

31st Fiscal Period Asset Management Report

Starts Proceed Investment Corporation

3-1-8 Nihonbashi, Chuo-ku, Tokyo

From: November 1, 2020

To: April 30, 2021

I. To Our Unitholders

We express our sincere appreciation to all unitholders for your continued loyal patronage to Starts Proceed Investment Corporation.

Having settled the 31st fiscal period ended April 2021 (November 1, 2020 – April 30, 2021), we would like to report on the management status and performance results for the period.

During the fiscal period under review, Starts Proceed conducted asset replacement through disposition of Proceed Yachiyo Midorigaoka I and Proceed Yachiyo Midorigaoka II and acquisition of Proceed Nagareyama Otakanomori. This was conducted from the viewpoint of avoiding cost increases for major repairs, etc. required as properties age, as well as the risk of a future drop in prices due to a decline in competitiveness, etc. caused by aging facilities. Consequently, Starts Proceed's portfolio as of the end of the 31st fiscal period consists of 106 properties with a total acquisition price of 88,268 million yen. Starts Proceed also worked to reduce building maintenance and management costs while striving to improve the rent levels and increase the receipt of key money and other revenue. As a result of these endeavors, Starts Proceed posted operating revenue of 3,160 million yen, ordinary income of 1,163 million yen and net income of 1,183 million yen for the 31st fiscal period. Distribution per unit came to 4,663 yen, surpassing the forecast announced earlier.

Going forward, we are resolved to achieve steady growth of our assets under management and secure stable earnings from a medium- to long-term perspective by making the most of the expertise of the Starts Group, the sponsor, in an effort to further enhance unitholder value.

We ask you, our unitholders, to extend to us your continued consideration and support of our operations.

Kazuya Hiraide
Chief Executive Officer
Starts Proceed Investment Corporation
President
Starts Asset Management Co., Ltd.

II. Asset Management Report

1. Overview of Asset Management

(1) Management and other performance highlight of the investment corporation

Fiscal Period	unit	27th period (From November 1, 2018 to April 30, 2019)	28th period (From May 1, 2019 to October 31, 2019)	29th period (From November 1, 2019 to April 30, 2020)	30th period (From May 1, 2020 to October 31, 2020)	31st period (From November 1, 2020 to April 30, 2021)
Operating revenues	million yen	3,144	3,094	4,048	3,352	3,160
[Of which, Property leasing business revenues]	million yen	(3,119)	(3,089)	(3,116)	(3,106)	(3,113) ¹⁾
Operating Expenses	million yen	1,769	1,730	1,790	1,769	1,797
[Of which, Property leasing business revenues]	million yen	(1,349)	(1,321)	(1,362)	(1,354)	(1,374) ¹⁾
Operating income	million yen	1,374	1,364	2,257	1,582	1,362
Ordinary income	million yen	1,178	1,154	1,685	1,394	1,163
Net income (a)	million yen	1,177	1,152	1,683	1,392	1,183
Total assets (b)	million yen	90,190	89,804	90,295	90,411	90,191
Net assets (c)	million yen	42,960	42,936	43,467	43,576	43,366
Unitholders' capital (net) (note 2)	million yen	41,684	41,684	41,684	41,684	41,684
Total number of investment units issued and outstanding (d)	units	253,777	253,777	253,777	253,777	253,777
Net assets per unit (c) ÷ (d)	yen	169,285	169,188	171,282	171,711	170,886
Distribution per unit (note 3)	yen	4,585	4,541	6,635	5,487	4,662
Total Distributions (e)	million yen	1,177	1,152	1,283	1,392	1,183
Distribution per unit (e)÷(d)	yen	4,638	4,542	5,059	5,488	4,663
[Of which, distribution of earnings per unit]	yen	(4,638)	(4,542)	(5,059)	(5,488)	(4,663) ¹⁾
[Of which, distribution in excess of earnings per unit]	yen	(-)	(-)	(-)	(-)	(-) ¹⁾
Return on assets (note 4)	%	1.3 (2.6)	1.3 (2.5)	1.9 (3.8)	1.5 (3.1)	1.3 (2.6)
Return on equity (note 4)	%	2.7 (5.5)	2.7 (5.3)	3.9 (7.8)	3.2 (6.3)	2.7 (5.5)
Equity ratio (c)÷(b)	%	47.6	47.8	48.1	48.2	48.1
Distribution payout ratio (note 4)	%	99.9	100.0	76.2	100.0	100.0
[Other Reference Information]						
Number of investments properties (note 5)	units	106	106	106	107	106
Total number of leasable units (note 5)	units	5,224	5,255	5,225	5,227	5,226
Gross Leasable area	m ²	193,457.11	194,608.52	193,117.03	193,846.29	192,166.37
Period-end occupancy rate (note 5)	%	96.3	95.7	95.9	95.2	95.4
Depreciation and amortization	million yen	618	619	629	650	650
Capital expenditures	million yen	112	117	137	81	114
Property leasing NOI (Net Operating Income) (note4)	million yen	2,388	2,386	2,382	2,401	2,389
FFO (Funds from Operations) per unit (note4)	yen	6,994	6,978	6,956	7,086	7,051
FFO multiple (note 4)	times	12.3	15.2	13.1	14.2	16.0
Debt service coverage ratio (note 4)	times	12.5	11.8	15.6	13.1	12.0
Earnings before interest, depreciation and amortization	million yen	1,952	1,936	2,471	2,211	2,000
Interest expenses	million yen	156	164	158	169	167
Total interest-bearing liabilities	million yen	46,046	45,646	45,646	45,646	45,646
LTV (Loan-To-Value) ratio (note 4)	%	51.1	50.8	50.6	50.5	50.6
Number of days of management	days	181	184	182	184	181

- (Note 1) All amounts are rounded down, and the figures with decimal places calculated for percentage or averaged are rounded off, however distribution payout ratio are rounded down to one decimal place.
- (Note 2) Unitholders' capital (net) indicates the amount for unitholders' capital after subtracting the amount of deduction from unitholders' capital.
- (Note 3) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units issued and outstanding.
- (Note 4) The indicators presented are calculated as follows:
In addition, for return on assets and return on equity, figures converted based on the number of days of management are shown in brackets.

Return on assets	Ordinary income ÷ Average total assets Average total assets = (Total assets at beginning of period + Total assets at the end of period) ÷ 2
Return on equity	Net income ÷ Average net assets Average net assets = (Net assets at beginning of period + Net assets at the end of period) ÷ 2
Distribution payout ratio	Distribution per unit ÷ Net income per unit Because there were changes in the number of investment units during the 27th Fiscal Period, due to repurchase and cancellation performed for own investment units, distribution payout ratio is calculated based on the following equation: Total distribution (not including distribution in excess of earnings per unit) / net income
Property leasing NOI	Property leasing income (loss) [Real estate rent revenue – Expenses related to rent business] + Depreciation and amortization.
FFO per unit	(Net income + Depreciation and amortization + Other depreciation and amortization – Gain (loss) on sales of real estate properties + related expenses as sales of real estate) ÷ Total number of investment units issued and outstanding
FFO multiple	Investment unit price at the end of period ÷ Annualized FFO per unit
Debt service coverage ratio	Earnings before interest, depreciation and amortization ÷ Interest expenses
LTV ratio	Total interest-bearing liabilities ÷ Total assets

- (Note 5) The number of investment properties are indicated in units that are generally accepted to be one. In addition, the total number of leasable units is the number of units that are leasable for residential, office, retail and other uses, and the period-end occupancy rate is the leased area expressed as a percentage of gross leasable area as at the date of settlement of accounts.
- (Note 6) Fiscal Period is a six-month period, which ends at the end of April and October of each year.

(2) Development in management of assets in the fiscal period under review

i) Brief Background of the Investment Corporation

Starts Proceed Investment Corporation (“Starts Proceed”) was established on May 2, 2005, with 150 million yen in capital (750 units) based on the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; including amendments thereto) (the “Investment Trust Act”), completed registration with the Kanto Local Finance Bureau based on Article 187 of the Investment Trust Act on June 15, 2005 (Registration No. 37 issued by the Director-General of the Kanto Local Finance Bureau), implemented additional issuance of investment units through public offering (21,600 units) on November 29, 2005, and listed on JASDAQ Securities Exchange, Inc. (currently Tokyo Stock Exchange, Inc. JASDAQ Market) (Securities Code: 8979) the next day. After three capital increases through public offering and other developments since listing on the JASDAQ Market, Starts Proceed listed on the Tokyo Stock Exchange, Inc. Real Estate Investment Trust Securities Market (Securities Code: 8979) on July 27, 2010, and this was accompanied by an application for delisting being filed with the JASDAQ Market on August 10, 2010, and the delisting from the JASDAQ Market taking effect on October 1, 2010.

Starts Proceed entrusts asset management to Starts Asset Management Co., Ltd. (the “Asset Management Company”) and sets the focus of management on investment in real estate of which the principal use is use as rental housing (“rental housing”) as well as specified assets (the meaning provided in Article 2, Paragraph 1 of the Investment Trust Act; the same hereinafter) backed mainly by rental housing. In addition, Starts Proceed also invests in monthly rental apartments, serviced apartments, hotels, residential facilities for the elderly (collectively referred to as “rental housing, etc.” together with “rental housing”), which are related to rental housing, and real estate from which income can be expected due to other leasing revenue or specified assets backed by such real estate. In investment in rental housing, etc., Starts Proceed adopts the basic policy of particularly setting rental housing for average-income households, the demand for which Starts Proceed believes to be the most stable, as the primary investment target. In addition, Starts Proceed takes measures, such as leveraging the capabilities of the Starts Group, to achieve enhancement of management efficiency, with an aim to secure steady growth and stable revenue of assets under management over the medium to long term.

As of the end of the fiscal period under review (31st fiscal period: from November 1, 2020, to April 30, 2021), the total number of investment units issued and outstanding is 253,777 units, total assets amount to 90,191 million yen, and unitholders' capital (net amount) amounts to 41,684 million yen.

ii) Investment environment and management performance

In the 31st fiscal period, while the Japanese economy continued to experience a harsh situation with deterioration in service consumption due to the impact of COVID-19, recovery was seen centering on the manufacturing sector given partial recovery in exports and capital investment. However, being a REIT specializing in housing, Starts Proceed does not foresee concerns regarding the impact of the COVID-19 crisis on its operations in the short term given the extremely limited impact of decrease in revenue from rent and such found at this point in time.

Under such circumstances, demand trends in the market for rental housing in which Starts Proceed invests have continued to be stable in the Tokyo metropolitan area, Osaka, Nagoya, Fukuoka, Sendai, and other major metropolitan areas, and rental apartments owned by listed REITs specializing in housing have also maintained high occupancy rates.

In the secondary real estate market, while a robust investment appetite continued to be seen among listed REITs, private REITs and other investors in Japan and abroad amid the ongoing favorable fund procurement environment, competition in property acquisition has remained intense with limited supply of quality properties, leaving transaction prices at a high level.

In the 31st fiscal period, Starts Proceed conducted asset replacement through disposition of two properties on April 26, 2021 — (C-21) Proceed Yachiyo Midorigaoka I (disposition price: 415 million yen) and (C-22) Proceed Yachiyo Midorigaoka II (disposition price: 370.5 million yen) — and acquisition of one property on April 27, 2021 — (C-85) Proceed Nagareyama Otakanomori (acquisition price: 1,069 million yen) to avoid increase in costs for major repairs, etc. seen as necessary as properties age in addition to risk of a future drop in prices due to a decline in competitiveness, etc. caused by aging facilities. As a result, Starts Proceed's portfolio as of the end of the 31st fiscal period consists of 106 properties with acquisition prices totaling 88,268 million yen and a total leasable floor area of 192,166.37 m².

In close collaboration with the property management company Starts Amenity Co., Ltd., the Asset Management Company made efforts to reduce building maintenance and management costs while striving to improve the rent levels and increase the receipt of key money and other revenue. In addition, with finely tuned leasing conditions set based on understanding of regional characteristics and advantages of individual properties as well as thorough comparative analyses of nearby competitive properties, leasing activities in coordination with leasing agents were promoted. Furthermore, ongoing efforts were made to put vacant space into service quickly with an aim of maintaining the high occupancy rate. These measures worked to maintain the occupancy rate of the entire portfolio at a stable level of over 95.0%, the target level, throughout the period and resulted in a period-average occupancy rate of 95.6% and period-end (April 30, 2021) occupancy rate of 95.4%.

iii) Overview of financing

In the 31st fiscal period, Starts Proceed borrowed a long-term loan of 2,700 million yen (term: 6 years) and issued the Second Series Unsecured Investment Corporation Bond of 1,000 million yen below to repay a long-term loan of 3,700 million yen due for repayment on November 24, 2020. The interest rate of said borrowing has been substantively fixed through an interest rate swap agreement to hedge against the risk of an interest rate hike.

Name:	Starts Proceed Second Series Unsecured Investment Corporation Bond (with pari passu conditions among specified investment corporation bonds)
Issue amount:	1,000 million yen
Issue date:	0.540% per annum
Redemption date:	November 19, 2020
Redemption date:	November 19, 2025
Security and guarantee:	Unsecured and unguaranteed

As a result, as of the end of the 31st fiscal period, the current portion of long-term loans payable is 8,640 million yen, long-term loans payable is 35,006 million yen and investment corporation bonds is 2,000 million yen. The period-end balance for interest-bearing liabilities is 45,646 million yen and the period-end LTV ratio is 50.6%.

As of the date of this document, Starts Proceed has acquired the following credit ratings.

Credit rating agency	Credit rating	
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating A- (Positive)	Bond rating A-

iv) Summary of business performance and distribution

As a result of the management described above, business performance recorded for the 31st fiscal period was operating revenue of 3,160 million yen, operating income of 1,362 million yen, ordinary income of 1,163 million yen and net income of 1,183 million yen.

Concerning distributions, to ensure that the maximum amount of distributions of earnings is included in deductible expenses based on application of Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including amendments thereto) (the “Special Taxation Measures Act”), Starts Proceed distributes the entire amount of unappropriated retained earnings, excluding fractions of distribution per investment unit of less than 1 yen. Accordingly, Starts Proceed declared a distribution per investment unit of 4,663 yen.

(3) Status of capital increase, etc.

Date	Description	Total numbers of investment units issued and outstanding (units)		Unitholders' capital net (Note 1) (Million yen)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
May 2, 2005	Establishment through private placement	750	750	150	150	(Note 2)
November 29, 2005	Capital increase through public offering	21,600	22,350	4,104	4,254	(Note 3)
December 27, 2005	Capital increase through third-party allotment	27	22,377	5	4,259	(Note 4)
May 1, 2006	Capital increase through public offering	13,500	35,877	2,487	6,746	(Note 5)
May 31, 2006	Capital increase through third-party allotment	1,000	36,877	184	6,930	(Note 6)
November 21, 2006	Capital increase through public offering	25,700	62,577	4,469	11,400	(Note 7)
December 19, 2006	Capital increase through third-party allotment	1,000	63,577	173	11,574	(Note 8)
November 22, 2007	Capital increase through public offering	44,400	107,977	7,136	18,710	(Note 9)
May 1, 2013	Capital increase through public offering	37,000	144,977	6,607	25,318	(Note 10)
November 4, 2014	Capital increase through public offering	28,800	173,777	4,777	30,096	(Note 11)
November 21, 2016	Capital increase through public offering	83,000	256,777	12,134	42,230	(Note 12)
April 26, 2019	Cancellation	(3,000)	253,777	(545)	41,684	(Note 13)

(Note 1) Unitholders' capital (net) is the amount obtained by subtracting deduction from unitholders' capital from unitholders' capital.

(Note 2) Starts Proceed was established on May 2, 2005.

(Note 3) Starts Proceed issued additional investment units through public offering at an issue price of 200,000 yen (purchase price (underwriting price) of 190,000 yen) per unit to procure funds for the acquisition of new properties.

(Note 4) Following the capital increase through public offering described in (Note 3), Starts Proceed issued additional investment units through third-party allotment to Shinko Securities Co., Ltd. (stated in its former name, though it merged with Mizuho Securities Co., Ltd. as of May 7, 2009; the same shall apply hereinafter) at a purchase price of 190,000 yen per unit for the secondary offering (over-allotment) conducted by Shinko Securities.

