

35th Fiscal Period Semi-Annual Report

Starts Proceed Investment Corporation

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

From: November 1, 2022

To: April 30, 2023

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 35th fiscal period ended April 2023 (November 1, 2022 – April 30, 2023), we would like to report on the management status and performance results for the period.

During the fiscal period under review, SPI issued new investment units through public offering and borrowed new loans in November 2022, and used the procured funds to acquire Proceed Yamashita Koen The Tower and four other properties. These initiatives enabled us to expand the asset size, reaching the 100 billion yen level on an acquisition price basis. Subsequently, we conducted asset replacement by acquiring Proceed Matsudo on April 28, 2023, while disposing Proceed Koenjiminami and two other properties on the same day. Consequently, SPI’s portfolio as of the end of the 35th fiscal period consists of 107 properties with a total acquisition price of 100,933 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 3,676 million yen, ordinary income of 1,423 million yen and net income of 1,415 million yen for the 35th fiscal period. Distribution per unit came to 5,667 yen, surpassing the forecast announced earlier.

As for ESG initiatives, SPI continues to participate in the Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment based on its ESG policy. In addition, as an initiative on governance, SPI revised its Articles of Incorporation and changed the management fee structure for the Asset Management Company for the purpose of further enhancing the linkage between the compensation for the Asset Management Company and unitholders' interests. Looking ahead, we will continue to promote initiatives on environmental and social considerations and corporate governance, based on the recognition that ESG-related initiatives are important issues.

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	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)	34th period (From May 1, 2022 to October 31, 2022)	35th period (From November 1, 2022 to April 30, 2023)
Operating revenue	million yen	3,160	3,177	3,224	3,349	3,676
[Of which, real estate rent revenue]	million yen	[3,113]	[3,115]	[3,154]	[3,154]	[3,554]
Operating expenses	million yen	1,797	1,806	1,810	1,830	1,994
[Of which, expenses related to real estate rent business]	million yen	[1,374]	[1,382]	[1,391]	[1,416]	[1,554]
Operating income	million yen	1,362	1,370	1,413	1,519	1,682
Ordinary income	million yen	1,163	1,159	1,199	1,303	1,423
Net income (a)	million yen	1,183	1,157	1,197	1,301	1,415
Total assets (b)	million yen	90,191	90,258	90,240	90,625	103,703
Net assets (c)	million yen	43,366	43,341	43,380	43,484	49,236
Unitholders' capital (net) (Note 2)	million yen	41,684	41,684	41,684	41,684	47,536
Total number of investment units issued and outstanding (d)	units	253,777	253,777	253,777	253,777	282,477
Net assets per unit (c)÷(d)	yen	170,886	170,785	170,940	171,350	174,303
Net income per unit (Note 3)	yen	4,662	4,562	4,717	5,127	5,009
Total distributions (e)	million yen	1,183	1,157	1,197	1,515	1,600
Distribution per unit (e)÷(d)	yen	4,663	4,563	4,718	5,971	5,667
[Of which, distribution of earnings per unit]	yen	[4,663]	[4,563]	[4,718]	[5,971]	[5,667]
[Of which, distribution in excess of earnings per unit]	yen	[-]	[-]	[-]	[-]	[-]
Return on assets (Note 4)	%	1.3 [2.6]	1.3 [2.6]	1.3 [2.7]	1.4 [2.9]	1.5 [3.0]
Return on equity (Note 4)	%	2.7 [5.5]	2.7 [5.3]	2.8 [5.6]	3.0 [5.9]	3.1 [6.2]
Equity ratio (c)÷(b)	%	48.1	48.0	48.1	48.0	47.5
Distribution payout ratio (Note 4)	%	100.0	100.0	100.0	116.4	113.1
[Other Reference Information]						
Number of investments properties (Note 5)	properties	106	106	106	104	107
Total number of leasable units (Note 5)	units	5,226	5,219	5,189	5,069	5,287
Total leasable floor area	m ²	192,166.37	192,143.94	192,005.05	192,437.53	207,039.40
Period-end occupancy rate (Note 5)	%	95.4	96.4	96.3	96.1	96.3
Depreciation and amortization	million yen	650	647	645	651	689
Capital expenditures	million yen	114	213	217	186	213
Property leasing NOI (Net Operating Income) (Note 4)	million yen	2,389	2,381	2,408	2,389	2,689
FFO (Funds from Operations) per unit (Note 4)	yen	7,051	6,883	7,002	6,936	7,034
FFO multiple (Note 4)	times	16.0	17.5	16.5	17.2	16.3
Debt service coverage ratio (Note 4)	times	12.0	11.4	11.3	11.3	10.6
Earnings before interest, depreciation and amortization	million yen	2,000	1,979	2,021	2,142	2,323
Interest expenses	million yen	167	174	178	189	218
Total interest-bearing liabilities	million yen	45,646	45,646	45,646	45,646	52,846
LTV (Loan-To-Value) ratio (Note 4)	%	50.6	50.6	50.6	50.4	51.0
Number of days of management	days	181	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	$\text{Ordinary income} \div \text{Average total assets} \times 100$ $\text{Average total assets} = (\text{Total assets at beginning of period} + \text{Total assets at end of period}) \div 2$
Return on equity	$\text{Net income} \div \text{Average net assets} \times 100$ $\text{Average net assets} = (\text{Net assets at beginning of period} + \text{Net assets at end of period}) \div 2$
Distribution payout ratio	$\text{Distribution per unit} \div \text{Net income per unit} \times 100$ <p>Distribution payout ratio for the 35th fiscal period is calculated using the following formula due to change in the number of investment units during the period from having conducted a capital increase through public offering during the period.</p> $\text{Total distributions} \div \text{Net income} \times 100$
Property leasing NOI	$\text{Profit from real estate rent business (Real estate rent revenue} - \text{Expenses related to real estate rent business)} + \text{Depreciation and amortization}$
FFO per unit	$(\text{Net income} + \text{Depreciation and amortization} + \text{Other depreciation and amortization} - \text{Gain (loss) on sales of real estate properties} + \text{other sales expenses}) \div \text{Total number of investment units issued and outstanding}$
FFO multiple	$\text{Investment unit price at end of period} \div \text{Annualized FFO per unit}$
Debt service coverage ratio	$\text{Earnings before interest, depreciation and amortization} \div \text{Interest expenses (including interest expenses on investment corporation bonds)}$
LTV ratio	$\text{Total interest-bearing liabilities} \div \text{Total assets} \times 100$

- (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 Jasdac Securities Exchange, Inc. (“Jasdac”) (Securities Code: 8979) the next day. After three capital increases through public offering and other developments since listing on Jasdac, 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 Jasdac on August 10, 2010, and the delisting from Jasdac 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 (35th fiscal period: from November 1, 2022 to April 30, 2023), the total number of investment units issued and outstanding is 282,477 units, total assets amount to 103,703 million yen, and unitholders' capital (net) amounts to 47,536 million yen.

ii) Investment environment and management performance

In the 35th fiscal period, the Japanese economy saw a progress in the normalization of economic and social activities and a recovery in personal consumption centering on service consumption such as dining out and travel as well as an improvement in corporate earnings due to the easing of movement restrictions implemented to prevent the spread of COVID-19. On the other hand, the business environment remained unstable due to soaring resource and energy prices against the backdrop of the conflict in Ukraine as well as the rapid inflation and rising interest rates in the U.S. and elsewhere, among other factors.

Under such circumstances, as we looked at the demand trends in the rental housing market in which SPI invests, the demand and supply environment was favorable mainly in the Tokyo metropolitan area. Demand continued to be stable in other major metropolitan areas, and rental apartments owned by listed REITs specializing in housing have maintained high occupancy rates.

In the secondary real estate market, the demand of investors for rental housing showing stable operation and revenue was robust amid the ongoing favorable fund procurement environment. This has kept competition in property acquisition overheated, leaving transaction prices at a high level.

In the 35th fiscal period, SPI conducted asset replacement through acquisition of (C-90) Proceed Yamashita Koen The Tower, (C-91) Shinozaki Twin Place, (C-92) Proceed Minamisunamachi, (G-36) Proceed Tsurigane and (G-37) Proceed Fukaebashi (total acquisition price: 12,235 million yen) on November 1, 2022 as well as (C-93) Proceed Matsudo (acquisition price: 498 million yen) on April 28, 2023, and disposition of (C-34) Proceed Koenjiminami, (C-38) Proceed Hakuraku and (C-57) Proceed Kashiwa Trois (total disposition price: 1,124 million yen) on April 28, 2023. As a result, SPI's portfolio as of the end of the 35th fiscal period consists of 107 properties with acquisition prices totaling 100,933 million yen and a total leasable floor area of 207,039.40 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, the Asset Management Company continued to reduce utilities expenses by converting the common lighting for common areas to LED lighting. These measures worked to maintain the occupancy rate of the entire portfolio stably, resulting in a period-end occupancy rate of 96.3% and an average occupancy rate of 96.6%.

As for ESG initiatives, SPI continues to participate in the Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment based on its ESG policy. In addition, as an initiative on governance, SPI partially revised its Articles of Incorporation at the General Meeting of Unitholders held on January 20, 2023 and changed the management fee structure for the Asset Management Company for the purpose of further enhancing the linkage between the compensation for the Asset Management Company and unitholders' interests. SPI has acquired CASBEE Certification for Real Estate for one property and Building-Housing Energy-Efficiency Labeling System (BELS) Certification for three properties as of the end of the 35th fiscal period.

iii) Overview of financing

In the 35th fiscal period, SPI procured 5,852 million yen through the issuance of new investment units (28,700 units through primary offering) and 7,200 million yen through new borrowings on November 1, 2022 to fund the acquisition of the above five properties acquired on November 1, 2022. In addition, SPI borrowed a long-term loan of 4,190 million yen (term: 6 years and 6 months) to repay a long-term loan of 4,190 million yen due for repayment on November 24, 2022.

As a result, the period-end balance of interest-bearing liabilities totaled 52,846 million yen, comprising 9,032 million yen in current portion of long-term loans payable, 40,313 million yen in long-term loans payable and 3,500 million yen in investment corporation bonds as of the end of the 35th fiscal period, with the period-end LTV ratio standing at 51.0%.

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 (Stable)	Bond rating A

iv) Summary of business performance and distribution

As a result of the management described above, business performance recorded for the 35th fiscal period was operating revenue of 3,676 million yen, operating income of 1,682 million yen, ordinary income of 1,423 million yen and net income of 1,415 million yen.

Concerning distributions, SPI conducts distributions to ensure the 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”). For the 35th fiscal period, SPI decided to distribute the entire amount, excluding fractions of distribution per investment unit of less than 1 yen, which is obtained by adding 185 million yen of reversal of reserve for reduction entry accumulated in accordance with Article 66-2 of the Special Taxation Measures Act to unappropriated retained earnings. Accordingly, SPI declared a distribution per investment unit of 5,667 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)
November 1, 2022	Capital increase through public offering	28,700	282,477	5,852	47,536	(Note 14)

- (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.

(Note 14) SPI issued additional investment units through public offering at an issue price of 210,941 yen (purchase price (underwriting price) of 203,909 yen) per unit to fund the acquisition of new properties.

[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	31st period	32nd period	33rd period	34th period	35th period
Closing month/year	April 2021	October 2021	April 2022	October 2022	April 2023
Highest (yen)	232,000	268,200	242,500	264,900	239,100
Lowest (yen)	190,700	219,100	205,200	222,300	220,200

(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, excluding fractions of distribution per investment unit of less than 1 yen, which is obtained by adding reversal of reserve for reduction entry accumulated in accordance with Article 66-2 of the Special Taxation Measures Act to unappropriated retained earnings. Accordingly, SPI declared a distribution per investment unit of 5,667 yen.

Fiscal period	31st period	32nd period	33rd period	34th period	35th period
Calculation period	From November 1, 2020 to April 30, 2021	From May 1, 2021 to October 31, 2021	From November 1, 2021 to April 30, 2022	From May 1, 2022 to October 31, 2022	From November 1, 2022 to April 30, 2023
Total unappropriated retained earnings	1,183,395 thousand yen	1,158,003 thousand yen	1,197,331 thousand yen	1,301,169 thousand yen	1,415,073 thousand yen
Retained earnings	33 thousand yen	18 thousand yen	11 thousand yen	99,018 thousand yen	125 thousand yen
Total distributions	1,183,362 thousand yen	1,157,984 thousand yen	1,197,319 thousand yen	1,515,302 thousand yen	1,600,797 thousand yen
[Distribution per unit]	[4,663 yen]	[4,563 yen]	[4,718 yen]	[5,971 yen]	[5,667 yen]
Of which, total distributions of earnings	1,183,362 thousand yen	1,157,984 thousand yen	1,197,319 thousand yen	1,515,302 thousand yen	1,600,797 thousand yen
[Distribution of earnings per unit]	[4,663 yen]	[4,563 yen]	[4,718 yen]	[5,971 yen]	[5,667 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 pick up due to the progress in the normalization of economic and social activities amid the coexistence with COVID-19. On the other hand, SPI believes that it is necessary to pay attention to the prolonged conflict in Ukraine, global price hikes against the backdrop of its situation, interest rate increases and other downside risks, and closely monitor the impact of fluctuations in the financial and capital markets.

