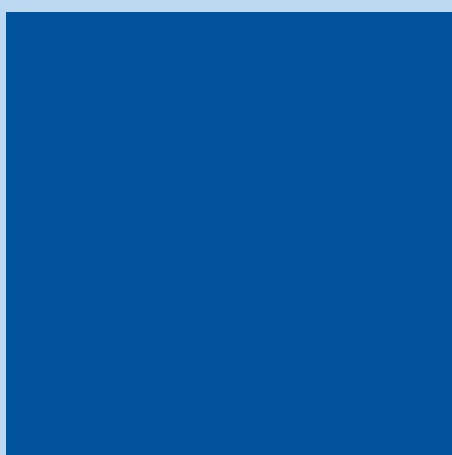


BUSINESS PLAN 2013 – 2015



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INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. Our aim is to improve the accessibility of non-listed real estate funds for institutional investors by promoting greater transparency, accessibility, professionalism and standards of best practice.

As a pan European body, INREV represents an excellent platform for the sharing and dissemination of knowledge on the non-listed real estate funds market.

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CONTENTS

1	INTRODUCTION	PAGE 05
2	PRIORITIES FOR 2013 AND STRATEGIC GOALS 2013 – 2015	PAGE 07
3	ACTION POINTS FOR 2013	PAGE 11
4	MARKET TRENDS	PAGE 19
5	REVIEW OF PROGRESS 2012	PAGE 23

1

The Business Plan
is an important tool to
guide INREV's actions
in 2013.

INTRODUCTION

We are proud to present to INREV's Business Plan for 2013 – 2015.

Our annual Business Plan is an important tool to guide and channel INREV's actions throughout the year, both within the INREV office as well as for committees and working groups. This Business Plan is the result of steps taken over the past few months to capture input from key contributors and members. This includes:

- INREV Management Board Strategy Meeting, November 2012.
- Senior INREV Staff Strategy Meeting, November 2012.
- Member feedback gained at events and in over 80 individual meetings conducted in 2012 by the INREV Management Team.

Market trends and member input form an integral part of the Business Plan, as both aspects influence INREV's focus and strategy. Therefore, we have also included an analysis of market trends relevant to non-listed real estate and their investors. Our recently published Investment Intentions Survey 2013, which gauges members' views on trends in the non-listed property funds industry for the following year, was a good source for this.

Therefore, this Business Plan uses key market trends and member input to help set clear objectives for the next three years as well as detailed targets for INREV's work in 2013.

2

INREV's mission statement is the starting point for our goals and priorities.

PRIORITIES FOR 2013 AND STRATEGIC GOALS 2013 – 2015

Each year INREV sets priorities to drive our activities for the coming year. This year's priorities are set out below:

INREV's priorities 2013

1. To maintain INREV's leading position in the non-listed real estate investment industry in Europe and to ensure INREV attracts and retains key participants.
2. To further expand an interregional research programme and promote global standardisation and best practice.
3. To broaden INREV's remit to cover an expanded range of non-listed products for investing in real estate, with a special focus on debt funds, joint ventures, separate accounts and club deals.
4. To promote non-listed real estate as an established and transparent way for investors to gain exposure to real estate.

We have developed strategic goals to be achieved over the period 2013-2015. These take into account market developments and the changing demands of our members.

They also reflect the main priorities of our mission statement which are:

- To further transparency and accessibility.
- To promote professionalism and best practices.
- To share and spread knowledge.
- To champion the European non-listed real estate investment industry globally.

Below are the strategic goals for 2013 – 2015.

STRATEGIC GOAL 1

TO BE THE VOICE OF THE NON-LISTED REAL ESTATE INVESTMENT INDUSTRY IN EUROPE

- To be recognised by European regulators, policy makers and supervisors as the authoritative source of the highest quality information.
- To actively engage with the above mentioned stakeholders to promote the interests of the industry through participating in activities such as public consultations, submitting position papers and building and maintaining personal contacts.
- To increase awareness and knowledge of non-listed real estate in the wider investment market together with maintaining a high media profile and providing sound judgement on all matters impacting the industry.

STRATEGIC GOAL 2

TO STRENGTHEN OUR POSITION AS THE LEADING INFORMATION AND RESEARCH SOURCE ON THE EUROPEAN NON-LISTED REAL ESTATE INVESTMENT INDUSTRY GLOBALLY

