



“We supply the best use of space.”

**Results Briefing**  
**Third Quarter, Fiscal Year**  
**Ending December 2019**

**October 29, 2019**

**Securities code: 8914**



Hello Storage (outdoor container type)  
 HS Kofu Joto, 31 units  
 Six minutes by car from Sakaori Station  
 on the JR Couo MainLine



Hello Storage (indoor-type, w/parking lots) \*w/land  
 Trunk House 24 Yokohama Konandai, 70 units  
 Seven minutes by car from Konandai Station  
 on the JR Negishi Line

**Part- I . Summary of FY12/19 3Q and  
FY12/19 Earnings Outlook**

**Part- II . Main Measures**

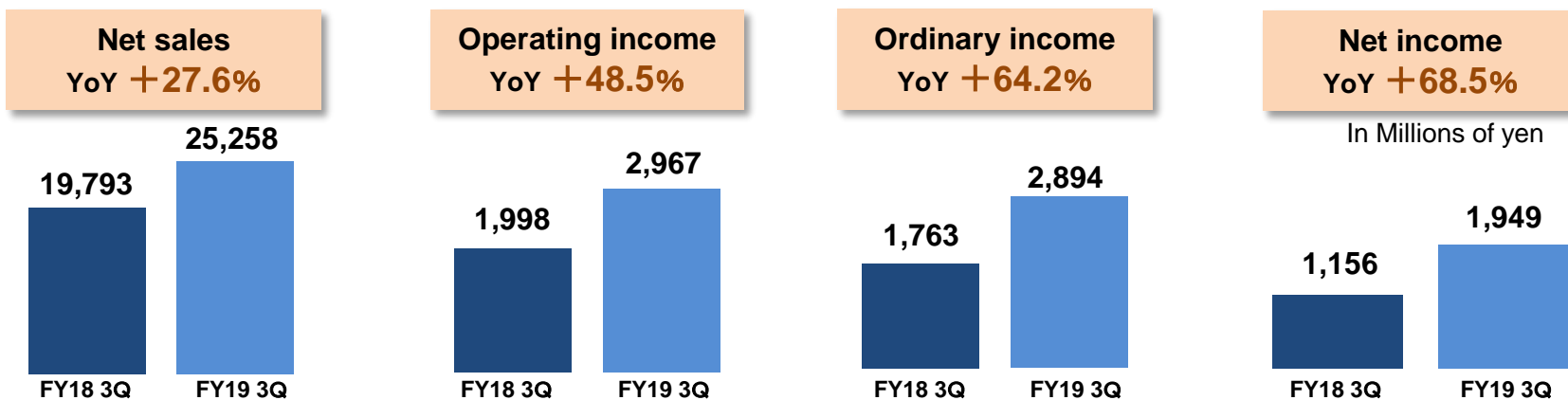
**Part- III . Reference Material**

## **Part- I**

# **Summary of FY12/19 3Q and FY12/19 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

**3Q (three-month period): Net sales up ¥200 million, operating income ¥100 million  
Increases in ordinary income and net incomes**



(In Millions of yen)	Nine Months Ended September 30,			Three Months Ended September 30,		
	2019 (Sales ratio)	2018 (Sales ratio)	YoY	2019 (Sales ratio)	2018 (Sales ratio)	YoY
Net sales	25,258 (100.0)	19,793 (100.0)	27.6%	5,113 (100.0)	5,849 (100.0)	-12.6%
Cost of sales	19,418 (76.9)	15,031 (75.9)	29.2%	4,004 (78.3)	4,427 (75.7)	-9.5%
Gross profit	5,839 (23.1)	4,762 (24.1)	22.6%	1,108 (21.7)	1,421 (24.3)	-22.1%
SG&A expenses	2,872 (11.4)	2,763 (14.0)	3.9%	774 (15.2)	917 (15.7)	-15.6%
Operating income	2,967 (11.7)	1,998 (10.1)	48.5%	333 (6.5)	504 (8.6)	-33.9%
Ordinary income	2,895 (11.5)	1,763 (8.9)	64.2%	422 (8.3)	418 (7.2)	0.8%
Net income	1,949 (7.7)	1,156 (5.8)	68.5%	262 (5.1)	245 (4.2)	7.0%

# Overview of FY12/19 3Q by Segment

**3Q (three-month period): Both Property Management Service and Property Revitalization & Liquidation Service segments in line with plan; Decline in revenue and earnings**

