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Results Briefing

Fiscal Year Ended December 2014

February 16, 2015

Exciting Company



Arealink Co.,Ltd.

Securities code:8914

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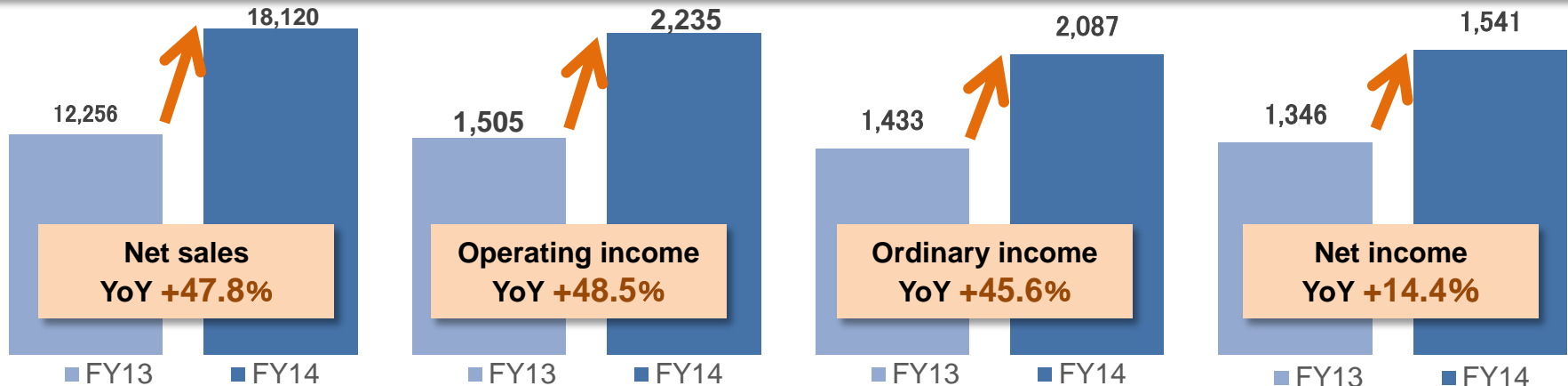
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Part- I

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

Business in all areas steadily expanded. Results exceeded targets, with double-digit growth in both revenue and earnings year on year.



Unit: Millions of yen

	FY13		FY14 Plan (after revised)		FY14		Actual vs. Initial plan		YoY	
	Actual	(%)	Plan	(%)	Actual	(%)	Variance	% Change	Variance	% Change
(Millions of yen)										
Net sales	12,256	(100.0)	15,757	(100.0)	18,120	(100.0)	2,362	15.0%	5,864	47.8%
Cost of sales	8,950	(73.0)	11,659	(74.0)	13,759	(75.9)	2,100	18.0%	4,809	53.7%
Gross profit	3,306	(27.0)	4,098	(26.0)	4,360	(24.1)	262	6.4%	1,054	31.9%
SG&A expenses	1,800	(14.7)	1,953	(12.4)	2,125	(11.7)	172	8.8%	324	18.0%
Operating income	1,505	(12.3)	2,145	(13.6)	2,235	(12.3)	90	4.2%	730	48.5%
Ordinary income	1,433	(11.7)	1,955	(12.4)	2,087	(11.5)	132	6.8%	653	45.6%
Net income	1,346	(11.0)	1,500	(9.5)	1,541	(8.5)	40	2.7%	194	14.4%

* Figures for FY14 plan (after revised) are announced on July 17, 2014.

Segment Breakdown

Property Management Service

- Storage management (Hello Storage customer recruitment, operations and management)
- Storage liquidation (Hello Storage orders and location development)
- Other management services
 - Asset management (Tenant recruitment, operations and management of help properties)
 - SOHO (Hello Office / Hello Rental Meeting Room)
 - Parking lots, etc.



Hello Storage (Container type)



Hello Storage (Room type)



Property Holding (Residential and commercial building, Ichigaya)



Hello Rental Meeting Room (Shibuya II)

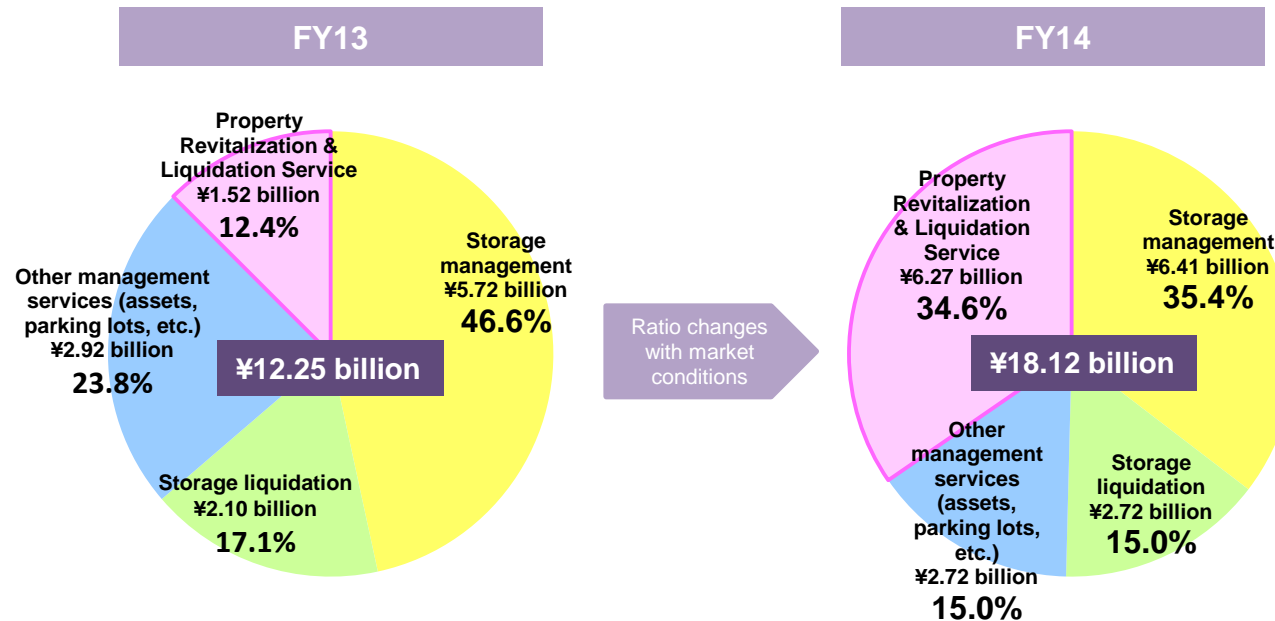
Property Revitalization & Liquidation Service

- Real estate sales
 - * Renovate, provide added value, and sell



Sold property (Hotel, Hirosaki-shi, Aomori Pref.)

Sales Breakdown by Segment



- ✓ Composition ratio has changed compared to FY13.
- ✓ Steady growth in the Property Revitalization & Liquidation Service during FY14.
- ✓ Cumulative-type businesses, such as storage management and other management services, were mainly in line with plan.

Profit Margin by Segment

Both the gross profit margin and operating income margin rose steadily on the whole in all business segments.

Unit: Millions of yen

			FY13 (actual)		FY14 (initial budget)		FY 14 (actual)	
			Full year actual	Profit margin	Initial budget	Profit margin	Full year actual	Profit margin
	Storage management	Net sales	5,716		6,306		6,406	
		Gross profit	1,574	27.5%	1,758	27.9%	1,692	26.4%
		Operating income	1,095	19.2%	1,273	20.2%	1,170	18.3%
	Storage liquidation	Net sales	2,096		2,296		2,718	
		Gross profit	826	39.4%	714	31.1%	967	35.6%
		Operating income	326	15.6%	362	15.8%	430	15.8%
	Other property management service	Net sales	2,921		2,775		2,721	
		Gross profit	735	25.2%	825	29.7%	831	30.5%
		Operating income	659	22.6%	716	25.8%	664	24.4%
Property Management Service Total	Net sales	10,735		11,378		11,845		
	Gross profit	3,136	29.2%	3,298	29.0%	3,491	29.5%	
	Operating income	2,081	19.0%	2,352	20.7%	2,266	19.1%	
Property Revitalization & Liquidation Service	Net sales	1,521		2,272		6,274		
	Gross profit	169	11.2%	250	11.0%	869	13.9%	
	Operating income	111	7.3%	186	8.2%	690	11.0%	
Other	Net sales	—		—		—		
	Gross profit	—		—		—		
	Operating income	(644)		(674)		(721)		
Total	Net sales	12,256		13,651		18,120		
	Gross profit	3,306	27.0%	3,548	26.0%	4,360	24.1%	
	Operating income	1,505	12.3%	1,863	13.7%	2,235	12.3%	

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

Profitability also rose steadily in all segments. Transactions in the Property Revitalization & Liquidation Service segment continued to contribute to earnings.

Unit: Millions of yen

		FY13 (full year)	FY14					
			Cumulative	1Q	2Q	3Q	4Q	Cumulative
	Storage management	Net sales	5,716	1,516	1,583	1,630	1,675	6,406
		Gross profit	1,574	383	488	461	359	1,692
		Operating income	1,095	260	375	335	200	1,170
	Storage liquidation	Net sales	2,096	613	1,004	812	287	2,718
		Gross profit	826	220	381	278	86	967
		Operating income	326	86	194	150	(1)	430
	Other property management service	Net sales	2,921	732	698	676	614	2,721
		Gross profit	735	228	225	185	191	831
		Operating income	615	191	184	141	147	664
Property Management Service Total	Net sales	10,735	2,862	3,286	3,119	2,577	11,845	
	Gross profit	3,136	832	1,094	926	637	3,491	
	Operating income	2,081	538	754	627	346	2,266	
Property Revitalization & Liquidation Service	Net sales	1,521	1,995	1,468	2,776	33	6,274	
	Gross profit	169	222	282	337	27	869	
	Operating income	111	211	192	264	22	690	
Other	Net sales	—	—	—	—	—	—	
	Gross profit	—	—	—	—	—	—	
	Operating income	(644)	(167)	(169)	(180)	(202)	(721)	
Total	Net sales	12,256	4,858	4,755	5,896	2,610	18,120	
	Gross profit	3,306	1,055	1,377	1,263	664	4,360	
	Operating income	1,505	581	777	710	165	2,235	

Completion Rate for Net Sales and Gross Profit Targets by Segment

Unit: Millions of yen

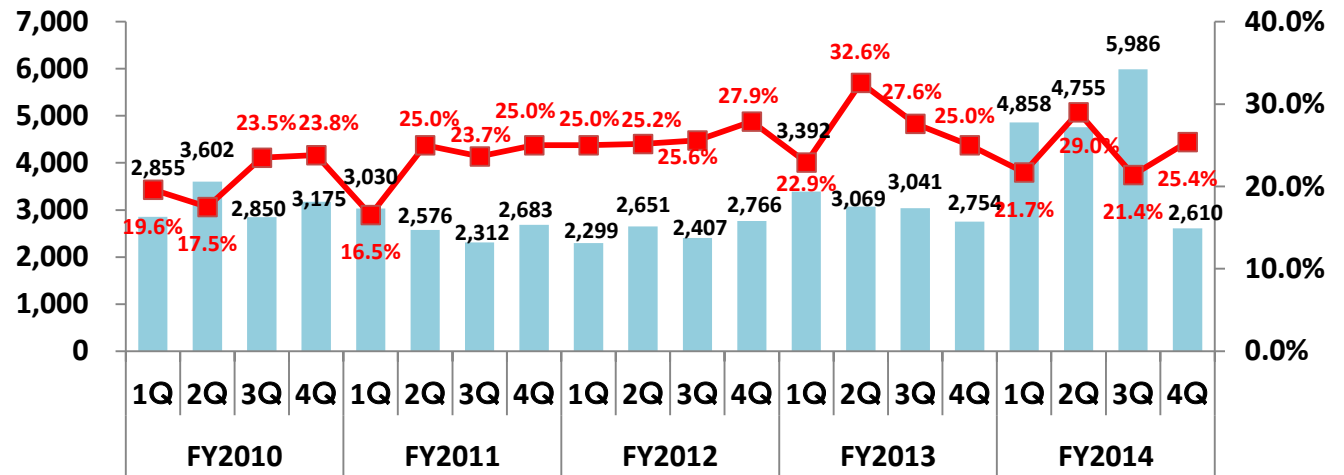
		FY13		FY14 (initial plan)		FY14 (actual)		
		Full Year	Component Ratio	Full Year	Component Ratio	Actual	Component Ratio	Completion Rate
Net sales	Property Management Service	10,735	87.6%	11,378	83.4%	11,845	65.4%	104.1%
	Storage management	5,716	46.6%	6,306	46.2%	6,406	35.4%	101.6%
	Storage liquidation	2,096	17.1%	2,296	16.8%	2,718	15.0%	118.4%
	Parking	725	5.9%	569	4.2%	540	3.0%	95.1%
	Asset	1,583	12.9%	1,572	11.5%	1,520	8.4%	96.7%
	SOHO	590	4.8%	620	4.5%	644	3.6%	104.0%
	Other	22	0.2%	13	0.1%	15	0.1%	118.3%
	Property Revitalization & Liquidation Service	1,521	12.4%	2,272	16.6%	6,274	34.6%	276.2%
	Total	12,256	100.0%	13,651	100.0%	18,120	100.0%	132.7%
Gross profit	Property Management Service	3,136	94.9%	3,298	93.0%	3,491	80.1%	105.9%
	Storage management	1,574	47.6%	1,758	49.5%	1,692	38.8%	96.3%
	Storage liquidation	826	25.0%	714	20.1%	967	22.2%	135.5%
	Parking	63	1.9%	85	2.4%	86	2.0%	102.0%
	Asset	563	17.0%	589	16.6%	552	12.7%	93.8%
	SOHO	132	4.0%	138	3.9%	198	4.6%	114.1%
	Other	(23)	(0.7)%	13	0.4%	(6)	(0.2)%	(52.4)%
	Property Revitalization & Liquidation Service	169	5.1%	250	7.0%	869	19.9%	347.9%
	Total	3,306	100.0%	3,548	100.0%	4,360	100.0%	122.9%

Quarterly Net Sales and Operating Income

Net sales margin and operating profit margin remained stable overall.

