

January 6, 2020

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
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Notice Concerning Acquisition of Domestic Real Estate Trust Beneficiary Rights and
Accompanying Commencement of Leasing

marimo Regional Revitalization REIT, Inc. (“marimo REIT”) announces that Marimo Asset Management Co., Ltd. (the “Asset Manager”), to which marimo REIT entrusts management of its assets, decided today on the acquisition (the “Acquisition”) of domestic real estate trust beneficiary rights (the “Assets to be Acquired”) as described below. marimo REIT announces also the accompanying commencement of leasing (the “Leasing”) of the Assets to be Acquired.

Marimo Co., Ltd. (“Marimo”), the seller of the Assets to be Acquired excluding “(Tentative name) MRR Kitamoto (land ownership interests),” falls under the category of interested persons, etc. defined in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (the “Investment Trusts Act”). Therefore, the Asset Manager has obtained the consent of marimo REIT based on approval of the Board of Directors of marimo REIT at a meeting held on January 6, 2020. Marimo also falls under the category of interested persons, 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 the decision-making procedure specified in the rules on transactions with interested persons, etc. (including approval of the Board of Directors of marimo REIT at a meeting held on January 6, 2020) upon conducting asset acquisition transaction with Marimo.

1. Outline of the Acquisition

| Property number (Note 1) | Property name | Location | Planned acquisition price (million yen) (Note 1) |
|-----------------------------|--|--------------------------------------|--|
| Rp-09 | ArtizA Tsurumai | Naka-ku, Nagoya-shi, Aichi | 430 |
| Rp-10 | ArtizA Awajieki-higashi | Higashiyodogawa-ku, Osaka-shi, Osaka | 1,180 |
| Rp-11 | (Tentative name) ArtizA Matsumoto | Matsumoto-shi, Nagano | 640 |
| Cp-12 | (Tentative name) MRR Akita II | Akita-shi, Akita | 970 |
| Ct-01 | (Tentative name) MRR Ichihara (land ownership interests) | Ichihara-shi, Chiba | 700 |
| Ct-02 | (Tentative name) MRR Kitamoto (land ownership interests) | Kitamoto-shi, Saitama | 1,030 |
| Total (6 properties) | | | 4,950 |

(Note 1) For the definition of “Property number” and “Planned acquisition price,” please refer to “4. (1) Overview of the Assets to be Acquired” later in this document. The same shall apply hereinafter.

(Note 2) The current names of “(Tentative name) ArtizA Matsumoto,” “(Tentative name) MRR Akita II,” “(Tentative name) MRR Ichihara (land ownership interests)” and “(Tentative name) MRR Kitamoto (land ownership interests)” differ. marimo REIT plans to change the names after the acquisition. Therefore, in this press release, the names are those after the change. The property names to be changed are based on plans as of today, and are subject to change without prior notice or the change of property names may not take place in the future.

(Note 3) As of the date of this document, the building name of “(Tentative name) ArtizA Matsumoto” is “Arco Matsumoto.”

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- (1) Acquisition decision date: January 6, 2020
- (2) Sale and purchase agreement date: January 6, 2020
- (3) Planned payment date and planned acquisition date: January 21, 2020
- (4) Planned seller: Please refer to “5. Overview of Planned Seller” later in this document.
- (5) Acquisition financing: Proceeds from the issuance of new investment units for which resolution was passed at the meeting of the Board of Directors of marimo REIT held on January 6, 2020 (Note 1), borrowings (Note 2) and cash on hand
- (6) Settlement method: Lump sum payment on the planned acquisition date
- (Note 1) For details, please refer to “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced today by marimo REIT.
- (Note 2) For details, please refer to “Notice Concerning Borrowing of Funds” announced today by marimo REIT.

2. Reason for the Acquisition

In pursuit of securing “profitability” and “stability” and steady growth of the portfolio while aiming to continually enhance unitholder value over the medium to long term through acquisition of new real estate trust beneficiary rights, marimo REIT decided to acquire the Assets to be Acquired (total of six properties) after consideration in light of market trends, the level of dividends per unit, etc. The features of each property are as shown in the following table.

| Property number | Property name | Overview |
|-----------------|-----------------------------------|---|
| Rp-09 | ArtizA Tsurumai | With two railway lines and two railway stations available for use being approximately a 4-minute walk from Tsurumai Station on the JR Chuo Main Line and approximately a 5-minute walk from Tsurumai Station on the Nagoya City Subway Tsurumai Line and with many retail facilities within walking distance, this relatively new residential property boasts excellent access to the city center and convenience in terms of daily living |
| Rp-10 | ArtizA Awajieki-higashi | Located approximately a 6-minute walk from JR-Awaji Station on the JR Osaka Higashi Line and with Awaji Station on the Hankyu Kyoto Line and Hankyu Senri Line also within walking distance, the property offers rental residential units targeting people of one-person households commuting to work or school in central districts. With supermarkets, convenience stores, restaurants, etc. in the surrounding area, this relatively new residential property boasts excellent convenience in terms of daily living. |
| Rp-11 | (Tentative name) ArtizA Matsumoto | This residential property is located approximately a 6-minute walk from Matsumoto Station, which is served by two railway lines JR Shinonoi Line and Oito Line, in the “Oote 1-chome area,” a location for which there is a certain level of demand as a residential district near a railway station and that is comfortable to live in for a wide range of people from one-person to family households |
| Cp-12 | (Tentative name) MRR Akita II | This roadside retail property in close proximity to where main arterial roads National Route 13 and Prefectural Road 56 Akita Tenno Line intersect is located in the “Barajima area,” an area for which high needs can be expected as there is “MRR Akita,” an asset in marimo REIT’s portfolio, diagonally opposite to the property and a concentration of a wide variety of other retail facilities, such as Aeon Akita Chuo Store and Aeon Town Barajima Annex |

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| Property number | Property name | Overview |
|-----------------|---|--|
| Ct-01 | (Tentative name) MRR Ichihara (land ownership interests) | This retail property with a concentration of tenants closely related to daily living is situated at the center of a residential district where there are also schools, parks, etc. nearby located in an urban area within an approximately 5.8 km range of Goi Station, which is served by two railway lines JR Uchibo Line and Kominato Line in central Ichihara City, Chiba Prefecture |
| Ct-02 | (Tentative name) MRR Kitamoto (land ownership interests) | Land ownership interests to a K's Denki stand-alone store that stands in a prime location along main arterial road National Route 17 accessible from both inbound and outbound lanes |

3. Reason for Tenant Selection

The counterparties to the leasing in the Leasing (Note) have been verified to meet the following tenant selection criteria stated in marimo REIT's "Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties" dated September 30, 2019.

(Note) Refers to the counterparties to the subleasing by the master lease company in the case that marimo REIT or the trustee enters into a lease agreement with a master lease company.

The tenants occupying (including potential tenants to newly occupy) properties owned and operated or properties to be newly acquired by marimo REIT shall be decided by conducting a review and analysis of the following content and screening that comprehensively takes such content into account.

Even if the criteria are met, the contract shall not be concluded if found to have a relationship with anti-social forces.

