



Business Plan **2018 - 2020**

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Introduction

The annual Business Plan is an important source of guidance for INREV's activities through the year, both within our office and in INREV's committees and focus groups.

Member input and an awareness of market trends are integral to the Business Plan, as both influence INREV's focus and strategy.

The plan captures input from members via the annual Member Survey, and from other key contributors including the INREV Management Board, Committees, Investor Advisory Council and Fund Manager Advisory Council.

The Business Plan begins with an analysis of market trends relevant to non-listed real estate and its investors.

The next chapter follows with key outcomes of the annual Member Survey, which provide important input for the Plan.

Then we look at INREV's strategic goals and deliverables, which have been designed to create significant value for our members as well as the wider non-listed industry. These are our key value drivers. Finally, we break down these key value drivers into the main practical priorities for the short and mid-term, under INREV's five focus areas.

The work involved in carrying out these key priorities would not be possible without the expertise, dedication and commitment of our members, who provide the driving force behind our success.

To ensure we have a future proof organisational structure that allows us to deliver these priorities effectively, there will continue to be a strong focus on building and strengthening INREV's operational and organisational processes in 2018, specifically in the areas of IT and communications.



Market trends

The economic climate is good at present, with the worst political upheavals apparently over and credit growth remaining moderate. The spirit of risk aversion evident since the global financial crisis continues to bolster the demand for real estate and rising prices, a trend that may hold true even when financing costs start to pick up.

The amount of new capital raised for the global non-listed real estate industry totalled €121.8 billion in 2016, slightly down on the previous year's record value, and there were signs that investors faced difficulties deploying this capital. Yet, investors globally intend to raise their real estate allocations further, and non-listed real estate remains in favour.

There is a wide range of non-listed real estate vehicles available to service the broad mix of current investors and their varying objectives. Investors' aims differ due to their size and their attitude to domestic and cross-border investment. The larger investors tend to seek greater control, preferring joint ventures, club deals and direct investments, which provide greater influence over strategy and asset choices. Meanwhile smaller investors continue to favour non-listed real estate funds or separate accounts. Investors tend to invest directly in their domestic markets, where their knowledge is strongest, but indirectly cross-border, in order to access management expertise and local market awareness.

Consolidation and technology are major influences on the operating environment. Consolidation is continuing among investors, fund managers and service providers alike, leading to ever more concentration among the biggest players. Globalising investment strategies may favour larger operators, while regulation can

increase costs of management, further encouraging efficiencies of scale. At the same time technology has now revolutionised many industries, and observers are watching its impact on real estate, where operators are starting to embed it in their day-to-day processes.

Looking further ahead, the demand for real estate is evolving. Longer term trends in demographics, population ageing, mobility and immigration laws will impact spending patterns and the demand for goods and services. At the same time, accelerating environmental change is set to increase the focus on sustainable and responsible investing. All these factors will influence the type of real estate assets in demand, while the lines between traditional sectors and infrastructure may well blur as they come together under the 'real assets' heading.

Tax and regulatory trends

Tax and regulatory initiatives continue to have a major impact on the structuring and management of non-listed real estate investments. While regulations such as AIFMD and Solvency II have become embedded in industry practice in recent years, they still add unnecessary burdens. A further challenge in 2018 will be the introduction of MiFID II.

Although the Capital Markets Union, European Commission President Juncker's flagship initiative, has so far failed to live up to its goal of increasing coherence in financial regulation, planned reviews and revisions of both AIFMD and Solvency II offer an opportunity for some improvement for our sector. Tax, meanwhile, is playing an increasingly important role as politicians and the press focus on tax structuring, with the Anti-Tax

Avoidance Directive imposing several new requirements in this arena. Finally, Brexit and the uncertainty it brings are having a disruptive influence on the entire financial sector, including non-listed real estate investment.

Consolidation and technology are major influences on the operating environment



Member survey

INREV canvassed the views of its membership in September 2017, through the annual Member Survey. The survey seeks members' views on the success and relevance of INREV's activities, and helps us to understand their needs and identify gaps in our current offering. The results of the survey are key in formulating the Business Plan.

The survey covers both the general level of satisfaction with INREV's activities and satisfaction in specific areas.

