

Translation Purpose Only

For Immediate Release

REIT Issuer

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(Security Code: 8979)

Asset Management Company

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Notice Concerning Issuance of Investment Corporation Bonds

Starts Proceed Investment Corporation (“Starts Proceed”) announces that it today decided to issue investment corporation bonds based on a comprehensive resolution on the issuance of investment corporation bonds determined at the Board of Directors’ meeting of Starts Proceed held on November 8, 2019. The details are as follows.

1. Overview of the Investment Corporation Bonds

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|--|--|
| (1) Name                                       | Starts Proceed First Series Unsecured Investment Corporation Bond (with pari passu conditions among specified investment corporation bonds) (the “Investment Corporation Bonds”)   |
| (2) Total issue amount                         | 1 billion yen  |
| (3) Form of bond certificate                   | The Investment Corporation Bonds are applicable to the Act on Book-Entry of Company Bonds, Shares, etc., under which investment corporation bond certificates will not be issued.  |
| (4) Amount to be paid in                       | 100 yen per 100 yen of each investment corporation bond  |
| (5) Redemption amount                          | 100 yen per 100 yen of each investment corporation bond  |
| (6) Interest rate                              | 0.470% per annum   |
| (7) Amount of each investment corporation bond | 100 million yen  |
| (8) Method of offering                         | Public offering  |
| (9) Subscription period                        | November 12, 2019  |
| (10) Payment date                              | November 18, 2019  |
| (11) Security and guarantee                    | The Investment Corporation Bonds are unsecured and unguaranteed with no specific assets reserved for the Investment Corporation Bonds.   |
| (12) Redemption method and date                | The total amount will be redeemed on November 18, 2024.<br>The Investment Corporation Bonds may be repurchased and cancelled at any time on or after the date subsequent to the payment date, unless otherwise determined by laws and regulations, or other rules including the operational rules of a book-entry transfer institution.<br>If the redemption date of the Investment Corporation Bonds falls on the bank holiday, the payment will be moved to the immediately preceding bank business day. |
| (13) Interest payment date                     | May 18 and November 18 of each year<br>The first interest payment date is May 18, 2020.<br>If an interest payment date falls on a bank holiday, then the date of payment is to be moved forward to the prior bank business day.  |
| (14) Rating obtained                           | A- (Japan Credit Rating Agency, Ltd.)  |
| (15) Financial covenants                       | Negative pledge clause is attached   |
| (16) Book-entry transfer institution           | Japan Securities Depository Center, Incorporated   |

- (17) Fiscal agent, issuing agent, and paying agent Resona Bank, Limited.
- (18) Underwriters Mizuho Securities Co., Ltd.  
SMBC Nikko Securities Inc.

2. Reason for the Issuance

Starts Proceed decided on the issuance to build a stronger financial base by reducing fund procurement costs as well as through securing of new financing methods with its first issuance of investment corporation bonds through public offering (primary offering).

3. Amount, Use and Scheduled Date of Expenditure of Funds to be Procured

(1) Amount of the proceeds (estimated net proceeds)

989 million yen in total

(2) Specific use and scheduled date of expenditure of funds to be procured

Scheduled to be allocated to a portion of funds for repayment of existing borrowings of 2,500 million yen due for repayment on November 25, 2019.

4. Status of Interest-Bearing Debt before and after Issuance of the Investment Corporation Bonds

(Unit: million yen)

		Before Issuance (as of November 18, 2019)	After Issuance (Note 2) (as of November 25, 2019)	Change
	Short-term loans payable	-	-	-
	Current portion of long-term loans payable	6,820	8,020	1,200
	Long-term loans payable	38,826	36,626	(2,200)
	Total loans	45,646	44,646	(1,000)
	Investment corporation bonds	-	1,000	1,000
Total interest-bearing liabilities		45,646	45,646	-
LTV ratio (%) (Note 3)		52.3	52.3	-

(Note 1) All amounts indicated in the above table and below are rounded down to the nearest million yen.

(Note 2) It shows status after the partial repayment of long-term loans of 2,500 million yen due for repayment on November 25, 2019, and the refinancing of the remaining amount.

(Note 3) LTV ratio is calculated as follows, rounded to the first decimal place.

$$\text{LTV ratio} = \frac{\text{Interest-bearing liabilities}}{\text{Interest-bearing liabilities} + \text{Unitholders' capital}} \times 100$$

Unitholders' capital is 41,684 million yen as of the date of this document.

5. Other Necessary Matters for Investors to Adequately Understand and Make an Informed Decision Based on the above Information

Concerning the risks pertaining to the issuance of the Investment Corporation Bonds, there will be no change to the content of "Chapter 1 Fund Information – Part 1 Fund Status 3. Investment Risks" of the securities report filed on July 29, 2019.

[Reference]

Starts Proceed submitted shelf registration supplements to the Director of the Kanto Local Finance Bureau concerning the issuance, redemption, etc. of the Investment Corporation Bonds today.

\* 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/>