

REIT Financial Report for 20th Fiscal Period

December 15, 2015

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 commencement of distribution payout: January 18, 2016
 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 20th Fiscal Period

Starts Proceed Investment Corporation's 20th fiscal period is the period from May 1, 2015 to October 31, 2015.

(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	%
20th	2,220	(0.9)	914	(3.5)	703	(3.5)	701	(3.5)
19th	2,239	16.9	947	19.5	728	24.5	726	24.4

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
		[Return on equity]	[Return on assets]	
	yen	%	%	%
20th	4,034	2.3	1.1	31.7
19th	4,193	2.6	1.3	32.5

(2) Distributions Status

Fiscal period	Distribution per unit	Total distributions	Distribution in excess of earnings per unit	Total distributions in excess of earnings	Distribution payout ratio	Ratio of distributions to net assets
	[excluding distribution in excess of earnings]	[excluding distributions in excess of earnings]				
	yen	million yen	yen	million yen	%	%
20th	4,035	701	0	0	100.0	2.3
19th	4,182	726	0	0	100.0	2.3

[Note 1] Distribution payout ratio is rounded down to one decimal place.

[Note 2] Distribution payout ratio for the 19th 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 [excluding distributions in excess of earnings] ÷ Net income × 100

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
20th	61,754	30,797	49.9	177,223
19th	61,893	30,822	49.8	177,370

(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
20th	1,282	(121)	(804)	3,295
19th	1,128	(9,964)	9,297	2,938

2. Forecast for Management Status in 21st Fiscal Period and 22nd Fiscal Period

Starts Proceed Investment Corporation's 21st fiscal period is the period from November 1, 2015 to April 30, 2016.

Starts Proceed Investment Corporation's 22nd fiscal period is the period from May 1, 2016 to October 31, 2016.

[% 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	%
21st	2,240	0.9	913	(0.1)	702	(0.1)	700	(0.1)
22nd	2,228	(0.5)	910	(0.3)	702	(0.0)	700	(0.0)

Fiscal period	Distribution per unit [excluding distribution in excess of earnings]		Distribution in excess of earnings per unit	
	yen		yen	
21st	4,030		0	
22nd	4,030		0	

[Reference] Forecast net income per unit

21st fiscal period: 4,030 yen

22nd fiscal period: 4,030 yen

3. Other

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

(a) Changes in accounting policies accompanying amendments to accounting standards, etc.: None

(b) Changes in accounting policies other than in (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(2) Total Number of Investment Units Issued and Outstanding

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

20th fiscal period: 173,777 units 19th fiscal period: 173,777 units

20th fiscal period: 0 units 19th 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 21st Fiscal Period (from November 1, 2015 to April 30, 2016) and 22nd Fiscal Period (from May 1, 2016 to October 31, 2016)" presented on page 8.

1. Related Parties of Starts Proceed Investment Corporation

Disclosure is omitted because there are no significant changes from the “Structure of the Investment Corporation” set out in the most recent securities report (submitted on July 30, 2015).

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 July 30, 2015).

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 (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. Real Estate Investment Trust Securities Market (Securities Code: 8979) on July 27, 2010 and this was accompanied by an application for delisting being filed with the JASDAQ Market on August 10, 2010 and the delisting from the JASDAQ Market taking effect on October 1, 2010.

Starts Proceed entrusts asset management to Starts Asset Management Co., Ltd. (the “Asset Management Company”) and sets the focus of management on investment in real estate of which the principal use is use as rental housing (“rental housing”) and monthly rental apartments, serviced apartments, hotels, residential facilities for the elderly, etc. (collectively referred to together with “rental housing” as “rental housing, etc.”), as well as specified assets (the meaning provided in Article 2, Paragraph 1 of the Investment Trust Act; the same hereinafter) backed mainly by rental housing, etc. In investment in rental housing, etc., Starts Proceed adopts the basic policy of particularly setting rental housing for average-income households, the demand for which Starts Proceed believes to be the most stable, as the primary investment target. In addition, Starts Proceed takes measures, such as leveraging the capabilities of the Starts Group, to achieve enhancement of management efficiency, 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 (20th fiscal period: from May 1, 2015 to October 31, 2015), the total number of investment units issued and outstanding was 173,777 units, total assets was 61,754 million yen and unitholders’ capital was 30,096 million yen.

