

REIT Financial Report for 17th Fiscal Period

June 13, 2014

REIT Securities Issuer: Starts Proceed Investment Corporation Listing: Tokyo Stock Exchange
 Securities Code: 8979 URL: <http://www.sp-inv.co.jp>
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Scheduled date of submission of securities report: July 29, 2014
 Scheduled date of commencement of distribution payout: July 16, 2014
 Preparation of supplementary explanatory materials on financial results: Yes / No
 Holding of briefing session on financial results: Yes / No
 (for analysts and institutional investors)

[Amounts are rounded down to the nearest million yen]

1. Status of Management and Assets in 17th Fiscal Period

Starts Proceed Investment Corporation's 17th fiscal period is the period from November 1, 2013 to April 30, 2014.

(1) Management Status

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

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
17th	1,926	1.2	816	(3.1)	609	(3.7)	608	(3.7)
16th	1,903	25.3	842	27.5	633	43.9	631	43.8

Fiscal period	Net income per unit	Ratio of net income to equity [Return on equity]	Ratio of ordinary income to total assets [Return on assets]	Ratio of ordinary income to operating revenue
	yen	%	%	%
17th	4,196	2.3	1.2	31.7
16th	4,356	2.8	1.4	33.3

(2) Distributions Status

Fiscal period	Distribution per unit [excluding distribution in excess of earnings]	Total distributions	Distribution in excess of earnings per unit	Total distributions in excess of earnings	Distribution payout ratio	Ratio of distributions to net assets
	yen	million yen	yen	million yen	%	%
17th	4,195	608	0	0	100.0	2.3
16th	4,356	631	0	0	100.0	2.4

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

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
17th	51,942	25,926	49.9	178,834
16th	51,981	25,950	49.9	178,994

(4) Status of Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
17th	978	(298)	(763)	2,377
16th	986	(10,352)	9,966	2,461

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2. Forecast for Management Status in 18th Fiscal Period and 19th Fiscal Period

Starts Proceed Investment Corporation's 18th fiscal period is the period from May 1, 2014 to October 31, 2014.

Starts Proceed Investment Corporation's 19th fiscal period is the period from November 1, 2014 to April 30, 2015.

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

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
18th	1,920	(0.3)	794	(2.6)	583	(4.4)	581	(4.4)
19th	1,936	0.8	790	(0.6)	584	0.2	582	0.2

Fiscal period	Distribution per unit [excluding distribution in excess of earnings]		Distribution in excess of earnings per unit	
			yen	yen
18th			4,010	0
19th			4,020	0

[Reference] Forecast net income per unit 18th fiscal period: 4,010 yen 19th fiscal period: 4,020 yen

3. Other

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

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

(2) Number of Investment Units Issued and Outstanding

(a) Number of investment units (including own investment units) issued and outstanding at end of period

17th fiscal period: 144,977 units 16th fiscal period: 144,977 units
 17th fiscal period: 0 units 16th fiscal period: 0 units

* Presentation of the status of implementation of audit procedures

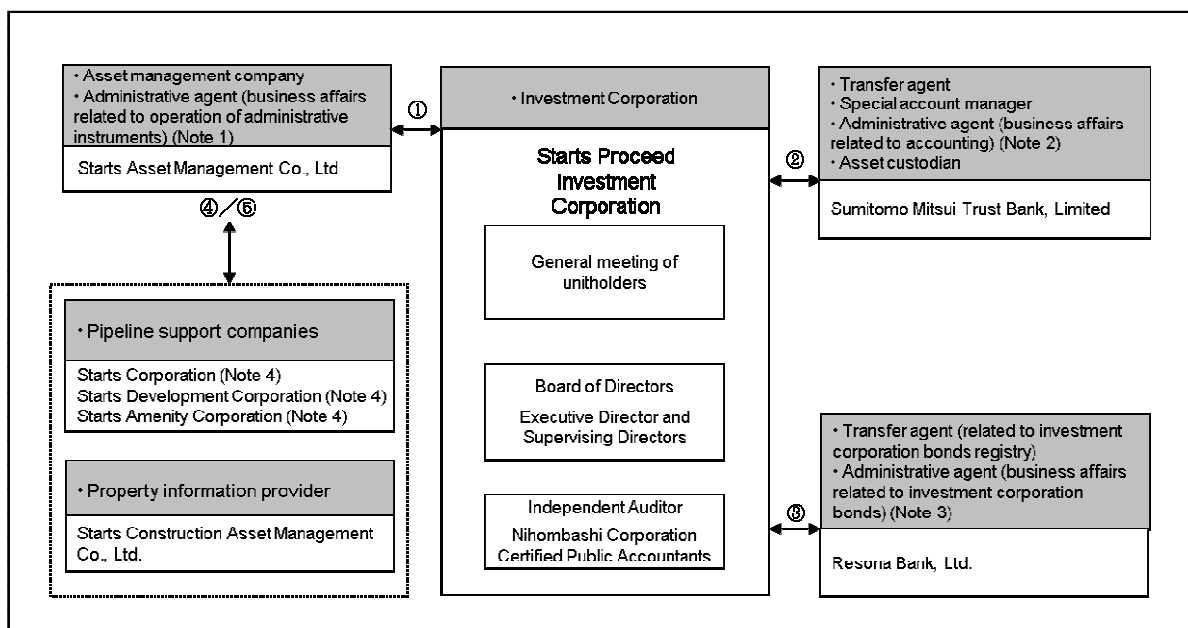
At the time of disclosure of this financial report, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