(1) For corporations

- ① Business type
- ② Financial status and corporate size
- ③ Capital ties
- ④ Purpose of use and contract terms and conditions
- ⑤ Other matters

(2) For individuals

- ① Income level
- ② Profession
- ③ Employer and years of service
- ④ Whether there is a joint and several surety
- ⑤ Other matters

4. Details of the Assets to be Acquired

(1) Overview of the Assets to be Acquired

The following presents an individual overview of the real estate of the trust beneficiary right that are the Assets to be Acquired.

- "Property number" is the number assigned property by property by combining the asset type classifications of "investment targets" and "investment ratio by region" for the Assets to be Acquired of marimo REIT. "Investment targets" are represented by R for residential, C for retail, H for hotel and O for office, while p is for regional and t is for Tokyo metropolitan area. The same shall apply hereinafter. In cases of mixed-use properties of several uses (asset types), the investment target classification is based on the asset type that accounts for the largest percentage of lease revenue when full occupancy is assumed.
- "Asset type" indicates one of marimo REIT's investment target properties (residential, retail, hotel, office and parking).

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- “Planned acquisition date” indicates the date marimo REIT plans to acquire each real estate trust beneficiary right. The date may be postponed by a few days or so upon finalization of the payment due date of the primary offering stated in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” dated today or the drawdown date of the borrowing stated in “Notice Concerning Borrowing of Funds” dated today.
- “Type of specified asset” indicates the type of real estate and other assets as a specified asset.
- “Planned acquisition price” indicates the purchase price of each real estate trust beneficiary right stated in each trust beneficiary right sale and purchase agreement (excluding consumption tax, local consumption tax and other miscellaneous expenses such as broker’s commissions) for the Assets to be Acquired, rounded down to the nearest million yen.
- “Appraisal value” indicates the appraisal value stated in the real estate appraisal report for each Asset to be Acquired obtained from Japan Valuers Co., Ltd. and The Tanizawa Sōgō Appraisal Co., Ltd.
- “Location (indication of residential address)” indicates, in principle, the indication of residential address. In cases of properties that have no indication of residential address, the location of the building (if there are several, one of the locations) stated in the registry. In cases of properties of land ownership interests, the location of the land (if there are several, one of the locations) stated in the registry.
- “Transportation” indicates the time it takes to walk the distance from the nearest railway station at a speed of 80 meters per minute as calculated by the Asset Manager (rounded up to the nearest specified unit) or the time stated in the real estate appraisal report or engineering report.
- “Lot number” for land indicates the location of the building (if there are several, one of the locations) stated in the registry. In cases of properties of land ownership interests, the location of the land (if there are several, one of the locations) 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 (if there are several, all of them) 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 (if there is a leasehold, including the area under leasehold) 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.

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- “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, warehouse and land (including flat parking lot) are excluded) concluded with the lessees of each Asset to be Acquired as of the end of November 2019 by 12, rounded down to the nearest million yen (however, concerning those for which agreement has been made by a memorandum, etc. as of the end of November 2019 that the rent will fluctuate before the acquisition by marimo REIT, reflecting such fluctuation). Furthermore, for the Assets 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 (however, concerning those for which agreement has been made by a memorandum, etc. as of the end of November 2019 that the rent will fluctuate before the acquisition by marimo REIT, reflecting such fluctuation). In addition, if the master lease type is planned to be changed to a fixed-rent type master lease agreement upon the acquisition by marimo REIT, “Annual lease revenue” indicates the sum amount of monthly rent (including common area fee, but excluding usage fee for parking lot, trunk room and other attached facilities) specified in the lease agreements, etc. concluded between marimo REIT or the trustee and the master lease company. Consumption tax, etc. are excluded. The case of ArtizA Awajieki-higashi, for which change from a fixed-rent type master lease agreement to a pass-through type master lease agreement on July 1, 2020 is planned, is treated as a pass-through type master lease agreement.
- “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. However, if a portion of such has been returned, the abovementioned sum amount of security deposit and guarantee money differs from the sum amount of security deposit and guarantee money held by the lessor as of the end of November 2019. Furthermore, for the Assets 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. The case of ArtizA Awajieki-higashi, for which change from a fixed-rent type master lease agreement to a pass-through type master lease agreement on July 1, 2020 is planned, is treated as a pass-through type master lease agreement.
- “Leasable area” indicates an area marimo REIT considers leasable in the building (however, in cases of properties of land ownership interests, the land) of each Asset to be Acquired.
- “Occupancy rate” indicates a figure obtained by dividing the total of leased areas shown in each lease agreement concluded with the tenants of each Asset to be Acquired as of the end of November 2019 by the area marimo REIT considers leasable in the building of (however, in cases of properties of land ownership interests, the land) of each Asset to be Acquired, rounded to the first decimal place. This is on a master lessee basis in cases of properties for which a fixed-rent type master lease agreement is concluded, and on an end tenant basis in cases of properties for which a pass-through type master lease agreement is concluded. The case of ArtizA Awajieki-higashi, for which change from a fixed-rent type master lease agreement to a pass-through type master lease agreement on July 1, 2020 is planned, is treated as a pass-through type master lease agreement.
- “Master lease company” and “Property management company” refer to the companies that are to be the master lease company and the property management company after the acquisition for each Asset to be Acquired. “Master lease type” indicates the type of the master lease (either pass-through type or fixed-rent type) planned after the acquisition.
- “Trustee” indicates the party that is to be the trustee after the acquisition for each Asset to be Acquired.

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- “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 November 2019. However, for the Assets 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, and the land lessee (if under subleasing, the land sublessee) is indicated as “Main tenant” when acquisition is of land ownership interests only. Furthermore, when a fixed-rent type master lease agreement is concluded with marimo REIT or the trustee, the master lease company under the agreement is indicated. The case of ArtizA Awajieki-higashi, for which change from a fixed-rent type master lease agreement to a pass-through type master lease agreement on July 1, 2020 is planned, is treated as a pass-through type master lease agreement.
- “Number of leasable units” indicates the number of sections marimo REIT considers leasable or the number of units (number of sections) marimo REIT is able to lease in the Assets to be Acquired or sections that are for residential units, by unit type.
- “Notes” indicates matters considered material in light of their impact on the valuation amount, profitability, and disposability of each Asset to be Acquired, as well as matters considered material in relation to the right relations and use, etc. of each Asset to be Acquired as of today.

