



Business Plan  
**2016 - 2018**

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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.

As a pan European body, INREV represents an excellent platform for the sharing and dissemination of knowledge on the non-listed real estate industry.

#### INREV

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# Introduction

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

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

The Plan has captured input from members over the past few months through the annual Member Survey, and from key contributors including the INREV Management Board, Committees, Investor Advisory Council and Fund Manager Advisory Council.

- The Business Plan begins with an analysis of market trends relevant to non-listed real estate and its investors.
- This is followed in Chapter 2 by the key outcomes of the annual Member Survey, which form an important part of the Plan.
- In Chapter 3 we look at INREV's strategic goals and deliverables, designed to create significant value for our members. These are our key value drivers.
- In the final chapter we break down these key value drivers into key practical priorities, under INREV's five organisational areas.

The work needed to carry 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.

Member input  
and an awareness  
of market trends  
*are integral to the  
Business Plan*





# Market Trends

**The picture across the European economy is mixed, with a multi-speed recovery expected to continue, albeit at a weaker pace than previously. This has been reflected in downward revisions to the ECB's growth outlook. Globally, the outlook remains vulnerable to a number of uncertainties, which could lead to abrupt financial market developments with an adverse impact on the euro area. The outlook for the euro area in 2016 is for real GDP growth of 1.7%.**

Despite these uncertainties, the global real estate market remains buoyant. With few attractive alternatives in other asset classes, capital continues to pour into real estate. Total capital raised for the non-listed industry globally reached €122.7 billion in 2014, of which 55.3% was destined for vehicles with a European strategy.

However, there are early warning signs that the market is becoming overheated. In 2014, European non-listed real estate funds attracted €28.1 billion of fresh capital. This volume, coupled with a notable shift towards value added and opportunity strategies, suggests a market profile similar to that last seen in 2007. But despite these early warnings, allocations to real estate are expected to increase further, driven by the continued search for yield and diversification across multi-asset portfolios.

The range of vehicles in the non-listed real estate space plays an important role in servicing the needs of the changing participant mix. While larger investors show a continued preference for joint ventures, club deals and direct investments, smaller to medium sized investors generally prefer to use non-listed real estate

funds or separate accounts. For some funds of funds, the business model is developing into an investment partnership structure, where the fund of funds manager co-invests with its investors. Meanwhile the number of European non-listed debt funds has continued to rise, reaching 42 in 2015, with a targeted equity of €33 billion.

The European real estate sector is maturing and continues to evolve as an asset class. At one end of the spectrum, the widening range of vehicles on offer and the steady stream of new entrants to the market are leading to much greater diversification in the sector than before. At the other end, consolidation, both at LP and GP level, is resulting in fewer and larger players in the market. Meanwhile, cross border capital flows are becoming a normal feature of the market, and now account for almost one third of global investment. Nevertheless, the deployment of capital will be a challenge for all.

## Regulation

While market forces shape the development of non-listed real estate investment, regulation also continues to have a significant impact on the evolution of the industry. On 1 January 2016, Solvency II comes into force and is driving a re-examination of insurers' real estate portfolios in light of the required solvency capital, leading to a reweighting of many insurers' real estate assets.

The Alternative Investment Fund Managers Directive, AIFMD, which only came into full effect in July 2014, also continues to shape the industry. Some of the directive's

provisions, such as the definitions of terms critical for the exercise of passport authority and the treatment of third-country funds and fund managers, are still evolving. This is frustrating the goal of achieving a single set of rules for fund management and marketing within the EU, while adding cost and uncertainty in the shorter term.

*Despite uncertainties the global real estate market remains buoyant*



# Member Survey

INREV canvassed the views of its membership in September 2015, through the annual Member Survey. The survey seeks members' views on the success of INREV's activities, and helps us to understand their needs. 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.

