



December 19, 2018

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 Acquisition 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 acquisition (the “Acquisition”) of domestic real estate trust beneficiary right (ArtizA Higashi-Shimada) (the “Asset to be Acquired”) as described below.

#### 1. Outline of the Acquisition

Property name	Location	Planned acquisition price (million yen) (Note)
ArtizA Higashi-Shimada	Okayama-shi, Okayama	700

(Note) Planned acquisition price indicates the purchase price planned to be stated in the trust beneficiary right sale and purchase agreement (excluding consumption tax, local consumption tax and other miscellaneous expense such as broker’s commissions) for the Asset to be Acquired, which is planned to be concluded on January 4, 2019. The same applies hereinafter.

- (1) Acquisition decision date : December 19, 2018
- (2) Planned sale and purchase agreement date : January 4, 2019
- (3) Payment date and planned acquisition date : January 4, 2019
- (4) Planned seller : Please refer to “4. Overview of Planned Seller” later in this document
- (5) Acquisition financing : Cash on hand and borrowings (Note)
- (6) Settlement method : Lump sum payment on the acquisition date

(Note) For details of the borrowings, please refer to “Notice Concerning Borrowing of Funds” separately announced today.

#### 2. Reason for the Acquisition

marimo REIT has comprehensively taken into account the portfolio building policy, trends of the real estate market, individual characteristics of each property, etc. upon deciding on the Acquisition with an aim to reinforce the portfolio.

The property, which is a residential property developed by Marimo Co., Ltd. (“Marimo”), satisfies investment criteria of marimo REIT. marimo REIT recognized following points upon deciding on the Acquisition.

- The property is located approximately 900 meters southwest of Okayama Station on the JR Sanyo Main Line/Sanyo Shinkansen, and the central-Okayama office district and “AEON MALL Okayama” (one of the largest shopping mall in West Japan) are within walking distance alongside other convenient facilities for everyday life in neighboring areas. With such convenience for daily life and transportation, the area is likely to expect due residential demand mainly from singles.
- Completed two years ago, the property is relatively new with due quality in its interior, facilities and such. It expects persistent residential demand mainly for rental housing provided by companies, etc. and is likely to continue having stable income going forward.

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

Property name		Artiza Higashi-Shimada		Asset Type	Residence	
<b>Outline of specified asset</b>						
Planned acquisition date	January 4, 2019		Type of specified asset	Real estate trust beneficiary right		
Planned acquisition price	700 million yen		Appraisal value (Date of value)	730 million yen (October 31, 2018)		
Location (indication of residential address)	1-5-4 Higashi-shimada, Kita-ku, Okayama-shi, Okayama					
Transportation	Approximately 12 minutes from Okayama Station on the JR Sanyo Main Line/Sanyo Shinkansen					
Land	Lot number	1-46-1 Higashi-shimada, Kita-ku, Okayama-shi, Okayama		Building	Construction completion date	December 16, 2016
	Building coverage ratio	80%			Structure / number of floors	Reinforced concrete structure with flat roof/9F
	Floor-area ratio	400%			Gross floor area	2,029.25 m <sup>2</sup>
	Use district	Commercial district			Designer	Marimo Co., Ltd.
	Site area	572.80 m <sup>2</sup>			Builder	Minami Co., Ltd.
	Form of ownership	Proprietorship			Form of ownership	Proprietorship
Whether security is established	None					
Annual lease revenue (including common area fee)	51 million yen		Security deposit and guarantee money	Security deposit: 7 million yen		
Leasable area	1,809.60 m <sup>2</sup>		Occupancy rate	100%		
Master lease company	Marimo Co., Ltd.		Master lease type	Pass-through type		
Property management company	Marimo Co., Ltd.		Trustee	Mitsubishi UFJ Trust and Banking Corporation		
Trust establishment date	January 4, 2019		Trust term expiration date	January 31, 2029		
Main tenant	Relocation Japan, Limited		Number of leasable units	52 single units		
Probable Maximum Loss (Earthquake PML)	3.1%		Name of appraisal agency	Tanizawa Sōgō Appraisal Co., Ltd.		
Notes: No applicable matters.						

