

(REIT) Financial Report for Fiscal Period Ended January 2023

March 17, 2023

REIT Securities Issuer: Healthcare & Medical Investment Corporation (HCM) Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3455 URL: <https://hcm3455.co.jp/en/>
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Preparation of supplementary financial results briefing materials: Yes
 Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for Fiscal Period Ended January 2023 (from August 1, 2022, to January 31, 2023)

(1) Management Status (% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Jan. 2023	2,632	11.0	1,453	14.9	1,279	16.2	1,278	16.2
Ended Jul. 2022	2,371	14.0	1,265	18.0	1,101	20.5	1,100	20.5

Fiscal period	Net income per unit	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Ended Jan. 2023	3,555	3.3	1.6	48.6
Ended Jul. 2022	3,063	3.1	1.5	46.4

(2) Distributions Status

	Distribution per unit (including distribution in excess of earnings)	Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Total distributions (including distribution in excess of earnings)	Total distributions (excluding distribution in excess of earnings)	Total distributions in excess of earnings	Distribution payout ratio	Ratio of distributions to net assets
	yen	yen	yen	million yen	million yen	million yen	%	%
Ended Jan. 2023	3,557	3,557	0	1,278	1,278	-	100.0	3.3
Ended Jul. 2022	3,367	3,059	308	1,210	1,099	110	100.0	2.9

(Note 1) Total distributions in excess of earnings of 110 million yen (308 yen per unit) for the fiscal period ended July 2022 are comprised of (1) total distribution amount from reserve for temporary difference adjustment of 0.3 million yen (1 yen per unit) due to the occurrence of deferred losses on hedges of 0.4 million yen recorded as net asset deduction items for the current fiscal period and (2) total distribution amount of 110 million yen (307 yen per unit) from distribution reducing unitholders' capital for tax purposes.

(Note 2) The ratio of decreasing surplus due to execution of distribution in excess of earnings (distribution reducing unitholders' capital for tax purposes) was 0.003 for the fiscal period ended July 2022. The ratio of decreasing surplus is calculated based on Article 23, Paragraph 1, Item (v) of the Order for Enforcement of the Corporation Tax Act.

(Note 3) Payout ratio for the fiscal period ended July 2022 is calculated using the following formula since issuance of new Investment units was executed.
 Payout ratio = Total distribution (excluding distributions in excess of earnings) / Net income x 100

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Jan. 2023	81,243	38,968	48.0	108,395
Ended Jul. 2022	80,357	38,800	48.3	107,930

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(4) Status of Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Ended Jan. 2023	3,268	(2,210)	(854)	1,644
Ended Jul. 2022	1,729	(12,233)	10,159	1,440

2. Earnings Forecast for the Fiscal Period Ending July 2023 (from February 1, 2023 to July 31, 2023) and Earnings Forecast for the Fiscal Period Ending January 2024 (from August 1, 2023 to January 31, 2024)

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Distribution per unit (including distribution in excess of earnings)
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen	yen
Ending Jul. 2023	2,438	(7.4)	1,264	(13.0)	1,063	(16.9)	1,062	(16.9)	2,954	311	3,265
Ending Jan. 2024	2,438	0.0	1,254	(0.8)	1,051	(1.1)	1,050	(1.1)	2,920	315	3,235

(Reference) Forecast net income per unit (fiscal period ending July 2023) 2,954 yen
Forecast net income per unit (fiscal period ending January 2024) 2,920 yen

* Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

- ① Changes in accounting policies accompanying amendments to accounting standards, etc.: No
- ② Changes in accounting policies other than ①: No
- ③ Changes in accounting estimates: No
- ④ Retrospective restatement: No

(2) Total Number of Investment Units Issued and Outstanding

① Total number of investment units issued and outstanding (including treasury investment units) at end of period

Fiscal period ended January 2023 359,500 units Fiscal period ended July 2022 359,500 units

② Number of treasury investment units at end of period

Fiscal period ended January 2023 - units Fiscal period ended July 2022 - units

(Note) For the number of investment units serving as the basis for calculation of net income per unit, please see "Notes on Per Unit Information" on page 33.

* This financial report is exempt from the audit by a certified public accountant or an auditing firm.

* Special note

This forecast is a future prospect determined by HCM based on information currently available and includes many uncertain factors. Actual operating revenue, operating income, ordinary income, net income, distribution per unit (excluding distribution in excess of earnings), distribution in excess of earnings per unit and distribution per unit (including distribution in excess of earnings) are subject to change due to changes in circumstances. In addition, the forecast is not a guarantee of the amount of distribution and distribution in excess of earnings. For the assumptions underlying the above forecast, please see "Assumptions Underlying Earnings Forecast for Fiscal Period Ending July 2023 and Fiscal Period Ending January 2024" on pages 11 and 12.

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1. Management Status

(1) Management Status

① Overview of the Current Fiscal Period

(a) Brief History of HCM

Healthcare & Medical Investment Corporation (hereinafter, "HCM") was established under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter, the "Investment Trust Act") with Healthcare Asset Management Co., Ltd. (hereinafter, the "Asset Management Company" or "HAM") as the organizer on December 9, 2014. HCM was listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. (hereinafter, the "Tokyo Stock Exchange") on March 19, 2015 (securities code: 3455).

The total number of investment units issued and outstanding as of the end of the fiscal period ended January 2023 (August 1, 2022 to January 31, 2023) (hereinafter, the "16th fiscal period" or the "current fiscal period") stands at 359,500 units.

(b) Investment Environment and Performance

a. Investment Environment

HCM was established against the background of a social situation in which expansion and enhancement of nursing care services and medical services by healthcare facilities has become an urgent issue at a time when the population that bears nursing care continues to shrink while aging advances at the fastest rate among developed nations and the number and percentage of the elderly among the total population is expected to remain on the rise for the time being.

The government has also set a target in "Housing Life Basic Plan (nationwide plan)" to increase the ratio of housing supply for the elderly to 4% in 2030 from 2.5% in 2018.

HCM invests in and owns healthcare facilities, for which social demand is growing, in a stable manner to promote appropriate maintenance/management and new supply of such facilities. By doing so, HCM seeks to realize a society where all people can live vibrantly and with peace of mind, as well as to secure stable income and to achieve steady growth of its portfolio.

b. Performance

During the current fiscal period, HCM sold "Medical Rehabilitation Home Bonsejour Komaki" on September 27, 2022 for a disposition price of 1,450 million yen, acquired "Nichii Home Inage" on September 30, 2022 for an acquisition price of 1,508 million yen, and acquired "Hanakotoba Oppama" on November 10, 2022 for an acquisition price of 500 million yen.

As of the end of the current fiscal period, HCM owns 48 properties with a total leasable area of 217,545.72 m², and the operational rate stands at 100%.

With regards to the Japanese economy, although the restrictions on activities related to COVID-19 have been lifted, and moves toward the normalization of economic and social activities are expected, the effects of the ongoing monetary tightening policies of major countries, including European nations and the United States, the resulting depreciation of the yen, and the prolonged global surge in energy and raw material prices against the backdrop of the deteriorating situation in Ukraine are becoming apparent and require close attention in the future.

In addition, in December 2021, HAM established the "Sustainability Promotion System Regulations" and the ESG Committee in order to implement the "Basic Policy on ESG" in September 2018. As a result of its sustainability promotion activities, HCM received a "1 Star" rating in the GRESB Real Estate Assessment 2022 Survey, an international benchmark assessment that measures ESG considerations, and an "A Level" in the GRESB Disclosure Assessment, the highest level of the five-level rating system. In order to realize the philosophy of HCM, "A society where all people can live vibrantly and with peace of mind," HAM aims to contribute to the aged society and maximize unitholder value over the medium to long term by promoting the supply of healthcare facilities as social infrastructure and building a portfolio specializing in healthcare facilities.

(c) Overview of Financing

HCM upholds stable financial management as its basic policy for securing stable income and maintaining and enhancing asset value over the medium to long term.

In the current fiscal period, HCM borrowed 500 million yen on September 30, 2022 to fund the acquisition of "Nichii Home Inage" and part of the acquisition-related expenses, and refinanced 9,750 million yen in loans that were due for repayment on January 31, 2023.

As a result, unitholders' capital (net) (Note) at the end of the current fiscal period stands at 37,601 million yen, the total number of investment units issued and outstanding at 359,500 units, and total interest-bearing liabilities at 39,150 million yen.

(Note) The figure indicates the amount obtained by subtracting the deduction from unitholders' capital from unitholders' capital. The amount does not take into account the change in unitholders' capital in line with the implementation of distribution in excess of earnings of allowance for temporary difference adjustments.

As of the end of the current fiscal period, the ratio of interest-bearing liabilities to total assets (hereinafter, "LTV") is 48.2%.

HCM's rating as of January 31, 2023 is as follows.

Rating Agency	Rating Category	Rating	Outlook
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating	A+	Stable

(d) Overview of Business Performance and Distributions

As a result of the management described above, for the current fiscal period, operating revenue stood at 2,632 million yen, operating income at 1,453 million yen, ordinary income at 1,279 million yen and net income at 1,278 million yen.

In accordance with the cash distribution policy described in Article 36, Paragraph 1 of its Articles of Incorporation, HCM determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, and shall be up to its profits as defined in Article 136, Paragraph 1 of the Investment Trust Act. Following this policy, HCM has decided that, of the amount of unappropriated retained earnings for the fiscal period less the reversal amount of the allowance for temporary differences (as defined in Article 2, Paragraph 2, Item (30) of the Regulation on Accountings of Investment Corporations), it shall distribute approximately the entire amount of 1,278,741,500 yen as distribution of earnings. Accordingly, the distributions of earnings per unit were 3,557 yen.

Furthermore, in accordance with the policy for cash distribution in excess of earnings provided in Article 36, Paragraph 2 of its Articles of Incorporation, HCM is to conduct distribution in excess of earnings (return of capital that falls under the category of distribution reducing unitholders' capital for tax purpose) in each period on a continuous basis as a rule. However, as mentioned above, as a result of the disposition of "Medical Rehabilitation Home Bon Sejour Komaki", a gain on sale of the real estate properties was generated, and in consideration of profit reflecting such gain on sale, HCM decided not to make continuous distributions in excess of earnings during the current period.

As a result, distribution per unit came to 3,557 yen.

(Note 1) Distributions in excess of earnings are distributed up to the amount equivalent to 20% of the depreciation recorded in the accounting period immediately before the accounting period when HCM will pay said distribution, sufficiently taking into consideration the amount of capital expenditure necessary for maintaining and improving the competitiveness of HCM's assets under management, the financial position of HCM and other factors.

However, distribution in excess of earnings may be conducted up to an amount lower than the above amount or may not be conducted when the implementation of distribution in excess of earnings up to the said amount is judged to be inappropriate based on the economic environment surrounding HCM, trends of the real estate market and leasing market, status of HCM's assets under management and financial conditions.

(Note 2) Under the rules of The Investment Trusts Association, Japan (hereinafter, “The Investment Trusts Association”), closed-end investment corporations are allowed to conduct distribution in excess of earnings up to an amount equivalent to 60% of the depreciation recorded on the last day of the accounting period.

② Outlook for the Next Fiscal Period

(a) Investment Environment

In Japan, while the number of elderly households is increasing, the population that bears nursing care is on the decline, and a provision of nursing care services and medical services at external facilities for a certain percentage of elderly households will inevitably be needed. The expansion of the supply of healthcare facilities, especially facilities and housing for the elderly, is required in response to the expanding demand for nursing care and medical services.

While nursing care in the same household is forecast to be more difficult than ever before due to extreme aging and change to the family structure, new development and expansion of healthcare facilities is required to respond to the growing demand for nursing care and medical services, and measures to achieve them are being promoted.

In “Japan Revitalization Strategy -JAPAN is BACK-” dated June 14, 2013, the Headquarters for Japan's Economic Revitalization announced a policy to “enact a guideline concerning acquisition and management of properties including housing for the elderly to promote the utilization of healthcare REITs in an effort to utilize private funds” as part of urban development to enable the elderly to walk and live safely.

Following this policy, the Ministry of Land, Infrastructure, Transport and Tourism enacted the “Guideline Related to the Utilization of Healthcare REITs Targeting Housing for the Elderly” on June 27, 2014, and the “Guideline Related to REITs Targeting Hospital Real Estate” on June 26, 2015, as well as indicated the points to be noted in transactions of healthcare facilities such as the positioning of key executives with certain experience. With the enactment of these guidelines, it is believed that opportunities for operators to utilize healthcare REITs will increase.

In addition, the “Housing Life Basic Plan (nationwide plan)” decided by the cabinet on March 19, 2021, set a performance indicator, which calls for increasing the ratio of housing for the elderly to the elderly population from 2.5% in 2018 to 4% in 2030, based on the goal of “formation of communities and building of cities where various generations support each other and the elderly can live with good health and peace of mind.”

Regarding the environment surrounding healthcare-related facilities, social welfare costs are expected to increase alongside Japan’s aging population, and demand for medical and long-term care services is expected to increase ahead of 2025, when the baby boomer generation will be 75 years old or older. Meanwhile, there are significant regional variances in the growth of the elderly population. To address these issues, studies and actions are underway to establish a regional comprehensive care system through a review of the medical care system and to realize a regional healthcare vision (Note 1).

In Japan, under a regional comprehensive care system, work is underway to build an integrated framework of residences, medical care, nursing care, preventative medicine and lifestyle support suitable for each region so that the elderly can continue to live to the end of their lives in the area they are used to in the way they would like, even after they come to require nursing care.

The government has further divided the functions of beds in medical institutions in line with the conditions of patients, aiming to provide appropriate medical service to all patients at an appropriate location in order to effectively utilize limited medical resources, and enacted systemic reforms in healthcare systems, such as establishing guidelines (March 2015) for planning a community healthcare vision in prefectures. Prefectures have formulated the community healthcare vision for the purpose of realizing a system encouraging the effective and efficient allocation of resources commensurate with the healthcare functions in each of the national government-designated regions, and providing a higher quality of medical services in beds appropriate for the condition of patients, from acute to convalescent and chronic phases, for each disease. The community healthcare vision is designed to estimate and stipulate medical demand (number of patients) and required number of beds in 2025 for each medical function in each area of the vision (secondary medical area) in order to promote functional differentiation and coordination of hospital wards. Presently, prefectural governments and healthcare professionals are working together via regional healthcare vision councils and other channels to realize this vision.

Furthermore, the number of hospitals across Japan is estimated to be about 8,200. However, some of these were built in the 1960s and 1970s and do not meet earthquake-resistance standards amid Japan's earthquake-prone environment. The earthquake resistance rate of hospitals in Japan is only 78.7% as of an FY2021 survey, compared to more than 95% for paid nursing homes (Note 2) (Note 3). Hospitals are used by an unspecified large number of people every day and can also be used as a community base in case of a disaster. Earthquake resistance is an urgent issue even from the viewpoint of strengthening the country's infrastructure. Therefore, HCM believes that there is a great need among hospitals for funding to rebuild or expand their buildings to make them more earthquake resistant.

In addition to the above, medical corporations are also expected to face needs for capital investment, M&A-driven funding procurement and asset sales for the enhancement or conversion of medical functions, including multi-use development (Note 4) and reconstruction and expansion of buildings due to earthquake resistance. Furthermore, HCM believes, in the instance of realizing held assets for the purpose of strengthening financial position, liquidation of (generating funds from) held assets for a hospital owner's business succession or inheritance, or sale of hospital real estate for refinancing, that real estate investment corporations will have opportunities related to these assets.

The market size of hospital real estate in Japan accounts for a majority of the total healthcare facility real estate market, and the majority of hospital real estate is owned by medical corporations (Note 5). HCM believes that when hospital real estate is liquidated, it may become a target for investment by real estate investment corporations.

As described above, HCM believes that, amid the funding needs of medical corporations, and as a method for procuring funds related to hospital management and part of strengthening financial positions, opportunities for leveraging real estate investment corporations in hospital real estate will expand further.

Therefore, the market for healthcare facilities with a particular emphasis on the keywords "nursing care," "medical service" and "health," which HCM sets as acquisition targets, is believed to further expand in the future.

In addition, although the restrictions on activities related to COVID-19 have been lifted, and moves toward the normalization of economic and social activities are expected, the effects of the ongoing monetary tightening policies of major countries, including European nations and the United States, the resulting depreciation of the yen, and the prolonged global surge in energy and raw material prices against the backdrop of the deteriorating situation in Ukraine are becoming apparent and require close attention in the future.

