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For Immediate Release

REIT Issuer

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Asset Management Company

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Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate

Starts Proceed Investment Corporation (“Starts Proceed”) announces that Starts Asset Management Co., Ltd., to which Starts Proceed entrusts the management of its assets (the “Asset Management Company”), today decided to conduct acquisition of trust beneficiary interests in domestic real estate. The details are as follows.

Since the counterparty of the acquisition transaction is an interested party, etc. as defined in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended (the “Investment Trusts Act”)), the Asset Management Company, pursuant to its internal rules, has obtained consent from Starts Proceed to proceed with the transaction based on approval from the meeting of the Board of Directors of Starts Proceed held today.

1. Reason for Acquisition

Starts Proceed will conduct acquisition of assets to enhance growth potential and stability of the portfolio based on the asset management objectives and policies set forth in its Articles of Incorporation. For the characteristics of the assets to be acquired, please refer to “3. Description of Assets to be Acquired” below.

2. Overview of Acquisition

(1) Assets to be acquired:

Property No.	Property name	Type of specified asset	Seller	Planned acquisition price (thousand yen) (Note 1)
C-83	Proceed Monzennakacho (Note 2)	Trust beneficiary interest	Starts Development Corporation (Note 3)	1,240,000
C-84	Proceed Maihama (Note 2)			1,029,000
R-5	Proceed Mito 3			824,000
Total				3,093,000

(Note 1) “Planned acquisition price” does not include miscellaneous acquisition-related expenses, fixed property taxes, city planning taxes, consumption taxes and local consumption taxes.

(Note 2) Although a trust has not been established as of today, it is planned to be established before the acquisition upon the acquisition by Starts Proceed.

(Note 3) Starts Development Corporation is an interested party, etc. of the Asset Management Company as defined in the Investment Trusts Act. For details, please refer to “4. Overview of Seller” below.

- (2) Date of conclusion of sales contract: May 20, 2020
 (3) Planned date of acquisition: May 29, 2020
 (4) Acquisition financing: Own funds (planned)
 (5) Payment method: Payment in full at the time of acquisition

3. Description of Assets to be Acquired

C-83: Proceed Monzennakacho

Overview of specified asset		Overview of leasing (as of April 30, 2020)	
Type of specified asset	Trust beneficiary interest	Total number of tenants	1
Use	Rental housing	Number of leased units (Total number of leasable units)	48 (48)
Planned acquisition price	1,240,000 thousand yen	Number of leased parking units (Total number of leasable parking units)	1 (3)
Location (Address)	1-7-8 Fukuzumi, Koto-ku, Tokyo	Leased floor area	1,515.81 m ²
PM Company / ML Company	Starts Amenity Corporation	Total leasable floor area	1,515.81 m ²
Master lease type	Pass-through	Annual rent revenue	70,152 thousand yen
Trustee	Starts Trust Co., Ltd.	Security and guarantee deposits, etc.	5,318 thousand yen
Period of trust agreement	From: May 29, 2020	Occupancy rate	100.0%
	To: April 30, 2050		
Land	Ownership form	Proprietorship	Overview of appraisal report
	Site area	665.38 m ²	Appraiser
	Zoning	Quasi-industrial district	Date of appraisal
	Building-to-land ratio	70%	Appraisal value
	Floor-area ratio	300%	Chuo Real Estate Appraisal Co., Ltd. March 1, 2020 1,310,000 thousand yen
Building	Ownership form	Proprietorship	Overview of building condition evaluation report
	Structure	Reinforced concrete structure with flat roof / 7F	Evaluation company
	Construction completion date	January 18, 2020	Date of evaluation
	Total floor area	1,777.37 m ²	Building replacement value
	Use	Apartment complex	Long-term repair costs (12 years)
Tokio Marine & Nichido Risk Consulting Co., Ltd. March 2020 488,700 thousand yen 8,287 thousand yen 9.7%			
Collateral			
None			
Special notations / Status of the property (structure and other matters that have significant impact on the price of the investment property)			
None			
Remarks			
7-minute walk from Monzen-nakacho Station on the Tokyo Metro Tozai Line and Toei Subway Oedo Line 15-minute walk from Kiyosumi-shirakawa Station on the Tokyo Metro Hanzomon Line			
Area/Property characteristics			
Fukuzumi 1-chome, where the property is located, has a history of originally being an integrated “lumber yard” and “stone yard” known as “Fukagawa” that gradually became a town of merchants and became a bustling town. There was also a scattering of many warehouses and other facilities making use of the locational and geographical advantages as a concentrated area before it became the landscape it is today with the opening of the subway Tozai Line and later Toei Subway Oedo Line leading to gradual rebuilding of residential facilities, attraction of commercial facilities and other progress in development of the area. The nearest stations offer subway access as means of transportation in Tokyo of course, but the interchange on the Shuto Expressway Fukagawa Route offers convenient access, too, making it a location with favorable motor access in many directions. In addition, with the Nihonbashi area approximately 2 kilometers from the property across the Eitai Bridge, central Tokyo is accessible even by bicycle. For these reasons, the occupancy status of surrounding rental properties is also good and the property, too, had almost full occupancy upon construction completion. These, among other factors, make the area an appealing location and environment in terms of acquisition for Starts Proceed and one that can continue to expect stable and ongoing demand.			

