

(REIT) Financial Report for the Fiscal Period Ended June 2024

August 19, 2024

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Scheduled date of commencement of dividends payment: September 17, 2024
 Scheduled date of submission of securities report: September 25, 2024

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 2024 (from January 1, 2024, to June 30, 2024)

(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 2024	2,208	6.1	977	8.7	784	10.2	783	9.9
Ended Dec. 2023	2,081	(2.8)	899	(8.6)	711	(11.1)	712	(10.9)

	Net income per unit	Return on equity	Ratio of ordinary income to net assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Ended June 2024	3,301	3.1	1.4	35.5
Ended Dec. 2023	3,002	2.8	1.3	34.2

(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 2024	3,301	783	383	90	3,684	873	100.0	3.1
Ended Dec. 2023	3,003	712	449	106	3,452	818	100.0	2.8

(Note 1) 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).

The breakdown of total dividends in excess of earnings for the fiscal period ended June 2024 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 89 million yen (378 yen per unit).

(Note 2) The ratio of decreasing surplus, etc. attributable to distribution in excess of earnings (refund of investments in capital) is 0.005 for the fiscal period ended December 2023 and 0.004 for the fiscal period ended June 2024.

(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 2024	55,042	25,093	45.6	105,780
Ended Dec. 2023	55,066	25,129	45.6	105,930

(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 2024	1,607	(88)	(819)	3,527
Ended Dec. 2023	1,450	(106)	(887)	2,827

2. Operating Forecasts for the Fiscal Period Ending December 2024 (from July 1, 2024, to December 31, 2024) and
Operating Forecasts for the Fiscal Period Ending June 2025 (from January 1, 2025, to June 30, 2025)

(% 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. 2024	2,575	16.6	1,206	23.4	909	16.0	908	16.0	3,226	380	3,606
Ending June 2025	2,515	(2.3)	1,094	(9.3)	788	(13.3)	787	(13.3)	2,797	498	3,295

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

Fiscal period ending December 2024: 3,226 yen Fiscal period ending June 2025: 2,797 yen

(Note) The rate of period-on-period increase (decrease) for the fiscal period ending December 2024 shows comparison with the actual figures for the fiscal period ended June 2024, and that for the fiscal period ending June 2025 shows comparison with the forecast figures for the fiscal period ending December 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 June 2024	237,225 units	Fiscal period ended Dec. 2023	237,225 units
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② Number of treasury investment units at end of period

Fiscal period ended June 2024	0 units	Fiscal period ended Dec. 2023	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 2024 (from July 1, 2024, to December 31, 2024) and Fiscal Period Ending June 2025 (from January 1, 2025, to June 30, 2025)" on page 8.

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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 1) on February 5, 2016, and completed the registration with the Kanto Local Finance Bureau on March 16, 2016 (Registration No. 113 with the Director-General of the Kanto Local Finance Bureau). marimo REIT then implemented an issuance of new investment units through public offering (88,500 units) with July 28, 2016, as the payment due date, and was listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. on July 29, 2016 (securities code: 3470). The total number of investment units issued and outstanding stands at 237,225 units as of the end of the fiscal period under review (Note 2).

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

(Note 2) marimo REIT resolved to issue new investment units at the meeting of the Board of Directors held on August 19, 2024. For details, please refer to “(Outlook for the Next Fiscal Period) ② Significant Subsequent Events (A) Issuance of New Investment Units” later in this document.

② Investment Environment

In terms of the Japanese economy during the fiscal period under review (ended June 2024), the annualized real GDP growth rate for the period from January to March 2024 decreased by 1.8% (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 due attention should be paid to the impact of rising commodity prices, the situation in the Middle East, and volatility in the financial market.

(Financial Market)

The change in monetary policy even within Japan with the end of the negative interest rate policy by the Bank of Japan in March 2024 leads to the recognition that the financial environment ahead warrants close monitoring. The JBA 3-month Japanese Yen TIBOR started rising gradually from early March 2024, but fluctuated frequently between 0.08000% and 0.30727% in the fiscal period under review (ended June 2024) overall.