(b) Investment Environment

In the 20th fiscal period, the Japanese economy was supported to a degree by individual consumption and residential investment, given the improvement of the employment and income environment, and while corporate performance continued to be favorable, capital investment started to show movement toward recovery. Overall there was a gentle recovery trend.

Demand trends in the rental housing market in which Starts Proceed invests are expected to be stable in light of such factors as population inflow from other areas continuing in not only the Tokyo metropolitan area but also in other major metropolitan areas, such as Osaka, Nagoya and Fukuoka, and increase in number of households due to increase in one-person and married-couple-only households. In addition, in the secondary real estate market, the number of transactions and transaction prices were both strong at a high level backed by the favorable fund procurement environment. Though there is demand with deep roots centering on J-REITs, private REITs and domestic SPCs and, in the supply side, there were sales of properties by overseas funds and such, there is no change overall in the situation of scarcity as the supply of new properties is limited. Reflecting such supply-demand balance, the rising of property transaction prices still continues.

(c) Management Performance

In the 20th fiscal period, even though Starts Proceed utilized the information channels that it has

nurtured and deliberated the acquisition of properties with careful selection, there were no properties that would contribute to maintaining and improving investment effects and portfolio quality and so no acquisitions were made. As such, Starts Proceed focused on internal growth during the 20th fiscal period as detailed below.

In close collaboration with the Asset Management Company and the property management company Starts Amenity Co., Ltd., various cost-cutting measures were initiated such as the reduction of maintenance and inspection costs through a review of the elevators' maintenance and inspection company, along with striving to raise rent and increase the receipt of key money and other revenue. In addition, efforts were made to shorten the period taken to restore a property to its original state after a resident moves out of the property, along with carrying out finely-tuned leasing activities that are based on the characteristics of the region and individual properties, in an aim to enhance the occupancy rate. These measures proved effective in maintaining the occupancy rate of the entire portfolio at a stable level of around 96% throughout the period and achieving a period-average occupancy rate of 96.0% and period-end occupancy rate of 96.3%. Starts Proceed's portfolio as of the end of the 20th fiscal period was 96 properties with acquisition prices totaling 57,110 million yen and total leasable floor area of 146,415.29m², without change from the end of the previous fiscal period.

(d) Status of Fund Procurement

In the 20th fiscal period, long-term loans of 3,700 million yen (term: 3 years and 6 months) were taken to be allotted to the repayment of 3,700 million yen (term: 1 year) of short-term loans that were maturing on May 22, 2015. An interest rate swap agreement was concluded for this loan that, in effect, fixed the interest rate and thereby enhanced the stability of the financial base.

As a result, as at the end of the 20th fiscal period, the current portion of long-term loans payable was 9,615 million yen and long-term loans payable was 20,383 million yen for a period-end interest-bearing liabilities balance of 29,998 million yen and LTV ratio of 48.6%.

(e) Overview of Business Performance and Distributions

As a result of the management described above, business performance recorded for the 20th fiscal period was operating revenue of 2,220 million yen, operating income of 914 million yen, ordinary income of 703 million yen and net income of 701 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 4,035 yen.

(2) Outlook for Next Fiscal Period

(a) Management Policy and Challenges to Address

a. Investment Environment

The outlook for the Japanese economy in the 21st fiscal period is that, even though there are worrisome factors such as a tight credit policy in the U.S. and deceleration of the economies of emerging countries including China, the Japanese economy is believed to continue its gentle growth centering on domestic demand factors such as improvement of the employment and income environment and increase of capital investment.

In the secondary real estate market, the environment for acquisition of quality properties is expected to grow more competitive due in part to entry of overseas funds, etc. in addition to the state of shortage on the supply side. It is thus believed that transaction prices will continue to be in a heightened state. In the rental housing market, stable demand is thought to continue to be expected in major metropolitan areas, including the Tokyo metropolitan area that Starts Proceed sets as the primary investment target.