C-84: Proceed Maihama

Overview of specified asset		Overview of leasing (as of April 30, 2020)		
Type of specified asset	Trust beneficiary interest	Total number of tenants	1	
Use	Rental housing	Number of leased units	65 (66)	
Planned acquisition price	1,029,000 thousand yen	(Total number of leasable units)		
Location (Address)	4-14-13 Fujimi, Urayasu-shi, Chiba	Number of leased parking units (Total number of leasable parking units)	9 (9)	
PM Company / ML Company	Starts Amenity Corporation	Leased floor area	1,704.41 m ²	
Master lease type	Pass-through	Total leasable floor area	1,735.31 m ²	
Trustee	Starts Trust Co., Ltd.	Annual rent revenue	64,668 thousand yen	
Period of trust agreement	From: May 29, 2020	Security and guarantee deposits, etc.	4,204 thousand yen	
	To: April 30, 2050	Occupancy rate	98.2%	
Land	Ownership form	Proprietorship	Overview of appraisal report	
	Site area	922.85 m ²	Appraiser	Chuo Real Estate Appraisal Co., Ltd.
	Zoning	Category 1 medium-to-high-rise exclusive residential district	Date of appraisal	March 31, 2020
	Building-to-land ratio	60%	Appraisal value	1,180,000 thousand yen
	Floor-area ratio	200%	Overview of building condition evaluation report	
Building	Ownership form	Proprietorship	Evaluation company	Tokio Marine & Nichido Risk Consulting Co., Ltd.
	Structure	Reinforced concrete structure with flat roof / 5F	Date of evaluation	March 2020
	Construction completion date	March 10, 2020	Building replacement value	531,800 thousand yen
	Total floor area	2,151.57 m ²	Long-term repair costs (12 years)	9,506 thousand yen
	Use	Apartment complex	PML (Date of evaluation: March 2020)	7.4%
Collateral				
None				
Special notations / Status of the property (structure and other matters that have significant impact on the price of the investment property)				
None				
Remarks				
22-minute walk from Maihama Station on the JR Keiyo Line 10-minute bus ride from Maihama Station on the JR Keiyo Line and 2-minute walk from Fujimi 5-chome bus stop 15-minute bus ride from Urayasu Station on the Tokyo Metro Tozai Line and 2-minute walk from Fujimi 5-chome bus stop				
Area/Property characteristics				
The Fujimi area, where the property is located, is an area that has been developing as a residential district through land improvement projects of what once was a paddy district known as the Horie cropland. Even though access from the nearest stations, Urayasu Station on the Tokyo Metro Tozai Line and Maihama Station on the JR Keiyo Line, is by bus, factors such as the orderly streetscape have led to supply of not only for-sale detached housing and for-sale condominiums but also many rental properties. In addition, the large-scale resort facilities on the southwestern side of Maihama Station and accompanying lodging facility openings contribute to even further revitalization of the area. The settlement of workers for the large-scale resort facilities, etc. and people who adore the very facilities can be expected. In order to meet such demand and in pursuit of differentiation from the properties in the area, the property is a project that was designed to be the latest IoT home in that household equipment and appliances can be controlled remotely using a smartphone. The property is judged to be one that can continue to expect stable revenue backed by high demand.				

R-5: Proceed Mito 3

Overview of specified asset		Overview of leasing (as of April 30, 2020)		
Type of specified asset	Trust beneficiary interest	Total number of tenants	1	
Use	Rental housing	Number of leased units	59 (60)	
Planned acquisition price	824,000 thousand yen	(Total number of leasable units)		
Location (Address)	3-1-41 Minamimachi, Mito-shi, Ibaraki	Number of leased parking units (Total number of leasable parking units)	14 (15)	
PM Company / ML Company	Starts Amenity Corporation	Leased floor area	2,216.09 m ²	
Master lease type	Pass-through	Total leasable floor area	2,258.88 m ²	
Trustee	Starts Trust Co., Ltd.	Annual rent revenue	55,524 thousand yen	
Period of trust agreement	From: October 5, 2018	Security and guarantee deposits, etc.	4,495 thousand yen	
	To: April 30, 2050	Occupancy rate	98.1%	
Land	Ownership form	Proprietorship	Overview of appraisal report	
	Site area	744.01 m ²	Appraiser	Rich Appraisal Institute Co., Ltd.
	Zoning	Commercial district	Date of appraisal	March 31, 2020
	Building-to-land ratio	90%	Appraisal value	869,000 thousand yen
	Floor-area ratio	400%	Overview of building condition evaluation report	
Building	Ownership form	Proprietorship	Evaluation company	Tokio Marine & Nichido Risk Consulting Co., Ltd.
	Structure	Reinforced concrete structure with flat roof / 12F	Date of evaluation	March 2020
	Construction completion date	September 20, 2018	Building replacement value	569,800 thousand yen
	Total floor area	2,359.02 m ²	Long-term repair costs (12 years)	10,161 thousand yen
	Use	Apartment complex	PML (Date of evaluation: March 2020)	2.5%
Collateral				
None				
Special notations / Status of the property (structure and other matters that have significant impact on the price of the investment property)				
None				
Remarks				
14-minute walk from Mito Station on the JR Joban Line 11-minute bus ride from Mito Station on the JR Joban Line and 6-minute walk from Minamimachi 3-chome bus stop				
Area/Property characteristics				
The property is situated a 14-minute walk from JR Mito Station. Mito Station serves as the prefecture's railway network hub and also offers favorable access to Tokyo Station being approximately 1.5 hours by limited express train. There are commercial facilities, hotels and shopping districts lined along the arterial roads around the station, and many visitors and tourists visiting places of scenic and historical interest nearby are also seen. The area surrounding the property has a good range of commercial facilities, public facilities, educational facilities, etc. and is an area that has a concentration of branches and offices of major companies. High demand can thus be expected from persons on job transfer, mainly those living away from family.				

