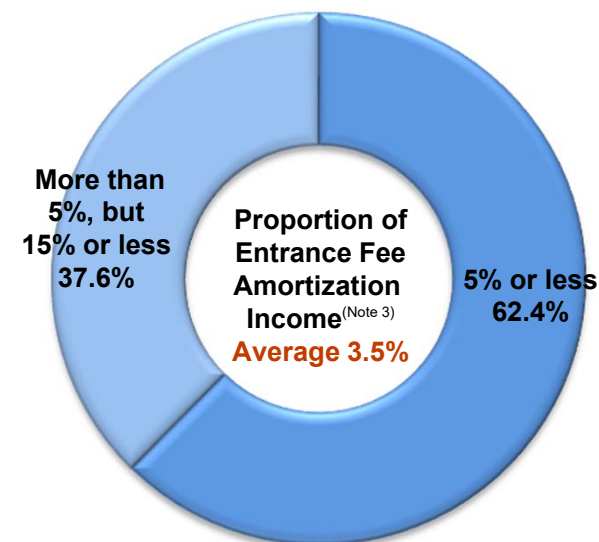
(Note 1) "Rent-paying capacity" refers to the multiple obtained by dividing the respective acquired asset's most recent EBITDAR by rent.
* EBITDAR = asset's operating income + depreciation + rent

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

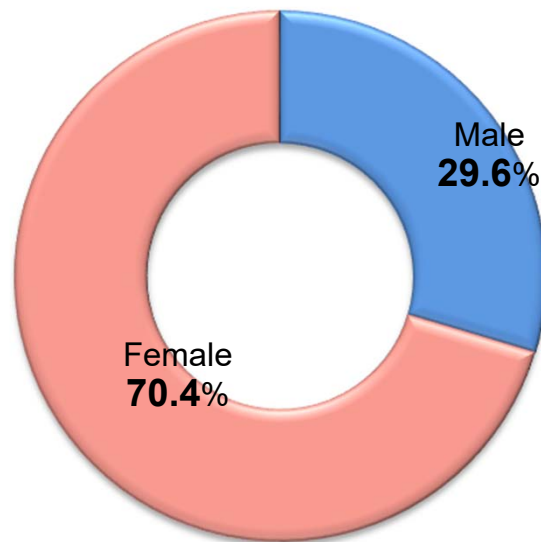


(Note 3) "Proportion of entrance fee amortization income" refers to the proportion of the acquired asset's net sales that is accounted for by entrance fee amortization income.

(*) Data are based on information on business income and expenditures from October 2017 to September 2018 disclosed by the respective operator. However, the data of following facilities is based on financial results of the respective periods; Nichiikea Center Fukushima Omori is from July 2017 to June 2018, La Nasica Aarakogawa is from April 2017 to March 2018, and the Silver Heights Hikage 3rd Building is from September 2017 to August 2018. "Irise Komae · Bettei" shows the figures of the entire facility

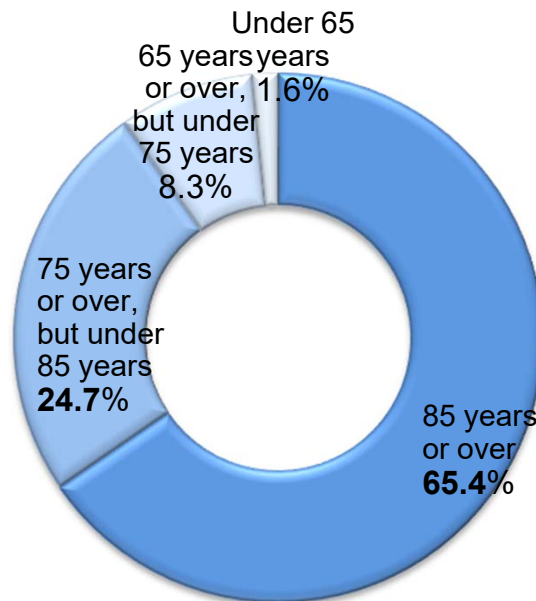
Portfolio Resident Attributes (as of December 20, 2018)

Gender^(Note1)



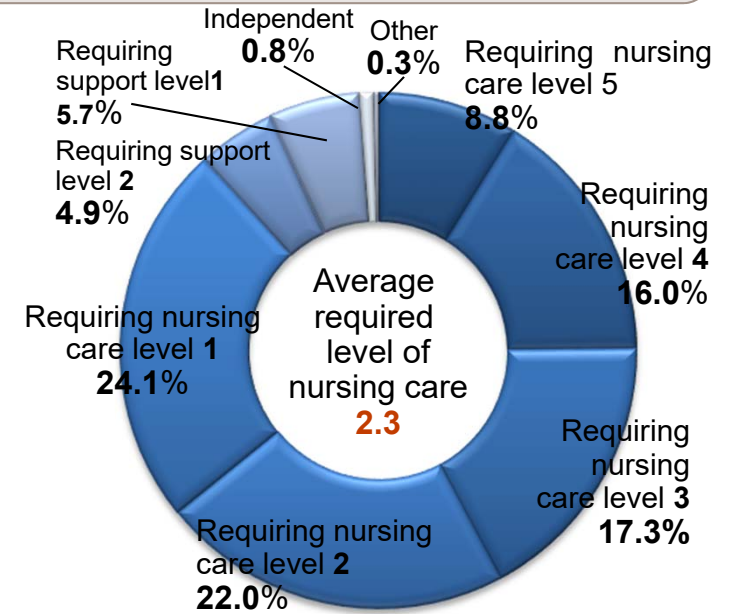
(Note 1) The graph indicates the ratio of the number of residents per gender expressed as a percentage of the total number of residents.

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 (November 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. "Irise Komae · Bettei" shows the figures of the entire facility.



Section 4

Initiatives for ESG

Initiatives for ESG (Environment)

The Asset Management Company positions initiatives for ESG (Environment, Social, Governance) as important management issues.

Establishment of the Sustainability Committee

- Daiwa Real Estate Asset Management Co. Ltd., the asset management company of NHI, established the Sustainability Committee with the Representative Director as the committee chairperson in June 2014 to promote initiatives for ESG in a continuous and organizational manner.
- Committee meetings are held three times or more a year on average to share ESG-related information among officers and employees, including the management team, for further improvements.

Formulation of environmental policy

- NHI and the Asset Management Company recognize the importance of environmental issues in the real estate sector, and strive to make continuous efforts on environmental consideration, reduction of environmental burden and such in all corporate activities including the real estate investment management business, as a social responsibility of companies.

Environmental policy (established in January 2012)

1. Implementation of Resource and Energy Saving

Daiwa Office Investment Corporation will proactively promote efficient use of resources and energy, and contribute to realizing a low-carbon society through such measures as employing technologies and systems designed to save resources and energy.

2. Implementation of Environmental Conservation

Daiwa Office Investment Corporation will work to contribute to realizing a recycling oriented society through efforts for saving water, reducing waste generation, re-using and recycling as it continuously conducts corporate activities.

Daiwa Office Investment Corporation will also work to promote green procurement, greening office buildings and improving the office environment, among other efforts, to address biological diversity and achieve environmental symbiosis.

3. Promotion of Environmental Disclosure/Communication

Daiwa Office Investment Corporation will work to proactively disclose environment-related information, as well as aim to broadly communicate with society, and to coordinate and cooperate with tenants, communities, business partners and other stakeholders.

4. Establishment and Operation of Environmental Management System

Daiwa Office Investment Corporation will establish an environmental management system and work to continuously enhance its environmental activities. Daiwa Office Investment Corporation will also work to further improve the awareness of officers and employees in environmental preservation by conducting environmental education and enlightenment activities.

5. Adherence to Environment-Related Laws and Regulations

Daiwa Office Investment Corporation will adhere to its internal environmental policies and guidelines as well as to environment-related laws and regulations, in an effort to preserve the environment.

Energy-saving initiatives

■ Installation of solar panels

- Installed solar panels on the rooftop of Minna-no-ie Chuo-ku En'nami



[Rooftop view of Minna-no-ie Chuo-ku En'nami]

■ Installation of LED lighting

- Installed LED lighting at Verger Hirakata and Charm Sweet Ryokuchi Koen



[Installation of LED lighting at Verger Hirakata]



[Installation of LED lighting in a room at Charm Sweet Ryokuchi Koen]

Initiatives for ESG (Social) (1)

Social contribution to solving important issues in Japan

- Provision of excellent properties operated by skillful operators that are carefully selected by NHI, where the elderly can live with peace of mind.

Careful selection of operators and monitoring after making investments

Operator evaluation items at the time of property acquisition

- Quality and variety of services that each 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.)

Continuous facility management/monitoring system

- The Asset Management Company strives to enhance value of facilities by regularly collecting information on the operation from the operators and the facility directors in cooperation with PM companies, etc.
- The Asset Management Company visits 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:
 - Responses to residents
 - Employees training program
 - Status of governance (including items to check for prevention of resident mistreatment)

<Facility monitoring>

• Sampo Care LAVIERE
Kinugasayama Koen (Sep. 2018)

• Verger Hirakata
(Sep. 2018)



• Sampo Care LAVIERE Sagami-hara
Chuo (Oct. 2018)

• Alpha Living Takamatsu
Hyakkenmachi (Oct. 2018)



Provision of excellent healthcare facilities operated by skillful operators

Initiatives for ESG (Social) (2)

Exchange with local communities

■ Minna-no-ie Omiya Tsutsujigaoka Park

- Summer evening festival: Held stalls, Bon dance, etc. at the summer evening festival
Interacted with residents, their families, facility staff and local volunteers.



