

33rd Fiscal Period Semi-Annual Report

Starts Proceed Investment Corporation

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

From: November 1, 2021

To: April 30, 2022

I. To Our Unitholders

We express our sincere appreciation to all unitholders for your continued loyal patronage to Starts Proceed Investment Corporation (“SPI”).

Having settled the 33rd fiscal period ended April 2022 (November 1, 2021 – April 30, 2022), we would like to report on the management status and performance results for the period.

During the fiscal period under review, SPI conducted asset replacement by acquiring Proceed Kinshicho 2 in April 2022, while disposing Proceed Nakanoshimbashi in the same month 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, SPI’s portfolio as of the end of the 33rd fiscal period consists of 106 properties with a total acquisition price of 88,359 million yen. SPI also worked to reduce building maintenance and management costs while striving to increase revenue including rents and receipt of key money. As a result of these endeavors, SPI posted operating revenue of 3,224 million yen, ordinary income of 1,199 million yen and net income of 1,197 million yen for the 33rd fiscal period. Distribution per unit came to 4,718 yen, significantly surpassing the forecast announced earlier.

Moreover, as ESG initiatives, electric power contracts for 71 of our portfolio properties were changed to 100% renewable electricity plans as an initiative contributing to “reduction of greenhouse gas emissions and energy consumption,” which is one of the material issues that we have identified based on our ESG policy. Through the initiative, we achieved virtually zero CO₂ emissions with respect to electricity used by the properties (in common areas) with the concerned electricity plans. In addition, we acquired the Building-Housing Energy-Efficiency Labeling System (BELS) Certification for Proceed Sendai Kamisugi in April 2022.

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
Executive Director
Starts Proceed Investment Corporation
President
Starts Asset Management Co., Ltd.

II. Asset Management Report

1. Overview of Asset Management

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

Fiscal period	Unit	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)	32nd period (From May 1, 2021 to October 31, 2021)	33rd period (From November 1, 2021 to April 30, 2022)
Operating revenue	million yen	3,665	3,352	3,160	3,177	3,224
[Of which, real estate rent revenue]	million yen	[3,116]	[3,106]	[3,113]	[3,115]	[3,154]
Operating expenses	million yen	1,790	1,769	1,797	1,806	1,810
[Of which, expenses related to real estate rent business]	million yen	[1,362]	[1,354]	[1,374]	[1,382]	[1,391]
Operating income	million yen	1,874	1,582	1,362	1,370	1,413
Ordinary income	million yen	1,685	1,394	1,163	1,159	1,199
Net income (a)	million yen	1,683	1,392	1,183	1,157	1,197
Total assets (b)	million yen	90,295	90,411	90,191	90,258	90,240
Net assets (c)	million yen	43,467	43,576	43,366	43,341	43,380
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	171,282	171,711	170,886	170,785	170,940
Net income per unit (Note 3)	yen	6,635	5,487	4,662	4,562	4,717
Total distributions (e)	million yen	1,283	1,392	1,183	1,157	1,197
Distribution per unit (e)÷(d)	yen	5,059	5,488	4,663	4,563	4,718
[Of which, distribution of earnings per unit]	yen	[5,059]	[5,488]	[4,663]	[4,563]	[4,718]
[Of which, distribution in excess of earnings per unit]	yen	[-]	[-]	[-]	[-]	[-]
Return on assets (Note 4)	%	1.9 [3.8]	1.5 [3.1]	1.3 [2.6]	1.3 [2.6]	1.3 [2.7]
Return on equity (Note 4)	%	3.9 [7.8]	3.2 [6.3]	2.7 [5.5]	2.7 [5.3]	2.8 [5.6]
Equity ratio (c)÷(b)	%	48.1	48.2	48.1	48.0	48.1
Distribution payout ratio (Note 4)	%	76.2	100.0	100.0	100.0	100.0
[Other Reference Information]						
Number of investments properties (Note 5)	Properties	106	107	106	106	106
Total number of leasable units (Note 5)	units	5,225	5,227	5,226	5,219	5,189
Total leasable floor area	m ²	193,117.03	193,846.29	192,166.37	192,143.94	192,005.05
Period-end occupancy rate (Note 5)	%	95.9	95.2	95.4	96.4	96.3
Depreciation and amortization	million yen	629	650	650	647	645
Capital expenditures	million yen	137	81	114	213	217
Property leasing NOI (Net Operating Income) (Note 4)	million yen	2,382	2,401	2,389	2,381	2,408
FFO (Funds from Operations) per unit (Note 4)	yen	6,956	7,086	7,051	6,883	7,002
FFO multiple (Note 4)	times	13.1	14.2	16.0	17.5	16.5
Debt service coverage ratio (Note 4)	times	15.6	13.1	12.0	11.4	11.3
Earnings before interest, depreciation and amortization	million yen	2,471	2,211	2,000	1,979	2,021
Interest expenses	million yen	158	169	167	174	178
Total interest-bearing liabilities	million yen	45,646	45,646	45,646	45,646	45,646
LTV (Loan-To-Value) ratio (Note 4)	%	50.6	50.5	50.6	50.6	50.6
Number of days of management	days	182	184	181	184	181

(Note 1) All amounts less than the specified unit are rounded down, and percentage figures and multiples are rounded off to the first decimal place except for distribution payout ratio, which is rounded down to the first decimal place.

(Note 2) Unitholders' capital (net) is the amount obtained by subtracting deduction from unitholders' capital 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.

For return on assets and return on equity, figures that are annualized by the number of days of management are also shown in brackets.

Return on assets	Ordinary income ÷ Average total assets Average total assets = (Total assets at beginning of period + Total assets at end of period) ÷ 2
Return on equity	Net income ÷ Average net assets Average net assets = (Net assets at beginning of period + Net assets at end of period) ÷ 2
Distribution payout ratio	Distribution per unit ÷ Net income per unit
Property leasing NOI	Profit from real estate rent business (Real estate rent revenue – Expenses related to real estate 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 + other sales expenses) ÷ Total number of investment units issued and outstanding
FFO multiple	Investment unit price at end of period ÷ Annualized FFO per unit
Debt service coverage ratio	Earnings before interest, depreciation and amortization ÷ Interest expenses (including interest expenses on investment corporation bonds)
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 total leasable floor area as of the closing of accounts.

(Note 6) Fiscal period is a six-month period that ends on April 30 and October 31 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 (“SPI”) 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 Trusts Act”), completed registration with the Kanto Local Finance Bureau based on Article 187 of the Investment Trusts 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 Jasadq Securities Exchange, Inc. (“Jasadq”) (Securities Code: 8979) the next day. After three capital increases through public offering and other developments since listing on Jasadq, SPI 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 Jasadq on August 10, 2010, and the delisting from Jasadq taking effect on October 1, 2010.

SPI 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 Trusts Act; the same hereinafter) backed mainly by rental housing. SPI 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 assets 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. As it invests in rental housing, etc., SPI adopts the basic policy of setting rental housing for average-income households in particular, the demand for which SPI believes to be the most stable, as the primary investment target. In addition, SPI takes measures, such as leveraging the capabilities of the Starts Group, to enhance asset management efficiency, with an aim to secure steady growth of assets under management and stable earnings over the medium to long term.

As of the end of the fiscal period under review (33rd fiscal period: from November 1, 2021 to April 30, 2022), the total number of investment units issued and outstanding is 253,777 units, total assets amount to 90,240 million yen, and unitholders' capital (net) amounts to 41,684 million yen.

ii) Investment environment and management performance

In the 33rd fiscal period, the Japanese economy had continued to be in a strong sense of stagnation due in part to the impact of priority measures to prevent the spread of infection being issued with the resurgence of COVID-19 (variants), but dining out, travel and other consumer spending did show signs of gradually picking up after the measures were lifted. On the other hand, financial and economic sanctions on Russia for its invasion of Ukraine, soaring energy and food prices, the U.S. monetary tightening and other factors are making global economic trends extremely uncertain. Even under the COVID-19 pandemic, its impact on SPI, such as a decrease in rent revenue, found to date has been extremely limited as SPI is a REIT specializing in housing. As such, SPI does not foresee any concern of its operations being affected by the pandemic in the short term.

Under such circumstances, demand trends in the rental housing market in which SPI 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, a robust property acquisition appetite continued to be seen among investors amid the ongoing favorable fund procurement environment. This, combined with limited supply of quality properties, has kept competition in property acquisition overheated, leaving transaction prices at a high level.

In the 33rd fiscal period, SPI conducted asset replacement through acquisition of (C-87) Proceed Kinshicho 2 (acquisition price: 537 million yen) on April 1, 2022, and disposition of (C-30) Proceed Nakanoshimbashi (disposition price: 760 million yen) on April 28, 2022, 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, SPI's portfolio as of the end of the 33rd fiscal period consists of 106 properties with acquisition prices totaling 88,359 million yen and a total leasable floor area of 192,005.05 m².

In close collaboration with the property management company Starts Amenity Corporation, the Asset Management Company made efforts to reduce building maintenance and management costs while striving to increase rent, the receipt of key money and other revenue. The Asset Management Company also promoted leasing activities in coordination with leasing agents by setting finely tuned leasing conditions based on deeper understanding of regional characteristics and advantages of individual properties as well as thorough comparative analyses of nearby competing properties. Moreover, 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 96% throughout the period and resulted in a period-average occupancy rate of 96.5% and period-end occupancy rate of 96.3%.

As ESG initiatives, electric power contracts for 71 of the portfolio properties were changed to 100% renewable electricity plans as an initiative contributing to "reduction of greenhouse gas emissions and energy consumption," which is one of the material issues that SPI has identified based on its ESG policy. Through the initiative, virtually zero CO₂ emissions were achieved with respect to electricity used by the properties (at common areas) with the concerned electricity plans. In addition, SPI acquired the Building-Housing Energy-Efficiency Labeling System (BELS) Certification for one property ((G-34) Proceed Sendai Kamisugi) in April 2022.

iii) Overview of financing

In the 33rd fiscal period, SPI issued the Third Series Unsecured Investment Corporation Bond of 1,500 million yen as shown below and borrowed a long-term loan of 2,820 million yen (term: 5.5 years) to repay a long-term loan of 4,320 million yen due for repayment on November 24, 2021.

Name:	Starts Proceed Third Series Unsecured Investment Corporation Bond (with pari passu conditions among specified investment corporation bonds) (Green Bonds)
Issue amount:	1,500 million yen
Interest rate:	0.800% per annum
Issue date:	November 18, 2021
Redemption date:	November 18, 2031
Security and guarantee:	Unsecured and unguaranteed

As a result, the period-end balance of interest-bearing liabilities totaled 45,646 million yen, comprising 9,963 million yen in current portion of long-term loans payable, 32,182 million yen in long-term loans payable and 3,500 million yen in investment corporation bonds as of the end of the 33rd fiscal period, with the period-end LTV ratio standing at 50.6%.

As of the date of this document, SPI 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 33rd fiscal period was operating revenue of 3,224 million yen, operating income of 1,413 million yen, ordinary income of 1,199 million yen and net income of 1,197 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”), SPI distributes the entire amount of unappropriated retained earnings, excluding fractions of distribution per investment unit of less than 1 yen. Accordingly, SPI declared a distribution per investment unit of 4,718 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) SPI was established on May 2, 2005.

(Note 3) SPI 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), SPI 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) SPI 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), SPI 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) SPI 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), SPI 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) SPI 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) SPI 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) SPI 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) SPI 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) SPI 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 SPI'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 SPI's investment securities are listed, by fiscal period are as follows.

Fiscal period	29th period	30th period	31st period	32nd period	33rd period
Closing month/year	April 2020	October 2020	April 2021	October 2021	April 2022
Highest (yen)	211,500	214,000	232,000	268,200	242,500
Lowest (yen)	146,000	183,400	190,700	219,100	205,200

(4) Distributions

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 Special Taxation Measures Act), SPI decided to distribute the entire amount of unappropriated retained earnings, excluding fractions of distribution per investment unit of less than 1 yen. Accordingly, SPI declared a distribution per investment unit of 4,718 yen.

Fiscal period	29th period	30th period	31st period	32nd period	33rd period
Calculation period	From November 1, 2019 to April 30, 2020	From May 1, 2020 to October 31, 2020	From November 1, 2020 to April 30, 2021	From May 1, 2021 to October 31, 2021	From November 1, 2021 to April 30, 2022
Total unappropriated retained earnings	1,683,923 thousand yen	1,392,789 thousand yen	1,183,395 thousand yen	1,158,003 thousand yen	1,197,331 thousand yen
Retained earnings	400,065 thousand yen	61 thousand yen	33 thousand yen	18 thousand yen	11 thousand yen
Total distributions	1,283,857 thousand yen	1,392,728 thousand yen	1,183,362 thousand yen	1,157,984 thousand yen	1,197,319 thousand yen
[Distribution per unit]	[5,059 yen]	[5,488 yen]	[4,663 yen]	[4,563 yen]	[4,718 yen]
Of which, total distributions of earnings	1,283,857 thousand yen	1,392,728 thousand yen	1,183,362 thousand yen	1,157,984 thousand yen	1,197,319 thousand yen
[Distribution of earnings per unit]	[5,059 yen]	[5,488 yen]	[4,663 yen]	[4,563 yen]	[4,718 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

Looking ahead, the Japanese economy is expected to see consumer spending gradually recover, mainly in the service industry, as the impact of COVID-19 wanes with the progress in vaccination, the government's economic measures and other developments. On the other hand, careful attention should continue to be paid to the situation in Ukraine and other factors that could be downside risks to the global economy, and the trend of the COVID-19 variants.

