

**We supply the best use of space.**

# Results Briefing

Fiscal Year Ended December 2013

**February 18, 2014**

**Exciting Company**



**Arealink Co.,Ltd.**

Securities code: 8914

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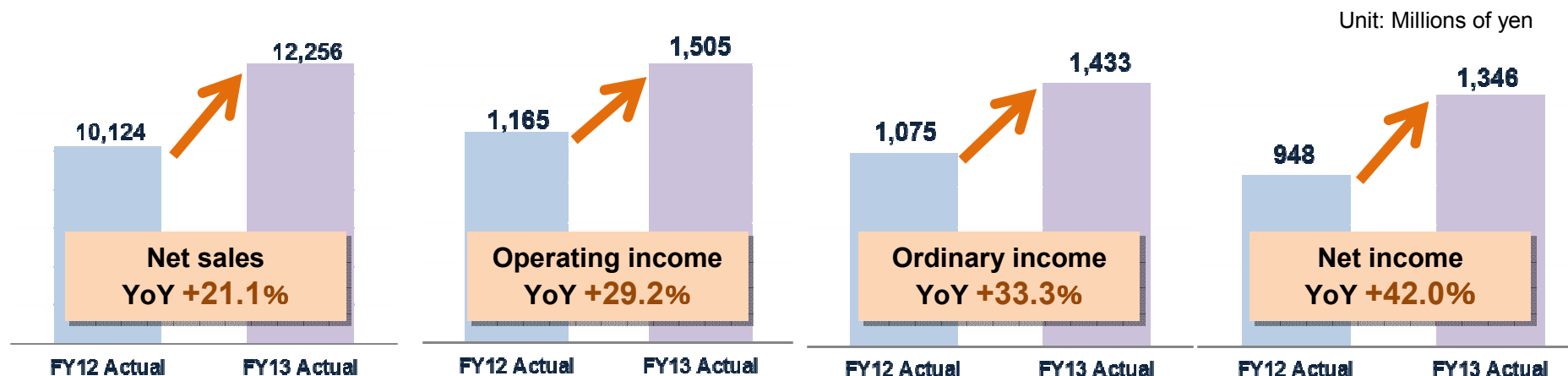
# Part I

## Results Overview

- Note: Figures in this report presented in units of billions have been rounded off, while figures in units of millions have been rounded down

# Overview of FY13

Earnings exceeded plan in all categories, with double-digit growth year on year.



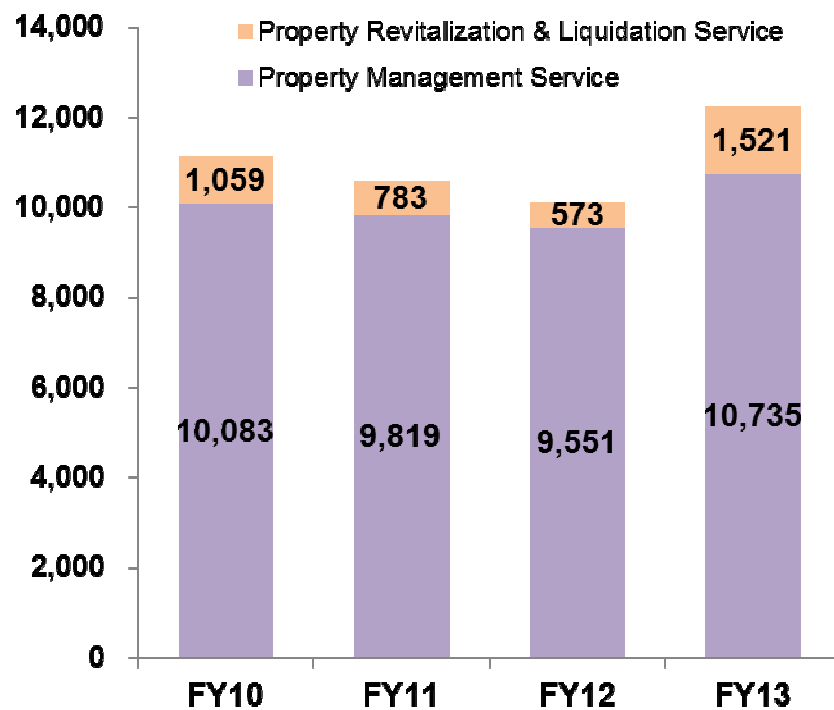
	FY12		FY13		FY13		Actual vs. Initial plan		YoY	
	Actual	(%)	Plan	(%)	Actual	(%)	Variance	% Change	Variance	% Change
(Millions of yen)										
Net sales	10,124	(100.0)	11,565	(100.0)	12,256	(100.0)	690	6.0%	2,131	21.1%
Cost of sales	7,494	(74.0)	8,501	(73.5)	8,950	(73.0)	448	5.3%	1,455	19.4%
Gross profit	2,629	(26.0)	3,063	(26.5)	3,306	(27.0)	242	7.9%	676	25.7%
SG&A expenses	1,464	(14.5)	1,598	(13.8)	1,800	(14.7)	202	12.7%	336	23.0%
Operating income	1,165	(11.5)	1,485	(12.8)	1,505	(12.3)	19	1.3%	339	29.2%
Ordinary income	1,075	(10.6)	1,400	(12.1)	1,433	(11.7)	33	2.4%	358	33.3%
Net income	948	(9.4)	1,200	(10.4)	1,346	(11.0)	146	12.2%	398	42.0%

# Net Sales and Gross Profit by Segment

Revenue and gross profit rose in all segments.

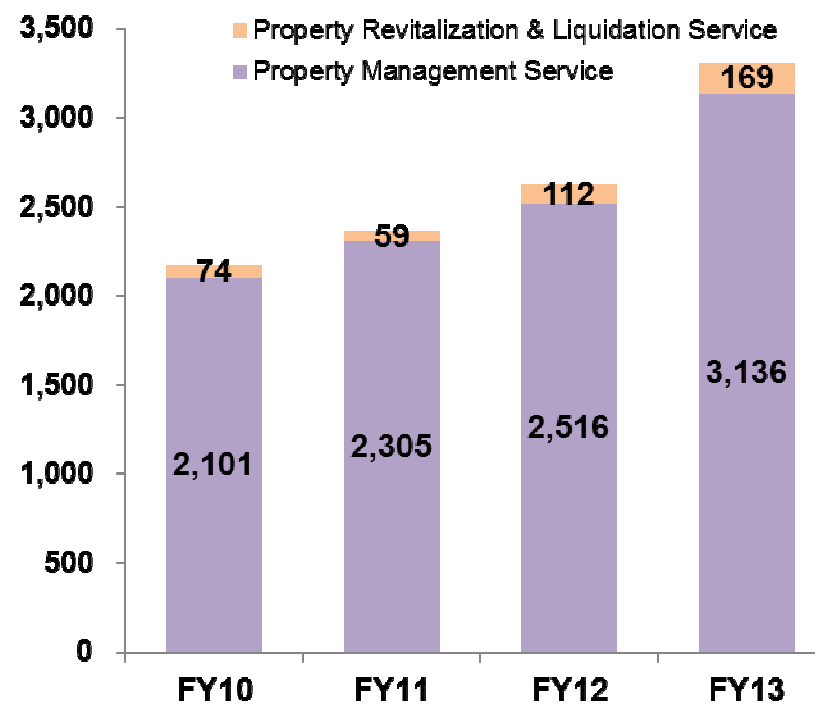
## Net sales

(Unit: Millions of yen)



## Segment profit

(Unit: Millions of yen)



# Profit Margin by Segment

Net sales margin and operating profit margin both rose steadily in all segments.

Unit: Millions of yen

			FY12 (actual)		FY13 (initial budget)		FY 13 (actual)	
			Full year actual	Profit margin	Initial budget	Profit margin	Full year actual	Profit margin
	Storage management	Net sales	5,184		5,651		5,716	
		Gross profit	1,402	27.1%	1,568	27.8%	1,574	27.5%
		Operating income	932	18.0%	1,124	19.9%	1,095	19.2%
	Storage liquidation	Net sales	1,085		1,700		2,096	
		Gross profit	393	36.2%	636	37.4%	826	39.4%
		Operating income	160	14.7%	264	15.5%	326	15.6%
	Other property management service	Net sales	3,281		2,907		2,921	
		Gross profit	721	22.0%	720	24.8%	735	25.2%
		Operating income	596	18.2%	622	21.4%	659	22.6%
<b>Property Management Service Total</b>	Net sales	9,551		10,260		10,735		
	Gross profit	2,516	26.4%	2,925	28.5%	3,136	29.2%	
	Operating income	1,688	17.7%	2,011	19.6%	2,038	19.0%	
<b>Property Revitalization &amp; Liquidation Service</b>	Net sales	573		1,305		1,521		
	Gross profit	112	19.6%	138	10.6%	169	11.2%	
	Operating income	71	12.4%	101	7.7%	111	7.3%	
<b>Other</b>	Net sales	—		—		—		
	Gross profit	—		—		—		
	Operating income	(594)		(626)		(644)		
<b>Total</b>	Net sales	10,124		11,565		12,256		
	Gross profit	2,629	26.0%	3,063	26.5%	3,306	27.0%	
	Operating income	1,165	11.5%	1,485	12.8%	1,505	12.3%	

# Quarterly Net Sales, Gross Profit, and Operating Income by Segment

Periodic profit also rose steadily in all segments. Property revitalization and liquidation projects continued to contribute to earnings.

