

REIT Financial Report for 23rd Fiscal Period

June 14, 2017

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 27, 2017
 Scheduled date of commencement of distribution payout: July 19, 2017
 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 23rd Fiscal Period

Starts Proceed Investment Corporation's 23rd fiscal period is the period from November 1, 2016 to April 30, 2017.

(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	%
23rd	2,980	32.7	1,292	40.8	1,130	54.4	1,129	54.6
22nd	2,245	0.3	918	0.0	732	2.4	730	2.4

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	%		%		%	
23rd	4,559	3.0		1.5		37.9	
22nd	4,203	2.4		1.2		32.6	

(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	%	%
23rd	4,397	1,129	0	0	100.0	2.5
22nd	4,204	730	0	0	100.0	2.4

(Note 1) Distribution payout ratio is rounded down to one decimal place.

(Note 2) Distribution payout ratio for the 23rd fiscal period is calculated using the following formula due to change in the number of investment units during the period from having conducted a capital increase through public offering during the period.

Distribution payout ratio = Total distributions [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
23rd	87,373	43,359	49.6	168,860
22nd	61,667	30,826	50.0	177,391

(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
23rd	1,648	(25,669)	24,296	3,340
22nd	1,245	(973)	(790)	3,066

2. Forecast for Management Status in 24th Fiscal Period and 25th Fiscal Period

Starts Proceed Investment Corporation's 24th fiscal period is the period from May 1, 2017 to October 31, 2017.

Starts Proceed Investment Corporation's 25th fiscal period is the period from November 1, 2017 to April 30, 2018.

[% 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	%
24th	2,965	(0.5)	1,272	(1.6)	1,067	(5.6)	1,065	(5.6)
25th	3,013	1.6	1,274	0.1	1,080	1.2	1,078	1.2

Fiscal period	Distribution per unit [excluding distribution in excess of earnings]		Distribution in excess of earnings per unit	
	yen		yen	
24th	4,150		0	
25th	4,200		0	

[Reference] Forecast net income per unit

24th fiscal period: 4,150 yen

25th fiscal period: 4,200 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
- 23rd fiscal period: 256,777 units 22nd fiscal period: 173,777 units
- (b) Number of own investment units at end of period
- 23rd fiscal period: 0 units 22nd 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 24th Fiscal Period and 25th Fiscal Period" 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 January 27, 2017).

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 27, 2017).

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 (23rd fiscal period: from November 1, 2016 to April 30, 2017), the total number of investment units issued and outstanding was 256,777 units, total assets was 87,373 million yen and unitholders’ capital was 42,230 million yen.

(b) Investment Environment

In the 23rd fiscal period, the Japanese economy maintained a mild recovery trend with some brighter outlooks, such as production activities of companies supported by an increase in exports due to a progressively weaker yen, as well as pickup in individual consumption against the backdrop of improvement in income and employment environment.

As to demand trends in the rental housing market, vacancy rates have risen, though limited to some areas, due to excess of supply caused by the increased supply of wooden and light-gauge steel rental apartments constructed as part of inheritance tax planning. However, the Tokyo metropolitan areas and other major metropolitan areas in which Starts Proceed invests saw a limited supply of prime rental housing, and its supply-demand remained well-balanced, backed also by ongoing population inflow from other areas as well as an increase in the number of households brought about by the increase in one-person and married-couple-only households, etc. Reflecting such environment, the rent level also continues to show improvement, albeit mild, in the Tokyo metropolitan areas and other major metropolitan areas.

In the secondary real estate market, while the appetite of investors is robust due to diversification of market players, strong occupancy status, anticipation for rent rise, etc. amid the ongoing favorable fund procurement environment, competition in property acquisition has intensified with limited supply of new quality properties and transaction prices continue to remain at a high level.

