

## (REIT) Financial Report for the Fiscal Period Ended June 2023

August 17, 2023

REIT Securities Issuer: marimo Regional Revitalization REIT, Inc.  
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Listing: Tokyo Stock Exchange  
 URL: <https://www.marimo-reit.co.jp/en/>

Scheduled date of commencement of dividends payment: September 14, 2023  
 Scheduled date of submission of securities report: September 28, 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 June 2023 (from January 1, 2023, to June 30, 2023)

## (1) Operating Results (% figures are the rate of period-on-period increase (decrease))

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended June 2023	2,141	16.3	985	20.8	800	19.9	799	20.0
Ended Dec. 2022	1,841	3.5	815	(3.1)	667	(3.7)	666	(3.7)

	Net income per unit	Return on equity	Ratio of ordinary income to net assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Ended June 2023	3,436	3.6	1.6	37.4
Ended Dec. 2022	3,467	3.4	1.5	36.2

## (2) Dividends

	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 2023	3,370	799	343	81	3,713	880	100.0	3.2
Ended Dec. 2022	3,467	666	222	42	3,689	709	100.0	3.4

(Note 1) 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).

The breakdown of total dividends in excess of earnings for the fiscal period ended June 2023 is total dividends from allowance for temporary difference adjustments of 1 million yen (5 yen per unit) and total dividends from distribution accompanying decrease in capital, etc. under tax law of 80 million yen (338 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 December 2022 and 0.004 for the fiscal period ended June 2023.

(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 2023	55,234	25,297	45.8	106,641
Ended Dec. 2022	43,384	19,718	45.5	102,581

## (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 2023	1,322	(11,724)	10,172	2,371
Ended Dec. 2022	1,741	(684)	(449)	2,601

2. Operating Forecasts for the Fiscal Period Ending December 2023 (from July 1, 2023, to December 31, 2023) and  
Operating Forecasts for the Fiscal Period Ending June 2024 (from January 1, 2024, to June 30, 2024)

(% 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. 2023	2,096	(2.1)	874	(11.3)	685	(14.4)	686	(14.2)	2,893	481	3,374
Ending June 2024	2,097	0.0	835	(4.4)	646	(5.6)	645	(5.9)	2,722	483	3,205

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

Fiscal period ending December 2023: 2,893 yen      Fiscal period ending June 2024: 2,722 yen

(Note) The rate of period-on-period increase (decrease) for the fiscal period ending December 2023 shows comparison with the actual figures for the fiscal period ended June 2023, and that for the fiscal period ending June 2024 shows comparison with the forecast figures for the fiscal period ending December 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 June 2023	237,225 units	Fiscal period ended Dec. 2022	192,226 units
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- ② Number of treasury investment units at end of period

Fiscal period ended June 2023	0 units	Fiscal period ended Dec. 2022	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 2023 (from July 1, 2023, to December 31, 2023) and Fiscal Period Ending June 2024 (from January 1, 2024, to June 30, 2024)" on page 7.

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## 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) 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). In the fiscal period under review, it issued new investment units (42,856 units) through public offering on January 18, 2023, and issued new units through third-party allotment (2,143 units) accompanying secondary offering through over-allotment on February 14, 2023. The total number of investment units issued and outstanding stands at 237,225 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 terms of the Japanese economy during the fiscal period under review (ended June 2023), the annualized real GDP growth rate for the period from January to March 2023 grew by 2.7% (seasonally adjusted; second preliminary estimate) compared with the previous quarter. This can be attributed to the recovery in individual consumption and rallying of corporate revenues that were observed in conjunction with the easing of restrictions to prevent the spread of COVID-19.

