

Annual Report 2018

For AGM Approval

April 2019



INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. Our aim is to improve the accessibility of non-listed real estate vehicles for institutional investors by promoting greater transparency, accessibility, professionalism and standards of best practice. INREV represents an excellent platform for the sharing and dissemination of knowledge on the European non-listed real estate industry.

INREV Ito Tower, 8th floor

Gustav Mahlerplein 62

1082 MA Amsterdam, The Netherlands

+31 (0)20 235 86 00 | research@inrev.org | www.inrev.org

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Contents

Chairman's Letter	3
About INREV	4
INREV Priorities 2018	5
Activity Report 2018	7
Association Structure	24
INREV Membership	27
Financial Report	30

Appendices

1. INREV Committees
2. List of members

Chairman's Letter

Draft to be approved by Marieke van Kamp, INREV Chairman

Dear Members,

2018 was the year of the Vision Project. A project in consultation with members and born out of a drive to take a pause, re-assess and truly understand the intrinsic needs of our growing membership community. We were eager to learn how INREV can continue to provide value and adapt accordingly to a rapidly evolving non-listed landscape. The project unearthed insights helping us in solidifying the foundations for a robust, and future-proof association, equipped in all manner to take forth our community and advance the European non-listed agenda for many years to come.

It is also pertinent to note that 2018 marked both the 15 year anniversary of our association and 10 years since the GFC. Particularly poignant that both milestones signify that we've come a long way since then, but we should not rest on our laurels because there is still much more we can achieve.

Every organisation, big or small is undergoing a digital transformation to varying degrees. It is 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 evolution of data and its heightened significance has proved to be very evident, highlighting a need for more data driven investment decisions. INREV has responded to this mega-trend with a multitude of plans and ambitions as set out in the IT roadmap. Plans to create a more connected, streamlined set of tools making it easier for members to engage with INREV are in the pipeline, supported by a robust IT infrastructure which also plays a key role in building a secure and future proof association.

At the end of the year, membership stood at 440 and we welcomed more new members over the year than ever before, signifying something of a positive shift in our industry. The findings of the Vision Project told us that we should remain true to our roots in keeping a European focus but adopt a global outlook which is why we strengthened key global partnerships to be able to cater to the global players throughout the course of the year.

Extending the theme of transparency and globalisation further, we introduced TGER, the first globally comparable measure of fees and costs; launched a revamped version of the DDQ – INREV's most popular tool - and created German and Japanese versions to further its reach. The revamped DDQ which is aligned with the Guidelines and Global Definitions database features sections on ESG, another topic that has grown more significant not just to the industry but to INREV over the last year. In October, we launched our own ESG Month campaign with a variety of activities including trainings, events, webinars and a feature article in the November IQ. An increased focus on sustainability of the built environment is also reflected in the revised edition of 'Real Estate in the Real Economy' which was released in 2018 to educate policy makers on our significant industry contribution.

I would like to take this opportunity to thank Lonneke for leading the association through what has been a very busy but fruitful year and the members, committees and various focus groups, participants in trainings, events and other INREV activities for their commitment and engagement throughout the year. It is with such dedication that our association can continue to exist and deliver value for its membership.

Marieke van Kamp, Chairman, INREV

About INREV

INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. We are Europe's leading platform for sharing knowledge on the non-listed (unlisted) real estate industry. Our goal is to improve transparency, professionalism and best practice across the sector, making the asset class more accessible and attractive to investors.

Vision

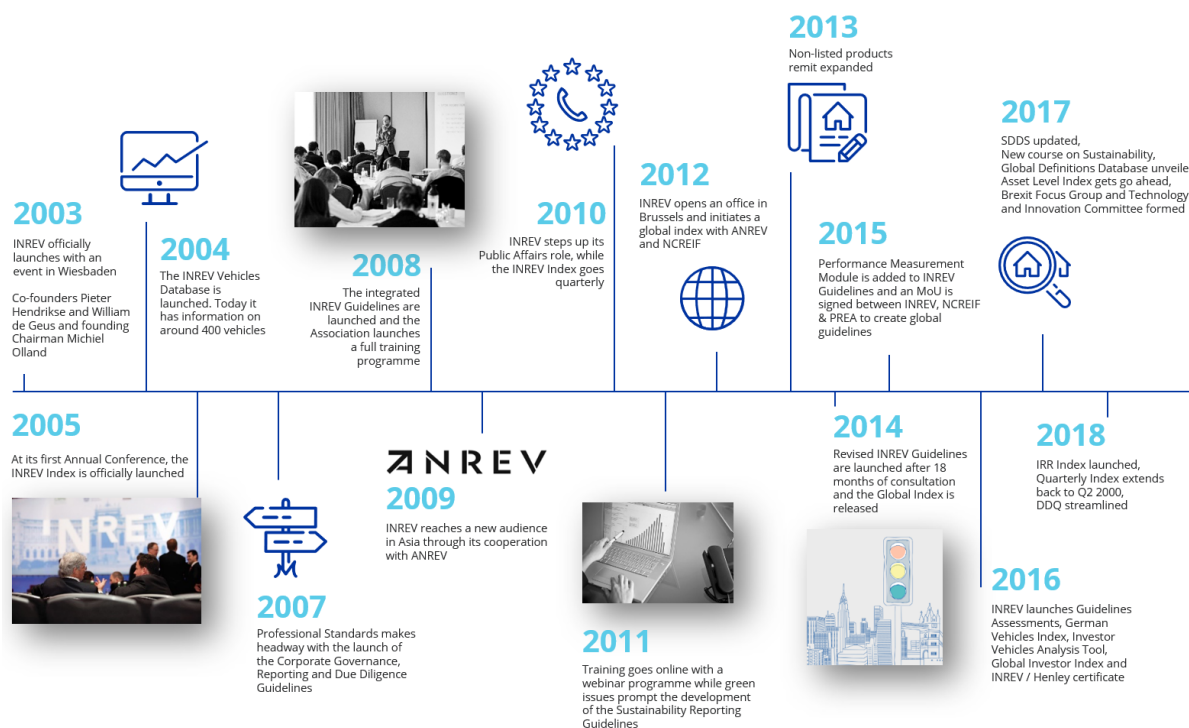
To champion the European non-listed real estate industry globally and build it as a competitive and sustainable asset class for institutional investors.

Mission

- To further transparency and accessibility
- To promote professionalism and best practice
- To be the voice of the industry and spread knowledge

Key Milestones

In 2018, the association marked its 15-year anniversary. INREV members can benefit from our unique combination of products and services and below you can see many of the milestones to date.



INREV Priorities 2018

INREV works towards its goals through several committees and focus groups, each with a clearly defined purpose. INREV's work for the year is driven by a set of priorities/value drivers. An update on the key achievements under the 2018 priorities are set out below.

Priorities 2018	Key Achievements
Expand and improve European and global Indices	<ul style="list-style-type: none"> ✓ Published 24 index publications ✓ Launched an IRR index ✓ Increased the INREV Quarterly Index coverage back to Q2 2000 ✓ At the end of 2018 the Asset Level Index surpassed €100 billion target with support of 32 founding members ✓ Launched intuitive asset level tool for seamless data collection and analysis ✓ Snapshots and excel supplements launched to complement all index publications
Further develop standards and increase adoption globally	<ul style="list-style-type: none"> ✓ Introduced TGER, the first globally comparable measure of fees and costs ✓ Launched a revamped DDQ with German and Japanese version ✓ Global ESG library made available ✓ Advanced global standards ✓ Tailored guidelines for multiple vehicle types accessed by the introduction of online filters
Advance research programme	<ul style="list-style-type: none"> ✓ Record numbers achieved for all evergreens, with Management Fees and Terms most outstanding improvement ✓ Started revision of Investor Universe studies ✓ 9 research papers published: 6 evergreens and 3 ad-hoc ✓ Presentations on European non-listed real estate given to 8 leading universities ✓ Robust national and international press coverage
Influence the discussion with European policy makers	<ul style="list-style-type: none"> ✓ Published a revised version of 'Real Estate in the Real Economy' ✓ Engaged with many MEPs and organisations including the

	<p>Chairman of EIOPA in discussion about Solvency II Capital requirements</p> <ul style="list-style-type: none"> ✓ 3 consultations/industry responses including statement on guiding principles for future EU-UK relations ✓ A strong Brexit theme in discussions with members at events, trainings, courses and briefings ✓ 11 Tax and Regulatory Briefing calls on a wider range of issues ✓ Continued to play a leading role in the European Real Estate Forum ✓ 9 press interviews and articles including an interview with Bloomberg
Inspire, educate and inform	<ul style="list-style-type: none"> ✓ 24 events organised, 10 young professional events and several Brussels events ✓ INREV events were attended by 2374 delegates in 2018 ✓ Another highly successful Autumn Conference ✓ 15 training courses held ✓ INREV educational activities were attended by 989 delegates in 2018 ✓ Increased social community – 28% more followers in 2018 on Twitter ✓ Robust press coverage – 147 articles in national and international press ✓ Social media presence increased with 28% more followers and interaction on Twitter
Focus on organisational and operational efficiencies to ensure sustainable growth of INREV	<ul style="list-style-type: none"> ✓ 2018 – the year of the Vision Project. We paused to listen, learn and formulate a robust plan of action ✓ Increased focus on member relationships – over 170 one-to-one meetings held ✓ Refresh to committee structure and members rotated ✓ Management Board and Advisory Council members rotated
Ensure a comprehensive, accessible and secure online information platform	<ul style="list-style-type: none"> ✓ Further development of IT infrastructure ✓ IT Roadmap – Phase one initiated with development of dashboard ✓ Improved website security with addition of single sign-on functionality ✓ Continuity of 'INREV in Control'

	<ul style="list-style-type: none"> ✓ Update to policies and procedures to be fully GDPR compliant ✓ Revamped Technology and Innovation Committee
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Activity Report 2018

In this section, INREV describes the activities that took place under each of the focus areas. These activities were supported by the work of the relevant committees, in line with INREV's priorities for 2018.

