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Results Briefing

Second Quarter, Fiscal Year Ending December 2015

July 29, 2015

Exciting Company



Arealink Co.,Ltd.

Securities code:8914

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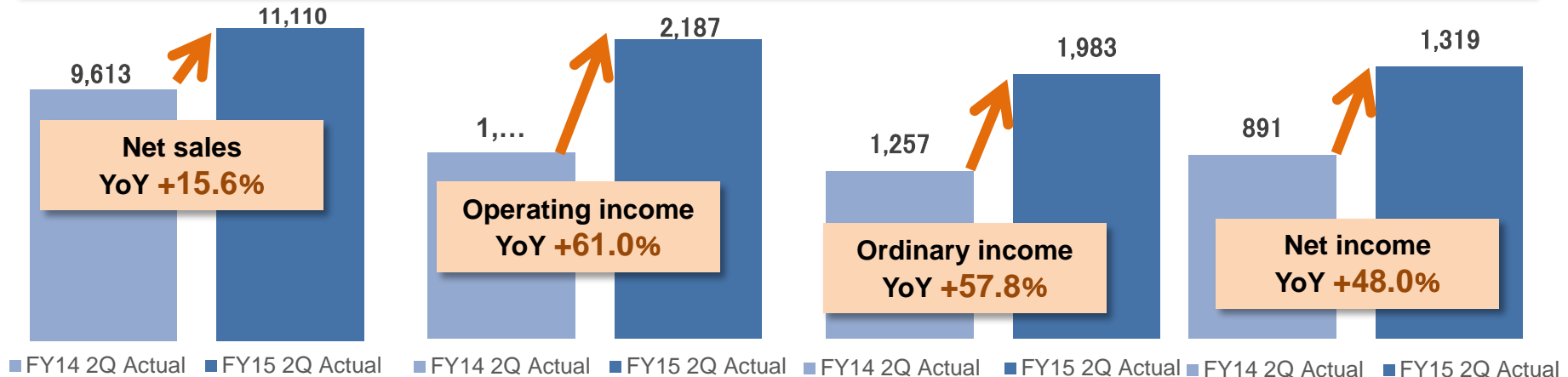
Part- I

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 FY15 2Q

All businesses steadily expanded. Results **revised upward** with exceeded targets, with significant growth in earnings year on year.



	FY14 2Q Cumulative		FY15 2Q Cumulative (plan)		FY15 2Q Cumulative (actual)		Actual vs. Initial plan		YoY	
	Actual	(%)	Plan	(%)	Actual	(%)	Variance	% Change	Variance	% Change
(Millions of yen)										
Net sales	9,613	(100.0)	6,670	(100.0)	11,110	(100.0)	4,439	66.6%	1,496	15.6%
Cost of sales	7,180	(74.7)	4,953	(74.3)	7,682	(69.1)	2,728	55.1%	501	7.0%
Gross profit	2,432	(25.3)	1,717	(25.7)	3,428	(30.9)	1,710	99.6%	995	40.9%
SG&A expenses	1,073	(11.2)	1,005	(15.1)	1,240	(11.2)	234	23.3%	166	15.5%
Operating income	1,359	(14.1)	711	(10.7)	2,187	(19.7)	1,476	207.5%	828	61.0%
Ordinary income	1,257	(13.1)	686	(10.3)	1,983	(17.9)	1,297	188.9%	726	57.8%
Net income	891	(9.3)	443	(6.7)	1,319	(11.9)	875	197.2%	427	48.0%

Segment Breakdown

Property Management Service

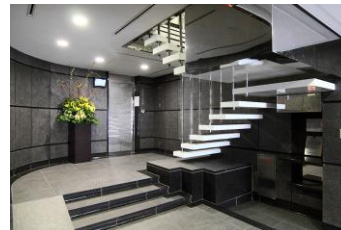
- Storage management (Hello Storage customer recruitment, operations and management)
- Storage liquidation (Hello Storage orders and location development)
- Other management services
 - Asset management (Tenant recruitment, operations and management of help properties)
 - SOHO (Hello Office / Hello Rental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



Hello Storage (Container type)



Hello Storage (Room type)



Property Holding (Kyodo Building entrance)



Hello Rental Meeting Room (Shibuya II)

Property Revitalization & Liquidation Service

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



Sold property (Residential building and commercial building, Ichigaya)

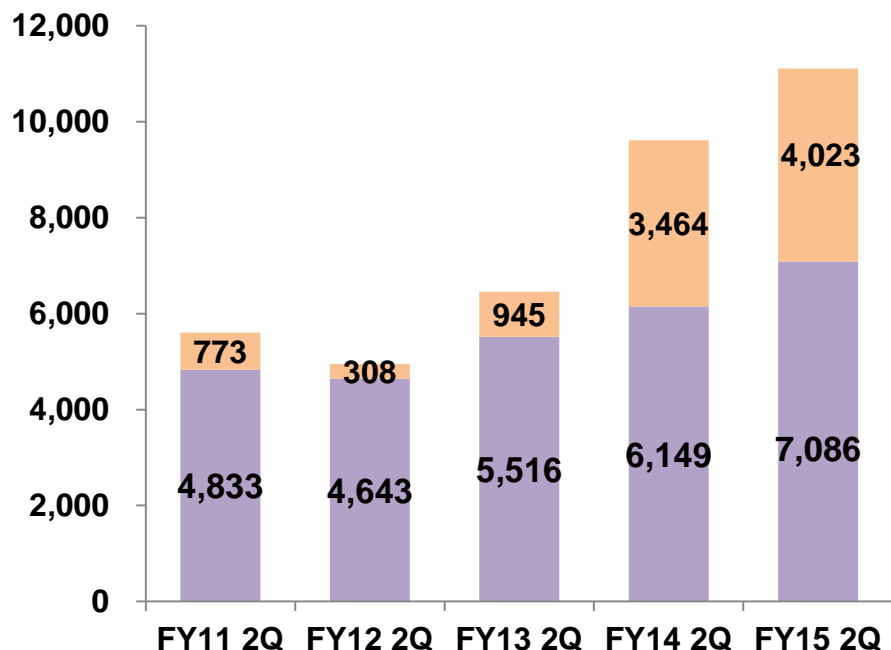
Net Sales and Gross Profit by Segment

Results are rising in all segments. The gains in sales and earnings in the Property Revitalization & Liquidation Service segment have been particularly high.

Net sales

(Unit: Millions of yen)

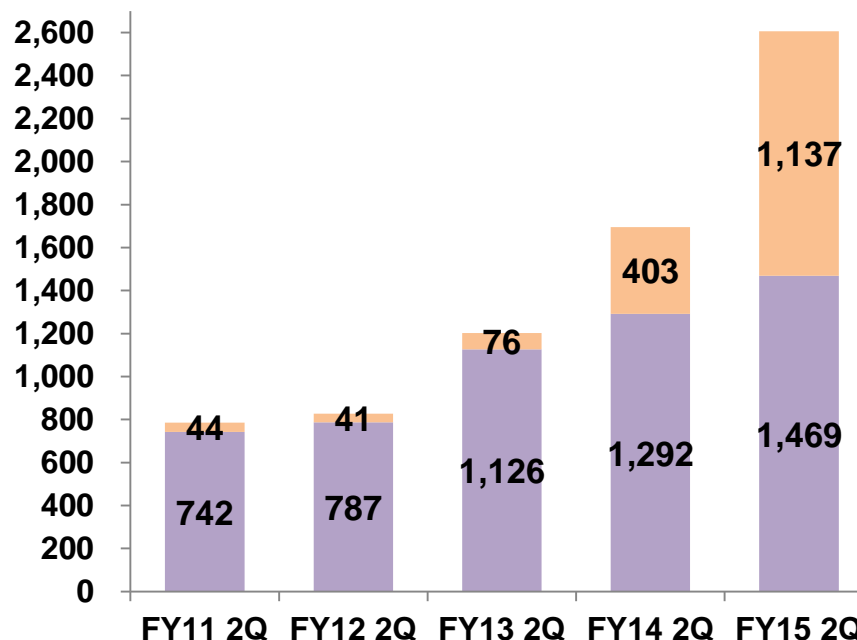
- Property Revitalization & Liquidation Services
- Property Management Services



Segment profit

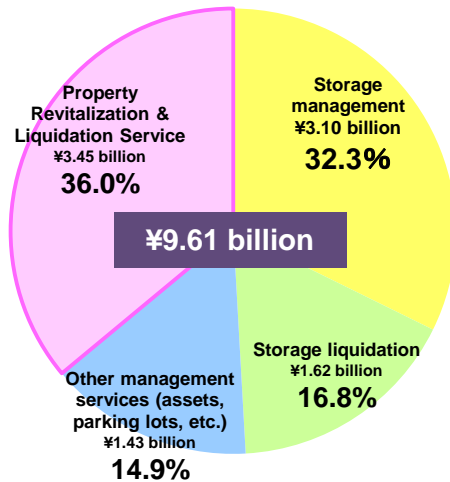
(Unit: Millions of yen)

- Property Revitalization & Liquidation Services
- Property Management Services



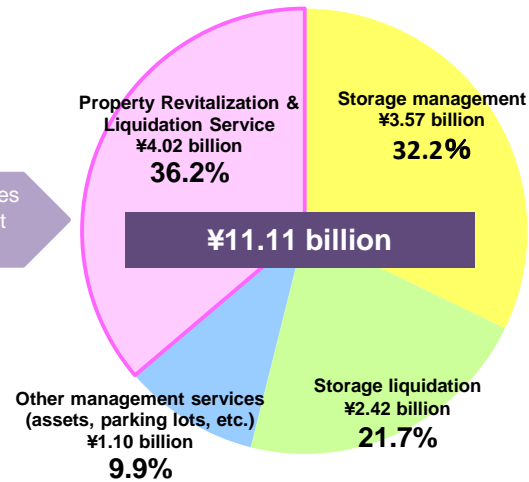
Sales by Segment

FY14 2Q

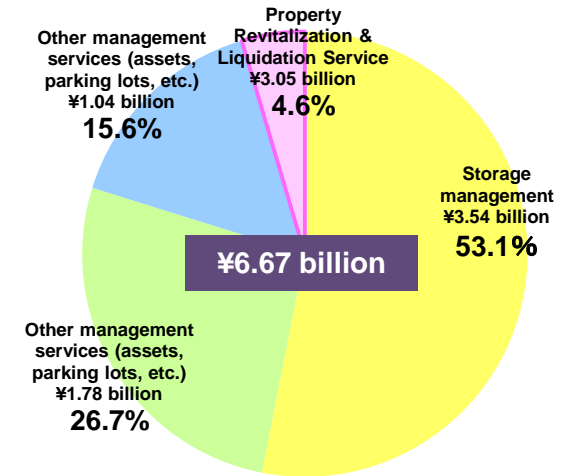


Ratio changes with market conditions

FY15 2Q



FY15 2Q Initial budget



- ✓ During FY15 2Q, Property Revitalization & Liquidation Service and storage liquidation continued to grow steadily.
- ✓ Cumulative-type businesses such as storage management and other management services progressed on a budget.