(Note 1) In the section about reorganization of medical and nursing care functions (future vision) of "Promotion of Home Medical and Nursing Care" by the project team for promoting home medical and nursing care as published by the Ministry of Health, Labour and Welfare, it is stated that "a more effective and efficient medical and nursing care service provision system will be built through a role division for hospital and hospital bed functions according to patient needs and by strengthening cooperation among medical institutions and between medical and nursing care services."

(Note 2) According to the Ministry of Health, Labour and Welfare's "Status of Earthquake Resistance of Social Welfare Facilities, Etc. " (released on December 27, 2021), the ratio of earthquake-resistant paid nursing homes is 96.9%.

(Note 3) According to the "Results of the Survey on Seismic Retrofit of Hospitals" (released on August 26, 2022) by the Ministry of Health, Labour and Welfare, the ratio of earthquake-resistant hospitals is 78.7%, of which the ratio was 94.6% for disaster base hospitals and emergency medical care centers. Note that in these surveys, hospitals with buildings constructed before 1981 (before the enforcement of the revised Building Standards Act of 1980) that have not been assessed as resistant to earthquakes are included in calculations as buildings with unknown earthquake resistance.

(Note 4) "Multi-use development" refers to the development of real estate with multiple functions and uses, such as healthcare facilities that combine facilities for the elderly, residences, and medical facilities.

(Note 5) Figures are based on preliminary calculations by KPMG Healthcare Japan Co., Ltd.

(b) Future Management Policy and Challenges to Address

With recognition of the above investment environment, HCM aims to secure stable income and steady growth of the portfolio while seeking to realize a society where all people can live vibrantly and with peace of mind, and manages assets based on the following policies.

a. Asset management policy for properties owned

Healthcare facilities possess a unique property feature in which not only location or specifications of buildings but also the operational capability of the operator and management stability have a large impact on their value as real estate. When HCM acquires a healthcare facility, we aim to secure stable income for the medium to long term by, in principle, concluding a long-term lease agreement with fixed rent with the operator that operates the healthcare facility.

HCM conducts due diligence on the business feasibility of facilities, including analyzing the management and financial conditions of operators, along with real estate due diligence, in order to secure stable revenue over the medium to long term. HCM also implements continuous monitoring even after the acquisition.

b. Property acquisition policy

HCM may utilize the comprehensive capabilities of its sponsors, including professional know-how and customer base, as well as first refusal rights provided in the support agreements, based on the support agreements which the Asset Management Company has concluded with sponsor companies and such.

Furthermore, the Asset Management Company may, for the purpose of making flexible property acquisition, request sponsors, etc. to temporarily own a property (warehousing) on the premise it be transferred to HCM.

As such, HCM aims to maximize unitholder value over the medium to long term by best utilizing the extensive network and warehousing function of the sponsors, etc. and works for sustainable growth of the asset size.

c. Financial policy

HCM intends to build a stable financial base with an aim to secure stable income over the medium to long term and maximize unitholder value, and conducts financing in consideration of the trends in the financial market.

With stable growth of HCM over the long term in mind, equity financing will be carried out flexibly, taking into consideration a multitude of factors including the timing of the acquisition of newly acquired real estate-related assets and the possibility of utilizing the sponsor's warehousing capabilities, LTV, the timing for the repayment of interest-bearing liabilities and the period remaining until repayment, as well as market conditions, while also considering the dilution of the rights of existing unitholders and the resulting decline, etc. in the trading price of investment units.

As to debt financing, stable and flexible leverage control will be implemented by diversifying repayment dates and setting the upper limit of LTV at 65% (which may, however, exceed 65% temporarily). In addition, a stable bank formation will be established by receiving financial advice from Sumitomo Mitsui Banking Corporation, one of the sponsors, based on the sponsor support agreement concluded between the bank and the Asset Management Company.

(c) Significant Subsequent Events

Not applicable.

(Reference Information)

HCM decided on March 17, 2023 to borrow the following funds to fund the repayment of 2,000 million yen in existing loans maturing on March 30, 2023.

Type	Lender	Borrowing amount	Interest rate (Note2)	Drawdown date	Borrowing method	Repayment date	Repayment method	Remarks
Short term	Sumitomo Mitsui Banking Corporation	2 billion yen	Base interest rate (JBA 1-month Japanese yen TIBOR) + 0.25%	March 30, 2023	Borrowings based on the individual term loan agreement as of March 28, 2023, with the company on the left as a lender	March 30, 2024	Lump-sum repayment on maturity	Unsecured and unguaranteed

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- (Note 1) The borrowing is subject to a number of conditions, including the execution of an agreement relating to the loan that is reasonably satisfactory to the lenders mentioned above and the satisfaction of all lending preconditions, which are to be separately determined.
- (Note 2) The first interest payment date is April 28, 2023, and subsequent interest payments will be due on the 30th of every month thereafter, and on the principal repayment date (whenever the date of interest payment is not a business day, such payment will be made on the next business day; whenever the date of interest payment falls on day of the next month, such payment will be made on the last business day of the current month). For the Japanese yen TIBOR published by the JBA TIBOR Administration, please refer to the JBA TIBOR Administration's website (<https://www.jbatibor.or.jp/english/rate/>).

(d) Earnings Forecast Outlook

HCM forecasts the following earnings for the fiscal period ending July 2023 (from February 1, 2023 to July 31, 2023) and the fiscal period ending January 2024 (from August 1, 2023 to January 31, 2024). For the assumptions underlying this outlook, please see “Assumptions Underlying Earnings Forecast for Fiscal Period Ending July 2023 and Fiscal Period Ending January 2024” below.

For the fiscal period ending July 2023 (from February 1, 2023 to July 31, 2023) and the fiscal period ending January 2024 (from August 1, 2023 to January 31, 2024), it is assumed that there is no change in the fair value of interest rate swaps, and HCM has no plan to present to conduct distribution in excess of earnings of reserve for temporary difference adjustments.

Fiscal period ending July 2023 (from February 1, 2023, to July 31, 2023)

Operating revenue	2,438 million yen
Operating income	1,264 million yen
Ordinary income	1,063 million yen
Net income	1,062 million yen
Distribution per unit (excluding distribution in excess of earnings)	2,954 yen
Distribution in excess of earnings per unit	311 yen
Distribution per unit (including distribution in excess of earnings)	3,265 yen

Fiscal period ending January 2024 (from August 1, 2023, to January 31, 2024)

Operating revenue	2,438 million yen
Operating income	1,254 million yen
Ordinary income	1,051 million yen
Net income	1,050 million yen
Distribution per unit (excluding distribution in excess of earnings)	2,920 yen
Distribution in excess of earnings per unit	315 yen
Distribution per unit (including distribution in excess of earnings)	3,235 yen

(Note) Please note that actual operating revenue, operating income, ordinary income, net income, distribution per unit (excluding distribution in excess of earnings), distribution in excess of earnings per unit and distribution per unit (including distribution in excess of earnings) may differ from the forecast figures above as a result of discrepancies from assumptions arising due to additional real estate acquisition or sale in the future, trends in the real estate market, fluctuation of interest rates and changes in other situations surrounding HCM, among other factors. In addition, the forecast is not a guarantee of the amount of distribution or distribution in excess of earnings.

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Assumptions Underlying Earnings Forecast for Fiscal Period Ending July 2023 and Fiscal Period Ending January 2024

Item	Assumptions															
Accounting period	<ul style="list-style-type: none">Fiscal period ending July 2023 (17th FP) (from February 1, 2023, to July 31, 2023) (181 days)Fiscal period ending January 2024 (18th FP) (from August 1, 2023, to January 31, 2024) (184 days)															
Assets under management	<ul style="list-style-type: none">It is assumed that there will be no changes (acquisition of new properties, sale of the assets under management, etc.) in the trust beneficiary interests in real estate (48 properties in total) owned by HCM as of the date of this document (hereinafter, the “Assets Under Management”) through to the end of the fiscal period ending January 2024.There may actually be changes due to acquisition of new properties, or sale of the Assets Under Management, etc. in the future.															
Operating revenue	<ul style="list-style-type: none">Lease business revenue from Assets Under Management is calculated by considering and analyzing such factors as the lease agreement of each Asset Under Management effective as of the date of this document, tenant trends and market conditions.It is assumed that there will be no default or non-payment of rents by tenants.															
Operating expenses	<ul style="list-style-type: none">The main breakdown of expenses related to rent business, the major component of operating expense, is as follows.<table><thead><tr><th></th><th>Fiscal period ending July 2023</th><th>Fiscal period ending January 2024</th></tr></thead><tbody><tr><td>Property tax</td><td>167 million yen</td><td>167 million yen</td></tr><tr><td>Repair expenses</td><td>29 million yen</td><td>30 million yen</td></tr><tr><td>Depreciation</td><td>559 million yen</td><td>566 million yen</td></tr><tr><td>Other expenses related to rent business</td><td>65 million yen</td><td>66 million yen</td></tr></tbody></table>Out of the expenses related to rent business, the major component of operating expense, expenses other than depreciation are calculated based on the past figures and by reflecting factors for change in expenses.In purchasing and selling real estate in general, property tax and city planning tax are calculated on a pro rata basis with previous owners and settled at the time of acquisition, but as HCM includes this settlement money in acquisition cost, they are not recorded as expenses in the year of acquisition. Accordingly, property tax and city planning tax of the assets to be acquired in the fiscal period ended July 2022 and the fiscal period ended January 2023 will be recorded as expenses from the fiscal period ending July 2023.For repair expenses, the Asset Management Company records the expenses it deems necessary for each property in each operating period. However, as repair expenses may increase or decrease, or additional repair may be required due to unpredictable factors, actual expenses may differ significantly from the forecast.Depreciation is calculated by using the straight-line method including ancillary expenses.The asset management fee paid to the Asset Management Company is assumed to be 233 million yen for the fiscal period ending July 2023 and 235 million yen for the fiscal period ending January 2024.		Fiscal period ending July 2023	Fiscal period ending January 2024	Property tax	167 million yen	167 million yen	Repair expenses	29 million yen	30 million yen	Depreciation	559 million yen	566 million yen	Other expenses related to rent business	65 million yen	66 million yen
	Fiscal period ending July 2023	Fiscal period ending January 2024														
Property tax	167 million yen	167 million yen														
Repair expenses	29 million yen	30 million yen														
Depreciation	559 million yen	566 million yen														
Other expenses related to rent business	65 million yen	66 million yen														
Non-operating expenses	<ul style="list-style-type: none">Investment unit issuance expenses accompanying the issuance of new investment units are depreciated evenly over 3 years and are assumed to be 5 million yen for the fiscal period ending July 2023 and 5 million yen for the fiscal period ending January 2024.Investment corporation bond issuance costs associated with the issuance of investment corporation bonds are amortized using the straight-line method over the period up to redemption, and are assumed to be 1 million yen in the fiscal period ending July 2023 and 1 million yen in the fiscal period ending January 2024.Interest expenses, interest expenses on investment corporation bonds and other borrowing-related expenses are assumed to be 194 million yen for the fiscal period ending July 2023 and 196 million yen for the fiscal period ending January 2024.															
Interest-bearing liabilities	<ul style="list-style-type: none">As of the date of the document, HCM has a balance of interest-bearing liabilities of 39,150 million yen. It is assumed that there will be no change in the balance of interest-bearing liabilities at the end of the fiscal period ending July 2023 and the fiscal period ending January 2024, with an assumption that 2,000 million yen of loans due for repayment in the fiscal period ending July 2023 (repayment date: March 30, 2023) and 7,250 million yen of loans due for repayment in the fiscal period ending January 2024 (repayment date: January 31, 2024) will be refinanced for the same amount.															
Investment units	<ul style="list-style-type: none">The total number of investment units issued and outstanding is assumed to be 359,500 units as of the date of this document, and it is assumed that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending January 2024.Distribution per unit is calculated based on the forecast number of units issued and outstanding at the end of period of 359,500 units for the fiscal period ending July 2023 and for the fiscal period ending January 2024.															

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Item	Assumptions
Distribution per unit (excluding distribution in excess of earnings)	<ul style="list-style-type: none"> • Distribution per unit (excluding distribution in excess of earnings) is calculated on the premise of the cash distribution policy provided in the Articles of Incorporation of HCM. • Distribution per unit (excluding distribution in excess of earnings) may vary due to various factors, including fluctuation in rent revenue accompanying change in Assets Under Management, change in tenants, etc. or incurrence of unexpected repairs.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> • Distribution in excess of earnings per unit is calculated pursuant to the policies provided in the Articles of Incorporation of HCM, policies provided below, other applicable laws and regulations, rules of self-regulatory organizations, etc. The total amount of distribution in excess of earnings is assumed to be 111 million yen for the fiscal period ending July 2023 and 113 million yen for the fiscal period ending January 2024. • The total amount of distribution in excess of earnings is distributed up to the amount equivalent to 20% of the depreciation recorded in the accounting period immediately before the accounting period when HCM will pay said distribution, sufficiently taking into consideration the amount of capital expenditure necessary for maintaining and improving the competitiveness of HCM's Assets Under Management and the financial position of HCM. • However, distribution in excess of earnings may be conducted up to an amount lower than the above amount or may not be conducted when the implementation of distribution in excess of earnings up to the said amount is judged to be inappropriate based on the economic environment surrounding HCM, trends of the real estate market and leasing market, status of HCM's assets under management and financial conditions. • For the fiscal period ending July 2023 and the fiscal period ending January 2024, it is assumed that there is no loss in the fair value of interest rate swaps, and HCM has no plan at present to conduct distribution in excess of earnings from the reserve for temporary difference adjustments.
Other	<ul style="list-style-type: none"> • The assumption is that there will be no revision of laws and regulations, tax systems, accounting standards, securities listing regulations set forth by the Tokyo Stock Exchange, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above. • The assumption is that there will be no unforeseen serious change in general economic trends, real estate market conditions, etc.

2. Financial Statements

(1) Balance Sheet

(Unit: thousands of yen)

	Previous fiscal period (As of Jul. 31, 2022)	Current fiscal period (As of Jan. 31, 2023)
Assets		
Current assets		
Cash and deposits	1,311,232	1,539,878
Cash and deposits in trust	297,360	272,156
Operating accounts receivable	23,745	51,052
Prepaid expenses	121,812	137,266
Consumption taxes receivable	41,022	-
Derivatives receivables	910	7,709
Other	1,406	-
Total current assets	1,797,490	2,008,064
Non-current assets		
Property, plant and equipment		
Buildings in trust	*1 39,663,574	*1 40,234,862
Accumulated depreciation	(5,138,841)	(5,538,328)
Buildings in trust, net	34,524,732	34,696,533
Structures in trust	129,916	129,916
Accumulated depreciation	(16,503)	(18,846)
Structures in trust, net	113,413	111,069
Machinery and equipment in trust	19,961	19,961
Accumulated depreciation	(8,027)	(9,025)
Machinery and equipment in trust, net	11,933	10,935
Tools, furniture and fixtures in trust	350,622	368,211
Accumulated depreciation	(115,778)	(145,749)
Tools, furniture and fixtures in trust, net	234,844	222,462
Land in trust	43,387,881	43,747,992
Total property, plant and equipment	78,272,804	78,788,993
Intangible assets		
Software	3,097	2,771
Total intangible assets	3,097	2,771
Investments and other assets		
Security deposits	10,000	10,000
Long-term prepaid expenses	194,794	253,281
Derivative receivables	35,304	142,711
Deferred tax assets	14	4
Total investments and other assets	240,114	405,997
Total non-current assets	78,516,016	79,197,762
Deferred assets		
Investment unit issuance costs	28,713	22,970
Investment corporation bond issuance costs	15,611	14,570
Total deferred assets	44,324	37,541
Total assets	80,357,832	81,243,368