(Financial Market)

The JBA 3-month Japanese Yen TIBOR has fluctuated since January 4, 2023. It was 0.06364% from January 4 to January 10, 2023. After being 0.07364% on January 11, 2023, 0.08364% on January 12, 2023, 0.08727% on January 13, 2023, 0.08636% on January 16, 2023, and 0.08727% on January 17, 2023, from January 18, 2023, it reached 0.07455% on June 29, 2023, and 0.07000% on June 30, 2023. With surging resource and energy prices against the backdrop of the Ukraine situation, Western governments continuing to implement financial tightening policies, attention focused on developments in the Bank of Japan's monetary policy, and other future uncertainties impacting financial markets lingering, the impact of volatility in financial markets should still be carefully watched going forward.

(Real Estate Transaction Market)

According to the "ARES Monthly Report (June 2023)" 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 2023 increased by 50.7 billion yen year on year (+11.9% year on year) to 477.9 billion yen in terms of total acquisition price, and actual disposition increased by 41.5 billion yen year on year (+37.3% year on year) to 152.9 billion yen in terms of total disposition price. This is likely attributable to healthy real estate acquisition appetite among investors both in Japan and abroad as the accommodative financing environment continues, which is driving the transaction market. With the Bank of Japan also 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 prefecture.

(Retail Property Market)

According to “Current Survey of Commerce” by the Ministry of Economy, Trade and Industry, for the period from January to March 2023, the rate of increase in sales value compared with the same period of the previous year for supermarkets was +1.8% on average nationally. By area, the rate of increase was +6.4% for the Kyushu area, +3.5% for the Chugoku area, and +1.9% for the Shikoku area. For drugstores, the rate of increase was +6.1% on average nationally and by area was +8.1% for the Tohoku area, +5.0% for the Chugoku area, and +7.1% for the Kinki area, showing an upward trend across the nation. With the easing of restrictions to prevent the spread of COVID-19, the recognition is that recovery in consumer spending is being observed 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 June 2023)” by Japan National Tourism Organization, the number of international visitors to Japan in the period from January to June 2023 continued to increase, rising significantly to 10.71 million or +2,010.2% year on year (including estimates). As a result, according to “Overnight Travel Statistics Survey (April 2023 / second preliminary estimates, May 2023 / first preliminary estimates)” by Japan Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism, the total number of overnight Japanese guests for April 2023 was 36.02 million (+11.7% year on year) and that of overnight international guests was 9.52 million (+1,790.1% year on year), indicating that accommodation demand from international guests is increasing significantly. Guest room occupancy rate by type of accommodation facility is trending upward: 68.5% (+12.9% year on year) for business hotels, 67.7% (+23.6% year on year) for city hotels, and 47.7% (+10.9% year on year) for resort hotels. The recognition is that the number of Japanese and international travelers is increasing as in-bound is also expected to recover with the easing of restrictions to prevent the spread of COVID-19 and general lifting of entry restrictions for international travelers.

(Office Leasing Market)

According to “Japan Office Market View Q1 2023” by CBRE K.K., in the first quarter of 2023, the vacancy rate for major regional cities was trending upward compared to the previous year: 5.9% (+3.4 percentage points year on year) for Hiroshima City, 4.8% (-0.3 percentage points year on year) for Nagoya City, 3.5% (-0.1 percentage points year on year) for Osaka City, and 4.6% (+2.1 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 15,600 yen/tsubo (+1.8% year on year) for Sapporo City, 14,300 yen/tsubo (-0.3% year on year) for Nagoya City, 16,030 yen/tsubo (-0.9% year on year) for Fukuoka City, and 11,790 yen/tsubo (-0.3% year on year) for Hiroshima City.

Going forward, because demand for offices is expected to change with the prevalence of working in shared offices, work from home, etc., close attention should be paid to occupancy rates and such.

(Logistics Facility Market)

With regard to the logistics business environment, demand for logistics facilities is strong due to the sudden increase in staying at home and spending (online shopping, e-commerce) caused by the impact of the pandemic, and this demand is expected to increase even after the gradual easing of travel restrictions since July 2022. Furthermore, an increase in demand for logistics real estate is also anticipated based on the trend toward increased individual consumption with the easing of restrictions. In the context of this market environment, logistics real estate users are becoming more diverse and demand is growing not just for large-scale logistics real estate but for logistics real estate of various sizes with a range of facilities and features.