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, Starts Amenity Corporation and the group companies in major cities in Japan (Note), 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.

(Note) Group companies in major cities in Japan refer to Starts Hokkaido Co., Ltd., Starts Tohoku Co., Ltd., Starts Tokai Co., Ltd., Starts Kansai Co., Ltd., Starts Kyushu Co., Ltd., and Starts Okinawa Co., Ltd., which operate in major cities in Japan with Starts Corporation Inc. as the parent company.

ii) Internal Growth Strategy

Following on from the 35th 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. SPI will also continue to improve asset value through large-scale repair work and facility renewal. 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. Issuance of investment corporation bonds (Green Bonds)

SPI issued investment corporation bonds under the following conditions based on the comprehensive resolution on the issuance of investment corporation bonds resolved at its Board of Directors' meeting held on April 24, 2023.

Name	Starts Proceed Fourth Series Unsecured Investment Corporation Bond (with pari passu conditions among specified investment corporation bonds) (Green Bonds)
Total issue amount	1,500 million yen
Payment date	May 22, 2023
Paid-in amount	100 yen per 100 yen of each investment corporation bond
Interest rate	0.800% per annum
Security and guarantee	Unsecured and unguaranteed
Redemption date	The total amount will be redeemed on May 22, 2028. The Investment Corporation Bonds may be repurchased and cancelled at any time on or after the date subsequent to the payment date, unless otherwise determined by laws and regulations, or the book-entry transfer institution's operational rules and other rules.
Interest payment date	May 22 and November 22 of each year The first interest payment date is November 22, 2023. If an interest payment date falls on a bank holiday, then the date of payment will be moved to the immediately preceding bank business day.
Use of funds	Used as part of the funds for repayment of the borrowings procured and later refinanced to acquire "(C-41) Proceed Nishiarai (Artier)," which is a specified asset meeting the eligibility criteria set in the Green Finance Framework.

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

SPI borrowed Term Loan 2Z as follows to partially fund the repayment of Term Loan 2C (loan balance: 2,873.5 million yen) and Term Loan 2R (loan balance: 2,159 million yen) for which the repayment date arrived on May 24, 2023.

	Term Loan 2Z
Lender	Resona Bank, Limited Aozora Bank, Ltd. The Musashino Bank, Ltd. The Chiba Bank, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Mizuho Trust & Banking Co., Ltd.
Loan amount	3,532.5 million yen
Drawdown date	May 24, 2023
Principal repayment date	November 22, 2029
Interest rate (Note)	Floating rate (Base interest rate (JBA 3-month Japanese Yen TIBOR) + 0.680%)
Interest payment date	The first interest payment date shall be the last day of May 2023, 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 2Z, which is conducted with a floating interest rate.

	Agreement concerning Term Loan 2Z	
Lender	Resona Bank, Limited	
Notional principle amount	3,532.5 million yen	
Interest rate, etc.	Payable fixed	1.220%
	Receivable floating	Base interest rate (JBA 3-month Japanese Yen TIBOR) + 0.680% (Note)
Commencement date	May 24, 2023	
Termination date	November 22, 2029	
Payment date	The first interest payment date shall be the last day of May 2023, 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 agreement, the actual interest rate on Term Loan 2Z is, in effect, fixed.

2. Overview of the Investment Corporation

(1) Status of investment in capital

Fiscal period	31st period	32nd period	33rd period	34th period	35th period
Closing month/year	As of April 30, 2021	As of October 31, 2021	As of April 30, 2022	As of October 31, 2022	As of April 30, 2023
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	282,477 units
Unitholders' capital (net) (Note)	41,684 million yen	41,684 million yen	41,684 million yen	41,684 million yen	47,536 million yen
Number of unitholders	12,373 individuals	11,711 individuals	11,383 individuals	11,189 individuals	11,886 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, 2023.

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)	53,394	18.90
Starts Corporation, Inc.	38,017	13.45
The Master Trust Bank of Japan, Ltd. (trust account)	36,788	13.02
The Nomura Trust and Banking Co., Ltd. (investment trust account)	10,819	3.83
Kinkisangyo Shinkumi Bank	4,164	1.47
JP MORGAN CHASE BANK 385770	3,789	1.34
Morgan Stanley MUFG Securities Co., Ltd.	3,036	1.07
SMBC Nikko Securities Inc.	2,904	1.02
K. K. Toyosu	2,826	1.00
SSBTC CLIENT OMNIBUS ACCOUNT	2,703	0.95
Total	158,440	56.08

(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, 2023 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. President, 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 President, Fujiwara Natural History Public Interest Incorporated Foundation	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, 2023.

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	34th period (as of October 31, 2022)		35th period (as of April 30, 2023)	
		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	65,553,144	72.3	75,438,173	72.7
	Cabinet order designated cities	18,582,239	20.5	20,724,710	20.0
	Regional area major cities	2,195,750	2.4	2,172,671	2.1
Subtotal		86,331,134	95.3	98,335,554	94.8
Deposits and other assets		4,294,064	4.7	5,367,992	5.2
Total assets		90,625,199	100.0	103,703,546	100.0

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

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

(2) Major assets held

The following is an overview of the major assets (top ten properties on a book value basis) owned by SPI as of April 30, 2023.

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-90	Proceed Yamashita Koen The Tower	8,159,528	8,154.58	7,751.08	95.1	5.8	Apartment
C-75	Proceed Shin Yokohama	4,337,099	5,457.56	5,311.89	97.3	3.4	Apartment
C-82	The Parkhabio Yokohama Yamate	3,176,400	2,654.69	2,603.25	98.1	1.9	Apartment
C-89	Alpha Grande Chizakura Tower	3,129,170	4,437.47	4,325.18	97.5	2.7	Apartment
C-41	Proceed Nishiarai	2,768,041	20,137.85	19,910.13	98.9	8.7	Apartment
C-70	Proceed Nishi Shinjuku	2,690,172	2,461.88	2,296.66	93.3	1.8	Apartment
C-69	Proceed Nihonbashi Honcho	2,584,177	2,553.89	2,429.23	95.1	1.7	Apartment
C-77	Proceed Kinshicho	2,221,530	2,302.92	2,160.77	93.8	1.5	Apartment
G-26	Proceed Bentencho	2,218,109	4,134.70	4,091.59	99.0	1.9	Apartment
G-25	Proceed Aratamabashi	2,061,839	5,335.93	4,447.53	83.4	1.6	Apartment
Total		33,346,069	57,631.47	55,327.31	96.0	31.0	-

(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, 2023.

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	1,550,000	981,410
C-2	Proceed Toyochō	2-1-7 Minamisuna, Koto-ku, Tokyo	Trust beneficiary interest	1,085.56	998,000	559,020
C-3	Proceed Kasai	5-41-6 Nakakasai, Edogawa-ku, Tokyo	Trust beneficiary interest	1,243.80	910,000	582,037
C-4	Proceed Sangenjaya	2-41-1 Sangenjaya, Setagaya-ku, Tokyo	Trust beneficiary interest	1,019.27	687,000	605,458
C-5	Proceed Mizue	3-24-10 Minamishinozakimachi, Edogawa-ku, Tokyo	Trust beneficiary interest	2,076.68	822,000	608,483
C-6	Proceed Funabashi Miyamoto	1-22-13 Miyamoto, Funabashi, Chiba	Trust beneficiary interest	1,685.73	617,000	437,441
C-7	Proceed Minamikasai	6-2-26 Minamikasai, Edogawa-ku, Tokyo	Trust beneficiary interest	1,045.28	338,000	313,481
C-9	Proceed Gyotoku	8-2 Irifune, Ichikawa, Chiba	Trust beneficiary interest	1,218.56	366,000	337,251
C-10	Proceed Makuharihongo	6-2-15 Makuharihongo, Hanamigawa-ku, Chiba, Chiba	Trust beneficiary interest	963.00	347,000	266,076
C-11	Proceed Minamigyotoku	3-12-10 Fukuei, Ichikawa, Chiba	Trust beneficiary interest	838.95	363,000	289,979
C-12	Proceed Makuharihongo 2	5-19-13 Makuharihongo, Hanamigawa-ku, Chiba, Chiba	Trust beneficiary interest	1,104.84	244,000	226,230
C-14	Proceed Funabori	5-5-16 Funabori, Edogawa-ku, Tokyo	Trust beneficiary interest	479.52	247,000	231,338
C-15	Proceed Takenozuka	2-16-6 Iriya, Adachi-ku, Tokyo	Trust beneficiary interest	860.55	254,000	166,778
C-16	Proceed Sengendai 2	5-7-6 Sengendainishi, Koshigaya, Saitama	Trust beneficiary interest	695.81	122,000	87,897
C-17	Proceed Shoto	2-3-11 Shoto, Shibuya-ku, Tokyo	Trust beneficiary interest	890.22	1,090,000	878,041
C-18	Proceed Sangubashi	3-57-10 Yoyogi, Shibuya-ku, Tokyo	Trust beneficiary interest	527.88	554,000	480,613
C-19	Proceed Urayasu	1-2-1 Fujimi, Urayasu, Chiba	Trust beneficiary interest	1,786.58	456,000	445,135
C-20	Proceed Shinkoiwa	2-31-14 Matsushima, Edogawa-ku, Tokyo	Trust beneficiary interest	1,629.07	553,000	489,304
C-23	Proceed Toritsudaigaku	1-5-8 Yakumo, Meguro-ku, Tokyo	Trust beneficiary interest	808.65	905,000	757,185
C-24	Proceed Toritsudaigaku 2	1-2-3 Tairamachi, Meguro-ku, Tokyo	Trust beneficiary interest	831.74	916,000	716,040
C-25	Proceed Honjozumabashi	4-15-13 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interest	570.53	519,000	285,175
C-26	Proceed Meguro Aobadai	3-5-2 Aobadai, Meguro-ku, Tokyo	Trust beneficiary interest	485.15	478,000	446,784
C-27	Proceed Suginami Miyamae	1-15-12 Miyamae, Suginami-ku, Tokyo	Trust beneficiary interest	680.50	505,000	417,459
C-28	Proceed Ryogoku	1-20-4 Midori, Sumida-ku, Tokyo	Trust beneficiary interest	702.54	648,000	415,912
C-29	Proceed Mita	2-30-9 Shiba, Minato-ku, Tokyo	Trust beneficiary interest	1,500.57	1,580,000	1,395,051
C-31	Proceed Kameido	9-5-13 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	853.98	346,000	363,962
C-32	Proceed Takadanobaba	3-43-18 Takadanobaba, Shinjuku-ku, Tokyo	Trust beneficiary interest	278.36	292,000	244,966
C-33	Proceed Shinkoenji	3-10-21 Horinouchi, Suginami-ku, Tokyo	Trust beneficiary interest	1,040.24	894,000	762,000
C-36	Proceed Oimachi	5-8-9 Higashioi, Shinagawa-ku, Tokyo	Trust beneficiary interest	961.88	950,000	967,205

