

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

February 19, 2024

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

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

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Preparation of supplementary financial results briefing materials: Yes

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

(Amounts are rounded down to the nearest million yen)

## 1. Status of Management and Assets for the Fiscal Period Ended December 2023 (from July 1, 2023, to December 31, 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 Dec. 2023 | 2,081             | (2.8) | 899              | (8.6) | 711             | (11.1) | 712         | (10.9) |
| Ended June 2023 | 2,141             | 16.3  | 985              | 20.8  | 800             | 19.9   | 799         | 20.0   |

|                 | Net income per unit | Return on equity | Ratio of ordinary income to net assets | Ratio of ordinary income to operating revenue |
|-----------------|---------------------|------------------|--|---|
|                 | yen                 | %                | %                                      | %   |
| Ended Dec. 2023 | 3,002               | 2.8              | 1.3                                    | 34.2  |
| Ended June 2023 | 3,436               | 3.6              | 1.6                                    | 37.4  |

## (2) Dividends

|                 | Dividends per unit<br>(excluding dividends in excess of earnings) | Total dividends<br>(excluding dividends in excess of earnings) | Dividends in excess of earnings per unit | Total dividends in excess of earnings | Dividends per unit<br>(including dividends in excess of earnings) | Total dividends<br>(including dividends in excess of earnings) | Payout ratio | Ratio of dividends to net assets |
|-----------------|---|--|--|---------------------------------------|---|--|--------------|----------------------------------|
|                 | yen   | million yen  | yen                                      | million yen                           | yen   | million yen  | %            | %                                |
| Ended Dec. 2023 | 3,003   | 712  | 449                                      | 106                                   | 3,452   | 818  | 100.0        | 2.8                              |
| Ended June 2023 | 3,370   | 799  | 343                                      | 81                                    | 3,713   | 880  | 100.0        | 3.2                              |

(Note 1) 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).

The breakdown of total dividends in excess of earnings for the fiscal period ended December 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 105 million yen (444 yen per unit).

(Note 2) The ratio of decreasing surplus, etc. attributable to distribution in excess of earnings (refund of investments in capital) is 0.004 for the fiscal period ended June 2023 and 0.005 for the fiscal period ended December 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 Dec. 2023 | 55,066       | 25,129      | 45.6         | 105,930             |
| Ended June 2023 | 55,234       | 25,297      | 45.8         | 106,641             |

## (4) Cash Flows

| Fiscal period   | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|-----------------|---|---|---|--|
|                 | million yen   | million yen   | million yen   | million yen                                |
| Ended Dec. 2023 | 1,450   | (106)   | (887)   | 2,827                                      |
| Ended June 2023 | 1,322   | (11,724)  | 10,172  | 2,371                                      |

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

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

| Fiscal period    | Operating revenue |     | Operating income |       | Ordinary income |       | Net income |       | Dividends per unit<br>(excluding dividends<br>in excess of<br>earnings) | Dividends<br>in excess of<br>earnings per unit | Dividends per unit<br>(including dividends<br>in excess of<br>earnings) |
|------------------|-------------------|-----|------------------|-------|-----------------|-------|------------|-------|---|--|---|
|                  | mn yen            | %   | mn yen           | %     | mn yen          | %     | mn yen     | %     | yen   | yen  | yen   |
| Ending June 2024 | 2,093             | 0.5 | 857              | (4.7) | 658             | (7.4) | 657        | (7.7) | 2,771   | 484  | 3,255   |
| Ending Dec. 2024 | 2,096             | 0.2 | 863              | 0.8   | 663             | 0.7   | 662        | 0.7   | 2,791   | 485  | 3,276   |

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

Fiscal period ending June 2024: 2,771 yen

Fiscal period ending December 2024: 2,791 yen

(Note) The rate of period-on-period increase (decrease) for the fiscal period ending June 2024 shows comparison with the actual figures for the fiscal period ended December 2023, and that for the fiscal period ending December 2024 shows comparison with the forecast figures for the fiscal period ending June 2024.

