

PRESS RELEASE

Financial Report for the Fiscal Year Ended March 2018

Mori Trust Group recently announced its consolidated business performance for the year ended March 31, 2018(FY 2018).

The Group consists of 28 consolidated companies, including MORI TRUST CO., LTD., MORI TRUST BUILDING MANAGEMENT CO., LTD., and MORI TRUST HOTELS & RESORTS CO., LTD., and three equity-method affiliates.

[Mori Trust Group Consolidated Financial Report] (April 1, 2017 – March 31, 2018)

- In the fiscal year ended March 2018, operating revenue was 161.9 billion yen (up 15.4% from the previous year), and operating income was 31.9 billion yen (up 5.3% from the previous year). In addition to robust office operations, there has been an increase in Hotel Business revenue over the last six terms, resulting in higher revenue and earnings.
- Ordinary income stands at 33.3 billion yen (down 14.9% from the previous year, 11% higher than forecast) and the net income attributable to the parent company's shareholders is 30.2 billion yen (down 49.7% from the previous year, 0.8% higher than forecast). Despite no longer having the special circumstances of the previous term, each business has given a steady performance, allowing them to achieve better results than the forecast amount.
- Our forecast for the fiscal year ending March 2019 is that operating revenue will reach 174.0 billion yen (up 7.5% from the previous year) and operating income will reach 34 billion yen (up 6.5% from the previous year). We also estimate net income attributable to the parent company's shareholders of 40 billion yen (up 32.3% from the previous year).
- In January 2018, Mori Trust Holdings Inc., the parent company of MORI TRUST Co., Ltd., received an "AA -" long-term issue credit rating from the Japan Credit Rating Agency, Ltd.

(Figures in millions of yen; figures less than one million yen are rounded down.)

	FY2017	FY2018	FY2019 (Projection)
Operating revenue	140,261	161,911	174,000
Operating income	30,316	31,923	34,000
Ordinary income	39,147	33,309	32,000
Net income attributable to parent company's shareholders. *	60,054	30,229	40,000

* From the fiscal year ended March 2016, the account title "Net income" is changed to "Net income attributable to parent company's shareholders."

Operating revenue breakdown

Rental related business	62,767	68,023	68,000
Hotel related business	29,824	33,704	37,000
Real estate sales business	36,465	45,769	56,000
Other business (contract work, etc)	11,203	14,414	13,000

Total assets and net assets

Total assets	1,044,664	1,042,032	—
Net assets	397,790	406,433	—

1. Formulated a new corporate slogan

Create the Future

Following the Mori Trust Group's medium- to long-term vision "Advance 2027," devised in 2016, and along with the one-year anniversary of our president's inauguration, we formulated our new corporate slogan, "Create the future," as we look toward the future in the run-up to 2030.

As advances in technology continue to accelerate, we will drive business with a sense of speed, promote the formation and synergy of new communities, and aim to "provide new, exciting and rewarding visions of the future."

2. Business strategies for our three major businesses

○ Real Estate Business : Creative First

Creative First is an office business strategy with the aim of generating a creative environment with improved productivity and active innovation.

Regarding the new development, in addition to "Tokyo World Gate" (scheduled for completion in March 2020), currently under construction at Toranomon, Tokyo, a development policy has been set up for the "Akasaka 2-chome Project (tentative name)," which is scheduled for completion in FY2024. We are proceeding with the certification of specific projects in the Tokyo area National Strategic Special Zone.

Regarding existing properties, we are enhancing efforts to create new working methods and communities, both in terms of improving hardware aspects such as renovation, and software aspects through area management activities.

○ Hotel & Resort Business : Luxury Destination Network

In order to lead the Japanese tourism industry to become the next-generation growth industry, we formulated the "Luxury Destination Network Initiative," and are promoting the development of luxury foreign-owned hotels and long-stay resorts, which will host domestic and foreign travelers seeking high added value.

In the city, we decided to bring in EDITION, luxury lifestyle hotels that capture the attention of the world's wealthiest people, so as to bring them to Tokyo World Gate and Ginza.

Furthermore, we attracted three foreign-affiliated hotel brands including the new hotel brand "SUI," which is expanding to Kyoto and then Okinawa. We also launched a new development plan in Hakone Gora, Atami, Nagasaki, and Nara.

Currently, in addition to 22 existing facilities throughout Japan, we have 17 new projects that are ongoing.