(Note 5) Starts Proceed issued additional investment units through public offering at an issue price of 192,103 yen (purchase price (underwriting price) of 184,262 yen) per unit to fund the acquisition of new properties and partially repay borrowings, etc.

(Note 6) Following the capital increase through public offering described in (Note 5), Starts Proceed issued additional investment units through third-party allotment to Shinko Securities Co., Ltd. at a purchase price of 184,262 yen per unit for the secondary offering (over-allotment) conducted by Shinko Securities.

(Note 7) Starts Proceed issued additional investment units through public offering at an issue price of 181,300 yen (purchase price (underwriting price) of 173,900 yen) per unit to fund the acquisition of new properties and partially repay borrowings, etc.

(Note 8) Following the capital increase through public offering described in (Note 7), Starts Proceed issued additional investment units through third-party allotment to Shinko Securities Co., Ltd. at a purchase price of 173,900 yen per unit for the secondary offering (over-allotment) conducted by Shinko Securities.

(Note 9) Starts Proceed issued additional investment units through public offering at an issue price of 167,580 yen (purchase price (underwriting price) of 160,740 yen) per unit to fund the acquisition of new properties.

(Note 10) Starts Proceed issued additional investment units through public offering at an issue price of 185,035 yen (purchase price (underwriting price) of 178,582 yen) per unit to fund the acquisition of new properties.

(Note 11) Starts Proceed issued additional investment units through public offering at an issue price of 171,882 yen (purchase price (underwriting price) of 165,888 yen) per unit to fund the acquisition of new properties.

(Note 12) Starts Proceed issued additional investment units through public offering at an issue price of 151,320 yen (purchase price (underwriting price) of 146,198 yen) per unit to fund the acquisition of new properties.

(Note 13) Starts Proceed repurchased its own investment units from the market at the Tokyo Stock Exchange based on the discretionary transaction contract with securities companies regarding purchase of treasury investment units, for the period from March 27, 2019 to April 4, 2019. All of the acquired treasury investment units (3,000 units) were cancelled on April 26, 2019, based on the resolution at Starts Proceed's Board of the Directors meeting held on April 22, 2019.

[Changes in market price of investment certificates]

The highest and lowest prices (closing price) in the Tokyo Stock Exchange, where Starts Proceed's investment securities are listed, by fiscal period are as follows.

Fiscal period	27th period	28th period	29th period	30th period	31st period
Closing month/year	April 2019	October 2019	April 2020	October 2020	April 2021
Highest (yen)	184,700	213,800	211,500	214,000	232,000
Lowest (yen)	164,300	172,300	146,000	183,400	190,700

(4) Distribution

Concerning distributions for the fiscal period under review, to ensure that the maximum amount of distributions of earnings is included in deductible expenses by applying the Special Provisions on Taxation (Article 67-15 of the Act on Special Measures Concerning Taxation), Starts Proceed decided to distribute the entire amount of unappropriated retained earnings, excluding fractions of distribution per investment unit of less than 1 yen. Accordingly, Starts Proceed declared a distribution per investment unit of 4,663 yen

Fiscal period	27th period	28th period	29th period	30th period	31st period
Calculation period	From November 1, 2018 to April 30, 2019	From May 1, 2019 to October 31, 2019	From November 1, 2019 to April 30, 2020	From May 1, 2020 to October 31, 2020	From November 1, 2020 to April 30, 2021
Total unappropriated retained earnings	1,177,098 thousand yen	1,152,707 thousand yen	1,683,923 thousand yen	1,392,789 thousand yen	1,183,395 thousand yen
Retained earnings	80 thousand yen	52 thousand yen	400,065 thousand yen	61 thousand yen	33 thousand yen
Total distribution	1,177,017 thousand yen	1,152,655 thousand yen	1,283,857 thousand yen	1,392,728 thousand yen	1,183,36 thousand yen
[Distribution per unit]	(4,638 yen)	(4,542 yen)	(5,059 yen)	(5,488 yen)	(4,663 yen)
Of which, total earnings distribution	1,177,017 thousand yen	1,152,655 thousand yen	1,283,857 thousand yen	1,392,798 thousand yen	1,183,362 thousand yen
[Earnings distribution per unit]	(4,638 yen)	(4,542 yen)	(5,059 yen)	(5,488 yen)	(4,663 yen)
Of which, total contribution refund	-	-	-	-	-
[Contribution refund per unit]	(-)	(-)	(-)	(-)	(-)
Of the total contribution refund, total distributions from the reserve for temporary difference adjustments	-	-	-	-	-
[Of the contribution refund per unit, distribution per unit from the reserve for temporary difference adjustments]	(-)	(-)	(-)	(-)	(-)
Of the total contribution refund, total distributions through the reduction in unitholders' capital for tax purposes	-	-	-	-	-
[Of the contribution refund per unit, distribution per unit through the reduction in unitholders' capital for tax purpose]	(-)	(-)	(-)	(-)	(-)

(5) Future management policy

Concerning the outlook for the Japanese economy, as there are heightened expectations for the proliferation of vaccination, the economy may start to grow with the strong performance of exports and capital investment backed by recovery in overseas economies even as the impact of COVID-19 continues, but individual consumption is believed to continue to be significantly affected by the status of infection.

In the primary real estate market, with the investment appetite among market players such as listed REITs, private REITs and domestic businesses remaining strong against the backdrop of low interest rates and the favorable environment for fund procurement, the continued execution of transactions at a high price range is expected. In addition, in the market for rental housing, high occupancy rates and an upward trend in unit rent are still expected to continue to a certain degree mainly in the greater Tokyo area.

i) External Growth Strategy

Based on the extensive collaborative relationship with the Starts Group, which is formed by agreements such as a pipeline support agreement concluded between the Asset Management Company and each of Starts Corporation Inc., Starts Development Corporation and Starts Amenity Co., Ltd. as well as a property information provision agreement concluded between the Asset Management Company and Starts CAM Co., Ltd., Starts Proceed strives to increase opportunities to newly acquire prime investment real estate. Furthermore, Starts Proceed will consider acquisition of quality newly built or relatively newly built properties that have the potential to generate stable revenue over the medium to long term, while carefully assessing trends in the financial market as well as the primary and secondary real estate markets, in addition to acquiring properties developed by the Starts Group, with an aim to expand asset size and enhance portfolio quality. Furthermore, along with the progress in external growth, Starts Proceed will continue to simultaneously investigate disposition of some assets that are small in size or were built long ago, etc.

ii) Internal Growth Strategy

Following on from the 31st fiscal period, under close collaboration with the property management company Starts Amenity Co., Ltd. and Starts Pitat House Co., Ltd., to which leasing business operations are re-entrusted, efforts will be made to enhance convenience and comfort for residents through the provision of high-quality management services, along with not stopping at uniform management but conducting finely tuned management suited to the respective area's real estate leasing market trends and individual property characteristics, in order to enhance the revenues and occupancy rates of assets under management and cut costs.

iii) Financial Strategy

With its sight set on smooth fund procurement upon asset acquisition and reduction of refinancing risk, Starts Proceed will promote its ongoing favorable relationship with financing banks and enhance the lineup of financing banks, reduce financing costs, extend loan periods, build a ladder for repayment deadlines and shift borrowings to fixed-interest loans as needed in an aim to further strengthen the financial base and diversify its fund procurement including through the issuance of investment corporation bonds.

(6) Significant Subsequent Event

Borrowing of funds (Refinancing)

Starts Proceed borrowed Term Loan 2R and Term Loan 2S as follows to fund the repayment of Term Loan 2G for which the repayment date arrived on May 24, 2021 (loan balance: 4,320 million yen).

	Term Loan 2R	Term Loan 2S
Lender	Resona Bank, Limited Aozora Bank, Ltd. Mizuho Bank, Ltd. The Musashino Bank, Ltd. The Chiba Bank, Ltd. The Kagawa Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited	
Loan Amount	2,159 million yen	2,161 million yen
Drawdown Date	May 24, 2021	
Principal Repayment Date	May 24, 2023	May 24, 2024
Interest Rate (Note)	Floating rate (Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.420%)	Floating rate (Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.480%)
Principal Repayment Method	Lump-sum repayment on repayment date	
Collateral	Unsecured	
Guarantee	Unguaranteed	

Note: The base interest rate applicable to the calculation period for the interest payable on an interest payment date shall be the JBA 1-month Japanese Yen TIBOR two business days prior to the interest payment date immediately preceding the respective interest payment date (except for the first interest payment, in which case it shall be the drawdown date).

2. Overview of the Investment Corporation

(1) Status of investment in capital

Fiscal period	27th period	28th period	29th period	30th period	31st period
Closing month/year	As of April 30, 2019	As of October 31, 2019	As of April 30, 2020	As of October 31, 2020	As of April 30, 2021
Total number of authorized investment units	2,000,000 units	2,000,000 units	2,000,000 units	2,000,000 units	2,000,000 units
Total number of investment units issued and outstanding	253,777 units	253,777 units	253,777 units	253,777 units	253,777 units
Unitholders' capital (net) (Note)	41,684 million yen	41,684 million yen	41,684 million yen	41,684 million yen	41,684 million yen
Number of unitholders	15,417 individuals	14,355 individuals	13,420 individuals	12,955 individuals	12,373 individuals

(Note) Unitholders' capital (net) is the amount obtained by subtracting deduction from unitholders' capital from unitholders' capital.

(2) Major unitholders

The following table shows the twenty largest unitholders according to the percentage of their owned investment units to the total number of investment units outstanding as of April 30, 2021.

Name	Number of investment units owned (units)	Number of investment units owned expressed as a percentage of total number of investment units issued and outstanding (%) (Note)
Custody Bank of Japan, Ltd. (trust account)	41,491	16.34
Starts Corporation, Inc	34,153	13.45
The Master Trust Bank of Japan, Ltd. (trust account)	27,372	10.78
Custody Bank of Japan, Ltd. (securities investment trust account)	14,748	5.81
The Nomura Trust and Banking Co., Ltd. (investment trust account)	9,341	3.68
Kinkisangyo Shinkumi Bank	3,313	1.30
SMBC Nikko Securities Inc.	2,952	1.16
Morgan Stanley MUFG Securities Co., Ltd.	2,845	1.12
SSBTC CLIENT OMNIBUS ACCOUNT	2,206	0.86
Nomura Securities Co., Ltd.	2,022	0.79
Individual investor	2,000	0.78
JP MORGAN CHASE BANK 385771	1,851	0.72
K. K. Toyosu	1,774	0.69
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	1,573	0.61
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1,541	0.60
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	1,395	0.54
Custody Bank of Japan, Ltd. (trust account 7)	1,343	0.52
STATE STREET BANK AND TRUST COMPANY 505012	1,139	0.44
STATE STREET BANK WEST CLIENT - TREATY 505234	1,106	0.43
J. P. MORGAN SECURITIES PLC	1,085	0.42
Total	155,250	61.17

(Note) Figures for unitholding ratio are rounded down to the second place.

(3) Matters concerning director, etc.

The Executive Director, Supervising Directors and Independent Auditor as of April 30, 2021 are as follows.

Position	Name	Major concurrent assignments	Total remuneration for each position during the period under review (thousand yen)
Executive director (Note 1)	Kazuya Hiraide	President, Starts Asset Management Co., Ltd. Director, Starts Research Institute, Ltd.	-
Supervising Director (Note 1)	Shigeki Nomura	Partner, Okuno & Partners Director, Japan Deaf-Blind Association Councilor, National Committee of Welfare for The Blind in Japan	600
Supervising Director (Note 1)	Motohisa Matsushita	Certified Public Accountant, Matsushita Certified Public Accountant Office Controller, Kyoritsu Credit Corporation External Director (Audit and Supervisory Committee Member), Nissan Securities Co., Ltd.	600
Independent Auditor (Note 2) (Note 3)	Nihombashi Corporation	-	8,580

(Note 1) None of the Executive Director or Supervisory Directors own investment units in Starts Proceed, either in their own name or in someone else's name. Moreover, although the Supervisory Directors may be officers of corporations other than those mentioned above, they have no conflict of interest with Starts Proceed at those and the above positions.

(Note 2) The dismissal of the Independent Auditor shall be considered in accordance with the provisions of the Investment Trusts Act. The decision to not reappoint the Independent Auditor shall be studied at Starts Proceed's Board of Directors by comprehensively considering the audit quality, audit fee and other various conditions

(Note 3) The total remuneration amount paid to Nihombashi Corporation includes the fees for agreed upon procedures, other than the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (Act No. 103 of 1948, as amended) of 2,080 thousand yen.

(4) Asset management company, asset custodian and general administrative agents

The following are the asset management company, asset custodian and general administrative agents as of April 30, 2021. The asset management company and other agents for Starts Proceed as of April 30, 2021 are as follows:

Entrustment Category	Name
Asset management company	Starts Asset Management Co., Ltd.
Asset custodian	Sumitomo Mitsui Trust Bank, Limited
General administrative agent (accounting services, administration of unitholder registry)	Sumitomo Mitsui Trust Bank, Limited
General administrative agent (administration of institutional operations)	Starts Asset Management Co., Ltd.
General administrative agent (administration of investment corporation bonds)	Resona Bank, Limited Mizuho Bank, Ltd.

3. Status of Asset under Management of the Investment Corporation

(1) Composition of assets of the investment corporation

Type of asset	Area	30th period (as of October 31, 2020)		31st period (as of April 30, 2021)	
		Total value of owned assets (thousand yen) (Note 1)	Percentage of total assets (%) (Note 2)	Total value of owned assets (thousand yen) (Note 1)	Percentage of total assets (%) (Note 2)
Trust beneficiary interest in real estate	Tokyo metropolitan area major cities	64,838,476	71.7	64,878,633	71.9
	Cabinet order designated cities	19,016,670	21.0	18,908,964	21.0
	Regional area major cities	2,304,151	2.5	2,277,588	2.5
Subtotal		86,159,298	95.3	86,065,187	95.4
Deposits and other assets		4,252,408	4.7	4,126,771	4.6
Total assets		90,411,706	100.0	90,191,958	100.0

(Note 1) "Total value of owned assets" indicates the amount posted on the balance sheets as of the closing of accounts (the book value after depreciation for real estate in trust), rounded down to the nearest thousand yen.)

(Note 2) "Percentage of total assets" indicates the ratio of trust beneficiary interest in real estate and deposits and other assets to total assets, rounded to the first decimal place.

(2) Major assets held

The following is an overview of the major assets (top ten properties on a book value basis) owned by Starts Proceed as of April 30, 2021.

Property number	Property name	Book value (thousand yen) (Note 1)	Leasable floor area (m ²) (Note 2)	Leased floor area (Note 3)	Occupancy rate (%)	Ratio to total rent revenue (%) (Note 4)	Main use
C-75	Proceed Shin Yokohama	4,413,737	5,457.56	5,159.88	94.5	3.7	Apartment
C-82	The Parkhabio Yokohama Yamate	3,235,338	2,654.69	2,599.52	97.9	2.1	Apartment
C-41	Proceed Nishiarai	3,020,187	20,137.85	19,626.88	97.5	9.7	Apartment
C-70	Proceed Nishi Shinjuku	2,635,773	2,461.88	2,247.15	91.3	2.0	Apartment
C-69	Proceed Nihonbashi Honcho	2,590,441	2,553.89	2,284.71	89.5	1.9	Apartment
C-77	Proceed Kinshicho	2,237,135	2,302.92	2,099.81	91.2	1.7	Apartment
G-26	Proceed Bentencho	2,232,493	4,134.70	4,109.61	99.4	2.1	Apartment
G-25	Proceed Aratamabashi	2,120,014	5,335.93	4,287.31	80.3	1.9	Apartment
G-24	Proceed Kanayama 2	2,002,865	4,218.01	3,897.88	92.4	2.1	Apartment
C-73	Proceed CO-Z East Building	1,915,924	6,873.33	6,278.55	91.3	2.2	Apartment
Total		26,403,912	56,130.76	52,591.30	93.7	29.4	-

(Note 1) For "Book value," the figures less than the specified unit are rounded down

(Note 2) "Leasable floor area" means the total leasable floor area of each building, not including the leasable floor area of land (flat parking lot), and indicates the figure stated in the lease agreement and the drawings of the relevant property.

(Note 3) "Leased floor area" means the total leased floor area of each building, not including the leased floor area of land, and indicates the figure stated in the lease agreement.