The survey seeks members' views on the success of INREV's activities, and helps us to understand their needs

Respondents

In 2017, 258 individuals completed the survey. The sample includes the views of more than a quarter of our corporate members and is representative of the composition of the overall membership.

Respondents



REPRESENTS VIEW OF 25% OF OUR CORPORATE MEMBERS

Overall satisfaction

Nearly all members (99%) would recommend INREV to others and satisfaction levels continue to rise, with the large majority rating INREV services as excellent or very good.

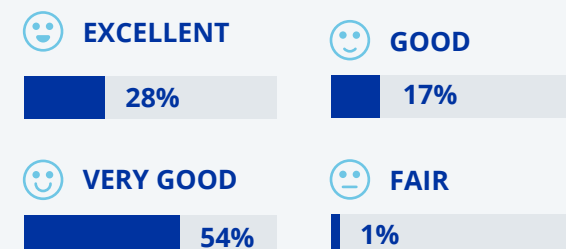
Recommend INREV



Increased satisfaction

99%

OF MEMBERS RATE SERVICES AS GOOD OR BETTER



Professional Standards

More members than ever are using the INREV Guidelines, rising to 96% in 2017 from 95% in 2016 and the clear majority (92%) believe we do not need any additional industry guidelines.

Most members (96%) believe that INREV should work towards creating global guidelines, one of our key priorities.

The Due Diligence Questionnaire (DDQ) remains the most widely used tool, with 63% of members using it. The Global Definitions Database, launched in July 2017 is gaining ground with 54% using it. The Standard Data Delivery Sheet (SDDS) and the Assessments are however less used, at 43% and 31% respectively, highlighting a need for further promotion.

Of the eight Guidelines modules, INREV NAV is the most widely adopted, followed closely by performance measurement and reporting. Liquidity is the least used module.

Use INREV Guidelines

 **96%** OF MEMBERS USE INREV GUIDELINES

Research

Research is considered the most relevant INREV service, followed closely by professional standards and market information.

The top three rated reports continue to be the annual Investment Intentions, Fund Manager and Capital Raising Survey.

Suggested research topics for 2018 include an update of the national investor universe studies, sector comparisons and further insight into new investor models such as joint ventures. Many members, 67%, do not and have no plans to invest in infrastructure.



Research

98% FIND IT THE MOST RELEVANT SERVICE

Market Information

The main reason why members use the INREV Index is for market and peer-to-peer comparison. The number of members who will provide asset level data has increased to 61% from 56% in 2016.

Of those members who use the index analysis tool, 93% rate it as good or better and the majority (67%) prefer to view results in Excel. When asked what other products they would like INREV to launch in the future an IRR Index was in high demand by 80% of members.

The Global Real Estate Index (GREFI) is much better known and appreciated with 93% of respondents rating it as good or better compared to 78% in 2016, it was a key priority to promote the GREFI in 2017.



Market Information

GREFI highly rated

93% RATE AS GOOD OR BETTER
↑ UP FROM 78% IN 2017

IRR Index in demand

80% OF MEMBERS REQUESTED

Public Affairs

Of those members that find public affairs information relevant to their role, 82% are satisfied with the information they receive and feel well informed, especially regarding AIFMD, Brexit and Solvency II.

In comparison, there is low awareness of coverage on capital markets union and BEPS. We also need to improve awareness of the monthly Public Affairs and Tax forum calls, which fits in with our plans to rebrand and promote the calls.



Public Affairs

82%

OF MEMBERS SATISFIED
WITH PUBLIC AFFAIRS
INFORMATION

Training

Satisfaction with training courses hit a record breaking high with 100% of members willing to recommend an INREV training course, up from 97% in 2016 and 83% in 2015.

Content remains the top factor in deciding whether to attend an INREV course for the third-year running, followed by speakers and dates.

In 2017, we launched the INREV / Henley Training Certificate, just over half of the members are aware of this great new initiative, we will continue to promote this certificate to achieve industry recognition and acceptance.



Training

100%

WOULD RECOMMEND
AN INREV TRAINING
COURSE

Events

Events continue to increase in importance with 94% of members finding the service relevant comparison to 90% in 2016. The majority (92%) feel that the programme offers an event tailored to their needs.

It seems that members are satisfied with the frequency of events offered, 57% say the schedule is sufficient and 32% feel it's just right.



