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For Immediate Release

REIT Issuer

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Asset Management Company

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Notice Concerning Disposition of Trust Beneficiary Interest in Domestic Real Estate

Starts Proceed Investment Corporation (“Starts Proceed”) announces that Starts Asset Management Co., Ltd., to which Starts Proceed entrusts the management of its assets (the “Asset Management Company”), today decided to conduct disposition of trust beneficiary interest in domestic real estate. The details are as follows.

1. Overview of Disposition

Property No.	Property name	Buyer	Planned contract conclusion date	Planned disposition date (Note 1)	Planned disposition price (thousand yen) (Note 2)	Assumed book value (thousand yen) (Note 3)	Amount of difference between planned disposition price and assumed book value (thousand yen)	Gain (loss) on disposition (thousand yen) (Note 4)	Brokerage (Note 5)
C-45	Proceed Oizumigakuen	Domestic operating company	May 31, 2024	June 28, 2024	284,500	282,867	1,633	250	Yes

(Note 1) The planned disposition price will be paid in a lump sum on the planned disposition date.

(Note 2) “Planned disposition price” does not include miscellaneous disposition-related expenses, fixed property taxes, city planning taxes, consumption taxes and local consumption taxes.

(Note 3) “Assumed book value” is the book value assumed as of the planned disposition date.

(Note 4) The gain (loss) on disposition is an estimate.

(Note 5) The broker is a domestic operating company and is not considered an interested party, etc. of the Investment Corporation or the Asset Management Company.

2. Reasons for the Disposition

This disposition will be executed under the asset replacement strategy that the Asset Management Company has been implementing. The asset subject to disposal is 32 years old. The Asset Management Company has decided that disposing of it now is preferable for the medium to long term, considering rising maintenance costs, including expenses for equipment replacement and routine repairs.

3. Details of the Asset Subject to Disposal

C-45: Proceed Oizumigakuen

Overview of specified asset			Overview of leasing (as of April 30, 2024)	
Type of specified asset		Trust beneficiary interest	Total number of tenants	29
Use		Rental housing	Number of leasing units(Total number of leasable units)	29 (29)
Planned disposition price		284,500 thousand yen		
Location (Address)		4-19-6 Higashioizumi, Nerima-ku, Tokyo	Number of leased parking units (Total number of leasable parking units)	0 (0)
PM Company / ML Company		Starts Amenity Corporation	Leased floor area	483.43 m ²
Master lease type		Pass-through	Total leasable floor area	483.43 m ²
Trustee		Sumitomo Mitsui Trust Bank, Limited	Annual rent revenue	19,488 thousand yen
Period of trust agreement		From: November 30, 2007	Security and guarantee deposits, etc.	718 thousand yen
		To: April 30, 2027	Occupancy rate	100.0%
Land	Ownership form	Proprietorship	Overview of appraisal report	
	Site area	330.67 m ²	Appraiser	Asset Research Inc.
	Zoning	(i) Category 1 Residential District (ii) Category 1 Low-rise Exclusive Residential District	Date of appraisal	October 31, 2023
	Building-to-land ratio	67.97% (i) 60% (ii) 50%	Appraisal value	282,000 thousand yen
	Floor-area ratio	179.73% (i) 200% (ii) 100%	Overview of building condition evaluation report	
Building	Ownership form	Proprietorship	Evaluation company	JCIA
	Structure	Reinforced concrete flat-roofed 4-story structure	Date of evaluation	October 2021
	Construction completion date	November 26, 1991	Building replacement value	147,451 thousand yen
	Total floor area	616.52 m ²	Long-term repair costs (12 years)	12,652 thousand yen
	Use	Residential complex	PML (as of April 2023)	10.6%
Collateral				
None				
Special notations / Status of the property (structure and other matters that have significant impact on the price of the investment property)				
1. The building-to-land ratio of the property is 60% for the part in the Category 1 Residential District and 50% for the part in the Category 1 Low-rise Exclusive Residential District. Because the property is located on a corner lot, the building-to-land ratio is raised. The overall building-to-land ratio for the entire property is a weighted average of the ratios for the two parts calculated based on their respective areas.				
2. The floor-area ratio of the property is 200% for the part in the Category 1 Residential District and 100% for the part in the Category 1 Low-rise Exclusive Residential District. The overall floor-area ratio for the entire property is a weighted average of the ratios for the two parts calculated based on their respective areas.				
Remarks				
A 5-minute walk from Oizumigakuen Station on the Seibu Ikebukuro Line				

[Explanation]

