

## (REIT) Financial Report for the Fiscal Period Ended December 2021

February 18, 2022

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Scheduled date of commencement of dividends payment: March 16, 2022

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Preparation of supplementary financial results briefing materials: Yes

Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

## 1. Status of Management and Assets for the Fiscal Period Ended December 2021 (from July 1, 2021, to December 31, 2021)

## (1) Operating Results

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Dec. 2021	1,402	6.8	654	14.6	551	14.6	550	14.6
Ended June 2021	1,313	2.5	570	(1.9)	481	0.3	480	0.3

Fiscal period	Net income per unit	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Ended Dec. 2021	3,604	3.7	1.7	39.3
Ended June 2021	3,145	3.2	1.5	36.6

## (2) Dividends

Fiscal period	Dividends per unit (excluding dividends in excess of earnings)	Total dividends (excluding dividends in excess of earnings)	Dividends in excess of earnings per unit	Total dividends in excess of earnings	Dividends per unit (including dividends in excess of earnings)	Total dividends (including dividends in excess of earnings)	Payout ratio	Ratio of dividends to net assets
	yen	million yen	yen	million yen	yen	million yen	%	%
Ended Dec. 2021	3,604	550	320	48	3,924	599	100.0	3.7
Ended June 2021	3,146	480	426	65	3,572	545	100.0	3.2

(Note 1) The breakdown of total dividends in excess of earnings for the fiscal period ended June 2021 is total dividends from allowance for temporary difference adjustments of 1 million yen (7 yen per unit) and total dividends from distribution accompanying decrease in capital, etc. under tax law of 63 million yen (419 yen per unit).

The breakdown of total dividends in excess of earnings for the fiscal period ended December 2021 is total dividends from allowance for temporary difference adjustments of 1 million yen (8 yen per unit) and total dividends from distribution accompanying decrease in capital, etc. under tax law of 47 million yen (312 yen per unit).

(Note 2) The ratio of decreasing surplus, etc. attributable to distribution in excess of earnings (refund of investments in capital) is 0.005 for the fiscal period ended June 2021 and 0.004 for the fiscal period ended December 2021.

(Note 3) Payout ratio is the figure calculated by the following formula, rounded to the first decimal place.

Payout ratio = Total dividends (excluding dividends in excess of earnings) ÷ Net income × 100

## (3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Dec. 2021	33,001	14,837	45.0	97,179
Ended June 2021	32,851	14,832	45.1	97,147

## (4) Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Ended Dec. 2021	982	(140)	(560)	2,020
Ended June 2021	695	(554)	(256)	1,738

2. Operating Forecasts for the Fiscal Period Ending June 2022 (from January 1, 2022, to June 30, 2022) and  
Operating Forecasts for the Fiscal Period Ending December 2022 (from July 1, 2022, to December 31, 2022)

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		Dividends per unit (excluding dividends in excess of earnings)	Dividends in excess of earnings per unit	Dividends per unit (including dividends in excess of earnings)
	mn yen	%	mn yen	%	mn yen	%	mn yen	%	yen	yen	yen
Ending June 2022	1,765	25.9	825	26.2	675	22.5	674	22.6	3,499	316	3,815
Ending Dec. 2022	1,700	(3.7)	750	(9.0)	597	(11.5)	596	(11.5)	3,095	434	3,529

(Reference) Forecast net income per unit (Forecast net income ÷ Forecast number of investment units at end of period)

Fiscal period ending June 2022: 3,499 yen

Fiscal period ending December 2022: 3,095 yen

(Note) The rate of period-on-period increase (decrease) for the fiscal period ending June 2022 shows comparison with the actual figures for the fiscal period ended December 2021, and that for the fiscal period ending December 2022 shows comparison with the forecast figures for the fiscal period ending June 2022.

\* Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatements

- ① Changes in accounting policies accompanying amendments to accounting standards, etc.: Yes
- ② Changes in accounting policies other than ①: None
- ③ Changes in accounting estimates: None
- ④ Retrospective restatements: None

(2) Total Number of Investment Units Issued and Outstanding

① Total number of investment units issued and outstanding (including treasury investment units) at end of period

Fiscal period ended Dec. 2021	152,680 units	Fiscal period ended June 2021	152,680 units
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② Number of treasury investment units at end of period

Fiscal period ended Dec. 2021	0 units	Fiscal period ended June 2021	0 units
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\* Financial reports are exempt from the audit by a certified public accountant or an auditing firm.

\* Special note

The operating forecasts and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by marimo Regional Revitalization REIT, Inc. (hereinafter, "marimo REIT"). Accordingly, the actual operating results, etc. may differ materially due to various factors. In addition, the forecasts are not a guarantee of the amount of dividends.

Furthermore, for details on the assumptions underlying the forecast figures above, please refer to "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending June 2022 (from January 1, 2022, to June 30, 2022) and Fiscal Period Ending December 2022 (from July 1, 2022, to December 31, 2022)" on page 9.

## Table of Contents

1. Management Status .....	2
(1) Management Status.....	2
(2) Investment Risks .....	10
2. Financial Statements .....	11
(1) Balance Sheet .....	11
(2) Statement of Income .....	13
(3) Statement of Unitholders' Equity.....	14
(4) Statement of Distribution of Cash.....	16
(5) Statement of Cash Flows.....	17
(6) Notes on the Going Concern Assumption .....	18
(7) Notes on Matters Concerning Significant Accounting Policies .....	19
(8) Notes on Changes in Accounting Policies.....	20

## 1. Management Status

### (1) Management Status

(Overview of the Fiscal Period under Review)

#### ① Brief History of the Investment Corporation

marimo REIT was incorporated under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter, the "Investment Trust Act") with Marimo Asset Management Co., Ltd. (hereinafter, the "Asset Manager") as the organizer and investments in capital of 200 million yen (2,000 units) (Note 1) on February 5, 2016, and completed the registration with the Kanto Local Finance Bureau on March 16, 2016 (Registration No. 113 with the Director-General of the Kanto Local Finance Bureau). marimo REIT then implemented an issuance of new investment units through public offering (88,500 units) with July 28, 2016, as the payment due date, and was listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. on July 29, 2016 (securities code: 3470). These resulted in total number of investment units issued and outstanding of 152,680 units as of the end of the fiscal period under review. (Note 2)

(Note 1) Amounts are rounded down to the nearest million yen if such applies. Unless otherwise stated, the same shall apply hereinafter.

(Note 2) marimo REIT issued new investment units on January 18, 2022, and February 15, 2022. For details, please refer to " (Outlook for the Next Fiscal Period) ② Significant Subsequent Events (A) Issuance of New Investment Units" below.

#### ② Investment Environment

In the fiscal period under review, the Japanese economy experienced negative growth with an annualized real GDP growth rate of -3.6% for the period from July to September 2021 (seasonally adjusted; second preliminary estimate). In comparison with the period from January to March 2021, year-on-year private demand for the period from July to September 2021 worsened from -0.7% to -1.4%. This can be attributed to the slowdown of economic activities centering on domestic demand, etc. as a result of the uncertain outlook for the settlement of the COVID-19 pandemic.

Going forward, as the number of COVID-19 cases is increasing again from January 2022 and the time when the pandemic will subside is unknown, it is assumed that more time will be required for the recovery of economic activities.

(Financial Market)

With the continuation of global monetary easing, the JBA 3-month Japanese Yen TIBOR remained at 0.05909% between June 29, 2021, and July 29, 2021; and at 0.05727% between July 30, 2021, and December 28, 2021. After that, it has been at 0.06727% since December 29, 2021. Because the outlook continues to be uncertain due to the impact of the COVID-19 pandemic, etc., the impact of volatility in financial markets should be carefully watched going forward.

