

**NON-CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)  
NINE-MONTH PERIOD OF THE FISCAL YEAR ENDING  
December 31, 2015 (January 1, 2015 to September 30, 2015)**

October 28, 2015

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

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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 2015  
(January 1, 2015 to September 30, 2015)**

(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	%
FY2015 Nine-Month Period	14,403	(7.1)	2,527	22.1	2,324	21.3	1,528	8.7
FY2014 Nine-Month Period	15,509	63.2	2,069	60.7	1,916	55.9	1,406	26.2

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY2015 Nine-Month Period	12.45	—
FY2014 Nine-Month Period	11.46	—

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
September 30, 2015	19,278	14,592	75.7
December 31, 2014	19,539	13,514	69.2

(Reference) Shareholders' equity: September 30, 2015: 14,592 million yen      December 31, 2014: 13,514 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 2014	—	0.00	—	3.60	3.60
Fiscal 2015	—	0.00	—	—	—
Fiscal 2015 (Forecast)	—	—	—	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, 2015 (January 1, 2015 to December, 2015)

(% 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, 2015	17,425	(3.8)	2,500	11.9	2,287	9.6	1,513	(1.8)	12.32

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:  
September 30, 2015: 125,763,000 shares      December 31, 2014: 125,763,000 shares
  2. Total number of treasury stock as of the period-end:  
September 30, 2015: 3,000,000 shares      December 31, 2014: 3,000,000 shares
  3. Average number of shares for the period (Cumulative total for the quarterly non-consolidated period)  
FY2015 Nine-Month Period: 122,763,000 shares  
FY2014 Nine-Month Period: 122,763,000 shares

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

This financial report for the third quarter of fiscal 2015 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 "Explanation of Results Forecasts and Other Future Predictions" 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 third quarter cumulative period (January 1 to September 30, 2015) of fiscal 2015 (ending December 31, 2015), the recovery trend in the Japanese economy continued at a moderate pace, with improvement in corporate earnings amid government fiscal policy and the Bank of Japan's easy-money policy, a recovery in capital expenditures, and rising incomes from wage hikes. However, the future outlook remains clouded as a result of wariness regarding concerns over the slowdown in the Chinese economy, sluggish growth in Asian emerging countries, and European financial instability.

In the real estate industry, Arealink's principal business field, land prices in urban areas showed signs of recovery amid rising investment from overseas stemming from low interest rate levels and the weak yen. The industry has steadily recovered from the harsh conditions of the past few years, and is growing steadily overall. Under these circumstances, Arealink maintained its focus on its "stock-type" (service oriented) business, centered on the Property Management Service business, and in consideration of current conditions in the real estate market, proactively sold properties held for resale in the Property Revitalization & Liquidation Service business.

In the mainstay self-storage business of the Property Management Service business, to strengthen openings of community-based locations and enhance customer service, Arealink effectively utilized its structure for full-fledged management and location openings, comprising the existing Tokyo headquarters and main offices in Osaka and Nagoya, along with business offices in Kanagawa, Chiba, Saitama, Kobe, and Fukuoka opened during the previous period, and the Sendai office opened in February 2015, in order to steadily open and manage storage locations, contributing to increased earnings. In the asset business, which receives rent income on owned properties, revenue declined due mainly to a falloff in rent income following the sale of properties from the previous period. As a result, net sales in the Property Management Service segment amounted to ¥10,221 million.

In the Property Revitalization & Liquidation Service business, considering current conditions in the real estate market, Arealink determined that the timing was right to sell properties, and proactively sold real estate held for resale, including stores, office buildings, residential apartments, and limited proprietary rights over land. As a result, net sales in the Property Revitalization & Liquidation Service business amounted to ¥4,182 million.

As a result, net sales in the third quarter cumulative period amounted to ¥14,403 million (down 7.1% year on year), with operating income of ¥2,527 million (up 22.1%), ordinary income of ¥2,324 million (up 21.3%), and net income of ¥1,528 million (up 8.7%).

### **(2) Explanation of Financial Position**

Total assets at the end of the subject third quarter cumulative period (September 30, 2015) amounted to ¥19,278 million, a decrease of ¥260 million compared with the previous fiscal year-end. This was due mainly to a decrease of ¥2,496 million in real estate for sale; and ¥209 million in costs on uncompleted construction contracts; against an increase of ¥1,830 million in cash and deposits.

Total liabilities amounted to ¥4,686 million, a decrease of ¥1,337 million from the end of the previous fiscal year. This was due mainly to a decrease of ¥1,616 million in long-term loans payable.

Net assets amounted to ¥14,592 million, an increase of ¥1,077 million from the end of the previous fiscal year. This was due mainly to an increase of ¥1,086 million in retained earnings (an increase ¥1,528 million in net income, and a decrease of ¥441 million in dividends paid). As a result, the equity ratio stood at 75.7%.

### **(3) Explanation of Results Forecasts and Other Future Predictions**

For the full fiscal year ending December 2015, at present there is no change to forecasts from those announced in "Notice Concerning Revisions to Operating Forecasts" released on July 23, 2015.

Regarding dividends for the fiscal year ending December 2015, based on the Company's basic policy and current earnings forecasts, the Company plans to pay an annual dividend payment of ¥2.80 per share.

