

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

February 18, 2025

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Scheduled date of commencement of dividends payment: March 17, 2025

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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 2024 (from July 1, 2024, to December 31, 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 Dec. 2024	2,578	16.8	1,241	27.0	977	24.7	976	24.7
Ended June 2024	2,208	6.1	977	8.7	784	10.2	783	9.9

	Net income per unit	Return on equity	Ratio of ordinary income to net assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Ended Dec. 2024	3,670	3.5	1.6	37.9
Ended June 2024	3,301	3.1	1.4	35.5

(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 Dec. 2024	3,470	976	147	41	3,617	1,018	100.0	3.3
Ended June 2024	3,301	783	383	90	3,684	873	100.0	3.1

(Note 1) 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).

The breakdown of total dividends in excess of earnings for the fiscal period ended December 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 39 million yen (142 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 2024 and 0.002 for the fiscal period ended December 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 Dec. 2024	68,735	30,314	44.1	105,692
Ended June 2024	55,042	25,093	45.6	105,780

(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. 2024	1,453	(13,111)	10,716	2,586
Ended June 2024	1,607	(88)	(819)	3,527

2. Operating Forecasts for the Fiscal Period Ending June 2025 (from January 1, 2025, to June 30, 2025) and
Operating Forecasts for the Fiscal Period Ending December 2025 (from July 1, 2025, to December 31, 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 June 2025	2,527	(2.0)	1,079	(13.0)	732	(25.1)	731	(25.1)	2,597	504	3,101
Ending Dec. 2025	2,509	(0.7)	1,077	(0.2)	712	(2.7)	711	(2.7)	2,526	507	3,033

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

Fiscal period ending June 2025: 2,597 yen

Fiscal period ending December 2025: 2,526 yen

(Note) The rate of period-on-period increase (decrease) for the fiscal period ending June 2025 shows comparison with the actual figures for the fiscal period ended December 2024, and that for the fiscal period ending December 2025 shows comparison with the forecast figures for the fiscal period ending June 2025.

* 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. 2024	281,494 Units	Fiscal period ended June 2024	237,225 units
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② Number of treasury investment units at end of period

Fiscal period ended Dec. 2024	0 units	Fiscal period ended June 2024	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 June 2025 (from January 1, 2025, to June 30, 2025) and Fiscal Period Ending December 2025 (from July 1, 2025, to December 31, 2025)" on page 7.

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1. Management Status

(1) Management Status

(Overview of the Fiscal Period under Review)

① Brief History of the Investment Corporation

marimo REIT was incorporated under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter the “Investment Trust Act”) with Marimo Asset Management Co., Ltd. (hereinafter the “Asset Manager”) as the organizer and investments in capital of 200 million yen (2,000 units) (Note) on February 5, 2016, and completed the registration with the Kanto Local Finance Bureau on March 16, 2016 (Registration No. 113 with the Director-General of the Kanto Local Finance Bureau). marimo REIT then implemented an issuance of new investment units through public offering (88,500 units) with July 28, 2016, as the payment due date, and was listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. on July 29, 2016 (securities code: 3470). In the fiscal period under review, marimo REIT implemented an issuance of new investment units through public offering (42,226 units) on September 2, 2024, and an issuance of new investment units through third-party allotment in association with a secondary offering through over-allotment (2,043 units) on September 24, 2024. The total number of investment units issued and outstanding stands at 281,494 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 2024), the annualized real GDP growth rate for the period from July to September 2024 increased by 1.2% (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 ongoing high interest rate levels in the U.S. and Europe and the continued stagnation of the Chinese real estate market, exerts downward pressure on the Japanese economy and that due attention should be paid to the impact of rising commodity prices, future policy trends in the U.S., the situation in the Middle East, and volatility in the financial market.

(Financial Market)

In Japan, too, the policy interest rate was hiked in July 2024, and it is recognized that the financial environment ahead warrants close monitoring.

The JBA 3-month Japanese Yen TIBOR remained on an upward trend throughout the fiscal period under review (ended December 2024), from 0.30909% on July 1 to 0.62000% on December 30.

