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(REIT) Financial Report for Fiscal Period Ended July 2024

September 13, 2024

REIT Securities Issuer: Healthcare & Medical Investment Corporation (HCM) Stock Exchange Listing: Tokyo Stock Exchange  
 Securities Code: 3455 URL: <https://hcm3455.co.jp/en/>  
 Representative: Yuji Fujise, Executive Director

Asset Management Company: Healthcare Asset Management Co., Ltd.  
 Representative: Hisatoshi Ishiwara, President & CEO  
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Scheduled date of submission of securities report: October 29, 2024  
 Scheduled date of commencement of distribution payment: October 21, 2024

Preparation of supplementary financial results briefing materials: Yes  
 Holding of financial results briefing session: No

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for Fiscal Period Ended July 2024 (from February 1, 2024, to July 31, 2024)

(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 Jul. 2024	2,514	3.1	1,298	3.5	1,055	0.5	1,054	0.5
Ended Jan. 2024	2,438	(0.0)	1,254	(1.1)	1,050	(1.7)	1,049	(1.7)

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 Jul. 2024	2,934	2.7	1.3	42.0
Ended Jan. 2024	2,919	2.7	1.3	43.1

(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 Jul. 2024	3,261	2,934	327	1,172	1,054	117	100.0	2.7
Ended Jan. 2024	3,235	2,919	316	1,162	1,049	113	100.0	2.7

(Note 1) Total distributions in excess of earnings of 117million yen (327 yen per unit) for the fiscal period ended July 2024 are distribution reducing unitholders' capital for tax purposes.

Total distributions in excess of earnings of 113million yen (316 yen per unit) for the fiscal period ended January 2024 are 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 0.004 for the fiscal period ended July 2024 and 0.004 for the fiscal period ended January 2024. 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.

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	Yen
Ended Jul. 2024	83,456	38,649	46.3	107,510
Ended Jan. 2024	80,714	38,536	47.7	107,196

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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 Jul. 2024	1,704	(2,780)	1,236	2,135
Ended Jan. 2024	1,785	(206)	(1,285)	1,974

2. Earnings Forecast for the Fiscal Period Ending January 2025 (from August 1, 2024 to January 31, 2025) and Earnings Forecast for the Fiscal Period Ending July 2025 (from February 1, 2025 to July 31, 2025).

(% 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 Jan. 2025	2,515	0.1	1,272	(2.0)	1,023	(3.1)	1,022	(3.1)	2,843	332	3,175
Ending Jul. 2025	2,516	0.0	1,274	0.1	1,010	(1.3)	1,009	(1.3)	2,807	333	3,140

(Reference) Forecast net income per unit (fiscal period ending January 2025) 2,843 yen

Forecast net income per unit (fiscal period ending July 2025) 2,807 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 July 2024 359,500 units Fiscal period ended January 2024 359,500 units

2) Number of treasury investment units at end of period

Fiscal period ended July 2024 - units Fiscal period ended January 2024 - units

\* 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 January 2025 and Fiscal Period Ending July 2025" on pages 5 and 6.

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## 1. Management Status

### (1) Management Status

#### 1) Overview of the Current Fiscal Period

##### (a) Performance

During the current fiscal period, HCM acquired 5 properties (NOAH GARDEN Building A, NOAH GARDEN Building B, NOAH GARDEN Villa, NOAH GARDEN Bloom View and PD House Higashi-Osaka) on February 1, 2024 at a total acquisition price of 2,393 million yen, and acquired an equity interest in anonymous partnership (10%: acquisition price: 98 million yen) of HC Shukugawa Godo Kaisha, whose assets are backed by the paid nursing home “Charm Suite Shukugawa” (Note).

As a result, as of the end of the current fiscal period, HCM owns 53 properties with a total leasable area of 225,119.27 m<sup>2</sup>, and the operational rate stands at 100%.

(Note) As of September 1, 2024, the business was transferred from Care21 Corporation to Charm Care Corporation, and the name was changed from “Pleasant Grand Shukugawa” to “Charm Suite Shukugawa” Same as below.

#### 2) Overview of Financing

In the current fiscal period, HCM borrowed 2,500 million yen on February 1, 2024, to cover part of the acquisition and costs for the above 5 properties, and refinanced 2,000 million yen in loans that were due for repayment on March 29, 2024.

