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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 2020 and October 2020

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 2020 (November 1, 2019 to April 30, 2020) and for the fiscal period ending October 2020 (May 1, 2020 to November 30, 2020) announced in the summary of financial results for fiscal period ending October 2019 financial report dated December 13, 2019.

1. Revisions to Management Status and Distribution Forecast for the Fiscal Period Ending April 2020
(November 1, 2019 to April 30, 2020)

	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)	3,128 million yen	1,346 million yen	1,144 million yen	1,142 million yen	4,500 yen	- yen
Revised forecast (B)	3,655 million yen	1,879 million yen	1,676 million yen	1,674 million yen	5,024 yen	- yen
Variation (B-A) =C	527 million yen	532 million yen	532 million yen	532 million yen	524 yen	- yen
Rate of variation (C/A)	16.9%	39.6%	46.6%	46.7%	11.6%	-%

(Note) Forecasted number of investment units issued and outstanding at the end of the fiscal period ending April 2020: 253,777 units

Notice: This text is a press release intended to communicate revisions to management status and distribution forecast for the fiscal period ending April 2020 and October 2020 to the general public and was not compiled for the purpose of soliciting investment.

2. Revisions to Management Status and Distribution Forecast for the Fiscal Period Ending October 2020 (May 1, 2020 to October 31, 2020)

	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)	3,095 million yen	1,339 million yen	1,131 million yen	1,129 million yen	4,450 yen	- yen
Revised forecast (B)	3,197 million yen	1,495 million yen	1,286 million yen	1,284 million yen	5,062 yen	- yen
Variation (B-A) =C	102 million yen	155 million yen	155 million yen	155 million yen	612 yen	- yen
Rate of variation (C/A)	3.3%	11.6%	13.7%	13.7%	13.7%	-%

(Note 1) Forecasted number of investment units issued and outstanding at the end of the fiscal period ending October 2020: 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.

(Note 5) The revised forecasts for distribution per unit for fiscal period ending April 2020 were calculated based on the assumption that the remaining capital gains from the disposition of real estate upon deducting reserves for reduction entry amounting to 400 million yen from net income for the fiscal period ending April 2020 will be distributed.

3. 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 2020 (November 1, 2019 to April 30, 2020) and for the fiscal period ending October 2020 (May 1, 2020 to October 31, 2020) given that a significant difference of 10% or more is expected to occur in the forecast for operating revenue, 30% or more in ordinary income, 30% or more in net income, and 5% or more for distribution per unit for fiscal period ending April 2020. In addition, a difference of 5% or more is expected to occur in the forecast for distribution per unit for fiscal period ending October 2020. Collectively, 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 due to changes in profit/loss of the leasing business from the disposition of specified assets (the “Disposition”) as described in the “Notice Concerning Disposition of Trust Beneficiary Interests in Domestic Real Estate” separately announced today.

[Reference]

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

Fiscal period ending April 2020 (November 1, 2019 to April 30, 2020)

Distribution per unit in the previous forecast (A)		4,500 yen
Distribution per unit in the revised forecast (B)		5,024 yen
Impact on distribution per unit (B-A) =(C)		524 yen
Breakdown	Impact on distribution per unit due to the Disposition	549 yen
	Impact on distribution per unit due to change in profit/loss of leasing business resulting from the Disposition	▲25 yen

Fiscal period ending October 2020 (May 1, 2020 to October 31, 2020)

Distribution per unit in the previous forecast (A)		4,450 yen
Distribution per unit in the revised forecast (B)		5,062 yen
Impact on distribution per unit (B-A) =(C)		612 yen
Breakdown	Impact on distribution per unit due to the Disposition	927 yen
	Impact on distribution per unit due to change in profit/loss of leasing business resulting from the Disposition	▲315 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.

*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/>

[Attachment]

Assumptions Underlying Revisions to Forecast for Management Status for the 29th and 30th Fiscal Period

Item	Assumption
Business period	<ul style="list-style-type: none"> • 29th Fiscal Period: from November 1, 2019 to April 30, 2020 (182 days) • 30th Fiscal Period: from May 1, 2020 to October 31, 2020 (184 days)
Assets under management	<ul style="list-style-type: none"> • The forecast assumes that, the Disposition is reflected on the 106 properties owned by Starts Proceed as of today (the “already acquired properties”), that is 105 properties during fiscal period ending April 2020 and 103 properties during fiscal period ending October 2020. 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 30th fiscal period. The actual number of properties may vary due to changes in assets under management.
Operating revenue	<ul style="list-style-type: none"> • 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. • Gain on sale of real estate derived from the Disposition is assumed to be 539 million yen for fiscal period ending April 2020 and 235 million yen for fiscal period ending October 2020, totaling 774 million yen for both fiscal periods.
Operating expenses	<ul style="list-style-type: none"> • 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. • Repair expenses, which are recorded as expenses in the amount presumed to be necessary in the respective business period, are expected to be 99 million yen for fiscal period ending April 2020 and 90 million yen for fiscal period ending October 2020. 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. • 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 179 million yen for fiscal period ending April 2020 and 180 million yen for fiscal period ending October 2020. • 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 for fiscal period ending April 2020 and 603 million yen for fiscal period ending October 2020. • Operating expenses other than expenses related to rent business (asset management fee, asset custody fee, administrative service fees, etc.) are expected to be 432 million yen for fiscal period ending April 2020 and 430 million yen for fiscal period ending October 2020.
Non-operating expenses	<ul style="list-style-type: none"> • Interest expenses (including interest expenses payable for investment corporation bonds) are expected to be 158 million yen for fiscal period ending April 2020 and 166 million yen for fiscal period ending October 2020. • Expenses in connection with borrowings are expected to be 42 million yen for fiscal period ending April 2020 and 41 million yen for fiscal period ending October 2020. • Expenses related to the issuance of investment corporation bonds are recorded as deferred assets and assumed to be depreciated until the maturity of the bonds using the straight-line method and the amount is expected to be 1 million yen for fiscal period ending April 2020 and 1 million yen for fiscal period ending October 2020.
Loans	<ul style="list-style-type: none"> • Of the current loan balance amounting to 44,646 million yen, the forecast assumes that the portion of borrowings due for repayment (4,320 million yen) during the interim of the fiscal period ending October 2020 will be refinanced in the entire amount. Hence, the loan balance amounting to 44,646 million yen will not change until the end of the 30th fiscal period. • The forecast assumes that the outstanding amount of investment corporation bonds (1,000 million yen) will not change until the end of the 30th fiscal period.
Total number of investment units	<ul style="list-style-type: none"> • The forecast assumes the total number of investment units issued and outstanding as of today to be 253,777 units, and that there will be no change in the number of investment units due to the issuance of new

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Item	Assumption
issued and outstanding	investment units through the end of the 30th fiscal period.
Distribution per unit	<ul style="list-style-type: none"> • Distributions (distribution per unit) are calculated by assuming the policy on cash distributions provided in the Articles of Incorporation of Starts Proceed. • In the fiscal period ending April 2020, Starts Proceed will conduct entry utilizing the “Special Provisions for Taxation in the Event of Advance Acquisition of Land, etc. in 2009 and 2010” for a portion of the capital gain derived from the Disposition (400 million yen) and will be allocated as internal reserves as reserve for reduction entry. • 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.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> • No distributions in excess of earnings (distribution in excess of earnings per unit) are scheduled at present.
Other	<ul style="list-style-type: none"> • 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. • The forecast assumes that there will be no unforeseen material change in general economic trends and real estate market conditions, etc.

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