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Results Briefing

Second Quarter, Fiscal Year Ending December 2018

August 1, 2018

Exciting Company



Securities code: 8914

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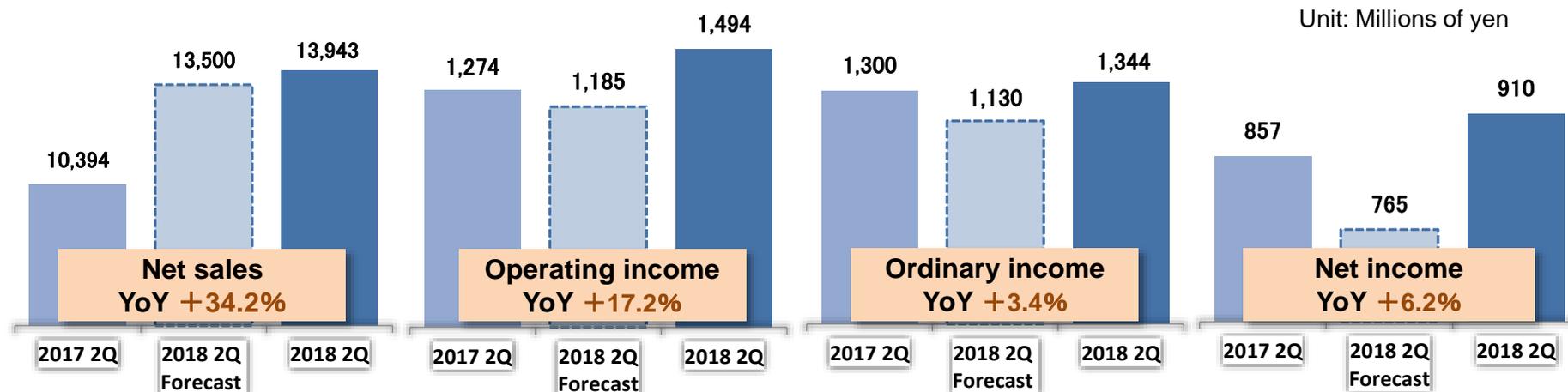
Part- I

Summary of FY12/18 2Q and FY12/18 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

Summary of FY12/18 2Q

As a result of focusing on the self-storage business, results exceeded initial estimates, from revenue gain with earnings decline, to increases in both revenue and earnings.



	FY17 2Q Cumulative		FY18 2Q Cumulative (plan)		FY18 2Q Cumulative (actual)		Actual vs. Initial plan		YoY	
(Millions of yen)	Actual	(%)	Plan	(%)	Actual	(%)	Variance	% Change	Variance	% Change
Net sales	10,394	(100.0)	13,500	(100.0)	13,943	(100.0)	443	+3.3%	3,549	+34.2%
Cost of sales	7,510	(72.3)	10,456	(77.5)	10,603	(76.0)	146	+1.4%	3,093	+41.2%
Gross profit	2,883	(27.7)	3,043	(22.5)	3,340	(24.0)	296	+9.8%	456	+15.8%
SG&A expenses	1,608	(15.5)	1,858	(13.8)	1,845	(13.2)	(12)	-0.7%	236	+14.7%
Operating income	1,274	(12.3)	1,185	(8.8)	1,494	(10.7)	309	+26.1%	219	+17.2%
Ordinary income	1,300	(12.5)	1,130	(8.4)	1,344	(9.6)	214	+19.0%	43	+3.4%
Net income	857	(8.3)	765	(5.7)	910	(6.5)	145	+19.1%	53	+6.2%

Initial expectation of revenue gain with earnings decline ended as increase in both revenue and earnings. The earnings plan of FY12/18 is weighted toward the second half. We maintain our full-year forecasts.

- Increased cumulative total of self-storage properties with accompanying land to **37 properties** (+16 from end-FY12/17)
⇒ In the self-storage brokerage business, **15 self-storage properties w/land sold** in 1H (5 in the same period of the previous fiscal year).
- Total number of self-storage units increased to **85,005 units** (+3,450 units from end-FY12/17)
⇒ In the self-storage management business, earnings declined due to scaling back of container storage location openings with the shift to self-storage properties w/land.
- Limited land rights (land rights management) business **stable** and in line with plan.
⇒ Earnings decline resulting from the sale in the previous year of highly profitable properties due to special factors.

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)

Overview of FY12/18 2Q by Segment

The Property Management Service segment drove the increase in revenue and earnings. Earnings declined in the Property Revitalization & Liquidation Service segment as a result of the sale in the previous year of highly profitable properties due to special factors, but results were in line with the full-year earnings plan.

Unit: Millions of yen

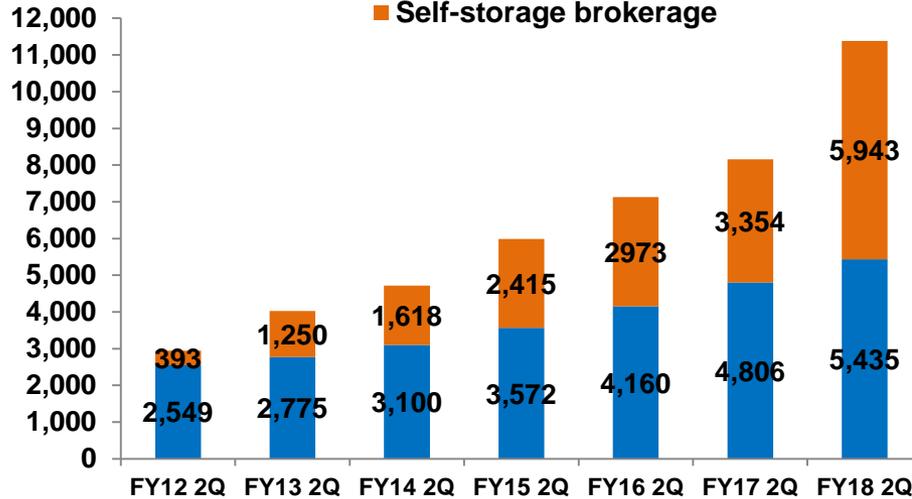
			FY12/17 2Q		FY12/18 2Q		YoY	
			Actual	Profit margin	Actual	Profit margin	Variance	% Change
	Self-storage management	Net sales	4,806	—	5,435	—	628	13.1%
		Gross profit	1,227	25.5%	1,259	23.2%	32	2.6%
		Operating income	840	17.5%	773	14.2%	(67)	—8.0%
	Self-storage brokerage	Net sales	3,354	—	5,943	—	2,589	77.2%
		Gross profit	859	25.6%	1,242	20.9%	383	44.7%
		Operating income	400	11.9%	774	13.0%	373	93.3%
	Other property management service	Net sales	1,019	—	977	—	(42)	—4.2%
		Gross profit	358	35.2%	398	40.8%	40	11.2%
		Operating income	273	26.8%	307	31.5%	34	12.5%
Property Management Service Total	Net sales	9,181	—	12,356	—	3,174	34.6%	
	Gross profit	2,444	26.6%	2,901	23.5%	456	18.7%	
	Operating income	1,514	16.5%	1,855	15.0%	340	22.5%	
Property Revitalization & Liquidation Service	Net sales	1,212	—	1,587	—	374	30.9%	
	Gross profit	438	36.2%	439	27.7%	0	0%	
	Operating income	345	28.5%	298	18.8%	(47)	—13.6%	
Other	Net sales	—	—	0	—	—	—	
	Gross profit	—	—	0	—	—	—	
	Operating income	(585)	—	(659)	—	(73)	12.6%	
Total	Net sales	10,394	—	13,943	—	3,549	34.2%	
	Gross profit	2,883	27.7%	3,340	24.0%	456	15.8%	
	Operating income	1,274	12.3%	1,494	10.7%	219	17.2%	

Self-Storage Business: Net Sales and Operating Income in FY18 1H

Self-Storage Business Net Sales

(Unit: Millions of yen)

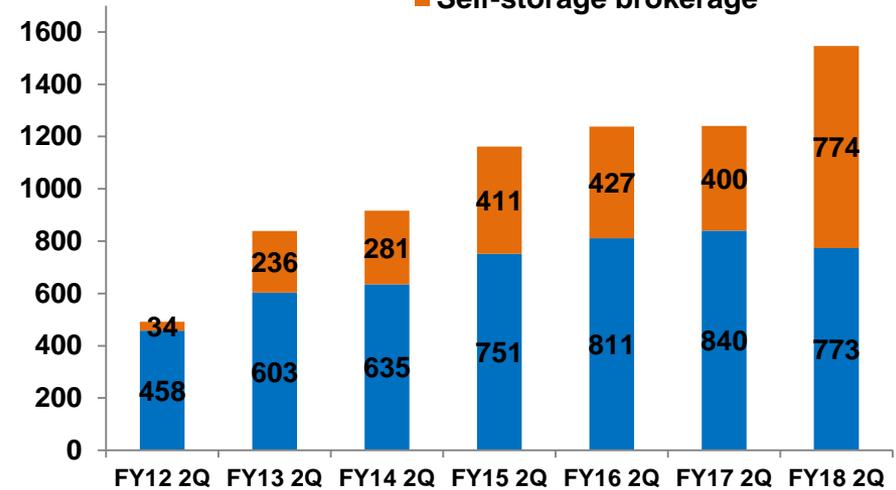
■ Self-storage management
■ Self-storage brokerage



