NEWS RELEASE

Survey on Privately Placed Real Estate Funds in Japan January 2012– Results

April 9th 2012

Sumitomo Mitsui Trust Research Institute Co., Ltd

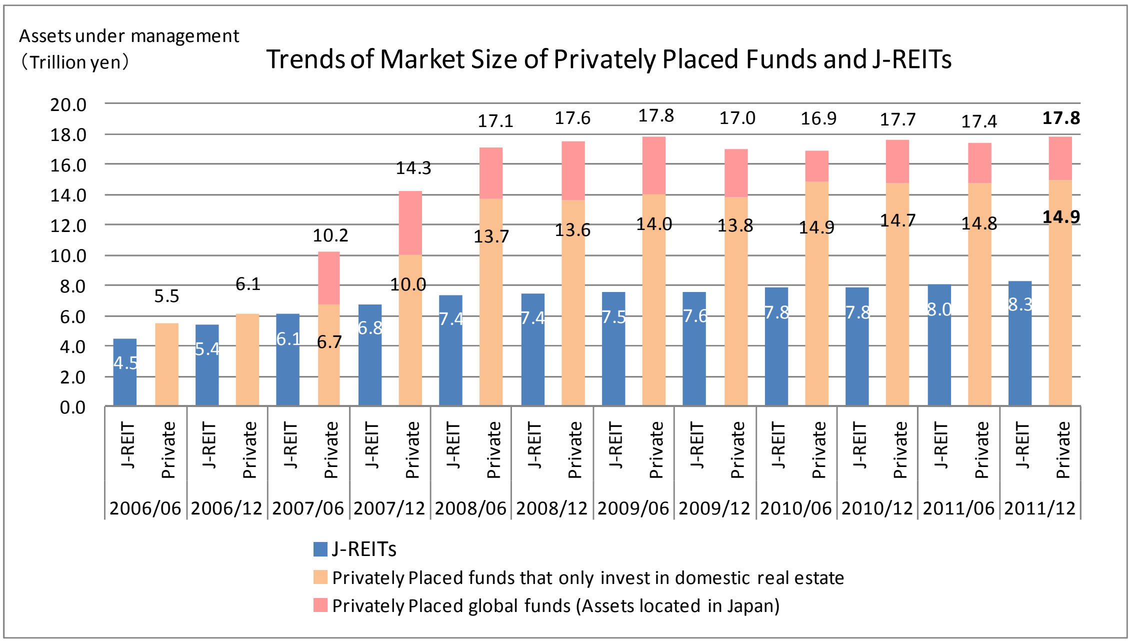
- Starting in 2003, Sumitomo Mitsui Trust Research Institute Co., Ltd. has conducted the "Survey on Privately Placed Real Estate Funds" as part of its research activities concerning real estate investment markets. This is the 13th survey based on responses to questionnaires received from 65 real estate investment management companies.
  - Survey subject: Real estate investment management companies that set up and manage privately placed real estate funds which are focused on domestic real estate
  - Number of companies to which questionnaires were sent: 140
  - Number of companies responded: 65 (ratio of valid responses: 46.4%)
  - Time of survey: January 2012
  - Survey method: Distribution and collection of questionnaires by post and e-mail
- Based on the results of the survey, hearings and published information, we estimated the market size of privately placed real estate funds (on an invested asset basis) as of the end of December 2011 to be 17.8 trillion yen. This figure involves Japanese assets of global funds that we were already aware of and have started to include from this survey. The market size as of the end of June 2011 was 17.4 trillion yen, which is an increase of approximately 350 billion yen (2.0%) over a six-month period from the previous July 2011 survey. In this survey, we have revised the past figures to reflect additional data obtained.

＜Market size of privately placed real estate funds is 17.8 trillion yen including Japanese assets of global funds＞

- The Sumitomo Mitsui Trust Research Institute has been conducting estimates of the market size of privately placed real estate funds since 2003 based on surveys and hearings from investment management companies (hereafter called the "managers") as well as published information. As of the end of December 2011 the market size including Japanese assets of global funds（※）is estimated to be 17.8 trillion yen, which is an increase of approximately 350 billion yen (2.0%) over a six-month period from the 17.4 trillion as of the end of June 2011.
- In this survey, some managers appeared to have decreased their assets under management by selling property, while a certain number of them increased their assets by acquiring new property in light of the favorable conditions in debt financing and the slightly increased appetite of equity investors. As a result, there was a modest increase in the overall assets under management. Looking at the breakdown of these assets, the growth rate of global funds showed an increase at the end of 2011 compared to the end of June 2011 and this figure exceeded that of funds only invest in domestic real estate.
- When responses to questionnaires were received (at the end of January 2012), the agreement among European nations on the second support package for Greece had not been concluded. Even so, the number of managers who felt that the extent of the negative impact of the European debt crisis on the privately placed funds business was limited significantly exceeded the number of managers who believed the impact would be severe.

＊From this January 2012 survey, we have also asked global funds(*) about their current share of assets invested in domestic real estate as well as asking for the figures for previous years. As a result, we found that in previous surveys the portion of the amount recorded for the funds that only invest in domestic real estate in fact came from global funds. In addition, another part represented proprietor investments. We accordingly made the necessary amendments to the figures previously published.

（*） We define the "global fund" as a fund targeting real estate investments in various countries including Japan.



“ Survey on Privately Placed Real Estate Funds” January 2012 Survey Results

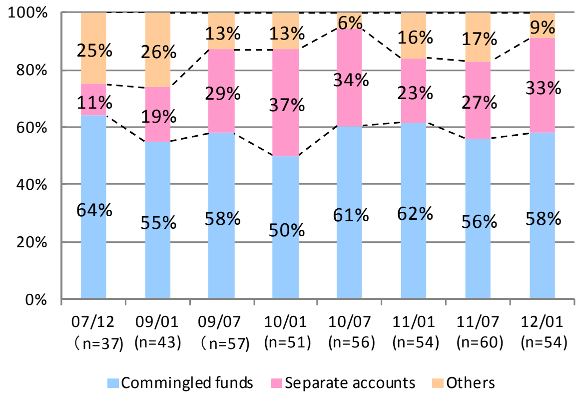
(Note) [n] shown in the charts throughout this document indicates the number of effective responses.

1. Current Status of Fund Management

1) Breakdown of Commingled Funds and Separate Accounts:

This survey categorized privately placed funds into “commingled funds” that are managed for multiple investors, and “separate accounts” managed for single investors. AUM of the commingled funds managed by the respondents stood at 5,534 billion yen (58%), while separate accounts stood at 3,171.3 bilion yen (33%). The trend remained unchanged as the comingled funds accounted for around 60 percent.

Fig.1 Breakdown of Commingled Funds and Separate Accounts

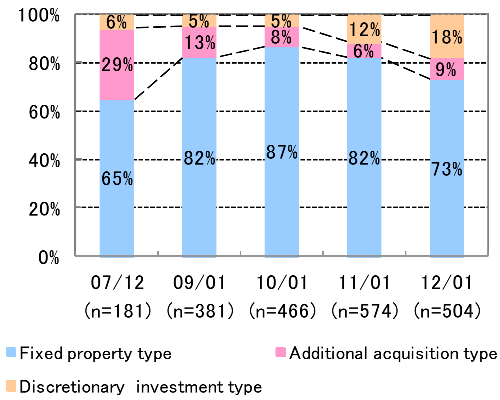


2)A description of funds under management

a. Fund types

The total number of privately placed real estate funds that are currently managed by the managers who responded to the questionnaires was 581. By type (based on the number of funds), *“Fixed Property Type”* accounted for 73%, *“Additional Acquisition Type”* accounted for 9% and *“Discretionary Investment Type”* accounted for 18%. This confirmed that investors continue to favor *“Fixed Property Type”*, in which invested real estate is known and decided from the beginning. However, the fixed property type share decreased from 87% in the January 2010 survey to 73%. On the other hand, *“Discretionary Investment Type”* increased to 18% from 5%. It is believed that this is due to an improvement in risk appetite.

Fig.2 Breakdown of Funds by Type



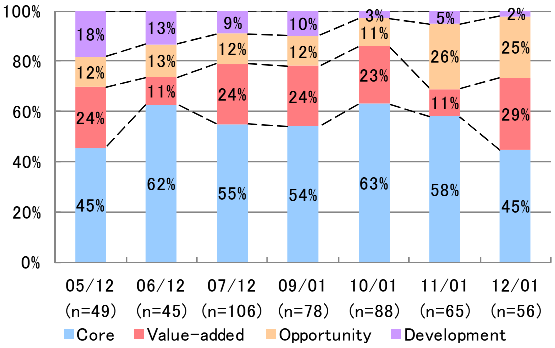
＊In the following topics from b. to g. describe "the funds currently under management" which does not refer to all funds managed by responded managers, but only to the funds that they could provide data for. The data also includes a small number of global funds that invest in domestic real estate.

b. Management Style

"*Core*" style funds which place an emphasis on income accounted for 45%, this is a decrease from the 58% in the January 2011 survey. Meanwhile, "*Value-added*" style funds increased to 29% from the 11% in the January 2011 survey. "*Opportunity*" style funds remained unchanged at 25%.