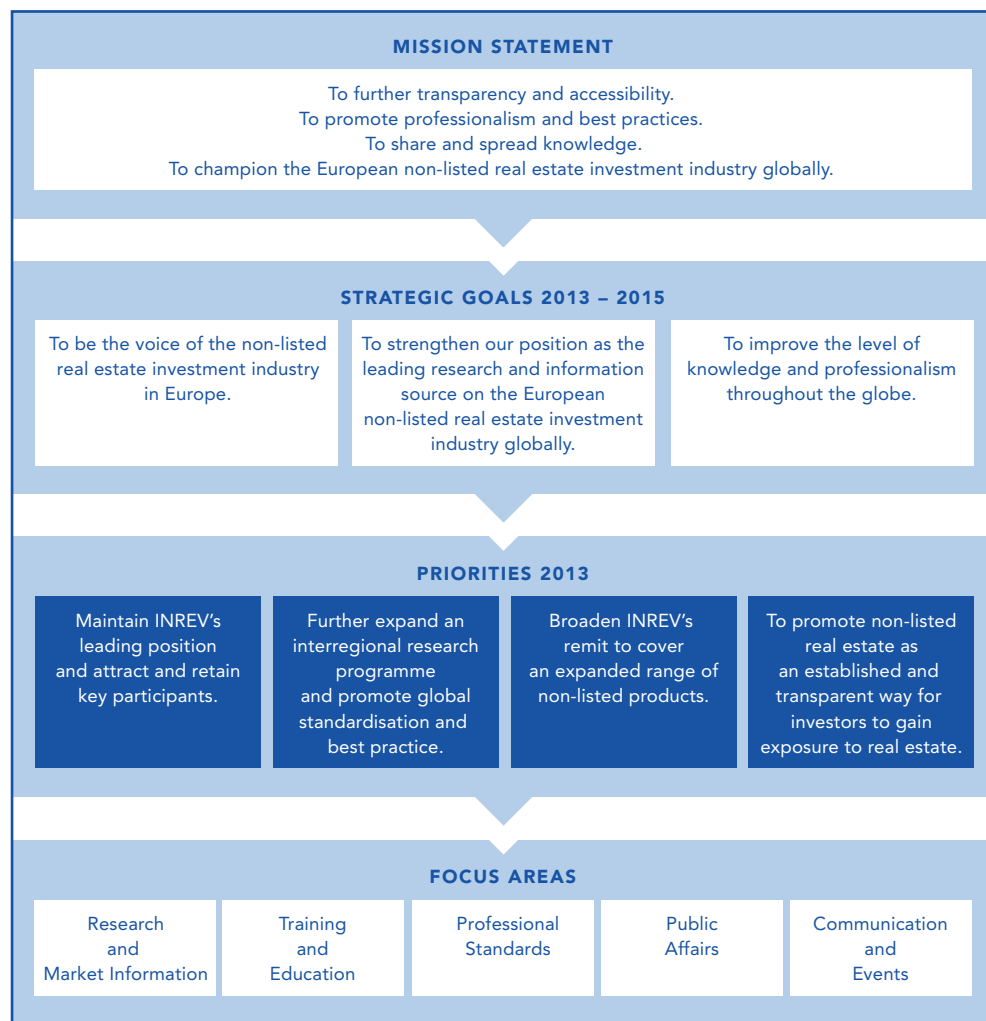
- To support investors flow of capital to European non-listed investment globally by demonstrating the benefits of adding non-listed real estate to the portfolios of institutional investors.
- To provide members with accessible high quality, relevant, timely and consistent data.
- To provide members with leading, value added research.
- To maintain an effective public relations programme within the industry and the wider investment community.

STRATEGIC GOAL 3

TO IMPROVE THE LEVEL OF KNOWLEDGE AND PROFESSIONALISM WITHIN THE INDUSTRY THROUGHOUT THE GLOBE

- To further expand and promote the relevance of the INREV Guidelines in the current market conditions.
- To provide members with guidance on the development and implementation of relevant regulatory frameworks.
- To organise high quality events for the general INREV membership as well as defined membership groups and other stakeholders.
- To promote understanding of the non-listed real estate market through a high quality training and education as well as an investor outreach programme.

In order to realise the mission statement, INREV has adopted three strategic goals, which are further developed into more specific priorities that are then implemented in each of our major focus areas. The connection between Mission Statement, Strategic Goals 2013 – 2015 and the Priorities for 2013 are shown in the figure on page 09.



3

Action points ensure delivery from our five focus areas.

ACTION POINTS FOR 2013

This section sets out action points for 2013 for each of INREV's five focus areas.

RESEARCH AND MARKET INFORMATION

GOALS

TO IMPLEMENT A RESEARCH AND MARKET INFORMATION PROGRAMME THAT:

- Strengthens the position of INREV as the leading research and information source on the non-listed real estate industry in Europe.
- Provides members with accessible, high quality, reliable and consistent research and market information on non-listed real estate in its broadest sense.
- Supports INREV's other focus areas such as professional standards, training, events and public affairs.

IMPLEMENTATION

TO MAINTAIN INREV'S LEADING POSITION IN THE NON-LISTED REAL ESTATE INVESTMENT INDUSTRY IN EUROPE AND TO ENSURE INREV ATTRACTS AND RETAINS KEY PARTICIPANTS, WE WILL:

- Continue to produce topical research reports of the highest quality.
- Launch new online tools giving members user-friendly access to the INREV Index and Vehicles Universe database.
- Improve awareness and take up of the INREV Index by publishing a handbook that describes input criteria and methodology.
- Investigate a common approach for decomposing returns of non-listed real estate funds down to an aggregate asset level in order to support a better understanding of the drivers of fund performance.

TO FURTHER EXPAND AN INTERREGIONAL RESEARCH PROGRAMME, AND PROMOTE GLOBAL STANDARDISATION AND BEST PRACTICE, WE WILL:

- Launch the initial results of the Global Fund Index including the development of a business plan to ensure long-term success.
- Deliver selected research projects on an interregional level such as the Fund Manager Survey, the Investment Intentions Survey and the Management Fees and Terms Study.
- Support the Asian non-listed real estate industry by calculating the ANREV Index and documenting the input criteria and methodology.

TO BROADEN INREV'S REMIT TO COVER AN EXPANDED RANGE OF NON-LISTED PRODUCTS FOR INVESTING IN REAL ESTATE WITH A SPECIAL FOCUS ON DEBT FUNDS, JOINT VENTURES, SEPARATE ACCOUNTS AND CLUB DEALS, WE WILL:

- Collect information and subsequently launch a database for non-listed real estate debt funds.
- Collect information on club deals, joint ventures and separate accounts and include these in the INREV Vehicles Universe database.
- Launch an INREV opportunity fund index as well as an internal rate of return (IRR) vintage year fund index for closed end funds.

TO PROMOTE NON-LISTED REAL ESTATE AS AN ESTABLISHED AND TRANSPARENT WAY FOR INVESTORS TO GAIN EXPOSURE TO REAL ESTATE, WE WILL:

- Publish an in-depth report on the benefits and drawbacks of non-listed real estate funds.
- Publish a research report on the drivers of fund performance.
- To compare the cost of investing via non-listed real estate with other routes include the new Total Expense Ratio (TER) in the Management Fees and Terms Study.