○ Investment Business : New Innovation Investment Strategy

In order to realize active new investments and innovation creation, we formulated the "New Innovation Investment Strategy." We have set a total investment limit of 20 billion yen with three pillars: (1) construction of the startup venture ecosystem, (2) promotion of CVC* activities, and (3) investment in VC. Our primary investments are with "Re-Tech" in real estate, and "Hospi-Tech" in the field of tourism and hotels.

During the previous fiscal year, in addition to opening a community space, we also invested in venture capital with startup companies as our key investment, along with two hospitality-related companies and one healthcare-related company.

*CVC (Corporate Venture Capital): Business companies that invest in outside venture companies

Overview of FY 2018 business performance

- In regard to revenue of the Leasing Business, despite a slight sales decline due to the sale of some properties, we experienced a sales increase thanks to the full-year operation of two office buildings acquired in Boston, as well as the continued high operation of existing properties and revised rent increases. This resulted in our highest ever recorded operating revenue of 68 billion yen.
- In regard to revenue of the Hotel Business, we continued to operate at the same high level as last year and with the full-year operation of the “Sheraton Okinawa Sunmarina Resort” we acquired in December 2016 as well as that of the “Karuizawa Marriott Hotel” after rebranding, we recorded an operating revenue of 33.7 billion yen, and have seen increasing sales for six consecutive years.
- Operating revenue of the Real Estate Sales Business was 45.7 billion yen, while the same of Other Businesses was 14.4 billion yen, mainly backed by an increase in construction between tenants, interior construction and contracted work.

As a result, operating revenue and operating income amounted to 161.9 billion yen and 31.9 billion yen respectively. Net income attributable to the parent company’s shareholders came to 30.2 billion yen.

Business Performance Projections for FY 2019

- In the Leasing Business, with the high-level operation of existing properties, solid trends in office market conditions, and increased rent, we are expecting operating revenue of 68 billion yen.
- In the Hotel Business, thanks to full-year operation of the Marriott Hotel, which underwent rebranding last year across all regions, and the increase in the average hotel room price (ADR = average daily rate) as well as the opening of IRAPH SUI, a Luxury Collection Hotel, Miyako Okinawa, we anticipate operating revenue of 37 billion yen.
- In the Real Estate Sales Business, we forecast operating revenue of 56 billion yen primarily due to favorable sales of subsidiary companies. Regarding Other Businesses, we are anticipating operating revenue of 13 billion yen.

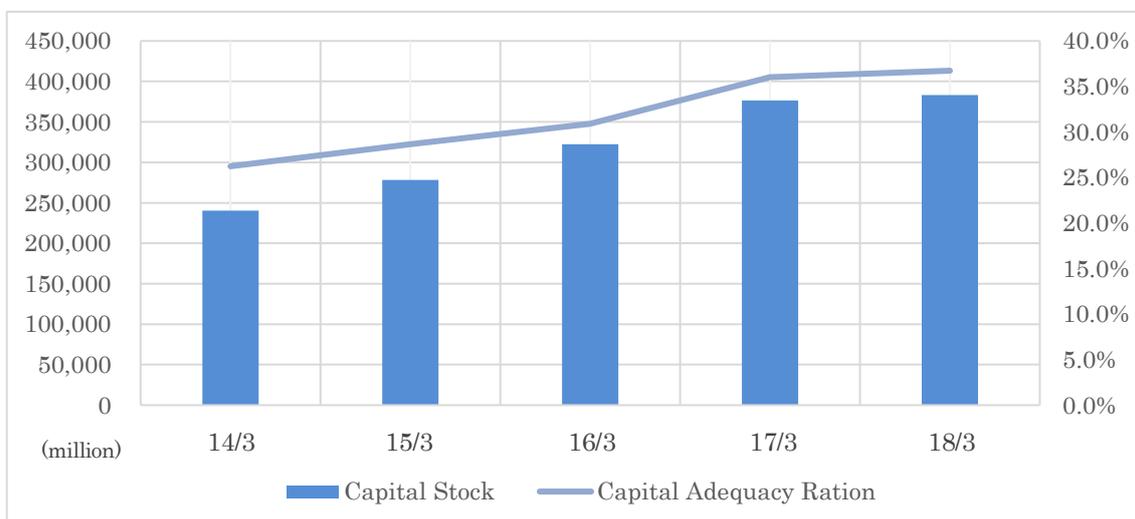
As a result, operating revenue and operating income are expected to reach 174 billion yen and 34 billion yen respectively while the net income attributable to the parent company’s shareholders is expected to be 40 billion yen.

Projections contained in this document have been made on the basis of information available when it was released. Due to various unforeseeable factors, actual performance may differ from such projections.