(J-REIT Market Size)

According to the “ARES Monthly Report (June 2024)” published by The Association for Real Estate Securitization, the J-REIT market as of the end of May 2024 increased in asset size (assets under management) by 906.4 billion yen year on year (+4.1% year on year) to 23,141.0 billion yen, and increased in number of portfolio properties by 188 properties year on year (+4.1% year on year) to 4,810 properties. This is likely attributable to healthy investment appetite among investors both in Japan and abroad as the accommodative financing environment continues to be maintained even after the lifting of the negative interest rate policy, and such driving the J-REIT market. Attention should continue to be paid going forward, including also to investor trends, as global financial tightening and such continues.

(Residential Leasing Market)

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

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

(Retail Property Market)

According to the “Current Survey of Commerce” by the Ministry of Economy, Trade and Industry, for the period from January to March 2024, the rate of increase in sales value compared with the same period of the previous year for supermarkets was +4.5% on average nationally. By area, the rate of increase was +5.2% for the Kanto area, +5.2% for the Chugoku area, and +5.2% for the Kyushu area, showing an upward trend across the nation. For drugstores, the rate of increase was +9.1% on average nationally, and by area, it was +11.3% for the Kinki area, +9.5% for the Chubu area, and +8.5% for the Kanto 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 drugstores selling daily necessities is expected to remain stable in the long term.

(Hotel Market)

According to “Visitor Arrivals to Japan (estimate for May 2024)” by the Japan National Tourism Organization, the number of international visitors to Japan in the period from January to May of 2024 continued to increase significantly to 14.64 million or +69.5% year on year (including estimates), exceeding 3.00 million for three consecutive months. As a result, according to the “Overnight Travel Statistics Survey (April 2024 / second preliminary estimates, May 2024 / 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 April 2024 was 37.39 million (+0.3% year on year), while that of overnight international guests was 14.50 million (+46.9% year on year), indicating that accommodation demand from international guests is increasing significantly. Guest room occupancy rate by type of accommodation facility increased: 74.0% (+5.9% year on year) for business hotels, 74.3% (+6.7% year on year) for city hotels, and 49.3% (+1.8% year on year) for resort hotels.

Although the total number of overnight Japanese guests remains unchanged with real income declining and hotel prices surging due to high commodity prices, the total number of overnight international guests is recognized to continue to increase with exchange rates serving as a tailwind as the yen remains at weak levels.

(Office Leasing Market)

According to “Japan Office Market View Q1 2024” by CBRE K.K., in the first quarter of 2024, the vacancy rate for major regional cities was 2.8% (-0.7 percentage points year on year) for Osaka City, 4.9% (+0.1 percentage points year on year) for Nagoya City, 2.0% (+1.3 percentage points year on year) for Sapporo City, 4.4% (-1.5 percentage points year on year) for Hiroshima City, and 4.0% (-0.6 percentage points year on year) for Fukuoka City. With the rise in vacancy rates in some regional cities being mainly attributable to new supply, overall demand is seen to remain strong nationally and the filling of vacancies making progress.

Assumed contract rents in major regional cities were 14,650 yen/tsubo (-0.3% year on year) for Osaka City, 14,450 yen/tsubo (+1.0% year on year) for Nagoya City, 15,880 yen/tsubo (+1.8% year on year) for Sapporo City, 11,890 yen/tsubo (+0.8% year on year) for Hiroshima City, and 16,120 yen/tsubo (+0.6% 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 real estate is strong due to lifestyle changes such as online shopping and e-commerce, and this demand is expected to increase. 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, switching to LED lighting fixtures in common areas at PLEAST Hakata Gion Building, installing electronic breakers at Artiza Higashi-Shimada, modifying building management agreements to shift from lease to purchase of security cameras at Artiza Tsurumai and other initiatives for cost reduction are expected to increase contract rent. Such efforts resulted in an occupancy rate of 98.4% and period-average occupancy rate of 98.4% for marimo REIT’s portfolio assets as of the end of the fiscal period under review (52 properties; total acquisition price (Note): 49,748 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. Initiatives are underway accordingly, such as developing an internal structure for acquisition ofGRESB Real Estate Assessment.

(Note) “Acquisition price” is the sale and purchase price of each real estate trust beneficiary right stated in each 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 13) of 2,420 million yen was borrowed on February 1, 2024, to fund the repayment of a long-term loan (Tranche 6-A) of 2,420 million yen borrowed on February 1, 2021, due for repayment on February 1, 2024. As a result, at the end of the fiscal period under review (end of June 2024), 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%.