PROFESSIONAL STANDARDS

GOALS

TO IMPLEMENT A PROFESSIONAL STANDARDS PROGRAMME THAT:

- Advances knowledge and professionalism within the industry.
- Ensures the relevance of the INREV Guidelines by reflecting current market practice.
- Stimulates and facilitates the implementation and adoption of the INREV Guidelines and other INREV standards by the industry globally.

IMPLEMENTATION

TO MAINTAIN INREV'S LEADING POSITION IN THE NON-LISTED REAL ESTATE INVESTMENT INDUSTRY IN EUROPE AND TO ENSURE INREV ATTRACTS AND RETAINS KEY PARTICIPANTS, WE WILL:

- Promote the INREV Guidelines and Standards at industry events, not limited to the non-listed sector, and ensure they form an integral part of INREV's communication strategy.
- Increase knowledge of sustainability through research on reporting and best practice for non-listed property funds in cooperation with the Global Real Estate Sustainability Benchmark (GRESB).
- Support specific member interests, such as those of tax specialists, by facilitating expert roundtable discussions.
- Publish snapshot reports on current topics from the different Professional Standards committees.

TO FURTHER EXPAND AN INTERREGIONAL RESEARCH PROGRAMME, AND PROMOTE GLOBAL STANDARDISATION AND BEST PRACTICE, WE WILL:

- Promote the INREV Standard Data Delivery Sheet (SDDS) within Europe and continue the dialogue with fellow industry associations NCREIF, REIS/PREA and ANREV to broaden the implementation in the Americas and Asia.
- Increase user-friendliness of the different Professional Standards online tools such as the Tax and Regulatory, Corporate Governance Self-assessment and Guidelines tools and promote awareness.
- Revisit the annual INREV Review of Reporting Best Practice to reflect the increasing use of quarterly and semi-annually reporting.
- Revise and update the INREV Guidelines by reviewing main areas such as INREV fee metrics, valuation, INREV Net Asset Value (NAV) and performance measurement.
- Foster worldwide industry co-ordination to increase global standardisation and compatible guidelines for non-listed products.

TO BROADEN INREV'S REMIT TO COVER AN EXPANDED RANGE OF NON-LISTED PRODUCTS FOR INVESTING IN REAL ESTATE WITH A SPECIAL FOCUS ON DEBT FUNDS, JOINT VENTURES, SEPARATE ACCOUNTS AND CLUB DEALS, WE WILL:

- Expand the INREV Guidelines to cover the growing range of non-listed products.
- Complete the review of the INREV Due Diligence Questionnaire including widening its coverage from non-listed property funds to include debt funds, among others.

TO PROMOTE NON-LISTED REAL ESTATE AS AN ESTABLISHED AND TRANSPARENT WAY FOR INVESTORS TO GAIN EXPOSURE TO REAL ESTATE, WE WILL:

- Promote the benefits of guidelines and standards for an efficient and transparent non-listed real estate industry.
- Publish topical articles on different aspects of Professional Standards to demonstrate a maturing non-listed real estate industry.

TRAINING AND EDUCATION

GOALS

TO IMPLEMENT A TRAINING AND EDUCATION PROGRAMME THAT:

- Enhances and improves professionalism and the level of knowledge within the non-listed real estate industry by covering both topics of long-term relevance as well as those that reflect current developments, and which are to be delivered in a variety of educational formats.
- Reflects the importance of existing and upcoming regulations to enable members to understand and adapt to the new regulatory landscape.
- Guarantees continuing education support is provided to staff at all levels for INREV members.
- Remains accessible to the majority of INREV members irrespective of their domicile.

IMPLEMENTATION

TO MAINTAIN INREV'S LEADING POSITION IN THE NON-LISTED REAL ESTATE INVESTMENT INDUSTRY IN EUROPE AND TO ENSURE INREV ATTRACTS AND RETAINS KEY PARTICIPANTS, WE WILL:

- Offer 11 one-day training courses and 2 two-day courses in accessible locations to enable time and cost-efficient attendance.
- Offer four Link and Learn events across Europe to Young Professional members
- Offer at least eight webinars within an interactive environment.
- Update the content and coverage of the courses to ensure they address the latest industry developments, with a special focus on Risk Management and Investor Relations.
- Actively engage with the human resources departments of INREV members to ensure that the programme meets the educational and professional development needs of their staff.

TO FURTHER EXPAND AN INTERREGIONAL RESEARCH PROGRAMME, AND PROMOTE GLOBAL STANDARDISATION AND BEST PRACTICE, WE WILL:

- Offer updates on the Global Fund Index through a webinar.
- Compare INREV and North American standards and best practices in a training course to take place in the US.

TO BROADEN INREV'S REMIT TO COVER AN EXPANDED RANGE OF NON-LISTED PRODUCTS FOR INVESTING IN REAL ESTATE WITH A SPECIAL FOCUS ON DEBT FUNDS, JOINT VENTURES, SEPARATE ACCOUNTS AND CLUB DEALS, WE WILL:

- Include joint ventures and club deals in the Fund Structuring course.
- Explore the need for a full one-day training course on debt funds.

TO PROMOTE NON-LISTED REAL ESTATE AS AN ESTABLISHED AND TRANSPARENT WAY FOR INVESTORS TO GAIN EXPOSURE TO REAL ESTATE, WE WILL:

- Offer a one-day training course in North America on the fundamentals of non-listed real estate fund investment.
- Promote the INREV education programme to non-members through social media and the press, and cooperate with other industry associations.
- Cover and highlight the benefits of non-listed property fund investment in the training programme through the Portfolio Construction and Foundation courses, and a webinar on the importance of real estate in the global economy.

