

14 February 2019

INREV, the European Association for Investors in Non-Listed Real Estate Vehicles*, appreciates the opportunity to provide a few brief comments in response to this consultation.

Sustainability has long been a key priority of our organisation and the non-listed real estate investment industry, which accounts for EUR 2.7 trillion of investment worldwide. INREV has for many years supported the GRESB annual global survey of sustainability reporting performance in the commercial real estate funds industry, and actively encourages our members to participate in it while working to ensure that EU policy makers are aware of the strides made in the commercial real estate investment industry in this area.

In addition, INREV has adopted sustainability reporting guidelines which require as reporting best practice that fund managers annually disclose absolute environmental and like-for-like data for the proportion of the vehicle's portfolio that is in the fund manager's operational control to their investors. These cover energy, GHG emissions, water and waste, while managers must also report the intensity ratios for energy and GHG emissions per property type. Further, under the guidelines, they must detail the calculation methodology including applied normalisation factors and which types of energy / types of GHG Emissions are included in the ratio. The environmental data should be presented in line with GRESB or GRI / EPRA methodology, along with an indication which methodology has been used.

INREV has also supported and promoted understanding of the report of the Task Force on Climate-related Financial Disclosures (TCFD) related to consider the financial stability risks associated with climate change. We agree with the conclusion of the task force that one of the most effective ways for addressing the financial stability risks that might emerge from climate change are effective disclosures to ensure that climate-related risks are effectively understood by financial markets.

Effective disclosure of climate-related financial risks will help to avoid an abrupt repricing of risk and therefore will reduce risks to financial stability. We would encourage ESMA to consider the findings of the Task Force, which developed four widely adoptable recommendations on climate-related financial disclosures that are applicable to organisations across sectors and jurisdictions. Importantly, the Task Force's recommendations apply to the financial sector, including banks, insurance companies, asset managers, and asset owners. Large asset owners and asset managers sit at the top of the investment chain and, therefore, have an important role to play in influencing the organisations in which they invest to provide better climate related financial disclosures.

While INREV does not take a position on the specific questions raised in the consultation, we would encourage ESMA to consider the INREV Guidelines) related to sustainability reporting and the other



efforts we have mentioned above. We support reasonable and proportional measures under delegated authority related to integrating sustainability risks and factors in MIFID II.

(Further, see attached INREV Guidelines: Custom Build, Section 8 on Sustainability).

Yours sincerely,

Jeff Rupp

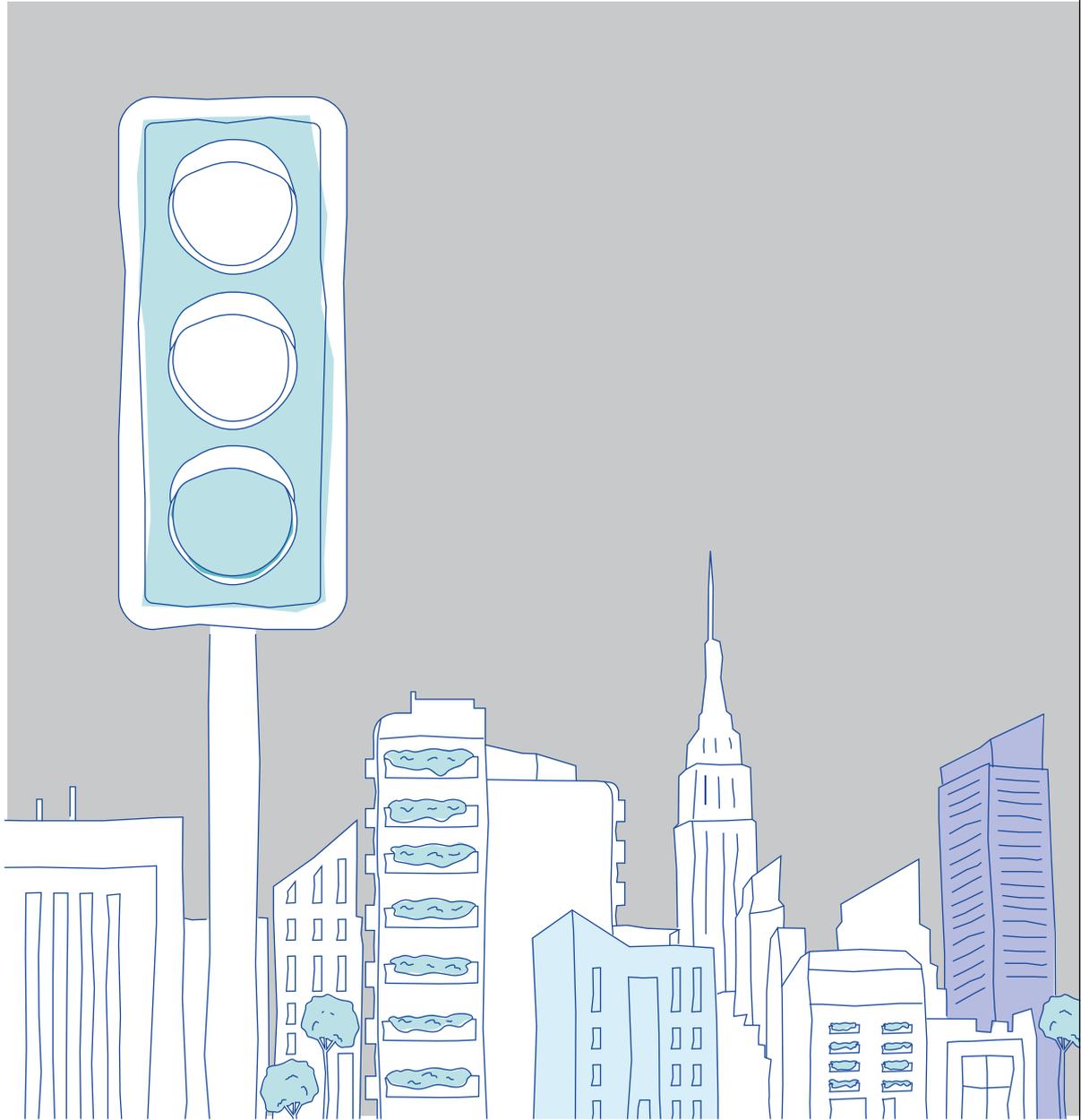
Director of Public Affairs

INREV

jeff.rupp@inrev.org



*INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. We provide guidance, research and information related to the development and harmonisation of professional standards, reporting guidelines and corporate governance within the non-listed property funds industry across Europe. INREV currently has 438 members. Our member base includes institutional investors from around the globe including pension funds, insurance companies and sovereign wealth funds, as well as investment banks, fund managers, fund of funds managers and advisors representing all facets of investing into non-listed real estate vehicles in Europe. Our fund manager members manage more than 500 European non-listed real estate investment funds, as well as joint ventures, club deals and separate accounts for institutional investors. INREV's members represent almost all jurisdictions of the European Union's internal market and a range of underlying long-term investment vehicle structures, both CIVs and other non-listed real estate investment vehicles, the vast majority of which are Alternative Investment Funds ("AIFs") subject to regulation under the European Alternative Investment Fund Directive ("AIFMD").