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 20th 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, laddering repayment deadlines and shifting borrowings to fixed-interest loans as needed, in an aim to further strengthen the financial base.

(b) Significant Subsequent Events

Not applicable.

(Reference Information)

Borrowing of Funds (Refinancing) and Conclusion of Interest Rate Swap Agreement

Starts Proceed borrowed Term Loan 2A as follows based on the "Basic Loan Agreement" executed on November 19, 2009 (including subsequent revisions and additions of lenders; please refer to Starts Proceed's press release "Notice Concerning Borrowing of Funds and Repayment of Borrowings" dated November 18, 2009 for details) to allocate to repayment of Term Loan L (long-term loans in the amount of 1,318 million yen borrowed from Aozora Bank, Ltd., Resona Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, ORIX Bank Corporation, Sumitomo Mitsui Trust Bank, Limited, The Chiba Bank, Ltd. and The Musashino Bank, Ltd.) as well as Term Loan O (long-term loans in the amount of 2,393 million yen borrowed from Aozora Bank, Ltd., Resona Bank, Ltd., The Chiba Bank, Ltd., The Musashino Bank, Ltd., The Kagawa Bank, Ltd. and Mizuho Bank, Ltd.) that were due for repayment on November 24, 2015.

	Term Loan 2A (Term: 5 years / Floating interest rate)
Lender	Aozora Bank, Ltd. Resona Bank, Ltd. The Chiba Bank, Ltd. The Musashino Bank, Ltd. Mizuho Bank, Ltd. The Kagawa Bank, Ltd. Sumitomo Mitsui Banking Corporation ORIX Bank Corporation Sumitomo Mitsui Trust Bank, Limited
Loan Amount	3,700 million yen
Drawdown Date	November 24, 2015
Principal Repayment Date	November 24, 2020
Interest Rate (Note)	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.79%
Interest Payment Date	The first interest payment date shall be the last day of November 2015, and for subsequent payments, the last day of every month thereafter (however, in the event that one of these days is not a business day, the business day immediately preceding it) and the principal repayment date.
Principle Repayment Method	Lump-sum repayment on repayment date
Collateral	Unsecured
Guarantee	Unguaranteed

Note: The base interest rate applicable to the calculation period for the interest payable on an interest payment date shall be the JBA 1-month Japanese Yen TIBOR two business days prior to the interest payment date immediately preceding the respective interest payment date (except for the first interest payment, in which case it shall be the drawdown date).

In addition, Starts Proceed concluded an interest rate swap agreement as follows to hedge against risk of interest rate hike concerning the abovementioned loan Term Loan 2A.

【Interest rate swap agreement】

Counterparty: Resona Bank, Ltd.
 Notional Principle Amount: 3,700 million yen
 Interest Rate, etc.: Fixed interest rate payable: 0.990%
 Floating interest rate receivable:
 Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.79% (Note)
 Commencement Date: November 24, 2015
 Termination Date: November 24, 2020
 Payment Date: The first interest payment date shall be the last day of November 2015, and for subsequent payments, the last day of every month thereafter (however, in the event that one of these days is not a business day, the business day immediately preceding it) and the principal repayment date.

Note: In accordance with conclusion of the interest rate swap agreement, the actual interest rate on Term Loan 2A is, in effect, fixed at 0.990%.

(c) Outlook for Management Status

Starts Proceed expects the following management status in the 21st fiscal period (from November 1, 2015 to April 30, 2016) and 22nd fiscal period (from May 1, 2016 to October 31, 2016). For the assumptions underlying this outlook for management status, please refer to "Assumptions Underlying Forecast for Management Status in 21st fiscal period (from November 1, 2015 to April 30, 2016) and 22nd fiscal period (from May 1, 2016 to October 31, 2016)."