- “Type of specified asset” indicates the type as a specified asset, such as trust beneficiary interests, real estate, etc. “Use” is indicated in accordance with the stated categories in “Part I. Fund Information, Item 1. Situation of the Fund, 2. Investment Policies, (1) Investment Policies, 3) Portfolio Construction Policies” set out in the Securities Report.
- “Planned disposition price” indicates the amount (transaction price stated in the trust beneficiary interest transaction agreement, etc.) excluding the various expenses (real estate transaction brokerage fee, etc.) required for the disposition of the asset subject to disposal.
- “PM Company / ML Company” indicates the property management company that has concluded a property management agreement and the master lease company that has concluded a master lease agreement, agreements that are effective as of today for each property. For “Master lease type,” “Pass-through” is indicated for a master lease in which the trustee and the master lease company has agreed that the master lease company pays the same amount as the rent stated in the sublease agreement concluded between the master lease company and the end tenant to the trustee. The master lease type is “Fixed rent” if the trustee and the master lease company has agreed that the master lease company pays a fixed rent that has been agreed on by both parties to the trustee regardless the sublease agreement between the master lease company and the end tenant.
- “Trustee” denotes the trustee at the time of disposition by Starts Proceed. As to “Period of trust agreement,” the starting date is the effective date of the trust agreement that is effective as of today, and the ending date is the termination date of the trust agreement.

5. Concerning the description of “Land” and “Building”
 - “Site area,” “Structure,” “Construction completion date” and “Total floor area” are in accordance with information described in the certificate of entry in real estate registration. For properties that have annex buildings, the annex buildings are not included in “Total floor area.” However, it may be different if the description has been found incorrect as a result of investigation.
 - “Zoning” indicates the type of zoning district classified in accordance with Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968, as amended).
 - “Building-to-land ratio” is the ratio of the building area of the building to the site area as stipulated in Article 53 of the Building Standards Act (Act No. 201 of 1950, as amended; the “Building Standards Act”) and indicates the maximum figures stipulated in the city plan in accordance with the zoning, etc. Pursuant to Article 53, Paragraph 3 or Paragraph 5 of the Building Standards Act, corner lots in a block and fireproof buildings, etc. in fire prevention districts may be subject to mitigation of building-to-land ratio or may not be subject to building-to-land ratio restriction itself. There are cases in which separate restrictions, mitigations, etc. may apply in accordance with the Building Standards Act or other administrative laws and regulations. In such cases, figures after application of such restrictions, mitigations, etc. are indicated.
 - “Floor-area ratio” is the ratio of the total floor area of the building to the site area as stipulated in Article 52 of the Building Standards Act and indicates the maximum figures stipulated in the city plan in accordance with the zoning, etc. Pursuant to Article 52, Paragraph 2 or Paragraph 9 of the Building Standards Act, restrictions due to frontage road width rules or mitigations due to specified road rules may apply in some cases. There are cases in which separate restrictions, mitigations, etc. may apply in accordance with the Building Standards Act or other administrative laws and regulations. In such cases, figures after application of such restrictions, mitigations, etc. are indicated.
 - If more than one zoning exists for one property, pursuant to Article 53, Paragraph 2 or Article 52, Paragraph 7 of the Building Standards Act, “Building-to-land ratio” and “Floor-area ratio” indicate the weighted average figures in accordance with the size of area of each zoning that are on the design drawing / completion drawing, etc. from the time of construction.
6. Concerning the description of “Overview of leasing”
 - For the asset subject to disposal, a master lease agreement with Starts Amenity Corporation as a lessee and a sublessor is concluded among Starts Proceed, the trustee and Starts Amenity Corporation at the time of disposition by Starts Proceed. Thus “Total number of tenants” indicates the number with the master lease company as a tenant as of now.
 - “Number of leased units (Total number of leasable units),” “Leased floor area,” “Total leasable floor area,” “Annual rent revenue” and “Security and guarantee deposits, etc.” are indicated in accordance with the same standards as the description of notes for the table illustrated in “Part I. Fund Information, Item 1. Situation of the Fund, 5. Management Status, (2) Investment Assets, 3) Other Major Investment Assets, (iv) Overview of Leasing Status, a. Overview of Leasing Status” set out in the Securities Report. “Number of leased parking units (Total number of leasable parking units)” is indicated in accordance with the same standards as the description of notes at the beginning of “Part I. Fund Information, Item 1. Situation of the Fund, 5. Management Status, (2) Investment Assets, 3) Other Major Investment Assets, (vi) Individual Overview of Real Estate in Trust for Acquired Assets” set out in the Securities Report.
 - “Occupancy rate” is the ratio of leased floor area to each tenant to the total leasable floor area of a property and is rounded off to the first decimal place.
7. “Overview of appraisal report” describes the content indicated in the appraisal report or valuation report prepared for the asset subject to disposal.
8. Concerning the description of “Overview of building condition evaluation report”
 - Contents described in the building condition evaluation report and the seismic risk evaluation report that were prepared for the asset subject to disposal are provided.
 - “Building replacement value” is the total amount of appropriate costs required assuming to reconstruct the subject building on the date of evaluation.
 - “Long-term repair costs” is the total amount of expected long-term repair costs (12 years) based on the building condition evaluation report.
 - Figures of “PML” are the figures in the report prepared by Tokio Marine dR Co., Ltd. “PML” represents the probable maximum loss that the subject facility or group of facilities may suffer from an earthquake with a 10% probability of exceedance in 50 years (earthquake corresponding to a 475-year return period) by expressing the amount of physical loss corresponding to a 90% non-exceedance probability in the event of such earthquake as a percentage of the building replacement value.
9. “Collateral” describes the existence/non-existence of collateral as on the date of disposition of the asset subject to disposal
10. “Special notations / Status of the property (structure and other matters that have significant impact on the price of the investment property)” describes, in principle, (1) the rights of third parties other than the tenants housed in the asset subject to disposal and restrictions, etc. based on such rights, and (2) restrictions, etc. from administrative laws and regulations related to the asset subject to disposal, as of today. In case a specific description refers to fact situations as on the date of disposition by Starts Proceed, description is made based on future prediction that is as rational as possible as of today.

