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For Immediate Release

REIT Issuer

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 (Security Code: 8979)

Asset Management Company

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Notice Concerning Disposition and Acquisition of Trust Beneficiary Interest 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 disposition and acquisition of trust beneficiary interest in domestic real estate (respectively the “Disposition” and the “Acquisition,” and collectively the “Transaction”). The details are as follows.

Since the counterparty of the Transaction is an interested party, etc. as defined in the Act on Investment Trusts and Investment Corporations (Act No.198, 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 board of directors’ meeting of Starts Proceed held today.

1. Overview of the Transaction

(1) Assets to Be Disposed Through the Disposition (the “Assets to Be Disposed”)

Property No.	Property name	Buyer	Planned contract conclusion date	Planned disposition date (Note 1)	Planned disposition price (thousand yen) (Note 2)	Assumed book value (thousand yen) (Note 3)	Amount of difference between planned disposition price and assumed book value (thousand yen)
C-21	Proceed Yachiyo Midorigaoka I	Starts Development Corporation (Note 4)	April 26, 2021	April 26, 2021	415,000	389,703	25,297
C-22	Proceed Yachiyo Midorigaoka II				370,500	347,257	23,243
Total					785,500	736,960	48,540

(Note 1) The settlement method for both properties is scheduled to be settlement of the entire amount on the planned disposition date.

(Note 2) “Planned disposition price” does not include miscellaneous disposition-related expenses, fixed property taxes, city planning taxes, consumption taxes and local consumption taxes.

(Note 3) “Assumed book value” is the book value assumed as of the planned disposition date.

(Note 4) 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 “5. Overview of Counterparty of the Transaction” below.

(2) Asset to Be Acquired Through the Acquisition (the “Asset to Be Acquired”)

Property No.	Property name	Seller	Planned contract conclusion date	Planned acquisition date (Note 1)	Planned acquisition price (thousand yen) (Note 2)
C-85	Proceed Nagareyama Otakanomori (Note 3)	Starts Corporation Inc. (Note 4)	April 27, 2021	April 27, 2021	1,069,000

(Note 1) The settlement method is scheduled to be settlement of the entire amount on the planned acquisition date. The acquisition financing is scheduled to be the funds from the disposition of the Assets to Be Disposed and cash on hand.

(Note 2) “Planned acquisition price” does not include miscellaneous acquisition related expenses, fixed property taxes, city planning taxes, consumption taxes and local consumption taxes.

(Note 3) 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 4) Starts Corporation Inc. is an interested party, etc. of the Asset Management Company as defined in the Investment Trusts Act. For details, please refer to “5. Overview of Counterparty of the Transaction” below.

2. Reason for the Transaction

Starts Proceed is promoting an asset replacement strategy to enhance the competitiveness of the portfolio. It conducted a careful examination of its portfolio in terms of management status over the medium to long term as well as individual property characteristics, etc. based on such strategy. As a result, Starts Proceed decided on the Disposition of the Assets to Be Disposed upon comprehensively considering the market trends and the competitiveness of the Assets to Be Disposed as well as the acquisition of the Asset to Be Acquired as an asset replacing the Assets to Be Disposed.

As the properties are 24 years old, the disposition of the Assets to Be Disposed was judged to be ideal at this point in time upon comprehensively taking into account the impacts to NOI caused by maintenance overhead including daily repair work.

In addition, the decision was made to acquire the Asset to Be Acquired based on the asset management targets and policies provided in the Articles of Incorporation of Starts Proceed on the judgment that it is an asset featuring a combination of younger property age, profitability, growth potential and stability as outlined in “3. Description of the Assets to Be Disposed and Asset to Be Acquired (2) Description of the Asset to Be Acquired Area/Property characteristics” below.