PROFESSIONAL STANDARDS

INREV's Professional Standards programme works in close collaboration with the various INREV committees to develop and nurture a set of guidelines and standards for the European non-listed real estate market, with an increasing global focus. Topics in focus include corporate governance, financial and investor reporting, fee and expense metrics, performance measurement, due diligence, secondary markets and liquidity, and ESG.

A world first: Total Global Expense Ratio

In March 2018, we released for industry consultation the first globally comparable measure of fees and costs named Total Global Expense Ratio (TGER). This proposed global standard was designed to be simple, practical and to facilitate comparison and consistent reporting of fees and costs associated with investing and operating real estate vehicles in different regions. Over 40 companies provided a detailed response to the industry consultation, which ran between March 2018 and June 2018. Integration of TGER into the INREV Guidelines and joint global release is expected by 2020.

Global Definitions for a harmonised industry

Substantial progress was also made on the Global Definitions Database – a single depository of definitions for the global real estate market – bringing enhanced visuals and a simplified navigation. The database was also enriched with fee and sustainability-related terms. At the end of 2018 the database included more than 500 definitions. INREV will continue to develop and add definitions as they are agreed upon at a global level with NCREIF, PREA and ANREV.

Revised DDQ more streamlined than ever

The Due Diligence Questionnaire (DDQ) remains INREV's most popular tool, used by more than 60% of our members in 2018. With the support of the Due Diligence Committee, we have updated the DDQ structure and its content, to make it leaner, while still providing the level of detail needed at the different stages of the due diligence process. The updated DDQ was released for industry consultation in January 2018. We launched the new streamlined edition

in July 2018 with translations of the questionnaire being rolled out in German and Japanese in October 2018. To further help members implement the template, we released an implementation kit, including a user manual and a change log.

Open end fund pricing study: First conclusions presented

In July 2018, we published, together with AREF, the first conclusions of an industry wide study conducted into open end fund pricing in Europe, aiming to foster greater consistency and clarity on pricing policies.

Building upon the foundations that were laid in phase one, we started phase two in September 2018 to explore more focused topics such as governance around pricing mechanisms and the interaction of secondary markets and pricing. These efforts are set to continue throughout 2019.

New insights to ensure open end fund liquidity

In December 2018 we released enhanced guiding principles on vehicle liquidity to include new insights on secondary trading. In addition, the global landscape section has been extended with highlights from local practices in the US. To continue to educate and assist in creating further liquidity in the market with the support of the committee we also released a *Guide to Secondary Trading* in February 2018.

ESG library goes global

In September 2018, we have consolidated the ANREV library and the INREV library of ESG-related resources to create a Global ESG Library for the non-listed real estate industry. Through the new Global ESG collaboration, members can now easily navigate and gain access to an evolving depository of featured reports, papers, and case studies ranging from a variety of geographic locations (most notably Europe, and Asia Pacific). The library includes over 40 publications and is growing monthly.

In 2019, we will continue to place more emphasis on exploring, promoting and sharing knowledge on ESG factors relevant to non-listed real estate by combining expertise of corporate governance and sustainability committees for a unified ESG view.

Tailored Guidelines for multiple vehicle types

To ensure that the INREV Guidelines remain as relevant as possible to all vehicle structures we introduced online filters for separate accounts, joint ventures and club deals, in addition to open end and closed end funds. This will make it easier than ever for members to select and focus on the guidelines that apply to the vehicle type they are most interested in. This project covered all the Modules within the Guidelines. In addition, topics such as corporate governance, liquidity and debt funds are expected to benefit from further tailoring in the coming years

Corporate Governance Online Assessment updated

In December 2018, the questions in the Corporate Governance section were updated to fully align the assessment scoring system with the other modules. The format is now consistently applied elsewhere in the tool, making it easier to visualise and to compare results.

INREV's assessment tool lets managers measure their vehicles against industry best practice by determining its level of compliance with the INREV Guidelines.

PROFESSIONAL STANDARD HIGHLIGHTS 2018

- ✓ *Introduced TGER - The first globally comparable measure of fees and costs**
- ✓ *Launched revamped DDQ, also available in German and Japanese***
- ✓ *Improved transparency on impacts and issues of open end fund pricing****
- ✓ *New insights to ensure open end fund liquidity*
- ✓ *Global ESG library available*
- ✓ *96% of members continue to use the INREV Guidelines*****

** In partnership with NCREIF, PREA and ANREV*

*** Supported by Due Diligence Committee*

****In partnership with AREF**** INREV Member Satisfaction Survey 2019*

RESEARCH

INREV research is the go-to platform for global insights on the non-listed real estate industry. Drawing upon INREVs extensive proprietary data which covers a range of topics, the research seeks to anticipate the direction of the non-listed real estate industry globally.

Published in 2018

6 Evergreens: Investment Intentions Survey, Capital Raising Survey, Fund Manager Survey, Funds of Funds Study, Funds Termination Study and Management Fees & Terms

3 ad-hoc reports: A Second Look at Performance Persistence Among Core Open End European Real Estate Funds, Understanding Real Estate Illiquidity Premiums Better and Does Specialism Lead to Improved Investment Performance?

Management Fees and Terms Study welcomed record participation

The Management Fees and Terms questionnaire was updated to reflect the most recent changes to the Fee and Expense Metrics guidelines module. The report was published with the highest sample on record, 418 vehicles with 155 providing TER information and 111 providing REER data, a clear signal of an industry showing increased commitment to transparency.

Increased coverage, market representation and usage for Evergreens

The global surveys (Investment Intentions, Capital Raising and Fund Manager surveys), carried out in conjunction with ANREV in Asia Pacific and NCREIF and PREA in the US, reached record numbers of participation and market representation grew further.

Academic research explores if specialisation leads to improved investment performance

Upon receiving the INREV Research Grant, The University of Cambridge utilised INREV index data to explore whether specialisation leads to improved investment performance. The results of the study were presented at the 2018 ERES Conference in Reading, UK.

Enabling research analytics

Excel supplementary chart books were introduced to complement several of the survey reports and to facilitate further analysis on the non-listed real estate industry, enabling members to carry out their own analysis and to allow for deeper analysis of the survey data.

Exploring the Investor Universe

Local researchers across 8 countries: Finland, France, Germany, Italy, Netherlands, Sweden, UK, Switzerland were appointed to carry out an update of the 2010 – 2012 study on the

Investor Universe. The research aims to explore the European institutional investor landscape, the motivations for investing in real estate and the hurdles that prevent from doing so. The series of reports will be published in 2019.

Passing the baton to the next generation

As part of INREV's University Outreach programme, live presentations were given to students and faculties of 8 leading universities to increase the knowledge and further the understanding of non-listed real estate, and to encourage the use of INREV data to further the field of non-listed real estate research. A demo of INREV's online analytic tools was presented at the 2018 ERES Conference, and a joint round table discussion between ERES, INREV and IPF explored the application of real estate derivatives in Europe.

RESEARCH HIGHLIGHTS 2018

- ✓ *Record sample size for Management Fees and Terms: 418 vehicles 155 TERs and 111 REERs*
- ✓ *Introduction of Excel supplements to complement survey publications*
- ✓ *Collaboration between ERES, INREV and IPF to facilitate a discussion on the application of real estate derivatives in Europe.*
- ✓ *Investment Intentions continues to be top rated report**

** INREV Member Satisfaction Survey 2019*

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.

The market information programme includes:

8 Indices: *INREV Annual Index, INREV Quarterly Index, Global Real Estate Fund Index (GREFI), Global Investor Index, German Vehicles Index (annual & quarterly) and IRR Index (annual & quarterly)*

3 Databases: *INREV Vehicles Universe, Debt Funds Universe and Funds of Funds Universe*

3 Online analytical tools: *Index Analysis Tool, German Vehicles Index Analysis Tool and Investor Vehicles Analysis Tool.*

In 2018, INREV published 24 market information reports and launched a new IRR Index.

Historical Data Collection Project provides data back to Q2 2000

Owing to the success of the Historical Data Collection project the history of the INREV Quarterly Index was extended back to Q2 2000, providing the non-listed real estate industry with over 18 years of quarterly fund performance data. The extended history of the Quarterly Index has enriched the data for the non-listed real estate industry allowing for greater insights into the evolution of the real estate fund industry and deeper analytics into this sector.

Long-awaited IRR Index is here

The INREV IRR Index was launched on the back on the success of the Historical Data Collection project in May 2018. The consultation release included 191 closed end vehicles across vintages from pre-2002 to 2017. The Index measures the internal rate of return performance of European closed end non-listed real estate vehicles since inception and is published on a quarterly basis.

Asset Level Index surpasses €100 billion target

The initiative, launched in 2015 and supported by 32 founding members (29 managers and 3 investors) was welcomed in 2018 by the release of the Data Input Tool which enables users to mass upload, harnessing the latest technology with automated validations for the verification of data. Following this, the Asset Level Index Portfolio Analysis was launched, enabling users to analyse portfolio of assets with an interactive dashboard that helps to keep on top of the asset portfolio. The Asset Level Index is on track to be launched at the 2019 INREV Annual Conference with a total to date inclusion of seven thousand assets of more than €140 billion in value, exceeding the launch target of €100 billion.

A rich and diverse array of promotional activities

In 2018, promotional activities organised to increase usage of INREV's suite of market information tools covered a wide range of platforms including regular 1:1 demos of the website and tools, presentations to members and prospects, press releases, contribution to media articles and an active and engaging twitter account.