*Please refer to the "Definitions of Terms" on Page15 for more detailed information about the various style and types of funds.

Fig.3 Breakdown of Funds by Management Style



c. LTV Ratio

The average Loan to Value Ratio of funds currently under management stood at 67.6%. The average LTV ratio declined to 67.4% in the January 2011 survey from 72.3% in the January 2009 survey, down for two consecutive years. In this survey, the LTV ratio of funds currently under management remained unchanged from the January 2011 survey, breaking the downward trend. Meanwhile, the projected average LTV ratio of funds to be launched within a year declined to 59.4% from 63.5% in the January 2011 survey. The LTV ratio that managers believed to be desirable for equity investors also slightly declined from the January 2011 survey.

As a result of improvements in the risk tolerance of investors and the lending stance of lenders, the LTV ratio of funds that were to be launched in the future trended higher in the January 2011 survey. The ratio fell in the January 2012 survey, reflecting the fact that the funds that participated in this survey included open-ended funds whose LTV ratio was set at a relatively low level compared to the average closed-ended funds. The fall in the ratio was also attributable to the fact that many managers believed that the LTV ratio that was sought by equity investors was at a low level, eventhough the lending stance of lenders remained steady. This mindset appears to have been reflected in the structuring of the funds that are expected to be launched in the future.

Fig.4 Average LTV Ratio of Current and Future Funds

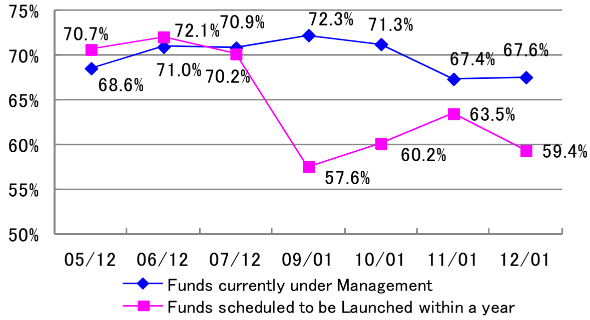
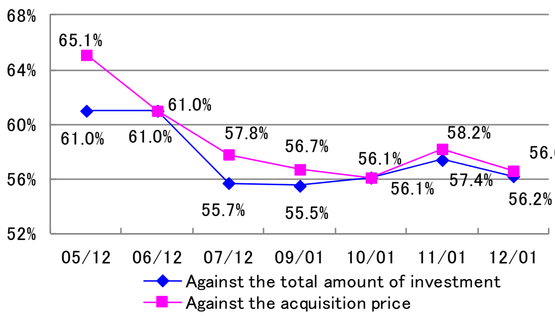


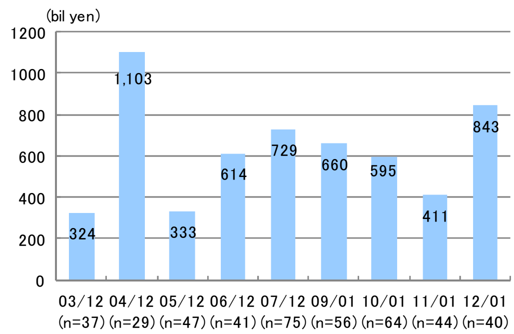
Fig.5 Average LTV Ratio Desired by Equity Investors



d. Target Asset Size

The average target asset size of funds under management reached 84.3 billion yen in the January 2012 survey, rising more than 100% from 41.1 billion yen in the January 2011 survey. This rise was mainly due to the inclusion in this survey of large existing funds . Until this survey, we had not received responses from the managers of these large funds. Excluding the large-scale funds whose target asset size exceeded 500 billion

Fig.6 Average Target Asset Size

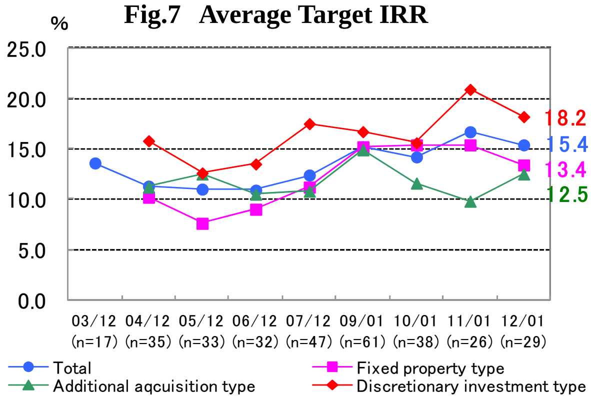


yen, the average size stood at 60.8 billion yen. It should be noted that due to different funds participating in the survey from year to year and the often wide variation in fund target size, the calculated averages do not express actual volatility.

e. Target IRR (Internal Rate of Return)

The average target IRR was 15.4%, slightly down from the January 2011 survey. By fund type, the *"Discretionary Investment Type"* and *"Fixed Property Type"* declined, while the *"Additional Acquisition Type"* rose. As a result, the spread between types narrowed . It should be noted that the number of responses to this question was limited.

Fig.7 Average Target IRR



f. Target Investment Period

The average investment period of funds under management has continued to increase reaching 6.7 years in the January 2012 survey, up from the low of 3.8 years recorded in the December 2005 survey. An investment period of six years or more accounted for 47%, declining from the 57% recorded in the January 2010 survey. However, the figure, including an investment period of five years or more accounted for 83%, remaining almost unchanged from the 86% in the January 2011 survey. This extension of the investment period was chiefly attributable to the fact that there were a number of funds whose investment periods were extended through refinancing. Meanwhile, no respondents chose an investment period of less than four years. The average investment period of funds that were expected to be launched within one year stood at 6.1 years, increasing from the 5.0 years in the January 2011 survey. We think that this is due to there being a number of investors who expected steady long-term investments.

Fig.8 Average Target Investment Period

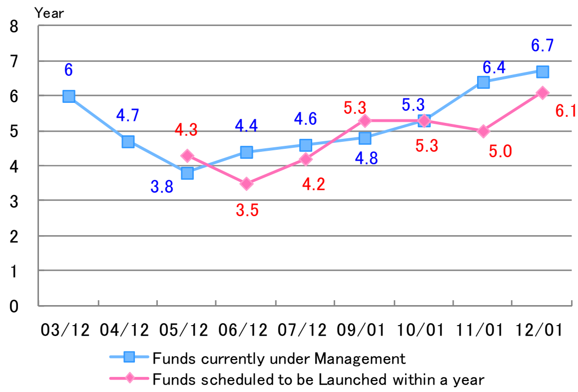
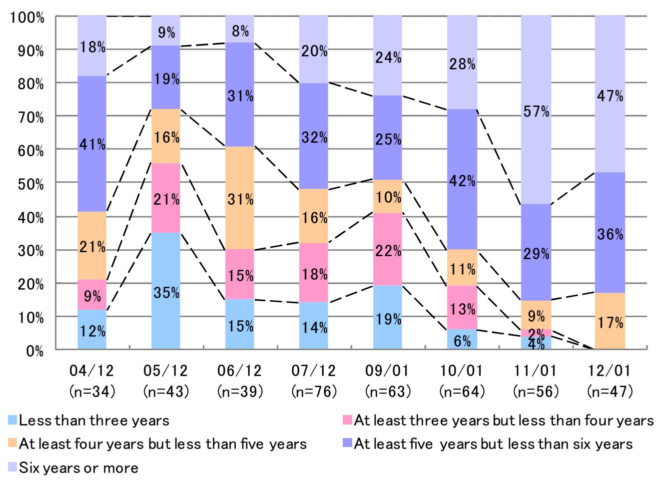


Fig.9 Breakdown of Average Target Investment Period



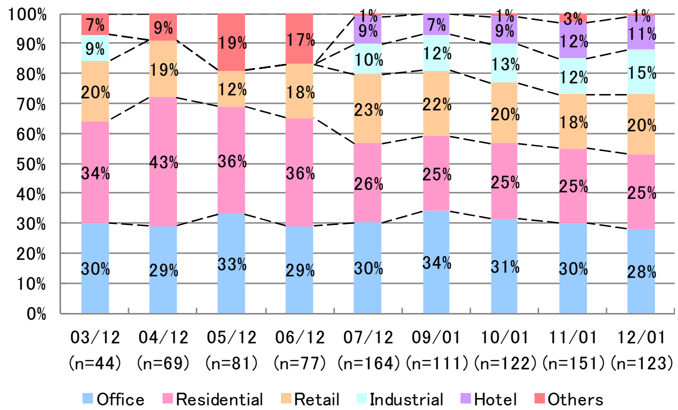
g. Target Property Types and Areas

* Multiple answers to questionnaires were allowed in this survey item.
The figures represent the ratios of answers against the total number of answers.