(Real Estate Transaction Market)

According to "ARES Monthly Report (December 2021)" published by The Association for Real Estate Securitization, actual acquisition of real estate by J-REITs in the period from January to the end of November 2021 increased by 196.1 billion yen year on year (+16.4% year on year) to 1.3914 trillion yen in terms of total acquisition price, and actual disposition increased by 125.5 billion yen year on year (+57.0% year on year) to 345.7 billion yen in terms of total disposition. The increase in actual acquisition is likely to be attributable to the circumstance that allows for securement of gain on sale of real estate resulting from the continuation of an accommodative financing environment and the rise in real estate prices. Going forward, attention should continue to be paid to factors including the status of COVID-19 and interest rates.

(Residential Leasing Market)

According to the number of households by type of rental housing from 1993 to 2018 for the Tokyo metropolitan area (Note) and the rest of Japan ("Housing and Land Survey" by the Statistics Bureau of the Ministry of Internal Affairs and Communications), the number of households living in privately owned rental housing is increasing, suggesting that demand for rental housing is stable and demand for rental housing in Japan is likely to continue to grow.

(Note) "Tokyo metropolitan area" refers to Tokyo, Kanagawa, Chiba, and Saitama prefectures.

(Retail Property Market)

According to "Current Survey of Commerce" by the Ministry of Economy, Trade and Industry, for the period from July to September 2021, the rate of increase in sales value compared with the same period of the previous year for supermarkets decreased by 0.4% on average nationally. By area, the Shikoku area was -2.5%, the Kyushu area was -2.2%, the Chugoku area was -2.1%, and the Chubu area was -1.2%. As for drug stores, the rate of increase was +1.9% on average nationally, with particularly large increase of +6.6% for the Tohoku area, +4.2% for the Chubu area, and +3.0% for the Shikoku area, showing an upward trend across the nation. For supermarkets, it is believed that sales decreased as a result of the decline in consumption activities due to the prolonged COVID-19 pandemic. On the other hand, drug stores are assumed to have been continuously securing sales of sanitation-related products, etc. due to the prolonged COVID-19 pandemic. The sales value of supermarkets and drug stores selling daily necessities is expected to remain stable in the long term.

(Hotel Market)

According to "Visitor Arrivals to Japan (estimate for November 2021)" by Japan National Tourism Organization, the number of international visitors to Japan in the period from January to November 2021 decreased significantly to 230,000 or -94.2% year on year (including estimates). As a result, according to "Overnight Travel Statistics Survey (October 2021/second preliminary estimates, November 2021/first preliminary estimates)" by Japan Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism, the total number of overnight Japanese guests for October 2021 was 31.27 million (-9.3% year on year) and that of overnight international guests was 0.3 million (-1.1% year on year), indicating the continuation of the situation in which accommodation demand has not recovered for international guests. Guest room occupancy rate by type of accommodation facility continues to decrease to 51.7% (+1.8% year on year) for business hotels, 41.3% (-1.8% year on year) for city hotels, and 36.2% (-7.1% year on year) for resort hotels. Close attention should be paid going forward as well since the numbers of Japanese and international travelers are likely to fluctuate depending on the COVID-19 pandemic.

(Office Leasing Market)

According to "Japan Office Market View Q3 2021" by CBRE K.K., in the third quarter of 2021, the vacancy rate for major regional cities appeared to be on an increasing trend year on year, with 3.8% (+2.4 pts year on year) for Nagoya City, 2.7% (+1.6 pts year on year) for Osaka City, 1.6% (+0.9 pts year on year) for Sapporo City, 3.1% (+1.2 pts year on year) for Hiroshima City, and 3.0% (+1.8 pts year on year) for Fukuoka City. On the other hand, assumed contract rents are on a decreasing trend, with 16,200 yen/tsubo (-1.6% year on year) for Fukuoka City and 11,890 yen/tsubo (-0.3% year on year) for Hiroshima City. Because demand for offices is expected to change with the re-spread of the COVID-19 pandemic and the prevalence of telework, close attention should be paid to occupancy rates, etc.

③ Management Performance

During the fiscal period under review, leasing activities according to the characteristics of each region and setting of terms and conditions for seeking tenants according to the characteristics and occupancy status of individual properties, etc. were implemented through integrated promotion of property management operations of the Asset Manager and each of the bases of the property management company, Marimo Co., Ltd. (hereinafter, "Marimo"), and efforts to realize stable operation of properties under management and reduce downtime were made. In addition, as part of measures for internal growth, in terms of cost reduction, expenses were reduced through partial review of the building maintenance contract and review of electricity company at ArtizA Matsumoto. Moreover, management efforts to enhance functionality and convenience as well as resident satisfaction were made, such as implementation of large-scale repair work at ArtizA Sendai Kakyoin. Such efforts resulted in an occupancy rate of 97.7% and period-average occupancy rate of 97.7% for marimo REIT's portfolio assets as of the end of the fiscal period under review (32 properties; total acquisition price (Note): 30,200 million yen).

(Note) "Acquisition price" is the sale and purchase price of the real estate trust beneficiary right stated in the trust beneficiary right sale and purchase contract for the acquired asset, not including consumption tax and local consumption tax or brokerage fees and other various expenses.

④ Financing Status

In the fiscal period under review, long-term loans of 3,800 million yen in total were borrowed on August 2, 2021, in order to conduct early repayment of 3,500 million yen of long-term loans borrowed on August 1, 2016 (Tranche C), which was due for repayment on August 2, 2021, and 300 million yen of long-term loans borrowed on February 26, 2021. Other than these, of long-term loans borrowed on August 1, 2016 (Tranche D: loan balance of 1,357 million yen), funds on hand were used to execute contractual repayments of 7 million yen on August 2, 2021, and 7 million yen on November 1, 2021. As a result, as at the end of the fiscal period under review (end of December 2021), the balance of loans outstanding was 16,152 million yen and the ratio of interest-bearing liabilities to total assets (hereinafter, "LTV ratio") was 48.9%.

(Note) As described in "(Outlook for the Next Fiscal Period) ② Significant Subsequent Events (B) Borrowing of Funds" below, marimo REIT borrowed long-term loans of 1,200 million yen and 3,770 million yen and short-term loans of 230 million yen on January 19, 2022, to partially fund asset acquisition and incidental expenses. In addition, on February 1, 2022, marimo REIT executed repayment of 7 million yen out of the abovementioned long-term loans (Tranche D) borrowed on August 1, 2016. As a result of these, loan balance of marimo REIT as of the date of this document stands at 21,345 million yen.

⑤ Overview of Business Performance and Distribution

As a result of the above, business performance for the fiscal period under review was operating revenue of 1,402 million yen, operating income of 654 million yen, ordinary income of 551 million yen and net income of 550 million yen.

In addition, concerning dividends, in accordance with the distribution policy provided in marimo REIT's Articles of Incorporation, the decision was made to distribute the entire amount of unappropriated retained earnings, excluding fractions of dividends per unit of less than 1 yen, by application of special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation). This resulted in dividends per unit of 3,604 yen.