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-37	Proceed Jujo	4-9-17 Kamijujo, Kita-ku, Tokyo	Trust beneficiary interest	1,206.90	558,000	543,104
C-41	Proceed Nishiarai	1-18-11, 12, 13 and 14, Nishiaraisakaecho, Adachi-ku, Tokyo	Trust beneficiary interest	20,137.85	6,910,000	2,768,041
C-42	Proceed Chofu	1-28-4 Fuda, Chofu, Tokyo	Trust beneficiary interest	764.48	619,000	383,617
C-43	Proceed TX Rokucho	1-16-17 Higashihokima, Adachi-ku, Tokyo	Trust beneficiary interest	518.31	184,000	173,719
C-44	Proceed Nakagawara	5-10-1 Bubaicho, Fuchu, Tokyo	Trust beneficiary interest	3,061.94	1,380,000	1,190,978
C-45	Proceed Oizumigakuen	4-19-6 Higashioizumi, Nerima-ku, Tokyo	Trust beneficiary interest	483.43	282,000	284,907
C-46	Proceed Chitosekarasuyama	2-38-30 Kamisoshigaya, Setagaya-ku, Tokyo	Trust beneficiary interest	449.96	334,000	322,536
C-47	Proceed Mitaka	3-16-3 Shimorenjaku, Mitaka, Tokyo	Trust beneficiary interest	739.48	581,000	513,951
C-48	Proceed Kashiwa Est	3-8-19 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	1,279.93	739,000	653,847
C-49	Proceed Kashiwa Nord	5-8-17 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	1,391.55	627,000	602,655
C-50	Proceed Gyotokuekimae	2-1-18 Gyotokuekimae, Ichikawa, Chiba	Trust beneficiary interest	659.68	373,000	256,209
C-51	Proceed Funabashi Honcho	6-19-18 Honcho, Funabashi, Chiba	Trust beneficiary interest	996.44	591,000	480,056
C-53	Proceed Gumyoji	1-4-12 Nakazato, Minami-ku, Yokohama, Kanagawa	Trust beneficiary interest	1,246.48	572,000	543,293
C-54	Proceed Tsurugamine	2-9-6 Tsurugamine, Asahi-ku, Yokohama, Kanagawa	Trust beneficiary interest	855.00	381,000	354,340
C-55	Proceed Sagamiotsuka	2-13-5 Sakuramori, Yamato, Kanagawa	Trust beneficiary interest	741.24	218,000	222,809
C-58	Proceed Shinozaki Tower	7-20-19 Shinozakimachi, Edogawa-ku, Tokyo	Trust beneficiary interest	5,117.49	2,260,000	1,239,471
C-59	Proceed Tobu Nerima	1-3-11 Tokumaru, Itabashi-ku, Tokyo	Trust beneficiary interest	779.84	591,000	402,399
C-60	Proceed Yukigaya	1-15-20 Minamiyukigaya, Ota-ku, Tokyo	Trust beneficiary interest	600.62	401,000	351,673
C-61	Proceed Ichikawa Minami	1-9-27 Ichikawaminami, Ichikawa, Chiba	Trust beneficiary interest	1,635.59	1,030,000	693,230
C-62	Proceed Ichikawa Myoden	2-14-15 Shioyaki, Ichikawa, Chiba	Trust beneficiary interest	945.00	660,000	515,386
C-63	Proceed Fujisawa Kugenuma	2-6-6 Kugenumaishigami, Fujisawa, Kanagawa	Trust beneficiary interest	2,005.76	928,000	727,926
C-64	Proceed Nihonbashi-horidomecho	2-4-8 Nihonbashihoridomecho, Chuo-ku, Tokyo	Trust beneficiary interest	1,904.45	2,000,000	1,495,510
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	823,483
C-66	Proceed Gyotoku 2	1-6-6 Fukuei, Ichikawa, Chiba	Trust beneficiary interest	1,626.54	1,000,000	814,372
C-67	Proceed Nishikasai	2-7-6 and 2-7-1, Seishin-cho, Edogawa-ku, Tokyo	Trust beneficiary interest	2,993.52	1,110,000	946,399
C-68	Proceed Kasai 2	7-15-7 Higashikasai, Edogawa-ku, Tokyo	Trust beneficiary interest	2,140.59	1,040,000	817,505
C-69	Proceed Nihonbashi Honcho	4-10-5 Nihonbashihoncho, Chuo-ku, Tokyo	Trust beneficiary interest	2,553.89	2,820,000	2,584,177
C-70	Proceed Nishi Shinjuku	3-7-23 Nishishinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interest	2,461.88	2,820,000	2,690,172
C-71	Proceed Unoki	2-43-7 Unoki, Ota-ku, Tokyo	Trust beneficiary interest	1,260.58	1,120,000	898,360
C-72	Proceed Minamigyotoku 2	3-3-20 Fukuei, Ichikawa, Chiba	Trust beneficiary interest	2,832.74	1,280,000	1,038,805
C-73	Proceed CO-Z East Building	4-12 Kozunomori, Narita, Chiba	Trust beneficiary interest	6,873.33	2,240,000	1,896,402

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-74	Proceed CO-Z West Building	4-1-1 Kozunomori, Narita, Chiba	Trust beneficiary interest	3,716.05	1,180,000	1,022,653
C-75	Proceed Shin Yokohama	3-21-2 Shin Yokohama, Kohoku-ku, Yokohama, Kanagawa	Trust beneficiary interest	5,457.56	4,830,000	4,337,099
C-76	Life Support Residence Funaboriekimae	4-8-10 Funabori, Edogawa-ku, Tokyo	Trust beneficiary interest	1,408.71	448,000	242,873
C-77	Proceed Kinshicho	4-6-9 Kamezawa, Sumida-ku, Tokyo	Trust beneficiary interest	2,302.92	2,230,000	2,221,530
C-78	Proceed K2	6-8-37 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	4,140.69	1,380,000	1,238,805
C-79	Proceed K3 Annex	1023-1 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	1,590.30	324,000	302,377
C-80	Proceed K5	6-8-38 Kashiwa, Kashiwa, Chiba	Trust beneficiary interest	788.95	277,000	285,182
C-81	Proceed Ichikawa Myoden II	2-14-20 Shioyaki, Ichikawa, Chiba	Trust beneficiary interest	1,218.00	871,000	838,344
C-82	The Parkhabio Yokohama Yamate	2-78-11 Ishikawa-cho, Naka-ku, Yokohama, Kanagawa	Trust beneficiary interest	2,654.69	3,230,000	3,176,400
C-83	Proceed Monzennakacho	1-7-8 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interest	1,515.81	1,480,000	1,274,661
C-84	Proceed Maihama	4-14-13 Fujimi, Urayasu, Chiba	Trust beneficiary interest	1,735.31	1,350,000	1,069,795
C-85	Proceed Nagareyama Otakanomori	1-2-3 Otakanomorikita, Nagareyama, Chiba	Trust beneficiary interest	1,730.96	1,210,000	1,140,501
C-86	Proceed Shinkawa	1-25-14 Shinkawa, Chuo-ku, Tokyo	Trust beneficiary interest	579.96	560,000	531,785
C-87	Proceed Kinshicho 2	5-14-11 Kotobashi, Sumida-ku, Tokyo	Trust beneficiary interest	668.54	552,000	573,676
C-88	Proceed Ishikawadai	2-24-7 Higashiyukigaya, Ota-ku, Tokyo	Trust beneficiary interest	1,105.45	909,000	862,761
C-89	Alpha Grande Chizakura Tower	25 Kandahigashimatsushitacho, Chiyoda-ku, Tokyo	Trust beneficiary interest	4,437.47	2,960,000	3,129,170
C-90	Proceed Yamashita Koen The Tower	27 Yamashitacho, Naka-ku, Yokohama, Kanagawa	Trust beneficiary interest	8,154.58	8,000,000	8,159,528
C-91	Shinozaki Twin Place	7-20-19 and 7-21-5 Shinozakimachi, Edogawa-ku, Tokyo	Trust beneficiary interest	3,997.56	1,710,000	1,709,321
C-92	Proceed Minamisunamachi	5-12-5 Minamisuna, Koto-ku, Tokyo	Trust beneficiary interest	872.95	772,000	806,166
C-93	Proceed Matsudo	19-3 Honcho, Matsudo, Chiba	Trust beneficiary interest	827.56	514,000	528,460
G-8	Proceed Taikodori	4-31 Taikotori, Nakamura-ku, Nagoya, Aichi	Trust beneficiary interest	1,101.56	519,000	316,737
G-11	Proceed Honamicho	3-55 Honamicho, Chikusa-ku, Nagoya, Aichi	Trust beneficiary interest	620.22	264,000	217,961
G-13	Proceed Shinsakae	1-28-21 Shinsakae, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	1,958.44	929,000	594,156
G-14	Proceed Chiyoda	2-10-16 Chiyoda, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	922.40	365,000	230,470
G-15	Proceed Fukuoka Takamiya	1-7-15 Noma, Minami-ku, Fukuoka, Fukuoka	Trust beneficiary interest	1,312.29	524,000	399,395
G-17	Proceed Kanayama	3-11-9 Kanayama, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	2,733.58	1,550,000	886,147
G-18	Proceed Fukiage	2-22-1 Kurumadacho, Showa-ku, Nagoya, Aichi	Trust beneficiary interest	1,204.65	662,000	430,481
G-19	Proceed Toyota	3-51 Shinmeicho, Toyota, Aichi	Trust beneficiary interest	752.04	333,000	189,118
G-21	Proceed Nishitenma	3-7-3 Nishitenma, Kita-ku, Osaka, Osaka	Trust beneficiary interest	1,775.89	1,210,000	848,210
G-22	Proceed Kobemotomachi	3-5-2 Sakaemachidori, Chuo-ku, Kobe, Hyogo	Trust beneficiary interest	1,590.64	1,070,000	755,490
G-23	Group Home Tanoshii Ie Taisho	3-14-8 Hirao, Taisho-ku, Osaka, Osaka	Trust beneficiary interest	482.72	189,000	153,390

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-24	Proceed Kanayama 2	2-1-22 Kanayama, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	4,218.01	2,490,000	1,940,028
G-25	Proceed Aratamabashi	8-17-2 Mizuhodori, Mizuho-ku, Nagoya, Aichi	Trust beneficiary interest	5,335.93	2,270,000	2,061,839
G-26	Proceed Bentencho	2-5-12 Ichioka Motomachi, Minato-ku, Osaka, Osaka	Trust beneficiary interest	4,134.70	2,410,000	2,218,109
G-27	Proceed Nagaikoendori	2-9-19 Minamisumiyoshi, Sumiyoshi-ku, Osaka, Osaka	Trust beneficiary interest	2,170.80	1,090,000	1,086,246
G-30	Proceed Hyogoekimaedori	1-3-22 Ekimaedori, Hyogo-ku, Kobe, Hyogo	Trust beneficiary interest	3,086.99	1,820,000	1,756,307
G-31	Proceed Mizuho	2-43 Mizuhodori, Mizuho-ku, Nagoya, Aichi	Trust beneficiary interest	1,126.40	545,000	540,526
G-32	Proceed Osu	1-29-32 Osu, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	1,851.30	956,000	789,230
G-33	Proceed Sendai Kozurushinden	3-13-3 Shinden Higashi, Miyagino-ku, Sendai, Miyagi	Trust beneficiary interest	1,913.28	807,000	748,250
G-34	Proceed Sendai Kamisugi	2-4-30 Kamisugi, Aoba-ku, Sendai, Miyagi	Trust beneficiary interest	3,409.93	1,880,000	1,510,053
G-35	Proceed Kanayama 3	2-4-26 Masaki, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	1,799.52	936,000	786,957
G-36	Proceed Tsurigane	2-1-5 Tsuriganecho, Chuo-ku, Osaka, Osaka	Trust beneficiary interest	1,072.24	839,000	871,000
G-37	Proceed Fukaebashi	2-1-2 Fukaekita, Higashinari-ku, Osaka, Osaka	Trust beneficiary interest	1,609.14	1,360,000	1,394,599
R-2	Proceed Mito	3-4-14 Omachi, Mito, Ibaraki	Trust beneficiary interest	1,223.83	491,000	280,872
R-3	Proceed Mito 2	3-2-31 Omachi, Mito, Ibaraki	Trust beneficiary interest	1,381.34	524,000	314,832
R-4	Proceed Tsukuba Gakuentoshi	3-9-4 Ninomiya, Tsukuba, Ibaraki	Trust beneficiary interest	2,659.71	918,000	725,695
R-5	Proceed Mito 3	3-1-41 Minamimachi, Mito, Ibaraki	Trust beneficiary interest	2,258.88	898,000	851,270
Total				207,039.40	118,016,000	98,335,554

(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, 2023 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	34th period (as of October 31, 2022)				35th period (as of April 30, 2023)			
		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	48	95.3	45,035	1.4	49	98.2	46,330	1.3
C-2	Proceed Toyocho	45	100.0	22,999	0.7	45	100.0	22,999	0.6
C-3	Proceed Kasai	57	100.0	25,057	0.8	57	100.0	29,121	0.8
C-4	Proceed Sangenjaya	9	100.0	20,357	0.6	9	100.0	21,322	0.6
C-5	Proceed Mizue	28	100.0	26,281	0.8	27	96.5	27,395	0.8
C-6	Proceed Funabashi Miyamoto	32	97.2	21,964	0.7	32	97.5	23,100	0.6
C-7	Proceed Minamikasai	16	100.0	12,760	0.4	15	93.2	12,840	0.4
C-9	Proceed Gyotoku	19	95.0	13,207	0.4	20	100.0	12,546	0.4