Self-Storage Business Operating Income

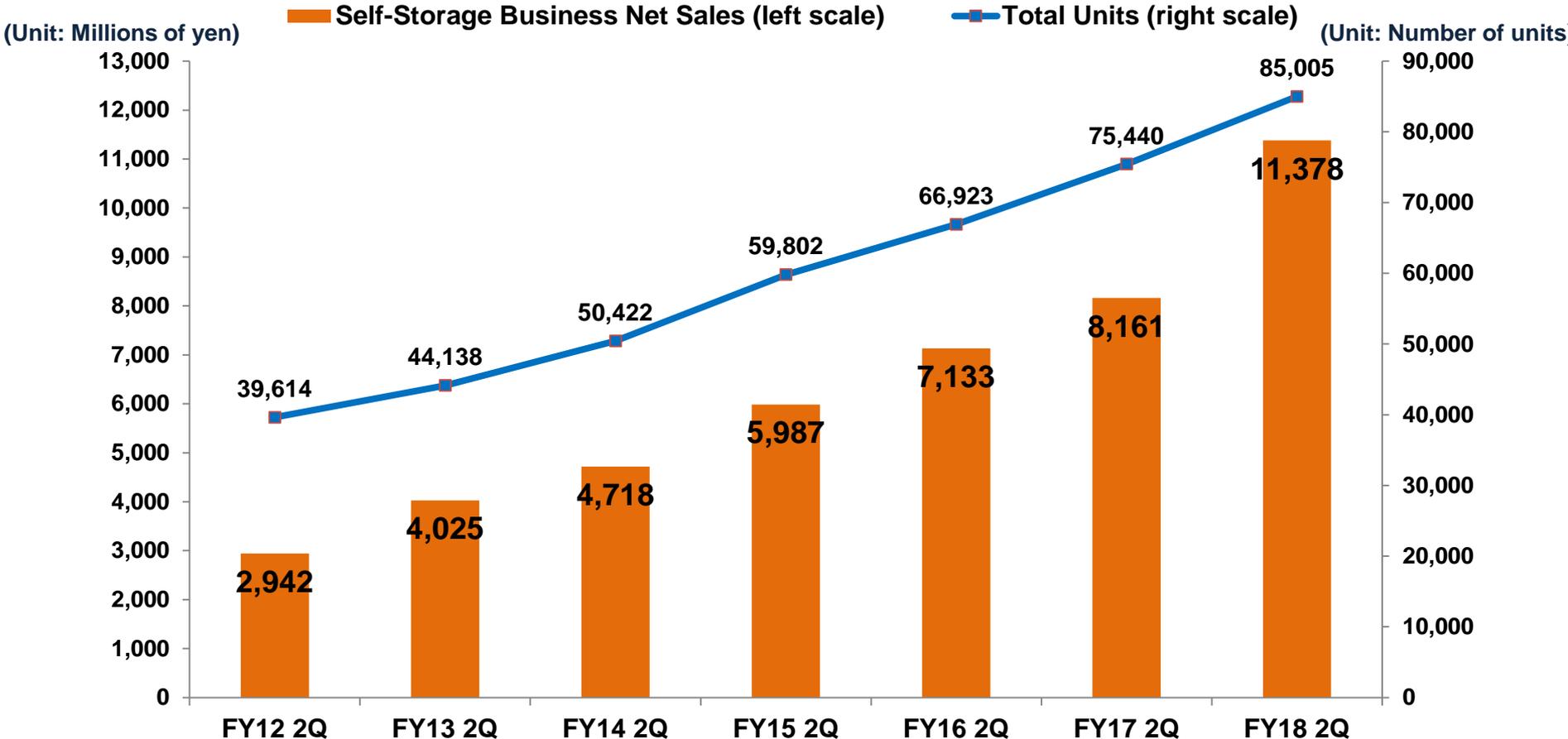
(Unit: Millions of yen)

■ Self-storage management
■ Self-storage brokerage

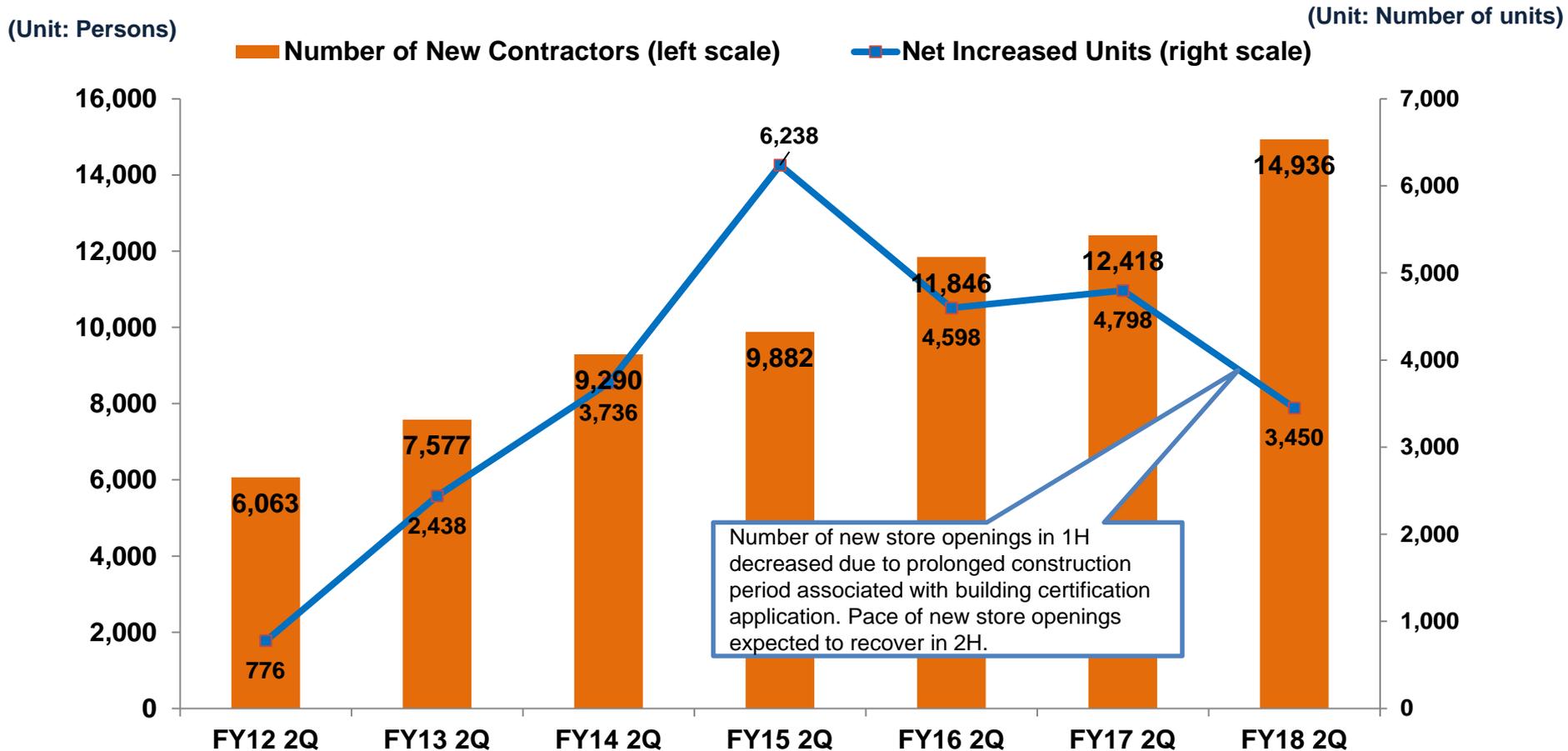


(Millions of yen)	FY12 2Q Cumulative	FY13 2Q Cumulative	FY14 2Q Cumulative	FY15 2Q Cumulative	FY16 2Q Cumulative	FY17 2Q Cumulative	FY18 2Q Cumulative
Self-storage management	2,549	2,775	3,100	3,572	4,160	4,806	5,435
Self-storage brokerage	393	1,250	1,618	2,415	2,973	3,354	5,943
Self-Storage Business Net Sales	2,942	4,025	4,718	5,987	7,133	8,161	11,378
Self-storage management	458	603	635	751	811	840	773
Self-storage brokerage	34	236	281	411	427	400	774
Self-Storage Business Operating Income	492	839	916	1,162	1,238	1,241	1,547

Self-Storage Business Net Sales and Total Units in FY18 1H



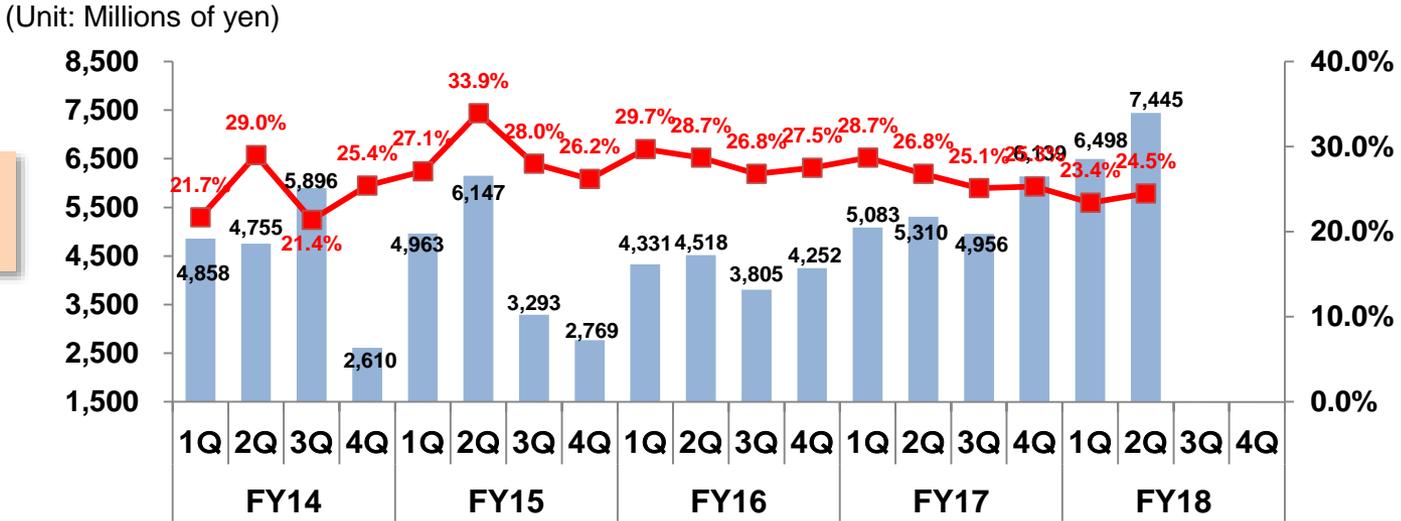
Self-Storage Business Number of New Contractors and Net Increased Units in FY18 1H



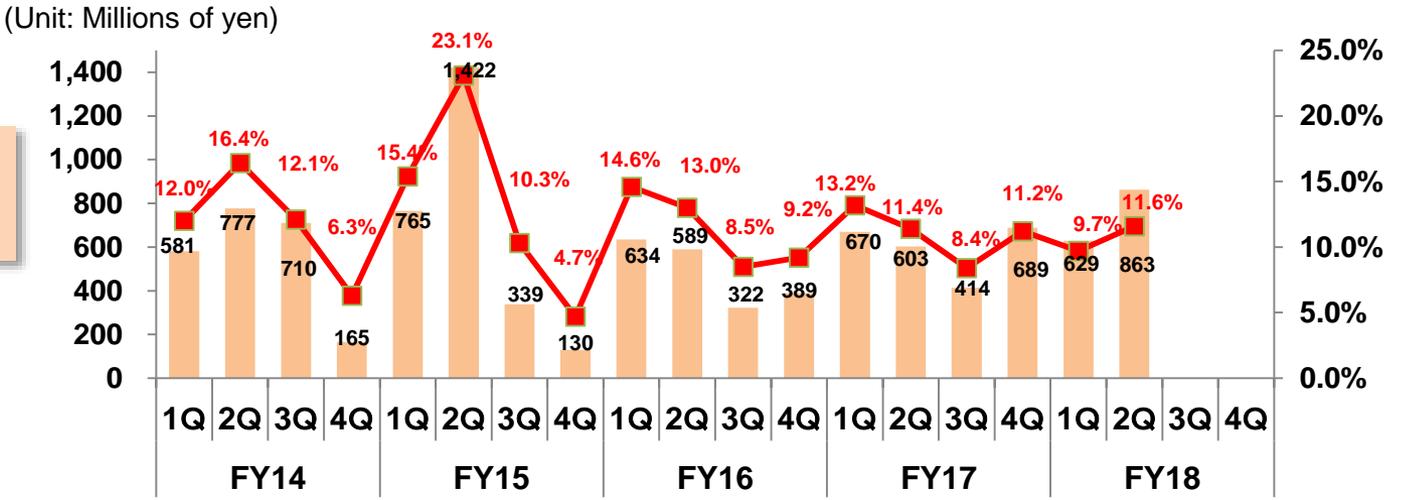
Quarterly Net Sales and Operating Income

Steady growth in both revenue and earnings, including profitability.

