

Top Message

Aiming to further grow and evolve as a comprehensive property consulting firm, we will serve the happiness of as many customers as possible.

President Masazumi Hasumi



Having sought for customers' happiness for the last 30 years

(1) Looking back on the starting point of AZN from a major milestone

Aoyama Zaisan Networks marked its 30th anniversary this year. Looking back on the original point where we started our business to mark this milestone, we find it comes down to a "job to be of help to people." Based on this idea, we have two management objectives: (1) "We seek to contribute to the happiness of our customers through the succession, operation and management of property," and (2) "We seek to ensure both the physical and mental well-being of the members whom we work with." That is to say, we believe that we make contributions to the happiness of customers through our solutions to property-related problems existing in society, through which we can make ourselves happy as well. To please customers, we should learn to become a person of three qualities: wisdom, action, and personality. To develop the personality one, which allows us to be of help to many people, we learn the value of virtues practiced by everyone and try to practice it ourselves, day in and day out.

(2) In retrospect: 30 years since our foundation in 1991

AZN was originally established on September 17, 1991 as Funai Property Dock Co., Ltd. with support from Funai Consulting Incorporated Co., Ltd., for the purpose of offering property succession/operations/management services to asset owners who owned land particularly. Thereafter we changed the trade name to Funai Property Consultants Co., Ltd. in 1999, released the first project of our core product ADVANTAGE CLUB in 2002, and were listed on the Mothers, Tokyo Stock Exchange in 2004.

In October 2008, we acquired 100% ownership of Proggest Holdings, Ltd. and at the same time, Masazumi Hasumi, took over the management of the company from my predecessor, then-President Yoshihito Hirabayashi. The purpose of this merger was to grow dramatically to become a "comprehensive property consulting firm" by adding a new business/property succession consulting service for corporate owners to an existing property consulting service mainly for asset owners who own land particularly. This deal built a foundation for the

current AZN.

In 2008, however, the Lehman Brothers collapsed in September, and triggered a global financial crisis, as you know. We also ended up with a net loss of over ¥4.8 billion in the following year (2009), mainly due to a loss on sale of real estate to repay loans, which hit us so hard and forced us to lay off some of our employees. This brought us to discontinue our previous policy of carrying inventory and reselling real estate and convert to a new property consulting-based business model.

In July 2012, we changed the trade name from Funai Property Consultants Co., Ltd. to "Aoyama Zaisan Networks Company, Limited" and stood at the new starting line as an independent property consulting firm both in name and reality. In October 2013, we merged with Nihon Shisan Souken Co., Ltd., a company operating mainly in Chiba Prefecture, in a bid to strengthen our property consulting services dramatically. And in 2014, we embarked on the First Medium-Term Management Plan. Driven by the "Abenomics" growth strategy by the second Abe administration inaugurated in December 2012, our operating profit showed significant increases: ¥445 million (FY2014), ¥485 million (FY2015), ¥751 million (FY2016), ¥1,094 million (FY2017), and ¥1,464 million (FY2018). Meanwhile, we also started a business to deliver real estate transactions and related products in the United States and Indonesia to residents in Japan through the partnership with our counterparts in these countries.

Comprehensive property consulting

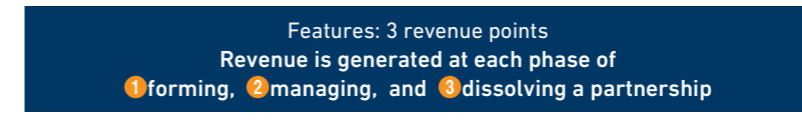
More than 140 registered experts in each field provide one-stop services



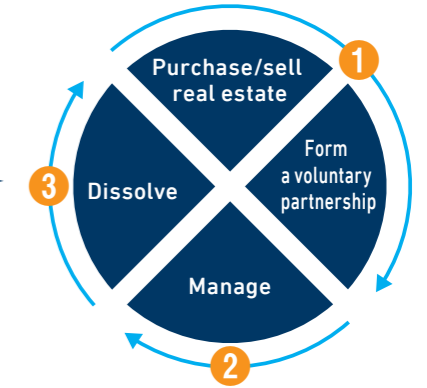
In 2019, we launched the Second Medium-Term Management Plan. Positioning this plan as three years of preparation for the period of growth expansion starting from 2022, we worked under five basic policies including initiatives to be equipped with advanced technology and expanding collaborations. Some of the basic policies such as initiatives to be equipped with advanced technology and employees' individual progress made great strides, while others did not show much progress (e.g., zero overseas real estate products were formed)

partially because of the impact of the novel coronavirus disease (COVID-19) pandemic in 2020. However in FY2021, the final year of this plan, we sold ADVANTAGE CLUB partnerships, previously sold to AZN customers only, to new customers through regional banks and securities companies with no particular problem and posted record-high sales; we managed to finish up preparation for the growth expansion period from the next fiscal year, which we find greatly rewarding.