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 2,208 million yen, operating income of 977 million yen, ordinary income of 784 million yen, and net income of 783 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 3,301 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 90 million yen, which is the amount roughly equivalent to 24% 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 383 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 16th fiscal period (fiscal period ended June 2024) was 58,133 million yen, which exceeds the sum total of total book value of real estate, etc. (48,831 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 17th fiscal period (117 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 48,828 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 76 million yen. In addition, the planned amount of repairs (those falling under the category of capital expenditures) currently assumed by marimo REIT is no more than 117 million yen for the fiscal period ending December 2024 and 124 million yen for the fiscal period ending June 2025. 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, drugstores, 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 engages in a broad range of business operations in 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.

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.

In light of the recent interest rate hikes, the policy is to consider for balance with sharply increasing interest costs by continuing to opt for floating interest rates for some yet also being conscious of fixing interest rates to a certain degree so as to keep up sound financial management.

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

② Significant Subsequent Events

(A) Issuance of New Investment Units

marimo REIT resolved to issue new investment units as follows at the meeting of the Board of Directors held on August 19, 2024. The issue price per unit and other details are scheduled to be determined at a future meeting of the Board of Directors.

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

Number of new investment units to be offered: 42,226 units

Payment due date: Any date between September 2, 2024, and September 5, 2024

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

Number of new investment units to be offered: 2,112 units (upper limit)

Payment due date: September 24, 2024

Allottee: SMBC Nikko Securities Inc.

(Use of Funds)

The proceeds from the primary offering will be allocated to part of the acquisition funds and acquisition-related expenses of the assets to be acquired described in “(B) Acquisition of Assets” below.

The proceeds from the issuance of new investment units through the third-party allotment will be held as cash on hand to be allocated to the acquisition of specified assets or repayment of borrowings in the future.

(B) Acquisition of Assets

marimo REIT acquired the following 3 properties (acquisition price: 2,683 million yen) on July 2, 2024. In addition, marimo REIT entered into real estate trust beneficiary right sale and purchase agreements for the following 6 properties (planned acquisition price: 10,035 million yen) on August 19, 2024, with the acquisition planned for September 3, 2024.

Property number (Note 1)	Property name	Location	(Planned) seller	(Planned) acquisition price (million yen) (Note 3)	Appraisal value (million yen) (Note 4)	(Planned) acquisition date
Cp-21	MRR Asabu Clinic Building	Sapporo-shi, Hokkaido	Not disclosed (Note 2)	415	453	July 2, 2024
Cp-22	Resora Obu Clinic Mall	Obu-shi, Aichi	Not disclosed (Note 2)	618	647	July 2, 2024
Hp-03	(tentative name) Hotel SUI Hamamatsu by ABEST	Hamamatsu-shi, Shizuoka	Artplan Co., Ltd.	1,650	1,750	July 2, 2024
Rp-23	Dormy Hirosaki	Hirosaki-shi, Aomori	Marimo Co., Ltd.	741	797	September 3, 2024
Cp-23	MRR Ebetsu II	Ebetsu-shi, Hokkaido	Alpha Holdings Co., Ltd.	510	572	September 3, 2024
Cp-24	Fuji Grand Ube	Ube-shi, Yamaguchi	Not disclosed (Note 2)	5,528	6,120	September 3, 2024
Hp-04	Natural Hot Spring Hotel Livemax PREMIUM Nagano Ekimae	Nagano-shi, Nagano	Marimo Co., Ltd.	1,600	1,680	September 3, 2024
Lp-02	Ota Kiyohara Logistics Center	Ota-shi, Gunma	Marimo Co., Ltd.	1,283	1,590	September 3, 2024
Lp-03	Chiyoda-machi Logistics Center	Ora-gun, Gunma	Fund Creation Co., Ltd.	373	524	September 3, 2024
Total (9 properties)				12,718	14,133	—

(Note 1) "Property number" is the number assigned property by property by combining the asset type classifications of "investment targets" and "investment ratio by region" for the assets acquired by marimo REIT. "Investment targets" are represented by R for residential, C for retail, H for hotel, O for office, and L for logistics, while p is for regional and t is for Tokyo metropolitan area. In cases of mixed-use properties of there being several uses (asset types) in the one building, the asset type that accounts for the largest percentage of the floor area in each building is set as the asset type of the building in the investment target classification.

