

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

# Results Briefing

First Quarter, Fiscal Year Ending December 2017

**May 15, 2017**

**Exciting Company**



**Arealink Co.,Ltd.**

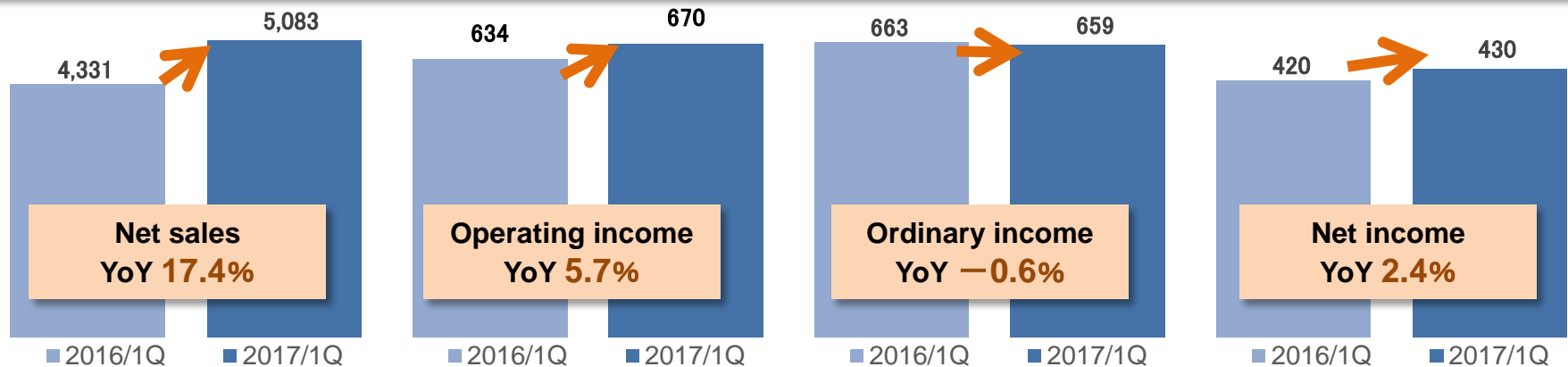
Securities code:8914

# 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

Revenue and earnings were down year on year in the Property Revitalization & Liquidation Service segment as a result of a sales decline, but performance was in line with forecasts.



Unit: Millions of yen

(Millions of yen)	FY16 1Q		FY17 1Q		YoY		FY17 Plan		
	Actual	(%)	Actual	(%)	Variance	% Change	Plan	(%)	Completion rate
Net sales	4,331	(100.0)	5,083	(100.0)	751	(17.4)	19,447	(100.0)	(26.1)
Cost of sales	3,043	(70.3)	3,625	(71.3)	581	(19.1)	14,413	(74.1)	(25.2)
Gross profit	1,288	(29.7)	1,458	(28.7)	170	(13.2)	5,034	(25.6)	(29.0)
SG&A expenses	653	(15.1)	787	(15.5)	133	(20.4)	2,799	(14.3)	(28.3)
Operating income	634	(14.6)	670	(13.2)	36	(5.7)	2,254	(11.6)	(29.8)
Ordinary income	663	(15.3)	659	(13.0)	(3)	(-0.6)	2,220	(11.4)	(29.7)
Net income	420	(9.7)	430	(8.5)	10	(2.4)	1,353	(7.0)	(31.8)

## Steady advancement of business measures

- ✓ **Continued progress with self-storage location openings and stable operations**
- ✓ **Increase to a total 73,492 units  
(+2,841 units compared to end-FY12/16)**
- ✓ **Total of six self-storage locations with accompanying land**
  - One location opened in March 2017
  - Two locations sold during 1Q
- ✓ **Steady growth in the Property Revitalization & Liquidation Service business, centered on land rights**

# Segment Breakdown

## Property Management Service

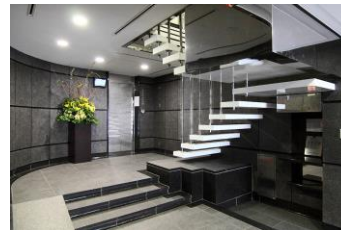
- Self-storage management (Hello Storage customer recruitment, operations and management)
- Self-storage brokerage (Hello Storage orders and location development)
- Other management services
  - Asset management (Tenant recruitment, operations and management of help properties)
  - SOHO (Hello Office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



Hello Storage (Container type)



Hello Storage (Room type)



Property Holding (Kyodo Building entrance)

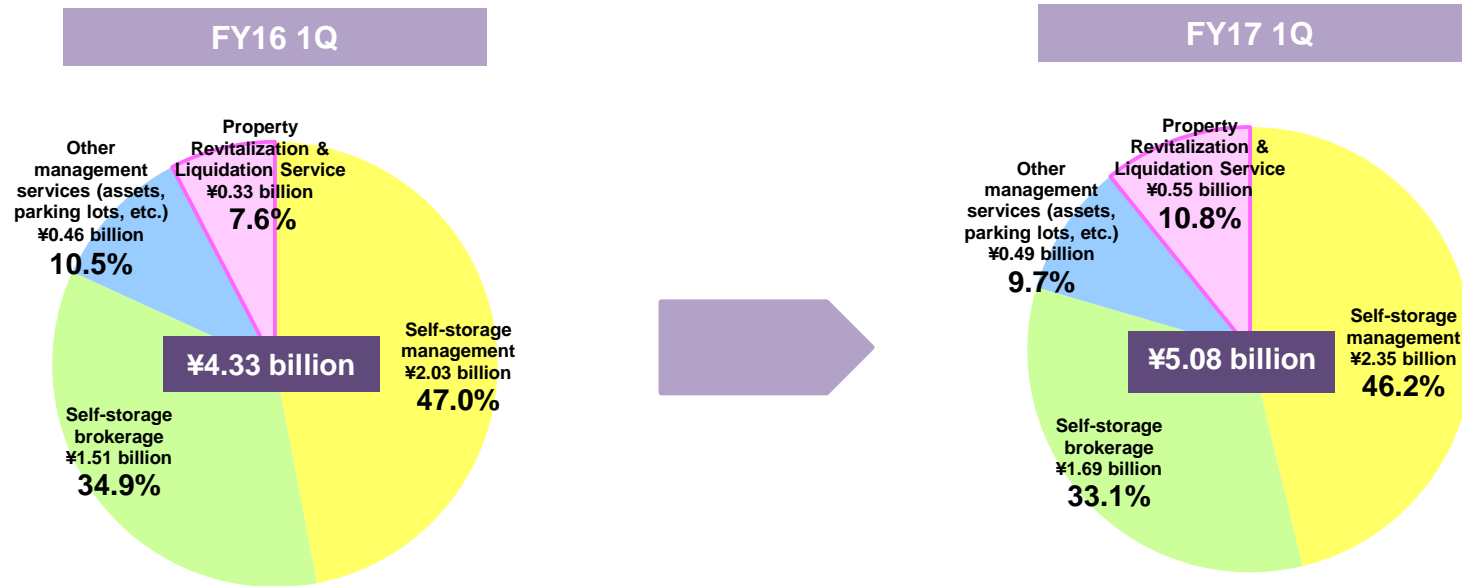


Hello Rental Meeting Room (Shibuya II)

