



## Financial Results Briefing

23rd Fiscal Period (six months ended April 30, 2017)

June 15, 2017

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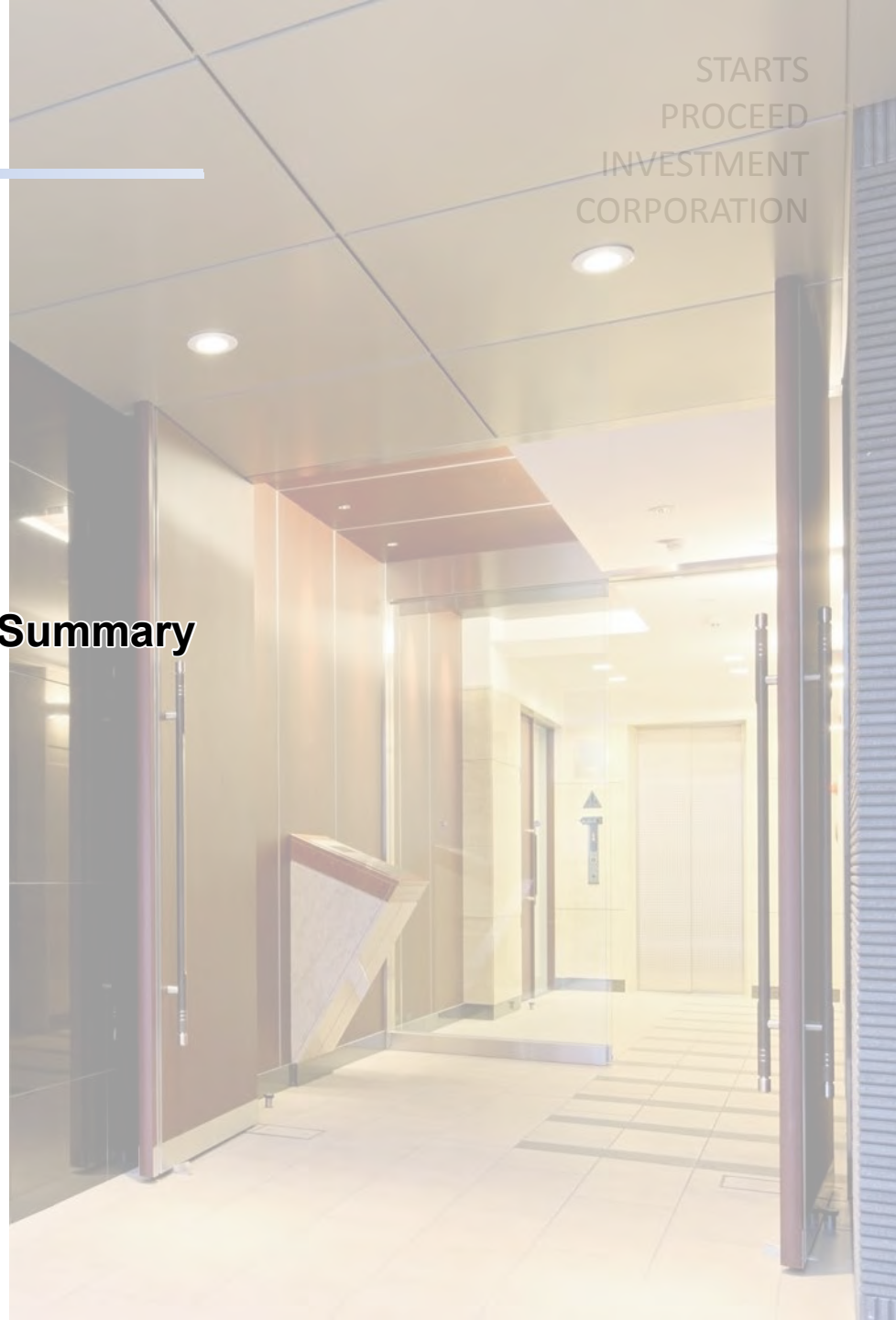
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## 23rd Fiscal Period Financial Results Summary



## 23rd fiscal period Distribution per unit

Distribution forecast at beginning  
of 23rd fiscal period

**4,200 yen per unit**

+197 yen

Finalized distribution

**4,397 yen per unit**

**Comparison with 22nd fiscal period**  
(Results of 22nd fiscal period 4,204 yen)

+193 yen

## 23rd fiscal period Management summary

Total acquisition price 82,088 million yen

Number of properties 111 properties

Total number of leasable units 5,234 units

**External Growth** Acquired 15 properties for 24.0 billion yen  
Disposed two properties and acquired one residence for the elderly with home-care services (through exchange transaction with Starts Amenity Corporation)

**Internal Growth** Period average occupancy rate 95.4% (95.6% in the 22nd FP)  
NOI yield (based on acquisition price) 5.4% (5.9% in the 22nd FP) (Note)

**Financial Strategy** Acquisition of credit rating Japan Credit Rating Agency, Ltd. (JCR): A- (stable)  
Period-end LTV (based on total assets) 48.9%(48.4% in the 22nd FP)

(Note) NOI yield includes NOI of properties disposed/acquired during the fiscal period. Properties acquired/disposed through asset swap transaction on March 31, 2017 are excluded from compilation.

## Change in 23rd FP Financial Results and Distribution

Item	Unit	19th FP (Ended April 30, 2015)	20th FP (Ended October 31, 2015)	21st FP (Ended April 30, 2016)	22nd FP (Ended October 31, 2016)	23rd FP (Ended April 30, 2017)
Operating revenue	million yen	2,239	2,220	2,239	2,245	2,980
Operating income	million yen	947	914	918	918	1,292
Ordinary income	million yen	728	703	715	732	1,130
Net income	million yen	726	701	713	730	1,129
Total assets	million yen	61,893	61,754	61,704	61,667	87,373
Net assets	million yen	30,822	30,797	30,809	30,826	43,359
Equity ratio	%	49.8	49.9	49.9	50.0	49.6
Total number of investment units issued and outstanding	Unit	173,777	173,777	173,777	173,777	256,777
Net assets per unit	yen	177,370	177,223	177,292	177,391	168,860
Distribution per unit	yen	4,182	4,035	4,104	4,204	4,397

(Note) Unless otherwise specified, all amounts are round down, and figures with decimal places calculated for percentage or averaged are rounded off. The same shall apply hereinafter.

## ■ New acquisition through public offering

Asset size (book value) grew approximately **1.4** times from **57.8** billion yen to **83.0** billion yen through public offering.

### ● Overview of public offering

Issuance resolution date  
November 4, 2016

Procured amount  
Approximately 12.1 billion yen  
(Note)

Number of units issued  
83,000 units

### ● Improvement in portfolio quality

	Assets acquired as of the end of 22nd FP	Assets newly acquired through public offering
Expansion of asset size (Number of properties)	57.8 billion yen (97 properties)	24.0 billion yen (15 properties)
Increase in average acquisition price per property	0.6 billion yen	1.61 billion yen
Lowering of average building age	15.2 years	10.4 years

### ● List of properties acquired through public offering (15 properties)

Property No.	Property name	Location	Acquisition price (million yen)	Property No.	Property name	Location	Acquisition price (million yen)
C-69	Proceed Nihonbashi Honcho	Chuo-ku, Tokyo	2,449	G-26	Proceed Bentencho	Osaka City, Osaka	2,170
C-70	Proceed Nishi Shinjuku	Shinjuku-ku, Tokyo	2,549	G-27	Proceed Nagaikoendori	Osaka City, Osaka	1,070
C-71	Proceed Unoki	Ota-ku, Tokyo	917	G-28	Proceed Nishinagahori	Osaka City, Osaka	942
C-72	Proceed Minamigyotoku 2	Ichikawa City, Chiba	1,080	G-29	Proceed Kyobashi	Osaka City, Osaka	2,040
C-73	Proceed CO-Z East Building	Narita City, Chiba	1,830	G-30	Proceed Hyogoekimaedori	Kobe City, Hyogo	1,670
C-74	Proceed CO-Z West Building	Narita City, Chiba	971	G-31	Proceed Mizuho	Nagoya City, Aichi	535
C-75	Proceed Shin Yokohama	Yokohama City, Kanagawa	4,330	G-32	Proceed Osu	Nagoya City, Aichi	831
				G-33	Proceed Sendai Kozurushinden	Sendai City, Mitagi	698



(Note) In addition, 12.96 billion yen is procured with bank loans

## ■ Replacement of AUM

Exchanged assets with Starts Amenity Corporation on March 31, 2017. Disposition was concluded at the same price or higher than the appraisal value and acquisition was concluded at a price lower than the appraisal value.

Disposition price (the sum of 2 properties) 365 million yen



Disposed asset	
Property name	Proceed Motomachi
Location	Higashi-ku, Sapporo City, Hokkaido
Construction completion date	February 20, 1991 (26 years since completion)
Total number of units	35
Acquisition price	148 million yen
Appraisal value	233 million yen



Disposed asset	
Property name	Proceed Motomachi 2
Location	Higashi-ku, Sapporo City, Hokkaido
Construction completion date	December 11, 1990 (26 years since completion)
Total number of units	19
Acquisition price	85 million yen
Appraisal value	132 million yen

Exchange



Acquisition price 380 million yen

[Operator: Starts Care Service Co., Ltd.]

Acquired asset	
Property name	Life Support Residence Funaboriekimae
Location	Funabori, Edogawa-ku, Tokyo
Construction completion date	January 14, 2013 (4 years since completion)
Small-scale multifunctional home-care	1st floor
Residence for the elderly	Reception on the 1st floor, residences on the 2nd to 5th floors (28 units)
Appraisal value	401 million yen



\*For details of the property, please refer to page 20.

### Significance of the swap

- Lowering of average building age
- Avoidance of future repair/capital expenditure required in line with the aging of the buildings
- Facility for the elderly ⇒ accumulation of operational know-how, diversification
- Capital gain deferred
  - Deferred part of capital gain by making reduction entry for the land/building transaction
  - Recorded gain on exchange of real estate properties of 15 million yen after reduction entry



To enhance portfolio quality

# Comparison with Beginning of 23rd Fiscal Period Forecast and Previous Period Result / Forecast for 24th and 25th Fiscal Periods

## ■ Comparison with beginning of fiscal period forecast

(million yen)

	23rd FP Forecast	23rd FP Results	Difference from forecast
Operating revenue	2,984	2,980	-4
Of which, rent revenue - real estate	2,984	2,964	-20
Of which, gain on exchange	-	15	15
Operating expenses	1,700	1,687	-13
Of which, expenses related to rent business	1,316	1,339	22
Of which, other expenses	383	347	-35
Operating income	1,283	1,292	9
Ordinary income	1,080	1,130	50
Net income	1,078	1,129	51
Distribution per unit	4,200 yen	4,397 yen	197 yen

### 23rd FP Difference from forecast

#### 【Operating revenue】

- Rent revenue and parking revenue fell below the forecast for some properties resulting in 20 million yen decrease in expenses related to rent business
- Gain on exchange of 15 million yen is recorded.
- Exceeded operating income forecast by 9 million yen.

#### 【Ordinary income】

- Exceeded the forecast by 50 million yen partly due to recording of balance of consumption tax payments of 50 million yen (forecast 10 million yen) for properties acquired during the fiscal period.

## ■ Comparison with the previous fiscal period (22nd FP)

(million yen)

	22nd FP Forecast	23rd FP Results	Increase/decrease from 22nd FP
Operating revenue	2,245	2,980	735
Of which, rent revenue - real estate	2,245	2,964	719
Of which, gain on exchange	-	15	15
Operating expenses	1,327	1,687	360
Of which, expenses related to rent business	1,029	1,339	310
Of which, other expenses	298	347	49
Operating income	918	1,292	374
Ordinary income	732	1,130	398
Net income	730	1,129	399
Distribution per unit	4,204 yen	4,397 yen	193 yen

### 23rd FP Increase/decrease from 22nd FP

#### 【Operating revenue】

- Increase of 719 million yen from the 22nd FP mainly due to contribution from newly acquired properties as well as being in a peak season.

#### 【Operating income】

- Operating income increased by 374 million yen despite the increase in expenses related to rent business accompanying property acquisition.

## ■ Forecast for the 24th and 25th fiscal periods

(million yen)

	24th FP Forecast	25th FP Results	Increase/decrease
Operating revenue	2,965	3,013	47
Operating expenses	1,692	1,738	46
Of which, expenses related to rent business	1,280	1,324	44
Of which, other expenses	412	413	1
Operating income	1,272	1,274	1
Ordinary income	1,067	1,080	12
Net income	1,065	1,078	12
Distribution per unit	4,150 yen	4,200 yen	50 yen

### Forecast for the 24th and 25th fiscal periods

#### [24th FP]

- Distribution is forecast at 4,150 yen on a normal basis, excluding 50 million yen of balance of consumption tax payments (special factor) in the previous fiscal period, factoring in the increase in costs such as expensing of fixed asset tax accompanying property acquisition as well as being in an off-peak season.

#### [25th FP]

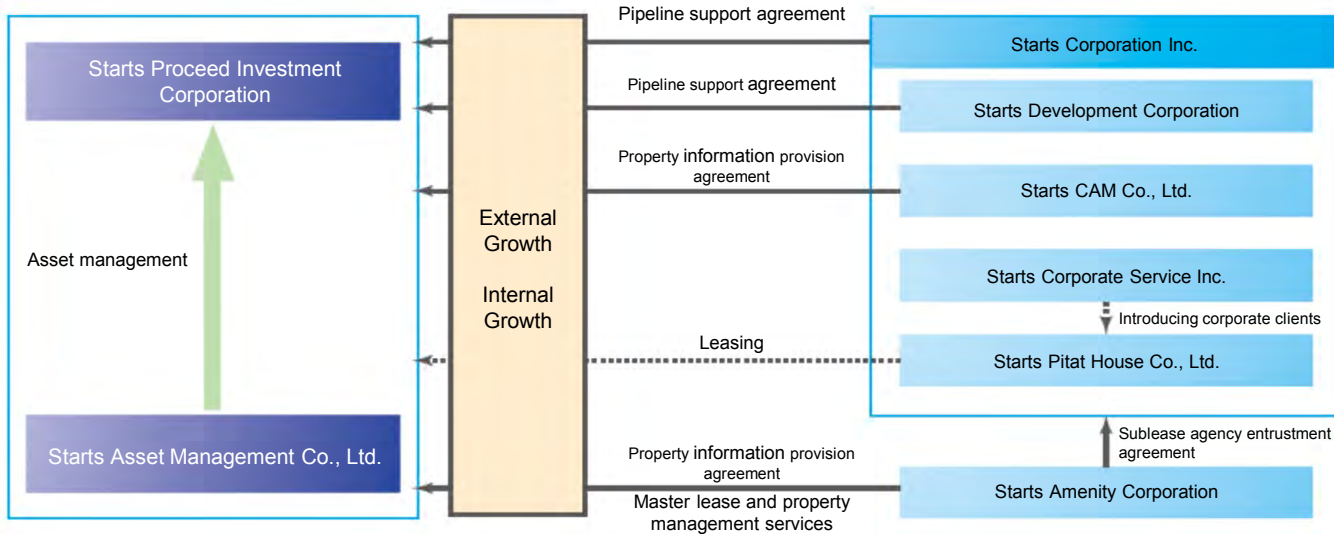
- Distribution is forecast at 4,200 yen as a result of efforts on increasing rent revenue and lowering of financing costs.

(Note) The above forecast figures for the 24th and 25th fiscal periods are the current forecast calculated based on certain assumptions as of June 16, 2017. Accordingly, actual operating revenue, operating expenses, of which, expenses related to rent business, operating income, non-operating income, non-operating expenses, ordinary income, net income, distribution per unit, etc. 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.

# Collaborative Structure of Starts Group



- Collaborative relationship formed by a pipeline support agreement and a property information provision agreement



Construction



Solicitation of tenants/residents



Real estate management



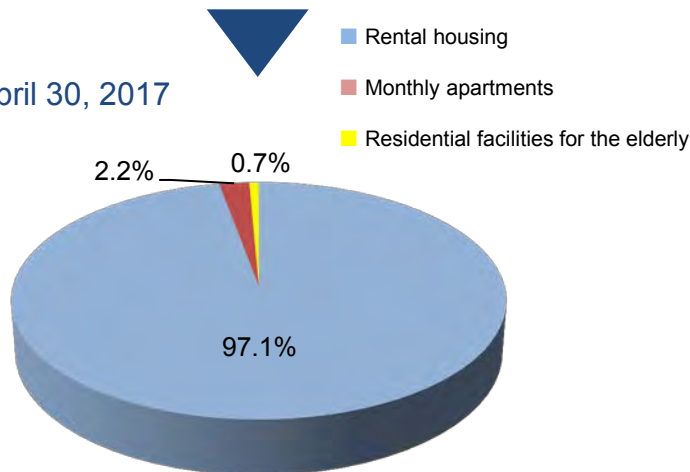


## Portfolio policy and the status as of the end of the 23rd FP

Portfolio policy by use (Note 1 —Note 2)

Investment target	Characteristics	Price ratio
Rental housing	Regular rental housing for singles, DINKS, families, etc.	80% or more
Monthly apartments	Rental housing with furniture that accepts short-term contracts such as a monthly contract.	15% or less
Serviced apartments	Rental housing with furniture that provides services such as linen change and front desk service.	
Hotels	Business hotels specialized in lodging.	10% or less
Residential facilities for the elderly	Rental housing in a style of pay nursing homes and such.	