(J-REIT Market Size)

According to the “ARES Monthly Report (December 2024)” published by The Association for Real Estate Securitization, the J-REIT market as of the end of November 2024 increased in asset size (assets under management) by 8,210 billion yen year on year (+3.6% year on year) to 23,517.2 billion yen, and increased in number of portfolio properties by 187 properties year on year (+4.0% year on year) to 4,866 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, 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 2023 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 July to September 2024, the rate of increase in sales value compared with the same period of the previous year for supermarkets was +2.2% on average nationally. By area, the rate of increase was +3.9% for the Kyushu area, +3.0% for the Kanto area, and +1.9% for the Chugoku area, showing an upward trend across the nation. For drugstores, the rate of increase was +5.3% on average nationally, and by area, it was +6.6% for the Kinki area, +6.3% for the Chubu area, and +5.1% for the Tohoku 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 November 2024)" by the Japan National Tourism Organization, the number of international visitors to Japan in the period from January to November 2024 continued to increase significantly to 33.37 million or +49.5% year on year (including estimates). This set a new record, exceeding the cumulative annual total for 2019, which was the previous record. As a result, according to the "Overnight Travel Statistics Survey (October 2024 / second preliminary estimates, November 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 October 2024 was 42.62 million (-2.3% year on year), while that of overnight international guests was 15.82 million (+26.6% year on year), indicating that accommodation demand from international guests is increasing significantly. Guest room occupancy rate by type of accommodation facility increased: 79.8% (+5.2% year on year) for business hotels, 77.4% (+2.3% year on year) for city hotels, and 60.0% (+3.0% 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 Q3 2024" by CBRE K.K., in the third quarter of 2024, the vacancy rate for major regional cities was 2.6% (-0.8 percentage points year on year) for Osaka City, 4.2% (-1.1 percentage points year on year) for Nagoya City, 3.4% (+1.4 percentage points year on year) for Sapporo City, 3.4% (-2.2 percentage points year on year) for Hiroshima City, and 3.8% (-1.0 percentage points year on year) for Fukuoka City. Demand remains strong nationally, and in regional cities, it seems that there is active relocation of companies aimed at improving the office environment for the purpose of securing human resources.

Assumed contract rents in major regional cities were 14,700 yen/tsubo ($\pm 0.0\%$ year on year) for Osaka City, 14,500 yen/tsubo (+1.0% year on year) for Nagoya City, 15,940 yen/tsubo (+1.5% year on year) for Sapporo City, 11,940 yen/tsubo (+0.9% year on year) for Hiroshima City, and 16,200 yen/tsubo (+0.9% 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, contract rent is expected to increase through cost-reduction efforts such as revising common-area electricity fees at MRR Utsunomiya and holding events that make effective use of vacant space at Komyoike Act. Such efforts resulted in an occupancy rate of 98.8% and period-average occupancy rate of 98.7% for marimo REIT's portfolio assets as of the end of the fiscal period under review (60 properties; total acquisition price (Note): 61,879 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, marimo REIT acquired a "1 star" rating in the GRESB Real Estate Assessment in October 2024.

(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 short-term loan (bilateral negotiation 5) of 1,000 million yen was borrowed on July 2, 2024, to fund the acquisition of real estate trust beneficiary right to 3 properties.

In addition, with the acquisition of real estate trust beneficiary rights to 6 properties, 4,882 million yen was raised by issuing new investment units through public offering on September 2, 2024, and 236 million yen was raised by issuing new investment units through third-party allotment in association with a secondary offering through over-allotment on September 24, 2024.

Furthermore, long-term loans of 3,520 million yen and 3,000 million yen and a short-term loan of 240 million yen was borrowed on September 3, 2024, to fund part of the acquisition costs and related expenses for real estate trust beneficiary rights to 6 properties and pre-payment of the short-term loan (bilateral negotiation 5: loan amount of 1,000 million yen) borrowed on July 2, 2024.

Of the borrowed funds, the short-term loan (Tranche 15-C: 240 million yen) borrowed on September 3, 2024, was repaid before maturity, using funds on hand on November 1, 2024.