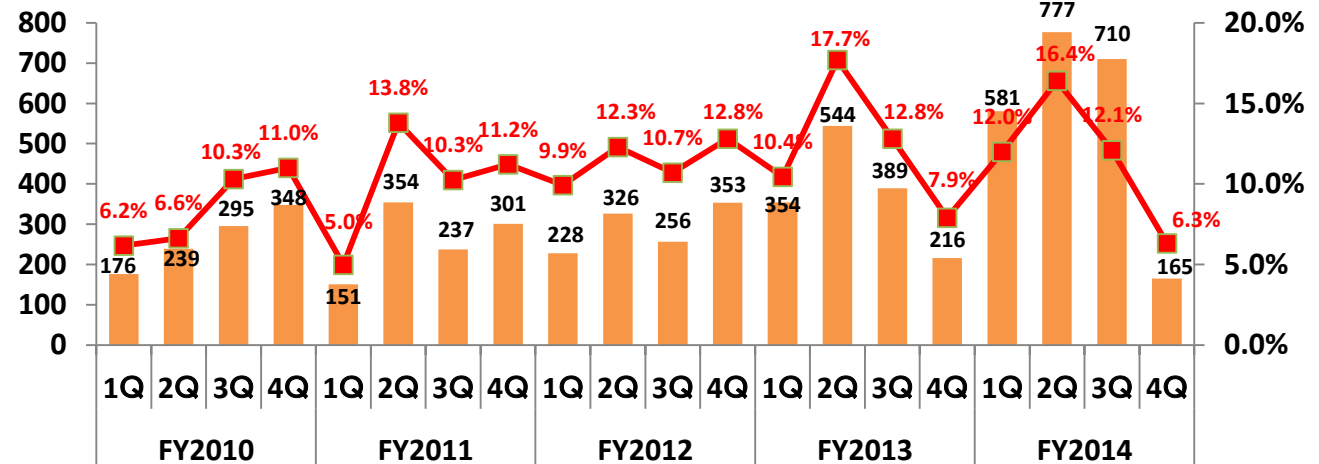
(Unit: Millions of yen)

Trends in net sales and gross profit margin



(Unit: Millions of yen)

Trends in operating income and operating income ratio



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

Non-operating income

Interest income ¥13 million
Compensation for transfer ¥25 million

Non-operating expenses

Interest expenses ¥139 million

Extraordinary income

Gain on sales of noncurrent assets ¥206 million

Extraordinary loss

Loss on retirement of noncurrent assets ¥21 million
Impairment loss ¥37 million

Step income	2013/12 cumulative	2014/3 1Q period	2014/6 2Q period	2014/9 3Q period	2014/9 4Q period	2014/12 cumulative	Variance	% Change
Operating income	1,505	581	777	710	165	2,235	730	48.5%
Non-operating income	114	14	4	10	33	63	(50)	(44.6)%
Non-operating expenses	185	45	75	62	28	211	25	13.9%
Ordinary income	1,433	550	706	659	170	2,087	653	45.6%
Extraordinary income	103	104	4	4	93	206	102	98.9%
Extraordinary loss	168	6	2	1	60	71	(97)	(57.7)%
Income before income taxes	1,369	648	708	662	203	2,222	853	(62.3)%
Income taxes — current	152	44	63	33	22	163	11	7.5%
Income taxes — deferred	(129)	147	209	114	46	517	647	-
Net income	1,346	456	435	515	134	1,541	194	14.4%

Financial Position

Owned capital further increased on reduction in interest-bearing debt and higher earnings.

Financial Position

As of December 31, 2014

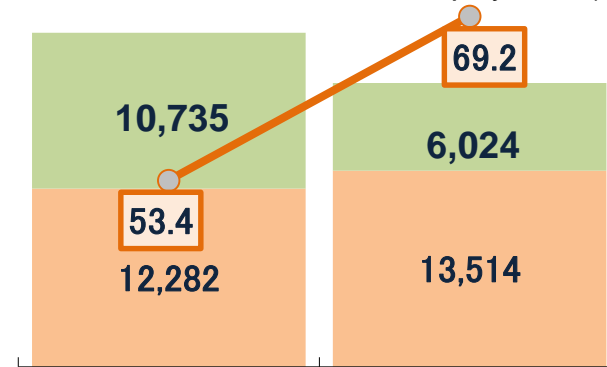
*Figures in parentheses indicate changes from the end of December 31, 2013

Total assets ¥19.54 billion (- ¥ 3.48 billion)	Liabilities ¥6.02 billion (- ¥ 4.71 billion)	Liabilities
	Net assets ¥13.51 billion (+ ¥ 1.23 billion)	Net assets

Liabilities, net assets, equity ratio

(Millions of yen)

Net assets Liabilities Equity ratio (%)



Dec. 31, 2013

Dec. 31, 2014

(Millions of yen)	Dec. 31, 2013	Dec. 31, 2014
Current assets	10,828	10,115
Noncurrent assets	12,189	9,423
Total assets	23,017	19,539
Current liabilities	3,207	2,462
Noncurrent liabilities	7,527	3,561
Total liabilities	10,735	6,024
Net assets	12,282	13,514

Increase in cash and deposits	¥ 1.84 billion
Decrease in real estate for sale	¥ 2.61 billion
Decrease in property, plant and equipment	¥ 2.37 billion

Decrease in long-term loans payable ¥ 3.74 billion

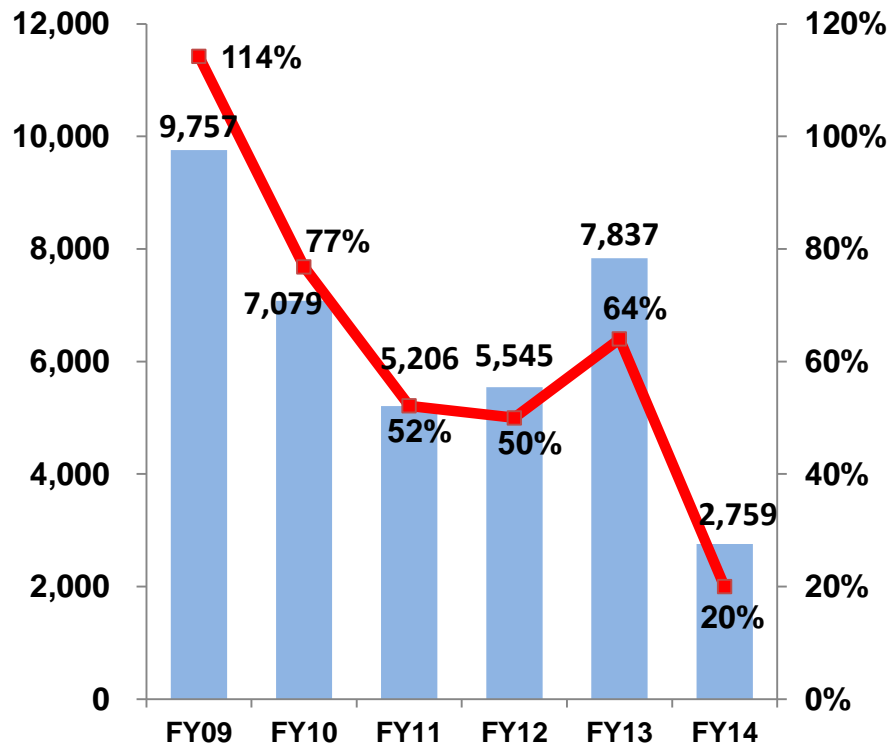
Increase in retained earnings ¥ 1.23 billion

Interest-Bearing Debt, Total Capital, and Shareholders' Equity

Sound financial condition maintained by repayment of borrowings to lower interest-bearing debt, and increasing shareholders' equity.

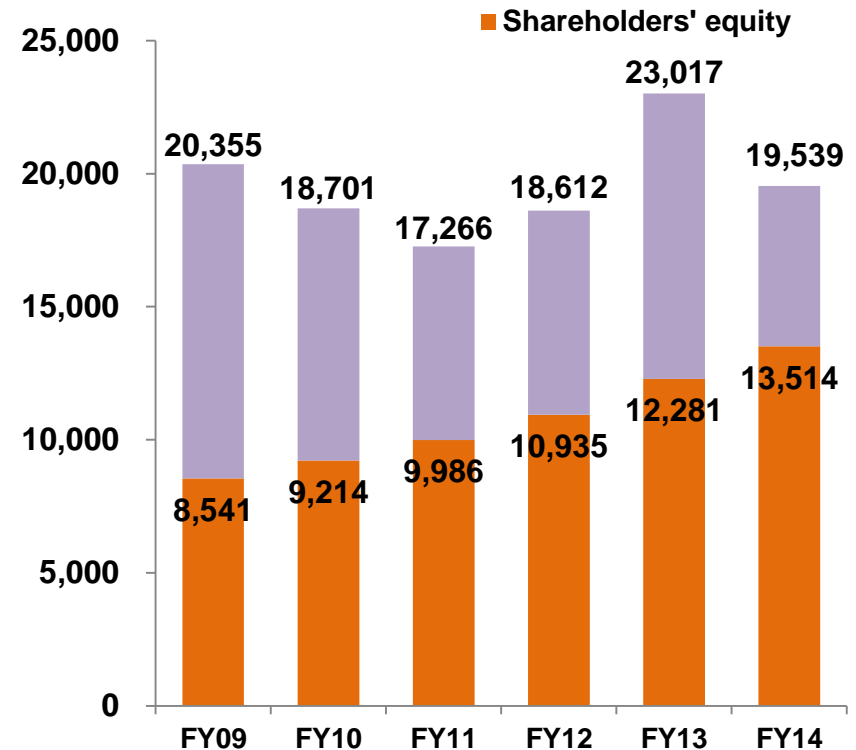
Interest-bearing debt and interest-bearing debt ratio

(Unit: Millions of yen)



Total capital and shareholders' equity

(Unit: Millions of yen)



Although expenditures rose on repayment of long-term debt, cash and cash equivalents increased as a result of higher earnings, and a decrease in expenditures from acquisition of property, plant and equipment.

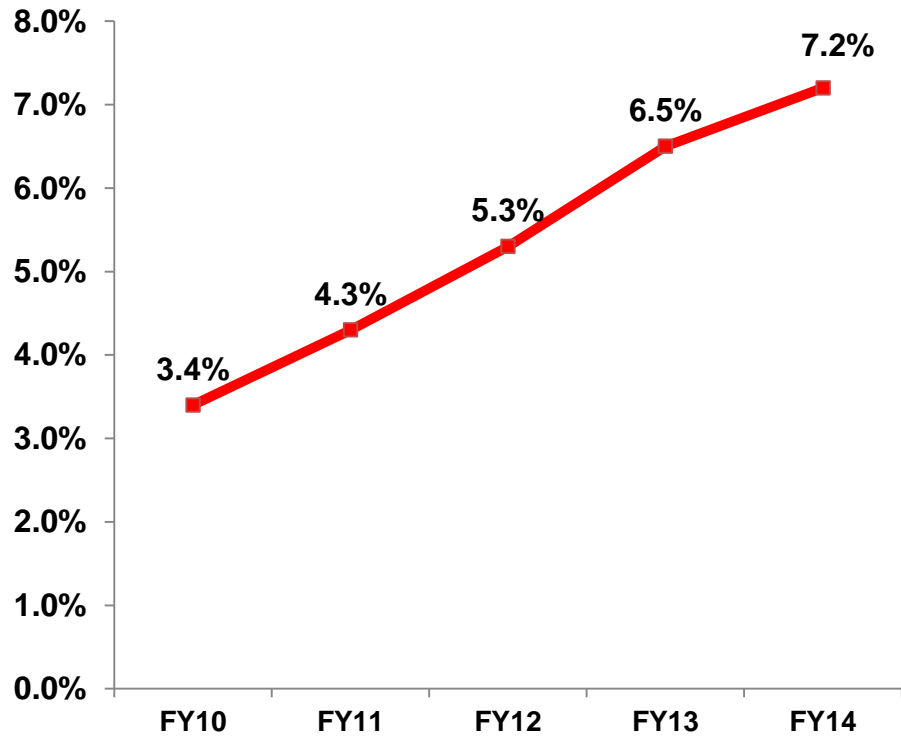
Unit: Millions of yen

	FY13	FY14	
Cash flows from operating activities	1,014	7,123	Income before income taxes ¥2.22 billion Decrease in inventories ¥4.44 billion
Cash flows from investing activities	(2,764)	146	Purchase of noncurrent assets ¥(0.37) billion Proceeds from sales of noncurrent assets ¥0.52 billion
Cash flows from financing activities	2,256	(5,429)	Repayment of long-term loans payable ¥(4.80) billion
Cash and cash equivalents at the end of period	3,590	5,431	

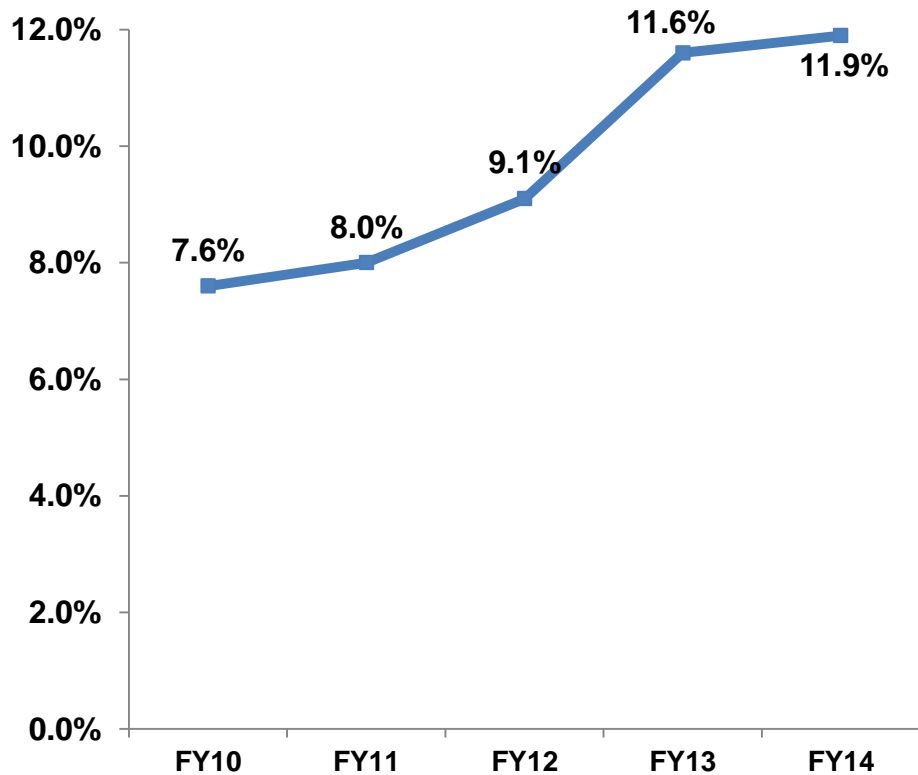
Capital Efficiency

Capital efficiency rose further on higher profits.

