

## (REIT) Financial Report for the Fiscal Period Ended June 2020

August 19, 2020

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 Securities Code: 3470  
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Listing: Tokyo Stock Exchange  
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Scheduled date of commencement of dividends payment: September 18, 2020  
 Scheduled date of submission of securities report: September 24, 2020

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 June 2020 (from January 1, 2020, to June 30, 2020)

## (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 June 2020	1,265	12.1	571	18.4	468	17.4	467	17.5
Ended Dec. 2019	1,129	0.7	482	2.4	398	0.4	398	0.4

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 June 2020	3,109	3.4	1.5	37.0
Ended Dec. 2019	3,008	3.2	1.4	35.3

## (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 June 2020	3,063	467	431	65	3,494	533	100.0	3.2
Ended Dec. 2019	3,008	398	496	65	3,504	463	100.0	3.2

(Note 1) The breakdown of total dividends in excess of earnings for the fiscal period ended December 2019 is total dividends from allowance for temporary difference adjustments of 1 million yen (9 yen per unit) and total dividends from distribution accompanying decrease in capital, etc. under tax law of 64 million yen (487 yen per unit).

The breakdown of total dividends in excess of earnings for the fiscal period ended June 2020 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 64 million yen (424 yen per unit).

(Note 2) The ratio of decreasing surplus, etc. attributable to distribution in excess of earnings (refund of investments in capital) is 0.006 for the fiscal period ended December 2019 and 0.005 for the fiscal period ended June 2020.

(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 June 2020	32,766	14,948	45.6	97,905
Ended Dec. 2019	27,960	12,486	44.7	94,355

(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 June 2020	693	(5,099)	4,089	1,631
Ended Dec. 2019	783	(62)	(476)	1,947

2. Operating Forecasts for the Fiscal Period Ending December 2020 (from July 1, 2020, to December 31, 2020) and Operating Forecasts for the Fiscal Period Ending June 2021 (from January 1, 2021, to June 30, 2021)

(% 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 Dec. 2020	1,283	1.4	575	0.7	471	0.6	470	0.6	3,082	425	3,507
Ending June 2021	1,283	0.0	563	(2.0)	461	(2.2)	460	(2.2)	3,015	449	3,464

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

Fiscal period ending December 2020: 3,082 yen      Fiscal period ending June 2021: 3,015 yen

(Note) The rate of period-on-period increase (decrease) for the fiscal period ending December 2020 shows comparison with the actual figures for the fiscal period ended June 2020, and that for the fiscal period ending June 2021 shows comparison with the forecast figures for the fiscal period ending December 2020.

\* 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 June 2020	152,680 units	Fiscal period ended Dec. 2019	132,340 units
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- ② Number of treasury investment units at end of period

Fiscal period ended June 2020	0 units	Fiscal period ended Dec. 2019	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 December 2020 (from July 1, 2020, to December 31, 2020) and Fiscal Period Ending June 2021 (from January 1, 2021, to June 30, 2021)" on page 6.

## Table of Contents

1. Management Status .....	2
(1) Management Status.....	2
(2) Investment Risks .....	8
2. Financial Statements .....	9
(1) Balance Sheet .....	9
(2) Statement of Income .....	11
(3) Statement of Unitholders' Equity.....	12
(4) Statement of Distribution of Cash.....	14
(5) Statement of Cash Flows.....	15
(6) Notes on the Going Concern Assumption .....	16
(7) Notes on Matters Concerning Significant Accounting Policies .....	17

## 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 Trusts 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) 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 listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. (hereinafter, the "J-REIT Market") on July 29, 2016 (securities code: 3470). During the fiscal period under review, marimo REIT implemented an issuance of new investment units through public offering (19,371 units) on January 20, 2020, and issuance of new investment units through third-party allotment accompanying secondary offering through overallotment (969 units) on February 17, 2020. 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) Amounts are rounded down to the nearest million yen if such applies. Unless otherwise stated, the same shall apply hereinafter.

#### ② Investment Environment

In the fiscal period under review, the Japanese economy experienced negative growth with an annualized real GDP growth rate of -2.2% for the period from January to March 2020 (seasonally adjusted; second preliminary estimate). Compared with the period from July to September 2019, domestic demand deteriorated from +0.6% to -0.4%. Specifically, economic trends have weakened rapidly in the wake of the global spread of COVID-19, and economic activities centering on individual consumption, etc. slowed down significantly in and after April 2020 in particular following the declaration of a state of emergency accompanying the stay-at-home request and request for business closure.

