

# Aoyama Zaisan Networks

Full-year Business Summary for Fiscal Year 2015 (25th period)

January 1 to December 31, 2015

# Aoyama Zaisan Networks Provides the Most Comprehensive Asset Management Solutions



President

Masazumi Hasumi

Here at Aoyama Zaisan Networks Group, we run a comprehensive asset consulting business focused on the individual asset holders and business owners in line with the management objective of “contributing to the happiness of our customers through the succession, management and administration of asset”.

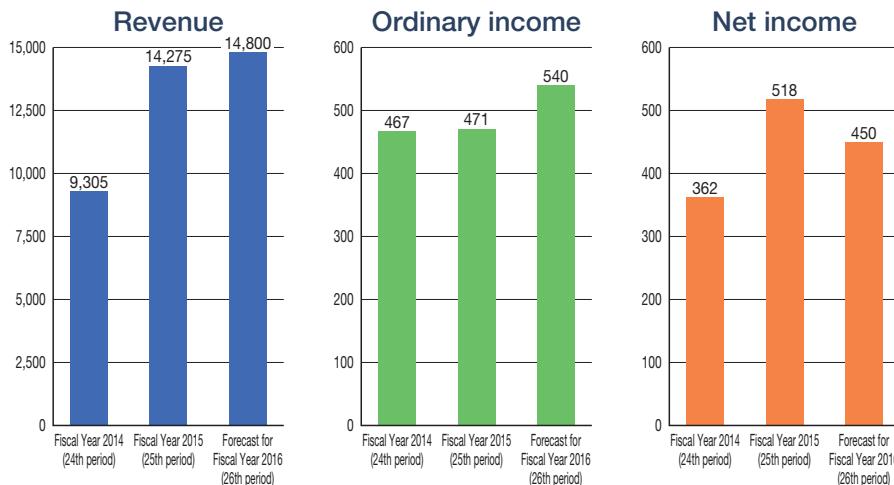
However, the Abe government is in the midst of structural reforms and deregulation aimed at creating a positive economic cycle, and in 2015, the maximum rates for income, inheritance and gift taxes were raised. In addition, we expect the introduction of the “My Number” personal identification number system this year to add momentum to reinforced tax collection efforts targeting wealthy people.

Given these significant changes in the social environment, we believe that many people are increasingly anxious about inheritances, whether land will cease to function as an asset, and the declining value of yen-denominated assets. This has heightened interest in inheritance strategies and protection of asset. As a comprehensive asset consulting company, we work together to stand by our customers as we provide helpful guidance. We believe that this, coupled with our efforts to achieve sustainable profit growth and strengthen shareholder returns, will further enhance corporate value.

We ask for our shareholders’ continuing support and cooperation.

## Business Results for Fiscal Year 2015

### Highlights of Consolidated Business Results (unit: million yen, rounded down to the nearest million)



### Revenue by Segments (unit: million yen, rounded down to the nearest million)



The above forecasts are based on the information available as of the preparation of this document, involving some uncertainty. Actual business results might prove different from these forecasts, depending on the changes in business conditions.

■ Other revenue ■ Revenue from sublease  
■ Revenue from real estate transactions ■ Revenue from asset consulting

## Operating Report

In the fiscal year under review, expectations that the Japanese economy would recover heightened as the Bank of Japan and the government simultaneously introduced bold monetary policies, flexible fiscal policies and growth strategies aimed at stimulating private sector investment. In the real estate industry, which has a substantial effect on the Group, the office building rental market in Tokyo's 5 central wards continues to experience an improvement in occupancy rates and a modest rise in average rents, while purchasing demand is also rising in the income property market. The Group believes that people must have "financial, physical and emotional well-being," as well as a balance between these three, to be happy. The Group focuses on the "financial" part of this equation by augmenting its customers' economic foundation, bringing happiness through consultation services on succession, management and administration of personal properties, as well as consulting on corporate business succession and real estate solutions, such as the effective use, purchase and sale of real estate, which accounts for two-thirds of individuals' properties. In this rapidly changing economic environment, it is essential that we predict the future economic environment, ascertain the current status of properties, identify problems, and develop and implement solid administration plans for management and succession of the property and optimal business succession in order to compensate for a "period of uncertainty regarding the future." Based on its management principle of "we will remain your best partner over one hundred years," the Group brings together its expert knowledge, human capabilities and a dynamism that enables it to meet customer expectations at all times, thus satisfying its customers as an independent

comprehensive asset consulting company.

As part of our property consulting services, we continue to operate our business developing and offering investors a product that enables individuals to invest in real estate on a small scale (ADVANTAGE CLUB<sup>®</sup>) based on the Real Estate Specified Joint Enterprise Act. This product, launched in 2002, is intended to meet customers' needs for property investments and was authorized by the governor of Tokyo.