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 increase in commissions paid on bank financing. Extraordinary loss had increased in the previous fiscal year due to recording of head office transfer costs, but decreased in the subject fiscal year.

Non-operating income
 Compensation for transfer ¥22 million

Extraordinary income
 Gain on sales of noncurrent assets ¥11 million

Non-operating expenses
 Interest expenses ¥49 million
 Commission fee ¥111 million

Extraordinary loss
 Loss on retirement of non-current assets ¥5 million

Unit: Millions of yen

Step income	FY12/17 2Q	FY12/18 2Q	YoY (%)
Operating income	1,274	1,494	17.2
Non-operating income	69	38	-44.5
Non-operating expenses	43	188	335.2
Ordinary income	1,300	1,344	3.4
Extraordinary income	14	14	2.9
Extraordinary loss	34	5	-84.6
Income before income taxes	1,280	1,354	5.8
Income taxes — current	420	411	-2.2
Income taxes — deferred	2	31	1460.2
Net income	857	910	6.2

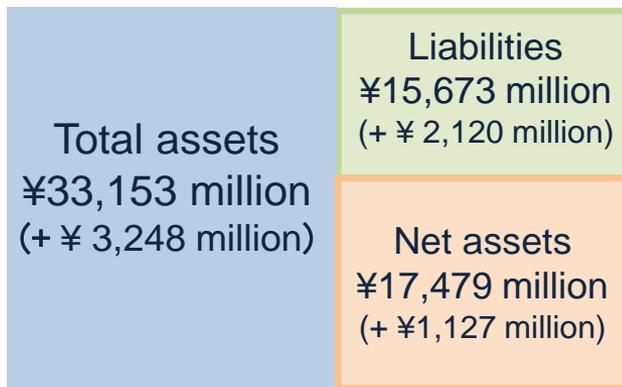
Financial Position

Sound financial condition maintained

Financial Position

As of June 30, 2018

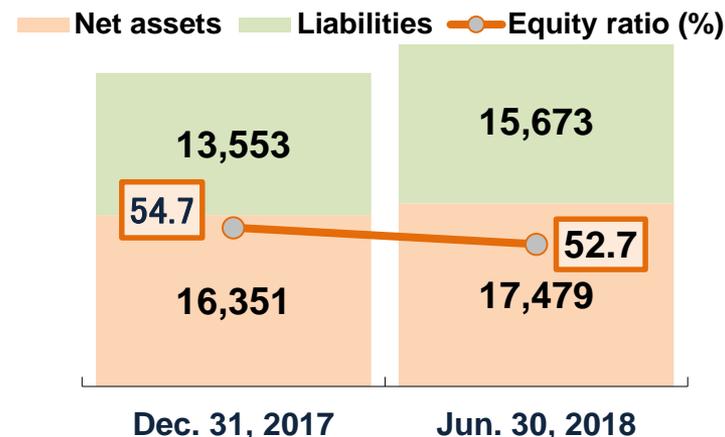
*Figures in parentheses indicate changes from the end of December 31, 2017..



(Millions of yen)	Dec. 31, 2017	Jun. 30, 2018
Current assets	17,532	20,827
Noncurrent assets	12,372	12,326
Total assets	29,904	33,153
Current liabilities	5,691	5,177
Noncurrent liabilities	7,861	10,496
Total liabilities	13,553	15,673
Net assets	16,351	17,479

Liabilities, net assets, equity ratio

(Millions of yen)



Increase in real estate for sale in process	¥ 2.41 billion
Increase in cash and deposits	¥ 1.10 billion
Decrease in real estate for sale	¥(0.24) billion

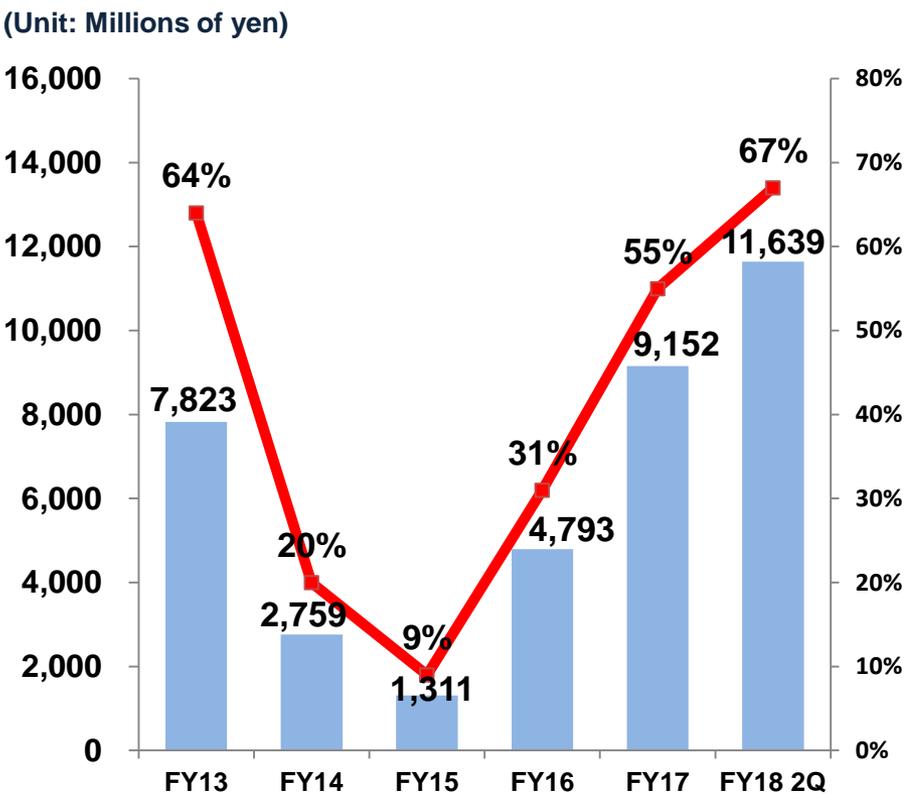
Increase in long-term loans payable	¥2.44 billion
Decrease in accounts payable for construction contracts	¥(0.37) billion
Decrease in bonds payable	¥(0.05) billion

Increase in capital stock stemming from the exercise of share acquisition rights and the issuance of common shares	¥0.35 billion
Increase in legal capital surplus	¥0.35 billion
Increase in retained earnings	¥ 0.42 billion

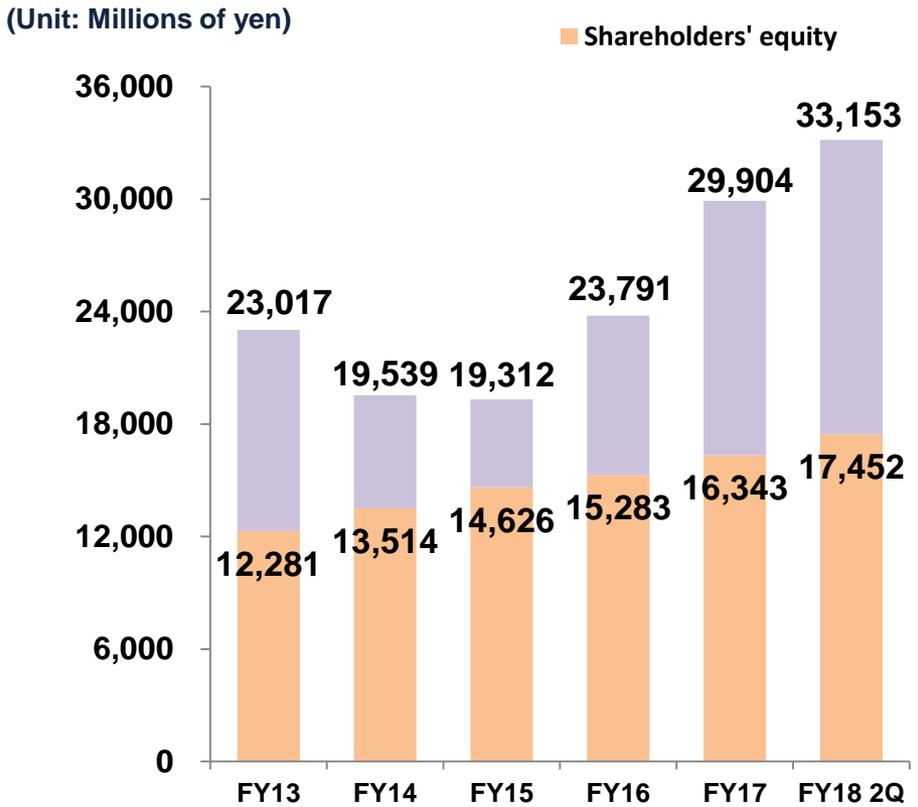
Interest-Bearing Debt, Total Capital, and Shareholders' Equity

Increases in shareholders' equity and interest-bearing debt

Interest-bearing debt and interest-bearing debt ratio



Total capital and shareholders' equity



Increases in shareholders' equity and interest-bearing debt

Unit: Millions of yen

	FY17 2Q	FY18 2Q		
Cash flows from operating activities	(193)	(1,270)	Income before income taxes	¥1.35 billion
			Increase in inventories	¥(2.18) billion
Cash flows from investing activities	(517)	(318)	Purchase of noncurrent assets	¥(0.15) billion
			Purchase of investment securities	¥(0.12) billion
Cash flows from financing activities	517	2,694	Proceeds from long-term loans payable	¥4.84 billion
			Proceeds from issuance of common shares	¥0.69 billion
Cash and cash equivalents at the end of period	6,963	7,698	Repayment of long-term loans payable	¥(2.21) billion
			Cash dividends paid	¥(0.48) billion

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.

