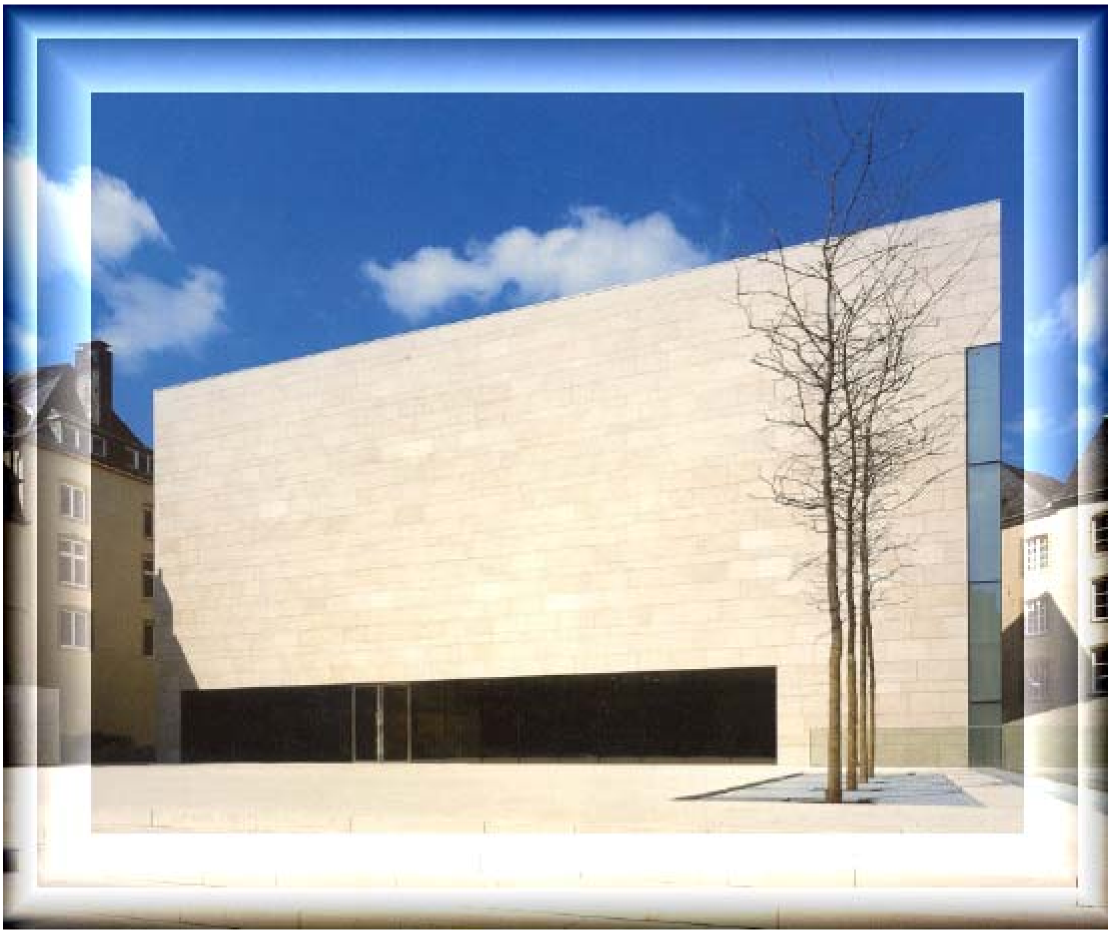
ASSOCIATION OF THE LUXEMBOURG FUND INDUSTRY

LUXEMBOURG REAL ESTATE INVESTMENT FUNDS



ALFI SURVEY

September 2009

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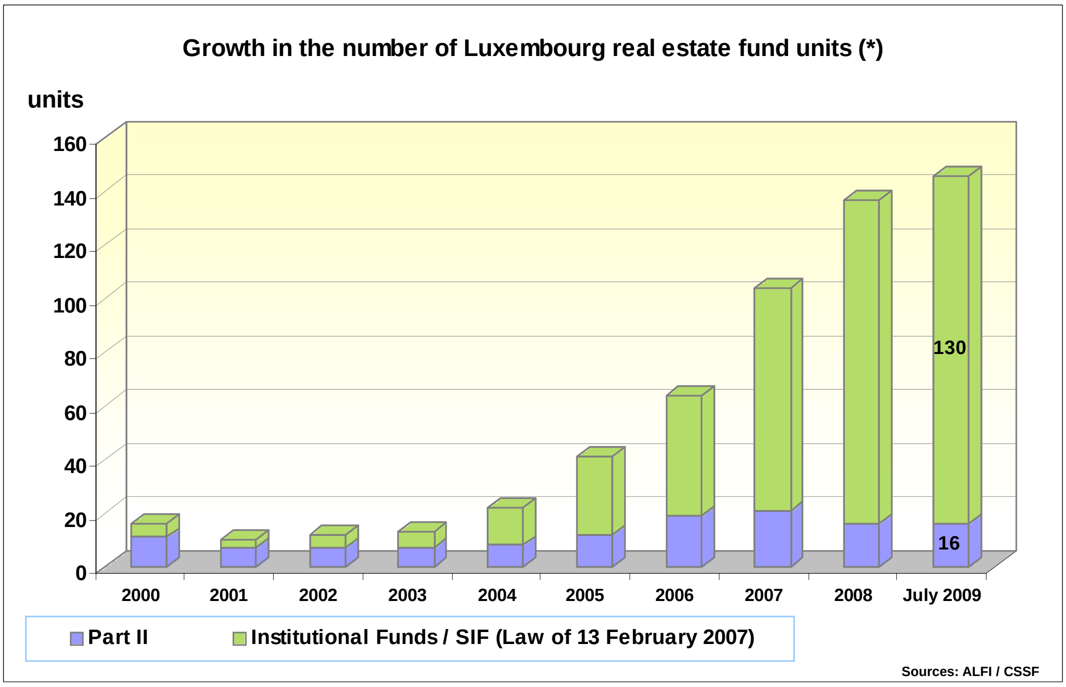
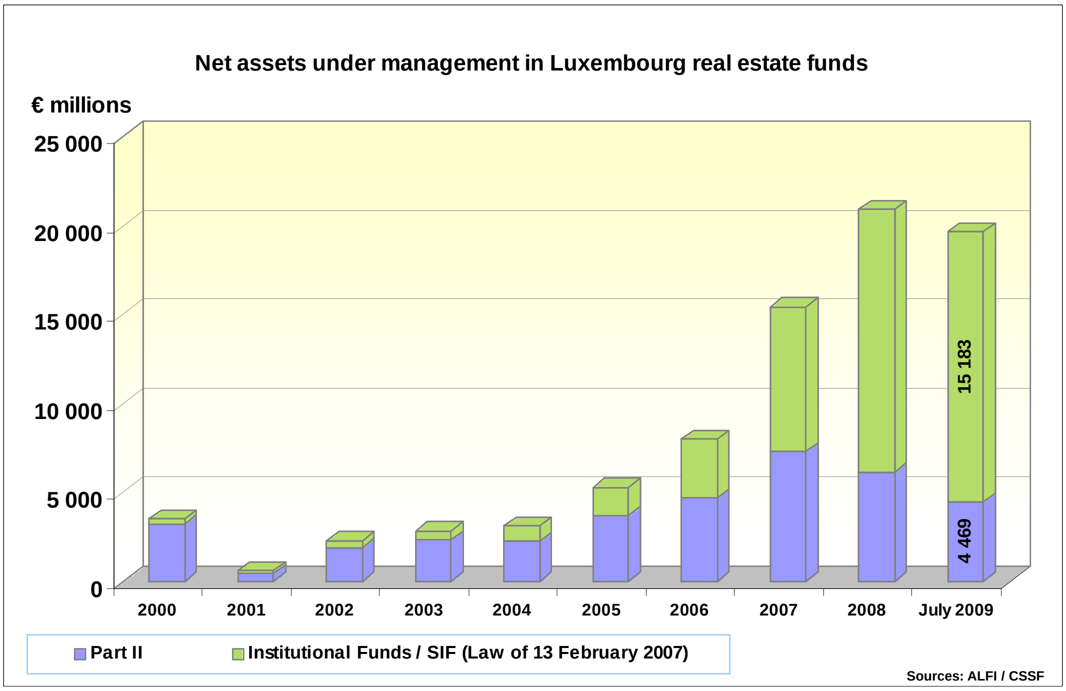
INTRODUCTION

The ALFI REIF sub-committee conducted the fourth update of the survey of Luxembourg regulated real estate funds ("REIFs") during the second quarter of 2009. The survey is focused in particular on direct REIFs, but also covers Funds of Real Estate Funds ("FOREFs"). The main objective in producing the survey was to gain an understanding of market trends rather than to provide complete and comprehensive data, although a significant proportion of the Luxembourg REIF market was captured. This report presents the results of the survey and the key conclusions drawn. The source of the data is the custodians who supported the Direct REIFs & FoFs and this population has changed year to year.

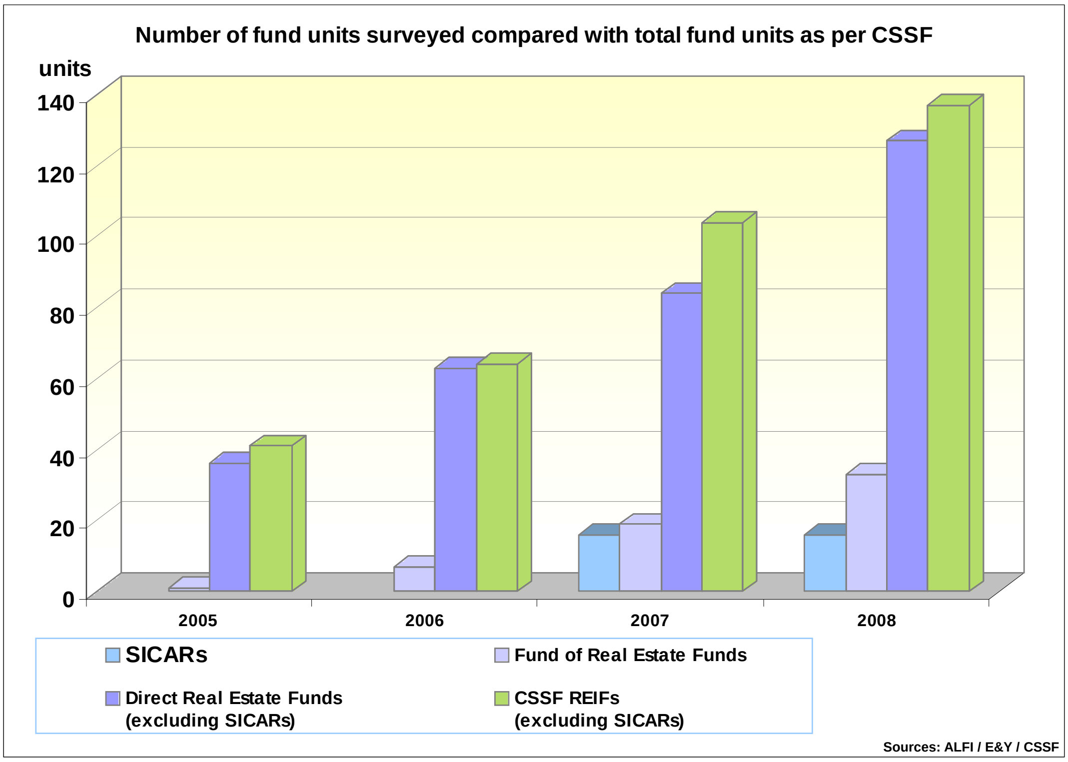


(*) The number of single funds plus the sub-funds of umbrella structures



Survey Coverage

As shown below, the ALFI REIF Survey provides good coverage of the market compared to the CSSF data as at December 2008.



(*) The blue bars show the funds covered by this survey.

Luxembourg REIFs - the Framework

Direct REIFs vs. Funds of Real Estate Funds

For purposes of this survey, **Real Estate Funds** are characterised as either **"Direct"** or "**Funds of Real Estate Funds"**:

> ***DIRECT REIFS*** include both fund vehicles and SICARs which invest in real estate assets either directly or via intermediary entities (special purpose vehicles, or SPVs).
>
> ***FUNDS OF REAL ESTATE FUNDS*** typically invest in other real estate funds or SICARs, although other assets may be held.

"Indirect Funds" invest in listed real estate related securities as portfolio investments: such funds are outside the scope of this survey.

Regulatory Framework: Regulated vs. Unregulated Structures

Regulated structures for the purposes of this survey are authorised and supervised by the Commission de Surveillance du Secteur Financier (the CSSF). The laws and regulations applicable to Luxembourg regulated funds are comprised of laws, circulars issued by the CSSF, and also certain Grand-Ducal regulations.

The primary law applicable to regulated funds is the law of 20 December 2002 relating to undertakings for collective investment, as amended (the 2002 law). Of special relevance to real estate funds, the 2002 law is complemented by the law of 13 February 2007 on specialised investment funds, as amended (the SIF Law). The SIF Law replaced the 1991 Law and funds previously governed by the 1991 Law become subject to the provisions of the SIF Law.

Interests in funds which are subject to the 2002 law can in principle be sold to any type of investor, including institutional, high net worth and retail investors. 2002 law "Part I" funds (UCITS) may take advantage of the European passport, which means that they can be sold to any type of investor in any EU Member State after complying with certain formalities. They are, however, required to comply with detailed investment restrictions. 2002 law "Part II" funds must comply with each relevant member state's local distribution rules, and are required to comply with certain investment restrictions (much less stringent than for "Part I" funds).

Interests in funds which are subject to the SIF Law may only be sold to "well-informed investors". In addition to the usual market of institutional and professional investors, this opens SIFs to high net worth individuals who meet the requirements of the SIF Law. SIFs are not subject to general investment restrictions but must ensure adequate risk diversification and disclosure; exceptions are subject to case-by-case review.

Another useful Luxembourg vehicle is the SICAR, which is not classified as a fund. The Société d'Investissement en Capital à Risque and which is governed under the law of 15 June 2004, as amended on 24 October 2008. It is an investment vehicle tailored to qualified investors investing in venture capital and private equity. The SICAR can take various legal forms (such as the S.C.S., S.A., S.à r.l., S.C.A. or other legal structures as tax considerations usually dictate) and, whilst regulated, is not subject to investment restrictions and diversification requirements.

Unregulated vehicles are typically set up as companies under the law of 10 August 1915 on commercial companies, as amended. They often take the form of private limited companies (S.à r.l.) or partnerships limited by shares (SCA). When such companies have as main object the holding and financing of participations (which in their turn may own real estate) such companies are often referred to as SOPARFI's. SOPARFI's do not enjoy a special legal or tax regime but like any other Luxembourg fully taxable companies benefit from the participation exemption regime on qualifying participations. While unregulated vehicles operate in a manner similar to regulated funds, unregulated vehicles offer greater flexibility, for example in terms of choice of service providers, and lower set up and operating costs (as opposed to investment vehicles subject to regulatory oversight and restrictions). Regulated vehicles benefit, among others, from favourable tax status and a high level of investor protection. Unregulated vehicles tend to have a small group of investors and a simple capital structure. Notwithstanding the foregoing, unregulated vehicles may have a higher total Net Asset Value than regulated funds with more investors.

Legal Structures

Real estate funds governed by the 2002 law or the SIF law may be set up either in corporate form ("SICAV" or "SICAF") or in contractual fund form ("FCP"). A key determining factor in the selection of one of these structures is the tax regime applicable to investors; FCPs are tax transparent whereas SICAVs and SICAFs are taxable, with certain exceptions.

Regulated funds governed by the 2002 Law or the SIF Law as well as the SICAR may adopt an umbrella structure with multiple sub-funds where, for instance, sub-funds have a different investment policy or are restricted to certain types of investors. The umbrella fund is legally treated as a single entity; however, in principle, each sub-fund is responsible for its own assets and liabilities.

For the purpose of this survey, reference to the number of fund, "units" means the number of single funds plus the number of sub-funds following separate strategies.

Scope and Methodology

Scope

The survey covers direct REIFs, real estate SICARs and Funds of Real Estate Funds to which ALFI members provide custodial services. It does not cover unregulated vehicles, nor does it cover the intermediary financing vehicles set up for the acquisition of property or similar collective investment vehicles. The survey also requested submissions on regulated infrastructure funds, but insufficient data was returned in this category for a separate analysis to be made. The survey has therefore included these in the Direct REIFs category. In future, we hope to receive sufficient data to justify a separate category. While real estate and infrastructure assets are not identical, their fund vehicles, structuring methods and operating models are similar.

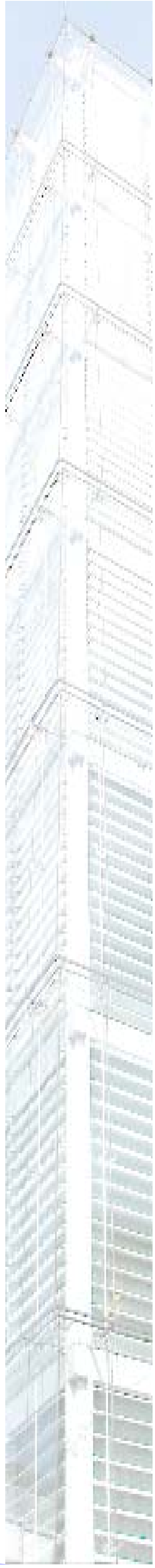
Methodology

The survey is based on a comprehensive questionnaire which was sent to all ALFI members. The custodians responding are those which service the vast majority of direct REIFs and Funds of Real Estate Funds in Luxembourg. The questionnaire, which focused on the status as at the end of December 2008, included questions relating to each fund's:

- Geographical investment region
- Target segment of investment
- Net Asset Value (NAV), Gross Asset Value (GAV) and target gearing
- Investment style
- Legal regime and structure
- Investor types and origin
- Accounting standard (GAAP)
- Fees
- Valuation methodology
- Initiator origin
- Service providers including custodian, central administration, audit, legal and tax

Direct REIFs tend to be concentrated at a limited number of custodians which have the specialised competencies to serve this market.

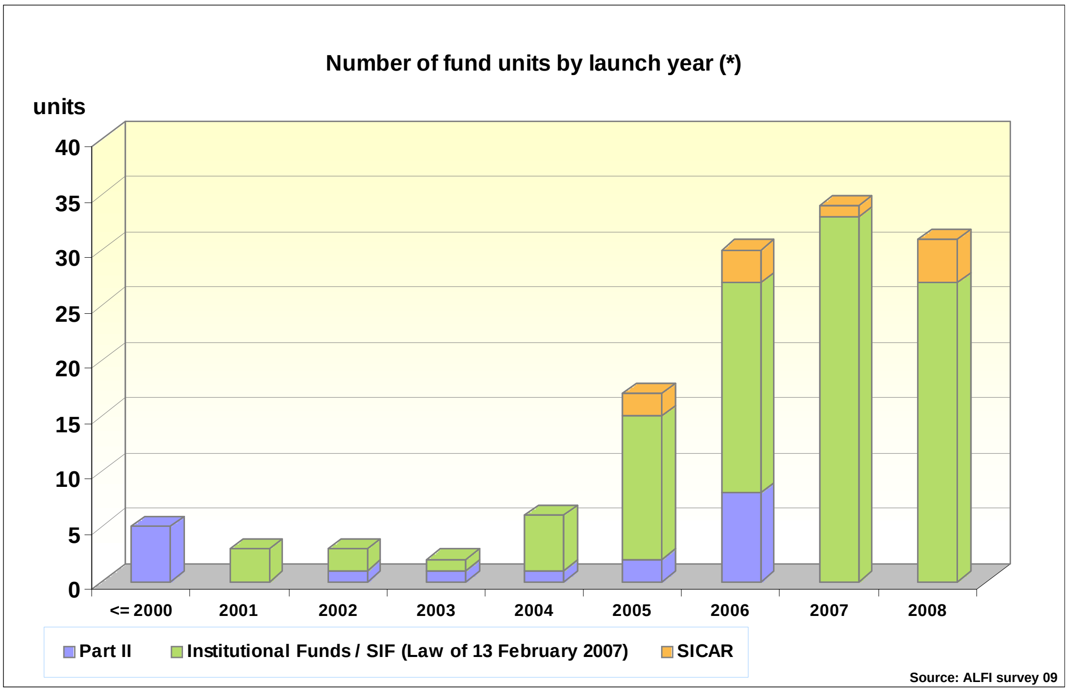
Where possible, survey results are at times compared with those published in Luxembourg Real Estate Funds: A comprehensive survey by Ernst & Young, published in January 2006 and the ALFI REIF Survey 2007 and 2008.



