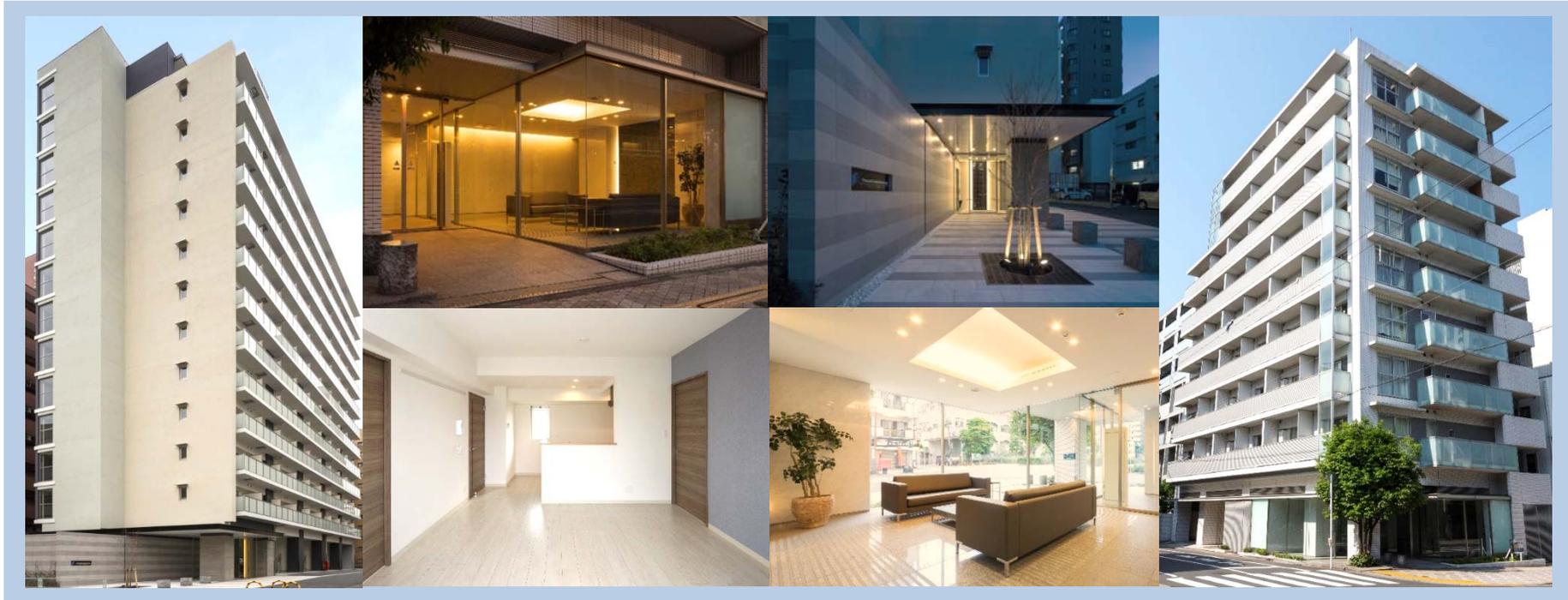




# Starts Proceed Investment Corporation



## Financial Results Briefing

24th Fiscal Period (six months ended October 31, 2017)

December 18, 2017



(Asset Management Company)  
Starts Asset Management Co., Ltd.

## 24th Fiscal Period Financial Results Summary

24th Fiscal Period Financial Results Highlights	3
External Growth: Topics	4
Comparison with Beginning of 24th Fiscal Period Forecast and Previous Period Results / Forecast for 25th and 26th Fiscal Periods	7
Collaborative Structure of Starts Group	8
Portfolio Information	9
Status of Occupancy Conditions of AUM	10
Status of Leasing Conditions of AUM	11
AUM Average Occupancy Period by Residential Unit Type (Results of 21st–24th Fiscal Period Residents)	12
Building a Portfolio that Responds to Various Fluctuation Risks	13
Changes in AUM Indicators	14
Financial Status	15
Changes in Investment Unit Price	16
Status of Unitholders (As of October 31, 2017)	17

## Future Management Policy

Management Policy from 24th Fiscal Period	19
Initiative to Enhance Image and Value	20
Asset Acquired in 25th Fiscal Period	21
Starts Group's Residential Facilities for the Elderly / Case Example of Ongoing Project	24
Properties Developed by the Sponsor	25
Property Acquired by Sponsor	28
Case Example of Consulting by Management Company	29
Overview of November 24, 2017 Refinancing and December 15, 2017 New Debt Financing	32
Overview after New Debt Financing (December 15, 2017)	33

## Reference Materials

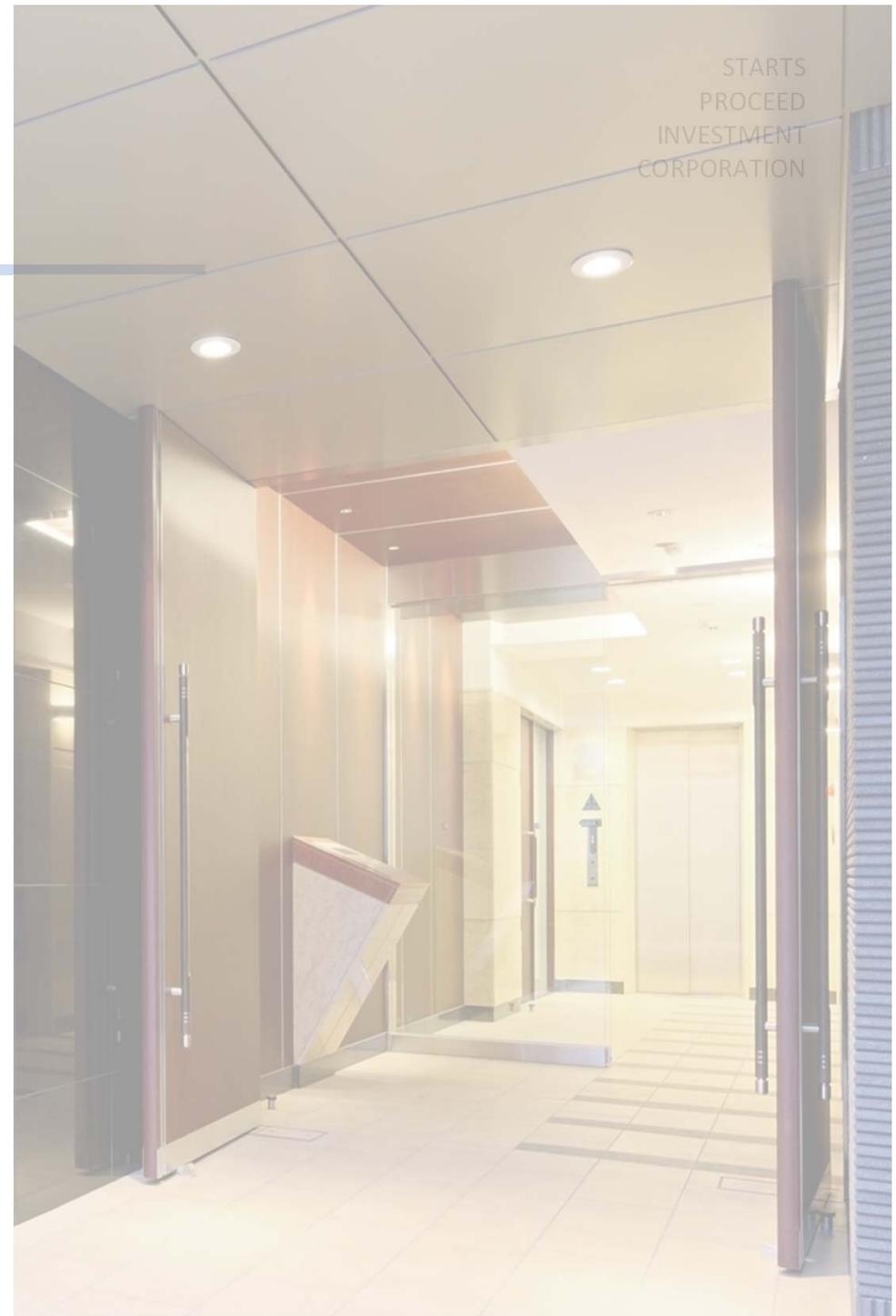
Balance Sheet	35
Statements of Income / Cash Distributions	36
Statements of Cash Flows and Key Performance Indicators	37
Status of Interest-Bearing Liabilities (As of October 31, 2017)	38
Portfolio Map	41
Breakdown of Revenue of Major Properties (24th Fiscal Period Results)	42
Portfolio List (As of October 31, 2017)	43

## Management Company Overview

Starts Asset Management Co., Ltd.	47
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## 24th Fiscal Period Financial Results Summary



## 24th Fiscal Period Financial Results Highlights



### 24th fiscal period Distribution per unit



(Note 1) Distribution per unit forecast has been revised in line with arising of capital gain of specified assets.

### 24th fiscal period Management summary

Total acquisition price	80,471 million yen	External Growth	Disposed seven properties in 24th fiscal period eyeing replacement with properties to be acquired in 25th fiscal period
Number of properties	104 properties	Internal Growth	Period average occupancy rate 95.5% (95.4% in the 23rd FP)
Total number of leasable units	5,013 units	Financial Strategy	NOI yield (based on acquisition price) (Note 2) 5.5% (5.4% in the 23rd FP)
			Period-end LTV (based on total assets) 48.9% (48.9% in the 23rd FP)

(Note 2) NOI yield does not include NOI of properties disposed during the fiscal period.

### Change in 24th FP Financial Results and Distribution

Item	Unit	20th FP (Ended October 31, 2015)	21st FP (Ended April 30, 2016)	22nd FP (Ended October 31, 2016)	23rd FP (Ended April 30, 2017)	24th FP (Ended October 31, 2017)
Operating revenue	million yen	2,220	2,239	2,245	2,980	3,173
Operating income	million yen	914	918	918	1,292	1,488
Ordinary income	million yen	703	715	732	1,130	1,288
Net income	million yen	701	713	730	1,129	1,286
Total assets	million yen	61,754	61,704	61,667	87,373	87,480
Net assets	million yen	30,797	30,809	30,826	43,359	43,516
Equity ratio	%	49.9	49.9	50.0	49.6	49.7
Total number of investment units issued and outstanding	Unit	173,777	173,777	173,777	256,777	256,777
Net assets per unit	yen	177,223	177,292	177,391	168,860	169,473
Distribution per unit	yen	4,035	4,104	4,204	4,397	4,624
NAV per unit	yen	198,537	206,377	215,524	193,403	196,387
Provision of reserve for reduction entry (Note 3)	million yen	-	-	-	-	99

(Note 3) Internally reserved as reserve for reduction entry utilizing the "Special Provisions for Taxation in the Event of Advance Acquisition of Land, etc. in 2009 and 2010."

\*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.

## ■ Replacement of AUM

In order to enhance the portfolio's competitiveness, Starts Proceed disposed old assets and small assets that require relatively high expenses (repair expenses, etc.), and acquired younger assets that can expect stable management from Starts Development Corporation. Details of disposition and acquisition are as follows.

	Beginning of 24th FP (May 1, 2017)	End of 24th FP Disposed assets	End of 24th FP	25th FP Disposed assets (planned)	25th FP Acquired acquired (planned)	End of 25th FP Forecast (planned)
Expansion of asset size (Number of properties)	<b>111</b> properties	<b>-7</b> properties	<b>104</b> properties	<b>-3</b> properties	<b>5</b> properties	<b><u>106</u></b> properties
Increase in total number of leasable units	<b>5,234</b> units	<b>-221</b> units	<b>5,013</b> units	<b>-76</b> units	<b>271</b> units	<b><u>5,208</u></b> units
Shortening of average building age	<b>14.2</b> years	<b>24.4</b> years	<b>14.5</b> years	<b>26.8</b> years	<b>12.1</b> years	<b><u>14.8</u></b> years
Increase in average acquisition price per property	<b>739</b> million yen	<b>-230</b> million yen	<b>773</b> million yen	<b>-105</b> million yen	<b>1,082</b> million yen	<b><u>807</u></b> million yen
Increase in average real estate appraisal value per property	<b>815</b> million yen	<b>-270</b> million yen	<b>855</b> million yen	<b>-143</b> million yen	<b>1,104</b> million yen	<b><u>887</u></b> million yen

\*For details of disposed assets and acquired assets, please refer to page 5 and pages 21-23, respectively.

## ■ Replacement of AUM

### ● Properties disposed in 24th fiscal period

Property name	Proceed Hondori	Proceed Kanjodorihigashi	Proceed Kotoni	Proceed Ohashi	Proceed Higashiohata	Proceed Matsuyama	Proceed Ohorikoen
Property photo							
Location	Shiroishi-ku, Sapporo City, Hokkaido	Higashi-ku, Sapporo City, Hokkaido	Nishiku, Sapporo City, Hokkaido	Minami-ku, Fukuoka City, Fukuoka	Chuo-ku, Niigata City, Niigata	Matsuyama City, Ehime	Chuo-ku, Fukuoka City, Fukuoka
Construction completion date	March 1989	October 1990	October 1991	February 1998	November 1991	August 1991	March 1997
Building age	28 years	26 years	25 years	19 years	25 years	26 years	20 years
Total number of leasable units	67	34	28	16	9	17	50
Disposition price	533 million yen	303 million yen	275 million yen	256 million yen	53 million yen	106 million yen	420 million yen
Appraisal value	533 million yen	303 million yen	275 million yen	256 million yen	42 million yen	99 million yen	381 million yen

### ● Properties disposed in 25th fiscal period

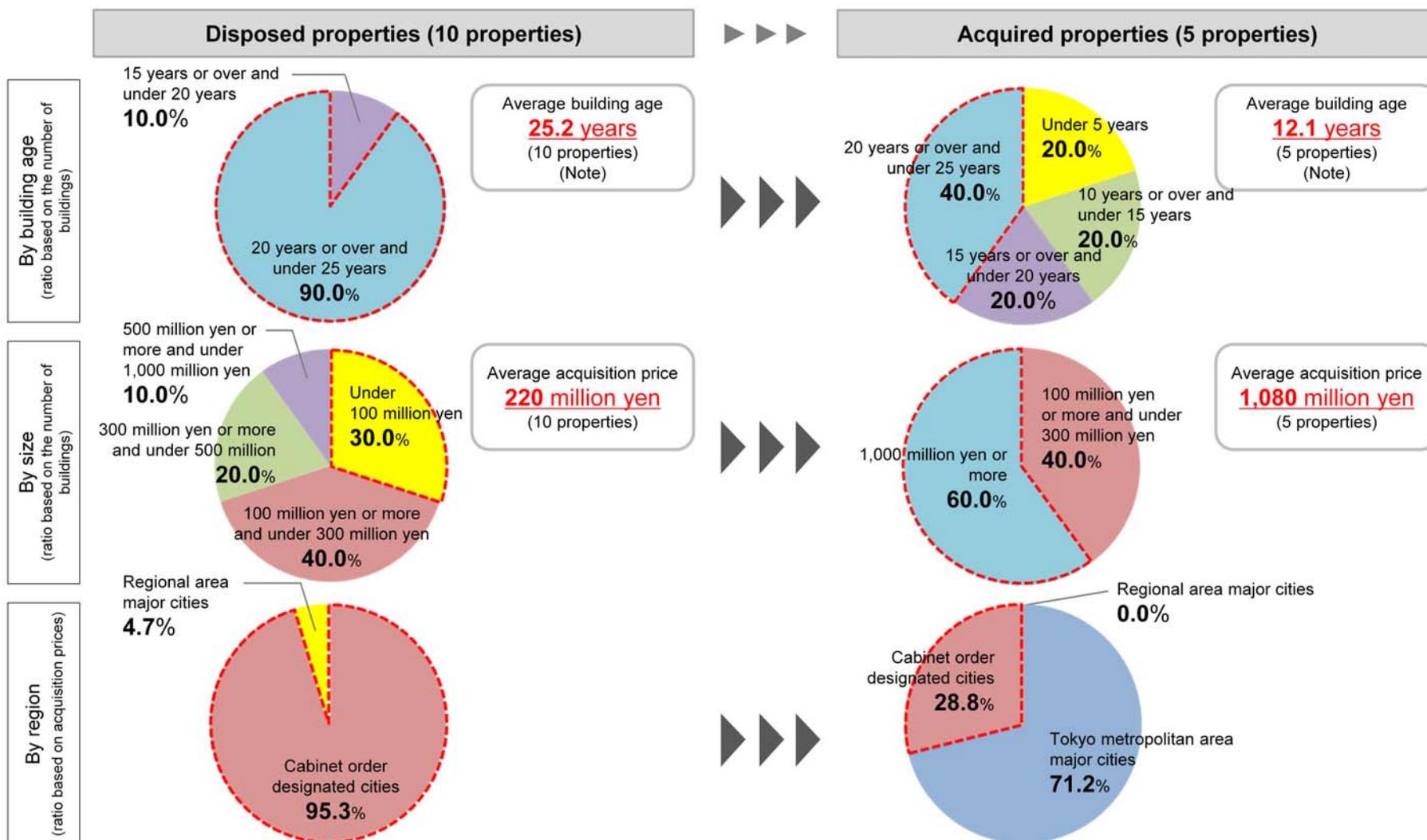
Property name	Proceed Hakoazakigu II	Proceed Hakoazakigu I	Proceed Nakagawa
Property photo			
Location	Higashi-ku, Fukuoka City, Fukuoka	Higashi-ku, Fukuoka City, Fukuoka	Nakagawa-machi, Chikushi-gun, Fukuoka
Construction completion date	July 1991	May 1991	July 1990
Building age	26 years	26 years	27 years
Total number of leasable units	19	19	38
Disposition price	91 million yen	83 million yen	221 million yen
Appraisal value	91 million yen	83 million yen	255 million yen

### ● Properties acquired in 25th fiscal period

Property name	Location	Construction completion date	Building age	Total number of leasable units	Acquisition price	Appraisal value
Proceed Kinshicho	Sumida-ku, Tokyo	July 2005	12 years	64	2,140 million yen	2,150 million yen
Proceed K2	Kashiwa City, Chiba	February 1995	22 years	59	1,170 million yen	1,200 million yen
Proceed K3 Annex	Kashiwa City, Chiba	March 1997	20 years	24	283 million yen	300 million yen
Proceed K5	Kashiwa City, Chiba	February 1998	19 years	16	269 million yen	270 million yen
Proceed Sendai Kamisugi	Aoba-ku, Sendai City, Miyagi	March 2017	Newly constructed	108	1,560 million yen	1,600 million yen

\*For details, please refer to pages 21 to 23.

