

Healthcare & Medical Investment  
Corporation

Independent Auditor's Report

January 31, 2024

## **Independent Auditor's Report**

To the Board of Directors of Healthcare & Medical Investment Corporation

### **The Audit of The Financial Statement**

#### **Opinion**

We have audited the financial statements of Healthcare & Medical Investment Corporation (the Company), which comprise the balance sheet as at January 31, 2024, and the statement of income, statement of unitholders' equity, statement of cash distributions and statement of cash flows for the six months period then ended, and notes to financial statements and supplementary schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2024, and its financial performance and its cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

The other information comprises the information included in the semi-annual report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information. In addition, those charged with governance are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

### **Fee-Related Information**

In connection with our audit of the financial statements for the six months period ended January 31, 2024, the amounts of fees for the audit and the other services charged to the Company by PricewaterhouseCoopers Japan LLC and other PwC Network firms are described in “3. Matters Concerning Directors” included in “Overview of HCM”.

### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hideo Ohta  
Designated Engagement Partner  
Certified Public Accountant

Shotaro Nara  
Designated Engagement Partner  
Certified Public Accountant

April 25, 2024

# 18th Fiscal Period Semi-Annual Report

from August 1, 2023 to January 31, 2024



Healthcare & Medical Investment Corporation

To Our Unitholders

We would like to express our sincere gratitude for your continued support.

We are pleased to report on the management status of Healthcare & Medical Investment Corporation (hereinafter, "HCM") for the 18th fiscal period (August 1, 2023, to January 31, 2024).

For the fiscal period under review, HCM recorded operating revenue of 2,438 million yen, operating income of 1,254 million yen, ordinary income of 1,050 million yen, and net income of 1,049 million yen. As a result, distributions per unit were 3,235 yen (including distributions in excess of earnings). For the 19th fiscal period, distributions per unit of 3,235 yen (including distributions in excess of earnings) are forecast.

As of the end of the 18th fiscal period, the portfolio consisted of 48 properties with an acquisition price base of 79.2 billion yen. The total appraisal value rose to 89.5 billion yen, and unrealized gains expanded to 11.5 billion yen. There were no rent reductions or payment deferrals, and the occupancy rate remained at 100%.

At the beginning of the 19th fiscal period, HCM acquired five elderly care facilities in Hokkaido and Osaka for 2.39 billion yen. The average appraisal NOI yield was 5.5%, the same level as the existing portfolio, expanding the portfolio to 53 properties with a total acquisition price of 81.6 billion yen.

Ever since its listing, HCM has aimed to realize a society where all people can live vibrantly and with peace of mind through its continuous investment in and stable ownership of facilities and housing for the elderly and healthcare facilities such as medical service-related facilities, which are expected to see further growth in demand in line with the continued aging of society, over the long-term.

Although the environment surrounding HCM is undergoing significant changes, such as high real estate prices and rising interest rates, we will strive to maximize unitholder value by investing in quality healthcare facilities to ensure sustainable growth of managed assets and stable earnings.

In the next fiscal period onward, we will continue to work to maximize unitholder value through continuous growth of our portfolio and securement of stable income based on fixed-rent long-term lease contracts with excellent operators and by proactively leveraging the specialized capabilities and know-how in the areas of "nursing care and medical services," "fund management," and "finance" with the support of our main sponsors, SHIP HEALTHCARE HOLDINGS, INC., NEC Capital Solutions Limited, and Sumitomo Mitsui Banking Corporation. We appreciate your continued support and patronage.

**Yuji Fujise**

Executive Director

Healthcare & Medical Investment Corporation

**Seiji Yoshioka**

President & CEO

Healthcare Asset Management Co., Ltd.

## Overview of Asset Management

### 1. Investment Performance of HCM Operation Results and Financial Positions

By fiscal period		14th fiscal period	15th fiscal period	16th fiscal period	17th fiscal period	18th fiscal period
		From: Aug. 1 2021 To: Jan. 31 2022	From: Feb. 1 2022 To: Jul. 31 2022	From: Aug. 1 2022 To: Jan. 31 2023	From: Feb. 1 2023 To: Jul. 31 2023	From: Aug. 1 2023 To: Jan. 31 2024
Operating revenue	(millions of yen)	2,080	2,371	2,632	2,438	2,438
[Operating revenue from real estate leasing business]	(millions of yen)	2,080	2,371	2,427	2,438	2,438
Operating expenses	(millions of yen)	1,007	1,105	1,178	1,170	1,184
[Operating expenses from real estate leasing business]	(millions of yen)	701	784	801	820	832
Operating income	(millions of yen)	1,072	1,265	1,453	1,268	1,254
Ordinary income	(millions of yen)	913	1,101	1,279	1,068	1,050
Net income	(millions of yen)	913	1,100	1,278	1,068	1,049
Total assets	(millions of yen)	68,778	80,357	81,243	80,789	80,714
[Comparison with the previous fiscal period]	(%)	(0.2)	16.8	1.1	(0.6)	(0.1)
Net assets	(millions of yen)	32,867	38,800	38,968	38,617	38,536
[Comparison with the previous fiscal period]	(%)	(0.3)	18.1	0.4	(0.9)	(0.2)
Interest-bearing debts	(millions of yen)	33,150	38,650	39,150	39,150	39,150
Unitholders' capital, net <sup>(Note 3)</sup>	(millions of yen)	31,964	37,711	37,601	37,601	37,489
Total number of investment units issued and outstanding	(units)	311,001	359,500	359,500	359,500	359,500
Net asset value (NAV) per unit	(yen)	105,681	107,930	108,395	107,421	107,196
Total distributions	(millions of yen)	1,008	1,210	1,278	1,179	1,162
Distributions per unit	(yen)	3,244	3,367	3,557	3,282	3,235
[Distributions of earnings per unit]	(yen)	2,936	3,059	3,557	2,828	2,919
[Allowance for temporary difference adjustments per unit]	(yen)	-	1	-	143	-
[Distributions in excess of earnings per unit from other distributions]	(yen)	308	307	-	311	316
Ratio of ordinary income to total assets <sup>(Note 4)</sup>	(%)	1.3	1.5	1.6	1.3	1.3
[Annualized]	(%)	2.6	3.0	3.1	2.7	2.6
Return on equity <sup>(Note 4)</sup>	(%)	2.8	3.1	3.3	2.8	2.7
[Annualized]	(%)	5.5	6.2	6.5	5.6	5.4
Equity ratio at end of period <sup>(Note 4)</sup>	(%)	47.8	48.3	48.0	47.8	47.7
[Changes from the previous fiscal period]		(0.1)	0.5	(0.3)	(0.2)	(0.1)
Dividend payout ratio <sup>(Note 4)</sup>	(%)	100.0	100.0	100.0	95.2	100.0
Other Reference Information						
Number of operation days	(days)	184	181	184	181	184
Number of investment properties at end of period	(properties)	37	47	48	48	48
Depreciation	(millions of yen)	479	552	563	560	566
Capital expenditures <sup>(Note 5)</sup>	(millions of yen)	128	111	152	196	187
NOI (Net operating income) <sup>(Note 4)</sup>	(millions of yen)	1,858	2,138	2,189	2,178	2,172
FFO (Funds from operation) <sup>(Note 4)</sup>	(millions of yen)	1,392	1,652	1,637	1,628	1,615
FFO per unit <sup>(Note 4)</sup>	(yen)	4,478	4,596	4,555	4,529	4,494
LTV (Loan to value) <sup>(Note 4)</sup>	(%)	48.2	48.1	48.2	48.5	48.5

(Note 1) HCM's operating period is six months per fiscal period, from February 1 to July 31 and from August 1 to January 31 of the following year.

(Note 2) Unless otherwise stated, all amounts are rounded down to the nearest unit, and all percentages are rounded to the first decimal place.

(Note 3) 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 distributions in excess of earnings of allowance for temporary difference adjustments.

(Note 4) The following formulas are used in the calculation of their respective target values.

Ratio of ordinary income to total assets	$\text{Ordinary income} / ((\text{Total assets at beginning of period} + \text{Total assets at end of period}) / 2) \times 100$
Return on equity	$\text{Net income} / ((\text{Net assets at beginning of period} + \text{Net assets at end of period}) / 2) \times 100$
Equity ratio at end of period	$\text{Net assets at end of period} / \text{Total assets at end of period} \times 100$
Dividend payout ratio	$\text{Dividend payout ratio} = \text{Distributions per unit (not including distributions in excess of earnings)} / \text{Net income per unit} \times 100$ Payout ratio for 15th fiscal period is calculated using the following formula since issuance of new investment units was executed. $\text{Dividend payout ratio} = \text{Total distributions (not including distributions in excess of earnings)} / \text{Net income} \times 100$
NOI (Net operating income)	$\text{Real estate leasing business revenue} - \text{Real estate leasing business expenses} + \text{Depreciation for investment and leasing properties}$
FFO (Funds from operation)	$\text{Net income} + \text{Depreciation} - \text{Gain or loss on sales of real estate}$
FFO per unit	$\text{FFO} / \text{Total number of investment units issued and outstanding}$
LTV (Loan to value)	$\text{Interest-bearing debts} / \text{Total assets at end of period} \times 100$

(Note 5) Capital expenditures for investment and leasing properties are shown.

## 2. State of Asset Management in the Period | \_\_\_\_\_

### (1) Brief History of HCM

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 2024 (August 1, 2023 to January 31, 2024) (hereinafter, the "18th fiscal period" or the "current fiscal period") stands at 359,500 units.

### (2) Investment Environment and Performance

#### a. Investment Environment

HCM was established as a result of the social challenge in which expansion and enhancement of nursing care services and medical services by healthcare facilities has become an urgent issue due to the increasing healthcare requirements of aging populations within developed nations that has been further magnified by a continuing nursing care shortage.

In addition, the "Housing Life Basic Plan (nationwide plan)," approved by the Cabinet on March 19, 2021, sets the goal of "creating communities where diverse generations can support each other and where the elderly can live in good health and peace of mind," and states that the sufficiency ratio of housing for the elderly will increase from 2.5% in 2018 to 4% by 2030.

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 made no acquisition or disposition of assets.

As of the end of the current fiscal period, HCM owns 48 properties with a total leasable area of 217,545.72 m<sup>2</sup>, and the operational rate stands at 100%.

With regards to the Japanese economy, while the impact of the new coronavirus infection (COVID-19) has almost disappeared, the economy remained on a gradual recovery path as a result of further normalization of economic activities due to a pickup in personal consumption and other factors. On the other hand, we need to continue to monitor the downside risks to the economy due to the prolonged situation in Ukraine and the resulting price hikes, as well as the effects of the global monetary tightening.

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 "2 Star" rating in the GRESB Real Estate Assessment 2023 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.



### (3) 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 refinanced 7,250 million yen in loans that were due for repayment on January 31, 2024.

As a result, unitholders' capital (net) (Note) at the end of the current fiscal period stands at 37,489 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 distributions in excess of earnings of allowance for temporary difference adjustments.