In Millions of yen			Nine Months Ended September 30,			Three Months Ended September 30,		
			2019 (Profit margin)	2018 (Profit margin)	YoY	2019 (Profit margin)	2018 (Profit margin)	YoY
Property Management Service Segment Total	Self-storage management	Net sales	9,506 (—)	8,262 (—)	15.1%	3,217 (—)	2,859 (—)	12.5%
		Gross profit	1,932 (20.3)	1,922 (23.3)	0.5%	692 (21.5)	668 (23.4)	3.6%
		Operating income	1,243 (13.1)	1,151 (13.9)	8.0%	421 (13.1)	380 (13.3)	10.6%
	Self-storage brokerage	Net sales	9,201 (—)	7,683 (—)	19.8%	898 (—)	1,739 (—)	—48.3%
		Gross profit	1,589 (17.3)	1,617 (21.1)	—1.7%	145 (16.1)	374 (21.5)	—61.2%
		Operating income	924 (10.0)	940 (12.2)	—1.8%	14 (1.6)	166 (9.6)	—91.3%
	Other property management service	Net sales	1,476 (—)	1,507 (—)	—2.1%	485 (—)	498 (—)	—2.6%
		Gross profit	594 (40.3)	597 (39.6)	—0.4%	187 (38.7)	193 (38.9)	—3.1%
		Operating income	477 (32.4)	457 (30.4)	4.4%	146 (30.2)	146 (29.5)	—0.1%
Property Management Service Segment Total	Net sales	20,184 (—)	17,453 (—)	15.7%	4,602 (—)	5,097 (—)	—9.7%	
	Gross profit	4,117 (20.4)	4,137 (23.7)	—0.5%	1,025 (22.3)	1,236 (24.3)	—17.1%	
	Operating income	2,645 (13.1)	2,549 (14.6)	3.8%	582 (12.7)	694 (13.6)	—16.1%	
Property Revitalization & Liquidation Service Segment Total	Net sales	5,073 (—)	2,339 (—)	116.9%	510 (—)	751 (—)	—32.1%	
	Gross profit	1,722 (33.9)	624 (26.7)	175.8%	83 (16.3)	185 (24.7)	—55.2%	
	Operating income	1,223 (24.1)	426 (18.2)	187.0%	19 (3.7)	127 (17.0)	—84.6%	
Management Division Expenses	Net sales	—	—	—	—	—	—	
	Gross profit	—	—	—	—	—	—	
	Operating income	(901)	(977)	—7.8%	(269)	(317)	—15.3%	
Total for All Businesses	Net sales	25,258 (—)	19,793 (—)	27.6%	5,113 (—)	5,849 (—)	—12.6%	
	Gross profit	5,839 (23.1)	4,762 (24.1)	22.6%	1,108 (21.7)	1,421 (24.3)	—22.1%	
	Operating income	2,967 (11.7)	1,998 (10.1)	48.5%	333 (6.5)	504 (8.6)	—33.9%	

**Self-storage management: Targets achieved with increase in revenue and earnings, progress made in improving the discount rate.**

**Self-storage brokerage: Revenues and earnings dropped due to decrease in sales of self-storage properties w/land.**

- **Total number of self-storage units increased to 96,002 (+4,457 units from end-Dec. 31, 2018, and +8,132 units from end-Sept. 2018)**
- **Self-storage utilization rate down 1.85ppt compared to end-Sept. 2018, due mainly to revisions to the promotional pricing campaign at the beginning of the year. (76.68% at end-Sept. 2018 → 74.83% at end-Sept. 2019)**
- **Self-storage management: Targets met, with increases in both revenue and earnings.**  
Discount rate has improved curbing the promotional pricing campaign.
- **Self-storage brokerage: Targets met for revenue and earnings, but with declines in both figures due to a decrease in sales of self-storage properties w/land (2018: 4 properties → 2019: 1 properties).**

Revenue and earnings met their targets though with decline in both figures.