Return on assets (ROA)



Return on shareholders' equity (ROE)



Part- II

Summary of FY14 and Outlook for FY15

**Ordinary income rose 45.5%YoY
¥1.43 billion (FY13)⇒ ¥2.08 billion (FY14)**

- ✓ Steady increase in business results.
- ✓ Sales rose 47.8% as a result of aggressive openings of storage locations, and in particular results for the Property Revitalization & Liquidation Service segment, which exceeded plan.
- ✓ Operating income rose 48.5%, ordinary income 45.5%, and net income 14.4%

Steady progress with measures for each business

- ✓ Steady advancement in storage location openings and operations.
- ✓ Strong growth in the Property Revitalization & Liquidation Service segment.
- ✓ Sales of properties held for resale conducted in line with initial plan.
(Hirosaki hotel sold for ¥2.06 billion)
- ✓ Cash and savings exceeded interest-bearing debt, creating in effect non-debt management. We are conducting cash flow-based management.
- ✓ Greater exposure in TV, magazines and other media, has led to moderate increase in visibility of the self-storage business service.

Outlook for FY15

Start implementing measures to expand our share of the self-storage market

- ✓ From 2015, along with the contract business, we will open self-financed locations, maximizing earnings.
- ✓ We will open business offices specializing in location openings, to accelerate opening in regional areas. We plan to open five new business offices in FY15.
- ✓ Strengthen the headquarters structure and systematize the storage business
- ✓ Strengthen cash flow-conscious management



Domestic market share of 50% in 10 years
Become a company with ¥50 billion in assets

Main Measures for FY15 (1)

✓ Differentiate “Hello Storage”

- IT system investments to enhance service, operational efficiency, and earnings
(Incorporate ideas modeled on know-how of U.S. self-storage companies, establish a marketing division)
- Accelerate openings—Establish 35 new locations, including business offices and branch offices, by 2018
- Strengthen brand with proactive program of store openings (storage buildings)
- Enhance awareness with installation of LED signage designs on properties
(Installation completed at 30 locations at end-Feb 2015, all locations to be completed within three years)

LED signage design

✓ Improve the earnings structure for “Hello Storage”

- Raise monthly usage rates for prime locations
(from March)
- Raise management fees for certain locations
(from April)



Main Measures for FY15 (2)

✓ Continued human resource development

- Promote personnel training by introducing a branch office and business office system
- Promote future manager training with independent profitability system
- Enhance communication between employees
- Establish training/recreational facilities

✓ Preparations for the establishment of the new Arealink Consulting business

- Launch measures to establish an asset management consulting business for wealthy individuals, including inheritance, asset recompilation, property management, and real estate sales

✓ Actively expand the number of rental meeting rooms

- Open 15 locations, with target of 60 locations nationwide by December 2015
- Strengthen openings of prime location lease types

FY15 Earnings Outlook

Focus investment on core businesses to achieve sustained growth going forward

- ✓ No real estate sales or purchases in FY15, with all management resources concentrated in the storage business.
- ✓ Sales and earnings will appear sluggish at first glance, but the storage business is growing according to plan. We expect to reap considerable gains within five years.

Unit: Millions of yen

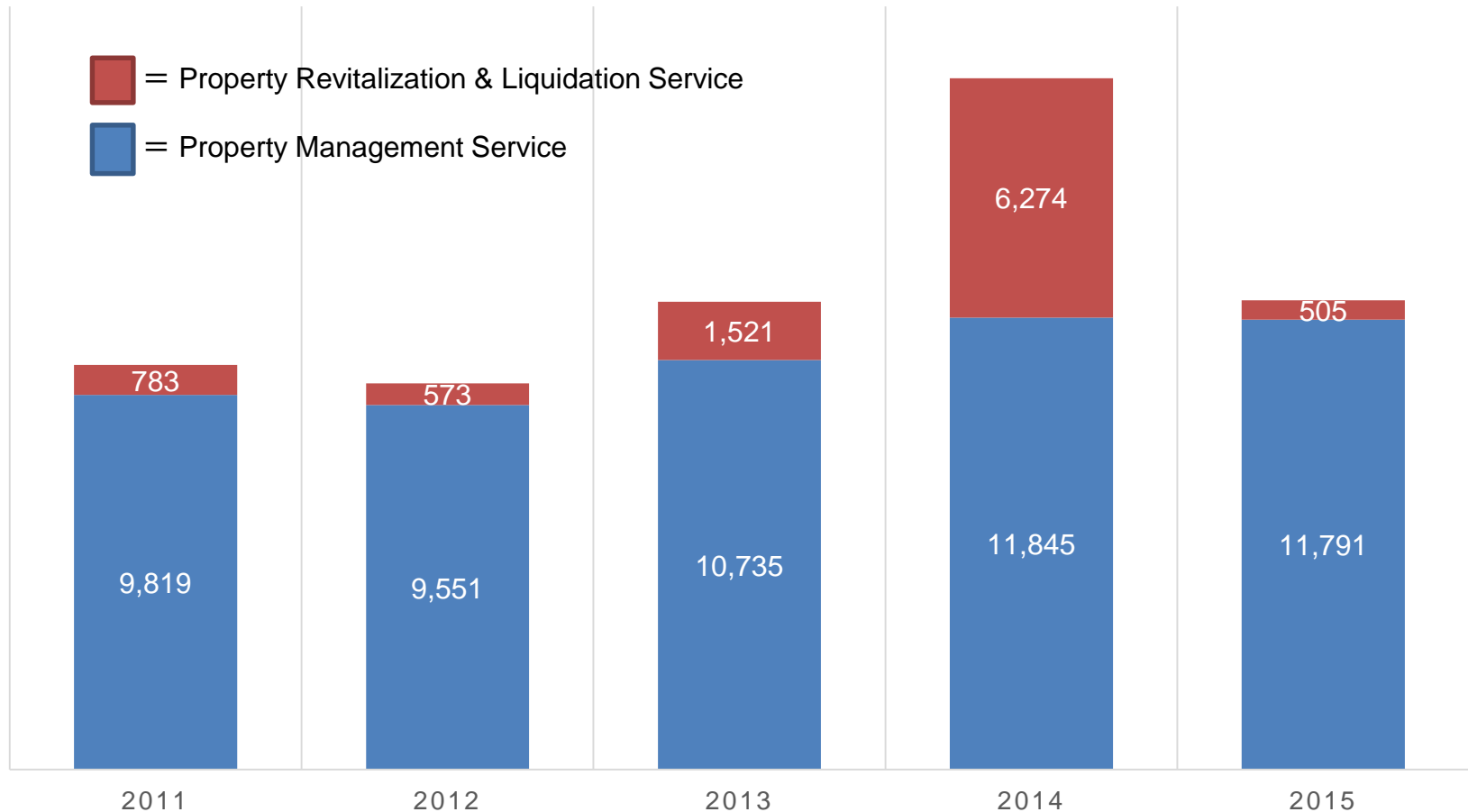
	FY2014		FY2015		YoY	
	Actual (A)	(%)	Forecast	(%)	Variance	(%)
(Millions of yen)						
Net sales	18,120	(100.0)	12,296	(100.0)	(5,823)	(32.1)%
Operating income	2,235	(12.3)	1,060	(8.6)	(1,174)	(52.6)%
Ordinary income	2,087	(11.5)	1,015	(8.3)	(1,071)	(51.4)%
Net income	1,541	(8.5)	655	(5.3)	(885)	(57.5)%
ROE (%)	11.9	—	4.8	—	(7.1)pt	—
ROA (%)	7.2	—	3.4	—	(3.8)pt	—

FY15 Earnings Outlook: Segment Comparison

Steady growth in the Property Management Service segment, centered on the storage business

NET SALES

Unit: Millions of yen



Part-III Medium-Term Management Plan

The mainstay storage business provides a stable earnings foundation and high rate of growth

【 Our Ideal Real Estate Model 】

Focus investment on storage business



Platform Business

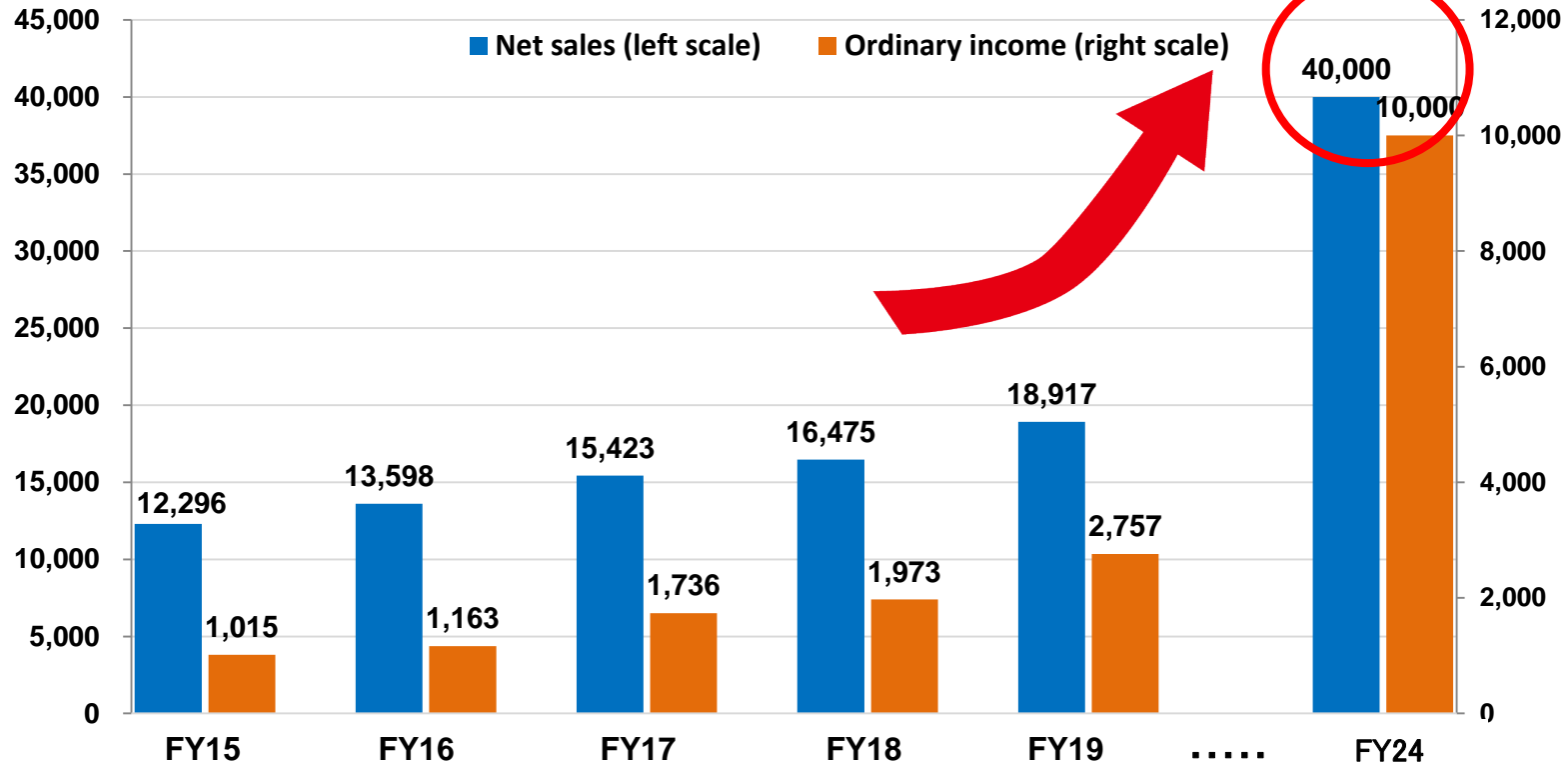
Generate stable cash flows by proactively openings new bases of operation and engaging in sound management