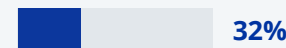
Events

92%

OF MEMBERS
FEEL THERE
IS AN EVENT
TAILORED TO
THEIR NEEDS



Frequency right



Just right



Sufficient

Communication

INREV News, the weekly newsletter, is still the most popular way for members to receive information from us.

Members see the INREV website as an important source of information. It is highly rated for content and visual appeal, but there is room for improvement in the ease of finding information, something that will be addressed in our plans for the year ahead.

Three quarters of our members do not use the member directory and 39% are not aware that unlimited representatives can sign up and benefit from corporate membership, we will continue to promote these member benefits further.

Communication

Top ways to receive information:



1. INREV NEWS



2. WEBSITE

Improve awareness



UNLIMITED SIGN UP
FOR EMPLOYEES



MEMBER DIRECTORY

Strategy 2018 - 2020

We have set three strategic goals for 2018 - 2020. These are based on INREV's vision and mission statement, taking full account of market developments and the changing needs of our members.

**We exist to
increase
transparency,
professionalism
and best practice**



Vision

To champion the non-listed real estate industry globally and build it as a competitive and sustainable asset class in Europe for institutional investors.

Mission Statement

INREV works to further transparency and accessibility, promote professionalism and best practice, be the voice of the industry and spread knowledge.

Strategic Objectives

Be the go-to platform for global insights on the real estate industry

Drive global industry standards

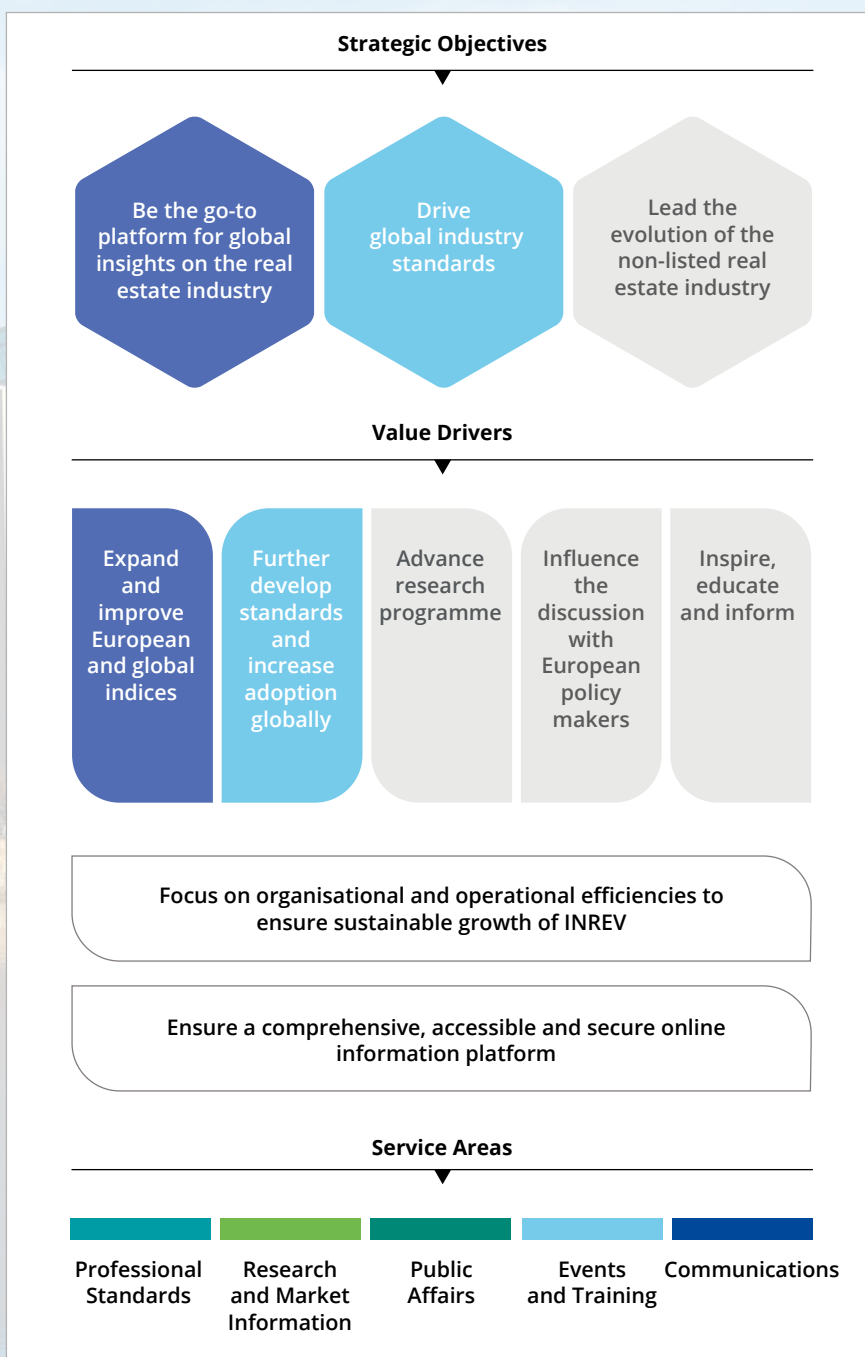
Lead the evolution of the non-listed real estate industry