■ Sampo Care LAVIERE Kinugasayama Koen

- Respect-for-the-Aged Day: Held a party to celebrate the day
Interacted with residents, facility staff and local volunteers.



■ Super Court JR Nara-Ekimae

- Koto performance: Had local high school students play the koto



Creation of employment in local communities

■ Employment by each facility

- Caregivers and cleaning staff of each facility operated by the operators are comprised of people living within a radius of about 3km from the facility. Therefore, the facilities have contributed to creation of employment in local communities.

Initiatives for ESG (Governance) (1)

Corporate governance

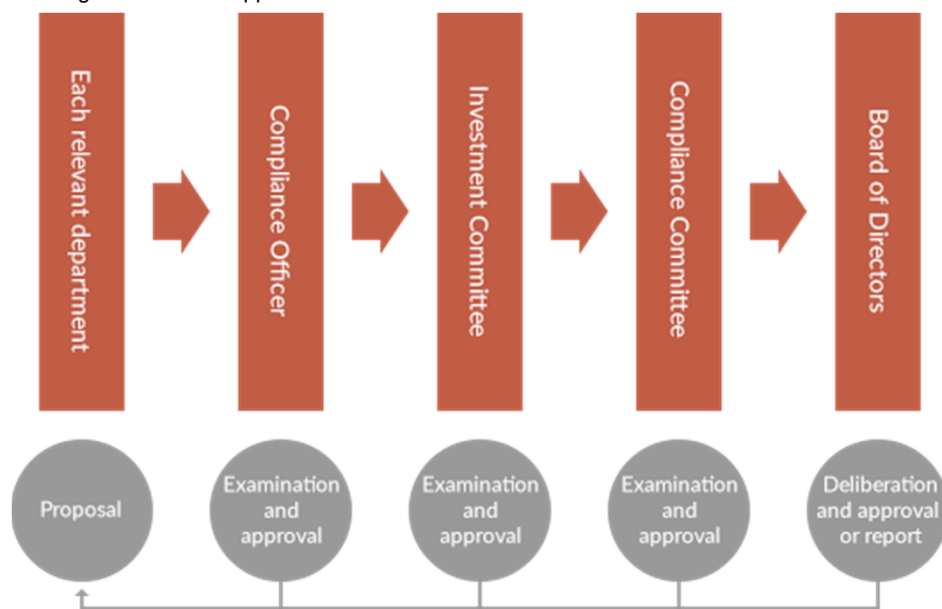
- The Asset Management Company of NHI has established a governance system that gives top priority to compliance, and strives to prevent conflicts of interest, manage risks and comply with laws and regulations.

Decision-making flow for transactions with interested parties

The Asset Management Company selects assets to invest in and decides on the acquisition following the investment policy and the rules for preventing conflicts of interest set forth in the management guidelines.

The Asset Management Company has established the Investment Committee and the Compliance Committee as a system to prevent conflict of interest transactions and conducted proper management.

Decision-making process from preparation/submission of proposals on investment management to their approvals is shown below.

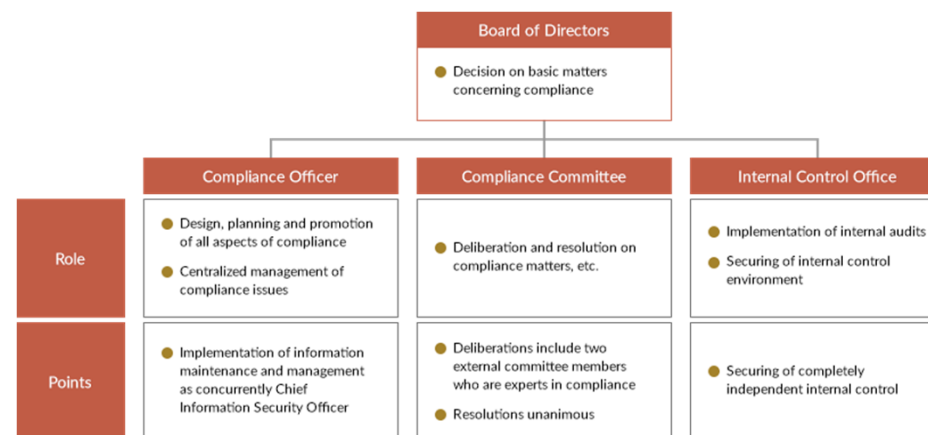


Persons having a special interest may not exercise voting rights on matters resolved at the Investment Committee, Compliance Committee or Board of Directors.

Compliance system

- The Asset Management Company not only adheres strictly to all laws and regulations, rules, internal regulations and market rules related to its business but also focuses on conducting sincere and fair corporate activities while fully understanding social norms.

Departments responsible for the compliance system





Initiatives for ESG (Governance) (2)

Number and ratio of qualification holders at the Asset Management Company

- In order to develop employees who will have both sincerity and strong expertise, the Asset Management Company of NHI provides regular compliance trainings for all employees, promotes acquisition of qualifications to improve their specialist skills and supports them in receiving training/taking examinations, etc. to acquire broader knowledge and skills required in the business.

Qualification	Number of holders (persons)	Ratio (%)
Real estate broker	64	56.1
ARES (The Association for Real Estate Securitization) Certified Master	32	28.1
Certified real estate consulting specialist	7	6.1
Registered architect of the first class	6	5.3
Real estate appraiser	2	1.8
Certified building administrator	4	3.5
Chartered member of The Securities Analysts Association of Japan	7	6.1
Tax accountant	2	1.8

*As of December 1, 2018, 114 officers and employees

Examples of trainings provided by the Asset Management Company

Training	Number of times
Compliance training (including transferee training)	13 times/year
Training for persons responsible for information security	4 times/year
Daiwa Real Estate School (organized by an appraisal company)	24 times/year
Real estate business knowledge training	About 2 times/year
Other trainings to improve business-related skills (including classroom training and e-learning)	About 12 times/year



Section 4

Financial Status

Status of Interest-Bearing Liabilities (as of October 31, 2018)

Status of Interest-Bearing Liabilities (as of October 31, 2018)

Term	Lender	Balance (million yen)	Interest	Interest	Drawdown	Repayment deadline
Current Portion of 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%		
Long-term	Mizuho Bank (**)	500	Fixed	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
	Shinsei Bank (**)	500		0.467%	September 28, 2018	September 29, 2023
	Sumitomo Mitsui Trust Bank (**)	1,200		0.390%	October 31, 2018	October 31, 2022
	Shinkin Central Bank (**)	400		0.390%		September 29, 2023
	Shinsei Bank (**)	300		0.467%		October 31, 2023
	The Dai-ichi Life Insurance	200		0.480%		
Total		9,800	-	-	-	-

LTV^(Note)

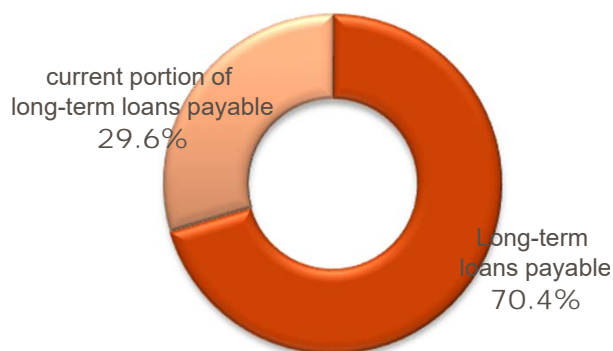
46.5%

Average
remaining
period^(Note)

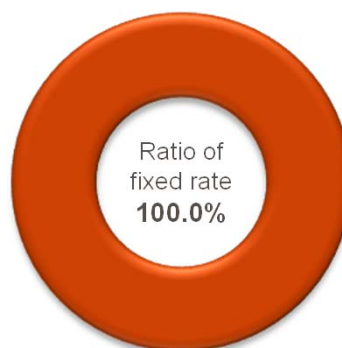
2.5 years

(Note) LTV and average remaining period indicate figures calculated as of October 31, 2018, rounded to the first decimal place. LTV is calculated based on total assets.

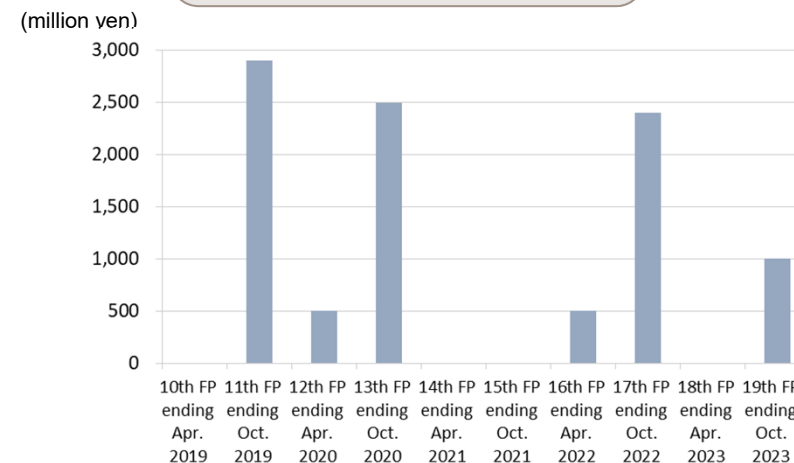
Ratio of Long-Term Loans Payable and
Short-Term Loans Payable



Ratio of Fixed Rates and
Floating Rates



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.