INREV Guidelines: Custom Build

Professional Standards

Generated on 14 February, 2019

0. INREV GUIDELINES

0.1. INTRODUCTION TO INREV GUIDELINES

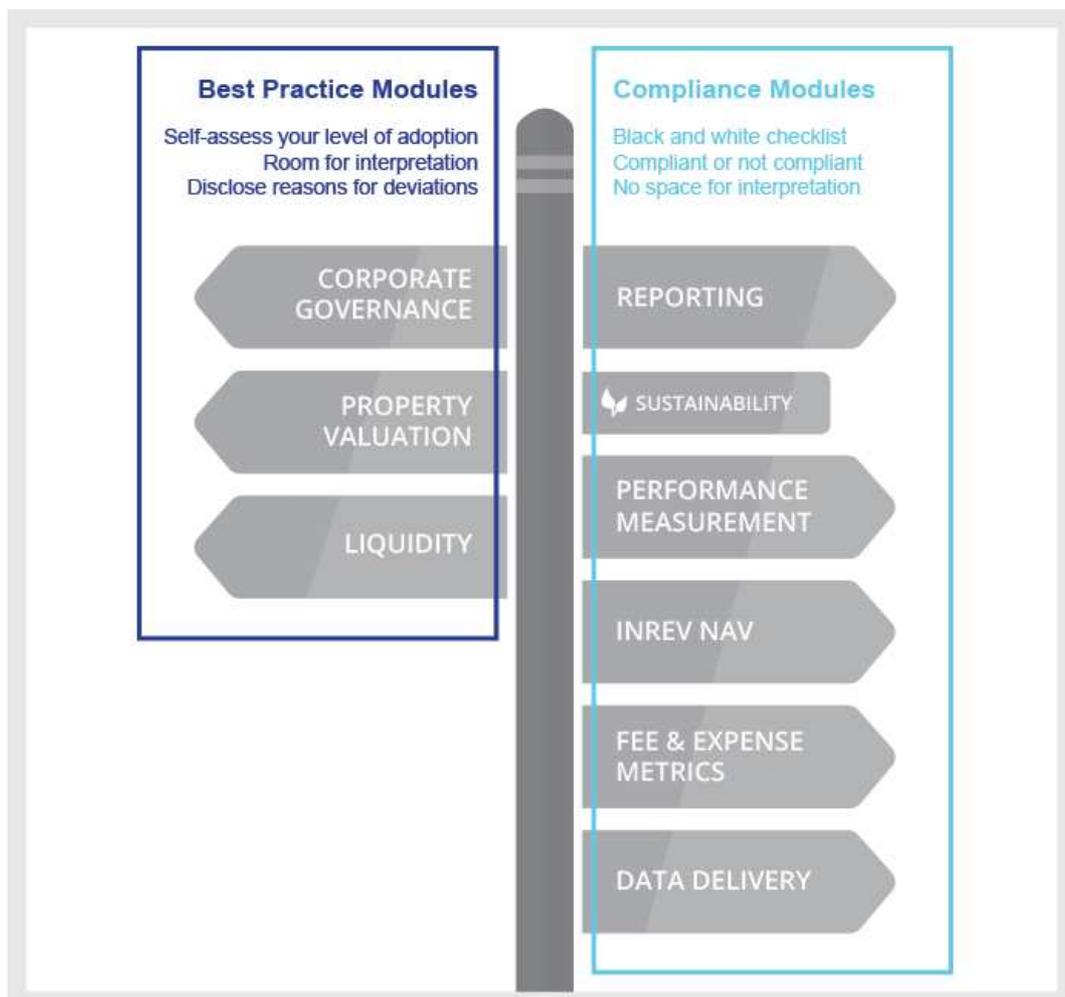
GL01 INREV aims to improve the transparency of and promote best practice and professionalism in the sector. INREV members have encouraged and strongly supported the establishment of industry guidelines over the past few years and developed an integrated set of principles and recommendations including tools and examples for governance and information provision for investors and investment managers and investors of non-listed real estate vehicles. The objectives of the INREV Guidelines are:

- to ensure that investors in non-listed real estate vehicles obtain consistent, understandable, easily accessible and reliable information that can be compared across investments and between different periods;
- to establish requirements and best practices within the industry and to help investment managers implement them in practice.

The INREV Guidelines are presented in an online format, allowing visitors to easily navigate and search through and view tailored guidelines for example for open end funds.

It is possible to download a full version of the Guidelines or to create a custom version module by module in a PDF format in our Guidelines section.

The INREV Guidelines are organised into eight modules.



The Guidelines are embedded in an Adoption and Compliance Framework which allows investment managers and investors to evaluate their implementation of the INREV Guidelines, module by module. To determine ways of implementation and add a hierarchy to the guidelines' requirements and best practices it is important to understand the underlying terminology:

Principles

Principles serve as a basis for the requirements and best practices.

Best practices

Best practices have been developed by INREV to enable investors and investment managers to design vehicle products with an effective corporate governance framework aligned with industry best practices and at the same time relevant to specific needs. Investment managers should evaluate themselves against such best practice frameworks and disclose their level of adoption.

Tools and Examples

Tools and examples are meant to assist in the application of the INREV Guidelines. Tools support market participants in assessing specific situations and in complying efficiently with INREV Guidelines and standards. Examples serve as a pattern to be followed by market participants to illustrate a certain standard.

Definitions

INREV definitions ('Global Definitions') were developed to achieve consistency of meaning and terminology within the non-listed real estate industry. Global definitions are being created via the collaboration with the NCREIF PREA Reporting Standards. They are gradually replacing the INREV Definitions.

0.2. ADOPTION AND COMPLIANCE FRAMEWORK

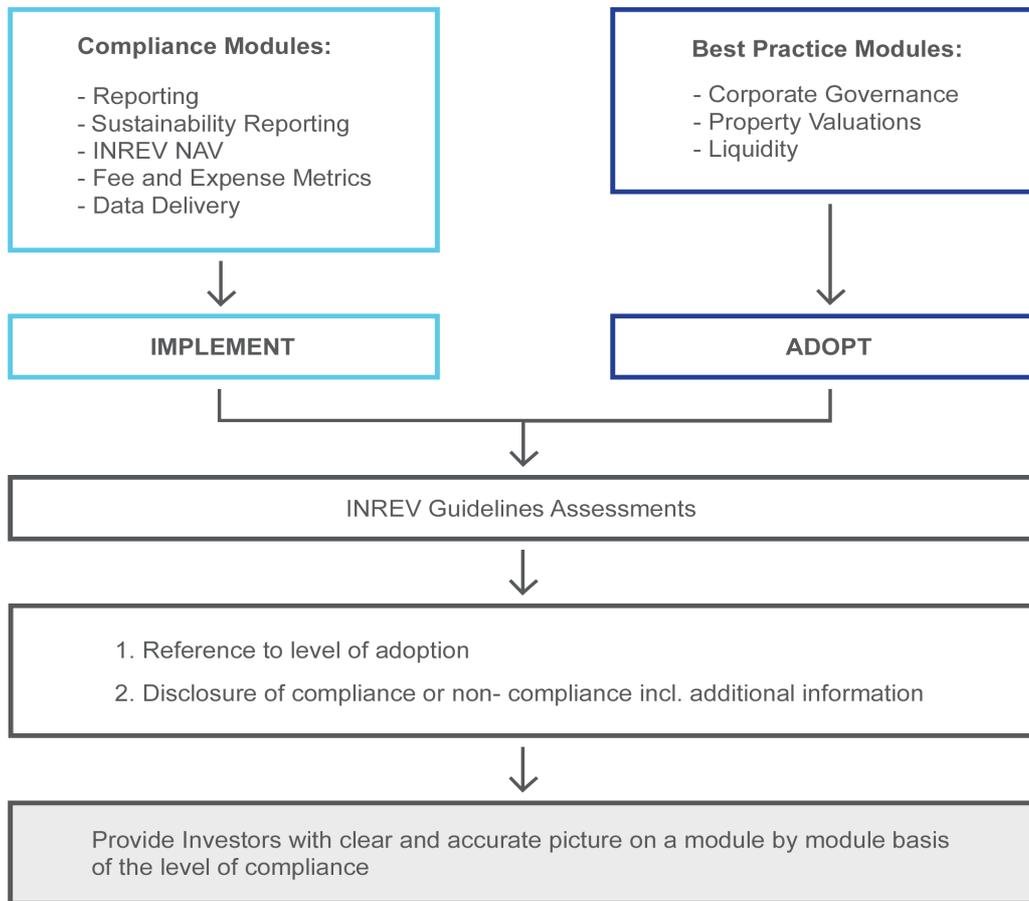
GL02 The INREV Guidelines are designed for non-listed real estate vehicles for institutional investors. Since non-listed vehicles can differ considerably, INREV provides a modular approach to guide investors and managers in agreeing on an appropriate level of adoption of INREV best practices and in deciding on the level of compliance with INREV requirements for individual modules.

