

REIT Financial Report for 16th Fiscal Period

December 16, 2013

REIT Securities Issuer: Starts Proceed Investment Corporation Listing: Tokyo Stock Exchange
 Securities Code: 8979 URL: <http://www.sp-inv.co.jp>
 Representative: Kazuya Hiraide, Executive Director
 Asset Management Company: Starts Asset Management Co., Ltd.
 Representative: Kazuya Hiraide, President
 Contact: Shigeru Matsuda,
 General Manager of Financial Control and Administration Division
 TEL: +81-3-6202-0856 (main)

Scheduled date of submission of securities report: January 28, 2014

Scheduled date of commencement of distribution payout: January 21, 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 16th Fiscal Period

Starts Proceed Investment Corporation's 16th fiscal period is the period from May 1, 2013 to October 31, 2013.

(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	%
16th	1,903	25.3	842	27.5	633	43.9	631	43.8
15th	1,519	1.1	660	(2.1)	440	1.7	439	1.7

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	%	%	%
16th	4,356	2.8	1.4	33.3
15th	4,066	2.3	1.1	29.0

(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	%	%
16th	4,356	631	0	0	100.0	2.4
15th	4,066	439	0	0	100.0	2.3

[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
16th	51,981	25,950	49.9	178,994
15th	41,124	19,150	46.6	177,353

(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
16th	986	(10,352)	9,966	2,461
15th	700	(175)	(564)	1,861

2. Forecast for Management Status in 17th Fiscal Period and 18th Fiscal Period

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

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

[% 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	1,927	1.3	820	(2.6)	603	(4.7)	601	(4.7)
18th	1,924	(0.2)	801	(2.3)	583	(3.4)	581	(3.4)

Fiscal period	Distribution per unit [excluding distribution in excess of earnings]		Distribution in excess of earnings per unit	
		yen		yen
17th		4,150		0
18th		4,010		0

[Reference] Forecast net income per unit 17th fiscal period: 4,150 yen 18th fiscal period: 4,010 yen

(Note) The forecast assumes that the consumption tax rate will be raised to 8% starting April 2014. Furthermore, the rise in the consumption tax is forecasted to cause Starts Proceed to bear additional expenses of 2 million yen for the 17th fiscal period and 14 million yen for the 18th fiscal period, respectively.

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

16th fiscal period: 144,977 units 15th fiscal period: 107,977 units

16th fiscal period: 0 units 15th 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 17th Fiscal Period (from November 1, 2013 to April 30, 2014) and 18th Fiscal Period (from May 1, 2014 to October 31, 2014)" presented on pages 6-7.

1. 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 July 29, 2013).

2. 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, Osaka Securities Exchange Co., Ltd. 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 (16th fiscal period: from May 1, 2013 to October 31, 2013), the number of investment units issued and outstanding was 144,977 units, total assets was 51,981 million yen and unitholders’ capital was 25,318 million yen.

(b) Investment Environment

The Japanese economy showed a gradual recovery in the 16th fiscal period, with various political measures of what is called “Abenomics” by the government led by Prime Minister Abe starting to take effect. In the real estate transaction market, property acquisitions were conducted actively by J-REITs and private placement funds, given the favorable fund procurement environment. Under these conditions, rental housing in which Starts Proceed invests showed an upward trend in prices, partly due to the limited pace of supply of quality newly-built and comparatively new properties.

As for the rental housing market in the Tokyo metropolitan area and other major city areas, the occupancy rate and the rent levels remain fairly stable, backed by continuous inflow of population from other areas, among other factors.

(c) Management Performance

Entering the 16th fiscal period, Starts Proceed newly acquired 12 properties including PROCEED SHINOZAKI TOWER (total acquisition price: 9,540 million yen) as of May 1, 2013. This expanded the portfolio of Starts Proceed to 88 properties, with total acquisition price reaching 47,836 million yen and gross leasable area standing at 124,215.04 m² at the end of the 16th fiscal period.

In leasing business operations, in close collaboration with the Asset Management Company and the property management company Starts Amenity Co., Ltd., efforts were made for finely-tuned leasing activities that are based on the characteristics of the region and individual properties, along with 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 and achieving the occupancy rate of 96.3% at end of the fiscal period.

(d) Status of Fund Procurement

In the 16th fiscal period, Starts Proceed issued new investment units totaling 6,607 million yen (paid-in amount) and borrowed long-term loans totaling 3,954 million yen on May 1, 2013 in order to partially fund acquisition of specified assets. Upon borrowing, a bank was newly added to the lenders in an effort to further diversify the line-up of financing banks. In addition, 7,180 million yen in long-term loans payable that became due for repayment on May 24, 2013 was fully refinanced for repayment.

As a result, as of the end of the 16th fiscal period, short-term loans payable was 8,593 million yen, the current portion of long-term loans payable was 1,580 million yen, long-term loans payable was 13,056 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 25,229 million yen and LTV ratio of 48.5%.

