

都市を託される責任。



May 25, 2017  
MORI TRUST CO., LTD.

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## PRESS RELEASE

### Financial Report for the Fiscal Year Ended March 2017

Mori Trust Group recently announced its consolidated business performance for the year ended March 31, 2017(FY 2017).

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, 2016– March 31, 2017)

Operating revenue and ordinary income for the fiscal year ended March 2017 were 140.2 billion yen (down 14.0% year-on-year) and 39.1 billion yen (up 11.5% year-on-year) respectively. Net income attributable to the parent company's shareholders was a record high of 60 billion yen (up 76.1% year-on-year).

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

	FY2016	FY2017	FY2018 (Projection)
Operating revenue	163,063	140,261	160,000
Operating income	41,231	30,316	32,000
Ordinary income	35,107	39,147	30,000
Net income attributable to parent company's shareholders. *	34,095	60,054	30,000

\* 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	62,654	62,767	68,000
Hotel related business	28,528	29,824	34,000
Real estate sales business	60,475	36,465	46,000
Other business (contract work, etc)	11,404	11,203	12,000

#### Total assets and net assets

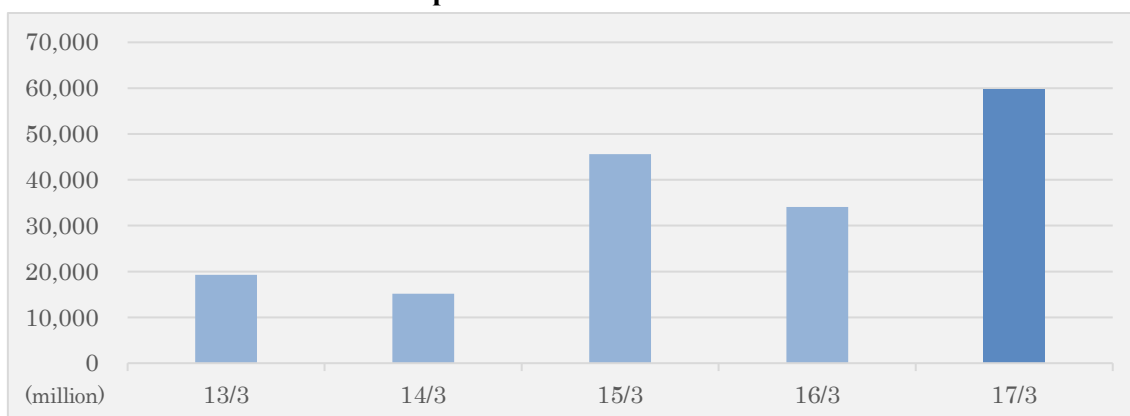
Total assets	1,042,528	1,044,664	—
Net assets	341,440	397,790	—

## Overview of FY 2017 business performance

- Revenue of the Leasing Business increased to 62.7 billion yen, mainly attributable to maintaining high occupancy rates of existing buildings and seeing a boost in revenue that resulted from the revised rent increase. This was despite negative impacts from stopping the operations of Toranomon 4-chome MT Building in conjunction with the start of the construction of the Tokyo World Gate building, and selling some properties.
- Revenue of the Hotel Business was 29.8 billion yen, mainly attributable to high occupancy rates that continued from the previous year, and the full-year operation of Courtyard by Marriott Shin-Osaka Station which opened in November 2015.
- Revenue of the Real Estate Sales Business was 36.4 billion yen, while revenue of Other Businesses was 11.2 billion yen, mainly backed by an increase in contracted work for interiors and repairs to external properties.

As a result, operating revenue and operating income amounted to 140.2 billion yen and 30.3 billion yen respectively. Net income attributable to parent company's shareholders marked a record high of 60.0 billion yen, chiefly due to the transfer of assets to MORI TRUST Hotel Reit, Inc. which was listed in February 2017.

