



“We supply the best use of space.”

# Results Briefing First Quarter, Fiscal Year Ending December 2021

April 28, 2021  
Arealink Co., Ltd.



Trunk House 24 Shinjuku Shimoochiai  
84 units



Hello Storage Mihama Takahama  
22 units

**I. Summary of FY12/21 1Q**

**II. FY2021 Earnings Outlook**

**III. Topics**

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# I. Summary of FY12/21 1Q

Wataru Sasaki  
Director, Head of Administrative Division

# FY12/21 1Q Business Results

**Despite reduced revenue and earnings profitability improved, resulting in better performance than projected**

In Millions of yen	FY12/20 1Q		FY12/21 1Q		
	Actual	Percent of Sales	Actual	Percent of Sales	YoY
<b>Net sales</b>	<b>6,523</b>	<b>—</b>	<b>5,321</b>	<b>—</b>	<b>—18.4%</b>
Cost of sales	4,731	72.5%	<b>3,779</b>	<b>71.0%</b>	<b>—20.1%</b>
Gross profit	1,791	27.5%	<b>1,542</b>	<b>29.0%</b>	<b>—13.9%</b>
SG&A expenses	996	15.3%	<b>761</b>	<b>14.3%</b>	<b>—23.6%</b>
<b>Operating income</b>	<b>795</b>	<b>12.2%</b>	<b>781</b>	<b>14.7%</b>	<b>—1.8%</b>
<b>Ordinary income</b>	<b>783</b>	<b>12.0%</b>	<b>773</b>	<b>14.5%</b>	<b>—1.2%</b>
<b>Net income</b>	<b>535</b>	<b>8.2%</b>	<b>724</b>	<b>13.6%</b>	<b>+ 35.2%</b>

## Keep focusing on Cumulative-type business



- Approx. ¥180 million / month of “Cumulative-type business gross profit minus company-wide expenses” which tends to increase gradually due to the nature of Cumulative-type business
- Add to the above, operating income for Non-cumulative businesses such as Limited Land Rights



Realization of a forward-looking stable management system

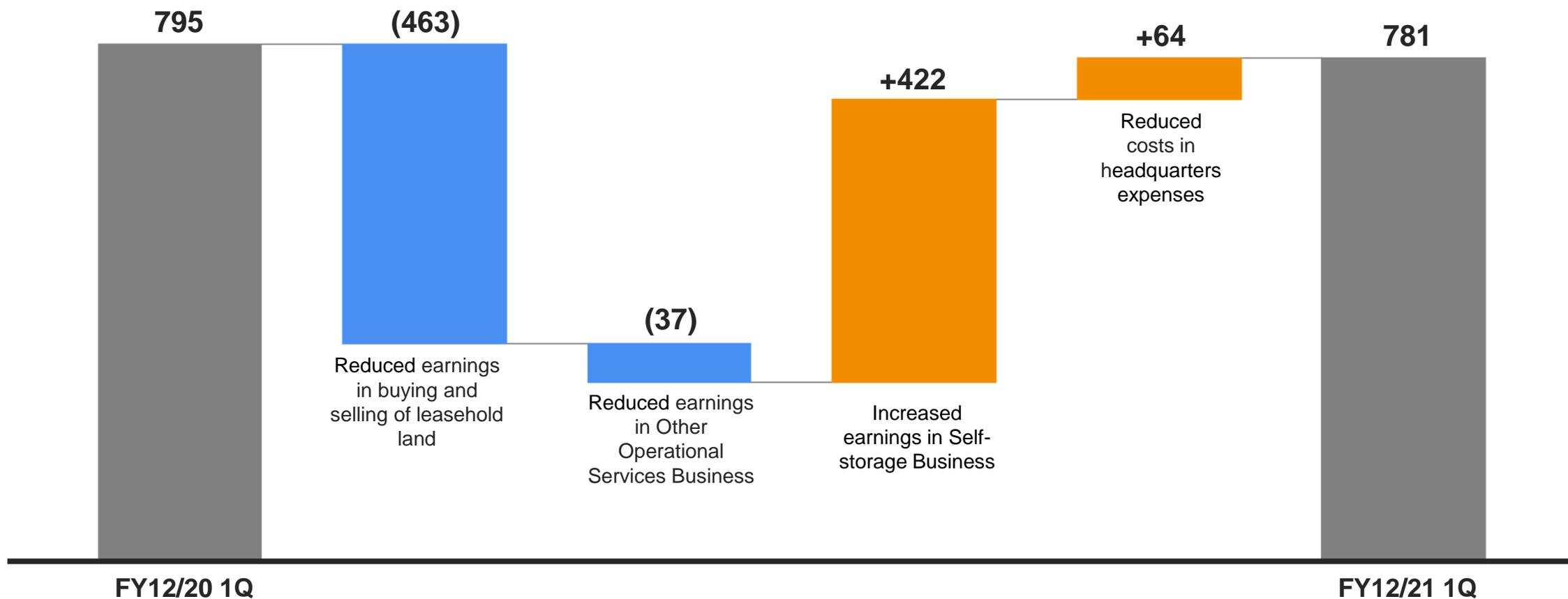
- ◆ **"Cumulative-type business gross profit minus company-wide expenses" improved to approx. ¥0.18 billion / month**
- ◆ **Business profits in core Self-storage Management is about double that of same period last year**
- ◆ **Resulted in better than budget despite reduced revenue and earnings from pulling out of the Rental Meeting Room Business and reduced revenue and earnings in Limited Land Rights Business. Profit margin improved in line with the policy to focus on Cumulative-type business.**
- ◆ **Recorded extraordinary income of approx. ¥200 million on transfer of Parking Business**