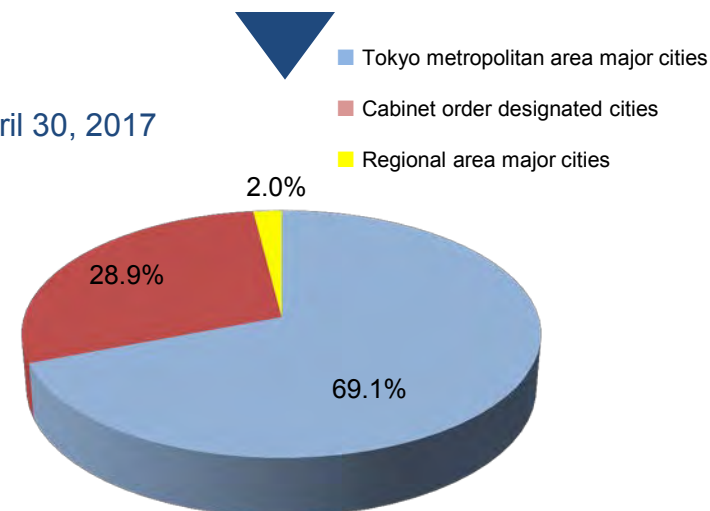
As of April 30, 2017



Portfolio policy by area (Note 1 —Note 2)

Area category	Price ratio
Tokyo metropolitan area major cities	70% or more
Cabinet order designated cities (excluding cities included in the above)	20% or less
Regional area major cities (prefectural capitals, etc.) (excluding cities included in the above)	10% or less

As of April 30, 2017



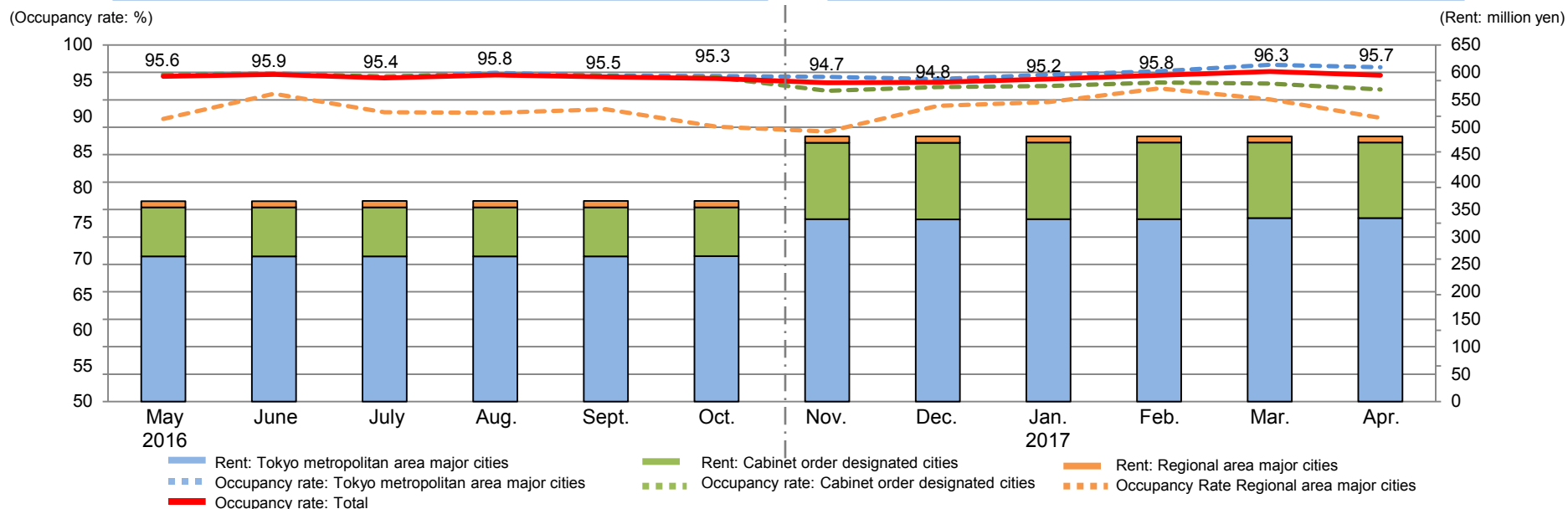
(Note 1) Price ratio is calculated by dividing subtotal of acquisition prices in each category by total acquisition price of entire portfolio.

(Note 2) In the process of external growth, actual price ratios may not meet the target ratios due to economic climate, real estate market conditions and other factors.

## Changes in Period-Round Occupancy Rates and Set Rent (Note 1)

Average occupancy rate for the 22nd fiscal period: **95.6%**

Average occupancy rate for the 23rd fiscal period: **95.4%**



(Note 1) Rent as used herein is the sum total of rent and common area maintenance charges for units soliciting tenants and units for which agreements have been concluded.

## Comparison between Key Money Total Amount and Rent (Note 2)

(At end of period)

	20th FP	21st FP	22nd FP	23rd FP
Number of properties	96 properties	96 properties	97 properties	96 properties
Set key money total amount (thousand yen)	190,298	191,543	194,553	190,337
Ratio to rent (month)	0.68	0.68	0.68	0.67 <sup>(Note 3)</sup>

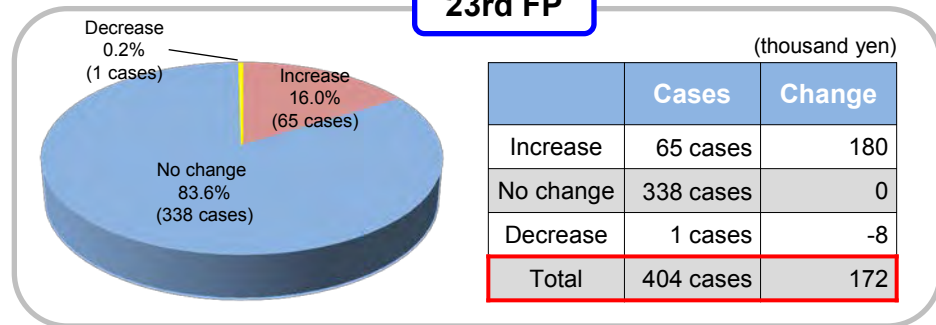
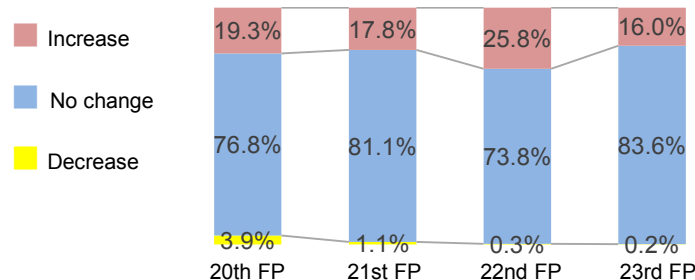
During the 23rd fiscal period, occupancy rate maintained at a stable level of **95%** or more.

(Note 2) In the calculation of the ratio to rent, calculations are based on rent and common area maintenance charges are not included. The figures are for pass-through type properties only and fixed-rent type properties are not included.

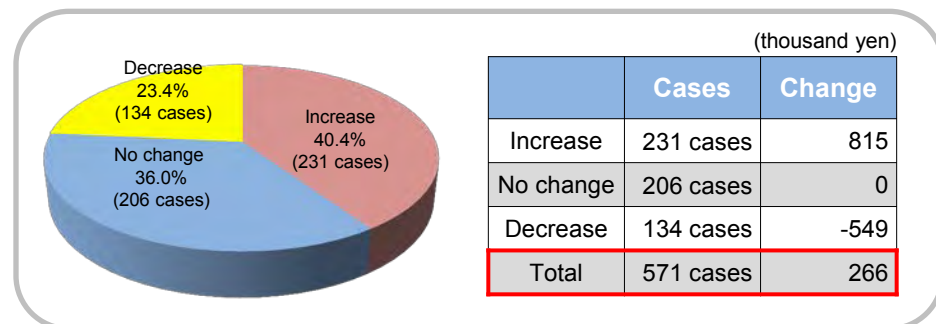
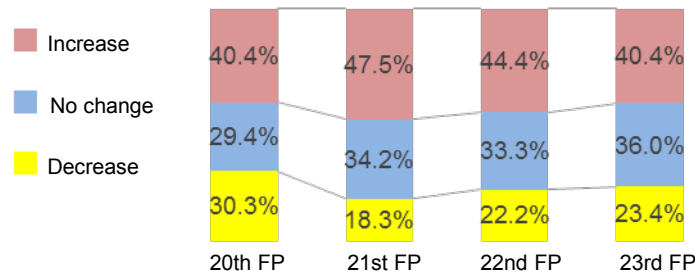
(Note 3) The 15 properties acquired on November 21, 2016 are excluded as no key money payment occurred under lease agreements.

## Renewal / Newly-Advertised Conditions Setting (Note)

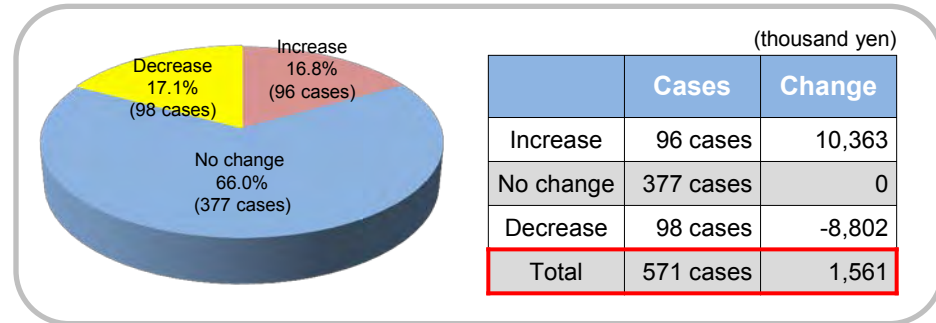
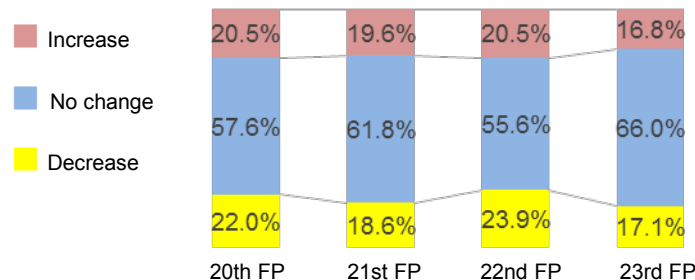
### Renewal Rent Revision



### Difference in Rent between New Agreement and Previous Agreement



### Difference in Key Money between New Agreement and Previous Agreement

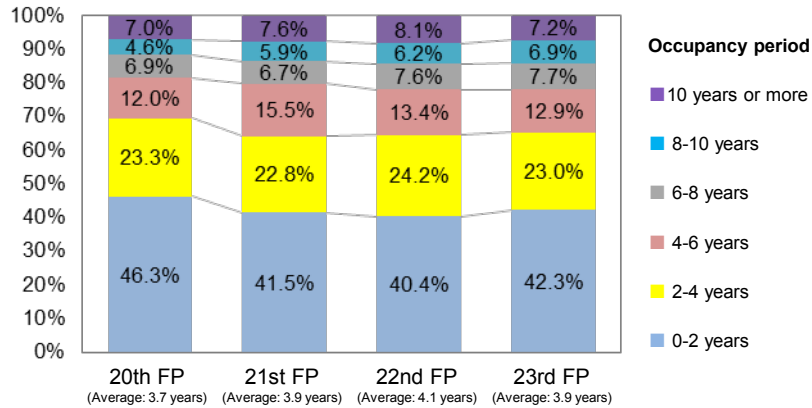


Renewal rent was revised upward for the 8th consecutive fiscal period, and rent in new agreement increased for the 3rd consecutive fiscal period.

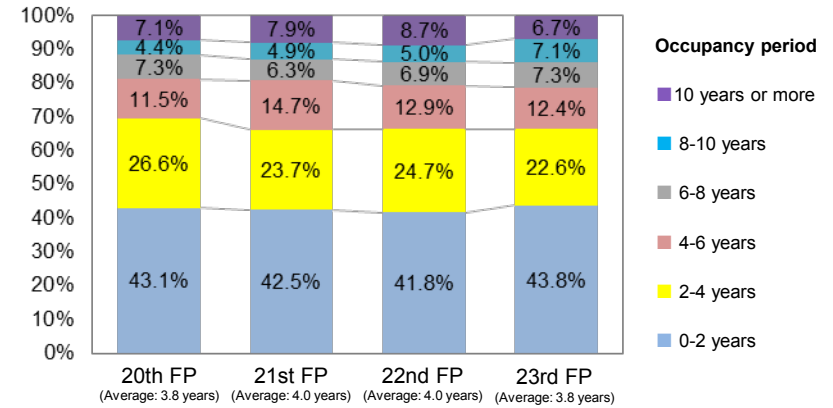
(Note) The conditions setting figures are for pass-through type properties only and fixed-rent type properties are not included.

# AUM Average Occupancy Period by Residential Unit Type (Results of 20th–23rd Fiscal Period Residents)

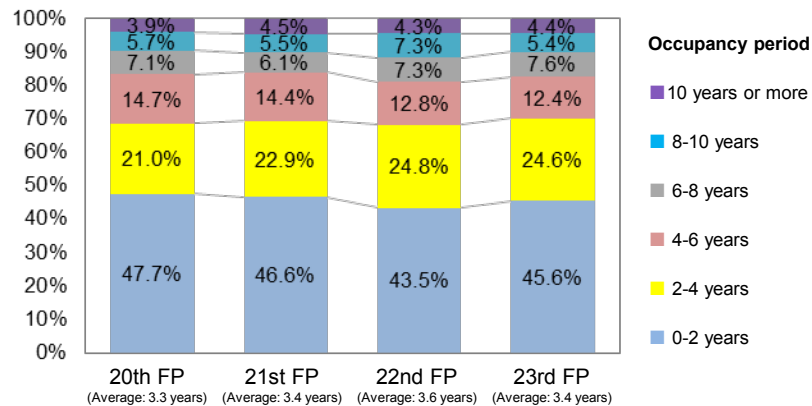
All (End of 23rd FP: average **3.9** years)



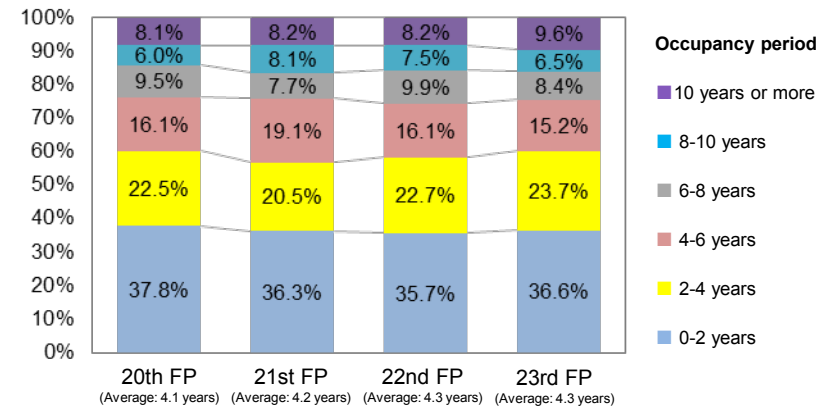
Single type (End of 23rd FP: average **3.8** years)



DINKS type (End of 23rd FP: average **3.4** years)



Family type (End of 23rd FP: average **4.3** years)



The overall average was 3.9 years, falling below 4.1 years in the previous fiscal period, impacted by the average occupancy period of newly acquired properties being 3.5 years and also due to the notable increase in less than 2 years for single type in particular among other factors.

(Note 1) "Occupancy period" compiles tenant households by their period of occupancy as at the end of the respective fiscal period.

(Note 2) As the data has been prepared for rental housing alone, (G-23) Group Home Tanoshii le Taisho and (C-76) Life Support Residence Funaboriekimae are excluded from compilation.

(Note 3) "All" includes retail and office (61 units). Moreover, vacant units are excluded.

(Note 4) All, single, DINKS and family types' respective average occupancy period is rounded down to one decimal place.

## ■ Characteristics of Rental Housing in which Starts Proceed Primarily Invests

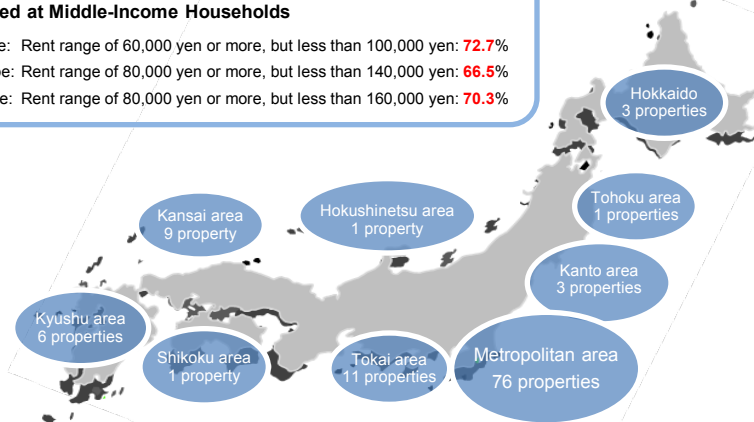
Investment is diversified across the single type to family type with an aim to build a portfolio that can respond to the market rent, resident demand and other fluctuations as much as possible. In addition, **rental housing for average-income households, the demand for which is the most stable, is set as the primary investment target**, in the view that such will enable stable management over the medium to long term.

### Average Rent Range by Residential Unit Type (Note 1-5)

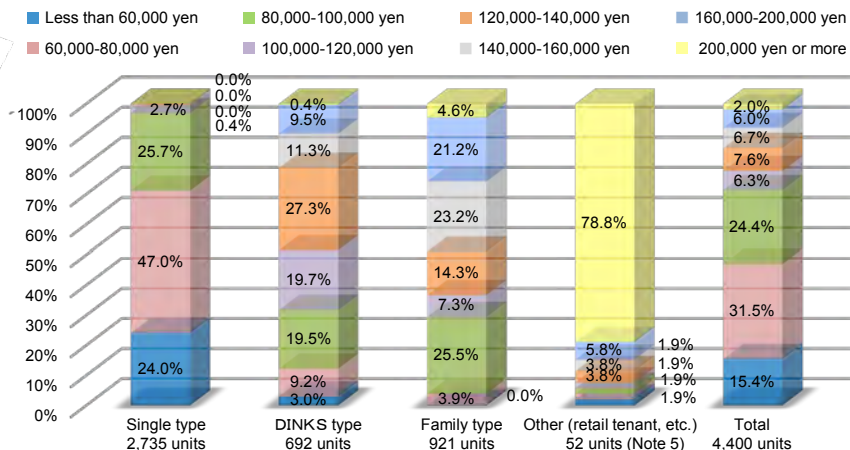
Type of master lease	Residential unit type	22nd FP		23rd FP (excluding newly acquired properties)		23rd FP (including newly acquired properties)		
		Average rent (yen)	Average rent (yen)	Change (yen)	Change (%)	Average rent (yen)	Change (yen)	Change (%)
Pass-through	Single type	67,696	67,803	107	0.2	71,559	3,863	5.7
	DINKS type	110,648	110,859	211	0.2	116,211	5,563	5.0
	Family type	141,658	141,803	145	0.1	135,048	-6,610	-4.7
	Other (retail tenant, etc.)	464,110	493,620	29,510	6.4	456,394	-7,716	-1.7
Fixed-rent	All types	68,153	69,869	1,716	2.5	69,869	1,716	2.5
All	Overall average	91,447	92,012	565	0.6	91,862	415	0.5

### Starts Proceed Portfolio Characteristics = Targeted at Middle-Income Households

Single type: Rent range of 60,000 yen or more, but less than 100,000 yen: **72.7%**  
 DINKS type: Rent range of 80,000 yen or more, but less than 140,000 yen: **66.5%**  
 Family type: Rent range of 80,000 yen or more, but less than 160,000 yen: **70.3%**



### Starts Proceed Portfolio's Rent Range by Residential Unit Type (Note 6)



(Note 1) As Average Rent Range by Residential Unit Type has been prepared for rental housing alone,

(G-23) Group Home Tanoshii le Taisho and (C-76) Life Support Residence Funaboriekimae are excluded from compilation

(Note 2) The figures used in the calculation of average rent range are that of the rents stated in the rent roll for the path-through type properties (4,400 units); and that obtained by dividing the sum total of monthly master lease rents set in the master lease agreements concluded between Starts Proceed Investment Corporation and Starts Amenity Corporation by the number of units, each rounded down to the nearest whole number for the fixed-rent type properties (831 units).

(Note 3) The percentage of change in average rent is rounded to one decimal place.