On top of that, a long-term loan (Tranche 14) of 2,015 million yen was borrowed on August 1, 2024, to fund the repayment of a long-term loan (Tranche 4-B) of 2,015 million yen borrowed on August 1, 2019, due for repayment on August 1, 2024. As a result, at the end of the fiscal period under review (end of December 2024), the balance of loans outstanding was 33,340 million yen and the ratio of interest-bearing liabilities to total assets (hereinafter "LTV ratio") was 48.5%.

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 2,578 million yen, operating income of 1,241 million yen, ordinary income of 977 million yen, and net income of 976 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 3,470 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 41 million yen, which is the amount roughly equivalent to 9% 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 147 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 71.5%.

(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 17th fiscal period (fiscal period ended December 2024) was 71,546 million yen, which exceeds the sum total of total book value of real estate, etc. (60,987 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 18th fiscal period (174 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 60,984 million yen and leasehold rights in trust posted to intangible assets of 2 million yen.

(Note 3) For the 60 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 99 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 174 million yen for the fiscal period ending June 2025 and 178 million yen for the fiscal period ending December 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 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

Not applicable.

(Reference information)

Borrowing of Funds

marimo REIT borrowed a long-term loan of 2,420 million yen on February 3, 2025, to fund the repayment of a long-term loan of 2,420 million yen (Tranche 6-B) due for repayment on the same date. Details are as follows.

	Lender	Loan amount (million yen)	Interest rate (Note 2)	Drawdown date	Maturity date	Repayment method	Remarks
Tranche 16 green loan (Note 5)	Loan syndicate with Sumitomo Mitsui Banking Corporation as arranger (Note 1)	2,420	Base rate (JBA 1-month Japanese Yen TIBOR) (Note 3) + 0.650% (floating rate)	February 3, 2025	February 1, 2029 (Note 4)	Lump-sum repayment at maturity	Unsecured and unguaranteed

(Note 1) The loan syndicate consists of Sumitomo Mitsui Banking Corporation, The Hiroshima Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, 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 1-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 1-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, it shall be the next business day, but if that next business day falls into the next calendar month, then it shall be the business day preceding the concerned date.

(Note 5) The loan will be allocated to the refinancing of the acquisition funds of a green building satisfying eligibility criteria based on the green finance framework formulated by marimo REIT as of July 26, 2024.

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

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> ● Fiscal period ending June 2025 (18th fiscal period) (from January 1, 2025, to June 30, 2025) (181 days) ● Fiscal period ending December 2025 (19th fiscal period) (from July 1, 2025, to December 31, 2025) (184 days)
Assets under management	<ul style="list-style-type: none"> ● The assumption is that the real estate trust beneficiary rights to 60 properties held as of today (hereinafter the "Portfolio Assets") will continue to be held through to the end of the fiscal period ending December 2025. ● In actual practice, change may arise due to acquisition of new properties, disposition of portfolio properties, etc.
Operating revenue	<ul style="list-style-type: none"> ● Operating revenue from leasing of the Portfolio Assets is calculated on the basis of the rent, etc. stated in lease contracts in effect as of today, historical data, etc. ● 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. 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 1,422 million yen for the fiscal period ending June 2025 and 1,423 million yen for the fiscal period ending December 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 for the real estate trust beneficiary rights to 3 properties acquired on July 2, 2024, and the real estate trust beneficiary rights to 6 properties acquired on September 3, 2024. Furthermore, the total amount of fixed asset tax, city planning tax, etc. to be expensed is expected to be 209 million yen for the fiscal period ending June 2025 and 211 million yen for the fiscal period ending December 2025. ● Repair expenses for buildings based on medium- to long-term repair plans formulated by the Asset Manager are expected to be 62 million yen for the fiscal period ending June 2025 and 50 million yen for the fiscal period ending December 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 473 million yen for the fiscal period ending June 2025 and 476 million yen for the fiscal period ending December 2025.
Non-operating expenses	<ul style="list-style-type: none"> ● Interest expenses and other borrowing-related expenses are expected to be 332 million yen for the fiscal period ending June 2025 and 349 million yen for the fiscal period ending December 2025. ● Amortization of investment unit issuance expenses is expected to be 15 million yen for the fiscal period ending June 2025 and 15 million yen for the fiscal period ending December 2025.
Loans	<ul style="list-style-type: none"> ● Total interest-bearing liabilities are expected to be 33,340 million yen at the end of the fiscal period ending June 2025 and 33,340 million yen at the end of the fiscal period ending December 2025.
Investment units	<ul style="list-style-type: none"> ● The assumption is that the total number of investment units issued and outstanding as of today is 281,494 units. ● The assumption is that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending December 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.