By property type, the share of *"Office"* fell slightly, while *"Retail"* and *"Industrial"* slightly increased in the January 2012 survey. The share of each type has not changed significantly since the December 2007 survey.

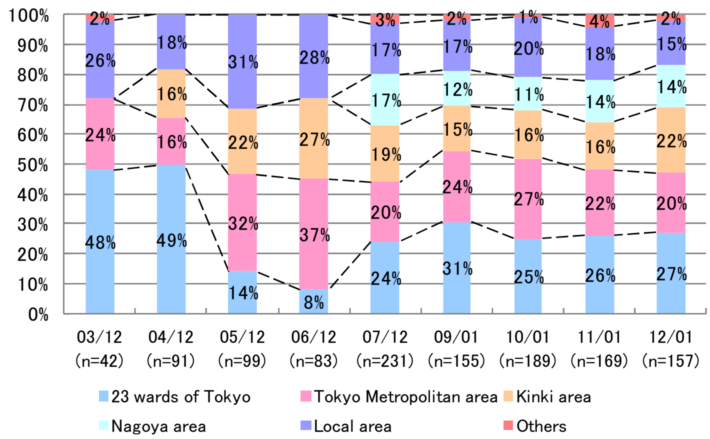
By investment area, the highest response rate was *"23 Wards of Tokyo"* at 27%, followed by *"Kinki area"*, and *"Tokyo Metropolitan area"*.The ratio of "*Tokyo 23 wards*" remained almost unchanged from that of the January 2011 survey. Meanwhile, the positions of "*Tokyo metropolitan area*" and the "*Kinki area*"exchanged ranking, as the "*Tokyo metropolitan area*" declined slightly while the "*Kinki area*" increased. An increase in the ratio of the "*Kinki area*" is believed to reflect the effects of the Great East Japan Earthquake and the problems at the nuclear power plants. As a result, certain investors sought a diversification of investments to correct a concentration in Tokyo, and certain managers started once again to pay attention to investments in high-grade projects in local areas that offer higher yields than those in Tokyo.

Fig.10 Target Property Types



* In 04/12 through to 06/12, Industrial and Hotel types were included in "Other types"

Fig.11 Target Areas



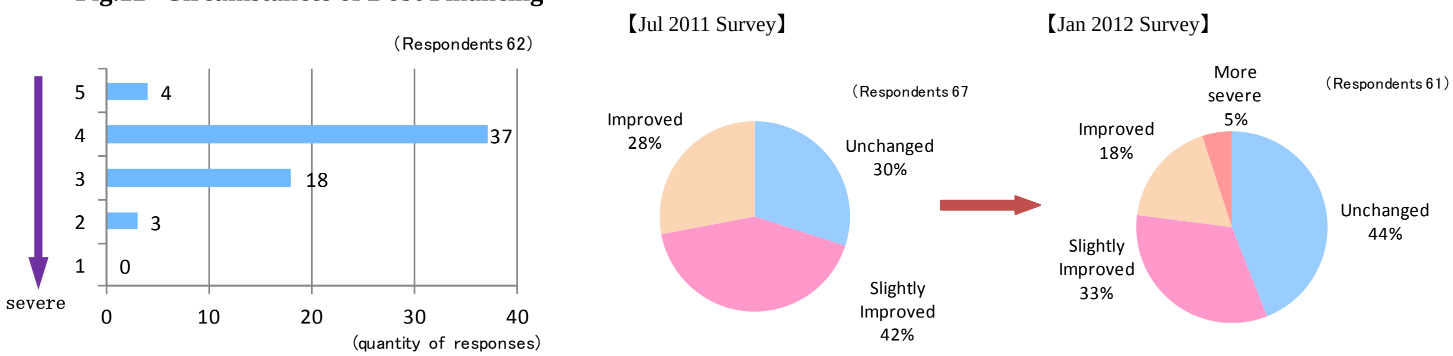
* In 03/12, the Kinki and Nagoya areas were included in Local areas, whereas in 04/12 through 06/12, the Nagoya area was included in Local areas.
* The Kinki area was called the Osaka area until the January 2009 survey,. The constituent prefectures remain the same.

3)Circumstances of Debt Finance

Regarding debt financing, respondents answered by choosing from 1 (most severe) to 5 (least severe). The answer of "4" accounted for 60%, followed by "3" at 29%. Responding to a question on how debt finance circumstances changed between the July-December 2011 period and the January-June 2011 period, 44% of respondents answered "*Unchanged*", increasing from the 30% in the July 2011 survey. Meanwhile, answers for *"Slightly improved"* and *"Improved"* accounted for 51% in total. This indicates a continuous improvement in debt financing. Regarding specific improvement, of the respondents who answered *"Slightly improved"* and *"Improved"*, 34% of them specified "*Contraction of interest spread*", followed by "*Rise of LTV*" accounting for 21%, and "*Increase of lenders considering new lending*" which accounted for 18%.

There were also responses in writing reporting that "competition for fund lending among lenders for high grade projects took place" and "the spread declined sufficiently and the level was nearing a bottom."

Fig.12 Circumstances of Debt Financing



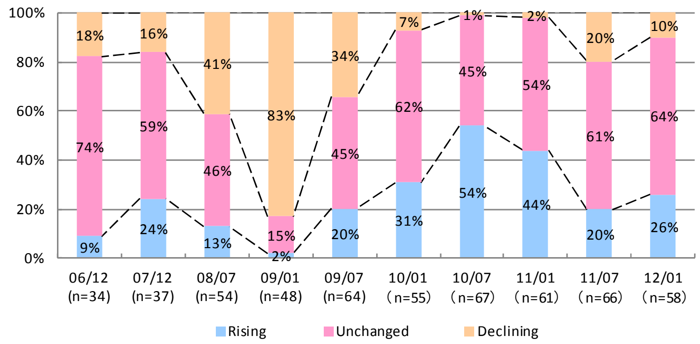
4) Circumstances of Equity Raising

a. Appetite of Equity Investors

With respect to the appetite of equity investors, compared to the July 2011 survey, 64% of respondents answered *"Unchanged"*, while *"Rising"* increased from 20% to 26%, and *"Declining"* decreased from 20% to 10%.

It became apparent in the July 2011 survey that partly because of the effects of the earthquake and the problems with the nuclear power plants, the investment appetitite that had been improving in the aftermath of the global financial crisis began to deteriorate. However, it showed a slight improvement in the January 2012 survey.

Fig.13 Appetite of Equity Investors

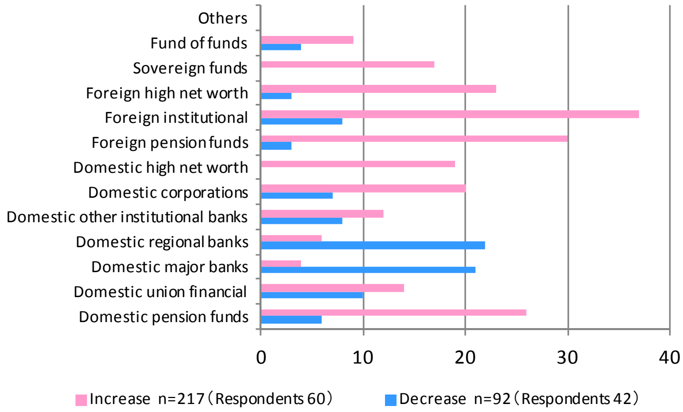


b. Increases and Decreases in Investment Volume by Investor Category

Of all the investor categories, those surveyed said that they expected *"Foreign Institutional Investors"* (37 votes) would increase their investment volume, followed by *"Foreign Pension Funds"* (30 votes), and *"Domestic Pension Funds"* (26 votes). The top two categories were overseas investors. However, the ratios of domestic investors and overseas investors across all categories were closely balanced at 49% and 51%, respectively.

On the other hand, *"Domestic Regional Banks"* and *"Domestic Major Banks"* were expected to decrease their investment volume. These received 22 and 21 votes, respectively. There were many managers who consider that due to the BIS Capital Adequacy Requirements, the investment volume by domestic banks was likely to decline, while the investment volume of pension funds, institutional investors, and high net worth individuals, regardless of whether they are domestic or foreign, was expected to grow in the future.