(c) Management Performance

In the 23rd fiscal period, Starts Proceed made investments that would lead to the improvement of portfolio quality. These include new acquisition of 15 properties including (C-69) Proceed Nihonbashi Honcho (total acquisition price: 24,082 million yen) on November 21, 2016; asset replacement through disposition of 26-year-old (G-4) Proceed Motomachi and (G-5) Proceed Motomachi 2 (total disposition price: 365 million yen) and acquisition of relatively new (4 years old) (C-76) Life Support Residence Funaboriekimae (acquisition price: 380 million yen) on March 31, 2017. As a result, Starts Proceed's portfolio as of the end of the 23rd fiscal period was 111 properties with acquisition prices totaling 82,088 million yen and total leasable floor area of 192,156.73m².

Furthermore, in close collaboration with the property management company Starts Amenity Co., Ltd., Starts Proceed made efforts for reduction of periodical maintenance costs of assets acquired during the 23rd fiscal period, while striving to raise rent and increase the receipt of key money and other revenue. In addition, efforts were made to enhance the appeal of properties with restoration work along with carrying out finely tuned leasing activities that are based on the characteristics of the region and individual properties, with an aim to enhance the occupancy rate of the entire portfolio. These measures proved effective in maintaining the occupancy rate of the entire portfolio at a stable level of around 95% throughout the period and resulting in a period-average occupancy rate of 95.4% and period-end occupancy rate of 95.7%.

(d) Status of Fund Procurement

In the 23rd fiscal period, funds were procured in the amount of 12,134 million yen through issuance of new investment units (the primary offering of 83,000 units) and in the amount of 12,960 million yen through new borrowing on November 21, 2016 to allocate to funds for the acquisition of the abovementioned 15 properties. The 12,960 million yen loan was temporarily bridged with short-term loan, and was split into three equal amounts on the repayment date (December 9, 2016) to be refinanced with long-term loans with borrowing terms of 3 years and 6 months, 4 years and 6 months and 5 years respectively. In addition, long-term loan of 3,449 million yen (term: 2 years and 6 months) was taken out to repay part of long-term loan of 3,451 million matured on November 24, 2016.

As a result, as at the end of the 23rd fiscal period, the current portion of long-term loans payable was 8,190 million yen and long-term loans payable was 34,556 million yen for a period-end interest-bearing liabilities balance of 42,746 million yen and LTV ratio of 48.9%.

As of the date of this document, Starts Proceed has acquired the following credit rating.

Credit rating agency	Credit rating
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating A- (Stable)

(e) Overview of Business Performance and Distributions

As a result of the management described above, business performance recorded for the 23rd fiscal period was operating revenue of 2,980 million yen, operating income of 1,292 million yen, ordinary income of 1,130 million yen and net income of 1,129 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 4,379 yen.

(2) Outlook for Next Fiscal Period

(a) Management Policy and Challenges to Address

a. Investment Environment

The outlook of the Japanese economy in the 24th fiscal period is believed to continue basically with trend of mild expansion backed by stronger foreign demand against the backdrop of recovery of the world economy as well as by ongoing strong individual consumption and capital expenditure. However, since there are concerns such as mounting geopolitical risks including the U.S. trade policy and North Korea's movements, close attention needs to be paid to downward risks in foreign demand.

In the secondary real estate market, the harsh environment for acquisition of quality properties is expected to continue, as the shortage on the supply side remains unchanged while strong investment demand is likely to continue against the backdrop of a favorable fund procurement environment. Transaction prices are thus likely to remain at a high level. In the rental housing market, stable demand is believed 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. Through such efforts, 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 addition to acquiring properties developed by the Starts Group, with 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 22nd 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, reducing financing cost, 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)

Starts Proceed borrowed Term Loan 2 I 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 partial repayment of Term Loan I (long-term loan in the amount of 1,090 million yen borrowed from Mizuho Bank, Ltd.) as well as Term Loan R (long-term loans in the amount of 3,100 million yen borrowed from Resona Bank, Ltd., The Chiba Bank, The Musashino Bank, Ltd., Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd., The Higashi-Nippon Bank, Limited, ORIX Bank Corporation and Mizuho Trust & Banking Co., Ltd.) that were due for repayment on May 24, 2017.

