

Translation Purpose Only

For Immediate Release

REIT Issuer

 Starts Proceed Investment Corporation
 3-1-8 Nihonbashi, Chuo-ku, Tokyo
 Kazuya Hiraide, Executive Director
 (Security Code: 8979)

Asset Management Company

 Starts Asset Management Co., Ltd.
 Kazuya Hiraide, Representative Director
 Inquiries: Shigeru Matsuda, General Manager of
 Financial Control and Administration Division
 TEL. +81-3-6202-0856

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 a disposition of trust beneficiary interests in domestic real estate. The details are as follows.

1. Overview of the 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)
C-8	Proceed Sengendai	A domestic company (Note 4)	March 27, 2019	April 26, 2019	300,720	264,209	36,510

(Note 1) The settlement method is scheduled to be a down payment of 10,000 thousand yen on the agreement conclusion date, with the remainder being paid on the 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 name of the buyer (a domestic company) will not be disclosed as consent for disclosure has not been obtained.

2. Reason for Disposition

Starts Proceed conducted an assessment on its portfolio in terms of operational efficiency over the medium to long term as well as individual property characteristics, etc., and decided on disposition upon comprehensively considering the competitiveness of the property scheduled for disposition as well as market trends. While the planned disposition price falls below the appraisal value, the disposition of the property was judged to be ideal at this point in time from the standpoint of avoiding the risk of the price dropping in the future due to unavoidable decline in competitiveness because of increasing costs from large-scale repair work coinciding with the aging property as well as deterioration of facilities.

Since the fiscal period ended April 2017, the disposition of assets in cabinet order designated cities and regional area major cities have been prioritized as an asset replacement strategy, and a certain level of results have been attained. This disposition was decided upon considering assets in Tokyo metropolitan area’s major cities as the next step of the strategy.

The funds from the disposition are scheduled to be allocated as cash on hand to a portion of future asset acquisition financing or to a portion of funds for repayment of loans.

Notice: This text is a press release intended to communicate the disposition of trust beneficiary interests in domestic real estate to the general public, and was not compiled for the purpose of soliciting investment.

3. Description of Asset to be Disposed
 C-8: Proceed Sengendai

Overview of specified asset		Overview of leasing (as of February 28, 2019)		
Type of specified asset	Trust beneficiary interest	Total number of tenants	1	
Use	Rental housing	Number of leased units (Total number of leasable units)	40 (43)	
Planned disposition price	300,720 thousand yen	Number of leased parking units (Total number of leasable parking units)	6 (10)	
Location (Address)	2-12-17 Sengendainishi, Koshigaya-shi, Saitama	Leased floor area	1,251.20 m ²	
PM Company / ML Company	Starts Amenity Corporation	Total leasable floor area	1,344.74 m ²	
Master lease type	Pass-through	Annual rent revenue	25,872 thousand yen	
Trustee	Sumitomo Mitsui Trust Bank, Limited	Security and guarantee deposits, etc.	1,411 thousand yen	
Period of trust agreement	From: March 29, 2002	Occupancy rate	93.0%	
	To: November 30, 2025			
Land	Ownership form	Proprietorship	Overview of appraisal report	
	Site area	746.00 m ²	Appraiser	
	Zoning	Category <input type="checkbox"/> medium- to high-rise exclusive residential district	Date of appraisal	
	Building-to-land ratio	60%	Appraisal value	
	Floor-area ratio	200%	Chuo Real Estate Appraisal Co., Ltd.	
Building	Ownership form	Proprietorship	Date of appraisal	
	Structure	Reinforced concrete structure with flat roof / 5F	Appraisal value	
	Construction completion date	May 31, 1991	Overview of building condition evaluation report	
	Total floor area	1,446.83 m ²	Evaluation company	Tokio Marine & Nichido Risk Consulting Co., Ltd.
	Use	Apartment complex	Date of evaluation	October 2018
Collateral				
None				
Special notations / Status of the property (structure and other matters that have significant impact on the price of the investment property)				
None				
Remarks				
5-minute walk from Sengendai Station on the Tobu Isesaki Line				

Notice: This text is a press release intended to communicate the disposition of trust beneficiary interests in domestic real estate to the general public, and was not compiled for the purpose of soliciting investment.