Fig.14 Expectation for Volume Change By Investor

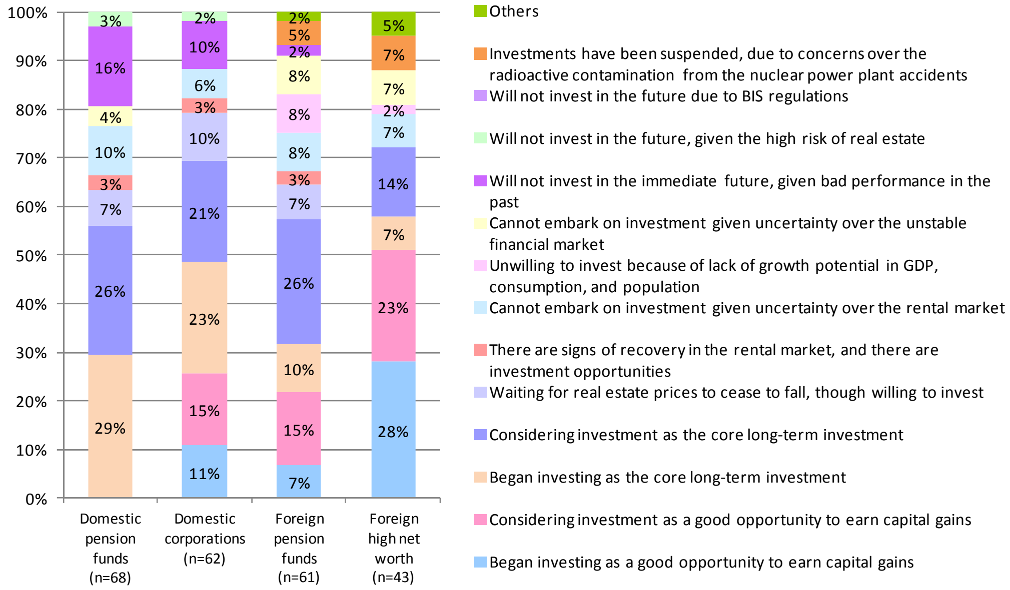


c. Investment Attitude of Equity Investors (by investor category)

For the Domestic Pension Funds category, 29% of managers chose the answer of "*Began investing as the core long-term investment*", this was a 19% increase from the July 2011 survey. Many managers think domestic investors intend to invest in commercial real estate as a core long-term investment. As for the Foreign High Net Worth category, a combined total of 51% of the managers chose the answers of *"Began investing / Considering investment as a good opportunity to earn capital gains"*, 28% and 23% respectively. In the Foreign Pension Funds, 36% of managers responded that their investment attitude was core long-term investment, and as many as 22% of managers responded that their attitude was to achieve capital gains, which was a response that no domestic pension funds made.

In the July 2011 survey, among the Foreign Pension Funds, an investment attitude of "*Investments have been suspended since the Great East Japan Earthquake*" accounted for 27%. However, in the January 2012 survey, just 5% of managers chose the answer of *"Investments have been suspended, due to concerns over the radioactive contamination from the nuclear power plant accidents"* among the Foreign Pension Funds .

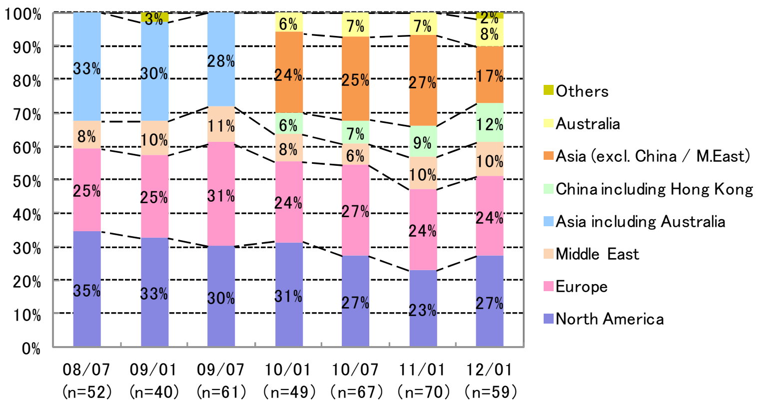
Fig.15 Investment Attitude of Equity Investors



d. Sources of Foreign Funds by Country or Region

The highest response rate was 27% (based on number of respondents) for investors from *"North America"* , followed by *"Europe"* at 24%. The ratio for *"Asia excluding China and Middle East"*, which was the highest response rate in the January 2011 survey, decreased to 17% from 27%. The share of responses for *"North America"* had been on a downward trend since the July 2008 survey, however, it slightly increased in this survey. The share of *"China including Hong Kong"* accounted for 12% and has been on an increasing trend since the January 2010 survey.

Fig.16 Sources of Foreign Funds by Country or Region



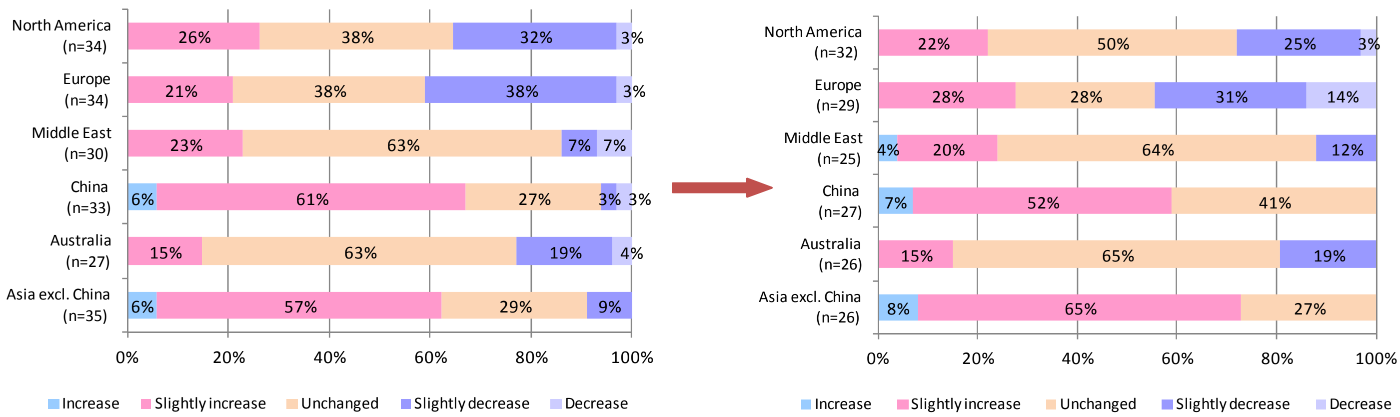
* Since the January 2010 survey, Asia-Pacific has been broken down into China, Middle East, Asia (excluding China and Middle East), and Australia.
* In the January 2011 survey, questions were asked separately for institutional investors and individual investors. The figures of 11/01 in Fig.16 shows the total of institutional and individual investors.

e. Expectation of Cash Inflow from Investors by Region

Managers' expectations of a cash inflow from foreign investors by region did not change noticeably in each region from the levels in the July 2011 survey. Excluding North America and Europe, there was no response of "*Decrease*." In particular, there was not even a response of "*Slightly decrease*" in China and the rest of Asia. These responses showed that many managers expected that inflows from investors in Asia would increase slightly.

Meanwhile, with respect to investments from investors in Europe, the share of "*Decrease*" rose to 14%, up from 3% in the July 2011 survey. This reflects the view that investments from European investors would fall in the wake of the European debt crisis.

Fig.17 Expectation of Cash Inflow from Foreign Investors By Region



～ Reasons for Foreign Investors Moving into / Not Investing in the Japanese Real Estate Market～

As for the reasons for investors moving into the Japanese real estate market, the most comon response (28 respondents) was "*Allocation as part of the global portfolio*", followed by "*The size of the real estate market is large.*" with 24 respondesnts, "*Relatively attractive due to the yield gap*" with 21 respondesnts. The top three reasons were the same as those in the July 2011 survey.

As for the reasons for investors not investing in Japan, the most common response (28 respondents) was "*Lack of growth potential in GDP, consumption, population, etc.*", followed by "*Lack of attractive investment opportunities*" and "*Few opportunities in the market to invest in suitable properties*" with 20 respondents each. The most frequent answer in the July 2011 survey was the same as this survey, "*Lack of growth potential in GDP, consumption, population, etc.*" with 31 respondents, followed by "*Inability to promptly end nuclear power plant problems*" with 24 respondents. In the January 2012 survey, the number of respondents who answered "*Concerns over radioactive contamination from accidents in the nuclear power plant* " was limited to 11, apparently indicating an alleviation of the impact of the earthquake and the nuclear power plant accidents on the mindset of foreign investors.

