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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 October 2019

Starts Proceed Investment Corporation (“Starts Proceed”) announces that it has decided to make the following revisions to its management status and distribution forecast for the fiscal period ending October 2019 (May 1, 2019 to October 31, 2019) announced in the financial report dated June 14, 2019.

As to the management status forecast for the fiscal period ending April 2020 (November 1, 2019 to April 30, 2020), no revision has been made.

1. Revisions to Management Status and Distribution Forecast for the Fiscal Period Ending October 2019  
(May 1, 2019 to October 31, 2019)

	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)	3,074 million yen	1,336 million yen	1,123 million yen	1,121 million yen	4,420 yen	- yen
Revised forecast (B)	3,083 million yen	1,351 million yen	1,138 million yen	1,136 million yen	4,480 yen	- yen
Variation (B-A)=C	9 million yen	15 million yen	15 million yen	15 million yen	60 yen	- yen
Rate of variation (C/A)	0.3%	1.1%	1.4%	1.4%	1.4%	-%

(Note 1) Forecast of number of investment units issued and outstanding at the end of the fiscal period ending October 2019: 253,777 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 October 2019 (May 1, 2019 to October 31, 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 management status pertaining to the acquisition of specified assets (the “Acquisition”) 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.

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

[Attachment]

Assumptions Underlying Revisions to Management Status Forecast for the 28th Fiscal Period

Item	Assumption
Business period	<ul style="list-style-type: none"> <li>28th fiscal period: from May 1, 2019 to October 31, 2019 (184 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>The forecast assumes that the Disposition and the Acquisition are reflected on the properties owned by Starts Proceed as of today (the “already acquired properties”), that is 106 properties. After completing the Disposition and the Acquisition, there will be no change (new property acquisitions, disposition of existing properties, etc.) to the properties through the end of the 28th 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 through the Acquisition (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 and the properties to be acquired.</li> <li>Gain on sales of real estate, etc. through the Disposition is assumed to be 6 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 separately for the already acquired properties, which are calculated based on historical data and future forecast and by reflecting factors that may cause fluctuations in expenses, and the properties to be acquired, which are calculated based on historical data by using materials provided from the current owners, etc. as the basis 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 86 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. The amount is expected to be 179 million yen. As for the fixed asset tax, city planning tax and depreciable asset tax, etc. on properties to be acquired, it is general practice in the transaction of real estate and other fixed assets to calculate and reimburse the pro rata portion of fixed asset tax and city planning tax based on number of days of ownership to the previous owner and settle them at the time of acquisition. However, Starts Proceed includes the reimbursed amount in the acquisition costs and thus does not recognize them as expenses at the time of acquisition. The amount equivalent to the reimbursed amount for fixed asset tax, city planning tax and depreciable asset tax, etc. to be included in the acquisition costs for the properties to be acquired is expected to be 1 million yen, and the amount to be paid in April 2020 or after will be recognized as expenses.</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 619 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 411 million yen.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>Interest expenses are expected to be 164 million yen.</li> <li>Borrowing related expenses are expected to be 45 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. The amount is expected to be 4 million yen.</li> </ul>
Loans	<ul style="list-style-type: none"> <li>The loan balance as of today is 45,646 million yen and the loan balance at the end of the 28th fiscal period is also expected to be the same amount under precondition that no significant change in interest rates occurs during the period.</li> </ul>
Total number of investment units issued and	<ul style="list-style-type: none"> <li>The forecast assumes the total number of investment units issued and outstanding as of today of 253,777 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 28th fiscal period.</li> </ul>



Item	Assumption
outstanding	
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>