

August 18, 2022

To All Concerned Parties

Real Estate Investment Trust Securities Issuer
1-1-21 Toranomon, 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 Tsuzuki Chuo Koen
Planned disposition price (Note 2)	First disposition (50% quasi co-ownership interest): 665 million yen Second disposition (50% quasi co-ownership interest): 665 million yen Total: 1,330 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)	1,066 million yen
Gain from sale (estimate) (Note4)	First disposition (50% quasi co-ownership interest): 132 million yen Second disposition (50% quasi co-ownership interest): 132 million yen
Buyer	Please refer to “4. Overview of Buyer” later in this document.
Intermediation	Yes (Note 5)
Disposition decision date	August 18, 2022
Sales contract conclusion date	August 26, 2022
Planned disposition date	First disposition (50% quasi co-ownership interest): September 30, 2022 (delivery and settlement date) Second disposition (50% quasi co-ownership interest): January 11, 2023 (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, consumption tax, etc.

(Note 3) “Book value” indicates the amount as of the end of the fiscal period ended June 2022 (12th 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 Tsuzuki Chuo Koen (the “Property”), which is the asset to be disposed, has competitiveness appropriate for a residence located in Yokohama City, Kanagawa Prefecture, in terms of tenant leasing, providing walking access to Center-Minami Station on the Yokohama Municipal Subway Line. On the other hand, 33 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, 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, considering the possibility of 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 Tsuzuki Chuo Koen			
Type of specified asset		Real estate trust beneficiary right			
Trustee		Mitsubishi UFJ Trust and Banking Corporation			
Contract period		From March 29, 2016, to March 31, 2026			
Location (Note 1)	Lot number	4-25-4 Edahigashi, Tsuzuki Ward, Yokohama City, Kanagawa, etc.			
	Indication of residential address	4-25-5 Edahigashi, Tsuzuki Ward, Yokohama City, Kanagawa			
Land	Form of ownership	Proprietorship			
	Use	Category 2 medium-to-high-rise exclusive residential district			
	Site area (Note 1)	2,707.36 m ²			
	Building coverage ratio	60%			
	Floor-area ratio	150%			
Building	Form of ownership	Proprietorship			
	Main use	Residence			
	Completion date	April 27, 1989			
	Gross floor area	3,913.86 m ²			
	Structure	Reinforced concrete structure, flat roof, 5 floors			
Acquisition price		1,050 million yen			
Planned disposition price		1,330 million yen			
Book value (Note 3)		1,066 million yen			
Difference between planned disposition price and book value		264 million yen			
Appraisal value	Appraisal method	Appraisal by Daiwa Real Estate Appraisal Co., Ltd.			
	Appraisal value	1,150 million yen			
	Date of value	June 30, 2022			
Details of lease (Note 4)					
	Master lease company	Marimo Co., Ltd.			
	Total number of tenants	58			
	Total lease revenue (annual)	72 million yen			
	Security deposit and guarantee money	8 million yen			
	Total leased area	3,492.23 m ²			
	Total leasable area	3,731.75 m ²			
	Change in occupancy rate	June 30, 2020	December 31, 2020	June 30, 2021	December 31, 2021
	95.2%	88.5%	93.6%	92.1%	93.6%
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 2022 (12th 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

(1)	Name	Colliers International Japan KK
(2)	Location	2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo
(3)	Name and title of representative	Yukihiro Ogasawara, Managing Director & Chairman
(4)	Business description	Real estate investment brokerage (domestic and overseas), etc.
(5)	Capital	10 million yen
(6)	Date established	December 20, 2016
(7)	Net assets	Not disclosed (Note)
(8)	Total assets	Not disclosed (Note)
(9)	Major shareholders and shareholding ratio	Not disclosed (Note)
(10)	Relationship between marimo REIT/Asset Manager and the company	As of today, the intermediary has no capital ties, personnel ties or business ties to be stated with marimo REIT and the Asset Manager. The intermediary also does not fall under the category of related parties of marimo REIT or the Asset Manager.