\* Other

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

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

(2) Total Number of Investment Units Issued and Outstanding

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

|                               |               |                               |               |
|-------------------------------|---------------|-------------------------------|---------------|
| Fiscal period ended Dec. 2023 | 237,225 units | Fiscal period ended June 2023 | 237,225 units |
|-------------------------------|---------------|-------------------------------|---------------|

② Number of treasury investment units at end of period

|                               |         |                               |         |
|-------------------------------|---------|-------------------------------|---------|
| Fiscal period ended Dec. 2023 | 0 units | Fiscal period ended June 2023 | 0 units |
|-------------------------------|---------|-------------------------------|---------|

\* Financial reports are exempt from the audit by a certified public accountant or an auditing firm.

\* Special note

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

Furthermore, for details on the assumptions underlying the forecast figures above, please refer to "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending June 2024 (from January 1, 2024, to June 30, 2024) and Fiscal Period Ending December 2024 (from July 1, 2024, to December 31, 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). 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 December 2023), the annualized real GDP growth rate for the period from July to September 2023 decreased by 2.9% (seasonally adjusted; second preliminary estimate) compared with the previous quarter. Going forward, with the employment and income environment improving and various government policies having an effect as well, gradual recovery may be expected to continue. However, it is recognized that there is a risk that a downturn in overseas economies such as the impact of global financial tightening and concerns about the future of the Chinese economy exerts downward pressure on the Japanese economy and that attention should be paid to the impact of rising commodity prices, the situation in the Middle East, and volatility in financial and capital markets.

(Financial Market)

The JBA 3-month Japanese Yen TIBOR has fluctuated since June 30, 2023. It was 0.07000% from June 30, 2023, to December 6, 2023, and 0.08000% from December 7, 2023, to December 29, 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 (December 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 November 2023 increased by 224.1 billion yen year on year (+28.7% year on year) to 1.0048 trillion yen in terms of total acquisition price, and actual disposition increased by 117.0 billion yen year on year (+50.7% year on year) to 347.8 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. Attention should continue to be paid going forward to the Bank of Japan’s monetary easing policies and such.

(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 the “Current Survey of Commerce” by the Ministry of Economy, Trade and Industry, for the period from July to September 2023, the rate of increase in sales value compared with the same period of the previous year for supermarkets was +4.7% on average nationally. By area, the rate of increase was +7.2% for the Kyushu area, +5.7% for the Hokkaido area, and +5.4% for the Kanto area, showing an upward trend across the nation. For drugstores, the rate of increase was +9.3% on average nationally, and by area, it was +11.7% for the Kinki area, +10.8% for the Chubu area, and +9.0% for the Shikoku area, showing an upward trend across the nation.

For both supermarkets and drugstores, price increases for daily necessities such as food products and everyday goods were recognized as having an impact.

The sales value of supermarkets and drug stores selling daily necessities is expected to remain stable in the long term.

#### (Hotel Market)

According to “Visitor Arrivals to Japan (estimate for November 2023)” by the Japan National Tourism Organization, the number of international visitors to Japan in the period from January to November 2023 continued to increase, rising significantly to 22.33 million or +807.1% year on year (including estimates), exceeding 20 million in total. As a result, according to the “Overnight Travel Statistics Survey (October 2023 / second preliminary estimates, November 2023 / first preliminary estimates)” by the Japan Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism, the total number of overnight Japanese guests for October 2023 was 41.52 million (-1.1% year on year), while that of overnight international guests was 12.26 million (+485.4% year on year), indicating that accommodation demand from international guests is increasing significantly. Guest room occupancy rate by type of accommodation facility increased: 74.5% (+10.0% year on year) for business hotels, 75.0% (+14.1% year on year) for city hotels, and 57.5% (+5.4% year on year) for resort hotels.

Even though there was negative growth in the total number of overnight Japanese guests, travel demand remains after the restrictions of the pandemic, and it is very unlikely that it will drop significantly compared with the pre-pandemic level. It is recognized that the total number of overnight international guests is being boosted by the exchange rate, as the yen remains weak, and it is expected to continue increasing.

#### (Office Leasing Market)

According to “Japan Office Market View Q3 2023” by CBRE K.K., in the third quarter of 2023, the vacancy rate for major regional cities was 3.4% (+0.2 percentage points year on year) for Osaka City, 5.3% (+0.2 percentage points year on year) for Nagoya City, 2.0% (+1.0 percentage points year on year) for Sapporo City, 5.6% (-0.6 percentage points year on year) for Hiroshima City, and 4.8% (+1.6 percentage points year on year) for Fukuoka City. While vacancy rates were observed to rise in some regional cities, overall demand remains strong nationally, and vacancies are being filled in existing buildings.