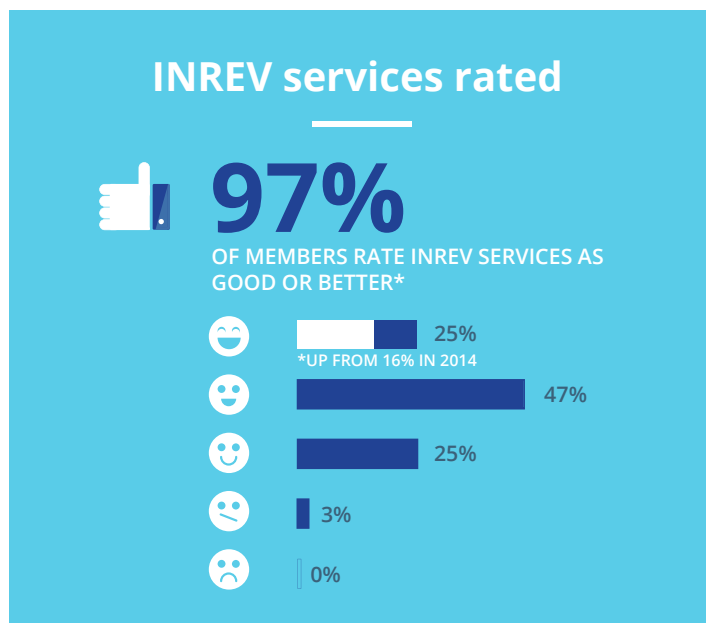
The survey seeks members' views on the success of INREV's activities, and helps us to understand their needs



## Overall Satisfaction



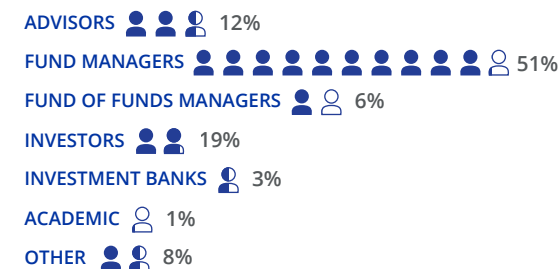
Members continue to be more and more satisfied, with an increasing share of members rating INREV services as excellent.



## Respondents



The sample includes more than a third of our corporate members and is representative of the composition of our overall membership.





