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For Immediate Release

REIT Issuer

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Asset Management Company

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Notice Concerning Disposition and Acquisition of Trust Beneficiary Interests in Domestic Real Estate through Exchange

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 and acquisition of trust beneficiary interests in domestic real estate (the “Transaction”). The details are as follows.

Since the counterpart of the Transaction is an interested party, etc. as defined in the Act on Investment Trusts and Investment Corporations (Act No.198, 1951, as amended (the “Investment Trusts Act”)), the Asset Management Company, pursuant to the internal rules, has obtained consent from Starts Proceed based on the approval of the Board of Directors of Starts Proceed held today.

## 1. Overview of the Transaction

## (1) Assets to be Disposed through Exchange (the “Assets to be Disposed”)

Property No.	Property name	Location	Type of property	Planned disposition price (thousand yen) (Note 1)	Assumed book value (thousand yen) (Note 2)	Capital gain (thousand yen) (Note 3)
G-4	Proceed Motomachi	Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	233,000	135,787	97,212
G-5	Proceed Motomachi 2	Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	132,000	82,807	49,192
Total				365,000	218,594	146,405

(Note 1) “Planned disposition price” does not include miscellaneous disposition related expenses, fixed property taxes, city planning taxes, consumption taxes and local consumption taxes.

(Note 2) “Assumed book value” is the book value assumed as of the planned delivery date calculated by the Asset Management Company based on the book value as of the end of the fiscal period ended October 2016, capital expenditure until the planned delivery date and the assumed depreciation.

(Note 3) “Capital gain” is the reference value calculated as the difference between the planned disposition price and assumed book value and differs from gain on sales.

## (2) Asset to be Acquired through Exchange (the “Asset to be Acquired”)

Property No.	Property name	Location	Type of property	Planned acquisition price (thousand yen) (Note)
C-76	Life Support Residence Funaboriekimae	Edogawa-ku, Tokyo	Trust beneficiary interests	380,000

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

(3) Overview of Exchange

Counterpart	:	Starts Amenity Corporation
Determination date of exchange	:	March 28, 2017
Planned contract conclusion date	:	March 31, 2017
Planned delivery date	:	March 31, 2017
Difference	:	Starts Proceed is scheduled to pay the difference between the planned disposition price and planned acquisition price with its own funds to the counterparty on the planned delivery date.

(Note) Starts Amenity Corporation is an interested party, etc. of the Asset Management Company defined in the Investment Trusts Act. For details, please refer to “7. Overview of Counterpart” below. The same applies hereinafter.

2. Reason for Transaction and Characteristics of the Asset to be Acquired

(1) Reason for Transaction

Starts Proceed aimed to expand its asset size without disposing its portfolio assets until now, but it recognizes that it is also necessary to dispose old assets and small assets with relatively high expense rates in order to enhance the competitiveness of the portfolio. Starts Proceed considered the disposition opportunity given the profitability of the Assets to be Disposed is forecasted to decrease as they are all 25 years old or older and for which daily repair costs are increasing and rooftop waterproofing work and exterior wall repair work are scheduled for next year, as well as competition with relatively new properties that are supplied in large number in the center of Sapporo City where the property is located. In addition, Starts Proceed considered the acquisition of a facility for the elderly based on the judgement that certain demand is expected for facilities for the elderly, eyeing the approach of an aging society.

The exchange of assets has been decided as an agreement to transact the assets at the same price as the appraisal value for the planned disposition price and at a price lower than the appraisal value for the planned acquisition price that was decided when negotiating the exchange of the Asset to be Acquired, which is a relatively new facility for the elderly owned by Starts Amenity Corporation within the Tokyo metropolitan area, and the Assets to be Disposed with Starts Amenity Corporation who concluded a pipeline support agreement with the Asset Management Company and holds preferential consideration rights for the Assets to be Disposed. With the Transaction, Starts Proceed aims to implement an asset replacement that leads to the enhancement of its portfolio quality by exchanging old assets with relatively new assets that are expected to be managed stably in the future.

(2) Characteristics of the Asset to be Acquired

- 4-minute walk from Funabori Station on the Toei Shinjuku Line with a supermarket, hospital, bank, etc. in the surrounding neighborhood, high traffic convenience and favorable living environment.
- Housing facility for the elderly operated by Starts Care Service Co., Ltd. (Note) that operates businesses for the elderly mainly in the Tokyo metropolitan area with housing businesses for the elderly with home-care services and small-scale multifunctional home-care businesses.
- Year-round exclusive concierge residing on the property that confirms the safety of residents by visiting the living room every day. It provides life support services such as health consultation, emergency response and dealing with customers.
- Relatively large room area ranging from approximately 25m<sup>2</sup> to approximately 42m<sup>2</sup> and all rooms are equipped with necessary amenities such as a bathroom, kitchen and toilet. In addition, the structure takes into consideration the comfortability of the lives of the elderly by adopting a flat design without steps and is installed with an emergency call unit, handrails at various places and a bench at the entrance, etc.
- A small-scale multifunctional home-care annex where residents can visit, call helpers to their room and simultaneously use care services, is also established.

(Note) For details on Starts Care Service Co., Ltd., please refer to “9. Transaction with Interested Parties of the Transaction” below. The same applies hereinafter.

