



## INREV Asset Level Quarterly Index **Q4 2017**

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Industry Data

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## Disclaimer

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The INREV Asset Level Index is a distillation of information provided directly to INREV by fund managers and investors.

It provides a view on the performance of the European real estate asset over a particular period of time. It provides (and is only intended to provide) general information on any particular market featured.

The INREV Asset Level Index does not include any investment information and is not intended to provide any advice in respect of specific funds or investments, nor should it be used as a basis for investment decisions. These are matters on which specific professional advice should be taken.

We receive the information used to create the Index in good faith from fund managers and investors. We are not in a position to confirm its accuracy or completeness or whether it is representative of any particular market. INREV has not verified the information it has received.

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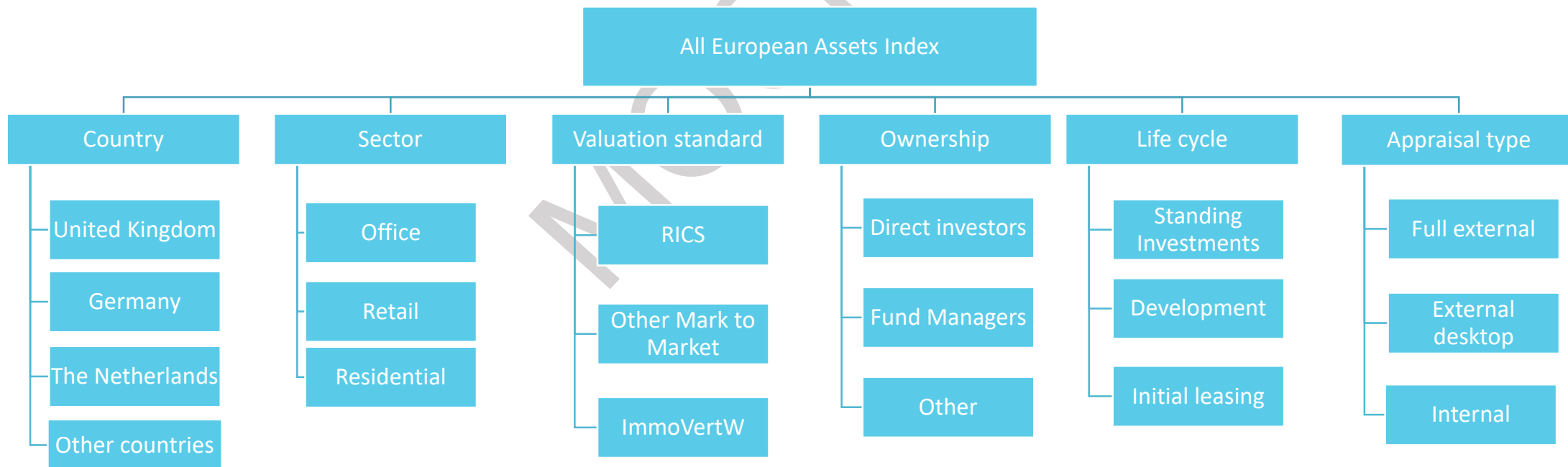
## Introduction

Welcome to the publication of the INREV Asset Level Quarterly Index 2016, which covers the performance of European real estate assets over first quarter of 2017.

This is the first time that INREV has produced an Asset Level Index.

The first release of the Asset Level Quarterly Index includes 2.345 assets representing aggregate market value of almost €99.4 billion. The INREV Asset Level Quarterly Index is an unfrozen index which means that historical information can change.

An accompanying Asset Level Analysis Tool is available to INREV members that also provide their asset level data. The Analysis Tool is accessible via the INREV website and allows members to create customised asset level indices. More information about this online tool can be found at the end of the Index release.



## Q1 2017 Overview

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This is the first publication of the INREV Asset Level Quarterly Index, in close cooperation with the BVI, the German Investment Funds Association.

The Index is a result of a direct response to industry requests for a set of indices that allows for performance comparisons in the non-listed German real estate vehicles market. The project was initiated in June 2015 and the first release of the Quarterly index includes performance figures from Q2 2000 to Q1 2016. The sample coverage rises from 20 vehicles in Q2 2000 to 175 in 2016, representing NAV of €25.4 billion and €99.4 billion in Q1 2016, respectively.

### Record quarterly return for the Asset Level Index in Q1 2016

The All Asset Level Index delivered returns of 0.9% over the first quarter of 2016, a slight increase on the 0.8% seen in the previous quarter.

On an annualised four quarters rolling return basis, performance for non-listed Asset Level was 3%. The income return of 3.5% was the main driver of positive performance, while capital growth remained in the negative territory, -0.2%.

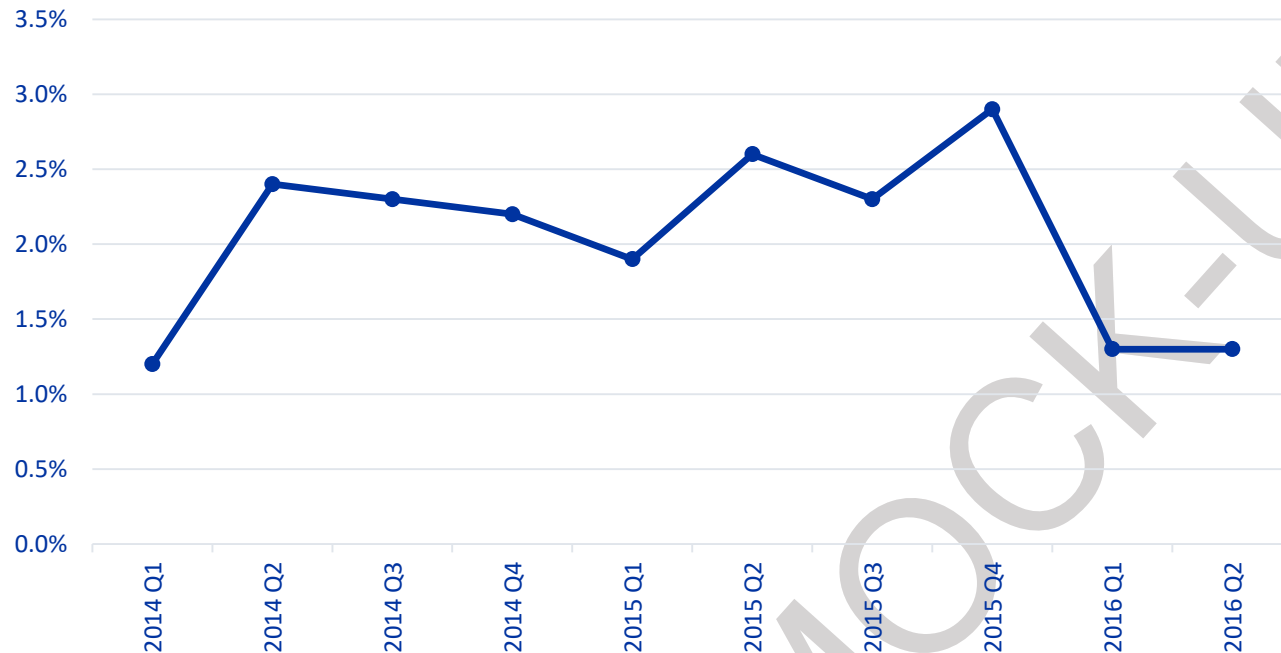
Total returns for Spezialfonds was 1.2% over Q1 2016, a slight decrease from the record quarterly return of 1.7% delivered in Q4 2015. Publikumsfonds, which account for 67.3% of the overall index, saw their performance improve in Q1 2016 to 0.8% from 0.4% in Q4 2015.

