

Translation Purpose Only

For Immediate Release

REIT Issuer

Starts Proceed Investment Corporation
3-1-8 Nihonbashi, Chuo-ku, Tokyo
Kazuya Hiraide, Executive Director
(Code: 8979)

Asset Management Company

Starts Asset Management Co., Ltd.
Kazuya Hiraide, Representative Director
Inquiries: Hideki Hamaguchi, General Manager of
Financial Control and Administration Division
TEL. +81-3-6202-0856

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 meeting of the Board of Directors of Starts Proceed held on November 4, 2020. The details are as follows.

1. Overview of the Investment Corporation Bonds

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| (1) Name | Starts Proceed Second 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 Act on Book-Entry Transfer of Corporate Bonds and Shares applies to the Investment Corporation Bonds. Accordingly, 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 | 0.540% per annum |
| (7) Amount of each investment corporation bond | 100 million yen |
| (8) Method of offering | Public offering |
| (9) Subscription period | November 13, 2020 |
| (10) Payment date | November 19, 2020 |
| (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 19, 2025.
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 the book-entry transfer institution’s operational rules and other rules.
If the redemption date of the Investment Corporation Bonds falls on a bank holiday, then the date of payment will be moved to the immediately preceding bank business day. |
| (13) Interest payment date | May 19 and November 19 of each year
The first interest payment date is May 19, 2021.
If an interest payment date falls on a bank holiday, then the date of payment will be moved to the immediately preceding 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 Mizuho Bank, Ltd.
- (18) Underwriters Mizuho Securities Co., Ltd.
SMBC Nikko Securities Inc.
Daiwa Securities Co. Ltd.

2. Reason for Issuance

Starts Proceed decided on the issuance to build a stronger financial base by reducing fund procurement costs as well as staggering debt maturities and diversifying fund procurement means through allocation of the funds to be procured from the issuance of the Investment Corporation Bonds to funds for repayment of existing loans.

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

(1) Amount of funds to be procured (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 loans of 3,700 million yen due for repayment on November 24, 2020 (Note).

(Note) For details of the loans, please refer to "Notice Concerning Borrowing of Funds and Conclusion of Interest Rate Swap Agreement" dated November 19, 2015.

4. Status of Interest-Bearing Liabilities Before and After Issuance of the Investment Corporation Bonds

(Unit: million yen)

	Before Issuance (as of November 13, 2020)	After Issuance (Note 2) (as of November 24, 2020)	Change
Short-term loans payable	-	-	-
Current portion of long-term loans payable	8,020	8,640	620
Long-term loans payable	36,626	35,006	(1,620)
Total loans	44,646	43,646	(1,000)
Investment corporation bonds	1,000	2,000	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) The status after the refinancing of long-term loans of 3,700 million yen due for repayment on November 24, 2020.

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

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

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 27, 2020.

[Reference]

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

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