Far reaching real estate analytics: Snapshots and Excel supplements for all

Enabled in 2018, all Index publications are now accompanied by a snapshot and an Excel supplement to improve the application of the data and to facilitate analysis in the European non-listed real estate funds industry. The Index and Vehicles Universe publications were also revamped to better showcase the analytical possibilities of the index and universe data. GREFI was also updated with a new look and feel in line with INREV's co-branding

MARKET INFORMATION HIGHLIGHTS 2018

- ✓ *INREV Quarterly Index: Historical data extended back to Q2 2000*
- ✓ *IRR Index launched measuring the performance of closed end vehicles*
- ✓ *Snapshots and Excel supplements added to complement all Index publications*
- ✓ *Increased member satisfaction with activities at 98%, up from 97%**

** INREV Member Satisfaction Survey 2019*

PUBLIC AFFAIRS

The Public Affairs team in Brussels, together with the Public Affairs and Tax committees, worked to improve awareness and understanding of the non-listed real estate industry and the significant contribution that it makes to the European economy among European policy makers. Our aim is to ensure that members' interests are fully accounted for in any new EU legislation or policy initiatives.

Real Estate's significant contribution to sustainability, the real economy and European cities

In September, INREV held an event in Brussels together with GRESB and RICS, where the results of the GRESB annual survey were presented and we discussed the role of real estate investment in supporting European sustainability goals, while supporting the Commission's work on sustainable finance.

The same month, we released an update of the Real Estate in the Real Economy study, which again confirms that commercial real estate significantly contributes to European economic growth and job creation. This study is highly effective in discussions with European policy makers and the new roster of MEPs following re-elections.

In December, we held an event in the European Parliament for MEPs, Commission officials and other policy makers on 'Innovation, Technology and Real Estate: building cities for Europe's future'. The event was co-sponsored by European Parliament Urban Intergroup Chair, MEP Olbrycht, and a number of other European real estate industry associations joined the event.

The impacts of Brexit

The impacts of Brexit on the non-listed industry, especially a worst-case hard Brexit, continued to be a focus in discussions with members in events, training courses, tax and regulations briefing calls and snapshot briefings. INREV led the development of an aligned real estate industry statement on the guiding principles for future EU-UK relations, which was re-issued in December in hopes of informing Brexit negotiating policies.

Leveraging on MSCIs Solvency II update on real estate volatility

In a private meeting with EIOPA Chairman Bernardino in Frankfurt and meetings with other policy makers in Brussels, INREV presented the update of the Solvency II study carried out by MSCI that was released in 2017. This update, which provides an additional six years of investment data and five new countries, provides fresh evidence to support a Solvency Capital Requirement for real estate that more accurately reflects the volatility of real estate investment in Europe. We are hopeful that the data will lead to a more appropriate standard model real estate solvency capital requirement for European insurers as part of the EIOPA 2020 review of Solvency II.

AIFMD: A collaborative review

During the year, INREV worked closely with KPMG as it conducted a review of AIFMD for the European Commission. We organised meetings between the KPMG team and both the Public Affairs Committee and the European Real Estate Forum, and provided data useful for the review, resulting in a report to the Commission that well reflected our views on the impact of AIFMD and areas such as differing definitions of pre-marketing and external valuer liability where improvements can be made.

European Real Estate Forum: Continuing to harmonise efforts

INREV continued to play a leading role in the European Real Estate Forum (EREF), which now has 32 participating associations, including European, national and global associations. Five live EREF meetings were organised during the year to increase information sharing and alignment of efforts among European real estate industry bodies. The group is significant in improving coordination on a European level in a spirit of open dialogue and exchange. Its objective is to improve the public awareness about institutional investment in real estate and increase understanding of its social and economic value.

Industry responses to EU and OECD Policy Proposals

In 2018, INREV drafted and submitted 3 responses on a wide range of policy issues:

European Commission survey on AIFMD, UK draft Finance Bill consultation on non-resident capital gains taxation, and Guiding principles on future EU-UK relations: the real estate investment perspective.

Tax and Regulations Briefing Calls

INREV continued to offer and promote the Tax and Regulations Briefings, a monthly conference call presentation where experts present their insights and answer questions on current tax and regulatory issues facing our industry. On average, approximately 30 members joined the calls and another 40 to 50 members listened to the recordings. Topics covered included UK capital gains tax reform, the US Tax Reform Act's impact on investment in Europe, the new Luxembourg-France Double Tax Treaty, the EU action plan on financing sustainable development and the new Belgian Specialised Real Estate Investment Fund (SREIF).

PUBLIC AFFAIRS HIGHLIGHTS 2018*

- ✓ Continuous interactions with policy makers in Brussels
- ✓ Filed three consultation responses or policy statements
- ✓ Delivered eleven Tax and Reg Briefing Calls, snapshot briefings on tax and the Public Affairs programme, an update of the Tax and Regulations Guide and an update of Real Estate and the Real Economy
- ✓ 95% of members find public affairs service relevant**

**Supported by Public Affairs Committee*

*** INREV Member Satisfaction Survey 2019*

TRAINING AND EDUCATION

The INREV Training and Education programme was enhanced in 2018 to include one new course, a revamp of all course programmes, and a wide range of webinars and various opportunities for young professionals to engage with the industry at an early stage in their career. In 2018, we continued to engage with the industry and promoted the new INREV/Henley Certificate in Non-Listed Real Estate.

Throughout 2018, INREV hosted 989 attendees across various educational activities, including attendance at courses, webinars, Link and Learn's and Young Professional Get Together initiatives.

Training course attendance up

Courses that took place in 2018 were attended by 363 attendees, representing 188 member companies, against 360 from 121 companies in 2017. Investors, including multi managers, represented a significant proportion of attendees comprising 21%. The courses continued to be rated highly, averaging 4.4 on a scale of 1 to 5 with the North American Course receiving a score of 4.7 and the Foundation Course and Advanced NAV both receiving a score of 4.6.

New course on investing in alternatives

Reflecting the trend for investing in alternatives, a new course was introduced on the topic, 'Investing in RE Emerging Sectors: The Rise of Residential' which took place in May 2018, attended by 27 attendees and scored a rating of 4.3.

INREV/Henley Certificate records its first alumni

To further support the industry's next generation in their professional development, INREV has continued to partner with the Henley Business School to offer the INREV / Henley certificate in European Non-Listed Real Estate Investment. The Certificate sets the educational standard for the industry in giving members the opportunity to formalise their expertise into an industry recognised qualification and combines practical application with academic rigour. In 2018 we promoted the Certificate at events and training courses, on the INREV website, social media channels and in a variety of meetings with members. The first student graduated in March 2018 and 16 more members signed up, with a further 5 graduates going on to successfully achieve their certificate throughout the year.

Staying ahead of the curve

To ensure that course content remains relevant and topical, we reviewed the content and structure of all courses in 2018. This activity was done in close consultation with the Training Committee and the course leaders, taking delegate feedback from previous courses into consideration. A new case study came to fruition from the consultation and will be used for Debt Financing, Portfolio Construction I and II courses and Fund Structuring.

Paving the way for E-learning

To continue meeting the learning and development needs of our members we investigated

new e-learning formats and possibilities. In 2018, the foundations were laid to launch an expanded scope e-learning module in 2019, with the first module focusing on Net Asset Value (NAV).

Informing and educating with webinar

To disseminate knowledge on the industry to as many members as possible, quickly and efficiently, a wide range of webinars on topics such as Global investment intentions, MIFID, DDQ, Global fees and expense metrics, Historical data, Health and well-being and INREV/GRESB on ESG performance were delivered. 7 webinars were conducted in 2018 with 301 delegates from 149 member companies attending.

Linking and Learning on the rise

In 2018, the Link and Learn Programme was attended by 137 attendees from 74 member companies, compared to 129 attendees from 70 member companies in 2017. The four events were held across Stockholm, Amsterdam, London and Munich

Get Together and Christmas Drink initiatives

In 2018, we continued to offer Summer Get Together initiatives and Young Professional Christmas Drinks as part of the programme, attracting 188 attendees from 85 member companies, compared to 206 from 93 companies in 2017. The events included site tours, as well as social gatherings and took place across London, Hamburg and Rotterdam.

Academic outreach firmly on the agenda

In 2018, the University outreach programme was further strengthened to increase the knowledge and understanding of the non-listed real estate industry with lectures delivered at the Cass Business School, KU Leuven, HSLU, University of Amsterdam, Regensburg and University of Ulster.

TRAINING & EDUCATION HIGHLIGHTS 2018*

- ✓ 16 new sign-ups for the INREV/Henley Certificate in European Non-Listed Real Estate Investment and first ever graduate achieved the certification.
- ✓ Strong participation in courses, with 20% of institutional investor and fund of funds managers attending at least one course.
- ✓ Successful launch of a new course on Alternative Sectors to address current developments.
- ✓ For the second year running, 100% of members would recommend an INREV training to a colleague**

**Supported by Training and Education Committee*

*** INREV Member Satisfaction Survey 2019*

EVENTS

INREV offered a wide variety of events in 2018, including conferences, seminars, breakfast meetings and round table discussions. In total, 24 events were held, attracting 2374 attendees from 332 member companies, compared with 20 events, attracting 2051 attendees from 326 member companies in 2017.

INREV offered three flagship events: Annual Conference in April, Young Professionals Conference in July and the Autumn Conference in November.

INREV Annual Conference

The thirteenth Annual Conference was held in the Irish Capital of Dublin, attended by over 448 attendees who gathered to discuss and deliberate over the theme of, 'Finding Value in Late Cycle Investing'. We covered global economics, global politics, mega trends and with Ireland as the host, Brexit was also high on the agenda.

Dr Michael Heise, Chief Economist, Allianz started off by presenting the economic cycle in a novel way; 'If midnight is the end, the world real estate economy is at 22:45. Joska Fischer, Former German Minister of Foreign Affairs kept the audience on the edge of their seats as he addressed the topic of 'Uniting a changing Europe'.

Danny McCoy, CEO at Ibec presented the view from Dublin for local flavor followed by Claire Penny from Watson IoT for Buildings at IBM presented her view on 'Innovation and data' in real estate. As part of the interactive session, the audience were polled on if their new buildings now have intelligent systems, with just 6% voting 'true', 48% 'not true' and 46% 'partially agreeing' leading Claire to stress that technology can enable the optimisation of space, building and the provision of services but that technology is not the silver bullet; rather a tool to help deliver.