PUBLIC AFFAIRS

GOALS

TO IMPLEMENT A PUBLIC AFFAIRS PROGRAMME THAT:

- Ensures European regulators, policy makers and supervisors are aware of the contribution and importance of the non-listed real estate industry to economic activity, investment and job creation in Europe.
- Makes certain these stakeholders know INREV and the professional standards, research and market information INREV produces, and that they value the sound, evidence-based arguments INREV uses in its participation in regulatory policy making.
- Actively engages with these stakeholders to promote the interests of the industry by participating in public consultations, drafting position papers and developing personal contacts with key policy makers, leveraging on a local presence in Brussels.
- Provides members with accessible high quality, relevant, timely and consistent information related to regulatory initiatives and their impacts.

IMPLEMENTATION

TO MAINTAIN INREV'S LEADING POSITION IN THE NON-LISTED REAL ESTATE INVESTMENT INDUSTRY IN EUROPE AND TO ENSURE INREV ATTRACTS AND RETAINS KEY PARTICIPANTS, WE WILL:

- Leverage on our presence in Brussels by furthering policy makers' awareness of INREV and the non-listed real estate industry and representing members' interests in formal and informal interactions related to Solvency II, Institutions for Occupational Retirement Provision (IORP) Directive, Alternative Investments Fund Managers Directive (AIFMD), sustainability-related measures and other relevant regulatory initiatives by participating in public discussions, submitting position papers and engaging with key policy makers.
- Provide members with comprehensive and authoritative information related to regulatory initiatives affecting non-listed real estate and its impact through training courses, webinars, articles, snapshots, roundtables, conferences, presentations and personal interaction.
- Work together with the research team to provide members with high quality research related to regulatory initiatives and to develop a matrix of information to support calculation of property risk for Solvency II and IORP.
- Foster industry-wide co-operation to increase the profile and advance the interests of the non-listed real estate industry.

TO BROADEN INREV'S REMIT TO COVER AN EXPANDED RANGE OF NON-LISTED PRODUCTS FOR INVESTING IN REAL ESTATE WITH A SPECIAL FOCUS ON DEBT FUNDS, JOINT VENTURES, SEPARATE ACCOUNTS AND CLUB DEALS, WE WILL:

- Inform policy makers about EU regulatory initiatives' potential impacts on debt funds, joint ventures, separate accounts and club deals.
- Provide members with information related to regulatory initiatives that could impact these products.

TO PROMOTE NON-LISTED REAL ESTATE AS AN ESTABLISHED AND TRANSPARENT WAY FOR INVESTORS TO GAIN EXPOSURE TO REAL ESTATE, WE WILL:

- Work to achieve the equitable treatment of non-listed real estate in European regulatory initiatives in order to maintain their attractiveness as an asset class for institutional investors around the globe. This will be done by ensuring regulators, policy makers and supervisors understand the importance of real estate investment to economic stability, growth and job creation in Europe and the vital social role played by real estate investors such as pension funds and insurance providers.

COMMUNICATION AND EVENTS

GOALS

TO IMPLEMENT A COMMUNICATION AND EVENTS PROGRAMME THAT:

- Effectively communicates the output to members, meeting the needs and demands of existing members together with maintaining a representative membership base and supporting communication between investors, fund managers and other market participants.
- Maintains and further develops an effective public relations programme aimed to become the key information source on non-listed real estate in Europe and promote the industry.
- Further develops the membership base in order to truly represent the European non-listed real estate sector.
- Maintains an extensive events programme offering high quality, content driven events in order to keep our members informed and to offer members the possibility to network and engage with existing and new members.

IMPLEMENTATION

TO MAINTAIN INREV'S LEADING POSITION IN THE NON-LISTED REAL ESTATE INVESTMENT INDUSTRY IN EUROPE AND TO ENSURE INREV ATTRACTS AND RETAINS KEY PARTICIPANTS, WE WILL:

- Increase investor membership by 10% through an investor outreach programme which includes one-to one meetings and invites to key INREV events.
- Further increase coverage of INREV and the non-listed real estate industry in the wider financial press
- Maintain and build relationships with key journalists at a national level, specifically in France, Germany, the Netherlands and the UK
- Develop a social media strategy and ensure our presence on relevant social media sites
- Increase the accessibility of information by producing snapshots and visually improving information in INREV publications.
- Revamp the design of the IQ and make the individual articles available via the website.
- Improve contact and further develop relations with members through regular meetings with INREV Directors, an annual membership survey and further develop the INREV Members Contacts Database into a Customer Relationship Management tool.
- Develop an online presentation to promote the benefits of INREV.
- Investigate the development of a mobile website and an INREV Application (App).
- Continue to offer a wide range of accessible, high quality events to members and prospective investor members. This will comprise 15 events in total including the Annual Conference, CFO Conference, Young Professionals' Seminar, national events and targeted events for investors and fund managers. In addition, this will include a seminar in New York for North American members and prospects.

TO FURTHER EXPAND AN INTERREGIONAL RESEARCH PROGRAMME, AND PROMOTE GLOBAL STANDARDISATION AND BEST PRACTICE, WE WILL:

- Develop relationships with key non-European trade media.
- Effectively communicate global comparison research results in the IQ and key media.
- Promote the INREV SDDS and educate our members through local workshops.
- Include the Global Fund Index results in the Annual Conference programme.
- Organise workshops to discuss the revised guidelines.