(Note 2) The (planned) seller, which is a domestic corporation, is not disclosed, because consent for disclosure has not been obtained from the (planned) seller. As of today, the (planned) seller does not fall under the category of interested persons, etc. defined in the Investment Trust Act, nor of interested persons, etc. defined in the rules on transactions with interested persons, etc., which are the internal rules set by the Asset Manager. Furthermore, the (planned) seller has no noteworthy capital ties, personnel ties, or business ties with marimo REIT and the Asset Manager, and the (planned) seller does not fall under the category of related parties of marimo REIT.

(Note 3) "(Planned) acquisition price" indicates the purchase price of each real estate trust beneficiary right stated in each trust beneficiary right sale and purchase agreement (excluding consumption tax, local consumption tax and other miscellaneous expenses such as broker's commissions) for the assets (to be) acquired, rounded down to the nearest million yen.

(Note 4) Appraisal is entrusted to Japan Valuers Co., Ltd. "Appraisal value" indicates the appraisal value as of the date of value of March 1, 2024, April 1, 2024, or June 1, 2024, stated in the real estate appraisal report for each property.

Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending December 2024 (from July 1, 2024, to December 31, 2024) and Fiscal Period Ending June 2025 (from January 1, 2025, to June 30, 2025)

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> ● Fiscal period ending December 2024 (17th fiscal period) (from July 1, 2024, to December 31, 2024) (184 days) ● Fiscal period ending June 2025 (18th fiscal period) (from January 1, 2025, to June 30, 2025) (181 days)
Assets under management	<ul style="list-style-type: none"> ● The assumption is that, of the real estate trust beneficiary rights to 55 properties held as of today (hereinafter the "Portfolio Assets"), marimo REIT will dispose of ArtizA Chiyoda (60% quasi co-ownership interest) (hereinafter the "Asset to Be Disposed") on August 30, 2024, and continue to hold the other properties through to the end of the fiscal period ending June 2025, and that marimo REIT will acquire real estate trust beneficiary rights to 6 properties (hereinafter the "Assets to Be Acquired") on September 3, 2024, which it will continue to hold through to the end of the fiscal period ending June 2025. For details of the Asset to Be Disposed, please refer to "Notice Concerning Disposition of Domestic Real Estate Trust Beneficiary Right" announced on March 29, 2024, and for details of the Assets to Be Acquired, please refer to "Notice Concerning Acquisition of Domestic Real Estate Trust Beneficiary Rights and Accompanying Commencement of Leasing" separately announced today. ● In actual practice, change may arise due to acquisition of new properties other than the Assets to Be Acquired, disposition of portfolio properties other than the Asset to Be Disposed, etc.
Operating revenue	<ul style="list-style-type: none"> ● Operating revenue from leasing of the Portfolio Assets is calculated on the basis of the rent, etc. stated in lease contracts in effect as of today, historical data, etc. Operating revenue from leasing of the Assets to Be Acquired is calculated on the basis of the content of the lease agreements provided by the current beneficiary, etc. and past tenants, market trends, etc., as well as the content of lease agreements scheduled to be in effect as of the planned acquisition date, and by taking into account various factors, such as the assumed occupancy rate and rent fluctuation forecasts based on post-acquisition tenant move-in/move-out and rent level forecasts. ● Gain on disposition of the Asset to Be Disposed is expected to be 180 million yen for the fiscal period ending December 2024 (17th fiscal period). ● The assumption is there will be no delinquent or unpaid rent by tenants.
Operating expenses	<ul style="list-style-type: none"> ● Of expenses related to rent business, the main operating expenses, expenses other than depreciation are calculated on the basis of historical data, etc. (using historical data, etc. provided by the current beneficiary, etc. for the Assets to Be Acquired) and by reflecting the factors causing fluctuation in expenses. ● Operating income from leasing after expenses related to rent business (including depreciation) is deducted (excluding gain on sale of real estate properties) is expected to be 1,391 million yen for the fiscal period ending December 2024 and 1,449 million yen for the fiscal period ending June 2025. ● 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 173 million yen for the fiscal period ending December 2024 and 212 million yen for the fiscal period ending June 2025. Of such amount, the amount of impact of the acquisition of the Assets to Be Acquired is expected to be 40 million yen for the fiscal period ending December 2024 and 40 million yen for the fiscal period ending June 2025. ● Repair expenses for buildings based on medium- to long-term repair plans formulated by the Asset Manager are expected to be 29 million yen for the fiscal period ending December 2024 and 47 million yen for the fiscal period ending June 2025. Furthermore, concerning emergency repair expenses possibly arising from unforeseeable factors causing building damage, etc., the amount generally varies materially from fiscal year to fiscal year and does not arise periodically, etc., which may result in repair expenses for each accounting period differing materially from the forecast amount. ● Depreciation is calculated using the straight-line method inclusive of incidental expenses and other future additional capital expenditures, and is expected to be 445 million yen for the fiscal period ending December 2024 and 468 million yen for the fiscal period ending June 2025.
Non-operating expenses	<ul style="list-style-type: none"> ● Interest expenses and other borrowing-related expenses are expected to be 277 million yen for the fiscal period ending December 2024 and 290 million yen for the fiscal period ending June 2025. In addition, expenses associated with the issuance of new investment units and the issuance of new investment units through third-party allotment as resolved at the meeting of marimo REIT's Board of Directors held today are expected to be 48 million yen and amortized using the straight-line method over 3 years. Investment unit issuance expenses inclusive of the above are expected to be 19 million yen for the fiscal period ending December 2024 and 15 million yen for the fiscal period ending June 2025.
Loans	<ul style="list-style-type: none"> ● The assumption is that, in addition to the balance of interest-bearing liabilities as of today of 27,820 million yen, long-term loans in the amount of 6,520 million yen in total and a short-term loan in the amount of 240 million yen will be taken out with the acquisition of assets on September 3, 2024. Furthermore, the assumption is that the short-term loan in the amount of 240 million yen of the borrowings will be prepaid. ● In addition to the above, the assumption is that part of the borrowings will be used as the source of funds to prepay a short-term loan in the amount of 1,000 million yen on September 3, 2024. ● As a result, total interest-bearing liabilities are expected to be 33,340 million yen at the end of the fiscal period ending December 2024 and 33,340 million yen at the end of the fiscal period ending June 2025.

