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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 2020 (30th Fiscal Period)

Starts Proceed Investment Corporation (“Starts Proceed”) announces the following revisions to its management status and distribution forecast for the fiscal period ending October 2020 (30th fiscal period: from May 1, 2020 to October 31, 2020) announced in the “Notice Concerning Revisions to Management Status and Distribution Forecast for the Fiscal Period Ending April 2020 and October 2020” dated March 13, 2020.

No revisions have been made to the management status and distribution forecast for the fiscal period ended April 2020 (from November 1, 2019 to April 30, 2020).

1. Revisions to Management Status and Distribution Forecast for the Fiscal Period Ending October 2020
(30th Fiscal Period: from 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)	3,197 million yen	1,495 million yen	1,286 million yen	1,284 million yen	5,062 yen	- yen
Revised forecast (B)	3,344 million yen	1,586 million yen	1,377 million yen	1,375 million yen	5,420 yen	- yen
Variation (B-A)=(C)	146 million yen	90 million yen	90 million yen	90 million yen	358 yen	- yen
Rate of variation (C/A)	4.6%	6.1%	7.1%	7.1%	7.1%	-%

(Note 1) Forecast of 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. Accordingly, actual operating revenue, operating income, ordinary income, net income, distribution per unit and distribution in excess of earnings per unit may vary due to future additional acquisition or disposition of real estate, etc., changes in the real estate market, etc., changes in the management environment or other circumstances surrounding Starts Proceed and other factors. In addition, the above forecast is not a guarantee of actual business performance or the amount of distributions.

(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 on the revision because it expects changes in the assumptions underlying the management status forecast and a difference of 5% or more in the forecast for distribution per unit for the fiscal period ending October 2020 (from May 1, 2020 to October 31, 2020) as a result of taking into account such factors as increase in leasing operating income/loss from the acquisition of specified assets (the “Acquisition”) as described in “Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate” separately announced today.

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

[Attachment]

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

Item	Assumption
Business period	<ul style="list-style-type: none"> 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 assets are the already acquired assets of 106 properties in the Starts Proceed portfolio as of today (the “already acquired assets”) to which the 2 properties planned for disposition on May 29, 2020, as announced in “Notice Concerning Disposition of Trust Beneficiary Interest in Domestic Real Estate” dated March 13, 2020, and the 3 properties from the Acquisition are reflected to the total of 107 properties (30th fiscal period). The forecast assumes that there will be no changes (acquisition of new properties, disposition of existing properties, etc.) after completing the Acquisition through to the end of the 30th fiscal period. The actual assets under management 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 rent, common area maintenance charges, parking revenue, incidental revenue, etc. generating monthly from the leasing contracts of the already acquired assets in the portfolio as of today and the Acquisition. Capital gains from the 2 properties planned for disposition on May 29, 2020, as announced in “Notice Concerning Disposition of Trust Beneficiary Interest in Domestic Real Estate” dated March 13, 2020, is presumed to be 235 million yen for the 30th fiscal period.
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 business period, are expected to be 92 million yen for the 30th fiscal period. 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. The amount is expected to be 183 million yen for the 30th fiscal period. 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 640 million yen for the 30th fiscal period. Operating expenses other than expenses related to rent business (asset management fee, asset custody fee, administrative service fees, etc.) are expected to be 419 million yen for the 30th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses (including interest expenses on investment corporation bonds) are expected to be 167 million yen for the 30th fiscal period. Borrowing related expenses are expected to be 41 million yen for the 30th fiscal period. Expenses for the issuance of investment corporation bonds are recorded as deferred assets and assumed to be amortized until the redemption using the straight-line method. The amount is expected to be 1 million yen for the 30th fiscal period.
Loans	<ul style="list-style-type: none"> Of the loans balance as of today of 44,646 million yen, the forecast assumes that the loan due for repayment during the 30th fiscal period (4,320 million yen) will be refinanced in the entire amount and the loans balance will remain unchanged at 44,646 million yen through to the end of the 30th fiscal period. The forecast assumes that the balance of investment corporation bonds of 1,000 million yen as of today will remain unchanged through to the end of the 30th fiscal period.
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> 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 subsequent change in the number of investment units due to the issuance of new investment units, etc. through to 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. 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.