	FY2017		FY2018		YoY	
	Actual	(%)	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%

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

Maintain a stable target payment of payout ratio of 30 %

Dividends and Payout Ratio

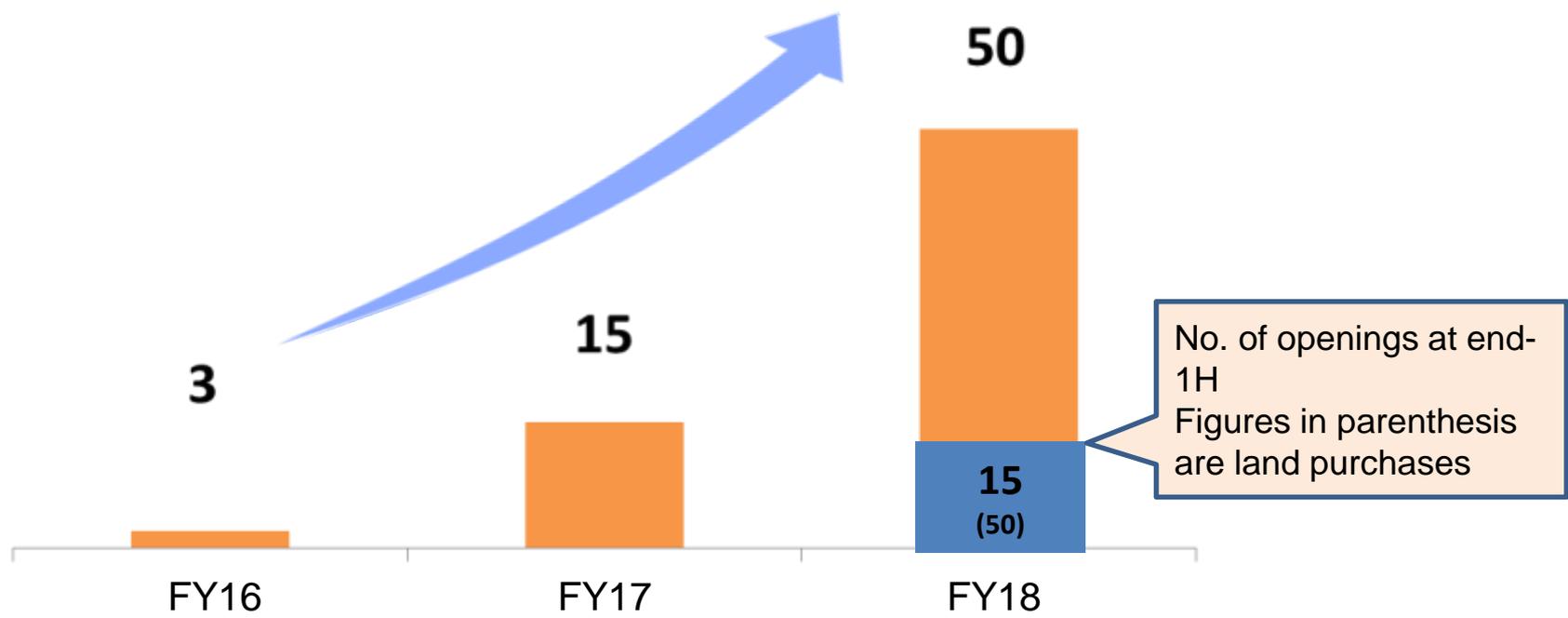
	FY2017	FY2018 (Forecast)
Cash dividends per share	40 yen	46 yen
Payout ratio	31.7%	30.4%

Part- II

2H Main Measures and Medium-term Management Plan

**FY12/18 self-storage location opening plan weighted toward 2H.
1H openings proceeded according to plan.**

Number of Location Openings





Hello Storage Kawaguchi Akai Premium
Opened Mar. 2018



Hello Storage Kawaguchi Higashiryoke Premium
Opened Apr. 2018



Hello Storage Yokohama Aobatachibanadai Premium
Opened May 2018



Hello Storage Kawaguchi Shibashimo Premium
Opened May 2018



Hello Storage Higashinarashino Premium
Opened May 2018



Hello Storage Yokohama Imajukunishi Premium
Opened Jun. 2018



Full outdoor parking



Various large and small spaces



Indoor security monitors



Advanced security system



Large storage spaces



Hand washing area

Diversification of exit strategies, securitization (funds, REITs)

- Establishment of private placement fund **“Hello Storage Fund Premium LLC”** – Resona’s initiative an industry first

Fund scale: **Approx. ¥2.0 billion** (three steel construction properties – Ogikubo (Suginami-ku), Motoizumi (Komae-shi), and Machiya (Arakawa-ku))

Management period: 5 years (planned)

- Plan for continued securitization (funds, REITs)



Hello Storage Suginami Ogikubo Premium
Steel frame 187 units



Hello Storage Komae Motoizumi Premium
Steel frame 154 units



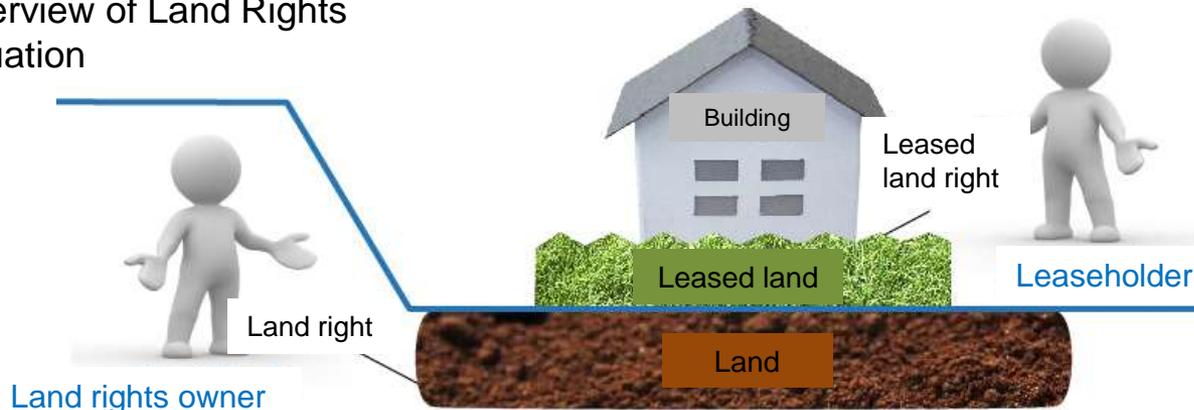
Hello Storage Arakawa Machiya Premium
Steel frame 94 units

– Other Business: Land Rights Management

What are Arealink's advantages and aims in limited land rights business?

- Demand that is not dependent on market conditions, and **stabilization of the business portfolio**.
Rental return of **3% annually**, and **20% gain on sale** (after 1-2 years)
- **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

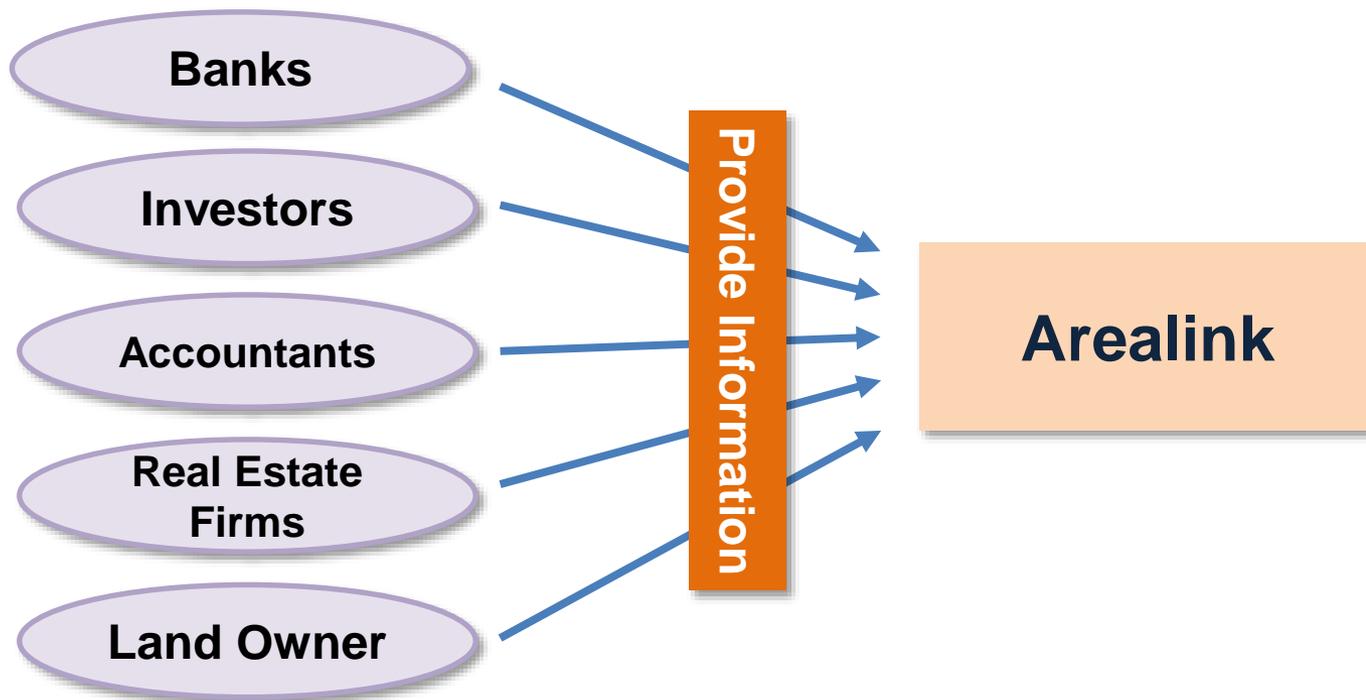
Overview of Land Rights Situation



– Strengthening the Business Network

Focus on further strengthening relationships to support land purchases and secure buyers (investors)

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



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

Containers installed as warehouses, and that cannot be occasionally or arbitrary moved



Considered to be buildings as prescribed by Article 2-1 of the Building Standards Act



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

Focus on the Self-storage Business

Asset indoor-type self-storage

Accelerate openings in **residential neighborhoods of urban areas**

Outdoor container-type self-storage locations

Continue opening in suburban areas



Expand openings in areas with strong customer needs

- Areas for opening asset indoor-type self-storage locations (general image)
- Areas for opening outdoor-type self-storage locations (general image)

Self-storage is expected to become increasingly popular as a new option for real estate investment.