# Overview of FY12/21 1Q Business Results

**Reduced earnings in Limited Land Rights mostly offset by core business, Self-Storage**

**Increase/decrease in operating income**

Unit: Million yen



# Overview of FY12/21 1Q Business Results (by segment)

## Self-storage Business saw significant increase in earnings while Limited Land Rights results were as projected

In Millions of yen		FY12/20 1Q		FY12/21 1Q		YoY	
		Actual	Percent of Sales	Actual	Percent of Sales		
<b>Self-storage Business</b>	<b>Self-storage Management</b>	Net sales	3,383	—	3,654	—	+ 8.0%
		Gross profit	720	21.3%	1,138	31.2%	+ 58.1%
		Business profit	445	13.2%	848	23.2%	+ 90.5%
	<b>Self-storage Brokerage</b>	Net sales	427	—	482	—	+ 12.9%
		Gross profit	49	11.7%	55	11.5%	+ 11.0%
		Business profit	(39)	—	(20)	—	−49.0%
<b>Self-storage Business</b>		Net sales	3,811	—	4,136	—	+ 8.5%
		Gross profit	770	20.2%	1,194	28.9%	+ 55.0%
		Business profit	405	10.6%	828	20.0%	+ 104.1%
<b>Land Rights Consolidation Business (Limited Land Rights)</b>		Net sales	2,255	—	834	—	−63.0%
		Gross profit	843	37.4%	232	27.8%	−72.5%
		Business profit	597	26.5%	133	16.0%	−77.7%
<b>Other Operational Services Business</b>		Net sales	456	—	350	—	−23.2%
		Gross profit	177	39.0%	115	33.1%	−34.8%
		Business profit	135	29.7%	98	28.0%	−27.6%
<b>Management Division</b>		Net sales	—	—	—	—	—
		Gross profit	—	—	—	—	—
		Business profit	(343)	—	(278)	—	−18.9%
<b>Total for All Businesses</b>		Net sales	6,523	—	5,321	—	−18.4%
		Gross profit	1,791	27.5%	1,542	29.0%	−13.9%
		Operating income	795	12.2%	781	14.7%	− 1.8%

## Increased revenue and earnings for Self-storage Management making it a core business

### ◆ Despite decrease in total number of units, utilization rate was up 2.49 ppt from end-Dec 2020

- Total number of units as of end of March 2021 was 97,681 units (down 204 units from end-Dec 2020, up 201 units from end-March 2020)  
⇒ a result of more closed units than newly opened units owing to suspension of location openings in 2020
- Utilization rate as of end of March 2021 was 83.15% (up 2.49 ppt from end-Dec 2020, up 4.8 ppt from end-March 2020)

### ◆ Increase in revenue and earnings for Self-storage Management continues as projected

- Almost double increase in operating income of 90.5% as a result of improved profitability in line with better utilization rate of existing facilities
- Sales almost same as budget resulting in better-than-expected earnings

