

This document has been translated from a portion of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation, nor for direct, indirect, or any other form of damages that may arise from use of this translation. This English version includes some explanatory notes.

November 9, 2023

Outline of Consolidated Financial Statements for the First Three Quarters 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/>
Representative: Hitoshi Nomura, President & Chief Executive Officer
Contact: Munetoshi Harunaga, General Manager, Corporate Communications Department
TEL: +81-(0)3-3274-1984

Scheduled date for submission of quarterly report: November 10, 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 Three Quarters of Fiscal Year Ending December 2023 (January 1, 2023 to September 30, 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 3Q | 238,199 | (11.3) | 43,078 | (21.7) | 43,809 | (22.7) | 29,085 | (26.2) |
| FY2022 3Q | 268,455 | 20.3 | 55,050 | 32.2 | 56,670 | 44.7 | 39,391 | 25.3 |

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

Note 2: Comprehensive income FY2023 3Q ¥49,490 million (16.1%)
FY2022 3Q ¥42,618 million (3.9%)

| | Profit per share | | Profit per share after adjusting for dilution | |
|-----------|------------------|--|---|--|
| | Yen | | Yen | |
| FY2023 3Q | 139.23 | | - | |
| FY2022 3Q | 188.57 | | - | |

(2) Consolidated financial status

| | Total assets | | Net assets | | Equity capital ratio | | Net assets per share | |
|-----------|--------------|--|-------------|--|----------------------|--|----------------------|--|
| | Million yen | | Million yen | | % | | Yen | |
| FY2023 3Q | 1,867,664 | | 490,219 | | 25.7 | | 2,294.03 | |
| FY2022 | 1,720,134 | | 456,838 | | 25.9 | | 2,135.08 | |

Reference: Equity capital FY2023 3Q ¥479,231 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 | — | 36.00 | — | | |
| FY2023 (Forecast) | | | | 37.00 | 73.00 |

Note: Revisions to dividend forecasts published most recently: Yes

See “Notice Concerning Revisions to Forecast of Full-year Consolidated Financial Results of Operations and Dividend Forecast” announced on November 9, 2023, for details of the revisions of dividends forecasts.

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 | 375,000 | 7.2 | 67,500 | 4.7 | 68,500 | 7.8 | 45,000 | 4.5 | 215.41 |

Note: Revisions to consolidated results forecast of operations published most recently: Yes

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 details of the revisions to consolidated results forecasts.

*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 September 30, 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 September 30, 2023: 263,891 shares As of December 31, 2022: 278,430 shares

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

FY2023 3Q: 208,899,132 shares FY2022 3Q: 208,890,730 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.

○Contents of Accompanying Materials

| | |
|---|---|
| 1. Qualitative Information on Consolidated Operating Results, Etc. for the Period Under Review | 2 |
| (1) Description of Operating Results | 2 |
| (2) Description of Financial Position | 4 |
| (3) Description of Consolidated Earnings Forecasts and Other Forward-Looking Statements | 4 |
| 2. Quarterly Consolidated Financial Statements and Key Notes..... | 5 |
| (1) Quarterly Consolidated Balance Sheet..... | 5 |
| (2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income | 7 |
| (3) Notes on Quarterly Consolidated Financial Statements | 9 |
| (Notes on going assumptions)..... | 9 |
| (Notes on cases where there was a substantial change in the amount of shareholders' equity) | 9 |
| (Significant changes in subsidiaries during the period under review)..... | 9 |
| (Changes in accounting policies) | 9 |

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

(1) Description of Operating Results

In the nine months ended September 30, 2023 (first three quarters of the fiscal year ending December 31, 2023 (FY2023)), the Japanese economy continued to show a moderate recovery trend, with progress in the normalization of economic and social activities due to the easing of immigration restrictions and activity restrictions associated with COVID-19, coupled with improvements in the employment and income environment and the effects of various policies. On the other hand, the prolonged impact of the Russia-Ukraine situation, global monetary tightening, and stagnation in the real estate market in China have posed downside risks to the economy. Furthermore, it is necessary to monitor the trends in prices and interest rates both at home and abroad and the impact of exchange rate fluctuations; and the economic outlook remains uncertain.