### ■ Profit attributable to owners of parent\*



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

## Business Performance Projections for FY 2017

- Revenue of the Leasing Business is projected to be 68.0 billion yen, mainly backed by the increased rent revenue of existing buildings, in addition to a full-year contribution by 10 St. James Avenue and 75 Arlington Street both of which are located in Boston, Massachusetts, the U.S. and were acquired in January 2017.
- Revenue of the Hotel Business is projected to be 34.0 billion yen, largely attributable to full-year operations of Sheraton Okinawa Sunmarina Resort which was acquired in December 2016, the openings of Izu Marriott Hotel Shuzenji, Fuji Marriott Hotel Lake Yamanaka, Karuizawa Marriott Hotel, Lake Biwa Marriott Hotel, and Nanki-Shirahama Marriott Hotel respectively, and higher average daily rates (ADR) of existing hotels.
- Revenue of the Real Estate Sale Business is projected to be 46.0 billion yen due to sales of condominiums and office buildings, while revenue of Other Businesses is forecast to be 12.0 billion yen.

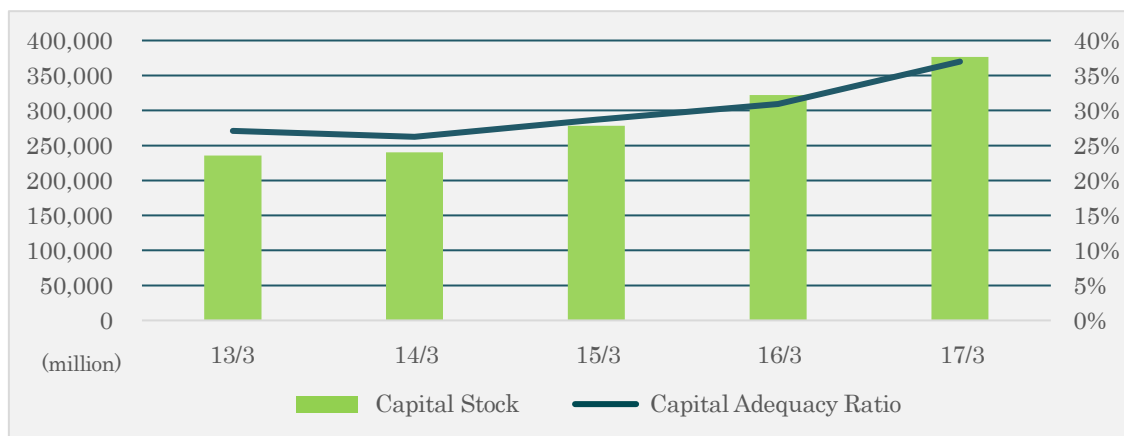
As a result, operating revenue and operating income are projected to be 160.0 billion yen and 32.0 billion yen respectively. Net income attributable to parent company's shareholders is forecast to amount to 30.0 billion yen.

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

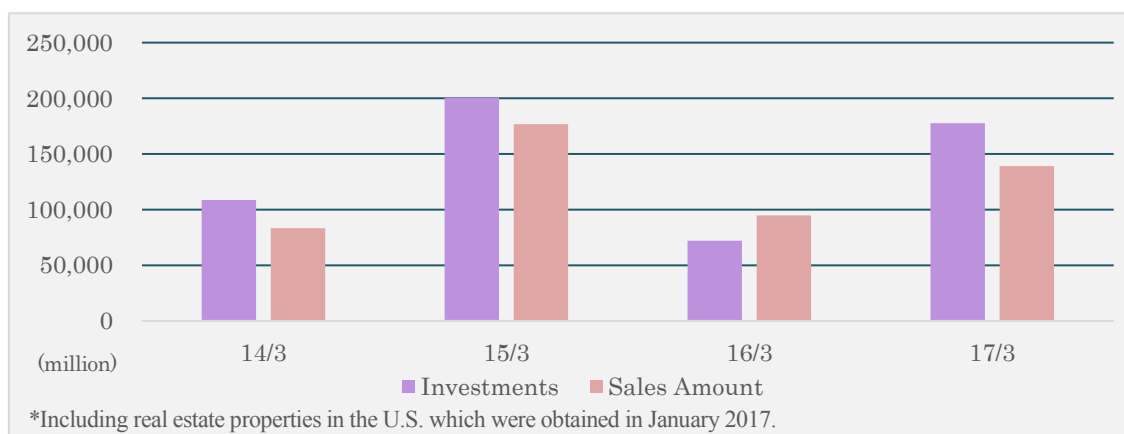
### ■ Trends of Capital Stock and Capital Adequacy Ratio

Capital stock and capital adequacy ratio for the year ended March 2017 were 377.1 billion yen and 36.1% respectively. With aggressive investments to be continued, the capital adequacy ratio is projected to be over 40%, mainly thanks to cumulative earnings from business activities.