3. Description of the Assets to Be Disposed and Asset to Be Acquired

(1) Description of the Assets to Be Disposed

C-21: Proceed Yachiyo Midorigaoka I

Overview of specified asset		Overview of leasing (as of March 31, 2021)		
Type of specified asset	Trust beneficiary interest	Total number of tenants	1	
Use	Rental housing	Number of leased units	27 (27)	
Planned disposition price	415,000 thousand yen	(Total number of leasable units)		
Location (Address)	2-9 Midorigaoka, Yachiyo-shi, Chiba	Number of leased parking units (Total number of leasable parking units)	31 (32)	
PM Company / ML Company	Starts Amenity Corporation	Leased floor area	1,805.76 m ²	
Master lease type	Pass-through	Total leasable floor area	1,805.76 m ²	
Trustee	Resona Bank, Limited	Annual rent revenue	29,912 thousand yen	
Period of trust agreement	From: May 2, 2006	Security and guarantee deposits, etc.	2,608 thousand yen	
	To: April 30, 2026	Occupancy rate	100. 0%	
Land	Ownership form	Proprietorship	Overview of appraisal report	
	Site area	2,378.67 m ²	Appraiser	Asset Research Inc.
	Zoning	Category 1 low-rise exclusive residential district	Date of appraisal	October 31, 2020
	Building-to-land ratio	60%	Appraisal value	386,000 thousand yen
	Floor-area ratio	100%	Overview of building condition evaluation report	
Building	Ownership form	Proprietorship	Evaluation company	Japan Constructive Inspect Association
	Structure	Reinforced concrete structure with flat roof / 3F	Date of evaluation	October 2018
	Construction completion date	February 12, 1997	Building replacement value	348,500 thousand yen
	Total floor area	1,854. 26 m ²	Long-term repair costs (12 years)	10,362 thousand yen
	Use	Apartment complex	PML (Date of evaluation: November 2020)	6.9%
Collateral				
None				
Special notations / Status of the property (structure and other matters that have significant impact on the price of the investment property)				
1. The original building-to-land ratio of the property is 50%. However, due to mitigation measures regarding corner lots, it is set at 60%.				
Remarks				
10-minute walk from Yachiyo-Midorigaoka Station on the Toyo Rapid Railway Line				

C-22: Proceed Yachiyo Midorigaoka II

Overview of specified asset		Overview of leasing (as of March 31, 2021)		
Type of specified asset	Trust beneficiary interest	Total number of tenants	1	
Use	Rental housing	Number of leased units (Total number of leasable units)	23 (24)	
Planned disposition price	370,500 thousand yen	Number of leased parking units (Total number of leasable parking units)	27 (31)	
Location (Address)	2-8-2 Midorigaoka, Yachiyo-shi, Chiba	Leased floor area	1,538.24 m ²	
PM Company / ML Company	Starts Amenity Corporation	Total leasable floor area	1,605.12 m ²	
Master lease type	Pass-through	Annual rent revenue	25,596 thousand yen	
Trustee	Resona Bank, Limited	Security and guarantee deposits, etc.	2,638 thousand yen	
Period of trust agreement	From: May 2, 2006	Occupancy rate	95.8%	
	To: April 30, 2026			
Land	Ownership form	Proprietorship	Overview of appraisal report	
	Site area	2,328.81 m ²	Appraiser	Asset Research Inc.
	Zoning	Category 1 low-rise exclusive residential district	Date of appraisal	October 31, 2020
	Building-to-land ratio	60%	Appraisal value	348,000 thousand yen
	Floor-area ratio	100%	Overview of building condition evaluation report	
Building	Ownership form	Proprietorship	Evaluation company	Japan Constructive Inspect Association
	Structure	Reinforced concrete structure with flat roof / 3F	Date of evaluation	October 2018
	Construction completion date	February 12, 1997	Building replacement value	309,020 thousand yen
	Total floor area	1,655.29 m ²	Long-term repair costs (12 years)	8,782 thousand yen
	Use	Apartment complex	PML (Date of evaluation: November 2020)	6.9%
Collateral				
None				
Special notations / Status of the property (structure and other matters that have significant impact on the price of the investment property)				
1. The original building-to-land ratio of the property is 50%. However, due to mitigation measures regarding corner lots, it is set at 60%.				
Remarks				
10-minute walk from Yachiyo-Midorigaoka Station on the Toyo Rapid Railway Line				