ADVANTAGE CLUB, a long-term revenue model in proportion to the number of partnerships formed



Today, we have nearly a 60% market share by ADVANTAGE CLUB, a real estate joint ownership scheme where customers jointly own real estate in urban areas and receive leasing income by taking advantage of the Act on Specified Joint Real Estate Ventures. As of September 30, 2021, we have cumulative total 56 partnerships, and cumulative total assets under management of ¥85.02 billion against the backdrop of growing customer needs for inheritance measures and property management.



Our long-term vision

We design our long-term vision based on the following standpoints and create new strategies.

#1 Standpoint: Aoyama Zaisan Networks achieves the higher quality and quantitative expansion of our customer services, made of a pair of wheels of a "comprehensive property consulting service" and a "strategic individual service"

In property succession, business succession, or property management, most of the concerns our customers have cannot be resolved just by removing visible parts. For instance, customers come to see us for solutions to various concerns about tax payment, potential disputes among their children, smooth business succession, and so on in the case of inheritance (their passing). Through a number of meetings, they grasp the big picture of their assets and businesses and then get to realize what they really want to put first and what they should do now; that is how they reach their best succession plan.

For customers to be successful in inheritance or business succession cases, we need to analyze the status of their assets and fully understand their thoughts before planning together and proceeding according to the plan. Our belief is: "No success comes without a plan."

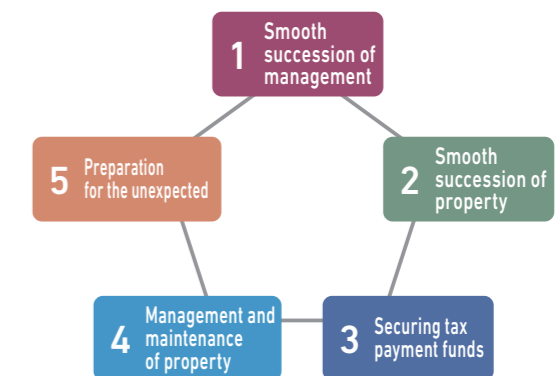
To make a plan and go along with it, we advise customers to consider from the following five perspectives (see diagram on right): (1) smooth succession of management; (2) smooth succession of property; (3) securing tax payment funds; (4) management and maintenance of property; and (5) preparation for the unexpected. In this way we can create a perfect plan with an overall balance.

Further, we must accomplish individual finalized plans one by one when executing. To be more specific, this includes purchasing profitable real estate, effectively using land property, selecting appropriate securities products, utilizing family offices for family succession, and asset management

by asset management companies. Enhancing and expanding these services is imperative to the totally optimized plan. We will strengthen our corporate structures, with the possibility of a company split-up in consideration. The enhancement of individual plans also can be an opportunity for many customers to get to know us and go on to use our comprehensive property consulting service.

Having a close connection between (A) a "comprehensive property consulting service" based on the formulation of the totally optimized plan and (B) the enhancement & expansion of a "strategic individual service" to support (A), AZN will grow to resolve the issues of our customers.

Five perspectives



Top Message

#2 Standpoint Aoyama Zaisan Networks offers a property consulting service via smartphone and online communication tools as its standard service

The COVID-19 pandemic dramatically accelerated digitization, and particularly the world of smartphones showed a phenomenal expansion. We are just around the corner from the world where we deliver our consulting services via smartphone. It does not make sense if we cannot have data on our assets handy and checkable. We know we should see our customers in person in meetings or at the restaurant so that we can understand their thoughts and feelings more

attentively. However, we also should be able provide high-quality consulting services online if we devise some ways, just as teleworking, which we were not used to in the beginning, has now become a standard practice.

Against these backdrops, we set our vision, as the second long-term vision, to create a structure to provide consulting services via smartphone and online communication tools for customers in Japan as well as overseas.

#3 Standpoint Aoyama Zaisan Networks grows to become a group of consultants with advanced personality

Some say we easily lose personality (human touch) in a digital society, which definitely makes us more swayed by what we see.

Also in a property consulting service, figures and data such as the amounts of assets, inheritance tax, and partition of estate are alleged to get our attention easily. Tangible (visible) figures and data are indeed important, but what we should really value in property succession is to keep all family members on good terms and to communicate an approach to property use and a way of life that makes a contribution to the world. In other words, our desire is to grow to become a

company that can offer the property consulting service for succession of figures as well as something intangible but valuable.