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, interior renovation work (replacing flooring, introducing system kitchens, etc.) was carried out at Artiza Sobudai and Artiza Kamimaezu II. Moreover, at Alpha Square Minami 4 Jo East, on-site parking was subleased to a third party, which is expected to increase contract rent. Such efforts resulted in an occupancy rate of 98.9% and period-average occupancy rate of 98.7% for marimo REIT’s portfolio assets as of the end of the fiscal period under review (52 properties; total acquisition price (Note): 50,140 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, with the acquisition of real estate trust beneficiary rights to 13 properties, 5,227 million yen was raised by issuing new investment units through public offering on January 18, 2023, and 261 million yen was raised by issuing new units through third-party allotment accompanying secondary offering through over-allotment on February 14, 2023. In addition, long-term loans of 1,500 million yen and 3,950 million yen and a short-term loan of 260 million yen were borrowed on January 19, 2023, and allocated to part of acquisition funds of real estate trust beneficiary right to the 13 properties and related expenses.

Of the borrowed funds, the short-term loan borrowed on January 19, 2023 (Tranche 10-C: 260 million yen) was repaid before maturity on June 19, 2023, using funds on hand. In addition, a long-term loan (Tranche 11) of 2,440 million yen was borrowed on January 23, 2023, to allocate to repayment of a 300 million yen short-term loan borrowed on July 5, 2022, and due for repayment on January 23, 2023, and to repayment of a long-term loan (5-A) of 2,140 million yen borrowed on January 21, 2020, with the same repayment deadline. On top of that, for a long-term loan borrowed on August 1, 2016 (Tranche D: loan balance of 1,312 million yen), funds on hand were used to execute contractual repayments of 7 million yen on February 1, 2023, and 7 million yen on May 1, 2023. As a result, at the end of the fiscal period under review (end of June 2023), the balance of loans outstanding was 26,827 million yen and the ratio of interest-bearing liabilities to total assets (hereinafter "LTV ratio") was 48.6%.

(Note) As described in "(Outlook for the Next Fiscal Period) ② Significant Subsequent Events (Reference Information) (B) Borrowing of Funds" later in this document, a long-term loan of 1,250 million yen was borrowed on August 1, 2023, to allocate to part of repayment of a long-term loan of 1,297 million yen (Tranche D) due for repayment on the same date. As a result of this, as of the date of this document, the balance of loans outstanding for marimo REIT stands at 26,820 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 2,141 million yen, operating income of 985 million yen, ordinary income of 800 million yen and net income of 799 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 3,370 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 81 million yen, which is the amount roughly equivalent to 22% 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 343 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 5 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 14th fiscal period (fiscal period ended June 2023) was 59,194 million yen, which exceeds the sum total of total book value of real estate, etc. (49,745 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 15th 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 49,742 million yen and leasehold rights in trust posted to intangible assets of 2 million yen.

(Note 3) For the 52 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 89 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 90 million yen for the fiscal period ending December 2023 and 90 million yen for the fiscal period ending June 2024. 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, even though restrictions to prevent the spread of COVID-19 are being lifted.

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.

In terms of the impact of the steep rise in expenses such as utility costs this year on the operating forecast, it has been incorporated as a fluctuating factor in the expenses indicated in “Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending December 2023 (from July 1, 2023, to December 31, 2023) and Fiscal Period Ending June 2024 (from January 1, 2024, to June 30, 2024)” on page 7.

(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.

(Reference Information)

Borrowing of Funds

marimo REIT borrowed a long-term loan of 1,290 million yen on August 1, 2023, to allocate to part of the funds for repayment of a long-term loan due for repayment on the same date (Tranche D) of 1,297 million yen. Details are as follows.