(e) Overview of Business Performance and Distributions

As a result of the management described above, the business performance recorded for the 16th fiscal period was operating revenue of 1,903 million yen, operating income of 842 million yen, ordinary income of 633 million yen and net income of 631 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 4,356 yen.

(2) Outlook for Next Fiscal Period

(a) Management Policy and Challenges to Address

a. Investment Environment

In the Japanese economy in the 17th fiscal period, there will be full-fledged rush demand in terms of personal spending and housing investment in the face of the scheduled rise of the consumption tax rate. The corporate sector will also show heightened willingness to invest, both by the manufacturing and non-manufacturing industries, against the backdrop of improved earnings thanks to the yen's depreciation and other factors as well as the recovery in the domestic economy. Accordingly, the economic recovery is expected to continue at a moderate pace.

In the real estate transaction market, 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 16th fiscal period, based on close collaboration with the Asset Management Company and the property management company Starts Amenity Co., Ltd., 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. In addition, there is a re-entrustment of the leasing business operations part of property management business operations from Starts Amenity Co., Ltd. to Starts Pitat House Co.,

Ltd. based on a sublease agency entrustment agreement concluded between them and plans are to continue to keep the same structure. By adopting the said structure, closer ties between property management business operations and leasing business operations will be promoted in an aim to boost the occupancy rate.

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 17th fiscal period (from November 1, 2013 to April 30, 2014) and 18th fiscal period (from May 1, 2014 to October 31, 2014). For the assumptions underlying this outlook for management status, please refer to "Assumptions Underlying Forecast for Management Status in 17th Fiscal Period (from November 1, 2013 to April 30, 2014) and 18th Fiscal Period (from May 1, 2014 to October 31, 2014)."

	17th Fiscal Period From: Nov. 1, 2013 To: Apr. 30, 2014	18th Fiscal Period From: May 1, 2014 To: Oct. 31, 2014
Operating revenue	1,927 million yen	1,924 million yen
Operating income	820 million yen	801 million yen
Ordinary income	603 million yen	583 million yen
Net income	601 million yen	581 million yen
Distribution per unit	4,150 yen	4,010 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.

Starts Proceed Investment Corporation (8979) Financial Report for 16th Fiscal Period

Assumptions Underlying Forecast for Management Status in 17th Fiscal Period (from November 1, 2013 to April 30, 2014) and 18th Fiscal Period (from May 1, 2014 to October 31, 2014)

Item	Assumption
Business period	17th fiscal period: from November 1, 2013 to April 30, 2014 (181 days) 18th fiscal period: from May 1, 2014 to October 31, 2014 (184 days)
Assets under management	<ul style="list-style-type: none"> The forecast assumes the 88 properties owned by Starts Proceed as 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 17th fiscal period and 130 million yen for the 18th 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 63 million yen for the 17th fiscal period and 57 million yen for the 18th 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 91 million yen for the 17th fiscal period and 109 million yen for the 18th fiscal period. Depreciation and amortization, which is calculated using the straight-line method inclusive of incidental expenses at the time of acquisition and future additional capital expenditures, is expected to be 392 million yen for the 17th fiscal period and 394 million yen for the 18th 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 238 million yen for the 17th fiscal period and 249 million yen for the 18th fiscal period. It is assumed that the consumption tax rate will be raised to 8% starting April 2014. Furthermore, the rise in the consumption tax is forecasted to cause Starts Proceed to bear additional expenses of 2 million yen for the 17th fiscal period and 14 million yen for the 18th fiscal period, respectively.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses are expected to be 153 million yen for the 17th fiscal period and 156 million yen for the 18th fiscal period. Borrowing related expenses are expected to be 59 million yen for the 17th fiscal period and 58 million yen for the 18th 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 23,208 million yen, because contractual repayments are expected, the forecast assumes 23,098 million yen as the balance at the end of the 17th fiscal period and 22,967 million yen as the balance at the end of the 18th fiscal period. Of this, the forecast assumes that the loan due for repayment during the 18th fiscal period (3,711 million yen) will be refinanced in the entire amount. The forecast assumes that the investment corporation bonds balance as of the date of this report of 2,000 million yen will remain unchanged through to the redemption date (October 30, 2014).
Number of investment units	<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

Starts Proceed Investment Corporation (8979) Financial Report for 16th Fiscal Period

issued and outstanding	of investment units through to the end of the 18th fiscal period.
Distribution per unit	<ul style="list-style-type: none"> • Distributions (distribution per unit) are calculated by assuming the policy on cash distributions provided in the Articles of Incorporation of Starts Proceed. • Distribution per unit may vary due to various factors, including fluctuation in leasing revenue accompanying change in assets under management, change in tenants, etc. and repair expenses possibly arising from unforeseen events.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> • No distributions in excess of earnings (distribution in excess of earnings per unit) are scheduled at present.
Other	<ul style="list-style-type: none"> • For other items, the forecast assumes that there will be no revision of laws and regulations, tax systems, accounting standards, listing regulations, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above. • The forecast assumes that there will be no unforeseen material change in general economic trends and real estate market conditions, etc.