PART I - DIRECT REAL ESTATE FUNDS - REAL ESTATE SICARs

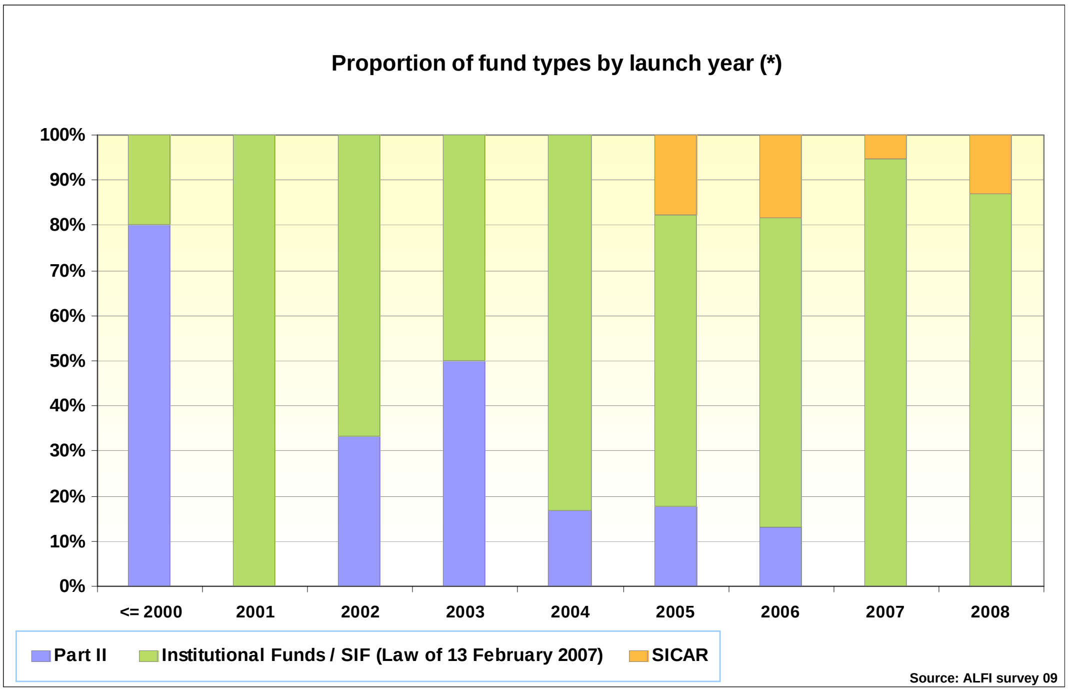
Introduction

Despite difficult market conditions, the number of direct REIFs (excluding SICARs) surveyed increased by 27 since 2007, bringing the total to 127 REIFs as at December 31, 2008.
The total number of direct REIFs has increased by 27% this year and by 253% since 2005, a compound annual growth rate (CAGR) of 52%. For the first time, we also include data on 16 Real Estate SICARs.



(*) This graph shows the launch year of fund units that are included in the REIF Survey 2009. It is NOT a cumulative sequence.

While 2002 Part II funds make up 80% of the funds launched before 2000 and 50% of those from 2003, we saw the Institutional / SIF funds become the majority from 2004 onwards, with the 2002 part II regime falling into disuse after 2006.

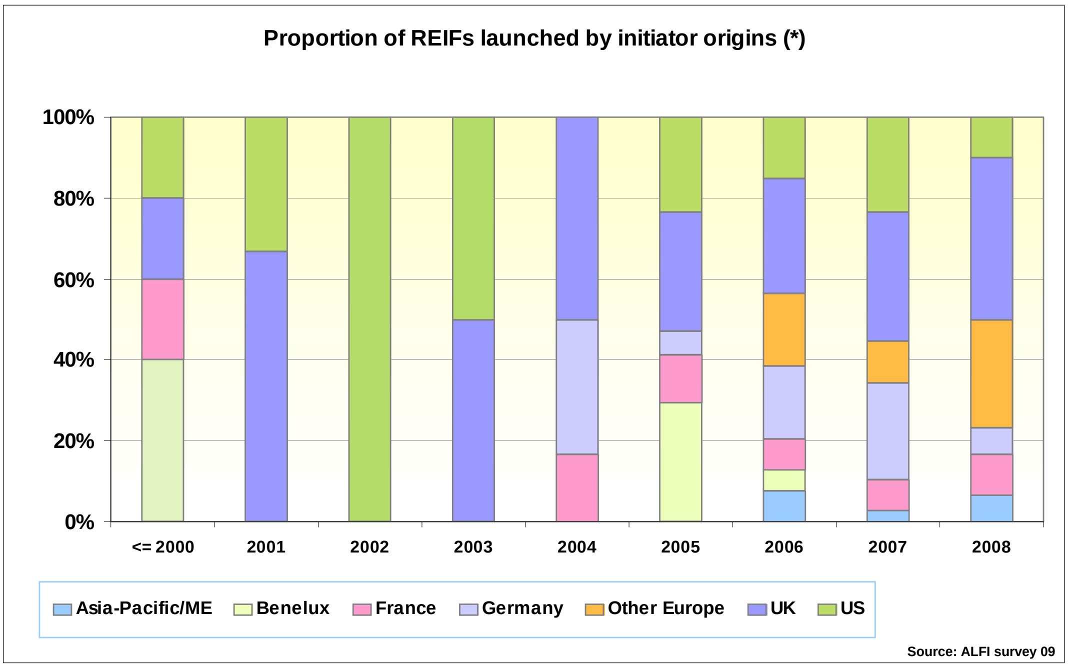


(*) This graph shows the launch year of fund units that are included in the REIF Survey 2009. It is NOT a cumulative sequence.

Commercial Design

Initiator Origins

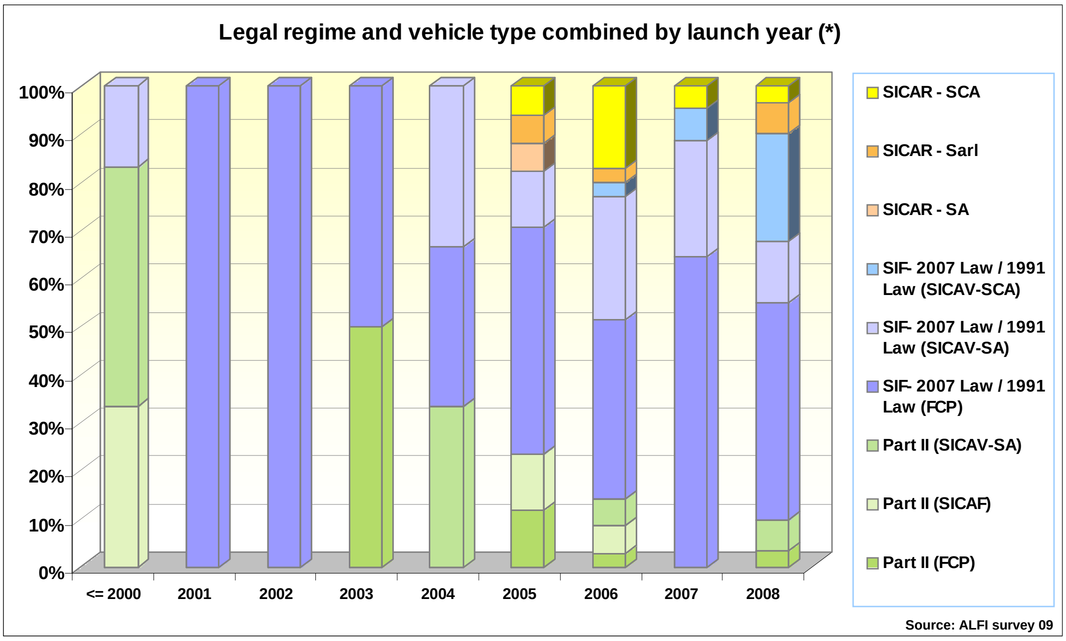
2008 saw the decline of new business from US and German initiators. However, UK managers continue to be the most active, while French and other European initiators increased their proportion of new launches. European initiators (including UK) were responsible for 84% of the new launches, compared with only 73% in 2007.Notwithstanding the above, new funds were launched by both Asian and American groups, reconfirming the popularity of Luxembourg as a global fund centre.



(*) This graph shows the launch year of fund units that are included in the REIF Survey 2009. It is NOT a cumulative sequence.

Legal Structure and Regime

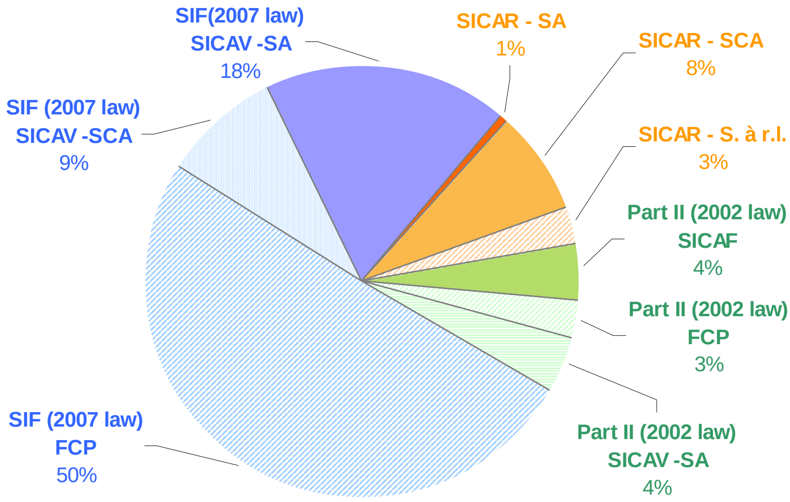
The majority of real estate funds (and all new real estate funds launched in 2007 and 2008 fall under the SIF Law. This reflects the popularity of this regime for real estate fund initiators for an onshore regulated investment fund vehicle for all types of alternative investment fund products (including direct REIFs and Funds of Real Estate Funds).



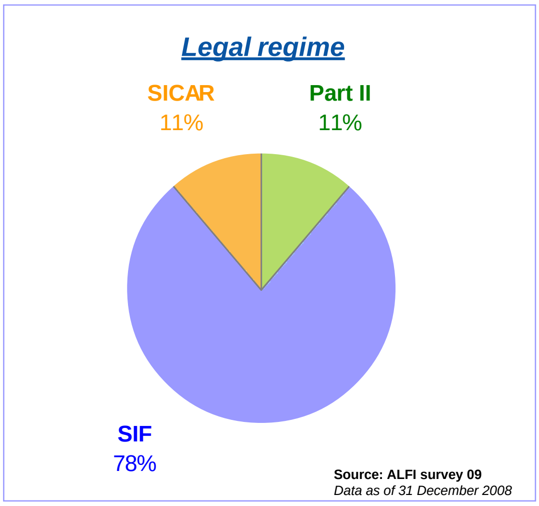
(*) This graph shows the launch year of fund units that are included in the REIF Survey 2009. It is NOT a cumulative sequence.

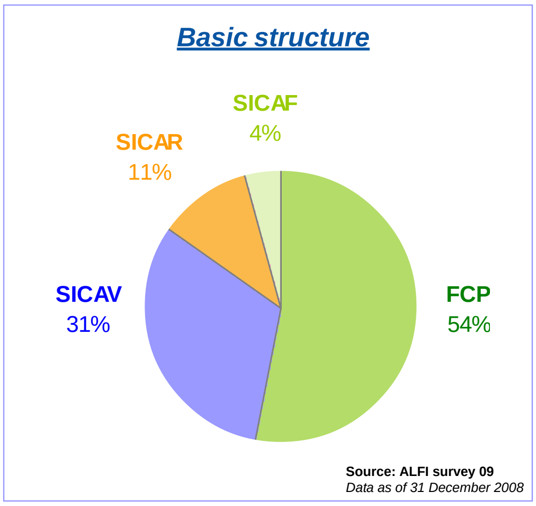
Half of the 143 surveyed funds are using the FCP as the vehicle, usually in combination with the SIF regime - this is by far the most popular combination of regulatory regime and fund vehicle utilised. In terms of the SICAV, there has been significant take up of using the SA and SCA vehicles in 2008 since this was permitted under the SIF law.

Legal regime and structure combined

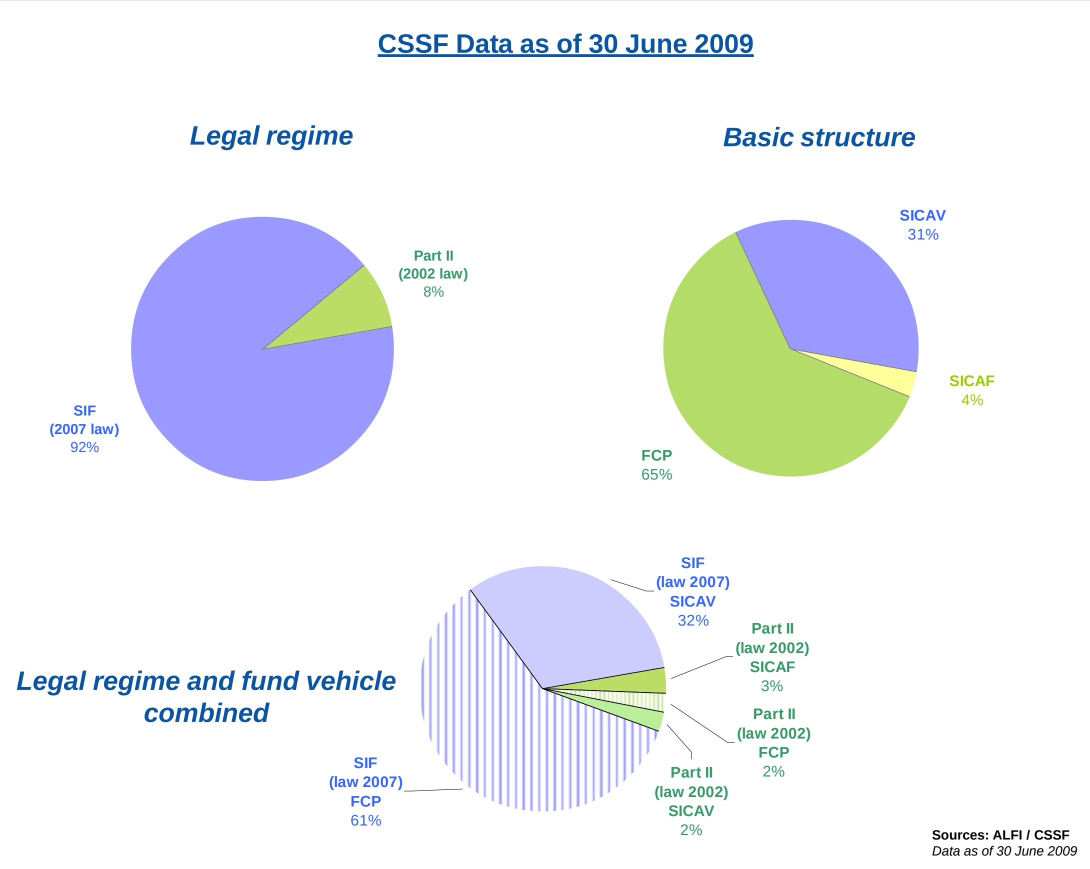


Source: ALFI survey 09
Data as of 31 December 2008



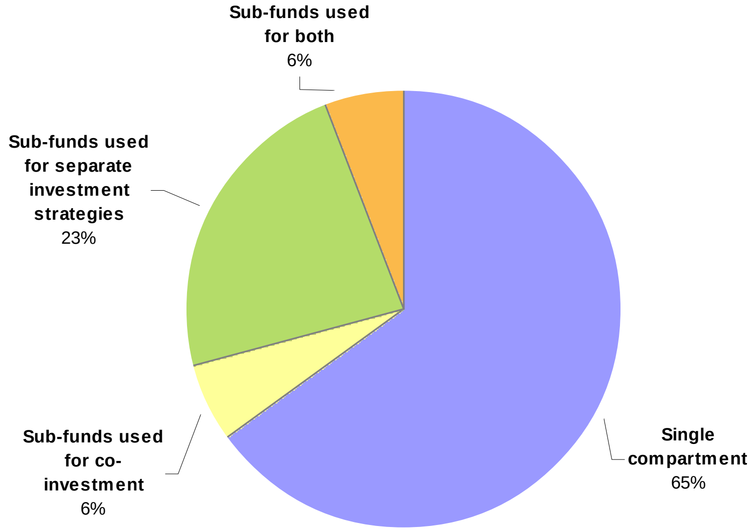


This reflects the versatility of the Luxembourg regime in offering both transparent and opaque vehicles.

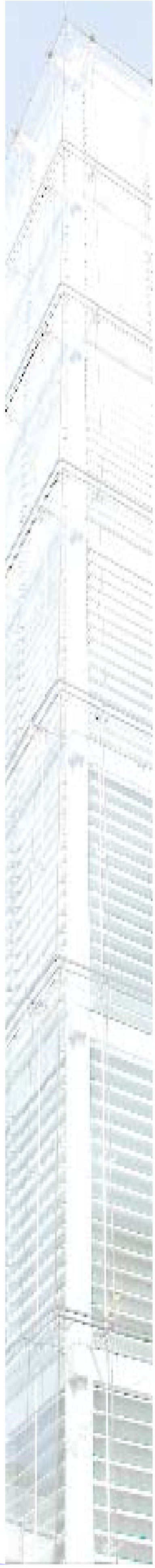


Fund Structure

65% of the surveyed funds reported being single compartment vehicles. The remaining funds have a multi-compartment umbrella structure (i.e. sub-funds); 23% use this structure solely for separate investment strategies, 6% use an umbrella solely for co-investment and 6% combine both types of usage. 6% of funds use feeder vehicles and 31% have complex share classes so that, for example, different management and performance fee structures can be managed between different investors. There are only 3 funds which use a pooling structure possibly because in practice this is difficult to implement for direct real estate funds (as opposed, for example, to equity funds).



