

(REIT) Financial Report for the Fiscal Period Ended December 2022

February 17, 2023

REIT Securities Issuer: marimo Regional Revitalization REIT, Inc.
 Securities Code: 3470
 Representative: Takashi Kitagata, Executive Director
 Asset Manager: Marimo Asset Management Co., Ltd.
 Representative: Takashi Kitagata, CEO
 Contact: Katsuhiro Shimada, Financial Management Officer
 TEL: +81-3-6205-4755

Listing: Tokyo Stock Exchange
 URL: <https://www.marimo-reit.co.jp/en/>

Scheduled date of commencement of dividends payment: March 16, 2023

Scheduled date of submission of securities report: March 24, 2023

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 2022 (from July 1, 2022, to December 31, 2022)

(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. 2022	1,841	3.5	815	(3.1)	667	(3.7)	666	(3.7)
Ended June 2022	1,779	26.9	841	28.6	693	25.7	692	25.8

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. 2022	3,467	3.4	1.5	36.2
Ended June 2022	3,676	4.0	1.8	38.9

(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. 2022	3,467	666	222	42	3,689	709	100.0	3.4
Ended June 2022	3,601	692	216	41	3,817	733	100.0	3.6

(Note 1) The breakdown of total dividends in excess of earnings for the fiscal period ended June 2022 is total dividends from allowance for temporary difference adjustments of 1 million yen (6 yen per unit) and total dividends from distribution accompanying decrease in capital, etc. under tax law of 40 million yen (210 yen per unit).

The breakdown of total dividends in excess of earnings for the fiscal period ended December 2022 is total dividends from allowance for temporary difference adjustments of 1 million yen (6 yen per unit) and total dividends from distribution accompanying decrease in capital, etc. under tax law of 41 million yen (216 yen per unit).

(Note 2) The ratio of decreasing surplus, etc. attributable to distribution in excess of earnings (refund of investments in capital) is 0.003 for the fiscal period ended June 2022 and 0.003 for the fiscal period ended December 2022.

(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. 2022	43,384	19,718	45.5	102,581
Ended June 2022	43,095	19,786	45.9	102,931

(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. 2022	1,741	(684)	(449)	2,601
Ended June 2022	1,184	(10,380)	9,168	1,992

2. Operating Forecasts for the Fiscal Period Ending June 2023 (from January 1, 2023, to June 30, 2023) and
Operating Forecasts for the Fiscal Period Ending December 2023 (from July 1, 2023, to December 31, 2023)

(% 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 2023	2,140	16.2	981	20.4	790	18.4	789	18.4	3,326	358	3,684
Ending Dec. 2023	2,100	(1.8)	929	(5.3)	737	(6.6)	736	(6.6)	3,106	411	3,517

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

Fiscal period ending June 2023: 3,326 yen

Fiscal period ending December 2023: 3,106 yen

(Note) The rate of period-on-period increase (decrease) for the fiscal period ending June 2023 shows comparison with the actual figures for the fiscal period ended December 2022, and that for the fiscal period ending December 2023 shows comparison with the forecast figures for the fiscal period ending June 2023.

* Other

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

- ① Changes in accounting policies accompanying amendments to accounting standards, etc.: None
- 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. 2022	192,226 units	Fiscal period ended June 2022	192,226 units
-------------------------------	---------------	-------------------------------	---------------

② Number of treasury investment units at end of period

Fiscal period ended Dec. 2022	0 units	Fiscal period ended June 2022	0 units
-------------------------------	---------	-------------------------------	---------

* 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 2023 (from January 1, 2023, to June 30, 2023) and Fiscal Period Ending December 2023 (from July 1, 2023, to December 31, 2023)" on pages 10-11.

Table of Contents

1. Management Status	2
(1) Management Status.....	2
(2) Investment Risks	11
2. Financial Statements	12
(1) Balance Sheet	12
(2) Statement of Income	14
(3) Statement of Unitholders' Equity.....	15
(4) Statement of Distribution of Cash.....	17
(5) Statement of Cash Flows.....	18
(6) Notes on the Going Concern Assumption.....	19
(7) Notes on Matters Concerning Significant 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). The total number of investment units issued and outstanding stands at 192,226 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, 2023, and February 14, 2023. For details, please refer to "(Outlook for the Next Fiscal Period) ② Significant Subsequent Events (A) Issuance of New Investment Units" later in this document.

② Investment Environment

In the fiscal period under review, the Japanese economy experienced negative growth with an annualized real GDP growth rate of -0.8% for the period from July to September of 2022 (seasonally adjusted; second preliminary estimate). In comparison with the period from January to March of 2022, domestic demand for the period from July to September of 2022 increased from +0.3% to +0.4%. This can be attributed to economic activities centering on domestic demand gradually resuming with the impact of the COVID-19 pandemic subsiding in the period from July to September of 2022 in comparison with the period from January to March of 2022.