[Explanation]

1. "Type of specified asset" indicates the type as a specified asset, such as trust beneficiary interests, real estate, etc. "Use" is indicated in accordance with the stated categories in "Part I. Fund Information, Item 1. Situation of the Fund, 2. Investment Policies, (1) Investment Policies, 3) Portfolio Construction Policies" set out in the Securities Report.
2. "Planned acquisition price" indicates the amount (transaction price stated in the trust beneficiary interest transaction agreement with condition precedent, etc.) excluding the various expenses (real estate transaction brokerage fee, etc.) required for the acquisition of the assets to be acquired.
3. "PM Company / ML Company" indicates the property management company that has concluded a property management agreement and the master lease company that has concluded a master lease agreement, agreements that are effective as of today for each property, or indicates the property management company that is scheduled to conclude a property management agreement and the master lease company that is scheduled to conclude a master lease agreement at the time of acquisition by Starts Proceed. For "Master lease type," "Pass-through" is indicated for a master lease in which the trustee and the master lease company has agreed that the master lease company pays the same amount as the rent stated in the sublease agreement concluded between the master lease company and the end tenant to the trustee.
4. "Trustee" indicates the trustee or planned trustee at the time of acquisition by Starts Proceed. As to "Period of trust agreement," the starting date is the effective date of the trust agreement that is effective as of today (for trust agreement that is scheduled to be concluded, the scheduled effective date is indicated), and the ending date is the termination date of the trust agreement that is scheduled to be agreed (including agreement for amendments) between the parties of the trust agreement on the same date as acquisition by Starts Proceed.
5. Concerning the description of "Land" and "Building"
 - "Site area," "Structure," "Construction completion date" and "Total floor area" are in accordance with information described in the certificate of entry in real estate registration. For properties that have annex buildings, the annex buildings are not included in "Total floor area." However, it may be different if the description has been found incorrect as a result of investigation.
 - "Zoning" indicates the type of zoning district classified in accordance with Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968, as amended).
 - "Building-to-land ratio" is the ratio of the building area of the building to the site area as stipulated in Article 53 of the Building Standards Act (Act No. 201 of 1950, as amended; the "Building Standards Act") and indicates the maximum figures stipulated in the city plan in accordance with the zoning, etc. Pursuant to Article 53, Paragraph 3 or Paragraph 5 of the Building Standards Act, corner lots in a block and fireproof buildings, etc. in fire prevention districts may be subject to mitigation of building-to-land ratio or may not be subject to building-to-land ratio restriction itself. There are cases in which separate restrictions, mitigations, etc. may apply in accordance with the Building Standards Act or other administrative laws and regulations. In such cases, figures after application of such restrictions, mitigations, etc. are indicated.
 - "Floor-area ratio" is the ratio of the total floor area of the building to the site area as stipulated in Article 52 of the Building Standards Act and indicates the maximum figures stipulated in the city plan in accordance with the zoning, etc. Pursuant to Article 52, Paragraph 2 or Paragraph 9 of the Building Standards Act, restrictions due to frontage road width rules or mitigations due to specified road rules may apply in some cases. There are cases in which separate restrictions, mitigations, etc. may apply in accordance with the Building Standards Act or other administrative laws and regulations. In such cases, figures after application of such restrictions, mitigations, etc. are indicated.
 - If more than one zoning exists for one property, pursuant to Article 53, Paragraph 2 or Article 52, Paragraph 7 of the Building Standards Act, "Building-to-land ratio" and "Floor-area ratio" indicate the weighted average figures in accordance with the size of area of each zoning that are on the design drawing / completion drawing, etc. from the time of construction.
6. Concerning the description of "Overview of leasing"
 - For the assets to be acquired, a master lease agreement with Starts Amenity Corporation as a lessee and a sublessor is concluded or scheduled to be concluded among Starts Proceed, the trustee and Starts Amenity Corporation at the time of acquisition by Starts Proceed. Thus "Total number of tenants" indicates the number regarding the master lease company as a tenant as of now or after the acquisition.
 - "Number of leased units (Total number of leasable units)," "Leased floor area," "Total leasable floor area," "Annual rent revenue" and "Security and guarantee deposits, etc." are indicated in accordance with the same standards as the description of notes for the table illustrated in "Part I. Fund Information, Item 1. Situation of the Fund, 5. Management Status, (2) Investment Assets, 3) Other Major Investment Assets, (iv) Overview of Leasing Status, a. Overview of Leasing Status" set out in the Securities Report. "Number of leased parking units (Total number of leasable parking units)" is indicated in accordance with the same standards as the description of notes at the beginning of "Part I. Fund Information, Item 1. Situation of the Fund, 5. Management Status, (2) Investment Assets, 3) Other Major Investment Assets, (vi) Individual Overview of Real Estate in Trust for Acquired Assets" set out in the Securities Report.
 - "Occupancy rate" is the ratio of leased floor area to each tenant to the total leasable floor area of each property and is rounded off to the first decimal place.
7. "Overview of appraisal report" describes the content indicated in the appraisal report prepared for the assets to be acquired.
8. Concerning the description of "Overview of building condition evaluation report"
 - Contents described in the building condition evaluation report and the seismic risk evaluation report that were prepared for the assets to be acquired are provided.
 - "Date of evaluation" is the date (year, month and date or year and month) on which the building condition evaluation report was prepared.
 - "Building replacement value" is the total amount of appropriate costs required assuming reconstruction of the subject building on the date of evaluation.
 - "Long-term repair costs" is the total amount of expected long-term repair costs (12 years) based on the building condition evaluation report.
 - Figures of "PML" are the figures in the report prepared by Tokio Marine & Nichido Risk Consulting Co., Ltd. "PML" represents the probable maximum loss that the subject facility or group of facilities may suffer from an earthquake with a 10% probability of exceedance in 50 years (earthquake corresponding to a 475-year return period) by expressing the amount of physical loss corresponding to a 90% non-exceedance probability in the event of such earthquake as a percentage of the building replacement value.
9. "Collateral" describes the existence/non-existence of collateral as on the date of acquisition of the assets to be acquired.
10. Concerning the description of "Special notations / Status of the property (structure and other matters that have significant impact on the price of the investment property)"
 - In principle, it describes (1) the rights of third parties other than the tenants housed in the assets to be acquired and restrictions, etc. based on such rights, and (2) restrictions, etc. from administrative laws and regulations related to the assets to be acquired, as of today. In case a specific description refers to fact situations as on the date of acquisition by Starts Proceed, description is made based on future prediction that is as rational as possible as of today.
 - When the type of a specified asset that Starts Proceed is acquiring is trust beneficiary interest, description of "acquired by Starts Proceed" also refers to acquisition by Starts Proceed through trust beneficiary interest. In such cases, the legal owner or right holder of the real estate that is the trust asset of the trust beneficiary interest is the trustee and Starts Proceed acquires the trust beneficiary interest.
11. "Area/Property characteristics" is based on the description on the appraisal report, market report, etc. prepared for the assets to be acquired.

