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Results Briefing

Fiscal Year Ended December 2017

February 21, 2018

Exciting Company



Arealink Co.,Ltd.

Securities code:8914

Part I Summary of FY17 and FY18 Earnings Outlook

Part II Main Measures for FY18

**Part III Medium-term Business Plan
– Overview of Main Measures**

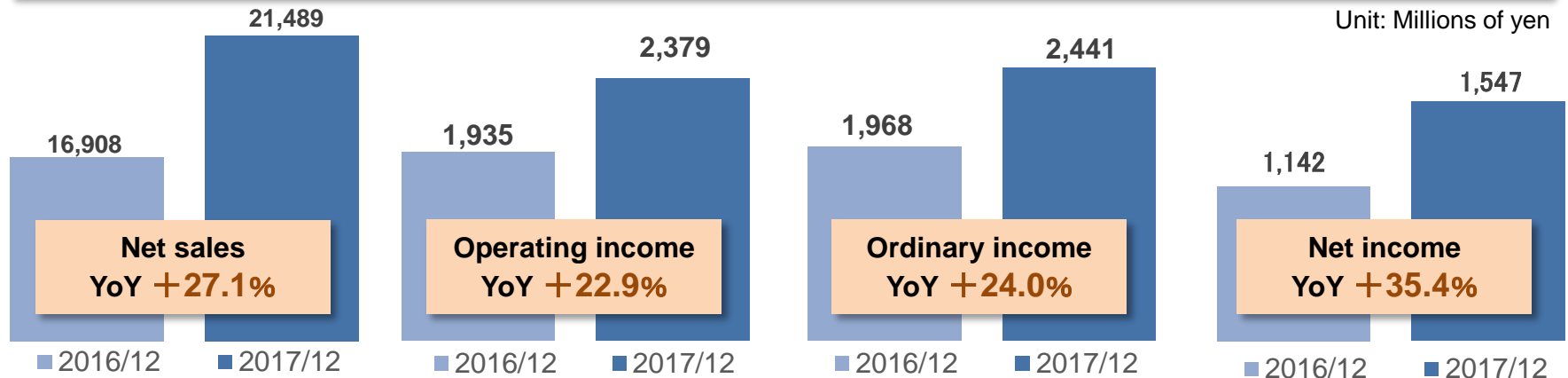
Part IV Reference Material

Part- I

Summary of FY17 and FY18 Earnings Outlook

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

Results exceeded plan with double-digit increases in net sales and earnings on steady growth in the self-storage business, despite suspension of sales of income-generating properties.



	FY16		FY17 Plan (after revised)		FY17		Actual vs. Initial plan		YoY	
	Actual	(%)	Plan	(%)	Actual	(%)	Variance	% Change	Variance	% Change
(Millions of yen)										
Net sales	16,908	(100.0)	19,447	(100.0)	21,489	(100.0)	2,041	10.5%	4,581	27.1%
Cost of sales	12,136	(71.8)	14,413	(74.1)	15,805	(73.5)	1,391	9.7%	3,669	30.2%
Gross profit	4,771	(28.2)	5,034	(25.9)	5,683	(26.4)	649	12.9%	911	19.1%
SG&A expenses	2,835	(16.8)	2,779	(14.3)	3,302	(15.3)	524	18.9%	468	16.5%
Operating income	1,935	(11.4)	2,254	(11.6)	2,379	(11.0)	124	5.5%	443	22.9%
Ordinary income	1,968	(11.6)	2,220	(11.4)	2,441	(11.3)	221	10.0%	472	24.0%
Net income	1,142	(6.8)	1,353	(7.0)	1,547	(7.1)	193	14.3%	404	35.4%

Steady advancement of business measures

- **Continued progress with self-storage location openings and stable operations**
- **Increase to a total 81,555 units
(+10,904 units compared to end-FY12/16)**
- **Total of 21 self-storage locations with accompanying land**
- **Steady growth in the Property Revitalization & Liquidation Service business, centered on land rights**

Segment Breakdown

Property Management Service

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



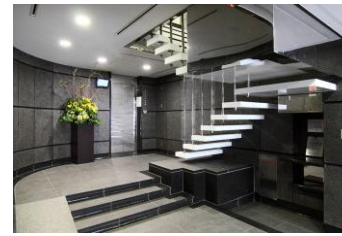
Hello Storage (Container type)



Hello Storage (Room type)



Self-storage Properties w/Land



Property Holding (Kyodo Building entrance)



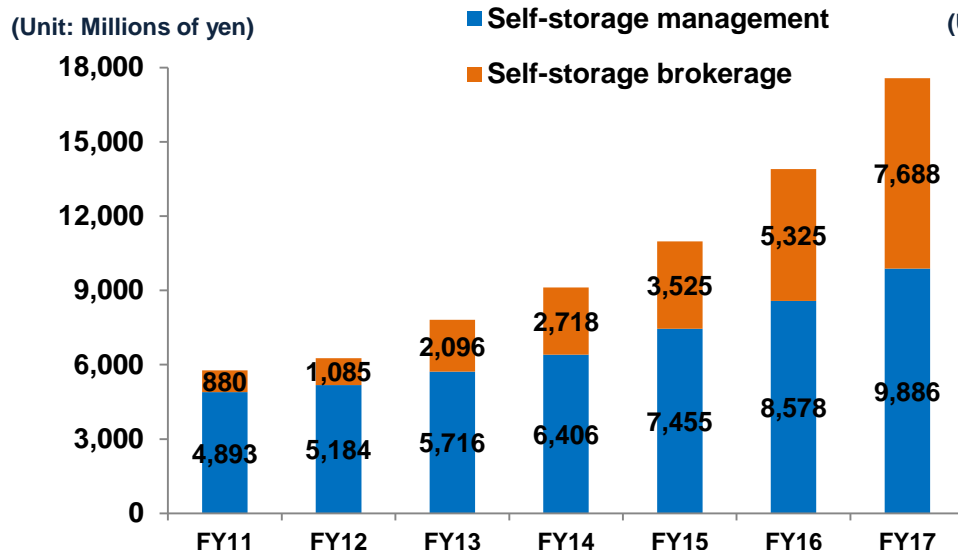
Hello Rental Meeting Room (Shibuya II)

Property Revitalization & Liquidation Service

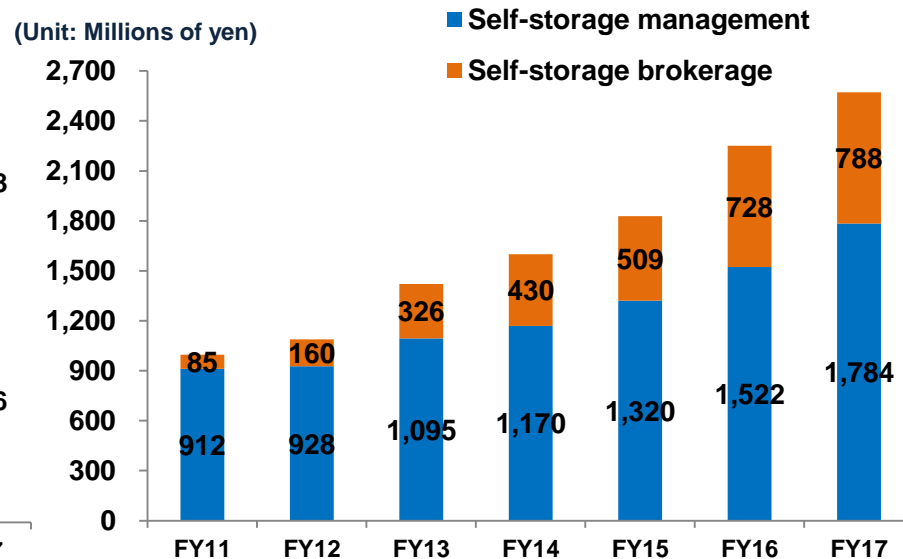
- Land rights management business (limited land rights)

Self-Storage Business: Net Sales and Operating Income

Self-Storage Business Net Sales



Self-Storage Business Operating Income



(Millions of yen)	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Self-storage management	5,773	6,269	7,813	9,124	10,980	13,904	17,575
Self-storage brokerage	4,893	5,184	5,716	6,406	7,455	8,578	9,886
Self-Storage Business Net Sales	880	1,085	2,096	2,718	3,525	5,325	7,688
Self-storage management	997	1,088	1,421	1,600	1,829	2,251	2,572
Self-storage brokerage	912	928	1,095	1,170	1,320	1,522	1,784
Self-Storage Business Operating Income	85	160	326	430	509	728	788

Self-Storage Business: Net Sales and Total Units

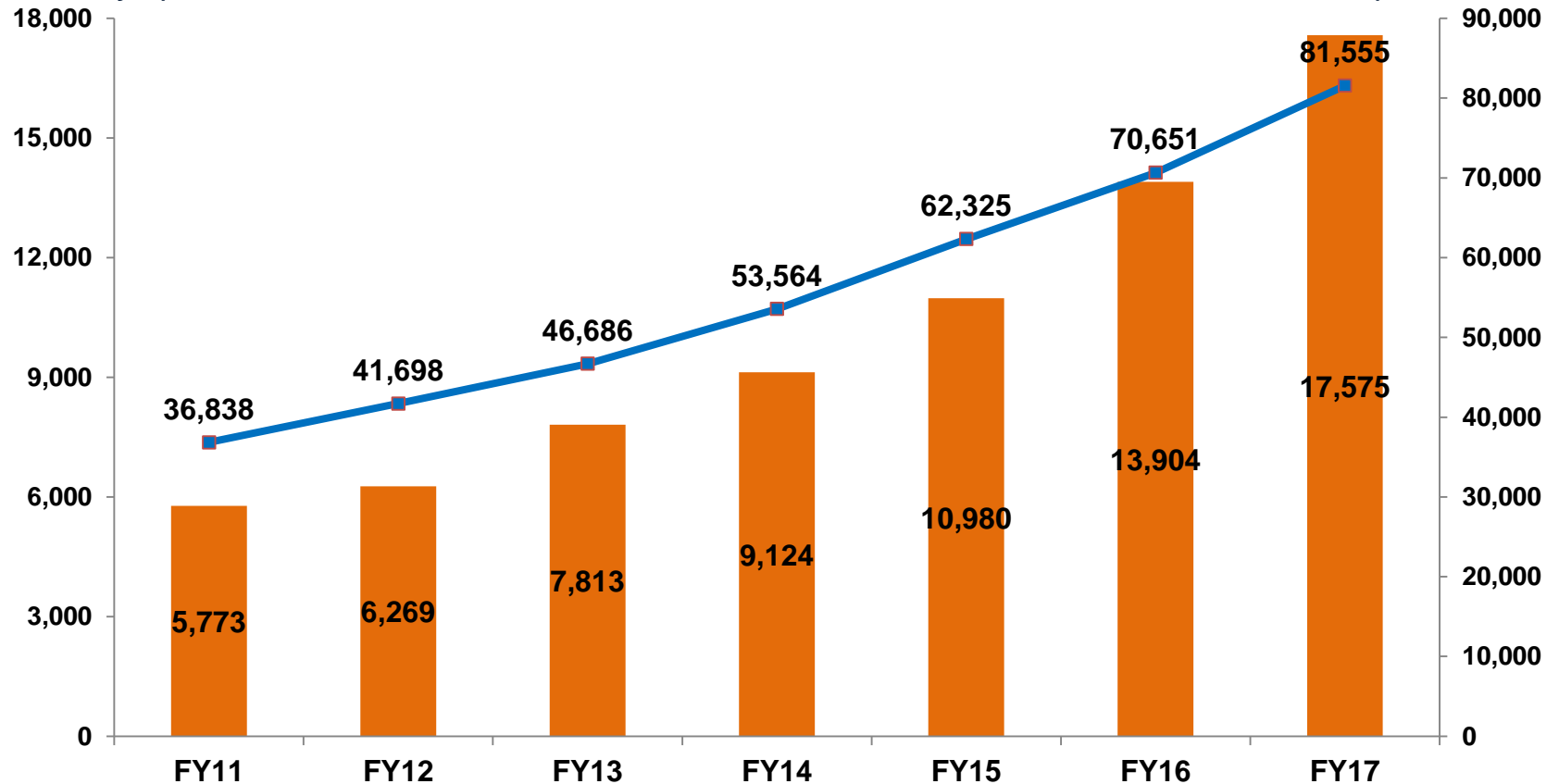
Self-Storage Business Net Sales and Total Units