Financial Conditions of Mori Trust Group

■ Trends of Capital Stock and Capital Adequacy Ratio

The capital stock and capital adequacy ratio for the fiscal year ended March 2018 were 383.7 billion yen and 36.8% respectively. We will continue to actively invest in the future while also selling real estate to funds, institutional investors, and businesses. We will also endeavor to maintain and strengthen the soundness of the balance sheet by replacing the assets appropriately.



■ Fair Value of the Group's Real Estate

The fair value of the entirety of the real estate which the Group owns amounted to 1,743.7 billion yen with unrealized gains of 873.4 billion yen. The Group is committed to contributing to society through continued investments and development which bring added value to real estate.

(Figures in millions of yen; figures less than one million yen are rounded down.)

	Fair value	Carrying value	Unrealized gains
Entire real estate	1,743,734	870,261	873,473
Business real estate	1,349,135	647,906	701,229
Real estate for Sale	394,599	222,355	172,244

(Reference) Mori Trust Holdings Inc.

Mori Trust Holdings Inc. Non-consolidated Financial Report

(Figures in millions of yen; figures less than one million yen are rounded down.)

	FY2017	FY2018
Operating revenue	13,417	26,087
Operating income	13,132	25,794
Ordinary income	12,950	24,733
Net income	12,271	24,134

Total assets and net assets

Total assets	696,558	732,007
Net assets	140,530	163,657

*Mori Trust Holdings Inc. is the parent company which owns all the issued shares of MORI TRUST Co., Ltd.

Achieved High Ranking

As detailed below, Mori Trust Holdings achieved a high ranking on January 10, 2018.

After the objective evaluation of a third-party organization and achieving this high ranking for the first time, we aim to diversify and stabilize our means of raising funds while also establishing better relationships with each of our stakeholders.

Acquisition company	Mori Trust Holdings Inc.
Ranking agency	Japan Credit Rating Agency, Ltd.
Ranking	long-term company ranking
Outlook	Stable

TOKYO WORLD GATE



With the newly formulated 2017 office business strategy, “Creative First,” we will build new value at Tokyo World Gate as a creative city that stimulates innovation.

Project name	Tokyo World Gate	Location	Toranomon, Minato-ku, Tokyo
Site area	16,210 m ²	Total floor area	195,190 m ²
Number of floors	38 floors.above ground 3 floors.below ground	Building completed (schedule)	2020
Primary use	Offices, shared office, conference center, industry training center, subdivided residence, luxury hotel and serviced apartments, medical facility for foreign patients, shop & restaurant, shrine		

EDITION



EDITION®



In July 2017, we decided to bring in Marriott International’s top-grade lifestyle brand, EDITION, to Tokyo World Gate and Ginza. We will turn those areas into a new activity base for trendsetters and others who enjoy traveling around the world.

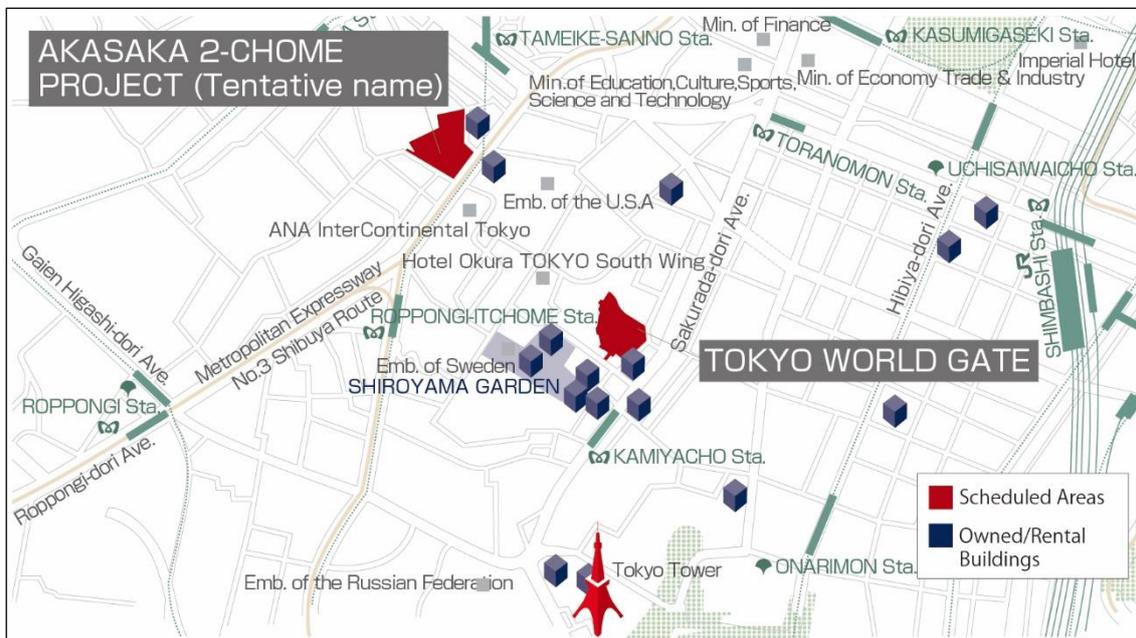
Hotel name	Tokyo Edition Toranomon	Tokyo Edition Ginza
Location	Toranomon, Minato-ku, Tokyo	Ginza, Chuo-ku, Tokyo
Guest room / Number of floors	about 200 rooms / 31~36 floors above ground	about 80 rooms / 13 floors above ground
Facilities	Restaurant, Bar, Fitness room, Pool, Spa	Restaurant, Lobby bar, Rooftop bar, Fitness room
Starting date	Spring to summer of 2020 (Schedule)	Spring to summer of 2020 (Schedule)