[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 the Securities Report.
2. "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 to be disposed.
3. "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, or indicates the property management company that is scheduled to conclude a property management agreement and the master lease company that is scheduled to conclude a master lease agreement at the time of acquisition by Starts Proceed. 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.
4. "Trustee" indicates 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 to be disposed, 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 regarding 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)" are 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 and is rounded off to the first decimal place.
7. "Overview of appraisal report" describes the content indicated in the appraisal report prepared for the asset to be disposed.
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 to be disposed is provided.
 - "Date of evaluation" is the date (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" 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 & Nichido Risk Consulting 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 of the date of disposition of the asset to be disposed.
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 asset to be disposed and restrictions, etc., based on such rights, and (2) restrictions, etc., from administrative laws and regulations related to the asset to be disposed, as of today. In case a specific description refers to factual situations as of 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 Asset to be Disposed

Property name	Proceed Sengendai
Appraisal value	311,000 thousand yen
Appraiser	Chuo Real Estate Appraisal Co., Ltd.
Date of appraisal	October 31, 2018

(Unit: thousand yen)

Item	Amount	Details
Income approach value	311,000	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	308,000	Assessed by returning net income (NCF) that is stable over the medium to long term by capitalization rate
Operating revenue	27,164	-
Effective gross income	28,739	Assessed gross income that is stable over the medium to long term taking into account rent based on the current lease agreement, new rent assumed when the property is newly leased, etc.
Vacancy loss, etc.	1,575	Assessed after setting an occupancy rate (vacancy rate) that is stable over the medium to long term, taking into account occupancy performance of the real estate as well as similar real estate, in addition to future market trend predictions, etc.
Operating expenses	6,506	-
Maintenance expenses	1,097	Assessed based on the business entrustment agreement and past results, etc.
Utility expenses	460	Assessed based on past results, etc.
Repair expenses	1,216	Assessed based on the engineering report, past results, etc.
PM fees	964	Assessed based on the business entrustment agreement, etc.
Tenant solicitation expenses, etc.	852	Assessed based on the business entrustment agreement and past results, etc.
Taxes and public dues	1,624	Used the most recent actual amount
Non-life insurance fees	87	Recorded actual amount based on non-life insurance policy, etc.
Other expenses	206	Used the most recent actual amount
Net operating income (NOI)	20,658	
Gain on management of income from lump-sum payment	19	Assessed assuming management yield at 1.0%
Capital expenditures	1,257	Recorded the average of accumulated total over the past 12 years of facility, etc. renewal expenses stated in the engineering report
Net income (NCF)	19,420	
Capitalization rate	6.3%	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, etc.
Value of earnings calculated by discounted cash flow (DCF) method	312,000	
Discount rate	6.1%	Assessed based on capitalization rate reflecting current economic growth rate, market trends outlook, etc.
Terminal capitalization rate	6.5%	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	206,000	-
Land ratio	68.0%	-
Building ratio	32.0%	-

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.
--	---

Overview of Buyer

The name, etc., of the buyer (a domestic 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.

5. Overview of Brokerage

Name	Starts Corporate Service Inc.
Location	3-1-8 Nihonbashi, Chuo-ku, Tokyo
Representative	Toyotaka Muraishi, President
Main business activities	Lease brokerage, transaction brokerage and real estate management operations
Capital	100 million yen (as of March 31, 2018)
Established	October 3, 2005
Relationship with Starts Proceed and the Asset Management Company	The company is a subsidiary whose shares issued and outstanding are wholly owned by Starts Corporation Inc., the parent company of the Asset Management Company. Accordingly, the company falls within the scope of an interested party, etc. as defined in the Investment Trusts Act. There is no personnel relationship to report concerning Starts Proceed and the Asset Management Company with the company. The company does not fall within the scope of a related party of Starts Proceed. The company is a fellow subsidiary of the Asset Management Company under the same parent company as described above and thus falls within the scope of a related party of the Asset Management Company.
Brokerage fee	9,081 thousand yen (excluding consumption tax, etc.)

Transaction with Interested Parties of the Disposition

Starts Corporate Service Inc., the broker of the asset to be disposed, falls within the scope of an interested party, etc., of the Asset Management Company as defined in the Investment Trusts Act. Accordingly, the disposition was decided after following appropriate procedures based on the internal rules of the Asset Management Company and pursuant to standards stipulated by laws and regulations.

6. Future Outlook

Please refer to the press release “Notice Concerning Revisions to Management Status and Distribution Forecast for the Fiscal Period Ending April 2019” separately announced today.