Fig.18 Reasons for foreign investors investing in Japan

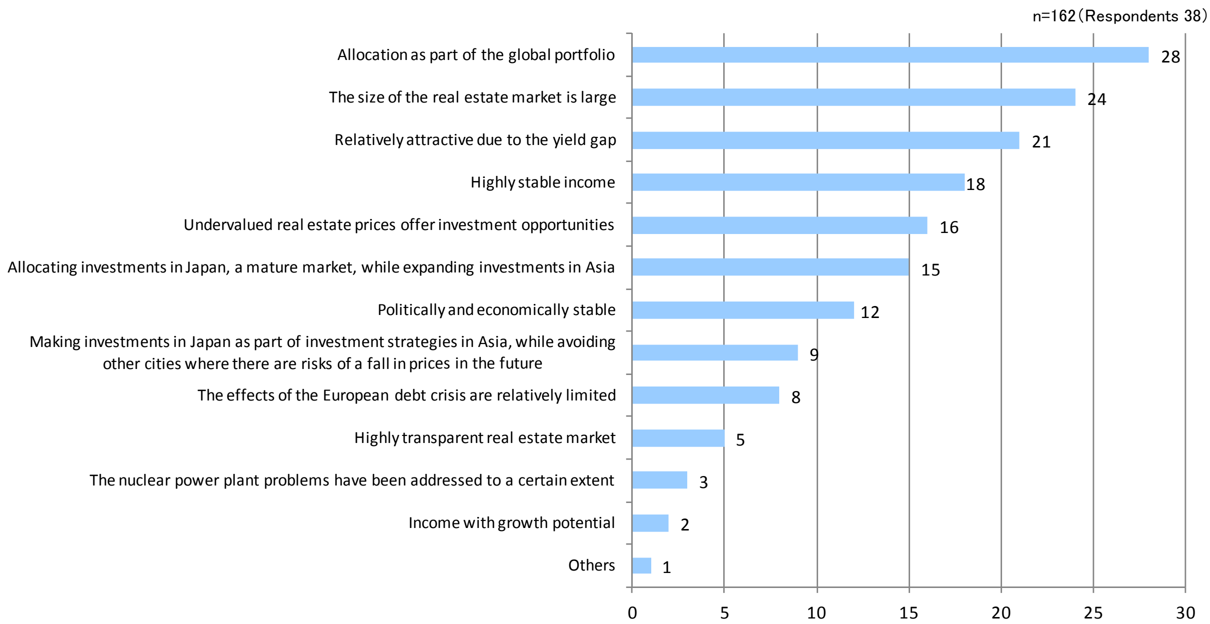
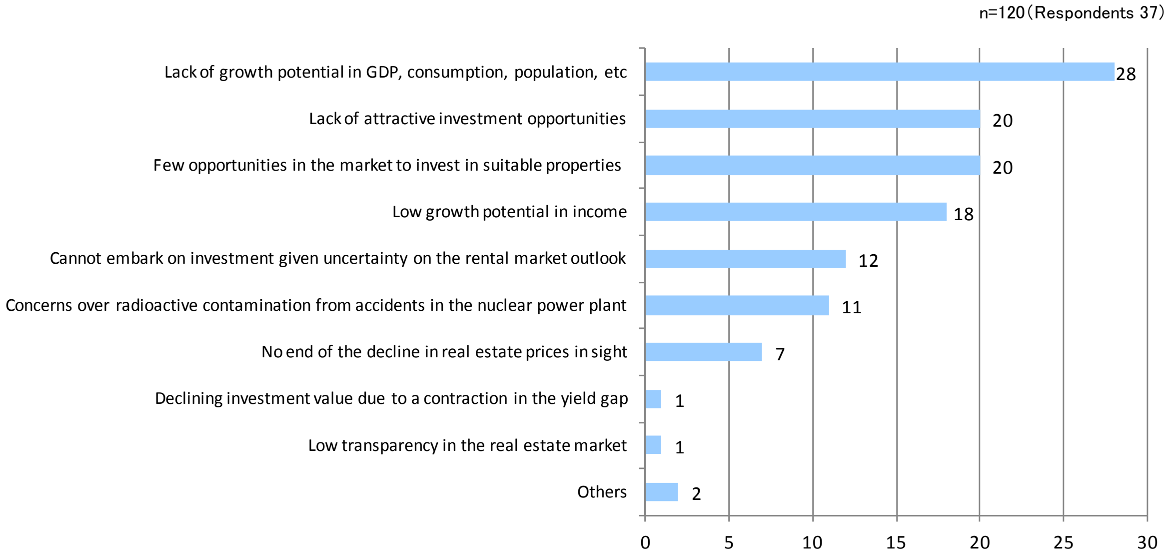


Fig.19 Reasons for foreign investors not investing in Japan



5)Circumstances for Acquisition and Sale of Properties

With respect to the acquisition of properties the most common response (42% of respondents) was "*Sought acquisition opportunities but did not agree on prices*", followed by 33% for "*Acquired*". In the July 2011 survey, each of them was 40% and 37% respectively, the situation remained mostly unchanged. Though circumstances for acquisition remained difficult because of the gap between expected acquisition and sales prices, a third of respondents acquired properties after the earthquake.

With respect to the disposition of properties, 47% of respondents answered "*Slightly Improved*", which increased from 33% in the July 2011 survey. Meanwhile, "*Unchanged*" decreased to 39% from 48%, and "*Improved significantly*" accounted for 5%, suggesting that they see signs of improvement.

Fig.20 Circumstances for Acquisition

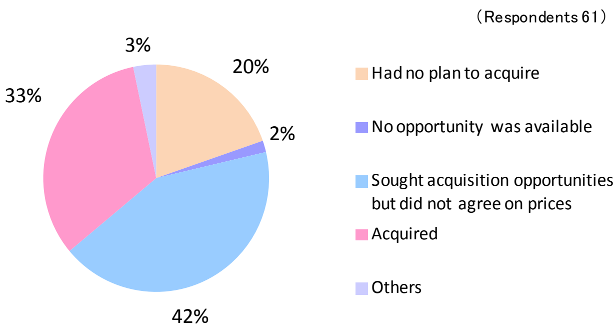
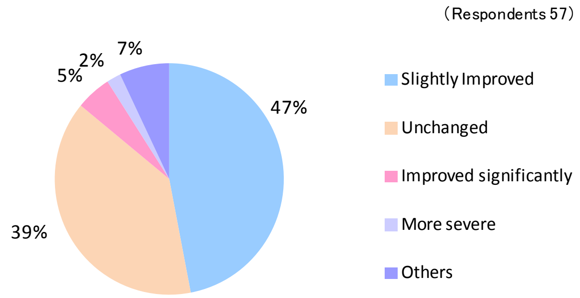


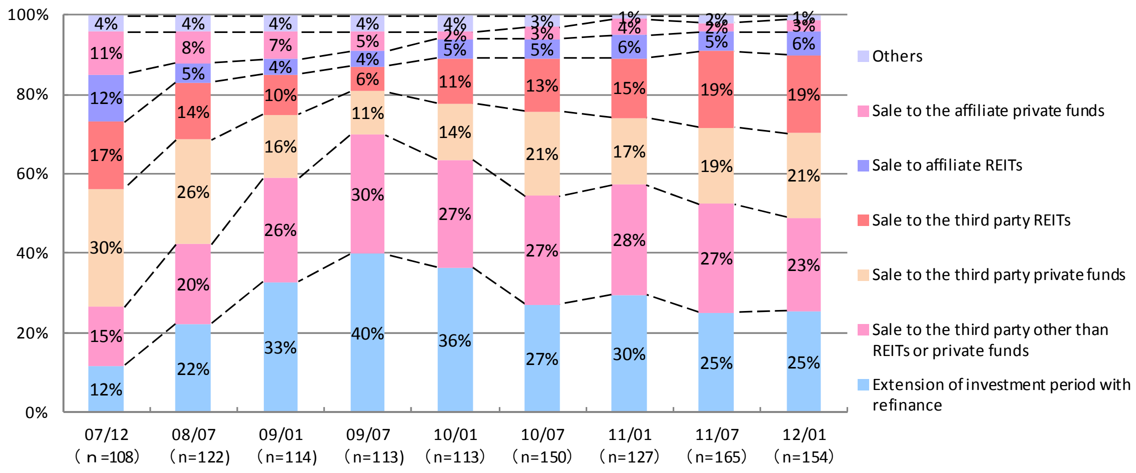
Fig.21 Circumstances for Sale



6) Exit Strategies

With respect to the exit options available over the next one year, the largest share of 25% (unchanged from the July 2011 survey) chose "*Extension of investment period with refinance*", which follows the general downward trend since the January 2010 survey. The second largest share (23% of respondents) was "*Sale to the third party other than REITs or private funds*", falling from 27% in the July 2011 survey. These results showed that, in light of an ongoing improvement in the appetite of funds and REITs for acquiring properties, the exit strategies of funds appear to have been gradually shifting from the extension of the investment period with refinance and the sale to general business companies to sale to third-party REITs and sale to third-party private funds.