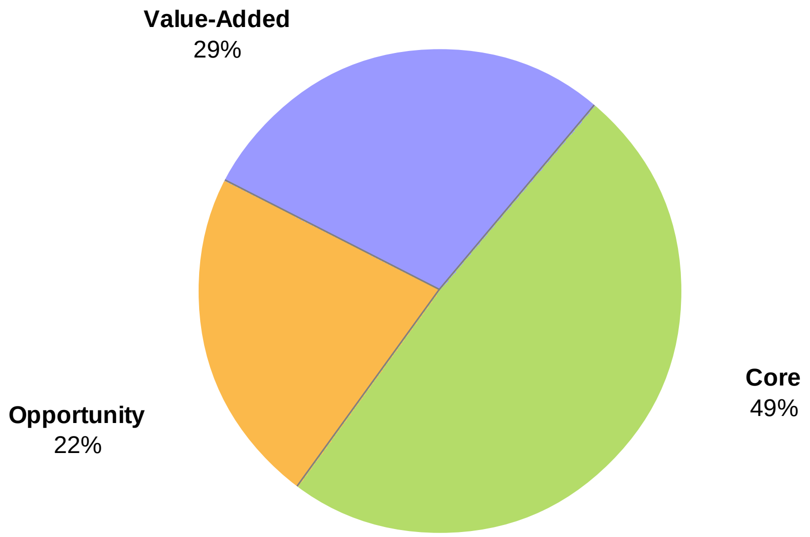
Source: ALFI survey 09



Investment Style

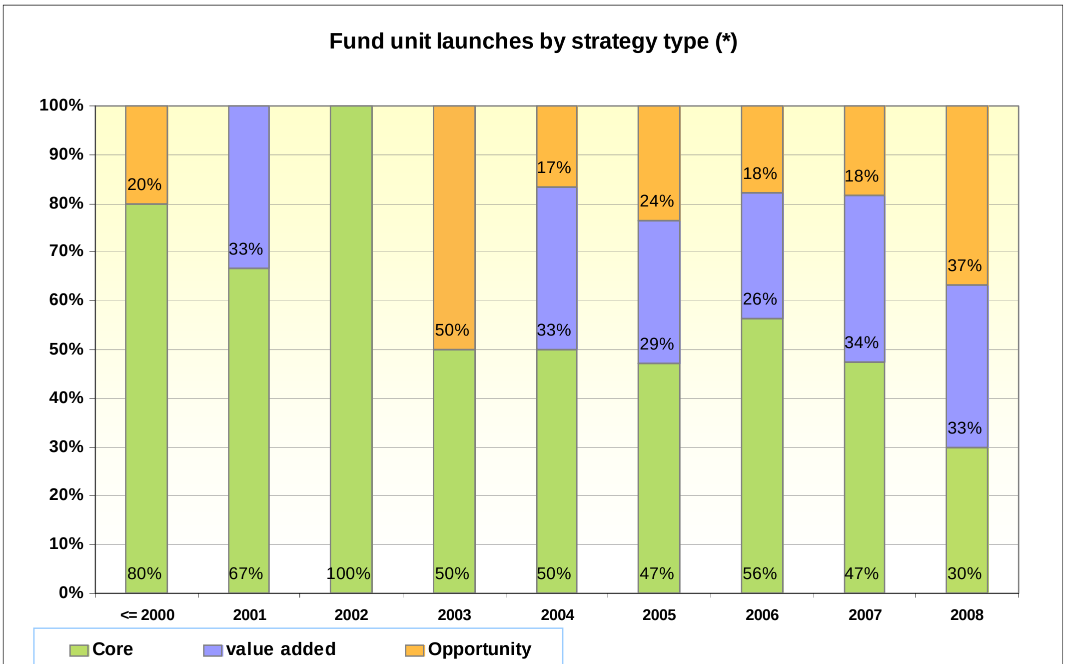
49% of the 143 funds surveyed are core funds with the remaining half split between value added and opportunity fund styles.

In terms of the regulatory regime, all SICARs must be used for opportunity funds, 2002 Part II funds predominantly pursue a core strategy, whilst the SIF regime is flexible (encompassing core, value-added and opportunity strategies).



Source: ALFI survey 09

Notable is that core fund launches have decreased by 50% in 2008 with only 9 fund launches compared to 2007 (18); value-added funds and opportunity funds remain consistent. Core funds represent 30% of the fund launches in 2008, value added 33% and opportunity 37%.

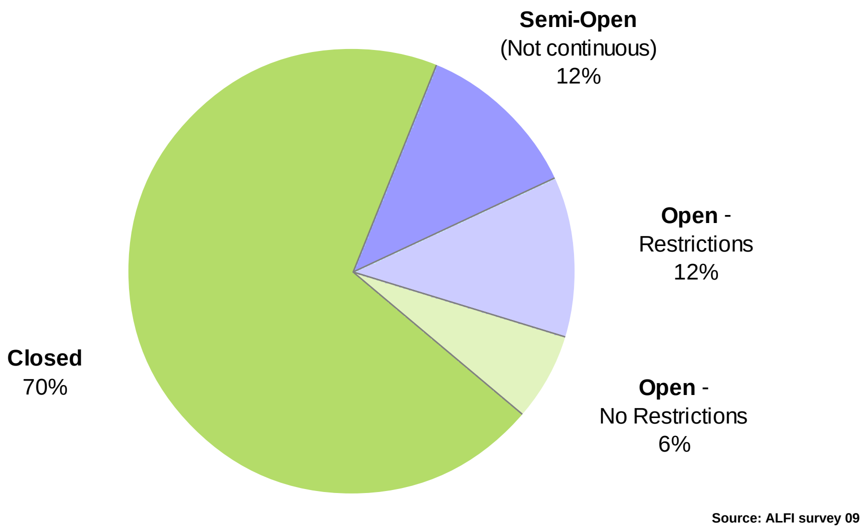


Source: ALFI survey 09

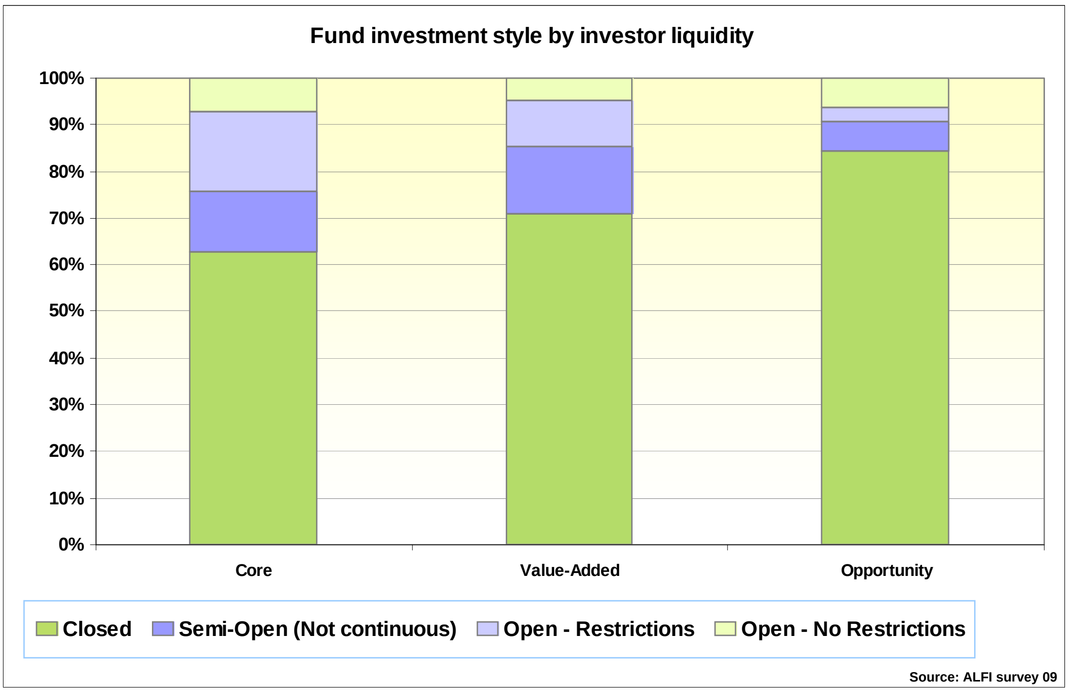
(*) This graph shows the launch year of fund units that are included in the REIF Survey 2009. It is NOT a cumulative sequence.

INVESTOR LIQUIDITY

70 percent of the surveyed funds are closed-ended. Only 12 percent of the funds are (semi) open-ended with only 6 percent being fully open-ended with no restrictions on redemptions. 12 percent of the funds are open with restrictions, which can be compared to the 9% reported in 2007. This reflects the inherent illiquidity of real estate as an asset class and thus the difficulties of achieving investor liquidity upon demand.



There is a clear trend whereby opportunistic funds are less likely to be semi-open or open than they are closed - of the 32 opportunistic funds surveyed 27 (84%) are closed-ended. Value-added funds again tend towards being more closed-ended in type (71%), with 41 of the surveyed number of 29 being closed-ended.

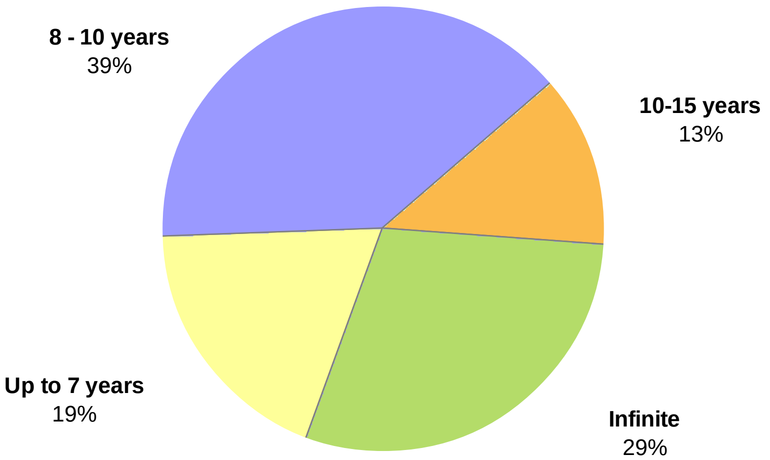


TERM

As can be noted from the charts below, the most common length of fund life is between 8 and 10 years - this is especially true of core funds.

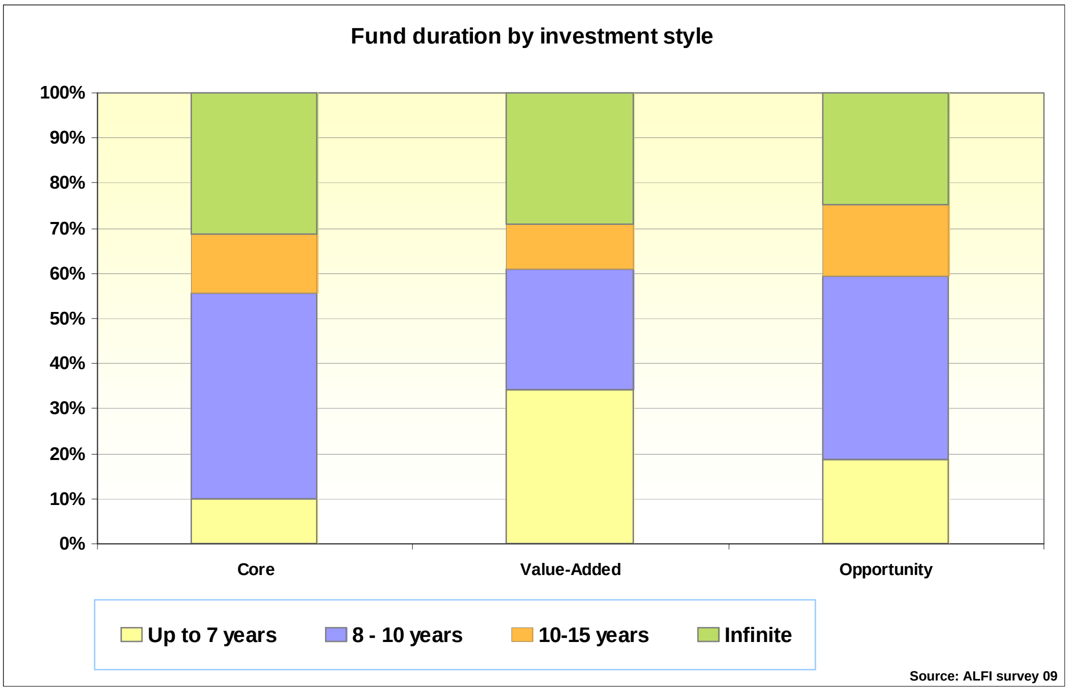
A significant proportion (29%) has an infinite life and this is the most common duration for funds that are semi-open and open with restrictions.

Life of a direct real estate fund



Source: ALFI survey 09

Notably, 49 of the 100 (50%) closed-ended funds have a duration between 8 and 10 years.
Very few short-term core funds (10%), while 30% are infinite.

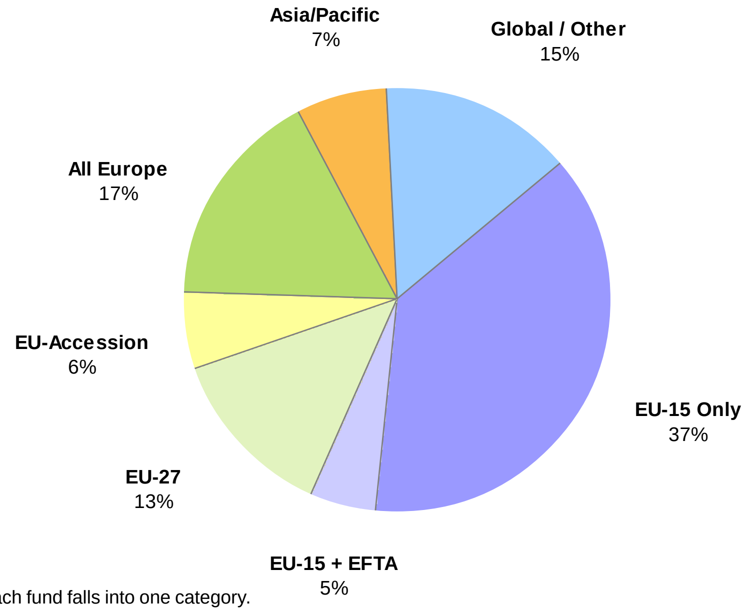


Geographical Investment Strategy

Of the 143 surveyed funds, 22 percent have a single country investment focus reflecting the use of the SIF for diversified international investment strategies. 68 percent of the funds invest only in Europe including the majority of the 31 single country funds.

Approximately half of the funds are focused on EU + EFTA. A further 6 percent also invest in EU-Accession and EU-27 countries.

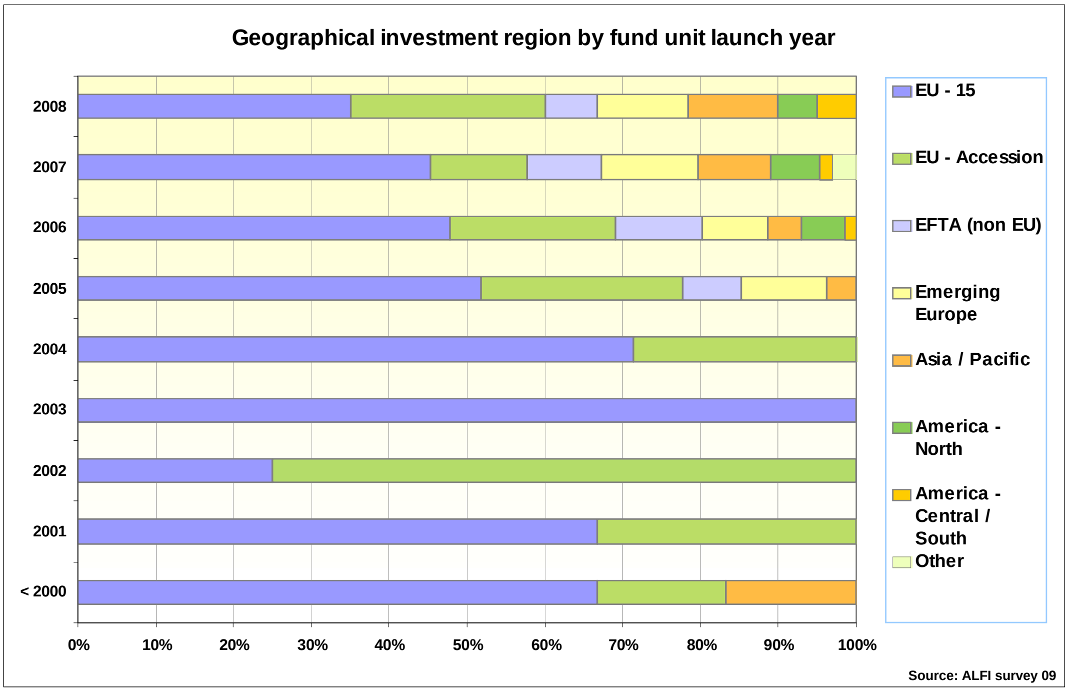
Two funds invest in the Middle East, 11 in North America, 5 in Central / South America and 18 in the Asia / Pacific region. While this indicates the global nature of the SIF vehicle, the majority of funds are focused on one or two geographical regions.



Exclusive data: Each fund falls into one category.

Source: ALFI survey 09

This graph shows a clear trend of diversification for geographical investments since 2005.



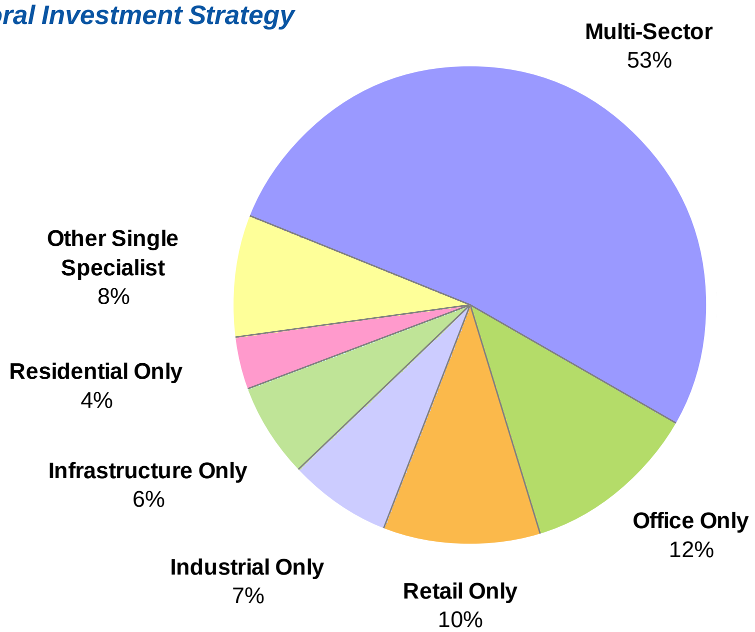
Non-exclusive data: Each fund may invest in multiple regions shown here.

Target Sectors

Approximately half of the surveyed funds have a diversified investment strategy in terms of property types and this has not changed significantly since 2007.

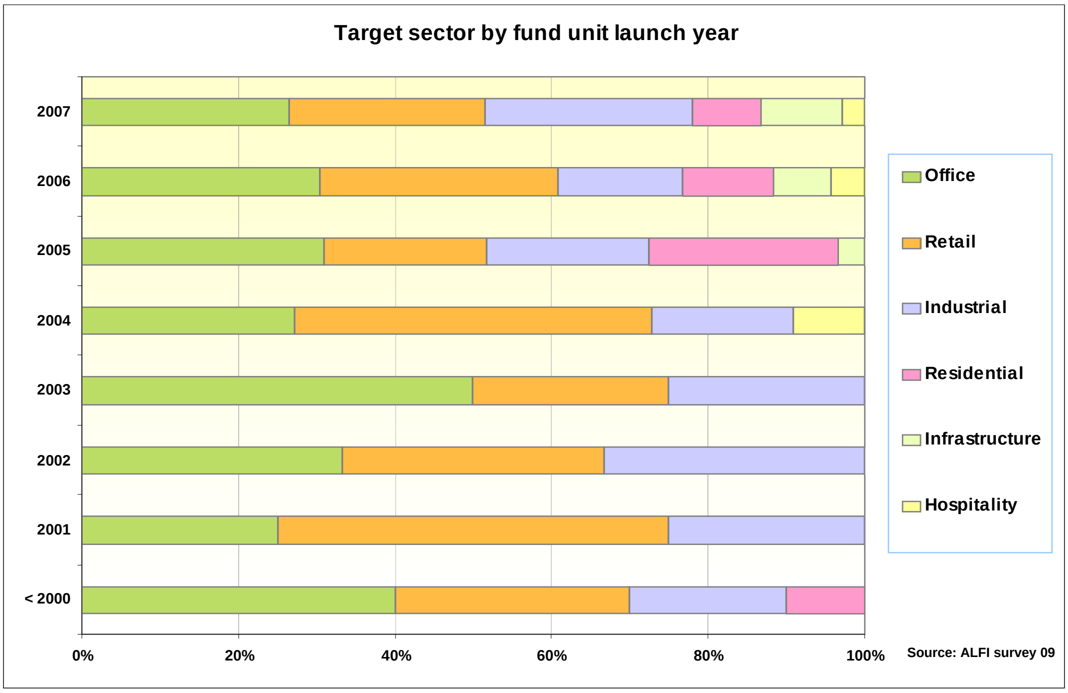
Since 2005 we have seen the emergence of infrastructure funds as well as investment in residential properties while 2007 saw an increase in the investment in industrial / logistics properties. 2009 survey shows also an increase in hospitality investment.