	Lender	Loan amount (million yen)	Interest rate (Note 2)	Drawdown date	Maturity date	Repayment method	Remarks
Tranche 12	Loan syndicate with Sumitomo Mitsui Banking Corporation as arranger (Note 1)	1,290	Base rate (JBA 3-month Japanese Yen TIBOR) (Note 3) + 0.650% (floating rate)	August 1, 2023	August 1, 2027 (Note 4)	Lump-sum repayment at maturity	Unsecured and unguaranteed

(Note 1) The loan syndicate consists of Sumitomo Mitsui Banking Corporation, The Bank of Fukuoka, Ltd., and San ju San 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.



Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending December 2023 (from July 1, 2023, to December 31, 2023) and Fiscal period Ending June 24 (January 1, 2024, to June 30, 2024)

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> <li>● Fiscal period ending December 2023 (15th fiscal period) (from July 1, 2023, to December 31, 2023) (184 days)</li> <li>● Fiscal period ending June 2024 (16th fiscal period) (from January 1, 2024, to June 30, 2024) (182 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 52 properties held as of the date of this document through to the end of the fiscal period ending June 2024 and that there will be no acquisition of new properties or disposition of portfolio properties other than those.</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 of marimo REIT 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 there will be no delinquent or unpaid rent by tenants.</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 sale of real estate properties) is expected to 1,177 million yen for the fiscal period ending December 2023 and 1,132 million yen for the fiscal period ending June 2024.</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 2023 will be expensed starting from the fiscal period ending June 2024 for 11 properties whose real estate trust beneficiary rights were acquired on January 19, 2023, and 2 properties whose real estate trust beneficiary rights were acquired on March 31, 2023 (hereinafter the "Newly Acquired Assets"). Furthermore, the total amount of fixed asset tax, city planning tax, etc. to be expensed is expected to be 130 million yen for the fiscal period ending December 2023 and 174 million yen for the fiscal period ending June 2024. Of these, the amount of the effect of acquiring the Newly Acquired Assets is expected to be 44 million yen for the fiscal period ending December 2023 and 44 million yen for the fiscal period ending June 2024.</li> <li>● Repair expenses for buildings based on medium- to long-term repair plans formulated by the Asset Manager are expected to be 40 million yen for the fiscal period ending December 2023 and 53 million yen for the fiscal period ending June 2024. 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 381 million yen for the fiscal period ending December 2023 and 383 million yen for the fiscal period ending June 2024.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>● Interest expenses and other borrowing-related expenses are expected to be 174 million yen for the fiscal period ending December 2023 and 174 million yen for the fiscal period ending June 2024.</li> <li>● Amortization of investment unit issuance expenses is expected to be 14 million yen for the fiscal period ending December 2023 and 14 million yen for the fiscal period ending June 2024.</li> </ul>
Loans	<ul style="list-style-type: none"> <li>● The assumption is that total interest-bearing liabilities will be 26,820 million yen at the end of the fiscal period ending December 2023 and 26,820 million yen at the end of the fiscal period ending June 2024.</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 237,225 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 2024.</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 2023 and fiscal period ending June 2024, 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 2023 and fiscal period ending June 2024. As such, for the fiscal period ending December 2023, total dividends in excess of earnings is expected to be 114 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 112 million yen, and for the fiscal period ending June 2024, total dividends in excess of earnings is expected to be 114 million yen, of which total dividends of allowance for temporary difference adjustments is 1 million yen and other distribution in excess of earnings is 113 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 15th fiscal period (fiscal period ending December 2023) and 16th fiscal period (fiscal period ending June 2024) regardless of the forecast above in the event that such conditions are not met.</p> <p>In addition, concerning the fiscal period ending December 2023 and fiscal period ending June 2024, 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. 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 2023 and fiscal period ending June 2024 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 2023 and fiscal period ending June 2024. For instance, each accounting period’s limits on the amount of dividends in excess of earnings like those above may be revised in the case that large-scale additional incorporation of new assets or other factors lead to large fluctuation in the revenue and expense structure of the portfolio or such newly arising, in the case of material change in the financial environment, real estate investment trust market conditions, etc. or in other cases in the period up to when the distribution in excess of earnings for the concerned accounting period is ultimately executed.</p> <p>(Note 2) “Payout ratio” refers to the ratio of total dividends including distribution in excess of earnings to the amount of net income plus depreciation.</p>
Other	<ul style="list-style-type: none"> <li>● The assumption is that there will be no amendment of laws and regulations, tax systems, accounting standards, listing regulations, JITA rules, etc. that will impact the forecast figures above.</li> <li>● The assumption is that there will be no unforeseen material change in general economic trends, real estate market conditions, etc.</li> </ul>