	21st Fiscal Period From: Nov. 1, 2015 To: Apr. 30, 2016	22nd Fiscal Period From: May 1, 2016 To: Oct. 31, 2016
Operating revenue	2,240 million yen	2,228 million yen
Operating income	913 million yen	910 million yen
Ordinary income	702 million yen	702 million yen
Net income	700 million yen	700 million yen
Distribution per unit	4,030 yen	4,030 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 21st Fiscal Period (from November 1, 2015 to April 30, 2016) and 22nd Fiscal Period (from May 1, 2016 to October 31, 2016)

Item	Assumption
Business period	21st fiscal period: from November 1, 2015 to April 30, 2016 (182 days) 22nd fiscal period: from May 1, 2016 to October 31, 2016 (184 days)
Assets under management	<ul style="list-style-type: none"> The forecast assumes the 96 properties in the Starts Proceed portfolio as at October 31, 2015 and assumes there will be no acquisition of new properties, sale of existing properties, etc. through to the end of the 22nd fiscal period. The actual assets under management may vary due to changes in assets under management.
Operating revenue	<ul style="list-style-type: none"> Real estate rent revenue includes rent, common area maintenance charges, parking revenue, incidental revenue, etc., and is calculated based on historical data and future forecast.
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 134 million yen for the 21st fiscal period and 134 million yen for the 22nd 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 80 million yen for the 21st fiscal period and 78 million yen for the 22nd 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 129 million yen for the 21st fiscal period and 129 million yen for the 22nd 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 478 million yen for the 21st fiscal period and 479 million yen for the 22nd 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 298 million yen for the 21st fiscal period and 303 million yen for the 22nd fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses are expected to be 151 million yen for the 21st fiscal period and 157 million yen for the 22nd fiscal period. Borrowing related expenses are expected to be 53 million yen for the 21st fiscal period and 48 million yen for the 22nd fiscal period.
Loans	<ul style="list-style-type: none"> Concerning the loans balance as of the date of this report of 29,974 million yen, because contractual repayments are expected, the forecast assumes 29,908 million yen as the balance at the end of the 21st fiscal period and 29,830 million yen as the balance at the end of the 22nd fiscal period. Of this, the forecast assumes that the loan due for repayment during the 22nd fiscal period (5,747 million yen) will be refinanced in the entire amount.
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> The forecast assumes the total number of investment units issued and outstanding as of the date of this report of 173,777 units and assumes there will be no subsequent issuance of investment units through to the end of the 22nd fiscal period.

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<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.

3. Financial Statements

(1) Balance Sheets

	[Unit: thousand yen]	
	19th Fiscal Period	20th Fiscal Period
	As of Apr. 30, 2015	As of Oct. 31, 2015
Assets		
Current assets		
Cash and deposits	1,461,626	1,773,761
Cash and deposits in trust	1,476,425	1,521,969
Operating accounts receivable	26,759	22,044
Prepaid expenses	109,197	95,384
Deferred tax assets	85	80
Consumption taxes receivable	37,165	-
Other	1,594	1,601
Total current assets	3,112,854	3,414,843
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	32,805,819	32,836,018
Accumulated depreciation	(4,553,878)	(4,982,292)
Buildings in trust, net	28,251,941	27,853,725
Structures in trust	1,044,827	1,044,827
Accumulated depreciation	(381,182)	(412,788)
Structures in trust, net	663,645	632,039
Machinery and equipment in trust	5,376	5,376
Accumulated depreciation	(1,320)	(1,625)
Machinery and equipment in trust, net	4,055	3,750
Tools, furniture and fixtures in trust	241,578	253,268
Accumulated depreciation	(97,266)	(111,641)
Tools, furniture and fixtures in trust, net	144,312	141,626
Land in trust	29,040,889	29,040,889
Total property, plant and equipment	58,104,844	57,672,032
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	518,514	530,919
Long-term prepaid expenses	115,180	100,531
Other	8,782	9,418
Total investments and other assets	652,476	650,869
Total noncurrent assets	58,757,321	58,322,901
Deferred assets		
Investment unit issuance costs	23,384	16,468
Total deferred assets	23,384	16,468
Total assets	61,893,560	61,754,213