(Note 4) "Ratio to total rent revenue" refers to the ratio of rent revenue of each property to rent revenue of the entire portfolio, and is rounded to the first decimal place. Accordingly, the sum of the figure of each item may not equal the total.

(3) Real estate assets in portfolio

The following table provides details of the assets (real estate or trust beneficiary interest in real estate as major trust property) owned by Starts Proceed as of April 30, 2021.

Property number	Property name	Location (residential address)	Form of ownership	Leasable floor area (m ²)	Period-end appraisal value (thousand yen)	Book Value (thousand yen)
C-1	Proceed Ichikawa	2-33-17 Shinden, Ichikawa, Chiba	Trust beneficiary interest	3,322.17	1,390,000	1,000,712
C-2	Proceed Toyochō	2-1-7 Minamisuna, Koto-ku, Tokyo	Trust beneficiary interest	1,085.56	893,000	567,738
C-3	Proceed Kasai	5-41-6 Nakakasai, Edogawa-ku, Tokyo	Trust beneficiary interest	1,243.80	830,000	592,277
C-4	Proceed Sangenjaya	2-41-1 Sangenjaya, Setagaya-ku, Tokyo	Trust beneficiary interest	1,019.27	621,000	619,735
C-5	Proceed Mizue	3-24-10 Minamishinozakimachi, Edogawa-ku, Tokyo	Trust beneficiary interest	2,076.68	778,000	616,019
C-6	Proceed Funabashi Miyamoto	1-22-13 Miyamoto, Funabashi, Chiba	Trust beneficiary interest	1,685.73	587,000	443,978
C-7	Proceed Minamikasai	6-2-26 Minamikasai, Edogawa-ku, Tokyo	Trust beneficiary interest	1,045.28	306,000	322,833
C-9	Proceed Gyotoku	8-2 Irifune, Ichikawa, Chiba	Trust beneficiary interest	1,218.56	346,000	334,853
C-10	Proceed Makuharihongo	6-2-15 Makuharihongo, Hanamigawa-ku, Chiba, Chiba	Trust beneficiary interest	963.00	320,000	271,402
C-11	Proceed Minamigyotoku	3-12-10 Fukuei, Ichikawa, Chiba	Trust beneficiary interest	838.95	330,000	294,213
C-12	Proceed Makuharihongo 2	5-19-13 Makuharihongo, Hanamigawa-ku, Chiba, Chiba	Trust beneficiary interest	1,104.84	247,000	224,127
C-14	Proceed Funabori	5-5-16 Funabori, Edogawa-ku, Tokyo	Trust beneficiary interest	479.52	247,000	234,852
C-15	Proceed Takenozuka	2-16-6 Iriya, Adachi-ku, Tokyo	Trust beneficiary interest	860.55	249,000	170,907
C-16	Proceed Sengendai 2	5-7-6 Sengendainishi, Koshigaya, Saitama	Trust beneficiary interest	695.81	111,000	91,177
C-17	Proceed Shoto	2-3-11 Shoto, Shibuya-ku, Tokyo	Trust beneficiary interest	890.22	982,000	872,930
C-18	Proceed Sangubashi	3-57-10 Yoyogi, Shibuya-ku, Tokyo	Trust beneficiary interest	527.88	496,000	478,787
C-19	Proceed Urayasu	1-2-1 Fujimi, Urayasu, Chiba	Trust beneficiary interest	1,786.58	456,000	457,349
C-20	Proceed Shinkoiwa	2-31-14 Matsushima, Edogawa-ku, Tokyo	Trust beneficiary interest	1,629.07	553,000	496,425
C-23	Proceed Toritsudaigaku	1-5-8 Yakumo, Meguro-ku, Tokyo	Trust beneficiary interest	808.65	818,000	761,325
C-24	Proceed Toritsudaigaku 2	1-2-3 Tairamachi, Meguro-ku, Tokyo	Trust beneficiary interest	831.74	839,000	704,091
C-25	Proceed Honjoazumabashi	4-15-13 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interest	570.53	466,000	291,985
C-26	Proceed Meguro Aobadai	3-5-2 Aobadai, Meguro-ku, Tokyo	Trust beneficiary interest	485.15	466,000	448,444
C-27	Proceed Suginami Miyamae	1-15-12 Miyamae, Suginami-ku, Tokyo	Trust beneficiary interest	680.50	485,000	424,352
C-28	Proceed Ryogoku	1-20-4 Midori, Sumida-ku, Tokyo	Trust beneficiary interest	702.54	587,000	423,417
C-29	Proceed Mita	2-30-9 Shiba, Minato-ku, Tokyo	Trust beneficiary interest	1,500.57	1,700,000	1,405,394
C-30	Proceed Nakanoshimbashi	2-13-8 Yayoicho, Nakano-ku, Tokyo	Trust beneficiary interest	849.08	700,000	667,179
C-31	Proceed Kameido	9-5-13 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	853.98	346,000	341,659
C-32	Proceed Takadanobaba	3-43-18 Takadanobaba, Shinjuku-ku, Tokyo	Trust beneficiary interest	278.36	274,000	249,374
C-33	Proceed Shinkoenji	3-10-21 Horinouchi, Suginami-ku, Tokyo	Trust beneficiary interest	1,040.24	894,000	774,867

Property number	Property name	Location (residential address)	Form of ownership	Leasable floor area (m ²)	Period-end appraisal value (thousand yen)	Book Value (thousand yen)
C-34	Proceed Koenjiminami	5-2-9 Koenjiminami, Sugunami-ku, Tokyo	Trust beneficiary interest	337.05	251,000	306,653
C-35	Proceed Hasune	1-11-10 Hasune, Itabashi-ku, Tokyo	Trust beneficiary interest	587.13	267,000	311,335
C-36	Proceed Oimachi	5-8-9 Higashioi, Shinagawa-ku, Tokyo	Trust beneficiary interest	961.88	950,000	972,345
C-37	Proceed Jujo	4-9-17 Kamijujo, Kita-ku, Tokyo	Trust beneficiary interest	1,206.90	558,000	553,114
C-38	Proceed Hakuraku	1-12 Shirahataminamicho, Kanagawa-ku, Yokohama, Kanagawa	Trust beneficiary interest	445.16	185,000	256,755
C-39	Proceed Shinmaruko	1-547-24 Kosugimachi, Nakahara-ku, Kawasaki, Kanagawa	Trust beneficiary interest	759.00	605,000	661,344
C-40	Proceed Motoyawata	5-10-8 Minamiyawata, Ichikawa, Chiba	Trust beneficiary interest	602.39	336,000	264,541
C-41	Proceed Nishiarai	1-18-11, 12, 13 and 14, Nishiaraisakaecho, Adachi-ku, Tokyo	Trust beneficiary interest	20,137.85	6,900,000	3,020,187
C-42	Proceed Chofu	1-28-4 Fuda, Chofu, Tokyo	Trust beneficiary interest	764.48	586,000	395,249
C-43	Proceed TX Rokucho	1-16-17 Higashihokima, Adachi-ku, Tokyo	Trust beneficiary interest	518.31	178,000	175,736
C-44	Proceed Nakagawara	5-10-1 Bubaicho, Fuchu, Tokyo	Trust beneficiary interest	3,061.94	1,340,000	1,210,701
C-45	Proceed Oizumigakuen	4-19-6 Higashioizumi, Nerima-ku, Tokyo	Trust beneficiary interest	483.43	282,000	287,711
C-46	Proceed Chitosekarasuyama	2-38-30 Kamisoshigaya, Setagaya-ku, Tokyo	Trust beneficiary interest	449.96	334,000	326,239
C-47	Proceed Mitaka	3-16-3 Shimorenjaku, Mitaka, Tokyo	Trust beneficiary interest	739.48	581,000	522,100
C-48	Proceed Kashiwa Est	3-8-19 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	1,279.93	720,000	666,378
C-49	Proceed Kashiwa Nord	5-8-17 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	1,391.55	623,000	612,819
C-50	Proceed Gyotokuekimae	2-1-18 Gyotokuekimae, Ichikawa, Chiba	Trust beneficiary interest	659.68	372,000	268,237
C-51	Proceed Funabashi Honcho	6-19-18 Honcho, Funabashi, Chiba	Trust beneficiary interest	996.44	598,000	487,713
C-52	Proceed Nishikawaguchi	4-2-18 Namiki, Kawaguchi, Saitama	Trust beneficiary interest	1,630.24	839,000	948,811
C-53	Proceed Gumyoji	1-4-12 Nakazato, Minami-ku, Yokohama, Kanagawa	Trust beneficiary interest	1,246.48	586,000	558,045
C-54	Proceed Tsurugamine	2-9-6 Tsurugamine, Asahi-ku, Yokohama, Kanagawa	Trust beneficiary interest	855.00	378,000	361,315
C-55	Proceed Sagamiotsuka	2-13-5 Sakuramori, Yamato, Kanagawa	Trust beneficiary interest	741.24	217,000	228,549
C-56	Proceed Shinozaki 2	7-21-13 Shinozakimachi, Edogawa-ku, Tokyo	Trust beneficiary interest	2,134.07	1,140,000	782,987
C-57	Proceed Kashiwa Trois	3-9-3 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	1,149.95	674,000	463,269
C-58	Proceed Shinozaki Tower	7-20-19 Shinozakimachi, Edogawa-ku, Tokyo	Trust beneficiary interest	5,117.49	2,250,000	1,334,369
C-59	Proceed Tobu Nerima	1-3-11 Tokumaru, Itabashi-ku, Tokyo	Trust beneficiary interest	779.84	573,000	403,756
C-60	Proceed Yukigaya	1-15-20 Minamiyukigaya, Ota-ku, Tokyo	Trust beneficiary interest	600.62	393,000	359,105
C-61	Proceed Ichikawa Minami	1-9-27 Ichikawaminami, Ichikawa, Chiba	Trust beneficiary interest	1,635.59	966,000	694,899
C-62	Proceed Ichikawa Myoden	2-14-15 Shioyaki, Ichikawa, Chiba	Trust beneficiary interest	945.00	637,000	521,496
C-63	Proceed Fujisawa Kugenuma	2-6-6 Kugenumaishigami, Fujisawa, Kanagawa	Trust beneficiary interest	2,005.76	900,000	752,707
C-64	Proceed Nihonbashi-horidomecho	2-4-8 Nihonbashihoridomecho, Chuo-ku, Tokyo	Trust beneficiary interest	1,904.45	1,760,000	1,508,137

Property number	Property name	Location (residential address)	Form of ownership	Leasable floor area (m ²)	Period-end appraisal value (thousand yen)	Book Value (thousand yen)
C-65	Proceed TX Nagareyama Central Park	UN B139 District 3-2, 9-3 177-1 Maehirai, Nagareyama, Chiba	Trust beneficiary interest	2,976.85	1,170,000	893,633
C-66	Proceed Gyotoku 2	1-6-6 Fukuei, Ichikawa, Chiba	Trust beneficiary interest	1,626.54	910,000	825,835
C-67	Proceed Nishikasai	2-7-6 and 2-7-1, Seishin-cho, Edogawa-ku, Tokyo	Trust beneficiary interest	2,993.52	1,020,000	955,983
C-68	Proceed Kasai 2	7-15-7 Higashikasai, Edogawa-ku, Tokyo	Trust beneficiary interest	2,140.59	933,000	837,248
C-69	Proceed Nihonbashi Honcho	4-10-5 Nihonbashi honcho, Chuo-ku, Tokyo	Trust beneficiary interest	2,553.89	2,600,000	2,590,441
C-70	Proceed Nishi Shinjuku	3-7-23 Nishishinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interest	2,461.88	2,680,000	2,635,773
C-71	Proceed Unoki	2-43-7 Unoki, Ota-ku, Tokyo	Trust beneficiary interest	1,260.58	999,000	922,497
C-72	Proceed Minamigyotoku 2	3-3-20 Fukuei, Ichikawa, Chiba	Trust beneficiary interest	2,832.74	1,160,000	1,079,218
C-73	Proceed CO-Z East Building	4-12 Kozunomori, Narita, Chiba	Trust beneficiary interest	6,873.33	2,040,000	1,915,924
C-74	Proceed CO-Z West Building	4-1-1 Kozunomori, Narita, Chiba	Trust beneficiary interest	3,716.05	1,080,000	1,033,174
C-75	Proceed Shin Yokohama	3-21-2 Shin Yokohama, Kohoku-ku, Yokohama, Kanagawa	Trust beneficiary interest	5,457.56	4,450,000	4,413,737
C-76	Life Support Residence Funaboriekimae	4-8-10 Funabori, Edogawa-ku, Tokyo	Trust beneficiary interest	1,408.71	432,000	253,895
C-77	Proceed Kinshicho	4-6-9 Kamezawa, Sumida-ku, Tokyo	Trust beneficiary interest	2,302.92	2,190,000	2,237,135
C-78	Proceed K2	6-8-37 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	4,099.04	1,290,000	1,244,939
C-79	Proceed K3 Annex	1023-1 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	1,590.30	313,000	305,423
C-80	Proceed K5	6-8-38 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	788.95	276,000	288,258
C-81	Proceed Ichikawa Myoden II	2-14-20 Shioyaki, Ichikawa, Chiba	Trust beneficiary interest	1,218.00	845,000	837,888
C-82	The Parkhabio Yokohama Yamate	2-78-11 Ishikawa-cho, Naka-ku, Yokohama, Kanagawa	Trust beneficiary interest	2,654.69	3,160,000	3,235,338
C-83	Proceed Monzennakacho	1-7-8 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interest	1,515.81	1,350,000	1,303,563
C-84	Proceed Maihama	4-14-13 Fujimi, Urayasu, Chiba	Trust beneficiary interest	1,735.31	1,220,000	1,097,073
C-85	Proceed Nagareyama Otakanomori	1-2-3 Otakanomorikita, Nagareyama, Chiba	Trust beneficiary interest	1,730.96	1,100,000	1,172,614
G-8	Proceed Taikodori	4-31 Taikotori, Nakamura-ku, Nagoya, Aichi	Trust beneficiary interest	1,101.56	487,000	327,384
G-11	Proceed Honamicho	3-55 Honamicho, Chikusa-ku, Nagoya, Aichi	Trust beneficiary interest	620.22	243,000	220,353
G-13	Proceed Shinsakae	1-28-21 Shinsakae, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	1,958.44	979,000	621,007
G-14	Proceed Chiyoda	2-10-16 Chiyoda, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	922.40	386,000	242,886
G-15	Proceed Fukuoka Takamiya	1-7-15 Noma, Minami-ku, Fukuoka, Fukuoka	Trust beneficiary interest	1,312.29	503,000	418,507
G-17	Proceed Kanayama	3-11-9 Kanayama, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	2,733.58	1,400,000	924,123
G-18	Proceed Fukiage	2-22-1 Kurumadacho, Showa-ku, Nagoya, Aichi	Trust beneficiary interest	1,204.65	652,000	449,914
G-19	Proceed Toyoda	3-51 Shinmeicho, Toyota, Aichi	Trust beneficiary interest	752.04	304,000	199,282
G-21	Proceed Nishitenma	3-7-3 Nishitenma, Kita-ku, Osaka, Osaka	Trust beneficiary interest	1,775.89	1,180,000	861,492
G-22	Proceed Kobemotomachi	3-5-2 Sakaemachidori, Chuo-ku, Kobe, Hyogo	Trust beneficiary interest	1,590.64	1,020,000	769,667

Property number	Property name	Location (residential address)	Form of ownership	Leasable floor area (m ²)	Period-end appraisal value (thousand yen)	Book Value (thousand yen)
G-23	Group Home Tanoshii Ie Taisho	3-14-8 Hirao, Taisho-ku, Osaka, Osaka	Trust beneficiary interest	482.72	185,000	154,629
G-24	Proceed Kanayama 2	2-1-22 Kanayama, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	4,218.01	2,310,000	2,002,865
G-25	Proceed Aratamabashi	8-17-2 Mizuhodori, Mizuho-ku, Nagoya, Aichi	Trust beneficiary interest	5,335.93	2,220,000	2,120,014
G-26	Proceed Bentencho	2-5-12 Ichioka Motomachi, Minato-ku, Osaka, Osaka	Trust beneficiary interest	4,134.70	2,310,000	2,232,493
G-27	Proceed Nagaikoendori	2-9-19 Minamiumiyoshi, Sumiyoshi-ku, Osaka, Osaka	Trust beneficiary interest	2,170.80	1,070,000	1,100,400
G-30	Proceed Hyogoekimaedori	1-3-22 Ekimaedori, Hyogo-ku, Kobe, Hyogo	Trust beneficiary interest	3,086.99	1,750,000	1,713,271
G-31	Proceed Mizuho	2-43 Mizuhodori, Mizuho-ku, Nagoya, Aichi	Trust beneficiary interest	1,126.40	538,000	554,896
G-32	Proceed Osu	1-29-32 Osu, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	1,851.30	887,000	828,105
G-33	Proceed Sendai Kozurushinden	3-13-3 Shinden Higashi, Miyagino-ku, Sendai, Miyagi	Trust beneficiary interest	1,913.28	781,000	764,458
G-34	Proceed Sendai Kamisugi	2-4-30 Kamisugi, Aoba-ku, Sendai, Miyagi	Trust beneficiary interest	3,409.93	1,710,000	1,577,362
G-35	Proceed Kanayama 3	2-4-26, Masaki, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	1,799.52	835,000	825,847
R-2	Proceed Mito	3-4-14 Omachi, Mito, Ibaraki	Trust beneficiary interest	1,223.83	486,000	295,820
R-3	Proceed Mito 2	3-2-31 Omachi, Mito, Ibaraki	Trust beneficiary interest	1,381.34	521,000	333,419
R-4	Proceed Tsukuba Gakuentoshi	3-9-4 Ninomiya, Tsukuba, Ibaraki	Trust beneficiary interest	2,659.71	832,000	754,915
R-5	Proceed Mito 3	3-1-41 Minamimachi, Mito, Ibaraki	Trust beneficiary interest	2,258.88	876,000	893,433
Total				192,166.37	99,979,000	86,065,187

(Note) “Period-end appraisal value” refers to the appraisal value or survey value by real estate appraisers (by appraisal or survey benchmarked to the price by the income approach with April 30, 2021 as the appraisal or survey date), based on the Articles of Incorporation of Starts Proceed and the Cabinet Office Order on “Regulations on calculations of investment corporations.”