In the secondary real estate market, as the property acquisition appetite among investors remains strong against the backdrop of the favorable fund procurement environment including low interest rates, the transaction prices are expected to remain at high levels. In the rental housing market, meanwhile, it is expected that occupancy rates will remain high and an upward trend in rent per unit will continue to a certain degree, mainly in the Tokyo metropolitan area.

i) External Growth Strategy

SPI strives to increase opportunities to newly acquire prime investment real estate, based on the extensive collaborative relationship with the Starts Group. Such relationship has been formed by the pipeline support agreement concluded between the Asset Management Company and Starts Corporation Inc., Starts Development Corporation and Starts Amenity Corporation, respectively, and the property information provision agreement concluded between the Asset Management Company and STARTS Construction and Asset Management Co., Ltd., among other arrangements. Moreover, as SPI aims to expand its asset size and enhance portfolio quality, it will not only acquire properties developed by the Starts Group but also consider acquisition of new and relatively new, high-quality properties that have the potential to generate stable earnings over the medium to long term, while carefully assessing trends in the financial market as well as the primary and secondary real estate markets. Furthermore, along with the progress in external growth, SPI will continue to simultaneously investigate disposition of some assets that are small in size or were built long ago.

ii) Internal Growth Strategy

Following on from the 33rd fiscal period, SPI will endeavor to enhance convenience and comfort for residents through the provision of high-quality management services, under close collaboration with Starts Amenity Corporation, the property management company, and Starts Pitat House Co., Ltd., to which leasing business operations are re-entrusted. SPI will also work to enhance earnings from and occupancy rates of assets under management and cut costs by conducting finely tuned management suited to the respective area's real estate leasing market trends and individual property characteristics, without stopping at uniform management. Furthermore, SPI believes that initiatives on issues such as environmental and social consideration and the strengthening of governance contribute to the development of a sustainable society, and aims for medium- to long-term growth by conducting management based on such idea.

iii) Financial Strategy

With its sight set on smooth fund procurement upon asset acquisition and reduction of refinancing risk, SPI will promote its ongoing favorable relationship with financing banks. At the same time, SPI aims to further strengthen the financial base and diversify its fund procurement means, including issuance of investment corporation bonds, while expanding the lineup of financing banks, reducing financing costs, extending loan periods, diversifying repayment dates and shifting to fixed-interest loans, on an as-needed basis.

(6) Significant subsequent events

Not applicable.

(Reference Information)

A. Acquisition of asset

SPI acquired the following specified asset (trust beneficiary interest) on May 10, 2022.

Property number	Property name	Location	Seller (Note 1)	Acquisition price (thousand yen) (Note 2)
C-88	Proceed Ishikawadai	Ota-ku, Tokyo	Starts Development Corporation	810,000

(Note 1) All transactions have been determined after following appropriate procedures based on the internal rules of the Asset Management Company and pursuant to standards stipulated by laws and regulations.

(Note 2) Acquisition price does not include miscellaneous acquisition related expenses, property taxes, city planning taxes, consumption taxes and local consumption taxes.

B. Borrowing of funds (refinancing) and conclusion of interest rate swap agreement

SPI borrowed Term Loan 2U and Term Loan 2V as follows to fund the repayment of Term Loan 2B (loan balance: 2,873.5 million yen) and Term Loan 2K (loan balance: 2,900 million yen) for which the repayment date arrived on May 24, 2022.

	Term Loan 2U	Term Loan 2V
Lender	Resona Bank, Limited Aozora Bank, Ltd. Sumitomo Mitsui Banking Corporation The Chiba Bank, Ltd. The Musashino Bank, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Mizuho Trust & Banking Co., Ltd. The Kagawa Bank, Ltd.	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Resona Bank, Limited Aozora Bank, Ltd. The Bank of Kyoto, Ltd. The 77 Bank, Ltd. The Joyo Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Mizuho Trust & Banking Co., Ltd. The Kagawa Bank, Ltd. Higashi-Nippon Bank, Ltd.
Loan amount	2,873.5 million yen	2,900 million yen
Drawdown date	May 24, 2022	
Principal repayment date	May 24, 2028	November 24, 2027
Interest rate (Note)	Floating rate (Base interest rate (JBA 3-month Japanese Yen TIBOR) + 0.700%)	Floating rate (Base interest rate (JBA 3-month Japanese Yen TIBOR) + 0.670%)
Interest payment date	The first interest payment date shall be the last day of May 2022, and for subsequent payments, the last day of February, May, August and November thereafter (however, in the event that one of these days is not a business day, the business day immediately preceding it) and the principal repayment date.	
Principle repayment method	Lump-sum repayment on repayment date	
Security and guarantee	Unsecured and unguaranteed	

(Note) The base interest rate applicable to the calculation period for the interest payable on an interest payment date shall be the JBA 3-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).

In addition, SPI concluded an interest rate swap agreement as follows to hedge against the risk of interest rate hike concerning the above Term Loan 2U and Term Loan 2V, which are conducted with a floating interest rate.

	Agreement concerning Term Loan 2U	Agreement concerning Term Loan 2V
Lender	Aozora Bank, Ltd.	
Notional principal amount	2,873.5 million yen	2,900 million yen
Interest rate, etc.	Fixed interest rate payable: 1.068% Receivable floating Base interest rate (JBA 3-month Japanese Yen TIBOR) + 0.700 % (Note)	Fixed interest rate payable: 1.016% Floating interest rate receivable: Base interest rate (JBA 3-month Japanese Yen TIBOR) + 0.670%
Commencement date	May 24, 2022	
Termination date	May 24, 2028	November 24, 2027
Payment date	The first interest payment date shall be the last day of May 2022, and for subsequent payments, the last day of February, May, August and November thereafter (however, in the event that one of these days is not a business day, the business day immediately preceding it) and the principal repayment date.	

(Note) In accordance with conclusion of the interest rate swap agreements, the actual interest rates on Term Loan 2U and Term Loan 2V are, in effect, fixed.

2. Overview of the Investment Corporation

(1) Status of investment in capital

Fiscal period	29th period	30th period	31st period	32nd period	33rd period
Closing month/year	As of April 30, 2020	As of October 31, 2020	As of April 30, 2021	As of October 31, 2021	As of April 30, 2022
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	13,420 individuals	12,955 individuals	12,373 individuals	11,711 individuals	11,383 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 ten largest unitholders according to the percentage of their owned investment units to the total number of investment units outstanding as of April 30, 2022.

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)	35,967	14.17
Starts Corporation, Inc.	34,153	13.45
The Master Trust Bank of Japan, Ltd. (trust account)	26,553	10.46
Custody Bank of Japan, Ltd. (securities investment trust account)	15,206	5.99
The Nomura Trust and Banking Co., Ltd. (investment trust account)	8,965	3.53
JP MORGAN CHASE BANK 385771	4,680	1.84
Kinkisangyo Shinkumi Bank	3,313	1.30
SMBC Nikko Securities Inc.	3,240	1.27
Morgan Stanley MUFG Securities Co., Ltd.	2,868	1.13
SSBTC CLIENT OMNIBUS ACCOUNT	2,842	1.11
Total	137,787	54.29

(Note) Number of investment units owned expressed as a percentage of total number of investment units issued and outstanding are rounded down to the second decimal place.

(3) Matters concerning directors, etc.

The Executive Director, Supervising Directors and Independent Auditor as of April 30, 2022 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	-	9,480

(Note 1) None of the Executive Director or Supervising Directors own investment units in SPI, either in their own name or in someone else's name. Moreover, although the Supervising Directors may be officers of corporations other than those mentioned above, they have no conflict of interest with SPI 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 SPI'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 auditing of SPI's English financial statements and services 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).

(4) Matters concerning directors and officers liability insurance agreement

Scope of the insured	Overview of agreement
Executive Director and Supervising Directors	<p>[Overview of insured event covered by the insurance] The directors and officers liability insurance agreement covers such losses as compensation payment and dispute costs to be borne by the insured when they receive a claim for compensation for the actions they have taken related to their duties as directors of SPI.</p> <p>[Burden ratio of insurance premium] SPI bears the entire amount.</p> <p>[Measures to ensure the appropriateness of the execution of duties] When the insured suffer damages by actions which they executed while recognizing that it may constitute criminal act or violate the laws and regulations, the loss is not subject of the protection.</p>

(5) 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, 2022.

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 Assets under Management of the Investment Corporation

(1) Composition of assets of the investment corporation

Type of asset	Area	32nd period (as of October 31, 2021)		33rd period (as of April 30, 2022)	
		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	64,889,913	71.9	64,543,674	71.5
	Cabinet order designated cities	18,775,435	20.8	18,642,783	20.7
	Regional area major cities	2,249,393	2.5	2,224,060	2.5
Subtotal		85,914,742	95.2	85,410,519	94.6
Deposits and other assets		4,343,819	4.8	4,830,388	5.4
Total assets		90,258,562	100.0	90,240,908	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 dismal place.

(2) Major assets held

The following is an overview of the major assets (top ten properties on a book value basis) owned by SPI as of April 30, 2022.

Property number	Property name	Book value (thousand yen) (Note 1)	Leasable floor area (m ²) (Note 2)	Leased floor area (m ²) (Note 3)	Occupancy rate (%)	Ratio to total rent revenue (%) (Note 4)	Main use
C-75	Proceed Shin Yokohama	4,375,090	5,457.56	5,224.11	95.7	3.7	Apartment
C-82	The Parkhabio Yokohama Yamate	3,206,422	2,654.69	2,442.80	92.0	2.1	Apartment
C-41	Proceed Nishiarai	2,886,009	20,137.85	20,029.09	99.5	9.6	Apartment
C-70	Proceed Nishi Shinjuku	2,703,812	2,461.88	2,218.25	90.1	2.0	Apartment
C-69	Proceed Nihonbashi Honcho	2,598,020	2,553.89	2,511.30	98.3	1.9	Apartment
C-77	Proceed Kinshicho	2,227,390	2,302.92	2,160.97	93.8	1.7	Apartment
G-26	Proceed Bentencho	2,222,486	4,134.70	3,972.69	96.1	2.1	Apartment
G-25	Proceed Aratamabashi	2,090,036	5,335.93	4,422.26	82.9	1.8	Apartment
G-24	Proceed Kanayama 2	1,972,383	4,218.01	3,880.27	92.0	2.1	Apartment
C-73	Proceed CO-Z East Building	1,907,527	6,873.33	6,509.83	94.7	2.4	Apartment
Total		26,189,180	56,130.76	53,371.57	95.1	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 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 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) Details of real estate properties in the portfolio

The following table provides details of the assets (real estate or trust beneficiary interest in real estate as major trust property) owned by SPI as of April 30, 2022.

Property number	Property name	Location (residential address)	Form of ownership	Leasable floor area (m ²)	Period-end appraisal value (thousand yen) (Note)	Book value (thousand yen)
C-1	Proceed Ichikawa	2-33-17 Shinden, Ichikawa, Chiba	Trust beneficiary interest	3,322.17	1,460,000	992,284
C-2	Proceed Toyochō	2-1-7 Minamisuna, Koto-ku, Tokyo	Trust beneficiary interest	1,085.56	933,000	563,723
C-3	Proceed Kasai	5-41-6 Nakakasai, Edogawa-ku, Tokyo	Trust beneficiary interest	1,243.80	864,000	588,370
C-4	Proceed Sangenjaya	2-41-1 Sangenjaya, Setagaya-ku, Tokyo	Trust beneficiary interest	1,019.27	644,000	612,415
C-5	Proceed Mizue	3-24-10 Minamishinozakimachi, Edogawa-ku, Tokyo	Trust beneficiary interest	2,076.68	799,000	614,476
C-6	Proceed Funabashi Miyamoto	1-22-13 Miyamoto, Funabashi, Chiba	Trust beneficiary interest	1,685.73	601,000	438,283
C-7	Proceed Minamikasai	6-2-26 Minamikasai, Edogawa-ku, Tokyo	Trust beneficiary interest	1,045.28	319,000	318,197
C-9	Proceed Gyotoku	8-2 Irifune, Ichikawa, Chiba	Trust beneficiary interest	1,218.56	351,000	337,434
C-10	Proceed Makuharihongo	6-2-15 Makuharihongo, Hanamigawa-ku, Chiba, Chiba	Trust beneficiary interest	963.00	328,000	268,359
C-11	Proceed Minamigyotoku	3-12-10 Fukuei, Ichikawa, Chiba	Trust beneficiary interest	838.95	344,000	293,015
C-12	Proceed Makuharihongo 2	5-19-13 Makuharihongo, Hanamigawa-ku, Chiba, Chiba	Trust beneficiary interest	1,104.84	247,000	225,280
C-14	Proceed Funabori	5-5-16 Funabori, Edogawa-ku, Tokyo	Trust beneficiary interest	479.52	247,000	233,131
C-15	Proceed Takenozuka	2-16-6 Iriya, Adachi-ku, Tokyo	Trust beneficiary interest	860.55	250,000	168,897
C-16	Proceed Sengendai 2	5-7-6 Sengendainishi, Koshigaya, Saitama	Trust beneficiary interest	695.81	116,000	89,422
C-17	Proceed Shoto	2-3-11 Shoto, Shibuya-ku, Tokyo	Trust beneficiary interest	890.22	1,020,000	870,976
C-18	Proceed Sangubashi	3-57-10 Yoyogi, Shibuya-ku, Tokyo	Trust beneficiary interest	527.88	519,000	477,944
C-19	Proceed Urayasu	1-2-1 Fujimi, Urayasu, Chiba	Trust beneficiary interest	1,786.58	456,000	451,035
C-20	Proceed Shinkoiwa	2-31-14 Matsushima, Edogawa-ku, Tokyo	Trust beneficiary interest	1,629.07	553,000	492,176
C-23	Proceed Toritsudaigaku	1-5-8 Yakumo, Meguro-ku, Tokyo	Trust beneficiary interest	808.65	856,000	759,020
C-24	Proceed Toritsudaigaku 2	1-2-3 Tairamachi, Meguro-ku, Tokyo	Trust beneficiary interest	831.74	879,000	718,597
C-25	Proceed Honjoazumabashi	4-15-13 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interest	570.53	487,000	287,732
C-26	Proceed Meguro Aobadai	3-5-2 Aobadai, Meguro-ku, Tokyo	Trust beneficiary interest	485.15	478,000	447,193
C-27	Proceed Suginami Miyamae	1-15-12 Miyamae, Suginami-ku, Tokyo	Trust beneficiary interest	680.50	495,000	419,990
C-28	Proceed Ryogoku	1-20-4 Midori, Sumida-ku, Tokyo	Trust beneficiary interest	702.54	615,000	418,683
C-29	Proceed Mita	2-30-9 Shiba, Minato-ku, Tokyo	Trust beneficiary interest	1,500.57	1,620,000	1,399,849
C-31	Proceed Kameido	9-5-13 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	853.98	346,000	366,941
C-32	Proceed Takadanobaba	3-43-18 Takadanobaba, Shinjuku-ku, Tokyo	Trust beneficiary interest	278.36	284,000	246,956
C-33	Proceed Shinkoenji	3-10-21 Horinouchi, Suginami-ku, Tokyo	Trust beneficiary interest	1,040.24	894,000	768,780
C-34	Proceed Koenjiminami	5-2-9 Koenjiminami, Suginami-ku, Tokyo	Trust beneficiary interest	337.05	251,000	306,984