| Property number | Rp-09 | Property name | ArtizA Tsurumai | Asset type | Residential |
|--|--|--|--------------------------------------|--|--|
| Outline of specified asset | | | | | |
| Planned acquisition date | January 21, 2020 | | Type of specified asset | Real estate trust beneficiary right | |
| Planned acquisition price | 430 million yen | | Appraisal value (Date of value) | 468 million yen (November 30, 2019) | |
| Location (indication of residential address) | 5-17-23 Chiyoda, Naka-ku, Nagoya-shi, Aichi | | | | |
| Transportation | Approximately 4-minute walk from Tsurumai Station on the JR Tokai Chuo Main Line; Approximately 5-minute walk from Tsurumai Station on the Nagoya City Subway Tsurumai Line | | | | |
| Land | Lot number | 5-1719 Chiyoda, Naka-ku, Nagoya-shi, Aichi, etc. | | Construction completion date | February 6, 2019 |
| | Building coverage ratio | 80% | | Structure / Number of floors | Reinforced concrete structure with flat roof / 11F |
| | Floor-area ratio | 400% | | Gross floor area | 968.51 m ² |
| | Use district | Commercial district | | Designer | Kabushiki Kaisha Nitto Kensetsu First-Class Architect Office |
| | Site area | 213.21 m ² | | Builder | Kabushiki Kaisha Nitto Kensetsu |
| | Form of ownership | Proprietorship | | Form of ownership | Proprietorship |
| Whether security is established | None | | | | |
| Annual lease revenue | 26 million yen | | Security deposit and guarantee money | Security deposit: 2 million yen | |
| Leasable area | 841.50 m ² | | Occupancy rate | 96.7% | |
| 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 | |
| Planned trust establishment date | January 21, 2020 | | Planned trust term expiration date | End of January 2030 | |

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| | | | |
|--|---------------------------------------|--------------------------------------|------------------|
| Main tenant | Individual | Number of leasable units | Single: 30 units |
| Appraisal agency | The Tanizawa Sōgō Appraisal Co., Ltd. | PML value (probable maximum loss) | 7.3% |
| Notes: Renting a parking lot outside the site in order to fulfil the obligation to attach a parking lot as set forth in the ordinance on preventing, coordinating, etc. disputes pertaining to construction of medium- to high-rise buildings in Nagoya City. | | | |

| Property number | Rp-10 | Property name | ArtizA Awajieki-higashi | Asset type | Residential |
|---|--|---|--------------------------------------|--|---|
| Outline of specified asset | | | | | |
| Planned acquisition date | January 21, 2020 | | Type of specified asset | Real estate trust beneficiary right | |
| Planned acquisition price | 1,180 million yen | | Appraisal value (Date of value) | 1,290 million yen (November 30, 2019) | |
| Location (indication of residential address) | 7-1-29 Sugahara, Higashiyodogawa-ku, Osaka-shi, Osaka | | | | |
| Transportation | Approximately 6-minute walk from JR-Awaji Station on the JR Osaka Higashi Line | | | | |
| Land | Lot number | 7-255 Sugahara, Higashiyodogawa-ku, Osaka-shi, Osaka | | Construction completion date | October 4, 2019 |
| | Building coverage ratio | 60% | | Structure / Number of floors | Reinforced concrete structure with flat roof / 14F |
| | Floor-area ratio | Portion up to 25 m from boundary with the road on the east side: 300% Portion exceeding 25 m: 200% | | Gross floor area | 2,294.66 m ² |
| | Use district | Quasi-industrial district | | Designer | First-Class Architect Office Sunada Kensetsu Kabushiki Kaisha |
| | Site area | 856.49 m ² | | Builder | Sunada Kensetsu Kabushiki Kaisha |
| | Form of ownership | Proprietorship | | Form of ownership | Proprietorship |
| Whether security is established | None | | | | |
| Annual lease revenue | 10 million yen (Note) | | Security deposit and guarantee money | Security deposit: 0 million yen | |
| Leasable area | 2,180.10 m ² | | Occupancy rate | 14.3% (Note) | |
| Master lease company | Marimo Co., Ltd. (Note) | | Master lease type | Fixed-rent type, then pass-through type from July 1, 2020 (Note) | |
| Property management company | Marimo Co., Ltd. | | Trustee | Mitsubishi UFJ Trust and Banking Corporation | |
| Planned trust establishment date | January 21, 2020 | | Planned trust term expiration date | End of January 2030 | |
| Main tenant | Individual | | Number of leasable units | Single: 91 units | |
| Appraisal agency | Japan Valuers Co., Ltd. | | PML value (probable maximum loss) | 7.0% | |
| Notes: Part of a structure (U-shaped ditch) is crossing the boundary from the adjacent land on the east side of the land, but a memorandum on crossing of boundary is planned to be concluded with the adjacent land's owners. | | | | | |

(Note) With construction completed on October 4, 2019, the occupancy rate as of the end of November 2019 is 14.3%. However, as of the date of this document, the trustee and Marimo plan to (but have yet to) enter into a fixed-rent type master lease agreement for the period from January 21, 2020 to the end of June 2020 of content that (i) Regardless of the rent that Marimo receives from end tenants, Marimo shall pay the trustee rent equivalent to 95% of the assumed full-occupancy lease revenue, and (ii) If the rent that Marimo receives from end tenants exceeds the amount equivalent to 95% of the assumed full-occupancy lease revenue, Marimo shall pay the trustee that exceeding amount.

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| Property number | Rp-11 | Property name | (Tentative name) Artiza Matsumoto | Asset type | Residential |
|--|--|---|--------------------------------------|--|--|
| Outline of specified asset | | | | | |
| Planned acquisition date | January 21, 2020 | | Type of specified asset | Real estate trust beneficiary right | |
| Planned acquisition price | 640 million yen | | Appraisal value (Date of value) | 665 million yen (November 30, 2019) | |
| Location (indication of residential address) | 1-1-28 Oote, Matsumoto-shi, Nagano | | | | |
| Transportation | Approximately 6-minute walk from Matsumoto Station on the JR Shinonoi Line and Oito Line | | | | |
| Land | Lot number | 1-442-2 Oote, Matsumoto-shi, Nagano, etc. | | Construction completion date | March 2, 1998 |
| | Building coverage ratio | 60% | | Structure / Number of floors | Reinforced concrete structure with flat roof / 10F |
| | Floor-area ratio | 200% | | Gross floor area | 3,103.67 m ² (Note 2) |
| | Use district | Quasi-industrial district | | Designer | Kinki General Architectural Design Co., Ltd. |
| | Site area | 1,528.65 m ² (Note 1) | | Builder | Kitano Construction Corp. |
| | Form of ownership | Proprietorship | | Form of ownership | Proprietorship |
| Whether security is established | None | | | | |
| Annual lease revenue | 47 million yen | | Security deposit and guarantee money | Security deposit: 7 million yen | |
| Leasable area | 3,012.53 m ² | | Occupancy rate | 78.9% | |
| 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 | |
| Planned trust establishment date | January 21, 2020 | | Planned trust term expiration date | End of January 2030 | |
| Main tenant | Relocation Japan, Limited | | Number of leasable units | Single: 6 units; Family: 50 units; Store: 1 | |
| Appraisal agency | Japan Valuers Co., Ltd. | | PML value (probable maximum loss) | 13.7% | |

Notes:

- As of the date of this document, the land's boundaries with all adjacent land are yet to be determined, but ongoing discussions are underway with the adjacent land's owners to determine the boundaries. The decision to set as an investment target was made in light of the investment criteria and after verifying the impact on operations and degree of risk of the fact that the boundaries are yet to be determined.
- Part of a fence on the land is crossing the boundary with the adjacent land on the north side and also crossing the boundary with the adjacent land on the east side, but a memorandum on crossing of boundary is planned to be concluded with each adjacent land's owners.
- The engineering report pointed out that it was not known whether or not periodic inspection of the small-scale private water supply has been performed for this building. With respect to the matter pointed out, marimo REIT has reached an agreement with the seller that, at the seller's responsibility and expense, a statutory inspection shall be implemented by the date of execution of the transaction and rectifications completed within three months of the date of execution of the transaction.
- After completion of construction of the building, the necessary change filing procedures had not been implemented when the building underwent construction for conversion of the bicycle storage on the first floor into store use and simultaneously extension and reduction of the existing store portion in 2008. However, with respect to the extension and reduction construction work, etc., a report based on the provisions of Article 12, Paragraph 5 of the Building Standards Act was submitted to and accepted by the City of Matsumoto's building official in February 2019.