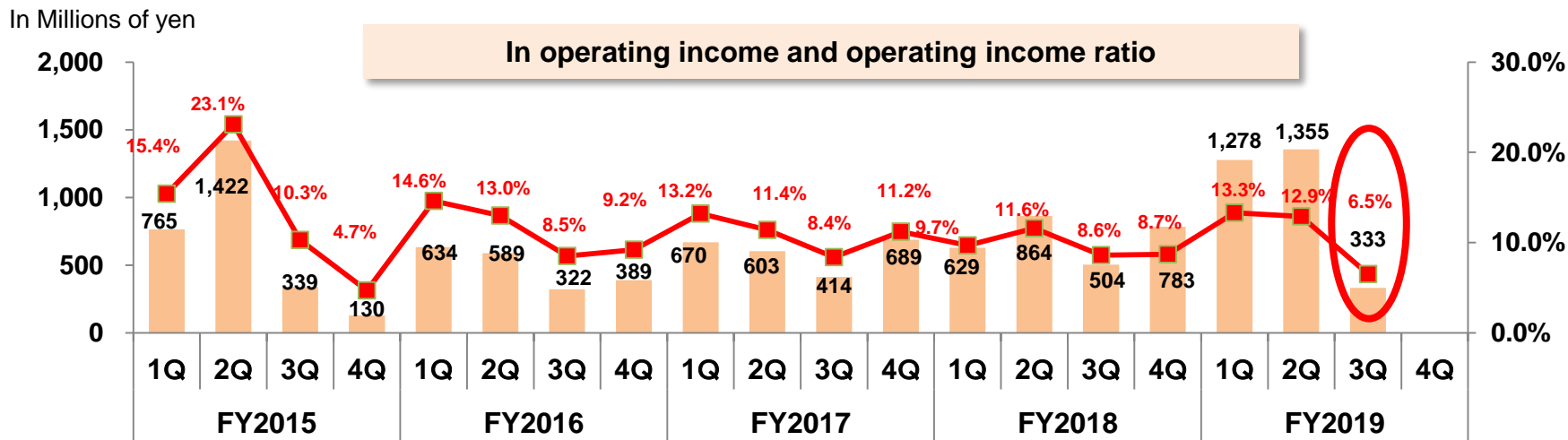
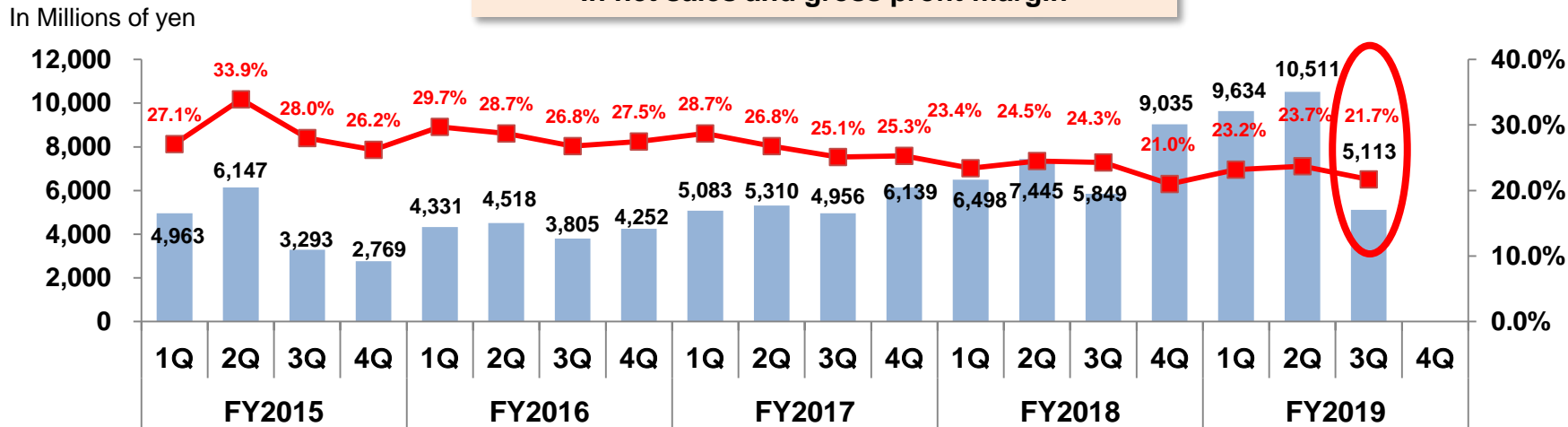
- Revenue and earnings met their **targets though** with **declined figures due** mainly to focus on procurement in 2H to support earnings in 2020.
- Steady progress with procurement over three-month period.  
Inventory value: End-Sept. 2018 ¥5.0bn  
End-Jun. 2019 ¥4.4bn  
End-Sept. 2019 ¥6.0bn (+¥1.0bn vs end-Sept. 2018)
- Steady progress with procurement of limited land rights for commercial use (Tokyo: Akasaka, Machida), and expansion into Kansai area (Osaka: Sumiyoshi, Joto). Procurements expected to contribute to earnings in 2020 and beyond.