Akasaka 2-Chome Project



Our primary promotion area for this plan is the site where the Akasaka Twin Towers originally stood. In December 2017, we decided on a development policy and have now begun moving forward on bringing the plan to fruition. By presenting facilities of Japanese brands and inviting an international hotel, we aim to build a new cultural transmission base that conveys Japanese tradition and traditional culture.

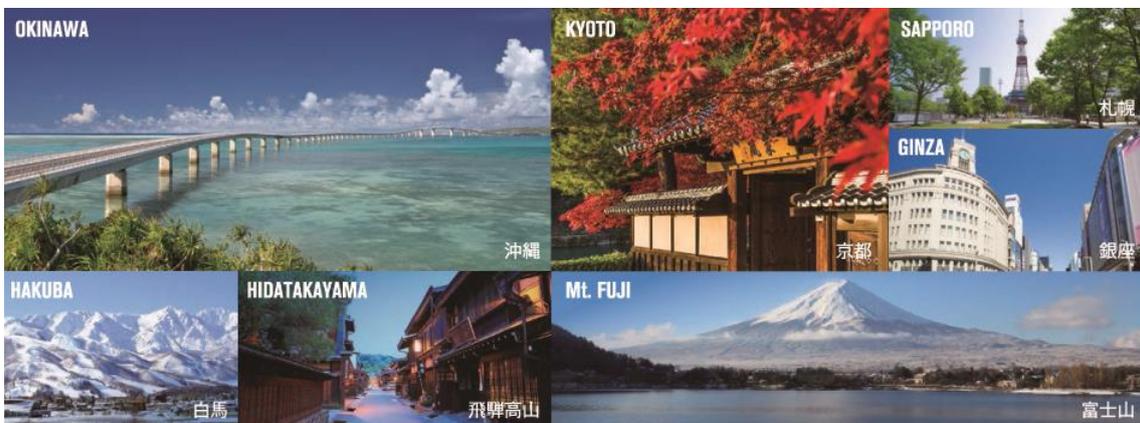
Project name	Akasaka 2-Chome Project	Location	Akasaka, Minato-ku, Tokyo
Site area	approx. 15,700 m ²	Total floor area	approx. 220,000 m ²
Number of floors	43 floors.above ground 3 floors.below ground	Building completed	fiscal 2024 (schedule)
Primary use	Office, Hotel, Serviced Apartments, Shop, Exhibition facilities, Clinic, etc.		



Luxury Destination Network

The Mori Trust Group aims to form a tourist route that meets the needs of wealthy individuals, and disseminate luxury tourism resources to the world through the creation of “Luxury Destination Network.” This includes Japan’s seasonal landscape, rich hot springs, rich historical culture, world heritage, and dynamic cityscapes.

Currently, we are planning the development of new hotels with 17 variations to match their location, three in Tokyo and 14 in more rural areas. We would like to contribute to the development of Japan’s tourism industry through the expansion of inbound demand.



Developments in Okinawa

In recent years, Okinawa has been attracting as many tourists as the world-class resort destination of Hawaii. Mori Trust Group is aiming to develop the “Okinawa, No. 1 resort in Asia” with accommodation facilities containing 1000 rooms.

Irapph SUI, a Luxury Collection Hotel, Miyako Okinawa



We decided to open a double brand hotel that attracted Marriott International’s finest category brand “Luxury Collection” in 2018, with Mori Trust Group’s new hotel brand “SUI” at the forefront. We aim to show the abundant charm of Irabu to the world as an untouched paradise.