	(Unit: thousands of yen)	
	Previous fiscal period (As of Jul. 31, 2022)	Current fiscal period (As of Jan. 31, 2023)
Liabilities		
Current liabilities		
Operating accounts payable	82,367	55,678
Short-term loans payable	2,000,000	2,000,000
Current portion of long-term loans payable	9,250,000	7,250,000
Accounts payable - other	34,971	103,501
Accrued expenses	247,646	295,543
Income taxes payable	913	702
Consumption taxes payable	5,456	105,273
Advances received	398,493	397,489
Deposits received	126	162
Derivative liabilities	895	-
Total current liabilities	12,020,870	10,208,351
Non-current liabilities		
Investment corporation bonds	2,000,000	2,000,000
Long-term loans payable	25,400,000	27,900,000
Tenant leasehold and security deposits	1,921,309	1,936,482
Tenant leasehold and security deposits in trust	167,616	167,616
Deferred tax liabilities	11,393	47,322
Derivatives liabilities	35,216	14,977
Other	521	365
Total non-current liabilities	29,536,057	32,066,763
Total liabilities	41,556,928	42,275,114
Net assets		
Unitholders' equity		
Unitholders' capital	38,323,799	38,323,799
Deduction from unitholders' capital		
Allowance for temporary difference	*3 (10,586)	*3 (10,945)
Other deduction from unitholders' capital	(612,180)	(722,547)
Total deduction from unitholders' capital	(622,767)	(733,493)
Unitholders' capital, net	37,701,032	37,590,306
Surplus		
Unappropriated retained earnings (undisposed loss)	1,111,161	1,289,825
Total surplus	1,111,161	1,289,825
Total unitholders' equity	38,812,194	38,880,132
Valuation and translation adjustments		
Deferred gains or losses on hedges	(11,290)	88,121
Total valuation and translation adjustments	(11,290)	88,121
Total net assets	*2 38,800,904	*2 38,968,253
Total liabilities and net assets	80,357,832	81,243,368

(2) Statement of Income

(Unit: thousands of yen)

	Previous fiscal period From: Feb. 1, 2022 To: Jul. 31, 2022	Current fiscal period From: Aug. 1, 2022 To: Jan. 31, 2023
Operating revenue		
Leasing business revenues	*1 2,360,228	*1 2,417,024
Other revenue related to leasing business	*1 10,928	*1 10,583
Gain on sale of real estate properties	-	*2 204,649
Total operating revenue	2,371,156	2,632,258
Operating expenses		
Expenses related to leasing business	*1 784,089	*1 801,972
Asset management fee	203,435	246,843
Asset custody fee	3,864	4,063
Administrative service fees	23,404	24,293
Directors' compensations	4,800	5,100
Property tax	30,628	31,166
Other operating expenses	55,379	64,937
Total operating expenses	1,105,602	1,178,377
Operating income	1,265,553	1,453,880
Non-operating income		
Interest income	7	5
Insurance income	1,566	254
Interest on tax refund	-	81
Reversal of distribution payable	474	1,000
Other	-	14
Total non-operating income	2,048	1,355
Non-operating expenses		
Interest expenses	93,992	101,400
Interest expenses on investment corporation bonds	7,800	7,800
Amortization of investment unit issuance costs	5,742	5,742
Amortization of investment corporation bond issuance costs	1,040	1,040
Borrowing expenses	57,979	60,164
Total non-operating expenses	166,555	176,148
Ordinary income	1,101,046	1,279,087
Income before income taxes	1,101,046	1,279,087
Income taxes - current	914	703
Income taxes - deferred	(2)	10
Total income taxes	911	713
Net income	1,100,134	1,278,374
Retained earnings brought forward	11,027	11,451
Unappropriated retained earnings (undisposed loss)	1,111,161	1,289,825

(3) Statement of Unitholders' Equity

Previous fiscal period (from February 1, 2022, to July 31, 2022)

(Unit: thousands of yen)

	Unitholders' equity				
	Unitholders' capital				
	Unitholders' capital	Deduction from unitholders' capital			Unitholders' capital, net
		Allowance for temporary difference adjustments	Other deduction from unitholders' capital	Total deduction from unitholders' capital	
Balance at beginning of current period	32,480,785	(15,501)	(516,392)	(531,894)	31,948,891
Changes of items during period					
Issuance of new investment units	5,843,014				5,843,014
Dividends of surplus					
Reversal of allowance for temporary difference adjustments		4,915		4,915	4,915
Distribution in excess of earnings from other distributions			(95,788)	(95,788)	(95,788)
Net income					
Changes of items other than unitholders' equity during period, net					
Total changes of items during the period	5,843,014	4,915	(95,788)	(90,872)	5,752,141
Balance at end of current period	*1 38,323,799	(10,586)	(612,180)	(622,767)	37,701,032

(Unit: thousands of yen)

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of current period	929,041	929,041	32,877,933	(10,884)	(10,884)	32,867,048
Changes of items during period						
Issuance of new investment units			5,843,014			5,843,014
Dividends of surplus	(913,098)	(913,098)	(913,098)			(913,098)
Reversal of allowance for temporary difference adjustments	(4,915)	(4,915)	-			-
Distributions in excess of earnings from other distributions			(95,788)			(95,788)
Net income	1,100,134	1,100,134	1,100,134			1,100,134
Changes of items other than unitholders' equity during period, net				(406)	(406)	(406)
Total changes of items during the period	182,120	182,120	5,934,261	(406)	(406)	5,933,855
Balance at end of current period	1,111,161	1,111,161	38,812,194	(11,290)	(11,290)	38,800,904

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Current fiscal period (from August 1, 2022, to January 31, 2023)

(Unit: thousands of yen)

	Unitholders' equity				
	Unitholders' capital				
	Unitholders' capital	Deduction from unitholders' capital			Unitholders' capital, net
		Allowance for temporary difference adjustments	Other deduction from unitholders' capital	Total deduction from unitholders' capital	
Balance at beginning of current period	38,323,799	(10,586)	(612,180)	(622,767)	37,701,032
Changes of items during period					
Dividends of surplus					
Distributions in excess of earnings from allowance for temporary difference adjustments		(359)		(359)	(359)
Distributions in excess of earnings from other distributions			(110,366)	(110,366)	(110,366)
Net income					
Changes of items other than unitholders' equity during period, net					
Total changes of items during the period	-	(359)	(110,366)	(110,726)	(110,726)
Balance at end of current period	*1 38,323,799	(10,945)	(722,547)	(733,493)	37,590,306

(Unit: thousands of yen)

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of current period	1,111,161	1,111,161	38,812,194	(11,290)	(11,290)	38,800,904
Changes of items during period						
Dividends of surplus	(1,099,710)	(1,099,710)	(1,099,710)			(1,099,710)
Distributions in excess of earnings from allowance for temporary difference adjustments			(359)			(359)
Distributions in excess of earnings from other distributions			(110,366)			(110,366)
Net income	1,278,374	1,278,374	1,278,374			1,278,374
Changes of items other than unitholders' equity during period, net				99,411	99,411	99,411
Total changes of items during the period	178,663	178,663	67,937	99,411	99,411	167,349
Balance at end of current period	1,289,825	1,289,825	38,880,132	88,121	88,121	38,968,253

(4) Statement of Cash Distributions

(Unit: yen)

Type	Previous fiscal period From: Feb. 1, 2022 To: Jul. 31, 2022	Current fiscal period From: Aug. 1, 2022 To: Jan. 31, 2023
I. Unappropriated retained earnings	1,111,161,945	1,289,825,791
II. Distribution in excess of earnings	110,726,000	-
Allowance for temporary difference adjustments	359,500	-
Other deduction from unitholders' capital	110,366,500	-
III. Incorporation into unitholders' capital	-	10,945,922
Reversal of allowance for temporary difference adjustments	-	10,945,922
IV. Distributions	1,210,436,500	1,278,741,500
[Distributions per unit]	[3,367]	[3,557]
Distributions of earnings	1,099,710,500	1,278,741,500
(Distributions of earnings per unit)	[3,059]	[3,557]
Allowance for temporary difference adjustments	359,500	-
[Distributions in excess of earnings per unit (Allowance for temporary difference adjustments)]	[1]	[-]
Distributions in excess of earnings from other distributions	110,366,500	-
[Distributions in excess of earnings per unit (Distributions in excess of earnings from other distributions)]	[307]	[-]
V. Retained earnings carried forward	11,451,445	138,369

Type	Previous fiscal period From: Feb. 1, 2022 To: Jul. 31, 2022	Current fiscal period From: Aug. 1, 2022 To: Jan. 31, 2023
Method of calculation of amount of distributions	<p>In accordance with the cash distributions policy described in Article 36, Paragraph 1 of its Articles of Incorporation, HCM determines that the amount of distributions shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, and shall be up to its profits as defined in Article 136, Paragraph 1 of the Investment Trust Act. Following this policy, HCM has decided that, of profits as defined in Article 136, Paragraph 1 of the Investment Trusts Act, it shall distribute 1,099,710,500 yen, which is the maximum integral multiple of 359,500 units issued and outstanding as distributions of earnings. Accordingly, the distributions of earnings per unit were 3,059 yen.</p> <p>In addition, HCM is to make distributions in excess of earnings, of which amount is to be determined by HCM as an amount equivalent to net asset deduction items (as defined in Article 2, Paragraph 2, Item (30) (b) of the Ordinance on Accountings of Investment Corporations), considering the impact of net asset deduction items on distribution, pursuant to the policy for cash distribution in excess of earnings provided in Article 36, Paragraph 2 of its Articles of Incorporation. During the current fiscal period, since deferred losses on hedges of 0.4 million yen was recorded as net asset deduction items, HCM decided to make distributions of allowance for temporary difference adjustments in the amount of 359,500 yen. As a result, distributions in excess of earnings per unit (allowance for temporary difference adjustments) came to 1 yen.</p> <p>Furthermore, in accordance with the policy for cash distributions in excess of earnings provided in Article 36, Paragraph 2 of its Articles of Incorporation, HCM is to conduct distributions in excess of earnings (return of capital that falls under the category of distributions reducing unitholders' capital for tax purposes) in each period on a continuous basis.</p>	<p>In accordance with the cash distributions policy described in Article 36, Paragraph 1 of its Articles of Incorporation, HCM determines that the amount of distributions shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, and shall be up to its profits as defined in Article 136, Paragraph 1 of the Investment Trust Act. Following this policy, HCM has decided that, of the amount of unappropriated retained earnings for the fiscal period less the reversal amount of the allowance for temporary differences (as defined in Article 2, Paragraph 2, Item (30) of the Regulation on Accountings of Investment Corporations), it shall distribute approximately the entire amount of 1,278,741,500 yen as the distribution of earnings. Accordingly, the distributions of earnings per unit were 3,557 yen.</p> <p>Furthermore, in accordance with the policy for cash its distributions in excess of earnings provided in Article 36, Paragraph 2 of its Articles of Incorporation, HCM is to conduct distributions in excess of earnings (return of capital that falls under the category of distributions reducing unitholders' capital for tax purposes) in each period on a continuous basis, as a rule.</p> <p>However, in the fiscal period under review, a gain on sale of the real estate properties was generated, and in consideration of profit reflecting such gain on sale, HCM decided not to make continuous distributions in excess of earnings during the current period.</p> <p>As a result, distributions per unit came to 3,557 yen.</p>

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Type	Previous fiscal period From: Feb. 1, 2022 To: Jul. 31, 2022	Current fiscal period From: Aug. 1, 2022 To: Jan. 31, 2023
	During the current fiscal period, HCM has decided to distribute 110,366,500 yen, an amount roughly equivalent to 20% of the depreciation recorded in the current fiscal period, as distributions in excess of earnings. As a result, distributions in excess of earnings per unit (of distributions in excess of earnings from other distributions) came to 307 yen. As a result, distributions per unit came to 3,367 yen.	

(Note 1) Distributions in excess of earnings are distributed up to the amount equivalent to 20% of the depreciation recorded in the accounting period immediately before the accounting period when HCM will pay said distribution, sufficiently taking into consideration the amount of capital expenditure necessary for maintaining and improving the competitiveness of HCM's assets under management, the financial position of HCM and other factors.

However, distributions in excess of earnings may be conducted up to an amount lower than the above amount or may not be conducted when the implementation of distributions in excess of earnings up to the said amount is judged to be inappropriate based on the economic environment surrounding HCM, trends of the real estate market and leasing market, status of HCM's assets under management and financial conditions.

(Note 2) Under the rules of The Investment Trusts Association, closed-end investment corporations are allowed to conduct distributions in excess of earnings up to an amount equivalent to 60% of the depreciation recorded on the last day of the accounting period.

(5) Statement of Cash Flows

(Unit: thousands of yen)

	Previous fiscal period From: Feb. 1, 2022 To: Jul. 31, 2022	Current fiscal period From: Aug. 1, 2022 To: Jan. 31, 2023
Cash flows from operating activities		
Income before income taxes	1,101,046	1,279,087
Depreciation	552,155	563,971
Amortization of investment corporation bond issuance costs	1,040	1,040
Borrowing expenses	57,979	60,164
Amortization of investment unit issuance costs	5,742	5,742
Interest income	(7)	(5)
Interest on tax refund	-	(81)
Interest expenses	101,792	109,200
Decrease (increase) in operating accounts receivable	(21,663)	(27,307)
Decrease (increase) in consumption taxes receivable	(41,022)	41,022
Decrease (increase) in prepaid expenses	(2,883)	1,600
Increase (decrease) in operating accounts payable	20,177	(26,689)
Increase (decrease) in accounts payable - other	(1,872)	(845)
Increase (decrease) in consumption taxes payable	(12,175)	99,817
Increase (decrease) in accrued expenses	5,850	48,827
Increase (decrease) in advances received	59,654	(1,003)
Decrease (increase) in long-term prepaid expenses	7,087	10,125
Increase (decrease) in deposits received	(668)	36
Decrease due to sale of property, plant and equipment in trust	-	1,214,138
Other, net	(1,359)	250
Subtotal	1,830,875	3,379,092
Interest income received	7	5
Interest on tax refund received	-	81
Interest expenses paid	(100,606)	(110,131)
Income taxes paid	(867)	(913)
Net cash provided by (used in) operating activities	1,729,408	3,268,134
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(12,366,585)	(2,225,327)
Purchase of intangible assets	(3,260)	-
Proceeds from tenant leasehold and security deposits	55,800	59,926
Repayments of tenant leasehold and security deposits	-	(44,754)
Proceeds from tenant leasehold and security deposits in trust	80,850	-
Net cash provided by (used in) investing activities	(12,233,196)	(2,210,155)
Cash flows from financing activities		
Payments into cash and deposits in trust	(80,850)	-
Proceeds from short-term loans payable	2,000,000	500,000
Repayments of short-term loans payable	-	(500,000)
Proceeds from long-term loans payable	3,500,000	9,750,000
Repayments of long-term loans payable	-	(9,250,000)
Borrowing expenses	(59,747)	(145,123)
Proceeds from issuance of investment units	5,808,558	-
Dividends paid	(1,008,033)	(1,209,413)
Net cash provided by (used in) financing activities	10,159,927	(854,536)
Net increase (decrease) in cash and cash equivalents	(343,860)	203,442
Cash and cash equivalents at beginning of period	1,784,836	1,440,976
Cash and cash equivalents at end of period	*1 1,440,976	*1 1,644,419

(6) Notes on the Going Concern Assumption
Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment The straight-line method is adopted. The useful life of principal property, plant and equipment is as follows.</p> <table> <tr> <td>Buildings in trust</td><td>5-69 years</td></tr> <tr> <td>Structures in trust</td><td>10-53 years</td></tr> <tr> <td>Machinery and equipment in trust</td><td>10 years</td></tr> <tr> <td>Tools, furniture and fixtures in trust</td><td>6-15 years</td></tr> </table> <p>(2) Intangible assets The straight-line method is adopted.</p>	Buildings in trust	5-69 years	Structures in trust	10-53 years	Machinery and equipment in trust	10 years	Tools, furniture and fixtures in trust	6-15 years
Buildings in trust	5-69 years								
Structures in trust	10-53 years								
Machinery and equipment in trust	10 years								
Tools, furniture and fixtures in trust	6-15 years								
2. Accounting for deferred assets	<p>(1) Investment unit issuance costs Depreciated evenly over 3 years.</p> <p>(2) Investment corporation bond issuance costs Amortized using the straight-line method over the maturity period.</p>								
3. Standards for revenue and expense recognition	<p>(1) Accounting for property taxes For property tax, city planning tax, depreciable asset tax, etc. on real estate, etc. owned, the accounting is that, of the tax amount assessed and determined, the amount corresponding to the concerned accounting period is expensed as expenses related to rent business. In connection with the acquisition of real estate, including trust beneficiary interests in real estate, the amount equivalent to real property tax for the initial fiscal year, which was settled with the seller, is not recorded as expenses but included in the cost of acquisition of the concerned real estate. The amount equivalent to property tax included in the cost of acquisition of real estate was 37,599 thousand yen for the previous fiscal period and 2,041 thousand yen for the current fiscal period.</p> <p>(2) Accounting standard for revenue recognition The following is a description of the major performance obligations related to revenue arising from contracts with HCM customers and the normal point in time at which such performance obligations are satisfied (the normal point in time at which revenue is recognized). Sale of real estate, etc. With regard to sale of real estate, revenue is recorded when the buyer (customer) obtains control of the real estate as a result of HCM fulfilling the delivery obligation set forth in the contract pertaining to the sale of real estate.</p>								
4. Method of hedge accounting	<p>(1) Hedge accounting approach Deferred hedge accounting. Special treatment is applied for interest rate swap transactions that satisfy the requirements for special treatment.</p> <p>(2) Hedging instruments and hedge items Hedging instrument: Interest rate swap transactions Hedge items: Interest on loans</p> <p>(3) Hedging policy HCM conducts interest rate swap transactions for the purpose of hedging the risks provided in its Articles of Incorporation, pursuant to the risk management basic policy.</p> <p>(4) Method of assessing hedge effectiveness Hedge effectiveness is assessed by comparing the cumulative fluctuation of cash flows for hedging instruments and the cumulative fluctuation of cash flows for hedge items and confirming the ratio of both fluctuations. However, the hedge effectiveness assessment is omitted for interest rate swap transactions that satisfy the requirements for special treatment.</p>								
5. Scope of cash and cash equivalents stated in the statement of cash flows	Cash and cash equivalents in the statement of cash flows are comprised of cash on hand and cash in trust, demand deposits and deposits in trust, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible into cash and that are subject to an insignificant risk of changes in value.								