(2) Description of the Asset to Be Acquired

C-85: Proceed Nagareyama Otakanomori

Overview of specified asset		Overview of leasing (as of March 31, 2021)		
Type of specified asset	Trust beneficiary interest	Total number of tenants	1	
Use	Rental housing	Number of leased units	50 (50)	
Planned acquisition price	1,069,000 thousand yen	(Total number of leasable units)		
Location (Address)	1-2-3 Otakanomorikita, Nagareyama-shi, Chiba	Number of leased parking units (Total number of leasable parking units)	0 (0)	
PM Company / ML Company	Starts Amenity Corporation	Leased floor area	1,730.96 m ²	
Master lease type	Pass-through	Total leasable floor area	1,730.96 m ²	
Trustee	Starts Trust Co., Ltd.	Annual rent revenue	64,397 thousand yen	
Period of trust agreement	From: April 27, 2021	Security and guarantee deposits, etc.	13,032 thousand yen	
	To: April 30, 2051	Occupancy rate	100.0%	
Land	Ownership form	Proprietorship (co-ownership)	Overview of appraisal report	
	Site area	4,200.00 m ²		Appraiser
	Zoning	Commercial district		Date of appraisal
	Building-to-land ratio	100%		Appraisal value
	Floor-area ratio	400%		1,100,000 thousand yen
Building	Ownership form	Sectional ownership	Overview of building condition evaluation report	
	Structure	Reinforced concrete structure with flat roof / 14F		Evaluation company
	Construction completion date	February 4, 2020		Date of evaluation
	Total floor area	1,641.62 m ²		Building replacement value
	Use	Apartment complex and retail		Long-term repair costs (12 years)
	Building designer	Nikken Housing System Ltd.		PML (Date of evaluation: March 2021)
	Constructor	Starts Construction and Asset Management Co., Ltd.		559,462 thousand yen
	Building inspector	The Building Center of Japan		5,671 thousand yen
Collateral				
None				
Special notations / Status of the property (structure and other matters that have significant impact on the price of the investment property)				
1. The building-to-land ratio of the property is essentially 80% as it stands in a commercial district. However, due to the mitigation measures for fireproof buildings in fire-prevention districts and mitigation measures for corner lots, it is set at 100%. 2. Site area indicates the area of the entire site, and the percentage of co-ownership interest (right of site) in proprietorship is 173,186/1,616,791.				
Remarks				
2-minute walk from Nagareyama-Otakanomori Station on the Tsukuba Express Line and Tobu Urban Park Line				
Area/Property characteristics				
The Nagareyama Otakanomori area where the Asset to Be Acquired is located is approximately 25 minutes from Akihabara Station via the Tsukuba Express rapid train and offers direct access to the stations of Kashiwa, Funabashi, and Omiya via the Tobu Urban Park Line. In addition, the area has become livelier and more convenient with the development of shopping centers and hotels after large-scale land readjustment projects were completed around the station, and further concentration of residential and commercial facilities can be expected in the area as development of large apartments is also in progress. The Asset to Be Acquired is directly connected to the station via a pedestrian deck and is installed with bathroom dehumidifiers and bidet toilets. It also offers free Wi-Fi, and plans for the property were made to enable users to live with comfort and convenience.				

[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 disposition price" and "Planned acquisition price" indicate the amount (transaction price stated in the trust beneficiary interest transaction agreement, etc.) excluding the various expenses (real estate transaction brokerage fee, etc.) required for the disposition and acquisition of the Assets to Be Disposed and Asset 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 disposition or 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.
 - Companies contracted for building design, construction and inspection are listed by name of the companies at the time of design, construction and inspection of the Asset to Be Acquired.
6. Concerning the description of "Overview of leasing"
 - For all Assets to Be Disposed and Asset 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 disposition or acquisition by Starts Proceed. Thus "Total number of tenants" indicates the number with 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 Disposed and Asset 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 Disposed and Asset to Be Acquired are provided.
 - "Building replacement value" is the total amount of appropriate costs required assuming to reconstruct 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 disposition and acquisition of the Assets to Be Disposed and Asset 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 Disposed and Asset 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 Disposed and Asset to Be Acquired, as of today. In case a specific description refers to fact situations as on the date of disposition and 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, 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 Asset to Be Acquired.