Property number	Property name	34th period (as of October 31, 2022)				35th period (as of April 30, 2023)			
		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-10	Proceed Makuharihongo	32	94.0	12,072	0.4	33	97.0	12,201	0.3
C-11	Proceed Minamigyotoku	26	100.0	12,431	0.4	26	100.0	12,734	0.4
C-12	Proceed Makuharihongo 2	19	86.4	10,124	0.3	22	100.0	10,655	0.3
C-14	Proceed Funabori	23	95.8	8,327	0.3	24	100.0	9,220	0.3
C-15	Proceed Takenozuka	15	100.0	8,582	0.3	15	100.0	8,488	0.2
C-16	Proceed Sengendai 2	12	100.0	5,191	0.2	12	100.0	5,349	0.2
C-17	Proceed Shoto	39	97.7	26,868	0.9	38	95.5	27,735	0.8
C-18	Proceed Sangubashi	23	89.0	14,460	0.5	26	100.0	13,977	0.4
C-19	Proceed Urayasu	20	95.1	19,803	0.6	21	100.0	18,791	0.5
C-20	Proceed Shinkoiwa	27	100.0	20,778	0.7	27	100.0	21,609	0.6
C-23	Proceed Toritsudaigaku	35	94.7	21,971	0.7	34	92.1	22,318	0.6
C-24	Proceed Toritsudaigaku 2	36	100.0	21,519	0.7	36	100.0	21,504	0.6
C-25	Proceed Honjoazumabashi	19	100.0	12,038	0.4	18	94.8	12,471	0.4
C-26	Proceed Meguro Aobadai	21	87.1	13,228	0.4	24	100.0	13,008	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	0.4
C-29	Proceed Mita	72	100.0	40,937	1.3	72	100.0	40,937	1.2
C-31	Proceed Kameido	23	100.0	10,962	0.3	23	100.0	10,978	0.3
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	24,138	0.8	57	100.0	24,120	0.7
C-34	Proceed Koenjiminami	20	100.0	8,298	0.3	-	-	8,298	0.2
C-35	Proceed Hasune	-	-	9,342	0.3	-	-	-	-
C-36	Proceed Oimachi	59	100.0	25,180	0.8	59	100.0	25,176	0.7
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	-	-	8,646	0.2
C-39	Proceed Shinmaruko	-	-	17,474	0.6	-	-	-	-
C-41	Proceed Nishiarai	289	98.4	304,005	9.6	291	98.9	309,024	8.7
C-42	Proceed Chofu	25	96.6	16,531	0.5	25	96.1	17,039	0.5
C-43	Proceed TX Rokucho	19	95.3	7,174	0.2	20	100.0	6,963	0.2
C-44	Proceed Nakagawara	52	96.8	41,726	1.3	52	97.1	42,186	1.2
C-45	Proceed Oizumigakuen	27	93.1	9,416	0.3	29	100.0	9,816	0.3
C-46	Proceed Chitosekarasuyama	25	89.3	10,608	0.3	26	92.9	10,302	0.3
C-47	Proceed Mitaka	47	100.0	16,174	0.5	47	100.0	16,150	0.5

Property number	Property name	34th period (as of October 31, 2022)				35th period (as of April 30, 2023)			
		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-48	Proceed Kashiwa Est	43	97.8	23,608	0.7	44	100.0	23,631	0.7
C-49	Proceed Kashiwa Nord	45	95.8	20,590	0.7	46	97.9	20,689	0.6
C-50	Proceed Gyotokuekimae	22	91.4	11,788	0.4	24	100.0	11,260	0.3
C-51	Proceed Funabashi Honcho	39	97.5	19,110	0.6	39	97.5	19,514	0.5
C-52	Proceed Nishikawaguchi	-	-	31,095	1.0	-	-	-	-
C-53	Proceed Gumyoji	74	96.2	21,781	0.7	72	93.7	22,041	0.6
C-54	Proceed Tsurugamine	50	100.0	14,229	0.5	49	98.0	14,613	0.4
C-55	Proceed Sagamiotsuka	29	100.0	8,764	0.3	28	97.2	9,195	0.3
C-56	Proceed Shinozaki 2	-	-	33,410	1.1	-	-	-	-
C-57	Proceed Kashiwa Trois	38	100.0	22,343	0.7	-	-	21,666	0.6
C-58	Proceed Shinozaki Tower	88	100.0	91,276	2.9	87	98.8	93,674	2.6
C-59	Proceed Tobu Nerima	35	100.0	17,877	0.6	35	100.0	18,942	0.5
C-60	Proceed Yukigaya	34	97.1	13,235	0.4	34	97.2	12,941	0.4
C-61	Proceed Ichikawa Minami	63	96.6	32,167	1.0	65	98.2	30,910	0.9
C-62	Proceed Ichikawa Myoden	45	100.0	18,357	0.6	43	95.6	19,267	0.5
C-63	Proceed Fujisawa Kugenuma	25	100.0	34,089	1.1	24	97.0	33,649	0.9
C-64	Proceed Nihonbashi-horidomecho	34	95.3	42,199	1.3	35	93.9	43,039	1.2
C-65	Proceed TX Nagareyama Central Park	72	98.5	44,684	1.4	73	100.0	45,276	1.3
C-66	Proceed Gyotoku 2	57	96.6	30,081	1.0	58	98.3	28,462	0.8
C-67	Proceed Nishikasai	60	95.0	39,613	1.3	62	98.3	38,972	1.1
C-68	Proceed Kasai 2	29	100.0	31,501	1.0	28	97.5	31,783	0.9
C-69	Proceed Nihonbashi Honcho	80	94.0	61,136	1.9	80	95.1	61,073	1.7
C-70	Proceed Nishi Shinjuku	65	99.0	62,950	2.0	62	93.3	63,895	1.8
C-71	Proceed Unoki	29	100.0	28,548	0.9	29	100.0	28,154	0.8
C-72	Proceed Minamigyotoku 2	35	96.3	37,718	1.2	35	97.3	39,347	1.1
C-73	Proceed CO-Z East Building	109	97.5	75,825	2.4	105	94.7	80,311	2.3
C-74	Proceed CO-Z West Building	68	95.5	41,554	1.3	65	91.0	41,774	1.2
C-75	Proceed Shin Yokohama	211	93.3	120,868	3.8	220	97.3	119,660	3.4
C-76	Life Support Residence Funaboriekimae	2	100.0	11,774	0.4	2	100.0	11,774	0.3
C-77	Proceed Kinshicho	62	96.5	52,955	1.7	60	93.8	54,512	1.5
C-78	Proceed K2	60	100.0	47,250	1.5	55	93.5	46,697	1.3

Property number	Property name	34th period (as of October 31, 2022)				35th period (as of April 30, 2023)			
		Number of leased units at period-end (units) (Note 1)	Occupancy rate at period-end (%)	Rent revenue throughout period (thousand yen)	Ratio to total rent revenue (%) (Note 2)	Number of leased units at period-end (units) (Note 1)	Occupancy rate at period-end (%)	Rent revenue throughout period (thousand yen)	Ratio to total rent revenue (%) (Note 2)
C-79	Proceed K3 Annex	24	100.0	12,118	0.4	23	95.9	12,652	0.4
C-80	Proceed K5	16	92.4	7,974	0.3	14	81.9	9,121	0.3
C-81	Proceed Ichikawa Myoden II	58	100.0	26,811	0.9	58	100.0	26,796	0.8
C-82	The Parkhabio Yokohama Yamate	74	96.2	66,947	2.1	74	98.1	67,700	1.9
C-83	Proceed Monzennakacho	44	92.0	35,402	1.1	47	97.7	36,158	1.0
C-84	Proceed Maihama	66	100.0	33,484	1.1	64	97.0	34,795	1.0
C-85	Proceed Nagareyama Otakanomori	50	100.0	33,834	1.1	48	95.8	33,616	0.9
C-86	Proceed Shinkawa	16	86.4	13,950	0.4	18	100.0	13,134	0.4
C-87	Proceed Kinshicho 2	19	100.0	12,383	0.4	19	100.0	13,630	0.4
C-88	Proceed Ishikawadai	25	100.0	23,841	0.8	24	96.2	24,054	0.7
C-89	Alpha Grande Chizakura Tower	66	97.1	501	0.0	66	97.5	95,375	2.7
C-90	Proceed Yamashita Koen The Tower	-	-	-	-	138	95.1	205,365	5.8
C-91	Shinozaki Twin Place	-	-	-	-	4	100.0	80,746	2.3
C-92	Proceed Minamisunamachi	-	-	-	-	34	100.0	20,156	0.6
C-93	Proceed Matsudo	-	-	-	-	27	93.9	222	0.0
G-8	Proceed Taikodori	42	95.6	16,354	0.5	40	91.2	16,463	0.5
G-11	Proceed Honamicho	8	75.4	7,160	0.2	10	100.0	6,714	0.2
G-13	Proceed Shinsakae	68	88.3	29,647	0.9	68	88.7	30,318	0.9
G-14	Proceed Chiyoda	29	96.8	12,118	0.4	30	100.0	13,353	0.4
G-15	Proceed Fukuoka Takamiya	44	95.5	17,745	0.6	45	97.5	18,258	0.5
G-17	Proceed Kanayama	87	93.0	43,925	1.4	89	94.4	43,972	1.2
G-18	Proceed Fukiage	42	87.1	19,371	0.6	46	95.6	19,312	0.5
G-19	Proceed Toyota	26	93.5	13,120	0.4	23	86.9	13,063	0.4
G-21	Proceed Nishitenma	51	91.4	32,214	1.0	55	97.8	32,338	0.9
G-22	Proceed Kobemotomachi	57	93.7	30,994	1.0	59	96.9	30,823	0.9
G-23	Group Home Tanoshii Ie Taisho	1	100.0	6,000	0.2	1	100.0	6,000	0.2
G-24	Proceed Kanayama 2	68	94.6	62,985	2.0	66	92.2	65,628	1.8
G-25	Proceed Aratamabashi	60	80.5	54,196	1.7	62	83.4	57,177	1.6
G-26	Proceed Bentencho	121	96.1	64,962	2.1	125	99.0	68,217	1.9
G-27	Proceed Nagaikeondori	76	93.9	33,333	1.1	78	96.3	32,521	0.9
G-30	Proceed Hyogoekimadori	100	86.2	51,713	1.6	112	95.9	49,038	1.4
G-31	Proceed Mizuho	38	95.1	16,413	0.5	39	97.3	16,978	0.5

Property number	Property name	34th period (as of October 31, 2022)				35th period (as of April 30, 2023)			
		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)
G-32	Proceed Osu	61	92.4	28,030	0.9	58	87.9	26,827	0.8
G-33	Proceed Sendai Kozurushinden	58	92.2	24,630	0.8	58	92.2	25,287	0.7
G-34	Proceed Sendai Kamisugi	105	97.4	58,894	1.9	102	94.8	59,313	1.7
G-35	Proceed Kanayama 3	58	97.0	28,112	0.9	57	93.8	27,881	0.8
G-36	Proceed Tsurigane	-	-	-	-	22	84.6	20,140	0.6
G-37	Proceed Fukaebashi	-	-	-	-	63	100.0	30,702	0.9
R-2	Proceed Mito	33	92.2	16,149	0.5	35	97.5	16,987	0.5
R-3	Proceed Mito 2	33	91.1	17,306	0.5	29	82.7	18,373	0.5
R-4	Proceed Tsukuba Gakuentoshi	32	93.5	29,349	0.9	32	94.4	28,588	0.8
R-5	Proceed Mito 3	60	100.0	31,214	1.0	59	98.5	32,169	0.9
Total		4,865	96.1	3,154,025	100.0	5,094	96.3	3,554,688	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-35) Proceed Hasune, (C-39) Proceed Shinmaruko, (C-52) Proceed Nishikawaguchi and (C-56) Proceed Shinozaki 2 on October 31, 2022, and (C-34) Proceed Koenjiminami, (C-38) Proceed Hakuraku and (C-57) Proceed Kashiwa Trois on April 28, 2023, 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, 2023.

[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	28,062,500	28,062,500	(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, 2023, 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 assets that have been acquired as of the date of this document. 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 35th fiscal period	Total amount already paid
Proceed Shinkoiwa (Edogawa-ku, Tokyo)	Refreshment of exterior finishes	From Jan. 2023 to May 2023	32,830	-	-

(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 35th fiscal period. Capital expenditures during the 35th fiscal period totaled 213,452 thousand yen. Combined with repair expenses of 114,056 thousand yen that were classified as expenses for the fiscal period, SPI implemented 327,508 thousand yen worth of construction works in the 35th fiscal period.