Sectoral Investment Strategy



Exclusive data: Each fund falls into one category.

Source: ALFI survey 09



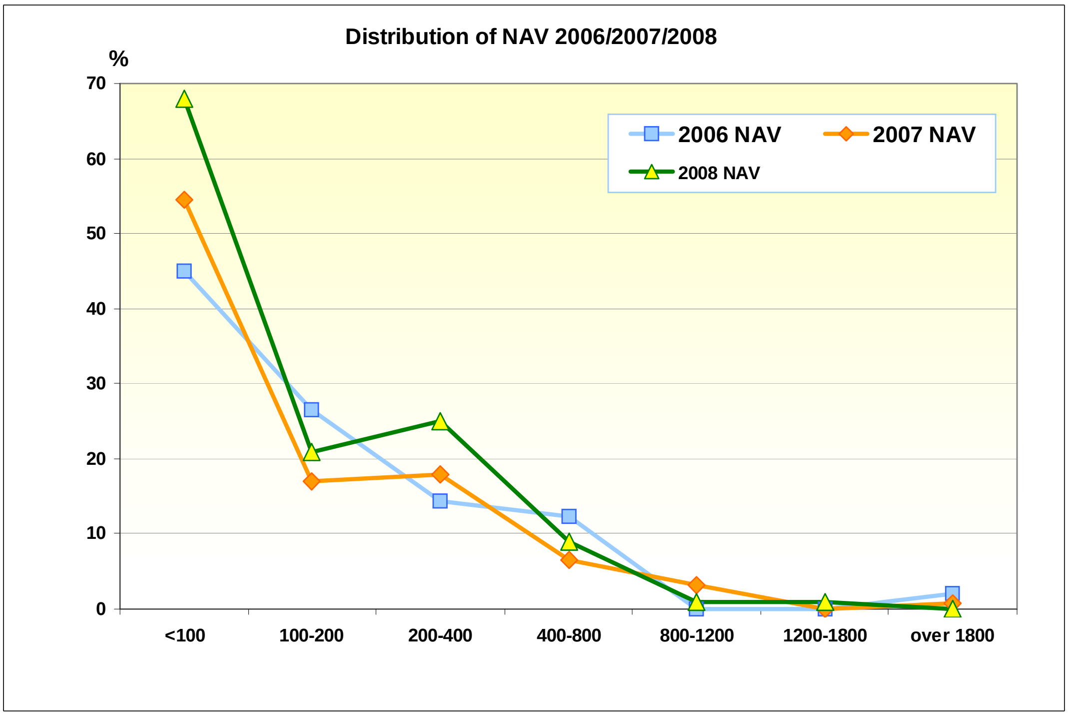
Non exclusive data, i.e. Funds can cover one or several regions shown. The purpose of the graph is to highlight changes in strategy over time.

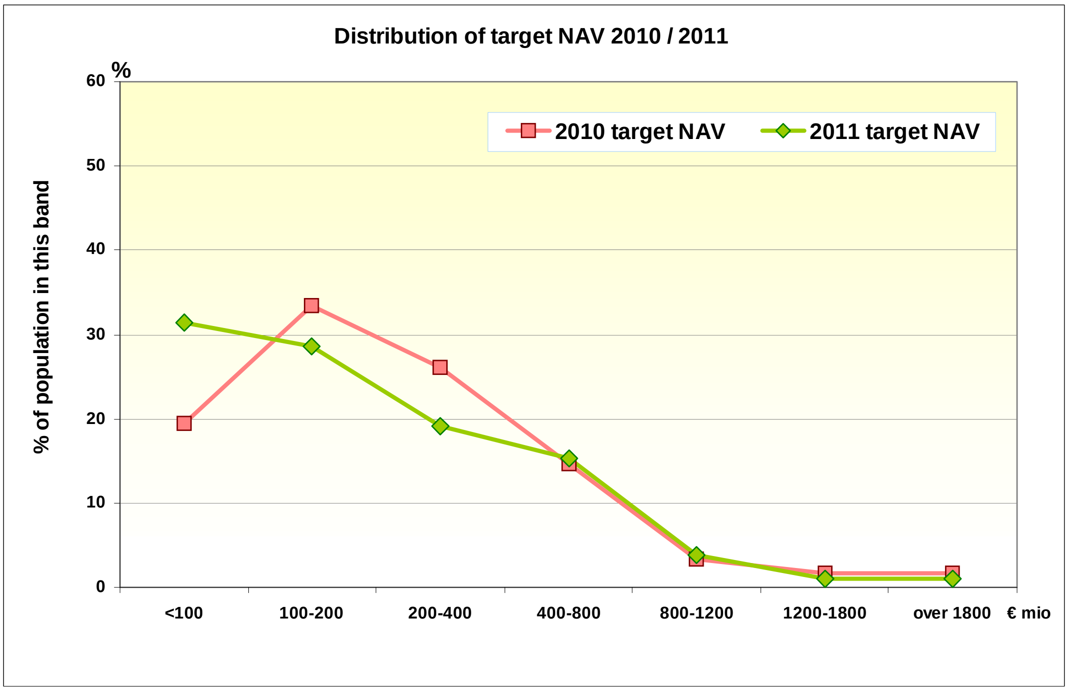
Net Asset Value (NAV) and Gross Asset Value (GAV)

The charts below show a comparison of average NAV and GAV reported in the ALFI REIF Survey 2007, the ALFI REIF Survey 2008 and the ALFI REIF Survey 2009.

While current NAV and GAV average distributions appear to be the same for 2006 and 2007 (the two survey dates), this does not take into account significant investments being made by existing funds. The averages have been impacted by the large number of new launches in 2007.

NAV distribution

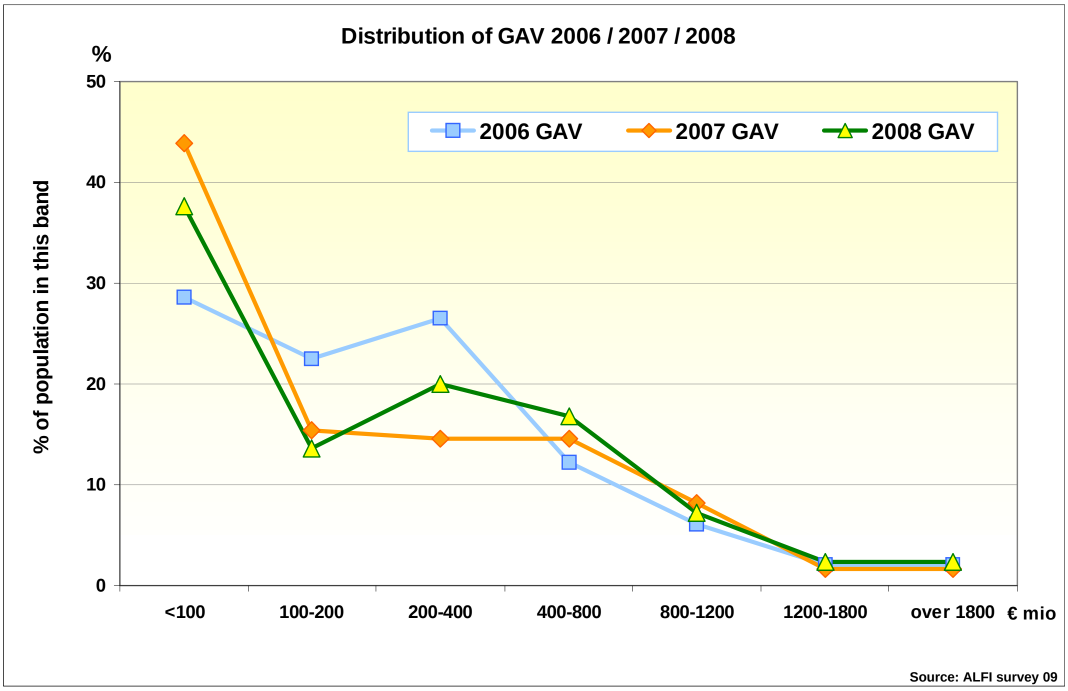


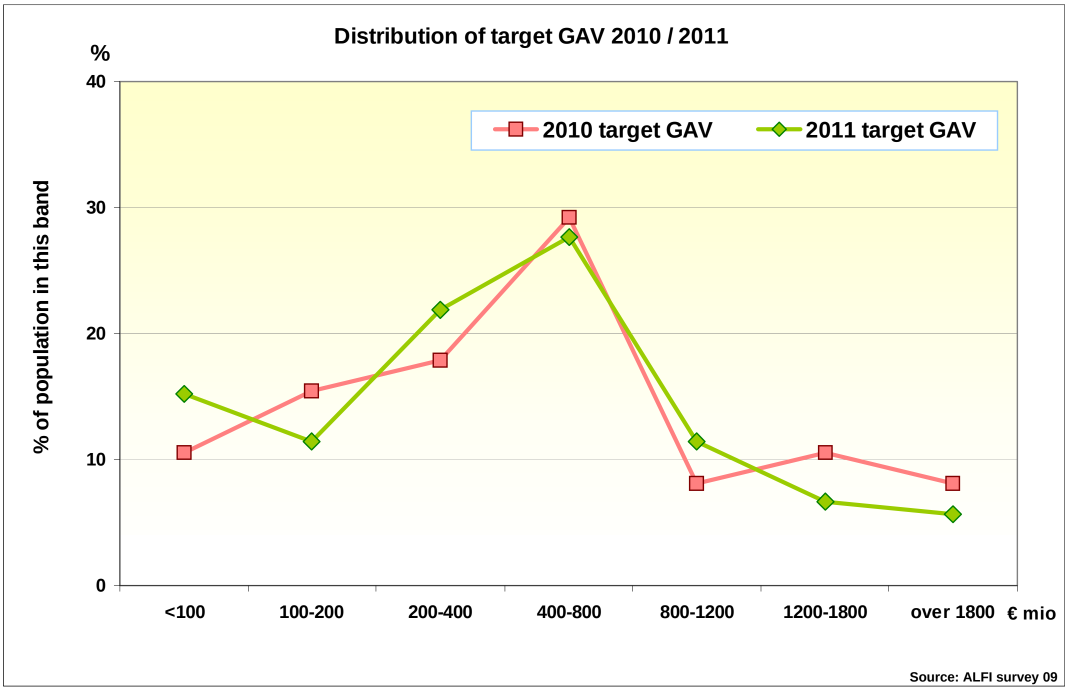


More significant is the forecast Target NAV averages of the survey populations (2009/2010 respectively) which shows a notable decrease in the average fund size, with the median moving from the 200-400 million euros band (2007 survey) to the 100-200 million euros band (2008 survey), possibly reflecting more cautious forecasts for capital raising in 2008 and the creation of numerous smaller funds.

The majority of funds' forecast Target GAV is between 400 million euros and 800 million euros - this has not altered significantly from the 2008 REIF survey. The remaining population is approximately evenly split between amounts below and above this band.

GAV distribution

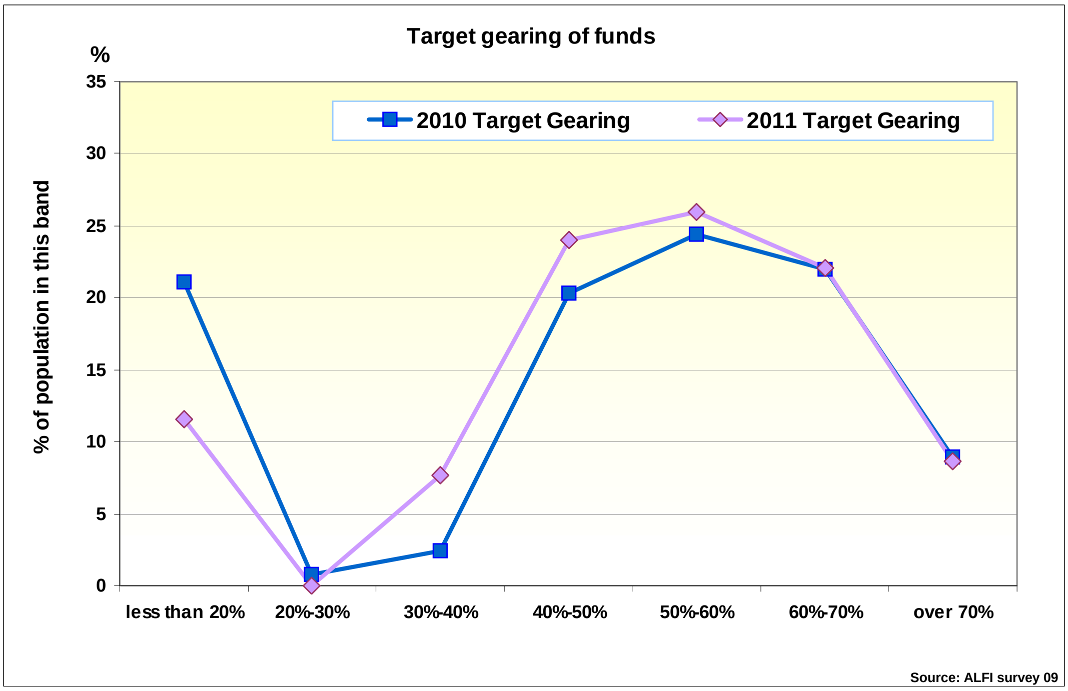




Remark: In this section, graphs do not show Sicars.

Target Gearing of Funds

More than half of the funds have a target gearing in the range of 40-60 percent which is consistent with core target gearing strategies. 24 percent of funds have target gearing in the range of 60-70 percent and a further 7 percent have target gearing of over 70 percent - these are likely to be pursuing a more value-add or opportunistic investment strategy. At the other end of the scale, 17 percent of funds have a target gearing below 40 percent.



2008 fund launches: The majority of target gearing is 65%, for the remaining funds range is between 40% - 80%.

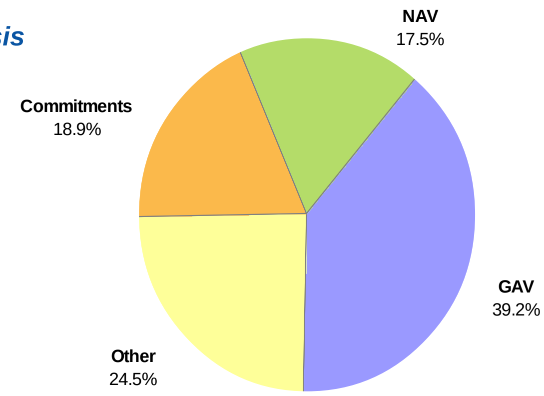
Fees

Approximately half of the surveyed funds use GAV as the basis for their management fee calculation, Other category reflecting fixed fees.

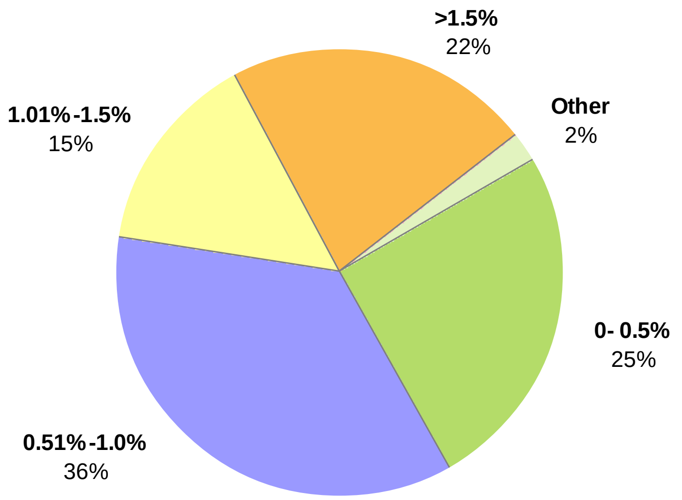
For the GAV Management Fee basis, the most common band is 0.51%-1.0%.

85 of the 143 surveyed funds do not levy a performance fee.

Management fee calculation basis for direct real estate funds

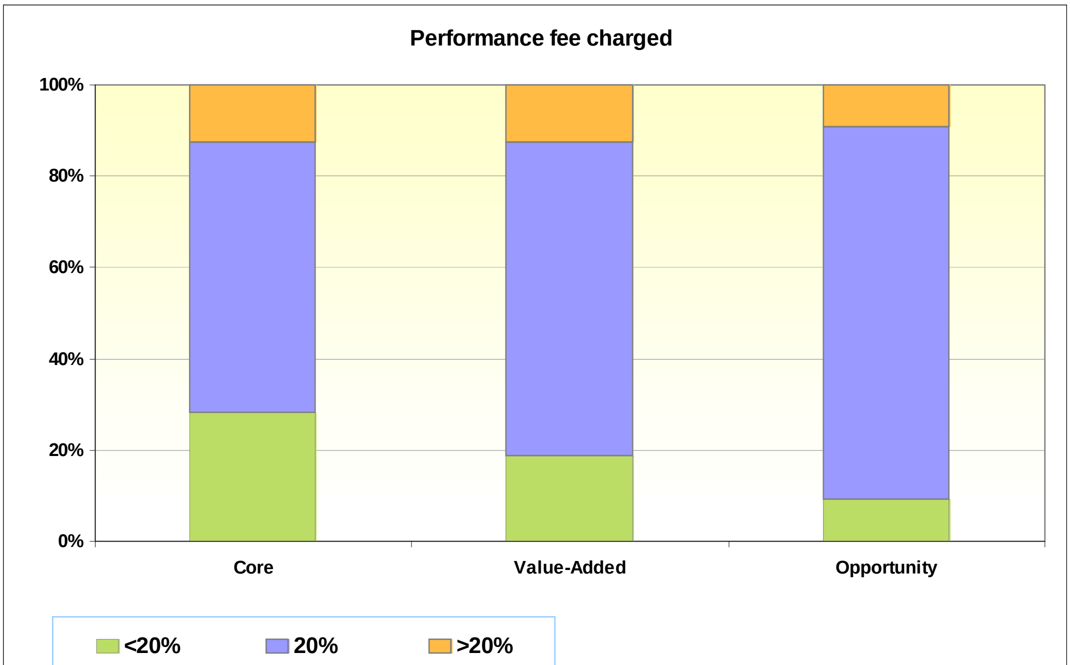


Management fee range for Direct REIFs



Source: ALFI survey 09

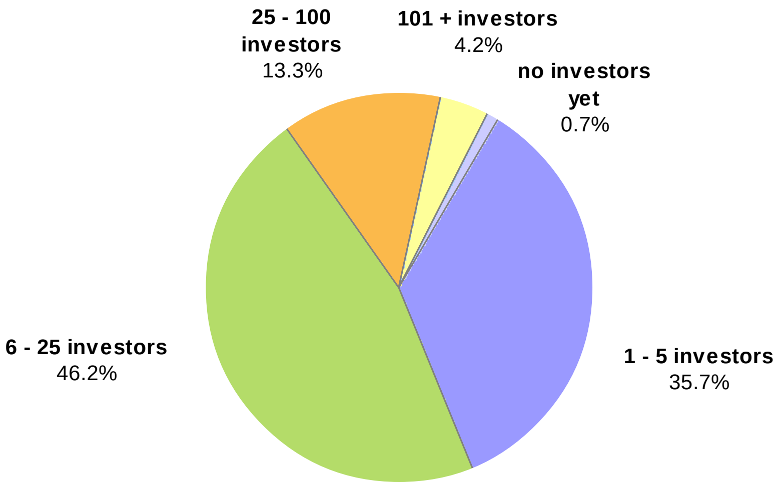
Only 59 funds surveyed reported having a performance fee. We believe that the actual proportion is higher, but data has not been given. Of these 59 funds, the opportunity funds indicated a slightly higher payout - what is really striking is that 66% reported a payout rate of exactly 20%, indicating that this is a market standard.