Although the declaration of a state of emergency was later lifted, the COVID-19 pandemic is ongoing. As global travel remains restricted and people face continued requests to stay home, etc. in Japan as well, it is assumed that more time will be needed in order for economic activities to recover.

(Financial Market)

With the Bank of Japan's monetary easing policy, the JBA 3-month Japanese Yen TIBOR remained at 0.06909% between December 27, 2019, and June 30, 2020. Because the outlook continues to be uncertain due to the impact of the COVID-19 pandemic, the outcome of the U.S. presidential election, etc., the impact of volatility in financial markets should be carefully watched going forward.

(Real Estate Transaction Market)

According to "ARES Monthly Report (June 2020)" 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 May 2020 increased by approximately 14.5 billion yen year on year (+2.2% year on year) to 674.3 billion yen in terms of total acquisition price. As for actual sales, the total sale price also increased by 3.3 billion yen year on year (+2.7% year on year) to approximately 124.4 billion yen. These are likely to be attributable to some investment corporations selling their portfolio properties as real estate prices are on the rise. Accordingly, attention should continue to be paid to factors including 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.

(Retail Property Market)

According to “Current Survey of Commerce” by the Ministry of Economy, Trade and Industry, for the period from January to March 2020, the rate of increase in sales value compared with the same period of the previous year for supermarkets increased by 2.5% on average nationally. By area, the Chubu area was +3.4%, the Shikoku area was +2.7%, the Kyushu area was +1.7%, and the Chugoku area was +1.6%. As for drug stores, the rate of increase was +10.8% on average nationally, with particularly high growth of +15.0% for the Tohoku area, +14.5% for the Chubu area, +10.1% for the Chugoku area, +9.4% for the Shikoku area, and +8.3% for the Kyushu area, showing an upward trend across the nation. The sales value of supermarkets and drug stores selling daily necessities is expected to remain stable regardless of the impact of COVID-19.

(Hotel Market)

According to “Visitor Arrivals to Japan (estimate for May 2020)” by Japan National Tourism Organization, the number of international visitors to Japan in the period from January to May 2020 decreased significantly to 3.94 million or -71.3% year on year (including estimates). As a result, according to “Overnight Travel Statistics Survey (April 2020/second preliminary estimates, May 2020/first preliminary estimates)” by Japan Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism, the total number of overnight international guests for April 2020 decreased significantly to 0.20 million (-98.2% year on year); and guest room occupancy rate by type of accommodation facility dropped significantly to 24.7% (-54.5% year on year) for business hotels, 11.9% (-71.1% year on year) for city hotels, 5.9% (-51.9% year on year) for resort hotels. Close attention should be paid going forward since the number of international visitors to Japan may not increase due to the impact of COVID-19.

(Office Leasing Market)

According to “Japan Office Market View Q1 2020” by CBRE K.K., in the first quarter of 2020, the vacancy rate for major regional cities appeared to be on a decreasing trend in general compared with the previous quarter, with 0.4% (+0.2 pts quarter on quarter) for Fukuoka City, 0.4% (-0.5 pts quarter on quarter) for Osaka City, 0.6% (-0.4 pts quarter on quarter) for Nagoya City, 0.4% (-0.4 pts quarter on quarter) for Sapporo City, and 1.8% (-1.4 pts quarter on quarter) for Hiroshima City. However, assumed contract rents showed an upward trend, with 16,450 yen/tsubo (+8.3% quarter on quarter) for Fukuoka City and 11,870 yen/tsubo (+3.9% quarter on quarter) for Hiroshima City. However, because demand for offices is expected to change with the prevalence of telework in response to the COVID-19 pandemic, 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 resulted in successful stable operation of properties under management and reduction of downtime. In addition, as part of measures for internal growth, value enhancement work was implemented at ArtizA Hakataeki-Minami to introduce solid wood flooring and a new parking lot was constructed at MRR Akita II (Note 1), thereby achieving an increase in rent revenue, etc. In terms of cost reduction, expenses were reduced at MRR Kumamoto through partial review of the building maintenance contract. In addition, the Asset Manager conducted management aimed at improvement of functionality and convenience and enhancement of customer satisfaction, including the painting of the exterior walls of the parking building and installation of disaster-response vending machines at MRR Kumamoto, as well as renovation of elevators at ArtizA Sobudai. Despite such efforts, move-outs by large tenants at some residential properties lowered occupancy rates temporarily to result in an occupancy rate of 98.1% and period-average occupancy rate of 98.5% for marimo REIT’s portfolio assets as of the end of the fiscal period under review (31 properties; total acquisition price (Note 2): 29,955 million yen).

