



Business Plan 2019 - 2021

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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 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 Vision Project, 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 which we consider to have a significant impact to non-listed real estate, its investors and as such to INREV.

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 Vision and Mission and the 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 practical priorities, under INREV's 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 organisation that allows us to deliver these priorities effectively, there will be a strong focus on building and strengthening our team and IT infrastructure.



Market trends

Ten years on from the global financial crisis and the non-listed real estate industry continues to evolve. Both players and products have continued to adapt to keep pace with the needs of the increasingly sophisticated approach to real estate investment decision making. Aided, especially of late, by the growing availability of information and data being aptly hailed as the hot commodity.

Digitalisation and technology – focus on data

Data is rapidly being drawn to the centre of strategic decision making, providing insights that help answer key business questions. Whether investor, manager or service provider, users are turning those insights into decisions and actions that improve their businesses.

Every organisation, whether big or small, is undergoing a digital transformation to varying degrees. It's not just a technological shift that is happening in the world of real estate, but an organisational change which is taking place at the intersection of technology, business and people. The real estate industry is no exception to this digital revolution.

Globalisation of capital flows

Despite political instability in some parts of the world, low rates and low yields continue to shine a favourable light on the sector. Capital raised for investment into the global non-listed real estate industry reached a record of €152.3 billion in 2017, following a lull in 2016. Almost everywhere investors remain under-allocated to the sector and intend to further increase their allocations signalling more capital inflows into the sector.

Cross border investment is increasingly prevalent and cross border capital flows – including into Europe – are on an upward trajectory. 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. The way they do this is changing and also depends on the origin of investors.

Evolution of the market

The traditional non-listed real estate investors' landscape is changing, new players are entering the market, while seasoned investors use their experience to invest third party capital, along with their own capital. Furthermore, capital raised for the non-listed industry is not only targeting investment into funds. Over previous years there has been an increasing proportion of capital raised for other non-listed vehicles types, namely separate accounts, JVs and clubs, funds of funds as well as debt products.

Investors are increasingly sophisticated in their approach to investing into real estate. The rising availability of information and the insights it offers is driving a more data-driven investment approach. Tax and regulatory compliance are also a rapidly evolving aspect of non-listed real estate investment and put their stamp onto the investment structures of non-listed products. At the same time, much of the industry remains focused on making the adjustments that may be necessary to continue operating in the post-Brexit environment.

The competitive environment currently is ever more demanding of the right type of real estate asset.

Changes in technology and innovation, which is manifesting itself in the way we work, shop, as well as receive goods and services, is having a significant impact on the modern demands of real estate assets both on the occupier and investment sides.

Consequently, it is rendering some assets functionally obsolete while those currently regarded as alternatives are fast becoming mainstream, and are attracting more capital investment. As a result the real estate investment class is also evolving from bottom up.

Growing availability of information and data are aptly hailed as the hot commodity



Vision Project

Reaching our 15-year anniversary, INREV decided to conduct a thorough self-review, where we interviewed 62 members in one-to one interviews.

The results were put through different levels of consultation, confirmation and approval by the member advisory councils, the INREV team and current and past Management Board members.

By listening to our members needs, we review and establish our priorities



Respondents

A diversified sample of 62 members reflecting the make-up of the membership, were interviewed.



The following outcomes are reflected in this Business Plan.

The conclusions were that business models had expanded their outreach from a pan-European strategy, to a global strategy and that global players were entering the market at an increasing rate.

INREV was being utilised across its different service areas, and the balance between them was valued. This combination of services and the balance of member types was identified as INREV's unique position in the market. INREV's range of services will continue to be offered and further developed.

The opinion about entering other markets was divided between those supporting an opportunity in other asset classes and those aiming to prevent quality and focus from diluting.

Finally, the need to increase the membership fee was generally accepted and understood and suggestions of how to address this were provided.

Actions

We will retain a European focus and strengthen our global relevance through relationships with global partners .

Also, to reflect changes in the market players, the INREV investor definition needs to be reworked.