# Quarterly Net Sales and Operating Income



Results in line with plan, with earnings in 2019 weighted toward 1H

In net sales and gross profit margin





**Non-operating expenses declined as a result of refinancing debt on long-term basis**

Non-operating income  
Compensation for transfer ¥108 million

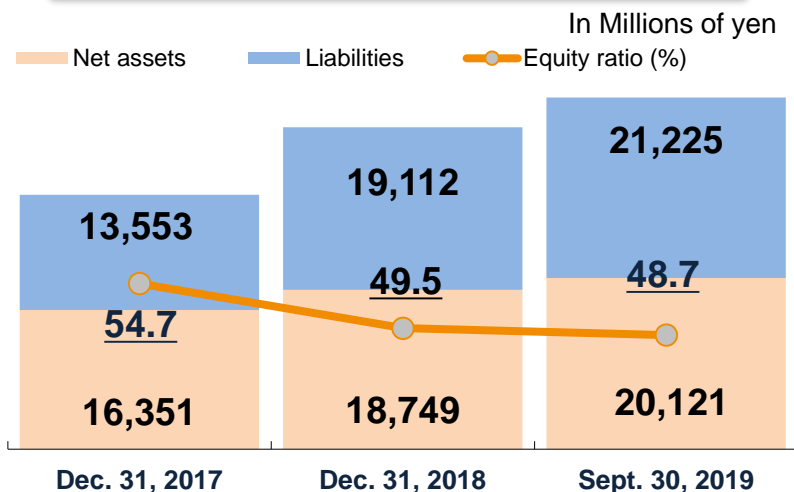
Non-operating expenses  
Interest expenses ¥92 million  
Commission fee ¥92 million

In Millions of yen

Step income	FY12/18 3Q	FY12/19 3Q	YoY (%)
Operating income	1,998	2,967	48.5%
Non-operating income	48	143	197.4%
Non-operating expenses	273	215	-23.9%
Ordinary income	1,763	2,895	64.2%
Extraordinary income	19	13	-30.8%
Extraordinary loss	8	40	362.4%
Income before income taxes	1,773	2,867	61.7%
Income taxes — current	576	1,671	191.3%
Income taxes — deferred	42	(753)	—
Net income	1,156	1,949	68.5%

## Scale-down of inventories; decline in interest-bearing debt

### Liabilities, net assets, equity ratio



### Financial position (As of September 30, 2019)

#### (A) Current assets

Real estate for sale in process declined due to inventory adjustment. Cash and deposits accumulated.

Cash and deposits	+¥3.41 billion
Real estate for sale in process	¥ (3.13) billion

\* Comparison between Sep. 30, 2019 and Dec. 2018

#### (B) Interest-bearing debt

Reduced interest-bearing debt and shifted from short-term to long-term debt

Short-term loans payable	¥(1.29) billion
Long-term loans payable	¥(1.81) billion
Lease obligations	+¥2.38 billion