Vehicles that invest only in Germany showed a solid performance of 1.4% during this quarter, a slight decrease from 1.6% in Q4 2015. Vehicles that have European – ex Germany or Global strategy achieved returns of 0.7% and 1.8% respectively.

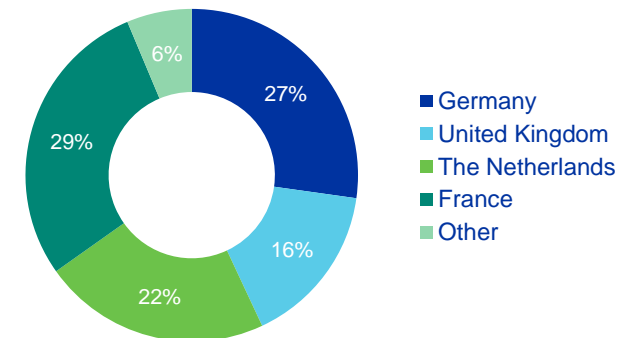
Among the sectors industrial / logistics and residential were the strongest performers with quarterly returns of 2.2% and 1.8% respectively. Multi-sector vehicles, which account for 82.5% of NAV achieved quarterly performance of 0.9% in Q1 2016 compared with 0.6% in Q4 2015.

## All Asset Index

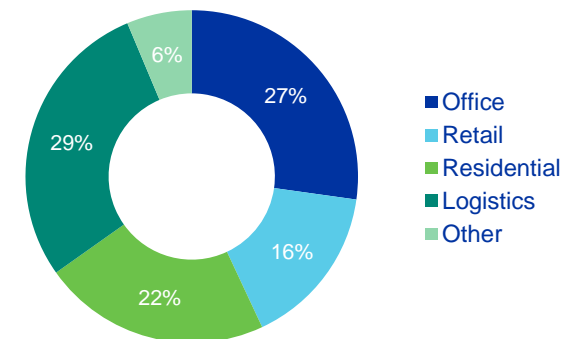
### % Total Return in Local Currency



### Country Allocation (%)



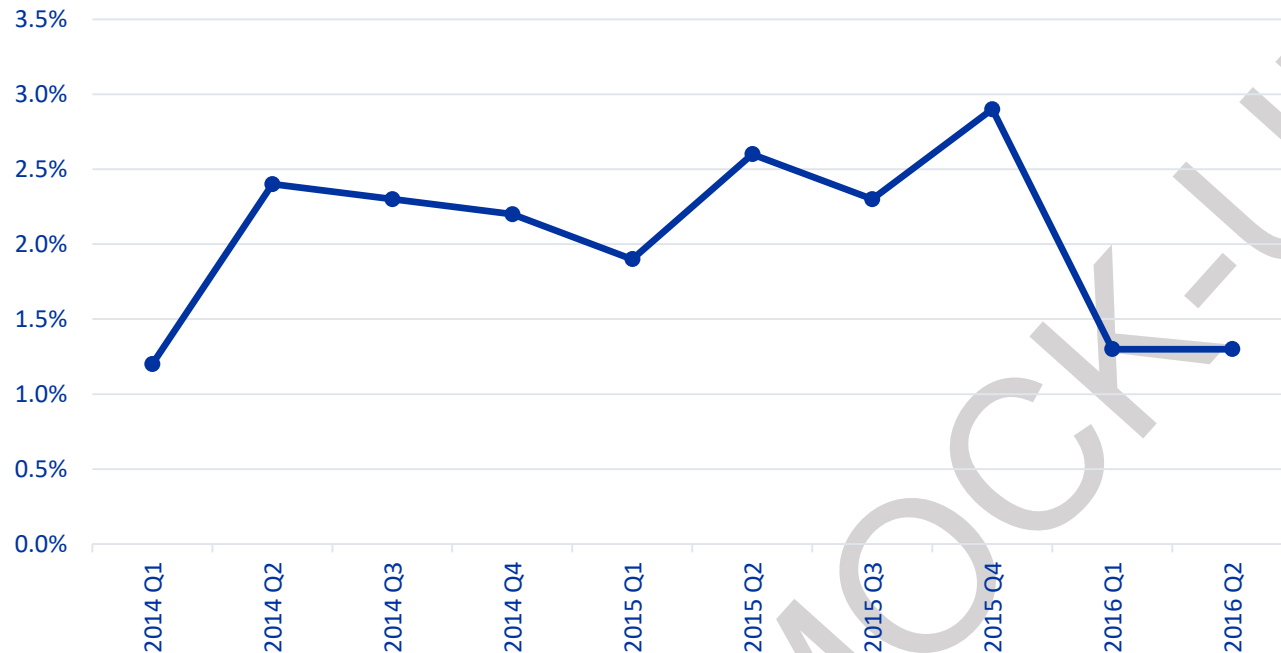
### Sector Allocation (%)



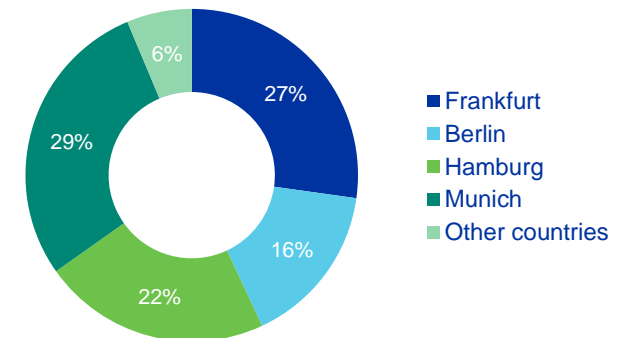
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Total return (%)	1.13	1.34	2.45	-1.45	3.56	-9.45	1.12	1.11	-0.09	1.56	1.44	0.98	0.67
Capital Growth (%)	1.13	1.34	2.45	-1.45	3.56	-9.45	1.12	1.11	-0.09	1.56	1.44	0.98	0.67
Income Return (%)	1.13	1.34	2.45	-1.45	3.56	-9.45	1.12	1.11	-0.09	1.56	1.44	0.98	0.67
# of Assets	1.234	2.345	3.456	4.567	5.675	6.789	6.789	6.789	6.789	6.789	* rolling return ** rolling return (annualised)		
Total Value of Assets (€ mln)	90.000	100.000	300.000	350.000	400.000	400.000	400.000	400.000	400.000	400.000			
Average occupancy rate (%)	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5			
% valued mark-to-market	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5			