### 3. Impact of the Transaction

#### (1) Assumed book value of the Asset to be Acquired

Reduction entry is scheduled to be made for the land and building of the Asset to be Acquired by applying the provision of Article 50 “Inclusion in Deductible Expenses of the Depreciated Amount of Assets Acquired by Exchange” of the Corporation Tax Act. Accordingly, approximately 128 million yen, the amount equivalent to the advanced depreciation limit, out of capital gains of the Assets to be Disposed is scheduled to be deducted from the acquisition price of the Asset to be Acquired and the book value of the Asset to be Acquired is expected to be approximately 251 million yen before reflecting acquisition expenses, etc.

#### (2) Capital Gain from the Transaction

Starts Proceed expects capital gains of approximately 16 million yen<sup>(Note)</sup> from the Transaction in the fiscal period ending April 2017.

(Note) Capital gain is an estimated amount and is subject to change

### 4. Content of the Asset to be Acquired and Assets to be Disposed

#### (1) Description of Assets to be Disposed

##### G-4: Proceed Motomachi

Overview of specified asset		Overview of leasing	
Type of specified asset	Trust beneficiary interest	Total number of tenants	1
Use	Rental housing	Number of leased unit (Total number of leasable units)	35(35)
Planned disposition price	233,000 thousand yen	Number of leased parking units (Total number of leasable parking units)	9(9)
Location (address)	16-1-33 Kita 22-jo Higashi, Higashi-ku, Sapporo-shi, Hokkaido	Leased floor area	1,120.81m <sup>2</sup>
PM Company/ML Company	Starts Amenity Corporation	Total leasable floor area	1,120.81m <sup>2</sup>
Master lease type	Fixed rent	Monthly rent revenue	1,408 thousand yen
Trustee	Sumitomo Mitsui Trust Bank, Limited.	Security and guarantee deposits, etc.	713 thousand yen
Period of trust agreement	From: March 31, 2003	Occupancy rate	100.0%
	To: November 30, 2025		
Land	Ownership form	Proprietorship	<b>Overview of appraisal report</b>
	Site area	431.42m <sup>2</sup>	Appraiser
	Zoning	Neighborhood commercial district	Chuo Real Estate Appraisal Co., Ltd.
	Building-to-land ratio	80%	Date of appraisal
	Floor-area ratio	300%	October 31, 2016
Building			<b>Overview of building condition evaluation report</b>
	Ownership form	Proprietorship	Evaluation company
	Structure	Reinforced concrete structure with flat roof/ 8F	Tokio Marine & Nichido Risk Consulting Co., Ltd.
	Construction completion date	February 20, 1991	Date of evaluation
	Total floor area	1,468.81m <sup>2</sup>	October 2014
			Building replacement value
			317,300 thousand yen
			Long-term repair costs (12 years)
			11,061 thousand yen
			PML (Date of evaluation :September 2016)
			5.1%
<b>Collateral</b>			
None			
<b>Special notations/ Status of the property (structure and other matters that have significant impact on the price of the investment property)</b>			
None			
<b>Remarks</b>			
3-minute walk from Motomachi Station on the Sapporo Municipal Subway Toho Line.			

## G-5: Proceed Motomachi 2

Overview of specified asset		Overview of leasing	
Type of specified asset	Trust beneficiary interest	Total number of tenants	1
Use	Rental housing	Number of leased unit (Total number of leasable units)	19(19)
Planned disposition price	132,000 thousand yen	Number of leased parking units (Total number of leasable parking units)	6(6)
Location (address)	19-1-17 Kita 20-jo Higashi, Higashi-ku, Sapporo-shi, Hokkaido	Leased floor area	907.29m <sup>2</sup>
PM Company/ML Company	Starts Amenity Corporation	Total leasable floor area	907.29m <sup>2</sup>
Master lease type	Fixed rent	Monthly rent revenue	846 thousand yen
Trustee	Sumitomo Mitsui Trust Bank, Limited.	Security and guarantee deposits, etc.	847 thousand yen
Period of trust agreement	From: March 29, 2002	Occupancy rate	100.0%
	To: November 30, 2025		
Land	Ownership form	Proprietorship	<b>Overview of appraisal report</b>
	Site area	480.20m <sup>2</sup>	Appraiser
	Zoning	①Category II medium-to-high-rise exclusive residential district ②Quasi-residential district	Date of appraisal
	Building-to-land ratio	60%	Appraisal value
	Floor-area ratio	200%	Chuo Real Estate Appraisal Co., Ltd. October 31, 2016 132,000 thousand yen
Building	Ownership form	Proprietorship	<b>Overview of Building condition evaluation report</b>
	Structure	Reinforced concrete structure with flat roof / 5F	Evaluation company
	Construction completion date	December 11, 1990	Date of evaluation
	Total floor area	960.34m <sup>2</sup>	Building replacement value
	Use	Apartment complex	Long-term repair costs (12 years) PML (Date of evaluation: September 2016)
Collateral			
None			
<b>Special notations/ Status of the property</b> <b>(structure and other matters that have significant impact on the price of the investment property)</b>			
None			
<b>Remarks</b>			
15-minute walk from Motomachi Station on the Sapporo Municipal Subway Toho Line.			