The following table provides changes in rent business results for each of the investment properties of Starts Proceed.

Property number	Property name	30th period (as of October 31, 2020)				31st period (as of April 30, 2021)			
		Number of leased units at period-end (units) (Note 1)	Occupancy rate at period-end (%)	Rent revenue throughout period (thousand yen)	Ratio to total rent revenue (%) (Note 2)	Number of leased units at period-end (units) (Note 1)	Occupancy rate at period-end (%)	Rent revenue throughout period (thousand yen)	Ratio to total rent revenue (%) (Note 2)
C-1	Proceed Ichikawa	49	98.1	43,793	1.4	49	98.1	44,551	1.4
C-2	Proceed Toyocho	45	100.0	23,020	0.7	45	100.0	23,347	0.7
C-3	Proceed Kasai	54	94.8	24,775	0.8	57	100.0	29,196	0.9
C-4	Proceed Sangenjaya	8	89.9	19,490	0.6	9	100.0	19,021	0.6
C-5	Proceed Mizue	27	96.5	26,272	0.8	27	96.5	26,138	0.8
C-6	Proceed Funabashi Miyamoto	31	94.8	22,299	0.7	33	100.0	22,294	0.7
C-7	Proceed Minamikasai	15	94.3	12,112	0.4	16	100.0	12,393	0.4
C-9	Proceed Gyotoku	20	100.0	13,168	0.4	18	90.0	12,915	0.4
C-10	Proceed Makuharihongo	34	100.0	12,301	0.4	33	97.0	12,540	0.4
C-11	Proceed Minamigyotoku	24	93.8	11,601	0.4	24	93.8	11,917	0.4

Property number	Property name	30th period (as of October 31, 2020)				31st period (as of April 30, 2021)			
		Number of leased units at period-end (units) (Note 1)	Occupancy rate at period-end (%)	Rent revenue throughout period (thousand yen)	Ratio to total rent revenue (%) (Note 2)	Number of leased units at period-end (units) (Note 1)	Occupancy rate at period-end (%)	Rent revenue throughout period (thousand yen)	Ratio to total rent revenue (%) (Note 2)
C-12	Proceed Makuharihongo 2	22	100.0	10,458	0.3	19	86.4	10,449	0.3
C-14	Proceed Funabori	23	95.8	9,307	0.3	24	100.0	9,306	0.3
C-15	Proceed Takenozuka	15	100.0	8,594	0.3	15	100.0	8,572	0.3
C-16	Proceed Sengendai 2	11	92.1	5,084	0.2	12	100.0	5,098	0.2
C-17	Proceed Shoto	40	100.0	28,250	0.9	39	97.7	28,320	0.9
C-18	Proceed Sangubashi	26	100.0	14,683	0.5	24	92.4	14,990	0.5
C-19	Proceed Urayasu	21	100.0	19,291	0.6	20	95.1	19,093	0.6
C-20	Proceed Shinkoiwa	26	95.6	20,047	0.6	27	100.0	20,386	0.7
C-21	Proceed Yachiyo Midorigaoka 1	27	100.0	15,645	0.5	-	-	15,377	0.5
C-22	Proceed Yachiyo Midorigaoka 2	24	100.0	14,061	0.5	-	-	13,345	0.4
C-23	Proceed Toritsudaigaku	34	92.1	23,088	0.7	36	97.4	21,405	0.7
C-24	Proceed Toritsudaigaku 2	36	100.0	21,519	0.7	36	100.0	21,519	0.7
C-25	Proceed Honjozumabashi	19	100.0	11,322	0.4	19	100.0	11,322	0.4
C-26	Proceed Meguro Aobadai	24	100.0	12,264	0.4	24	100.0	12,264	0.4
C-27	Proceed Suginami Miyamae	29	100.0	13,788	0.4	29	100.0	13,804	0.4
C-28	Proceed Ryogoku	27	100.0	14,822	0.5	27	100.0	14,790	0.5
C-29	Proceed Mita	72	100.0	40,937	1.3	72	100.0	40,937	1.3
C-30	Proceed Nakanoshimbashi	50	100.0	19,994	0.6	50	100.0	20,027	0.6
C-31	Proceed Kameido	23	100.0	10,962	0.4	23	100.0	10,962	0.4
C-32	Proceed Takadanobaba	17	100.0	7,620	0.2	17	100.0	7,620	0.2
C-33	Proceed Shinkoenji	57	100.0	24,129	0.8	57	100.0	24,115	0.8
C-34	Proceed Koenjiminami	20	100.0	8,298	0.3	20	100.0	8,298	0.3
C-35	Proceed Hasune	29	100.0	9,342	0.3	29	100.0	9,342	0.3
C-36	Proceed Oimachi	59	100.0	25,180	0.8	59	100.0	25,177	0.8
C-37	Proceed Jujo	30	100.0	16,427	0.5	30	100.0	16,445	0.5
C-38	Proceed Hakuraku	27	100.0	8,957	0.3	27	100.0	8,646	0.3
C-39	Proceed Shinmaruko	46	100.0	17,495	0.6	46	100.0	17,483	0.6
C-40	Proceed Motoyawata	25	100.0	11,581	0.4	25	100.0	12,008	0.4
C-41	Proceed Nishiarai	292	99.4	302,717	9.7	286	97.5	303,339	9.7
C-42	Proceed Chofu	26	100.0	16,438	0.5	26	100.0	17,077	0.5
C-43	Proceed TX Rokucho	20	100.0	7,082	0.2	20	100.0	7,155	0.2
C-44	Proceed Nakagawara	51	95.4	42,189	1.4	53	98.3	41,375	1.3
C-45	Proceed Oizumigakuen	29	100.0	9,910	0.3	28	96.6	10,124	0.3

Property number	Property name	30th period (as of October 31, 2020)				31st period (as of April 30, 2021)			
		Number of leased units at period-end (units) (Note 1)	Occupancy rate at period-end (%)	Rent revenue throughout period (thousand yen)	Ratio to total rent revenue (%) (Note 2)	Number of leased units at period-end (units) (Note 1)	Occupancy rate at period-end (%)	Rent revenue throughout period (thousand yen)	Ratio to total rent revenue (%) (Note 2)
C-46	Proceed Chitosekarasuyama	26	92.9	10,220	0.3	28	100.0	10,548	0.3
C-47	Proceed Mitaka	47	100.0	16,190	0.5	47	100.0	16,158	0.5
C-48	Proceed Kashiwa Est	43	97.8	23,047	0.7	42	95.7	23,327	0.7
C-49	Proceed Kashiwa Nord	45	95.7	20,424	0.7	46	97.9	20,844	0.7
C-50	Proceed Gyotokuekimae	21	87.2	11,850	0.4	24	100.0	11,903	0.4
C-51	Proceed Funabashi Honcho	39	97.5	19,154	0.6	39	97.5	19,602	0.6
C-52	Proceed Nishikawaguchi	96	92.3	31,008	1.0	94	90.4	30,520	1.0
C-53	Proceed Gumyoji	68	88.6	19,559	0.6	68	88.4	21,509	0.7
C-54	Proceed Tsurugamine	44	88.0	12,731	0.4	48	96.0	13,342	0.4
C-55	Proceed Sagamiotsuka	26	92.4	7,464	0.2	28	97.5	8,338	0.3
C-56	Proceed Shinozaki 2	35	100.0	34,270	1.1	35	100.0	35,937	1.2
C-57	Proceed Kashiwa Trois	35	92.7	20,568	0.7	37	97.6	21,552	0.7
C-58	Proceed Shinozaki Tower	87	98.8	90,301	2.9	85	96.2	91,063	2.9
C-59	Proceed Tobu Nerima	34	97.3	17,830	0.6	33	92.3	18,544	0.6
C-60	Proceed Yukigaya	33	94.3	13,620	0.4	30	85.8	13,854	0.4
C-61	Proceed Ichikawa Minami	66	100.0	32,184	1.0	62	94.1	31,129	1.0
C-62	Proceed Ichikawa Myoden	42	93.3	18,701	0.6	45	100.0	18,599	0.6
C-63	Proceed Fujisawa Kugenuma	25	100.0	33,281	1.1	24	93.9	34,126	1.1
C-64	Proceed Nihonbashi-horidomecho	36	98.4	43,466	1.4	36	96.9	43,759	1.4
C-65	Proceed TX Nagareyama Central Park	73	100.0	44,091	1.4	71	96.8	44,353	1.4
C-66	Proceed Gyotoku 2	57	96.5	29,214	0.9	58	98.3	28,299	0.9
C-67	Proceed Nishikasai	62	98.3	37,279	1.2	63	100.0	38,736	1.2
C-68	Proceed Kasai 2	26	92.0	28,649	0.9	28	95.5	30,074	1.0
C-69	Proceed Nihonbashi Honcho	76	92.5	60,425	1.9	77	89.5	58,852	1.9
C-70	Proceed Nishi Shinjuku	60	91.0	60,668	2.0	60	91.3	60,896	2.0
C-71	Proceed Unoki	28	96.3	27,007	0.9	27	93.1	27,086	0.9
C-72	Proceed Minamigyotoku 2	35	97.3	36,521	1.2	36	100.0	39,664	1.3
C-73	Proceed CO-Z East Building	97	86.4	71,276	2.3	102	91.3	68,779	2.2
C-74	Proceed CO-Z West Building	58	80.6	39,224	1.3	63	88.8	36,888	1.2
C-75	Proceed Shin Yokohama	204	90.8	117,250	3.8	213	94.5	114,695	3.7
C-76	Life Support Residence Funaboriekimae	2	100.0	11,774	0.4	2	100.0	11,774	0.4
C-77	Proceed Kinshicho	58	91.2	50,285	1.6	58	91.2	51,796	1.7
C-78	Proceed K2	59	100.0	44,620	1.4	57	97.2	44,642	1.4

Property number	Property name	30th period (as of October 31, 2020)				31st period (as of April 30, 2021)			
		Number of leased units at period-end (units) (Note 1)	Occupancy rate at period-end (%)	Rent revenue throughout period (thousand yen)	Ratio to total rent revenue (%) (Note 2)	Number of leased units at period-end (units) (Note 1)	Occupancy rate at period-end (%)	Rent revenue throughout period (thousand yen)	Ratio to total rent revenue (%) (Note 2)
C-79	Proceed K3 Annex	21	87.5	11,977	0.4	24	100.0	12,359	0.4
C-80	Proceed K5	16	92.4	8,686	0.3	16	92.4	9,215	0.3
C-81	Proceed Ichikawa Myoden II	58	100.0	26,796	0.9	58	100.0	26,836	0.9
C-82	The Parkhabio Yokohama Yamate	73	95.5	67,291	2.2	74	97.9	66,508	2.1
C-83	Proceed Monzennakacho	48	100.0	29,948	1.0	47	97.7	35,492	1.1
C-84	Proceed Maihama	65	98.5	28,708	0.9	62	93.9	33,579	1.1
C-85	Proceed Nagareyama Otakanomori	-	-	-	-	49	98.6	712	0.0
G-8	Proceed Taikodori	44	100.0	17,215	0.6	39	89.2	17,236	0.6
G-11	Proceed Honamicho	7	63.6	7,465	0.2	7	64.3	4,108	0.1
G-13	Proceed Shinsakae	68	88.8	32,092	1.0	72	93.6	31,760	1.0
G-14	Proceed Chiyoda	23	76.9	12,507	0.4	27	90.1	12,301	0.4
G-15	Proceed Fukuoka Takamiya	44	96.2	17,871	0.6	43	93.1	17,738	0.6
G-17	Proceed Kanayama	89	95.6	43,290	1.4	89	94.3	44,727	1.4
G-18	Proceed Fukiage	45	93.5	18,844	0.6	45	94.0	20,481	0.7
G-19	Proceed Toyoda	27	100.0	12,476	0.4	24	90.5	12,971	0.4
G-21	Proceed Nishitenma	54	96.7	33,588	1.1	55	98.5	32,832	1.1
G-22	Proceed Kobemotomachi	53	87.4	28,827	0.9	58	95.3	28,947	0.9
G-23	Group Home Tanoshii Ie Taisho	1	100.0	6,000	0.2	1	100.0	6,000	0.2
G-24	Proceed Kanayama 2	64	89.9	65,264	2.1	67	92.4	64,289	2.1
G-25	Proceed Aratamabashi	65	90.2	66,797	2.2	61	80.3	59,033	1.9
G-26	Proceed Bentencho	120	96.1	65,934	2.1	125	99.4	66,742	2.1
G-27	Proceed Nagaikoendori	70	86.5	28,680	0.9	77	95.1	29,641	1.0
G-28	Proceed Nishinagahori	-	-	3,806	0.1	-	-	-	-
G-29	Proceed Kyobashi	-	-	7,734	0.2	-	-	-	-
G-30	Proceed Hyogoekimaedori	106	91.1	50,676	1.6	114	97.6	50,330	1.6
G-31	Proceed Mizuho	37	93.3	18,320	0.6	37	92.7	17,069	0.5
G-32	Proceed Osu	60	90.9	30,169	1.0	59	89.4	28,225	0.9
G-33	Proceed Sendai Kozurushinden	57	91.9	25,012	0.8	55	87.2	24,425	0.8
G-34	Proceed Sendai Kamisugi	102	94.9	58,116	1.9	103	95.6	58,547	1.9
G-35	Proceed Kanayama 3	57	95.5	29,007	0.9	57	94.7	29,066	0.9
R-2	Proceed Mito	32	90.0	17,203	0.6	31	87.1	16,425	0.5
R-3	Proceed Mito 2	34	94.4	18,368	0.6	34	94.4	19,107	0.6
R-4	Proceed Tsukuba Gakuentoshi	33	97.0	26,263	0.8	33	96.6	29,003	0.9

Property number	Property name	30th period (as of October 31, 2020)				31st period (as of April 30, 2021)			
		Number of leased units at period-end (units) (Note 1)	Occupancy rate at period-end (%)	Rent revenue throughout period (thousand yen)	Ratio to total rent revenue (%) (Note 2)	Number of leased units at period-end (units) (Note 1)	Occupancy rate at period-end (%)	Rent revenue throughout period (thousand yen)	Ratio to total rent revenue (%) (Note 2)
R-5	Proceed Mito 3	59	98.1	27,169	0.9	60	100.0	32,024	1.0
	Total	4,959	95.2	3,106,613	100.0	4,999	95.4	3,113,450	100.0

(Note 1) “Number of leased units” indicates the number of end tenants (tenants under ongoing sublease agreement with master lease companies) of each property. For properties under fixed-rent-type master lease agreement, all units are deemed to be occupied.