Source: ALFI survey 09

Number of Investors

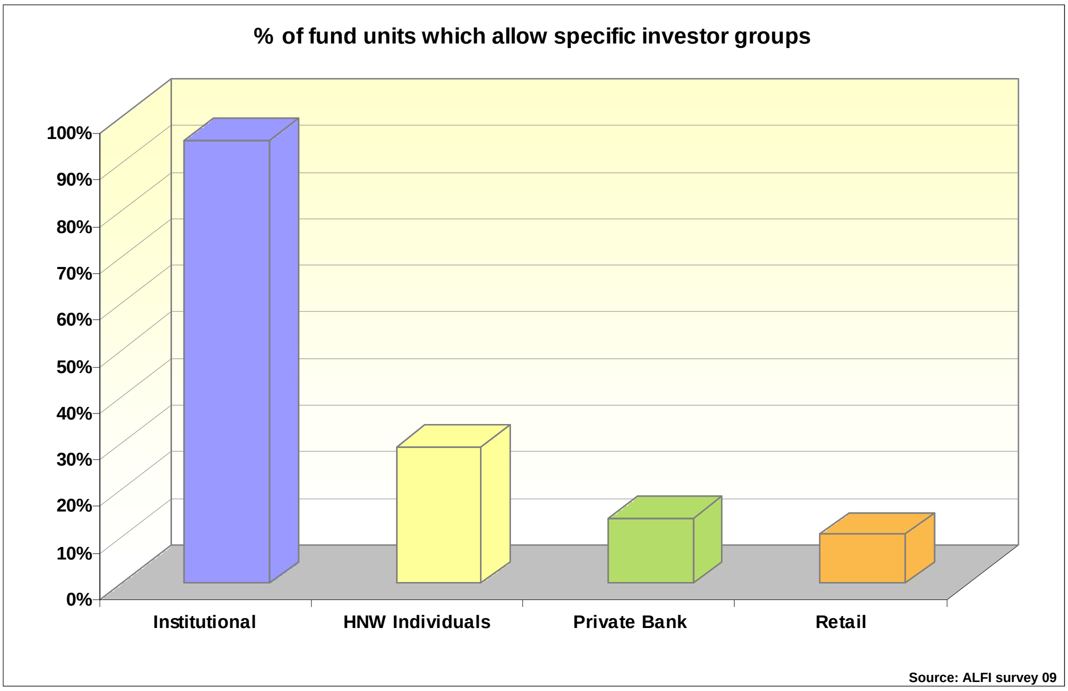
The survey results show that Luxembourg direct REIFs typically do not have a large number of investors. Approximately 82 percent of the population have fewer than 25 investors and 36 percent have five or fewer whilst only 4 percent have more than 100 investors (one of which is one of only 4 funds in the survey registered for public distribution). This reflects the fact that the majority of investors in such funds are institutional and thus, inherently, there tends to be a small number of investors per fund.

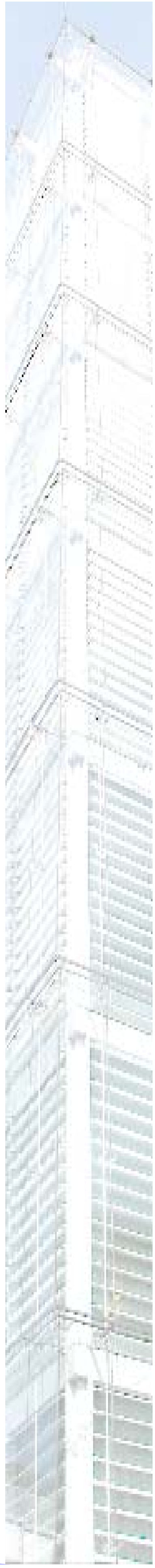


Source: ALFI survey 09

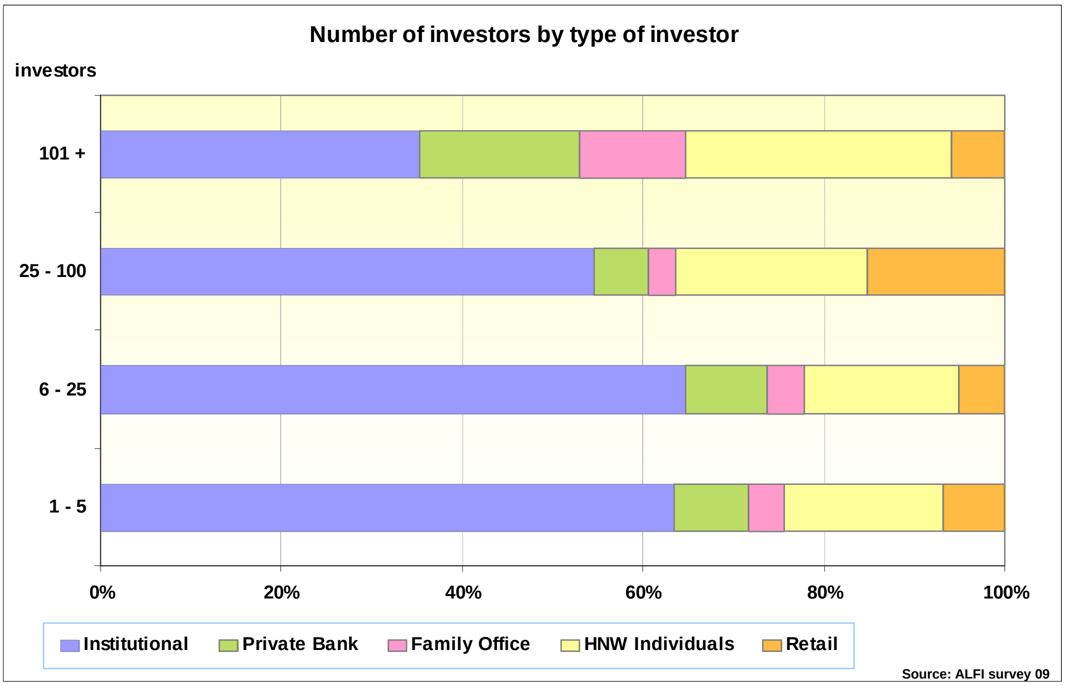
Type of Investors

Virtually all of the funds surveyed (136 of 143) 95% have institutional investors with 5% of high net worth (HNW) individuals investing in 42 of the funds surveyed. Retail investors have invested in 15 of the funds.





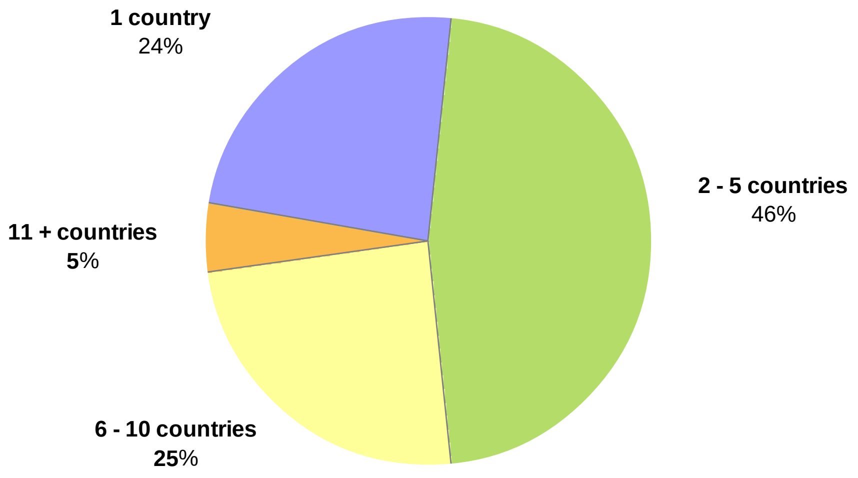
Institutional and HNW represent the majority of investors in REIFs. This is clearly represented in the 6- 25 category with 97% of the investors being Institutional as well as in the 1-5 category with 94%.



Investor Origins

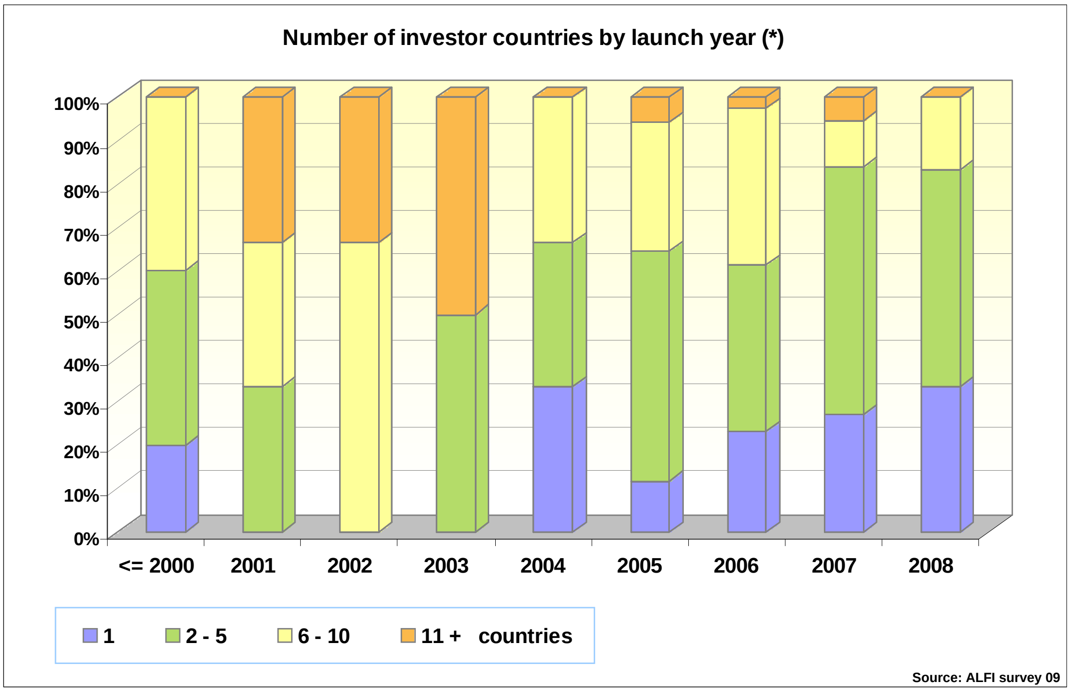
The majority of investors are from Europe. However, there are also significant numbers from the Americas, the Middle East, and the Asia / Pacific region reflecting the global appeal of the SIF regime.
35 (25%) of the surveyed funds have investors from between six to ten countries which again highlights the success of the SIF regime as a global investment offering.

Number of investors' countries



Source: ALFI survey 09

The 2009 survey shows a significant increase in funds targeted for distribution in single countries (30%) compared to the results of 2006 and 2007 surveys and continues the trend identified in the 2008 survey. However the biggest category remains the 2-5 country band, representing half of new fund launches in 2008. None of the widely distributed funds (11+ countries) were launched in 2008.

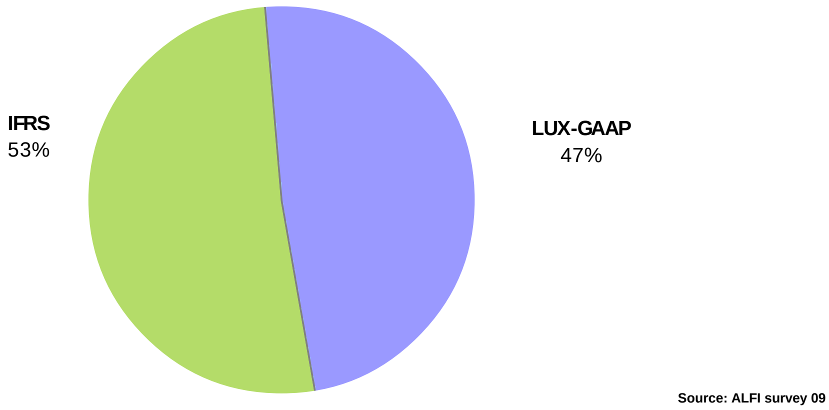


(*) This graph shows the launch year of fund units that are included in the REIF Survey 2008. It is NOT a cumulative sequence.

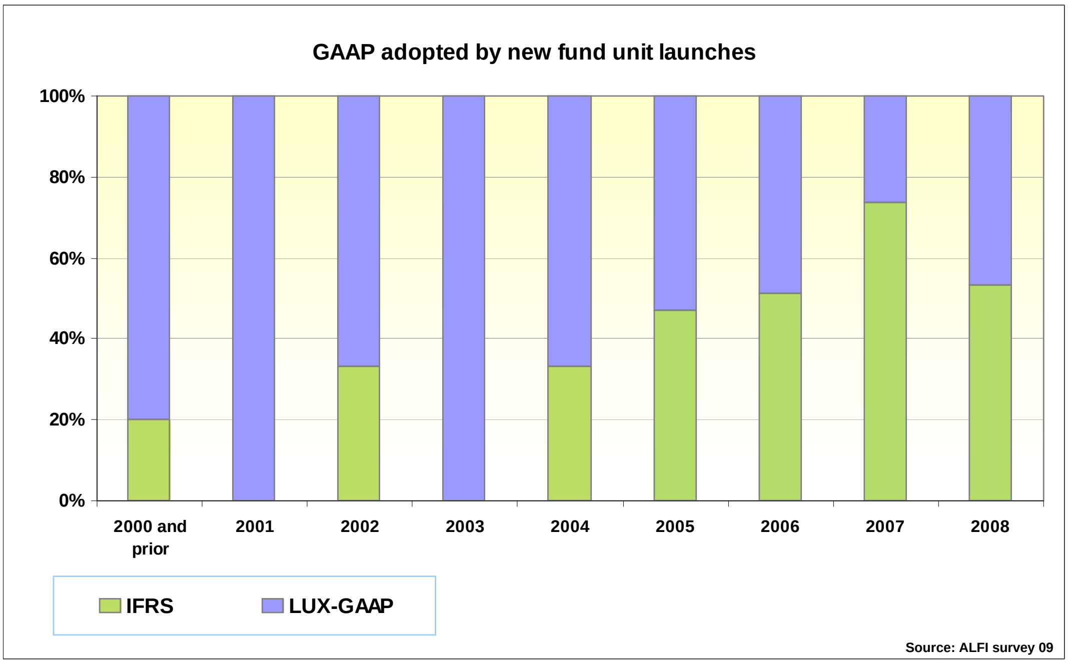
Financial Framework

Accounting Standards

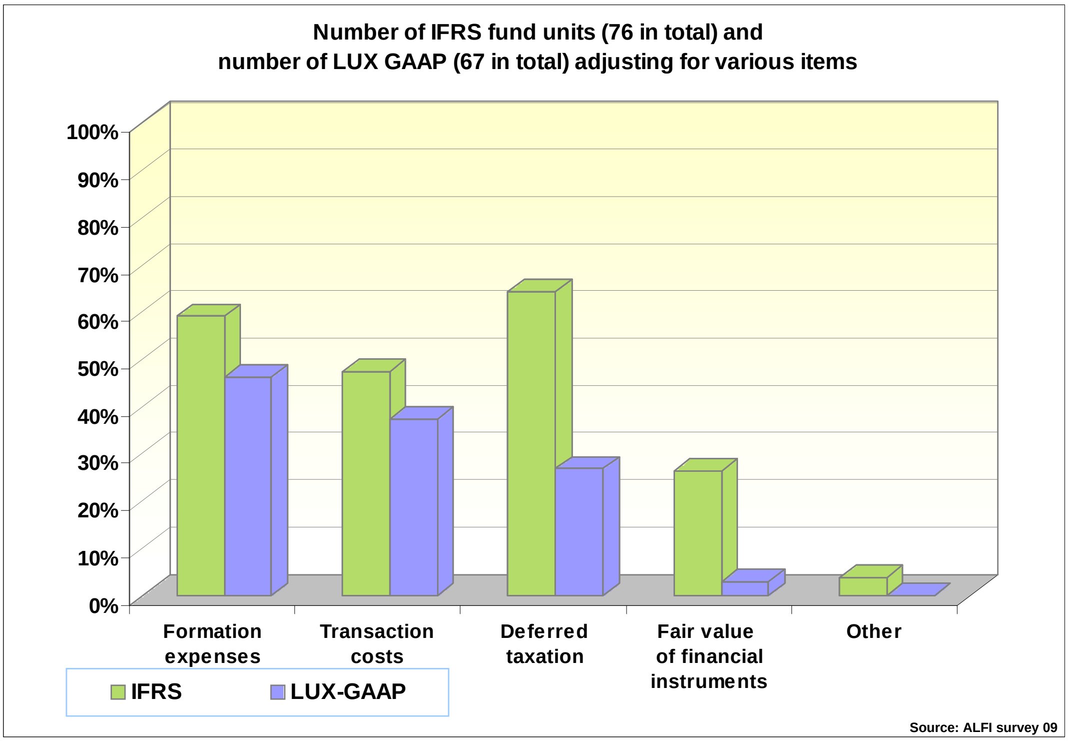
Approximately half of all of the surveyed funds apply IFRS with the remainder applying Luxembourg GAAP. Furthermore the reporting framework selected does not differ significantly depending on the strategy of the fund - i.e. core, value-added or opportunistic. Virtually all of the surveyed funds prepare consolidated accounts.



More than 50 percent of new funds adopted IFRS standard in 2005, 50 percent in 2006, 74 percent in 2007, LUX GAAP and IFRS are now equally represented in 2008.

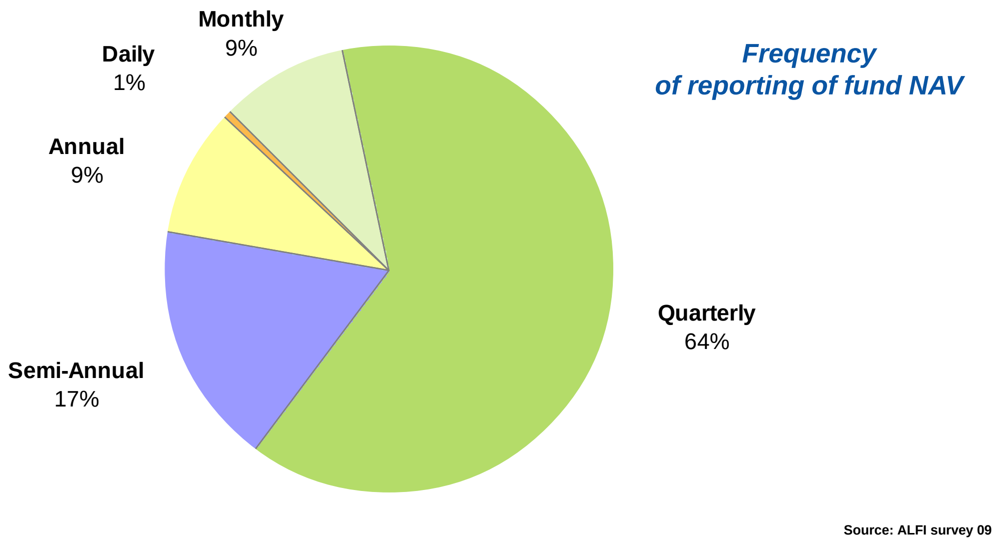


Already 11 funds are reporting financial statements that are compliant with the INREV reporting standards. In addition, more than half of the funds preparing their financial statements under IFRS make adjustments to the amounts reported therein to arrive at their fund NAV, 47% for LUX GAAP.

