

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.

February 12, 2021

## Outline of Consolidated Financial Statements (Japanese Accounting Standards) for the Fiscal Year Ended December 2020

Name of Company Listed: Tokyo Tatemono Co., Ltd. Exchange: First Section of Tokyo Stock Exchange  
Code Number: 8804 URL: <https://www.tatemono.com/english/>  
Representative: Hitoshi Nomura, President & Chief Executive Officer  
Contact: Yoshio Goto, General Manager of the Corporate Communications Department  
TEL: +81-(0)3-3274-1984

Scheduled date of ordinary shareholders' meeting: March 25, 2021  
Scheduled date for commencement of dividend payment: March 26, 2021  
Scheduled date for submission of securities report: March 25, 2021  
Supplementary documents for results: Yes  
Results briefing: Yes (for institutional investors and analysts)

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

### 1. Consolidated Results of Operations for Fiscal 2020 (January 1, 2020 to December 31, 2020)

#### (1) Consolidated business results

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2020	334,980	3.7	49,631	(5.3)	47,072	5.5	31,795	6.7
FY2019	323,036	18.2	52,410	12.1	44,611	6.1	29,796	9.2

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

Note 2: Comprehensive income FY2020: ¥24,490 million (-47.2%)  
FY2019: ¥46,402 million (325.4%)

	Profit per share	Profit per share after adjusting for dilution	Return on equity	Ordinary profit margin on total assets	Operating profit margin on operating revenue
	Yen	Yen	%	%	%
FY2020	152.12	—	8.3	3.0	14.8
FY2019	141.59	—	8.2	3.0	16.2

Reference: Share of profit (loss) of entities accounted for using equity method FY2020: ¥215 million  
FY2019: -¥742 million

#### (2) Consolidated financial status

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2020	1,624,640	399,129	24.0	1,862.81
FY2019	1,564,049	384,211	24.0	1,794.15

Reference: Equity capital As of December 31, 2020: ¥389,364 million  
As of December 31, 2019: ¥375,008 million

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2020	43,524	(66,724)	38,307	54,645
FY2019	24,096	(64,082)	48,000	39,497

## 2. Dividend Status

	Dividend per share					Total dividend amount (Annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2019	—	19.00	—	22.00	41.00	8,574	29.0	2.4
FY2020	—	22.00	—	24.00	46.00	9,620	30.2	2.5
FY2021 (Forecast)	—	24.00	—	24.00	48.00		30.4	

## 3. Forecast of Consolidated Results of Operations for Fiscal 2021 (January 1, 2021 to December 31, 2021)

	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	350,000	6.0	54,000	8.8	48,000	2.0	33,000	3.8	157.88

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

### \* Notes

(1) Significant changes in subsidiaries accompanied by a change in the scope of consolidation during the period: None

(2) 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.: None
- (ii) Changes in the accounting principles other than (i): None
- (iii) Changes in the accounting estimates: None
- (iv) Restatement: None

(3) Number of shares outstanding (common shares)

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

As of December 31, 2020: 209,167,674 shares As of December 31, 2019: 216,963,374 shares

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

As of December 31, 2020: 148,159 shares As of December 31, 2019: 7,946,379 shares

(iii) Average number of shares during the period

FY2020: 209,020,506 shares FY2019: 210,447,894 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 Financial Statements is not subject to audits 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 7, "1. Outline of Operating Results, Etc.; (4) Outlook for the Next Fiscal Year," for matters regarding the performance forecasts.

## ○ Contents of Accompanying Materials

1. Outline of Operating Results, Etc. ....	2
(1) Outline of Operating Results for the Fiscal Year Under Review .....	2
(2) Outline of Financial Position for the Fiscal Year Under Review .....	6
(3) Outline of Cash Flows for the Fiscal Year Under Review .....	6
(4) Outlook for the Next Fiscal Year .....	7
(5) Basic Policy Regarding Distribution of Profit for the Fiscal Year Under Review and Next Fiscal Year.....	7
2. Basic Policy Regarding Selection of Accounting Standards.....	8
3. Consolidated Financial Statements and Key Notes.....	9
(1) Consolidated Balance Sheet .....	9
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income .....	11
(3) Consolidated Statement of Changes in Equity .....	13
(4) Consolidated Statement of Cash Flows.....	15
(5) Notes on Consolidated Financial Statements .....	17
(Notes on Going Assumptions) .....	17
(Additional Information).....	17
(Relating to Consolidated Balance Sheet).....	17
(Relating to Consolidated Statement of Income) .....	18
(Segment Information, etc.) .....	19
(Relating to Rental Properties).....	23
(Per Share Information).....	24
(Major Subsequent Events).....	25

## 1. Outline of Operating Results, Etc.

### (1) Outline of Operating Results for the Fiscal Year Under Review

In the fiscal year under review (fiscal year ended December 31, 2020 (FY2020)), Japan's economy continued to be in an extremely severe situation with the impact of the COVID-19 pandemic. Such impact included markedly constraining the movement of people and economic activities in Japan and abroad, thus causing private consumption to decline substantially—mainly in consumption of services such as dining out and accommodations—and corporate earnings to also deteriorate significantly.

In the real estate industry, the rental office market was bullish overall, but showed a trend of vacancy rates rising and advertised rents peaking in the latter half of the fiscal year with the widespread adoption of remote work and such. In addition, sales dropped substantially for hotels, commercial facilities, parking lots, etc. due to the impact of the stay-at-home requests and such. In the residential housing market, the number of units supplied decreased due in part to the impact of suspension of sales activities, but was bullish in general as evident by properties in central Tokyo and favorable locations continuing to sell well on the back of mounting interest for residential environment, suburban properties also garnering demand from customers who place weight on features like the number of rooms and size, and other factors. In the real estate investment market, transactions of commercial facilities in certain areas of central Tokyo and hotels stagnated, but the active investment demand for real estate in Japan with the ongoing monetary easing and relatively small impact of COVID-19 led to also rise in prices being seen for some logistics properties.