In addition to this, marimo REIT shall execute distribution of cash in excess of earnings (hereinafter, "distribution in excess of earnings") in the fiscal period under review as part of cash management. Based on this, the decision was made to distribute 48 million yen, which is the amount roughly equivalent to 20% of depreciation for the fiscal period under review, as dividends in excess of earnings. This resulted in dividends in excess of earnings per unit of 320 yen. Furthermore, included in the dividends in excess of earnings is distribution of allowance for temporary difference adjustments of 1 million yen, resulting in allowance for temporary difference adjustments per unit of 8 yen.

In addition, payout ratio (ratio of total dividends including distribution in excess of earnings to the amount of net income plus depreciation) was 75.0%.

(Note 1) Distribution in excess of earnings shall be executed only when total appraisal value of real estate, etc. held as at the end of the accounting period (refers to the appraisal value in the real estate appraisal report obtained with the end of the accounting period as the date of value for real estate, etc. held by marimo REIT; the same shall apply hereinafter) exceeds total book value of real estate, etc. for the concerned accounting period plus total planned capital expenditures (refers to the total amount of reserve for capital expenditures) for the concerned accounting period's next period, but after also considering other options, such as utilization for repair expenses and capital expenditures and allocation to funds for repayment of borrowings or acquisition of new properties.

Total appraisal value of real estate, etc. at the end of the 11th fiscal period (fiscal period ended December 2021) was 36,261 million yen, which exceeds the sum total of total book value of real estate, etc. (29,389 million yen) and the total amount of reserve for the planned amount of construction of repair and renewal expenses (capital expenditures) planned to be implemented in the 12th fiscal period (190 million yen).

(Note 2) The breakdown of total book value of real estate, etc. is the sum total of the carrying amount of property, plant and equipment of 29,385 million yen and leasehold interest posted to intangible assets of 3 million yen.

(Note 3) For the 32 properties held by marimo REIT as of the end of the fiscal period under review, the 6-month average amount of the sum total amount of the estimated amount of emergency repair expenses, estimated amount of short-term repair expenses and estimated amount of long-term repair expenses (each falling under the category of renewal expenses (capital expenditures)) stated in the engineering report is 53 million yen. In addition, the planned amount of repairs (those falling under the category of capital expenditures) currently assumed by marimo REIT is no more than 79 million yen for the fiscal period ending June 2022 and 79 million yen for the fiscal period ending December 2022. Therefore, even if an amount equivalent to the funds expected as reserve for the purpose of future capital expenditures for maintaining the function of buildings, etc. or working capital, etc. and certain funds in preparation for investment that would serve to enhance the income-producing potential of the portfolio are retained from the cash and deposits on hand in an amount equivalent to depreciation on the last day of each accounting period, there is still expected to be residual free cash flows. Accordingly, the decision was made to execute the abovementioned distribution in excess of earnings as part of cash management under the judgment that it is within the scope that sound financial stability will be maintained.

(Outlook for the Next Fiscal Period)

① General Management Outlook

(A) External Growth Strategy

The policy is to build a stable and highly profitable diversified portfolio, centering on regional areas, by increasing opportunities to acquire mainly “residential” properties, for which leasing demand is relatively stable with the increase in the number of households, and “retail” properties, such as food supermarkets, drug stores, home improvement stores and discount stores selling daily necessities, and conducting activities that lead to future external growth, while pursuing close collaboration with Marimo, which has six bases across Japan, through which a wide variety of real estate information gathered from all over Japan is shared and analysis of asset value and assurance of liquidity and substitutability are verified with deep insight based on the many years of experience in regional areas.

In addition, the policy is to pursue expansion of asset size while being granted preferential negotiation rights for sales transactions pertaining to the acquisition of properties, including the “ArtizA” series of rental condominiums developed by Marimo, income-producing real estate held or purchased by Marimo and retail or hotel properties developed in Marimo’s urban redevelopment (Note) business, etc., based on the sponsor pipeline and support agreement. Along with this, the policy is to keep fully utilizing the abundant property network, property information sourcing strengths, etc. of Marimo and the eight supporting companies (San ju San Bank, Ltd., The Michinoku Bank, Ltd., The Tokyo Star Bank, Limited, The Chugoku Bank, Limited, Kansai Mirai Bank, Ltd., The Hiroshima Bank, Ltd., The Ashikaga Bank, Ltd., and ReBITA Inc.) and also property information obtained based on the network accumulated in the real estate industry by the officers and employees of the Asset Manager and property information obtained based on maintaining favorable relationships with the tenants of portfolio properties for the steady external growth of marimo REIT.

Moreover, sale or replacement of properties are considered in cases where deemed appropriate over the medium to long term in portfolio building in light of market conditions.

(Note) Urban redevelopment refers to redevelopment to promote reasonable and sound high-level use of land in urban areas and renewal of urban functions.

(B) Internal Growth Strategy

Through appropriate management of assets with the provision of property management services, etc., provision of leasing support, provision of support in renovation of portfolio assets, provision of fixed-rent master lease agreements and other various support pertaining to internal growth from Marimo by setting the securing of stable revenue from leasing over the medium to long term as a target, marimo REIT shall aim for stability of revenue and enhancement of income-producing potential and thereby aim for maximization of unitholder value over the medium to long term.

Concerning the impact of the COVID-19 pandemic, it is recognized that vigilance against future impact is required due to the implementation of semi-emergency COVID-19 measures in Tokyo in January 2022.

Continuing on from the fiscal period under review, marimo REIT shall work to enhance lease business revenue, such as maintain asset value and competitiveness by implementing strategic value enhancement work, enhance occupancy rate, raise rent upon tenant replacement, and increase parking revenue and other incidental revenue, in light of the operational status of portfolio assets, surrounding competitive property trends and other real estate market conditions.

In addition, along with the measures serving to enhance lease business revenue, marimo REIT shall work to enhance revenue from leasing by striving for reduction of restoration and other repair and construction expenses, reduction of utility expenses by switching the electric power utility, environmental consideration/initiatives and cost reduction by switching lighting in common areas to LED, and reduction of offering expenses and other various expenses.

(C) Financial Strategy

marimo REIT shall engage in financing that would be for the realization of building of a stable asset management base, efficiency of asset management and soundness of financial standing over the medium to long term.

marimo REIT shall execute debt financing with staggering of debt maturities, lengthening of borrowing periods and lowering of borrowing interest rates in mind, and shall make efforts to maintain a bank formation comprising several financial institutions, including city banks, trust banks, and regional financial institutions that fully understand the characteristics of each region.

Issuance of new investment units shall be decided in light of the financial environment in due consideration of the dilution of existing unitholders’ rights and accompanying investment unit transaction price trends, etc., and also comprehensively taking into account various factors, such as the demand for funds for acquisition of properties, level of LTV ratio and repayment plan for interest-bearing liabilities.

## ② Significant Subsequent Events

## (A) Issuance of New Investment Units

marimo REIT resolved the issuance of new investment units as follows at meetings of the Board of Directors held on January 4, 2022, and January 12, 2022, completed payment on January 18, 2022, regarding the issuance of new investment units through public offering, and completed payment for the 1,388 investment units on February 15, 2022 regarding the issuance of new investment units through third-party allotment.

As a result, unitholders' capital was 19,725 million yen and the total number of investment units issued and outstanding was 192,226 units.

## (Issuance of new investment units through public offering) (primary offering)

Number of new investment units issued and outstanding	38,158 units
Issue price:	127,627 yen per unit
Total issue price:	4,869,991,066 yen
Issue amount (paid-in amount)	122,783 yen per unit
Total issue amount (paid-in amount)	4,685,153,714 yen
Payment date	January 18, 2022

## (Issuance of new investment units through third-party allotment) (the "Third-Party Allotment")

Number of new investment units issued and outstanding	1,908 units (upper limit)
Issue amount (paid-in amount)	122,783 yen per unit
Total issue amount (paid-in amount)	234,269,964 yen (upper limit)
Payment date	February 15, 2022
Allottee	SMBC Nikko Securities Inc.