(Unit: Millions of yen)

Self-Storage Business Net Sales (left scale)

Total Units (right scale)

(Unit: Number of units)

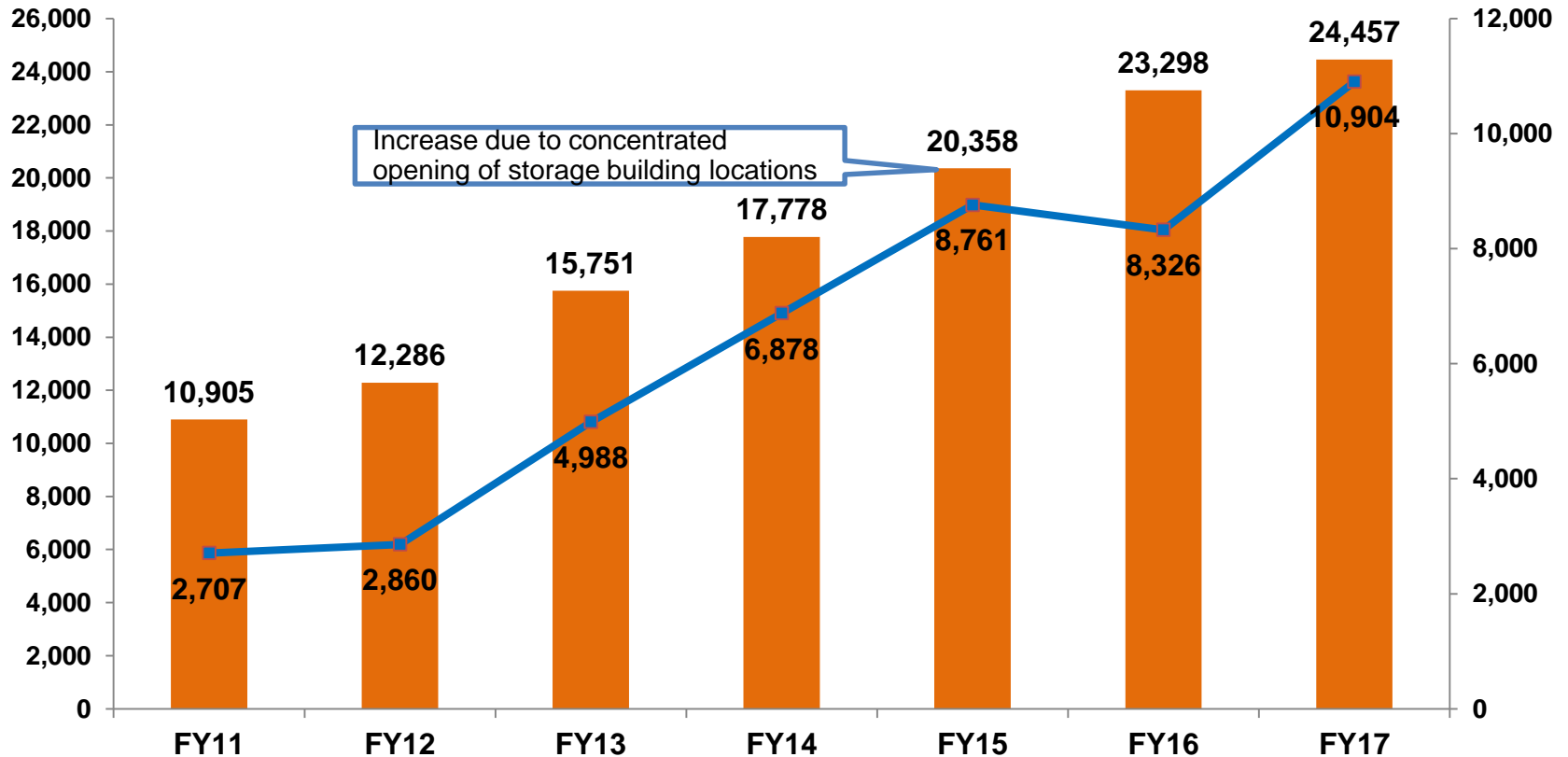


Self-Storage Business Number of New Contractors and Net Increased Units

(Unit: Persons)

(Unit: Number of units)

Number of New Contractors (left scale) Net Increased Units (right scale)

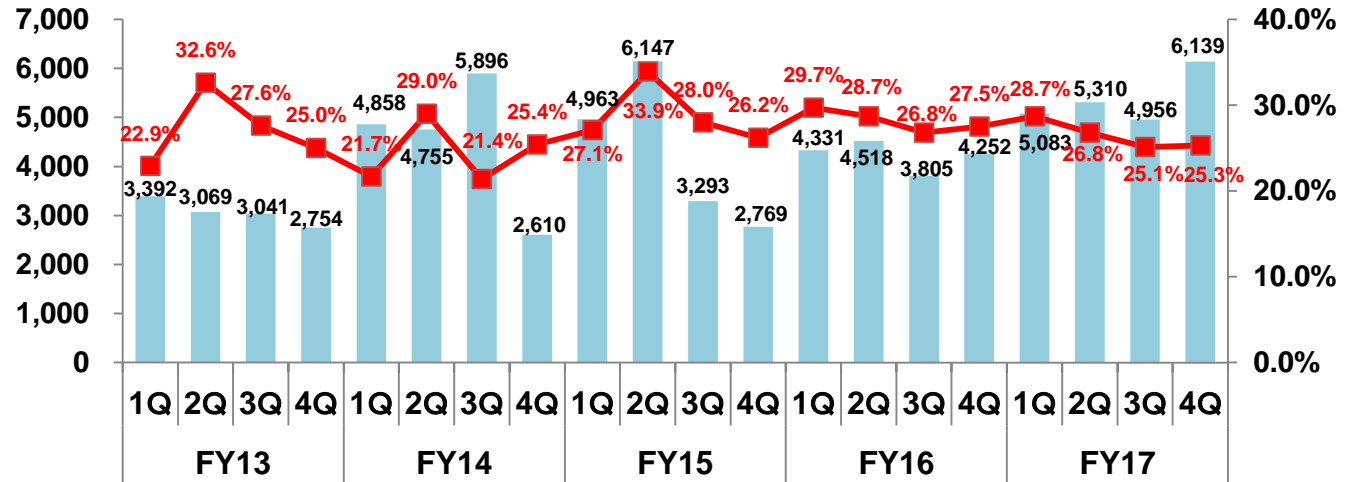


Quarterly Net Sales and Operating Income

Revenue and earnings trends in line with plan, including profitability

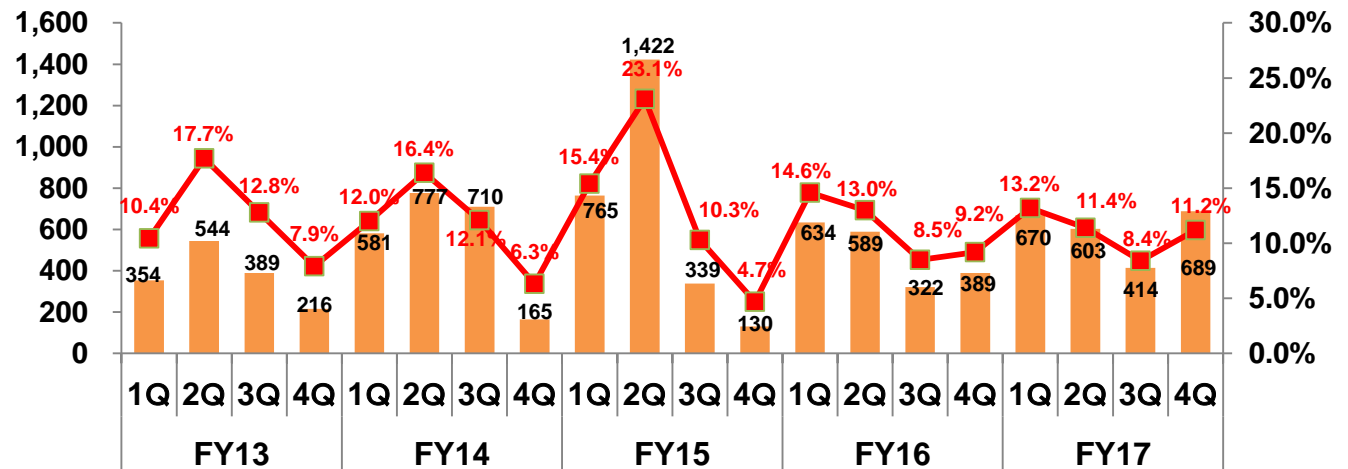
(Unit: Millions of yen)

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 due to compensation for transfer.
Extraordinary loss increased on rise in head office transfer cost.**

Non-operating income
Compensation for transfer
¥106 million

Non-operating expenses
Interest expenses ¥62 million

Extraordinary income
Gain on sales of noncurrent
assets
¥31 million

Extraordinary loss
Head office transfer cost ¥16 million
Impairment loss ¥101 million

Unit: Millions of yen

Step income	2016/12 cumulative	2017/3 1Q period	2017/6 2Q period	2017/9 3Q period	2017/9 4Q period	2017/12 cumulative	Variance	% Change
Operating income	1,935	670	603	414	689	2,379	443	22.9%
Non-operating income	93	12	56	53	25	149	56	60.3%
Non-operating expenses	60	24	19	18	25	87	27	45.4%
Ordinary income	1,968	659	641	450	690	2,441	472	24.0%
Extraordinary income	90	7	7	21	7	43	(47)	(52.2)%
Extraordinary loss	156	29	4	0	126	162	5	3.8%
Income before income taxes	1,902	637	643	471	570	2,322	419	22.1%
Income taxes — current	667	188	231	151	215	787	120	18.0%
Income taxes — deferred	92	18	(16)	15	(29)	(12)	(105)	—
Net income	1,142	430	427	305	384	1,547	404	35.4%

Financial Position

Sound financial condition maintained.

Financial Position

As of December 31, 2017

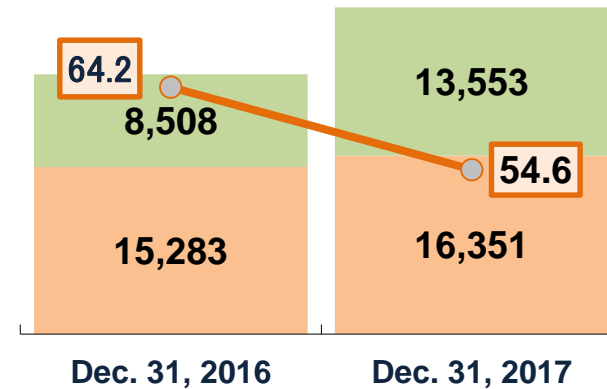
*Figures in parentheses indicate changes from the end of December 31, 2016.

