

December 23, 2019

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  
Contact: Katsuhiko Shimada, Financial Management Officer  
TEL: +81-3-6205-4755

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	Seven-Eleven Kofu Aioi 1-chome Store (land ownership interests)
Disposition price	229 million yen
Book value	223 million yen
Gain from sale	5 million yen
Buyer	Marimo Co., Ltd.
Intermediation	Not applicable
Disposition decision date	December 23, 2019
Contract conclusion date	December 27, 2019
Planned disposition date	December 27, 2019
Payment receipt date	December 27, 2019

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

(Note 2) “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 estimated amount as of the planned disposition date.

(Note 4) “Gain from sale” is the amount calculated by deducting the estimated amount of book value as of the disposition date from the disposition price.

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 decided on the replacement of the asset.

As for Seven-Eleven Kofu Aioi 1-chome Store (land ownership interests) (the “Land”), marimo REIT has received a notice of cancellation from the tenant, and the lease agreement for the Land is scheduled to terminate on January 3, 2020.

marimo REIT considered the following options with regard to its management policy on the Land after the move-out

of the tenant.

- ① Lease to succeeding tenant as a retail facility
- ② Selling the property to an external party
- ③ Selling the property to the sponsor (Marimo Co., Ltd.)

As a result, marimo REIT judged that the selling of the Land to the sponsor will contribute to the maximization of unitholder value.

### 3. Details of the Asset to be Disposed

Name of asset to be disposed		Seven-Eleven Kofu Aioi 1-chome Store (land ownership interests)				
Type of specified asset		Real estate trust beneficiary right				
Trustee		Sumitomo Mitsui Trust Bank, Limited.				
Contract period		From July 15, 2015, to July 14, 2045				
Location (Note 1)	Lot number	1-168-2 Aioi, Kofu-shi, Yamanashi				
	Indication of residential address	1-3-18 Aioi, Kofu-shi, Yamanashi				
Land	Form of ownership	Proprietorship				
	Use	Retail				
	Site area (Note 1)	904.27m <sup>2</sup> (Note 2)				
	Building coverage ratio	80%				
	Floor-area ratio	400%				
Building	Form of ownership	—				
	Main use	—				
	Completion date	—				
	Gross floor area	—				
	Structure	—				
Acquisition price		220 million yen				
Disposition price		229 million yen				
Book value (Note 3)		223 million yen				
Difference between planned disposition price and book value		5 million yen				
Appraisal value	Appraisal method	Appraisal by Japan Real Estate Institute				
	Appraisal value	212 million yen				
	Date of value	November 30, 2019				
Details of lease (Note 4)						
	Master lease company	Marimo Co., Ltd.				
	Total number of tenants	1				
	Total lease revenue	15 million yen				
	Security deposit and guarantee money	1 million yen				
	Total leased area	904.27 m <sup>2</sup>				
	Total leasable area	904.27 m <sup>2</sup>				
	Change in occupancy rate	June 30, 2017	Dec. 31, 2017	June 30, 2018	Dec. 31, 2018	June 30, 2019
	100.0%	100.0%	100.0%	100.0%	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 estimated amount as of the disposition date.

(Note 4) "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 lease agreements actually concluded with end tenants by 12 for the property (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

(1) Name	Marimo Co., Ltd.
(2) Location	1-17-23 Kougokita, Nishi-ku, Hiroshima-shi, Hiroshima
(3) Name and title of representative	Makoto Fukagawa, President
(4) Business description	Project planning/development/architectural design/project supervision/marketing and sales of real estate; property liquidity; overseas real estate development
(5) Capital	100 million yen (as of July 31, 2019)
(6) Date established	March 27, 1969
(7) Net assets	21,056 million yen (Based on the balance sheet as of July 31, 2019)
(8) Total assets	98,419 million yen (Based on the balance sheet as of July 31, 2019)
(9) Major shareholders and shareholding ratio	Marimo Holdings Co., Ltd.: 100%
(10) Relationship between marimo REIT/Asset Manager and the company	
Capital ties	As of today, the company holds 10.5% (13,950 units) of marimo REIT’s investment units outstanding. In addition, the company is a subsidiary of Marimo Holdings Co., Ltd., which holds a 100% stake in the Asset Manager.
Personnel ties	As of today, two of officers and employees of the Asset Manager are seconded from the company.
Business ties	The company has entered into a sponsor pipeline and support agreement (as amended) with marimo REIT and the Asset Manager. In addition, the company has entered into a master lease agreement and property management agreement with marimo REIT. Real estate trust beneficiary right (Artiza Higashi-Shimada) was disposed to marimo REIT for 700 million yen on January 4, 2019, based on a real estate trust beneficiary right sale and purchase agreement entered together with marimo REIT on January 4, 2019.
Concerning Related Parties	The company is a subsidiary of the parent company of the Asset Manager, and falls under the category of related parties. In addition, the company falls under the category of interested persons, etc. defined in the Act on Investment Trusts and Investment Corporations. Furthermore, since the company is an interested person, etc. defined in the rules on transactions with interested persons, etc., which are the internal rules set by the Asset Manager, the Asset Manager has followed the decision-making procedure specified in the rules on transactions with interested persons, etc. upon conducting the transaction to acquire the Asset to be Acquired.

