

# Top Message President's Message

## Enhancing customer support by accelerating DX and full efforts to improve interpersonal skills

To meet the growing need for consulting on property succession and management, we are focusing on recruiting and training human resources and accelerating the development of support systems for our consulting staff and services.

2023 is the second year of our Third Medium-Term Management Plan.

We are undertaking diverse measures to reach our goals by 2024, the final year of the Plan.



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### Growing demand for property and business succession

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#### — How do you envision the business environment changing?

For the past three or more years, there have been special circumstances: the COVID-19 pandemic. While many companies were forced into stagnation, several others increased their borrowings. Repayments, deferred due to certain policy measures, will now begin in earnest. In addition, we often hear from age group “baby boomers” approaching their late 70s about asset inheritance or management and from small business owners considering passing on their businesses to the next generation while they are concerned about their current cash flow. From now on, together with business succession, supporting restoration of financial soundness will be a major theme for our Group.

In regard to property succession, the number of asset owners who own real estate is declining overall. However, metropolitan real estate prices are on an upward trend, especially in Tokyo and the three neighboring prefectures, which drives the need for strategic inheritance tactics inheritance strategy, including securing funds to pay inheritance taxes. Land prices are also rising in some regional cities, with many asset owners—and not only in the Tokyo metropolitan area—seemingly concerned about property succession.

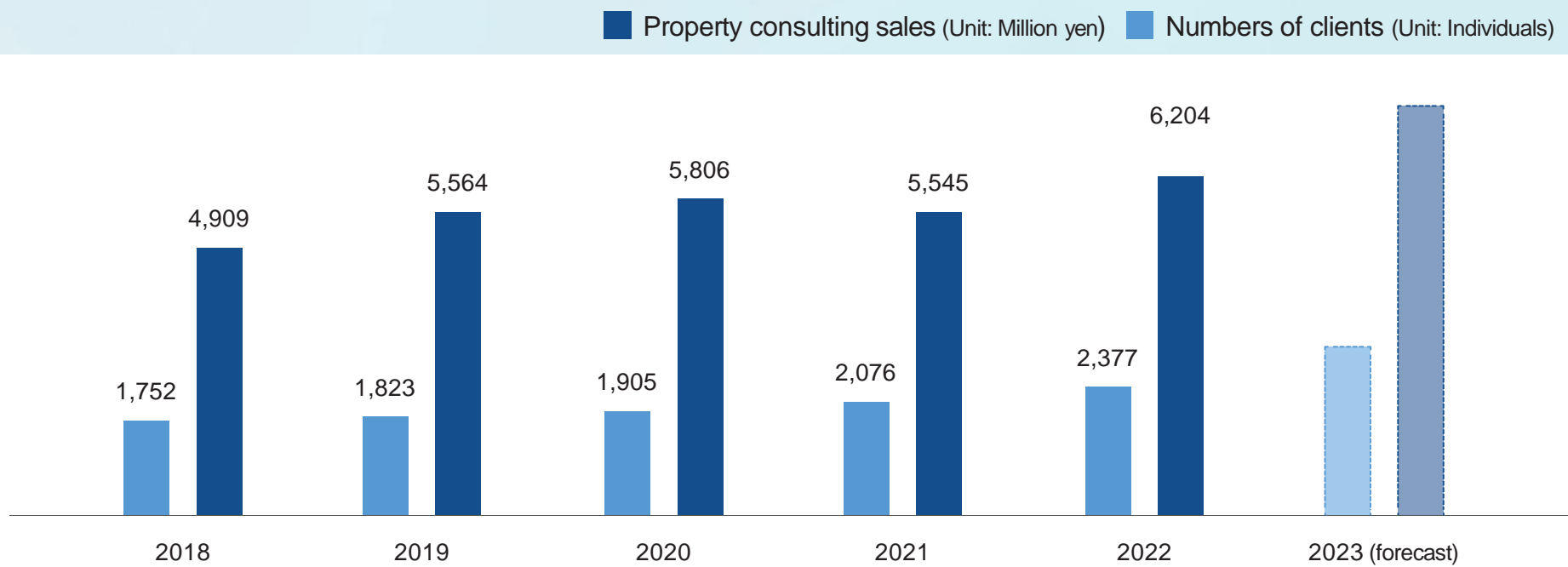
Considering the Group's resources to provide services to these clients, it is clear that some challenges exist. As in many industries, the shortage of human resources, especially in recruitment and training of consultants facing clients, is an extremely significant issue. To expand our business, we need to increase the number of consultants while maintaining and improving the quality of our services.

**President**

**Masazumi Hasumi**



## Transitions in numbers of clients and property consulting sales



Consultants cannot be trained overnight; however, if they are cultivated as slowly as in the past, We won't be able to respond to the rapid changes in the business environment. For this reason, our Group is working on promoting DX to support consultants in their work.

An example is the development and use of the ART system, which systematizes the expertise and skills of skilled consultants. When interviewing clients, having the skill to ask the correct questions without missing the point is crucial. The ART system assists consultants in this process and carries out simulation calculations such as asset composition studies on their behalf, allowing consultants to concentrate on communicating with clients.

However, at present, this system has not reached its full potential. We also believe that DX will help our consultants develop faster. We will continue to improve and expand the system and provide training for consultants to achieve tangible results, such as greater productivity and human resource development.