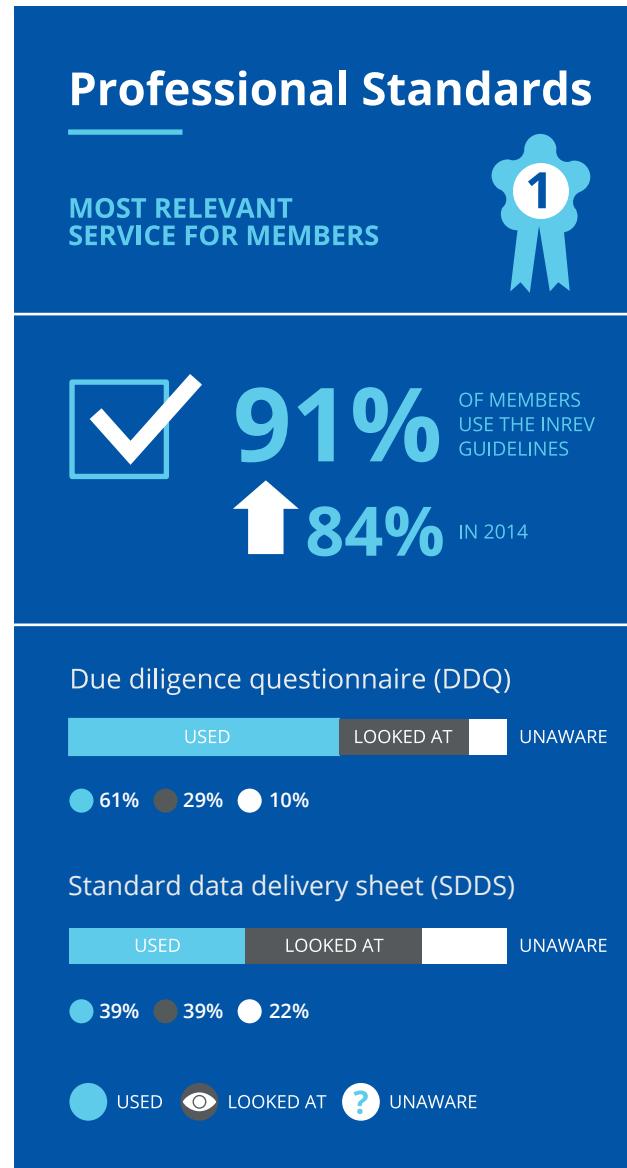
# Professional Standards

Professional standards remains the most relevant service for INREV members.

More members than ever are using the INREV Guidelines, rising to 91% in 2015 from 84% in 2014.

We asked members which tools they were using to implement the INREV Guidelines. The Due Diligence Questionnaire (DDQ) is well used, and pick-up is higher than the year before, although there is still room for improvement. The Standard Data Delivery Sheet (SDDS) is less widely used and has not improved since the year before, something that will be addressed in our plans for 2016.

**More members than ever are using the INREV Guidelines, rising to 91% in 2015 from 84% in 2014**



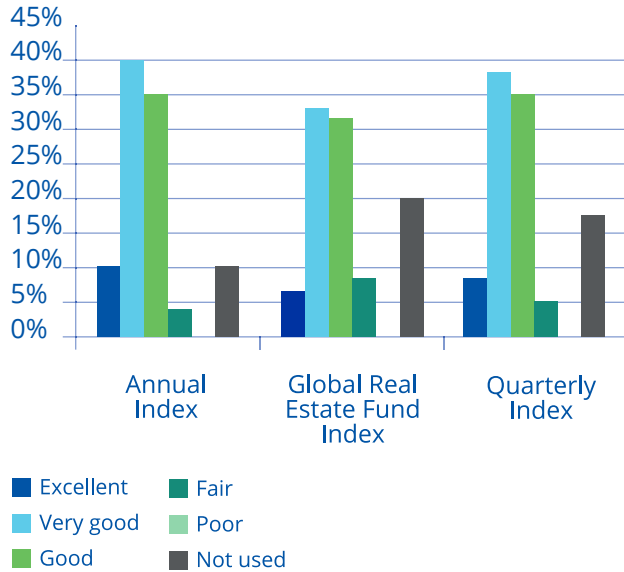
# Research

Members continue to be satisfied with the research programme. Suggested topics for inclusion in 2016 are debt funds, performance and market trends.



## Market Information

We asked members how they rated the suite of indices available. The INREV Index is well rated by those members that use it. We need to increase awareness of the Global Real Estate Funds Index (GREFI), which is less well known among the membership.



## Public Affairs

Of those members that find public affairs information relevant to their role, 83% are satisfied with the information they receive. Over half of the members, 55%, find the monthly forum call a useful way to keep informed on public affairs issues.

## Training

Training courses continue to be well rated by members, and 83% of members who attended a course would recommend it to a colleague. The most popular courses were fund valuation, performance measurement and AIFMD.

## Events

Content is still the most important reason to attend an INREV event, followed by location and networking. Conferences are the most popular type of event, with 60% of members interested in attending a conference.



## Communication

INREV News, the weekly newsletter, is still the most popular way for members to get information. The website and IQ magazine were both very highly rated for content and visual appeal, reflecting the work undertaken in 2014. The members were slightly less satisfied with accessibility, something that will be addressed in our plans for 2016.

### Most popular sources of information





# Strategy 2016 - 2018

We have set three strategic objectives to be achieved over 2016 - 2018. These are based on INREV's vision and mission statement, and take full account of market developments and the changing needs of our members.

Through their engagement, INREV members shape the future of the industry

## Vision

To champion the nonlisted real estate industry globally by being committed to building it as a competitive and sustainable asset class in Europe for institutional investors.