Growth foundation in the mainstay storage business
FY19: Net sales ¥18.91bn, Ordinary income ¥2.75bn
FY24: Net sales ¥40.0bn, Ordinary income ¥10.0bn

Outlook for net sales and ordinary income

(Unit: Millions of yen)

(Unit: Millions of yen)



Medium-Term Management Plan

Modify business model to achieve 50% share of the self-storage market

- ✓ Expand self-financing and raise profitability.
- ✓ Establish business offices to accelerate location openings.
- ✓ Differentiation and greater brand strength.
 - IT system investments to enhance operational efficiency and improve services
(Incorporate a sales force modeled on know-how of major U.S. self-storage companies)
 - Open storage buildings, and raise visibility with installation of LED signage

**Target of ¥10 billion in ordinary income and 200 employees within ten years
⇒ Aim for efficient management**

- ✓ Begin opening self-financed storage locations, not just through contracts.
- ✓ Break-even point will improve, from 70% for contracted locations to 45% for self-financed.
- ✓ 2015 location opening plan is 70-30 contact to self-financed. We will make this 50-50 within three years, further improving profitability.
- ✓ Implement profitability improvement strategies for strong future growth

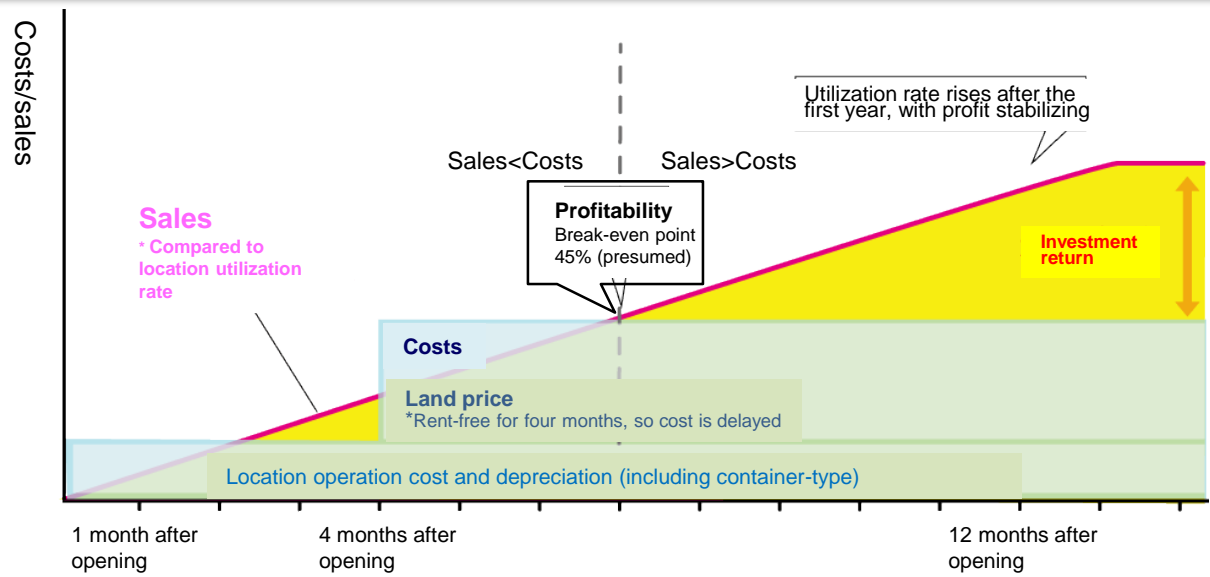


“Small numbers—exceptional talent”

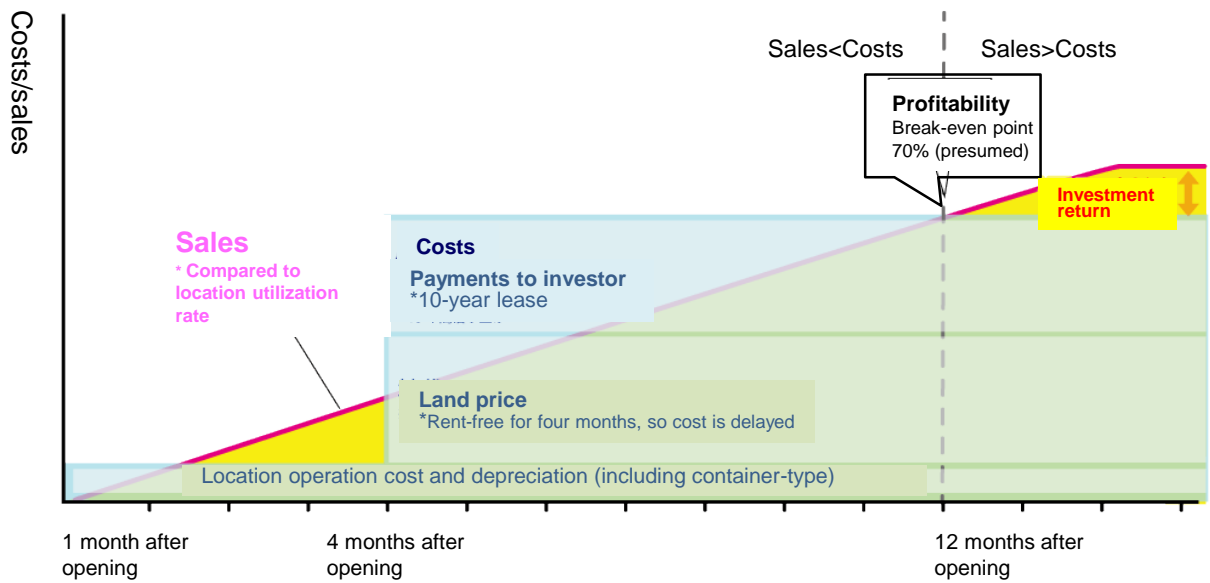
The New Arealink

Self-financed locations will contribute to earnings at an earlier stage

Self-financed locations



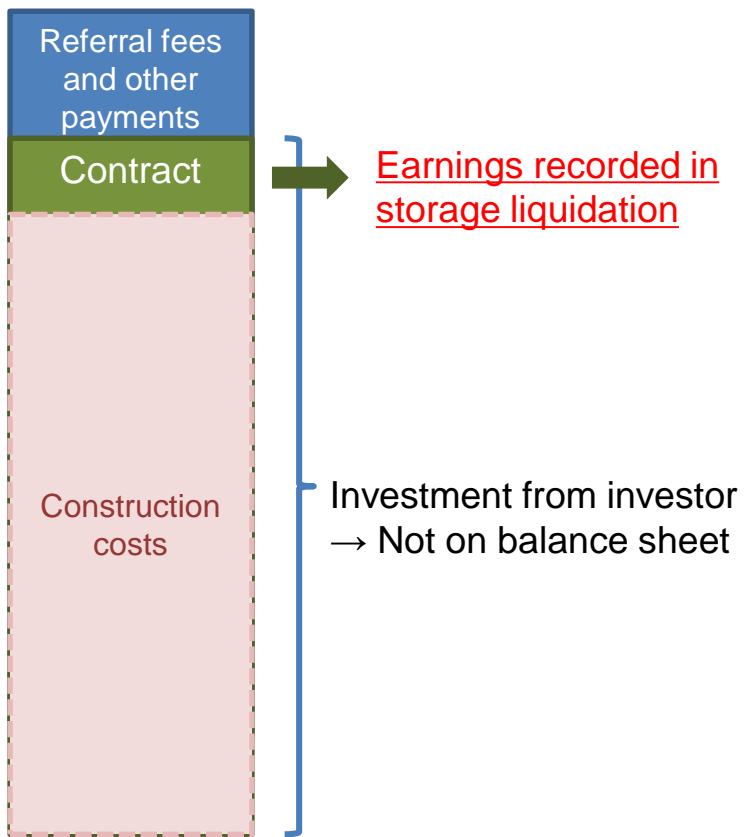
Investor contract locations



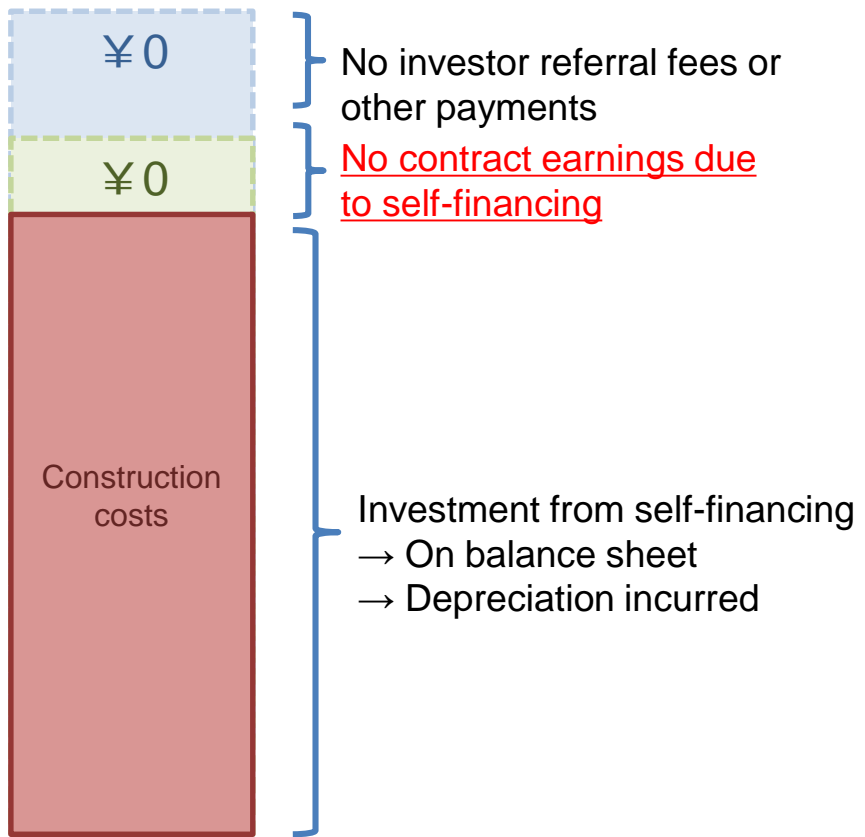
Increase in self-financed location openings, decrease in contract profit from storage liquidation

