

# REIT Financial Report for 39th Fiscal Period

June 13, 2025

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 (for analysts and institutional investors)

[Amounts are rounded down to the nearest million yen]

## 1. Status of Management and Assets in 39th Fiscal Period

*Starts Proceed Investment Corporation's 39th fiscal period is the period from November 1, 2024, to April 30, 2025.*

### (1) Management Status

[% figures represent the increase (decrease) compared with the previous period]

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
39th	3,827	1.5	1,719	0.7	1,384	0.3	1,383	0.4
38th	3,768	0.3	1,707	(0.0)	1,379	(2.7)	1,377	(2.2)

Fiscal period	Net income per unit	Ratio of net income to equity [Return on equity]	Ratio of ordinary income to total assets [Return on assets]	Ratio of ordinary income to operating revenue
	yen	%	%	%
39th	4,897	2.9	1.3	36.2
38th	4,878	2.8	1.3	36.6

### (2) Distributions Status

Fiscal period	Distribution per unit [including distribution in excess of earnings]	Distribution per unit [excluding distribution in excess of earnings]	Distribution in excess of earnings per unit	Total distributions [including distribution in excess of earnings]	Total distributions [excluding distribution in excess of earnings]	Total distributions in excess of earnings	Distribution payout ratio	Ratio of distributions to net assets
	yen	yen	yen	million yen	million yen	million yen	%	%
39th	5,470	5,078	392	1,490	1,383	106	100.0	2.9
38th	5,250	4,878	372	1,483	1,377	105	100.0	2.8

Note 1: Distribution payout ratio is rounded down to one decimal place.

Note 2: The number of investment units during the fiscal period changed as repurchase and cancellation of own investment units was conducted during the fiscal period. Therefore, distribution payout ratio for the 39th fiscal period is calculated using the following formula:

Distribution payout ratio = Total distributions (excluding distributions in excess of earnings) / Net income x 100

Note 3: Of distributions in excess of earnings in the fiscal period ended October 31, 2024, the allowance for temporary difference adjustments, etc. was 11 million yen. The refund of investment, a return of capital under tax law, was 93 million yen.

Of distributions in excess of earnings in the fiscal period ended April 30, 2025, the allowance for temporary difference adjustments, etc. was 13 million yen. The refund of investment, a return of capital under tax law, was 93 million yen.

Note 4: The ratio of a reduction in unitholders' paid-in capital attributable to distributions in excess of earnings (a refund of investment, which is a return of capital under tax law) was 0.002 in the fiscal periods ended October 31, 2024 and April 30, 2025. The ratio of the reduction in unitholders' paid-in capital is calculated in accordance with Article 23, Paragraph 1, Item 5 of the Order for Enforcement of the Corporation Tax Act.

### (3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
39th	101,988	46,984	46.1	172,473
38th	103,834	48,821	47.0	172,833

### (4) Status of Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
39th	4,334	(328)	(3,247)	4,428
38th	4,649	(303)	(4,172)	3,671

## 2. Forecast for Management Status in 40th Fiscal Period and 41st Fiscal Period

Starts Proceed Investment Corporation's 40th fiscal period is the period from May 1, 2025, to October 31, 2025.

Starts Proceed Investment Corporation's 41st fiscal period is the period from November 1, 2025, to April 30, 2026.

[% figures represent the increase (decrease) compared with the previous period]

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
40th	3,586	(6.3)	1,545	(10.1)	1,170	(15.5)	1,168	(15.6)
41st	3,588	0.0	1,533	(0.8)	1,143	(2.3)	1,141	(2.3)

Fiscal period	Distribution per unit [including distribution in excess of earnings]		Distribution per unit [excluding distribution in excess of earnings]		Distribution in excess of earnings per unit	
	yen		yen		yen	
40th	4,680		4,288		392	
41st	4,580		4,188		392	

[Reference] Forecast net income per unit      40th fiscal period: 4,288 yen      41st fiscal period: 4,188 yen

## 3. Other

### (1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

- (a) Changes in accounting policies accompanying amendments to accounting standards, etc.: None
- (b) Changes in accounting policies other than in (a): None
- (c) Changes in accounting estimates: None
- (d) Retrospective restatement: None

### (2) Total Number of Investment Units Issued and Outstanding

- (a) Total number of investment units (including own investment units) issued and outstanding at end of period  
39th fiscal period: 272,415 units      38th fiscal period: 282,477 units
- (b) Number of own investment units at end of period  
39th fiscal period: - units      38th fiscal period: - units

\* Financial reports are not subject to audit by a certified public accountant or an audit company.

### \* Special notations

The outlook for management status and other forward-looking statements contained in this report are based on information currently available to and certain assumptions deemed reasonable by Starts Proceed Investment Corporation. Accordingly, actual management status and other results may differ materially due to a variety of factors. In addition, the forecast is not a guarantee of the amount of distributions.

