

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

# Results Briefing

Third Quarter, Fiscal Year Ending December 2018

**November 1, 2018**

**Exciting Company**



Securities code: 8914

**Part- I . Summary of FY12/18 3Q and FY12/18  
Earnings Outlook**

**Part- II . Medium-term Management Plan and  
Main Measures**

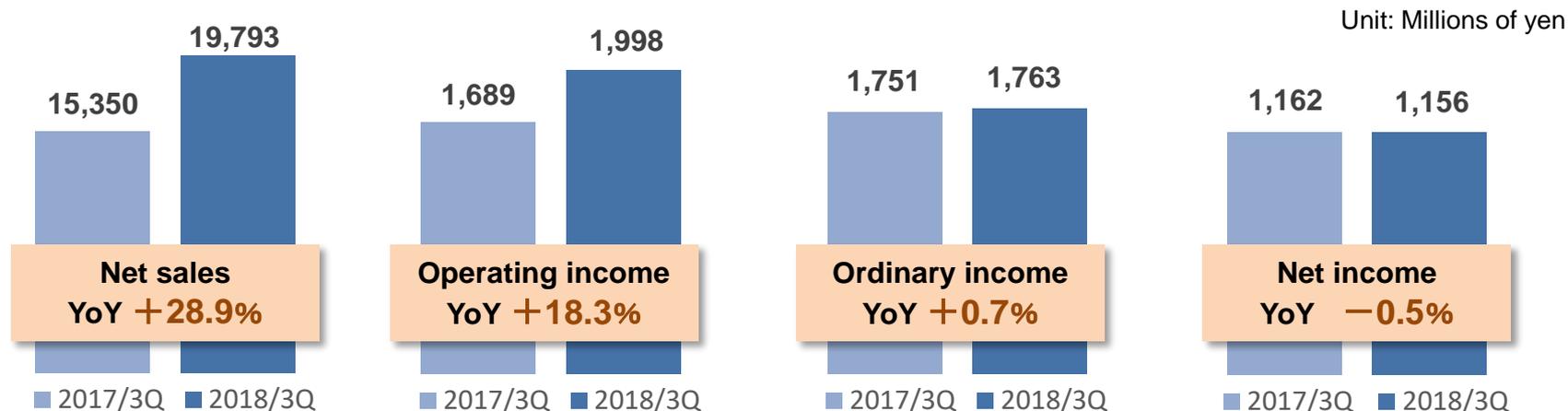
**Part-III. Reference Material**

## Part- I

# Summary of FY12/18 3Q 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

Both the self-storage business and limited land rights business were in line with plan, with increases in both revenue and earnings.



	FY12/17 3Q		FY12/18 3Q		YoY		FY12/18 Plan		
(Millions of yen)	Actual	(%)	Actual	(%)	Variance	% Change	Plan	(%)	Completion rate
Net sales	15,350	(100.0)	19,793	(100.0)	4,442	(28.9)	30,000	100.0%	(66.0)
Cost of sales	11,221	(73.1)	15,031	(75.9)	3,809	(33.9)	—	—	
Gross profit	4,128	(26.9)	4,762	(24.1)	633	(15.3)	—	—	
SG&A expenses	2,439	(15.9)	2,763	(14.0)	324	(13.3)	—	—	
Operating income	1,689	(11.0)	1,998	(10.1)	308	(18.3)	3,000	10.0%	(66.6)
Ordinary income	1,751	(11.4)	1,763	(8.9)	12	(0.7)	2,870	9.5%	(61.4)
Net income	1,162	(7.6)	1,156	(5.8)	-6	(-0.5)	1,855	6.1%	(62.3)

Measures for all businesses are advancing steadily, with increases in both revenue and earnings.

- Increased cumulative total of self-storage properties with accompanying land to **49 properties** (+28 from end-FY12/17)  
⇒ **Cumulative total of 19** self-storage properties w/land sold (9 in the same period of the previous fiscal year).
- Total number of self-storage units increased to **87,870 units** (+6,315 units from end-FY12/17)  
⇒ Steady expansion in location openings for both container storage and self-storage properties w/land.
- Steady growth in the limited land rights (land rights management)  
⇒ **Double-digit increases in revenue and earnings (revenues up 58.4% YoY, operating income up 11.4%)**

# 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 held properties)
  - SOHO (Hello Office / Hello Rental Meeting Room)
  - Parking lots, etc.



Hello Storage (Container type)



Hello Storage (Room type)



Hello Storage w/Parking lots



Asset management of held properties



SOHO (Hello Office)

## Property Revitalization & Liquidation Service

- Land rights management business (limited land rights)

# Overview of FY12/18 3Q by Segment

Revenue and earnings rose in both the Property Management Service segment, and the Property Revitalization & Liquidation Service segment.

Unit: Millions of yen

			FY12/17 3Q		FY12/18 3Q		YoY	
			Actual	Profit margin	Actual	Profit margin	Variance	% Change
	Self-storage management	Net sales	7,351	—	8,314	—	963	13.1%
		Gross profit	1,921	26.1%	1,933	23.2%	12	0.6%
		Operating income	1,316	17.9%	1,160	14.0%	(155)	—11.8%
	Self-storage brokerage	Net sales	5,023	—	7,682	—	2,660	53.0%
		Gross profit	1,171	23.3%	1,616	21.0%	446	38.1%
		Operating income	515	10.3%	939	12.0%	425	82.5%
	Other property management service	Net sales	1,497	—	1,454	—	(43)	—2.8%
		Gross profit	519	34.7%	585	40.2%	66	12.8%
		Operating income	395	26.4%	447	30.7%	52	13.4%
<b>Property Management Service Total</b>	Net sales	13,873	—	17,452	—	3,580	25.8%	
	Gross profit	3,612	26.0%	4,136	23.7%	525	14.5%	
	Operating income	2,226	16.1%	2,548	14.6%	323	14.5%	
<b>Property Revitalization &amp; Liquidation Service</b>	Net sales	1,476	—	2,338	—	863	58.4%	
	Gross profit	516	35.0%	623	26.6%	108	20.9%	
	Operating income	382	25.9%	424	18.1%	44	11.4%	
<b>Other</b>	Net sales	—	—	—	—	—	—	
	Gross profit	—	—	—	—	—	—	
	Operating income	(919)	—	(976)	—	(57)	—	
<b>Total</b>	Net sales	15,350	—	19,792	—	4,443	28.9%	
	Gross profit	4,128	26.9%	4,760	24.1%	633	15.3%	
	Operating income	1,689	11.0%	1,997	10.1%	309	18.3%	