Comparison of costs at time of opening

Opening costs with storage liquidation

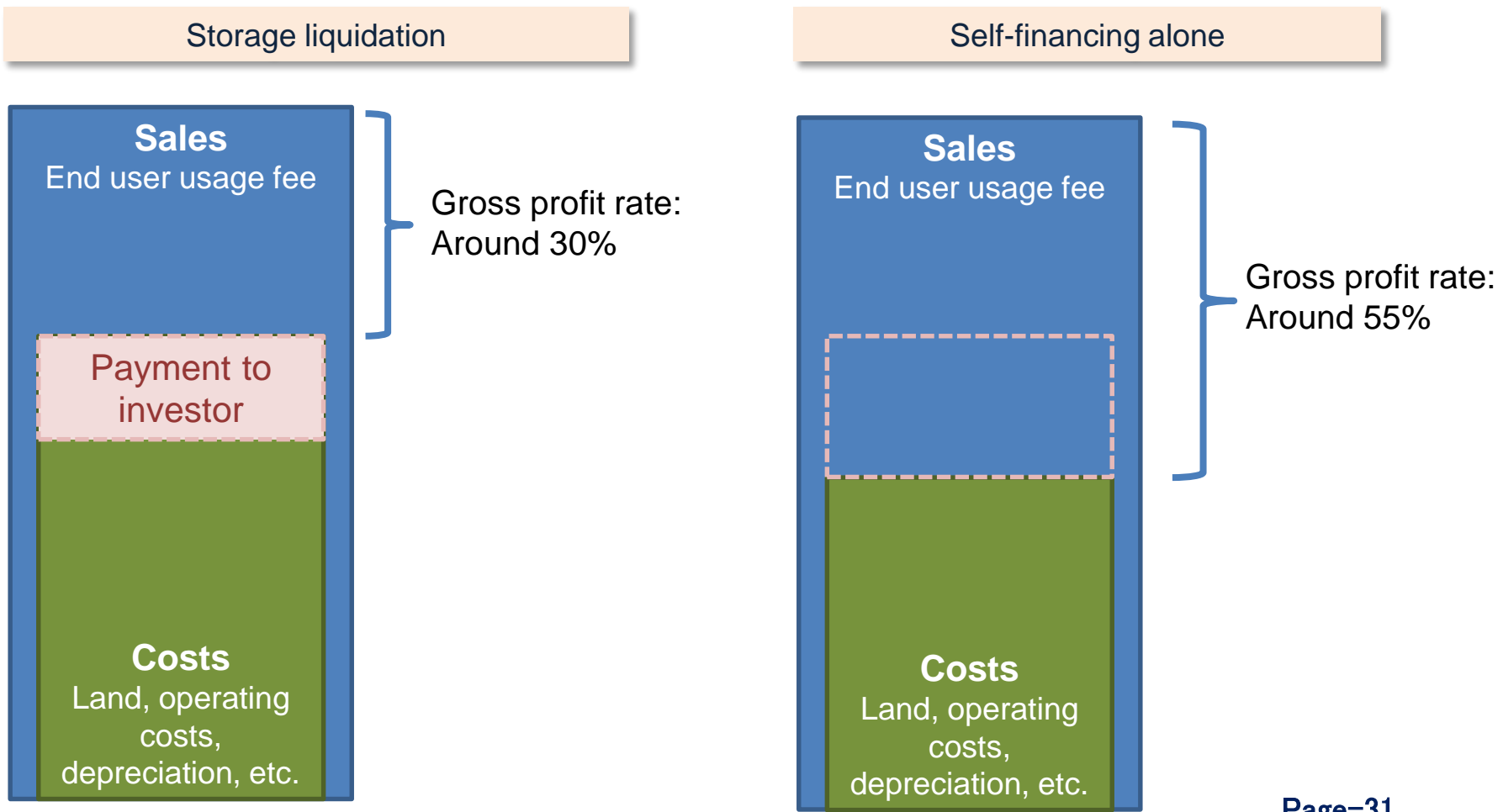


Opening costs with self-financing



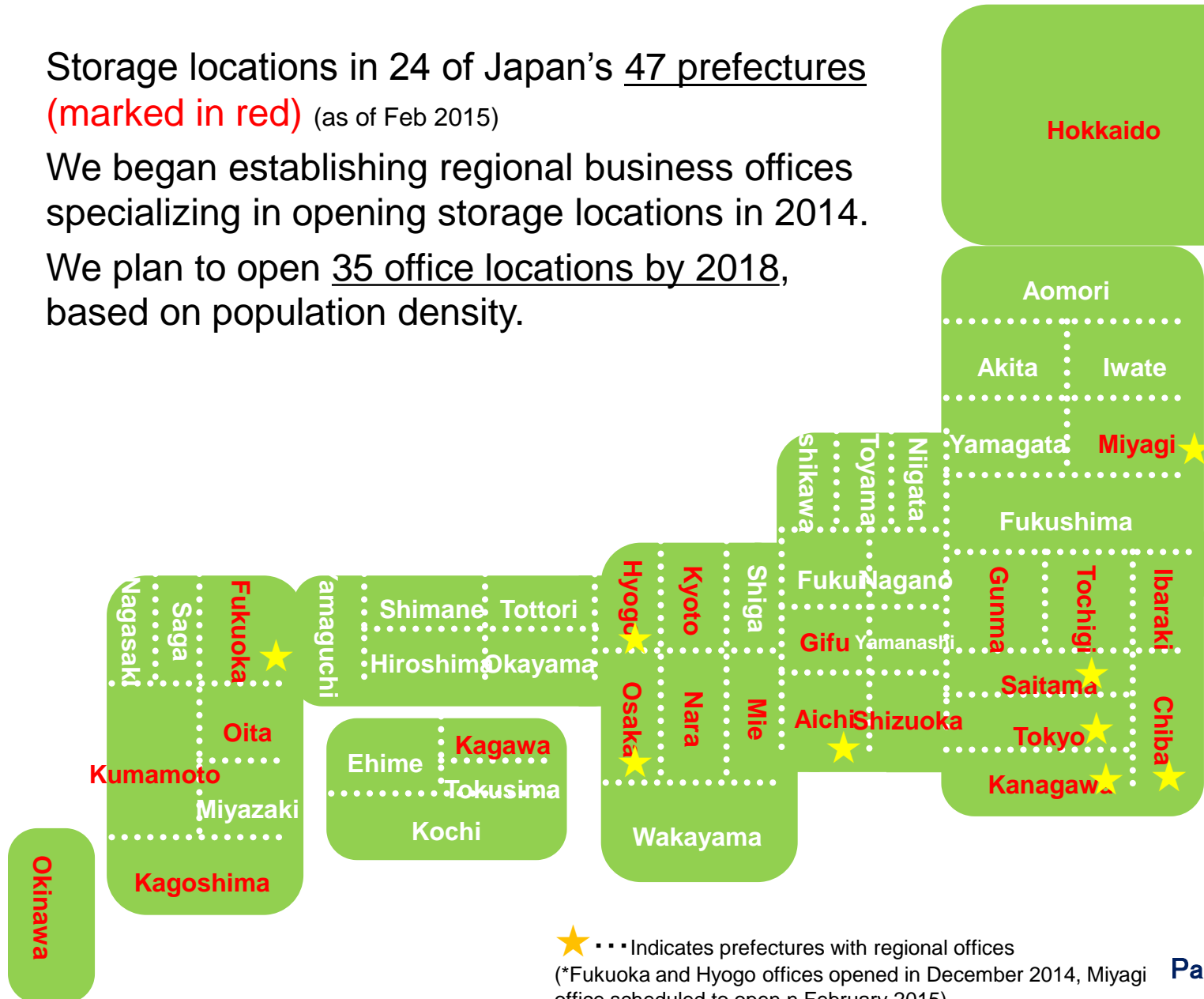
Opening locations with self-financing lowers costs, raises gross profit rate

Comparison of income gain and running costs



Medium-Term Management Plan: Accelerate Openings in the Storage Business

- ✓ Storage locations in 24 of Japan's 47 prefectures (marked in red) (as of Feb 2015)
- ✓ We began establishing regional business offices specializing in opening storage locations in 2014.
- ✓ We plan to open 35 office locations by 2018, based on population density.



✓ Develop “Storage Building” flagship locations

- Raise brand awareness by developing dedicated storage buildings in addition to the usual in-building type
- Continued openings of eight buildings per year



Hello Storage Azamino (Kanagawa)



Hello Storage Yachiyo (Chiba)



Hello Storage Kanda Akihabara 3(Tokyo)

✓ Accelerate installation of LED signage design

- Install high-visibility LED signage at all locations within three years, raising brand awareness



LED signage design

We are developing “storage building” type rental spaces in order to enhance visibility in urban areas, where storage needs are high.

Hello Storage Warabi ▪ Hello Storage Kajigaya Part 2 **NEW** opened on February 1, 2015 simultaneously



Hello Storage Warabi (Chuo, Warabi-shi, Saitama Pref.) 211 rooms



Hello Storage Kajigaya Part 2 (Miyamae-ku, Kawasaki-shi, Kanagawa Pref.) 155 rooms

NEW New storage building openings

Hello Storage Monzen-nakacho

(Koto-ku, Tokyo) Opened May 2014, 93 rooms

Hello Storage Kita-ueno

(Taito-ku, Tokyo) Opened July 2014, 93 rooms

Hello Storage Yukigaya-otsuka

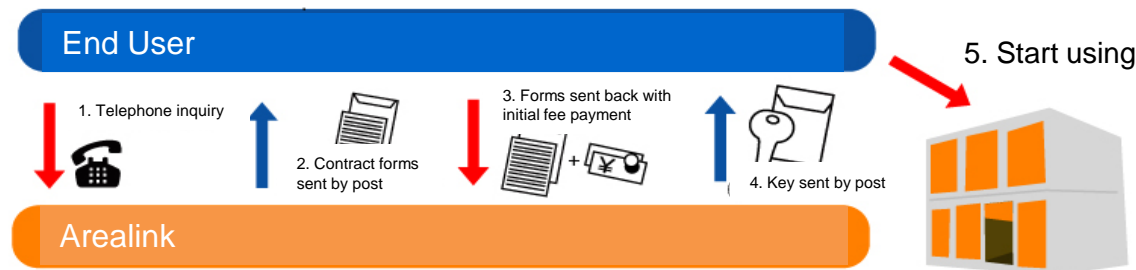
(Ota-ku, Tokyo) Opened October 2014, 171 rooms

Hello Storage Kanda Akihabata3

(Chiyoda-ku, Tokyo) Opened December 2014, 96 rooms

- ✓ IT system investments to enhance operational efficiency and improve services
 - 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 current day
 - Possible to contract using PC and smart phone

Previous Contract System



Speed 3-Minute Contract **NEW**



Training Future Managers with Office Openings and Independent Profitability

Arealink will expand to a network of 35 branch and business office locations by 2018.

We are creating opportunities for young employees, and developing exceptional personnel.

A new graduate hire who joined in April 2011 was selected to head the Tokyo Branch Office, which manages the greatest number of units Appoint as executive officer from 2015.

- ✓ **Branch offices** (Number of units managed more than 5,000)
Offices currently in Tokyo, Osaka, Chiba, Saitama, Kanagawa
(*the Chiba, Saitama, and Kanagawa offices were opened in May 2014)
- ✓ **Business offices** (Number of units managed less than 5,000)
Offices currently in Nagoya, Kobe, Fukuoka, Sendai
(*the Kobe and Fukuoka offices were opened in December 2014 and Sendai office scheduled to open in February 2015)



Sendai Business Office
(Miyagino-ku, Sendai-shi,
Miyagi Pref.)

New Business: Preparations to Launch “Arealink Consulting”

- ✓ New business targeting wealthy individuals, including asset management consulting for the Owners’ Club
 - Provide a broad range of services for premier clients (VIPs), including insurance, real estate, and inheritance, helping to retain customers.
 - Establish an Owners’ Club for owners of storage containers, land, buildings, and other assets
 - In future, provide consulting for asset management and minimizing taxes, capture business
 - Develop into a business for the wealthy, becoming a new earnings base
- ✓ Hold regular training sessions at the head office for branch office managers, business office managers, and employees, in order to strengthen consulting capabilities to owners
 - Acquire expertise to provide services with even more attentiveness than private banking, such as asset management and travel arrangement.



Sales training session



Quarterly newsletter Owners’ Shinbun

M&A Objective No. 1

Effectively utilize growth capital to expand the mainstay storage business in a short period of time.

M&A Objective No. 2

Secure a market share far ahead of all other companies, and establish absolute superiority.

Outlook for Arealink

Through implementation of current strategies, within around five years, we expect to achieve a level of market share and growth capital that overwhelms other companies.



Even without actively seeking out M&A negotiations, there is a strong possibility that competitors will approach us of their own accord.

Company with an extremely stable, high rate of growth

■ Target figures for FY19:




Net sales ¥18,1977 million; Operating income ¥2,780 million

(Millions of yen)	FY14 Actual	FY19 Target	Variance	Average YoY Growth
Net sales	18,120	18,917	+797	+0.9%
Operating income	2,235	2,780	+544	+4.5%
Operating income ratio (%)	12.3	14.7	+2.4pt	—
Ordinary income	2,087	2,757	+670	+5.7%
Net income	1,541	1,792	+251	+3.0%
ROA (%)	7.2	8.0	+0.8pt	—
ROE (%)	11.9	10.8	(1.1)pt	—
Shareholders' equity ratio (%)	69.2	73.7	+4.5pt	—

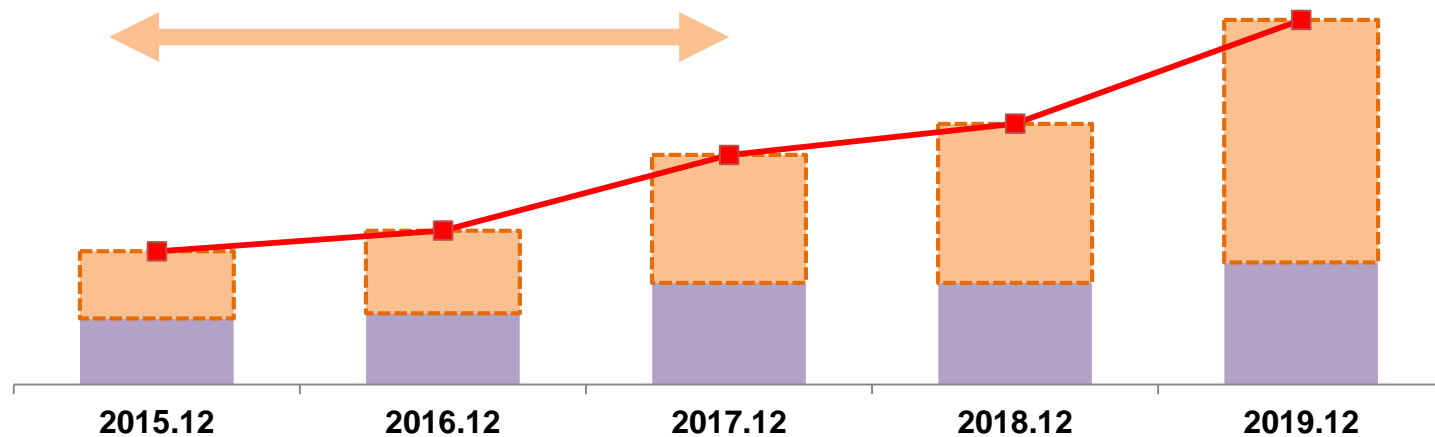
Shareholder Returns

Provide stable shareholder returns, with a view to performance-linked dividend increases and share buybacks

Reserve capacity for dividend increases and share buybacks

-  Reserve capacity for dividend increases and share buybacks
-  Annual dividend
-  Presumed after-tax earnings (net income)

Target payout ratio of 50% in the three years from FY14



Note: Presumed after-tax earnings correspond to forecast net income.

✓ Basic stance

Arealink's aim is management emphasizing shareholder value. We will introduce an executive officer system while retaining the statutory auditor system, and make efforts to ensure management transparency and objectivity while ensuring separation and control over business execution and auditing/supervision through such measures as appointing outside directors. Further, for efficient and sound management, we will pursue the restructuring of a management system centered on vitality and flexibility.

✓ Plans to strengthen the corporate governance structure

- Introduce an executive officer system in the future
- Plan to increase the number of outside directors

- ✓ Achieve overwhelming superiority with a 50% share of the self-storage market.
- ✓ Expand self-financed openings to improve profitability.
- ✓ Differentiation and greater brand strength from opening dedicated storage buildings, installation of LED signage, and other measures.
- ✓ Move forward to achieve 10-year target of ¥10 billion in ordinary income with 200 employees (operating income of ¥50 million per employee).