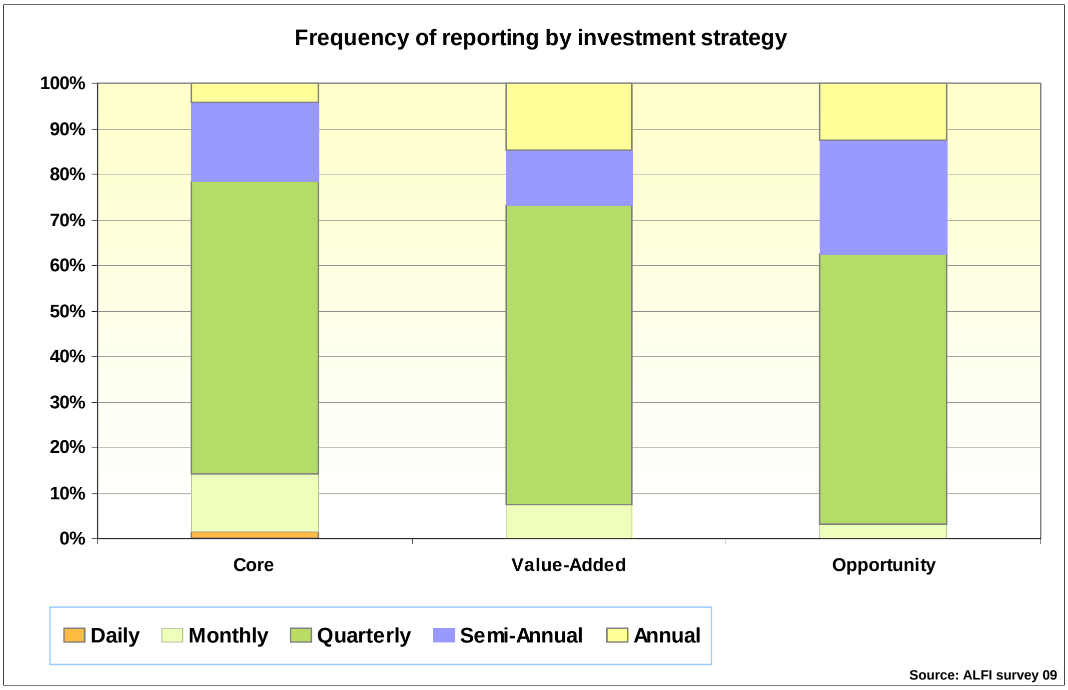


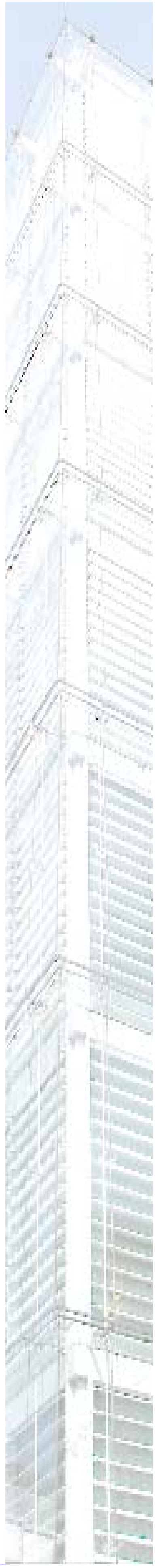
Frequency of NAV Calculation

The majority of funds report a quarterly NAV whilst 9 percent produce a monthly NAV and one fund does this on a daily basis. The majority of other fund investment strategy types (i.e. value-added andopportunistic) also produce a quarterly NAV.



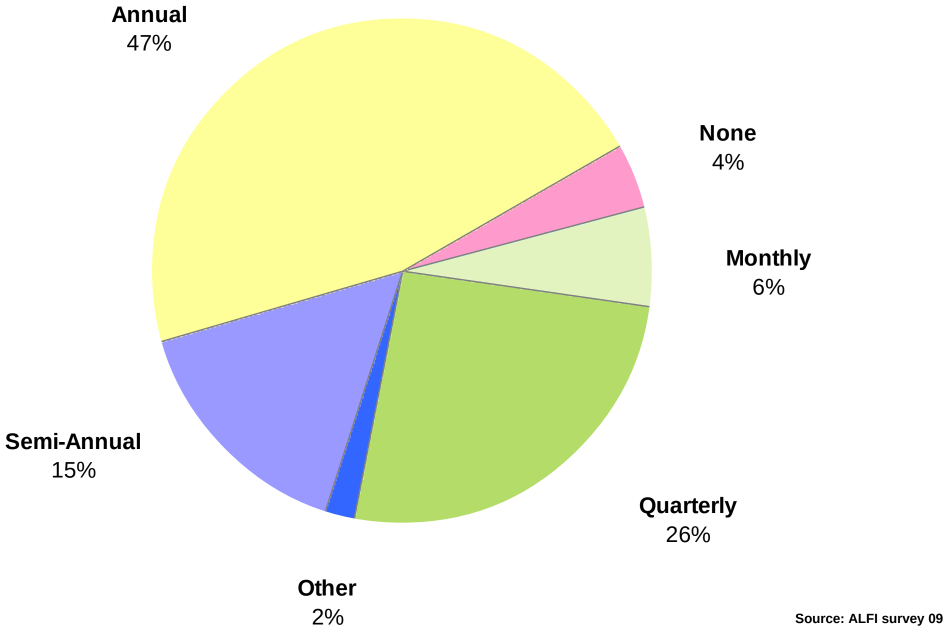
Since 70 percent of funds are closed-ended, the reporting of quarterly NAV is more likely due to investor demands for performance measurement rather than for the purposes of pricing the issue and redemption of units.
48 percent of surveyed funds rely on annual independent valuations of their properties, while only 7 percent employ a monthly valuation cycle. All of the surveyed funds use an independent appraiser in respect of their valuations.

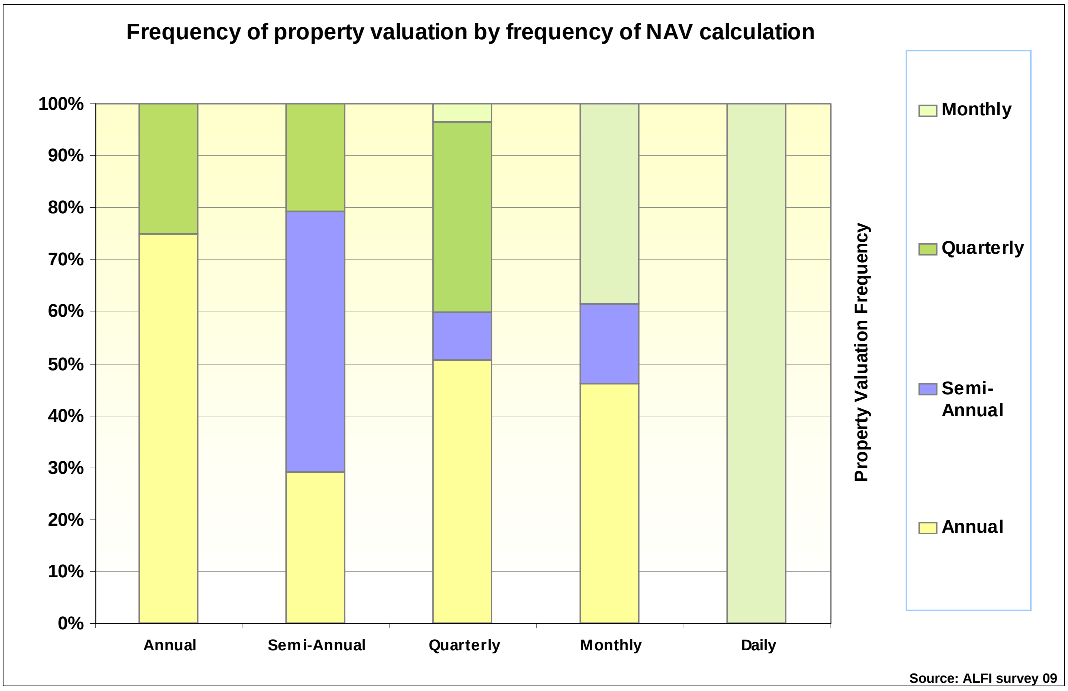




The frequency of property valuations does not necessarily correlate with the frequency of reporting of NAVs e.g. most core funds which report a quarterly NAV do not necessarily have quarterly valuations - these are more likely (overall) to be annual or semi-annual.

Direct real estate funds valuation

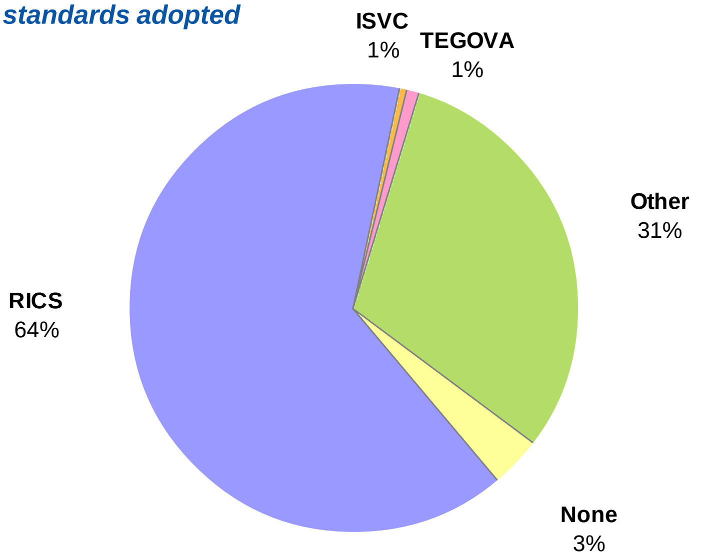




Valuation Standards

Approximately two third of the direct REIFs funds' valuations are carried out under RICS Valuation and Appraisal Standards. This is by far the leading standard for property valuations utilised.

Valuation standards adopted



Source: ALFI survey 09

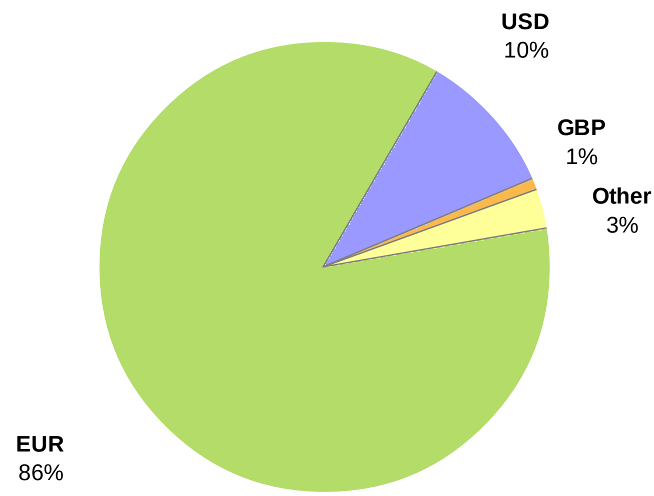
Stock Exchange Listing

Out of the 143 REIFs covered in this survey, 10 are listed.

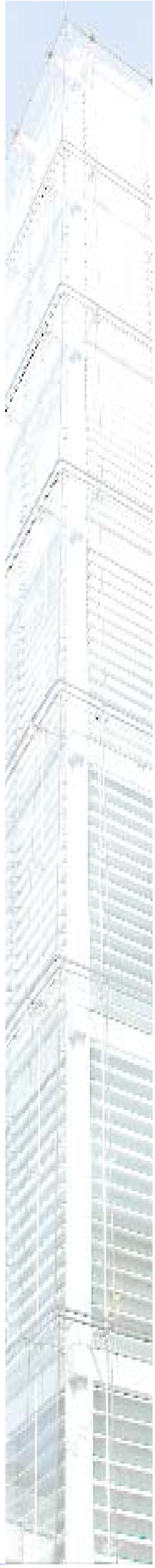
Currency

The great majority of funds report in EUR whilst 10 percent report in USD and 1 percent in GBP.

Currency type



Source: ALFI survey 09



PART II - FUND OF REAL ESTATE FUNDS

Introduction

The first Fund of Real Estate Funds was launched in Luxembourg in 2005, more than five years after the launch of the first direct real estate fund.

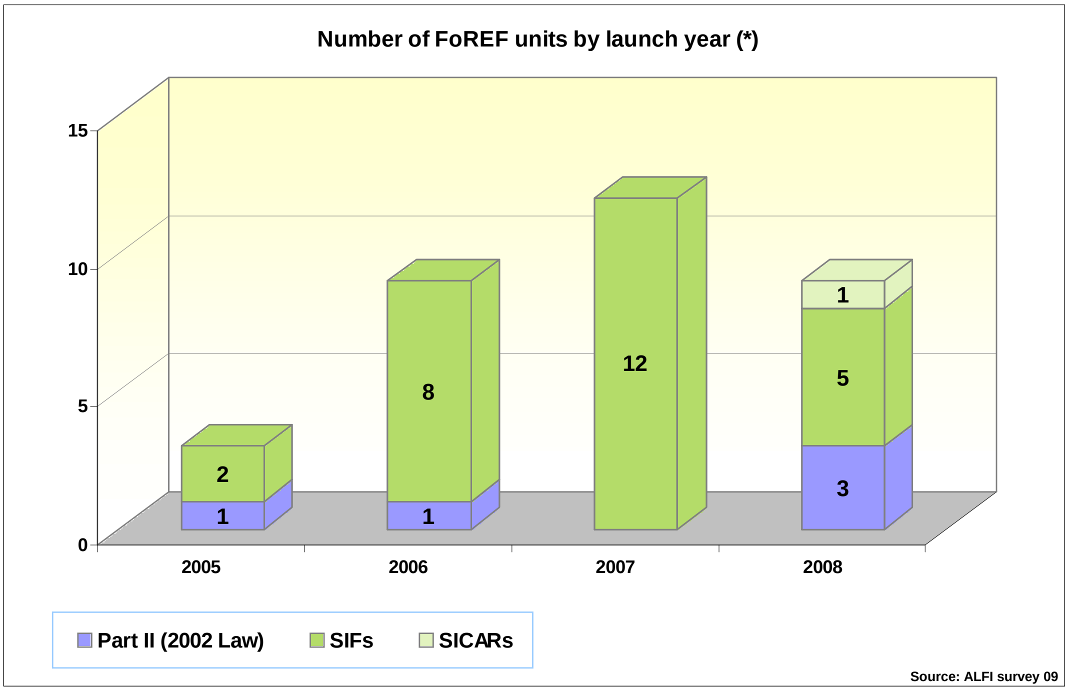
Given the small number of Funds of Real Estate Funds operational at the end of 2006 these funds were not covered by the ALFI Survey 2007 and were first covered in the 2008 survey.

Fund initiators are increasingly looking into setting up Funds of Real Estate Funds and there has been an increase in fund launches in the past three years. This trend extends beyond Luxembourg to other jurisdictions.

Of the 33 Funds of Real Estate Funds covered in this survey, the first fund was launched in 2005 as a Part II FCP.

In 2006 the total number of Funds of Real Estate Funds rose to seven and to eleven in 2007.

This trend continued in 2008 in which the number of funds launched doubled in comparison with the previous year. 9 fund of funds were launched in 2008.



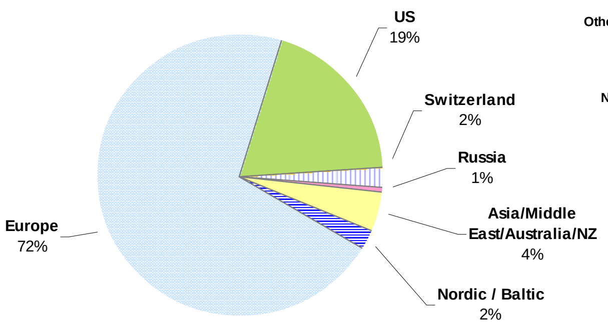
(*) The chart shows the details for Funds of Real Estate Funds only, by regulatory regime. This chart is not cumulative, but shows the total number of funds by the year of launch.

Commercial Design

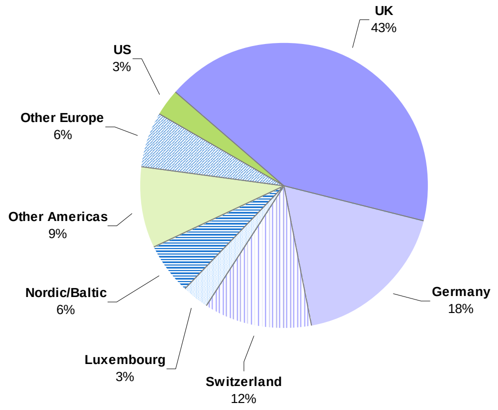
Initiator Origins

With 33 funds active, UK initiators have launched the highest number of Funds of Real Estate Funds (14). They are closely followed by German initiators, who launched 6 funds in 2007 and were the most active group of fund initiators in this year. Unlike with direct real estate funds, US initiators only play a minor role with a single fund launch in 2006.

Origins of initiators of direct real estate funds

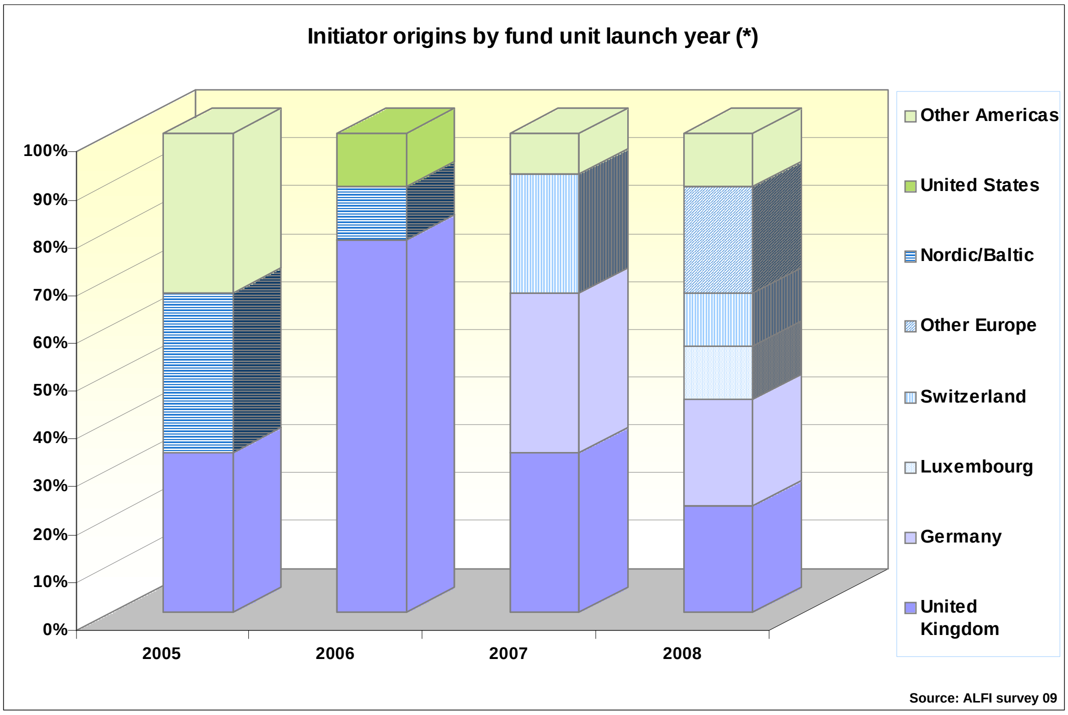


Origins of initiators of funds of funds



Source: ALFI survey 09

Whilst German and Swiss initiators entered the market strongly in 2007, 2008 shows that other countries are also becoming more active in the Funds of Real Estate Funds sector.



