

REIT Financial Report for 30th Fiscal Period

December 15, 2020

REIT Securities Issuer: Starts Proceed Investment Corporation Listing: Tokyo Stock Exchange
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 Holding of briefing session on financial results: Yes / No
 (for analysts and institutional investors)

[Amounts are rounded down to the nearest million yen]

1. Status of Management and Assets in 30th Fiscal Period

Starts Proceed Investment Corporation's 30th fiscal period is the period from May 1, 2020, to October 31, 2020.

(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	%
30th	3,352	(8.6)	1,582	(15.6)	1,394	(17.3)	1,392	(17.3)
29th	3,665	18.4	1,874	37.4	1,685	46.0	1,683	46.1
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	%		%		%		%
30th	5,487	3.2		3.2		1.5		41.6
29th	6,635	3.9		3.9		1.9		46.0

(2) Distributions Status

Fiscal period	Distribution per unit [excluding distribution in excess of earnings]	Total distributions [excluding distributions in excess of earnings]	Distribution in excess of earnings per unit	Total distributions in excess of earnings	Distribution payout ratio	Ratio of distributions to net assets
	yen	million yen	yen	million yen	%	%
30th	5,488	1,392	-	-	100.0	3.2
29th	5,059	1,283	-	-	76.2	3.0

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

Note 2: Distribution per unit for the 29th fiscal period is calculated by dividing the amount obtained by subtracting provision of reserve for reduction entry (400 million yen) from unappropriated retained earnings by the number of investment units issued and outstanding.

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
30th	90,411	43,576	48.2	171,711
29th	90,295	43,467	48.1	171,282

(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
30th	5,133	(3,401)	(1,282)	3,434
29th	4,258	(3,473)	(1,162)	2,985

2. Forecast for Management Status in 31st Fiscal Period and 32nd Fiscal Period

Starts Proceed Investment Corporation's 31st fiscal period is the period from November 1, 2020, to April 30, 2021.

Starts Proceed Investment Corporation's 32nd fiscal period is the period from May 1, 2021, to October 31, 2021.

[% 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	%
31st	3,163	(5.6)	1,355	(14.4)	1,151	(17.4)	1,149	(17.4)
32nd	3,129	(1.1)	1,345	(0.7)	1,144	(0.7)	1,142	(0.7)

Fiscal period	Distribution per unit [excluding distribution in excess of earnings]		Distribution in excess of earnings per unit	
	million yen	%	million yen	%
31st	4,530	-	-	-
32nd	4,500	-	-	-

[Reference] Forecast net income per unit 31st fiscal period: 4,530 yen 32nd fiscal period: 4,500 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
 30th fiscal period: 253,777 units 29th fiscal period: 253,777 units
- (b) Number of own investment units at end of period
 30th fiscal period: - 29th fiscal period: -

* 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 31st Fiscal Period and 32nd Fiscal Period" presented on pages 9 to 10.

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1. Management Status

A. Management Status

(1) Overview of Fiscal Period under Review

(a) Brief Background of the Investment Corporation

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

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

As of the end of the fiscal period under review (30th fiscal period: from May 1, 2020, to October 31, 2020), the total number of investment units issued and outstanding is 253,777 units, total assets amount to 90,411 million yen, and unitholders' capital (net amount) amounts to 41,684 million yen

(b) Investment Environment

In the 30th fiscal period, the Japanese economy saw a recovery of personal consumption although the situation remained harsh due to the impact of COVID-19. On the other hand, the severe situation due to the impact of COVID-19 is still expected to continue. However, being a REIT specializing in housing, Starts Proceed does not expect concerns of impact on operations in the short term given the extremely limited impact of decrease in revenue from rent and such found at this point in time.