Going forward, it is recognized that vigilance against future impact continues to be required with the recurrent waves in the number of COVID-19 cases.

(Financial Market)

With the continuation of global monetary easing, the JBA 3-month Japanese Yen TIBOR hovered at 0.06727% between July 1, 2022, and August 2, 2022, 0.06364% between August 3, 2022, and September 28, 2022, 0.05364% between September 29, 2022, and December 21, 2022, and 0.06364% between December 22, 2022, and December 30, 2022. With the Bank of Japan tweaking its monetary easing policy in December 2022, and with also the COVID-19 pandemic, the Ukraine situation, exchange rate fluctuations, price index rises and other future uncertainties impacting financial markets lingering, the impact of volatility in financial markets should be carefully watched still going forward.

(Real Estate Transaction Market)

According to "ARES Monthly Report (December 2022)" 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 2022 decreased by 610.6 billion yen year on year (-43.9% year on year) to 780.6 billion yen in terms of total acquisition price, and actual disposition decreased by 114.9 billion yen year on year (-33.2% year on year) to 230.8 billion yen in terms of total disposition price. This is likely to be attributable to actual transactions decreasing under the circumstances of difficulty in securing returns on income from acquisition of real estate resulting from the continuation of an accommodative financing environment and the surge in real estate prices continuing from the previous period. With also the Bank of Japan tweaking its monetary easing policy and such, attention should continue to be paid going forward.

(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 of 2022, the rate of increase in sales value compared with the same period of the previous year for supermarkets was +0.4% on average nationally. By area, the rate of increase was +4.5% for the Kyushu area, +1.9% for the Chugoku area, and +1.5% for the Shikoku area. For drug stores, the rate of increase was +5.9% on average nationally and by area was +8.2% for the Tohoku area, +8.0% for the Chugoku area, and +7.8% for the Kinki area, showing an upward trend across the nation. With COVID-19 cases yet to subside, the recognition is that the uncertain state of consumption will continue for both supermarkets and drug stores.

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 2022)” by Japan National Tourism Organization, the number of international visitors to Japan in the period from January to November of 2022 increased significantly to 2.46 million or +953.1% year on year (including estimates). As a result, according to “Overnight Travel Statistics Survey (October 2022 / second preliminary estimates, November 2022 / 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 2022 was 42.15 million (+32.7% year on year) and that of overnight international guests was 2.12 million (+579.8% year on year), indicating that accommodation demand from international guests is increasing significantly. Guest room occupancy rate by type of accommodation facility turned to an increasing trend, being 64.0% (+12.9% year on year) for business hotels, 60.2% (+19.2% year on year) for city hotels, and 52.2% (+16.9% year on year) for resort hotels. The recognition is that the number of Japanese and international travelers will increase as a domestic travel subsidy program for Japanese travelers is also underway and entry restrictions for international travelers were generally lifted on October 11, 2022, with the impact of the COVID-19 pandemic subsiding.

(Office Leasing Market)

According to “Japan Office Market View Q3 2022” by CBRE K.K., in the third quarter of 2022, the vacancy rate for major regional cities was on a rising trend at 6.2% (+3.1 percentage points year on year) for Hiroshima City, 5.1% (+1.3 percentage points year on year) for Nagoya City, 3.2% (+0.5 percentage points year on year) for Osaka City, and 3.2% (+0.2 percentage points year on year) for Fukuoka City. On the other hand, assumed contract rents showed trends that were split depending on the city, being 15,510 yen/tsubo (+1.9% year on year) for Sapporo City, 14,300 yen/tsubo ($\pm 0.0\%$ year on year) for Nagoya City, 16,080 yen/tsubo (-0.7% year on year) for Fukuoka City, and 11,800 yen/tsubo (-0.8% year on year) for Hiroshima City. Going forward, because demand for offices is expected to change with the prevalence of working in shared offices, telework, etc., close attention should be paid to occupancy rates and such.

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, rooftop antenna addition at ArtizA Kawasaki EAST and such were conducted in efforts to increase contract rent. Such efforts resulted in an occupancy rate of 98.0% and period-average occupancy rate of 97.7% for marimo REIT’s portfolio assets as of the end of the fiscal period under review (40 properties; total acquisition price (Note): 39,545 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, a short-term loan of 300 million yen was borrowed on July 5, 2022, and allocated to part of acquisition funds of real estate trust beneficiary right to 1 property and related expenses. In addition, a long-term loan of 2,015 million yen in total was borrowed on August 1, 2022, to allocate to repayment of a long-term loan of 2,015 million yen (Tranche 4-A) borrowed on August 1, 2019, and due for repayment on August 1, 2022. On top of that, of a long-term loan borrowed on August 1, 2016 (Tranche D: loan balance of 1,327 million yen), funds on hand were used to execute contractual repayments of 7 million yen on August 1, 2022, and 7 million yen on November 1, 2022. As a result, as at the end of the fiscal period under review (end of December 2022), the balance of loans outstanding was 21,392 million yen and the ratio of interest-bearing liabilities to total assets (hereinafter "LTV ratio") was 49.3%.