(Note 1) As to the four properties presented in the securities report submitted on March 26, 2020, under names after change, “(Tentative name) ArtizA Matsumoto” has been changed to “ArtizA Matsumoto,” “(Tentative name) MRR Akita II” to “MRR Akita II,” “(Tentative name) MRR Ichihara (land ownership interests)” to “MRR Ichihara (land ownership interest),” and “(Tentative name) MRR Kitamoto (land ownership interest)” to “K’s Denki Kitamoto Store (land ownership interests).”

(Note 2) “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, 2,340 million yen was procured through an issuance of new investment units through public

offering on January 20, 2020, and 117 million yen was procured through issuance of new investment units through third-party allotment accompanying secondary offering through overallotment on February 17, 2020, upon acquisition of real estate trust beneficiary rights to 6 properties. In addition, 2,250 million yen was borrowed on January 21, 2020, to partially fund the acquisition of the real estate trust beneficiary rights to 6 properties and related expenses.

Of long-term loans, early repayment of the long-term loan borrowed on January 21, 2020 (Tranche 5-B: loan balance of 110 million yen), was carried out on April 1, 2020, using funds procured through third-party allotment. Furthermore, of long-term loans borrowed on August 1, 2016 (Tranche D: loan balance of 1,402 million yen), funds on hand were used to execute contractual repayment of 7 million yen on February 3, 2020, and 7 million yen on May 1, 2020. As a result, as at the end of the fiscal period under review (end of June 2020), the balance of loans outstanding was 15,897 million yen and the ratio of interest-bearing liabilities to total assets (hereinafter, "LTV ratio") was 48.5%.

(Note) Of long-term loans borrowed on August 1, 2016 (Tranche D), 7 million yen was repaid on August 3, 2020. As a result of these, loan balance of marimo REIT as of the date of this document stands at 15,890 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 1,265 million yen, operating income of 571 million yen, ordinary income of 468 million yen and net income of 467 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 3,063 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 65 million yen, which is the amount roughly equivalent to 27% 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 431 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 7 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 8th fiscal period (fiscal period ended June 2020) was 35,542 million yen, which exceeds the sum total of total book value of real estate, etc. (29,441 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 9th fiscal period (169 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 29,438 million yen and leasehold interest posted to intangible assets of 3 million yen.

(Note 3) For the 31 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 56 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 45 million yen for the fiscal period ending December 2020 and 61 million yen for the fiscal period ending June 2021. 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, hardware 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 (The Mie 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 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, since the assets under management of marimo REIT mostly consist of retail and residential properties in regional areas, the impact was limited although some tenants have requested rent reduction. As such, the impact on the next fiscal period is expected to be minimal.

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

Not applicable.

Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending December 2020 (from July 1, 2020, to December 31, 2020) and Fiscal Period Ending June 2021 (from January 1, 2021, to June 30, 2021)