## Property Revitalization & Liquidation Service

- Land rights management business (limited land rights)

# Sales by Segment



- ✓ **Steady growth in mainstay self-storage management, self-storage brokerage during FY17 1Q.**
- ✓ **Self-storage management and self-storage brokerage businesses are progressing mostly in line with plan.**

## Gross profit margin and operating income margin expanding overall

Unit: Millions of yen

			FY16 1Q (actual)		FY17 (initial budget)		FY 17 1Q (actual)	
			Actual	Profit margin	Initial budget	Profit margin	Actual	Profit margin
	Self-storage management	Net sales	2,034		9,654		2,348	
		Gross profit	576	28.3%	2,580	26.7%	616	26.3%
		Operating income	399	19.7%	1,805	18.7%	441	18.8%
	Self-storage brokerage	Net sales	1,509		7,003		1,693	
		Gross profit	416	27.6%	1,428	20.4%	448	26.5%
		Operating income	223	14.8%	754	10.8%	219	12.9%
	Other property management service	Net sales	456		1,889		491	
		Gross profit	174	38.2%	580	30.7%	158	32.2%
		Operating income	127	27.8%	408	21.6%	116	23.7%
<b>Property Management Service Total</b>	Net sales	4,000		18,547		4,533		
	Gross profit	1,166	29.2%	4,589	24.7%	1,223	27.0%	
	Operating income	750	18.8%	2,968	16.0%	776	17.1%	
<b>Property Revitalization &amp; Liquidation Service</b>	Net sales	331		900		549		
	Gross profit	121	36.6%	444	49.4%	234	42.6%	
	Operating income	104	31.7%	352	39.2%	185	33.8%	
<b>Other</b>	Net sales	—		—		—		
	Gross profit	—		—		—		
	Operating income	(220)		(1,066)		(291)		
<b>Total</b>	Net sales	4,331		19,447		5,083		
	Gross profit	1,288	29.7%	5,034	25.9%	1,458	28.7%	
	Operating income	634	14.6%	2,254	11.6%	670	13.2%	

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

Self-storage management earnings grew steadily for the period.  
Property Revitalization & Liquidation Service segment operations limited to sales of land rights.

Unit: Millions of yen

			FY15 (full year)	FY16				FY17	
			Cumulative	1Q	2Q	3Q	4Q	Cumulative	1Q
	Self-storage management	Net sales	7,455	2,034	2,125	2,172	2,245	8,578	2,348
		Gross profit	1,955	576	587	528	549	2,241	616
		Operating income	1,320	399	411	360	351	1,522	441
	Self-storage brokerage	Net sales	3,525	1,509	1,464	1,004	1,347	5,325	1,693
		Gross profit	1,054	416	400	292	423	1,533	448
		Operating income	509	223	203	88	213	728	219
	Other property management service	Net sales	1,999	456	491	482	486	1,916	491
		Gross profit	729	174	184	155	152	667	158
		Operating income	546	127	138	104	113	483	116
<b>Property Management Service Total</b>	Net sales	12,980	4,000	4,080	3,659	4,079	15,820	4,533	
	Gross profit	3,739	1,166	1,172	977	1,126	4,443	1,223	
	Operating income	2,376	750	752	553	678	2,735	776	
<b>Property Revitalization &amp; Liquidation Service</b>	Net sales	4,192	331	437	146	172	1,087	549	
	Gross profit	1,334	121	122	43	41	328	234	
	Operating income	1,170	104	95	28	16	246	185	
<b>Other (Headquarter expenses)</b>	Net sales	—	—	—	—	—	—	—	
	Gross profit	—	—	—	—	—	—	—	
	Operating income	(889)	(220)	(259)	(260)	(305)	(1,046)	(291)	
<b>Total</b>	Net sales	17,173	4,331	4,518	3,805	4,252	16,908	5,083	
	Gross profit	5,073	1,288	1,294	1,020	1,167	4,771	1,458	
	Operating income	2,657	634	589	322	389	1,935	670	