### ◆ Self-storage Brokerage: recorded 1 sale and 2 orders

- All 3 were self-storage properties with land whose opening plans was approved in 2019 (1 of which Hello Biz House)

**Slightly better than projected despite significant decrease in revenue and earnings due to recoil from large project sales in 1Q last year**

## ◆ **Decrease in revenue and earnings, but better than budget projection**

- Significant decrease in revenue and earnings with sales of large projects (approx. ¥1.1 billion in sales, approx. ¥0.3 billion in profit) in 1Q 2020
- Sales for inventory reductions partly remain but operating income to sales improves (3.4% in 2H 2020 → 16% in 1Q 2021)
- Slightly better than projected for both sales and earnings

## ◆ **Inventory was ¥3,993 million (down ¥272 million from end-Dec 2020)**

- Although procurement activity resumed, inventories decreased through carefully selected stocking

### Decrease in revenue and earnings, budget not achieved as a result from impact of withdrawal from Rental Meeting Room Business

#### ◆ **Asset Management achieved budget despite reduced revenue and earnings**

- Decrease in revenue and earnings due to the impact of fulfilling requests from some tenants for lower rents in our buildings

#### ◆ **Reduced revenue and earnings in Rental Office Business, achieved sales budget but not profit budget**

- Reason for reduced revenue: Although maintained strong utilization rate it was down compared to 1Q of previous year
- Reason for reduced earnings: Recorded opening costs for new properties opened in April

#### ◆ **Business selection and focus**

- Finished Rental Meeting Room business in Dec. 2020
- Transferred automated ticket machine Parking Business in March 2021
- Recorded approx. ¥193 million gain on the transfer of business

## Extraordinary income: Recorded gain on transfer of Parking Business

In Millions of yen	FY12/20 1Q	FY12/21 1Q	YoY
Operating income	795	<b>781</b>	-1.8%
Non-operating income	35	<b>23</b>	-33.1%
Non-operating expenses	47	<b>31</b>	-34.2%
Ordinary income	783	<b>773</b>	-1.2%
Extraordinary income	4	<b>208</b>	+ 4755.7%
Extraordinary loss	—	—	—
Income before income taxes	787	<b>982</b>	+ 24.7%
Income taxes — current	124	<b>203</b>	+ 63.3%
Income taxes — deferred	127	<b>54</b>	-57.1%
Net income	535	<b>724</b>	+ 35.2%

Non-operating expenses  
Interest expenses      ¥24 million

Extraordinary income  
Gain on sale of businesses  
   ¥193 million

## Purchase only in 1Q 2021, purchase negotiations ongoing

### Change in provision for loss on repurchases

(In millions of yen)

Initial Balance	Used for Intended Purpose (Purchases)	Purchases Not Required	Other (Reassessing, etc.)	End Balance
2,297	81	—	—	2,216

- ◆ Plan to continue negotiations, aim to conclude during 2021
- ◆ Basic policy on purchases is installment payments so no effect on cash flow
- ◆ Purchases boost Self-storage Management profits