Amid this business environment, the Tokyo Tatemono Group formulated the “Becoming a Next-Generation Developer” long-term vision looking ahead to around the year 2030 and the Tokyo Tatemono Group medium-term business plan for the period from FY2020 through FY2024, and earnestly promoted initiatives for the achievement of these. In the “Category 1 Urban Redevelopment Project for Yaesu 1-Chome East District B in Front of Tokyo Station” (Chuo-ku, Tokyo) that has long been underway in the vicinity of the former head office building, demolition work on the existing building commenced in October with the approval of the rights exchange plan. The Company temporarily relocated the head office function prior to this in May. Utilizing the environment for remote working already in place from before combined with the advanced office environment newly in place, initiatives have been taken to put diverse working styles into practice along with striving to keep business going smoothly while ensuring thorough precautions against the COVID-19 pandemic with the health and safety of customers and employees given top priority. In addition, in order to pursue “optimization of the business portfolio,” shares of a subsidiary operated under the senior business and residences for elderly people that had been held and operated by such were transferred. Furthermore, in order to promote the “evolved approach to ESG management,” various initiatives were underway for building a sustainable society. These included establishment of the Sustainability Committee, declaration of support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), completion of “Hareza Tower” (Toshima-ku, Tokyo) that marks the first project to obtain ZEB Ready certification for a super-high-rise mixed-use building, and issuance of the real estate sector's first sustainability bonds.

In terms of the Tokyo Tatemono Group's consolidated results for FY2020, there was increase in property sales to investors in the Commercial Properties business and the Senior & Child Care business on the one hand and absence of the sales of large-scale condominiums posted in the previous fiscal year and the impact of the COVID-19 pandemic on the other hand. As a result of these and other factors, operating revenue was ¥334,980 million (up 3.7% from ¥323,036 million for the previous fiscal year), operating profit was ¥49,631 million (down 5.3% from ¥52,410 million for the previous fiscal year) and business profit was ¥49,847 million (down 3.5% from ¥51,668 million for the previous fiscal year). In addition, with improvement in non-operating income and expenses, ordinary profit was ¥47,072 million (up 5.5% from ¥44,611 million for the previous fiscal year) and profit attributable to owners of parent was ¥31,795 million (up 6.7% from ¥29,796 million for the previous fiscal year).

“Business profit,” which is the sum of operating profit and share of profit (loss) of entities accounted for using equity method, has been set as a new profit indicator starting from FY2020 in order to reflect the profit of overseas businesses, etc. potentially growing under the medium-term business plan that has FY2020 as the initial fiscal year.

In addition, the Company revised the classification of reportable segments in FY2020. The results for the previous fiscal year have been restated based on the revised classification.

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

#### <Commercial Properties Business>

In the Commercial Properties business, demolition work on the existing building commenced with the approval of the rights exchange plan for “Category 1 Urban Redevelopment Project for Yaesu 1-Chome East District B in Front of Tokyo Station” (Chuo-ku, Tokyo). In the Toshima project involving utilization of former government office land, construction of “Hareza Tower” was completed. Combined with “Tokyo Tatemono Brillia HALL” and the other already-opened facilities, the entire “Hareza Ikebukuro” (Toshima-ku, Tokyo) has been opened. In addition, as properties for investors, construction of “T-LOGI Kuki” (Kuki-shi, Saitama) (the first logistics properties project) was completed, and new development of a diverse range of asset types (medium-scale office buildings, urban hotels, etc.) was also promoted.

In FY2020, revenue increased due in part to full-year operation of “DNP Gotanda Building” (Shinagawa-ku, Tokyo), completion of “Hareza Tower” and sale of “Otemachi Financial City North Tower” (Chiyoda-ku, Tokyo).

Consequently, operating revenue was ¥144,554 million (up 19.5% from ¥120,940 million for the previous fiscal year), operating profit was ¥40,424 million (up 9.0% from ¥37,095 million for the previous fiscal year) and business profit was ¥40,865 million (up 8.9% from ¥37,534 million for the previous fiscal year).

Item	FY2019		FY2020	
	Quantity, etc.	Operating revenue (million yen)	Quantity, etc.	Operating revenue (million yen)
Leasing of buildings, etc.	Leased area of buildings 799,622 m <sup>2</sup> (Of which, subleased area 97,737 m <sup>2</sup> )	73,902	Leased area of buildings 884,827 m <sup>2</sup> (Of which, subleased area 96,667 m <sup>2</sup> )	74,950
Sales of real estate	3 properties	12,380	6 properties	32,860
Building management service, etc.	—	34,658	—	36,744
Total operating revenue	—	120,940	—	144,554
Operating profit	—	37,095	—	40,424
Business profit	—	37,534	—	40,865

#### <Residential Business>

In the Residential business, along with aiming to become No. 1 in customer evaluation and striving to enhance the value of the “Brillia” brand of condominiums for sale, development of “Brillia ist” condominiums for rent was among other initiatives proactively taken.

In FY2020, residence sales were posted, including sales of “Brillia Tower Takasaki ALPHA RESIDENCIA” (Takasaki-shi, Gunma), “Brillia Higashi Nakano Parkside Hills” (Nakano-ku, Tokyo) and “Brillia City Senri Tsukumodai” (Suita-shi, Osaka). In addition, along with “Brillia ist Komagome” (Kita-ku, Tokyo), “Brillia ist Ryogoku” (Sumida-ku, Tokyo), “KURASU AOYAMA” (Minato-ku, Tokyo), etc. newly entering into operation, “Arcade Ebara Nakanobu” (Shinagawa-ku, Tokyo) and “Light Terrace Kinshicho” (Sumida-ku, Tokyo) were sold and posted to sales.

Consequently, operating revenue was ¥99,164 million (down 24.5% from ¥131,297 million for the previous fiscal year), and operating profit and business profit were each ¥7,194 million (down 54.6% from ¥15,846 million for the previous fiscal year).

Item	FY2019		FY2020	
	Quantity, etc.	Operating revenue (million yen)	Quantity, etc.	Operating revenue (million yen)
Residential sales	1,316 units	98,397	1,196 units	64,442
Sales of residential land, etc.	–	8,149	–	8,842
Residence leasing	Leased area of buildings 87,277 m <sup>2</sup>	4,352	Leased area of buildings 158,230 m <sup>2</sup>	5,515
Condominium management service	Number of managed units 94,319 units	10,751	Number of managed units 95,720 units	11,892
Other	–	9,646	–	8,471
Total operating revenue	–	131,297	–	99,164
Operating profit	–	15,846	–	7,194
Business profit	–	15,846	–	7,194

#### <Asset Service Business>

In the Asset Service business, initiatives were taken to further strengthen earnings power by continuing to focus on strengthening the brokerage business through strengthening of relationships with corporate customers, the asset solution business (enhancement of value and then resale of existing income-producing real estate) and other measures, and also through such measures as winning orders for new large properties in the parking business.