INREV will maintain its focus on real estate and develop partnerships or support other asset classes, as in our global efforts.

The Membership Fee will be re-evaluated in line with INREV's global partners, but the introductory fee will continue being provided.

A special thanks to all the members who took the time and effort to speak to us, we are and will continue to listen to your needs and take them into consideration in our future plans.

Member survey

INREV canvassed the views of its membership in September 2018, 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 2018, we had a record response with 382 individuals completing the survey, 48% more than 2017. The sample includes the views of more than a third of our corporate members and is representative of the composition of the overall membership.



Benefits

When we asked if they felt that their membership of INREV has grown their knowledge of the industry, 95% of respondents agreed.



Overall satisfaction

Nearly all members (99%) would recommend INREV to others and satisfaction levels remain very high with three quarters of our members rating INREV services as excellent or very good.

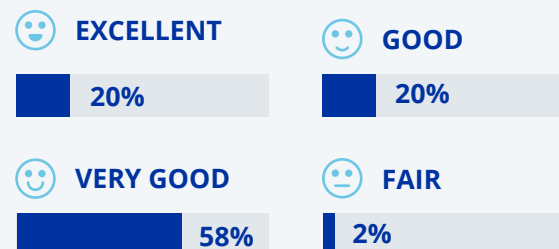
Recommend INREV



High satisfaction

98%

OF MEMBERS RATE SERVICES AS GOOD OR BETTER



Professional Standards

Almost all members, 96%, continue to use the INREV Guidelines and the clear majority (94%) believe we do not need any additional industry guidelines.

The Due Diligence Questionnaire (DDQ) remains the most widely used tool, with 61% of members using it. The Global Definitions Database is used by 57% of members, a slight increase from 2017. Usage of the Standard Data Delivery Sheet (SDDS) and the Assessments has decreased slightly, with less than a third of members using these tools, highlighting a need for further promotion to increase adoption and awareness.

Of the eight Guidelines modules, INREV NAV and reporting are the most widely adopted, followed closely by fee and expense metrics and performance measurement.

Use INREV Guidelines

 **96%** OF MEMBERS CONTINUE TO USE

Research

Research is still considered one of the most relevant INREV services.

Top rated reports continue to be Investment Intentions followed by the Fund Manager Survey but in the third place Management Fees and Terms jumped in, followed closely by Capital Raising.

Suggested research topics for 2019 include fees and terms, further insight into new investor models, tax implications and Brexit.



Management Fees and Terms

No 3
TOP RATED REPORT

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.

In 2018 we launched the Internal Rate of Return (IRR) Index in response to requests from members, awareness of this new index is very high, with 83% of members being in the know.

In 2018 the robustness and quality of the INREV Quarterly Index was much improved with historical data now going back to 2000, this needs to be promoted in 2019 as 80% rated the quality of the indices as good or better versus 87% in 2017.



Market Information

98% RATE AS GOOD OR BETTER
↑ UP FROM 97% IN 2018

IRR Index in demand

83% OF MEMBERS AWARE

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.

The relevance of public affairs has increased for members this year with 95% rating it as relevant versus 93% in 2017. In 2018 we restructured and promoted the monthly tax and regulatory briefing calls, this shows with over half of the members finding it a useful way to keep up to date.



Public Affairs

82%

OF MEMBERS SATISFIED
WITH PUBLIC AFFAIRS
INFORMATION

Training

For the second year running, 100% of members are willing to recommend an INREV training course.

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

The majority of members, 82% are interested in attending an e-learning course and we have started to investigate ways to build this into our training programme.

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



Training

100%

WOULD RECOMMEND
AN INREV TRAINING
COURSE

Events

Events continue to be an important service with 94% of members finding the service relevant. The majority (91%) feel that the programme offers an event tailored to their needs.

Members are satisfied with the frequency of events offered, 46% say the schedule is sufficient and 43% feel it's just right.