As a new offshoot of our real estate specified joint enterprise, we planned to implement a real estate specified joint enterprise utilizing a special purpose company (SPC), permitted under the revised Real Estate Specified Joint Enterprise Act, which went into effect in December 2013. We filed for authorization from the Commissioner of the Financial Services Agency and the Minister of Land, Infrastructure, Transport and Tourism, which was granted on June 23, 2015. This means that we can use the new scheme for real estate specified joint enterprises to rebuild and remodel dilapidated real estate and buildings with poor earthquake resistance. This will help to restore outlying regions.

As a result, revenue totaled ¥14,275 million (up 53.4% over the previous fiscal year), operating income was ¥485 million (up 9.1%), and ordinary income amounted to ¥471 million (up 0.8%).

In light of our earnings forecasts and a careful review of the recoverability of deferred tax assets, we posted the amount deemed recoverable in the future as deferred tax assets. As a result, we posted ¥124 million in income taxes - deferred, bringing net income to ¥518 million (up 42.9% over the previous consolidated fiscal year).

## Consolidated Financial Data

Million yen, rounded down to the nearest million

### Consolidated Balance Sheet

Item	Term	Fiscal Year 2014 Dec. 31, 2014	Fiscal Year 2015 Dec. 31, 2015
<b>Assets</b>			
Current assets		4,180	5,299
Cash and deposits		3,069	4,093
Accounts receivable		200	231
Real estate held for sale		772	765
Other inventories		11	11
Deferred tax assets		–	120
Others		158	102
Allowance for doubtful accounts		(32)	(26)
Fixed assets		1,750	1,921
Tangible fixed assets		77	137
Intangible fixed assets		355	322
Investments and other assets		1,317	1,460
<b>Total assets</b>		<b>5,930</b>	<b>7,220</b>

Item	Term	Fiscal Year 2014 Dec. 31, 2014	Fiscal Year 2015 Dec. 31, 2015
<b>Liabilities</b>			
Current liabilities		1,804	2,453
Fix liabilities		1,679	1,856
<b>Total liabilities</b>		<b>3,483</b>	<b>4,310</b>
<b>Net assets</b>			
Shareholders' equity		2,326	2,694
Common stock		1,030	1,044
Capital surplus		736	750
Retained earnings		559	898
Valuation difference on available-for-sale securities		99	194
Unrealized gain on securities		103	194
Foreign currency translation adjustment		(3)	(0)
Subscription rights to shares		20	20
<b>Total net assets</b>		<b>2,447</b>	<b>2,909</b>
<b>Total liabilities and net assets</b>		<b>5,930</b>	<b>7,220</b>

# Consolidated Financial Data

Million yen, rounded down to the nearest million

## Consolidated Income Statements

Item	Term	Fiscal Year 2014 from Jan. 1, 2014 to Dec. 31, 2014	Fiscal Year 2015 from Jan. 1, 2015 to Dec. 31, 2015
Revenue		9,305	14,275
Operating cost		7,376	12,135
Gross operating income		1,929	2,140
SG & A		1,483	1,654
Operating income		445	485
Non-operating revenue		80	34
Non-operating expenses		57	49
Ordinary income		467	471
Extraordinary income		17	2
Extraordinary loss		25	-
Net income before income taxes and minority interests before loss distribution to anonymous association		459	473
Loss distribution to anonymous association		28	-
Net income before income taxes and minority interests		430	473
Income taxes - current		68	79
Income taxes - deferred		-	(124)
Income before minority interests		362	518
Net income		362	518

## Consolidated Cash Flows

Item	Term	Fiscal Year 2014 from Jan. 1, 2014 to Dec. 31, 2014	Fiscal Year 2015 from Jan. 1, 2015 to Dec. 31, 2015
Cash flow from operating activities		197	801
Cash flow from investing activities		43	(162)
Cash flow from financing activities		253	370
Effect of exchange rate change on cash and cash equivalents		(2)	1
Change in cash and cash equivalents		492	1,010
Cash and cash equivalents at start of year		2,577	3,069
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation		-	13
Cash and cash equivalents at end of the year		3,069	4,093

## TOPICS

### TOPIC 1

#### Four ADVANTAGE CLUB® Locations were Formed

In the fiscal year ended in December 2015, the Company opened four new locations of the real estate joint ownership scheme called ADVANTAGE CLUB® in accordance with Real Estate Specified Joint Enterprise Act.



Minato-ku Mita (February)  
Total investment of ¥600 million



Kanda Chuo-dori (March)  
Total investment of ¥1,350 million



Minami Aoyama (June)  
Total investment of ¥720 million



Ginza 2-chome (November)  
Total investment of ¥2,600 million

## TOPIC 2

### Dividends

We believe that redistribution of profits to shareholders is an important management issue. Accordingly, our basic policy is to maintain stable dividend payments to shareholders while retaining the internal reserves needed for future business development and reinforcement of the management basis. In line with this basic policy, we increased our annual dividend per share for the fiscal year ended in December 2015 to 18 yen, three yen over our initial forecast of 15 yen.