<p>6. Other significant matters serving as the basis for preparation of financial statements</p>	<p>(1) Accounting policy for trust beneficiary interests in real estate Concerning trust beneficiary interests in real estate, etc. owned, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income. The following material items for the trust assets recognized in the relevant account item account are separately listed on the balance sheet.</p> <ul style="list-style-type: none"> ① Cash and deposits in trust ② Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust ③ Tenant leasehold and security deposits in trust <p>(2) Accounting for non- deductible consumption tax Non-deductible consumption taxes on the acquisition of assets is included in the cost of acquisition of each asset.</p>
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[Additional Information]

[Provision and Reversal of Allowance for Temporary Difference Adjustments]

Previous fiscal period (from February 1, 2022, to July 31, 2022)

1. Reasons, related assets and amounts of reversal

Due to the recognition of deferred losses on hedges (net asset deduction items), which was a result of applying hedge accounting to the assessment of interest rate swap transactions, 359 thousand yen of allowance for temporary difference adjustments has been recorded in the statement of cash distributions.

2. Method of reversal

In accordance with elimination of deferred losses on hedges (net asset deduction items) by period-end reassessment of said interest rate swap transactions in the next period onward, a corresponding amount of reserve for temporary difference adjustments will be reversed.

Current fiscal period (from August 1, 2022, to January 31, 2023)

1. Reasons, related assets and amounts of reversal

Due to the decrease of deferred losses on hedges of 10,945 thousand yen within the statement of cash distributions from the assessment of fair value of interest rate swap transactions to which hedge accounting is applied, 10,945 thousand yen of allowance for temporary difference adjustments for elimination of the amount has been reversed.

2. Method of reversal

In accordance with elimination of deferred losses on hedges (net asset deduction items) by period-end reassessment of said interest rate swap transactions in the next period onward, a corresponding amount of reserve for temporary difference adjustments will be reversed.

(8) Notes on Financial Statements

[Balance Sheet]

- *1 Government grants received related to assets acquired were deducted from the carrying amount of property, plant and equipment. The amount deducted from the carrying amount was below.

(Unit: thousands of yen)

	Previous fiscal period (As of Jul. 31, 2022)	Current fiscal period (As of Jan. 31, 2023)
Buildings in trust	10,041	10,041

- *2 Minimum net assets of at least ¥50 million as required by the Investment Trust Law

(Unit: thousands of yen)

	Previous fiscal period (As of Jul. 31, 2022)	Current fiscal period (As of Jan. 31, 2023)
	50,000	50,000

- *3 Allowance for temporary difference adjustments

Previous fiscal period (from February 1, 2022, to July 31, 2022)

1. Reasons, related assets and amounts

(Unit: thousands of yen)

Related assets	Reason	Initial amount	Balance at beginning of current period	Reserved amount in current period	Reversed amount in current period	Balance at end of current period	Reason for reversal
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of current period	25,683	15,501	-	(4,915)	10,586	Changes in the fair value of derivative transactions
Total		25,683	15,501	-	(4,915)	10,586	-

2. Method of reversal

(1) Deferred gains or losses on hedges

The allowance will be reversed corresponding to future changes in the values of the hedging derivatives.

Current fiscal period (from August 1, 2022, to January 31, 2023)

1. Reasons, related assets and amounts

(Unit: thousands of yen)

Related assets	Reason	Initial amount	Balance at beginning of current period	Reserved amount in current period	Reversed amount in current period	Balance at end of current period	Reason for reversal
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of current period	25,683	10,586	359	-	10,945	-
Total		25,683	10,586	359	-	10,945	-

2. Method of reversal

(1) Deferred gains or losses on hedges

The allowance will be reversed corresponding to future change in values of the hedging derivatives.

[Statement of Income]

*1 Breakdown of operating income (loss) from real estate leasing business

(Unit: thousands of yen)

	Previous fiscal period From: Feb. 1, 2022 To: Jul. 31, 2022	Current fiscal period From: Aug. 1, 2022 To: Jan. 31, 2023
A. Operating revenue from real estate leasing business		
Leasing business revenues		
Rent revenue	2,360,228	2,417,024
Other revenue related to leasing business		
Other revenue	10,928	10,583
Total operating revenue from real estate leasing business	2,371,156	2,427,608
B. Operating expenses from real estate leasing business		
Expenses related to leasing business		
Property tax	143,989	141,560
Outsourcing expenses	34,956	36,466
Repair expenses	25,845	31,894
Insurance expenses	10,093	10,417
Depreciation	551,793	563,645
Other expenses related to leasing business	17,410	17,987
Total operating expenses from real estate leasing business	784,089	801,972
C. Operating income (loss) from real estate leasing business [A-B]	1,587,067	1,625,635

*2 Breakdown of gain on sale of real estate properties

(Unit: thousands of yen)

	Previous fiscal period From: Feb. 1, 2022 To: Jul. 31, 2022	Current fiscal period From: Aug. 1, 2022 To: Jan. 31, 2023
Medical Rehabilitation Home Bonsejour Komaki		
Proceeds from sales of real estate	-	1,450,000
Cost of sales of real estate	-	1,214,138
Other expenses	-	31,211
Gain on sale of real estate properties	-	204,649

[Statement of Unitholders' Equity]

*1 Total number of investment units authorized and total number of investment units issued and outstanding

	Previous fiscal period From: Feb. 1, 2022 To: Jul. 31, 2022	Current fiscal period From: Aug. 1, 2022 To: Jan. 31, 2023
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	359,500 units	359,500 units

[Statement of Cash Flows]

*1 Reconciliation of cash and cash equivalents at end of period and relevant amount on the balance sheet

(Unit: thousands of yen)

	Previous fiscal period From: Feb. 1, 2022 To: Jul. 31, 2022	Current fiscal period From: Aug. 1, 2022 To: Jan. 31, 2023
Cash and deposits	1,311,232	1,539,878
Cash and deposits in trust	297,360	272,156
Restricted deposits in trust (Note)	(167,616)	(167,616)
Cash and cash equivalents	1,440,976	1,644,419

(Note) Restricted deposits in trust refer to deposits in trust reserved for refunds of leaseholds received from tenants.

[Operating Lease Transactions]

Non-cancellable operating leases (lessor side)

(Unit: thousands of yen)

	Previous fiscal period As of Jul. 31, 2022	Current fiscal period As of Jan. 31, 2023
Due within 1 year	2,752,188	2,302,673
Due after 1 year	11,830,827	11,702,017
Total	14,583,016	14,004,691

[Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

Pursuant to the policy of conducting stable and sound financial management, HCM raises funds for asset acquisition, repayment of loans. by means of loans from banks, issuance of investment corporation bonds or issuance of new investment units. As to finance by loans and issuance of investment corporation bonds, HCM pays attention to extending periods, fixing interest rates, diversifying repayment dates and such to secure financial stability and avoid the risk of rise in interest rates in the future.

Derivative transactions shall be limited to those invested in for the purpose of hedging the risk of fluctuations in interest rates on HCM's loans.

(2) Description of financial instruments and associated risks, and risk management system

Loans and proceeds from issuance of investment corporation bonds are used primarily for acquisition of trust beneficiary interests in real estate and repayment of debts.

Although borrowings and investment corporation bonds are exposed to liquidity risks on the repayment or maturity date, the impact of rising market interest rates on the management of HCM is limited through appropriate management of the ratio of interest-bearing liabilities, and such risks are controlled through diversification of repayment and redemption dates.

Although borrowings with floating interest rates are exposed to interest rate fluctuation risks, the ratios of loan balances with floating rates and fixed rates against all loans are adjusted according to the financing environment. Furthermore, derivative transactions (interest rate swap transactions) have been used for part of loans with floating rates to avoid interest fluctuation risks and to fix interest payment. Execution/management of derivative transactions carried out for the purpose of hedging interest rate fluctuation risks is conducted pursuant to provisions that stipulate the basic policy of risk management.

Although tenant leasehold and security deposits as well as tenant leasehold and security deposits in trust are deposits from tenants and are exposed to liquidity risks at the time of refunding upon tenants' vacancies, HCM controls liquidity risks by securing liquidity at hand to a certain degree and other measures.

For deposits, such risks are controlled by setting lower limits to the credit rating of financial institutions at which deposits are made (excluding deposits for settlement), etc.

(3) Supplementary explanation to matters concerning fair value, etc. of financial instruments

Certain assumptions are adopted in the calculation of the fair value of financial instruments. Accordingly, there may be cases where the concerned values will differ when different assumptions are adopted.

2. Fair value of financial instruments

Carrying amount, fair value and difference between the two were as follows. Notes to "Cash and deposits," "Cash and deposits in trust" and "short-term loans payable" have been omitted because their fair values approximate their book values. This is due to their nature as cash and as accounts settled over the short term. In addition, "Tenant leasehold and security deposits," "Tenant leasehold and security deposits in trust," "Accounts payable - other," "Operating accounts payable," "Accrued expenses," "Security deposits," and "Operating accounts receivable" are immaterial, so notes have been omitted.

Previous fiscal period (from February 1, 2022, to July 31, 2022)

(Unit: thousands of yen)

	Carrying amount	Fair value	difference
(1) Current portion of long-term loans payable	9,250,000	9,249,754	(245)
(2) Investment corporation bonds	2,000,000	1,990,800	(9,200)
(3) Long-term loans payable	25,400,000	25,393,195	(6,804)
Total liabilities	36,650,000	36,633,750	(16,249)
(4) Derivative transactions	102	102	-

Current fiscal period (from August 1, 2022, to January 31, 2023)

(Unit: thousands of yen)

	Carrying amount	Fair value	Amount of difference
(1) Current portion of long-term loans payable	7,250,000	7,249,518	(481)
(2) Investment corporation bonds	2,000,000	1,956,600	(43,400)
(3) Long-term loans payable	27,900,000	27,886,698	(13,301)
Total liabilities	37,150,000	37,092,817	(57,182)
(4) Derivatives transactions	135,443	135,443	-

(Note 1) Method of calculation of the fair value of financial instruments and matters concerning derivative transactions

(1) Current portion of long-term loans payable; (3) Long-term loans payable

For those with floating interest rates that reflect market interest rates within a short period of time, the book value is deemed to be a reasonable approximation of the fair value as there are no significant changes in HCM's credit standing after borrowing; therefore, the book value is used as the fair value equivalent. Those with fixed interest rates are calculated by discounting the sum of principal and interest (*) at a reasonable rate estimated for a similar loan that is made corresponding to the remaining period.

(*) For long-term loans with floating interest rate to which special treatment for interest rate swaps is applied (please refer to "Derivative Transactions" below), the sum of principal and interest under the interest rates after the interest rate swaps are indicated.

(2) Investment corporation bonds

Figures are calculated based on the reference statistics of transactions provided by Japan Securities Dealers Association.

(4) Derivative transactions

Please refer to "Notes on Derivative Transactions" below.

(Note 2) Amount of repayment of borrowings and other interest-bearing liabilities scheduled to be due after the account closing date

Previous fiscal period (As of July 31, 2022)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year and within 2 years	Due after 2 years and within 3 years	Due after 3 years and within 4 years	Due after 4 years and within 5 years	Due after 5 years
Investment corporation bonds	-	-	-	-	-	2,000,000
Long-term loans payable	9,250,000	7,250,000	5,550,000	3,900,000	5,900,000	2,800,000

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	Due within 1 year	Due after 1 year and within 2 years	Due after 2 years and within 3 years	Due after 3 years and within 4 years	Due after 4 years and within 5 years	Due after 5 years
Total	9,250,000	7,250,000	5,550,000	3,900,000	5,900,000	4,800,000

Current fiscal period (As of January 31, 2023)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year and within 2 years	Due after 2 years and within 3 years	Due after 3 years and within 4 years	Due after 4 years and within 5 years	Due after 5 years
Investment corporation bonds	-	-	-	-	-	2,000,000
Long-term loans payable	7,250,000	5,550,000	6,400,000	5,900,000	6,050,000	4,000,000
Total	7,250,000	5,550,000	6,400,000	5,900,000	6,050,000	6,000,000

[Securities]

Previous fiscal period (As of July 31, 2022)

Not applicable.

Current fiscal period (As of January 31, 2023)

Not applicable.

[Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

Previous fiscal period (As of July 31, 2022)

Not applicable.

Current fiscal period (As of January 31, 2023)

Not applicable.

2. Derivative transactions to which hedge accounting is applied

The following table shows the contracted amount or principal amount equivalent or the like set forth in the contract as of the balance sheet date for each hedge accounting method.

Previous fiscal period (As of July 31, 2022)

(Unit: thousands of yen)

Method of hedge accounting	Derivative Instruments	Hedged item	Contract amount, etc.		Fair value	Method of calculation for the fair value
				Due after 1 year		
Principle accounting method	Interest rate swap transaction Floating receivable; fixed payable	Long-term loans payable	30,800,000	22,800,000	102	Based on the price presented by corresponding financial institutions
Special treatment for interest rate swaps	Interest rate swap transaction Floating receivable; fixed payable	Long-term loans payable	1,000,000	1,000,000	(Note)	-
Total			31,800,000	23,800,000	102	-

(Note) Since those with special treatment of interest rate swaps are treated integrally with hedged long-term loans payable, the market values of such are shown as included in the fair value in "(3) Long-term loans payable" in "[Financial Instruments], 2. Fair value of financial instruments" above.

Current fiscal period (As of January 31, 2023)					(Unit: thousands of yen)	
Method of hedge accounting	Derivative Instruments	Hedged item	Contract amount, etc.		Fair value	Method of calculation for the fair value
				Due after 1 year		
Principle accounting method	Interest rate swap transaction Floating receivable; fixed payable	Long-term loans payable	30,050,000	24,300,000	135,443	Based on the price presented by correspondent financial institutions
Special treatment for interest rate swaps	Interest rate swap transaction Floating receivable; fixed payable	Long-term loans payable	1,000,000	-	(Note)	-
Total			31,050,000	24,300,000	135,443	-

(Note) Since those with special treatment of interest rate swaps are treated integrally with hedged long-term loans payable, the market values of such are shown as included in the fair value in “(3) Long-term loans payable” in “[Financial Instruments], 2. Fair value of financial instruments” above.

[Retirement Benefits]

Previous fiscal period (As of July 31, 2022)

Not applicable.

Current fiscal period (As of January 31, 2023)

Not applicable.

[Tax-Effect Accounting]

1. Breakdown of deferred tax assets and deferred tax liabilities

(Unit: thousands of yen)		
	Previous fiscal period As of Jul. 31, 2022	Current fiscal period As of Jan. 31, 2023
Deferred tax assets		
Non-deductible accrued enterprise tax	14	4
Deferred gains or losses on hedges	11,360	4,711
Subtotal deferred tax assets	11,375	4,716
Valuation allowance	(11,360)	(4,711)
Total deferred tax assets	14	4
Deferred tax liabilities		
Deferred gains or losses on hedges	(11,393)	(47,322)
Net deferred tax assets (liabilities)	(11,378)	(47,317)

2. Breakdown of major components that caused any significant differences between the statutory tax rate and the effective income tax rate

(Unit: %)		
	Previous fiscal period As of Jul. 31, 2022	Current fiscal period As of Jan. 31, 2023
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible distributions payable	(31.43)	(31.45)
Other	0.05	0.05
Effective income tax rate	0.08	0.06

[Share of Profit (Loss) of Affiliates Accounted for Using Equity Method]

Previous fiscal period (As of July 31, 2022)

Not applicable.