In FY2020, property sales to investors increased in the asset solution business on the one hand, and the impact of the COVID-19 pandemic, among other factors, led to lower occupancy rate in the parking business on the other hand. Consequently, operating revenue was ¥46,666 million (up 5.6% from ¥44,192 million for the previous fiscal year), and operating profit and business profit were each ¥2,686 million (down 54.5% from ¥5,899 million for the previous fiscal year).

Item	FY2019		FY2020	
	Quantity, etc.	Operating revenue (million yen)	Quantity, etc.	Operating revenue (million yen)
Brokerage	1,081 properties	3,840	1,018 properties	3,456
Asset solution (Note)	–	14,389	–	20,096
Management service, etc.	–	4,202	–	4,274
Parking lot operations	Number of parking spaces 69,401 spaces	21,758	Number of parking spaces 76,173 spaces	18,839
Total operating revenue	–	44,192	–	46,666
Operating profit	–	5,899	–	2,686
Business profit	–	5,899	–	2,686

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

#### <Senior & Child Care Business>

In the Senior & Child Care business, three state-authorized day care centers, including “Ohayo Child Care Sekimachiminami” (Nerima-ku, Tokyo), and one after-school child care facility marking the Company’s first such initiative were newly opened in the child care business. In addition, shares of a subsidiary operating residences for elderly people and assets held by such were transferred in order to pursue “optimization of the business portfolio” under the Tokyo Tatemono Group’s medium-term business plan in the senior business.

Consequently, operating revenue was ¥29,276 million (up 244.8% from ¥8,490 million for the previous fiscal year), and operating profit and business profit were each ¥7,652 million (up 2,715.1% from ¥271 million for the previous fiscal year).

Item	FY2019		FY2020	
	Quantity, etc.	Operating revenue (million yen)	Quantity, etc.	Operating revenue (million yen)
Leasing revenue	—	3,068	—	3,054
Sales of real estate	—	—	11 properties	20,458
Nursing care service, etc.	—	4,218	—	4,155
Child care business	—	1,203	—	1,608
Total operating revenue	—	8,490	—	29,276
Operating profit	—	271	—	7,652
Business profit	—	271	—	7,652

<Other>

In the leisure business, some facilities were temporarily closed due to the impact of the COVID-19 pandemic, but occupancy picked up in the latter half of the fiscal year due in part to the effects of government policies. In addition, in overseas businesses, participation was made in a new for-sale condominium project in China (Yangzhou) and “79 Robinson Road,” a redevelopment project for an office building in Singapore, was completed.

In FY2020, operating revenue was ¥15,317 million (down 15.4% from ¥18,115 million for the previous fiscal year) and operating profit was ¥1,235 million (down 17.5% from ¥1,497 million for the previous fiscal year) due in part to the impact of the COVID-19 pandemic, among other factors, leading to lower occupancy of existing facilities in the leisure business. Meanwhile, business profit was ¥1,011 million (up 220.2% from ¥315 million for the previous fiscal year) due in part to share of profit (loss) of entities accounted for using equity method improving in overseas businesses.

Item	FY2019	FY2020
	Operating revenue (million yen)	Operating revenue (million yen)
Leisure business	14,779	11,381
Other	3,336	3,936
Total operating revenue	18,115	15,317
Operating profit	1,497	1,235
Business profit	315	1,011

## (2) Outline of Financial Position for the Fiscal Year Under Review

### (Assets)

Total assets at the end of FY2020 were ¥1,624,640 million, up ¥60,590 million from the end of the previous fiscal year. This was primarily attributable to decrease in investment securities on the one hand, and increase in cash and deposits, real estate for sale, property, plant and equipment, and intangible assets on the other hand.

### (Liabilities)

Total liabilities at the end of FY2020 were ¥1,225,510 million, up ¥45,672 million 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 ¥976,896 million, up ¥52,004 million from the end of the previous fiscal year.

### (Net assets)

Total net assets at the end of FY2020 were ¥399,129 million, up ¥14,917 million from the end of the previous fiscal year. This was primarily attributable to decrease in valuation difference on available-for-sale securities on the one hand, and increase in profit attributable to owners of parent on the other hand.

## (3) Outline of Cash Flows for the Fiscal Year Under Review

Consolidated cash and cash equivalents (hereinafter “cash”) at the end of FY2020 stood at ¥54,645 million, up ¥15,148 million from the end of the previous fiscal year. This was primarily attributable to ¥43,524 million provided by operating activities, -¥66,724 million resulting from use in investing activities and ¥38,307 million provided by financing activities.

Cash flows for each category are as follows:

### (Cash flows from operating activities)

Cash provided by operating activities at the end of FY2020 stood at ¥43,524 million (up ¥19,428 million from the previous fiscal year). This was primarily attributable to cash outflows due to increase in inventories on the one hand, and cash inflows due to profit before income taxes and depreciation on the other hand.

### (Cash flows from investing activities)

Cash used in investing activities at the end of FY2020 stood at ¥66,724 million (down ¥2,642 million from the previous fiscal year). This was primarily attributable to cash outflows due to purchase of non-current assets.

### (Cash flows from financing activities)

Cash provided by financing activities at the end of FY2020 stood at ¥38,307 million (down ¥9,693 million from the previous fiscal year). This was primarily attributable to cash inflows due to long-term borrowings.

#### (4) Outlook for the Next Fiscal Year

The following outlines the consolidated earnings forecasts for the next fiscal year (fiscal year ending December 31, 2021 (FY2021)).

“Business profit,” which is the sum of operating profit and share of profit (loss) of entities accounted for using equity method, has been set as a new profit indicator starting from FY2020 in order to reflect the profit of overseas businesses, etc. potentially growing under the long-term vision looking ahead to around the year 2030 and the medium-term business plan that has FY2020 as the initial fiscal year.

	(Million yen)		
	Full-year forecast for FY2021	FY2020	Compared with FY2020
Operating revenue	355,000	334,980	+20,019
Operating profit	54,000	49,631	+4,368
Business profit	53,000	49,847	+3,152
Ordinary profit	48,000	47,072	+927
Profit attributable to owners of parent	33,000	31,795	+1,204

\* Business profit = Operating profit + Share of profit (loss) of entities accounted for using equity method

The outlook for FY2021 is increase in revenue and profit. Specifically, operating revenue of ¥355,000 million, operating profit of ¥54,000 million and business profit of ¥53,000 million. This is due in part to expecting increase in property sales to investors in each of the Commercial Properties business and the Residential business.

