

Aoyama
Zaisan
Networks

First Half Business Summary for Fiscal Year 2018 (28th period)

January 1 to June 30, 2018



President
Masazumi
Hasumi

Can you present a review of the first half of the year and outlook for this period?

I'm pleased to announce that the Company was able to steadily improve its performance in the first half of the year. In property succession and management consulting, we have strengthened our ties with financial institutions in Tokyo including forming new partnerships, and this has seen a significant rise in the number of customers and consultations. In business succession consulting as well, we have enabled us to achieve notably more successful business successions and M&A through expansion our collaboration with Nihon M&A Center Inc. As for real estate transactions, a number of our measures have produced successful results, including the opening of two new locations (Yotsuya 2-Chome and Aoyama 1-Chome) in the mainstay product, ADVANTAGE CLUB. Subsequently, business results in this segment surpassed the year on year figures, with a rise in operating revenue to ¥7,693 million and an increase in operating income to ¥719 million. In the second half, we will make efforts to expand the property consulting business, while also continuing to strengthen the aforementioned measures for property succession and management consulting and business succession consulting. We will also work to increase revenue from real estate transactions by forming more locations in the ADVANTAGE CLUB, and also actively developing real estate consulting products based on overseas real estate in the U.S. and ASEAN region.

Can you present an overview of the future growth strategies of the Company?

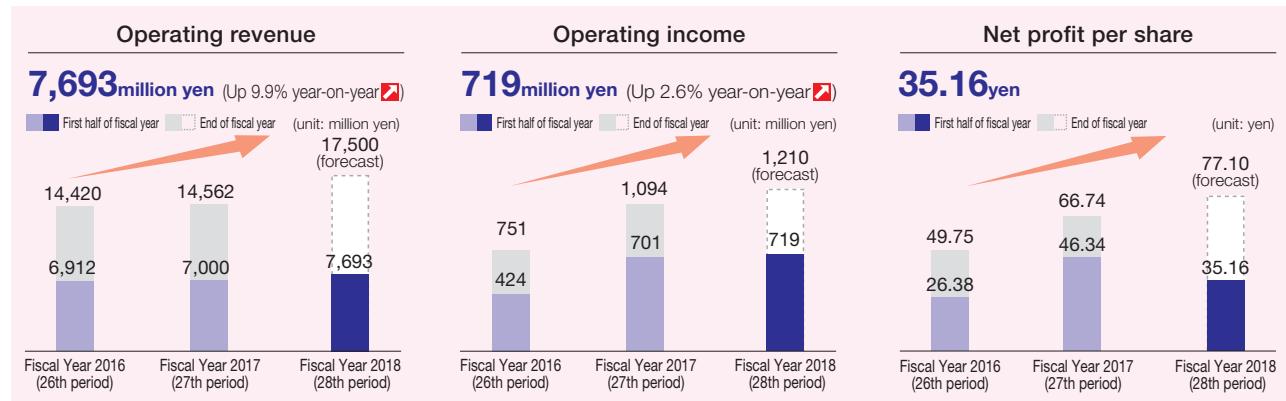
The expansion and exposure of various problems related to property succession and management and business succession has seen an increasing need for consulting in these matters in recent years. We are committed to further fortifying our existing consulting business so that we are able to meet these needs. This includes working on setting up businesses in new consulting fields, such as assisting in the smooth succession of property in the arriving era of people living until they are 100 years or older and the subsequent rising risk of dementia onset and a decline in an individual's decision making capacity, as well as dealing with the unoccupied houses and vacant land that have become a social problem. Additionally, in order to meet the growing need for property management, we will focus on adding products that will enable stakeholders to benefit from income and capital gains by centering on a product mix comprising overseas real estate. We are also pleased to announce that in the six months since the end of last December, we have added 20 employees to our company. As the working age population continues to decline, recruiting and training personnel has become a key issue for companies. Our efforts to promptly train consultants include enhancing their education program, while also making more and better use of young employees and female personnel, and realizing a

work environment where a diverse employee base can utilize their skills. And in order to boost productivity, we are making our consulting know how more visible and innovating the systems we use for our day-to-day work.