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)



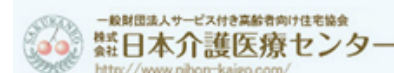
- <COCO Juku>
- Free enrollment

- <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)



- Free voucher for a one-day facility tour (with lunch provided)
- Free Monthly Usage fee (Equivalent to two months rents)

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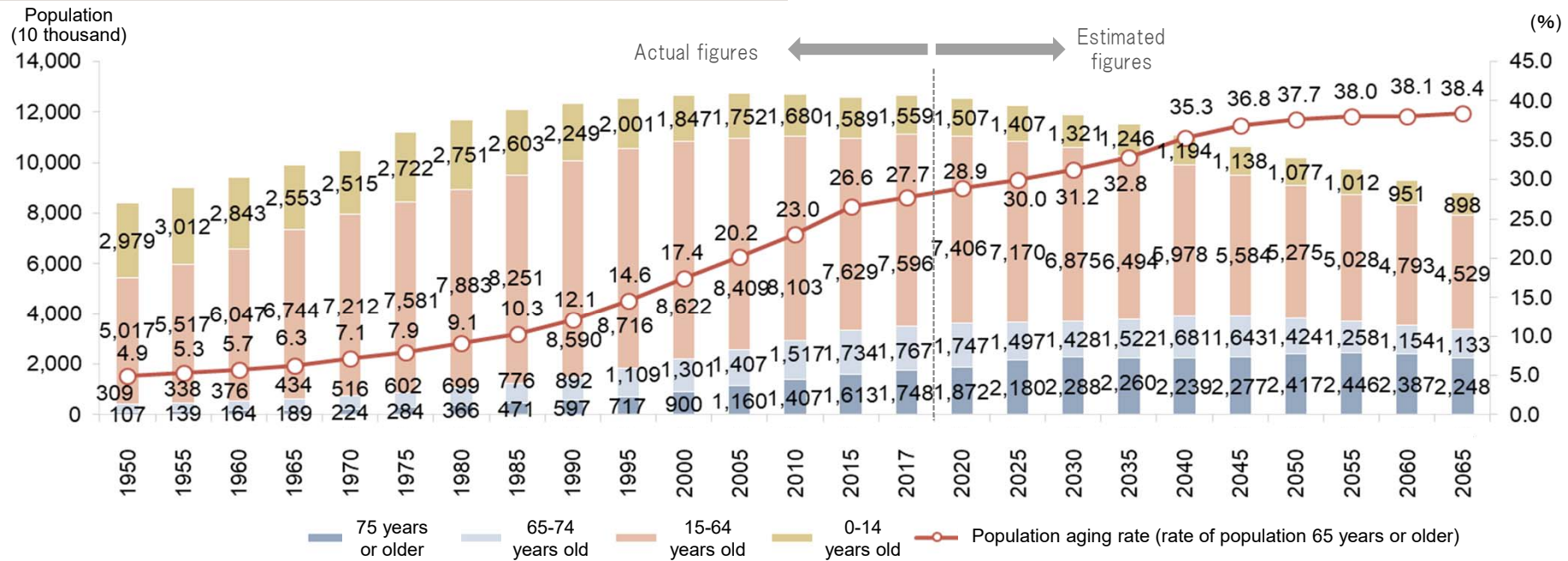
Appendix



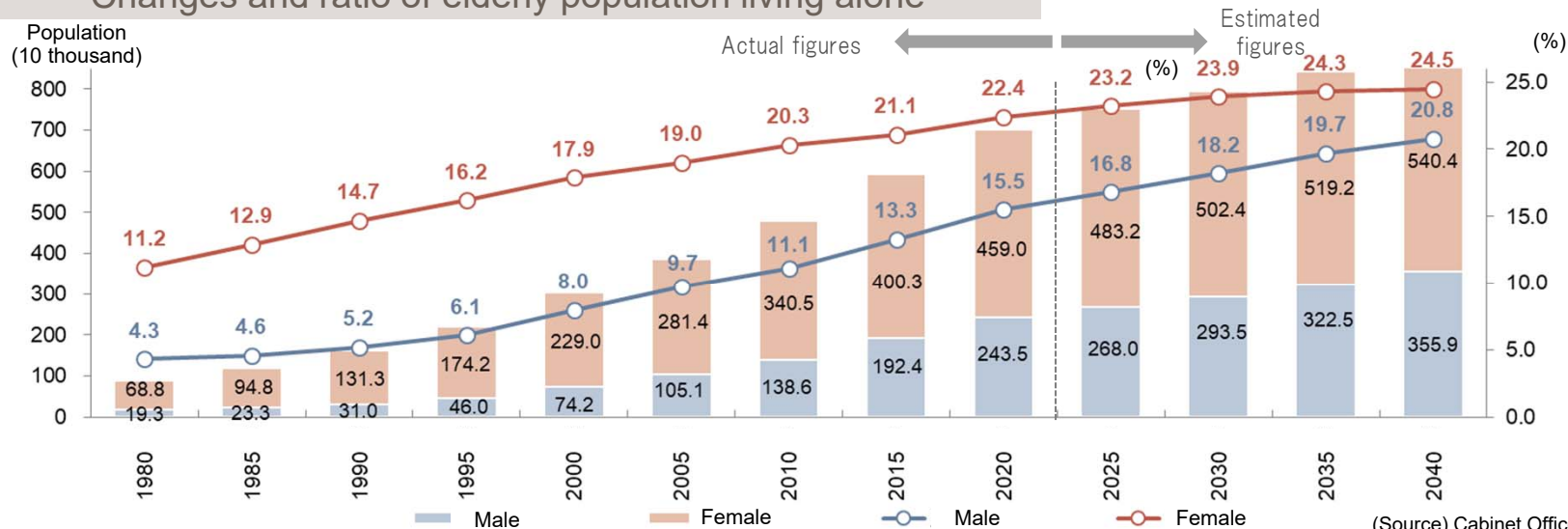
Memorandum

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"

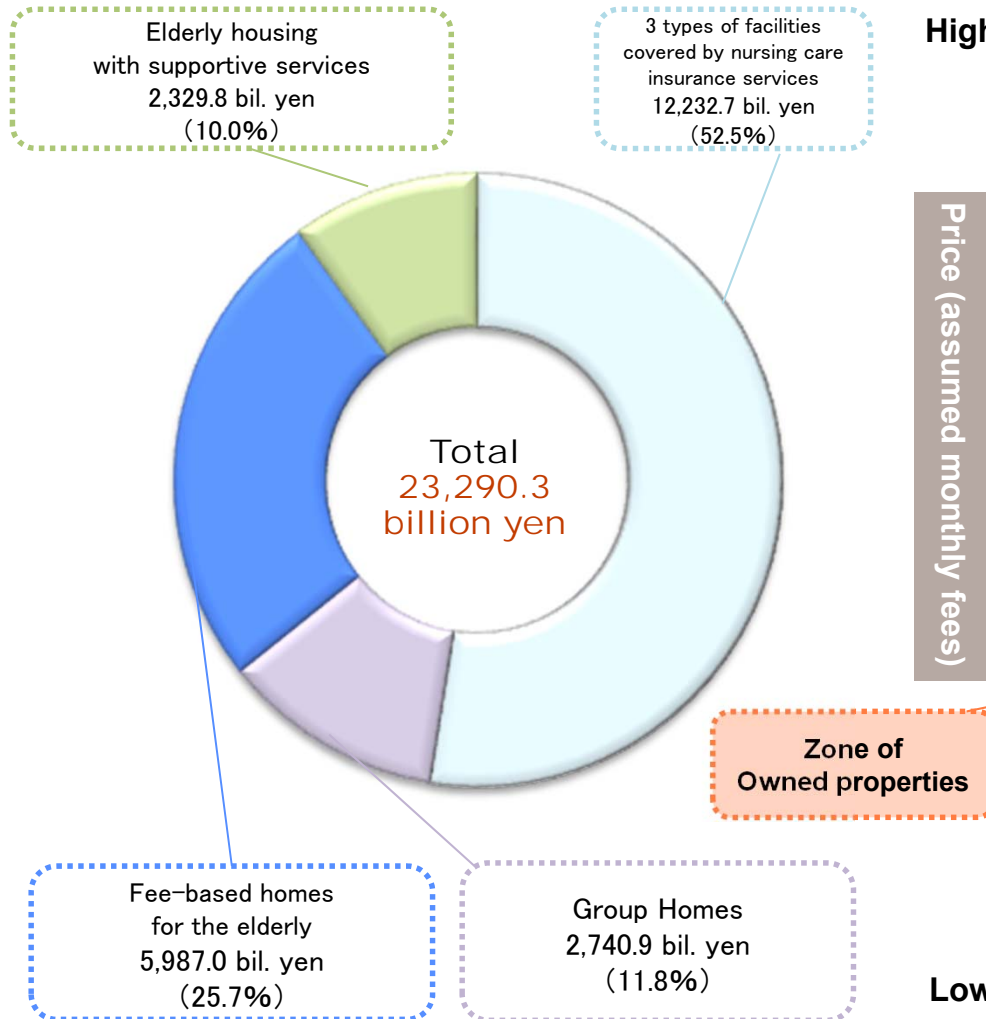
History of Revisions to Nursing Care Fees