#### (5) Basic Policy Regarding Distribution of Profit for the Fiscal Year Under Review and Next Fiscal Year

The Company’s basic policy for distribution of profit is to make efforts to maintain and enhance stable distribution levels by comprehensively taking into account future management environment, business development, changes in business results, etc. while building internal reserve for reinvestment toward enhancement of corporate value. The Company sets a baseline dividend payout ratio of at least 30% for the period of the medium-term business plan (FY2020–FY2024).

The year-end dividend payment plan for FY2020 was ¥23 per share. However, the Company plans a ¥24 year-end dividend per share, which is a hike of ¥1, given that consolidated earnings for FY2020 outperformed forecasts. As a result, the dividend payout ratio for FY2020 will be 30.2%.

In FY2021, in light of the earnings forecasts, the Company plans a per-share dividend of ¥48 (interim dividend of ¥24).

## **2. Basic Policy Regarding Selection of Accounting Standards**

For the time being, the Tokyo Tatemono Group will prepare its consolidated financial statements based on Japanese accounting standards to ensure comparability between fiscal periods and with other companies.

That said, the Company will apply international accounting standards should it need to properly adapt to changes in various trends and circumstances in Japan and abroad.

### 3. Consolidated Financial Statements and Key Notes

#### (1) Consolidated Balance Sheet

(Million yen)

	End of FY2019 (December 31, 2019)	End of FY2020 (December 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	39,504	54,647
Trade notes and accounts receivable	13,179	13,730
Real estate for sale	* 151,004	* 164,578
Real estate for sale in process	98,216	112,485
Real estate for development	* 88,104	* 71,508
Other	34,635	30,857
Allowance for doubtful accounts	(45)	(49)
Total current assets	424,600	447,757
Non-current assets		
Property, plant and equipment		
Buildings and structures	361,679	372,585
Accumulated depreciation	(147,366)	(147,740)
Buildings and structures, net	214,312	224,844
Land	550,565	530,963
Construction in progress	13,928	39,042
Other	28,042	28,995
Accumulated depreciation	(17,219)	(17,563)
Other, net	10,822	11,431
Total property, plant and equipment	* 789,628	* 806,281
Intangible assets		
Leasehold interests in land	110,745	128,991
Goodwill	1,192	546
Other	1,137	1,013
Total intangible assets	* 113,076	* 130,552
Investments and other assets		
Investment securities	155,858	139,308
Investments in silent partnerships	4,469	8,829
Long-term loans receivable	6	8
Deferred tax assets	1,900	2,278
Leasehold and guarantee deposits	21,754	21,594
Retirement benefit asset	1,819	1,217
Other	51,033	66,906
Allowance for doubtful accounts	(97)	(94)
Total investments and other assets	236,745	* 240,049
Total non-current assets	1,139,449	1,176,882
Total assets	1,564,049	1,624,640

(Million yen)

	End of FY2019 (December 31, 2019)	End of FY2020 (December 31, 2020)
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	226,119	68,314
Commercial papers	85,000	55,000
Current portion of bonds payable	15,000	20,000
Accounts payable - other	11,482	9,784
Income taxes payable	8,321	10,203
Provision for warranties for completed construction	9	11
Provision for bonuses	903	944
Provision for bonuses for directors (and other officers)	24	24
Provision for environmental measures	3	1
Provision for loss on liquidation of subsidiaries and associates	280	275
Deposits received under real estate specified joint enterprise law	8,991	5,083
Other	53,107	50,228
Total current liabilities	409,242	219,869
Non-current liabilities		
Bonds payable	210,000	205,000
Long-term borrowings	385,932	625,944
Deferred tax liabilities	26,650	20,351
Deferred tax liabilities for land revaluation	27,187	23,666
Provision for share-based remuneration for directors (and other officers)	88	139
Provision for retirement benefits for directors (and other officers)	192	76
Provision for environmental measures	26	26
Leasehold and guarantee deposits received	77,062	78,975
Retirement benefit liability	12,099	12,634
Deposits received under real estate specified joint enterprise law	15,091	15,800
Other	16,263	23,026
Total non-current liabilities	770,595	1,005,640
Total liabilities	1,179,837	1,225,510
<b>Net assets</b>		
Shareholders' equity		
Share capital	92,451	92,451
Capital surplus	66,744	66,587
Retained earnings	129,170	141,422
Treasury shares	(10,232)	(219)
Total shareholders' equity	278,133	300,242
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	65,002	54,928
Deferred gains or losses on hedges	—	(42)
Revaluation reserve for land	31,022	34,965
Foreign currency translation adjustment	248	(850)
Remeasurements of defined benefit plans	600	120
Total accumulated other comprehensive income	96,874	89,122
Non-controlling interests	9,203	9,765
Total net assets	384,211	399,129
Total liabilities and net assets	1,564,049	1,624,640

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

(Consolidated statement of income)

(Million yen)

	FY2019 (Jan. 1, 2019 to Dec. 31, 2019)	FY2020 (Jan. 1, 2020 to Dec. 31, 2020)
Operating revenue	323,036	334,980
Operating costs	*1 233,342	*1 251,954
Operating gross profit	89,694	83,025
Selling, general and administrative expenses	37,283	33,393
Operating profit	52,410	49,631
Non-operating income		
Interest income	35	18
Dividend income	2,848	3,302
Share of profit of entities accounted for using equity method	—	215
Gain on investments in investment partnerships	5	1,386
Subsidy income	319	407
Other	329	360
Total non-operating income	3,537	5,691
Non-operating expenses		
Interest expenses	6,970	6,725
Borrowing fee	1,159	998
Share of loss of entities accounted for using equity method	742	—
Bond issuance costs	728	197
Dividends paid on real estate specified joint enterprise law	213	116
Loss on investments in investment partnerships	1,207	10
Other	313	202
Total non-operating expenses	11,335	8,250
Ordinary profit	44,611	47,072
Extraordinary income		
Gain on sales of non-current assets	75	628
Gain on sales of investment securities	1,858	1,911
Gain on sales of shares of subsidiaries and associates	—	2,014
Gain on sales of investments in capital of subsidiaries and associates	288	—
Gain on liquidation of subsidiaries and associates	710	5
Reversal of provision for loss on liquidation of subsidiaries and associates	—	5
Compensation income	—	165
Total extraordinary income	2,932	4,730
Extraordinary losses		
Loss on sales of non-current assets	0	23
Loss on retirement of non-current assets	262	263
Impairment loss	*2 1,350	*2 899
Loss on sales of investment securities	—	128
Loss on sales of investments in capital of subsidiaries and associates	321	—
Loss on valuation of investment securities	—	2,013
Provision for loss on liquidation of subsidiaries and associates	280	—
Loss on redemption of bonds	—	814
Loss on COVID-19	—	736
Total extraordinary losses	2,215	4,879
Profit before income taxes	45,329	46,923
Income taxes - current	15,244	16,639
Income taxes - deferred	(739)	(2,556)
Total income taxes	14,504	14,083
Profit	30,824	32,839
Profit attributable to non-controlling interests	1,027	1,044
Profit attributable to owners of parent	29,796	31,795