As of the end of the current fiscal period, the ratio of LTV is 48.5%.

HCM's rating as of January 31, 2024 is as follows.

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

### (4) Overview of Business Performance and Distributions

As a result of the performance described above, for the current fiscal period, operating revenue stood at 2,438 million yen, operating income at 1,254 million yen, ordinary income at 1,050 million yen and net income at 1,049 million yen.

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 decided to distribute 1,049,380,500 yen, which is approximately the entire amount of unappropriated retained earnings after deducting the amount of reversal of allowance for temporary difference adjustments from the amount of unappropriated retained earnings for the current period, as distributions. Accordingly, distributions of earnings per unit were 2,919 yen.

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 make its 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.

During the current fiscal period, HCM decided to distribute 113,602,000 yen, an amount roughly equivalent to 20% of depreciation recorded in the current fiscal period, as distributions in excess of earnings. Accordingly, distributions in excess of earnings per unit (of distributions in excess of earnings from other distributions) came to 316 yen.

As a result, distributions per unit came to 3,235 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 distributions, sufficiently taking into consideration the amount of capital expenditures 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, Japan (hereinafter, "The Investment Trusts Association"), closed-end investment corporations are allowed to conduct their distributions in excess of earnings up to an amount equivalent to 60% of the depreciation recorded on the last day of the accounting period.

### 3. Status of Capital Increases

Changes in the total number of investment units issued and outstanding and unitholders' capital over the past five years are as follows.

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	Distributions in excess of earnings (refund of investment)	-	311,001	-	32,480	(62)	32,417	(Note 4)
October 18, 2019	Distributions in excess of earnings (refund of investment)	-	311,001	-	32,480	(87)	32,330	(Note 5)
April 21, 2020	Distributions in excess of earnings (refund of investment)	-	311,001	-	32,480	(88)	32,242	(Note 6)
October 21, 2020	Distributions in excess of earnings (refund of investment)	-	311,001	-	32,480	(89)	32,152	(Note 7)
April 21, 2021	Distributions in excess of earnings (refund of investment)	-	311,001	-	32,480	(93)	32,058	(Note 8)
October 21, 2021	Distributions 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)
October 20, 2023	Distributions in excess of earnings (refund of investment)	-	359,500	-	38,323	(111)	37,489	(Note 14)

(Note 1) 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 distributions in excess of earnings of allowance for temporary difference adjustments.

(Note 2) New investment units were issued through public offering with 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 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 distributions in excess of earnings (return of capital that falls under the category of distributions reducing unitholders' capital for tax purposes) at 326 yen per unit as cash distributions 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 distributions in excess of earnings (return of capital that falls under the category of distributions reducing unitholders' capital for tax purposes) at 280 yen per unit as cash distributions 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 distributions in excess of earnings (return of capital that falls under the category of distributions reducing unitholders' capital for tax purposes) at 285 yen per unit as cash distributions 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 distributions in excess of earnings (return of capital that falls under the category of distributions reducing unitholders' capital for tax purposes) at 289 yen per unit as cash distributions 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 distributions in excess of earnings (return of capital that falls under the category of distributions reducing unitholders' capital for tax purposes) at 300 yen per unit as cash distributions 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 distributions in excess of earnings (return of capital that falls under the category of distributions reducing unitholders' capital for tax purposes) at 304 yen per unit as cash distributions 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.

(Note 14) HCM resolved at the board of directors' meeting held on September 15, 2023, 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 311 yen per unit as cash distributions for the 17th fiscal period (fiscal period ended July 2023), and started the payout on October 20, 2023.

#### Investment units' price performance

The investment units' high and low closing prices on the TSE's J-REIT Market are tabulated below by fiscal period.

Fiscal period	14th fiscal period	15th fiscal period	16th fiscal period	17th fiscal period	18th fiscal period
	From August 1, 2021 To January 31, 2022	From February 1, 2022 To July 31, 2022	From August 1, 2022 To January 31, 2023	From February 1, 2023 To July 31, 2023	From August 1, 2023 To January 31, 2024
High	162,600 yen	176,400 yen	204,500 yen	173,100 yen	154,900 yen
Low	131,000 yen	134,700 yen	162,000 yen	153,200 yen	131,700 yen

#### 4. Distributions

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 decided to distribute 1,049,380,500 yen, which is approximately the entire amount of unappropriated retained earnings after deducting the amount of reversal of allowance for temporary difference adjustments from the amount of unappropriated retained earnings for the current period, as distributions. Accordingly, distributions of earnings per unit were 2,919 yen.

In addition, 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 make its 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.

During the current fiscal period, HCM decided to distribute 113,602,000 yen, an amount roughly equivalent to 20% of depreciation recorded in the current fiscal period, as distributions in excess of earnings. Accordingly, distributions in excess of earnings per unit (of distributions in excess of earnings from other distributions) came to 316 yen.

As a result, distributions per unit came to 3,235 yen.

Fiscal period		14th fiscal period	15th fiscal period	16th fiscal period	17th fiscal period	18th fiscal period
		From Aug. 1, 2021 To Jan. 31, 2022	From Feb. 1, 2022 To Jul. 31, 2022	From Aug. 1, 2022 To Jan. 31, 2023	From Feb. 1, 2023 To Jul. 31, 2023	From Aug. 1, 2023 To Jan. 31, 2024
Total unappropriated retained earnings	(thousands of yen)	929,041	1,111,161	1,289,825	1,068,158	1,100,906
Retained earnings carried forward	(thousands of yen)	11,027	11,451	138	51,492	2,019
Total distributions	(thousands of yen)	1,008,887	1,210,436	1,278,741	1,179,879	1,162,982
[Distributions per unit]	(yen)	[3,244]	[3,367]	[3,557]	[3,282]	[3,235]
Total distributions of earnings	(thousands of yen)	913,098	1,099,710	1,278,741	1,016,666	1,049,380
[Distributions of earnings per unit]	(yen)	[2,936]	[3,059]	[3,557]	[2,828]	[2,919]
Distributions in excess of earnings	(thousands of yen)	95,788	110,726	-	163,213	113,602
[Distributions in excess of earnings per unit]	(yen)	[308]	[308]	[-]	[454]	[316]
Distributions in excess of earnings from allowance for temporary difference adjustments	(thousands of yen)	-	359	-	51,408	-
[Distributions in excess of earnings from allowance for temporary difference adjustments per unit]	(yen)	[-]	[1]	[-]	[143]	[-]
Distributions in excess of earnings from distributions under tax law resulting in a redemption of unitholders' capital	(thousands of yen)	95,788	110,366	-	111,804	113,602
[Distributions in excess of earnings from distributions under tax law resulting in a redemption of unitholders' capital per unit]	(yen)	[308]	[307]	[-]	[311]	[316]

(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 the said distributions, sufficiently taking into consideration the amount of capital expenditures 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 their 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. Future Management Policy

### (1) 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.

As nursing care in the same household is forecast to be more difficult than ever before due to extreme aging and change to family structures, new development and expansion of healthcare facilities are 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 indicating 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.

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 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 services 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 healthcare 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 8,100. However, some of them 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, a country known for earthquakes, was only 79.5% in 2022, of which the rate of earthquake resistance of base hospitals for disaster relief and emergency medical centers was 95.4% (Note 2). 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 3) 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 4). 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 services” and “health,” which HCM sets as acquisition targets, is believed to further expand in the future.

(Note 1) In the section about the 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) Quoted from the "Results of the Survey on Seismic Retrofit of Hospitals" (released on October 10, 2023) by the Ministry of Health, Labour and Welfare. 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 3) "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 4) Figures are based on preliminary calculations by KPMG Healthcare Japan Co., Ltd.

## (2) Future Management Policy and Challenges to Address

With recognition of the above investment environment, HCM aims to realize a society where all people can live vibrantly and with peace of mind, and to increase unitholder value through securing stable income and steady growth of the portfolio.

## 6. Significant Subsequent Events

Not Applicable

(Reference Information)

### a. Acquisition of assets

On February 1, 2024, HCM acquired the trust beneficiary interests in the following 5 real estate properties (hereinafter, "Assets acquired in the 19th Fiscal Period").

Property number	Property name	Location	Acquisition price (Note) (millions of yen)
Paid nursing home-45	NOAH GARDEN Building A	Sapporo-shi, Hokkaido	384
Paid nursing home-46	NOAH GARDEN Building B	Sapporo-shi, Hokkaido	280
Paid nursing home-47	NOAH GARDEN Villa	Sapporo-shi, Hokkaido	300
Serviced housing for the elderly-4	NOAH GARDEN Bloom View	Sapporo-shi, Hokkaido	736
Paid nursing home-48	PD house-Higashiosaka	Higashiosaka-shi, Osaka	693
Total	—	—	2,393

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

### b. Borrowings

HCM executed borrowings to allocate to a portion of the acquisition and its related expenses for the Assets acquired in the 19th Fiscal Period.

Type	Lender	Borrowing amount	Interest rate (Note 1)	Drawdown date	Borrowing method	Repayment date	Repayment method	Remarks
Long term	A syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation	2,500 million yen	1.1643% (Note 2)	February 1, 2024	Borrowings based on the individual term loan agreement as of January 29, 2024, with the company on the left as a lender	July 31, 2029	Lump-sum repayment on maturity	Unsecured and unguaranteed

(Note 1) Loan fees and other fees paid to lenders are not included.

(Note 2) Interest rate swap agreements have been concluded and the indicated interest rates are those substantively fixed by the agreements.

### c. Refinancing

HCM decided on March 19, 2024 to borrow the following funds to fund the repayment of 2,000 million yen in existing loans maturing on March 30, 2024.

Type	Lender	Borrowing amount	Interest rate (Note 2)	Drawdown date	Borrowing method	Repayment date	Repayment method	Remarks
Long term	A syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation	2,000 million yen	Base interest rate (JBA 3-month Japanese yen TIBOR) + 0.485%	March 29, 2024	Borrowings based on the individual term loan agreement as of March 27, 2024, with the company on the left as a lender	July 31, 2029	Lump-sum repayment on maturity	Unsecured and unguaranteed

(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) Loan fees and other fees paid to lenders are not included.

d. Acquisition of Investment Equity in a Silent Partnership

HCM entered into an agreement (silent partnership agreement) on March 19, 2024 for the acquisition of one of the following assets (equity interest in silent partnership).

Property name	Underlying assets	Location	Investment price (Percentage of equity interest)	Acquisition date	Acquiring entity
TK Equity Interest of HC Syukugawa GK	PLAISANT GRAND Syukugawa	Nishinomiya-shi, Hyogo	98 million yen (10.0%)	March 21, 2024	HC Syukugawa GK



## Overview of HCM

### 1. Status of Capitalization

Fiscal period	14th fiscal period	15th fiscal period	16th fiscal period	17th fiscal period	18th fiscal period
	(as of Jan. 31, 2022)	(as of Jul. 31, 2022)	(as of Jan. 31, 2023)	(as of Jul. 31, 2023)	(as of Jan. 31, 2024)
Total number of investment units authorized (units)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total number of investment units issued and outstanding (units)	311,001	359,500	359,500	359,500	359,500
Unitholders' capital, net (Note) (millions of yen)	31,964	37,711	37,601	37,601	37,489
Number of unitholders (persons)	15,490	15,308	14,986	15,878	16,652

(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 distributions in excess of earnings of allowance for temporary difference adjustments.