Property name (Location)	Purpose	Period	Total expenditures (thousand yen) (Note)
Shinozaki Twin Place (Edogawa-ku, Tokyo)	Refurbishment of interior fittings on the 4th and 5th floors	From Nov. 2022 to Feb. 2023	36,372
Proceed Tobu Nerima (Itabashi-ku, Tokyo)	Replacement of interphone systems	From Apr. 2023 to Apr. 2023	7,833
Proceed Ichikawa Myoden (Ichikawa-shi, Chiba)	Replacement of interphone systems	From Nov. 2022 to Mar. 2023	5,881
Other constructions			163,365
Total			213,452

(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	31st period	32nd period	33rd period	34th period	35th period
Operation period	From Nov. 1, 2020 to Apr. 30, 2021	From May 1, 2021 to Oct. 31, 2021	From Nov. 1, 2021 to Apr. 30, 2022	From May 1, 2022 to Oct. 31, 2022	From Nov. 1, 2022 to Apr. 30, 2023
Balance of reserves at beginning of period	650,000	700,000	750,000	800,000	850,000
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	700,000	750,000	800,000	850,000	900,000

(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	34th period	35th period
	(From May 1, 2022 to Oct. 31, 2022)	(From Nov. 1, 2022 to Apr. 30, 2023)
(a) Asset management fees	305,480	375,124
(b) Asset custody fees	8,480	8,810
(c) Administrative service fees	22,450	25,254
(d) Directors' compensations	1,200	1,200
(e) Other operating expenses	112,376	105,718
Total	449,988	516,106

(Note) The asset management fee for the 34th fiscal period includes 19,855 thousand yen for asset management related to property acquisition, capitalized in the acquisition costs of respective properties, and 15,752 thousand yen for asset management related to property disposition. The asset management fee for the 35th fiscal period includes 70,031 thousand yen for asset management related to property acquisition, capitalized in the acquisition costs of respective properties, and 6,182 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, 2023 is as follows.

Classification	Lender	Drawdown date	Balance at beginning of 35th FP (thousand yen)	Balance at end of 35th FP (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks			
Long-term Loans (Note 3)	Resona Bank, Limited	May 24, 2016	763,500	763,500	0.90789	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								
	Mizuho Bank, Ltd.		1,090,000	-						0.72636	Nov. 24, 2022	Lump-sum repayment on repayment date
	The Chiba Bank, Ltd.	500,000	-									
	The Nishi-Nippon City Bank, Ltd.	500,000	-									
	Sumitomo Mitsui Banking Corporation	500,000	-									
	The Musashino Bank, Ltd.	500,000	-									
	Resona Bank, Limited	385,000	-									
	Higashi-Nippon Bank, Ltd.	250,000	-									
	Aozora Bank, Ltd.	215,000	-									
	ORIX Bank Corporation	150,000	-									
	Mizuho Trust & Banking Co., Ltd.	100,000	-									
	The Bank of Yokohama, Ltd.	1,000,000	1,000,000	0.75789	Nov. 24, 2023	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed				
	Resona Bank, Limited	519,000	519,000									
	Mizuho Bank, Ltd.	479,000	479,000									
	Sumitomo Mitsui Banking Corporation	479,000	479,000									
	The Chiba Bank, Ltd.	415,000	415,000									
	The Musashino Bank, Ltd.	415,000	415,000									
	Aozora Bank, Ltd.	321,000	321,000									
	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	727,000	727,000						0.75789	May 24, 2024	Lump-sum repayment on repayment date	Part of funds for refinancing and acquisition of AUM
	Aozora Bank, Ltd.	450,000	450,000									
	The Bank of Kyoto, Ltd.	400,000	400,000									
Mizuho Bank, Ltd.	299,000	299,000										
Sumitomo Mitsui Banking Corporation	299,000	299,000										
The Chiba Bank, Ltd.	259,000	259,000										
The Musashino Bank, Ltd.	259,000	259,000										
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	0.93000 (Note 2)	Nov. 22, 2024	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed					
Resona Bank, Limited	825,000	825,000										
The Chiba Bank, Ltd.	382,000	382,000										
The Musashino Bank, Ltd.	382,000	382,000										
Mizuho Bank, Ltd.	357,000	357,000										
The Kagawa Bank, Ltd.	325,000	325,000										
Sumitomo Mitsui Banking Corporation	241,000	241,000										
Sumitomo Mitsui Trust Bank, Limited	99,000	99,000										
Aozora Bank, Ltd.	831,000	831,000						0.86000 (Note 2)	May 23, 2025	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
Resona Bank, Limited	635,000	635,000										
The Chiba Bank, Ltd.	356,000	356,000										
The Musashino Bank, Ltd.	356,000	356,000										
The Kagawa Bank, Ltd.	303,000	303,000										
Mizuho Bank, Ltd.	250,000	250,000										
Sumitomo Mitsui Banking Corporation	225,000	225,000										
Sumitomo Mitsui Trust Bank, Limited	93,000	93,000										
Resona Bank, Limited	449,000	449,000	0.87000 (Note 2)	Nov. 25, 2025	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed					
Aozora Bank, Ltd.	278,000	278,000										
Mizuho Bank, Ltd.	189,000	189,000										
Sumitomo Mitsui Banking Corporation	189,000	189,000										
The Chiba Bank, Ltd.	163,000	163,000										
The Musashino Bank, Ltd.	163,000	163,000										
Sumitomo Mitsui Trust Bank, Limited	69,000	69,000										
Resona Bank, Limited	1,095,000	1,095,000						0.92000 (Note 2)	May 22, 2026	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
Aozora Bank, Ltd.	1,060,000	1,060,000										
Mizuho Bank, Ltd.	917,000	917,000										
The Musashino Bank, Ltd.	480,000	480,000										
The Chiba Bank, Ltd.	470,000	470,000										
The Kagawa Bank, Ltd.	152,000	152,000										
Sumitomo Mitsui Trust Bank, Limited	146,000	146,000										
Aozora Bank, Ltd.	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	547,500	547,500						0.47789	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										

Classification	Lender	Drawdown date	Balance at beginning of 35th FP (thousand yen)	Balance at end of 35th FP (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Description
Long-Term Loans (Note 3)	Resona Bank, Limited	May 24, 2021	548,000	548,000	0.53789	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	660,000	0.85000 (Note 2)	May 24, 2027	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
	Aozora Bank, Ltd.		640,000	640,000					
	Mizuho Bank, Ltd.		550,000	550,000					
	The Chiba Bank, Ltd.		290,000	290,000					
	The Musashino Bank, Ltd.		280,000	280,000					
	The 77 Bank, Ltd.		200,000	200,000					
	The Kagawa Bank, Ltd.		100,000	100,000					
	Sumitomo Mitsui Trust Bank, Limited	100,000	100,000						
	Resona Bank, Limited	May 24, 2022	828,500	828,500	1.06800 (Note 2)	May 24, 2028	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
	Aozora Bank, Ltd.		585,000	585,000					
	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					
	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						
	Mizuho Bank, Ltd.	May 24, 2022	600,000	600,000	1.01600 (Note 2)	Nov. 24, 2027	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
	Sumitomo Mitsui Banking Corporation		600,000	600,000					
	Resona Bank, Limited		350,000	350,000					
	Aozora Bank, Ltd.		300,000	300,000					
	The Bank of Kyoto, Ltd.		200,000	200,000					
	The 77 Bank, Ltd.		200,000	200,000					
	The Joyo Bank, Ltd.		200,000	200,000					
	Sumitomo Mitsui Trust Bank, Limited		150,000	150,000					
	Mizuho Trust & Banking Co., Ltd.		100,000	100,000					
	The Kagawa Bank, Ltd.		100,000	100,000					
	Higashi-Nippon Bank, Ltd.		100,000	100,000					
	The Bank of Yokohama, Ltd.	Nov. 1, 2022	-	3,000,000	1.16000 (Note 2)	Nov. 24, 2028	Lump-sum repayment on repayment date	Funds for acquisition of AUM	Unsecured Unguaranteed
	Resona Bank, Limited		-	1,200,000					
	Resona Bank, Limited		-	700,000					
	Mizuho Bank, Ltd.	Nov. 1, 2022	-	600,000	0.59080	Nov. 24, 2026	Lump-sum repayment on repayment date	Funds for acquisition of AUM	Unsecured Unguaranteed
	Sumitomo Mitsui Banking Corporation		-	600,000					
	Aozora Bank, Ltd.		-	500,000					
	The Chiba Bank, Ltd.		-	400,000					
The 77 Bank, Ltd.	-		100,000						
The Joyo Bank, Ltd.	-		100,000						
Mizuho Bank, Ltd.	-		100,000						
The Musashino Bank, Ltd.	Nov. 24, 2022	-	1,090,000	0.74184	May 24, 2029	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	
The Chiba Bank, Ltd.		-	500,000						
Sumitomo Mitsui Banking Corporation		-	500,000						
The Nishi-Nippon City Bank, Ltd.		-	500,000						
Resona Bank, Limited		-	285,000						
Higashi-Nippon Bank, Ltd.		-	250,000						
Aozora Bank, Ltd.		-	215,000						
Asahi Shinkin Bank		-	150,000						
The Bank of Kyoto, Ltd.		-	100,000						
Mizuho Trust & Banking Co., Ltd.		-	100,000						
Subtotal		42,146,000	49,346,000						
Total		42,146,000	49,346,000						

(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 (9,032,500 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, 2023 is as follows.

Issue	Issue date	Balance at beginning of 35th FP (thousand yen)	Balance at end of 35th 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	1,500,000	0.800% per annum	Nov. 18, 2031	Lump-sum upon maturity	Partial repayment of borrowings	Unsecured and unguaranteed
Total		3,500,000	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-90	Proceed Yamashita Koen The Tower	November 1, 2022	7,900,000	-	-	-	-
C-91	Shinozaki Twin Place	November 1, 2022	1,500,000	-	-	-	-
C-92	Proceed Minamisunamachi	November 1, 2022	735,000	-	-	-	-
G-36	Proceed Tsurigane	November 1, 2022	795,000	-	-	-	-
G-37	Proceed Fukaebashi	November 1, 2022	1,305,000	-	-	-	-
C-93	Proceed Matsudo	April 28, 2023	498,000	-	-	-	-
C-34	Proceed Koenjiminami	-	-	April 28, 2023	251,000	305,052	(55,038)
C-38	Proceed Hakuraku	-	-	April 28, 2023	185,000	251,927	(67,226)
C-57	Proceed Kashiwa Trois	-	-	April 28, 2023	688,000	441,245	244,478
Total		-	12,733,000	-	1,124,000	998,225	122,212

(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., Asset Research Inc., JLL Morii Valuation & Advisory K.K. and Sanyu Appraisal Corporation 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-90	Proceed Yamashita Koen The Tower	November 1, 2022	Real estate in trust	7,900,000	7,900,000	Aug. 31, 2022	Chuo Real Estate Appraisal Co., Ltd.
Acquisition	C-91	Shinozaki Twin Place	November 1, 2022	Real estate in trust	1,500,000	1,540,000	Aug. 31, 2022	Chuo Real Estate Appraisal Co., Ltd.
Acquisition	C-92	Proceed Minamisunamachi	November 1, 2022	Real estate in trust	735,000	744,000	Aug. 31, 2022	Chuo Real Estate Appraisal Co., Ltd.
Acquisition	G-36	Proceed Tsurigane	November 1, 2022	Real estate in trust	795,000	818,000	Aug. 31, 2022	Sanyu Appraisal Corporation
Acquisition	G-37	Proceed Fukaebashi	November 1, 2022	Real estate in trust	1,305,000	1,340,000	Aug. 31, 2022	Chuo Real Estate Appraisal Co., Ltd.
Acquisition	C-93	Proceed Matsudo	April 28, 2023	Real estate in trust	498,000	514,000	Apr. 25, 2023	JLL Morii Valuation & Advisory K.K.
Disposition	C-34	Proceed Koenjiminami	April 28, 2023	Real estate in trust	251,000	251,000	Apr. 30, 2022	Asset Research Inc.
Disposition	C-38	Proceed Hakuraku	April 28, 2023	Real estate in trust	185,000	185,000	Apr. 30, 2022	Asset Research Inc.
Disposition	C-57	Proceed Kashiwa Trois	April 28, 2023	Real estate in trust	688,000	688,000	Apr. 30, 2022	JLL Morii Valuation & Advisory K.K.

ii) Others

Of the transactions carried out by SPI that were deemed to require a research on prices, etc. pursuant to the provisions of Article 201 of the Investment Trusts Act, except for those shown in the aforementioned (1) Real estate, etc., the research was entrusted to Nihombashi Corporation.

There was a single interest rate swap transaction that was subject to the research during the research period from November 1, 2022 to April 30, 2023. SPI has received a research report regarding the transaction from Nihombashi Corporation.

With regard to the said interest rate swap transaction, SPI entrusted research on the name of the transaction counterpart, currency type, agreed-upon interest rate, transaction period and other details of the relevant transaction.

(4) Status of interested party transactions, etc.

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

Category	Transaction amount, etc.	
	Purchase amount, etc. (thousand yen)	Sale amount, etc. (thousand yen)
Total amount	12,733,000	1,124,000
Breakdown of transactions with interested parties, etc.		
Starts Corporation Inc.	7,900,000 (62.0 %)	- (-%)
Starts Development Corporation	3,333,000 (26.2 %)	1,124,000 (100.0 %)
Shinozaki-eki Nishiguchi Koeki Fukugo Shisetsu K.K.	1,500,000 (11.8 %)	- (-%)
Total	12,733,000 (100.0%)	1,124,000 (100.0 %)

ii) Amount of commission fee, etc.