# Breakdown of Non-Operating and Extraordinary Profit and Loss

**Increase in commissions paid on bank financing.  
 Net income was down slightly due to increase in non-operating expenses.**

**Non-operating income**  
 Compensation for transfer ¥22 million

**Non-operating expenses**  
 Interest expenses ¥76 million  
 Commission fee ¥151 million

**Extraordinary income**  
 Gain on sales of noncurrent assets ¥16 million

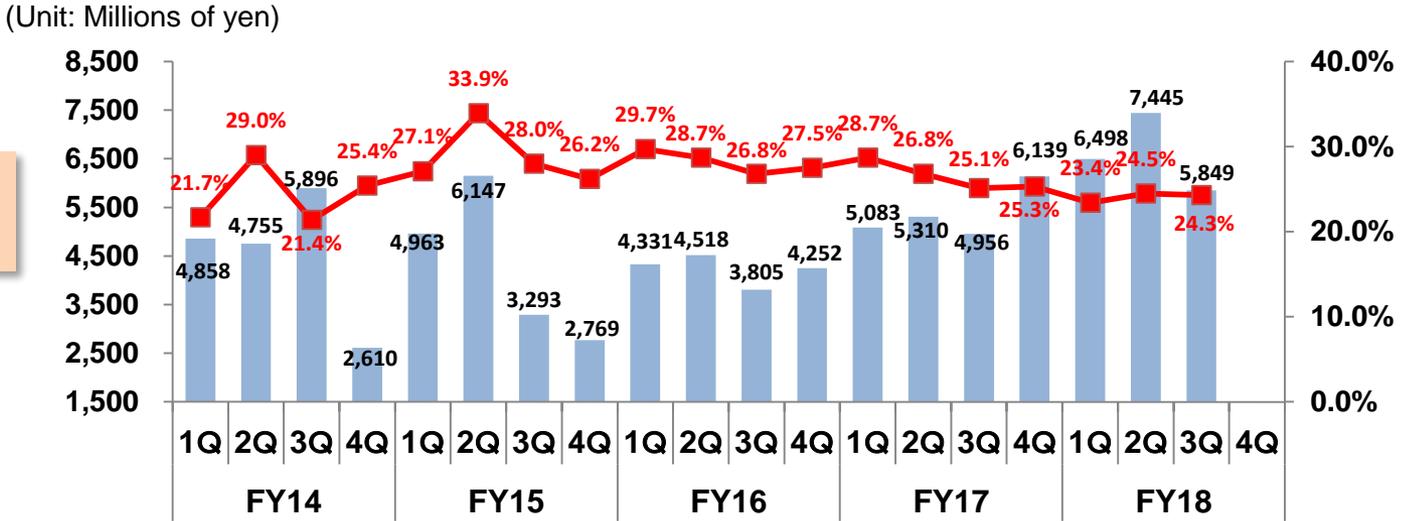
**Extraordinary loss**  
 Loss on retirement of non-current assets ¥5 million

Unit: Millions of yen

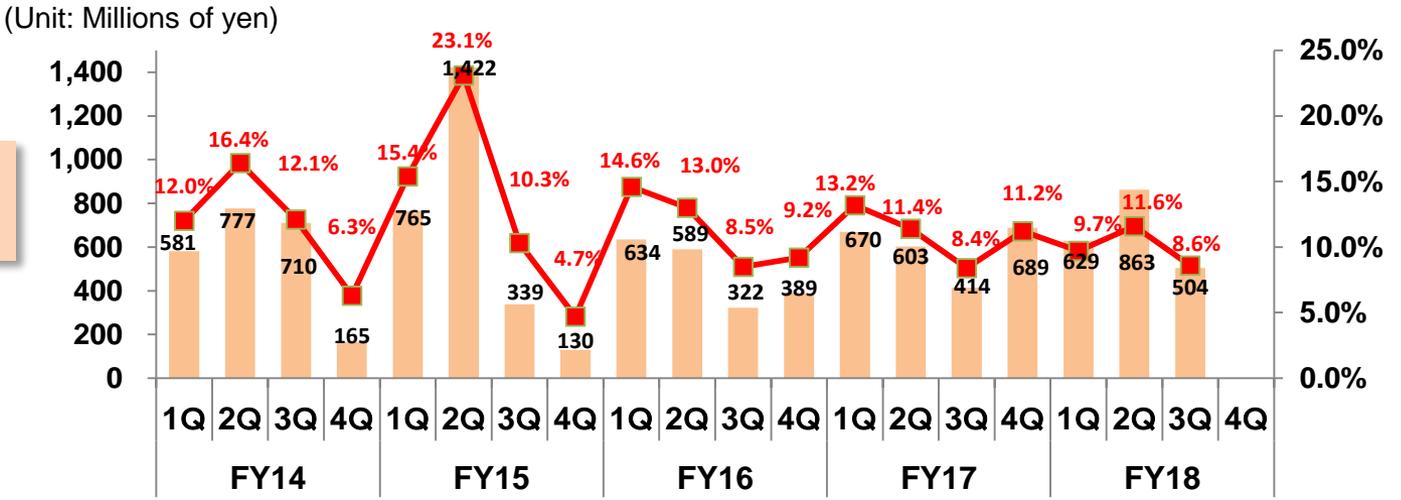
Step income	FY12/17 3Q	FY12/18 3Q	YoY (%)
Operating income	1,689	1,998	(18.3)
Non-operating income	123	48	(-60.9)
Non-operating expenses	61	273	(344.7)
Ordinary income	1,751	1,763	(0.7)
Extraordinary income	35	19	(-46.8)
Extraordinary loss	35	8	(-75.2)
Income before income taxes	1,751	1,773	(1.3)
Income taxes — current	571	576	(0.9)
Income taxes — deferred	17	42	(149.1)
Net income	1,162	1,156	(-0.5)

Revenue, operating income, and profit margins were in line with plan.