Total assets ¥29,904 million (+ ¥ 6,113 million)	Liabilities ¥13,553 million (+ ¥ 5,045 million)	Liabilities
	Net assets ¥16,351 million (+ ¥1,068 million)	Net assets

Liabilities, net assets, equity ratio

(Millions of yen)

Net assets Liabilities Equity ratio (%)



(Millions of yen)	Dec. 31, 2016	Dec. 31, 2017
Current assets	12,168	17,532
Noncurrent assets	11,622	12,372
Total assets	23,791	29,904
Current liabilities	4,959	5,691
Noncurrent liabilities	3,548	7,861
Total liabilities	8,508	13,553
Net assets	15,283	16,351

Increase in real estate for sale in process ¥ 4.67 billion
 Decrease in cash and deposits ¥ 0.56 billion

Decrease in short-term loans payable ¥0.03 billion
 Increase in long-term loans payable ¥3.89 billion

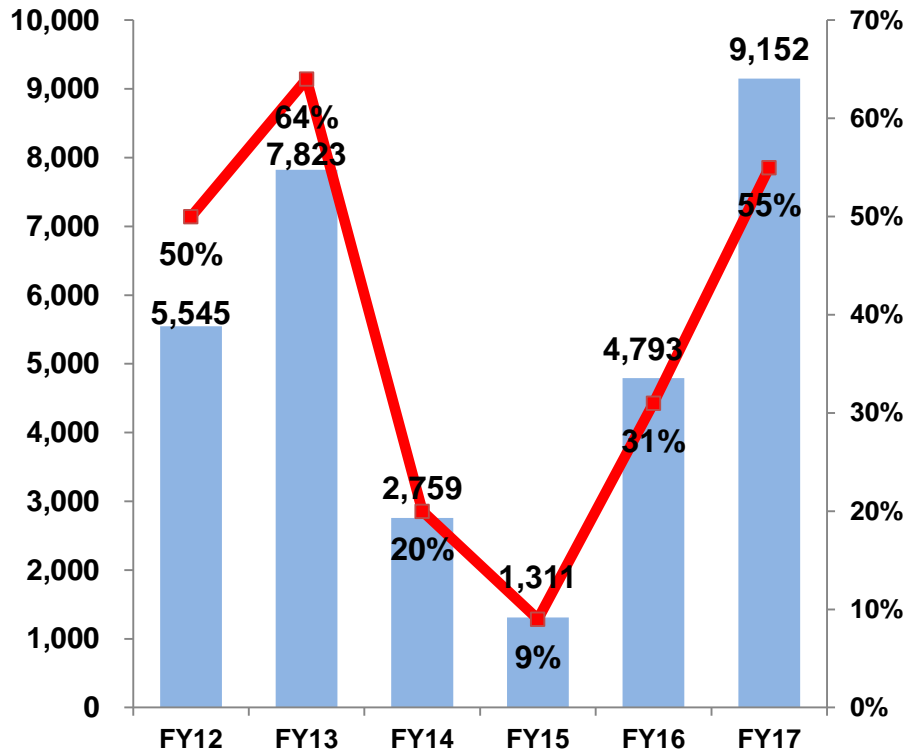
Increase in retained earnings ¥ 1.07 billion

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

Both shareholders' equity and interest-bearing debt increased.

Interest-bearing debt and interest-bearing debt ratio

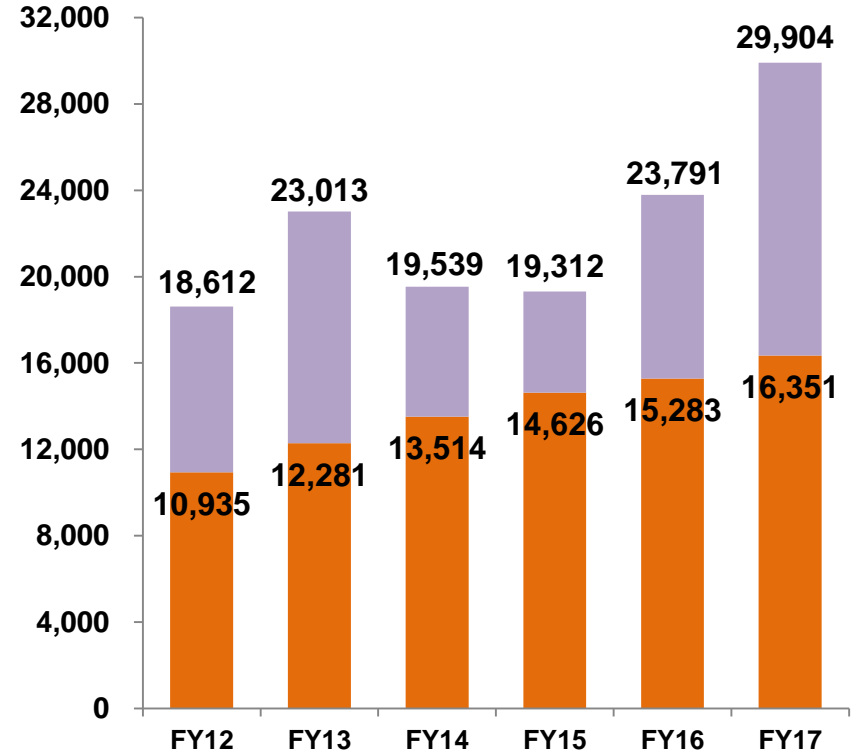
(Unit: Millions of yen)



Total capital and shareholders' equity

(Unit: Millions of yen)

■ Shareholders' equity



Cash Flow

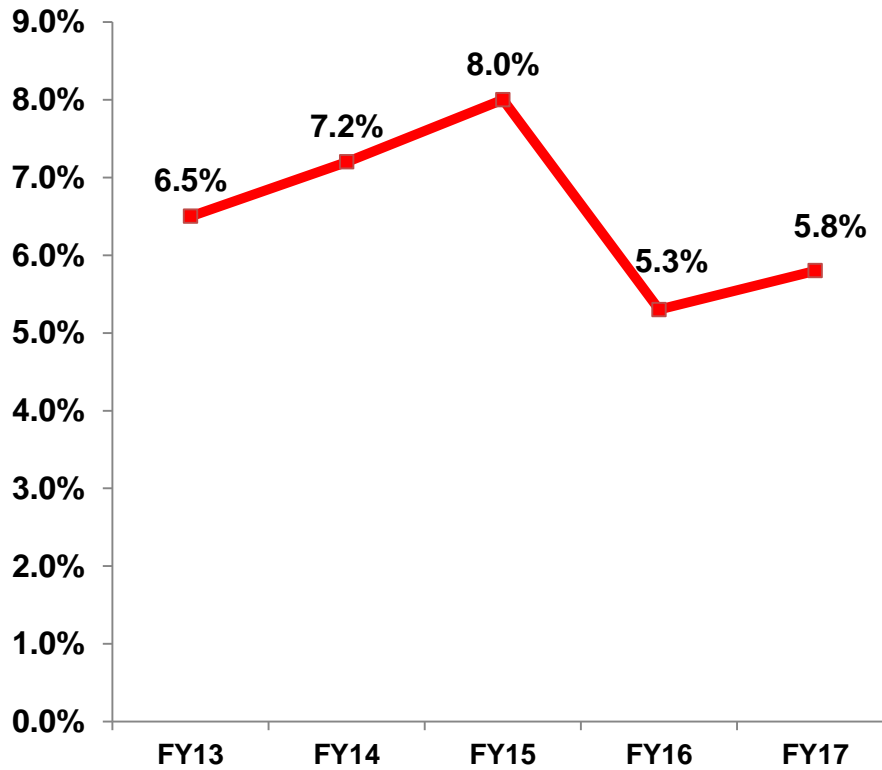
Cash and equivalents decreased due to an increase in expenditures for acquisition of tangible fixed assets and income from long-term borrowing.

Unit: Millions of yen

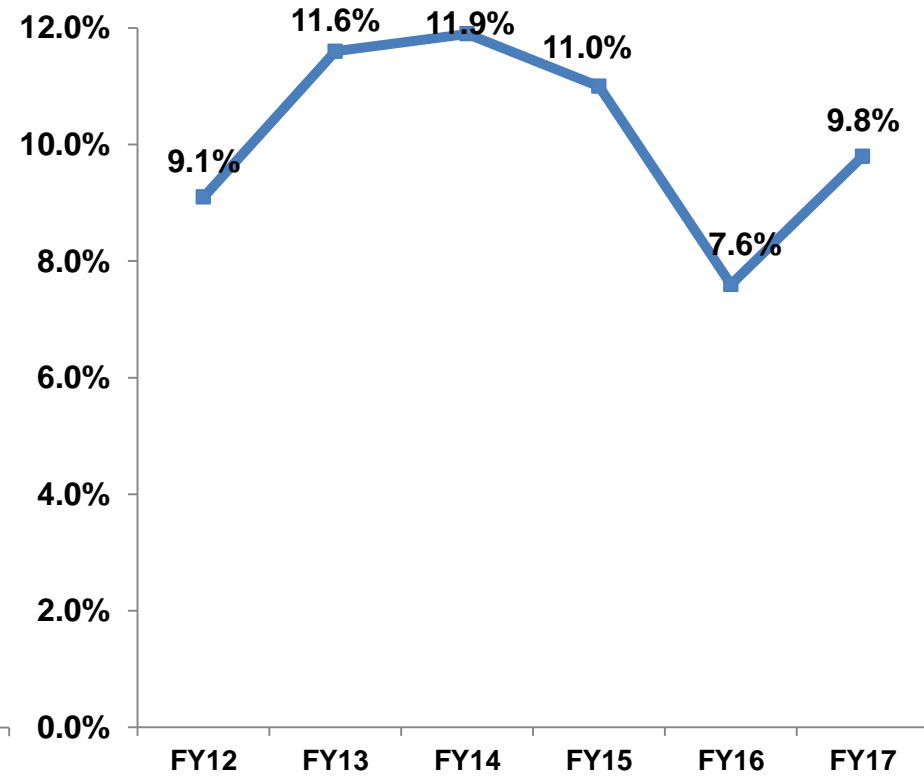
	FY16	FY17	
Cash flows from operating activities	(708)	(2,992)	Increase in inventories ¥(5.79) billion Income taxes paid ¥(0.58) billion Income before income taxes ¥2.32 billion Depreciation ¥ 0.59billion
Cash flows from investing activities	(1,544)	(1,423)	Purchase of noncurrent assets ¥(1.45) billion
Cash flows from financing activities	2,999	3,854	Proceeds from long-term loans payable ¥5.16 billion Net decrease of short-term loans payable ¥(0.04) billion Cash dividends paid ¥(0.48) billion Repayment of long-term loans payable ¥10.76 billion
Cash and cash equivalents at the end of period	7,158	6,594	

Capital efficiency rose further.

Return on assets (ROA)



Return on shareholders' equity (ROE)



FY18 Earnings Outlook

For the Property Management Service segment, Arealink is forecasting steady gains, with net sales rising 41.3% year on year. We will maintain sales of land rights for lease-land properties.

*The self-storage business belongs to Property Management Service segment in the following table.