(Note 4) "Average rent" for pass-through type properties is the figure arrived at when the aggregate total of set rent of the respective residential unit type is divided by the total number of units of the respective residential unit type. "Set rent" as used herein is the sum total of rent and common area maintenance charges stated in the lease agreement in the case of occupied units and the sum total of advertised rent and common area maintenance charges in the case of vacant units as at the final day of the 23rd fiscal period (April 30, 2017).

(Note 5) "Other" refers to the retail and office portions of a mixed-use apartment building.

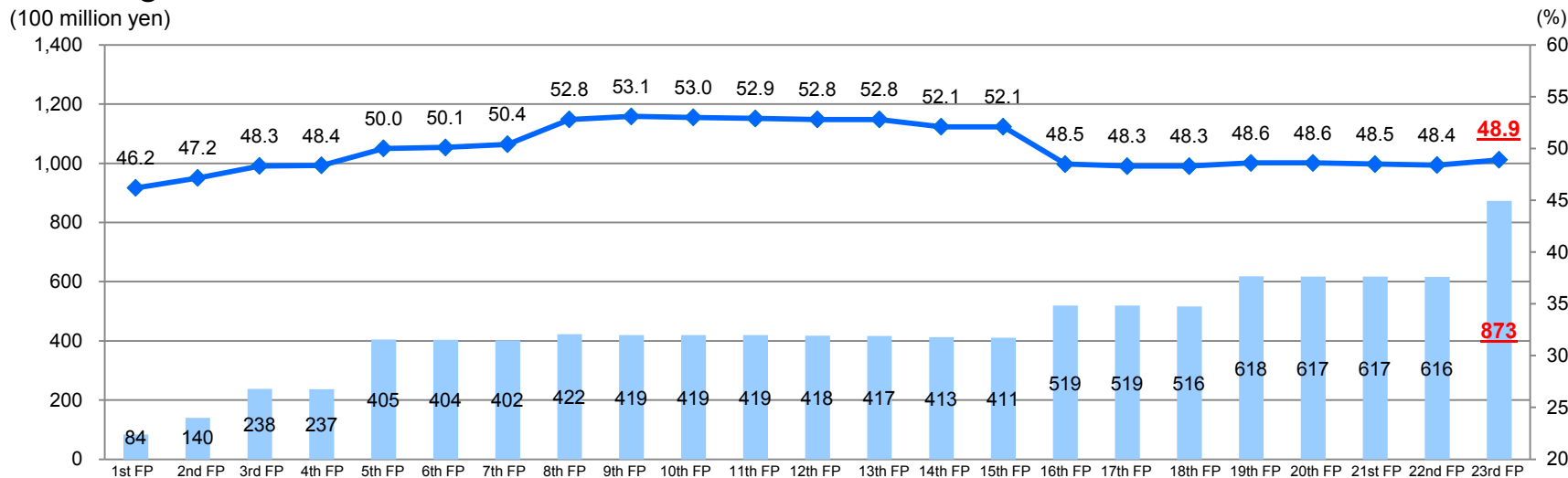
(Note 6) Only the figures for pass-through type properties are indicated, so the figures for the fixed-rent type properties, (G-23) Group Home Tanoshii le Taisho and (C-76) Life Support Residence Funaboriekimae aren't included.

	Acquisition price (million yen)	Carrying amount (million yen)	Appraisal value (million yen)		Occupancy rate (period-end) (%)		NOI results (million yen)		NOI yield (annualized; based on acquisition price) (%)		NOI yield (annualized; based on appraisal value) (%)		NOI yield after depreciation (based on acquisition price) (%)	
			22nd FP	23rd FP	22nd FP	23rd FP	22nd FP	23rd FP	22nd FP	23rd FP	22nd FP	23rd FP	22nd FP	23rd FP
At acquisition		23rd FP	22nd FP	23rd FP	22nd FP	23rd FP	22nd FP	23rd FP	22nd FP	23rd FP	22nd FP	23rd FP	22nd FP	23rd FP
Tokyo metropolitan area major cities	56,743	57,067	47,241	62,648	95.6	96.9	1,233	1,520	5.8	5.4	5.2	4.9	4.2	4.0
Cabinet order designated cities	23,690	24,364	16,038	25,938	95.4	93.8	414	625	5.9	5.3	5.2	4.8	4.2	4.0
Regional area major cities	1,654	1,629	1,897	1,905	88.5	89.8	51	47	6.2	5.8	5.4	5.0	3.9	3.5
<b>Total</b>	<b>81,708</b>	<b>83,061</b>	<b>65,176</b>	<b>90,091</b>	<b>95.3</b>	<b>95.7</b>	<b>1,698</b>	<b>2,193</b>	<b>5.9</b>	<b>5.4</b>	<b>5.2</b>	<b>4.9</b>	<b>4.2</b>	<b>4.0</b>

(Note) NOI yield is the figure arrived at when the annualized NOI results figure is divided by acquisition price and appraisal value, respectively. Properties acquired/disposed through exchange transaction on March 31, 2017 are excluded from compilation.

Appraisal value for the 23rd fiscal period increased by **25.3** billion yen period-on-period with unrealized gains of **7.43** billion yen (including appraisal value of 24.7 billion yen for fifteen properties acquired and one property acquired through exchange in the 23rd fiscal period). NOI yield (annualized and based on acquisition price) for the entire portfolio was **5.4%**.

## Changes in Total Assets and LTV Ratio



(Note) "LTV ratio" in this graph is calculated by dividing the balance of interest-bearing liabilities at the end of the fiscal period (including subordinated investment corporation bonds issued and outstanding for 8th-18th FP) by total assets at the end of the fiscal period.

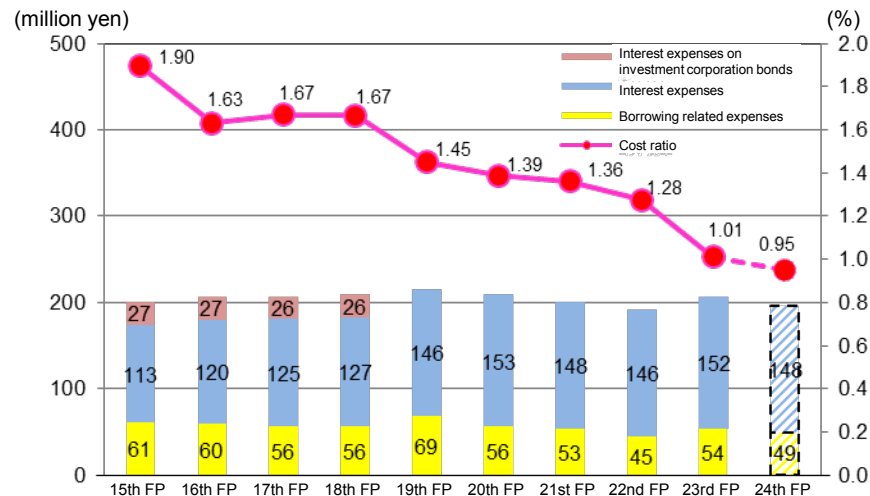
## Balance of Interest-Bearing Liabilities at End of 23rd Fiscal Period (April 30, 2017)

	(million yen)
	Loans balance
Current portion of long-term loans payable	8,190
Long-term loans payable	34,556
Total loans	42,746
LTV ratio (%)	48.9

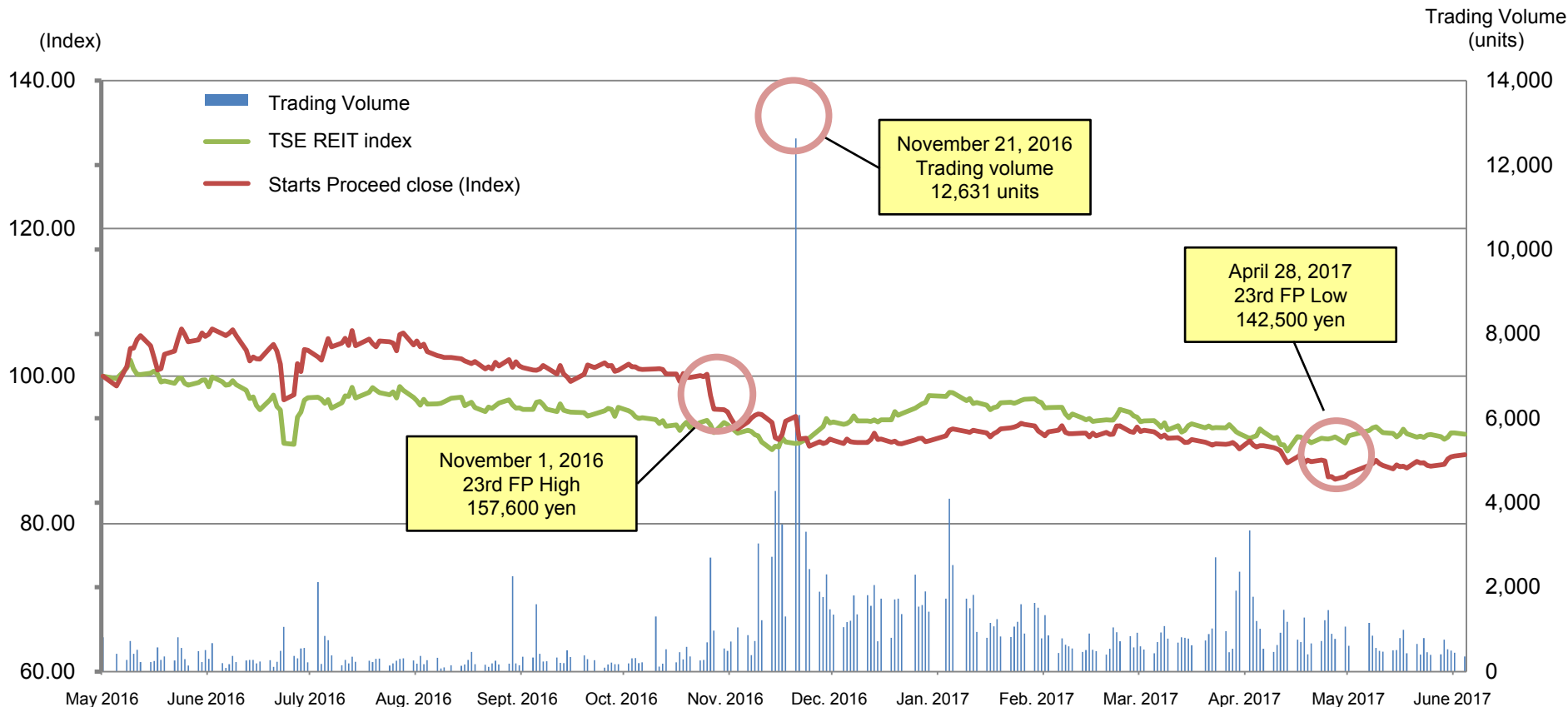
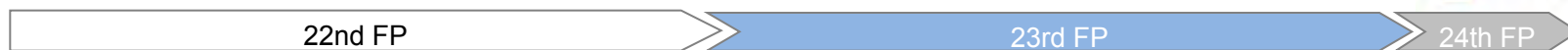
## Status of credit rating

Japan Credit Rating Agency, Ltd. (JCR): A- (stable)

## Change in Interest-Bearing Liability Costs



# Changes in Investment Unit Price

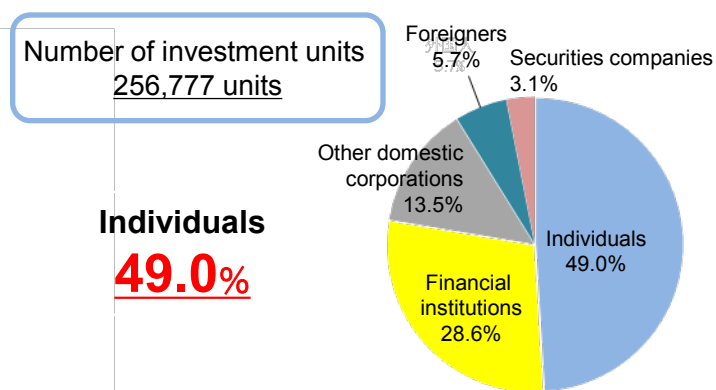
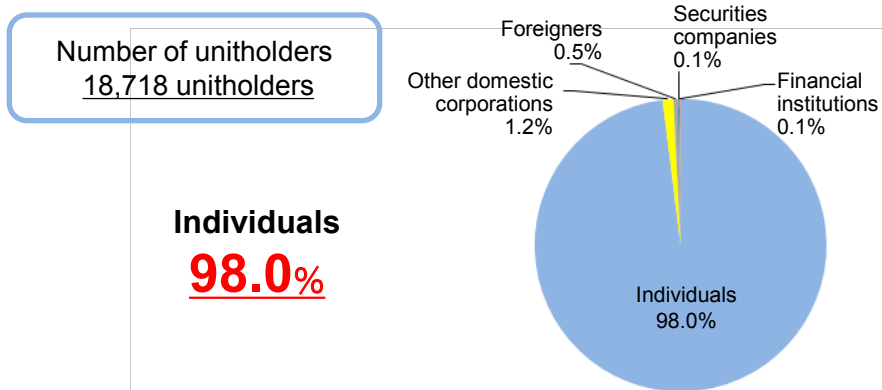


(Note) With closing price of investment unit of Starts Proceed at the beginning of the 22nd FP (165,600 yen) and TSE REIT index on the same day (1,906) deemed as 100 and set as the base, change in price and index for up to June 5, 2017 are indicated.

During the 23rd fiscal period, the investment unit price marked a high of **157,600 yen** (November 1, 2016) and a low of **142,500 yen** (April 28, 2017), based on closing price.



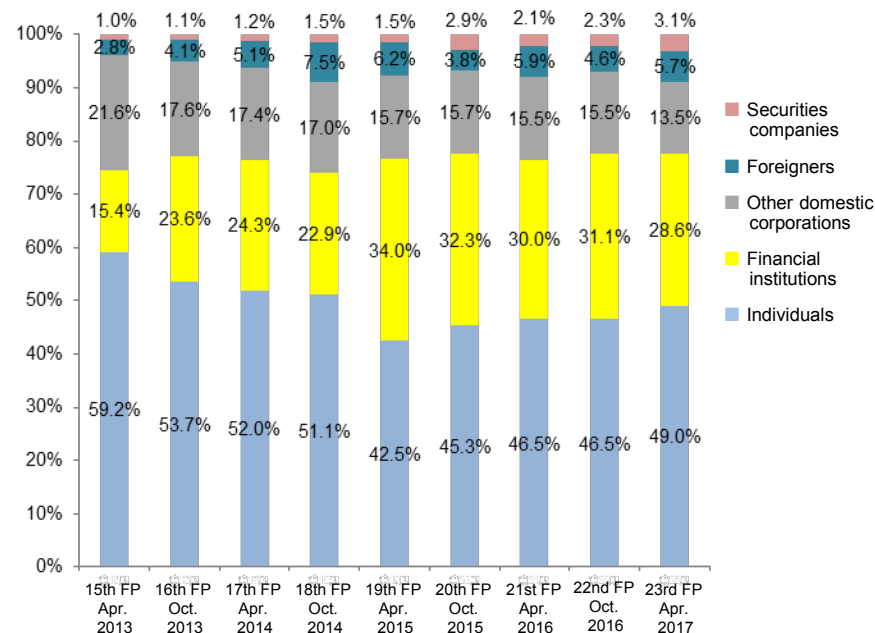
## ■ Composition of Unitholders and Investment Units at End of 23rd Fiscal Period



## ■ Major Unitholders at End of 23rd Fiscal Period (April 30, 2017)

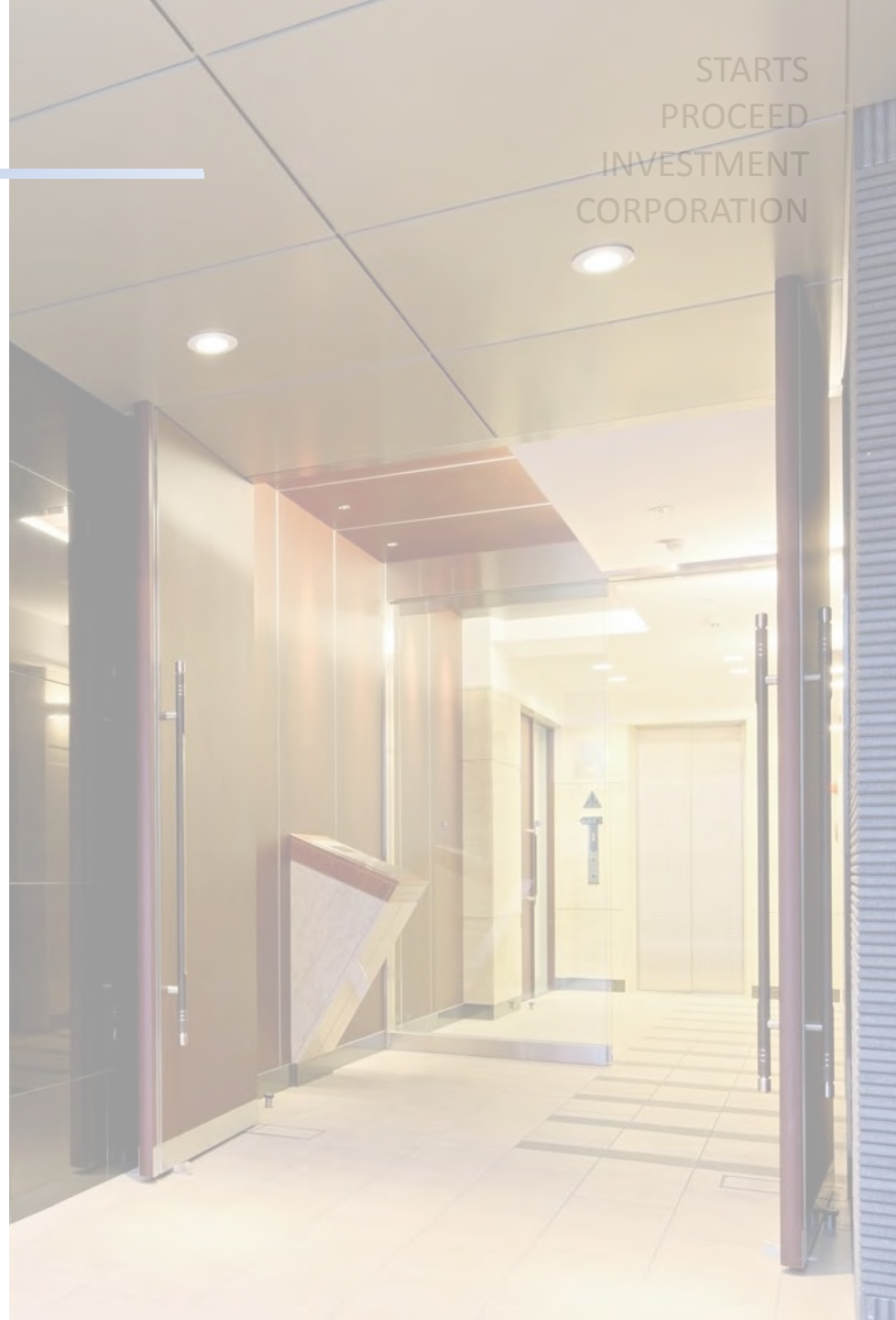
	Name	Number of investment units held (units)	Unitholding ratio (%) (Note)
1	Starts Corporation Inc.	28,245	10.99
2	Japan Trustee Services Bank, Ltd. (Trust Account)	23,970	9.33
3	The Master Trust Bank of Japan, Ltd. (Trust Account)	15,768	6.14
4	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	14,499	5.64
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	7,536	2.93
6	Kinki Sangyo Credit Union	3,313	1.29
7	Matsui Securities Co., Ltd.	2,664	1.03
8	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	2,425	0.94
9	STATE STREET BANK AND TRUST COMPANY 505001	2,209	0.86
10	UEDA YAGI TANSHI Co., Ltd.	1,861	0.72
11	Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,853	0.72
12	MORGAN STANLEY & CO. LLC	1,352	0.52
13	GOLDMAN SACHS INTERNATIONAL	1,249	0.48
14	GMO CLICK Securities, Inc.	1,179	0.45
15	BBH FOR VANGUARD GLOBAL EX-U.S. REAL ESTATE INDEX FUND	1,072	0.41
16	Yoshida Shoji Co., Ltd.	1,000	0.38
17	Nomura Securities Co., Ltd.	818	0.31
18	Individual investor	800	0.31
19	YONEZAWA SHINKIN BANK	780	0.30
20	Asahi Shinkin Bank	700	0.27
	Total	113,293	44.12

