

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.

(REIT) Summary of Financial Report for Fiscal Period Ended January 2025

March 18, 2025

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: April 28, 2025
 Scheduled date of commencement of distribution payment: April 21, 2025

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 January 2025 (from August 1, 2024, to January 31, 2025)

(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. 2025	2,522	0.3	1,273	(1.9)	1,025	(2.9)	1,024	(2.9)
Ended Jul. 2024	2,514	3.1	1,298	3.5	1,055	0.5	1,054	0.5

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. 2025	2,850	2.7	1.2	40.6
Ended Jul. 2024	2,934	2.7	1.3	42.0

(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. 2025	3,183	2,850	333	1,144	1,024	119	100.0	2.7
Ended Jul. 2024	3,261	2,934	327	1,172	1,054	117	100.0	2.7

(Note 1) Total distributions in excess of earnings of 119million yen (333 yen per unit) for the fiscal period ended January 2025 are distribution reducing unitholders' capital for tax purposes. 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.

(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 January 2025 and 0.004 for the fiscal period ended July 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 Jan. 2025	84,606	38,602	45.6	107,378
Ended Jul. 2024	83,456	38,649	46.3	107,510

(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. 2025	1,682	(1,502)	(91)	2,223
Ended Jul. 2024	1,704	(2,780)	1,236	2,135

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2. Earnings Forecast for the Fiscal Period Ending July 2025 (from February 1, 2025 to July 31, 2025) and Earnings Forecast for the Fiscal Period Ending January 2026 (from August 1, 2025 to January 31, 2026).

(% 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. 2025	2,547	1.0	1,280	0.5	1,009	(1.6)	1,008	(1.6)	2,804	336	3,140
Ending Jan. 2026	2,543	(0.2)	1,284	0.3	1,009	0.0	1,008	0.0	2,804	336	3,140

(Reference) Forecast net income per unit (fiscal period ending July 2025) 2,804 yen

Forecast net income per unit (fiscal period ending January 2026) 2,804 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 2025 359,500 units Fiscal period ended July 2024 359,500 units

2) Number of treasury investment units at end of period

Fiscal period ended January 2025 - units Fiscal period ended July 2024 - units

* This summary of 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 2025 and Fiscal Period Ending January 2026" on pages 5 and 6.

1. Management Status

(1) Management Status

1) Overview of the Current Fiscal Period

(a) Performance

During the current fiscal period, HCM acquired "TSUKUI SUNSHINE YOKOHAMA TOTSUKA" on December 20, 2024 for an acquisition price of 1,150 million yen.

As a result, as of the end of the current fiscal period, HCM owns 54 properties with a total leasable area of 227,887.60 m², and the operational rate stands at 100%.

2) Overview of Financing

In the current fiscal period, HCM borrowed 1,170 million yen on December 20, 2024 to cover part of the acquisition and costs for the above "TSUKUI SUNSHINE YOKOHAMA TOTSUKA", and refinanced 5,550 million yen in loans that were due for repayment on January 31, 2025.

As a result, unitholders' capital (net) (Note) at the end of the current fiscal period stands at 37,258 million yen, the total number of investment units issued and outstanding stands at 359,500 units, and total interest-bearing liabilities stand at 42,820 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 50.6%.

HCM's rating as of January 31, 2025 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.

(Reference Information)

HCM entered into an agreement (anonymous partnership agreement) on March 18, 2025 for the acquisition of one of the following assets (equity interest in anonymous partnership).

Property name	Underlying assets	Location	Investment price (Percentage of equity interest)	Acquiring entity
Anonymous partnership Equity Interest of HC TURF GK	Sunny Life Shinkotoni	Sapporo-shi, Hokkaido	100 million yen (3.5%)	HC TURF GK
	Nerimayahara CarePark SOYOKAZE	Nerima-ku, Tokyo		
	Medical Rehabilitation Home Granda Toyotomomachi	Toyota-shi, Aichi		
	SAWAYAKA Higashiosaka Kan	Higashiosaka-shi, Osaka		
	SAWAYAKA Himeji Kan	Himeji-shi, Hyogo		
	SAWAYAKA Seaside Kakinoumi	Kitakyusyu-shi, Fukuoka		

