



Chairman's Column

***When AI becomes your Coworker —
How work is evolving in Education
and Business***

Today I'll talk about everyone's favorite topic — AI. For a while, the "Top 10 jobs to be replaced by AI" was the buzz, but as AI implementation has begun, it seems that rather than jobs being taken, "humans are making AI do the work". It seems that the way people fundamentally work is changing.

An article published in the October edition of President magazine discusses the use of AI at Tokyo University. A pharmaceutical department professor is actively recommending the use of AI. AI-generated writing is refined and may improve a student's writing. However, the article explains the need for an individual's originality, opinion, and ideas, not solely relying on AI.

I was surprised since I thought universities and educational institutions were reluctant to adopt AI. Furthermore, I was intrigued by the use by professors. For example, grading tests can be subjective, but AI can grade fairly and fast. The role of professors then becomes monitoring the results and checking for errors. This is just one example of how people's work is changing. It seems the role of teachers is shifting from "teaching" to "student care." Perhaps the time when "a teacher that doesn't teach" may be arriving as we speak.

In business, AI use is rapidly progressing. At some large companies, AI is taking on the role of outside director to participate in board of director meetings as an observer. In such a case, AI critiques the CEO and owner without any favoritism or motives, making people sweat in the board room.



Additionally, HR departments at companies are relying on AI in for hiring and evaluation. Contrary to how favoritism by humans can affect evaluation, AI mechanically evaluates based on an evaluation criterion, which may improve fairness and reduce frustration among employees.

But a question remains. Is making everything "fair," the best solution? I may get some backlash, but I feel that it's quite human to have likes and dislikes. Although, this trend likely can't be fought against. If that's the case, employees will have to please AI to get a high evaluation, since any gifts given or shared meals won't have any effect.

The point is that AI is changing the way we work. We're entering the phase where we must change. Our firm has finally set up a team for AI adoption. For example, we are currently learning about best practices for AI to mitigate any risks of information leaks.

by Kazuhiro Matsuzawa, Chairman



ASA News

ASARP - Four years in PM report preparation and what holds for our future

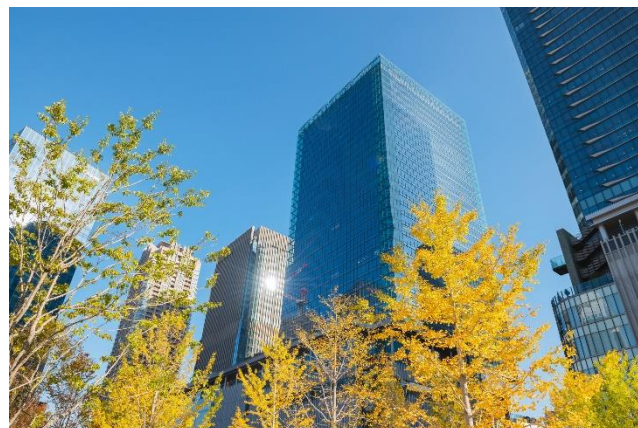
ASA Reporting Professional (referred as “ASARP”) has marked four years in PM report preparation. Initially, ASARP was established within ASA Group to provide bookkeeping, TK reports, annual reports, and other core accounting services. However, the firm’s PM report preparation service has grown to be regarded as our core offering. We look back on our four years and would like to share our trajectory that considers the operating environment of our PMs.

First and foremost, though, we would like to truly thank the PMs for giving us this opportunity. Four years ago, after receiving inquiries for outsourced PM report preparation, and training on @property, our firm took a big step forward in making this our core business. Without your help, we would not be able to achieve today’s growth.

The current state of PMs

In recent years, the state of PM operations has seen significant changes.

- The number of residential properties under management is steadily increasing.
- PMs are often required to handle a growing volume of tasks with limited staff.
- Investor requests are more diverse, leading to an increase in the types of reports that must be prepared.
- Since priorities differ by project, flexible solutions are required. PM reports play an important role to not just provide information, but function as a vital link that connects investors, asset managers (AMs), and property managers (PMs).



Insights obtained through Practice (Commonality in PM Reports)

- A detailed perspective is required not only for accounting figures but also for overall property management.
- Challenges in standardization considering the uniqueness of each property.
- Careful understanding of each property is needed since PMs and owners have different criteria and points of focus.
- Use of @property requires only 2/3 the time compared to Excel.
- Some companies have implemented proprietary systems to gain even more efficiency.