## ■ Changes in Composition of Unitholders (15th to 23rd Fiscal Periods)



(Note) Figures for unitholding ratio are rounded down to two decimal places

## Future Management Policy



## Main Initiatives in 23rd Fiscal Period

## New Initiatives from 24th Fiscal Period (six months ending October. 31, 2017)

### External Growth

- Public offering in November 2016 (12.1 billion yen) and early establishment of a 100-billion-yen portfolio
- Reinforcement of cooperation with Starts Group in purchase

- Improvement of portfolio quality by replacing aged properties mainly acquired upon IPO
- Early achievement of a 100-billion-yen portfolio
- Reinforcement of cooperation with Starts Group in purchase
- Initiatives for hotels, serviced apartments and nursing care facilities in cooperation with the Starts Group

### Internal Growth

- Maintaining of period-average occupancy rate of over 95%  
⇒ Period-end occupancy rate: 95.7%, period average occupancy rate: 95.4%
- Improvement of entrance design through major repair (Proceed Kasai/Proceed Yukigaya)
- Reduction of BM costs for 15 newly acquired properties  
Initial BM budget: 29,940,000 yen/FP, 59,880,000 yen/year  
BM budget after discussion: 25,620,000 yen/FP, 51,221,000 yen/year  
Reduced BM costs: -4,320,000 yen/FP, -8,659,000 yen/year

- Maintaining of period-average occupancy rate of over 95%
  - Enhancement of profitability of AUM through reinforced cooperation with Starts Group companies
  - Promotion of online posting prior to contract cancellation; utilization of model homes and furniture/home appliances leasing
  - Improvement of asset value and profitability through upgrading of facilities utilizing capital expenditure
- Continuation of cost reduction (repair/BM) and equalization of costs
- Maintenance/enhancement of competitiveness through proper restoration of property to its original state upon cancellation

### Financial Strategy

- Acquisition of credit rating: Japan Credit Rating Agency, Ltd. (JCR) A- (stable)
- Conservative management of LTV
- Extension of average remaining period of loans, Lowering of average interest rates

- Further strengthening of financial base
  - Further extension of average remaining period of loans
  - As for conversion of interest rates into fixed rates, discuss by taking interest rate trends into consideration
  - Laddering of repayment periods and further reduction of borrowing costs
- Secure stable financial base through controlling LTV conservatively

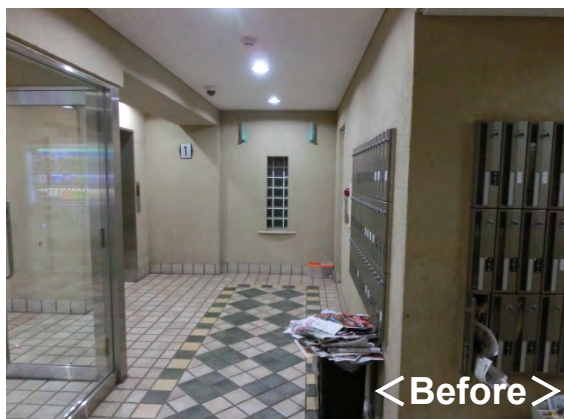
	End of 21st FP	End of 22nd FP	End of 23rd FP
Average remaining period	1.80 years	5.22 years	2.81 years
Average interest rate	0.952%	0.973%	0.724%

Securing of stable distributions

Case examples of entrance renovation conducted in line with major repair plan (with exterior makeovers)

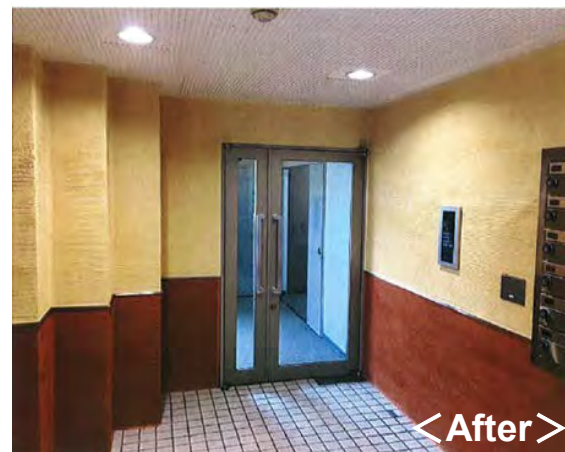
## ■ Proceed Kasai/Entrance renovation

Construction name: Exterior makeovers  
Construction period: February 2017 – April 2017  
Construction cost: 27,788,000 yen (entire operation)



## ■ Proceed Yukigaya/Entrance renovation

Construction name: Exterior makeovers  
Construction period: January 2017 – April 2017  
Construction cost: 23,760,000 yen (entire operation)



Improvement  
in image



Enhancement  
in asset value

■ Life Support Residence Funaboriekimae



Operator: Starts Care Service Co., Ltd.

<Property overview>

Structure : RC/5F  
 Location : Edogawa-ku, Tokyo  
 Completion : January 2013  
 Number of units : 2 units (Note 1)  
 Site area : 661.15 m<sup>2</sup>  
 Total floor area : 1,399.89 m<sup>2</sup>  
 Use : Residential facility for the elderly with home-care services <sup>(Note 2)</sup>

About Starts Care Service Co., Ltd.

■ Establishment: July 2003  
 ■ Business activities:  
 Main businesses: Childcare/nursing care  
 ■ Number of facilities:  
 Total of 77 facilities with capacity of 1,149 persons

(Note 1) Total number of leasable units of the property is indicated as two as it is subleasing 28 residences for the elderly with home-care services in their entirety and a small-scale multifunctional home-care facility.

(Note 2) Housing facility for the elderly operated by Starts Care Service Co., Ltd. with housing businesses for the elderly with home-care services and small-scale multifunctional home-care businesses.

■ Project under way in Shinurayasu: Timeless Town Shinurayasu (Urayasu City, Chiba)



Entire view of Timeless Town Shinurayasu (image)

<Project overview>

For-sale condominium	170 units	Dec. 2016	Start of construction
		Mar. 2019	Completion (planned)
For-sale detached home	90 lots	Jan. 2019	Start (planned)
		FP ending March 2019	Completion and start of delivery (planned)
Welfare facility		Oct. 2016	Start
		Apr. 2019	Start of operation (planned)



Overview of the welfare facility

- Pay nursing homes with nursing care (90 persons)
- Day service (20 persons)      ■ Home-care support
- Group homes (18 persons)
- Licensed child day-care centers (69 persons)



Exterior view of the welfare facility  
(In the middle: child day-care building, 2 floors above ground)



Exterior view of the welfare facility  
(Building for the elderly, 3 floors above ground)

## ■ Kanda-Higashimatsushitacho Plan Private Residential Building Development Project

Seismic isolation



### Alpha Grande Chizakura Tower

Location	22 Kanda Higashimatsushita-cho, Chiyoda-ku, Tokyo, and other
Site area	3,428.28 m <sup>2</sup>
Zoning	Commercial district, fire preventive district
Structure	RC / 25F (base seismic isolation)
Total floor area	26,971.61 m <sup>2</sup>
Height	Maximum height 88.12 m
Use	Apartment, retail, office, living support facility



**Scheduled to be completed in July 2018**

**Total number of residential units: 276**

**Number of units for sale: 185 in total (have been subscribed or contracted)**

**For rent: 65 units**

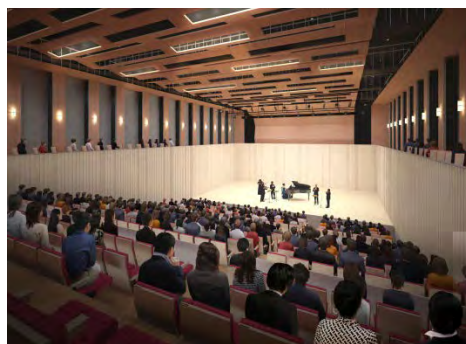
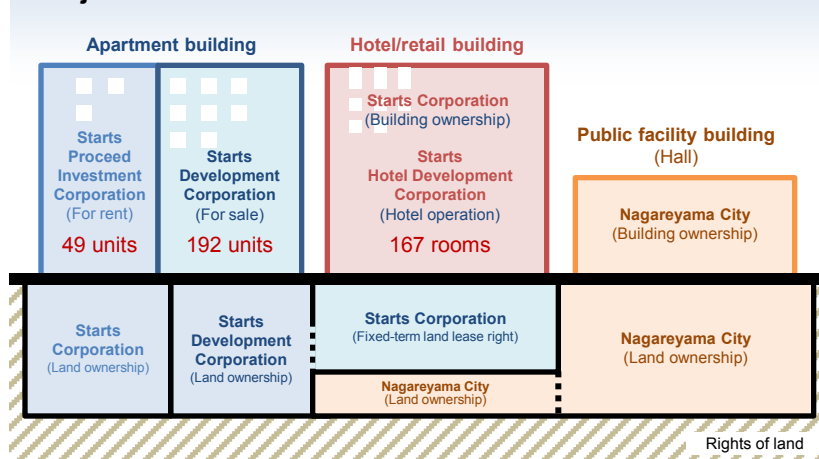
- Kanda-Higashimatsushitacho Plan Private Residential Building Development Project (Alpha Grande Chizakura Tower) is a plan to set a fixed-term land leasehold to private land adjacent to the former lot of Chizakura Elementary School (kuyuchi), develop integrally with business parties and establish a condominium and rental housing primarily for average income households, with a square area to the east and west.
- Starts Corporation was selected as a business partner with the public proposal of Chiyoda Ward in 2010, and construction is underway and slated for completion in July 2018 as of the date of this document.

## ■ Nagareyama Otaka Forest City-owned land development project

“CultureNest”symbolizing Nagareyama,  
“a town in a forest that is closest from central Tokyo”



### Project Scheme

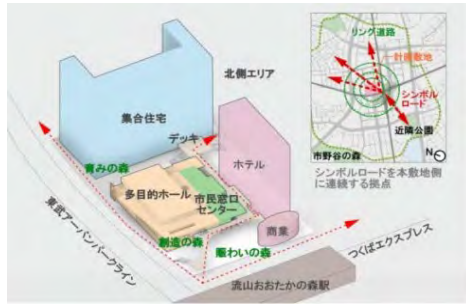


### Property Overview (As of June 15, 2017)

	Apartment building	Hotel/retail building	Public facility building
Building area (m <sup>2</sup> )	1,905.87 m <sup>2</sup>	1,032.19 m <sup>2</sup>	2,562.63 m <sup>2</sup>
Total floor area (m <sup>2</sup> )	19,498.48 m <sup>2</sup>	8,151.81 m <sup>2</sup>	3,465.77 m <sup>2</sup>
Building-to-land ratio (%)	45.38%	51.60%	64.95%
Floor-area ratio	399.99%	393.30%	87.85%
Structure	RC/Base with seismic isolation	Steel-framed	RC/Steel framed
Floors	14 floors above ground	11 floors above ground	2 floors above ground
Maximum height (m)	46.35 m	45.19 m	13.38 m
Completion/delivery period	January 2020	March 2019	March 2019
Size/Features	<ul style="list-style-type: none"> <li>For sale: 192 Units</li> <li>For rent: 49 Units</li> <li>Plan to house a healthcare center</li> </ul>	<ul style="list-style-type: none"> <li>Guest rooms: 167 rooms (with suites)</li> <li>Banquet rooms and large bath available</li> <li>Plan to house a café, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Number of audience seats: 506</li> <li>Movable forward/backward seats</li> <li>Can be used together with the foyer</li> <li>Convenient resident service counter</li> </ul>

### Schedule

•July 2015	Disclosure of guidelines for applicants
•Oct. 2015	File proposal documents
•Nov. 2015	Determination of preferred negotiation rights holder
•Dec. 2015	Conclusion of business contract
•Jan. 2016	Start of designing
•Jan. 2017	Public facility building Start of construction
•Nov. 2018	Hotel/retail building Completion of construction
•Jan. 2019	Public facility building Completion of construction
•Jan. 2020	Apartment building Completion of construction





## ■ Sendai Kamisugi Project



Structure : RC/13F

Completion : March 2017

Number of units (type) : 1K 100 units; 2LDK 8 units; Total 108 units

Location : 2-chome, Uesugi, Sendai-shi, Miyagi

Site area : 402.24 m<sup>2</sup>

Total floor area : 4,141.73 m<sup>2</sup>

Height : Maximum height: 39.890 m,  
maximum eave height 39.540 m

Use : Apartment

Zoning : Commercial district

## ■ Nagoya Masaki Project



Structure : RC/13F

Completion : August 2018 (planned)

Number of units (type) : 1K 48 units; 1LDK 12 units; Total 60 units

Location : 2-chome, Masaki, Naka-ku, Nagoya-shi, Aichi

Site area : 465.99 m<sup>2</sup>

Total floor area : 2,331.86 m<sup>2</sup>

Height : 40.075 m

Use : Apartment

Zoning : Neighborhood commercial district

## ■ Proceed Yamashita Koen The Tower



Structure : RC/B2F, 18F  
Completion : January 2008  
Number of : 1R 84 units; 1LDK 31 units; 2LDK 24  
leasing units units; 3LDK 3 units; Retail 6 units;  
(type) Total 148 units  
Location : 27 Yamashita-cho, Naka-ku, Yokohama-  
shi, Kanagawa  
Site area : 1,676.02m<sup>2</sup>  
Total floor area : 14,619.19m<sup>2</sup>  
Height : Maximum height: 59.94 m Maximum  
eave height: 59.29 m  
Use : Apartment, retail, parking, nursery



Proceed Yamashita Koen The Tower standing on the land overlooking the Port of Yokohama, Japan's gateway to the Sea.

It is an area a two-minute walk from Motomachi-Chukagai Station on the Minatomirai Line, with architectural structures offering exotic atmosphere of Yokohama as well as with some of the most famous hotels and parks in Japan. The Port of Yokohama, Minato Mirai 21, hilly terrain area of Yamanote and other typical Yokohama sights can be enjoyed from the upper floors of the property.

■ Revitalization project of existing public facility in front of Keisei Okubo Station

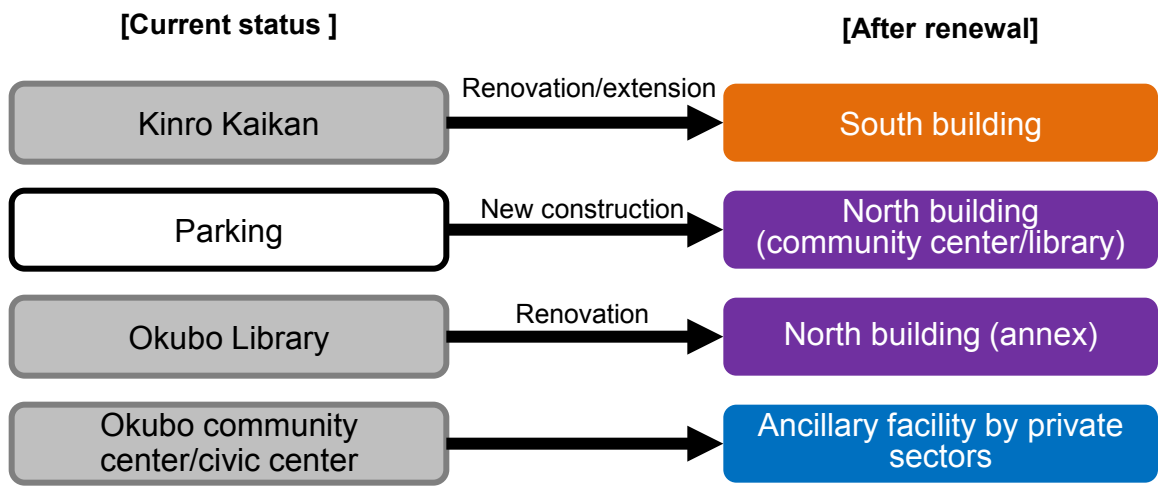
Construction scheduled to start in April 2018



Ancillary facility by private sectors



North building



Land for PFI projects	45,583 m <sup>2</sup>
Land for ancillary projects by private sectors	1,337 m <sup>2</sup>
Urban park	41,500 m <sup>2</sup>

■ PFI project for development of surrounding area of Yoshino-cho Ryokuchi in Hirosaki City

March 2017 Selection of preferential negotiation right holder

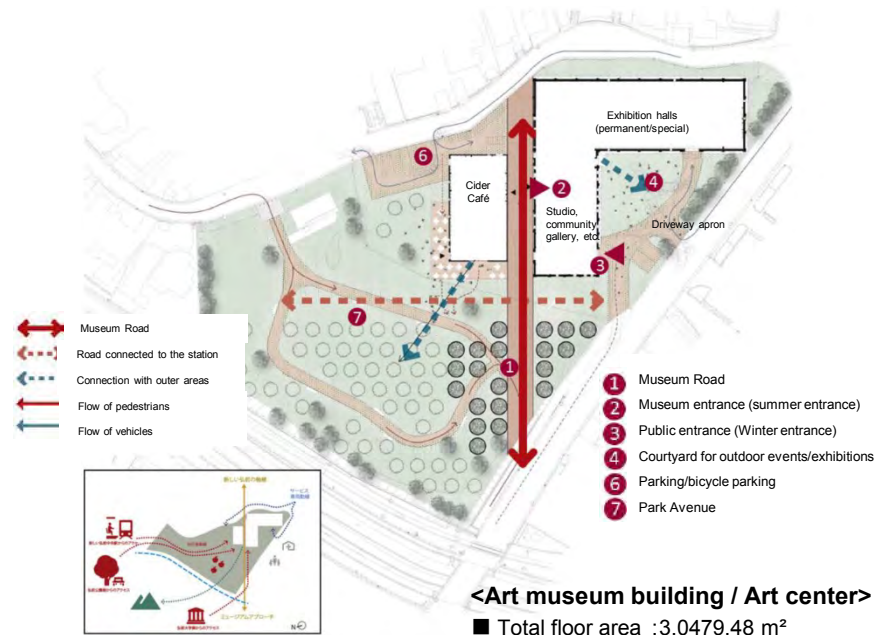


**Art prefecture Aomori! Towards becoming “Hirosaki of the World”**

-Creative hub to carry charms of red-brick warehouse into the future-

Basic principles and missions

1. Place to introduce leading art from home and abroad
2. Creative hub where modern scientific technologies and design development can be shared with young people
3. Place where local residents can learn art and design and gather to create communities
4. Base for connecting three functions of collection, residence project and special exhibition



**<Art museum building / Art center>**

■ Total floor area :3,0479.48 m<sup>2</sup>  
 ■ Floors :2F

**<Shop / cafe>**

■ Total floor area :457.59 m<sup>2</sup>  
 ■ Floors :1F

**Facility overview**

Structure : Brick structure (partly steel)  
 Site area : 5,313.07 m<sup>2</sup>

## ■ Refinancing Loans

(million yen)

Term Loan		I	R	Total
Term		5 years	3.5 years	
Total amount		1,090	3,100	4,190
Breakdown	Mizuho Bank	1,090	—	1,090
	Resona Bank	—	650	650
	Chiba Bank	—	500	500
	Musashino Bank	—	500	500
	Sumitomo Mitsui Banking	—	500	500
	Aozora Bank	—	450	450
	Higashi-Nippon Bank	—	250	250
	ORIX Bank	—	150	150
	Mizuho Trust & Banking	—	100	100
	—	—	—	—
Floating interest rate		Base interest rate +1.35%	Base interest rate +1.00%	
Repayment method		Installment payment	Lump-sum repayment on repayment date	

(Note 1) Base interest rate refers to JBA 1-month Japanese Yen TIBOR.