4. Overview of Seller

Name	Starts Development Corporation
Location	3-4-10 Nihonbashi, Chuo-ku, Tokyo
Representative	Kazuyoshi Yoshizawa, President
Main business activities	Real estate development, planning and sales
Capital	320 million yen (as of March 31, 2020)
Established	October 3, 2005
Net assets	-4,663 million yen (as of March 31, 2019)
Total assets	39,114 million yen (as of March 31, 2019)
Major shareholder and shareholding ratio	Starts Corporation Inc. (100%)
Relationship with Starts Proceed and the Asset Management Company	
Capital relationship	There is no capital relationship to report concerning Starts Proceed and the Asset Management Company with the company.
Personnel relationship	There is no personnel relationship to report concerning Starts Proceed and the Asset Management Company with the company.
Business relationship	Starts Proceed acquired one property (3,047 million yen) from the company in the fiscal period ended April 2020.
Related party or not	The company falls within the scope of a related party of Starts Proceed. The company is a fellow subsidiary of the Asset Management Company under the same parent company as described above and thus falls within the scope of a related party of the Asset Management Company.

5. Transaction with Interested Parties of the Assets to be Acquired

Starts Development Corporation, which is the seller of the assets to be acquired, Starts Amenity Corporation, to which master lease and property management after the acquisition of the assets to be acquired are planned to be entrusted, Starts Pitat House Co., Ltd., to which leasing business of the property management is subcontracted, and Starts Trust Co., Ltd., to which trust services of the assets to be acquired are planned to be entrusted, each fall within the scope of an interested party, etc. of the Asset Management Company as defined in the Investment Trusts Act. Accordingly, all transactions have been determined after following appropriate procedures based on the internal rules of the Asset Management Company and pursuant to standards stipulated by laws and regulations.

Overview of Planned Company Entrusted with Master Lease and Property Management (as of March 31, 2020)

Name	Starts Amenity Corporation
Location	8-4-3 Ichinoe, Edogawa-ku, Tokyo
Representative	Tarouo Saito, President
Main business activities	Real estate management and operation, construction, interior finishing and other businesses
Capital	350 million yen
Established	April 1, 1985
Relationship with Starts Proceed and the Asset Management Company	<p>The company is a subsidiary whose shares issued and outstanding are wholly owned by Starts Corporation Inc., the parent company of the Asset Management Company. Accordingly, the company falls within the scope of an interested party, etc. as defined in the Investment Trusts Act. There is no personnel relationship to report concerning Starts Proceed and the Asset Management Company with the company.</p> <p>The company is leasing all the assets acquired in a lump based on the master lease agreement. The company has concluded a pipeline support agreement with the Asset Management Company and has been providing the Asset Management Company with property information, warehousing function and such.</p> <p>The company does not fall within the scope of a related party of Starts Proceed. The company is a fellow subsidiary of the Asset Management Company under the same parent company as described above and thus falls within the scope of a related party of the Asset Management Company.</p>

Overview of Planned Company Entrusted with Trust Services (as of March 31, 2020)

Name	Starts Trust Co., Ltd.
Location	3-1-8 Nihonbashi, Chuo-ku, Tokyo
Representative	Sadao Watanabe, President
Main business activities	Trust services, purchase/sales of trust beneficiary interest in real estate, purchase/sales and leasing agent and brokerage, etc. of real estate
Capital	300 million yen
Established	September 3, 2009
Relationship with Starts Proceed and the Asset Management Company	<p>The company is a subsidiary whose shares issued and outstanding are wholly owned by Starts Corporation Inc., the parent company of the Asset Management Company. Accordingly, the company falls within the scope of an interested party, etc. as defined in the Investment Trusts Act. There is no personnel relationship to report concerning Starts Proceed and the Asset Management Company with the company.</p> <p>The company does not fall within the scope of a related party of Starts Proceed. The company is a fellow subsidiary of the Asset Management Company under the same parent company as described above and thus falls within the scope of a related party of the Asset Management Company.</p>