### ■ Investments and Sales Amount on Real Estate

The Mori Trust Group is proactively investing in excellent-quality real estate properties at home and abroad. Meanwhile, the Group maintains and reinforces the soundness of its financial position by appropriately replacing assets through sales to fund management companies, institutional investors or business corporations.



### ■ Fair Value of the Group's Real Estate

The fair value of the entire real estate which the Group owns amounted to 1,688.1 billion yen with unrealized gains of 826.6 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
<b>Entire real estate*</b>	<b>1,688,180</b>	<b>861,491</b>	<b>826,688</b>
Business real estate	1,321,054	644,695	676,358
Real estate for Sale	367,126	216,796	150,330

\*Including real estate properties in the U.S. which were obtained in January 2017.

**【Reference】**

## Mori Trust Holdings Inc. Non-consolidated Financial Report

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

	FY2016	FY2017
Operating revenue	17,616	13,417
Operating income	17,495	13,132
Ordinary income	17,560	12,950
Net income	16,673	12,271

**Total assets and net assets**

Total assets	194,382	696,558
Net assets	128,592	140,530

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

\*The business and financial management of the Mori Trust Group companies were transferred from MORI TRUST CO., LTD. to Mori Trust Holdings Inc. in the fiscal year ended March 2017.

# TOKYO WORLD GATE



## Globalize JAPAN, Localize the WORLD

With the concept of Globalize Japan, Localize the World, the construction commenced in November 2016. The aim is to develop a hub which will serve as a base for business activities and exchange to support innovation, forming functions to attract global players and innovators and have them stay, and creating a base to disseminate Japan's brand to the world.



Location	Toranomon, Minato-ku, Tokyo	Building completed (schedule)	2020
Site area	16,210.61 m <sup>2</sup> (4,903.7 tsubo)	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
Total floor area	195,190.69 m <sup>2</sup> (59,045.1 tsubo)		
Number of floors	38 floors.above ground 3 floors.below ground		



## Ginza 2-chome project



The development project will be undertaken in a collaborative effort between Mr. Kengo Kuma, a prominent architect in the world, who will be engaged in the design of the building and interior, and Mori Trust which will provide development know-how. The aim is to create an international hotel having amenities and functionality to meet the needs of global travelers who are accustomed to superior forms of travelling.

Location	2-8-15, Ginza, Chuo-ku, Tokyo	Guest room	About 100 rooms
Site area	663.31 m <sup>2</sup> (200.6 tsubo)	Starting date	2020

## Other Projects

### Akasaka 2-chome project

The project was proposed as an addition to the Urban Re-generation Project at the meeting of the Tokyo Metropolitan National Strategic Special Zone in February 2017.

Location	Akasaka, Minato-ku, Tokyo
Primary use	Office, Hotel, Japanese brand offering function
Building completed	2022 (schedule)

### Mita redevelopment project

We are considering re-developing land with an area of approximately 11,000 m<sup>2</sup> in the Shinagawa-Mita area which has the project for a new station on the Yamanote Line in the pipeline.

Location	Mita, Minato-ku, Tokyo
Site area	approx. 11,000 m <sup>2</sup>
Building completed	To be determined

## Real estate acquisition - “Advance 2027” The First Overseas



Following the policy of “Advance 2027,” we have decided to acquire two office buildings in Boston, Massachusetts, on January 5, 2017, as the first overseas investment project in the Vision.

The properties to be acquired by this agreement are located in the Back Bay District, which is a popular office area with exclusive fashion boutiques, restaurants, hotels and residences also found in the vicinity. The properties are two buildings with a total rentable floor space of about 825,000 square feet, a complex of a Class A modern high-rise building, rare in this area, and an over 100 year-old historical building.

10 St. James Avenue won “BOMA Moston 2016 TOBY (the Outstanding Buildin of the Year) & Industry Awards, ” one of the greatest programs in the US to recognize commercial real estate, and have garnered an extremely high reputation for their function, design and othe aspects.