4. Overview of Appraisal Report of the Asset to be Disposed

Property name	Proceed Oizumigakuen
Appraisal value	282,000 thousand yen
Appraiser	Asset Research Inc.
Date of appraisal	October 31, 2023

(Unit: thousand yen)

Item	Amount	Details
Income approach value	282,000	Estimated by emphasizing income approach value obtained through the DCF method while also relating value based on direct capitalization method
Value based on direct capitalization method	281,000	Assessed by returning net income (NCF) that is stable over the medium to long term by capitalization rat
Operating revenues	18,831	-
Effective gross income	19,772	Assessed gross income that is stable over the medium to long term, considering the present building lease agreement, profitability of the property, etc. and taking into account new rent assumed when the property is newly leased, etc.
Vacancy loss, etc.	941	Assessed the occupancy rate (vacancy rate) that is stable over the medium to long term, taking into account past occupancy results, etc. of the property and similar properties
Operating expenses	4,002	-
Maintenance expense	1,393	Assessed by taking into account the historical data, the level of expenses of similar properties, etc., based on the current BM contract terms
Utility expenses	432	Assessed by taking into account the level of expenses of similar properties, etc., based on the historical data
Repair expenses	174	Assessed by taking into account the estimated repair expenses stated in the engineering report, the historical data and the level of expenses of similar properties
PM fees	537	Assessed by taking into account the level of expenses of similar properties, etc., based on the current PM contract terms
Tenant solicitation expenses, etc.	559	Assessed by taking into account the level of expenses of similar properties, assumed tenant turnover rate (average turnover period), etc., based on the current PM contract terms
Taxes and public dues	810	Employed the most recent actual amount
Non-life insurance fees	82	Employed the most recent actual amount
Other expenses	14	Assessed based on current contract terms, past performance, etc.
Net operating income (NOI)	14,828	-
Gain on management of income from lump-sum payment	14	Assessed assuming management yield at 1.0%
Capital expenditures	1,054	Assessed by taking into account the estimated renewal expenses stated in the engineering report and the assessment value calculated from a stable perspective over the medium to long term based on the use, age, structure, management status of the target building
Net income (NCF)	13,789	-
Capitalization rate	4.9%	Assessed by taking into account the characteristics of the property such as location, specifications, rights, etc., using investment yield relating to transactions of similar properties as reference.
Value of earnings calculated by discounted cash flow (DCF) method	282,000	-
Discount rate	4.6%	Assessed based on capitalization rate taking into account the current economic growth rate, projected market trends as well as risk premiums such as price fall risk due to deterioration of buildings from aging, future market fluctuation risk, etc.
Terminal capitalization rate	5.0%	Assessed based on capitalization rate taking into account the current economic growth rate, projected market trends as well as risk premiums such as price fall risk due to deterioration of buildings from aging, future market fluctuation risk, etc.
Cost method value	228,000	-
Land ratio	73.2%	-
Building ratio	26.8%	-
Other items considered by real estate appraisal agent upon appraisal	Since demand for the property comes mostly from investors emphasizing profitability, appraisal value was determined based on income approach value using cost method value only as reference.	