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

Unit: Millions of yen

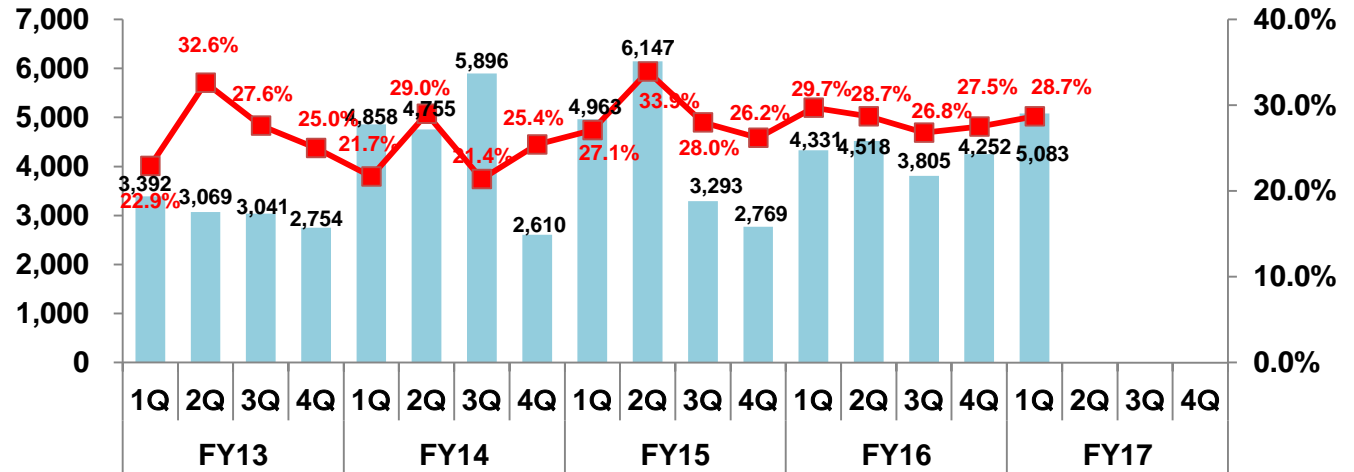
		FY16 (actual)		FY17 (initial plan)		FY17 1Q (actual)		
		Full Year	Component Ratio	Full Year	Component Ratio	Actual	Component Ratio	Completion Rate
Net sales	Property Management Service	15,820	93.6%	18,547	95.4%	4,533	89.2%	24.4%
	Self-storage management	8,578	50.7%	9,654	49.6%	2,348	46.2%	24.3%
	Self-storage brokerage	5,325	31.5%	7,003	36.0%	1,693	33.3%	24.1%
	Parking	1,028	6.1%	991	5.1%	263	5.2%	26.6%
	Asset	752	4.4%	786	4.0%	191	3.8%	24.4%
	SOHO	35	0.2%	112	0.6%	36	0.7%	32.2%
	Property Revitalization & Liquidation Service	1,087	6.4%	900	4.6%	549	10.8%	61.1%
	Total	16,908	100.0%	19,447	100.0%	5,083	100.0%	26.1%
Gross profit	Property Management Service	4,443	93.1%	4,589	91.2%	1,223	83.9%	26.7%
	Self-storage management	2,241	47.0%	2,580	51.3%	616	42.3%	23.9%
	Self-storage brokerage	1,533	32.1%	1,428	28.4%	448	30.7%	31.4%
	Parking	388	8.1%	339	6.7%	96	6.6%	28.9%
	Asset	188	3.9%	151	3.0%	37	2.5%	24.7%
	SOHO	18	0.4%	94	1.9%	23	1.6%	25.4%
	Property Revitalization & Liquidation Service	328	6.9%	444	8.8%	234	16.1%	52.7%
	Total	4,771	100.0%	5,034	100.0%	1,458	100.0%	29.0%

# Quarterly Net Sales and Operating Income

Revenue and earnings trends in line with plan, including profitability

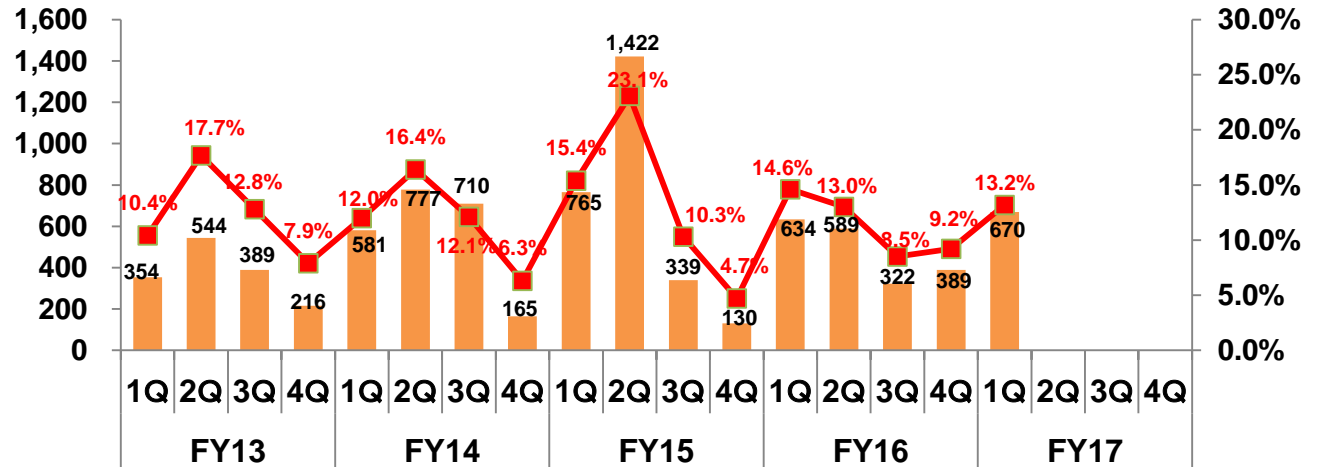
(Unit: Millions of yen)

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

Unit: Millions of yen

**Non-operating expenses**  
Interest expenses ¥13 million

**Extraordinary loss**

Loss on retirement of noncurrent assets  
¥14 million

Head office transfer cost ¥15 million

Step income	2015/12 cumulative	2016/3 1Q period	2016/6 2Q period	2016/9 3Q period	2016/9 4Q period	2016/12 cumulative	2017/3 1Q period	Variance	% Change
Operating income	2,657	634	589	322	389	1,935	670	36	5.7%
Non-operating income	48	50	7	12	22	93	12	(37)	(74.2)%
Non-operating expenses	264	21	16	10	12	60	24	2	12.7%
Ordinary income	2,442	663	581	340	399	1,968	659	(3)	(0.6)%
Extraordinary income	39	7	7	7	68	90	7	0	0.0%
Extraordinary loss	76	2	0	3	149	156	29	27	1068.6%
Income before income taxes	2,405	668	587	327	318	1,902	637	(30)	(4.6)%
Income taxes — current	774	170	233	101	161	667	188	18	10.6%
Income taxes — deferred	80	77	(14)	28	1	92	18	(59)	(76.5)%
Net income	1,550	420	368	198	155	1,142	430	10	2.4%

# Financial Position

## Sound financial condition maintained

### Financial Position

As of March 31, 2017

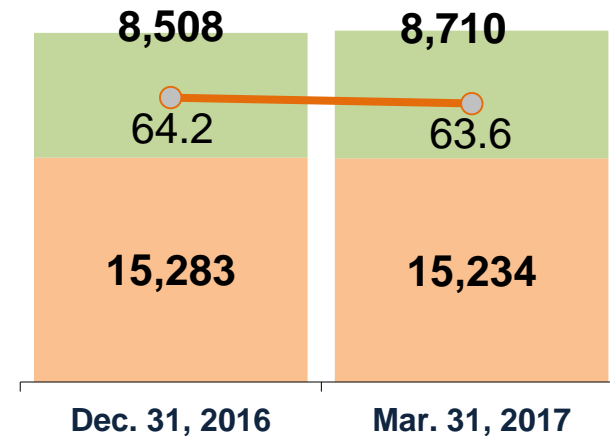
\*Figures in parentheses indicate changes from the end of December 31, 2016..