(Note 1) The measured area of the land is 1,668.51 m², and this area includes the setback portion (50.65 m²).

(Note 2) The building underwent construction for extension (10.91 m²) and reduction (7.694 m²) of the existing store portion in 2008, but the registration of change in the heading section for the building pertaining to the extension and reduction has not been completed. The registration of change is planned to be made at the seller's expense after the acquisition by marimo REIT.

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| Property number | Cp-12 | Property name | (Tentative name) MRR Akita II | Asset type | Retail |
|--|--|-----------------------------------|--------------------------------------|--|---|
| Outline of specified asset | | | | | |
| Planned acquisition date | January 21, 2020 | | Type of specified asset | Real estate trust beneficiary right | |
| Planned acquisition price | 970 million yen | | Appraisal value (Date of value) | 994 million yen (November 30, 2019) | |
| Location (indication of residential address) | 1-4-63 Barajima, Akita-shi, Akita | | | | |
| Transportation | Approximately 22-minute walk from Ugo-Ushijima Station on the JR Uetsu Main Line | | | | |
| Land | Lot number | 1-12-1 Barajima, Akita-shi, Akita | | Construction completion date | ① March 23, 2004 ② April 2, 1985 |
| | Building coverage ratio | 80% | | Structure / Number of floors | ① Steel-frame structure with alloy-plated steel plate roofing / 1F ② Steel-frame structure with galvanized steel plate roofing / 2F |
| | Floor-area ratio | 200% | | Gross floor area | ① 4,304.81 m ² ② 1,314.39 m ² |
| | Use district | Neighborhood commercial district | | Designer | ① Daiwa House Industry Co., Ltd. Akita Branch First-Class Architect Office ② Daiwa House Industry Co., Ltd. Yugen Kaisha Yanagi Sekkei Jimusho (first extension) Yugen Kaisha Takahashi Keishi Sekkei Jimusho (second extension) |
| | Site area | 14,902.48 m ² | | Builder | ① Daiwa House Industry Co., Ltd. Akita Branch ② Daiwa House Industry Co., Ltd. |
| | Form of ownership | Proprietorship | | Form of ownership | Proprietorship |
| Whether security is established | None | | | | |
| Annual lease revenue | 84 million yen | | Security deposit and guarantee money | Security deposit: 92 million yen | |
| Leasable area | 5,587.25 m ² | | 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 21, 2020 | | Trust term expiration date | End of January 2030 | |
| Main tenant | ① XEBIO Co., Ltd. ② Aoyama Trading Co., Ltd. | | Number of leasable units | 2 | |
| Appraisal agency | Japan Valuers Co., Ltd. | | PML value (probable maximum loss) | ① 7.5% ② 9.5% | |
| Notes: | | | | | |
| <ul style="list-style-type: none"> As of the date of this document, the land's boundaries with all adjacent land are yet to be determined, but ongoing discussions are underway with the adjacent land's owners to determine the boundaries. The decision to set as an investment target was made in light of the investment criteria and after verifying the impact on operations and degree of risk of the fact that the boundaries are yet to be determined. Part of a fence, floor tile and signboard on the land may each possibly be crossing the boundary with a public road, but if found to be crossing the boundary, the matter is planned to be dealt with in consultation with road administrators, etc. | | | | | |

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| Property number | Ct-01 | Property name | (Tentative name) MRR Ichihara (land ownership interests) | Asset type | Retail |
|---|---|--|--|--|--------|
| Outline of specified asset | | | | | |
| Planned acquisition date | January 21, 2020 | | Type of specified asset | Real estate trust beneficiary right | |
| Planned acquisition price | 700 million yen | | Appraisal value (Date of value) | 1,190 million yen (November 30, 2019) | |
| Location (indication of residential address) | 6-7 Chigusa, Ichihara-shi, Chiba | | | | |
| Transportation | Approximately 5.8 km southwest of Goi Station on the JR Uchibo Line and Kominato Line | | | | |
| Land | Lot number | 6-7 Chigusa, Ichihara-shi, Chiba, etc. | | Construction completion date | - |
| | Building coverage ratio | 60% | | Structure / Number of floors | - |
| | Floor-area ratio | 200% | | Gross floor area | - |
| | Use district | Category 1 residential district | | Designer | - |
| | Site area | 18,326.77 m ² | | Builder | - |
| | Form of ownership | Proprietorship | | Form of ownership | - |
| Whether security is established | None | | | | |
| Annual lease revenue | 42 million yen | | Security deposit and guarantee money | Security deposit: 27 million yen | |
| Leasable area | 18,326.76 m ² | | 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 21, 2020 | | Trust term expiration date | End of January 2030 | |
| Main tenant | Kabushiki Kaisha Sendo | | Number of leasable units | 5 | |
| Appraisal agency | Japan Valuers Co., Ltd. | | PML value (probable maximum loss) | - | |
| <p>Notes:</p> <p>The property's land is leased by entering into an agreement on establishment of fixed-term land leasehold rights for business purposes. The agreement is of the following content.</p> <p>① Agreement on establishment of fixed-term land leasehold rights for business purposes with Kabushiki Kaisha Chiba Yakuin The agreement is for a period of 20 years from August 30, 2005. The matters concerning security deposit, rent and early contract termination are not disclosed, because consent has not been obtained from Kabushiki Kaisha Chiba Yakuin. Transfer of rights and obligations under the agreement to a third party shall be subject to consent being obtained from Kabushiki Kaisha Chiba Yakuin.</p> <p>② Agreement on establishment of fixed-term land leasehold rights for business purposes with Maruya Co., Ltd. The agreement is for a period of 20 years from August 30, 2005. The matters concerning security deposit, rent and early contract termination are not disclosed, because consent has not been obtained from Maruya Co., Ltd.</p> <p>③ Agreement on establishment of fixed-term land leasehold rights for business purposes with Komeri Co., Ltd. The agreement is for a period of 20 years from December 28, 2005. The matters concerning security deposit, rent and early contract termination are not disclosed, because consent has not been obtained from Komeri Co., Ltd. Transfer of the land to a third party shall be subject to consent being obtained from Komeri Co., Ltd.</p> <p>④ Agreement on establishment of fixed-term land leasehold rights for business purposes with Daiwa Royal Co., Ltd. The agreement is for a period of 20 years from March 22, 2007. The matters concerning security deposit, rent and early contract termination are not disclosed, because consent has not been obtained from Daiwa Royal Co., Ltd.</p> <p>⑤ Agreement on establishment of fixed-term land leasehold rights for business purposes with Shimamura Co., Ltd. The agreement is for a period of 20 years from August 31, 2006. The matters concerning security deposit, rent and early contract termination are not disclosed, because consent has not been obtained from Shimamura Co., Ltd.</p> | | | | | |