* Explanation of the appropriate use of the forecast for management status, and other matters of special note

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

For the assumptions underlying the forecast for management status, please refer to "Assumptions Underlying Forecast for Management Status in 18th Fiscal Period (from May 1, 2014 to October 31, 2014) and 19th Fiscal Period (from November 1, 2014 to April 30, 2015)" presented on pages 10-11.

1. Related Parties of Starts Proceed Investment Corporation



Number	Agreements
(1)	Asset management agreement / General administrative agreement (business affairs related to operation of administrative instruments)
(2)	Transfer agent agreement / Special account management agreement / General administrative agreement (business affairs related to accounting) / Asset custodian agreement
(3)	Administrative agreement related to Starts Proceed Investment Corporation No. 1 Unsecured Subordinated Bonds (with Prohibition of Partition)
(4)	Pipeline support agreement
(5)	Property information provision agreement

(Note 1) Business affairs related to operation of administrative instruments refer to matters regarding preparation of minutes of general meetings of unitholders and Board of Directors meetings. The same applies hereinafter.

(Note 2) Business affairs related to accounting refer to matters regarding calculations, preparation of accounting books, etc. and payment of taxes. The same applies hereinafter.

(Note 3) Business affairs related to investment corporation bonds refer to matters regarding issuance of investment corporation bonds, issuance agency services and payment agency services including payment of interests or redemption proceeds to investment corporation bond creditors. The same applies hereinafter.

(Note 4) Starts Corporation, Starts Development Corporation and Starts Amenity Corporation fall under the category of the specified related entities set forth in Article 12-3 of the Cabinet Office Ordinance on Disclosure of Information, etc. of Regulated Securities (Ordinance of the Ministry of Finance No.22 of 1993, including amendments thereto).

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Operational role	Name	Details of responsible operations
Investment corporation	Starts Proceed Investment Corporation	<p>Based on its Articles of Incorporation, Starts Proceed Investment Corporation (“Starts Proceed”) conducts asset management by investing the proceeds paid in by its unitholders mainly in such specific assets as real estate and asset-backed securities that have real estate as their primary investment target.</p>
Asset management company / Administrative agent (business affairs related to operation of administrative instruments)	Starts Asset Management Co., Ltd.	<p>Starts Asset Management Co., Ltd. (the “Asset Management Company”) concluded an asset management agreement with Starts Proceed on May 6, 2005. Based on the agreement and as an asset management company under the Act on Investment Trusts and Investment Corporations (the “Investment Trusts Act”), it conducts services regarding asset management pursuant to the asset management objects and policies set forth in the Articles of Incorporation of Starts Proceed.</p> <p>The Asset Management Company has been consigned with services regarding 1) asset management, 2) fund procurement, 3) reporting to Starts Proceed, and 4) other services related to or incidental to the above 1) through 3) consigned by Starts Proceed as needed.</p> <p>Moreover, the Asset Management Company concluded a general administrative agreement (business affairs related to operation of administrative instruments) with Starts Proceed on July 1, 2008. Based on the agreement and as an administrative agent under the Investment Trusts Act (Articles 117-4 and 117-6; excluding matters related to investment corporation bonds), it conducts services regarding operation of Starts Proceed’s administrative instruments.</p>
Administrative agent (business affairs related to accounting) / Asset custodian / Transfer agent / Special account manager	Sumitomo Mitsui Trust Bank, Limited	<p>Sumitomo Mitsui Trust Bank, Limited concluded a general administrative agreement and asset custodian agreement on May 2, 2005, a transfer agent agreement on January 5, 2009 (totally revised version of the investment unit transaction agreement concluded on May 2, 2005), and a special account management agreement on January 5, 2009, with Starts Proceed respectively.</p> <p>Based on the general administrative agreement and as an administrative agent under the Investment Trusts Act (Articles 117-5 and 117-6; excluding matters related to investment corporation bonds), the bank conducts services regarding 1) calculations, 2)</p>