<b>Total assets</b> ¥23,994 million (+ ¥ 153 million)	<b>Liabilities</b> ¥8,710 million (+ ¥ 202 million)	Liabilities
	<b>Net assets</b> ¥15,234 million (− ¥49 million)	Net assets

### Liabilities, net assets, equity ratio

■ Net assets 
 ■ Liabilities 
 ○— Equity ratio (%)

(Millions of yen)



(Millions of yen)	Dec. 31, 2016	Mar. 31, 2017
<b>Current assets</b>	<b>12,168</b>	<b>12,261</b>
<b>Noncurrent assets</b>	<b>11,622</b>	<b>11,683</b>
<b>Total assets</b>	<b>23,791</b>	<b>23,944</b>
<b>Current liabilities</b>	<b>4,959</b>	<b>4,447</b>
<b>Noncurrent liabilities</b>	<b>3,548</b>	<b>4,262</b>
<b>Total liabilities</b>	<b>8,508</b>	<b>8,710</b>
<b>Net assets</b>	<b>15,283</b>	<b>15,234</b>

Increase in real estate for sale in process    ¥ 0.65 billion  
 Increase in cash and deposits    ¥ 0.38 billion  
 Decrease in real estate for sale    ¥ 0.19 billion

Increase in long-term loans payable    ¥ 0.37 billion  
 Decrease in short-term loans payable    ¥ 0.57 billion

Decrease in dividend payments income    ¥ 0.48 billion  
 Increase in net income    ¥ 0.43 billion

# FY17 Earnings Outlook

**For the Property Management Service segment, the representative core self-storage business, Arealink is forecasting steady gains, with net sales rising 17.2% year on year.**

**For the Property Revitalization & Liquidation Service segment, we will focus on sales of land rights for lease-land properties.**

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

	FY2016		FY2017		YoY	
(Millions of yen)	Actual (A)	(%)	Forecast	(%)	Variance	(%)
<b>Net sales</b>	<b>16,908</b>	<b>(100.0)</b>	<b>19,447</b>	<b>(100.0)</b>	<b>2,539</b>	<b>15.0%</b>
Property Management Service	15,820	—	18,547	—	2,726	17.2%
Property Revitalization & Liquidation Service	1,087	—	900	—	(186)	(17.2)%
<b>Operating income</b>	<b>1,935</b>	<b>(11.4)</b>	<b>2,254</b>	<b>(11.6)</b>	<b>319</b>	<b>16.5%</b>
Property Management Service	2,735	—	2,968	—	233	8.5%
Property Revitalization & Liquidation Service	246	—	352	—	106	43.2%
Elimination & Corporate	(1,046)	—	(1,066)	—	(20)	(2.0)%
<b>Ordinary income</b>	<b>1,968</b>	<b>(11.6)</b>	<b>2,220</b>	<b>(11.4)</b>	<b>251</b>	<b>12.8%</b>
<b>Net income</b>	<b>1,142</b>	<b>(6.8)</b>	<b>1,353</b>	<b>(7.0)</b>	<b>211</b>	<b>18.5%</b>

# Dividends and Payout Ratio

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

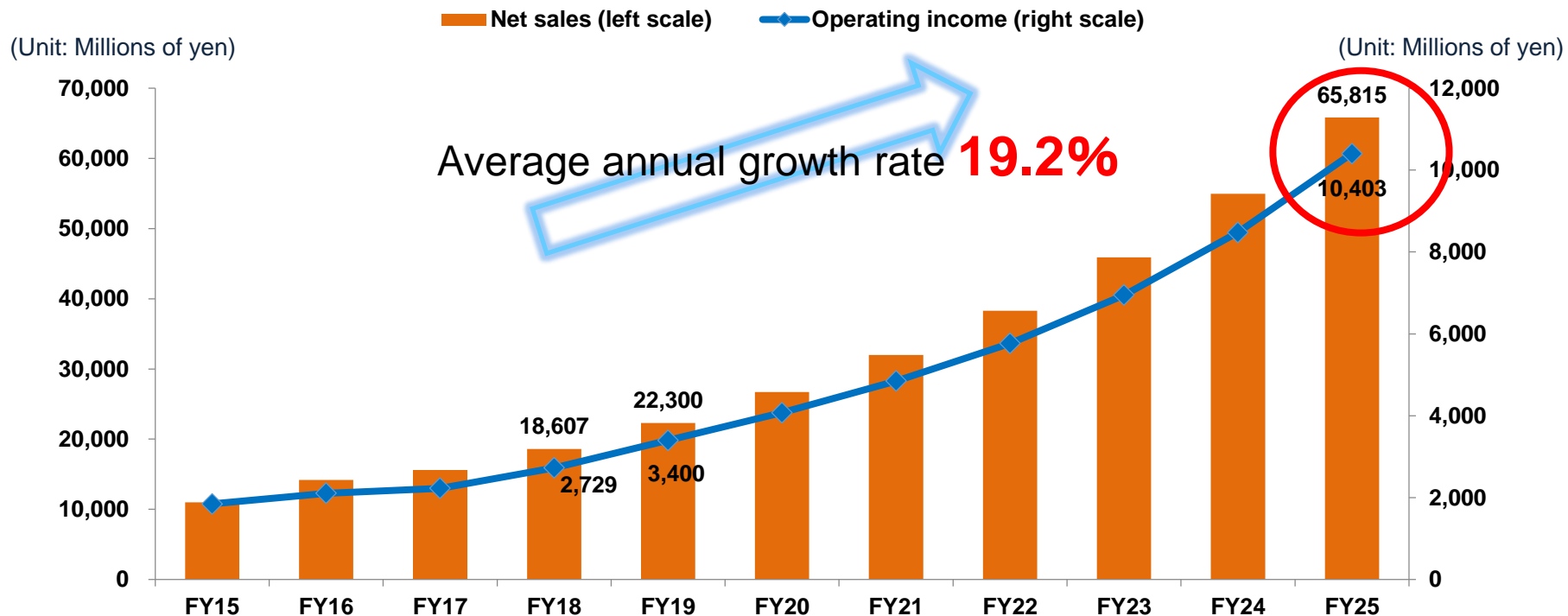
## Dividends and Payout Ratio

	FY2015	FY2016	FY2017 (Forecast)
Cash dividends per share	3.9 yen	39 yen	40 yen
Payout ratio	30.9%	41.9%	36.3%