### 2. Matters Concerning Investment Units

Top 10 unitholders ranked by percentage of outstanding investment units owned at January 31, 2024, are listed below.

Name	No. of investment units held (units)	Percentage of outstanding units owned (%)
Custody Bank of Japan, Ltd. (Trust Account)	90,696	25.23
The Master Trust Bank of Japan, Ltd. (Trust Account)	42,467	11.81
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	15,745	4.38
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	15,587	4.34
SSBTC CLIENT OMNIBUS ACCOUNT	4,336	1.21
JP MORGAN CHASE BANK 385771	4,068	1.13
Morgan Stanley MUFG Securities Co., Ltd.	4,044	1.12
JP MORGAN CHASE BANK 385781	4,003	1.11
NEC Capital Solutions Limited	4,000	1.11
SHIP HEALTHCARE HOLDINGS, INC.	4,000	1.11
Sumitomo Mitsui Banking Corporation	4,000	1.11
Total	192,946	53.67

### 3. Matters Concerning Directors

#### (1) Executive Director, Supervisory Directors and Accounting Auditor in the Current Fiscal Period

Position	Name	Key concurrent holding of positions	Total amount of compensation for each position during period (thousands of yen)
Executive Director (Note 1) (Note 2)	Yuji Fujise	Shimada Hamba & Osajima Lawyer	2,400
Supervisory Director (Note 1) (Note 2)	Sachihiko Fujimoto	Hayabusa Asuka Law Offices Counsel	3,000
	Kaori Sato	Torikai Law Office Partner	
Accounting Auditor (Note 3)	PricewaterhouseCoopers Japan LLC (Note 4)	-	11,000

(Note 1) The amount paid in the current period.

(Note 2) None of the executive director or supervisory directors own HCM's investment units in their own name or in the name of another. In addition, supervisory directors may be directors of other corporations other than those stated above, but none of them, including those above, have a vested interest in the HCM or the Asset Management Company.

(Note 3) For the "Accounting Auditor," the remuneration for the audit for the current period is 11,000 thousand yen. Non-audit fees to those belonging to the same network as the accounting auditor amount to 4,720 thousand yen.

(Note 4) PricewaterhouseCoopers Aarata LLC, for which the Fund had received an audit certification, merged with PricewaterhouseCoopers Kyoto and changed its name to PricewaterhouseCoopers Japan LLC as of December 1, 2023. The same applies hereafter in this document.

#### (2) Policy on Dismissal and Non-reappointment of Accounting Auditor

The accounting auditor shall be dismissed when any of the items of Article 105, Paragraph 1 of the Investment Trusts Act is deemed to apply, and non-reappointment shall be reviewed by HCM's Board of Directors, with comprehensive consideration to the quality of audits, the amount of audit fees, and various other circumstances.

#### 4. Matters Related to Directors Liability Insurance Agreements

HCM has concluded directors liability insurance agreements, as follows.

Scope of Insured Parties	Overview of Directors Liability Insurance Agreement Content
All executive and supervisory directors	<p>(Summary of covered incidents) HCM has concluded a directors liability insurance agreement with an insurance company as stipulated in Article 116-3, Paragraph 1 of the Investment Trusts Act. This agreement covers damages that may arise from an insured person being held liable for the performance of their duties or being subject to claims related to such liability.</p> <p>(Percentage of premiums paid) Premiums are fully borne by HCM for all insured parties.</p> <p>(Measures to ensure that the appropriateness of the execution of director duties is not impaired) Exemptions are stipulated in the agreement, such as for non-coverage of damages caused by willful misconduct or gross negligence.</p>

#### 5. Asset Management Company, Asset Custodian and General Administrators

The asset management company, asset custodian and general administrators as of January 31, 2024, are as follows:

Entrustment category	Name
Asset management company	Healthcare Asset Management Co., Ltd.
Asset custodian	Sumitomo Mitsui Trust Bank, Limited
General administrator (accounting matters, transfer agent for investment units, administration of investment corporation bonds)	Sumitomo Mitsui Trust Bank, Limited
General administrator (running of the organization)	Healthcare Asset Management Co., Ltd.

## ► Status of Investment Assets of HCM

### 1. Composition of Assets of HCM

Asset type	Asset use		Area	17th fiscal period		18th fiscal period		
				(as of Jul. 31, 2023)		(as of Jan. 31, 2024)		
				Total amount owned (millions of yen) (Note 1)	As a percentage of total assets (%) (Note 2)	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)	49,370	61.1	49,160	60.9	
			Core Cities (Note 4)	7,871	9.7	7,803	9.7	
			Other Areas (Note 5)	1,705	2.1	1,686	2.1	
		Serviced housing for the elderly	Three Major Metropolitan Areas (Note 3)	2,925	3.6	2,892	3.6	
			Core Cities (Note 4)	1,687	2.1	1,673	2.1	
			Other Areas (Note 5)	-	-	-	-	
		Group homes for the elderly with dementia		-	-	-	-	
		Other facilities for the elderly		-	-	-	-	
		Subtotal		63,560	78.7	63,215	78.3	
		Medical service-related facilities		Three Major Metropolitan Areas (Note 3)	-	-	-	-
				Core Cities (Note 4)	2,101	2.6	2,084	2.6
				Other Areas (Note 5)	-	-	-	-
	Subtotal			2,101	2.6	2,084	2.6	
	Multi-use facilities	Complex of paid nursing homes, medical service-related facilities	Three Major Metropolitan Areas (Note 3)	12,763	15.8	12,741	15.8	
			Core Cities (Note 4)	-	-	-	-	
			Other Areas (Note 5)	-	-	-	-	
			Subtotal	12,763	15.8	12,741	15.8	
	Other		-	-	-	-		
	Total		78,424	97.1	78,041	96.7		
	Deposits and other assets				2,364	2.9	2,673	3.3
	Total assets				80,789	100.0	80,714	100.0

(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 Major Metropolitan Areas. Regional core cities refer 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.

## 2. Major Assets Held

The following is an overview of the major portfolio assets (top ten properties in terms of book value) held by HCM as of January 31, 2024.

Name of real estate	Carrying amount (millions of yen)	Leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Occupancy rate (%) (Note 3)	As a percentage of total operating revenue from real estate leasing business (%) (Note 4)	Primary use
SHIP Senri Building	12,741	24,813.85	24,813.85	100.0	Not disclosed	Paid nursing home · Medical service-related facilities
GreenLife Moriguchi	4,120	8,356.85	8,356.85	100.0	Not disclosed	Paid nursing home
Kobe Gakuentoshi Building	4,019	12,636.48	12,636.48	100.0	Not disclosed	Paid nursing home
SOMPO CARE La vie Re Machidaonaji	3,281	7,720.17	7,720.17	100.0	Not disclosed	Paid nursing home
SOMPO CARE La vie Re Azamino	2,897	5,789.25	5,789.25	100.0	Not disclosed	Paid nursing home
Smiling Home Medice Adachi	2,261	3,870.98	3,870.98	100.0	Not disclosed	Paid nursing home
Niigata Rehabilitation Hospital	2,084	13,476.55	13,476.55	100.0	Not disclosed	Medical service-related facilities
Hanakotoba Shin-Yokohama	2,079	5,230.23	5,230.23	100.0	Not disclosed	Paid nursing home
Heartland Kawaguchi Meiseien	2,065	3,885.90	3,885.90	100.0	Not disclosed	Paid nursing home
AQUAMARINE Nishinomiyahama	1,848	5,274.54	5,274.54	100.0	Not disclosed	Paid nursing home
Total	37,399	91,054.80	91,054.80	100.0	47.1	-

(Note 1) "Leasable area" indicates figures based on the lease agreement of each building.

(Note 2) "Leased area" indicates the areas out of the leasable area for which actual lease agreements have been concluded and are leased.

(Note 3) "Occupancy rate" indicates the leased area as a percentage of the leasable area of each owned asset as of January 31, 2024, and is rounded to one decimal place.

(Note 4) "As a percentage of total operating revenue from real estate leasing business," for each property is not disclosed as consent for disclosure of real estate leasing business revenue has not been obtained from tenants. The total value is rounded to the first decimal place.

### 3. Details of Real Estate and Other Assets

The following is an overview of the assets held by HCM as of January 31, 2024.

Name of real estate	Location	Type of ownership	Total leasable area (m <sup>2</sup> )	Carrying amount (millions of yen) (Note 1)	Period-end appraisal value (millions of yen) (Note 2)
AQUAMARINE Nishinomiya-hama	Nishinomiya-shi, Hyogo	Trust beneficiary interests in real estate	5,274.54	1,848	2,140
Bonjour Chitosefunabashi	Setagaya-ku, Tokyo	Trust beneficiary interests in real estate	2,342.17	798	997
Bonjour Hino	Hino-shi, Tokyo	Trust beneficiary interests in real estate	1,984.17	697	834
Bonjour Musashi-shinjo	Kawasaki-shi, Kanagawa	Trust beneficiary interests in real estate	1,710.43	561	643
Medical Rehabilitation Home Bonjour Hadanoshibusawa	Hadano-shi, Kanagawa	Trust beneficiary interests in real estate	3,435.79	671	850
ASHEIM Hikarigaoka	Nerima-ku, Tokyo	Trust beneficiary interests in real estate	3,628.60	1,387	1,590
ASHEIM Bunkyo-hakusan	Bunkyo-ku, Tokyo	Trust beneficiary interests in real estate	2,507.25	1,377	1,790
SOMPO CARE La vie Re Machidaonaji	Machida-shi, Tokyo	Trust beneficiary interests in real estate	7,720.17	3,281	4,230
SOMPO CARE La vie Re Azamino	Yokohama-shi, Kanagawa	Trust beneficiary interests in real estate	5,789.25	2,897	3,560
SAWAYAKA Tachibanakan	Fukuoka-shi, Fukuoka	Trust beneficiary interests in real estate	5,652.94	1,269	1,630
SAWAYAKA Mekarikan	Kitakyushu-shi, Fukuoka	Trust beneficiary interests in real estate	4,720.46	1,164	1,480
SAWAYAKA Tagawakan	Tagawa-shi, Fukuoka	Trust beneficiary interests in real estate	2,366.20	356	405
GOOD TIME HOME Fudo-mae	Shinagawa-ku, Tokyo	Trust beneficiary interests in real estate	3,400.20	1,815	2,100
Rehabilitation Home Bonjour Yotsugi (Note 3)	Katsushika-ku, Tokyo	Trust beneficiary interests in real estate	1,962.89	803	905
Medical Home Bonjour Itami	Itami-shi, Hyogo	Trust beneficiary interests in real estate	2,129.87	479	557
Kobe Gakuentoshi Building	Kobe-shi, Hyogo	Trust beneficiary interests in real estate	12,636.48	4,019	4,800
GreenLife Moriguchi	Moriguchi-shi, Osaka	Trust beneficiary interests in real estate	8,356.85	4,120	4,850
Hapine Kobe Uozaki Nibankan	Kobe-shi, Hyogo	Trust beneficiary interests in real estate	1,772.89	898	1,050
Granda Tsuruma-Yamato	Yamato-shi, Kanagawa	Trust beneficiary interests in real estate	3,427.08	1,023	1,030