INREV's best practice frameworks developed for the modules of corporate governance, liquidity and property valuation, are qualitative in nature and individual vehicles will adopt them in different ways. INREV's objective is to ensure that investors are provided with a clear and accurate description of the corporate governance, liquidity and property valuation frameworks of a given non-listed vehicle. The INREV Guidelines Assessments have been developed to assess the compliance with these modules for managers as well as for investors. The assessment for the property valuation module will be added soon.

In contrast to best practices, INREV's requirements in the modules covering reporting, including sustainability reporting, performance measurement, INREV NAV, fee and expense metrics and INREV data delivery, are more technical in nature. These requirements leave no room for different interpretation: the requirements are either followed, or not. In addition, in the Reporting module, Performance Measurement module and Fee and expense module, some of the INREV Guidelines are recommendations rather than requirements. Although INREV would encourage members to follow such recommendations, they are not required to be followed in order to claim full compliance with the INREV reporting module. The INREV Guidelines Assessments include questionnaires to measure compliance with the Reporting module, the Sustainability reporting module, INREV NAV module and Fees and expense metrics module. The assessment for the Performance measurement module will be added soon.

The level of compliance can be assessed with the help of the INREV Guidelines Assessments. The online assessments include all the requirements that need to be followed to be in compliance with the guidelines, as well as providing an overview of the applicable recommendations. If all of the requirements for an individual module are fully

implemented, the manager can disclose full compliance with the relevant module. If the requirements of a module are not fully met, the manager should disclose that the vehicle does not fully comply with that module of the INREV Guidelines and state the reasons for deviation including any additional information relevant to investors.



In all cases, investment managers should present investors with a clear and accurate picture of the level of compliance with the INREV Guidelines. The vehicle documentation should describe, on a module by module basis, the extent to which the vehicle aims to be in compliance with INREV Guidelines.

The level of adoption and compliance with the INREV Guidelines is a matter to be discussed during the launch process of the vehicle. INREV does not provide any assurance on the degree of adoption of best practices or on the level of compliance with requirements for individual vehicles.

The legal framework applicable to individual vehicles may require third party assurance on elements of compliance with INREV Guidelines, for instance where the legal NAV of the vehicle is the INREV NAV. We recommend that investors and managers discuss and agree the nature of such assurance as part of the launch process.

The INREV adoption and compliance framework is summarised below. The framework includes references to tools which can be used to assist in the application of the guidelines.

0.2.1. BEST PRACTICE MODULES

GL03	COMPLIANCE OBJECTIVE	SELF-ASSESSMENT PROCESS	DISCLOSURE	OVERSIGHT AND ASSURANCE
1. Corporate governance				

Managers should evaluate the level of adoption of INREV best practices using the Corporate Governance INREV Guidelines Assessment Tool.	Managers and investors should refer to and consider adopting INREV corporate governance best practices when designing and implementing an oversight framework for a specific vehicle.	Managers should describe in their annual report and vehicle documentation their corporate governance practices and the degree to which they adopt INREV best practices.	Management and non-executive officers should review the adequacy of the description of the corporate governance framework.
3. Property valuation			
Managers should follow the valuation best practices when determining the fair value of the property portfolio and prepare required disclosures to investors.	Managers should evaluate the level of adoption of INREV property valuation best practices.	Managers should describe their property valuation policies and the degree to which they have adopted INREV valuation best practices in their annual report and vehicle documentation.	Management and non-executive officers should review the basis and adequacy of disclosure to investors summarising the level of adoption with the property valuation best practices.
7. Liquidity			
Managers and investors should refer to and consider adopting INREV liquidity best practices when designing non-listed vehicle products.	Managers should evaluate, using the Liquidity Guidelines Assessment, the level of adoption of INREV liquidity best practices.	Managers should describe their liquidity policies and the degree to which they have adopted INREV best practices in their annual report and vehicle documentation.	Management and non-executive officers should review the basis and adequacy of disclosure to investors summarising the level of adoption with the liquidity best practices.

0.2.2. COMPLIANCE FRAMEWORK

GL04	COMPLIANCE OBJECTIVE	SELF-ASSESSMENT PROCESS	DISCLOSURE	OVERSIGHT AND ASSURANCE
	2.1 Reporting			

Managers should make disclosure corresponding to all relevant INREV reporting requirements and recommendations as a component of their annual or interim reports to investors.	Managers should evaluate the level of compliance with INREV requirements and recommendations, using the Reporting Guidelines Assessment.	Managers should include all information corresponding to applicable INREV reporting requirements and recommendations in their annual and interim reports.	Management and non-executive officers should review the adequacy of the compliance disclosure to investors summarising the level of compliance with reporting requirements. Auditors could give negative assurance on the degree to which INREV reporting requirements and recommendations are complied with.
2.2 Sustainability Reporting			
Managers should make disclosure corresponding to all relevant INREV sustainability reporting requirements and recommendations as a component of their annual or interim reports to investors.	Managers should evaluate the level of compliance with INREV requirements and recommendations, using the Sustainability Reporting Guidelines Assessment.	Managers should include all information corresponding to applicable INREV sustainability reporting requirements and recommendations in their annual and interim reports.	Management and non-executive officers should review the adequacy of the compliance disclosure to investors summarising the level of compliance with sustainability reporting requirements. Auditors could give negative assurance on the degree to which INREV sustainability reporting requirements and recommendations are complied with.
4. Performance Measurement			
Managers should disclose all relevant INREV performance measures in accordance with performance measurement requirements.	Managers should evaluate the level of compliance with INREV requirements and recommendations.	Managers should include all information corresponding to applicable INREV performance measurement requirements and recommendations in their annual and interim reports.	Management and non-executive officers should review the adequacy of the compliance disclosure to investors summarising the level of compliance with performance measurement requirements. Auditors could give negative assurance on the degree to which INREV performance measurement requirements and recommendations are complied with.
5. INREV NAV			