The two days of debate, discussion and fruitful networking was rounded off with food for thought by Tim Harford, The Undercover Economist who took attendees on a colorful journey to understand wishful thinking, motivated reasoning and how we could try to be aware of it in our decision making citing a few tips such as understanding emotional response, maintaining a spirit of curiosity and listening to rational debates to illustrate his message.

INREV Autumn Conference

Over 176 delegates, from 16 countries, gathered in Madrid, to attend the third INREV Autumn Conference. This fully booked flagship event welcomed around three quarters of delegates who were attending for the first time with the event targeting mid-to senior level management attendees such as Head of Fund Management, Heads of Portfolio Management, Directors and Senior Managers. The theme, 'Embracing the alternatives: future proofing the real estate industry' was the overarching theme moderated by Gabi Stein, Managing Director, Equity Capital Markets, Tishman Speyer and Matthew Ryall, Senior Consultant, Accord Group. Continuing the trend of firsts, INREV launched its event app at the Autumn Conference, with a good uptake and many attendees interacting with the speakers and asking questions via the app. The Conference was opened by Didier Sornette from ETH Zurich as he took attendees back to the 80s in his presentation on how to predict the next financial crisis. Technology and

the sharing economy was discussed by Märtha Rehnberg, Co-Founder and Partner at DareDisrupt who explained that to future proof ourselves, we need to understand that disruption is not something that we can forecast but rather something that can be imagined and created. It is not what technology can do for you but what you can do for technology. The conference was rounded off by Alexis Crow from PwC who talked to the audience about the impact of trade wars on the global economy.

INREV Young Professionals Conference

The 11th edition of the Young Professionals Conference was held in Budapest between 5 and 6 July and attended by 168 delegates. Technology and data were key themes throughout, with keynotes, panels and insightful discussions on this all-important topic, delivered by some of the most cutting-edge thought leaders in the industry. Iryna Pylypchuk of Fidelity International and Peter Hayes of PGIM Real Estate moderated the two-day event which highlighted indicators of how the industry is changing. In looking beyond resilience and actively embracing this change, speakers such as Philip Coggan, Bartleby columnist at the Economist, Gustaf Lilliehöök, Partner at NREP and Dan Hughes, Co-Founder of Liquid Real Estate Innovation all shared their views. The education programme was complemented by site visits to local projects to add a practical flavour to this conference.

Investment Intentions Roadshow 2018

INREV kicked off 2018 with a series of local events to launch the results of our annual Investment Intentions Survey, which reviews prospects and trends for non-listed real estate. Almost, 600 attendees joined us in six different cities across Europe, starting in Amsterdam and Munich, followed by Stockholm, Helsinki and Paris and Zurich.

North American Conference

In September, INREV hosted the sixth North American Conference in New York. The event, which attracted almost 90 senior professionals, featured European and US experts who delivered insights on the latest trends in investing in European non-listed real estate, including a comparison of growth opportunities in Europe and the US and an update on political and economic developments around the theme of Brexit.

Advanced Tax Roundtable

The Advanced Tax Roundtable held on October in London welcomed 50 senior tax experts to lead a discussion on the changing tax climate in Europe and the US and look to how fund structuring has shaped as a result. The roundtable also addressed investor strategy for managing tax-related risk.

Finance Operations and Technology Round Table

Following on from the Advanced Tax Round Table, we brought together and hosted around 75 senior reporting and finance specialists for a full day event in London to discuss how

innovation and technology will affect investment managers in how to make better informed decisions and to collect data more efficiently. The event was opened by Kenneth Cukier, Senior Editor at the Economist who spoke about building an innovation ready company.

Additional Events in 2018:

Erwin Stouthamer Memorial, February 2018, Amsterdam – 67 participants

DDQ Round Table, February 2018, Amsterdam – 27 participants

DDQ Round Table, February 2018, London – 51 participants

Nick Tyrrell, March 2018, London – 28 INREV member participants

Cannes Seminar, March 2018, Cannes – 224 participants

AGM, April 2018, Dublin – 112 participants

German Vehicles Index Launch, June 2018, Frankfurt – 40 participants

Global Standards Event, September 2019, New York – 60 participants

EXPO REAL Breakfast, October 2019, Munich – 143 INREV member participants

INREV/ IPF/ ERES Join Research Round Table, November 2018, Amsterdam – 15 INREV member participants

EVENTS HIGHLIGHTS 2018

- ✓ Highly successful Autumn Conference
- ✓ 2374 delegates attended an INREV event in 2018
- ✓ Highly successful Annual Conference as well as Young Professionals Conference
- ✓ 91% of members feel there is an event tailored to their needs*

** INREV Member Satisfaction Survey 2019*

COMMUNICATIONS

In 2018, INREV took the time to reflect and conduct a review of where we are as an industry association and where we need to go in the future. We continued to reach out to existing members and potential new investor members to increase their awareness of the benefits of INREV. There was also a strong emphasis on enhancing the online user journey by increasing the accessibility and visual appeal of information.

The Vision Project- we listened, learned and now we are acting

For our 15-year anniversary, INREV decided to conduct a thorough self- review. We listened to the views and opinions of a diverse sample of members to find out how

business models are changing, what we are doing right and how we need to adapt to continue being relevant for member business needs. We heard that business models are shifting from a pan-European strategy to a global strategy, and global players are entering the market at an increasing rate. Also, that our balance of services and member representation are what makes INREV unique. The outcomes are reflected in the 2019-2021 Business Plan.

Member Outreach Programme

In 2018, with the support of our Member Relationship Manager, over 170 one-to-one meetings with members took place, to ensure they were informed on the wide-ranging benefits of INREV membership and to see if there was anything INREV could do to support them further. In addition, various webinars were held to present the benefits to members online. Over 80 web-based demonstrations were held for members as training for the use of our different tools and for non-members to demonstrate their potential.

A top priority for the year was to continue to reach out to existing and potential new investor members. Prospects attended our flagship events and several investor invitation-only meetings were held as part of the investor outreach programme. Fifty-six new members, a record number, joined during the year, including 8 institutional investors.

Social media on the rise

Work continued to increase INREV's visibility and reinforce its position as the voice of the industry, through a social media plan encouraging discussion on key INREV initiatives. The use of infographics, videos and commentaries by key INREV staff helped to maintain discussions on social media channels such as Twitter and LinkedIn. In 2018, the number of members following INREV on LinkedIn rose by 24% from 2,393 to 2,973. Twitter followers increased by 28% from 947 to 1,209.

INREV in the press

External media audiences again followed INREV's news and opinions closely in 2018. In total INREV achieved 147 pieces of coverage in key media, of which 129 were in national and

international business media such as the Financial Times in the UK, Het Financieele Dagblad in the Netherlands and Il Sole 24 Ore in Italy.

Speaking at Global Events

In line with our objective of increasing global visibility of the association, INREV speakers participated in 26 events hosted by other organisations. These included the NCREIF Winter Conference, ANREV Annual Conference CREFC Europe Conference, EY European Real Estate Workshop, Insurance only roundtable on Solvency II and Business Arena London.

Get the information you want at the right time

We take the security of members' data very seriously. We updated our policies and procedures to ensure that we were compliant with the European General Data Protection regulation (GDPR) which came into effect in May 2018. We took steps to ensure that members personal data is processed in a way that is fair, lawful and transparent. A full overview of all our actions were made available to members and is published on the INREV website. We also used this opportunity to get members to update their data and preferences so that we can more effectively provide members with the right information at the right time, according to their business needs. These steps will be instrumental as we work towards providing members with more tailored information in the future.

COMMUNICATION HIGHLIGHTS 2018

- ✓ 56 new members joined in 2018, including 6 investors
- ✓ 170 one-to-one meetings as part of the member outreach programme
- ✓ INREV staff spoke at 26 global industry events
- ✓ Robust coverage of 147 pieces in national and international press
- ✓ Twitter engagement levels up by 28% and 262 new followers
- ✓ 99% of members would recommend INREV*