### Advantage Club® performance exceeded expectations

— Can you talk about the progress of the Third Medium-Term Management Plan?

In 2022, the first year of the Plan, progress was achieved as planned. For example, in our mainstay property consulting business, our number of clients and our sales both grew.

One of the important cornerstones of our Third Medium-Term Management Plan is improving the quality and expanding the quantity of our client services through strategic individualized services and comprehensive property consulting services. Our strategic individualized services comprise services, including Advantage Club, a real estate joint ownership system with contracts starting at 10 million yen per unit; regional creative development consulting, which contributes to regional revitalization

through development and operation of public real estate and other assets; consulting on effective utilization of land, which helps clients make effective use of their land, and several more. We offer these strategic individualized services to new clients in order to build trust. We then analyze the current status of the property using the ART system to identify issues and make recommendations to resolve them, which leads to comprehensive property consulting.

Within our strategic individualized services in 2022, the performance of Advantage Club exceeded expectations. We have also seen a positive response to our regional creative development consulting, and have made solid progress in laying the groundwork for each of our individualized services. However not all strategic services were performing good enough yet and we believe that strengthening each individually will be key in 2023.

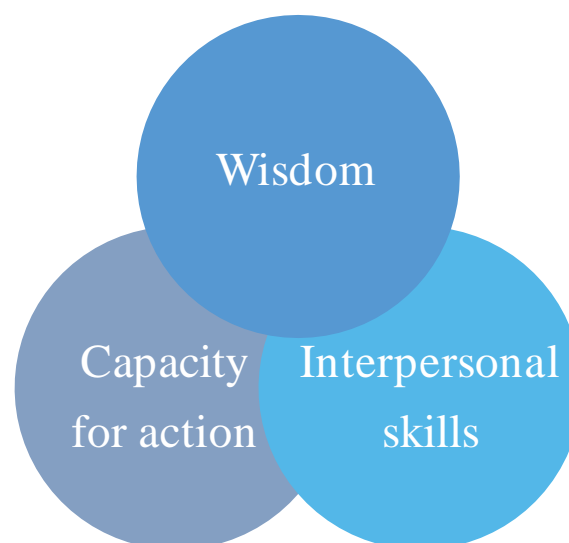
### Interpersonal skills of consultants who come face-to-face with our clients

— The COVID-19 pandemic has changed the way people work. Is there a need for change in management methods too?

Many companies now recognize greater diversity in work styles, including telecommuting. There is also a trend toward greater employee diversity. Our Group is certainly headed in that direction. We will be called upon to create a workplace in which everyone can work in comfort regardless of gender, age, nationality, or other attributes, and to create an environment where people can continue to work for the Group even as they act as caregivers for parents or study as mature-age students.

Creating an environment such as this is a challenge from which we cannot shy away. So how can we ensure that close communication and productivity are not compromised when people work from home? We are

## The keys to managing human capital in the Group



currently discussing various approaches and building our expertise through a process of trial and error. As we pursue these efforts, we hope to increase diversity in our work styles and our workplaces.

—Recent years have seen a growing interest in human capital management.

In a consulting firm, the source of value is the consultant, who is, of course, human. They meet with clients, listen to their problems and concerns, and make optimum recommendations from the client's point of view. To this end, interpersonal skills are essential. In simple terms, these are sincerity, honesty, kindness, empathy, consideration, and gratitude. Combining these interpersonal skills with both wisdom and capacity for action results in high-level outcomes. This is our approach.

The importance of interpersonal skills also holds true in other workplaces besides consulting. It is essential to create a pleasant working environment so that each individual can enhance his or her interpersonal skills and fully demonstrate his or her strengths. A highly motivated, energetic workplace naturally leads to greater performance. In this regard, we believe that increasing employee satisfaction is crucial.

Education and employee satisfaction improve wisdom, capacity for action, and interpersonal skills. The Group believes that these two factors are the keys to human capital management.

### Focused measures to strengthen governance and expand business

—What initiatives are you pursuing in terms of strengthening governance?

We established the Nominating Committee, Compensation Council, and Sustainability Committee in 2022. Each of these committees continues to become more active. For example, the flow of initiatives in the

Sustainability Committee involves summarizing the results of discussions held by employee-led subcommittees and reporting these to the Board of Directors, which then approves and implements any measures. Some of the measures discussed by the subcommittee on work styles have already been approved and entered the implementation phase. Through this initiative, we have expanded the mechanism by which opinions and ideas, discussed mainly by our front-line members, can reach management. We believe that this has increased the momentum of improvement for workplaces and operations within the company.

—What are some particular priority themes for future business growth?

The most important theme is enhancing the quality and quantity of our consultants. While it is important we ensure the content of various services is even more attractive, including strategic individualized services, we will focus on improving our consultants' interpersonal skills, wisdom, and capacity for action.

DX is also essential for this purpose. Our goal is to create a system that allows us to provide consulting services via digital platforms. For example, when a client is considering purchasing real estate, the consultant consults the database on the spot using a PC or tablet and recommends the optimal plan for the client. This is our vision for the future. This not only increase the value we deliver to our clients, but also enhance the productivity of our consultants. We may not be able to construct such a system immediately, but we are moving steadily toward this vision of the future.

More and more clients are concerned about the succession of their assets and businesses. It is our social responsibility to respond to such concerns to the very best of our ability. To fully meet this responsibility, we intend to strengthen our human resource development and DX initiatives.