(Note) Definitions of terms are as follows.

- “Asset type” indicates one of marimo REIT’s investment target properties (residential, retail, hotel, office and parking).
- “Planned acquisition date” indicates the date marimo REIT plans to acquire the real estate trust beneficiary right.
- “Type of specified asset” indicates the type of real estate and other assets as a specified asset.
- “Location (indication of residential address)” indicates the residential address description, in principle.
- “Transportation” indicates the time stated in the engineering report.

- "Lot number" for land indicate the location of the building stated in the registry.
- "Building coverage ratio" for land indicates, in principle, the maximum value (designated building coverage ratio) (in cases of multiple values, all of them) determined by City Planning in accordance with the land use district, etc. for the ratio of the construction area of the structure to the site area, as set forth in Article 53 of the Building Standards Act (Act No. 201 of 1950; as amended; the "Building Standards Act"). Designated building coverage ratio may be mitigated, increased or decreased due to reasons such as being a fire-resistant building in a fire prevention district, and may differ from the actual building coverage ratio applied.
- "Floor-area ratio" for land indicates the maximum value (designated floor-area ratio) (in cases of multiple values, all of them) determined by City Planning in accordance with the land use district, etc. for the ratio of the gross floor area of the building to the site area, as set forth in Article 52 of the Building Standards Act. Designated floor-area ratio may be mitigated, increased or decreased due to reasons such as the width of roads connecting to the site, and may differ from the actual floor-area ratio applied.
- "Use district" for land indicates the type of land use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968; as amended).
- "Site area" for land is based on the description in the registry and may differ from the present state.
- "Form of ownership" for land and building indicates the type of right planned to be held by marimo REIT.
- "Construction completion date" for building indicates the date of new construction of the principal building stated in the registry.
- "Structure / number of floors" is based on the description in the registry regarding the principal building.
- "Gross floor area" for building indicates the floor area including those of ancillary buildings based on the description in the registry.
- "Designer" and "Builder" for building indicate company names at the time of designing and construction of the principal building.
- "Whether security is established" indicate whether there is security that continues to exist after the acquisition by marimo REIT.
- "Annual lease revenue" indicates an amount obtained by multiplying the monthly fixed rent (including common area fee) specified in the lease agreements (however, concerning lease agreements for the building, land (including flat parking lot) is excluded) concluded with the lessees of the Asset to be Acquired as of October 31, 2018 by 12, rounded down to the nearest million yen. Furthermore, as to the Asset to be Acquired, when a master lease agreement is concluded, "Annual lease revenue" indicates the amount of annual rent or monthly rent multiplied by 12, that are specified in the lease agreements concluded with end tenants, if the amount of rent is equal to the sum of rents specified in the lease agreements concluded with end tenants, rounded down to the nearest million yen.
- "Security deposit and guarantee money" indicates the sum amount of security deposit and guarantee money (rounded down to the nearest million yen) required at the time of moving in, for tenants who have already moved in. Furthermore, as to the Asset to be Acquired, when a master lease agreement is concluded, the sum amount of security deposit, guarantee money, etc. specified in the lease agreements concluded with end tenants is indicated, if the amount of security deposit is equal to said sum amount, rounded down to the nearest million yen.
- "Leasable area" indicates an area marimo REIT considers leasable in the building of the Asset to be Acquired.
- "Occupancy rate" indicates a figure obtained by dividing the total of leased areas shown in the lease agreements concluded with the tenants of the Asset to be Acquired as of the end of October 2018 by the area marimo REIT considers leasable in the building of the Asset to be Acquired, rounded to the first decimal place.
- "Master lease company" and "Property management company" refer to companies which have concluded a master lease agreement and a property management ("PM") agreement, respectively, for the Asset to be Acquired. "Master lease type" indicates the type of the master lease (either pass-through type or fixed-rent type).
- "Trustee" indicates the trustee for the Asset to be Acquired.
- "Main tenant" indicates a tenant which has the largest leased area among tenants that lease the property from marimo REIT or the trustee based on a lease agreement valid as of the end of October 2018. However, for the Asset to be Acquired, when a master lease agreement is concluded, the end tenant is indicated as "Main tenant" for a property under pass-through type master lease agreement.
- "Number of leasable units" indicate the number of units (number of sections) marimo REIT is able to lease, by unit type.
- "Notes" indicate matters considered material in light of their impact on the valuation amount, profitability, and disposability of the Asset to be Acquired, as well as matters considered material in relation to the right relations and use, etc. of the Asset to be Acquired as of today.