## ■ Comparison of Properties Disposed and Acquired in 24th and 25th Fiscal Periods



Disposing aged small properties and replacing them with newly acquired properties while eyeing the future, Starts Proceed worked to improve portfolio quality with younger properties and larger properties located mainly in Tokyo metropolitan area.

(Note) Average building years indicated for By building age are the weighted averages based on acquisition prices.

## Comparison with Beginning of 24th Fiscal Period Forecast and Previous Period Result / Forecast for 25th and 26th Fiscal Periods



### ■ Comparison with beginning of fiscal period forecast (million yen)

	24th FP Forecast	23rd FP Results	Difference from forecast
Operating revenue	2,965	3,173	208
Of which, rent revenue - real estate	2,965	2,953	-12
Of which, gain on sales of real estate properties	-	220	220
Operating expenses	1,692	1,685	-7
Of which, expenses related to rent business	1,280	1,275	-5
Of which, other expenses	412	409	-3
Operating income	1,272	1,488	216
Ordinary income	1,067	1,288	221
Net income	1,065	1,286	221
Distribution per unit	4,150 yen	4,624 yen	474 yen

### 24th FP Difference from beginning of fiscal period forecast

[Operating revenue]  
Exceeded forecast due to arising of capital gain of 220 million yen from disposition of 7 properties owned. Real estate rent revenue of disposed properties decreased by 11 million yen during the fiscal period.

[Operating income/ordinary income]  
Due to the above factors, operating income exceeded forecast by 216 million yen and ordinary income by 221 million yen.

### ■ Comparison with the previous fiscal period (23rd FP) (million yen)

	23rd FP Results	24th FP Results	Increase/decrease from 23rd FP
Operating revenue	2,980	3,173	193
Of which, rent revenue - real estate	2,964	2,953	-11
Of which, gain on exchange of real estate properties	15	-	-15
Of which, gain on sales of real estate properties	-	220	220
Operating expenses	1,687	1,685	-1
Of which, expenses related to rent business	1,339	1,275	-64
Of which, other expenses	347	409	62
Operating income	1,292	1,488	195
Ordinary income	1,130	1,288	157
Net income	1,129	1,286	157
Distribution per unit	4,397 yen	4,624 yen	227 yen

### 24th FP Increase/decrease from 23rd FP

[Operating revenue]  
Increased by 193 million yen from 23rd FP mainly due to capital gain of real estate disposal. Real estate rent revenue of disposed properties decreased by 11 million yen during the fiscal period.

[Operating income/ordinary income]  
Ordinary income increased by 157 million yen from 23rd FP while operating income increased by 195 million yen. This is due to a special factor of balance of consumption tax payments of 50 million yen (non-operating income) arising from property replacement in 23rd FP.

### ■ Forecast for the 25th and 26th fiscal periods (million yen)

	25th FP Forecast	26th FP Forecast	Increase/decrease
Operating revenue	3,136	3,046	-89
Of which, rent revenue - real estate	3,062	3,046	-15
Of which, gain on sales of real estate properties	73	-	-73
Operating expenses	1,738	1,731	-7
Of which, expenses related to rent business	1,342	1,315	-26
Of which, other expenses	396	415	18
Operating income	1,397	1,315	-81
Ordinary income	1,190	1,111	-79
Net income	1,188	1,109	-79
Distribution per unit	4,630 yen	4,320 yen	-310 yen

### Forecast for the 25th and 26th fiscal periods

[25th FP]  
Although rent revenue decrease due to disposition of owned properties will be supplemented with disposition of 3 owned properties and acquisition of 5 properties, real estate rent revenue is expected to decrease by 37 million yen. Capital gain is expected to be 73 million yen and distribution of 4,630 yen is forecast.

[26th FP]  
Special factors such as purchase/sale of assets are not scheduled at present and it is likely to be an off-period. Thus distribution of 4,320 yen is forecast with efforts to reduce costs in general on a normal basis.

(Note) The above forecast figures for the 25th and 26th fiscal periods are the current forecast calculated based on certain assumptions as of December 15, 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 disposition 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.

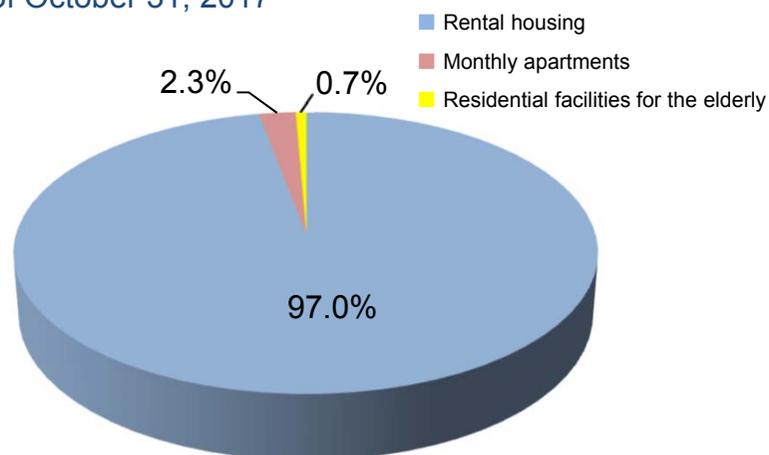


## ■ Portfolio policy and the status as of the end of the 24th FP

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.	
Residential facilities for the elderly	Rental housing in a style of pay nursing homes and such.	10% or less

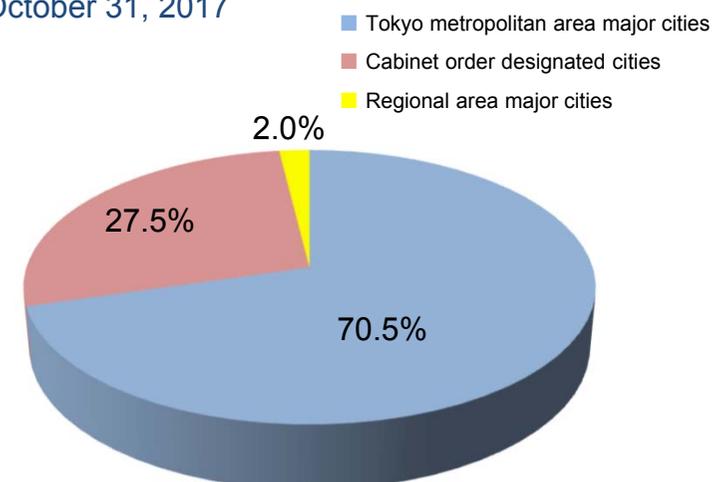
As of October 31, 2017



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 October 31, 2017



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

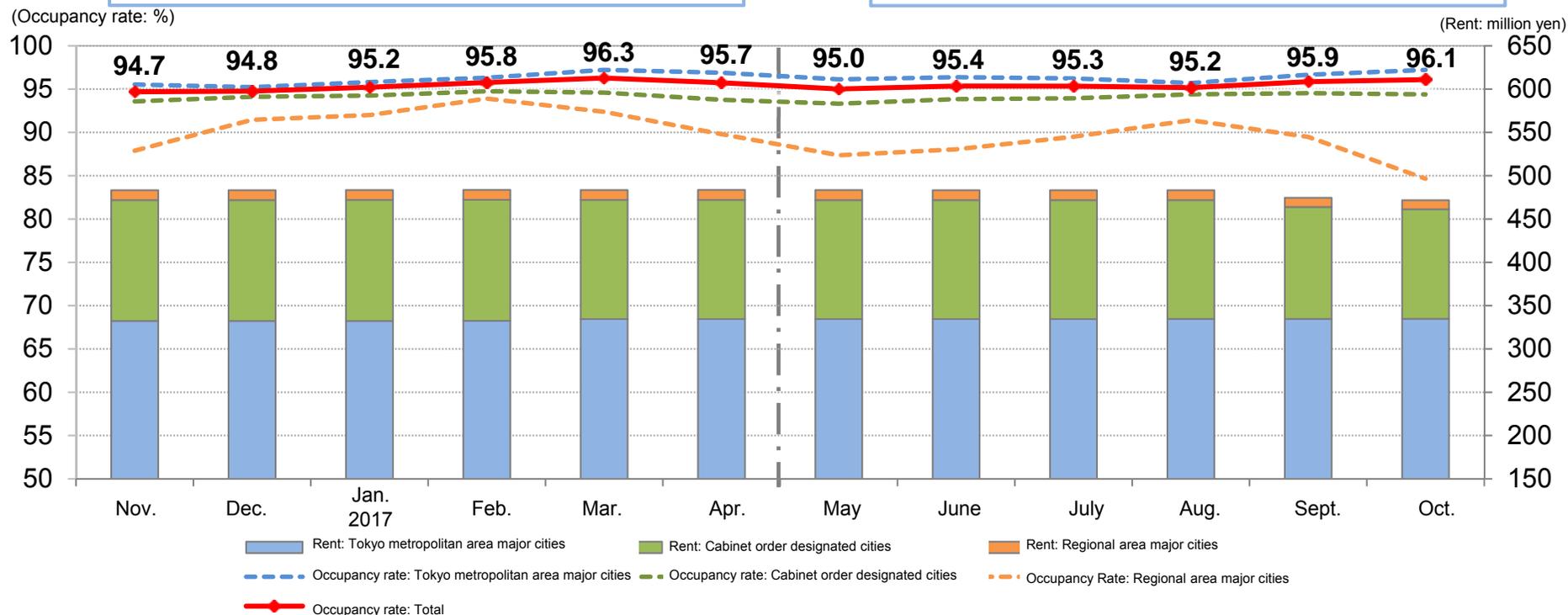
(Note 2) In the process of external growth, actual price ratios may not meet the target ratios due to economic climate, real estate market conditions and other factors.

# Status of Occupancy Conditions of AUM

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

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

Average occupancy rate for the 24th fiscal period: **95.5%**



(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)

	21st FP	22nd FP	23rd FP	24th FP
Number of properties	96 properties	97 properties	111 properties	104 properties
Total key money (thousand yen)	191,543	194,553	216,475	216,931
Total rent (thousand yen)	280,037	284,574	392,475	390,305
Ratio to rent (month)	0.68	0.68	0.55	0.56

During the 24th 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.

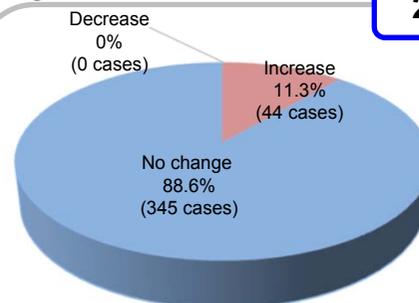
# Status of Leasing Conditions of AUM

## Renewal / Newly-Advertised Conditions Setting

Renewal Rent Revision



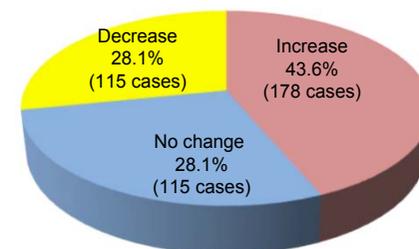
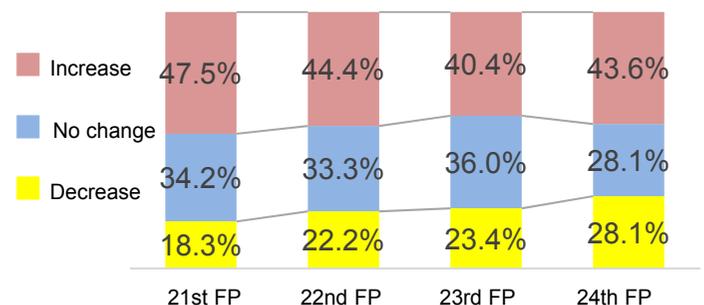
24th FP



(thousand yen)

	Cases	Change
Increase	44 cases	63
No change	345 cases	0
Decrease	0 cases	0
<b>Total</b>	<b>389 cases</b>	<b>63</b>

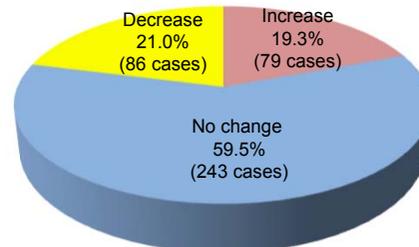
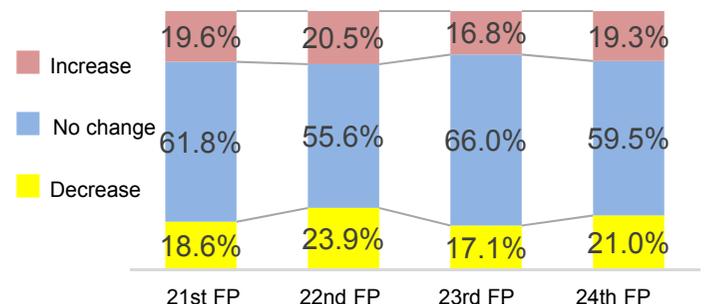
Difference in Rent between New Agreement and Previous Agreement



(thousand yen)

	Cases	Change
Increase	178 cases	469
No change	115 cases	0
Decrease	115 cases	-433
<b>Total</b>	<b>408 cases</b>	<b>35</b>

Difference in Key Money between New Agreement and Previous Agreement



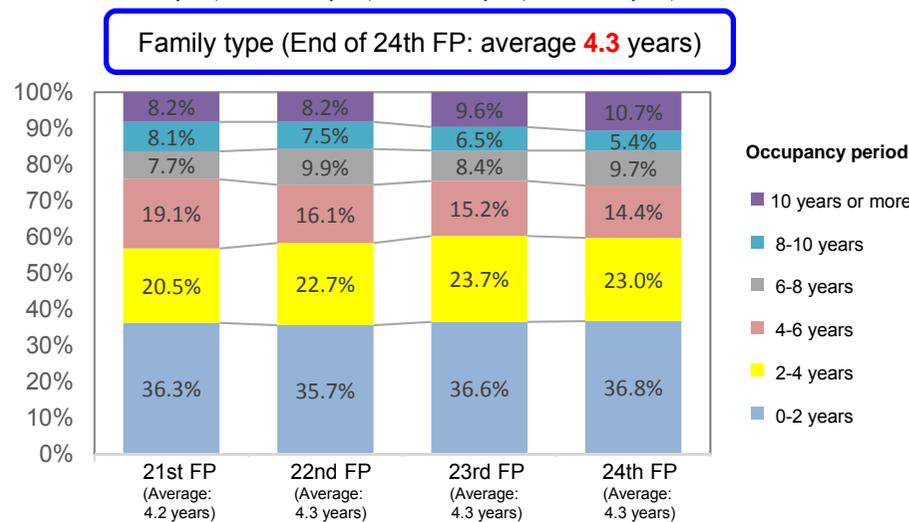
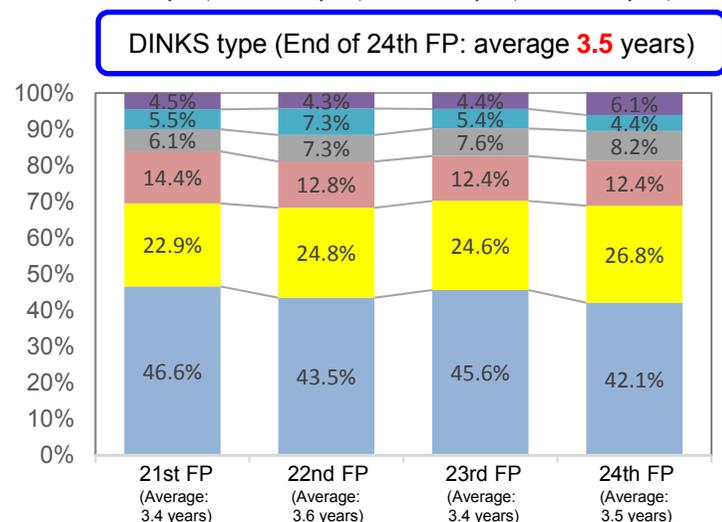
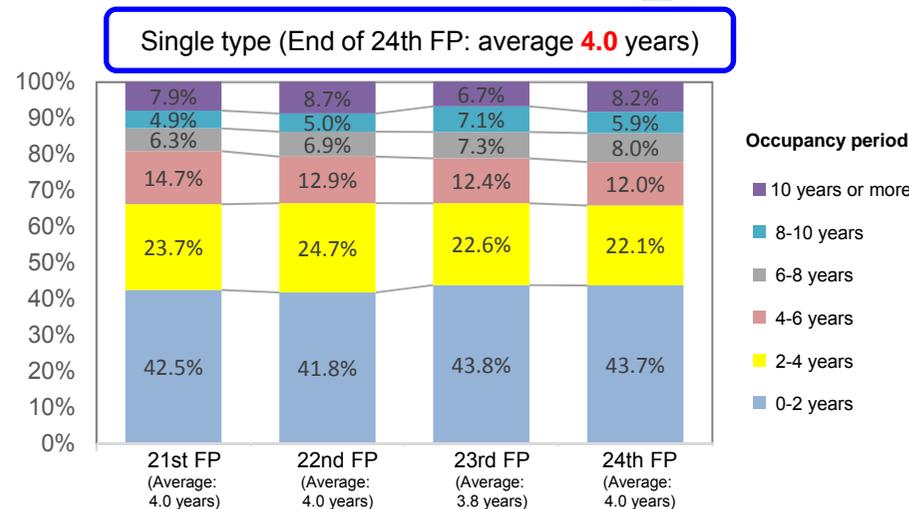
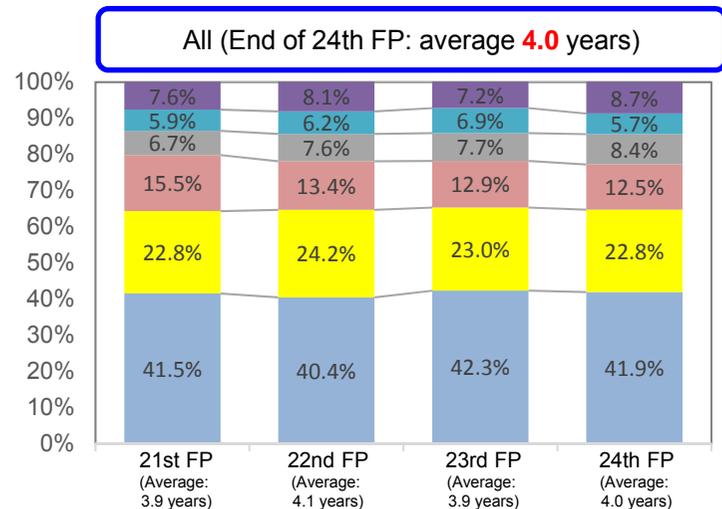
(thousand yen)

	Cases	Change
Increase	79 cases	8,563
No change	243 cases	0
Decrease	86 cases	-7,580
<b>Total</b>	<b>408 cases</b>	<b>983</b>

- Renewal rent was revised upward for 44 out of 389 cases (11.3%) totaling 63 thousand yen.
- As to rent in new agreement, the increase surpassed the decrease in both the number of cases and the amount when compared to the previous agreement. Concerning key money, although the number of cases for the decrease surpassed that for the increase, the amount for the increase was larger than that for the decrease.