(Note) Not disclosed because consent has not been obtained from the intermediary.

(2) Amount of Intermediary Fee

Intermediary fee: 39,900,000 yen

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 2022 (from July 1, 2022, to December 31, 2022) and the fiscal period ending June 2023 (from January 1, 2023, to June 30, 2023) after the disposition of the asset to be disposed, please refer to “(REIT) Financial Report for the Fiscal Period Ended June 2022” dated today.

Since the Disposition will take place on September 30, 2022, and January 11, 2023, there is no impact on the management status for the fiscal period ended June 2022 (12th fiscal period).

8. Summary of Appraisal Statements

Property name	ArtizA Tsuzuki Chuo Koen
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Appraisal value	1,150 million yen
Name of appraisal agency	Daiwa Real Estate Appraisal Co., Ltd.
Date of value	June 30, 2022

Items	Details	Summary, etc.
Value based on income approach	1,150,000,000	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	1,160,000,000	Assessed net income that is stable over the medium to long term, discounted by the capitalization rate.
Operating Revenue	77,743,000	
Potential gross income	81,797,000	Assessed after taking into account the medium-to long-term competitiveness of the subject real property, based on the current rent level, the new rent level for similar real property within the same supply and demand area and their trends.
Vacancy loss, etc.	4,053,000	Assessed taking into consideration the competitiveness of the subject real property, etc., based on the actual vacancy rate of the subject real property and the standard vacancy rate of similar real property.
Operating Expenses	19,154,000	
Maintenance and management expenses	2,138,000	Judging that the details of the building management are generally at a standard level, assessed through verification using the level of maintenance and management expenses for similar real property, based on the amount of contract, etc.
Utility costs	541,000	Assessed through verification using the level of utility costs for similar real property, based on the past actual results.
Repair costs	572,000	Assessed by judging the annual average repair costs stated in the ER as being appropriate from the verification using the level of repair costs for similar real property.
Costs to restore exclusively owned section	2,948,000	Assessed tenant replacement costs taking into consideration the turnover rate and vacancy rate.
Property management fee	2,311,000	Judging that the details of the property management contract are generally at a standard level, assessed through verification using the level of property management fee for similar real property, based on the contract, etc.
Tenant solicitation	2,246,000	Assessed based on the level for similar real

	expenses		property referring to the past actual results of the portion subject to replacement when applying the estimated turnover rate for the rental rooms and parking lots.
	Taxes and other public charges	5,857,000	Assessed based on materials related to taxes and other public charges.
	Non-life insurance premiums	236,000	Assessed through verification using the level of non-life insurance premiums for similar real property by judging the amount of contract as being appropriate.
	Other expense	2,302,000	Assessed other property operating expenses, such as supplies expense and reserve fund, referring to the actual amounts obtained from the requestor.
	Net Operating Income (NOI)	58,588,000	
	Revenue from investment of lump sum payments	114,000	Assessed investment yield after comprehensively taking into account the actual conditions of investment of lump sum payments, etc. from the perspective of both management and procurement aspects.
	Capital expenditures	4,304,000	Assessed by judging the annual average renewal costs stated in the ER as being appropriate from the verification using the level of renewal costs for similar real property.
	Net Income (NCF)	54,399,000	
	Capitalization rate	4.7%	Assessed comprehensively taking into account the competitiveness of the subject real property, etc.
	Value based on DCF method	1,140,000,000	
	Discount rate	4.5%	Assessed by using both the method of calculating from comparison with the appraisal cases of similar real property, etc. and the method of calculating by incorporating the individual characteristics of the real property to the yield of financial assets.
	Terminal capitalization rate	4.9%	Assessed comprehensively taking into account the future trend of investment yield, the general outlook of the future economic growth rate of the subject real property as the investment target, the trend of real estate price, etc. while referring to the appraisal yield for similar appraisal cases, etc.
	Cost method value	1,580,000,000	
	Land ratio	91.9%	
	Building ratio	8.1%	

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