Property number	Property name	Location (residential address)	Form of ownership	Leasable floor area (m ²)	Period-end appraisal value (thousand yen) (Note)	Book value (thousand yen)
C-35	Proceed Hasune	1-11-10 Hasune, Itabashi-ku, Tokyo	Trust beneficiary interest	587.13	267,000	307,079
C-36	Proceed Oimachi	5-8-9 Higashioi, Shinagawa-ku, Tokyo	Trust beneficiary interest	961.88	950,000	964,042
C-37	Proceed Jujo	4-9-17 Kamijujo, Kita-ku, Tokyo	Trust beneficiary interest	1,206.90	558,000	548,077
C-38	Proceed Hakuraku	1-12 Shirahataminamicho, Kanagawa-ku, Yokohama, Kanagawa	Trust beneficiary interest	445.16	185,000	254,218
C-39	Proceed Shinmaruko	1-547-24 Kosugimachi, Nakahara-ku, Kawasaki, Kanagawa	Trust beneficiary interest	759.00	605,000	658,189
C-41	Proceed Nishiarai	1-18-11, 12, 13 and 14, Nishiaraisakaecho, Adachi-ku, Tokyo	Trust beneficiary interest	20,137.85	6,920,000	2,886,009
C-42	Proceed Chofu	1-28-4 Fuda, Chofu, Tokyo	Trust beneficiary interest	764.48	579,000	388,417
C-43	Proceed TX Rokucho	1-16-17 Higashihokima, Adachi-ku, Tokyo	Trust beneficiary interest	518.31	182,000	174,906
C-44	Proceed Nakagawara	5-10-1 Bubaicho, Fuchu, Tokyo	Trust beneficiary interest	3,061.94	1,360,000	1,200,590
C-45	Proceed Oizumigakuen	4-19-6 Higashioizumi, Nerima-ku, Tokyo	Trust beneficiary interest	483.43	282,000	285,652
C-46	Proceed Chitosekarasuyama	2-38-30 Kamisoshigaya, Setagaya-ku, Tokyo	Trust beneficiary interest	449.96	334,000	324,509
C-47	Proceed Mitaka	3-16-3 Shimorenjaku, Mitaka, Tokyo	Trust beneficiary interest	739.48	581,000	518,533
C-48	Proceed Kashiwa Est	3-8-19 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	1,279.93	736,000	662,518
C-49	Proceed Kashiwa Nord	5-8-17 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	1,391.55	636,000	609,676
C-50	Proceed Gyotokuekimae	2-1-18 Gyotokuekimae, Ichikawa, Chiba	Trust beneficiary interest	659.68	373,000	261,785
C-51	Proceed Funabashi Honcho	6-19-18 Honcho, Funabashi, Chiba	Trust beneficiary interest	996.44	591,000	485,613
C-52	Proceed Nishikawaguchi	4-2-18 Namiki, Kawaguchi, Saitama	Trust beneficiary interest	1,630.24	852,000	939,531
C-53	Proceed Gumyoji	1-4-12 Nakazato, Minami-ku, Yokohama, Kanagawa	Trust beneficiary interest	1,246.48	578,000	550,717
C-54	Proceed Tsurugamine	2-9-6 Tsurugamine, Asahi-ku, Yokohama, Kanagawa	Trust beneficiary interest	855.00	378,000	357,999
C-55	Proceed Sagamiotsuka	2-13-5 Sakuramori, Yamato, Kanagawa	Trust beneficiary interest	741.24	218,000	225,725
C-56	Proceed Shinozaki 2	7-21-13 Shinozakimachi, Edogawa-ku, Tokyo	Trust beneficiary interest	2,134.07	1,140,000	765,979
C-57	Proceed Kashiwa Trois	3-9-3 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	1,149.95	688,000	452,435
C-58	Proceed Shinozaki Tower	7-20-19 Shinozakimachi, Edogawa-ku, Tokyo	Trust beneficiary interest	5,117.49	2,260,000	1,287,348
C-59	Proceed Tobu Nerima	1-3-11 Tokumaru, Itabashi-ku, Tokyo	Trust beneficiary interest	779.84	585,000	399,928
C-60	Proceed Yukigaya	1-15-20 Minamiyukigaya, Ota-ku, Tokyo	Trust beneficiary interest	600.62	401,000	355,494
C-61	Proceed Ichikawa Minami	1-9-27 Ichikawaminami, Ichikawa, Chiba	Trust beneficiary interest	1,635.59	1,000,000	697,635
C-62	Proceed Ichikawa Myoden	2-14-15 Shioyaki, Ichikawa, Chiba	Trust beneficiary interest	945.00	656,000	515,311
C-63	Proceed Fujisawa Kugenuma	2-6-6 Kugenumaishigami, Fujisawa, Kanagawa	Trust beneficiary interest	2,005.76	930,000	741,324
C-64	Proceed Nihonbashi-horidomecho	2-4-8 Nihonbashi-horidomecho, Chuo-ku, Tokyo	Trust beneficiary interest	1,904.45	1,850,000	1,503,069
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	1,180,000	858,558
C-66	Proceed Gyotoku 2	1-6-6 Fukuei, Ichikawa, Chiba	Trust beneficiary interest	1,626.54	945,000	815,543

Property number	Property name	Location (residential address)	Form of ownership	Leasable floor area (m ²)	Period-end appraisal value (thousand yen) (Note)	Book value (thousand yen)
C-67	Proceed Nishikasai	2-7-6 and 2-7-1, Seishin-cho, Edogawa-ku, Tokyo	Trust beneficiary interest	2,993.52	1,070,000	951,523
C-68	Proceed Kasai 2	7-15-7 Higashikasai, Edogawa-ku, Tokyo	Trust beneficiary interest	2,140.59	981,000	827,729
C-69	Proceed Nihonbashi Honcho	4-10-5 Nihonbashihoncho, Chuo-ku, Tokyo	Trust beneficiary interest	2,553.89	2,680,000	2,598,020
C-70	Proceed Nishi Shinjuku	3-7-23 Nishishinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interest	2,461.88	2,810,000	2,703,812
C-71	Proceed Unoki	2-43-7 Unoki, Ota-ku, Tokyo	Trust beneficiary interest	1,260.58	1,040,000	910,414
C-72	Proceed Minamigyotoku 2	3-3-20 Fukuei, Ichikawa, Chiba	Trust beneficiary interest	2,832.74	1,200,000	1,058,767
C-73	Proceed CO-Z East Building	4-12 Kozunomori, Narita, Chiba	Trust beneficiary interest	6,873.33	2,090,000	1,907,527
C-74	Proceed CO-Z West Building	4-1-1 Kozunomori, Narita, Chiba	Trust beneficiary interest	3,716.05	1,130,000	1,032,346
C-75	Proceed Shin Yokohama	3-21-2 Shin Yokohama, Kohoku-ku, Yokohama, Kanagawa	Trust beneficiary interest	5,457.56	4,560,000	4,375,090
C-76	Life Support Residence Funaboriekimae	4-8-10 Funabori, Edogawa-ku, Tokyo	Trust beneficiary interest	1,408.71	427,000	248,504
C-77	Proceed Kinshicho	4-6-9 Kamezawa, Sumida-ku, Tokyo	Trust beneficiary interest	2,302.92	2,250,000	2,227,390
C-78	Proceed K2	6-8-37 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	4,140.69	1,350,000	1,249,556
C-79	Proceed K3 Annex	1023-1 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	1,590.30	318,000	302,499
C-80	Proceed K5	6-8-38 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	788.95	277,000	286,623
C-81	Proceed Ichikawa Myoden II	2-14-20 Shioyaki, Ichikawa, Chiba	Trust beneficiary interest	1,218.00	868,000	835,081
C-82	The Parkhabio Yokohama Yamate	2-78-11 Ishikawa-cho, Naka-ku, Yokohama, Kanagawa	Trust beneficiary interest	2,654.69	3,150,000	3,206,422
C-83	Proceed Monzennakacho	1-7-8 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interest	1,515.81	1,430,000	1,289,112
C-84	Proceed Maihama	4-14-13 Fujimi, Urayasu, Chiba	Trust beneficiary interest	1,735.31	1,290,000	1,088,084
C-85	Proceed Nagareyama Otakanomori	1-2-3 Otakanomorikita, Nagareyama, Chiba	Trust beneficiary interest	1,730.96	1,160,000	1,161,016
C-86	Proceed Shinkawa	1-25-14 Shinkawa, Chuo-ku, Tokyo	Trust beneficiary interest	579.96	539,000	534,949
C-87	Proceed Kinshicho 2	5-14-11 Kotobashi, Sumida-ku, Tokyo	Trust beneficiary interest	668.54	551,000	576,620
G-8	Proceed Taikodori	4-31 Taikodori, Nakamura-ku, Nagoya, Aichi	Trust beneficiary interest	1,101.56	498,000	321,428
G-11	Proceed Honamicho	3-55 Honamicho, Chikusa-ku, Nagoya, Aichi	Trust beneficiary interest	620.22	250,000	218,483
G-13	Proceed Shinsakae	1-28-21 Shinsakae, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	1,958.44	991,000	608,014
G-14	Proceed Chiyoda	2-10-16 Chiyoda, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	922.40	390,000	236,068
G-15	Proceed Fukuoka Takamiya	1-7-15 Noma, Minami-ku, Fukuoka, Fukuoka	Trust beneficiary interest	1,312.29	516,000	408,115
G-17	Proceed Kanayama	3-11-9 Kanayama, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	2,733.58	1,460,000	905,477
G-18	Proceed Fukiage	2-22-1 Kurumadacho, Showa-ku, Nagoya, Aichi	Trust beneficiary interest	1,204.65	654,000	441,820
G-19	Proceed Toyota	3-51 Shinmeicho, Toyota, Aichi	Trust beneficiary interest	752.04	318,000	194,074
G-21	Proceed Nishitenma	3-7-3 Nishitenma, Kita-ku, Osaka, Osaka	Trust beneficiary interest	1,775.89	1,210,000	855,773
G-22	Proceed Kobemotomachi	3-5-2 Sakaemachidori, Chuo-ku, Kobe, Hyogo	Trust beneficiary interest	1,590.64	1,050,000	762,505

Property number	Property name	Location (residential address)	Form of ownership	Leasable floor area (m ²)	Period-end appraisal value (thousand yen) (Note)	Book value (thousand yen)
G-23	Group Home Tanoshii Ie Taisho	3-14-8 Hirao, Taisho-ku, Osaka, Osaka	Trust beneficiary interest	482.72	186,000	151,380
G-24	Proceed Kanayama 2	2-1-22 Kanayama, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	4,218.01	2,370,000	1,972,383
G-25	Proceed Aratamabashi	8-17-2 Mizuhodori, Mizuho-ku, Nagoya, Aichi	Trust beneficiary interest	5,335.93	2,250,000	2,090,036
G-26	Proceed Bentencho	2-5-12 Ichioka Motomachi, Minato-ku, Osaka, Osaka	Trust beneficiary interest	4,134.70	2,350,000	2,222,486
G-27	Proceed Nagaikoendori	2-9-19 Minamisumiyoshi, Sumiyoshi-ku, Osaka, Osaka	Trust beneficiary interest	2,170.80	1,070,000	1,092,481
G-30	Proceed Hyogoekimaedori	1-3-22 Ekimaedori, Hyogo-ku, Kobe, Hyogo	Trust beneficiary interest	3,086.99	1,800,000	1,701,298
G-31	Proceed Mizuho	2-43 Mizuhodori, Mizuho-ku, Nagoya, Aichi	Trust beneficiary interest	1,126.40	544,000	547,563
G-32	Proceed Osu	1-29-32 Osu, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	1,851.30	927,000	808,556
G-33	Proceed Sendai Kozurushinden	3-13-3 Shinden Higashi, Miyagino-ku, Sendai, Miyagi	Trust beneficiary interest	1,913.28	804,000	754,723
G-34	Proceed Sendai Kamisugi	2-4-30 Kamisugi, Aoba-ku, Sendai, Miyagi	Trust beneficiary interest	3,409.93	1,800,000	1,543,708
G-35	Proceed Kanayama 3	2-4-26 Masaki, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	1,799.52	877,000	806,402
R-2	Proceed Mito	3-4-14 Omachi, Mito, Ibaraki	Trust beneficiary interest	1,223.83	488,000	288,711
R-3	Proceed Mito 2	3-2-31 Omachi, Mito, Ibaraki	Trust beneficiary interest	1,381.34	522,000	323,410
R-4	Proceed Tsukuba Gakuentoshi	3-9-4 Ninomiya, Tsukuba, Ibaraki	Trust beneficiary interest	2,659.71	863,000	739,586
R-5	Proceed Mito 3	3-1-41 Minamimachi, Mito, Ibaraki	Trust beneficiary interest	2,258.88	889,000	872,352
Total				192,005.05	102,304,000	85,410,519

(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, 2022 as the appraisal or survey date), based on the Articles of Incorporation of SPI 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 SPI.