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Operational role	Name	Details of responsible operations
		<p>preparation of accounting books and 3) payment of taxes.</p> <p>In addition, based on the asset custodian agreement and as an asset custody company under the Investment Trusts Act (Article 208-1), the bank conducts services regarding custody of assets owned by Starts Proceed.</p> <p>Moreover, based on the transfer agent agreement and as an administrative agent under the Investment Trusts Act (Articles 117-2, 117-3 and 117-6; excluding matters related to investment corporation bonds), the bank conducts services regarding 1) preparation, keeping and other administrative work of the unitholder registry, 2) issuance of Starts Proceed's investment units, 3) payment of distributions to the unitholders and 4) receipt of claims for executing unitholders' rights and other notifications from the unitholders. In addition, based on the special account management agreement, it conducts services regarding handling of the special accounts for Starts Proceed.</p>
<p>Administrative agent (business affairs related to investment corporation bonds) / Transfer agent (related to investment corporation bonds registry)</p>	<p>Resona Bank, Ltd.</p>	<p>Resona Bank, Ltd. concluded an administrative agreement with Starts Proceed regarding the Starts Proceed Investment Corporation No. 1 Unsecured Subordinated Bonds (with Prohibition of Partition) on October 20, 2009.</p> <p>As an administrative agent under the Investment Trusts Act (Articles 117-2, 117-3 and 117-6 of the Act; limited to matters regarding investment corporation bonds), the bank conducts 1) preparation, keeping and other administrative work of the investment corporation bonds registry, 2) issuing agent services and 3) payment agent services.</p>
<p>Pipeline support company / Specified related entity (parent company of the Asset Management Company)</p>	<p>Starts Corporation</p>	<p>Starts Corporation concluded a pipeline support agreement with the Asset Management Company on September 28, 2009.</p> <p>The company is the parent company of the Asset Management Company and a previous trust beneficiary of some of the properties owned by Starts Proceed.</p>

Operational role	Name	Details of responsible operations
Pipeline support company / Specified related entity (of the interested parties, etc. of the Asset Management Company, an entity that conducts or conducted transactions stipulated in Article 29-3-3-2 of the Enforcement ordinance of the Financial Instruments and Exchange Act)	Starts Development Corporation	Starts Development Corporation concluded a pipeline support agreement with the Asset Management Company on October 3, 2005. The company is a previous trust beneficiary of some of the properties owned by Starts Proceed.
Pipeline support company / Specified related entity (of the interested parties, etc. of the Asset Management Company, an entity that conducts or conducted transactions stipulated in Article 29-3-3-4 of the Enforcement ordinance of the Financial Instruments and Exchange Act)	Starts Amenity Corporation	Starts Amenity Corporation concluded a pipeline support agreement with the Asset Management Company on April 15, 2013. The company is a lessee of properties owned by Starts Proceed. The company has concluded master lease agreements with Starts Proceed, the trustees of real estate in trust for properties owned by Starts Proceed, and the Asset Management Company.
Property information provider	Starts Construction Asset Management Co., Ltd.	Starts Construction Asset Management Co., Ltd. concluded a property information provision agreement with the Asset Management Company on October 3, 2005.

2. Management Policy and Management Status

A. Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Targets” and “Distribution Policy” set out in the most recent securities report (submitted on January 29, 2014).

B. Management Status

(1) Overview of Fiscal Period under Review

(a) Brief Background of the Investment Corporation

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

Starts Proceed entrusts asset management to Starts Asset Management Co., Ltd. (the “Asset Management Company”) and sets the focus of management on investment in real estate of which the

principal use is use as rental housing (the “rental housing”) or specified assets (the meaning provided in Article 2, Paragraph 1 of the Investment Trust Act; the same hereinafter) backed mainly by rental housing. In investment in rental housing, Starts Proceed adopts the basic policy of particularly setting rental housing for average-income households, the demand for which is believed to be the most stable, as the primary investment target. In addition, Starts Proceed takes measures, such as leveraging the capabilities of the Starts Group, to achieve enhancement of management efficiency, in an aim to secure steady growth and stable revenue of assets under management over the medium to long term.