Item	Assumptions
Investment units	<ul style="list-style-type: none"> • The assumption is that, in addition to the investment units issued and outstanding as of today of 237,225 units, the number of investment units planned to be newly issued through the issuance of new investment units (42,226 units) and the issuance of new investment units through third-party allotment (upper limit of 2,112 units) will be a maximum of 44,338 units, all of which are to be issued, as resolved at the meeting of marimo REIT's Board of Directors held today. • The assumption is that there will be no change in the number of investment units due to issuance of new investment units, etc. other than the above through to the end of the fiscal period ending June 2025.
Dividends per unit (excluding dividends in excess of earnings)	<ul style="list-style-type: none"> • Dividends per unit (excluding dividends in excess of earnings) is calculated based on the assumption that distribution will be in accordance with the policy on distribution of cash provided in marimo REIT's Articles of Incorporation. • Dividends per unit (excluding dividends in excess of earnings) may vary due to various factors, such as fluctuation in rent revenue accompanying change in assets under management, change in tenants or other event, or incurrence of unexpected repairs.
Dividends in excess of earnings per unit	<ul style="list-style-type: none"> • Dividends in excess of earnings per unit is calculated in accordance with the policy provided in marimo REIT's Articles of Incorporation and the management guidelines that are the internal rules of the Asset Manager. • Distribution in excess of earnings is calculated based on the assumption that the sum total amount of taxation and accounting discrepancies are distributed as allowance for temporary difference adjustments for the purpose of tax reduction. • As of today, marimo REIT deems there to be no specific concerns of substantial deterioration in the external economic environment, real estate market conditions and financial status of marimo REIT. • For the fiscal period ending December 2024 and fiscal period ending June 2025, 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 today, execution of distribution in excess of earnings is deemed to be reasonable for the fiscal period ending December 2024 and fiscal period ending June 2025. As such, for the fiscal period ending December 2024, total dividends in excess of earnings is expected to be 106 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 105 million yen, and for the fiscal period ending June 2025, total dividends in excess of earnings is expected to be 140 million yen, of which total dividends of allowance for temporary difference adjustments is 1 million yen and other distribution in excess of earnings is 139 million yen (Note 1). <p>(Note 1) Distribution in excess of earnings shall be executed only when total appraisal value of real estate, etc. held as at the end of the accounting period (refers to the appraisal value in the real estate appraisal report obtained with the end of the accounting period as the date of value for real estate, etc. held by marimo REIT) exceeds total book value of real estate, etc. for the concerned accounting period plus total planned capital expenditures (refers to the total amount of reserve for capital expenditures) for the concerned accounting period's next period, but after also considering other options, such as utilization for repair expenses and capital expenditures and allocation to funds for repayment of borrowings or acquisition of new properties. To that end, distribution in excess of earnings is not executed even in the 17th fiscal period (fiscal period ending December 2024) and 18th fiscal period (fiscal period ending June 2025) regardless of the forecast above in the event that such conditions are not met.</p> <p>In addition, concerning the fiscal period ending December 2024 and fiscal period ending June 2025, as of today, marimo REIT adopts the policy of distributing as cash in excess of earnings an amount decided by marimo REIT for each accounting period that is not to exceed the amount provided in the rules of The Investment Trusts Association, Japan (hereinafter "JITA"), no more than the amount equivalent to 30% of depreciation for the concerned accounting period and within the scope not to exceed payout ratio (Note 2) of 75%. Accordingly, the distribution in excess of earnings may not take place or the amount of dividends in excess of earnings may decrease in the event of conflict with these limits.</p> <p>Moreover, in the event that substantial deterioration in the external economic environment, real estate market conditions, financial status of marimo REIT, etc. or such newly arise in the future, the policy as of today to execute distribution in excess of earnings as part of cash management in the fiscal period ending December 2024 and fiscal period ending June 2025 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 2024 and fiscal period ending June 2025. For instance, each accounting period's limits on the amount of dividends in excess of earnings like those above may be revised in the case that large-scale additional incorporation of new assets or other factors lead to large fluctuation in the revenue and expense structure of the portfolio or such newly arising, in the case of material change in the financial environment, real estate investment trust market conditions, etc. or in other cases in the period up to when the distribution in excess of earnings for the concerned accounting period is ultimately executed.</p> <p>(Note 2) "Payout ratio" refers to the ratio of total dividends including distribution in excess of earnings to the amount of net income plus depreciation.</p>
Other	<ul style="list-style-type: none"> • The assumption is that there will be no amendment of laws and regulations, tax systems, accounting standards, listing regulations, JITA rules, etc. that will impact the forecast figures above. • The assumption is that there will be no unforeseen material change in general economic trends, real estate market conditions, etc.