Assumed contract rents in major regional cities were 14,700 yen/tsubo (-0.7% year on year) for Osaka City, 14,350 yen/tsubo (+0.3% year on year) for Nagoya City, 15,700 yen/tsubo (+1.2% year on year) for Sapporo City, 11,830 yen/tsubo (+0.3% year on year) for Hiroshima City, and 16,050 yen/tsubo (-0.2% year on year) for Fukuoka City. Going forward, because demand for offices in each regional city is expected to change with the prevalence of working in shared offices, working from home, etc. and the presence of new supply, 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 lifestyle changes triggered by the pandemic (online shopping, e-commerce), 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 the promotion of integrated property management operations of the Asset Manager and various property management companies, including Marimo Co., Ltd. (hereinafter “Marimo”), and efforts to realize stable operation of properties under management and reduce downtime were made. In addition, at Starship Kobe Gakuentoshi, adjacent land was acquired for free with a view to improving the property’s value, and as part of measures for internal growth, interior renovation work (replacing water heaters, washbasins, gas stoves, etc.) was carried out at Artiza Hakata PREMIER. Moreover, at Artiza Awajiki-higashi, on-site parking was subleased to a third party, which is expected to increase contract rent. Such efforts resulted in an occupancy rate of 99.0% and period-average occupancy rate of 98.5% 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).

With regard to sustainability initiatives, based on the recognition that initiatives considering ESG (environmental, social, and governance) contribute to improving customer profits over the medium to long term, the Asset Manager established a Sustainability Policy in December 2023. Going forward, it also plans to move forward with preparation for acquisition of GRESB Real Estate Assessment such as developing an internal structure.

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

### ④ Financing Status

In the fiscal period under review, a long-term loan (Tranche 12) of 1,290 million yen was borrowed on August 1, 2023, to partially fund the repayment of a long-term loan (Tranche D) of 1,297 million yen borrowed on August 1, 2016, due for repayment on August 1, 2023. As a result, at the end of the fiscal period under review (end of December 2023), the balance of loans outstanding was 26,820 million yen and the ratio of interest-bearing liabilities to total assets (hereinafter “LTV ratio”) was 48.7%.

(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 2,420 million yen was borrowed on February 1, 2024, to partially fund the repayment of a long-term loan of 2,420 million yen (Tranche 6-A) 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 2,081 million yen, operating income of 899 million yen, ordinary income of 711 million yen, and net income of 712 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 3,003 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 106 million yen, which is the amount roughly equivalent to 28% 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 449 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 15th fiscal period (fiscal period ended December 2023) was 58,959 million yen, which exceeds the sum total of total book value of real estate, etc. (49,469 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 16th fiscal period (103 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 49,466 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 87 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 103 million yen for the fiscal period ending June 2024 and 126 million yen for the fiscal period ending December 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, Limited, The Hiroshima Bank, Ltd., The Ashikaga Bank, Ltd., ReBITA inc., and Alpha Court Co., Ltd.) 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., 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.

With respect to rising commodity prices, the situations in Ukraine and the Middle East, and financial and capital market trends, it is recognized that close attention should be paid to future impact.

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 by switching lighting in common areas to LED, and reduction of tenant solicitation expenses and other various expenses.

(C) Financial Strategy

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

marimo REIT shall execute debt financing with the staggering of debt maturities, lengthening of borrowing periods, lowering of borrowing interest rates, and fixing 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 2,420 million yen on February 1, 2024, partially fund the repayment of a long-term loan due for repayment on the same date (Tranche 6-A) of 2,420 million yen. Details are as follows.

|               | Lender   | Loan amount<br>(million yen) | Interest rate<br>(Note 2)   | Drawdown<br>date    | Maturity<br>date                | Repayment<br>method                  | Remarks                          |
|---------------|--|------------------------------|---|---------------------|---------------------------------|--------------------------------------|----------------------------------|
| Tranche<br>13 | Loan syndicate with<br>Sumitomo Mitsui<br>Banking Corporation<br>as arranger<br>(Note 1) | 2,420                        | Base rate<br>(JBA 3-month<br>Japanese Yen TIBOR)<br>(Note 3) + 0.55%<br>(floating rate) | February 1,<br>2024 | February 1,<br>2027<br>(Note 4) | Lump-sum<br>repayment<br>at maturity | Unsecured<br>and<br>unguaranteed |