As at the end of the fiscal period under review (17th fiscal period: from November 1, 2013 to April 30, 2014), the number of investment units issued and outstanding was 144,977 units, total assets was 51,942 million yen and unitholders' capital was 25,318 million yen.

(b) Investment Environment

The Japanese economy showed a gradual recovery trend in the 17th fiscal period, with personal spending and housing investment remaining strong as well as capital investment increasing in accordance with the recovery in corporate performances and the employment environment improving, due to such factors as the rush demand before the consumption tax increase on top of the bolstering effect of the “Abenomics” measures becoming materialized. Under these conditions, the rental housing market in which Starts Proceed invests began to show signs of hitting bottom, as the average occupancy rate increased not only in the Tokyo metropolitan area but also in such major city areas as Osaka, Nagoya and Fukuoka, and the average monthly rent levels tended to stop declining. Moreover, in the real estate transaction market, brisk transactions were observed to take place primarily by J-REITs, given the favorable fund procurement environment, and transaction prices of properties also showed an upward trend.

(c) Management Performance

In the 17th fiscal period, Starts Proceed acquired Group Home Tanoshii Ie Taisho (acquisition price: 158 million yen), the first elderly facility in its portfolio, on February 21, 2014, as an initiative to diversify its assets under management for the future. This expanded the portfolio of Starts Proceed to 89 properties, with total acquisition price reaching 47,994 million yen and gross leasable area standing at 124,700.28 m² at the end of the 17th fiscal period.

In leasing business operations and in close collaboration with the Asset Management Company and the property management company Starts Amenity Co., Ltd., efforts based on the characteristics of the region and individual properties were made to finely-tune leasing activities. Along with working to raise rents and increase receipt of key money and other incidental income and striving to shorten the period taken to restore a property to its original state after a tenant moves out of the property, in an aim to enhance the occupancy rate. These measures proved effective in maintaining the occupancy rate of the entire portfolio at a high level of no less than 96% throughout the period, achieving the average occupancy rate of 96.5% and the period-end occupancy rate of 96.1%.

In terms of cost reductions, Starts Proceed worked to reduce fire insurance premiums by screening the non-life insurance companies for fire insurance, which had previously been bought for each property, to a single firm and extending the term of insurance from 3 years to 5 years. As a result, Starts Proceed expects cost reductions of approximately 5 million yen per fiscal period for over 5 years since the 18th fiscal period ending October 2014.

(d) Status of Fund Procurement

In the 17th fiscal period, Starts Proceed conducted refinance for repayment of the short-term loans totaling 6,200 million yen that became due for repayment on November 25, 2013, by borrowing long-term loans totaling 3,100 million yen (loan period: 2 years and 6 months) and long-term loans totaling 3,100 million yen (loan period: 3 years and 6 months). This enabled Starts Proceed to further diversify and extend its loan periods.

As a result, as of the end of the 17th fiscal period, short-term loans payable was 2,393 million yen, the current portion of long-term loans payable was 5,975 million yen, long-term loans payable was 14,730 million yen and the principal outstanding of subordinated investment corporation bonds was 2,000 million yen for a period-end interest-bearing liabilities balance of 25,098 million yen and LTV ratio of 48.3%.

(e) Overview of Business Performance and Distributions

As a result of the management described above, business performance recorded for the 17th fiscal period was operating revenue of 1,926 million yen, operating income of 816 million yen, ordinary income of 609 million yen and net income of 608 million yen.

Concerning distributions, to ensure that the maximum amount of distributions of earnings would be included in deductible expenses based on application of Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including amendments thereto) (the "Special Taxation Measures Act"), Starts Proceed decided to distribute the entire amount of unappropriated retained earnings, excluding fractions of the distribution per investment unit that are less than 1 yen. Accordingly, Starts Proceed declared a distribution per investment unit of 4,196 yen.

(2) Outlook for Next Fiscal Period

(a) Management Policy and Challenges to Address

a. Investment Environment

The Japanese economy in the 18th fiscal period is expected to continuously show a gradual recovery trend, with exports expanding supported by the U.S. economy that is anticipated to come back into shape and the European economy that is expected to hit bottom, as well as with domestic demand bolstering the economy due to improvement in the employment and income environment, although there are such matters of concern as the downturn of overseas economies primarily in emerging countries and a decrease in demand in reaction to the rush demand before the consumption tax increase.