## **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, 2014 (As of December 31, 2014)	End of the Third Quarter of the Fiscal Year Ending December 31, 2015 (As of September 30, 2015)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	5,431,560	7,261,867
Accounts receivable — trade	132,427	112,325
Accounts receivable from completed construction contracts	—	8,351
Merchandise	389,830	455,094
Real estate for sale	3,325,049	828,725
Costs on uncompleted construction contracts	227,723	18,345
Supplies	5,401	3,231
Other current assets	626,012	496,365
Allowance for doubtful accounts	(22,744)	(36,318)
Total current assets	10,115,261	9,147,989
<b>Noncurrent assets:</b>		
Property, plant and equipment:		
Buildings	4,657,680	4,921,866
Accumulated depreciation	(1,181,690)	(1,340,065)
Accumulated impairment loss	(131,056)	(131,056)
Buildings, net	3,344,933	3,450,744
Land	3,406,546	3,684,258
Other	2,188,035	2,613,516
Accumulated depreciation	(728,298)	(872,497)
Accumulated impairment loss	(41,853)	(41,451)
Other, net	1,417,883	1,699,567
Total property, plant and equipment	8,169,364	8,834,570
Intangible assets:		
Other	66,662	92,702
Total intangible assets	66,662	92,702
Investments and other assets:		
Other	2,483,485	2,495,269
Allowance for doubtful accounts	(1,295,771)	(1,291,801)
Total investments and other assets	1,187,714	1,203,467
Total noncurrent assets	9,423,740	10,130,740
<b>Total assets</b>	19,539,002	19,278,729

(Thousands of yen)

	End of the Fiscal Year Ended December 31, 2014 (As of December 31, 2014)	End of the Third Quarter of the Fiscal Year Ending December 31, 2015 (As of September 30, 2015)
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable — trade	320,072	231,989
Accounts payable for construction contracts	216,685	195,648
Short-term loans payable	—	425,000
Current portion of long-term loans payable	326,758	244,344
Income taxes payable	110,606	645,954
Other	1,488,502	1,076,430
Total current liabilities	<u>2,462,624</u>	<u>2,819,367</u>
<b>Noncurrent liabilities:</b>		
Long-term loans payable	2,298,239	682,122
Asset retirement obligations	321,515	411,703
Other	942,175	773,373
Total noncurrent liabilities	<u>3,561,930</u>	<u>1,867,199</u>
<b>Total liabilities</b>	<u>6,024,554</u>	<u>4,686,566</u>
<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	<u>5,612,719</u>	<u>5,612,719</u>
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,591,429	3,678,409
Total retained earnings	<u>2,591,429</u>	<u>3,678,409</u>
Treasury stock	(256,584)	(256,584)
Total shareholders' equity	<u>13,515,786</u>	<u>14,602,766</u>
<b>Valuation and translation adjustments:</b>		
Valuation difference on available-for-sale securities	(1,339)	(10,603)
Total valuation and translation adjustments	<u>(1,339)</u>	<u>(10,603)</u>
<b>Total net assets</b>	<u>13,514,447</u>	<u>14,592,163</u>
<b>Total liabilities and net assets</b>	<u>19,539,002</u>	<u>19,278,729</u>

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

(Thousands of yen)

	Nine-Month Period of the Fiscal Year Ended December 31, 2014 (January 1, 2014 to September 30, 2014)	Nine-Month Period of the Fiscal Year Ending December 31, 2015 (January 1, 2015 to September 30, 2015)
<b>Net sales</b>	15,509,963	14,403,692
Cost of Sales	11,813,763	10,054,562
<b>Gross profit</b>	3,696,199	4,349,130
<b>Selling, general and administrative expenses</b>	1,626,201	1,821,942
<b>Operating income</b>	2,069,998	2,527,187
<b>Non-operating income:</b>		
Interest income	9,667	9,532
Reversal of allowance for doubtful accounts	1,115	2,228
Default charge income	3,235	2,261
Compensation for transfer	6,901	9,864
Other	8,739	20,763
Total non-operating income	29,660	44,650
<b>Non-operating expenses:</b>		
Interest expenses	111,268	39,204
Commissions from early payment on loans	—	161,453
Termination payment of derivatives	44,825	—
Other	26,767	46,873
Total non-operating expenses	182,861	247,530
<b>Ordinary income</b>	1,916,797	2,324,308
<b>Extraordinary income:</b>		
Gain on sales of noncurrent assets	112,906	22,720
Gain on transfer of business	—	9,675
Total extraordinary income	112,906	32,395
<b>Extraordinary loss:</b>		
Loss on retirement of noncurrent assets	9,991	2,307
Other	245	—
Total extraordinary losses	10,237	2,307
<b>Net income before income taxes</b>	2,019,466	2,354,396
Income taxes — current	141,065	712,436
Income taxes — deferred	471,630	113,033
Total income taxes	612,696	825,469
<b>Net income</b>	1,406,770	1,528,926

**(3) Notes Regarding 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 nine-month of fiscal 2014 (January 1, 2014 to September 30, 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	9,268,537	6,241,425	15,509,963	—	15,509,963
Inter-Segment Sales and Transfers	—	—	—	—	—
Total	9,268,537	6,241,425	15,509,963	—	15,509,963
Segment Profit	1,920,275	667,988	2,588,263	(518,265)	2,069,998

Notes:

1. The negative segment profit adjustment of ¥518,265 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 of fiscal 2015 (January 1, 2015 to September 30, 2015)

(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	10,221,257	4,182,434	14,403,692	—	14,403,692
Inter-Segment Sales and Transfers	—	—	—	—	—
Total	10,251,257	4,182,434	14,403,692	—	14,403,692
Segment Profit	2,012,801	1,157,042	3,169,844	(642,656)	2,527,187

Notes:

1. The negative segment profit adjustment of ¥642,656 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.