Amid this business environment, as to the consolidated results for the first three quarters of FY2023, with factors such as a decrease in property sales to investors in the Commercial Properties business and the Residential business, operating revenue was 238,199 million yen (down 11.3% from 268,455 million yen for the same period last year), operating profit was 43,078 million yen (down 21.7% from 55,050 million yen for the same period last year), business profit was 46,499 million yen (down 20.0% from 58,095 million yen for the same period last year), ordinary profit was 43,809 million yen (down 22.7% from 56,670 million yen for the same period last year), and profit attributable to owners of parent was 29,085 million yen (down 26.2% from 39,391 million yen 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 three quarters 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 92,001 million yen (down 19.8% from 114,675 million yen for the same period last year), operating profit was 24,620 million yen (down 26.6% from 33,527 million yen for the same period last year), and business profit was 24,877 million yen (down 26.2% from 33,732 million yen for the same period last year).

| Item | First three quarters of FY2022 | | First three quarters of FY2023 | |
|-----------------------------------|--|---------------------------------|--|---------------------------------|
| | Quantity, etc. | Operating revenue (million yen) | Quantity, etc. | Operating revenue (million yen) |
| Leasing of buildings, etc. | Leased area of buildings 897,388 m ² (Of which, subleased area 87,516 m ²) | 57,578 | Leased area of buildings 1,058,957 m ² (Of which, subleased area 66,535 m ²) | 57,915 |
| Sales of real estate | 2 properties | 29,387 | 2 properties | 6,171 |
| Building management service, etc. | — | 27,710 | — | 27,915 |
| Total operating revenue | — | 114,675 | — | 92,001 |
| Operating profit | — | 33,527 | — | 24,620 |
| Business profit | — | 33,732 | — | 24,877 |

(ii) Residential Business

In the first three quarters of FY2023, residential sales were recorded for properties, including “SHIROKANE The SKY” (Minato-ku, Tokyo) and “Brillia Shiki Garden” (Niiza-shi, Saitama). In addition, sales of real estate from property sales to investors were recorded for “Brillia ist Asakusabashi” (Taito-ku, Tokyo), but revenues decreased from the same period last year.

Consequently, operating revenue was 88,100 million yen (down 11.6% from 99,675 million yen for the same period last year), and operating profit and business profit were both 17,306 million yen (down 17.4% from 20,962 million yen in the same period last year).

| Item | First three quarters of FY2022 | | First three quarters of FY2023 | |
|--------------------------------|--|---------------------------------|--|---------------------------------|
| | Quantity, etc. | Operating revenue (million yen) | Quantity, etc. | Operating revenue (million yen) |
| Residential sales | 1,034 units | 65,522 | 712 units | 63,962 |
| Sales of real estate | — | 14,200 | — | 2,389 |
| Residence leasing | Leased area of buildings 116,644 m ² | 3,918 | Leased area of buildings 131,913 m ² | 4,490 |
| Condominium management service | Number of managed units 97,345 units | 9,897 | Number of managed units 99,522 units | 10,728 |
| Other | — | 6,136 | — | 6,530 |
| Total operating revenue | — | 99,675 | — | 88,100 |
| Operating profit | — | 20,962 | — | 17,306 |
| Business profit | — | 20,962 | — | 17,306 |

(iii) Asset Service Business

In the first three quarters of FY2023, sales of real estate from property sales to investors increased in the asset solution business. In addition, revenue increased due to heightened occupancy of existing facilities and new openings in parking lot operations.

Consequently, operating revenue was 40,257 million yen (up 8.7% from 37,048 million yen for the same period last year), and operating profit and business profit were both 7,240 million yen (up 32.0% from 5,483 million yen for the same period of last year).

| Item | First three quarters of FY2022 | | First three quarters of FY2023 | |
|--------------------------|---|---------------------------------|---|---------------------------------|
| | Quantity, etc. | Operating revenue (million yen) | Quantity, etc. | Operating revenue (million yen) |
| Brokerage | 793 properties | 3,467 | 783 properties | 3,590 |
| Asset solution (Note) | — | 14,037 | — | 15,605 |
| Management service, etc. | — | 3,434 | — | 3,488 |
| Parking lot operations | Number of parking spaces 77,083 spaces | 16,108 | Number of parking spaces 82,287 spaces | 17,572 |
| Total operating revenue | — | 37,048 | — | 40,257 |
| Operating profit | — | 5,483 | — | 7,240 |
| Business profit | — | 5,483 | — | 7,240 |

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

(iv) Other

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

Consequently, operating revenue was 17,839 million yen (up 4.6% from 17,054 million yen in the same period last year), operating profit was 1,926 million yen (down 10.5% from 2,152 million yen in the same period last year), and business profit was 5,089 million yen (up 1.9% from 4,992 million in the same period last year).

| Item | First three quarters of FY2022 | First three quarters of FY2023 |
|-------------------------------|------------------------------------|------------------------------------|
| | Operating revenue (million yen) | Operating revenue (million yen) |
| Leisure & child care business | 13,404 | 14,565 |
| Other | 3,650 | 3,274 |
| Total operating revenue | 17,054 | 17,839 |
| Operating profit | 2,152 | 1,926 |
| Business profit | 4,992 | 5,089 |

(2) Description of Financial Position

(Assets)

Total assets at the end of the third quarter of FY2023 were 1,867,664 million yen, up 147,529 million yen from the end of the previous fiscal year. This was primarily attributable to increase in real estate for sale (including real estate for sale in process and real estate for development), property, plant and equipment, and investment securities.