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

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

(c) Management Performance

In the 30th fiscal period, Starts Proceed conducted asset replacement through disposition of two properties—(G-28) Proceed Nishinagahori (disposition price: 1,050 million yen) and (G-29) Proceed Kyobashi (disposition price: 2,300 million yen)—and acquisition of three properties—(C-83) Proceed Monzennakacho (acquisition price: 1,240 million yen), (C-84) Proceed Maihama (acquisition price: 1,029 million yen) and (R-5) Proceed Mito 3 (acquisition price: 824 million yen)—on May 29, 2020, to avoid increase in costs for major repairs, etc. seen as necessary as properties age in addition to risk of a future drop in prices due to a decline in competitiveness, etc. caused by aging facilities. As a result, Starts Proceed's portfolio as of the end of the 30th fiscal period consists of 107 properties with acquisition prices totaling 87,922 million yen and a total leasable floor area of 193,846.29 m².

In close collaboration with the property management company Starts Amenity Co., Ltd., the Asset Management Company made efforts to reduce building maintenance and management costs while striving to improve the rent levels and increase the receipt of key money and other revenue. In addition, with finely tuned leasing conditions set based on understanding of regional characteristics and advantages of individual properties as well as thorough comparative analyses of nearby competitive properties, leasing activities in coordination with leasing agents were promoted. Furthermore, ongoing efforts were made to put vacant space into service quickly with an aim of maintaining the high occupancy rate. These measures worked to maintain the occupancy rate of the entire portfolio at a stable level of over 95.0%, the target level, throughout the period and resulted in a period-average occupancy rate of 95.7% and period-end (October 31, 2020) occupancy rate of 95.2%.

(d) Status of Fund Procurement

In the 30th fiscal period, Starts Proceed borrowed a long-term loan of 4,320 million yen (term: 6 years) to repay a long-term loan of 4,320 million yen due for repayment on May 22, 2020. The interest rate of the said borrowing has been substantively fixed through an interest rate swap agreement to hedge against the risk of an interest rate hike.

As a result, as of the end of the 30th fiscal period, the current portion of long-term loans payable is 8,020 million yen, long-term loans payable is 36,626 million yen and investment corporation bonds is 1,000 million yen. The period-end balance for interest-bearing liabilities is 45,646 million yen and the period-end LTV ratio is 50.5%.

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

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

(e) Overview of Business Performance and Distributions

As a result of the management described above, business performance recorded for the 30th fiscal period was operating revenue of 3,352 million yen, operating income of 1,582 million yen, ordinary income of 1,394 million yen and net income of 1,392 million yen.

Concerning distributions, to ensure that the maximum amount of distributions of earnings is included in deductible expenses based on application of Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including amendments thereto) (the "Special Taxation Measures Act"), Starts Proceed distributes the entire amount of unappropriated retained earnings, excluding fractions of distribution per investment unit of less than 1 yen. Accordingly, Starts Proceed declared a distribution per investment unit of 5,488 yen.

(2) Outlook for Next Fiscal Period

(a) Management Policy and Challenges to Address

a. Investment Environment

The outlook for the Japanese economy is that economic activities, trends of unstable financial markets and such will likely continue to require close attention as the impact associated with the spread of COVID-19 on the global economy continues to pose overall concerns of recession in the Japanese and overseas economies.

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

b. External Growth Strategy

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

c. Internal Growth Strategy

Following on from the 30th fiscal period, under close collaboration with the property management company Starts Amenity Co., Ltd. and Starts Pitat House Co., Ltd., to which leasing business operations are re-entrusted, efforts will be made to enhance convenience and comfort for residents through the provision of high-quality management services, along with not stopping at uniform management but conducting finely tuned management suited to the respective area's real estate leasing market trends and individual property characteristics, in order to enhance the revenues and occupancy rates of assets under management and cut costs.

d. Financial Strategy

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

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(b) Significant Subsequent Events

Not applicable.

(Reference Information)

A. Issuance of Investment Corporation Bonds

Starts Proceed issued investment corporation bonds under the following conditions based on “Comprehensive Resolution on the Issuance of Investment Corporation Bonds” determined at the meeting of the Board of Directors of Starts Proceed held on November 4, 2020.

Name	Starts Proceed Second Series Unsecured Investment Corporation Bond (with pari passu conditions among specified investment corporation bonds)
Total Issue Amount	1,000 million yen
Payment Date	November 19, 2020
Paid-in Amount	100 yen per 100 yen of each investment corporation bond
Interest Rate	0.540% per annum
Security and Guarantee	Unsecured and unguaranteed
Redemption Date	The total amount will be redeemed on November 19, 2025. 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 19 and November 19 of each year
Use of Funds	Allocated to a portion of funds for repayment of Term Loan 2A (loan balance: 3,700 million yen) due for repayment on November 24, 2020.