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%

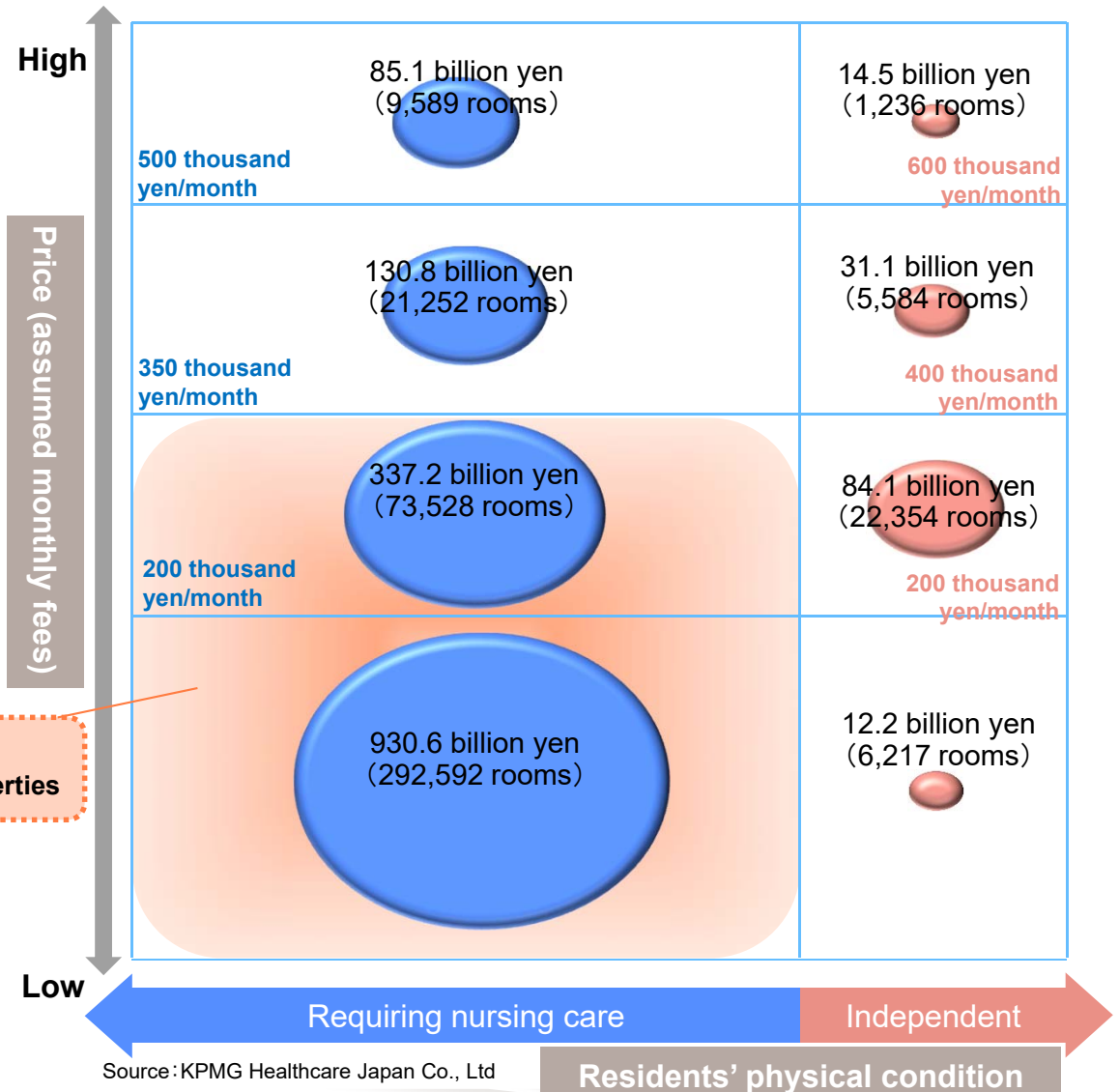
Market Size of Healthcare Facilities and Fee-based Homes for the Elderly (by price)

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)

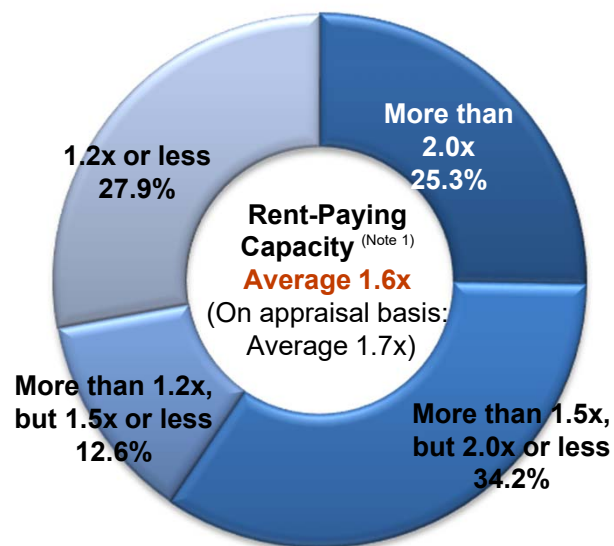


Market size by price (Fee-based homes for the elderly requiring nursing care/who are independent) (as of June 2016)

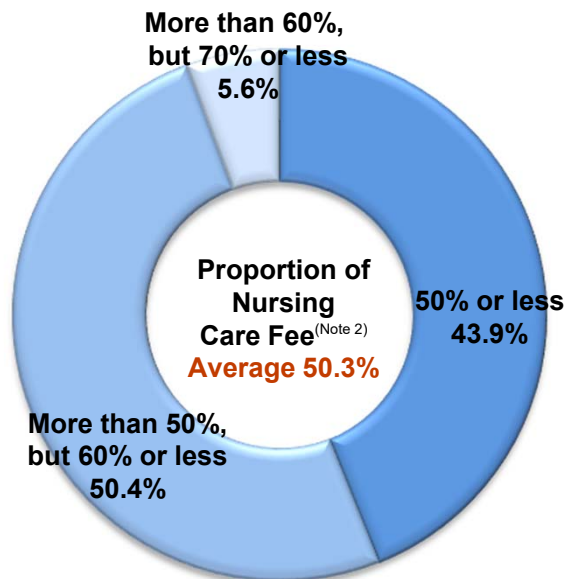


Status of Portfolio (as of October 31, 2018)

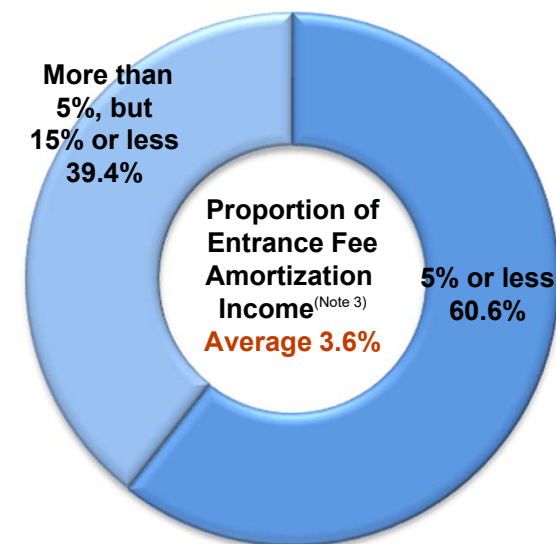
Rent-Paying Capacity



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

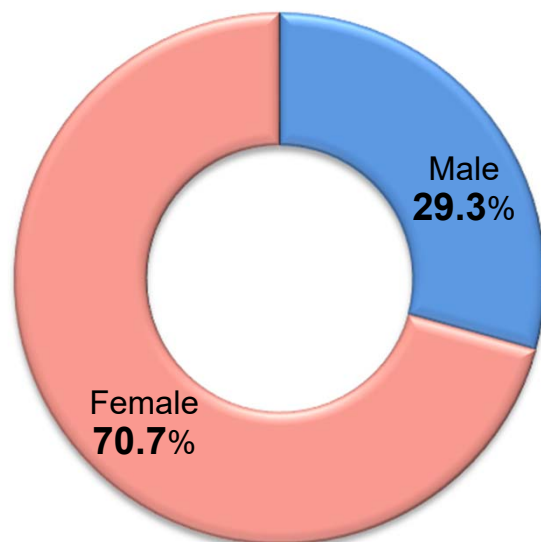
(Note 2) "Proportion of nursing care fee" refers to the proportion of the acquired asset's net sales that is accounted for by nursing care fee (including residents' co-payment portion).

(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 October 2017 to September 2018 disclosed by the respective operator. However, the data of the following facilities is based on the financial results of each facilities; Nichii Care Center Fukushima Omori is from July 2017 to June 2018, La Nasica Aaragawa is from April 2017 to March 2018, and the Silver Heights Hikage 3rd Building is from September 2017 to August 2018.