Managers should calculate and disclose an INREV NAV in accordance with INREV requirements.	Managers should evaluate the level of compliance with INREV NAV requirements, using the INREV NAV Guidelines Assessment.	Managers should include the INREV NAV in their annual and interim reports along with required disclosures. Vehicle documentation should include the required information.	Management and non-executive officers should review the basis and adequacy of disclosure to investors summarising the level of compliance with INREV NAV requirements. Depending on circumstances, auditors can give assurance or negative assurance on the INREV NAV and level of compliance with related disclosure requirements.
6. Fee and expense metrics			
Managers should calculate and disclose fee and expense metrics in accordance with fee and expense metrics requirements.	Managers should evaluate the level of compliance with INREV fee and expense metrics requirements using the INREV Fee and Expense Metrics Guidelines Assessment.	Managers should include information corresponding to INREV fee and expense metrics requirements in their annual reports and in the vehicle documentation.	Management and non-executive officers should review the basis and adequacy of disclosure to investors summarising the level of compliance with fee and expense metrics requirements. Auditors could give negative assurance on the level of compliance with fee and expense metrics requirements.
8. INREV data delivery			
Managers should provide information to INREV in accordance with INREV data delivery requirements.	Managers should evaluate the level of compliance with INREV data delivery requirements.	Managers should provide INREV with all relevant information corresponding to INREV data delivery requirements.	Management and non-executive officers should review the basis and appropriateness of the compliance with INREV data delivery requirement disclosure to INREV.

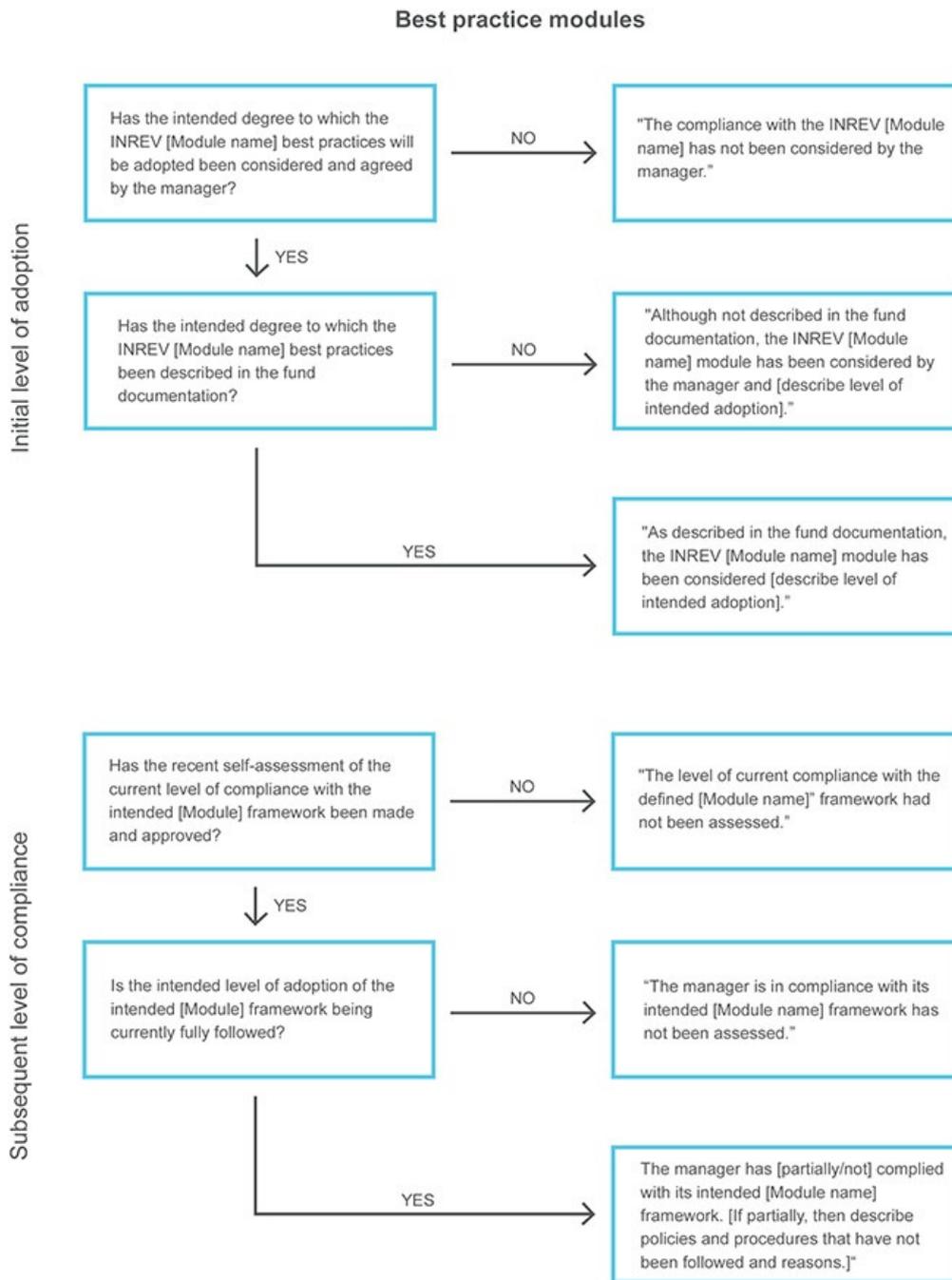
0.3. REVISION AND CHANGE PROCEDURE

GL05 Since the launch of the revised Guidelines in April 2014, INREV received a growing number of questions and comments from members and non-members regarding the interpretation, adoption and implementation of the Guidelines. A document below describes the change procedure for updates to the INREV Guidelines.

- [Download the INREV Guidelines Revision and Change Procedure](#)

0.4. TOOLS AND EXAMPLES

GL06 Example - Statement of level of adoption of INREV Guidelines



Management has assessed the degree to which the best practices of INREV’s corporate governance, property valuation and liquidity frameworks have been adopted and followed by the vehicle. In addition, Management has assessed the level of compliance with INREV’s reporting, sustainability reporting, performance measurement, INREV NAV and fee and expense metrics frameworks. The results of such assessment are summarised below:

MODULE	GUIDELINES	LEVEL OF ADOPTION OR COMPLIANCE
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1	Corporate governance	Although not described in the vehicle documentation, the INREV corporate governance module has been considered by the manager. The intended framework partially complies with the INREV corporate governance best practices. All best practices have been adopted except for the fact that investors are not able to terminate the contract of the manager without cause. The vehicle formally assessed at the end of the financial year that it is currently following its intended corporate governance framework.
2.1	Reporting	Although not detailed in the vehicle documentation, the INREV reporting module has been considered by the manager. The manager has complied with all the requirements of the INREV reporting module.
2.2	Sustainability Reporting	Although not detailed in the vehicle documentation, the INREV sustainability reporting requirements have been considered by the manager. The results of the INREV Guidelines assessment show that the manager has complied with all the requirements of the INREV sustainability reporting module.
3	Property valuation	As described in the vehicle documentation, the INREV property valuation framework module has been considered. The manager has defined a valuation framework which fully adopts INREV valuation best practices. The level of current compliance with the defined valuation framework was last formally assessed during the financial year when it was determined that the vehicle was in compliance with all elements of the intended valuation framework.
4	Performance Measurement	The manager has disclosed all relevant INREV performance measures in accordance with the requirements of the INREV Performance Measurement module.
5	INREV NAV	The manager has complied with all the requirements of the INREV NAV module, except for the fact that assumptions used to determine the fair value of deferred taxes are not fully disclosed for confidentiality reasons.
6	Fee and expense metrics	As described in the vehicle documentation, the INREV fee and expense metrics framework module has been considered. The manager has fully complied with the requirements and recommendations of the INREV fee and expense metrics module.
7	Liquidity	As described in the vehicle documentation, the INREV liquidity framework module has been considered. The manager has defined a liquidity framework which fully adopts INREV liquidity best practices. The manager formally assessed in at the end of the financial year that it currently follows the defined liquidity framework.

