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For Immediate Release

REIT Issuer

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Notice Concerning Revisions to Management Status and Distribution Forecast for the Fiscal Period Ending April 2019

Starts Proceed Investment Corporation (“Starts Proceed”) announces it has decided to make the following revisions to its management status and distribution forecast for the fiscal period ending April 2019 (November 1, 2018 to April 30, 2019) announced in the financial report dated December 14, 2018.

As for the management status forecast for the fiscal period ending October 2019 (May 1, 2019 to October 31, 2019), no revisions have been made to the management status and distribution forecast.

 1. Revisions to Management Status and Distribution Forecast for the Fiscal Period Ending April 2019  
 (November 1, 2018 to April 30, 2019)

## (1) Revisions to Management Status Forecast

	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)	3,101 million yen	1,336 million yen	1,131 million yen	1,129 million yen	4,400 yen	- yen
Revised forecast (B)	3,127 million yen	1,364 million yen	1,170 million yen	1,168 million yen	4,550 yen	- yen
Variation (B-A)=C	25 million yen	28 million yen	38 million yen	38 million yen	150 yen	- yen
Rate of variation (C/A)	0.8%	2.1%	3.4%	3.4%	3.4%	-%

(Note 1) Forecast of number of investment units issued and outstanding at the end of the fiscal period ending April 2019: 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 management status and distribution forecast as the assumptions concerning the management status forecast for the fiscal period ending April 2019 (November 1, 2018 to April 30, 2019 have been changed), and while a significant difference of 5% or more is not expected to occur in the forecast of distribution per unit, it is expected that net income and distribution per unit will be affected nonetheless as a result of taking into consideration the accrual of capital gain and the revision of other forecasts through the disposition of specified assets (the “Disposition”) described in the “Notice Concerning Disposition of Trust Beneficiary Interests in Domestic Real Estate” separately announced today.

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[Reference]

<Expected impact on distribution per unit as a result of review of the Disposition and other forecasts>

Distribution per unit in the previous forecast (A)		4,400 yen
Distribution per unit in the revised forecast (B)		4,550 yen
Impact on distribution per unit (B-A)=(C)		150 yen
Breakdown	Impact on distribution per unit due to the Disposition	100 yen
	Impact on distribution per unit as a result of review of other forecasts	50 yen

(Note) The above forecast values are calculated under certain assumptions and actual distribution per unit may change due to change in circumstances. Furthermore, the above forecasts do not guarantee amounts of distribution.

In addition, as described in the “Notice Concerning Determination of Acquisition of Own Investment Units and Amendments to Internal Rules (Management Guideline) of the Asst Management Company” separately announced today, Starts Proceed plans to acquire and cancel its own investment units (the “Acquisitions, etc.”). However, as the total number of investment units to be cancelled is undetermined at present, the impact of cancellation of own investment units is not factored in the above forecasts.

The expected impact on distribution per unit for the fiscal period ending April 2019 (November 1, 2018 to April 30, 2019) is as follows, assuming the total number of investment units acquired is 3,000 (maximum) and all 3,000 (maximum) acquired investment units are cancelled.

<Expected impact on distribution per unit due to the Acquisitions, etc.>

Distribution per unit in the revised forecast (B)	4,550 yen
Distribution per unit as a result of considering the Acquisitions, etc. (D) (Note)	4,603 yen (estimate)
Impact on distribution per unit (D – B)	53 yen (estimate)

(Note) <Expected impact on distribution per unit due to the Acquisitions, etc.> is an estimate assuming that the total number of own investment units acquired will be the maximum of 3,000 units, and that all of these own investment units acquired will be cancelled during the fiscal period ending April 2019. As such, please note that the values will change depending on the actual number of investment units acquired and the total amount of the acquisition price.

\*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: <https://www.sp-inv.co.jp/en/>

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[Attachment]

Assumptions Underlying Revisions to Forecast for Management Status for the 27th Fiscal Period

Item	Assumption
Business period	<ul style="list-style-type: none"> <li>27th fiscal period: from November 1, 2018 to April 30, 2019 (181 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>The forecast assumes that, the Disposition is reflected on the 107 properties owned by Starts Proceed as of today (the “already acquired properties”), that is 106 properties. 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 27th 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 rents, common area maintenance charges, parking revenue, incidental revenue, etc. from the leasing contracts of the already acquired properties owned as of today.</li> <li>Gain on sale of real estate, etc. through the Disposition is assumed to be 25 million yen.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Expenses related to rent business other than depreciation and amortization are calculated based on the historical data and future forecast and by reflecting factors that may cause fluctuations in expenses.</li> <li>Management expenses are expected to be 196 million yen.</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. 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 and the amount is expected to be 180 million yen.</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 618 million yen.</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 422 million yen.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>Interest expenses are expected to be 156 million yen.</li> <li>Borrowing related expenses are expected to be 43 million yen.</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 and the amount is expected to be 4 million yen.</li> </ul>
Loans	<ul style="list-style-type: none"> <li>The forecast assumes no increase or decrease in the loan balance of 46,046 million yen as of today.</li> </ul>
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>The forecast assumes a 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 27th fiscal period.</li> <li>As described in the “Notice Concerning Determination of Acquisition of Own Investment Units and Amendments to Internal Rules (Management Guideline) of the Asst Management Company” separately announced today, Starts Proceed plans to acquire and cancel its own investment units. However, as the total number of investment units to be cancelled is undetermined at present, the impact of cancellation of own investment units is not included. For estimates on the impact of the cancellation of own investment units, please refer to the above [Reference] &lt;Expected impact on distribution per unit due to the Acquisitions, etc.&gt;.</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> <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>

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