(Note) The number of new investment units for which payment has been completed is 1,388 units, and the paid-in amount is 170,422,804 yen.

## (Use of funds)

The proceeds from the primary offering (4,685,153,714 yen) were allocated to part of the acquisition funds and acquisition-related expenses of the acquired assets described in "(C) Acquisition of Assets" below.

The proceeds from the issuance of new investment units through the Third-Party Allotment (170,422,804 yen) will be held as cash on hand to be allocated to acquisition of specified assets or repayment of borrowings in the future.

## (B) Borrowing of Funds

marimo REIT borrowed 5,200 million yen in total from a loan syndicate with Sumitomo Mitsui Banking Corporation as arranger on January 19, 2022, to allocate the funds to part of the acquisition funds and incidental expenses of the 8 properties described in "(C) Acquisition of Assets" below. Details are as follows.

	Lender	Loan amount (million yen)	Interest rate (Note 3)	Drawdown date	Maturity date	Repayment method	Remarks
Tranche 8-A	Loan syndicate with Sumitomo Mitsui Banking Corporation as arranger (Note 1)	1,200	Base rate (JBA 3- month Japanese Yen TIBOR) (Note 4) +0.800% (floating rate)	January 19, 2022	January 19, 2027 (Note 5)	Lump-sum repayment at maturity	Unsecured and unguaranteed
Tranche 8-B	Loan syndicate with Sumitomo Mitsui Banking Corporation as arranger (Note 2)	3,770	Base rate (JBA 3- month Japanese Yen TIBOR) (Note 4) +0.900% (floating rate)	January 19, 2022	January 19, 2028 (Note 5)	Lump-sum repayment at maturity	Unsecured and unguaranteed
Tranche 8-C	Sumitomo Mitsui Banking Corporation	230	Base rate (JBA 1- month Japanese Yen TIBOR) (Note 4) +0.200% (floating rate)	January 19, 2022	January 19, 2023 (Note 5)	Lump-sum repayment at maturity	Unsecured and unguaranteed



- (Note 1) The loan syndicate consists of Sumitomo Mitsui Banking Corporation, Shinsei Bank, Limited, The Bank of Fukuoka, Ltd., The Gunma Bank, Ltd., and The Ashikaga Bank, Ltd.
- (Note 2) The loan syndicate consists of Sumitomo Mitsui Banking Corporation, The Hiroshima Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, San ju San Bank, Ltd., Aozora Bank, Ltd., The Higo Bank, Ltd., Chugoku Bank, Ltd., The Nishi-Nippon City Bank, Ltd., and The Yamaguchi Bank, Ltd.
- (Note 3) Not including borrowing expenses, etc. payable to the lender.
- (Note 4) The base rate applicable to the calculation period for the interest payable on each interest payment date shall be the JBA 1-month or 3-month Japanese Yen TIBOR two business days prior to each interest payment date (however, the drawdown date in the case of the first interest calculation period). For the JBA Japanese Yen TIBOR, please check the website of JBA TIBOR Administration (<https://www.jbatibor.or.jp/english/>). If the JBA 1-month or 3-month Japanese Yen TIBOR falls below 0%, then the base rate shall be 0%.
- (Note 5) If the concerned date is not a business day, then it shall be the next business day, but if that next business day falls into the next calendar month, then it shall be the business day preceding the concerned date.

(C) Acquisition of Assets

marimo REIT acquired the following 7 properties (acquisition price: 8,618 million yen) on January 19, 2022, and is scheduled to acquire 1 property (planned acquisition price: 982 million yen) on April 1, 2022.

Property number (Note 1)	Property name	Location	Seller	(Planned) Acquisition price (million yen) (Note 3)	Appraisal value (million yen) (Note 4)	Acquisition date or planned acquisition date
Rp-13	ArtizA Kitadorimachi	Takasaki-shi, Gunma	Marimo Co., Ltd.	780	856	January 19, 2022
Rp-14	Starship Kobe Gakuentoshi	Kobe-shi, Hyogo	Marimo Co., Ltd.	982	1,230	April 1, 2022
Rp-15	ArtizA Mito Izumicho	Mito-shi, Ibaraki	Marimo Co., Ltd.	609	707	January 19, 2022
Rp-16	ArtizA Kokura	Kitakyushu-shi, Fukuoka	Fuyo General Lease Co., Ltd.	1,849	1,970	January 19, 2022
Rp-17	ArtizA Kurashiki	Kurashiki-shi, Okayama	Not disclosed (Note 2)	590	612	January 19, 2022
Cp-13	Komyoike Act	Sakai-shi, Osaka	Not disclosed (Note 2)	2,040	2,340	January 19, 2022
Op-03	Big B Higashishukugo	Utsunomiya-shi, Tochigi	Kabushiki Kaisha Toshi Kaihatsu	1,750	1,990	January 19, 2022
Op-04	Ikeshita ES Building	Nagoya-shi, Aichi	Not disclosed (Note 2)	1,000	1,150	January 19, 2022
Total (8 properties)				9,600	10,855	-

- (Note 1) "Property number" is the number assigned to the property by combining the asset type classifications of "investment targets" and "investment ratio by region" for the assets acquired by 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. In cases of mixed-use properties of several uses (asset types) in a single building, the investment target classification is based on the asset type that accounts for the largest percentage of the floor area in each building.
- (Note 2) The seller, which is a domestic corporation, is not disclosed, as consent for disclosure has not been obtained from the seller. As of today, the seller does not fall under the category of interested persons, etc. defined in the Investment Trust Act, nor of interested persons, etc. defined in the rules on transactions with interested persons, etc., which are the internal rules set by the Asset Manager. Furthermore, the seller has no capital ties, personnel ties or business ties to be specially noted with marimo REIT and the Asset Manager, and the seller does not fall under the category of related parties of marimo REIT.
- (Note 3) "(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.
- (Note 4) "Appraisal value" indicates the appraisal value stated in each real estate appraisal report with August 31, 2021, September 30, 2021, November 1, 2021, or December 1, 2021, as the date of value.

(D) Disposition of Asset

marimo REIT disposed the following property on January 26, 2022.

Property number	Property name	Location	Buyer	Disposition price (million yen) (Note 1)	Appraisal value (million yen) (Note 2)	Disposition date
Rp-04	ArtizA Hakataeki-Minami	Fukuoka-shi, Fukuoka	Not disclosed (Note 3)	350	294	January 26, 2022

(Note 1) "Disposition price" indicates the sales price stated in the sale and purchase agreement (excluding consumption tax, local consumption tax and other miscellaneous expenses such as broker's commissions), rounded down to the nearest million yen.

(Note 2) Appraisal is entrusted to Japan Valuers Co., Ltd., and appraisal value indicates the amount equivalent to 50% of the appraisal value stated in the real estate appraisal report with November 1, 2021, as the date of value, rounded down to the nearest specified unit.

(Note 3) The scheduled buyer is a domestic business corporation in Japan, but details are not disclosed as consent for disclosure has not been obtained from the buyer.

Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending June 2022 (from January 1, 2022, to June 30, 2022) and Fiscal Period Ending December 2022 (from July 1, 2022, to December 31, 2022)

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> <li>● Fiscal period ending June 2022 (12th fiscal period) (from January 1, 2022, to June 30, 2022) (181 days)</li> <li>● Fiscal period ending December 2022 (13th fiscal period) (from July 1, 2022, to December 31, 2022) (184 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>● The assumption is that marimo REIT will continue to hold the real estate trust beneficiary rights to 38 properties held as of the date of this document and the real estate trust beneficiary right to 1 property scheduled to be acquired in April 2022 and that there will be no acquisition of new properties other than those through to the end of the fiscal period ending December 2022.</li> <li>● In actual practice, change may arise due to acquisition of new properties, disposition of portfolio properties, etc.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>● Operating revenue from leasing of the portfolio assets excluding the newly acquired assets defined below is calculated on the basis of rent, etc. stated in lease contracts in effect as of the date of this document, historical data, etc. Operating revenue from leasing of the real estate trust beneficiary right to 7 properties acquired on January 19, 2022, and the real estate trust beneficiary right to 1 property scheduled to be acquired on April 1, 2022 (hereinafter, the “Newly Acquired Assets”) is calculated on the basis of the content of lease agreements provided by the previous beneficiary or current owner, etc. of the Newly Acquired Assets, and past tenants, market trends, etc., as well as the content of lease agreements in effect on the date of this document or scheduled to be in effect on the planned acquisition date, and by taking into account various factors, such as the assumed occupancy rate and rent fluctuation projections based on post-acquisition tenant move-in/move-out and rent level projections.</li> <li>● The assumption is there will be no delinquent or unpaid rent by tenants.</li> <li>● Some degree of decrease in operating revenue from leasing, etc. due to the impact of the COVID-19 pandemic is taken into account when calculation is made.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>● Of operating expenses from leasing, the main operating expenses, expenses other than depreciation are calculated on the basis of historical data, etc. (historical data, etc. provided by the previous beneficiary or current beneficiary, etc. for the Newly Acquired Assets) and by reflecting the factors causing fluctuation in expenses.</li> <li>● Operating income from leasing after operating expenses from leasing (including depreciation) is deducted (excluding gain on sales of real estate properties) is expected to be 941 million yen for the fiscal period ending June 2022 and 988 million yen for the fiscal period ending December 2022.</li> <li>● In general, fixed asset tax, city planning tax, etc. are calculated on a pro-rata basis and reimbursed at the time of acquisition with the previous beneficiary, etc. upon transactions of real estate, etc., but because the amount equivalent to the reimbursement is included in the cost of acquisition, fixed asset tax, city planning tax, etc. for fiscal 2022 are expensed starting from the fiscal period ending June 2023 for Newly Acquired Asset. Furthermore, the total amount of fixed asset tax, city planning tax, etc. to be expensed is expected to be 99 million yen for the fiscal period ending June 2022 and 99 million yen for the fiscal period ending December 2022. Of these, the amount of the effect of the acquisition of the Newly Acquired Asset is expected to be 31 million yen for the fiscal period ending June 2022 and 31 million yen for the fiscal period ending December 2022.</li> <li>● Repair expenses for buildings based on medium- to long-term repair plans formulated by the Asset Manager are expected to be 55 million yen for the fiscal period ending June 2022 and 44 million yen for the fiscal period ending December 2022. Furthermore, concerning emergency repair expenses possibly arising from unforeseeable factors causing building damage, etc., the amount generally varies materially from fiscal year to fiscal year and does not arise periodically, etc., which may result in repair expenses for each accounting period differing materially from the forecast amount.</li> <li>● Depreciation is calculated under the straight-line method inclusive of incidental expenses and other future additional capital expenditures, and is expected to be 306 million yen for the fiscal period ending June 2022 and 310 million yen for the fiscal period ending December 2022.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>● Interest expenses and other borrowing-related expenses are expected to be 138 million yen for the fiscal period ending June 2022 and 142 million yen for the fiscal period ending December 2022.</li> <li>● Amortization of investment unit issuance expenses is expected to be 11 million yen for the fiscal period ending June 2022 and 11 million yen for the fiscal period ending December 2022.</li> </ul>
Loans	<ul style="list-style-type: none"> <li>● 5,200 million yen was borrowed with the acquisition of the Newly Acquired Assets on January 19, 2022.</li> <li>● The assumption is that internal reserves from a portion of depreciation will be used as the source of funds to repay principal of 15 million yen every fiscal period.</li> <li>● The assumption is that total interest-bearing liabilities will be 21,337 million yen at the end of the fiscal period ending June 2022 and 19,307 million yen at the end of the fiscal period ending December 2022.</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>● The assumption is the total number of investment units issued and outstanding as of the date of this document of 192,226 units.</li> <li>● The assumption is that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending December 2022.</li> </ul>

Item	Assumptions
Dividends per unit (excluding dividends in excess of earnings)	<ul style="list-style-type: none"> <li>● Dividends per unit (excluding dividends in excess of earnings) is calculated based on the assumption that distribution will be in accordance with the policy on distribution of cash provided in marimo REIT's Articles of Incorporation.</li> <li>● Dividends per unit (excluding dividends in excess of earnings) may vary due to various factors, such as fluctuation in rent revenue accompanying change in assets under management, change in tenants or other event, or incurrence of unexpected repairs.</li> </ul>
Dividends in excess of earnings per unit	<ul style="list-style-type: none"> <li>● Dividends in excess of earnings per unit is calculated in accordance with the policy provided in marimo REIT's Articles of Incorporation and the management guidelines that are the internal rules of the Asset Manager.</li> <li>● Distribution in excess of earnings is calculated based on the assumption that the sum total amount of taxation and accounting discrepancies are distributed as allowance for temporary difference adjustments for the purpose of tax reduction.</li> <li>● As of the date of this document, marimo REIT deems there to be no specific concerns of substantial deterioration in the external economic environment, real estate market conditions and financial status of marimo REIT.</li> <li>● For the fiscal period ending June 2022 and fiscal period ending December 2022, there are high needs to retain certain funds to respond in the event that opportunities for acquiring new properties as investment that would serve to enhance the income-producing potential of the portfolio or such arise, but in light of marimo REIT's financial status, projected likelihood of refinancing borrowings, etc., the view is that marimo REIT is not in a state that calls for prioritized allocation of funds to reduce interest-bearing liabilities, etc. in both concerned accounting periods. As of the date of this document, execution of distribution in excess of earnings is deemed to be reasonable for the fiscal period ending June 2022 and fiscal period ending December 2022. As such, for the fiscal period ending June 2022, total dividends in excess of earnings is expected to be 60 million yen, of which total dividends of allowance for temporary difference adjustments is 1 million yen and total other dividends in excess of earnings is 59 million yen, and total dividends in excess of earnings for the fiscal period ending December 2022 is expected to be 83 million yen, of which total dividends of allowance for temporary difference adjustments is 1 million yen and other distribution in excess of earnings is 82 million yen (Note 1).</li> </ul> <p>(Note 1) Distribution in excess of earnings shall be executed only when total appraisal value of real estate, etc. held as at the end of the accounting period (refers to the appraisal value in the real estate appraisal report obtained with the end of the accounting period as the date of value for real estate, etc. held by marimo REIT) exceeds total book value of real estate, etc. for the concerned accounting period plus total planned capital expenditures (refers to the total amount of reserve for capital expenditures) for the concerned accounting period's next period, but after also considering other options, such as utilization for repair expenses and capital expenditures and allocation to funds for repayment of borrowings or acquisition of new properties. To that end, distribution in excess of earnings is not executed even in the 12th fiscal period (fiscal period ending June 2022) and 13th fiscal period (fiscal period ending December 2022) regardless of the forecast above in the event that such conditions are not met.</p> <p>In addition, concerning the fiscal period ending June 2022 and fiscal period ending December 2022, as of the date of this document, marimo REIT adopts the policy of distributing as cash in excess of earnings an amount decided by marimo REIT each accounting period that is not to exceed the amount provided in the rules of The Investment Trusts Association, Japan (hereinafter, "JITA"), no more than the amount equivalent to 30% of depreciation for the concerned accounting period and within the scope not to exceed payout ratio (Note 2) of 75%. Accordingly, the distribution in excess of earnings may not take place or the amount of dividends in excess of earnings may decrease in the event of conflict with these limits.</p> <p>Moreover, in the event that substantial deterioration in the external economic environment, real estate market conditions, financial status of marimo REIT, etc. or such newly arise in the future, the policy as of the date of this document to execute distribution in excess of earnings as part of cash management in the fiscal period ending June 2022 and fiscal period ending December 2022 may be changed and there may also be cases where the distribution in excess of earnings may not take place or the amount of dividends in excess of earnings may decrease even in the fiscal period ending June 2022 and fiscal period ending December 2022. For instance, each accounting period's limits on the amount of dividends in excess of earnings like those above may be revised in the case that large-scale additional incorporation of new assets or other factors lead to large fluctuation in the revenue and expense structure of the portfolio or such newly arising, in the case of material change in the financial environment, real estate investment trust market conditions, etc. or in other cases in the period up to when the distribution in excess of earnings for the concerned accounting period is ultimately executed.</p> <p>(Note 2) "Payout ratio" refers to the ratio of total dividends including distribution in excess of earnings to the amount of net income plus depreciation.</p>
Other	<ul style="list-style-type: none"> <li>● The assumption is that there will be no amendment of laws and regulations, tax systems, accounting standards, listing regulations, JITA rules, etc. that will impact the forecast figures above.</li> <li>● The assumption is that there will be no unforeseen material change in general economic trends, real estate market conditions, etc.</li> </ul>