Name of real estate	Location	Type of ownership	Total leasable area (m <sup>2</sup> )	Carrying amount (millions of yen) (Note 1)	Period-end appraisal value (millions of yen) (Note 2)
Smiling Home Medice Adachi	Adachi-ku, Tokyo	Trust beneficiary interests in real estate	3,870.98	2,261	2,490
AIKOEN ICHIBANKAN Building	Niigata-shi, Niigata	Trust beneficiary interests in real estate	4,311.20	751	824
Hanakotoba Minami	Yokohama-shi, Kanagawa	Trust beneficiary interests in real estate	1,710.68	1,075	1,210
Hanakotoba Miura	Miura-shi, Kanagawa	Trust beneficiary interests in real estate	1,959.64	639	670
SOMPO CARE Lavie Re Hama-Kawasaki	Kawasaki-shi, Kanagawa	Trust beneficiary interests in real estate	4,060.21	1,699	1,850
Hanakotoba Shin-Yokohama	Yokohama-shi, Kanagawa	Trust beneficiary interests in real estate	5,230.23	2,079	2,520
Hanakotoba Shin-Yokohama II	Yokohama-shi, Kanagawa	Trust beneficiary interests in real estate	1,837.29	391	382
Hanakotoba Odawara	Odawara-shi, Kanagawa	Trust beneficiary interests in real estate	2,203.42	884	962
Verde Minowa	Takasaki-shi, Gunma	Trust beneficiary interests in real estate	11,098.17	1,635	1,770
Verde Hotaka	Kawaba-mura, Tone-gun, Gunma	Trust beneficiary interests in real estate	6,352.86	1,329	1,590
Sunny Life Kita-Shinagawa	Shinagawa-ku, Tokyo	Trust beneficiary interests in real estate	2,135.54	1,829	2,130
Sunny Life Kamakura	Kamakura-shi, Kanagawa	Trust beneficiary interests in real estate	3,817.91	1,448	1,650
Nichii Home Nishikokubunji	Kokubunji-shi, Tokyo	Trust beneficiary interests in real estate	1,559.99	764	793
SOMPO CARE Lavie Re Kobeikawadani	Kobe-shi, Hyogo	Trust beneficiary interests in real estate	3,824.54	1,340	1,300
SOMPO CARE Sompo no ie Sayama	Sakai-shi, Osaka	Trust beneficiary interests in real estate	1,997.87	651	646
Royal Kawaguchi	Kawaguchi-shi, Saitama	Trust beneficiary interests in real estate	3,484.02	1,318	1,360
NOAH GARDEN LEGEND	Sapporo-shi, Hokkaido	Trust beneficiary interests in real estate	2,736.89	895	930
NOAH GARDEN L Grace	Sapporo-shi, Hokkaido	Trust beneficiary interests in real estate	2,075.25	648	670
NOAH GARDEN Season Bell	Sapporo-shi, Hokkaido	Trust beneficiary interests in real estate	4,602.26	1,438	1,550
Heartland Kawaguchi Meiseien	Kawaguchi-shi, Saitama	Trust beneficiary interests in real estate	3,885.90	2,065	2,280
Rehabilitation Home Granda Minamiurawa	Kawaguchi-shi, Saitama	Trust beneficiary interests in real estate	2,373.25	1,062	1,110
Madoka Minamiurawa	Kawaguchi-shi, Saitama	Trust beneficiary interests in real estate	1,918.98	852	883

Name of real estate	Location	Type of ownership	Total leasable area (m <sup>2</sup> )	Carrying amount (millions of yen) (Note 1)	Period-end appraisal value (millions of yen) (Note 2)
Nichii Maison Inage	Chiba-shi, Chiba	Trust beneficiary interests in real estate	4,700.07	1,572	1,670
Hanakotoba Oppama	Yokosuka-shi, Kanagawa	Trust beneficiary interests in real estate	1,899.46	541	512
SOMPO CARE Sompō no ie S Awajiekimae	Osaka-shi, Osaka	Trust beneficiary interests in real estate	5,745.15	1,775	2,390
SOMPO CARE Sompō no ie S Kobekamisawa	Kobe-shi, Hyogo	Trust beneficiary interests in real estate	4,058.35	1,117	1,440
NOAH GARDEN CASA RICH	Sapporo-shi, Hokkaido	Trust beneficiary interests in real estate	4,986.98	1,673	1,750
Niigata Rehabilitation Hospital	Niigata-shi, Niigata	Trust beneficiary interests in real estate	13,476.55	2,084	2,270
SHIP Senri Building	Toyonaka-shi, Osaka	Trust beneficiary interests in real estate	24,813.85	12,741	14,500
Total			217,545.72	78,041	89,543

(Note 1) "Carrying amount" indicates book value after depreciation and amortization as of January 31, 2024.

(Note 2) "Period-end appraisal value" indicates amounts stated in the appraisal report with appraisal date of January 31, 2024.

(Note 3) The "Name of real estate" has been changed from "Bonsejour Yotsugi" to "Rehabilitation Home Bonsejour Yotsugi". The same applies hereinafter in this document.

The leasing status of real estate and other assets owned by HCM is as follows.

Name of real estate	17th fiscal period From Feb. 1, 2023 To Jul. 31, 2023				18th fiscal period From Aug. 1, 2023 To Jan. 31, 2024			
	No. of tenants (Note 1)	Occupancy rate (%)	Real estate leasing business revenue (millions of yen)	As a percentage of total leasing business revenue (%)	No. of tenants (Note 1)	Occupancy rate (%)	Real estate leasing business revenue (millions of yen)	As a percentage of total leasing business revenue (%)
AQUAMARINE Nishinomiyahama	2	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	2	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Bonjour Chitosefunabashi	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Bonjour Hino	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Bonjour Musashi-shinjo	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Medical Rehabilitation Home Bonjour Hadanoshibusawa	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
ASHEIM Hikarigaoka	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
ASHEIM Bunkyoakusan	2	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	2	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
SOMPO CARE La vie Re Machidaonaji	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
SOMPO CARE La vie Re Azamino	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
SAWAYAKA Tachibanakan	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
SAWAYAKA Mekarikan	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
SAWAYAKA Tagawakan	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
GOOD TIME HOME Fudo-mae	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Rehabilitation Home Bonjour Yotsugi	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Medical Home Bonjour Itami	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Kobe Gakuentoshi Building	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
GreenLife Moriguchi	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Hapine Kobe Uozaki Nibankan	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Granda Tsuruma-Yamato	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Smiling Home Medice Adachi	2	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	2	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
AIKOEN ICHIBANKAN Building	3	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	3	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)



Name of real estate	17th fiscal period From Feb. 1, 2023 To Jul. 31, 2023				18th fiscal period From Aug. 1, 2023 To Jan. 31, 2024			
	No. of tenants (Note 1)	Occupancy rate (%)	Real estate leasing business revenue (millions of yen)	As a percentage of total leasing business revenue (%)	No. of tenants (Note 1)	Occupancy rate (%)	Real estate leasing business revenue (millions of yen)	As a percentage of total leasing business revenue (%)
Hanakotoba Minami	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Hanakotoba Miura	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
SOMPO CARE La vie Re Hama-Kawasaki	5	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	5	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Hanakotoba Shin-Yokohama	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Hanakotoba Shin-Yokohama II	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Hanakotoba Odawara	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Verde Minowa	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Verde Hotaka	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Sunny Life Kita-Shinagawa	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Sunny Life Kamakura	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Nichii Home Nishikokubunji	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
SOMPO CARE Lavie Re Kobeikawadani	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
SOMPO CARE Sampo no ie Sayama	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Royal Kawaguchi	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
NOAH GARDEN LEGEND	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
NOAH GARDEN I Grace	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
NOAH GARDEN Season Bell	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Heartland Kawaguchi Meiseien	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Rehabilitation Home Granda Minamiurawa	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Madoka Minamiurawa	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Nichii Maison Inage	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)

Name of real estate	17th fiscal period From Feb. 1, 2023 To Jul. 31, 2023				18th fiscal period From Aug. 1, 2023 To Jan. 31, 2024			
	No. of tenants (Note 1)	Occupancy rate (%)	Real estate leasing business revenue (millions of yen)	As a percentage of total leasing business revenue (%)	No. of tenants (Note 1)	Occupancy rate (%)	Real estate leasing business revenue (millions of yen)	As a percentage of total leasing business revenue (%)
Hanakotoba Oppama	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
SOMPO CARE Sompo no ie S Awajiekimae	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
SOMPO CARE Sompo no ie S Kobekamisawa	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
NOAH GARDEN CASA RICH	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Niigata Rehabilitation Hospital	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
SHIP Senri Building	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)	1	100.0	Not disclosed (Note 2)	Not disclosed (Note 2)
Total	57	100.0	2,428	100.0	57	100.0	2,427	100.0

(Note 1) "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-type 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 2) "Real estate leasing business revenue" and "As a percentage of total leasing business revenue" for each property is not disclosed as consent for disclosure of leasing business revenue has not been obtained from tenants. The total is the sum of amounts received as rent per period based on the lease agreements.

#### 4. Contract Amounts and Market Values of Specified Transactions

The following table shows the contract amounts and market values of specified transactions by HCM as of January 31, 2024.

Classification	Type	Contract amount (thousands of yen) <sup>(Note 1)</sup>		Market value (thousands of yen) <sup>(Note 2)</sup>
			Due after 1 year	
Non-market transaction	Interest rate swap transaction Floating receivable; fixed payable	34,050,000	29,600,000	23,758
Total		34,050,000	29,600,000	23,758

(Note 1) The contract amount for interest rate swap transactions is based on the notional principal amount.

(Note 2) The value is calculated by the counterparty of the relevant transaction contract based on the prevailing market interest rate.

#### 5. Status of Other Assets

As of January 31, 2024, there are no other specified assets for investment other than those listed in "3. Details of Real Estate and Other Assets," above.

#### 6. Status of Asset Holdings by Country and Region

Not applicable - there are no specified assets for investment held outside of Japan.

## ▶ Capital Expenditures for Held Real Estate

### 1. Capital Expenditures

Of capital expenditures associated with repair work currently planned for assets owned by HCM as of January 31, 2024, the following are the major estimated amounts. The estimated construction costs include the portion separately charged to expenses in accounting.