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

(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.jbatibor.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 June 2024 (from January 1, 2024, to June 30, 2024) and Fiscal Period Ending December 2024 (July 1, 2024, to December 31, 2024)

| Item   | Assumptions  |
|--|--|
| Accounting period  | <ul style="list-style-type: none"> <li>● Fiscal period ending June 2024 (16th fiscal period) (from January 1, 2024, to June 30, 2024) (182 days)</li> <li>● Fiscal period ending December 2024 (17th fiscal period) (from July 1, 2024, to December 31, 2024) (184 days)</li> </ul>  |
| Assets under management  | <ul style="list-style-type: none"> <li>● The assumption is that marimo REIT will continue to hold the real estate trust beneficiary rights to 52 properties held as of the date of this document through to the end of the fiscal period ending December 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 be 1,151 million yen for the fiscal period ending June 2024 and 1,156 million yen for the fiscal period ending December 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. are expensed starting from the fiscal year following the year of acquisition. Furthermore, the total amount of fixed asset tax, city planning tax, etc. to be expensed is expected to be 175 million yen for the fiscal period ending June 2024 and 175 million yen for the fiscal period ending December 2024.</li> <li>● Repair expenses for buildings based on medium- to long-term repair plans formulated by the Asset Manager are expected to be 48 million yen for the fiscal period ending June 2024 and 37 million yen for the fiscal period ending December 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 383 million yen for the fiscal period ending June 2024 and 384 million yen for the fiscal period ending December 2024.</li> </ul> |
| Non-operating expenses   | <ul style="list-style-type: none"> <li>● Interest expenses and other borrowing-related expenses are expected to be 184 million yen for the fiscal period ending June 2024 and 186 million yen for the fiscal period ending December 2024.</li> <li>● Amortization of investment unit issuance expenses are expected to be 14 million yen for the fiscal period ending June 2024 and 14 million yen for the fiscal period ending December 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 June 2024 and 26,820 million yen at the end of the fiscal period ending December 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 December 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 June 2024 and fiscal period ending December 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 June 2024 and fiscal period ending December 2024. As such, 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 total other dividends in excess of earnings is 113 million yen, and for the fiscal period ending December 2024, total dividends in excess of earnings is expected to be 115 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 16th fiscal period (fiscal period ending June 2024) and 17th fiscal period (fiscal period ending December 2024) regardless of the forecast above in the event that such conditions are not met.</p> <p>In addition, concerning the fiscal period ending June 2024 and fiscal period ending December 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 June 2024 and fiscal period ending December 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 June 2024 and fiscal period ending December 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 report (submitted on September 28, 2023).

## 2. Financial Statements

### (1) Balance Sheet

(Unit: thousand yen)