(Note 2) “Ratio to total rent revenue” refers to the ratio of rent revenue of each property to rent revenue of the entire portfolio, and is rounded to the first decimal place.

(Note 3) Starts Proceed disposed (G-28) Proceed Nishinagahori and (G-29) Proceed Kyobashi on May 29, 2020, and (C-21) Proceed Yachiyo Midorigaoka I and (C-22) Proceed Yachiyo Midorigaoka II on April 26, 2021, respectively.

(4) Contract amount and fair value of specified transactions

The following table provides the contract amount of Starts Proceed’s specified transactions and the status of its fair value as of April 30, 2021.

Category	Type	Contract amount etc. (Note 1)		Fair value
			Of which, exceeding 1 year	
Off-market transaction	Interest rate swap transactions Receivable floating; Payable fixed	15,269,000	15,269,000	(Note 2)

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

(Note 2) The fair value is omitted for the transactions that meet the requirements for exceptional treatment pursuant to the Accounting Standard for Financial Instruments.

(5) Status of other assets

Trust beneficiary interests in real estate as major trust property are listed on the aforementioned “3. Details of Real Estate Properties in the Portfolio.” As of April 30, 2021, there is no incorporation of major specified assets as principal investment targets by Starts Proceed, other than assets in the aforementioned section.

4. Capital Expenditures of Real Estate Held

(1) Schedule of capital expenditures

The following table provides amounts of major capital expenditures that accompany renovation work currently planned for already-acquired assets. The planned construction costs include portions that are separately accounted under expenses.

Property Name (Location)	Purpose	Schedule period	Planned construction cost (thousand yen) (note)		
			Total amount	Payment in the 31st fiscal period	Total amount already paid
Proceed Nishi Shinjuku (Shinjuku-ku, Tokyo)	Refreshment of exterior finishes	From Jun. 2021 to Dec. 2021	73,953	-	-
Proceed Toritsudaigaku 2 (Meguro-ku, Toyo)	Refreshment of exterior finishes	From Jan. 2021 to May 2021	22,660	-	-
Group Home Tanoshii Ie Taisho (Taisho-ku, Osaka-shi, Osaka)	Refreshment of exterior finishes	From Oct. 2021 to Dec. 2021	11,000	-	-
Proceed Ichikawa Minami (Ichikawa-shi, Chiba)	Replacement of interphone systems	From July 2021 to Sep. 2021	9,130	-	-
Proceed Makuharihongo 2 (Hanamigawa-ku, Chiba-shi, Chiba)	Rooftop waterproofing	From Sep. 2021 to Oct. 2021	6,480	-	-

(Note) Figures are rounded down to the nearest thousand yen.

(2) Capital expenditures during period

The following table provides the overview of major capital expenditures Starts Proceed conducted at its already-acquired assets in the 31st fiscal period. Capital expenditures during the 31st fiscal period totaled 114,365 thousand yen. Combined with repair expenses of 87,057 thousand yen that were classified as expenses for the fiscal period, Starts Proceed implemented 201,423 thousand yen worth of construction works in the 31st fiscal period.

Property Name (Location)	Purpose	Period	Total expenditures (thousand yen) (Note)
Proceed Sendai Kozurushinden (Miyagino-ku, Sendai-shi, Miyagi)	Refreshment of exterior finishes	From October 2020 to March 2021	39,331
Other constructions			75,034
Total			114,365

(Note) Figures are rounded down to the nearest thousand yen.

(3) Cash reserves for long-term repair and maintenance plans

Based on the long-term repairs and maintenance plans prepared for each property, Starts Proceed sets aside repair reserves from the cash flows during the fiscal period, as shown below, in order to fund large-scale repairs, etc.

[Unit: thousand yen]

Fiscal period	27th period	28th period	29th period	30th period	31st period
Operation period	From Nov. 1, 2018 to Apr. 30, 2019	From May 1, 2019 to Oct. 31, 2019	From Nov. 1, 2019 to Apr. 30, 2020	From May 1, 2020 to Oct. 31, 2020	From Nov. 1, 2020 to Apr. 30, 2021
Balance of reserves at beginning of period	450,000	500,000	550,000	600,000	650,000
Reserves during the period	50,000	50,000	50,000	50,000	50,000
Reversal of reserves during the period	-	-	-	-	-
Amount carried forward to the next period	500,000	550,000	600,000	650,000	700,000

(Note) Figures are rounded down to the nearest thousand yen.

5. Status of Expenses and Liabilities

(1) Details of expenses related to asset management

[Unit: thousand yen]

Item	30th period	31st period
	(From May 1, 2020 to Oct. 31, 2020)	(From Nov. 1, 2020 to Apr. 30, 2021)
(a) Asset management fees	307,311	271,241
(b) Asset custody fees	8,473	8,480
(c) Administrative service fees	26,112	27,033
(d) Directors' compensations	1,200	1,200
(e) Other operating expenses	109,230	124,985
Total	452,326	432,941

(Note) The asset management fee for the 30th fiscal period includes 17,011 thousand yen for asset management related to property acquisition, capitalized in the acquisition costs of respective properties, and 20,100 thousand yen for asset management related to property disposition. The asset management fee for the 31st fiscal period includes 5,879 thousand yen for asset management related to property acquisition, capitalized in the acquisition costs of respective properties, and 4,320 thousand yen for asset management related to property disposition.

(2) Debt financing status

The status of loans from respective financial institutions as of April 30, 2021 is as follows.

Classification	Lender	Drawdown date	Balance at beginning of 31st FP (thousand yen)	Balance at end of 31st FP (thousand yen)	Average interest rate (%) (Note 1)	Repaymnt date	Repayment method	Use	Remarks
Long-Term Loans (Note 3)	Aozora Bank, Ltd.	Nov. 24, 2015	1,054,000	-	0.99000 (Note 2)	Nov. 24, 2020	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
	Resona Bank, Limited		787,000	-					
	The Chiba Bank, Ltd.		382,000	-					
	The Musashino Bank, Ltd.		382,000	-					
	Mizuho Bank, Ltd.		331,000	-					
	The Kagawa Bank, Ltd.		325,000	-					
	Sumitomo Mitsui Banking Corporation		241,000	-					
	ORIX Bank Corporation		99,000	-					
	Suitomo Mitsui Trust Bank, Limited		99,000	-					
	Resona Bank, Limited	May 24, 2016	763,500	763,500	0.86319	May 24, 2022	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
	Aozora Bank, Ltd.		520,000	520,000					
	Sumitomo Mitsui Banking Corporation		408,500	408,500					
	The Chiba Bank, Ltd.		387,500	387,500					
	The Musashino Bank, Ltd.		387,500	387,500					
	Mizuho Bank, Ltd.		158,500	158,500					
	ORIX Bank Corporation		130,000	130,000					
	Suitomo Mitsui Trust Bank, Limited		56,500	56,500					
	Mizuho Trust & Banking Co., Ltd.		50,000	50,000					
	The Kagawa Bank, Ltd.	11,500	11,500						
	Resona Bank, Limited	May 24, 2016	763,500	763,500	0.92320	May 24, 2023	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
	Aozora Bank, Ltd.		520,000	520,000					
	Sumitomo Mitsui Banking Corporation		408,500	408,500					
	The Chiba Bank, Ltd.		387,500	387,500					
	The Musashino Bank, Ltd.		387,500	387,500					
	Mizuho Bank, Ltd.		158,500	158,500					
	ORIX Bank Corporation		130,000	130,000					
	Suitomo Mitsui Trust Bank, Limited		56,500	56,500					
	Mizuho Trust & Banking Co., Ltd.		50,000	50,000					
	The Kagawa Bank, Ltd.	11,500	11,500						
	Resona Bank, Limited	Dec. 9, 2016	1,095,500	1,095,500	0.36320	May 24, 2021	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
	Aozora Bank, Ltd.		1,060,500	1,060,500					
	Mizuho Bank, Ltd.		917,000	917,000					
	The Musashino Bank, Ltd.		480,000	480,000					
The Chiba Bank, Ltd.	470,000		470,000						
The Kagawa Bank, Ltd.	152,000		152,000						
Suitomo Mitsui Trust Bank, Limited	145,000	145,000							
Resona Bank, Limited	Dec. 9, 2016	1,105,000	1,105,000	0.39320	Nov. 24, 2021	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	
Aozora Bank, Ltd.		1,061,000	1,061,000						
Mizuho Bank, Ltd.		917,000	917,000						
The Musashino Bank, Ltd.		480,000	480,000						
The Chiba Bank, Ltd.		460,000	460,000						
The Kagawa Bank, Ltd.		152,000	152,000						
Suitomo Mitsui Trust Bank, Limited	145,000	145,000							

Classification	Lender	Drawdown date	Balance at beginning of 31st FP (thousand yen)	Balance at end of 31st FP (thousand yen)	Average interest rate (%) (Note 1)	Repaymnt date	Repayment method	Use	Remarks
Long-Term Loans (Note 3)	Mizuho Bank, Ltd.	May 24, 2017	1,090,000	1,090,000	0.74213	Nov. 24, 2022	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
	The Chiba Bank, Ltd.		500,000	500,000					
	The Nishi-Nippon City Bank, Ltd.		500,000	500,000					
	Sumitomo Mitsui Banking Corporation		500,000	500,000					
	The Musashino Bank, Ltd.		500,000	500,000					
	Resona Bank, Limited		385,000	385,000					
	Higashi-Nippon Bank, Ltd.		250,000	250,000					
	Aozora Bank, Ltd.		215,000	215,000					
	ORIX Bank Corporation		150,000	150,000					
	Mizuho Trust & Banking Co., Ltd.		100,000	100,000					
	The Bank of Yokohama, Ltd.	Nov. 24, 2017	1,000,000	1,000,000	0.77196	Nov. 24, 2023	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
	Resona Bank, Limited		519,000	519,000					
	Mizuho Bank, Ltd.		479,000	479,000					
	Sumitomo Mitsui Banking Corporation		479,000	479,000					
	The Chiba Bank, Ltd.		415,000	415,000					
	The Musashino Bank, Ltd.		415,000	415,000					
	Aozora Bank, Ltd.		321,000	321,000					
	Suitomo Mitsui Trust Bank, Limited		171,000	171,000					
	ORIX Bank Corporation		167,000	167,000					
	The Kagawa Bank, Ltd.		34,000	34,000					
	Resona Bank, Limited	Dec. 15, 2017	650,000	650,000	0.67251	May 24, 2022	Lump-sum repayment on repayment date	Funds for acquisition of AUM	Unsecured Unguaranteed
	Aozora Bank, Ltd.		600,000	600,000					
	Mizuho Bank, Ltd.		600,000	600,000					
	Sumitomo Mitsui Banking Corporation		600,000	600,000					
	Suitomo Mitsui Trust Bank, Limited		150,000	150,000					
	The Kagawa Bank, Ltd.		100,000	100,000					
	Higashi-Nippon Bank		100,000	100,000					
	Mizuho Trust & Banking Co., Ltd.		100,000	100,000					
	Resona Bank, Limited	May 25, 2018	727,000	727,000	0.77320	May 24, 2024	Lump-sum repayment on repayment date	Part of funds for refinancing and acquisition of AUM	Unsecured Unguaranteed
	Aozora Bank, Ltd.		450,000	450,000					
	The Bank of Kyoto, Ltd.		400,000	400,000					
	Mizuho Bank, Ltd.		299,000	299,000					
	Sumitomo Mitsui Banking Corporation		299,000	299,000					
	The Chiba Bank, Ltd.		259,000	259,000					
	The Musashino Bank, Ltd.		259,000	259,000					
	Suitomo Mitsui Trust Bank, Limited		107,000	107,000					
	The Kagawa Bank, Ltd.	100,000	100,000						
	Aozora Bank, Ltd.	Nov. 22, 2018	1,089,000	1,089,000	0.93000 (Note 2)	Nov. 24, 2024	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
	Resona Bank, Limited		825,000	825,000					
	The Chiba Bank, Ltd.		382,000	382,000					
The Musashino Bank, Ltd.	382,000		382,000						
Mizuho Bank, Ltd.	357,000		357,000						
The Kagawa Bank, Ltd.	325,000		325,000						
Sumitomo Mitsui Banking Corporation	241,000		241,000						
Suitomo Mitsui Trust Bank, Limited	99,000		99,000						

Classification	Drawdown date	Balance at beginning of 31st FP (thousand yen)	Balance at end of 31st FP (thousand yen)	Average interest rate (%) (Note 1)	Repaymnt date	Repayment method	Use	Remarks	
									Lender
Long-Term Loans (Note 3)	May. 24, 2019	Aozora Bank, Ltd.	831,000	831,000	0.86000 (Note 2)	May 23, 2025	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
		Resona Bank, Limited	635,000	635,000					
		The Chiba Bank, Ltd.	356,000	356,000					
		The Musashino Bank, Ltd.	356,000	356,000					
		The Kagawa Bank, Ltd.	303,000	303,000					
		Mizuho Bank, Ltd.	250,000	250,000					
		Sumitomo Mitsui Banking Corporation	225,000	225,000					
		Suitomo Mitsui Trust Bank, Limited	93,000	93,000					
	Nov. 25, 2019	Resona Bank, Limited	449,000	449,000	0.87000 (Note 2)	Nov. 25, 2025	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
		Aozora Bank, Ltd.	278,000	278,000					
		Mizuho Bank, Ltd.	189,000	189,000					
		Sumitomo Mitsui Banking Corporation	189,000	189,000					
		The Chiba Bank, Ltd.	163,000	163,000					
		The Musashino Bank, Ltd.	163,000	163,000					
		Suitomo Mitsui Trust Bank, Limited	69,000	69,000					
	May. 22, 2020	Resona Bank, Limited	1,095,000	1,095,000	0.92000 (Note 2)	May 22, 2026	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
		Aozora Bank, Ltd.	1,060,000	1,060,000					
		Mizuho Bank, Ltd.	917,000	917,000					
		The Musashino Bank, Ltd.	480,000	480,000					
		The Chiba Bank, Ltd.	470,000	470,000					
		The Kagawa Bank, Ltd.	152,000	152,000					
		Suitomo Mitsui Trust Bank, Limited	146,000	146,000					
	Nov. 24, 2020	Aozora Bank, Ltd.	-	790,000	0.90000 (Note 2)	Nov. 24, 2026	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
		Resona Bank, Limited	-	590,000					
		The Chiba Bank, Ltd.	-	286,000					
		The Musashino Bank, Ltd.	-	286,000					
		Mizuho Bank, Ltd.	-	248,000					
		The Kagawa Bank, Ltd.	-	244,000					
		Sumitomo Mitsui Banking Corporation	-	181,000					
		Suitomo Mitsui Trust Bank, Limited	-	75,000					
	Subtotal		44,646,000	43,646,000					
	Total		44,646,000	43,646,000					

(Note 1) The average interest rate is a weighted-average figure during the fiscal period and is rounded to the fifth decimal place.

(Note 2) Starts Proceed conducted interest rate swap transactions for these loans in order to hedge against interest rate fluctuation risks, and the stated interest rate is the post-fixation figure.

(Note 3) The current portion of long-term loans payable (¥8,640,000 thousand) on the balance sheets are included in long-term loans payable.

(3) Status of investment corporation bonds

The status of investment corporation bonds as of April 30, 2021 is as follows.

Issue	Issue date	Balance at beginning of period (thousand yen)	Balance at end of period (thousand yen)	Interest rate	Redemption date	Redemption method	Use of funds	Remarks
First Series Unsecured Investment Corporation Bond (with pari passu conditions among specified investment corporation bonds)	Nov. 18, 2019	1,000,000	1,000,000	0.470% per annum	Nov. 18, 2024	Lump-sum upon maturity	Partial repayment of borrowings	Unsecured and unguaranteed
Second Series Unsecured Investment Corporation Bond (with pari passu conditions among specified investment corporation bonds)	Nov. 19, 2020	-	1,000,000	0.540% per annum	Nov. 19, 2025	Lump-sum upon maturity	Partial repayment of borrowings	Unsecured and unguaranteed
Total		1,000,000	2,000,000					

(4) Status of short-term investment bonds

Not applicable.