In the mainstay self-storage business\*, average annual revenue growth of 19.2%  
By 2019, the self-storage business is anticipated to have ¥22.3 billion in sales with operating income of ¥3.4 billion.  
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



## **Part- II**

# **Future Priority Measures of FY17**



- **Develop new type of storage with accompanying land**
  - ✓ Aim for future securitization (investment funds / REITs)
  - ✓ Open storage locations with accompanying land, including 2x4, three-story steel frame, and system container types
  - ✓ Potential for opening locations under a wide range of conditions (site, area)
  - ✓ Received “Tanaka Keiichi Prize” from the Japan Association for Real Estate Sciences



Hello Storage Funabashi  
Sakae-machi  
Opened August 2015

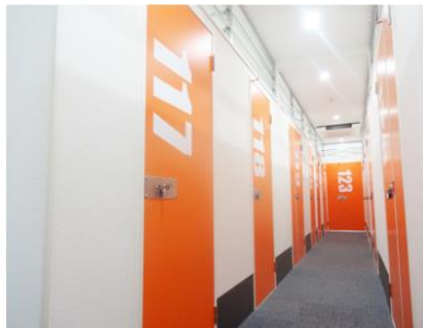


Hello Storage Miyanoki Premier  
Opened December 2015 (night scene)



Hello Storage Matsudo Tokiwadaira  
Premier Container  
Opened March 2017

- **Develop new type of storage with accompanying land (continued)**
  - ✓ **Expand scope of end users**
  - ✓ **Designed specifically for Hello Storage, with improved convenience and design**
  - ✓ **Offer to investors as new type of asset**



Interior of the Hello Storage  
Funabashi Sakae-machi  
location



Security monitor in the Hello  
Storage Miyanogi Premier  
location



Hand-washing area at the  
Hello Storage Miyanogi  
Premier location



Hello Storage Funabashi Sakae-machi



Hello Storage Miyanogi Premier



Hello Storage Kashiwa Aobadai Premier



Hello Storage Saitama Higashi-Koshigaya Premier



Hello Storage Mukougaokayuen

- **Full-fledged launch of the contracted storage management business**
  - ✓ **Expand the contracted storage management business**
    - **Utilize brand power and expertise to provide user recruitment and guarantee services for properties owned by other companies.**
    - **Establish a dedicated team for new business development.**
    - **Target of 100 properties under management in 2017.**

## ➤ Efforts to achieve a global standard in the contracted storage management business

### ✓ Acquisition of U.S. properties

- Contracted management and operation of CubeSmart, the No.4 company in the U.S. market
- Purpose: Analyze composition of more developed overseas market, and accumulate new expertise.  
Strengthen the contracted management business in Japan, and expand our market share.
- Investment amount: ¥750 million in 2016
- Return: 6% (Phase II construction project underway, return of 7% after expansion)

#### 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

## Owned properties managed and operated under contract by CubeSmart



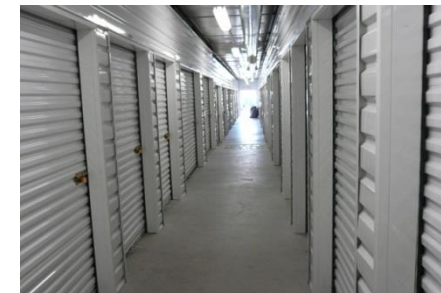
Property managed by CubeSmart



Aerial photograph



Management office (exterior)



Internal hallway

### Summary of Owned Properties

- College Station, Texas
- Total 477 units – 361 storage units, 114 parking spaces (for large RVs), 2 other (office and warehouse)
- Approx. 3,636 m<sup>2</sup> (39,141 ft<sup>2</sup>)



View of premises

➤ **Strengthen marketing**

✓ **Marketing based on data analysis**

- **Cloud-based, standardized sales activities  
(Salesforce, G Suite, Surface)**
- **Optimization of product type, price**
- **Clarification of location opening standards**
- **Optimization of user recruitment using  
revenue management**

## ➤ Strengthen marketing (continued)

### ✓ Continue sign-based marketing

- Sow seeds for future business
- Strengthen relationships with property owners
- Signs placed on more than 420 sites (as of end-Dec. 2016)





## ➤ Land rights business: Land rights management

- ✓ Acquire land rights from landowners
- ✓ Sell to leaseholders at ideal timing
- ✓ Annual return of 3%, with 20% gain on sale (after 1-2 years)
- ✓ Estimated investment of ¥6-8 billion over next three years, with around ¥2.0 billion profit on sales

### Condition for entry into new business

Establish businesses that lead to better relations with existing investors (wealthy persons, real estate owners)

- **Relocation of head office**
  - ✓ **Move to new office in Akihabara in December 2016**
- **Aims of the relocation**
  - ✓ **Shift to a practical and creative work style emphasizing goals**
  - ✓ **Maximum results with few personnel and in the shortest period**



Executive lounge



Café



# **Part-III**

## **Reference Material**

# Major Indicators for the Past Six Years

(Unit: Millions of yen)