Events

91%

OF MEMBERS
FEEL THERE
IS AN EVENT
TAILORED TO
THEIR NEEDS



Frequency

43%

Just right

46%

Sufficient

Communication

INREV News, the weekly newsletter, is still the most popular way for members to receive information, we will continue to improve the service.

The INREV website is well rated in comparison to other trade websites with regards to content, visual appeal, user friendliness and ability to find information. Five percent more members access the website to improve their knowledge of the industry in comparison to 2017.

We will continue to promote that corporate membership is open to an unlimited number of representatives as only 52% are aware of this benefit. Usage of the Member Directory has increased, with 29% of members using it versus 18% in 2017, we will continue to promote this and look for other ways for the community to interact online.

Top ways to receive information



1. INREV NEWS



2. WEBSITE

Improve awareness



UNLIMITED SIGN UP
FOR EMPLOYEES

Vision and Mission

Vision

To champion the European non-listed real estate industry globally and build it as a competitive and sustainable asset class 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.

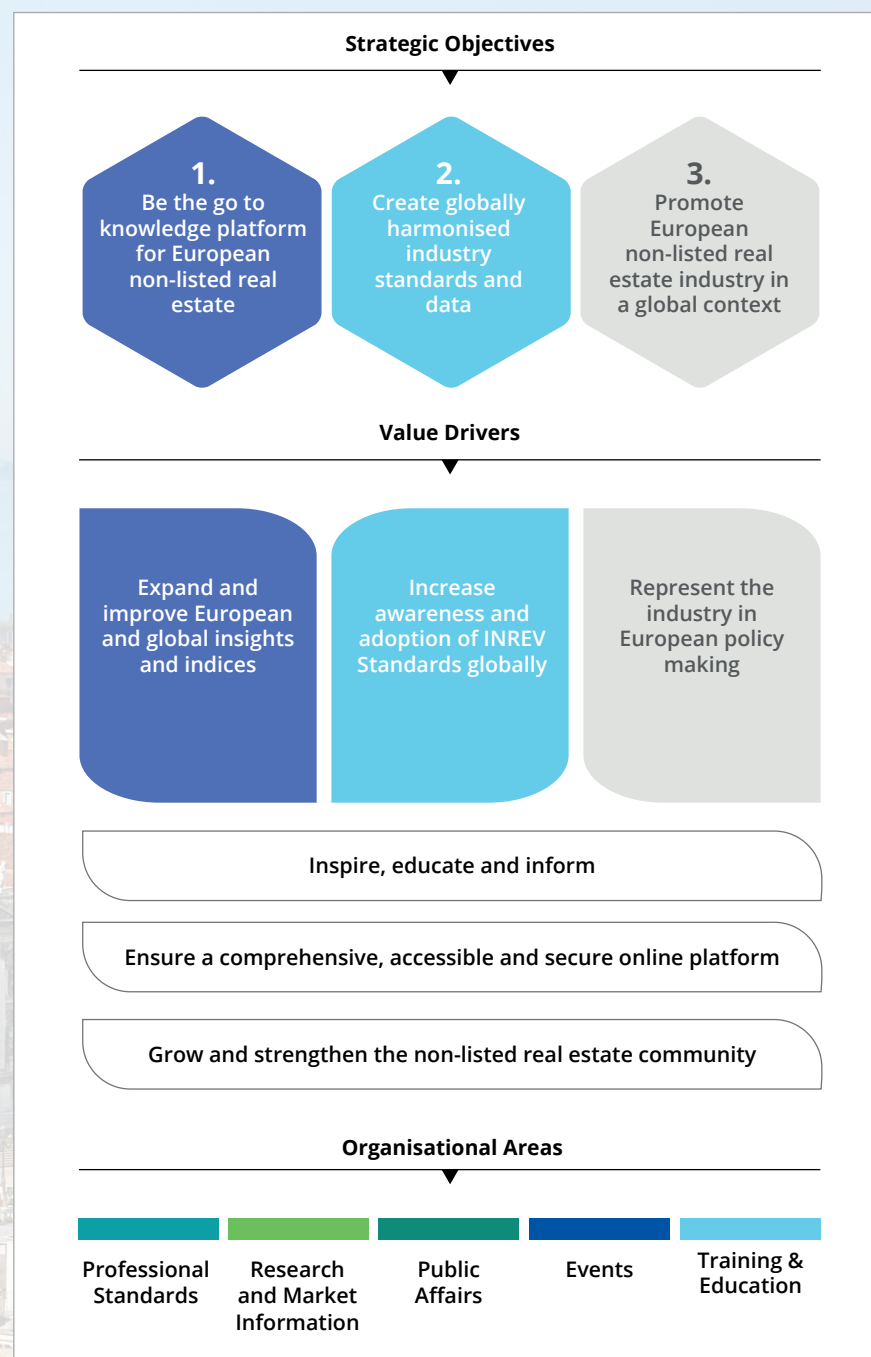


Value drivers supporting strategy

We aim to achieve our strategic goals in 2019 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 for the entire spectrum of the non-listed real estate industry.

Strategy Map



1. Goals & objectives

Organisational service areas

Professional Standards

INREV professional standards enables consistency and increases transparency and professionalism of the non-listed real estate investment industry.

Investors and managers adopt our Guidelines to excel in their performance and risk management, benefiting from detailed guidance and practical examples.

We improve understanding and drive strong adoption of the INREV Guidelines and tools across the globe and promote industry standards and best practices to new market entrants.

What we will continue to do:

- Expand online tools and digital services to support implementation of the guidelines, increase accessibility and enable comparison against market peers.
- Ensure standards are more globally relevant by working with our strategic global partners to drive convergence where practical and expand reach.

