

First Half Business Summary

for Fiscal Year 2019
(29th period)

January 1 to June 30, 2019



Aoyama Zaisan Networks

To Our Shareholders

Net sales in the first half of fiscal year 2019 was ¥8,668 million, up 12.7% year on year. However, as a result of proactive investment in systems to strengthen our technological edge and investment in securing and training personnel that has continued since last year to meet the ever-increasing needs in the areas of property management and succession and business succession, operating income fell 11.2% year on year to ¥638 million.

The conditions in our key businesses are as follows. First, regarding property succession consulting, the property consulting support operations for customers of financial institutions in the Tokyo metropolitan area have steadily expanded by accepting trainees from such financial institutions and actively convening seminars. In addition, the book "How real estate owners and urban farmers can cope with real estate inheritance without it becoming negative property after 2020" was published. Then, in the second half of fiscal year 2019, we will hold seminars on the topic of the social problem "How to safeguard property from dementia," which caters to the needs of many of our customers.

Next, regarding business succession consulting, we further advanced our collaboration with Nihon M&A Center Inc., and advanced with the establishment of a framework needed for nationwide expansion of our business succession service.

In addition, we are also putting efforts into second life support operations for managers following business succession. In the second half of fiscal year 2019, we will also advance collaboration with leading accounting firms and are aiming for further enhancements.

In terms of responding to property management needs, in addition to opening a new location for the real estate joint ownership scheme "ADVANTAGE CLUB," we made steady progress in our consultation services for buying real estate. In addition, we were successful in receiving the order for the Tsuruga City project in Fukui Prefecture as a regional revitalization project. In addition to these services, we are committed to developing overseas real estate products in order to meet the property management needs in the second half of fiscal year 2019.

Regarding the improvements in the administration framework, we strived to create an environment in which it is easy to work and to improve productivity through systemization of operations.

We strived to strengthen the organization to increase the speed and accuracy of developing products. Furthermore, we are also taking initiatives over the full year to strengthen the compliance framework.

Lastly, we express our appreciation to our shareholders for their day to day support while we aim to live up to their expectations in our future property consulting business. We will endeavor to continuously increase dividends as has been our policy from the past and ask for our shareholders' continuing support and cooperation.



President
Masazumi Hasumi

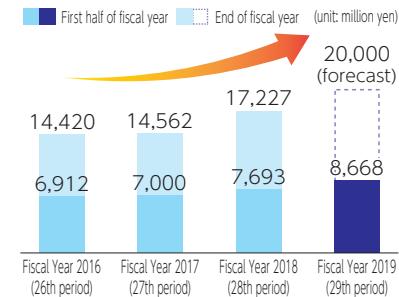
Highlights of Consolidated Business Results

Net sales increased due to opening locations of the "ADVANTAGE CLUB," etc. but operating income fell year on year as we have invested in areas such as securing and training personnel and in strengthening our technological edge to continue meeting the ever-growing needs.

We are aiming for further growth by responding to the growing needs for property succession consulting through tie-ups with multiple financial institutions within Tokyo and responding to the needs for the social issues of business succession consulting through tie-ups with Nihon M&A Center Inc. and regional financial institutions across the country.

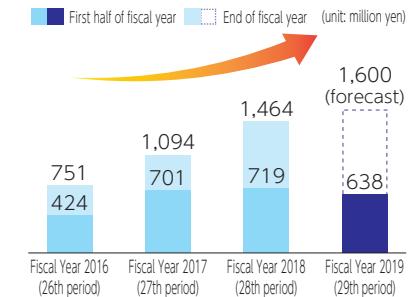
Net sales

8,668 million yen
(Up 12.7% year-on-year )



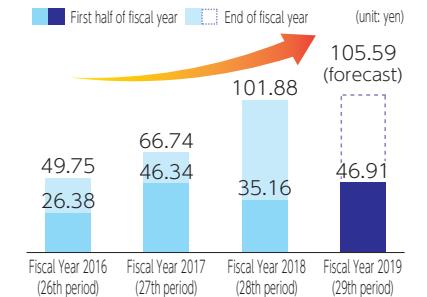
Operating income

638 million yen
(Down 11.2% year-on-year )



Net profit per share

46.91 yen



Shareholder incentives

The Company provides shareholder incentives under the following conditions to shareholders recorded in the shareholder register as of June 30.