(1) Acquisition date: March 27, 2025

(2) Funding for Acquisition: Funds on hand

(3) Payment method: Lump-sum payment upon delivery

4) Earnings Forecast Outlook

HCM forecasts the following earnings for the fiscal period ending July 2025 (from February 1, 2025 to July 31, 2025) and January 2026 (from August 1, 2025 to January 31, 2026). For the assumptions underlying this outlook, please see “Assumptions Underlying Earnings Forecast for Fiscal Period Ending July 2025 and Fiscal Period Ending January 2026” below.

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

Operating revenue	2,547 million yen
Operating income	1,280 million yen
Ordinary income	1,009 million yen
Net income	1,008 million yen
Distribution per unit (excluding distribution in excess of earnings)	2,804 yen
Distribution in excess of earnings per unit	336 yen
Distribution per unit (including distribution in excess of earnings)	3,140 yen

Fiscal period ending January 2026 (from August 1, 2025 to January 31, 2026)

Operating revenue	2,543 million yen
Operating income	1,284 million yen
Ordinary income	1,009 million yen
Net income	1,008 million yen
Distribution per unit (excluding distribution in excess of earnings)	2,804 yen
Distribution in excess of earnings per unit	336 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 July 2025 and Fiscal Period Ending January 2026

Item	Assumptions															
Accounting period	<ul style="list-style-type: none"> Fiscal period ending July 2025 (21th FP) (from February 1, 2025, to July 31, 2025) (181 days) Fiscal period ending January 2026 (22th FP) (from August 1, 2025, to January 31, 2026) (184 days) 															
Assets under management	<ul style="list-style-type: none"> It is assumed that, in addition to the trust beneficiary interests in real estate (54 properties in total) and equity interest in anonymous partnership owned by HCM as of the end of the January 2025 period (hereinafter, the "Assets Owned at end of period"), and Anonymous Partnership Equity Interest to be acquired (hereinafter, the "Assets to Be Acquired" referred to jointly with the Assets Owned and "Assets to Be Acquired" as "Assets Under Management") will be acquired on March 27, 2025. It is assumed that no changes (acquisition of new properties, disposal of Assets Under Management, etc.) will occur before the end of the fiscal period ending January 2026, except for the acquisition of Assets to Be Acquired. 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 border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th>Fiscal period ending July 2025</th> <th>Fiscal period ending January 2026</th> </tr> </thead> <tbody> <tr> <td>Property tax</td> <td>176 million yen</td> <td>176 million yen</td> </tr> <tr> <td>Repair expenses</td> <td>43 million yen</td> <td>37 million yen</td> </tr> <tr> <td>Depreciation</td> <td>604 million yen</td> <td>604 million yen</td> </tr> <tr> <td>Other expenses related to rent business</td> <td>71 million yen</td> <td>72 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 ending July 2024 and the fiscal period ending January 2025 will be recorded as expenses from the fiscal period ending July 2025. 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 241 million yen for the fiscal period ending July 2025 and 243 million yen for the fiscal period ending January 2026. 		Fiscal period ending July 2025	Fiscal period ending January 2026	Property tax	176 million yen	176 million yen	Repair expenses	43 million yen	37 million yen	Depreciation	604 million yen	604 million yen	Other expenses related to rent business	71 million yen	72 million yen
	Fiscal period ending July 2025	Fiscal period ending January 2026														
Property tax	176 million yen	176 million yen														
Repair expenses	43 million yen	37 million yen														
Depreciation	604 million yen	604 million yen														
Other expenses related to rent business	71 million yen	72 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, it is assumed that there will be no applicable amount for the fiscal period ending July 2025 and the fiscal period ending January 2026 due to the completion of amortization. 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 2025 and 1 million yen in the fiscal period ending January 2026. Interest expenses, interest expenses on investment corporation bonds and other borrowing expenses are assumed to be 270 million yen for the fiscal period ending July 2025 and 275 million yen for the fiscal period ending January 2026. 															
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 42,820 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 2025 and the fiscal period ending January 2026, with an assumption that 1,170 million yen of loans (repayment date: December 20, 2025) and 6,400 million yen of loans (repayment date: January 31, 2026) due for repayment in the fiscal period ending January 2026 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 2026. 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 2025 and for the fiscal period ending January 2026. 															