(5) Status of investment unit acquisition rights

Not applicable.

6. Status of Sale and Purchase during period

(1) Status, etc. of sale and purchase of real estate, etc. and asset-backed securities, etc. and infrastructure assets, etc. and infrastructure-related assets

Property number	Property name	Acquisition		Disposition			
		Acquisition date	Acquisition price (thousand yen) (Note 1)	Disposition date	Disposition price (thousand yen)	Book value (thousand yen)	Gain or loss on sale (thousand yen) (Note 2)
C-21	Proceed Yachiyo Midorigaoka 1	-	-	April 26, 2021	415,000	389,703	24,321
C-22	Proceed Yachiyo Midorigaoka 2	-	-	April 26, 2021	370,500	347,257	22,351
C-85	Proceed Nagareyama Otakanomori	April 27, 2021	1,069,000	-	-	-	-
Total		-	1,069,000	-	785,500	736,960	46,672

(Note 1) "Acquisition price" or "Disposition price" indicates the amount (transaction price stated in the sales agreement, etc.) excluding various expenses (transaction brokerage fees, taxes and public dues, etc.) required for acquisition or disposition of the relevant real estate.

(Note 2) "Gain or loss on sale" indicates the amount obtained by subtracting the book value and expenses related to disposition from the disposition price.

(2) Status, etc. of sales and purchase of other assets

Other assets excluding the above are mostly bank deposits or bank deposits within trust property.

(3) investigation into value, etc. of specified assets

i) Real estate, etc.

For transactions which require appraisals of real estate, etc., concerning specified assets based on Paragraph 1, Article 201 of the Investment Trusts Act, such are implemented by Asset Research Inc. and Chuo Real Estate Appraisal Co., Ltd. based on the Real Estate Appraisal Standards, and Starts Proceed has received notices on the results of the concerned appraisals from the relevant parties.

Acquisition or disposition	Property number	Property name	Transaction date	Type of asset	Acquisition price or disposition price (thousand yen)	Appraisal value (thousand yen)	Appraisal date	Appraiser
Acquisition	C-21	Proceed Yachiyo Midorigaoka 1	Apr. 26, 2021	Real estate in trust	415,000	386,000	Oct. 31, 2020	Asset Research Inc.
disposition	C-22	Proceed Yachiyo Midorigaoka 2	Apr. 26, 2021	Real estate in trust	370,500	348,000	Oct. 31, 2020	Asset Research Inc.
disposition	C-85	Proceed Nagareyama Otakanomori	Apr. 27, 2021	Real estate in trust	1,069,000	1,100,000	Mar. 31, 2021	Japan Constructive Inspect Association

ii) others

Of the transactions carried out by Starts Proceed that were deemed to require a research on prices, etc. pursuant to the provisions of Article 201 of the Investment Trusts Act, except for those shown in the aforementioned (1) Real estate, etc., the research was entrusted to Nihombashi Corporation. There was a single interest rate swap transaction that was subject to the research during the research period from November 1, 2020 to April 30, 2021. Starts Proceed has received a research report regarding the transaction from Nihombashi Corporation. With regard to the said interest rate swap transaction, Starts Proceed entrusted research on the name of the transaction counterpart, currency type, agreed-upon interest rate, transaction period and other details of the relevant transaction.

(4) Status of interested party transactions, etc.

i) Status of sale and purchase transaction with interested parties, etc.

Category	Transaction Amount, etc.	
	Purchase amount, etc. (thousand yen)	Sale amount, etc. (thousand yen)
Total amount	1,069,000	785,500
Breakdown of transactions with interested parties, etc.		
Starts Corporation inc.	1,069,000 (100.0%)	- (-%)
Starts Development Corporation	- (-%)	785,500 (100.0%)
Total	1,069,000 (100.0%)	785,500 (100.0%)

ii) Amount of commission fee, etc.

Category	Total paid fee (A) (thousand yen)	Breakdown of transactions with interested parties, etc.		B/A (%)
		Paid party	Paid amount (B) (thousand yen)	
Property management fee	84,120	Starts Amenity Corporation	82,186	97.7
Repair expenses	87,057	Starts Amenity Corporation	85,316	98.0
Maintenance and inspection fee	116,755	Starts Amenity Corporation	114,662	98.2
Advertising expenses	71,775	Starts Amenity Corporation	69,894	97.4
Renewal fee	24,194	Starts Amenity Corporation	23,447	96.9
Trust fee (Note 2)	36,771	Starts Trust Corporation.	7,231	19.7

(Note 1) "Interested parties, etc." refer to the interested parties, etc., as defined in Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations, of the asset management company that has entered into an asset management agreement with Starts Proceed, and other interested parties, etc. as defined in Article 26, Paragraph 1, Item 27 of the Regulations Concerning Investment Reports of Investment Trusts and Investment Corporations issued by The Investment Trusts Association, Japan.

(Note 2) The total paid amount of the trust fee includes 1,000 thousand yen as trust fee related to the disposition of trust beneficiary interest in real estate, recorded in the disposition expenses, and 900 thousand yen as trust fee related to the acquisition of trust beneficiary interest in real estate, included in the book value of property, plant and equipment

(5) Status, etc. of transaction with the asset management company pertaining to operations of concurrent business engaged in by the asset management company

The asset management company (Starts Asset Management Co., Ltd.) does not concurrently conduct any of the type I financial instruments business, type II financial instruments business, land and building transaction business, or real estate syndication business, and has no such transactions with Starts Proceed.

7. Accounting

(1) Status, etc. of assets, liabilities, principal and income and loss

For the status of assets, liabilities, principal and profit/loss, please refer to “Balance Sheets,” “Statements of Income,” “Statements of Changes in Unitholders’ Equity,” “Notes to Financial Statements” and “Statements of Cash Distributions” on later pages of this report.

(2) Change in method of calculation of depreciation and amortization

Not applicable.

(3) Change in method of valuation of real estate, etc. and infrastructure assets, etc.

Not applicable.

8. Others

(1) Notice

i) Board of Directors of the investment corporation

The overview of the major conclusion and change of contracts that were approved by the Board of Directors of Starts Proceed during the 31st fiscal period is as follows.

Approval date	Item	Overview
November 4, 2020	Conclusion of investment corporation bond underwriting agreements	<p>Based on the comprehensive resolution on the issuance of unsecured domestic investment corporation bonds made by Starts Proceed’s Board of Directors on the approved date on the left, the following agreements, etc. were concluded as of November 13, 2020.</p> <p>(1) Underwriting agreement for Starts Proceed Second Series Unsecured Investment Corporation Bond (with pari passu conditions among specified investment corporation bonds), concluded among Starts Proceeds, Starts Asset Management Co., Ltd. (the Asset Management Company), Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc. and Daiwa Securities Co. Ltd. for the purpose of underwriting and offering the investment corporation bonds</p> <p>(2) Agency agreement on financing, issuance and payment for Starts Proceed Second Series Unsecured Investment Corporation Bond (with pari passu conditions among specified investment corporation bonds), concluded between Starts Proceeds and Mizuho Bank, Ltd. for the purpose of entrusting administration of the investment corporation bonds and agency services for their issuance and payment.</p>

(2) Status of Self-Managed Investment Trust Beneficiary Certificates

Not applicable.

(3) Disclosure pertaining to corporation holding overseas real estate

Not applicable.

(4) Disclosure pertaining to real estate of corporation holding overseas real estate

Not applicable.

(5) Others

Figures in this document are rounded down (values) and rounded to the nearest decimal place (percentages) unless otherwise indicated.

Starts Proceed Investment Corporation

Balance Sheets

[Unit: thousand yen]

	30th Fiscal Period (Reference) (as of October 31, 2020)	31st Fiscal Period (as of April 30, 2021)
Assets		
Current assets		
Cash and deposits	1,407,615	1,389,472
Cash and deposits in trust	2,026,692	1,920,383
Operating accounts receivable	26,748	31,641
Prepaid expenses	79,446	79,859
Others	1,711	994
Total current assets	3,542,214	3,422,350
Non-current assets		
Property, plant and equipment		
Buildings in trust	46,291,826	46,820,953
Accumulated depreciation	(9,669,274)	(10,151,186)
Buildings in trust, net	36,622,551	36,669,766
Structures in trust	1,270,835	1,286,882
Accumulated depreciation	(758,837)	(787,356)
Structures in trust, net	511,998	499,525
Machinery and equipment in trust	5,376	5,376
Accumulated depreciation	(4,674)	(4,978)
Machinery and equipment in trust, net	702	397
Tools, furniture and fixtures in trust	453,306	473,714
Accumulated depreciation	(253,560)	(266,404)
Tools, furniture and fixtures in trust, net	199,745	207,310
Land in trust	48,824,300	48,688,187
Total property, plant and equipment	86,159,298	86,065,187
Intangible assets		
Software	396	-
Total intangible assets	396	-
Investment and other assets		
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	535,874	535,874
Long-term prepaid expenses	139,258	124,870
Deferred tax assets	80	79
Others	15,568	16,223
Total investments and other assets	700,781	687,048
Total non-current assets	86,860,475	86,752,235
Deferred assets		
Investment corporation bond issuance costs	9,016	17,372
Total deferred assets	9,016	17,372
Total assets	90,411,706	90,191,958

Starts Proceed Investment Corporation

Balance Sheets

[Unit: thousand yen]

	30th Fiscal Period (Reference) (as of October 31, 2020)	31st Fiscal Period (as of April 30, 2021)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	8,020,000	8,640,000
Operating accounts payable	136,206	128,736
Accounts payable – other	213,058	205,759
Accrued expenses	3,966	5,396
Income taxes payable	1,951	1,944
Accrued consumption taxes	12,056	15,110
Advances received	2,033	1,515
Others	338	265
Total current liabilities	8,389,612	8,998,727
Non-current liabilities		
Investment corporation bonds	1,000,000	2,000,000
Long-term loans payable	36,626,000	35,006,000
Tenant leasehold and security deposits in trust	685,727	685,153
Asset retirement obligations	134,031	135,137
Total non-current liabilities	38,445,759	37,826,291
Total liabilities	46,835,372	46,825,019
Net assets		
Unitholders' equity		
Unitholders' capital	42,230,457	42,230,457
Deduction from unitholders' capital	(Note 1) (545,913)	(545,913)
Unitholders' capital (net)	41,684,544	41,684,544
Surplus		
Voluntary reserves		
Reserve for reduction entry	99,000	99,000
Reserve for reduction entry under special provisions for property replacement	400,000	400,000
Total voluntary reserves	499,000	499,000
Unappropriated retained earnings (undisposed loss)	1,392,789	1,183,395
Total surplus	1,891,789	1,682,395
Total unitholders' equity	43,576,333	43,366,939
Total net assets	(Note 2) 43,576,333	43,366,939
Total liabilities and net assets	90,411,706	90,191,958

Starts Proceed Investment Corporation

Statement of Income

[Unit: thousand yen]

		30th Fiscal Period (Reference) From: May 1, 2020 To: Oct. 31, 2020	31st Fiscal Period From: Nov. 1, 2020 To: Apr. 30, 2021
Operating revenue			
Rent revenue – real estate	(Note 1)	3,106,613	3,113,450
Gain on sales of real estate properties	(Note 2)	245,591	46,672
Total operating revenue		3,352,205	3,160,123
Operating expenses			
Expenses related to rent business	(Note 1)	1,354,282	1,374,418
Asset management fee		270,199	261,041
Asset custody fee		8,473	8,480
Administrative service fees		26,112	27,033
Directors' compensations		1,200	1,200
Other operating expenses		109,230	124,985
Total operating expenses		1,769,498	1,797,159
Operating income		1,582,707	1,362,963
Non-operating income			
Interest income		15	16
Insurance income		23,412	8,300
Reversal of distribution payable		1,247	958
Total non-operating income		24,675	9,275
Non-operating expenses			
Interest expenses		167,004	162,311
Interest expenses on investment corporation bonds		2,375	4,708
Amortization of investment corporation bond issuance costs		1,127	2,180
Borrowing related expenses		41,547	39,404
Others		649	465
Total non-operating expenses		212,703	209,071
Ordinary income		1,394,679	1,163,168
Extraordinary income			
Indemnity income	(Note 3)	-	22,113
Total extraordinary income		-	22,113
Income before income taxes		1,394,679	1,185,281
Income taxes – current		1,954	1,946
Income taxes – deferred		0	0
Total income taxes		1,954	1,947
Net income		1,392,724	1,183,334
Retained earnings brought forward		65	61
Unappropriated retained earnings (undisposed loss)		1,392,789	1,183,395

Starts Proceed Investment Corporation
Statement of Changes in unitholders' Equity

30th Fiscal Period: from May 1, 2020, to October 31, 2020 (Reference)

[Unit: thousand yen]

	Unitholders' equity						
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from Unitholders' capital	Unitholders' capital (net)	Voluntary reserves			Unappropriated retained earnings (undisposed loss)
Reserve for reduction entry				Reserve for reduction entry under special provisions for property replacement	Total voluntary reserves		
Balance at the beginning of the period	42,230,457	(545,913)	41,684,544	99,000	-	99,000	1,683,923
Changes of items during the period							
Provision of reserve for reduction entry under special provisions for property replacement					400,000	400,000	(400,000)
Dividends from surplus							(1,283,857)
Net income							1,392,724
Total changes of items during the period	-	-	-	-	400,000	400,000	(291,133)
Balance at the end of the period	42,230,457	(545,913)	41,684,544	99,000	400,000	499,000	1,392,789

[Unit: thousand yen]

	Unitholders' equity		Total net assets
	Surplus	Total unitholders' equity	
	Total surplus		
Balance at the beginning of the period	1,782,923	43,467,467	43,467,467
Changes of items during the period			
Provision of reserve for reduction entry under special provisions for property replacement	-	-	-
Dividends from surplus	(1,283,857)	(1,283,857)	(1,283,857)
Net income	1,392,724	1,392,724	1,392,724
Total changes of items during the period	108,866	108,866	108,866
Balance at the end of the period	1,891,789	43,576,333	43,576,333

31st Fiscal Period: from November 1, 2020, to April 30, 2021

[Unit: thousand yen]

	Unitholders' equity						
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from Unitholders' capital	Unitholders' capital (net)	Voluntary reserves			Unappropriated retained earnings (undisposed loss)
				Reserve for reduction entry	Reserve for reduction entry under special provisions for property replacement	Total voluntary reserves	
Balance at the beginning of the period	42,230,457	(545,913)	41,684,544	99,000	400,000	499,000	1,392,789
Changes of items during the period							
Dividends from surplus							(1,392,728)
Net income							1,183,334
Total changes of items during the period	-	-	-	-	-	-	(209,394)
Balance at the end of the period	42,230,457	(545,913)	41,684,544	99,000	400,000	499,000	1,183,395

[Unit: thousand yen]

	Unitholders' equity		Total net assets
	Surplus	Total unitholders' equity	
	Total surplus		
Balance at the beginning of the period	1,891,789	43,576,333	43,576,333
Changes of items during the period			
Dividends from surplus	(1,392,728)	(1,392,728)	(1,392,728)
Net income	1,183,334	1,183,334	1,183,334
Total changes of items during the period	(209,394)	(209,394)	(209,394)
Balance at the end of the period	1,682,395	43,366,939	43,366,939

Starts Proceed Investment Corporation

Statement of Cash Flows

[Unit: thousand yen]