|   | 14th fiscal period<br>(As of June 30, 2023) | 15th fiscal period<br>(As of Dec. 31, 2023) |
|---|---|---|
| <b>Assets</b>                               |   |   |
| <b>Current assets</b>                       |   |   |
| Cash and deposits                           | 1,241,619                                   | 1,681,570                                   |
| Cash and deposits in trust                  | 3,510,551                                   | 3,472,446                                   |
| Operating accounts receivable               | 17,985                                      | 16,180                                      |
| Prepaid expenses                            | 115,747                                     | 137,464                                     |
| Consumption taxes refund receivable         | 310,097                                     | —   |
| <b>Total current assets</b>                 | <b>5,196,002</b>                            | <b>5,307,661</b>                            |
| <b>Non-current assets</b>                   |   |   |
| <b>Property, plant and equipment</b>        |   |   |
| Buildings in trust                          | 23,181,696                                  | 23,277,188                                  |
| Accumulated depreciation                    | (3,021,782)                                 | (3,381,878)                                 |
| Buildings in trust, net                     | 20,159,914                                  | 19,895,310                                  |
| Structures in trust                         | 507,248                                     | 507,248                                     |
| Accumulated depreciation                    | (89,378)                                    | (100,861)                                   |
| Structures in trust, net                    | 417,870                                     | 406,387                                     |
| Machinery and equipment in trust            | 123,822                                     | 123,822                                     |
| Accumulated depreciation                    | (39,496)                                    | (42,517)                                    |
| Machinery and equipment in trust, net       | 84,326                                      | 81,305                                      |
| Tools, furniture and fixtures in trust      | 60,766                                      | 69,029                                      |
| Accumulated depreciation                    | (24,719)                                    | (29,707)                                    |
| Tools, furniture and fixtures in trust, net | 36,046                                      | 39,321                                      |
| Land in trust                               | 29,041,025                                  | 29,043,817                                  |
| Construction in progress in trust           | 3,004                                       | 55  |
| <b>Total property, plant and equipment</b>  | <b>49,742,188</b>                           | <b>49,466,197</b>                           |
| <b>Intangible assets</b>                    |   |   |
| Leasehold rights in trust                   | 2,950                                       | 2,823                                       |
| <b>Total intangible assets</b>              | <b>2,950</b>                                | <b>2,823</b>                                |
| <b>Investments and other assets</b>         |   |   |
| Long-term prepaid expenses                  | 212,693                                     | 223,170                                     |
| Deferred tax assets                         | 15  | 12  |
| Guarantee deposits                          | 10,000                                      | 10,000                                      |
| Lease and guarantee deposits in trust       | 13,766                                      | 13,766                                      |
| <b>Total investments and other assets</b>   | <b>236,474</b>                              | <b>246,948</b>                              |
| <b>Total non-current assets</b>             | <b>49,981,613</b>                           | <b>49,715,968</b>                           |
| <b>Deferred assets</b>                      |   |   |
| Investment unit issuance expenses           | 56,631                                      | 42,432                                      |
| <b>Total deferred assets</b>                | <b>56,631</b>                               | <b>42,432</b>                               |
| <b>Total assets</b>                         | <b>55,234,247</b>                           | <b>55,066,063</b>                           |

(Unit: thousand yen)

|  | 14th fiscal period<br>(As of June 30, 2023) | 15th fiscal period<br>(As of Dec. 31, 2023) |
|--|---|---|
| <b>Liabilities</b>   |   |   |
| Current liabilities  |   |   |
| Operating accounts payable   | 150,048                                     | 128,542                                     |
| Current portion of long-term loans payable                         | 3,717,500                                   | 4,435,000                                   |
| Accrued expenses   | 254,873                                     | 273,728                                     |
| Income taxes payable   | 927   | 854   |
| Accrued consumption taxes  | —   | 69,125                                      |
| Advances received  | 322,425                                     | 321,351                                     |
| Current portion of tenant leasehold and security deposits in trust | 64,962                                      | 64,962                                      |
| Other  | 10,528                                      | 6,969                                       |
| Total current liabilities  | 4,521,265                                   | 5,300,532                                   |
| Non-current liabilities  |   |   |
| Long-term loans payable  | 23,110,000                                  | 22,385,000                                  |
| Tenant leasehold and security deposits in trust                    | 2,286,553                                   | 2,232,609                                   |
| Asset retirement obligations                                       | 18,418                                      | 18,437                                      |
| Other  | 43  | 44  |
| Total non-current liabilities                                      | 25,415,015                                  | 24,636,091                                  |
| Total liabilities  | 29,936,281                                  | 29,936,624                                  |
| <b>Net assets</b>  |   |   |
| Unitholders' equity  |   |   |
| Unitholders' capital   | 25,214,309                                  | 25,214,309                                  |
| Deduction from unitholders' capital                                |   |   |
| Allowance for temporary difference adjustments                     | (14,459)                                    | (15,645)                                    |
| Other deduction from unitholders' capital                          | (701,516)                                   | (781,698)                                   |
| Total deduction from unitholders' capital                          | (715,976)                                   | (797,344)                                   |
| Unitholders' capital, net  | 24,498,333                                  | 24,416,964                                  |
| Surplus  |   |   |
| Unappropriated retained earnings (undisposed loss)                 | 799,633                                     | 712,474                                     |
| Total surplus  | 799,633                                     | 712,474                                     |
| Total unitholders' equity  | 25,297,966                                  | 25,129,439                                  |
| Total net assets   | 25,297,966                                  | 25,129,439                                  |
| Total liabilities and net assets                                   | 55,234,247                                  | 55,066,063                                  |