For the assumptions underlying the forecast for management status, please refer to "Assumptions Underlying Forecast for Management Status in 40th Fiscal Period and 41st Fiscal Period" presented on page 10.

Table of Contents

1. Management Status .....	4
A. Management Status.....	4
(1) Overview of Fiscal Period under Review.....	4
(2) Outlook for Next Fiscal Period .....	6
B. Investment Risks .....	11
2. Financial Statements .....	12
(1) Balance Sheets.....	12
(2) Statements of Income .....	14
(3) Statements of Changes in Unitholders' Equity.....	15
(4) Statements of Cash Distributions.....	17
(5) Statements of Cash Flows .....	19

## 1. Management Status

### A. Management Status

#### (1) Overview of Fiscal Period under Review

##### (a) 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 Jasdaq Securities Exchange, Inc. (currently Tokyo Stock Exchange, Inc. JASDAQ Market) (Securities Code: 8979) the next day. After three capital increases through public offering and other developments since listing on the JASDAQ Market, 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 the JASDAQ Market on August 10, 2010, and the delisting from the JASDAQ Market 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.

In the 39th fiscal period, SPI acquired its own investment units in the period from December 17, 2024 to April 22, 2025 from the perspective of improving unitholders' value over the medium- to long-term (total number of investment units acquired: 10,062; total acquisition amount: 1,737 million yen). All of the acquired investment units were cancelled on April 30, 2025. As a result, as of the end of the 39th fiscal period, the total number of investment units issued and outstanding is 272,415 units, total assets amount to 101,988 million yen, and unitholders' capital (net) amounts to 45,600 million yen.

##### (b) Investment Environment

Looking at the Japanese economy in the 39th fiscal period, personal consumption continued to increase moderately on the back of the improvement of the employment and income environment, despite the negative impact of the continuing rise in prices, and corporate earnings remained robust due to measures to pass-on the increased costs through prices which contributed to the improvement of profitability, etc. regardless of the trade policies of other countries. At the same time, it should be kept in mind that there is the continuing risk of an economic downturn due to the adverse effects of the trade policies of other countries and the Bank of Japan increasing interest rates.

Under such circumstances, as for 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.

##### (c) Management Performance

In the 39th fiscal period, SPI disposed of (C-20) Proceed Shinkoiwa (transfer price: 618 million yen) on February 28, 2025 and (G-30) Proceed Hyogoekimaedori (transfer price: 1,900 million yen) on March 21, 2025 in comprehensive consideration of the fact that NOI will be affected by facility replacement in the future, regular repair work and other operation and maintenance fees. As a result, SPI's portfolio as of the end of the 39th fiscal period consists of 107 properties, with acquisition prices totaling 100,337 million yen and a total leasable floor area of 207,405.45 m<sup>2</sup>.

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. Furthermore, the Asset Management Company continued to reduce utility costs 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 96.9% and an average occupancy rate of 97.3%.

As for ESG initiatives, SPI continues to participate in the Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment based on its ESG policy. SPI has acquired the GRESB 1-Star rating, which is determined based on an entity's comprehensive score and relative global quintile position. Moreover, SPI was also recognized with the second-best Level B ranking for its disclosure of ESG information. Furthermore, recognizing the importance of disclosing climate-related financial information, SPI conducted an analysis of climate-related risks and opportunities based on the four thematic areas recommended by the TCFD (governance, strategy, risk management, and metrics and targets) and discloses information about its climate-related initiatives. In addition, as an initiative to acquire external certifications regarding the energy-saving and environmental performance of its portfolio properties, SPI acquired the DBJ Green Building Certification of (C-82) The Park Habio Yokohama Yamate and (C-89) Alpha Grande Chizakura Tower in November 2024. SPI has acquired DBJ Green Building Certification for three properties, CASBEE Certification for Real Estate for two properties, and Building-Housing Energy-Efficiency Labeling System (BELS) Certification for five properties as of the date of this document.

(d) Status of Fund Procurement

In the 39th fiscal period, SPI issued the following Fifth Series Unsecured Investment Corporation Bonds valued at 2,000 million yen and took out long-term loans of 3,100 million yen (term: 6 years and 6 months) to repay the First Series Unsecured Investment Corporation Bonds valued at 1,000 million yen due on November 18, 2024, and short-term loans of 415 million yen and long-term loans of 3,700 million yen that are due for repayment on November 22, 2024.

Name: Starts Proceed Fifth Series Unsecured Investment Corporation Bonds  
(ranking pari passu among specified investment corporation bonds) (Green bonds)  
Total amount issued: 2,000 million yen  
Interest rate: 1.227% per annum  
Issue date: November 18, 2024  
Redemption date: November 16, 2029  
Security and guarantee: Unsecured and unguaranteed

As a result, the period-end balance of interest-bearing liabilities totaled 53,246 million yen, comprising 4,549 million yen in current portion of long-term loans payable, 42,697 million yen in long-term loans payable, 1,000 million yen in current portion of investment corporation bonds, and 5,000 million yen in investment corporation bonds as of the end of the 39th fiscal period, with the period-end LTV ratio standing at 52.2%.