## (2) Investment Risks

Disclosure is omitted, because there is no significant change from "Investment Risks" in the most recent securities report (submitted on January 4, 2022, including subsequent amendments).

## 2. Financial Statements

## (1) Balance Sheet

(Unit: thousand yen)

	10th fiscal period (As of June 30, 2021)	11th fiscal period (As of Dec. 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	1,018,905	1,322,727
Cash and deposits in trust	2,089,469	2,039,931
Operating accounts receivable	13,943	23,638
Prepaid expenses	69,291	81,060
Total current assets	3,191,610	3,467,357
Non-current assets		
Property, plant and equipment		
Buildings in trust	13,303,100	13,440,809
Accumulated depreciation	(1,952,765)	(2,150,658)
Buildings in trust, net	11,350,335	11,290,151
Structures in trust	328,015	326,486
Accumulated depreciation	(58,389)	(64,882)
Structures in trust, net	269,625	261,604
Machinery and equipment in trust	118,437	118,437
Accumulated depreciation	(27,607)	(30,531)
Machinery and equipment in trust, net	90,830	87,906
Tools, furniture and fixtures in trust	47,834	50,671
Accumulated depreciation	(13,639)	(16,716)
Tools, furniture and fixtures in trust, net	34,195	33,954
Land in trust	17,789,771	17,712,249
Construction in progress in trust	1,286	1,286
Total property, plant and equipment	29,536,044	29,387,152
Intangible assets		
Leasehold rights in trust	3,458	3,331
Total intangible assets	3,458	3,331
Investments and other assets		
Long-term prepaid expenses	83,007	110,841
Deferred tax assets	14	15
Guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	13,578	13,500
Total investments and other assets	106,599	134,356
Total non-current assets	29,646,103	29,524,840
Deferred assets		
Investment unit issuance expenses	13,997	9,331
Total deferred assets	13,997	9,331
Total assets	32,851,710	33,001,530

(Unit: thousand yen)

	10th fiscal period (As of June 30, 2021)	11th fiscal period (As of Dec. 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	98,591	272,698
Current portion of long-term loans payable	3,830,000	2,045,000
Accrued expenses	173,895	178,708
Income taxes payable	896	916
Accrued consumption taxes	10,980	18,847
Advances received	203,531	203,251
Current portion of tenant leasehold and security deposits in trust	45,021	45,021
Other	4,160	5,399
Total current liabilities	4,367,075	2,769,843
Non-current liabilities		
Long-term loans payable	12,337,500	14,107,500
Tenant leasehold and security deposits in trust	1,296,279	1,268,427
Asset retirement obligations	18,339	18,359
Other	78	10
Total non-current liabilities	13,652,197	15,394,297
Total liabilities	18,019,273	18,164,140
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	14,869,979	14,869,979
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	(9,862)	(10,931)
Other deduction from unitholders' capital	(508,019)	(571,992)
Total deduction from unitholders' capital	(517,881)	(582,923)
Unitholders' capital, net	14,352,097	14,287,056
Surplus		
Unappropriated retained earnings (undisposed loss)	480,339	550,333
Total surplus	480,339	550,333
Total unitholders' equity	14,832,437	14,837,389
Total net assets	14,832,437	14,837,389
Total liabilities and net assets	32,851,710	33,001,530

## (2) Statement of Income

(Unit: thousand yen)

	10th fiscal period From: Jan. 1, 2021 To: June 30, 2021	11th fiscal period From: July 1, 2021 To: Dec. 31, 2021
<b>Operating revenue</b>		
Lease business revenue	1,229,035	1,237,775
Other lease business revenue	84,881	53,067
Gain on sale of real estate	—	111,784
<b>Total operating revenue</b>	<b>1,313,916</b>	<b>1,402,627</b>
<b>Operating expenses</b>		
Expenses related to rent business	542,030	540,495
Asset management fee	120,164	128,190
Asset custody fee	1,635	1,633
Administrative service fees	14,056	15,684
Directors' compensations	2,400	2,400
Taxes and dues	17,634	18,293
Bad debt loss	—	607
Other operating expenses	45,335	41,279
<b>Total operating expenses</b>	<b>743,256</b>	<b>748,585</b>
<b>Operating income</b>	<b>570,660</b>	<b>654,041</b>
<b>Non-operating income</b>		
Interest income	15	14
Reversal of distributions payable	193	374
Insurance income	13,607	6,634
<b>Total non-operating income</b>	<b>13,816</b>	<b>7,022</b>
<b>Non-operating expenses</b>		
Interest expenses	62,344	63,705
Borrowing related expenses	36,328	41,450
Amortization of investment unit issuance expenses	4,665	4,665
<b>Total non-operating expenses</b>	<b>103,338</b>	<b>109,821</b>
<b>Ordinary income</b>	<b>481,137</b>	<b>551,242</b>
<b>Net income before income taxes</b>	<b>481,137</b>	<b>551,242</b>
Income taxes - current	898	918
Income taxes - deferred	2	(0)
<b>Total income taxes</b>	<b>901</b>	<b>917</b>
<b>Net income</b>	<b>480,236</b>	<b>550,324</b>
<b>Retained earnings brought forward</b>	<b>103</b>	<b>8</b>
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>480,339</b>	<b>550,333</b>

(3) Statement of Unitholders' Equity  
10th fiscal period (from January 1, 2021, to June 30, 2021)

(Unit: thousand yen)