In addition, marimo REIT acquired a long-term issuer rating of "A-/Stable" from Japan Credit Rating Agency, Ltd. (JCR) on December 13, 2022.

(Note) As described in "(Outlook for the Next Fiscal Period) ② Significant Subsequent Events (B) Borrowing of Funds" later in this document, a long-term loan of 1,500 million yen, a long-term loan of 3,950 million yen, and a short-term loan of 260 million yen were borrowed on January 19, 2023, to allocate to part of acquisition funds of assets (to be) acquired (but excluding Nippon Express Komagane Logistics Center) and related expenses, and a long-term loan of 2,440 million yen in total was borrowed on January 23, 2023, to allocate to repayment of a long-term loan of 2,140 million yen (Tranche 5-A) due for repayment on January 23, 2023, and a short-term loan of 300 million yen (Contract No. 4) due for repayment on January 23, 2023. In addition, of the abovementioned long-term loan borrowed on August 1, 2016 (Tranche D), 7 million yen was repaid on February 1, 2023. As a result of these, as of the date of this document, the balance of loans outstanding for marimo REIT stands at 27,095 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 1,841 million yen, operating income of 815 million yen, ordinary income of 667 million yen and net income of 666 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 3,467 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 42 million yen, which is the amount roughly equivalent to 14% 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 222 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 6 yen.

In addition, payout ratio (ratio of total dividends including distribution in excess of earnings to the amount of net income plus depreciation) was 72.4%.

(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 13th fiscal period (fiscal period ended December 2022) was 47,170 million yen, which exceeds the sum total of total book value of real estate, etc. (38,931 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 14th fiscal period (76 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 38,928 million yen and leasehold rights in trust posted to intangible assets of 3 million yen.

(Note 3) For the 40 properties held by marimo REIT as of the end of the fiscal period under review, the 6-month average 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 76 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 76 million yen for the fiscal period ending June 2023 and 107 million yen for the fiscal period ending December 2023. 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 seven 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 nine 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., ReBITA Inc., and Alpha Court Co., Ltd. with which a support agreement was newly entered into on January 4, 2023) 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, and with also the planned provision of property information, provision of leasing support and other various support from Alpha Court Co., Ltd. with which a support agreement was entered into on January 4, 2023, 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 with there being waves in the number of COVID-19 cases across Japan still today.

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, environmental consideration/initiatives and reduction of utilities expenses and other costs by switching lighting in common areas to LED, and reduction of tenant solicitation 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 the meetings of the Board of Directors held on January 4, 2023, and January 12, 2023, completed payment for the issuance of new investment units through public offering on January 18, 2023, and completed payment for the issuance of new investment units through third-party allotment (2,143 investment units) on February 14, 2023.

As a result, unitholders' capital stands at 25,214 million yen and the total number of investment units issued and outstanding at 237,225 units.

(Issuance of New Investment Units Through Public Offering) (Primary Offering)

Number of new investment units issued:	42,856 units
Issue price:	126,652 yen per unit
Total issue price:	5,427,798,112 yen
Issue amount (paid-in amount):	121,975 yen per unit
Total issue amount (paid-in amount):	5,227,360,600 yen
Payment date:	January 18, 2023

(Issuance of New Investment Units Through Third-Party Allotment) (the "Third-Party Allotment")

Number of new investment units issued:	2,143 units (upper limit)
Issue amount (paid-in amount):	121,975 yen per unit
Total issue amount (paid-in amount):	261,392,425 yen (upper limit)
Payment date:	February 14, 2023
Allottee:	SMBC Nikko Securities Inc.

(Note) The number of new investment units issued for which payment has been completed is 2,143 units, and the paid-in amount is 261,392,425 yen.

(Use of Funds)

The proceeds from the primary offering (5,227,360,600 yen) were allocated to part of the acquisition funds and acquisition-related expenses of the acquired assets described in "(C) Acquisition of Assets" below, and will be allocated to part of the acquisition funds and acquisition-related expenses of Coop Sapporo Megumino and Nippon Express Komagane Logistics Center on March 31, 2023.