## Mission Statement

INREV works to further transparency and accessibility, promote professionalism and best practice and share and spread knowledge.

## Strategic Objectives

- 1 Further develop a global benchmark that supports peer-to-peer comparison
- 2 Create global industry standards
- 3 Be the voice of the non-listed real estate industry

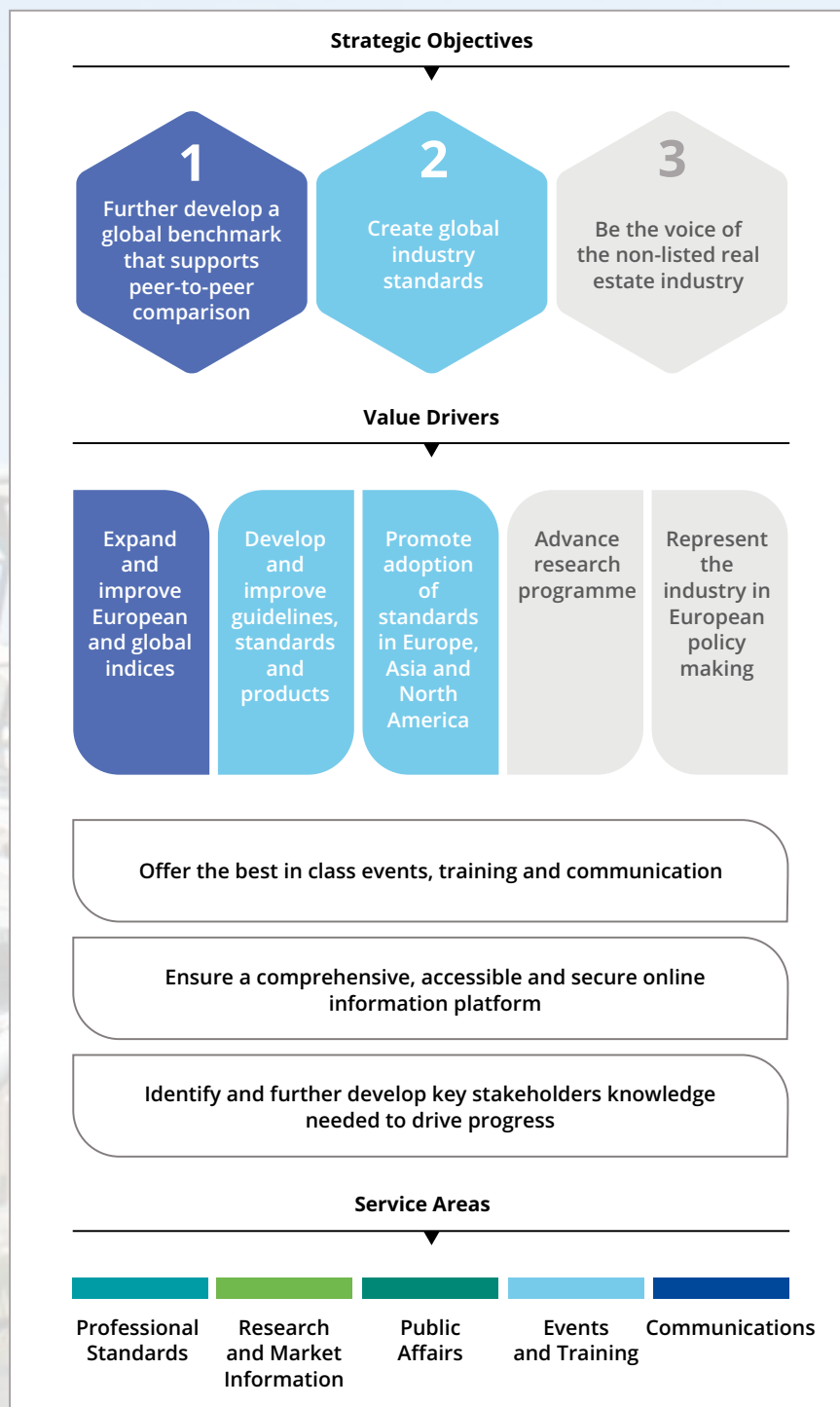
## Value drivers supporting strategy

We will achieve our strategic goals in 2016 by focusing on key value drivers, a number of carefully chosen steps designed to create significant additional 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, and communication for the entire spectrum of the non-listed real estate industry.