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



Key priorities

- ✚ Expand guidance on evolving structures in non-listed real estate to include:
 - characteristics and structure of debt funds
 - pricing, governance and liquidity mechanisms for open end funds
- ✚ Increase knowledge and adoption of the standards by enhancing:
 - practical examples of the Guidelines at relevant stages of the real estate investment journey
 - the content and functionality of the online assessment
- ✚ Expand the Global Definitions Database (GDD), finalise the Total Global Expense Ratio (TGER), and complete a gap analysis of performance reporting standards



Research

INREV research is the go-to platform for global insights on the non-listed real estate industry, with a research programme that builds on INREV's extensive proprietary data and covers a range of topics that anticipates the direction of the non-listed real estate industry globally.

The INREV research programme includes 6 evergreens as well as topical research:

- Investment Intentions Survey
- Capital Raising Survey
- Fund Manager Survey
- Funds of Funds Study
- Funds Termination Study
- Management Fees & Terms (biennial)

What we will continue to do:

- Build on existing global surveys, expanding coverage, applicability and usage.
- Improve the understanding of European non-listed real estate within a global context.
- Develop research online analytical tools to allow deeper analysis of INREV survey data which is an integrated part of the overall IT Developments.

Key priorities

- 🚩 Revise the 2010 - 2012 Investor Universe Study to further understand the changing European institutional investor landscape, the motivations for investing in real estate and the hurdles that prevent investors from doing so
- 🚩 Explore the evolution of the market including product development trends, as well as the impact of tax and regulation changes on the market
- 🚩 Explore potential new sources of capital targeting real estate and investigate whether they will lead to structural changes in the non-listed real estate industry



Market Information

INREV market information is an independent source of comprehensive data on the non-listed real estate industry that supports all aspects of the real estate investment process, from asset allocation to performance measurement, and peer-to-peer and market comparisons.