	30th Fiscal Period (Reference) From: May 1, 2020 To: Oct. 31, 2020	31st Fiscal Period From: Nov. 1, 2020 To: Apr. 30, 2021
Net cash provided by (used in) operating activities		
Income before income taxes	1,394,679	1,185,281
Depreciation and amortization	650,127	650,577
Amortization of investment corporation bond issuance costs	1,127	2,180
Indemnity income	-	(22,113)
Interest income	(15)	(16)
Interest expenses	169,380	167,019
Decrease (increase) in operating accounts receivable	5,753	(4,892)
Decrease (increase) in prepaid expenses	6,865	(412)
Increase (decrease) in accrued consumption taxes	(24,999)	3,054
Increase (decrease) in operating accounts payable	36,998	(45,095)
Increase (decrease) in accounts payable – other	(13,003)	(8,123)
Decrease (increase) in long-term prepaid expenses	6,589	14,388
Decrease from sales of property, plant and equipment in trust	3,079,494	736,960
Others, net	(9,235)	273
Subtotal	5,303,760	2,679,080
Interest income received	15	16
Interest expenses paid	(168,387)	(165,590)
Indemnity received	-	22,113
Income taxes paid	(1,959)	(1,954)
Net cash provided by (used in) operating activities	5,133,429	2,533,666
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(3,400,936)	(1,255,405)
Proceeds from tenant leasehold and security deposits in trust	50,800	62,648
Repayments of tenant leasehold and security deposits in trust	(50,900)	(63,222)
Decrease (increase) in other investments	(636)	(655)
Net cash provided by (used in) investing activities	(3,401,672)	(1,256,635)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	4,320,000	2,700,000
Repayments of long-term loans payable	(4,320,000)	(3,700,000)
Proceeds from investment corporation bond issuance	-	1,000,000
Payments of investment corporation bond issuance costs	-	(10,537)
Dividends paid	(1,282,768)	(1,390,945)
Net cash provided by (used in) financing activities	(1,282,768)	(1,401,482)
Net increase (decrease) in cash and cash equivalents	448,988	(124,451)
Cash and cash equivalents at the beginning of period	2,985,319	3,434,307
Cash and cash equivalents at the end of period	(Note) 3,434,307	3,309,856

Starts Proceed Investment Corporation

Notes to Financial Statements

1. Summary of significant accounting policies

Fiscal period Item	30th Fiscal Period (Reference) (May 1, 2020 - October 31, 2020)	31st Fiscal Period (November 1, 2020 - April 30, 2021)								
1. Depreciation method for non-current assets	<p>(1) Property, plant and equipment Depreciation is calculated using the straight-line method. The useful lives of major categories of property, plant and equipment are as follows:</p> <table style="margin-left: 20px;"> <tr> <td>Buildings in trust</td> <td style="text-align: right;">3 - 64 years</td> </tr> <tr> <td>Structures in trust</td> <td style="text-align: right;">10 - 45 years</td> </tr> <tr> <td>Machinery and equipment in trust</td> <td style="text-align: right;">8 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">3 - 15 years</td> </tr> </table> <p>(2) Intangible assets Intangible assets are amortized using the straight-line method.</p> <p>(3) Long-term prepaid expenses Long-term prepaid expenses are amortized using the straight-line method.</p>	Buildings in trust	3 - 64 years	Structures in trust	10 - 45 years	Machinery and equipment in trust	8 years	Tools, furniture and fixtures in trust	3 - 15 years	<p>(1) Property, plant and equipment Same as on the left</p> <p>(2) Intangible assets Same as on the left</p> <p>(3) Long-term prepaid expenses Same as on the left</p>
Buildings in trust	3 - 64 years									
Structures in trust	10 - 45 years									
Machinery and equipment in trust	8 years									
Tools, furniture and fixtures in trust	3 - 15 years									
2. Accounting for deferred assets	<p>Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized using the straight-line method over the period through redemption.</p>	<p>Investment corporation bond issuance costs Same as on the left</p>								
3. Standards for recognition of revenues and expenses	<p>Accounting treatment of property taxes, etc. In connection with property taxes, city planning taxes and depreciable asset taxes, Starts Proceed as a rule uses the method of charging the corresponding amounts of assessed taxes to the current fiscal period as expenses related to leasing business.</p> <p>In the case of property taxes, city planning taxes and depreciable asset taxes on owned properties that have a different number of installment tax payments every period, however, the amount of the number of annual tax payments corresponding to the business period is accounted for as expenses related to rent business.</p> <p>The amount equivalent to property taxes, etc. for the initial fiscal year to be borne by Starts Proceed upon acquisition of real estate or trust beneficiary interests in real estate as trust property are not expensed but capitalized as part of the acquisition cost of the relevant property.</p>	<p>Accounting treatment of property taxes, etc. Same as on the left</p>								
4. Method of hedge accounting	<p>(1) Method of hedge accounting Special accounting is applied for interest rate swap transactions as they satisfy the requirements for special accounting.</p> <p>(2) Hedging instruments and hedged items Hedging instrument: interest rate swap transactions Hedged items: interest of borrowings</p> <p>(3) Hedging policy Based on its financial policy, Starts Proceed conducts derivative transactions to hedge risks, as stipulated in its Articles of Incorporation.</p> <p>(4) Method for assessing the effectiveness of hedging Assessment of the effectiveness of hedging is omitted as requirements for special accounting are satisfied for interest rate swap transactions.</p>	<p>(1) Method of hedge accounting Same as on the left</p> <p>(2) Hedging instruments and hedged items Same as on the left</p> <p>(3) Hedging policy Same as on the left</p> <p>(4) Method for assessing the effectiveness of hedging Same as on the left</p>								

5. Scope of funds in the Statements of Cash Flows	The funds (cash and cash equivalents) in the Statements of Cash Flows consist of cash on hand and cash in trust, deposits and deposits in trust that can be withdrawn at any time, and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of value fluctuation.	Same as on the left
6. Other significant items fundamental to preparing the financial statements	<p>(1) Accounting method for trust beneficiary interests in real estate as trust property Regarding trust beneficiary interests in owned real estate as trust property, all asset and liability accounts of the trust properties as well as all revenue and expense accounts generated by the trust properties are recorded in relevant accounts on the Balance Sheets and Statements of Income. Furthermore, among trust properties recorded in relevant accounts, the following material accounts are separately stated on the balance sheets.</p> <ul style="list-style-type: none"> a. Cash and deposits in trust b. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust c. Lease and guarantee deposits in trust d. Tenant leasehold and security deposits in trust <p>(2) Accounting for consumption taxes National and local consumption taxes are excluded from the transaction amounts. For non-current assets and deferred assets, however, the consumption taxes are included.</p>	<p>(1) Accounting method for trust beneficiary interests in real estate as trust property Same as on the left</p> <p>(2) Accounting for consumption taxes Same as on the left</p>

2. Notes to Balance Sheets

30th Fiscal Period (Reference) (as of October 31, 2020)	31st Fiscal Period (as of April 30, 2021)
*1. Cancellation of treasury investment units Total number of cancelled units 3,000 units Total amount of cancellation 545,913 thousand yen	*1. Cancellation of treasury investment units Total number of cancelled units 3,000 units Total amount of cancellation 545,913 thousand yen
*2. Minimum net assets designated in Article 67- 4 of the Act on Investment Trusts and Investment Corporations 50,000 thousand yen	*2. Minimum net assets designated in Article 67- 4 of the Act on Investment Trusts and Investment Corporations 50,000 thousand yen

3. Notes to Statements of Income

30th Fiscal Period (Reference) (May 1, 2020 - October 31, 2020)	31st Fiscal Period (November 1, 2020 - April 30, 2021)
*1. Breakdown of revenues and expenses related to real estate rent business (Thousand yen)	*1. Breakdown of revenues and expenses related to real estate rent business (Thousand yen)
A. Real estate rent revenue	A. Real estate rent revenue
Rent revenue – real estate	Rent revenue – real estate
Rent 2,704,099	Rent 2,699,690
Common area maintenance charges 185,485	Common area maintenance charges 184,202
Parking revenue 86,160	Parking revenue 85,451
Incidental revenue 1,781	Incidental revenue 1,589
Rent revenue – other 129,087	Rent revenue – other 142,516
Total real estate rent revenue 3,106,613	Total real estate rent revenue 3,113,450
B. Expenses related to real estate rent business	B. Expenses related to real estate rent business
Expenses related to rent business	Expenses related to rent business
Management expenses 201,080	Management expenses 200,876
Repair expenses 95,193	Repair expenses 87,057
Taxes and public dues 182,177	Taxes and public dues 182,199
Trust fee 34,476	Trust fee 34,871
Utilities expenses 50,328	Utilities expenses 49,269
Casualty insurance 7,967	Casualty insurance 7,775
Depreciation 649,533	Depreciation 650,181
Other expenses related to rent business 133,524	Other expenses related to rent business 162,185
Total expenses related to real estate rent business 1,354,282	Total expenses related to real estate rent business 1,374,418
C. Profit from real estate rent business (A-B) 1,752,330	C. Profit from real estate rent business (A-B) 1,739,032
*2. Breakdown of gain on sales of real estate properties (Thousand yen)	*2. Breakdown of gain on sales of real estate properties (Thousand yen)
Proceed Nishinagahori	Proceed Yachiyo Midorigaoka I
Proceeds from sales of real estate properties 1,051,999	Proceeds from sales of real estate properties 416,925
Cost of sales of real estate properties 974,219	Cost of sales of real estate properties 389,703
Other sales expenses 9,901	Other sales expenses 2,901
Gain on sales of real estate properties 67,878	Gain on sales of real estate properties 24,321
Proceed Kyobashi	Proceed Yachiyo Midorigaoka II
Proceeds from sales of real estate properties 2,303,774	Proceeds from sales of real estate properties 372,266
Cost of sales of real estate properties 2,105,275	Cost of sales of real estate properties 347,257
Other sales expenses 20,785	Other sales expenses 2,656
Gain on sales of real estate properties 177,713	Gain on sales of real estate properties 22,351
-	*3. Breakdown of indemnity income The indemnity income represents indemnity for establishing sectional superficies at (G-8) Proceed Taikodori.

4. Notes to Statements of Changes in Unitholders' Equity

30th Fiscal Period (Reference) (May 1, 2020 - October 31, 2020)		31st Fiscal Period (November 1, 2020 - April 30, 2021)	
Total number of authorized investment units and total number of investment units issued and outstanding		Total number of authorized investment units and total number of investment units issued and outstanding	
Total number of authorized investment units	2,000,000 units	Total number of authorized investment units	2,000,000 units
Total number of investment units issued and outstanding	253,777units	Total number of investment units issued and outstanding	253,777units

5. Notes to Statements of Cash Flows

30th Fiscal Period (Reference) (May 1, 2020 - October 31, 2020)		31st Fiscal Period (November 1, 2020 - April 30, 2021)	
* Relationship between the balance of cash and cash equivalents at the end of period and the amounts of the corresponding accounts on the Balance Sheets (thousand yen) (As of October 31, 2020)		* Relationship between the balance of cash and cash equivalents at the end of period and the amounts of the corresponding accounts on the Balance Sheets (thousand yen) (As of April 30, 2021)	
Cash and deposits	1,407,615	Cash and deposits	1,389,472
Cash and deposits in trust	2,026,692	Cash and deposits in trust	1,920,383
Cash and cash equivalents	3,434,307	Cash and cash equivalents	3,309,856

6. (Notes to lease transactions)

30th Fiscal Period (Reference) (as of October 31, 2020)		31st Fiscal Period (as of April 30, 2021)	
Operating lease transaction (As Lessee) (thousand yen)		Operating lease transaction (As Lessee) (thousand yen)	
Future minimum lease payments		Future minimum lease payments	
Due within 1 year	88,193	Due within 1 year	88,193
Due after 1 year	<u>3,219,122</u>	Due after 1 year	<u>3,175,025</u>
Total	3,307,315	Total	3,263,218

(Note) The above-mentioned future minimum lease payments are rents based on ordinary fixed-term land lease establishment agreements.

7. (Notes to financial instruments)

30th fiscal period (Reference) (from May 1, 2020 to October 31, 2020)

1. Matters concerning status of financial instruments

(1) Policy on handling financial instruments

Starts Proceed principally makes it a policy to utilize only deposits for surplus fund management, although it sometimes utilizes securities and monetary claims, etc. as investment targets. Fund procurement shall be made primarily through issuance of investment units and borrowings. Starts Proceed conducts derivative transactions only for the purpose of hedging risks, such as interest rate fluctuation risk for borrowings, etc., and not for speculation purpose.

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

Borrowings and investment corporation bonds are exposed to liquidity risks upon repayment and redemption dates, but Starts Proceed works to mitigate these risks by such measures as the administration department of the Asset Management Company preparing cash flow plans and their results on a monthly basis.

Currently, all borrowings are procured with floating interest rates and thus are exposed to interest rate fluctuation risks.

However, for part of the borrowings, Starts Proceed conducts derivative transactions (interest rate swap transactions) in order to hedge the risk of fluctuations in the rates of interest payable and fix interest expenses. Furthermore, assessment of the effectiveness of these interest rate swaps as a hedge is omitted as it has been determined that they have met the requirements for special accounting.

Deposits are exposed to the risks of failure of the financial institutions holding the deposits as well as other credit risks. Starts Proceed mitigates the risks by limiting its deposits to those with short durations.

(3) Supplementary explanation on matters concerning fair value of financial instruments

The fair value of financial instruments, aside from values based on market price, may include values based on reasonable calculations when there is no market price. Certain assumptions are made in calculating those values, and there may be cases where the values will vary when different assumptions are used.

2. Matters concerning fair value of financial instruments

The following table includes the book values for financial instruments as recorded on the Balance Sheets, the corresponding fair values and the difference between these amounts as of October 31, 2020. Please note that the following table does not include those financial instruments for which determination of fair value is considered to be extremely difficult (refer to (Note 2)).

(thousand yen)

	Book value recorded on the Balance Sheets	Fair value (Note 1)	Difference
(1) Cash and deposits (Note 3)	1,407,615	1,407,615	-
(2) Cash and deposits in trust (Note 3)	2,026,692	2,026,692	-
(3) Lease and guarantee deposits in trust (Note 3)	535,874	418,467	(117,407)
(4) Current portion of long-term loans payable (Note 4)	8,020,000	8,007,414	(12,585)
(5) Investment corporation bonds (Note 4)	1,000,000	998,082	(1,917)
(6) Long-term loans payable (Note 4)	36,626,000	36,528,148	(97,851)
(7) Derivative transactions	-	-	-

(Note 1) Calculation method for fair value of financial instruments

(1) Cash and deposits and (2) Cash and deposits in trust

As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

(3) Lease and guarantee deposits in trust

The fair value of lease and guarantee deposits in trust is calculated with the present value by discounting the future cash flows of such deposits by a reasonably estimated rate that takes into account the remaining period until the receipt deadline.

(4) Current portion of long-term loans payable and (6) Long-term loans payable

As both of these loans are with floating interest rates and the contract terms require the interest rates to be revised in a certain period of time, the fair value is approximately the same as the book value and is thus stated as that book value. However, the fair value of long-term loans with floating interest rate subject to exceptional treatment for interest rate swaps (refer to (7) Derivative transactions below) is calculated by discounting the total amount of principal and interest (accounted for together with the interest rate swaps) with the reasonably estimated interest rate applicable when similar loans are borrowed.

(5) Investment Corporation Bonds

The fair value is calculated by discounting the total amount of principal and interest by the reasonably estimated interest rate applicable when similar loans are borrowed.

(7) Derivative transactions

(i) Derivatives to which hedge accounting is not applied

Not applicable.

(ii) Derivatives to which hedge accounting is applied

The following is the contract amount or amount equivalent to the principal provided in the contract as of the closing of accounts for each method of hedge accounting.

(thousand yen)

Method of hedge accounting	Type of derivative transactions, etc.	Main hedged item	Contract amount, etc.		Fair value	Calculation method for the fair value
				Of which, exceeding 1 year		
Exceptional accounting treatment for interest rate swaps	Interest rate swap transaction Receivable floating; Payable fixed	Long-term loans payable	16,269,000	12,569,000	(Note)	-

(Note) Transactions for which exceptional accounting treatment for interest rate swaps is applied are combined with long-term loans payable for accounting purposes. Accordingly, their fair value is included in the fair value of the relevant long-term loans payable (refer to (4) Current portion of long-term loans payable and (6) Long-term loans payable above).

(Note 2) Financial instruments for which determination of fair value is considered extremely difficult

Tenant leasehold and security deposits in trust deposited to the trustees of the respective assets under management of Starts Proceed (685,727 thousand yen recorded on the Balance Sheets) are not subject to disclosure of fair value, as it is considered extremely difficult to reasonably estimate cash flows because there is no market price, and it is difficult to calculate the substantial deposit period of lessees from their move-ins to move-outs.