Profit Margin by Segment

Both the gross profit margin and operating income margin in the Property Revitalization & Liquidation Service segment rose. Results are rising on the whole.

Unit: Millions of yen

			FY 14 (actual)		FY 15 (Initial budget)		FY 15 (actual)	
			1H actual	Profit margin	Initial budget	Profit margin	1H actual	Profit margin
	Storage management	Net sales	3,100		7,339		3,572	
		Gross profit	871	28.1%	1,661	22.6%	1,048	29.4%
		Operating income	635	20.5%	1,013	13.8%	751	21.0%
	Storage liquidation	Net sales	1,618		2,439		2,415	
		Gross profit	601	37.2%	615	25.2%	721	29.9%
		Operating income	281	17.4%	286	11.8%	411	17.1%
	Other property management service	Net sales	1,430		2,012		1,098	
		Gross profit	453	31.7%	648	32.2%	393	35.8%
		Operating income	376	26.3%	489	24.3%	306	27.9%
Property Management Service Total	Net sales	6,149		11,791		7,086		
	Gross profit	1,927	31.3%	2,925	24.8%	2,163	30.5%	
	Operating income	1,292	21.0%	1,789	15.2%	1,469	20.7%	
Property Revitalization & Liquidation Service	Net sales	3,464		505		4,023		
	Gross profit	505	14.6%	140	27.7%	1,264	31.4%	
	Operating income	403	11.7%	73	14.6%	1,137	28.3%	
Other	Net sales	—		—		—		
	Gross profit	—		—		—		
	Operating income	(337)		(802)		(419)		
Total	Net sales	9,613		12,296		11,110		
	Gross profit	2,432	25.3%	3,065	24.9%	3,428	30.9%	
	Operating income	1,359	14.1%	1,060	8.6%	2,187	19.7%	

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

Profitability also rose steadily in all segments during the period.
Revitalization and liquidation projects are expected to continue to contribute to earnings.

Unit: Millions of yen

		FY13 (full year)	FY14				FY15				
			Cumulative	1Q	2Q	3Q	4Q	Cumulative	1Q	2Q	2Q Cumulative
	Storage management	Net sales	5,716	1,516	1,583	1,630	1,675	6,406	1,729	1,843	3,572
		Gross profit	1,574	383	488	461	359	1,692	504	544	1,048
		Operating income	1,095	260	375	335	200	1,170	362	389	751
	Storage liquidation	Net sales	2,096	613	1,004	812	287	2,718	1,310	1,104	2,415
		Gross profit	826	220	381	278	86	967	390	331	721
		Operating income	326	86	194	150	(1)	430	221	190	411
	Other property management service	Net sales	2,921	732	698	676	614	2,721	601	496	1,098
		Gross profit	735	228	225	185	191	831	195	197	393
		Operating income	615	191	184	141	147	664	148	157	306
Property Management Service Total		Net sales	10,735	2,862	3,286	3,119	2,577	11,845	3,641	3,445	7,086
		Gross profit	3,136	832	1,094	926	637	3,491	1,090	1,072	2,163
		Operating income	2,081	538	754	627	346	2,266	732	736	1,469
Property Revitalization & Liquidation Service		Net sales	1,521	1,995	1,468	2,776	33	6,274	1,322	2,701	4,023
		Gross profit	169	222	282	337	27	869	256	1,008	1,264
		Operating income	111	211	192	264	22	690	212	924	1,137
Other		Net sales	—	—	—	—	—	—	—	—	—
		Gross profit	—	—	—	—	—	—	—	—	—
		Operating income	(644)	(167)	(169)	(180)	(202)	(721)	(180)	(238)	(419)
Total		Net sales	12,256	4,858	4,755	5,896	2,610	18,120	4,963	6,147	11,110
		Gross profit	3,306	1,055	1,377	1,263	664	4,360	1,346	2,081	3,428
		Operating income	1,505	581	777	710	165	2,235	765	1,422	2,187

Completion Rate for Net Sales and Gross Profit Targets by Segment

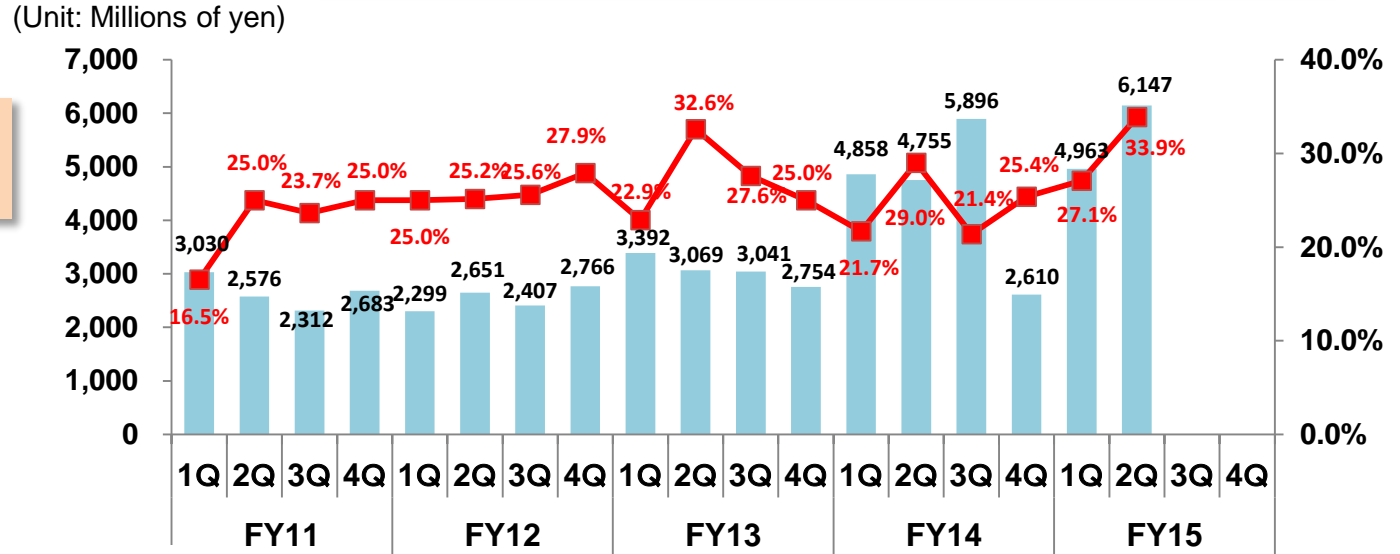
Unit: Millions of yen

		FY14		FY15 (initial plan)				FY15 (actual)		
		2Q Cumulative	Component Ratio	Initial full-year budget	Component Ratio	Initial 1H budget	Component Ratio	Actual	Component Ratio	Completion Rate
Net sales	Property Management Service	6,149	64.0%	11,791	95.9%	6,365	95.4%	7,086	63.8%	111.3%
	Storage management	3,100	32.3%	7,339	59.7%	3,540	53.1%	3,572	32.2%	100.9%
	Storage liquidation	1,618	16.8%	2,439	19.8%	1,781	26.7%	2,415	21.7%	135.6%
	Parking	272	2.8%	204	1.7%	155	2.3%	159	1.4%	102.5%
	Asset	823	8.6%	1,103	9.0%	549	8.2%	585	5.3%	106.6%
	SOHO	324	3.4%	692	5.6%	333	5.0%	346	3.1%	104.1%
	Other	8	0.1%	12	0.1%	6	0.1%	6	0.1%	106.6%
	Property Revitalization & Liquidation Service	3,464	36.0%	505	4.1%	305	4.6%	4,023	36.2%	1319.3%
Total	9,613	100.0%	12,296	100.0%	6,670	100.0%	11,110	100.0%	166.6%	
Gross profit	Property Management Service	1,927	79.2%	2,925	95.4%	1,617	94.2%	2,163	63.1%	133.8%
	Storage management	871	35.8%	1,661	54.2%	873	50.9%	1,048	30.6%	120.1%
	Storage liquidation	601	24.7%	615	20.1%	446	26.0%	721	21.0%	161.6%
	Parking	46	1.9%	65	2.1%	31	1.8%	40	1.2%	127.2%
	Asset	302	12.5%	343	11.2%	152	8.9%	219	6.4%	144.3%
	SOHO	103	4.2%	226	7.4%	107	6.3%	125	3.7%	116.9%
	Other	1	0.1%	12	0.4%	6	0.4%	7	0.2%	127.9%
	Property Revitalization & Liquidation Service	505	20.8%	140	4.6%	100	5.8%	1,264	36.9%	1264.7%
Total	2,432	100.0%	3,065	100.0%	1,717	100.0%	3,428	100.0%	199.6%	

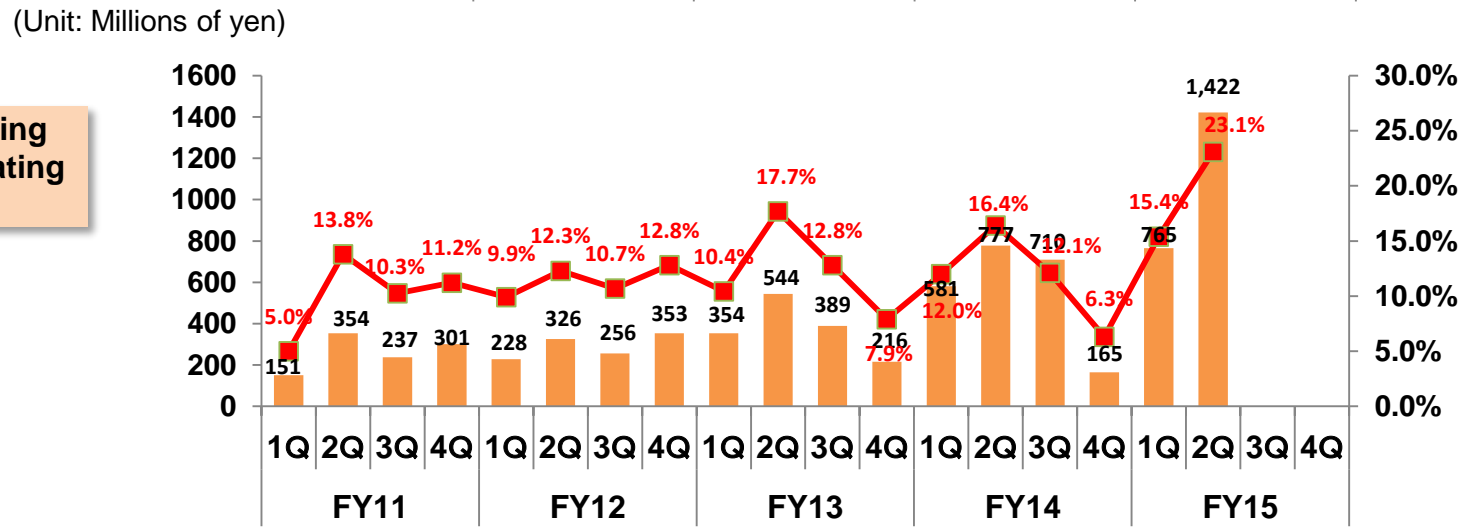
Quarterly Net Sales and Operating Income

Net sales margin and operating profit margin remained stable overall.