Property number	Property name	32nd period (as of October 31, 2021)				33rd period (as of April 30, 2022)			
		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	44,588	1.4	48	95.2	45,432	1.4
C-2	Proceed Toyochō	45	100.0	22,999	0.7	45	100.0	22,999	0.7
C-3	Proceed Kasai	57	100.0	25,345	0.8	57	100.0	29,312	0.9
C-4	Proceed Sangenjaya	9	100.0	19,217	0.6	9	100.0	21,114	0.7
C-5	Proceed Mizue	26	92.9	26,033	0.8	27	96.5	26,292	0.8
C-6	Proceed Funabashi Miyamoto	32	95.6	21,889	0.7	32	97.2	22,373	0.7
C-7	Proceed Minamikasai	16	100.0	12,938	0.4	16	100.0	13,359	0.4
C-9	Proceed Gyotoku	20	100.0	11,724	0.4	19	95.0	13,750	0.4
C-10	Proceed Makuharihongo	33	97.0	12,499	0.4	33	97.0	12,261	0.4

Property number	Property name	32nd period (as of October 31, 2021)				33rd period (as of April 30, 2022)			
		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-11	Proceed Minamigyotoku	26	100.0	11,708	0.4	26	100.0	12,637	0.4
C-12	Proceed Makuharihongo 2	22	100.0	9,905	0.3	21	95.5	10,833	0.3
C-14	Proceed Funabori	20	83.3	9,401	0.3	24	100.0	8,575	0.3
C-15	Proceed Takenozuka	15	100.0	8,599	0.3	15	100.0	8,578	0.3
C-16	Proceed Sengendai 2	12	100.0	5,144	0.2	12	100.0	4,993	0.2
C-17	Proceed Shoto	36	90.9	27,534	0.9	39	97.7	27,428	0.9
C-18	Proceed Sangubashi	24	92.3	14,440	0.5	25	96.2	14,638	0.5
C-19	Proceed Urayasu	21	100.0	18,808	0.6	21	100.0	18,640	0.6
C-20	Proceed Shinkoiwa	27	100.0	21,296	0.7	26	96.2	20,540	0.7
C-23	Proceed Toritsudaigaku	34	92.1	22,307	0.7	36	97.4	21,464	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	-	-	19,683	0.6
C-31	Proceed Kameido	23	100.0	10,962	0.4	23	100.0	11,262	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	24,137	0.8	57	100.0	24,119	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	25,182	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	8,745	0.3	27	100.0	8,646	0.3
C-39	Proceed Shinmaruko	46	100.0	17,474	0.6	46	100.0	17,474	0.6
C-40	Proceed Motoyawata	-	-	3,948	0.1	-	-	-	-
C-41	Proceed Nishiarai	292	99.4	302,808	9.7	292	99.5	304,150	9.6
C-42	Proceed Chofu	25	96.6	16,662	0.5	26	100.0	17,558	0.6
C-43	Proceed TX Rokucho	19	95.3	7,361	0.2	20	100.0	6,790	0.2
C-44	Proceed Nakagawara	54	100.0	43,364	1.4	52	96.9	41,640	1.3
C-45	Proceed Oizumi-gakuen	28	96.6	9,570	0.3	26	89.7	10,088	0.3
C-46	Proceed Chitosekarasuyama	27	96.4	10,724	0.3	27	96.4	10,733	0.3

Property number	Property name	32nd period (as of October 31, 2021)				33rd period (as of April 30, 2022)			
		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-47	Proceed Mitaka	47	100.0	16,180	0.5	47	100.0	16,145	0.5
C-48	Proceed Kashiwa Est	44	100.0	23,140	0.7	44	100.0	23,267	0.7
C-49	Proceed Kashiwa Nord	47	100.0	20,781	0.7	46	97.8	21,489	0.7
C-50	Proceed Gyotokuekimae	24	100.0	11,823	0.4	23	96.0	11,633	0.4
C-51	Proceed Funabashi Honcho	38	95.0	18,536	0.6	39	97.5	18,876	0.6
C-52	Proceed Nishikawaguchi	100	96.2	30,460	1.0	98	94.2	32,502	1.0
C-53	Proceed Gumyoji	65	84.9	19,941	0.6	72	93.7	20,335	0.6
C-54	Proceed Tsurugamine	47	94.0	13,797	0.4	49	98.0	13,541	0.4
C-55	Proceed Sagamiotsuka	29	100.0	8,883	0.3	28	97.5	9,198	0.3
C-56	Proceed Shinozaki 2	35	100.0	33,814	1.1	34	98.6	33,564	1.1
C-57	Proceed Kashiwa Trois	38	100.0	21,570	0.7	37	97.6	21,582	0.7
C-58	Proceed Shinozaki Tower	87	99.2	90,769	2.9	83	94.5	91,781	2.9
C-59	Proceed Tobu Nerima	35	100.0	17,663	0.6	35	100.0	18,563	0.6
C-60	Proceed Yukigaya	35	100.0	12,544	0.4	34	97.2	13,247	0.4
C-61	Proceed Ichikawa Minami	61	93.0	30,169	1.0	64	96.8	31,467	1.0
C-62	Proceed Ichikawa Myoden	43	95.6	18,231	0.6	42	93.3	18,896	0.6
C-63	Proceed Fujisawa Kugenuma	25	100.0	32,373	1.0	25	100.0	33,608	1.1
C-64	Proceed Nihonbashi-horidomecho	37	100.0	44,544	1.4	35	95.2	43,946	1.4
C-65	Proceed TX Nagareyama Central Park	73	100.0	43,779	1.4	69	93.8	43,705	1.4
C-66	Proceed Gyotoku 2	59	100.0	29,322	0.9	58	98.6	28,435	0.9
C-67	Proceed Nishikasai	61	96.8	40,079	1.3	63	100.0	39,536	1.3
C-68	Proceed Kasai 2	29	100.0	31,522	1.0	29	100.0	31,637	1.0
C-69	Proceed Nihonbashi Honcho	80	96.1	58,663	1.9	82	98.3	61,263	1.9
C-70	Proceed Nishi Shinjuku	62	94.8	56,621	1.8	60	90.1	62,166	2.0
C-71	Proceed Unoki	28	96.4	27,081	0.9	29	100.0	29,058	0.9
C-72	Proceed Minamigyotoku 2	36	100.0	39,538	1.3	35	97.3	38,466	1.2
C-73	Proceed CO-Z East Building	101	90.3	72,172	2.3	106	94.7	75,148	2.4
C-74	Proceed CO-Z West Building	63	90.2	40,159	1.3	70	99.2	40,499	1.3
C-75	Proceed Shin Yokohama	210	93.4	122,419	3.9	216	95.7	116,058	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	62	97.3	49,692	1.6	60	93.8	52,097	1.7

Property number	Property name	32nd period (as of October 31, 2021)				33rd period (as of April 30, 2022)			
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C-78	Proceed K2	57	96.9	45,204	1.5	60	100.0	45,304	1.4
C-79	Proceed K3 Annex	23	95.9	12,795	0.4	22	91.6	12,874	0.4
C-80	Proceed K5	16	92.4	8,882	0.3	15	81.1	8,931	0.3
C-81	Proceed Ichikawa Myoden II	58	100.0	30,972	1.0	58	100.0	26,832	0.9
C-82	The Parkhabio Yokohama Yamate	74	98.1	65,807	2.1	70	92.0	67,709	2.1
C-83	Proceed Monzennakacho	46	95.6	35,153	1.1	48	100.0	39,770	1.3
C-84	Proceed Maihama	65	98.2	33,593	1.1	61	92.1	35,672	1.1
C-85	Proceed Nagareyama Otakanomori	50	100.0	32,518	1.0	49	98.2	35,292	1.1
C-86	Proceed Shinkawa	18	100.0	8,589	0.3	18	100.0	13,727	0.4
C-87	Proceed Kinshicho 2	-	-	-	-	16	85.5	3,258	0.1
G-8	Proceed Taikodori	38	86.9	15,491	0.5	42	95.6	15,890	0.5
G-11	Proceed Honamicho	9	88.2	6,007	0.2	10	100.0	7,219	0.2
G-13	Proceed Shinsakae	68	88.4	32,120	1.0	65	84.3	29,398	0.9
G-14	Proceed Chiyoda	29	96.5	13,385	0.4	27	90.2	12,961	0.4
G-15	Proceed Fukuoka Takamiya	45	98.1	17,548	0.6	43	93.8	18,153	0.6
G-17	Proceed Kanayama	90	96.0	44,656	1.4	89	94.9	44,696	1.4
G-18	Proceed Fukiage	44	92.1	19,709	0.6	46	95.5	19,644	0.6
G-19	Proceed Toyota	24	90.3	12,382	0.4	27	100.0	12,876	0.4
G-21	Proceed Nishitenma	52	93.8	32,755	1.1	53	93.1	32,554	1.0
G-22	Proceed Kobemotomachi	61	100.0	31,265	1.0	60	98.5	31,439	1.0
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	69	95.9	65,974	2.1	66	92.0	66,282	2.1
G-25	Proceed Aratamabashi	63	83.1	53,577	1.7	63	82.9	56,118	1.8
G-26	Proceed Bentencho	122	96.7	65,828	2.1	121	96.1	65,723	2.1
G-27	Proceed Nagaikoendori	78	96.3	32,565	1.0	80	98.7	32,427	1.0
G-30	Proceed Hyogoekimaedori	112	95.9	56,228	1.8	111	95.1	52,690	1.7
G-31	Proceed Mizuho	33	83.9	16,154	0.5	36	91.0	15,653	0.5
G-32	Proceed Osu	62	93.9	28,929	0.9	62	93.9	28,493	0.9
G-33	Proceed Sendai Kozurushinden	58	93.2	24,270	0.8	57	90.9	25,246	0.8
G-34	Proceed Sendai Kamisugi	107	99.1	56,300	1.8	106	98.2	58,416	1.9
G-35	Proceed Kanayama 3	57	95.5	28,091	0.9	57	95.5	28,629	0.9
R-2	Proceed Mito	29	82.4	15,316	0.5	32	89.6	15,198	0.5

Property number	Property name	32nd period (as of October 31, 2021)				33rd period (as of April 30, 2022)			
		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-3	Proceed Mito 2	35	97.7	18,771	0.6	32	89.1	18,712	0.6
R-4	Proceed Tsukuba Gakuentoshi	31	90.1	27,602	0.9	33	97.4	27,984	0.9
R-5	Proceed Mito 3	60	100.0	29,821	1.0	60	100.0	30,448	1.0
Total		5,021	96.4	3,115,991	100.0	4,999	96.3	3,154,624	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) SPI disposed (C-40) Proceed Motoyawata on July 1, 2021 and (C-30) Proceed Nakanoshimbashi on April 28, 2022, respectively.

(4) Contract amount and fair value of specified transactions

The following table provides the contract amount of SPI’s specified transactions and the status of its fair value as of April 30, 2022.

[Unit: thousand yen]

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	18,089,000	18,089,000	(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 special accounting 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, 2022, there is no incorporation of major specified assets as principal investment targets by SPI, 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 33rd fiscal period	Total amount already paid
Proceed Hyogoekimaedori (Kobe-shi, Hyogo)	Refreshment of exterior finishes	From May 2022 to Oct. 2022	65,747	-	-
Proceed Shinkoiwa (Edogawa-ku, Toyo)	Refreshment of exterior finishes	From Nov. 2022 to Apr. 2023	38,000	-	-
Proceed Makuharihongo 2 (Hanamigawa-ku, Chiba-shi, Chiba)	Rooftop waterproofing	From Sep. 2022 to Oct. 2022	6,480	-	-
Group Home Tanoshii Ie Taisho (Taisho-ku, Osaka-shi, Osaka)	Refreshment of exterior finishes	From Jan. 2022 to May 2022	6,380	-	-

(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 SPI conducted at its already-acquired assets in the 33rd fiscal period. Capital expenditures during the 33rd fiscal period totaled 217,689 thousand yen. Combined with repair expenses of 106,340 thousand yen that were classified as expenses for the fiscal period, SPI implemented 324,029 thousand yen worth of construction works in the 33rd fiscal period.

