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Asset Management Company

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Notice Concerning Amendments to Internal Rules (Management Guideline) of the Asset Management Company

Starts Proceed Investment Corporation (“SPI”) announces that Starts Asset Management Co., Ltd. (the “Asset Management Company”), to which SPI entrusts the management of its assets, decided at its Board of Directors’ meeting held today to change the management guideline, the internal rules of the Asset Management Company, as detailed below.

1. Main Content of Change in Management Guideline

The main content of change is as follows (other slight changes have been omitted. The revised parts are underlined.).

| Before Change | | After Change | |
|--|-------------------------------|---|-------------------------------|
| CHAPTER III. INVESTMENT AND MANAGEMENT POLICIES Section 1. Policies Related to Portfolios as a Whole Article 10. (Policy on Portfolio Construction) (1) By use (omitted) (2) By region | | CHAPTER III. INVESTMENT AND MANAGEMENT POLICIES Section 1. Policies Related to Portfolios as a Whole Article 10. (Policy on Portfolio Construction) (1) By use (unchanged) (2) By region | |
| Regional category (Note 1) | Value ratio (Note 2) (Note 3) | Regional category (Note 1) | Value ratio (Note 2) (Note 3) |
| Major cities in the National Capital Region | 70% or more | Major cities in the National Capital Region | 70% or more |
| <u>Cities designated by government ordinance (excluding cities included in the above)</u> | <u>20% or less</u> | <u>Cities designated by government ordinance (excluding cities included in the above) and regional major cities (where the prefectural office is located, etc.)</u> | <u>30% or less</u> |
| <u>Regional major cities (where the prefectural office is located, etc.)</u> | <u>10% or less</u> | | |
| (Note 1) – (Note 3) (omitted) (3) By type of residence (omitted) | | (Note 1) – (Note 3) (unchanged) (3) By type of residence (unchanged) | |
| Section 2. Acquisition Policies Article 15. (1) – (5) (omitted) (6) In principle, the number of years since construction shall be no more than 20 years at the time of acquisition. | | Section 2. Acquisition Policies Article 15. (1) – (5) (omitted) (6) In principle, the number of years since construction shall be no more than 20 years at the time of acquisition; <u>provided, however, that this shall not apply when it is judged that there are no concerns related to the building’s useful life, etc., following an assessment by a third party, etc.</u> | |