Shareholders who hold 1,000 shares or more
Select 1 from 10 products worth 3,000 yen



Sample images

Shareholders who hold 10,000 shares or more continuously for over 1 year

A meal certificate from UKAI CO., LTD. (20,000 yen) or Ukai special select beef (worth 20,000 yen)



Sample images

Dividends per share

46.2% 45.0% 38.3% 42.6% (forecast)



Dividend forecast Fiscal year ending in December 2019: **45 yen**

Business Topics

We are enhancing our business base for our customers' property succession and business succession to deal with market changes.

As an independent professional organization with specialized expertise, we utilize the Company's strengths in working toward resolving our customers' property issues.

1 Property Succession

We provide solutions to deal with various concerns to protect our customers' important property when undertaking succession.

▶ Overall optimal inheritance measures

There have been various changes in areas such as the appraisal value of our customers' inheritance tax and the use of land in property administration due to Tax Reform and partial amendment to the Productive Green Land Act in recent years. We quickly respond to such changes by supporting our customers spanning two to three generations with "overall optimization" consulting that corresponds to the needs of land-owning asset holders such as business managers utilizing vast areas of land.



▶ Noteworthy "trust" consulting service

Lifelong asset formation that considers era of people living until they are 100 years or older is becoming an item of interest in the aging society and cases such as where property is not freely utilized due to dementia, etc. have also become problems.

Therefore, we have implemented initiatives to resolve such issues by providing "Korobanu saki no tsue® (prevention is better than cure) consulting service" as a property measure that incorporates a "trust" method to prepare for the risk of dementia.

2 Business Succession

Given the growing number of small and medium-sized companies faced with the issue of a "lack of successor" due to low birthrates and longevity, we provide decision-making opportunities at "business succession professional meetings" and a wide range of options for business succession through collaboration with Nihon M&A Center Inc. to resolve the issues of company owners worried about succession in a one stop shop.

▶ The Company's strength and growing demand

Wide range of options through collaboration with Nihon M&A Center Inc.

株式会社 事業承継ナビゲーター
Jigyoushoukei Navigator Inc.

Succession of management	Succession of property
Succeed to relatives	Inheritance and donations
Succeed to employees	M&A

Accumulate know-how



▶ We hold regular "business succession professional meetings" in Tokyo and Osaka

Business owners from more than 50 companies have participated during the 3 years since we commenced

These are small group free of charge meetings to clarify directions through investigation and discussion of various methods of succession.



3 Managing Properties

We have prepared diversified portfolios to meet the growing needs of our customers.

▶ Overseas real estate

To respond to needs for diversified investment, in the first half of fiscal year 2019, we opened a new location for the "BRANZ SIMATUPANG" for Japanese representatives, which has attracted attention in the rapidly growing Indonesia, and we also plan to develop new investment products in the United States and elsewhere in the second half of fiscal year 2019.



▶ Operating leases

In March, we newly established operating lease products that use second-hand ships as the assets. We aim to expand future profits by creating stable products as part of our property consulting products.



▶ Results of ADVANTAGE CLUB

In June, we opened a new location for our key product, the real estate joint ownership scheme "ADVANTAGE CLUB," which is based on the Real Estate Specified Joint Enterprise Act, in an urban center redevelopment area. There has been steady growth since the start of the business in 2002 with a cumulative total of 45 locations, cumulative total assets under management of ¥60.11 billion, and 2,092 total participants (as of June 2019).



Consolidated Financial Highlights

Consolidated Balance Sheet (Summary) (unit: million yen)

Total assets 12,353		Total assets 14,279	
Cash and deposits 4,197	Interest-bearing liabilities 4,951 (D/E ratio 1.10 times)	Cash and deposits 6,099	Interest-bearing liabilities 5,657 (D/E ratio 1.01 times)
Real estate for sale 4,052	Other liabilities 2,884	Real estate for sale 4,003	Other liabilities 2,969
Other assets 4,104	Net assets 4,518 (Equity ratio 36.5%)	Other assets 4,176	Net assets 5,651 (Equity ratio 39.2%)
			End of first half of fiscal year 2019

① Total assets

Total assets amounted to ¥14,279 million, up ¥1,925 million from the end of the previous period due to an increase in cash and deposits.

② Interest-bearing liabilities

Interest-bearing liabilities amounted to ¥5,657 million, up ¥706 million from the end of the previous period due to an increase in long-term loans payable.

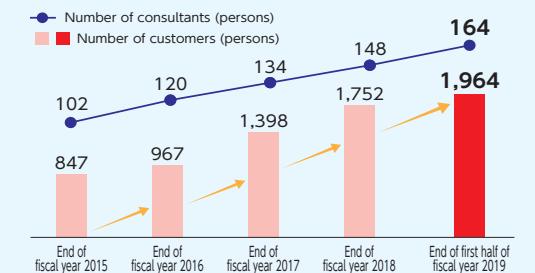
③ Net assets

Net assets grew by ¥1,133 million from the end of the previous period to reach ¥5,651 million, due to disposal of treasury shares and an increase in retained earnings.