(2) Content of the Asset to be Acquired  
 C-76: Life Support Residence Funaboriekimae

Overview of specified asset		Overview of leasing	
Type of specified asset	Trust beneficiary interest	Total number of tenants	1
Use	Housing facility for the elderly (Note 1)	Operator	Starts Care Service Co., Ltd.
Planned acquisition price	380,000 thousand yen	Number of leased unit (Total number of leasable units)	2(2) (Note 3)
Location (address)	4-8-10 Funabori, Edogawa-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	1,408.71m <sup>2</sup>
Master lease type	Pass-through (Note 2)	Total leasable floor area	1,408.71m <sup>2</sup>
Trustee	Starts Trust Co., Ltd.	Monthly rent revenue	1,962 thousand yen
Period of trust agreement	From: March 27, 2012	Security and guarantee deposits, etc.	9,129 thousand yen
	To: March 31, 2047	Occupancy rate	100.0%
Land	Ownership form	Proprietorship	<b>Overview of appraisal report</b>
	Site area	661.15m <sup>2</sup>	Appraiser
	Zoning	Quasi-industrial district	Date of appraisal
	Building-to-land ratio	60%	Appraisal value
	Floor-area ratio	300%	Chuo Real Estate Appraisal Co., Ltd. March 1, 2017 401,000 thousand yen
Building	Ownership form	Proprietorship	<b>Overview of Building condition evaluation report</b>
	Structure	Reinforced concrete structure with flat roof / 5F	Evaluation company
	Construction completion date	January 14, 2013	Date of evaluation
	Total floor area	1,399.89m <sup>2</sup>	Building replacement value
	Use	Apartment complex, welfare facility for the elderly	Long-term repair costs (12 years) PML (Date of evaluation : March 2017)
Tokio Marine & Nichido Risk Consulting Co., Ltd. March 2017 470,700 thousand yen 10,183 thousand yen 6.6%			
<b>Collateral</b>			
None			
<b>Special notations/ Status of the property (structure and other matters that have significant impact on the price of the investment property)</b>			
1. The housing for the elderly with home-care services of the Asset to be Acquired is required to continuously let residents of Edogawa-ku who are 60 or older occupy for three or more years based on the standards of Edogawa-ku related to the delivery of subsidies for the development business of housing for the elderly with home-care services. 2. Boundary confirmation has not been completed for the borderline between the road on the northeast side and the adjacent land (lot numbers 740-1 and 736). Necessary preparations for boundary confirmation are progressing as of today and will be agreed upon with Starts Amenity Corporation, the counterparty, to implement boundary confirmation at its expense.			
<b>Remarks</b>			
(Feature of operator) Starts Care Service Co., Ltd. is a subsidiary of Starts Corporation Inc. listed on the first section of the Tokyo Stock Exchange and is operating 53 facilities for the elderly and 4 nursery facilities (as of March 1, 2017) mainly in the Tokyo metropolitan area. In addition, in regard to the results of transactions with Starts Proceed, it is operating a licensed nursery school by leasing part of Proceed Nishiarai which it acquired. (Overview of contract with operator) Type of contract: Land and building lease contract Contract period: From February 1, 2013 to January 31, 2043 Rent revision: The lessor and lessee can revise the rent every three years after discussion. Contract renewal: The contract will be renewed for another two years unless intent to cancel the contract is indicated by either the lessor or lessee in writing at least 6 months before the expiration of the lease period. The same applies hereinafter. Cancellation: The lessee can cancel the contract by notifying the lessor at least six months before the expiration of the lease period when cancelling the contract during the contract period. However, the lessee can cancel the contract on the delivery date of the Asset to be Acquired to the new lessee even during the six month notice period when a lease contract of the Asset to be Acquired is concluded between the lessor and the new lessee.			

(Cooperative dental institution and affiliated hospital) Kiba Hospital Funaboribashi Clinic (Cooperative dental institution) Nishikasai Dental Clinic
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**Area/property characteristics**

Funabori, where the Asset to be Acquired is located, is in the western part of Edogawa-ku, Tokyo. In front of Funabori Station on the Toei Shinjuku line are Funabori Cinepal, the only movie theater in Edogawa-ku, a free observation deck with a height of 115m, and Tower Hall Funabori, a mixed-use facility with halls, commercial tenants as well as other various facilities, and the area is crowded with people participating in various events held mainly during the weekend. As of January 2017, the population of the aged (65 or older) in Edogawa-ku is approximately 140,000 people which is a 16.82% increase compared with 2012 and 36.73% increase compared with 2007, showing a high rate of increase in comparison with other age groups. Strong needs are expected for the Asset to be Acquired over the medium to long term as it is a facility targeting the elderly.

(Note 1) A housing facility for the elderly operated by Starts Care Service Co., Ltd. with housing businesses for the elderly with home-care services and small-scale multifunctional home-care businesses as the operator.

(Note 2) The master lease type is fixed-rent regardless of the status of occupancy of the end tenant of the Asset to be Acquired as Starts Care Service Co., Ltd. concluded a building lease contract with Starts Amenity Corporation, the master lease company.

(Note 3) Total number of leasable units of the Asset to be Acquired is indicated as two as it is subleasing 28 residences for the elderly with home-care services and a small-scale multifunctional home-care facility in a lump.