The proceeds from the issuance of new investment units through the Third-Party Allotment (261,392,425 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 5,710 million yen in total from a loan syndicate with Sumitomo Mitsui Banking Corporation as arranger on January 19, 2023, to allocate to part of the acquisition funds and acquisition-related expenses of the assets (to be) acquired described in “(C) Acquisition of Assets” below (but excluding Nippon Express Komagane Logistics Center). Details are as follows:

	Lender	Loan amount (million yen)	Interest rate (Note 3)	Drawdown date	Maturity date	Repayment method	Remarks
Tranche 10-A	Loan syndicate with Sumitomo Mitsui Banking Corporation as arranger (Note 1)	1,500	Base rate (JBA 3-month Japanese Yen TIBOR) (Note 4) + 0.700% (floating rate)	January 19, 2023	July 19, 2027 (Note 5)	Lump-sum repayment at maturity	Unsecured and unguaranteed
Tranche 10-B	Loan syndicate with Sumitomo Mitsui Banking Corporation as arranger (Note 2)	3,950	Base rate (JBA 3-month Japanese Yen TIBOR) (Note 4) + 0.800% (floating rate)	January 19, 2023	July 19, 2028 (Note 5)	Lump-sum repayment at maturity	Unsecured and unguaranteed
Tranche 10-C	Sumitomo Mitsui Banking Corporation	260	Base rate (JBA 3-month Japanese Yen TIBOR) (Note 4) + 0.200% (floating rate)	January 19, 2023	July 19, 2024 (Note 5)	Lump-sum repayment at maturity	Unsecured and unguaranteed

(Note 1) The loan syndicate consists of Sumitomo Mitsui Banking Corporation, The Hiroshima Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, SBI Shinsei Bank, Limited (Note 6), The Gunma Bank, Ltd., and The Chiba 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., Resona Bank, Limited, The Chugoku Bank, Limited, The Nishi-Nippon City Bank, Ltd., The Yamaguchi Bank, Ltd., Mizuho Bank, Ltd. and The 77 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 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.ibatibor.or.jp/english/>). If the JBA 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.

(Note 6) With Shinsei Bank, Limited's trade name change on January 4, 2023, the trade name has changed from Shinsei Bank, Limited to SBI Shinsei Bank, Limited. The same shall apply hereinafter.

marimo REIT borrowed a long-term loan of 2,440 million yen on January 23, 2023, to allocate to the funds for repayment of a long-term loan due for repayment on January 23, 2023 (Tranche 5-A) of 2,140 million yen and a short-term loan due for repayment on January 23, 2023 (Contract No. 4) of 300 million yen. Details are as follows.

	Lender	Loan amount (million yen)	Interest rate (Note 2)	Drawdown date	Maturity date	Repayment method	Remarks
Tranche 11	Loan syndicate with Sumitomo Mitsui Banking Corporation as arranger (Note 1)	2,440	Base rate (JBA 3-month Japanese Yen TIBOR) (Note 3) + 0.600% (floating rate)	January 23, 2023	January 23, 2026 (Note 4)	Lump-sum repayment at maturity	Unsecured and unguaranteed

(Note 1) The loan syndicate consists of Sumitomo Mitsui Banking Corporation, The Hiroshima Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, San ju San Bank, Ltd., SBI Shinsei Bank, Limited, Aozora Bank, Ltd., Resona Bank, Limited, and Mizuho Bank, Ltd.

(Note 2) Not including borrowing expenses, etc. payable to the lender.

(Note 3) The base rate applicable to the calculation period for the interest payable on each interest payment date shall be the JBA 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.ibatibor.or.jp/english/>). If the JBA 3-month Japanese Yen TIBOR falls below 0%, then the base rate shall be 0%.

(Note 4) 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 11 properties (acquisition price: 9,080 million yen) on January 19, 2023, and is scheduled to acquire the following 2 properties (planned acquisition price: 2,040 million yen) on March 31, 2023.

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-19	Starship Ishibashi Handaimae	Ikeda-shi, Osaka	Marimo Co., Ltd.	1,100	1,170	January 19, 2023
Rp-20	ArtizA Mito Shiraume	Mito-shi, Ibaraki	Marimo Co., Ltd.	707	781	January 19, 2023
Rp-21	Grand E'terna Hokudaimae II	Sapporo-shi, Hokkaido	Marimo Co., Ltd.	570	587	January 19, 2023
Rp-22	Alpha Square Minami 4jo Higashi	Sapporo-shi, Hokkaido	Alpha Court Co., Ltd.	840	889	January 19, 2023
Cp-14	Coop Sapporo Megumino	Eniwa-shi, Hokkaido	Alpha Holdings Co., Ltd.	870	1,020	March 31, 2023
Cp-15	MRR Chitose	Chitose-shi, Hokkaido	Alpha Project Godo Kaisha	471	505	January 19, 2023
Cp-16	MRR Iwamizawa	Iwamizawa-shi, Hokkaido	Alpha Court Co., Ltd.	572	625	January 19, 2023
Cp-17	MRR Hakodate	Hakodate-shi, Hokkaido	Alpha Court Co., Ltd.	390	436	January 19, 2023
Cp-18	MRR Ebetsu	Ebetsu-shi, Hokkaido	Alpha Holdings Co., Ltd.	649	692	January 19, 2023
Cp-19	MrMax Isesakiten	Isesaki-shi, Gunma	Mr Max Holdings Ltd.	1,461	1,950	January 19, 2023
Cp-20	MIRAKITA CITY HANAKITA	Himeji-shi, Hyogo	Marimo Co., Ltd.	570	708	January 19, 2023
Hp-02	Hotel Wing International Hida-Takayama	Takayama-shi, Gifu	Marimo Co., Ltd.	1,750	1,930	January 19, 2023
Lp-01	Nippon Express Komagane Logistics Center	Komagane-shi, Nagano	Not disclosed (Note 2)	1,170	1,220	March 31, 2023
Total (13 properties)				11,120	12,513	—