## (2) Statement of Income

(Unit: thousand yen)

|   | 14th fiscal period<br>From: Jan. 1, 2023<br>To: June 30, 2023 | 15th fiscal period<br>From: July 1, 2023<br>To: Dec. 31, 2023 |
|---|---|---|
| <b>Operating revenue</b>                                  |   |   |
| Lease business revenue                                    | 1,929,080   | 1,980,257   |
| Other lease business revenue                              | 116,182   | 101,571   |
| Gain on sale of real estate                               | 96,728  | —   |
| <b>Total operating revenue</b>                            | <b>2,141,991</b>  | <b>2,081,828</b>  |
| <b>Operating expenses</b>                                 |   |   |
| Expenses related to rent business                         | 880,352   | 879,764   |
| Asset management fee                                      | 175,478   | 193,062   |
| Asset custody fee   | 2,661   | 2,748   |
| Administrative service fees                               | 21,844  | 24,897  |
| Directors' compensations                                  | 3,000   | 3,000   |
| Taxes and dues  | 28,305  | 21,866  |
| Other operating expenses                                  | 45,306  | 56,639  |
| <b>Total operating expenses</b>                           | <b>1,156,949</b>  | <b>1,181,978</b>  |
| <b>Operating income</b>                                   | <b>985,041</b>  | <b>899,849</b>  |
| <b>Non-operating income</b>                               |   |   |
| Interest income   | 20  | 24  |
| Reversal of distributions payable                         | 199   | 465   |
| Interest on tax refund                                    | 2,453   | —   |
| Insurance income  | —   | 104   |
| <b>Total non-operating income</b>                         | <b>2,673</b>  | <b>594</b>  |
| <b>Non-operating expenses</b>                             |   |   |
| Interest expenses   | 108,552   | 109,982   |
| Borrowing related expenses                                | 64,526  | 65,012  |
| Amortization of investment unit issuance expenses         | 14,198  | 14,198  |
| <b>Total non-operating expenses</b>                       | <b>187,277</b>  | <b>189,193</b>  |
| <b>Ordinary income</b>                                    | <b>800,437</b>  | <b>711,250</b>  |
| <b>Extraordinary income</b>                               |   |   |
| Gain on receipt of donated non-current assets             | —   | 1,900   |
| <b>Total extraordinary income</b>                         | <b>—</b>  | <b>1,900</b>  |
| <b>Net income before income taxes</b>                     | <b>800,437</b>  | <b>713,150</b>  |
| Income taxes - current                                    | 929   | 858   |
| Income taxes - deferred                                   | 1   | 3   |
| <b>Total income taxes</b>                                 | <b>930</b>  | <b>861</b>  |
| <b>Net income</b>   | <b>799,506</b>  | <b>712,289</b>  |
| Retained earnings brought forward                         | 126   | 185   |
| <b>Unappropriated retained earnings (undisposed loss)</b> | <b>799,633</b>  | <b>712,474</b>  |

(3) Statement of Unitholders' Equity  
14th fiscal period (from January 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                                |               |                           | Total net assets |
|---|--|---------------|---------------------------|------------------|
|   | Surplus  |               | Total unitholders' equity |                  |
|   | 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       |

15th fiscal period (from July 1, 2023, to Dec. 31, 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  | 25,214,309           | (14,459)                                  | (701,516)                                 | (715,976) | 24,498,333                |
| Changes of items during period  |                      |   |   |           |                           |
| Dividends of surplus  |                      |   |   |           |                           |
| Distribution in excess of earnings attributable to allowance for temporary difference adjustments |                      | (1,186)                                   |   | (1,186)   | (1,186)                   |
| Other distribution in excess of earnings  |                      |   | (80,182)                                  | (80,182)  | (80,182)                  |
| Net income  |                      |   |   |           |                           |
| Total changes of items during period  | —                    | (1,186)                                   | (80,182)                                  | (81,368)  | (81,368)                  |
| Balance at end of current period  | 25,214,309           | (15,645)                                  | (781,698)                                 | (797,344) | 24,416,964                |

(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  | 799,633  | 799,633       | 25,297,966                | 25,297,966       |
| Changes of items during period  |  |               |                           |                  |
| Dividends of surplus  | (799,448)  | (799,448)     | (799,448)                 | (799,448)        |
| Distribution in excess of earnings attributable to allowance for temporary difference adjustments |  |               | (1,186)                   | (1,186)          |
| Other distribution in excess of earnings  |  |               | (80,182)                  | (80,182)         |
| Net income  | 712,289  | 712,289       | 712,289                   | 712,289          |
| Total changes of items during period  | (87,159)   | (87,159)      | (168,527)                 | (168,527)        |
| Balance at end of current period  | 712,474  | 712,474       | 25,129,439                | 25,129,439       |