**【Explanation】**

1. "Type of specified asset" indicates the type as a specified asset, such as trust beneficiary interests, real estate, etc. "Use" are 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 Securities Report.
2. "Planned disposition price" and "Planned acquisition price" indicate the amount (transaction price described in the trust beneficial interest transaction agreement with condition precedent, etc.) excluding various expenses required (real estate transaction brokerage fee, etc.) for the Assets to be Disposed and Asset to be Acquired (the "Assets to be Exchanged").
3. "PM Company/ML Company" indicates the PM company that has concluded a property management agreement and the ML company which has concluded a master lease agreement, agreements that are effective as of today for each property, or it indicates the PM company that is scheduled to conclude a property management agreement and the ML company which is scheduled to conclude a master lease agreement. For "Type of master lease," "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.
4. "Trustee" indicates a trustee or a planned trustee at the time of the property acquisition by Starts Proceed. As to "Period of trust agreement," the starting date is the effective date of the trust agreement which is effective as of today (for trust agreement which is scheduled to be concluded, the scheduled effective date is indicated), and the ending date is the termination date of trust agreement which is scheduled to be agreed (including agreement for amendments) between the related parties of the trust agreement on the same date as acquisition by Starts Proceed.
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. 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 by the City Planning Act according to 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 not be subject to mitigation of building-to-land ratio or building-to-land ratio restriction itself. There are cases in which separate restrictions or mitigations may be applied in accordance with administrative laws including the Building Standards Act. In such cases, figures after application of such restrictions or mitigations 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 by the City Planning Act according to zoning, etc. Pursuant to Article 52 paragraph 2 or paragraph 9 of the Building Standards Act, restrictions due to road width rules or mitigations due to specified road rules may apply in some cases. There are cases in which separate restrictions or mitigations may be applied in accordance with administrative laws including the Building Standards Act. In such cases, figures after application of such restrictions or mitigations are indicated.
  - In case more than one zoning exist in 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 according to the floor area ratio that are on the design drawing/completion drawing, etc. from the time of construction.
6. Concerning the description of "Overview of leasing"
  - For all Assets to be Exchanged, a master lease agreement with Starts Amenity Corporation as a lessee and a sublessor is concluded or scheduled to be concluded among Starts Proceed, the trustee and Stars Amenity Corporation at the time of the acquisition. Thus "Total number of tenants" indicates the number regarding the master lease company as a tenant as of now or after the acquisition.
  - "Number of leased unit (Total number of leasable units)," "Leased floor area," "Total leasable floor area" and "Security and guarantee deposits, etc." are described based on the same standards for 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. "Security and guarantee deposits, etc." is stated as "Deposits, etc." in the aforementioned table in the Securities Report. "Number of leased parking units (Total number of leasable parking units)" are indicated in accordance with the rule described in the note 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 d. Individual Overview of Real Estate in Trust for Acquired Assets" in Securities Report.
  - "Monthly rent revenue" indicates monthly rent (including common area fees but excluding parking fee, other charges such as trunk room usage, etc. and consumption tax) based on the leasing agreement or the sublease agreement concluded between the present owner or the trustee and the master lease company or the end tenant, and is rounded down to the nearest 1,000 yen.
  - "Occupancy rate" is the ratio of leased floor area to each tenant to the total leasable floor area of each property as of February 28, 2017 and is rounded to the first decimal place.
7. "Overview of appraisal report" describes the content indicated in the appraisal report prepared for the Assets to be Exchanged

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 which were prepared for the Assets to be Exchanged are provided.
  - “Date of evaluation” is the date (year, month and date or year and month) on which the building condition evaluation report was prepared.
  - “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 (12 years)” is the total amount of expected long-term repair costs based on the building condition evaluation report.
  - Figures of “PML” are figures indicated in “Seismic risk investigation portfolio analysis report” prepared by Tokio Marine & Nichido Risk Consulting Co., Ltd. “PML” represents the rate of probable maximum loss to be caused by earthquakes. It means the extent of damage to be caused by one of the biggest earthquakes anticipated to happen within the expected duration of service (the biggest earthquake which happens once every 475 years, with a 10% chance of happening once every 50 years; expected duration of service of a general building is 50 years) represented by the ratio (%) of the estimated cost of restoration from the damage to the replace the damage which is equivalent to 90% non-exceedance probability.
9. “Collateral” describes the existence/non-existence of collateral established on the date of disposition and acquisition of the Assets to be Exchanged (the “Exchange Date”).
10. Concerning the description of Special notations/ Status of the property (structure and other matters that have significant impact on the price of the investment property)
  - In principle, it describes (1) the rights of third parties other than the tenants housed in the assets to be acquired and restrictions, etc. based on such rights, (2) restrictions, etc. from administrative laws related to the Assets to be Exchanged, as of today. In case a specific description refers to fact situations at the time of exchange by Starts Proceed, description is made based on future prediction that is as rational as possible as of present on this date.
  - When the type of a specified asset which Starts Proceed is acquiring is trust beneficiary right, description of “acquired by Starts Proceed” also refers to acquisition by Starts Proceed through trust beneficiary right. In such cases, legal owner or right holder of the real estate which is the trust asset of the trust beneficiary right is the trustee, and Starts Proceed acquires the trust beneficiary right.
11. “Area/property characteristics” is based on the description on the appraisal report, market report, etc. prepared for assets to be acquired.