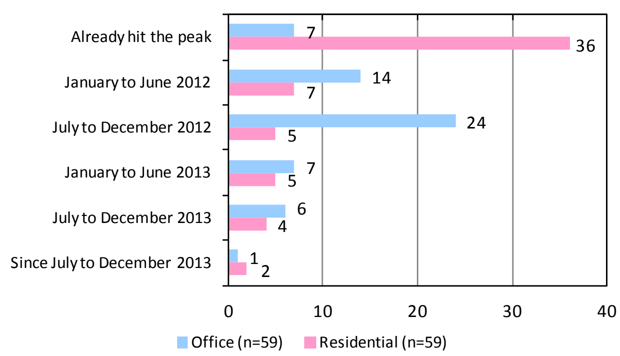
Fig.22 Exit Options Available Over the Next One Year



2. Outlook for the Market and Management

1) The Bottoming out of Rents

Fig. 23: The Bottoming out of Rents



A large number of managers believed that the timing of the bottoming out of office rents would be in 2012, with 24 managers expecting it to be the period from "*July-December 2012*" and 14 managers expecting it to be the period from "*January-June 2012*". In the January 2011 survey the most frequent answer was "*July-December 2011*" with 26 respondents and in the July 2011 survey "*January-June 2012*" had 24 respondents. This indicates that due to the effects of the Great East Japan Earthquake, European debt problems and other factors, the expected timing for the bottoming-out of office rents has been put forward by six months in each survey.

Regarding the bottoming-out of rents in the residential sector, 36 respondents, expected that "*rents had already begun bottoming out in 2011*," These results suggested that a majority of managers believed that rents had already bottomed out in 2011.

2)Environment and Forecast for Real Estate Transactions

Responding to a question on how the transaction environemnt in the July to December 2011 period changed compared with the January to June 2011 period, the largest share of 47% chose "*Remain Unchanged*". Meanwhile, "*Slightly Increase*" accounted for 37%, suggesting that the transaction environment is on the road to recovery.

For transactions by J-REITs, compared to the July 2011 survey, the share of those who answered that transactions would "*Remain Unchanged*" increased to 19% from 9%, while those who chose "*Starting to increase*" declined to 19% from 29%. As for the transactions by privately placed funds, compared to the July 2011 survey, the share of those who answered that transactions would "*Remain Unchanged*" decreased to 22% from 35%, while those who chose "*Slightly increase*" went up to 36% from 28%, and those of "*Continues to increase*" went up to 13% from 7%. From the last two surveys it is apparent that many managers expected that investment transactions by J-REITs would pick up first, and investment transactions by private funds would rise from 2012.

Fig.24 Transactions by privately placed funds

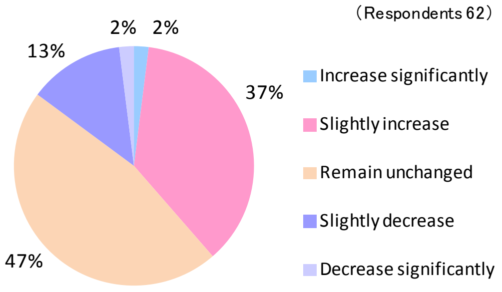
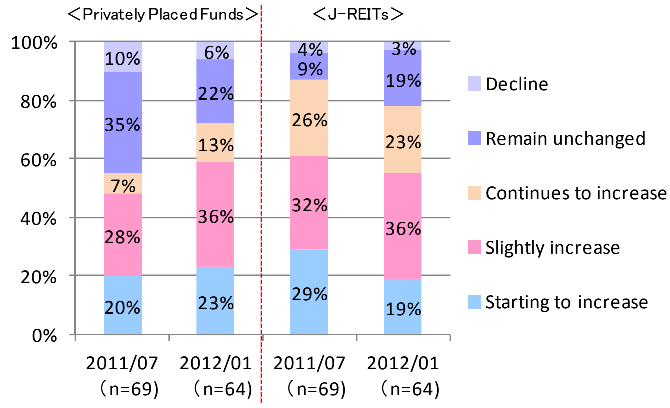


Fig.25 Transactions by privately placed funds and J-REITs



3) Investment Strategies of Managers ～Target Sectors and Areas～

* Multiple answers to questionnaires were allowed in this survey item.
The figures represent the ratios of answers against the total number of answers.

With respect to the target property types, compared to the July 2011 survey, the share of "*Office*" remains unchanged, while those of "*Residential* "decreased, and those of "*Retail*" increased. The share of "*Retail*" has continuously increased since the January 2011 survey, and has exceeded those of "*Residential*" in this survey.

In terms of target area, since the July 2011 survey, the share of the "*Tokyo central 5 wards*" has remained almost unchanged at 43%. Meanwhile, the share of "*Tokyo 23 wards*" has increased, and the combined total of "*Tokyo central 5 wards*" and "*Tokyo 23 wards*" exceeds 70% in this survey.

As a result of the earthquake, the managers reduced their focus on the Tokyo wards (excluding the central five wards). This was due to the recognition of the risk of concentrating investments in the central Tokyo area. However, this trend appears to have eased and the concentration in Tokyo has almost returned to the pre-earthquake level.

Fig.26 Target Property Types

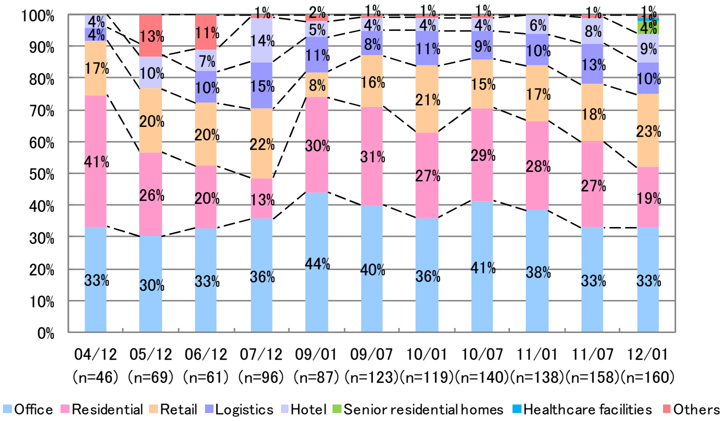
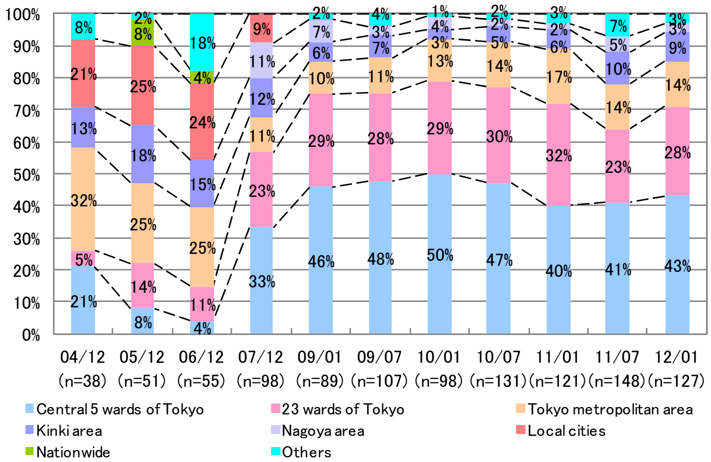


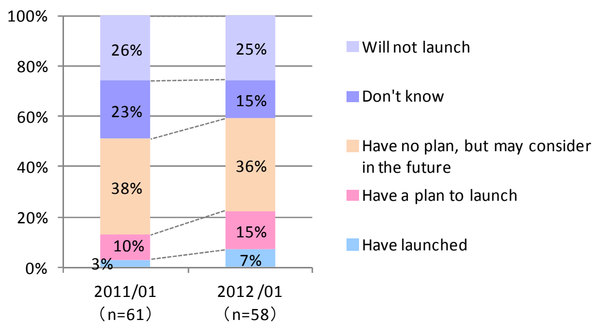
Fig.27 Target Areas



4) Managers' Involvement with Open-ended Funds

The largest share, with 36% of respondents, answered that they *"Have no plan, but may consider in the future"* to launch open-ended funds. The next largest share of 25% answered that they *"Will not launch"*. The share of "*Have launched*" and "*Have a plan to launch*" was 7% and 15% respectively, which increased from 3% and 10% respectively in the January 2011 survey. An increasing