Trends in net sales and gross profit margin



Trends in operating income and operating income ratio



Breakdown of Non-Operating and Extraordinary Profit and Loss

Non-operating expenses rose due to occurred early repayment of loans fee. However, extraordinary income declined on a decrease in gain on sales of noncurrent assets.

Unit: Millions of yen

Non-operating income

Interest income ¥6 million

Extraordinary income

Gain on sales of noncurrent assets ¥18 million

Non-operating expenses

Interest expenses ¥30 million
Early repayment of loans fee ¥161 million

Extraordinary loss

Loss on retirement of noncurrent assets ¥2 million

Step income	2014/3 1Q period	2014/6 2Q period	2014/6 2Q cumulative	2015/3 1Q period	2015/6 2Q period	2015/6 2Q cumulative	Variance	% Change
Operating income	581	777	1,359	765	1,422	2,187	828	61.0
Non-operating income	14	4	19	20	13	33	14	77.7
Non-operating expenses	45	75	120	18	220	238	117	97.3
Ordinary income	550	706	1,257	767	1,215	1,983	726	57.8
Extraordinary income	104	4	108	8	16	25	(83)	(76.8)
Extraordinary loss	6	2	8	1	0	2	(6)	(77.1)
Income before income taxes	648	708	1,356	774	1,232	2,006	649	47.9
Income taxes — current	44	63	107	79	487	566	458	424.6
Income taxes — deferred	147	209	357	147	(26)	120	(236)	(66.2)
Operating income	456	435	891	548	771	1,319	427	48.0

Financial Position

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

Financial Position

As of June 30, 2015

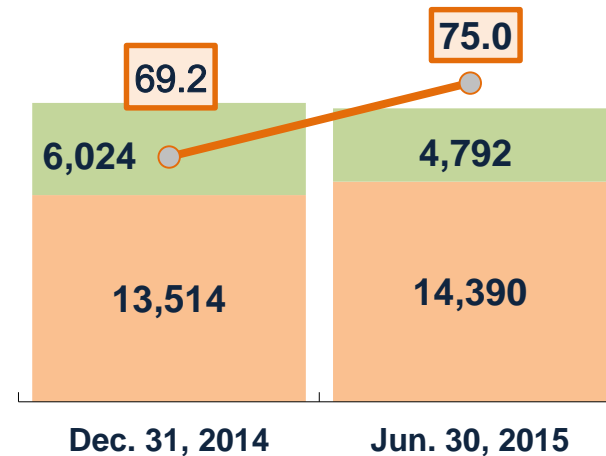
*Figures in parentheses indicate changes from the end of December 31, 2014.

<p style="text-align: center;">Total assets ¥19.18 billion (- ¥ 0.36 billion)</p>	<p>Liabilities ¥4.79 billion (- ¥ 1.23 billion)</p>	Liabilities
	<p>Net assets ¥14.39 billion (+ ¥ 0.88 billion)</p>	Net assets

Liabilities, net assets, equity ratio

(Millions of yen)

Net assets Liabilities Equity ratio (%)



(Millions of yen)	Dec. 31, 2014	Dec. 31, 2015
Current assets	10,115	9,161
Noncurrent assets	9,423	10,020
Total assets	19,539	19,182
Current liabilities	2,462	2,885
Noncurrent liabilities	3,561	1,906
Total liabilities	6,024	4,792
Net assets	13,514	14,390

Increase in cash and deposits ¥ 1.82 billion
 Decrease in real estate for sale ¥ 2.53 billion

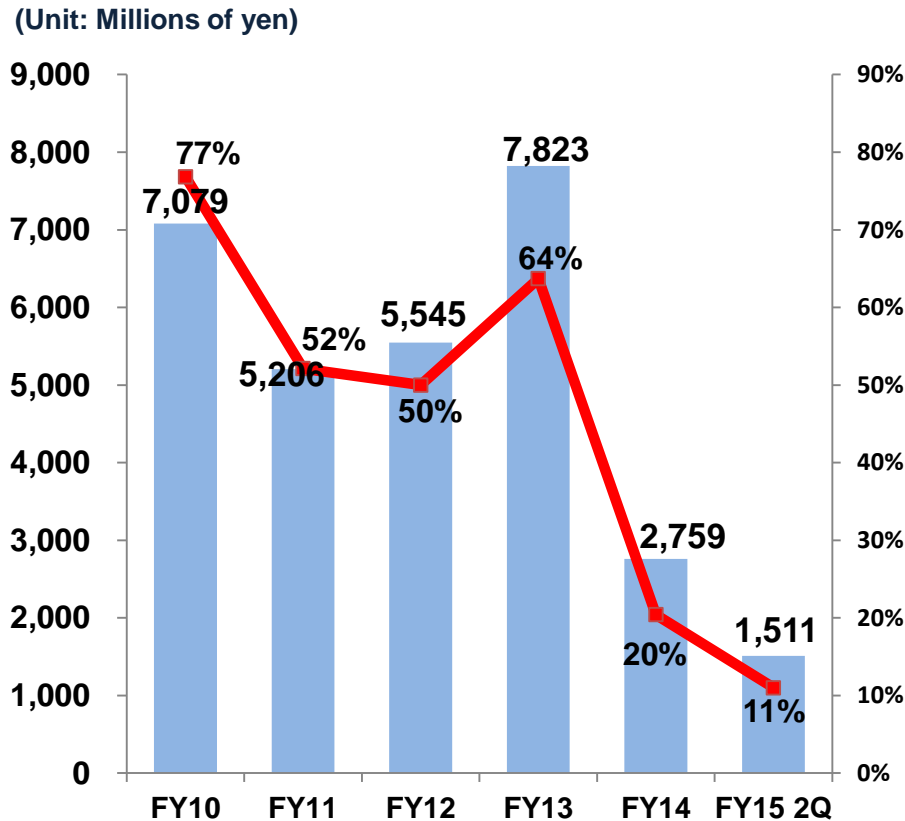
Decrease in long-term loans payable ¥ 1.56 billion

Increase in net income ¥ 1.32 billion
 Decrease in cash dividend payment ¥ 0.44 billion

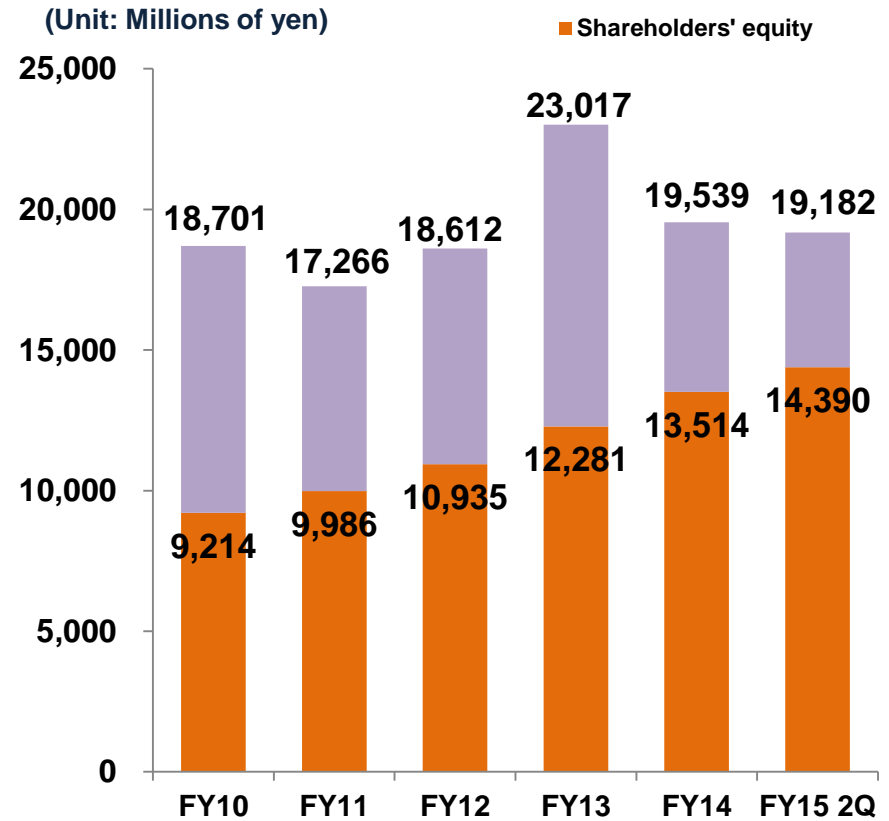
Interest-Bearing Debt, Total Capital, and Shareholders' Equity

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



Total capital and shareholders' equity



Although expenditures rose on purchase of noncurrent assets , cash and cash equivalents increased as a result of higher earnings from real estate for sale, and a decrease in repayment of long-term loans payable.

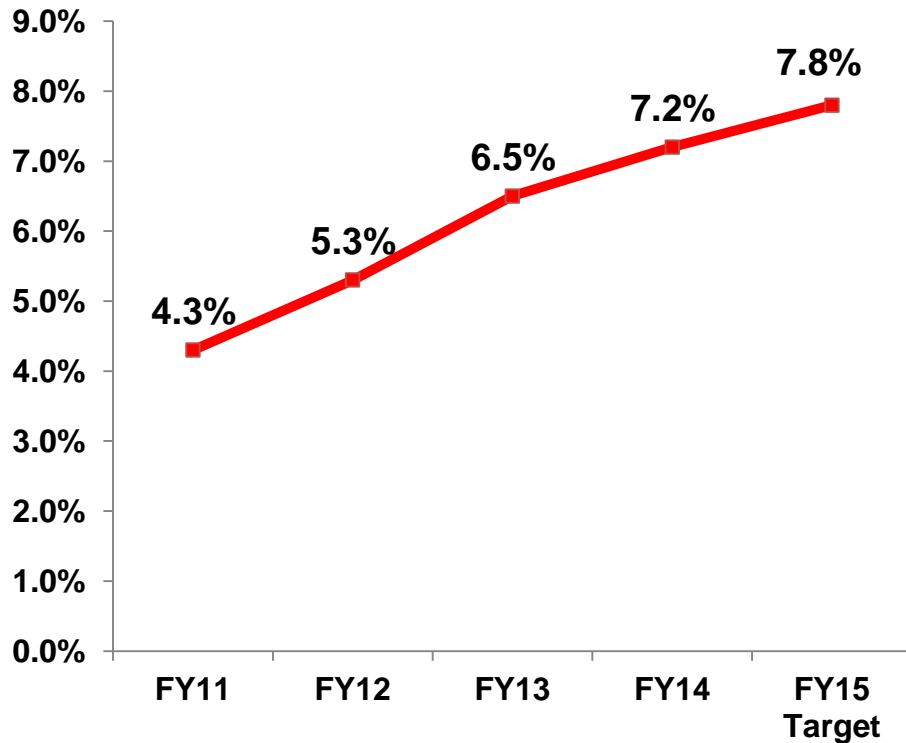
Unit: Millions of yen

	FY14 2Q	FY15 2Q	
Cash flows from operating activities	4,291	4,265	Income before income taxes ¥2.01 billion Decrease in inventories ¥2.67 billion
Cash flows from investing activities	0	(761)	Purchase of noncurrent assets ¥(0.71) billion
Cash flows from financing activities	(2,519)	(1,686)	Repayment of long-term loans payable ¥(1.76) billion Dividend payments ¥0.44 billion Net increase of short-term borrowings ¥0.40 billion
Cash and cash equivalents at the end of period	5,364	7,248	