(2) Investment Risks

Disclosure is omitted, because there is no significant change from "Investment Risks" in the most recent securities report (submitted on March 28, 2024) and securities registration statement (submitted on August 19, 2024).

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	15th fiscal period (As of Dec. 31, 2023)	16th fiscal period (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	1,681,570	2,428,679
Cash and deposits in trust	3,472,446	3,385,859
Operating accounts receivable	16,180	18,421
Prepaid expenses	137,464	139,271
Total current assets	5,307,661	5,972,231
Non-current assets		
Property, plant and equipment		
Buildings in trust	23,277,188	23,057,640
Accumulated depreciation	(3,381,878)	(3,696,556)
Buildings in trust, net	19,895,310	19,361,083
Structures in trust	507,248	507,552
Accumulated depreciation	(100,861)	(112,149)
Structures in trust, net	406,387	395,402
Machinery and equipment in trust	123,822	123,822
Accumulated depreciation	(42,517)	(45,538)
Machinery and equipment in trust, net	81,305	78,284
Tools, furniture and fixtures in trust	69,029	74,693
Accumulated depreciation	(29,707)	(35,220)
Tools, furniture and fixtures in trust, net	39,321	39,473
Land in trust	29,043,817	28,921,260
Construction in progress in trust	55	33,184
Total property, plant and equipment	49,466,197	48,828,688
Intangible assets		
Leasehold rights in trust	2,823	2,696
Total intangible assets	2,823	2,696
Investments and other assets		
Long-term prepaid expenses	223,170	186,929
Deferred tax assets	12	20
Guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	13,766	13,670
Total investments and other assets	246,948	210,619
Total non-current assets	49,715,968	49,042,004
Deferred assets		
Investment unit issuance expenses	42,432	28,234
Total deferred assets	42,432	28,234
Total assets	55,066,063	55,042,470

(Unit: thousand yen)