Trends in net sales and gross profit margin



Trends in operating income and operating income ratio

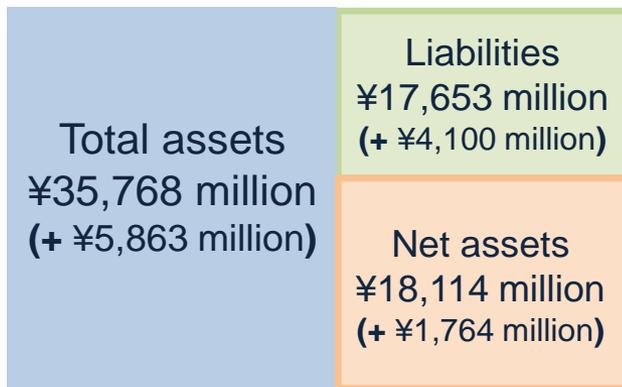


## Sound financial condition maintained

### Financial Position

As September 30, 2018

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

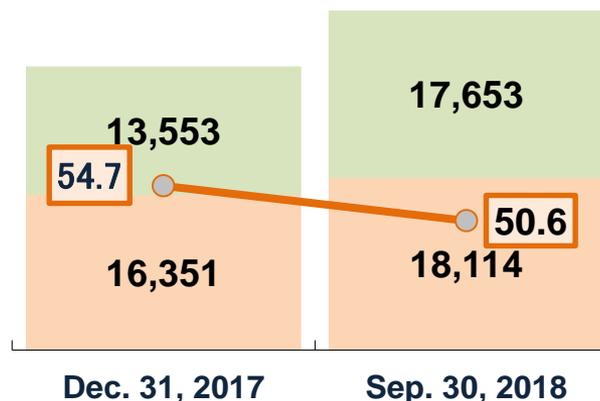


(Millions of yen)	Dec. 31, 2017	Sep 30, 2018
<b>Current assets</b>	<b>17,532</b>	<b>23,512</b>
<b>Noncurrent assets</b>	<b>12,372</b>	<b>12,255</b>
<b>Total assets</b>	<b>29,904</b>	<b>35,768</b>
<b>Current liabilities</b>	<b>5,691</b>	<b>5,736</b>
<b>Noncurrent liabilities</b>	<b>7,861</b>	<b>11,917</b>
<b>Total liabilities</b>	<b>13,553</b>	<b>17,653</b>
<b>Net assets</b>	<b>16,351</b>	<b>18,114</b>

### Liabilities, net assets, equity ratio

(Millions of yen)

Net assets Liabilities Equity ratio (%)



Increase in cash and deposits	¥ 1.07 billion
Increase in real estate for sale	¥ 1.40 billion
Increase in real estate for sale in process	¥ 3.59 billion

Increase in bonds payable	¥ 0.29 billion
Increase in long-term loans payable	¥ 3.80 billion
Decrease in accounts payable for construction contracts	¥ (0.37) billion
Decrease in income taxes payable	¥ (0.36) billion

Increase in capital stock stemming from the exercise of share acquisition rights and the issuance of common shares	¥ 0.54 billion
Increase in legal capital surplus	¥ 0.54 billion
Increase in retained earnings	¥ 0.67 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	
(Millions of yen)	Actual	(%)	Forecast	(%)	Variance	(%)
<b>Net sales</b>	<b>21,489</b>	<b>(100.0)</b>	<b>30,000</b>	<b>(100.0)</b>	<b>8,511</b>	<b>39.6%</b>
Property Management Service	19,619	—	27,730	—	8,110	41.3%
Property Revitalization & Liquidation Service	1,869	—	2,270	—	400	21.4%
<b>Operating income</b>	<b>2,379</b>	<b>(11.0)</b>	<b>3,000</b>	<b>(10.0)</b>	<b>621</b>	<b>26.1%</b>
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%
<b>Ordinary income</b>	<b>2,441</b>	<b>(11.3)</b>	<b>2,870</b>	<b>(9.5)</b>	<b>429</b>	<b>17.6%</b>
<b>Net income</b>	<b>1,547</b>	<b>(7.1)</b>	<b>1,855</b>	<b>(6.1)</b>	<b>308</b>	<b>19.9%</b>
<b>Net income per share (yen)</b>	<b>126.1</b>	<b>—</b>	<b>151.2</b>	<b>—</b>	<b>25.1</b>	<b>19.9%</b>

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

Note: The figure for net income per share has been calculated based on the number of shares issued and outstanding as of the end of the previous fiscal year.

**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**

# **Medium-term Management Plan and Main Measures**

## 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	<input type="radio"/>	Established as real estate genre overseas (including REIT listings)
Market	△ Rental housing market saturated	<input type="radio"/>	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	<input checked="" type="radio"/>	Growing business
Supply/demand	× Rents declining due to worsening of supply/demand balance	<input type="radio"/>	Zoning restrictions complicate location openings
Bubble	× Increasing vacancy bubble a concern	<input type="radio"/>	Arealink has more than 20 years of experience
Repair costs	× Future repair costs make rents disappear	<input checked="" type="radio"/>	Aging degradation of buildings is slow
Reinstatement	× Aging degradation can't be drawn from security deposits, so owner's responsibility	<input type="radio"/>	No burden on the owner
Fees	× In a borrower's market fees are paid to brokers find customers	<input type="radio"/>	Contracts through internet and local response, so no broker fees
Difficulties	△ Material and mental stress of resident complaints	<input type="radio"/>	Non-residential and with management system, so fewer complaints
Rents	× Market based on age of properties, so decline in value over years	<input type="radio"/>	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	<input type="radio"/>	Ten-year fixed rent rate provides stable income

## 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



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

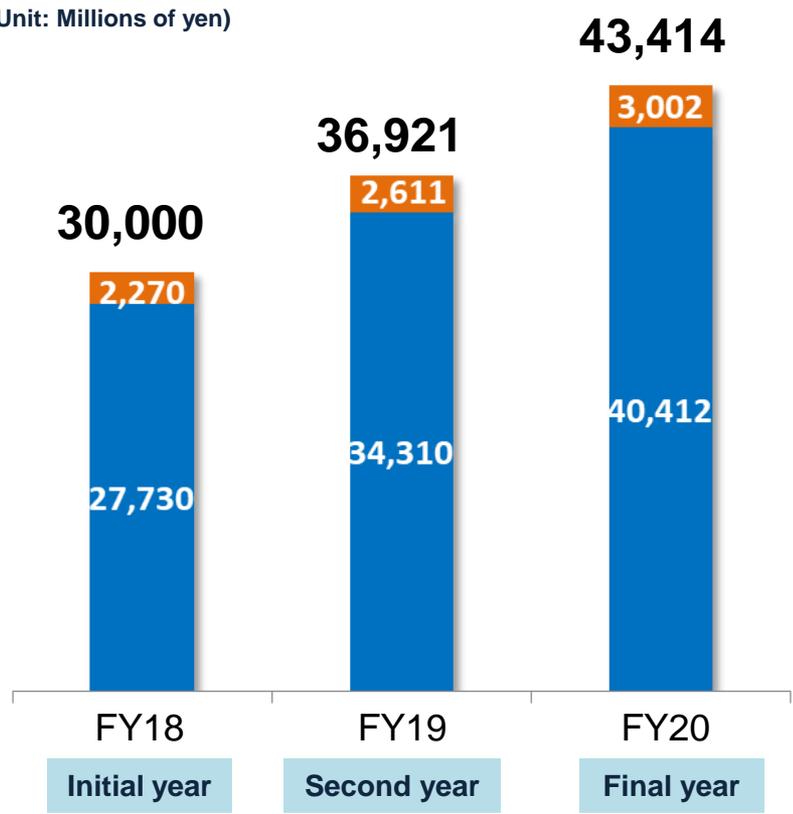
**Expand openings in areas with strong customer needs**