Item	Assumptions
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 June 2025 and fiscal period ending December 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 June 2025 and fiscal period ending December 2025. As such, for the fiscal period ending June 2025, total dividends in excess of earnings is expected to be 141 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 140 million yen, and for the fiscal period ending December 2025, total dividends in excess of earnings is expected to be 142 million yen, of which total dividends of allowance for temporary difference adjustments is 1 million yen and other distribution in excess of earnings is 141 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 18th fiscal period (fiscal period ending June 2025) and 19th fiscal period (fiscal period ending December 2025) regardless of the forecast above in the event that such conditions are not met.</p> <p>In addition, concerning the fiscal period ending June 2025 and fiscal period ending December 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 June 2025 and fiscal period ending December 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 June 2025 and fiscal period ending December 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 September 25, 2024).

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	16th fiscal period (As of June 30, 2024)	17th fiscal period (As of Dec. 31, 2024)
Assets		
Current assets		
Cash and deposits	2,428,679	1,113,807
Cash and deposits in trust	3,385,859	5,702,278
Operating accounts receivable	18,421	18,299
Prepaid expenses	139,271	177,874
Consumption taxes refund receivable	—	384,012
Total current assets	5,972,231	7,396,272
Non-current assets		
Property, plant and equipment		
Buildings in trust	23,057,640	27,513,266
Accumulated depreciation	(3,696,556)	(4,047,804)
Buildings in trust, net	19,361,083	23,465,462
Structures in trust	507,552	550,378
Accumulated depreciation	(112,149)	(124,684)
Structures in trust, net	395,402	425,694
Machinery and equipment in trust	123,822	123,822
Accumulated depreciation	(45,538)	(48,559)
Machinery and equipment in trust, net	78,284	75,263
Tools, furniture and fixtures in trust	74,693	95,294
Accumulated depreciation	(35,220)	(42,124)
Tools, furniture and fixtures in trust, net	39,473	53,169
Land in trust	28,921,260	36,964,231
Construction in progress in trust	33,184	649
Total property, plant and equipment	48,828,688	60,984,469
Intangible assets		
Leasehold rights in trust	2,696	2,568
Total intangible assets	2,696	2,568
Investments and other assets		
Long-term prepaid expenses	186,929	271,896
Deferred tax assets	20	14
Guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	13,670	13,670
Total investments and other assets	210,619	295,581
Total non-current assets	49,042,004	61,282,619
Deferred assets		
Investment unit issuance expenses	28,234	56,477
Total deferred assets	28,234	56,477
Total assets	55,042,470	68,735,369

(Unit: thousand yen)

	16th fiscal period (As of June 30, 2024)	17th fiscal period (As of Dec. 31, 2024)
Liabilities		
Current liabilities		
Operating accounts payable	167,535	173,424
Current portion of long-term loans payable	4,435,000	4,435,000
Accrued expenses	311,226	324,586
Income taxes payable	1,020	843
Accrued consumption taxes	45,634	—
Advances received	320,033	345,781
Current portion of tenant leasehold and security deposits in trust	63,990	202,276
Other	6,525	16,673
Total current liabilities	5,350,966	5,498,585
Non-current liabilities		
Long-term loans payable	22,385,000	28,905,000
Tenant leasehold and security deposits in trust	2,194,344	3,998,442
Asset retirement obligations	18,457	18,477
Other	30	18
Total non-current liabilities	24,597,832	32,921,937
Total liabilities	29,948,798	38,420,523
Net assets		
Unitholders' equity		
Unitholders' capital	25,214,309	30,332,690
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	(16,831)	(18,017)
Other deduction from unitholders' capital	(887,026)	(976,697)
Total deduction from unitholders' capital	(903,858)	(994,715)
Unitholders' capital, net	24,310,450	29,337,975
Surplus		
Unappropriated retained earnings (undisposed loss)	783,220	976,871
Total surplus	783,220	976,871
Total unitholders' equity	25,093,671	30,314,846
Total net assets	25,093,671	30,314,846
Total liabilities and net assets	55,042,470	68,735,369