8	INREV data delivery	The manager is in compliance with the INREV data delivery module.
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As described in the vehicle documentation the results of the INREV Guidelines Assessments should be disclosed in investor reporting.

Extract from results page of the INREV Guidelines Assessments:

Copy + paste the following statement into your annual and interim reports

INREV Guidelines Compliance Statement

The European Association for Investors in Non-Listed Real Estate Vehicles (INREV) published the revised INREV Guidelines in 2014 incorporating industry standards in the fields of Corporate Governance, Reporting, Property Valuation, Performance Measurement, INREV NAV, Fees and Expense Metrics, Liquidity and Sustainability Reporting. The Assessments follow these guidelines

INREV provides an Assessment Tool to determine a vehicles compliance rate with the INREV Guidelines as a whole and its modules in particular.

THE OVERALL INREV GUIDELINES COMPLIANCE RATE OF THE ANNE IS 90.8%, BASED ON 12 OUT OF 6 ASSESSMENTS

The compliance rate for each completed module is:

CORPORATE GOVERNANCE GUIDELINES IS 92.86%, BASED ON 49 / 49 QUESTIONS APPLICABLE.

REPORTING GUIDELINES IS 83.53%, BASED ON 249 / 268 QUESTIONS APPLICABLE.

INREV NAV GUIDELINES IS 95.12%, BASED ON 41 / 42 QUESTIONS APPLICABLE.

FEE AND EXPENSE METRICS GUIDELINES IS 94.12%, BASED ON 17 / 17 QUESTIONS APPLICABLE.

SUSTAINABILITY REPORTING GUIDELINES IS 90%, BASED ON 50 / 55 QUESTIONS APPLICABLE.

LIQUIDITY GUIDELINES IS 89.19%, BASED ON 37 / 39 QUESTIONS APPLICABLE.

8. SUSTAINABILITY

8.1. SUSTAINABILITY INTRODUCTION

The major contribution that the real estate industry can make to the creation of a sustainable environment is widely recognised, and with this in mind the property investment industry has continuously increased its efforts and activities in this area in the past years. As a consequence, sustainability reporting has become a natural part of a company's annual reports and sustainability initiatives have advanced to play an important role in the operational performance of real estate investment vehicles.

The growing interest led to the discussion of introducing mandatory reporting regulation at both country and EU level with potentially significant implications for the non-listed real estate investment sector. A recently adopted directive requires EU member states in this respect to transpose national law to enforce reporting on environmental, social and employee-related, human rights, anti-corruption and bribery matters.

These guidelines were constructed to cover similar topics, summarised under the ESG framework, and its underlying business models, outcomes and risks of these policies and therefore function as forerunner to future regulatory requirements. It is essential to successfully include sustainability into a long term strategy as well as translate that strategy into annual objectives and targets for implementation. While sustainability has long been understood as reducing the consumption of environmental resources, that definition is now being expanded to also include governance as well as social indicators. In this new context, the level of information required is increasing, so there is a need to balance the delivery of comprehensive data on the one hand but also to not become too granular.

The INREV Sustainability Reporting Guidelines have been revised to form a disclosure framework that delivers meaningful data to increase visibility and insight into a vehicle's ESG efforts and also details their next course of action for improvements. They aim to provide a coherent framework for ESG reporting in line with annual financial reporting and present a clear picture from the vehicle's strategy through to environmental key performance indicators.

To allow easy implementation and consistent reporting methodologies the INREV Sustainability Guidelines have been aligned with current industry standards that are widely adopted in the sector (see chapter 4 Alignment with industry standards).

References in Sustainability Reporting Guidelines:

The Sustainability Reporting Guidelines include references to other industry standards which are implemented in the non-listed real estate industry; GRESB, GRI and EPRA. The references should support fund managers employing same information to different standards and making logical links in their vehicle documentation. The references only intend to show a topical overlap, they do not refer to identical information. Therefore being compliant with the INREV Sustainability Reporting Guidelines does not automatically lead to compliance with the referenced standards and vice versa. Information that applies to the different standards needs to be processed individually. Merely referring to an attached document – such as the GRESB survey – does not fulfil the principles of the INREV Sustainability Reporting Guidelines and is not sufficient to claim compliance.

8.2. REQUIREMENTS AND BEST PRACTICES

The guidelines consist of mandatory sustainability reporting requirements and best practice recommendations. To integrate the guidelines into the INREV Guidelines Compliance Framework the mandatory requirements have been integrated into the Reporting Module.

Therewith an integrated reporting approach is provided adding ESG requirements to the obligatory INREV Guidelines Compliance Framework to reflect current market practice and create the relation between integrated reporting and sustainability reporting.

The mandatory requirements and best practices offer fund managers the ability to choose between different levels of detail and to customise the INREV Sustainability Reporting Guidelines for their own capabilities and investor needs.

While fund managers who are already familiar with ESG reporting and accordingly have ambitious goals can opt for the full set of requirements by including the best practices within the mandatory reporting requirements, those with limited resources or limited investor demands can opt for only the mandatory requirements to comply with the INREV Guidelines.

This flexibility allows vehicles to customise ESG reporting to specific investor needs. The additional guidance in the best practices has two functions: First, to be a guidance for those fund managers wanting to add more detail to their mandatory requirements to support comprehensive ESG reporting, and second to further describe the mandatory requirements and with that help understanding and interpretation of the guidelines. At the same time, the mandatory requirements result in a clear overview of the fund manager's efforts in ESG matters, as well as their related annual goals and achievements. In addition, the best practices can provide guidance for a self-standing ESG report which can be disclosed alongside the annual reports.

8.3. DISCLOSURE

The mandatory requirements have to be reported on annual basis to claim compliance with the INREV Guidelines. However it is best practice to quarterly update investors with a status report. Managers will be required to report, based on these guidelines, over the year 2017.