Current fiscal period (As of January 31, 2023)

Not applicable.

[Related-Party Transactions]

1. Parent company, major corporate unitholders

Previous fiscal period (from February 1, 2022, to July 31, 2022)

Not applicable.

Current fiscal period (from August 1, 2022, to January 31, 2023)

Not applicable.

2. Affiliated company and other

Previous fiscal period (from February 1, 2022, to July 31, 2022)

Not applicable.

Current fiscal period (from August 1, 2022, to January 31, 2023)

Not applicable.

3. Fellow subsidiary company and other

Previous fiscal period (from February 1, 2022, to July 31, 2022)

Not applicable.

Current fiscal period (from August 1, 2022, to January 31, 2023)

Not applicable.

4. Director, major individual unitholder and other

Previous fiscal period (from February 1, 2022, to July 31, 2022)

Not applicable.

Current fiscal period (from August 1, 2022, to January 31, 2023)

Not applicable.

[Asset Retirement Obligations]

Previous fiscal period (As of July 31, 2022)

Not applicable.

Current fiscal period (As of January 31, 2023)

Not applicable.

[Investment and Leasing Properties]

HCM owns healthcare facilities (48 properties in total) primarily in the Three Major Metropolitan Areas and Core Cities. The carrying amount, amount of increase (decrease) during the period and fair value of these investment and leasing properties are as follows:

(Unit: thousands of yen)

	Previous fiscal period From: Feb. 1, 2022 To: Jul. 31, 2022	Current fiscal period From: Aug. 1, 2022 To: Jan. 31, 2023
Carrying amount		
Balance at beginning of period	66,525,573	78,272,804
Amount of increase (decrease) during period	11,747,231	516,188
Balance at end of period	78,272,804	78,788,993
Fair value at end of period	86,364,000	88,206,000

(Note 1) "Carrying amount" is the amount of the cost of acquisition, less accumulated depreciation.

(Note 2) Out of the amount of increase (decrease) during the previous fiscal period, the amount of increase is mainly attributable to acquisition (12,192,953 thousand yen). The amount of decrease is mainly attributable to depreciation (551,793 thousand yen). Out of the amount of increase (decrease) during the current fiscal period, the amount of increase is mainly attributable to acquisitions (2,141,644 thousand yen). The amount of decrease is mainly attributable to disposition (1,214,138 thousand yen) and depreciation (563,645 thousand yen).

(Note 3) "Fair value at end of period" is the appraisal value or survey value by an outside real estate appraiser.

The profit (loss) concerning investment and leasing properties is as stated in "Statement of Income" above.

[Revenue Recognition]

Previous fiscal period (from February 1, 2022, to July 31, 2022)

Information has been omitted due to the immateriality of the eligible revenue.

Current fiscal period (from August 1, 2022, to January 31, 2023)

Information has been omitted due to the immateriality of the eligible revenue.

[Segment Information]

1. Segment information

Disclosure has been omitted because HCM operates a single segment, which is the real estate leasing business.

2. Related information

Previous fiscal period (from February 1, 2022, to July 31, 2022)

(1) Information on products and services

Disclosure has been omitted because net sales to external customers for a single products and services category exceeds 90% of operating revenue on the statement of income.

(2) Information on geographic areas

① Operating revenues

Disclosure has been omitted because net sales to external customers in Japan exceeds 90% of operating revenue on the statement of income.

② Property, plant and equipment

Disclosure has been omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information on major customers

Disclosure has been omitted because consent has not been obtained from the tenant.

Current fiscal period (from August 1, 2022, to January 31, 2023)

(1) Information on products and services

Disclosure has been omitted because net sales to external customers for a single products and services category exceeds

90% of operating revenue on the statement of income.

(2) Information on geographic areas

① Operating revenues

Disclosure has been omitted because net sales to external customers in Japan exceeds 90% of operating revenue on the statement of income.

② Property, plant and equipment

Disclosure has been omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information about major customers

Disclosure has been omitted because consent has not been obtained from the tenant.

[Per Unit Information]

	Previous fiscal period From: Feb. 1, 2022 To: Jul. 31, 2022	Current fiscal period From: Aug. 1, 2022 To: Jan. 31, 2023
Net assets per unit	107,930 yen	108,395 yen
Net income per unit	3,063 yen	3,555 yen

(Note 1) Net income per unit is calculated by dividing net income by the average number of investment units during the period (the daily weighted average number of investment units). In addition, diluted net income per unit is not stated because there are no diluted investment units.

(Note 2) The basis for calculation of net income per unit is as follows.

	Previous fiscal period From: Feb. 1, 2022 To: Jul. 31, 2022	Current fiscal period From: Aug. 1, 2022 To: Jan. 31, 2023
Net income (thousands of yen)	1,100,134	1,278,374
Amount not attributable to common unitholders (thousands of yen)	-	-
Net income attributable to common investment units (thousands of yen)	1,100,134	1,278,374
Average number of investment units during period (units)	359,142	359,500

[Significant Subsequent Events]

Not applicable.

(9) Changes in Total Number of Investment Units Issued and Outstanding

The following are changes in total number of investment units issued and outstanding and unitholders' capital over the most recent five years up to the end of the current fiscal period.

Date	Notes	Total number of investment units issued and outstanding (units)		Unitholders' capital (millions of yen)		Unitholders' capital (net) (millions of yen) (Note 1)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	Increase (Decrease)	Balance	
February 1, 2019	Capital increase through public offering	112,280	305,387	12,076	31,876	12,076	31,876	(Note 2)
February 27, 2019	Capital increase through third-party allotment	5,614	311,001	603	32,480	603	32,480	(Note 3)
April 19, 2019	Distribution in excess of earnings (refund of investment)	-	311,001	-	32,480	(62)	32,417	(Note 4)
October 18, 2019	Distribution in excess of earnings (refund of investment)	-	311,001	-	32,480	(87)	32,330	(Note 5)
April 21, 2020	Distribution in excess of earnings (refund of investment)	-	311,001	-	32,480	(88)	32,242	(Note 6)
October 21, 2020	Distribution in excess of earnings (refund of investment)	-	311,001	-	32,480	(89)	32,152	(Note 7)
April 21, 2021	Distribution in excess of earnings (refund of investment)	-	311,001	-	32,480	(93)	32,058	(Note 8)
October 21, 2021	Distribution in excess of earnings (refund of investment)	-	311,001	-	32,480	(94)	31,964	(Note 9)
February 1, 2022	Capital increase through public offering	46,190	357,191	5,564	38,045	5,564	37,529	(Note 10)
March 1, 2022	Capital increase through third-party allotment	2,309	359,500	278	38,323	278	37,807	(Note 11)
April 21, 2022	Distributions in excess of earnings (refund of investment)	-	359,500	-	38,323	(95)	37,711	(Note 12)
October 21, 2022	Distributions in excess of earnings (refund of investment)	-	359,500	-	38,323	(110)	37,601	(Note 13)

(Note 1) The figure indicates the amount obtained by subtracting deduction from unitholders' capital from unitholders' capital. The amount does not take into account the change in unitholders' capital in line with the implementation of distribution in excess of earnings of reserve for temporary difference adjustments.

(Note 2) New investment units were issued through public offering with an issue price of 111,442 yen (paid-in amount of 107,555 yen) per unit.

(Note 3) New investment units were issued through third-party allotment in line with public offering, with a paid-in amount of 107,555 yen per unit.

(Note 4) HCM resolved at the Board of Directors' meeting held on March 15, 2019, to set cash distribution in excess of earnings (return of capital that falls under the category of distribution reducing unitholders' capital for tax purposes) at 326 yen per unit as cash distribution for the 8th fiscal period (fiscal period ended January 2019), and started the payout on April 19, 2019.

(Note 5) HCM resolved at the Board of Directors' meeting held on September 13, 2019, to set cash distribution in excess of earnings (return of capital that falls under the category of distribution reducing unitholders' capital for tax purposes) at 280 yen per unit as cash distribution for the 9th fiscal period (fiscal period ended July 2019), and started the payout on October 18, 2019.

(Note 6) HCM resolved at the Board of Directors' meeting held on March 17, 2020, to set cash distribution in excess of earnings (return of capital that falls under the category of distribution reducing unitholders' capital for tax purposes) at 285 yen per unit as cash distribution for the 10th fiscal period (fiscal period ended January 2020), and started the payout on April 21, 2020.

(Note 7) HCM resolved at the Board of Directors' meeting held on September 15, 2020, to set cash distribution in excess of earnings (return of capital that falls under the category of distribution reducing unitholders' capital for tax purposes) at 289 yen per unit as cash distribution for the 11th fiscal period (fiscal period ended July 2020), and started the payout on October 21, 2020.

- (Note 8) HCM resolved at the Board of Directors' meeting held on March 16, 2021, to set cash distribution in excess of earnings (return of capital that falls under the category of distribution reducing unitholders' capital for tax purposes) at 300 yen per unit as cash distribution for the 12th fiscal period (fiscal period ended January 2021), and started the payout on April 21, 2021.
- (Note 9) HCM resolved at the Board of Directors' meeting held on September 14, 2021, to set cash distribution in excess of earnings (return of capital that falls under the category of distribution reducing unitholders' capital for tax purposes) at 304 yen per unit as cash distribution for the 13th fiscal period (fiscal period ended July 2021), and started the payout on October 21, 2021.
- (Note 10) New investment units were issued through public offering with issue price of 124,764 yen (paid-in amount of 120,477 yen) per unit.
- (Note 11) New investment units were issued through third-party allotment in line with public offering, with paid-in amount of 120,477 yen per unit.
- (Note 12) HCM resolved at the board of directors' meeting held on March 18, 2022, to set cash distributions in excess of earnings (return of capital that falls under the category of distributions reducing unitholders' capital for tax purposes) at 308 yen per unit as cash distributions for the 14th fiscal period (fiscal period ended January 2022), and started the payout on April 21, 2022.
- (Note 13) HCM resolved at the board of directors' meeting held on September 14, 2022, to set cash distributions in excess of earnings (return of capital that falls under the category of distributions reducing unitholders' capital for tax purposes) at 307 yen per unit as cash distributions for the 15th fiscal period (fiscal period ended July 2022), and started the payout on October 21, 2022.

3. Reference Information

(1) Information on Prices of Assets Under Management, Etc.

① Investment Status

Asset type	Asset use		Area	Current fiscal period (as of January 31, 2023)	
				Total amount owned (millions of yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Trust beneficiary interests in real estate	Homes and facilities for the elderly	Paid nursing home	Three Major Metropolitan Areas (Note 3)	49,617	61.1
			Core Cities (Note 4)	7,936	9.8
			Other Areas (Note 5)	1,643	2.0
		Serviced housing for the elderly	Three Major Metropolitan Areas (Note 3)	2,959	3.6
			Core Cities (Note 4)	1,701	2.1
			Other Areas (Note 5)	-	-
		Group homes for the elderly with dementia		-	-
		Other facilities for the elderly		-	-
		Subtotal		63,858	78.6
		Medical service-related facilities, etc.		Three Major Metropolitan Areas (Note 3)	-
	Core Cities (Note 4)			2,117	2.6
	Other Areas (Note 5)			-	-
	Subtotal			2,117	2.6
	Multi-use facilities	Complex of paid nursing homes,medical service related facilities,etc.	Three Major Metropolitan Areas (Note 3)	12,812	15.8
			Core Cities (Note 4)	-	-
			Other Areas (Note 5)	-	-
			Subtotal	12,812	15.8
	Other			-	-
	Total			78,788	97.0
	Deposits and other assets			2,454	3.0
Total assets			81,243	100.0	
Total liabilities			42,275	52.0	
Total net assets			38,968	48.0	

(Note 1) "Total amount owned" is the carrying amount (in the case of trust beneficiary interests in real estate, the book value after depreciation and amortization).

(Note 2) Figures in "As a percentage of total assets" are rounded to one decimal place.

(Note 3) "Three Major Metropolitan Areas" refers to the Tokyo Metropolitan Area (Tokyo, Kanagawa, Saitama, Chiba prefectures), Kinki Area (Osaka, Kyoto, Hyogo prefectures) and Chubu Area (Aichi prefecture).

(Note 4) "Core Cities" refers to designated cities, prefectural capitals and regional core cities other than the Three Metropolitan Areas. Regional core cities refers to cities with a population of 200,000 or more.

(Note 5) "Other Areas" refers to areas other than the Three Metropolitan Areas and Core Cities.

② Investment Assets

(a) Major Investment Securities

Not applicable.

(b) Investment Real Estate Properties

Not applicable.

(c) Other Major Investment Assets

a. Overview of Real Estate in Trust

Overview of trust beneficiary interests in real estate (hereinafter, “real estate in trust”) that HCM owns as of January 31, 2023, is as follows.

(i) Acquisition prices, etc. and shares of investment

Overview of trust beneficiary interests in real estate that HCM owns as of January 31, 2023, is as follows.

Type of specified asset	Area	Property name	Acquisition price (millions of yen) (Note 1)	Share of investment (%) (Note 2)	Carrying amount (millions of yen) (Note 3)	Period-end appraisal value (millions of yen) (Note 4)
Trust beneficiary interests in real estate	Tokyo Metropolitan Area	Bonjour Chitose-funabashi	824	1.0	804	997
		Bonjour Hino	724	0.9	703	834
		Bonjour Musashi-shinjo	582	0.7	566	643
		Medical Rehabilitation Home Bonjour Hadanoshibusawa	728	0.9	682	850
		ASHEIM Hikarigaoka	1,385	1.7	1,409	1,590
		ASHEIM Bunkyoakusan	1,430	1.8	1,392	1,790
		SOMPO CARE La vie Re Machidaonaji	3,580	4.5	3,312	4,140
		SOMPO CARE La vie Re Azamino	3,050	3.8	2,933	3,480
		GOOD TIME HOME Fudo-mae	1,740	2.2	1,834	2,100
		Bonjour Yotsugi	824	1.0	809	905
		Granda Tsuruma-Yamato	1,000	1.3	1,028	1,060
		Smiling Home Medice Adachi	2,253	2.8	2,284	2,560
		Hanakotoba Minami	1,071	1.4	1,079	1,270
		Hanakotoba Miura	615	0.8	649	668
		SOMPO CARE La vie Re Hama- Kawasaki	1,710	2.2	1,706	1,850
		Hanakotoba Shin-Yokohama	2,071	2.6	2,096	2,460
		Hanakotoba Shin-Yokohama II	375	0.5	393	384
		Hanakotoba Odawara	880	1.1	892	946
		Sunny Life Kita-Shinagawa	1,825	2.3	1,842	2,090
		Sunny Life Kamakura	1,418	1.8	1,465	1,620
		Nichii Home Nishikokubunji	720	0.9	753	777
		Royal Kawaguchi	1,260	1.6	1,317	1,340
		Heartland Kawaguchi Meiseien	2,000	2.5	2,067	2,230
		Granda Minamiurawa	1,022	1.3	1,068	1,100
		Madoka Minamiurawa	822	1.0	856	883
		Nichii Home Inage	1,508	1.9	1,588	1,670
		Hanakotoba Oppama	500	0.6	544	509
		Subtotal	35,917	45.3	36,084	40,746
	Kinki Area	AQUAMARINE Nishinomiya	1,950	2.5	1,882	2,100
		SOMPO CARE Sampo no ie S Awajekimae	1,930	2.4	1,816	2,350
		SOMPO CARE Sampo no ie S Kobekamisawa	1,200	1.5	1,142	1,420

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Type of specified asset	Area	Property name	Acquisition price (millions of yen) (Note 1)	Share of investment (%) (Note 2)	Carrying amount (millions of yen) (Note 3)	Period-end appraisal value (millions of yen) (Note 4)
		Medical Home Bonsejour Itami	514	0.6	488	557
		Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)	4,320	5.5	4,099	4,600
		GreenLife Moriguchi	4,150	5.2	4,139	4,650
		Hapine Kobe Uozaki Nibankan	930	1.2	910	1,000
		SHIP Senri Building	12,920	16.3	12,812	14,200
		SOMPO CARE La vie Re Kobeikawadani	1,288	1.6	1,355	1,300
		SOMPO CARE Sompō no ie Sayama	600	0.8	657	647
		Subtotal	29,802	37.6	29,305	32,824
	Core Cities	SAWAYAKA Tachibanakan	1,520	1.9	1,304	1,610
		SAWAYAKA Mekarikan	1,380	1.7	1,198	1,480
		AIKOEN ICHIBANKAN Building	770	1.0	759	838
		Verde Minowa	1,620	2.0	1,643	1,730
		Niigata Rehabilitation Hospital	2,060	2.6	2,117	2,300
		NOAH GARDEN LEGEND	859	1.1	910	910
		NOAH GARDEN L Grace	622	0.8	659	660
		NOAH GARDEN Season Bell	1,350	1.7	1,461	1,520
		NOAH GARDEN CASA RICH	1,619	2.0	1,701	1,730
		Subtotal	11,800	14.9	11,755	12,778
	Other Areas	SAWAYAKA Tagawakan	390	0.5	353	398
		Verde Hotaka	1,328	1.7	1,290	1,460
		Subtotal	1,718	2.2	1,643	1,858
Total (48 properties)			79,237	100.0	78,788	88,206

(Note 1) "Acquisition price" does not include acquisition-related expenses, property tax, city planning tax, consumption tax and local consumption tax.