#### 4. Overview of Planned Seller

(1)	Name	Marimo Co., Ltd.
(2)	Location	1-17-23 Kougokita, Nishi-ku, Hiroshima-shi, Hiroshima
(3)	Name and title and of representative	Makoto Fukagawa, President
(4)	Business description	Project planning/development/architectural designing/project supervision/marketing and sales of real estate; property liquidity; environmental health, overseas real estate development and hot spa operation in China.
(5)	Capital	100 million yen (as of July 31, 2018)
(6)	Date established	September 1, 1970
(7)	Net assets	18,776 million yen (Based on the balance sheet as of July 31, 2018)
(8)	Total assets	74,194 million yen (Based on the balance sheet as of July 31, 2018)
(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 the number of marimo REIT's investment units outstanding. In addition, the company is a subsidiary of Marimo Holdings Co., Ltd., which holds the 96% 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. Seven properties of the portfolio assets were transferred to marimo REIT for 7,700 million yen (total acquisition price) on January 23, 2018 based on a real estate trust beneficiary right sale and purchase agreement entered together with marimo REIT on January 4, 2018.
	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.

(Note) Acquisition price indicates the purchase price stated in the trust beneficiary right sale and purchase agreement (excluding consumption tax, local consumption tax and other miscellaneous expense such as broker's commissions) for the acquired assets.

#### 5. Information on Property Acquirers, etc.

Status of property acquisition, etc. from interested persons, etc. of marimo REIT, special purpose companies (subsidiaries) of which decision-making bodies are controlled by the interested persons, etc. and other persons with special relationship (the “Persons of Special Interest”) is as follows. (①: Name of the company or the name of the person, ②: relationship with Persons of Special Interest, ③: Acquisition particulars and reason).

Property name (Location)	Previous owner/trust beneficiary	Second previous owner/trust beneficiary
	①, ②, ③ Acquisition (transfer) price Acquisition (transfer) timing	①, ②, ③ Acquisition (transfer) price Acquisition (transfer) timing
ArtizA Higashi-Shimada	① Marimo Co., Ltd. ② Sister company of the Asset Manager ③ A property developed by Marimo Co., Ltd.; Acquired since it can expect stable operations over a medium- to long-term, after evaluating the market and marketability.	Not a person of special interest
	Omitted since the previous owner/beneficiary had owned it for more than one year before transferring it to marimo REIT.	
	December 2016	

#### 6. Transactions with Interested Persons, etc.

Marimo, the subsidiary of the parent company of the Asset Manager, will be the seller of the Asset to be Acquired and entrusted with property management and master lease management for the Asset to be Acquired. Marimo falls under the category of interested persons, etc. defined in Article 201 of the Act on Investment Trusts and Investment Corporations and Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations, and under the category of interested person, etc. defined in the rules on transactions with interested persons, etc., which are the internal rules set by the Asset Manager. Therefore, the Asset Manager has followed procedure specified in the rules on transactions with interested persons, etc. (including consent based on approval of the Board of Directors of marimo REIT at a meeting to be held on December 19, 2018) upon conducting acquisition transaction of the Asset to be Acquired and concluding the agreement with these parties.