## Germany Index

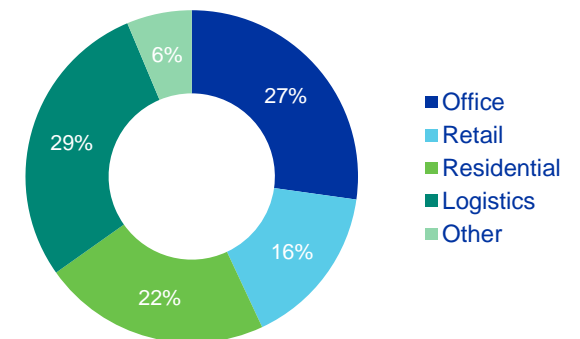
### % Total Return in Local Currency



### Major city Allocation (%)



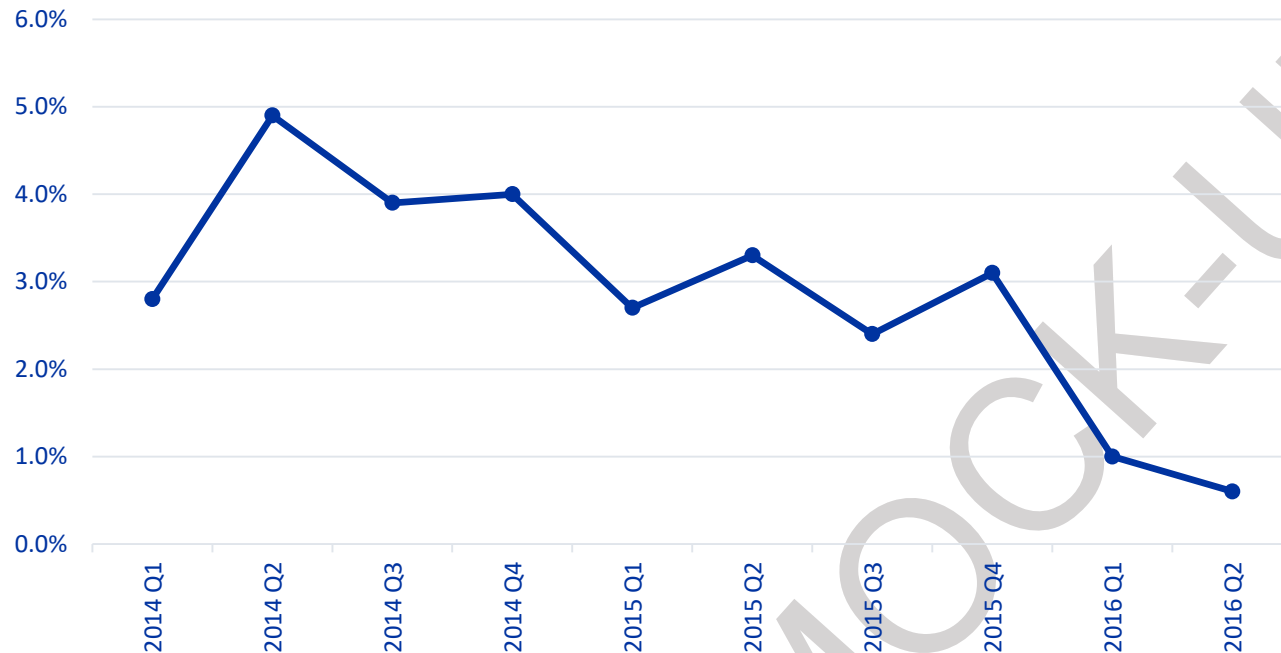
### Sector Allocation (%)



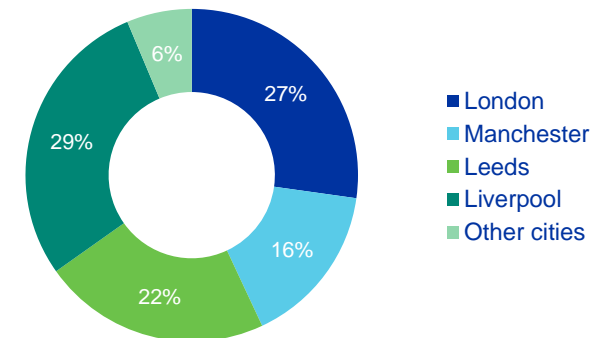
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## United Kingdom Index