## 5. Overview of Appraisal Report of the Assets to be Disposed and Asset to be Acquired

## (1) Overview of appraisal report of the Assets to be Disposed

Property name	Proceed Motomachi
Appraisal value	233,000 thousand yen
Appraiser	Chuo Real Estate Appraisal Co., Ltd.
Date of appraisal	October 31, 2016

(unit: thousand yen)

Item	Amount	Details
Income approach value	233,000	Income approach value based on DCF method after cross-validation of income approach values based on DCF method and direct capitalization method.
Value based on direct capitalization method	214,000	Assessed by returning net income (NCF) that is stable over the medium to long term by capitalization rate
Operating revenue	15,051	-
Effective gross income	15,051	Assessed gross income that is stable over the medium- to long-term considering rent based on the current lease agreement conditions, new rent assumed when the property is newly leased, etc.
Vacancy loss, etc.	0	Assessed by taking into account the current lease agreement conditions and setting an occupancy rate (vacancy rate) that is stable over the medium to long term
Operating expenses	2,422	-
Maintenance expenses	0	Assessed based on the current lease agreement conditions and past results of the property.
Utility expenses	0	Assessed based on the current lease agreement conditions and past results of the property.
Repair expenses	716	Assessed based on the engineering report and past results of the property.
PM fees	0	Assessed based on the current lease agreement conditions and past results of the property.
Tenant solicitation expenses, etc.	0	Assessed based on the current lease agreement conditions and past results of the property.
Taxes and public dues	1,629	Assessed based on the recent results.
Non-life insurance fees	77	Recorded actual amount based on non-life insurance policy, etc.
Other expenses	0	Assessed based on the past results.
Net operating income (NOI)	12,629	-
Gain on management of income from lump-sum payment	12	Assessed assuming management yield at 1.0%.
Capital expenditures	471	Recorded the average of accumulated total over the past 12 years of facility renewal expenses stated in the engineering reports.
Net income (NCF)	12,170	-
Capitalization rate	5.7%	Assessed based on the basis yield comprehensively taking into account transaction yield of similar properties within the same supply and demand zone, risks from individuality/regional factors of the property.
Value of earnings calculated by discounted cash flow (DCF) method	233,000	-
Discount rate	5.5%	Assessed based on capitalization rate reflecting current economic growth rate, market trends outlook, etc.
Terminal capitalization rate	5.9%	Assessed based on capitalization rate taking into account risk premiums such as price fall risk due to deterioration from aging, market fluctuation risk, etc.
Cost method value	167,000	-
Land ratio	26.9%	-
Building ratio	73.1%	-

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.
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Property name	Proceed Motomachi 2
Appraisal value	132,000 thousand yen
Appraiser	Chuo Real Estate Appraisal Co., Ltd.
Date of appraisal	October 31, 2016

(unit:: thousand yen)

Item	Amount	Details
Income approach value	132,000	Income approach value based on DCF method after cross-validation of income approach values based on DCF method and direct capitalization method.
Value based on direct capitalization method	130,000	Assessed by returning net income (NCF) that is stable over the medium to long term by capitalization rate
Operating revenue	9,537	-
Effective gross income	9,537	Assessed gross income that is stable over the medium to long term considering rent based on the current lease agreement, new rent assumed when the property is newly leased, etc.
Vacancy loss, etc.	0	Assessed by taking into account the current lease agreement conditions and setting an occupancy rate (vacancy rate) that is stable over the medium to long term.
Operating expenses	1,426	-
Maintenance expenses	0	Assessed based on the current lease agreement conditions and past results of the property.
Utility expenses	0	Assessed based on the current lease agreement conditions and past results of the property.
Repair expenses	339	Assessed based on the engineering report and past results of the property.
PM fees	0	Assessed based on the current lease agreement conditions and past results of the property.
Tenant solicitation expenses, etc.	0	Assessed based on the current lease agreement conditions and past results of the property.
Taxes and public dues	1,044	Assessed based on the recent results.
Non-life insurance fees	43	Recorded actual amount based on non-life insurance policy, etc.
Other expenses	0	Assessed based on the past results.
Net operating income (NOI)	8,111	-
Gain on management of income from lump-sum payment	8	Assessed assuming management yield at 1.0%.
Capital expenditures	454	Recorded the average of accumulated total over the past 12 years of facility renewal expenses stated in the engineering reports.
Net income (NCF)	7,665	-
Capitalization rate	5.9%	Assessed based on the basis yield comprehensively taking into account transaction yield of similar properties within the same supply and demand zone, risks from individuality/regional factors of the property.
Value of earnings calculated by discounted cash flow (DCF) method	132,000	-
Discount rate	5.7%	Assessed based on capitalization rate reflecting current economic growth rate, market trends outlook, etc.
Terminal capitalization rate	6.1%	Assessed based on capitalization rate taking into account risk premiums such as price fall risk due to deterioration from aging, market fluctuation risk, etc.
Cost method value	121,000	-
Land ratio	34.7%	-
Building ratio	65.3%	-

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.
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## (2) Overview of appraisal report of the Asset to be Acquired

Property name	Life Support Residence Funaboriekimae
Appraisal value	401,000 thousand yen
Appraiser	Chuo Real Estate Appraisal Co., Ltd.
Date of appraisal	March 1, 2017

(unit:: thousand yen)