Name of real estate (Location)	Purpose	Scheduled period	Estimated construction costs (thousands of yen)		
			Total amount	Payment during period	Total amount already paid
SHIP Senri Building (Toyonaka-shi, Osaka)	Renewal of ventilating facilities	From: May. 2024 To: Jun. 2024	50,000	-	-
Hanakotoba Odawara (Odawara-shi, Kanagawa)	Renovation of exterior walls and rooftop waterproofing	From: Feb. 2024 To: Jul. 2024	47,700	-	-
Royal Kawaguchi (Kawaguchi-shi, Saitama)	Renewal of air conditioners in common areas	From: Jun. 2024 To: Jul. 2024	27,000	-	-
SOMPO CARE Lavie Re Kobeikawadani (Kobe-shi, Hyogo)	Renewal of air conditioners in common	From: Jun. 2024 To: Jul. 2024	23,000	-	-
Hanakotoba Oppama (Yokosuka-shi, Kanagawa)	Renewal of LED lighting in common areas	From: Jun. 2024 To: Jul. 2024	6,000	-	-

### 2. Capital Expenditures During 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, 2024, the following are the major amounts.

Name of real estate (Location)	Purpose	Period	Construction costs (thousands of yen)
SOMPO CARE La vie Re Machidaonaji (Machida-shi, Tokyo)	Renewal of air conditioners in common areas	From: Oct. 2023 To: Oct. 2023	29,494
SHIP Senri Building (Toyonaka-shi, Osaka)	Renovation of hot water piping	From: Oct. 2023 To: Jan. 2024	28,466
GreenLife Moriguchi (Moriguchi-shi, Osaka)	Renewal of two boilers	From: Oct. 2023 To: Nov. 2023	14,300
Nichii Home Nishikokubunji (Kokubunji-shi, Tokyo)	Roof repair	From: Nov. 2023 To: Dec. 2023	8,514
Other real estate	-	-	106,889
Total			187,664

### 3. Reserves for Long-term Repair Plans

Not applicable.

## ► Transactions During the Period

### 1. Transactions of Real Estate and Asset-Backed Securities, Infrastructure Assets and Infrastructure-Related Assets

Not applicable.

### 2. Transactions of Other Assets

Not applicable.

### 3. Survey of Specified Asset Value

#### (1) Real estate

Not applicable.

#### (2) Other

##### 1) Name of surveying party

Akasaka Audit LLC

##### 2) Overview of survey results and method

Transactions requested for investigation were two interest rate swap transactions between August 1, 2023 and January 31, 2024. For these interest rate swap transactions, Akasaka Audit LLC was commissioned to conduct a survey regarding the names of the counterparties, the contractual figures, and the terms of the transactions, as well as comparable prices in accordance with Article 201, Paragraph 2 of the Investment Trusts Act. We have obtained a survey report based on the Practical Guidelines for Professional Services 4460 "Practical Guidelines for Agreed-Upon Procedures for Survey of Value of Specified Assets of Investment Trusts and Investment Corporations" issued by the Japanese Institute of Certified Public Accountants (JICPA).

This survey is not part of an audit of financial statements and does not provide assurance as to the reasonableness of prices or internal control systems.

### 4. Transactions with Interested Persons <sup>(Note 1)</sup>

#### (1) Transactions with interested persons

Not applicable.

#### (2) Amount of fees paid

Classification	Total Amount of Fees Paid (A) (thousands of yen)	Breakdown of Transactions with Interested Persons		Share of Total
		Payment Recipient	Payment Amount (B) (thousands of yen)	B / A (%) (Note 2)
Interest expenses <sup>(Note 3)</sup>	131,116	Sumitomo Mitsui Banking Corporation	32,836	25.04
Borrowing expenses <sup>(Note 4)</sup>	58,591	Sumitomo Mitsui Banking Corporation	39,606	67.60

(Note 1) The term "interested persons" refers to interested persons for HCM's asset management company as defined in Article 123 of Order for Enforcement of the Act on Investment Trusts and Investment Corporations and Article 26, Paragraph 1, Item 27 of the Regulations Concerning Investment Management Report of Investment Trusts and Investment Corporations of The Japan Investment Trusts Association. The above table adds transactions with interested persons (including special purpose companies to which interested persons are entrusted with asset management; however, this excludes the asset management company itself) as defined in the internal rules of the asset management company.

(Note 2) Percentages (%) of each total amount are rounded to the second decimal place.

(Note 3) Payment Amount (B) includes amounts recorded as an expense in the current period, including accrued interest as well as interest paid.

(Note 4) Payment Amount (B) lists Borrowing expenses paid that were recorded as an expense in the current period.

### 5. Transactions with the Asset Management Company for its Concurrent Businesses

Healthcare Asset Management Co., Ltd., HCM's asset management company, does not concurrently engage in any Type 1 Financial Instruments Business, Type 2 Financial Instruments Business, Building Lots and Buildings Transaction Business, or Specified Joint Real Estate Ventures, and there are no applicable transactions.

## ► Other

1. Disclosure of Proprietary Investment Trust Beneficiary Certificates | \_\_\_\_\_  
Not applicable.

2. Notices | \_\_\_\_\_

(1) General Unitholders' Meeting

Not applicable.

(2) Investment Corporation Board of Directors

Not applicable.

3. Disclosure of Overseas Real Estate Holding Corporations and their Held Real Estate | \_\_\_\_\_

Not applicable.

4. Handling of Fractional Amounts and Percentages | \_\_\_\_\_

In this document, unless otherwise indicated, amounts are rounded down to the nearest unit and percentages are rounded to the nearest whole number.

# 1. Financial Statements

## (1) Balance Sheet

(Unit: thousands of yen)

	Previous fiscal period (As of Jul. 31, 2023)	Current fiscal period (As of Jan. 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	1,613,659	1,865,272
Cash and deposits in trust	234,734	276,880
Operating accounts receivable	51,925	50,257
Prepaid expenses	122,748	135,567
Consumption taxes receivable	50,592	-
Derivative receivables	-	3,711
Total current assets	2,073,660	2,331,689
Non-current assets		
Property, plant and equipment		
Buildings in trust	*1 40,397,268	*1 40,549,061
Accumulated depreciation	(6,063,477)	(6,588,550)
Buildings in trust, net	34,333,790	33,960,510
Structures in trust	129,916	131,216
Accumulated depreciation	(21,190)	(23,588)
Structures in trust, net	108,726	107,628
Machinery and equipment in trust	21,776	21,776
Accumulated depreciation	(10,084)	(11,173)
Machinery and equipment in trust, net	11,691	10,602
Tools, furniture and fixtures in trust	399,983	425,537
Accumulated depreciation	(177,267)	(210,758)
Tools, furniture and fixtures in trust, net	222,715	214,779
Land in trust	43,747,992	43,747,992
Construction in progress in trust	-	719
Total property, plant and equipment	78,424,916	78,042,233
Intangible assets		
Software	2,445	2,119
Total intangible assets	2,445	2,119
Investments and other assets		
Security deposits	10,000	10,000
Long-term prepaid expenses	202,955	226,780
Derivative receivables	44,465	78,033
Deferred tax assets	12	14
Total investments and other assets	257,432	314,828
Total non-current assets	78,684,795	78,359,180
Deferred assets		
Investment unit issuance costs	17,227	11,485
Investment corporation bond issuance costs	13,530	12,489
Total deferred assets	30,758	23,974

Total assets	80,789,213	80,714,844
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The accompanying notes are an integral part of these financial statements.



(Unit: thousands of yen)

	Previous fiscal period (As of Jul. 31, 2023)	Current fiscal period (As of Jan. 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	17,037	63,775
Short-term loans payable	2,000,000	2,000,000
Current portion of long-term loans payable	7,250,000	5,550,000
Accounts payable - other	111,882	92,903
Accrued expenses	271,803	273,279
Income taxes payable	863	898
Consumption taxes payable	17,558	8,969
Advances received	401,721	400,015
Deposits received	162	162
Derivative liabilities	122	-
<b>Total current liabilities</b>	<b>10,071,151</b>	<b>8,390,002</b>
Non-current liabilities		
Investment corporation bonds	2,000,000	2,000,000
Long-term loans payable	27,900,000	29,600,000
Tenant leasehold and security deposits	1,936,482	1,936,482
Tenant leasehold and security deposits in trust	167,616	167,616
Deferred tax liabilities	13,988	25,716
Derivative liabilities	81,819	57,986
Other	208	52
<b>Total non-current liabilities</b>	<b>32,100,115</b>	<b>33,787,853</b>
<b>Total liabilities</b>	<b>42,171,267</b>	<b>42,177,856</b>
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	38,323,799	38,323,799
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	-	*3 (51,408)
Other deduction from unitholders' capital	(722,547)	(834,351)
<b>Total deduction from unitholders' capital</b>	<b>(722,547)</b>	<b>(885,760)</b>
<b>Unitholders' capital, net</b>	<b>37,601,252</b>	<b>37,438,039</b>
Surplus		
Unappropriated retained earnings (undisposed loss)	1,068,158	1,100,906
<b>Total surplus</b>	<b>1,068,158</b>	<b>1,100,906</b>
<b>Total unitholders' equity</b>	<b>38,669,411</b>	<b>38,538,946</b>
Valuation and translation adjustments		
Deferred gains or losses on hedges	(51,465)	(1,958)
<b>Total valuation and translation adjustments</b>	<b>(51,465)</b>	<b>(1,958)</b>
<b>Total net assets</b>	<b>*2 38,617,946</b>	<b>*2 38,536,987</b>
<b>Total liabilities and net assets</b>	<b>80,789,213</b>	<b>80,714,844</b>

The accompanying notes are an integral part of these financial statements.

## (2) Statement of Income

(Unit: thousands of yen)

	Previous fiscal period From: Feb. 1, 2023 To: Jul. 31, 2023	Current fiscal period From: Aug. 1, 2023 To: Jan. 31, 2024
<b>Operating revenue</b>		
Leasing business revenues	*1 2,428,260	*1 2,427,916
Other revenue related to leasing business	*1 10,337	*1 10,436
<b>Total operating revenue</b>	<b>2,438,597</b>	<b>2,438,353</b>
<b>Operating expenses</b>		
Expenses related to leasing business	*1 820,379	*1 832,122
Asset management fee	233,430	234,681
Asset custody fee	2,830	2,819
Administrative service fees	16,653	17,218
Directors' compensation	5,400	5,400
Property tax	33,033	33,292
Other operating expenses	58,456	58,684
<b>Total operating expenses</b>	<b>1,170,184</b>	<b>1,184,219</b>
<b>Operating income</b>	<b>1,268,413</b>	<b>1,254,133</b>
<b>Non-operating income</b>		
Interest income	8	7
Insurance income	2,336	-
Interest on tax refund	-	131
Reversal of distributions payable	458	329
<b>Total non-operating income</b>	<b>2,803</b>	<b>468</b>
<b>Non-operating expenses</b>		
Interest expenses	128,917	131,116
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	58,838	58,591
<b>Total non-operating expenses</b>	<b>202,338</b>	<b>204,291</b>
<b>Ordinary income</b>	<b>1,068,877</b>	<b>1,050,311</b>
<b>Income before income taxes</b>	<b>1,068,877</b>	<b>1,050,311</b>
Income taxes - current	864	899
Income taxes - deferred	(7)	(1)
<b>Total income taxes</b>	<b>857</b>	<b>897</b>
<b>Net income</b>	<b>1,068,020</b>	<b>1,049,413</b>
Retained earnings brought forward	138	51,492
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>1,068,158</b>	<b>1,100,906</b>

The accompanying notes are an integral part of these financial statements.

