

Aoyama  
Zaisan  
Networks

# Full-year Business Summary for Fiscal Year 2018 (28th period)

January 1 to December 31, 2018

## To Our Shareholders

I am pleased to announce that the Company was able to continue steadily improving its performance from the first half of the year throughout the full business year.

On this occasion, we announced the Medium-term Management Plan on February 5. The year 2019 marks the first year of the Company's rebirth and evolution over a three year period into the "Japan's top IoT and AI technology-equipped property consulting firm."

In addition to property succession and business succession consulting, we believe that it is necessary for us to provide consulting and create life plans for our customers in era of people living until they are 100 years or older. Going forward, we will respond to growing management needs by closely and actively combining Japan-based management products with the growing overseas real estate-based management products.

Furthermore, we at the Aoyama Zaisan Networks Group will pursue the product of [Technology] x [Human Resources] to contribute to the happiness of our customers. While it is certainly important to incorporate technologies which meet the needs of the times into our operations, we believe that improving human resources is more important than anything else in our work. To become the type of company where a diverse pool of talent can succeed, we are also emphasizing human resource development, and the entire company is focusing every effort while valuing the "altruism" which forms the foundation of our management philosophy.

We aim to become the Japan's top property consulting firm supported by many customers who believe that "Aoyama Zaisan Networks Provides the Most Comprehensive Asset Management Solutions" and further improve enterprise value through continuous profit growth and the enhancement of shareholder returns by measures including the expansion of ties with financial institutions and Nihon M&A Center Inc.

We ask for our shareholders' continuing support and cooperation.

### We are a one-of-a-kind comprehensive property consulting firm providing services for property and business successions.

Based on our belief that "financial assets are the foundation for leading a happy life," we provide comprehensive property consulting, including services to support succession, management and administration of personal properties, business succession consulting for company owners, and solutions for effective use of real estate, which represents a large share of personal properties. As an independent professional organization with specialized expertise, we work to resolve our customers' property issues.



President Masazumi Hasumi

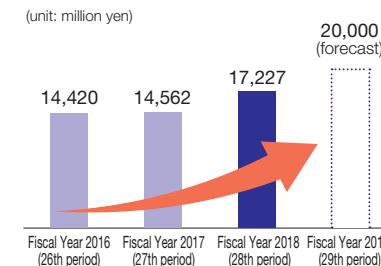
## 28th Period Performance

Both operating revenue and profits rose significantly over the previous fiscal year. The needs of individual customers for property management and property succession have grown, leading to a steady rise in the number of customers and proposals and engagements to resolve issues.

We are also experiencing an increase in the number of proposals and engagements with corporate customers who have property management needs. The lack of a successor in business succession and business closures are becoming a social problem, and there has been an increase in the range of proposals and engagements, including capital policy-related cases for succession within the family, succession by employees, and M&A.

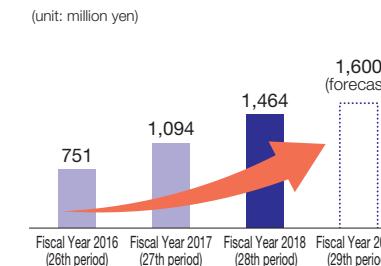
### Operating revenue

**17,227 million yen**  
( Up 18.3% year-on-year )



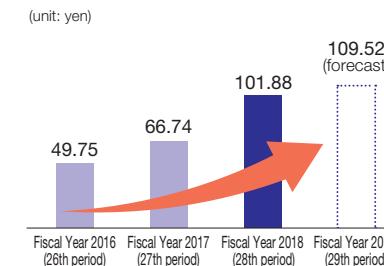
### Operating income

**1,464 million yen**  
( Up 33.9% year-on-year )



### Net profit per share

**101.88 yen**



### Dividends

Our goal is to achieve a stable, ongoing dividend payout ratio of 50% and increase dividends.

Fiscal year ended in December 2018: **39 yen**

### Transition of dividends



### Shareholder incentives

We will start providing year-end shareholder incentives. One of the following shareholder incentives shall be presented to shareholders who possess 30,000 shares or more that are recorded in the shareholder register as of the end of December 2018.

**Shareholder incentive item number A**

A meal certificate from UKAI CO., LTD.  
**30,000 yen**  
(1,000 yen per ticket x 30)

<Sample images>

**Shareholder incentive item number B**

Ukai special select Sukiyaki beef worth 30,000 yen

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▲A meal certificate from UKAI CO., LTD. may be used at each shop listed on the UKAI web site (<https://www.ukai.co.jp/>).