	Apartment Management 	Self-storage Investment 
Current situation	△ Increase in owners declaring bankruptcy at vacancy rate worsens	○ Established as real estate genre overseas (including REIT listings)
Market	△ Rental housing market saturated	○ No. of units increasing due to cramped living conditions in Japan
Future prospect	× Even as Japan's population is shrinking, there were more than 400,000 rental housing starts in 2016	◎ Growing business
Supply/demand	× Rents declining due to worsening of supply/demand balance	○ Zoning restrictions complicate location openings
Bubble	× Increasing vacancy bubble a concern	○ Arealink has more than 20 years of experience
Repair costs	× Future repair costs make rents disappear	◎ Aging degradation of buildings is slow
Reinstatement	× Aging degradation can't be drawn from security deposits, so owner's responsibility	○ No burden on the owner
Fees	× In a borrower's market fees are paid to brokers find customers	○ Contracts through internet and local response, so no broker fees
Difficulties	△ Material and mental stress of resident complaints	○ Non-residential and with management system, so fewer complaints
Rents	× Market based on age of properties, so decline in value over years	○ Age of properties not disclosed, so older properties don't decline in value as easily
Stability	△ Even at full occupancy, rents typically revised every two years	○ Ten-year fixed rent rate provides stable income

Medium-term Management Plan – Earnings Vision

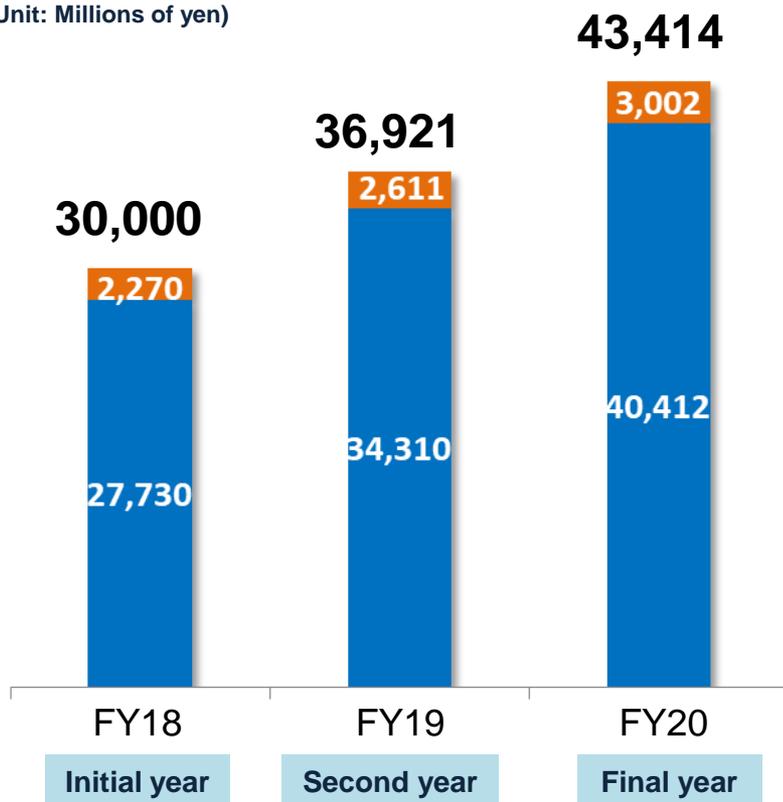
(3yrs of FY12/18 – FY12/20)

Continual growth in operating income from all businesses of **nearly 30%**

Net Sales – All Businesses

- Property Revitalization & Liquidation Service
- Property Management Service

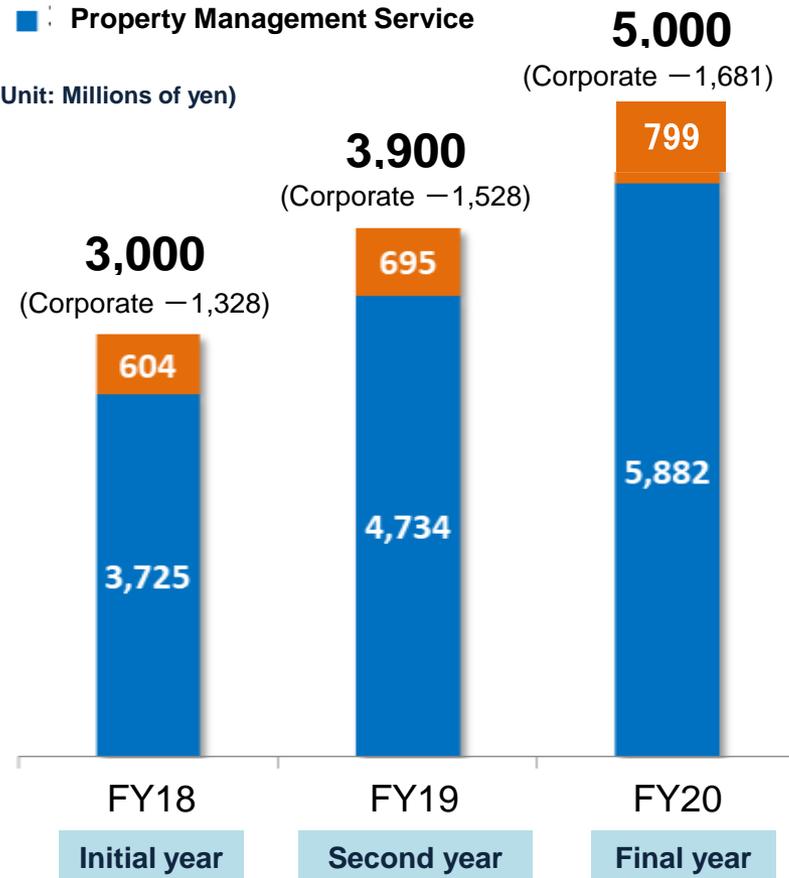
(Unit: Millions of yen)



Operating Income – All Businesses

- Property Revitalization & Liquidation Service
- Property Management Service

(Unit: Millions of yen)



Medium-term Management Plan – Earnings Vision

(3yrs of FY12/18 – FY12/20)

Securitization of self-storage drives growth, with steady growth in self-storage management as well

Net Sales – Self-storage Business

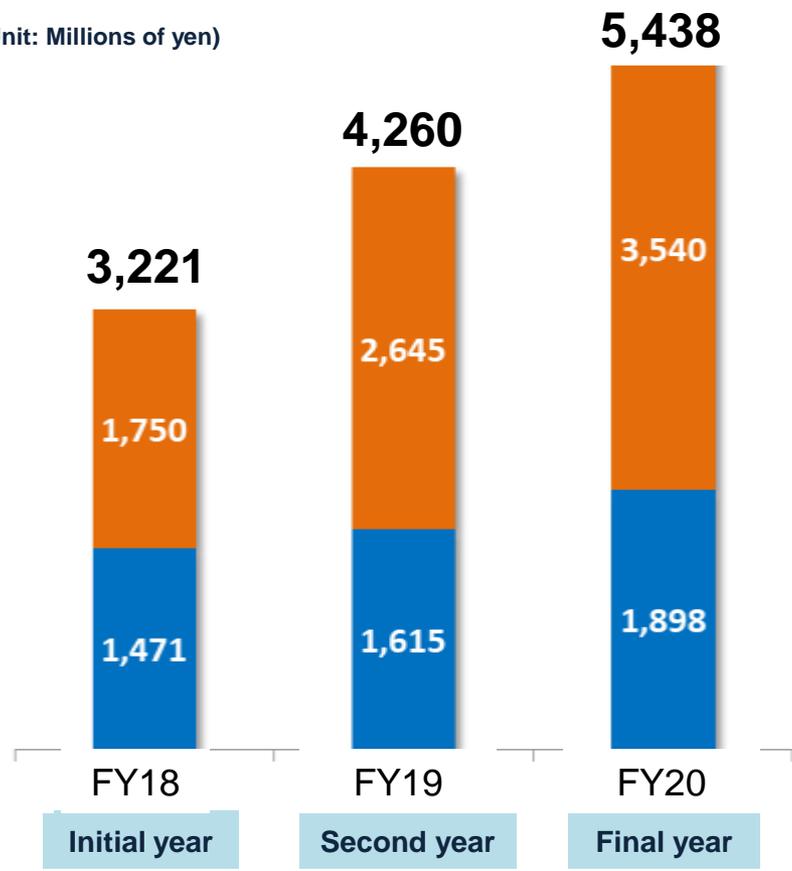
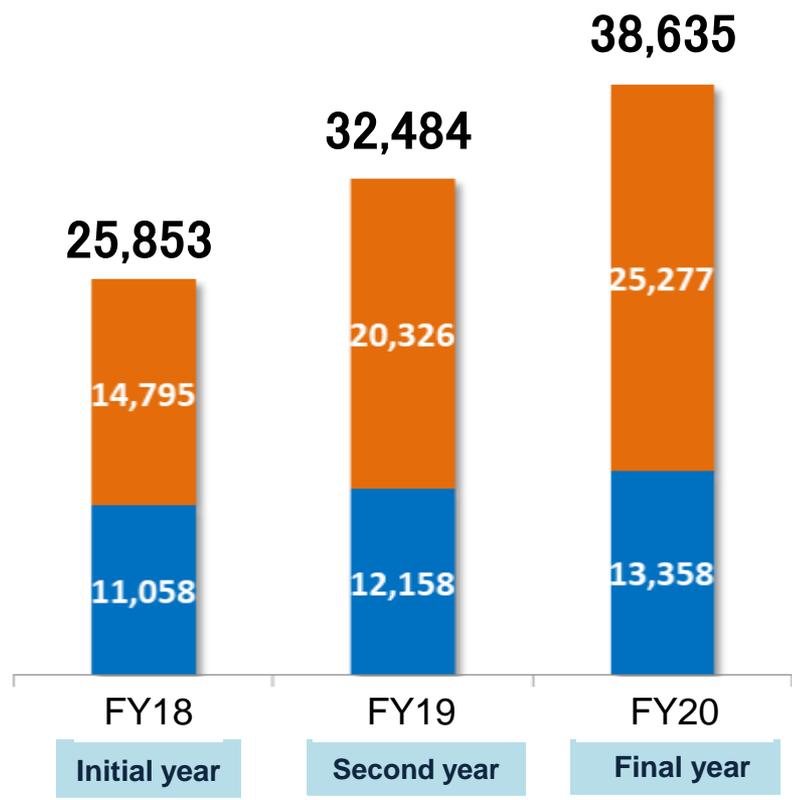
Operating Income – Self-storage Business