Exciting Company

Bringing the world convenience,
enjoyment, and excitement

Part-IV

Reference Material

Major Indicators for the Past Six Years

(Unit: Millions of yen)

	FY09	% Change	FY10	% Change	FY11	% Change	FY12	% Change	FY13	% Change	FY14
Net sales	12,183	-8.5%	11,143	-4.8%	10,603	-4.5%	10,124	+21.1%	12,256	+47.8%	18,120
Gross profit	2,317	-6.1%	2,176	+8.7%	2,365	+11.2%	2,629	+26.8%	3,306	+31.9%	4,360
Gross profit margin (%)	19.0	+0.5pt	19.5	+2.8pt	22.3	+3.5pt	26.0	+1.2pt	26.9	(2.8)pt	24.1
SG&A expenses	1,196	-2.3%	1,169	+12.9%	1,320	+10.9%	1,464	+24.9%	1,800	+16.3%	2,125
Operating income	1,121	-10.2%	1,006	+3.8%	1,044	+11.6%	1,165	+29.2%	1,505	+48.5%	2,235
Operating income ratio (%)	9.2	-0.2pt	9.0	+0.8pt	9.8	+1.7pt	11.5	+0.8pt	12.3	+0.0pt	12.3
Ordinary income	827	-6.3%	774	+23.1%	953	+12.8%	1,075	+33.3%	1,433	+45.6%	2,087
Net income	557	+20.8%	673	+14.7%	772	+22.7%	948	+42.0%	1,346	+14.4%	1,541
ROA (%)	2.7	+0.7pt	3.4	+0.9pt	4.3	+1.0pt	5.3	+1.2pt	6.5	+0.7pt	7.2
ROE (%)	7.3	+0.3pt	7.6	+0.4pt	8.0	+1.1pt	9.1	+2.5pt	11.6	+0.4pt	11.9
Interest-bearing debt	9,757	-27.4%	7,079	-26.5%	5,206	+6.5%	5,545	+41.3%	7,837	(35.1)%	2,759
Total assets	20,355	-8.1%	18,701	-7.7%	17,266	+7.8%	18,612	+23.7%	23,017	(15.1)%	19,539
Net assets	8,523	8.1%	9,214	8.4%	9,987	+9.5%	10,935	+12.3%	12,282	+10.0%	13,514
Shareholders' equity ratio (%)	41.9	+7.4pt	49.3	+8.5pt	57.8	+1.0pt	58.8	(5.4)pt	53.4	+15.8pt	69.2
Net income per share (Yen)	5.38	+1.9%	5.48	+14.7%	6.29	+22.7%	7.72	+42.0%	10.97	+14.4%	12.55
Net assets per share (Yen)	69.43	+8.1%	75.06	+8.4%	81.35	+9.5%	89.08	+12.3%	100.05	+10.0%	110.09
Number of employees	62	-3.2%	60	+21.7%	73	+12.3%	82	+19.5%	98	+8.2%	106

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.

Storage Business (1): Market Scale Forecasts (1)

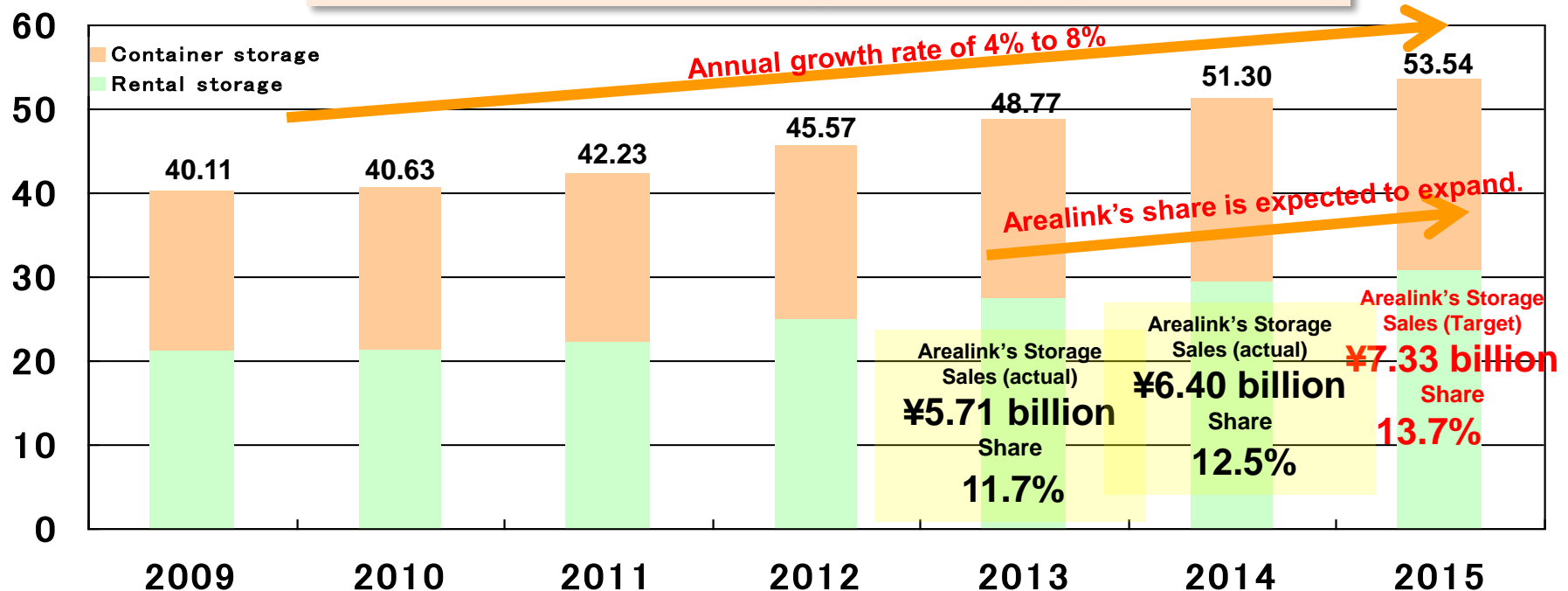
The Japanese self-storage market is expected to expand to ¥53.54 billion by 2015.

Arealink expects to maintain its leading market share of 13.7%.

- Scale of the Japanese self-storage market (2015 estimate) ¥53.54 billion
- Arealink's self-storage net sales (2015 target) ¥7.33 billion
- Arealink's market share (net sales) 13.7% (No.1 in Japan)

(Unit: Billions of yen)

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

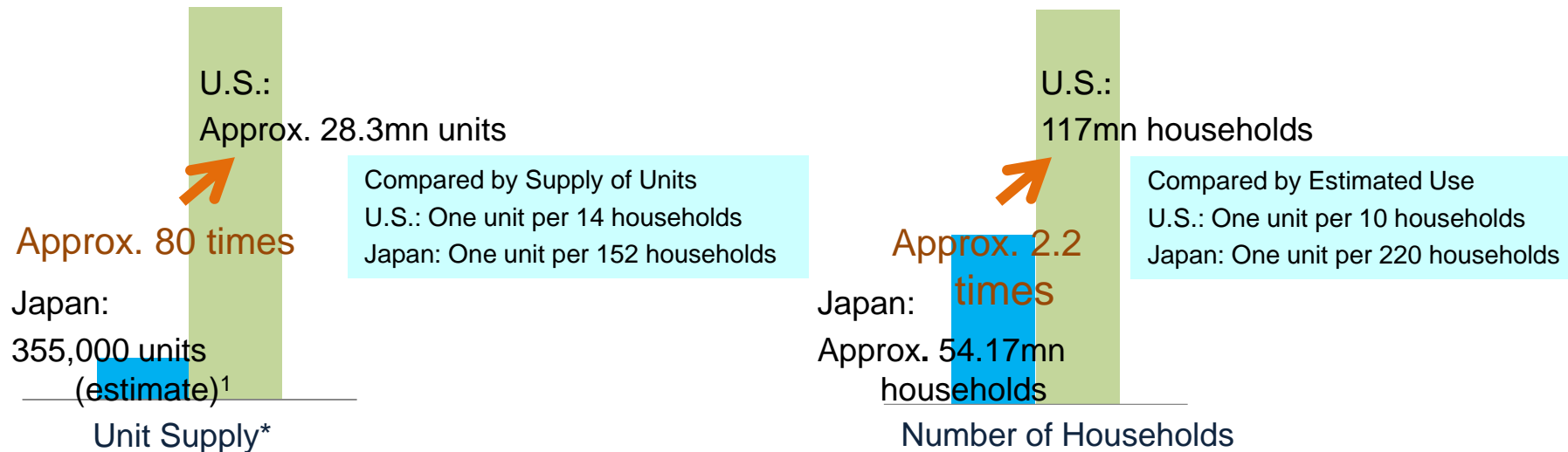


Storage Business (2): Market Scale Forecasts (2)

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)

Storage Business (3): Competitive Environment

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 ¥208.6 billion
- Net income ¥110.8 billion

Source: Company's Annual Report 2013 (Currency converted at ¥105.3USD (closing price as of December 2013))

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	Arealink	798	44,929	12.7%
No.2	Company A	749	36,631	10.4%
No.3	Company B	47	26,192	7.4%
No.4	Company C	391	20,646	5.8%
No.5	Company D	255	11,445	3.2%
Total		7,419	352,929	100%

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



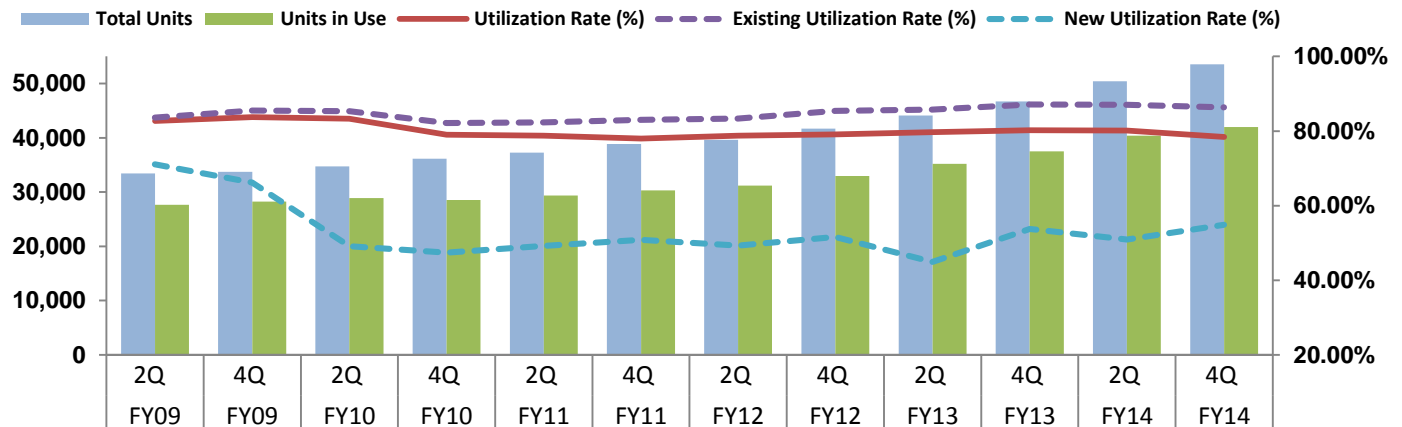
Storage Business (4): Total Units, Units in Use, and Utilization Rate

Accelerated program of business openings has maintained the higher utilization rate. Establishment of regional sales offices is also accelerating openings.

*Local offices open storage locations and manage operations. Head office manages end user recruitment, contracts and billing, and telephone reception in order to enhance operational efficiency and customer satisfaction.

*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 6,800 in 2014, to 11,000 in 2016.

Total Units, Units in Use, and Utilization Rate



Total Units	33,433	33,753	34,723	36,131	37,267	38,838	39,614	41,698	44,138	46,686	50,422	53,564
Units in Use	27,646	28,258	28,917	28,562	29,340	30,290	31,188	32,968	35,177	37,499	40,407	42,009
Utilization Rate (%)	82.69%	83.72%	83.28%	79.05%	78.73%	77.99%	78.73%	79.06%	79.70%	80.22%	80.14%	78.43%
Existing Utilization Rate (%)	83.60%	85.53%	85.33%	82.11%	82.28%	83.00%	83.34%	85.41%	85.73%	87.15%	87.06%	86.36%
New Utilization Rate (%)	71.07%	66.19%	49.11%	47.36%	49.20%	50.85%	49.30%	51.61%	44.86%	53.77%	50.90%	54.85%

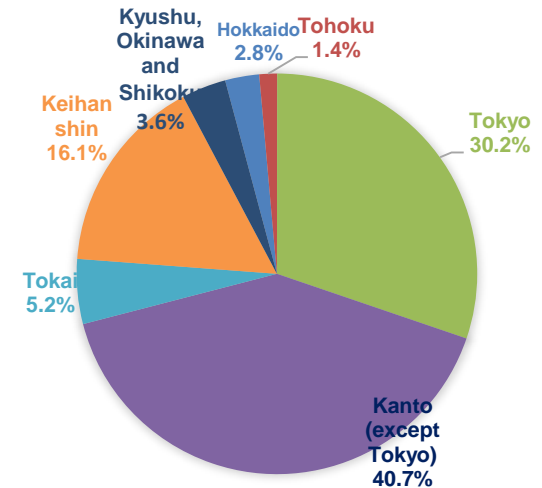
* Existing: Units after more than two years since they opened
 New: Units after less than two years since they opened

Storage Business (5) : Openings by Region

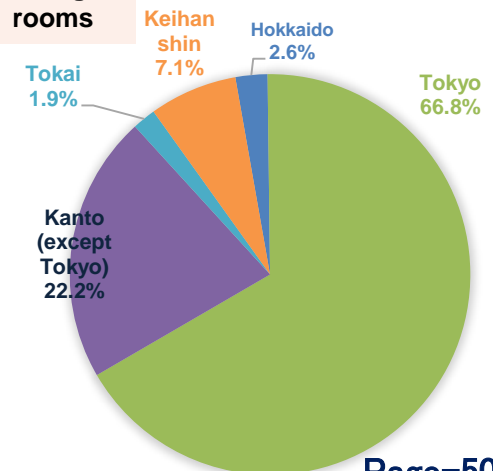
Establish 35 locations (branch offices and business offices) nationwide, aiming for a 50% domestic market share, and accelerate storage location openings.