6. Status of Parties Related to the Acquisition of the Properties

Property No.	Property name	Current owner		Previous owner	
		Name		Name	(Land) Other than one with a relationship of special interest
C-83	Proceed Monzennakacho	Name	Starts Development Corporation	Name	(Land) Other than one with a relationship of special interest
		Relationship with related parties	Please refer to “4. Overview of Seller” above	Relationship with related parties	—
		Acquisition background and reason, etc.	Property developed by the current owner	Acquisition background and reason, etc.	—
		Acquisition price	(Land) Omitted as the current owner’s ownership exceeds one year	Acquisition price	—
		Acquisition period	(Land) September 26, 2018 (Building) —	Acquisition period	—
C-84	Proceed Maihama	Name	Starts Development Corporation	Name	(Land) Other than one with a relationship of special interest
		Relationship with related parties	Please refer to “4. Overview of Seller” above	Relationship with related parties	—
		Acquisition background and reason, etc.	Property developed by the current owner	Acquisition background and reason, etc.	—
		Acquisition price	(Land) Omitted as the current owner’s ownership exceeds one year	Acquisition price	—
		Acquisition period	(Land) January 10, 2019 (Building) —	Acquisition period	—
R-5	Proceed Mito 3	Name	Starts Development Corporation	Name	Other than one with a relationship of special interest
		Relationship with related parties	Please refer to “4. Overview of Seller” above	Relationship with related parties	—
		Acquisition background and reason, etc.	Acquisition as provision of warehousing function until the acquisition by Starts Proceed	Acquisition background and reason, etc.	—
		Acquisition price	(Land) Omitted as the current owner’s ownership exceeds one year	Acquisition price	—
		Acquisition period	October 5, 2018	Acquisition period	—

7. Overview of Brokerage
None

8. Future Outlook

Please refer to “Notice Concerning Revisions to Management Status and Distribution Forecast for the Fiscal Period Ending October 2020 (30th Fiscal Period)” separately announced today.

9. Overview of Appraisal Report

Property name	Proceed Monzennakacho
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Appraisal value	1,310,000 thousand yen
Appraiser	Chuo Real Estate Appraisal Co., Ltd.
Date of appraisal	March 1, 2020

(Unit: thousand yen)

Item	Amount	Details
Income approach value	1,310,000	Determined income approach value by emphasizing income approach value based on DCF method while also relating income approach value based on direct capitalization method
Value based on direct capitalization method	1,320,000	Assessed by returning net income (NCF) that is stable over the medium to long term by capitalization rate
Operating revenue	70,095	-
Effective gross income	74,325	Assessed new rent and common area maintenance charges (new rent, etc.) assumed when the property is newly leased, by taking into account the rent and common area maintenance charges based on the current lease agreement, etc. and the level of the rent and common area maintenance charges of similar properties, etc.
Vacancy loss, etc.	4,230	Assessed occupancy rate (vacancy rate) that is stable over the medium to long term, etc., by taking into account past occupancy results of the property and similar properties, future market trends outlook, etc.
Operating expenses	16,985	-
Maintenance expenses	3,820	Assessed by taking into account the historical data, the level of expenses of similar properties, etc., based on the current BM contract terms
Utility expenses	864	Assessed by taking into account the level of expenses of similar properties, etc., based on the historical data
Repair expenses	1,661	Assessed by taking into account the figure assessed from the perspective of one that is stable over the medium to long term based on the estimated amount of repairs stated in the engineering report, the use, age, structure and management status of the building, etc.
PM fees	1,830	Assessed by taking into account the level of expenses of similar properties, etc., based on the current PM contract terms
Tenant solicitation expenses, etc.	3,033	Assessed by taking into account the level of expenses of similar properties, assumed tenant turnover rate (average turnover period), etc., based on the current PM contract terms
Taxes and public dues	5,102	Figure assessed by the appraiser
Non-life insurance fees	249	Employed the most recent actual amount
Other expenses	426	Assessed based on the current contract terms, etc.
Net operating income (NOI)	52,676	-
Gain on management of income from lump-sum payment	51	Assessed assuming management yield at 1.0%
Capital expenditures	485	Assessed by taking into account the figure assessed by the appraiser from the perspective of one that is stable over the medium to long term based on the estimated amount of renewal expenses stated in the engineering report, the use, age, structure and management status of the building, etc.
Net income (NCF)	52,676	-
Capitalization rate	4.0%	Assessed by taking into account individual characteristics of the property such as location, building specifications and relationship of rights, by reference to the investment yield of transactions of similar properties, etc.
Value of earnings calculated by discounted cash flow (DCF) method	1,300,000	-
Discount rate	3.8%	Assessed based on capitalization rate reflecting current economic growth rate, market trends outlook, etc.
Terminal capitalization rate	4.2%	Assessed based on capitalization rate taking into account risk premiums such as price fall risk due to deterioration from aging, market fluctuation risk, etc.
Cost method value	1,360,000	-
Land ratio	60.1%	-
Building ratio	39.9%	-

Other items considered by real estate appraisal agent upon appraisal	Since demand for the property comes mostly from investors emphasizing profitability, appraisal value was determined based on income approach valuation using cost method valuation only as reference.
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Property name	Proceed Maihama
Appraisal value	1,180,000 thousand yen
Appraiser	Chuo Real Estate Appraisal Co., Ltd.
Date of appraisal	March 31, 2020

(Unit: thousand yen)