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(Note) The acquisition price of “(Tentative name) MRR Ichihara (land ownership interests)” is calculated in consideration of the surrounding area’s going rate for ground rent, etc., but the method of calculating by assuming sale as vacant land to a third party upon expiration of the business lease agreement is adopted as part of the valuation method for the appraisal value. Usually, the vacant land price at the time of valuation is formed by also taking into consideration the market rate for ground rent, etc. and so there is no large difference between the price calculated based on the surrounding area’s going rate for ground rent, etc. and the vacant land price. However, in this particular case, its peculiarity in that the surrounding area’s going rate for ground rent, etc. is particularly low relative to the vacant land price at the time of valuation has led to appraisal value exceeding acquisition price to form a large discrepancy between the two prices. As of the date of this document, there is no plan to sell the land upon expiration of the agreement.

| Property number | Ct-02 | Property name | (Tentative name) MRR Kitamoto (land ownership interests) | Asset type | Retail |
|--|--|---|--|------------------------------|--------|
| Outline of specified asset | | | | | |
| Planned acquisition date | January 21, 2020 | Type of specified asset | Real estate trust beneficiary right (Note 1) | | |
| Planned acquisition price | 1,030 million yen | Appraisal value (Date of value) | 1,120 million yen (November 30, 2019) | | |
| Location (indication of residential address) | 4-46 Fukai, Kitamoto-shi, Saitama | | | | |
| Transportation | Approximately 1.9 km north of Kitamoto Station on the JR Takasaki Line | | | | |
| Land | Lot number | 4-46-1 Fukai, Kitamoto-shi, Saitama, etc. | Building | Construction completion date | - |
| | Building coverage ratio | 60% | | Structure / Number of floors | - |
| | Floor-area ratio | 200% | | Gross floor area | - |
| | Use district | Area with no designation | | Designer | - |
| | Site area | 11,452.94 m ² | | Builder | - |
| | Form of ownership | Proprietorship | | Form of ownership | - |
| Whether security is established | None | | | | |
| Annual lease revenue | Not disclosed (Note 2) | Security deposit and guarantee money | Not disclosed (Note 2) | | |
| Leasable area | 11,451.00 m ² | 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 21, 2020 | Trust term expiration date | End of January 2030 | | |
| Main tenant | K’S HOLDINGS CORPORATION | Number of leasable units | 1 | | |
| Appraisal agency | The Tanizawa Sōgō Appraisal Co., Ltd. | PML value (probable maximum loss) | - | | |

Notes:

The property’s land is leased by entering into an agreement on establishment of fixed-term land leasehold rights for business purposes as land ownership interests in order to own the building to be used for business by K’S HOLDINGS CORPORATION. The agreement is for a period of 21 years from June 11, 2019. The matters concerning security deposit, rent and early contract termination are not disclosed, because consent has not been obtained from K’S HOLDINGS CORPORATION.

(Note 1) The sale and purchase agreement with the seller for the property provides that if a real estate management and disposition trust agreement with the property as trust asset is not concluded by the date of execution of the agreement for grounds not attributable to the seller, marimo REIT shall purchase the property in kind in place of the real estate trust beneficiary right for the same amount and other substantially equivalent contract terms and conditions as the purchase price and other contract terms and conditions specified in the agreement.

(Note 2) Not disclosed, because consent has not been obtained from the tenant.

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5. Overview of Planned Seller

- (1) “ArtizA Tsurumai,” “ArtizA Awajieki-higashi,” “(Tentative name) ArtizA Matsumoto,” “(Tentative name) MRR Akita II,” and “(Tentative name) MRR Ichihara (land ownership interests)”

| | | |
|---|---|--|
| (1) | Name | Marimo Co., Ltd. |
| (2) | Location | 1-17-23 Kogokita, Nishi-ku, Hiroshima-shi, Hiroshima |
| (3) | Name and title of representative | Makoto Fukagawa, President |
| (4) | Business description | Planning, development, design, supervision and marketing of for-sale residential properties, real estate securitization business, and overseas condominium sales business |
| (5) | Capital | 100 million yen (as of the end of July 2019) |
| (6) | Date established | March 27, 1969 |
| (7) | Net assets | 21,056 million yen (based on the balance sheet as of the end of July 2019) |
| (8) | Total assets | 98,419 million yen (based on the balance sheet as of the end of July 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 approximately 10.5% (13,950 units) of the number of marimo REIT’s investment units issued and outstanding. SMBC Nikko Securities Inc., an underwriter of the primary offering stated in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” dated today, is scheduled to allot 2,081 units to the company, which marimo REIT has designated as a party to which investment units are to be sold. In the event of such, the company is scheduled to hold approximately 10.5% of the total number of investment units issued and outstanding. In addition, the company is a subsidiary of Marimo Holdings Co., Ltd., which holds 100% stake in the Asset Manager. |
| | Personnel ties | As of today, two of the 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. Disposition of real estate trust beneficiary right (ArtizA Higashi-Shimada) to marimo REIT for 700 million yen took place on January 4, 2019 based on a 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 thus falls under the category of interested persons, etc. defined in the Investment Trusts Act. 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 Assets to be Acquired. |

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(2) (Tentative name) MRR Kitamoto (land ownership interests)

| | | |
|------|--|--|
| (1) | Name | Godō Kaisha Kitamoto Project |
| (2) | Location | 1-6-2 Ginza, Chuo-ku, Tokyo |
| (3) | Name and title of representative | Representative member: Ippan Shadan Hojin Kitamoto Kaihatsu Kenkyukai Executor of duties: Mamoru Hiramatsu |
| (4) | Business description | Acquisition, holding and disposition of real estate; leasing and management of real estate; acquisition, holding, management and disposition of real estate trust beneficiary rights; acquisition, holding and disposition of shares, equity investment, specified equity, etc. in companies whose purpose is the businesses listed in the preceding items |
| (5) | Capital | 200,000 yen |
| (6) | Date established | August 15, 2018 |
| (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 operating partner | As of today, the seller has no capital ties, personnel ties or business ties to be stated with marimo REIT and the Asset Manager. The seller 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 seller.

6. Transactions with Interested Persons, etc.

Marimo, the planned seller of the Assets to be Acquired excluding “(Tentative name) MRR Kitamoto (land ownership interests),” is a subsidiary of Marimo Holdings Co., Ltd. (100% stake), the parent company of the Asset Manager. Marimo thus falls under the category of interested persons, etc. defined in Article 201-2 of the Investment Trusts Act and Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations, and also falls under the category of interested persons, etc. defined in the rules on transactions with interested persons, etc., which are the internal rules set by the Asset Manager. The buyer with which the status transfer agreement has been concluded for “(Tentative name) MRR Kitamoto (land ownership interests),” too, falls under the category of interested persons, etc. Therefore, the Asset Manager has followed the 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 held on January 6, 2020).

