

**NON-CONSOLIDATED FINANCIAL REPORT ( Japanese GAAP )**  
**NINE-MONTH PERIOD OF THE FISCAL YEAR ENDING**  
**December 31, 2013 (January 1, 2013 to December 31, 2013)**

October 30, 2013

Arealink Co., Ltd. is listed on the Mothers market of the Tokyo Stock Exchange under the securities code number 8914.

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Supplemental materials prepared for quarterly financial results: No

Holding of quarterly financial results meeting: No

Dividend payment commencement date (planned): —

(Millions of yen rounded down)

**1. Non-Consolidated Operating Results for Nine-Month Period of Fiscal 2013**  
**(January 1, 2013 to September 30, 2013)**

(1) Non-Consolidated Operating Results (Cumulative)

(Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year.)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013 Nine-Month Period	9,502	29.1	1,288	58.7	1,229	65.6	1,114	63.5
FY2012 Nine-Month Period	7,358	(7.1)	811	9.2	742	11.3	681	(7.9)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY2013 Nine-Month Period	9.08	—
FY2012 Nine-Month Period	5.55	—

On July 1, 2013, the Company conducted a stock split at a ratio of 100 shares for each of the Company's common shares. Accordingly, net income per share has been calculated assuming that the subject stock split was conducted at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
September 30, 2013	21,939	12,049	54.9
December 31, 2012	18,612	10,935	58.8

(Reference) Shareholders' equity: September 30, 2013: 12,049 million yen      December 31, 2012: 10,935 million yen

**2. Dividends**

(Record Date)	Dividends per Share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2012	—	0.00	—	0.00	0.00
Fiscal 2013	—	0.00	—	—	—
Fiscal 2013 (Forecast)	—	—	—	2.50	2.50

Note: Revision to the most recently announced cash dividend forecast: None

On July 1, 2013, the Company conducted a stock split at a ratio of 100 shares for each of the Company's common shares. Accordingly, the year-end dividend for the fiscal year ending December 2013 (forecast) is presented taking into consideration the effect of the subject stock split.

### 3. Forecasts of Non-Consolidated Operating Results for the Fiscal Year Ending December 31, 2013 (January 1, 2013 to December, 2013)

(% figures for the full fiscal year represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2013	11,565	14.2	1,485	27.5	1,400	30.2	1,200	26.6	9.77

Note: Revision to the most recently announced operating results forecast: None

On July 1, 2013, the Company conducted a stock split at a ratio of 100 shares for each of the Company's common shares. Accordingly, the net income per share for the fiscal year ending December 2013 (forecast) is presented taking into consideration the effect of the subject stock split.

#### Notes

- (1) Application of Special Accounting Practices in the Preparation of the Quarterly Non-Consolidated Financial Statements: No
- (2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements
  - 1) Changes of accounting principles in line with revisions to accounting and other standards: No
  - 2) Changes of accounting principles other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (3) Number of Shares Issued and Outstanding (Common Stock)
  1. Total number of shares issued and outstanding (including treasury stock) as of the period-end:  
September 30, 2013: 125,763,000 shares      December 31, 2012: 125,763,000 shares
  2. Total number of treasury stock as of the period-end:  
September 30, 2013: 3,000,000 shares      December 31, 2012: 3,000,000 shares
  3. Average number of shares for the period (Cumulative total for the quarterly non-consolidated period)  
FY2013 Nine-Month Period: 122,763,000 shares  
FY2012 Nine-Month Period: 122,763,000 shares

On July 1, 2013, the Company conducted a stock split at a ratio of 100 shares for each of the Company's common shares. Accordingly, number of shares issued and outstanding as of the period-end, number of treasury stock as of the period-end and average number of shares for the period have been calculated assuming that the subject stock split was conducted at the beginning of the previous fiscal year.

#### *Regarding the Status of Quarterly Review Procedure Implementation*

This financial report for the third quarter of fiscal 2013 is not subject to the quarterly review procedures stipulated in the Financial Instruments and Exchange Act of Japan. As of the date of disclosure of this report, the review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act had not been completed.