5. Overview of Buyer

The name and location, etc., of the buyer (a domestic operating company) are not disclosed as consent for disclosure has not been obtained. There is no capital, personal or business relationship to report concerning Starts Proceed and the Asset Management Company with the buyer. The buyer does not fall within the scope of a related party of Starts Proceed and the Asset Management Company.

6. Use of Proceeds from Disposition

The proceeds from disposition will be appropriated to repay Term Loan 3B before maturity. For more details, please refer to Notice Concerning Borrowing of Funds dated March 27, 2024.

7. Future Outlook

The impact of the disposition on the management status described in the Notice Concerning Revision of Management Status and Distribution Forecasts for the Fiscal Period Ending April 2024 (37th Fiscal Period) and the Fiscal Period Ending October 2024 (38th Fiscal Period) dated March 27, 2024, is minor and insignificant, and the management status forecast remains unchanged.

<Attachment>

Reference Material: Portfolio list after the disposition of the asset subject to disposal

* Starts Proceed website: <https://www.sp-inv.co.jp/en/>

Reference Material: Portfolio list after the disposition of the asset subject to disposal

Property No.	Property name	Acquisition price	
		Amount (thousand yen) (Note 1)	Percentage of investments (%) (Note 2)
C-1	Proceed Ichikawa	1,076,000	1.1
C-2	Proceed Toyochō	646,700	0.6
C-3	Proceed Kasai	688,700	0.7
C-4	Proceed Sangenjaya	555,900	0.5
C-5	Proceed Mizue	602,600	0.6
C-6	Proceed Funabashi Miyamoto	419,900	0.4
C-7	Proceed Minamikasai	303,500	0.3
C-9	Proceed Gyotoku	315,600	0.3
C-10	Proceed Makuharihongo	279,300	0.3
C-11	Proceed Minamigyotoku	287,300	0.3
C-12	Proceed Makuharihongo 2	223,400	0.2
C-14	Proceed Funabori	226,100	0.2
C-15	Proceed Takenozuka	169,400	0.2
C-16	Proceed Sengendai 2	86,700	0.1
C-17	Proceed Shoto	937,400	0.9
C-18	Proceed Sangubashi	497,600	0.5
C-19	Proceed Urayasu	431,400	0.4
C-20	Proceed Shinkoiwa	465,200	0.5
C-24	Proceed Toritsudaigaku 2	772,200	0.8
C-25	Proceed Honjoazumabashi	339,800	0.3
C-26	Proceed Meguro Aobadai	466,700	0.5
C-27	Proceed Suginami Miyamae	454,900	0.4
C-28	Proceed Ryogoku	443,900	0.4
C-29	Proceed Mita	1,537,200	1.5
C-31	Proceed Kameido	339,000	0.3
C-32	Proceed Takadanobaba	223,700	0.2
C-33	Proceed Shinkoenji	742,100	0.7
C-36	Proceed Oimachi	944,000	0.9
C-37	Proceed Jujo	533,000	0.5
C-41	Proceed Nishiarai	5,172,000	5.0
C-42	Proceed Chofu	460,500	0.4
C-43	Proceed TX Rokucho	156,800	0.2
C-44	Proceed Nakagawara	1,141,000	1.1
C-46	Proceed Chitosekarasuyama	289,600	0.3
C-47	Proceed Mitaka	477,200	0.5
C-48	Proceed Kashiwa Est	732,000	0.7
C-49	Proceed Kashiwa Nord	689,000	0.7
C-50	Proceed Gyotokuekimae	331,000	0.3
C-51	Proceed Funabashi Honcho	531,700	0.5
C-53	Proceed Gumyoji	552,000	0.5
C-54	Proceed Tsurugamine	356,000	0.3
C-55	Proceed Sagamiotsuka	234,000	0.2
C-58	Proceed Shinozaki Tower	1,564,000	1.5
C-59	Proceed Tobu Nerima	422,000	0.4
C-60	Proceed Yukigaya	323,000	0.3
C-61	Proceed Ichikawa Minami	687,000	0.7