(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, "O" for office and "L" for logistics, while "p" is for regional and "t" is for Tokyo metropolitan area. In cases of properties with 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 is a domestic corporation in Japan, but details are 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 1, 2022, or December 1, 2022, as the date of value.

(D) Disposition of Asset

marimo REIT disposed the following property on January 11, 2023.

Property number	Property name	Location	Buyer	Disposition price (million yen) (Note 1)	Appraisal value (million yen) (Note 2)	Disposition date
Rt-02	ArtizA Tsuzuki Chuo Koen (portion disposed in the 14th FP)	Yokohama-shi, Kanagawa	Not disclosed (Note 3)	665	575	January 11, 2023

- (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 of the entire building and site stated in the real estate appraisal report with December 31, 2022, as the date of value, rounded down to the nearest specified unit.
- (Note 3) The 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 2023 (from January 1, 2023, to June 30, 2023) and Fiscal Period Ending December 2023 (from July 1, 2023, to December 31, 2023)

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> ● Fiscal period ending June 2023 (14th fiscal period) (from January 1, 2023, to June 30, 2023) (181 days) ● Fiscal period ending December 2023 (15th fiscal period) (from July 1, 2023, to December 31, 2023) (184 days)
Assets under management	<ul style="list-style-type: none"> ● The assumption is that marimo REIT will continue to hold the real estate trust beneficiary rights to 50 properties held as of the date of this document and the real estate trust beneficiary rights to 2 properties scheduled to be acquired in March 2023 through to the end of the fiscal period ending December 2023, and that there will be no acquisition of new properties or disposition of portfolio properties other than those. ● In actual practice, change may arise due to acquisition of new properties, disposition of portfolio properties, etc.
Operating revenue	<ul style="list-style-type: none"> ● Operating revenue from leasing of the portfolio assets of marimo REIT 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 rights to 11 properties acquired on January 19, 2023, and the real estate trust beneficiary rights to 2 properties scheduled to be acquired on March 31, 2023 (hereinafter, the “Newly Acquired Assets”) is calculated on the basis of the content of lease agreements provided by the previous beneficiaries or current owner, etc. of the Newly Acquired Assets, past tenants, market trends, etc., as well as the content of lease agreements in effect as of the date of this document or the scheduled 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. ● Gain on disposition of an asset is expected to be 132 million yen for the fiscal period ending June 2023 (14th fiscal period). ● The assumption is there will be no delinquent or unpaid rent by tenants.
Operating expenses	<ul style="list-style-type: none"> ● 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 for the Newly Acquired Assets) and by reflecting the factors causing fluctuation in expenses. ● Operating income from leasing after operating expenses from leasing (including depreciation) is deducted (excluding gain on sale of real estate properties) is expected to be 1,150 million yen for the fiscal period ending June 2023 and 1,234 million yen for the fiscal period ending December 2023. ● 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 2023 are expensed starting from the fiscal period ending June 2024 for the Newly Acquired Assets. Furthermore, the total amount of fixed asset tax, city planning tax, etc. to be expensed is expected to be 131 million yen for the fiscal period ending June 2023 and 130 million yen for the fiscal period ending December 2023. Of these, the amount of the effect of the acquisition of the Newly Acquired Assets is expected to be 43 million yen for the fiscal period ending June 2023 and 43 million yen for the fiscal period ending December 2023. ● Repair expenses for buildings based on medium- to long-term repair plans formulated by the Asset Manager are expected to be 48 million yen for the fiscal period ending June 2023 and 36 million yen for the fiscal period ending December 2023. 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. ● Depreciation is calculated under the straight-line method inclusive of incidental expenses and other future additional capital expenditures, and is expected to be 376 million yen for the fiscal period ending June 2023 and 375 million yen for the fiscal period ending December 2023.
Non-operating expenses	<ul style="list-style-type: none"> ● Interest expenses and other borrowing-related expenses are expected to be 176 million yen for the fiscal period ending June 2023 and 176 million yen for the fiscal period ending December 2023. ● Amortization of investment unit issuance expenses is expected to be 14 million yen for the fiscal period ending June 2023 and 14 million yen for the fiscal period ending December 2023.
Loans	<ul style="list-style-type: none"> ● 5,710 million yen was borrowed with the acquisition of the Newly Acquired Assets on January 19, 2023. ● 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. ● The assumption is that total interest-bearing liabilities will be 27,087 million yen at the end of the fiscal period ending June 2023 and 27,072 million yen at the end of the fiscal period ending December 2023.
Investment units	<ul style="list-style-type: none"> ● The assumption is the total number of investment units issued and outstanding as of the date of this document of 237,225 units. ● 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 2023.