* INREV Member Satisfaction Survey 2019

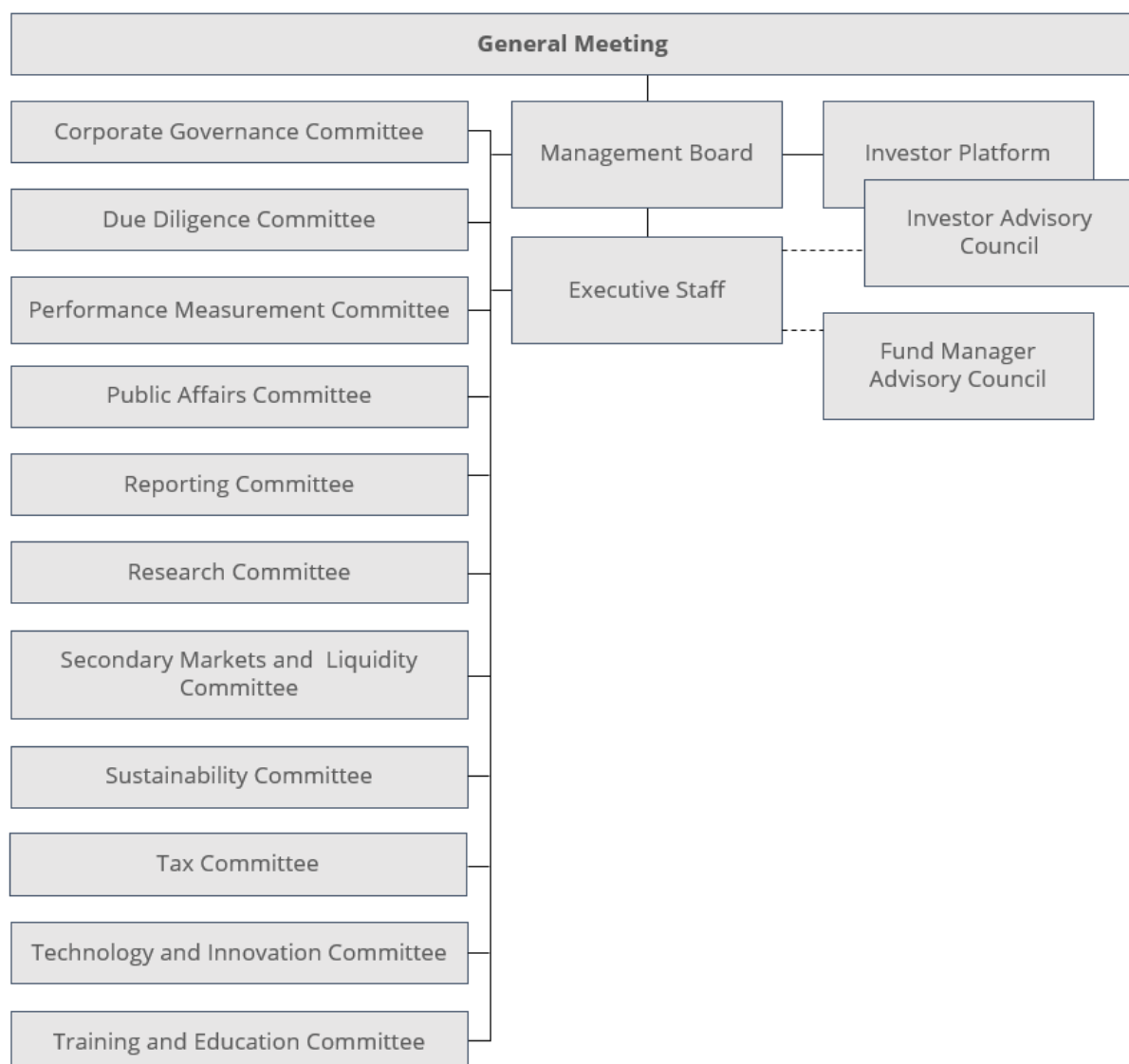
Association Structure

INREV is a not for profit organisation governed by a Management Board. An office team in Amsterdam and Brussels, headed by a CEO, carries out the daily management of the Association.

The Annual General Meeting (AGM) is composed of all full members of the association. Every full member is entitled to one vote. Academic members have no voting rights.

The Management Board is elected by the AGM. The Management Board, chaired by the Chairman of INREV, is responsible for setting INREV's strategic direction and overseeing all bodies, activities and affairs within INREV.

INREV association structure at year end 2018



Management Board

As at year-end 2018, the Management Board comprised the following members:

Marieke van Kamp (Chair)	NN Group	The Netherlands
Wenzel Hoberg (Vice-Chair)		Germany
Guido Verhoef (Secretary)	PGGM	The Netherlands
Allan Mikkelsen (Treasurer)	ATP Real Estate	Denmark
Catherine Martougin	Baker McKenzie	Luxembourg
Catriona Allen	LaSalle Global Partner Solutions	United Kingdom
Ilkka Tomperi	Varma	Finland
Isabelle Scemama	AXA IM-Real Assets	France
James Raynor	Grosvenor Europe	United Kingdom
Martin Lemke	AM alpha	Germany
Michael Clarke	CBRE Global Investors	United Kingdom
Michael Hornsby	EY Luxembourg	Luxembourg
Thomas Brown	LGT Capital Partners	USA

Investor Advisory Council

The Investor Advisory Council (IAC) is a group within the Investor Platform (IP) that advises the CEO on current issues affecting the industry in Europe. It helps improve the quality and standards of non-listed real estate vehicles, making them more attractive to global investors.

The Investor Advisory Council convened 4 times in 2018, with 3 meetings held via conference call and one as a live meeting together with the Fund Manager Advisory Council.

The IAC provided valuable input on the Vision Project, the Investor Only Seminar programme, the Business Plan 2019-2021, the Asset Level Index, global collaboration, the Investor Platform and IAC Governance and Investor Definition as well as the membership structure and fee discussion.

The IAC nominated Martin Lemke as Chair of the IAC and nominated Guido Verhoef as Co-Chair of the Global Standards Steering Committee.

Membership of the Investor Advisory Council is by invitation only and at the end of 2018 comprised of the following members:

Martin Lemke (Chair)	AM alpha	Germany
Catriona Allen	LaSalle Global Partner Solutions	United Kingdom
Guido Verhoef	PGGM	The Netherlands
Ian Gleeson	CBRE Global Investment Partners	United Kingdom

Ilkka Tomperi	Varma	Finland
Marco Plazzotta		Italy
Marieke van Kamp	NN Group	The Netherlands
Raymond Jacobs	Franklin Real Asset Advisors	USA
Patrick Kanter	APG Asset Management	The Netherlands

Fund Manager Advisory Council

The Fund Manager Advisory Council's (FMAC) role is to act as a sounding board for the CEO and to provide fund manager input on future initiatives. The FMAC provides INREV with ideas and thoughts from fund managers, as well as feedback on existing and upcoming initiatives. The group met four times in 2017 via three conference calls and one live meeting together with the Investor Only Advisory Council.

The FMAC provided valuable input on the Vision Project, the Business plan 2019-2021, the Asset Level Index, global collaboration, the Management Fees and Terms Study as well as the membership structure and fee discussion.

Membership of the Fund Manager Advisory Committee is by invitation only and at the end of 2018 comprised the following members:

James Raynor (Chair)	Grosvenor Europe	United Kingdom
Antoine de Broglie	STAM Europe	France
Bernhard Berg	Corpus Sireo	Germany
Jeff Jacobson	LaSalle Investment Management	USA
Jo Allen	Frogmore Real Estate Partners	United Kingdom
	Investment Managers Limited	
John Barakat	M&G Investments	United Kingdom
Leif Andersson	AREIM	Sweden
Michael Morgenroth	CAERUS Debt Investments AG	Germany
Rob Wilkinson	AEW Europe	United Kingdom
Stein Berge Monsen	DNB Real Estate Investment Management	Norway

INREV Membership

Membership of INREV is at a corporate level, meaning with one membership countless employees can take advantage of benefits. Membership is divided into the following categories:

Full membership: Open to participants in the European non-listed real estate investment industry. These include institutional investors*, fund managers, investment banks and fund of funds managers, as well as advisors, such as outsourcers, consultants, accountants and lawyers. Full members have the right to vote during INREV's general meetings.

*An Introductory membership fee for pension funds and insurance companies which qualify as institutional investors

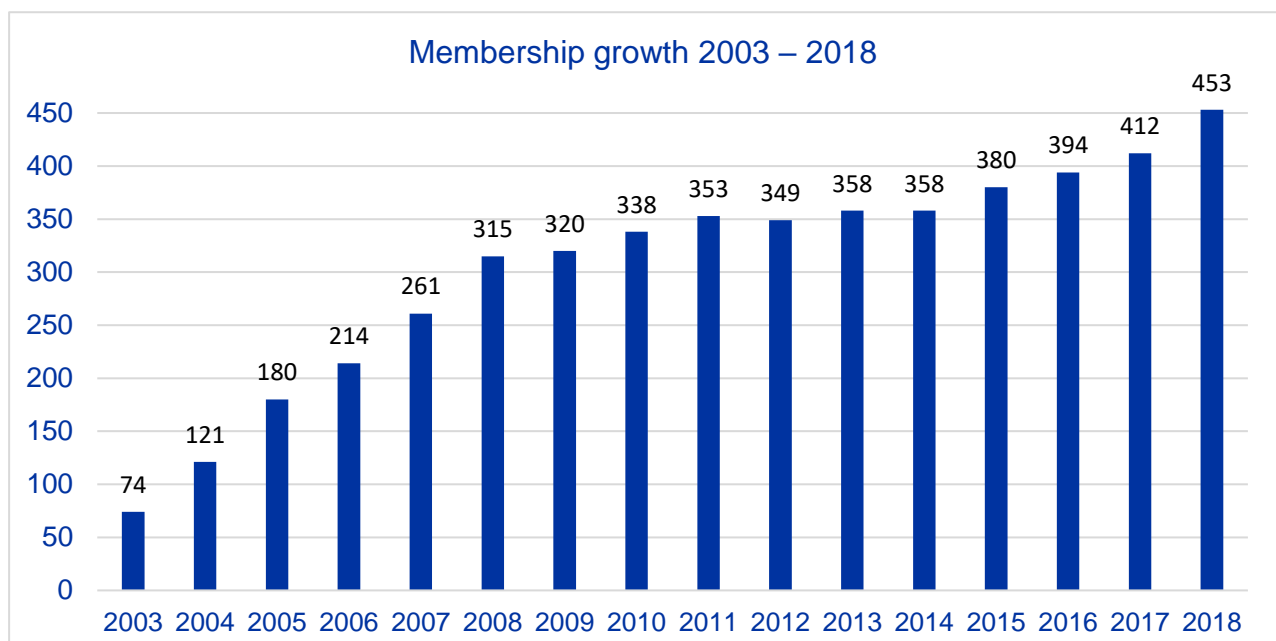
Academic Membership: Open to non-profit research institutions and universities. Academic members may participate in committees and other INREV activities and events but cannot vote at the Annual General Meeting.