Unit: Millions of yen

			FY12 (full year)	FY13				
			Cumulative	1Q	2Q	3Q	4Q	Cumulative
	Storage management	Net sales	5,184	1,355	1,420	1,450	1,490	5,716
		Gross profit	1,402	378	449	403	343	1,574
		Operating income	932	259	343	276	215	1,095
	Storage liquidation	Net sales	1,085	410	840	426	419	2,096
		Gross profit	393	160	352	157	156	826
		Operating income	160	58	177	47	42	326
	Other property management service	Net sales	3,281	737	752	713	719	2,921
		Gross profit	721	155	182	215	181	735
		Operating income	596	129	158	192	179	615
<b>Property Management Service Total</b>	Net sales	<b>9,551</b>	<b>2,502</b>	<b>3,013</b>	<b>2,590</b>	<b>2,628</b>	<b>10,735</b>	
	Gross profit	<b>2,516</b>	<b>693</b>	<b>984</b>	<b>776</b>	<b>681</b>	<b>3,136</b>	
	Operating income	<b>1,688</b>	<b>447</b>	<b>679</b>	<b>517</b>	<b>438</b>	<b>2,081</b>	
<b>Property Revitalization &amp; Liquidation Service</b>	Net sales	<b>573</b>	<b>889</b>	<b>55</b>	<b>450</b>	<b>125</b>	<b>1,521</b>	
	Gross profit	<b>112</b>	<b>81</b>	<b>16</b>	<b>62</b>	<b>8</b>	<b>169</b>	
	Operating income	<b>71</b>	<b>68</b>	<b>8</b>	<b>38</b>	<b>(4)</b>	<b>111</b>	
<b>Other</b>	Net sales	—	—	—	—	—	—	
	Gross profit	—	—	—	—	—	—	
	Operating income	<b>(594)</b>	<b>(162)</b>	<b>(142)</b>	<b>(165)</b>	<b>(217)</b>	<b>(644)</b>	
<b>Total</b>	Net sales	<b>10,124</b>	<b>3,392</b>	<b>3,069</b>	<b>3,041</b>	<b>2,754</b>	<b>12,256</b>	
	Gross profit	<b>2,629</b>	<b>775</b>	<b>1,001</b>	<b>839</b>	<b>689</b>	<b>3,306</b>	
	Operating income	<b>1,165</b>	<b>354</b>	<b>544</b>	<b>389</b>	<b>216</b>	<b>1,505</b>	

# Completion Rate for Net Sales and Gross Profit Targets by Segment

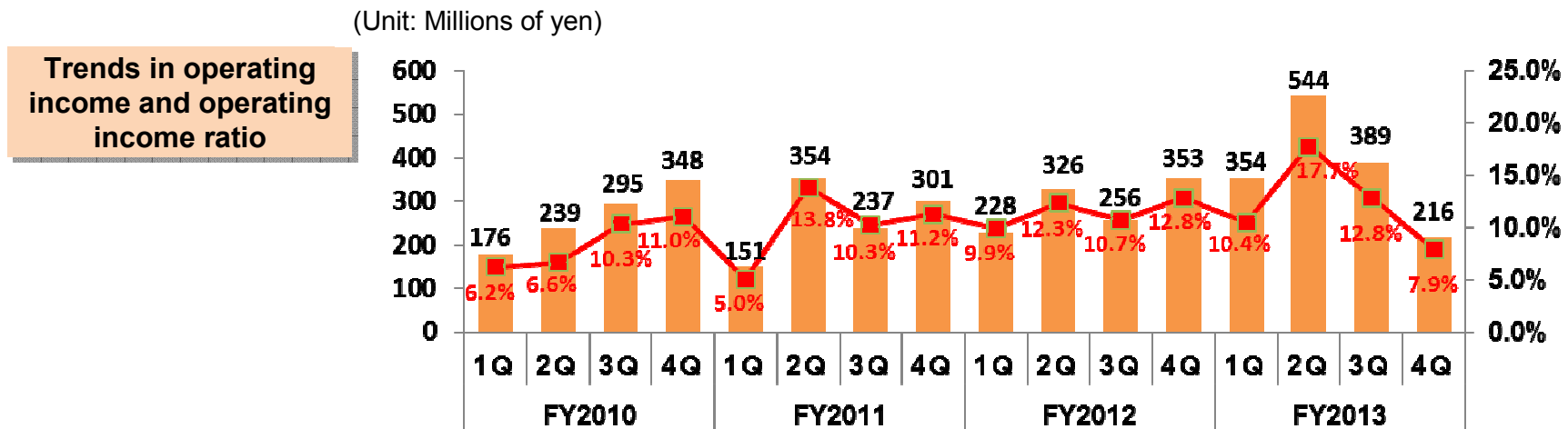
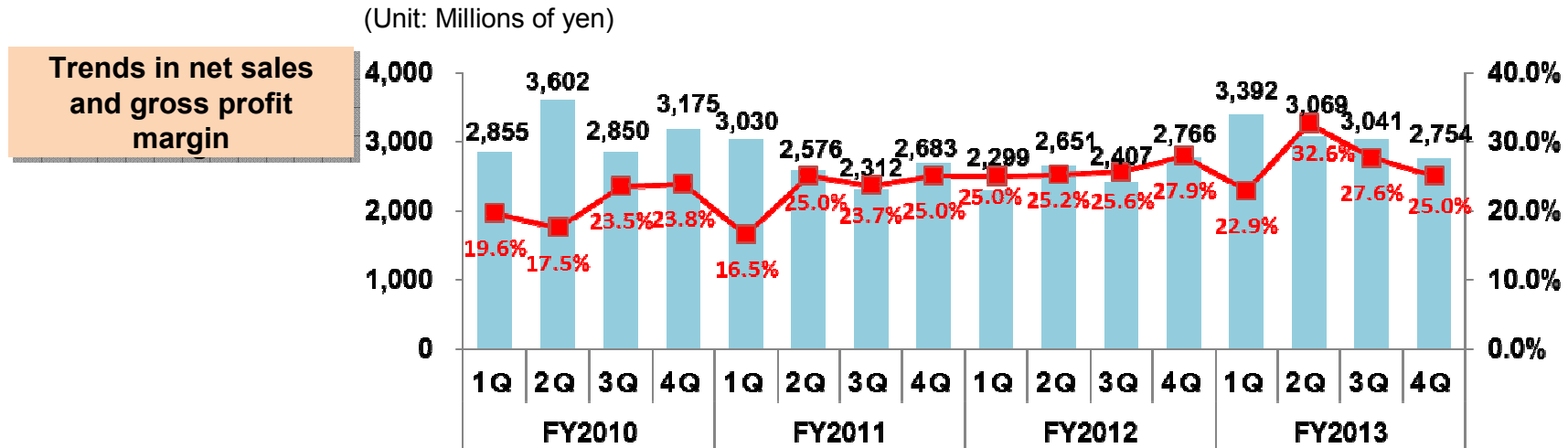
単位: 百万円

		FY12		FY13 (revised plan)		FY13 (actual)		
		Full Year	Component Ratio	Full Year	Component Ratio	Actual	Component Ratio	Completion Rate
Net sales	Property Management Service	9,551	94.3%	10,260	88.7 %	10,735	87.6%	104.6%
	Storage management	5,184	51.2%	5,651	48.9 %	5,716	46.6%	101.2%
	Storage liquidation	1,085	10.7	1,700	14.7 %	2,096	17.1%	123.3%
	Parking	1,240	12.3%	771	6.7 %	725	5.9%	94.0%
	Asset	1,391	13.7%	1,519	13.1 %	1,583	12.9%	104.2%
	SOHO	574	5.7%	593	5.1 %	590	4.8%	99.4%
	Other	74	0.7%	23	0.2 %	22	0.2%	96.8%
	Property Revitalization & Liquidation Service	573	5.7	1,305	11.3 %	1,521	12.4%	116.6%
Total	10,124	100.0%	11,565	100.0%	12,256	100.0%	106.0%	
Gross profit	Property Management Service	2,516	95.7%	2,925	95.5 %	3,136	94.9%	107.2%
	Storage management	1,402	53.3%	1,568	51.2 %	1,574	47.6%	100.3%
	Storage liquidation	393	15.0%	636	20.8 %	826	25.0%	129.9%
	Parking	105	4.0%	49	1.6 %	63	1.9%	129.0%
	Asset	449	17.1%	540	17.6 %	563	17.0%	104.3%
	SOHO	110	4.2%	122	4.0 %	132	4.0%	108.4%
	Other	55	2.1%	8	0.3 %	(23)	(0.7)%	—
	Property Revitalization & Liquidation Service	112	4.3%	138	4.5 %	169	5.1%	122.8%
Total	2,629	100.0%	3,063	100.0 %	3,306	100.0%	107.9%	



# Quarterly Net Sales and Operating Income

Net sales margin and operating profit margin remained stable overall.



Note: Figures from fiscal 2010 and earlier are on a consolidated basis. Figures from fiscal 2011 and later are non-consolidated.

# Breakdown of Non-Operating and Extraordinary Profit and Loss

Non-operating expenses rose on higher interest payments due to increased borrowing. However, extraordinary losses declined on a decrease in loss on retirement of noncurrent assets.