Item	Assumptions
Dividends per unit (excluding dividends in excess of earnings)	<ul style="list-style-type: none"> ● 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. ● 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.
Dividends in excess of earnings per unit	<ul style="list-style-type: none"> ● 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. ● 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. ● 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. ● For the fiscal period ending June 2023 and fiscal period ending December 2023, 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 2023 and fiscal period ending December 2023. As such, for the fiscal period ending June 2023, total dividends in excess of earnings is expected to be 84 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 83 million yen, and for the fiscal period ending December 2023, total dividends in excess of earnings is expected to be 97 million yen, of which total dividends of allowance for temporary difference adjustments is 1 million yen and other distribution in excess of earnings is 96 million yen (Note 1). <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 14th fiscal period (fiscal period ending June 2023) and 15th fiscal period (fiscal period ending December 2023) regardless of the forecast above in the event that such conditions are not met.</p> <p>In addition, concerning the fiscal period ending June 2023 and fiscal period ending December 2023, 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 2023 and fiscal period ending December 2023 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 2023 and fiscal period ending December 2023. 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"> ● 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. ● The assumption is that there will be no unforeseen material change in general economic trends, real estate market conditions, etc.

(2) Investment Risks

Disclosure is omitted, because there is no significant change from “Investment Risks” in the most recent securities registration statement (submitted on January 4, 2023, as amended).

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	12th fiscal period (As of June 30, 2022)	13th fiscal period (As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	1,038,601	1,692,246
Cash and deposits in trust	2,528,169	2,451,434
Operating accounts receivable	20,377	21,119
Prepaid expenses	89,219	90,352
Consumption taxes refund receivable	116,940	—
Total current assets	3,793,308	4,255,153
Non-current assets		
Property, plant and equipment		
Buildings in trust	17,846,178	18,322,879
Accumulated depreciation	(2,404,457)	(2,684,323)
Buildings in trust, net	15,441,721	15,638,556
Structures in trust	390,594	388,731
Accumulated depreciation	(72,357)	(79,319)
Structures in trust, net	318,236	309,412
Machinery and equipment in trust	118,437	123,822
Accumulated depreciation	(33,454)	(36,475)
Machinery and equipment in trust, net	84,982	87,346
Tools, furniture and fixtures in trust	52,046	57,564
Accumulated depreciation	(19,674)	(22,198)
Tools, furniture and fixtures in trust, net	32,371	35,366
Land in trust	23,193,368	22,855,945
Construction in progress in trust	1,286	1,566
Total property, plant and equipment	39,071,966	38,928,193
Intangible assets		
Leasehold rights in trust	3,204	3,077
Total intangible assets	3,204	3,077
Investments and other assets		
Long-term prepaid expenses	162,968	145,615
Deferred tax assets	14	16
Guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	13,766	13,766
Total investments and other assets	186,748	169,398
Total non-current assets	39,261,920	39,100,668
Deferred assets		
Investment unit issuance expenses	40,570	28,723
Total deferred assets	40,570	28,723
Total assets	43,095,798	43,384,546

(Unit: thousand yen)

	12th fiscal period (As of June 30, 2022)	13th fiscal period (As of Dec. 31, 2022)
Liabilities		
Current liabilities		
Operating accounts payable	156,041	121,106
Short-term loans payable	—	300,000
Current portion of long-term loans payable	4,185,000	3,452,500
Accrued expenses	208,766	268,624
Income taxes payable	907	955
Accrued consumption taxes	—	62,067
Advances received	262,679	264,886
Current portion of tenant leasehold and security deposits in trust	45,021	45,021
Other	10,484	23,681
Total current liabilities	4,868,901	4,538,841
Non-current liabilities		
Long-term loans payable	16,922,500	17,640,000
Tenant leasehold and security deposits in trust	1,499,973	1,468,455
Asset retirement obligations	18,378	18,398
Other	10	22
Total non-current liabilities	18,440,863	19,126,876
Total liabilities	23,309,764	23,665,717
Net assets		
Unitholders' equity		
Unitholders' capital	19,725,556	19,725,556
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	(12,152)	(13,305)
Other deduction from unitholders' capital	(619,628)	(659,995)
Total deduction from unitholders' capital	(631,781)	(673,301)
Unitholders' capital, net	19,093,775	19,052,254
Surplus		
Unappropriated retained earnings (undisposed loss)	692,259	666,574
Total surplus	692,259	666,574
Total unitholders' equity	19,786,034	19,718,828
Total net assets	19,786,034	19,718,828
Total liabilities and net assets	43,095,798	43,384,546