TO BROADEN INREV'S REMIT TO COVER AN EXPANDED RANGE OF NON-LISTED PRODUCTS FOR INVESTING IN REAL ESTATE WITH A SPECIAL FOCUS ON DEBT FUNDS, JOINT VENTURES, SEPARATE ACCOUNTS AND CLUB DEALS, WE WILL:

- Develop and submit thought leadership articles to key media.
- Set up a website poll to track member and non-member sentiment.
- Continue to include debt funds, joint ventures, separate accounts and club deals into the event programmes.

TO PROMOTE NON-LISTED REAL ESTATE AS AN ESTABLISHED AND TRANSPARENT WAY FOR INVESTORS TO GAIN EXPOSURE TO REAL ESTATE, WE WILL:

- Increase the visibility of the industry through representation at key investor events globally.
- Initiate and develop relationships with key non-European trade media.
- Develop press webinars to promote the industry and make information accessible to a wider audience and on a global scale.
- Develop an online presentation to promote the industry.
- Promote local events to non-members, specifically targeting investors.
- Promote the non-listed real estate industry in the North American Seminar programme.

4

Uncertainty and a tough capital raising environment led the way.

MARKET TRENDS

Market conditions

It was again a turbulent start to 2012 with the Euro crisis affecting all financial markets. When country downgrades and failed talks between Greece and its creditors were the year's starting points, the real estate industry continued to hang back.

The industry held its breath each time another crisis took the region close to the precipice. Then, as it started to notice that each crisis was failing to bring down individual countries or the euro zone in its entirety, tensions began to ease.

Hibernating investors started to emerge; not out of a sense of optimism but because this was the new reality. It was time to adapt to the "crisis" conditions and they turned to core to make a safe start. In the 2012 Investment Intentions Survey, 69% of investors identified core as their preferred fund style. Anecdotally, the market would confirm that there was no other style in the running.

However, this investor interest did not mean an easier life for fund managers; capital raising continued to be exhausting and unproductive. Awakening investors may have been scanning the market for core products but they were still not in the mood to commit. It was also a sign that investors were still unsure of what they actually wanted. It was clear that investors did not expect the options on the table to be a choice of funds but rather a choice of products, with most looking for a bespoke solution. This meant the interest in joint ventures, club deals and separate accounts may have been high but coupled with an unsure investor, it continued to be difficult for fund managers to take investors over the capital raising finishing line.

Capital raising is not expected to be any easier in early 2013 – it is rated as the most challenging issues for fund managers in the latest Investment Intentions Survey. However, they will also take heart from the fact that there are further indications of life from investors. The results of the latest survey also show that 43% of investors now favour value added, a 21 percentage point rise on the previous year. This is the first time they have shown appetite for anything further up the risk/return spectrum since 2009 and the first sign that they feel on steadier ground in these uncertain times.

Regulatory uncertainty

Regulations affecting both investors and fund managers continued to be developed by policy makers in Brussels in 2012. However, the regulation affecting fund managers and those potentially affecting investors followed very different paths.

The development of the Alternative Investment Fund Managers Directive (AIFMD), which will regulate the operations of non-listed real estate fund managers, proceeded relatively smoothly through the steps of public consultation, draft advice and proposed implementing measures. This gave fund managers time to review and adjust to many of its main features, as well as to influence its course in many important respects.

As a result, fund managers acquired a growing level of certainty about the requirements they will be subject to under the AIFMD. Although in general the changes necessary are not extreme, many fund managers will face the challenge of adopting new policies and procedures, which will entail additional costs and in some cases structural changes.

Emphasis will therefore shift from speculation to implementation, especially as the remaining open questions under AIFMD such as the definition of joint ventures become clear.

In contrast, the Solvency II Directive and the Pensions Directive, IORP, were the subject of increasing uncertainty as votes on Solvency II were repeatedly delayed in the European Parliament and political objection to some of its main features, especially the matching of long-term guarantees and liabilities, hardened. The introduction of the first draft Quantitative Impact Study on IORP in June, which along with nearly every other feature incorporated Solvency II's 25% standard solvency capital charge for real estate, prompted the pensions industry to mount a well orchestrated political campaign in opposition to it.

Currently, only uncertainty remains regarding the timing of the introduction and the scope of eventual regulatory requirements under Solvency II and IORP. The recalibration of the solvency capital charges for long-term investments under Solvency II and heightened awareness of the importance of long-term investments for stimulating economic growth and stability among policy makers have resulted in most insurance companies and pension funds proceeding in a "business as usual" manner until a resolution of the outstanding issues emerges in Brussels. Meanwhile, especially the larger insurance companies that have developed internal models as an alternative to Solvency II's 25% standard capital charge are seeing significantly lower solvency charges emerge from their models, which is also easing their concerns about the effects these regulations would have even if they are ultimately enacted but leaves the uncertainty remain with mid- to small size insurance companies

Separate accounts

Joint ventures and club deals may have been the trend to watch in recent years, but separate accounts have slowly been stealing a march on both these approaches in 2012.

Separate accounts in both forms have been gaining popularity among investors; direct with fund managers investing in assets on behalf of one investor and indirectly with a capital commitment being invested across a series of funds.

They have been slightly below the radar for existing investors in non-listed and so have not always appeared to be that popular in INREV research output. They have become the preferred approach for newer investors to the sector or experienced domestic investors looking to branch out. This is good news for an industry that is always on the hunt for fresh capital sources and so far they have emerged close to home - France and Germany, in particular – as well as further afield with Asian investors also showing an interest.

These investors have also not been afraid to go big, with pan-regional or even global mandates out in the market in 2012, which have resulted in a few lucky fund managers being able to land anywhere up to a €1 billion to invest on behalf of a single client. It has meant that fund managers have also pulled out all the stops to win these accounts, going head-to-head with competitors to secure the mandates. For some fund managers, these high risk/high return accounts have been the saving grace in this tough capital raising environment.