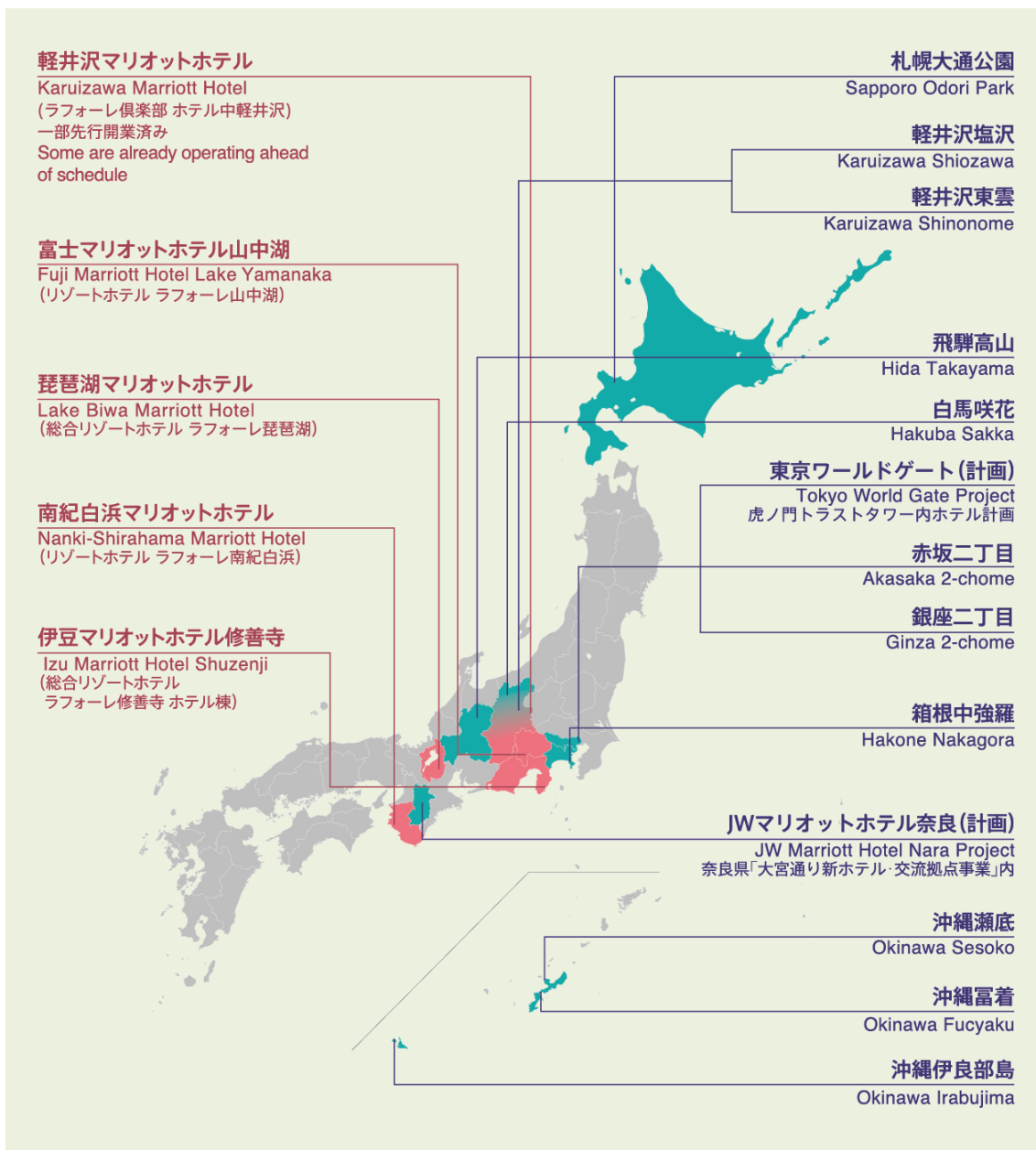
Name	(1) 10 St. James Avenue	(2) 75 Arlington Street
Location	10 St. James Avenue, Boston, MA02116	75 Arlington Street, Boston, MA02116
Rental area	approx. 52,564 m <sup>2</sup> (approx. 565,793 sq. ft)	approx. 24,060 m <sup>2</sup> (approx. 258,979 sq. ft)
Number of floors	19 fl. above the ground / 4 fl. below the ground	10 fl. above the ground / 1 fl. below the ground
Building completed	2000	1913 (renovated 2009 – 2013)



## Hotels & Resorts

### Rebrand & New development

In a bid to make the tourism industry a growth driver for the next generation, the Mori Trust Group aims to create inbound demand by proactively inducing foreign-capital hotels to rural resort areas and contribute to regional revitalization. In addition, it will engage in large-scale complex urban development projects. The Group is planning to develop three new hotels in the center of Tokyo, and ten in rural areas, while rebranding five existing hotels into Marriott Hotels, a steering a total of eighteen hotel projects. We hope to help realize Japan's growth strategy that aims to make it a tourism-driven country, by letting the world know about Japan's rich sightseeing resources, such as seasonal scenery, abundant hot springs, profound history and culture, world heritage sites, and dynamic and vibrant cities.