4. Overview of Appraisal Report of the Assets to Be Disposed and Asset to Be Acquired

(1) Overview of Appraisal Report of the Assets to Be Disposed

Property name	Proceed Yachiyo Midorigaoka I
Appraisal value	386,000 thousand yen
Appraiser	Asset Research Inc.
Date of appraisal	October 31, 2020

(Unit: thousand yen)

Item	Amount	Details
Income approach value	386,000	Estimated by relating income approach value based on direct capitalization method and value based on DCF method
Value based on direct capitalization method	391,000	Assessed by returning net income (NCF) that is stable over the medium to long term by capitalization rate
Operating revenue	30,819	-
Effective gross income	32,530	Assessed gross income that is stable over the medium to long term, taking into account rent based on the current lease agreement, new rent assumed when the property is newly leased, etc.
Vacancy loss, etc.	1,711	Assessed by taking into account the current lease agreement conditions and setting an occupancy rate (vacancy rate) that is stable over the medium to long term
Operating expenses	6,109	-
Maintenance expenses	764	Assessed based on current terms and conditions of the agreement, past results of the property and that of similar properties
Utility expenses	408	Assessed based on current terms and conditions of the agreement, past results of the property and that of similar properties
Repair expenses	389	Repair expenses: Recorded 30% of the levelled amount of the estimate in the engineering report. Expenses to restore original state: Assessed taking into account the levels, actual results and turnover rates of similar properties
PM fees	894	Assessed based on the current agreement, the level of similar properties, etc.
Tenant solicitation expenses, etc.	741	Assessed based on the current agreement
Taxes and public dues	2,821	Assessed based on actual results considering fluctuation rate, age depreciation, etc.
Non-life insurance fees	80	Recorded actual amount based on non-life insurance policy, etc.
Other expenses	12	Assessed based on past results
Net operating income (NOI)	24,710	-
Gain on management of income from lump-sum payment	22	Assessed by multiplying the amount which is obtained by subtracting vacancy loss equivalent from the amount of security deposit, etc. by yield at 1.0%
Capital expenditures	864	Recorded the average of accumulated total amount of renewal expenses for facilities, etc. over the past 12 years stated in the engineering report
Net income (NCF)	23,868	
Capitalization rate	6.1%	Assessed by reflecting fluctuation risks of profit and principal, etc. into the discount rate
Value of earnings calculated by discounted cash flow (DCF) method	385,000	-
Discount rate	5.8%	Assessed based on the basis yield comprehensively taking into account market trends, etc. after considering risk factors of regional factors/individual characteristics of the property
Terminal capitalization rate	6.2%	Assessed based on capitalization rate taking into account future unpredictability of fluctuation in net income, future deterioration of buildings and sales risks
Cost method value	648,000	-
Land ratio	61.0%	-
Building ratio	39.0%	-

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 value using cost method value only as reference.
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Property name	Proceed Yachiyo Midorigaoka II
Appraisal value	348,000 thousand yen
Appraiser	Asset Research Inc.
Date of appraisal	October 31, 2020

(Unit: thousand yen)

