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Notice Concerning Revisions to Management Status and Distribution Forecast  
 for the Fiscal Period Ending October 2017

Starts Proceed Investment Corporation (“Starts Proceed”) announces that it has decided to make following revisions to its management status and distribution forecast for the fiscal period ending October 2017 (May 1, 2017 to October 31, 2017) announced in the financial report dated June 14, 2017.

 1. Revisions to Management Status and Distribution Forecast for the Fiscal Period Ending October 2017  
 (May 1, 2017 to October 31, 2017)

	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
Previous forecast (A)	2,965 million yen	1,272 million yen	1,067 million yen	1,065 million yen	4,150 yen	- yen
Revised forecast (B)	3,092 million yen	1,393 million yen	1,188 million yen	1,186 million yen	4,620 yen	- yen
Variation (B-A)=C	127 million yen	121 million yen	121 million yen	121 million yen	470 yen	- yen
Rate of variation (C/A)	4.3%	9.5%	11.3%	11.4%	11.3%	-%

(Note 1) Forecast of number of investment units issued and outstanding at the end of the fiscal period ending October 2017: 256,777 units

(Note 2) The above forecast is as of the present calculated under the assumptions stated on the attachment. Therefore, actual operating revenue, operating income, ordinary income, net income, distribution per unit and distribution in excess of earnings per unit are subject to change due to additional acquisitions or disposition of real estate, etc., changes in the real estate market, managing environment and changes in other situations surrounding Starts Proceed in the future. Furthermore, the above forecasts do not guarantee actual results or amounts of distribution.

(Note 3) When a certain level of divergence from the above forecast is expected, the forecast may be revised.

(Note 4) Figures have been rounded down to the nearest specified unit. Rate of variation is rounded off to one decimal place

## 2. Reason for Revision

Starts Proceed decided to revise the forecast of distribution per unit as well as the management status as the assumption concerning the management status forecast for the fiscal period ending October 2017 (May 1, 2017 to October 31, 2017) have been changed and a difference of 5% or more is expected to occur in the forecast as a result of taking into consideration the management status of assets under management as of now in addition to the accrual of capital gain through the disposition of specified assets (“the “Disposition”) as described in the “Notice Concerning Disposition and Acquisition of Trust Beneficiary Interests in Domestic Real Estate” separately announced today.

Furthermore, since the impact on the management status and distribution for the fiscal period ending April 2018 (November 1, 2017 to April 30, 2018) is minimal, there will be no revisions as of now.

\*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]

Assumptions Underlying Revision to Forecast for Management Status in 24th Fiscal Period

Item	Assumption
Business period	24th fiscal period: from May 1, 2017 to October 31, 2017 (184 days)
Assets under management	<ul style="list-style-type: none"> <li>The forecast assumes that, the Disposition is reflected on the 111 properties owned by Starts Proceed as of today (the “already acquired properties”), and after completing the Disposition, there will be no change (new property acquisitions, disposition of existing properties, etc.) to the properties through the end of the 24th fiscal period. The actual number of properties may vary due to changes in assets under management.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>Real estate rent revenue is calculated based on the assumption that it includes operating revenue from the properties to be acquired, in addition to rents, common area maintenance charges, parking revenue, incidental revenue, etc. accrued based on leasing contracts of the already acquired properties owned as of today.</li> <li>Reduction entry utilizing the “special system of taxation in case advanced acquisition of land, etc. was conducted in 2009 and 2010” will be made for part of the capital gain (120 million yen) arising from the Disposition. As a result, gain on sales of real estate, etc. through the Disposition is assumed to be 128 million yen.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Expenses related to rent business other than depreciation and amortization for the already acquired properties are calculated based on historical data and future forecast and by reflecting factors that may cause fluctuations in expenses.</li> <li>Management expenses are expected to be 183 million yen for the 24th fiscal period.</li> <li>Repair expenses, which are recorded 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. 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.</li> <li>Concerning fixed asset tax, city planning tax and depreciable asset tax, etc., 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 176 million yen for the 24th fiscal period.</li> <li>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 597 million yen for the 24th fiscal period.</li> <li>Operating expenses other than expenses related to rent business (asset management fee, asset custody fee, administrative service fees, etc.) are expected to be 416 million yen for the 24th fiscal period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>Interest expenses are expected to be 148 million yen for the 24th fiscal period.</li> <li>Borrowing related expenses are expected to be 49 million yen for the 24th fiscal period.</li> <li>Expenses related to the public offering of investment units are recorded as deferred assets and assumed to be depreciated over three years using the straight-line method. The amount is expected to be 7 million yen for the 24th fiscal period.</li> </ul>
Loans	<ul style="list-style-type: none"> <li>The forecast assumes a loan balance as of today of 42,746 million yen, which is expected to be the same amount as that at the end of the 24th fiscal period, and that no significant change in interest rates will occur during the period.</li> </ul>
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>The forecast assumes the total number of investment units issued and outstanding as of today of 256,777 units, and that there will be no change in the number of investment units due to the issuance of new investment units through the end of the 24th fiscal period.</li> </ul>
Distribution per unit	<ul style="list-style-type: none"> <li>Distributions (distribution per unit) are calculated by assuming the policy on cash distributions provided in the Articles of Incorporation of Starts Proceed.</li> </ul>



	<ul style="list-style-type: none"><li>• 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.</li></ul>
Distribution in excess of earnings per unit	<ul style="list-style-type: none"><li>• No distributions in excess of earnings (distribution in excess of earnings per unit) are scheduled at present.</li></ul>
Other	<ul style="list-style-type: none"><li>• 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.</li><li>• The forecast assumes that there will be no unforeseen material change in general economic trends and real estate market conditions, etc.</li></ul>