(Liabilities)

Total liabilities at the end of the third quarter of FY2023 were 1,377,445 million yen, up 114,148 million yen from the end of the previous fiscal year. This was primarily attributable to increase in interest-bearing debt. The balance of interest-bearing debt (excluding lease obligations) was 1,074,706 million yen, up 84,907 million yen from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the third quarter of FY2023 were 490,219 million yen, up 33,381 million yen from the end of the previous fiscal year. This was primarily attributable to increase in retained earnings and valuation difference on available-for-sale securities.

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

In light of the results for the first three quarters of FY2023 and the future outlook, the Company has revised the full-year earnings forecasts for FY2023 that it released on February 13, 2023, as follows.

| | (Million yen) | | | |
|---|-----------------------------|------------------------------|---------|-------------------|
| | Revised forecast for FY2023 | Previous forecast for FY2023 | Change | Percentage change |
| Operating revenue | 375,000 | 413,000 | -38,000 | -9.2% |
| Operating profit | 67,500 | 66,000 | +1,500 | +2.3% |
| Business profit | 72,000 | 71,000 | +1,000 | +1.4% |
| Ordinary profit | 68,500 | 67,000 | +1,500 | +2.2% |
| Profit attributable to owners of parent | 45,000 | 44,500 | +500 | +1.1% |

Refer to “Notice Concerning Revisions to Forecast of Full-year Consolidated Financial Results of Operations and Dividend Forecast” released on November 9, 2023, for details.

The lower progress rate against the revised full-year consolidated earnings forecast is primarily attributable to the fact that sales to be posted from property sales to investors in the Commercial Properties and Residential businesses are weighted toward the fourth quarter.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

| | End of FY2022 (December 31, 2022) | End of FY2023 3Q (September 30, 2023) |
|---|--------------------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 82,440 | 72,546 |
| Trade notes, accounts receivable, and contract assets | 14,334 | 18,277 |
| Real estate for sale | 173,836 | 248,575 |
| Real estate for sale in process | 160,009 | 155,743 |
| Real estate for development | 81,069 | 108,069 |
| Other | 40,934 | 45,368 |
| Allowance for doubtful accounts | (93) | (65) |
| Total current assets | 552,531 | 648,514 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 396,529 | 395,220 |
| Accumulated depreciation | (174,775) | (179,971) |
| Buildings and structures, net | 221,754 | 215,248 |
| Land | 537,397 | 529,122 |
| Construction in progress | 44,903 | 80,908 |
| Other | 31,198 | 31,637 |
| Accumulated depreciation | (20,291) | (21,122) |
| Other, net | 10,907 | 10,514 |
| Total property, plant and equipment | 814,963 | 835,795 |
| Intangible assets | | |
| Leasehold interests in land | 130,042 | 127,716 |
| Other | 2,604 | 2,781 |
| Total intangible assets | 132,646 | 130,497 |
| Investments and other assets | | |
| Investment securities | 128,701 | 145,931 |
| Investments in silent partnerships | 3,638 | 2,607 |
| Deferred tax assets | 2,001 | 1,982 |
| Leasehold and guarantee deposits | 21,469 | 21,647 |
| Retirement benefit asset | 1,151 | 1,104 |
| Other | 63,131 | 79,647 |
| Allowance for doubtful accounts | (100) | (64) |
| Total investments and other assets | 219,993 | 252,856 |
| Total non-current assets | 1,167,603 | 1,219,149 |
| Total assets | 1,720,134 | 1,867,664 |

(Million yen)