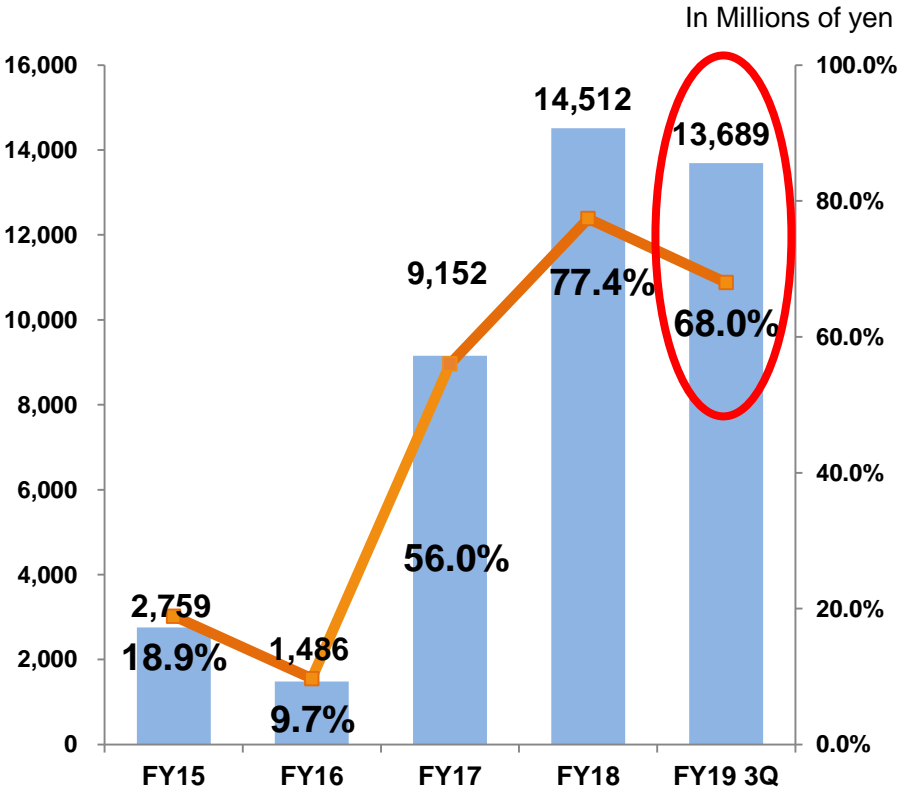
\* Comparison between Sep. 30, 2019 and Dec. 2018

In Millions of yen

	Dec. 31, 2017	Dec. 31, 2018	Sept. 30, 2019
Current assets	17,532	25,840	(A) 25,951
Noncurrent assets	12,372	12,022	15,396
Total assets	29,904	37,862	41,347
Current liabilities	5,691	6,607	6,739
Noncurrent liabilities	7,861	12,505	(B) 14,487
Total liabilities	13,553	19,112	21,226
Net assets	16,351	18,749	20,121

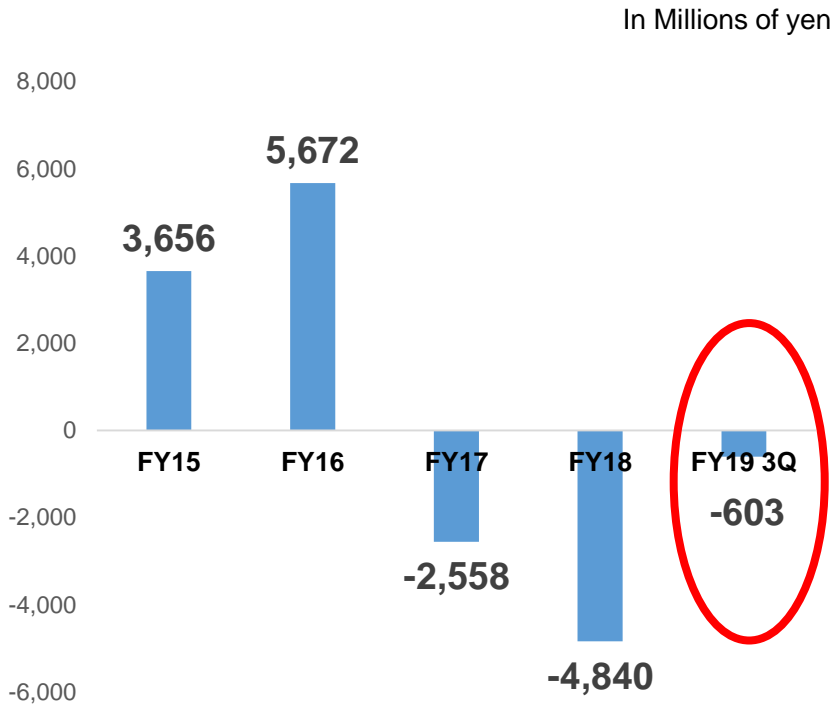
## Cash flow improved through liquidation of inventories and certain assets

Interest-bearing debt and interest-bearing debt ratio



Interest-bearing debt: Short-term loans payable + bonds payable (including current portion of bonds) + long-term loans payable (including current portion of long-term loans payable) + lease obligations

Cash and cash equivalents and Interest-bearing debt after offsetting



Cash and cash equivalents: Quarter-end balance of cash and cash equivalents  
 Interest-bearing debt: Short-term loans payable + bonds payable (including current portion of bonds) + long-term loans payable (including current portion of long-term loans payable) + lease obligations