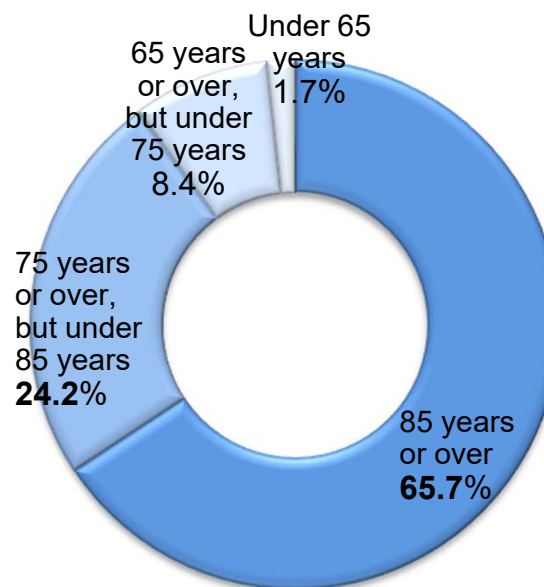
Portfolio Resident Attributes (as of October 31, 2018)

Gender^(Note1)



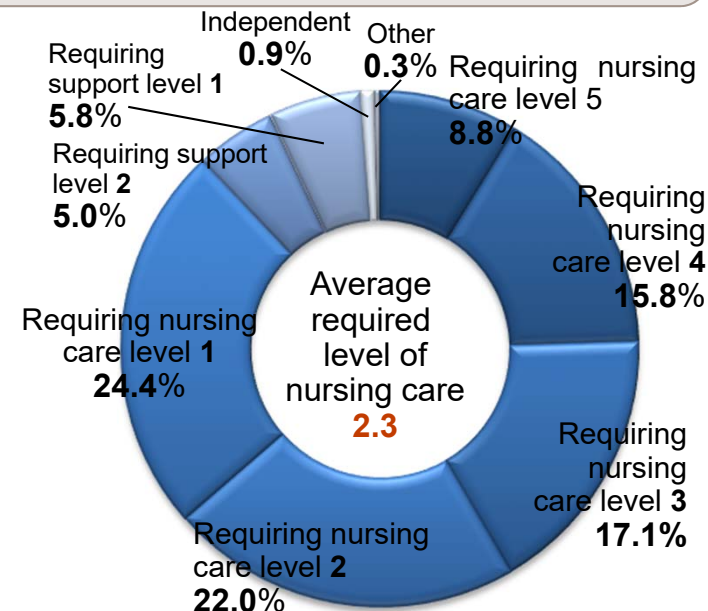
(Note 1) The graph indicates the ratio of the number of residents per gender expressed as a percentage of the total number of residents.

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 (November 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.

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	May 1, 1997
Capital	3,925 million yen
Attributes (listed market)	Consolidated subsidiary of Sompo Holdings, Inc. (First Section of the Tokyo Stock Exchange, Securities code: 8630)
Principal businesses	Operation of fee-based homes for the elderly, elderly housing with supportive services and group homes; Home-visit care (home assistance) service business
Parent company	Sompo Holdings, Inc.



Sompo Care LAVIERE
Kinugasayama Koen



Sompo Care LAVIERE
Hiroshima Hikarigaoka

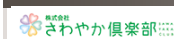


Sompo Care LAVIERE
Sagamiyama Chuo



Sompo no ie
Nishitanabeekimae

(Note) The capital of Sompo Care Inc. is as of June 19, 2018.



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



Sawayaka Hinodekan



Sawayaka Obatake Sanbankan



Sawayaka Meisuikan



Sawayaka Kaikyokan



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



La'nassica Arakogawa

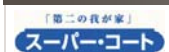
Introduction of Operators (2)



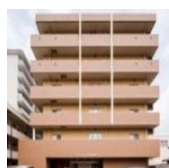
Company name	Charm Care Corporation
Head office	3-6-32 Nakanoshima, Kita-ku, Osaka-shi, Osaka
Representative director	Representative director, Takahiko Shimomura
Established	August 22, 1984
Capital	192 million yen
Attributes (listed market)	Listed company (JASDAQ of the Tokyo Stock Exchange, Securities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



Charm Sweet Ryokuchi Koen



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



Super Court JR Nara-Ekimae



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



Verger Hirakata



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



Minna-no-ie Omiya Yoshinocho



Minna-no-ie Chuo-ku En'nami

Introduction of Operators (3)



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



Silver Heights Hitsujigaoka No.3



Company name	HITOWA Care Services Co., Ltd.
Head office	1-4-5 Roppongi, Minato-ku, Tokyo
Representative director	Representative director, Yoshiteru Hakamada
Established	November 1, 2006
Capital	100 million yen
Attributes (listed market)	Unlisted
Principal businesses	Operations of fee-based homes for the elderly and elderly housing with supportive services under the brand of "Irise"; and operations of group homes business and day services business across Japan centering on the Kanto region.
Parent company	HITOWA Holdings Inc.



Irise Komae Bettei



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



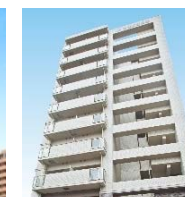
Alpha Living Okayama
Nishigawa
Ryokudokoen



Alpha Living Okayama Korakuen



Alpha Living Takamatsu
Ekimae



Alpha Living
Takamatsu
Hyakkenmachi

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 Care Inc.	275	17,271	3	91	132	7,649	431	25,487
2	Company A	251	13,338	60	3,564	2	109	316	17,061
3	Nichiigakkan Co., Ltd.	140	8,529	2	100	6	238	427	13,867
4	Company B	128	8,089	43	2,705	1	51	172	10,845
5	Company C	79	6,461	33	3,047	0	0	113	9,520
6	Company D	18	1,180	11	269	16	430	181	7,955
7	HITOWA Care Service Co., Ltd.	47	2,775	52	3,276	8	554	112	6,686
8	Company E	21	1,864	16	1,230	2	163	85	6,100
9	Company F	9	630	1	26	0	0	288	5,982
10	Company G	78	4,787	7	490	5	253	102	5,909
11	Company H	8	227	7	179	98	5,341	116	5,792
12	Company I	29	1,452	3	106	107	3,617	139	5,175
13	Company J	13	3,747	4	1,164	0	0	17	4,911
14	UCHIYAMA HOLDINGS Co., Ltd.	53	3,703	15	921	0	0	81	4,838
15	Company K	50	3,525	8	467	5	273	68	4,373
16	ALSOK Group	46	2,165	4	148	6	215	139	4,183
17	Company L	38	1,759	6	122	8	293	159	4,132
18	Company M	0	0	0	0	128	3,998	128	3,998
19	Company N	27	2,118	0	0	16	1,141	81	3,970
20	Company O	3	290	0	0	1	20	21	3,510
21	Company P	36	2,082	0	0	0	0	106	3,414
22	Charm Care Corporation	42	2,894	4	320	0	0	46	3,214
23	Company Q	8	369	16	366	3	118	87	3,148
24	Super Court Co., Ltd.	17	1,097	27	1,958	1	59	45	3,114
25	Company R	22	1,717	12	650	5	296	44	2,735
26	Company S	3	111	4	102	5	192	59	2,733
27	Company T	5	379	24	2,025	0	0	32	2,726
28	Cedar Co., Ltd.	41	2,370	0	0	0	0	44	2,415
29	Company U	21	1,792	0	0	6	494	28	2,313
30	Company V	40	2,060	1	20	4	186	45	2,266

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

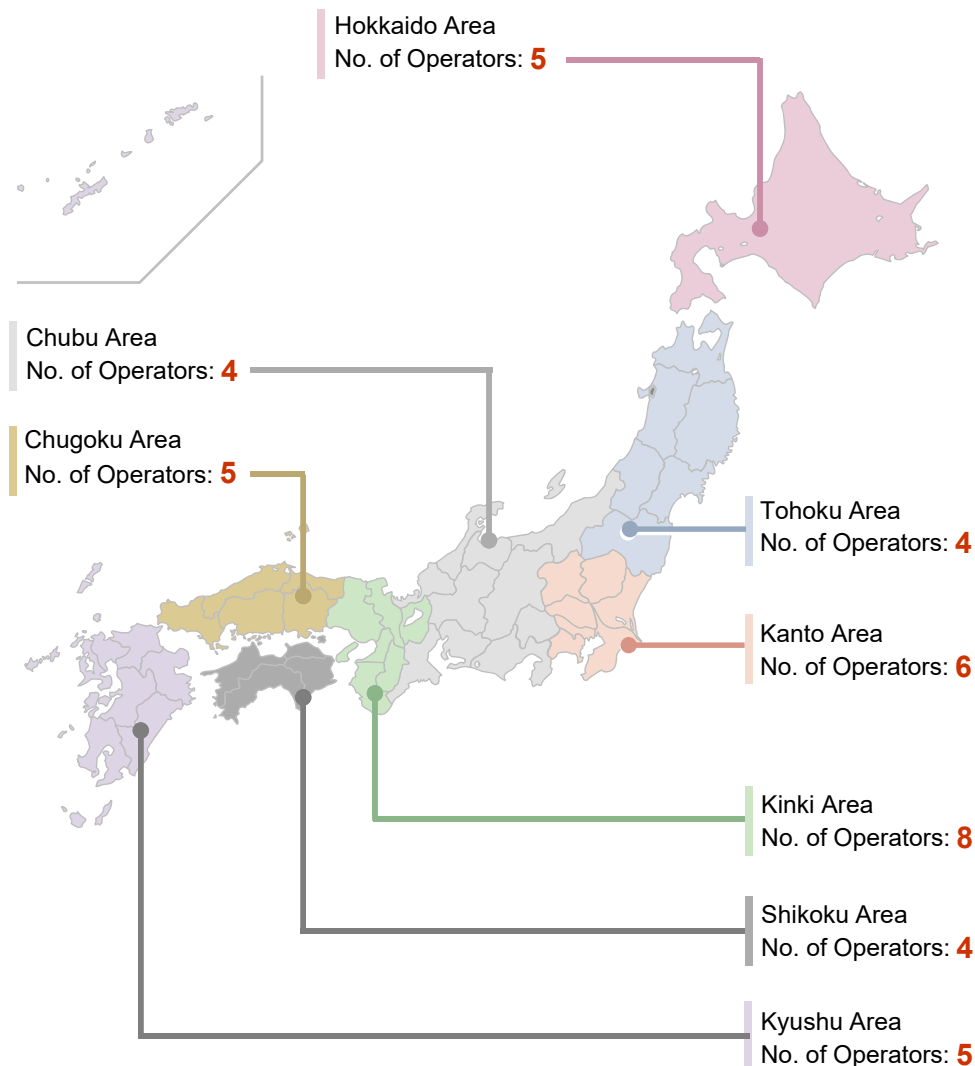
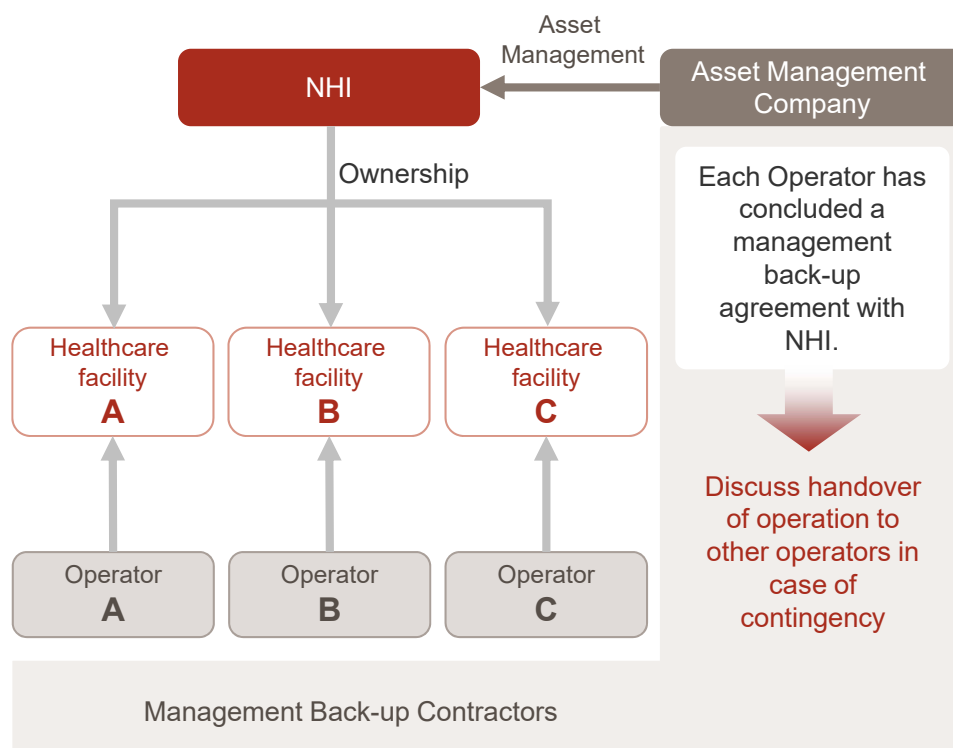
(Note 2) The total figures include group homes for the elderly with dementia and other facilities for the elderly operated by related companies.