Fig.28 Managers' involvement with Open-ended Funds

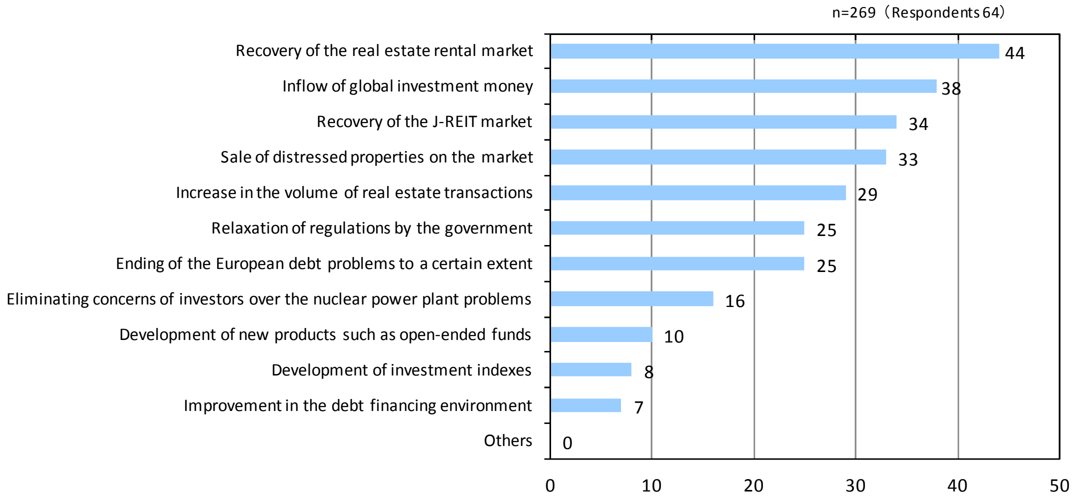


number of managers have shown interest in open-ended funds, and the number of managers who have actually launched open-ended finds has started to rise.

5) Important Factors Necessary for Improvement

With respect to important factors necessary for the recovery of the privately placed funds market, the largest share, 44 respondents, answered "*Recovery of the real estate rental market*", this was followed by "*Inflow of global investment money*" with 38 respondents, and "*Recovery of the J-REITs market*" with 34 respondents. In the July 2011 survey, the answer, "*Ending of the nuclear power plant problems to a certain extent*" was the second-most common answer. In the January 2012 survey, an insignificant number of managers picked the answer of "*Eliminating concerns of investors over the nuclear power plant problems*". This showed that concerns over the nuclear power plant problems have eased considerably.

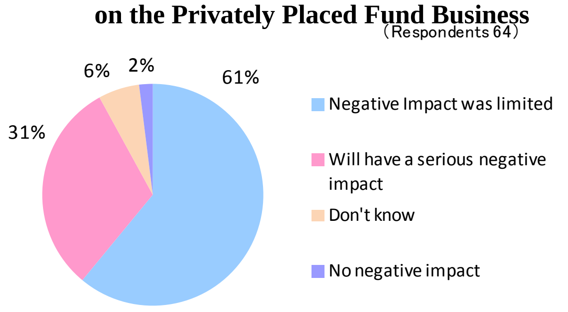
Fig.29 Important Factors Necessary for Improvement



6) The Negative Impact of the EU Debt Crisis

Responding to a questionnaire about the extent of the negative impact of the prolonged and deepened European debt problems on the private fund business in the future, 61% of managers answered that the "*Negative Impact was limited,*" and 31% answered "*Will have a serious negative impact.*"

Fig.30 The Negative Impact of the EU Debt Crisis on the Privately Placed Fund Business



***Please note the figures described in the following paragraph (figure 31 and 32) represent the ratios of answers against the respondents.**

As for the reasons for answering "*Will have a serious negative impact*", 75% of respondents chose "*A decline in global investment money*", while 60% of respondents chose "*A deterioration in the lending attitude of financial institutions*" and "*A negative impact on the rental market from the stagnant domestic economy*". Meanwhile, as the reasons for "*Negative impact was limited*" and "*No negative impact*", 62.5% of respondents chose "*The lending attitude of domestic financial institutions will not change significantly*", and 57.5% of respondents chose "*Global investment inflows into Japan can be expected given its relative stability compared with Western countries, which face an uncertain economic situation, and other cities in Asia which are at risk of a fall in prices in the future*".

When these questionnaires were answered (at the end of January 2012), the agreement among European nations had not been concluded for the second support package for Greece. Even so, the number of managers who believed the negative impact would be limited was significantly larger than those who believed it would be severe.

Many investment managers think that the impact of the current turmoil is not entirely negative due to the favourable debt financing in Japan and the relative stability of the Japanese real estate market.

Fig.31 Reasons for "Have a serious negative impact"

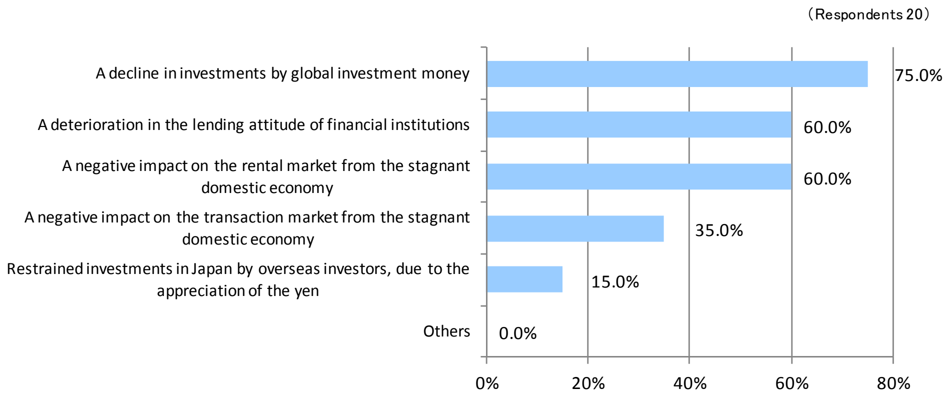
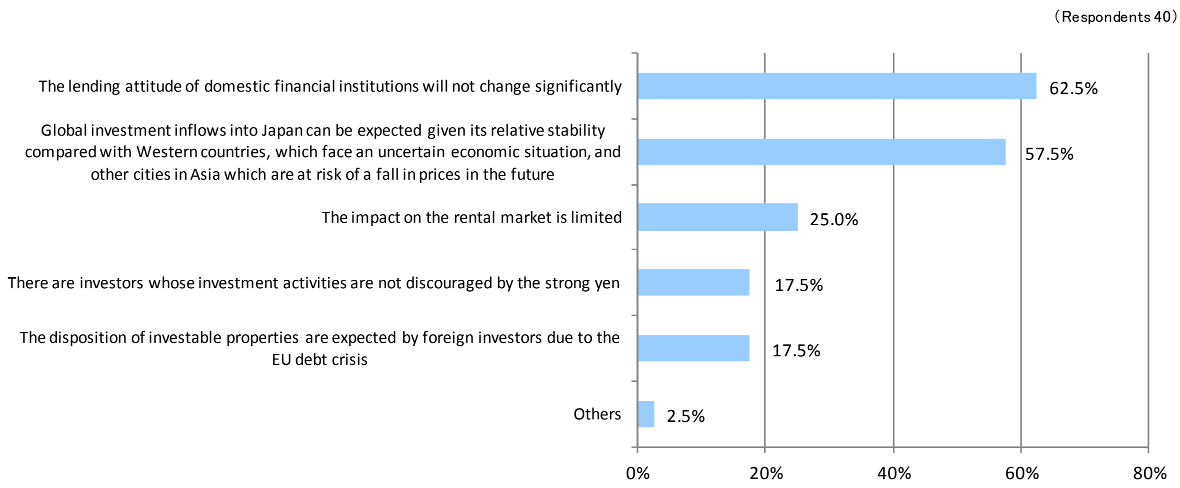


Fig.32 Reasons for "Negative Impact was limited" and "No negative impact"



7) Fund Managers' Involvement in the Overseas Real Estate Management Business

With respect to the question of fund managers' involvement in the overseas real estate management business , 42% of managers said that they had "*No plans now or in the future*", which decreased from 61% in the July 2011 survey. On the other hand, the share for "*Currently considering*" increased to 34% from 24%, and those for "*Have already launched*" increased to 19% from 12%. These results showed that the number of managers who were considering developing an overseas real estate management business had increased over the preceeding six months.

As for targeted countries, the highest response rate of 54.8% (the ratio of answers against respondents) was for "*China*" , followed by "*Singapore*" and "*The United States*" with 38.7% each, and "*The United Kingdom*" with 25.8%. The share for "*The United States*" increased to 38.7% from the 33.3% in the July 2011 survey.