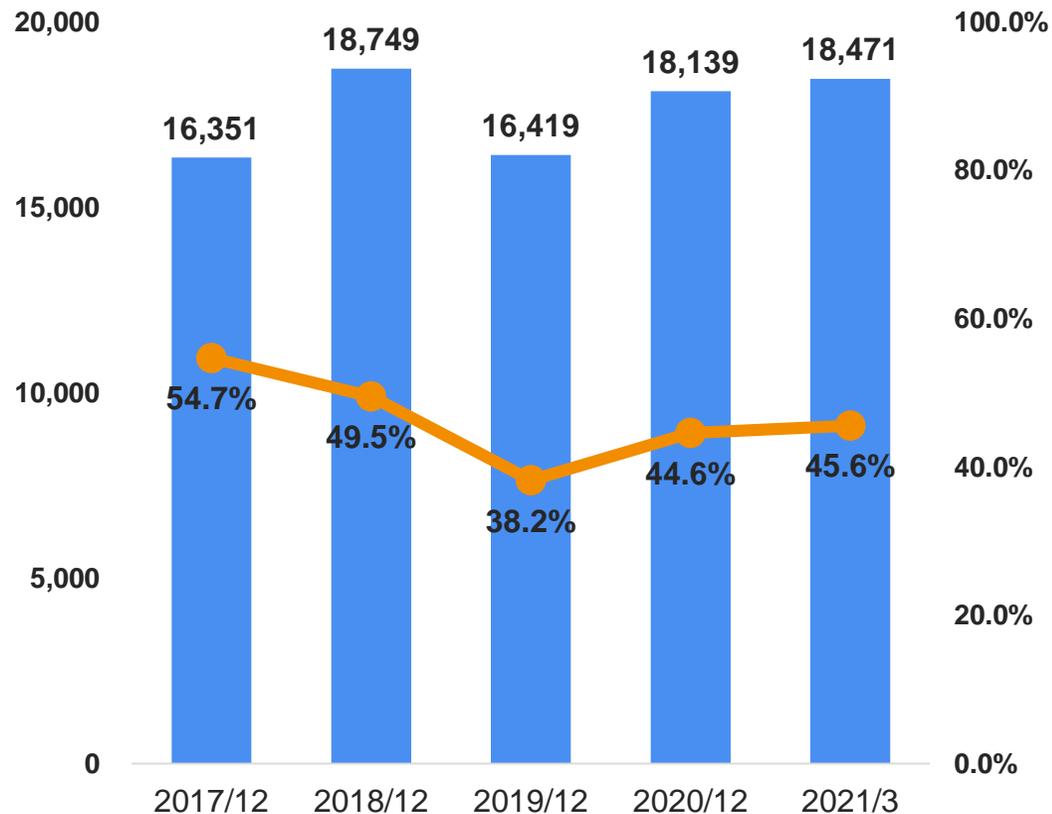


# Equity Ratio and Interest-Bearing Debt Ratio

**Financial situation showing signs of improvement with equity ratio of 45.6% and drop in interest-bearing debt ratio**

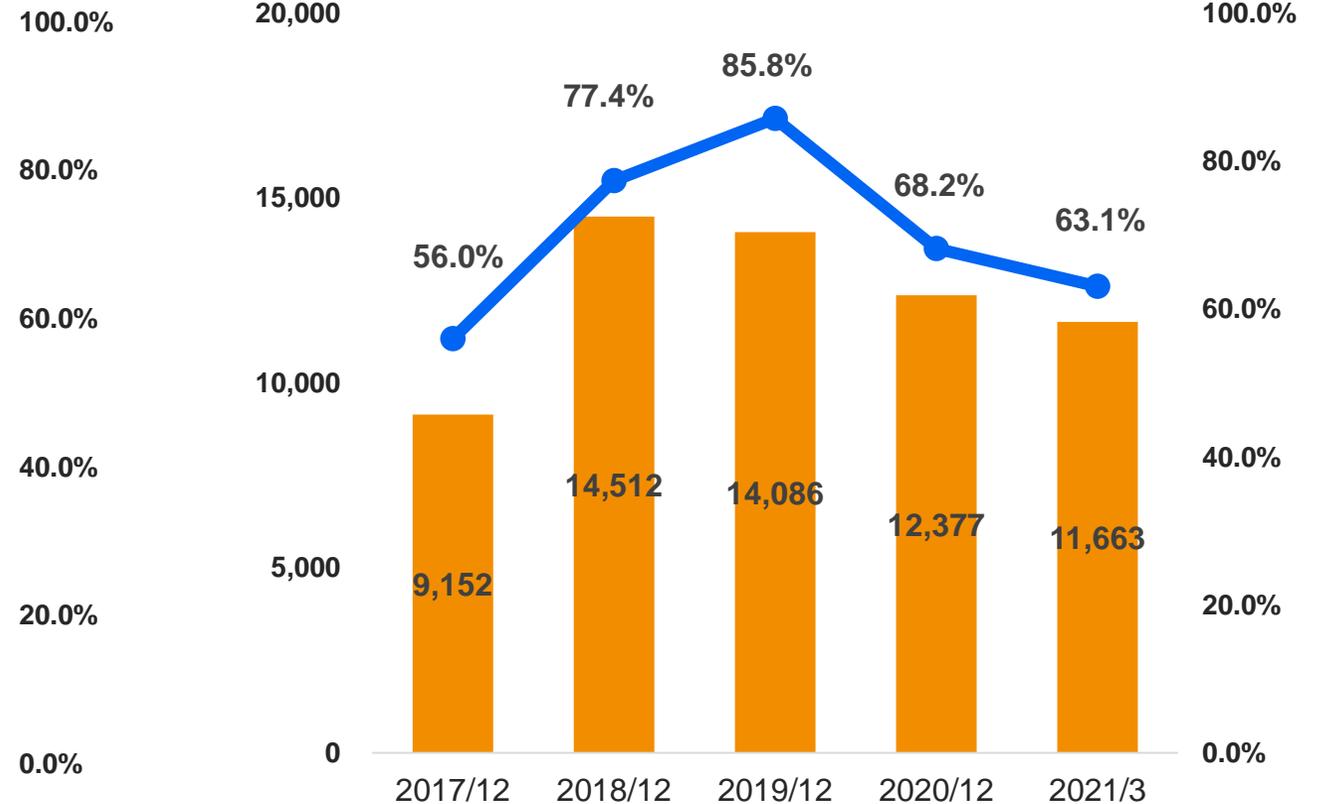
**Equity ratio**

Unit: Millions of yen



**Interest-bearing debt**

Unit: Millions of yen



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  
Interest-bearing debt ratio= Interest-bearing debt/Net assets × 100

## II. FY2021 Earnings Outlook

## Full-year earnings forecast: No change

In Millions of yen	FY12/20		FY12/21		
	Actual	Percent of Sales	Plan	Percent of Sales	YoY
<b>Net sales</b>	22,477	—	<b>19,700</b>	—	<b>−12.4%</b>
<b>Operating income</b>	2,275	10.1%	<b>2,500</b>	<b>12.7%</b>	<b>+ 9.8%</b>
<b>Ordinary income</b>	2,161	9.6%	<b>2,400</b>	<b>12.2%</b>	<b>+ 11.0%</b>
<b>Net income</b>	2,225	9.9%	<b>1,400</b>	<b>7.1%</b>	<b>−37.1%</b>

# FY12/21 Earnings Outlook (by Segment)

## Full-year earnings forecast by segment: No change

In Millions of yen

		FY12/20		FY12/21		
		Actual	Percent of Sales	Plan	Percent of Sales	YoY