Unit: Millions of yen

<b>Non-operating income</b>		<b>Extraordinary income</b>	
Interest income	¥47 million	Gain on sales of noncurrent assets	¥101 million
Penalty income	¥32 million		
<b>Non-operating expenses</b>		<b>Extraordinary loss</b>	
Interest expenses	¥166 million	Loss on retirement of noncurrent assets	¥28 million
		Impairment loss	¥58 million

Step income	2012/12 cumulative	2013/3 1Q period	2013/6 2Q period	2013/9 3Q period	2013/9 4Q period	2013/12 cumulative	Variance	% Change
Operating income	1,165	354	544	389	216	1,505	339	29.2
Non-operating income	61	29	17	19	47	114	52	86.6
Non-operating expenses	151	36	43	45	60	185	34	22.8
Ordinary income	1,075	346	518	364	203	1,433	358	33.3
Extraordinary income	26	-	17	12	73	103	77	293.2
Extraordinary loss	257	4	8	12	143	168	(89)	(34.7)
Income before income taxes	844	342	527	364	134	1,369	525	62.2
Income taxes — current	6	29	63	33	25	152	145	2,102.1
Income taxes — deferred	(110)	18	(24)	0	(123)	(129)	(18)	14.6
Net income	948	294	488	331	232	1,346	398	42.0

# Financial Position

Total assets rose 23.7% YoY, due mainly to an increase in real estate held for sale.

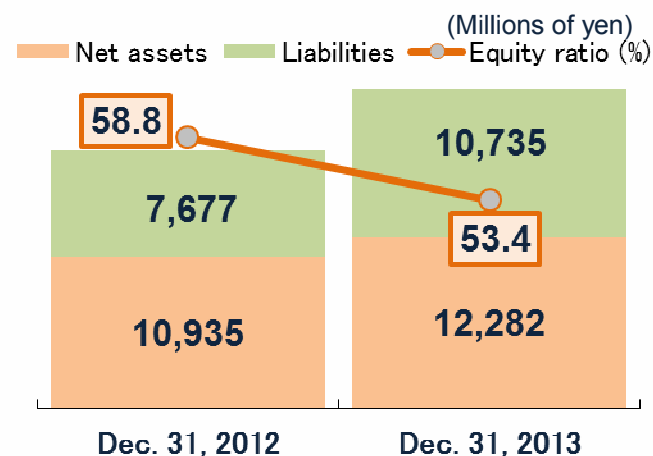
## Financial Position

As of December 31, 2013

\*Figures in parentheses indicate changes from the end of December 31, 2012.

<b>Total assets</b> ¥23.02 billion (+ ¥ 4.40 billion)	<b>Liabilities</b> ¥10.74 billion (+ ¥ 3.06 billion)	Liabilities
	<b>Net assets</b> ¥12.28 billion (+ ¥ 1.35 billion)	Net assets

## Liabilities, net assets, equity ratio



(Millions of yen)	Dec. 31, 2012	Dec. 31, 2013
<b>Current assets</b>	5,752	10,828
<b>Noncurrent assets</b>	12,860	12,189
<b>Total assets</b>	18,612	23,017
<b>Current liabilities</b>	1,780	3,207
<b>Noncurrent liabilities</b>	5,897	7,527
<b>Total liabilities</b>	7,677	10,735
<b>Net assets</b>	10,935	12,282

Increase in cash and deposits	¥ 0.51 billion
Increase in real estate for sale	¥ 4.58 billion
Decrease in property, plant and equipment	¥ 0.34 billion

Increase in long-term loans payable	¥ 1.31 billion
Increase in current portion of long-term loans payable	¥ 1.00 billion

Increase in retained earnings	¥ 1.35 billion
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Note: The breakdown of real estate held is presented on page 41 of the accompanying material.

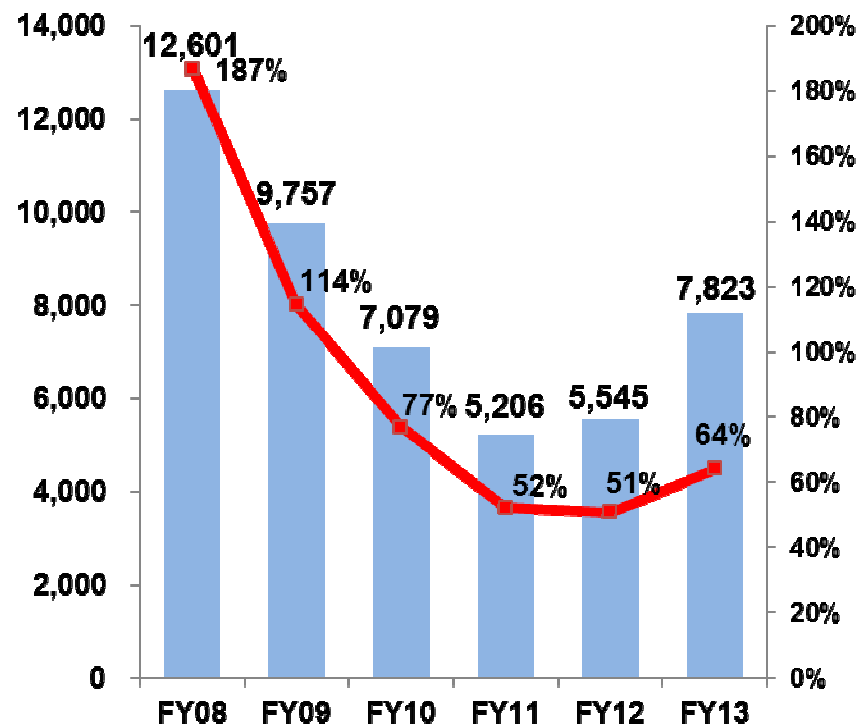
# Interest-Bearing Debt, Total Capital, and Shareholders' Equity Exciting Company



Interest-bearing debt rose as a result of borrowings for real estate investments, but shareholders' equity increased, and our financial position remains sound.

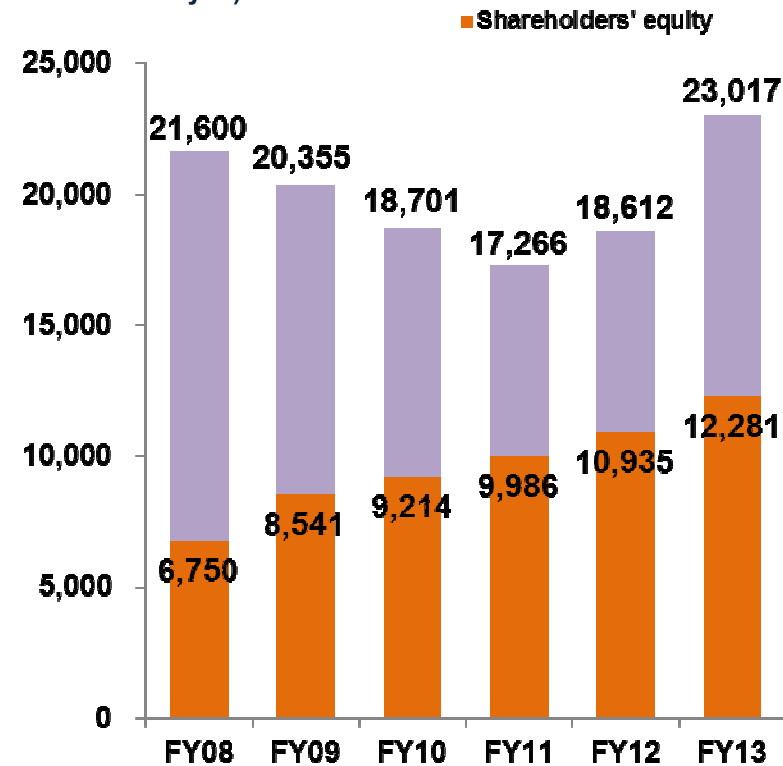
## Interest-bearing debt and interest-bearing debt ratio

(Unit: Millions of yen)



## Total capital and shareholders' equity

(Unit: Millions of yen)



# Cash Flow

Although expenditures rose for acquisition of tangible fixed assets, the balance of cash and deposits also increase on a rise in income from interest and long-term borrowings.

Unit: Millions of yen

	FY12	FY13
<b>Cash flows from operating activities</b>	<b>443</b>	<b>1,014</b>
<b>Cash flows from investing activities</b>	<b>(489)</b>	<b>(2,764)</b>
<b>Cash flows from financing activities</b>	<b>311</b>	<b>2,256</b>
<b>Cash and cash equivalents at the end of period</b>	<b>3,084</b>	<b>3,590</b>

Income before income taxes	¥1.37 billion
Depreciation	¥0.60 billion
Increase in guarantee deposits received	¥0.15 billion
Increase in inventories	¥(1.30) billion

Proceeds from sales of noncurrent assets	¥0.65 billion
Collection of short-term loans receivable	¥0.06 billion
Purchase of noncurrent assets	¥(3.45) billion