As a result, unitholders’ capital (net) (Note) at the end of the current fiscal period stands at 37,375 million yen, the total number of investment units issued and outstanding at 359,500 units, and total interest-bearing liabilities at 41,650 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 49.9%.

HCM’s rating as of July 31, 2024 is as follows.

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

#### 3) Significant Subsequent Events

Not applicable.

#### 4) Earnings Forecast Outlook

HCM forecasts the following earnings for the fiscal period ending January 2025 (from August 1, 2024 to January 31, 2025) and July 2025 (from February 1, 2025 to July 31, 2025). For the assumptions underlying this outlook, please see “Assumptions Underlying Earnings Forecast for Fiscal Period Ending January 2025 and Fiscal Period Ending July 2025” below.

##### Fiscal period ending January 2025 (from August 1, 2024, to January 31, 2025)

Operating revenue	2,515 million yen
Operating income	1,272 million yen
Ordinary income	1,023 million yen
Net income	1,022 million yen
Distribution per unit (excluding distribution in excess of earnings)	2,843 yen
Distribution in excess of earnings per unit	332 yen
Distribution per unit (including distribution in excess of earnings)	3,175 yen

##### Fiscal period ending July 2025 (from February 1, 2025, to July 31, 2025)

Operating revenue	2,516 million yen
Operating income	1,274 million yen
Ordinary income	1,010 million yen
Net income	1,009 million yen
Distribution per unit (excluding distribution in excess of earnings)	2,807 yen
Distribution in excess of earnings per unit	333 yen
Distribution per unit (including distribution in excess of earnings)	3,140 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 January 2025 and Fiscal Period Ending July 2025

Item	Assumptions															
Accounting period	<ul style="list-style-type: none"> <li>Fiscal period ending January 2025 (20th FP) (from August 1, 2024, to January 31, 2025) (184 days)</li> <li>Fiscal period ending July 2025 (21th FP) (from February 1, 2025, to July 31, 2025) (181 days)</li> </ul>															
Assets under management	<ul style="list-style-type: none"> <li>In the current fiscal period, 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 (53 properties in total) and equity interest in anonymous partnership owned by HCM (hereinafter, the "Assets Under Management") through to the end of the fiscal period ending July 2025.</li> <li>There may actually be changes due to acquisition of new properties, or sale of the Assets Under Management, etc. in the future.</li> </ul>															
Operating revenue	<ul style="list-style-type: none"> <li>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.</li> <li>It is assumed that there will be no default or non-payment of rents by tenants.</li> </ul>															
Operating expenses	<ul style="list-style-type: none"> <li>The main breakdown of expenses related to rent business, the major component of operating expense, is as follows. <table border="1" data-bbox="414 705 1428 907"> <thead> <tr> <th></th> <th>Fiscal period ending January 2025</th> <th>Fiscal period ending July 2025</th> </tr> </thead> <tbody> <tr> <td>Property tax</td> <td>168 million yen</td> <td>174 million yen</td> </tr> <tr> <td>Repair expenses</td> <td>34 million yen</td> <td>33 million yen</td> </tr> <tr> <td>Depreciation</td> <td>598 million yen</td> <td>600 million yen</td> </tr> <tr> <td>Other expenses related to rent business</td> <td>69 million yen</td> <td>70 million yen</td> </tr> </tbody> </table> </li> <li>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.</li> <li>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 ending July 2024 will not be recorded as expenses in the fiscal period ending January 2025, and such for fiscal 2025 will be recorded as expenses from the fiscal period ending July 2025. Note that the total amount of property taxes and city planning taxes to be included for the Assets to Be Acquired in the fiscal period ending July 2024 is assumed to be 10 million yen.</li> <li>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.</li> <li>Depreciation is calculated by using the straight-line method including ancillary expenses.</li> <li>The asset management fee paid to the Asset Management Company is assumed to be 240 million yen for the fiscal period ending January 2025 and 236 million yen for the fiscal period ending July 2025.</li> </ul>		Fiscal period ending January 2025	Fiscal period ending July 2025	Property tax	168 million yen	174 million yen	Repair expenses	34 million yen	33 million yen	Depreciation	598 million yen	600 million yen	Other expenses related to rent business	69 million yen	70 million yen
	Fiscal period ending January 2025	Fiscal period ending July 2025														
Property tax	168 million yen	174 million yen														
Repair expenses	34 million yen	33 million yen														
Depreciation	598 million yen	600 million yen														
Other expenses related to rent business	69 million yen	70 million yen														
Non-operating expenses	<ul style="list-style-type: none"> <li>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 January 2025, it is assumed that there will be no applicable amount for the fiscal period ending July 2025 due to the completion of amortization.</li> <li>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 January 2025 and 1 million yen in the fiscal period ending July 2025.</li> <li>Interest expenses, interest expenses on investment corporation bonds and other borrowing expenses are assumed to be 242 million yen for the fiscal period ending January 2025 and 262 million yen for the fiscal period ending July 2025.</li> </ul>															
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>As of the date of the document, HCM has a balance of interest-bearing liabilities of 41,650 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 January 2025 and the fiscal period ending July 2025, with an assumption that 5,550 million yen of loans due for repayment in the fiscal period ending January 2025 (repayment date: January 31, 2025) will be refinanced for the same amount.</li> </ul>															
Investment units	<ul style="list-style-type: none"> <li>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 July 2025.</li> <li>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 January 2025 and for the fiscal period ending July 2025.</li> </ul>															