	Fiscal year ended in December 2015 (previous forecasts)	Fiscal year ended in December 2015 (actual)
First half of fiscal year	5 yen	5 yen
End of fiscal year	10 yen	13 yen
Total (annual)	15 yen	18 yen

## TOPIC 3

### Shareholder Incentive Plan

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

Shareholders who hold 1,000 shares or more	Shareholders who hold 10,000 shares or more continuously for over 1 year
 <p>Select 1 from 10 products worth 3,000 yen</p>	 <p>A meal certificate from UKAI CO., LTD. (20,000 yen) or Ukai special select beef (worth 20,000 yen)</p>

# Stock Information / Corporate Data

## Stock Overview

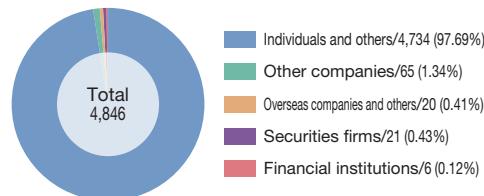
(as of December 31, 2015)

Number of shares in issue	11,771,200
Number of shareholders	4,846

## Major Shareholders (Top 10)

Name	Shares held	Shareholding ratio
Masazumi Hasumi	1,202,100	10.21
MID Investment Co., Ltd.	670,000	5.69
Yasuo Takano	631,300	5.36
Mutsumi Shimada	364,100	3.09
Hiroko Iwase	269,200	2.29
Tomio Sugimura	233,300	1.98
Eiichiro Iwase	153,600	1.30
Nihon M&A Center Inc.	150,000	1.27
Matsui Securities Co., Ltd.	137,900	1.17
Trust & Custody Services Bank, Ltd. (trust account)	133,000	1.13

## Number of Shareholders by Category



## Number of shares held by Category



## Corporate Data

(as of December 31, 2015)

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	1,044.80 million yen
Business line	Property consulting, business succession consulting and real estate solutions consulting
Number of employees (Group)	148 (as of December 31, 2015)
Consolidated subsidiaries	7 companies including Aoyama Estate Co., Ltd., Nihon Shisan Soken Co., Ltd. and Proggest Co., Ltd.

## Executives

(from March 30, 2016)

President	Masazumi Hasumi
Director, Managing Executive Officer	Masayuki Yagi
Director, Managing Executive Officer	Takeshi Matsuura
Director, Managing Executive Officer	Yasuo Takano
Director, Executive Officer	Yoshikazu Mizushima
Director, Executive Officer	Seido Nakatani
Director, Executive Officer	Shinji Shimane
Director, Executive Officer	Takaomi Ogawa
Outside Director	Haruo Shimada
Outside Director	Keiji Watanabe
Outside Director	Michihiro Nagasaka
Standing Auditor	Yoichiro Shimada
Auditor	Hisao Nakatsuka
Outside Auditor	Keizo Sugita
Outside Auditor	Hiroaki Rokugawa

## Notes for Shareholder

### Fiscal year

Base date for the determination of shareholders with year-end dividend entitlements

Base date for the determination of shareholders with interim dividend entitlements

General meeting of shareholders  
Administrator of the shareholder registry  
Contact

Account management institution for special accounts  
Contact

Stock exchange listings  
Public announcements

January 1 to December 31

December 31

June 30  
in March

Mitsubishi UFJ Trust and Banking Corporation  
Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Department  
7-10-11, Higashisuna, Koto-ku, Tokyo, 137-8081  
Tel. 0120-232-7111 (toll-free, Japan only)

Sumitomo Mitsui Trust Bank, Limited  
Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Department  
2-8-4, Izumi, Suginami-ku, Tokyo 168-8507  
Tel. 0120-782-0311 (toll free, Japan only)

TSE Second Section  
To be announced on the Company's website

(For reference)

- Due to the dematerialization share certificates, 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).
- For information on procedures concerning shares recorded in special accounts, shareholders are requested to contact The Sumitomo Mitsui Trust Bank, Limited, the account administration institution for special accounts. Shareholders are reminded that procedures cannot be processed by Mitsubishi UFJ Trust and Banking Corporation, which serves as the administrator of the shareholder registry.
- Dividends hitherto uncollected by shareholders are paid by Mitsubishi UFJ Trust and Banking Corporation, Head Office Branch.