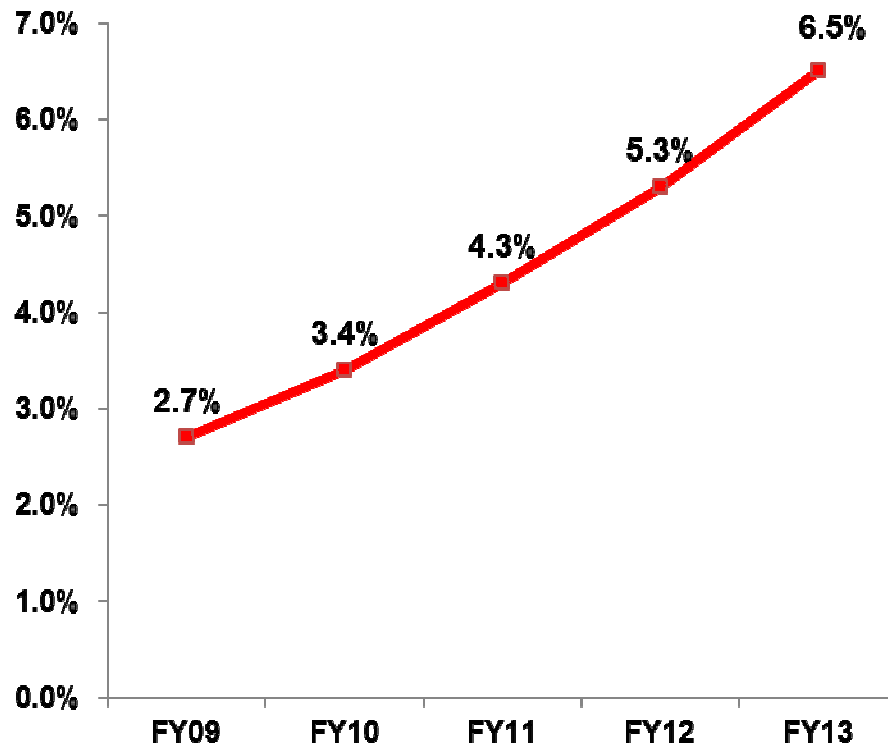
  

Proceeds from long-term loans payable	¥2.57 billion
Increase of short-term loans payable	¥1.00 billion
Repayment of long-term loans payable	¥(1.30) billion

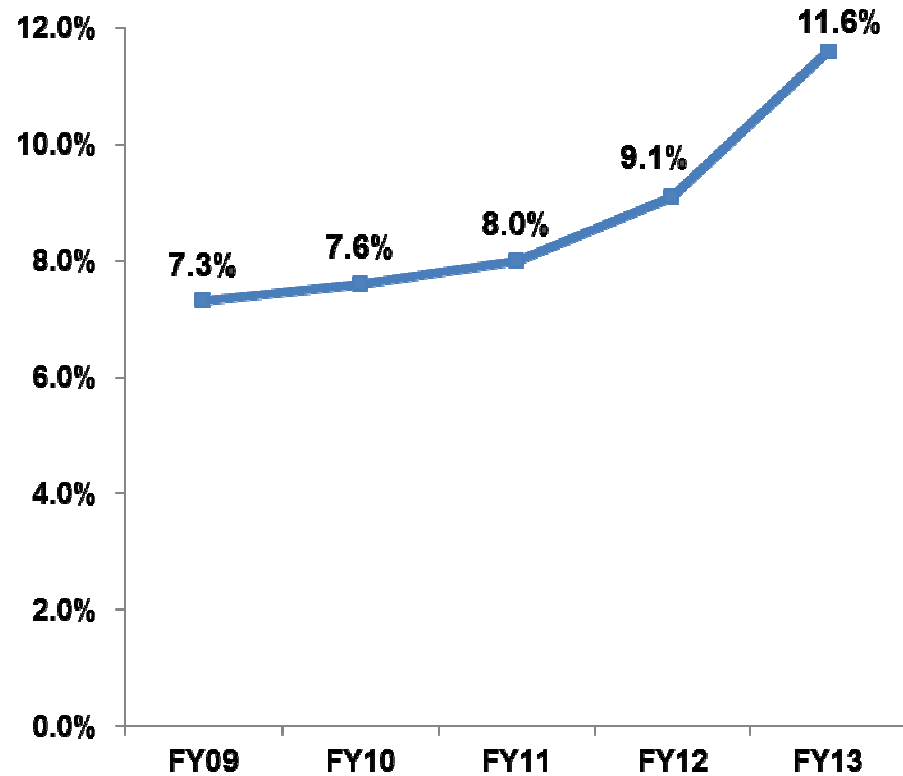
# Capital Efficiency

Capital efficiency rose further on higher profits.

Return on assets (ROA)



Return on shareholders' equity (ROE)



## **Part- II**

# **Summary of FY13 and Outlook for FY14**

**Ordinary income +33.3% YoY**  
**¥1.4 billion (plan) → ¥1.43 billion (actual)**

- ✓ Steady increase in business results
- ✓ Net sales rose 21.3% on proactive expansion of the storage business
- ✓ Operating income +29.2%, Ordinary income +33.3%, Net income +42.0%
- ✓ Dividends restored, ¥2.5 per share annual



## Steady progress made with new initiatives

- ✓ Expand the storage business
- ✓ Strengthen network with property owners
- ✓ Achieve the Arealink front-loaded schedule and other unique workflow aspects, greater precision in human resources development
- ✓ Concentrated maintenance of properties, enhanced level of service
- ✓ Far-reaching cost reductions

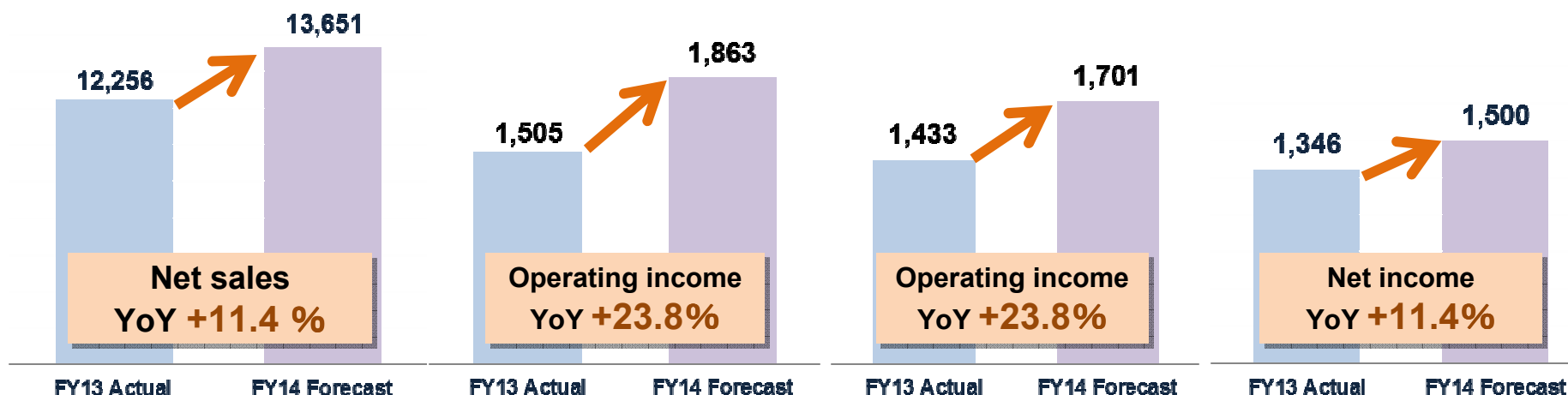
## Shareholder returns increased though both results-based dividends and growth

- ✓ Decision to restore dividends
- ✓ Annual dividend of ¥2.5 per share for the fiscal year ended December 2013
- ✓ Target payout ratio between 20%-30%

# Outlook for FY14

We forecasts double-digit growth in both revenue and earnings.

Unit: Millions of yen



	FY2013		FY2014		YoY	
(Millions of yen)	Actual (A)	(%)	Previous Forecast	(%)	Revised Forecast (B)	(%)
Net sales	12,256	(100.0)	13,651	(100.0)	1,395	11.4%
Operating income	1,505	(12.3)	1,863	(13.7)	358	23.8%
Ordinary income	1,433	(11.7)	1,701	(12.5)	268	18.7%
Net income	1,346	(11.2)	1,500	(11.0)	154	11.4%
ROE (%)	11.6	—	11.7	—	+0.1pt	—
ROA (%)	6.5	—	6.4	—	(0.1)pt	—

## ✓ Human resources development

- Introduction of a branch/business office system, and human resources development
- Nurture future managers through financial independence

## ✓ Future real estate model

- Model in line with the real estate price cycle

## ✓ Differentiation of Hello Storage

- Strengthen brand through aggressive expansion program (storage buildings and warehouses)
- Speed 3-Minute Contract, the industry's first 24-hour contract system (automation of contract procedures for 24-hour service)
- Establish an owners' club, and expand new business