Location	Irabu, Miyakojima-shi, Okinawa	Site area	9,027.38 m ²	Total floor area	approx. 5,500 m ²
Guest room	About 60 rooms	Starting date	2018 (Schedule)		

Hilton Hotels & Resorts, Hilton Grand Vacations



We decided to open a hotel operated by Hilton Hotels & Resorts in 2020, and decided to open a timesharing resort operated by Hilton Grand Vacations in 2021. We aim to create a resort that provides international services in response to the needs of domestic and foreign travelers, including medium- and long-term guests. This will be in a planned area surrounded by many sightseeing spots.

Location	Motobu-cho, Kunigami-gun, Okinawa		Site area	133,791 m ²	
	Hilton (Hotel)		Hilton Grand Vacations Club (Timeshare resort)		
Total floor area	approx. 21,000 m ²		approx. 15,000 m ²		
Guest room / Number of floors	about 300 rooms / 9 floors above ground		132 rooms / 10 floors above ground		
Facilities	Restaurant, Fitness gym, Spa, Pool, Chapel, etc.		Lounge, Outdoor pool, etc.		
Starting date	2020 (Schedule)		2021 (Schedule)		

5 New Marriott Hotels

In July 2017, we rebranded five major Japanese resort facilities of “Laforet Hotels & Resorts” and opened them under Marriott International’s flagship brand, Marriott Hotel. We will bring energy into regional creation through tourism; providing new experiences at new destinations blessed with abundant nature and traditional culture.



Karuizawa Marriott Hotel



Izu Marriott Hotel Shuzenji

New Lands for Resort Development

Atami Kinomiya Project

On a quiet hill facing Atami Bay, there is a wooden building with more than 80 years of history, a Japanese garden that reflects the four seasons, and our exclusive rich hot spring spread over about 8,400 m² of land. Making the most of this area’s long history, we aim to open a foreign-owned luxury hotel, which will be the first in the area, and continue to promote our development plan.



Location	Nishiatami-cho, Atami-shi, Shizuoka		
Site area	8,366.48 m ²		
Guest room	To be determined	Starting	To be determined

Nagasaki Minami-yamate Project

For the first time as Mori Trust, we are pursuing business development in Kyushu with the aim of opening an international luxury hotel. We will achieve this through the preservation and utilization of traditional buildings that have stood for more than 100 years on a hill in the Minami-Yamate area facing Nagasaki Bay.



Location	Minamiyamate-machi, Nagasaki-shi, Nagasaki		
Site area	4,826.00 m ²		
Guest room	To be determined	Starting	To be determined

New Innovation Investment Strategy

In October 2017, we launched a new innovation investment strategy with three pillars: construction of a startup venture ecosystem, promotion of CVC activities and investment in VC, to realize active new investment and the creation of innovation as listed in the medium- to long-term vision “Advance 2027.”

We have set a total investment limit of 20 billion yen and are promoting open innovation of the Mori Trust Group through primary investments with “Re-Tech” in real estate and “Hospi-Tech” in the field of tourism and hotels.

1. Community Space Improvement

We opened a startup company’s activity base “dock-Toranomon” in October 2017. We collaborate with large companies to support the creation of new businesses through open innovation.

dock
Toranomon



2. Promotion of CVC Activities

By investing in companies engaged in innovative business and promoting the support of various startup companies, we aim to create new businesses that are geared toward the future.

Major investee companies

 **FIRST CABIN**

name	FIRST CABIN INC.	Established	07/2006	Capital	1.195 billion yen
Business sectors	Operation and planning of first cabin business, hospitality business and building management business				

airweave



name	air weave inc.	Established	11/2004	Capital	90 million yen
Business sectors	Manufacture and sale of “airweave” mattress pads and cushion materials				

 **MRSO**

name	MRSO, Inc	Established	02/2015	Capital	320.625 million yen
Business sectors	Portal site for medical examination reservations, web reservation service for medical facilities, etc.				

3. Investment in Venture Capital

We have invested in Spiral Ventures Japan Fund 1, formed by Spiral Ventures Japan LLP, a venture capital firm centered on X-Tech. X-Tech is a startup company that combines technology in traditional markets such as finance, real estate and logistics. These markets have been experiencing rapid growth in recent years, as seen in FinTech and Real Estate Tech.