Insights gained through ASARP’s system

- Staff with accounting knowledge are fast learners and understand the process post-entry.
- Video manuals are effective for employee training and for improving efficiency
- Although bookkeeping and report reviews tend to concentrate at month-end and beginning, this reduces idle time of staff

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ASA News

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Finally, I would like to emphasize that the skill possessed by PMs in preparing PM reports from scratch is a highly valuable and specialized skill. Since many of us are involved in daily preparation, we may take it for granted but this information is the foundation upon which investors and AMs make decisions. I strongly believe this to be an invaluable skill within the industry and the value-add that it provides should be acknowledged more.

The future of ASARP's focus

ASARP will work to reduce the operational burden of PMs, while improving on systems to provide AMs and investors with meaningful information. We will specifically engage in the following:

- **System development (TDL):** By creating a system that allows direct access to financials, investors and PMs can access accurate information, and reduces the burden of PMs for daily entry and organization of documents. Additionally, report preparation is more

efficient. It provides all three parties with a robust foundation for data and raises the quality and speed of overall management.

- **Sharing accounting knowledge:** Sharing accounting knowledge useful for PM report preparation with our staff and clients alike. We plan to hold workshops to share our knowledge in practice.
- **Sharing information:** With the approval of our PMs, we would like to share insight into efficiency gains made to further improve the efficiency of the overall industry.
- **Sharing ways to standardize and improve efficiency:** Sharing ASA Group's methods of standardization and systems, and effective use of Excel (VBA) and RPA.
- **Strengthening collaboration for faster financials:** ASA Group, along with PMs and AMs will seek to improve speed and accuracy in serving investor requests for faster financials.

Our mission at ASARP is to continue to be a trusted partner for you. We look forward to many more years of business and collaboration.

by Hirokazu Ando, ASA Reporting Professional





Real Estate

A Story about my former British boss

When I was working at a multinational real estate firm, my boss was a British fellow named Richard. He would usually be in Singapore, which was headquarters for Asia, and would fly out to Japan for projects.

One time, our firm (the asset manager) was requested by our client (the investor) to make a co-investment. In a co-investment ("same boat"), the asset manager is in the same boat as the investor by contributing a portion of capital and taking part in the same risk and reward structure. By investing their own money, the asset manager aligns interests with the investor.

As the in-charge person for Tokyo, I was called on by HQ's U.S. legal department to negotiate the matter. However, since no precedents existed, much of the discussion centered around the potential risks, with the lawyers on the U.S. side hitting us with difficult questions. While U.S. law is derived from British law based on court rulings (Common Law), Japanese Civil Law is derived from the continental legal traditions of countries like France and Germany. So, since the technical lingo is Latin-derived, even though we spoke in English, it felt like we were speaking in a different language.

When I had just about given in, Richard rushed over from Singapore. As a graduate of Oxford University's law program, he joined our meeting with U.S. HQ soon after landing and dominated the legal discussion with his command of Latin. The matter was promptly approved.

U.S. law is rooted in British law, and with their many similarities, are collectively referred as the "Anglo-American legal system". However, it's not uncommon for British principles to be unique from U.S. law. Richard, leveraging his deep understanding of the roots of British law, took complete control of the discussion into



areas that the U.S. side was unable to grasp. As for me, I barely understood what was going on and was left in astonishment.

After the job was finished, I treated Richard to dinner at an izakaya to express my gratitude. In our conversation, he talked about his Oxford University days, "When I was a student, I only studied history and Latin". I asked him in a surprised manner, "you didn't study law?".

He answered with a laugh. *"You don't have to study law. You can just hire a lawyer. All we need is the knowledge on how to effectively utilize the expertise of lawyers"*

I felt as though I had caught a glimpse of the essence of elite education. Instead of holding onto knowledge, the education fostered to notion to maximize the power of experts. This perspective greatly differed from the Japanese education I received.

Perhaps it was simply Richard's excuse that he didn't diligently study law, but either way, his words still carry a big impact on me to this day.

Later on, Richard wrote me a letter of recommendation when I applied for an international MBA program. After over 20 years, I still have a great relationship with him.

by Shigeru Hirai, Quality Control Office