In the real estate transaction market, an upward trend in the transaction prices of properties is expected to continue, as properties are likely to stay in short supply and the environment for acquiring quality properties will remain tight. As for the rental housing market, it is anticipated that there will continue to be stable demand in the Tokyo metropolitan area and other major city areas that are the primary target areas of Starts Proceed.

b. External Growth Strategy

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

c. Internal Growth Strategy

Following on from the 17th fiscal period, under close collaboration with the property management company Starts Amenity Co., Ltd. and Starts Pitat House Co., Ltd., to which leasing business operations are re-entrusted, efforts will be made to enhance convenience and comfort for residents through the provision of high-quality management services, along with not stopping at uniform management but conducting finely-tuned management suited to the respective area's real estate leasing market trends and individual property characteristics, in order to enhance the revenues and occupancy rates of assets under management and cut costs.

d. Financial Strategy

With sights set on smooth fund procurement upon asset acquisition and reduction of refinancing risks, Starts Proceed will promote ongoing favorable relationships with financing banks, along with enhancing the financing bank formation, extending loan periods and laddering repayment deadlines as needed while considering a shift of some borrowings to fixed-interest loans, in an aim to further strengthen the financial base.

(b) Significant Subsequent Events

There are none applicable.

(c) Outlook for Management Status

Starts Proceed expects the following management status in the 18th fiscal period (from May 1, 2014 to October 31, 2014) and 19th fiscal period (from November 1, 2014 to April 30, 2015). For the assumptions underlying this outlook for management status, please refer to "Assumptions Underlying Forecast for Management Status in 18th Fiscal Period (from May 1, 2014 to October 31, 2014) and

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19th Fiscal Period (from November 1, 2014 to April 30, 2015).”

	18th Fiscal Period	19th Fiscal Period
	From: May 1, 2014 To: Oct. 31, 2014	From: Nov. 1, 2014 To: Oct. 31, 2015
Operating revenue	1,920 million yen	1,936 million yen
Operating income	794 million yen	790 million yen
Ordinary income	583 million yen	584 million yen
Net income	581 million yen	582 million yen
Distribution per unit	4,010 yen	4,020 yen
Distribution in excess of earnings per unit	0 yen	0 yen

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

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Assumptions Underlying Forecast for Management Status in 18th Fiscal Period (from May 1, 2014 to October 31, 2014) and 19th Fiscal Period (from November 1, 2014 to April 30, 2015)

Item	Assumption
Business period	18th fiscal period: from May 1, 2014 to October 31, 2014 (184 days) 19th fiscal period: from November 1, 2014 to April 30, 2015 (181 days)
Assets under management	<ul style="list-style-type: none"> The forecast assumes the 89 properties owned by Starts Proceed as of the date of this report (the "already acquired properties"). The actual number of properties may vary due to changes in assets under management.
Operating revenue	<ul style="list-style-type: none"> Real estate rent revenue includes rent, common area maintenance charges, parking revenue, incidental revenue, etc., and is calculated based on historical data and future forecast.
Operating expenses	<ul style="list-style-type: none"> Expenses related to rent business other than depreciation and amortization are calculated based on historical data and future forecast and by reflecting factors that may cause fluctuations in expenses. Management expenses are expected to be 131 million yen for the 18th fiscal period and 130 million yen for the 19th fiscal period. Repair expenses, which are recognized as expenses in the amount presumed to be necessary in the respective business period, are expected to be 56 million yen for the 18th fiscal period and 62 million yen for the 19th fiscal period. However, repair expenses may differ materially from the forecast amount due to a variety of factors, including repair expenses possibly arising from unforeseen events, the variation in the amount depending on the fiscal year being large and repair expenses not being an amount that arises periodically. Concerning fixed asset tax, city planning tax and depreciable asset tax, etc. on portfolio properties, in principle, of the tax amount assessed and determined, the amount of tax payable during the business period (in the case of fixed asset tax, city planning tax and depreciable asset tax, etc. on properties that have a different number of installment tax payments every period, the amount of the number of annual tax payments corresponding to the business period) is calculated as expenses related to rent business. The amount is expected to be 111 million yen for the 18th fiscal period and 111 million yen for the 19th fiscal period. Furthermore, with regard to Group Home Tanoshii le Taisho that Starts Proceed acquired in February 2014, the settled amount of the fixed asset tax and city planning tax is not recorded in the operating expenses for the 18th fiscal period, as it was included in the acquisition price of the property, but is recorded for the 19th fiscal period and thereafter. Depreciation and amortization, which is calculated using the straight-line method inclusive of incidental expenses at the time of acquisition and future additional capital expenditures, is expected to be 400 million yen for the 18th fiscal period and 402 million yen for the 19th fiscal period. Operating expenses other than expenses related to rent business (asset management fee, asset custody fee, administrative service fees, etc.) are expected to be 252 million yen for the 18th fiscal period and 256 million yen for the 19th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses are expected to be 152 million yen for the 18th fiscal period and 148 million yen for the 19th fiscal period. Borrowing related expenses are expected to be 54 million yen for the 18th fiscal period and 54 million yen for the 19th fiscal period.
Loans and investment corporation bonds	<ul style="list-style-type: none"> Concerning the loans balance as of the date of this report of 23,006 million yen, because contractual repayments are expected, the forecast assumes 22,956 million yen as the balance at the end of the 18th fiscal period and 22,878 million yen as the balance at the end of the 19th fiscal period. Of this, the forecast assumes that the loan due for repayment during the 19th fiscal period (4,499 million yen) will be refinanced in the entire amount. The forecast assumes that the investment corporation bonds balance of 2,000 million yen that will become due for redemption on October 30, 2014 will be fully repaid by using funds procured from issuance of investment corporation bonds or borrowings, etc.

