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May 11, 2023

Outline of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending December 2023 <under Japanese GAAP>

Name of Company Listed: Tokyo Tatemono Co., Ltd. Exchange: Prime Market of Tokyo Stock Exchange
Code Number: 8804 URL: <https://www.tatemono.com/english/>
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Scheduled date for submission of quarterly report: May 12, 2023
Scheduled date for commencement of dividend payment: —
Supplementary documents for quarterly results: Yes
Quarterly results briefing: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest one million yen.)

1. Consolidated Results of Operations for the First Quarter of Fiscal Year Ending December 2023

(January 1, 2023 to March 31, 2023)

(1) Consolidated business results (on a cumulative basis)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023 1Q	118,393	(2.7)	27,289	7.0	27,472	9.2	17,755	3.1
FY2022 1Q	121,684	18.5	25,504	21.0	25,156	27.2	17,226	24.4

Note 1: The percentage figures indicate the percentage increase/decrease compared with the previous fiscal year.

Note 2: Comprehensive income FY2023 1Q ¥20,570 million (12.6%)
FY2022 1Q ¥18,272 million (-25.4%)

	Profit per share		Profit per share after adjusting for dilution	
	Yen		Yen	
FY2023 1Q	85.00		—	
FY2022 1Q	82.47		—	

(2) Consolidated financial status

	Total assets		Net assets		Equity capital ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
FY2023 1Q	1,812,369		469,740		25.3		2,196.12	
FY2022	1,720,134		456,838		25.9		2,135.08	

Reference: Equity capital FY2023 1Q ¥458,745 million
FY2022 ¥445,994 million

2. Dividend Status

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
FY2022	Yen —	Yen 29.00	Yen —	Yen 36.00	Yen 65.00
FY2023	—				
FY2023 (Forecast)		36.00	—	36.00	72.00

Note: Revisions to dividend forecasts published most recently: None

3. Forecast of Consolidated Results of Operations for Fiscal Year Ending December 2023 (January 1, 2023 to December 31, 2023)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	413,000	18.0	66,000	2.4	67,000	5.5	44,500	3.3	213.03

Note 1: The percentage figures indicate the percentage increase/decrease compared with the previous fiscal year.

Note 2: Revisions to consolidated results forecast of operations published most recently: None

*Notes

(1) Significant changes in subsidiaries accompanied by a change in the scope of consolidation during the period: No

(2) Application of particular accounting practices to the preparation of quarterly consolidated financial statements: None

(3) Changes in the accounting principles and changes or restatement of accounting estimates

- | | |
|---|------|
| (i) Changes in the accounting principles due to amendment of accounting standard, etc.: | Yes |
| (ii) Changes in the accounting principles other than (i): | None |
| (iii) Changes in the accounting estimates: | None |
| (iv) Restatement: | None |

Note: Refer to page 9, “2. Quarterly Consolidated Financial Statements and Key Notes; (3) Notes on Quarterly Consolidated Financial Statements; (Changes in accounting policies)” for details.

(4) Number of shares outstanding (common shares)

(i) Number of shares outstanding (including treasury shares) at the end of the period

As of March 31, 2023: 209,167,674 shares As of December 31, 2022: 209,167,674 shares

(ii) Number of shares of treasury shares at the end of the period

As of March 31, 2023: 278,822 shares As of December 31, 2022: 278,430 shares

(iii) Average number of shares during the period (cumulative consolidated quarterly periods)

FY2023 1Q: 208,889,077 shares FY2022 1Q: 208,891,398 shares

* The Company has introduced a stock compensation plan, “Board Benefit Trust (BBT).” The shares of the Company held by the trust are included in the number of shares of treasury shares at the end of the period and the treasury shares deducted in the calculation of the average number of shares during the period.

* Outline of Quarterly Financial Statements is not subject to quarterly review by a certified public accountant or audit corporation.

* Explanation Regarding the Appropriate Use of Business Performance Forecasts, and Other Items to Note

The performance forecasts and other statements regarding the future in these materials are based on information currently available to the Company and on certain assumptions deemed to be rational. Actual performance may differ materially depending on various factors. Refer to page 4, “1. Qualitative Information on Consolidated Operating Results, Etc. for the Period Under Review; (3) Description of Consolidated Earnings Forecasts and Other Forward-Looking Statements” for matters regarding the performance forecasts.