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Item	Assumptions
Distribution per unit (excluding distribution in excess of earnings)	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> <li>• 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 119 million yen for the fiscal period ending January 2025 and 119 million yen for the fiscal period ending July 2025.</li> <li>• 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.</li> <li>• 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.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• The assumption is that there will be no revision of laws and regulations, tax systems, accounting standards, securities listing regulations set forth by Tokyo Stock Exchange, inc. rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above.</li> <li>• The assumption is that there will be no unforeseen serious change in general economic trends, real estate market conditions, etc.</li> </ul>

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## 2. Financial Statements

### (1) Balance Sheet

(Unit: thousands of yen)

	Previous fiscal period (As of Jan. 31, 2024)	Current fiscal period (As of Jul. 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	1,865,272	2,054,260
Cash and deposits in trust	276,880	275,885
Operating accounts receivable	50,257	48,590
Prepaid expenses	135,567	131,355
Consumption taxes receivable	-	1,074
Derivatives receivables	3,711	6,122
Other	-	558
Total current assets	2,331,689	2,517,847
Non-current assets		
Property, plant and equipment		
Buildings in trust	40,549,061	42,064,131
Accumulated depreciation	(6,588,550)	(7,138,761)
Buildings in trust, net	33,960,510	34,925,369
Structures in trust	131,216	139,445
Accumulated depreciation	(23,588)	(26,140)
Structures in trust, net	107,628	113,305
Machinery and equipment in trust	21,776	20,170
Accumulated depreciation	(11,173)	(11,044)
Machinery and equipment in trust, net	10,602	9,126
Tools, furniture and fixtures in trust	425,537	462,624
Accumulated depreciation	(210,758)	(245,830)
Tools, furniture and fixtures in trust, net	214,779	216,793
Land in trust	43,747,992	44,998,551
Construction in progress in trust	719	68
Total property, plant and equipment	78,042,233	80,263,214
Intangible assets		
Software	2,119	1,793
Total intangible assets	2,119	1,793
Investments and other assets		
Security deposits	10,000	10,000
Investment securities	-	100,959
Long-term prepaid expenses	226,780	232,233
Derivative receivables	78,033	313,644
Deferred tax assets	14	14
Total investments and other assets	314,828	656,852
Total non-current assets	78,359,180	80,921,860
Deferred assets		
Investment unit issuance costs	11,485	5,742
Investment corporation bond issuance costs	12,489	11,448
Total deferred assets	23,974	17,191
<b>Total assets</b>	<b>80,714,844</b>	<b>83,456,898</b>

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(Unit: thousands of yen)