Increase the Number of Customers and Reinforce Our Internal Structure

We are actively recruiting consultants to meet the ever-increasing needs for consulting in the areas of property succession, business succession and property management.

We have also implemented initiatives for systemization to improve productivity to meet the growing needs. We provide highly productive standardized consulting by integrating the Group's consulting know-how into systems.



CSR of Aoyama Zaisan Networks

Change the property of our customers into something meaningful

Succession while protecting the property of asset holders and businesses. Change the property of our customers into something with social value. We are involved in solving social issues through administration and management of our customers' property.

Main initiatives in the current fiscal year deeply rooted in CSR

The second regional revitalization project

Obtained preferential negotiation rights in relation to "Tsuruga Station Western District Land Usage Enterprise" in Fukui Prefecture

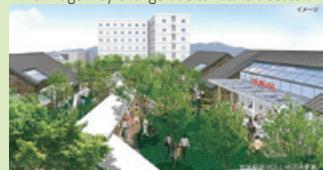
We obtained preferential negotiation rights in relation to the public offering to the private business operators of "Tsuruga Station Western District Land Usage Enterprise" implemented by Tsuruga City, and made a business proposal by a group, which is represented by the Company, and the hotel business operator HiF Resort Inc. (Komatsu City, Ishikawa Prefecture).

There is a plan for a facility that will be a bustling hub with interaction between residents and visitors ahead of the opening of the Hokuriku Shinkansen Tsuruga Station in the spring of 2023. As the Company's second regional revitalization program*, we plan to execute a basic agreement with Tsuruga City around the summer of 2019 and commence operations of the proposed facility in 2022.

Source: MARUZEN-YUSHODO Company, Limited



*The image may change due to future discussion



*About regional revitalization projects
Responsible for regional revitalization of regional towns and cities utilizing the Real Estate Specified Joint Enterprise Act, planning construction projects wanted by residents such as public facilities, hotels, and commercial facilities and the effective utilization of public land.

Initiatives for the problem of children on wait lists

Supporting the proposal and construction of licensed kindergartens

Initiatives to eliminate the children on wait lists have become a social issue and this problem along with increasing the working population is one that must involve the private sector and not just administrative bodies. While administrative bodies want to build kindergartens to reduce the children on the wait lists, they face hurdles of securing the appropriate sites, selecting the operating companies and obtaining the understanding of the local residents. Utilizing the know-how we have accumulated through property consulting, we support the establishment of licensed kindergartens by solving the needs of the administrative bodies and landowners in a one stop shop. We contribute to reducing the children on the wait list through the effective utilization of land by conducting meticulous interviews to understand matters such as the intent of the administrative bodies and the demand for kindergartens in the region and holding explanatory meetings as necessary for nearby residents and even arranging the opening.



Initiatives for the aging society

Supporting the proposal and construction of senior citizen facilities as part of land utilization

Even administrative bodies have a high desire for "lively places" where there can be local interaction. Utilizing our know-how, we are providing proposals aimed at creating interaction between senior citizens and nearby residents. In the first half of fiscal year 2019, we were involved in business leading to the realization of regional comprehensive care where there is interaction between senior citizens and young people by collocating a senior citizen facility and condominiums that are specially designed for residents giving consideration to the special characteristics of the region and creating multi-use spaces that are "lively places." In addition, in the second half of fiscal year 2019, in collaboration with other experts we will hold seminars concerning "dementia" for customers of our partner companies such as financial institutions as well as our Company's customers.



Our growing global network

We have established a nationwide network in Japan that includes leading tax accounting firms and accounting offices. Through this network, we provide consulting services to customers across Japan. As part of our efforts to expand internationally, we have established overseas subsidiaries in the United States, Singapore, and Indonesia. Going forward, we will continue working with top overseas partners and enhance our network both at home and abroad.