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> <li>● Fiscal period ending December 2020 (9th fiscal period) (from July 1, 2020, to December 31, 2020) (184 days)</li> <li>● Fiscal period ending June 2021 (10th fiscal period) (from January 1, 2021, to June 30, 2021) (181 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 31 properties held as of the date of this document and that there will be no acquisition of new properties other than those through to the end of the fiscal period ending June 2021.</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 is calculated on the basis of rent, etc. stated in lease contracts in effect as of the date of this document, historical data, etc.</li> <li>● The assumption is that 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 COVID-19 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. 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 763 million yen for the fiscal period ending December 2020 and 747 million yen for the fiscal period ending June 2021.</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 2020 are expensed starting from the fiscal period ending June 2021 for the real estate trust beneficiary rights to 6 properties acquired on January 21, 2020 (hereinafter, the "Newly Acquired Assets"). Furthermore, the total amount of fixed asset tax, city planning tax, etc. to be expensed is expected to be 83 million yen for the fiscal period ending December 2020 and 98 million yen for the fiscal period ending June 2021. Of these, the amount of the effect of the acquisition of the newly acquired assets is expected to be 15 million yen for the fiscal period ending June 2021 and 15 million yen for the fiscal period ending December 2021.</li> <li>● Repair expenses for buildings based on medium- to long-term repair plans formulated by the Asset Manager are expected to be 33 million yen for the fiscal period ending December 2020 and 42 million yen for the fiscal period ending June 2021. 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 242 million yen for the fiscal period ending December 2020 and 244 million yen for the fiscal period ending June 2021.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>● Interest expenses and other borrowing-related expenses are expected to be 93 million yen for the fiscal period ending December 2020 and 97 million yen for the fiscal period ending June 2021.</li> <li>● Expenses associated with the issuance of new investment units and issuance of new investment units through third-party allotment for which resolution was passed at meetings of marimo REIT's board of directors held on January 6, 2020, and January 14, 2020, are expected to be 28 million yen and amortized under the straight-line method over a period of 3 years. Amortization of investment unit issuance expenses inclusive of the above are expected to be 10 million yen for the fiscal period ending December 2020 and 4 million yen for the fiscal period ending June 2021.</li> </ul>
Loans	<ul style="list-style-type: none"> <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 15,882 million yen at the end of the fiscal period ending December 2020 and 15,867 million yen at the end of the fiscal period ending June 2021.</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 152,680 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 June 2021.</li> </ul>
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>



Item	Assumptions
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 December 2020 and fiscal period ending June 2021, 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 December 2020 and fiscal period ending June 2021. As such, for the fiscal period ending December 2020, total dividends in excess of earnings is expected to be 64 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 63 million yen, and for the fiscal period ending June 2021, total dividends in excess of earnings is expected to be 68 million yen, of which total dividends of allowance for temporary difference adjustments is 1 million yen and other distribution in excess of earnings is 67 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 9th fiscal period (fiscal period ending December 2020) and 10th fiscal period (fiscal period ending June 2021) regardless of the forecast above in the event that such conditions are not met.</p> <p>In addition, concerning the fiscal period ending December 2020 and fiscal period ending June 2021, 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 December 2020 and fiscal period ending June 2021 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 December 2020 and fiscal period ending June 2021. 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

“Investment Risks” in the most recent securities report (submitted on March 26, 2020) have been revised as follows. Revisions are underlined.

1) Risk factors

(Omitted)

⑥ Other

- (i) Risk concerning reliance on opinions of real estate appraisers and other experts
- (ii) Risk concerning application of asset-impairment accounting
- (iii) Risk concerning investment in silent partnership interest
- (iv) Risk concerning investment in preferred equity securities of special purpose companies
- (v) Risk concerning the small size of marimo REIT’s assets
- (vi) Risk concerning being impacted by infectious diseases

① Risk concerning merchantability of the investment securities

- (i) Risk concerning fluctuation of the market value of the investment securities

The spread of COVID-19 in Japan and abroad has caused business stagnation and is negatively affecting economic activities centering particularly on urban areas. Because the assets under management of marimo REIT mostly consist of retail and residential properties in regional areas, the degree of the impact is believed to be relatively small. However, if COVID-19 spreads further and lingers over the long term going forward, regional economies in which portfolio properties of marimo REIT are located could be further affected. As a result, the market value of marimo REIT’s investment units may be negatively affected.

In addition to the above, because marimo REIT is a closed-end investment corporation, investment securities are not redeemable at the demand of unitholders and conversion of investment securities into cash is restricted to sale to third parties. (However, marimo REIT can purchase its investment units for compensation through agreement with unitholders (Article 7, Paragraph 2 of marimo REIT’s Articles of Incorporation).)

The market value of the investment securities is affected by the supply-demand balance on the stock exchange, and sharp decreases in value are possible when a massive amount is put up for sale within a certain period. Furthermore, market values may fluctuate due to various factors including interest rates, the economic climate, real estate market, and other market-related factors.

Decrease in the market value of the investment securities may also result from administrative measures recommended or conducted by regulatory authorities concerning marimo REIT or the Asset Manager, or concerning other investment corporations and other asset managers.

In cases where the market value of the investment securities declines, unitholders may not be able to sell the investment securities at the acquisition price and may incur losses as a result.