Message to our shareholders

I would like to express my sincere appreciation to our shareholders for their continual support. I would also like to thank the many shareholders that attended the General Meeting of Shareholders held this March. I am pleased to report that this year's attendance surpassed that of last year's meeting. Thanks to your encouragement and support, we were able to post a first-half income that exceeded the planned figure, and subsequently realize a year-on-year increase in dividends from ¥11 to ¥14. We have established our company as a comprehensive property consulting firm with the reliable brand of "Aoyama Zaisan Networks Provides the Most Comprehensive Asset Management Solutions." Our goal is to become a company that customers can approach with peace of mind for consultations on a range of property-related issues.

Aoyama Zaisan Networks will keep striving to maintain a dividend payout ratio of 50% and continually increase dividends by raising corporate value. We ask for the continued support of our shareholders going forward.



Shareholder Incentives

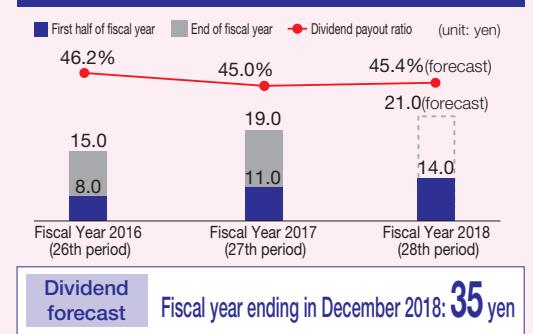
The Company provides shareholder incentives under the following conditions to shareholders recorded in the shareholder register as of June 30.

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

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



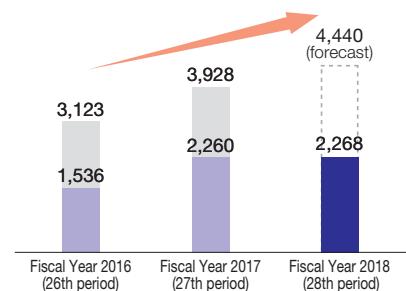
Operating Revenue by Segment

The Group has a single segment, namely the Property Consulting Business. Fluctuations in operating revenue by segment and forecasts for fiscal 2018 are provided below.

Revenue from property consulting

2,268 million yen (Up 0.4% year-on-year)

■ First half of fiscal year ■ End of fiscal year (unit: million yen)

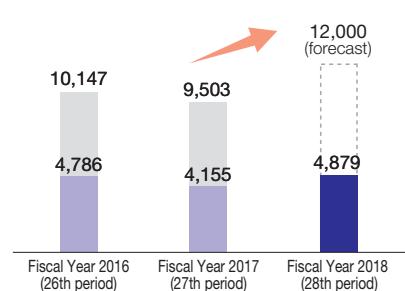


We have concluded several large projects such as handling individual inheritance, acting as property agent and facilitating corporate M&A. Subsequently, we were able to achieve the planned revenue from property consulting of ¥2,268 million (up 0.4% year-on-year).

Revenue from real estate transactions

4,879 million yen (Up 17.4% year-on-year)

■ First half of fiscal year ■ End of fiscal year (unit: million yen)

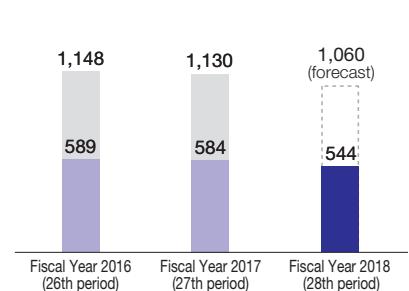


The opening of two new locations in the ADVANTAGE CLUB resulted in revenue from real estate transactions of ¥4,879 million (up 17.4% year-on-year).