#### *Cautionary Statement Concerning Operating Results Forecasts and Other Special Items*

The aforementioned forecasts were made based on information available to management as of the date of this report. Actual results could differ significantly from forecasts due to a variety of factors. Please refer to "Qualitative Information Regarding Forecasts of Non-Consolidated Business Results" on page 4 for assumptions of the revision of forecasts of business results.

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## **1. Qualitative Information Regarding Non-Consolidated Quarterly Business Results**

### **(1) Qualitative Information Regarding Non-Consolidated Operating Results**

During the third quarter cumulative period (January 1 to September 30, 2013) of fiscal 2013 (ending December 31, 2013), conditions throughout the Japanese economy underwent a substantial change. Share prices increased on the back of positive expectations toward the drastic monetary policies and various pump-priming measures put forward by the Bank of Japan and government, respectively, in an effort to break free from Japan's prolonged period of deflation. At the same time, foreign currency exchange markets witnessed a continued decline in the value of the yen while improvements in consumer confidence and other positive signs emerged suggesting the economy had transitioned onto a recovery track. Turning to the real estate industry, of which Arealink is a part, there were indications of an upturn in economic conditions including a pickup in real estate transactions. This was largely attributable to the issue of an increase in the consumption tax rate, efforts to break free from deflation, and expectations toward the emergence of an inflationary trend increased. Under these circumstances, the Company focused on developing its property management services, which revolve around its core stock-type business, as well as its property revitalization and liquidation services, which largely entails the purchase and sale of real estate.

In the Property Management Service business, the mainstay self-storage business contributed to revenues through the expansion of business locations to regional cities, and an increase in the number of units managed and utilized. To accelerate the utilization of newly opened locations, we held on-site inspection tours for nearby customers and took other steps to market to the surrounding community, while for existing locations, we made ongoing maintenance efforts aimed at enhancing freedom in usability based on comment cards received from customers. In the asset business, revenue increased on the acquisition of income-generating properties held for the long term, further strengthening the earnings base for stock-type businesses. As a result, net sales in this segment amounted to ¥8,106 million.

In the Property Revitalization & Liquidation Service business, we proactively acquired real estate properties for sale, centered on subdivided stores, offices, and residential condominiums, with sales rising steadily. As a result, net sales in this segment amounted to ¥1,396 million.

As a result, net sales for the subject period amounted to ¥9,502 million (up 29.1% from the same period of the previous fiscal year). Operating income totaled ¥1,288 million (up 58.7%), with ordinary income of ¥1,229 million (up 65.6%), and net income of ¥1,114 million (up 63.5%).

### **(2) Qualitative Information Regarding Non-Consolidated Financial Position**

Total assets at the end of the subject third quarter period (September 30, 2013) amounted to ¥21,939 million, an increase of ¥3,326 million compared with the end of the previous fiscal year (December 31, 2012). This was due mainly to increases of ¥1,749 million in land; ¥680 million in buildings; and ¥899 million in real estate for sale.

Total liabilities amounted to ¥9,889 million, an increase of ¥2,212 million from the end of the previous fiscal year. This was due mainly to increases of ¥1,449 million in long-term loans payable; ¥387 million in short-term loans payable; and ¥280 million in other non-current liabilities.

Net assets amounted to ¥12,049 million, an increase of ¥1,114 million from the end of the previous fiscal year. This was due mainly to an increase of ¥1,114 million in retained earnings. As a result, the equity ratio stood at 54.9%.

### **(3) Qualitative Information Regarding Forecasts of Non-Consolidated Business Results**

There are no changes to the non-consolidated business results forecasts for the full fiscal year ending December 31, 2013 outlined in the press release titled "Notice Concerning Revisions to Business Results Forecasts" issued on July 22, 2013 (in Japanese only).

Turning to cash dividends for the fiscal year ending December 31, 2013, Arealink expects to resume payment with a forecast annual cash dividend of ¥2.50 per share. This forecast takes into account the Company's basic policy regarding the return of profits to shareholders as well as current business results forecasts.