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

Starts Proceed borrowed Term Loan 2Q as follows to fund the repayment of Term Loan 2A for which the repayment date arrived on November 24, 2020 (loan balance: 3,700 million yen).

	Term Loan 2Q
Lender	Aozora Bank, Ltd. Resona Bank, Limited The Chiba Bank, Ltd. The Musashino Bank, Ltd. Mizuho Bank, Ltd. The Kagawa Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited
Loan Amount	2,700 million yen
Drawdown Date	November 24, 2020
Principal Repayment Date	November 24, 2026
Interest Rate (Note)	Floating rate (Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.700%)
Interest Payment Date	The first interest payment date shall be the last day of November 2020, and for subsequent payments, the last day of every month 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
Collateral	Unsecured
Guarantee	Unguaranteed

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

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In addition, Starts Proceed concluded an interest rate swap agreement as follows to hedge against risk of interest rate hike concerning Term Loan 2Q, the borrowing to be conducted under the condition of a floating interest rate as mentioned above.

Interest Rate Swap Agreement

Counterparty: Resona Bank, Limited
 Notional Principle Amount: 2,700 million yen
 Interest Rate, etc.: Fixed interest rate payable: 0.900%
 Floating interest rate receivable:
 Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.700% (Note)
 Commencement Date: November 24, 2020
 Termination Date: November 24, 2026
 Payment Date: The first interest payment date shall be the last day of November 2020, and for subsequent payments, the last day of every month 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 2Q is, in effect, fixed at 0.900%

(c) Outlook for Management Status

Starts Proceed expects the following management status in the 31st fiscal period (from November 1, 2020, to April 30, 2021) and 32nd fiscal period (from May 1, 2021, to October 31, 2021). For the assumptions underlying this outlook for management status, please refer to "Assumptions Underlying Forecast for Management Status in 31st Fiscal Period and 32nd Fiscal Period" below.

	31st Fiscal Period	32nd Fiscal Period
	From: Nov. 1, 2020 To: Apr. 30, 2021	From: May 1, 2021 To: Oct. 31, 2021
Operating revenue	3,163 million yen	3,129 million yen
Operating income	1,355 million yen	1,345 million yen
Ordinary income	1,151 million yen	1,144 million yen
Net income	1,149 million yen	1,142 million yen
Distribution per unit	4,530 yen	4,500 yen
Distribution in excess of earnings per unit	-	-

Note: The forecast figures above are the current forecast calculated based on certain assumptions. Accordingly, actual operating revenue, operating income, ordinary income, net income and distribution 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 Starts Proceed 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 31st Fiscal Period and 32nd Fiscal Period

Item	Assumption
Business period	31st fiscal period: from November 1, 2020, to April 30, 2021 (181 days) 32nd fiscal period: from May 1, 2021, to October 31, 2021 (184 days)
Assets under management	<ul style="list-style-type: none"> The forecast assumes assets are the 107 properties in the Starts Proceed portfolio as at October 31, 2020, and assumes that there will be no changes (acquisition of new properties, disposition of existing properties, etc.) through to the end of the 32nd fiscal period. The actual assets under management may vary due to changes in assets under management.
Operating revenue	<ul style="list-style-type: none"> 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. Other than the above, the forecast assumes that there will be no deferral of payment, reduction in amount, etc. of rent from lessees given the present state of generally no impact of rent decrease or such due to the spread of COVID-19 found at this point in time.
Operating expenses	<ul style="list-style-type: none"> 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. Management expenses are expected to be 201 million yen for the 31st fiscal period and 204 million yen for the 32nd fiscal period. Repair expenses, which are recognized as expenses in the amount presumed to be necessary in the business period, are expected to be 95 million yen for the 31st fiscal period and 82 million yen for the 32nd 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. 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 180 million yen for the 31st fiscal period and 182 million yen for the 32nd fiscal period. 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 655 million yen for the 31st fiscal period and 663 million yen for the 32nd fiscal period. Operating expenses other than expenses related to rent business (asset management fee, asset custody fee, administrative service fees, etc.) are expected to be 433 million yen for the 31st fiscal period and 432 million yen for the 32nd fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses (including interest expenses on investment corporation bonds) are expected to be 161 million yen for the 31st fiscal period and 161 million yen for the 32nd fiscal period. Borrowing-related expenses are expected to be 40 million yen for the 31st fiscal period and 40 million yen for the 32nd fiscal period. 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 31st fiscal period and 5 million yen for the 32nd fiscal period.
Interest-bearing liabilities	<ul style="list-style-type: none"> Of the loans balance as of today of 43,646 million yen, the forecast assumes that the loan due for repayment during the 32nd fiscal period (4,320 million yen) will be refinanced in the entire amount and the loans balance will remain unchanged at 43,646 million yen through to the end of the 32nd fiscal period. The forecast assumes the balance of investment corporation bonds of 2,000 million yen as of today will remain unchanged through to the end of the 32nd fiscal period.