**3Q results: Net sales up ¥200 million, operating income ¥100 million  
No change in earnings forecast**

	FY2018		FY2019		YoY	
(Millions of yen)	Actual	(%)	Forecast	(%)	Variance	% Change
<b>Net sales</b>	<b>28,828</b>	<b>(100.0)</b>	<b>29,000</b>	<b>(100.0)</b>	<b>171</b>	<b>0.6%</b>
Property Management Service	25,129	—	24,000	—	(1,129)	—4.5%
Property Revitalization & Liquidation Service	3,698	—	5,000	—	1,301	35.2%
<b>Operating income</b>	<b>2,782</b>	<b>(9.7)</b>	<b>2,800</b>	<b>(9.7)</b>	<b>17</b>	<b>0.6%</b>
Property Management Service	3,445	—	2,797	—	(648)	—18.8%
Property Revitalization & Liquidation Service	650	—	1,203	—	552	84.8%
Management Division Expenses	(1,313)	—	(1,200)	—	(113)	—8.7%
<b>Ordinary income</b>	<b>2,536</b>	<b>(8.8)</b>	<b>2,700</b>	<b>(9.3)</b>	<b>163</b>	<b>6.4%</b>
<b>Net income</b>	<b>1,810</b>	<b>(6.3)</b>	<b>1,500</b>	<b>(5.2)</b>	<b>(310)</b>	<b>—17.1%</b>
<b>Net income per share (yen)</b>	<b>145.47</b>	<b>—</b>	<b>118.76</b>	<b>—</b>	<b>(26.71)</b>	<b>—18.4%</b>

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

\* Full-year figures for FY12/19 incorporate the forecast revision.

No change in dividend forecast

## Dividends and Payout Ratio

	FY2018	FY2019 (Forecast)
<b>Cash dividends per share</b>	<b>46 yen</b>	<b>40 yen</b>
<b>Payout ratio</b>	<b>31.6%</b>	<b>33.7%</b>

\* The payout ratio is calculated using revised earnings forecasts for the full fiscal year ending December 31, 2019.

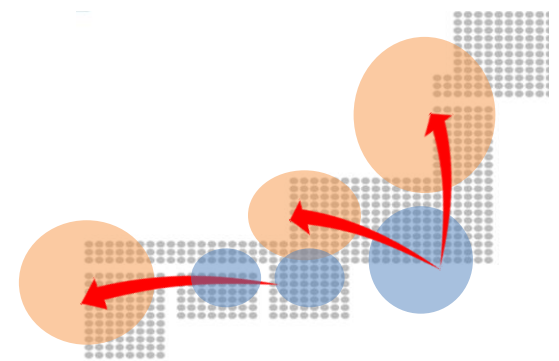
# **Part- II**

## **Main Measures**

**Limit openings** during FY12/19 to shift from self-storage properties w/land to container-type units.  
Open locations in regional areas, focusing on Self-storage brokerage.

- **Container-type units**
  - **Plan to curb the number of openings** during FY12/19. (Around 40% of peak)
  - **Move forward with openings in regional areas** (Yamaguchi, Fukuoka, etc.)
- **Self-storage properties w/land**
  - **Meet the needs of customers in urban residential areas**
  - **Continue development based on the needs of wealthy investors**
  - **Tighten procurement standards, and maintain a healthy balance sheet**
- **New products (Hobby, Business)**
  - **Gain new B2B and B2C customers**
  - **Begin opening locations in the Tokyo metropolitan area within this year**

Openings in regional areas



Areas with many locations (at end-Sept. 2019)  
Tokyo, Osaka, Nagoya



Hobby Storage (tentative name)



Business Storage (tentative name)

## Enhance the image of self-storage

Begin location openings from September using outdoor containers.

- Hire designers to improve the appearance of self-storage containers in harmony with their surroundings.

Example photo

Before



Example photo

After



Begin opening locations in Tokyo and Chiba.  
Improve the exterior décor of outdoor containers so as to fit with their surroundings.