(2) Investment Risks

Disclosure is omitted, because there is no significant change from “Investment Risks” in the most recent securities registration statement (submitted on March 24, 2023).

## 2. Financial Statements

## (1) Balance Sheet

(Unit: thousand yen)

	13th fiscal period (As of Dec. 31, 2022)	14th fiscal period (As of June 30, 2023)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,692,246	1,241,619
Cash and deposits in trust	2,451,434	3,510,551
Operating accounts receivable	21,119	17,985
Prepaid expenses	90,352	115,747
Consumption taxes refund receivable	-	310,097
<b>Total current assets</b>	<b>4,255,153</b>	<b>5,196,002</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings in trust	18,322,879	23,181,696
Accumulated depreciation	(2,684,323)	(3,021,782)
Buildings in trust, net	15,638,556	20,159,914
Structures in trust	388,731	507,248
Accumulated depreciation	(79,319)	(89,378)
Structures in trust, net	309,412	417,870
Machinery and equipment in trust	123,822	123,822
Accumulated depreciation	(36,475)	(39,496)
Machinery and equipment in trust, net	87,346	84,326
Tools, furniture and fixtures in trust	57,564	60,766
Accumulated depreciation	(22,198)	(24,719)
Tools, furniture and fixtures in trust, net	35,366	36,046
Land in trust	22,855,945	29,041,025
Construction in progress in trust	1,566	3,004
<b>Total property, plant and equipment</b>	<b>38,928,193</b>	<b>49,742,188</b>
<b>Intangible assets</b>		
Leasehold rights in trust	3,077	2,950
<b>Total intangible assets</b>	<b>3,077</b>	<b>2,950</b>
<b>Investments and other assets</b>		
Long-term prepaid expenses	145,615	212,693
Deferred tax assets	16	15
Guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	13,766	13,766
<b>Total investments and other assets</b>	<b>169,398</b>	<b>236,474</b>
<b>Total non-current assets</b>	<b>39,100,668</b>	<b>49,981,613</b>
<b>Deferred assets</b>		
Investment unit issuance expenses	28,723	56,631
<b>Total deferred assets</b>	<b>28,723</b>	<b>56,631</b>
<b>Total assets</b>	<b>43,384,546</b>	<b>55,234,247</b>

(Unit: thousand yen)

	13th fiscal period (As of Dec. 31, 2022)	14th fiscal period (As of June 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	121,106	150,048
Short-term loans payable	300,000	-
Current portion of long-term loans payable	3,452,500	3,717,500
Accrued expenses	268,624	254,873
Income taxes payable	955	927
Accrued consumption taxes	62,067	-
Advances received	264,886	322,425
Current portion of tenant leasehold and security deposits in trust	45,021	64,962
Other	23,681	10,528
Total current liabilities	4,538,841	4,521,265
Non-current liabilities		
Long-term loans payable	17,640,000	23,110,000
Tenant leasehold and security deposits in trust	1,468,455	2,286,553
Asset retirement obligations	18,398	18,418
Other	22	43
Total non-current liabilities	19,126,876	25,415,015
<b>Total liabilities</b>	<b>23,665,717</b>	<b>29,936,281</b>
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	19,725,556	25,214,309
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	(13,305)	(14,459)
Other deduction from unitholders' capital	(659,995)	(701,516)
Total deduction from unitholders' capital	(673,301)	(715,976)
Unitholders' capital, net	19,052,254	24,498,333
Surplus		
Unappropriated retained earnings (undisposed loss)	666,574	799,633
Total surplus	666,574	799,633
Total unitholders' equity	19,718,828	25,297,966
<b>Total net assets</b>	<b>19,718,828</b>	<b>25,297,966</b>
<b>Total liabilities and net assets</b>	<b>43,384,546</b>	<b>55,234,247</b>