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

(Note 3) UCHIYAMA HOLDINGS is a parent company of Sawayaka Club.

(Note 4) The ALSOK Group is the parent company of Wisnet, Co., Ltd.





Management Back-up Agreement



Appraisal Value at End of Fiscal Period (as of October 31, 2018)

Property name	Appraiser	End of 9th FP							End of 8th FP	Difference (End of 9th FP - End of 8th 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	341	-
Sompo Care LAVIERE Hiroshima Hikarigaoka	Japan Real Estate Institute	1,230	1,240	5.2	1,210	5.0	5.4	69	1,230	-
Sompo Care LAVIERE Sagamihara Chuo	Daiwa Real Estate Appraisal	1,780	1,800	4.8	1,770	4.6	5.0	88	1,780	-
Charm Sweet Ryokuchi Koen	Daiwa Real Estate Appraisal	3,060	3,100	4.6	3,040	4.4	4.8	144	3,060	-
Sawayaka Kaikyokan	Japan Real Estate Institute	898	907	5.3	889	5.1	5.5	50	898	-
Sawayaka Meisukan	Japan Real Estate Institute	813	819	5.3	806	5.1	5.5	47	813	-
Sawayaka Heart Life Nishikyogoku	Daiwa Real Estate Appraisal	1,140	1,150	5.2	1,130	5.0	5.4	60	1,140	-
Verger Hirakata	Daiwa Real Estate Appraisal	1,590	1,610	5.2	1,580	5.0	5.4	85	1,590	-
Sompo Care LAVIERE Kinugasayama Koen	The Tanizawa Sōgō Appraisal	2,060	2,080	4.8	2,050	4.9	5.0	100	2,050	10
La'nassica Arakogawa	The Tanizawa Sōgō Appraisal	1,430	1,440	5.1	1,420	5.2	5.3	74	1,430	-
Sawayaka Hinodekan	Daiwa Real Estate Appraisal	920	932	5.0	915	4.8	5.2	47	920	-
Sawayaka Riverside Kurinoki	Daiwa Real Estate Appraisal	323	329	5.0	321	4.8	5.2	17	323	-
Sawayaka Obatake Sanbankan	Daiwa Real Estate Appraisal	355	360	5.1	353	4.9	5.3	18	355	-
Super Court JR Nara-Ekimae	The Tanizawa Sōgō Appraisal	1,750	1,770	5.0	1,740	5.1	5.2	91	1,750	-
Minna-no-ie Oniya Tsutsujigaoka Park	The Tanizawa Sōgō Appraisal	776	786	4.9	772	5.0	5.1	39	777	-1
Minna-no-ie Chuo-ku En'nami	Japan Real Estate Institute	860	870	4.9	850	4.7	5.1	44	860	-
Silver Heights Hitsujigaoka No.3	Daiwa Real Estate Appraisal	1,340	1,350	4.9	1,330	4.7	5.1	70	1,340	-
Alpha Living Okayama Nishigawa Ryokudokoen	Daiwa Real Estate Appraisal	787	801	4.5	781	4.3	4.7	37	787	-
Alpha Living Okayama Korakuen	Daiwa Real Estate Appraisal	658	669	4.7	653	4.5	4.9	32	671	-13
Alpha Living Takamatsu Ekimae	Daiwa Real Estate Appraisal	641	652	4.6	636	4.4	4.8	30	641	-
Alpha Living Takamatsu Hyakkenmachi	Daiwa Real Estate Appraisal	626	633	4.7	623	4.5	4.9	31	626	-
Sompo no ie Nishitanabeekimae	The Tanizawa Sōgō Appraisal	739	748	4.7	735	4.8	4.9	36	739	-
Total		24,117	24,390	-	23,942	-	-	1,241	24,121	-4

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	11	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	93.7	78.7	98.4	95.3
Operator	Nichii Gakkan Company	Sompo Care Inc.	Sompo Care Inc.	Charm Care Corporation	Sawayaka Club Co., Ltd.
Remaining lease contract period (year) (Note 6)	15.4	15.4	15.4	19.8	15.4

(Note 1) Appraisal values are as of October 31, 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 9th FP ended in October 31, 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 October 31, 2018.

Portfolio List (2)

Property name	Sawayaka Meisuiikan	Sawayaka Heart Life Nishikyogoku	Verger Hirakata	Sompo Care LAVIERE Kinugasayama Koen	La'nassica Arakogawa	Sawayaka Hinodekan
						
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	2-2-33 Hinode, Chuo-ku, Niigata-shi, Niigata
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	Approximately 1.7km from Niigata Station on the JR Joetsu Shinkansen and Shinetsu Main Line
Acquisition price (million yen)	590	750	950	1,839	1,279	773
Real estate appraisal value (million yen) (Note 1)	813	1,140	1,590	2,050	1,430	920
NOI yield (%) (Note 2)	8.1	8.1	9.0	5.5	5.8	6.2
Depreciation (million yen) (Note 3)	7	6	10	16	17	8
Structure / floors (Note 4)	RC/B1・6F	RC/6F	RC/5F	RC/B1・5F	S/4F	S/3F
Leasable area (m ²)	4,553.67	2,459.19	2,925.25	4,265.88	3,590.40	2,674.37
Total leased area (m ²)	4,553.67	2,459.19	2,925.25	4,265.88	3,590.40	2,674.37
Number of rooms (rooms)	87	80	104	104	100	50
Occupancy rate (%) (Note 5)	100.0	94.0	76.6	89.4	98.0	96.0
Operator	Sawayaka Club Co., Ltd.	Sawayaka Club Co., Ltd.	Nihon Kaigo Iryo Center Co., Ltd.	Sompo Next Inc.	Cedar Co., Ltd.	Sawayaka Club Co., Ltd.
Remaining lease contract period (year) (Note 6)	15.4	15.4	15.4	15.9	9.4	16.1

(Note 1) Appraisal values are as of October 31, 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 9th FP ended in October 31, 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 October 31, 2018.

Portfolio List (3)

Property name	Sawayaka Riverside Kurinoki	Sawayaka Obatake Sanbankan	Super Court JR Nara-Ekimae	Minna-no-ie Omiya Yoshinocho	Minna-no-ie Chuo-ku En'nami	Silver Heights Hitsujigaoka No.3
						
Location (residential address)	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	15-4-38, Tsukisamu Higashi Shijo, Toyohira-ku, Sapporo-shi, Hokkaido
Access	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	Approximately 1.2km from Nango Juhatchome Station on the Tozai Line of the Sapporo Municipal Subway
Acquisition price (million yen)	266	289	1,569	740	838	1,200
Real estate appraisal value (million yen) (Note 1)	323	355	1,750	777	860	1,340
NOI yield (%) (Note 2)	6.4	6.5	5.8	5.3	5.3	5.9
Depreciation (million yen) (Note 3)	3	4	17	7	9	8
Structure / floors (Note 4)	S/4F	S/3F	RC/7F	RC/4F	RC/3F	RC/3F
Leasable area (m ²)	1,349.39	1,411.78	5,057.07	1,800.03	1,963.03	7,267.56
Total leased area (m ²)	1,349.39	1,411.78	5,057.07	1,800.03	1,963.03	7,267.56
Number of rooms (rooms)	33	50	155	33	51	109
Occupancy rate (%) (Note 5)	94.8	94.0	92.9	84.8	80.3	92.7
Operator	Sawayaka Club Co., Ltd.	Sawayaka Club Co., Ltd.	Super Court Co., Ltd.	Wisnet Co., Ltd.	Wisnet Co., Ltd.	Silver Heights Sapporo Co., Ltd.
Remaining lease contract period (year) (Note 6)	16.1	16.1	20.7	18.3	25.4	17.1

(Note 1) Appraisal values are as of October 31, 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 9th FP ended in October 31, 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 October 31, 2018.