(2) Statement of Income

(Unit: thousand yen)

	12th fiscal period From: Jan. 1, 2022 To: June 30, 2022	13th fiscal period From: July 1, 2022 To: Dec. 31, 2022
Operating revenue		
Lease business revenue	1,560,094	1,610,249
Other lease business revenue	106,586	125,871
Gain on sale of real estate	112,903	105,233
Total operating revenue	1,779,585	1,841,354
Operating expenses		
Expenses related to rent business	710,463	763,119
Asset management fee	143,526	164,371
Asset custody fee	2,075	2,159
Administrative service fees	17,363	19,639
Directors' compensations	2,700	3,000
Taxes and dues	21,314	27,314
Other operating expenses	40,884	46,403
Total operating expenses	938,327	1,026,008
Operating income	841,257	815,346
Non-operating income		
Interest income	17	17
Reversal of distributions payable	164	147
Interest on tax refund	—	83
Insurance income	681	3,692
Total non-operating income	864	3,940
Non-operating expenses		
Interest expenses	84,378	87,734
Borrowing related expenses	52,801	52,228
Amortization of investment unit issuance expenses	11,846	11,846
Total non-operating expenses	149,026	151,809
Ordinary income	693,095	667,476
Net income before income taxes	693,095	667,476
Income taxes - current	910	957
Income taxes - deferred	0	(2)
Total income taxes	910	955
Net income	692,184	666,520
Retained earnings brought forward	74	53
Unappropriated retained earnings (undisposed loss)	692,259	666,574

(3) Statement of Unitholders' Equity
12th fiscal period (from January 1, 2022, to June 30, 2022)

(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	(10,931)	(571,992)	(582,923)	14,287,056
Changes of items during period					
Issuance of new investment units	4,855,576				4,855,576
Dividends of surplus					
Distribution in excess of earnings attributable to allowance for temporary difference adjustments		(1,221)		(1,221)	(1,221)
Other distribution in excess of earnings			(47,636)	(47,636)	(47,636)
Net income					
Total changes of items during period	4,855,576	(1,221)	(47,636)	(48,857)	4,806,718
Balance at end of current period	19,725,556	(12,152)	(619,628)	(631,781)	19,093,775

(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	550,333	550,333	14,837,389	14,837,389
Changes of items during period				
Issuance of new investment units			4,855,576	4,855,576
Dividends of surplus	(550,258)	(550,258)	(550,258)	(550,258)
Distribution in excess of earnings attributable to allowance for temporary difference adjustments			(1,221)	(1,221)
Other distribution in excess of earnings			(47,636)	(47,636)
Net income	692,184	692,184	692,184	692,184
Total changes of items during period	141,926	141,926	4,948,644	4,948,644
Balance at end of current period	692,259	692,259	19,786,034	19,786,034

13th fiscal period (from July 1, 2022, to December 31, 2022)

(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	19,725,556	(12,152)	(619,628)	(631,781)	19,093,775
Changes of items during period					
Dividends of surplus					
Distribution in excess of earnings attributable to allowance for temporary difference adjustments		(1,153)		(1,153)	(1,153)
Other distribution in excess of earnings			(40,367)	(40,367)	(40,367)
Net income					
Total changes of items during period	—	(1,153)	(40,367)	(41,520)	(41,520)
Balance at end of current period	19,725,556	(13,305)	(659,995)	(673,301)	19,052,254

(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	692,259	692,259	19,786,034	19,786,034
Changes of items during period				
Dividends of surplus	(692,205)	(692,205)	(692,205)	(692,205)
Distribution in excess of earnings attributable to allowance for temporary difference adjustments			(1,153)	(1,153)
Other distribution in excess of earnings			(40,367)	(40,367)
Net income	666,520	666,520	666,520	666,520
Total changes of items during period	(25,684)	(25,684)	(67,205)	(67,205)
Balance at end of current period	666,574	666,574	19,718,828	19,718,828