In the following chapters, the relevant elements of this strategy map are highlighted for each of the service areas. Their contributions to the overall INREV strategy are shown in the highlighted areas of the strategy map at the beginning of each section.

### Strategy Map

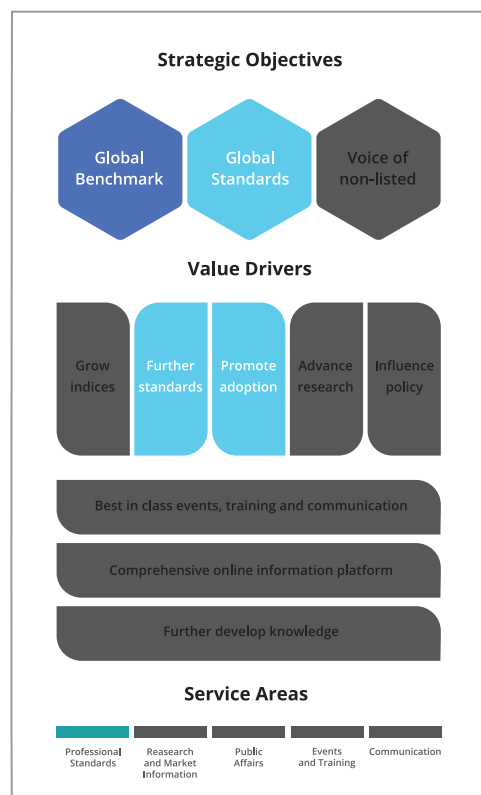




# Professional Standards

**INREV provides standards and best practices for the non-listed real estate industry to create consistency, allow peer-to-peer comparison and promote market transparency.** Investors and managers adopt our ready-to-use guidelines to improve their management of performance and risks, benefitting from detailed comparisons, tools and examples. INREV represents a platform where experts work together to share and provide knowledge on governance and reporting.

## Strategy Map



## Key Priorities

- + Work towards global standards on fees and expenses, performance and risk reporting, in conjunction with NCREIF, PREA and ANREV
- + Investigate the risk management function and risk metrics
- + Develop online platform for INREV Guidelines self-assessment, enabling peer-to-peer comparisons
- + Further advance standards of information exchange between managers and investors via the INREV Standard Data Delivery Sheet (SDDS)
- + Support adoption and improve usability of INREV Due Diligence Questionnaires (DDQs)
- + Develop the European benchmark study for fund managers' operations

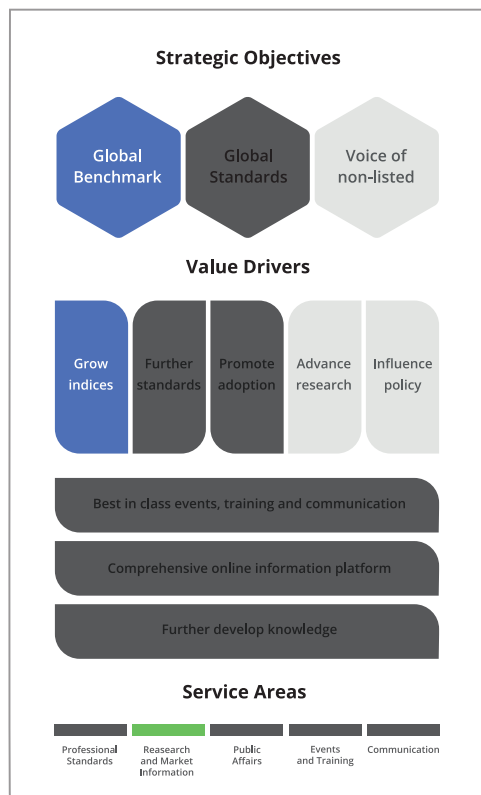
INREV represents a platform where experts work together to share and provide knowledge