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<p>Number of investment units issued and outstanding</p>	<ul style="list-style-type: none"> • The forecast assumes the number of investment units issued and outstanding as of the date of this report of 144,977 units and assumes there will be no subsequent issuance of investment units through to the end of the 19th fiscal period.
<p>Distribution per unit</p>	<ul style="list-style-type: none"> • Distributions (distribution per unit) are calculated by assuming the policy on cash distributions provided in the Articles of Incorporation of Starts Proceed. • Distribution per unit may vary due to various factors, including fluctuation in leasing revenue accompanying change in assets under management, change in tenants, etc. and repair expenses possibly arising from unforeseen events.
<p>Distribution in excess of earnings per unit</p>	<ul style="list-style-type: none"> • No distributions in excess of earnings (distribution in excess of earnings per unit) are scheduled at present.
<p>Other</p>	<ul style="list-style-type: none"> • For other items, the forecast assumes that there will be no revision of laws and regulations, tax systems, accounting standards, listing regulations, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above. • The forecast assumes that there will be no unforeseen material change in general economic trends and real estate market conditions, etc.

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3. Financial Statements
(1) Balance Sheets

	[Unit: thousand yen]	
	16th Fiscal Period As of Oct. 31, 2013	17th Fiscal Period As of Apr. 30, 2014
Assets		
Current assets		
Cash and deposits	1,165,534	1,101,081
Cash and deposits in trust	1,295,862	1,276,721
Operating accounts receivable	19,047	22,220
Prepaid expenses	99,474	85,835
Deferred tax assets	56	46
Consumption taxes receivable	23,866	-
Other	1,614	2,917
Total current assets	<u>2,605,458</u>	<u>2,488,822</u>
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	26,862,639	27,181,098
Accumulated depreciation	<u>(3,417,807)</u>	<u>(3,770,568)</u>
Buildings in trust, net	<u>23,444,831</u>	<u>23,410,530</u>
Structures in trust	932,236	941,605
Accumulated depreciation	<u>(292,896)</u>	<u>(321,110)</u>
Structures in trust, net	<u>639,340</u>	<u>620,494</u>
Machinery and equipment in trust	5,376	5,376
Accumulated depreciation	<u>(406)</u>	<u>(711)</u>
Machinery and equipment in trust, net	<u>4,970</u>	<u>4,665</u>
Tools, furniture and fixtures in trust	174,901	197,541
Accumulated depreciation	<u>(58,374)</u>	<u>(70,221)</u>
Tools, furniture and fixtures in trust, net	<u>116,527</u>	<u>127,319</u>
Land in trust	<u>24,535,366</u>	<u>24,619,676</u>
Total property, plant and equipment	<u>48,741,035</u>	<u>48,782,685</u>
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	518,534	518,514
Long-term prepaid expenses	77,848	118,694
Other	6,872	7,508
Total investments and other assets	<u>613,255</u>	<u>654,717</u>
Total noncurrent assets	<u>49,354,291</u>	<u>49,437,403</u>
Deferred assets		
Investment corporation bond issuance costs	2,907	1,321
Investment unit issuance costs	<u>18,660</u>	<u>14,928</u>
Total deferred assets	<u>21,568</u>	<u>16,250</u>
Total assets	<u>51,981,318</u>	<u>51,942,476</u>