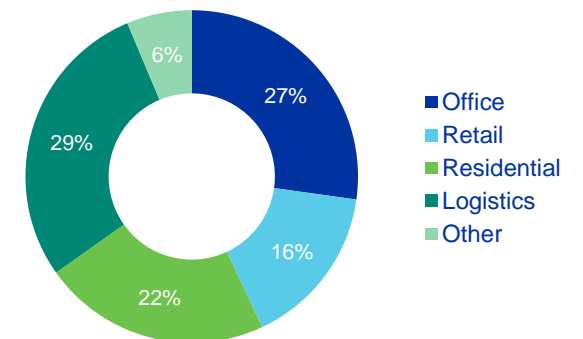
### % Total Return in Local Currency



### Major city Allocation (%)



### Sector Allocation (%)

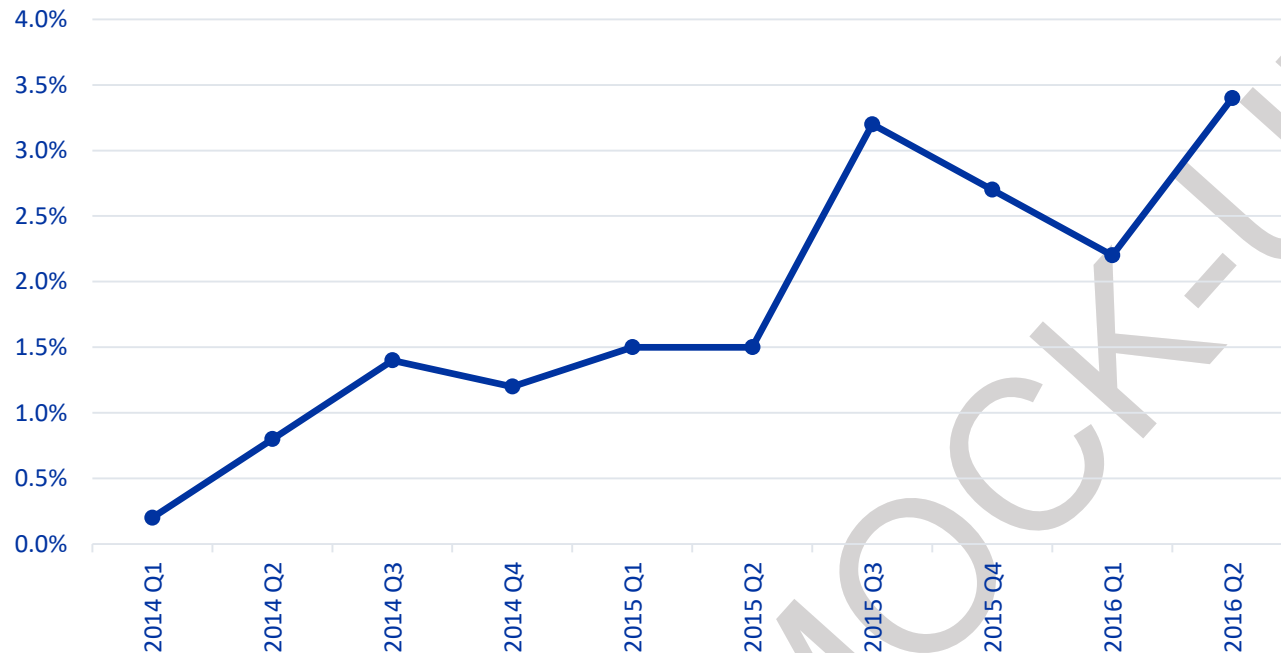


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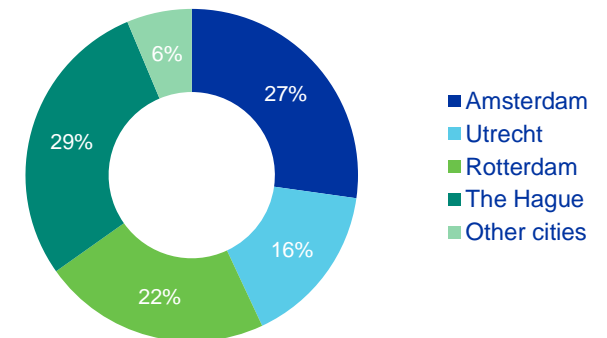


# The Netherlands Index

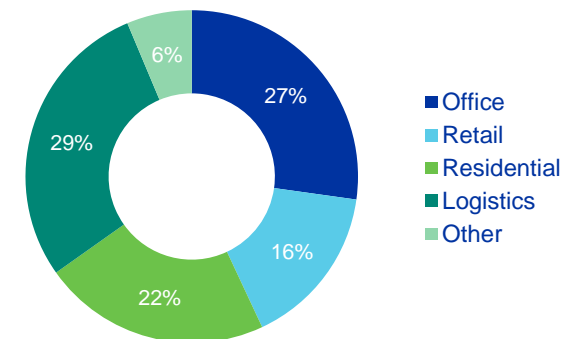
## % Total Return in Local Currency



## Major city Allocation (%)



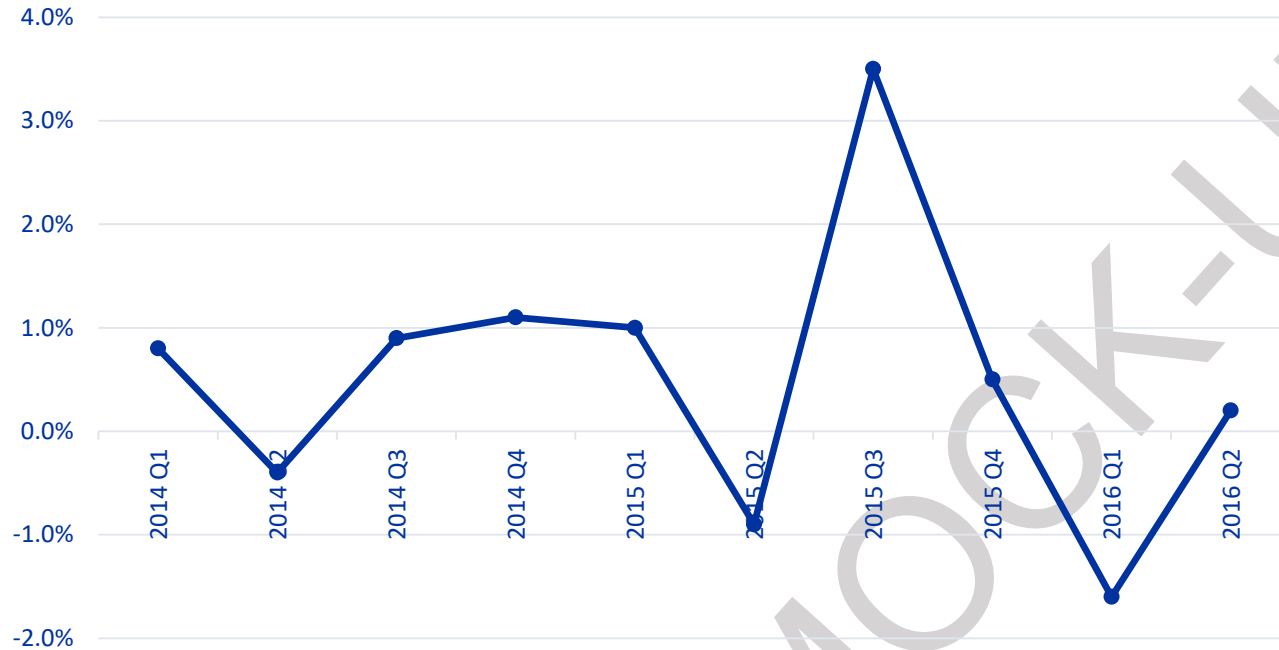
## Sector Allocation (%)



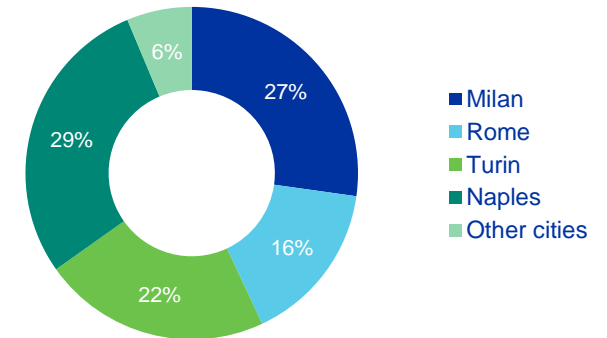
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## Italy Index