List of AZN nationwide network members (as of July 31, 2019)

Hokkaido

- Aoyama Zaisan Networks Hokkaido Support (KEWAKI TAX, ACCOUNTING & CONSULTANTS GROUP)
- Nihon Shisan Soken Co., Ltd. Sapporo (Mitsunari Accountant Office)

Tohoku

- Aoyama Zaisan Networks Aomori Support (Konda Accounting Office)
- Aoyama Zaisan Networks Sendai Support (Asahi Accounting Office)
- Aoyama Zaisan Networks Yamagata Support (Yutaka Licensed Tax Accountant's Corp)
- Zaisan Networks Fukushima Co., Ltd. (Aozora Tax Corporation)

Kanto

- Aoyama Zaisan Networks Ibaraki Support (Masuyama Accounting Office)
- Kujirai Tax Corporation
- Zaisan Networks Tochigi Co., Ltd. (Tajima Accounting Office)
- Zaisan Networks Motegi Co., Ltd. (MOTEGI tax consultant office)
- Aoyama Zaisan Networks Saitama Co., Ltd. (CWM Research Institute)
- Aoyama Zaisan Networks Kanto Chuo Support (MMG Tax Corporation)
- Nihon Shisan Souken Co., Ltd.
- Aoyama Zaisan Networks Denenchofu Support (Saito Tax Corporation)
- Nihon Mirai Accounting & Tax Co.
- Zeimu Sogo Tax Corporation
- eclat Consulting
- Nakamura Certified Public Tax Accountants Office
- Humannetwork Inc. (Tokyo kaikai Partners Inc.)
- Kagayaki Zaisan Networks Co., Ltd. (Kagayaki Tax Corporation)
- Aoyama Zaisan Networks Yokohama Support (YAMADA SYNTHETIC OFFICE)
- Ai Partners Tax Corporation
- Masatoshi Yoshikawa Certified Tax Accountant Office
- Oyama accounting Co., Ltd (Rita Tax Corporation)
- Top Accounting Firm & co
- Koyama Certified Public Tax Accountants Office

Chubu

- Aoyama Zaisan Networks Kanazawa (HATAKE Management Group)
- Kimura Business Succession Brain Co., Ltd. (KIMURA KEIEI BRAIN CO., LTD.)
- Aoyama Zaisan Networks Fukui Support (Uesaka Consulting Firm)
- Zaisan Networks Nagano Co., Ltd. (Nozomi Tax Corporation)
- Mas Networks Co., Ltd. (The Narusako Accounting Firm Group)
- MMPC Consultants Corporation (MMPC Tax Corporation)
- Zaisan Networks Shizuoka Co., Ltd. (Iwasaki Tax Corporation)
- Aim Nakano Accounting Co., Ltd. (ARIASU ZEIRISHOUJIN)
- Zaisan Networks Nagoya Support (Meinan Consulting Network)
- Aoyama Zaisan Networks Mie Support (Midland Management Group Mie)

Kinki

- Zaisan Networks Kyoto Co., Ltd. (SHINKEIEI SERVICE SHIMIZU Tax Co.)
- Aoyama Zaisan Networks Kyoto Nijo Support (HIROSE LICENSED TAX ACCOUNTANT)
- SMO Corporation (Teruyoshi Sakon Tax Accountant Office)
- Zaisan Networks Osaka Co., Ltd. (Nihonkeiei Will Tax Accountant Corporation)
- Seki Soken Zaisan Partners Co., Ltd (AZ TAX Tax Corporation)
- Shibata Business Consulting Co., Ltd. (SBC Partners Tax Corporation)
- Zaisan Networks Hyogo Co., Ltd. (Nihonkeiei Will Tax Accountant Corporation)
- Aoyama Zaisan Networks Wakayama Support (Nishioka Accounting Office)

Chugoku

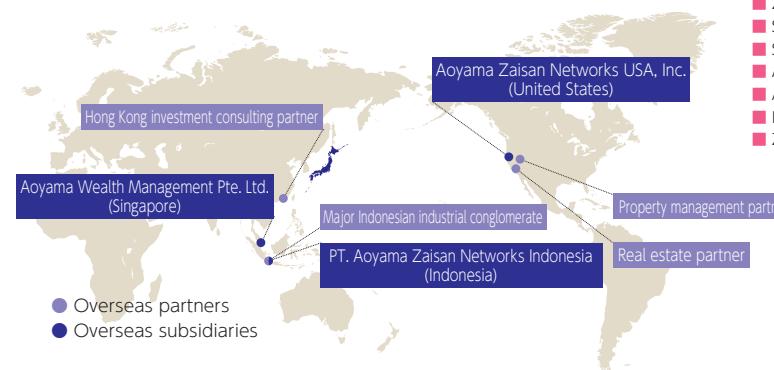
- Aoyama Zaisan Networks Shimane Support (Chikashige Tax Office)
- Ikeda & Company Inc.
- OKAYAMA SOUKEN Consulting Co., Ltd. (OKAYAMA SOUKEN Tax Corporation)
- Hikasa Accounting Co., Ltd. (Hikasa Accounting Office)