Membership growth in 2018

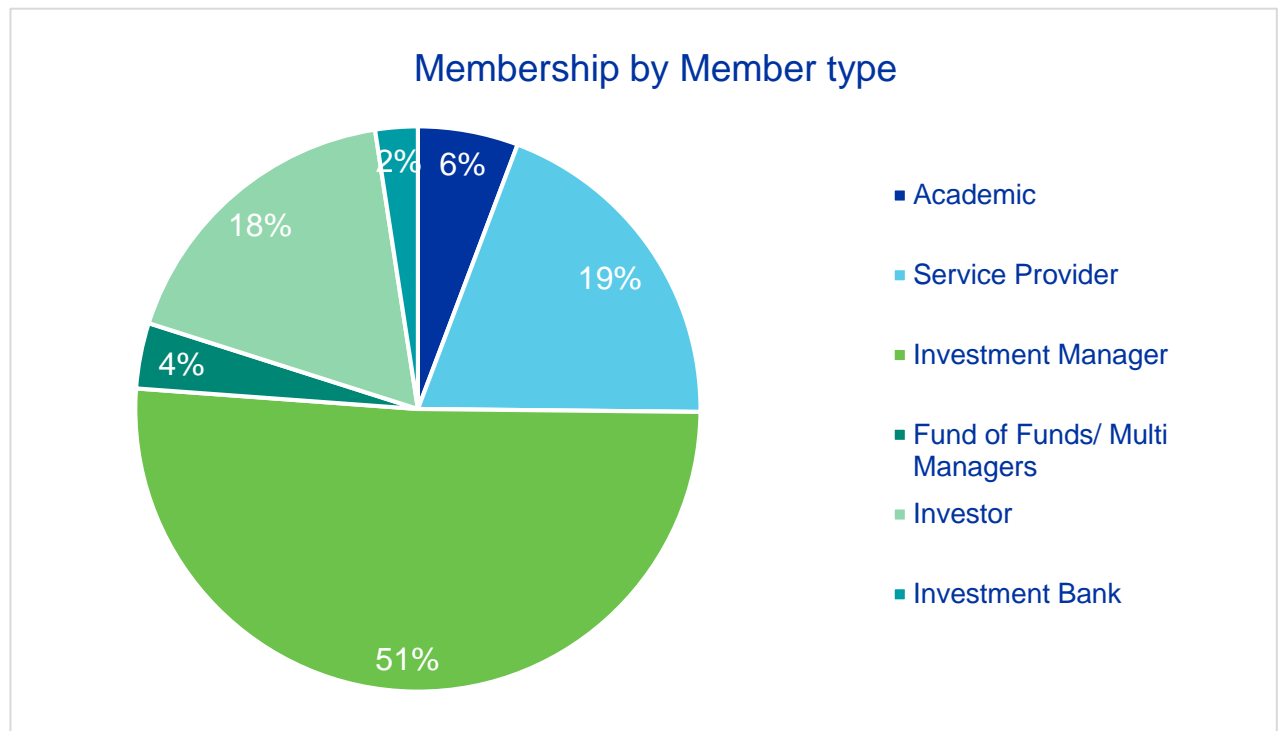
Net INREV membership grew by 41 members in 2018 to a total of 453, with 56 new members and 15 cancellations. Cancellations mainly resulted from strategic refocusing of businesses, as well as mergers. Of the 453 members at the end of 2018, 427 are full members and 26 academic members spread over 28 countries. An up-to-date list of members is provided at the end of this report.

Investor support continued to be a key mandate in 2018 resulting in 96 investor members at the end of 2018, made up of 79 institutional investors and 17 fund of funds managers. This represents an investor ratio of 21%.

Largest increase in membership growth since 2008 at 10%



Membership Composition

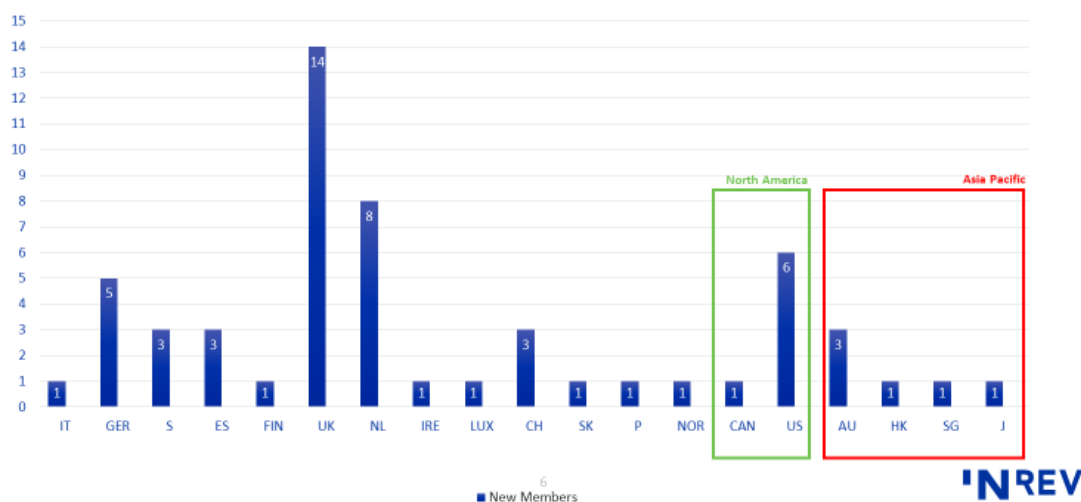


In 2018 the membership composition was comparable to that of the previous seven years.

Geographic Growth – United Kingdom representing the largest membership growth

Throughout 2018, 14 new members joined INREV who are domiciled in the United Kingdom, making it the country with the largest membership growth. The Netherlands and North

Growth by country 2018



America followed in second and third spot, with 8 and 7 new members, respectively. Of the total new members in 2018, 24% were non-EU.

One corporate membership: benefits for all

In 2018 our 453 corporate members were represented by more than 7000 individuals, who play an important role in the delivery of services to our members by responding to surveys, attending seminars, workshops and meetings. They are also active and engaging participants in the various committees, project teams and working groups that INREV is comprised of.

Financial Report

INTRODUCTION TO THE FINANCIAL REPORT

The Management Board recognises its responsibility to prepare Financial Statements each year that give a true and fair view of the financial position of the Association and of the profit or loss for the period under review.

In preparing these Financial Statements the Management Board has:

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that are reasonable and prudent
- considered whether the going concern basis of accounting is appropriate

The Management Board is responsible for keeping appropriate accounting records that disclose, with reasonable accuracy at any time, the financial position of the Association. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In 2018, the consolidated financial statements of INREV and INREV Services show:

- Members' funds increased from € 1,212k as at 31.12.2017 to € 1,512k at 31.12.2018, reflecting a net surplus of € 300k.
- Total membership income amounted to € 3,856k (compared to € 3,604k for 2017) which is very much in line with the anticipated income. The increase in income reflects a net growth of 41 members from 412 members as per 31.12.2017 to 453 members as per 31.12.2018.
- Income from the Annual Conference and the Training and Education programme has been stable with € 1,256k income stemming from the Annual Conference and € 231k from the Training and Education programme in 2018 compared to € 1,261k and € 243k in 2017.
- The Asset Level Index has led to a new income stream on the statement of operating income and expense in 2018, showing € 300k of contributions from the founding members, allowing us to build this new index which will be launched at the Annual Conference in Venice.
- Other income has increased from € 23k in 2017 to € 60k in 2018 reflecting increased sponsorship income from the Young Professionals Conference and the Autumn Conference.
- Other operating expenses decreased from € 3,265k in 2017 to € 3,086k in 2018, due to significant cost savings across the organisation, a pause on several IT related developments, including the website and several on-line tools in waiting of an integrated strategic IT road map and a drop in costs for temporary hire of external resources.

AUDITORS OPINION REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

The enclosed Financial statements 2018 include the consolidated figures for INREV and INREV Services B.V. for presentation purposes. An auditor's report for the consolidated Financial statements is enclosed with the full consolidated financial statements of INREV and is available to be viewed at the INREV office.

The main relevant paragraphs of the auditor's report state the following:

- BDO Audit & Assurance B.V. (hereafter referred to as the auditor) have audited the consolidated financial statements for the year ended 31 December 2018, which comprises the consolidated balance sheet as at 31 December 2018, the consolidated statement of operating income and expense for the year then ended and the notes.
- It is the auditor's responsibility to express an opinion on the consolidated financial statements based on the audit. The audit was conducted in accordance with Dutch law. This law requires that the auditor complies with ethical requirements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
- The audit evidence that has been obtained is sufficient and appropriate to provide a basis for the audit opinion.
- In the opinion of the auditor, the consolidated financial statements give a true and fair view of the consolidated financial position of the European Association for Investors in Non-Listed Real Estate Vehicles as at 31 December 2018, and of its consolidated result for the year then ended in accordance with the accounting policies selected and disclosed by INREV.

NOTICE OF GENERAL MEETING

The Management Board will give due notice to members of its Annual General Meeting, which is scheduled for 2 April 2019 in Venice.

These Financial Statements are approved on behalf of the Management Board:

Chairman

Treasurer

Marieke van Kamp

Allan Mikkelsen

Amsterdam, 14 March 2019

Amsterdam, 14 March 2019

Consolidated balance sheet as at 31 December 2018

(after proposal result appropriation)

		31-12-2018		31-12-2017	
		€	€	€	€
ASSETS					
Fixed assets					
Tangible fixed assets	1				
Furniture, fixtures and fittings		118.954		160.074	
Other fixed assets		<u>42.675</u>		<u>55.834</u>	
			161.629		215.908
Current assets					
Receivables					
Trade debtors	2	41.379		58.893	
Other receivables and accrued assets	3	<u>862.972</u>		<u>714.334</u>	
			904.351		773.227
Cash and cash equivalents	4		1.617.535		1.397.233
Total assets			<u><u>2.683.515</u></u>		<u><u>2.386.368</u></u>

		31-12-2018		31-12-2017	
		€	€	€	€
LIABILITIES					
Group equity	5		1.512.482		1.212.497
Current liabilities					
Trade creditors	6	600.166		547.194	
Taxes and social security premiums	7	62.477		72.025	
Other liabilities and accrued expenses	8	<u>508.389</u>		<u>554.653</u>	
			1.171.033		1.173.871
Total equity and liabilities			<u><u>2.683.515</u></u>		<u><u>2.386.368</u></u>

Consolidated statement of operating income and expense for the year 2018

			2018		2017
			€	€	€
Income					
Membership			3.856.275		3.604.414
Annual conference			1.256.035		1.261.061
Training and education			230.936		242.522
Asset Level Index			300.000		-
Other			60.418		22.503
				5.703.664	5.130.500
Expenditure					
Personnel costs	9	2.227.663		2.138.491	
Depreciation of tangible fixed assets	10	69.976		71.213	
Other operating expenses	11	3.085.863		3.264.729	
				5.383.502	5.474.433
Operating result				320.162	-343.933
Other financial income	12	9.105		42.526	
Interest and similar expenses	13	-12.088		-8.460	
Financial income and expense				-2.983	34.065
Consolidated result from operational activities before taxation				317.179	-309.868
Tax on result from ordinary activities	14			-17.194	-31.216
Net consolidated result after taxation				299.985	-341.084

Accounting policies of the consolidated annual report

Entity information

Registered address and registration number trade register

The registered and actual address of European Association for Investors in Non Listed Real Estate Vehicles (INREV) is Gustav Mahlerplein 62, ITO Tower 8th floor, 1082 MA Amsterdam. European Association for Investors in Non Listed Real Estate Vehicles (INREV) is registered at the trade register under number 34289262.