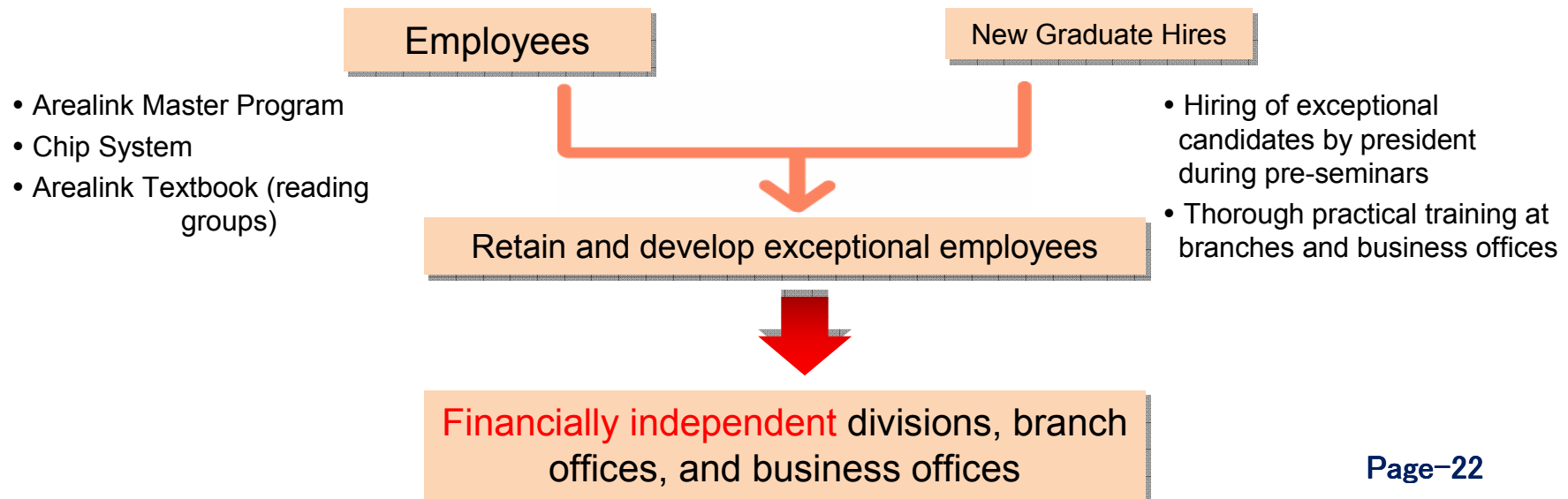
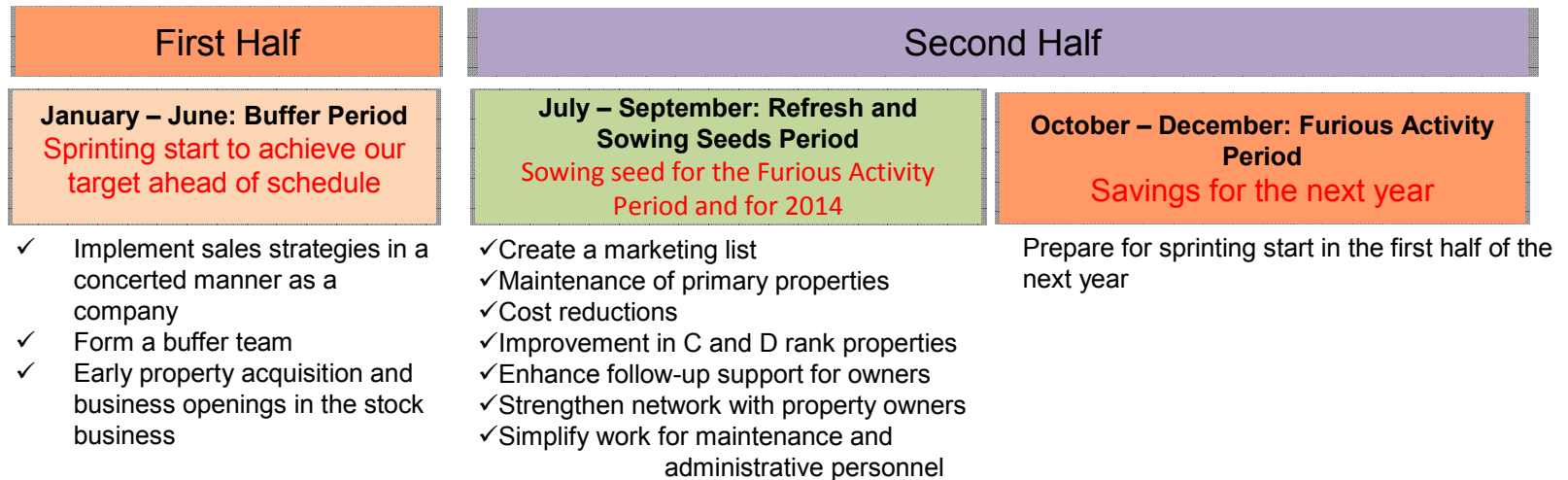
## ✓ Proactive expansion of rental meeting rooms

- Hello Rental Meeting Room Shinbashi, our first staffed rental meeting room, opened at the end of January
- First rental meeting rooms opened in Osaka in December 2013, and Nagoya in February 2014
- Community integration – Hello Rental Meeting Room Yokohama designated by the city of Yokohama as an emergency center for people unable to return home following a disaster

# Part-III

## Growth Strategies

Clarify the points to focus on during each period of the front-loaded annual schedule, and expand capabilities during the “Furious Activity Period”



# Nurturing Future Managers through Financial Independence

Branch Offices: Function as regional head offices → Open in cities with 1 million residents

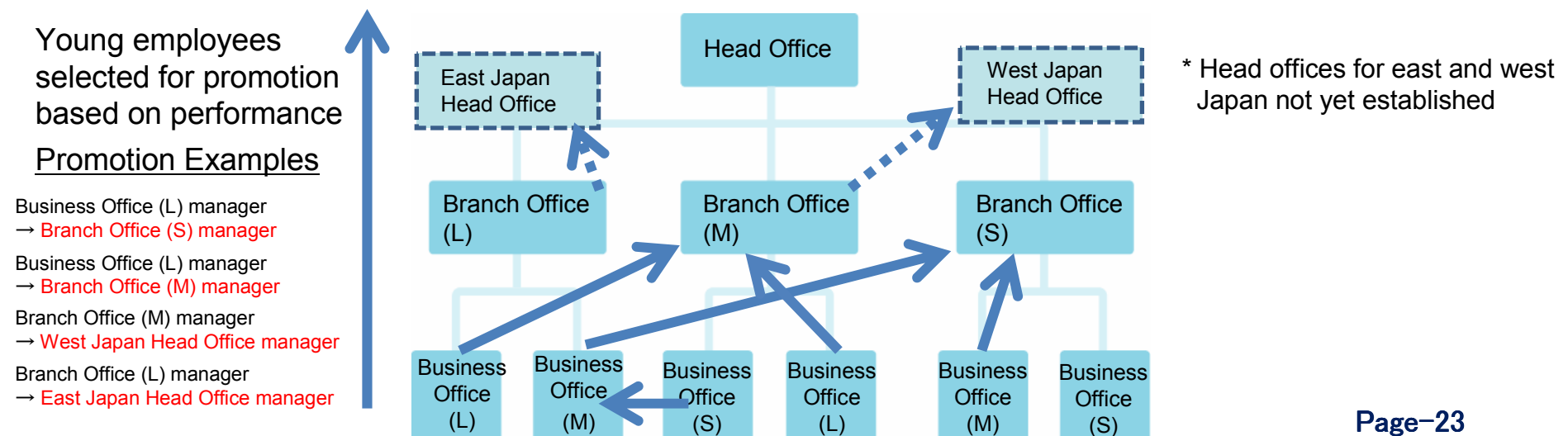
Classified into L, M, and S according to the number of rooms managed

L = 20,000 or more; M = 10,000 or more; S = 5,000 or more

Business Offices: Focus mainly on procurement and promotion

L = Up to 5,000; M = Up to 3,000; S = Up to 1,000

Young employees with 2-3 years of experience (22-25 years old) are selected to head business offices, and those with 5-6 years of experience (25-27 years old) to lead branch offices.

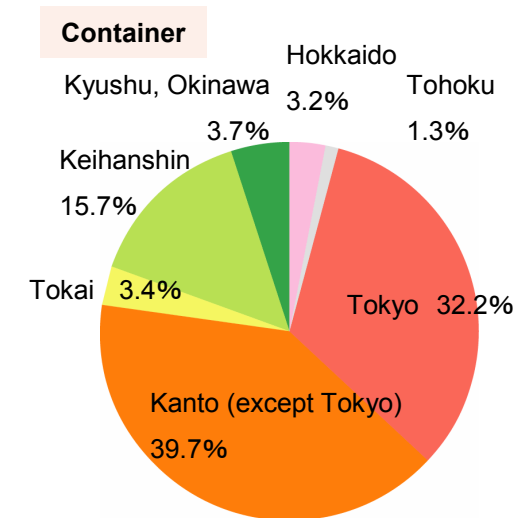
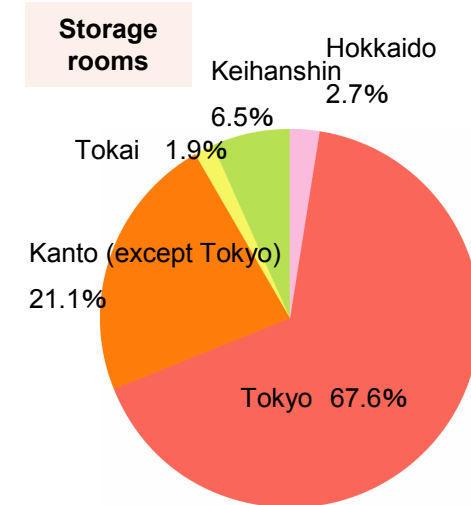


# Expansion Strategy for Hello Storage

Expand locations in the Tokyo metropolitan area, and Chubu/Kinki regions

No. of Units (as of December 31, 2013)

Prefecture	Storage Rooms	Containers	Total	Proportion of Total
Hokkaido	426	938	1,414	3.0%
Miyagi	-	392	392	0.8%
Ibaraki	-	208	208	0.4%
Saitama	-	62	62	0.1%
Chiba	672	4,524	5,196	11.1%
Tokyo	269	5,720	5,989	12.8%
Kanagawa	10,493	10,044	20,537	44.0%
Gifu	2,348	2,157	4,505	9.6%
Shizuoka	-	86	86	0.2%
Aichi	-	81	81	0.2%
Mie	244	884	1,128	2.4%
Kyoto	50	32	82	0.2%
Osaka	154	306	460	1.0%
Hyogo	810	2,082	2,892	6.2%
Nara	47	2,140	2,187	4.7%
Fukuoka	-	337	337	0.7%
Kumamoto	-	511	511	1.1%
Oita	-	48	48	0.1%
Kagoshima	-	26	26	0.1%
Okinawa	-	372	372	0.8%
<b>Total</b>	-	<b>173</b>	<b>173</b>	<b>0.4%</b>
Prefecture	<b>15,513</b>	<b>31,173</b>	<b>46,686</b>	<b>100%</b>