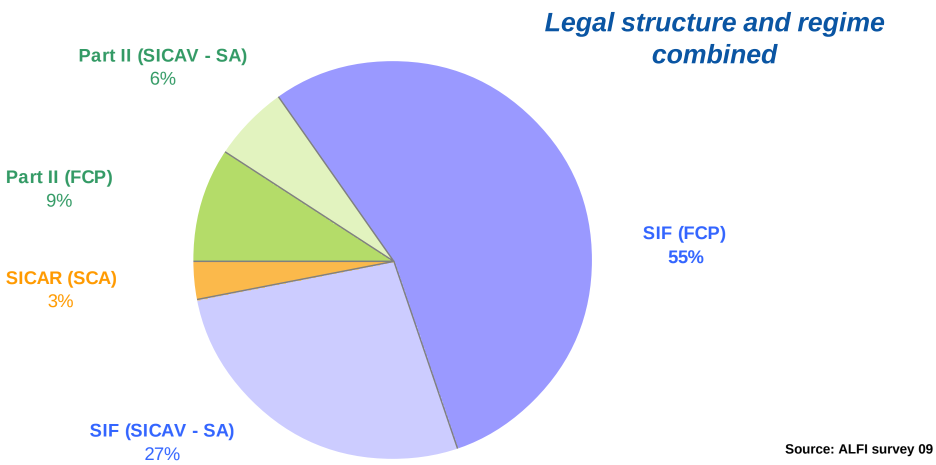
(*) The chart shows the details for Funds of Real Estate Funds only, by regulatory regime. This chart is not cumulative, but shows the total number of funds by the year of launch.

Legal Structure and Regime

Only (15%) 5 out of 33 Funds of Real Estate Funds are 2002 Part II funds. As all of the funds launched in 2007 and 2008 were SIFs, (more than 90) 82%percent of the Funds of Real Estate Funds came in under the SIF law.

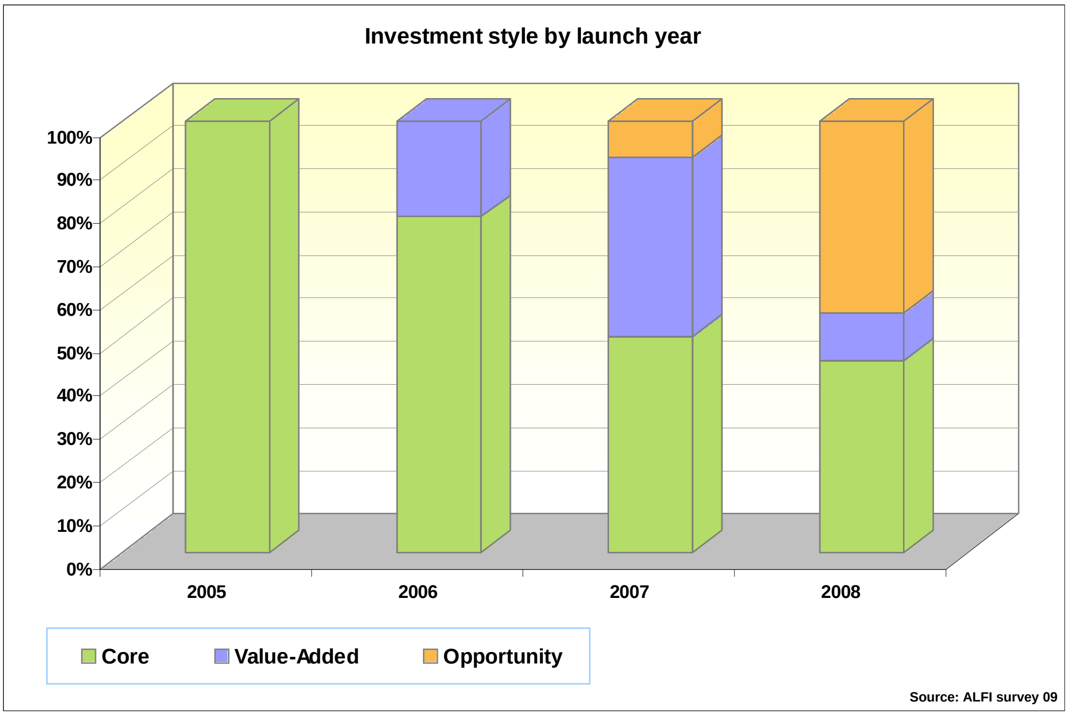
With regards to the legal structure, the FCP is the preferred option over the SICAV. The FCP structure was chosen for two thirds of the funds.

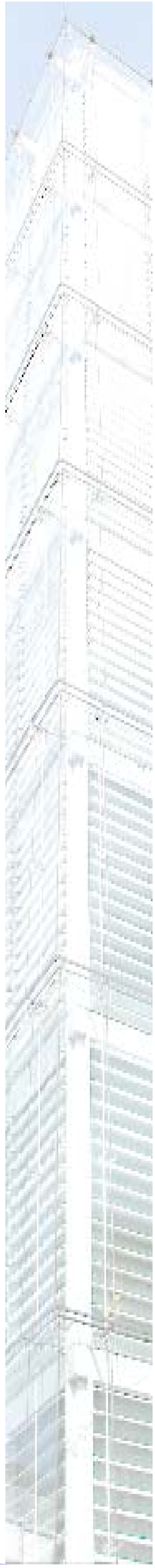
The proportion of SICAVs launched in both 2007 and 2008 was stable at 33 percent.



Investment Style

Two thirds of Luxembourg domiciled Funds of Real Estate Funds covered by this survey are classified as "core" funds. While all funds launched in 2006 followed a "core" investment style, 2007 and 2008 saw a mix of investment styles with almost a balance between "core" and "value-added" funds.

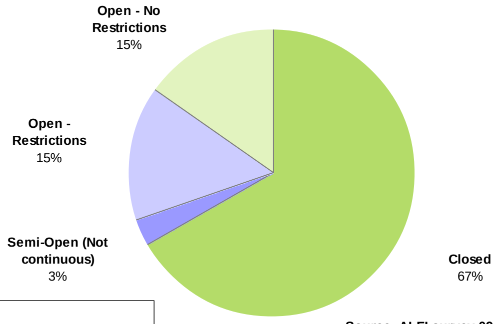




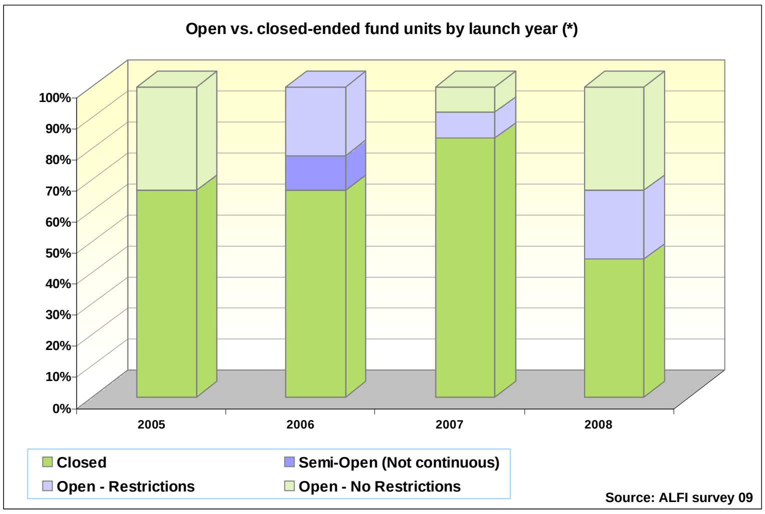
Investor Liquidity

Overall, the majority of Funds of Real Estate Funds (67%) are closed-ended. This dominance of closed-ended funds is due to the very high number of closed-ended funds launched in 2007 and 2008. In 2006 most of the funds launched were open-ended with restrictions, which form the second largest group of funds.

Open vs. closed-ended funds



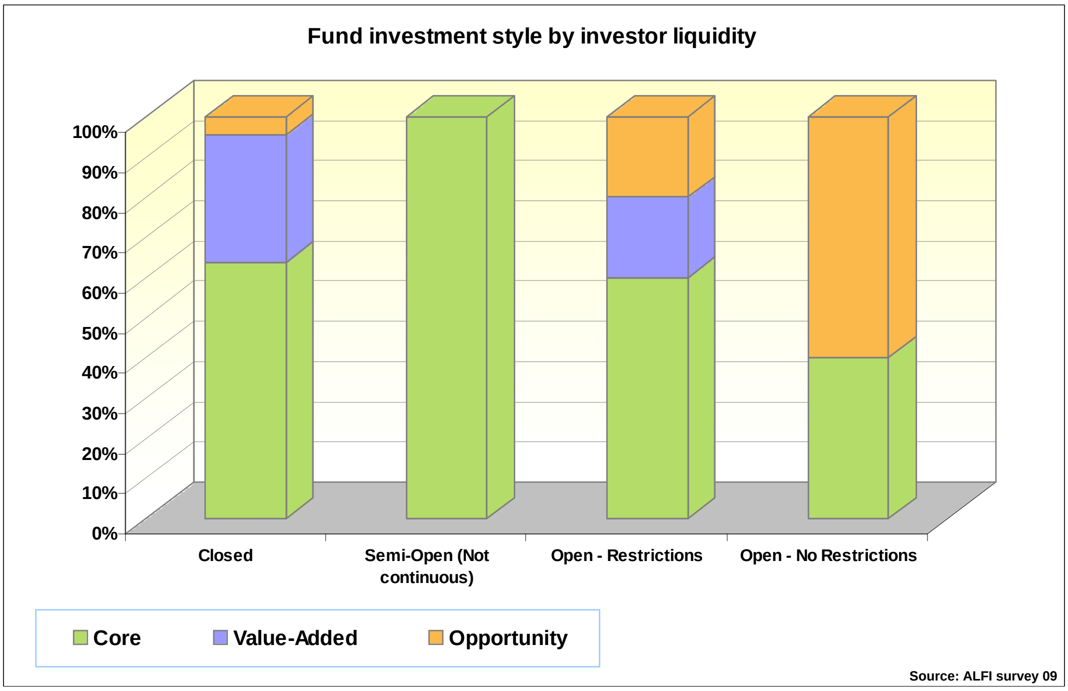
Source: ALFI survey 09



Source: ALFI survey 09

(*) The chart shows the details for Funds of Real Estate Funds only, by regulatory regime. This chart is not cumulative, but shows the total number of funds by the year of launch.

Most of the "value-added" funds are closed-ended, while among the "core" funds there are closed-ended and semi-open-ended funds as well as open-ended funds with or without restrictions.

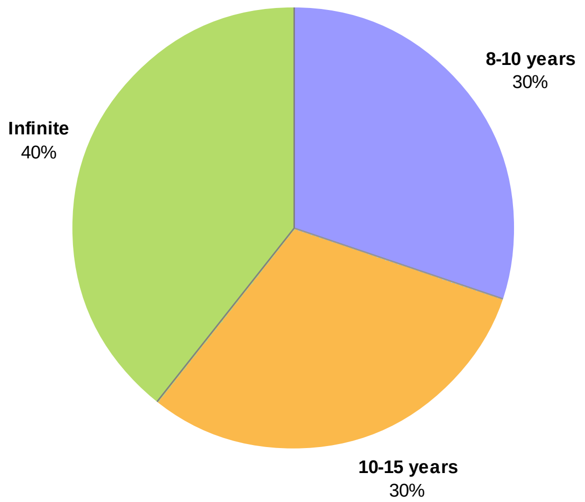


Source: ALFI survey 09

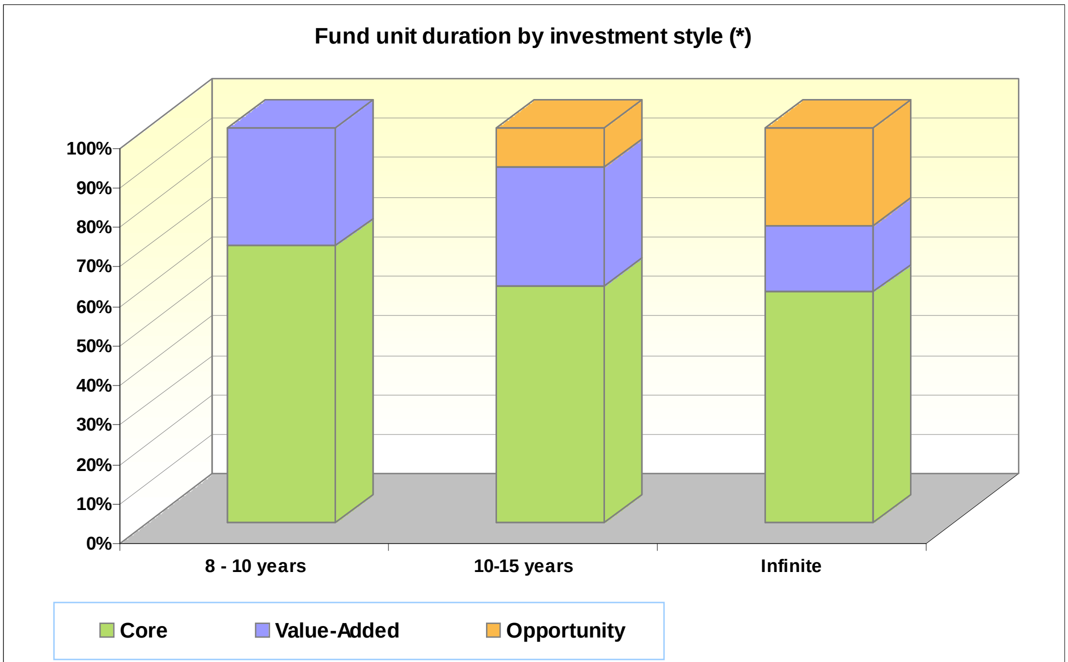
TERM

Among the funds launched so far in Luxembourg with regard to the duration of the fund, the two largest groups of funds 30 percent have a fund term of 10-15 years and of 8-10 years and 40 percent are infinite funds (which is a significant increase compared to 2007. Among "value-added" funds there are an equal number of funds with fund terms of 10-15 years and 8-10 years duration. Among the opportunity funds 80 percent have an infinite life. 30 percent of the core funds have an infinite duration.

Fund duration



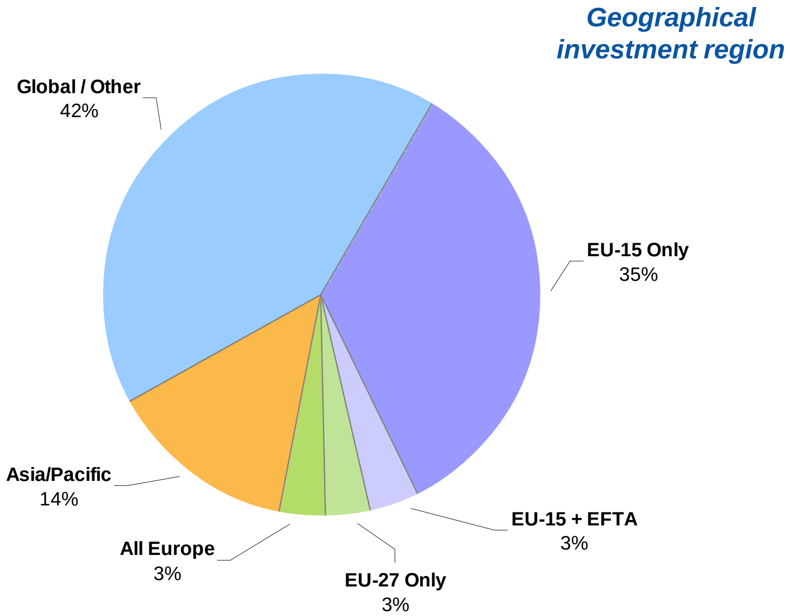
Source: ALFI survey 09



Source: ALFI survey 09

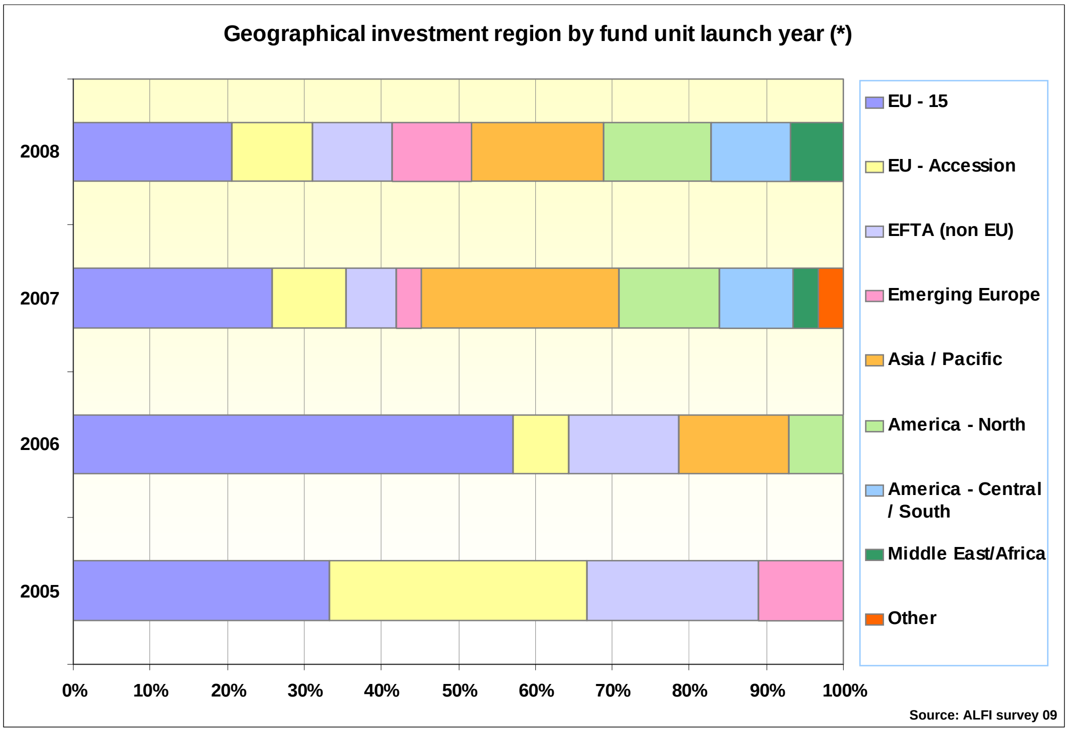
Geographical Investment Strategy

While the Luxembourg domiciled Funds of Real Estate Funds launched in 2005 and 2006 focused mainly on Europe, 2007 and 2008 have seen a bigger diversity of investment regions, including the Middle East, Central / South America and Emerging Europe.



Exclusive data: Each fund falls into one category.