	FY2017		FY2018		YoY	
	Actual (A)	(%)	Forecast	(%)	Variance	(%)
(Millions of yen)						
Net sales	21,489	(100.0)	30,000	(100.0)	8,511	39.6%
Property Management Service	19,619	—	27,730	—	8,110	41.3%
Property Revitalization & Liquidation Service	1,869	—	2,270	—	400	21.4%
Operating income	2,379	(11.0)	3,000	(10.0)	621	26.1%
Property Management Service	3,133	—	3,724	—	590	18.9%
Property Revitalization & Liquidation Service	464	—	604	—	139	30.1%
Elimination & Corporate	(1,218)	—	(1,328)	—	(110)	9.1%
Ordinary income	2,441	(11.3)	2,870	(9.5)	429	17.6%
Net income	1,547	(7.1)	1,855	(6.1)	308	19.9%
Net income per share (yen)	126.1	—	151.2	—	25.1	19.9%

Dividends and Payout Ratio

Pay dividends in response to increased earnings, with a minimum payout ratio of 30%.

Dividends and Payout Ratio

	FY2016	FY2017	FY2018 (Forecast)
Cash dividends per share	39 yen	40 yen	46 yen
Payout ratio	41.9%	31.7%	30.4%

Part- II

Main Measures for FY18

Period of transition from containers to self-storage properties with accompanying land

- **Shift in location opening policy from containers to self-storage properties with accompanying land**
⇒ **No issue with full-year results if sales revenue emphasis shifts from 1H to 2H**
- **Steady progress with securing buyers for self-storage properties w/land**
⇒ **Conducted in parallel with Arealink's own sales, with consideration for future liquidation (fund/REIT)**

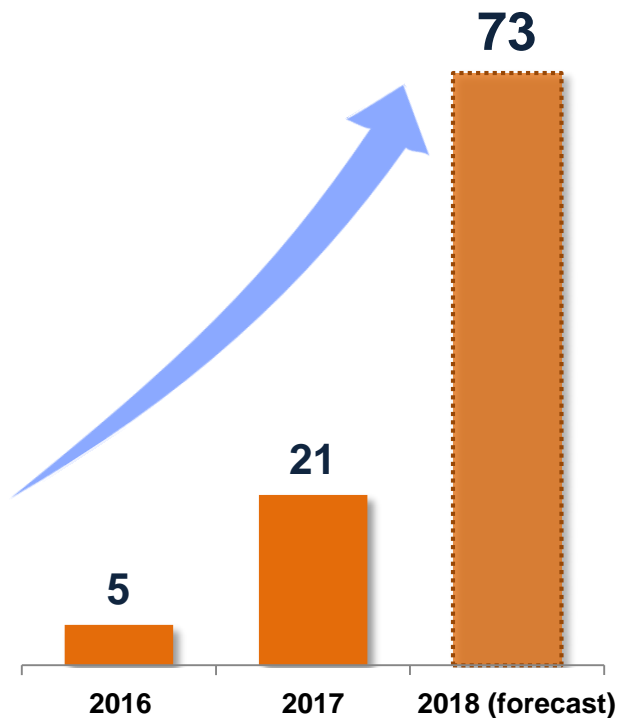
Full-fledged Effort for Self-storage Properties w/Land

- **Full-fledged emphasis on self-storage properties with accompanying land, including 2x4, steel frame and other types with parking and other facilities**
- **View to future liquidation (fund/REIT)**
- **Conducted in parallel with Arealink's own sales**
- **Achieve location openings in prime areas and with favorable conditions by opening locations based on strong networking (utilizing outside help) and data**
- **Build in residential areas near urban centers, and further raise recognition**
- **Pursue strategic measures such as reducing unsuccessful openings by utilizing evaluation checklists with data on commercial areas, average income, and other data**

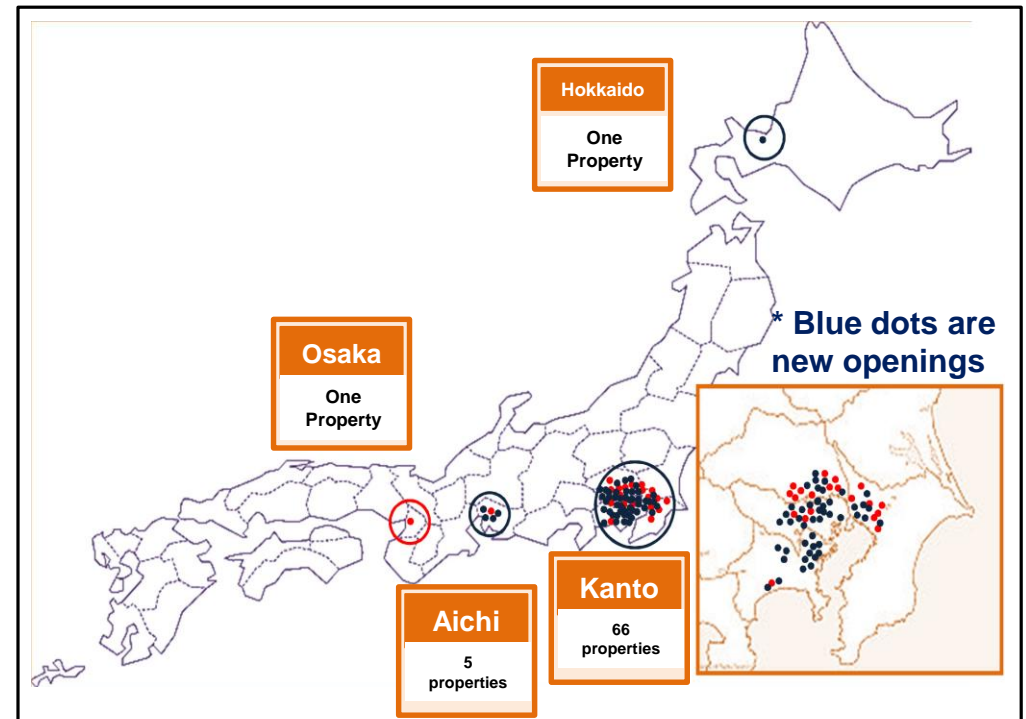
Main Measures (1) Self-storage Properties w/Land: Expansion

Full-fledged effort for opening self-storage properties with accompanying land
Accelerate openings centered on urban areas

Cumulative Total of Openings



Areas for Openings (2018 Plan)



Enhance advertising effectiveness by introducing visual identity (VI)



Business Card Design



Front



Back

- **Implement a domination strategy enclosing city centers and areas along highways**
- **Enhance convenience targeting women and elderly**
- **Create designs specifically for Hello Storage locations, enhance convenience and design with standard parking and other facilities**

Self-storage Properties w/Land: Recent Examples



Hello Storage Inagekaigan Premium
Opened Sep. 2017



Hello Storage Gamouminami Premium
Opened Sep. 2017



Hello Storage Narashinodai Premium
Opened Dec. 2016



Hello Storage Miyanogi Premium
Opened Dec. 2015



Hello Storage Higashikoshigaya Premium
Opened Aug. 2016



Interior surveillance monitors

Smartly designed facilities with wide doors and exclusive-use handcarts



Advanced security system

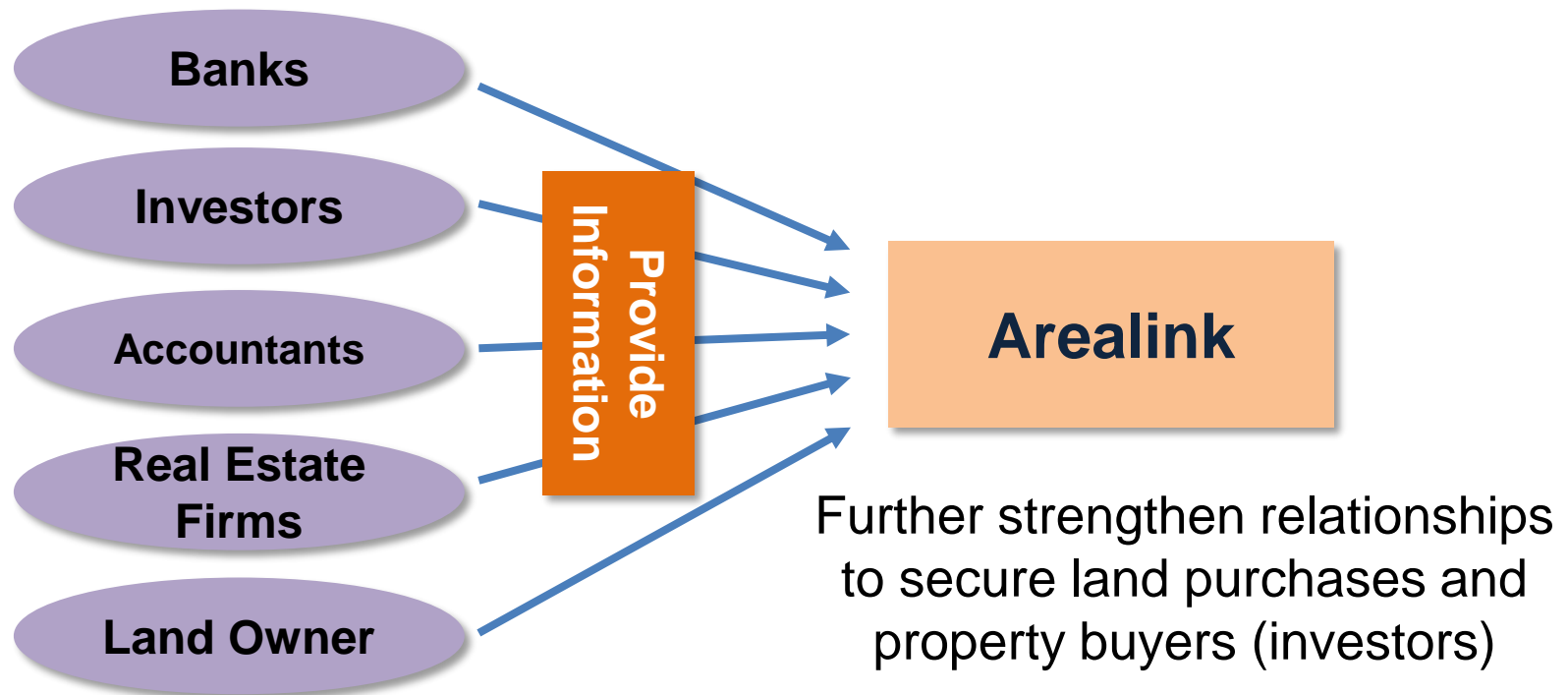


Windows with an outside view give a sense of security



Handwashing area

- **Expand network of banks, investors, accountants, real estate firms, and other contacts**



- **Contracted management by CubeSmart, the No.3 company in the U.S. market**
- **Investment amount: ¥830 million in 2017**
- **Return: 7.0% (estimate)**
- **Immediately start full-fledged marketing combining strengths of Japan and U.S.**

Examples of U.S. Property Holdings

Property holdings managed under contract by U.S. firm CubeSmart



Property managed by CubeSmart

Phase II construction project completed, increase of 120 units



Overview of Owned Property

- College Station, Texas
- Total 477 units → 597 units (361 self-storage units, 114 parking spaces (for large RVs), 2 other (office and warehouse))
- Approx. 36,364 m² (391,415 ft²)

Aerial photograph



Management office (exterior)



Internal hallway

Overview of CubeSmart

- Head office: Malvern, Pennsylvania
- Third largest storage company in U.S.
- Total 762 properties with 483,000 units, of which 33% (153 properties, 163,000 units) are managed under contract
- One of six listed storage-related REITs in the U.S.