	FY11	% Change	FY12	% Change	FY13	% Change	FY14	% Change	FY15	% Change	FY16
Net sales	10,603	-4.5%	10,124	+21.1%	12,256	+47.8%	18,120	(5.2)%	17,173	(1.5)%	16,908
Gross profit	2,365	+11.2%	2,629	+26.8%	3,306	+31.9%	4,360	+16.3%	5,073	(6.0)%	4,771
Gross profit margin (%)	22.3	+3.5pt	26.0	+1.2pt	26.9	(2.8)pt	24.1	(3.9) pt	29.5	(1.3)pt	28.2
SG&A expenses	1,320	+10.9%	1,464	+24.9%	1,800	+16.3%	2,125	+13.7%	2,415	+17.4%	2,835
Operating income	1,044	+11.6%	1,165	+29.2%	1,505	+48.5%	2,235	+18.9%	2,657	(27.2)%	1,935
Operating income ratio (%)	9.8	+1.7pt	11.5	+0.8pt	12.3	+0.0pt	12.3	+2.4pt	15.5	(4.1)pt	11.4
Ordinary income	953	+12.8%	1,075	+33.3%	1,433	+45.6%	2,087	+17.0%	2,442	(19.4)%	1,968
Net income	772	+22.7%	948	+42.0%	1,346	+14.4%	1,541	+1.0%	1,550	(26.3)%	1,142
ROA (%)	4.3	+1.0pt	5.3	+1.2pt	6.5	+0.7pt	7.2	+0.8pt	8.0	(2.7)pt	5.3
ROE (%)	8.0	+1.1pt	9.1	+2.5pt	11.6	+0.4pt	11.9	(0.8) pt	11.0	(0.4)pt	7.6
Interest-bearing debt	5,206	+6.5%	5,545	+41.3%	7,837	(35.1)%	2,759	(52.5)%	1,311	+265.6%	4,793
Total assets	17,266	+7.8%	18,612	+23.7%	23,017	(15.1)%	19,539	(1.2)%	19,312	+23.2%	23,791
Net assets	9,987	+9.5%	10,935	+12.3%	12,282	+10.0%	13,514	+8.3%	14,626	+4.5%	15,283
Shareholders' equity ratio (%)	57.8	+1.0pt	58.8	(5.4)pt	53.4	+15.8pt	69.2	+6.6pt	75.7	+6.6pt	64.2
Net income per share (Yen)	6.29	+22.7%	7.72	+42.0%	10.97	+14.4%	12.55	+1.0%	12.63	(26.3)%	93.06
Net assets per share (Yen)	81.35	+9.5%	89.08	+12.3%	100.05	+10.0%	110.09	+5.7%	119.14	+4.5%	1,245.09
Number of employees	73	+12.3%	82	+19.5%	98	+8.2%	106	+16.0%	123	+1.6%	125

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.

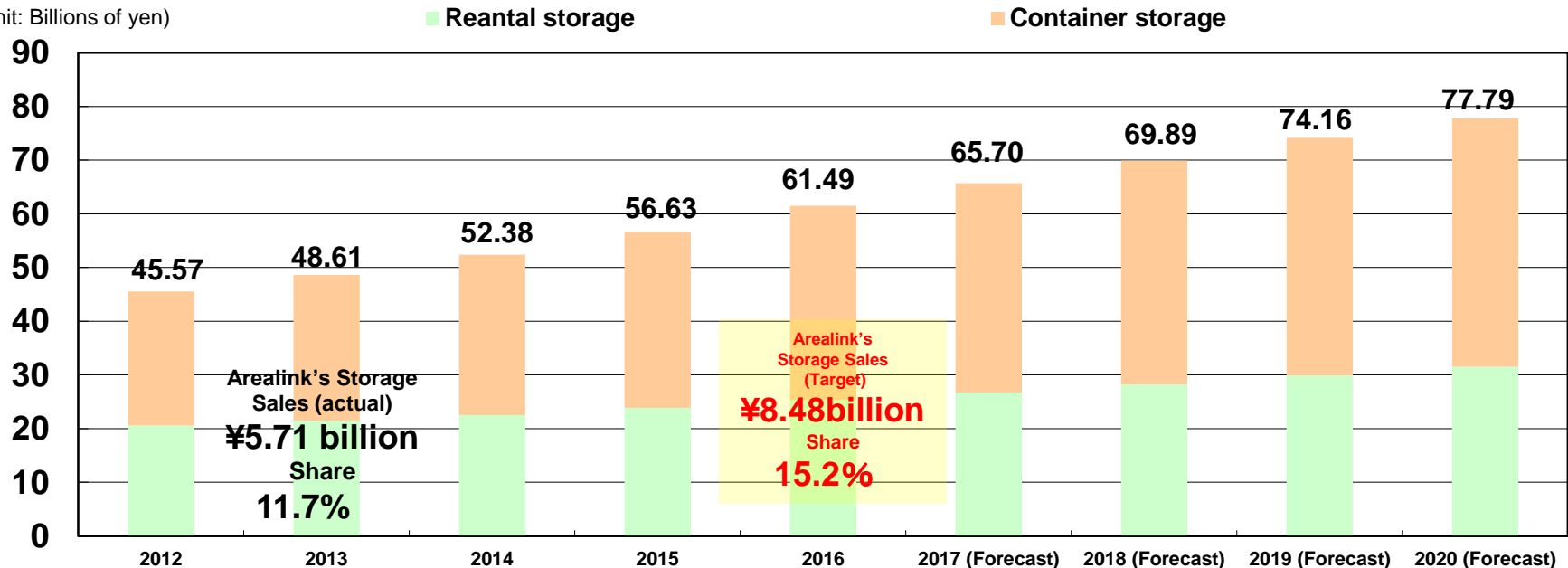
# Self-storage Market Forecast in Japan

The Japanese self-storage market is expected to expand to ¥77.79 billion by 2020. Arealink expects to maintain its leading market share of 14.0%.

- Scale of the Japanese self-storage market (2016 estimate)      ¥61.49 billion
  - Arealink's self-storage net sales (2016 actual)                      ¥8.58 billion
  - Arealink's market share (net sales)                                      14.0% (No.1 in Japan)
- \*Storage management sales

## 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)

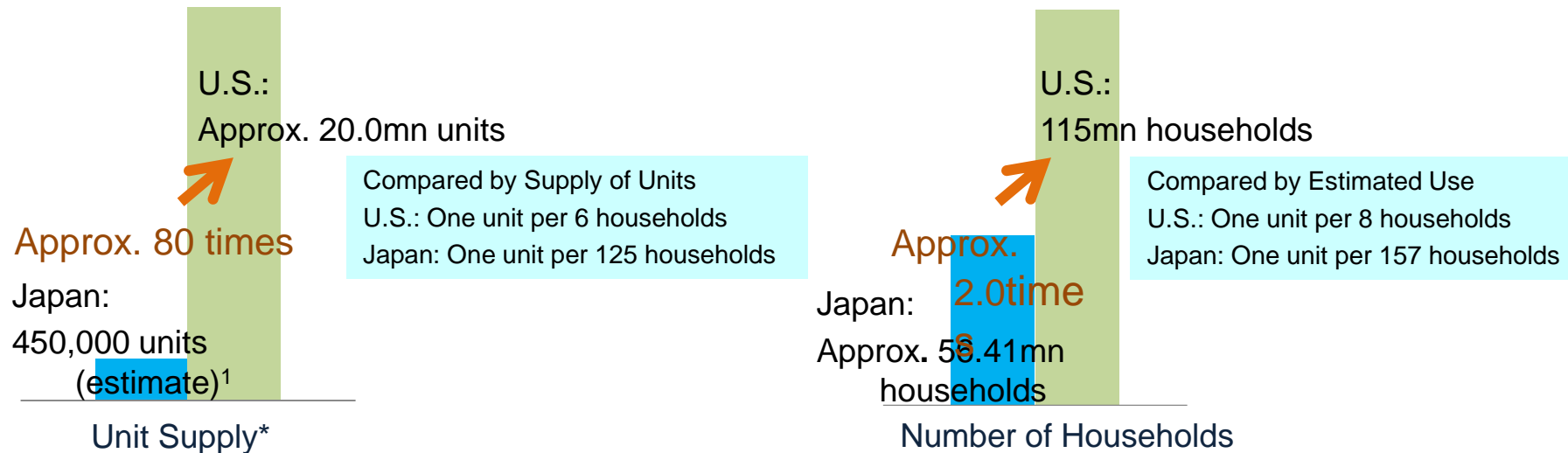
Figures for the scale of Japan's storage market are the combined total of moderate-range projections for rental storage and container storage using our own calculation method.

