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Notice Concerning Recording of Impairment Loss and Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2019

TATERU, Inc. (the "Company") hereby announces that it recorded impairment loss in the consolidated financial results for the six months ended June 30, 2019. In addition, the Company announces its consolidated financial results forecast for the fiscal year ending December 31, 2019 as follows, which was not presented previously.

1. Background and description of recording of impairment loss

The Company has reviewed the Group's future profit outlook regarding certain business assets owned by the Company and its certain subsidiaries, and as a result, the recoverable amount of their cash-generating unit (asset group) fell below book value. Therefore, the Company reduced the book value to the recoverable value and recorded an impairment loss of 874 million yen.

The breakdown of the impairment loss was 425 million yen for property, plant and equipment, 444 million yen for intangible assets, and 4 million yen for investments and other assets.

2. Consolidated financial results forecast for the fiscal year ending December 31, 2019 (January 1, 2019 to December 31, 2019)

The Company did not present its consolidated financial results forecast for the fiscal year ending December 31, 2019 since it was difficult to reasonably predict such figures at the time of the release of the Consolidated Financial Results for the Three Months Ended March 31, 2019 [Japanese GAAP]. However, it has completed the close examination under a new business plan and hereby announces the financial results forecasts.

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	—	—	—	—	—
Revised forecast (B)	19,492	(7,916)	(8,311)	(10,599)	(119.40)
Difference (B - A)	—	—	—	—	—
Increase/decrease (%)	—	—	—	—	—
(Reference) Results for the fiscal year ended December 31, 2018)	79,149	721	507	821	9.70

(Reason for the difference from financial results for the previous fiscal year)

Consolidated net sales for the fiscal year ending December 31, 2019 were forecast to decline from financial results for the previous fiscal year due to a decrease in the number of apartment buildings delivered, which was caused by a series of issues discovered during the fiscal year ended December 31, 2018 with the Company's mainstay business, TATERU Apartment business.

Consolidated operating profit and consolidated ordinary profit were forecast to decline from financial results for the previous fiscal year due to factors such as the recording of loss on sales of 3,198 million yen in relation to the collective sale of real estate for sale in order to secure new business funds, in addition to the above-mentioned decrease in consolidated net sales.

Profit attributable to owners of parent was forecast to decline from the financial results for the previous fiscal year in the effort to strengthen its financial structure, improve asset efficiency and continue structural reform aimed for sustainable growth in the future. The reason for such decline includes the recording of 60 million yen in gain on sale of shares of subsidiaries and associates, 1,133 million yen in allowance for capital loss of related companies and 281 million yen in extraordinary losses on the early retirement incentive program, in addition to the above-mentioned recording of 874 million yen in impairment loss.

(Note) The financial results forecast above is based on information available as of the publication date of this statement, and actual figures may differ from the forecast due to various factors.