The market information programme includes:
8 indices:

- INREV Annual Index
- INREV Quarterly Index
- GREFI – global real estate fund index
- Global Investor Index
- German Vehicles Index (annual & quarterly)
- IRR Index (annual & quarterly)

3 databases:

- INREV Vehicles Universe
- Debt Funds Universe
- Funds of Funds Universe

3 online analytical tools:

- Index Analysis Tool
- German Vehicles Index Analysis Tool
- Investor Vehicles Analysis Tool

What we will continue to do:

- Increase quality, accuracy and completeness of the INREV's suite of market information
- Provide insights into the performance of the European non-listed vehicles space
- Develop market information analytical tools to allow members to effectively analyse the non-listed real estate industry as an integrated part of the overall IT Developments

Key priorities

- 🚩 Further develop the Asset Level Index and prepare for a consultation release at the INREV Annual Conference 2019
- 🚩 Explore the potential for a European Open End Diversified Core Equity Index with the potential to expand to global and develop a global Open End Diversified Core Equity Index
- 🚩 Develop a global IRR Index that could potentially bring consistency in reporting the performance of closed end vehicles across Europe, Asia Pacific and the US



Public Affairs

INREV represents members' interests by increasing policymakers' awareness and understanding of the role and importance of real estate investment.

We develop aligned industry responses to proposed regulatory and policy initiatives while taking a leading role on issues affecting our industry among international and national associations.

Leveraging on our presence in Brussels, we provide members with first-hand insights into the development and implementation of regulatory and policy initiatives

What we will continue to do:

- Keep members informed regarding the practical business impact of regulatory and policy initiatives through briefing calls, events, invitation-only roundtables focused on specific topics, training courses and publications.

We represent members' interests by increasing policy makers' awareness



Key priorities

- 🚩 Ensure that key new policy makers are aware of the role and importance of non-listed real estate to European economy and society following 2019 EU elections
- 🚩 Provide input on multiple aspects of Brexit negotiation process on both sides of the Brexit divide and keep members informed of potential impacts on our industry in both the UK and the EU
- 🚩 Develop aligned real estate industry responses to regulatory and policy initiatives including the review of AIFMD and Solvency II, proposed ESA regulation, Sustainable Finance and tax-related rule changes
- 🚩 Help members understand and implement new regulatory requirements related to MiFID II, Sustainable Finance, ATAD, revised AIFMD and Solvency II and national tax law changes



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.

What we will continue to do:

- Organise high quality events with an emphasis on strong content.
- Deliver a varied and high quality events programme.
- Offer targeted events for specific groups of members, specifically young professionals to engage them in an early stage of their career and nurture the future generation of leaders.
- Ensure a high degree of quantitative and qualitative event participation, especially by investors.
- Maintain and increase accessibility by continuing to offer events in a wide range of locations near to our members.

Key priorities

- 🚩 Further develop the Autumn Conference to position it as one of INREV's flagship events alongside the Annual Conference and Young Professionals Conference
- 🚩 Incorporate INREV output in the events programmes such as the investment intentions and investor universe studies, the German Vehicles Index, Asset Level Index, the global guidelines and public affairs updates
- 🚩 Offer a structured events sponsorship programme to members
- 🚩 Ensure gender diversity of speakers in the events programme

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



Training

The INREV training and education programme increases knowledge and meets the development needs of players in the non-listed real estate investment industry, specifically on INREV output.

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.

Built on the success of our training courses we also offer the INREV/ Henley Certificate in partnership with Henley Business School, an education programme that combines practical application with academic rigour.

What we will continue to do:

- Further improve the suite of our training offerings to reflect INREV best market practices across the industry.
- Ensure successful delivery of around 14 courses across the major European hub cities.
- Offer a wide range of webinars to meet members educational needs and increase their knowledge of INREV output.
- Further strengthen the university outreach programme to increase the knowledge and understanding of the non-listed real estate industry by engaging with students at an early stage of their career.

Key priorities

- 🚩 Increase awareness and adoption of the INREV/ Henley Certificate to increase acceptance and achieve industry recognition
- 🚩 Define and roll out an e-learning strategy to support INREV global outreach and reflect new learning trends
- 🚩 Explore ways of scaling up INREV training programme

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



2. Internal priorities

Marketing and Communications

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.

What we will continue to do:

- Promote awareness and usage of all INREV services and output.
- Further increase 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.