Shikoku

- Zaisan Consultants Tokushima Co., Ltd. (M.A.S. AGENT GROUP)
- Midori Zaisan Consultants Co., Ltd. (Midori Tax Corporation)
- Nonaka Keiei Corporation (Nonaka Management Consulting Office)

Kyushu

- Zaisan Networks Fukuoka Co., Ltd. (SHINOHARA CPA OFFICE)
- Sasaki Soken Co., Ltd. (Nishi Nihon Tax Corporation)
- Satsuki Partners Co., Ltd. (Satsuki Hisadome accounting firm)
- Aoyama Zaisan Networks Saga Support (MOROI Accounting Firm)
- Aoyama Zaisan Networks Nagasaki Support (Chuo Sogo Accounting Office)
- IDEA Research Institute Consulting Co., Ltd. (IDEA Tax Corporation)
- Zaisan Networks Okinawa Co., Ltd. (PS Accounting Office)



Japan
58
bases

Expanding
network to
Asia and
North
America

Corporate Data (as of June 30, 2019)

Name of Company	Aoyama Zaisan Networks Company, Limited
Head Office	3F Aoyama Tower Place, 8-4-14 Akasaka, Minato-ku, Tokyo 107-0052 Tel. +81-3-6439-5800
Incorporated	September 17, 1991
Capital stock	1,140.59 million yen
Business line	Individual property consulting, business succession consulting and real estate solutions consulting
Number of employees (Group)	233
Consolidated subsidiaries	6 companies including Aoyama Estate Co., Ltd., Nihon Shisan Soken Co., Ltd. and Aoyama Zaisan Investments Co., Ltd.

Stock Overview (as of June 30, 2019)

Number of shares in issue	12,106,600
Number of shareholders	5,671
Major Shareholders <small>(Top 10)</small>	

Name	Shares held	Shareholding ratio
Masazumi Hasumi	1,226,600	10.13
Yasuo Takano	665,800	5.50
Nihon M&A Center Inc.	500,000	4.13
Trust & Custody Services Bank, Ltd. (pension trust account)	360,800	2.98
Japan Trustee Services Bank, Ltd. (trust account)	327,800	2.70
Mutsumi Shimada	212,500	1.75
Capital Asset Planning, Inc.	200,000	1.65
Trust & Custody Services Bank, Ltd. (securities investment trust account)	150,400	1.24
NORTHERN TRUST CO. (AVFC) RE NORTHERN TRUST (GUERNSEY) LIMITED RE GGDP RE: AIF CLIENTS 15.315 PERCENT NON TREATY ACCOUNT	135,000	1.11
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	118,900	0.98

Executives (from June 30, 2019)

President	Masazumi Hasumi
Director, Managing Executive Officer	Masayuki Yagi
Director, Managing Executive Officer	Takeshi Matsuura
Director, Executive Officer	Seido Nakatani
Director, Executive Officer	Shinji Shimane
Director, Executive Officer	Takaomi Ogawa
Director, Executive Officer	Hideo Matsuda
Outside Director	Haruo Shimada
Outside Director	Keiji Watanabe
Outside Director	Michihiro Nagasaka
Outside Auditor (standing)	Hiroyuki Fujita
Auditor	Hisao Nakatsuka
Outside Auditor	Hiroaki Rokugawa

► Notes for Shareholder

Fiscal year	January 1 to December 31
Base date for the determination of shareholders with year-end dividend entitlements	December 31
Base date for the determination of shareholders with interim dividend entitlements	June 30
General meeting of shareholders	in March
Administrator of the shareholder registry/Account management institution for special account	Mitsubishi UFJ Trust and Banking Corporation
Contact	Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Department 1-1, Nikko-cho, Fuchu-shi, Tokyo Tel. 0120-232-711 (toll-free, Japan only) Mailing address: P.O. Box 29, Shin-Tokyo Post Office 137-8081 Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Department
Stock exchange listings	TSE Second Section
Public announcements	To be announced on the Company's website

(For reference)

- Shareholders' address changes, repurchase requests, and such other procedures, as a rule, are filled with the account-administrating institutions where shareholders have their accounts (securities companies, etc.). Shareholders are requested to contact their account holding securities companies, etc., for information. Shareholders are reminded that application filings cannot be made with the administrator of shareholder registry (Mitsubishi UFJ Trust and Banking Corporation).
- Dividends hitherto uncollected by shareholders are paid by Mitsubishi UFJ Trust and Banking Corporation, Head Office Branch.