(Note) The conditions setting figures are for pass-through type properties only and fixed-rent type properties are not included. The figures are rounded down to one decimal place.

# AUM Average Occupancy Period by Residential Unit Type (Results of 21st–24th Fiscal Period Residents)



The ratios of residents with occupancy period of 6 years or more have increased for single type and family type, indicating their long-term occupation. With DINKS type also extending occupancy period, the overall average stood at 4.0 years, surpassing the previous fiscal period.

(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 Ie Taisho and (C-76) Life Support Residence Funaboriekimae are excluded from compilation.  
 (Note 3) "All" includes retail and office (52 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.

# Building a Portfolio that Responds to Various Fluctuation Risks

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

Setting single type, family type and other rental housing for average-income household, which have the most stable demand, as the primary investment target, we aim to build a portfolio that can respond to the fluctuations of market rent, resident demand, etc. as much as possible and to carry out stable management over the medium to long term.

### Average Rent Range by Residential Unit Type

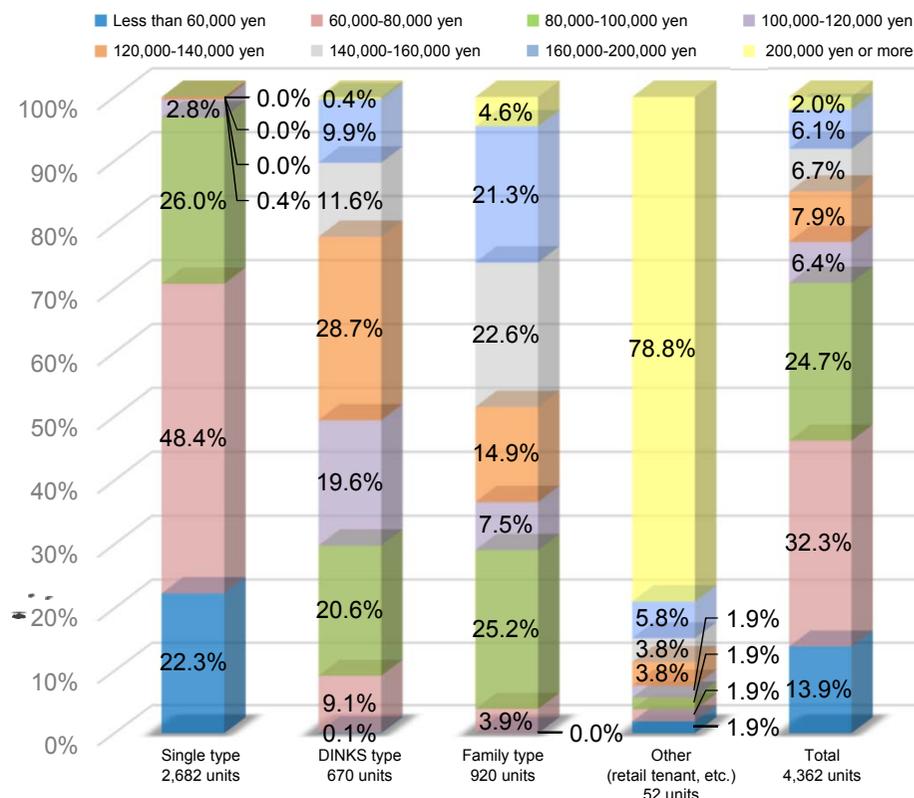
Type of master lease	Residential unit type	Average rent (yen)		Change (yen)	Change (%)
		23rd FP	24th FP		
Pass-through	Single type	71,559	72,071	512	0.7
	DINKS type	116,211	118,406	2,195	1.9
	Family type	135,048	134,986	-61	-0.0
	Other (retail tenant, etc.)	456,394	457,245	852	0.2
Fixed-rent	All types	69,869	72,821	2,953	4.2
All	Overall average	91,862	94,102	2,240	2.4

#### 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: **74.4%**  
 DINKS type: Rent range of 80,000 yen or more, but less than 140,000 yen: **68.9%**  
 Family type: Rent range of 80,000 yen or more, but less than 160,000 yen: **70.2%**



### Starts Proceed Portfolio's Rent Range by Residential Unit Type



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

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

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

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 (4,362 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 (686 units).

"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 24th fiscal period (October 31, 2017).

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

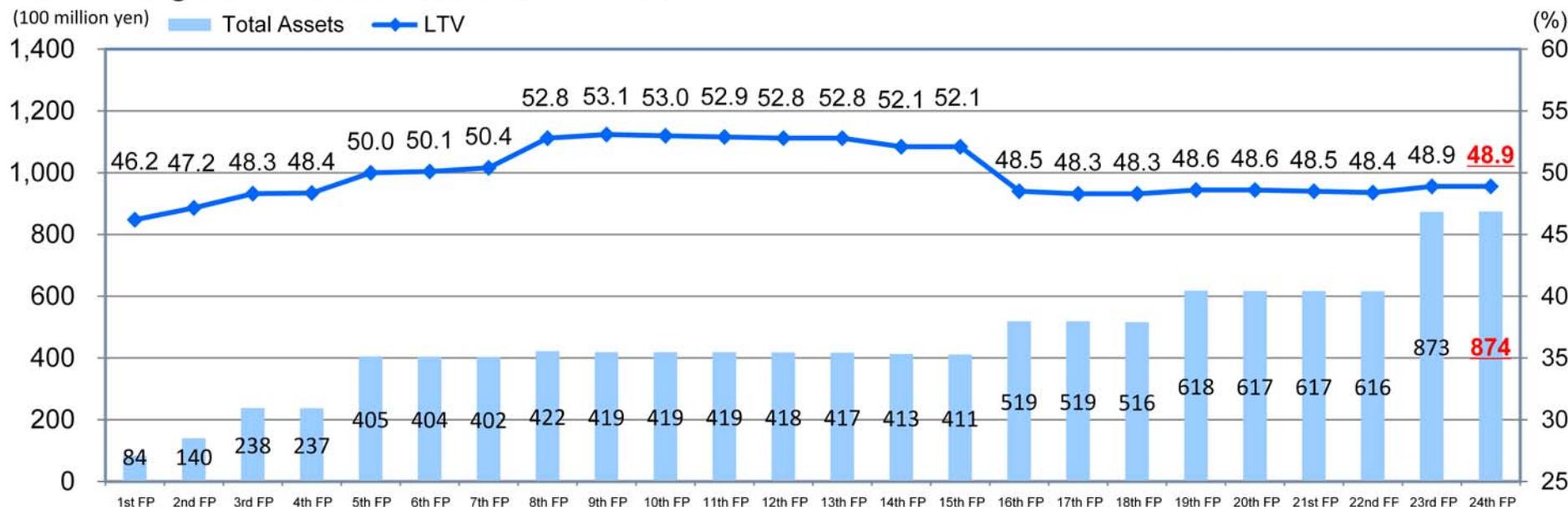
## Changes in AUM Indicators

	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) (%)	
			At acquisition	24th FP	23rd FP	24th FP	23rd FP	24th FP	23rd FP	24th FP	23rd FP	24th FP	23rd FP	24th FP
Tokyo metropolitan area major cities	56,743	56,725	62,648	62,885	96.9	97.2	1,520	1,612	5.4	5.7	4.9	5.1	4.0	4.2
Cabinet order designated cities	22,151	22,613	25,938	24,248	93.8	94.4	625	569	5.3	5.1	4.8	4.7	4.0	3.7
Regional area major cities	1,576	1,507	1,905	1,811	89.8	84.7	47	45	5.8	5.7	5.0	4.7	3.5	3.3
<b>Total</b>	<b>80,471</b>	<b>80,846</b>	<b>90,091</b>	<b>88,944</b>	<b>95.7</b>	<b>96.1</b>	<b>2,193</b>	<b>2,182</b>	<b>5.4</b>	<b>5.5</b>	<b>4.9</b>	<b>4.9</b>	<b>4.0</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 disposed during the fiscal period are not included.

- While appraisal value for the 24th fiscal period decreased by 1.14 billion yen period-on-period due to the disposition of 7 properties, unrealized gain increased to 8.09 billion yen, up 660 million yen period-on-period.
- NOI yield (annualized and based on acquisition price) for the entire portfolio was 5.5%.

## 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.

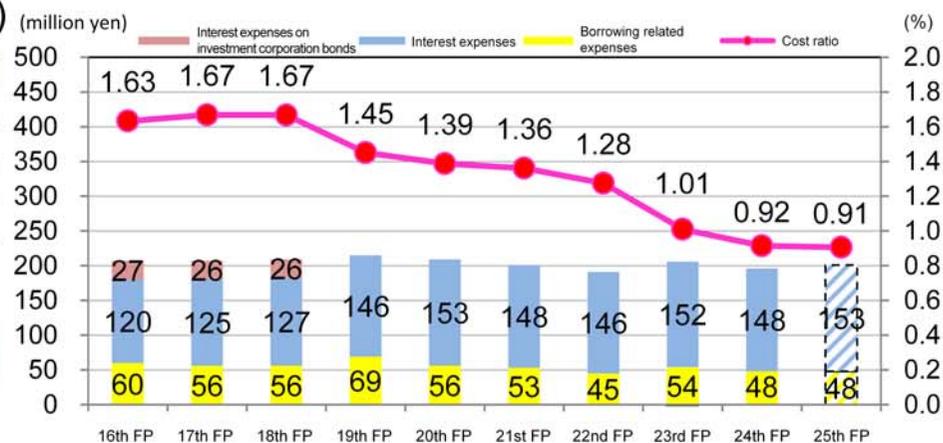
## Balance of Interest-Bearing Liabilities at End of 24th Fiscal Period (October 31, 2017)

	Loans balance
Current portion of long-term loans payable	6,500
Long-term loans payable	36,246
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

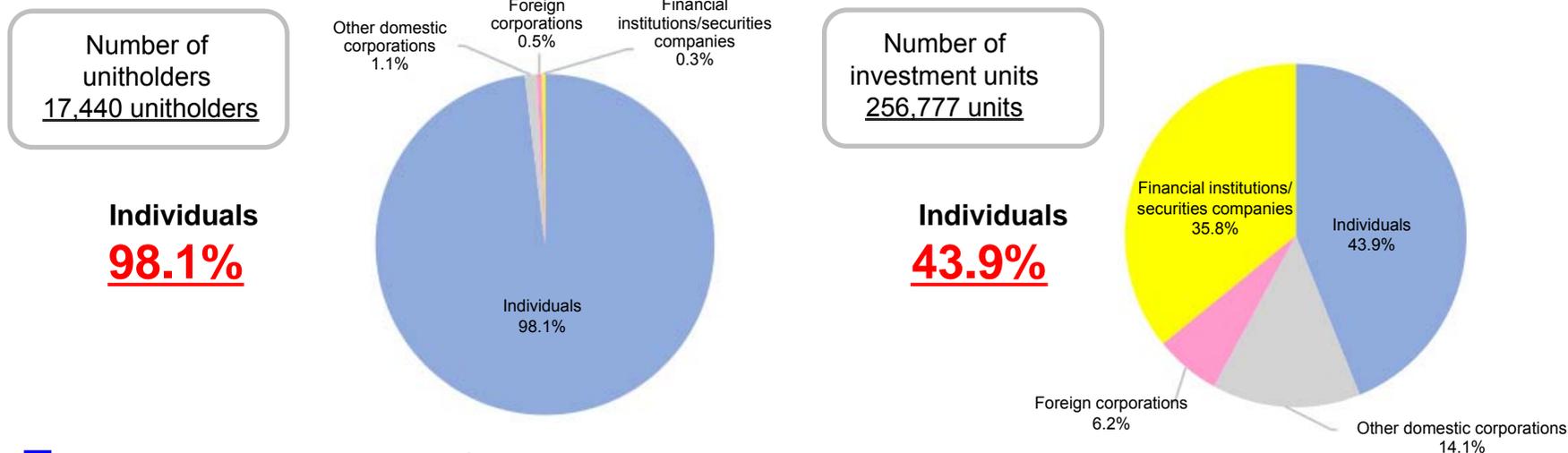


(Note) With closing price of investment unit of Starts Proceed at the beginning of the 23rd FP (157,600 yen) and TSE REIT index on the same day (1,781) deemed as 100 and set as the base, change in price and index for up to November 30, 2017 are indicated.

During the 24th fiscal period, the investment unit price marked a high of **163,200 yen** (October 24, 2017) and a low of **143,100 yen** (May 1, 2017), based on closing price.

# Status of Unitholders (As of October 31, 2017)

## Composition of Unitholders and Investment Units at End of 24th Fiscal Period

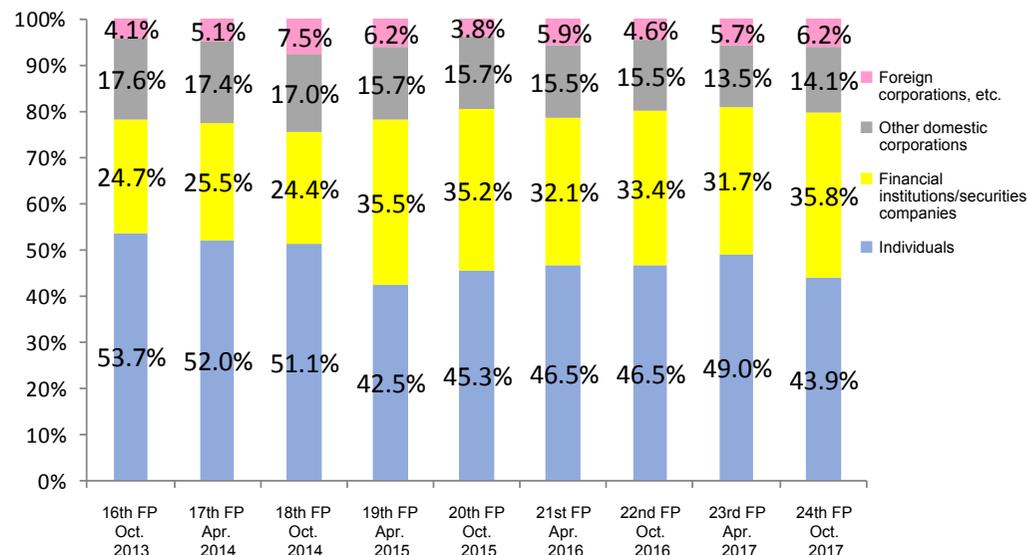


## Major Unitholders at End of 24th Fiscal Period (October 31, 2017)

	Name	Number of investment units held (units)	Unitholding ratio (%) (Note)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	29,781	11.59
2	Starts Corporation Inc.	28,245	10.99
3	Japan Trustee Services Bank, Ltd. (Trust Account)	25,159	9.79
4	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	9,416	3.66
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	8,441	3.28
6	BNY FOR GCM CLIENT ACCOUNTS (E) ISG	4,363	1.69
7	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	4,029	1.56
8	Kinki Sangyo Credit Union	3,313	1.29
9	STATE STREET BANK AND TRUST COMPANY 505001	2,223	0.86
10	Matsui Securities Co., Ltd.	2,201	0.85
11	Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,095	0.81
12	Sekai Shindokyo (Administration Department)	1,324	0.51
13	BARCLAYS CAPITAL SECURITIES LIMITED	1,076	0.41
14	Yoshida Shoji Co., Ltd.	1,000	0.38
15	The Banshu Shinkin Bank	1,000	0.38
16	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	943	0.36
17	MSCO CUSTOMER SECURITIES	880	0.34
18	Individual investor	800	0.31
19	YONEZAWA SHINKIN BANK	780	0.30
20	GOLDMAN SACHS INTERNATIONAL	718	0.27
	Total	127,787	49.76