In order to conduct this type of consulting, we must be a company with consultants with important qualities as a person, such as kindness, warmth, integrity, honesty, love, mercy, and altruistic values. Namely, it is imperative for us to grow to become a group of consultants with an advanced personality. The goal is lofty, but we will have no future without achieving it.

#4 Standpoint Aoyama Zaisan Networks is actively engaged in CSR activities

The growth and development of our company depends on how much contribution we can make for the happiness and growth of many people or on how far we can contribute to the happiness of our customers through our property solutions. In addition to contributing a portion of our income earned from

this business to make the world a place for many people to live happily, we study initiatives for a decarbonized society through our operations. We will identify CSR activities we should focus on so that we can serve SDGs through our dedication to our customers.

CSR case examples in our core business: regional revitalization project consulting

Drawing on a "special business" under the Act on Specified Joint Real Estate Ventures, we are engaged in the regional revitalization projects.

With the Group consulting capability and government licenses, we will develop and transform idle land in front of train stations owned by local governments into lively town squares.

First project
Komatsu City, Ishikawa Prefecture
(Completed in 2017)

Second project
Tsuruga City, Fukui Prefecture
(In progress)



Illustration of Tsuruga Station Western District

Building a new structure for the next stage

(1) Developing a new structure as a foundation for the new Medium-Term Management Plan

We are now in the middle of developing the new Third Medium-Term Management Plan. As a company that can transform concerns that asset owners who own land in particular, business owners, and financial asset owners have over their property, mainly associated with inheritance and business succession, into a "sense of security/peace of mind," we aim to become a leading company recognized as "About property, Aoyama Zaisan Networks." To that end, we are formulating a plan with four items (customer, service, technology, and organizational structure) as its foundation.

We will aim to become a company that ensures the happiness of many customers by resolving their property problems.

(For more details, please see pp. 13-14 "Medium-Term Management Plan Explained by President.")

(2) Business opportunities and risks

We see the expansion of property market focused on inheritance and business succession as our opportunities in the future business environment. In our time, the aging population and falling birthrate, decreasing work force population, a lack of successors, and the declining quality of social security services as a result of increasing social security costs are feared. Under these circumstances, all of us are asked to live on our own to lead a happy life. In order to do so, we first need to make an economic foundation stronger,

which should add to the significance of the succession, operations, and management of property considerably, followed by a growth in their relevant markets, as everyone already knows.

To meet such growing societal needs, we must advance digital transformation (DX), but at the moment we see delays in taking measures for DX in the field of property succession/operations/management. Faced with an issue that currently we have no standards for providing services efficiently or for their quality, that is the risk in our view. We should push forward with improvements to the structure to meet the needs of as many customers as possible, enhance service quality & quantity, and offer them easy-to-use services. To be able to grow to become a company ensuring the happiness of many customers, we will further seek a synergy effect with the "ART System," which is already in operation as part of our initiatives to be equipped with advanced technology, and advance DX.

ART System

The ART System stands for a fusion of "A"oyama/"A"sset, "R"eal (numerous consulting achievements), and "T"echnology, and systematizes the knowledge and methods of our most experienced consultants and automates a process of producing materials for the purpose of improving efficiency and productivity in the consulting business.

POINT		
1 Standardization of consulting know-how	2 Improvement of efficiency/productivity	3 Monetization using ART System in collaboration with leading regional banks

For the enhancement of the largest management capital "human resources"

The most important management capital for us is "human resources." With an emphasis on the balance of financial, physical, and mental fulfillment of our employees, we have been committed to their well-being so that they can feel it constantly. We also run a human resources training program focused on wisdom, action, and personality so that each employee can find his/her work rewarding.

As mentioned earlier, the "ART System," which boosts

service quality and supports productivity improvement in consulting, also serves human resource development. The systematization of knowledge and rules of thumb of resourceful consultants as an educational curriculum can lead to the speedy development of consultants. A DX initiative should also lead not only to benefitting consultants, but also to company-wide improved productivity and human resource development; we will actively advance the initiative.

On to the next stage for further growth and evolution

Based on the idea, "financial assets are the foundation for leading a happy life," we have delivered our property consulting service for the last 30 years, primarily to a limited number of customers in the Tokyo Metropolitan area. As technologies have been showing dramatic progress in recent years, in the next stage, we will grow to address property problems of customers across Japan as well as overseas and to become a company ensuring the happiness of an infinitely larger number of customers than now.

The Group will do our best to live up to your expectations in the next 30 years.