(Note 3) Amount of redemption of monetary claims scheduled to be due after closing date of 30st Fiscal Period

(thousand yen)

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	1,407,615	-	-	-
Cash and deposits in trust	2,026,692	-	-	-
Lease and guarantee deposits in trust	84	-	-	535,790

(Note 4) Amount of repayment or redemption of loans and investment corporation bonds scheduled to be due after closing date of 30st Fiscal Period

(thousand yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Current portion of long-term loans payable	8,020,000	-	-	-	-	-
Investment Corporation Bonds	-	-	-	-	1,000,000	-
Long-term loans payable	-	10,093,500	7,063,500	6,900,000	6,749,000	5,820,000

31st fiscal period (from November 1, 2020 to April 30, 2021)

1. Matters concerning status of financial instruments

(1) Policy on handling financial instruments

Starts Proceed principally makes it a policy to utilize only deposits for surplus fund management, although it sometimes utilizes securities and monetary claims, etc. as investment targets. Fund procurement shall be made primarily through issuance of investment units and borrowings. Starts Proceed conducts derivative transactions only for the purpose of hedging risks, such as interest rate fluctuation risk for borrowings, etc., and not for speculation purpose.

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

Borrowings and investment corporation bonds are exposed to liquidity risks upon repayment and redemption dates, but Starts Proceed works to mitigate these risks by such measures as the administration department of the Asset Management Company preparing cash flow plans and their results on a monthly basis.

Currently, all borrowings are procured with floating interest rates and thus are exposed to interest rate fluctuation risks.

However, for part of the borrowings, Starts Proceed conducts derivative transactions (interest rate swap transactions) in order to hedge the risk of fluctuations in the rates of interest payable and fix interest expenses. Furthermore, assessment of the effectiveness of these interest rate swaps as a hedge is omitted as it has been determined that they have met the requirements for special accounting.

Deposits are exposed to the risks of failure of the financial institutions holding the deposits as well as other credit risks. Starts Proceed mitigates the risks by limiting its deposits to those with short durations.

(3) Supplementary explanation on matters concerning fair value of financial instruments

The fair value of financial instruments, aside from values based on market price, may include values based on reasonable calculations when there is no market price. Certain assumptions are made in calculating those values, and there may be cases where the values will vary when different assumptions are used.

2. Matters concerning fair value of financial instruments

The following table includes the book values for financial instruments as recorded on the Balance Sheets, the corresponding fair values and the difference between these amounts as of April 30, 2021. Please note that the following table does not include those financial instruments for which determination of fair value is considered to be extremely difficult (refer to (Note 2)).

(thousand yen)

	Book value recorded on the Balance Sheets	Fair value (Note 1)	Difference
(1) Cash and deposits (Note 3)	1,389,472	1,389,472	-
(2) Cash and deposits in trust (Note 3)	1,920,383	1,920,383	-
(3) Lease and guarantee deposits in trust (Note 3)	535,874	416,542	(119,331)
(4) Current portion of long-term loans payable (Note 4)	8,640,000	8,640,000	-
(5) Investment corporation bonds (Note 4)	2,000,000	1,998,524	(1,475)
(6) Long-term loans payable (Note 4)	35,006,000	35,038,055	32,055
(7) Derivative transactions	-	-	-

(Note 1) Calculation method for fair value of financial instruments

(1) Cash and deposits and (2) Cash and deposits in trust

As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

(3) Lease and guarantee deposits in trust

The fair value of lease and guarantee deposits in trust is calculated with the present value by discounting the future cash flows of such deposits by a reasonably estimated rate that takes into account the remaining period until the receipt deadline.

(4) Current portion of long-term loans payable and (6) Long-term loans payable

As both of these loans are with floating interest rates and the contract terms require the interest rates to be revised in a certain period of time, the fair value is approximately the same as the book value and is thus stated as that book value. However, the fair value of long-term loans with floating interest rate subject to exceptional treatment for interest rate swaps (refer to (7) Derivative transactions below) is calculated by discounting the total amount of principal and interest (accounted for together with the interest rate swaps) with the reasonably estimated interest rate applicable when similar loans are borrowed.

(5) Investment Corporation Bonds

The fair value is calculated by discounting the total amount of principal and interest by the reasonably estimated interest rate applicable when similar loans are borrowed.

(7) Derivative transactions

(i) Derivatives to which hedge accounting is not applied

Not applicable.

(ii) Derivatives to which hedge accounting is applied

The following is the contract amount or amount equivalent to the principal provided in the contract as of the closing of accounts for each method of hedge accounting.

(thousand yen)

Method of hedge accounting	Type of derivative transactions, etc.	Main hedged item	Contract amount, etc.		Fair value	Calculation method for the fair value
				Of which, exceeding 1 year		
Exceptional accounting treatment for interest rate swaps	Interest rate swap transaction Receivable floating; Payable fixed	Long-term loans payable	15,269,000	15,269,000	(Note)	-

(Note) Transactions for which exceptional accounting treatment for interest rate swaps is applied are combined with long-term loans payable for accounting purposes. Accordingly, their fair value is included in the fair value of the relevant long-term loans payable (refer to (4) Current portion of long-term loans payable and (6) Long-term loans payable above).

(Note 2) Financial instruments for which determination of fair value is considered extremely difficult

Tenant leasehold and security deposits in trust deposited to the trustees of the respective assets under management of Starts Proceed (685,153 thousand yen recorded on the Balance Sheets) are not subject to disclosure of fair value, as it is considered extremely difficult to reasonably estimate cash flows because there is no market price, and it is difficult to calculate the substantial deposit period of lessees from their move-ins to move-outs.

(Note 3) Amount of redemption of monetary claims scheduled to be due after closing date of 31st Fiscal Period

(thousand yen)

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	1,389,472	-	-	-
Cash and deposits in trust	1,920,383	-	-	-
Lease and guarantee deposits in trust	84	-	-	535,790

(Note 4) Amount of repayment or redemption of loans and investment corporation bonds scheduled to be due after closing date of 31st Fiscal Period

(thousand yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Current portion of long-term loans payable	8,640,000	-	-	-	-	-
Investment Corporation Bonds	-	-	-	1,000,000	1,000,000	-
Long-term loans payable	-	9,963,500	6,873,500	6,600,000	4,549,000	7,020,000

8. (Notes to tax effect accounting)

30th Fiscal Period (Reference) (May 1, 2020 - October 31, 2020)		31st Fiscal Period (November 1, 2020 - April 30, 2021)	
1. Deferred tax assets and liabilities consist of the following: (thousand yen)		1. Deferred tax assets and liabilities consist of the following: (thousand yen)	
(Deferred tax assets)		(Deferred tax assets)	
Accrued business taxes not deductible from taxable income	80	Accrued business taxes not deductible from taxable income	79
Asset retirement obligations	43,252	Asset retirement obligations	43,595
Subtotal of deferred tax assets	43,332	Subtotal of deferred tax assets	43,674
Valuation allowance	(43,252)	Valuation allowance	(43,595)
Total deferred tax assets	80	Total deferred tax assets	79
(Deferred tax assets, net)	80	(Deferred tax assets, net)	79
2. Reconciliation between the statutory tax rate and the effective tax rate after applying tax effect accounting		2. Reconciliation between the statutory tax rate and the effective tax rate after applying tax effect accounting	
	(%)		(%)
Statutory tax rate	31.46	Statutory tax rate	31.46
(Adjustment)		(Adjustment)	
Deductible distributions	(31.42)	Deductible distributions	(31.41)
Change in valuation allowance	0.03	Change in valuation allowance	0.03
Others	0.07	Others	0.08
Effective tax rate after applying tax effect accounting	0.14	Effective tax rate after applying tax effect accounting	0.16

31st fiscal period (from November 1, 2020 to April 30, 2021)

Classification	Name	Business or occupation	Share of owned investment units	Description of transaction	Transaction amount (thousand yen) (Note 1)	Item	Balance at the end of period (thousand yen) (Note 1)
Interested party, etc.	Starts Corporation Inc.	Holding company	13.5%	Purchase of trust beneficiary interest (Note 2)	1,069,000	-	-
Interested party, etc.	Starts Amenity Co., Ltd.	Real estate leasing and management, construction	-	Property management fee	82,186	Operating accounts payable	128,240
				Repair charge	199,342		
				Maintenance and inspection fee	114,662		
				Advertising expenses	69,894		
				Renewal fee	23,447	Tenant leasehold and security deposits in trust (Note 2)	80,677
Rent revenue, etc. (Note 3)	338,541						
Interested party, etc.	Starts Development Corporation	Real estate sales business	-	Disposition of trust beneficiary interest (Note 4)	785,500	-	-
Asset custodian	Sumitomo Mitsui Trust Bank, Limited	Banking business	-	Trust fee	14,635	Prepaid expenses	1,425
				Interest expenses	4,476	Long-term prepaid expenses	6,177
				Payment related to financing matters	165	Accrued expenses	25
				Borrowing of long-term loans payable	75,000	Prepaid expenses	401
				Repayment of long-term loans payable	145,000	Long-term prepaid expenses	679
				Administrative service fees	26,183	Current portion of long-term loans payable	244,000
						Long-term loans payable	1,093,000
		Accounts payable – other	19,887				

(Note 1) Consumption taxes are not included in the transaction amount except for the transactions related to capital expenditures. The balance at the end of period includes consumption taxes when the transactions are subject to such taxes.

(Note 2) When purchasing trust beneficiary interest from related parties, etc., the purchase price is determined at a level lower than the relevant appraisal value as a rule, based on the internal regulations, etc. designated by the Asset Management Company. Other transaction terms and conditions are determined based on the market realities.

(Note 3) For rent revenue, etc. and tenant leasehold and security deposits in trust, all transactions under fixed-rent-type agreements and, of the transactions under pass-through-type agreements, those with the Starts Group companies as end tenants are indicated.

(Note 4) When disposing trust beneficiary interest to related parties, etc., the disposition price is determined at a level higher than the relevant appraisal value as a rule, based on the internal regulations, etc. designated by the Asset Management Company. Other transaction terms and conditions are determined based on the market realities.

11. (Notes to investment and rental properties))

30th fiscal period (Reference) (from May 1, 2020 to October 31, 2020)

Starts Proceed owns rental housing, etc. mainly in the Tokyo metropolitan area as well as in cabinet order designated cities and major cities in regional areas for the purpose of obtaining rent revenue. The following table provides the book value recorded on the Balance Sheets, amount of change during the period and fair value at the end of period of these investment and rental properties as of October 31, 2020.

(thousand yen)

Book value recorded on the Balance Sheets (Note 1)			Fair value at the end of period (Note 3)
Balance at beginning of period	Amount of change during period (Note 2)	Balance at the end of period	
86,471,323	(312,025)	86,159,298	98,764,000

(Note 1) The book value recorded on the Balance Sheets is the acquisition cost less accumulated depreciation.

(Note 2) Of the amount of change during the 30th fiscal period, the amount of increase is primarily attributable to the acquisition of three properties including (C-83) Proceed Monzennakacho (3,337,042 thousand yen in total) and capital expenditures (81,863 thousand yen), and the amount of decrease is primarily attributable to the disposition of two properties including (G-28) Proceed Nishinagahori (3,130,223 thousand yen in total) and depreciation (649,533 thousand yen).

(Note 3) The fair value at the end of period is the appraisal value provided by outside real estate appraisers.

For the income (loss) in the 30th fiscal period ended October 2020 for the investment and rental properties, refer to the aforementioned (Notes to Statements of Income).

31th fiscal period (from November 1, 2020 to April 30, 2021)

Starts Proceed owns rental housing, etc. mainly in the Tokyo metropolitan area as well as in cabinet order designated cities and major cities in regional areas for the purpose of obtaining rent revenue. The following table provides the book value recorded on the Balance Sheets, amount of change during the period and fair value at the end of period of these investment and rental properties as of April 30, 2021.

(thousand yen)

Book value recorded on the Balance Sheets (Note 1)			Fair value at the end of period (Note 3)
Balance at beginning of period	Amount of change during period (Note 2)	Balance at the end of period	
86,159,298	(94,110)	86,065,187	99,979,000

(Note 1) The book value recorded on the Balance Sheets is the acquisition cost less accumulated depreciation.

(Note 2) Of the amount of change during the 31st fiscal period, the amount of increase is primarily attributable to the acquisition of (C-85) Proceed Nagareyama Otakanomori (1,172,614 thousand yen) and capital expenditures (114,365 thousand yen). The amount of decrease is primarily attributable to the disposition of two properties including (C-21) Proceed Yachiyo Midorigaoka I (736,960 thousand yen in total) and depreciation (650,181 thousand yen).

(Note 3) The fair value at the end of period is the appraisal value provided by outside real estate appraisers.

For the income (loss) in the 31st fiscal period ended April 2021 for the investment and rental properties, refer to the aforementioned (Notes to Statements of Income).

12. (Notes to per unit information)

30th Fiscal Period (Reference) (May 1, 2020 - October 31, 2020)		31st Fiscal Period (November 1, 2020 - April 30, 2021)	
Net assets per unit	171,711 yen	Net assets per unit	170,886 yen
Net income per unit (Note)	5,487 yen	Net income per unit (Note)	4,662 yen
Net income per unit is calculated by dividing net income by the daily weighted average number of investment units.		Same as on the left	
Diluted net income per unit is not presented as there are no dilutive investment units.			

(Note) Net income per unit was calculated based on the following data.

30th Fiscal Period (Reference) (May 1, 2020 - October 31, 2020)		31st Fiscal Period (November 1, 2020 - April 30, 2021)	
Net income (thousand yen)	1,392,724	Net income (thousand yen)	1,183,334
Amount not attributable to ordinary unitholders (thousands of yen)	-	Amount not attributable to ordinary unitholders (thousands of yen)	-
Net income attributable to ordinary investment units (thousands of yen)	1,392,724	Net income attributable to ordinary investment units (thousands of yen)	1,183,334
Average number of units during the fiscal period (units)	253,777	Average number of units during the fiscal period (units)	253,777

13. (Notes to significant subsequent events)

30th Fiscal Period (Reference) (May 1, 2020 - October 31, 2020)	31st Fiscal Period (November 1, 2020 - April 30, 2021)
Not applicable.	Same as on the left

Starts Proceed Investment Corporation

Statement of Cash Distributions

Period	30th Fiscal Period (Reference) From: May 1, 2020 To: Oct. 31, 2020	31st Fiscal Period From: Nov. 1, 2020 To: Apr. 30, 2021
Item		
I. Unappropriated retained earnings	1,392,789,809 yen	1,183,395,764 yen
II. Amount of distributions	1,392,728,176 yen	1,183,362,151 yen
[Amount of distribution per investment unit]	[5,488 yen]	[4,663 yen]
III. Retained earnings brought forward	61,633 yen	33,613 yen
Method of calculation of amount of distributions	<p>Pursuant to the policy on cash distributions provided in Article 35, Paragraph 1 of the Articles of Incorporation of Starts Proceed, the amount of distributions shall be in excess of an amount equivalent to 90% of the “amount of earnings available for distribution” provided in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Based on such policy, Starts Proceed decided to pay out distributions of earnings of 1,392,728,176 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (253,777 units) in an amount not in excess of unappropriated retained earnings. Starts Proceed shall not distribute the cash in excess of earnings provided in Article 35, Item 4 of the Articles of Incorporation of Starts Proceed.</p>	<p>Pursuant to the policy on cash distributions provided in Article 35, Paragraph 1 of the Articles of Incorporation of Starts Proceed, the amount of distributions shall be in excess of an amount equivalent to 90% of the “amount of earnings available for distribution” provided in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Based on such policy, Starts Proceed decided to pay out distributions of earnings of 1,183,362,151 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (253,777 units) in an amount not in excess of unappropriated retained earnings. Starts Proceed shall not distribute the cash in excess of earnings provided in Article 35, Item 4 of the Articles of Incorporation of Starts Proceed.</p>

Independent Auditor's Report

To the Board of Directors of Starts Proceed Investment Corporation

Opinion

We have audited the financial statements of Starts Proceed Investment Corporation (the Company), which comprise the balance sheets as at April 30, 2021, and the statements of income and retained earnings, statements of changes in net assets and statements of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2021, 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.

Responsibilities of Management and Supervisory Directors 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 in accordance with accounting principles generally accepted in Japan.

Supervisory Directors are responsible for overseeing the executive director's performance of their duties including the design, implementation and maintenance of 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 objective of the 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 executive director 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 executive director with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

We 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.

Homare Furukawa
Designated Engagement Partner
Certified Public Accountant

古川 蒼 

Yoshiaki Yanagi
Designated Engagement Partner
Certified Public Accountant

柳 吉昭 

Nihombashi Corporation
Chuo-Ku, Tokyo
July 26, 2021