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7. 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 name of the person, ②: Relationship with Persons of Special Interest, ③: Acquisition particulars and reason).

| Property name (Location) | Previous owner or trust beneficiary | Second previous owner |
|--|--|--|
| | ①, ②, ③ Acquisition (transfer) price Acquisition (transfer) timing | ①, ②, ③ Acquisition (transfer) price Acquisition (transfer) timing |
| ArtizA Tsurumai | 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. | Other than Persons of Special Interest |
| | (Note 1) | - |
| | September 2017 | - |
| ArtizA Awajieki-higashi | 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. | Other than Persons of Special Interest |
| | (Note 1) | - |
| | February 2018 | - |
| (Tentative name) ArtizA Matsumoto | ① Marimo Co., Ltd. ② Sister company of the Asset Manager ③ Acquired since it can expect stable operations over a medium- to long-term, after evaluating the market and marketability. | Other than Persons of Special Interest |
| | 574 million yen | - |
| | November 2019 | - |
| (Tentative name) MRR Akita II | ① Marimo Co., Ltd. ② Sister company of the Asset Manager ③ Acquired since it can expect stable operations over a medium- to long-term, after evaluating the market and marketability. | Other than Persons of Special Interest |
| | 850 million yen | - |
| | September 2019 | - |
| (Tentative name) MRR Ichihara (land ownership interests) | ① Marimo Co., Ltd. ② Sister company of the Asset Manager ③ Acquired since it can expect stable operations over a medium- to long-term, after evaluating the market and marketability. | Other than Persons of Special Interest |
| | 620 million yen | - |
| | March 2019 | - |
| (Tentative name) MRR Kitamoto (land ownership interests) | Other than Persons of Special Interest | - |
| | - | - |
| | - | - |

(Note 1) The description of acquisition price from the second previous owner, etc. is omitted, because the period from the previous owner’s property acquisition to sale to marimo REIT is more than one year.

(Note 2) In the acquisition of “(Tentative name) ArtizA Matsumoto,” “(Tentative name) MRR Akita II” and “(Tentative name) MRR Ichihara (land ownership interests),” no intermediation fees, special purpose company arrangement expenses, etc. were paid by marimo REIT to Marimo Co., Ltd.

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8. Outline of Intermediation

There is no intermediary appointed on the marimo REIT side pertaining to the above transaction.

9. Settlement Method, etc.

The entire amount is scheduled to be paid on the planned acquisition date.

10. Future Outlook

For the operating and dividend forecasts of marimo REIT for the fiscal period ending June 2020 (from January 1, 2020 to June 30, 2020) and the fiscal period ending December 2020 (from July 1, 2020 to December 31, 2020), please refer to “Notice Concerning Revision of Operating and Dividend Forecasts for the Fiscal Period Ending June 2020, and Operating and Dividend Forecasts for the Fiscal Period Ending December 2020” dated today.

11. Summary of Appraisal Statements

| Summary of Appraisal Statements | | |
|---|---------------------------------------|--|
| Property name | ArtizA Tsurumai | |
| Appraisal value | 468 million yen | |
| Name of appraisal agency | The Tanizawa Sōgō Appraisal Co., Ltd. | |
| Date of value | November 30, 2019 | |
| Items | Details (Unit: thousand yen) | Summary, etc. |
| Value based on income approach | 468,000 | Estimated by correlation of the value based on the direct capitalization method with the value based on the DCF method |
| Value based on direct capitalization method | 472,000 | Assessed as the net income recognized as being stable over the medium to long term, discounted by the capitalization rate |
| (1) Operating revenue | 28,528 | |
| ① Potential gross income | 29,987 | Assessed after taking into account the medium- to long-term competitiveness of the subject real property, based on the new rent levels for similar real property within the same supply and demand area, their trends, etc. |
| ② Vacancy loss, etc. | 1,458 | 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 | 7,235 | |
| a. Maintenance and management expenses | 1,009 | 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 | 302 | Assessed based on the levels of water and utility fees for similar real property |
| c. Repair costs | 910 | Assessed referring to the figure stated in the engineering report 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 consideration the move-out rate, etc. |
| d. Property management fee | 831 | Set based on the property management agreement, etc. |
| e. Tenant solicitation expenses, etc. | 539 | Assessed after taking into consideration tenant solicitation expenses assessed based on the levels for similar real property, the property management agreement, etc. |

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| | | | |
|--|--|--|---|
| | f. Taxes and other public charges | 2,449 | For the land, assessed as residential land based on the value assessed for 2019. For the building, assessed based on the building replacement cost, etc. |
| | g. Non-life insurance premiums | 137 | Assessed based on the standard premium rate assumed from insurance premiums for similar real property, etc. |
| | h. Other expenses | 1,055 | Assessed based on the levels of expenses for similar real property, etc. |
| | (3) Net operating income (NOI) | 21,293 | |
| | (4) Revenue from investment of lump sum payments | 21 | Assessed using an investment yield of 1.0% |
| | (5) Capital expenditures | 548 | Assessed referring to the figure stated in the engineering report and the levels of similar real property from the medium- to long-term perspective |
| | Net income (NCF) | 20,766 | |
| | Capitalization rate | 4.4% | 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 | 466,000 | |
| | Discount rate | 4.5% | Assessed using the yield of property with similar use that is located in an area with the lowest risk as a standard and comprehensively taking into account the individual characteristics of the subject real property |
| | Terminal capitalization rate | 4.6% | Assessed on the basis of capitalization rate and by incorporating future unpredictability |
| | Cost method value | 564,000 | |
| | Land ratio | 41.8% | |
| | Building ratio | 58.2% | |
| | Other matters taken into consideration by the appraisal agency when performing the appraisal | In light of the value forming process and request purpose in which market participants value profitability in the subject real property, as well as the typology, used the value based on income approach that appropriately reflects profitability of investment for investors as a standard and verified using the cost method value, deciding on the value based on income approach as the appraisal value. | |

Summary of Appraisal Statements

| | | | |
|---|------------------------------|--|--|
| Property name | ArtizA Awajieki-higashi | | |
| Appraisal value | 1,290 million yen | | |
| Name of appraisal agency | Japan Valuers Co., Ltd. | | |
| Date of value | November 30, 2019 | | |
| Items | Details (Unit: thousand yen) | Summary, etc. | |
| Value based on income approach | 1,290,000 | In light of the characteristics of each method and the degree of equilibrium between the two values based on income approach, estimated using the value based on the DCF method as a standard and verifying with the value based on the direct capitalization method | |
| Value based on direct capitalization method | 1,300,000 | Assessed as the standardized net income recognized as being stable over the medium to long term, discounted by the capitalization rate | |
| (1) Operating revenue | 76,431 | | |
| ① Potential gross income | 80,407 | Recorded after taking into account the medium- | |