Revenue from sublease, other revenue

544 million yen (Down 6.8% year-on-year)

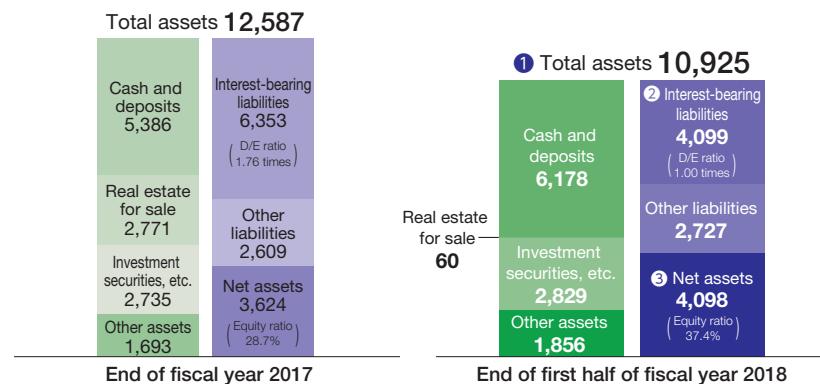
■ First half of fiscal year ■ End of fiscal year (unit: million yen)



Revenue from sublease was ¥521 million (down 6.3% year-on-year). Other revenue was ¥23 million (down 16.5% year-on-year), which was attributable to sales from the usage of our self-developed property consulting system and other factors.

Consolidated Financial Highlights

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



① Total assets

Total assets was ¥10,925 million, due to an increase in cash and deposits and a decrease of ¥1,662 million compared to the end of the previous period from the sale of real estate for sale.

② Interest-bearing liabilities

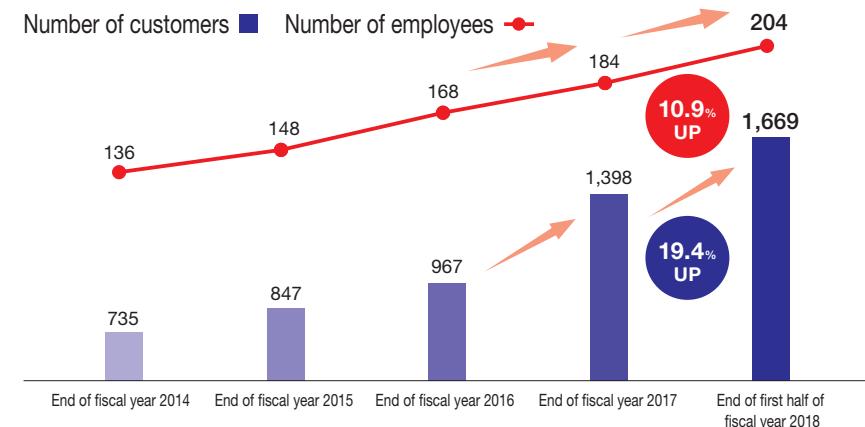
Interest-bearing liabilities was ¥4,099 million, attributable to a decrease of ¥2,254 million compared to the end of the previous period due to the repayment of short-term loans payable.

③ Net assets

Net assets grew by ¥474 million from the end of the previous period to reach ¥4,098 million, attributable to a rise in the valuation difference on available-for-sale securities and increase in retained earnings.

Initiatives Toward Sustainable Growth

Increase the number of customers and reinforce our internal structure



It is imperative that we bolster our team of consultants to meet the ever-increasing need for consulting in the areas of property succession and management and business succession. Therefore, we are focusing on securing outstanding personnel and improving our consulting capabilities overall. We are also implementing a number of measures to raise productivity, including developing a proposal system for customers (property consulting system), innovating our sales support and work administration systems and incorporating other technologies, as well as dividing tasks among employees and reviewing work processes.

Topics

In this first half we opened two new locations in the ADVANTAGE CLUB, which has accumulated a total of 44 locations since it was launched in 2002.

Results of ADVANTAGE CLUB

ADVANTAGE CLUB Aoyama 1-Chome

- Access**
3-minute walk from Aoyama-itchome Station on the Tokyo Metro Hanzomon Line, Ginza Line, and Toei Oedo Line.
- Scale**
Ten above-ground floors and one basement floor
Total floor space 1,133.56 m²