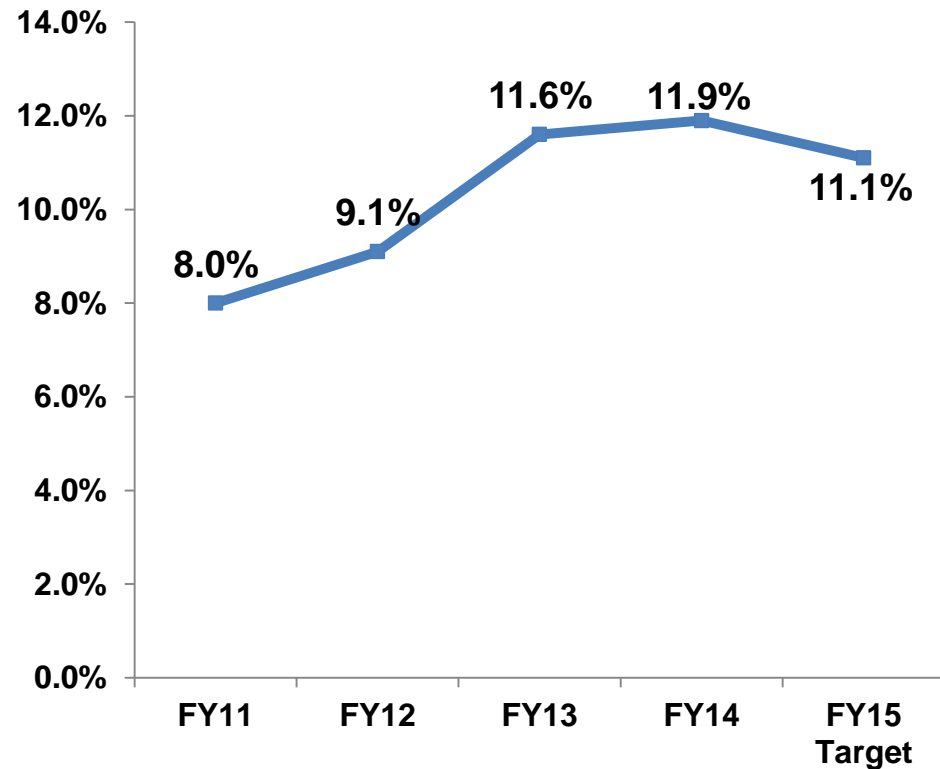
Capital Efficiency

Capital efficiency rose further on higher profits.

Return on assets (ROA)



Return on shareholders' equity (ROE)



Part- II

Summary of FY15 2Q

**Ordinary income rose 57.8%YoY
¥0.89 billion (Plan)⇒ ¥1.98 billion (Actual)**

- ✓ **Results positive, 1H forecasts revised upward**
- ✓ **Net sales rose 15.6% YoY on proactive location openings in the storage business, and performance exceeding plan in the Property Revitalization & Liquidation Service business.**
- ✓ **Operating income rose 60.9%, ordinary income 57.8%, and net income 48.0%.**

Steady progress with business measures

- ✓ **Storage liquidation steadily increasing**
- ✓ **Steady rise in location openings and management**
- ✓ **Total storage increased to 59,802 units
(+6,238 units compared to FYE12/2014)**

- ✓ **Contribution from Property Revitalization & Liquidation Service business**
- ✓ **Strengthen opening of local business offices specializing in storage location openings and customer recruitment**
- ✓ **Sendai business office opened in February**
- ✓ **Awareness of Hello Storage rising moderately on increase in media exposure including TV and magazines**

Part-III

2H Priority Measures and Full-Year Outlook

✓ **Adaptation to change in storage business environment**

✓ **Demand for safety and security**

⇒ We consider potential future risks and determine remedial measures

Building confirmation of existing properties to be successively implemented

✓ **Increasing investment needs in the storage liquidation business**

⇒ Greater interest from investors considering tax reduction strategies

Results in greater number of openings through self-financing



Accumulated capital allocated for growth investment and strengthening of base

✓ New measures for self-storage trunk rooms

Develop “2x4 Trunk”

- ✓ Buy sites and then open stores
- ✓ It allows for openings under broader terms (location, area size)

⇒ Expand the range of end users



✓ Enhance brand strength through stronger base

Proactive on-site maintenance

- ✓ Conduct maintenance on existing properties, including signage, interior, and exterior

⇒ Strengthen retention of end users

- ✓ Enhance earnings capacity of sites

✓ Strengthen marketing

✓ Clarify standards for opening locations

- Classify areas (catchment areas) from Special A to C grade, based on population, income, and other criteria.
- Classify candidate location sites from Special A to C grade, based on visibility, traffic volume, and other criteria.

Ex. Saitama city is a Special A area, so we can open locations in Special A to B sites.

✓ Clarify standards to permit effective searches for sites

✓ Utilize data for rule-based, defined standards for opening locations, rather than intuition.

✓ Introduce IT systems

✓ Systemization of sales operations using Salesforce

✓ Strengthen marketing using Revenue Management

✓ Systemization of process for enhancing employee capabilities

Utilize an “objective clarification warp sheet ” for employee evaluation

⇒ Clarify the objectives of each employee for continued operational improvements, and enhancing the capabilities of all employees

⇒ Enhance employee capabilities to achieve company-wide operational efficiency

✓ Continual improvement in operational efficiency through the Arealink Master Program



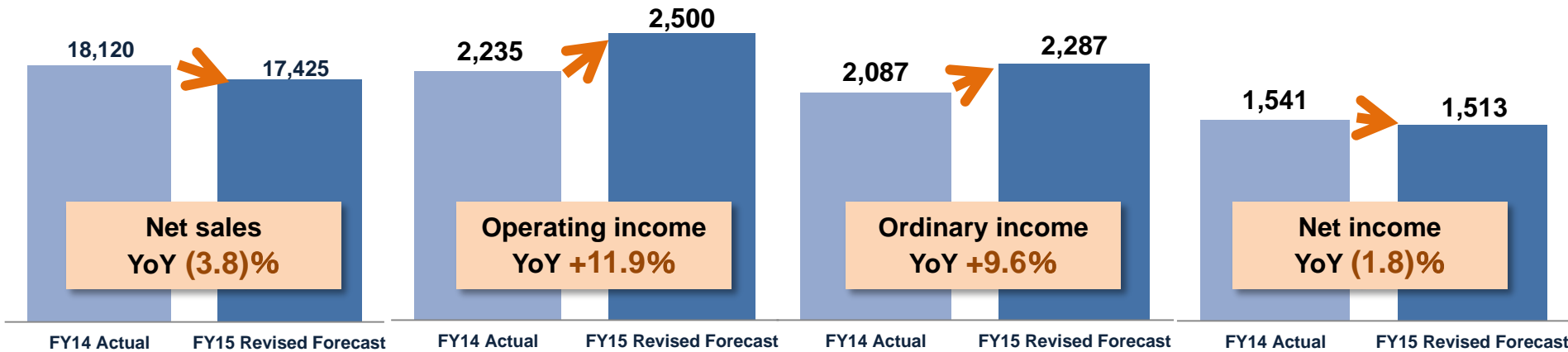
Continue various measures, aiming to achieve goals in 2-3 years

- ✓ Salaries 1.5 times average
- ✓ 150 days of holiday annually
- ✓ Company with minimal overtime

FY15 Earnings Outlook

Initial forecasts revised upward, for increases both in operating income and ordinary income

Unit: Millions of yen



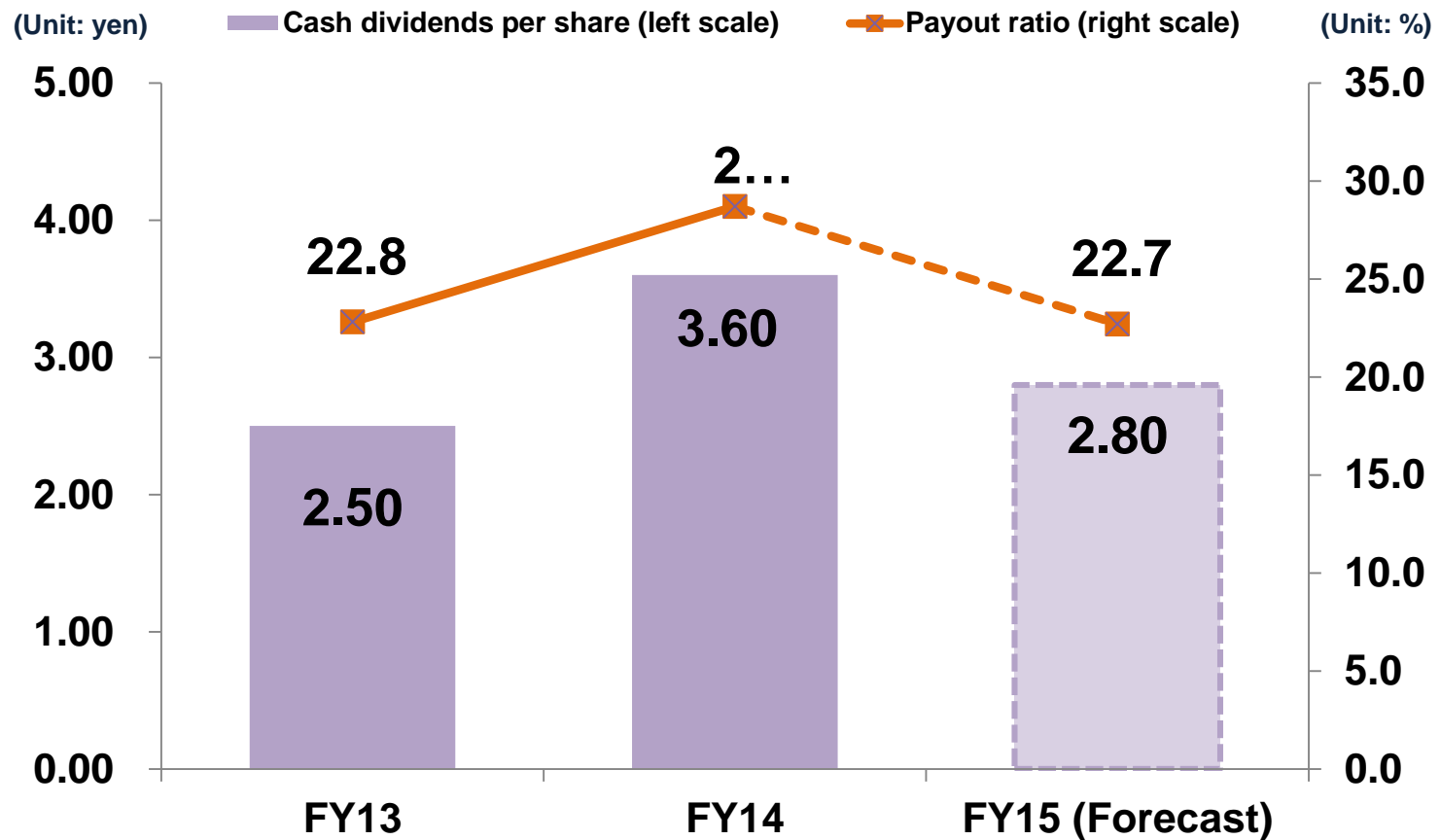
(Millions of yen)	FY2014		FY2015				YoY	
	Actual (A)	(%)	Previous * Forecast	(%)	Revised Forecast (B)	(%)	Variance (B-A)	% Change
Net sales	18,120	(100.0)	13,400	(100.0)	17,425	(100.0)	(695)	(3.8)%
Operating income	2,235	(12.3)	1,195	(8.9)	2,500	(14.3)	265	11.9%
Ordinary income	2,087	(11.5)	1,150	(8.6)	2,287	(13.1)	200	9.6%
Net income	1,541	(8.5)	797	(5.9)	1,513	(8.7)	(28)	(1.8)%
ROE (%)	11.9	—	4.8	—	11.1	—	(0.8)pt	—
ROA (%)	7.2	—	3.4	—	7.8	—	0.6pt	—