Property name (Location)	Purpose	Period	Total expenditures (thousand yen) (Note)
Proceed Kameido (Koto-ku, Tokyo)	Refreshment of exterior finishes	From Jan. 2022 to Apr. 2022	24,915
Proceed Ichikawa Minami (Ichikawa-shi, Chiba)	Replacement of interphone systems	From Aug. 2021 to Nov. 2021	9,130
Other constructions			183,643
Total			217,689

(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, SPI 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	29th period	30th period	31st period	32nd period	33rd period
Operation period	From Nov. 1, 2019 to Apr. 30, 2020	From May 1, 2020 to Oct. 31, 2020	From Nov. 1, 2020 to Apr. 30, 2021	From May 1, 2021 to Oct. 31, 2021	From Nov. 1, 2021 to Apr. 30, 2022
Balance of reserves at beginning of period	550,000	600,000	650,000	700,000	750,000
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	600,000	650,000	700,000	750,000	800,000

(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	32nd period	33rd period
	(From May 1, 2021 to Oct. 31, 2021)	(From Nov. 1, 2021 to Apr. 30, 2022)
(a) Asset management fees	268,347	268,678
(b) Asset custody fees	8,480	8,476
(c) Administrative service fees	25,667	22,654
(d) Directors' compensations	1,200	1,200
(e) Other operating expenses	124,896	125,494
Total	428,591	426,504

(Note) The asset management fee for the 32nd fiscal period includes 2,750 thousand yen for asset management related to property acquisition, capitalized in the acquisition costs of respective properties, and 2,016 thousand yen for asset management related to property disposition. The asset management fee for the 33rd fiscal period includes 3,222 thousand yen for asset management related to property acquisition, capitalized in the acquisition costs of respective properties, and 4,560 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, 2022 is as follows.

Classification	Lender	Drawdown date	Balance at beginning of 33rd FP (thousand yen)	Balance at end of 33rd FP (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks
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							
Sumitomo 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	1.15011	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						
Sumitomo 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	1,105,000	-	0.39545	Nov. 24, 2021	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	
Aozora Bank, Ltd.		1,061,000	-						
Mizuho Bank, Ltd.		917,000	-						
The Musashino Bank, Ltd.		480,000	-						
The Chiba Bank, Ltd.		460,000	-						
The Kagawa Bank, Ltd.		152,000	-						
Sumitomo Mitsui Trust Bank, Limited		145,000	-						
Mizuho Bank, Ltd.		1,090,000	1,090,000						
The Chiba Bank, Ltd.		500,000	500,000						
The Nishi-Nippon City Bank, Ltd.		500,000	500,000						
Sumitomo Mitsui Banking Corporation	May 24, 2017	500,000	500,000	0.74876	Nov. 24, 2022	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	
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.		1,000,000	1,000,000						
Resona Bank, Limited		519,000	519,000						
Mizuho Bank, Ltd.		479,000	479,000						
Sumitomo Mitsui Banking Corporation	Nov. 24, 2017	479,000	479,000	0.77876	Nov. 24, 2023	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	
The Chiba Bank, Ltd.		415,000	415,000						
The Musashino Bank, Ltd.		415,000	415,000						
Aozora Bank, Ltd.		321,000	321,000						
Sumitomo 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		650,000	650,000						
Aozora Bank, Ltd.		600,000	600,000						
Mizuho Bank, Ltd.		600,000	600,000						
Sumitomo Mitsui Banking Corporation	Dec. 15, 2017	600,000	600,000	0.67876	May 24, 2022	Lump-sum repayment on repayment date	Funds for acquisition of AUM	Unsecured Unguaranteed	
Sumitomo Mitsui Trust Bank, Limited		150,000	150,000						
The Kagawa Bank, Ltd.		100,000	100,000						
Higashi-Nippon Bank, Ltd.		100,000	100,000						
Mizuho Trust & Banking Co., Ltd.		100,000	100,000						
Resona Bank, Limited		727,000	727,000						
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		May 25, 2018	299,000						299,000
The Chiba Bank, Ltd.	259,000		259,000						
The Musashino Bank, Ltd.	259,000		259,000						
Sumitomo Mitsui Trust Bank, Limited	107,000		107,000						
The Kagawa Bank, Ltd.	100,000		100,000						
Aozora Bank, Ltd.	1,089,000		1,089,000						
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.	Nov. 22, 2018	325,000	325,000	0.93000 (Note 2)	Nov. 22, 2024	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	
Sumitomo Mitsui Banking Corporation		241,000	241,000						
Sumitomo Mitsui Trust Bank, Limited		99,000	99,000						
Aozora Bank, Ltd.		831,000	831,000						
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		May 24, 2019	225,000						225,000
Sumitomo Mitsui Trust Bank, Limited	93,000		93,000						

	Classification		Drawdown date	Balance at beginning of 33rd FP (thousand yen)	Balance at end of 33rd FP (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Description
	Lender									
Long-Term Loans (Note 3)	Resona Bank, Limited		Nov. 25, 2019	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					
	Sumitomo Mitsui Trust Bank, Limited			69,000	69,000					
	Resona Bank, Limited		May 22, 2020	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					
	Sumitomo Mitsui Trust Bank, Limited			146,000	146,000					
	Aozora Bank, Ltd.		Nov. 24, 2020	790,000	790,000	0.90000 (Note 2)	Nov. 24, 2026	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
	Resona Bank, Limited			590,000	590,000					
	The Chiba Bank, Ltd.			286,000	286,000					
	The Musashino Bank, Ltd.			286,000	286,000					
	Mizuho Bank, Ltd.			248,000	248,000					
	The Kagawa Bank, Ltd.			244,000	244,000					
	Sumitomo Mitsui Banking Corporation			181,000	181,000					
	Sumitomo Mitsui Trust Bank, Limited		75,000	75,000						
	Resona Bank, Limited		May 24, 2021	547,500	547,500	0.49876	May 24, 2023	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
	Aozora Bank, Ltd.			530,000	530,000					
	Mizuho Bank, Ltd.			458,000	458,000					
	The Musashino Bank, Ltd.			240,000	240,000					
	The Chiba Bank, Ltd.			235,000	235,000					
	The Kagawa Bank, Ltd.			76,000	76,000					
	Sumitomo Mitsui Trust Bank, Limited			72,500	72,500					
	Resona Bank, Limited		May 24, 2021	548,000	548,000	0.55876	May 24, 2024	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
	Aozora Bank, Ltd.			530,500	530,500					
	Mizuho Bank, Ltd.			459,000	459,000					
	The Musashino Bank, Ltd.			240,000	240,000					
	The Chiba Bank, Ltd.			235,000	235,000					
	The Kagawa Bank, Ltd.			76,000	76,000					
	Sumitomo Mitsui Trust Bank, Limited			72,500	72,500					
	Resona Bank, Limited		Nov. 24, 2021	-	660,000	0.85000 (Note 2)	May 24, 2027	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
	Aozora Bank, Ltd.			-	640,000					
	Mizuho Bank, Ltd.			-	550,000					
	The Chiba Bank, Ltd.			-	290,000					
	The Musashino Bank, Ltd.			-	280,000					
	The 77 Bank, Ltd.			-	200,000					
	The Kagawa Bank, Ltd.			-	100,000					
Sumitomo Mitsui Trust Bank, Limited		-		100,000						
Subtotal				43,646,000	42,146,000					
Total			43,646,000	42,146,000						

(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) SPI 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 (9,963,500 thousand yen) 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, 2022 is as follows.

Issue	Issue date	Balance at beginning of 33rd FP (thousand yen)	Balance at end of 33rd FP (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	1,000,000	0.540% per annum	Nov. 19, 2025	Lump-sum upon maturity	Partial repayment of borrowings	Unsecured and unguaranteed
Third Series Unsecured Investment Corporation Bond (with pari passu conditions among specified investment corporation bonds) (Green Bonds)	Nov. 18, 2021	-	1,500,000	0.800% per annum	Nov. 18, 2031	Lump-sum upon maturity	Partial repayment of borrowings	Unsecured and unguaranteed
Total		2,000,000	3,500,000					

(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) (Note 1)	Book value (thousand yen)	Gain or loss on sale (thousand yen) (Note 2)
C-87	Proceed Kinshicho 2	April 1, 2022	537,100	-	-	-	-
C-30	Proceed Nakanoshimbashi	-	-	April 28, 2022	760,000	661,973	69,375
Total		-	537,100	-	760,000	661,973	69,375

(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 Chuo Real Estate Appraisal Co., Ltd. and Asset Research Inc. based on the Real Estate Appraisal Standards, and SPI 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-87	Proceed Kinshicho 2	Apr. 1, 2022	Real estate in trust	537,100	551,000	Jan. 1, 2022	Chuo Real Estate Appraisal Co., Ltd.
Disposition	C-30	Proceed Nakanoshimbashi	Apr. 28, 2022	Real estate in trust	760,000	700,000	Oct. 31, 2021	Asset Research Inc.

ii) Others

Not applicable.

(4) Status of interested party transactions, etc.

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

Not applicable.

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	84,793	Starts Amenity Corporation	82,836	97.7
Repair expenses	324,029	Starts Amenity Corporation	279,796	86.3
Maintenance and inspection fee	118,511	Starts Amenity Corporation	116,419	98.2
Advertising expenses	67,065	Starts Amenity Corporation	65,821	98.1
Renewal fee	26,689	Starts Amenity Corporation	25,314	94.8

(Note) “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 SPI, 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.

(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 SPI.

7. Initiatives on Sustainability

■ Acquisition of Building-Housing Energy-Efficiency Labelling System (BELS) Certification

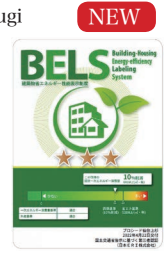
Proceed Monzennakacho



Proceed Maihama



Proceed Sendai Kamisugi



■ JCR Green Finance Framework Assessment

Newly acquired Green1(F)

■ Issuance of green bonds

Issue amount	Interest rate	Term	Issue date	Use of funds
			Redemption date	
1.5 billion yen	0.80%	10 years	November 18, 2021	For repayment of borrowings taken out upon the acquisition of Proceed Monzennakacho and Proceed Maihama
			November 18, 2031	

■ Environmental consideration to printed matter, etc.

Adopting environmentally-friendly materials such as FSC certified papers for asset management reports, envelopes, etc.



■ Towards the acquisition of GRESB Real Estate Assessment

Participated in GRESB Real Estate Assessment for the first time in fiscal 2022. Results are scheduled to be announced in October

■ Promote the installation of rooftop solar panels



Proceed Ishikawadai

Social



The Asset Management Company is also making efforts to develop PPP and PFI, etc. It revitalizes regions by effectively utilizing public land, etc., and is engaged in area management using the comprehensive strengths of Starts Group even after the development of facilities such as libraries, schools and childcare support facilities. In addition, it is also proactively making efforts for safety and security.

Proceed Nagareyama Otakanomori

- Mixed-use facility designed and constructed by Starts Group in the PPP project
- Directly connected to the station by a pedestrian deck
- Public hall of Nagareyama City, city hall service counter
- The first floor of the rental building (seismic isolation structure) is occupied by a private authorized nursery school



Proceed Nishiarai

- Large-scale rental housing developed by Starts Group
- Seismic isolation structure
- Adopts all-electric system
- Anti-disaster rental apartment (installed with well, bench with oven function, etc.)
- Nursery school operated by Starts Group



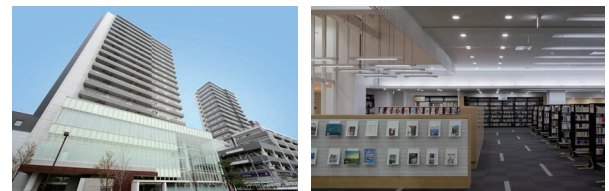
Proceed TX Nagareyama Central Park

- City-owned land effective utilization project in Nagareyama City
- Developed a kindergarten, elementary school and rental housing in cooperation with Gyosei International School



Proceed Shinozaki Tower

- Mixed-use facility developed by Starts Group as a development project implemented by Edogawa Ward Office
- Facilities for ward residents (library, lifelong learning facility, gallery, café)
- Private facilities (retail facility, housing)



Social



- Seismic isolation structure (as of May 31, 2022)
Number of orders received by Starts CAM: 580
Number of buildings incorporated into the AUM of SPI: 10
- Installation of well, bench with oven function, disaster prevention goods for exclusive floor area → Disaster prevention measures
- Implementation of disaster prevention events using earthquake simulation vehicles owned by Starts Group
- Installation of public art
Installed public art at many places including PPP and PFI projects and contributes to the training of artists
- Investment in healthcare facilities/nursery facilities → Nishiaraï Kirakira Hoikuen, etc.
- Recommendation and provision of expenses for the acquisition of qualifications by employees
- Promotion of health checkup of employees, success of female employees, work-life balance, special holiday
- Recommendation of remote work and staggered commuting by employees



Well



Bench with oven function



Earthquake simulation vehicles/disaster prevention events



Disaster prevention goods for exclusive floor area (some properties)

Governance



- Prevention of conflicts of interest, risk management, information disclosure, compliance with laws and regulations
- Development of decision-making flow on transactions
- Compliance Committee, investment Committee, implementation of periodic internal audit
- Establishment of ESG Committee (Chief Officer is the Representative Director of the Asset Management Company)
- Same-boat investment (Starts Corporation Inc.)