Total amount **2,240 million yen**

ADVANTAGE CLUB Yotsuya 2-Chome

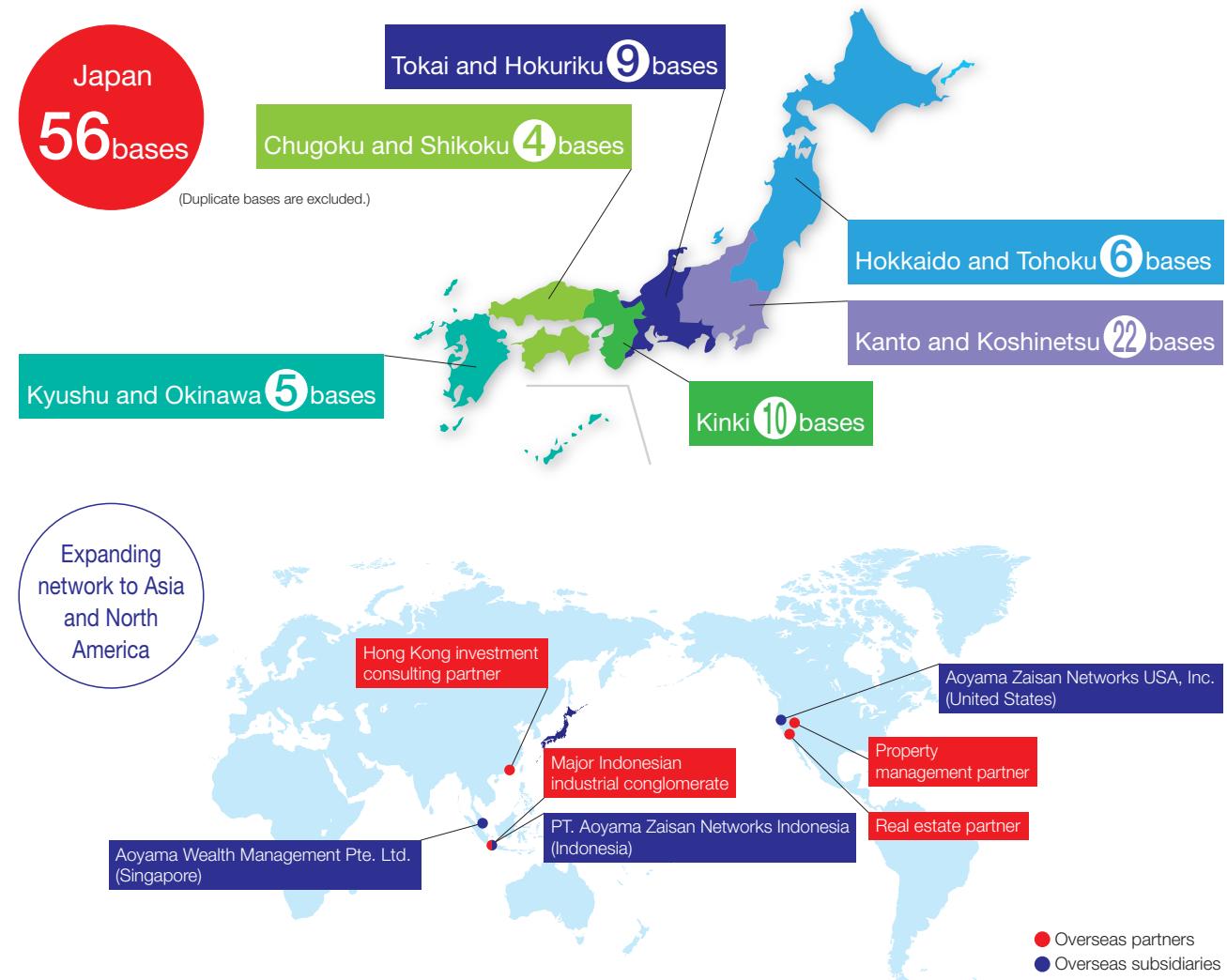
- Access**
3-minute walk from Yotsuya Station on the JR Chuo-Sobu Line, and the Tokyo Metro Marunouchi Line and Namboku Line.
- Scale**
Nine above-ground floors
Total floor space 1,272.93 m²

Total amount **1,480 million yen**

Network

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 and Singapore. Going forward, we will continue working with top overseas partners and enhance our network both at home and abroad.