## (2) Statement of Income

(Unit: thousand yen)

	13th fiscal period From: July 1, 2022 To: Dec. 31, 2022	14th fiscal period From: Jan. 1, 2023 To: June 30, 2023
<b>Operating revenue</b>		
Lease business revenue	1,610,249	1,929,080
Other lease business revenue	125,871	116,182
Gain on sale of real estate	105,233	96,728
<b>Total operating revenue</b>	<b>1,841,354</b>	<b>2,141,991</b>
<b>Operating expenses</b>		
Expenses related to rent business	763,119	880,352
Asset management fee	164,371	175,478
Asset custody fee	2,159	2,661
Administrative service fees	19,639	21,844
Directors' compensations	3,000	3,000
Taxes and dues	27,314	28,305
Other operating expenses	46,403	45,306
<b>Total operating expenses</b>	<b>1,026,008</b>	<b>1,156,949</b>
<b>Operating income</b>	<b>815,346</b>	<b>985,041</b>
<b>Non-operating income</b>		
Interest income	17	20
Reversal of distributions payable	147	199
Interest on tax refund	83	—
Insurance income	3,692	2,453
<b>Total non-operating income</b>	<b>3,940</b>	<b>2,673</b>
<b>Non-operating expenses</b>		
Interest expenses	87,734	108,552
Borrowing related expenses	52,228	64,526
Amortization of investment unit issuance expenses	11,846	14,198
<b>Total non-operating expenses</b>	<b>151,809</b>	<b>187,277</b>
<b>Ordinary income</b>	<b>667,476</b>	<b>800,437</b>
Net income before income taxes	667,476	800,437
Income taxes - current	957	929
Income taxes - deferred	(2)	1
<b>Total income taxes</b>	<b>955</b>	<b>930</b>
<b>Net income</b>	<b>666,520</b>	<b>799,506</b>
Retained earnings brought forward	53	126
Unappropriated retained earnings (undisposed loss)	666,574	799,633

(3) Statement of Unitholders' Equity  
13th fiscal period (from July 1, 2023, to Dec. 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

14th fiscal period (from Jan. 1, 2023, to June 30, 2023)

(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	(13,305)	(659,995)	(673,301)	19,052,254
Changes of items during period					
Issuance of new investment units	5,488,753				5,488,753
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			(41,520)	(41,520)	(41,520)
Net income					
Total changes of items during period	5,488,753	(1,153)	(41,520)	(42,674)	5,446,078
Balance at end of current period	25,214,309	(14,459)	(701,516)	(715,976)	24,498,333

(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	666,574	666,574	19,718,828	19,718,828
Changes of items during period				
Issuance of new investment units			5,488,753	5,488,753
Dividends of surplus	(666,447)	(666,447)	(666,447)	(666,447)
Distribution in excess of earnings attributable to allowance for temporary difference adjustments			(1,153)	(1,153)
Other distribution in excess of earnings			(41,520)	(41,520)
Net income	799,506	799,506	799,506	799,506
Total changes of items during period	133,059	133,059	5,579,138	5,579,138
Balance at end of current period	799,633	799,633	25,297,966	25,297,966