| Before Change | After Change |
|---|---|
| <p>Article 19. (Investment Decision Indices)</p> <p>1. – 3. (omitted)</p> <p>4. The specific flow until the acquisition of assets to be managed shall be as follows.</p> <p>(1) Pursuant to pipeline support agreements with each of Starts Development Corporation, Starts Corporation Inc., <u>and Starts Amenity Co., Ltd.</u>, as described in Article 50, as well as a property information provision agreement with Starts CAM Co., Ltd., as described in Article 51, the Investment Department shall prioritize the acquisition of project and market information concerning assets to be managed from Starts Development Corporation, Starts Corporation Inc., Starts Amenity Co., Ltd., and Starts CAM Co., Ltd.</p> <p>(2) – (8) (omitted)</p> <p style="text-align: center;">CHAPTER VI. POLICIES ON TRANSACTIONS WITH INTERESTED PARTIES</p> <p>Article 50. (Pipeline Support Agreements)</p> <p>The Company and Starts Development Corporation, Starts Corporation Inc., <u>and Starts Amenity Co., Ltd.</u> (hereinafter, these <u>three (3)</u> companies are individually or collectively referred to as the “<u>three (3)</u> Group companies”) have entered into pipeline support agreements with an outline as follows (including subsequent amendments, etc.; hereinafter, referred to as the “pipeline support agreements”) dated October 3, 2005, September 28, 2009, <u>and</u> April 15, 2013, concerning the fact that the <u>three (3)</u> Group companies will each perform pipeline support operations for the Company (defined below in Item (1)). An outline of the pipeline support agreements is as follows.</p> | <p>Article 19. (Investment Decision Indices)</p> <p>1. – 3. (unchanged)</p> <p>4. The specific flow until the acquisition of assets to be managed shall be as follows.</p> <p>(1) Pursuant to pipeline support agreements with each of Starts Development Corporation, Starts Corporation Inc., Starts Amenity Co., Ltd., <u>Starts Hokkaido Co., Ltd., Starts Tohoku Co., Ltd., Starts Tokai Co., Ltd., Starts Kansai Co., Ltd., Starts Kyushu Co., Ltd., and Starts Okinawa Co., Ltd.</u>, as described in Article 50, as well as a property information provision agreement with Starts CAM Co., Ltd., as described in Article 51, the Investment Department shall prioritize the acquisition of project and market information concerning assets to be managed from Starts Development Corporation, Starts Corporation Inc., Starts Amenity Co., Ltd., <u>Starts Hokkaido Co., Ltd., Starts Tohoku Co., Ltd., Starts Tokai Co., Ltd., Starts Kansai Co., Ltd., Starts Kyushu Co., Ltd., Starts Okinawa Co., Ltd., and Starts CAM Co., Ltd.</u></p> <p>(2) – (8) (unchanged)</p> <p style="text-align: center;">CHAPTER VI. POLICIES ON TRANSACTIONS WITH INTERESTED PARTIES</p> <p>Article 50. (Pipeline Support Agreements)</p> <p>The Company and Starts Development Corporation, Starts Corporation Inc., Starts Amenity Co., Ltd., <u>Starts Hokkaido Co., Ltd., Starts Tohoku Co., Ltd., Starts Tokai Co., Ltd., Starts Kansai Co., Ltd., Starts Kyushu Co., Ltd., and Starts Okinawa Co., Ltd.</u> (hereinafter, these <u>nine (9)</u> companies are individually or collectively referred to as the “<u>nine (9)</u> Group companies”) have entered into pipeline support agreements with an outline as follows (including subsequent amendments, etc.; hereinafter, referred to as the “pipeline support agreements”) dated October 3, 2005, September 28, 2009, April 15, 2013, <u>and March 30, 2023</u>, concerning the fact that the <u>nine (9)</u> Group companies will each perform pipeline support operations for the Company (defined below in Item (1)). An outline of the pipeline support agreements is as follows.</p> |

2. Reason for Change in Management Guideline

[Basic Policy on Portfolio Construction: Change in Value Ratio by Region]

SPI invests in properties primarily in the area of major cities in the National Capital Region, but taking into consideration the situation in which the actual ratio of cities designated by government ordinance in terms of the value ratio per region (Note), as described in the current management guideline, is in excess of the standard in the Policy on Portfolio Construction in the management guideline, in order to ensure flexibility in the regions where SPI invests in the future, the value ratio outside major cities in the National Capital Region, which was “20% or less in cities designated by government ordinance” and “10% or less in regional major cities,” will be amended to “30% or less in cities designated by government ordinance and regional major cities,” while maintaining the value ratio of “70% or more in major cities in the National Capital Region.”

(Note) The “value ratio per region” is calculated as the “total acquisition value of properties in each regional area” ÷ “total acquisition value of all properties.”

[Change in Acquisition Policies]

Amid trends related to the SDGs in recent years, an increasing number of property owners are choosing

to renovate properties that meet certain standards instead of rebuilding them. Accordingly, in order to ensure flexibility in the acquisition of assets in the future, the policy shall be amended to make it possible to also acquire buildings that are in excess of 20 years old, in cases when it is judged that there are no concerns related to the building's useful life, etc., following an assessment by a third party, etc.

[Change in Pipeline Support Agreements]

In anticipation of the possibility of the acquisition of assets for management primarily by Starts Group companies in major cities in Japan in the future, not just the existing pipeline support companies, as part of the business development of the Starts Group, the Asset Management Company entered into pipeline support agreements with each of Starts Hokkaido Co., Ltd., Starts Tohoku Co., Ltd., Starts Tokai Co., Ltd., Starts Kansai Co., Ltd., Starts Kyushu Co., Ltd., and Starts Okinawa Co., Ltd. on March 30, 2023, and will make amendments accordingly. (For details, please refer to “Notice Concerning Conclusion of “Pipeline Support Agreements” by the Asset Management Company,” which was separately announced on March 30, 2023.)

3. Date of Change
March 30, 2023

4. Future Outlook
This matter will have no impact on the business performance of SPI.

5. Other
As for this matter, an extraordinary report has been submitted to the Kanto Local Finance Bureau as of March 30, 2023.

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