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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 120 million yen for the fiscal period ending July 2025 and 120 million yen for the fiscal period ending January 2026. • 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.
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 Tokyo Stock Exchange, inc. 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.

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2. Financial Statements

(1) Balance Sheet

(Unit: thousands of yen)

	Previous fiscal period (As of Jul. 31, 2024)	Current fiscal period (As of Jan. 31, 2025)
Assets		
Current assets		
Cash and deposits	2,054,260	2,108,753
Cash and deposits in trust	275,885	309,833
Operating accounts receivable	48,590	46,922
Prepaid expenses	131,355	149,522
Consumption taxes receivable	1,074	-
Derivative receivables	6,122	26,723
Other	558	558
Total current assets	2,517,847	2,642,313
Non-current assets		
Property, plant and equipment		
Buildings in trust	42,064,131	42,749,297
Accumulated depreciation	(7,138,761)	(7,696,973)
Buildings in trust, net	34,925,369	35,052,323
Structures in trust	139,445	139,445
Accumulated depreciation	(26,140)	(28,784)
Structures in trust, net	113,305	110,660
Machinery and equipment in trust	20,170	20,956
Accumulated depreciation	(11,044)	(10,537)
Machinery and equipment in trust, net	9,126	10,419
Tools, furniture and fixtures in trust	462,624	495,672
Accumulated depreciation	(245,830)	(282,739)
Tools, furniture and fixtures in trust, net	216,793	212,933
Land in trust	44,998,551	45,694,611
Construction in progress in trust	68	-
Total property, plant and equipment	80,263,214	81,080,948
Intangible assets		
Software	1,793	1,467
Total intangible assets	1,793	1,467
Investments and other assets		
Security deposits	10,000	10,000
Investment securities	100,959	102,492
Long-term prepaid expenses	232,233	319,539
Derivative receivables	313,644	439,167
Deferred tax assets	14	13
Total investments and other assets	656,852	871,212
Total non-current assets	80,921,860	81,953,629
Deferred assets		
Investment unit issuance costs	5,742	-
Investment corporation bond issuance costs	11,448	10,407
Total deferred assets	17,191	10,407
Total assets	83,456,898	84,606,349

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(Unit: thousands of yen)

	Previous fiscal period (As of Jul. 31, 2024)	Current fiscal period (As of Jan. 31, 2025)
Liabilities		
Current liabilities		
Operating accounts payable	32,458	61,810
Short-term loans payable	-	1,170,000
Current portion of long-term loans payable	5,550,000	6,400,000
Accounts payable - other	177,562	100,218
Accrued expenses	272,589	281,497
Income taxes payable	911	865
Consumption taxes payable	5,649	22,071
Advances received	414,295	417,555
Deposits received	162	660
Total current liabilities	6,453,629	8,454,680
Non-current liabilities		
Investment corporation bonds	2,000,000	2,000,000
Long-term loans payable	34,100,000	33,250,000
Tenant leasehold and security deposits	1,958,082	1,958,082
Tenant leasehold and security deposits in trust	194,616	194,616
Deferred tax liabilities	100,598	146,569
Total non-current liabilities	38,353,297	37,549,268
Total liabilities	44,806,927	46,003,949
Net assets		
Unitholders' equity		
Unitholders' capital	38,323,799	38,323,799
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	(1,901)	-
Other deduction from unitholders' capital	(947,953)	(1,065,510)
Total deduction from unitholders' capital	(949,855)	(1,065,510)
Unitholders' capital, net	37,373,944	37,258,289
Surplus		
Unappropriated retained earnings (undisposed loss)	1,056,858	1,024,789
Total surplus	1,056,858	1,024,789
Total unitholders' equity	38,430,802	38,283,078
Valuation and translation adjustments		
Deferred gains or losses on hedges	219,168	319,321
Total valuation and translation adjustments	219,168	319,321
Total net assets	38,649,971	38,602,400
Total liabilities and net assets	83,456,898	84,606,349