(million yen)

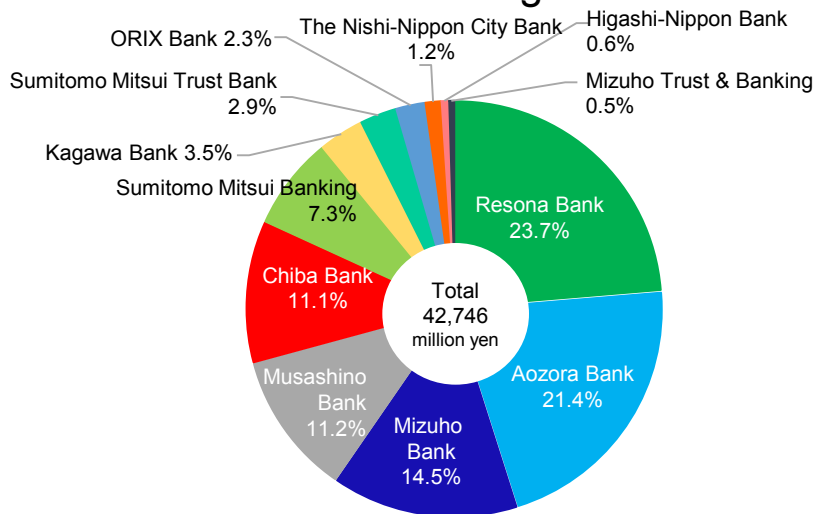


Term Loan		2I	Change
Term		5.5 years	
Total amount		4,190	-0
Breakdown	Mizuho Bank	1,090	-0
	Resona Bank	385	-265
	Chiba Bank	500	—
	Musashino Bank	500	—
	Sumitomo Mitsui Banking	500	—
	Aozora Bank	215	-235
	Higashi-Nippon Bank	250	—
	ORIX Bank	150	—
	Mizuho Trust & Banking	100	—
	The Nishi-Nippon City Bank, Ltd. (Note 2)	500	500
	Floating interest rate		Base interest rate +0.67%
Repayment method		Lump-sum repayment on repayment date	

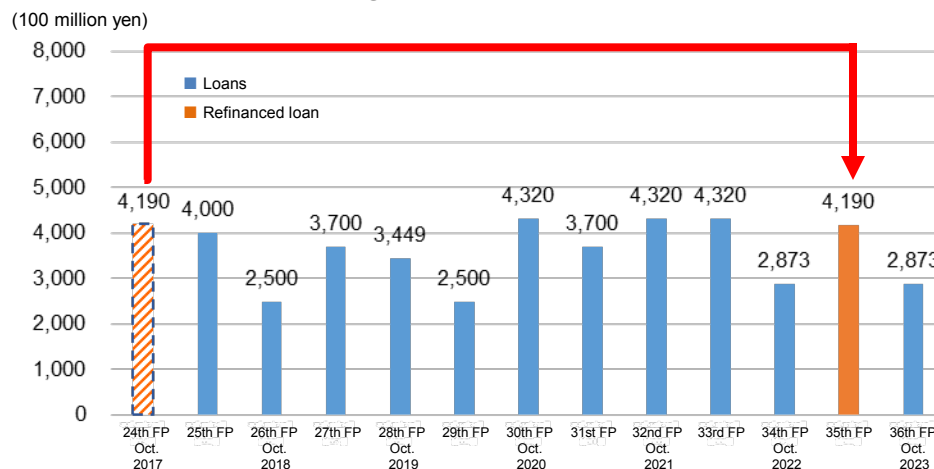
(Note 2) The Nishi-Nippon City Bank, Ltd. has been newly invited as a member of loan syndication from this loan.

	End of 21st FP	End of 22nd FP	End of 23rd FP	After May 24 refinancing
Average remaining period	1.80 years	2.55 years	2.81 years	3.29 years
Ratio of fixed-rate loans	41.5%	41.6%	29.0%	29.0%
Average interest rate	0.952%	0.973%	0.724%	0.683%

## Change in Allocation of Total Loan Amount after Refinancing



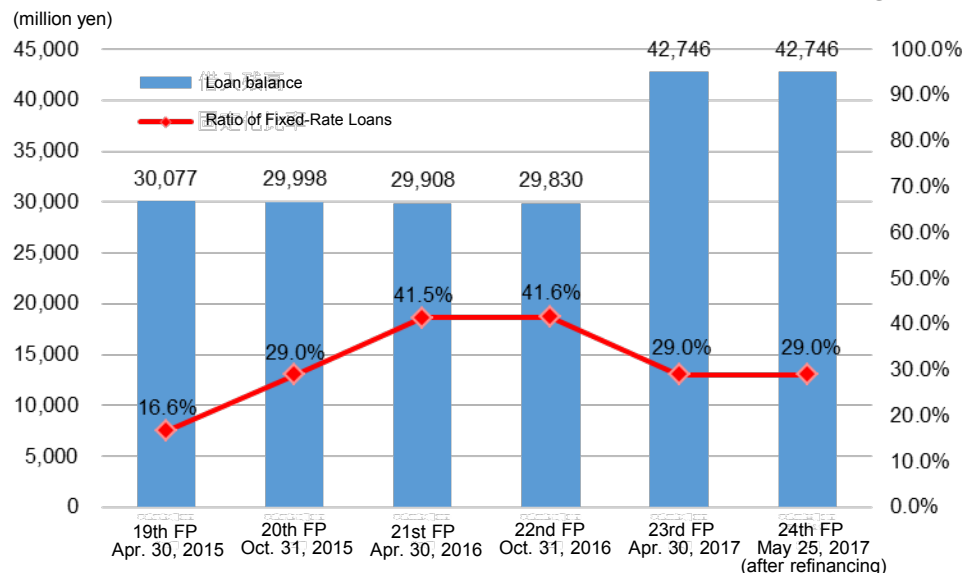
## Status of Laddering of Interest-Bearing Liabilities after Refinancing



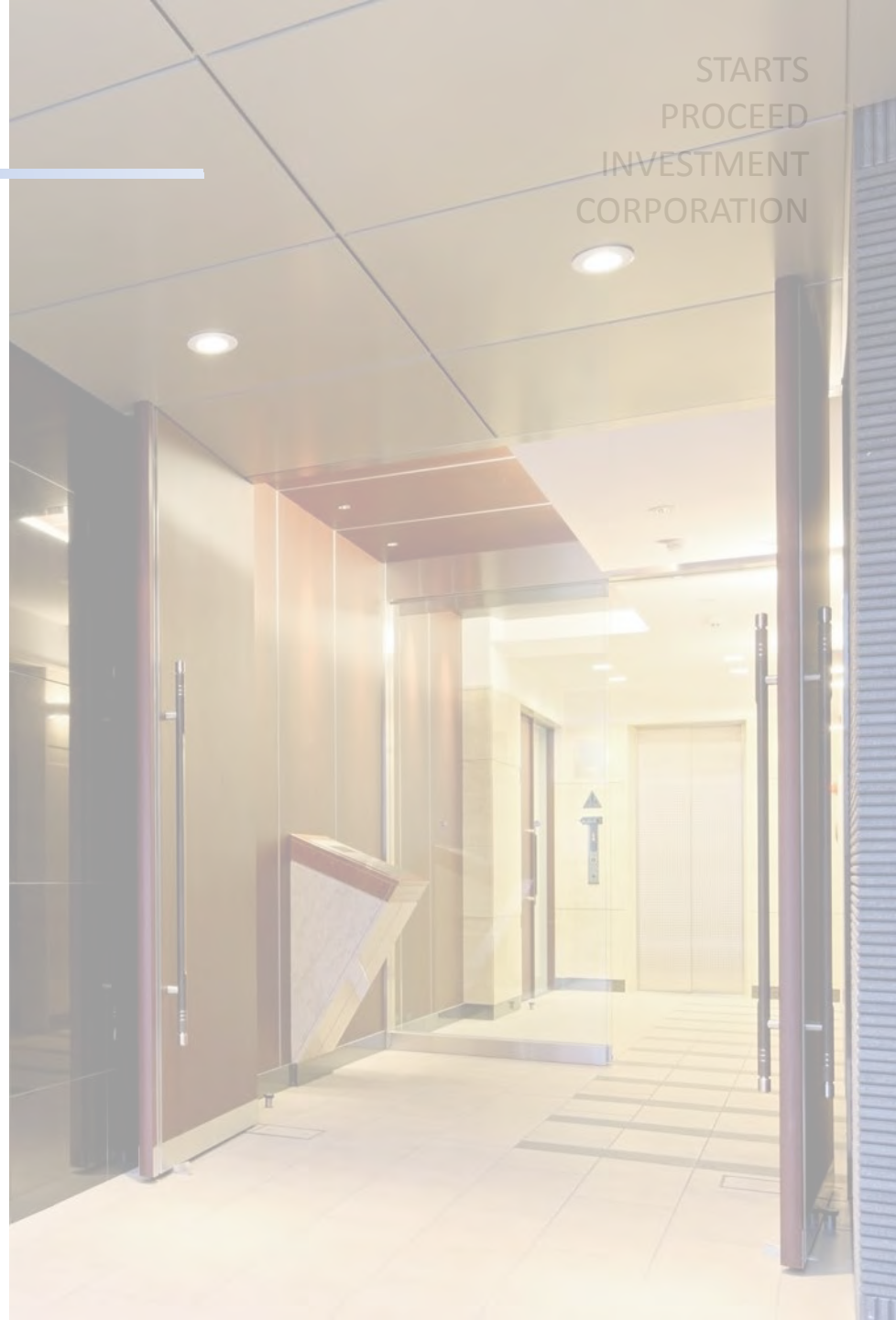
## Breakdown of Lenders after Refinancing

Breakdown of lenders	Loan balance (million yen)
Resona Bank	10,123
Aozora Bank	9,154
Mizuho Bank	6,205
Musashino Bank	4,768
Chiba Bank	4,728
Sumitomo Mitsui Banking	3,101
Kagawa Bank	1,508
Sumitomo Mitsui Trust Bank	1,225
ORIX Bank	983
The Nishi-Nippon City Bank, Ltd.	500
Higashi-Nippon Bank	250
Mizuho Trust & Banking	200
<b>Total</b>	<b>42,746</b>

## Ratio of Fixed-Rate Loans after Refinancing



## Reference Materials



(thousand yen)

	22nd Fiscal Period As of Oct. 31, 2016	23rd Fiscal Period As of Apr. 30, 2017	Change
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	1,566,963	1,463,741	-103,221
Cash and deposits in trust	1,499,085	1,876,787	377,702
Operating accounts receivable	20,782	33,576	12,793
Prepaid expenses	85,053	101,130	16,077
Deferred tax assets	76	79	3
Consumption taxes receivable	-	88,180	88,180
Other	1,411	1,223	-187
<b>Total current assets</b>	<b>3,173,372</b>	<b>3,564,720</b>	<b>391,347</b>
<b>Noncurrent assets</b>			
<b>Property, plant and equipment</b>			
Buildings in trust	33,542,486	42,679,650	9,137,163
Accumulated depreciation	-5,847,599	-6,327,833	-480,233
Buildings in trust, net	27,694,887	36,351,816	8,656,929
Structures in trust	1,047,409	1,192,932	145,522
Accumulated depreciation	-476,083	-510,781	-34,697
Structures in trust, net	571,326	682,151	110,825
Machinery and equipment in trust	5,376	5,376	-
Accumulated depreciation	-2,235	-2,540	-304
Machinery and equipment in trust, net	3,141	2,836	-304
Tools, furniture and fixtures in trust	273,684	307,343	33,658
Accumulated depreciation	-140,991	-156,663	-15,672
Tools, furniture and fixtures in trust, net	132,693	150,680	17,986
Land in trust	29,417,454	45,874,027	16,456,572
<b>Total property, plant and equipment</b>	<b>57,819,502</b>	<b>83,061,512</b>	<b>25,242,009</b>
<b>Intangible assets</b>			
Software	5,148	4,554	-594
<b>Total intangible assets</b>	<b>5,148</b>	<b>4,554</b>	<b>-594</b>
<b>Investments and other assets</b>			
Lease and guarantee deposits	10,000	10,000	-
Lease and guarantee deposits in trust	530,919	530,919	-
Long-term prepaid expenses	111,348	165,878	54,530
Other	10,479	11,115	636
<b>Total investments and other assets</b>	<b>662,747</b>	<b>717,913</b>	<b>55,166</b>
<b>Total noncurrent assets</b>	<b>58,487,397</b>	<b>83,783,979</b>	<b>25,296,581</b>
<b>Deferred assets</b>			
Investment unit issuance costs	6,368	24,400	18,032
<b>Total deferred assets</b>	<b>6,368</b>	<b>24,400</b>	<b>18,032</b>
<b>Total assets</b>	<b>61,667,138</b>	<b>87,373,100</b>	<b>25,705,961</b>

(thousand yen)

	22nd Fiscal Period As of Oct. 31, 2016	23rd Fiscal Period As of Apr. 30, 2017	Change
<b>Liabilities</b>			
<b>Current liabilities</b>			
Current portion of long-term loans payable	7,683,174	8,190,277	507,103
Operating accounts payable	160,031	223,128	63,096
Accounts payable –other	148,526	204,140	55,613
Accrued expenses	795	2,543	1,748
Income taxes payable	1,889	1,939	50
Accrued consumption taxes	2,452	-	-2,452
Advances received	236	1,684	1,448
Other	696	183	-512
<b>Total current liabilities</b>	<b>7,997,802</b>	<b>8,623,897</b>	<b>626,095</b>
<b>Noncurrent liabilities</b>			
Long-term loans payable	22,147,000	34,556,000	12,409,000
Tenant leasehold and security deposits in trust	570,180	707,096	136,915
Asset retirement obligation	125,507	126,543	1,035
<b>Total noncurrent liabilities</b>	<b>22,842,688</b>	<b>35,389,639</b>	<b>12,546,951</b>
<b>Total liabilities</b>	<b>30,840,490</b>	<b>44,013,537</b>	<b>13,173,046</b>
<b>Net assets</b>			
<b>Unitholders' equity</b>			
Unitholders' capital	30,096,023	42,230,457	12,134,434
Surplus			
Unappropriated retained earnings (undisposed loss)	730,624	1,129,105	398,481
<b>Total surplus</b>	<b>730,624</b>	<b>1,129,105</b>	<b>398,481</b>
<b>Total unitholders' equity</b>	<b>30,826,647</b>	<b>43,359,562</b>	<b>12,532,915</b>
<b>Total net assets</b>	<b>30,826,647</b>	<b>43,359,562</b>	<b>12,532,915</b>
<b>Total liabilities and net assets</b>	<b>61,667,138</b>	<b>87,373,100</b>	<b>25,705,961</b>



## Statements of Income

(thousand yen)

	22nd Fiscal Period (From: May 1, 2016 To: Oct. 31, 2016)	23rd Fiscal Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	Change
Operating revenue			
Rent revenue – real estate (1)	2,245,933	2,964,644	718,711
Gain on exchange of real estate properties	-	15,545	15,545
Total operating revenue	2,245,933	2,980,189	734,256
Operating expenses			
Expenses related to rent business (2)	1,029,594	1,339,712	310,117
Asset management fee	177,759	247,675	69,915
Asset custody fee	7,768	8,403	635
Administrative service fees	22,473	27,093	4,620
Directors' compensations	1,200	1,200	-
Other operating expenses	88,814	63,152	-25,662
Total operating expenses	1,327,611	1,687,237	359,625
Operating income	918,321	1,292,951	374,630
Non-operating income			
Interest income	22	14	-7
Insurance income	8,436	2,488	-5,948
Reversal of distribution payable	1,020	1,607	587
Balance of consumption tax payments	-	50,826	50,826
Total non-operating income	9,479	54,938	45,458
Non-operating expenses			
Interest expenses	146,430	152,743	6,312
Amortization of investment unit issuance costs	3,184	7,427	4,243
Borrowing related expenses	45,267	54,200	8,933
Other	540	2,540	2,000
Total non-operating expenses	195,422	216,912	21,489
Ordinary income	732,378	1,130,977	398,599
Income before income taxes	732,378	1,130,977	398,599
Income taxes – current	1,892	1,941	48
Income taxes – deferred	5	-3	-9
Total income taxes	1,898	1,938	39
Net income	730,479	1,129,039	398,560
Retained earnings brought forward	144	65	-79
Unappropriated retained earnings (undisposed loss)	730,624	1,129,105	398,481

### (1) "Real estate rent revenue"

(thousand yen)

	22nd Fiscal Period (From: May 1, 2016 To: Oct. 31, 2016)	23rd Fiscal Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	Change
Rent	1,971,509	2,571,899	600,390
Common area maintenance charges	117,068	168,086	51,018
Parking revenue	59,096	84,296	25,200
Incidental revenue	1,527	1,729	202
Other lease business revenue	96,730	138,632	41,902
Total	2,245,933	2,964,644	718,711

### (2) "Expenses related to rent business"

(thousand yen)

