

November 16, 2021

To All Concerned Parties

Real Estate Investment Trust Securities Issuer
1-1-21 Toranomom, Minato-ku, Tokyo
marimo Regional Revitalization REIT, Inc.
Representative: Takashi Kitagata, Executive Director
(Securities Code: 3470)

Asset Manager
Marimo Asset Management Co., Ltd.
Representative: Takashi Kitagata, CEO
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Notice Concerning Disposition of Domestic Real Estate Trust Beneficiary Right

marimo Regional Revitalization REIT, Inc. (“marimo REIT”) hereby announces that Marimo Asset Management Co., Ltd., to which marimo REIT entrusts management of its assets (the “Asset Manager”), decided today on the disposition (the “Disposition”) of domestic real estate trust beneficiary right as described below.

1. Overview of the Disposition

Name of asset to be disposed	ArtizA Hakataeki-Minami
Planned disposition price (Note 2)	First disposition (50% quasi co-ownership interest): 350 million yen Second disposition (50% quasi co-ownership interest): 350 million yen Total: 700 million yen (Each disposition is planned to be made in the form of quasi co-ownership interest (50% quasi co-ownership interest each) on two separate dates (the “Disposition in Parts”), and the planned disposition price for each planned disposition date is as stated above.)
Book value (Note 3)	459 million yen
Gain from sale (estimate) (Note4)	First disposition (50% quasi co-ownership interest): 120 million yen Second disposition (50% quasi co-ownership interest): 120 million yen
Buyer	Please refer to “4. Overview of Buyer” later in this document.
Intermediation	Yes (Note 5)
Disposition decision date	November 16, 2021
Sales contract conclusion date	November 18, 2021
Planned disposition date	First disposition (50% quasi co-ownership interest): December 22, 2021 (delivery and settlement date) Second disposition (50% quasi co-ownership interest): January 26, 2022 (delivery and settlement date)
Settlement method	Payment for the portion in accordance with the quasi co-ownership interest to be disposed and delivery of such on each disposition date.

(Note 1) Amounts are rounded down to the nearest million yen.

(Note 2) “Planned disposition price” does not include the reimbursed amount equivalent to fixed asset tax and city planning tax as well as consumption tax, etc.

(Note 3) “Book value” indicates the amount as of the end of the fiscal period ended June 2021 (10th fiscal period).

(Note 4) “Gain from sale (estimate)” is the amount calculated by deducting the book value from the planned disposition price. The actual gain/loss from sale may differ from the gain from sale (estimate) stated above

(Note 5) As of today, the intermediary does not fall under the category of interested persons, etc. defined in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) nor of interested persons, etc. defined in the rules on transactions with interested persons, etc. set by the Asset Manager.

(Note 6) The purchase and sale agreement for the Disposition (the “Purchase and Sale Agreement”) falls within forward commitments, etc. by marimo REIT as stipulated in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. established by the Financial Services Agency. Under the Purchase and Sale Agreement, when it turns out that either marimo REIT or the buyer does not intentionally or negligently fulfill obligations stated in the Purchase and Sale Agreement, or materially violates the representations and warranties matters of marimo REIT or representations and warranties matters of the buyer stipulated in the Purchase and Sale Agreement and the purpose of the Purchase and Sale Agreement becomes unachievable, the agreement may be cancelled after making such demand. When such a cancellation is made, the cancelled party shall immediately pay an amount equivalent to 20% of the planned disposition price (excluding amount equivalent to consumption tax and local consumption tax) to the counterparty as cancellation penalty. However, since marimo REIT is the seller under this Purchase and Sale Agreement and there are no concerns over being unable to procure funds for execution of the Purchase and Sale Agreement, etc., marimo REIT believes that it is unlikely for marimo REIT to incur the aforementioned penalty and that the transaction is unlikely to materially impact the financial standing of marimo REIT.

2. Reason for the Disposition

In constructing its portfolio, marimo REIT considers disposition or replacement of properties when such is judged to be appropriate over the medium to long term by taking into account market conditions. As for the asset to be replaced, marimo REIT considers disposition for properties of which profitability, etc. assumed at the time of acquisition cannot be expected as well as for properties facing concerns over future competitiveness due to change in the supply-demand balance and competitive environment of the area. Upon comprehensively judging the effects of replacement over the medium to long term, marimo REIT decides on the replacement of the asset.