The Nishi-Nippon City Bank, Ltd. has newly become a lender this time in addition to existing lenders of Term Loan I and Term Loan R in order to diversify further financing sources.

	Term Loan 2 I
Lender	Mizuho Bank, Ltd. The Chiba Bank, Ltd. The Nishi-Nippon City Bank, Ltd. Sumitomo Mitsui Banking Corporation The Musashino Bank, Ltd. Resona Bank, Ltd Higashi-Nippon Bank, Ltd. Aozora Bank, Ltd. ORIX Bank Corporation Mizuho Trust & Banking, Co., Ltd.
Loan Amount	4,190 million yen
Drawdown date	May 24, 2017
Principal Repayment Date	November 24, 2022
Interest Rate (Note)	Floating rate (Base interest rate (JBA 1-month Japanese Yen TIBOR) +0.67%)
Interest Payment Date	The first interest payment date shall be the last day of May 2017, 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).

(c) Outlook for Management Status

Starts Proceed expects the following management status in the 24th fiscal period (from May 1, 2017 to October 31, 2017) and 25th fiscal period (from November 1, 2017 to April 30, 2018). For the assumptions for management status, please refer to "Assumptions Underlying Forecast for Management Status in 24th fiscal period (from May 1, 2017 to October 31, 2017) and 25th fiscal period (from November 1, 2017 to April 30, 2018)."

	24th Fiscal Period From: May 1, 2017 To: Oct. 31, 2017	25th Fiscal Period From: Nov. 1, 2017 To: Apr. 30, 2018
Operating revenue	2,965 million yen	3,013 million yen
Operating income	1,272 million yen	1,274 million yen
Ordinary income	1,067 million yen	1,080 million yen
Net income	1,065 million yen	1,078 million yen
Distribution per unit	4,150 yen	4,200 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 24th Fiscal Period (from May 1, 2017 to October 31, 2017) and 25th Fiscal Period (from November 1, 2017 to April 30, 2018)

Item	Assumption
Business period	24th fiscal period: from May 1, 2017 to October 31, 2017 (184 days) 25th fiscal period: from November 1, 2017 to April 30, 2018 (181 days)
Assets under management	<ul style="list-style-type: none"> The forecast assumes the 111 properties in the Starts Proceed portfolio as of April 30, 2017 and assumes there will be no acquisition of new properties, sale of existing properties, etc. 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 183 million yen for the 24th fiscal period and 185 million yen for the 25th 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 92 million yen for the 24th fiscal period and 111 million yen for the 25th 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 172 million yen for the 24th fiscal period and 172 million yen for the 25th 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 600 million yen for the 24th fiscal period and 603 million yen for the 25th 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 412 million yen for the 24th fiscal period and 413 million yen for the 25th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses are expected to be 148 million yen for the 24th fiscal period and 144 million yen for the 25th fiscal period. Borrowing related expenses are expected to be 49 million yen for the 24th fiscal period and 45 million yen for the 25th fiscal period. Expenses related to the public offering of investment units are recorded as deferred tax assets and are assumed to be depreciated in three years using the straight-line method. Such expenses are expected to be 7 million yen for the 24th fiscal period and 4 million yen for the 25th fiscal period.
Loans	<ul style="list-style-type: none"> Out of 42,746 million yen of loan balance as of the date of this document, the forecast assumes that the loan due for repayment during the 25th fiscal period (4,000 million yen) will be refinanced in the entire amount and that there will be no change to the loan balance at 42,746 million yen through to the end of the 25th fiscal period.
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 256,777 units and assumes there will be no subsequent issuance of investment units through to the end of the 25th 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.