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

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

(e) Overview of Business Performance and Distributions

As a result of the management described above, business performance recorded for the 39th fiscal period was operating revenue of 3,827 million yen, operating income of 1,719 million yen, ordinary income of 1,384 million yen and net income of 1,383 million yen.

During the 39th fiscal period, SPI also purchased its own investment units through the open market on the Tokyo Stock Exchange based on a discretionary investment contract with a securities firm from the perspective of improving unitholders' value over the medium- to long-term by comprehensively considering the price of its investment units, the status of funds in hand, financial standing, the market environment, etc. SPI retired all of the investment units it acquired. The number of investment units acquired and retired in the 39th fiscal period was 10,062 (ratio to total investment units outstanding before the acquisition and retirement: 3.56%) and the total acquisition value was 1,737 million yen.

After retiring its investment units as described above, SPI decided to distribute the entire amount, excluding fractions of distribution per investment unit of less than 1 yen, based on the plan to ensure that the maximum amount of distributions of earnings is included in deductible expenses by applying Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including amendments thereto; the "Special Taxation Measures Act"). Accordingly, SPI declared a distribution per investment unit of 5,078 yen.

In addition, SPI's policy is to conduct cash distributions in excess of earnings each fiscal period on a continuous basis, in principle, in accordance with the distribution policy in its Articles of Incorporation. Under this policy, SPI has decided to pay out distributions of 93,438,345 yen, which is the difference between the depreciation for the properties, buildings with fixed-term land leasehold rights, owned as of the end of the 39th fiscal period and the depreciation calculated on the assumption of land ownership, as a refund of investment. SPI will also pay out distributions of 13,348,335 yen, which is equivalent to the amortization of fixed-term leaseholds, asset retirement obligations, and asset retirement obligation interest, etc. for the 39th fiscal period, as an allowance for temporary difference adjustments, etc. Consequently, the distribution in excess of earnings per investment unit is 392 yen.

## (2) Outlook for Next Fiscal Period

### (a) Management Policy and Challenges to Address

#### a. Investment Environment

Looking ahead, the Japanese economy is expected to recover moderately, driven by a rebound in personal consumption fueled by an improvement in the employment and income environment and increasing capital investment made possible by strong corporate earnings. However, attention must still be paid to future monetary policies and interest rate trends, and the impact of inflation, supply constraints, and financial and capital market volatility must be closely monitored.

In the secondary real estate market, as interest rate hikes resulting from global monetary tightening have slowed, property acquisition appetite among investors remains strong, reflecting the relative stability of the Japanese market compared with overseas markets. As a result, 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.

#### b. 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.

#### c. Internal Growth Strategy

Following on from the 39th 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.

d. 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.

(b) Significant Subsequent

Not applicable.

(Reference Information)

A. Acquisition of Asset

SPI acquired the following specified asset (trust beneficiary interest) on May 13, 2025.

Property no.	Property name	Location	Seller (Note 1)	Acquisition price (thousand yen) (Note 2)
C-96	Proceed Sakurazaka	Ota-ku, Tokyo	Starts Development Corporation	850,000

Note 1: The transaction has been determined after following appropriate procedures based on the internal rules of the Asset Management Company and pursuant to standards stipulated by laws and regulations.

Note 2: "Acquisition price" does not include miscellaneous acquisition-related expenses, fixed property taxes, city planning taxes, consumption taxes and local consumption taxes.

B. Borrowing of Funds (Refinancing) and Conclusion of Interest Rate Swap Agreement

SPI borrowed Term Loan 3F as follows to repay Term Loan 2N (loan balance: 3,049 million yen) which was due for repayment on May 23, 2025.

	Term Loan 3F
Lender	Aozora Bank, Ltd. Resona Bank, Limited The Chiba Bank, Ltd. The Musashino Bank, Ltd. The Kagawa Bank, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited
Loan amount	3,049 million yen
Drawdown date	May 23, 2025
Principal repayment date	November 21, 2031
Interest rate (Note)	Floating rate (Base interest rate (JBA 3-month Japanese Yen TIBOR) +0.680%)
Interest payment date	The interest payment dates shall be the last day of May 2025 and the last day of every 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.
Principal repayment method	Lump-sum repayment on repayment date
Security and guarantee	Unsecured and unguaranteed

## Starts Proceed Investment Corporation (8979) Financial Report for 39th Fiscal Period

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 3F, which is conducted with a floating interest rate.