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

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

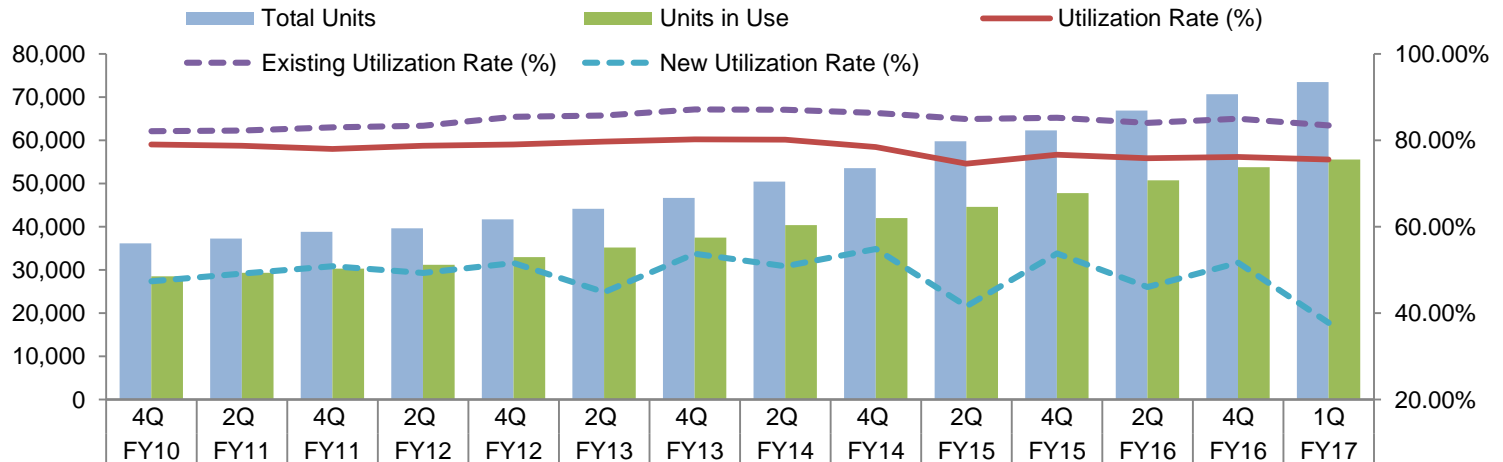


# Storage Business (3): Total Units, Units in Use, and Utilization Rate

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

- FY12/17 1Q: 2,947 units opened and 106 closed, for a net gain of 2,841 units from the end of the previous fiscal year.
- FY12/16: 9,246 units opened and 920 closed, for a net gain of 8,326 units from the end of the previous fiscal year.
- FY12/15: 9,202 units opened and 441 closed, for a net gain of 8,761 units from the end of the previous fiscal year.

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	1Q 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	73,492
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	55,535
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%	75.57%
Existing 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%
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%	37.77%

\* 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

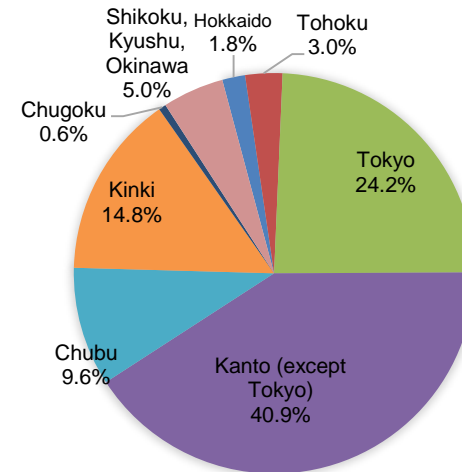


# Storage Business (4) : Openings by Region

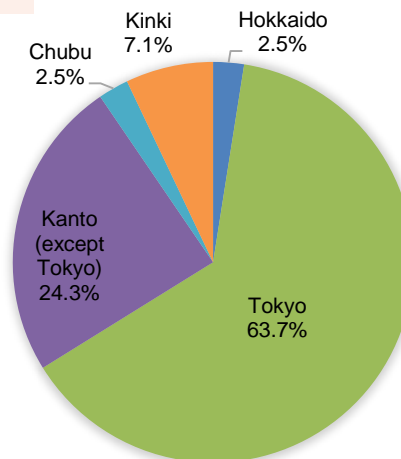
Number of units : as of March 31, 2017

Prefecture	Containers	Storage Rooms	Total	Proportion of Total
Hokkaido	1,044	422	1,466	2.0%
Miyagi	1,695	0	1,695	2.3%
Ibaraki	643	0	643	0.9%
Tochigi	121	0	121	0.2%
Gunma	208	0	208	0.3%
Saitama	7,257	914	8,171	11.1%
Chiba	9,078	615	9,693	13.2%
Tokyo	13,702	10,815	24,517	33.4%
Kanagawa	5,820	2,600	8,420	11.5%
Niigata	30	0	30	0.0%
Ishikawa	110	0	110	0.1%
Fukui	35	0	35	0.0%
Yamanashi	67	0	67	0.1%
Gifu	521	0	521	0.7%
Shizuoka	1,037	0	1,037	1.4%
Aichi	3,406	367	3,773	5.1%
Mie	212	50	262	0.4%
Shiga	66	0	66	0.1%
Kyoto	1,059	152	1,211	1.6%
Osaka	3,231	943	4,174	5.7%
Hyogo	3,440	106	3,546	4.8%
Nara	560	0	560	0.8%
Wakayama	27	0	27	0.0%
Okayama	218	0	218	0.3%
Hiroshima	117	0	117	0.2%
Kagawa	86	0	86	0.1%
Fukuoka	1,743	0	1,743	2.4%
Saga	79	0	79	0.1%
Nagasaki	118	0	118	0.2%
Kumamoto	92	0	92	0.1%
Oita	106	0	106	0.1%
Miyazaki	109	0	109	0.1%
Kagoshima	367	0	367	0.5%
Okinawa	104	0	104	0.1%
Total	56,508	16,984	73,492	100.0%