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

## Net Sales – All Businesses

- Property Revitalization & Liquidation Service
- Property Management Service

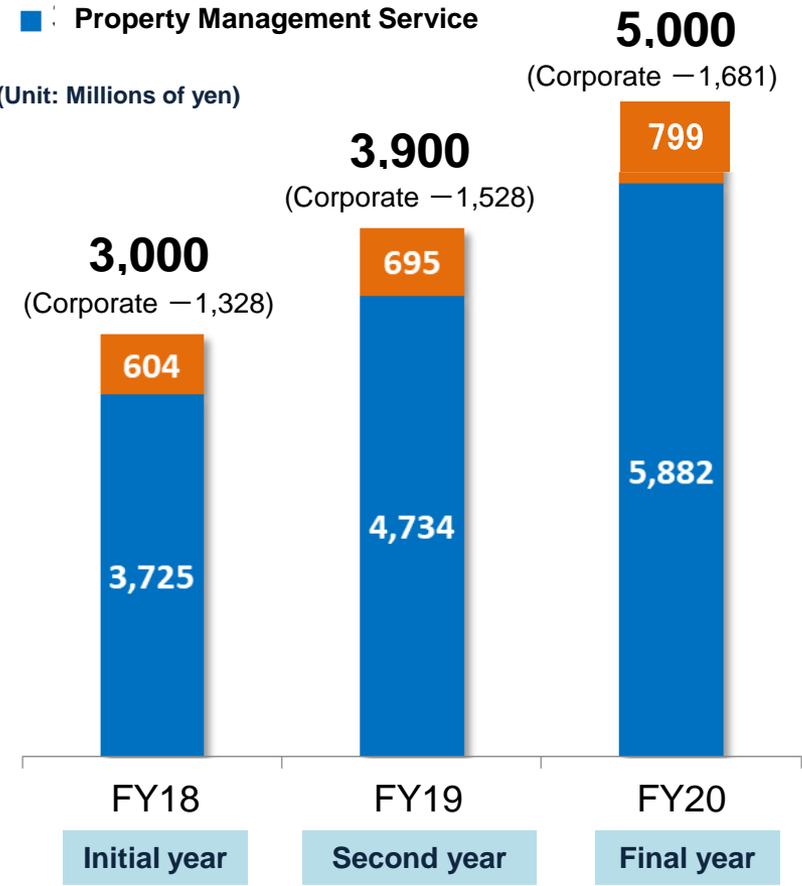
(Unit: Millions of yen)



## Operating Income – All Businesses

- Property Revitalization & Liquidation Service
- Property Management Service

(Unit: Millions of yen)



**Strengthen exit strategy and diversify business strategy**

- **Office established to make preparations for the formation of Japan’s first self-storage (rental storage) REIT.**
- **Afterward, establish the wholly-owned subsidiary Arealink Asset Management Co., Ltd. (provisional name), and begin preparations to acquire approval of administrative agencies. After acquiring approvals, establish a private placement REIT.**
  - Fund scale: **Approx. 20-30 billion yen**
  - Fund period: **Around 2022**
- **Ensure exit strategies for the private placement fund, and diversified business strategies.**

(Reference)

# Comparison of U.S. Storage REITs and Japanese Companies

## ■ U.S. Market (FY2016)

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



Property consigned to CubeSmart



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

Ref: Self-Storage Almanac 2017  
 \* Public Storage does not disclose unit figures, so these have been excluded from the calculation.

### 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)



Management office (exterior)

## ■ Japanese Market (FY2016)

	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	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%
<b>Total</b>		<b>9,479</b>	<b><u>437,814</u></b>	<b>100%</b>