Category	Total paid fee (A) (thousand yen)	Breakdown of transactions with interested parties, etc.		B/A (%)
		Paid party	Paid amount (B) (thousand yen)	
Property management fee	97,490	Starts Amenity Corporation	95,519	98.0
Repair expenses	327,508	Starts Amenity Corporation	289,190	88.3
Maintenance and inspection fee	140,055	Starts Amenity Corporation	137,963	98.5
Advertising expenses	79,066	Starts Amenity Corporation	76,174	96.3
Renewal fee	26,562	Starts Amenity Corporation	26,077	98.2

(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 environmental certifications (CASBEE Certification for Real Estate and BELS Certification)

Proceed Nishiarai (Artier)

Acquired the highest evaluation rank "S Rank" under CASBEE Certification for Real Estate



Proceed Monzennakacho



Proceed Maihama



Proceed Sendai Kamisugi



Participation in GRESB Real Estate Assessment <Started participating from fiscal 2022> <Acquired (★)>



Promote the installation of rooftop solar panels

Proceed Ishikawadai

Electricity generated by solar panels 10,507.0 kWh
(From May 10, 2022 to April 30, 2023)



Environmental consideration to printed matter, etc.

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



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.

Alpha Grande Chizakura Tower <Acquired in 34th FP>

- Mixed-use development utilizing the land owned by Chiyoda Ward and private land in the surrounding area
- Seismic isolation structure
- Anti-disaster rental apartment (installed with well, bench with oven function, manhole toilets, etc.)



Proceed Nagareyama Otakanomori <Acquired in 31st FP>

- 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 TX Nagareyama Central Park <Acquired in 19th FP>

- 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/Shinozaki Twin Place <Acquired in 16th FP> <Acquired in 35th FP>

- 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)

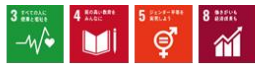


Proceed Nishiarai <Acquired in 5th FP>

- Large-scale rental housing developed by Starts Group
- Seismic isolation structure
- Adopts all-electric system
- Anti-disaster rental apartment
- Nursery school operated by Starts Group



Social



- Seismic isolation structure (as of April 30, 2023)
Number of orders received by Starts CAM : 605
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
Contribution to the training of artists
- Investment in healthcare facilities/nursery facilities
➡ Nishiarai 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)



Nishiarai Kirakira Hoikuen



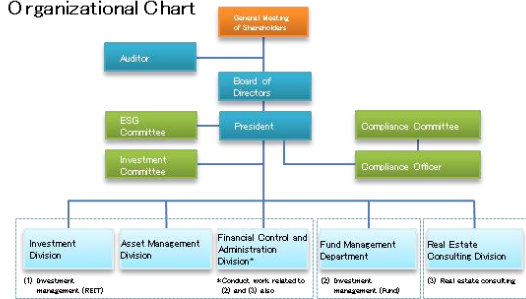
Life Support Residence Funaboriekimae

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.)

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 Results

Item		Fiscal 2021	Fiscal 2022	Rate of Change
Energy consumption	Total amount (MWh)	2,281	2,148	- 5.8%
	Consumption intensity (MWh/m ²)	0.051	0.047	- 7.8%
GHG (CO ₂) emissions	Total amount (t-CO ₂)	979	222	- 77.3%
	Consumption intensity (t-CO ₂ /m ²)	0.022	0.005	- 77.3%
Water consumption	Total amount (m ³)	961	824	- 14.3%
	Consumption intensity (m ³ /m ²)	0.027	0.022	- 18.5%

* 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.

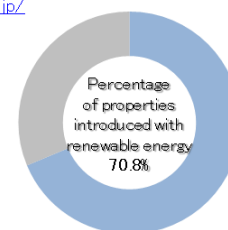
Reduction of CO₂ emissions from electricity at common areas to zero

For **77 properties (70.8 % of the total floor area)** of the 107 properties we own, we have changed the electric power contracts for common areas to the power plan using 100% renewable energy provided by Mitsuroko Green Energy Co., Ltd.

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 following 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. Information regarding the previous (34th) fiscal period on the “Balance Sheets,” “Statements of Income,” “Statements of Changes in Unitholders' Equity,” “Notes to Financial Statements” and “Statements of Cash Distributions” is for reference purposes only, and is not subject to audit procedures by the Independent Auditor in the current (35th) fiscal period pursuant to the provisions of Article 130 of the Act on Investment Trusts and Investment Corporations.

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

Not applicable.

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

Not applicable.

9. Others

(1) Notice

The overview of the major conclusion and change of contracts that were approved by the Board of Directors of SPI during the 35th fiscal period is as follows.

Approval date	Item	Overview
April 24, 2023	Conclusion of investment corporation bond underwriting agreement, etc.	Based on the comprehensive resolution on the issuance of unsecured domestic investment corporation bonds (Green Bonds) made by SPI's Board of Directors on the approved date on the left, the following agreements were concluded as of May 16, 2023. (1) Underwriting agreement for Starts Proceed Fourth Series Unsecured Investment Corporation Bond (with pari passu conditions among specified investment corporation bonds) (Green Bonds) concluded among SPI, Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc., Daiwa Securities Co. Ltd., Nomura Securities Co., Ltd. and Starts Asset Management Co., Ltd. (the Asset Management Company), for entrusting underwriting and offering the investment corporation bonds (2) Agency agreement on administration for Starts Proceed Fourth Series Unsecured Investment Corporation Bond (with pari passu conditions among specified investment corporation bonds) (Green Bonds), concluded between SPI and Resona Bank, Limited for entrusting agency services for issuance and payment of the investment corporation bonds
	Conclusion of termination agreement and agreement regarding general administrative agent services on accounting	SPI concluded the following agreements regarding general administrative agent services on accounting for its 36th Fiscal Period ending October 2023. (1) Termination agreement on general administrative agency agreement, dated April 28, 2023, regarding termination of the general administrative agency agreement (including amendments thereto and accompanying memorandums) concluded as of May 2, 2005 between SPI and The Chuo Mitsui Trust and Banking Company, Limited (succeeded by Sumitomo Mitsui Trust Bank, Limited through merger as of April 1, 2012) (2) General administrative agency agreement concluded as of April 24, 2023 between SPI and the Asset Management Company

(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]

	34th Fiscal Period (Reference) (as of October 31, 2022)	35th Fiscal Period (as of April 30, 2023)
Assets		
Current assets		
Cash and deposits	1,434,739	1,997,761
Cash and deposits in trust	1,980,700	2,241,549
Operating accounts receivable	26,459	43,892
Prepaid expenses	82,873	85,241
Consumption taxes receivable	-	57,503
Others	7,274	8,959
Total current assets	3,532,046	4,434,907
Non-current assets		
Property, plant and equipment		
Buildings in trust	48,355,761	52,585,883
Accumulated depreciation	(11,258,805)	(11,668,684)
Buildings in trust, net	37,096,956	40,917,198
Structures in trust	1,263,759	1,279,506
Accumulated depreciation	(870,052)	(891,639)
Structures in trust, net	393,707	387,867
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	697,073	794,115
Accumulated depreciation	(338,894)	(369,788)
Tools, furniture and fixtures in trust, net	358,179	424,327
Land in trust	47,610,451	55,563,624
Total property, plant and equipment	85,459,562	97,293,287
Intangible assets		
Leasehold in trust	871,571	1,042,267
Software	364	322
Total intangible assets	871,936	1,042,590
Investment and other assets		
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	608,281	710,820
Long-term prepaid expenses	100,392	153,966
Deferred tax assets	81	682
Others	20,745	27,593
Total investments and other assets	739,501	903,061
Total non-current assets	87,071,000	99,238,939
Deferred assets		
Investment corporation bond issuance costs	22,151	19,342
Investment unit issuance costs	-	10,358
Total deferred assets	22,151	29,700
Total assets	90,625,199	103,703,546

Starts Proceed Investment Corporation

Balance Sheets

[Unit: thousand yen]

	34th Fiscal Period (Reference) (as of October 31, 2022)	35th Fiscal Period (as of April 30, 2023)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	9,222,500	9,032,500
Operating accounts payable	202,506	124,919
Accounts payable – other	246,638	256,231
Accrued expenses	25,060	42,831
Income taxes payable	1,976	8,568
Accrued consumption taxes	82,270	16,040
Advances received	1,794	1,462
Others	4,681	255
Total current liabilities	9,787,427	9,482,809
Non-current liabilities		
Investment corporation bonds	3,500,000	3,500,000
Long-term loans payable	32,923,500	40,313,500
Tenant leasehold and security deposits in trust	678,572	870,171
Asset retirement obligations	250,985	300,411
Total non-current liabilities	37,353,058	44,984,082
Total liabilities	47,140,485	54,466,892
Net assets		
Unitholders' equity		
Unitholders' capital	42,230,457	48,082,645
Deduction from unitholders' capital	(Note 1) (545,913)	(545,913)
Unitholders' capital (net)	41,684,544	47,536,732
Surplus		
Voluntary reserves		
Reserve for reduction entry	99,000	99,000
Reserve for reduction entry under special provisions for property replacement	(Note 2) 400,000	185,848
Total voluntary reserves	499,000	284,848
Unappropriated retained earnings (undisposed loss)	1,301,169	1,415,073
Total surplus	1,800,169	1,699,922
Total unitholders' equity	43,484,713	49,236,654
Total net assets	(Note 3) 43,484,713	49,236,654
Total liabilities and net assets	90,625,199	103,703,546

Starts Proceed Investment Corporation
Statements of Income

[Unit: thousand yen]

		34th Fiscal Period (Reference) From: May 1, 2022 To: Oct. 31, 2022	35th Fiscal Period From: Nov. 1, 2022 To: Apr. 30, 2023
Operating revenue			
Rent revenue – real estate	(Note 1)	3,154,026	3,554,688
Gain on sales of real estate properties	(Note 2)	195,510	122,212
Total operating revenue		3,349,536	3,676,901
Operating expenses			
Expenses related to rent business	(Note 1)	1,416,086	1,554,855
Asset management fee		269,873	298,910
Asset custody fee		8,480	8,810
Administrative service fees		22,450	25,254
Directors' compensations		1,200	1,200
Other operating expenses		112,376	105,718
Total operating expenses		1,830,467	1,994,748
Operating income		1,519,069	1,682,152
Non-operating income			
Interest income		16	17
Insurance income		14,144	11,592
Reversal of distribution payable		1,224	969
Others		143	-
Total non-operating income		15,529	12,580
Non-operating expenses			
Interest expenses		178,364	208,084
Interest expenses on investment corporation bonds		11,198	10,868
Amortization of investment corporation bond issuance costs		2,809	2,809
Amortization of investment unit issuance costs		-	2,071
Borrowing related expenses		38,513	47,296
Others		576	576
Total non-operating expenses		231,463	271,706
Ordinary income		1,303,135	1,423,026
Income before income taxes		1,303,135	1,423,026
Income taxes – current		1,978	8,571
Income taxes – deferred		(0)	(600)
Total income taxes		1,978	7,970
Net income		1,301,157	1,415,055
Retained earnings brought forward		11	18
Unappropriated retained earnings (undisposed loss)		1,301,169	1,415,073

Starts Proceed Investment Corporation
Statements of Changes in Unitholders' Equity

34th Fiscal Period: from May 1, 2022 to October 31, 2022 (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	1,197,331
Changes of items during the period							
Dividends from surplus							(1,197,319)
Net income							1,301,157
Total changes of items during the period	-	-	-	-	-	-	103,837
Balance at end of period	42,230,457	(545,913)	41,684,544	99,000	400,000	499,000	1,301,169

[Unit: thousand yen]

	Unitholders' equity		Total net assets
	Surplus	Total unitholders' equity	
	Total surplus		
Balance at beginning of period	1,696,331	43,380,875	43,380,875
Changes of items during the period			
Dividends from surplus	(1,197,319)	(1,197,319)	(1,197,319)
Net income	1,301,157	1,301,157	1,301,157
Total changes of items during the period	103,837	103,837	103,837
Balance at end of period	1,800,169	43,484,713	43,484,713

35th Fiscal Period: from November 1, 2022 to April 30, 2023

[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	1,301,169
Changes of items during the period							
Issuance of new investment units	5,852,188		5,852,188				
Provision of reserve for reduction entry				99,000	-	99,000	(99,000)
Reversal of reserve for reduction entry				(99,000)	(214,151)	(313,151)	313,151
Dividends from surplus							(1,515,302)
Net income							1,415,055
Total changes of items during the period	5,852,188	-	5,852,188	-	(214,151)	(214,151)	113,904
Balance at end of period	48,082,645	(545,913)	47,536,732	99,000	185,848	284,848	1,415,073