(2) Statement of Income

(Unit: thousand yen)

	16th fiscal period From: January 1, 2024 To: June 30, 2024	17th fiscal period From: July 1, 2024 To: Dec. 31, 2024
Operating revenue		
Lease business revenue	1,987,113	2,275,104
Other lease business revenue	106,025	126,827
Gain on sale of real estate	115,313	176,611
Total operating revenue	2,208,453	2,578,543
Operating expenses		
Expenses related to rent business	923,012	1,019,416
Asset management fee	197,857	218,072
Asset custody fee	2,740	3,110
Administrative service fees	23,904	25,681
Directors' compensations	3,000	3,000
Taxes and dues	24,520	13,477
Other operating expenses	55,658	54,460
Total operating expenses	1,230,693	1,337,218
Operating income	977,759	1,241,324
Non-operating income		
Interest income	23	413
Reversal of distributions payable	188	410
Insurance income	745	—
Total non-operating income	957	823
Non-operating expenses		
Interest expenses	116,040	165,751
Borrowing related expenses	64,327	79,250
Amortization of investment unit issuance expenses	14,198	19,503
Total non-operating expenses	194,567	264,505
Ordinary income	784,149	977,642
Net income before income taxes	784,149	977,642
Income taxes - current	1,024	906
Income taxes - deferred	(7)	5
Total income taxes	1,016	912
Net income	783,133	976,730
Retained earnings brought forward	87	141
Unappropriated retained earnings (undisposed loss)	783,220	976,871

(3) Statement of Unitholders' Equity

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

17th fiscal period (from July 1, 2024, to December 31, 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	(16,831)	(887,026)	(903,858)	24,310,450
Changes of items during period					
Issuance of new investment units	5,118,381				5,118,381
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			(89,671)	(89,671)	(89,671)
Net income					
Total changes of items during period	5,118,381	(1,186)	(89,671)	(90,857)	5,027,524
Balance at end of current period	30,332,690	(18,017)	(976,697)	(994,715)	29,337,975

(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	783,220	783,220	25,093,671	25,093,671
Changes of items during period				
Issuance of new investment units			5,118,381	5,118,381
Dividends of surplus	(783,079)	(783,079)	(783,079)	(783,079)
Distribution in excess of earnings attributable to allowance for temporary difference adjustments			(1,186)	(1,186)
Other distribution in excess of earnings			(89,671)	(89,671)
Net income	976,730	976,730	976,730	976,730
Total changes of items during period	193,650	193,650	5,221,175	5,221,175
Balance at end of current period	976,871	976,871	30,314,846	30,314,846

(4) Statement of Distribution of Cash

	16th fiscal period From: January 1, 2024 To: June 30, 2024	17th fiscal period From: July 1, 2024 To: Dec. 31, 2024
I. Unappropriated retained earnings	783,220,876 yen	976,871,333 yen
II. Addition of dividends in excess of earnings	90,857,175 yen	41,379,618 yen
<i>Of which,</i>		
Allowance for temporary difference adjustments	1,186,125 yen	1,407,470 yen
Other deduction from unitholders' capital	89,671,050 yen	39,972,148 yen
III. Dividends	873,936,900 yen	1,018,163,798 yen
[Dividends per unit]	[3,684 yen]	[3,617 yen]
<i>Of which,</i>		
Dividends of earnings	783,079,725 yen	976,784,180 yen
[Dividends of earnings per unit]	[3,301 yen]	[3,470 yen]
Allowance for temporary difference adjustments	1,186,125 yen	1,407,470 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	89,671,050 yen	39,972,148 yen
[Dividends in excess of earnings per unit (attributable to other dividends in excess of earnings)]	[378 yen]	[142 yen]
IV. Retained earnings carried forward	141,151 yen	87,153 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 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>	<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 976,784,180 yen, which is the largest integral multiple of the total number of investment units issued and outstanding at end of period in an amount not in excess of unappropriated retained earnings, as dividends of earnings.</p> <p>Furthermore, in accordance with the policy on distribution of cash provided in Article 25, Paragraph 2 of the Articles of Incorporation, marimo REIT shall execute distribution in excess of earnings in the fiscal period under review as part of cash management. Based on this, the decision was made to distribute 41,379,618 yen, which is the amount roughly equivalent to 9% 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 147 yen. Furthermore, included in the dividends in excess of earnings is distribution of allowance for temporary difference adjustments of 1,407,470 yen, resulting in allowance for temporary difference adjustments per unit of 5 yen.</p>