Prefecture	Containers	Storage Rooms	Total	Proportion of Total
Hokkaido	1,024	422	1,446	2.7%
Miyagi	536	-	536	1.0%
Ibaraki	292	-	292	0.6%
Tochigi	83	-	83	0.2%
Gunma ^{NEW}	86	-	86	0.2%
Saitama	4,978	663	5,641	10.5%
Chiba	6,803	329	7,132	13.3%
Tokyo	11,239	10,930	22,169	41.4%
Kanagawa	2,912	2,541	5,453	10.2%
Gifu	169	-	169	0.3%
Shizuoka	357	-	357	0.7%
Aichi	1,267	259	1,526	2.9%
Mie	154	50	204	0.9%
Kyoto	808	154	962	1.8%
Osaka	2,367	962	3,329	6.2%
Hyogo	2,332	47	2,379	4.4%
Nara	469	-	469	0.9%
Kagawa ^{NEW}	45	-	45	0.1%
Fukuoka	706	-	706	1.3%
Kumamoto	48	-	48	0.1%
Oita	26	-	26	0.1%
Kagoshima	372	-	372	0.7%
Okinawa	134	-	134	0.3%
Total	37,207	16,357	53,564	100.0%

Container



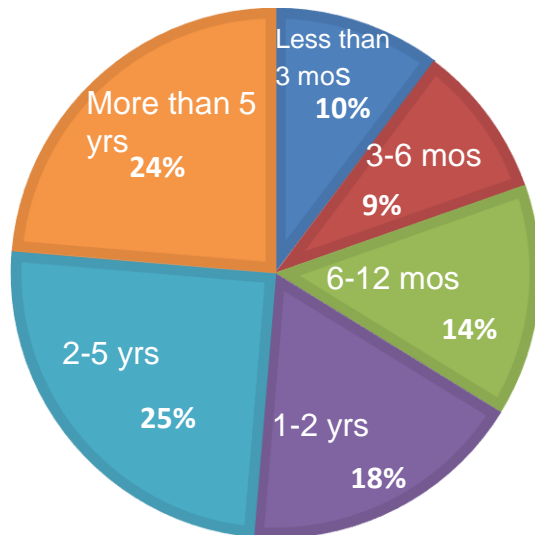
Storage rooms



Storage Business (6): User Analysis

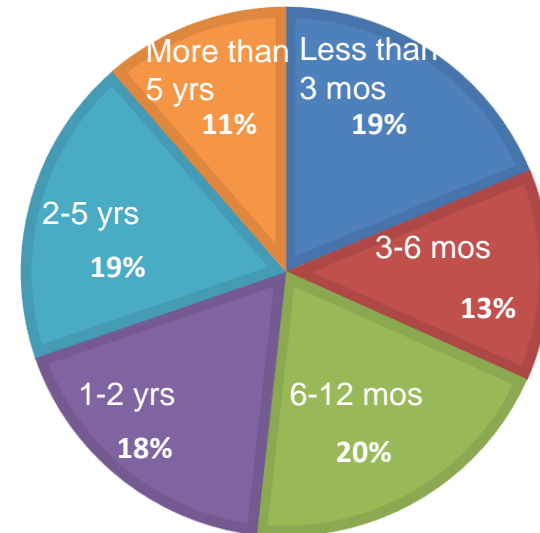
- Average usage period for current contract customers is three years (at August 2014).
- Average usage period for customers who have terminated contracts is 22 months (2013 result).
- Average monthly usage fee is ¥11,250 for a container type, and ¥12,500 for trunk type.

Breakdown of usage period for current contract customers



* Analysis of customers with contracts at August 2014

Breakdown of usage period for customers who terminated contracts



* Analysis of customers who terminated contracts in 2013

Examples of self-storage locations / Outdoor container type



Sendai Tago (Miyagi)



Sendai Higashinakata (Miyagi)



Misato 2 (Saitama)



Wako5 (Saitama)



Higashifuchu (Tokyo)



Hino, Koshu Kaido (Tokyo)



Kodaira 3 (Tokyo)



Ariake, Toyosu, Shinonome (Tokyo)



Higashikasai (Tokyo)



Yotsugi4 (Tokyo)



Higashikurume2 (Tokyo)



Machida Oyamagaoka (Tokyo)



Hachioji 4 (Tokyo)



Utsunomiya Joto (Tochigi)



Mito Himeko (Ibaraki)



Motosumiyoshi (Kanagawa)



Hamamatsu Minamiasada (Shizuoka)



Owari Setoekimae (Aichi)



Wakayama Matsuekita (Wakayama)



Kyoto Hachiman (Kyoto)



Izumi Fuchu (Osaka)



Nara Sahoda (Nara)



Akashinishi2 (Hyogo)



Takamastu Gotocho (Kagawa)

NEW : Newly opened in 2014 and 2015

Examples of self-storage locations / Outdoor container type



Examples of self-storage locations / Indoor building type



Ageo (Saitama)



Shimoichiai (Tokyo)



Hashimoto (Tokyo)



Kouenji Kokashita2 (Tokyo)



Ginza 2 (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 2014 and 2015

Examples of self-storage locations / a “Storage Building” Type Unit



Upper from left to right
 Hello Storage Kita-ueno
 Hello Storage Kanda Akihabara 3
 Hello Storage Monzen-nakacho

Lower from left to right
 Hello Storage Yukigata-otsuka
 Hello Storage Warabi
 Hello Storage Kajigaya 2

※ **NEW**
 Newly opened in 2014 and 2015

Examples of self-storage locations



Expansion in Rental Meeting Rooms

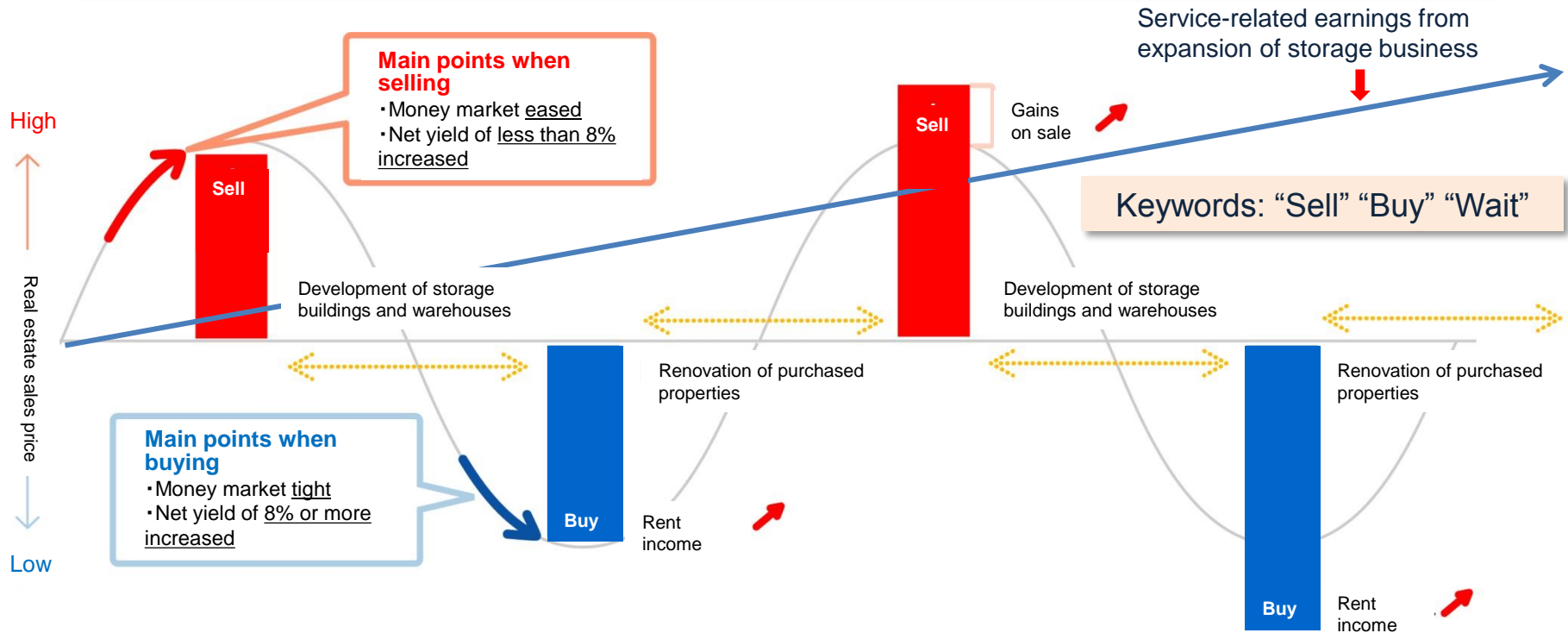
- ✓ We are developing the Hello Meeting Room business nationwide with the aim of establishing a new earnings base, and being **the industry leader**.
 - Rental meeting room service launched in 2006, utilizing small and mid-sized office buildings, and vacant rooms in Tokyo, Yokohama, and Osaka.
 - Locations opened in Osaka in December 2013, and Nagoya in January 2014. New locations to be opened in central regional cities.
 - Instead of the former method of opening locations on a piecemeal basis, we will rent properties with favorable qualities.



Hello Meeting Room Shinbashi (Tokyo)

Ideal Real Estate Model (1)

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

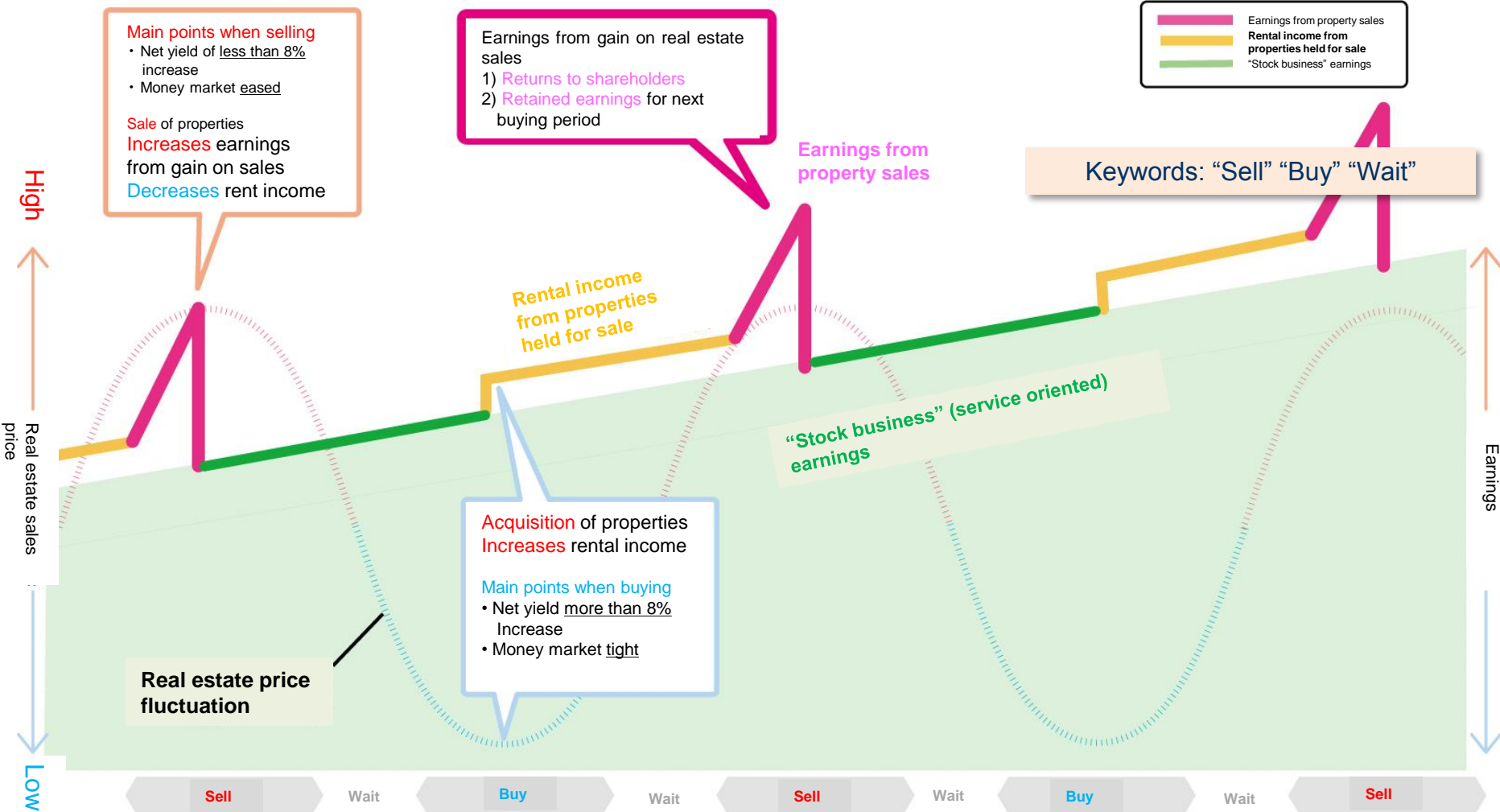


Real estate purchases and sales in line with the price cycle:

- 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)

Ideal Real Estate Model (2)