	Previous fiscal period (As of Jan. 31, 2024)	Current fiscal period (As of Jul. 31, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	63,775	32,458
Short-term loans payable	2,000,000	-
Current portion of long-term loans payable	5,550,000	5,550,000
Accounts payable - other	92,903	177,562
Accrued expenses	273,279	272,589
Income taxes payable	898	911
Consumption taxes payable	8,969	5,649
Advances received	400,015	414,295
Deposits received	162	162
Total current liabilities	8,390,002	6,453,629
<b>Non-current liabilities</b>		
Investment corporation bonds	2,000,000	2,000,000
Long-term loans payable	29,600,000	34,100,000
Tenant leasehold and security deposits	1,936,482	1,958,082
Tenant leasehold and security deposits in trust	167,616	194,616
Deferred tax liabilities	25,716	100,598
Derivative liabilities	57,986	-
Other	52	-
Total non-current liabilities	33,787,853	38,353,297
<b>Total liabilities</b>	42,177,856	44,806,927
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	38,323,799	38,323,799
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	(51,408)	(1,901)
Other deduction from unitholders' capital	(834,351)	(947,953)
Total deduction from unitholders' capital	(885,760)	(949,855)
Unitholders' capital, net	37,438,039	37,373,944
<b>Surplus</b>		
Unappropriated retained earnings (undisposed loss)	1,100,906	1,056,858
Total surplus	1,100,906	1,056,858
Total unitholders' equity	38,538,946	38,430,802
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges	(1,958)	219,168
Total valuation and translation adjustments	(1,958)	219,168
Total net assets	38,536,987	38,649,971
<b>Total liabilities and net assets</b>	80,714,844	83,456,898



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(2) Statement of Income

(Unit: thousands of yen)

	Previous fiscal period From: Aug. 1, 2023 To: Jan. 31, 2024	Current fiscal period From: Feb. 1, 2024 To: Jul. 31, 2024
<b>Operating revenue</b>		
Leasing business revenues	2,427,916	2,503,802
Other revenue related to leasing business	10,436	10,692
<b>Total operating revenue</b>	<b>2,438,353</b>	<b>2,514,494</b>
<b>Operating expenses</b>		
Expenses related to leasing business	832,122	859,626
Asset management fee	234,681	233,603
Asset custody fee	2,819	2,891
Administrative service fees	17,218	17,915
Directors' compensations	5,400	5,400
Property tax	33,292	34,487
Other operating expenses	58,684	61,953
<b>Total operating expenses</b>	<b>1,184,219</b>	<b>1,215,878</b>
<b>Operating income</b>	<b>1,254,133</b>	<b>1,298,616</b>
<b>Non-operating income</b>		
Interest income	7	21
Interest on tax refund	131	-
Reversal of distribution payable	329	456
<b>Total non-operating income</b>	<b>468</b>	<b>478</b>
<b>Non-operating expenses</b>		
Interest expenses	131,116	165,128
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	58,591	63,632
<b>Total non-operating expenses</b>	<b>204,291</b>	<b>243,343</b>
<b>Ordinary income</b>	<b>1,050,311</b>	<b>1,055,751</b>
Income before income taxes	1,050,311	1,055,751
Income taxes - current	899	912
Income taxes - deferred	(1)	-
<b>Total income taxes</b>	<b>897</b>	<b>912</b>
<b>Net income</b>	<b>1,049,413</b>	<b>1,054,839</b>
<b>Retained earnings brought forward</b>	<b>51,492</b>	<b>2,019</b>
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>1,100,906</b>	<b>1,056,858</b>

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(3) Statement of Unitholders' Equity

Previous fiscal period (from August 1, 2023, to January 31, 2024)

(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	-	(722,547)	(722,547)	37,601,252
Changes of items during period					
Dividends of surplus					
Distributions in excess of earnings from allowance for temporary difference adjustments		(51,408)		(51,408)	(51,408)
Distributions in excess of earnings from other distributions			(111,804)	(111,804)	(111,804)
Net income					
Changes of items other than unitholders' equity during period, net					
Total changes of items during the period	-	(51,408)	(111,804)	(163,213)	(163,213)
Balance at end of current period	38,323,799	(51,408)	(834,351)	(885,760)	37,438,039

