

Translation Purpose Only

For Immediate Release

REIT Issuer

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Asset Management Company

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Notice Concerning Borrowing of Funds and Conclusion of Interest Rate Swap Agreement

Starts Proceed Investment Corporation (“SPI”) announces that it decided at its Board of Directors’ meeting held today to conduct borrowing of funds and to conclude an interest rate swap agreement. The details are as follows.

- Reason and Purpose of Borrowings
 Borrowings will be conducted to allocate funds as part of repayment of borrowings totaling 5,773.5 million yen maturing on May 24, 2022.
- Details of Borrowings

	Term Loan 2U (Term: 6 years / Floating interest rate)	Term Loan 2V (Term: 5.5 years / Floating interest rate)
Lender	Resona Bank, Limited Aozora Bank, Ltd. Sumitomo Mitsui Banking Corporation The Chiba Bank, Ltd. The Musashino Bank, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Mizuho Trust & Banking Co., Ltd. The Kagawa Bank, Ltd.	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Resona Bank, Limited Aozora Bank, Ltd. The Bank of Kyoto, Ltd. The 77 Bank, Ltd. Joyo Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Mizuho Trust & Banking Co., Ltd. The Kagawa Bank, Ltd. Higashi-Nippon Bank, Ltd.
Loan Amount	2,873.5 million yen	2,900 million yen
Scheduled Drawdown Date	May 24, 2022	May 24, 2022
Principal Repayment Date	May 24, 2028	November 24, 2027
Interest Rate (Note 1)	Base interest rate (JBA 3-month Japanese Yen TIBOR) +0.70%	Base interest rate (JBA 3-month Japanese Yen TIBOR) +0.67%
Interest Payment Date	The first interest payment date shall be the last day of May 2022, and for subsequent payments, the last day of August, November, February and May thereafter (however, in the event that one of these days is not a business day, the business day immediately preceding it) and the principal repayment date.	
Borrowing Method	Loan agreements will be individually concluded for Term Loans 2U and 2V as of May 20, 2022, based on the basic loan agreement (hereinafter referred to as the “Basic Loan Agreement,” including subsequent revisions and addition of lenders (Note 2)) executed on November 19, 2009.	
Principle Repayment Method	Lump-sum repayment on repayment date	
Collateral	Unsecured	
Guarantee	Unguaranteed	

- (Note 1) • The base interest rate applicable to the calculation of interest payable on the interest payment day is the JBA 3-month Japanese Yen TIBOR published two business days prior to the interest payment date immediately preceding each interest payment date (drawdown date for the first interest payment date).
- After this, SPI will not announce the determination of interest rates for the concerned borrowings. For fluctuations in the Japanese Yen TIBOR of JBA, the base interest rate, please check the website of JBA TIBOR Administration (<http://www.jbatibor.or.jp/english/>).

(Note 2) For the details of the Basic Loan Agreement, please refer to the press release “Notice Concerning Borrowing of Funds and Repayment of Borrowings” dated November 18, 2009.

3. Borrowings to Be Repaid

	Term Loan 2B (Term: 6 years / Floating interest rate)	Term Loan 2K (Term: 4.5 years / Floating interest rate)
Lender	Resona Bank, Limited Aozora Bank, Ltd. Sumitomo Mitsui Banking Corporation The Chiba Bank, Ltd. The Musashino Bank, Ltd. Mizuho Bank, Ltd. ORIX Bank Corporation Sumitomo Mitsui Trust Bank, Limited Mizuho Trust & Banking Co., Ltd. The Kagawa Bank, Ltd.	Resona Bank, Limited Aozora Bank, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited The Kagawa Bank, Ltd. Higashi-Nippon Bank, Ltd. Mizuho Trust & Banking Co., Ltd.
Repayment Amount	2,873.5 million yen	2,900 million yen
Drawdown Date	May 24, 2016	December 15, 2017
Principal Repayment Date	May 24, 2022	May 24, 2022
Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.79%	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.60%

4. Interest Rate Swap Agreement

(1) Reason to conclude the interest rate swap agreement

To hedge against risk of interest rate hike by fixing the interest rate payable concerning Term Loan 2U and Term Loan 2V, the borrowings to be conducted under the condition of floating interest rate as mentioned above.

(2) Details of the interest rate swap agreement

	Agreement concerning Term Loan 2U	Agreement concerning Term Loan 2V
Lender	Aozora Bank, Ltd.	Aozora Bank, Ltd.
Notional Principle Amount	2,873.5 million yen	2,900 million yen
Interest Rate, Etc.	Fixed interest rate payable: 1.068% (Note) Floating interest rate receivable: Base interest rate (JBA 3-month Japanese Yen TIBOR) + 0.70%	Fixed interest rate payable: 1.016% (Note) Floating interest rate receivable: Base interest rate (JBA 3-month Japanese Yen TIBOR) + 0.67%
Commencement Date	May 24, 2022	May 24, 2022
Termination Date	May 24, 2028	November 24, 2027
Payment Date	The first interest payment date shall be the last day of May 2022, and for subsequent payments, the last day of August, November, February and May thereafter (however, in the event that one of these days is not a business day, the business day immediately preceding it) and the principal repayment date.	

(Note) In accordance with conclusion of the interest rate swap agreement, the actual interest rate on Term Loan 2U and Term Loan 2V is, in effect, fixed.

5. Status of Interest-Bearing Liabilities After Borrowing (as of May 24, 2022)

(Unit: million yen)

		Before Borrowing (Note 1)	After Borrowing (Note 1)	Change (Note 1)
	Short-term loans payable	-	-	-
	Current portion of long-term loans payable	9,963	4,190	(5,773)
	Long-term loans payable	32,183	37,956	5,773
	Total loans	42,146	42,146	-
	Investment corporation bonds	3,500	3,500	-
	Total interest-bearing liabilities	45,646	45,646	-
	LTV ratio (%) (Note 2)	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) 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.

6. Other

The risks associated with the repayment of borrowings, etc. do not change significantly from those detailed in "Investment Risks" in the periodic securities report (*yuka shoken hokokusho*) for the latest fiscal period, which was submitted on January 27, 2022.

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