■ Self-Storage Management ■ Self-Storage Brokerage

■ Self-Storage Management ■ Self-Storage Brokerage

(Unit: Millions of yen)

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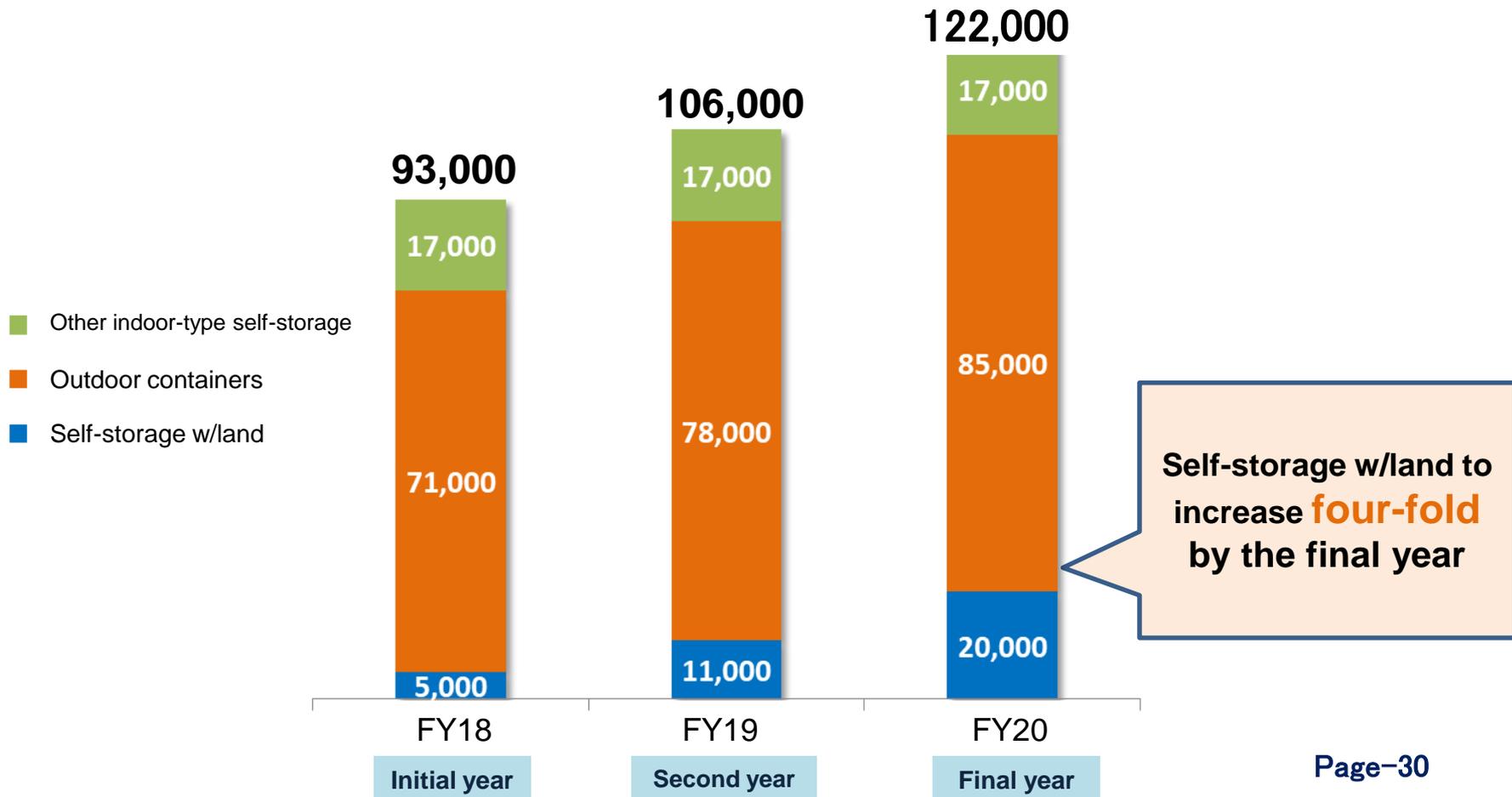


Medium-term Management Plan

– Increase in Total No. of Units

Increase in total number of units as a result of acceleration in openings of indoor asset-type self-storage properties, and continued openings of container-type properties

Total No. of Units



**Procure funds for growth investments in the self-storage business,
and to strengthen the financial base**

- **First issue of share acquisition rights (share acquisition rights with an amended exercise price) by private placement**
- **Conclusion of facility agreement (with conditions for suspension of exercise stipulation and target price)**

**Expected
procurement amount
(at May 22, 2018)**

¥8.15 billion

Summary of the first issue of share acquisition rights by private placement

Placement date	June 8, 2018
Number of stock acquisition rights issued	20,000
Issue price and total amount	896 yen per one stock acquisition right (17,920,000 yen total)
Number of dilutive shares from the issuance	Number of dilutive shares: 2,000,000 shares (100 shares per stock acquisition right) There is no cap exercise price. The floor exercise price is 2,849 yen. The number of dilutive shares at the floor exercise price is 2,000,000 shares.
Expected procurement amount (planned)	8,149,920,000 yen (at May 22, 2018)
Recipient	SMBC Nikko Securities Inc.
Period to exercise rights	June 11, 2018 – May 31, 2021
Use of funds	Allocate for real estate acquisition and building funds necessary for growth in the Property Management Service business, centered on the self-storage business. Strengthen the financial base and secure financial flexibility.

Part-III

Long-term Vision

Image for the Company

What is a “future-oriented ideal company?”

- **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**



Long-term Vision: No.1 Share of Japan's Self-Storage Market

**Business Model
No.1 in the Growth
Market**

Strengthen capabilities in the growing self-storage business, and achieve the No. 1 market share

- **Expand business for self-storage facilities w/land, and continue location openings for outdoor containers, and increase our market share in Japan.**

Asset indoor-type self-storage



Outdoor container-type self-storage

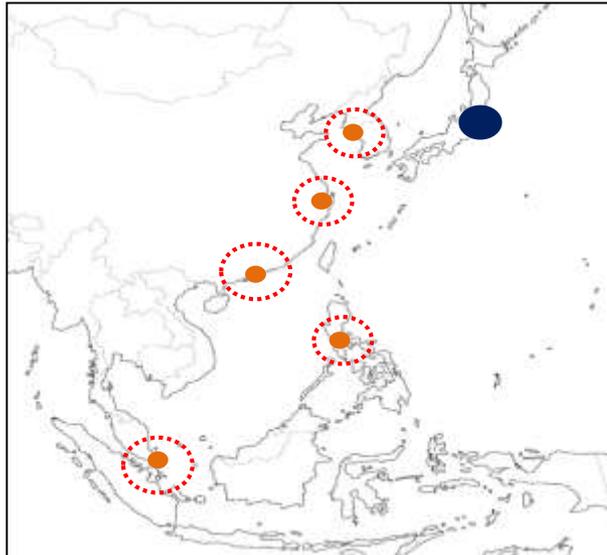


New Expansion of the Self-Storage Business

- **B2C: Expand market share in Japan, and open locations in other areas of Asia**
- **B2B: Cooperation with different business types, such as logistics companies and retailers**

B2C: Location openings in Asia

B2B: Cooperation with other companies



Cooperation with PUDO Station (residential package lockers)



Hello Storage Misato Part 3



Hello Storage Misato Kanamachi Part 44

Pursue cooperation with different business types, including coin-operated parking, railroads, and retailers.

Human Resources
Personnel
development

Doctrine of “small but highly capable workforce,” focusing on practical and creative work

➤ “Arealink Master”

System aimed at shifting a structure where employees consider problems and find solutions on their own

➤ Overnight training sessions

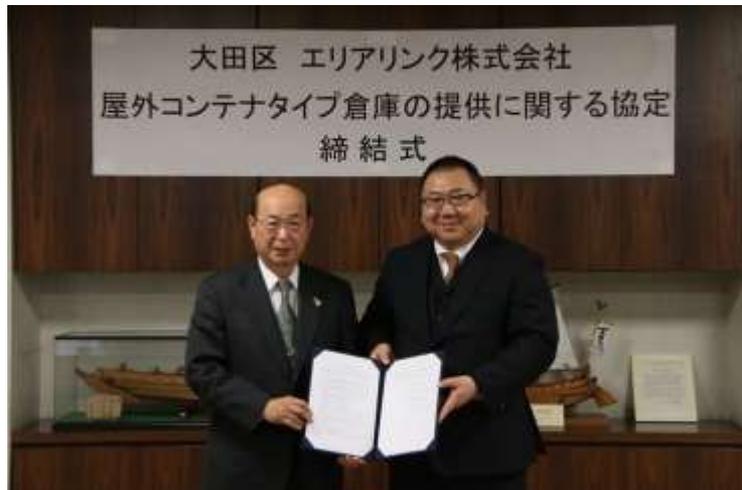
➤ Advance outside contracting, and effectively utilize the capabilities of at-home and part-time employees

Management Organization and businesses

Develop a more muscular corporate culture

- **Enhanced operational efficiency aimed at results**
 - ⇒ Utilization of Salesforce, G Suite, RPA
- **Prepared to handle the worst market conditions**
 - ⇒ Arealink Reform Project 3
Panic countermeasures, cost improvement, no labor/paperless

- **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

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



Entrance/Reception



Café



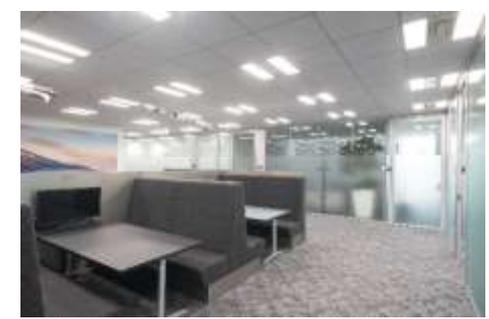
Office



Lounge (for exclusive use by managers)



Lounge (for exclusive use by managers)



Office

Part-IV

Reference Material

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

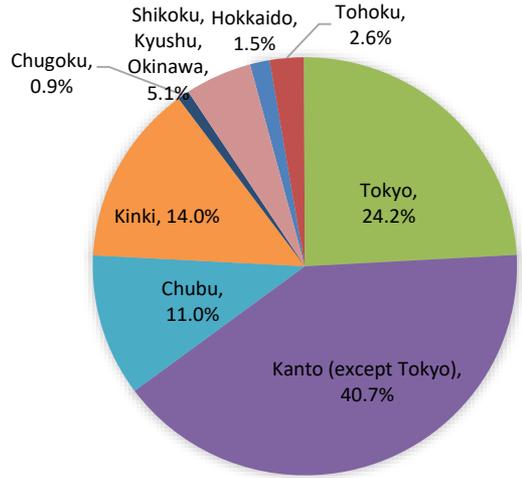
Note: On July 1, 2013, the Company conducted a stock split at a ratio of 100 shares for each of the Company's common shares. Also with an effective date of July 1, 2016, the Company conducted a consolidation of its common shares at a ratio of 1 share for 10 outstanding shares. Accordingly, the figures 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.