## (4) Statement of Distribution of Cash

	13th fiscal period From: July 1, 2022 To: Dec. 31, 2022	14th fiscal period From: Jan. 1, 2023 To: June 30, 2023
I. Unappropriated retained earnings	666,574,271 yen	799,633,422 yen
II. Addition of dividends in excess of earnings	42,674,172 yen	81,368,175 yen
<i>Of which,</i>		
Allowance for temporary difference adjustments	1,153,356 yen	1,186,125 yen
Other deduction from unitholders' capital	41,520,816 yen	80,182,125 yen
III. Dividends	709,121,714 yen	880,816,050 yen
[Dividends per unit]	[3,689 yen]	[3,713 yen]
<i>Of which,</i>		
Dividends of earnings	666,447,542 yen	799,448,250 yen
[Dividends of earnings per unit]	[3,467 yen]	[3,370 yen]
Allowance for temporary difference adjustments	1,153,356 yen	1,186,125 yen
[Dividends in excess of earnings per unit (attributable to allowance for temporary difference adjustments)]	[6 yen]	[5 yen]
Other dividends in excess of earnings	41,520,816 yen	80,182,050 yen
[Dividends in excess of earnings per unit (attributable to other dividends in excess of earnings)]	[216 yen]	[338 yen]
IV. Retained earnings carried forward	126,729 yen	185,172 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. 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>	<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. Based on such policy, the decision was made to distribute 799,448,250 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 81,368,175 yen, which is the amount roughly equivalent to 22% 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 343 yen. Furthermore, included in the dividends in excess of earnings is distribution of allowance for temporary difference adjustments of 1,186,125 yen, resulting in allowance for temporary difference adjustments per unit of 5 yen.</p>



## (5) Statement of Cash Flows

(Unit: thousand yen)

	13th fiscal period From: July 1, 2022 To: Dec. 31, 2022	14th fiscal period From: Jan. 1, 2023 To: June 30, 2023
<b>Cash flows from operating activities</b>		
Net income before income taxes	667,476	800,437
Depreciation	313,262	375,354
Amortization of investment unit issuance expenses	11,846	14,198
Interest income	(17)	(20)
Interest expenses	87,734	108,552
Decrease (increase) in operating accounts receivable	(742)	3,134
Decrease (increase) in consumption taxes refund receivable	124,462	(310,097)
Increase (decrease) in accrued consumption taxes	54,544	(62,067)
Decrease (increase) in prepaid expenses	(1,133)	(25,394)
Increase (decrease) in operating accounts payable	(14,266)	21,915
Increase (decrease) in accrued expenses	21,796	(22,929)
Increase (decrease) in advances received	2,206	57,539
Decrease due to sale of property, plant and equipment in trust	532,398	542,109
Decrease (increase) in long-term prepaid expenses	17,353	(67,078)
Other, net	13,579	(13,249)
<b>Subtotal</b>	<b>1,830,501</b>	<b>1,422,404</b>
Interest income received	17	20
Interest expenses paid	(87,622)	(99,374)
Income taxes paid	(910)	(957)
<b>Net cash provided by (used in) operating activities</b>	<b>1,741,986</b>	<b>1,322,093</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(684,460)	(11,724,285)
Payments for lease and guarantee deposits in trust	(0)	(0)
Payments into restricted deposits	(684,460)	(11,724,285)
<b>Net cash provided by (used in) investing activities</b>		
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	—	(560,000)
Repayments of short-term loans payable	2,015,000	7,890,000
Proceeds from long-term loans payable	(2,030,000)	(2,155,000)
Repayments of long-term loans payable	—	5,446,646
Proceeds from issuance of investment units	(734,097)	(709,003)
Dividends paid	(449,097)	10,172,642
<b>Net cash provided by (used in) financing activities</b>	<b>608,428</b>	<b>(229,548)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,992,774</b>	<b>2,601,203</b>
Cash and cash equivalents at beginning of period	2,601,203	2,371,654

- (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 4–58 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 2,244 thousand yen for the 13th fiscal period and 81,037 thousand yen for the 14th 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]

13th fiscal period (from July 1, 2022, to Dec. 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.

14th fiscal period (from Jan. 1, 2023, to June 30, 2023)

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 1,186 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.