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1. Qualitative Information on Consolidated Operating Results, Etc. for the Period Under Review

(1) Description of Operating Results

In the three months ended March 31, 2023 (first quarter of the fiscal year ending December 31, 2023 (FY2023)), the Japanese economy continued to show signs of picking up, with further progress in the normalization of economic and social activities from the COVID-19 pandemic coupled with the effects of various policies. Meanwhile, it is necessary to monitor the effects of factors such as the prolonged Russia-Ukraine situation, the risk of a global economic slowdown stemming from the financial uncertainty in Europe and the US, the impact of trends in prices and interest rates in Japan, and fluctuations in currency exchange rates. Accordingly, the economic outlook remains uncertain.

Amid this business environment, during the first quarter of FY2023, while property sales to investors in the Commercial Properties business and the Asset Service business decreased, sales volume in the Residential business increased. Consequently, operating revenue was ¥118,393 million (down 2.7% from ¥121,684 million for the same period last year), operating profit was ¥27,289 million (up 7.0% from ¥25,504 million for the same period last year), business profit was ¥28,136 million (up 10.8% from ¥25,390 million for the same period last year), ordinary profit was ¥27,472 million (up 9.2% from ¥25,156 million for the same period last year), and profit attributable to owners of parent was ¥17,755 million (up 3.1% from ¥17,226 million for the same period last year).

The Tokyo Tatemono Group has set “business profit,” which is the sum of operating profit and share of profit (loss) of entities accounted for using equity method, as a profit indicator.

See below for an outline of consolidated results by business segment.

(i) Commercial Properties Business

In the first quarter of FY2023, while sales of real estate were recorded for “FUNDES Tenjin Nishidori” (Chuo-ku, Fukuoka-shi) and “Osaka Dojima Bldg.” (Kita-ku, Osaka-shi) as property sales to investors, revenues decreased primarily due to the rebound from the sale of large-scale properties in the same period last year.

Consequently, operating revenue was ¥34,420 million (down 40.3% from ¥57,673 million for the same period last year), operating profit was ¥10,102 million (down 40.9% from ¥17,079 million for the same period last year), and business profit was ¥10,167 million (down 40.7% from ¥17,146 million for the same period last year).

Item	First quarter of FY2022		First quarter of FY2023	
	Quantity, etc.	Operating revenue (million yen)	Quantity, etc.	Operating revenue (million yen)
Leasing of buildings, etc.	Leased area of buildings 833,145 m ² (Of which, subleased area 87,516 m ²)	18,898	Leased area of buildings 983,086 m ² (Of which, subleased area 81,207 m ²)	18,882
Sales of real estate	2 properties	29,387	2 properties	5,770
Building management service, etc.	—	9,387	—	9,767
Total operating revenue	—	57,673	—	34,420
Operating profit	—	17,079	—	10,102
Business profit	—	17,146	—	10,167

(ii) Residential Business

In the first quarter of FY2023, residential sales were recorded for “SHIROKANE The SKY” (Minato-ku, Tokyo) and “Brillia Shiki Garden” (Niiza-shi, Saitama), and sales of real estate were recorded for “Brillia ist Asakusabashi” (Taito-ku, Tokyo) as property sales to investors.

Consequently, operating revenue was ¥63,842 million (up 47.3% from ¥43,350 million for the same period last year), and operating profit and business profit were both ¥17,840 million (up 133.5% from ¥7,641 million for the same period last year).

Item	First quarter of FY2022		First quarter of FY2023	
	Quantity, etc.	Operating revenue (million yen)	Quantity, etc.	Operating revenue (million yen)
Residential sales	390 units	23,250	548 units	53,611
Sales of real estate	—	12,889	—	1,960
Residence leasing	Leased area of buildings 107,443 m ²	1,235	Leased area of buildings 128,337 m ²	1,453
Condominium management service	Number of managed units 96,761 units	3,406	Number of managed units 98,159 units	3,989
Other	—	2,568	—	2,827
Total operating revenue	—	43,350	—	63,842
Operating profit	—	7,641	—	17,840
Business profit	—	7,641	—	17,840

(iii) Asset Service Business

In the first quarter of FY2023, while revenue increased due to heightened occupancy of existing facilities and new opening in parking lot operations, sales of real estate as property sales to investors decreased in the asset solution business. Consequently, operating revenue was ¥14,251 million (down 9.9% from ¥15,810 million for the same period last year), and operating profit and business profit were both ¥1,687 million (down 48.2% from ¥3,254 million for the same period last year).