[Unit: thousand yen]

	Unitholders' equity		Total net assets
	Surplus	Total unitholders' equity	
	Total surplus		
Balance at beginning of period	1,800,169	43,484,713	43,484,713
Changes of items during the period			
Issuance of new investment units		5,852,188	5,852,188
Provision of reserve for reduction entry	-	-	-
Reversal of reserve for reduction entry	-	-	-
Dividends from surplus	(1,515,302)	(1,515,302)	(1,515,302)
Net income	1,415,055	1,415,055	1,415,055
Total changes of items during the period	(100,247)	5,751,941	5,751,941
Balance at end of period	1,699,922	49,236,654	49,236,654

Starts Proceed Investment Corporation

Statements of Cash Flows

[Unit: thousand yen]

	34th Fiscal Period (Reference) From: May 1, 2022 To: Oct. 31, 2022	35th Fiscal Period From: Nov. 1, 2022 To: Apr. 30, 2023
Net cash provided by (used in) operating activities		
Income before income taxes	1,303,135	1,423,026
Depreciation and amortization	651,974	689,295
Amortization of investment corporation bond issuance costs	2,809	2,809
Amortization of investment unit issuance costs	-	2,071
Interest income	(16)	(17)
Interest expenses	189,563	218,952
Decrease (increase) in operating accounts receivable	6,051	(17,433)
Decrease (increase) in prepaid expenses	(12,891)	(2,368)
Decrease (increase) in consumption taxes receivable	-	(57,503)
Increase (decrease) in accrued consumption taxes	68,213	(66,229)
Increase (decrease) in operating accounts payable	46,996	(40,889)
Increase (decrease) in accounts payable – other	23,432	6,135
Decrease (increase) in long-term prepaid expenses	(6,971)	(53,573)
Decrease from sales of property, plant and equipment in trust	2,654,157	998,225
Others, net	6,663	(5,032)
Subtotal	4,933,119	3,097,467
Interest income received	16	17
Interest expenses paid	(181,061)	(201,181)
Income taxes paid	(1,967)	(1,979)
Net cash provided by (used in) operating activities	4,750,107	2,894,325
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(3,229,656)	(13,500,157)
Purchase of intangible assets	(871,571)	(179,191)
Proceeds from tenant leasehold and security deposits in trust	75,919	273,575
Repayments of tenant leasehold and security deposits in trust	(73,258)	(81,977)
Decrease (increase) in other investments	(68,041)	(109,386)
Net cash provided by (used in) investing activities	(4,166,609)	(13,597,137)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	5,773,500	11,390,000
Repayments of long-term loans payable	(5,773,500)	(4,190,000)
Proceeds from investment unit issuance	-	5,852,188
Payments of investment unit issuance costs	-	(12,430)
Dividends paid	(1,196,301)	(1,513,075)
Net cash provided by (used in) financing activities	(1,196,301)	11,526,681
Net increase (decrease) in cash and cash equivalents	(612,802)	823,870
Cash and cash equivalents at beginning of period	4,028,242	3,415,440
Cash and cash equivalents at end of period	(Note) 3,415,440	4,239,310

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	34th Fiscal Period (Reference) (May 1, 2022 - October 31, 2022)	35th Fiscal Period (November 1, 2022- April 30, 2023)
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: 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> <p>(2) Intangible assets Intangible assets are amortized using the straight-line method. Leasehold in trust is amortized using the straight-line method based on the contract period of fixed-term land lease agreements.</p> <p>(3) Long-term prepaid expenses Long-term prepaid expenses are amortized using the straight-line method.</p>	<p>(1) Property, plant and equipment Same as on the left</p> <p>(2) Intangible assets Same as on the left</p> <p>(3) Long-term prepaid expenses Same as on the left</p>
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>(1) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized using the straight-line method over the period through redemption.</p> <p>(2) Investment unit issuance costs Investment unit issuance costs are amortized in equal amounts over three years.</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>

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

3. Notes to Balance Sheets

34th Fiscal Period (Reference) (as of October 31, 2022)		35th Fiscal Period (as of April 30, 2023)	
(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	Reversal was made in accordance with the sale of Proceed Shinozaki 2 in October 2022.	Description of reversal in the period	Reversal was made in accordance with the sale of Proceed Kashiwa Trois in April 2023.
Amount (thousand yen)		Amount (thousand yen)	
Balance before provision or reversal in the period	400,000	Balance before provision or reversal in the period	185,848
Reversal in the Statements of Income	-	Reversal in the Statements of Income	-
Balance on the Balance Sheets	400,000	Balance on the Balance Sheets	185,848
Provision in the Statements of Cash Distributions	-	Provision in the Statements of Cash Distributions	-
Reversal in the Statements of Cash Distributions	214,151	Reversal in the Statements of Cash Distributions	185,848
Balance after provision or reversal in the period	185,848	Balance after provision or reversal in the period	-
(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	

4. Notes to Statements of Income

34th Fiscal Period (Reference) (May 1, 2022 - October 31, 2022)	35th Fiscal Period (November 1, 2022 - April 30, 2023)
(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
Common area maintenance charges	Common area maintenance charges
Parking revenue	Parking revenue
Incidental revenue	Incidental revenue
Rent revenue – other	Rent revenue – other
Total real estate rent revenue	Total real estate rent revenue
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
Repair expenses	Repair expenses
Taxes and public dues	Taxes and public dues
Trust fee	Trust fee
Utilities expenses	Utilities expenses
Casualty insurance	Casualty insurance
Depreciation and amortization	Depreciation and amortization
Other expenses related to rent business	Other expenses related to rent business
Total expenses related to real estate rent business	Total expenses related to real estate rent business
C. Profit from real estate rent business (A-B)	C. Profit from real estate rent business (A-B)
(Note 2) Breakdown of gain or loss on sales of real estate properties (thousand yen)	(Note 2) Breakdown of gain or loss on sales of real estate properties (thousand yen)
Proceed Hasune	Proceed Koenjiminami
Proceeds from sales of real estate properties	Proceeds from sales of real estate properties
Cost of sales of real estate properties	Cost of sales of real estate properties
Other sales expenses	Other sales expenses
Loss on sales of real estate properties	Loss on sales of real estate properties
Proceed Shinmaruko	Proceed Hakuraku
Proceeds from sales of real estate properties	Proceeds from sales of real estate properties
Cost of sales of real estate properties	Cost of sales of real estate properties
Other sales expenses	Other sales expenses
Loss on sales of real estate properties	Loss on sales of real estate properties
Proceed Nishikawaguchi	Proceed Kashiwa Trois
Proceeds from sales of real estate properties	Proceeds from sales of real estate properties
Cost of sales of real estate properties	Cost of sales of real estate properties
Other sales expenses	Other sales expenses
Loss on sales of real estate properties	Gain on sales of real estate properties
Proceed Shinozaki 2	
Proceeds from sales of real estate properties	
Cost of sales of real estate properties	
Other sales expenses	
Gain on sales of real estate properties	

5. Notes to Statements of Changes in Unitholders' Equity

34th Fiscal Period (Reference) (May 1, 2022 - October 31, 2022)	35th Fiscal Period (November 1, 2022 - April 30, 2023)
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
Total number of investment units issued and outstanding	Total number of investment units issued and outstanding

6. Notes to Statements of Cash Flows

34th Fiscal Period (Reference) (May 1, 2022 - October 31, 2022)	35th Fiscal Period (November 1, 2022 - April 30, 2023)
(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, 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 April 30, 2023)
Cash and deposits 1,434,739	Cash and deposits 1,997,761
Cash and deposits in trust 1,980,700	Cash and deposits in trust 2,241,549
Cash and cash equivalents 3,415,440	Cash and cash equivalents 4,239,310

7. Notes to lease transactions

34th Fiscal Period (Reference) (as of October 31, 2022)	35th Fiscal Period (as of April 30, 2023)
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 111,477	Due within 1 year 121,731
Due after 1 year 4,482,819	Due after 1 year 4,959,434
Total 4,594,297	Total 5,081,166

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

8. Notes to financial instruments

34th fiscal period (Reference) (from May 1, 2022 to October 31, 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 October 31, 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)	9,222,500	9,222,500	-
(2) Investment corporation bonds (Note 2)	3,500,000	3,491,221	(8,778)
(3) Long-term loans payable (Note 2)	32,923,500	33,025,983	102,483
(4) Derivative transactions	-	-	-

(Note 1) Calculation method for fair value of financial instruments and matters regarding derivative transactions

(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	23,862,500	23,862,500	(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 34th 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	9,222,500	-	-	-	-	-
Investment corporation bonds	-	-	1,000,000	1,000,000	-	1,500,000
Long-term loans payable	-	9,061,000	6,749,000	5,820,000	5,520,000	5,773,500

35th fiscal period (from November 1, 2022 to April 30, 2023)

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, 2023. 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)	9,032,500	9,032,500	-
(2) Investment corporation bonds (Note 2)	3,500,000	3,491,192	(8,807)
(3) Long-term loans payable (Note 2)	40,313,500	40,475,664	162,164
(4) Derivative transactions	-	-	-

(Note 1) Calculation method for fair value of financial instruments and matters regarding derivative transactions

(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	28,062,500	28,062,500	(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 35th 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	9,032,500	-	-	-	-	-
Investment corporation bonds	-	1,000,000	1,000,000	-	-	1,500,000
Long-term loans payable	-	8,761,000	4,549,000	10,020,000	5,720,000	11,263,500

9. Notes to tax effect accounting

34th Fiscal Period (Reference) (May 1, 2022 - October 31, 2022)	35th Fiscal Period (November 1, 2022 - April 30, 2023)																																				
<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;">81,018</td> </tr> <tr> <td style="border-top: 1px solid black;">Subtotal of deferred tax assets</td> <td style="text-align: right; border-top: 1px solid black;">81,099</td> </tr> <tr> <td>Valuation allowance</td> <td style="text-align: right;">(81,018)</td> </tr> <tr> <td style="border-top: 1px solid black;">Total deferred tax assets</td> <td style="text-align: right; border-top: 1px solid black;">81</td> </tr> <tr> <td style="border-top: 1px solid black;">(Deferred tax assets, net)</td> <td style="text-align: right; border-top: 1px solid black;">81</td> </tr> </table>	Accrued business taxes not deductible from taxable income	81	Asset retirement obligations	81,018	Subtotal of deferred tax assets	81,099	Valuation allowance	(81,018)	Total deferred tax assets	81	(Deferred tax assets, net)	81	<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;">682</td> </tr> <tr> <td>Amortization of leasehold in trust</td> <td style="text-align: right;">2,902</td> </tr> <tr> <td style="border-top: 1px solid black;">Asset retirement obligations</td> <td style="text-align: right; border-top: 1px solid black;">102,620</td> </tr> <tr> <td style="border-top: 1px solid black;">Subtotal of deferred tax assets</td> <td style="text-align: right; border-top: 1px solid black;">106,205</td> </tr> <tr> <td>Valuation allowance</td> <td style="text-align: right;">(105,522)</td> </tr> <tr> <td style="border-top: 1px solid black;">Total deferred tax assets</td> <td style="text-align: right; border-top: 1px solid black;">682</td> </tr> <tr> <td style="border-top: 1px solid black;">(Deferred tax assets, net)</td> <td style="text-align: right; border-top: 1px solid black;">682</td> </tr> </table>	Accrued business taxes not deductible from taxable income	682	Amortization of leasehold in trust	2,902	Asset retirement obligations	102,620	Subtotal of deferred tax assets	106,205	Valuation allowance	(105,522)	Total deferred tax assets	682	(Deferred tax assets, net)	682										
Accrued business taxes not deductible from taxable income	81																																				
Asset retirement obligations	81,018																																				
Subtotal of deferred tax assets	81,099																																				
Valuation allowance	(81,018)																																				
Total deferred tax assets	81																																				
(Deferred tax assets, net)	81																																				
Accrued business taxes not deductible from taxable income	682																																				
Amortization of leasehold in trust	2,902																																				
Asset retirement obligations	102,620																																				
Subtotal of deferred tax assets	106,205																																				
Valuation allowance	(105,522)																																				
Total deferred tax assets	682																																				
(Deferred tax assets, net)	682																																				
<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: right;">(%)</td> </tr> <tr> <td>Statutory tax rate</td> <td style="text-align: right;">31.46</td> </tr> <tr> <td>(Adjustment)</td> <td></td> </tr> <tr> <td>Deductible distributions</td> <td style="text-align: right;">(36.58)</td> </tr> <tr> <td>Change in valuation allowance</td> <td style="text-align: right;">2.82</td> </tr> <tr> <td>Provision of reserve for reduction entry</td> <td style="text-align: right;">(2.39)</td> </tr> <tr> <td>Reversal of reserve for reduction entry</td> <td style="text-align: right;">7.56</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">(2.72)</td> </tr> <tr> <td style="border-top: 1px solid black;">Effective tax rate after applying tax effect accounting</td> <td style="text-align: right; border-top: 1px solid black;">0.15</td> </tr> </table>		(%)	Statutory tax rate	31.46	(Adjustment)		Deductible distributions	(36.58)	Change in valuation allowance	2.82	Provision of reserve for reduction entry	(2.39)	Reversal of reserve for reduction entry	7.56	Others	(2.72)	Effective tax rate after applying tax effect accounting	0.15	<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: right;">(%)</td> </tr> <tr> <td>Statutory tax rate</td> <td style="text-align: right;">31.46</td> </tr> <tr> <td>(Adjustment)</td> <td></td> </tr> <tr> <td>Deductible distributions</td> <td style="text-align: right;">(35.39)</td> </tr> <tr> <td>Change in valuation allowance</td> <td style="text-align: right;">1.72</td> </tr> <tr> <td>Provision of reserve for reduction entry</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Reversal of reserve for reduction entry</td> <td style="text-align: right;">4.11</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">(1.34)</td> </tr> <tr> <td style="border-top: 1px solid black;">Effective tax rate after applying tax effect accounting</td> <td style="text-align: right; border-top: 1px solid black;">0.56</td> </tr> </table>		(%)	Statutory tax rate	31.46	(Adjustment)		Deductible distributions	(35.39)	Change in valuation allowance	1.72	Provision of reserve for reduction entry	-	Reversal of reserve for reduction entry	4.11	Others	(1.34)	Effective tax rate after applying tax effect accounting	0.56
	(%)																																				
Statutory tax rate	31.46																																				
(Adjustment)																																					
Deductible distributions	(36.58)																																				
Change in valuation allowance	2.82																																				
Provision of reserve for reduction entry	(2.39)																																				
Reversal of reserve for reduction entry	7.56																																				
Others	(2.72)																																				
Effective tax rate after applying tax effect accounting	0.15																																				
	(%)																																				
Statutory tax rate	31.46																																				
(Adjustment)																																					
Deductible distributions	(35.39)																																				
Change in valuation allowance	1.72																																				
Provision of reserve for reduction entry	-																																				
Reversal of reserve for reduction entry	4.11																																				
Others	(1.34)																																				
Effective tax rate after applying tax effect accounting	0.56																																				