 **SPIRAL VENTURES**

Company name	Spiral Ventures Japan LLP	Fund name	Spiral Ventures Japan Fund 1
Established	10/2015	Established	01/2016
Business sectors	Venture capital business		

Mori Trust Group : Total Floor Area Leased or Managed

■ Number of rental / managed facilities (as of March 31, 2018)

- Rental buildings : Approx. 1,360,000 m² (171 buildings)
- Hotel & Resort facilities : 22 facilities (Number of rooms : Approx. 3,500)

Mori Trust Group : Summary of Consolidated Companies

MORI TRUST CO., LTD.

Location Toranomon, Minato-ku, Tokyo
 Chairman Akira Mori
 President Miwako Date
 Established June 10, 1970
 Capital 30 billion yen
 Business sectors Real estate development, hotel management and investment business

MORI TRUST BUILDING MANAGEMENT CO., LTD.

Location Toranomon, Minato-ku, Tokyo
 President Kazunobu Kuwata
 Established April 1, 2002
 Capital 100 million yen
 Business sectors Comprehensive building services for building management, interior design management & renovation, and planning & consulting.

MORI TRUST HOTELS & RESORTS CO., LTD.

Location Kitashinagawa, Shinagawa-ku, Tokyo
 President Miwako Date
 Established February 7, 1973
 Capital 100 million yen
 Business sectors Operation of hotel chains & golf courses, Management of tourism information center, Meeting room lease, Innovative R&D

MAMPEI HOTEL CO., LTD.

Location Toranomon, Minato-ku, Tokyo
 Chair Miwako Date
 President Mamoru Fukuda
 Established 1894
 Capital 100 million yen
 Business sectors Ownership and operation of the Mampei Hotel

MT&Hilton Hotel Co., Ltd.

Location Toranomon, Minato-ku, Tokyo
 President Shin Takahashi
 Established October 22, 2004
 Capital 20 million yen
 Business sectors Management of the Conrad Tokyo

Sun Marina Operations Co., Ltd.

Location Onna-son, Kunigami-gun, Okinawa
 President Shigeru Sakai
 Established April 1, 1987
 Capital 100 million yen
 Business sectors Operation of the Sheraton Okinawa Sun Marina Resort

GOURAKANSUIROU CO., LTD.

Location Hakone-Machi Gora, Ashigarashimo-gun, Kanagawa
 President Shigeru Sakai
 Established April 15, 1949
 Capital 10 million yen
 Business sectors Ownership and operation of Gora-Kansuiro

FORETSEINE CO., LTD.

Location Toranomon, Minato-ku, Tokyo
 President Nobuo Konomi
 Established March 31, 2011
 (date of foundation since incorporation-type company split)
 Capital 100 million yen
 Business sectors Planning and development of urban type condominium for sales and rental management

Toyo Green Building Co., Ltd.

Location Toranomon, Minato-ku, Tokyo
 President Nobuo Konomi
 Established March 1, 1978
 Capital 90 million yen
 Business sectors Condominium management service

URBAN LIFE Co., Ltd. (Code : 8851)

Location Motoyaminamimachi, Higashinada-ku, Kobe-shi, Hyogo
 President Nobuo Konomi
 Established July 31, 1970
 Capital 3.405 billion yen
 Business sectors Development, planning, sales, and rental of condominiums, office buildings and stores

URBAN LIFE JUUTAKUHANBAI Co., Ltd.

Location Motoyaminamimachi, Higashinada-ku, Kobe-shi, Hyogo
 President Kenkichi Takatsu
 Established July 29, 1982
 Capital 300 million yen
 Business sectors Planning and sales of condominiums, dealing, brokerage of leasing and operations of real estate

STUDIO-KOA Co., Ltd.

Location Higashiashiyamachi, Ashiya-shi, Hyogo
 President Masako Omoto
 Established November 18, 2002
 Capital 10 million yen
 Business sectors Housing refurbishments

NIHON ESLEAD CORPORATION (Code : 8877)

Location Fukushima, Fukushima-ku, Osaka-shi
 President Sugio Aramaki
 Established May 8, 1992
 Capital 1,983 million yen
 Business sectors Sale of condominiums, Real estate replacement business, Real estate rental business, etc

ESLEAD KANRI CORPORATION

Location Fukushima, Fukushima-ku, Osaka-shi
 President Sadami Otsuki
 Established May 20, 1996
 Capital 10 million yen
 Business sectors Condominium Management and Rental Management Businesses

SOUDEN CORPORATION

Location Fukushima, Fukushima-ku, Osaka-shi
 President Hiroshi Nakazawa
 Established May 17, 2006
 Capital 90 million yen
 Business sectors Electricity Management Business