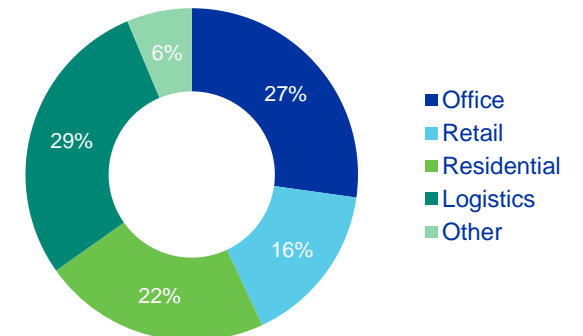
### % Total Return in Local Currency



### Major city Allocation (%)



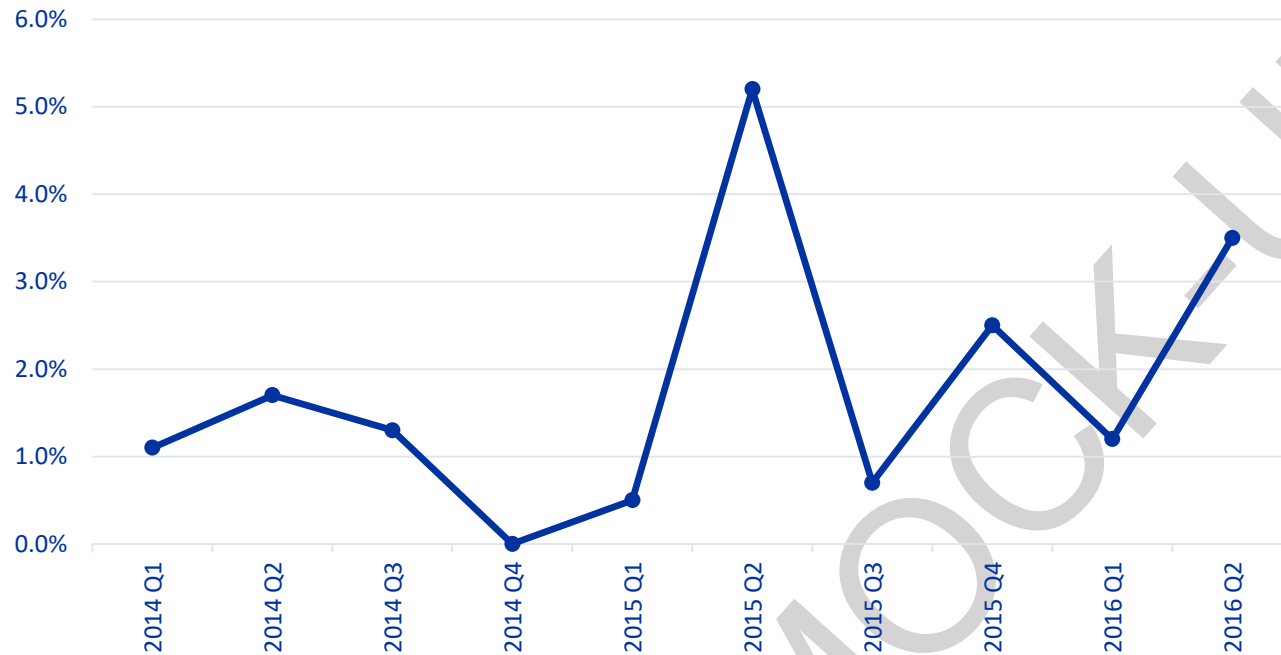
### Sector Allocation (%)



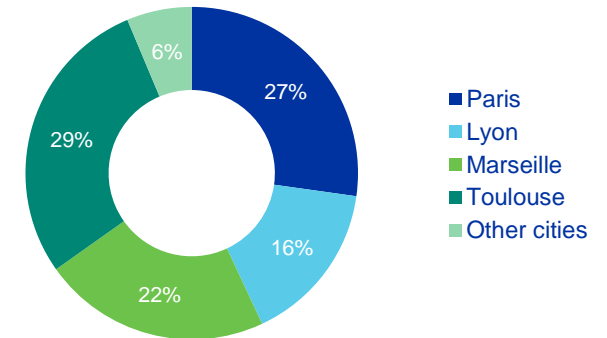
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## France Index

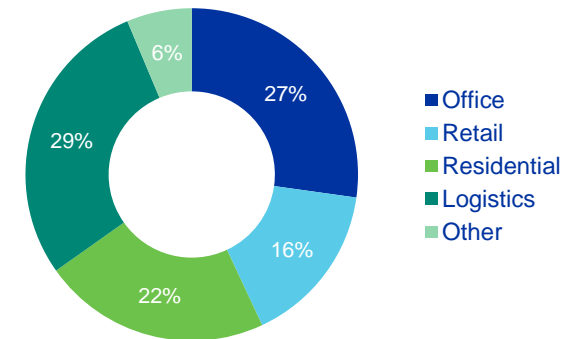
### % Total Return in Local Currency



### Major city Allocation (%)



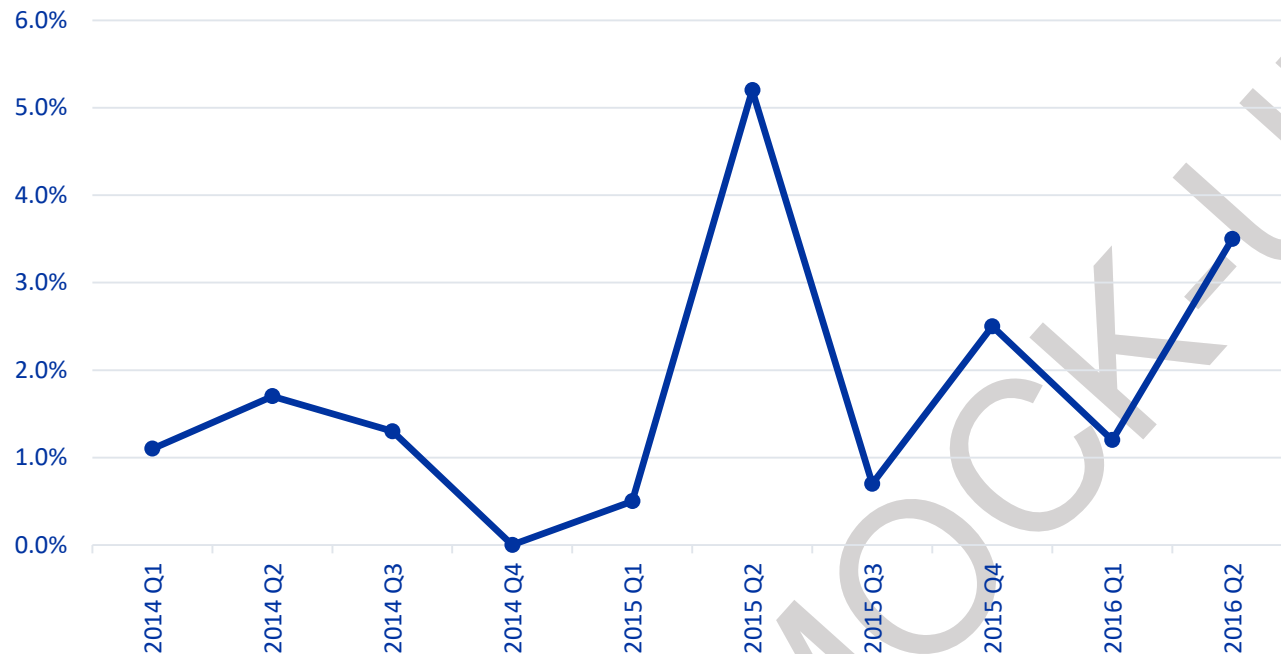
### Sector Allocation (%)