## Acquisition projects at the local

### Sheraton Okinawa SunMarina Resort



**Sheraton®**  
OKINAWA SUNMARINA  
RESORT



With the highest AA ranking authorized by the Ministry of Environment, this resort hotel is located in front of a beautiful white sandy beach with all guest rooms having balconies overlooking the ocean. We had the hotel rebranded as Sheraton in June 2016, and are also considering a new development project within the same site. We are committed to contributing to society by helping to make Japan an advanced tourism-driven country, and we will do this by letting world travelers know about the abundant sightseeing resources in Okinawa which are comparable with other famous beach resorts in the world.

Address	66-1, Fuchaku, Onna-son, Kunigami-gun, Okinawa	Site area	82,775.07 m <sup>2</sup>
Guest room	246 rooms	Total floor area	28,310.49 m <sup>2</sup>

### Hida Takayama project ( Location : Takayama, Gifu )

Hida Takayama is a notable sightseeing spot in Japan, characterized by an old townscape which showcases the charm of a castle town of the Edo era (it is a preservation district of a national important historic building). Mori Trust is considering opening a luxurious foreign-capital hotel there for the first time in this area.

### Sapporo Odori Park project ( Location : Sapporo, Hokkaido )

The development area is in an excellent location where people can enjoy seasonally attractive scenery. Leveraging the features of this excellent location, we will consider carrying out a large-scale complex development project centered on a foreign-capital hotel

### Gorakansuiro ( Location : Gora, Hakone-machi, Kanagawa )

Gora-Kansuiro is a well-established traditional Japanese hotel (ryokan) that opened in 1949 through the acquisition of a vacation house which had been built in 1921 by the Iwasaki family of the former Mitsubishi Zaibatsu. The ryokan has 14 guest rooms including Kinkatei in which Emperor Showa and Empress Kojun stayed in 1955.

## Listing of specialized hotel REIT



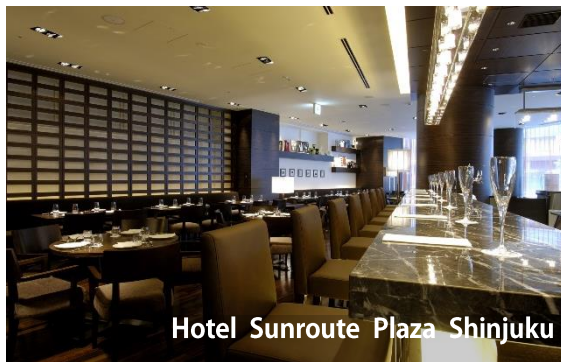
Shangri-La Hotel, Tokyo



Courtyard by Marriott Shin-Osaka Station



Courtyard by Marriott Tokyo Station



Hotel Sunroute Plaza Shinjuku

The Mori Trust Group aims to help enhance the tourism industry in Japan and revitalize the hotel investment market by offering an opportunity for investments in high-quality and attractive hotel assets. In February 2017, MORI TRUST Hotel Reit, Inc. was listed on the stock exchange. The company is a REIT focused on the investment management of hotel assets which include highly valued properties located in prestigious urban districts.