Value drivers supporting strategy

We aim to achieve our strategic goals in 2018 by focusing on key value drivers, a number of carefully chosen steps designed to create significant value to our members and the industry.

INREV members benefit from our unique combination of services, which exist to increase transparency, professionalism and best practice. Together, we provide leadership in professional standards, research, market information, public affairs, training and events, as well as communication for the entire spectrum of the non-listed real estate industry.

Strategy Map



1. External priorities

Professional Standards

Leading real estate industry professionals use INREV as the go to platform for standards and best practice. INREV Professional Standards enable consistency, allow peer-to-peer comparisons and promote market transparency.

Investors and managers adopt our Guidelines to excel in their performance and risk management, benefitting from detailed comparisons, tools and examples. INREV provides a platform where experts work together to share and promote.

Investors and managers
adopt our Guidelines
*to excel in their performance
and risk management*

Key priorities

- **2018**
Provide guidance on pricing and liquidity mechanisms of funds
- **2018-2019**
Drive strong adoption of INREV Guidelines through digital and easy to use tools, namely, Guidelines Assessments, DDQ and SDDS

Advance global standards, definitions and data exchange standards in conjunction with NCREIF, PREA and ANREV. Specifically:
 - Global performance measurement
 - Global fee and expense metrics
 - Global Net Asset Value (NAV)
- Tailor INREV Guidelines to fit other vehicle types



Research

INREV is the leading source of industry insight for the non-listed real estate industry in Europe.

INREV's research builds on our extensive proprietary information and indices. The programme covers a wide range of topics that anticipates the direction of the non-listed real estate industry globally.

Research anticipates the direction of the *non-listed real estate industry globally*

Key priorities

2018

Revise the Management Fees and Terms study to reflect updates to the INREV Fee and Expense Metrics guidelines module

2018-2019

Academic research topics for 2018:

- Specialist managers versus generalists
- Cross regional comparison of open end diversified real estate funds

Develop research online analytical tools to allow deeper analysis of INREV survey data

2018-2020

Revise the 2012 study on the Investor Universe

Build on existing global surveys, expanding coverage applicability and usage

Further strengthen the university outreach program to increase the knowledge and understanding of the non-listed real estate industry and to increase the use of INREV data for academic research, in conjunction with Training & Education



Market Information

INREV's market information is a reliable source of independent accurate and comprehensive data on the non-listed real estate industry.

INREV's suite of market information – our indices, vehicles universes and online interactive analysis tools – support all aspects of the real estate investment process, from asset allocation to performance measurement. They allow peer-to-peer and market comparison, and further increase transparency and accessibility for the non-listed real estate industry.

Members can rely on us
*for independent, accurate
and comprehensive data*

Key priorities

2018-2020

Increase quality, accuracy and completeness of the INREV indices through expanding coverage and history: INREV Annual Index, INREV Quarterly Index, German Vehicles Index, GREFI, Global Investor Index

Promote awareness and increase usage of the INREV suite of market information tools: INREV indices, Vehicles Universes and online analytical tools

Develop the market information analytical tools through interactive visuals that allow users to effectively analyse the non-listed real estate industry

Explore the development of new indices and performance measures

Continue with the development of the asset level index and prepare for a consultation release at the INREV Annual Conference 2019

Promote and further develop consistent performance measurement best practice globally, in conjunction with Professional Standards



Public Affairs

INREV drives the non-listed real estate industry forward in Europe. We represent members' interests by increasing policymakers' awareness and understanding of the role and importance of real estate investment.