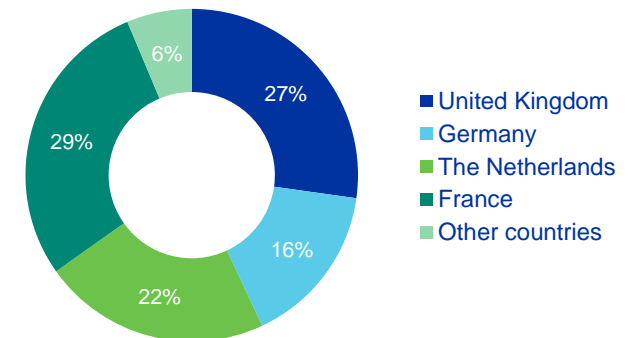
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## Office Index

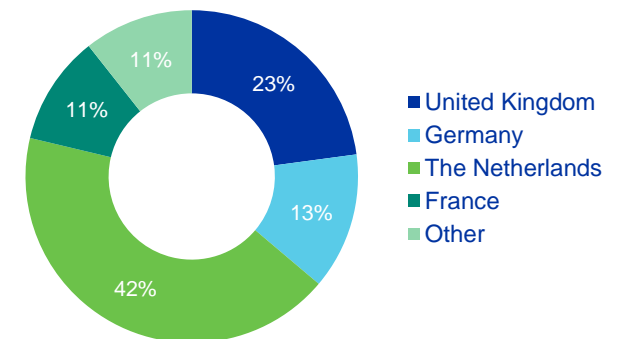
### % Total Return in Local Currency



### Country Allocation by value (%)



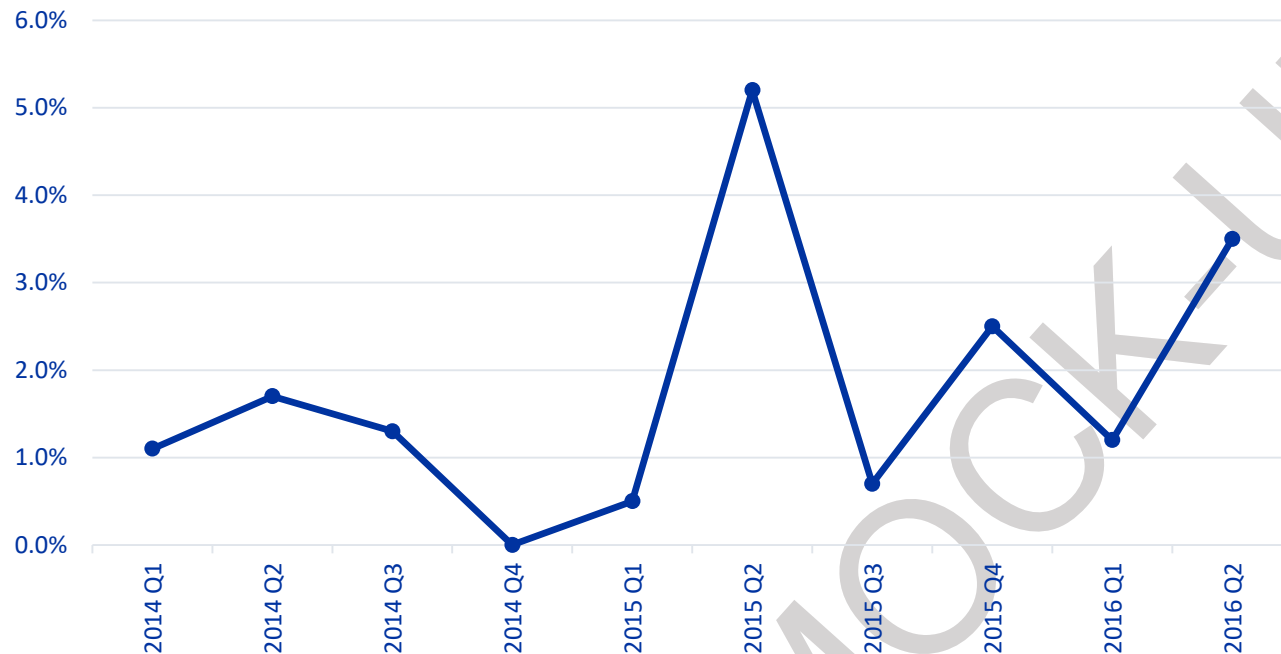
### Country Allocation by number of assets (%)



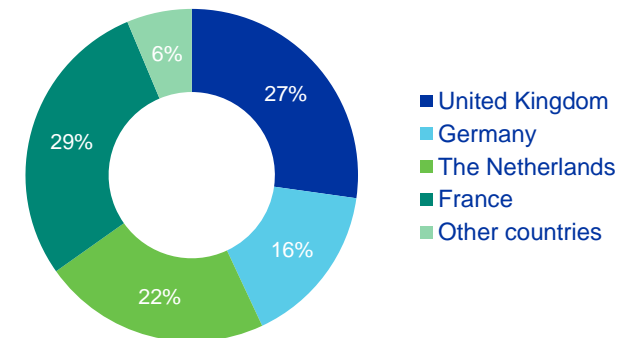
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## Retail Index