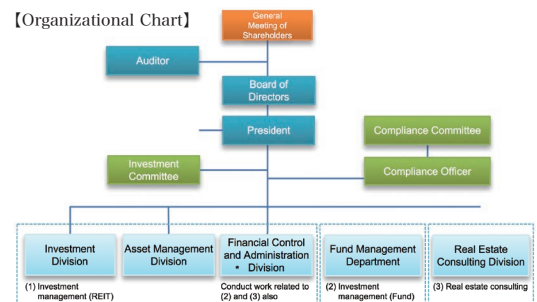


Nishiaraï Kirakira Hoikuen



Life Support Residence Funaboriekimae

【Organizational Chart】



Environmental Performance Targets

Item	Reduction target
Energy consumption	Reduce energy consumption intensity by 5% by fiscal 2026 (1% on average per year) based on the amount in fiscal 2021
GHG (CO ₂) emissions	Reduce energy consumption intensity by 5% by fiscal 2026 (1% on average per year) based on the amount in fiscal 2021
Water consumption	Do not increase the amount in terms of water consumption intensity based on the amount in fiscal 2021

Environmental Performance Targets

Item	Fiscal 2021	
Energy consumption	Total amount (MWh)	2,281
	Consumption intensity (MWh/m ²)	0.051
GHG (CO ₂) emissions	Total amount (t-CO ₂)	979
	Consumption intensity (t-CO ₂ /m ²)	0.022
Water consumption	Total amount (m ³)	1,542
	Consumption intensity (m ³ /m ²)	0.043

- The aggregation period is from May to April of the following year.
- For energy consumption, GHG (CO₂) emissions and water consumption, the actual figures only for the common areas of properties operated throughout the year and having management authorities (excluding properties under sectional ownership) are aggregated.
- GHG (CO₂) emissions are calculated by the Asset Management Company based on the adjusted emission factors, etc. by electric utility announced by the Ministry of the Environment.

Reduction of CO₂ emissions from electricity at common areas to zero

For 71 properties (approximately 66%) of the properties we own, we have sequentially changed the electric power contracts for common areas to the power plan using 100% renewable energy provided by Mitsuuroko Green Energy Co., Ltd. from April 2022.

Through this initiative, we will realize virtually zero CO₂ emissions from used electricity (common areas) at the introduced properties. This initiative contributes to the “reduction of greenhouse gas emission and energy consumption” among the materiality identified by SPI.

* Please refer to the website for the ESG policy and materiality of SPI.

<https://www.sp-inv.co.jp/>

8. 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,” “Statement of Cash Flows,” “Notes to Financial Statements” and “Statements of Cash Distributions” on later pages of this report.

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

Not applicable.

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

Not applicable.

9. Others

(1) Notice

Not applicable.

(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]

	32nd Fiscal Period (Reference) (as of October 31, 2021)	33rd Fiscal Period (as of April 30, 2022)
Assets		
Current assets		
Cash and deposits	1,558,790	2,109,924
Cash and deposits in trust	1,981,070	1,918,318
Operating accounts receivable	23,835	32,510
Prepaid expenses	76,672	69,981
Consumption taxes receivable	8,072	-
Others	5,144	9,797
Total current assets	3,653,586	4,140,531
Non-current assets		
Property, plant and equipment		
Buildings in trust	46,851,393	46,907,339
Accumulated depreciation	(10,627,991)	(11,131,809)
Buildings in trust, net	36,223,402	35,775,530
Structures in trust	1,287,397	1,287,299
Accumulated depreciation	(822,940)	(858,191)
Structures in trust, net	464,457	429,107
Machinery and equipment in trust	5,376	5,376
Accumulated depreciation	(5,107)	(5,107)
Machinery and equipment in trust, net	268	268
Tools, furniture and fixtures in trust	547,811	642,370
Accumulated depreciation	(288,872)	(316,059)
Tools, furniture and fixtures in trust, net	258,939	326,310
Land in trust	48,967,674	48,879,302
Total property, plant and equipment	85,914,742	85,410,519
Intangible assets		
Software	-	407
Total intangible assets	-	407
Investment and other assets		
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	541,719	541,719
Long-term prepaid expenses	105,496	93,421
Deferred tax assets	80	81
Others	17,744	19,265
Total investments and other assets	675,041	664,487
Total non-current assets	86,589,783	86,075,414
Deferred assets		
Investment corporation bond issuance costs	15,191	24,961
Total deferred assets	15,191	24,961
Total assets	90,258,562	90,240,908

Starts Proceed Investment Corporation

Balance Sheets

[Unit: thousand yen]

	32nd Fiscal Period (Reference) (as of October 31, 2021)	33rd Fiscal Period (as of April 30, 2022)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	10,093,500	9,963,500
Operating accounts payable	234,972	160,868
Accounts payable – other	207,842	205,052
Accrued expenses	7,332	16,557
Income taxes payable	1,956	1,965
Accrued consumption taxes	7,169	14,056
Advances received	2,210	1,919
Others	393	323
Total current liabilities	10,555,378	10,364,244
Non-current liabilities		
Investment corporation bonds	2,000,000	3,500,000
Long-term loans payable	33,552,500	32,182,500
Tenant leasehold and security deposits in trust	672,884	675,912
Asset retirement obligations	136,251	137,375
Total non-current liabilities	36,361,636	36,495,788
Total liabilities	46,917,015	46,860,032
Net assets		
Unitholders' equity		
Unitholders' capital	42,230,457	42,230,457
Deduction from unitholders' capital	(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)	1,158,003	1,197,331
Total surplus	1,657,003	1,696,331
Total unitholders' equity	43,341,547	43,380,875
Total net assets	43,341,547	43,380,875
Total liabilities and net assets	90,258,562	90,240,908

Starts Proceed Investment Corporation

Statements of Income

[Unit: thousand yen]

		32nd Fiscal Period (Reference) From: May 1, 2021 To: Oct. 31, 2021	33rd Fiscal Period From: Nov. 1, 2021 To: Apr. 30, 2022
Operating revenue			
Rent revenue – real estate	(Note 1)	3,115,991	3,154,624
Gain on sales of real estate properties	(Note 2)	61,286	69,375
Total operating revenue		3,177,278	3,224,000
Operating expenses			
Expenses related to rent business	(Note 1)	1,382,510	1,391,429
Asset management fee		263,581	260,896
Asset custody fee		8,480	8,476
Administrative service fees		25,667	22,654
Directors' compensations		1,200	1,200
Other operating expenses		124,896	125,494
Total operating expenses		1,806,335	1,810,151
Operating income		1,370,942	1,413,848
Non-operating income			
Interest income		16	17
Insurance income		5,555	5,780
Reversal of distribution payable		1,000	1,157
Others		-	530
Total non-operating income		6,571	7,486
Non-operating expenses			
Interest expenses		168,949	168,655
Interest expenses on investment corporation bonds		5,147	10,343
Amortization of investment corporation bond issuance costs		2,180	3,508
Borrowing related expenses		40,743	38,981
Others		565	565
Total non-operating expenses		217,586	222,055
Ordinary income		1,159,927	1,199,280
Income before income taxes		1,159,927	1,199,280
Income taxes – current		1,958	1,967
Income taxes – deferred		(0)	(0)
Total income taxes		1,958	1,966
Net income		1,157,969	1,197,313
Retained earnings brought forward		33	18
Unappropriated retained earnings (undisposed loss)		1,158,003	1,197,331

Starts Proceed Investment Corporation

Statements of Changes in Unitholders' Equity

32nd Fiscal Period: from May 1, 2021 to October 31, 2021 (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 beginning of period	42,230,457	(545,913)	41,684,544	99,000	400,000	499,000	1,183,395
Changes of items during the period							
Dividends from surplus							(1,183,362)
Net income							1,157,969
Total changes of items during the period	-	-	-	-	-	-	(25,392)
Balance at end of period	42,230,457	(545,913)	41,684,544	99,000	400,000	499,000	1,158,003

[Unit: thousand yen]

	Unitholders' equity		Total net assets
	Surplus	Total unitholders' equity	
	Total surplus		
Balance at beginning of period	1,682,395	43,366,939	43,366,939
Changes of items during the period			
Dividends from surplus	(1,183,362)	(1,183,362)	(1,183,362)
Net income	1,157,969	1,157,969	1,157,969
Total changes of items during the period	(25,392)	(25,392)	(25,392)
Balance at end of period	1,657,003	43,341,547	43,341,547

33rd Fiscal Period: from November 1, 2021 to April 30, 2022

[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 beginning of period	42,230,457	(545,913)	41,684,544	99,000	400,000	499,000	1,158,003
Changes of items during the period							
Dividends from surplus							(1,157,984)
Net income							1,197,313
Total changes of items during the period	-	-	-	-	-	-	39,328
Balance at end of period	42,230,457	(545,913)	41,684,544	99,000	400,000	499,000	1,197,331

[Unit: thousand yen]

	Unitholders' equity		Total net assets
	Surplus	Total unitholders' equity	
	Total surplus		
Balance at beginning of period	1,657,003	43,341,547	43,341,547
Changes of items during the period			
Dividends from surplus	(1,157,984)	(1,157,984)	(1,157,984)
Net income	1,197,313	1,197,313	1,197,313
Total changes of items during the period	39,328	39,328	39,328
Balance at end of period	1,696,331	43,380,875	43,380,875

Starts Proceed Investment Corporation

Statements of Cash Flows

[Unit: thousand yen]

	32nd Fiscal Period (Reference) From: May 1, 2021 To: Oct. 31, 2021	33rd Fiscal Period From: Nov. 1, 2021 To: Apr. 30, 2022
Net cash provided by (used in) operating activities		
Income before income taxes	1,159,927	1,199,280
Depreciation and amortization	647,919	645,540
Amortization of investment corporation bond issuance costs	2,180	3,508
Interest income	(16)	(17)
Interest expenses	174,097	178,999
Decrease (increase) in operating accounts receivable	7,805	(8,675)
Decrease (increase) in prepaid expenses	3,186	6,691
Decrease (increase) in consumption taxes receivable	(8,072)	8,072
Increase (decrease) in accrued consumption taxes	(7,941)	6,886
Increase (decrease) in operating accounts payable	59,635	(42,086)
Increase (decrease) in accounts payable – other	2,038	(935)
Decrease (increase) in long-term prepaid expenses	19,373	12,075
Decrease from sales of property, plant and equipment in trust	262,363	661,973
Others, net	(3,212)	(4,692)
Subtotal	2,319,285	2,666,622
Interest income received	16	17
Interest expenses paid	(172,160)	(169,774)
Income taxes paid	(1,946)	(1,959)
Net cash provided by (used in) operating activities	2,145,194	2,494,906
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(713,237)	(835,626)
Purchase of intangible assets	-	(445)
Proceeds from tenant leasehold and security deposits in trust	42,750	52,998
Repayments of tenant leasehold and security deposits in trust	(55,020)	(49,970)
Decrease (increase) in other investments	(7,366)	(1,521)
Net cash provided by (used in) investing activities	(732,872)	(834,564)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	4,320,000	2,820,000
Repayments of long-term loans payable	(4,320,000)	(4,320,000)
Proceeds from investment corporation bond issuance	-	1,500,000
Payments of investment corporation bond issuance costs	-	(13,278)
Dividends paid	(1,182,317)	(1,158,681)
Net cash provided by (used in) financing activities	(1,182,317)	(1,171,959)
Net increase (decrease) in cash and cash equivalents	230,004	488,381
Cash and cash equivalents at beginning of period	3,309,856	3,539,860
Cash and cash equivalents at end of period	(Note) 3,539,860	4,028,242

Starts Proceed Investment Corporation

Notes to Financial Statements

1. Basis of presenting financial statements

SPI maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan (Japanese GAAP), including provisions set forth in the “Financial Instruments and Exchange Act” of Japan, the “Act on Investment Trusts and Investment Corporations” (the Investment Trusts Act), the “Companies Act” and the related regulations, which are different in certain respects as to the adoption and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are basically a translation of the audited financial statements of SPI, which were prepared in accordance with Japanese GAAP and filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to financial statements include information which might not be required under Japanese GAAP but is presented herein as additional information.

SPI’s accounting periods end at the end of April and October.