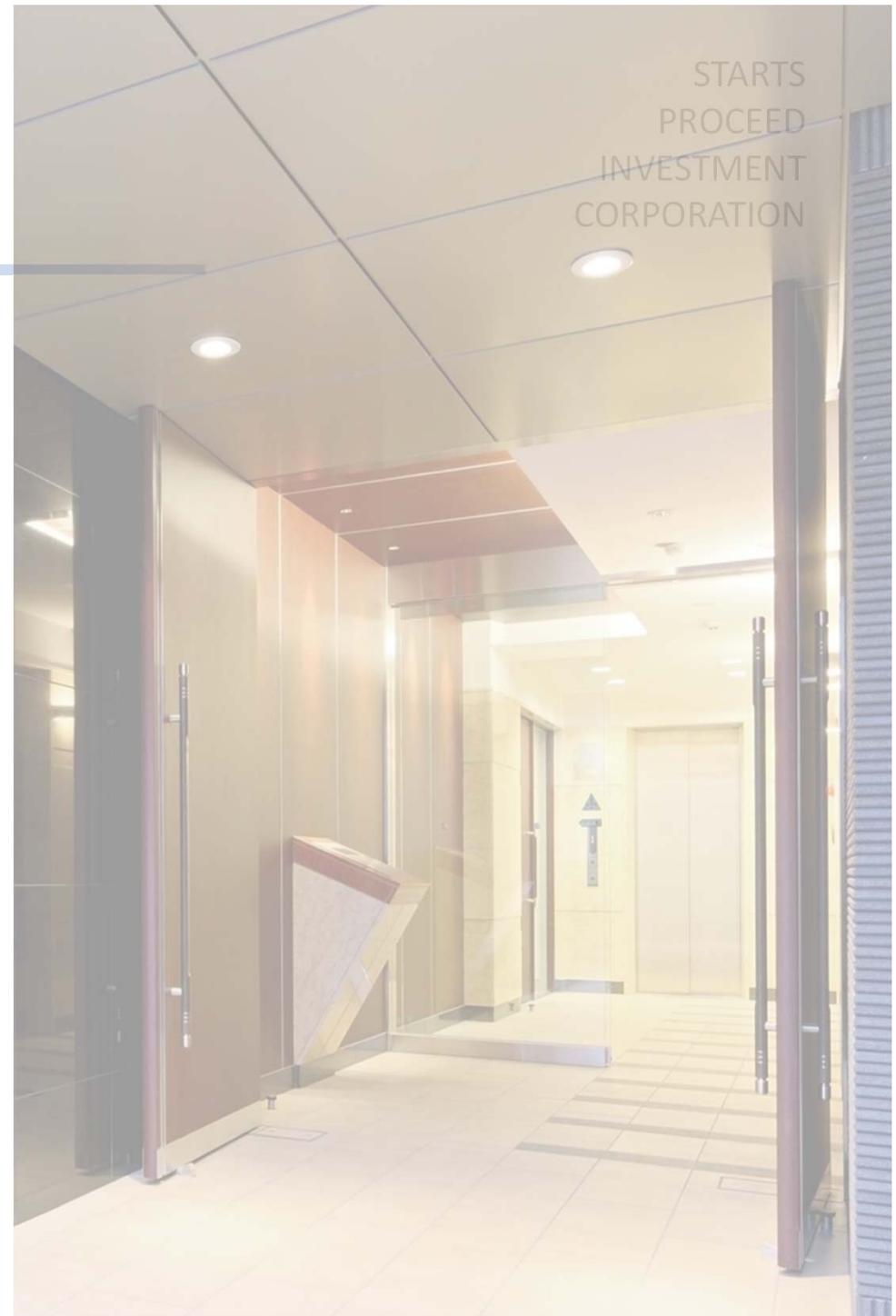
(Note) Figures for unitholding ratio are rounded down to two decimal places

## Changes in Composition of Unitholders (16th to 24th Fiscal Periods)



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## **Future Management Policy**



## Main Initiatives in 24th Fiscal Period

## New Initiatives from 25th Fiscal Period (six months ending April 30, 2018)

	External Growth	Internal Growth	Financial Strategy														
	<ul style="list-style-type: none"> <li>● Disposition of 7 properties (1,946,900 thousand yen) located mainly in regional areas</li> </ul> <table border="1"> <tr> <td>Disposition</td> <td>Proceed Hondori, Proceed Kanjodorihigashi, Proceed Kotoni, Proceed Ohashi, Proceed Matsuyama, Proceed Higashiohata, Proceed Ohorikoen</td> </tr> </table>	Disposition	Proceed Hondori, Proceed Kanjodorihigashi, Proceed Kotoni, Proceed Ohashi, Proceed Matsuyama, Proceed Higashiohata, Proceed Ohorikoen	<ul style="list-style-type: none"> <li>● Maintaining of period-average occupancy rate of over 95% ⇒ Period-end occupancy rate: 96.1% (Previous period: 95.7%) period average occupancy rate: 95.5% (Previous period: 95.4%)</li> <li>● Cost reduction (repair/building management costs) ⇒ Repair cost: Budget reduction of 8,004 thousand yen Building management cost: Reduction of 1,950 thousand yen/year</li> <li>● Readying properties for service upon restoration to their original state                             <ul style="list-style-type: none"> <li>• Replacement of indoor facilities (kitchen, modular bathroom, etc.), improvement of interior design such as fittings</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Conservative management of LTV</li> <li>● Extension of average remaining period of loans, lowering of average interest rates</li> </ul> <table border="1"> <thead> <tr> <th></th> <th>End of 22nd FP</th> <th>End of 23rd FP</th> <th>End of 24th FP</th> </tr> </thead> <tbody> <tr> <td>Average remaining period</td> <td>2.55 years</td> <td>2.81 years</td> <td>2.85 years</td> </tr> <tr> <td>Average interest rate</td> <td>0.973%</td> <td>0.724%</td> <td>0.690%</td> </tr> </tbody> </table>		End of 22nd FP	End of 23rd FP	End of 24th FP	Average remaining period	2.55 years	2.81 years	2.85 years	Average interest rate	0.973%	0.724%	0.690%
Disposition	Proceed Hondori, Proceed Kanjodorihigashi, Proceed Kotoni, Proceed Ohashi, Proceed Matsuyama, Proceed Higashiohata, Proceed Ohorikoen																
	End of 22nd FP	End of 23rd FP	End of 24th FP														
Average remaining period	2.55 years	2.81 years	2.85 years														
Average interest rate	0.973%	0.724%	0.690%														
	<ul style="list-style-type: none"> <li>● Portfolio replacement through disposition of properties in regional areas, etc.</li> </ul> <table border="1"> <tr> <td>Disposition</td> <td>Proceed Hakozakigu I, Proceed Hakozakigu II, Proceed Nakagawa</td> </tr> <tr> <td>Acquisition</td> <td>Proceed Kinshicho, Proceed K2, Proceed K3 Annex, Proceed K5, Proceed Sendai Kamisugi</td> </tr> </table> <ul style="list-style-type: none"> <li>● Early achievement of a 100-billion-yen portfolio</li> <li>● Reinforcement of cooperation with Starts Group in purchase</li> <li>● Initiatives for hotels, serviced apartments and nursing care facilities in cooperation with the Starts Group</li> </ul>	Disposition	Proceed Hakozakigu I, Proceed Hakozakigu II, Proceed Nakagawa	Acquisition	Proceed Kinshicho, Proceed K2, Proceed K3 Annex, Proceed K5, Proceed Sendai Kamisugi	<ul style="list-style-type: none"> <li>● Maintaining of period-average occupancy rate of over 95%                             <ul style="list-style-type: none"> <li>• Enhancement of profitability of AUM through reinforced cooperation with Starts Group companies</li> <li>• Promotion of online posting of units for lease. Enhancement of appeal by using them as model homes.</li> <li>• Restoration work to original state and added value that can accommodate user needs.</li> <li>• Improvement in convenience/designs in rooms through the work</li> </ul> </li> <li>● Continuation of cost reduction (Advertising, repair and building management costs)</li> <li>● Improvement of asset value through major repair and upgrading of facilities utilizing capital expenditure</li> </ul>	<ul style="list-style-type: none"> <li>● Establishment of stable financial base                             <ul style="list-style-type: none"> <li>• Conservative LTV control</li> <li>• Promotion of longer loan periods and fixing of interest rates.</li> <li>• Laddering of repayment periods and further reduction of borrowing costs</li> <li>• Further development of bank formation and diversification of fund procurement means</li> </ul> </li> </ul>										
Disposition	Proceed Hakozakigu I, Proceed Hakozakigu II, Proceed Nakagawa																
Acquisition	Proceed Kinshicho, Proceed K2, Proceed K3 Annex, Proceed K5, Proceed Sendai Kamisugi																

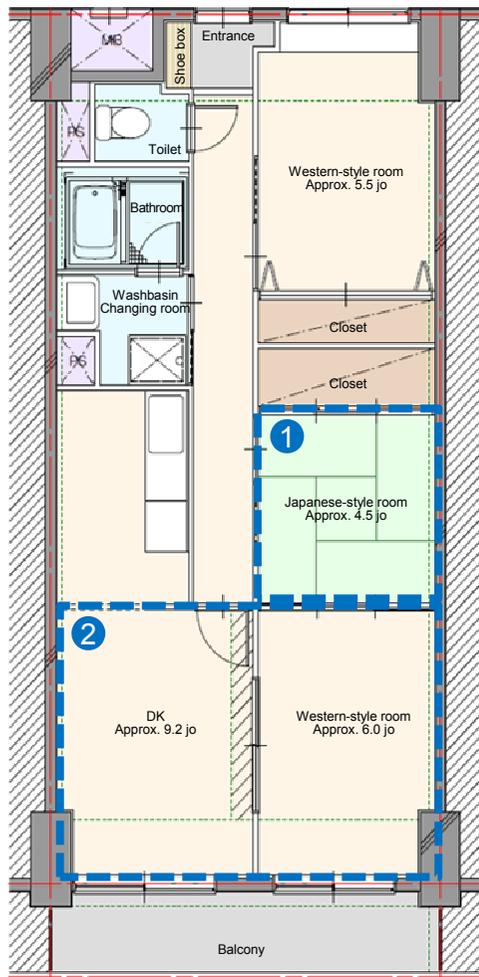
Securing of stable distributions

# Initiatives to Enhance Image and Asset Value

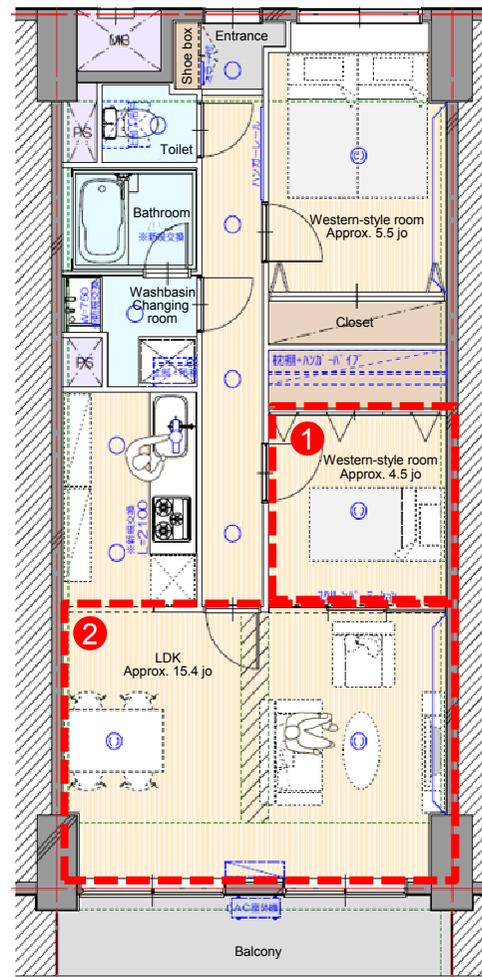
<Case example of renovation conducted in line with repair after tenant's move-out>

## ■ Proceed Ichikawa/Room 505 (Construction period: August to September 2017)

Before (3DK)



After (2LDK)



(1) Renovating a Japanese-style room to a western-style room

Before



After



(2) Renovating a dining kitchen and a western-style room to an approximately 15.4-jo (tatami mat) living dining kitchen by removing the partition.

Before



After



## ■ Proceed Kinshicho



Structure	: SRC/9F
Completion	: July 2005
Number of leasing units (type)	: 1R 16 units; 1K 20 units; 1DK 12 units; 1LDK 6 units; 2LDK 10 units; Total 64 units
Location	: 4-chome, Kamezawa, Sumida-ku, Tokyo
Site area	: 544.16 m <sup>2</sup>
Total floor area	: 2,770.59 m <sup>2</sup>
Use	: Apartment
Zoning	: Neighborhood commercial district, quasi-industrial district

The Kinshicho area where the property is located serves as the center among the surrounding areas and has many commercial facilities in front of the station such as Marui and Arcakit Kinshicho. Kinshi Park where many families visit is a relaxing park that sees a bustle of people during the cherry blossom viewing season every year. Considering it being a commercial area, the living environment is relatively well-developed.

## ■ Proceed Sendai Kamisugi



Structure	: RC/13F
Completion	: February 2017
Number of leasing units (type)	: 1K 100 units; 2LDK 8 units; Total 108 units
Location	: 2-chome, Kamisugi, Aoba-ku, Sendai-shi, Miyagi
Site area	: 702.04 m <sup>2</sup>
Total floor area	: 3,750.27 m <sup>2</sup>
Use	: Apartment
Zoning	: Commercial district

The Sendai area where the property is located has prospered as a business district and a downtown, serving as a business hub in the Tohoku region for many major companies, centering on Sendai Station.

The location allows for easy access to central Sendai and offers many convenient facilities for daily life, including a hospital, supermarkets and convenience stores, as well as concentration of administrative organs, such as the Miyagi Prefectural Office, Sendai City Office and Aoba Ward Office. In addition, with Tohoku University in the neighborhood, the area also has strong characteristics as an academic district generating needs for one-room apartments for students and single office workers.

Around Sendai Station is a busy area with abundant commercial facilities including shopping facilities and major department stores such as Parco and Mitsukoshi as well as a movie theater. Furthermore, a large shopping facility is planned to be developed by Aeon Mall at the former site of Amamiya Campus of Tohoku University on the northeast side of the property, and is scheduled to open in 2019. It is an area that can expect further enhancement of living convenience and such into the future.

## ■ Proceed K2



Structure	: SRC/11F
Completion	: February 1995
Number of leasing units (type)	: 2LDK 49 units; 3LDK 7 units, Tenants 3 units; Total 59 units
Location	: 6-chome, Kashiwa, Kashiwa-shi, Chiba
Site area	: 2,280.03 m <sup>2</sup>
Total floor area	: 5,062.63 m <sup>2</sup>
Use	: Apartment, retail, garage
Zoning	: Category 1 residential district, neighborhood commercial district

## ■ Proceed K3 Annex



Structure	: RC/3F
Completion	: March 1997
Number of leasing units (type)	: 1SLDK 3 units; 2LDK 3 units; 2SLDK 3 units; 3LDK 15 units; Total 24 units
Location	: 1023 Kashiwa, Kashiwa-shi, Chiba
Site area	: 1,854.34 m <sup>2</sup>
Total floor area	: 1,656.53 m <sup>2</sup>
Use	: Apartment
Zoning	: Category 1 low-rise exclusive residential district

## ■ Proceed K5



Structure	: RC/6F
Completion	: February 1998
Number of leasing units (type)	: 1R 15 units; Tenant 1 unit; Total 16 units
Location	: 6-chome Kashiwa, Kashiwa-shi, Chiba
Site area	: 360.89 m <sup>2</sup>
Total floor area	: 884.88 m <sup>2</sup>
Use	: Apartment, retail, storage
Zoning	: Category 1 residential district, neighborhood commercial district

The Kashiwa area where the property is located has prospered as a business district and a downtown. It is situated in the Tokatsu area of the northwestern part of Chiba Prefecture and is designated a core city and business hub city. Over 40% commute to Tokyo's 23 wards, making it an area highly showing elements of a bedroom community for Tokyo.

Proceed K3 Annex is a little far from Kashiwa Station, taking 20 minutes on foot, but stands in a quiet residential area near an elementary school and such, enjoying a favorable living environment. Proceed K2 and Proceed K5 are within walking distance from Kashiwa Station and many shops and public institutions are found in the neighborhood.

# Starts Group's Residential Facilities for the Elderly / Case Example of Ongoing Project



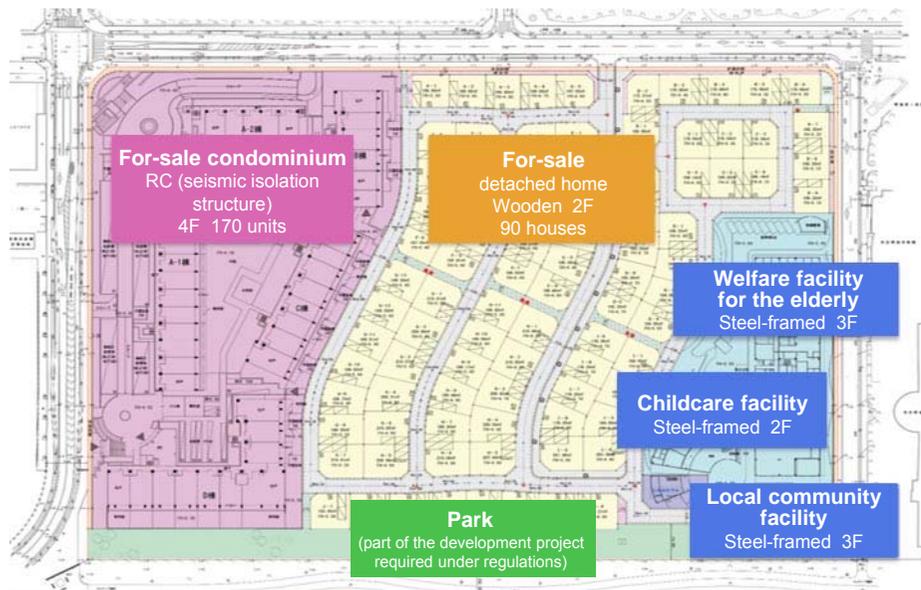
## ■ Project under way in Shinurayasu: Timeless Town Shinurayasu (Urayasu City, Chiba)



### Project overview

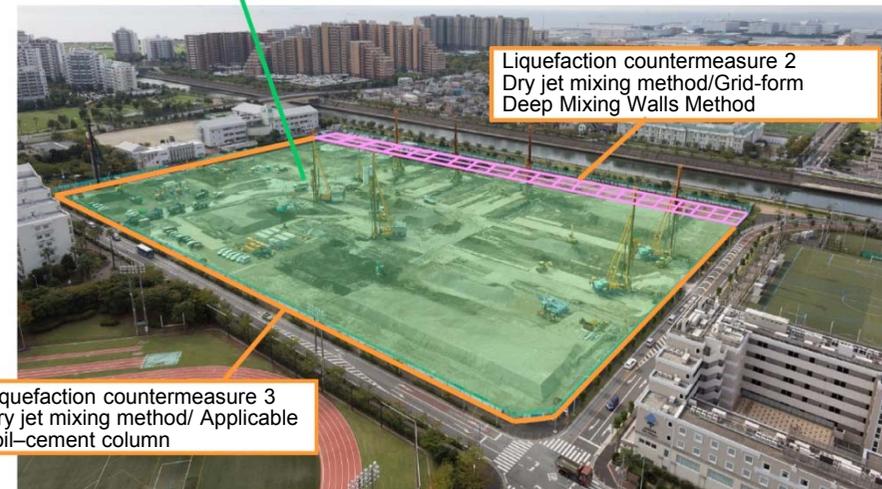
Site area: Approx. 51,900 m<sup>2</sup>

- For-sale condominium: RC/Seismic isolation structure 4F, 170 units
- For-sale detached home: Wooden structure 2F, 90 houses
- Facilities: Welfare facility for the elderly, childcare facility, local community facility



Liquefaction countermeasure 1  
Static sand compaction pile method  
(18,000 piles)

Advanced liquefaction countermeasure engineering work



## ■ 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)**

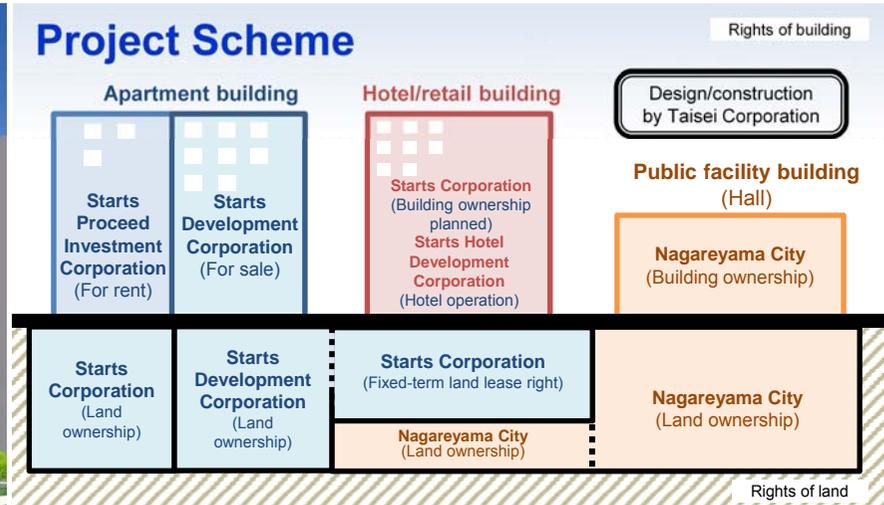
**For rent: 65 units**

- 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.