<Attachment>

[Attachment] Portfolio List after the Disposition of the Asset to be Disposed

*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

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

[Attachment] Portfolio List after the Disposition of the Asset to be Disposed

Property No.	Property name	Acquisition price	
		Acquisition price (thousand yen) (Note 1)	Investment share (%) (Note 2)
C-1	Proceed Ichikawa	1,076,000	1.2
C-2	Proceed Toyocho	646,700	0.8
C-3	Proceed Kasai	688,700	0.8
C-4	Proceed Sangenjaya	555,900	0.6
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-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	0.2
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	0.5
C-21	Proceed Yachiyo Midorigaoka I	383,600	0.4
C-22	Proceed Yachiyo Midorigaoka II	339,000	0.4
C-23	Proceed Toritsudaigaku	790,400	0.9
C-24	Proceed Toritsudaigaku 2	772,200	0.9
C-25	Proceed Honjoazumabashi	339,800	0.4
C-26	Proceed Meguro Aobadai	466,700	0.5
C-27	Proceed Suginami Miyamae	454,900	0.5
C-28	Proceed Ryogoku	443,900	0.5
C-29	Proceed Mita	1,537,200	1.8
C-30	Proceed Nakanoshimbashi	638,800	0.7
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	0.7
C-40	Proceed Motoyawata	307,000	0.4
C-41	Proceed Nishiarai	5,172,000	6.0
C-42	Proceed Chofu	460,500	0.5
C-43	Proceed TX Rokucho	156,800	0.2
C-44	Proceed Nakagawara	1,141,000	1.3
C-45	Proceed Oizumigakuen	268,300	0.3
C-46	Proceed Chitosekarasuyama	289,600	0.3
C-47	Proceed Mitaka	477,200	0.6
C-48	Proceed Kashiwa Est	732,000	0.8
C-49	Proceed Kashiwa Nord	689,000	0.8
C-50	Proceed Gyotokuekimae	331,000	0.4

Notice: This text is a press release intended to communicate the disposition of trust beneficiary interests in domestic real estate to the general public, and was not compiled for the purpose of soliciting investment.



Property No.	Property name	Acquisition price	
		Acquisition price (thousand yen) (Note 1)	Investment share (%) (Note 2)
C-51	Proceed Funabashi Honcho	531,700	0.6
C-52	Proceed Nishikawaguchi	881,000	1.0
C-53	Proceed Gumyoji	552,000	0.6
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	0.6
C-58	Proceed Shinozaki Tower	1,564,000	1.8
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 Myoten	498,000	0.6
C-63	Proceed Fujisawa Kugenuma	729,000	0.8
C-64	Proceed Nihonbashi-horidomecho	1,485,800	1.7
C-65	Proceed TX Nagareyama Central Park	979,700	1.1
C-66	Proceed Gyotoku 2	830,000	1.0
C-67	Proceed Nishikasai	875,600	1.0
C-68	Proceed Kasai 2	750,000	0.9
C-69	Proceed Nihonbashi Honcho	2,449,000	2.8
C-70	Proceed Nishi Shinjuku	2,549,000	3.0
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	2.1
C-74	Proceed CO-Z West Building	971,000	1.1
C-75	Proceed Shin Yokohama	4,330,000	5.0
C-76	Life Support Residence Funaboriekimae	380,000	0.4
C-77	Proceed Kinshicho	2,140,000	2.5
C-78	Proceed K2	1,170,000	1.4
C-79	Proceed K3 Annex	283,000	0.3
C-80	Proceed K5	269,000	0.3
C-81	Proceed Ichikawa Myoten II	800,000	0.9
Tokyo metropolitan area major cites subtotal		61,146,500	71.0
G-8	Proceed Taikodori	403,400	0.5
G-11	Proceed Honamicho	275,000	0.3
G-13	Proceed Shinsakae	792,500	0.9
G-14	Proceed Chiyoda	309,300	0.4
G-15	Proceed Fukuoka Takamiya	453,600	0.5
G-17	Proceed Kanayama	1,022,000	1.2
G-18	Proceed Fukiage	499,000	0.6
G-19	Proceed Toyoda	219,000	0.3
G-20	Proceed Kitahorie	1,917,300	2.2
G-21	Proceed Nishitenma	880,000	1.0
G-22	Proceed Kobemotomachi	780,000	0.9
G-23	Group Home Tanoshii Ie Taisho	158,000	0.2
G-24	Proceed Kanayama 2	2,040,400	2.4
G-25	Proceed Aratamabashi	2,129,600	2.5
G-26	Proceed Bentencho	2,170,000	2.5
G-27	Proceed Nagaikoendori	1,070,000	1.2
G-28	Proceed Nishinagahori	942,000	1.1
G-29	Proceed Kyobashi	2,040,000	2.4

Notice: This text is a press release intended to communicate the disposition of trust beneficiary interests in domestic real estate to the general public, and was not compiled for the purpose of soliciting investment.



Property No.	Property name	Acquisition price	
		Acquisition price (thousand yen) (Note 1)	Investment share (%) (Note 2)
G-30	Proceed Hyogoekimaedori	1,670,000	1.9
G-31	Proceed Mizuho	535,000	0.6
G-32	Proceed Osu	831,000	1.0
G-33	Proceed Sendai Kozurushinden	698,000	0.8
G-34	Proceed Sendai Kamisugi	1,560,000	1.8
Cabinet order designated cities subtotal		23,395,100	27.2
R-2	Proceed Mito	383,700	0.4
R-3	Proceed Mito 2	416,900	0.5
R-4	Proceed Tsukuba Gakuentoshi	775,600	0.9
Regional area major cities subtotal		1,576,200	1.8
Portfolio total		86,117,800	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 to the total acquisition price, and is rounded off to the first decimal place.

Notice: This text is a press release intended to communicate the disposition of trust beneficiary interests in domestic real estate to the general public, and was not compiled for the purpose of soliciting investment.