	Agreement concerning Term Loan 3F
Lender	Mizuho Bank, Ltd.
Notional principal amount	3,049 million yen
Interest rate, etc.	Fixed interest rate payable: 2.124% (Note) Floating interest rate receivable: Base interest rate (JBA 3-month Japanese Yen TIBOR) + 0.680%
Commencement date	May 23, 2025
Termination date	November 21, 2031
Payment date	The interest payment dates shall be the last day of May 2025 and the last day of every 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: Due to the conclusion of the interest rate swap agreement, interest rates on Term Loan 3F are substantially fixed.

### C. Transfer of Asset

SPI concluded a trust beneficiary interest transfer agreement on July 2, 2025 with respect to the following specified asset (trust beneficiary interest), and plans to dispose of this asset on August 1, 2025.

Property no.	Property name	Location	Buyer	Planned disposition price (thousand yen) (Note 1)
C-12	Proceed Makuharihongo 2	Hanamigawa-ku, Chiba-shi, Chiba	Domestic operating company (Note 2)	264,173

Note 1: "Planned disposition price" does not include miscellaneous disposition-related expenses, fixed property taxes, city planning taxes, consumption taxes and local consumption taxes.

Note 2: The buyer is a domestic operating company and its name is not disclosed as consent for disclosure has not been obtained.



## (c) Outlook for Management Status

SPI expects the following management status in the 40th fiscal period (from May 1, 2025, to October 31, 2025) and 41st fiscal period (from November 1, 2025, to April 30, 2026). For the assumptions underlying this outlook for management status, please refer to “Assumptions Underlying Forecast for Management Status in 40th Fiscal Period and 41st Fiscal Period” below.

	40th Fiscal Period From: May 1, 2025 To: October 31, 2025	41st Fiscal Period From: November 1, 2025 To: April 30, 2026
Operating revenue	3,586 million yen	3,588 million yen
Operating income	1,545 million yen	1,533 million yen
Ordinary income	1,170 million yen	1,143 million yen
Net income	1,168 million yen	1,141 million yen
Distribution per unit (including distribution in excess of earnings)	4,680 yen	4,580 yen
Distribution per unit (excluding distribution in excess of earnings)	4,288 yen	4,188 yen
Distribution in excess of earnings per unit	392 yen	392 yen

Note: The forecast figures above are the current forecast calculated based on certain assumptions. Accordingly, actual operating revenue, operating income, ordinary income, net income, distribution per unit (excluding distribution in excess of earnings) and distribution in excess of earnings per unit may vary due to future additional acquisition or sale of real estate, etc., changes in the real estate market, etc., changes in the management environment or other circumstances surrounding SPI and other factors. In addition, the forecast is not a guarantee of actual business performance or the amount of distributions.

Assumptions Underlying Forecast for Management Status in 40th Fiscal Period and 41st Fiscal Period

Item	Assumption
Business period	40th fiscal period: from May 1, 2025, to October 31, 2025 (184 days) 41st fiscal period: from November 1, 2025, to April 30, 2026 (181 days)
Assets under management	<ul style="list-style-type: none"> <li>The forecast assumes that assets are the 108 properties in the SPI portfolio as of the date of this document, that SPI disposes of (C-12) Proceed Makuharihongo 2 on August 1, 2025, and there will be no changes (acquisition of new properties, disposition of existing properties, etc.) through to the end of the 41st fiscal period. The actual assets under management may vary due to changes in assets under management.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>Real estate rent revenue includes rent, common area maintenance charges, parking revenue, incidental revenue, etc. and is calculated based on historical data and future forecast.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Expenses related to rent business other than depreciation and amortization are calculated for the already acquired assets based on historical data and future forecast and by reflecting factors that may cause fluctuation in expenses.</li> <li>Management expenses are expected to be 242 million yen for the 40th fiscal period and 242 million yen for the 41st fiscal period.</li> <li>Repair expenses, which are recognized as expenses in the amount presumed to be necessary in the business period, are expected to be 120 million yen for the 40th fiscal period and 132 million yen for the 41st fiscal period. However, repair expenses may differ materially from the forecast amount due to a variety of factors, including repair expenses possibly arising from unforeseen events, the variation in the amount depending on the fiscal year being large and repair expenses not being an amount that arises periodically.</li> <li>Concerning fixed asset tax, city planning tax and depreciable asset tax, etc. on portfolio properties, in principle, of the tax amount assessed and determined, the amount of tax payable during the business period (in the case of fixed asset tax, city planning tax and depreciable asset tax, etc. on properties that have a different number of installment tax payments every period, the amount of the number of annual tax payments corresponding to the business period) is calculated as expenses related to rent business. The amount is expected to be 212 million yen for the 40th fiscal period and 208 million yen for the 41st fiscal period.</li> <li>Depreciation and amortization, which is calculated using the straight-line method inclusive of incidental expenses at the time of acquisition and future additional capital expenditures, is expected to be 709 million yen for the 40th fiscal period and 710 million yen for the 41st fiscal period.</li> <li>Operating expenses other than expenses related to rent business (asset management fee, asset custody fee, administrative service fees, etc.) are expected to be 454 million yen for the 40th fiscal period and 453 million yen for the 41st fiscal period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>Interest expenses (including interest expenses on investment corporation bonds) are expected to be 325 million yen for the 40th fiscal period and 344 million yen for the 41st fiscal period.</li> <li>Borrowing-related expenses are expected to be 44 million yen for the 40th fiscal period and 42 million yen for the 41st fiscal period.</li> <li>Expenses for the issuance of investment corporation bonds are recorded as deferred assets and assumed to be amortized until redemption using the straight-line method. The amount is expected to be 4 million yen for the 40th fiscal period and 4 million yen for the 41st fiscal period.</li> <li>Expenses related to capital increase through public offering of investment units are recorded as deferred assets and assumed to be amortized over three years using the straight-line method. The amount is expected to be 2 million yen for the 40th fiscal period.</li> </ul>
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>Of the loan's balance as of today of 47,246 million yen, the forecast assumes that the entire amount of the loan due for repayment during the 41st fiscal period (1,500 million yen) will be refinanced and the loan balance will remain unchanged at 47,246 million yen through to the end of the 41st fiscal period.</li> <li>With respect to the 1,000 million yen worth of investment corporation bonds due for redemption during the 41st fiscal period that are included in the balance of investment corporation bonds of 6,000 million yen as of today, the forecast assumes repayment of the entire amount using funds raised through the issuance of investment corporation bonds or borrowing, etc. The forecast assumes that the remaining balance of investment corporation bonds of 5,000 million yen will remain unchanged through to the end of the 41st fiscal period.</li> </ul>

