

REIT Financial Report for 31st Fiscal Period

June 15, 2021

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 31st Fiscal Period

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

(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	%
31st	3,160	(5.7)	1,362	(13.9)	1,163	(16.6)	1,183	(15.0)
30th	3,352	(8.6)	1,582	(15.6)	1,394	(17.3)	1,392	(17.3)
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		%		%		%	
31st	4,662		2.7		1.3		36.8	
30th	5,487		3.2		1.5		41.6	

(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	%	%
31st	4,663	1,183	-	-	100.0	2.7
30th	5,488	1,392	-	-	100.0	3.2

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

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
31st	90,191	43,366	48.1	170,886
30th	90,411	43,576	48.2	171,711

(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
31st	2,533	(1,256)	(1,401)	3,309
30th	5,133	(3,401)	(1,282)	3,434

2. Forecast for Management Status in 32nd Fiscal Period and 33rd Fiscal Period

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

Starts Proceed Investment Corporation's 33rd fiscal period is the period from November 1, 2021, to April 30, 2022.

[% 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	%
32nd	3,113	(1.5)	1,351	(0.9)	1,144	(1.6)	1,142	(3.5)
33rd	3,136	0.7	1,358	0.6	1,149	0.4	1,147	0.4

Fiscal period	Distribution per unit [excluding distribution in excess of earnings]		Distribution in excess of earnings per unit	
	million yen	%	million yen	%
32nd	4,500	-	-	-
33rd	4,520	-	-	-

[Reference] Forecast net income per unit 32nd fiscal period: 4,500 yen 33rd fiscal period: 4,520 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 | | |
| 31st fiscal period: | 253,777 units | 30th fiscal period: 253,777 units |
| (b) Number of own investment units at end of period | | |
| 31st fiscal period: | - | 30th 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 32nd Fiscal Period and 33rd Fiscal Period" presented on pages 8 to 9.

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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) the next day. After three capital increases through public offering and other developments since listing on the JASDAQ Market, Starts Proceed listed on the Tokyo Stock Exchange, Inc. Real Estate Investment Trust Securities Market (Securities Code: 8979) on July 27, 2010, and this was accompanied by an application for delisting being filed with the JASDAQ Market on August 10, 2010, and the delisting from the JASDAQ Market taking effect on October 1, 2010.

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

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

(b) Investment Environment

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

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

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

(c) Management Performance

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

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

(d) Status of Fund Procurement

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

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

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

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

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

(e) Overview of Business Performance and Distributions

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

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

(2) Outlook for Next Fiscal Period

(a) Management Policy and Challenges to Address

a. Investment Environment

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

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

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. Furthermore, along with the progress in external growth, Starts Proceed will continue to simultaneously investigate disposition of some assets that are small in size or were built long ago, etc.

c. Internal Growth Strategy

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

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)

Borrowing of Funds (Refinancing)

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

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

(c) Outlook for Management Status

Starts Proceed expects the following management status in the 32nd fiscal period (from May 1, 2021, to October 31, 2021) and 33rd fiscal period (from November 1, 2021, to April 30, 2022). For the assumptions underlying this outlook for management status, please refer to "Assumptions Underlying Forecast for Management Status in 32nd Fiscal Period and 33rd Fiscal Period" below.

	32nd Fiscal Period	33rd Fiscal Period
	From: May 1, 2021 To: Oct. 31, 2021	From: Nov. 1, 2021 To: Apr. 30, 2022
Operating revenue	3,113 million yen	3,136 million yen
Operating income	1,351 million yen	1,358 million yen
Ordinary income	1,144 million yen	1,149 million yen
Net income	1,142 million yen	1,147 million yen
Distribution per unit	4,500 yen	4,520 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.

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Assumptions Underlying Forecast for Management Status in 32nd Fiscal Period and 33rd Fiscal Period

Item	Assumption
Business period	32nd fiscal period: from May 1, 2021, to October 31, 2021 (184 days) 33rd fiscal period: from November 1, 2021, to April 30, 2022 (181 days)
Assets under management	<ul style="list-style-type: none"> The forecast assumes assets are the 106 properties in the Starts Proceed portfolio as at April 30, 2021, and assumes that there will be no changes (acquisition of new properties, disposition of existing properties, etc.) through to the end of the 33rd 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 199 million yen for the 32nd fiscal period and 199 million yen for the 33rd fiscal period. Repair expenses, which are recognized as expenses in the amount presumed to be necessary in the business period, are expected to be 98 million yen for the 32nd fiscal period and 98 million yen for the 33rd 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 32nd fiscal period and 180 million yen for the 33rd 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 651 million yen for the 32nd fiscal period and 652 million yen for the 33rd 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 404 million yen for the 32nd fiscal period and 405 million yen for the 33rd fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses (including interest expenses on investment corporation bonds) are expected to be 170 million yen for the 32nd fiscal period and 173 million yen for the 33rd fiscal period. Borrowing-related expenses are expected to be 42 million yen for the 32nd fiscal period and 42 million yen for the 33rd 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 2 million yen for the 32nd fiscal period and 2 million yen for the 33rd 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 33rd 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 33rd 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 33rd 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 33rd 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 January 27, 2021).

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2. Financial Statements
(1) Balance Sheets

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

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

Starts Proceed Investment Corporation (8979) Financial Report for 31st Fiscal Period

(2) Statements of Income

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

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(3) Statements of Changes in Unitholders' Equity

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 31st Fiscal Period

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

[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	400,000	499,000	1,392,789
Changes of items during the period							
Dividends from surplus							(1,392,728)
Net income							1,183,334
Total changes of items during the period	-	-	-	-	-	-	(209,394)
Balance at end of the period	42,230,457	(545,913)	41,684,544	99,000	400,000	499,000	1,183,395

[Unit: thousand yen]

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

Starts Proceed Investment Corporation (8979) Financial Report for 31st Fiscal Period

(4) Statements of Cash Distributions

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

Starts Proceed Investment Corporation (8979) Financial Report for 31st Fiscal Period

(5) Statements of Cash Flows

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