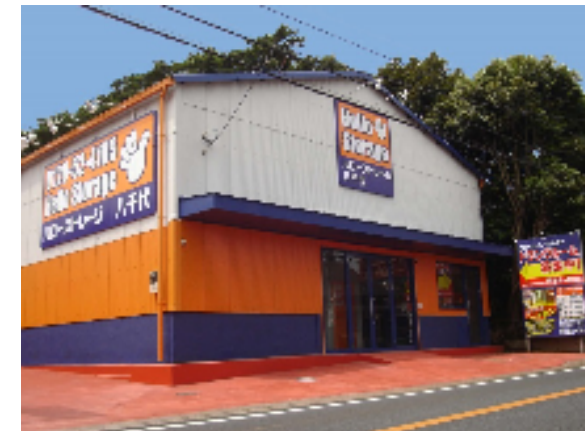
- ✓ Develop “Storage Buildings” and “Storage Warehouses” as flagship locations
  - Develop and differentiate stand-alone storage buildings along with existing “inside buildings” type
  - Utilize personnel during the slow periods in the real estate sales cycle
  - Establish an owners’ club (network of investors in storage facilities)



Hello Storage Machida (Tokyo)



Hello Storage Azumino (Kanagawa)

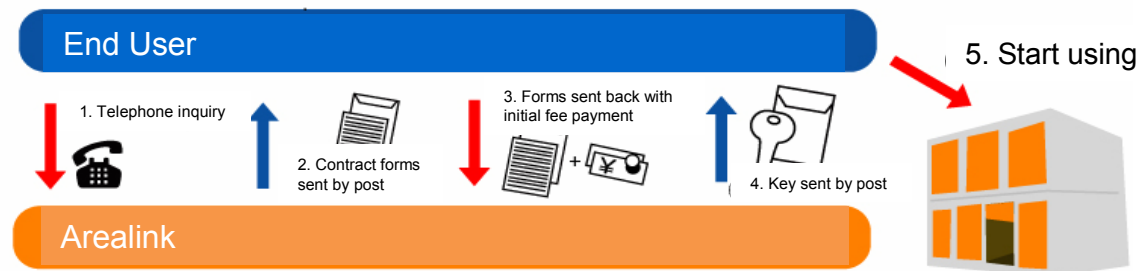


Hello Storage Yachiyo (Chiba)

## ✓ Speed 3-Minute Contract

- Introduce “Speed 3-Minute Contract” (automated contract), the industry’s first web-based, 24-hour service for contract procedures
- Simple reservation and return using a credit card
- Possible to receive keys by the next business day

Previous Contract System

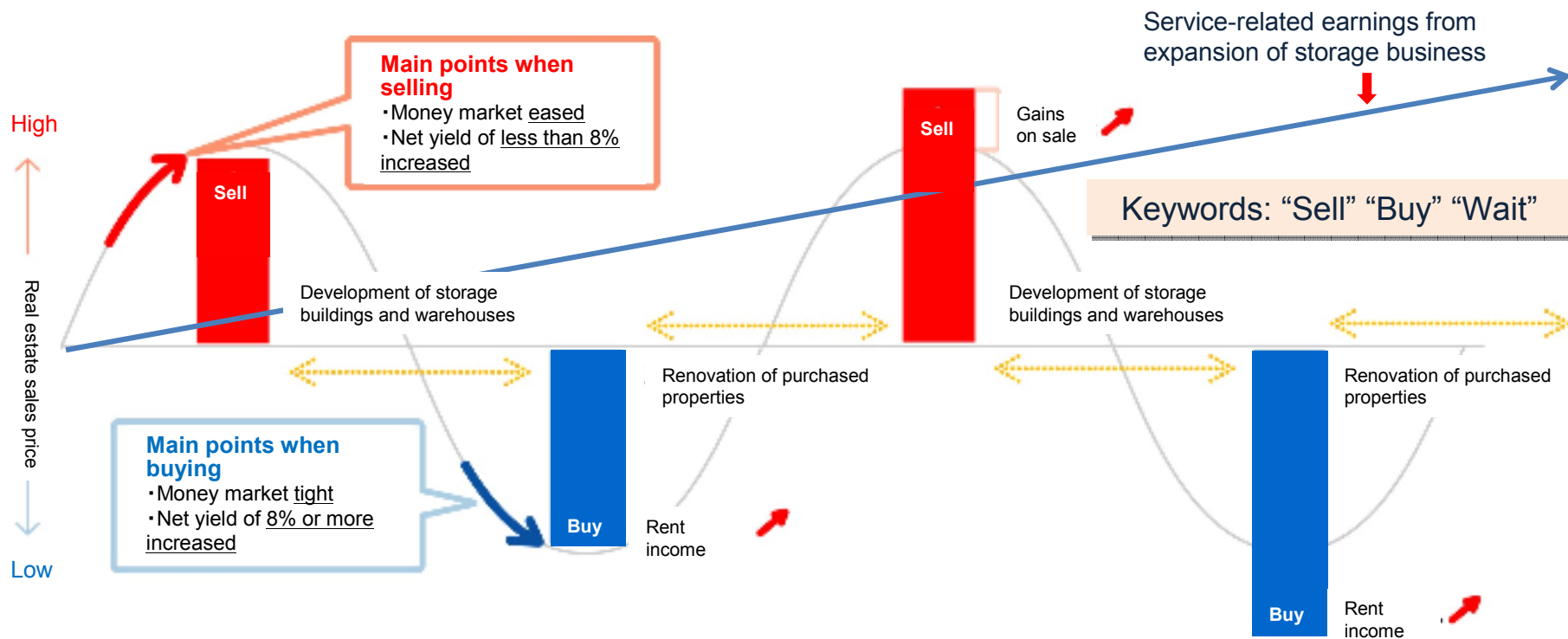


Speed 3-Minute Contract **NEW**



# Ideal Real Estate Model

## Ideal property purchases and sales in line with the real estate price cycle



Real estate purchases and sales in line with the price cycle:

- Buy low, sell high
- Clarify purchase and sale policy to maximize return
- Return 20%-30% of gains on sale to shareholders as dividends
- Expand storage business as hedge against periods when we refrain from buying or selling  
Service-related earnings growth from expanded openings of Storage Buildings (downtown areas) and Storage Warehouses (suburbs)

Company with an extremely stable, high rate of growth

■ Target figures for FY16:

Net sales ¥16,187 million; Operating income ¥2,543 million

(Millions of yen)	FY13 Actual	FY16 Target	Variance	Average YoY Growth
Net sales	12,256	16,187	+3,931	+9.7%
Operating income	1,505	2,543	+1,038	+19.1%
Operating income ratio (%)	12.3	15.7	+3.4pt	—
Ordinary income	1,433	2,365	+931	+18.2%
Net income	1,346	1,453	+107	+2.6%
ROA (%)	6.5	5.5	(1.0)pt	—
Shareholders' equity ratio (%)	53.4	59.2	+5.3pt	—
Current ratio (%)	337.6	391.1	+53.5pt	—

Note: The lower target FY16 figure for ROA reflects projected corporate tax payments resulting from the dissolution of tax loss carried forward.

# Medium-Term Management Plan



Bringing the world convenience, enjoyment, and excitement

- Become the acknowledged leader in the storage business in terms of both market share and quality
- Stock-type business comprising storage, assets, and rental meeting rooms
- Provide a pleasant work environment, enhance operational efficiency, and ensure a good work-life balance
- Enhance capital efficiency and proactively provide shareholder returns.

Satisfy customers, shareholders, and employees, and create an “Exciting Company”

**Achieve net sales of ¥80 billion and ordinary income of ¥10 billion within 10 years!**

# Exciting Company

Bringing the world convenience,  
enjoyment, and excitement

## **Part-IV**

# **Reference Material**

Synergies among our four core businesses provide a stable earnings foundation and high rate of growth

【Our Ideal Real Estate Model】  
⇒ Four Core Businesses

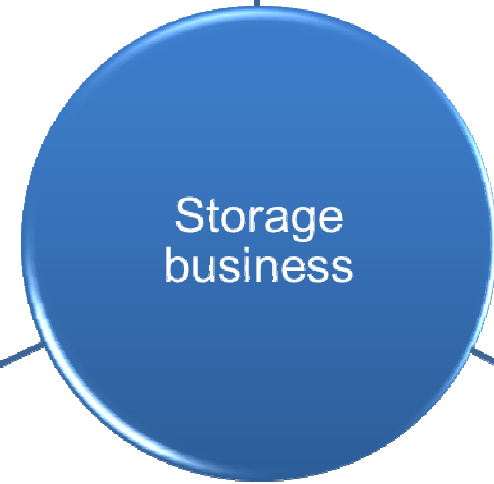
### Anticipatory Investment

Purchase of buildings and condominium complexes situated in prime locations with the aim of securing an annual investment return of 8% or more



### Growth Engine

Purchase commercial buildings and apartment complexes in good locations, in whole or in part. Carry out renovations, and sell to yield investment returns



### Platform Business

Generate stable cash flows by proactively opening new bases of operation and engaging in sound management