Item	Amount	Details
Income approach value	1,180,000	Determined income approach value by emphasizing income approach value based on DCF method while also relating income approach value based on direct capitalization method
Value based on direct capitalization method	1,190,000	Assessed by returning net income (NCF) that is stable over the medium to long term by capitalization rate
Operating revenue	66,936	-
Effective gross income	70,386	Assessed new rent and common area maintenance charges (new rent, etc.) assumed when the property is newly leased, by taking into account the level of the rent and common area maintenance charges of similar properties, etc.
Vacancy loss, etc.	3,450	Assessed occupancy rate (vacancy rate) that is stable over the medium to long term, etc., by taking into account past occupancy results of the property, future market trends outlook, etc.
Operating expenses	15,108	-
Maintenance expenses	2,603	Assessed by taking into account the level of expenses of similar properties, etc., based on the BM contract (draft)
Utility expenses	1,187	Assessed by taking into account the level of expenses of similar properties, etc.
Repair expenses	1,831	Assessed by taking into account the figure assessed from the perspective of one that is stable over the medium to long term based on the estimated amount of repairs stated in the engineering report, the use, age, structure and management status of the building, etc.
PM fees	1,764	Assessed by taking into account the level of expenses of similar properties
Tenant solicitation expenses, etc.	2,862	Assessed by taking into account the assumed tenant turnover rate (average turnover period), etc., based on the level of expenses of similar properties, etc.
Taxes and public dues	4,593	Figure assessed by the appraiser
Non-life insurance fees	268	Employed the estimated amount
Other expenses	0	-
Net operating income (NOI)	51,828	-
Gain on management of income from lump-sum payment	48	Assessed assuming management yield at 1.0%
Capital expenditures	571	Assessed by taking into account the figure assessed by the appraiser from the perspective of one that is stable over the medium to long term based on the estimated amount of renewal expenses stated in the engineering report, the use, age, structure and management status of the building, etc.
Net income (NCF)	51,305	-
Capitalization rate	4.3%	Assessed by taking into account individual characteristics of the property such as location, building specifications and relationship of rights, by reference to the investment yield of transactions of similar properties, etc.
Value of earnings calculated by discounted cash flow (DCF) method	1,170,000	-
Discount rate	4.1%	Assessed based on capitalization rate reflecting current economic growth rate, market trends outlook, etc.
Terminal capitalization rate	4.5%	Assessed based on capitalization rate taking into account risk premiums such as price fall risk due to deterioration from aging, market fluctuation risk, etc.
Cost method value	1,080,000	-
Land ratio	43.6%	-
Building ratio	56.4%	-

Other items considered by real estate appraisal agent upon appraisal	Since demand for the property comes mostly from investors emphasizing profitability, appraisal value was determined based on income approach valuation using cost method valuation only as reference.
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Property name	Proceed Mito 3
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Appraisal value	869,000 thousand yen
Appraiser	Rich Appraisal Institute Co., Ltd.
Date of appraisal	March 31, 2020

(Unit: thousand yen)

Item	Amount	Details
Income approach value	869,000	Determined income approach value by emphasizing income approach value based on DCF method while also relating income approach value based on direct capitalization method
Value based on direct capitalization method	868,000	Assessed by returning net income (NCF) that is stable over the medium to long term by capitalization rate
Operating revenue	58,632	-
Effective gross income	61,775	Assessed standard rent and standard common area maintenance charges on the date of appraisal, by taking into consideration the rent and common area maintenance charges based on the current lease agreement, etc. and the surrounding rental market
Vacancy loss, etc.	3,143	Assessed by taking into account the size and location of the building, etc., based on the standard vacancy rate of the area
Operating expenses	11,792	-
Maintenance expenses	1,905	Recorded the amount equivalent to the actual amount reflecting the assessed amount of variable management expenses, by reference to the historical data
Utility expenses	533	Recorded the amount equivalent to the actual amount reflecting the assessed amount of variable management expenses, by reference to the historical data
Repair expenses	991	Based on the engineering report as a standard and taking into consideration the expenses to restore to original state borne by the owner, etc.
PM fees	2,079	Assessed based on past results
Tenant solicitation expenses, etc.	1,612	Recorded based on past results, by reference to past results of similar properties, etc.
Taxes and public dues	4,134	Recorded the amount equivalent to the actual amount based on the most recent actual amount, etc.
Non-life insurance fees	86	Recorded the amount equivalent to the actual amount based on the most recent actual amount, etc.
Other expenses	450	Recorded the amount equivalent to the actual amount based on the most recent actual amount, etc.
Net operating income (NOI)	46,839	-
Gain on management of income from lump-sum payment	41	Assessed by judging the standard number of months of deposit, and by taking into consideration the interest rate and yield level of financial assets with relatively high liquidity, etc.
Capital expenditures	1,761	Recorded the amount assessed by reference to the status of the building, past results of similar properties, etc.
Net income (NCF)	45,120	-
Capitalization rate	5.2%	Assessed by taking into account individual characteristics of the property such as location, building specifications and relationship of rights, by reference to the investment yield of transactions of similar properties, etc.
Value of earnings calculated by discounted cash flow (DCF) method	870,000	-
Discount rate	5.0%	Assessed based on capitalization rate reflecting current economic growth rate, market trends outlook, etc.
Terminal capitalization rate	5.3%	Assessed based on capitalization rate taking into account risk premiums such as price fall risk due to deterioration from aging, market fluctuation risk, etc.
Cost method value	768,000	-
Land ratio	16.9%	-
Building ratio	83.1%	-

Other items considered by real estate appraisal agent upon appraisal	Since demand for the property comes mostly from investors emphasizing profitability, appraisal value was determined based on income approach valuation using cost method valuation only as reference.
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<Attachments>