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Item	Assumption
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> The forecast assumes the total number of investment units issued and outstanding as of today of 253,777 units and assumes there will be no subsequent issuance of investment units through to the end of the 32nd fiscal period.
Distribution per unit	<ul style="list-style-type: none"> Distributions (distribution per unit) are calculated by assuming the policy on cash distributions provided in the Articles of Incorporation of Starts Proceed. 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.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> No distributions in excess of earnings (distribution in excess of earnings per unit) are scheduled at present.
Other	<ul style="list-style-type: none"> 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. The forecast assumes that there will be no unforeseen material change in general economic trends and real estate market conditions, etc.

B. Investment Risks

Disclosure is omitted because there are no significant changes from the “Investment Risks” in the most recent securities report (submitted on July 27, 2020).

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2. Financial Statements
(1) Balance Sheets

	[Unit: thousand yen]	
	29th Fiscal Period	30th Fiscal Period
	As of Apr. 30, 2020	As of Oct. 31, 2020
Assets		
Current assets		
Cash and deposits	1,079,720	1,407,615
Cash and deposits in trust	1,905,599	2,026,692
Operating accounts receivable	32,501	26,748
Prepaid expenses	86,311	79,446
Other	2,295	1,711
Total current assets	3,106,428	3,542,214
Non-current assets		
Property, plant and equipment		
Buildings in trust	44,899,168	46,291,826
Accumulated depreciation	(9,128,351)	(9,669,274)
Buildings in trust, net	35,770,816	36,622,551
Structures in trust	1,250,939	1,270,835
Accumulated depreciation	(722,413)	(758,837)
Structures in trust, net	528,525	511,998
Machinery and equipment in trust	5,376	5,376
Accumulated depreciation	(4,369)	(4,674)
Machinery and equipment in trust, net	1,007	702
Tools, furniture and fixtures in trust	401,987	453,306
Accumulated depreciation	(232,407)	(253,560)
Tools, furniture and fixtures in trust, net	169,579	199,745
Land in trust	49,999,491	48,824,300
Construction in progress in trust	1,903	-
Total property, plant and equipment	86,471,323	86,159,298
Intangible assets		
Software	990	396
Total intangible assets	990	396
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	535,874	535,874
Long-term prepaid expenses	145,848	139,258
Deferred tax assets	80	80
Other	14,932	15,568
Total investments and other assets	706,735	700,781
Total non-current assets	87,179,049	86,860,475
Deferred assets		
Investment corporation bond issuance costs	10,143	9,016
Total deferred assets	10,143	9,016
Total assets	90,295,621	90,411,706