(4) Statement of Distribution of Cash

	12th fiscal period From: Jan. 1, 2022 To: June 30, 2022	13th fiscal period From: July 1, 2022 To: Dec. 31, 2022
I. Unappropriated retained earnings	692,259,231 yen	666,574,271 yen
II. Addition of dividends in excess of earnings	41,520,816 yen	42,674,172 yen
<i>Of which,</i>		
Allowance for temporary difference adjustments	1,153,356 yen	1,153,356 yen
Other deduction from unitholders' capital	40,367,460 yen	41,520,816 yen
III. Dividends	733,726,642 yen	709,121,714 yen
[Dividends per unit]	[3,817 yen]	[3,689 yen]
<i>Of which,</i>		
Dividends of earnings	692,205,826 yen	666,447,542 yen
[Dividends of earnings per unit]	[3,601 yen]	[3,467 yen]
Allowance for temporary difference adjustments	1,153,356 yen	1,153,356 yen
[Dividends in excess of earnings per unit (attributable to allowance for temporary difference adjustments)]	[6 yen]	[6 yen]
Other dividends in excess of earnings	40,367,460 yen	41,520,816 yen
[Dividends in excess of earnings per unit (attributable to other dividends in excess of earnings)]	[210 yen]	[216 yen]
IV. Retained earnings carried forward	53,405 yen	126,729 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 692,205,826 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 41,520,816 yen, which is the amount roughly equivalent to 13% 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 216 yen. Furthermore, included in the dividends in excess of earnings is distribution of allowance for temporary difference adjustments of 1,153,356 yen, resulting in allowance for temporary difference adjustments per unit of 6 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 666,447,542 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 42,674,172 yen, which is the amount roughly equivalent to 14% 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 222 yen. Furthermore, included in the dividends in excess of earnings is distribution of allowance for temporary difference adjustments of 1,153,356 yen, resulting in allowance for temporary difference adjustments per unit of 6 yen.</p>

(5) Statement of Cash Flows

(Unit: thousand yen)

	12th fiscal period From: Jan. 1, 2022 To: June 30, 2022	13th fiscal period From: July 1, 2022 To: Dec. 31, 2022
Cash flows from operating activities		
Net income before income taxes	693,095	667,476
Depreciation	306,196	313,262
Amortization of investment unit issuance expenses	11,846	11,846
Interest income	(17)	(17)
Interest expenses	84,378	87,734
Decrease (increase) in operating accounts receivable	3,260	(742)
Decrease (increase) in consumption taxes refund receivable	(124,462)	124,462
Increase (decrease) in accrued consumption taxes	(11,324)	54,544
Decrease (increase) in prepaid expenses	(8,158)	(1,133)
Increase (decrease) in operating accounts payable	46,134	(14,266)
Increase (decrease) in accrued expenses	22,512	21,796
Increase (decrease) in advances received	59,428	2,206
Decrease due to sale of property, plant and equipment in trust	226,716	532,398
Decrease (increase) in long-term prepaid expenses	(52,126)	17,353
Other, net	4,867	13,579
Subtotal	1,262,345	1,830,501
Interest income received	17	17
Interest expenses paid	(76,832)	(87,622)
Income taxes paid	(918)	(910)
Net cash provided by (used in) operating activities	1,184,612	1,741,986
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(10,380,371)	(684,460)
Payments for lease and guarantee deposits in trust	(266)	—
Payments into restricted deposits	(0)	(0)
Net cash provided by (used in) investing activities	(10,380,637)	(684,460)
Cash flows from financing activities		
Proceeds from short-term loans payable	230,000	300,000
Repayments of short-term loans payable	(230,000)	—
Proceeds from long-term loans payable	4,970,000	2,015,000
Repayments of long-term loans payable	(15,000)	(2,030,000)
Proceeds from issuance of investment units	4,812,491	—
Dividends paid	(598,899)	(734,097)
Net cash provided by (used in) financing activities	9,168,591	(449,097)
Net increase (decrease) in cash and cash equivalents	(27,434)	608,428
Cash and cash equivalents at beginning of period	2,020,208	1,992,774
Cash and cash equivalents at end of period	1,992,774	2,601,203

- (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 2–68 years Structures in trust 5–58 years Machinery and equipment in trust 10–29 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 ordinary 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 54,674 thousand yen for the 12th fiscal period and 2,244 thousand yen for the 13th 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 non-deductible consumption tax, etc. Non-deductible consumption tax, etc. on non-current assets are included in the cost of acquisition of each asset.</p>

[Additional Information]

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

12th fiscal period (from January 1, 2022, to June 30, 2022)

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

The posting of MRR Omuta's amortization of leasehold rights for leasehold rights 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 1,153 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.

13th fiscal period (from July 1, 2022, to December 31, 2022)

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

The posting of MRR Omuta's amortization of leasehold rights for leasehold rights 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 1,153 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.