<b>Self-Storage Business</b>	Net sales	14,773	—	<b>15,300</b>	—	<b>+ 3.6%</b>
	Operating income	2,184	14.8%	<b>3,000</b>	<b>19.6%</b>	<b>+ 37.3%</b>
<b>Land Rights Consolidation Business (Limited Land Rights)</b>	Net sales	6,063	—	<b>3,200</b>	—	<b>−47.2%</b>
	Operating income	872	14.4%	<b>500</b>	<b>15.6%</b>	<b>−42.7%</b>
<b>Other Operational Services Business</b>	Net sales	1,640	—	<b>1,200</b>	—	<b>−26.8%</b>
	Operating income	396	24.2%	<b>300</b>	<b>25.0%</b>	<b>−24.3%</b>
<b>Management Division</b>	Net sales	—	—	—	—	—
	Operating income	(1,178)	—	<b>(1,300)</b>	—	<b>+ 10.4%</b>
<b>Total for All Businesses</b>	Net sales	22,477	—	<b>19,700</b>	—	<b>−12.4%</b>
	Operating income	2,275	10.1%	<b>2,500</b>	<b>12.7%</b>	<b>+ 9.8%</b>

## Dividend forecast: No change

### Dividend per share and payout ratio

	FY2020 (Plan)	FY2021 (Forecast)
Dividend per share (yen)	31.0	34.0
Payout ratio	17.6%*	30.7%

\* Since dividends were paid based on results excluding extraordinary losses associated with recorded provision for container repurchases in fiscal 2019, dividends in fiscal 2020 will be paid excluding any impact from the return gain of the above provision.