General notes

Description of the most important activities of the entity

INREV is the European Association for Investors in Non Listed Real Estate Vehicles. INREV is Europe's leading platform for sharing knowledge on the non-listed real estate industry. INREV's goal is to improve transparency, professionalism and best practices across the sector, making the asset class more accessible and attractive to investors.

General accounting principles

Description of the accounting standards used to prepare the financial statements

The financial statements are drawn up in accordance with Generally Accepted Accounting Principles. INREV has chosen Generally Accepted Accounting Principles as disclosed in the accounting policies and will apply these consistently.

Assets and liabilities are generally valued at historical cost. The balance sheet and statement of operating income and expenses contains references. These refer to the disclosures in the financial statements.

The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the company.

Consolidation

The consolidation includes the financial information of European Association for Investors in Non Listed Real Estate Vehicles (INREV), its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which European Association for Investors in Non Listed Real Estate Vehicles (INREV) exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or of which it has the authority to govern otherwise their financial and operating policies. Potential voting rights that can be exercised directly from the balance sheet date are also taken into account.

Group companies and other entities in which European Association for Investors in Non Listed Real Estate Vehicles (INREV) exercises control or whose central management it conducts are consolidated in full.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are also eliminated, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

Next to European Association for Investors in Non Listed Real Estate Vehicles (INREV), the consolidated companies are listed below:

- INREV Services B.V., Amsterdam, the Netherlands (100%)

Accounting policies for the balance sheetProperty, plant and equipment

Tangible fixed assets are valued at historical cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments.

Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs. Trade receivables are subsequently valued at the amortised cost price. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Equity

The group equity consists of the retained earnings which resulted from any positive operating results and consists of the association reservers. The association reserves are at the companies free disposal.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting policies for the income statementAccounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Revenue recognition

Net turnover comprises the income from the supply of goods and services after deduction of discounts and such like and of taxes levied on the turnover.

Pension costs

European Association for Investors in Non Listed Real Estate Vehicles (INREV) applies the liability approach to account for all pension schemes. The premium payable during the reporting year is recorded as an expense. The contributions are recorded as personnel costs from the date that they become payable. Prepaid contributions are reported as accrual if this results in a repayment or a reduction in future payments. Contributions that are not yet paid are included as a liability in the balance sheet.

Income tax expense

Tax on the result is calculated based on the result before tax in the statement of INREV Services B.V., taking into account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate. INREV, the association, has no corporate income tax obligations.

Notes to the consolidated balance sheet as at 31 December 2018

ASSETS

Fixed assets

1. Tangible fixed assets

	<i>Furniture, fixtures and fittings</i>	<i>Other fixed assets</i>	<i>Total</i>
	€	€	€
<u>Balance as at 1 January 2018</u>			
Historical cost	297.260	101.838	399.098
Accumulated depreciation	-137.186	-46.004	-183.190
Book value as at 1 January 2018	160.074	55.834	215.908
<u>Movements</u>			
Additions	9.742	8.295	18.037
Depreciation	-50.862	-19.114	-69.976
Disposals	-	-16.608	-16.608
Reversal of depreciation	-	14.268	14.268
Balance movements	-41.120	-13.159	-54.279
<u>Balance as at 31 December 2018</u>			
Historical cost	307.002	93.525	400.527
Accumulated depreciation	-188.048	-50.850	-238.898
Book value as at 31 December 2018	118.954	42.675	161.629
Depreciation percentages	20%	20%	

Current assets

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<u>2. Trade debtors</u>		
Trade debtors	57.479	74.993
Provision for doubtful debts	-16.100	-16.100
	41.379	58.893
<u>3. Other receivables and accrued assets</u>		
Taxes and social security premiums	122.875	184.288
Accrued income and prepaid expenses	740.097	530.046
	862.972	714.334
<u>Taxes and social security premiums</u>		
Value added tax	122.875	184.288

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<i>Accrued income and prepaid expenses</i>		
Pension premiums	9.514	10.765
Prepayments	512.079	329.744
Other accruals	218.504	189.537
	<u>740.097</u>	<u>530.046</u>
 <u>4. Cash and cash equivalents</u>		
ING Bank N.V.	852.709	1.052.921
ABN AMRO Bank N.V.	761.189	336.859
PayPal	3.512	7.112
Cash	125	341
	<u>1.617.535</u>	<u>1.397.233</u>

LIABILITIES

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<u>5. Group Equity</u>		
Association reserves	<u>1.512.482</u>	<u>1.212.497</u>
<i>Association reserves</i>		
Balance as at 1 January	1.212.497	1.553.581
Appropriated of result	<u>299.985</u>	<u>-341.084</u>
Balance as at 31 December	<u>1.512.482</u>	<u>1.212.497</u>
 Current liabilities		
<u>6. Trade creditors</u>		
Trade creditors	<u>600.166</u>	<u>547.194</u>
 <u>7. Taxes and social security premiums</u>		
Wage tax	54.380	48.066
Corporate income tax	<u>8.097</u>	<u>23.959</u>
	<u>62.477</u>	<u>72.025</u>
 <u>8. Other liabilities and accrued expenses</u>		
Costs to be paid	367.406	414.961
Holiday allowance	59.841	61.255
Holiday days	22.599	41.291
Received in advance	58.372	35.000
Net wages	<u>172</u>	<u>2.145</u>
	<u>508.389</u>	<u>554.653</u>

Off-balance-sheet commitments, guarantees and security

The Association has obligations for rent on its office at the Gustav Mahlerplein 62, Amsterdam. The obligation takes effect in 1 February 2016 and has been entered into for a period of 5 years and runs up to and including 31 January 2021. Subsequently, the obligation will be continued for consecutive periods of 5 years. The initial rent for the offices shall be € 174.225 on an annual basis and will be adjusted annually as per 1 February. The Association has been given a bank guarantee for rent of the office of € 61.869.

The Association has obligations for rent on its offices at the Meeus plein 23, Brussel. The obligation takes effect in 1 May 2012 and has been entered into for a period of 9 years and runs up to and including 30 April 2021. Subsequently, the obligation will be continued for consecutive periods of 3 years. The initial rent for the offices shall be € 24.850 on an annual basis and will be adjusted annually as per 1 May. The Association has made a deposit payment for rent of the office amounting to € 14.694.

The Association has obligations for IT services and support with two service suppliers. The first obligation, for a total monthly amount of € 9.240, took effect in July 2018 and has been entered into for a period of one year with a notice period of 90 days. The second, for a total monthly amount of € 4.643, took effect in November 2018 and has been entered into for a period of three years.

Notes to the consolidated statement of income and expenses for the year 2018

	2018	2017
	€	€
<u>9. Personnel costs</u>		
Gross salary	1.877.010	1.799.439
Social security charges	259.848	245.894
Pension expenses	90.805	93.158
	<u>2.227.663</u>	<u>2.138.491</u>

Average number of employees

During the financial year, the average number of employees was 26 people (2017: 27).

10. Depreciation of tangible fixed assets

Furniture, fixtures and fittings	50.862	53.250
Other fixed assets	19.114	17.963
	<u>69.976</u>	<u>71.213</u>

11. Other operating expenses

Other staff expenses	262.584	437.980
Housing expenses	232.189	229.500
Output and services	2.122.293	2.026.074
Office expenses	387.051	426.042
General expenses	81.746	145.132
	<u>3.085.863</u>	<u>3.264.729</u>

Other staff expenses

Temporary staff expenses	107.579	203.302
Staff training	17.598	33.005
Sickness insurance	31.517	26.306
Recruitment expenses	18.149	93.717
Other staff expenses	87.741	81.650
	<u>262.584</u>	<u>437.980</u>

Housing expenses

Office rent and related charges	<u>232.189</u>	<u>229.500</u>
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Output and Services costs

Research and market information	364.643	143.721
Professional standards	37.810	151.946
Public affairs	57.633	44.608
Events	1.176.320	1.103.287
Training and education	174.876	124.393
Marketing and communication	223.807	327.295
Account management	87.203	130.824
	<u>2.122.293</u>	<u>2.026.074</u>

	<u>2018</u>	<u>2017</u>
	€	€
<i>Office expenses</i>		
IT management	273.299	306.986
Communication costs	67.052	52.453
Office supplies	13.858	34.163
Other office expenses	32.842	32.440
	<u>387.051</u>	<u>426.042</u>
<i>General expenses</i>		
Audit fee	19.362	19.977
Administrative support and tax advice	24.142	24.221
Legal costs	29.047	55.381
Provision for bad debts	126	37.500
Insurance	9.069	8.053
	<u>81.746</u>	<u>145.132</u>
<u>12. Other financial income</u>		
ANREV license income	8.680	40.871
Interest receivable	425	1.655
	<u>9.105</u>	<u>42.526</u>
<u>13. Interest and similar expenses</u>		
Bank charges and similar expenses	<u>12.088</u>	<u>8.460</u>
<u>14. Tax on result from ordinary activities</u>		
Corporate tax	<u>17.194</u>	<u>31.216</u>

Company Financial Statements

European Association for Investors in Non Listed Real Estate Vehicles (INREV)

Company balance sheet as at 31 December 2018

(after proposal result appropriation)