Arealink's Earnings Model

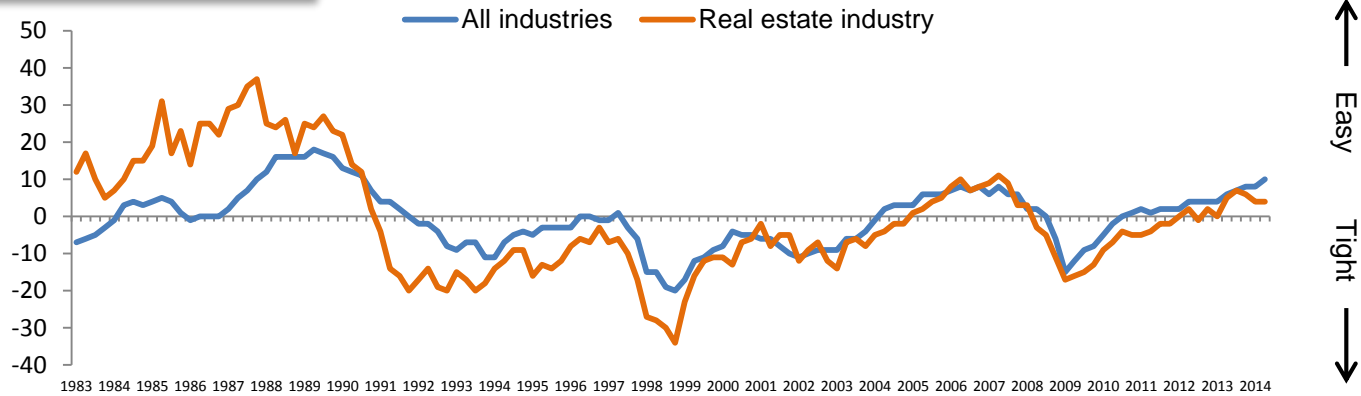


The "Sell-Buy-Wait" cycle for real estate sales

Ideal Real Estate Model (3)

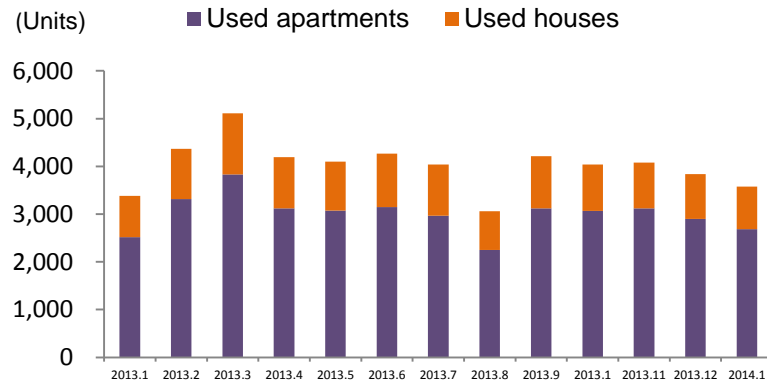
We conduct a demand analysis of the real estate market, including the status of corporate financing, newly-built and used apartments, and newly-built homes.

Financing Diffusion Index (DI)

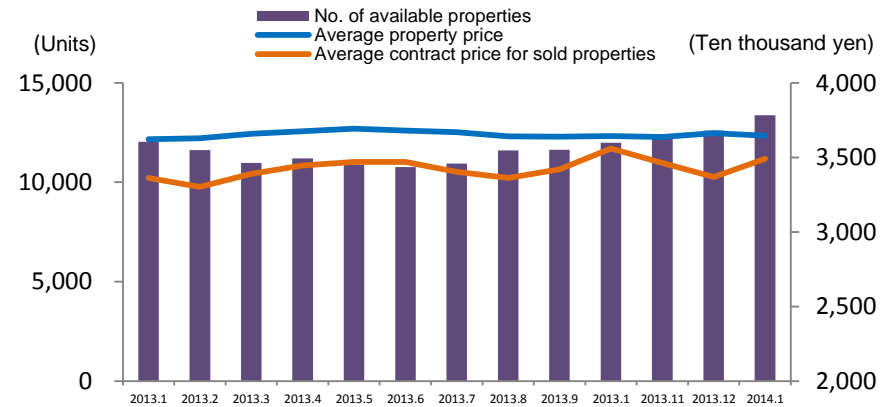


Source: Bank of Japan, Explanation of the Short-Term Economic Survey of Enterprises in Japan (*Tanken*) * DI (Diffusion index): "easy" minus "tight"

Contracts concluded for used apartments and houses (Tokyo metropolitan area)



Supply of newly-built homes and average contract price (Tokyo metropolitan area)



Source: Real Estate Information Network for East Japan, monthly flash report "Market Watch" January 2014 Edition

Front-loaded Annual Schedule to Achieve Earnings Targets

Clarify the points to focus on during each period of the front-loaded annual schedule

First Half

January – June: Buffer Period
Sprinting start to achieve
our target ahead of
schedule

- ✓ Implement sales strategies in a concerted manner as a company
- ✓ Form a buffer team
- ✓ Early property acquisition and business openings in the stock business

Second Half

July – September: Refresh and
Sowing Seeds Period
Sowing seed for the Furious
Activity Period and for 2014

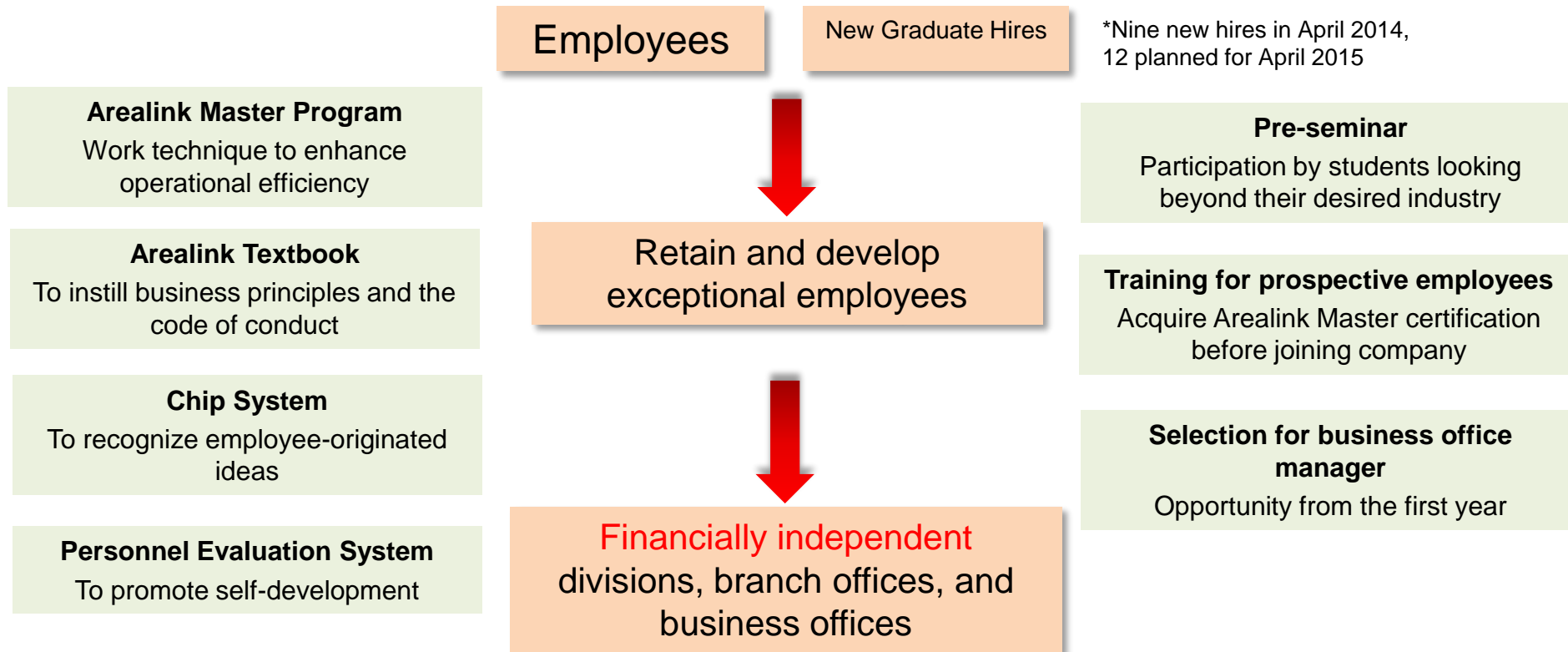
- ✓ Create a marketing list
- ✓ Maintenance of primary properties
- ✓ Cost reductions
- ✓ Improvement in C and D rank properties
- ✓ Enhance follow-up support for owners
- ✓ Strengthen network with property owners
- ✓ Simplify work for maintenance and administrative personnel

October – December: Furious
Activity Period
Savings for the next year

Prepare for sprinting start in the first half of the next year

Human Resources Development (1)

We are creating mechanisms to enhance capabilities, and the effectiveness of new graduate employees.

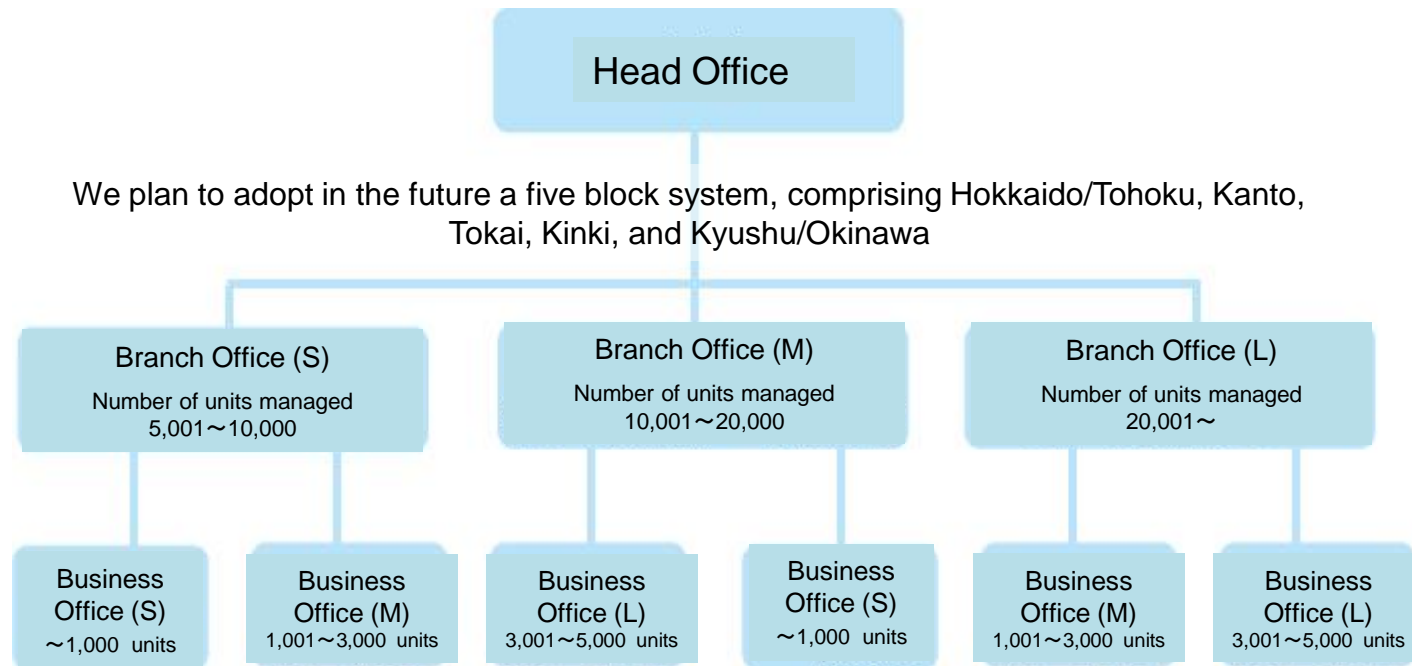


Human Resources Development (2)

Unrivaled organization and system

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.

Example: A fourth-year new graduate hire was selected to head the Tokyo Branch Office, which manages the greatest number of units (L class office)



Young employees selected for promotion based on performance

Example promotions

Business Office (S) manager
→ Business Office (M) manager

Business Office (L) manager
→ Branch Office (S) manager

Branch Office (L) manager

→ **Block manager**

→ **Expert**

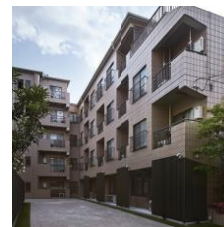
Real Estate Sales: Strategies and Measures

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



Kojimachi, Chiyoda-ku, Tokyo
Single building, stores and offices
¥810 million

Honmachi, Shibuya-ku, Tokyo
Single building, stores and offices
¥675 million

Main Properties (partial list)

Property Name	Location	Purpose	Book Value (Land and Structure) Unit: ¥mn
Kanda BM Building	Chiyoda Ward, Tokyo	Head Office, store, office	1,018
Kanda Kyodo Building	Chiyoda Ward, Tokyo	Office	892
Ginza 6-Chome Idei Building	Chuo Ward, Tokyo	Store	886
Best Inn Omihachiman	Omihachiman City, Shiga Pref.	Hotel	464
Best Inn Kashima	Kamisu City, Ibaraki Pref.	Hotel	399
Best Inn Uozu	Uozu City, Toyama Pref.	Hotel	297
Best Inn Youkaichi	Higashiomi City, Shiga Pref.	Hotel	287
Best Inn Kofu	Kofu City, Yamanashi Pref.	Hotel	275
Hello Storage Machida	Machida City, Tokyo	Storage	243
Hello Storage Shimoigusa	Suginami Ward, Tokyo	Storage	183

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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