## (Consolidated statement of comprehensive income)

(Million yen)

	FY2019 (Jan. 1, 2019 to Dec. 31, 2019)	FY2020 (Jan. 1, 2020 to Dec. 31, 2020)
Profit	30,824	32,839
Other comprehensive income		
Valuation difference on available-for-sale securities	15,573	(10,338)
Revaluation reserve for land	90	3,611
Foreign currency translation adjustment	(174)	(19)
Remeasurements of defined benefit plans, net of tax	538	(479)
Share of other comprehensive income of entities accounted for using equity method	(449)	(1,122)
Total other comprehensive income	15,578	(8,349)
Comprehensive income	46,402	24,490
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	44,945	23,711
Comprehensive income attributable to non-controlling interests	1,456	779

## (3) Consolidated Statement of Changes in Equity

FY2019 (January 1, 2019 to December 31, 2019)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	92,451	66,722	107,468	(237)	266,404
Changes during period					
Dividends of surplus			(8,095)		(8,095)
Profit attributable to owners of parent			29,796		29,796
Purchase of treasury shares				(10,004)	(10,004)
Disposal of treasury shares		0		10	10
Change in ownership interest of parent due to transactions with non-controlling interests		22			22
Net changes in items other than shareholders' equity					
Total changes during period	—	22	21,701	(9,994)	11,728
Balance at end of period	92,451	66,744	129,170	(10,232)	278,133

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	49,859	30,932	872	61	81,726	8,447	356,578
Changes during period							
Dividends of surplus							(8,095)
Profit attributable to owners of parent							29,796
Purchase of treasury shares							(10,004)
Disposal of treasury shares							10
Change in ownership interest of parent due to transactions with non-controlling interests							22
Net changes in items other than shareholders' equity	15,143	90	(623)	538	15,148	755	15,904
Total changes during period	15,143	90	(623)	538	15,148	755	27,633
Balance at end of period	65,002	31,022	248	600	96,874	9,203	384,211

FY2020 (January 1, 2020 to December 31, 2020)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	92,451	66,744	129,170	(10,232)	278,133
Changes during period					
Dividends of surplus			(9,202)		(9,202)
Profit attributable to owners of parent			31,795		31,795
Reversal of revaluation reserve for land			(331)		(331)
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(0)		6	6
Cancellation of treasury shares		(10,008)		10,008	—
Change in ownership interest of parent due to transactions with non-controlling interests		(157)			(157)
Transfer from retained earnings to capital surplus		10,008	(10,008)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	(157)	12,252	10,013	22,108
Balance at end of period	92,451	66,587	141,422	(219)	300,242

	Valuation difference on available-for-sale securities	Accumulated other comprehensive income					Non-controlling interests	Total net assets
		Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	65,002	—	31,022	248	600	96,874	9,203	384,211
Changes during period								
Dividends of surplus								(9,202)
Profit attributable to owners of parent								31,795
Reversal of revaluation reserve for land								(331)
Purchase of treasury shares								(2)
Disposal of treasury shares								6
Cancellation of treasury shares								—
Change in ownership interest of parent due to transactions with non-controlling interests								(157)
Transfer from retained earnings to capital surplus								—
Net changes in items other than shareholders' equity	(10,074)	(42)	3,942	(1,099)	(479)	(7,752)	561	(7,190)
Total changes during period	(10,074)	(42)	3,942	(1,099)	(479)	(7,752)	561	14,917
Balance at end of period	54,928	(42)	34,965	(850)	120	89,122	9,765	399,129

## (4) Consolidated Statement of Cash Flows

(Million yen)

	FY2019 (Jan. 1, 2019 to Dec. 31, 2019)	FY2020 (Jan. 1, 2020 to Dec. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	45,329	46,923
Depreciation	17,277	18,971
Impairment loss	1,350	899
Amortization of goodwill	1,647	645
Share of loss (profit) of entities accounted for using equity method	742	(215)
Increase (decrease) in allowance for doubtful accounts	1	1
Increase (decrease) in provision for bonuses	(34)	83
Increase (decrease) in provision for bonuses for directors (and other officers)	(18)	(0)
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	35	50
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(49)	(115)
Increase (decrease) in provision for environmental measures	(0)	(1)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	280	(5)
Increase (decrease) in retirement benefit liability	437	454
Interest and dividend income	(2,883)	(3,321)
Interest expenses	6,970	6,725
Loss (gain) on investments in investment partnerships	1,201	(1,376)
Loss (gain) on valuation of investment securities	—	2,013
Loss (gain) on sales of investment securities	(1,858)	(1,783)
Loss (gain) on sales of shares of subsidiaries and associates	—	(2,014)
Loss on redemption of bonds	—	814
Loss (gain) on sales of investments in capital of subsidiaries and associates	32	—
Loss (gain) on liquidation of subsidiaries and associates	(710)	(5)
Loss (gain) on sales and retirement of non-current assets	187	(340)
Decrease (increase) in trade receivables	(1,278)	(784)
Decrease (increase) in inventories	(34,533)	(10,925)
Increase (decrease) in leasehold and guarantee deposits received	2,644	2,243
Increase (decrease) in trade payables	291	(296)
Decrease (increase) in leasehold and guarantee deposits	(485)	(366)
Increase (decrease) in deposits received	7,226	(5,086)
Compensation income	—	5,493
Other, net	(3,125)	2,802
Subtotal	40,680	61,482
Interest and dividends received	2,883	4,860
Interest paid	(6,616)	(7,175)
Income taxes (paid) refund	(12,850)	(15,642)
Net cash provided by (used in) operating activities	24,096	43,524