Item	First quarter of FY2022		First quarter of FY2023	
	Quantity, etc.	Operating revenue (million yen)	Quantity, etc.	Operating revenue (million yen)
Brokerage	250 properties	1,305	248 properties	848
Asset solution (Note)	—	8,370	—	6,544
Management service, etc.	—	1,150	—	1,186
Parking lot operations	Number of parking spaces 75,618 spaces	4,984	Number of parking spaces 79,045 spaces	5,671
Total operating revenue	—	15,810	—	14,251
Operating profit	—	3,254	—	1,687
Business profit	—	3,254	—	1,687

Note: This business mainly improves the added value of acquired real estate for the purpose of resale.

(iv) Other

In the first quarter of FY2023, revenues increased in the leisure & child care business mainly due to heightened occupancy of resort facilities. In addition, business profit increased mainly due to the recording of share of profit of entities accounted for using equity method in overseas businesses under other businesses.

Consequently, operating revenue was ¥5,879 million (up 21.2% from ¥4,849 million for the same period last year), operating profit was ¥503 million (up 103.8% from ¥246 million for the same period last year), and business profit was ¥1,285 million (up 1,845.6% from ¥66 million for the same period last year).

Item	First quarter of FY2022	First quarter of FY2023
	Operating revenue (million yen)	Operating revenue (million yen)
Leisure & child care business	3,707	4,499
Other	1,142	1,379
Total operating revenue	4,849	5,879
Operating profit	246	503
Business profit	66	1,285

(2) Description of Financial Position

(Assets)

Total assets at the end of the first quarter of FY2023 were ¥1,812,369 million, up ¥92,234 million from the end of the previous fiscal year. This was primarily attributable to increase in cash and deposits and real estate for development.

(Liabilities)

Total liabilities at the end of the first quarter of FY2023 were ¥1,342,628 million, up ¥79,332 million from the end of the previous fiscal year. This was primarily attributable to increase in “Other” under current liabilities due to an increase in deposits received of fees from sales outsourcing services for condominium sales. The balance of interest-bearing debt (excluding lease obligations) was ¥994,578 million, up ¥4,779 million from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the first quarter of FY2023 were ¥469,740 million, up ¥12,902 million from the end of the previous fiscal year. This was primarily attributable to an increase in retained earnings.

(3) Description of Consolidated Earnings Forecasts and Other Forward-Looking Statements

Business results for the first quarter of FY2023 were mostly steady and the Company has not revised the earnings forecasts for FY2023 stated in “Outline of Consolidated Financial Statements for the Fiscal Year Ended December 2022” that it released on February 13, 2023.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	End of FY2022 (December 31, 2022)	End of FY2023 1Q (March 31, 2023)
Assets		
Current assets		
Cash and deposits	82,440	157,159
Trade notes, accounts receivable, and contract assets	14,334	13,016
Real estate for sale	173,836	178,827
Real estate for sale in process	160,009	152,003
Real estate for development	81,069	97,083
Other	40,934	39,381
Allowance for doubtful accounts	(93)	(66)
Total current assets	552,531	637,405
Non-current assets		
Property, plant and equipment		
Buildings and structures	396,529	397,452
Accumulated depreciation	(174,775)	(178,238)
Buildings and structures, net	221,754	219,213
Land	537,397	541,999
Construction in progress	44,903	55,617
Other	31,198	31,365
Accumulated depreciation	(20,291)	(20,658)
Other, net	10,907	10,706
Total property, plant and equipment	814,963	827,537
Intangible assets		
Leasehold interests in land	130,042	127,892
Other	2,604	2,643
Total intangible assets	132,646	130,535
Investments and other assets		
Investment securities	128,701	123,618
Investments in silent partnerships	3,638	2,865
Deferred tax assets	2,001	1,957
Leasehold and guarantee deposits	21,469	21,555
Retirement benefit asset	1,151	1,134
Other	63,131	65,859
Allowance for doubtful accounts	(100)	(99)
Total investments and other assets	219,993	216,890
Total non-current assets	1,167,603	1,174,963
Total assets	1,720,134	1,812,369

(Million yen)