ArtizA Hakataeki-Minami (the “Property”), which is the asset to be disposed, has competitiveness appropriate for a residence located in Fukuoka City, Fukuoka Prefecture, in terms of tenant leasing, being walkable to Hakata Station. On the other hand, 15 years have elapsed since its completion, and an increase in life cycle cost, including repair expenses and capital expenditure, is expected going forward. marimo REIT has decided on the disposition to the buyer this time around because disposition at a price significantly surpassing the book value and the most recent real estate appraisal value can be expected despite the circumstances in which the impact of the spread of COVID-19 is unforeseeable, and it was judged that returning gain from sale to unitholders will contribute to the maximization of benefits of unitholders.

While marimo REIT will make efforts to acquire assets using the proceeds from the disposition of the Property, it has decided to dispose the Property on two separate dates, each in the form of quasi co-ownership interest of the beneficiary right, by comprehensively taking into account factors such as the impact of the decrease in operating revenue from leasing due to the disposition of the Property on the operating results of marimo REIT, in light of possible acquisition of assets for replacement or assumed schedule of such acquisition.

3. Details of the Asset to be Disposed

Name of asset to be disposed		ArtizA Hakataeki-Minami			
Type of specified asset		Real estate trust beneficiary right			
Trustee		Sumitomo Mitsui Trust Bank, Limited.			
Contract period		From March 29, 2016, to March 31, 2026			
Location (Note 1)	Lot number	5-133 and 134 Hakataekiminami, Hakata Ward, Fukuoka City, Fukuoka			
	Indication of residential address	5-16-19 Hakataekiminami, Hakata Ward, Fukuoka City, Fukuoka			
Land	Form of ownership	Proprietorship			
	Use	Commercial district			
	Site area (Note 1)	454.93 m ² (Note 2)			
	Building coverage ratio	80%			
	Floor-area ratio	400%			
Building	Form of ownership	Proprietorship			
	Main use	Residence			
	Completion date	June 20, 2006			
	Gross floor area	1,811.55 m ²			
	Structure	Steel-framed reinforced concrete structure, flat roof, 15 floors			
Acquisition price		500 million yen			
Planned disposition price		700 million yen (total)			
Book value (Note 3)		459 million yen			
Difference between planned disposition price and book value		240 million yen			
Appraisal value	Appraisal method	Appraisal by Japan Valuers Co., Ltd.			
	Appraisal value	589 million yen			
	Date of value	November 1, 2021			
Details of lease (Note 4)					
	Master lease company	Marimo Co., Ltd.			
	Total number of tenants	64			
	Total lease revenue (annual)	41 million yen			
	Security deposit and guarantee money	0 million yen			
	Total leased area	1,642.38 m ²			
	Total leasable area	1,691.50 m ²			
	Change in occupancy rate	June 30, 2019	Dec. 31, 2019	June 30, 2020	Dec. 31, 2020
	100.0%	98.6%	97.1%	91.3%	100.0%
Other special notes		—			

(Note 1) "Location (lot number)" and "Site area" are based on the description in the real estate registry.

(Note 2) The area of the owned land is indicated.

(Note 3) "Book value" indicates the amount as of the end of the fiscal period ended June 2021 (10th fiscal period).

(Note 4) "Total number of tenants" indicates the number of end tenants for the Property as of today.

"Total lease revenue" indicates an amount obtained by multiplying the total monthly rent (sum of rent and common area fee. However, when the amount equivalent to the parking fee is included in the rent in the lease agreements, such amount will be included) in the currently effective lease agreements concluded with end tenants for the property by 12 (rounded down to the nearest million yen).

"Security deposit and guarantee money" indicates the amount of security deposit and guarantee money (rounded down to the nearest million yen) in the above lease agreements.

"Total leased area" indicates the area leased to end tenants.

"Total leasable area" indicates the total area that can be leased.

4. Overview of Buyer

The buyer is a business company in Japan. However, details are not disclosed as consent on disclosure has not been obtained from the buyer. As of today, the buyer does not fall under the category of interested persons, etc. defined in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) nor of interested persons, etc. defined in the rules on transactions with interested persons, etc. set by the Asset Manager. Furthermore, there are no capital, personnel, or business ties to note between the buyer and marimo REIT or the Asset Manager, and the buyer does not fall under the category of related parties of marimo REIT.