Portfolio List (4)

Property name	Alpha Living Okayama Nishigawa Ryokudokoen	Alpha Living Okayama Korakuen	Alpha Living Takamatsu Ekimae	Alpha Living Takamatsu Hyakkenmachi	Sompo no ie Nishitanabeekimae	Irise Komae Bettei
						
Location (residential address)	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	1-32-5 Higashi-nogawa, Komae-city, Tokyo
Access	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 Yoson Line	Approximately 1.1km from Takamatsu Station on the JR Yoson Line	Approximately a two-minute walk from Nishitanabe Station on the Osaka Municipal Subway Midosuji Line.	Approximately 900 meters from Kitami Station on the Odakyu Odawara Line (approximately a 12-minute walk)
Acquisition price (million yen)	730	610	605	605	710	394.5
Real estate appraisal value (million yen) (Note 1)	787	671	641	626	739	399
NOI yield (%) (Note 2)	5.1	5.3	5.1	5.2	5.1	4.6
Depreciation (million yen) (Note 3)	7	4	6	6	5	-
Structure / floors (Note 4)	RC/7F	RC/4F	RC/6F	RC/10F	RC/9F	RC/3F
Leasable area (m ²)	2,124.16	2,128.44	1,848.06	1,929.16	2,095.79	2,016.73
Total leased area (m ²)	2,124.16	2,128.44	1,848.06	1,929.16	2,095.79	2,016.73
Number of rooms (rooms)	53	45	43	50	42	59
Occupancy rate (%) (Note 5)	76.3	89.5	81.8	83.3	97.6	-
Operator	Anabuki Medical Care Inc.	Anabuki Medical Care Inc.	Anabuki Medical Care Inc.	Anabuki Medical Care Inc.	Sompo Care Inc.	HITOWA Care Services Co., Ltd.
Remaining lease contract period (year) (Note 6)	16.7	16.7	16.7	16.7	8.4	28.3

(Note 1) Appraisal value of "Irise Komae · Bettei" is as of December 1, 2018, other property as of October 31, 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 9th FP ended in October 31, 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.

(Note6) A part of "Irise Komae · Bettei" (quasi-co-ownership: 30%) is acquired on December 20, 2018, but the contract remaining period is calculated as of October 31, 2018. Other facilities are also as of October 31, 2018.



Status of Income (Loss) of Investment Real Estate Properties (as of October 31, 2018)

(Unit: thousand yen)

Property name	8th Fiscal Period (from November 1, 2017 to April 30, 2018)									
	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	8,185	147	0	1,193	36	245	5,363	1,200	11,578
Sompo Care LAVIERE Hiroshima Hikarigaoka		15,452	580	0	2,891	79	340	11,560	0	36,314
Sompo Care LAVIERE Sagamihara Chuo		14,222	739	0	2,303	79	800	10,300	0	44,497
Charm Suite Ryokuchi Koen		22,392	1,201	0	4,516	108	624	15,941	0	72,299
Sawayaka Kaikyokan		14,870	608	0	1,816	77	5,145	7,223	0	20,797
Sawayaka Meisuikan		11,606	571	0	2,806	113	126	7,987	0	24,883
Sawayaka Heart Life Nishikyogoku		9,403	840	0	1,720	51	95	6,694	0	30,555
Verger Hirakata		13,314	624	0	1,900	59	108	10,622	0	42,907
Sompo Care LAVIERE Kinugasayama Koen		22,149	921	0	3,947	96	770	16,414	0	49,892
La'nassica Arakogawa		20,216	645	0	2,248	77	130	17,116	0	37,699
Sawayaka Hinodekan		10,817	389	0	1,866	52	122	8,387	0	24,119
Sawayaka Riverside Kurinoki		4,857	133	0	940	27	192	3,564	0	8,625
Sawayaka Obatake Sanbankan		5,326	148	0	825	26	0	4,325	0	9,679
Super Court JR Nara-Ekimae		22,937	1,360	0	2,994	102	646	17,834	0	45,688
Minna-no-ie Omiya Tsutsujigaoka Park		10,009	879	0	1,838	42	100	7,149	0	19,783
Minna-no-ie Chuo-ku En'nami		15,180	938	1,861	2,191	44	180	9,963	0	20,174
Silver Heights Hitsujigaoka No.3		15,905	600	0	6,183	136	200	8,784	0	35,119
Alpha Living Okayama Nishigawa Ryokudokoen		9,735	377	0	1,685	45	0	7,626	0	18,771
Alpha Living Okayama Korakuen		6,265	342	0	1,572	44	0	4,306	0	16,553
Alpha Living Takamatsu Ekimae		8,025	364	0	1,173	39	0	6,448	0	15,686
Alpha Living Takamatsu Hyakkenmachi		9,005	366	0	1,649	41	0	6,947	0	15,943
Sompo no ie Nishitanabeekimae		20,162	354	0	1,709	48	13,000	5,049	0	5,550
Total	697,552	290,043	13,138	1,861	49,973	1,432	22,824	199,612	1,200	607,122

(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 9th Fiscal Period Ended October 2018

	The 8th FP Actual		The 9th FP Actual	
	Amount (million yen)	Ratio	Amount (million yen)	Ratio
Assets				
Current Assets	1,794	8.5%	1,876	8.9%
Cash and deposits	1,349		1,404	
Cash and deposits in trust	429		447	
Other current assets	15		24	
Fixed Assets	19,351	91.5%	19,192	91.1%
Tangible fixed assets	19,284	91.2%	19,118	90.7%
Buildings and others (including trust property)	11,335		11,168	
Land and others (including trust property)	7,949		7,949	
Other tangible fixed assets	-		1	
Intangible fixed assets	42	0.2%	41	0.2%
Leasehold rights and leasehold rights in trust	40		40	
Other intangible fixed assets	1		0	
Investments and other assets	25	0.1%	32	0.2%
Leasehold and security deposits paid in trust	10		10	
Long-term prepaid expenses	15		22	
Other assets	0		0	
Total Assets	21,146	100.0%	21,068	100.0%

	The 8th FP Actual		The 9th FP Actual	
	Amount (million yen)	Ratio	Amount (million yen)	Ratio
Liabilities				
Current Liabilities	2,803	13.3%	3,093	14.7%
Operating account payables	58		31	
Short-term loans payable	500		-	
Current portion of long-term loans payable	2,100		2,900	
Accounts payable – other	53		69	
Advances received	85		85	
Other current liabilities	6		6	
Fixed Liabilities	7,930	37.5%	7,630	36.2%
Long-term loans payable	7,200		6,900	
Tenant leasehold and security deposits	730		730	
Total Liabilities	10,733	50.8%	10,723	50.9%
Net Assets				
Unitholders' equity (net)	10,165	48.1%	10,101	47.9%
Unitholders' equity	10,504		10,504	
Deduction from unitholders' equity	-338		-402	
Unappropriated retained earnings	246	1.2%	243	1.2%
Total Net Assets	10,412	49.2%	10,344	49.1%
Total Liabilities and Net Assets	21,146	100.0%	21,068	100.0%

Status of Unitholders as of the end of October 2018

Ownership ratio of investment units by category

Category of unitholders	Number of units at the end of 8th FP	Number of units at the end of 9th FP	Increase/decrease from the previous FP	Ratio at the end of 9th FP*
Individual/others	35,474	34,447	- 1,027	46.16%
Financial institutions	19,832	18,632	- 1,200	24.97%
Major city banks	-	-	-	0.00%
Regional banks	493	493	-	0.66%
Trust banks	16,092	15,204	- 888	20.37%
Life insurance companies	286	286	-	0.38%
Non-life insurance companies	-	-	-	0.00%
Other financial institutions	2,961	2,649	- 312	3.55%
Other domestic companies	12,273	12,228	- 45	16.38%
Foreigners	6,199	8,281	2,082	11.10%
Securities companies	854	1,044	190	1.40%
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 8th FP	Increase/decrease from the previous FP	Number of units held at the end of 9th FP	Ratio at the end of 9th FP*
1	Daiwa Securities Group Inc.	7,600	-	7,600	10.18%
2	The Master Trust Bank of Japan, Ltd.(Investment Trust Account)	7,325	- 397	6,928	9.28%
3	Japan Trustee Services Bank Ltd. (Trust Investment Trust Account)	4,649	- 18	4,631	6.21%
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2,454	- 163	2,291	3.07%
5	BNYM AGT/CLTS 10 PERCENT	-	2,000	2,000	2.68%
6	SCB SG S/A SCB THAILAND AC FOR CIMB-PRINCIPAL PROPERTY JP000294300545	953	749	1,702	2.28%
7	Trust & Custody Services Bank Ltd. (Trust Investment Trust Account)	1,282	- 249	1,033	1.38%
8	Daiwa Real Estate Asset Management Co. Ltd.	1,000	-	1,000	1.34%
9	Fukui Medical Credit Association	945	-	945	1.27%
10	UENOYA BUILDING Co. Ltd.	903	-	903	1.21%
Total		27,111	1,922	29,033	38.90%

*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
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
June 2018	Financial results briefing for institutional investors (8th FP)	Tokyo
July 2018	Briefing session on asset management for individual investors (8th FP)	Tokyo
July 2018	Seminar for individual investors (sponsored by a security company)	Tokyo
September 2018	J-REIT Fair for individual investors 2018 (cosponsored by ARES and TSE)	Tokyo
October 2018	Special seminar for healthcare facility operators	Sapporo

J-REIT Fair for individual investors 2018 (cosponsored by ARES and TSE)



Indices that include NHI

Month / Year	Name of index
September 2015	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.