Item	Amount	Details
Income approach value	401,000	Income approach value based on DCF method after cross-validation of income approach values based on DCF method and direct capitalization method.
Value based on direct capitalization method	404,000	Assessed by returning net income (NCF) that is stable over the medium- to long-term by capitalization rate
Operating revenue	23,549	-
Effective gross income	23,549	Assessed gross income that is stable over the medium to long term considering the building lease agreement, profitability, etc. of the property, and new rent assumed when the property is newly leased, etc.
Vacancy loss, etc.	0	Assessed by taking into account the building lease agreement and setting an occupancy rate (vacancy rate) that is stable over the medium to long term
Operating expenses	4,000	-
Maintenance expenses	0	Assessed based on business entrustment agreement
Utility expenses	0	Assessed based on building lease agreement
Repair expenses	222	Assessed based on the engineering report and past results of the property.
PM fees	235	Assessed based on business entrustment agreement
Tenant solicitation expenses, etc.	0	Assessed based on building lease agreement
Taxes and public dues	3,344	Assessed based on the recent results, etc.
Non-life insurance fees	199	Recorded actual amount based on non-life insurance policy, etc.
Other expenses	0	Assessed based on the past results.
Net operating income (NOI)	19,549	-
Gain on management of income from lump-sum payment	79	Assessed assuming management yield at 1.0%.
Capital expenditures	627	Recorded the average of accumulated total over the past 12 years of facility renewal expenses stated in the engineering reports.
Net income (NCF)	19,001	-
Capitalization rate	4.7%	Assessed based on the basis yield comprehensively taking into account transaction yield of similar properties within the same supply and demand zone, risks from individuality/regional factors of the property.
Value of earnings calculated by discounted cash flow (DCF) method	401,000	-
Discount rate	4.6%	Assessed based on capitalization rate reflecting current economic growth rate, market trends outlook, etc.
Terminal capitalization rate	4.9%	Assessed based on capitalization rate taking into account risk premiums such as price fall risk due to deterioration from aging, market fluctuation risk, etc.
Cost method value	553,000	-
Land ratio	34.4%	-
Building ratio	65.6%	-

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.
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#### 6. Overview of Building Designer and Constructor of Asset to be Acquired

Concerning the real estate in trust for assets acquired or the asset to be acquired, Starts Corporation has examined and confirmed the building designers, constructors and building inspectors. The building designers, constructors and building inspectors for the real estate in trust for the asset to be acquired and which Starts Proceed has confirmed are as follows.

Property No	Property name	Building designer	Constructor	Building inspector
C-76	Life Support Residence Funaboriekimae	STARTS Construction and Asset Management Co., Ltd.	STARTS Construction and Asset Management Co., Ltd.	Bureau Veritas Japan Co., Ltd.

#### 7. Overview of Counterparty (as of March 28, 2017)

Name	Starts Amenity Corporation
Location	8-4-3 Ichinoe, Edogawa-ku, Tokyo
Representative	Tarouo Saito, Representative
Main business activities	Real estate management and operations, construction, interior finishing and other businesses
Capital	350 million yen
Established	April 1, 1985
Net Assets	21,126 million yen (as of March 31, 2016)
Total Assets	39,205 million yen (as of March 31, 2016)
Major shareholder and shareholding ratio	Starts Corporation Inc. (100%)
Relationship with Starts Proceed and the Asset Management Company	The Counterparty is a subsidiary whose shares issued and outstanding are wholly owned by Starts Corporation, the parent company of the Asset Management Company. Accordingly, the Counterparty falls within the scope of an interested party, etc. as defined in the Investment Trusts Act. There is no personal relationship to report concerning Starts Proceed and the Asset Management Company with the Counterparty. The Counterparty is leasing all the assets acquired in a lump based on the master lease agreement. The Counterparty has concluded a pipeline support agreement with the Asset Management Company and has been providing the Asset Management Company with property information, warehousing functions and such. The Counterparty does not fall within the definition of a related party of Starts Proceed. The Counterparty is a fellow subsidiary company of the Asset Management Company under the same parent company and falls within the scope of related parties of the Asset Management Company as described above.

#### 8. Overview of Brokerage

None

#### 9. Transaction with Interested Parties of the Transaction

Starts Amenity Corporation, the counterparty of the Transaction and to which master lease and property management after the acquisition of the Asset to be Acquired are planned to be entrusted, Starts Pitat House Co., Ltd., to which leasing business of the property management is subcontracted, Starts Care Service Co., Ltd., that operates housing facilities for the elderly by leasing the Asset to be Acquired, and Starts Trust Co., Ltd., to which trust services of the Asset to be Acquired are planned to be entrusted, fall within the scope of an interested party, etc. as defined in the Investment Trusts Act.

Accordingly, all transactions have been determined after following appropriate procedures based on the internal rules of the Asset Management Company and pursuant to standards stipulated by laws and regulations.

#### Overview of Lessee (Operator) of the Asset to be Acquired (as of March 28, 2017)

Name	Starts Care Service Co., Ltd.
Location	3-37-4 Nakakasai, Edogawa-ku, Tokyo
Representative	Chisato Yamazaki, President
Main business activities	Support and nursing care business for the elderly

Capital	100 million yen
Established	July 30, 2003
Relationship with Stars Proceed and the Asset Management Company	The company is a subsidiary whose shares issued and outstanding are wholly owned by Starts Corporation, the parent company of Asset Management Company and its consolidated subsidiary. Accordingly, the company falls within the scope of an interested party, etc. as defined in the Investment Trusts Act.