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| | | | |
|-----|--|------------------------|--|
| | | | to long-term competitiveness of the subject real property, based on the current rent levels, the new rent levels for similar real property within the same supply and demand area and their trends |
| | ② Vacancy loss, etc. | 3,976 | Recorded taking into consideration the competitiveness of the subject real property, etc., based on the actual vacancy rate and the standard vacancy rate of similar real property |
| (2) | Operating expenses | 17,995 | |
| | a. Maintenance and management expenses | 2,364 | Assessed after taking into consideration maintenance and management expenses assessed based on the levels for similar real property |
| | b. Water and utility fees | 1,027 | Assessed based on the levels of water and utility fees for similar real property |
| | c. Repair costs | 1,552 | Recorded costs for restoration to original condition for exclusive area portions, in addition to 30% of the 12-year average amount of repair and renewal costs in the engineering report |
| | d. Property management fee | 2,212 | Assessed at 3.0% of effective gross income |
| | e. Tenant solicitation expenses, etc. | 3,018 | Assessed after taking into consideration tenant solicitation expenses assessed based on the levels for similar real property, etc. |
| | f. Taxes and other public charges | 6,810 | For the land, assessed as residential land based on the value assessed for 2019. For the building, assessed based on the building replacement cost, etc. |
| | g. Non-life insurance premiums | 338 | Assessed based on the standard premium rate assumed from insurance premiums for similar real property, etc. |
| | h. Other expenses | 671 | Assessed based on the levels of expenses for similar real property, etc. |
| (3) | Net operating income (NOI) | 58,436 | |
| (4) | Revenue from investment of lump sum payments | — | Assessed investment income using an investment yield of 1.0% |
| (5) | Capital expenditures | 1,225 | Assessed at 70% of the 12-year average amount of repair and renewal costs in the engineering report |
| | Net income (NCF) | 57,210 | |
| | Capitalization rate | 4.4% | Assessed using discount rate analysis as a premise, incorporating the prospects for net income that are not factored into the discount rate, etc., and referring to the yield of similar real property |
| | Value based on DCF method | 1,270,000 | |
| | Discount rate | 4.2% | Assessed by combining the method of calculating by incorporating the individual characteristics of the real property into the yield of financial assets and the method of calculating from a comparison of cases of transaction of similar real property, and further referring to the results of The Japanese Real Estate Investor Survey |
| | Terminal capitalization rate | 4.6% | Assessed by identifying the risks of comparison with capitalization rate from the characteristics of the real estate market, potential of the subject real property, etc. |
| | Cost method value | 1,560,000 | |
| | Land ratio | 52.2% | |
| | Building ratio | 47.8% | |
| | Other matters taken into consideration by the appraisal agency when performing the appraisal | No applicable matters. | |

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| Summary of Appraisal Statements | | |
|--|-----------------------------------|--|
| Property name | (Tentative name) ArtizA Matsumoto | |
| Appraisal value | 665 million yen | |
| Name of appraisal agency | Japan Valuers Co., Ltd. | |
| Date of value | November 30, 2019 | |
| Items | Details (Unit: thousand yen) | Summary, etc. |
| Value based on income approach | 665,000 | In light of the characteristics of each method and the degree of equilibrium between the two values based on income approach, estimated by correlation of the value based on the direct capitalization method with the value based on the DCF method |
| Value based on direct capitalization method | 664,000 | Assessed as the net income recognized as being stable over the medium to long term, discounted by the capitalization rate |
| (1) Operating revenue | 59,192 | |
| ① Potential gross income | 64,632 | Recorded after taking into account the medium-to long-term competitiveness of the subject real property, based on the current rent levels, the new rent levels for similar real property within the same supply and demand area and their trends |
| ② Vacancy loss, etc. | 5,440 | Recorded taking into consideration the competitiveness of the subject real property, etc., based on the actual vacancy rate and the standard vacancy rate of similar real property |
| (2) Operating expenses | 14,505 | |
| a. Maintenance and management expenses | 1,972 | Assessed after taking into consideration maintenance and management expenses assessed based on the levels for similar real property |
| b. Water and utility fees | 1,315 | Assessed based on the levels of water and utility fees for similar real property |
| c. Repair costs | 3,190 | Recorded costs for restoration to original condition for exclusive area portions, in addition to 30% of the 12-year average amount of repair and renewal costs in the engineering report |
| d. Property management fee | 1,763 | Assessed at 3.0% of effective gross income |
| e. Tenant solicitation expenses, etc. | 1,867 | Assessed after taking into consideration tenant solicitation expenses assessed based on the levels for similar real property, etc. |
| f. Taxes and other public charges | 4,033 | Assessed based on the value assessed for fiscal 2019 |
| g. Non-life insurance premiums | 253 | Assessed based on the standard premium rate assumed from insurance premiums for similar real property, etc. |
| h. Other expenses | 109 | Assessed based on the levels of expenses for similar real property, etc. |
| (3) Net operating income (NOI) | 44,687 | |
| (4) Revenue from investment of lump sum payments | 75 | Assessed using an investment yield of 1.0% |
| (5) Capital expenditures | 4,375 | Assessed at 70% of the 12-year average amount of repair and renewal costs in the engineering report |
| Net income (NCF) | 40,387 | |
| Capitalization rate | 5.7% | Assessed using discount rate analysis as a premise, incorporating the prospects for net income that are not factored into the discount rate, etc., and referring to the yield of similar real property |

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| Value based on DCF method | 665,000 | |
| Discount rate | 5.5% | Assessed by combining the method of calculating by incorporating the individual characteristics of the real property into the yield of financial assets and the method of calculating from a comparison of cases of transaction of similar real property, and further referring to the results of The Japanese Real Estate Investor Survey |
| Terminal capitalization rate | 5.9% | Assessed by identifying the risks of comparison with capitalization rate from the characteristics of the real estate market, potential of the subject real property, etc. |
| Cost method value | 444,000 | |
| Land ratio | 66.2% | |
| Building ratio | 33.8% | |
| Other matters taken into consideration by the appraisal agency when performing the appraisal | No applicable matters. | |

| Summary of Appraisal Statements | | |
|---|-------------------------------|--|
| Property name | (Tentative name) MRR Akita II | |
| Appraisal value | 994 million yen | |
| Name of appraisal agency | Japan Valuers Co., Ltd. | |
| Date of value | November 30, 2019 | |
| Items | Details (Unit: thousand yen) | Summary, etc. |
| Value based on income approach | 994,000 | In light of the characteristics of each method and the degree of equilibrium between the two values based on income approach, estimated using the value based on the DCF method as a standard and verifying with the value based on the direct capitalization method |
| Value based on direct capitalization method | 996,000 | Assessed as the standardized net income recognized as being stable over the medium to long term, discounted by the capitalization rate |
| (1) Operating revenue | 82,469 | |
| ① Potential gross income | 84,151 | Assessed after taking into account the medium- to long-term competitiveness of the subject real property, based on the current leasing status, the new rent levels for similar real property within the same supply and demand area, their trends, etc. |
| ② Vacancy loss, etc. | 1,682 | Recorded taking into consideration the competitiveness of the subject real property, etc., based on the actual vacancy rate and the standard vacancy rate of similar real property |
| (2) Operating expenses | 13,787 | |
| a. Maintenance and management expenses | — | |
| b. Water and utility fees | — | |
| c. Repair costs | 1,661 | Assessed at 30% of the 12-year average amount of repair and renewal costs in the engineering report |
| d. Property management fee | 2,473 | Assessed at 3.0% of effective gross income |
| e. Tenant solicitation expenses, etc. | 343 | Assessed after taking into consideration tenant solicitation expenses assessed based on the levels for similar real property, etc. |
| f. Taxes and other public | 8,378 | Assessed based on the value assessed for fiscal |