(Note 2) "Share of investment" refers to the acquisition price of each property as a percentage of the total acquisition price, and the figures are rounded to one decimal place.

(Note 3) "Carrying amount" indicates book value after depreciation and amortization as of January 31, 2023.

(Note 4) "Period-end appraisal value" indicates amounts stated in the appraisal report with appraisal date of January 31, 2023, prepared by real estate appraisers of Japan Real Estate Institute, The Tanizawa Sogo Appraisal Co., Ltd., Rich Appraisal Institute Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. and JLL Morii Valuation & Advisory K.K., based on the Articles of Incorporation of HCM and the rules set by the Investment Trusts Association, Japan.

(ii) Buildings and their leasing status

The annual rent and tenant leasehold and security deposits of each property are not disclosed as consent from the tenants has not been obtained. The total annual rent from real estate in trust owned by HCM as of January 31, 2023, is 4,959 million yen (Note).

(Note) The amount is obtained by multiplying the total of monthly rent in lease agreements effective as of January 31, 2023, by 12 (including tax, etc.), and is rounded down to the nearest million yen.

Property number	Property name	Structure/ No. of floors (Note 1)	Construction completion (Note 2)	leasable area (m ²) (Note 3)	Leased area (m ²) (Note 4)	No. of tenants (companies) (Note 5)	Operational rate (%) (Note 6)
Paid nursing home-1	AQUAMARINE Nishinomiya	RC/5F	May 18, 2007	5,274.54	5,274.54	2	100.0
Paid nursing home-2	Bonjour Chitose-funabashi	RC/B1 6F	Mar. 8, 1988	2,342.17	2,342.17	1	100.0
Paid nursing home-3	Bonjour Hino	RC/3F	May 2, 1990	1,984.17	1,984.17	1	100.0
Paid nursing home-4	Bonjour Musashi-shinjo	RC/4F	Feb. 21, 1985	1,710.43	1,710.43	1	100.0
Paid nursing home-5	Medical Rehabilitation Home Bonjour Hadanoshibusawa	RC/5F	Jul. 17, 1991	3,435.79	3,435.79	1	100.0
Paid nursing home-7	ASHEIM Hikarigaoka	RC/3F	Mar. 6, 2006	3,628.60	3,628.60	1	100.0
Paid nursing home-8	ASHEIM Bunkyo	RC/8F	Feb. 27, 2007	2,507.25	2,507.25	2	100.0
Paid nursing home-9	SOMPO CARE La vie Re Machidaonaji	RC/B1 6F	Oct. 29, 2007	7,720.17	7,720.17	1	100.0
Paid nursing home-10	SOMPO CARE La vie Re Azamino	RC/B1 5F	Mar. 1, 2004	5,789.25	5,789.25	1	100.0
Paid nursing home-11	SAWAYAKA Tachibanakan	RC/B1 6F	Oct. 31, 2005	5,652.94	5,652.94	1	100.0
Paid nursing home-12	SAWAYAKA Mekarikan	RC/4F	Nov. 15, 2005	4,720.46	4,720.46	1	100.0
Paid nursing home-13	SAWAYAKA Tagawakan	RC/3F	Jan. 20, 2006	2,366.20	2,366.20	1	100.0
Paid nursing home-14	GOOD TIME HOME Fudo-mae	RC/B1 5F	Mar. 18, 1992	3,400.20	3,400.20	1	100.0
Paid nursing home-15	Bonjour Yotsugi	RC/5F	Mar. 28, 1989	1,962.89	1,962.89	1	100.0
Paid nursing home-16	Medical Home Bonjour Itami	SRC/11F (exclusively-owned portion)	Mar. 3, 1989	2,129.87	2,129.87	1	100.0
Paid nursing home-17	Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)	RC/B1 9F	Jan. 7, 2009	12,636.48	12,636.48	1	100.0
Paid nursing home-18	GreenLife Moriguchi	S RC/9F	Sep. 6, 2006	8,356.85	8,356.85	1	100.0
Paid nursing home-19	Hapine Kobe Uozaki Nibankan	S/B1 4F	Mar. 31, 2010	1,772.89	1,772.89	1	100.0
Paid nursing home-20	Granda Tsuruma-Yamato	RC S/5F	Mar. 6, 1998	3,427.08	3,427.08	1	100.0
Paid nursing home-21	Smiling Home Medice Adachi	RC/4F	Nov. 16, 2005	3,870.98	3,870.98	2	100.0
Paid nursing home-22	AIKOEN ICHIBANKAN Building	S/5F	Feb. 4, 2010	4,311.20	4,311.20	3	100.0
Paid nursing home-23	Hanakotoba Minami	RC/7F	Feb. 24, 2010	1,710.68	1,710.68	1	100.0
Paid nursing home-24	Hanakotoba Miura	RC/4F	Jun. 27, 2007	1,959.64	1,959.64	1	100.0
Paid nursing home-25	SOMPO CARE La vie Re Hama-Kawasaki	RC/4F (exclusively-owned portion)	Mar. 8, 2007	4,060.21	4,060.21	5	100.0
Paid nursing home-26	Hanakotoba Shin-Yokohama	RC/9F	Mar. 15, 2004	5,230.23	5,230.23	1	100.0
Paid nursing home-27	Hanakotoba Shin-Yokohama II	RC/B1 7F	Apr. 25, 2007	1,837.29	1,837.29	1	100.0
Paid nursing home-28	Hanakotoba Odawara	RC/4F	Sep. 16, 2009	2,203.42	2,203.42	1	100.0
Paid nursing home-29	Verde Minowa	①S/5F ②S RC/8F	①Nov. 20, 2003 ②Feb. 28, 1974	11,098.17	11,098.17	1	100.0

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Property number	Property name	Structure/ No. of floors (Note 1)	Construction completion (Note 2)	leasable area (m ²) (Note 3)	Leased area (m ²) (Note 4)	No. of tenants (companies) (Note 5)	Operational rate (%) (Note 6)
Paid nursing home-30	Verde Hotaka	①S SRC/5F ②S/2F	①Sep. 29, 1982 ②Jul. 1, 1989	6,352.86	6,352.86	1	100.0
Paid nursing home-31	Sunny Life Kita-Shinagawa	S/3F	Sep. 20, 2018	2,135.54	2,135.54	1	100.0
Paid nursing home-32	Sunny Life Kamakura	S/5F	Sep. 19, 2014	3,817.91	3,817.91	1	100.0
Paid nursing home-33	Nichii Home Nishikokubunji	S/3F	Sep. 29, 1990	1,559.99	1,559.99	1	100.0
Paid nursing home-34	SOMPO CARE La vie Re Kobeikawadani	RC S/4F	Apr. 24, 2009	3,824.54	3,824.54	1	100.0
Paid nursing home-35	SOMPO CARE Sompno ie Sayama	S/3F	Aug. 15, 2005	1,997.87	1,997.87	1	100.0
Paid nursing home-36	Royal Kawaguchi	RC/3F	Oct. 1, 2008	3,484.02	3,484.02	1	100.0
Paid nursing home-37	NOAH GARDEN LEGEND	RC/4F	Oct. 10, 2015	2,736.89	2,736.89	1	100.0
Paid nursing home-38	NOAH GARDEN L Grace	RC/4F	Oct. 27, 2017	2,075.25	2,075.25	1	100.0
Paid nursing home-39	NOAH GARDEN Season Bell	RC/5F	Dec. 10, 2019	4,602.26	4,602.26	1	100.0
Paid nursing home-40	Heartland Kawaguchi Meiseien	RC/6F	Jan. 30, 2006	3,885.90	3,885.90	1	100.0
Paid nursing home-41	Granda Minamiurawa	S/3F	Jul. 15, 2011	2,373.25	2,373.25	1	100.0
Paid nursing home-42	Madoka Minamiurawa	S/3F	Apr. 11, 2005	1,918.98	1,918.98	1	100.0
Paid nursing home-43	Nichii Home Inage	RC/4F	Feb. 9, 2008	4,700.07	4,700.07	1	100.0
Paid nursing home-44	Hanakotoba Oppama	S/5F	Jul. 23, 2011	1,899.46	1,899.46	1	100.0
Serviced housing for the elderly -1	SOMPO CARE Sompno ie S Awajiekimae	RC/12F	Jun. 12, 2009	5,745.15	5,745.15	1	100.0
Serviced housing for the elderly -2	SOMPO CARE Sompno ie S Kobekamisawa	S/9F	Jun. 11, 2009	4,058.35	4,058.35	1	100.0
Serviced housing for the elderly -3	NOAH GARDEN CASA RICH	RC/5F	Mar. 27, 2015	4,986.98	4,986.98	1	100.0
Medical service-related facilities-1	Niigata Rehabilitation Hospital	①RC/3F ②S/5F	①Apr. 20, 1990 ②Feb. 28, 2001	13,476.55	13,476.55	1	100.0
Complex of paid nursing homes, medical service related facilities, etc.-1	SHIP Senri Building	RC/B1 11F	Sep. 5, 2008	24,813.85	24,813.85	1	100.0
Total		-	-	217,545.72	217,545.72	57	100.0

(Note 1) "Structure/No. of floors" indicates information provided in the real estate registry of the building of each owned asset. "S" refers to steel structure, "RC" refers to reinforced concrete structure, "SRC" refers to steel-reinforced concrete structure, "B" refers to basement floor and "F" refers to floors above ground.

(Note 2) "Construction completion" indicates the date of new construction provided in the real estate registry of the building of each owned asset.

(Note 3) "Leasable area" indicates figures based on the lease agreement of each building.

(Note 4) "Leased area" indicates the areas out of the leasable area for which actual lease agreements have been concluded and are leased.

(Note 5) "No. of tenants" indicates the number of tenants of each building based on the lease agreements. For the section of healthcare facilities in which the trustee of each owned asset and HCM conclude a lease agreement (master lease agreement) with an aim to have HCM sublease to the master lease company (section of paid nursing home with nursing care for Smiling Home Medice Adachi), the master lease company (operator) is counted as a tenant, and accordingly indicated as the number of tenants; while for the properties subject to pass-through master lease agreement where rents from end tenants are received intact, in principle, the total number of end tenants is indicated as the number of tenants. However, for the sections that are not subject to the lease agreement (master lease agreement) between the trustee and HCM, the number of lessees leasing a building from the trustee is counted as the number of tenants and indicated accordingly.

(Note 6) "Occupancy rate" indicates the leased area as a percentage of the leasable area of each owned asset as of January 31, 2023, and is rounded to one decimal place.

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(iii) Overview of homes and facilities for the elderly

Property number	Property name	Type of facility	Operator	No. of rooms (rooms) (Note 1)	Capacity (persons) (Note 1)	No. of residents (persons) (Note 1)	Occupancy rate (%) (Note 2)	Preparation date of Property Disclosure Statement of Important Matters (Note 3)
Paid nursing home-1	AQUAMARINE Nishinomiyaahama	Paid nursing home	GREEN LIFE Co., Ltd.	90	100	99	99.0	July 1, 2022
Paid nursing home-2	Bonjour Chitose-funabashi	Paid nursing home	Benesse Style Care Co., Ltd.	42	47	37	78.7	December 1, 2022
Paid nursing home-3	Bonjour Hino	Paid nursing home	Benesse Style Care Co., Ltd.	56	58	54	93.1	December 1, 2022
Paid nursing home-4	Bonjour Musashi-shinjo	Paid nursing home	Benesse Style Care Co., Ltd.	46	49	47	95.9	December 1, 2022
Paid nursing home-5	Medical Rehabilitation Home Bonjour Hadanoshibusawa	Paid nursing home	Benesse Style Care Co., Ltd.	100	101	90	89.1	December 1, 2022
Paid nursing home-7	ASHEIM Hikarigaoka	Paid nursing home	AS PARTNERS Co., Ltd.	83	89	77	86.5	October 1, 2022
Paid nursing home-8	ASHEIM Bunkyoakusan	Paid nursing home	AS PARTNERS Co., Ltd.	50	52	48	92.3	October 1, 2022
Paid nursing home-9	SOMPO CARE La vie Re Machidaonaji	Paid nursing home	Sompo Care Inc.	163	169	136	80.5	October 1, 2022
Paid nursing home-10	SOMPO CARE La vie Re Azamino	Paid nursing home	Sompo Care Inc.	145	145	139	95.9	October 1, 2022
Paid nursing home-11	SAWAYAKA Tachibanakan	Paid nursing home	Sawayaka Club Co., Ltd.	104	104	98	94.2	October 1, 2022
Paid nursing home-12	SAWAYAKA Mekarikan	Paid nursing home	Sawayaka Club Co., Ltd.	95	95	85	89.5	October 1, 2022
Paid nursing home-13	SAWAYAKA Tagawakan	Paid nursing home	Sawayaka Club Co., Ltd.	60	60	59	98.3	July 29, 2022
Paid nursing home-14	GOOD TIME HOME Fudo-mae	Paid nursing home	JAPAN LIFEDESIGN Inc.	61	67	57	85.1	October 1, 2022
Paid nursing home-15	Bonjour Yotsugi	Paid nursing home	Benesse Style Care Co., Ltd.	61	65	53	81.5	December 1, 2022
Paid nursing home-16	Medical Home Bonjour Itami	Residential type paid nursing home	Benesse Style Care Co., Ltd.	62	64	46	71.9	December 1, 2022
Paid nursing home-17	Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)	Paid nursing home	GREEN LIFE Co., Ltd.	131	138	128	92.8	July 1, 2022
Paid nursing home-18	GreenLife Moriguchi	Paid nursing home	GREEN LIFE Co., Ltd.	155	189	189	100.0	August 12, 2022
Paid nursing home-19	Hapine Kobe Uozaki Nibankan	Paid nursing home	GREEN LIFE Co., Ltd.	47	47	45	95.7	August 1, 2022
Paid nursing home-20	Granda Tsuruma-Yamato	Paid nursing home	Benesse Style Care Co., Ltd.	73	90	66	73.3	December 1, 2022
Paid nursing home-21	Smiling Home Medice Adachi	Paid nursing home	GREEN LIFE HIGASHI NIHON Co., Ltd.	82	82	74	90.2	November 1, 2022
Paid nursing home-22	AIKOEN ICHIBANKAN Building	Paid nursing home	Medical Corporation AIKOKAI	90	90	81	90.0	November 1, 2022
Paid nursing home-23	Hanakotoba Minami	Paid nursing home	Proud Life Inc.	51	51	48	94.1	November 1, 2022
Paid nursing home-24	Hanakotoba Miura	Paid nursing home	Proud Life Inc.	53	54	54	100.0	November 1, 2022
Paid nursing home-25	SOMPO CARE La vie Re Hama-Kawasaki	Paid nursing home	Sompo Care Inc.	58	58	52	89.7	October 1, 2022
Paid nursing home-26	Hanakotoba Shin-Yokohama	Paid nursing home	Proud Life Inc.	136	136	123	90.4	November 1, 2022
Paid nursing home-27	Hanakotoba Shin-Yokohama II	Paid nursing home	Proud Life Inc.	29	30	29	96.7	October 1, 2022
Paid nursing home-28	Hanakotoba Odawara	Paid nursing home	Proud Life Inc.	60	65	64	98.5	October 1, 2022
Paid nursing home-29	Verde Minowa	Paid nursing home	Verde Corporation	174	206	198	96.1	October 1, 2022
Paid nursing home-30	Verde Hotaka	Paid nursing home	Verde Corporation	121	174	172	98.9	April 1, 2022
Paid nursing home-31	Sunny Life Kita-Shinagawa	Paid nursing home	Kawashima Corporation	66	66	57	86.4	October 1, 2022