# Research

**INREV is the leading source of research and market information for the non-listed real estate industry.** INREV research builds on our extensive proprietary information and indices. The programme encompasses the entire breadth and depth of topics relating to the non-listed real estate industry, capturing current and future global trends, as well as tackling important future challenges for the industry.

## Strategy Map



## Key Priorities

- + Publish study on Cost Transparency in European Listed and Non-Listed Real Estate, in conjunction with AREF
- + Revise the Management Fees and Terms study to reflect an update to the INREV Guidelines Module on Fee and Expense Metrics
- + Review the INREV Fund Style guidance in a global context in collaboration with ANREV and NCREIF
- + Research pension funds' attitudes towards real estate in conjunction with PMI
- + Build on 2015 reports covering Persistent Performance and Secondary Markets in European non-listed real estate funds

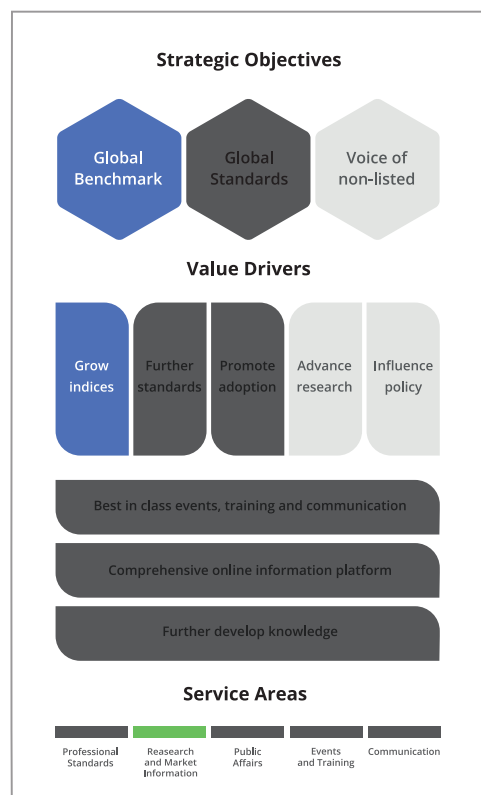
Capturing current and future local trends and tackling important future challenges



# Market Information

**INREV's market information is a reliable source of accurate and comprehensive data on the non-listed real estate industry.** The INREV Annual and Quarterly Indices, as well as the Global Real Estate Fund Index and online tools, support all aspects of the real estate investment process from asset allocation to performance measurement. The INREV Vehicle Universes contain information on non-listed real estate funds, debt funds and funds of funds.

## Strategy Map



INREV'S market information is a reliable source of accurate and comprehensive data



## Key Priorities

- + Increase awareness and usage of the Global Real Estate Fund Index
- + Achieve IOSCO compliance for INREV indices
- + Expand coverage and historical expansion of the INREV Quarterly Index
- + Promote Performance Measurement Guidelines module in conjunction with Professional Standards
- + Explore development of asset level indices
- + Launch new indices:
  - Global Investor Index
  - German Vehicles Index
  - Fund of Funds Index
  - IRR Index / Opportunity Funds Index
  - Student Accommodation Index
- + Develop INREV analytical tools