Storage Business: Openings by Region

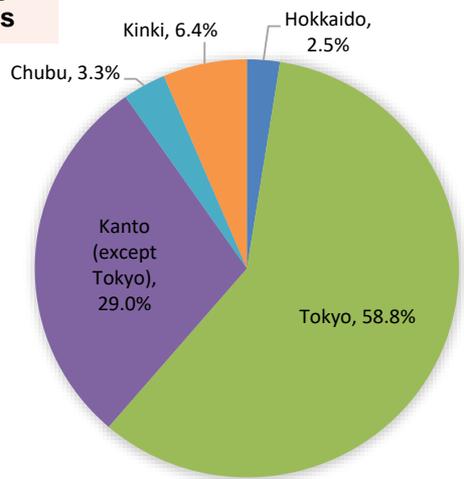
Prefecture	Containers	Storage Rooms	Total	Proportion of Total
Hokkaido	999	490	1,489	1.8%
Miyagi	1,682	0	1,682	2.0%
Ibaraki	786	0	786	0.9%
Tochigi	155	0	155	0.2%
Gunma	337	0	337	0.4%
Saitama	8,046	1,624	9,670	11.4%
Chiba	9,550	1,030	10,580	12.4%
Tokyo	15,855	11,469	27,324	32.1%
Kanagawa	7,798	3,007	10,805	12.7%
Niigata	69	0	69	0.1%
Toyama	143	0	143	0.2%
Ishikawa	204	0	204	0.2%
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	1.4%
Aichi	4,366	593	4,959	5.8%
Mie	290	50	340	0.4%
Shiga	154	0	154	0.2%
Kyoto	1,066	152	1,218	1.4%
Osaka	3,807	991	4,798	5.6%
Hyogo	3,545	106	3,651	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	1,794	0	1,794	2.1%
Saga	79	0	79	0.1%
Nagasaki	118	0	118	0.1%
Kumamoto	337	0	337	0.4%
Oita	106	0	106	0.1%
Miyazaki	109	0	109	0.1%
Kagoshima	367	0	367	0.4%
Okinawa	104	0	104	0.1%
Total	65,493	19,512	85,005	100.0%

Number of units : as of June 30, 2018

Container

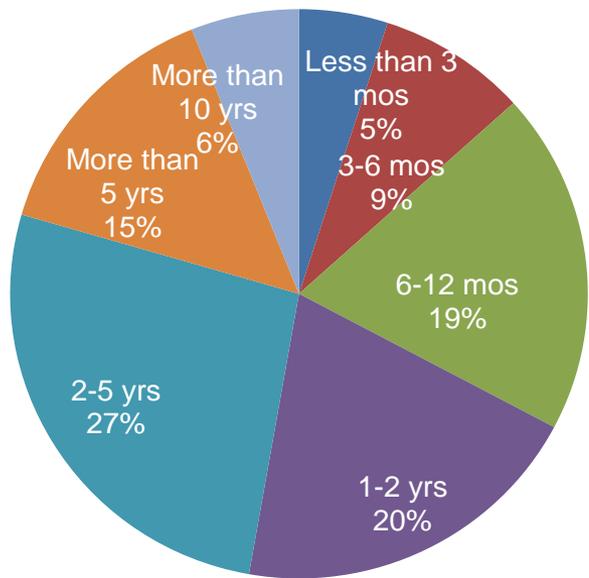


Storage rooms



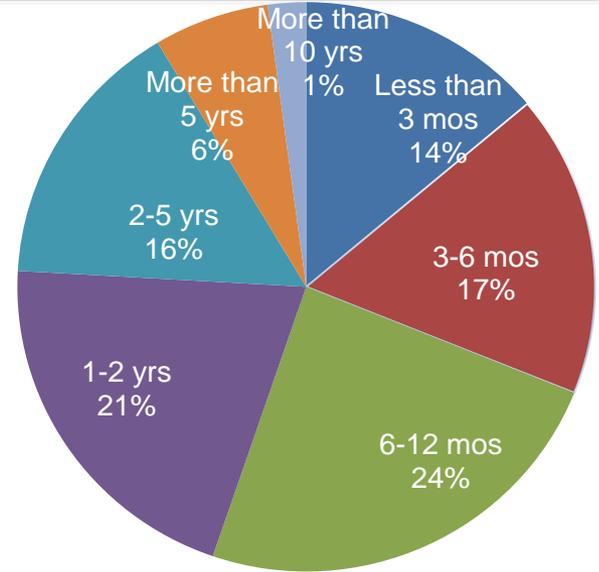
- Average usage period for current contract customers is 37 months (at December 2017).
- Average usage period for customers who have terminated contracts is 21 months (2017 result).
- Average monthly usage fee is ¥14,198 for a container type, and ¥15,100 for trunk type.

Breakdown of usage period for current contract customers



* Analysis of customers with contracts at December 2017

Breakdown of usage period for customers who terminated contracts

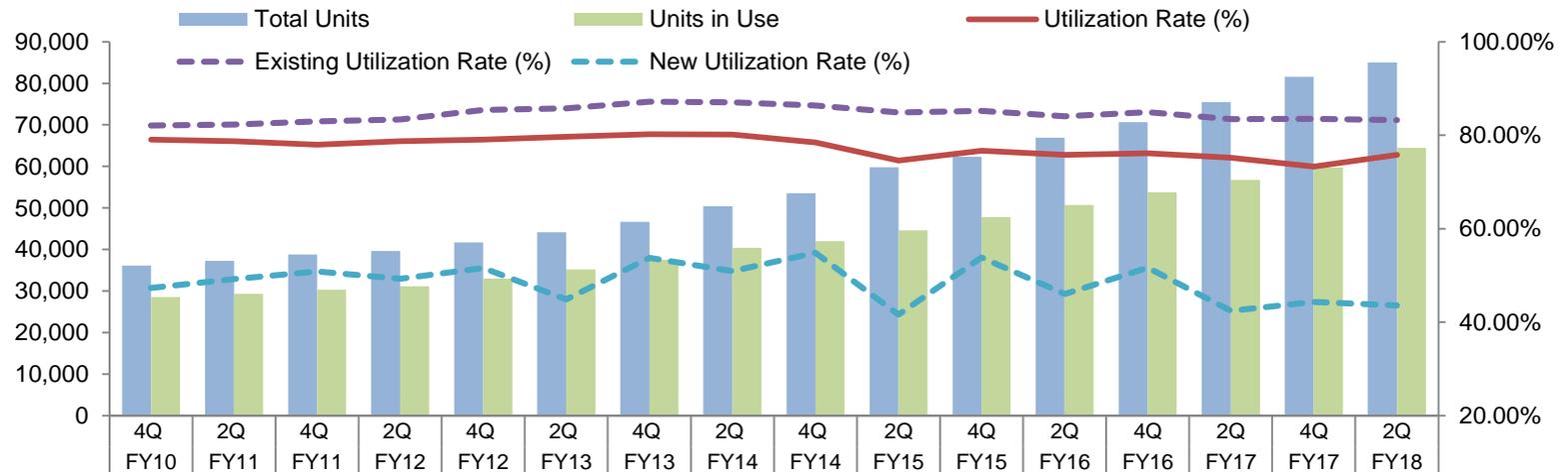


* Analysis of customers who terminated contracts in 2017

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

Total Units, Units in Use, and Utilization Rate

(Unit: Number of units)



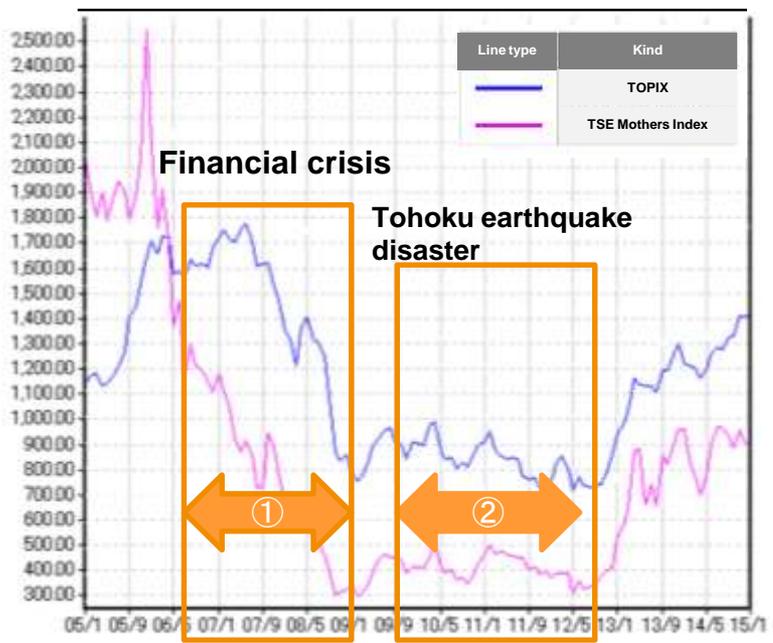
	4Q FY10	2Q FY11	4Q FY11	2Q FY12	4Q FY12	2Q FY13	4Q FY13	2Q FY14	4Q FY14	2Q FY15	4Q FY15	2Q FY16	4Q FY16	2Q FY17	4Q FY17	2Q FY18
Total Units	36,131	37,267	38,838	39,614	41,698	44,138	46,686	50,422	53,564	59,802	62,325	66,923	70,651	75,440	81,555	85,005
Units in Use	28,562	29,340	30,290	31,188	32,968	35,177	37,499	40,407	42,009	44,603	47,796	50,739	53,786	56,742	59,748	64,432
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%	75.80%
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%	83.48%	83.24%
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%	43.57%

* 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

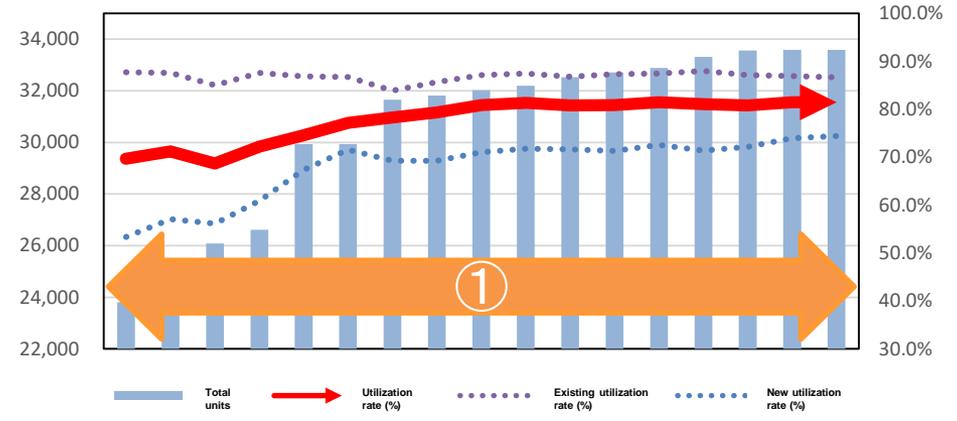
Self-storage Business: Less Susceptible to Market Conditions

After achieving stable operations, contract cancellations are rare, making the business less susceptible to market conditions. Utilization rates remained stable even during periods of market fluctuation, such as the financial crisis and Tohoku earthquake disaster.