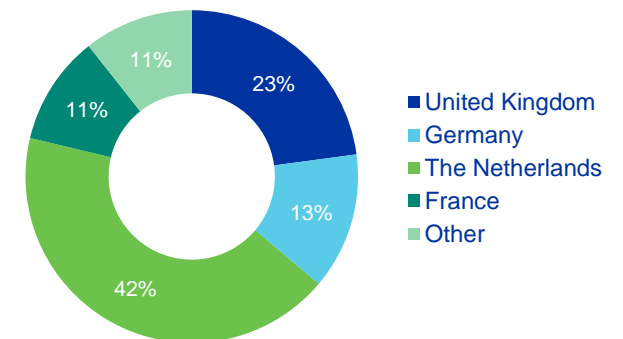
### % Total Return in Local Currency



### Country Allocation by value (%)



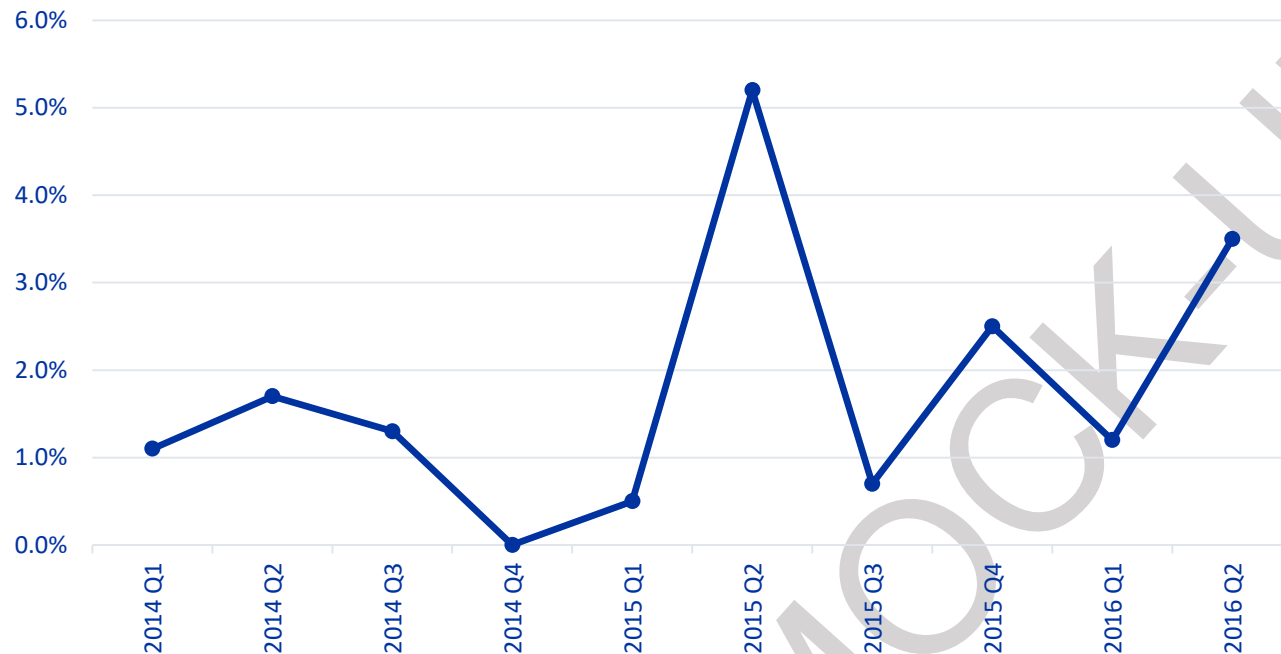
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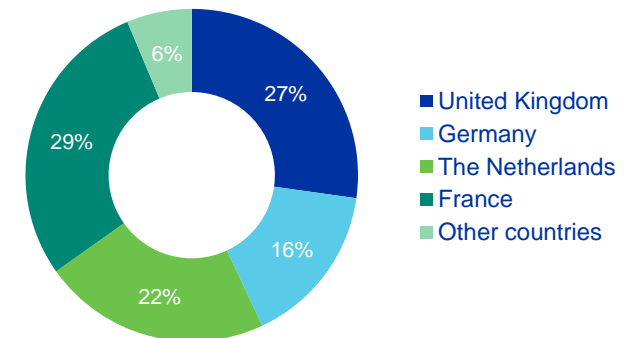
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## Industrial/Logistics Index

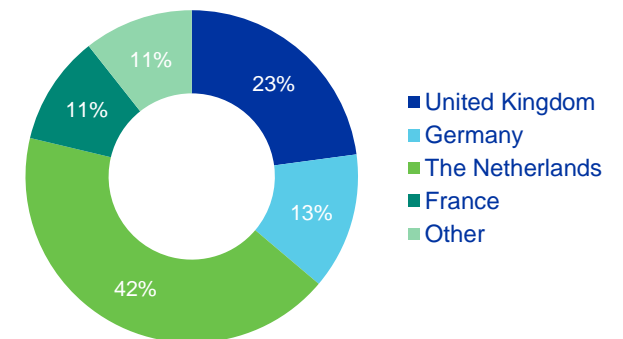
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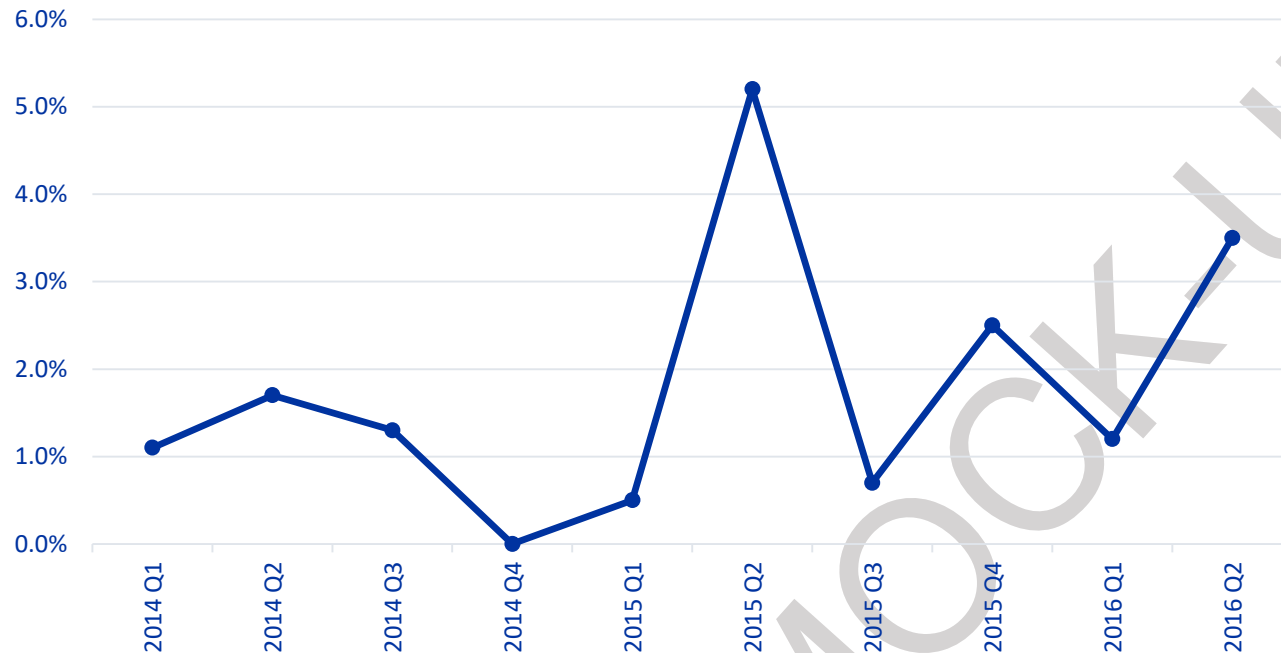
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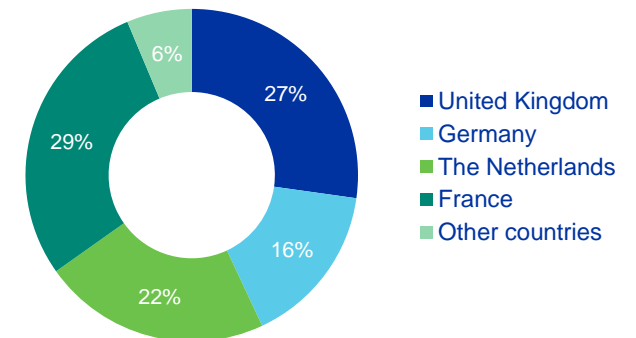
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## Residential Index