(5) Statement of Cash Flows

(Unit: thousand yen)

	16th fiscal period From: Jan. 1, 2024 To: June 30, 2024	17th fiscal period From: July 1, 2024 To: Dec. 31, 2024
Cash flows from operating activities		
Net income before income taxes	784,149	977,642
Depreciation	382,403	447,334
Amortization of investment unit issuance expenses	14,198	19,503
Interest income	(23)	(413)
Interest expenses	116,040	165,751
Decrease (increase) in operating accounts receivable	(2,241)	122
Decrease (increase) in consumption taxes refund receivable	—	(384,012)
Increase (decrease) in accrued consumption taxes	(23,491)	(45,634)
Decrease (increase) in prepaid expenses	(1,806)	(38,603)
Increase (decrease) in operating accounts payable	40,895	(41,026)
Increase (decrease) in accrued expenses	12,754	17,601
Increase (decrease) in advances received	(1,317)	25,748
Decrease due to sale of property, plant and equipment in trust	359,584	537,532
Decrease (increase) in long-term prepaid expenses	36,240	(84,967)
Other, net	(313)	10,367
Subtotal	1,717,073	1,606,948
Interest income received	23	413
Interest expenses paid	(108,773)	(152,516)
Income taxes paid	(857)	(1,084)
Net cash provided by (used in) operating activities	1,607,466	1,453,761
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(88,759)	(13,111,062)
Proceeds from refund of lease and guarantee deposits in trust	96	—
Payments into restricted deposits	(0)	(2)
Net cash provided by (used in) investing activities	(88,663)	(13,111,064)
Cash flows from financing activities		
Proceeds from short-term loans payable	—	1,240,000
Repayments of long-term loans payable	—	(1,240,000)
Proceeds from long-term loans payable	2,420,000	8,535,000
Repayments of long-term loans payable	(2,420,000)	(2,015,000)
Proceeds from issuance of new investment units	—	5,070,634
Dividends paid	(819,045)	(874,168)
Net cash provided by (used in) financing activities	(819,045)	10,716,465
Net increase (decrease) in cash and cash equivalents	699,757	(940,837)
Cash and cash equivalents at beginning of period	2,827,443	3,527,201
Cash and cash equivalents at end of period	3,527,201	2,586,363

- (6) Notes on the Going Concern Assumption
Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets	<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>
2. Accounting for deferred assets	Investment unit issuance expenses Amortized using the straight-line method over 3 years.
3. Standards for revenue and expense recognition	<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 16th fiscal period and 27,662 thousand yen for the 17th fiscal period.</p>
4. Scope of funds in the statement of cash flows	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.
5. Other matters serving as the basis for preparation of the financial statements	<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]

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.

17th fiscal period (from July 1, 2024, to December 31, 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 1,407 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)

	16th fiscal period (As of June 30, 2024)	17th fiscal period (As of Dec. 31, 2024)
Buildings in trust	604,255	713,812
Structures in trust	30,365	36,873
Land in trust	1,975,860	2,387,920
Total	2,610,482	3,138,606

Collateralized liabilities are as follows.

(Unit: thousand yen)

	16th fiscal period (As of June 30, 2024)	17th fiscal period (As of Dec. 31, 2024)
Tenant leasehold and security deposits in trust	482,208	529,348
Total	482,208	529,348

2. Contingent Liabilities

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.

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.

17th fiscal period (from July 1, 2024, to December 31, 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.

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.