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| | charges | | 2019 |
| | g. Non-life insurance premiums | 683 | Assessed based on the standard premium rate assumed from insurance premiums for similar real property, etc. |
| | h. Other expenses | 247 | Assessed based on the levels of expenses for similar real property, etc. |
| | (3) Net operating income (NOI) | 68,681 | |
| | (4) Revenue from investment of lump sum payments | 901 | Assessed investment income using an investment yield of 1.0% |
| | (5) Capital expenditures | 3,877 | Assessed at 70% of the 12-year average amount of repair and renewal costs in the engineering report |
| | Net income (NCF) | 65,705 | |
| | Capitalization rate | 6.6% | Assessed using discount rate analysis as a premise, incorporating the prospects for net income that are not factored into the discount rate, etc., and referring to the yield of similar real property |
| | Value based on DCF method | 992,000 | |
| | Discount rate | 6.4% | Assessed by combining the method of calculating by incorporating the individual characteristics of the real property into the yield of financial assets and the method of calculating from a comparison of cases of transaction of similar real property, and further referring to the results of The Japanese Real Estate Investor Survey |
| | Terminal capitalization rate | 6.8% | Assessed by identifying the risks of comparison with capitalization rate from the characteristics of the real estate market, potential of the subject real property, etc. |
| | Cost method value | 1,110,000 | |
| | Land ratio | 81.4% | |
| | Building ratio | 18.6% | |
| | Other matters taken into consideration by the appraisal agency when performing the appraisal | No applicable matters. | |

| Summary of Appraisal Statements | | | |
|---|--|--|--|
| Property name | (Tentative name) MRR Ichihara (land ownership interests) | | |
| Appraisal value | 1,190 million yen | | |
| Name of appraisal agency | Japan Valuers Co., Ltd. | | |
| Date of value | November 30, 2019 | | |
| Items | Details (Unit: thousand yen) | Summary, etc. | |
| Value based on income approach | 1,190,000 | In light of the characteristics of each method and the degree of equilibrium between the two values based on income approach, estimated by correlation of the value based on the direct capitalization method with the value based on the DCF method | |
| Value based on direct capitalization method | 1,190,000 | Assessed as the net income recognized as being stable over the medium to long term, discounted by the capitalization rate | |
| (1) Operating revenue | 42,453 | | |
| ① Potential gross income | — | | |
| ② Vacancy loss, etc. | — | | |
| (2) Operating expenses | 7,259 | | |

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| | a. Maintenance and management expenses | — | |
| | b. Water and utility fees | — | |
| | c. Repair costs | — | |
| | d. Property management fee | 250 | Recorded the projected amount |
| | e. Tenant solicitation expenses, etc. | — | |
| | f. Taxes and other public charges | 7,009 | Assessed based on the actual amount for fiscal 2019 |
| | g. Non-life insurance premiums | — | |
| | h. Other expenses | — | |
| | (3) Net operating income (NOI) | 35,194 | |
| | (4) Revenue from investment of lump sum payments | 274 | Assessed using an investment yield of 1.0% |
| | (5) Capital expenditures | — | |
| | Net income (NCF) | 35,468 | |
| | Capitalization rate | 4.8% | Assessed using discount rate analysis as a premise, incorporating the prospects for net income that are not factored into the discount rate, etc., and referring to the yield of similar real property |
| | Value based on DCF method | 1,180,000 | |
| | Discount rate | 4.2% | Assessed by combining the method of calculating by incorporating the individual characteristics of the real property into the yield of financial assets and the method of calculating from a comparison of cases of transaction of similar real property, and further referring to the results of The Japanese Real Estate Investor Survey |
| | Terminal capitalization rate | — | |
| | Cost method value | — | |
| | Land ratio | — | |
| | Building ratio | — | |
| | Other matters taken into consideration by the appraisal agency when performing the appraisal | No applicable matters. | |

| Summary of Appraisal Statements | | |
|---|--|--|
| Property name | (Tentative name) MRR Kitamoto (land ownership interests) | |
| Appraisal value | 1,120 million yen | |
| Name of appraisal agency | The Tanizawa Sōgō Appraisal Co., Ltd. | |
| Date of value | November 30, 2019 | |
| Items | Details (Unit: thousand yen) | Summary, etc. |
| Value based on income approach | 1,120,000 | Estimated the value based on income approach using the value based on the DCF method as a standard and verifying with the value based on the direct capitalization method (modified Inwood method) |
| Value based on direct capitalization method | 1,120,000 | |
| (1) Operating revenue | Not disclosed (Note) | |
| ① Potential gross income | Not disclosed (Note) | |
| ② Vacancy loss, etc. | Not disclosed (Note) | |
| (2) Operating expenses | 3,453 | |

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|--|--|---|
| a. Maintenance and management expenses | — | |
| b. Water and utility fees | — | |
| c. Repair costs | — | |
| d. Property management fee | 250 | Assessed based on the property management agreement |
| e. Tenant solicitation expenses, etc. | — | |
| f. Taxes and other public charges | 3,203 | For land, assessed based on fixed asset tax roadside land prices, standard residential land prices, etc. |
| g. Non-life insurance premiums | — | |
| h. Other expenses | — | |
| (3) Net operating income (NOI) | 50,018 | |
| (4) Revenue from investment of lump sum payments | 534 | Assessed using an investment yield of 1.0% |
| (5) Capital expenditures | — | |
| Net income (NCF) | 50,553 | |
| Capitalization rate | 4.5% | This is a reference value calculated based on “land ownership interests’ net income divided by the value based on the direct capitalization method (Inwood method)” and is not the capitalization rate specified in the real estate appraisal standards |
| Value based on DCF method | 1,120,000 | |
| Discount rate | 4.4% | Assessed based on the method of comparison with transaction yield for cases of transaction of land ownership interests, etc., and comprehensively taking into account the current lease agreement details, real estate investment market trends, etc. |
| Terminal capitalization rate | 4.5% | Assessed as shown to the left using the abovementioned discount rate as the basis and by incorporating the feasibility of sale as vacant land, etc. |
| Cost method value | — | |
| Land ratio | — | |
| Building ratio | — | |
| Other matters taken into consideration by the appraisal agency when performing the appraisal | Taking into consideration the value forming process and request purpose in which market participants value profitability in the subject real property, etc., decided on the value based on income approach as the appraisal value. | |

(Note) The item is not disclosed, because contains information for which consent for disclosure has not been obtained from the tenant or information from which the concerned information can be derived, meaning that any disclosure of such could undermine the relationship of trust with the tenant, etc. and thereby lead to marimo REIT being sued for damages for breach of the duty of confidentiality or other disadvantages, ultimately undermining the interests of unitholders.

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

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