

NON-CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
FIRST QUARTER OF THE FISCAL YEAR ENDING
December 31, 2014
(January 1, 2014 to December 31, 2014)

April 25, 2014

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 the First Quarter of Fiscal 2014
(January 1, 2014 to March 31, 2014)

(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	%
1Q FY2014	4,858	43.2	581	64.2	550	58.7	456	54.7
1Q FY2013	3,392	47.5	354	55.1	346	76.5	294	88.1

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
1Q FY2014	3.72	—
1Q FY2013	2.40	—

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
March 31, 2014	21,828	12,431	57.0
December 31, 2013	23,017	12,282	53.4

(Reference) Shareholders' equity: March 31, 2014: 12,431 million yen December 31, 2013: 12,282 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	—	2.50	2.50
Fiscal 2013	—				
Fiscal 2014 (Forecast)		0.00	—	2.80	2.80

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

3. Forecasts of Non-Consolidated Operating Results for the Fiscal Year Ending December 31, 2014 (January 1, 2014 to December 31, 2014)

(% 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
Interim period	6,845	5.9	969	7.9	891	2.9	787	0.6	6.41
Fiscal year ending December 31, 2014	13,651	11.4	1,863	23.8	1,701	18.7	1,500	11.4	12.22

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

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:
March 31, 2014: 125,763,000 shares December 31, 2013: 125,763,000 shares
 2. Total number of treasury stock as of the period-end:
March 31, 2014: 3,000,000 shares December 31, 2013: 3,000,000 shares
 3. Average number of shares for the period (Cumulative total for the quarterly non-consolidated period)
First quarter fiscal 2014: 122,763,000 shares First quarter fiscal 2013: 122,763,000 shares

Regarding the Status of Quarterly Review Procedure Implementation

This financial report for the first quarter of fiscal 2014 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) Explanation of Business Results

During the first quarter period (January 1 to March 31, 2014) of fiscal 2014 (ending December 31, 2014), the Japanese economy recovered gently, with improvements seen in consumer spending and corporate performance stemming from various government measures and easy-money policies. Areas of uncertainty remain, however, including the slowdown in overseas economies, rising prices for raw materials, and the impact of the rise in the consumption tax. In the real estate industry, Arealink's principal business field, the market recovered gently from the harsh conditions of the past few years, including a rise in land prices in certain areas amid low interest rates and government stimulus measures. Under such conditions, Arealink mainly developed its "stock-type" (service oriented) business model centered on the Property Management Service business.

In the Property Management Service business, for the mainstay self-storage business, to expand earnings Arealink strengthened new location openings in existing business areas, centered on the metropolitan areas of Tokyo, Osaka, and Nagoya. To accelerate the utilization of newly opened locations, we held on-site tours for nearby customers, and conducted other sales activities directed toward the surrounding areas. As a result, net sales in this segment amounted to ¥2,862 million for the subject period.

In the Property Revitalization & Liquidation Service business, in consideration of market conditions, Arealink proactively sold real estate properties held. As a result, net sales in this segment amounted to ¥1,995 million for the subject period.

As a result, net sales for the subject period amounted to ¥4,858 million (up 43.2% from the same period of the previous fiscal year). Operating income totaled ¥581 million (up 64.2%), with ordinary income of ¥550 million (up 58.7%), and net income of ¥456 million (up 54.7%).

(2) Explanation of Financial Position

Total assets at the end of the subject first quarter period (March 31, 2014) amounted to ¥21,828 million, a decrease of ¥1,188 million compared with the end of the previous fiscal year (December 31, 2013). This was due mainly to a decrease of ¥1,768 million in real estate for sale; offset by an increase of ¥863 million in cash and deposits.

Total liabilities amounted to ¥9,396 million, a decrease of ¥1,338 million from the end of the previous fiscal year. This was due mainly to a decrease of ¥1,329 million in long-term loans payable.

Net assets amounted to ¥12,431 million, an increase of ¥149 million from the end of the previous fiscal year. This was due mainly to an increase of ¥149 million in retained earnings. As a result, the equity ratio stood at 57.0%.

(3) Explanation of Results Forecasts of Other Future Predictions

Results forecasts for the second quarter cumulative and full year period of the fiscal year ending December 2014, in consideration of the steady business performance in all segments, are unchanged from those announced in financial report for the fiscal year ended December 2013 (released February 14, 2014).

Regarding dividends for the fiscal year ending December 2014, based on the Company's basic policy and current earnings forecasts, the Company plans to make a dividend payment at an annual rate of ¥2.80 per share. There are no plans for an interim dividend payment.