8.3.1. VEHICLE LONG TERM STRATEGY

	References				
	INREV Reporting Module	INREV DDQ	GRESB RE 2016	GRI	EPRA
<p>ESG-LTS 1.1 Requirement:</p> <p>describe the overall approach to setting a long term ESG strategy for the vehicle. Make reference to the overall governance approach, which is covered in the INREV Corporate Governance Guidelines.</p> <p>Detail the long term (2 to 10 years) ESG strategy for the vehicle based on the aspects set out below:</p>	RG.16	3.3.1-3.3.3	Q1-Q8	G4-1 G4-2	

<ul style="list-style-type: none"> Asset management ESG strategy: detail the provision of asset sustainability action plans, possibly integrated into asset business plans, to describe how the vehicle's long term ESG strategy is implemented on asset level. 		3.3.9	Q41		
<ul style="list-style-type: none"> Detail the provision of new build and/or refurbishment ESG strategies. 			NC3		
<ul style="list-style-type: none"> Detail the provision of an ESG strategy for acquisitions. 			Q15.1		
<ul style="list-style-type: none"> Detail the provision of a strategy to reduce and/or measure energy, GHG emissions and water and waste measurement. 			Q24-28		
<p>ESG-LTS 1.2 Requirement: Detail the vehicle's approach for ensuring compliance for current legislation relating to ESG issues is in place.</p>	RG.33	3.3.8		G4-2	
<p>ESG-LTS 2.1 Best practice: detail any additional key material aspects for the ESG strategy for the vehicle. Some examples of possible considerations include, but are not limited to:</p>			Q1 Q8	G4-1 G4-2	
<ul style="list-style-type: none"> ESG actions plans at an individual asset level: name the percentage of assets with an individual ESG action plan, detail the scope these action plans and describe the communication and information flow with the asset management. 					
<ul style="list-style-type: none"> Environmental management systems 		3.3.4	Q21.1		

<ul style="list-style-type: none"> Employee KPIs for ESG: describe if the employees of the vehicle manager perform against set ESG KPIs and how these are set and measured. 			Q6		
<ul style="list-style-type: none"> Stakeholder activities including tenant liaison and satisfaction measurement strategy, green leases, community engagement strategy 			Q36-39, Q42		
<ul style="list-style-type: none"> Policy to decrease travel footprints (e.g. asset level, vehicle manager company level) 					
<ul style="list-style-type: none"> Initiatives to improve biodiversity 					
<ul style="list-style-type: none"> Supply chain management strategy 		3.3.9	Q40 Q41		
<ul style="list-style-type: none"> Description of how the above mentioned policies and/or strategies have been developed. 			Q3-6		
<ul style="list-style-type: none"> Innovation, technology and best practice: describe the fund manager's involvement in the production of case studies or similar publications to provide information to the wider industry. 					
<ul style="list-style-type: none"> Industry participation on ESG initiatives: describe the fund manager's involvement, participation or support of promoting ESG initiatives to the industry. 					
<ul style="list-style-type: none"> Participation in the GRESB survey or/and development of GRESB scores 		3.3.5			

8.3.2. ANNUAL OBJECTIVES

This section breaks down the long term strategy described in ESG-LTS 1.1 and ESG-LTS 2.1 and translates it into a

practical action plan on annual basis; including targets, investment and costs, action points. Targets should be quantified as far as possible

	References				
	INREV Reporting Module	INREV DDQ	GRESB RE 2016	GRI	EPRA
<p>ESG-ANN 1.1 Requirement Based on the strategy of the vehicle described in ESG-LTS 1.1, set out the annual objectives and associated targets for the coming 12 month reporting period on the aspects set out below:</p>	RG.25		Q17 Q18	G4-1, G4-2	
<ul style="list-style-type: none"> Asset management ESG initiatives: Describe the targets that should be reached within the next 12 months with the individual asset sustainability plans, set out the impact on portfolio level. 		3.3.9	Q41		
<ul style="list-style-type: none"> New build and/or refurbishment ESG initiatives 			NC3		
<ul style="list-style-type: none"> ESG initiatives for acquisitions 			Q15.1		
<ul style="list-style-type: none"> Initiatives to reduce and/or measure energy, GHG emission, water and waste measurement 			Q24-28		
<ul style="list-style-type: none"> Green building certificates and energy ratings: describe the vehicle’s approach regarding green building certificates and energy ratings. Detail the current state, the certification scheme(s) and the percentage of the portfolio certified. Set out related ambitions. 			Q30 Q31		

<p>ESG-ANN 1.2 Requirement</p> <p>Detail objectives for the next 12 month reporting period for ensuring compliance with current legislation in relation to ESG and about preparations for any future legislation that may be undertaken in this period.</p>	RG.33	3.3.8		G4-2	
<p>ESG-ANN 2.1 Best practice</p> <p>Detail other annual objectives and associated targets for the vehicle based on information outlined in ESG-LTS 2.1. Examples may include, but are not limited to:</p>				G4-1	
<ul style="list-style-type: none"> • ESG actions plans at an individual asset level 					
<ul style="list-style-type: none"> • Environmental management systems 		3.3.4	Q21.1		
<ul style="list-style-type: none"> • Employee KPIs for ESG: describe if the employees of the vehicle manager perform against set ESG KPIs and how these are set and measured. 			Q6		
<ul style="list-style-type: none"> • Tenant liaison and satisfaction 			Q36-37		
<ul style="list-style-type: none"> • Green lease clauses and memoranda of understandings 			Q39		
<ul style="list-style-type: none"> • Stakeholder engagement strategy, including community engagement strategy 			Q10 Q42.1		
<ul style="list-style-type: none"> • Policy to decrease travel footprints (e.g. asset level, vehicle manager company level) 					
<ul style="list-style-type: none"> • Initiatives to improve biodiversity 					
<ul style="list-style-type: none"> • Supply chain management 		3.3.9	Q40 Q41		

<ul style="list-style-type: none"> Description of how the above mentioned policies and/or strategies have been developed 					
<ul style="list-style-type: none"> Innovation, technology and best practice 					
<ul style="list-style-type: none"> Industry participation on ESG issues 					
<ul style="list-style-type: none"> Participation in the GRESB survey or/and development of GRESB scores 		3.3.5			

8.3.3. ANNUAL PORTFOLIO INFORMATION

In this section it should be reported against the annual targets described in ESG-ANN 1.1 and ESG-ANN 2.1. Report on the progress that has been made, on the status of initiatives and on what has been achieved.

	References				
	INREV Reporting Module	INREV DDQ	GRESB RE 2016	GRI	EPRA
ESG-POR 1.1 Requirement Report against annual objectives and associated targets set for the vehicle as set out in ESG-ANN 1.1.	RG.49				
ESG-POR 1.2 Requirement Report against compliance with current legislation requirements and objectives and associated targets for preparations for upcoming legislation.	RG.33				
ESG-POR 2.1 Best practice Report against the annual objectives and associated targets as set out in ESG-ANN 2.1.					

8.3.4. ENVIRONMENTAL DATA

	References

	INREV Reporting Module	INREV DDQ	GRESB RE 2016	GRI	EPRA
<p>ESG-ENV 1.1 Requirement</p> <p>Absolute data and like-for-like Disclose absolute environmental data and like-for-like data for the proportion of the vehicle's portfolio that is in the fund manager's operational control. This should cover:</p>	RG.27				
<ul style="list-style-type: none"> energy 			Q25	G4-EN3 ff.	Incl. in EPRA
<ul style="list-style-type: none"> GHG emissions 			Q26	G4-EN1 5 ff.	Incl. in EPRA
<ul style="list-style-type: none"> water 			Q27	G4-EN8 ff.	Incl. in EPRA
<ul style="list-style-type: none"> waste 			Q28	G4-EN2 2 ff.	Incl. in EPRA
<p>Intensities</p> <p>Report the intensity ratios for energy and GHG emissions per property type. Detail the calculation methodology including applied normalization factors and which types of energy / types of GHG Emissions are included in the ratio.</p>			Q25 Q26	G4-EN5 G4-EN1 8	Incl. in EPRA
<p>The environmental data should be presented in line with GRESB or GRI / EPRA methodology. Please disclose which methodology has been used.</p>					
<p>ESG-ENV 2.1 Best practice</p> <p>Disclose absolute environmental data and like-for-like data for the available tenant data for the vehicle's portfolio. This could include:</p>					
<ul style="list-style-type: none"> energy 			Q25	G4-EN3 ff.	Incl. in EPRA

• GHG emissions			Q26	G4-EN1 5 ff.	Incl. in EPRA
• water			Q27	G4-EN8 ff.	Incl. in EPRA
• waste			Q28	G4-EN2 2 ff.	Incl. in EPRA
The environmental data should be presented in line with GRESB or GRI / EPRA methodology. Please disclose which methodology has been used.					