Overview of Planned Company Entrusted with Trust Services of the Asset to be Acquired (as of March 28, 2017)

Name	Starts Trust Co., Ltd
Location	3-1-8 Nihonbashi, Chuo-ku, Tokyo
Representative	Sadao Watanabe, President
Main business activities	Trust services, purchase/sales of trust beneficiary interest in real estate, purchase/sales and leasing agent and brokerage, etc. of real estate
Capital	300 million yen
Established	September 3, 2009
Relationship with Stars Proceed and the Asset Management Company	The company is a subsidiary whose shares issued and outstanding are wholly owned by Starts Corporation, the parent company of Asset Management Company. Accordingly, the company falls within the scope of an interested party, etc. as defined in the Investment Trusts Act.

10. Status of Parties Related to the Acquisition of the Asset to be Acquired

Property No.	Property name	Current owner		Previous owner		Before Previous owner	
		Name	Starts Amenity Corporation	Name	Starts Co., Ltd. (currently Starts Corporation)	Name	(Land) Other than one with a relationship of special interest
C-76	Life Support Residence Funaboriekimae	Relationship with related parties	Please refer to the above "7. Overview of Counterpart"	Relationship with related parties	Wholly owning parent company owning the entire issued share of the Asset Management Company	Relationship with related parties	—
		Acquisition background and reason, etc.	Property developed by the current owner	Acquisition background and reason, etc.	Business site	Acquisition background and reason, etc.	—
		Acquisition price	(Land) Omitted as the current owner's ownership exceeds one year (Building) -	Acquisition price	—	Acquisition price	—
		Acquisition period	(Land) October 26, 2006 (Building) January 14, 2013	Acquisition period	May 8, 1990	Acquisition period	—

11. Payment Method, etc.

Starts Proceed is scheduled to pay the difference with its own funds to the counterparty on the planned delivery date as indicated in "1. Overview of the Transaction" above.

12. Future Outlook

Since the impact on the management status for the fiscal period ending April 2017 (November 1, 2016 to



April 30, 2017) and the fiscal period ending October 2017 (May 1, 2017 to October 31, 2017) announced on December 15, 2016 is minimal, there will be no revision to the management status forecast.

<Attachment>

【Attachment 1】 Portfolio List after the Transaction

【Attachment 2】 Photos and Map of Asset to be Acquired

\*Distribution: Kabuto Club, Ministry of Land, Infrastructure, Transport and Tourism Press Club, and Ministry of Land, Infrastructure, Transport and Tourism Press Club for Construction Publications

\*Start Proceed website: <http://www.sp-inv.co.jp/en/>



【Attachment 1】Portfolio List after the Transaction

Property No	Property name	(Planned) Acquisition price (Note 1)	
		Acquisition price ( thousand yen)	Investment share (%) (Note 2)
C-1	Proceed Ichikawa	1,076,000	1.3
C-2	Proceed Toyochō	646,700	0.8
C-3	Proceed Kasai	688,700	0.8
C-4	Proceed Sangenjaya	555,900	0.7
C-5	Proceed Mizue	602,600	0.7
C-6	Proceed Funabashi Miyamoto	419,900	0.5
C-7	Proceed Minamikasai	303,500	0.4
C-8	Proceed Sengendai	259,200	0.3
C-9	Proceed Gyotoku	315,600	0.4
C-10	Proceed Makuharihongo	279,300	0.3
C-11	Proceed Minamigyotoku	287,300	0.3
C-12	Proceed Makuharihongo 2	223,400	0.3
C-13	Proceed Higashikawaguchi	206,500	0.3
C-14	Proceed Funabori	226,100	0.3
C-15	Proceed Takenozuka	169,400	0.2
C-16	Proceed Sengendai 2	86,700	0.1
C-17	Proceed Shoto	937,400	1.1
C-18	Proceed Sangubashi	497,600	0.6
C-19	Proceed Urayasu	431,400	0.5
C-20	Proceed Shinkoiwa	465,200	0.6
C-21	Proceed Yachiyo Midorigaoka I	383,600	0.5
C-22	Proceed Yachiyo Midorigaoka II	339,000	0.4
C-23	Proceed Toritsudaigaku	790,400	1.0
C-24	Proceed Toritsudaigaku 2	772,200	0.9
C-25	Proceed Honjoazumabashi	339,800	0.4
C-26	Proceed Meguro Aobadai	466,700	0.6
C-27	Proceed Suginami Miyamae	454,900	0.6
C-28	Proceed Ryogoku	443,900	0.5
C-29	Proceed Mita	1,537,200	1.9
C-30	Proceed Nakanoshimbashi	638,800	0.8
C-31	Proceed Kameido	339,000	0.4
C-32	Proceed Takadanobaba	223,700	0.3
C-33	Proceed Shinkoenji	742,100	0.9
C-34	Proceed Koenjiminami	277,400	0.3
C-35	Proceed Hasune	284,000	0.3
C-36	Proceed Oimachi	944,000	1.1
C-37	Proceed Jujo	533,000	0.6
C-38	Proceed Hakuraku	241,000	0.3
C-39	Proceed Shinmaruko	635,000	0.8
C-40	Proceed Motoyawata	307,000	0.4
C-41	Proceed Nishiarai	5,172,000	6.3
C-42	Proceed Chofu	460,500	0.6
C-43	Proceed TX Rokucho	156,800	0.2
C-44	Proceed Nakagawara	1,141,000	1.4
C-45	Proceed Oizumigakuen	268,300	0.3
C-46	Proceed Chitosekarasuyama	289,600	0.4
C-47	Proceed Mitaka	477,200	0.6



