AOGIRI APPRAISAL CO., LTD.

ILLUSTRATIVE ENGLISH REPORT

Real Estate Appraisal Report

Illustrative periodic valuation sample for a corporate / fund-held income-producing property in Nagano Prefecture.

Client	Fictional International Real Estate Fund
Subject property	Fictional mixed-use income property - Nagano City
Interest valued	Fee simple interest, subject to existing leases (illustrative)
Valuation date	September 1, 2026
Intended use	Annual internal portfolio valuation / asset monitoring

JPY 486m	JPY 25.1m	5.2%
Appraised Value	Stabilized NOI	Cap Rate

Important: This is a fictional marketing sample. The subject property, comparable transactions and value conclusions are illustrative. Selected public statistics and official land-price indicators are identified as public information. This document is not an appraisal or transaction advice concerning any real property.

1. Assignment and Opinion of Value

Opinion of value

Subject to the fictional assumptions and scope described in this sample, the appraised value is concluded at **JPY 486,000,000** as of September 1, 2026.

JPY 486m	JPY 462m	+5.2%
Appraised value	Prior review	Change

Purpose of periodic valuation

For recurring corporate or fund work, the objective is not merely to repeat a prior number. The analysis should identify changes in market evidence, rent, occupancy, expenses, capital expenditure, building condition and risk so that the current value conclusion can be traced from one review cycle to the next.

2. Subject Property Description

Location	Fictional central Nagano City location
Land	Approx. 1,720 sq m
Building	RC, 6 storeys, approx. 4,180 sq m
Year built	2011
Use	Retail at ground floor; office / service uses above
Occupancy	96% at valuation date
Weighted average lease term	2.7 years (illustrative)
Parking	On-site and nearby contracted spaces
Planning	Commercial zoning assumed; detailed verification required in actual work

Property condition

The building is assumed to be in good ordinary condition for its age. A periodic valuation would review major repair history, current capital expenditure plans, tenant fit-out obligations and any condition issues that could affect income or marketability.

3. General and Regional Market Analysis

General market context

The valuation considers broader interest-rate conditions, investor risk appetite, local employment and business demand, construction costs and transaction liquidity. These factors influence required yields and the pricing relationship between stabilized income and asset value.

Regional analysis

The subject competes within the Nagano City investment market for well-located income properties capable of attracting local and regional tenants. Investors focus on occupancy durability, tenant concentration, remaining lease terms, building quality, parking, accessibility and capital expenditure risk.

Typical investors

- Regional real estate companies and private investors.
- Institutional or fund investors seeking stabilized regional income assets.
- Corporate investors looking for diversification outside the largest metropolitan markets.

Market liquidity	Moderate - fewer transactions than major metropolitan areas
Income stability	Good where tenant diversification and location are strong
Primary pricing metric	Stabilized NOI and market yield, cross-checked to comparable sales
Key risk	Tenant rollover, capex and investor yield expansion

4. Income and Expense Analysis

Item	Current / actual	Stabilized
Potential gross rent	JPY 39.8m	JPY 40.4m
Other income	JPY 2.1m	JPY 2.0m
Vacancy / collection loss	(JPY 1.7m)	(JPY 2.0m)
Effective gross income	JPY 40.2m	JPY 40.4m
Operating expenses	(JPY 14.9m)	(JPY 15.3m)
Net operating income	JPY 25.3m	JPY 25.1m

Stabilization

The stabilized analysis normalizes temporary occupancy, one-off expenses and below/above-market items to reflect sustainable performance. In an actual appraisal, lease abstracts, rent rolls, operating statements, tax records and planned capital expenditure would be reviewed and reconciled to market evidence.

5. Sales Comparison Approach

Comp	Type / location	Price	NOI yield	Key adjustment
A	Regional office / retail	JPY 455m	5.5%	Older building; slightly weaker occupancy
B	Central office asset	JPY 510m	5.0%	Superior location; similar quality
C	Mixed-use income property	JPY 470m	5.4%	Comparable tenant risk; smaller scale
D	Regional investment asset	JPY 495m	5.1%	Newer; slightly inferior access

Sales comparison indication

After adjusting for location, building age, occupancy, income quality, scale and transaction timing, the sales comparison approach indicates approximately **JPY 475m to JPY 495m**.

6. Income Capitalization Approach

Direct capitalization

Item	Amount
Stabilized NOI	JPY 25.1m
Selected capitalization rate	5.2%
Indicated value	Approx. JPY 483m

Capitalization rate selection

The selected rate is supported by the fictional comparable investment evidence and adjusted for the subject's location, tenant profile, lease rollover, building age, liquidity and capital expenditure risk. The result is tested against sales comparison and market participant expectations.

DCF / multi-period check

A simplified multi-period analysis (not reproduced in full in this marketing sample) indicates approximately JPY 488m under assumptions for rent growth, vacancy, expenses, terminal yield and selling costs. In an actual fund assignment, assumptions would be documented in detail and reconciled to asset-management forecasts and market evidence.

7. Cost Considerations and Highest and Best Use

Cost considerations

Land value plus depreciated improvement cost is reviewed as a secondary reasonableness check. For a stabilized income asset, however, investors principally price the future income stream and market yield. The cost indication is therefore given lower weight unless replacement economics or redevelopment potential are central to the assignment.

Highest and best use

Based on the fictional assumptions, continued income-producing use is considered the most probable and financially feasible use. Redevelopment is not indicated as sufficiently superior after considering existing income, building condition, demolition / construction cost, timing and market demand.

8. Reconciliation and Final Value

Approach	Indication	Weight
Sales comparison	JPY 485m midpoint	Meaningful market support
Income capitalization	JPY 483m	Primary for income-producing asset
DCF check	JPY 488m	Supports income conclusion
Cost considerations	JPY 462m	Secondary reasonableness check

Reconciliation

The income approach receives greatest weight because the subject is held for investment and sufficient income information is assumed available. Sales comparison provides direct market support. Cost considerations are secondary. Reconciliation of these indications results in an appraised value of **JPY 486,000,000**.

JPY 486m	JPY 462m	+5.2%
Final value	Prior periodic value	Change

9. Periodic Valuation Change Analysis

Driver	Prior review	Current review	Effect
Occupancy	92%	96%	Positive
Stabilized NOI	JPY 23.9m	JPY 25.1m	Positive
Market cap rate	5.3%	5.2%	Positive
Near-term capex	Moderate	Moderate	Neutral
Tenant concentration	Moderate	Slightly improved	Positive

The change from the prior illustrative value is therefore attributed mainly to improved stabilized income and a slightly firmer market yield, rather than an unexplained percentage increase. This change bridge is useful for recurring corporate and fund reporting.

10. Assumptions, Reliance and International Communication

- This sample concerns no real property and no real client.
- Actual appraisal scope and standards depend on intended use and applicable professional requirements.
- Title, leases, planning, building compliance, environmental and engineering matters are reviewed to the extent required for the assignment and may rely on specialist reports.
- Certain securitization or regulated assignments may require additional procedures and documentation.
- For an international client, Aogiri can discuss an English summary or explanatory material in addition to the formal report format appropriate to the assignment.

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