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	[Unit: thousand yen]	
	29th Fiscal Period	30th Fiscal Period
	As of Apr. 30, 2020	As of Oct. 31, 2020
Liabilities		
Current liabilities		
Current portion of long-term loans payable	8,020,000	8,020,000
Operating accounts payable	83,142	136,206
Accounts payable – other	226,220	213,058
Accrued expenses	2,974	3,966
Income taxes payable	1,956	1,951
Accrued consumption taxes	37,056	12,056
Advances received	2,484	2,033
Other	9,555	338
Total current liabilities	8,383,390	8,389,612
Non-current liabilities		
Investment corporation bonds	1,000,000	1,000,000
Long-term loans payable	36,626,000	36,626,000
Tenant leasehold and security deposits in trust	685,827	685,727
Asset retirement obligations	132,935	134,031
Total non-current liabilities	38,444,763	38,445,759
Total liabilities	46,828,153	46,835,372
Net assets		
Unitholders' equity		
Unitholders' capital	42,230,457	42,230,457
Deduction from unitholders' capital	(545,913)	(545,913)
Unitholders' capital (net)	41,684,544	41,684,544
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	99,000	99,000
Reserve for reduction entry under special provisions for property replacement	-	400,000
Total voluntary retained earnings	99,000	499,000
Unappropriated retained earnings (undisposed loss)	1,683,923	1,392,789
Total surplus	1,782,923	1,891,789
Total unitholders' equity	43,467,467	43,576,333
Total net assets	43,467,467	43,576,333
Total liabilities and net assets	90,295,621	90,411,706

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(2) Statements of Income

	[Unit: thousand yen]	
	29th Fiscal Period	30th Fiscal Period
	From: Nov. 1, 2019 To: Apr. 30, 2020	From: May 1, 2020 To: Oct. 31, 2020
Operating revenue		
Rent revenue – real estate	3,116,596	3,106,613
Gain on sales of real estate properties	549,257	245,591
Total operating revenue	3,665,853	3,352,205
Operating expenses		
Expenses related to rent business	1,362,896	1,354,282
Asset management fee	276,731	270,199
Asset custody fee	8,455	8,473
Administrative service fees	26,605	26,112
Directors' compensations	1,200	1,200
Other operating expenses	115,108	109,230
Total operating expenses	1,790,997	1,769,498
Operating income	1,874,856	1,582,707
Non-operating income		
Interest income	17	15
Insurance income	12,815	23,412
Reversal of distribution payable	806	1,247
Total non-operating income	13,639	24,675
Non-operating expenses		
Interest expenses	156,820	167,004
Interest expenses on investment corporation bonds	2,111	2,375
Amortization of investment corporation bond issuance costs	1,127	1,127
Borrowing related expenses	42,156	41,547
Other	450	649
Total non-operating expenses	202,666	212,703
Ordinary income	1,685,829	1,394,679
Income before income taxes	1,685,829	1,394,679
Income taxes – current	1,959	1,954
Income taxes – deferred	(1)	0
Total income taxes	1,958	1,954
Net income	1,683,871	1,392,724
Retained earnings brought forward	52	65
Unappropriated retained earnings (undisposed loss)	1,683,923	1,392,789

(3) Statements of Changes in Unitholders' Equity

29th Fiscal Period: from November 1, 2019, to April 30, 2020

[Unit: thousand yen]

	Unitholders' equity						
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from Unitholders' capital	Unitholders' capital (net)	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus
				Reserve for reduction entry	Total voluntary retained earnings		
Balance at beginning of the period	42,230,457	(545,913)	41,684,544	99,000	99,000	1,152,707	1,251,707
Changes of items during the period							
Dividends from surplus						(1,152,655)	(1,152,655)
Net income						1,683,871	1,683,871
Total changes of items during the period	-	-	-	-	-	531,215	531,215
Balance at end of the period	42,230,457	(545,913)	41,684,544	99,000	99,000	1,683,923	1,782,923

[Unit: thousand yen]

	Unitholders' equity	Total net assets
	Total unitholders' equity	
Balance at beginning of the period	42,936,251	42,936,251
Changes of items during the period		
Dividends from surplus	(1,152,655)	(1,152,655)
Net income	1,683,871	1,683,871
Total changes of items during the period	531,215	531,215
Balance at end of the period	43,467,467	43,467,467

Starts Proceed Investment Corporation (8979) Financial Report for 30th Fiscal Period

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

[Unit: thousand yen]

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

[Unit: thousand yen]

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

Starts Proceed Investment Corporation (8979) Financial Report for 30th Fiscal Period