* Announced on April 28

Dividends and Payout Ratio

Consideration of flexible share buybacks

Dividends per share and the payout ratio



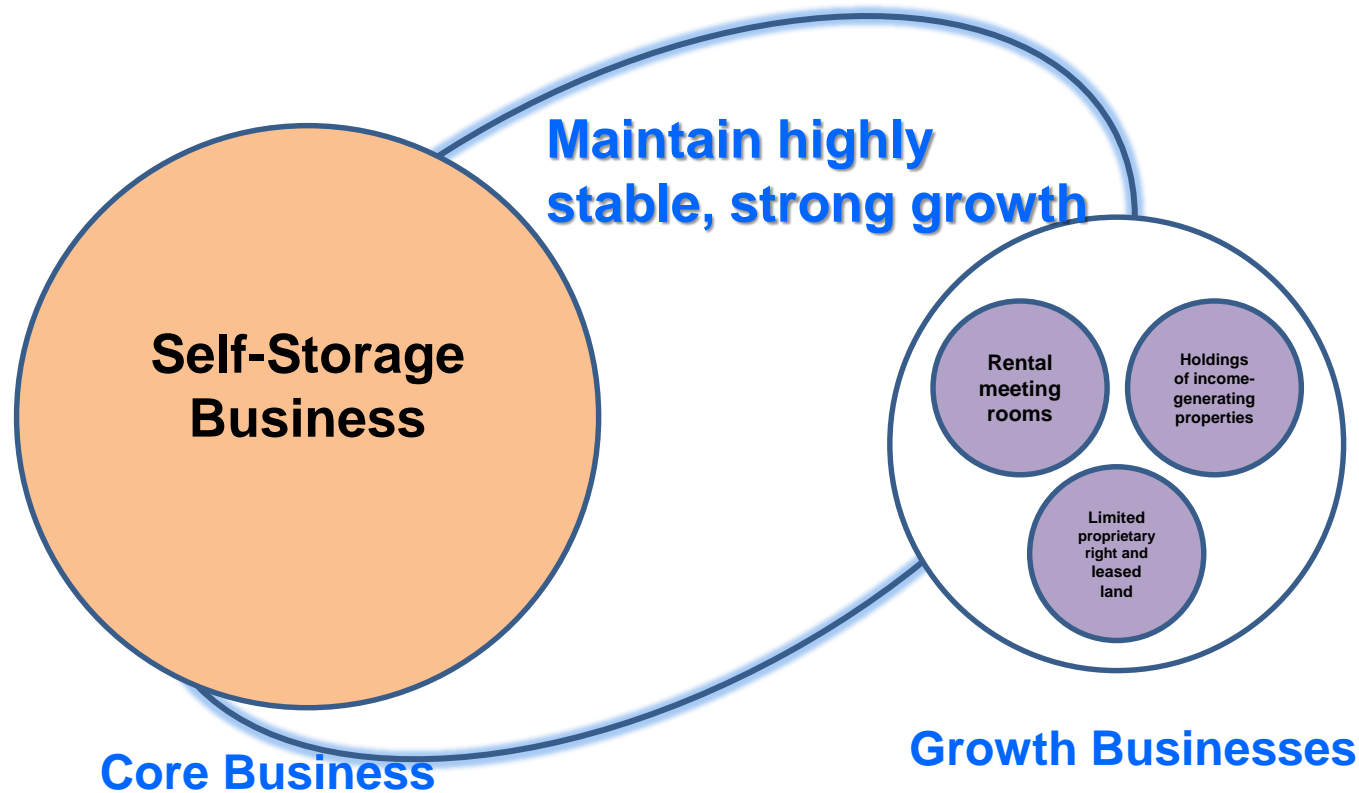
Part-IV Medium-Term Management Plan

* Details of the Medium-Term Management Plan outlined in Part-IV were announced on February 16, 2015.

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

【 Our Ideal Real Estate Model 】

Focus investment on storage business

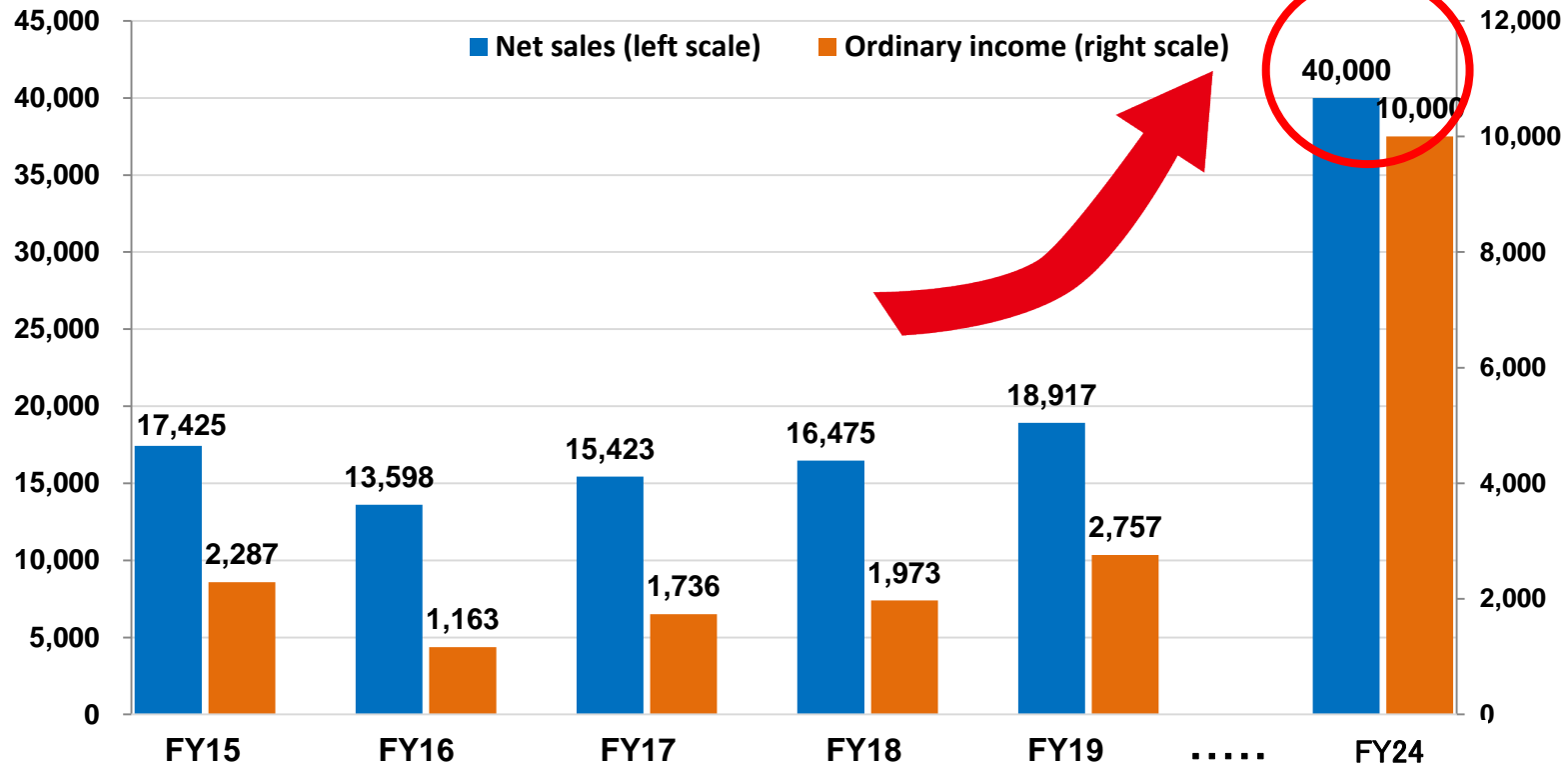


Growth foundation in the mainstay storage business
FY19: Net sales ¥18.91bn, Ordinary income ¥2.75bn
FY24: Net sales ¥40.0bn, Ordinary income ¥10.0bn

Outlook for net sales and ordinary income

(Unit: Millions of yen)

(Unit: Millions of yen)



Target to achieve 50% share of the self-storage market

- ✓ **Establish business offices to accelerate location openings**
 - ✓ Total of 35 local offices specializing in opening of storage locations to be established by 2018
- ✓ **Differentiation and greater brand strength**
 - ✓ IT system investments to enhance operational efficiency and improve services
 - ✓ Raise visibility with storage buildings and installation of LED signage
- ✓ **Human resources development**
 - ✓ Train future managers with office openings and independent profitability



LED Signage

Medium-Term Management Plan: Principal Measures (2)

- ✓ **Growth strategies including M&A**
 - ✓ Effectively utilize growth capital to expand the mainstay self-storage business in a short period of time
 - ✓ Secure a market share far ahead of the competition, and establish absolute predominance

- ✓ **Develop new business “Arealink Consulting”**
 - ✓ New business targeting wealthy individuals, including asset management consulting for the Owners’ Club



- ✓ In ten years, ¥10 billion in ordinary income with 200 employees
- ✓ Target operating income of ¥50 million in ordinary income per employee
⇒ **Aim for efficient management**

Exciting Company

Bringing the world convenience,
enjoyment, and excitement

Part-V

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)