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(2) Statement of Income

(Unit: thousands of yen)

	Previous fiscal period From: Feb. 1, 2024 To: Jul. 31, 2024	Current fiscal period From: Aug. 1, 2024 To: Jan. 31, 2025
Operating revenue		
Leasing business revenues	2,503,802	2,510,614
Other revenue related to leasing business	10,692	10,650
Gain on investments in anonymous partnerships	-	1,532
Total operating revenue	2,514,494	2,522,797
Operating expenses		
Expenses related to leasing business	859,626	877,278
Asset management fee	233,603	241,148
Asset custody fee	2,891	2,918
Administrative service fees	17,915	19,478
Directors' compensation	5,400	5,400
Property tax	34,487	36,164
Other operating expenses	61,953	66,769
Total operating expenses	1,215,878	1,249,158
Operating income	1,298,616	1,273,638
Non-operating income		
Interest income	21	264
Insurance income	-	1,766
Interest on tax refund	-	1
Reversal of distributions payable	456	307
Other	-	36
Total non-operating income	478	2,377
Non-operating expenses		
Interest expenses	165,128	170,939
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	63,632	64,990
Total non-operating expenses	243,343	250,514
Ordinary income	1,055,751	1,025,501
Income before income taxes	1,055,751	1,025,501
Income taxes - current	912	895
Income taxes - deferred	(0)	0
Total income taxes	912	895
Net income	1,054,839	1,024,605
Retained earnings brought forward	2,019	183
Unappropriated retained earnings (undisposed loss)	1,056,858	1,024,789

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(3) Statement of Unitholders' Equity

Previous 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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Current fiscal period (from August 1, 2024, to January 31, 2025)

(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	(1,901)	(947,953)	(949,855)	37,373,944
Changes of items during period					
Dividends of surplus					
Reversal of allowance for temporary difference adjustments		1,901		1,901	1,901
Distributions in excess of earnings from other distributions			(117,556)	(117,556)	(117,556)
Net income					
Changes of items other than unitholders' equity during period, net					
Total changes of items during the period	-	1,901	(117,556)	(115,654)	(115,654)
Balance at end of current period	38,323,799	-	(1,065,510)	(1,065,510)	37,258,289

(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	1,056,858	1,056,858	38,430,802	219,168	219,168	38,649,971
Changes of items during period						
Dividends of surplus	(1,054,773)	(1,054,773)	(1,054,773)			(1,054,773)
Reversal of allowance for temporary difference adjustments	(1,901)	(1,901)	-			-
Distributions in excess of earnings from other distributions			(117,556)			(117,556)
Net income	1,024,605	1,024,605	1,024,605			1,024,605
Changes of items other than unitholders' equity during period, net				100,153	100,153	100,153
Total changes of items during the period	(32,069)	(32,069)	(147,724)	100,153	100,153	(47,570)
Balance at end of current period	1,024,789	1,024,789	38,283,078	319,321	319,321	38,602,400

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(4) Statement of Cash Distributions

(Unit: yen)

Type	Previous fiscal period From: Feb. 1, 2024 To: Jul. 31, 2024	Current fiscal period From: Aug. 1, 2024 To: Jan. 31, 2025
I. Unappropriated retained earnings	1,056,858,344	1,024,789,186
II. Distribution in excess of earnings	117,556,500	119,713,500
Other deduction from unitholders' capital	117,556,500	119,713,500
III. Incorporation into unitholders' capital	1,901,571	-
Reversal of allowance for temporary difference adjustments	1,901,571	-
IV. Distributions	1,172,329,500	1,144,288,500
[Distributions per unit]	[3,261]	[3,183]
Distributions of earnings	1,054,773,000	1,024,575,000
[Distributions of earnings per unit]	[2,934]	[2,850]
Distributions in excess of earnings from other distributions	117,556,500	119,713,500
[Distributions in excess of earnings per unit (Distributions in excess of earnings from other distributions)]	[327]	[333]
V. Retained earnings carried forward	183,773	214,186