Property No	Property name	(Planned) Acquisition price (Note 1)	
		Acquisition price ( thousand yen)	Investment share (%) (Note 2)
C-48	Proceed Kashiwa Est	732,000	0.9
C-49	Proceed Kashiwa Nord	689,000	0.8
C-50	Proceed Gyotokuekimae	331,000	0.4
C-51	Proceed Funabashi Honcho	531,700	0.6
C-52	Proceed Nishikawaguchi	881,000	1.1
C-53	Proceed Gumyoji	552,000	0.7
C-54	Proceed Tsurugamine	356,000	0.4
C-55	Proceed Sagamiotsuka	234,000	0.3
C-56	Proceed Shinozaki 2	913,300	1.1
C-57	Proceed Kashiwa Trois	537,100	0.7
C-58	Proceed Shinozaki Tower	1,564,000	1.9
C-59	Proceed Tobu Nerima	422,000	0.5
C-60	Proceed Yukigaya	323,000	0.4
C-61	Proceed Ichikawa Minami	687,000	0.8
C-62	Proceed Ichikawa Myoden	498,000	0.6
C-63	Proceed Fujisawa Kugenuma	729,000	0.9
C-64	Proceed Nihonbashi-horidomecho	1,485,800	2.6
C-65	Proceed TX Nagareyama Central Park	979,700	1.7
C-66	Proceed Gyotoku 2	830,000	1.5
C-67	Proceed Nishikasai	875,600	1.5
C-68	Proceed Kasai 2	750,000	0.9
C-69	Proceed Nihonbashi Honcho	2,449,000	3.0
C-70	Proceed Nishi Shinjuku	2,549,000	3.1
C-71	Proceed Unoki	917,000	1.1
C-72	Proceed Minamigyotoku 2	1,080,000	1.3
C-73	Proceed CO-Z East Building	1,830,000	2.2
C-74	Proceed CO-Z West Building	971,000	1.2
C-75	Proceed Shin Yokohama	4,330,000	5.3
C-76	Life Support Residence Funaboriekimae	380,000	0.5
Tokyo metropolitan area major cites subtotal		56,743,700	69.1
G-1	Proceed Hondori	386,000	0.5
G-2	Proceed Kanjodorihigashi	233,700	0.3
G-3	Proceed Kotoni	204,900	0.2
G-6	Proceed Motomachi	85,000	0.1
G-7	Proceed Motomachi 2	81,300	0.1
G-8	Proceed Hakozaikigu II	403,400	0.5
G-9	Proceed Hakozaikigu I	208,500	0.3
G-10	Proceed Taikodori	150,400	0.2
G-11	Proceed Ohashi	275,000	0.3
G-12	Proceed Nakagawa	53,100	0.1
G-13	Proceed Honamicho	792,500	1.0
G-14	Proceed Higashiohata	309,300	0.4
G-15	Proceed Shinsakae	453,600	0.6
G-16	Proceed Chiyoda	452,800	0.6
G-17	Proceed Fukuoka Takamiya	1,022,000	1.2
G-18	Proceed Ohorikoen	499,000	0.6
G-19	Proceed Kanayama	219,000	0.3
G-20	Proceed Fukiage	1,917,300	2.3



Property No	Property name	(Planned) Acquisition price (Note 1)	
		Acquisition price ( thousand yen)	Investment share (%) (Note 2)
G-21	Proceed Nishitenma	880,000	1.1
G-22	Proceed Kobemotomachi	780,000	1.0
G-23	Group Home Tanoshii Ie Taisho	158,000	0.2
G-24	Proceed Kanayama 2	2,040,400	3.6
G-25	Proceed Aratamabashi	2,129,600	3.7
G-26	Proceed Bentencho	2,170,000	2.6
G-27	Proceed Nagaikoendori	1,070,000	1.3
G-28	Proceed Nishinagahori	942,000	1.1
G-29	Proceed Kyobashi	2,040,000	2.5
G-30	Proceed Hyogoekimaedori	1,670,000	2.0
G-31	Proceed Mizuho	535,000	0.7
G-32	Proceed Osu	831,000	1.0
G-33	Proceed Sendai Kozurushinden	698,000	0.9
Cabinet order designated cities subtotal		23,690,800	28.9
R-1	Proceed Matsuyama	77,900	0.1
R-2	Proceed Mito	383,700	0.5
R-3	Proceed Mito 2	416,900	0.5
R-4	Proceed Tsukuba Gakuentoshi	775,600	1.4
Regional area major cities subtotal		1,654,100	2.0
Portfolio total		82,088,600	100.0

(Note 1)As to “(Planned) Acquisition price,” acquisition prices are indicated for assets acquired and transaction prices stated in the trust beneficial interest transaction agreement, etc. are indicated for assets to be acquired (excluding various expenses such as real estate transaction brokerage fee, etc. required for the acquisition of the assets acquired or to be acquired).

(Note 2) “Investment share” indicates the ratio of (planned) acquisition price of the trust beneficiary interest, etc. to the portfolio’s total (planned) acquisition price for assets acquired and assets to be acquired, and is rounded to the first decimal place.



【Attachment 2】 Photos and Map of Asset to be Acquired  
(C-76) Life Support Residence Funaboriekimae



Location : 4-8-10 Funabori, Edogawa-ku, Tokyo