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	[Unit: thousand yen]	
	19th Fiscal Period	20th Fiscal Period
	As of Apr. 30, 2015	As of Oct. 31, 2015
Liabilities		
Current liabilities		
Short-term loans payable	3,700,000	-
Current portion of long-term loans payable	3,868,553	9,615,553
Operating accounts payable	133,050	91,565
Accounts payable – other	141,212	144,300
Accrued expenses	814	1,669
Income taxes payable	2,050	1,898
Accrued consumption taxes	-	12,970
Advances received	966	998
Other	275	536
Total current liabilities	7,846,923	9,869,491
Noncurrent liabilities		
Long-term loans payable	22,508,951	20,383,174
Tenant leasehold and security deposits in trust	592,375	580,778
Asset retirement obligations	122,453	123,463
Total noncurrent liabilities	23,223,779	21,087,416
Total liabilities	31,070,703	30,956,907
Net assets		
Unitholders' equity		
Unitholders' capital	30,096,023	30,096,023
Surplus		
Unappropriated retained earnings (undisposed loss)	726,833	701,281
Total surplus	726,833	701,281
Total unitholders' equity	30,822,856	30,797,305
Total net assets	30,822,856	30,797,305
Total liabilities and net assets	61,893,560	61,754,213

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(2) Statements of Income

	[Unit: thousand yen]	
	19th Fiscal Period	20th Fiscal Period
	From: Nov. 1, 2014	From: May 1, 2015
	To: Apr. 30, 2015	To: Oct. 31, 2015
Operating revenue		
Rent revenue – real estate	2,239,837	2,220,571
Total operating revenue	2,239,837	2,220,571
Operating expenses		
Expenses related to rent business	1,036,104	1,011,956
Asset management fee	168,742	173,120
Asset custody fee	7,770	7,771
Administrative service fees	23,412	22,347
Directors' compensations	2,400	1,800
Other operating expenses	53,566	89,367
Total operating expenses	1,291,997	1,306,362
Operating income	947,840	914,209
Non-operating income		
Interest income	266	288
Insurance income	3,046	5,170
Reversal of distribution payable	1,195	1,045
Other	-	74
Total non-operating income	4,508	6,578
Non-operating expenses		
Interest expenses	146,612	153,422
Amortization of investment unit issuance costs	6,916	6,916
Borrowing related expenses	69,510	56,763
Other	530	540
Total non-operating expenses	223,569	217,642
Ordinary income	728,778	703,145
Income before income taxes	728,778	703,145
Income taxes – current	2,104	1,956
Income taxes – deferred	(34)	5
Total income taxes	2,069	1,961
Net income	726,708	701,183
Retained earnings brought forward	124	98
Unappropriated retained earnings (undisposed loss)	726,833	701,281

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(3) Statements of Unitholders' Equity

	[Unit: thousand yen]	
	19th Fiscal Period	20th Fiscal Period
	From: Nov. 1, 2014	From: May 1, 2015
	To: Apr. 30, 2015	To: Oct. 31, 2015
Unitholders' equity		
Unitholders' capital		
Balance at the beginning of current period	25,318,449	30,096,023
Changes of items during the period		
Issuance of new investment units	4,777,574	-
Total changes of items during the period	4,777,574	-
Balance at the end of current period	30,096,023	30,096,023
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of current period	584,091	726,833
Changes of items during the period		
Dividends from surplus	(583,967)	(726,735)
Net income	726,708	701,183
Total changes of items during the period	142,741	(25,551)
Balance at the end of current period	726,833	701,281
Total surplus		
Balance at the beginning of current period	584,091	726,833
Changes of items during the period		
Dividends from surplus	(583,967)	(726,735)
Net income	726,708	701,183
Total changes of items during the period	142,741	(25,551)
Balance at the end of current period	726,833	701,281
Total unitholders' equity		
Balance at the beginning of current period	25,902,540	30,822,856
Changes of items during the period		
Issuance of new investment units	4,777,574	-
Dividends from surplus	(583,967)	(726,735)
Net income	726,708	701,183
Total changes of items during the period	4,920,315	(25,551)
Balance at the end of current period	30,822,856	30,797,305
Total net assets		
Balance at the beginning of current period	25,902,540	30,822,856
Changes of items during the period		
Issuance of new investment units	4,777,574	-
Dividends from surplus	(583,967)	(726,735)
Net income	726,708	701,183
Total changes of items during the period	4,920,315	(25,551)
Balance at the end of current period	30,822,856	30,797,305