10. Notes to asset retirement obligations

34th Fiscal Period (Reference) (May 1, 2022 - October 31, 2022)	35th Fiscal Period (November 1, 2022 - April 30, 2023)																
<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 65 years) and using the discount rates of 1.531% - 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;">137,375</td> </tr> <tr> <td>Increase due to acquisition of property, plant and equipment</td> <td style="text-align: right;">112,476</td> </tr> <tr> <td>Accretion</td> <td style="text-align: right;">1,133</td> </tr> <tr> <td style="border-top: 1px solid black;">Balance at end of period</td> <td style="text-align: right; border-top: 1px solid black;">250,985</td> </tr> </table>	Balance at beginning of period	137,375	Increase due to acquisition of property, plant and equipment	112,476	Accretion	1,133	Balance at end of period	250,985	<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 65 years) and using the discount rates of 1.531% - 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;">250,985</td> </tr> <tr> <td>Increase due to acquisition of property, plant and equipment</td> <td style="text-align: right;">47,046</td> </tr> <tr> <td>Accretion</td> <td style="text-align: right;">2,379</td> </tr> <tr> <td style="border-top: 1px solid black;">Balance at end of period</td> <td style="text-align: right; border-top: 1px solid black;">300,411</td> </tr> </table>	Balance at beginning of period	250,985	Increase due to acquisition of property, plant and equipment	47,046	Accretion	2,379	Balance at end of period	300,411
Balance at beginning of period	137,375																
Increase due to acquisition of property, plant and equipment	112,476																
Accretion	1,133																
Balance at end of period	250,985																
Balance at beginning of period	250,985																
Increase due to acquisition of property, plant and equipment	47,046																
Accretion	2,379																
Balance at end of period	300,411																

11. Notes to related party transactions

34th fiscal period (Reference) (from May 1, 2022 to October 31, 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. and major unitholder of the investment corporation	Starts Corporation Inc.	Holding company	13.5%	Purchase of trust beneficiary interest (Note 2)	2,800,000	-	-
Interested party, etc.	Starts Amenity Corporation	Real estate leasing and management, construction	-	Property management fee	84,552	Operating accounts payable	110,379
				Repair expenses	238,081		
				Maintenance and inspection fee	121,669		
				Advertising expenses	59,018		
				Renewal fee	19,721	Tenant leasehold and security deposits in trust (Note 3)	68,484
Interested party, etc.	Starts Development Corporation	Real estate sales business	-	Purchase of trust beneficiary interest (Note 2)	810,000	-	-
				Disposition of trust beneficiary interest (Note 4)	2,864,000	-	-
Asset custodian	Sumitomo Mitsui Trust Bank, Limited	Banking business	-	Trust fee	13,694	Prepaid expenses	1,252
				Interest expenses	4,759	Long-term prepaid expenses	3,499
				Payment related to financing matters	454	Accrued expenses	403
						Prepaid expenses	498
				Borrowing of long-term loans payable	5,773,500	Current portion of long-term loans payable	129,000
				Repayment of long-term loans payable	5,773,500	Long-term loans payable	1,139,000
				Administrative service fees	22,050	Accounts payable – other	17,044

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

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

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

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

35th fiscal period (from November 1, 2022 to April 30, 2023)

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. and major unitholder of the investment corporation	Starts Corporation Inc.	Holding company	13.5%	Purchase of trust beneficiary interest (Note 2)	7,900,000	-	-
Interested party, etc.	Starts Amenity Corporation	Real estate leasing and management, construction	-	Property management fee	95,519	Operating accounts payable	124,105
				Repair expenses	289,190		
				Maintenance and inspection fee	137,963		
				Advertising expenses	76,174		
				Renewal fee	26,077	Tenant leasehold and security deposits in trust (Note 3)	59,618
Interested party, etc.	Starts Development Corporation	Real estate sales business	-	Purchase of trust beneficiary interest (Note 2)	3,333,000	-	-
				Disposition of trust beneficiary interest (Note 4)	1,124,000	-	-
Interested party, etc.	Shinozaki-eki Nishiguchi Koeki Fukugo Shisetsu K.K.	Management of public facilities	-	Purchase of trust beneficiary interest (Note 2)	1,500,000	-	-
Asset custodian	Sumitomo Mitsui Trust Bank, Limited	Banking business	-	Trust fee	14,279	Prepaid expenses	1,342
						Long-term prepaid expenses	4,240
				Interest expenses	4,597	Accrued expenses	448
				Payment related to financing matters	-	Prepaid expenses	418
						Long-term prepaid expenses	677
				Borrowing of long-term loans payable	-	Current portion of long-term loans payable	300,000
				Repayment of long-term loans payable	-	Long-term loans payable	968,000
Administrative service fees	24,404	Accounts payable – other	18,871				

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

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

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

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

12. Notes to investment and rental properties

34th fiscal period (Reference) (from May 1, 2022 to October 31, 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 October 31, 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	
85,410,519	920,614	86,331,134	103,834,000

(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 34th fiscal period, the amount of increase is primarily attributable to the acquisition of (C-88) Proceed Ishikawadai and (C-89) Alpha Grande Chizakura Tower (4,040,465 thousand yen) and capital expenditures (186,239 thousand yen), and the amount of decrease is primarily attributable to the disposition of (C-35) Proceed Hasune, (C-39) Proceed Shinmaruko, (C-52) Proceed Nishikawaguchi and (C-56) Proceed Shinozaki 2 (2,654,157 thousand yen) and

depreciation and amortization (651,932 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 34th fiscal period ended October 2022 for the investment and rental properties, refer to the aforementioned “Notes to Statements of Income.”

35th fiscal period (from November 1, 2022 to April 30, 2023)

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, 2023.

(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	
86,331,134	12,004,420	98,335,554	118,016,000

(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 35th fiscal period, the amount of increase is primarily attributable to the acquisition of (C-90) Proceed Yamashita Koen The Tower and five other properties (13,478,446 thousand yen) and capital expenditures (213,452 thousand yen), and the amount of decrease is primarily attributable to the disposition of (C-34) Proceed Koenjiminami, (C-38) Proceed Hakuraku and (C-57) Proceed Kashiwa Trois (998,225 thousand yen) and depreciation and amortization (689,253 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 35th fiscal period ended April 2023 for the investment and rental properties, refer to the aforementioned “Notes to Statements of Income.”

13. Notes to per unit information

34th Fiscal Period (Reference) (May 1, 2022 - October 31, 2022)		35th Fiscal Period (November 1, 2022 - April 30, 2023)	
Net assets per unit	171,350 yen	Net assets per unit	174,303 yen
Net income per unit (Note)	5,127 yen	Net income per unit (Note)	5,009 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.

34th Fiscal Period (Reference) (May 1, 2022 - October 31, 2022)		35th Fiscal Period (November 1, 2022 - April 30, 2023)	
Net income (thousand yen)	1,301,157	Net income (thousand yen)	1,415,055
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)	1,301,157	Net income attributable to ordinary investment units (thousands of yen)	1,415,055
Average number of units during the fiscal period (units)	253,777	Average number of units during the fiscal period (units)	282,477

14. Notes to significant subsequent events

34th Fiscal Period (Reference) (May 1, 2022 - October 31, 2022)	35th Fiscal Period (November 1, 2022 - April 30, 2023)
<p>Issuance of new investment units</p> <p>SPI resolved at its Board of Directors' meetings held on October 14, 2022 and October 24, 2022 on the issuance of new investment units to partially fund the acquisition of specified assets. As for the issuance through primary offering, payment was completed on November 1, 2022.</p> <p>As a result, unitholders' capital (net) was 47,536,732,300 yen and the total number of investment units issued and outstanding was 282,477 units.</p> <p>Issuance of new investment units through public offering (primary offering)</p> <p>Number of new investment units issued: <u>28,700 units</u></p> <p>Issue price (offer price): <u>210,941 yen per unit</u></p> <p>Total issue price (offer price): <u>6,054,006,700 yen</u></p> <p>Paid-in amount (issue amount): <u>203,909 yen per unit</u></p> <p>Total paid-in amount (issue amount): <u>5,852,188,300 yen</u></p> <p>Payment date: <u>November 1, 2022</u></p>	<p>Not applicable.</p>

15. Notes to revenue recognition

Breakdown information on revenue from contracts with customers

34th fiscal period (Reference) (from May 1, 2022 to October 31, 2022)

(thousand yen)

	Revenue from contracts with customers (Note 1)	Sales to external customers
Sales of real estate properties (Note 2)	2,865,625	195,510
Utilities income	20,484	20,484
Others	-	3,133,541
Total	2,886,110	3,349,536

(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.

35th fiscal period (from November 1, 2022 to April 30, 2023)

(thousand yen)

	Revenue from contracts with customers (Note 1)	Sales to external customers
Sales of real estate properties (Note 2)	1,126,621	122,212
Utilities income	26,344	26,344
Others	-	3,528,343
Total	1,152,965	3,676,901

(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	34th Fiscal Period (Reference) From: May 1, 2022 To: Oct. 31, 2022	35th Fiscal Period From: Nov. 1, 2022 To: Apr. 30, 2023
Item		
I. Unappropriated retained earnings	1,301,169,665 yen	1,415,073,669 yen
II. Reversal of voluntary reserves		
Reversal of reserve for reduction entry	313,151,007 yen	185,848,993 yen
III. Amount of distributions	1,515,302,467 yen	1,600,797,159 yen
[Amount of distribution per investment unit]	[5,971 yen]	[5,667 yen]
IV. Voluntary reserves		
Provision of reserve for reduction entry	99,000,000 yen	- yen
V. Retained earnings brought forward	18,205 yen	125,503 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 1,515,302,467 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (253,777 units) not in excess of the amount after adding the amount of reversal of reserve for reduction entry accumulated in accordance with Article 66-2 of the Act on Special Measures Concerning Taxation to unappropriated retained earnings and reserving the reserve for reduction entry in accordance with Article 65-7 of the Act on Special Measures Concerning Taxation. 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, in the 35th fiscal period, SPI decided to pay out distributions of earnings of 1,600,797,159 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (282,477 units) not in excess of the amount after adding the amount of reversal of reserve for reduction entry accumulated in accordance with Article 66-2 of the Act on Special Measures Concerning Taxation to 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, 2023, 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, 2023, 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

石川 蒼

Yoshiaki Yanagi
Designated Engagement Partner
Certified Public Accountant

柳 吉 昭

Nihombashi Corporation
Chuo-Ku, Tokyo
July 24, 2023