#### 5. Outline of Intermediation

There is no applicable intermediation pertaining to the Disposition.

#### 6. Payment Method, Etc.

Payment is scheduled to be made by receiving the entire amount of the sale and purchase price for the Land in a lump sum from the buyer on the planned disposition date.

Moreover, cash on hand gained from the Disposition is scheduled to be used for portfolio operation including future

property replacements, etc.

## 7. Future Outlook

The impact of the Disposition on the management status forecast is minimal, and there will be no change to the management status forecasts for the fiscal period ending December 2019 and the fiscal period ending June 2020.

## 8. Summary of Appraisal Statements

Property name	Seven-Eleven Kofu Aioi 1-chome Store (land ownership interests)
---------------	---

Appraisal value	212 million yen
Name of appraisal agency	Japan Real Estate Institute
Time of valuation	November 30, 2019

Items	Details	Summary, etc.
Value based on income approach	212,000,000	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	215,000,000	—
Operating Revenue	12,802,000	—
Potential gross income	12,802,000	Recorded expected lease revenue based on the new leasing agreement.
Vacancy loss, etc.	0	Judged that recording vacancy loss, etc. is unnecessary considering the status of the lessee, the content of the agreement, etc.
Operating Expenses	974,000	—
Maintenance and management expenses	0	There are no expenses to be recorded as maintenance and management expenses.
Property management fee	384,000	Upon assessing property management fee, which is a commission to be paid to a service provider responsible for contracted management services, etc., considered the fee rate of similar real property, the individual characteristics of the subject real property, etc. referring to the fee rate, etc. based on the contract terms.
Taxes and other public charges	590,000	Recorded based on materials related to taxes and other public charges.
Non-life insurance premiums	0	There are no non-life insurance premiums.
Other expense	0	There is no particular expense to be recorded as other expense.
Net Operating Income (NOI)	11,828,000	—
Revenue from investment of lump sum payments	11,000	Assessed by multiplying one month's rent based on the new leasing agreement (assuming the amount as security deposit) by the investment yield. The investment yield deemed appropriate for fund management during the deposit period

			is assessed as 1.0% considering the levels of interest rates for both management and procurement.
		Capital expenditures	0 —
		Net Income (NCF)	11,839,000 —
		Capitalization rate	5.5% Assessed taking into account the future uncertainties of the subject real property, transaction yield of similar real property, etc. while reflecting the spread attributable to geographical conditions, contract terms and other conditions (land right relations, etc.), based on the yield of real estate recognized to have the lowest investment risk.
		Value based on DCF method	209,000,000 —
		Discount rate	4.6% Assessed by comprehensively considering the transaction yield based on the published case examples of J-REITs, transaction yield of other similar real property, results of investor survey as well as the remaining period of the contract, etc.
		Terminal capitalization rate	6.1% Assessed by comprehensively considering the future trends of investment yield, risks of the subject real property as an investment target, general outlook of the future economic growth rate, real estate prices, rent trends, etc., while referring to the transaction yield of similar real property.
		Value based on land and leasehold ratio method	138,000,000 Assessed by multiplying the raw land price by the ratio of land with leasehold interest derived pursuant to “Fundamental Directive of Asset Valuation” set forth by the National Tax Agency.
		Land ratio	— —
		Building ratio	— —
Other matters taken into consideration by the appraisal agency when performing the appraisal		The subject real property is located in the center of Kofu City, an area which can draw not only office workers but also residents from the surrounding residential areas. In addition, the current land rent of the subject real property is judged to be higher than other land rent in its vicinity, and such was considered a factor in raising the capitalization rate. The appraisal value was determined by taking into account the above.	

\*Website of marimo REIT: <https://www.marimo-reit.co.jp/en/>