(4) Statements of Cash Distributions

Item	Period	29th Fiscal Period	30th Fiscal Period
		From: Nov. 1, 2019 To: Apr. 30, 2020	From: May 1, 2020 To: Oct. 31, 2020
I. Unappropriated retained earnings		1,683,923,202 yen	1,392,789,809 yen
II. Amount of distributions [Amount of distribution per investment unit]		1,283,857,843 yen [5,059 yen]	1,392,728,176 yen [5,488 yen]
III. Voluntary retained earnings Provision of reserve for reduction entry under special provisions for property replacement		400,000,000 yen	-
IV. Retained earnings carried forward		65,359 yen	61,633 yen
Method of calculation of amount of distributions		Pursuant to the policy on cash distributions provided in Article 35, Paragraph 1 of the Articles of Incorporation of Starts Proceed, the amount of distributions shall be in excess of an amount equivalent to 90% of the "amount of earnings available for distribution" provided in Article 67-15 of the Special Taxation Measures Act, but no more than the amount of earnings. Based on such policy, Starts Proceed decided to pay out distributions of unappropriated retained earnings of 1,283,857,843 yen, which is the amount remaining after deducting 400,000,000 yen as the provision for reserve for reduction entry, which is within the scope of application to Article 66-2 of the Act on Special Measures Concerning Taxation. Starts Proceed shall not distribute the cash in excess of earnings provided in Article 35, Item 4 of the Articles of Incorporation of Starts Proceed.	Pursuant to the policy on cash distributions provided in Article 35, Paragraph 1 of the Articles of Incorporation of Starts Proceed, the amount of distributions shall be in excess of an amount equivalent to 90% of the "amount of earnings available for distribution" provided in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Based on such policy, Starts Proceed decided to pay out distributions of earnings of 1,392,728,176 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (253,777 units) in an amount not in excess of unappropriated retained earnings. Starts Proceed shall not distribute the cash in excess of earnings provided in Article 35, Item 4 of the Articles of Incorporation of Starts Proceed.

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(5) Statements of Cash Flows

	[Unit: thousand yen]	
	29th Fiscal Period	30th Fiscal Period
	From: Nov. 1, 2019 To: Apr. 30, 2020	From: May 1, 2020 To: Oct. 31, 2020
Net cash provided by (used in) operating activities		
Income before income taxes	1,685,829	1,394,679
Depreciation and amortization	629,689	650,127
Amortization of investment corporation bond issuance costs	1,127	1,127
Interest income	(17)	(15)
Interest expenses	158,932	169,380
Decrease (increase) in operating accounts receivable	(6,136)	5,753
Decrease (increase) in prepaid expenses	5,971	6,865
Increase (decrease) in accrued consumption taxes	32,390	(24,999)
Increase (decrease) in operating accounts payable	(40,902)	36,998
Increase (decrease) in accounts payable – other	22,698	(13,003)
Decrease (increase) in long-term prepaid expenses	24,478	6,589
Decrease from sales of property, plant and equipment in trust	1,893,390	3,079,494
Other, net	9,604	(9,235)
Subtotal	4,417,055	5,303,760
Interest income received	17	15
Interest expenses paid	(156,864)	(168,387)
Income taxes paid	(1,934)	(1,959)
Net cash provided by (used in) operating activities	4,258,273	5,133,429
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(3,465,999)	(3,400,936)
Proceeds from tenant leasehold and security deposits in trust	54,063	50,800
Repayments of tenant leasehold and security deposits in trust	(61,341)	(50,900)
Decrease (increase) in other investments	(636)	(636)
Net cash provided by (used in) investing activities	(3,473,913)	(3,401,672)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	1,500,000	4,320,000
Repayments of long-term loans payable	(2,500,000)	(4,320,000)
Proceeds from investment corporation bond issuance	1,000,000	-
Payments of investment corporation bond issuance costs	(11,270)	-
Dividends paid	(1,151,306)	(1,282,768)
Net cash provided by (used in) financing activities	(1,162,576)	(1,282,768)
Net increase (decrease) in cash and cash equivalents	(378,215)	448,988
Cash and cash equivalents at beginning of period	3,363,535	2,985,319
Cash and cash equivalents at end of period	2,985,319	3,434,307