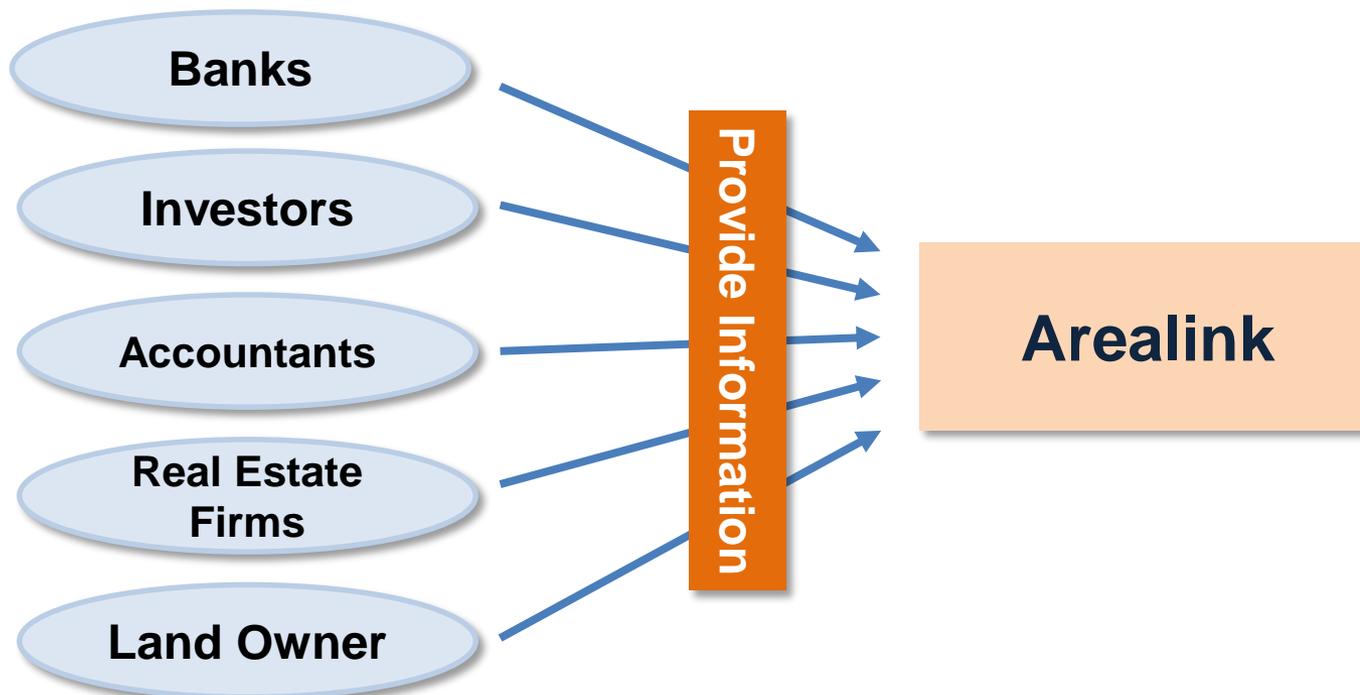


Container type self-storage

## – 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**

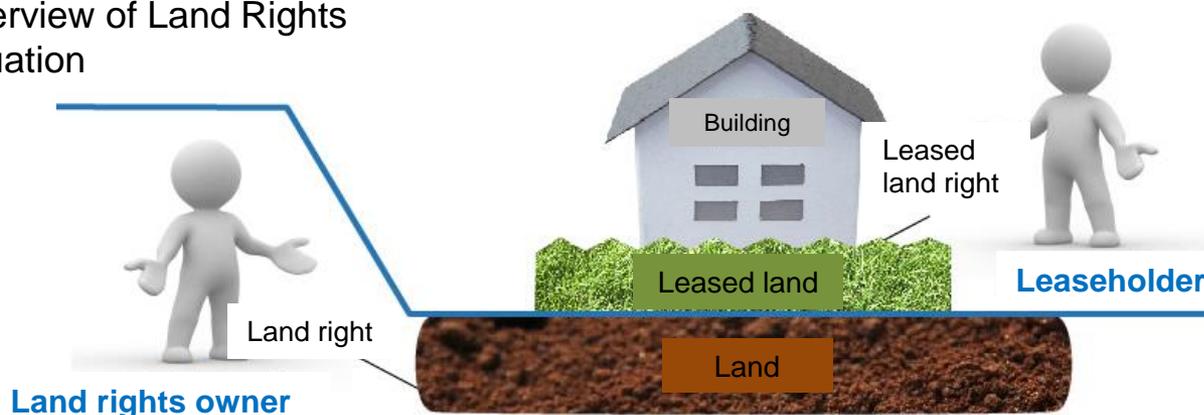


## – Other Business: Land Rights Management

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



### ➤ Risk management in the asset indoor-type self-storage business

In response to changes in attitudes to lending from fall 2017, we are pursuing risk management in this business.

- Strengthen network (relationships with external firms)
- Strengthen exit strategies (formation of private placement fund with financial institutions)
- Diversify sales schemes to meet the needs of wealthy investors (orders for construction, land sales, etc.)



**Business performance is in line with full-year earnings plan.**

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

Containers installed as warehouses and that cannot be occasionally or arbitrarily 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**  
**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.