3. Financial Statements

(1) Balance Sheets

	[Unit: thousand yen]	
	15th Fiscal Period	16th Fiscal Period
	As of Apr. 30, 2013	As of Oct. 31, 2013
Assets		
Current assets		
Cash and deposits	786,274	1,165,534
Cash and deposits in trust	1,075,626	1,295,862
Operating accounts receivable	16,890	19,047
Prepaid expenses	61,432	99,474
Deferred tax assets	17	56
Consumption taxes receivable	-	23,866
Other	874	1,614
Total current assets	1,941,115	2,605,458
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	20,844,411	26,862,639
Accumulated depreciation	(3,067,663)	(3,417,807)
Buildings in trust, net	17,776,748	23,444,831
Structures in trust	809,025	932,236
Accumulated depreciation	(264,880)	(292,896)
Structures in trust, net	544,144	639,340
Machinery and equipment in trust	5,376	5,376
Accumulated depreciation	(101)	(406)
Machinery and equipment in trust, net	5,274	4,970
Tools, furniture and fixtures in trust	147,849	174,901
Accumulated depreciation	(47,538)	(58,374)
Tools, furniture and fixtures in trust, net	100,310	116,527
Land in trust	20,285,963	24,535,366
Total property, plant and equipment	38,712,441	48,741,035
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	400,329	518,534
Long-term prepaid expenses	49,870	77,848
Other	6,235	6,872
Total investments and other assets	466,435	613,255
Total noncurrent assets	39,178,876	49,354,291
Deferred assets		
Investment corporation bond issuance costs	4,494	2,907
Investment unit issuance costs	-	18,660
Total deferred assets	4,494	21,568
Total assets	41,124,486	51,981,318

Starts Proceed Investment Corporation (8979) Financial Report for 16th Fiscal Period

	[Unit: thousand yen]	
	15th Fiscal Period	16th Fiscal Period
	As of Apr. 30, 2013	As of Oct. 31, 2013
Liabilities		
Current liabilities		
Short-term loans payable	6,200,000	8,593,000
Current portion of long-term loans payable	7,368,627	1,580,014
Current portion of investment corporation bonds	-	2,000,000
Operating accounts payable	45,697	112,049
Accounts payable – other	104,633	115,933
Accrued expenses	600	790
Income taxes payable	931	1,607
Accrued consumption taxes	2,049	-
Advances received	881	1,034
Other	117	409
Total current liabilities	13,723,539	12,404,840
Noncurrent liabilities		
Long-term loans payable	5,840,060	13,056,832
Investment corporation bond	2,000,000	-
Tenant leasehold and security deposits in trust	410,840	506,145
Asset retirement obligation	-	63,413
Total noncurrent liabilities	8,250,901	13,626,391
Total liabilities	21,974,440	26,031,231
Net assets		
Unitholders' equity		
Unitholders' capital	18,710,915	25,318,449
Surplus		
Unappropriated retained earnings (undisposed loss)	439,130	631,638
Total surplus	439,130	631,638
Total unitholders' equity	19,150,045	25,950,087
Total net assets	19,150,045	25,950,087
Total liabilities and net assets	41,124,486	51,981,318

Starts Proceed Investment Corporation (8979) Financial Report for 16th Fiscal Period

(2) Statements of Income

	[Unit: thousand yen]	
	15th Fiscal Period	16th Fiscal Period
	From: Nov. 1, 2012	From: May 1, 2013
	To: Apr. 30, 2013	To: Oct. 31, 2013
Operating revenue		
Rent revenue – real estate	1,519,235	1,903,473
Total operating revenue	1,519,235	1,903,473
Operating expenses		
Expenses related to rent business	675,148	849,606
Asset management fee	110,870	134,542
Asset custody fee	7,028	7,527
Administrative service fees	19,992	20,776
Directors' compensations	2,400	2,400
Other operating expenses	43,300	46,415
Total operating expenses	858,741	1,061,268
Operating income	660,493	842,205
Non-operating income		
Interest income	184	212
Insurance income	2,303	3,391
Reversal of distribution payable	2,183	1,641
Balance of consumption tax payments	-	3,211
Total non-operating income	4,671	8,457
Non-operating expenses		
Interest expenses	113,593	120,848
Interest expenses on investment corporation bonds	27,209	27,072
Amortization of investment corporation bond issuance costs	1,586	1,586
Amortization of investment unit issuance costs	-	3,732
Borrowing related expenses	61,105	60,362
Other	21,643	3,907
Total non-operating expenses	225,138	217,509
Ordinary income	440,027	633,153
Income before income taxes	440,027	633,153
Income taxes – current	969	1,650
Income taxes – deferred	(1)	(39)
Total income taxes	967	1,611
Net income	439,059	631,541
Retained earnings brought forward	71	96
Unappropriated retained earnings (undisposed loss)	439,130	631,638