[Attachment 1] Portfolio List after Acquisition of Assets to be Acquired

[Attachment 2] Photo and Map of Assets to be Acquired

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

[Attachment 1] Portfolio List after Acquisition of Assets to be Acquired

Property No.	Property name	Acquisition price	
		Acquisition price (thousand yen) (Note 1)	Investment share (%) (Note 2)
C-1	Proceed Ichikawa	1,076,000	1.2
C-2	Proceed Toyocho	646,700	0.7
C-3	Proceed Kasai	688,700	0.8
C-4	Proceed Sangenjaya	555,900	0.6
C-5	Proceed Mizue	602,600	0.7
C-6	Proceed Funabashi Miyamoto	419,900	0.5
C-7	Proceed Minamikasai	303,500	0.3
C-9	Proceed Gyotoku	315,600	0.4
C-10	Proceed Makuharihongo	279,300	0.3
C-11	Proceed Minamigyotoku	287,300	0.3
C-12	Proceed Makuharihongo 2	223,400	0.3
C-14	Proceed Funabori	226,100	0.3
C-15	Proceed Takenozuka	169,400	0.2
C-16	Proceed Sengendai 2	86,700	0.1
C-17	Proceed Shoto	937,400	1.1
C-18	Proceed Sangubashi	497,600	0.6
C-19	Proceed Urayasu	431,400	0.5
C-20	Proceed Shinkoiwa	465,200	0.5
C-21	Proceed Yachiyo Midorigaoka I	383,600	0.4
C-22	Proceed Yachiyo Midorigaoka II	339,000	0.4
C-23	Proceed Toritsudaigaku	790,400	0.9
C-24	Proceed Toritsudaigaku 2	772,200	0.9
C-25	Proceed Honjoazumabashi	339,800	0.4
C-26	Proceed Meguro Aobadai	466,700	0.5
C-27	Proceed Suginami Miyamae	454,900	0.5
C-28	Proceed Ryogoku	443,900	0.5
C-29	Proceed Mita	1,537,200	1.7
C-30	Proceed Nakanoshimbashi	638,800	0.7
C-31	Proceed Kameido	339,000	0.4
C-32	Proceed Takadanobaba	223,700	0.3
C-33	Proceed Shinkoenji	742,100	0.8
C-34	Proceed Koenjiminami	277,400	0.3
C-35	Proceed Hasune	284,000	0.3
C-36	Proceed Oimachi	944,000	1.1
C-37	Proceed Jujo	533,000	0.6
C-38	Proceed Hakuraku	241,000	0.3
C-39	Proceed Shinmaruko	635,000	0.7
C-40	Proceed Motoyawata	307,000	0.3
C-41	Proceed Nishiarai	5,172,000	5.9
C-42	Proceed Chofu	460,500	0.5
C-43	Proceed TX Rokucho	156,800	0.2
C-44	Proceed Nakagawara	1,141,000	1.3
C-45	Proceed Oizumigakuen	268,300	0.3
C-46	Proceed Chitosekarasuyama	289,600	0.3
C-47	Proceed Mitaka	477,200	0.5
C-48	Proceed Kashiwa Est	732,000	0.8
C-49	Proceed Kashiwa Nord	689,000	0.8
C-50	Proceed Gyotokuekimae	331,000	0.4
C-51	Proceed Funabashi Honcho	531,700	0.6
C-52	Proceed Nishikawaguchi	881,000	1.0

Property No.	Property name	Acquisition price	
		Acquisition price (thousand yen) (Note 1)	Investment share (%) (Note 2)
C-53	Proceed Gumyoji	552,000	0.6
C-54	Proceed Tsurugamine	356,000	0.4
C-55	Proceed Sagamiotsuka	234,000	0.3
C-56	Proceed Shinozaki 2	913,300	1.0
C-57	Proceed Kashiwa Trois	537,100	0.6
C-58	Proceed Shinozaki Tower	1,564,000	1.8
C-59	Proceed Tobu Nerima	422,000	0.5
C-60	Proceed Yukigaya	323,000	0.4
C-61	Proceed Ichikawa Minami	687,000	0.8
C-62	Proceed Ichikawa Myoten	498,000	0.6
C-63	Proceed Fujisawa Kugenuma	729,000	0.8
C-64	Proceed Nihonbashi-horidomecho	1,485,800	1.7
C-65	Proceed TX Nagareyama Central Park	979,700	1.1
C-66	Proceed Gyotoku 2	830,000	0.9
C-67	Proceed Nishikasai	875,600	1.0
C-68	Proceed Kasai 2	750,000	0.9
C-69	Proceed Nihonbashi Honcho	2,449,000	2.8
C-70	Proceed Nishi Shinjuku	2,549,000	2.9
C-71	Proceed Unoki	917,000	1.0
C-72	Proceed Minamigyotoku 2	1,080,000	1.2
C-73	Proceed CO-Z East Building	1,830,000	2.1
C-74	Proceed CO-Z West Building	971,000	1.1
C-75	Proceed Shin Yokohama	4,330,000	4.9
C-76	Life Support Residence Funaboriekimae	380,000	0.4
C-77	Proceed Kinshicho	2,140,000	2.4
C-78	Proceed K2	1,170,000	1.3
C-79	Proceed K3 Annex	283,000	0.3
C-80	Proceed K5	269,000	0.3
C-81	Proceed Ichikawa Myoden II	800,000	0.9
C-82	The Parkhabio Yokohamayamate	3,047,000	3.5
C-83	Proceed Monzennakacho	1,240,000	1.4
C-84	Proceed Maihama	1,029,000	1.2
Tokyo metropolitan area major cites subtotal		66,256,000	75.4
G-8	Proceed Taikodori	403,400	0.5
G-11	Proceed Honamicho	275,000	0.3
G-13	Proceed Shinsakae	792,500	0.9
G-14	Proceed Chiyoda	309,300	0.4
G-15	Proceed Fukuoka Takamiya	453,600	0.5
G-17	Proceed Kanayama	1,022,000	1.2
G-18	Proceed Fukiage	499,000	0.6
G-19	Proceed Toyoda	219,000	0.2
G-21	Proceed Nishitenma	880,000	1.0
G-22	Proceed Kobemotomachi	780,000	0.9
G-23	Group Home Tanoshii Ie Taisho	158,000	0.2
G-24	Proceed Kanayama 2	2,040,400	2.3
G-25	Proceed Aratamabashi	2,129,600	2.4
G-26	Proceed Bentencho	2,170,000	2.5
G-27	Proceed Nagaikoendori	1,070,000	1.2
G-30	Proceed Hyogoekimaedori	1,670,000	1.9
G-31	Proceed Mizuho	535,000	0.6
G-32	Proceed Osu	831,000	0.9