## (4) Statement of Distribution of Cash

|   | 14th fiscal period<br>From: Jan. 1, 2023<br>To: June 30, 2023  | 15th fiscal period<br>From: July 1, 2023<br>To: Dec. 31, 2023   |
|---|--|---|
| I. Unappropriated retained earnings   | 799,633,422 yen  | 712,474,341 yen   |
| II. Addition of dividends in excess of earnings   | 81,368,175 yen   | 106,514,025 yen   |
| <i>Of which,</i>  |  |   |
| Allowance for temporary difference adjustments  | 1,186,125 yen  | 1,186,125 yen   |
| Other deduction from unitholders' capital   | 80,182,050 yen   | 105,327,900 yen   |
| III. Dividends  | 880,816,425 yen  | 818,900,700 yen   |
| [Dividends per unit]  | [3,713 yen]  | [3,452 yen]   |
| <i>Of which,</i>  |  |   |
| Dividends of earnings   | 799,448,250 yen  | 712,386,675 yen   |
| [Dividends of earnings per unit]  | [3,370 yen]  | [3,003 yen]   |
| Allowance for temporary difference adjustments  | 1,186,125 yen  | 1,186,125 yen   |
| [Dividends in excess of earnings per unit<br>(attributable to allowance for temporary<br>difference adjustments)] | [5 yen]  | [5 yen]   |
| Other dividends in excess of earnings   | 80,182,050 yen   | 105,327,900 yen   |
| [Dividends in excess of earnings per unit<br>(attributable to other dividends in excess of<br>earnings)]          | [338 yen]  | [444 yen]   |
| IV. Retained earnings carried forward   | 185,172 yen  | 87,666 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 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> | <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 712,386,675 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 106,514,025 yen, which is the amount roughly equivalent to 28% 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 449 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)

|  | 14th fiscal period<br>From: Jan. 1, 2023<br>To: June 30, 2023 | 15th fiscal period<br>From: July 1, 2023<br>To: Dec. 31, 2023 |
|--|---|---|
| <b>Cash flows from operating activities</b>                    |   |   |
| Net income before income taxes                                 | 800,437   | 713,150   |
| Depreciation   | 375,354   | 379,734   |
| Amortization of investment unit issuance expenses              | 14,198  | 14,198  |
| Interest income  | (20)  | (24)  |
| Interest expenses  | 108,552   | 109,982   |
| Decrease (increase) in operating accounts receivable           | 3,134   | 1,805   |
| Decrease (increase) in consumption taxes refund receivable     | (310,097)   | 310,097   |
| Increase (decrease) in accrued consumption taxes               | (62,067)  | 69,125  |
| Decrease (increase) in prepaid expenses                        | (25,394)  | (21,716)  |
| Increase (decrease) in operating accounts payable              | 21,915  | (16,906)  |
| Increase (decrease) in accrued expenses                        | (22,929)  | 19,646  |
| Increase (decrease) in advances received                       | 57,539  | (1,074)   |
| Decrease due to sale of property, plant and equipment in trust | 542,109   | —   |
| Decrease (increase) in long-term prepaid expenses              | (67,078)  | (10,476)  |
| Other, net   | (13,249)  | (5,783)   |
| <b>Subtotal</b>  | <b>1,422,404</b>  | <b>1,561,758</b>  |
| Interest income received                                       | 20  | 24  |
| Interest expenses paid   | (99,374)  | (110,773)   |
| Income taxes paid  | (957)   | (931)   |
| <b>Net cash provided by (used in) operating activities</b>     | <b>1,322,093</b>  | <b>1,450,078</b>  |
| <b>Cash flows from investing activities</b>                    |   |   |
| Purchase of property, plant and equipment in trust             | (11,724,285)  | (106,296)   |
| Payments into restricted deposits                              | (0)   | (0)   |
| <b>Net cash provided by (used in) investing activities</b>     | <b>(11,724,285)</b>   | <b>(106,296)</b>  |
| <b>Cash flows from financing activities</b>                    |   |   |
| Proceeds from short-term loans payable                         | 260,000   | —   |
| Repayments of short-term loans payable                         | (560,000)   | —   |
| Proceeds from long-term loans payable                          | 7,890,000   | 1,290,000   |
| Repayments of long-term loans payable                          | (2,155,000)   | (1,297,500)   |
| Proceeds from issuance of investment units                     | 5,446,646   | —   |
| Dividends paid   | (709,003)   | (880,491)   |
| <b>Net cash provided by (used in) financing activities</b>     | <b>10,172,642</b>   | <b>(887,991)</b>  |
| <b>Net increase (decrease) in cash and cash equivalents</b>    | <b>(229,548)</b>  | <b>455,789</b>  |
| <b>Cash and cash equivalents at beginning of period</b>        | <b>2,601,203</b>  | <b>2,371,654</b>  |
| <b>Cash and cash equivalents at end of period</b>              | <b>2,371,654</b>  | <b>2,827,443</b>  |