# III. Topics

## Strengthen openings of “Self-storage Mini” (provisional name) locations

- ◆ Three-story wood buildings with around 40 units, suitable for cities with populations of around 100,000 residents.
- ◆ Small wood-frame buildings: Self-storage products competitors are unable to imitate from a financing standpoint.
- ◆ Site procurement underway, aiming for first opening in December 2021.
- ◆ **Candidate locations:**
  - Edogawa-ku, Tokyo • Ota-ku, Tokyo • Adachi-ku, Tokyo • Shinagawa-ku, Tokyo
  - Chiba-shi, Chiba Prefecture • Kasukabe-shi, Saitama Prefecture
  - Hiratsuka-shi, Kanagawa Prefecture • Aomori-shi, Aomori Prefecture etc.

Artist's rendering of “Self-storage Mini”  
(provisional)▶



## Open "Hello Biz House" in the "Hello Business" series

- ◆ **Hello Biz House Machida Ogawa: Warehouse + Office + Residence + Parking Lot**
  - Evolution from the business self-storage units opened in 2020, aiming to expand demand by allowing use as residence.
  - Location opened in Machida-shi, Tokyo in March 2021, with all units rented and occupied.
  - Going forward, we plan to expand in suburban areas, opening locations mainly on an order basis, intermixed with in-house holdings and sales.



Hello Biz House Machia Ogawa (exterior)



1F Warehouse (approx. 11 *tsubo* (36.4m<sup>2</sup>))



2F Office and Living Space  
(approx. 10.7 *tsubo* (35.4m<sup>2</sup>))

## “Hello Office Ikebukuro” newly opened as rental office location

### ◆ New concept in rental office

- Rental meeting room space closed in 2020 repurposed as rental office, opened in April 2021.
- Small, urban office space to capture coronavirus-related demand.



“MINI STOP Pocket” office breakroom convenience store ▶  
installed.  
Broad selection of drinks and snacks, as well as throat lozenges and other everyday items.



◀ Hallways with relaxing woodgrain design.  
Security provided with entrance key, and security lock for each unit.

Space for single person use. ▶  
Along with usual target of startups and freelancers, capture coronavirus-related satellite office demand.



# Appendix

Management Philosophy

# Provide convenience, joy, and excitement

Vision

1. Contribute to better lifestyles for people through self-storage
2. Achieve stable growth over the longer term with service-oriented businesses
3. Pursue ESG management and solve social challenges

**Steady earnings growth despite the pandemic;  
Plan to continue growing ordinary income by a solid 10% each year**

## Medium-term Business Plan Management Targets

In Millions of yen	2020		2021		2022		2023	
	Actual	Profit Ratio	Projected	Profit Ratio	Projected	Profit Ratio	Projected	Profit Ratio
Net sales	22,477	—	19,700	—	21,800	—	23,800	—
Operating income	2,275	10.1%	2,500	12.7%	2,800	12.8%	3,200	13.4%
Ordinary income	2,161	9.6%	2,400	12.2%	2,700	12.4%	3,100	13.0%

Self-storage No. of new units*	2,780 units	1,000 units	2,800 units	3,700 units
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\*Excludes cancellations