E·L CONSTRUCTION CORPORATION

Location Fukushima, Fukushima-ku, Osaka-shi
 President Yasutaka Kidouchi
 Established June 14, 2006
 Capital 100 million yen
 Business sectors General Contract and Renovation Businesses

ESLEAD JYUTAKU RYUTU CO. LTD

Location Fukushima, Fukushima-ku, Osaka-shi
 President Hiroyuki Harima
 Established May 8, 2007
 Capital 10 million yen
 Business sectors Real Estate Transaction, Asset Management and Real Estate Rental Businesses

ESLEAD HOUSE CORPORATION

Location Fukushima, Fukushima-ku, Osaka-shi
 President Kazuhiro Yasuda
 Established June 20, 2016
 Capital 10 million yen
 Business sectors Sale of detached houses

MT GENEX CORPORATION (Code : 9820)

Location Toranomon, Minato-ku, Tokyo
 President Hitoshi Suzuki
 Established October 1945
 Capital Approx. 1.072 billion yen
 Business sectors Facelift of building and housing, and parking operation management, etc.

Toyo Housing Management, Inc.

Location Roppongi, Minato-ku, Tokyo
 President Nobuo Konomi
 Established November 27, 1979
 Capital 10 million yen
 Business sectors Leasing management and operations of real estate

MORI TRUST INSURANCE SERVICE CORPORATION

Location Toranomon, Minato-ku, Tokyo
 President Hitoshi Suzuki
 Established January 25, 2016
 Capital 10 million yen
 Business sectors Nonlife insurance agent and life insurance solicitor

MORI TRUST Asset Management Co., Ltd.

Location Toranomon, Minato-ku, Tokyo
 President Masayuki Yagi
 Established February 28, 2000
 Capital 400 million yen
 Business sectors Operation of real estate investment trusts

MORI TRUST Hotel Asset Management Co., Ltd.

Location Toranomon, Minato-ku, Tokyo
 President Amane Sakamoto
 Established August 20, 2015
 Capital 200 million yen
 Business sectors Operation of real estate investment trusts

Shiroyama Heating & Cooling Supply Co., Ltd.

Location Toranomon, Minato-ku, Tokyo
 President Masahide Kasahara
 Established November 6, 1989
 Capital 300 million yen
 Business sectors Local heating and cooling services in the Shiroyama Garden and adjacent area

AZMAX CORP.

Location Nihonbashi, Chuo-ku, Tokyo
 President Masayoshi Takahashi
 Established August 11, 1947
 Capital 499 million yen
 Business sectors Manufacturing and selling cold drawn special steel shapes

MORI America LLC

Location County of New Castle, Delaware 19808 U.S.A.
 Established November 7, 2016
 Business sectors Real estate business in the United States

MT BACK BAY ONE LLC

Location County of New Castle, Delaware 19808 U.S.A.
 Established November 4, 2016
 Business sectors Ownership of 10 St. James Avenue and 75 Arlington Street in Boston

MORI America Management LLC

Location County of New Castle, Delaware 19808 U.S.A.
 Established December 16, 2016
 Business sectors Real estate management service in the United States

(as of March 31, 2018)

Mori Trust Group : Summary of Equity – Method Affiliates

MORI TRUST Sogo Reit, Inc. (Code : 8961)

Location Toranomon, Minato-ku, Tokyo
 Established October 2, 2001
 Business sectors Investment in real estate and asset-backed securities investing primarily in real estate

Aichi Road Concession Co., Ltd.

Location Hikozucho, Handa-shi, Aichi
 Established August 3, 2016
 Business sectors Road maintenance and management in the Aichi prefecture district and surrounding regions and associated road improvement works

MORI TRUST Hotel Reit, Inc.

Location Toranomon, Minato-ku, Tokyo
 Established January 15, 2016
 Business sectors Investment in real estate and asset-backed securities investing primarily in real estate

(as of March 31, 2018)

Consolidated Balance Sheets (as of March 31, 2018 and 2017)

MORI TRUST CO., LTD. and its consolidated subsidiaries

(¥ millions)