Item	Assumption
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>The forecast assumes the total number of investment units issued and outstanding as of the date of this document of 272,415 units and assumes there will be no subsequent issuance of investment units through to the end of the 41st fiscal period.</li> </ul>
Distribution per unit (excluding distribution in excess of earnings)	<ul style="list-style-type: none"> <li>Distributions (distribution per unit) are calculated by assuming the policy on cash distributions provided in the Articles of Incorporation of SPI.</li> <li>Distribution per unit may vary due to various factors, including fluctuation in leasing revenue accompanying change in assets under management, change in tenants, etc. and repair expenses possibly arising from unforeseen events.</li> </ul>
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> <li>Distribution in excess of earnings per unit is calculated in accordance with the policy on cash distributions provided in the Articles of Incorporation of SPI.</li> <li>Assuming that SPI owns five properties with fixed-term land leasehold rights as of the date of publication of this document, SPI estimates that the distribution in excess of earnings per investment unit will be 392 yen for the fiscal period ending October 31, 2025, and 392 yen for the fiscal period ending April 30, 2026. The distribution in excess of earnings is the sum of the difference between the depreciation for the five properties with fixed-term land leasehold rights and the depreciation calculated on the assumption of land ownership (other distributions in excess of earnings, or a refund of investment) and the amount equivalent to the amortization of fixed-term leaseholds, the amortization of asset retirement obligations, and asset retirement obligation interest, etc. (distributions of an allowance for temporary difference adjustments).</li> </ul>
Others	<ul style="list-style-type: none"> <li>For other items, the forecast assumes that there will be no revision of laws and regulations, tax systems, accounting standards, listing regulations, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above.</li> <li>The forecast assumes that there will be no unforeseen material change in general economic trends and real estate market conditions, etc.</li> </ul>

#### B. Investment Risks

Please refer to the “Investment Risks” in the most recent securities report (submitted on January 29, 2025).

Starts Proceed Investment Corporation (8979) Financial Report for 39th Fiscal Period

2. Financial Statements

(1) Balance Sheets

	[Unit: thousand yen]	
	38th Fiscal Period	39th Fiscal Period
	As of Oct. 31, 2024	As of Apr. 30, 2025
Assets		
Current assets		
Cash and deposits	1,264,128	2,167,715
Cash and deposits in trust	2,407,345	2,261,257
Operating accounts receivable	30,594	39,234
Prepaid expenses	109,908	109,954
Others	8,607	21,300
Total current assets	3,820,584	4,599,462
Non-current assets		
Property, plant and equipment		
Buildings in trust	55,433,846	54,861,795
Accumulated depreciation	(13,280,856)	(13,720,793)
Buildings in trust, net	42,152,990	41,141,001
Structures in trust	1,307,095	1,339,800
Accumulated depreciation	(945,847)	(961,313)
Structures in trust, net	361,248	378,486
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	969,859	998,105
Accumulated depreciation	(510,717)	(548,070)
Tools, furniture and fixtures in trust, net	459,142	450,035
Land in trust	54,960,795	53,357,208
Total property, plant and equipment	97,934,445	95,327,000
Intangible assets		
Leasehold in trust	1,017,085	1,008,691
Software	479	406
Total intangible assets	1,017,564	1,009,098
Investments and other assets		
Leasehold and guarantee deposits	10,000	10,000
Leasehold and guarantee deposits in trust	734,611	734,611
Long-term prepaid expenses	236,225	210,334
Deferred tax assets	29	14
Others	57,503	66,190
Total investments and other assets	1,038,370	1,021,151
Total non-current assets	99,990,380	97,357,250
Deferred assets		
Investment corporation bond issuance costs	19,672	29,307
Investment unit issuance costs	4,143	2,071
Total deferred assets	23,815	31,379
Total assets	103,834,781	101,988,093