**Shareholder incentive item number C**

Facility use tickets from the Kato Pleasure Group  
**30,000 yen**  
(1,000 yen per ticket x 30)

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▲Facility use tickets from the Kato Pleasure Group may be used at all facilities listed on the management facility page of the Kato Pleasure Group web site (<https://www.kpg.gr.jp/store/>). (Limited to management facilities within Japan except for the online shop)

# Vision of the Company's "Ideal Form" and

# the "Second Medium-term Management Plan"

"Second Medium-term Management Plan" in anticipation of expanding growth from 2022

"Venture period as a property consulting firm"

- Establish property consulting services based on the Aoyama method
- Expand the lineup of consulting products
- Establish partnerships

"Growth period as a property consulting firm and also a period of human resource improvement and technology fortification in anticipation of a future period of expanding growth"

- Improve services by providing customer property management tools
- Improve productivity and quality through the standardization of consulting know-how
- Expansion of management products
- Network expansion

"Expanding growth period as a property consulting firm"

Next period (2022 and beyond)

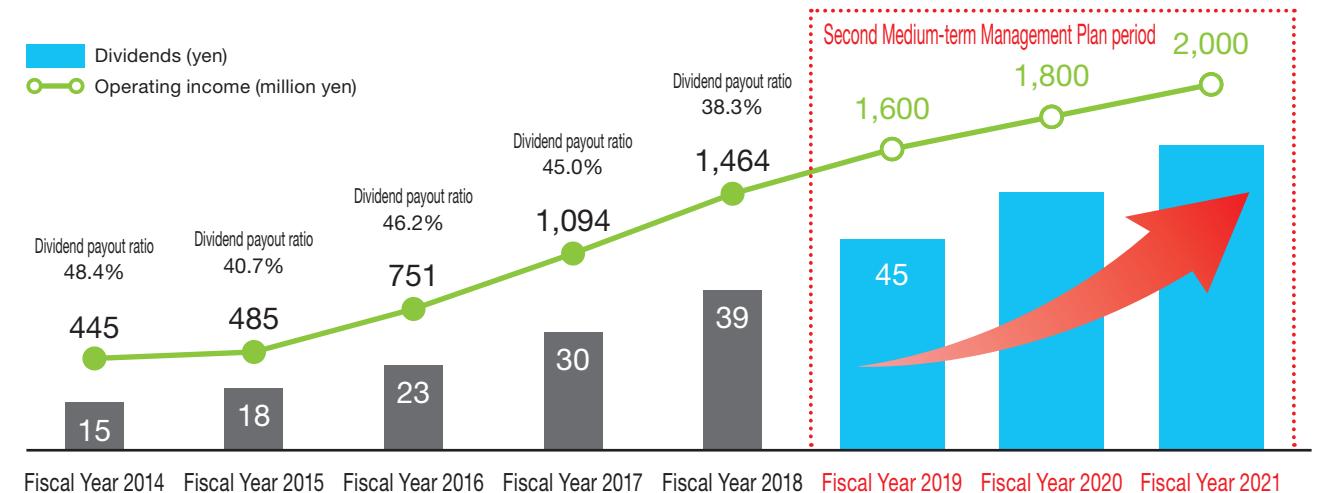
**Vision of the Company's Ideal Form**

Japan's top property consulting firm supported by many customers who believe that "Aoyama Zaisan Networks Provides the Most Comprehensive Asset Management Solutions"

## Essential points of the "Second Medium-term Management Plan"

Basic policy	Essential points of the Second Medium-term Management Plan
Technology fortification initiative	<ul style="list-style-type: none"> <li>▶ Improve services by providing customer property management tools</li> <li>▶ Improve productivity and quality through the standardization of consulting know-how</li> </ul>
Tie-up expansion	<ul style="list-style-type: none"> <li>▶ Tie-ups with financial institutions (banks, credit unions, and securities firms) and leading accounting firms</li> <li>▶ Strengthen the partnership with Nihon M&amp;A Center Inc.</li> </ul>
Support the expanding and diversifying needs of property and business successions	<ul style="list-style-type: none"> <li>▶ Expand the decision-making support services, post decision-making execution services, and post business succession property succession and management services</li> </ul>
Support expanding management needs	<ul style="list-style-type: none"> <li>▶ Provide profitable Japanese and overseas real estate and develop new products</li> </ul>
Initiative to improve human resources and employee satisfaction	<ul style="list-style-type: none"> <li>▶ Initiative to spread the management philosophy</li> <li>▶ Create a working environment which is easy to work in</li> </ul>

## Operating income targets and shareholder return policies



\*Operating income target: The Second Medium-term Management Plan period is a growth period that is positioned as a period of human resource improvement and technology fortification in preparation for the next period of expanding growth. Therefore, we should engage in system investment and the active securing of talent as well as personnel training and forecasts an increase in growth investment.  
 \*Shareholder return policy: We will continue the return policy of a Dividend payout ratio of 50% and endeavor to reevaluate the details of the shareholder incentives as needed to the satisfaction of all shareholders.