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Property number	Property name	Type of facility	Operator	No. of rooms (rooms) (Note 1)	Capacity (persons) (Note 1)	No. of residents (persons) (Note 1)	Occupancy rate (%) (Note 2)	Preparation date of Property Disclosure Statement of Important Matters (Note 3)
Paid nursing home-32	Sunny Life Kamakura	Residential type paid nursing home	Kawashima Corporation	128	128	114	89.1	July 1, 2022
Paid nursing home-33	Nichii Home Nishikokubunji	Paid nursing home	Nichii Carepalace Company	46	46	42	91.3	January 1, 2023
Paid nursing home-34	SOMPO CARE Lavie Re Kobeikawadani	Paid nursing home	Sompo Care Inc.	80	80	66	82.5	October 1, 2022
Paid nursing home-35	SOMPO CARE Sompo no ie Sayama	Paid nursing home	Sompo Care Inc.	50	50	42	84.0	October 1, 2022
Paid nursing home-36	Royal Kawaguchi	Paid nursing home	SENIOR LIFE SUPPORT Co.,Ltd.	56	56	51	91.1	October 1, 2022
Paid nursing home-37	NOAH GARDEN LEGEND	Residential type paid nursing home	NOAH KONZER Co.,Ltd	72	72	52	72.2	August 12, 2022
Paid nursing home-38	NOAH GARDEN L Grace	Residential type paid nursing home	NOAH KONZER Co.,Ltd	51	51	47	92.2	August 12, 2022
Paid nursing home-39	NOAH GARDEN Season Bell	Residential type paid nursing home	NOAH KONZER Co.,Ltd	136	136	97	71.3	August 12, 2022
Paid nursing home-40	Heartland Kawaguchi Meiseien	Paid nursing home	MEISHO Co.,Ltd	97	100	100	100.0	November 15, 2022
Paid nursing home-41	Granda Minamiurawa	Paid nursing home	Benesse Style Care Co., Ltd.	58	60	51	85.0	December 1, 2022
Paid nursing home-42	Madoka Minamiurawa	Paid nursing home	Benesse Style Care Co., Ltd.	54	54	53	98.1	December 1, 2022
Paid nursing home-43	Nichii Home Inage	Paid nursing home	Nichii Carepalace Company	85	95	58	61.1	March 1, 2022
Paid nursing home-44	Hanakotoba Oppama	Paid nursing home	Proud Life Inc.	59	59	57	96.6	November 1, 2022
Serviced housing for the elderly -1	SOMPO CARE Sompo no ie S Awajiekimae	Serviced housing for the elderly	Sompo Care Inc.	137	137	102	74.5	October 1, 2022
Serviced housing for the elderly -2	SOMPO CARE Sompo no ie S Kobekamisawa	Serviced housing for the elderly	Sompo Care Inc.	85	85	74	87.1	April 1, 2022
Serviced housing for the elderly -3	NOAH GARDEN CASA RICH	Serviced housing for the elderly	NOAH KONZER Co.,Ltd	115	115	85	73.9	August 12, 2022
Complex of paid nursing homes, medical service related facilities, etc.-1	SHIP Senri Building (Note 4)	Hospital, paid nursing home with nursing home	GREEN LIFE Co., Ltd.	181	200	200	100.0	July 1, 2022
Total		-	-	4,034	4,265	3,796	89.0	-

(Note 1) "No. of rooms," "Capacity" and "No. of residents" indicate figures based on figures stated in Property Disclosure Statement of Important Matters (hereinafter the "Property Disclosure Statement of Important Matters") of paid nursing homes provided by the operators.

(Note 2) "Occupancy rate" indicates the occupancy rate obtained by dividing the number of residents by capacity, rounded to one decimal place.

(Note 3) "Preparation date of Property Disclosure Statement of Important Matters" indicates the date of application, reference date or preparation date stated on the document.

(Note 4) SHIP Senri Building is a property with a hospital and paid nursing home, and the above table provides an overview of the facilities related to its paid nursing home.

(iv) Overview of medical service-related facilities, etc.

Property number	Medical service-related facilities-1		
Property name	Niigata Rehabilitation Hospital		
Operator	Medical Corporation AIKOKAI	Date of establishment	June 1990 (established as Oyama Hospital, the precursor)
Type of facility	Hospital	Authorized number of beds	168 beds (general beds: 108 beds/convalescent-stage beds: 60 beds)
Subject of medical treatment	Rehabilitation, orthopedic surgery, internal medicine, neurology, dental & dental and oral surgery	Facility certification	Training facilities certified by the Japanese Association of Rehabilitation Medicine
Facility criteria (Hospitalization fee)	2nd floor (48 beds) Hospitalization fee of hospital ward for comprehensive community care 1 3rd floor (60 beds) Basic hospitalization fee for general hospital ward (acute hospitalization fee 4) Medical management fee for comprehensive community care 1 4th floor (60 beds) Hospitalization fee of hospital ward for rehabilitation at recovery stage 1		
External evaluation	Hospital certified by Japan Council for Quality Health Care (Certification number: JC1424-3) 3rdG:Ver.1.1(Under Renewal Review)		

Property number	Complex of paid nursing homes, medical service related facilities, etc.-1		
Property name	SHIP Senri Building (Senri-Chuo Hospital) (Note)		
Operator	Medical Corporation Kyowakai	Date of establishment	October 2008
Type of facility	Hospital	Authorized number of beds	400 beds (400 general beds)
Subject of medical treatment	Rehabilitation, orthopedics, neurosurgery, surgery, internal medicine, neurology and Palliative care internal medicine	Facility certification	Training facilities certified by the Japanese Association of Rehabilitation Medicine
Facility criteria (Hospitalization fee)	West 6th floor (25 beds) Palliative care hospital ward hospitalization fee 2 West 5th floor (50 beds) Facilities for the disabled, etc. 2 10:1 Basic hospitalization fee West 4th floor (50 beds) Facilities for the disabled, etc. 2 10:1 Basic hospitalization fee West 3rd floor (50 beds) Facilities for the disabled, etc. 2 10:1 Basic hospitalization fee West 2nd floor (50 beds) Recovery phase rehabilitation ward hospitalization fee 1 East 6th floor (25 beds) Facilities for the disabled, etc. 2 10:1 Basic hospitalization fee East 5th floor (50 beds) Facilities for the disabled, etc. 2 10:1 Basic hospitalization fee East 4th floor (50 beds) Facilities for the disabled, etc. 2 10:1 Basic hospitalization fee East 3rd floor (50 beds) Recovery phase rehabilitation ward hospitalization fee 1		
External evaluation	Hospital certified by Japan Council for Quality Health Care (Certification number: JC2382) 3rdG:Ver.2.0		

(Note) SHIP Senri Building is a property with a hospital and paid nursing home, and the above table provides an overview of the facilities related to its hospital.

(v) Earnings performance

(Unit: thousands of yen)

Property name	(Unit: thousands of yen)										
	Current fiscal period (from August 1, 2022, to January 31, 2023)										
	Operating revenue from real estate leasing			Operating expenses from real estate leasing							NOI (Note 3)
	Rent revenue	Other revenue		Property tax	Outsourcing expenses	Repair expenses	Insurance expenses	Depreciation	Other, net		
AQUAMARINE Nishinomiyahama	Not disclosed (Note 2)			26,760	4,249	2,100	2,175	236	17,599	400	58,181
Bonsejour Chitose-funabashi				5,610	1,813	225	-	122	3,048	401	21,371
Bonsejour Hino				5,078	1,247	214	-	85	3,130	400	19,473
Bonsejour Musashi-shinjo				4,128	1,030	167	-	82	2,447	400	16,136
Medical Rehabilitation Home Bonsejour Hadanoshibusawa				8,399	1,813	213	-	154	5,817	400	21,114
Medical Rehabilitation Home Bonsejour Komaki (Note 4)				5,447	2,158	62	-	225	2,875	124	11,427
ASHEIM Hikarigaoka				16,407	3,868	381	72	212	11,471	400	40,813
ASHEIM Bunkyo-hakusan				12,304	2,572	381	-	129	8,819	400	39,003
SOMPO CARE La vie Re Machidaonoji				49,166	5,945	780	2,457	392	39,190	400	95,024
SOMPO CARE La vie Re Azamino				33,085	4,705	780	2,500	285	24,413	400	76,528
SAWAYAKA Tachibanakan				26,635	2,669	1,200	-	370	21,994	400	47,216
SAWAYAKA Mekarikan				26,483	2,982	1,200	-	273	21,628	400	43,378
SAWAYAKA Tagawakan				8,485	1,106	1,200	-	119	5,659	400	12,858
GOOD TIME HOME Fudo-mae				16,856	3,061	600	1,935	182	10,677	400	44,821
Bonsejour Yotsugi				4,933	949	223	-	73	3,286	400	20,718
Medical Home Bonsejour Itami				6,531	1,388	371	-	111	4,260	400	13,951
Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)				53,775	9,568	900	1,184	579	41,142	400	113,767
GreenLife Moriguchi				43,543	6,999	1,363	6,344	379	28,056	400	104,512
Hapine Kobe Uozaki Nibankan				9,579	1,393	1,200	-	90	6,495	400	24,416
Granda Tsuruma-Yamato				7,262	1,934	618	-	152	4,158	400	27,065
Smiling Home Medice Adachi				16,011	3,327	540	-	177	11,567	400	60,763
AIKOEN ICHIBANKAN Building				11,338	2,551	780	2,850	112	4,644	400	18,110
Hanakotoba Minami				8,680	1,541	600	799	79	5,260	400	27,180
Hanakotoba Miura				10,347	1,553	600	1,380	88	6,325	400	16,377

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Property name	Current fiscal period (from August 1, 2022, to January 31, 2023)										
	Operating revenue from real estate leasing			Operating expenses from real estate leasing							NOI (Note 3)
		Rent revenue	Other revenue		Property tax	Outsourcing expenses	Repair expenses	Insurance expenses	Depreciation	Other, net	
SOMPO CARE La vie Re Hama-Kawasaki	Not disclosed (Note 2)			19,714	3,463	2,770	480	206	12,393	400	45,030
Hanakotoba Shin-Yokohama				18,364	4,412	900	3,859	249	8,543	400	52,091
Hanakotoba Shin-Yokohama II				6,474	2,521	600	800	92	2,061	400	10,398
Hanakotoba Odawara				9,360	1,388	600	700	99	6,172	400	24,412
Verde Minowa				27,058	5,242	1,020	-	508	19,887	400	56,737
Verde Hotaka				25,692	2,208	1,020	380	249	21,435	400	45,848
Sunny Life Kita-Shinagawa				10,185	2,798	600	-	119	6,265	401	45,580
Sunny Life Kamakura				13,607	2,767	720	889	179	8,650	400	37,942
Nichii Home Nishikokubunji				4,265	1,220	660	50	92	1,842	400	18,714
SOMPO CARE Lavie Re Kobeikawadani				10,892	-	750	1,309	189	8,243	400	34,578
SOMPO CARE Sompno ie Sayama				4,010	-	750	57	103	2,700	400	17,589
Royal Kawaguchi				8,145	-	1,647	754	180	5,159	402	34,214
NOAH GARDEN LEGEND				8,533	-	300	320	129	7,615	167	26,082
NOAH GARDEN L Grace				6,026	-	300	-	101	5,458	166	19,453
NOAH GARDEN Season Bell				12,420	-	720	40	212	11,047	400	43,248
Heartland Kawaguchi Meiseien				12,357	-	720	-	223	11,013	400	54,036
Granda Minamiurawa				5,923	-	480	277	134	4,831	200	26,979
Madoka Minamiurawa				3,909	-	480	-	107	3,121	200	21,562
Nichii Home Inage				8,532	-	605	22	176	7,456	271	29,985
Hanakotoba Oppama				1,995	-	270	-	52	1,490	181	6,743
SOMPO CARE Sompno ie S Awajiekimae				27,341	4,902	510	-	298	21,230	400	58,346
SOMPO CARE Sompno ie S Kobekamisawa				17,151	2,910	510	255	183	12,892	400	36,031
NOAH GARDEN CASA RICH				14,748	-	300	-	236	14,044	166	50,074

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Property name	Current fiscal period (from August 1, 2022, to January 31, 2023)										
	Operating revenue from real estate leasing			Operating expenses from real estate leasing							NOI (Note 3)
		Rent revenue	Other revenue		Property tax	Outsourcing expenses	Repair expenses	Insurance expenses	Depreciation	Other, net	
Niigata Rehabilitation Hospital				27,856	9,654	1,030	-	387	16,285	500	78,308
SHIP Senri Building				80,552	27,640	1,500	-	1,182	49,829	400	341,078
Total	2,427,608	2,417,024	10,583	801,972	141,560	36,466	31,894	10,417	563,645	17,987	2,189,281

(Note 1) All figures indicated are rounded down to the nearest thousand yen.

(Note 2) "Real estate lease business revenue," "rent revenue" and "other revenue" of each property are not disclosed as consent for disclosure has not been obtained from tenants. The total is the sum of amounts received as rent for the current fiscal period based on the lease agreements.

(Note 3) "NOI" = Real estate lease business revenue – real estate lease business expenses + depreciation and amortization

(Note 4) The figures are through the disposition date of September 27, 2022.

(vi) Summary of appraisal report

HCM has obtained an appraisal report for each real estate in trust from one of the following: Rich Appraisal Institute Co., Ltd., The Tanizawa Sogo Appraisal Co., Ltd., Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K.

The following is a summary of the appraisal report for each real estate in trust acquired by HCM with January 31, 2023, as the appraisal date. The real estate appraisal report only states judgments and opinions of the appraiser as of a specific point in time and does not guarantee the appropriateness, accuracy and feasibility of transactions at the presented appraisal value. Rich Appraisal Institute Co., Ltd., The Tanizawa Sogo Appraisal Co., Ltd., Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd. and JLL Morii Valuation & Advisory K.K., which appraised the properties, have no special interest in HCM.

Property number	Property name	Appraisal company	Appraisal value (millions of yen)	Summary of Appraisal Report (Note 1)						Appraisal NOI yield (%) (Note 4)
				Direct capitalization method		DCF method			Appraisal NOI (millions of yen) (Note 3)	
				Indicated value (millions of yen)	Capitalization rate (%)	Indicated value (millions of yen)	Discount rate (%) (Note 2)	Terminal capitalization rate (%)		
Paid nursing home-1	AQUAMARINE Nishinomiyahama	Rich Appraisal Institute Co., Ltd.	2,100	2,110	5.2	2,090	4.9	5.4	117	6.0
Paid nursing home-2	Bonsejour Chitose-funabashi	The Tanizawa Sogo Appraisal Co., Ltd.	997	1,020	4.3	987	4.4	4.5	48	5.9
Paid nursing home-3	Bonsejour Hino	The Tanizawa Sogo Appraisal Co., Ltd.	834	849	4.7	827	4.8	4.9	43	6.0
Paid nursing home-4	Bonsejour Musashi-shinjo	The Tanizawa Sogo Appraisal Co., Ltd.	643	653	5.1	638	5.2	5.3	39	6.8
Paid nursing home-5	Medical Rehabilitation Home Bonsejour Hadanoshibusawa	The Tanizawa Sogo Appraisal Co., Ltd.	850	864	5.0	844	5.1	5.2	47	6.5
Paid nursing home-7	ASHEIM Hikarigaoka	Japan Real Estate Institute	1,590	1,590	4.5	1,590	4.3	4.6	76	5.5
Paid nursing home-8	ASHEIM Bunkyo-hakusan	Japan Real Estate Institute	1,790	1,800	4.1	1,780	3.9	4.2	74	5.2
Paid nursing home-9	SOMPO CARE La vie Re Machidaonoji	Japan Real Estate Institute	4,140	4,160	4.5	4,110	4.3	4.6	193	5.3
Paid nursing home-10	SOMPO CARE La vie Re Azamino	Japan Real Estate Institute	3,480	3,500	4.3	3,450	4.1	4.4	156	5.1
Paid nursing home-11	SAWAYAKA Tachibanakan	Japan Real Estate Institute	1,610	1,620	5.3	1,590	5.1	5.5	93	6.1
Paid nursing home-12	SAWAYAKA Mekarikan	Japan Real Estate Institute	1,480	1,490	5.4	1,460	5.2	5.6	85	6.2
Paid nursing home-13	SAWAYAKA Tagawakan	Japan Real Estate Institute	398	401	5.5	395	5.3	5.7	25	6.4
Paid nursing home-14	GOOD TIME HOME Fudo-mae	Japan Real Estate Institute	2,100	2,120	4.1	2,080	3.9	4.2	91	5.2
Paid nursing home-15	Bonsejour Yotsugi	The Tanizawa Sogo Appraisal Co., Ltd.	905	922	4.6	897	4.7	4.8	47	5.7