# Properties Developed by the Sponsor II

## Nagareyama Otaka Forest City-owned land development project

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



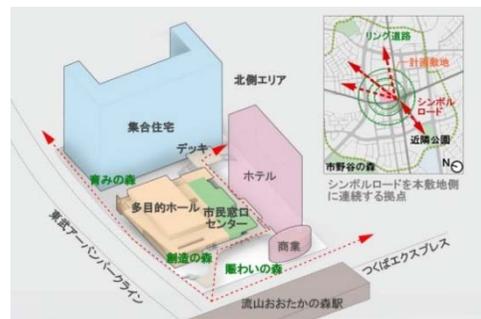
Elegant full-scale concert hall



Connecting three facilities with a pedestrian deck

### Property Overview (As of October 2017)

	Apartment building	Hotel/retail building	Hall/resident service counter
Site area	4,200 m <sup>2</sup>	2,000 m <sup>2</sup>	3,945 m <sup>2</sup>
Building area (m <sup>2</sup> )	1,927 m <sup>2</sup>	1,032 m <sup>2</sup>	2,586 m <sup>2</sup>
Building-to-land ratio (%)	45.90%	51.60%	65.56%
Total floor area	19,393 m <sup>2</sup>	8,151 m <sup>2</sup>	3,493 m <sup>2</sup>
Floor-area ratio	400.0%	393.0%	87.34%
Structure	RC/Base with seismic isolation	Steel-framed	RC/Steel framed
Floors	14 floors above ground and 1 floor below	11 floors above ground, 1 PH floor	2 floors above ground
Maximum height (m)	44.9 m	45.1 m	13.3 m
Size/Features	<ul style="list-style-type: none"> <li>For sale: 192 Units</li> <li>For rent: 49 Units</li> <li>Childcare center</li> </ul>	<ul style="list-style-type: none"> <li>Guest rooms: 167</li> <li>Banquet rooms, large bath and fitness studio</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
Mar. 2016	Conclusion of business contract
Jan. 2017	Start of construction
Dec. 2018	Planned completion/delivery of the hall building/hotel building
Mar. 2020	Planned completion/delivery of the apartment building

## ■ Nagoya Masaki Project



Structure : RC/13F  
 Completion : August 2018 (planned)  
 Number of leasing 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>  
 Use : Apartment  
 Zoning : Neighborhood commercial district



Entire view



Construction of structure (3F)



## ■ Proceed Ichikawa Myoten II



Structure	: RC/5F
Completion	: March 2003
Number of leasing units (type)	: 1K 58 units
Location	: 2-chome, Shioyaki, Ichikawa-shi, Chiba
Site area	: 635.21 m <sup>2</sup>
Total floor area	: 1,399.10 m <sup>2</sup>
Use	: Apartment
Zoning	: Category 1 residential district

## ■ Proceed Yamashita Koen The Tower ■ The Parkhabio Yokohama Yamate



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



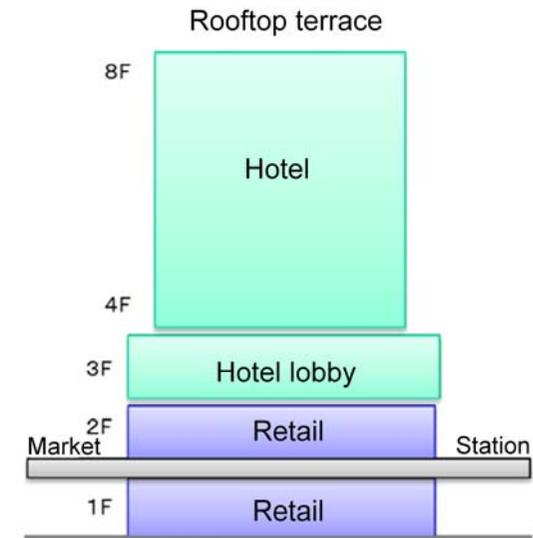
Structure	: RC/B1F, 6F
Completion	: July 2015
Number of leasing units (type)	: 1R 2 units; 1K 48 units; 1DK 13 units; 1LDK+S 13 units; Total 76 units
Location	: 2-chome, Ishikawa-cho, Naka-ku, Yokohama-shi, Kanagawa
Site area	: 944.24 m <sup>2</sup>
Total floor area	: 3,606.4 m <sup>2</sup>
Use	: Apartment
Zoning	: Neighborhood commercial district

## ■ Proceed Mito 3 (Property to be acquired/Scheduled to be completed in October 2018)

Structure	: RC/12F	Site area	: 745.48 m <sup>2</sup>
Completion	: October 2018 (planned)	Total floor area	: 2,427.46 m <sup>2</sup>
Number of leasing units (type)	: 1K 36 units; 1LDK 24 units; Total 60 units	Use	: Apartment
Location	: 3-chome, Minami-machi, Mito-shi, Ibaraki	Zoning	: Commercial district

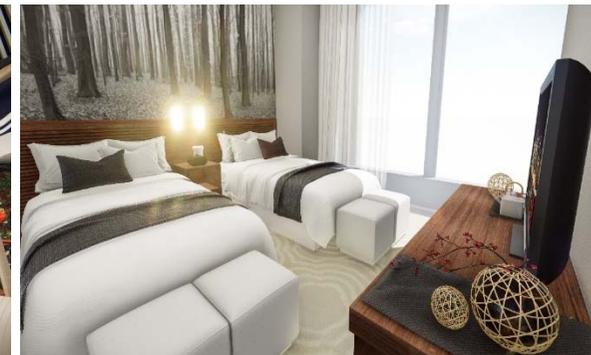
# Case Example of Consulting by Management Company I

## ■ Project utilizing “Bustle Zone” at No. 1 market of Kyoto Central Wholesale Market



### <Plan overview>

Size	: 8 floors above ground
Site area	: Approx. 4,000 m <sup>2</sup>
Total floor area	: Approx. 18,000 m <sup>2</sup>
Use	: Hotel, retail facility
Operation period	: Operation period: 60 years (fixed-term land lease)



# Case Example of Consulting by Management Company II (Narashino-shi, Chiba)



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

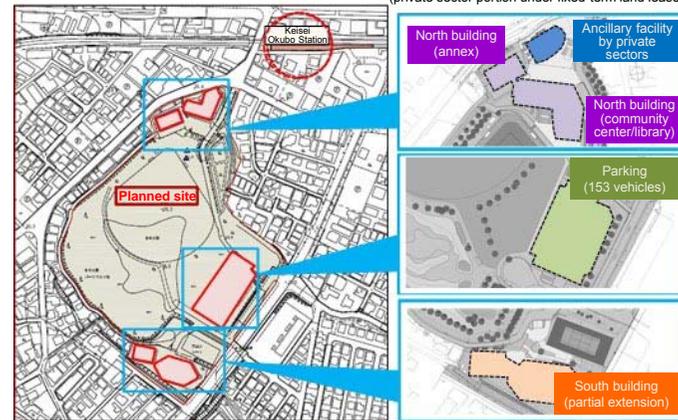
<Construction scheduled to start in April 2018>



North building

South building

### Project overview



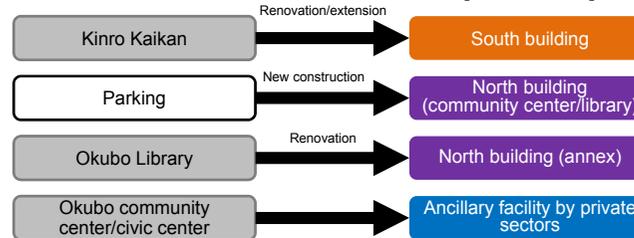
### <Site overview>

- 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 : 45,460 m<sup>2</sup> (area publicly announced)

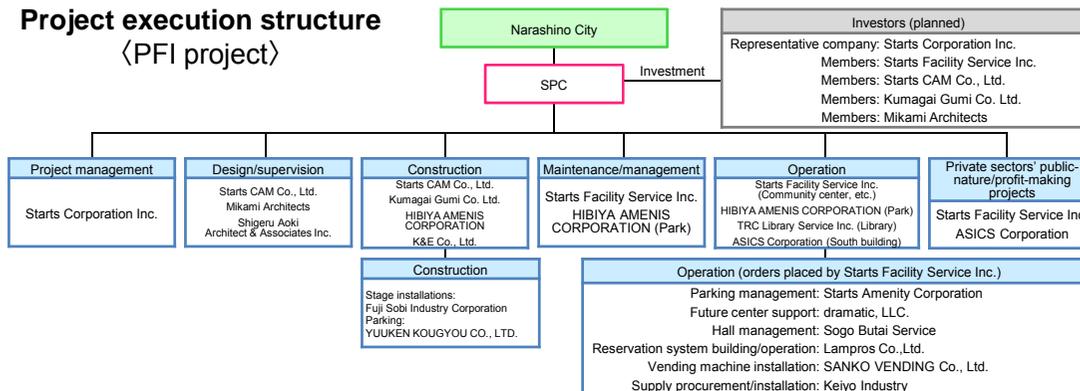
### <Overview of facilities proposed>

- North building (community center, library, hall)
- South building (arena, kids' space, multi-purpose room, etc.)
- Park (park golf course, baseball field, parking, open space)
- Facilities by private sectors (rental housing, café)

### [Current status]



### Project execution structure (PFI project)



### <Ancillary projects by private sectors>



# Case Example of Consulting by Management Company III [Hirosaki-shi, Aomori]

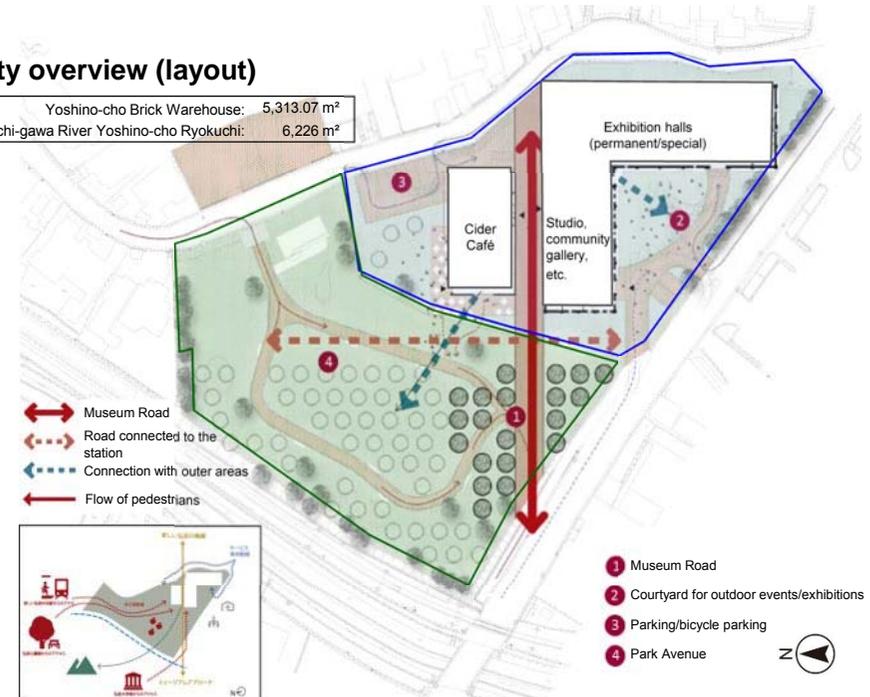


- PFI project for development of surrounding area of Yoshino-cho Ryokuchi in Hirosaki City  
<Design in progress>

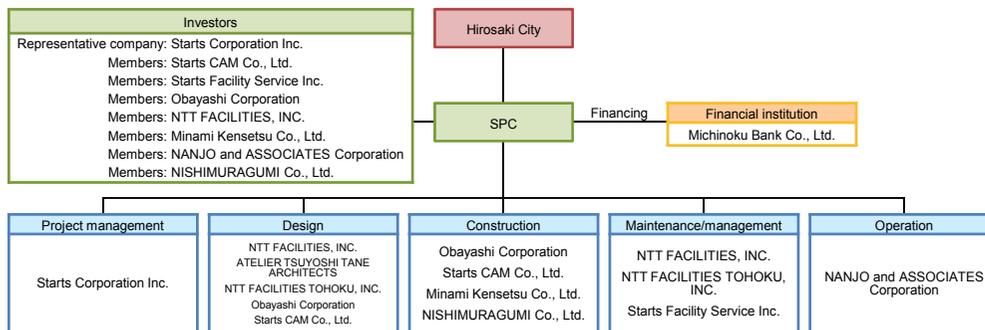


## Facility overview (layout)

Yoshino-cho Brick Warehouse:	5,313.07 m <sup>2</sup>
Tsuchibuchi-gawa River Yoshino-cho Ryokuchi:	6,226 m <sup>2</sup>



## Project structure (PFI project)



## <Ancillary projects>

- Museum shop & café, cider factory

■ November 24, 2017 Refinancing

(million yen)

Term Loan		W
Term		3 years
Total amount		4,000
Breakdown	Resona Bank	1,137
	Mizuho Bank	479
	Sumitomo Mitsui Banking	479
	Musashino Bank	415
	Chiba Bank	415
	Aozora Bank	703
	Sumitomo Mitsui Trust Bank	171
	ORIX Bank	167
	Kagawa Bank	34
	-	-
	Floating interest rate	Base interest rate +0.75% (Note 1)
Repayment method	Lump-sum repayment on repayment date	

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

(million yen)

Term Loan		2J	Change
Term		6 years	
Total amount		3,000	-
Breakdown	Resona Bank	519	(618)
	Mizuho Bank	479	-
	Sumitomo Mitsui Banking	479	-
	Musashino Bank	415	-
	Chiba Bank	415	-
	Aozora Bank	321	(382)
	Sumitomo Mitsui Trust Bank	171	-
	ORIX Bank	167	-
	Kagawa Bank	34	-
	The Bank of Yokohama (Note 2)	1,000	1,000
	Floating interest rate	Base interest rate +0.75% (Note 1)	
Repayment method	Lump-sum repayment on repayment date		

(Note 2) The Bank of Yokohama, Ltd. has newly joined the loan syndication from this loan.