2. Summary of significant accounting policies

Fiscal period Item	32nd Fiscal Period (Reference) (May 1, 2021 - October 31, 2021)	33rd Fiscal Period (November 1, 2021 - April 30, 2022)								
1. Depreciation and amortization 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="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-right: 20px;">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) 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 Intangible assets are amortized using the straight-line method.</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>								

<p>3. Standards for recognition of revenue and expenses</p>	<p>(1) Accounting treatment of property taxes, etc. In connection with property taxes, city planning taxes and depreciable asset taxes, SPI as a rule uses the method of charging the corresponding amounts of assessed taxes to the current fiscal period as expenses related to rent business. 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. The amount equivalent to property taxes, etc. for the initial fiscal year to be borne by SPI 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>(2) Standards for revenue recognition The details of main performance obligations concerning revenue generated from contracts between SPI and its customers and the ordinary time to fulfil said performance obligations (ordinary time to recognize revenue) are as follows.</p> <p>a. Sale of real estate properties SPI recognizes revenue from sale of real estate properties when the purchaser who is a customer obtains control of the relevant real estate properties as a result of the seller fulfilling its delivery obligations stipulated in the transaction agreement of the real estate properties.</p> <p>b. Utilities income SPI recognizes utilities income in accordance with the supply of electricity and water, etc. to the lessee who is a customer based on the lease agreement of real estate, etc. and details of agreements incidental to it. Of the utilities income, in the case that SPI deems itself to be an agent, the net amount obtained by deducting the amount it pays to other parties from the amount it receives as charges for electricity and gas, etc. supplied by the said other parties is recognized as revenue.</p>	<p>(1) Accounting treatment of property taxes, etc. Same as on the left</p> <p>(2) Standards for revenue recognition Same as on the left</p>
<p>4. Method of hedge accounting</p>	<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, SPI 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>
<p>5. Scope of funds in the Statements of Cash Flows</p>	<p>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.</p>	<p>Same as on the left</p>

<p>6. Other significant items fundamental to preparing the financial statements</p>	<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 For non-current assets and deferred assets, the consumption taxes are included.</p>
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3. Notes to changes in accounting policies

32nd Fiscal Period (Reference) (May 1, 2021 - October 31, 2021)	33rd Fiscal Period (November 1, 2021 - April 30, 2022)
<p>1. Application of Accounting Standard for Revenue Recognition, etc. SPI has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 (revised 2020) issued on March 31, 2020) and the “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30 (revised 2021) issued on March 26, 2021) from the beginning of the 32nd fiscal period, and decided to recognize revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer. The impact of the application of the Accounting Standard, etc. on financial statements of the fiscal period is minimal.</p> <p>2. Application of Accounting Standard for Fair Value Measurement, etc. SPI has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, issued on July 4, 2019), etc. from the beginning of the 32nd fiscal period, and decided to adopt the new accounting policies set forth by the said Accounting Standard, etc. going forward in accordance with the transitional treatment as stipulated in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10 (revised 2019), issued on July 4, 2019). The impact of this change on the financial statements of the fiscal period is minimal. In addition, pursuant to the provision of Article 2, Paragraph 5 of the Supplementary Provision of the “Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms, and Preparation Methods of Financial Statements” (Cabinet Office Ordinance No. 61, September 24, 2021), the matters listed in Article 8-6-2, Paragraph 1, Item 3 of the revised Regulation on Terminology, Forms, and Preparation Methods of Financial Statements are omitted.</p>	<p>Not applicable.</p>

4. Notes to Balance Sheets

32nd Fiscal Period (Reference) (as of October 31, 2021)		33rd Fiscal Period (as of April 30, 2022)	
(Note 1) Cancellation of treasury investment units Total number of cancelled units 3,000 units Total amount of cancellation 545,913 thousand yen		(Note 1) Cancellation of treasury investment units Total number of cancelled units 3,000 units Total amount of cancellation 545,913 thousand yen	
(Note 2) Breakdown of reserve for reduction entry under special provisions for property replacement defined in Article 2, Paragraph 2, Item 28 of the Regulations on Accounting of Investment Corporations is as follows.		(Note 2) Breakdown of reserve for reduction entry under special provisions for property replacement defined in Article 2, Paragraph 2, Item 28 of the Regulations on Accounting of Investment Corporations is as follows.	
Item	Breakdown	Item	Breakdown
Relevant properties	Land of Proceed Shinozaki 2 and Proceed Kashiwa Trois, respectively	Relevant properties	Land of Proceed Shinozaki 2 and Proceed Kashiwa Trois, respectively
Reason for recognition and amount	Gain on sales of real estate properties amounting to 549,257 thousand yen due to sale of Proceed Kitahorie in March 2020	Reason for recognition and amount	Gain on sales of real estate properties amounting to 549,257 thousand yen due to sale of Proceed Kitahorie in March 2020
Policy for reversal	Reversal into retained earnings is made in accordance with tax regulations.	Policy for reversal	Reversal into retained earnings is made in accordance with tax regulations.
Description of reversal in the period	Not applicable.	Description of reversal in the period	Not applicable.
Amount (thousand yen)		Amount (thousand yen)	
Balance before provision or reversal in the period	400,000	Balance before provision or reversal in the period	400,000
Reversal in the Statements of Income	-	Reversal in the Statements of Income	-
Balance on the Balance Sheets	400,000	Balance on the Balance Sheets	400,000
Provision in the Statements of Cash Distributions	-	Provision in the Statements of Cash Distributions	-
Reversal in the Statements of Cash Distributions	-	Reversal in the Statements of Cash Distributions	-
Balance after provision or reversal in the period	400,000	Balance after provision or reversal in the period	400,000
(Note 3) Minimum net assets designated in Article 67-4 of the Act on Investment Trusts and Investment Corporations 50,000 thousand yen		(Note 3) Minimum net assets designated in Article 67-4 of the Act on Investment Trusts and Investment Corporations 50,000 thousand yen	

5. Notes to Statements of Income

32nd Fiscal Period (Reference) (May 1, 2021 - October 31, 2021)	33rd Fiscal Period (November 1, 2021 - April 30, 2022)
(Note 1) Breakdown of revenues and expenses related to real estate rent business (thousand yen)	(Note 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	Rent
2,716,070	2,734,326
Common area maintenance charges	Common area maintenance charges
185,975	187,164
Parking revenue	Parking revenue
84,772	85,246
Incidental revenue	Incidental revenue
1,643	1,289
Rent revenue – other	Rent revenue – other
127,529	146,597
Total real estate rent revenue	Total real estate rent revenue
<u>3,115,991</u>	<u>3,154,624</u>
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	Management expenses
205,024	203,304
Repair expenses	Repair expenses
107,744	106,340
Taxes and public dues	Taxes and public dues
180,386	182,455
Trust fee	Trust fee
34,269	34,220
Utilities expenses	Utilities expenses
45,822	49,867
Casualty insurance	Casualty insurance
7,605	7,624
Depreciation and amortization	Depreciation and amortization
647,919	645,502
Other expenses related to rent business	Other expenses related to rent business
153,737	162,112
Total expenses related to real estate rent business	Total expenses related to real estate rent business
<u>1,382,510</u>	<u>1,391,429</u>
C. Profit from real estate rent business (A-B)	C. Profit from real estate rent business (A-B)
<u>1,733,481</u>	<u>1,763,195</u>
(Note 2) Breakdown of gain on sales of real estate properties (thousand yen)	(Note 2) Breakdown of gain on sales of real estate properties (thousand yen)
Proceed Motoyawata	Proceed Nakanoshimbashi
Proceeds from sales of real estate properties	Proceeds from sales of real estate properties
336,611	761,148
Cost of sales of real estate properties	Cost of sales of real estate properties
262,363	661,973
Other sales expenses	Other sales expenses
12,961	29,799
Gain on sales of real estate properties	Gain on sales of real estate properties
<u>61,286</u>	<u>69,375</u>

6. Notes to Statements of Changes in Unitholders' Equity

32nd Fiscal Period (Reference) (May 1, 2021 - October 31, 2021)	33rd Fiscal Period (November 1, 2021 - April 30, 2022)
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	Total number of authorized investment units
2,000,000 units	2,000,000 units
Total number of investment units issued and outstanding	Total number of investment units issued and outstanding
253,777 units	253,777 units

7. Notes to Statements of Cash Flows

32nd Fiscal Period (Reference) (May 1, 2021 - October 31, 2021)	33rd Fiscal Period (November 1, 2021 - April 30, 2022)
(Note) 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, 2021)	(Note) 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, 2022)
Cash and deposits	Cash and deposits
1,558,790	2,109,924
Cash and deposits in trust	Cash and deposits in trust
1,981,070	1,918,318
Cash and cash equivalents	Cash and cash equivalents
<u>3,539,860</u>	<u>4,028,242</u>

8. Notes to lease transactions

32nd Fiscal Period (Reference) (as of October 31, 2021)	33rd Fiscal Period (as of April 30, 2022)
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	Due within 1 year
89,021	89,568
Due after 1 year	Due after 1 year
3,157,424	3,136,401
Total	Total
<u>3,246,446</u>	<u>3,225,969</u>

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

9. Notes to financial instruments

32nd fiscal period (Reference) (from May 1, 2021 to October 31, 2021)

1. Matters concerning status of financial instruments

(1) Policy on handling financial instruments

SPI 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 borrowings from financial institutions, issuance of investment corporation bonds and issuance of investment units, etc. SPI 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 SPI 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, SPI 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. SPI mitigates the risks by limiting its deposits to those with short durations.

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

Certain assumptions are made in calculating the fair value of financial instruments, 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, 2021. Furthermore, notes on “Cash and deposits” and “Cash and deposits in trust” are omitted as these are settled with cash and within a short period of time and thus the fair value approximates the book value. Notes on “Tenant leasehold and security deposits in trust” are also omitted as they lack materiality.

(thousand yen)

	Book value recorded on the Balance Sheets	Fair value (Note 1)	Difference
(1) Current portion of long-term loans payable (Note 2)	10,093,500	10,093,500	-
(2) Investment corporation bonds (Note 2)	2,000,000	1,995,877	(4,122)
(3) Long-term loans payable (Note 2)	33,552,500	33,581,808	29,308
(4) Derivative transactions	-	-	-

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

(1) Current portion of long-term loans payable and (3) 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 special accounting for interest rate swaps (refer to (4) 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.

(2) 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.

(4) 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		
Special accounting 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 special accounting 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.

(Note 2) Amount of repayment or redemption of loans and investment corporation bonds scheduled to be due after closing date of 32nd 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	10,093,500	-	-	-	-	-
Investment corporation bonds	-	-	-	1,000,000	1,000,000	-
Long-term loans payable	-	9,222,500	9,061,000	6,749,000	5,820,000	2,700,000

33rd fiscal period (from November 1, 2021 to April 30, 2022)

1. Matters concerning status of financial instruments

(1) Policy on handling financial instruments

SPI 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 borrowings from financial institutions, issuance of investment corporation bonds and issuance of investment units, etc. SPI 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 SPI 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, SPI 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. SPI mitigates the risks by limiting its deposits to those with short durations.

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

Certain assumptions are made in calculating the fair value of financial instruments, 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, 2022. Furthermore, notes on “Cash and deposits” and “Cash and deposits in trust” are omitted as these are settled with cash and within a short period of time and thus the fair value approximates the book value. Notes on “Tenant leasehold and security deposits in trust” are also omitted as they lack materiality.

(thousand yen)

	Book value recorded on the Balance Sheets	Fair value (Note 1)	Difference
(1) Current portion of long-term loans payable (Note 2)	9,963,500	9,963,500	-
(2) Investment corporation bonds (Note 2)	3,500,000	3,491,261	(8,738)
(3) Long-term loans payable (Note 2)	32,182,500	32,205,226	22,726
(4) Derivative transactions	-	-	-

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

(1) Current portion of long-term loans payable and (3) 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 special accounting for interest rate swaps (refer to (4) 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.

(2) 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.

(4) 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		
Special accounting for interest rate swaps	Interest rate swap transaction Receivable floating; Payable fixed	Long-term loans payable	18,089,000	18,089,000	(Note)	-

(Note) Transactions for which special accounting 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.

(Note 2) Amount of repayment or redemption of loans and investment corporation bonds scheduled to be due after closing date of 33rd 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	9,963,500	-	-	-	-	-
Investment corporation bonds	-	-	1,000,000	1,000,000	-	1,500,000
Long-term loans payable	-	9,032,500	8,761,000	4,549,000	7,020,000	2,820,000