(3) Statements of Unitholders' Equity

	[Unit: thousand yen]	
	15th Fiscal Period	16th Fiscal Period
	From: Nov. 1, 2012 To: Apr. 30, 2013	From: May 1, 2013 To: Oct. 31, 2013
Unitholders' equity		
Unitholders' capital		
Balance at the beginning of current period	18,710,915	18,710,915
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	18,710,915	25,318,449
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of current period	431,763	439,130
Changes of items during the period		
Dividends from surplus	(431,692)	(439,034)
Net income	439,059	631,541
Total changes of items during the period	7,367	192,507
Balance at the end of current period	439,130	631,638
Total surplus		
Balance at the beginning of current period	431,763	439,130
Changes of items during the period		
Dividends from surplus	(431,692)	(439,034)
Net income	439,059	631,541
Total changes of items during the period	7,367	192,507
Balance at the end of current period	439,130	631,638
Total unitholders' equity		
Balance at the beginning of current period	19,142,678	19,150,045
Changes of items during the period		
Issuance of new investment units	-	6,607,534
Dividends from surplus	(431,692)	(439,034)
Net income	439,059	631,541
Total changes of items during the period	7,367	6,800,041
Balance at the end of current period	19,150,045	25,950,087
Total net assets		
Balance at the beginning of current period	19,142,678	19,150,045
Changes of items during the period		
Issuance of new investment units	-	6,607,534
Dividends from surplus	(431,692)	(439,034)
Net income	439,059	631,541
Total changes of items during the period	7,367	6,800,041
Balance at the end of current period	19,150,045	25,950,087

(4) Statements of Cash Distributions

Item	Period	15th Fiscal Period	16th Fiscal Period
		From: Nov. 1, 2012 To: Apr. 30, 2013	From: May 1, 2013 To: Oct. 31, 2013
I. Unappropriated retained earnings		439,130,756 yen	631,638,088 yen
II. Amount of distributions [Amount of distribution per investment unit]		439,034,482 yen [4,066 yen]	631,519,812 yen [4,356 yen]
III. Retained earnings carried forward		96,274 yen	118,276 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 439,034,482 yen, which is the largest integral multiple of the number of investment units issued and outstanding (107,977 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 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.

(5) Statements of Cash Flows

	[Unit: thousand yen]	
	15th Fiscal Period	16th Fiscal Period
	From: Nov. 1, 2012 To: Apr. 30, 2013	From: May 1, 2013 To: Oct. 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes	440,027	633,153
Depreciation and amortization	302,725	389,300
Amortization of investment corporation bond issuance costs	1,586	1,586
Amortization of investment unit issuance costs	-	3,732
Interest income	(184)	(212)
Interest expenses	140,802	147,920
Decrease (increase) in operating accounts receivable	283	(2,157)
Decrease (increase) in prepaid expenses	7,039	(38,042)
Decrease (increase) in consumption taxes receivable	-	(23,866)
Increase (decrease) in accrued consumption taxes	(93)	(2,049)
Increase (decrease) in operating accounts payable	(7,615)	40,763
Increase (decrease) in accounts payable – other	3,749	12,307
Decrease (increase) in long-term prepaid expenses	(2,350)	(27,978)
Other, net	(452)	229
Subtotal	885,515	1,134,686
Interest income received	184	212
Interest expenses paid	(183,811)	(147,730)
Income taxes paid	(933)	(974)
Net cash provided by (used in) operating activities	700,955	986,194
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(176,405)	(10,329,418)
Proceeds from tenant leasehold and security deposits in trust	51,632	145,020
Repayments of tenant leasehold and security deposits in trust	(50,495)	(49,716)
Decrease (increase) in other investments	(636)	(118,842)
Net cash provided by (used in) investing activities	(175,904)	(10,352,957)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	6,200,000	2,393,000
Decrease in short-term loans payable	(6,200,000)	-
Proceeds from long-term loans payable	-	8,740,000
Repayment of long-term loans payable	(131,863)	(7,311,840)
Proceeds from issuance of investment units	-	6,607,534
Payment of investment unit issuance costs	-	(22,392)
Dividends paid	(432,645)	(440,041)
Net cash provided by (used in) financing activities	(564,508)	9,966,259
Net increase (decrease) in cash and cash equivalents	(39,457)	599,496
Cash and cash equivalents at beginning of period	1,901,358	1,861,900
Cash and cash equivalents at end of period	1,861,900	2,461,397