(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	1,068,158	1,068,158	38,669,411	(51,465)	(51,465)	38,617,946
Changes of items during period						
Dividends of surplus	(1,016,666)	(1,016,666)	(1,016,666)			(1,016,666)
Distributions in excess of earnings from allowance for temporary difference adjustments			(51,408)			(51,408)
Distributions in excess of earnings from other distributions			(111,804)			(111,804)
Net income	1,049,413	1,049,413	1,049,413			1,049,413
Changes of items other than unitholders' equity during period, net				49,506	49,506	49,506
Total changes of items during the period	32,747	32,747	(130,465)	49,506	49,506	(80,958)
Balance at end of current period	1,100,906	1,100,906	38,538,946	(1,958)	(1,958)	38,536,987

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Current fiscal period (from February 1, 2024, to July 31, 2024)

(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	(51,408)	(834,351)	(885,760)	37,438,039
Changes of items during period					
Dividends of surplus					
Reversal of allowance for temporary difference adjustments		49,506		49,506	49,506
Distributions in excess of earnings from other distributions			(113,602)	(113,602)	(113,602)
Net income					
Changes of items other than unitholders' equity during period, net					
Total changes of items during the period	-	49,506	(113,602)	(64,095)	(64,095)
Balance at end of current period	38,323,799	(1,901)	(947,953)	(949,855)	37,373,944

(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	1,100,906	1,100,906	38,538,946	(1,958)	(1,958)	38,536,987
Changes of items during period						
Dividends of surplus	(1,049,380)	(1,049,380)	(1,049,380)			(1,049,380)
Reversal of allowance for temporary difference adjustments	(49,506)	(49,506)	-			-
Distributions in excess of earnings from other distributions			(113,602)			(113,602)
Net income	1,054,839	1,054,839	1,054,839			1,054,839
Changes of items other than unitholders' equity during period, net				221,126	221,126	221,126
Total changes of items during the period	(44,048)	(44,048)	(108,143)	221,126	221,126	112,983
Balance at end of current period	1,056,858	1,056,858	38,430,802	219,168	219,168	38,649,971

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(4) Statement of Cash Distributions

(Unit: yen)

Type	Previous fiscal period From: Aug. 1, 2023 To: Jan. 31, 2024	Current fiscal period From: Feb. 1, 2024 To: Jul. 31, 2024
I. Unappropriated retained earnings	1,100,906,451	1,056,858,344
II. Distribution in excess of earnings	113,602,000	117,556,500
Other deduction from unitholders' capital	113,602,000	117,556,500
III. Incorporation into unitholders' capital	49,506,929	1,901,571
Reversal of allowance for temporary difference adjustments	49,506,929	1,901,571
IV. Distributions	1,162,982,500	1,172,329,500
[Distributions per unit]	[3,235]	[3,261]
Distributions of earnings	1,049,380,500	1,054,773,000
(Distributions of earnings per unit)	[2,919]	[2,934]
Distributions in excess of earnings from other distributions	113,602,000	117,556,500
[Distributions in excess of earnings per unit (Distributions in excess of earnings from other distributions )]	[316]	[327]
V. Retained earnings carried forward	2,019,022	183,773

(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 distributions, 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.

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(5) Statement of Cash Flows

(Unit: thousands of yen)

