

March 29, 2024

To All Concerned Parties

Real Estate Investment Trust Securities Issuer
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marimo Regional Revitalization REIT, Inc.
Representative: Takashi Kitagata, Executive Director
(Securities Code: 3470)

Asset Manager
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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 a domestic real estate trust beneficiary right (the “Beneficiary Right”) as described below.

1. Overview of the Disposition

Name of asset to be disposed	ArtizA Chiyoda
Planned disposition price (Note 2)	First disposition (40% quasi co-ownership interest): 480 million yen Second disposition (60% quasi co-ownership interest): 720 million yen Total: 1,200 million yen (Each disposition is planned to be made in the form of quasi co-ownership interest (40% and 60% quasi co-ownership interests) 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)	908 million yen
Gain from sale (estimate) (Note 4)	First disposition (40% quasi co-ownership interest): 117 million yen Second disposition (60% quasi co-ownership interest): 175 million yen
Buyer	Please refer to “4. Overview of Buyer” later in this document.
Intermediation	None
Disposition decision date	March 29, 2024
Sales contract conclusion date	March 29, 2024
Planned disposition date	First disposition (40% quasi co-ownership interest): June 28, 2024 (delivery and settlement date) Second disposition (60% quasi co-ownership interest): August 30, 2024 (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 will be made on each planned 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 December 2023 (15th 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) 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 the 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 Chiyoda (the “Property”), which is the asset to be disposed, has competitiveness appropriate for a residence located in Nagoya City, Aichi Prefecture, in terms of tenant leasing and transit convenience. On the other hand, competition in the surrounding area is increasing. Based on this, marimo REIT has decided on the disposition to the buyer this time around because it was judged that disposition at a price surpassing the book value and the most recent real estate appraisal value and 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 Chiyoda				
Type of specified asset		Real estate trust beneficiary right				
Trustee		Mitsubishi UFJ Trust and Banking Corporation				
Contract period		From January 23, 2018, to January 31, 2028				
Location (Note 1)	Lot number	4-424-2 Chiyoda, Naka Ward, Nagoya City, Aichi, etc.				
	Indication of residential address	4-4-22 Chiyoda, Naka Ward, Nagoya City, Aichi				
Land	Form of ownership	Proprietorship				
	Use	Commercial district				
	Site area (Note 1)	420.08 m ²				
	Building coverage ratio	80%				
	Floor-area ratio	500%				
Building	Form of ownership	Proprietorship				
	Main use	Residence				
	Completion date	September 12, 2017				
	Gross floor area (Note 1)	2,176.78 m ²				
	Structure	Reinforced concrete structure, flat roof, 14 floors				
Acquisition price		980 million yen				
Planned disposition price		1,200 million yen				
Book value (Note 2)		908 million yen				
Difference between planned disposition price and book value		292 million yen				
Appraisal value	Appraisal method	Appraisal by Tanizawa Sogo Appraisal Co., Ltd.				
	Appraisal value	1,200 million yen				
	Date of value	December 31, 2023				
Details of lease (Note 3)						
	Master lease company	Marimo Co., Ltd.				
	Total number of tenants	78				
	Total lease revenue (annual)	65 million yen				
	Security deposit and guarantee money	3 million yen				
	Total leased area	1,981.80 m ²				
	Total leasable area	2,062.06 m ²				
	Change in occupancy rate	De. 31, 2021	Jun. 30, 2022	Dec. 31, 2022	Jun. 30, 2023	Dec. 31, 2023
	97.4%	100.0%	88.5%	97.5%	94.8%	
Other special notes		A parking lot is leased outside the site to satisfy the obligation to provide a parking lot as stipulated in the Nagoya City Ordinance on Conflict Prevention, Coordination, etc. in Relation to the Construction of Mid- and High-Rise Buildings.				

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

(Note 2) "Book value" indicates the amount as of the end of the fiscal period ended December 2023 (15th fiscal period).

(Note 3) "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 total 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 defined in the rules on transactions with interested persons 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

None

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 June 2024 (from January 1, 2024, to June 30, 2024) and the fiscal period ending December 2024 (from July 1, 2024, to December 31, 2024) 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 June 2024 and the Fiscal Period Ending December 2024” dated today.

8. Summary of Appraisal Statements

Property name	ArtizA Chiyoda
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Appraisal value	1,200 million yen
Name of appraisal agency	Tanizawa Sogo Appraisal Co., Ltd.
Date of value	December 31, 2023

Items	Details	Summary, etc.
Value based on income approach	1,200,000,000	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	1,230,000,000	Assessed net income that is stable over the medium to long term, discounted by the capitalization rate.
Operating Revenue	66,378,000	
Potential gross income	69,882,000	Assessed taking into account the subject real property's medium- to long-term competitiveness based on the rent level of the current contract, the new rent levels of similar real property within the same supply-demand zone and the trend.
Vacancy loss, etc.	3,504,000	Assessed taking into account the subject real property's competitiveness based on its vacancy rate record and the standard vacancy rates of similar real property.
Operating Expenses	16,567,000	
Maintenance and management expenses	1,732,000	Assessed by judging that the building management services are generally standard and based on contract amounts verified by the level of maintenance costs at similar real property.
Utility costs	371,000	Assessed based on past actual results and by verifying the level of utility costs at similar real property.
Repair costs	589,000	Assessed by judging that the annual average repair costs stated in the ER are appropriate based on verifying the level of repair costs of similar real property.
Costs to restore exclusively owned section	1,559,000	Assessed by assessing tenant replacement costs, considering the replacement rate and vacancy rate.
Property management fee	1,945,000	Assessed by judging that the property management contract is generally standard, and based on said contract, verifying the level of PM fees at similar real property.
Tenant solicitation expenses	1,248,000	Assessed based on the level of similar real property, referring to past actual results for the

				replacement portion when the assumed replacement rate is applied to the rental space and parking lot.
		Taxes and other public charges	4,818,000	Assessed based on materials related to taxes and other public charges.
		Non-life insurance premiums	386,000	Assessed by judging the contract amount to be appropriate and verifying the level of non-life insurance premiums for similar real property.
		Other expense	3,916,000	Assessed other property operating expenses, such as supplies and reserves, referring to the actual amount obtained from the client.
		Net Operating Income (NOI)	49,811,000	
		Revenue from investment of lump sum payments	48,000	Assessed the investment yield by comprehensively taking into account the actual investment status of lump sum payments from both investment and financing perspectives.
		Capital expenditures	1,767,000	Assessed by judging the annual average renovation costs stated in the ER to be appropriate, based on verifying the level of renovation costs at similar real property.
		Net Income (NCF)	48,093,000	
		Capitalization rate	3.9%	Assessed comprehensively taking into account the competitiveness of the subject real property, etc.
		Value based on DCF method	1,190,000,000	
		Discount rate	4.0%	Assessed by combining the method of obtaining the value through comparison with similar real property appraisals and the method of obtaining the value by adding the individual characteristics of the property to the yields of financial assets.
		Terminal capitalization rate	4.1%	Assessed by comprehensively taking into account future trends in investment yields, general forecasts of future economic growth rates of the subject real property as an investment target, real estate price trends, etc., referring to the appraised yields on similar appraisal cases.
		Cost method value	997,000,000	
		Land ratio	44.3%	
		Building ratio	55.7%	

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, judging it to be more persuasive after comprehensive examination.
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*Website of marimo REIT: <https://www.marimo-reit.co.jp/en/>