	15th fiscal period (As of Dec. 31, 2023)	16th fiscal period (As of June 30, 2024)
Liabilities		
Current liabilities		
Operating accounts payable	128,542	167,535
Current portion of long-term loans payable	4,435,000	4,435,000
Accrued expenses	273,728	311,226
Income taxes payable	854	1,020
Accrued consumption taxes	69,125	45,634
Advances received	321,351	320,033
Current portion of tenant leasehold and security deposits in trust	64,962	63,990
Other	6,969	6,525
Total current liabilities	5,300,532	5,350,966
Non-current liabilities		
Long-term loans payable	22,385,000	22,385,000
Tenant leasehold and security deposits in trust	2,232,609	2,194,344
Asset retirement obligations	18,437	18,457
Other	44	30
Total non-current liabilities	24,636,091	24,597,832
Total liabilities	29,936,624	29,948,798
Net assets		
Unitholders' equity		
Unitholders' capital	25,214,309	25,214,309
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	(15,645)	(16,831)
Other deduction from unitholders' capital	(781,698)	(887,026)
Total deduction from unitholders' capital	(797,344)	(903,858)
Unitholders' capital, net	24,416,964	24,310,450
Surplus		
Unappropriated retained earnings (undisposed loss)	712,474	783,220
Total surplus	712,474	783,220
Total unitholders' equity	25,129,439	25,093,671
Total net assets	25,129,439	25,093,671
Total liabilities and net assets	55,066,063	55,042,470

(2) Statement of Income

(Unit: thousand yen)

	15th fiscal period From: July 1, 2023 To: Dec. 31, 2023	16th fiscal period From: Jan. 1, 2024 To: June 30, 2024
Operating revenue		
Lease business revenue	1,980,257	1,987,113
Other lease business revenue	101,571	106,025
Gain on sale of real estate	—	115,313
Total operating revenue	2,081,828	2,208,453
Operating expenses		
Expenses related to rent business	879,764	923,012
Asset management fee	193,062	197,857
Asset custody fee	2,748	2,740
Administrative service fees	24,897	23,904
Directors' compensations	3,000	3,000
Taxes and dues	21,866	24,520
Other operating expenses	56,639	55,658
Total operating expenses	1,181,978	1,230,693
Operating income	899,849	977,759
Non-operating income		
Interest income	24	23
Reversal of distributions payable	465	188
Interest on tax refund	104	—
Insurance income	—	745
Total non-operating income	594	957
Non-operating expenses		
Interest expenses	109,982	116,040
Borrowing related expenses	65,012	64,327
Amortization of investment unit issuance expenses	14,198	14,198
Total non-operating expenses	189,193	194,567
Ordinary income	711,250	784,149
Extraordinary income		
Gain on receipt of donated non-current assets	1,900	—
Total extraordinary income	1,900	—
Net income before income taxes	713,150	784,149
Income taxes - current	858	1,024
Income taxes - deferred	3	(7)
Total income taxes	861	1,016
Net income	712,289	783,133
Retained earnings brought forward	185	87
Unappropriated retained earnings (undisposed loss)	712,474	783,220

(3) Statement of Unitholders' Equity

15th fiscal period (from July 1, 2023, to December 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

16th fiscal period (from January 1, 2024, to June 30, 2024)

(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	(15,645)	(781,698)	(797,344)	24,416,964
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			(105,327)	(105,327)	(105,327)
Net income					
Total changes of items during period	—	(1,186)	(105,327)	(106,514)	(106,514)
Balance at end of current period	25,214,309	(16,831)	(887,026)	(903,858)	24,310,450

(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	712,474	712,474	25,129,439	25,129,439
Changes of items during period				
Dividends of surplus	(712,386)	(712,386)	(712,386)	(712,386)
Distribution in excess of earnings attributable to allowance for temporary difference adjustments			(1,186)	(1,186)
Other distribution in excess of earnings			(105,327)	(105,327)
Net income	783,133	783,133	783,133	783,133
Total changes of items during period	70,746	70,746	(35,767)	(35,767)
Balance at end of current period	783,220	783,220	25,093,671	25,093,671