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	[Unit: thousand yen]	
	16th Fiscal Period	17th Fiscal Period
	As of Oct. 31, 2013	As of Apr. 30, 2014
Liabilities		
Current liabilities		
Short-term loans payable	8,593,000	2,393,000
Current portion of long-term loans payable	1,580,014	5,975,335
Current portion of investment corporation bonds	2,000,000	2,000,000
Operating accounts payable	112,049	218,751
Accounts payable – other	115,933	115,349
Accrued expenses	790	695
Income taxes payable	1,607	1,499
Accrued consumption taxes	-	5,045
Advances received	1,034	883
Other	409	266
Total current liabilities	12,404,840	10,710,826
Noncurrent liabilities		
Long-term loans payable	13,056,832	14,730,504
Tenant leasehold and security deposits in trust	506,145	510,383
Asset retirement obligation	63,413	63,943
Total noncurrent liabilities	13,626,391	15,304,831
Total liabilities	26,031,231	26,015,658
Net assets		
Unitholders' equity		
Unitholders' capital	25,318,449	25,318,449
Surplus		
Unappropriated retained earnings (undisposed loss)	631,638	608,368
Total surplus	631,638	608,368
Total unitholders' equity	25,950,087	25,926,817
Total net assets	25,950,087	25,926,817
Total liabilities and net assets	51,981,318	51,942,476

Starts Proceed Investment Corporation (8979) Financial Report for 17th Fiscal Period

(2) Statements of Income

	[Unit: thousand yen]	
	16th Fiscal Period	17th Fiscal Period
	From: May 1, 2013	From: Nov. 1, 2013
	To: Oct. 31, 2013	To: Apr. 30, 2014
Operating revenue		
Rent revenue – real estate	1,903,473	1,926,553
Total operating revenue	1,903,473	1,926,553
Operating expenses		
Expenses related to rent business	849,606	873,544
Asset management fee	134,542	135,072
Asset custody fee	7,527	7,524
Administrative service fees	20,776	21,498
Directors' compensations	2,400	2,400
Other operating expenses	46,415	70,263
Total operating expenses	1,061,268	1,110,302
Operating income	842,205	816,250
Non-operating income		
Interest income	212	248
Insurance income	3,391	5,883
Reversal of distribution payable	1,641	1,582
Balance of consumption tax payments	3,211	-
Other	-	50
Total non-operating income	8,457	7,765
Non-operating expenses		
Interest expenses	120,848	125,137
Interest expenses on investment corporation bonds	27,072	26,256
Amortization of investment corporation bond issuance costs	1,586	1,586
Amortization of investment unit issuance costs	3,732	3,732
Borrowing related expenses	60,362	56,953
Other	3,907	540
Total non-operating expenses	217,509	214,205
Ordinary income	633,153	609,810
Income before income taxes	633,153	609,810
Income taxes – current	1,650	1,549
Income taxes – deferred	(39)	10
Total income taxes	1,611	1,559
Net income	631,541	608,250
Retained earnings brought forward	96	118
Unappropriated retained earnings (undisposed loss)	631,638	608,368

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(3) Statements of Unitholders' Equity

	[Unit: thousand yen]	
	16th Fiscal Period	17th Fiscal Period
	From: May 1, 2013	From: Nov. 1, 2013
	To: Oct. 31, 2013	To: Apr. 30, 2014
Unitholders' equity		
Unitholders' capital		
Balance at the beginning of current period	18,710,915	25,318,449
Changes of items during the period		
Issuance of new investment units	6,607,534	-
Total changes of items during the period	6,607,534	-
Balance at the end of current period	25,318,449	25,318,449
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of current period	439,130	631,638
Changes of items during the period		
Dividends from surplus	(439,034)	(631,519)
Net income	631,541	608,250
Total changes of items during the period	192,507	(23,269)
Balance at the end of current period	631,638	608,368
Total surplus		
Balance at the beginning of current period	439,130	631,638
Changes of items during the period		
Dividends from surplus	(439,034)	(631,519)
Net income	631,541	608,250
Total changes of items during the period	192,507	(23,269)
Balance at the end of current period	631,638	608,368
Total unitholders' equity		
Balance at the beginning of current period	19,150,045	25,950,087
Changes of items during the period		
Issuance of new investment units	6,607,534	-
Dividends from surplus	(439,034)	(631,519)
Net income	631,541	608,250
Total changes of items during the period	6,800,041	(23,269)
Balance at the end of current period	25,950,087	25,926,817
Total net assets		
Balance at the beginning of current period	19,150,045	25,950,087
Changes of items during the period		
Issuance of new investment units	6,607,534	-
Dividends from surplus	(439,034)	(631,519)
Net income	631,541	608,250
Total changes of items during the period	6,800,041	(23,269)
Balance at the end of current period	25,950,087	25,926,817

