AOGIRI APPRAISAL CO., LTD.

ILLUSTRATIVE ENGLISH REPORT

Independent Purchase Price Review

Buyer-side sample for an international client considering a chalet in Hakuba, Nagano Prefecture.

Subject property	Fictional detached chalet - Hakuba, Nagano Prefecture
Client question	Is the asking price reasonable before negotiation?
Asking price	JPY 145,000,000
Price investigation date	September 1, 2026
Scope	Market, regional, land/building and comparable analysis

JPY 145m	JPY 126m-136m	JPY 131m
Seller Ask	Investigated Range	Midpoint

1. Executive Summary

Buyer conclusion

In this fictional example, the asking price of **JPY 145,000,000** appears above the indicated price range supported by the selected evidence. The investigated range is approximately **JPY 126,000,000 to JPY 136,000,000**, with a midpoint around **JPY 131,000,000**, subject to legal and physical verification.

JPY 145m	JPY 126m-136m	JPY 131m
Seller ask	Investigated range	Indicative midpoint

Buyer takeaway

Hakuba is experiencing exceptionally strong price growth in selected locations. That momentum supports higher pricing but also increases the risk of relying on stale comparables. The subject's micro-location, snow access, road rights, building condition and income potential should be verified before the buyer decides how aggressively to negotiate.

2. General Factors - Hakuba Village

Rapid price growth and international resort demand

8,167	4,269	2026-09-01
Population	Households	Date

Population and resort context

Hakuba is a mountain resort market whose transaction demand is influenced materially by seasonal tourism, domestic second-home demand and international purchasers. The resident population is therefore only one element of demand. Hakuba Village reported 8,167 residents and 4,269 households as of September 1, 2026.

Official 2026 price indicators

Indicator	2026 price	Reported change	Comment
Land Price Publication Hakuba-1	JPY 27,400/sq m	+33.0%	Residential - among the highest national increases
Land Price Publication Hakuba 5-1	JPY 40,300/sq m	+35.2%	Commercial - very strong increase
Prefectural Land Price Survey Hakuba-2	JPY 17,600/sq m	+31.3%	Residential - July 1, 2026
Prefectural Land Price Survey Hakuba 5-1	JPY 32,000/sq m	+35.6%	Commercial - July 1, 2026

These official points demonstrate rapid market movement, but they do not establish the subject property's value by themselves. Price differences within Hakuba can be large depending on ski access, views, road width, snow removal, utilities, zoning, lodging potential and property condition.

Public sources: Hakuba Village population statistics; MLIT 2026 Land Price Publication; MLIT 2026 Prefectural Land Price Survey announcement.

3. Regional Analysis

Same supply-demand area and likely buyer profile

Same supply-demand area

For this fictional chalet, the same supply-demand area is considered to include established chalet and accommodation areas within practical access of major Hakuba ski fields, with particular focus on locations where international buyers compare existing detached properties and development land.

Likely buyers

- International lifestyle buyers seeking ski access and four-season use.

- Investors considering short-stay or lodging income, subject to legal and operational feasibility.

- Domestic second-home buyers seeking mountain recreation and long-term asset exposure.

- Small hospitality operators or family offices seeking a chalet / lodge asset.

Current market characteristics

Strong market momentum can lead to wide seller expectations. Buyers are likely to distinguish sharply between properties with reliable winter access, sufficient parking, modern insulation/heating, attractive views and clear legal status, and those requiring major capital expenditure or having uncertain access / operating rights.

Market phase	Strong upward movement in selected locations
Liquidity	Good for well-positioned assets, thinner for compromised properties
Price discovery	Requires very current evidence due to fast market change
Key downside checks	Road/snow access, building condition, regulatory/operating assumptions

4. Subject Property - Land and Building

Location	Fictional Hakuba Hokujo chalet area
Land area	Approx. 860 sq m
Building	Wood-frame chalet, 2 storeys, approx. 214 sq m
Year built	2012 (fictional)
Road	Approx. 5.8 m village road; snow removal assumed
Topography	Mostly level building area with slight fall
Parking	3-4 vehicles
Utilities	Public water / electricity assumed; wastewater and capacity to verify
Use	Owner use with potential short-stay interest, subject to all legal requirements
Condition	Good visible condition assumed; specialist inspection not performed

Property-specific positives

- Good chalet size and practical parking for target buyers.
- Relatively modern construction compared with older resort stock.
- Convenient access to ski / village amenities assumed.
- Site size sufficient for privacy without excessive maintenance.