8.4. ALIGNMENT WITH INDUSTRY STANDARDS

This section seeks to outline the alignment of the INREV Sustainability Reporting Guidelines with industry standards recognized to be applied in current market practice. The table below shows the references between the INREV Sustainability Reporting Guidelines, the INREV Reporting Guidelines, the INREV DDQ, the GRESB Survey and the GRI Sustainability Reporting Guidelines.

The references listed below aim to provide an indication of the alignment of the standards without any claim to comprehensiveness.

INREV Sustainability Reporting Guidelines	INREV Reporting Guidelines	INREV DDQ for non-listed real estate vehicles	GRESB RE 2016	GRI Sustainability Reporting Guidelines*	EPRA
ESG-LTS 1.1	RG.16	3.3.1 - 3.3.3, 3.3.9	Q1, Q8, Q15.1, Q24-28, Q41, section NC.3	G4-1, G4-2	
ESG-LTS 1.2	RG.33	3.3.8		G4-2	
ESG-LTS 2.1		3.3.4, 3.3.5, 3.3.9	Q1, Q3-6, Q8, Q9, Q21.1, Q36-42	G4-1, G4-2	
ESG-ANN 1.1	RG.25	3.3.9	Q15.1, Q17-18, Q24-28, Q30-31, Q41, section NC.3	G4-1, G4-2	
ESG-ANN 1.2	RG.33	3.3.8		G4-2	

ESG-ANN 2.1		3.3.4, 3.3.5, 3.3.9	Q6, Q10, Q21.1, Q36-37, Q39, Q40-42.1	G4-1	
ESG-POR 1.1	RG.49				
ESG-POR 1.2	RG.33				
ESG-POR 2.1					
ESG-ENV 1.1	RG.27		Q25-28	G4-EN3 ff., G4- EN8 ff., G4-EN15 ff., G4-EN22 ff.	Incl. in EPRA
ESG-ENV 2.1			Q25-28		Incl. in EPRA

*Please note that in addition to the above stated references, GRI defines categories and aspects in the guidelines which further outline economic, environmental and social references to their reporting disclosures which may be in line with INREV reporting requirements.

8.5. TOOLS AND EXAMPLES

8.5.1. BEST PRACTICE EXAMPLE

Introduction

This report presents an example of ESG reporting in alignment with the INREV Sustainability Reporting Guidelines 2016 and aims to support the implementation of the guidelines.

The information is based on a fictional investment vehicle adduced for this example.

The report includes elements to comply with the mandatory reporting requirements as well as elements representing best practice recommendations of the INREV Sustainability Reporting Guidelines.

The mandatory Sustainability Reporting requirements are integrated into the INREV Reporting Guidelines. Claiming compliance with the INREV Reporting Guidelines therefore requires compliance with the mandatory Sustainability Reporting Requirements.

Legend	
	Sustainability Reporting Requirement
	Sustainability Reporting Best Practice

Long Term Strategy

The Phoenix Property Fund is a balanced European based property fund covering industrial, retail and office properties.

Taking a sustainability approach is a priority for this fund. We see it as an opportunity to improve the risk-return profile of the fund as well as contribute positively from ESG standpoints while continuing to meet the fiduciary responsibilities of the fund's investors.

	The fund has in place a long term strategy which ensures that we act on the feedback of all identified stakeholders to shape the policy, processes and methods used to manage ESG across the fund.
	The fund sets both long term and short term targets relating to each ESG aspect identified as material for the fund, and report quarterly against targets, at asset and fund level. The fund also ensures that we have a governance structure to identify key material, sustainability aspects for the fund, review policies and processes, set targets and regularly monitor performance against annual and long term targets.
	We measure, monitor and report on all environmental aspects of the fund, and ensure that all quantitative data is externally assured. At an asset level, we undertake sustainability due diligence during all fund acquisitions. We also ensure that all developments and refurbishments employ the best practice sustainability techniques and achieve a sustainability accreditation.
	We recognise our responsibilities to national and European legislation requirements for ESG so we ensure compliance with all applicable ESG legislation. Through our dedicated sustainability manager, we also monitor, manage and mitigate risks due to proposed future ESG legislation.
	The fund sets both long term and short term targets relating to each ESG aspect identified as material for the fund, and report quarterly against targets, at asset and fund level. The fund also ensures that we have a governance structure to identify key material, sustainability aspects for the fund, review policies and processes, set targets and regularly monitor performance against annual and long term targets.
	We measure, monitor and report on all environmental aspects of the fund, and ensure that all quantitative data is externally assured. At an asset level, we undertake sustainability due diligence during all fund acquisitions. We also ensure that all developments and refurbishments employ the best practice sustainability techniques and achieve a sustainability accreditation.
	We recognise our responsibilities to national and European legislation requirements for ESG so we ensure compliance with all applicable ESG legislation. Through our dedicated sustainability manager, we also monitor, manage and mitigate risks due to proposed future ESG legislation.
	To improve our expertise on this issue, the fund will ensure all staff, agents and suppliers involved in the fund management receive regular ESG related training and are incentivised through sustainability targets both in contracts and appraisal processes.