New



Hello Storage Bokkemachi-Part2 (37 Units)  
Ten minutes by car from shimousa-nakayama Station (JR sobu Line)



# **Part-III**

## **Reference Material**

# Major Indicators for the Past Six Years

(Unit: Millions of yen)

	FY13	% Change	FY14	% Change	FY15	% Change	FY16	% Change	FY17	% Change	FY18
Net sales	12,256	+47.8%	18,120	(5.2) %	17,173	(1.5) %	16,908	+27.1%	21,489	+34.2%	28,828
Gross profit	3,306	+31.9%	4,360	+16.3%	5,073	(6.0) %	4,771	+19.1%	5,683	+17.1%	6,655
Gross profit margin (%)	26.9	(2.8) pt	24.1	(3.9) pt	29.5	(1.3) pt	28.2	(1.8) pt	26.4	(3.3) pt	23.1
SG&A expenses	1,800	+16.3%	2,125	+13.7%	2,415	+17.4%	2,835	+16.5%	3,303	+17.2%	3,873
Operating income	1,505	+48.5%	2,235	+18.9%	2,657	(27.2) %	1,935	+22.9%	2,379	+16.9%	2,782
Operating income ratio (%)	12.3	+0.0pt	12.3	+2.4pt	15.5	(4.1) pt	11.4	(0.3) pt	11.1	(1.4) pt	9.7
Ordinary income	1,433	+45.6%	2,087	+17.0%	2,442	(19.4) %	1,968	+24.0%	2,441	+3.9%	2,536
Net income	1,346	+14.4%	1,541	+1.0%	1,550	(26.3) %	1,142	+35.4%	1,547	+17.0%	1,810
ROA (%)	6.5	+0.7pt	7.2	+0.8pt	8.0	(2.7) pt	5.3	+0.5pt	5.8	(0.5) pt	5.3
ROE (%)	11.6	+0.4pt	11.9	(0.8) pt	11.0	(0.4) pt	7.6	+2.2pt	9.8	+0.5pt	10.3
Total assets	23,017	(15.1) %	19,539	(1.2) %	19,312	+23.2%	23,791	+25.7%	29,904	+26.6%	37,862
Net assets	12,282	+10.0%	13,514	+8.3%	14,626	+4.5%	15,283	+7.0%	16,351	+14.7%	18,749
Shareholders' equity ratio (%)	53.4	+15.8pt	69.2	+6.6pt	75.7	+6.6pt	64.2	(9.5) pt	54.7	(5.2) pt	49.5
Interest-bearing debt	7,837	(35.1) %	2,759	(52.5) %	1,311	+265.6%	4,793	+90.9%	9,152	+58.6%	14,512
Net income per share* (Yen)	109.7	+14.4%	125.5	+1.0%	126.3	(26.3) %	93.06	+35.5%	126.08	+15.4%	145.47
Net assets per share *(Yen)	1,000.5	+10.0%	1,100.9	+5.7%	1,191.4	+4.5%	1,245.09	+7.1%	1,332.88	+11.4%	1,484.44
Number of employees	98	+8.2%	106	+16.0%	123	+1.6%	125	(20.8)%	99	(5.1)%	94

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.