(Omitted)

⑥ Other

(Omitted)

(vi) Risk concerning being impacted by infectious diseases

Due to the impact of the global pandemic of COVID-19, economic activities have stagnated significantly not only in Japan but also around the world. While the declaration of a state of emergency for COVID-19 issued on April 7, 2020, was lifted on May 25, 2020, social economic activities have not returned to normal and a possible resurgence of infections is also anticipated. In the case the impact of the pandemic lingers over the long term, tenants may request rent reduction or may fall behind on rent in addition to the possible emergence of risk of vacancy in line with move-outs by tenants due to reasons such as deterioration of tenant earnings and decrease in their creditworthiness.

When infectious diseases, including COVID-19, spread or linger over the long term, officers and employees of the Asset Manager are assumed to work from home to prevent the spread of infection. However, some of their duties are unsuited for such work style, and if the impact of infection lingers over the long term, business operations of the Asset Manager may slow down, negatively affecting the management of marimo REIT.

(Following section omitted)

## 2. Financial Statements

## (1) Balance Sheet

(Unit: thousand yen)

	7th fiscal period (As of Dec. 31, 2019)	8th fiscal period (As of June 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	1,359,172	921,559
Cash and deposits in trust	1,878,767	2,160,966
Operating accounts receivable	7,614	11,035
Prepaid expenses	53,837	54,314
Consumption taxes receivable	—	59,542
Other	4,654	—
Total current assets	3,304,045	3,207,419
Non-current assets		
Property, plant and equipment		
Buildings in trust	11,675,924	12,939,840
Accumulated depreciation	(1,259,445)	(1,490,003)
Buildings in trust, net	10,416,478	11,449,837
Structures in trust	270,705	324,513
Accumulated depreciation	(37,493)	(44,438)
Structures in trust, net	233,212	280,074
Machinery and equipment in trust	118,437	118,437
Accumulated depreciation	(18,835)	(21,759)
Machinery and equipment in trust, net	99,602	96,678
Tools, furniture and fixtures in trust	29,976	34,803
Accumulated depreciation	(4,909)	(7,388)
Tools, furniture and fixtures in trust, net	25,067	27,414
Land in trust	13,780,877	17,584,254
Total property, plant and equipment	24,555,237	29,438,259
Intangible assets		
Leasehold rights in trust	3,839	3,712
Software	1,769	1,179
Total intangible assets	5,609	4,891
Investments and other assets		
Long-term prepaid expenses	60,979	63,611
Deferred tax assets	14	16
Guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	13,500	13,500
Total investments and other assets	84,493	87,128
Total non-current assets	24,645,340	29,530,279
Deferred assets		
Investment unit issuance expenses	11,258	28,958
Total deferred assets	11,258	28,958
Total assets	27,960,644	32,766,657

(Unit: thousand yen)

	7th fiscal period (As of Dec. 31, 2019)	8th fiscal period (As of June 30, 2020)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	73,160	124,802
Current portion of long-term loans payable	30,000	4,870,000
Accrued expenses	140,493	147,565
Income taxes payable	892	944
Accrued consumption taxes	28,206	—
Advances received	173,414	200,580
Current portion of tenant leasehold and security deposits in trust	48,121	48,121
Other	5,614	6,849
Total current liabilities	499,902	5,398,864
Non-current liabilities		
Long-term loans payable	13,742,500	11,027,500
Tenant leasehold and security deposits in trust	1,212,964	1,373,594
Asset retirement obligations	18,280	18,300
Other	54	163
Total non-current liabilities	14,973,800	12,419,558
Total liabilities	15,473,703	17,818,422
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	12,412,622	14,869,979
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	(6,533)	(7,724)
Other deduction from unitholders' capital	(317,303)	(381,753)
Total deduction from unitholders' capital	(323,837)	(389,477)
Unitholders' capital, net	12,088,785	14,480,501
Surplus		
Unappropriated retained earnings (undisposed loss)	398,155	467,732
Total surplus	398,155	467,732
Total unitholders' equity	12,486,940	14,948,234
Total net assets	12,486,940	14,948,234
Total liabilities and net assets	27,960,644	32,766,657

## (2) Statement of Income

(Unit: thousand yen)