Source: Self Storage Almanac 2017

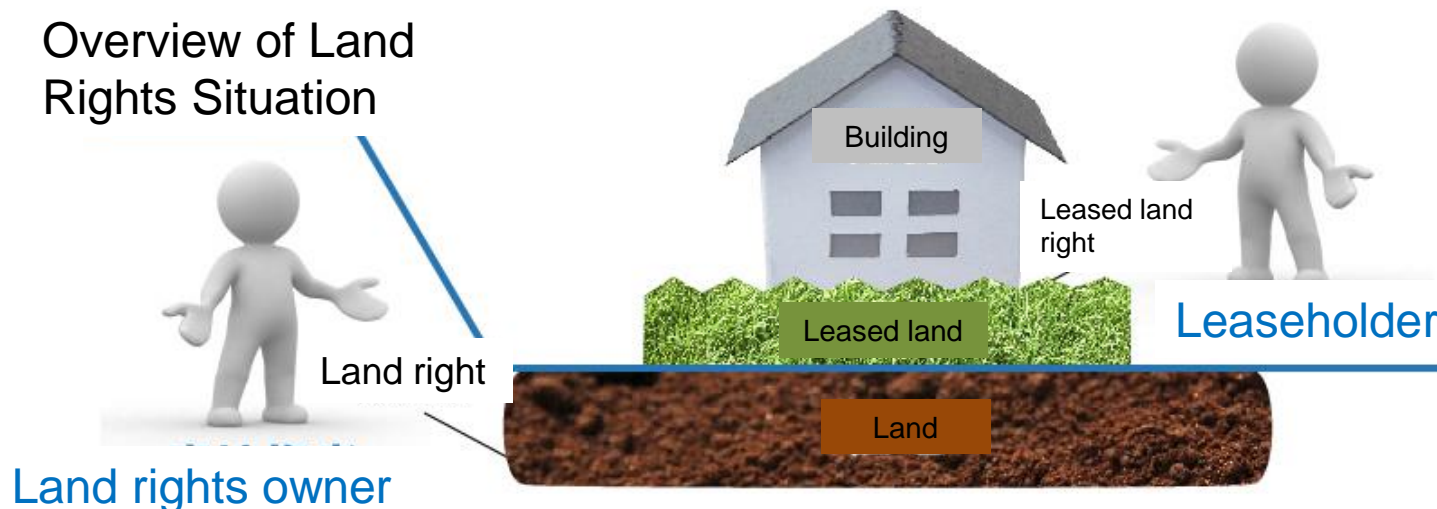


View of premises

- Optimize product type and price
- Improve location-opening standards, clarify guidelines for location, type, and other factors
- Introduce POS system



- Firm demand in all economic conditions, helping to stabilize the business portfolio
- High management credibility makes it easier to purchase land from rights owners
- No leading operator in the market, allowing Arealink to utilize its strengths and become the top company in the near future
- Annual return of 3% on land rent income, 20% gain on sale (after 1-2 years)



Main Measures (6) ESG Initiatives

- **Contributing to communities with trunk rooms**
 - Arealink concluded a disaster preparedness agreement with Ota Ward in Tokyo, and provides trunk rooms free of charge.
 - Meets storage needs to aid people who are unable to return home after disasters
 - Responding to the disaster preparedness planning needs of local governments



Signing ceremony with Ota Ward for the agreement to provide outdoor container-type storage units

Items typically stored in trunk rooms for temporary stays in disaster shelters

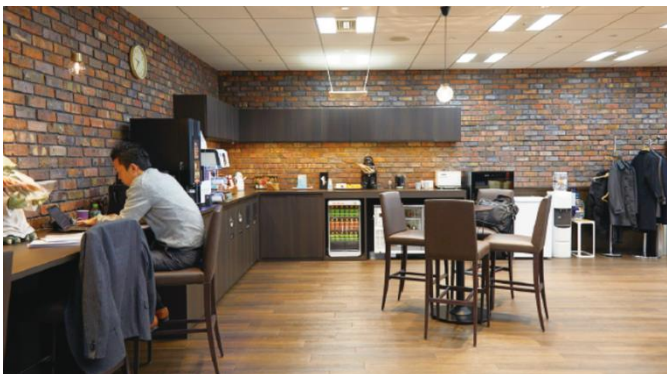
- Blankets
- Carpets
- Other items

Main Measures (6) ESG Initiatives

- **Promoting working style reforms**
 - **Head office relocation**
 - **Aim for change to brainwork-type work style**



Entrance/Reception



Lounge (for exclusive use by managers)



Café

Main Measures (6) ESG Initiatives

- **Acquire capabilities linked to business results**
- **Continual training and learning provided to improve capabilities**
- **Increase quality rather than time**



Karuizawa training and recreational facility



Training to foster a shared vision

➤ **Administrative guidance on construction methods for containers**

“Containers installed as warehouses and that cannot be occasionally or arbitrary moved, such as those intended for continual use, because of their form and actual use, are considered buildings as prescribed by Article 2-1 of the Building Standards Act. Accordingly, in general, based on the Building Standards Act an application for building confirmation, and receipt of a certificate of confirmation, is required.”



Arealink has already submitted applications for building confirmation for all its properties.

Part-III

Medium-term Business Plan – Overview of Main Measures

Medium-term Business Plan

- **Establish a corporate brand**
 - ~ **Adopt a corporate identity, and strengthen marketing communication**
- **Data-based marketing using POS**
 - ~ **Utilize AI, Big Data**
- **Establish an absolute advantage in the self-storage market**
- **Craftsmanship management: Create systems for rapid gains in productivity through qualitative improvements in the value chain (employees, subcontractors)**
- **Increase brand awareness through branding measures and expanded PR activities**

Business Model (No. 1 in a Growth Market)

Strengthening our storage business, a market where growth is expected, and aiming for the No. 1 market share

- Storage facilities with land
- Contracted storage management business



Human Resources (Personnel Training)

A small group of highly capable people focusing on practical creative work

- Arealink Master
- Training with overnight stays, etc.
- Effective utilization of advanced outsourcing and capabilities of at-home part-time workers



Management (Organization and Business)

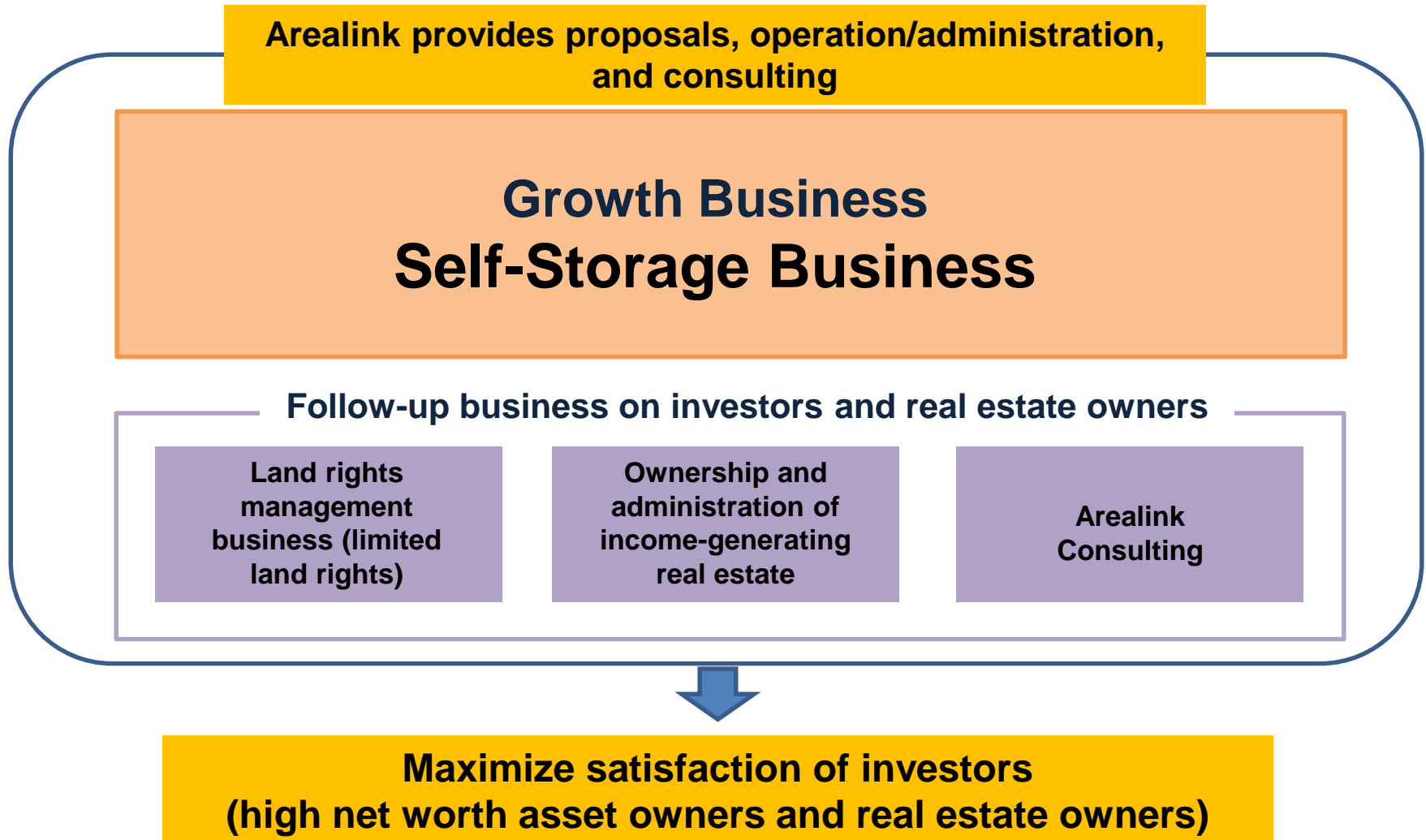
All departments aim to be tops in Japan as specialists and differentiated service providers

- Combining management of leading European and U.S. companies and Japanese management
- Incorporate ideas from overseas OTT