	Unitholders' equity				
	Unitholders' capital				
	Unitholders' capital	Deduction from unitholders' capital			Unitholders' capital, net
Allowance for temporary difference adjustments		Other deduction from unitholders' capital	Total deduction from unitholders' capital		
Balance at beginning of current period	14,869,979	(8,793)	(446,489)	(455,282)	14,414,696
Changes of items during period					
Dividends of surplus					
Distribution in excess of earnings attributable to allowance for temporary difference adjustments		(1,068)		(1,068)	(1,068)
Other distribution in excess of earnings			(61,530)	(61,530)	(61,530)
Net income					
Total changes of items during period	—	(1,068)	(61,530)	(62,598)	(62,598)
Balance at end of current period	14,869,979	(9,862)	(508,019)	(517,881)	14,352,097

(Unit: thousand yen)

	Unitholders' equity			Total net assets
	Surplus		Total unitholders' equity	
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	478,907	478,907	14,893,604	14,893,604
Changes of items during period				
Dividends of surplus	(478,804)	(478,804)	(478,804)	(478,804)
Distribution in excess of earnings attributable to allowance for temporary difference adjustments			(1,068)	(1,068)
Other distribution in excess of earnings			(61,530)	(61,530)
Net income	480,236	480,236	480,236	480,236
Total changes of items during period	1,431	1,431	(61,167)	(61,167)
Balance at end of current period	480,339	480,339	14,832,437	14,832,437



11th fiscal period (from July 1, 2021, to December 31, 2021)

(Unit: thousand yen)

	Unitholders' equity				
	Unitholders' capital				
	Unitholders' capital	Deduction from unitholders' capital			Unitholders' capital, net
Allowance for temporary difference adjustments		Other deduction from unitholders' capital	Total deduction from unitholders' capital		
Balance at beginning of current period	14,869,979	(9,862)	(508,019)	(517,881)	14,352,097
Changes of items during period					
Dividends of surplus					
Distribution in excess of earnings attributable to allowance for temporary difference adjustments		(1,068)		(1,068)	(1,068)
Other distribution in excess of earnings			(63,972)	(63,972)	(63,972)
Net income					
Total changes of items during period		(1,068)	(63,972)	(65,041)	(65,041)
Balance at end of current period	14,869,979	(10,931)	(571,992)	(582,923)	14,287,056

(Unit: thousand yen)

	Unitholders' equity			Total net assets
	Surplus		Total unitholders' equity	
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	480,339	480,339	14,832,437	14,832,437
Changes of items during period				
Dividends of surplus	(480,331)	(480,331)	(480,331)	(480,331)
Distribution in excess of earnings attributable to allowance for temporary difference adjustments			(1,068)	(1,068)
Other distribution in excess of earnings			(63,972)	(63,972)
Net income	550,324	550,324	550,324	550,324
Total changes of items during period	69,993	69,993	4,951	4,951
Balance at end of current period	550,333	550,333	14,837,389	14,837,389

## (4) Statement of Distribution of Cash

	10th fiscal period From: Jan. 1, 2021 To: June 30, 2021	11th fiscal period From: July 1, 2021 To: Dec. 31, 2021
I. Unappropriated retained earnings	480,339,604 yen	550,333,180 yen
II. Addition of dividends in excess of earnings	65,041,680 yen	48,857,600 yen
<i>Of which,</i>		
Allowance for temporary difference adjustments	1,068,760 yen	1,221,440 yen
Other deduction from unitholders' capital	63,972,920 yen	47,636,160 yen
III. Dividends	545,372,960 yen	599,116,320 yen
[Dividends per unit]	[3,572 yen]	[3,924 yen]
<i>Of which,</i>		
Dividends of earnings	480,331,280 yen	550,258,720 yen
[Dividends of earnings per unit]	[3,146 yen]	[3,604 yen]
Allowance for temporary difference adjustments	1,068,760 yen	1,221,440 yen
[Dividends in excess of earnings per unit		
(attributable to	[7 yen]	[8 yen]
allowance for temporary difference adjustments)]		
Other dividends in excess of earnings	63,972,920 yen	47,636,160 yen
[Dividends in excess of earnings per unit		
(attributable to	[419 yen]	[312 yen]
other dividends in excess of earnings)]		
IV. Retained earnings carried forward	8,324 yen	74,460 yen
Method of calculation of dividends	<p>In accordance with the policy on distribution of cash provided in Article 25, Paragraph 1 of marimo REIT's Articles of Incorporation, dividends shall be the amount of distribution in excess of the amount equivalent to 90% of the amount of marimo REIT's earnings available for distribution provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation.</p> <p>Based on such policy, the decision was made to distribute 480,331,280 yen, which is the largest integral multiple of the total number of investment units issued and outstanding at end of period in an amount not in excess of unappropriated retained earnings, as dividends of earnings.</p> <p>Furthermore, in accordance with the policy on distribution of cash provided in Article 25, Paragraph 2 of the Articles of Incorporation, marimo REIT shall execute distribution in excess of earnings in the fiscal period under review as part of cash management. Based on this, the decision was made to distribute 65,041,680 yen, which is the amount roughly equivalent to 26% of depreciation for the fiscal period under review, as dividends in excess of earnings. This resulted in dividends in excess of earnings per unit of 426 yen. Furthermore, included in the dividends in excess of earnings is distribution of allowance for temporary difference adjustments of 1,068,760 yen, resulting in allowance for temporary difference adjustments per unit of 7 yen.</p>	<p>In accordance with the policy on distribution of cash provided in Article 25, Paragraph 1 of marimo REIT's Articles of Incorporation, dividends shall be the amount of distribution in excess of the amount equivalent to 90% of the amount of marimo REIT's earnings available for distribution provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation.</p> <p>Based on such policy, the decision was made to distribute 550,258,720 yen, which is the largest integral multiple of the total number of investment units issued and outstanding at end of period in an amount not in excess of unappropriated retained earnings, as dividends of earnings.</p> <p>Furthermore, in accordance with the policy on distribution of cash provided in Article 25, Paragraph 2 of the Articles of Incorporation, marimo REIT shall execute distribution in excess of earnings in the fiscal period under review as part of cash management. Based on this, the decision was made to distribute 48,857,600 yen, which is the amount roughly equivalent to 20% of depreciation for the fiscal period under review, as dividends in excess of earnings. This resulted in dividends in excess of earnings per unit of 320 yen. Furthermore, included in the dividends in excess of earnings is distribution of allowance for temporary difference adjustments of 1,221,440 yen, resulting in allowance for temporary difference adjustments per unit of 8 yen.</p>

## (5) Statement of Cash Flows

(Unit: thousand yen)