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Property number	Property name	Appraisal company	Appraisal value (millions of yen)	Summary of Appraisal Report (Note 1)						Appraisal NOI yield (%) (Note 4)
				Direct capitalization method		DCF method			Appraisal NOI (millions of yen) (Note 3)	
				Indicated value (millions of yen)	Capitalization rate (%)	Indicated value (millions of yen)	Discount rate (%) (Note 2)	Terminal capitalization rate (%)		
Paid nursing home-16	Medical Home Bonsejour Itami	The Tanizawa Sogo Appraisal Co., Ltd.	557	566	5.1	553	5.2	5.3	38	7.5
Paid nursing home-17	Kobe Gakuentoshi Building	Daiwa Real Estate Appraisal Co., Ltd.	4,600	4,660	4.5	4,580	4.3	4.7	226	5.2
Paid nursing home-18	GreenLife Moriguchi	Daiwa Real Estate Appraisal Co., Ltd.	4,650	4,720	4.4	4,620	4.2	4.6	220	5.3
Paid nursing home-19	Hapine Kobe Uozaki Nibankan	Daiwa Real Estate Appraisal Co., Ltd.	1,000	1,020	4.5	997	4.3	4.7	48	5.2
Paid nursing home-20	Granda Tsuruma-Yamato	The Tanizawa Sogo Appraisal Co., Ltd.	1,060	1,070	4.7	1,050	4.8	4.9	53	5.3
Paid nursing home-21	Smiling Home Medice Adachi	The Tanizawa Sogo Appraisal Co., Ltd.	2,560	2,590	4.5	2,540	4.6	4.7	120	5.3
Paid nursing home-22	AIKOEN ICHIBANKAN Building	The Tanizawa Sogo Appraisal Co., Ltd.	838	840	5.1	837	5.2	5.3	43	5.6
Paid nursing home-23	Hanakotoba Minami	Japan Real Estate Institute	1,270	1,280	4.3	1,260	4.1	4.4	56	5.2
Paid nursing home-24	Hanakotoba Miura	The Tanizawa Sogo Appraisal Co., Ltd.	668	676	4.8	665	4.9	5.0	35	5.6
Paid nursing home-25	SOMPO CARE La vie Re Hama-Kawasaki	JLL Morii Valuation & Advisory K.K.	1,850	1,880	4.5	1,820	4.3	4.7	89	5.2
Paid nursing home-26	Hanakotoba Shin-Yokohama	Japan Real Estate Institute	2,460	2,480	4.1	2,440	3.9	4.2	109	5.2
Paid nursing home-27	Hanakotoba Shin-Yokohama II	Japan Real Estate Institute	384	385	5.0	382	4.8	5.2	21	5.8
Paid nursing home-28	Hanakotoba Odawara	The Tanizawa Sogo Appraisal Co., Ltd.	946	959	4.9	941	5.0	5.1	49	5.6
Paid nursing home-29	Verde Minowa	Daiwa Real Estate Appraisal Co., Ltd.	1,730	1,740	4.9	1,720	4.7	5.1	109	6.7
Paid nursing home-30	Verde Hotaka	Daiwa Real Estate Appraisal Co., Ltd.	1,460	1,470	5.3	1,450	5.1	5.5	91	6.9
Paid nursing home-31	Sunny Life Kita-Shinagawa	Daiwa Real Estate Appraisal Co., Ltd.	2,090	2,120	4.2	2,070	4.0	4.4	90	4.9
Paid nursing home-32	Sunny Life Kamakura	The Tanizawa Sogo Appraisal Co., Ltd.	1,620	1,640	4.4	1,610	4.5	4.6	76	5.3

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Property number	Property name	Appraisal company	Appraisal value (millions of yen)	Summary of Appraisal Report (Note 1)						Appraisal NOI yield (%) (Note 4)
				Direct capitalization method		DCF method			Appraisal NOI (millions of yen) (Note 3)	
				Indicated value (millions of yen)	Capitalization rate (%)	Indicated value (millions of yen)	Discount rate (%) (Note 2)	Terminal capitalization rate (%)		
Paid nursing home-33	Nichii Home Nishikokubunji	Daiwa Real Estate Appraisal Co., Ltd.	777	790	4.2	771	4.0	4.4	36	5.0
Paid nursing home-34	SOMPO CARE Lavie Re Kobeikawadani	Rich Appraisal Institute Co., Ltd.	1,300	1,320	4.3	1,290	4.1	4.5	63	4.9
Paid nursing home-35	SOMPO CARE Sompō no ie Sayama	Rich Appraisal Institute Co., Ltd.	647	656	4.7	643	4.5	4.9	32	5.4
Paid nursing home-36	Royal Kawaguchi	Daiwa Real Estate Appraisal Co., Ltd.	1,340	1,350	4.2	1,330	4.0	4.4	62	4.9
Paid nursing home-37	NOAH GARDEN LEGEND	The Tanizawa Sogo Appraisal Co., Ltd.	910	920	5.1	910	5.2	5.3	48	5.6
Paid nursing home-38	NOAH GARDEN L Grace	The Tanizawa Sogo Appraisal Co., Ltd.	660	660	5.1	660	5.2	5.3	35	5.6
Paid nursing home-39	NOAH GARDEN Season Bell	The Tanizawa Sogo Appraisal Co., Ltd.	1,520	1,530	5.0	1,520	5.1	5.2	78	5.8
Paid nursing home-40	Heartland Kawaguchi Meiseien	Japan Real Estate Institute	2,230	2,240	4.2	2,210	4.0	4.3	100	5.0
Paid nursing home-41	Granda Minamiurawa	Rich Appraisal Institute Co., Ltd.	1,100	1,110	4.1	1,090	3.9	4.2	49	4.8
Paid nursing home-42	Madoka Minamiurawa	Rich Appraisal Institute Co., Ltd.	883	893	4.1	879	3.9	4.2	39	4.8
Paid nursing home-43	Nichii Home Inage	Rich Appraisal Institute Co., Ltd.	1,670	1,700	4.6	1,660	4.4	4.8	83	5.5
Paid nursing home-44	Hanakotoba Oppama	The Tanizawa Sogo Appraisal Co., Ltd.	509	512	4.4	508	4.5	4.6	25	5.0
Serviced housing for the elderly -1	SOMPO CARE Sompō no ie S Awajiekimae	Japan Real Estate Institute	2,350	2,370	4.8	2,320	4.6	5.0	116	6.0
Serviced housing for the elderly -2	SOMPO CARE Sompō no ie S Kobekamisawa	Japan Real Estate Institute	1,420	1,430	4.9	1,400	4.7	5.1	72	6.0
Serviced housing for the elderly -3	NOAH GARDEN CASA RICH	The Tanizawa Sogo Appraisal Co., Ltd.	1,730	1,740	5.1	1,720	5.2	5.3	91	5.6
Medical service-related facilities-1	Niigata Rehabilitation Hospital	Japan Real Estate Institute	2,300	2,310	6.5	2,290	6.3	6.7	153	7.4
Complex of paid nursing homes,medical service related facilities,etc.-1	SHIP Senri Building	The Tanizawa Sogo Appraisal Co., Ltd.	14,200	14,400	4.5	14,100	4.5～4.6	4.7	678	5.2

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Property number	Property name	Appraisal company	Appraisal value (millions of yen)	Summary of Appraisal Report (Note 1)					Appraisal NOI yield (%) (Note 4)	
				Direct capitalization method		DCF method				Appraisal NOI (millions of yen) (Note 3)
				Indicated value (millions of yen)	Capitalization rate (%)	Indicated value (millions of yen)	Discount rate (%) (Note 2)	Terminal capitalization rate (%)		
Total			88,206	89,126	-	87,574	-	-	4,390	5.5

(Note 1) "Appraisal value" is based on the appraisal report with January 31, 2023, as the appraisal date.

(Note 2) "Discount rate" represents a yield used to discount net cash flow during an analysis period and terminal value at the end of an analysis period back to present value, and figures used by respective appraisal organizations are shown. For SHIP Senri Building, 4.5% for the first fiscal year and 4.6% from the second fiscal year.

(Note 3) "Appraisal NOI" indicates net operating income obtained by direct capitalization method stated in the real estate appraisal report with January 31, 2023, as the appraisal date and is rounded down to the nearest million yen. In addition, NOI is revenue before deducting depreciation and differs from NCF (net cash flow), which is the amount calculated by adding the gain on investment from security deposits, etc. to NOI and deducting capital expenditures. The same shall apply hereinafter in this document.

(Note 4) "Appraisal NOI yield" is calculated by the formula below and rounded down to one decimal place. In the column of total appraisal NOI yield, the average appraisal NOI yield, which is calculated by dividing the total appraisal NOI of the respective real estate in trust by the total acquisition price, is shown (rounded down to the first decimal place). Appraisal NOI yield = Appraisal NOI of the respective real estate in trust / Acquisition price of the respective real estate in trust

(vii) Information on major tenants

“Major tenants” refers to tenants whose leased areas occupy 10% or more of total leased area of the entire portfolio at the end of the current fiscal period (on January 31, 2023). The annual rent and tenant leasehold and security deposits of each property are not disclosed as consent from the tenants has not been obtained.

Tenant name	Property name	Leased area (m ²) (Note 1)	Share (%) (Note 2)	Contract expiration date (Note 3)
Sompo Care Inc.	SOMPO CARE La vie Re Machidaonaji	7,720.17	3.5	October 31, 2027
	SOMPO CARE La vie Re Azamino	5,789.25	2.7	June 27, 2027
	SOMPO CARE La vie Re Hama-Kawasaki	2,535.29	1.2	December 31, 2027
	SOMPO CARE Lavie Re Kobeikawadani	3,824.54	1.8	March 30, 2036
	SOMPO CARE Sompo no ie Sayama	1,997.87	0.9	September 30, 2025
	SOMPO CARE Sompo no ie S Awajiekimae	5,745.15	2.6	July 31, 2034
	SOMPO CARE Sompo no ie S Kobekamisawa	4,058.35	1.9	July 31, 2034
	Total	31,670.62	14.6	—
GREEN LIFE Co., Ltd.	AQUAMARINE Nishinomiyahama	5,189.42	2.4	May 31, 2037
	Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi)	12,636.48	5.8	March 28, 2041
	GreenLife Moriguchi	8,356.85	3.8	October 19, 2039
	Hapine Kobe Uozaki Nibankan	1,772.89	0.8	March 28, 2041
	Total	27,955.64	12.9	—
Ship Healthcare Estate Inc.	SHIP Senri Building	24,813.85	11.4	October 27, 2038
	Total	24,813.85	11.4	—

(Note 1) “Leased area” indicates the area stated in lease agreements concluded with each tenant as of January 31, 2023. When a master lease agreement has been concluded, the area for which a lease agreement has been concluded with end tenants and actually leased is shown for properties for which a pass-through master lease agreement under which rent from end tenants is received as is, in principle, is concluded.

(Note 2) “Share” indicates the area of each property leased to its major tenants as a percentage of the total leased area of the properties owned by HCM as of January 31, 2023, and is rounded to the first decimal place.

(Note 3) “Contract expiration date” indicates the contract expiration date stated in the lease agreement.

(viii) Portfolio overview (portfolio diversification)

(a) By type

Classification	Number of properties	Acquisition price (millions of yen)	Period-end appraisal value (millions of yen) (Note 1)	Share (%) (Note 2)
Paid nursing home	43	59,508	66,206	75.1
Serviced housing for the elderly	3	4,749	5,500	6.0
Medical service-related facilities, etc.	1	2,060	2,300	2.6
Complex of paid nursing homes, medical service related facilities, etc.	1	12,920	14,200	16.3
Total	48	79,237	88,206	100.0

(Note 1) “Period-end appraisal value” indicates amounts stated in the appraisal report with appraisal date of January 31, 2023, prepared by real estate appraisers of Japan Real Estate Institute, The Tanizawa Sogo Appraisal Co., Ltd., Rich Appraisal Institute Co., Ltd., Daiwa Real

This translation of the original Japanese Financial Report (*kessan tanshin*) is provided solely for information purposes. Should there be any discrepancy between this translation and the Japanese original, the latter shall prevail.

Estate Appraisal Co., Ltd. and JLL Morii Valuation & Advisory K.K., based on the Articles of Incorporation of HCM and the rules set by the Investment Trusts Association, Japan. The same shall apply hereinafter.

(Note 2) "Share" refers to the percentage of the total acquisition price, and is shown rounded to the first decimal place. The same shall apply hereinafter.

(b) By area

Classification/region	Number of properties	Acquisition price (millions of yen)	Period-end appraisal value (millions of yen)	Share (%)
Three Major Metropolitan Areas	37	65,719	73,570	82.9
Tokyo Metropolitan Area	27	35,917	40,746	45.3
Kinki Area	10	29,802	32,824	37.6
Chubu Area	0	-	-	-
Core Cities	9	11,800	12,778	14.9
Other Areas	2	1,718	1,858	2.2
Total	48	79,237	88,206	100.0

(c) By number of rooms

The table below shows diversification in accordance with the number of rooms at homes and facilities for the elderly concerning assets which fall under the category of homes and facilities for the elderly (excluding medical service-related facilities, etc.) among assets held.

Number of rooms	Number of properties	Acquisition price (millions of yen)	Period-end appraisal value (millions of yen)	Share (%)
100 rooms or more	13	28,684	32,200	44.6
50 rooms or more, but less than 100 rooms	28	32,142	35,705	50.0
Less than 50 rooms	5	3,431	3,801	5.3
Total	46	64,257	71,706	100.0

(Note) Well House Senri-Chuo (No. of rooms: 181) operated by GREEN LIFE Co., Ltd., a tenant at SHIP Senri Building (paid nursing home section), which is a complex of paid nursing home, medical service-related facilities, and other facilities, is not included in the above table since it is difficult to calculate the acquisition prices and period-end appraisal values separately for the paid nursing home section and the medical service-related facilities, etc. section.

(2) Status of Capital Expenditures

a. Schedule of Capital Expenditures

Of capital expenditures associated with repair work, etc. currently planned for assets owned by HCM as of January 31, 2023, the following are the major estimated amounts. The estimated construction costs include the portion separately charged to expenses in accounting.

Property name (Location)	Purpose	Scheduled period	Estimated construction costs (thousands of yen)		
			Total amount	Payment during period	Total amount already paid
Verde Hotaka (Kawaba-mura, Tone-gun, Gunma)	Renovation of exterior walls of south building	From: Apr. 2023 To: Jul. 2023	58,300	-	-
Kobe Gakuentoshi Building (Hapine Kobe Gakuentoshi) (Kobe-shi, Hyogo)	Renewal of accumulated power meter	From: Jun. 2023 To: Jun. 2023	16,600	-	-
SOMPO CARE La vie Re Machidaonaji (Machida City, Tokyo)	Renewal of air conditioners in common areas	From: May. 2023 To: Jun. 2023	15,000	-	-
SAWAYAKA Tagawakan (Tagawa-shi, Fukuoka)	Rooftop waterproofing	From: May. 2023 To: Jun. 2023	9,000	-	-

b. Capital Expenditures During the Period

Of construction work falling under the category of capital expenditures conducted in the current fiscal period for assets owned by HCM as of January 31, 2023, the following are the major amounts. The capital expenditures in the current fiscal period amounted to 152,328 thousand yen. Combined with the repair expenses separately charged to expenses amounting to 31,894 thousand yen, HCM implemented a total of 184,222 thousand yen of construction work.

Property name (Location)	Purpose	Scheduled period	Construction costs (thousands of yen)
Niigata Rehabilitation Hospital (Niigata-shi, Niigata)	Rooftop waterproofing and renovation of exterior walls of south building	From: Oct. 2022 To: Jan. 2023	50,000
ASHEIM Hikarigaoka (Nerima-ku, Tokyo)	Renewal of air conditioners in common areas	From: Nov. 2022 To: Dec. 2022	19,250
Verde Minowa (Takasaki-shi, Gunma)	Renewal of two boilers in the main building	From: Jan. 2023 To: Jan. 2023	16,210
Other real estate	-	-	66,867
Total			152,328

c. Cash Reserves for Long-Term Repair Plans

Not applicable.