Future-oriented ideal company in 2025

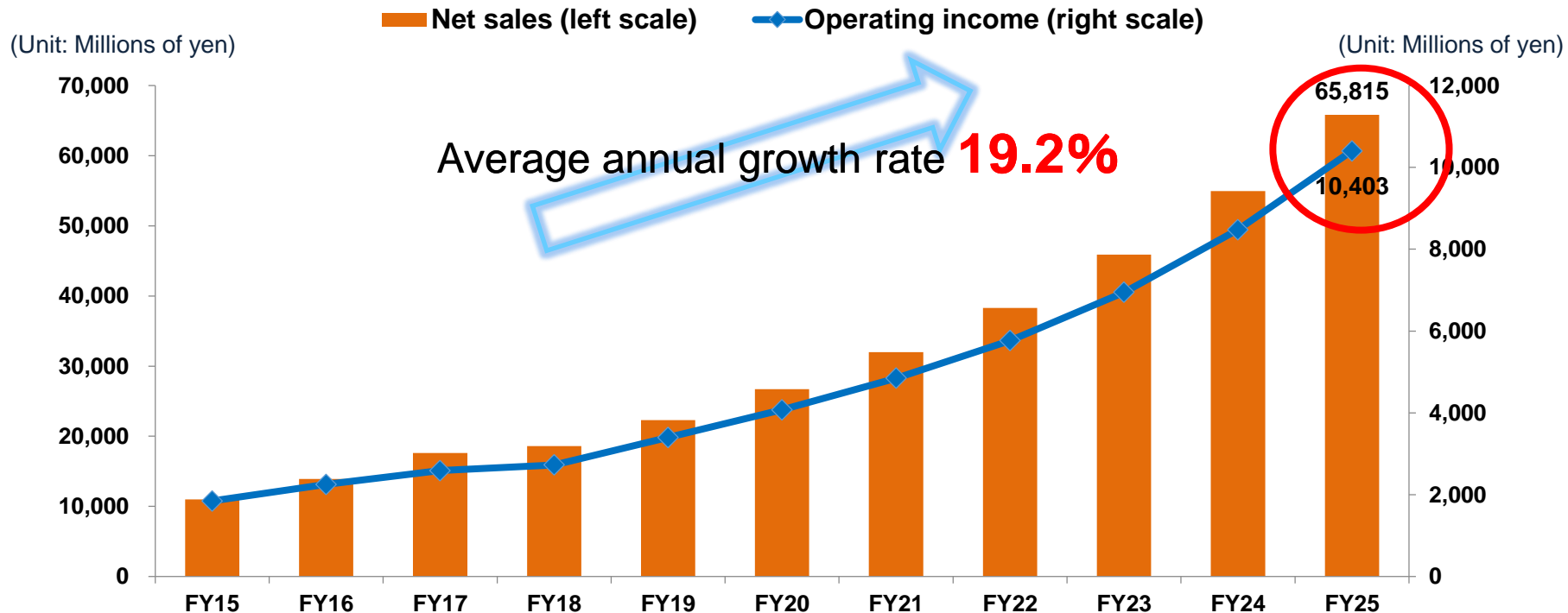
- By 2025, 100 employees and ¥10 billion in ordinary income
- Steady progress toward target of ¥100 million in ordinary income per employee
- Global business development with management that combines the rational approach of Europe/U.S. with the attention to detail of Japan



In the mainstay self-storage business, average annual revenue growth of 19.2%
By 2025, this business will have ¥65.8 billion in sales with operating income of ¥10.4 billion.

* The self-storage business represents “Self-storage management” and “Self-storage brokerage”.

Outlook for net sales and ordinary income in the Self-Storage Business



Exciting Company

Bringing the world convenience,
enjoyment, and excitement

Part-IV

Reference Material

Profit Margin by Segment

Gross profit margin exceeded initial forecasts, with overall performance increasing.

Unit: Millions of yen

			FY16 (actual)		FY17 (initial budget)		FY 17 (actual)	
			Actual	Profit margin	Initial budget	Profit margin	Actual	Profit margin
Self-storage management	Net sales		8,578		9,654		9,886	
	Gross profit		2,241	26.1%	2,580	26.7%	2,628	26.6%
	Operating income		1,522	17.8%	1,805	18.7%	1,784	18.0%
Self-storage brokerage	Net sales		5,325		7,003		7,688	
	Gross profit		1,533	28.8%	1,428	20.4%	1,692	22.0%
	Operating income		728	13.7%	754	10.8%	788	10.3%
Other property management service	Net sales		1,916		1,889		2,044	
	Gross profit		667	34.8%	580	30.7%	724	35.5%
	Operating income		483	25.2%	408	21.6%	560	27.4%
Property Management Service Total	Net sales		15,820		18,547		19,619	
	Gross profit		4,443	28.1%	4,589	24.7%	5,046	25.7%
	Operating income		2,735	17.3%	2,968	16.0%	3,133	16.0%
Property Revitalization & Liquidation Service	Net sales		1,087		900		1,869	
	Gross profit		328	30.2%	444	49.4%	637	34.1%
	Operating income		246	22.6%	352	39.2%	464	24.8%
Other	Net sales		—		—		—	
	Gross profit		—		—		—	
	Operating income		(1,046)		(1,066)		(1,218)	
Total	Net sales		16,908		19,447		21,489	
	Gross profit		4,771	28.2%	5,034	25.9%	5,683	26.4%
	Operating income		1,935	11.4%	2,254	11.6%	2,379	11.1%

Self-storage management earnings grew steadily for the period. Earnings in the Property Revitalization & Liquidation Service segment declined from 3Q due to Arealink's frontloaded annual schedule.

Unit: Millions of yen

			FY16 (full year)	FY17				
			Cumulative	1Q	2Q	3Q	4Q	Cumulative
Property Management Service Total	Self-storage management	Net sales	8,578	2,330	2,442	2,527	2,585	9,886
		Gross profit	2,241	607	606	687	727	2,628
		Operating income	1,522	433	395	468	486	1,784
	Self-storage brokerage	Net sales	5,325	1,693	1,660	1,668	2,665	7,688
		Gross profit	1,533	448	410	311	521	1,692
		Operating income	728	219	181	115	273	788
	Other property management service	Net sales	1,916	509	544	495	495	2,044
		Gross profit	667	166	204	168	185	724
		Operating income	483	123	161	129	146	560
Property Management Service Total	Net sales	15,820	4,533	4,647	4,691	5,746	19,619	
	Gross profit	4,443	1,223	1,221	1,167	1,433	5,046	
	Operating income	2,735	776	738	712	906	3,133	
Property Revitalization & Liquidation Service	Net sales	1,087	549	663	264	392	1,869	
	Gross profit	328	234	204	77	120	637	
	Operating income	246	185	160	36	81	464	
Other	Net sales	—	—	—	—	—	—	
	Gross profit	—	—	—	—	—	—	
	Operating income	(1,046)	(291)	(294)	(334)	(298)	(1,218)	
Total	Net sales	16,908	5,083	5,310	4,956	6,139	21,489	
	Gross profit	4,771	1,458	1,425	1,245	1,554	5,683	
	Operating income	1,935	670	603	414	689	2,379	

Completion Rate for Net Sales and Gross Profit Targets by Segment

Unit: Millions of yen

		FY16 (actual)		FY17 (initial plan)		FY17 (actual)		
		Actual	Component Ratio	Initial full-year budget	Component Ratio	Actual	Component Ratio	Completion Rate
Net sales	Property Management Service	15,820	93.6%	18,547	95.4%	19,619	91.3%	105.8%
	Storage management	8,578	50.7%	9,654	49.6%	9,886	46.0%	102.4%
	Storage liquidation	5,325	31.5%	7,003	36.0%	7,688	35.8%	109.8%
	Parking	100	0.6%	—	—	—	—	—
	Asset	1,028	6.1%	991	5.1%	1,078	5.0%	108.8%
	SOHO	752	4.4%	786	4.0%	754	3.5%	96.0%
	Other	35	0.2%	112	0.6%	211	1.0%	188.6%
	Property Revitalization & Liquidation Service	1,087	6.4%	900	4.6%	1,869	8.7%	207.6%
	Total	16,908	100.0%	19,447	100.0%	21,489	100.0%	110.5%
Gross profit	Property Management Service	4,443	93.1%	4,589	91.2%	5,046	88.8%	110.0%
	Storage management	2,241	47.0%	2,580	51.3%	2,651	46.3%	101.9%
	Storage liquidation	1,533	32.1%	1,428	28.4%	1,692	29.8%	118.5%
	Parking	72	1.5%	—	—	—	—	—
	Asset	388	8.1%	334	6.7%	422	7.4%	126.2%
	SOHO	188	3.9%	151	3.0%	189	3.3%	125.2%
	Other	18	0.4%	94	1.9%	112	2.0%	119.7%
	Property Revitalization & Liquidation Service	328	6.9%	444	8.8%	637	11.2%	143.3%
	Total	4,771	100.0%	5,034	100.0%	5,683	100.0%	112.9%

Major Indicators for the Past Six Years

(Unit: Millions of yen)

	FY12	% Change	FY13	% Change	FY14	% Change	FY15	% Change	FY16	% Change	FY17
Net sales	10,124	+21.1%	12,256	+47.8%	18,120	(5.2)%	17,173	(1.5)%	16,908	+27.1%	21,489
Gross profit	2,629	+26.8%	3,306	+31.9%	4,360	+16.3%	5,073	(6.0)%	4,771	+19.1%	5,683
Gross profit margin (%)	26.0	+1.2pt	26.9	(2.8)pt	24.1	(3.9)pt	29.5	(1.3)pt	28.2	(1.8)pt	26.4
SG&A expenses	1,464	+24.9%	1,800	+16.3%	2,125	+13.7%	2,415	+17.4%	2,835	+16.5%	3,303
Operating income	1,165	+29.2%	1,505	+48.5%	2,235	+18.9%	2,657	(27.2)%	1,935	+22.9%	2,379
Operating income ratio (%)	11.5	+0.8pt	12.3	+0.0pt	12.3	+2.4pt	15.5	(4.1)pt	11.4	(0.3)pt	11.1
Ordinary income	1,075	+33.3%	1,433	+45.6%	2,087	+17.0%	2,442	(19.4)%	1,968	+24.0%	2,441
Net income	948	+42.0%	1,346	+14.4%	1,541	+1.0%	1,550	(26.3)%	1,142	+35.4%	1,547
ROA (%)	5.3	+1.2pt	6.5	+0.7pt	7.2	+0.8pt	8.0	(2.7)pt	5.3	+0.5pt	5.8
ROE (%)	9.1	+2.5pt	11.6	+0.4pt	11.9	(0.8)pt	11.0	(0.4)pt	7.6	+2.2pt	9.8
Interest-bearing debt	5,545	+41.3%	7,837	(35.1)%	2,759	(52.5)%	1,311	+265.6%	4,793	+90.9%	9,152
Total assets	18,612	+23.7%	23,017	(15.1)%	19,539	(1.2)%	19,312	+23.2%	23,791	+25.7%	29,904
Net assets	10,935	+12.3%	12,282	+10.0%	13,514	+8.3%	14,626	+4.5%	15,283	+7.0%	16,351
Shareholders' equity ratio (%)	58.8	(5.4)pt	53.4	+15.8pt	69.2	+6.6pt	75.7	+6.6pt	64.2	(9.5)pt	54.7
Net income per share* (Yen)	77.2	+42.0%	109.7	+14.4%	125.5	+1.0%	126.3	(26.3)%	93.06	+35.5%	126.08
Net assets per share *(Yen)	890.8	+12.3%	1,000.5	+10.0%	1,100.9	+5.7%	1,191.4	+4.5%	1,245.09	+7.05%	1,322.88
Number of employees	82	+19.5%	98	+8.2%	106	+16.0%	123	+1.6%	125	(20.8)%	99

Note: On July 1, 2013, the Company conducted a stock split at a ratio of 100 shares for each of the Company's common shares. Also with an effective date of July 1, 2016, the Company conducted a consolidation of its common shares at a ratio of 1 share for 10 outstanding shares. Accordingly, the figures for per share information before 2015 have been calculated assuming that the stock split and consolidation were conducted at the beginning of the previous fiscal year.

Self-storage Market Forecast in Japan

The Japanese self-storage market is expected to expand to ¥77.79 billion by 2020. Arealink expects to maintain its leading market share of 15.1%.