(Million yen)

	FY2019 (Jan. 1, 2019 to Dec. 31, 2019)	FY2020 (Jan. 1, 2020 to Dec. 31, 2020)
Cash flows from investing activities		
Proceeds from sales and redemption of investment securities	2,556	4,455
Purchase of investment securities	(7,911)	(4,158)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(27)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	1,542
Purchase of investments in capital of subsidiaries and associates	(4,223)	(5,186)
Proceeds from redemption of investments in capital of subsidiaries and associates	3,884	63
Proceeds from sales of investments in capital of subsidiaries and associates	4,078	—
Payments for investments in silent partnerships	(810)	(4,647)
Proceeds from withdrawal of investments in silent partnerships	1,244	288
Proceeds from sales of non-current assets	4,518	3,907
Purchase of non-current assets	(64,726)	(58,184)
Increase (decrease) in deposits received under real estate specified joint enterprise law	(2,560)	(3,199)
Other, net	(105)	(1,604)
Net cash provided by (used in) investing activities	(64,082)	(66,724)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	0	(0)
Increase (decrease) in commercial papers	52,000	(30,000)
Proceeds from long-term borrowings	17,500	310,700
Repayments of long-term borrowings	(65,822)	(228,492)
Payments for long-term accounts payable - other	(902)	(202)
Proceeds from issuance of bonds	80,000	40,000
Redemption of bonds	(15,000)	(40,000)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(113)	(458)
Proceeds from sales of treasury shares	1	0
Purchase of treasury shares	(10,004)	(2)
Dividends paid	(8,085)	(9,194)
Dividends paid to non-controlling interests	(591)	(672)
Proceeds from share issuance to non-controlling shareholders	—	770
Other, net	(979)	(4,139)
Net cash provided by (used in) financing activities	48,000	38,307
Effect of exchange rate change on cash and cash equivalents	(220)	41
Net increase (decrease) in cash and cash equivalents	7,794	15,148
Cash and cash equivalents at beginning of period	31,702	39,497
Cash and cash equivalents at end of period	39,497	54,645

(5) Notes on Consolidated Financial Statements

(Notes on Going Assumptions)

Not applicable

(Additional Information)

(Accounting Estimates With the COVID-19 Pandemic)

Amid the state of difficulty in predicting how COVID-19 will develop in the future and when it will be brought under control, the Tokyo Tatemono Group's accounting estimates have been made on the assumption that the environment surrounding its business will recover moderately going forward and generally return to normal toward the end of the FY2021 Q4.

With many uncertainties over the impact of the COVID-19 pandemic, any change in the state of the outbreak, the economic environment and other factors may impact the financial position and operating results of the Tokyo Tatemono Group.

(Relating to Consolidated Balance Sheet)

\* In FY2019, property, plant and equipment in the amount of ¥23,518 million and intangible assets in the amount of ¥57 million were transferred to real estate for sale in the amount of ¥22,575 million and real estate for development in the amount of ¥1,000 million due to a change in holding purpose.

In FY2020, property, plant and equipment in the amount of ¥24,198 million, intangible assets in the amount of ¥1 million and investments and other assets in the amount of ¥45 million were transferred to real estate for sale in the amount of ¥224,244 million due to a change in holding purpose.

In addition, real estate for development in the amount of ¥22,798 million were transferred to property, plant and equipment in the amount of ¥660 million, intangible assets in the amount of ¥19,177 million and investments and other assets in the amount of ¥2,960 million due to a change in holding purpose.

(Relating to Consolidated Statement of Income)

\*1 Write-down of the book value of inventories held for ordinary sale due to a fall in profitability

	FY2019 (Jan. 1, 2019 to Dec. 31, 2019)	FY2020 (Jan. 1, 2020 to Dec. 31, 2020)
Operating costs	¥224 million	¥1,372 million

\*2 Impairment loss

The Group undertook grouping chiefly on an individual-property-unit basis, and recorded impairment loss for the following asset groups.

FY2019 (January 1, 2019 to December 31, 2019)

Main use	Type	Location	Impairment loss
Leisure facilities, etc.	Other (property, plant and equipment), etc.	Kamogawa-shi, Chiba, etc.	¥1,020 million
Other	Goodwill	—	¥330 million

In FY2019, the book values for asset groups that continued to post losses due to sales activities, etc. were revised downward to the recoverable value and the impairment loss was posted as extraordinary losses.

The breakdown of impairment loss is as follows:

Buildings and structures, etc.	¥588 million
Other (property, plant and equipment)	¥430 million
Intangible assets	¥331 million
Total	¥1,350 million

Note that the recoverable value is measured primarily based on value in use, calculated by discounting future cash flows at 0.2%–0.7%.

FY2020 (January 1, 2020 to December 31, 2020)

Main use	Type	Location	Impairment loss
Golf course facilities, etc.	Land; Buildings and structures, etc.	Tsuru-shi, Yamanashi, etc.	¥899 million

In FY2020, the book values for asset groups that continued to post losses due to sales activities, etc. were revised downward to the recoverable value and the impairment loss was posted as extraordinary losses.

The breakdown of impairment loss is as follows:

Land	¥566 million
Buildings and structures, etc.	¥264 million
Other (property, plant and equipment)	¥68 million
Intangible assets	¥0 million
Total	¥899 million

Note that the recoverable value is measured primarily based on net sale value. The net sale value is valued based on the value as assessed by a real estate appraiser and such.

(Segment Information, etc.)

## Segment Information

### 1. Overview of Reportable Segments

The reportable segments of the Company are the constituent units of the Company for which separate financial information is available and for which the Board of Directors conducts a regular review to determine the allocation of management resources and assess the business performance.

The Company operates business activities by establishing divisions corresponding to their line of business, with the divisions formulating comprehensive strategies for the businesses they operate.

Therefore, the Company comprises business segments with the divisions as the basis and conducts the four businesses of Commercial Properties, Residential, Asset Service and Senior & Child Care as its reportable segments.