## **2. Summary Information and Notes**

Not applicable.

### 3. Quarterly Financial Statements

#### (1) Non-Consolidated Quarterly Balance Sheets

	(Thousands of yen)	
	End of the Fiscal Year Ended December 31, 2012 (As of December 31, 2012)	End of the Third Quarter of the Fiscal Year Ending December 31, 2013 (As of September 30, 2013)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	3,084,972	3,411,348
Accounts receivable trade	155,729	155,592
Accounts receivable from completed construction contracts	50,044	
Merchandise	458,858	401,026
Real estate for sale	1,356,298	2,255,391
Costs on uncompleted construction contracts	180	2,747
Supplies	1,181	2,753
Other current assets	671,504	688,929
Allowance for doubtful accounts	(26,135)	(38,147)
Total current assets	5,752,633	6,879,642
<b>Noncurrent assets:</b>		
Property, plant and equipment:		
Buildings	7,082,481	8,051,824
Accumulated depreciation	(1,418,527)	(1,707,488)
Accumulated impairment loss	(83,526)	(83,526)
Buildings, net	5,580,426	6,260,809
Land	3,759,735	5,509,543
Other	2,010,820	1,850,005
Accumulated depreciation	(462,957)	(545,574)
Other, net	1,547,862	1,304,431
Total property, plant and equipment	10,888,025	13,074,783
Intangible assets:		
Other	102,888	82,389
Total intangible assets	102,888	82,389
Investments and other assets:		
Other	3,180,057	3,207,194
Allowance for doubtful accounts	(1,310,642)	(1,304,604)
Total investments and other assets	1,869,414	1,902,589
Total noncurrent assets	12,860,328	15,059,762
<b>Total assets</b>	18,612,961	21,939,405

(Thousands of yen)

	End of the Fiscal Year Ended December 31, 2012 (As of December 31, 2012)	End of the Third Quarter of the Fiscal Year Ending December 31, 2013 (As of September 30, 2013)
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable trade	207,144	196,928
Accounts payable for construction contracts	179,820	134,494
Short-term loans payable		387,000
Current portion of long-term loans payable	696,876	664,240
Income taxes payable	24,633	136,653
Other	671,581	731,772
Total current liabilities	1,780,057	2,251,089
<b>Noncurrent liabilities:</b>		
Long-term loans payable	4,730,451	6,180,171
Asset retirement obligations	186,387	197,091
Other	980,703	1,261,479
Total noncurrent liabilities	5,897,542	7,638,742
<b>Total liabilities</b>	<b>7,677,600</b>	<b>9,889,831</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Capital stock	5,568,222	5,568,222
Capital surplus		
Legal capital surplus	5,612,719	5,612,719
Total capital surplus	5,612,719	5,612,719
Retained earnings		
Other retained earnings		
Retained earnings brought forward	10,676	1,125,080
Total retained earnings	10,676	1,125,080
Treasury stock	(256,584)	(256,584)
Total shareholders' equity	10,935,034	12,049,438
<b>Valuation and translation adjustments:</b>		
Valuation difference on available-for-sale securities	327	135
Total valuation and translation adjustments	327	135
<b>Total net assets</b>	<b>10,935,361</b>	<b>12,049,573</b>
<b>Total liabilities and net assets</b>	<b>18,612,961</b>	<b>21,939,405</b>

**(2) Non-Consolidated Quarterly Statements of Income**  
**Third Quarter Cumulative**

(Thousands of yen)