### Shangri-La Hotel, Tokyo

Location	1-8-3, Marunouchi, Chiyoda-ku, Tokyo (MARUNOUCHI TRUST TOWER MAIN 1F/27-37F, B1F)		
Guest room	200 rooms	Starting date	March 2009

### Courtyard by Marriott Tokyo Station

Location	2-1-3, Kyobashi, Chuo-ku, Tokyo (KYOBASHI TRUST TOWER 1-4F)		
Guest room	150 rooms	Starting date	April 2014

### Courtyard by Marriott Shin-Osaka Station

Location	1-2-70, Miyahara, Yodogawa-ku, Osaka-shi, Osaka		
Guest room	332 rooms	Starting date	November 2015

### Hotel Sunroute Plaza Shinjuku

Location	2-3-1, Yoyogi, Shibuya-ku, Tokyo		
Guest room	624 rooms	Starting date	September 2007

## Mori Trust Group : Total Floor Area Leased or Managed

### ■ Number of rental / managed facilities (as of March 31, 2017)

- Rental buildings : Approx. 1,360,000 m<sup>2</sup> (122 buildings)
- Hotel & Resort facilities : 21 hotels (Number of rooms : Approx. 3,400)

## 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 Yasutsugu Sakai  
 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 Kazuo Asano  
 Established October 22, 2004  
 Capital 20 million yen  
 Business sectors Management of the Conrad Tokyo

#### MT GOLF DEVELOPMENT CO., LTD.

Location Toranomon, Minato-ku, Tokyo  
 President Masamori Toyoshima  
 Established November 19, 2004  
 Capital 100 million yen  
 Business sectors Ownership and operation of Laforet & Matsuo Golf Club

#### 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

#### 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 Motoyamaminamimachi, 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 Motoyamaminamimachi, 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 Sugio Aramaki  
 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 55 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 Satoshi Horino  
 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 Nobuyuki Endo  
 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, 2017)

## 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

**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

**Aichi Road Concession Co., Ltd.**

Location Hikocho, 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

(as of March 31, 2017)

MORI TRUST Asset Management Co., Ltd. and MORI TRUST Hotel Asset Management Co., Ltd. plan to newly appoint the following individuals to the position of President and Representative Director respectively at the General Meeting of Shareholders in June 2017.

New President and Representative Director (Plan)

MORI TRUST Asset Management Co., Ltd.	:	President and Representative Director	Masayuki Yagi
MORI TRUST Hotel Asset Management Co., Ltd.	:	President and Representative Director	Amane Sakamoto

Consolidated Balance Sheets (as of March 31, 2017 and 2016)

MORI TRUST CO., LTD. and its consolidated subsidiaries

(¥ millions)

	2017	2016
<b>Assets</b>		
<b>I . Current assets</b>		
1 Cash and deposits	184,334	154,111
2 Notes and accounts receivable-trade	5,130	17,131
3 Short-term investment securities	13,873	48,532
4 Real estate for sale	34,365	42,903
5 Real estate for sale in process	181,812	155,694
6 Real estate for development	618	618
7 Other inventories	1,353	1,531
8 Deferred tax assets	5,429	4,547
9 Other	12,520	8,533
Allowance for doubtful accounts	(15)	(28)
<b>Total current assets</b>	<b>439,422</b>	<b>433,575</b>
<b>II . Noncurrent assets</b>		
<b>1 Property, plant and equipment</b>		
(1) Buildings and structures, net	130,391	129,134
(2) Machinery, equipment and vehicles, net	5,035	5,203
(3) Tools, furniture and fixtures, net	1,728	1,316
(4) Land	430,596	436,872
(5) Construction in progress	3,081	1,691
(6) Other, net	1,900	1,910
<b>Total property, plant and equipment</b>	<b>572,734</b>	<b>576,129</b>
<b>2 Intangible assets</b>		
(1) Leasehold right	3,257	3,258
(2) Goodwill	56	112
(3) Other	426	423
<b>Total intangible assets</b>	<b>3,740</b>	<b>3,794</b>
<b>3 Investments and other assets</b>		
(1) Investment securities	18,754	22,444
(2) Investments in unconsolidated subsidiaries and affiliates	-	-
(3) Long-term loans receivable	133	161
(4) Deferred tax assets	439	407
(5) Guarantee deposits	6,801	3,664
(6) Other	2,704	2,435
Allowance for doubtful accounts	(66)	(82)
<b>Total investments and other assets</b>	<b>28,766</b>	<b>29,029</b>
<b>Total noncurrent assets</b>	<b>605,241</b>	<b>608,953</b>
<b>Total assets</b>	<b>1,044,664</b>	<b>1,042,528</b>

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

(¥ millions)