Starts Proceed Investment Corporation (8979) Financial Report for 39th Fiscal Period

	[Unit: thousand yen]	
	38th Fiscal Period As of Oct. 31, 2024	39th Fiscal Period As of Apr. 30, 2025
Liabilities		
Current liabilities		
Short-term loans payable	415,500	-
Current portion of investment corporation bonds	1,000,000	1,000,000
Current portion of long-term loans payable	6,749,000	4,549,000
Operating accounts payable	186,765	172,193
Accounts payable - other	259,008	259,554
Accrued expenses	72,158	100,388
Income taxes payable	1,185	695
Accrued consumption taxes	49,769	46,140
Advances received	1,648	2,130
Others	253	99
Total current liabilities	8,735,289	6,130,201
Non-current liabilities		
Investment corporation bonds	4,000,000	5,000,000
Long-term loans payable	41,097,000	42,697,000
Tenant leasehold and security deposits in trust	873,477	866,489
Asset retirement obligations	307,663	310,120
Total non-current liabilities	46,278,141	48,873,609
Total liabilities	55,013,431	55,003,811
Net assets		
Unitholders' equity		
Unitholders' capital	48,082,645	48,082,645
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	-	(11,581)
Other deduction from unitholders' capital	(639,413)	(2,470,257)
Total deductions from unitholders' capital	(639,413)	(2,481,838)
Unitholders' capital (net)	47,443,232	45,600,807
Surplus		
Unappropriated retained earnings (undisposed loss)	1,378,117	1,383,474
Total surplus	1,378,117	1,383,474
Total unitholders' equity	48,821,350	46,984,281
Total net assets	48,821,350	46,984,281
Total liabilities and net assets	103,834,781	101,988,093

Starts Proceed Investment Corporation (8979) Financial Report for 39th Fiscal Period

(2) Statements of Income

	[Unit: thousand yen]	
	38th Fiscal Period	39th Fiscal Period
	From: May. 1, 2024	From: Nov. 1, 2024
	To: Oct. 31, 2024	To: Apr. 30, 2025
Operating revenue		
Rent revenue – real estate	3,620,089	3,621,840
Gain on sales of real estate properties	148,859	205,458
Total operating revenue	3,768,949	3,827,299
Operating expenses		
Expenses related to rent business	1,559,676	1,607,483
Asset management fee	335,858	333,015
Asset custody fee	8,811	8,784
Administrative service fees	20,204	21,709
Directors' compensations	1,200	1,200
Other operating expenses	136,042	135,624
Total operating expenses	2,061,793	2,107,818
Operating income	1,707,156	1,719,480
Non-operating income		
Interest income	7,492	36,691
Insurance income	1,389	107
Reversal of distribution payable	1,041	789
Others	346	11,312
Total non-operating income	10,269	48,901
Non-operating expenses		
Interest expenses	264,825	302,531
Interest expenses on investment corporation bonds	17,297	25,684
Amortization of investment corporation bond issuance costs	4,061	4,330
Amortization of investment unit issuance costs	2,071	2,071
Borrowing related expenses	48,842	44,255
Others	557	5,312
Total non-operating expenses	337,656	384,185
Ordinary income	1,379,769	1,384,196
Income before income taxes	1,379,769	1,384,196
Income taxes – current	1,228	901
Income taxes – deferred	593	15
Total income taxes	1,821	917
Net income	1,377,947	1,383,279
Retained earnings brought forward	170	194
Unappropriated retained earnings (undisposed loss)	1,378,117	1,383,474

## (3) Statements of Changes in Unitholders' Equity

38th Fiscal Period: from May 1, 2024, to October 31, 2024

[Unit: thousand yen]

	Unitholders' equity				
	Unitholders' capital				
	Unitholders' capital	Deduction from unitholders' capital			Unitholders' capital (net)
		Allowance for temporary difference adjustments	Other deduction from unitholders' capital	Total deduction from unitholders' capital	
Balance at beginning of period	48,082,645	-	(545,913)	(545,913)	47,536,732
Changes of items during the period					
Reversal of reserve for reduction entry			(93,499)	(93,499)	(93,499)
Dividends from surplus					
Net income					
Total changes of items during the period	-	-	(93,499)	(93,499)	(93,499)
Balance at end of period	48,082,645	-	(639,413)	(639,413)	47,443,232