5. Outline of Intermediation

(1) Overview of Intermediary

Details are not disclosed as consent on disclosure has not been obtained from the intermediary. There are no capital, personnel, or business ties to note between the intermediary and marimo REIT or the Asset Manager, and the intermediary does not fall under the category of related parties of marimo REIT or the Asset Manager.

(2) Amount of Intermediary Fee

The information is not disclosed as a case of non-disclosure due to uncontrollable circumstances because consent has not been obtained from the intermediary.

6. Settlement Method, Etc.

Settlement will be made through payment for the portion in accordance with the quasi co-ownership interest to be disposed and delivery of such on each planned disposition date.

The gain from the Disposition will be returned to unitholders as distribution, and any remaining amount will be used for portfolio operation including future property replacements, etc.

7. Future Outlook

For the outlook of the management status for the fiscal period ending December 2021 (from July 1, 2021, to December 31, 2021) and the fiscal period ending June 2022 (from January 1, 2022, to June 30, 2022) after the disposition of the asset to be disposed, please refer to "Notice Concerning Revision of Operating and Dividend Forecasts for the Fiscal Period Ending December 2021 and the Fiscal Period Ending June 2022" dated today.

8. Summary of Appraisal Statements

Property name	ArtizA Hakataeki-Minami
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Appraisal value	589 million yen
Name of appraisal agency	Japan Valuers Co., Ltd.
Date of value	November 1, 2021

Items	Details	Summary, etc.
Value based on income approach	589,000,000	Deeming that value based on income approach which accurately replicates the price determination process from earnings aspects better matches the market, assessed by adopting value based on income approach while using cost method value only for reference.
Value based on direct capitalization method	593,000,000	Assessed net income that is stable over the medium to long term, discounted by the capitalization rate.
Operating Revenue	43,998,000	
Potential gross income	46,576,000	Assessed based on the appropriate rent level recognized as being stable over the medium to long term.
Vacancy loss, etc.	2,577,000	Assessed taking into account the occupancy status of the subject real property and future supply-demand trends.
Operating Expenses	11,446,000	
Maintenance and management expenses	1,584,000	Assessed referring to past actual results and the level of similar real property.
Utility costs	859,000	Assessed referring to past actual results and the level of similar real property.
Repair costs	1,753,000	Assessed referring to the maintenance and repair cost stated in the ER and the level of similar real property.
Costs to restore exclusively owned section	1,228,000	Assessed referring to past actual results and the level of similar real property.
Property management fee	1,307,000	Assessed referring to the contract terms and the level of similar real property.
Tenant solicitation expenses	1,282,000	Assessed referring to the contract terms and the level of similar real property.
Taxes and other public charges	3,210,000	Assessed based on materials related to taxes and other public charges.
Non-life insurance premiums	97,000	Assessed referring to the contents of the insurance and the level of similar real property.
Other expense	122,000	Assessed referring to past actual results and the level of similar real property.
Net Operating Income (NOI)	32,552,000	
Revenue from investment of lump sum payments	5,000	Assessed using an investment yield of 1.0%.
Capital expenditures	4,092,000	Assessed referring to the maintenance and repair cost stated in the ER and the level of similar real property.

	Net Income (NCF)	28,464,000	
	Capitalization rate	4.8%	Assessed comprehensively taking into account the competitiveness of the subject real property, etc.
	Value based on DCF method	584,000,000	
	Discount rate	4.6%	Assessed by comparing with the transaction yield of similar real property and yields of other financial instruments.
	Terminal capitalization rate	5.0%	Assessed comprehensively taking into account the characteristics of the real estate market, potential of the subject real property, etc.
	Cost method value	320,000,000	
	Land ratio	68.75%	
	Building ratio	31.25%	

Other matters taken into consideration by the appraisal agency when performing the appraisal	Although the value based on income approach was higher compared with the cost method value, adopted the value based on income approach as the appraisal value recognizing it being appropriate after comprehensive examination.
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*Website of marimo REIT: <https://www.marimo-reit.co.jp/en/>