# Profit Margin by Segment (FY12/19 Quarterly)

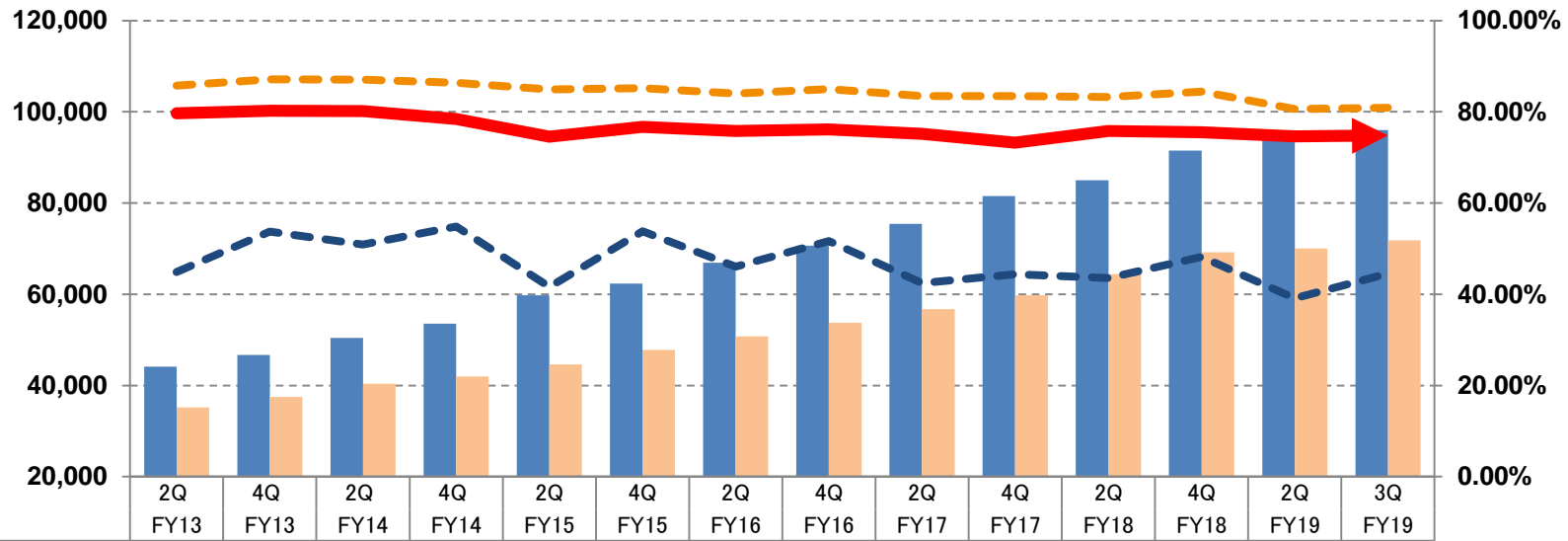
Unit: Millions of yen

			FY18	FY19				
			(full year)	1Q	2Q	3Q	4Q	Cumulative
			Cumulative					
	Self-storage management	Net sales	11,262	3,100	3,188	3,217	—	9,506
		Gross profit	2,474	665	574	692	—	1,932
		Operating income	1,456	413	408	421	—	1,243
	Self-storage brokerage	Net sales	11,867	3,688	4,614	898	—	9,201
		Gross profit	2,379	507	937	145	—	1,589
		Operating income	1,379	260	649	14	—	924
	Other property management service	Net sales	1,998	481	509	485	—	1,476
		Gross profit	792	188	218	187	—	594
		Operating income	608	152	178	146	—	477
<b>Property Management Service Segment Total</b>		Net sales	25,129	7,270	8,311	4,602	—	20,184
		Gross profit	5,646	1,361	1,730	1,025	—	4,117
		Operating income	3,445	826	1,236	582	—	2,645
<b>Property Revitalization &amp; Liquidation Service Segment Total</b>		Net sales	3,698	2,363	2,199	510	—	5,073
		Gross profit	1,008	876	762	83	—	1,722
		Operating income	650	777	426	19	—	1,223
<b>Management Division Expenses</b>		Net sales	—	—	—	—	—	—
		Gross profit	—	—	—	—	—	—
		Operating income	(1,313)	(324)	(307)	(268)	—	(901)
<b>Total for All Businesses</b>		Net sales	28,828	9,634	10,511	5,113	—	25,258
		Gross profit	6,655	2,238	2,493	1,108	—	5,839
		Operating income	2,782	1,278	1,355	333	—	2,967

**More than double the total number of storage units and units in use over 5 years**

**Total Units, Units in Use, and Utilization Rate**

(Unit: Number of units)



	2Q FY13	4Q FY13	2Q FY14	4Q FY14	2Q FY15	4Q FY15	2Q FY16	4Q FY16	2Q FY17	4Q FY17	2Q FY18	4Q FY18	2Q FY19	3Q FY19
Total Units	44,138	46,686	50,422	53,564	59,802	62,325	66,923	70,651	75,440	81,555	85,005	91,545	93,885	96,002
Units in Use	35,177	37,499	40,407	42,009	44,603	47,796	50,739	53,786	56,742	59,748	64,432	69,169	70,064	71,836
UtilizationRate (%)	79.70%	80.22%	80.14%	78.43%	74.58%	76.69%	75.82%	76.13%	75.21%	73.26%	75.80%	75.56%	74.63%	74.83%
Existing Utization Rate(%)	85.73%	87.15%	87.06%	86.36%	84.90%	85.19%	84.03%	84.97%	83.45%	83.48%	83.24%	84.46%	80.59%	80.90%
New Utilization Rate (%)	44.86%	53.77%	50.90%	54.85%	41.63%	53.84%	46.04%	51.69%	42.43%	44.36%	43.57%	48.20%	39.14%	44.51%

\* Existing: Units after more than two years since they opened  
 New: Units after less than two years since they opened  
 New for FY 2019: Newly opened in 2018 and 2019

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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