(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: Feb. 1, 2024 To: Jul. 31, 2024	Current fiscal period From: Aug. 1, 2024 To: Jan. 31, 2025
Cash flows from operating activities		
Income before income taxes	1,055,751	1,025,501
Depreciation	589,169	599,549
Amortization of investment corporation bond issuance costs	1,040	1,040
Borrowing expenses	63,632	64,990
Amortization of investment unit issuance costs	5,742	5,742
Interest income	(21)	(264)
Interest on tax refund	-	(1)
Interest expenses	172,928	178,739
Decrease (increase) in operating accounts receivable	1,667	1,667
Decrease (increase) in consumption taxes receivable	(1,074)	1,074
Decrease (increase) in prepaid expenses	5,166	(6,731)
Increase (decrease) in operating accounts payable	(31,316)	29,352
Increase (decrease) in accounts payable - other	2,594	6,455
Increase (decrease) in consumption taxes payable	(3,319)	16,421
Increase (decrease) in accrued expenses	(801)	8,489
Increase (decrease) in advances received	14,279	3,260
Decrease (increase) in long-term prepaid expenses	3,517	(74,278)
Increase (decrease) in deposits received	-	498
Increase (decrease) in investment securities	-	(1,532)
Other, net	(395)	1,172
Subtotal	1,878,561	1,861,149
Interest income received	21	264
Interest on tax refund received	-	1
Interest expenses paid	(172,816)	(178,321)
Income taxes paid	(899)	(941)
Net cash provided by (used in) operating activities	1,704,867	1,682,153
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(2,728,184)	(1,502,300)
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	(2,780,747)	(1,502,300)
Cash flows from financing activities		
Payments into restricted deposits in trust	(27,000)	-
Proceeds from short-term loans payable	-	1,170,000
Repayments of short-term loans payable	(2,000,000)	-
Proceeds from long-term loans payable	4,500,000	5,550,000
Repayments of long-term loans payable	-	(5,550,000)
Borrowing expenses	(73,557)	(89,211)
Dividends paid	(1,162,568)	(1,172,201)
Net cash provided by (used in) financing activities	1,236,873	(91,412)
Net increase (decrease) in cash and cash equivalents	160,993	88,440
Cash and cash equivalents at beginning of period	1,974,536	2,135,529
Cash and cash equivalents at end of period	2,135,529	2,223,970

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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 January 31, 2025)		
				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)	50,732	60.0	
			Core Cities (Note 4)	8,655	10.2	
			Other Areas (Note 5)	1,647	1.9	
		Serviced housing for the elderly	Three Major Metropolitan Areas (Note 3)	2,840	3.4	
			Core Cities (Note 4)	2,414	2.9	
			Other Areas (Note 5)	-	-	
		Group homes for the elderly with dementia			-	-
		Other facilities for the elderly			-	-
		Subtotal			66,290	78.4
		Medical service-related facilities			Three Major Metropolitan Areas (Note 3)	-
	Core Cities (Note 4)				2,065	2.4
	Other Areas (Note 5)				-	-
	Subtotal				2,065	2.4
	Multi-use facilities	Complex of paid nursing homes, medical service- related facilities	Three Major Metropolitan Areas (Note 3)	12,725	15.0	
			Core Cities (Note 4)	-	-	
			Other Areas (Note 5)	-	-	
			Subtotal	12,725	15.0	
	Other			-	-	
	Total			81,080	95.8	
	Investment securities (Note 6)				102	0.1
Deposits and other assets				3,422	4.0	
Total assets				84,606	100.0	
Total liabilities				46,003	54.4	
Total net assets				38,602	45.6	