| | End of FY2022 (December 31, 2022) | End of FY2023 3Q (September 30, 2023) |
|--|--------------------------------------|--|
| Liabilities | | |
| Current liabilities | | |
| Short-term borrowings | 52,047 | 56,642 |
| Commercial papers | 50,000 | 100,000 |
| Current portion of bonds payable | 10,000 | 10,000 |
| Accounts payable - other | 13,781 | 21,359 |
| Income taxes payable | 4,811 | 10,195 |
| Provisions | 964 | 3,148 |
| Deposits received under real estate specified joint enterprise law | — | 5,500 |
| Other | 67,856 | 74,039 |
| Total current liabilities | 199,461 | 280,884 |
| Non-current liabilities | | |
| Bonds payable | 245,000 | 255,000 |
| Long-term borrowings | 630,520 | 651,035 |
| Deferred tax liabilities | 17,647 | 20,919 |
| Deferred tax liabilities for land revaluation | 27,274 | 27,274 |
| Provisions | 358 | 380 |
| Leasehold and guarantee deposits received | 78,088 | 79,232 |
| Retirement benefit liability | 13,023 | 12,979 |
| Deposits received under real estate specified joint enterprise law | 21,684 | 16,247 |
| Other | 30,236 | 33,490 |
| Total non-current liabilities | 1,063,834 | 1,096,560 |
| Total liabilities | 1,263,296 | 1,377,445 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 92,451 | 92,451 |
| Capital surplus | 66,539 | 66,262 |
| Retained earnings | 189,501 | 203,530 |
| Treasury shares | (443) | (420) |
| Total shareholders' equity | 348,048 | 361,823 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 50,332 | 66,690 |
| Revaluation reserve for land | 43,187 | 43,187 |
| Foreign currency translation adjustment | 4,604 | 7,827 |
| Remeasurements of defined benefit plans | (179) | (297) |
| Total accumulated other comprehensive income | 97,945 | 117,407 |
| Non-controlling interests | 10,843 | 10,987 |
| Total net assets | 456,838 | 490,219 |
| Total liabilities and net assets | 1,720,134 | 1,867,664 |

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

(Quarterly consolidated statement of income)

(Consolidated first three quarters)

(Million yen)

| | FY2022 3Q (January 1, 2022 to September 30, 2022) | FY2023 3Q (January 1, 2023 to September 30, 2023) |
|---|---|---|
| Operating revenue | 268,455 | 238,199 |
| Operating costs | 186,505 | 166,623 |
| Operating gross profit | 81,949 | 71,575 |
| Selling, general and administrative expenses | 26,899 | 28,497 |
| Operating profit | 55,050 | 43,078 |
| Non-operating income | | |
| Interest income | 20 | 112 |
| Dividend income | 3,136 | 3,296 |
| Share of profit of entities accounted for using equity method | 3,045 | 3,420 |
| Other | 850 | 311 |
| Total non-operating income | 7,053 | 7,141 |
| Non-operating expenses | | |
| Interest expenses | 4,570 | 5,284 |
| Borrowing fee | 641 | 743 |
| Bond issuance costs | — | 105 |
| Dividends paid on real estate specified joint enterprise law | 73 | 66 |
| Other | 146 | 211 |
| Total non-operating expenses | 5,433 | 6,410 |
| Ordinary profit | 56,670 | 43,809 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 394 | 238 |
| Gain on sale of investment securities | 50 | — |
| Total extraordinary income | 445 | 238 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 9 | — |
| Loss on retirement of non-current assets | 77 | 93 |
| Impairment losses | 186 | 24 |
| Loss on valuation of investment securities | 56 | — |
| Loss on sales of shares of subsidiaries and associates | — | 43 |
| Total extraordinary losses | 330 | 161 |
| Profit before income taxes | 56,785 | 43,886 |
| Income taxes - current | 13,239 | 18,499 |
| Income taxes - deferred | 3,442 | (4,267) |
| Total income taxes | 16,682 | 14,232 |
| Profit | 40,102 | 29,654 |
| Profit attributable to non-controlling interests | 711 | 568 |
| Profit attributable to owners of parent | 39,391 | 29,085 |

(Quarterly consolidated statement of comprehensive income)

(Consolidated first three quarters)

(Million yen)

| | FY2022 3Q (January 1, 2022 to September 30, 2022) | FY2023 3Q (January 1, 2023 to September 30, 2023) |
|--|---|---|
| Profit | 40,102 | 29,654 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (2,566) | 16,731 |
| Foreign currency translation adjustment | 243 | 2,540 |
| Remeasurements of defined benefit plans, net of tax | (145) | (117) |
| Share of other comprehensive income of entities accounted for using equity method | 4,983 | 681 |
| Total other comprehensive income | 2,515 | 19,835 |
| Comprehensive income | 42,618 | 49,490 |
| (Comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of parent | 41,948 | 48,547 |
| Comprehensive income attributable to non-controlling interests | 669 | 942 |

(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) (hereinafter, the "Accounting Standard for Fair Value Measurement Implementation Guidance") 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 Accounting Standard for Fair Value Measurement Implementation Guidance, the Company decided to apply the new accounting policies stipulated in the Accounting Standard for Fair Value Measurement Implementation Guidance into the future.

The impact of the application of the implementation guidance on the financial statements for the first three quarters of the fiscal year ending December 2023 will be minor.