# Business Segments – Quarterly Results

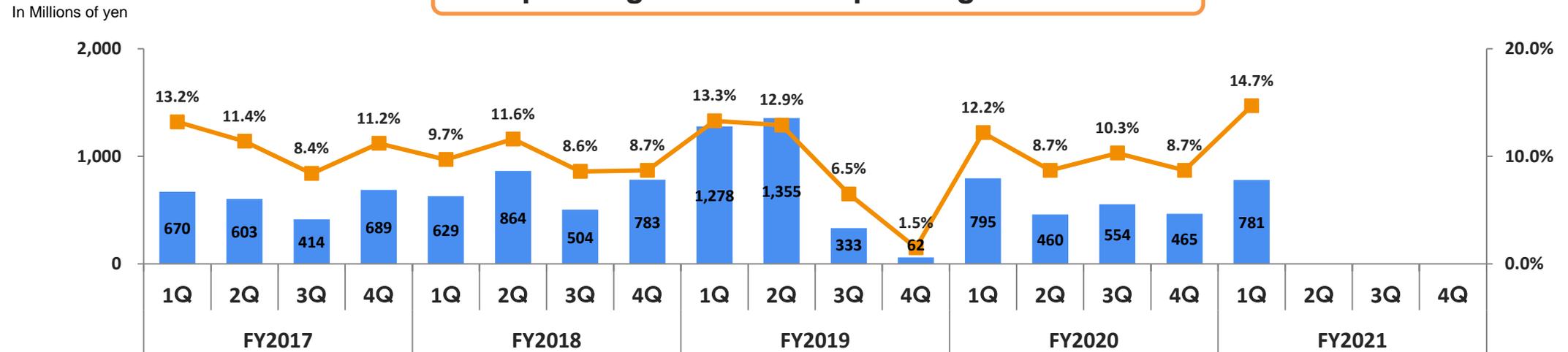
In Millions of yen			FY20	FY21				Cumulative
			Full-year	1Q	2Q	3Q	4Q	
	<b>Self-storage Management</b>	Net sales	14,027	3,654				3,654
		Gross profit	3,502	1,138				1,138
		Business profit	2,333	848				848
	<b>Self-storage Brokerage</b>	Net sales	746	482				482
		Gross profit	111	55				55
		Business profit	— 148	— 20				— 20
<b>Self-storage Business</b>	Net sales	14,773	4,136				4,136	
	Gross profit	3,614	1,194				1,194	
	Business profit	2,184	828				828	
<b>Land Rights Consolidation Business</b>	Net sales	6,063	834				834	
	Gross profit	1,362	232				232	
	Business profit	872	133				133	
<b>Other Operational Services Business</b>	Net sales	1,640	350				350	
	Gross profit	522	115				115	
	Business profit	396	98				98	
<b>Management Division</b>	Net sales	—	—				—	
	Gross profit	—	—				—	
	Business profit	— 1,178	— 278				— 278	
<b>Total for All Businesses</b>	Net sales	22,477	5,321				5,321	
	Gross profit	5,499	1,542				1,542	
	Operating income	2,275	781				781	