	7th fiscal period From: July 1, 2019 To: Dec. 31, 2019	8th fiscal period From: Jan. 1, 2020 To: June 30, 2020
<b>Operating revenue</b>		
Lease business revenue	1,073,574	1,210,246
Other lease business revenue	51,908	55,433
Gain on sales of real estate properties	3,818	—
<b>Total operating revenue</b>	<b>1,129,301</b>	<b>1,265,679</b>
<b>Operating expenses</b>		
Expenses related to rent business	479,297	520,645
Asset management fee	101,589	107,749
Asset custody fee	1,397	1,595
Administrative service fees	12,190	13,217
Directors' compensations	2,400	2,400
Taxes and dues	13,755	15,337
Other operating expenses	35,957	33,320
<b>Total operating expenses</b>	<b>646,588</b>	<b>694,266</b>
<b>Operating income</b>	<b>482,713</b>	<b>571,413</b>
<b>Non-operating income</b>		
Interest income	14	14
Reversal of distributions payable	—	275
Interest on refund	24	—
Insurance income	846	315
<b>Total non-operating income</b>	<b>885</b>	<b>605</b>
<b>Non-operating expenses</b>		
Interest expenses	54,397	60,765
Borrowing related expenses	24,586	32,358
Amortization of investment unit issuance expenses	5,629	10,295
<b>Total non-operating expenses</b>	<b>84,613</b>	<b>103,419</b>
<b>Ordinary income</b>	<b>398,984</b>	<b>468,599</b>
<b>Net income before income taxes</b>	<b>398,984</b>	<b>468,599</b>
Income taxes - current	894	946
Income taxes - deferred	0	(2)
<b>Total income taxes</b>	<b>894</b>	<b>943</b>
<b>Net income</b>	<b>398,089</b>	<b>467,655</b>
Retained earnings brought forward	66	76
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>398,155</b>	<b>467,732</b>

## (3) Statement of Unitholders' Equity

7th fiscal period (from July 1, 2019, to December 31, 2019)

(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	12,412,622	(5,342)	(252,456)	(257,799)	12,154,823
Changes of items during period					
Dividends of surplus					
Distribution in excess of earnings attributable to allowance for temporary difference adjustments		(1,191)		(1,191)	(1,191)
Other distribution in excess of earnings			(64,846)	(64,846)	(64,846)
Net income					
Total changes of items during period	—	(1,191)	(64,846)	(66,037)	(66,037)
Balance at end of current period	12,412,622	(6,533)	(317,303)	(323,837)	12,088,785

(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	396,424	396,424	12,551,247	12,551,247
Changes of items during period				
Dividends of surplus	(396,358)	(396,358)	(396,358)	(396,358)
Distribution in excess of earnings attributable to allowance for temporary difference adjustments			(1,191)	(1,191)
Other distribution in excess of earnings			(64,846)	(64,846)
Net income	398,089	398,089	398,089	398,089
Total changes of items during period	1,731	1,731	(64,306)	(64,306)
Balance at end of current period	398,155	398,155	12,486,940	12,486,940

8th fiscal period (from January 1, 2020, to June 30, 2020)

(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	12,412,622	(6,533)	(317,303)	(323,837)	12,088,785
Changes of items during period					
Issuance of new investment units	2,457,356				2,457,356
Dividends of surplus					
Distribution in excess of earnings attributable to allowance for temporary difference adjustments		(1,191)		(1,191)	(1,191)
Other distribution in excess of earnings			(64,449)	(64,449)	(64,449)
Net income					
Total changes of items during period	2,457,356	(1,191)	(64,449)	(65,640)	2,391,716
Balance at end of current period	14,869,979	(7,724)	(381,753)	(389,477)	14,480,501

(Unit: thousand yen)

	Unitholders' equity			
	Surplus		Total unitholders' equity	Total net assets
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	398,155	398,155	12,486,940	12,486,940
Changes of items during period				
Issuance of new investment units			2,457,356	2,457,356
Dividends of surplus	(398,078)	(398,078)	(398,078)	(398,078)
Distribution in excess of earnings attributable to allowance for temporary difference adjustments			(1,191)	(1,191)
Other distribution in excess of earnings			(64,449)	(64,449)
Net income	467,655	467,655	467,655	467,655
Total changes of items during period	69,577	69,577	2,461,293	2,461,293
Balance at end of current period	467,732	467,732	14,948,234	14,948,234