(4) Statements of Cash Distributions

Item	Period	19th Fiscal Period	20th Fiscal Period
		From: Nov. 1, 2014 To: Apr. 30, 2015	From: May 1, 2015 To: Oct. 31, 2015
I. Unappropriated retained earnings		726,833,470 yen	701,281,775 yen
II. Amount of distributions [Amount of distribution per investment unit]		726,735,414 yen [4,182 yen]	701,190,195 yen [4,035 yen]
III. Retained earnings carried forward		98,056 yen	91,580 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 726,735,414 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (173,777 units) in an amount not in excess of unappropriated retained earnings. Starts Proceed shall not distribute the cash in excess of earnings provided in Article 35, Item 4 of the Articles of Incorporation of Starts Proceed.	Pursuant to the policy on cash distributions provided in Article 35, Paragraph 1 of the Articles of Incorporation of Starts Proceed, the amount of distributions shall be in excess of an amount equivalent to 90% of the "amount of earnings available for distribution" provided in Article 67-15 of the 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 701,190,195 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (173,777 units) in an amount not in excess of unappropriated retained earnings. Starts Proceed shall not distribute the cash in excess of earnings provided in Article 35, Item 4 of the Articles of Incorporation of Starts Proceed.

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(5) Statements of Cash Flows

	[Unit: thousand yen]	
	19th Fiscal Period	20th Fiscal Period
	From: Nov. 1, 2014	From: May 1, 2015
	To: Apr. 30, 2015	To: Oct. 31, 2015
Net cash provided by (used in) operating activities		
Income before income taxes	728,778	703,145
Depreciation and amortization	472,363	474,700
Amortization of investment unit issuance costs	6,916	6,916
Interest income	(266)	(288)
Interest expenses	146,612	153,422
Decrease (increase) in operating accounts receivable	(10,714)	4,714
Decrease (increase) in prepaid expenses	(12,981)	13,812
Decrease (increase) in consumption taxes receivable	(37,165)	37,165
Increase (decrease) in accrued consumption taxes	(7,081)	12,970
Increase (decrease) in operating accounts payable	(1,053)	13,042
Increase (decrease) in accounts payable – other	20,434	2,640
Decrease (increase) in long-term prepaid expenses	(30,038)	14,649
Other, net	548	250
Subtotal	1,276,353	1,437,141
Interest income received	266	288
Interest expenses paid	(146,604)	(152,568)
Income taxes paid	(1,557)	(2,109)
Net cash provided by (used in) operating activities	1,128,457	1,282,752
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(10,045,286)	(96,415)
Proceeds from tenant leasehold and security deposits in trust	135,117	37,105
Repayments of tenant leasehold and security deposits in trust	(54,173)	(48,702)
Decrease (increase) in other investments	(636)	(13,041)
Net cash provided by (used in) investing activities	(9,964,979)	(121,054)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	5,200,000	-
Decrease in short-term loans payable	(7,200,000)	(3,700,000)
Proceeds from long-term loans payable	11,647,000	3,700,000
Repayment of long-term loans payable	(4,526,328)	(78,776)
Proceeds from issuance of investment units	4,777,574	-
Payment of investment unit issuance costs	(19,104)	-
Dividends paid	(581,836)	(725,242)
Net cash provided by (used in) financing activities	9,297,305	(804,019)
Net increase (decrease) in cash and cash equivalents	460,783	357,678
Cash and cash equivalents at beginning of period	2,477,268	2,938,052
Cash and cash equivalents at end of period	2,938,052	3,295,731