## Container



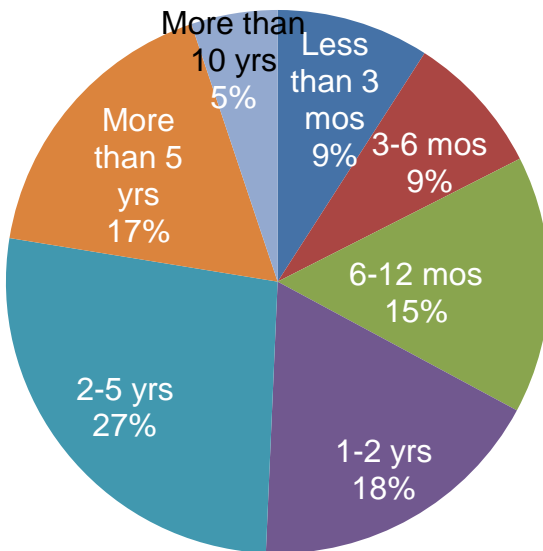
## Storage rooms



# Storage Business (5): User Analysis

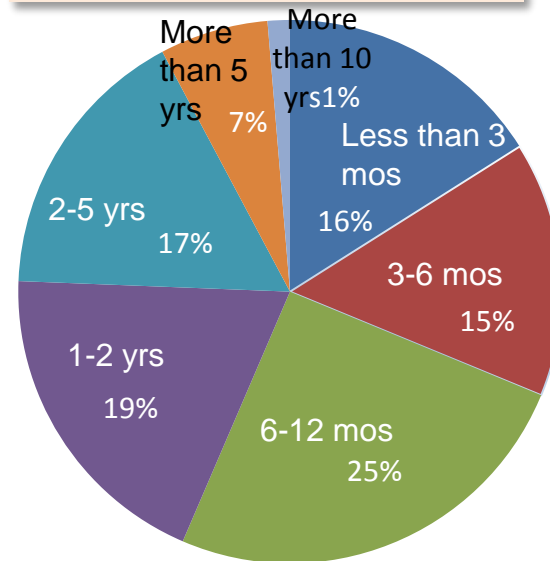
- Average usage period for current contract customers is 38 months (at February 2017).
- Average usage period for customers who have terminated contracts is 20 months (2016 result).
- Average monthly usage fee is ¥12,165 for a container type, and ¥13,707 for trunk type.

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)



Hino, Koshu Kaido (Tokyo)



Kodaira 3 (Tokyo)



Ariake, Toyosu, Shinonome (Tokyo)



Higashikasai (Tokyo)



Yotsugi4 (Tokyo)



Higashikurume2 (Tokyo)



Machida Oyamagaoka (Tokyo)



Nerima Yahara (Tokyo)



Utsunomiya Joto (Tochigi)



Mito 3 (Ibaraki)



Hodogaya Hosen 2 (Kanagawa)



Hamamatsu Minamiasada (Shizuoka)



Owari Setoekimae (Aichi)



Wakayama Matsuekita (Wakayama)



Kyoto Hachiman (Kyoto)



Osaka Kishiwada 2 (Osaka)



Nara Sahoda (Nara)



Akashinishi2 (Hyogo)



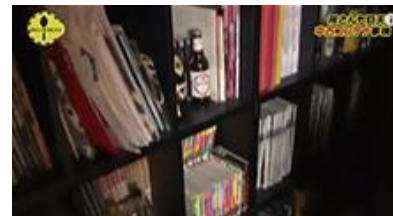
Takamastu Gotocho (Kagawa)

※ NEW  
Newly opened in 2015 and 2016

# 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)



Edogawabashi (Tokyo)



Nakajujo (Tokyo)



Shinonome (Tokyo)



Shinjuku Yotsuya 3-Chome 2 (Tokyo)



Minamiazabu (Tokyo)



Iidabashi (Tokyo)



Minamimagome (Tokyo)



Shjbuyahoncho (Tokyo)



Miyanogi Premier (Chiba)



Yokohama Aobadai (Kanagawa)



Mukogaokayuen (Kanagawa)



Azamino (Kanagawa)



Nagoya Higashikataha (Aichi)



Kyoto Fushimi (Kyoto)



Kyoto Shjokarasuma (Kyoto)



Tanimachi 4-Chome (Osaka)



Amagasaki (Hyogo)



Entrance security

※ NEW Newly opened in 2015 and 2016

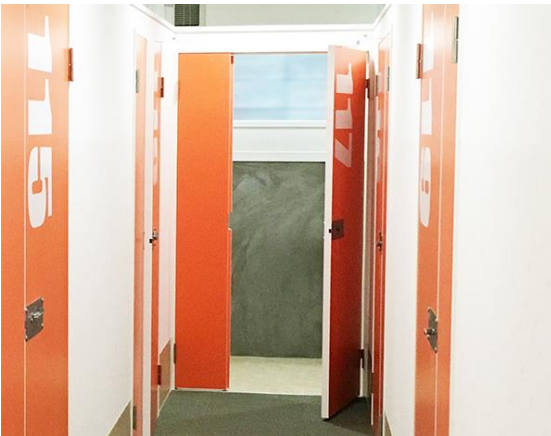
# Examples of self-storage locations /“2x4 Trunk” (wood frame)



Hello Storage Funabashi Sakae-machi  
Opened Aug. 2015



Hello Storage Miyanogi Premier  
Opened Dec. 2015



New kind of partition opens wider than previous types



Surveillance monitor inside Hello Storage Miyanogi Premier



Handwashing area at Hello Storage Miyanogi Premier

# Self-storage Location Example / Self-storage Type with Accompanying Land



Hello Storage Matsudo Tokiwadaira (system container type) – Opened March 2017



Interior of unit utilizing a container



Windows provide a view of the outside, giving a sense of security



Automatic doors installed at the entrance

# 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

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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