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, 2013 (As of December 31, 2013)	End of the First Quarter of the Fiscal Year Ending December 31, 2014 (As of March 31, 2014)
ASSETS		
Current assets:		
Cash and deposits	3,590,968	4,454,943
Accounts receivable — trade	131,839	126,407
Accounts receivable from completed construction contracts	28,350	17,325
Merchandise	385,477	369,248
Real estate for sale	5,936,247	4,167,502
Costs on uncompleted construction contracts	4,792	18,464
Supplies	2,084	4,154
Other current assets	774,541	781,340
Allowance for doubtful accounts	(25,867)	(28,820)
Total current assets	10,828,435	9,910,565
Noncurrent assets:		
Property, plant and equipment:		
Buildings	5,490,291	5,498,103
Accumulated depreciation	(1,006,149)	(1,063,045)
Accumulated impairment loss	(116,444)	(113,626)
Buildings, net	4,367,698	4,321,431
Land	4,869,692	4,870,711
Other	1,906,282	1,925,440
Accumulated depreciation	(577,733)	(611,920)
Accumulated impairment loss	(22,180)	(22,180)
Other, net	1,306,368	1,291,339
Total property, plant and equipment	10,543,758	10,483,482
Intangible assets:		
Other	83,636	79,164
Total intangible assets	83,636	79,164
Investments and other assets:		
Other	2,858,165	2,651,345
Allowance for doubtful accounts	(1,296,549)	(1,295,762)
Total investments and other assets	1,561,616	1,355,582
Total noncurrent assets	12,189,011	11,918,229
Total assets	23,017,446	21,828,795

(Thousands of yen)

	End of the Fiscal Year Ended December 31, 2013 (As of December 31, 2013)	End of the First Quarter of the Fiscal Year Ending December 31, 2014 (As of March 31, 2014)
LIABILITIES		
Current liabilities:		
Accounts payable — trade	264,730	396,465
Accounts payable for construction contracts	104,093	179,115
Short-term loans payable	1,004,000	508,500
Current portion of long-term loans payable	682,615	1,202,153
Income taxes payable	170,422	53,106
Other	981,301	986,550
Total current liabilities	3,207,163	3,325,892
Noncurrent liabilities:		
Long-term loans payable	6,045,288	4,716,050
Asset retirement obligations	253,585	259,591
Other	1,229,122	1,095,266
Total noncurrent liabilities	7,527,996	6,070,908
Total liabilities	10,735,159	9,396,801
NET ASSETS		
Shareholders' equity:		
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	1,357,330	1,506,743
Total retained earnings	1,357,330	1,506,743
Treasury stock	(256,584)	(256,584)
Total shareholders' equity	12,281,688	12,431,101
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	598	892
Total valuation and translation adjustments	598	892
Total net assets	12,282,287	12,431,993
Total liabilities and net assets	23,017,446	21,828,795

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

(Thousands of yen)

	First Quarter of the Fiscal Year Ended December 31, 2013 (January 1, 2013 to March 31, 2013)	First Quarter of the Fiscal Year Ending December 31, 2014 (January 1, 2014 to March 31, 2014)
Net sales	3,392,067	4,858,234
Cost of Sales	2,616,374	3,802,515
Gross profit	775,693	1,055,718
Selling, general and administrative expenses	421,552	474,285
Operating income	354,140	581,433
Non-operating income:		
Interest income	13,015	3,310
Reversal of allowance for doubtful accounts	2,248	1,997
Default charge income	2,075	781
Compensation for transfer	9,700	6,901
Other	2,727	1,906
Total non-operating income	29,766	14,897
Non-operating expenses:		
Interest expenses	35,073	41,724
Other	1,873	3,862
Total non-operating expenses	36,947	45,587
Ordinary income	346,960	550,743
Extraordinary income:		
Gain on sales of noncurrent assets	—	104,302
Total extraordinary income	—	104,302
Extraordinary loss:		
Loss on retirement of noncurrent assets	3,336	6,305
Other	670	245
Total extraordinary losses	4,007	6,550
Net income before income taxes	342,953	648,494
Income taxes — current	29,667	44,183
Income taxes — deferred	18,350	147,990
Total income taxes	48,018	192,174
Net income	294,935	456,320

(3) Notes Regarding the Quarterly Financial Statements
(Notes Regarding Going Concern Assumptions)

Not applicable.

(Notes Regarding Substantial Changes in Shareholders' Equity)

Not applicable.

(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 first quarter of fiscal 2013 (January 1, 2013 to March 31, 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	2,502,514	889,553	3,392,067	—	3,392,067
Inter-Segment Sales and Transfers	—	—	—	—	—
Total	2,502,514	889,553	3,392,067	—	3,392,067
Segment Profit	447,576	68,613	516,189	(162,048)	354,140

Notes:

1. The negative segment profit adjustment of ¥162,048 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 first quarter of fiscal 2014 (January 1, 2014 to March 31, 2014)

(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	2,862,432	1,995,802	4,858,234	—	4,858,234
Inter-Segment Sales and Transfers	—	—	—	—	—
Total	2,862,432	1,995,802	4,858,234	—	4,858,234
Segment Profit	538,044	211,280	749,324	(167,891)	581,433

Notes:

1. The negative segment profit adjustment of ¥167,891 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.