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3. Financial Statements

(1) Balance Sheets

	[Unit: thousand yen]	
	22nd Fiscal Period	23rd Fiscal Period
	As of Oct. 31, 2016	As of Apr. 30, 2017
Assets		
Current assets		
Cash and deposits	1,566,963	1,463,741
Cash and deposits in trust	1,499,085	1,876,787
Operating accounts receivable	20,782	33,576
Prepaid expenses	85,053	101,130
Deferred tax assets	76	79
Consumption taxes receivable	-	88,180
Other	1,411	1,223
Total current assets	3,173,372	3,564,720
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	33,542,486	42,679,650
Accumulated depreciation	(5,847,599)	(6,327,833)
Buildings in trust, net	27,694,887	36,351,816
Structures in trust	1,047,409	1,192,932
Accumulated depreciation	(476,083)	(510,781)
Structures in trust, net	571,326	682,151
Machinery and equipment in trust	5,376	5,376
Accumulated depreciation	(2,235)	(2,540)
Machinery and equipment in trust, net	3,141	2,836
Tools, furniture and fixtures in trust	273,684	307,343
Accumulated depreciation	(140,991)	(156,663)
Tools, furniture and fixtures in trust, net	132,693	150,680
Land in trust	29,417,454	45,874,027
Total property, plant and equipment	57,819,502	83,061,512
Intangible fixed assets		
Software	5,148	4,554
Total intangible fixed assets	5,148	4,554
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	530,919	530,919
Long-term prepaid expenses	111,348	165,878
Other	10,479	11,115
Total investments and other assets	662,747	717,913
Total noncurrent assets	58,487,397	83,783,979
Deferred assets		
Investment unit issuance costs	6,368	24,400
Total deferred assets	6,368	24,400
Total assets	61,667,138	87,373,100

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	[Unit: thousand yen]	
	22nd Fiscal Period	23rd Fiscal Period
	As of Oct. 31, 2016	As of Apr. 30, 2017
Liabilities		
Current liabilities		
Current portion of long-term loans payable	7,683,174	8,190,277
Operating accounts payable	160,031	223,128
Accounts payable – other	148,526	204,140
Accrued expenses	795	2,543
Income taxes payable	1,889	1,939
Accrued consumption taxes	2,452	-
Advances received	236	1,684
Other	696	183
Total current liabilities	7,997,802	8,623,897
Noncurrent liabilities		
Long-term loans payable	22,147,000	34,556,000
Tenant leasehold and security deposits in trust	570,180	707,096
Asset retirement obligations	125,507	126,543
Total noncurrent liabilities	22,842,688	35,389,639
Total liabilities	30,840,490	44,013,537
Net assets		
Unitholders' equity		
Unitholders' capital	30,096,023	42,230,457
Surplus		
Unappropriated retained earnings (undisposed loss)	730,624	1,129,105
Total surplus	730,624	1,129,105
Total unitholders' equity	30,826,647	43,359,562
Total net assets	30,826,647	43,359,562
Total liabilities and net assets	61,667,138	87,373,100

Starts Proceed Investment Corporation (8979) Financial Report for 23rd Fiscal Period

(2) Statements of Income

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

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(3) Statements of Unitholders' Equity