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

Key priorities

- 🚩 Improve user journey online by creating a user oriented website that provides members with a personalised experience and increases awareness of services relevant to them
- 🚩 Develop a strategic marketing plan to increase engagement, awareness and usage of key products and services among our members
- 🚩 Implement targeted marketing campaigns for members and non-members to ensure they receive relevant information at the frequency they request
- 🚩 Promote and increase awareness of INREV in and outside of Europe as the go-to source for everything you need to know about non-listed investment in Europe
- 🚩 Introduce monthly Research and Market Information briefing calls to disseminate key results of publications



Operational and organisational

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.

Key priorities

- Further integrate Customer Relationship Management (CRM) into all digital services
- Ensure operational continuity and financial stability including reviewing the membership fee structure
- Introduce an online payment system
- Attract and retain a highly professional, dedicated and diverse INREV team



IT and digital products

INREV's member services have increasingly turned digital and data based. Today, INREV delivers its member services through a wide set of data collection and analysis tools.

Through the execution of an IT roadmap, INREV is consolidating its data reporting mechanisms and data storage into a single system. Members will benefit through a significantly reduced reporting burden as well as better data access.

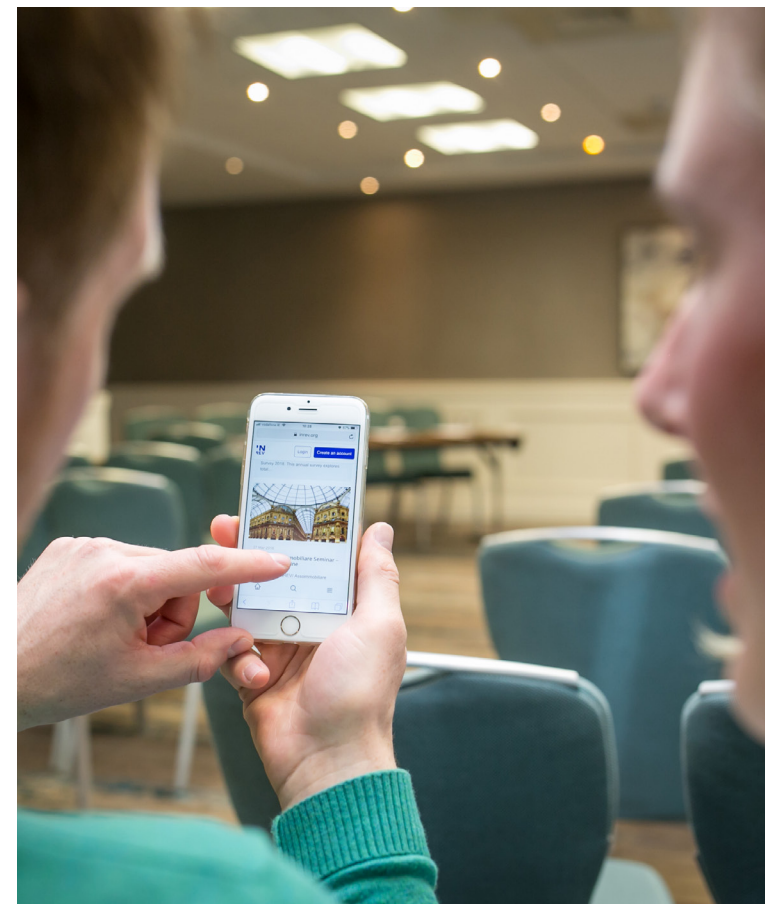
Data quality stands at the core of this strategy and INREV's members will automatically benefit from all developments.

INREV is committed to
The highest standards in data reporting, governance and security.



Key priorities

- 🚩 Introduce my INREV dashboard to present members with a personalised view of services
- 🚩 Ensure that the INREV data collection process adheres to the highest standards in data collection, governance and complies with new regulations
- 🚩 Reduce reporting burden for members by redesigning data reporting tools
- 🚩 Consolidate data access through a centralised system to manage all relationships between funds and investors
- 🚩 Increase accessibility through a data warehouse containing all historically collected information





CORPORATE



RESEARCH



INDUSTRY
DATA



PUBLIC
AFFAIRS



PROFESSIONAL
STANDARDS