Property No.	Property name	Acquisition price	
		Amount (thousand yen) (Note 1)	Percentage of investments (%) (Note 2)
C-62	Proceed Ichikawa Myoden	498,000	0.5
C-63	Proceed Fujisawa Kugenuma	729,000	0.7
C-64	Proceed Nihonbashi-horidomecho	1,485,800	1.4
C-65	Proceed TX Nagareyama Central Park	979,700	1.0
C-66	Proceed Gyotoku 2	830,000	0.8
C-67	Proceed Nishikasai	875,600	0.9
C-68	Proceed Kasai 2	750,000	0.7
C-69	Proceed Nihonbashi Honcho	2,449,000	2.4
C-70	Proceed Nishi Shinjuku	2,549,000	2.5
C-71	Proceed Unoki	917,000	0.9
C-72	Proceed Minamigyotoku 2	1,080,000	1.1
C-73	Proceed CO-Z East Building	1,830,000	1.8
C-74	Proceed CO-Z West Building	971,000	0.9
C-75	Proceed Shin Yokohama	4,330,000	4.2
C-76	Life Support Residence Funaboriekimae	380,000	0.4
C-78	Proceed K2	1,170,000	1.1
C-79	Proceed K3 Annex	283,000	0.3
C-80	Proceed K5	269,000	0.3
C-81	Proceed Ichikawa Myoden II	800,000	0.8
C-82	The Parkhabio Yokohamayamate	3,047,000	3.0
C-83	Proceed Monzennakacho	1,240,000	1.2
C-84	Proceed Maihama	1,029,000	1.0
C-85	Proceed Nagareyama Otakanomori	1,069,000	1.0
C-86	Proceed Shinkawa	500,000	0.5
C-87	Proceed Kinshicho 2	537,100	0.5
C-88	Proceed Ishikawadai	810,000	0.8
C-89	Alpha Grande Chizakura Tower	2,800,000	2.7
C-90	Proceed Yamashita Koen The Tower	7,900,000	7.7
C-91	Shinozaki Twin Place	1,500,000	1.5
C-92	Proceed Minamisunamachi	735,000	0.7
C-93	Proceed Matsudo	498,000	0.5
C-94	Proceed Shinozaki 2	1,130,000	1.1
C-95	Proceed Shin-Matsudo	952,000	0.9
Tokyo metropolitan area major cites subtotal		76,051,200	74.2
G-8	Proceed Taikodori	403,400	0.4
G-11	Proceed Honamimachi	275,000	0.3
G-13	Proceed Shinsakae	792,500	0.8
G-14	Proceed Chiyoda	309,300	0.3
G-15	Proceed Fukuoka Takamiya	453,600	0.4
G-17	Proceed Kanayama	1,022,000	1.0
G-18	Proceed Fukiage	499,000	0.5
G-19	Proceed Toyota	219,000	0.2
G-21	Proceed Nishitenma	880,000	0.9
G-22	Proceed Kobemotomachi	780,000	0.8
G-23	Group Home Tanoshii Ie Taisho	158,000	0.2
G-24	Proceed Kanayama 2	2,040,400	2.0
G-25	Proceed Aratamabashi	2,129,600	2.1
G-26	Proceed Bentencho	2,170,000	2.1

Property No.	Property name	Acquisition price	
		Amount (thousand yen) (Note 1)	Percentage of investments (%) (Note 2)
G-27	Proceed Nagaikoendori	1,070,000	1.0
G-30	Proceed Hyogoekimaedori	1,670,000	1.6
G-31	Proceed Mizuho	535,000	0.5
G-32	Proceed Osu	831,000	0.8
G-33	Proceed Sendai Kozurushinden	698,000	0.7
G-34	Proceed Sendai Kamisugi	1,560,000	1.5
G-35	Proceed Kanayama 3	770,000	0.8
G-36	Proceed Tsurigane	795,000	0.8
G-37	Proceed Fukaebashi	1,305,000	1.3
G-38	Proceed Nishioji	745,454	0.7
G-39	Proceed Shin-Anjo	780,000	0.8
G-40	Proceed Nisseki-dori	1,130,000	1.1
Cabinet order designated cities subtotal		24,021,254	23.4
R-2	Proceed Mito	383,700	0.4
R-3	Proceed Mito 2	416,900	0.4
R-4	Proceed Tsukuba Gakuentoshi	775,600	0.8
R-5	Proceed Mito 3	824,000	0.8
Regional area major cities subtotal		2,400,200	2.3
Portfolio total		102,472,654	100.0

(Note 1) "Acquisition price" under "Acquisition price" is the transaction price stated in the trust beneficiary interest transaction agreement, etc. (excluding the various expenses, such as real estate transaction brokerage fee, required for the acquisition of the assets acquired).

(Note 2) "Investment share" under "Acquisition price" is the ratio of acquisition price of the assets acquired or the Asset to Be Acquired to the total acquisition price, and is rounded off to the first decimal place.