	Previous fiscal period From: Aug. 1, 2023 To: Jan. 31, 2024	Current fiscal period From: Feb. 1, 2024 To: Jul. 31, 2024
<b>Cash flows from operating activities</b>		
Income before income taxes	1,050,311	1,055,751
Depreciation	566,527	589,169
Amortization of investment corporation bond issuance costs	1,040	1,040
Borrowing expenses	58,591	63,632
Amortization of investment unit issuance costs	5,742	5,742
Interest income	(7)	(21)
Interest on tax refund	(131)	-
Interest expenses	138,916	172,928
Decrease (increase) in operating accounts receivable	1,667	1,667
Decrease (increase) in consumption taxes receivable	50,592	(1,074)
Decrease (increase) in prepaid expenses	724	5,166
Increase (decrease) in operating accounts payable	46,737	(31,316)
Increase (decrease) in accounts payable - other	(677)	2,594
Increase (decrease) in consumption taxes payable	(8,589)	(3,319)
Increase (decrease) in accrued expenses	1,376	(801)
Increase (decrease) in advances received	(1,705)	14,279
Decrease (increase) in long-term prepaid expenses	10,011	3,517
Other, net	4,380	(395)
Subtotal	1,925,508	1,878,561
Interest income received	7	21
Interest on tax refund received	131	-
Interest expenses paid	(138,817)	(172,816)
Income taxes paid	(864)	(899)
Net cash provided by (used in) operating activities	1,785,965	1,704,867
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(206,988)	(2,728,184)
Proceeds from tenant leasehold and security deposits	-	21,600
Proceeds from tenant leasehold and security deposits in trust	-	27,000
Proceeds from purchase of investment securities	-	(101,163)
Net cash provided by (used in) investing activities	(206,988)	(2,780,747)
<b>Cash flows from financing activities</b>		
Payments into restricted deposits in trust	-	(27,000)
Repayments of short-term loans payable	-	(2,000,000)
Proceeds from long-term loans payable	7,250,000	4,500,000
Repayments of long-term loans payable	(7,250,000)	-
Borrowing expenses	(105,971)	(73,557)
Dividends paid	(1,179,247)	(1,162,568)
Net cash provided by (used in) financing activities	(1,285,218)	1,236,873
Net increase (decrease) in cash and cash equivalents	293,758	160,993
Cash and cash equivalents at beginning of period	1,680,777	1,974,536
Cash and cash equivalents at end of period	1,974,536	2,135,529

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### 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 July 31, 2024)		
				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)	49,706	59.6	
			Core Cities (Note 4)	8,737	10.5	
			Other Areas (Note 5)	1,665	2.0	
		Serviced housing for the elderly	Three Major Metropolitan Areas (Note 3)	2,858	3.4	
			Core Cities (Note 4)	2,433	2.9	
			Other Areas (Note 5)	-	-	
		Group homes for the elderly with dementia			-	-
		Other facilities for the elderly			-	-
		Subtotal			65,400	78.4
		Medical service-related facilities			Three Major Metropolitan Areas (Note 3)	-
	Core Cities (Note 4)				2,082	2.5
	Other Areas (Note 5)				-	-
	Subtotal				2,082	2.5
	Multi-use facilities	Complex of paid nursing homes, medical service- related facilities	Three Major Metropolitan Areas (Note 3)	12,779	15.3	
			Core Cities (Note 4)	-	-	
			Other Areas (Note 5)	-	-	
			Subtotal	12,779	15.3	
	Other			-	-	
	Total			80,263	96.2	
	Investment securities (Note 6)				100	0.1
Deposits and other assets				3,092	3.7	
Total assets				83,456	100.0	
Total liabilities				44,806	53.7	
Total net assets				38,649	46.3	

(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 second 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 Major 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 Major Metropolitan Areas and Core Cities.

(Note 6) "Investment securities" are anonymous partnership interests in HC Shukugawa Godo Kaisha.

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## 2) Investment Assets

### (a) Major Investment Securities

Major Investment Securities that HCM owns as of July 31, 2024, is as follows.

Type of Assets	Name	Carrying amount	Appraisal amount (Note 1)	As a percentage of total assets (%)	Note
Anonymous Partnership Equity Interest	HC Shukugawa GK Anonymous Partnership Equity Interest	100,959	100,959	0.1	(Note 2)

(Note 1) The appraisal amount is the carrying amount.

(Note 2) The asset under management is a quasi co-ownership interest (98% interest) in the trust beneficiary interest in Charm Suite Shukugawa.