List of Nationwide Network (as of August 1, 2018)

Hokkaido, Tohoku

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

Kanto, Koshinetsu

- Nihon Shisan Souken Co., Ltd.
- 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)
- Kagayaki Zaisan Networks Co., Ltd. (Kagayaki Tax 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)
- ▷ Kujirai Tax Corporation
- ▷ Kei Yo Research Institute
- ▷ Zeimu Sogo Tax Corporation
- ▷ Nihon Mirai Accounting & Tax Co.
- ▷ Nakamura Certified Public Tax Accountants Office
- ▷ CREAS Corporate Advisers Co., Ltd.
- ▷ eclat Consulting
- ▷ Top Accounting Firm & co
- ▷ Ai Partners Tax Corporation
- ▷ Oyama accounting Co., Ltd
- ▷ Masatoshi Yoshikawa Certified Tax Accountant Office
- ▷ Koyama Certified Public Tax Accountants Office

Tokai, Hokuriku

- Zaisan Consultants Kanazawa Co., Ltd. (Hatake & Starship Tax Corporation)
- Zaisan Networks Shizuoka Co., Ltd. (Iwasaki Tax Corporation)
- Zaisan Networks Nagoya Support (Meinan Consulting Network)
- Aoyama Zaisan Networks Fukui Support (Uesaka Consulting Firm)
- ▷ Aim Nakano Accounting Co., Ltd.
- ▷ Meito Asset Consulting, Co., Ltd.
- ▷ Nihon Shisan Soken Co., Ltd. Nagoya
- ▷ MMPC Consultants Corporation
- ▷ Kimura Business Succession Brain Co., Ltd.

Kinki

- Zaisan Networks Kyoto Co., Ltd. (SHINKEIEI SERVICE SHIMIZU Tax Co.)
- Zaisan Networks Osaka Co., Ltd. (Nihonkeiei Will Tax Accountant Corporation)
- Zaisan Networks Hyogo Co., Ltd. (Nihonkeiei Will Tax Accountant 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)
- ▷ SMO Corporation
- ▷ Shibata Business Consulting Co., Ltd.
- ▷ Ueda Certified Public Accountant Licensed Tax Accountant Office. CREAS Corporate Advisers Co., Ltd.

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)
- ▷ Nonaka Keiei Corporation

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)
- ▷ IDEA Research Institute Consulting Co., Ltd.

■ Aoyama Zaisan Networks' Nationwide Network ▷ NSSTPS Business Model Association * NSSTPS is the abbreviation for Nippon Shisan Soken Total Planning System.

Corporate Data (as of June 30, 2018)

Name of Company	Aoyama Zaisan Networks Company, Limited
Head Office	3F Aoyama Tower Place, 8-4-14 Akasaka, Minato-ku, Tokyo 107-0052 Tel. +81-6439-5800
Incorporated	September 17, 1991
Capital stock	1,088.93 million yen
Business line	Individual property consulting, business succession consulting and real estate solutions consulting
Number of employees (Group)	204
Consolidated subsidiaries	5 companies including Aoyama Estate Co., Ltd., Nihon Shisan Soken Co., Ltd. and Proggest Co., Ltd.

Stock Overview (as of June 30, 2018)

Number of shares in issue	11,963,500
Number of shareholders	4,769
Major Shareholders (Top 10)	

Name	Shares held	Shareholding ratio
Masazumi Hasumi	1,216,600	10.66
Yasuo Takano	665,800	5.83
The Master Trust Bank of Japan, Ltd. (trust account)	624,900	5.48
Japan Trustee Services Bank, Ltd. (trust account)	498,700	4.37
Trust & Custody Services Bank, Ltd. (pension trust account)	488,600	4.28
Trust & Custody Services Bank, Ltd. (securities investment trust account)	171,500	1.50
Nihon M&A Center Inc.	150,000	1.31
NORTHERN TRUST CO. (AVFC) RE NORTHERN TRUST (GUERNSEY) LIMITED RE GGDP RE: AIF CLIENTS 15.315 PERCENT NON TREATY ACCOUNT	125,000	1.10
Mutsumi Shimada	120,000	1.05
Taisei Co., Ltd.	110,000	0.96

(For reference)

Shareholding ratio is calculated by deducting treasury stock (550,078 shares), and treasury stock is excluded from the above list of principal shareholders.

Executives (from August 1, 2018)

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. 0120-232-7111 (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.