(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 January 31, 2025, 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	102,492	102,492	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 January 31, 2025, 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, 2025, 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	792	997
		Bonsejour Hino	724	0.9	690	834
		Bonsejour Musashi-shinjo	582	0.7	556	643
		Medical Rehabilitation Home Bonsejour Hadanoshibusawa	728	0.9	659	851
		ASHEIM Higarigaoka	1,385	1.7	1,371	1,580
		ASHEIM Bunkyoakusan	1,430	1.7	1,359	1,810
		SOMPO CARE La vie Re Machidaonaji	3,580	4.3	3,256	4,280
		SOMPO CARE La vie Re Azamino	3,050	3.7	2,853	3,430
		GOOD TIME HOME Fudo-mae	1,740	2.1	1,805	1,990
		Rehabilitation Home Bonsejour Yotsugi	824	1.0	796	905
		Granda Tsuruma-Yamato	1,000	1.2	1,014	1,020
		Smiling Home Medice Adachi	2,253	2.7	2,239	2,610
		Hanakotoba Minami	1,071	1.3	1,067	1,210
		Hanakotoba Miura	615	0.7	630	669
		SOMPO CARE La vie Re Hama-Kawasaki	1,710	2.1	1,681	1,830
		Hanakotoba Shin-Yokohama	2,071	2.5	2,063	2,600
		Hanakotoba Shin-Yokohama II	375	0.5	388	437
		Hanakotoba Odawara	880	1.1	929	952
		Sunny Life Kita-Shinagawa	1,825	2.2	1,817	2,090
		Sunny Life Kamakura	1,418	1.7	1,431	1,650
		Nichii Home Nishikokubunji	720	0.9	765	793
		Royal Kawaguchi	1,260	1.5	1,336	1,360
		Heartland Kawaguchi Meiseien	2,000	2.4	2,055	2,280
Rehabilitation Home Granda Minamiurawa	1,022	1.2	1,058	1,110		
Madoka Minamiurawa	822	1.0	846	882		
Nichii Maison Inage	1,508	1.8	1,559	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
		TSUKUI SUNSHINE YOKOHAMA TOTSUKA	1,150	1.4	1,220	1,190
		Subtotal	37,067	44.8	36,793	42,186
	Kinki Area	AQUAMARINE Nishinomiyahama	1,950	2.4	1,813	2,140
		SOMPO CARE Sompno no ie S Awajiekimae	1,930	2.3	1,738	2,390
		SOMPO CARE Sompno no ie S Kobekamisawa	1,200	1.4	1,101	1,450
		Medical Home Bonsejour Itami	514	0.6	471	557
		Kobe Gakuentoshi Building	4,320	5.2	3,950	4,800
		GreenLife Moriguchi	4,150	5.0	4,067	4,850
		Hapine Kobe Uozaki Nibankan	930	1.1	886	1,050
		SHIP Senri Building	12,920	15.6	12,725	14,600
		SOMPO CARE La vie Re Kobeikawadani	1,288	1.6	1,356	1,300
		SOMPO CARE Sompno no ie Sayama	600	0.7	646	647
		PD House Higashi-Osaka	693	0.8	745	743
		Subtotal	30,495	36.8	29,504	34,527
		Core Cities	SAWAYAKA Tachibanakan	1,520	1.8	1,233
	SAWAYAKA Mekarikan		1,380	1.7	1,130	1,470
	AIKOEN ICHIBANKAN Building		770	0.9	743	823
	Verde Minowa		1,620	2.0	1,604	1,770
	Niigata Rehabilitation Hospital		2,060	2.5	2,065	2,280
	NOAH GARDEN LEGEND		859	1.0	879	930
	NOAH GARDEN L Grace		622	0.8	637	670
	NOAH GARDEN Season Bell		1,350	1.6	1,416	1,550
	NOAH GARDEN CASA RICH		1,619	2.0	1,645	1,750
	NOAH GARDEN Building A		384	0.5	401	401
	NOAH GARDEN Building B		280	0.3	293	292
	NOAH GARDEN Villa		300	0.4	314	313
	NOAH GARDEN Bloom View		736	0.9	768	769
	Subtotal	13,500	16.3	13,135	14,598	
	Other Areas	SAWAYAKA Tagawakan	390	0.5	347	354
		Verde Hotaka	1,328	1.6	1,299	1,600
		Subtotal	1,718	2.1	1,647	1,954
	Total (54 properties)			82,780	100.0	81,080

(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 January 31, 2025.

(Note 4) "Period-end appraisal value" indicates amounts stated in the appraisal report with appraisal date of January 31, 2025, 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.