Hello Storage Oyata Part 2



Hello Storage Oyata Part 3



Cars can be parked alongside units



Properties fully equipped with movable staircases



Emphasis on security

# Examples of Self-storage Properties / Asset indoor-type self-storage



**Hello Storage Nerima Yahara Premium**



**Hello Storage Komae Motoizumi Premium**



**Ample large storage spaces**



**Fully equipped with elevators and security**



**Hand washing area**

# Examples of U.S. Property Holdings

## Owned properties consigned to U.S. self-storage REIT, CubeSmart



Property managed by CubeSmart

**Phase II construction project completed, increase of 120 units**



Aerial photograph

**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 m<sup>2</sup> (409,028ft<sup>2</sup>)



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

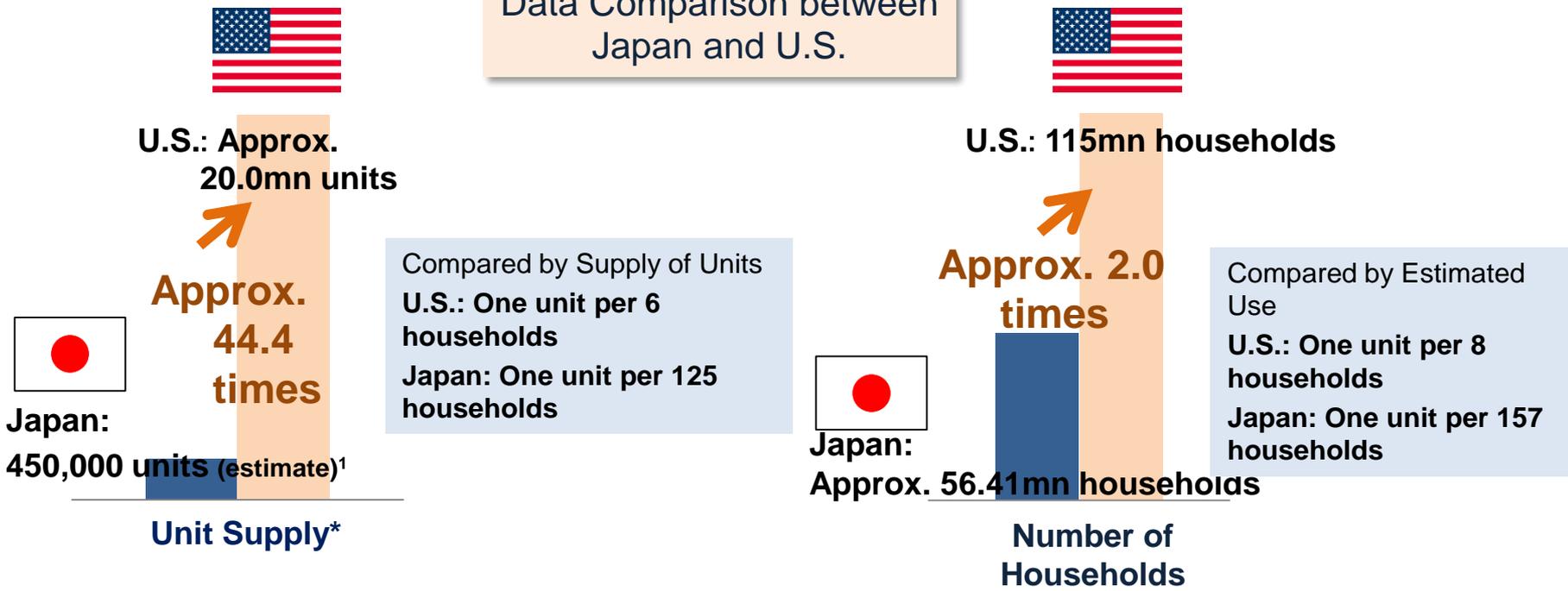


View of premises

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

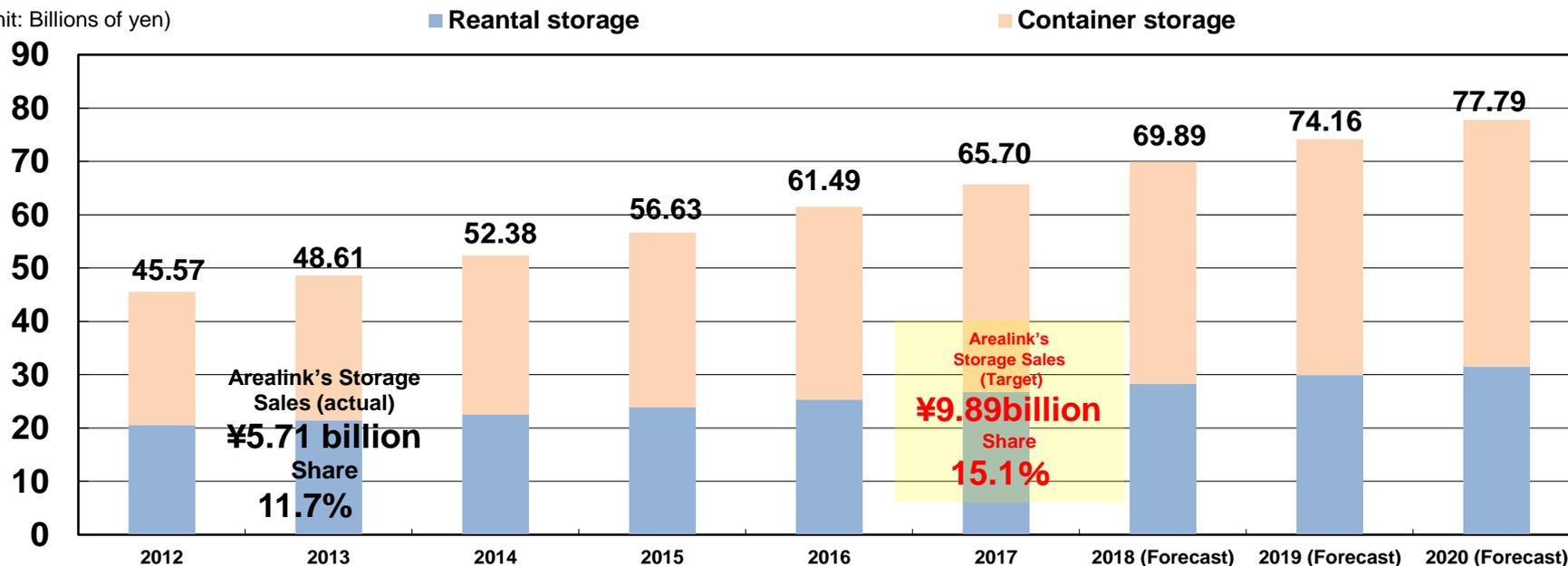
# Self-storage Market Forecast in Japan

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)



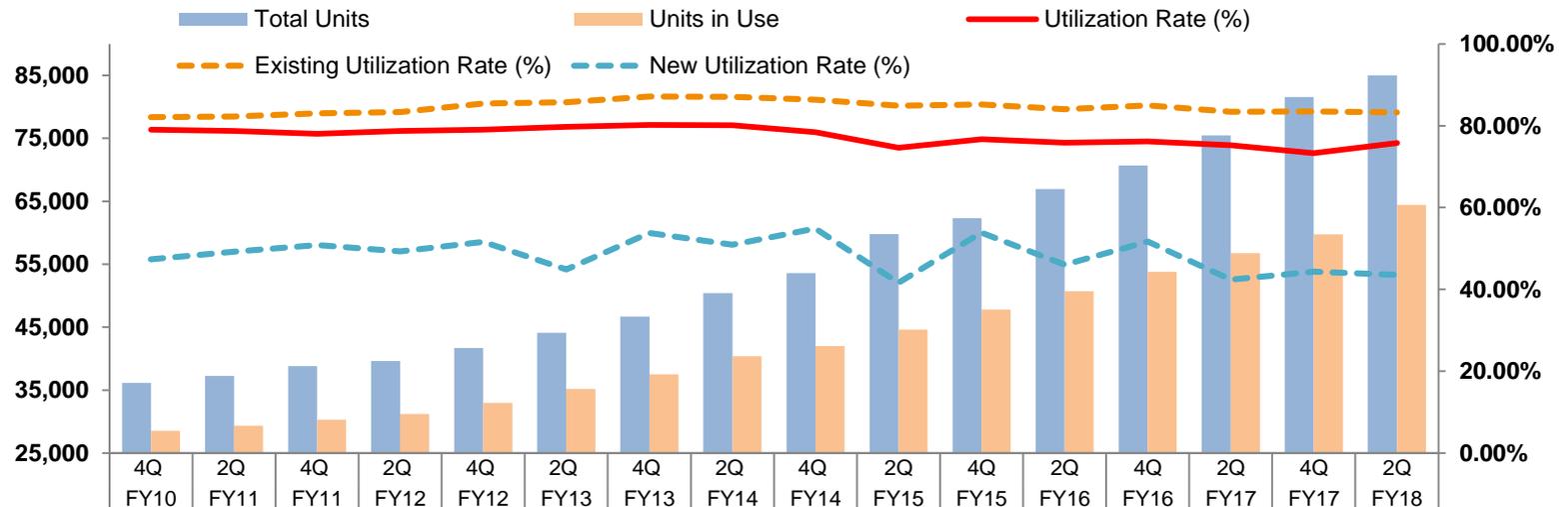
Source: Yano Research Institute, "Thorough Survey of the Growing Self-Storage Business" 2016 Edition (Japan)

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.

**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)



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

Advantages of early market entry and business scale create favorable market environment

## ■ Self-storage Business Characteristics

- Reaching the break - even point for profitability takes longer than for residential properties.