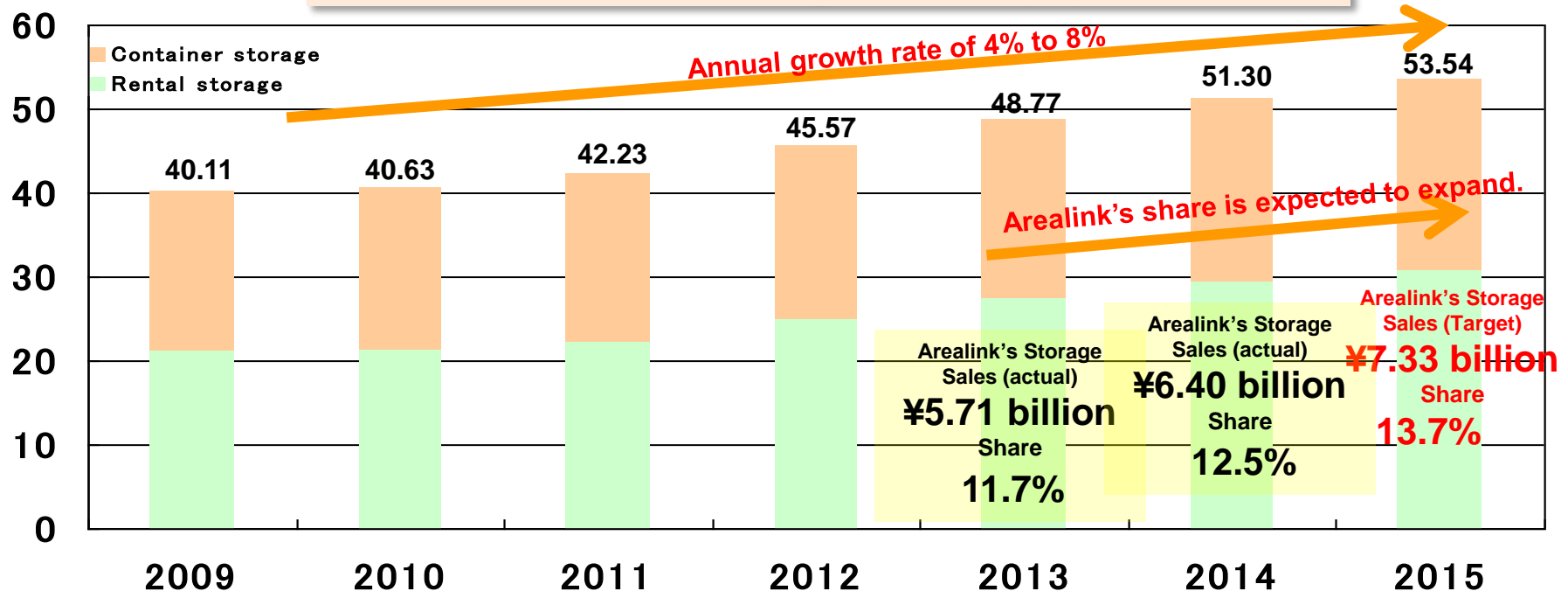
The Japanese self-storage market is expected to expand to ¥53.54 billion by 2015.

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)

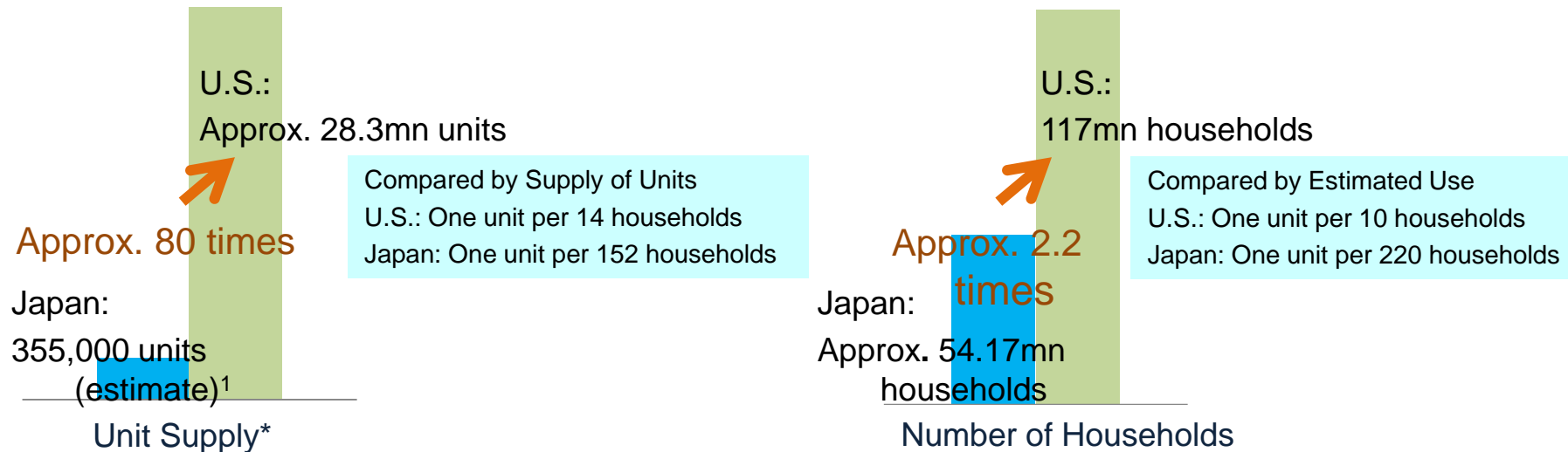


Storage Business (2): Market Scale Forecasts (2)

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 2014)

Rank	Company Name	No. of Locations	No. of Units	Market Share (by No. of Units)
1	Public Storage	2,396	1,435,686*	5.83%
2	Extra Space Storage	1,072	714,082	2.90%
3	U-Haul	1,262	477,675	1.94%
Top 10 companies		5,773	3,267,596	15.53%
Total		6,753	3,821,350	100%

Source: Self Storage Almanac 2015

* The number of units are preliminary calculated since 2012, because it is a non-disclosure figure.

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

Founded in 1972, Selected for the S&P 500 and FT Global 500

● Operating revenue ¥267.8 billion (YoY+10.8%)

● Net income allocable to shareholders ¥139.5 billion (YoY+8.7%)

Source: Company's Annual Report 2014 (Currency converted at ¥122 USD (closing price as of December 20134))

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%

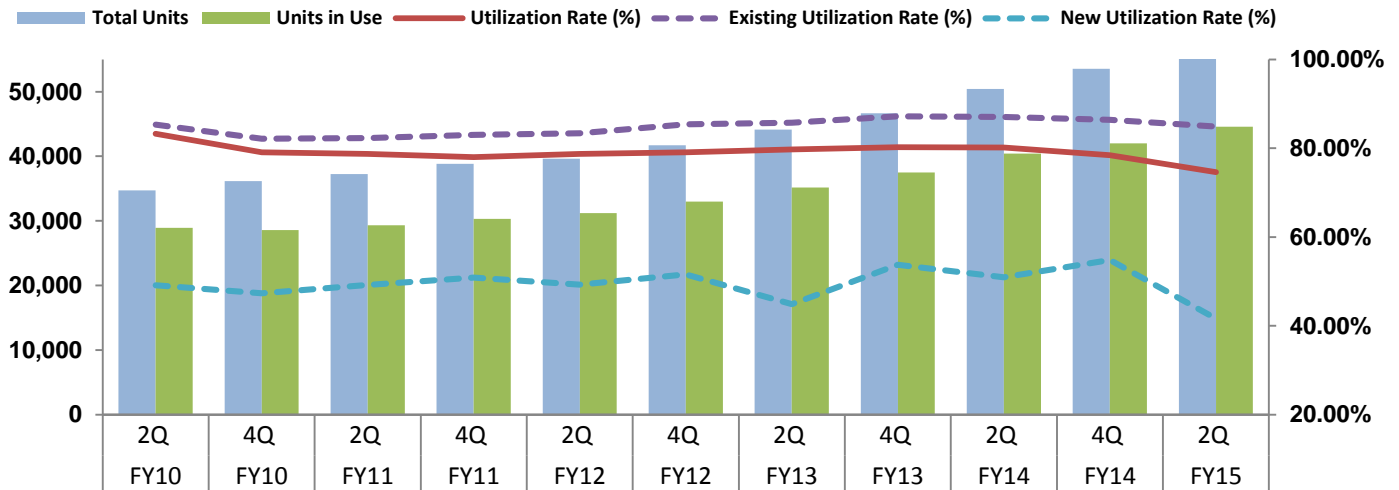


Storage Business (4): Total Units, Units in Use, and Utilization Rate

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

- 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.
- In FY15 2Q, openings of new units; 6,423 and closing of 185 units; The total number of units increased by 6,238 units from the end of the previous fiscal year.

Total Units , Units in Use, and Utilization Rate



Total Units	34,723	36,131	37,267	38,838	39,614	41,698	44,138	46,686	50,422	53,564	59,802
Units in Use	28,917	28,562	29,340	30,290	31,188	32,968	35,177	37,499	40,407	42,009	44,603
Utilization Rate (%)	83.28%	79.05%	78.73%	77.99%	78.73%	79.06%	79.70%	80.22%	80.14%	78.43%	74.58%
Existing Utilization Rate (%)	85.33%	82.11%	82.28%	83.00%	83.34%	85.41%	85.73%	87.15%	87.06%	86.36%	84.90%
New Utilization Rate (%)	49.11%	47.36%	49.20%	50.85%	49.30%	51.61%	44.86%	53.77%	50.90%	54.85%	41.63%

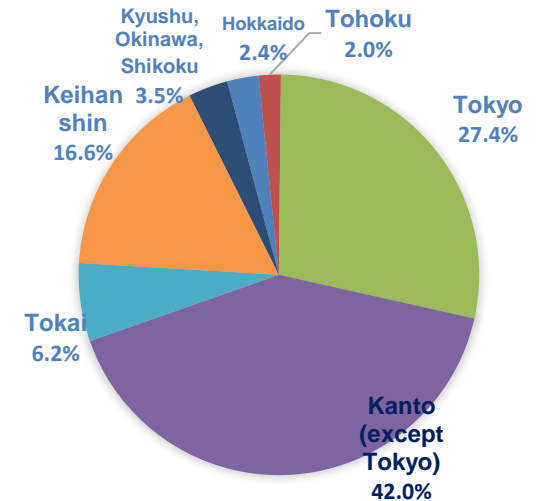
* Existing: Units after more than two years since they opened
 New: Units after less than two years since they opened

Storage Business (5) : Openings by Region

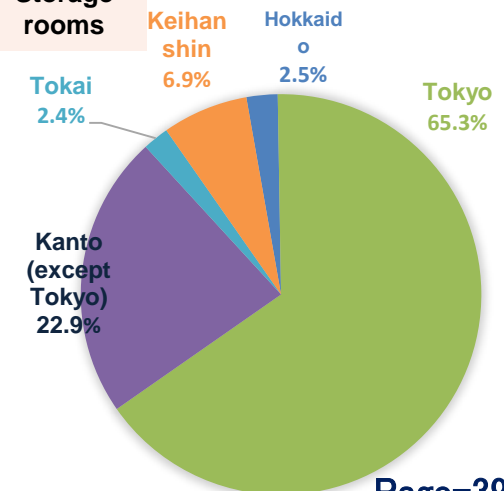
Establish 35 locations (branch offices and business offices) nationwide, aiming for a 50% domestic market share, and accelerate storage location openings