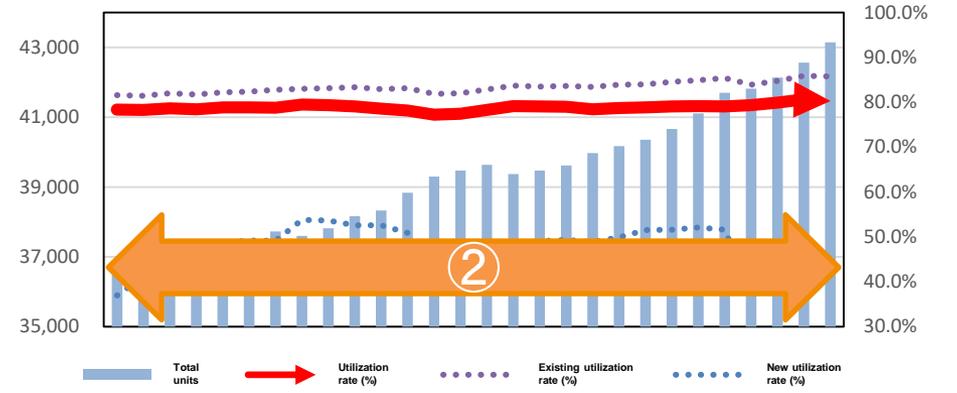
TOPIX & TSE Mothers Index 10-Year Period (Jan 2005 – Jan 2015)



① Financial Crisis (Jan 2007 – Nov 2008)



② Tohoku earthquake disaster (Jan 2011 – Apr 2013)



Examples of self-storage locations / Outdoor container type



Ebetsushi Oasa Sakuragicho (Hokkaido)



Sendai Oroshimachi Higashi (Miyagi)



Misato 2 (Saitama)



Omiya Haruoka Part 2 (Saitama)



Higashifuchu (Tokyo)



Higashikurume2 (Tokyo)



Kita-ku Shigacho Kurokawa (Aichi)



Ariake, Toyosu, Shinonome (Tokyo)



Higashikasai (Tokyo)



Nerima Yahara (Tokyo)



Hodogaya Hosen 2 (Kanagawa)



Kanagawaku Irie (Kanagawa)



Chiba Chuo Honcho (Chiba)



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)

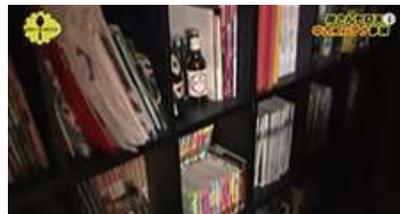


Akashinishi2 (Hyogo)



Takamastu Gotocho (Kagawa)

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

Examples of Self-storage Properties – Self-storage Properties w/Land



Hello Storage Nerima Yahara Premium



Hello Storage Toda Bijogi Premium



Ample large storage spaces



Fully equipped with elevators



Hand washing area

Examples of Self-storage Properties – Self-storage Properties w/Land



Hello Storage Minami Koshigaya Premium



Hello Storage Mitaka Shinkawa Premium



Indoor fully equipped for air- conditioning



Exclusive-use handcarts



Ample large storage spaces

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

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

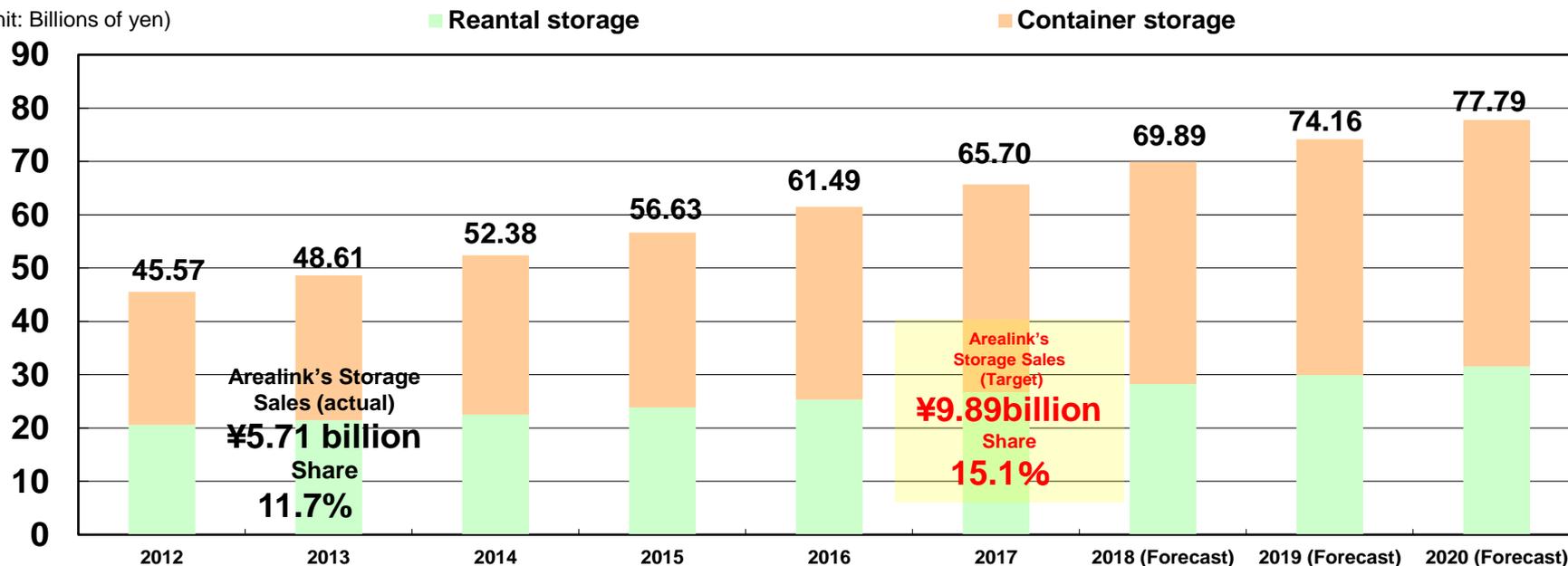
Self-storage Market Forecast in Japan

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)



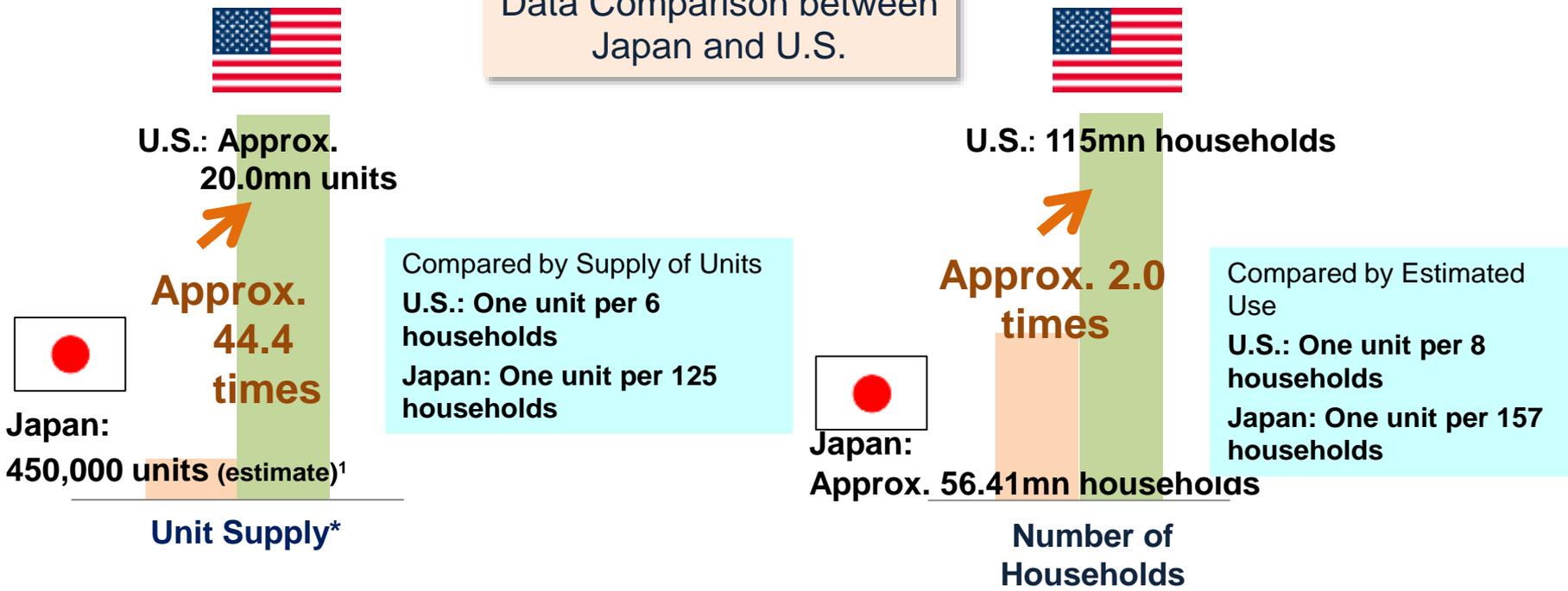
Source: Yano Research Institute, "Thorough Survey of the Growing Self-Storage Business" 2016 Edition (Japan)

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.

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

Data 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

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)

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 (As of February 2018)**
- College Station, Texas
 - Total 477 units ⇒ 593 units (481 self-storage units, 107 parking spaces (for large RVs), 5 other (office and warehouse))
 - Approx. 38,000 m² (409,028ft²)

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

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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