(4) Statement of Distribution of Cash

	15th fiscal period From: July 1, 2023 To: Dec. 31, 2023	16th fiscal period From: Jan. 1, 2024 To: June 30, 2024
I. Unappropriated retained earnings	712,474,341 yen	783,220,876 yen
II. Addition of dividends in excess of earnings	106,514,025 yen	90,857,175 yen
<i>Of which,</i>		
Allowance for temporary difference adjustments	1,186,125 yen	1,186,125 yen
Other deduction from unitholders' capital	105,327,900 yen	89,671,050 yen
III. Dividends	818,900,700 yen	873,936,900 yen
[Dividends per unit]	[3,452 yen]	[3,684 yen]
<i>Of which,</i>		
Dividends of earnings	712,386,675 yen	783,079,725 yen
[Dividends of earnings per unit]	[3,003 yen]	[3,301 yen]
Allowance for temporary difference adjustments	1,186,125 yen	1,186,125 yen
[Dividends in excess of earnings per unit (attributable to allowance for temporary difference adjustments)]	[5 yen]	[5 yen]
Other dividends in excess of earnings	105,327,900 yen	89,671,050 yen
[Dividends in excess of earnings per unit (attributable to other dividends in excess of earnings)]	[444 yen]	[378 yen]
IV. Retained earnings carried forward	87,666 yen	141,151 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 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>	<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 783,079,725 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 90,857,175 yen, which is the amount roughly equivalent to 24% 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 383 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)

	15th fiscal period From: July 1, 2023 To: Dec. 31, 2023	16th fiscal period From: Jan. 1, 2024 To: June 30, 2024
Cash flows from operating activities		
Net income before income taxes	713,150	784,149
Depreciation	379,734	382,403
Amortization of investment unit issuance expenses	14,198	14,198
Interest income	(24)	(23)
Interest expenses	109,982	116,040
Decrease (increase) in operating accounts receivable	1,805	(2,241)
Decrease (increase) in consumption taxes refund receivable	310,097	—
Increase (decrease) in accrued consumption taxes	69,125	(23,491)
Decrease (increase) in prepaid expenses	(21,716)	(1,806)
Increase (decrease) in operating accounts payable	(16,906)	40,895
Increase (decrease) in accrued expenses	19,646	12,754
Increase (decrease) in advances received	(1,074)	(1,317)
Decrease due to sale of property, plant and equipment in trust	—	359,584
Decrease (increase) in long-term prepaid expenses	(10,476)	36,240
Other, net	(5,783)	(313)
Subtotal	1,561,758	1,717,073
Interest income received	24	23
Interest expenses paid	(110,773)	(108,773)
Income taxes paid	(931)	(857)
Net cash provided by (used in) operating activities	1,450,078	1,607,466
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(106,296)	(88,759)
Proceeds from refund of lease and guarantee deposits in trust	—	96
Payments into restricted deposits	(0)	(0)
Net cash provided by (used in) investing activities	(106,296)	(88,663)
Cash flows from financing activities		
Proceeds from long-term loans payable	1,290,000	2,420,000
Repayments of long-term loans payable	(1,297,500)	(2,420,000)
Dividends paid	(880,491)	(819,045)
Net cash provided by (used in) financing activities	(887,991)	(819,045)
Net increase (decrease) in cash and cash equivalents	455,789	699,757
Cash and cash equivalents at beginning of period	2,371,654	2,827,443
Cash and cash equivalents at end of period	2,827,443	3,527,201

- (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 5–15 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 nil for the 15th fiscal period and 16th 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]

15th fiscal period (from July 1, 2023, to December 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 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 building sale, etc.

16th fiscal period (from January 1, 2024, to June 30, 2024)

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 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 building sale, etc.

(8) Notes on Matters Concerning Financial Statements

[Notes to Balance Sheet]

1. Assets Pledged as Collateral and Collateralized Liabilities

Assets pledged as collateral are as follows.

(Unit: thousand yen)

	15th fiscal period (As of Dec. 31, 2023)	16th fiscal period (As of June 30, 2024)
Buildings in trust	612,526	604,255
Structures in trust	31,055	30,365
Land in trust	1,975,860	1,975,860
Total	2,619,443	2,610,482

Collateralized liabilities are as follows.

(Unit: thousand yen)

	15th fiscal period (As of Dec. 31, 2023)	16th fiscal period (As of June 30, 2024)
Tenant leasehold and security deposits in trust	490,548	482,208
Total	490,548	482,208

2. Contingent Liabilities

15th fiscal period (from July 1, 2023, to December 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 (hereinafter 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.

16th fiscal period (from January 1, 2024, to June 30, 2024)

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 (hereinafter 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.

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