Item	Amount	Details
Income approach value	348,000	Estimated by relating income approach value based on direct capitalization method and value based on DCF method
Value based on direct capitalization method	352,000	Assessed by returning net income (NCF) that is stable over the medium to long term by capitalization rate
Operating revenue	27,572	-
Effective gross income	29,114	Assessed gross income that is stable over the medium to long term, taking into account rent based on the current lease agreement, new rent assumed when the property is newly leased, etc.
Vacancy loss, etc.	1,542	Assessed by taking into account the current lease agreement conditions and setting an occupancy rate (vacancy rate) that is stable over the medium to long term
Operating expenses	5,415	-
Maintenance expenses	710	Assessed based on current terms and conditions of the agreement, past results of the property and that of similar properties
Utility expenses	228	Assessed based on current terms and conditions of the agreement, past results of the property and that of similar properties
Repair expenses	346	Repair expenses: Recorded 30% of the levelled amount of the estimate in the engineering report. Expenses to restore original state: Assessed taking into account the levels, actual results and turnover rates of similar properties.
PM fees	801	Assessed based on the current agreement, the level of similar properties, etc.
Tenant solicitation expenses, etc.	659	Assessed based on the current agreement
Taxes and public dues	2,588	Assessed based on actual results considering fluctuation rate, age depreciation, etc.
Non-life insurance fees	71	Recorded actual amount based on non-life insurance policy, etc.
Other expenses	12	Assessed based on past results
Net operating income (NOI)	22,157	-
Gain on management of income from lump-sum payment	20	Assessed by multiplying the amount which is obtained by subtracting vacancy loss equivalent from the amount of security deposit, etc. by yield at 1.0%
Capital expenditures	732	Recorded the average of accumulated total amount of renewal expenses for facilities, etc. over the past 12 years stated in the engineering report
Net income (NCF)	21,445	
Capitalization rate	6.1%	Assessed by reflecting fluctuation risks of profit and principal, etc. into the discount rate
Value of earnings calculated by discounted cash flow (DCF) method	347,000	-
Discount rate	5.8%	Assessed based on the basis yield comprehensively taking into account market trends, etc. after considering risk factors of regional factors/individual characteristics of the property
Terminal capitalization rate	6.2%	Assessed based on capitalization rate taking into account future unpredictability of fluctuation in net income, future deterioration of buildings and sales risks
Cost method value	607,000	-
Land ratio	62.6%	-
Building ratio	37.4%	-

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 value using cost method value only as reference.
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(2) Overview of Appraisal Report of the Asset to Be Acquired

Property name	Proceed Nagareyama Otakanomori
Appraisal value	1,100,000 thousand yen
Appraiser	Chuo Real Estate Appraisal Co., Ltd.
Date of appraisal	March 1, 2021

(Unit: thousand yen)

Item	Amount	Details
Income approach value	1,100,000	Determined by emphasizing income approach value obtained through the DCF method while also relating value based on direct capitalization method
Value based on direct capitalization method	1,100,000	Assessed by returning net income (NCF) that is stable over the medium to long term by capitalization rate
Operating revenue	64,559	-
Effective gross income	66,397	Assessed gross income that is stable over the medium to long term, considering the building lease agreement, profitability of the property, etc. and taking into account new rent assumed when the property is newly leased, etc.
Vacancy loss, etc.	1,838	Assessed after setting an occupancy rate (vacancy rate) that is stable over the medium to long term, taking into account past occupancy results, etc. of the property and similar properties
Operating expenses	17,206	-
Maintenance expenses	0	Not recorded as it is included in management expenses
Utility expenses	0	Not recorded as it is included in management expenses
Repair expenses	1,064	Assessed based on the engineering report, past results, etc.
PM fees	1,870	Assessed based on the business entrustment agreement
Tenant solicitation expenses, etc.	1,997	Assessed based on the business entrustment agreement and past results
Taxes and public dues	5,423	Assessed based on the most recent actual amount, etc.
Non-life insurance fees	118	Recorded estimated amount
Other expenses	6,734	Assessed based on past results
Net operating income (NOI)	47,353	-
Gain on management of income from lump-sum payment	93	Assessed assuming management yield at 1.0%
Capital expenditures	0	Separate recording is judged to be unnecessary due to the recording of reserve fund for repairs
Net income (NCF)	47,446	-
Capitalization rate	4.3%	Assessed based on the basis yield comprehensively taking into account transaction yield of similar properties within the same supply and demand zone, risks from individuality/regional factors of the property, etc.
Value of earnings calculated by discounted cash flow (DCF) method	1,100,000	-
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	924,000	-
Land ratio	34.5%	-
Building ratio	65.5%	-

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 value using cost method value only as reference.
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5. Overview of Counterparty of the Transaction

(1) Overview of Buyer (as of March 31, 2020)

Name	Starts Development Corporation
Location	3-1-8 Nihonbashi, Chuo-ku, Tokyo
Representative	Kazuyoshi Yoshizawa, President
Main business activities	Real estate development, planning and sales
Capital	320 million yen
Established	October 3, 2005
Net assets	-4,645 million yen
Total assets	33,628 million yen
Major shareholder and shareholding ratio	Starts Corporation Inc. (100%)
Relationship with Starts Proceed and the Asset Management Company	
Capital relationship	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.
Personnel relationship	There is no personnel relationship to report concerning Starts Proceed and the Asset Management Company with the company.
Business relationship	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, etc. Starts Proceed acquired three properties (3,093 million yen) from the company in the fiscal period ended October 2020.
Related party or not	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.