(3) Statement of Unitholders' Equity

Previous fiscal period (from February 1, 2023, to July 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	(10,945)	(722,547)	(733,493)	37,590,306
Changes of items during period					
Dividends of surplus					
Reversal of allowance for temporary difference adjustments		10,945		10,945	10,945
Net income					
Changes of items other than unitholders' equity during period, net					
Total changes of items during the period	-	10,945	-	10,945	10,945
Balance at end of current period	*1 38,323,799	-	(722,547)	(722,547)	37,601,252

(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	1,289,825	1,289,825	38,880,132	88,121	88,121	38,968,253
Changes of items during period						
Dividends of surplus	(1,278,741)	(1,278,741)	(1,278,741)			(1,278,741)
Reversal of allowance for temporary difference adjustments	(10,945)	(10,945)	-			-
Net income	1,068,020	1,068,020	1,068,020			1,068,020
Changes of items other than unitholders' equity during period, net				(139,586)	(139,586)	(139,586)
Total changes of items during the period	(221,667)	(221,667)	(210,721)	(139,586)	(139,586)	(350,307)
Balance at end of current period	1,068,158	1,068,158	38,669,411	(51,465)	(51,465)	38,617,946

The accompanying notes are an integral part of these financial statements.

Current 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	*1 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

The accompanying notes are an integral part of these financial statements.

## (4) Statement of Cash Distributions

(Unit: yen)

Type	Previous fiscal period From: Feb. 1, 2023 To: Jul. 31, 2023	Current fiscal period From: Aug. 1, 2023 To: Jan. 31, 2024
I. Unappropriated retained earnings	1,068,158,773	1,100,906,451
II. Distributions in excess of earnings	163,213,000	113,602,000
Allowance for temporary difference adjustments	51,408,500	-
Other deduction from unitholders' capital	111,804,500	113,602,000
III. Incorporation into unitholders' capital	-	49,506,929
Reversal of allowance for temporary difference adjustments	-	49,506,929
IV. Distributions	1,179,879,000	1,162,982,500
[Distributions per unit]	[3,282]	[3,235]
Distributions of earnings	1,016,666,000	1,049,380,500
[Distributions of earnings per unit]	[2,828]	[2,919]
Allowance for temporary difference adjustments	51,408,500	-
[Distributions in excess of earnings per unit (Allowance for temporary difference adjustments) ]	[143]	[-]
Distributions in excess of earnings from other distributions	111,804,500	113,602,000
[Distributions in excess of earnings per unit (Distributions in excess of earnings from other distributions) ]	[311]	[316]
V. Retained earnings carried forward	51,492,773	2,019,022

Type	Previous fiscal period From: Feb. 1, 2023 To: Jul. 31, 2023	Current fiscal period From: Aug. 1, 2023 To: Jan. 31, 2024
Calculation method for 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 Trust Act, it shall distribute 1,016,666,000 yen, which is the maximum integral multiple of 359,500 units issued and outstanding as distributions of earnings. Accordingly, distributions of earnings per unit were 2,828 yen.</p> <p>In addition, HCM is to make distributions in excess of earnings, of which the 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 distributions, pursuant to the policy for cash distributions in excess of earnings provided in Article 36, Paragraph 2 of its Articles of Incorporation. During the current fiscal period, since a change in deferred gains or losses on hedges was recorded as net asset deduction items, HCM decided to make distributions of allowance for temporary difference adjustments in the amount of 51,408,500 yen. As a result, distributions in excess of earnings per unit (allowance for temporary difference adjustments) came to 143 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 make its 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>During the current fiscal period, HCM decided to distribute 111,804,500 yen, an amount roughly equivalent to 20% of depreciation recorded in the current fiscal period, as distributions in excess of earnings. Accordingly, distributions in excess of earnings per unit (of distributions in excess of earnings from other distributions) came to 311 yen. As a result, distributions per unit came to 3,282 yen.</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 decided to distribute 1,049,380,500 yen, which is approximately the entire amount of unappropriated retained earnings after deducting the amount of reversal of allowance for temporary difference adjustments from the amount of unappropriated retained earnings for the current period, as distributions. Accordingly, distributions of earnings per unit were 2,919 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 make its 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>During the current fiscal period, HCM decided to distribute 113,602,000 yen, an amount roughly equivalent to 20% of depreciation recorded in the current fiscal period, as distributions in excess of earnings. Accordingly, distributions in excess of earnings per unit (of distributions in excess of earnings from other distributions) came to 316 yen. As a result, distributions per unit came to 3,235 yen.</p>

(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.

## (5) Statement of Cash Flows

(Unit: thousands of yen)

	Previous fiscal period From: Feb. 1, 2023 To: Jul. 31, 2023	Current fiscal period From: Aug. 1, 2023 To: Jan. 31, 2024
<b>Cash flows from operating activities</b>		
Income before income taxes	1,068,877	1,050,311
Depreciation	560,456	566,527
Amortization of investment corporation bond issuance costs	1,040	1,040
Borrowing expenses	58,838	58,591
Amortization of investment unit issuance costs	5,742	5,742
Interest income	(8)	(7)
Interest on tax refund	-	(131)
Interest expenses	136,717	138,916
Decrease (increase) in operating accounts receivable	(872)	1,667
Decrease (increase) in consumption taxes receivable	(50,592)	50,592
Decrease (increase) in prepaid expenses	(1,848)	724
Increase (decrease) in operating accounts payable	(38,640)	46,737
Increase (decrease) in accounts payable - other	(3,173)	(677)
Increase (decrease) in consumption taxes payable	(87,715)	(8,589)
Increase (decrease) in accrued expenses	(23,739)	1,376
Increase (decrease) in advances received	4,232	(1,705)
Decrease (increase) in long-term prepaid expenses	9,801	10,011
Other, net	(501)	4,380
Subtotal	1,638,615	1,925,508
Interest income received	8	7
Interest on tax refund received	-	131
Interest expenses paid	(136,718)	(138,817)
Income taxes paid	(703)	(864)
Net cash provided by (used in) operating activities	1,501,201	1,785,965
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(184,121)	(206,988)
Net cash provided by (used in) investing activities	(184,121)	(206,988)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	2,000,000	-
Repayments of short-term loans payable	(2,000,000)	-
Proceeds from long-term loans payable	-	7,250,000
Repayments of long-term loans payable	-	(7,250,000)
Borrowing expenses	(2,655)	(105,971)
Dividends paid	(1,278,065)	(1,179,247)
Net cash provided by (used in) financing activities	(1,280,721)	(1,285,218)
Net increase (decrease) in cash and cash equivalents	36,358	293,758
Cash and cash equivalents at beginning of period	1,644,419	1,680,777
Cash and cash equivalents at end of period	*1 1,680,777	*1 1,974,536

The accompanying notes are an integral part of these financial statements.

(6) Notes to Financial Statements

[Organization]

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 2024 (August 1, 2023 to January 31, 2024) (hereinafter, the "18th fiscal period" or the "current fiscal period") stands at 359,500 units.

[Basis of Presentation]

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trusts Act, the Financial Instruments and Exchange Act of Japan and other related accounting regulations, and in conformity with accounting principles generally accepted in Japan (hereinafter, "Japanese GAAP"), which are different in certain aspects as to the application and disclosure requirements from International Financial Reporting Standards (hereinafter, "IFRS") or accounting principles generally accepted in the United States of America (hereinafter, "U.S. GAAP").

The accompanying financial statements are the translation of the financial statements presented in the securities report of the Investment Corporation submitted to the Kanto Local Finance Bureau, which have been prepared in compliance with Japanese GAAP, translated into English.

Amounts less than one thousand yen have been omitted. As a result, the totals presented in the accompanying financial statements in yen do not necessarily agree with the sums of the individual amounts. HCM does not have subsidiaries and thus does not prepare consolidated financial statements.

The accounting periods of HCM are six-month periods ending at the end of February and the end of August of each year.

[Going Concern Assumption]

Not applicable.

[Summary of Significant Accounting Policies]

1. Method of depreciation of non-current assets	(1) Property, plant and equipment The straight-line method is adopted. The useful life of principal property, plant and equipment is as follows. 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) Intangible assets The straight-line method is adopted.
2. Accounting for deferred assets	(1) Investment unit issuance costs Depreciated evenly over 3 years. (2) Investment corporation bond issuance costs Amortized using the straight-line method over the maturity period.
3. Standards for revenue and expense recognition	(1) Accounting for property taxes For property tax, city planning tax, depreciable asset tax on real estate 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 the leasing 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 not applicable for the previous or the current fiscal period.



	<p>(2) Accounting standard for revenue recognition The contents of major performance obligations concerning revenue arising from contracts with customers of HCM and the general timing to satisfy such performance obligations (general timing to recognize the revenue) are as follows: Sale of real estate With regard to the 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.</p> <p>(2) Hedging instruments and hedged items Hedging instrument: Interest rate swap transactions Hedged 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 basic policy of risk management.</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.</p>
5. Scope of cash and cash equivalents stated in the statement of cash flows	<p>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 matters serving as the basis for preparation of financial statements	<p>(1) Accounting policy for trust beneficiary interests in real estate Concerning trust beneficiary interests in real estate 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 line item account of the balance sheet and the statement of income. The following material items for the trust assets recognized in the relevant line item account are separately listed on the balance sheet.</p> <ol style="list-style-type: none"> <li>1) Cash and deposits in trust</li> <li>2) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust, construction in progress in trust</li> <li>3) Tenant leasehold and security deposits in trust</li> </ol> <p>(2) Accounting for non-deductible consumption tax Non-deductible consumption taxes on the acquisition of assets is included in the cost of the acquisition of each asset.</p>

[Additional Information]

[Provision and Reversal of Allowance for Temporary Difference Adjustments]

Previous fiscal period (from February 1, 2023, to July 31, 2023)

1. Reasons, related assets and amounts of reversal

Due to the recognition of a change in deferred gains or losses on hedges (net asset deduction items), which was a result of applying hedge accounting to the assessment of interest rate swap transactions, 51,408 thousand yen of allowance for temporary difference adjustments have been recorded in the statement of cash distributions.

2. Method of reversal

In accordance with the 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 allowance for temporary difference adjustments will be reversed.

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

1. Reasons, related assets and amounts of reversal

Due to the decrease of deferred losses on hedges of 49,506 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, 49,506 thousand yen of allowance for temporary difference adjustments for elimination of the amount has been reversed.