	22nd Fiscal Period (From: May 1, 2016 To: Oct. 31, 2016)	23rd Fiscal Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	Change
Management expenses	134,794	180,641	45,847
Repair expenses	94,946	171,993	77,047
Real estate taxes	129,752	148,373	18,621
Trust fees	33,357	37,999	4,642
Utilities expenses	38,302	51,403	13,101
Nonlife insurance expenses	7,590	10,041	2,451
Depreciation and amortization	482,469	576,769	94,300
Other lease business expenses	108,382	162,489	54,107
Total	1,029,594	1,339,712	310,118

## Cash Distributions

	22nd Fiscal Period (From: May 1, 2016 To: Oct. 31, 2016)	23rd Fiscal Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	Change
I Unappropriated retained earnings	730,624,096 yen	1,129,105,402 yen	398,481,306 yen
II Amount of distributions	730,558,508 yen	1,129,048,469 yen	398,489,961 yen
[Amount of distribution per investment unit]	4,204 yen	4,397 yen	193 yen
III Retained earnings carried forward	65,588 yen	56,933 yen	-8,655 yen

## Statements of Cash Flows

(thousand yen)

	22nd Fiscal Period (From: May 1, 2016 To: Oct. 31, 2016)	23rd Fiscal Period (From: Nov. 1, 2016 To: Apr. 30, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes	732,378	1,130,977
Depreciation and amortization	483,063	577,363
Difference resulting from exchange of real estate properties	-	-17,305
Amortization of investment unit issuance costs	3,184	7,427
Interest income	-22	-14
Interest expenses	146,430	152,743
Decrease (increase) in operating accounts receivable	4,510	-12,793
Decrease (increase) in prepaid expenses	1,590	-16,077
Decrease (decrease) in consumption taxes receivable	-	-88,180
Increase (decrease) in accrued consumption taxes	-2,905	-2,452
Increase (decrease) in operating accounts payable	27,619	66,001
Increase (decrease) in accounts payable – other	7,179	55,399
Decrease (increase) in long-term prepaid expenses	-7,263	-54,530
Other, net	-293	2,426
Subtotal	1,395,472	1,800,984
Interest income received	22	14
Interest expenses paid	-147,975	-150,995
Income taxes paid	-1,954	-1,891
Net cash provided by (used in) operating activities	1,245,564	1,648,112
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	-971,247	-25,806,252
Proceeds from tenant leasehold and security deposits in trust	53,455	192,322
Repayments of tenant leasehold and security deposits in trust	-54,732	-55,406
Decrease (increase) in other investments	-636	-636
Net cash provided by (used in) investing activities	-973,160	-25,669,972
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	-	12,960,000
Repayment of short-term loans payable	-	-12,960,000
Proceeds from long-term loans payable	5,747,000	16,409,000
Repayment of long-term loans payable	-5,825,776	-3,492,896
Proceeds from issuance of investment units	-	12,134,434
Payments for investment unit issuance expenses	-	-25,459
Dividends paid	-711,761	-728,736
Net cash provided by (used in) financing activities	-790,538	24,296,341
Net increase (decrease) in cash and cash equivalents	-518,134	274,480
Cash and cash equivalents at beginning of period	3,584,183	3,066,048
Cash and cash equivalents at end of period	3,066,048	3,340,529

## Key Performance Indicators

(thousand yen)

	Unit	22nd Fiscal Period (From: May 1, 2016 To: Oct. 31, 2016)	23rd Fiscal Period (From: Nov. 1, 2016 To: Apr. 30, 2017)
Total assets (a)	million yen	61,667	87,373
Net assets (b)	million yen	30,826	43,359
Total unitholders' capital	million yen	30,096	42,230
Total number of investment units issued and outstanding (c)	units	173,777	256,777
Net assets per unit (b) ÷ (c)	yen	177,391	168,860
Net income per unit (Note 1)	yen	4,203	4,559
Total distributions (d)	million yen	730	1,129
Distribution per unit (d) ÷ (c)	yen	4,204	4,397
[Of which, distribution of earnings per unit]	yen	(4,204)	4,397
[Of which, distribution in excess of earnings per unit]	yen	(-)	(-)
Return on assets (Note 2)	%	1.2(2.4)	1.5(3.1)
Return on equity (Note 2)	%	2.4(4.7)	3.0(6.1)
Equity ratio (b) ÷ (a)	%	50.0	49.6
Distribution payout ratio (Note 2)	%	100.0	100.0

### [Other Reference Information]

Number of investment properties (Note 3)	properties	97	111
Total number of leasable units (Note 3)	units	3,998	5,234
Gross leasable area	m <sup>2</sup>	148,555.88	192,156.73
Period-end occupancy rate (Note 3)	%	95.3	95.7
Depreciation and amortization	million yen	482	576
Capital expenditures	million yen	128	118
Property leasing NOI (Net Operating Income) (Note 2)	million yen	1,698	2,201
FFO (Funds from Operations) per unit (Note 2)	yen	6,998	6,611
FFO multiple (Note 2)	times	11.4	10.7
Debt service coverage ratio (Note 2)	times	9.3	12.2
Earnings before interest, depreciation and amortization	million yen	1,359	1,858
Interest expenses	million yen	146	152
Total interest-bearing liabilities	million yen	29,830	42,746
LTV (Loan-To-Value) ratio (Note 2)	%	48.4	48.9
Number of days of management (Note 2)	days	184	181

(Note 1) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units issued and outstanding.

(Note 2) The indicators presented are calculated as follows. In addition, for return on assets and return on equity, figures annualized based on the number of days of management are also shown in brackets.

Return on assets	$\text{Ordinary income} \div \text{Average total assets}$ $\text{Average total assets} = (\text{Total assets at beginning of period} + \text{Total assets at end of period}) \div 2$
Return on equity	$\text{Net income} \div \text{Average net assets}$ $\text{Average net assets} = (\text{Net assets at beginning of period} + \text{Net assets at end of period}) \div 2$
Distribution payout ratio	$\text{Distribution per unit} \div \text{Net income per unit}$ Distribution payout ratio for the 23rd fiscal period is calculated using the following formula due to change in the number of investment units during the period from having conducted a capital increase through public offering during the period. $\text{Distribution payout ratio} = \text{Total distributions} / \text{Net income}$
Property leasing NOI	$\text{Property leasing income (loss)} [\text{Real estate rent revenue} - \text{Expenses related to rent business}] + \text{Depreciation and amortization}$
FFO per unit	$(\text{Net income} + \text{Depreciation and amortization} + \text{Other depreciation and amortization} - \text{Gain (loss) on sales of real estate properties}) \div \text{Total number of investment units issued and outstanding}$
FFO multiplier	$\text{Investment unit price at end of period} \div \text{Annualized FFO per unit}$
Debt service coverage ratio	$\text{Earnings before interest, depreciation and amortization} \div \text{Interest expenses (including interest expenses on investment corporation bonds)}$
LTV ratio	$\text{Total interest-bearing liabilities} \div \text{Total assets}$

(Note 3) The number of investment properties are indicated in units that are generally accepted to be one. In addition, the total number of leasable units is the number of units that are leasable for residential, office, retail and other uses, and the period-end occupancy rate is the leased area expressed as a percentage of gross leasable area as at the date of settlement of accounts.

## ■ Long-Term Loans Payable

Lender	Drawdown date	Balance at end of 23rd FP (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks	Name
Mizuho Bank, Ltd.	May 24, 2012	1,131,944	1.38000	May 24, 2017	(Note 3)	Refinancing	Unsecured Unguaranteed	Term Loan I
Resona Bank, Ltd.	Nov. 25, 2013	650,000	1.03000	May 24, 2017	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	Term Loan R
The Chiba Bank, Ltd.		500,000						
The Musashino Bank, Ltd.		500,000						
Sumitomo Mitsui Banking Corporation		500,000						
Aozora Bank, Ltd.		450,000						
Higashi-Nippon Bank, Ltd.		250,000						
ORIX Bank Corporation		150,000						
Mizuho Trust & Banking Co., Ltd.		100,000						
Resona Bank, Ltd.	Nov. 25, 2014	1,137,000	0.78000	Nov. 24, 2017	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	Term Loan W
Aozora Bank, Ltd.		703,000						
Mizuho Bank, Ltd.		479,000						
Sumitomo Mitsui Banking Corporation		479,000						
The Chiba Bank, Ltd.		415,000						
The Musashino Bank, Ltd.		415,000						
Sumitomo Mitsui Trust Bank, Limited		171,000						
ORIX Bank Corporation		167,000						
The Kagawa Bank, Ltd.	34,000							
Resona Bank, Ltd.	Nov. 25, 2014	711,000	1.02200 (Note 2)	May 25, 2018	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	Term Loan X
Aozora Bank, Ltd.		441,000						
Mizuho Bank, Ltd.		299,000						
Sumitomo Mitsui Banking Corporation		299,000						
The Chiba Bank, Ltd.		259,000						
The Musashino Bank, Ltd.		259,000						
Sumitomo Mitsui Trust Bank, Limited		107,000						
ORIX Bank Corporation		104,000						
The Kagawa Bank, Ltd.	21,000							
Resona Bank, Ltd.	Nov. 25, 2014	711,000	1.19000 (Note 2)	Nov. 25, 2019	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	Term Loan Y
Aozora Bank, Ltd.		441,000						
Mizuho Bank, Ltd.		299,000						
Sumitomo Mitsui Banking Corporation		299,000						
The Chiba Bank, Ltd.		259,000						
The Musashino Bank, Ltd.		259,000						
Sumitomo Mitsui Trust Bank, Limited		107,000						
ORIX Bank Corporation		104,000						
The Kagawa Bank, Ltd.	21,000							

## ■ Long-Term Loans Payable

Lender	Drawdown date	Balance at end of 23rd FP (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks	Name
Aozora Bank, Ltd.	May 22, 2015	1,054,000	0.90700 (Note 2)	Nov. 22, 2018	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	Term Loan Z
Resona Bank, Ltd.		787,000						
The Chiba Bank, Ltd.		382,000						
The Musashino Bank, Ltd.		382,000						
Mizuho Bank, Ltd.		331,000						
The Kagawa Bank, Ltd.		325,000						
Sumitomo Mitsui Banking Corporation		241,000						
ORIX Bank Corporation		99,000						
Sumitomo Mitsui Trust Bank, Limited		99,000						
Aozora Bank, Ltd.		Nov. 24, 2015						
Resona Bank, Ltd.	787,000							
The Chiba Bank, Ltd.	382,000							
The Musashino Bank, Ltd.	382,000							
Mizuho Bank, Ltd.	331,000							
The Kagawa Bank, Ltd.	325,000							
Sumitomo Mitsui Banking Corporation	241,000							
ORIX Bank Corporation	99,000							
Sumitomo Mitsui Trust Bank, Limited	99,000							
Resona Bank, Ltd.	May 24, 2016		763,500	0.82000	May 24, 2022	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed
Aozora Bank, Ltd.		520,000						
Sumitomo Mitsui Banking Corporation		408,500						
The Chiba Bank, Ltd.		387,500						
The Musashino Bank, Ltd.		387,500						
Mizuho Bank, Ltd.		158,500						
ORIX Bank Corporation		130,000						
Sumitomo Mitsui Trust Bank, Limited		56,500						
Mizuho Trust & Banking Co., Ltd.		50,000						
The Kagawa Bank, Ltd.		11,500						
Resona Bank, Ltd.	May 24, 2016	763,500	0.88000	May 24, 2023	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	Term Loan 2C
Aozora Bank, Ltd.		520,000						
Sumitomo Mitsui Banking Corporation		408,500						
The Chiba Bank, Ltd.		387,500						
The Musashino Bank, Ltd.		387,500						
Mizuho Bank, Ltd.		158,500						
ORIX Bank Corporation		130,000						
Sumitomo Mitsui Trust Bank, Limited		56,500						
Mizuho Trust & Banking Co., Ltd.		50,000						
The Kagawa Bank, Ltd.		11,500						

## ■ Long-Term Loans Payable

Lender	Drawdown date	Balance at end of 23rd FP (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks	Name
Aozora Bank, Ltd.	Nov. 24, 2016	1,025,000	0.45000	May 24, 2019	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	Term Loan 2E
Resona Bank, Ltd.		783,000						
The Chiba Bank, Ltd.		356,000						
The Musashino Bank, Ltd.		356,000						
Mizuho Bank, Ltd.		308,000						
The Kagawa Bank, Ltd.		303,000						
Sumitomo Mitsui Banking Corporation		225,000						
Sumitomo Mitsui Trust Bank, Limited		93,000						
Resona Bank, Ltd.	Dec. 9, 2016	1,095,000	0.29000	May 22, 2020	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	Term Loan 2F
Aozora Bank, Ltd.		1,060,000						
Mizuho Bank, Ltd.		917,000						
The Musashino Bank, Ltd.		480,000						
The Chiba Bank, Ltd.		470,000						
The Kagawa Bank, Ltd.		152,000						
Sumitomo Mitsui Trust Bank, Limited		146,000						
Resona Bank, Ltd.	Dec. 9, 2016	1,095,500	0.32000	May 24, 2021	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	Term Loan 2G
Aozora Bank, Ltd.		1,060,500						
Mizuho Bank, Ltd.		917,000						
The Musashino Bank, Ltd.		480,000						
The Chiba Bank, Ltd.		470,000						
The Kagawa Bank, Ltd.		152,000						
Sumitomo Mitsui Trust Bank, Limited		145,000						
Resona Bank, Ltd.	Dec. 9, 2016	1,105,000	0.35000	Nov. 24, 2021	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	Term Loan 2H
Aozora Bank, Ltd.		1,061,000						
Mizuho Bank, Ltd.		917,000						
The Musashino Bank, Ltd.		480,000						
The Chiba Bank, Ltd.		460,000						
The Kagawa Bank, Ltd.		152,000						
Sumitomo Mitsui Trust Bank, Limited		145,000						
<b>Total</b>		<b>42,746,277</b>						

Total interest-bearing liabilities

42,746,277 thousand yen

(Note 1) Average interest rate is the weighted average for the period, rounded to five decimal places.

(Note 2) As an interest rate swap agreement has been concluded for the purpose of hedging the risk of interest rate fluctuations, the fixed interest rate is shown.

(Note 3) Repayment was made in installments, with the first repayment on the last day of August 2012 and followed by repayment on the last day of November 2012 in the amount of 20,833 thousand yen each, and subsequent repayments on the last day of every month thereafter from December 1, 2012 in the amount of 6,944 thousand yen each, until the final repayment due on May 24, 2017 in the total amount of 1,090,277 thousand yen.

(Note 4) Current portion of long-term loans payable (8,190,277 thousand yen) on the balance sheet are included in the long-term loans payable.

## Cabinet Order Designated Cities / Regional Area Major Cities

- G-8** Proceed Taikodori
- G-11** Proceed Honamimachi
- G-13** Proceed Shinsakae
- G-14** Proceed Chiyoda
- G-17** Proceed Kanayama
- G-18** Proceed Fukiage
- G-19** Proceed Toyota
- G-24** Proceed Kanayama 2
- G-25** Proceed Aratamabashi
- G-31** Proceed Mizuho
- G-32** Proceed Osu

- G-20** Proceed Kitahorie
- G-21** Proceed Nishitenma
- G-22** Proceed Kobe Motomachi
- G-23** Group Home Tanoshii ie Taisho

- G-26** Proceed Bentencho
- G-27** Proceed Nagaikoendori
- G-28** Proceed Nishinagahori
- G-29** Proceed Kyobashi
- G-30** Proceed Hyogoekimaedori

- G-6** Proceed Hakozaikigu II
- G-7** Proceed Hakozaikigu I
- G-9** Proceed Ohashi
- G-10** Proceed Nakagawa
- G-15** Proceed Fukuoka Takamiya
- G-16** Proceed Ohorikoan

- Single type
- DINKS type
- Family type
- Facility for elderly

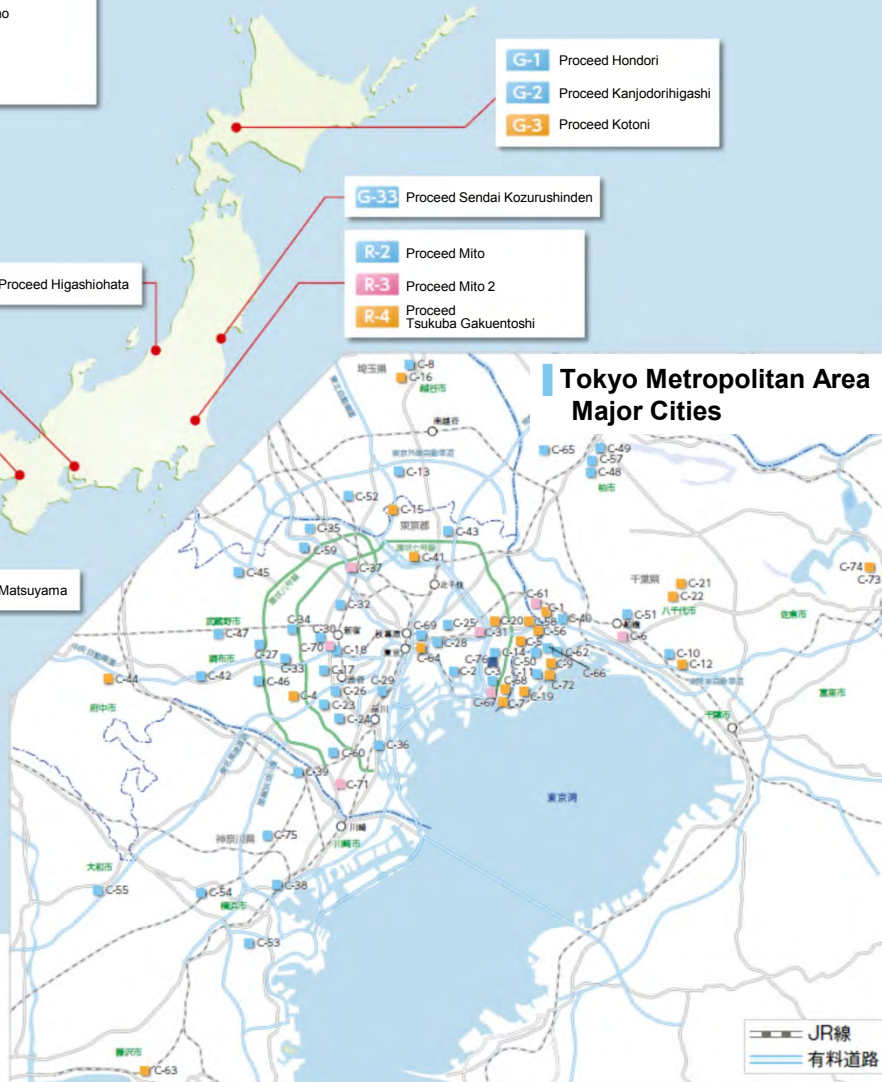
- G-1** Proceed Hondori
- G-2** Proceed Kanjodorihigashi
- G-3** Proceed Kotoni