Items that can materially reduce value

- Any private-road or winter-access uncertainty.
- Major insulation, heating, roof or moisture defects.
- Restrictions on accommodation use or insufficient permits / operating approvals.
- Boundary, retaining-wall or drainage issues.

5. Comparable Evidence

Illustrative transactions - fictionalized for demonstration

Comp	Timing	Property	Sale price	Comparison
A	2026 Q2	820 sq m / 198 sq m, 2014	JPY 128m	Similar age; weaker view; good winter access
B	2026 Q1	910 / 225, 2011	JPY 138m	Larger building; superior fit-out
C	2025 Q4	760 / 185, 2016	JPY 121m	Smaller; newer; slightly less central
D	2025 Q3	1,020 / 230, 2008	JPY 132m	Larger land; older building; good parking

Adjustment considerations

The fictional comparables are adjusted for timing in a rising market, ski / village access, road and snow conditions, land utility, building age, size, fit-out and operating potential. Because the market has moved quickly, older evidence receives less weight unless a time adjustment can be supported.

Comparable indication	Approx. JPY 127m-136m
Component reasonableness check	Approx. JPY 124m-138m
Adopted range	JPY 126m-136m

6. Assessment Policy and Price Conclusion

Assessment policy

The primary method is whole-property sales comparison because buyers negotiate for the chalet and land as a combined asset. A component check of land and building is used to test reasonableness. An income approach may be relevant where the property is operated as accommodation, but it is not relied upon here because the fictional client has not provided verified operating history, legal approvals or stabilized income.

Method	Indication / result	Weight
Sales comparison	JPY 131m midpoint	Primary
Land + building check	JPY 130m approx.	Secondary
Income approach	Not concluded	Insufficient verified operating evidence

Conclusion

The indicated price range is **JPY 126,000,000 to JPY 136,000,000**. The seller asking price of **JPY 145,000,000** is therefore above the range in this fictional analysis. A buyer may still choose to pay a premium where competition, scarcity or strategic fit justifies it, but the premium should be understood explicitly rather than assumed to be supported by general market growth alone.

JPY 145m	JPY 126m-136m	Approx. +11%
Ask	Range	Difference to midpoint

7. Due Diligence and Negotiation Framework

Priority	Check	Why it matters
High	Road status / snow removal / access rights	Can affect winter usability, financeability and resale
High	Building inspection	Roof, moisture, insulation, heating and structure can change total cost
High	Permitted use / lodging assumptions	Income potential must be legally supportable
High	Boundary / survey / retaining walls	Important for usable area and future works
Medium	Utilities / wastewater capacity	May constrain occupancy or expansion
Medium	Furniture / equipment / operating assets	Clarify what is included in price

Negotiation position

The investigated range should not be treated as an instruction to make one exact offer. The buyer should combine the value evidence with competition for the asset, seller motivation, inspection findings, deposit / financing terms and desired closing timing. If Aogiri Appraisal Co., Ltd. is separately appointed as broker or agent, we can communicate and negotiate with the Japanese seller or listing broker within the agreed scope.

8. Engagement and Fee

The separate Property Price Investigation Report is quoted from **JPY 165,000 including tax**. The actual fee depends on property type, documents, investigation complexity and whether site inspection or additional analysis is required.

If the client then chooses to pursue the purchase, buyer-side brokerage or agency representation is a separate engagement and fee. This separation allows the client to obtain a written price analysis before deciding whether to transact.

Formal authority to sign documents on a client's behalf is only undertaken where appropriate written authorization clearly defines that authority.

9. Sources, Assumptions and Limitations

- Hakuba Village official population statistics, September 1, 2026.

- MLIT, 2026 Land Price Publication announcement and appraisal data.

- MLIT, 2026 Prefectural Land Price Survey announcement.

- Subject property and comparable transactions are entirely fictional.

No title, planning, environmental, engineering, tax or building-compliance investigation has actually been performed. An actual assignment states the information reviewed, scope of inspection, assumptions, effective date and reliance conditions.