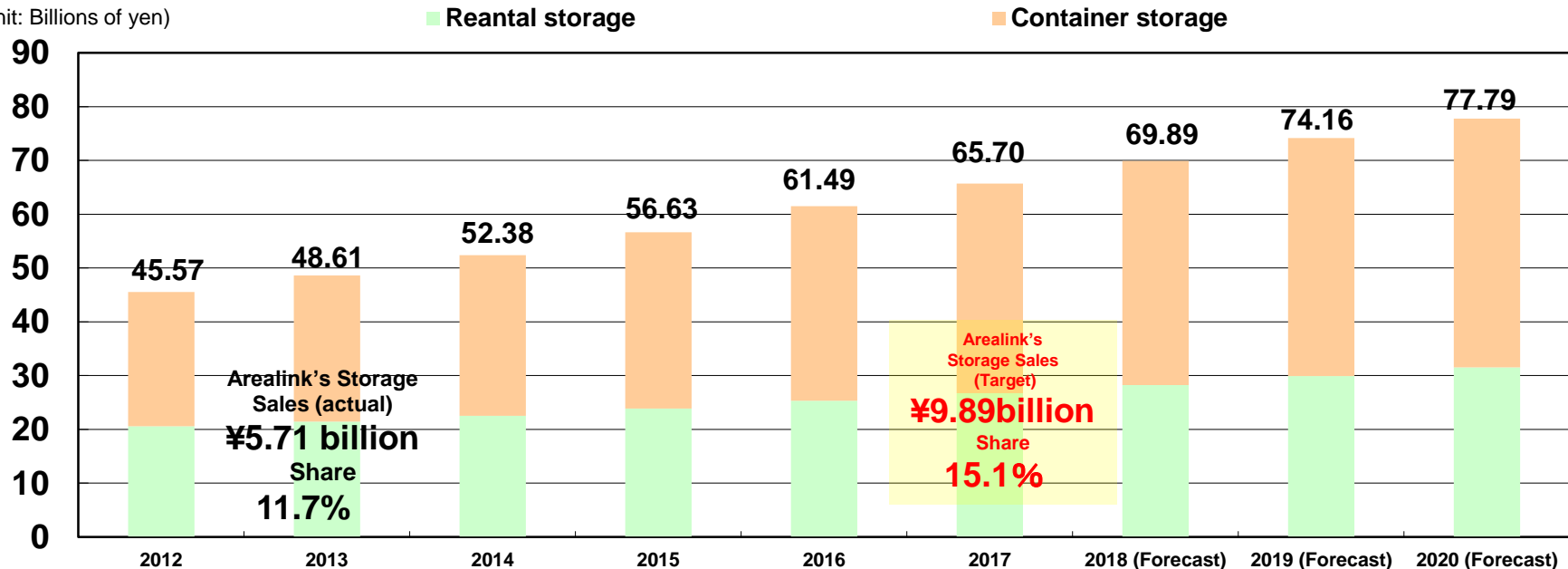
- Scale of the Japanese self-storage market (2017 estimate) ¥65.7 billion
- Arealink's self-storage net sales (2017 actual) ¥9.89 billion

*Storage management sales

- Arealink's market share (net sales) 15.1% (No.1 in Japan)

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

(Unit: Billions of yen)



Source: Yano Research Institute, "Thorough Survey of the Growing Self-Storage Business" 2016 Edition (Japan)

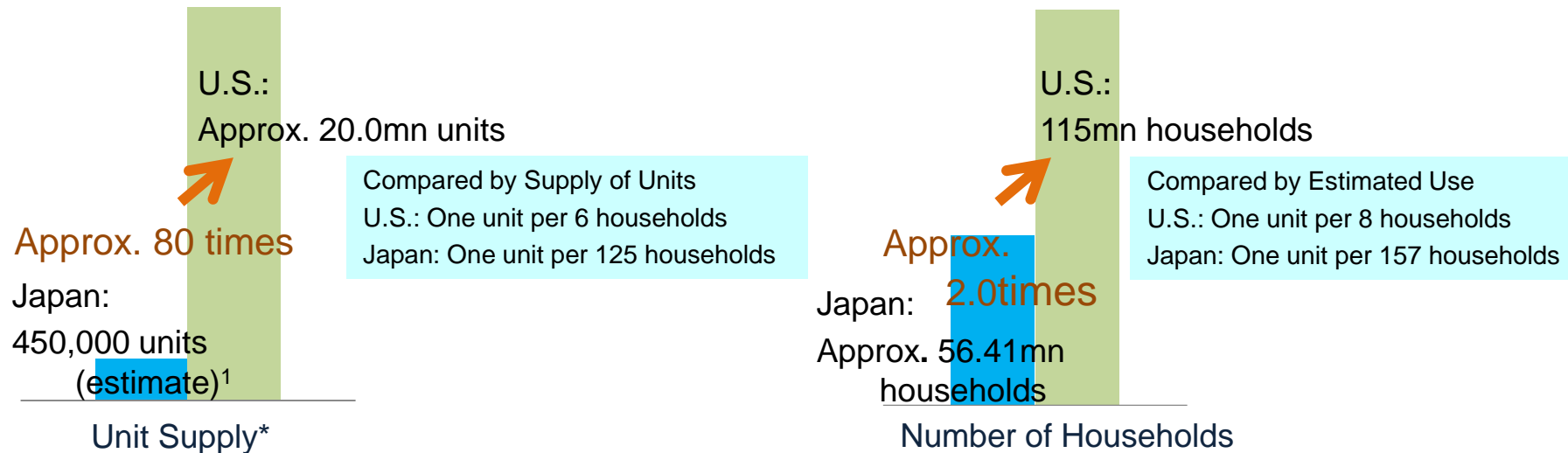
Figures for the scale of Japan's storage market are the combined total of moderate-range projections for rental storage and container storage using our own calculation method.

Storage Business (1): Market Scale Forecasts

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 2015.

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" 2016 Edition (Japan) Self Storage Almanac 2015 (U.S.)
 Currency converted at ¥80/USD (2011 average)

Storage Business (2): Competitive Environment

Top Three Companies in the U.S. Self-Storage Market (Fiscal 2016)

Rank	Company Name	No. of Locations	No. of Units *	Market Share (by No. of Units)
1	Public Storage	2,310	N/A	5.5%
2	Extra Space Storage	1,412	946,406	3.4%
3	CubeSmart	762	513,234	1.8%
Top 6 listed companies total		7,005	2,620,081	16.7%

Ref: Self-Storage Almanac 2017

* Public Storage does not disclose unit figures, so these have been excluded from the calculation.

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 ¥284.2 billion (YoY+7.5%)

● Net income allocable to shareholders ¥161.3 billion (YoY+10.9%)

Source: Company's Annual Report 2016 (Currency converted at ¥111 USD)

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	1,208	63,391	14.5%
No.2	Company A	1,045	50,460	11.5%
No.3	Company B	50	30,244	6.9%
No.4	Company C	327	18,124	4.1%
No.5	Company D	276	11,969	2.7%
Total		9,479	437,814	100%

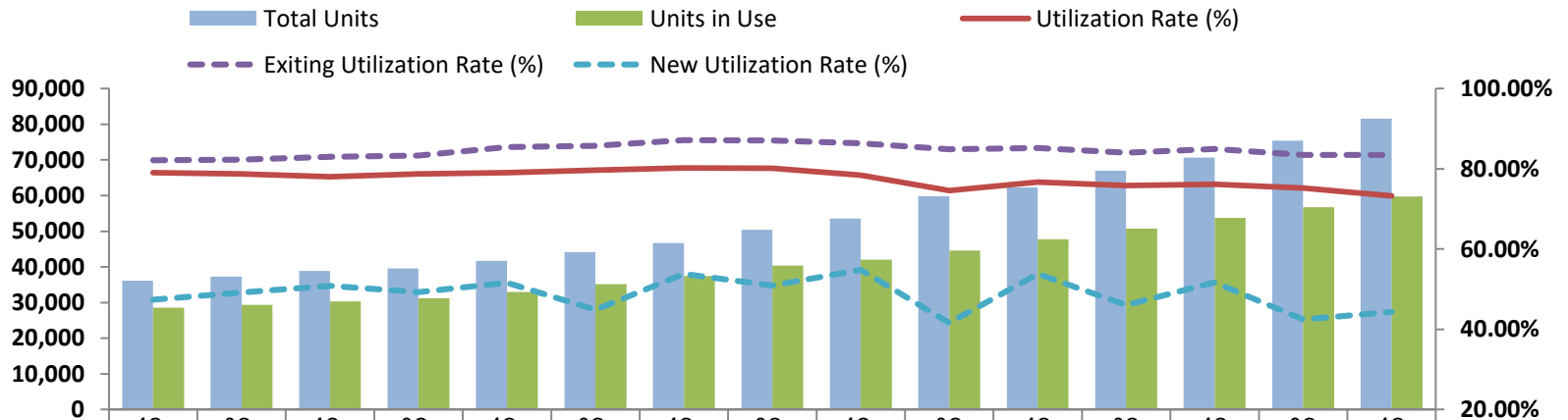
Source: Yano Research Institute, "Thorough Survey of the Growing Self-Storage Business" 2016 Edition (Japan)



Storage Business (3): Total Units, Units in Use, and Utilization Rate

Utilization rate remains high as a result of accelerated location openings and effective marketing.

Total Units, Units in Use, and Utilization Rate



	4Q FY10	2Q FY11	4Q FY11	2Q FY12	4Q FY12	2Q FY13	4Q FY13	2Q FY14	4Q FY14	2Q FY15	4Q FY15	2Q FY16	4Q FY16	2Q FY17	4Q FY17
Total Units	36,131	37,267	38,838	39,614	41,698	44,138	46,686	50,422	53,564	59,802	62,325	66,923	70,651	75,440	81,555
Units in Use	28,562	29,340	30,290	31,188	32,968	35,177	37,499	40,407	42,009	44,603	47,796	50,739	53,786	56,742	59,748
Utilization Rate (%)	79.05%	78.73%	77.99%	78.73%	79.06%	79.70%	80.22%	80.14%	78.43%	74.58%	76.69%	75.82%	76.13%	75.21%	73.26%
Exiting Utilization Rate (%)	82.11%	82.28%	83.00%	83.34%	85.41%	85.73%	87.15%	87.06%	86.36%	84.90%	85.19%	84.03%	84.97%	83.45%	83.48%
New Utilization Rate (%)	47.36%	49.20%	50.85%	49.30%	51.61%	44.86%	53.77%	50.90%	54.85%	41.63%	53.84%	46.04%	51.69%	42.43%	44.36%

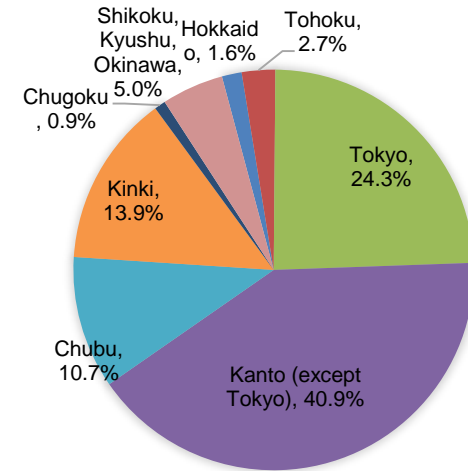
* Existing: Units after more than two years since they opened
 New: Units after less than two years since they opened
 New for FY 2017: Newly opened in 2016 and 2017