10. Notes to tax effect accounting

32nd Fiscal Period (Reference) (May 1, 2021 - October 31, 2021)	33rd Fiscal Period (November 1, 2021 - April 30, 2022)																								
<p>1. Deferred tax assets and liabilities consist of the following: (thousand yen)</p> <p>(Deferred tax assets)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Accrued business taxes not deductible from taxable income</td> <td style="text-align: right;">80</td> </tr> <tr> <td>Asset retirement obligations</td> <td style="text-align: right;">43,968</td> </tr> <tr> <td>Subtotal of deferred tax assets</td> <td style="text-align: right;">44,048</td> </tr> <tr> <td>Valuation allowance</td> <td style="text-align: right;">(43,968)</td> </tr> <tr> <td>Total deferred tax assets</td> <td style="text-align: right;">80</td> </tr> </table> <p>(Deferred tax assets, net) <u>80</u></p>	Accrued business taxes not deductible from taxable income	80	Asset retirement obligations	43,968	Subtotal of deferred tax assets	44,048	Valuation allowance	(43,968)	Total deferred tax assets	80	<p>1. Deferred tax assets and liabilities consist of the following: (thousand yen)</p> <p>(Deferred tax assets)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Accrued business taxes not deductible from taxable income</td> <td style="text-align: right;">81</td> </tr> <tr> <td>Asset retirement obligations</td> <td style="text-align: right;">44,331</td> </tr> <tr> <td>Subtotal of deferred tax assets</td> <td style="text-align: right;">44,412</td> </tr> <tr> <td>Valuation allowance</td> <td style="text-align: right;">(44,331)</td> </tr> <tr> <td>Total deferred tax assets</td> <td style="text-align: right;">81</td> </tr> </table> <p>(Deferred tax assets, net) <u>81</u></p>	Accrued business taxes not deductible from taxable income	81	Asset retirement obligations	44,331	Subtotal of deferred tax assets	44,412	Valuation allowance	(44,331)	Total deferred tax assets	81				
Accrued business taxes not deductible from taxable income	80																								
Asset retirement obligations	43,968																								
Subtotal of deferred tax assets	44,048																								
Valuation allowance	(43,968)																								
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Valuation allowance	(44,331)																								
Total deferred tax assets	81																								
<p>2. Reconciliation between the statutory tax rate and the effective tax rate after applying tax effect accounting</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: center;">(%)</td> </tr> <tr> <td>Statutory tax rate</td> <td style="text-align: right;">31.46</td> </tr> </table> <p>(Adjustment)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Deductible distributions</td> <td style="text-align: right;">(31.41)</td> </tr> <tr> <td>Change in valuation allowance</td> <td style="text-align: right;">0.03</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">0.09</td> </tr> <tr> <td>Effective tax rate after applying tax effect accounting</td> <td style="text-align: right;">0.17</td> </tr> </table>		(%)	Statutory tax rate	31.46	Deductible distributions	(31.41)	Change in valuation allowance	0.03	Others	0.09	Effective tax rate after applying tax effect accounting	0.17	<p>2. Reconciliation between the statutory tax rate and the effective tax rate after applying tax effect accounting</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: center;">(%)</td> </tr> <tr> <td>Statutory tax rate</td> <td style="text-align: right;">31.46</td> </tr> </table> <p>(Adjustment)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Deductible distributions</td> <td style="text-align: right;">(31.41)</td> </tr> <tr> <td>Change in valuation allowance</td> <td style="text-align: right;">0.03</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">0.08</td> </tr> <tr> <td>Effective tax rate after applying tax effect accounting</td> <td style="text-align: right;">0.16</td> </tr> </table>		(%)	Statutory tax rate	31.46	Deductible distributions	(31.41)	Change in valuation allowance	0.03	Others	0.08	Effective tax rate after applying tax effect accounting	0.16
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11. Notes to asset retirement obligations

32nd Fiscal Period (Reference) (May 1, 2021 - October 31, 2021)	33rd Fiscal Period (November 1, 2021 - April 30, 2022)												
<p>Asset retirement obligations recorded on the Balance Sheets</p> <p>1. Overview of the asset retirement obligations</p> <p>Asset retirement obligations have been recorded as SPI has obligations to restore the sites to their original conditions based on the ordinary fixed-term land lease agreements, etc. for the land of (C-58) Proceed Shinozaki Tower, etc. that it acquired on May 1, 2013.</p> <p>2. Calculation method of the amount of the asset retirement obligations</p> <p>The amount of the asset retirement obligations is calculated by estimating the use period of the relevant assets to be the period from their acquisition to the expiration of the relevant agreements (52 to 62 years) and using the discount rates of 1.624% - 1.672%.</p> <p>3. Change in the total amount of the asset retirement obligations (thousand yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Balance at beginning of period</td> <td style="text-align: right;">135,137</td> </tr> <tr> <td>Accretion</td> <td style="text-align: right;">1,114</td> </tr> <tr> <td>Balance at end of period</td> <td style="text-align: right;"><u>136,251</u></td> </tr> </table>	Balance at beginning of period	135,137	Accretion	1,114	Balance at end of period	<u>136,251</u>	<p>Asset retirement obligations recorded on the Balance Sheets</p> <p>1. Overview of the asset retirement obligations</p> <p>Asset retirement obligations have been recorded as SPI has obligations to restore the sites to their original conditions based on the ordinary fixed-term land lease agreements, etc. for the land of (C-58) Proceed Shinozaki Tower, etc. that it acquired on May 1, 2013.</p> <p>2. Calculation method of the amount of the asset retirement obligations</p> <p>The amount of the asset retirement obligations is calculated by estimating the use period of the relevant assets to be the period from their acquisition to the expiration of the relevant agreements (52 to 62 years) and using the discount rates of 1.624% - 1.672%.</p> <p>3. Change in the total amount of the asset retirement obligations (thousand yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Balance at beginning of period</td> <td style="text-align: right;">136,251</td> </tr> <tr> <td>Accretion</td> <td style="text-align: right;">1,123</td> </tr> <tr> <td>Balance at end of period</td> <td style="text-align: right;"><u>137,375</u></td> </tr> </table>	Balance at beginning of period	136,251	Accretion	1,123	Balance at end of period	<u>137,375</u>
Balance at beginning of period	135,137												
Accretion	1,114												
Balance at end of period	<u>136,251</u>												
Balance at beginning of period	136,251												
Accretion	1,123												
Balance at end of period	<u>137,375</u>												

12. Notes to related party transactions

32nd fiscal period (Reference) (from May 1, 2021 to October 31, 2021)

Classification	Name	Business or occupation	Share of owned investment units	Description of transaction	Transaction amount (thousand yen) (Note 1)	Item	Balance at end of period (thousand yen) (Note 1)
Interested party, etc.	Starts Amenity Corporation	Real estate leasing and management, construction	-	Property management fee	82,320	Operating accounts payable	170,520
				Repair expenses	302,628		
				Maintenance and inspection fee	118,689		
				Advertising expenses	57,775		
				Renewal fee	23,240		
				Rent revenue, etc. (Note 2)	339,720	Tenant leasehold and security deposits in trust (Note 2)	80,597
Interested party, etc.	Starts Development Corporation	Real estate sales business	-	Purchase of trust beneficiary interest (Note 3)	500,000	-	-
Asset custodian	Sumitomo Mitsui Trust Bank, Limited	Banking business	-			Prepaid expenses	1,425
				Trust fee	14,635	Long-term prepaid expenses	5,464
				Interest expenses	4,713	Accrued expenses	76
				Payment related to financing matters	319	Prepaid expenses	477
						Long-term prepaid expenses	775
				Borrowing of long-term loans payable	145,000	Current portion of long-term loans payable	351,500
				Repayment of long-term loans payable	145,000	Long-term loans payable	961,500
Administrative service fees	25,317	Accounts payable – other	19,837				

(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) 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 3) 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.

33rd fiscal period (from November 1, 2021 to April 30, 2022)

Classification	Name	Business or occupation	Share of owned investment units	Description of transaction	Transaction amount (thousand yen) (Note 1)	Item	Balance at end of period (thousand yen) (Note 1)
Interested party, etc.	Starts Amenity Corporation	Real estate leasing and management, construction	-	Property management fee	82,836	Operating accounts payable	159,573
				Repair expenses	279,796		
				Maintenance and inspection fee	116,419		
				Advertising expenses	65,821		
				Renewal fee	25,314		
				Rent revenue, etc. (Note 2)	338,348	Tenant leasehold and security deposits in trust (Note 2)	82,345
Asset custodian	Sumitomo Mitsui Trust Bank, Limited	Banking business	-	Trust fee	16,758	Prepaid expenses	1,382
				Interest expenses	4,676	Long-term prepaid expenses	4,600
				Payment related to financing matters	220	Accrued expenses	196
				Borrowing of long-term loans payable	2,820,000	Prepaid expenses	465
				Repayment of long-term loans payable	4,320,000	Long-term prepaid expenses	722
				Administrative service fees	22,304	Current portion of long-term loans payable	206,500
						Long-term loans payable	1,061,500
						Accounts payable – other	17,053

(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) 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.

13. Notes to investment and rental properties

32nd fiscal period (Reference) (from May 1, 2021 to October 31, 2021)

SPI 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, 2021.

(thousand yen)

Book value recorded on the Balance Sheets (Note 1)			Fair value at end of period (Note 3)
Balance at beginning of period	Amount of change during period (Note 2)	Balance at end of period	
86,065,187	(150,444)	85,914,742	101,237,000

(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 32nd fiscal period, the amount of increase is primarily attributable to the acquisition of (C-86) Proceed Shinkawa (537,435 thousand yen) and capital expenditures (213,548 thousand yen), and the amount of decrease is primarily attributable to the disposition of (C-40) Proceed Motoyawata (262,363 thousand yen) and depreciation and amortization (647,919 thousand yen).

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

For the income (loss) in the 32nd fiscal period ended October 2021 for the investment and rental properties, refer to the aforementioned “Notes to Statements of Income.”

33rd fiscal period (from November 1, 2021 to April 30, 2022)

SPI 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, 2022.

(thousand yen)

Book value recorded on the Balance Sheets (Note 1)			Fair value at end of period (Note 3)
Balance at beginning of period	Amount of change during period (Note 2)	Balance at end of period	
85,914,742	(504,222)	85,410,519	102,304,000

(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 33rd fiscal period, the amount of increase is primarily attributable to the acquisition of (C-87) Proceed Kinshicho 2 (576,707 thousand yen) and capital expenditures (217,689 thousand yen), and the amount of decrease is primarily attributable to the disposition of (C-30) Proceed Nakanoshimbashi (661,973 thousand yen) and depreciation and amortization (645,502 thousand yen).

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

For the income (loss) in the 33rd fiscal period ended April 2022 for the investment and rental properties, refer to the aforementioned "Notes to Statements of Income."

14. Notes to per unit information

32nd Fiscal Period (Reference) (May 1, 2021 - October 31, 2021)		33rd Fiscal Period (November 1, 2021 - April 30, 2022)	
Net assets per unit	170,785 yen	Net assets per unit	170,940 yen
Net income per unit (Note)	4,562 yen	Net income per unit (Note)	4,717 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.

32nd Fiscal Period (Reference) (May 1, 2021 - October 31, 2021)		33rd Fiscal Period (November 1, 2021 - April 30, 2022)	
Net income (thousand yen)	1,157,969	Net income (thousand yen)	1,197,313
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)	1,157,969	Net income attributable to ordinary investment units (thousands of yen)	1,197,313
Average number of units during the fiscal period (units)	253,777	Average number of units during the fiscal period (units)	253,777

15. Notes to significant subsequent events

32nd Fiscal Period (Reference) (May 1, 2021 - October 31, 2021)	33rd Fiscal Period (November 1, 2021 - April 30, 2022)
Not applicable.	Same as on the left

16. Notes to revenue recognition

Breakdown information on revenue from contracts with customers

32nd fiscal period (Reference) (from May 1, 2021 to October 31, 2021)

(thousand yen)

	Revenue from contracts with customers (Note 1)	Sales to external customers
Sales of real estate properties (Note 2)	336,611	61,286
Utilities income	18,279	18,279
Others	-	3,097,711
Total	354,890	3,177,278

(Note 1) Rent revenue subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13) is excluded from “Revenue from contracts with customers” as such revenue is not subject to Accounting Standard for Revenue Recognition. Revenue from contracts with customers mainly represents revenues from the sale of real estate and utilities.

(Note 2) Sales of real estate properties are recorded as gain (loss) on sales of real estate properties on the Statements of Income pursuant to Article 48, Paragraph 2 of the Regulations on Accounting of Investment Corporations (Cabinet Office Order No. 47 of 2006). Accordingly, the amount obtained by deducting cost of sales of real estate properties and other sales expenses from proceeds from sales of real estate properties is indicated for Sales of real estate properties.

33rd fiscal period (from November 1, 2021 to April 30, 2022)

(thousand yen)

	Revenue from contracts with customers (Note 1)	Sales to external customers
Sales of real estate properties (Note 2)	761,148	69,375
Utilities income	18,017	18,017
Others	-	3,136,607
Total	779,166	3,224,000

(Note 1) Rent revenue subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13) is excluded from “Revenue from contracts with customers” as such revenue is not subject to Accounting Standard for Revenue Recognition. Revenue from contracts with customers mainly represents revenues from the sale of real estate and utilities.

(Note 2) Sales of real estate properties are recorded as gain (loss) on sales of real estate properties on the Statements of Income pursuant to Article 48, Paragraph 2 of the Regulations on Accounting of Investment Corporations (Cabinet Office Order No. 47 of 2006). Accordingly, the amount obtained by deducting cost of sales of real estate properties and other sales expenses from proceeds from sales of real estate properties is indicated for Sales of real estate properties.

Starts Proceed Investment Corporation

Statements of Cash Distributions

Fiscal period	32nd Fiscal Period (Reference) From: May 1, 2021 To: Oct. 31, 2021	33rd Fiscal Period From: Nov. 1, 2021 To: Apr. 30, 2022
Item		
I. Unappropriated retained earnings	1,158,003,138 yen	1,197,331,817 yen
II. Amount of distributions	1,157,984,451 yen	1,197,319,886 yen
[Amount of distribution per investment unit]	[4,563 yen]	[4,718 yen]
III. Retained earnings brought forward	18,687 yen	11,931 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 SPI, 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, SPI decided to pay out distributions of earnings of 1,157,984,451 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. SPI shall not distribute the cash in excess of earnings provided in Article 35, Item 4 of its Articles of Incorporation.</p>	<p>Pursuant to the policy on cash distributions provided in Article 35, Paragraph 1 of the Articles of Incorporation of SPI, 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, SPI decided to pay out distributions of earnings of 1,197,319,886 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. SPI shall not distribute the cash in excess of earnings provided in Article 35, Item 4 of its Articles of Incorporation.</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 of April 30, 2022, 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 of April 30, 2022, and its financial performance and its cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Other Information

The other information comprises the information included in the Semiannual Report that contains audited financial statements but does not include the financial statements and our audit report thereon. Management is responsible for preparation and disclosure of the other information. The Supervisory Directors are responsible for overseeing the Company's reporting process of the other information.

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and 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 25, 2022