- G-33** Proceed Sendai Kozurushinden

- R-2** Proceed Mito
- R-3** Proceed Mito 2
- R-4** Proceed Tsukuba Gakuentoshi

- G-12** Proceed Higashiohata

- R-1** Proceed Matsuyama



## Tokyo Metropolitan Area Major Cities

- ◆ Tokyo metropolitan area major cities: 76 properties
- ◆ Cabinet order designated cities: 31 properties
- ◆ Regional area major cities: 4 properties
- Total: 111 properties

- C-1** Proceed Ichikawa
- C-2** Proceed Toyoko
- C-3** Proceed Kasai
- C-4** Proceed Sangerjaya
- C-5** Proceed Mizue
- C-6** Proceed Funabashi Miyamoto
- C-7** Proceed Minamikasai
- C-8** Proceed Sengendai
- C-9** Proceed Gyotoku
- C-10** Proceed Makuharihongo
- C-11** Proceed Minamigyotoku
- C-12** Proceed Makuharihongo2
- C-13** Proceed Higashikawaguchi
- C-14** Proceed Funabari
- C-15** Proceed Takenozuka
- C-16** Proceed Sengendai 2
- C-17** Proceed Shoto
- C-18** Proceed Sangubashi
- C-19** Proceed Urayasu
- C-20** Proceed Shinkoika
- C-21** Proceed Yachiyo Midorigaoka I
- C-22** Proceed Yachiyo Midorigaoka II
- C-23** Proceed Toritsudaigaku
- C-24** Proceed Toritsudaigaku 2
- C-25** Proceed Honjozumabashi
- C-26** Proceed Meguro Aobadai
- C-27** Proceed Suginami Miyamae
- C-28** Proceed Ryogoku
- C-29** Proceed Mita
- C-30** Proceed Nakanoshimbashi
- C-31** Proceed Kameido
- C-32** Proceed Takadanobaba
- C-33** Proceed Shinkoenji
- C-34** Proceed Koenjiminami
- C-35** Proceed Hasune
- C-36** Proceed Oimachi
- C-37** Proceed Jujo
- C-38** Proceed Hakuraku
- C-39** Proceed Shinmaruko
- C-40** Proceed Motoyawata
- C-41** Proceed Nishiarai
- C-42** Proceed Chofu
- C-43** Proceed TX Rokucho
- C-44** Proceed Nakagawara
- C-45** Proceed Oizumigakuen
- C-46** Proceed Chitosekarasuyama
- C-47** Proceed Mitaka
- C-48** Proceed Kashiwa Est
- C-49** Proceed Kashiwa Nord
- C-50** Proceed Gyotokuekimae
- C-51** Proceed Funabashi Honcho
- C-52** Proceed Nishikawaguchi
- C-53** Proceed Gumyoji
- C-54** Proceed Tsurugamine
- C-55** Proceed Sagamiotsuka
- C-56** Proceed Shinozaki 2
- C-57** Proceed Kashiwa Trois
- C-58** Proceed Shinozaki Tower
- C-59** Proceed Tobu Nerima
- C-60** Proceed Yukigaya
- C-61** Proceed Ichikawa Minami
- C-62** Proceed Ichikawa Myoten
- C-63** Proceed Fujisawa Kugenuma
- C-64** Proceed Nihonbashi-horidomecho
- C-65** Proceed TX Nagareyama Central Park
- C-66** Proceed Gyotoku 2
- C-67** Proceed Nishikasai
- C-68** Proceed Kasai 2
- C-69** Proceed Nihonbashi Honcho
- C-70** Proceed Nishi Shinjuku
- C-71** Proceed Unoki
- C-72** Proceed Minamigyotoku 2
- C-73** Proceed CO-Z East Building
- C-74** Proceed CO-Z West Building
- C-75** Proceed Shin Yokohama
- C-76** Life Support Residence Funaboriekimae

# Breakdown of Revenue of Portfolio by Geographic Area (23rd Fiscal Period Results)



(thousand yen)

	Tokyo metropolitan area major cities	Cabinet order designated cities	Regional area major cities	Entire portfolio
Acquisition price <sup>(Note 1)</sup>	56,743,700	23,690,800	1,654,100	82,088,600
Total number of leasable units <sup>(Note 1)</sup>	3,422	1,689	123	5,234
(A) Property leasing operating revenue	2,061,240	834,074	69,329	2,964,644
Rent revenue	1,962,090	798,657	63,533	2,824,281
Other revenue	99,149	35,417	5,795	140,362
(B) Property leasing operating expenses	538,942	202,462	21,538	762,943
Rent expenses	43,128	1,581	0	44,709
Property management expenses	54,535	21,006	2,158	77,701
Real estate taxes	96,856	47,260	4,256	148,373
Utilities expenses	36,793	13,353	1,256	51,403
Repair expenses	127,151	39,524	5,318	171,993
Regular maintenance expenses	66,978	32,639	3,323	102,940
Insurance expenses	7,104	2,729	206	10,041
Brokerage fees and advertising expenses	44,024	30,129	2,706	76,860
Trust fees	24,980	11,582	1,436	37,999
Other property leasing operating expenses	37,387	2,656	875	40,920
(C) Property leasing = (A) - (B)	1,522,298	631,611	47,791	2,201,701
(D) Depreciation and amortization	402,108	155,502	19,158	576,769
(E) Property leasing income (loss) = (C) - (D)	1,120,189	476,109	28,632	1,624,932
(F) Capital expenditures	107,210	11,527	208	118,946
(G) NCF = (C) - (F)	1,415,087	620,084	47,582	2,082,754
Annualized NOI yield (based on acquisition price) (%) <sup>(Note 2)</sup>	5.4%	5.3%	5.8%	5.4%
Period average occupancy rate (%)	96.2%	94.2%	91.3%	95.4%

(Note 1) Acquisition price and Total number of leasable units are the sum of those for properties owned as of the end of each fiscal period.

(Note 2) "Annualized NOI yield (based on acquisition price)" is calculated by annualizing each property's NOI results, rounded to one decimal place. Properties acquired/disposed through exchange transaction on March 31, 2017 are excluded from compilation.

# Breakdown of Revenue of Major Properties (23rd Fiscal Period Results)

(thousand yen)

Property number	Tokyo metropolitan area major cities					Cabinet order designated cities			Regional area major cities
	C-41	C-69	C-70	C-73	C-75	G-24	G-25	G-26	R-4
Property name	Proceed Nishiarai	Proceed Nihonbashi Honcho	Proceed Nishi Shinjuku	Proceed CO-Z East Building	Proceed Shin Yokohama	Proceed Kanayama 2	Proceed Aratamabashi	Proceed Bentencho	Proceed Tsukuba Gakuentoshi
Property photo									
Acquisition price	5,172,000	2,499,000	2,549,000	1,830,000	4,330,000	2,040,400	2,129,600	2,170,000	775,600
Location	1-chome, Nishiaraisakaecho, Adachi-ku, Tokyo	4-chome, Nihonbashi Honcho, Chuo-ku, Tokyo	3-chome, Nishishinjuku, Shinjuku-ku, Tokyo	4-chome, Kozunomori, Narita-shi, Chiba	3-chome, Shinyokohama, Yokohama-shi, Kanagawa	2-chome, Kanayama, Nagoya-shi, Aichi	8-chome, Mizuhotori, Mizuho-ku, Nagoya-shi, Aichi	2-chome, Ichiokamotomachi, Minato-ku, Osaka-shi, Osaka	3-chome, Ninomiya, Tsukuba-shi, Ibaraki
Structure	RC/13F	RC/11F	SRC/14F·B1F	RC/8F	RC/11F·B1F	RC/14F·B1F	RC/10F	RC/14F	RC/9F
Construction completion	July 20, 2007	February 25, 2003	February 25, 2003	March 10, 1997	April 19, 2007	August 22, 2007	August 19, 2005	January 11, 2008	March 3, 2008
Number of leasable units	294 units	84 units	66 units	111 units	226 units	72 units	72 units	126 units	34 units
(A) Property leasing operating revenue	299,657	59,357	56,146	71,434	115,807	69,247	71,145	63,963	27,035
(B) Property leasing operating expenses	119,566	9,405	11,448	18,610	19,337	14,382	19,363	13,383	10,392
(C) Property leasing NOI = (A) - (B)	180,091	49,952	44,698	52,823	96,470	54,865	51,782	50,579	16,642
(D) Depreciation and amortization	93,600	4,329	5,045	10,829	16,700	17,490	15,752	5,381	8,168
(E) Property leasing income (loss) = (C) - (D)	86,490	45,622	39,653	41,994	79,769	37,374	36,030	45,197	8,473
(F) Capital expenditures	1,049	-	339	850	-	-	7,992	-	104
(G) NCF = (C) - (F)	179,041	49,952	44,359	51,973	96,470	54,865	43,790	50,579	16,537
Annualized NOI yield	7.0%	4.1%	3.5%	5.8%	4.5%	5.4%	4.9%	4.7%	4.3%
PML value	ARTIER Bldg.: 3.9% OZAREA Bldg.: 5.0% Hall Bldg.: 3.5% Nursery Bldg.: 3.5%	8.3%	4.5%	6.0%	6.9%	6.2%	6.2%	8.1%	3.8%



# Portfolio List 1 (As of April 30, 2017)



Property No. (Note 1)	Property name	Location	Acquisition price (thousand yen)	Investment share (%) (Note 2)	Carrying amount (thousand yen)	Real estate appraisal value (thousand yen)	Gross leasable area (m <sup>2</sup> )	Leased area (m <sup>2</sup> )	Total number of leasable units (units) (Note 3)	Total number of leasable parking spaces (vehicles)	Occupancy rate (%) (Note 4)	PML (%)	Construction completion (Note 5)
C-1	Proceed Ichikawa	Chiba	1,076,000	1.3	1,026,098	1,300,000	3,322.17	3,261.15	50	42	98.2	5.9	April 1, 1997
C-2	Proceed Toyochō	Tokyo	646,700	0.8	603,108	833,000	1,085.56	1,085.56	45	5	100.0	8.6	January 31, 2003
C-3	Proceed Kasai	Tokyo	688,700	0.8	630,370	795,000	1,243.80	1,243.80	57	0	100.0	5.1	March 1, 2003
C-4	Proceed Sangenjaya	Tokyo	555,900	0.7	638,671	567,000	1,019.27	1,019.27	9	8	100.0	9.3	June 29, 1990
C-5	Proceed Mizue	Tokyo	602,600	0.7	635,612	740,000	2,076.68	1,926.06	28	22	92.7	7.0	June 20, 1991
C-6	Proceed Funabashi Miyamoto	Chiba	419,900	0.5	464,477	551,000	1,685.73	1,685.73	33	1	100.0	4.7	June 24, 1991
C-7	Proceed Minamikasai	Tokyo	303,500	0.4	332,379	291,000	1,045.28	914.62	16	7	87.5	10.4	March 12, 1993
C-8	Proceed Sengendai	Saitama	259,200	0.3	269,436	308,000	1,344.74	1,220.02	43	10	90.7	5.7	May 31, 1991
C-9	Proceed Gyotoku	Chiba	315,600	0.4	347,312	330,000	1,218.56	1,158.00	20	7	95.0	6.7	March 15, 1988
C-10	Proceed Makuharihongo	Chiba	279,300	0.3	282,608	311,000	963.00	934.50	34	3	97.0	8.7	February 22, 1989
C-11	Proceed Minamigyotoku	Chiba	287,300	0.3	304,638	323,000	838.95	838.95	26	6	100.0	6.8	February 6, 1990
C-12	Proceed Makuharihongo 2	Chiba	223,400	0.3	222,227	247,000	1,104.84	954.18	22	10	86.4	4.8	September 24, 1989
C-13	Proceed Higashikawaguchi	Saitama	206,500	0.3	196,753	197,000	648.11	648.11	30	14	100.0	3.6	March 15, 1993
C-14	Proceed Funabori	Tokyo	226,100	0.3	237,889	247,000	479.52	439.56	24	1	91.7	7.3	October 11, 1991
C-15	Proceed Takenozuka	Tokyo	169,400	0.2	174,118	225,000	860.55	803.18	15	7	93.3	3.4	March 10, 1994
C-16	Proceed Sengendai 2	Saitama	86,700	0.1	94,645	106,000	695.81	695.81	12	4	100.0	3.3	April 3, 1991
C-17	Proceed Shoto	Tokyo	937,400	1.1	895,421	936,000	890.22	849.79	40	6	95.5	5.3	November 18, 2005
C-18	Proceed Sangubashi	Tokyo	497,600	0.6	488,300	471,000	527.88	489.51	26	0	92.7	7.0	July 22, 2005
C-19	Proceed Urayasu	Chiba	431,400	0.5	481,397	456,000	1,786.58	1,694.51	21	8	94.8	7.8	June 4, 1992
C-20	Proceed Shinkoiwa	Tokyo	465,200	0.6	492,867	553,000	1,629.07	1,558.66	27	9	95.7	7.1	March 15, 1991
C-21	Proceed Yachiyo Midorigaoka I	Chiba	383,600	0.5	406,901	386,000	1,805.76	1,805.76	27	32	100.0	6.9	February 12, 1997
C-22	Proceed Yachiyo Midorigaoka II	Chiba	339,000	0.4	359,718	348,000	1,605.12	1,337.60	24	31	83.3	6.9	February 12, 1997
C-23	Proceed Toritsudaigaku	Tokyo	790,400	1.0	757,509	771,000	808.65	808.65	37	2	100.0	8.3	March 13, 2006
C-24	Proceed Toritsudaigaku 2	Tokyo	772,200	0.9	732,729	785,000	831.74	831.74	36	2	100.0	7.8	September 7, 2006
C-25	Proceed Honjozumabashi	Tokyo	339,800	0.4	311,834	434,000	570.53	570.53	19	0	100.0	6.7	July 7, 2006
C-26	Proceed Meguro Aobadai	Tokyo	466,700	0.6	462,320	456,000	485.15	485.15	24	1	100.0	11.6	March 27, 2003
C-27	Proceed Suginami Miyamae	Tokyo	454,900	0.6	445,166	479,000	680.50	680.50	29	1	100.0	7.1	January 26, 2004
C-28	Proceed Ryogoku	Tokyo	443,900	0.5	428,930	538,000	702.54	702.54	27	5	100.0	6.9	March 15, 2003
C-29	Proceed Mita	Tokyo	1,537,200	1.9	1,453,224	1,640,000	1,500.57	1,500.57	72	0	100.0	8.7	February 6, 2006
C-30	Proceed Nakanoshimbashi	Tokyo	638,800	0.8	685,692	700,000	849.08	849.08	50	0	100.0	10.4	September 24, 1992
C-31	Proceed Kameido	Tokyo	339,000	0.4	356,902	346,000	853.98	853.98	23	0	100.0	7.6	March 23, 1994
C-32	Proceed Takadanobaba	Tokyo	223,700	0.3	259,477	264,000	278.36	278.36	17	0	100.0	13.8	October 24, 1991
C-33	Proceed Shinkoentji	Tokyo	742,100	0.9	803,139	871,000	1,040.24	1,040.24	57	0	100.0	10.0	August 31, 1990
C-34	Proceed Koenjiminami	Tokyo	277,400	0.3	313,261	251,000	337.05	337.05	20	0	100.0	11.7	October 2, 1989
C-35	Proceed Hasune	Tokyo	284,000	0.3	328,212	267,000	587.13	587.13	29	0	100.0	6.8	July 17, 1991
C-36	Proceed Oimachi	Tokyo	944,000	1.1	1,004,209	952,000	961.88	961.88	59	0	100.0	13.0	April 13, 1992
C-37	Proceed Jujo	Tokyo	533,000	0.6	573,746	558,000	1,206.90	1,206.90	30	0	100.0	7.2	June 15, 1989
C-38	Proceed Hakuraku	Kanagawa	241,000	0.3	267,599	191,000	445.16	445.16	27	0	100.0	16.4	July 19, 1991
C-39	Proceed Shinmaruko	Kanagawa	635,000	0.8	677,232	609,000	759.00	759.00	46	0	100.0	11.7	September 12, 1988
C-40	Proceed Motoyawata	Chiba	307,000	0.4	269,939	329,000	602.39	602.39	25	3	100.0	4.4	January 9, 2004