■ December 15, 2017 New Debt Financing

(million yen)

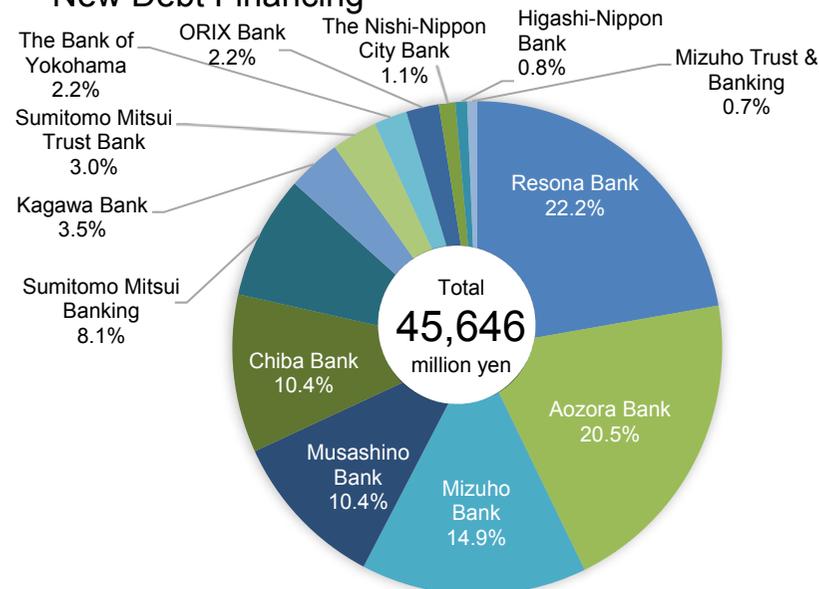
Term Loan		2K
Term		4.5 years
Total amount		2,900
Breakdown	Resona Bank	650
	Aozora Bank	600
	Mizuho Bank	600
	Sumitomo Mitsui Banking	600
	Sumitomo Mitsui Trust Bank	150
	Kagawa Bank	100
	Higashi-Nippon Bank	100
	Mizuho Trust & Banking	100
	Floating interest rate	Base interest rate +0.60% (Note 1)
	Repayment method	Lump-sum repayment on repayment date

	End of 22nd FP	End of 23rd FP	End of 24th FP	After December 15, 2017 New Debt Financing
Average remaining period	2.55 years	2.81 years	2.85 years	3.36 years
Ratio of fixed-rate loans	41.6%	29.0%	29.0%	27.2%
Average interest rate	0.973%	0.724%	0.690%	0.683%

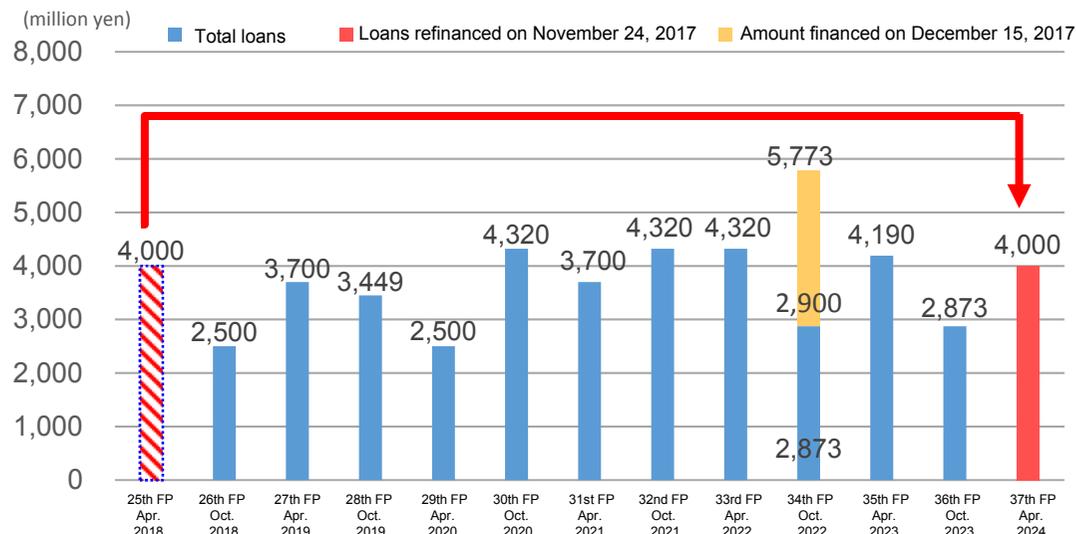
# Overview after New Debt Financing (December 15, 2017)



## Change in Allocation of Total Loan Amount after New Debt Financing



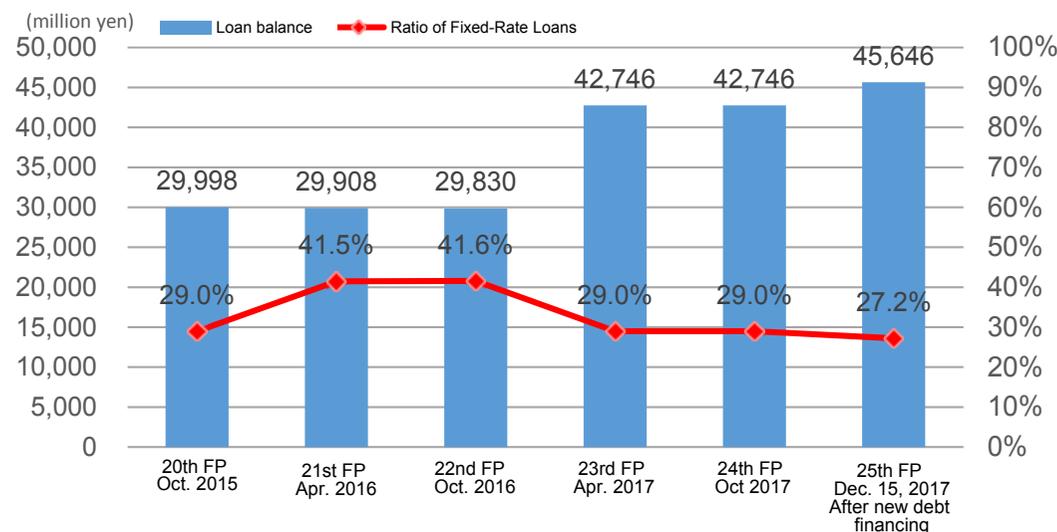
## Status of Laddering of Interest-Bearing Liabilities after New Debt Financing



## Breakdown of Lenders after New Debt Financing

Breakdown of lenders	Loan balance (million yen)
Resona Bank	10,156
Aozora Bank	9,372
Mizuho Bank	6,805
Musashino Bank	4,768
Chiba Bank	4,728
Sumitomo Mitsui Banking	3,701
Kagawa Bank	1,608
Sumitomo Mitsui Trust Bank	1,375
The Bank of Yokohama	1,000
ORIX Bank	983
The Nishi-Nippon City Bank	500
Higashi-Nippon Bank	350
Mizuho Trust & Banking	300
<b>Total</b>	<b>45,646</b>

## Ratio of Fixed-Rate Loans after New Debt Financing



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**Reference Materials**



# Balance Sheet



(thousand yen)

	23rd Fiscal Period As of Apr. 30, 2017	24th Fiscal Period As of Oct. 31, 2017	Change
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	1,463,741	3,868,635	2,404,893
Cash and deposits in trust	1,876,787	1,913,186	36,398
Operating accounts receivable	33,576	28,323	-5,252
Prepaid expenses	101,130	100,655	-475
Deferred tax assets	79	80	1
Consumption taxes receivable	88,180	-	-88,180
Other	1,223	1,806	582
<b>Total current assets</b>	<b>3,564,720</b>	<b>5,912,688</b>	<b>2,347,968</b>
<b>Noncurrent assets</b>			
<b>Property, plant and equipment</b>			
Buildings in trust	42,679,650	41,568,037	-1,111,612
Accumulated depreciation	-6,327,833	-6,609,210	-281,376
Buildings in trust, net	36,351,816	34,958,827	-1,392,989
Structures in trust	1,192,932	1,188,743	-4,188
Accumulated depreciation	-510,781	-544,065	-33,284
Structures in trust, net	682,151	644,678	-37,473
Machinery and equipment in trust	5,376	5,376	-
Accumulated depreciation	-2,540	-2,845	-304
Machinery and equipment in trust, net	2,836	2,531	-304
Tools, furniture and fixtures in trust	307,343	300,626	-6,716
Accumulated depreciation	-156,663	-156,925	-261
Tools, furniture and fixtures in trust, net	150,680	143,701	-6,978
Land in trust	45,874,027	45,096,455	-777,571
<b>Total property, plant and equipment</b>	<b>83,061,512</b>	<b>80,846,193</b>	<b>-2,215,318</b>
<b>Intangible assets</b>			
Software	4,554	3,960	-594
<b>Total intangible assets</b>	<b>4,554</b>	<b>3,960</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	530,943	24
Long-term prepaid expenses	165,878	148,366	-17,511
Other	11,115	11,751	636
<b>Total investments and other assets</b>	<b>717,913</b>	<b>701,061</b>	<b>-16,851</b>
<b>Total noncurrent assets</b>	<b>83,783,979</b>	<b>81,551,215</b>	<b>-2,232,764</b>
<b>Deferred assets</b>			
Investment unit issuance costs	24,400	16,972	-7,427
<b>Total deferred assets</b>	<b>24,400</b>	<b>16,972</b>	<b>-7,427</b>
<b>Total assets</b>	<b>87,373,100</b>	<b>87,480,876</b>	<b>107,776</b>

(thousand yen)

	23rd Fiscal Period As of Apr. 30, 2017	24th Fiscal Period As of Oct. 31, 2017	Change
<b>Liabilities</b>			
<b>Current liabilities</b>			
Current portion of long-term loans payable	8,190,277	6,500,000	-1,690,277
Operating accounts payable	223,128	137,740	-85,387
Accounts payable –other	204,140	214,242	10,102
Accrued expenses	2,543	810	-1,732
Income taxes payable	1,939	1,954	15
Accrued consumption taxes	-	58,220	58,220
Advances received	1,684	1,987	303
Other	183	419	235
<b>Total current liabilities</b>	<b>8,623,897</b>	<b>6,915,376</b>	<b>-1,708,521</b>
<b>Noncurrent liabilities</b>			
Long-term loans payable	34,556,000	36,246,000	1,690,000
Tenant leasehold and security deposits in trust	707,096	675,045	-32,051
Asset retirement obligation	126,543	127,586	1,043
<b>Total noncurrent liabilities</b>	<b>35,389,639</b>	<b>37,048,631</b>	<b>1,658,992</b>
<b>Total liabilities</b>	<b>44,013,537</b>	<b>43,964,007</b>	<b>-49,529</b>
<b>Net assets</b>			
Unitholders' equity			
Unitholders' capital	42,230,457	42,230,457	-
Surplus			
Unappropriated retained earnings (undisposed loss)	1,129,105	1,286,411	157,305
<b>Total surplus</b>	<b>1,129,105</b>	<b>1,286,411</b>	<b>157,305</b>
<b>Total unitholders' equity</b>	<b>43,359,562</b>	<b>43,516,868</b>	<b>157,305</b>
<b>Total net assets</b>	<b>43,359,562</b>	<b>43,516,868</b>	<b>157,305</b>
<b>Total liabilities and net assets</b>	<b>87,373,100</b>	<b>87,480,876</b>	<b>107,776</b>

# Statements of Income / Cash Distributions



## Statements of Income

(thousand yen)

	23rd Fiscal Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	24th Fiscal Period (From: May 1, 2017 To: Oct. 31, 2017)	Change
Operating revenue			
Rent revenue – real estate (1)	2,964,644	2,953,501	-11,143
Gain on exchange of real estate properties	15,545	-	-15,545
Gain on sales of real estate properties	-	220,399	220,399
Total operating revenue	2,980,189	3,173,900	193,710
Operating expenses			
Expenses related to rent business (2)	1,339,712	1,275,672	-64,040
Asset management fee	247,675	258,716	11,040
Asset custody fee	8,403	8,407	3
Administrative service fees	27,093	26,772	-321
Directors' compensations	1,200	1,200	-
Other operating expenses	63,152	114,683	51,531
Total operating expenses	1,687,237	1,685,451	-1,786
Operating income	1,292,951	1,488,449	195,497
Non-operating income			
Interest income	14	16	1
Insurance income	2,488	3,959	1,470
Reversal of distribution payable	1,607	978	-629
Balance of consumption tax payments	50,826	-	-50,826
Other	-	46	46
Total non-operating income	54,938	5,000	-49,938
Non-operating expenses			
Interest expenses	152,743	148,397	-4,345
Amortization of investment unit issuance costs	7,427	7,427	-0
Borrowing related expenses	54,200	48,773	-5,427
Other	2,540	540	-2,000
Total non-operating expenses	216,912	205,139	-11,773
Ordinary income	1,130,977	1,288,310	157,332
Income before income taxes	1,130,977	1,288,310	157,332
Income taxes – current	1,941	1,956	15
Income taxes – deferred	-3	-1	2
Total income taxes	1,938	1,955	17
Net income	1,129,039	1,286,354	157,314
Retained earnings brought forward	65	56	-8
Unappropriated retained earnings (undisposed loss)	1,129,105	1,286,411	157,305

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

(thousand yen)

	23rd Fiscal Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	24th Fiscal Period (From: May 1, 2017 To: Oct. 31, 2017)	Change
Rent	2,571,899	2,573,886	1,987
Common area maintenance charges	168,086	169,287	1,201
Parking revenue	84,296	83,719	(577)
Incidental revenue	1,729	1,819	90
Other lease business revenue	138,632	124,787	(13,845)
Total	2,964,644	2,953,501	(11,143)

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

(thousand yen)

	23rd Fiscal Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	24th Fiscal Period (From: May 1, 2017 To: Oct. 31, 2017)	Change
Management expenses	180,641	181,405	764
Repair expenses	171,993	84,125	(87,868)
Real estate taxes	148,373	174,322	25,949
Trust fees	37,999	39,025	1,026
Utilities expenses	51,403	51,480	77
Nonlife insurance expenses	10,041	10,050	9
Depreciation and amortization	576,769	596,005	19,236
Other lease business expenses	162,489	139,256	(23,233)
Total	1,339,712	1,275,672	(64,040)

## Cash Distributions

	23rd Fiscal Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	24th Fiscal Period (From: May 1, 2017 To: Oct. 31, 2017)	Change
I Unappropriated retained earnings	1,129,105,402 yen	1,286,411,241 yen	157,305,839 yen
II Amount of distributions	1,129,048,469 yen	1,187,336,848 yen	58,288,379 yen
[Amount of distribution per investment unit]	4,397 yen	4,624 yen	227 yen
III Voluntary retained earnings			
Provision of reserve for reduction entry	-	99,000,000 yen	99,000,000 yen
III Retained earnings carried forward	56,933 yen	74,393 yen	17,460 yen

# Statements of Cash Flows and Key Performance Indicators



## Statements of Cash Flows

(thousand yen)

	23rd Fiscal Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	24th Fiscal Period (From: May 1, 2017 To: Oct. 31, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes	1,130,977	1,288,310
Depreciation and amortization	577,363	596,599
Difference resulting from exchange of real estate properties	-17,305	-
Amortization of investment unit issuance costs	7,427	7,427
Interest income	-14	-16
Interest expenses	152,743	148,397
Decrease (increase) in operating accounts receivable	-12,793	5,252
Decrease (increase) in prepaid expenses	-16,077	475
Decrease (decrease) in consumption taxes receivable	-88,180	88,180
Increase (decrease) in accrued consumption taxes	-2,452	58,220
Increase (decrease) in operating accounts payable	66,001	-38,897
Increase (decrease) in accounts payable – other	55,399	7,612
Decrease (increase) in long-term prepaid expenses	-54,530	17,511
Decrease from sales of property, plant and equipment in trust	-	1,698,622
Other, net	2,426	61
Subtotal	1,800,984	3,877,758
Interest income received	14	16
Interest expenses paid	-150,995	-150,130
Income taxes paid	-1,891	-1,941
Net cash provided by (used in) operating activities	1,648,112	3,725,701
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	-25,806,252	-125,839
Proceeds from tenant leasehold and security deposits in trust	192,322	38,516
Repayments of tenant leasehold and security deposits in trust	-55,406	-70,567
Decrease (increase) in other investments	-636	-660
Net cash provided by (used in) investing activities	-25,669,972	-158,550
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	16,409,000	4,190,000
Repayment of long-term loans payable	-3,492,896	-4,190,277
Proceeds from issuance of investment units	12,134,434	-
Payments for investment unit issuance expenses	-25,459	-
Dividends paid	-728,736	-1,125,580
Net cash provided by (used in) financing activities	24,296,341	-1,125,858
Net increase (decrease) in cash and cash equivalents	274,480	2,441,292
Cash and cash equivalents at beginning of period	3,066,048	3,340,529
Cash and cash equivalents at end of period	3,340,529	5,781,821

## Key Performance Indicators

	Unit	23rd Fiscal Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	24th Fiscal Period (From: May 1, 2017 To: Oct. 31, 2017)
Total assets (a)	million yen	87,373	87,480
Net assets (b)	million yen	43,359	43,516
Total unitholders' capital	million yen	42,230	42,230
Total number of investment units issued and outstanding (c)	units	256,777	256,777
Net assets per unit (b) ÷ (c)	yen	168,860	169,473
Net income per unit (Note 1)	yen	4,559	5,009
Total distributions (d)	million yen	1,129	1,187
Distribution per unit (d) ÷ (c)	yen	4,397	4,624
[Of which, distribution of earnings per unit]	yen	4,397	4,624
[Of which, distribution in excess of earnings per unit]	yen	(-)	(-)
Return on assets (Note 2)	%	1.5(3.1)	1.5(2.9)
Return on equity (Note 2)	%	3.0(6.1)	3.0(5.9)
Equity ratio (b) ÷ (a)	%	49.6	49.7
Distribution payout ratio (Note 2)	%	100.0	92.3

### [Other Reference Information]

Number of investment properties (Note 3)	properties	111	104
Total number of leasable units (Note 3)	units	5,234	5,013
Gross leasable area	m <sup>2</sup>	192,156.73	183,634.47
Period-end occupancy rate (Note 3)	%	95.7	96.1
Depreciation and amortization	million yen	576	596
Capital expenditures	million yen	118	79
Property leasing NOI (Net Operating Income) (Note 2)	million yen	2,201	2,273
FFO (Funds from Operations) per unit (Note 2)	yen	6,611	6,503
FFO multiple (Note 2)	times	10.7	12.2
Debt service coverage ratio (Note 2)	times	12.2	13.7
Earnings before interest, depreciation and amortization	million yen	1,858	2,030
Interest expenses	million yen	152	148
Total interest-bearing liabilities	million yen	42,746	42,746
LTV (Loan-To-Value) ratio (Note 2)	%	48.9	48.9
Number of days of management (Note 2)	days	181	184

(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	Ordinary income ÷ Average total assets Average total assets = (Total assets at beginning of period + Total assets at end of period) ÷ 2
Return on equity	Net income ÷ Average net assets Average net assets = (Net assets at beginning of period + Net assets at end of period) ÷ 2
Distribution payout ratio	Distribution per unit ÷ 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. Distribution payout ratio = Total distributions / Net income
Property leasing NOI	Property leasing income (loss) [Real estate rent revenue – Expenses related to rent business] + Depreciation and amortization
FFO per unit	(Net income + Depreciation and amortization + Other depreciation and amortization – Gain (loss) on sales of real estate properties) ÷ Total number of investment units issued and outstanding
FFO multiplier	Investment unit price at end of period ÷ Annualized FFO per unit
Debt service coverage ratio	Earnings before interest, depreciation and amortization ÷ Interest expenses (including interest expenses on investment corporation bonds)
LTV ratio	Total interest-bearing liabilities ÷ 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.