# List of Nationwide Network

(as of March 1, 2016)

## Aoyama Zaisan Networks' Nationwide Network

### Hokkaido, Tohoku

- ▶ Zaisan Networks Sendai Co., Ltd. (MISAWA BUSINESS MANAGEMENT INC.)
- ▶ Zaisan Networks Fukushima Co., Ltd. (Aoki Accounting Corporation)
- ▶ Aoyama Zaisan Networks Hokkaido Support (IKEWAKI TAX, ACCOUNTING & CONSULTANTS GROUP)
- ▶ Aoyama Zaisan Networks Yamagata Support (Yutaka Licensed Tax Accountant's Corp)
- ▶ Aoyama Zaisan Networks Aomori Support (Konda Accounting Office)

### Kanto, Koshinetsu

- ▶ 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)
- ▶ Zaisan Networks Kawasaki Co., Ltd. (Tokyo Japan Certified Tax Accountants' Corporation)
- ▶ Zaisan Networks Nagano Co., Ltd. (Mochizuki Tax Corporation)
- ▶ Aoyama Zaisan Networks Ibaraki Support (Masuyama Accounting Office)
- ▶ Aoyama Zaisan Networks Kanto Chuo Support (MMG Tax Corporation)
- ▶ Aoyama Zaisan Networks Denenchofu Support (Saito Tax Corporation)
- ▶ Aoyama Zaisan Networks Yokohama Support (YAMADA SYNTHETIC OFFICE)

### Tokai, Hokuriku

- ▶ Zaisan Consultants Kanazawa Co., Ltd. (Hatake & Starship Tax Corporation)
- ▶ Zaisan Networks Shizuoka Co., Ltd. (Iwasaki Tax Corporation)
- ▶ Zaisan Networks Meinan Co., Ltd. (Meinan Consulting Network)
- ▶ Aoyama Zaisan Networks Fukui Support (Uesaka Consulting Firm)

### Kinki

- ▶ Zaisan Networks Kyoto Co., Ltd. (SHINKEIEI SERVICE SHIMIZU Tax Co.)
- ▶ Zaisan Networks Osaka Co., Ltd. (Nihon Keiei Tax Corporation)
- ▶ Zaisan Networks Hyogo Co., Ltd. (Nihon Keiei Tax Corporation)
- ▶ Seki Soken Zaisan Partners Co., Ltd (AZ TAX Tax Corporation)
- ▶ Aoyama Zaisan Networks Wakayama Support (Nishioka Accounting Office)
- ▶ Aoyama Zaisan Networks Kyoto Nijo Support (HIROSE LICENSED TAX ACCOUNTANT)
- ▶ Aoyama Zaisan Networks Mie Support (Midland Management Group Mie)

### Chugoku, Shikoku

- ▶ Zaisan Consultants Tokushima Co., Ltd. (M.A.S. AGENT GROUP)
- ▶ Midori Zaisan Consultants Co., Ltd. (Midori Tax Corporation)
- ▶ Aoyama Zaisan Networks Shimane Support (Chikashige Tax Office)

### Kyushu, Okinawa

- ▶ Zaisan Networks Fukuoka Co., Ltd. (SHINOHARA CPA OFFICE)
- ▶ Zaisan Networks Okinawa Co., Ltd. (PS Accounting Office)
- ▶ Aoyama Zaisan Networks Nagasaki Support (Chuo Sogo Accounting Office)
- ▶ Aoyama Zaisan Networks Saga Support (MOROI Accounting Firm)
- ▶ Aoyama Zaisan Networks Miyazaki Support (Hasegawa Tax Corporation)

## NSSTPS Business Model Association

\* NSSTPS is the abbreviation for Nippon Shisan Soken Total Planning System.

### Hokkaido, Tohoku

- ▶ Chiso Tax Corporation
- ▶ MISAWA BUSINESS MANAGEMENT INC
- ▶ Aoki Accounting Corporation Inc.

### Kanto, Koshinetsu

- ▶ Kujirai Tax Corporation
- ▶ Kei Yo Research Institute
- ▶ Zeimu Sogo Tax Corporation
- ▶ Nihon Mirai Accounting & Tax Co.
- ▶ Nakamura Certified Public Tax Accountants Office
- ▶ CORPORATE ADVISERS ACCOUNTING CO., LTD
- ▶ eclat Consulting
- ▶ Top Accounting Firm & co
- ▶ Ai Partners Tax Corporation
- ▶ Oyama accounting Co., Ltd
- ▶ Koyama Sadao tax accounting office

### Tokai, Hokuriku

- ▶ ARIASU ZEIRISIHOUJIN.
- ▶ Takemoto Accounting Office
- ▶ MMPC Consultants Corporation
- ▶ KIMURA KEIEI BRAIN CO., LTD.

### Kinki

- ▶ HIROSE LICENSED TAX ACCOUNTANT
- ▶ Seki Research Institute
- ▶ Ueda Certified Public Accountant Licensed Tax Accountant Office

### Shikoku

- ▶ Nonaka Keiei Corporation