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For Immediate Release

REIT Issuer

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Notice Concerning Revision of Management Status and Distribution Forecasts for the Fiscal Period Ending April 2024
(37th Fiscal Period) and the Fiscal Period Ending October 2024 (38th Fiscal Period)

Starts Proceed Investment Corporation (“Starts Proceed”) announces the following revisions to its management status and distribution forecasts for the fiscal period ending April 2024 (37th fiscal period: from November 1, 2023 to April 30, 2024) and the fiscal period ending October 2024 (38th fiscal period: from May 1, 2024 to October 31, 2024) announced in the REIT Financial Report for 36th Fiscal Period dated December 15, 2023.

1. Revisions to Management Status and Distribution Forecast for the Fiscal Period Ending April 2024
(37th Fiscal Period)

	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Distribution per unit (including distribution in excess of earnings)
Previous forecast (A)	3,548 million yen	1,512 million yen	1,228 million yen	1,220 million yen	4,319 yen	331 yen	4,650 yen
Revised forecast (B)	3,706 million yen	1,647 million yen	1,360 million yen	1,352 million yen	4,789 yen	331 yen	5,120 yen
Change (B-A)=(C)	157 million yen	135 million yen	132 million yen	132 million yen	470 yen	- yen	470 yen
Rate of variation (C/A)	4.4%	8.9%	10.8%	10.9%	10.9%	-%	10.1%

(Note 1) Forecast of number of investment units issued and outstanding at the end of the fiscal period ending April 2024: 282,477 units

(Note 2) The above forecast is as of the present calculated using the assumptions stated in the attached Assumptions Underlying the Revisions of the Management Status and Distribution Forecasts for the 37th and 38th Fiscal Periods. Accordingly, actual operating revenue, operating income, ordinary income, net income, distribution per unit and distribution in excess of earnings per unit may vary due to future additional acquisition or transfers of real estate, etc., changes in the real estate market, etc., changes in the management environment or other circumstances surrounding Starts Proceed and other factors. In addition, the above forecast is not a guarantee of actual business performance or the amount of distributions.

(Note 3) When a certain level of divergence from the above forecast is expected, the forecast may be revised.

(Note 4) Figures have been rounded down to the nearest specified unit. Rate of variation is rounded off to one decimal place.

2. Revisions to Management Status and Distribution Forecast for the Fiscal Period Ending October 2024 (38th Fiscal Period)

	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Distribution per unit (including distribution in excess of earnings)
Previous forecast (A)	3,530 million yen	1,514 million yen	1,228 million yen	1,220 million yen	4,319 yen	331 yen	4,650 yen
Revised forecast (B)	3,717 million yen	1,656 million yen	1,363 million yen	1,355 million yen	4,799 yen	331 yen	5,130 yen
Change (B-A)=(C)	186 million yen	142 million yen	135 million yen	135 million yen	480 yen	- yen	480 yen
Rate of variation (C/A)	5.3%	9.4%	11.1%	11.1%	11.1%	-%	10.3%

(Note 1) Forecast of number of investment units issued and outstanding at the end of the fiscal period ending October 2024: 282,477 units

(Note 2) The above forecast is as of the present calculated using the assumptions stated in the attached Assumptions Underlying the Revisions of the Management Status and Distribution Forecasts for the 37th and 38th Fiscal Periods. Accordingly, actual operating revenue, operating income, ordinary income, net income, distribution per unit and distribution in excess of earnings per unit may vary due to future additional acquisition or transfers of real estate, etc., changes in the real estate market, etc., changes in the management environment or other circumstances surrounding Starts Proceed and other factors. In addition, the above forecast is not a guarantee of actual business performance or the amount of distributions.

(Note 3) When a certain level of divergence from the above forecast is expected, the forecast may be revised.

(Note 4) Figures have been rounded down to the nearest specified unit. Rate of variation is rounded off to one decimal place.

3. Reason for Revision

Starts Proceed decided to revise the management status and distribution forecast because it expects the assumptions underlying the management status forecasts for the fiscal period ending April 2024 (37th Fiscal Period) and the fiscal period ending October 2024 (38th Fiscal Period) to change as a result of factors such as an increase in revenue, etc. from the acquisition of specified assets and capital gains from the transfer of specified assets as described in the Notice Concerning Acquisition and Transfers of Trust Beneficiary Interests in Domestic Real Estate announced separately today.

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

[Attachment]

Assumptions Underlying the Revisions of the Management Status and Distribution Forecasts for the 37th and 38th Fiscal Periods