## Holding an "IR Seminar for Individual Investors"

The Company participated in the "IR Seminar for Individual Investors" held by the Securities Analysts Association of Japan in Osaka on August 8 (Wednesday) and in Tokyo on August 9 (Thursday), 2018. This was the first time that we appeared on the podium before individual investors, and President Hasumi lectured about the business overview and future prospects. Based on the valuable opinions received from the participants, we will hold an "IR Seminar for Individual Investors" once again in 2019.



### Participant opinions

- I previously took notice of the company. I hope that the company will hold such information sessions for individual investors again in the future to share information about the latest company developments.
- After hearing the business details, I felt that it is a company that is needed by society.

### Briefing also held for institutional investors

On February 22 (Friday), 2019, the Company hosted a "Financial Results Briefing for Institutional Investors" (small meeting).

## Aoyama Zaisan Networks actively promotes CSR through projects

The Company is actively engaged in a regional revitalization enterprise through a "Real Estate Specified Joint Enterprise utilizing a Special Purpose Corporation (SPC)" scheme cultivated by the Company based on the Real Estate Specified Joint Enterprise Act with the goal of contributing to the revitalization of regional cities through the effective utilization of idle land possessed by local governments.

For the first regional revitalization project, the Company implemented the "Komatsu AxZ Square" multi-use facility at the JR Komatsu Station in Komatsu City, Ishikawa Prefecture and is also currently engaged in the "Tsuruga Station Western District Land Usage Enterprise" in Fukui Prefecture as the second regional revitalization project. (As of March 2019)



"Komatsu AxZ Square" multi-use facility

### "Unoccupied Houses and Vacant Land Project"

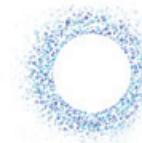
Affiliated with the incorporated non-profit organization "Unoccupied Houses and Vacant Land Administration Center" as a subcontractor since December 2017. We provide land usage consultations and vacant land management services to prevent neighborhood problems and accidents in advance.

### Proposal and construction of licensed kindergartens and senior citizen group homes

Establishment and operation of a foundation to support youths

### Ongoing hosting of seminars to help people live happily in era of people living until they are 100 years or older

- Seminars on Mind and body health
- Seminars on coping with dementia



## 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 February 28, 2019)

#### Hokkaido

- Aoyama Zaisan Networks Hokkaido Support (IKEWAKI 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)
- Kei Yo Research Institute (Kojima Accounting Office)
- Nihon Shisan Souken Co., Ltd.
- Aoyama Zaisan Networks Denenchofu Support (Saito Tax Corporation)
- CREAS Corporate Advisers Co., Ltd.
- Nihon Mirai Accounting & Tax Co.
- Zeimu Sogo Tax Corporation
- eclat Consulting
- Nakamura Certified Public Tax Accountants Office
- 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

- Zaisan Consultants Kanazawa Co., Ltd. (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)
- 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)
- Ueda Certified Public Accountant Licensed Tax Accountant Office. (CREAS Corporate Advisers Co., Ltd.)
- 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)

#### Shikoku

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

#### Kyushu

- Zaisan Networks Fukuoka Co., Ltd. (SHINOHARA CPA OFFICE)
- Sasaki Soken Co., Ltd. (Nishi Nihon Tax Corporation)
- 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)



## Corporate Data (as of December 31, 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. +81-3-6439-5800
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)	212
Consolidated subsidiaries	5 companies including Aoyama Estate Co., Ltd., Nihon Shisan Soken Co., Ltd. and Aoyama Zaisan Investments Co., Ltd.

## Stock Overview (as of December 31, 2018)

Number of shares in issue	11,963,500
Number of shareholders	5,720
Major Shareholders (Top 10)	

Name	Shares held	Shareholding ratio
Masazumi Hasumi	1,216,600	10.66
Yasuo Takano	665,800	5.83
Trust & Custody Services Bank, Ltd. (pension trust account)	326,900	2.86
Mutsumi Shimada	216,000	1.89
Japan Trustee Services Bank, Ltd. (trust account)	205,600	1.80
MSIP CLIENT SECURITIES	161,989	1.41
Nihon M&A Center Inc.	150,000	1.31
Taisei Co., Ltd.	110,000	0.96
NORTHERN TRUST CO. (AVFC) RE NORTHERN TRUST (GUERNSEY) LIMITED RE GGDP RE: AIF CLIENTS 15.315 PERCENT NON TREATY ACCOUNT	110,000	0.96
Tomio Sugimura	108,200	0.94

(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 March 28, 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. 0120-232-7111 (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.