# Portfolio List 2 (As of April 30, 2017)



Property No. (Note 1)	Property name	Location	Acquisition price (thousand yen)	Investment share (%) (Note 2)	Carrying amount (thousand yen)	Real estate appraisal value (thousand yen)	Gross leasable area (m <sup>2</sup> )	Leased area (m <sup>2</sup> )	Total number of leasable units (units) (Note 3)	Total number of leasable parking spaces (vehicles)	Occupancy rate (%) (Note 4)	PML (%)	Construction completion (Note 5)
C-41*	Proceed Nishiarai (Note 6)	Tokyo	5,172,000	6.3	3,755,520	6,790,000	20,137.85	19,632.39	294	146	97.5	ARTIER 3.9 OZAREA 5.0 Hall 3.5 Nursery 3.5	July 20, 2007
C-42	Proceed Chofu	Tokyo	460,500	0.6	423,882	547,000	764.48	738.15	26	0	96.6	6.4	February 17, 2007
C-43	Proceed TX Rokucho	Tokyo	156,800	0.2	181,748	175,000	518.31	518.31	20	2	100.0	6.6	June 21, 1991
C-44	Proceed Nakagawara (Note 7)	Tokyo	1,141,000	1.4	1,242,048	1,306,000	3,061.94	3,061.94	54	35	100.0	Ichibankan: 10.7 Nibankan: 11.8	April 1, 1989
C-45	Proceed Oizumigakuen	Tokyo	268,300	0.3	290,856	282,000	483.43	483.43	29	0	100.0	10.6	November 26, 1991
C-46	Proceed Chitosekarasuyama	Tokyo	289,600	0.4	334,278	327,000	449.96	433.89	28	0	96.4	11.7	December 8, 1988
C-47	Proceed Mitaka	Tokyo	477,200	0.6	538,213	581,000	739.48	739.48	47	0	100.0	9.3	December 16, 1988
C-48	Proceed Kashiwa Est	Chiba	732,000	0.9	701,145	677,000	1,279.93	1,279.93	44	5	100.0	4.5	February 13, 2007
C-49	Proceed Kashiwa Nord	Chiba	689,000	0.8	652,447	595,000	1,391.55	1,353.42	47	0	97.3	5.7	February 13, 2007
C-50	Proceed Gyotokuekimae	Chiba	331,000	0.4	294,805	372,000	659.68	605.00	24	3	91.7	5.2	September 4, 2007
C-51	Proceed Funabashi Honcho	Chiba	531,700	0.6	514,446	598,000	996.44	996.44	40	0	100.0	5.7	July 19, 2006
C-52	Proceed Nishikawaguchi	Saitama	881,000	1.1	990,024	800,000	1,630.24	1,614.54	104	2	99.0	5.5	February 10, 1989
C-53	Proceed Gumyoji	Kanagawa	552,000	0.7	593,125	620,000	1,246.48	1,171.73	77	0	94.0	19.0	May 12, 1988
C-54	Proceed Tsurugamine	Kanagawa	356,000	0.4	377,969	372,000	855.00	803.70	50	4	94.0	7.2	March 12, 1991
C-55	Proceed Sagamiotsuka	Kanagawa	234,000	0.3	237,450	214,000	741.24	606.97	29	7	81.9	12.9	April 5, 1991
C-56*	Proceed Shinozaki 2	Tokyo	913,300	1.1	851,701	1,140,000	2,134.07	2,134.07	35	13	100.0	4.2	September 18, 2008
C-57	Proceed Kashiwa Trois	Chiba	537,100	0.7	506,739	631,000	1,149.95	1,121.95	38	6	97.6	5.4	May 8, 2009
C-58	Proceed Shinozaki Tower (Note 8)	Tokyo	1,564,000	1.9	1,532,625	2,170,000	5,117.49	5,014.29	88	30	98.0	High-rise bldg. 2.6 Low-rise Bldg. 4.4	March 26, 2008
C-59	Proceed Tobu Nerima	Tokyo	422,000	0.5	424,954	530,000	779.84	779.84	35	2	100.0	7.7	August 31, 2007
C-60	Proceed Yukigaya	Tokyo	323,000	0.4	363,822	383,000	600.62	600.62	35	1	100.0	14.0	October 7, 1991
C-61	Proceed Ichikawa Minami	Chiba	687,000	0.8	716,532	890,000	1,635.59	1,635.59	66	17	100.0	2.0	February 10, 1997
C-62	Proceed Ichikawa Myoten	Chiba	498,000	0.6	520,472	596,000	945.00	924.00	45	1	97.8	6.8	March 15, 2003
C-63	Proceed Fujisawa Kugenuma	Kanagawa	729,000	0.9	803,639	883,000	2,005.76	1,942.88	25	20	96.9	14.7	March 30, 2001
C-64	Proceed Nihonbashi-horidomecho	Tokyo	1,485,800	1.8	1,536,269	1,650,000	1,904.45	1,904.45	37	2	100.0	7.5	April 7, 2006
C-65*	Proceed Nagareyama TX Central Park (Note 9)	Chiba	979,700	1.2	1,040,796	1,150,000	2,976.85	2,668.41	73	0	89.6	2.9	April 11, 2014
C-66	Proceed Gyotoku 2	Chiba	830,000	1.0	861,352	888,000	1,626.54	1,599.47	59	20	98.3	6.5	October 7, 2006
C-67	Proceed Nishikasai (Note 10)	Tokyo	875,600	1.1	952,862	971,000	2,993.52	2,749.19	63	39	91.8	Ichibankan: 11.0 Nibankan: 8.1	Ichibankan: October 17, 1993 Nibankan: July 23, 1985
C-68	Proceed Kasai 2	Tokyo	750,000	0.9	827,994	861,000	2,140.59	2,140.59	29	6	100.0	7.1	September 12, 2003
C-69	Proceed Nihonbashi Honcho	Tokyo	2,449,000	3.0	2,569,520	2,470,000	2,553.89	2,488.63	84	7	97.4	8.3	February 25, 2003
C-70	Proceed Nishi Shinjuku	Tokyo	2,549,000	3.1	2,679,253	2,580,000	2,461.88	2,207.73	66	5	89.7	4.5	February 25, 2003
C-71	Proceed Unoki	Tokyo	917,000	1.1	970,829	933,000	1,260.58	1,215.18	29	4	96.4	13.9	September 5, 2015
C-72*	Proceed Minamigyotoku 2	Chiba	1,080,000	1.3	1,161,020	1,100,000	2,832.74	2,832.74	36	18	100.0	6.4	May 15, 2014
C-73	Proceed CO-Z East Building	Chiba	1,830,000	2.2	1,995,176	1,880,000	6,873.33	6,610.61	111	121	96.2	6.0	March 10, 1997
C-74	Proceed CO-Z West Building	Chiba	971,000	1.2	1,062,219	983,000	3,716.05	3,605.79	71	87	97.0	6.0	January 9, 1998
C-75	Proceed Shin Yokohama	Kanagawa	4,330,000	5.3	4,568,071	4,340,000	5,457.56	5,204.07	226	68	95.4	6.9	April 19, 2007
C-76	Life Support Residence Funaboriekimae	Tokyo	380,000	0.5	277,960	401,000	1,408.71	1,408.71	2	0	100.0	6.6	January 14, 2013
Tokyo metropolitan area major cities subtotal			56,743,700	69.1	57,067,861	62,648,000	128,909.07	124,893.31	3,422	918	96.9		

# Portfolio List 3 (As of April 30, 2017)

Property No. (Note 1)	Property name	Location	Acquisition price (thousand yen)	Investment share (%) (Note 2)	Carrying amount (thousand yen)	Real estate appraisal value (thousand yen)	Gross leasable area (m <sup>2</sup> )	Leased area (m <sup>2</sup> )	Total number of leasable units (units) (Note 3)	Total number of leasable parking spaces (vehicles)	Occupancy rate (%) (Note 4)	PML (%)	Construction completion (Note 5)
G-1	Proceed Hondori	Hokkaido	386,000	0.5	397,351	533,000	2,624.93	2,624.93	67	37	100.0	5.0	March 14, 1989
G-2	Proceed Kanjodori Higashi	Hokkaido	233,700	0.3	233,938	303,000	1,183.47	1,183.47	34	5	100.0	5.5	October 23, 1990
G-3	Proceed Kotoni	Hokkaido	204,900	0.2	210,914	275,000	1,453.27	1,453.27	28	16	100.0	4.0	October 21, 1991
G-6	Proceed Hakoza Kigu II	Fukuoka	85,000	0.1	80,185	91,400	415.30	415.30	19	0	100.0	8.0	July 30, 1991
G-7	Proceed Hakoza Kigu I	Fukuoka	81,300	0.1	77,107	83,100	411.50	411.50	19	0	100.0	8.0	May 1, 1991
G-8	Proceed Taikodori	Aichi	403,400	0.5	328,676	456,000	1,101.56	1,053.48	44	6	95.6	11.3	March 15, 2006
G-9	Proceed Ohashi	Fukuoka	208,500	0.3	215,511	256,000	1,140.00	1,140.00	16	16	100.0	8.0	February 13, 1998
G-10	Proceed Nakagawa	Fukuoka	150,400	0.2	151,535	255,000	1,414.96	1,414.96	38	21	100.0	8.1	July 24, 1990
G-11	Proceed Honamimachi	Aichi	275,000	0.3	239,598	235,000	620.22	541.27	10	8	87.3	10.5	March 27, 2006
G-12	Proceed Higashiohata	Niigata	53,100	0.1	58,529	42,200	296.61	267.07	9	4	90.0	13.7	November 27, 1991
G-13*	Proceed Shinsakae	Aichi	792,500	1.0	692,076	932,000	1,958.44	1,905.64	77	11	97.3	7.1	February 28, 2007
G-14*	Proceed Chiyoda	Aichi	309,300	0.4	271,769	370,000	922.40	892.08	30	4	96.7	7.3	March 20, 2007
G-15	Proceed Fukuoka Takamiya	Fukuoka	453,600	0.6	421,503	473,000	1,312.29	1,237.92	46	10	94.3	3.2	March 12, 2007
G-16	Proceed Ohorikoen	Fukuoka	452,800	0.6	490,666	381,000	1,128.92	1,066.31	50	8	94.5	10.6	March 21, 1997
G-17*	Proceed Kanayama	Aichi	1,022,000	1.2	1,005,952	1,310,000	2,733.58	2,471.14	94	18	90.4	6.0	February 18, 2008
G-18*	Proceed Fukiage	Aichi	499,000	0.6	495,403	635,000	1,204.65	1,068.01	48	15	88.7	6.2	March 13, 2008
G-19*	Proceed Toyoda	Aichi	219,000	0.3	219,761	277,000	752.04	703.62	27	8	93.6	6.7	February 29, 2008
G-20	Proceed Kitahorie	Osaka	1,917,300	2.3	1,961,839	2,380,000	4,146.18	4,104.58	106	8	99.0	11.0	November 29, 2007
G-21	Proceed Nishitenma	Osaka	880,000	1.1	903,666	1,080,000	1,775.89	1,691.72	56	3	95.3	13.9	November 30, 2007
G-22	Proceed Kobemotomachi	Hyogo	780,000	1.0	811,388	928,000	1,590.64	1,490.46	61	6	93.7	8.6	December 21, 2007
G-23	Group Home Tanoshii ie Taisho	Osaka	158,000	0.2	166,497	176,000	482.72	482.72	1	0	100.0	14.8	February 28, 2007
G-24	Proceed Kanayama 2	Aichi	2,040,400	2.5	2,142,125	2,190,000	4,218.01	4,155.85	72	31	98.5	6.2	August 22, 2007
G-25	Proceed Aratamabashi	Aichi	2,129,600	2.6	2,241,765	2,220,000	5,335.93	4,842.25	72	45	90.7	6.2	August 19, 2005
G-26	Proceed Bentencho	Osaka	2,170,000	2.6	2,281,527	2,180,000	4,134.70	3,923.03	126	21	94.9	8.1	January 11, 2008
G-27	Proceed Nagakoendori	Osaka	1,070,000	1.3	1,128,548	1,070,000	2,170.80	1,741.03	81	24	80.2	14.4	May 28, 2007
G-28	Proceed Nishinagahori	Osaka	942,000	1.1	988,765	942,000	1,506.18	1,303.89	52	5	86.6	8.1	February 15, 2008
G-29	Proceed Kyobashi	Osaka	2,040,000	2.5	2,134,154	2,040,000	3,274.56	2,648.04	120	30	80.9	13.0	January 16, 2008
G-30	Proceed Hyogokimaedori	Hyogo	1,670,000	2.0	1,759,335	1,670,000	3,086.99	2,710.79	117	18	87.8	9.2	February 7, 2008
G-31	Proceed Mizuho	Aichi	535,000	0.7	584,507	546,000	1,126.40	1,037.40	40	5	92.1	6.2	February 28, 2007
G-32	Proceed Osu	Aichi	831,000	1.0	901,479	848,000	1,851.30	1,823.25	66	10	98.5	7.6	March 7, 2016
G-33	Proceed Sendai Kozurushinden	Miyagi	698,000	0.9	768,196	761,000	1,913.28	1,913.28	63	32	100.0	8.4	March 20, 2006
Cabinet order designated cities subtotal			23,690,800	28.9	24,364,280	25,938,700	57,287.72	53,718.26	1,689	425	93.8		
R-1	Proceed Matsuyama	Ehime	77,900	0.1	103,229	99,800	695.06	654.56	17	8	94.2	7.2	August 31, 1991
R-2	Proceed Mito	Ibaraki	383,700	0.5	333,012	469,000	1,223.83	1,131.81	36	7	92.5	4.0	January 7, 2007
R-3	Proceed Mito 2	Ibaraki	416,900	0.5	375,777	515,000	1,381.34	1,226.84	36	25	88.8	3.6	March 11, 2008
R-4	Proceed Tsukuba Gakuentoshi	Ibaraki	775,600	0.9	817,350	822,000	2,659.71	2,338.51	34	35	87.9	3.8	March 3, 2008
Regional area major cities subtotal			1,654,100	2.0	1,629,369	1,905,800	5,959.94	5,351.72	123	75	89.8		
Portfolio total			82,088,600	100.0	83,061,512	90,492,500	192,156.73	183,963.29	5,234	1,418	95.7	2.9	

(Note 1) "Property No." is the properties grouped into 3 classifications "C" (= Tokyo metropolitan area major cities), "G" (= Cabinet order designated cities) and "R" (= Regional area major cities), and numbered per classification.

(Note 2) "Investment share" is the proportion of acquisition price of each acquired property to total acquisition prices of the portfolio, and rounded to one decimal place.

(Note 3) "Total number of leasable units" is the number of units that are leasable for residential, office, retail and other uses.

(Note 4) "Occupancy rate" is the leased area expressed as a percentage of gross leasable area of the respective property, rounded to one decimal place.

(Note 5) "Construction completion" is the date stated in the real estate registry transcript.

(Note 6) The right to the land of (C-41) Proceed Nishiarai is a 50-year fixed-term land leasehold right. In addition, as (C-41) Proceed Nishiarai comprises 4 independent buildings, PML for each of the 4 buildings is shown.

(Note 7) As (C-44) Proceed Nakagawara comprises 2 independent buildings, PML for each of the 2 buildings is shown.

(Note 8) The right to the land of (C-58) Proceed Shinozaki Tower is a 70-year fixed-term land leasehold right and fixed-term land sublease right. In addition, as (C-58) Proceed Shinozaki Tower comprises 2 structurally-independent buildings, PML for each of the 2 buildings is shown.

(Note 9) The right to the land of (C-65) Proceed TX Nagareyama Central Park is a 52-year fixed-term land sublease right.

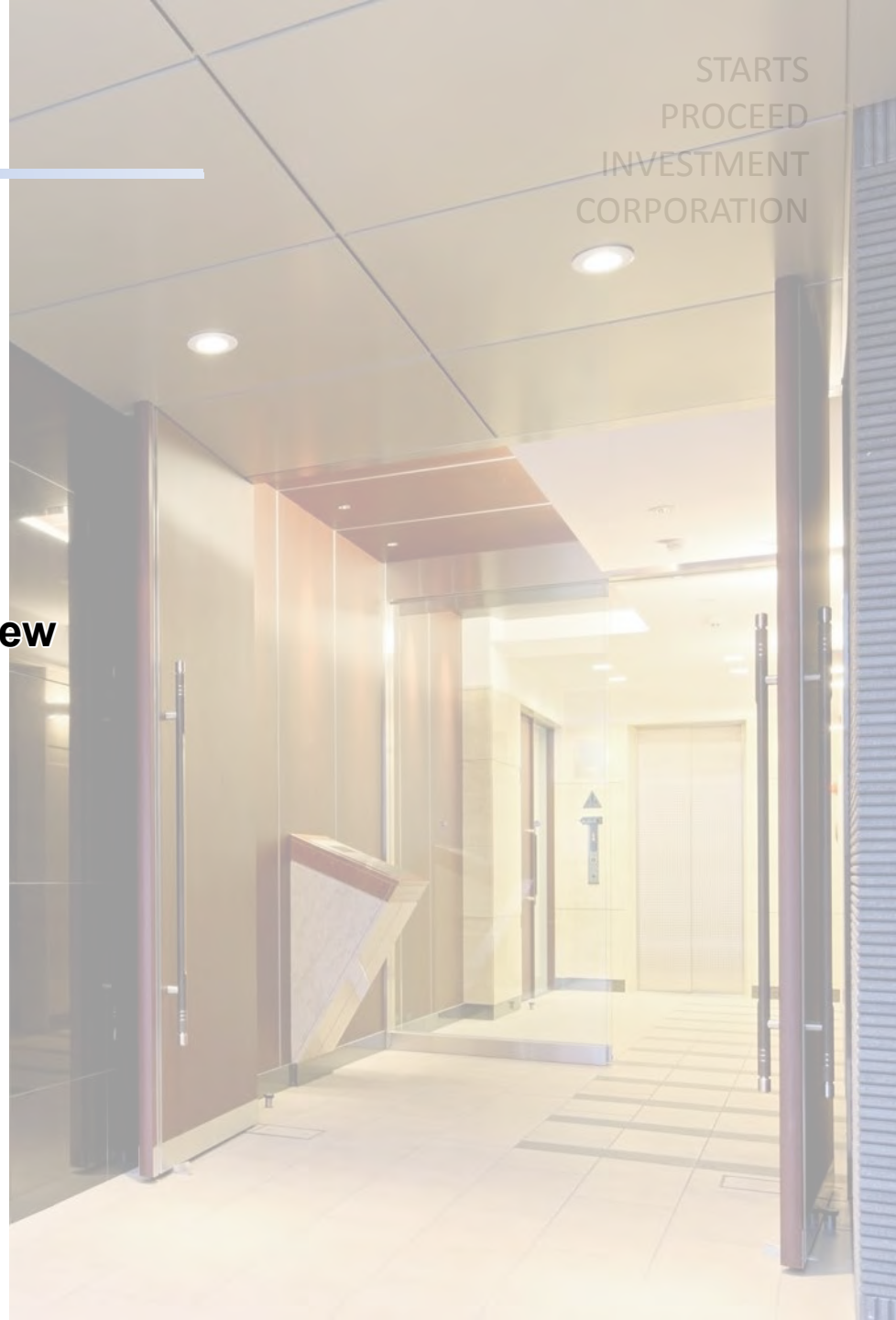
(Note 10) As (C-67) Proceed Nishikasai comprises 2 independent buildings, PML and construction completion for each of the 2 buildings is shown.

(Note 11) Earthquake insurance is taken out for all properties.

(Note 12) Of the assets Starts Proceed has acquired, the properties with the asterisk (\*) mark attached at their property numbers are seismic isolated.

STARTS  
PROCEED  
INVESTMENT  
CORPORATION

## Management Company Overview



■ **Established** Oct. 31, 2001

■ **History**

- Dec. 22, 2001 Obtained building lots and buildings transaction business license (Tokyo Governor (4) No.80325)
- Nov. 11, 2004 Obtained discretionary transaction agent and other approval under the Building Lots and Buildings Transaction Business Act (Minister of Land, Infrastructure, Transport and Tourism Approval No. 25)
- Dec. 20, 2004 Obtained investment corporation asset management business approval (Prime Minister No. 36)
- Sept. 30, 2007 Registered as financial instruments business operator under Financial Instruments and Exchange Act (Director-General of the Kanto Local Finance Bureau (Kinsho) No. 343)
- Oct. 1, 2010 Commenced real estate consulting business operations  
Changed trade name from Starts Asset Management Investment Trust Co., Ltd. to Starts Asset Management Co., Ltd.

■ **Outline**

President Kazuya Hiraide

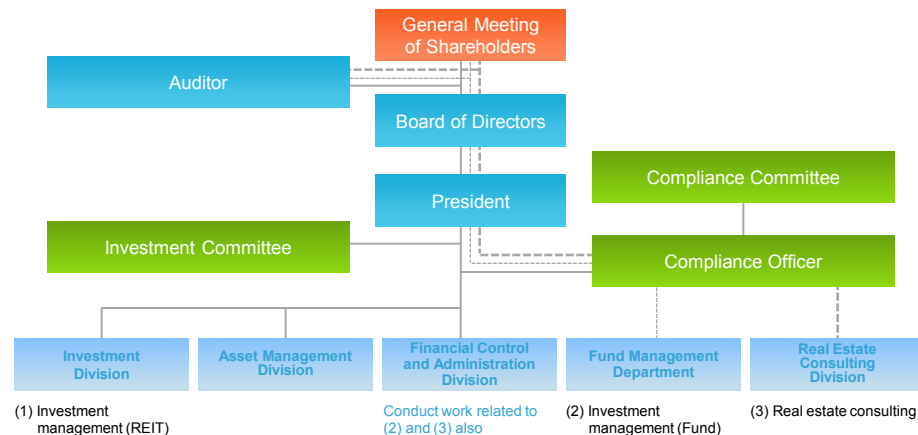
Head office location 3-1-8 Nihonbashi, Chuo-ku, Tokyo

Line of business Investment management business and real estate consulting business

Capital stock 150,000,000 yen

Shareholder Starts Corporation Inc. (100%)

■ **Organizational Chart**



# MEMO

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