# Status of Interest-Bearing Liabilities I (As of October 31, 2017)



## ■ Long-Term Loans Payable

Lender	Drawdown date	Balance at end of 24th FP (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks	Name
Resona Bank, Ltd.	Nov. 25, 2014	1,137,000	0.78102	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						
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
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						
Aozora Bank, Ltd.		May 22, 2015	1,054,000					
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							

## Status of Interest-Bearing Liabilities II (As of October 31, 2017)



### ■ Long-Term Loans Payable

Lender	Drawdown date	Balance at end of 24th FP (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks	Name
Aozora Bank, Ltd.	Nov. 24, 2015	1,054,000	0.99000 (Note 2)	Nov. 24, 2020	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	Term Loan 2A
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						
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	0.88102	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						
Aozora Bank, Ltd.	Nov. 24, 2016	1,025,000	0.45102	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						

## Status of Interest-Bearing Liabilities III (As of October 31, 2017)



### ■ Long-Term Loans Payable

Lender	Drawdown date	Balance at end of 24th FP (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks	Name
Resona Bank, Ltd.	Dec. 9, 2016	1,095,000	0.29102	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	0.32102	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	0.35102	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						
Mizuho Bank, Ltd.	May 24, 2017	1,090,000	0.70117	Nov. 24, 2022	Lump-sum repayment on repayment date	Refinancing	Unsecured Unguaranteed	Term Loan 2I
The Chiba Bank, Ltd.		500,000						
The Nishi-Nippon City Bank, Ltd.		500,000						
Sumitomo Mitsui Banking Corporation		500,000						
The Musashino Bank, Ltd.		500,000						
Resona Bank, Ltd.		385,000						
Higashi-Nippon Bank, Ltd.		250,000						
Aozora Bank, Ltd.		215,000						
ORIX Bank Corporation		150,000						
Mizuho Trust & Banking Co., Ltd.		100,000						
<b>Total</b>		<b>42,746,000</b>						

**Total interest-bearing liabilities**

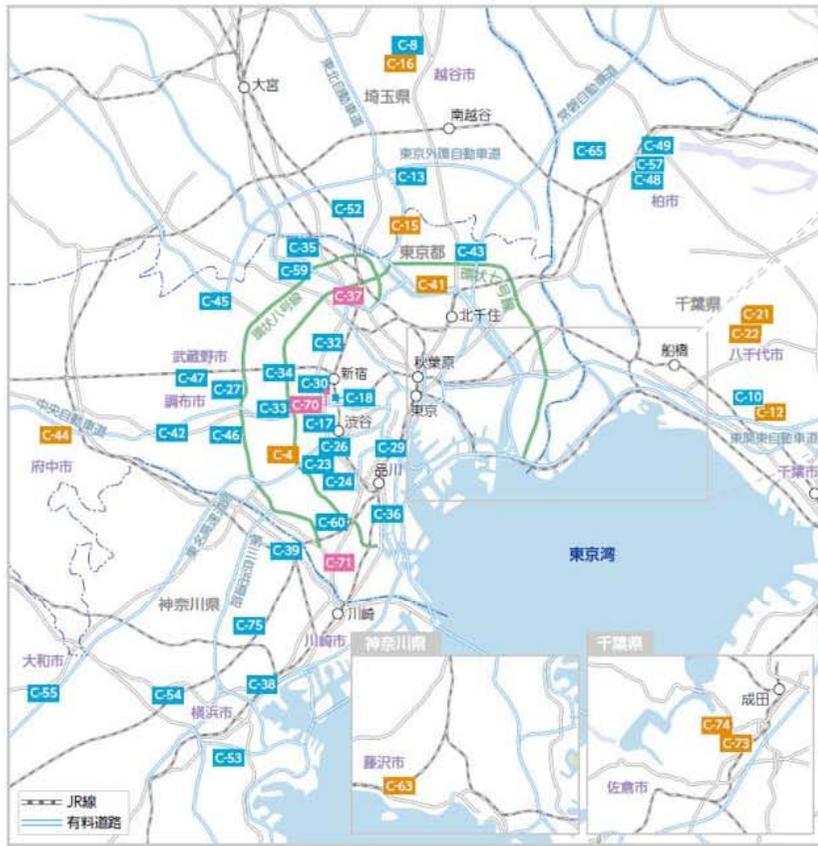
**42,746,000 thousand yen**

(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.

# Portfolio Map (As of October 31, 2017)

## Cities surrounding Tokyo



## Enlarged map of Tokyo and the surrounding area



- ◆ Tokyo metropolitan area major cities: **76 properties**
- ◆ Cabinet order designated cities: **25 properties**
- ◆ Regional area major cities: **3 properties**
- Total: 104 properties**

C-1 Proceed Ichikawa	C-11 Proceed Minamigyotoku	C-40 Proceed Motoyawata	C-64 Proceed Nihonbashi-horidomecho
C-2 Proceed Toyocho	C-14 Proceed Funabori	C-50 Proceed Gyotokuekimae	C-66 Proceed Gyotoku 2
C-3 Proceed Kasai	C-19 Proceed Urayasu	C-51 Proceed Funabashi Honcho	C-67 Proceed Nishikasai
C-5 Proceed Mizue	C-20 Proceed Shinkoiwa	C-56 Proceed Shinnozaki 2	C-68 Proceed Kasai 2
C-6 Proceed Funabashi Miyamoto	C-25 Proceed Honjozumabashi	C-58 Proceed Shinnozaki Tower	C-69 Proceed Nihonbashi Honcho
C-7 Proceed Minamikasai	C-28 Proceed Ryogoku	C-61 Proceed Ichikawa Minami	C-72 Proceed Minamigyotoku 2
C-9 Proceed Gyotoku	C-31 Proceed Kameido	C-62 Proceed Ichikawa Myoten	C-76 Life Support Residence Funaboriekimae

## Cabinet Order Designated Cities / Regional Area Major Cities

G-20 Proceed Kitahorie	G-33 Proceed Sendai Kozurushinden
G-21 Proceed Nishitenma	R-2 Proceed Mito
G-22 Proceed Kobemotomachi	R-3 Proceed Mito 2
G-23 Group Home Tanoshii Ie Taisho	R-4 Proceed Tsukuba Gakuentoshi
G-26 Proceed Bentencho	
G-27 Proceed Nagaikondori	
G-28 Proceed Nishinagahori	
G-29 Proceed Kyobashi	
G-30 Proceed Hyogokimaedori	

C-4 Proceed Sanganjaya	C-24 Proceed Toritsudaigaku 2	C-39 Proceed Shinmaruko	C-54 Proceed Tsurugamine
C-8 Proceed Sengendai	C-26 Proceed Meguro Aobadai	C-41 Proceed Nishiarai	C-55 Proceed Sagamiotsuka
C-10 Proceed Makuharihongo	C-27 Proceed Suginami Miyamae	C-42 Proceed Chofu	C-57 Proceed Kashiwa Trois
C-12 Proceed Makuharihongo 2	C-29 Proceed Mita	C-43 Proceed TX Rokucho	C-59 Proceed Tobu Nerima
C-13 Proceed Higashikawaguchi	C-30 Proceed Nakanoshimbashi	C-44 Proceed Nakagawara	C-60 Proceed Yukigaya
C-15 Proceed Takenozuka	C-32 Proceed Takadanobaba	C-45 Proceed Oizumigakuen	C-63 Proceed Fujisawa Kugenuma
C-16 Proceed Sengendai 2	C-33 Proceed Shinkoenji	C-46 Proceed Chitosekarasuyama	C-65 Proceed TX Nagareyama Central Park
C-17 Proceed Shoto	C-34 Proceed Koenjininami	C-47 Proceed Mitaka	C-70 Proceed Nishi Shinjuku
C-18 Proceed Sangubashi	C-35 Proceed Hasune	C-48 Proceed Kashiwa Est	C-71 Proceed Unoki
C-21 Proceed Yachiyo Midorigaoka I	C-36 Proceed Oimachi	C-49 Proceed Kashiwa Nord	C-73 Proceed CO-Z East Building
C-22 Proceed Yachiyo Midorigaoka II	C-37 Proceed Jujo	C-52 Proceed Nishikawaguchi	C-74 Proceed CO-Z West Building
C-23 Proceed Toritsudaigaku	C-38 Proceed Hakuraku	C-53 Proceed Gumyoji	C-75 Proceed Shin Yokohama

■ Single type    
 ■ DINKS type    
 ■ Family type    
 ■ Facility for elderly

# Breakdown of Revenue of Major Properties (24th Fiscal Period Results)



(thousand yen)

	Tokyo metropolitan area major cities					Cabinet order designated cities			Regional area major cities
Property number	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	2,449,000	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	ARTIER Bldg.: RC/14F OZAREA Bldg.: RC/10F Hall Bldg.: S/2F Nursery Bldg.: S/2F	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	300,197	61,221	57,574	73,601	119,309	68,956	67,977	64,856	23,993
(B) Property leasing operating expenses	98,227	11,600	11,537	16,593	22,355	16,103	18,890	11,997	6,741
(C) Property leasing NOI = (A) - (B)	201,969	49,621	46,036	57,007	96,953	52,853	49,087	52,859	17,252
(D) Depreciation and amortization	93,683	5,195	6,074	13,072	20,042	17,490	15,764	6,474	8,173
(E) Property leasing income (loss) = (C) - (D)	108,286	44,425	39,961	43,935	76,910	35,363	33,323	46,385	9,078
(F) Capital expenditures	941	-	439	1,861	113	-	291	317	-
(G) NCF = (C) - (F)	201,028	49,621	45,596	55,146	96,840	52,853	48,796	52,541	17,252
Annualized NOI yield	7.8%	4.1%	3.6%	6.2%	4.5%	5.2%	4.6%	4.9%	4.4%
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%

(Note) "Annualized NOI yield" is calculated by annualizing each property's NOI results, rounded to one decimal place.

# Portfolio List I (As of October 31, 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)	Period average occupancy rate (%) (Note 4)	Leasing revenue and expenditure (thousand yen) (24th FP results)	PML (%)	Construction completion (Note 5)
C-1	Proceed Ichikawa	Chiba	1,076,000	1.3	1,024,346	1,310,000	3,322.17	3,249.90	50	42	97.0	33,323	5.9	April 1, 1997
C-2	Proceed Toyochō	Tokyo	646,700	0.8	598,617	833,000	1,085.56	1,085.56	45	5	100.0	21,018	8.6	January 31, 2003
C-3	Proceed Kasai	Tokyo	688,700	0.9	625,184	795,000	1,243.80	1,178.76	57	0	98.9	19,797	5.1	March 1, 2003
C-4	Proceed Sangerjaya	Tokyo	555,900	0.7	634,951	582,000	1,019.27	1,019.27	9	8	100.0	15,552	9.3	June 29, 1990
C-5	Proceed Mizue	Tokyo	602,600	0.7	636,464	741,000	2,076.68	2,076.68	28	22	89.9	15,517	7.0	June 20, 1991
C-6	Proceed Funabashi Miyamoto	Chiba	419,900	0.5	462,658	554,000	1,685.73	1,642.73	33	1	96.5	15,807	4.7	June 24, 1991
C-7	Proceed Minamikasai	Tokyo	303,500	0.4	334,184	291,000	1,045.28	1,045.28	16	7	90.5	7,249	10.4	March 12, 1993
C-8	Proceed Sengendai	Saitama	259,200	0.3	268,115	310,000	1,344.74	1,282.38	43	10	92.3	9,772	5.7	May 31, 1991
C-9	Proceed Gyotoku	Chiba	315,600	0.4	346,631	330,000	1,218.56	1,218.56	20	7	96.7	9,277	6.7	March 15, 1988
C-10	Proceed Makuharihongo	Chiba	279,300	0.3	280,959	311,000	963.00	906.00	34	3	94.1	8,737	8.7	February 22, 1989
C-11	Proceed Minamigyotoku	Chiba	287,300	0.4	303,175	323,000	838.95	838.95	26	6	99.5	9,532	6.8	February 6, 1990
C-12	Proceed Makuharihongo 2	Chiba	223,400	0.3	223,772	247,000	1,104.84	903.96	22	10	81.8	3,915	4.8	September 24, 1989
C-13	Proceed Higashikawaguchi	Saitama	206,500	0.3	195,593	197,000	648.11	585.11	30	14	97.9	6,962	3.6	March 15, 1993
C-14	Proceed Funabori	Tokyo	226,100	0.3	240,027	247,000	479.52	459.54	24	1	93.1	5,384	7.3	October 11, 1991
C-15	Proceed Takenozuka	Tokyo	169,400	0.2	174,502	225,000	860.55	860.55	15	7	98.9	5,764	3.4	March 10, 1994
C-16	Proceed Sengendai 2	Saitama	86,700	0.1	93,651	106,000	695.81	695.81	12	4	98.5	3,478	3.3	April 3, 1991
C-17	Proceed Shoto	Tokyo	937,400	1.2	892,087	937,000	890.22	890.22	40	6	97.4	21,860	5.3	November 18, 2005
C-18	Proceed Sangubashi	Tokyo	497,600	0.6	487,107	471,000	527.88	487.88	26	0	92.6	10,240	7.0	July 22, 2005
C-19	Proceed Urayasu	Chiba	431,400	0.5	478,808	456,000	1,786.58	1,786.58	21	8	100.0	15,114	7.8	June 4, 1992
C-20	Proceed Shinkoiwa	Tokyo	465,200	0.6	491,080	553,000	1,629.07	1,567.25	27	9	98.1	15,106	7.1	March 15, 1991
C-21	Proceed Yachiyo Midorigaoka I	Chiba	383,600	0.5	404,651	386,000	1,805.76	1,805.76	27	32	96.9	12,086	6.9	February 12, 1997
C-22	Proceed Yachiyo Midorigaoka II	Chiba	339,000	0.4	359,128	348,000	1,605.12	1,471.36	24	31	86.1	8,340	6.9	February 12, 1997
C-23	Proceed Toritsudaigaku	Tokyo	790,400	1.0	755,063	771,000	808.65	787.37	37	2	92.6	15,374	8.3	March 13, 2006
C-24	Proceed Toritsudaigaku 2	Tokyo	772,200	1.0	729,096	785,000	831.74	831.74	36	2	100.0	20,054	7.8	September 7, 2006
C-25	Proceed Honjozumabashi	Tokyo	339,800	0.4	309,569	434,000	570.53	570.53	19	0	100.0	10,352	6.7	July 7, 2006
C-26	Proceed Meguro Aobadai	Tokyo	466,700	0.6	460,766	466,000	485.15	485.15	24	1	100.0	11,129	11.6	March 27, 2003
C-27	Proceed Suginami Miyamae	Tokyo	454,900	0.6	442,509	481,000	680.50	680.50	29	1	100.0	12,674	7.1	January 26, 2004
C-28	Proceed Ryogoku	Tokyo	443,900	0.6	428,990	538,000	702.54	702.54	27	5	100.0	13,936	6.9	March 15, 2003
C-29	Proceed Mita	Tokyo	1,537,200	1.9	1,447,061	1,640,000	1,500.57	1,500.57	72	0	100.0	36,462	8.7	February 6, 2006
C-30	Proceed Nakanoshimbashi	Tokyo	638,800	0.8	688,545	700,000	849.08	849.08	50	0	100.0	18,529	10.4	September 24, 1992
C-31	Proceed Kameido	Tokyo	339,000	0.4	354,757	346,000	853.98	853.98	23	0	100.0	9,890	7.6	March 23, 1994
C-32	Proceed Takadanobaba	Tokyo	223,700	0.3	258,153	264,000	278.36	278.36	17	0	100.0	7,029	13.8	October 24, 1991
C-33	Proceed Shinkoenji	Tokyo	742,100	0.9	799,440	871,000	1,040.24	1,040.24	57	0	100.0	21,768	10.0	August 31, 1990
C-34	Proceed Koenjiminami	Tokyo	277,400	0.3	312,362	251,000	337.05	337.05	20	0	100.0	7,658	11.7	October 2, 1989
C-35	Proceed Hasune	Tokyo	284,000	0.4	326,032	267,000	587.13	587.13	29	0	100.0	8,490	6.8	July 17, 1991
C-36	Proceed Oimachi	Tokyo	944,000	1.2	1,005,980	952,000	961.88	961.88	59	0	100.0	23,411	13.0	April 13, 1992
C-37	Proceed Jujo	Tokyo	533,000	0.7	571,002	558,000	1,206.90	1,206.90	30	0	100.0	15,095	7.2	June 15, 1989
C-38	Proceed Hakuraku	Kanagawa	241,000	0.3	266,123	191,000	445.16	445.16	27	0	100.0	8,160	16.4	July 19, 1991
C-39	Proceed Shinmaruko	Kanagawa	635,000	0.8	675,075	609,000	759.00	759.00	46	0	100.0	16,302	11.7	September 12, 1988
C-40	Proceed Motoyawata	Chiba	307,000	0.4	266,529	329,000	602.39	581.33	25	3	97.7	8,403	4.4	January 9, 2004