The trend looks to remain in place for 2013 and fund managers will continue to have to fight hard for these sizeable chunks of AUM from new investors. The implication for the industry is that more capital, and that from newer investors, could move into a part of the market that continues to be less transparent than the funds sector. The industry will have to continue to adapt to this shift and ensure that a spotlight is shone on all investment approaches when it comes to transparency and reporting.

Fund terminations

Growing assets under management (AUM) was difficult enough in 2012, but some managers also had to face the possibility of shrinkage as fund terminations came to pass. The INREV Vehicles Universe shows that between 2012 and 2016, 176 funds with a current gross asset value (GAV) of €68.6 billion were due to terminate. This represents 29% of the total volume of the European non-listed property funds universe.

This generation of terminations is arriving at a sensitive time. Fund managers are still fresh from re-establishing relations with investors following the legacy issues of the crisis. Now, they are facing equally delicate negotiations to find a satisfactory solution for all investors on another issue that presses the alignment hot-button.

There are issues of alignment between co-investors, which may provide further reinforcement of who will be investing alongside whom (if anyone) in the future. But there is also the alignment with the fund manager, as continuation can be seen as the best outcome for a manager working hard to retain AUM and fees and not necessarily the best option for investors.

It also raises the issue of liquidity, which remains a top-rated obstacle for investors in the Investment Intentions Survey. This generation of terminations could finally add pressure industry participants to consider a transparent and effect secondary market.

Overall, like the handling of the crisis, the management of fund terminations is another true test with investors being as focused on the fund managers' methods as much as the outcome.

5

The review of
2012 targets.

REVIEW OF PROGRESS 2012

This section reviews the targets set in the INREV Business Plan 2012 – 2014 for each focus area and whether these targets have been met.

RESEARCH AND MARKET INFORMATION

TARGET: TO MAINTAIN INREV'S LEADING POSITION IN THE NON-LISTED REAL ESTATE INVESTMENT INDUSTRY IN EUROPE AND TO ENSURE INREV ATTRACTS AND RETAINS KEY PARTICIPANTS:

IMPLEMENTATION 2012	STATUS
Continue to produce topical research reports of the highest quality.	In total, 13 research reports published: six annual reports, two comparison studies and five one-off projects.
Increase dissemination of INREV Index data by co-operating with financial information providers such as Bloomberg, Reuters, as well as industry and wider financial publications.	Agreement with Bloomberg signed to include headline results on its systems from January 2013.
Investigate a common approach for decomposing returns of non-listed funds down to an aggregate asset level in order to support a better understanding of the drivers of fund performance.	This project has been moved to 2013.

TARGET: DEVELOP AN INTERREGIONAL RESEARCH PROGRAMME AND PROMOTE GLOBAL STANDARDISATION:

IMPLEMENTATION 2012	STATUS
Deliver selected research projects on an interregional level such as the Fund Manager Survey, Investment Intentions Survey, Investor Universe surveys and the Management Fees and Terms Study.	The Investor Universe Comparison Study was published, which examined the results from seven European countries. The Fund Manager Survey was undertaken with ANREV and comparable reports were published in Europe and Asia. The Investment Intentions Survey 2013 was also undertaken with ANREV. A Management Fees and Terms comparison study was published, which compared the results of Europe, the US and Asia.
Expand INREV Index releases to an interregional level by publishing comparative results for the ANREV and INREV Index and produce on a consistent basis.	INREV calculated the ANREV Index and comparable index results documents were published for Asia and Europe.
Investigate the acceptance of the Global Investment Performance Standards (GIPS) and deliver a research report on the implementation of GIPS within the European Fund Manager community.	A project with Ernst &Young was initiated in Q3 2012. The results will be published in March/April 2013.
Provide documentation on INREV Index methodology and definition of input parameters.	Project started.

TARGET: BROADEN INREV'S REMIT TO COVER AN EXPANDED RANGE OF NON-LISTED PRODUCTS FOR INVESTING IN REAL ESTATE:

IMPLEMENTATION 2012	STATUS
Prepare a fundamental research report which investigates size, scope and current issues of non-listed real estate debt funds, their managers and their investors.	The INREV European Debt Study was published in October 2012.
Expand the INREV Vehicles Universe database to cover joint ventures, club deals as well as separate accounts.	Joint ventures, club deals and separate accounts will be included in the new online database system, which will be launched in April 2013.
Explore the possibility to launch an INREV opportunity fund Index as well as an IRR vintage year fund Index for closed end funds.	Data was collected on 100 core and value added funds for an IRR vintage year index. This index will be published in February/March 2013. Data on Opportunity funds will be collected in 2013.

PROFESSIONAL STANDARDS

TARGET: TO MAINTAIN INREV'S LEADING POSITION IN THE NON-LISTED REAL ESTATE INVESTMENT INDUSTRY IN EUROPE AND TO ENSURE INREV ATTRACTS AND RETAINS KEY PARTICIPANTS:

IMPLEMENTATION 2012	STATUS
Publish an initial guide about the expanding range of non-listed products.	A discussion paper, INREV Guide to Non-listed, was published in February 2012.
Actively support sustainability awareness in Europe and take a pro-active role in promoting sustainability reporting and standards.	The INREV Sustainability Reporting Recommendations were published in January, followed by a webinar in May 2012. INREV supported the GRESB survey through contacting and encouraging our members to contribute, which saw participation by European fund managers increase by 30%. The GRESB report was published in September followed by a specific INREV version in October. The results were presented in October at the Fund Manager/Investor Only event in Frankfurt.
Support specific member interests, such as those of tax specialists, by facilitating expert roundtable discussions.	A first paper on tax regimes for pension funds across Europe and the US – the INREV Pension Survey – was published. The concept of an advanced tax round table has been developed but postponed until May 2013.
Publish snapshots on current topics from the different Professional Standards committees.	Snapshots and articles have been published for corporate governance issues such as first closings, co-investments, as well as sustainability, the INREV SDDS and the INREV Guidelines review project.