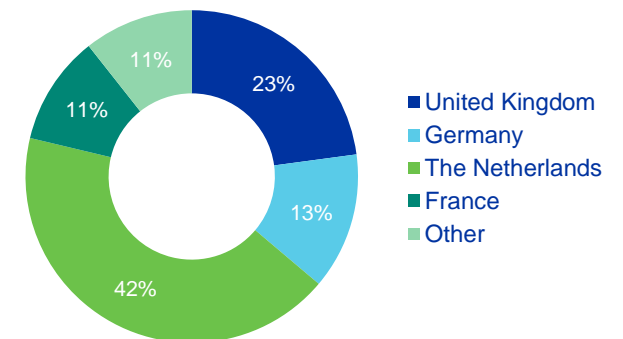
### % Total Return in Local Currency



### Country Allocation by value (%)



### Country Allocation by number of assets (%)



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Capital Growth (%)	1.13	1.34	2.45	-1.45	3.56	-9.45	1.12	1.11	-0.09	1.56	1.44	0.98	0.67
Income Return (%)	1.13	1.34	2.45	-1.45	3.56	-9.45	1.12	1.11	-0.09	1.56	1.44	0.98	0.67
# of Assets	1.234	2.345	3.456	4.567	5.675	6.789	6.789	6.789	6.789	6.789	* rolling return ** rolling return (annualised)		
Total Value of Assets (€ mln)	90.000	100.000	300.000	350.000	400.000	400.000	400.000	400.000	400.000	400.000			
Average occupancy rate (%)	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5			
% valued mark-to-market	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5			

## INREV Asset Level Index Specification

The INREV German Index measures non-listed real estate vehicle performance based on annual net asset values (NAVs). The indices are composed to reflect the post-tax financial performance of the German non-listed property vehicles market taking into account fees and leverage.

The INREV German Index was launched in 2015 and includes historical data from 2001. Only core and value added vehicles are included. All returns are in local currency, which means that exchange rate fluctuations have been stripped out. Returns are compiled and calculated by. The INREV German Quarterly Index is unfrozen, which means that historical results will be restated in future publications.

### Calculation method

The INREV German Index uses the Modified Dietz Method to calculate a quarterly vehicle return. This method calculates a NAV based return adjusted for the average invested capital for the period. The initial Net Asset Values are adjusted by weighting all external cash flows based on the length of time this capital is held by the vehicle using the actual dates of these cash flows.

All figures included in this publication are quarterly vehicle returns. The total return is split into capital growth and income return components.

$$TR = \frac{NAV - NAV_{(t-1)} - \text{contributions} + \text{redemptions} + \text{distributions}}{NAV_{(t-1)} + TWC - TWR - TWD}$$

$$CG = \frac{NAV - NAV_{(t-1)} - \text{contributions} + \text{redemptions}}{NAV_{(t-1)} + TWC - TWR - TWD}$$

$$IR = \frac{\text{distributions}}{NAV_{(t-1)} + TWC - TWR - TWD}$$

TR	= Total return for the measurement period
CG	= Capital growth for the measurement period
IR	= Income return for the measurement period
NAV	= The net asset value of a fund is its GAV less all liabilities as per the chosen valuation principles
Contributions	= Any capital paid from the investor(s) into the fund (capital call)
Redemptions	= Redemption is the return of an investor's equity holdings
Distributions	= Dividends paid from the Vehicle to its shareholder(s)
TWC	= Time weighted (daily) contributions
TWR	= Time weighted (daily) redemptions
TWD	= Time weighted (daily) distributions



# INREV Index Specification

## Rules of inclusion

- INREV only accepts information which comes directly from the vehicle and inclusion is therefore subject to approval of the fund manager. Information from public sources is not used.
- The indices cover real estate vehicles accessible to institutional and retail investors.

## Explanation of Indices

- All Asset Level Index include all vehicles that are domiciled in Germany
- The INREV Core and Value Added indices are based on the style as self defined by the fund manager
- The Asset Level Index includes vehicles that target German market only
- The Europe Vehicles Index includes vehicles that target European market only
- The Europe Vehicles Index – ex Germany includes vehicles that target the European market excluding vehicles that target Germany
- The Global Vehicles Index includes vehicles that have a Global strategy
- The Multi-country and Multi-sector indices include those vehicles that have a strategy to invest in more than one country or sector

## Definitions

- NAV: The net asset value of a vehicle is its GAV less all liabilities in line with the chosen valuation principles. INREV encourages the use of the INREV NAV when contributing data to the index
- GAV: The gross asset value of a vehicle is the gross property value plus the value of any further assets at market value in line with the chosen valuation principles. The GAV figures in this publication are in EUR (conversion rate at 01-01-2015 is used).
- Gearing: (loan-to-value) is the consolidated total external leverage at the vehicle level as a percentage of the GAV of the vehicle

## The Online INREV Asset Level Index Analysis Tool

The INREV Asset Level Index Analysis Tool is available on the INREV website under Industry Data. The online tool gives members the opportunity for deeper performance analysis and allows members to create their own customised index for performance comparisons.

The online tool allows users to specify the characteristics to create sub-indices by structure, vintage, gearing, size and style. For example, one sub-index could be vehicles with a launch year between 2005 and 2007, a gearing level between 30% and 60% and a size of between €250 million and €500 million gross asset value (GAV). This can be done for both the Annual and Quarterly Indices.

The tool provides information on total returns, capital growth, income return, target and actual country / sector allocations, number of vehicles, total net asset value (NAV), annual distribution yield, average total gearing and multiple period returns. Results are available in local currency, euro, British pound, yen, US dollar and Australia dollar.

Users are able to export the results to a PDF or in an Excel format. The PDF file contains headline performance results while the Excel file also contains detailed data on the composition of the sample such as actual allocations and composition by style and structure.

In line with the existing Index confidentiality rules, any peer group created must include at least three vehicles from at least three different fund managers.

### Compare your own vehicle performance with your chosen peer group

Fund managers that submit data to the INREV Asset Level Index are also able to compare their own vehicles performance with customised indices created in the INREV Asset Level Index Analysis Tool. The comparison includes information on the vehicle itself and on the specified peer group. For the vehicle, this includes the total return, capital growth, income return, total NAV, total GAV, gearing and distribution yield. The same results are published in the peer group including the number of vehicles and the quartile results of the total return. This sheet also includes a graph with the performance of the vehicle and the peer group performance, as well as the number of vehicles in the peer group. The comparison document can also be printed or exported to PDF and / or Excel.

To access the online INREV Asset Level Index Analysis Tool, login to the INREV website ([www.inrev.org](http://www.inrev.org)) and go to Industry Data > Index > **INREV Asset Level Index Analysis Tool**.

## Contributors

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### Fund Managers

Fund manager 1

Fund manager 2

Investor 1

Investor 2

MOCK-UP

Note: This list only consists of those fund managers who gave permission for their company name to be included

## INREV Info

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INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. Our aim is to improve the understanding 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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