	The fund will also play a role to encourage innovation and industry participation to further the knowledge of sustainability in the property sector. This includes building an online library system to share case studies with all stakeholders in order to promote sustainable performance of property
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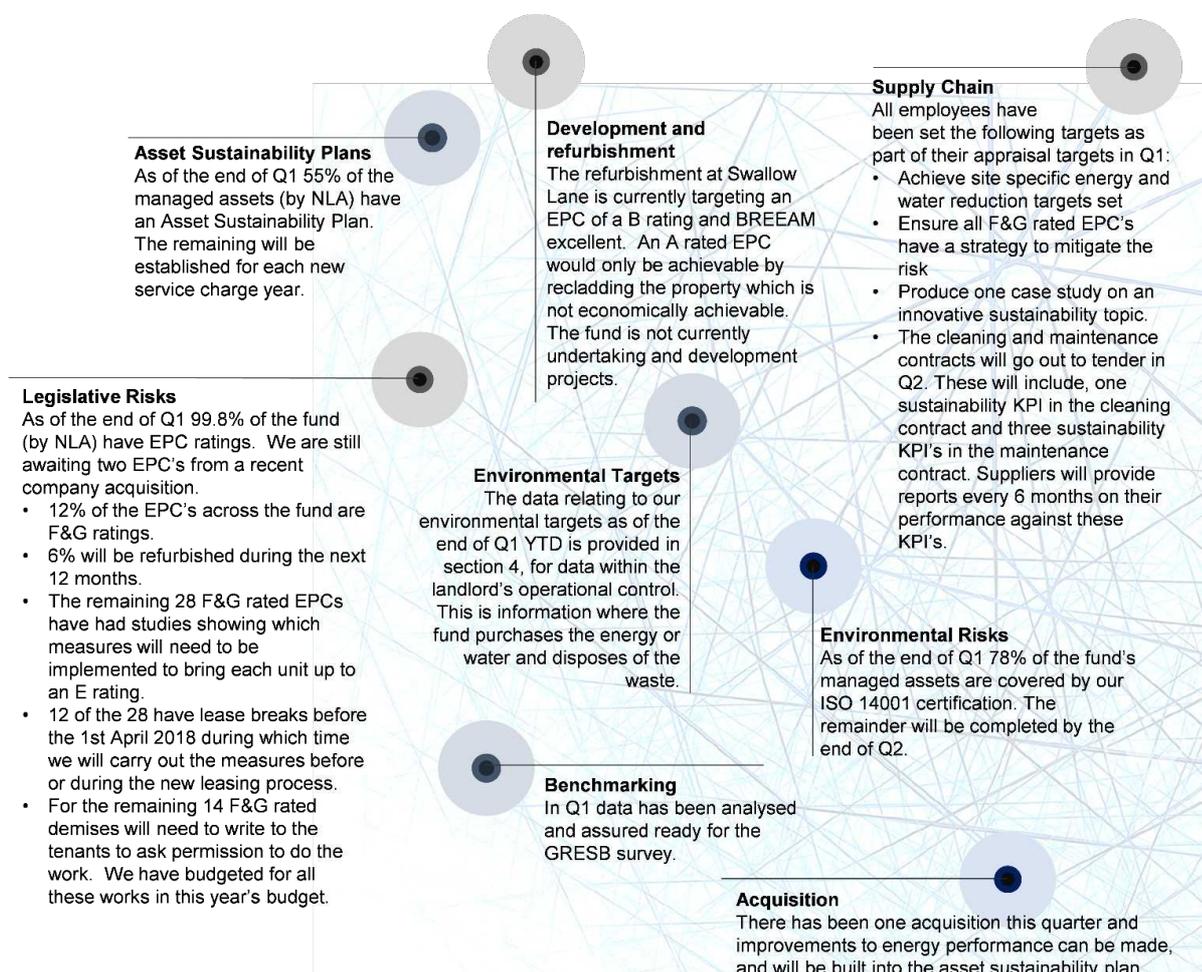
Annual Targets

These annual objectives are derived from the fund's overall ESG approach and strategy as set out in section 1. The fund seeks to meet these objectives during the next financial year with regular reports on progress through the fund's quarterly reports, as set out in section 3.

No	Significant Aspect targeted	Measurement	Completion
	Asset sustainability plans Ensure each managed asset has an asset sustainability plan that seeks to reduce energy, water and waste.	Q1	Q1
	Development and refurbishment Achieve an EPC of a B rating and a BREEAM excellent or Lead Gold standard for all major developments and refurbishments.	Report	Quarterly
	Acquisitions Ensure that all acquisitions are assessed for potential improvements to environmental performance.	Report	Quarterly
	Environmental targets Reduce energy and water consumption in like-for-like assets by 5% during the year. This will be achieved through various initiatives such as new lighting systems and maintenance improvements. Ensure at least 85% of waste is diverted from landfill during the year.	Percentage reduction comparing YTD	Quarterly
	Legislative risks Ensure all UK assets hold an EPC and that all F&G rated EPC's have a strategy to mitigate the risks.	Percentage F&G EPCs in the fund by NLA and ERV	Quarterly
	Environmental Risks Ensure all managed properties hold an ISO14001 certification by the end of 2016.	Percentage of funds covered by ISO 14001	Quarterly

	Employee and Supply chain targets Set sustainability targets for all employees and monitor progress by year end. Set sustainability KPIs in all new relevant suppliers let during the year.	Targets in employee objectives, KPI's in supplier contacts let.	Q1 Year end
	Benchmarking Participate in the GRESB benchmarking exercise	Complete survey by end of June	Issue results in September

Annual Portfolio Information



Environmental Data



Example Property Fund

Landlord Environmental Data

Quarter 1

	absolute kWh		like for like kWh			
	2015	2016	2015	2016	% change	Notes
Electricity	1,350,000	1,550,000	834,000	810,000	-4%	
Carbon	835,940	969,530	523,215	508,060	-3%	
Fuels	550,000	684,000	350,000	365,000	4%	Gas is degree day adjusted. Increase due to control issues at 5 Bluebird Place.
Water	absolute m3		like for like kWh			
	2015	2016	2015	2016	% change	Notes
	9,543	84,500	5,438	5,980	5,980	Increase in water use is due to showers being installed in two multi let offices. Hence target will not be achievable this year
	absolute KG		% diverted from landfill			
	2015	2016	2015	2016		Notes
Waste	1,250	1,800	74%	94%		

- We are confident that the electricity and carbon targets for the year can still be achieved once the controls have been repaired at 5 Bluebird Place.
- The increase in water usage due to the two showers being installed at two multi-let offices, mean it will not be able to achieve our like for like water targets this year.

8.6. Q&A

8.6.1. INTERPRETATION OF REFERENCES

Why do the INREV Sustainability Reporting Guidelines include references to other industry standards such as GRESB, GRI and EPRA?

These references to other industry standards are included to highlight the overlap: they are intended to support fund managers and investors in employing the same information across different standards and to help make the links in their vehicle reporting.

In order to comply with the INREV Sustainability Reporting Guidelines, is it sufficient to attach the answers to the GRESB Survey?

No, referencing to answers to the GRESB Survey alone does not mean compliance with the INREV Sustainability Reporting Guidelines. The information required by the INREV Sustainability Reporting Guidelines is more descriptive and detailed. It should however be presented in line with the GRESB, GRI or EPRA methodology.

Does compliance with the INREV Sustainability Reporting Guidelines automatically lead to compliance with the referred standards and vice versa?

No, the different standards referred to in the guidelines do not all have identical information requirements and so in order to be compliant with each standard they must each be addressed separately.. Therefore, compliance with the other standards referred to does not automatically lead to compliance with the INREV Sustainability Reporting Guidelines and vice versa.

How do I ensure the information I provide is more descriptive and detailed in order to comply with the requirements of the INREV Sustainability Reporting Guidelines?

The INREV Sustainability Reporting Guidelines require a precise description of the sustainability policies of managers and vehicles with concrete action plans at the asset level. The Guidelines have been structured to reflect a logical progression from strategy to action to practical outcomes. A long term ESG strategy, stretching from portfolio to asset level, would be expected to produce annual objectives and targets, against which practical progress can be measured, for instance in terms of energy consumption and CO2 emissions.

8.7. UPDATES

The latest update: November 2016

November 2016: The references to the GRESB survey have been updated to align with the GRESB Real Estate Assessment 2016.

April 2016: Sustainability initiatives have advanced to play an important role in the operational performance of real estate investment vehicles and sustainability reporting has become a standard part of a company's annual reports. To support this the INREV Sustainability Reporting Guidelines have been revised to increase visibility and provide insight into a vehicle's Environmental, Social and Governance (ESG) efforts and also details their next course of action for improvements.

We will update you as soon as we have new plans for the Sustainability Reporting Guidelines.