In the Commercial Properties business, operations include leasing out and managing office buildings and commercial facilities. In the Residential business, operations include selling condominiums and detached houses and leasing out and managing condominiums. In the Asset Service business, operations include real estate sales, brokerage, consulting and parking lot operations. In the Senior & Child Care business, operations include developing and operating residences for elderly people and child care facilities.

In FY2020, the Company revised the classification of reportable segments, making the Senior & Child Care business, which had been included in Other business, a reportable segment. The segment information for FY2019 has been restated based on the revised classification.

### 2. Method of Calculation of Operating Revenue, Profit (Loss), Assets, Liabilities and Other Items by Reportable Segment

“Business profit,” which is the sum of operating profit and share of profit (loss) of entities accounted for using equity method, has been set as a new profit indicator starting from FY2020 in order to reflect the profit of overseas businesses, etc. potentially growing under the medium-term business plan that has FY2020 as the initial fiscal year. In conjunction, segment profit has been changed from operating profit to business profit.

The segment information for FY2019 has been restated in light of the above changes.

3. Information on Operating Revenue, Profit (Loss), Assets and Other Items by Reportable Segment  
FY2019 (January 1, 2019 to December 31, 2019)

(Million yen)

	Reportable segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Commercial Properties	Residential	Asset Service	Senior & Child Care	Total				
Operating revenue									
External customers	120,940	131,297	44,192	8,490	304,921	18,115	323,036	—	323,036
Inter-segment or transfer	1,652	1,210	1,019	2	3,884	147	4,032	(4,032)	—
Total	122,593	132,507	45,211	8,493	308,805	18,262	327,068	(4,032)	323,036
Segment profit (Business profit)									
Operating profit	37,095	15,846	5,899	271	59,113	1,497	60,611	(8,200)	52,410
Share of profit (loss) of entities accounted for using equity method	439	—	—	—	439	(1,181)	(742)	—	(742)
Total	37,534	15,846	5,899	271	59,553	315	59,868	(8,200)	51,668
Segment assets	1,041,655	211,813	82,696	20,282	1,356,448	106,738	1,463,186	100,862	1,564,049
Other items									
Depreciation	12,548	1,105	1,918	761	16,333	808	17,142	135	17,277
Investments in entities accounted for using equity method	46	—	—	—	46	46,149	46,196	—	46,196
Increase in property, plant and equipment and intangible assets	61,215	3,071	1,391	637	66,315	585	66,901	(314)	66,587

Note 1: The “Other” business segment is not included in reportable segments. “Other” includes businesses such as “Leisure,” “Asset management” and “Overseas.”

Note 2: (1) Adjustment of -¥8,200 million for segment profit includes inter-segment elimination of ¥17 million and corporate expenses of -¥8,218 million that is not distributed to the reportable segments. Corporate expenses are primarily general and administrative expenses that do not belong to the reportable segments.

(2) Adjustment of segment assets of ¥100,862 million includes the company-level assets of ¥172,328 million and inter-segment elimination of -¥71,465 million. The company-level assets chiefly consist of the Company’s cash, deposits and investment securities and assets, etc. relating to administrative divisions.

Note 3: Segment profit (Business profit) is adjusted with the sum of operating profit and share of profit (loss) of entities accounted for using equity method in the consolidated statement of income.

FY2020 (January 1, 2020 to December 31, 2020)

(Million yen)

	Reportable segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Commercial Properties	Residential	Asset Service	Senior & Child Care	Total				
Operating revenue									
External customers	144,554	99,164	46,666	29,276	319,662	15,317	334,980	—	334,980
Inter-segment or transfer	3,091	509	1,601	1	5,204	153	5,358	(5,358)	—
Total	147,645	99,674	48,268	29,277	324,866	15,471	340,338	(5,358)	334,980
Segment profit (Business profit)									
Operating profit	40,424	7,194	2,686	7,652	57,957	1,235	59,193	(9,562)	49,631
Share of profit (loss) of entities accounted for using equity method	440	—	—	—	440	(224)	215	—	215
Total	40,865	7,194	2,686	7,652	58,398	1,011	59,409	(9,562)	49,847
Segment assets	1,081,323	244,092	81,403	6,431	1,413,251	109,934	1,523,185	101,454	1,624,640
Other items									
Depreciation	13,438	1,514	2,115	772	17,840	794	18,635	336	18,971
Investments in entities accounted for using equity method	1,143	—	—	—	1,143	49,245	50,389	—	50,389
Increase in property, plant and equipment and intangible assets	67,619	5,631	1,595	1,278	76,124	2,291	78,415	1,003	79,419

Note 1: The “Other” business segment is not included in reportable segments. “Other” includes businesses such as “Leisure,” “Asset management” and “Overseas.”

Note 2: (1) Adjustment of -¥9,562 million for segment profit includes inter-segment elimination of -¥499 million and corporate expenses of -¥9,062 million that is not distributed to the reportable segments. Corporate expenses are primarily general and administrative expenses that do not belong to the reportable segments.

(2) Adjustment of segment assets of ¥101,454 million includes the company-level assets of ¥172,189 million and inter-segment elimination of -¥70,735 million. The company-level assets chiefly consist of the Company’s cash, deposits and investment securities and assets, etc. relating to administrative divisions.

Note 3: Segment profit (Business profit) is adjusted with the sum of operating profit and share of profit (loss) of entities accounted for using equity method in the consolidated statement of income.

#### Related Information

FY2019 (January 1, 2019 to December 31, 2019)

FY2020 (January 1, 2020 to December 31, 2020)

#### 1. Information by Product and Service

Information by product and service is omitted, as similar information is stated in “3. Information on Operating Revenue, Profit (Loss), Assets and Other Items by Reportable Segment” in “Segment Information.”

#### 2. Information by Region

##### (1) Operating revenue

Operating revenue is omitted because the amount of operating revenue to external customers in Japan exceeded 90% of the amount of operating revenue stated in the consolidated statement of income.

##### (2) Property, plant and equipment

Property, plant and equipment is omitted because the amount of property, plant and equipment located in Japan exceeded 90% of the amount of property, plant and equipment stated in the consolidated balance sheet.

### 3. Information by Major Customer

Information by major customer is omitted because the amount of operating revenue to specified customers, which is included in operating revenue to external customers, is less than 10% of the operating revenue stated in the consolidated statement of income.