#### 7. Outline of Intermediation

There is no applicable intermediation pertaining to the above transaction.

#### 8. Future Outlook

The impact of the Acquisition on the management status forecast is minimal. For details, please refer to “Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending June 2019” separately announced today.

## 9. Summary of Appraisal Statements

Summary of Appraisal Statements		
Property name	ArtizA Higashi-Shimada	
Appraisal value	730 million yen	
Name of appraisal agency	Tanizawa Sogo Appraisal Co., Ltd.	
Time of valuation	October 31, 2018	
Items	Details (Unit: thousand yen)	Summary, etc.
Value based on income approach	730,000	Estimated through verification using direct capitalization method, with value using DCF method as standard.
Value based on direct capitalization method	735,000	Assessed upon capitalization using standardized net income which is recognized stable over the medium to long term.
(1) Operating Revenue	50,000	
① Potential gross income	52,677	Assessed after taking into account the medium- to long-term competitiveness of the subject real property, based on the rent levels for similar real property within the same supply and demand area, their trends, etc.
② Vacancy loss, etc.	2,676	Assessed taking into consideration the competitiveness of the subject real property, etc. based on the standard vacancy rate of similar real property.
(2) Operating Expenses	12,635	
a. Maintenance and management expenses	1,715	Assessed through verification using the levels of maintenance and management expenses for similar real property, based on the property management agreement, etc.
b. Water and utility fees	434	Assessed based on the levels of water and utility fees for similar real property.
c. Repair costs	1,812	Assessed referring to the figure stated in the ER and the levels of similar real property from the medium- to long-term perspective. In addition, assessed costs for restoration to original condition after taking into account the move-out rate, etc.
d. Property management fee	1,499	Decided based on the property management agreement, etc.
e. Tenant solicitation expenses, etc.	1,963	Assessed taking into account tenant solicitation expenses assessed based on the levels for similar real property, the property management agreement, etc.
f. Taxes and other public charges	3,487	Assessed based on the value assessed for 2018.
g. Non-life insurance premiums	222	Assessed based on the standard premium rate assumed from insurance premiums for similar real property.
h. Other expense	1,500	Assessed based on the levels of expenses for similar real property.
(3) Net Operating Income (NOI)	37,365	
(4) Revenue from investment of lump sum payments	38	Assessed investment income using an investment yield of 1.0%.
(5) Capital expenditures	666	Assessed referring to the figure stated in the ER and

			the levels of similar real property from the medium-to long-term perspective.
	Net Income (NCF)	36,737	
	Capitalization rate	5.0%	Assessed by comparing with transaction yield for similar real property and comprehensively taking into account the location/building conditions and other conditions of the subject real property.
	Value based on DCF method	728,000	
	Discount rate	5.1%	Assessed comprehensively taking into account the individual characteristics of the subject real property, based on the yield of a property with similar use that is located in an area with the lowest risk.
	Terminal capitalization rate	5.2%	Assessed by incorporating future unpredictability, based on the capitalization rate.
	Cost method value	731,000	
	Land ratio	30.2%	
	Building ratio	69.8%	
	Other matters taken into consideration by the appraisal agency when performing the appraisal	Based on a value forming process and request purpose in which a market participant values profitability in the subject real property, as well as the typology, we used as our standard an income amount that appropriately reflected future profitability for an investor to examine the cost method value and set the appraised price at the income amount.	

\*This material is distributed to the press club of the Tokyo Stock Exchange (Kabuto Club), the press club of the Ministry of Land, Infrastructure, Transport and Tourism, and the press club for construction trade publications of the Ministry of Land, Infrastructure, Transport and Tourism.

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

<Attached Materials>

Reference Materials 1 Property Photo

Reference Materials 2 Location Map

Reference Materials 1 Property Photo



(Note) The photo of the Asset to be Acquired represents the condition of the asset at the time the photo was taken, and thus the present state may differ due to changes, etc. over time.



Reference Materials 2 Location Map