"*China*" and "*Singapore*" were also ranked as the first and second favorite countries respectively in the July 2011 survey. This reflects managers' strong interest in the Asian region, where the economy is likely to continue to grow.

Fig.33 Fund Managers' Involvement in the Overseas Real Estate Management Business

【Jul 2011 Survey】 【Jan 2012 Survey】

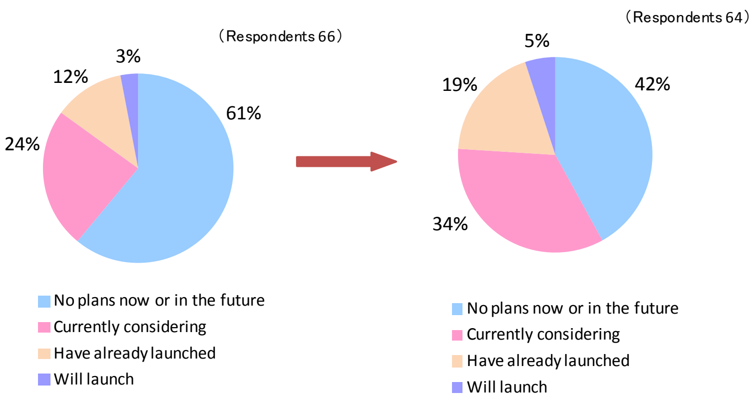
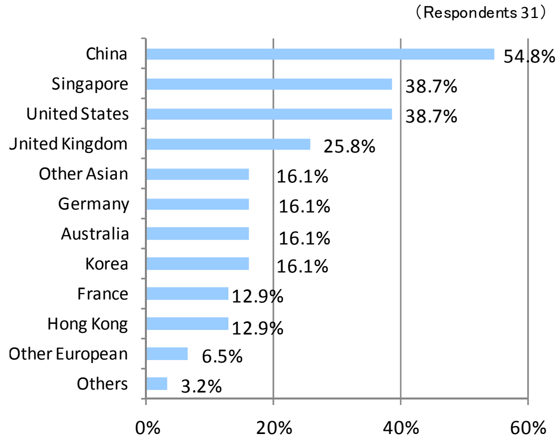


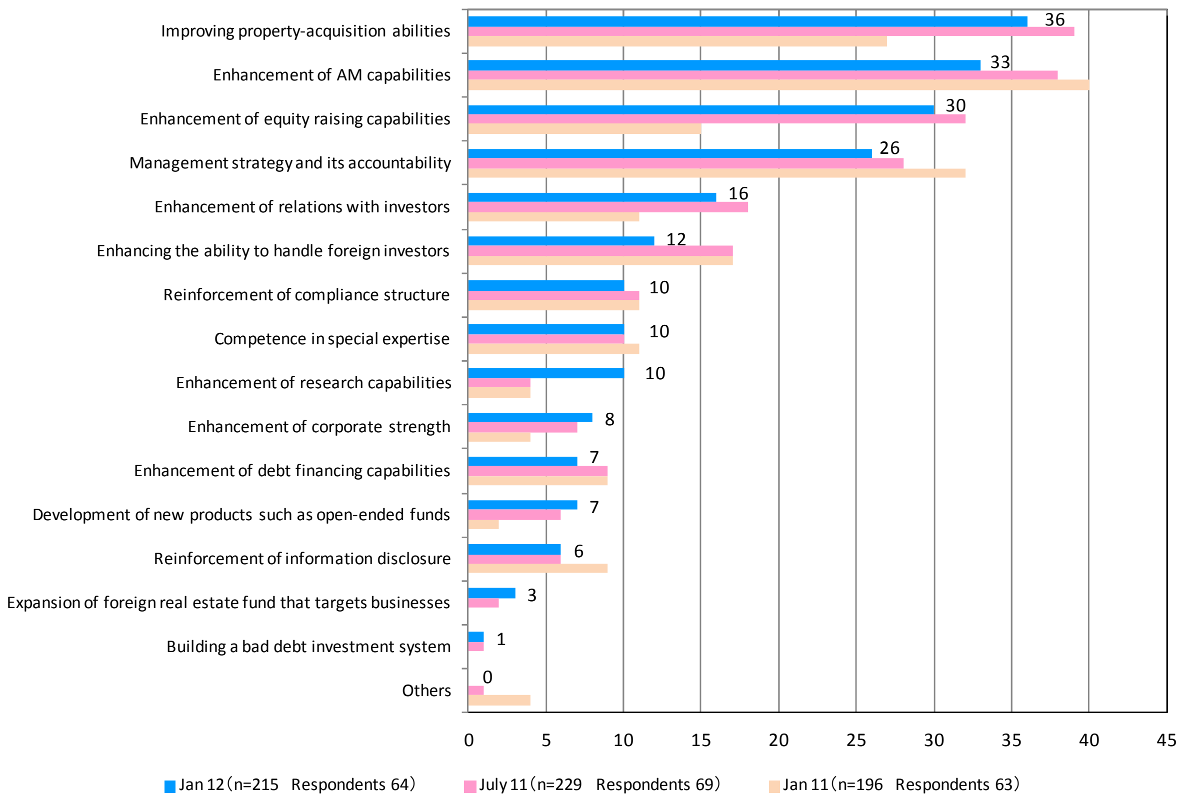
Fig.34 Target countries



8) Managers' Requirements for Future Growth and Sustainability of their Businesses

The most common answer to the question regarding requirements for the future growth and sustainability of their businesses was "*Improving property-acquisition abilities*", followed by "*Enhancement of AM capabilities*" and "*Enhancement of equity raising capabilities*". The six most common answers were the same as those reported in the July 2011 survey. Although both investors' appetite and the transaction situation showed a slight improvement in the January 2012 survey, compared with the levels in the July 2011 survey, the results showed that there were still difficulties in acquiring investable properties and raising equity. Meanwhile, the answer of "*Enhancement of research capabilities*," was chosen by ten managers, which was an increase from the previous survey, although still low. However, this increase indicates that an increasing number of managers are more conscious of the importance of research activities such as collecting and analyzing pertinent information.

Fig.35 Requirements for Sustainability and Growth of Managers



Definitions of Terms

The definitions of terms used in this report are as follows;

Privately placed real estate fund :	The privately placed real estate fund is a structure under which investors' funds are managed by professional investment managers. In this report, commingled funds that are designed for multiple investors, and separate accounts, investment programs for single investors are both categorized as privately placed funds. This does not include products governed by the Act Concerning Designated Real Estate Joint Enterprises.
Fixed property type :	A type of fund in which properties to be invested have been identified at the launch of the fund
Additional acquisition type :	A type of fund in which certain percentage of properties to be invested have been identified at the launch of the fund, leaving additional investments after the launch usually at the discretion of manager subject to pre-determined investment guidelines
Discretionary investment type :	A type of fund in which the properties to be invested have not been identified at the launch of the fund, and properties are acquired after the launch at the discretion of a manager subject to pre-determined investment guidelines; Also called a blind pool type
Closed-ended fund :	This refers to privately placed real estate funds with stipulations on the management period.
Open-ended fund :	This refers to privately placed real estate funds without stipulations on the management period. The system enables participation, cancellation and reimbursement for a certain period. The value of the holding is calculated based on the appraisal value at the time.
＜Management Style＞	
Core style :	An investment style in which stable long-term investments are envisaged by investing in sound properties generating steady income flows.
Opportunity style :	An investment style in which high-risk high-return investments are contemplated, such as investments in currently unstable properties seeking for a large capital gain by increasing value with improvement of asset and/or management, by betting on the market cycle, or by employing a large discount power for bulk transactions. Opportunity style may exploit various opportunities, such as investment in development type projects and corporate stocks.
Value-added style :	An investment style that lies between Core and Opportunity, and aiming at both income gains and capital gains.
Development style :	An investment style that specializes in achieving development gains.
＜Investment Area＞	
Tokyo Metropolitan Area :	Tokyo excluding 23 Wards, Kanagawa, Saitama, and Chiba Prefecture
Kinki Area :	Osaka, Kyoto, Hyogo, Nara, Wakayama, and Shiga Prefecture
Nagoya Area :	Aichi, Gifu, and Mie Prefecture
LTV（Loan To Value）:	The Loan to Value (LTV) ratio is a ratio of debt against asset value. Asset value represents the appraisal value, actual acquisition price, or total investment cost for acquisition.
IRR (Gross) :	The internal Rate of Return (IRR) is the discount rate that makes the present value of future cash flow of an investment equal to its current value of the investment.

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https://www.smtri.jp/english/contact/form-private/private_fund.html

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