#### Information on Impairment Loss of Non-Current Assets by Reportable Segment

FY2019 (January 1, 2019 to December 31, 2019)

(Million yen)

	Reportable segments					Other	Total	Adjustment	Amount recorded in consolidated financial statements
	Commercial Properties	Residential	Asset Service	Senior & Child Care	Total				
Impairment loss	—	—	194	349	543	806	1,350	—	1,350

FY2020 (January 1, 2020 to December 31, 2020)

(Million yen)

	Reportable segments					Other	Total	Adjustment	Amount recorded in consolidated financial statements
	Commercial Properties	Residential	Asset Service	Senior & Child Care	Total				
Impairment loss	—	—	170	78	248	650	899	—	899

#### Information on Amortization of Goodwill and the Balance of Unamortized Goodwill by Reportable Segment

FY2019 (January 1, 2019 to December 31, 2019)

(Million yen)

	Reportable segments					Other	Total	Adjustment	Amount recorded in consolidated financial statements
	Commercial Properties	Residential	Asset Service	Senior & Child Care	Total				
Amortization during period	—	51	1,525	60	1,636	11	1,647	—	1,647
Balance at end of period	—	393	777	—	1,170	22	1,192	—	1,192

FY2020 (January 1, 2020 to December 31, 2020)

(Million yen)

	Reportable segments					Other	Total	Adjustment	Amount recorded in consolidated financial statements
	Commercial Properties	Residential	Asset Service	Senior & Child Care	Total				
Amortization during period	—	62	572	—	634	11	645	—	645
Balance at end of period	—	330	205	—	535	11	546	—	546

Information on Gain on Bargain Purchase by Reportable Segment

FY2019 (January 1, 2019 to December 31, 2019)

Not applicable

FY2020 (January 1, 2020 to December 31, 2020)

Not applicable

(Relating to Rental Properties)

The Company and a certain number of its consolidated subsidiaries own office buildings for rent, condominiums for rent, commercial facilities for rent and such in Tokyo and other regions. As some of the office buildings for rent and such are used by the Company and some of its consolidated subsidiaries, they are posted as real estate including portions used as rental property.

The amount recorded in the consolidated balance sheet, the amount of changes during the period, and the market value of these rental properties and real estate including portions used as rental property are as follows:

(Million yen)

			FY2019 (Jan. 1, 2019 to Dec. 31, 2019)	FY2020 (Jan. 1, 2020 to Dec. 31, 2020)
Rental properties	Amount recorded in consolidated balance sheet	Balance at beginning of period	699,697	721,551
		Changes during period	21,853	(32,593)
		Balance at end of period	721,551	688,957
	Market value at end of period		1,151,898	1,158,647
Real estate including portions used as rental property	Amount recorded in consolidated balance sheet	Balance at beginning of period	150,571	149,894
		Changes during period	(676)	46,013
		Balance at end of period	149,894	195,907
	Market value at end of period		183,070	231,084

Note 1: The amount recorded in the consolidated balance sheet is the amount obtained by subtracting accumulated depreciation from acquisition costs.

Note 2: The market value at the end of the period is the value based on the valuation of properties by an outside licensed real-estate appraiser for principal properties and the value calculated by the Company based on the Real Estate Appraisal Standards (including values adjusted using indicators) for other properties.

## (Per Share Information)

	FY2019 (Jan. 1, 2019 to Dec. 31, 2019)	FY2020 (Jan. 1, 2020 to Dec. 31, 2020)
Net assets per share	¥1,794.15	¥1,862.81
Profit per share	¥141.59	¥152.12

Note 1: Diluted profit per share is not written as there is no potential share.

Note 2: In the calculation of net assets per share and profit per share, the shares of the Company held by the Board Benefit Trust are included in the treasury shares deducted in the calculation of the total number of shares outstanding at the end of the period and the average number of shares during the period. The number of shares outstanding at the end of the period of the concerned treasury shares deducted in the calculation of the total number of shares outstanding at the end of the period was 120,000 shares for FY2019 and 116,000 shares for FY2020, and the average number of shares during the period of the concerned treasury shares deducted in the calculation of the average number of shares during the period was 121,000 shares for FY2019 and 116,000 shares for FY2020.

Note 3: The calculation basis for profit per share is as shown below.

	FY2019 (Jan. 1, 2019 to Dec. 31, 2019)	FY2020 (Jan. 1, 2020 to Dec. 31, 2020)
Profit per share		
Profit attributable to owners of parent (million yen)	29,796	31,795
Amount not belonging to the holders of common shares (million yen)	—	—
Profit attributable to owners of parent that pertain to common shares (million yen)	29,796	31,795
Average number of common shares during the period (thousand shares)	210,447	209,020

Note 4: The calculation basis for net assets per share is as shown below.

Item	End of FY2019 (Dec. 31, 2019)	End of FY2020 (Dec. 31, 2020)
Total net assets (million yen)	384,211	399,129
Amount of deduction from total net assets (million yen)	9,203	9,765
[Non-controlling interests included in the above (million yen)]	9,203	9,765
Net assets at the end of the period that pertain to common shares (million yen)	375,008	389,364
Number of common shares at the end of the period, which was used for the calculation of net assets per share (thousand shares)	209,016	209,019

(Major Subsequent Events)

(Issuance of Bonds)

Based on the comprehensive resolution on issuance of unsecured subordinated bonds (hybrid bonds) passed at the meeting of its Board of Directors held on January 21, 2021, the Company determined the issuance conditions on February 4, 2021, and issued the bonds on February 10, 2021.

The following is an overview of the bonds.

3rd series unsecured subordinated bonds with optional interest payment deferral and optional early redemption provisions (sustainability bonds)

- |                                  |  |
|----------------------------------|--|
| 1. Total issue amount:           | ¥40,000 million  |
| 2. Issue price:                  | ¥100 per face value of ¥100  |
| 3. Interest rate:                | 1.13% per annum (fixed interest rate until February 10, 2031)<br>Floating interest rate on and after the day following February 10, 2031<br>(coupon rate step up on February 11, 2031) |
| 4. Maturity date:                | February 10, 2061 (bullet redemption at maturity)<br>However, the Company may redeem the bonds at its own discretion on any interest payment date on or after February 10, 2031.       |
| 5. Payment date (Issuance date): | February 10, 2021  |
| 6. Use of proceeds:              | To fund repayment of borrowings (planned)  |