# Entire Business– Quarterly Results

## In net sales and gross profit margin



## In operating income and operating income ratio

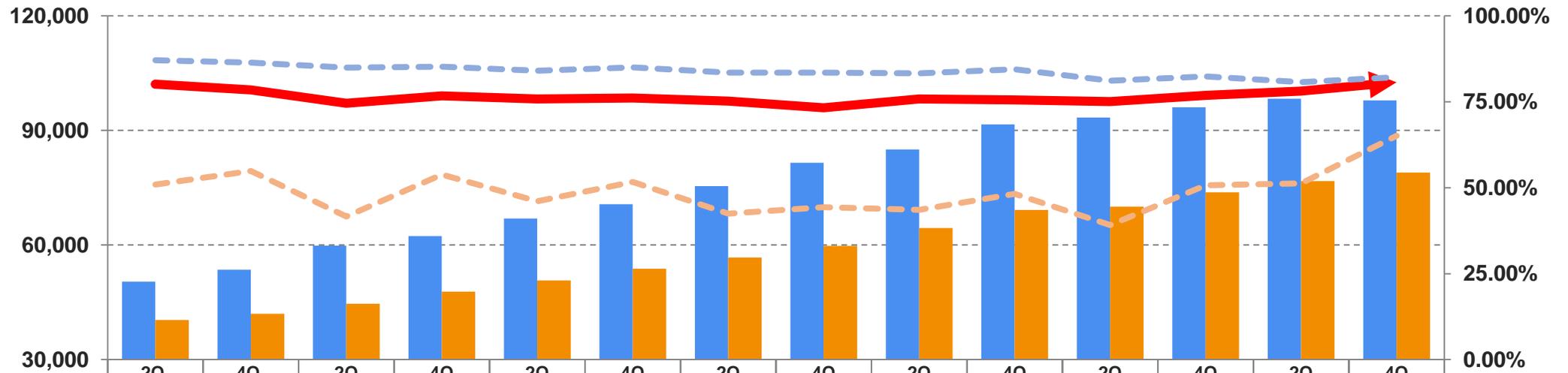


# Status of Hello Storage Facilities

**Utilization rate was the highest in past 10 years due to carefully selected new store openings during 2019-2020**

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

Unit: Number of units



	2Q FY14	4Q FY14	2Q FY15	4Q FY15	2Q FY16	4Q FY16	2Q FY17	4Q FY17	2Q FY18	4Q FY18	2Q FY19	4Q FY19	2Q FY20	4Q FY20
 Total Units	50,422	53,564	59,802	62,325	66,923	70,651	75,440	81,555	85,005	91,545	93,372	96,067	98,289	97,885
 Units in Use	40,407	42,009	44,603	47,796	50,739	53,786	56,742	59,748	64,432	69,169	70,064	73,815	76,743	78,958
 Utilization Rate (%)	80.14%	78.43%	74.58%	76.69%	75.82%	76.13%	75.21%	73.26%	75.80%	75.56%	75.04%	76.84%	78.08%	80.66%
 Existing Utilization Rate (%)	87.06%	86.36%	84.90%	85.19%	84.03%	84.97%	83.45%	83.48%	83.24%	84.46%	81.10%	82.40%	80.68%	82.17%
 New Utilization Rate(%)	50.90%	54.85%	41.63%	53.84%	46.04%	51.69%	42.43%	44.36%	43.57%	48.20%	39.14%	50.73%	51.26%	65.10%

\* Existing: Units after more than two years since they opened  
 New: Units after less than two years since they opened  
 New for FY 2020: Newly opened in 2019 and 2020

# Storage Business : Openings by Region

Prefecture	Containers	Trunk	Total	Proportion of Total
Hokkaido	917	559	1,476	1.5%
Aomori	30	0	30	0.0%
Miyagi	1,619	0	1,619	1.7%
Yamagata	29	0	29	0.0%
Fukushima	87	0	87	0.1%
Ibaraki	789	0	789	0.8%
Tochigi	313	0	313	0.3%
Gunma	953	0	953	1.0%
Saitama	8,711	2,157	10,868	11.1%
Chiba	10,221	1,500	11,721	12.0%
Tokyo	17,214	14,065	31,279	32.0%
Kanagawa	8,803	3,944	12,747	13.0%
Niigata	117	0	117	0.1%
Toyama	143	0	143	0.1%
Ishikawa	203	0	203	0.2%
Fukui	112	0	112	0.1%
Yamanashi	180	0	180	0.2%
Nagano	282	0	282	0.3%
Gifu	618	0	618	0.6%
Shizuoka	1,393	0	1,393	1.4%
Aichi	4,997	1,045	6,042	6.2%
Mie	378	50	428	0.4%
Shiga	235	0	235	0.2%

Prefecture	Containers	Trunk	Total	Proportion of Total
Kyoto	1,346	152	1,498	1.5%
Osaka	3,987	1,087	5,074	5.2%
Hyogo	3,715	121	3,836	3.9%
Nara	606	0	606	0.6%
Wakayama	27	0	27	0.0%
Tottori	52	0	52	0.1%
Shimane	30	0	30	0.0%
Okayama	218	0	218	0.2%
Hiroshima	345	0	345	0.4%
Yamaguchi	169	0	169	0.2%
Tokushima	27	0	27	0.0%
Kagawa	198	76	274	0.3%
Ehime	118	0	118	0.1%
Kochi	52	0	52	0.1%
Fukuoka	2,415	0	2,415	2.5%
Saga	106	0	106	0.1%
Nagasaki	118	0	118	0.1%
Kumamoto	402	0	402	0.4%
Oita	106	0	106	0.1%
Miyazaki	123	0	123	0.1%
Kagoshima	385	0	385	0.4%
Okinawa	36	0	36	0.0%
<b>Total</b>	<b>72,925</b>	<b>24,756</b>	<b>97,681</b>	<b>100.0%</b>

# Main Properties of Real Estate Holdings

Property Name	Location	Number of properties	Purpose	Book Value (Land and Structure) Unit: ¥million
Trunk House 24 Series	Tokyo and 5 other prefectures	31	Storage	6,197
Hotel (Comfort Inn・Best Inn )	Kofu City, Yamanashi Prefecture, and other	5	Hotel	1,216
Kanda BM Building	Chiyoda Ward, Tokyo	1	Office, store	942
Ginza Idei Building	Chuo Ward, Tokyo	1	Store	895
Overseas storage	Texas, U.S.	1	Storage	769



Trunk House 24  
Megurohonocho  
(Meguro Ward, Tokyo)



Trunk House 24  
Hiratsukaoimatsucho  
(Hiratsuka-shi, Kanagawa Prefecture)



Ginza Idei Building  
(Chuo Ward, Tokyo)



Kanda BM Building  
(Chiyoda Ward, Tokyo)



Texas Storage  
(Texas, U.S.)

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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.

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