Storage Business (4) : Openings by Region

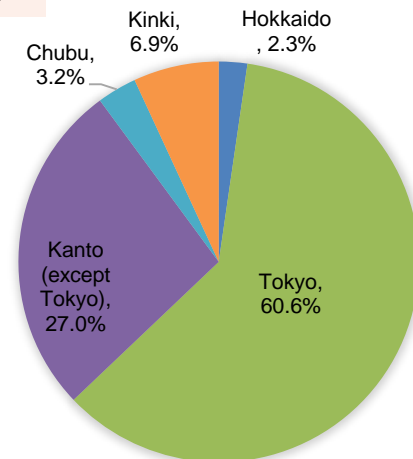
Prefecture	Containers	Storage Rooms	Total	Proportion of Total
Hokkaido	998	422	1,420	1.7%
Miyagi	1,695	0	1,695	2.1%
Ibaraki	783	0	783	1.0%
Tochigi	155	0	155	0.2%
Gunma	334	0	334	0.4%
Saitama	7,711	1,310	9,021	11.1%
Chiba	9,524	807	10,331	12.7%
Tokyo	15,485	10,893	26,378	32.3%
Kanagawa	7,537	2,737	10,274	12.6%
Niigata	69	0	69	0.1%
Toyama	143	0	143	0.2%
Ishikawa	204	0	204	0.3%
Fukui	90	0	90	0.1%
Yamanashi	89	0	89	0.1%
Nagano	175	0	175	0.2%
Gifu	582	0	582	0.7%
Shizuoka	1,205	0	1,205	1.5%
Aichi	3,986	516	4,502	5.5%
Mie	290	50	340	0.4%
Shiga	154	0	154	0.2%
Kyoto	1,018	152	1,170	1.4%
Osaka	3,667	991	4,658	5.7%
Hyogo	3,427	106	3,533	4.3%
Nara	567	0	567	0.7%
Wakayama	27	0	27	0.0%
Tottori	32	0	32	0.0%
Okayama	218	0	218	0.3%
Hiroshima	316	0	316	0.4%
Tokushima	27	0	27	0.0%
Kagawa	181	0	181	0.2%
Ehime	84	0	84	0.1%
Kochi	34	0	34	0.0%
Fukuoka	1,691	0	1,691	2.1%
Saga	79	0	79	0.1%
Nagasaki	118	0	118	0.1%
Kumamoto	177	0	177	0.2%
Oita	106	0	106	0.1%
Miyazaki	109	0	109	0.1%
Kagoshima	380	0	380	0.5%
Okinawa	104	0	104	0.1%
Total	63,571	17,984	81,555	100.0%

Number of units : as of December 31, 2017

Container



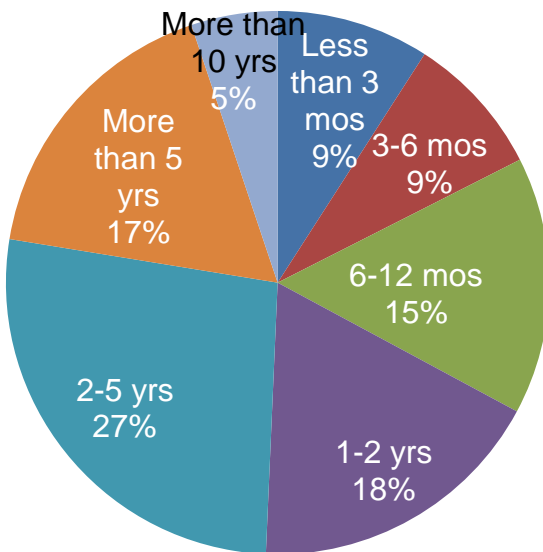
Storage rooms



Storage Business (5): User Analysis

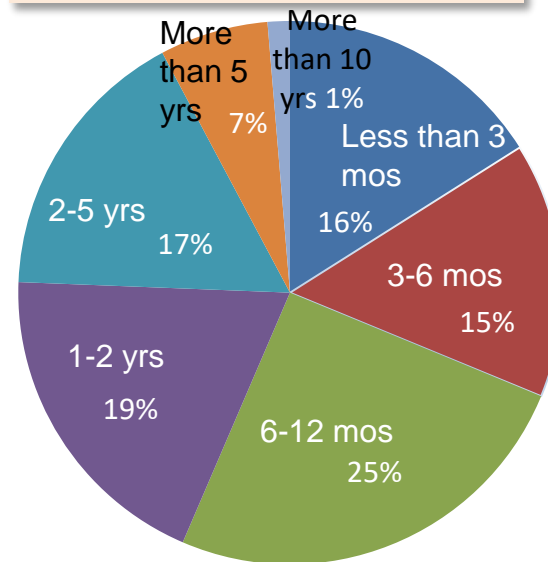
- Average usage period for current contract customers is 38 months (at February 2017).
- Average usage period for customers who have terminated contracts is 20 months (2016 result).
- Average monthly usage fee is ¥12,165 for a container type, and ¥13,707 for trunk type.

Breakdown of usage period for current contract customers



* Analysis of customers with contracts at February 2017

Breakdown of usage period for customers who terminated contracts



* Analysis of customers who terminated contracts in 2016

Examples of self-storage locations / Outdoor container type



Ebetsushi Oasa Sakuragicho (Hokkaido)



Sendai Oroshimachi Higashi (Miyagi)



Misato 2 (Saitama)



Wako5 (Saitama)



Higashifuchu (Tokyo)



Higashikurume2 (Tokyo)



Machida Oyamagaoka (Tokyo)



Ariake, Toyosu, Shinonome (Tokyo)



Higashikasai (Tokyo)



Nerima Yahara (Tokyo)



Hodogaya Hosen 2 (Kanagawa)



Kanagawaku Irie (Kanagawa)



Utsunomiya Joto (Tochigi)



Mito 3 (Ibaraki)



Hamamatsu Minamiasada (Shizuoka)



Minamiku Kitauchicho (Aichi)



Owari Setoekimae (Aichi)



Wakayama Matsuekita (Wakayama)



Kyoto Hachiman (Kyoto)



Hiranonishi (Osaka)



Osaka Kishiwada 2 (Osaka)



Nara Sahoda (Nara)



Akashinishi2 (Hyogo)



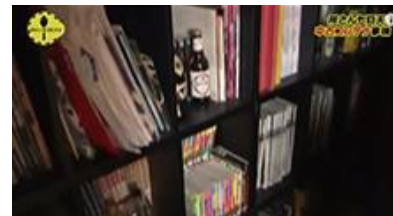
Takamastu Gotocho (Kagawa)

※ **NEW**
Newly opened in 2017

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)



Shjbuyahoncho (Tokyo)



Hashimoto (Tokyo)



Kouenji Kokashita2 (Tokyo)



Ginza 2 (Tokyo)



Adachi Takenozuka2 (Tokyo)



Edogawabashi (Tokyo)



Nakajujo (Tokyo)



Sangenjaya1 (Tokyo)



Shinjuku Yotsuya 3-Chome 2 (Tokyo)



Minamiazabu (Tokyo)



lidabashi (Tokyo)



MInamimagome (Tokyo)



Hodogaya (Kanagawa)



Azamino (Kanagawa)



Yokohama Aobadai (Kanagawa)



Mukogaokayuen (Kanagawa)



Setokyoeidori (Aichi)



Nagoya Higashikataha (Aichi)



Kyoto Fushimi (Kyoto)



Kyoto Shijokarasuma (Kyoto)



Tanimachi 4-Chome (Osaka)



Amagasaki (Hyogo)



Entrance security

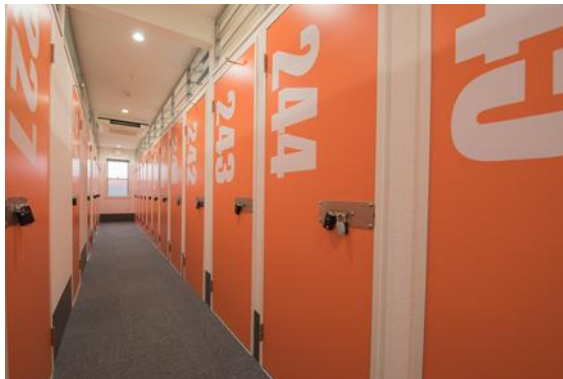
※ NEW Newly opened in 2017



Hello Storage Inagekaigan Premium
Opened Sep. 2017



Hello Storage Gamouminami Premium
Opened Sep. 2017



Smartly designed facilities with wide



Interior surveillance monitors



Handwashing area



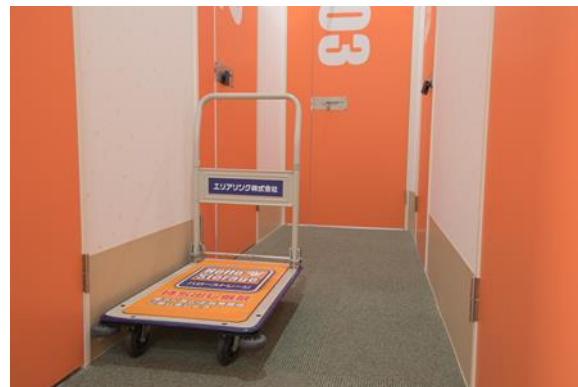
Hello Storage Narashinodai Premium
Opened Dec. 2016



Hello Storage Higashikoshigaya Premium
Opened Aug. 2016



Windows with an outside view give a sense of security



Exclusive-use handcarts



Advanced security system

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

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 2016

- ✓ 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

Breakdown of Real Estate Holdings

Main Properties (partial list)

Property Name	Location	Purpose	Book Value (Land and Structure) Unit: ¥mn
Kanda BM Building	Chiyoda Ward, Tokyo	Store, office	970
Ginza 6-Chome Idei Building	Chuo Ward, Tokyo	Store	877
State of Texas Storage	State of Texas, U.S.A.	Storage	832
Kanda Kyodo Building	Chiyoda Ward, Tokyo	Office	815
Best Inn Omihachiman	Omihachiman City, Shiga Pref.	Hotel	396
Miyazaki Hinata Yokocho	Miyazaki City, Miyazaki Pref.	Store	359
Best Inn Kashima	Kamisu City, Ibaraki Pref.	Hotel	339
Best Inn Uozu	Uozu City, Toyama Pref.	Hotel	253
Best Inn Youkaichi	Higashiomi City, Shiga Pref.	Hotel	241
Hello Storage Machida	Machida City, Tokyo	Storage	240
Best Inn Kofu	Kofu City, Yamanashi Pref.	Hotel	232

Property Management Service

This business manages Arealink's core businesses of Hello Storage space rental business as well as its holdings of income-generating properties in the Hello Office and Hello Rental Meeting Room businesses.

Storage Management Business

In this business, Arealink offers "Hello Storage" rental storage space nationwide in Japan.

Self-storage Type with Accompanying Land

Arealink offers indoor trunk rooms in houses built by the 2 x 4 construction method or steel construction method, mainly in suburban areas in the Tokyo metropolitan area, as part of its Hello Storage services. The exteriors of the houses as a whole feature the Hello Storage brand color.

Property Revitalization & Liquidation Service

This service includes the selling of properties owned by Arealink after providing added value through renovation as well as selling leased land where rights issues are complicated.

Storage Liquidation Business

For business investors and owners of real estate, Arealink proposes Hello Storage as an effective method for investing their funds and making use of their assets.

Hello Limited Proprietary Rights and Leased Land

Arealink's Hello Limited Property Right and Leased Land business includes settling problems related to such rights that require complicated negotiation with a large number of related parties. By acting as a negotiating agency and/or buying up such land, Arealink assists in the revitalization of land through this business for both landowners and lease holders to reach satisfactory agreements.

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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