➔ High barriers to entry for companies newly entering the market

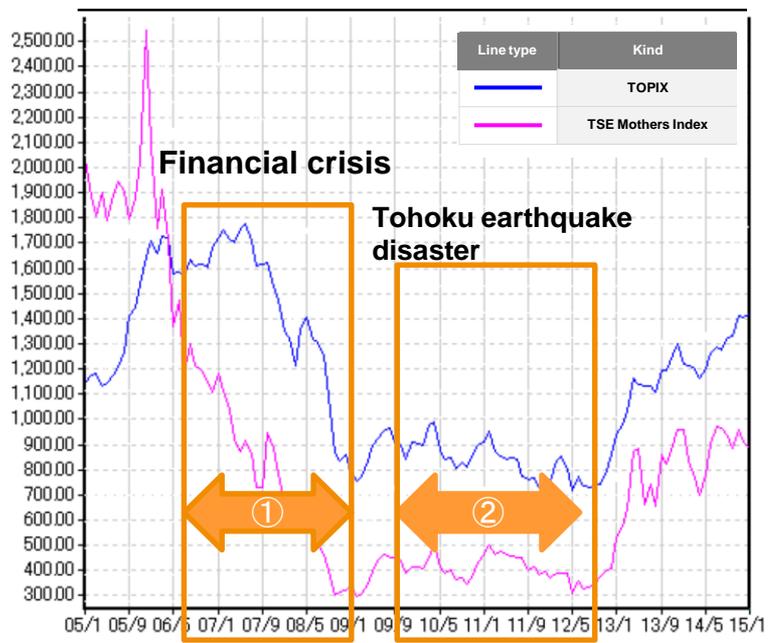
## ■ Arealink's Strengths

- Stable earnings due to greatest number of units in Japan
- Able to open locations in urban residential areas faster than competitors

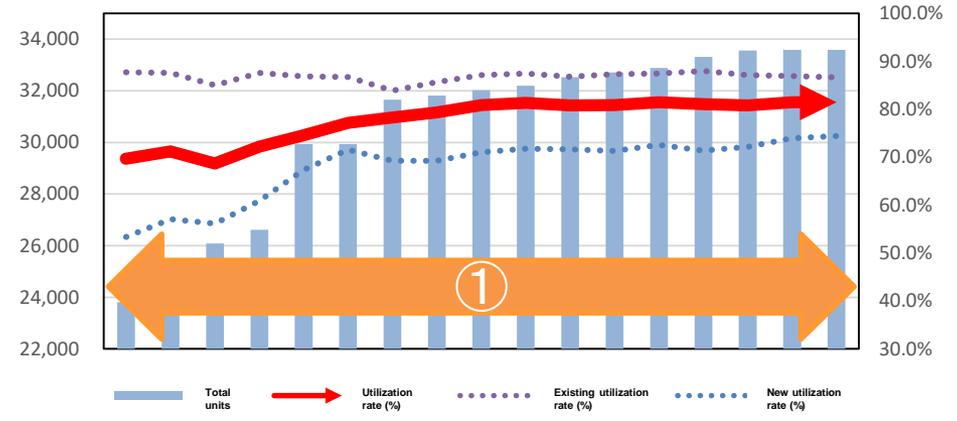
➔ Aim to gain a 50% share of the Japanese market

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.

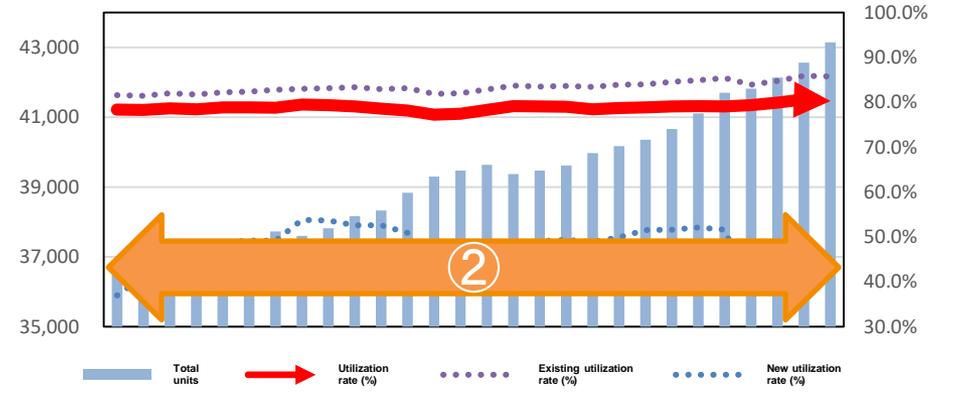
## TOPIX & TSE Mothers Index 10-Year Period (Jan 2005 – Jan 2015)



① Financial Crisis  
 (Jan 2007 – Nov 2008)

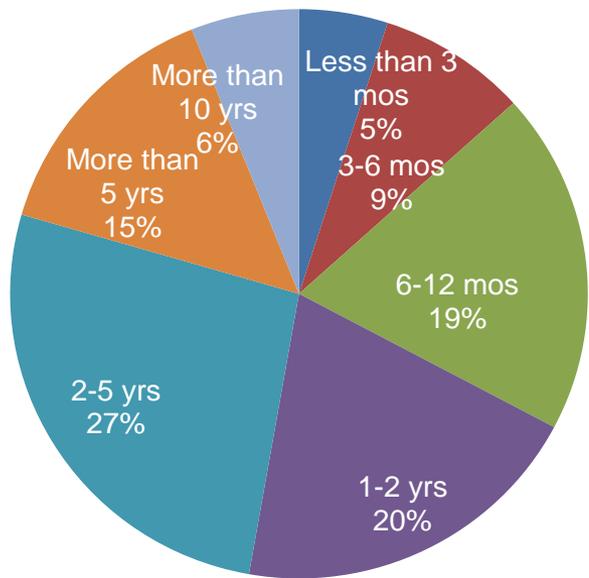


② Tohoku earthquake disaster  
 (Jan 2011 – Apr 2013)



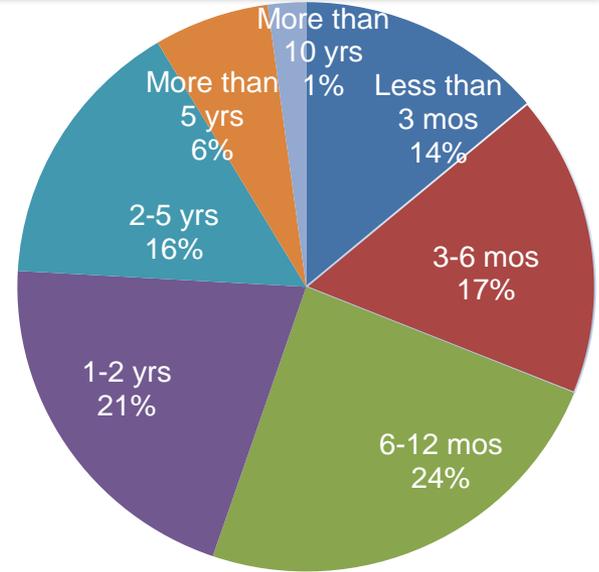
- Average usage period for current contract customers is 37 months (at December 2017).
- Average usage period for customers who have terminated contracts is 21 months (2017 result).
- Average monthly usage fee is ¥14,198 for a container type, and ¥15,100 for trunk type.