# Portfolio List II (As of October 31, 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)	Period average occupancy rate (%) (Note 4)	Leasing revenue and expenditure (thousand yen) (24th FP results)	PML (%)	Construction completion (Note 5)
C-41*	Proceed Nishiarai (Note 6)	Tokyo	5,172,000	6.4	3,662,778	6,800,000	20,137.85	19,757.78	294	146	97.4	201,969	ARTIER: 3.9 OZAREA: 5.0 Hall: 3.5 Nursery: 3.5	July 20, 2007
C-42	Proceed Chofu	Tokyo	460,500	0.6	420,262	547,000	764.48	738.15	26	0	97.1	12,805	6.4	February 17, 2007
C-43	Proceed TX Rokucho	Tokyo	156,800	0.2	180,869	178,000	518.31	518.31	20	2	100.0	5,596	6.6	June 21, 1991
C-44	Proceed Nakagawara (Note 7)	Tokyo	1,141,000	1.4	1,240,339	1,310,000	3,061.94	3,061.94	54	35	97.5	33,662	Ichibankan: 10.7 Nibankan: 11.8	April 1, 1989
C-45	Proceed Oizumigakuen	Tokyo	268,300	0.3	290,201	282,000	483.43	466.76	29	0	96.6	6,929	10.6	November 26, 1991
C-46	Proceed Chitosekarasuyama	Tokyo	289,600	0.4	333,104	330,000	449.96	385.68	28	0	95.2	7,644	11.7	December 8, 1988
C-47	Proceed Mitaka	Tokyo	477,200	0.6	537,398	581,000	739.48	739.48	47	0	100.0	14,328	9.3	December 16, 1988
C-48	Proceed Kashiwa Est	Chiba	732,000	0.9	696,465	677,000	1,279.93	1,279.93	44	5	98.2	17,670	4.5	February 13, 2007
C-49	Proceed Kashiwa Nord	Chiba	689,000	0.9	647,420	595,000	1,391.55	1,221.11	47	0	96.1	15,353	5.7	February 13, 2007
C-50	Proceed Gytokuekimae	Chiba	331,000	0.4	291,377	372,000	659.68	631.37	24	3	95.1	8,146	5.2	September 4, 2007
C-51	Proceed Funabashi Honcho	Chiba	531,700	0.7	510,884	598,000	996.44	946.71	40	0	97.5	14,559	5.7	July 19, 2006
C-52	Proceed Nishikawaguchi	Saitama	881,000	1.1	984,460	800,000	1,630.24	1,598.84	104	2	97.6	22,890	5.5	February 10, 1989
C-53	Proceed Gummyoji	Kanagawa	552,000	0.7	588,391	620,000	1,246.48	1,199.34	77	0	96.1	16,794	19.0	May 12, 1988
C-54	Proceed Tsurugamine	Kanagawa	356,000	0.4	375,507	372,000	855.00	820.80	50	4	94.7	10,755	7.2	March 12, 1991
C-55	Proceed Sagamiotsuka	Kanagawa	234,000	0.3	239,322	214,000	741.24	683.64	29	7	87.9	5,443	12.9	April 5, 1991
C-56*	Proceed Shinozaki 2	Tokyo	913,300	1.1	842,712	1,140,000	2,134.07	2,033.10	35	13	96.5	25,733	4.2	September 18, 2008
C-57	Proceed Kashiwa Trois	Chiba	537,100	0.7	501,134	637,000	1,149.95	1,093.95	38	6	98.4	17,030	5.4	May 8, 2009
C-58	Proceed Shinozaki Tower (Note 8)	Tokyo	1,564,000	1.9	1,507,571	2,170,000	5,117.49	5,014.29	88	30	96.0	57,111	High-rise bldg.: 2.6 Low-rise Bldg.: 4.4	March 17, 2008
C-59	Proceed Tobu Nerima	Tokyo	422,000	0.5	422,164	531,000	779.84	759.12	35	2	98.2	13,065	7.7	August 31, 2007
C-60	Proceed Yukigaya	Tokyo	323,000	0.4	362,747	383,000	600.62	600.62	35	1	99.1	10,267	14.0	October 7, 1991
C-61	Proceed Ichikawa Minami	Chiba	687,000	0.9	716,344	917,000	1,635.59	1,635.59	66	17	97.5	25,119	2.0	February 10, 1997
C-62	Proceed Ichikawa Myoten	Chiba	498,000	0.6	517,407	608,000	945.00	924.00	45	1	98.2	15,008	6.8	March 15, 2003
C-63	Proceed Fujisawa Kugenuma	Kanagawa	729,000	0.9	797,337	884,000	2,005.76	1,946.11	25	20	95.0	22,275	14.7	March 30, 2001
C-64	Proceed Nihonbashi-horidomecho	Tokyo	1,485,800	1.8	1,532,420	1,650,000	1,904.45	1,818.09	37	2	95.3	35,681	7.5	April 7, 2006
C-65*	Proceed TX Nagareyama Central Park (Note 9)	Chiba	979,700	1.2	1,022,265	1,150,000	2,976.85	2,882.58	73	0	92.1	30,086	2.9	April 11, 2014
C-66	Proceed Gytoku 2	Chiba	830,000	1.0	856,181	890,000	1,626.54	1,598.52	59	20	97.7	23,821	6.5	October 7, 2006
C-67	Proceed Nishikasai (Note 10)	Tokyo	875,600	1.1	953,816	972,000	2,993.52	2,847.10	63	39	94.9	28,220	Ichibankan: 11.0 Nibankan: 8.1	Ichibankan: October 17, 1993 Nibankan: July 23, 1985
C-68*	Proceed Kasai 2	Tokyo	750,000	0.9	823,468	863,000	2,140.59	2,140.59	29	6	97.0	22,610	7.1	September 12, 2003
C-69	Proceed Nihonbashi Honcho	Tokyo	2,449,000	3.0	2,564,325	2,470,000	2,553.89	2,553.89	84	7	98.0	49,621	8.3	February 25, 2003
C-70	Proceed Nishi Shinjuku	Tokyo	2,549,000	3.2	2,673,618	2,580,000	2,461.88	2,223.93	66	5	89.9	46,036	4.5	February 25, 2003
C-71	Proceed Unoki	Tokyo	917,000	1.1	964,788	936,000	1,260.58	1,220.67	29	4	98.9	22,925	13.9	September 5, 2015
C-72*	Proceed Minamigyotoku 2	Chiba	1,080,000	1.3	1,150,795	1,110,000	2,832.74	2,756.89	36	18	96.6	31,735	6.4	May 15, 2014
C-73	Proceed CO-Z East Building	Chiba	1,830,000	2.3	1,983,966	1,940,000	6,873.33	6,665.92	111	121	96.7	57,007	6.0	March 10, 1997
C-74	Proceed CO-Z West Building	Chiba	971,000	1.2	1,057,306	1,020,000	3,716.05	3,576.99	71	87	97.0	38,024	6.0	January 9, 1998
C-75	Proceed Shin Yokohama	Kanagawa	4,330,000	5.4	4,548,141	4,350,000	5,457.56	5,055.56	226	68	92.2	96,953	6.9	April 19, 2007
C-76	Life Support Residence Funaboriekimae	Tokyo	380,000	0.5	274,952	402,000	1,408.71	1,408.71	2	0	100.0	11,283	6.6	January 14, 2013
Tokyo metropolitan area major cities subtotal			56,743,700	70.5	56,725,013	62,885,000	128,909.07	125,322.66	3,422	918	96.4	1,612,738		

# Portfolio List III (As of October 31, 2017)

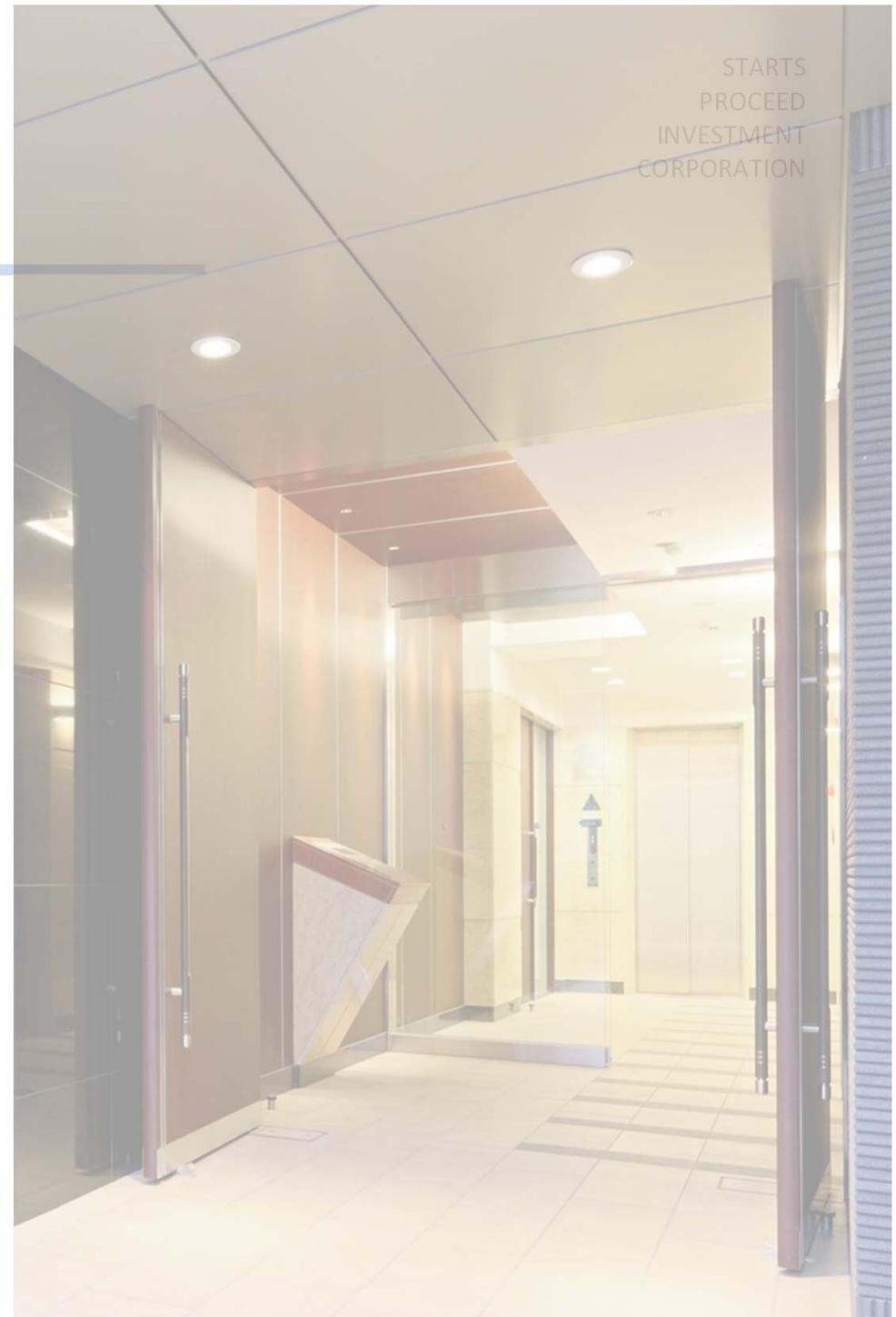


Property No. (Note 1)	Property name	Location	Acquisition price (thousand yen)	Investment share (%) (Note 2)	Carrying amount (thousand yen)	Real estate appraisal value (thousand yen)	Gross leasable area (m <sup>2</sup> )	Leased area (m <sup>2</sup> )	Total number of leasable units (units) (Note 3)	Total number of leasable parking spaces (vehicles)	Period average occupancy rate (%) (Note 4)	Leasing revenue and expenditure (thousand yen) (24th FP results)	PML (%)	Construction completion (Note 5)
G-6	Proceed Hakozakigu II	Fukuoka	85,000	0.1	79,461	91,400	415.30	415.30	19	0	100.0	3,538	8.0	July 30, 1991
G-7	Proceed Hakozakigu I	Fukuoka	81,300	0.1	76,775	83,100	411.50	411.50	19	0	100.0	3,312	8.0	May 1, 1991
G-8	Proceed Taikodori	Aichi	403,400	0.5	323,810	456,000	1,101.56	1,029.17	44	6	95.2	11,924	11.3	March 15, 2006
G-10	Proceed Nakagawa	Fukuoka	150,400	0.2	150,366	255,000	1,414.96	1,414.96	38	21	100.0	8,775	8.1	July 24, 1990
G-11	Proceed Honamimachi	Aichi	275,000	0.3	237,078	236,000	620.22	541.27	10	8	82.4	4,358	10.5	March 27, 2006
G-13*	Proceed Shinsakae	Aichi	792,500	1.0	683,093	933,000	1,958.44	1,878.00	77	11	94.2	24,317	7.1	February 28, 2007
G-14	Proceed Chiyoda	Aichi	309,300	0.4	268,107	370,000	922.40	890.17	30	4	98.3	10,624	7.3	March 20, 2007
G-15	Proceed Fukuoka Takamiya	Fukuoka	453,600	0.6	416,670	483,000	1,312.29	1,238.43	46	10	94.9	11,754	3.2	March 12, 2007
G-17*	Proceed Kanayama	Aichi	1,022,000	1.3	995,575	1,320,000	2,733.58	2,670.19	94	18	94.6	34,076	6.0	February 18, 2008
G-18*	Proceed Fukiage	Aichi	499,000	0.6	489,695	635,000	1,204.65	1,157.53	48	15	96.3	16,186	6.2	March 13, 2008
G-19*	Proceed Toyoda	Aichi	219,000	0.3	217,121	278,000	752.04	752.04	27	8	96.8	8,285	6.7	February 29, 2008
G-20	Proceed Kitahorie	Osaka	1,917,300	2.4	1,950,231	2,420,000	4,146.18	3,983.78	106	8	97.0	59,830	11.0	November 29, 2007
G-21	Proceed Nishitenma	Osaka	880,000	1.1	898,089	1,110,000	1,775.89	1,696.09	56	3	94.9	25,562	13.9	November 30, 2007
G-22	Proceed Kobemotomachi	Hyogo	780,000	1.0	806,056	936,000	1,590.64	1,541.02	61	6	99.0	22,552	8.6	December 31, 2007
G-23	Group Home Tanoshii Ie Taisho	Osaka	158,000	0.2	165,553	179,000	482.72	482.72	1	0	100.0	5,190	14.8	February 28, 2007
G-24	Proceed Kanayama 2	Aichi	2,040,400	2.5	2,124,635	2,190,000	4,218.01	4,026.44	72	31	97.1	52,853	6.2	August 22, 2007
G-25	Proceed Aratamabashi	Aichi	2,129,600	2.6	2,226,292	2,220,000	5,335.93	4,929.65	72	45	91.1	49,087	6.2	August 19, 2005
G-26	Proceed Bentencho	Osaka	2,170,000	2.7	2,275,370	2,180,000	4,134.70	4,025.07	126	21	96.4	52,859	8.1	January 11, 2008
G-27	Proceed Nagaikoendori	Osaka	1,070,000	1.3	1,125,203	1,070,000	2,170.80	1,929.60	81	24	84.2	19,822	14.4	May 28, 2007
G-28	Proceed Nishinagahori	Osaka	942,000	1.2	986,388	933,000	1,506.18	1,332.70	52	5	85.9	15,884	8.1	February 15, 2008
G-29	Proceed Kyobashi	Osaka	2,040,000	2.5	2,129,450	2,040,000	3,274.56	2,866.16	120	30	82.7	36,132	13.0	January 16, 2008
G-30	Proceed Hyogokimaedori	Hyogo	1,670,000	2.1	1,753,298	1,670,000	3,086.99	2,660.63	117	18	87.8	36,746	9.2	February 8, 2008
G-31	Proceed Mizuho	Aichi	535,000	0.7	580,618	546,000	1,126.40	1,098.66	40	5	93.1	11,844	6.2	February 28, 2007
G-32	Proceed Osu	Aichi	831,000	1.0	891,823	853,000	1,851.30	1,851.30	66	10	98.5	23,318	7.6	March 7, 2016
G-33	Proceed Sendai Kozurushinden	Miyagi	698,000	0.9	762,478	761,000	1,913.28	1,861.36	63	32	98.6	21,126	8.4	March 20, 2006
Cabinet order designated cities subtotal			22,151,800	27.5	22,613,248	24,248,500	49,460.52	46,683.74	1,485	339	94.1	569,965		
R-2	Proceed Mito	Ibaraki	383,700	0.5	328,188	472,000	1,223.83	1,039.18	36	7	93.3	12,452	4.0	January 7, 2007
R-3	Proceed Mito 2	Ibaraki	416,900	0.5	370,566	516,000	1,381.34	1,316.84	36	25	95.7	15,513	3.6	March 11, 2008
R-4	Proceed Tsukuba Gakuentoshi	Ibaraki	775,600	1.0	809,176	823,000	2,659.71	2,100.71	34	35	80.8	17,252	3.8	March 3, 2008
Regional area major cities subtotal			1,576,200	2.0	1,507,932	1,811,000	5,264.88	4,456.73	106	67	88.4	45,218		
Portfolio total			80,471,700	100.0	80,846,193	88,944,500	183,634.47	176,463.13	5,013	1,324	95.5	2,273,834	3.0	

- (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) "Period average occupancy rate" is the proportion of leased area to the gross leasable area of the respective property, rounded to one decimal place. 100% is indicated for properties with fixed rent.
- (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.

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## 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

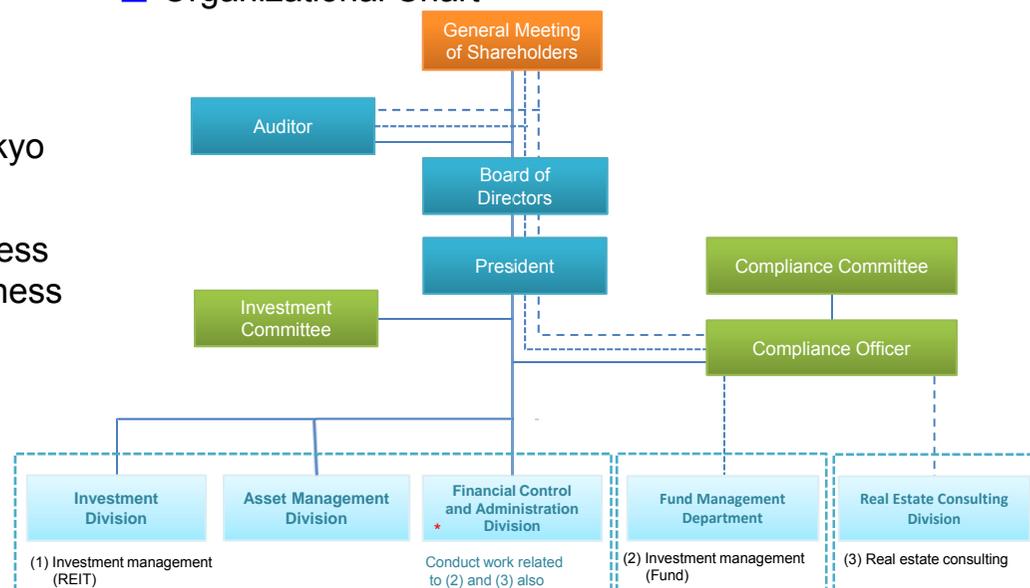
Head office location 3-1-8 Nihonbashi, Chuo-ku, Tokyo

Line of business Investment management business and real estate consulting business

Capital stock 150,000,000 yen

Shareholder Starts Corporation Inc. (100%)

■ Organizational Chart







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