(4) Statements of Cash Distributions

Item	Period	16th Fiscal Period	17th Fiscal Period
		From: May 1, 2013 To: Oct. 31, 2013	From: Nov. 1, 2013 To: Apr. 30, 2014
I. Unappropriated retained earnings		631,638,088 yen	608,368,953 yen
II. Amount of distributions [Amount of distribution per investment unit]		631,519,812 yen [4,356 yen]	608,323,492 yen [4,196 yen]
III. Retained earnings carried forward		118,276 yen	45,461 yen
Method of calculation of amount of distributions		Pursuant to the policy on cash distributions provided in Article 35, Paragraph 1 of the Articles of Incorporation of Starts Proceed, the amount of distributions shall be in excess of an amount equivalent to 90% of the "amount of earnings available for distribution" provided in Article 67-15 of the Special Taxation Measures Act, but no more than the amount of earnings. Based on such policy, Starts Proceed decided to pay out distributions of earnings of 631,519,812 yen, which is the largest integral multiple of the number of investment units issued and outstanding (144,977 units) in an amount not in excess of unappropriated retained earnings. Starts Proceed shall not distribute the cash in excess of earnings provided in Article 35, Item 4 of the Articles of Incorporation of Starts Proceed.	Pursuant to the policy on cash distributions provided in Article 35, Paragraph 1 of the Articles of Incorporation of Starts Proceed, the amount of distributions shall be in excess of an amount equivalent to 90% of the "amount of earnings available for distribution" provided in Article 67-15 of the Special Taxation Measures Act, but no more than the amount of earnings. Based on such policy, Starts Proceed decided to pay out distributions of earnings of 608,323,492 yen, which is the largest integral multiple of the number of investment units issued and outstanding (144,977 units) in an amount not in excess of unappropriated retained earnings. Starts Proceed shall not distribute the cash in excess of earnings provided in Article 35, Item 4 of the Articles of Incorporation of Starts Proceed.

Starts Proceed Investment Corporation (8979) Financial Report for 17th Fiscal Period

(5) Statements of Cash Flows

	[Unit: thousand yen]	
	16th Fiscal Period	17th Fiscal Period
	From: May 1, 2013	From: Nov. 1, 2013
	To: Oct. 31, 2013	To: Apr. 30, 2014
Net cash provided by (used in) operating activities		
Income before income taxes	633,153	609,810
Depreciation and amortization	389,300	393,126
Amortization of investment corporation bond issuance costs	1,586	1,586
Amortization of investment unit issuance costs	3,732	3,732
Interest income	(212)	(248)
Interest expenses	147,920	151,393
Decrease (increase) in operating accounts receivable	(2,157)	(3,173)
Decrease (increase) in prepaid expenses	(38,042)	13,639
Decrease (increase) in consumption taxes receivable	(23,866)	23,866
Increase (decrease) in accrued consumption taxes	(2,049)	5,045
Increase (decrease) in operating accounts payable	40,763	(26,145)
Increase (decrease) in accounts payable – other	12,307	221
Decrease (increase) in long-term prepaid expenses	(27,978)	(40,845)
Other, net	229	(1,065)
Subtotal	1,134,686	1,130,943
Interest income received	212	248
Interest expenses paid	(147,730)	(151,489)
Income taxes paid	(974)	(1,658)
Net cash provided by (used in) operating activities	986,194	978,044
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(10,329,418)	(301,928)
Proceeds from tenant leasehold and security deposits in trust	145,020	47,919
Repayments of tenant leasehold and security deposits in trust	(49,716)	(43,680)
Decrease (increase) in other investments	(118,842)	(616)
Net cash provided by (used in) investing activities	(10,352,957)	(298,306)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	2,393,000	-
Decrease in short-term loans payable	-	(6,200,000)
Proceeds from long-term loans payable	8,740,000	6,200,000
Repayment of long-term loans payable	(7,311,840)	(131,007)
Proceeds from issuance of investment units	6,607,534	-
Payment of investment unit issuance costs	(22,392)	-
Dividends paid	(440,041)	(632,325)
Net cash provided by (used in) financing activities	9,966,259	(763,332)
Net increase (decrease) in cash and cash equivalents	599,496	(83,594)
Cash and cash equivalents at beginning of period	1,861,900	2,461,397
Cash and cash equivalents at end of period	2,461,397	2,377,802