		31-12-2018		31-12-2017	
		€	€	€	€
ASSETS					
Fixed assets					
Tangible fixed assets	1				
Furniture, fixtures and fittings		118.954		160.074	
Other fixed assets		<u>42.675</u>		<u>55.834</u>	
			161.629		215.908
Financial fixed assets					
Participation in group companies	2		405.984		337.211
Current assets					
Receivables					
Trade debtors	3	34.541		56.766	
Receivables from group companies	4	295.853		100.500	
Other receivables and accrued assets	5	<u>315.491</u>		<u>362.454</u>	
			645.885		519.720
Cash and cash equivalents	6		1.159.906		1.146.450
Total assets			<u><u>2.373.404</u></u>		<u><u>2.219.289</u></u>

		31-12-2018		31-12-2017	
		€	€	€	€
LIABILITIES					
Equity	6		1.512.482		1.212.497
Current liabilities					
Trade creditors	7	331.652		413.174	
Taxes and social security premiums	8	54.380		48.066	
Other liabilities and accrued expenses	9	<u>474.889</u>		<u>545.552</u>	
			860.922		1.006.792
Total equity and liabilities			<u><u>2.373.404</u></u>		<u><u>2.219.289</u></u>

Company statement of operating income and expense for the year 2018

		<u>2018</u>		<u>2017</u>	
		€	€	€	€
Income					
Membership		3.856.275		3.604.414	
Asset Level Index		300.000		-	
Other		<u>701.390</u>		<u>633.922</u>	
			4.857.666		4.238.336
Expenditure					
Personnel costs	10	2.227.663		2.138.491	
Depreciation of tangible fixed assets	11	69.976		71.213	
Other operating expenses	12	<u>2.331.243</u>		<u>2.536.896</u>	
			4.628.883		4.746.600
Operating result					
			<u>228.783</u>		<u>-508.264</u>
Other financial income	13	9.597		46.869	
Interest and similar expenses	14	<u>-7.168</u>		<u>-4.557</u>	
Financial income and expense			2.429		42.311
Result from operational activities before taxation					
			<u>231.212</u>		<u>-465.953</u>
Share in result from participations	15		68.773		124.869
Net result after taxation					
			<u><u>299.985</u></u>		<u><u>-341.084</u></u>

Accounting policies of the non-consolidated annual report

Accounting policies for the balance sheet

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as European Association for Investors in Non Listed Real Estate Vehicles (INREV) can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Notes to the balance sheet as at 31 December 2018

ASSETS

Fixed assets

1. Tangible fixed assets

	<i>Furniture, fixtures and fittings</i>	<i>Other fixed assets</i>	<i>Total</i>
	€	€	€
<u>Balance as at 1 January 2018</u>			
Historical cost	297.260	101.838	399.098
Accumulated depreciation	-137.186	-46.004	-183.190
Book value as at 1 January 2018	160.074	55.834	215.908
<u>Movements</u>			
Additions	9.742	8.295	18.037
Depreciation	-50.862	-19.114	-69.976
Disposals	-	-16.608	-16.608
Reversal of depreciation	-	14.268	14.268
Balance movements	-41.120	-13.159	-54.279
<u>Balance as at 31 December 2018</u>			
Historical cost	307.002	93.525	400.527
Accumulated depreciation	-188.048	-50.850	-238.898
Book value as at 31 December 2018	118.954	42.675	161.629
Depreciation percentages	20%	20%	

2. Financial fixed assets

Participation INREV Services B.V.

<u>31-12-2018</u>	<u>31-12-2017</u>
€	€
405.984	337.211

Participation INREV Services B.V.

Book value as at 1 January	337.211	212.342
Profit / (Loss) of participation	68.773	124.869
Book value as at 31 December	405.984	337.211

Current assets

3. Trade debtors

Trade debtors	49.541	71.766
Provision for doubtful debts	-15.000	-15.000
	34.541	56.766

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<u>4. Receivables from group companies</u>		
Current account INREV Services B.V.	295.853	100.500

An interest rate of 2% per annum applies to the average intercompany balances. In respect of repayment and securities provided, no agreements have yet been made.

5. Other receivables and accrued assets

Taxes and social security premiums	45.100	132.802
Accrued income and prepaid expenses	270.392	229.651
	<u>315.491</u>	<u>362.454</u>

Taxes and social security premiums

Value added tax	45.100	132.802
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Accrued income and prepaid expenses

Pension premiums	9.514	10.765
Prepayments	61.343	50.504
Other accruals	199.535	168.383
	<u>270.392</u>	<u>229.651</u>

5. Cash and cash equivalents

ING Bank N.V.	852.352	1.052.781
ABN AMRO Bank N.V.	307.429	93.328
Cash	125	341
	<u>1.159.906</u>	<u>1.146.450</u>

LIABILITIES

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<u>6. Group Equity</u>		
Association reserves	<u>1.512.482</u>	<u>1.212.497</u>
<i>Association reserves</i>		
Balance as at 1 January	1.212.497	1.553.581
Appropriated of result	<u>299.985</u>	<u>-341.084</u>
Balance as at 31 December	<u>1.512.482</u>	<u>1.212.497</u>
 Current liabilities		
<u>7. Trade creditors</u>		
Trade creditors	<u>331.652</u>	<u>413.174</u>
 <u>8. Taxes and social security premiums</u>		
Wage tax	<u>54.380</u>	<u>48.066</u>
 <u>9. Other liabilities and accrued expenses</u>		
Costs to be paid	360.906	405.860
Holiday allowance	59.841	61.255
Holiday days	22.599	41.291
Received in advance	31.372	35.000
Net wages	172	2.145
	<u>474.889</u>	<u>545.552</u>

Off-balance-sheet commitments, guarantees and security

The Association has obligations for rent on its office at the Gustav Mahlerplein 62, Amsterdam. The obligation takes effect in 1 February 2016 and has been entered into for a period of 5 years and runs up to and including 31 January 2021. Subsequently, the obligation will be continued for consecutive periods of 5 years. The initial rent for the offices shall be € 174.225 on an annual basis and will be adjusted annually as per 1 February. The Association has been given a bank guarantee for rent of the office of € 61.869.

The Association has obligations for rent on its offices at the Meeus plein 23, Brussel. The obligation takes effect in 1 May 2012 and has been entered into for a period of 9 years and runs up to and including 30 April 2021. Subsequently, the obligation will be continued for consecutive periods of 3 years. The initial rent for the offices shall be € 24.850 on an annual basis and will be adjusted annually as per 1 May. The Association has made a deposit payment for rent of the office amounting to € 14.694.

The Association has obligations for IT services and support with two service suppliers. The first obligation, for a total monthly amount of € 9.240, took effect in July 2018 and has been entered into for a period of one year with a notice period of 90 days. The second, for a total monthly amount of € 4.643, took effect in November 2018 and has been entered into for a period of three years.

The Association forms a fiscal entity together with INREV Services B.V. for value added tax purposes; The standard conditions stipulate that each of the companies is liable for the value added tax payable by all companies belonging to the fiscal entity.

Notes to the statement of income and expenses for the year 2018

	2018	2017
	€	€
<u>10. Personnel costs</u>		
Gross salary	1.877.010	1.799.439
Social security charges	259.848	245.894
Pension expenses	90.805	93.158
	<u>2.227.663</u>	<u>2.138.491</u>

Average number of employees

During the financial year, the average number of employees was 26 people (2017: 27).

11. Depreciation of tangible fixed assets

Furniture, fixtures and fittings	50.862	53.250
Other fixed assets	19.114	17.963
	<u>69.976</u>	<u>71.213</u>

12. Other operating expenses

Other staff expenses	262.584	437.980
Housing expenses	232.189	229.500
Output and services	1.302.524	1.226.754
Office expenses	475.508	515.266
General expenses	58.438	127.396
	<u>2.331.243</u>	<u>2.536.896</u>

Other staff expenses

Temporary staff expenses	107.579	203.302
Staff training	17.598	33.005
Sickness insurance	31.517	26.306
Recruitment expenses	18.149	93.717
Other staff expenses	87.741	81.650
	<u>262.584</u>	<u>437.980</u>

Housing expenses

Office rent and related charges	<u>232.189</u>	<u>229.500</u>
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Output and Services costs

Research and market information	364.643	143.721
Professional standards	37.810	151.946
Public affairs	57.633	44.608
Events	504.472	413.403
Training and education	26.956	14.957
Marketing and communication	223.807	327.295
Account management	87.203	130.824
	<u>1.302.524</u>	<u>1.226.754</u>

	2018	2017
	€	€
<i>Office expenses</i>		
IT management	273.299	306.986
Communication costs	67.052	52.453
Office supplies	13.858	34.148
Other office expenses	121.299	121.678
	<u>475.508</u>	<u>515.266</u>
<i>General expenses</i>		
Audit costs	11.792	14.977
Administrative support and tax advice	8.973	11.485
Legal costs	28.478	55.381
Provision for bad debts	126	37.500
Insurance	9.069	8.053
	<u>58.438</u>	<u>127.396</u>
<i>13. Other financial income</i>		
ANREV license income	8.680	40.871
Interest current accounts to group companies	492	4.344
Interest receivable	425	1.654
	<u>9.597</u>	<u>46.869</u>
<i>14. Interest and similar expenses</i>		
Bank charges and similar expenses	<u>7.168</u>	<u>4.557</u>
<i>15. Share in result from participations</i>		
Result from INREV Services B.V.	<u>68.773</u>	<u>124.869</u>

Amsterdam, 14 March 2019

European Association for Investors in Non Listed Real Estate Vehicles (INREV)

The Management Board:
 Marieke van Kamp (Chairman)
 Wenzel Hoberg (Vice-Chair)
 Allan Mikkelsen (Treasurer)
 Guido Verhoef (Secretary)
 Catherine Martougin
 Catriona Allen
 Ilkka Tomperi
 Isabelle Scemama
 James Raynor
 Martin Lemke
 Michael Clarke
 Michael Hornsby
 Thomas Brown

Chief Executive Officer:
 Lonneke Löwik

APPENDICES:

1. Committees
 2. List of members
- (To be added later)