	2017	2016
<b>Liabilities</b>		
<b>I . Current liabilities</b>		
1 Notes and accounts payable-trade	9,661	14,604
2 Short-term loans payable	44,546	33,873
3 Current portion of long-term loans payable	9,964	122,075
4 Accounts payable-other	4,059	5,800
5 Income taxes payable	24,073	14,128
6 Accrued expenses	750	980
7 Advances received	7,475	6,195
8 Deposits received	1,273	1,373
9 Provision for bonuses	661	610
10 Other	478	296
<b>Total current liabilities</b>	<b>102,943</b>	<b>199,939</b>
<b>II . Noncurrent liabilities</b>		
1 Long-term loans payable	423,999	384,369
2 Long-term lease deposited	48,908	48,991
3 Long-term guarantee deposited	51,258	51,896
4 Long-term deposits received	277	281
5 Deferred tax liabilities	12,423	8,875
6 Net defined benefit liability	2,571	2,586
7 Asset Retirement Obligation	1,324	1,323
8 Other	3,167	2,823
<b>Total noncurrent liabilities</b>	<b>543,930</b>	<b>501,148</b>
<b>Total liabilities</b>	<b>646,873</b>	<b>701,088</b>
<b>Net assets</b>		
<b>I . Shareholders' equity</b>		
1 Capital stock	30,000	30,000
2 Capital surplus	9,998	9,845
3 Retained earnings	336,889	282,548
<b>Total shareholders' equity</b>	<b>376,888</b>	<b>322,393</b>
<b>II . Valuation and translation adjustments</b>		
1 Valuation difference on available-for-sale securities	268	357
2 Revaluation reserve for land	-	17
3 Remeasurements of defined benefit plans	(125)	(543)
<b>Total valuation and translation adjustments</b>	<b>274</b>	<b>△ 167</b>
<b>III . Non-controlling interests</b>	<b>20,627</b>	<b>19,213</b>
<b>Total net assets</b>	<b>397,790</b>	<b>341,440</b>
<b>Total liabilities and net assets</b>	<b>1,044,664</b>	<b>1,042,528</b>

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

Consolidated Statements of Income (For the years ended March 31, 2017 and 2016)

(¥ millions)

	2017	2016
<b>I . Operating revenue</b>	<b>140,261</b>	<b>163,063</b>
<b>II . Operating cost</b>	<b>94,167</b>	<b>107,113</b>
<b>Operating gross profit</b>	<b>46,094</b>	<b>55,949</b>
<b>III . Selling, general and administrative expenses</b>	<b>15,777</b>	<b>14,717</b>
<b>Operating income</b>	<b>30,316</b>	<b>41,231</b>
<b>IV . Non-operating income</b>		
1 Interest and dividends income	1,072	568
2 Gain on sales of securities	2,618	4,765
3 Gain on valuation of securities	-	-
4 Foreign exchange gain	5,678	-
5 Gain on investments in partnership etc.	-	1,246
6 Other	2,739	905
<b>Total non-operating income</b>	<b>12,109</b>	<b>7,486</b>
<b>V . Non-operating expenses</b>		
1 Interest expenses	3,016	3,289
2 Loss on valuation of securities	-	8,427
3 Equity in losses of affiliates	-	-
4 Other	262	1,894
<b>Total non-operating expenses</b>	<b>3,278</b>	<b>13,611</b>
<b>Ordinary income</b>	<b>39,147</b>	<b>35,107</b>
<b>VI . Extraordinary income</b>		
1 Gain on sales of noncurrent assets	-	8,497
2 Gain on sales of investment securities	50,615	9,401
3 Other	1,330	3
<b>Total extraordinary income</b>	<b>51,946</b>	<b>17,902</b>
<b>VII . Extraordinary loss</b>		
1 Loss on retirement of noncurrent assets	-	526
2 Loss on sales of investment securities	429	-
3 Other	202	59
<b>Total extraordinary losses</b>	<b>1,935</b>	<b>585</b>
<b>Income before income taxes and minority interests</b>	<b>89,158</b>	<b>52,424</b>
Income taxes-current	24,967	14,918
Income taxes for prior periods	-	-
Income taxes-deferred	2,358	2,036
<b>Net income</b>	<b>61,831</b>	<b>35,468</b>
<b>Net income attributable to non-controlling interests</b>	<b>1,777</b>	<b>1,373</b>
<b>Net income attributable to parent company's shareholders</b>	<b>60,054</b>	<b>34,095</b>

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