	Nine-Month Period of the Fiscal Year Ended December 31, 2012 (January 1, 2012 to September 30, 2012)	Nine-Month Period of the Fiscal Year Ending December 31, 2013 (January 1, 2013 to September 30, 2013)
<b>Net sales</b>	7,358,352	9,502,359
Cost of Sales	5,501,635	6,886,089
<b>Gross profit</b>	1,856,716	2,616,269
<b>Selling, general and administrative expenses</b>	1,045,062	1,327,942
<b>Operating income</b>	811,654	1,288,326
<b>Non-operating income:</b>		
Interest income	15,761	39,639
Reversal of allowance for doubtful accounts	4,800	6,564
Default charge income	7,379	6,765
Penalty income	6,605	9,700
Other	8,273	4,554
Total non-operating income	42,820	67,223
<b>Non-operating expenses:</b>		
Interest expenses	94,535	120,569
Other	17,078	5,131
Total non-operating expenses	111,613	125,700
<b>Ordinary income</b>	742,860	1,229,849
<b>Extraordinary income:</b>		
Gain on sales of noncurrent assets	9,760	27,596
Gain on sales of investment securities		2,270
Gain on sales of subsidiaries and affiliates' stocks	2,520	
Total extraordinary income	12,280	29,866
<b>Extraordinary loss:</b>		
Loss on retirement of noncurrent assets	34,135	21,506
Other	6,079	3,028
Total extraordinary losses	40,214	24,534
<b>Net income before income taxes</b>	714,926	1,235,181
Income taxes    current	5,158	126,503
Income taxes    deferred	28,362	(5,726)
Total income taxes	33,520	120,777
<b>Net income</b>	681,406	1,114,404

### (3) Notes Regarding Going Concern Assumptions

Not applicable.

### (4) Segment and Other Information

#### 1) Overview of Reportable Segments

The reportable segments of the Company are components for which separate financial information is available and whose operating results are regularly reviewed by the Company's Board of Directors when making decision about the allocation of management resources and assessing performance.

Arealink is primarily engages in Property Management Service and Property Revitalization & Liquidation Service business activities. In its Property Management Service business, the Company leases land, vacant facilities, and other property assets while also acquiring, holding, and operating land, buildings, and other property assets. In addition, Arealink receives orders and provides for the installation and construction of containers and storage rooms in accordance with the needs of land and building property owners. In the Property Revitalization & Liquidation Service business, the Company refurbishes existing real estate properties held for the purpose of adding value and increasing operating efficiency. These properties are then sold to investors and other interested parties.

#### 2) Information Relating to the Amounts of Net Sales, Profit, and Loss

The nine-month period of fiscal 2012 (January 1, 2012 to September 30, 2012)

(Thousands of yen)

	Reportable Segment			Adjustment amount	Amount recorded on consolidated quarterly statements of income
	Property Management Service	Property Revitalization & Liquidation Service	Total		
Net Sales					
Sales to Outside Customers	6,951,741	406,611	7,358,352	—	7,358,352
Inter-Segment Sales and Transfers	—	—	—	—	—
Total	6,951,741	406,611	7,358,352	—	7,358,352
Segment Profit	1,192,180	51,158	1,243,338	(431,684)	811,654

Notes:

1. The negative segment profit adjustment of ¥431,684 thousand represents corporate expenses that are not allocated to each segment. These expenses mainly relate to the Administration Division.
2. Segment profit is adjusted based on operating income recorded in the quarterly statement of income.

The nine-month period of fiscal 2013 (January 1, 2013 to September 30, 2013)

(Thousands of yen)

	Reportable Segment			Adjustment amount	Amount recorded on consolidated quarterly statements of income
	Property Management Service	Property Revitalization & Liquidation Service	Total		
Net Sales					
Sales to Outside Customers	8,106,260	1,396,098	9,502,359	—	9,502,359
Inter-Segment Sales and Transfers	—	—	—	—	—
Total	8,106,260	1,396,098	9,502,359	—	9,502,359
Segment Profit	1,643,779	115,377	1,759,156	(470,829)	1,288,326

Notes:

1. The negative segment profit adjustment of ¥470,829 thousand represents corporate expenses that are not allocated to each segment. These expenses mainly relate to the Administration Division.
2. Segment profit is adjusted based on operating income recorded in the quarterly statement of income.



**(5) Notes Regarding Substantial Changes in Shareholders' Equity**  
Not applicable.

**(6) Important Subsequent Events**  
Not applicable.