### (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 July 31, 2024, is as follows.

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

Overview of trust beneficiary interests in real estate that HCM owns as of July 31, 2024, 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	Bonsejour Chitose-funabashi	824	1.0	795	997
		Bonsejour Hino	724	0.9	694	834
		Bonsejour Musashi-shinjo	582	0.7	558	643
		Medical Rehabilitation Home Bonsejour Hadanoshibusawa	728	0.9	665	850
		ASHEIM Hikarigaoka	1,385	1.7	1,379	1,590
		ASHEIM Bunkyoakusan	1,430	1.8	1,368	1,790
		SOMPO CARE La vie Re Machidaonaji	3,580	4.4	3,240	4,230
		SOMPO CARE La vie Re Azamino	3,050	3.7	2,873	3,560
		GOOD TIME HOME Fudo-mae	1,740	2.1	1,814	2,100
		Rehabilitation Home Bonsejour Yotsugi	824	1.0	799	905
		Granda Tsuruma-Yamato	1,000	1.2	1,018	1,020
		Smiling Home Medice Adachi	2,253	2.8	2,250	2,550
		Hanakotoba Minami	1,071	1.3	1,072	1,210
		Hanakotoba Miura	615	0.8	634	668
		SOMPO CARE La vie Re Hama-Kawasaki	1,710	2.1	1,687	1,830
		Hanakotoba Shin-Yokohama	2,071	2.5	2,071	2,600
		Hanakotoba Shin-Yokohama II	375	0.5	390	437
		Hanakotoba Odawara	880	1.1	932	954
		Sunny Life Kita-Shinagawa	1,825	2.2	1,823	2,090
		Sunny Life Kamakura	1,418	1.7	1,440	1,650
		Nichii Home Nishikokubunji	720	0.9	762	793
		Royal Kawaguchi	1,260	1.5	1,341	1,360
		Heartland Kawaguchi Meiseien	2,000	2.5	2,067	2,280
Rehabilitation Home Granda Minamiurawa	1,022	1.3	1,060	1,110		
Madoka Minamiurawa	822	1.0	849	882		
Nichii Maison Inage	1,508	1.8	1,563	1,670		

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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)	
Trust beneficiary interests in real estate	Tokyo Metropolitan Area	Hanakotoba Oppama	500	0.6	544	513	
		Subtotal	35,917	44.0	35,702	41,116	
	Kinki Area	AQUAMARINE Nishinomiyahama	1,950	2.4	1,831	2,140	
		SOMPO CARE Sompō no ie S Awajiekimae	1,930	2.4	1,754	2,390	
		SOMPO CARE Sompō no ie S Kobekamisawa	1,200	1.5	1,104	1,440	
		Medical Home Bonsejour Itami	514	0.6	475	557	
		Kobe Gakuentoshi Building	4,320	5.3	3,978	4,800	
		GreenLife Moriguchi	4,150	5.1	4,093	4,850	
		Hapine Kobe Uozaki Nibankan	930	1.1	893	1,050	
		SHIP Senri Building	12,920	15.8	12,779	14,600	
		SOMPO CARE La vie Re Kobeikawadani	1,288	1.6	1,332	1,300	
		SOMPO CARE Sompō no ie Sayama	600	0.7	649	647	
		PD House Higashi-Osaka	693	0.8	750	738	
		Subtotal	30,495	37.4	29,642	34,512	
		Core Cities	SAWAYAKA Tachibanakan	1,520	1.9	1,249	1,630
	SAWAYAKA Mekarikan		1,380	1.7	1,146	1,480	
	AIKOEN ICHIBANKAN Building		770	0.9	746	822	
	Verde Minowa		1,620	2.0	1,618	1,770	
	Niigata Rehabilitation Hospital		2,060	2.5	2,082	2,280	
	NOAH GARDEN LEGEND		859	1.1	887	930	
	NOAH GARDEN L Grace		622	0.8	642	670	
	NOAH GARDEN Season Bell		1,350	1.7	1,427	1,550	
	NOAH GARDEN CASA RICH		1,619	2.0	1,659	1,750	
	NOAH GARDEN Building A		384	0.5	404	401	
	NOAH GARDEN Building B		280	0.3	296	292	
	NOAH GARDEN Villa		300	0.4	316	314	
	NOAH GARDEN Bloom View		736	0.9	773	769	
	Subtotal		13,500	16.5	13,253	14,658	
	Other Areas	SAWAYAKA Tagawakan	390	0.5	351	405	
		Verde Hotaka	1,328	1.6	1,313	1,600	
		Subtotal	1,718	2.1	1,665	2,005	
	Total (53 properties)			81,630	100.0	80,263	92,291

(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 second decimal place.

(Note 3) "Carrying amount" indicates book value after depreciation and amortization as of July 31, 2024.

(Note 4) "Period-end appraisal value" indicates amounts stated in the appraisal report with appraisal date of July 31, 2024, 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.