Focus on this rapidly growing field  
Trial runs of using meeting rooms as event halls



# Major Indicators for the Past Six Years

(Unit: Millions of yen)

	FY08	% Change	FY09	% Change	FY10	% Change	FY11	% Change	FY12	% Change	FY13
Net sales	16,347	-25.5%	12,183	-8.5%	11,143	-4.8%	10,603	-4.5%	10,124	+21.1%	12,256
Gross profit	1,912	21.2%	2,317	-6.1%	2,176	+8.7%	2,365	+11.2%	2,629	+26.8%	3,306
Gross profit margin (%)	11.7	+7.3pt	19.0	+0.5pt	19.5	+2.8pt	22.3	+3.5pt	26.0	+1.2pt	26.9
SG&A expenses	1,970	-39.3%	1,196	-2.3%	1,169	+12.9%	1,320	+10.9%	1,464	+24.9%	1,800
Operating income	(58)	—	1,121	-10.2%	1,006	+3.8%	1,044	+11.6%	1,165	+29.2%	1,505
Operating income ratio (%)	(0.4)	—	9.2	-0.2pt	9.0	+0.8pt	9.8	+1.7pt	11.5	+0.8pt	12.3
Ordinary income	(516)	—	827	-6.3%	774	+23.1%	953	+12.8%	1,075	+33.3%	1,433
Net income	(8,254)	—	557	+20.8%	673	+14.7%	772	+22.7%	948	+42.0%	1,346
ROA (%)	(27.1)	—	2.7	+0.7pt	3.4	+0.9pt	4.3	+1.0pt	5.3	+1.2pt	6.5
ROE (%)	(74.1)	—	7.3	+0.3pt	7.6	+0.4pt	8.0	+1.1pt	9.1	+2.5pt	11.6
Interest-bearing debt	12,601	-22.6%	9,757	-27.4%	7,079	-26.5%	5,206	+6.5%	5,545	+41.1%	7,823
Total assets	21,600	-5.8%	20,355	-8.1%	18,701	-7.7%	17,266	+7.8%	18,612	+23.7%	23,017
Net assets	6,733	+26.6%	8,523	8.1%	9,214	8.4%	9,987	+9.5%	10,935	+12.3%	12,282
Shareholders' equity ratio (%)	31.2	+10.7pt	41.9	+7.4pt	49.3	+8.5pt	57.8	+1.0pt	58.8	△5.4pt	53.4
Net income per share (Yen)	(85.07)	—	5.38	+1.9%	5.48	+14.7%	6.29	+22.7%	7.72	+42.0%	10.97
Net assets per share (Yen)	69.76	-0.5%	69.43	+8.1%	75.06	+8.4%	81.35	+9.5%	89.08	+12.3%	100.05
Number of employees	69	-10.1%	62	-3.2%	60	+21.7%	73	+12.3%	82	+19.5%	98

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 and net assets per share before 2012 have been calculated assuming that the subject stock split was conducted at the beginning of the previous fiscal year.

# Examples of self-storage locations / Outdoor container type



**NEW**

Sendai Iwakiri (Miyagi)



**NEW**

Fujimino Oi (Saitama)



**NEW**

Misato Kanamachi (Saitama)



Wako5 (Saitama)



**NEW**

Higashifuchu (Tokyo)



**NEW**

Hino, Koshu Kaido (Tokyo)



**NEW**

Hachioji Mejirodai (Tokyo)



Ariake, Toyosu, Shinonome (Tokyo)



Higashikasai (Tokyo)



Yotsugi4 (Tokyo)



Higashikurume2 (Tokyo)



Machida Oyamagaoka (Tokyo)



Mizuhomachi (Tokyo)



**NEW**

Kisarazu (Chiba)



Narashino1 (Chiba)



**NEW**

Yokosuka Kinugawa Inter (Kanagawa)



Motosumiyoshi (Kanagawa)



**NEW**

Hamamatsu Minamiasada (Shizuoka)



Owari Setoekimae (Aichi)



**NEW**

Kyoto Hachiman (Kyoto)



Sakai Kitahanada (Osaka)



Nara Shijooji (Nara)



**NEW**

Akashinishi2 (Hyogo)



Himeji Hirohata (Hyogo)

NEW : Newly opened in 2013



# Examples of self-storage locations / Indoor building type



Ageo (Saitama)



Shimoichiai (Tokyo)



Hashimoto (Tokyo)



Koudenji Kokashita2 (Tokyo)



Nishinippori2 (Tokyo)



Adachi Takenozuka2 (Tokyo)



Adachi Higashiiko (Tokyo)



Nakajujo (Tokyo)



Shinonome (Tokyo)



Shinjuku Yotsuya 3-Chome 2 (Tokyo)



Minamiazabu (Tokyo)



Iidabashi (Tokyo)



Musashikoyama1 (Tokyo)



Shjbuyahoncho (Tokyo)



Yokohama Kannai (Kanagawa)



Yokohama Aobadai (Kanagawa)



Mukogaokayuen (Kanagawa)



Azamino (Kanagawa)



Nagoya Higashikataha (Aichi)



Kyoto Fushimi (Kyoto)



Kyoto Shjokarasuma (Kyoto)



Osaka Edobori (Osaka)



Tanimachi 4-Chome (Osaka)



Amagasaki (Hyogo)

NEW : Newly opened in 2013

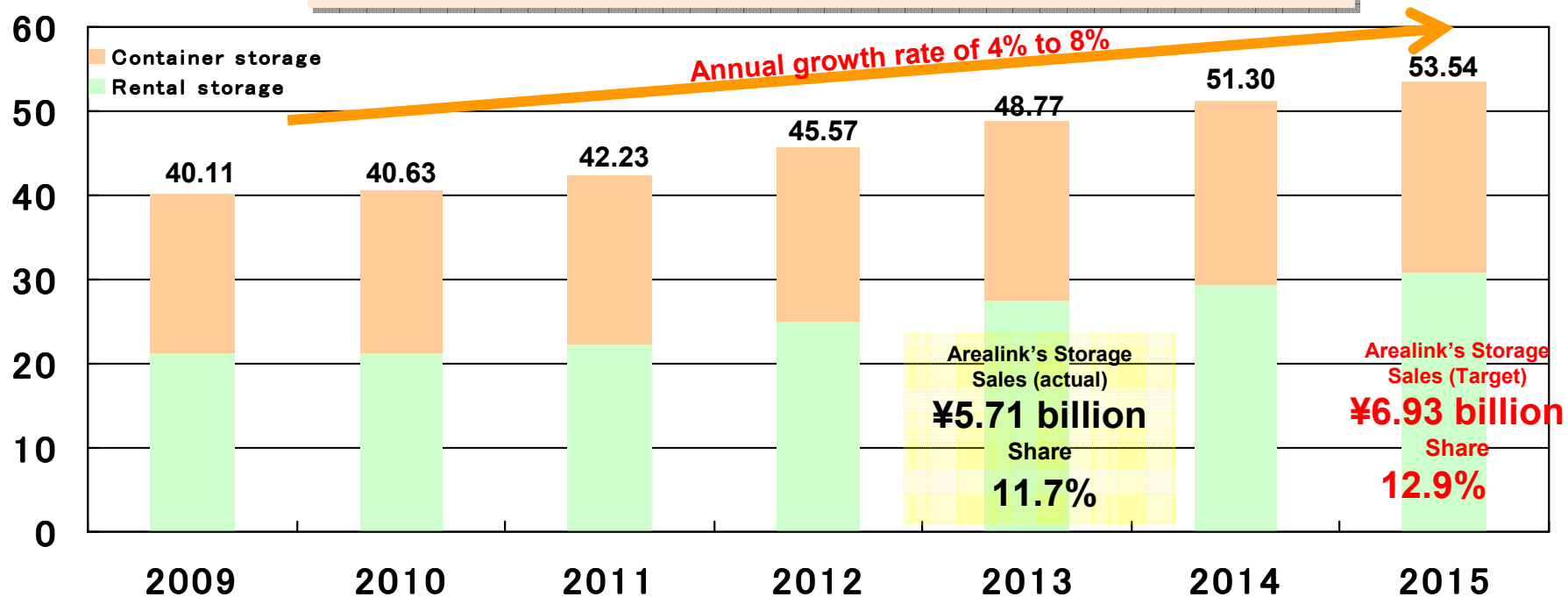
# Storage Business: Market Scale Forecasts (1)

The Japanese self-storage market is expected to expand to ¥53.54 billion by 2015.

Arealink expects to maintain its leading market share of 12.9%.