2. Method of reversal

In accordance with the 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 allowance for temporary difference adjustments will be reversed.

[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, 2023)	Current fiscal period (As of Jan. 31, 2024)
Buildings in trust	10,041	10,041

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

(Unit: thousands of yen)

	Previous fiscal period (As of Jul. 31, 2023)	Current fiscal period (As of Jan. 31, 2024)
	50,000	50,000

\*3 Allowance for temporary difference adjustments

Previous fiscal period (from February 1, 2023, to July 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	10,945	-	(10,945)	-	Changes in the fair value of derivative transactions
Total		25,683	10,945	-	(10,945)	-	-

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, 2023, to January 31, 2024)

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	-	51,408	-	51,408	Changes in the fair value of derivative transactions
Total		25,683	-	51,408	-	51,408	-

2. Method of reversal

(1) Deferred gains or losses on hedges

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

[Statement of Income]

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

(Unit: thousands of yen)

	Previous fiscal period From: Feb. 1, 2023 To: Jul. 31, 2023	Current fiscal period From: Aug. 1, 2023 To: Jan. 31, 2024
A. Operating revenue from real estate leasing business		
Leasing business revenues		
Rent revenue	2,428,260	2,427,916
Other revenue related to leasing business		
Other revenue	10,337	10,436
Total operating revenue from real estate leasing business	2,438,597	2,438,353
B. Operating expenses from real estate leasing business		
Expenses related to leasing business		
Property tax	168,336	168,303
Outsourcing expenses	37,029	37,088
Repair expenses	26,083	27,027
Insurance expenses	10,377	10,426
Depreciation	560,130	566,201
Other expenses related to leasing business	18,421	23,076
Total operating expenses from real estate leasing business	820,379	832,122
C. Operating income (loss) from real estate leasing business [A-B]	1,618,218	1,606,230

[Statement of Unitholders' Equity]

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

(Unit: thousands of yen)

	Previous fiscal period From: Feb. 1, 2023 To: Jul. 31, 2023	Current fiscal period From: Aug. 1, 2023 To: Jan. 31, 2024
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, 2023 To: Jul. 31, 2023	Current fiscal period From: Aug. 1, 2023 To: Jan. 31, 2024
Cash and deposits	1,613,659	1,865,272
Cash and deposits in trust	234,734	276,880
Restricted deposits in trust (Note)	(167,616)	(167,616)
Cash and cash equivalents	1,680,777	1,974,536

(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, 2023	Current fiscal period As of Jan. 31, 2024
Due within 1 year	1,933,571	1,755,665
Due after 1 year	10,824,184	9,946,351
Total	12,757,756	11,702,017

[Financial Instruments]

1. Our policy on financial instruments

(1) Policy for 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. In respect of financing loans and issuing investment corporation bonds, HCM pays attention to extending periods, fixing interest rates and diversifying repayment dates in order 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 the 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).

(3) Supplementary explanation to fair value 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.

Previous fiscal period (from February 1, 2023, to July 31, 2023)

(Unit: thousands of yen)

	Carrying amount	Fair value	Difference
(1) Current portion of long-term loans payable	7,250,000	7,250,033	33
(2) Investment corporation bonds	2,000,000	1,970,200	(29,800)
(3) Long-term loans payable	27,900,000	27,889,740	(10,259)
Total liabilities	37,150,000	37,109,974	(40,025)
(4) Derivative transactions	(37,476)	(37,476)	-

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

(Unit: thousands of yen)

	Carrying amount	Fair value	Difference
(1) Current portion of long-term loans payable	5,550,000	5,546,730	(3,269)
(2) Investment corporation bonds	2,000,000	1,969,000	(31,000)
(3) Long-term loans payable	29,600,000	29,594,919	(5,080)
Total liabilities	37,150,000	37,110,649	(39,350)
(4) Derivative transactions	23,758	23,758	-

(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 rates 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 the Japan Securities Dealers Association.

(4) Derivative transactions

Please refer to "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, 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

Current fiscal period (As of January 31, 2024)

(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	5,550,000	6,400,000	5,900,000	6,050,000	11,250,000	-

	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	5,550,000	6,400,000	5,900,000	6,050,000	11,250,000	2,000,000

[Securities]

Previous fiscal period (As of July 31, 2023)

Not applicable.

Current fiscal period (As of January 31, 2024)

Not applicable.

[Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

Previous fiscal period (As of July 31, 2023)

Not applicable.

Current fiscal period (As of January 31, 2024)

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, 2023)

(Unit: thousands of yen)

Method of hedge accounting	Derivative Instruments	Hedged item	Contract amount		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	(37,476)	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	-	(Note)	-
Total			31,050,000	24,300,000	(37,476)	-

Current fiscal period (As of January 31, 2024)

(Unit: thousands of yen)

Method of hedge accounting	Derivative Instruments	Hedged item	Contract amount		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	34,050,000	29,600,000	23,758	Based on the price presented by corresponding financial institutions
Total			34,050,000	29,600,000	23,758	-

(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, 2023)

Not applicable.

Current fiscal period (As of January 31, 2024)

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, 2023	Current fiscal period As of Jan. 31, 2024
Deferred tax assets		
Non-deductible accrued enterprise tax	12	14
Deferred gains or losses on hedges	25,778	18,242
Subtotal deferred tax assets	25,791	18,256
Valuation allowance	(25,778)	(18,242)
Total deferred tax assets	12	14
Deferred tax liabilities		
Deferred gains or losses on hedges	(13,988)	(25,716)
Net deferred tax assets (liabilities)	(13,976)	(25,702)

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, 2023	Current fiscal period As of Jan. 31, 2024
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible distributions payable	(31.44)	(31.43)
Other	0.06	0.06
Effective income tax rate	0.08	0.09

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

Previous fiscal period (As of July 31, 2023)

Not applicable.

Current fiscal period (As of January 31, 2024)

Not applicable.

[Related-Party Transactions]

1. Parent company, major corporate unitholders.

Previous fiscal period (from February 1, 2023, to July 31, 2023)

Not applicable.

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

Not applicable.

2. Affiliated company and other

Previous fiscal period (from February 1, 2023, to July 31, 2023)

Not applicable.

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

Not applicable.

3. Fellow subsidiary company and other

Previous fiscal period (from February 1, 2023, to July 31, 2023)

Not applicable.

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

Not applicable.

4. Director, major individual unitholder and other

Previous fiscal period (from February 1, 2023, to July 31, 2023)

Not applicable.

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

Not applicable.

[Asset Retirement Obligations]

Previous fiscal period (As of July 31, 2023)

Not applicable.

Current fiscal period (As of January 31, 2024)

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, 2023 To: Jul. 31, 2023	Current fiscal period From: Aug. 1, 2023 To: Jan. 31, 2024
Carrying amount		
Balance at beginning of period	78,788,993	78,424,916
Amount of increase (decrease) during period	(364,076)	(382,683)
Balance at end of period	78,424,916	78,042,233
Fair value at end of period	88,769,000	89,543,000

(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 decrease is mainly attributable to depreciation (560,130 thousand yen). Out of the amount of increase (decrease) during the current fiscal period, the amount of decrease is mainly attributable to depreciation (566,201 thousand yen) and loss on disposal of fixed assets (4,865 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, 2023, to July 31, 2023)

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

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

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, 2023, to July 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 on major customers

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

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

(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

Name of customer	Revenues from operations (Thousands of yen)	Related segment
Sompo Care Inc.	Not disclosed(Note)	Real estate leasing
SHIP HEALTHCARE ESTATE, INC.	Not disclosed(Note)	Real estate leasing
GREEN LIFE Co., Ltd.	Not disclosed(Note)	Real estate leasing

(Note) Disclosure has been omitted because consent has not been obtained from the customer.

[Per Unit Information]

	Previous fiscal period From: Feb. 1, 2023 To: Jul. 31, 2023	Current fiscal period From: Aug. 1, 2023 To: Jan. 31, 2024
Net assets per unit	107,421 yen	107,196 yen
Net income per unit	2,970 yen	2,919 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, 2023 To: Jul. 31, 2023	Current fiscal period From: Aug. 1, 2023 To: Jan. 31, 2024
Net income (thousands of yen)	1,068,020	1,049,413
Amount not attributable to common unitholders (thousands of yen)	-	-
Net income attributable to common investment units (thousands of yen)	1,068,020	1,049,413
Average number of investment units during period (units)	359,500	359,500

(7) [Supplementary Schedules]

1) Securities

(a) Stocks

Not applicable.

(b) Securities other than stocks

Not applicable.

2) Contracted amount and fair value of derivative transactions and forward exchange transactions

(Unit: thousands of yen)

Classification	Type	Contracted amount (Note 1)		Fair value (Note 2)
			Due after 1 year	
Transaction other than market transaction	Interest rate swap transaction Floating receivable; fixed payable	34,050,000	29,600,000	23,758
Total		34,050,000	29,600,000	23,758

(Note 1) The contracted amount for interest rate swap transactions is based on the notional principal amount.

(Note 2) The value is calculated by the counterparty of the relevant transaction contract based on the prevailing market interest rate.

3) Property, plant and equipment and intangible assets

(Unit: thousands of yen)

Asset type	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period	Accumulated depreciation		Net balance at end of period	Notes	
					or accumulated amortization	For the period			
Property, plant and equipment	Buildings in trust	40,397,268	160,809	9,016	40,549,061	6,588,550	529,223	33,960,510	-
	Structures in trust	129,916	1,300	-	131,216	23,588	2,397	107,628	-
	Machinery and equipment in trust	21,776	-	-	21,776	11,173	1,088	10,602	-
	Tools, furniture and fixtures in trust	399,983	25,554	-	425,537	210,758	33,491	214,779	-
	Land in trust	43,747,992	-	-	43,747,992	-	-	43,747,992	-
	Trust construction in progress account	-	719	-	719	-	-	719	-
	Subtotal	84,696,937	188,383	9,016	84,876,304	6,834,071	566,201	78,042,233	
Intangible assets	Software	14,349	-	-	14,349	12,229	326	2,119	-
	Subtotal	14,349	-	-	14,349	12,229	326	2,119	-
Total		84,711,286	188,383	9,016	84,890,653	6,846,301	566,527	78,044,352	

4) Other specified assets

Trust beneficiary interests in real estate are included in "3) Property, plant and equipment and intangible assets," above.

5) Investment corporation bonds

(Unit: thousands of yen)

Issue	Issuance date	Balance at beginning of period	Decrease during period	Balance at end of period	Interest rate	Maturity date	Use	Remarks
No. 1 Unsecured Investment Corporation Bond (With pari passu conditions between specified investment corporation bonds) (Social bond)	January 30, 2020	2,000,000	-	2,000,000	0.780%	January 30, 2030	Repayment of loans payable	Unsecured and unguaranteed
Total		2,000,000	-	2,000,000				

(Note) The maturity schedule for investment corporation bonds within five years of the balance sheet date are as follows.