## (4) Statement of Distribution of Cash

	7th fiscal period From: July 1, 2019 To: Dec. 31, 2019	8th fiscal period From: Jan. 1, 2020 To: June 30, 2020
I. Unappropriated retained earnings	398,155,403 yen	467,732,414 yen
II. Addition of dividends in excess of earnings	65,640,640 yen	65,805,080 yen
<i>Of which,</i>		
Allowance for temporary difference adjustments	1,191,060 yen	1,068,760 yen
Other deduction from unitholders' capital	64,449,580 yen	64,736,320 yen
III. Dividends	463,719,360 yen	533,463,920 yen
[Dividends per unit]	[3,504 yen]	[3,494 yen]
<i>Of which,</i>		
Dividends of earnings	398,078,720 yen	467,658,840 yen
[Dividends of earnings per unit]	[3,008 yen]	[3,063 yen]
Allowance for temporary difference adjustments	1,191,060 yen	1,068,760 yen
[Dividends in excess of earnings per unit (attributable to allowance for temporary difference adjustments)]	[9 yen]	[7 yen]
Other dividends in excess of earnings	64,449,580 yen	64,736,320 yen
[Dividends in excess of earnings per unit (attributable to other dividends in excess of earnings)]	[487 yen]	[424 yen]
IV. Retained earnings carried forward	76,683 yen	73,574 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 398,078,720 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 65,640,640 yen, which is the amount roughly equivalent to 30% 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 496 yen. Furthermore, included in the dividends in excess of earnings is distribution of allowance for temporary difference adjustments of 1,191,060 yen, resulting in allowance for temporary difference adjustments per unit of 9 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 467,658,840 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 65,805,080 yen, which is the amount roughly equivalent to 27% 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 431 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>



## (5) Statement of Cash Flows

(Unit: thousand yen)

	7th fiscal period From: July 1, 2019 To: Dec. 31, 2019	8th fiscal period From: Jan. 1, 2020 To: June 30, 2020
<b>Cash flows from operating activities</b>		
Net income before income taxes	398,984	468,599
Depreciation	220,460	243,644
Amortization of investment unit issuance expenses	5,629	10,295
Interest income	(14)	(14)
Interest expenses	54,397	60,765
Decrease (increase) in operating accounts receivable	114	(3,421)
Decrease (increase) in consumption taxes refund receivable	5,121	(59,542)
Increase (decrease) in accrued consumption taxes	28,206	(28,206)
Decrease (increase) in prepaid expenses	(24,600)	(477)
Increase (decrease) in operating accounts payable	(15,798)	25,642
Increase (decrease) in accrued expenses	4,028	7,073
Increase (decrease) in advances received	(3,749)	27,166
Decrease in property, plant and equipment in trust due to sale	223,392	—
Decrease (increase) in long-term prepaid expenses	(35,710)	(2,632)
Other, net	(24,741)	6,754
<b>Subtotal</b>	<b>835,720</b>	<b>755,646</b>
Interest income received	14	14
Interest expenses paid	(51,487)	(60,766)
Income taxes paid	(902)	(894)
<b>Net cash provided by (used in) operating activities</b>	<b>783,344</b>	<b>693,999</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(62,980)	(5,099,769)
Payments into restricted deposits	(0)	(0)
<b>Net cash provided by (used in) investing activities</b>	<b>(62,980)</b>	<b>(5,099,769)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	—	110,000
Decrease in short-term loans payable	(700,000)	(110,000)
Proceeds from long-term loans payable	4,030,000	2,140,000
Repayments of long-term loans payable	(3,345,000)	(15,000)
Proceeds from issuance of investment units	—	2,429,361
Dividends paid	(461,541)	(464,636)
<b>Net cash provided by (used in) financing activities</b>	<b>(476,541)</b>	<b>4,089,725</b>
Net increase (decrease) in cash and cash equivalents	243,822	(316,043)
Cash and cash equivalents at beginning of period	1,704,030	1,947,852
Cash and cash equivalents at end of period	1,947,852	1,631,808

- (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>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 not applicable for the 7th fiscal period and the amount applicable for the 8th fiscal period is 22,964 thousand yen .</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 significant 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 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>

[Additional Information]

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

7th fiscal period (from July 1, 2019, to December 31, 2019)

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 1,191 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.

8th fiscal period (from January 1, 2020, to June 30, 2020)

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.