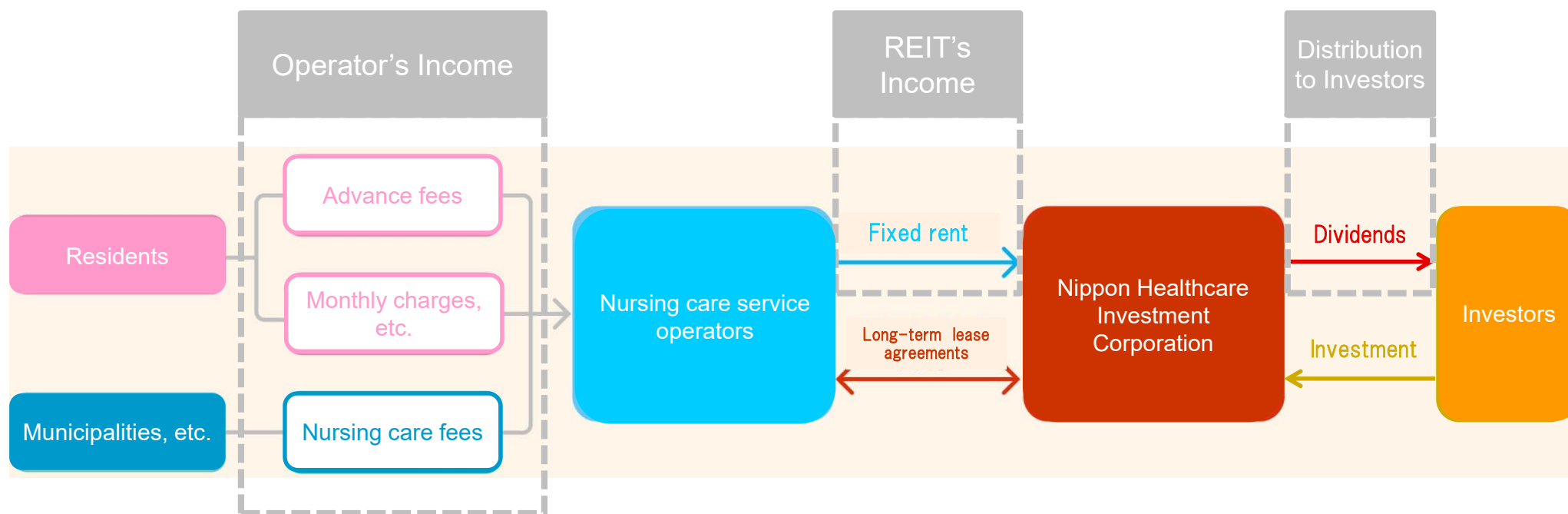
Securities code **3308**

- 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.

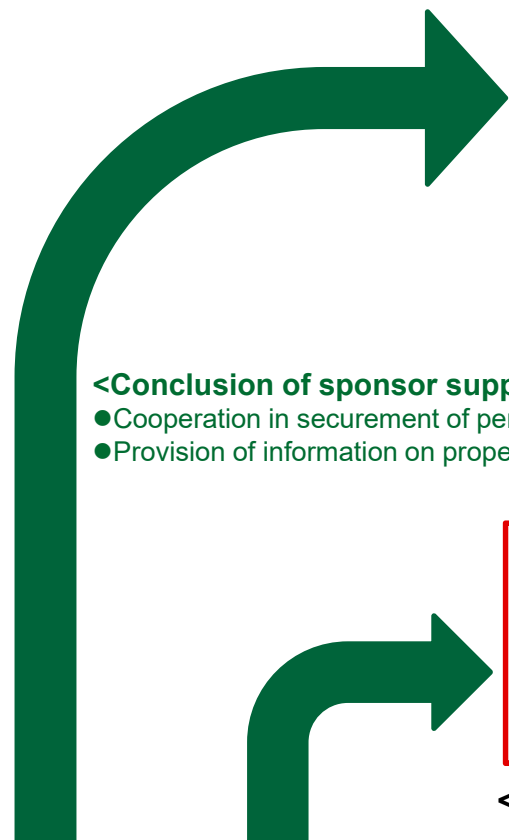
Framework of stable cash flow





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

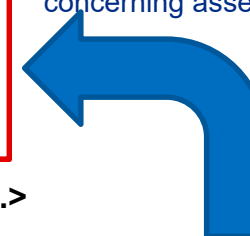
<Invested 100% by Daiwa Securities Group Inc.>

Operator

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

<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, 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	108 (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, 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)	Keiichi Ishikawa
Auditor	Tamaki Shibayama
Auditor (non-executive)	Morimasa Matsuda
Auditor (non-executive)	Shinji Kiso

REITs which entrust the asset management to the Asset Management Company

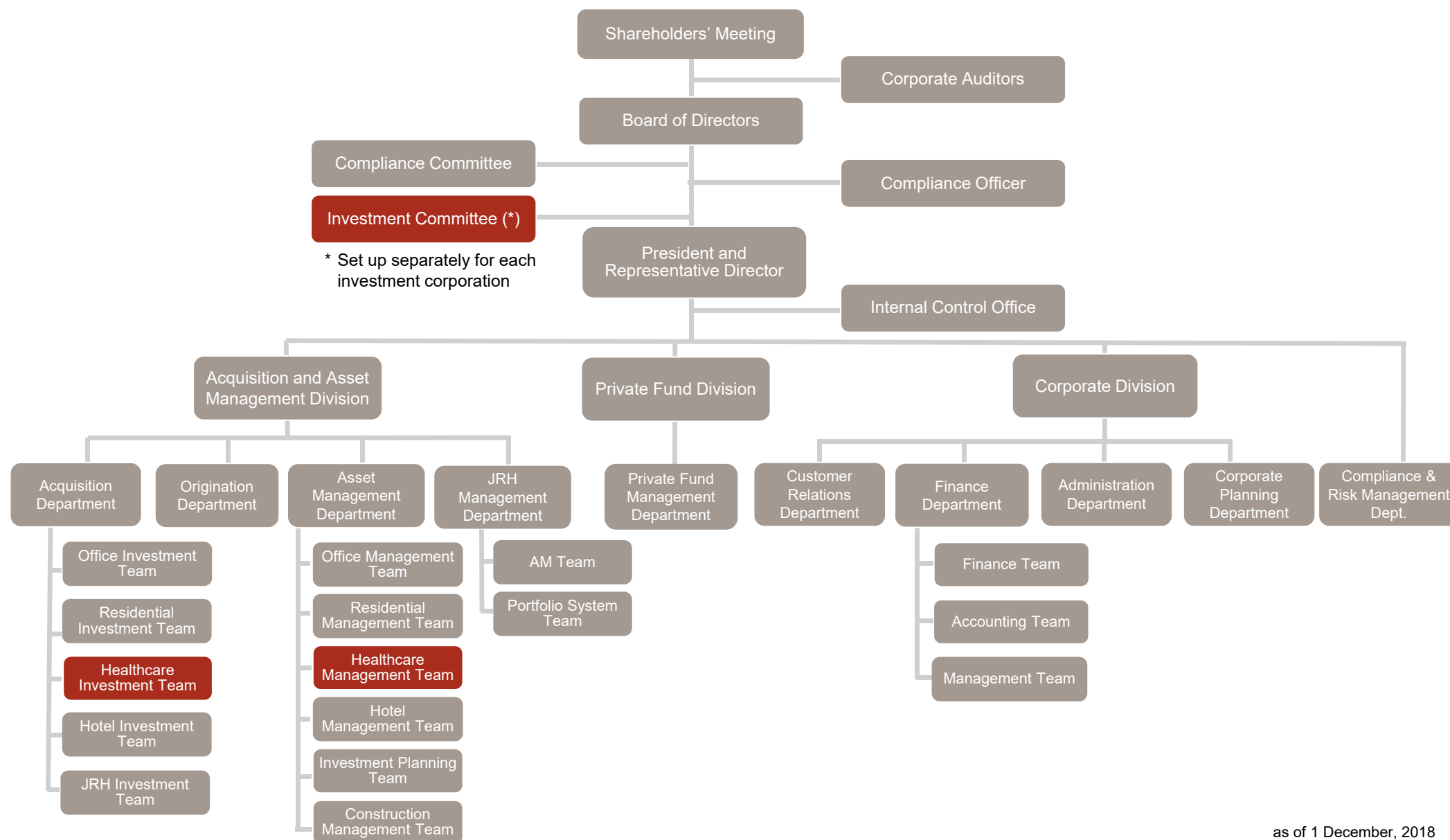
As of December 20, 2018

Daiwa Office Investment Corporation	Listed REIT focusing on office buildings Asset size: approximately 459.7 billion yen (58 properties)(*)
Japan Rental Housing Investments Inc.	Private REIT focusing on residential properties Asset size: approximately 225.5 billion yen (198 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	Japan's first listed REIT focusing on healthcare facilities Asset size: approximately 19.7 billion yen (23 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 December, 2018