	10th fiscal period From: Jan. 1, 2021 To: June 30, 2021	11th fiscal period From: July 1, 2021 To: Dec. 31, 2021
<b>Cash flows from operating activities</b>		
Net income before income taxes	481,137	551,242
Depreciation	247,114	248,833
Amortization of investment unit issuance expenses	4,665	4,665
Interest income	(15)	(14)
Interest expenses	62,344	63,705
Decrease (increase) in operating accounts receivable	(4,309)	(9,694)
Increase (decrease) in accrued consumption taxes	(31,485)	7,867
Decrease (increase) in prepaid expenses	(17,125)	(11,768)
Increase (decrease) in operating accounts payable	31,013	(12,812)
Increase (decrease) in accrued expenses	9,946	3,200
Increase (decrease) in advances received	2,755	(279)
Decrease due to sale of property, plant and equipment in trust	—	227,309
Decrease (increase) in long-term prepaid expenses	(29,389)	(27,833)
Other, net	86	868
Subtotal	756,740	1,045,289
Interest income received	15	14
Interest expenses paid	(59,997)	(62,092)
Income taxes paid	(960)	(898)
Net cash provided by (used in) operating activities	695,798	982,312
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(554,860)	(140,184)
Payments for lease and guarantee deposits in trust	—	78
Payments into restricted deposits	(0)	(0)
Net cash provided by (used in) investing activities	(554,860)	(140,107)
<b>Cash flows from financing activities</b>		
Proceeds from long-term loans payable	5,140,000	3,800,000
Repayments of long-term loans payable	(4,855,000)	(3,815,000)
Dividends paid	(541,366)	(545,070)
Net cash provided by (used in) financing activities	(256,366)	(560,070)
Net increase (decrease) in cash and cash equivalents	(115,427)	282,135
Cash and cash equivalents at beginning of period	1,853,501	1,738,073
Cash and cash equivalents at end of period	1,738,073	2,020,208

- (6) Notes on the Going Concern Assumption  
Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

<p>1. Method of depreciation of non-current assets</p>	<p>(1) Property, plant and equipment The straight-line method is adopted. Furthermore, the useful life of core property, plant and equipment is as follows: Buildings in trust 2–64 years Structures in trust 5–58 years Machinery and equipment in trust 10–27 years Tools, furniture and fixtures in trust 3–15 years</p> <p>(2) Intangible assets The straight-line method is adopted. Furthermore, the remaining or useful life of core intangible assets is as follows: Leasehold rights in trust 19 years Software 5 years</p> <p>(3) Long-term prepaid expenses The straight-line method is adopted.</p>
<p>2. Accounting for deferred assets</p>	<p>Investment unit issuance expenses Amortized using the straight-line method over 3 years.</p>
<p>3. Standards for revenue and expense recognition</p>	<p>(1) Standards for revenue recognition The details of main performance obligations concerning revenue generated from contracts between marimo REIT and its customers and the time to fulfil said performance obligations (ordinary time to recognize revenue) are as follows. ① Sale of real estate, etc. For the sale of real estate, etc., marimo REIT recognizes revenue when the buyer, who is a customer, gains control of the real estate, etc. by performing the delivery obligations stipulated in the contract on sale of real estate. ② Utilities income For utilities income, marimo REIT recognizes revenue in accordance with the supply of electricity, water, etc. to the lessee, who is a customer, based on the details of the lease agreement of real estate, etc. and agreements incidental to it. Of utilities income, in the case that marimo REIT deems itself to be an agent, the net amount obtained by deducting the amount it pays to other related parties from the amount it receives as charges for electricity, gas, etc. supplied by said other related parties is recognized as revenue.</p> <p>(2) Accounting for fixed asset tax, etc. For fixed asset tax, city planning tax, depreciable asset tax, etc. (hereinafter, “fixed asset tax, etc.”) on real estate or trust beneficiary rights that have real estate as trust assets held, the accounting is that, of the tax amount assessed and determined, the amount corresponding to the concerned accounting period is expensed as expenses related to rent business. Furthermore, the amount equivalent to fixed asset tax, etc. in the initial fiscal year borne by marimo REIT upon acquisition of real estate or trust beneficiary rights that have real estate as trust assets is not recognized as expenses but included in the cost of acquisition of the concerned real estate, etc. The amount equivalent to fixed asset tax, etc. included in the cost of acquisition of real estate, etc. was 3,589 thousand yen for the 10th fiscal period and not applicable for the 11th fiscal period.</p>
<p>4. Scope of funds in the statement of cash flows</p>	<p>The funds (cash and cash equivalents) in the statement of cash flows comprise cash on hand and cash in trust, demand deposits and deposits in trust, and short-term investments with a maturity of 3 months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.</p>
<p>5. Other matters serving as the basis for preparation of the financial statements</p>	<p>(1) Accounting for trust beneficiary rights that have real estate, etc. as trust assets Concerning trust beneficiary rights that have real estate held, etc. as trust assets, all accounts of assets and liabilities within trust assets and all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income. Furthermore, the following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet. ① Cash and deposits in trust ② Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust ③ Leasehold rights in trust ④ Lease and guarantee deposits in trust ⑤ Current portion of tenant leasehold and security deposits in trust ⑥ Tenant leasehold and security deposits in trust</p> <p>(2) Accounting for consumption tax, etc. The accounting for consumption tax and local consumption tax is that the taxes are excluded from transaction amounts. Furthermore, non-deductible consumption tax on acquisition of assets is included in the cost of acquisition of each asset.</p>

(8) Notes on Changes in Accounting Policies

[Notes on Changes in Accounting Policies]

(Application of Accounting Standard for Revenue Recognition, Etc.)

marimo REIT has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 issued on March 31, 2020; hereinafter, the “Revenue Recognition Accounting Standard”), etc. from the beginning of the fiscal period under review, and decided to recognize revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer. This has minimal impact on the financial statement for the fiscal period under review.

Furthermore, in accordance with the transitional treatment stipulated in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, the note related to revenue recognition for the previous fiscal period is not shown.

(Application of Accounting Standard for Fair Value Measurement, Etc.)

marimo REIT has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30 issued on July 4, 2019; hereinafter, the “Fair Value Measurement Accounting Standard”), etc. from the beginning of the fiscal period under review, and decided to apply the new accounting policy set forth in the Fair Value Measurement Accounting Standard, etc. going forward in accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10 issued on July 4, 2019). This has minimal impact on the financial statement for the fiscal period under review.

[Additional Information]

[Notes on Provision and Reversal of Allowance for Temporary Difference Adjustments]

10th fiscal period (from January 1, 2021, to June 30, 2021)

1. Reason, related assets, etc. and amount of provision

The posting of MRR Omuta’s amortization of leasehold interest for leasehold interest in trust and amount in excess of depreciation limit and also asset retirement obligation-related expenses led to taxation and accounting discrepancies. Accordingly, allowance for temporary difference adjustments of 1,068 thousand yen was posted in the statement of distribution of cash.

2. Specific method of reversal

For the allowance for temporary difference adjustments of the amortization of leasehold rights for leasehold rights in trust and amount in excess of depreciation limit, the plan is reversal of the corresponding amount at the time of inclusion in deductible expenses upon redemption and sale of leasehold rights and accompanying building removal and also building sale, etc.

In addition, for the allowance for temporary difference adjustments of the asset retirement obligation-related expenses, the plan is reversal of the corresponding amount at the time of inclusion in deductible expenses upon building removal and sale, etc.

11th fiscal period (from July 1, 2021, to December 31, 2021)

1. Reason, related assets, etc. and amount of provision

The posting of MRR Omuta’s amortization of leasehold interest for leasehold interest in trust and amount in excess of depreciation limit and also asset retirement obligation-related expenses led to taxation and accounting discrepancies. Accordingly, allowance for temporary difference adjustments of 1,221 thousand yen was posted in the statement of distribution of cash.

2. Specific method of reversal

For the allowance for temporary difference adjustments of the amortization of leasehold rights for leasehold rights in trust and amount in excess of depreciation limit, the plan is reversal of the corresponding amount at the time of inclusion in deductible expenses upon redemption and sale of leasehold rights and accompanying building removal and also building sale, etc.

In addition, for the allowance for temporary difference adjustments of the asset retirement obligation-related expenses, the plan is reversal of the corresponding amount at the time of inclusion in deductible expenses upon building removal and sale, etc.