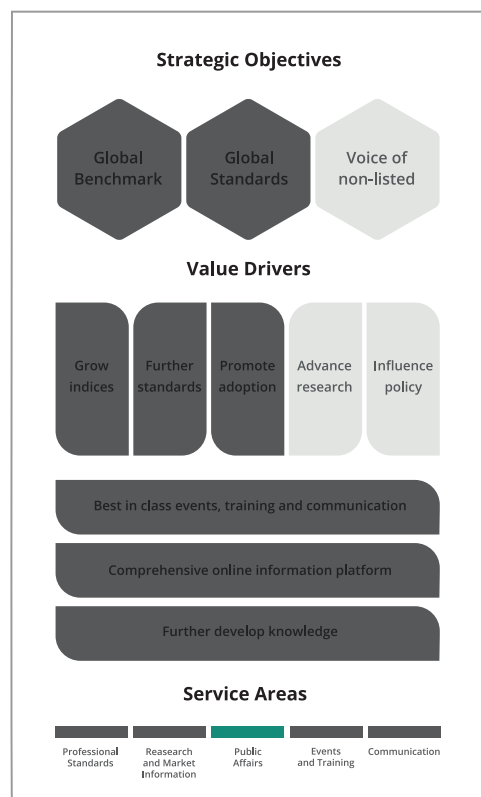




# Public Affairs

**INREV is the voice of non-listed real estate investment in Europe. We represent our members' interests by increasing policy makers' awareness and understanding of the role and importance of real estate investment.** We are a trusted source of information on the potential impact of regulatory proposals. Leveraging on our proximity to policy makers in Brussels, our members gain first-hand insights into the development and implementation of regulatory initiatives. We work to develop common industry responses to regulatory proposals while sharing information on issues affecting our industry among international and national associations.

## Strategy Map



## Key Priorities

- + Develop and align real estate industry responses to regulatory initiatives, with the most significant issues expected to be related to AIFMD II and BEPS
- + Increase awareness of real estate investment in European regulatory development, with the most significant action expected to be the Capital Markets Union
- + Keep INREV members informed regarding the business impact of regulations by providing expertise, with the most significant issues expected to be in Solvency II and AIFMD
- + Ensure that key policy makers have up-to-date data for Solvency II capital charge reconsideration

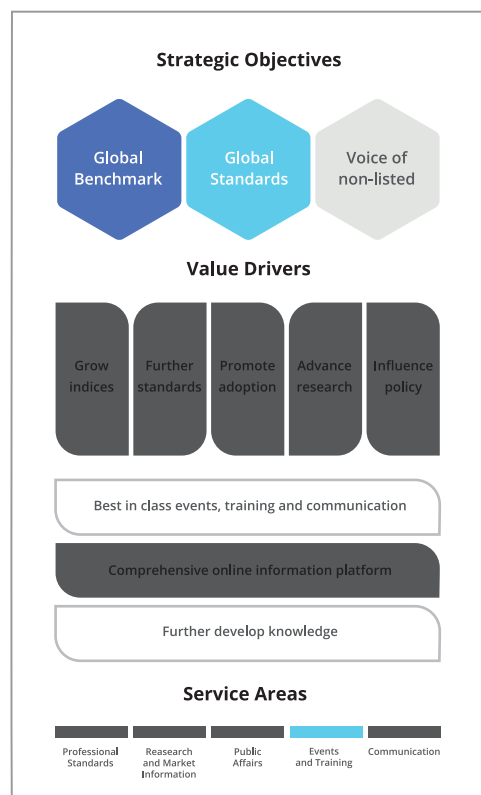
We work to develop common industry responses to regulatory proposals



# Training

The INREV training and education programme meets the specific educational needs of the non-listed real estate industry. Topical and highly relevant content from industry fundamentals to the latest industry developments advances the skills and knowledge of participants. Leading industry experts support the design and delivery of all our training offerings, using a range of formats including live classes and webinars. INREV's training programme is accessible to professionals working at all levels of our industry, with content linked to INREV output and directly applicable in participants' daily work.

## Strategy Map



## Key Priorities

- + Further improve industry education standards by offering a certificate on non-listed real estate investment in partnership with Henley Business School
- + Execute and further improve the suite of scheduled training courses
- + Develop a new course on joint ventures and club deals
- + Revise course case studies to reflect current practices, specifically for the Financial Analysis and Portfolio Construction courses
- + Expand scope of webinars to continue to meet members' education needs.