[Unit: thousand yen]

	Unitholders' equity			Total net assets
	Surplus		Total unitholders' equity	
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of the period	1,409,730	1,409,730	48,946,462	48,946,462
Changes of items during the period				
Reversal of reserve for reduction entry	-	-	(93,499)	(93,499)
Dividends from surplus	(1,409,560)	(1,409,560)	(1,409,560)	(1,409,560)
Net income	1,377,947	1,377,947	1,377,947	1,377,947
Total changes of items during the period	(31,612)	(31,612)	(125,112)	(125,112)
Balance at end of period	1,378,117	1,378,117	48,821,350	48,821,350

Starts Proceed Investment Corporation (8979) Financial Report for 39th Fiscal Period

39th Fiscal Period: from November 1, 2024, to April 30, 2025

[Unit: thousand yen]

	Unitholders' equity				
	Unitholders' capital				
	Unitholders' capital	Deduction from unitholders' capital			Unitholders' capital (net)
		Allowance for temporary difference adjustments	Other deduction from unitholders' capital	Total deduction from unitholders' capital	
Balance at beginning of period	48,082,645	-	(639,413)	(639,413)	47,443,232
Changes of items during the period					
Distribution in an allowance for temporary difference adjustments, etc. in excess of earnings		(11,581)		(11,581)	(11,581)
Distribution in other distributions in excess of earnings			(93,499)	(93,499)	(93,499)
Dividends from surplus					
Net income					
Purchase of own investment units					
Cancellation of own investment units			(1,737,343)	(1,737,343)	(1,737,343)
Total changes of items during the period	-	(11,581)	(1,830,843)	(1,842,425)	(1,842,425)
Balance at end of period	48,082,645	(11,581)	(2,470,257)	(2,481,838)	45,600,807

[Unit: thousand yen]

	Unitholders' equity				Total net assets
	Surplus		Own investment units	Total unitholders' equity	
	Unappropriated retained earnings (undisposed loss)	Total surplus			
Balance at beginning of the period	1,378,117	1,378,117	-	48,821,350	48,821,350
Changes of items during the period					
Distribution in an allowance for temporary difference adjustments, etc. in excess of earnings				(11,581)	(11,581)
Distribution in other distributions in excess of earnings				(93,499)	(93,499)
Dividends from surplus	(1,377,922)	(1,377,922)		(1,377,922)	(1,377,922)
Net income	1,383,279	1,383,279		1,383,279	1,383,279
Purchase of own investment units			(1,737,343)	(1,737,343)	(1,737,343)
Cancellation of own investment units			1,737,343	-	-
Total changes of items during the period	5,356	5,356	-	(1,837,068)	(1,837,068)
Balance at end of period	1,383,474	1,383,474	-	46,984,281	46,984,281



## (4) Statements of Cash Distributions

Item	Fiscal period	38th Fiscal Period	39th Fiscal Period
		From: May. 1, 2024 To: Oct. 31, 2024	From: Nov. 1, 2024 To: Apr. 30, 2025
I. Unappropriated retained earnings		1,378,117,785 yen	1,383,474,609 yen
II. Additional amount of distribution in excess of earnings		105,081,444 yen	106,786,680 yen
Allowance for temporary difference adjustments		11,581,557 yen	13,348,335 yen
Other deduction from unitholders' capital		93,499,887 yen	93,438,345 yen
III. Amount of distributions		1,483,004,250 yen	1,490,110,050 yen
[Amount of distribution per investment unit]		[5,250 yen]	[5,470 yen]
Distribution of earnings		1,377,922,806 yen	1,383,323,370 yen
[Distribution of earnings per unit]		[4,878 yen]	[5,078 yen]
Distribution in an allowance for temporary difference adjustments		11,581,557 yen	13,348,335 yen
[Distribution in excess of earnings per unit (those pertaining to an allowance for temporary difference adjustments)]		[41 yen]	[49 yen]
Distribution in other distributions in excess of earnings		93,499,887 yen	93,438,345 yen
[Distribution in excess of earnings per unit (those pertaining to other distributions in excess of earnings)]		[331 yen]	[343 yen]
IV. Retained earnings brought forward		194,979 yen	151,239 yen

Starts Proceed Investment Corporation (8979) Financial Report for 39th Fiscal Period