TARGET: DEVELOP AN INTERREGIONAL RESEARCH PROGRAMME AND PROMOTE GLOBAL STANDARDISATION:

IMPLEMENTATION 2012	STATUS
Develop and introduce the INREV Standard Data Delivery Sheet (INREV SDDS) to standardise the main information passed from fund managers to investors in order to facilitate an efficient information exchange.	The INREV SDDS White paper was published in April 2012 for industry consultation. The final INREV SDDS was published in October 2012.
Share and promote the INREV SDDS with PREA/NCREIF and ANREV to broaden implementation outside Europe.	Feedback on the White paper was received from ANREV, PREA, NCREIF/REIS and AREF and considered during the development of the final version.
Develop guidance on best practice for quarterly reporting as well as on debt disclosure.	A pro-forma note on debt and derivatives will be made available early 2013. The quarterly reporting guidelines will work, which will also include the annual reporting guidelines and the INREV SDDS.
Improve user-friendliness and promote awareness of the Corporate Governance Self-assessment tool.	This was delayed due to INREV website development, but will be include in the next phase.
Complete the INREV Review of Best Practice Reporting to understand adoption levels of the Guidelines in 2011 annual reports and use the results together with the online self-assessment tool to provide further guidance on adoption and possible necessary changes to the INREV Guidelines.	The Review, which was published in November, included additional analysis about the use of INREV NAV, which will be used in the Guidelines review. The trend of an increasing use of quarterly reports has also been taken up as part of a Guidelines review sub-project.
Review and update the INREV Guidelines in changing market conditions by reviewing main areas such as INREV Fee metrics, INREV NAV and Performance Measurement.	In 2012, 14 different sub-projects have been identified of which 10 have started and two on non-disclosure agreements and the fund of funds multi-manager due diligence questionnaire – have been completed. Three projects on debt disclosure, quarterly reporting and REIS mapping are due to complete in Q1 2013.
Map INREV Guidelines against other global industry standards.	A project by Deloitte to map the INREV Guidelines against the REIS Guidelines is underway. The results will feed into the reporting guidelines.
Promote the INREV Guidelines, including self-assessment tools, tax and regulations tool as well as the Due Diligence Questionnaires at industry events and ensure that they form an integral part of INREV's communication strategy.	Professional Standards projects have been on the agenda at INREV and other high quality European industry events, including the NCREIF conference. Most emphasis has been given to the INREV SDDS.

TARGET: BROADEN INREV'S REMIT TO COVER AN EXPANDED RANGE OF NON-LISTED PRODUCTS FOR INVESTING IN REAL ESTATE:

IMPLEMENTATION 2012	STATUS
Expand the INREV Guidelines to cover the growing range of non-listed products. Complete and launch the INREV Fund of Funds/Multi-manager Due Diligence Questionnaire.	The first fund of funds/ multi-manager due diligence questionnaire was published in May. A wider range of non-listed products are being included in the review of the Guidelines and the INREV Due Diligence Questionnaire.

TRAINING AND EDUCATION

TARGET: TO MAINTAIN INREV'S LEADING POSITION IN THE NON-LISTED REAL ESTATE INVESTMENT INDUSTRY IN EUROPE AND TO ENSURE INREV ATTRACTS AND RETAINS KEY PARTICIPANTS:

IMPLEMENTATION 2012	STATUS
Offer 11 one day training courses and 2 two day courses in accessible locations to enable time and cost efficient attendance.	Completed, 23 attendees on average per course.
Expand and formalise the e-learning programme and offer eight webinars within an interactive environment.	Completed, 18 attendees on average per course.
Improve the training skills and techniques of core tutors by providing train the trainer courses.	Two train the trainer sessions were organised and attended by 10 tutors.
Actively engage with human resources (HR) departments of INREV members to ensure that the programme is meeting the needs of employers with regards to the educational and professional development of their staff.	The training team met with the HR departments of 10 members and assessed the training needs of their staff.

TARGET: DEVELOP AN INTERREGIONAL RESEARCH PROGRAMME AND PROMOTE GLOBAL STANDARDISATION:

IMPLEMENTATION 2012	STATUS
Include global standardisation in the training programme in order to disseminate further knowledge via a tailored session on the INREV Index in the Portfolio Construction I: Creating a Portfolio course as well as offering a webinar on the INREV Index.	This was included in the Portfolio Construction course in February.
Investigate the market potential for a one-day training course in the US and, according to the outcome, roll out the first INREV course in the region.	The development of a North American course was started in the second half of 2012 and will be delivered in June 2013.

TARGET: BROADEN INREV'S REMIT TO COVER AN EXPANDED RANGE OF NON-LISTED PRODUCTS FOR INVESTING IN REAL ESTATE:

IMPLEMENTATION 2012	STATUS
Develop a new Debt Management course which addresses, among others, debt funds.	A session on debt funds was included in the updated Debt Management course in June 2012.
Review the content of existing courses to ensure that the expanded range of non-listed products is covered where relevant i.e. Portfolio Construction and Due Diligence courses.	All thirteen courses delivered in 2012 have been reviewed and updated where relevant with new topics and speakers.