Prefecture	Containers	Storage Rooms	Total	Proportion of Total
Hokkaido	1,024	422	1,446	2.42%
Miyagi	861	-	861	1.44%
Ibaraki	292	-	292	0.49%
Tochigi	83	-	83	0.14%
Gunma ^{NEW}	112	-	112	0.19%
Saitama	5,719	815	6,534	10.93%
Chiba	7,821	320	8,141	13.61%
Tokyo	11,778	10,941	22,719	37.99%
Kanagawa	4,049	2,694	6,743	11.28%
Gifu	265	-	265	0.44%
Shizuoka	356	-	356	0.60%
Aichi	1,897	345	2,242	3.75%
Mie	154	50	204	0.34%
Kyoto	900	154	1,054	1.76%
Osaka	2,989	962	3,951	6.61%
Hyogo	2,683	47	2,730	4.57%
Nara	554	-	554	0.93%
Wakayama ^{NEW}	27	-	27	0.05%
Kagawa ^{NEW}	45	-	45	0.08%
Fukuoka	863	-	863	1.44%
Kumamoto	48	-	48	0.08%
Oita	26	-	26	0.04%
Kagoshima	372	-	372	0.62%
Okinawa	134	-	134	0.22%
Total	43,052	16,750	59,802	100.00%

Container



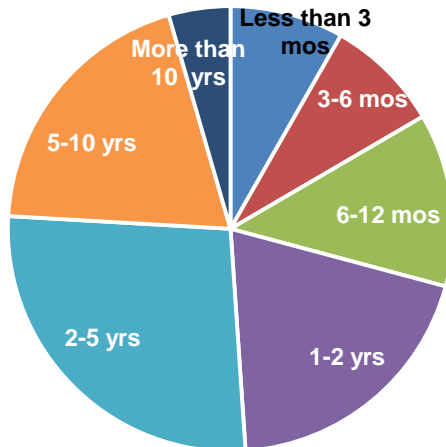
Storage rooms



Storage Business (6): User Analysis

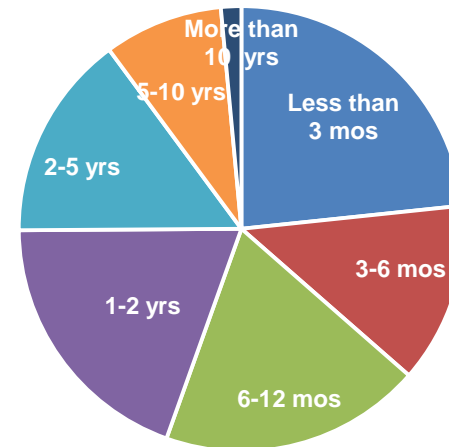
- Average usage period for current contract customers is three years and two months (at June 2015).
- Average usage period for customers who have terminated contracts is 22 months (2014 result).
- Average monthly usage fee is ¥11,250 for a container type, and ¥12,500 for trunk type.

Breakdown of usage period for current contract customers



* Analysis of customers with contracts at June 2015

Breakdown of usage period for customers who terminated contracts



* Analysis of customers who terminated contracts in 2014

Examples of self-storage locations / Outdoor container type



Ebetsushi Omasakiragucho (Hokkaido)



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)



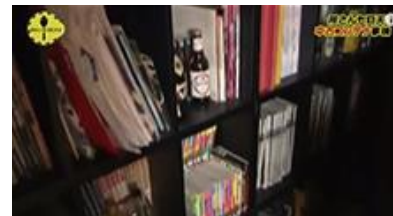
Takamastu Gotocho (Kagawa)

NEW : Newly opened in 2014 and 2015

Examples of self-storage locations / Outdoor container type



Featured on the TV Asahi Super J channel (October 8, 2014)



Featured on the NHK "Tokoro san! Taihendesuyo" (July 2, 2015)

Examples of self-storage locations / Indoor building type



Ageo (Saitama)



Shimoichiai (Tokyo)



Hashimoto (Tokyo)



Koenji 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

Example of a “Storage Building” Type Unit

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

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

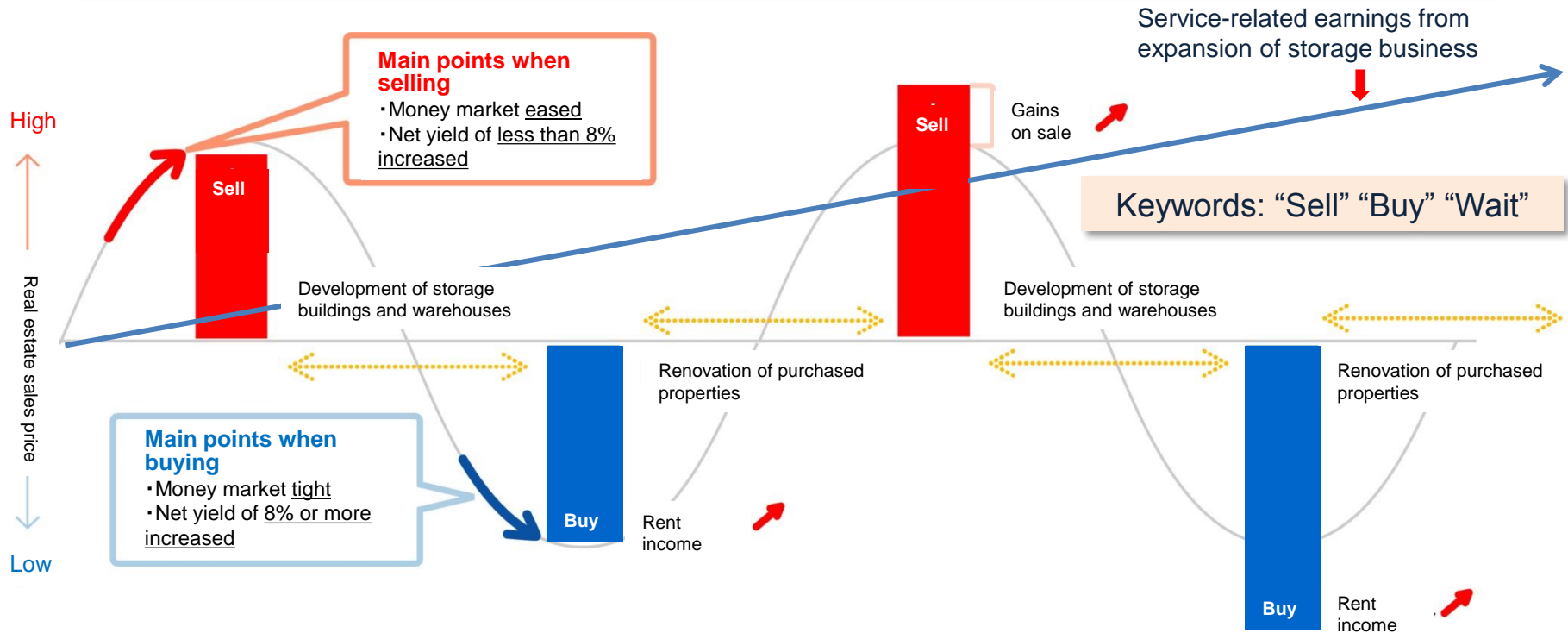
- ✓ We are developing the Hello Meeting Room business nationwide with the aim of establishing a new earnings base, and being **the industry leader**.
 - Rental meeting room service launched in 2006, utilizing small and mid-sized office buildings, and vacant rooms in Tokyo, Yokohama, and Osaka.
 - Locations 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

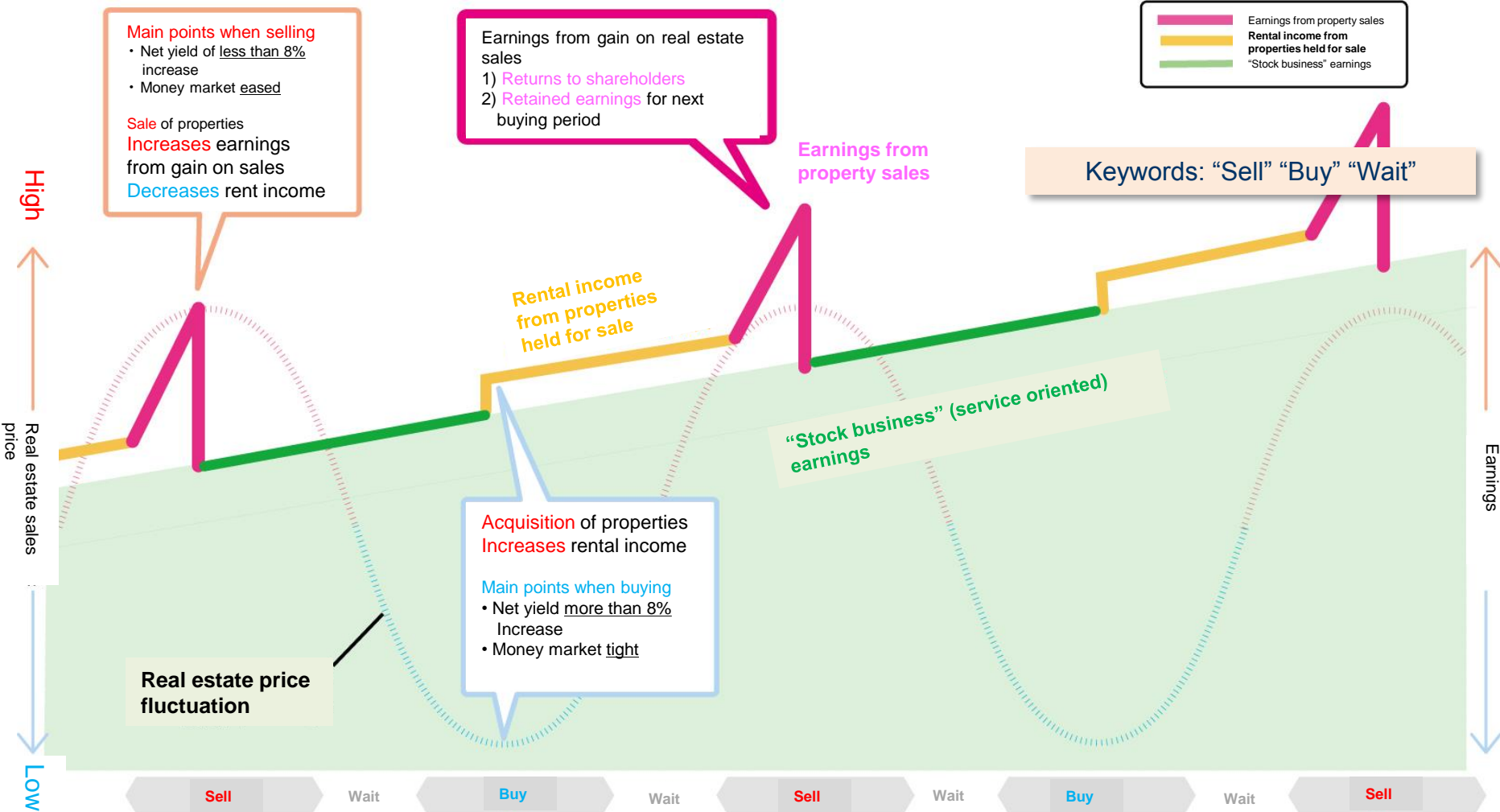


Real estate purchases and sales in line with the price cycle:

- 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

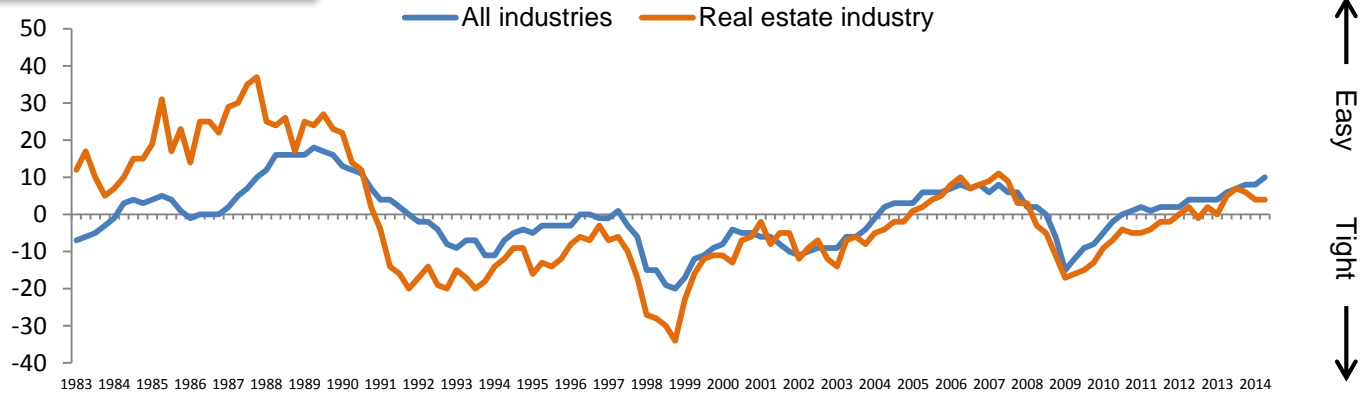


The “Sell-Buy-Wait” cycle for real estate sales

Ideal Real Estate Model (3)

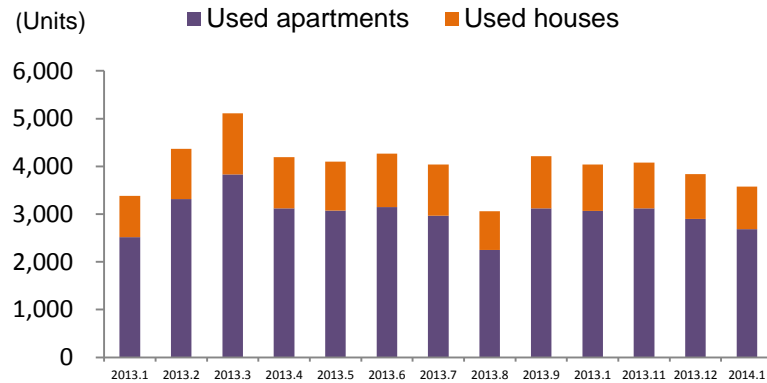
We conduct a demand analysis of the real estate market, including the status of corporate financing, newly-built and used apartments, and newly-built homes.

Financing Diffusion Index (DI)

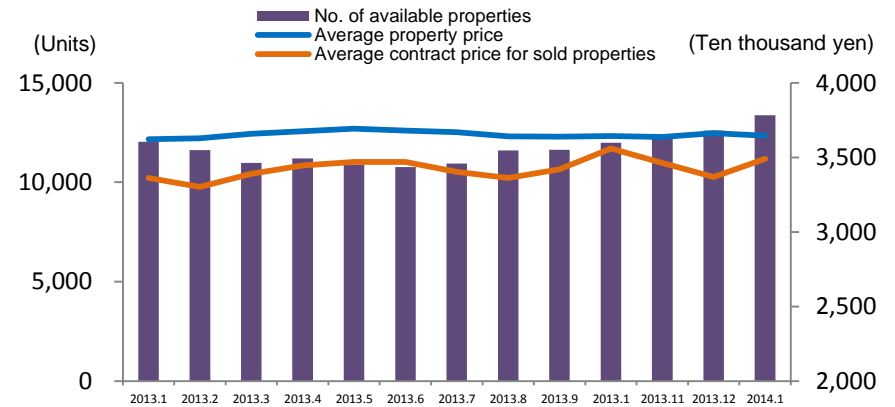


Source: Bank of Japan, Explanation of the Short-Term Economic Survey of Enterprises in Japan (*Tanken*) * DI (Diffusion index): "easy" minus "tight"

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

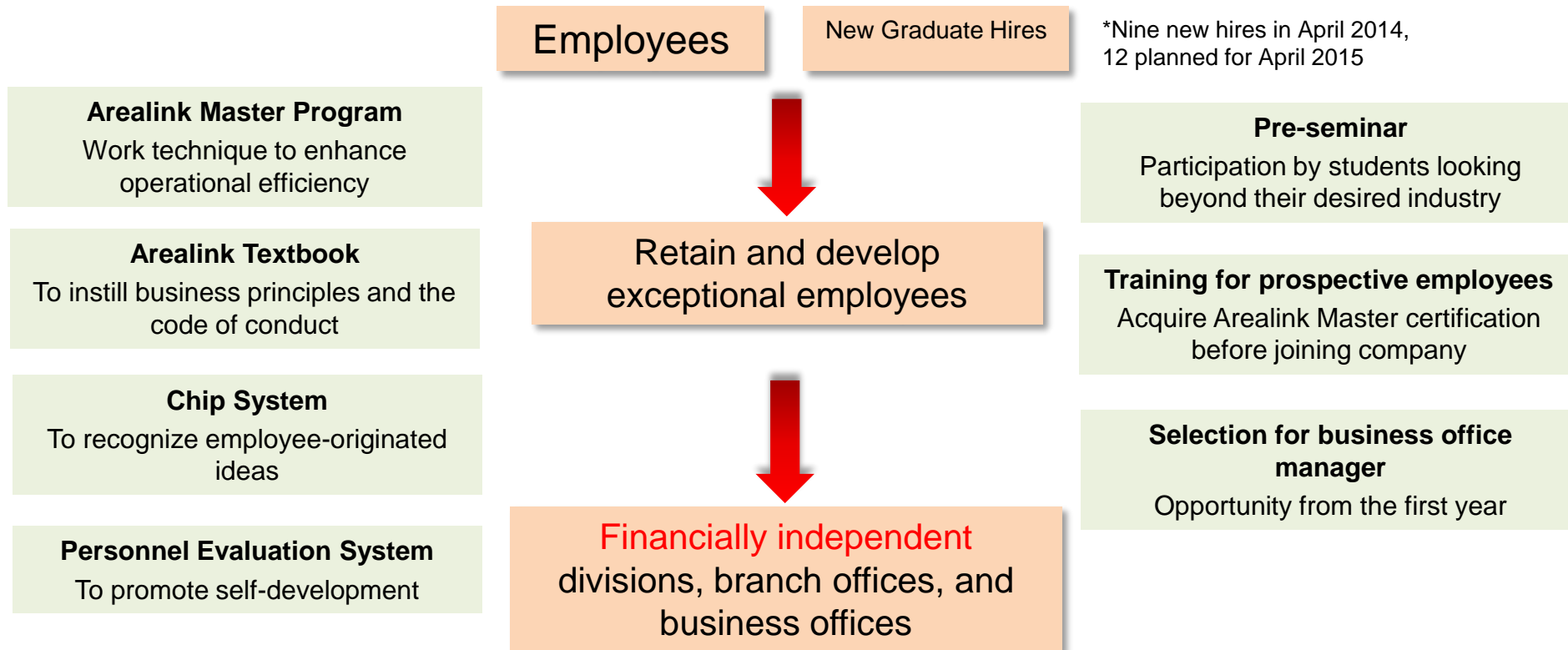
- ✓ Create a marketing list
- ✓ Maintenance of primary properties
- ✓ Cost reductions
- ✓ Improvement in C and D rank properties
- ✓ Enhance follow-up support for owners
- ✓ Strengthen network with property owners
- ✓ Simplify work for maintenance and administrative personnel

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.

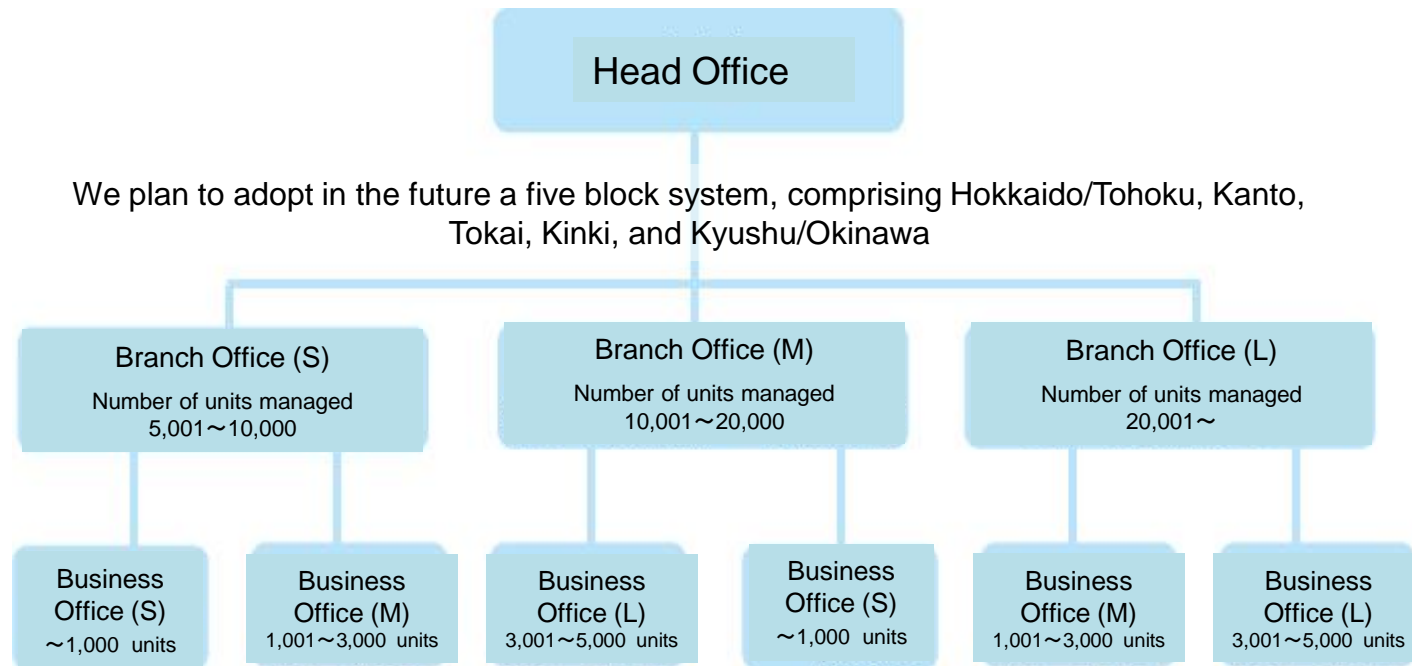


Human Resources Development (2)

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**

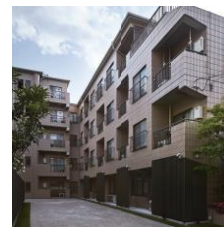
Real Estate Sales: Strategies and Measures

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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