Item	Fiscal period	38th Fiscal Period From: May. 1, 2024 To: Oct. 31, 2024	39th Fiscal Period From: Nov. 1, 2024 To: Apr. 30, 2025
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 this policy, in the 37th fiscal period, SPI decided to pay out distributions of earnings of 1,377,922,806 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (282,477 units) that does not exceed the amount of unappropriated retained earnings at the end of the 37th fiscal period.</p> <p>In addition, based on SPI's policy to conduct cash distributions in excess of earnings set out Article 35, (iv) of its Articles of Incorporation, SPI is committed to making cash distributions in excess of earnings each fiscal period on a continuous basis, in principle.</p> <p>SPI also pays out distributions of an allowance for temporary difference adjustments, considering the impact on the distributions of tax income in excess of accounting income due to expenses related to asset retirement obligations and the amortization of fixed-term leaseholds in trust for the fiscal period under review.</p> <p>Under this policy, SPI has decided to pay out distributions totaling 105,081,444 yen as distributions in excess of earnings. These distributions are the sum of 93,499,887 yen (a refund of investment, which is a return of capital under tax law), which is equivalent to 13.5% of depreciation (excluding the amortization of leaseholds in trust, etc.) totaling 694,946,508 yen for the fiscal period under review, and 11,581,557 yen (an allowance for temporary difference adjustments, etc.), which is roughly equivalent to tax income in excess of accounting income.</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 this policy, in the 37th fiscal period, SPI decided to pay out distributions of earnings of 1,383,323,370 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (272,415 units) that does not exceed the amount of unappropriated retained earnings at the end of the 37th fiscal period.</p> <p>In addition, based on SPI's policy to conduct cash distributions in excess of earnings set out Article 35, (iv) of its Articles of Incorporation, SPI is committed to making cash distributions in excess of earnings each fiscal period on a continuous basis, in principle.</p> <p>SPI also pays out distributions of an allowance for temporary difference adjustments, considering the impact on the distributions of tax income in excess of accounting income due to expenses related to asset retirement obligations and the amortization of fixed-term leaseholds in trust for the fiscal period under review.</p> <p>Under this policy, SPI has decided to pay out distributions totaling 106,786,680 yen as distributions in excess of earnings. These distributions are the sum of 93,438,345 yen (a refund of investment, which is a return of capital under tax law), which is equivalent to 13.4% of depreciation (excluding the amortization of leaseholds in trust, etc.) totaling 696,068,946 yen for the fiscal period under review, and 13,348,335 yen (an allowance for temporary difference adjustments, etc.), which is roughly equivalent to tax income in excess of accounting income.</p>

Starts Proceed Investment Corporation (8979) Financial Report for 39th Fiscal Period

(5) Statements of Cash Flows

	[Unit: thousand yen]	
	38th Fiscal Period	39th Fiscal Period
	From: May. 1, 2024	From: Nov. 1, 2024
	To: Oct. 31, 2024	To: Apr. 30, 2025
Net cash provided by (used in) operating activities		
Income before income taxes	1,379,769	1,384,196
Depreciation and amortization	703,408	704,053
Amortization of investment corporation bond issuance costs	4,061	4,330
Amortization of investment unit issuance costs	2,071	2,071
Interest income	(7,492)	(36,691)
Interest expenses	282,122	328,215
Decrease (increase) in operating accounts receivable	9,961	(8,639)
Decrease (increase) in prepaid expenses	487	(46)
Increase (decrease) in accrued consumption taxes	36,944	(3,629)
Increase (decrease) in operating accounts payable	20,251	(37,781)
Increase (decrease) in accounts payable - other	(29,494)	(831)
Decrease (increase) in long-term prepaid expenses	16,328	25,891
Decrease from sales of property, plant and equipment in trust	2,498,889	2,248,261
Others, net	6,764	(10,699)
Subtotal	4,924,074	4,598,702
Interest income received	7,492	36,691
Interest expenses paid	(274,490)	(299,986)
Income taxes paid	(7,965)	(1,391)
Net cash provided by (used in) operating activities	4,649,110	4,334,016
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(254,293)	(313,194)
Purchase of intangible assets	(308)	-
Proceeds from tenant leasehold and security deposits in trust	52,432	47,181
Repayments of tenant leasehold and security deposits in trust	(67,983)	(54,169)
Decrease (increase) in investments and other assets	(32,895)	(8,687)
Net cash provided by (used in) investing activities	(303,048)	(328,870)
Net cash provided by (used in) financing activities		
Repayments of short-term loans payable	(2,669,500)	(415,500)
Proceeds from long-term loans payable	5,061,000	3,100,000
Repayments of long-term loans payable	(5,061,000)	(3,700,000)
Proceeds from issuance of investment corporation bonds	-	2,000,000
Redemption of investment corporation bonds	-	(1,000,000)
Payments of investment corporation bond issuance costs	-	(13,966)
Purchase of own investment units	-	(1,737,343)
Dividends paid	(1,409,452)	(1,375,755)
Distributions in excess of earnings	(93,499)	(105,081)
Net cash provided by (used in) financing activities	(4,172,452)	(3,247,647)
Net increase (decrease) in cash and cash equivalents	173,610	757,499
Cash and cash equivalents at beginning of period	3,497,863	3,671,474
Cash and cash equivalents at end of period	3,671,474	4,428,973