	End of FY2022 (December 31, 2022)	End of FY2023 1Q (March 31, 2023)
Liabilities		
Current liabilities		
Short-term borrowings	52,047	53,274
Commercial papers	50,000	50,000
Current portion of bonds payable	10,000	—
Accounts payable - other	13,781	16,434
Income taxes payable	4,811	9,594
Provisions	964	2,889
Deposits received under real estate specified joint enterprise law	—	5,500
Other	67,856	134,088
Total current liabilities	199,461	271,780
Non-current liabilities		
Bonds payable	245,000	245,000
Long-term borrowings	630,520	644,174
Deferred tax liabilities	17,647	17,292
Deferred tax liabilities for land revaluation	27,274	27,274
Provisions	358	323
Leasehold and guarantee deposits received	78,088	77,901
Retirement benefit liability	13,023	12,836
Deposits received under real estate specified joint enterprise law	21,684	16,223
Other	30,236	29,820
Total non-current liabilities	1,063,834	1,070,847
Total liabilities	1,263,296	1,342,628
Net assets		
Shareholders' equity		
Share capital	92,451	92,451
Capital surplus	66,539	66,539
Retained earnings	189,501	199,728
Treasury shares	(443)	(444)
Total shareholders' equity	348,048	358,274
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	50,332	52,040
Revaluation reserve for land	43,187	43,187
Foreign currency translation adjustment	4,604	5,447
Remeasurements of defined benefit plans	(179)	(204)
Total accumulated other comprehensive income	97,945	100,470
Non-controlling interests	10,843	10,994
Total net assets	456,838	469,740
Total liabilities and net assets	1,720,134	1,812,369

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

(Quarterly consolidated statement of income)

(Consolidated first quarter)

(Million yen)

	FY2022 1Q (January 1, 2022 to March 31, 2022)	FY2023 1Q (January 1, 2023 to March 31, 2023)
Operating revenue	121,684	118,393
Operating costs	86,388	79,947
Operating gross profit	35,295	38,446
Selling, general and administrative expenses	9,790	11,156
Operating profit	25,504	27,289
Non-operating income		
Interest income	8	11
Dividend income	1,051	1,147
Share of profit of entities accounted for using equity method	—	847
Other	633	215
Total non-operating income	1,693	2,221
Non-operating expenses		
Interest expenses	1,602	1,688
Borrowing fee	230	290
Share of loss of entities accounted for using equity method	114	—
Dividends paid on real estate specified joint enterprise law	24	21
Other	70	37
Total non-operating expenses	2,041	2,038
Ordinary profit	25,156	27,472
Extraordinary income		
Gain on sale of non-current assets	173	2
Gain on sale of investment securities	50	—
Total extraordinary income	224	2
Extraordinary losses		
Loss on retirement of non-current assets	38	23
Impairment losses	32	3
Total extraordinary losses	70	26
Profit before income taxes	25,310	27,448
Income taxes - current	4,075	10,620
Income taxes - deferred	3,752	(1,165)
Total income taxes	7,827	9,455
Profit	17,483	17,993
Profit attributable to non-controlling interests	256	237
Profit attributable to owners of parent	17,226	17,755

(Quarterly consolidated statement of comprehensive income)

(Consolidated first quarter)

(Million yen)

	FY2022 1Q (Jan. 1, 2022 to Mar. 31, 2022)	FY2023 1Q (Jan. 1, 2023 to Mar. 31, 2023)
Profit	17,483	17,993
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,299)	1,760
Foreign currency translation adjustment	33	1,507
Remeasurements of defined benefit plans, net of tax	(50)	(25)
Share of other comprehensive income of entities accounted for using equity method	2,105	(664)
Total other comprehensive income	789	2,577
Comprehensive income	18,272	20,570
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	18,009	20,280
Comprehensive income attributable to non-controlling interests	263	289

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on going assumptions)

Not applicable

(Notes on cases where there was a substantial change in the amount of shareholders' equity)

Not applicable

(Significant changes in subsidiaries during the period under review)

Not applicable

(Changes in accounting policies)

(Application of the implementation guidance on accounting standard for fair value measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021) from the beginning of the first quarter of the fiscal year ending December 2023 and, in accordance with the transitional treatment stipulated in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company decided to apply the new accounting policies stipulated in the Implementation Guidance on Accounting Standard for Fair Value Measurement into the future.

The impact of the application of the Implementation Guidance on Accounting Standard for Fair Value Measurement on the financial statements for the first quarter of the fiscal year ending December 2023 will be minor.