Property No.	Property name	Acquisition price	
		Acquisition price (thousand yen) (Note 1)	Investment share (%) (Note 2)
G-33	Proceed Sendai Kozurushinden	698,000	0.8
G-34	Proceed Sendai Kamisugi	1,560,000	1.8
G-35	Proceed Kanayama 3	770,000	0.9
Cabinet order designated cities subtotal		19,265,800	21.9
R-2	Proceed Mito	383,700	0.4
R-3	Proceed Mito 2	416,900	0.5
R-4	Proceed Tsukuba Gakuentoshi	775,600	0.9
R-5	Proceed Mito 3	824,000	0.9
Regional area major cities subtotal		2,400,200	2.7
Portfolio total		87,922,000	100.0

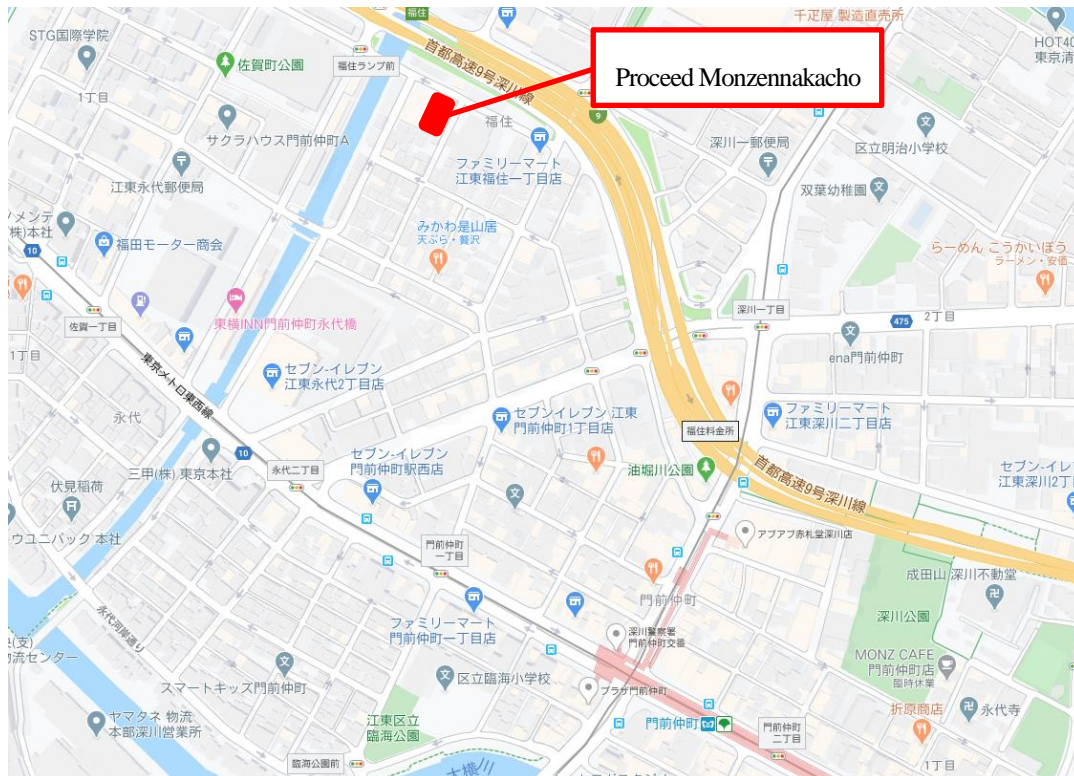
(Note 1) "Acquisition price" under "Acquisition price" is the transaction price stated in the trust beneficiary interest transaction agreement, etc. (excluding the various expenses, such as real estate transaction brokerage fee, required for the acquisition of the assets acquired or the assets to be acquired).

(Note 2) "Investment share" under "Acquisition price" is the ratio of acquisition price of the assets acquired or the assets to be acquired to the total acquisition price and is rounded off to the first decimal place.

[Attachment 2] Photo and Map of Assets to be Acquired
(C-83) Proceed Monzennakacho



Location (Address): 1-7-8 Fukuzumi, Koto-ku, Tokyo



(C-84) Proceed Maihama



Location (Address): 4-14-13 Fujimi, Urayasu-shi, Chiba



(R-5) Proceed Mito 3



Location (Address): 3-1-41 Minamimachi, Mito-shi, Ibaraki