PUBLIC AFFAIRS

TARGET: TO MAINTAIN INREV'S LEADING POSITION IN THE NON-LISTED REAL ESTATE INVESTMENT INDUSTRY IN EUROPE AND TO ENSURE INREV ATTRACTS AND RETAINS KEY PARTICIPANTS:

IMPLEMENTATION 2012	STATUS
Establish an office in Brussels in order to increase policy makers' awareness of INREV and the non-listed real estate funds industry and to represent members' interests in formal and informal interactions related to Solvency II, AIFMD and other relevant regulatory initiatives.	The office opened in Brussels in April 2012, thereby enabling more interaction with policy makers to represent members' interests in relevant regulatory initiatives and to increase their knowledge of the non-listed real estate funds industry.
Provide members with comprehensive and authoritative information related to regulatory initiatives affecting non-listed real estate and their impacts through training courses, webinars, articles, snapshots, roundtables, conferences, presentations and personal interaction.	Members updated continuously on regulatory initiatives through training courses, articles, snapshots, webinars, live presentations, conference events, roundtables, and monthly dial-in updates.
Work together with the Research team to provide members with high quality research related to regulatory initiatives and to develop a matrix of information to support calculation of property risk for Solvency II.	A research report was issued on the importance of real estate in the real economy, while the Solvency II internal model database matrix continues to be developed to share and spread knowledge on available data sources for internal models. This will also likely be applicable to pension funds subject to the IORP directive.
Foster industry-wide co-operation to increase the profile and advance the interests of the non-listed real estate funds industry.	The European Real Estate Forum was established with 13 national and European industry organisations joining together to further industry cooperation and coordination. INREV also led the development of industry responses to the IORP directive, the quantitative impact study and supervisory authority EIOPA's recalibration of solvency capital charges under Solvency II.

TARGET: BROADEN INREV'S REMIT TO COVER AN EXPANDED RANGE OF NON-LISTED PRODUCTS FOR INVESTING IN REAL ESTATE:

IMPLEMENTATION 2012	STATUS
Monitor EU regulatory initiatives for potential impacts on joint ventures, club deals and debt funds.	A response was filed to the AIFMD key definitions consultation focusing on definitions of joint ventures and club deals. The treatment of debt funds under Solvency II was examined in light of evolving regulatory proposals.
Provide members with information related to regulatory initiatives that could impact these products.	The treatment of joint ventures and club deals under AIFMD was frequently discussed in member updates, while debt funds under Solvency II was highlighted in snapshots and other communication to members.

COMMUNICATION AND EVENTS

TARGET: TO MAINTAIN INREV'S LEADING POSITION IN THE NON-LISTED REAL ESTATE INVESTMENT INDUSTRY IN EUROPE AND TO ENSURE INREV ATTRACTS AND RETAINS KEY PARTICIPANTS:

IMPLEMENTATION 2012	STATUS
Further increase coverage of INREV and non-listed real estate funds industry in wider financial press.	Trade press coverage increased by 97% and national and pan-European coverage grew by 45%.
Maintain and build relationship with key journalists at the national level, offer three journalist workshops in the UK, Netherlands and Germany.	Workshop took place in the UK in January 2012. In addition, thirty press briefings have taken place and there was strong press attendance at INREV events in Vienna, Milan and Amsterdam.
Re-launch the website and ensure presence on relevant social media sites to effectively communicate all membership benefits. Increase accessibility of information by providing snapshots on all key research, industry data, regulations and industry standards.	The new website was launched in September 2012 while activity on LinkedIn was increased in Q4 2012. Snapshots were created for majority of publications in 2012 to increase accessibility for members.
Continue to offer a wide range of accessible, high quality events to members and prospective members, 14 in total: to include annual conference; national events; targeted events for investors and fund managers; CFOs and Young Professionals.	The following events took place in Europe: 21 events comprising four local seminars, the Cannes Seminar, two Investor Only/Fund Manager seminars, two Public Affairs programmes, the Annual Conference in Vienna, the Annual General Meeting, Young Professionals' Seminar in Madrid, CFO Conference in Amsterdam, Italian Roadshow in Milan and Rome, five workshops in London, Amsterdam and Frankfurt and the Investor Platform/Committees day.
Promote the expanding range of non-listed products and INREV's association via dedicated articles in IQ and trade press.	Topics were covered in the IQ through member profiles, subjects for the investor and fund manager opinion articles and the Young Professionals sections. Numerous articles on these topics were published in the trade press.
Actively engage with the members to ensure high quality content at all events.	Three working groups were active in 2012 to support with programme development for the Annual Conference, CFO Conference and the Young Professionals' Seminar. The Investor Platform Management Committee and the Fund Manager Forum was involved with the programme for the Investor Only/Fund Manager seminars.
Undertake annual member survey.	Postponed due to a change in schedule for the Business Plan publication.
Update and manage an effective Customer Relationship Management (CRM) program to improve communication with INREV members and prospective members.	The Members Database was further developed to support the new website and allow members to update personal details. An internal App has been developed to help INREV staff maintain member contact.

TARGET: DEVELOP AN INTERREGIONAL RESEARCH PROGRAMME AND PROMOTE GLOBAL STANDARDISATION:

IMPLEMENTATION 2012	STATUS
Increase coverage of interregional research by expanding results within European and non-European trade media. Effectively communicate global comparison research results in IQ, key media and in short reports.	Various articles have been published in the IQ and trade media globally.
Incorporate global standardisation into the programme of the INREV events programme.	A session on the INREV SDDS was included at the CFO Conference.

TARGET: BROADEN INREV'S REMIT TO COVER AN EXPANDED RANGE OF NON-LISTED PRODUCTS FOR INVESTING IN REAL ESTATE:

IMPLEMENTATION 2012	STATUS
Increase visibility of INREV in wider economic arena via key staff and members speaking at relevant industry events.	Key staff spoke at 18 events in Europe, US and Asia.
Incorporate the expanded range of non-listed products into the content of the event programmes, specifically Annual Conference, Young Professionals' Seminar and Cannes Seminar.	Debt funds were discussed at the Annual Conference and the Young Professionals' Seminar. The Cannes Seminar focused on joint ventures.

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