(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
Investment corporation bonds	-	-	-	-	-

6) Loans

	Category	Drawdown Date	Balance at beginning of period (thousands of yen)	Increase during period (thousands of yen)	Decrease during period (thousands of yen)	Balance at end of period (thousands of yen)	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks
	Lender										
Short-term loans payable	Sumitomo Mitsui Banking Corporation	March 30, 2023	2,000,000	-	-	2,000,000	0.30%	March 30, 2024	Lump-sum repayment on maturity	(Note 3)	Unsecured/Nonguaranteed
	Subtotal		2,000,000	-	-	2,000,000					
Current portion of long-term loans payable	Sumitomo Mitsui Banking Corporation	March 3, 2017	1,000,000	-	1,000,000	-	0.89% (Note 2)	January 31, 2024	Lump-sum repayment on maturity	(Note 3)	Unsecured/Nonguaranteed
	Sumitomo Mitsui Banking Corporation	February 1, 2019	2,550,000	-	2,550,000	-	0.54% (Note 2)	January 31, 2024	Lump-sum repayment on maturity	(Note 3)	Unsecured/Nonguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,100,000	-	1,100,000	-					
	Resona Bank, Limited		550,000	-	550,000	-					
	The Nishi-Nippon City Bank, Ltd.		500,000	-	500,000	-					
	Shinkin Central Bank		350,000	-	350,000	-					
	The Bank of Fukuoka, Ltd.		250,000	-	250,000	-					
	The Gunma Bank, Ltd.		250,000	-	250,000	-					
	The 77 Bank, Ltd.		200,000	-	200,000	-					
	Nippon Life Insurance Company	January 29, 2021	500,000	-	500,000	-	0.35%	January 31, 2024	Lump-sum repayment on maturity	(Note 3)	Unsecured/Nonguaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 31, 2020	-	850,000	-	850,000	0.54% (Note 2)	January 31, 2025	Lump-sum repayment on maturity	(Note 3)	Unsecured/Nonguaranteed
	Resona Bank, Limited		-	800,000	-	800,000					
	Sumitomo Mitsui Banking Corporation		-	700,000	-	700,000					
	Shinkin Central Bank		-	450,000	-	450,000					
	The Nishi-Nippon City Bank, Ltd.		-	450,000	-	450,000					
	The Bank of Fukuoka, Ltd.		-	450,000	-	450,000					
	San ju San Bank, Ltd.		-	450,000	-	450,000					
	The Higashi-Nippon Bank, Limited		-	300,000	-	300,000					
	Nippon Life Insurance Company	January 31, 2022	-	1,000,000	-	1,000,000	0.39%	January 31, 2025	Lump-sum repayment on maturity	(Note 3)	Unsecured/Nonguaranteed
Sumitomo Mitsui Banking Corporation	-		100,000	-	100,000						
Subtotal		7,250,000	5,550,000	7,250,000	5,550,000						
Long-term loans payable	Sumitomo Mitsui Trust Bank, Limited	January 31, 2020	850,000	-	850,000	-	0.54% (Note 2)	January 31, 2025	Lump-sum repayment on maturity	(Note 3)	Unsecured/Nonguaranteed
	Resona Bank, Limited		800,000	-	800,000	-					
	Sumitomo Mitsui Banking Corporation		700,000	-	700,000	-					
	Shinkin Central Bank		450,000	-	450,000	-					
	The Nishi-Nippon City Bank, Ltd.		450,000	-	450,000	-					
	The Bank of Fukuoka, Ltd.		450,000	-	450,000	-					
	San ju San Bank, Ltd.		450,000	-	450,000	-					

Category	Lender	Drawdown Date	Balance at beginning of period (thousands of yen)	Increase during period (thousands of yen)	Decrease during period (thousands of yen)	Balance at end of period (thousands of yen)	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks						
	The Higashi-Nippon Bank, Limited	January 31, 2020	300,000	-	300,000	-	0.54% (Note 2)	January 31, 2025	Lump-sum repayment on maturity	(Note 3)	Unsecured/ Nonguaranteed						
	Sumitomo Mitsui Trust Bank, Limited	January 29, 2021	1,000,000	-	-	1,000,000	0.49% (Note 2)	January 31, 2026	Lump-sum repayment on maturity	(Note 3)	Unsecured/ Nonguaranteed						
	Sumitomo Mitsui Banking Corporation		700,000	-	-	700,000											
	The Dai-ichi Life Insurance Company, Limited		500,000	-	-	500,000											
	Hiroshima Bank, Ltd.		500,000	-	-	500,000											
	The Bank of Yokohama, Ltd.		500,000	-	-	500,000											
	Nippon Life Insurance Company	January 31, 2022	1,000,000	-	1,000,000	-	0.39%	January 31, 2025	Lump-sum repayment on maturity	(Note 3)	Unsecured/ Nonguaranteed						
	Sumitomo Mitsui Banking Corporation	January 31, 2022	100,000	-	100,000	-	0.61% (Note 2)	January 31, 2027	Lump-sum repayment on maturity	(Note 3)	Unsecured/ Nonguaranteed						
	Sumitomo Mitsui Banking Corporation		2,200,000	-	-	2,200,000											
	Hiroshima Bank, Ltd.		900,000	-	-	900,000											
	The Dai-ichi Life Insurance Company, Limited		600,000	-	-	600,000											
	Sumitomo Mitsui Trust Bank, Limited		400,000	-	-	400,000											
	Resona Bank, Limited		300,000	-	-	300,000											
	Shinkin Central Bank		300,000	-	-	300,000											
	The Nishi-Nippon City Bank, Ltd.		300,000	-	-	300,000											
	The Bank of Fukuoka, Ltd.		300,000	-	-	300,000											
	San ju San Bank, Ltd.		300,000	-	-	300,000											
	The Higashi-Nippon Bank, Limited		200,000	-	-	200,000											
	The 77 Bank, Ltd.		100,000	-	-	100,000											
	Sumitomo Mitsui Trust Bank, Limited		March 30, 2022	600,000	-	-						600,000	0.54% (Note 2)	January 31, 2026	Lump-sum repayment on maturity	(Note 3)	Unsecured/ Nonguaranteed
	Sumitomo Mitsui Banking Corporation			100,000	-	-						100,000					
	Shinkin Central Bank	March 30, 2022	800,000	-	-	800,000	0.82% (Note 2)	January 31, 2028	Lump-sum repayment on maturity	(Note 3)	Unsecured/ Nonguaranteed						
	Resona Bank, Limited		500,000	-	-	500,000											
	The Bank of Fukuoka, Ltd.		300,000	-	-	300,000											
	The 77 Bank, Ltd.		300,000	-	-	300,000											
	The Dai-ichi Life Insurance Company, Limited		300,000	-	-	300,000											
	The Gunma Bank, Ltd.		250,000	-	-	250,000											
	The Bank of Yokohama, Ltd.		250,000	-	-	250,000											
	Sumitomo Mitsui Banking Corporation		100,000	-	-	100,000											
	Nippon Life Insurance Company		January 31, 2023	800,000	-	-						800,000	0.72%	January 31, 2026	Lump-sum repayment on maturity	(Note 3)	Unsecured/ Nonguaranteed
	Sumitomo Mitsui Trust Bank, Limited	600,000		-	-	600,000											
	Sumitomo Mitsui Banking Corporation	550,000		-	-	550,000											

Category	Drawdown Date	Balance at beginning of period (thousands of yen)	Increase during period (thousands of yen)	Decrease during period (thousands of yen)	Balance at end of period (thousands of yen)	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks
Resona Bank, Limited	January 31, 2023	400,000	-	-	400,000	0.72%	January 31, 2026	Lump-sum repayment on maturity	(Note 3)	Unsecured/ Nonguaranteed
The Dai-ichi Life Insurance Company, Limited		150,000	-	-	150,000					
Sumitomo Mitsui Trust Bank, Limited	January 31, 2023	1,500,000	-	-	1,500,000	1.10% (Note 2)	January 31, 2028	Lump-sum repayment on maturity	(Note 3)	Unsecured/ Nonguaranteed
Sumitomo Mitsui Banking Corporation		450,000	-	-	450,000					
Resona Bank, Limited		350,000	-	-	350,000					
The 77 Bank, Ltd.		300,000	-	-	300,000					
The Nishi-Nippon City Bank, Ltd.		250,000	-	-	250,000					
SBI Shinsei Bank, Limited		250,000	-	-	250,000					
Hiroshima Bank, Ltd.		150,000	-	-	150,000					
Sumitomo Mitsui Banking Corporation	January 31, 2023	2,000,000	-	-	2,000,000	1.29% (Note 2)	January 31, 2029	Lump-sum repayment on maturity	(Note 3)	Unsecured/ Nonguaranteed
Shinkin Central Bank		350,000	-	-	350,000					
The 77 Bank, Ltd.		350,000	-	-	350,000					
Resona Bank, Limited		300,000	-	-	300,000					
The Nishi-Nippon City Bank, Ltd.		250,000	-	-	250,000					
The Bank of Fukuoka, Ltd.		250,000	-	-	250,000					
The Gunma Bank, Ltd.		250,000	-	-	250,000					
SBI Shinsei Bank, Limited	250,000	-	-	250,000						
Sumitomo Mitsui Banking Corporation	January 31, 2024	-	3,550,000	-	3,550,000	0.98% (Note 2)	July 31, 2028	Lump-sum repayment on maturity	(Note 3)	Unsecured/ Nonguaranteed
Sumitomo Mitsui Trust Bank, Limited		-	1,100,000	-	1,100,000					
Resona Bank, Limited		-	550,000	-	550,000					
The Nishi-Nippon City Bank, Ltd.		-	500,000	-	500,000					
The 77 Bank, Ltd.		-	400,000	-	400,000					
Shinkin Central Bank		-	350,000	-	350,000					
SBI Shinsei Bank, Limited		-	300,000	-	300,000					
The Gunma Bank, Ltd.		-	250,000	-	250,000					
The Bank of Fukuoka, Ltd.		-	250,000	-	250,000					
Subtotal		27,900,000	7,250,000	5,550,000	29,600,000					
Total		37,150,000	12,800,000	12,800,000	37,150,000					

(Note 1) "Average Interest rates" are the lending rate for each loan agreement, shown rounded up to the second decimal place.

(Note 2) The interest rate for this borrowing is, in effect, fixed due to the execution of an interest rate swap agreement. The adjusted interest rate in consideration of swap transactions is stated.

(Note 3) The funds are to be used for the acquisition of properties and for the payment of a portion of the related expenses or repayment of existing loans.

(Note 4) The following is the amount of long-term loans payable (excluding "Current portion of long-term loans payable") scheduled to be due for repayment in each year within five years of the balance sheet date.

(Unit: thousands of yen)

	Due after 1 year and within 2 years	Due after 2 year and within 3 years	Due after 3 years and within 4 years	Due after 4 years and within 5 years
Long-term loans payable	6,400,000	5,900,000	6,050,000	11,250,000