- (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<br/>The straight-line method is adopted.<br/>Furthermore, the useful life of core property, plant and equipment is as follows:<br/>Buildings in trust 2–68 years<br/>Structures in trust 4–58 years<br/>Machinery and equipment in trust 10–29 years<br/>Tools, furniture and fixtures in trust 5–15 years</p> <p>(2) Intangible assets<br/>The straight-line method is adopted.<br/>Furthermore, the remaining or useful life of core intangible assets is as follows:<br/>Leasehold rights in trust 19 years<br/>Software 5 years</p> <p>(3) Long-term prepaid expenses<br/>The straight-line method is adopted.</p>   |
| <p>2. Accounting for deferred assets</p>   | <p>Investment unit issuance expenses<br/>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<br/>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:<br/>① Sale of real estate, etc.<br/>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.<br/>② Utilities income<br/>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.<br/>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.<br/>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.<br/>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 81,037 thousand yen for the 14th fiscal period and nil for the 15th 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<br/>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.<br/>① Cash and deposits in trust<br/>② Buildings in trust; Structures in trust; Machinery and equipment in trust;<br/>Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust<br/>③ Leasehold rights in trust<br/>④ Lease and guarantee deposits in trust<br/>⑤ Current portion of tenant leasehold and security deposits in trust<br/>⑥ Tenant leasehold and security deposits in trust</p> <p>(2) Accounting for non-deductible consumption tax, etc.<br/>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]

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.

15th fiscal period (from July 1, 2023, to Dec. 31, 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.

- (8) Notes on Matters Concerning Financial Statements  
 [Notes to Balance Sheet]  
 Note 1: Assets Pledged as Collateral and Collateralized Liabilities  
 Assets pledged as collateral are as follows.

(Unit: thousand yen)

|                     | 14th fiscal period<br>(As of June 30, 2023) | 15th fiscal period<br>(As of Dec. 31, 2023) |
|---------------------|---|---|
| Buildings in trust  | 620,342                                     | 612,526                                     |
| Structures in trust | 31,745                                      | 31,055                                      |
| Land in trust       | 1,975,860                                   | 1,975,860                                   |
| Total               | 2,627,949                                   | 2,619,443                                   |

Collateralized liabilities are as follows.

(Unit: thousand yen)

|  | 14th fiscal period<br>(As of June 30, 2023) | 15th fiscal period<br>(As of Dec. 31, 2023) |
|--|---|---|
| Tenant leasehold and security deposits<br>in trust | 498,888                                     | 490,548                                     |
| Total  | 498,888                                     | 490,548                                     |

## 2. Contingent Liabilities

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

Not applicable.

15th fiscal period (from July 1, 2023, to Dec. 31, 2023)

With regard to Yamada Denki Tecc Land Mihara Store, which is an investment asset of marimo REIT, the end tenant Yamada Holdings Co., Ltd. filed a lawsuit for reduction of rent ("the Lawsuit") against Marimo Co., Ltd., the master lessee of the property, with the Tokyo District Court on October 16, 2023, of which the primary claim was a rent reduction of approximately 30% of the current rent for August 2022 and thereafter.

marimo REIT believes that the request for rent reduction in the Lawsuit lacks reasonable grounds and intends to plead to that effect in future court proceedings through the master lessee against whom the Lawsuit has been filed.

It is possible that the outcome of the Lawsuit will have an impact on marimo REIT's performance, but at present, it is not possible to predict the amount of the impact.