	2018	2017
Assets		
I . Current assets		
1 Cash and deposits	74,644	184,334
2 Notes and accounts receivable-trade	5,825	5,130
3 Short-term investment securities	29,234	13,873
4 Real estate for sale	25,373	34,365
5 Real estate for sale in process	196,352	181,812
6 Real estate for development	618	618
7 Other inventories	1,819	1,353
8 Deferred tax assets	4,739	5,429
9 Other	10,984	12,520
Allowance for doubtful accounts	(18)	(15)
Total current assets	349,573	439,422
II . Noncurrent assets		
1 Property, plant and equipment		
(1) Buildings and structures, net	188,804	130,391
(2) Machinery, equipment and vehicles, net	4,919	5,035
(3) Tools, furniture and fixtures, net	1,939	1,728
(4) Land	448,935	430,596
(5) Construction in progress	5,425	3,081
(6) Other, net	1,875	1,900
Total property, plant and equipment	651,899	572,734
2 Intangible assets		
(1) Leasehold right	3,257	3,257
(2) Goodwill	224	56
(3) Other	5,212	426
Total intangible assets	8,695	3,740
3 Investments and other assets		
(1) Investment securities	21,394	18,754
(2) Long-term loans receivable	102	133
(3) Deferred tax assets	323	439
(4) Guarantee deposits	6,713	6,801
(5) Other	3,380	2,704
Allowance for doubtful accounts	(49)	(66)
Total Investments and other assets	31,864	28,766
Total noncurrent assets	692,458	605,241
Total assets	1,042,032	1,044,664

Note: Figures less than one million yen are rounded down.

(¥ millions)

	2018	2017
Liabilities		
I . Current liabilities		
1 Notes and accounts payable-trade	10,928	9,661
2 Short-term loans payable	44,570	44,546
3 Current portion of long-term loans payable	9,378	9,964
4 Accounts payable-other	6,514	4,059
5 Income taxes payable	6,028	24,073
6 Accrued expenses	1,025	750
7 Advances received	9,063	7,475
8 Deposits received	1,602	1,273
9 Provision for bonuses	770	661
10 Other	284	478
Total current liabilities	90,167	102,943
II . Noncurrent liabilities		
1 Long-term loans payable	422,570	423,999
2 Long-term lease deposited	48,983	48,908
3 Long-term guarantee deposited	51,311	51,258
4 Long-term deposits received	273	277
5 Deferred tax liabilities	15,200	12,423
6 Net defined benefit liability	2,563	2,571
7 Asset Retirement Obligation	1,326	1,324
8 Other	3,201	3,167
Total noncurrent liabilities	545,430	543,930
Total liabilities	635,598	646,873
Net assets		
I . Shareholders' equity		
1 Capital stock	30,000	30,000
2 Capital surplus	10,000	9,998
3 Retained earnings	344,118	336,889
Total shareholders' equity	384,119	376,888
II . Valuation and translation adjustments		
1 Valuation difference on available-for-sale securities	841	268
2 Deferred hedge gains and losses	0	1
3 Foreign currency translation adjustment	(1,197)	129
4 Remeasurements of defined benefit plans	(16)	(125)
Total valuation and translation adjustments	△ 371	274
III . Non-controlling interests	22,686	20,627
Total net assets	406,433	397,790
Total liabilities and net assets	1,042,032	1,044,664

Note: Figures less than one million yen are rounded down.

Consolidated Statements of Income (For the years ended March 31, 2018 and 2017)

(¥ millions)

	2018	2017
I . Operating revenue	161,911	140,261
II . Operating cost	113,747	94,167
Operating gross profit	48,164	46,094
III . Selling, general and administrative expenses	16,241	15,777
Operating income	31,923	30,316
IV . Non-operating income		
1 Interest and dividends income	649	1,072
2 Gain on sales of securities	1,885	2,618
3 Investment gain on equity method	1,241	-
4 Foreign exchange gain	-	5,678
5 Gain on investments in partnership etc.	1,334	-
6 Other	866	2,739
Total non-operating income	5,978	12,109
V . Non-operating expenses		
1 Interest expenses	3,382	3,016
2 Loss on valuation of securities	928	-
4 Other	281	262
Total non-operating expenses	4,592	3,278
Ordinary income	33,309	39,147
VI . Extraordinary income		
1 Gain on sales of noncurrent assets	14,286	-
2 Gain on sales of investment securities	-	50,615
3 Other	182	1,330
Total extraordinary income	14,468	51,946
VII . Extraordinary loss		
1 Loss on retirement of noncurrent assets	153	-
2 Loss on sales of investment securities	-	429
3 Impairment loss	-	1,303
4 Other	11	202
Total extraordinary losses	164	1,935
Income before income taxes and minority interests	47,613	89,158
Income taxes-current	11,694	24,967
Income taxes-deferred	3,260	2,358
Net income	32,659	61,831
Net income attributable to non-controlling interests	2,430	1,777
Net income attributable to parent company's shareholders	30,229	60,054

Note: Figures less than one million yen are rounded down.