- Scale of the Japanese self-storage market (2015 estimate)      ¥53.54 billion
- Arealink's self-storage net sales (2015 target)                      ¥6.93 billion
- Arealink's market share (net sales)                                      12.9% (No.1 in Japan)

Market scale of the self-storage business (Japan nationwide)

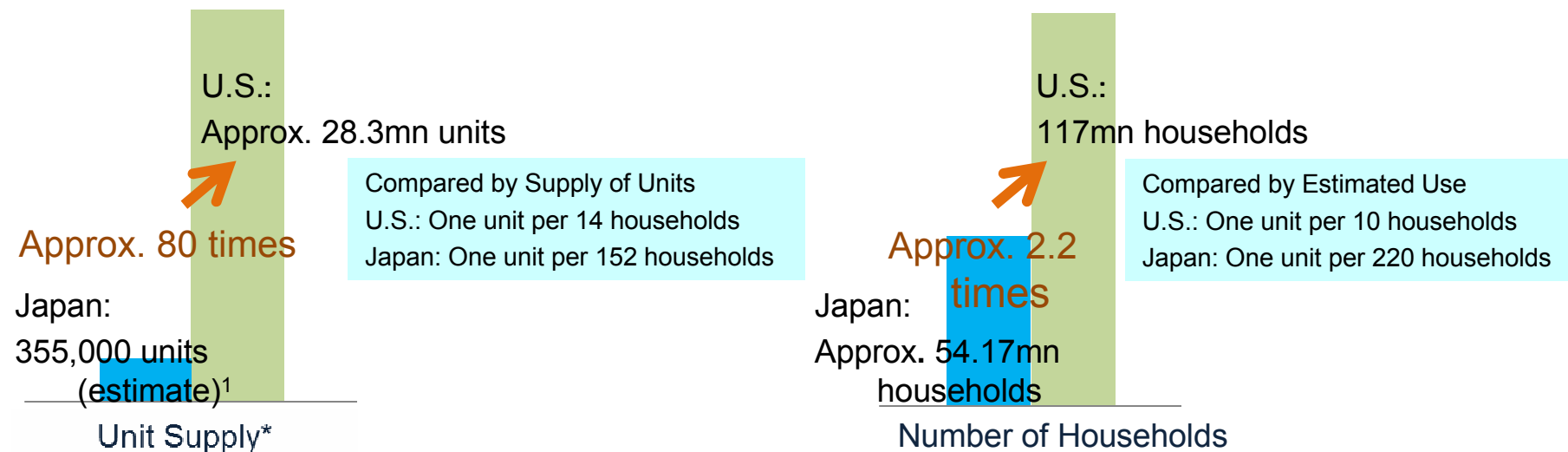


# Storage Business: Market Scale Forecasts (2)

Japan's storage market is expected to grow to be on a par with the U.S. in the future.

- Supply of units per household is less than one-tenth that of the U.S.
- The U.S. market is worth approximately ¥1.76 trillion, around 40 times that of Japan
- We will uncover latent demand with expectations of market growth

## Comparison between Japan and U.S.



Figures for the market scale estimate and unit supply are estimated figures for 2012.

Note 1: Number of units for rental storage space, as opposed to the warehouse industry

Source: Yano Research Institute, "Thorough Survey of the Growing Self-Storage Business" 2013 Edition (Japan) Self Storage Almanac 2013 (U.S.)  
 Currency converted at ¥80/USD (2011 average)

# Domestic and Overseas Storage Market Ranking

## ■ Top Three Companies in the U.S. Self-Storage Market (Fiscal 2012)

Rank	Company Name	No. of Locations	No. of Units	Market Share (by No. of Units)
1	Public Storage	2,253	1,350,000	5.43%
2	Extra Space Storage	882	584,804	2.35%
3	U-Haul	1,144	428,334	1.72%
Top 10 companies		5,773	3,267,596	13.14%
Total		50,859	24,870,000	100%

Source: Self Storage Almanac 2013

## ■ Overview of Public Storage, the Largest Self-Storage Company in the U.S.

● Storage net sales      ¥158.3 billion

● Comprehensive income    ¥83.3 billion

Source: Company's Annual Report 2012 (Currency converted at ¥86.7/USD (closing price as of December 2012))

## ■ Arealink's Position in Japan's Self-Storage Market

	Company Name	No. of Locations	No. of Units	Market Share (by No. of Units)
No.1	<b>Arealink</b>	<b>798</b>	<b>44,929</b>	<b>12.7%</b>
No.2	<b>Company A</b>	<b>749</b>	<b>36,631</b>	<b>10.4%</b>
No.3	<b>Company B</b>	<b>47</b>	<b>26,192</b>	<b>7.4%</b>
No.4	<b>Company C</b>	<b>391</b>	<b>20,646</b>	<b>5.8%</b>
No.5	<b>Company D</b>	<b>255</b>	<b>11,445</b>	<b>3.2%</b>
<b>Total</b>		<b>7,419</b>	<b>352,929</b>	<b>100%</b>

Source: Yano Research Institute, "Thorough Survey of the Growing Self-Storage Business" 2013 Edition (Japan)





# Storage Business: Total Units, Units in Use, and Utilization Rate

Organizational change from call centers to storage sales has enhanced customer satisfaction with storage operations, and raised the utilization rate. Accelerated program of business openings in suburban and regional areas has also maintained the utilization rate.

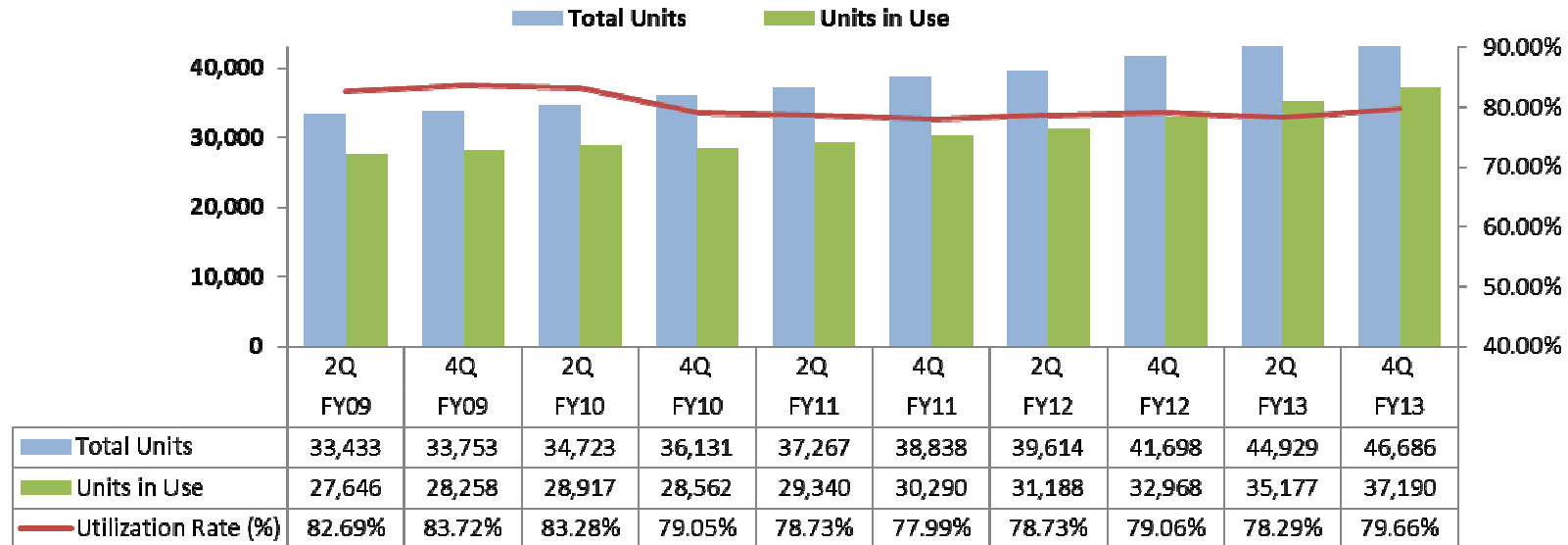
## Storage (management)

We are improving our properties and operations by using comment/feedback cards for customer communication, with the aim of raising customer satisfaction.

## Storage (liquidation)

We are planning a full-fledged business expansion from the Tokyo metropolitan area to major suburban and regional areas, which will increase the number of business locations from approximately 5,000 in 2013, to 9,000 in 2016.

Total Units, Units in Use, and Utilization Rate



\* Utilization rate includes units at newly opened locations

Expand revenue and earnings through planned purchases of income properties, centering on commercial and office buildings

## Investment strategy

- Purchase of high-yield products as well as buildings and condominium complexes situated in prime locations; renovation and sale by individual floors and lots

## Major properties during the subject period



Jingumae, Shibuya-ku, Tokyo  
Single building, stores and offices  
¥573 million

Togoshi, Shinagawa-ku, Tokyo  
Single building, stores and  
residential complex  
¥162 million

Sengawa-cho, Chofu-shi, Tokyo  
Condominium units, stores  
¥67 million



# Breakdown of Real Estate Holdings

## Main Properties (partial list)

Property Name	Location	Purpose	Book Value (Land and Structure) Unit: ¥mn
Reale Ichigaya	Shinjuku Ward, Tokyo	Residence	1,667
Kanda BM Building	Chiyoda Ward, Tokyo	Head Office, store	1,034
Kanda Kyodo Building	Chiyoda Ward, Tokyo	Office	917
Kanda Kyodo Building	Chiyoda Ward, Tokyo	Office	931
Ginza 6-Chome Idei Building	Chuo Ward, Tokyo	Office	889
Best Inn Omihachiman	Omihachiman City, Shiga Pref.	Hotel	478
TSM Building	Edogawa Ward, Tokyo	Office, warehouse	413
Best Inn Kashima	Kamisu City, Ibaraki Pref.	Hotel	410
FC Chiba Building	Chiba City, Chiba Pref.	Office	340
Best Inn Uozu	Uozu City, Toyama Pref.	Hotel	304

The earnings forecasts, predictions, strategies, and other information presented in this report are as of the time of preparation. The report was prepared based on information reasonably available to the Company, with determinations made within foreseeable bounds.

However, there are risks that that actual performance may differ from the earnings forecasts in this report as a result of unforeseeable events and results.

The Company makes an effort to proactively disclose information considered important to investors, but readers are strongly advised to avoid decisions that place undue reliance solely on the earnings forecasts presented in this report.

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