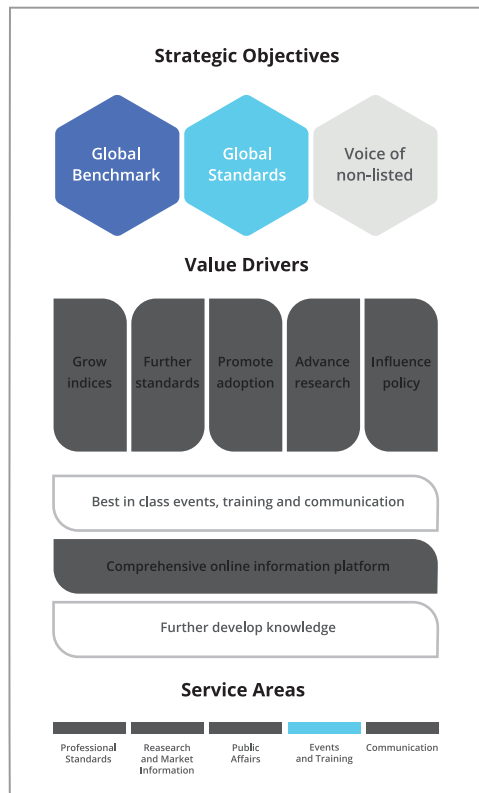
Leading industry experts support the design and delivery of all our training offerings



# 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.

## Strategy Map



## Key Priorities

- + Deliver and implement a high quality events programme in 2016
- + Ensure high degree of quantitative and qualitative event participation across full range of membership
- + Maintain and increase accessibility to INREV members by further expanding the range of locations of the Investment Intentions Roadshow as well as in North America
- + Restructure and reposition the Investor Only & Fund Manager Seminar to an Autumn Conference
- + Restructure and reposition the Tax Round Table and the CFO Round Table into one event, the INREV Finance and Operations Round Table

*Our events are designed to further knowledge, provide opportunities and share experience*

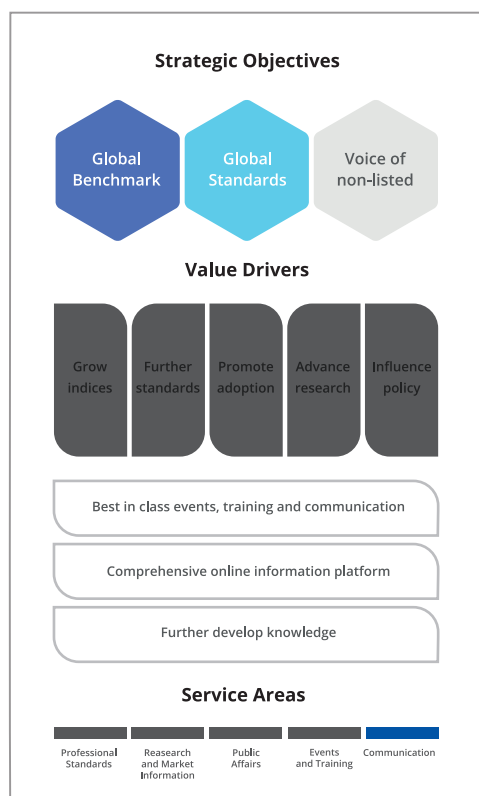




# Communication

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

## Strategy Map



## Key Priorities

- + Improve accessibility of information through creating a responsive website with help animations and a clear hierarchy of information
- + Develop a training brochure and explore interest in a book to promote investing in non-listed real estate
- + Initiate and develop relations with wider financial press to promote non-listed as an alternative asset class
- + Further enhance user experience online, and ensure a secure information platform to share and compare industry data
- + Further develop the CRM to support engagement with existing and new members and improve back office efficiencies

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