(2) Overview of Seller (as of March 31, 2020)

Name	Starts Corporation Inc.
Location	3-4-10 Nihonbashi, Chuo-ku, Tokyo
Representative	Kazuo Isozaki, President
Main business activities	Holding company of Starts Group
Capital	11,039 million yen
Established	September 30, 1972
Net assets	52,507 million yen
Total assets	145,581 million yen
Major shareholder and shareholding ratio	K.K. Toyosu (20.73%) Custody Bank of Japan, Ltd. (12.15%)
Relationship with Starts Proceed and the Asset Management Company	
Capital relationship	The company is the parent company owning all shares issued and outstanding of the Asset Management Company. Accordingly, the company falls within the scope of an interested party, etc. as defined in the Investment Trusts Act.
Personnel relationship	A director of the company also serves as an auditor of the Asset Management Company.
Business relationship	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, etc.
Related party or not	The company falls within the scope of a related party of Starts Proceed. The company is the parent company of the Asset Management Company as described above and thus falls within the scope of a related party of the Asset Management Company.

6. Transaction with Interested Parties of the Transaction

Starts Development Corporation, the buyer of the Assets to Be Disposed, Starts Corporation Inc., the seller of the Asset to Be Acquired, Starts Amenity Corporation, to which master lease and property management after the acquisition of the Asset 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 Asset 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	Manabu Nakamatsu, 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.</p> <p>There is no personal relationship to report concerning Starts Proceed and the Asset Management Company with the company.</p> <p>The company is leasing all properties excluding one of 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.</p> <p>There is no personal 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>

7. Overview of Brokerage
 Not applicable.

8. Status of Parties Related to the Acquisition of the Asset to Be Acquired

Property No.	Property name	Current owner		Previous owner	
		Name	Starts Corporation Inc.	Name	(Land) Other than one with a relationship of special interest
C-85	Proceed Nagareyama Otakanomori	Relationship with related parties	Please refer to "5. Overview of Counterparty of the Transaction" above	Relationship with related parties	—
		Acquisition background and reason, etc.	Property developed by the current owner	Acquisition background and reason, etc.	—
		Acquisition price	Omitted as the current owner's ownership exceeds one year	Acquisition price	—
		Acquisition period	(Land) February 1, 2019 (Building) February 4, 2020	Acquisition period	—

9. Future Outlook

Because the impact on the management status for the fiscal period ending April 2021 (November 1, 2020 to April 30, 2021) and the fiscal period ending October 2021 (May 1, 2021 to October 31, 2021) announced on December 15, 2020 is minimal, there will be no revisions to the management status forecast.

<Attachment>

[Attachment 1] Portfolio List After the Transaction

[Attachment 2] Photos and Map of the Asset to Be Acquired

* 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/>

[Attachment] Portfolio List After the Disposition

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 Toyochō	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-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



Property No.	Property name	Acquisition price	
		Acquisition price (thousand yen) (Note 1)	Investment share (%) (Note 2)
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
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 Myoden	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	0.8
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 Yokohama Yamate	3,047,000	3.5
C-83	Proceed Monzennakacho	1,240,000	1.4
C-84	Proceed Maihama	1,029,000	1.2
C-85	Proceed Nagareyama Otakanomori	1,069,000	1.2
Tokyo metropolitan area major cites subtotal		66,602,400	75.5
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 Toyota	219,000	0.2



Property No.	Property name	Acquisition price	
		Acquisition price (thousand yen) (Note 1)	Investment share (%) (Note 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
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	21.8
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		88,268,400	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).

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

[Attachment 2] Photos and Map of the Asset to Be Acquired

(C-85) Proceed Nagareyama Otakanomori



Location (Address): 1-2-3 Otakanomorikita, Nagareyama-shi, Chiba