Leveraging on our presence in Brussels, members gain first-hand insights into the development and implementation of regulatory and policy initiatives. We develop common industry responses while sharing information on issues affecting our industry among international and national associations.

We represent members' interests *by increasing policy makers' awareness*

Key priorities

- **2018**
Ensure that key policy makers are aware of up-to-date data for Solvency II capital charge reconsideration
- **2018-2019**
Develop aligned real estate industry responses to regulatory and policy initiatives including AIFMD, ESA regulation, CMU, merger regulation, ATAD and Brexit related issues

Increase awareness of the role and contribution of real estate investment in European regulatory development through research and interaction with key policymakers
- **2018-2020**
Keep INREV members informed regarding the practical business impact of regulatory and policy initiatives through briefing calls, events, trainings courses and publications



Training

The INREV training and education programme meets the specific development needs of the non-listed real estate industry.

We deliver best-in-class content, courses and webinars focused on a wide range of topical and innovative subjects that support the exchange of professional best practice and deepen the knowledge of market participants at all levels.

Topical and highly relevant content
advance the skills and knowledge of participants

Key priorities

2018

Investigate designing a new course on alternative sectors to address current developments in traditional asset allocations.

Keep promoting the INREV/Henley Certificate to increase acceptance and achieve industry recognition

Execute and further improve the suite of scheduled training courses to reflect INREV and best market practices across non-listed real estate industry disciplines

Continue to revise course case studies to reflect current practices and latest learning techniques

Further strengthen the university outreach program to increase the knowledge and understanding of the non-listed real estate industry in order to engage with students at an early stage of their career, in conjunction with Research & Market Information.

Keep offering targeted events for young professionals

2018-2019

Expand scope of e-learning to continue to meet members' development needs and investigate new e-learning formats



Events

INREV offers members high quality conferences, seminars and round-table discussions, tailored to meet their specific needs. Through our leading position in the non-listed real estate industry, we provide a content-driven programme delivered by industry leaders.

Our events are designed to further knowledge, provide opportunities for sharing experience and enhance networking with industry peers across the spectrum of responsibility levels and focus areas.

Our wide-range of events
further knowledge, provide opportunities to share and network

Key priorities

- **2018**
Deliver and implement a varied and high quality events programme.
- **2018-2019**
Ensure a high degree of quantitative and qualitative event participation, especially by investors
- **2018-2020**
Maintain and increase accessibility for INREV members by continuing to offer a wide range of locations

Continue to offer targeted events for specific groups of members

Offer local investor only briefings in key markets



Communication

INREV delivers insightful and relevant information about non-listed real estate investment through best in class communication to the financial community. We provide timely, reliable and easily accessible information for our members via a multi-channel approach.

We provide
*timely, reliable and easily
accessible information
for our members*

Key priorities

● 2018

Improve user journey online by creating a user oriented website that increases awareness of relevant INREV services

Promote and increase usage of analytical tools for peer-to-peer and market comparisons and guidelines self-assessments to measure compliance

● 2018-2020

Improve industry awareness of headline results through engaging and interactive visuals that allow users to digest information quickly and efficiently

● Broaden reach and penetration of key messages with financial and business media to promote non-listed real estate as an alternative asset class



2. Internal priorities

Internal priorities

To ensure we have a future proof structure that allows us to deliver priorities effectively, there will continue to be a strong focus on building and strengthening internal processes specifically in the areas of IT and communication.



Financial priorities

2018-2020

Target potential members to join INREV with the aim to have investor and fund of funds managers representing at least 20% of our membership

Continue to develop sponsorship programme

Improve financial planning and cost control

Increase operational efficiency

Operational and organisational priorities

2018

Further roll out new Customer Relationship Management (CRM)

Implement IT strategy

Organisational review to make the INREV organisation 'future proof'

2018-2020

Roll out 'INREV in Control' for information security and regulatory compliance

Nurture culture to attract, develop and retain team members



CORPORATE



RESEARCH



INDUSTRY
DATA



PUBLIC
AFFAIRS



PROFESSIONAL
STANDARDS