	[Unit: thousand yen]	
	22nd Fiscal Period	23rd Fiscal Period
	From: May 1, 2016	From: Nov. 1, 2016
	To: Oct. 31, 2016	To: Apr. 30, 2017
Unitholders' equity		
Unitholders' capital		
Balance at the beginning of current period	30,096,023	30,096,023
Changes of items during the period		
Issuance of new investment units	-	12,134,434
Total changes of items during the period	-	12,134,434
Balance at the end of current period	30,096,023	42,230,457
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of current period	713,325	730,624
Changes of items during the period		
Dividends from surplus	(713,180)	(730,558)
Net income	730,479	1,129,039
Total changes of items during the period	17,298	398,481
Balance at the end of current period	730,624	1,129,105
Total surplus		
Balance at the beginning of current period	713,325	730,624
Changes of items during the period		
Dividends from surplus	(713,180)	(730,558)
Net income	730,479	1,129,039
Total changes of items during the period	17,298	398,481
Balance at the end of current period	730,624	1,129,105
Total unitholders' equity		
Balance at the beginning of current period	30,809,348	30,826,647
Changes of items during the period		
Issuance of new investment units	-	12,134,434
Dividends from surplus	(713,180)	(730,558)
Net income	730,479	1,129,039
Total changes of items during the period	17,298	12,532,915
Balance at the end of current period	30,826,647	43,359,562
Total net assets		
Balance at the beginning of current period	30,809,348	30,826,647
Changes of items during the period		
Issuance of new investment units	-	12,134,434
Dividends from surplus	(713,180)	(730,558)
Net income	730,479	1,129,039
Total changes of items during the period	17,298	12,532,915
Balance at the end of current period	30,826,647	43,359,562

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(4) Statements of Cash Distributions

Item	Period	22nd Fiscal Period	23rd Fiscal Period
		From: May 1, 2016 To: Oct. 31, 2016	From: Nov. 1, 2016 To: Apr. 30, 2017
I. Unappropriated retained earnings		730,624,096 yen	1,129,105,402 yen
II. Amount of distributions [Amount of distribution per investment unit]		730,558,508 yen [4,204 yen]	1,129,048,469 yen [4,397 yen]
III. Retained earnings carried forward		65,588 yen	56,933 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 730,558,508 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 1,129,048,469 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (256,777 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]	
	22nd Fiscal Period	23rd Fiscal Period
	From: May 1, 2016	From: Nov. 1, 2016
	To: Oct. 31, 2016	To: Apr. 30, 2017
Net cash provided by (used in) operating activities		
Income before income taxes	732,378	1,130,977
Depreciation and amortization	483,063	577,363
Difference resulting from exchange of real estate properties	-	(17,305)
Amortization of investment unit issuance costs	3,184	7,427
Interest income	(22)	(14)
Interest expenses	146,430	152,743
Decrease (increase) in operating accounts receivable	4,510	(12,793)
Decrease (increase) in prepaid expenses	1,590	(16,077)
Decrease (increase) in consumption taxes receivable	-	(88,180)
Increase (decrease) in accrued consumption taxes	(2,905)	(2,452)
Increase (decrease) in operating accounts payable	27,619	66,001
Increase (decrease) in accounts payable – other	7,179	55,399
Decrease (increase) in long-term prepaid expenses	(7,263)	(54,530)
Other, net	(293)	2,426
Subtotal	1,395,472	1,800,984
Interest income received	22	14
Interest expenses paid	(147,975)	(150,995)
Income taxes paid	(1,954)	(1,891)
Net cash provided by (used in) operating activities	1,245,564	1,648,112
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(971,247)	(25,806,252)
Proceeds from tenant leasehold and security deposits in trust	53,455	192,322
Repayments of tenant leasehold and security deposits in trust	(54,732)	(55,406)
Decrease (increase) in other investments	(636)	(636)
Net cash provided by (used in) investing activities	(973,160)	(25,669,972)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	-	12,960,000
Repayment of short-term loans payable	-	(12,960,000)
Proceeds from long-term loans payable	5,747,000	16,409,000
Repayment of long-term loans payable	(5,825,776)	(3,492,896)
Proceeds from issuance of investment units	-	12,134,434
Payments for investment unit issuance expenses	-	(25,459)
Dividends paid	(711,761)	(728,736)
Net cash provided by (used in) financing activities	(790,538)	24,296,341
Net increase (decrease) in cash and cash equivalents	(518,134)	274,480
Cash and cash equivalents at beginning of period	3,584,183	3,066,048
Cash and cash equivalents at end of period	3,066,048	3,340,529