**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**

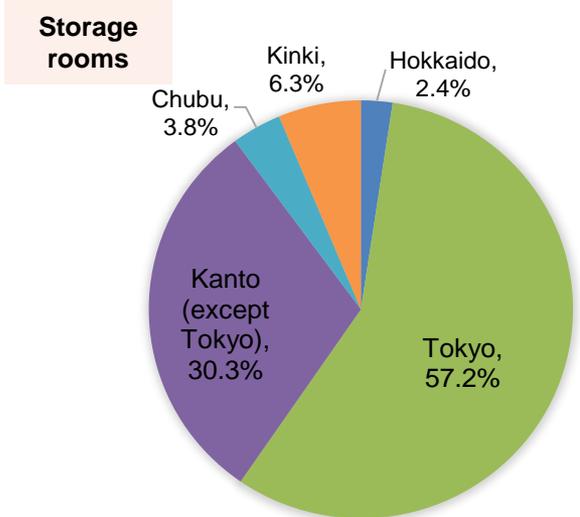
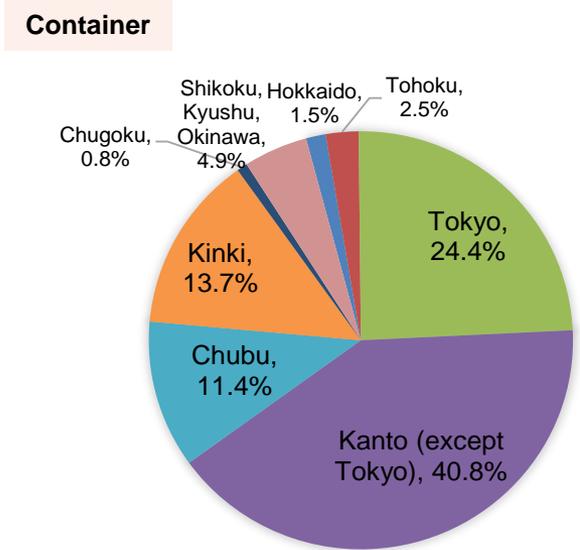


\* Analysis of customers who terminated contracts in 2017

# Storage Business: Openings by Region

Number of units : as of September 30, 2018

Prefecture	Containers	Storage Rooms	Total	Proportion of Total
Hokkaido	999	490	1,489	1.7%
Miyagi	1,682	0	1,682	1.9%
Ibaraki	786	0	786	0.9%
Tochigi	207	0	207	0.2%
Gunma	337	0	337	0.4%
Saitama	8,386	1,795	10,181	11.6%
Chiba	9,684	1,221	10,905	12.4%
Tokyo	16,418	11,762	28,180	32.1%
Kanagawa	8,024	3,215	11,239	12.8%
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	118	0	118	0.1%
Nagano	237	0	237	0.3%
Gifu	582	0	582	0.7%
Shizuoka	1,205	0	1,205	1.4%
Aichi	4,716	740	5,456	6.2%
Mie	290	50	340	0.4%
Shiga	154	0	154	0.2%
Kyoto	1,120	152	1,272	1.4%
Osaka	3,813	1,043	4,856	5.5%
Hyogo	3,544	106	3,650	4.2%
Nara	567	0	567	0.6%
Wakayama	27	0	27	0.0%
Tottori	32	0	32	0.0%
Okayama	218	0	218	0.2%
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	1,791	0	1,791	2.0%
Saga	79	0	79	0.1%
Nagasaki	118	0	118	0.1%
Kumamoto	373	0	373	0.4%
Oita	106	0	106	0.1%
Miyazaki	100	0	100	0.1%
Kagoshima	367	0	367	0.4%
Okinawa	68	0	68	0.1%
<b>Total</b>	<b>67,296</b>	<b>20,574</b>	<b>87,870</b>	<b>100.0%</b>



## 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**



**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

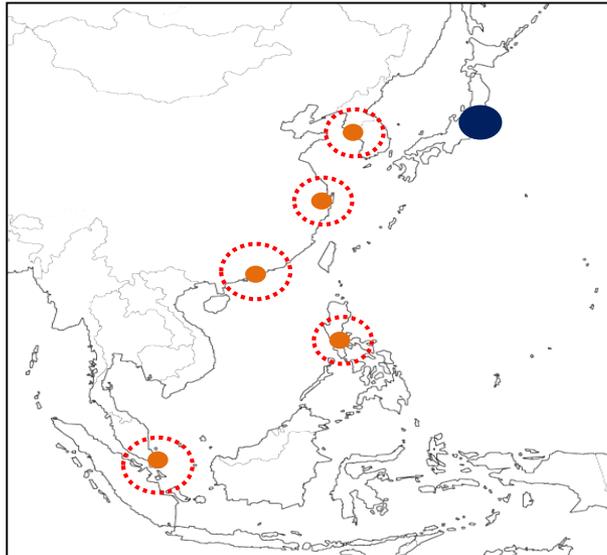


### New Expansion of the Self-Storage Business

- **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 logistics, 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



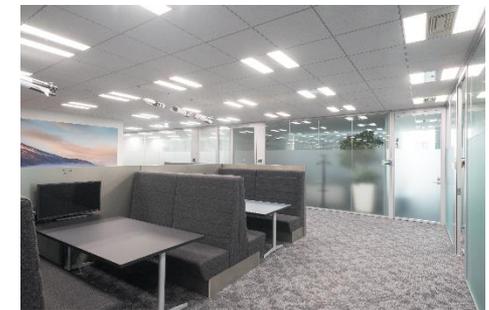
Office



Lounge (for exclusive use by managers)



Lounge (for exclusive use by managers)



Office

## 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

## **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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