Item	Assumption
Business period	<ul style="list-style-type: none"> 37th fiscal period: from November 1, 2023 to April 30, 2024 (182 days) 38th fiscal period: from May 1, 2024 to October 31, 2024 (184 days)
Assets under management	<ul style="list-style-type: none"> The forecasts are based on the assumption that Starts Proceed possesses 111 properties in the 37th fiscal period and 110 properties in the 38th fiscal period. These figures reflect the acquisition and transfer of properties announced in the Notice Concerning Acquisition and Transfer of Trust Beneficiary Interests in Domestic Real Estate dated March 27, 2024. Starts Proceed possessed 108 properties (the “acquired assets”) as of March 27, 2024. The forecasts are also based on the assumption that there will be no changes (acquisition of new properties, transfer of existing properties, etc.) until the end of the 38th fiscal period except for the above acquisition and transfers. <u>The actual assets under management may vary due to changes in assets under management.</u>
Operating revenue	<ul style="list-style-type: none"> Real estate rent revenue is calculated based on the rent, common area maintenance charges, parking revenue, incidental revenue, etc. generated monthly due to the leasing contracts of the acquired assets in the portfolio as of today. From this rent revenue, operating revenue from the assets to be sold is subtracted. To the result of the subtraction, operating revenue from the assets to be acquired is added. Gains from the sales of properties are estimated to be 143 million yen in the 37th fiscal period and 144 million yen in the 38th fiscal period.
Operating expenses	<ul style="list-style-type: none"> Expenses related to rent business other than depreciation and amortization for the acquired assets are calculated based on the historical data and forecasts, as well as variables. Expenses for assets to be acquired (real estate, etc.) are calculated using the historical data based on the data provided by the present owners, etc., as well as variables. Expenses for administrative work are estimated at 242 million yen in the 37th fiscal period and 239 million yen in the 38th fiscal period. Repair expenses, which are recorded as expenses in the amount presumed to be necessary in the business period, are expected to be 125 million yen for the 37th fiscal period and 120 million yen for the 38th fiscal period. However, repair expenses may differ materially from the forecast amount due to a variety of factors, including repair expenses possibly arising from unforeseen events, the variation in the amount depending on the fiscal year being large and repair expenses not being an amount that arises periodically. Concerning fixed asset tax, city planning tax and depreciable asset tax, etc., in principle, of the tax amount assessed and determined, the amount of tax payable during the business period (in the case of fixed asset tax, city planning tax and depreciable asset tax, etc. on properties that have a different number of installment tax payments every period, the amount of the number of annual tax payments corresponding to the business period) is calculated as expenses related to rent business. The amount is expected to be 203 million yen for the 37th fiscal period and 205 million yen for the 38th fiscal period. Concerning fixed asset tax, city planning tax and depreciable asset tax, etc. for the assets to be acquired (real estate, etc.), in general, when real estate, etc. is sold and purchased, fixed asset tax and city planning tax are allocated to the previous owner and new owner in proportion to their periods of ownership and settled at the time of acquisition. Starts Proceed includes the amount of money needed to settle these assessed taxes in the acquisition cost, and the taxes are not recorded as expenses at the time of acquisition. The fixed assets tax, city planning tax and depreciable asset tax for the assets to be appreciated (real estate, etc.) that will be paid from April 2025 will be recorded as expenses. Depreciation and amortization, which is calculated using the straight-line method inclusive of incidental expenses at the time of acquisition and future additional capital expenditures, is expected to be 679 million yen for the 37th fiscal period and 700 million yen for the 38th fiscal period. Operating expenses other than expenses related to rent business (asset management fee, asset custody fee, administrative service fees, etc.) are expected to be 491 million yen for the 37th fiscal period and 490 million yen for the 38th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses (including interest expenses on investment corporation bonds) are expected to be 239 million yen for the 37th fiscal period and 241 million yen for the 38th fiscal period. Borrowing related expenses are expected to be 44 million yen for the 37th fiscal period and 47 million yen for the 38th fiscal period. Expenses for the issuance of investment corporation bonds are recorded as deferred assets and assumed to be amortized until the redemption using the straight-line method. The amount is expected to be 4 million yen for the 37th fiscal period and 4 million yen for the 38th fiscal period. Expenses related to public offerings of investment equity are posted as deferred assets, and they are amortized using the straight-line method over three years. An amortization of 2 million yen will be posted in the 37th fiscal period and the 38th fiscal period.

Item	Assumption
Interest-bearing debt	<ul style="list-style-type: none"> • In the 37th fiscal period, the balance of borrowings is 47,846 million yen as of March 27, 2004. In addition, as stated in the Notice Concerning Borrowings, which has been published separately on March 27, 2024, Starts Proceed will borrow an additional 4,000 million yen. Meanwhile, Starts Proceed will make a prepayment of borrowings of 915 million yen using income from the transfer of Proceed Toritsu Daigaku. At the end of the 37th fiscal period, borrowings will be 50,931 million yen. • In the 38th fiscal period, Starts Proceed will make a prepayment of borrowings of 2,385 million yen using income from the transfer of Proceed Kinshicho. The whole amount of a borrowing of 5,061 million yen that will be due soon will be refinanced. At the end of the 38th fiscal period, borrowings will be 48,546 million yen. • The forecasts assume that the balance of investment corporation bonds of 5,000 million yen as of today will remain unchanged through to the end of October 2024.
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> • The forecasts assume the total number of investment units issued and outstanding as of today of 282,477 units will remain unchanged through to the end of October 2024.
Distribution per unit	<ul style="list-style-type: none"> • Distributions (distribution per unit) are calculated by assuming the policy on cash distributions provided in the Articles of Incorporation of Starts Proceed. • Distribution per unit may vary due to various factors, including fluctuation in leasing revenue accompanying change in assets under management, change in tenants, etc. and repair expenses possibly arising from unforeseen events.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> • Starts Proceed calculates its distribution in excess of earnings per unit in accordance with its cash distributions policy as set forth in its Articles of Incorporation. • Distribution in excess of earnings per unit is estimated to be 331 yen in the 37th fiscal period and 331 yen in the 38th fiscal period.
Other	<ul style="list-style-type: none"> • For other items, the forecast assumes that there will be no revision of laws and regulations, tax systems, accounting standards, listing regulations, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above. • The forecast assumes that there will be no unforeseen material change in general economic trends and real estate market conditions, etc.