Source: ALFI survey 09



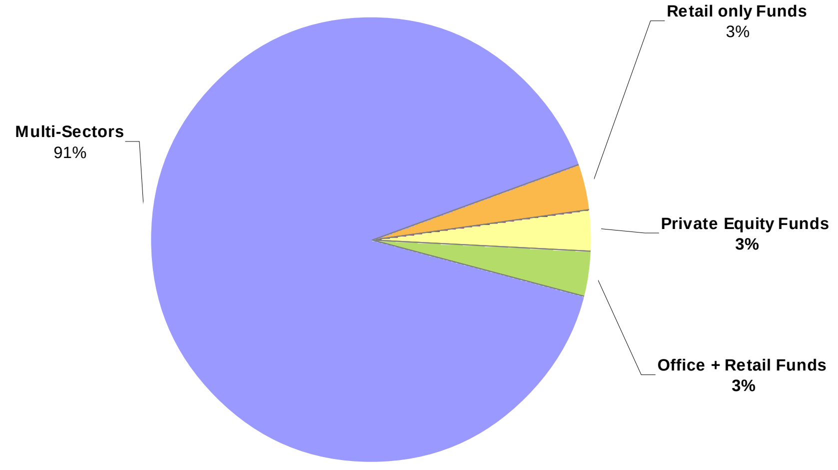
(*) The chart shows the details for Funds of Real Estate Funds only, by regulatory regime. This chart is not cumulative, but shows the total number of funds by the year of launch.

Non exclusive data , i.e. Funds can cover one or several regions shown. The purpose of the graph is to highlight changes in strategy over time.

Target Sectors

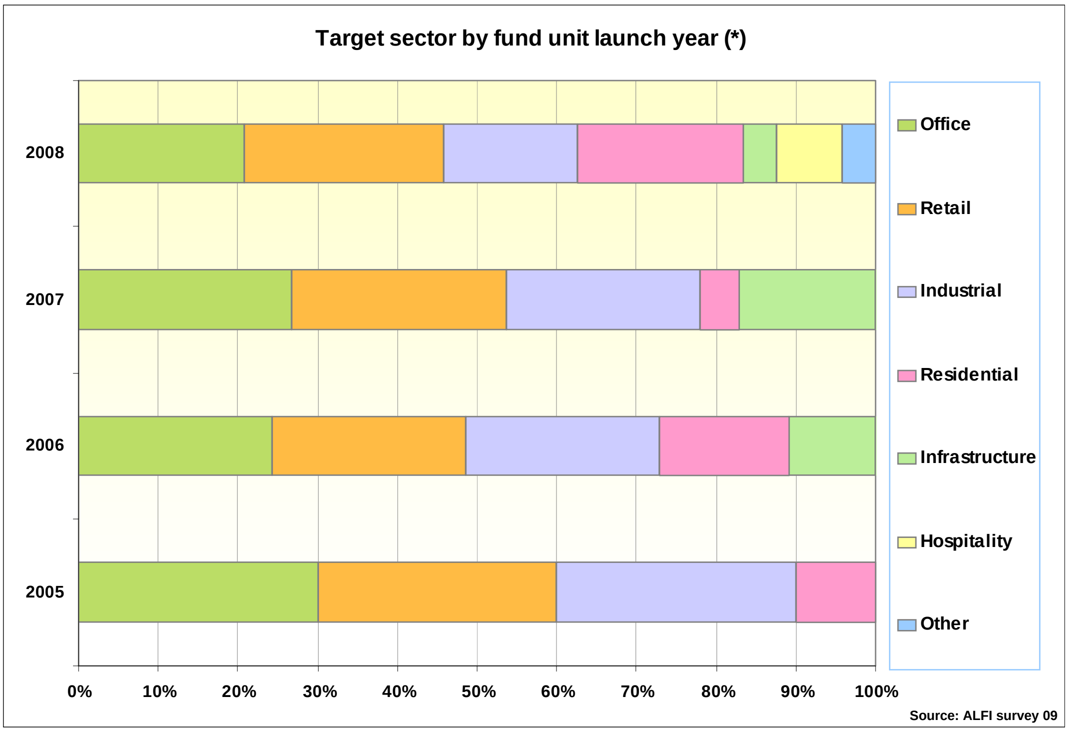
The majority of the funds follow a multi-sector investment strategy. Only one of the funds targets one single sector and invests purely in retail.

Sectoral investment strategy



Source: ALFI survey 09

Exclusive data: Each fund falls into one category.



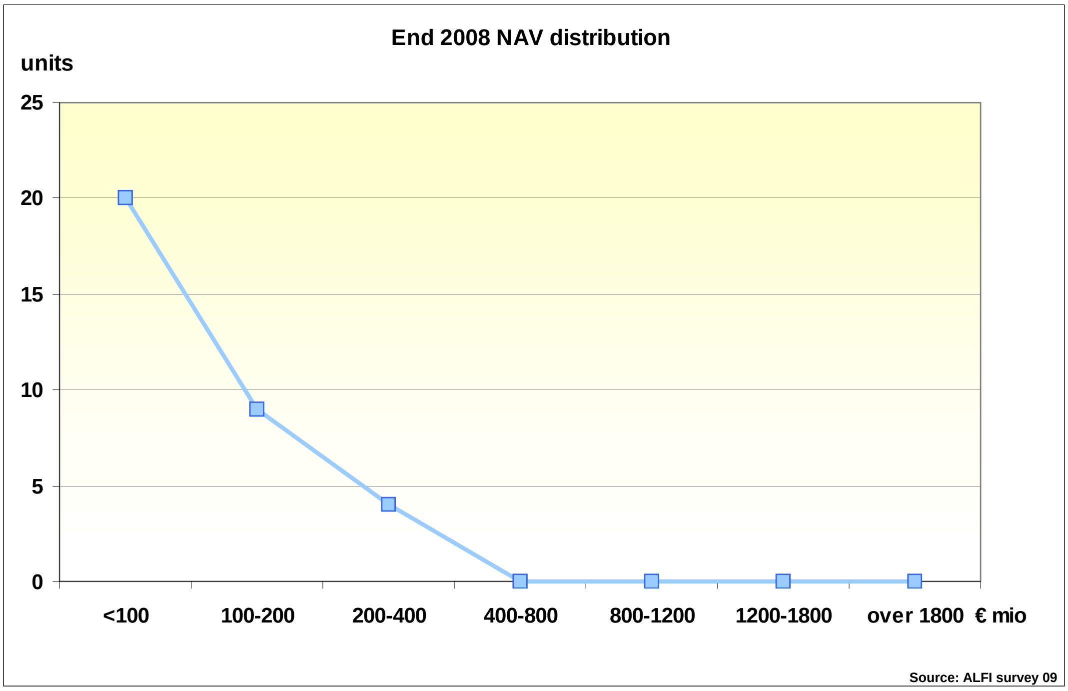
(*) The chart shows the details for Funds of Real Estate Funds only, by regulatory regime. This chart is not cumulative, but shows the total number of funds by the year of launch.

Non exclusive data, i.e. Funds can cover one or several regions shown. The purpose of the graph is to highlight changes in strategy over time.

Net Asset Value (NAV)

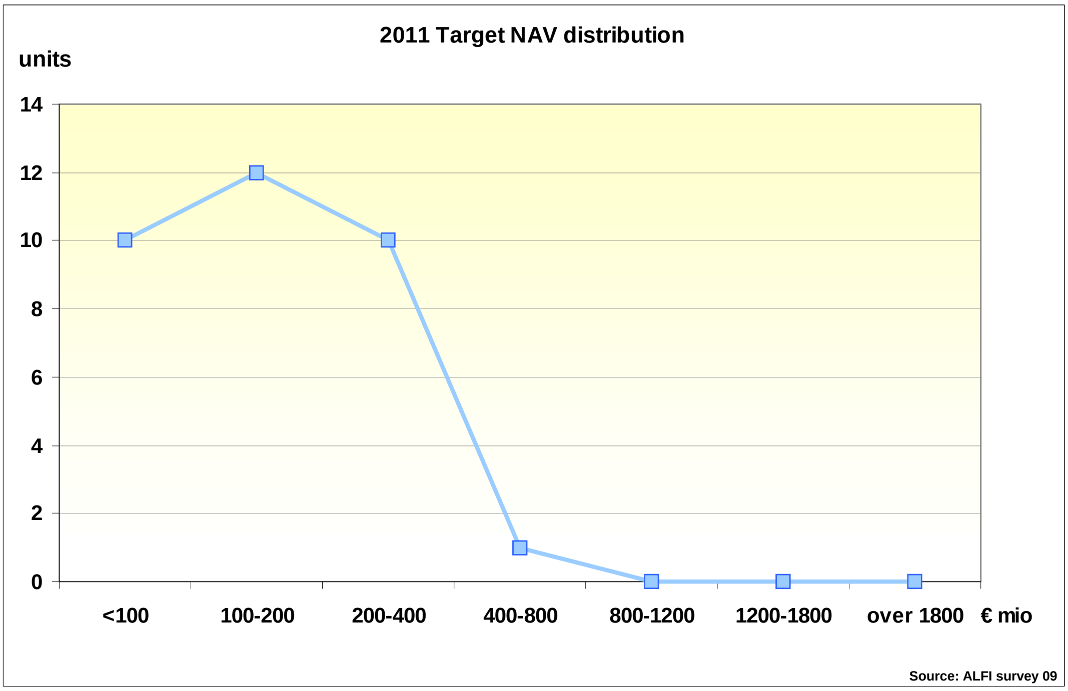
The 33 Luxembourg domiciled Funds of Real Estate Funds covered in this survey represented a NAV of 2.9 billion euros at the end of 2008. The average NAV at 31 December 2008 was 88.4 million euros, ranging from 1 million euros to up to 332 million euros. As most fund of real estate funds do not use gearing, NAV and GAV are identical.

End 2008 NAV



2011 Target NAV

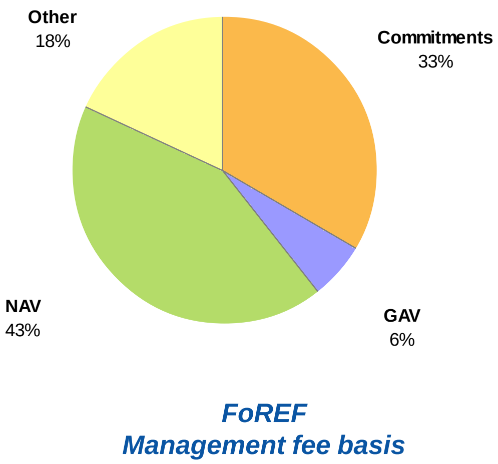
Although there is currently very little gearing in the Funds of Real Estate Funds (NAV=GAV), we note that some funds plan to include limited gearing by 2011, which accounts for the divergence between Target NAV and GAV shown.

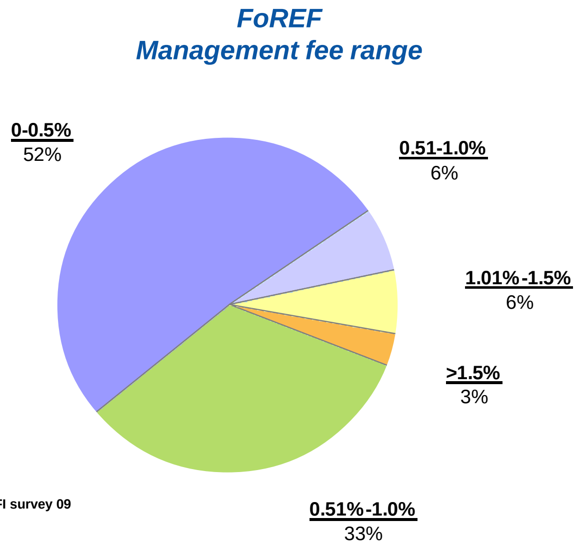


Fees

Almost 33 percent of the funds covered in this survey base the management fee on commitments. Another 49 percent use the NAV or GAV as the basis for the management fee. A further 18 percent use "other" measures.

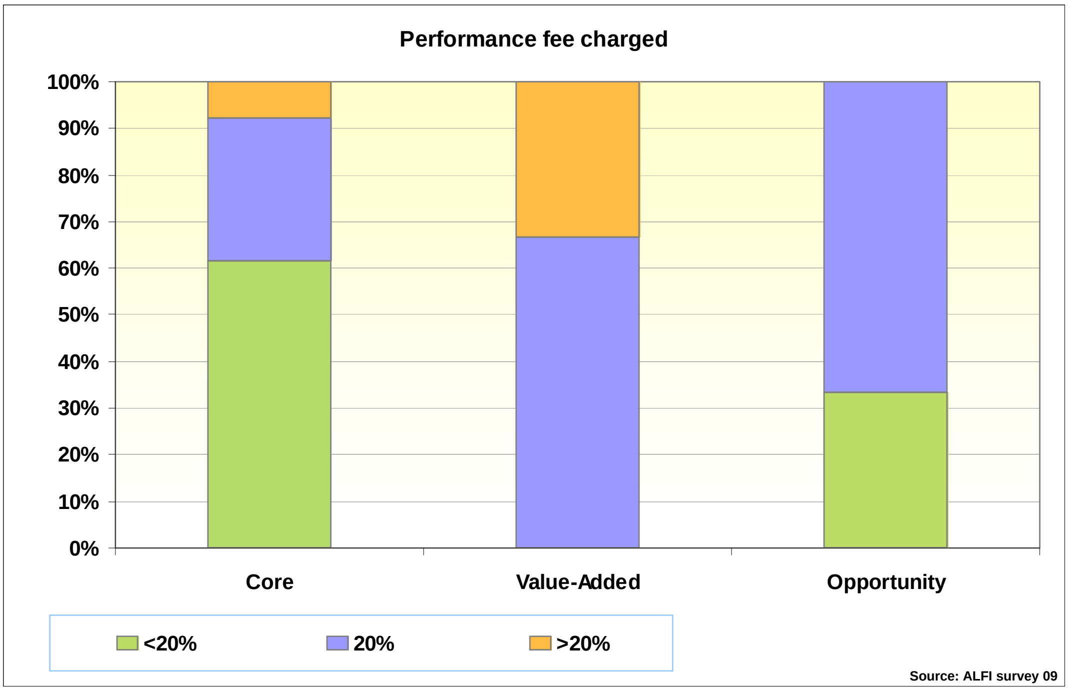
33%of the Funds of Real Estate Funds charge a management fee in the mid-range of 0.51%-1%. For around 52 percent of the Funds of Real Estate Funds the management fee is between 0 and 0.5%. Only one fund charges a fee of more than 1.5% - a value-added fund targeting funds investing in different sectors and different geographical regions. Fee ranges for value-added funds tend to be higher than for core funds.





Source: ALFI survey 09

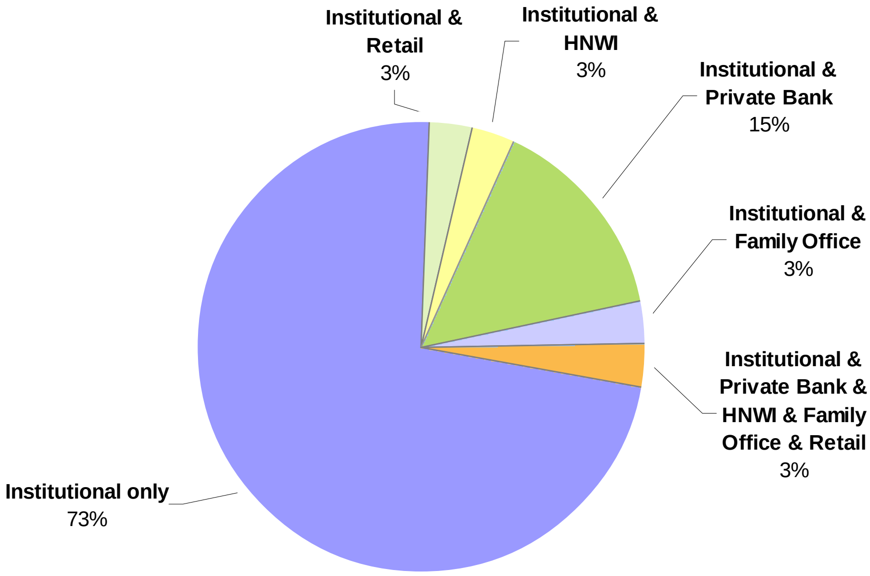
Almost three quarters of the funds charge performance fees of up to 20 percent. The largest number of funds (33%) have chosen the mid-range of 8-12 percent. The second largest group (22%) charges fees of 0 to 8 percent, while 17 percent of the funds charge performance fees in the range between 12 and 20 percent. Performance fees for "value-added" funds tend to be slightly lower than those charged for "core" funds. However, "core" funds do not charge a performance fee four times more often than "value-added" funds.



Type of Investors

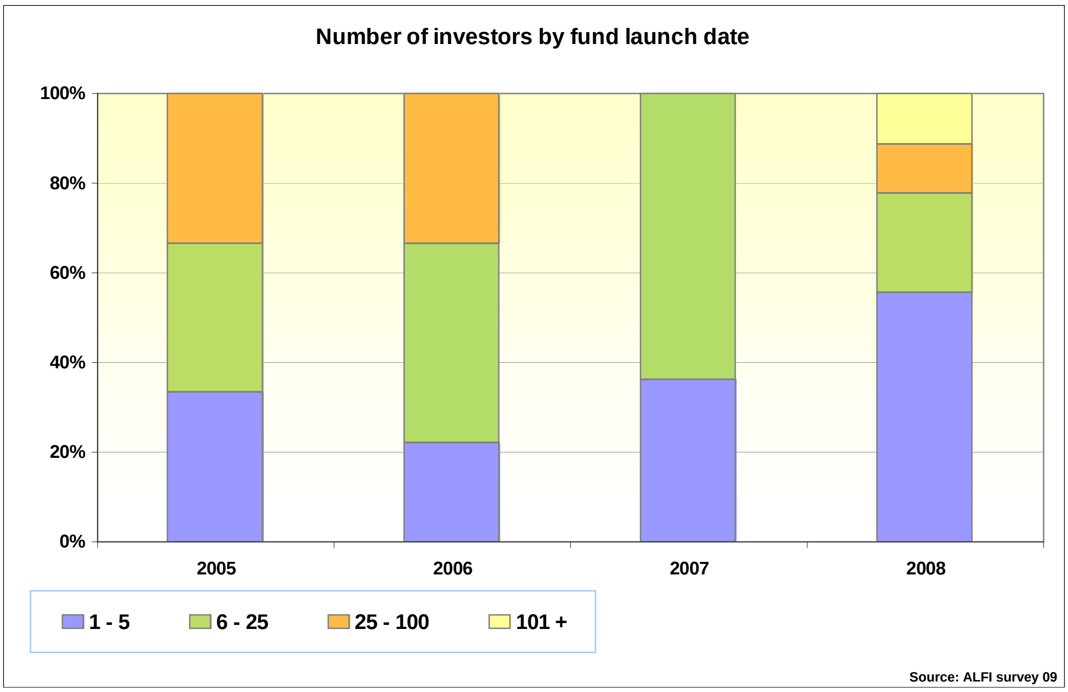
Almost all of the funds of real estate funds covered in this survey are limited to institutional investors. Only 12 percent of the funds are also open to retail investors, family office and/or HNW individuals.

More than half of the funds have less than 6 investors. The trend has been towards a smaller number of investors per fund. With regard to the numbers of investors for the different investment styles no remarkable difference can be observed.



Source: ALFI survey 09

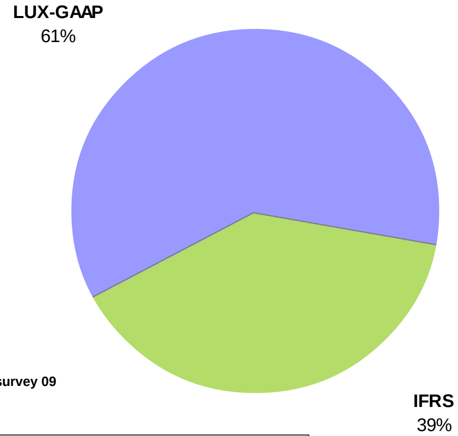
Exclusive data: Each fund falls into one category.



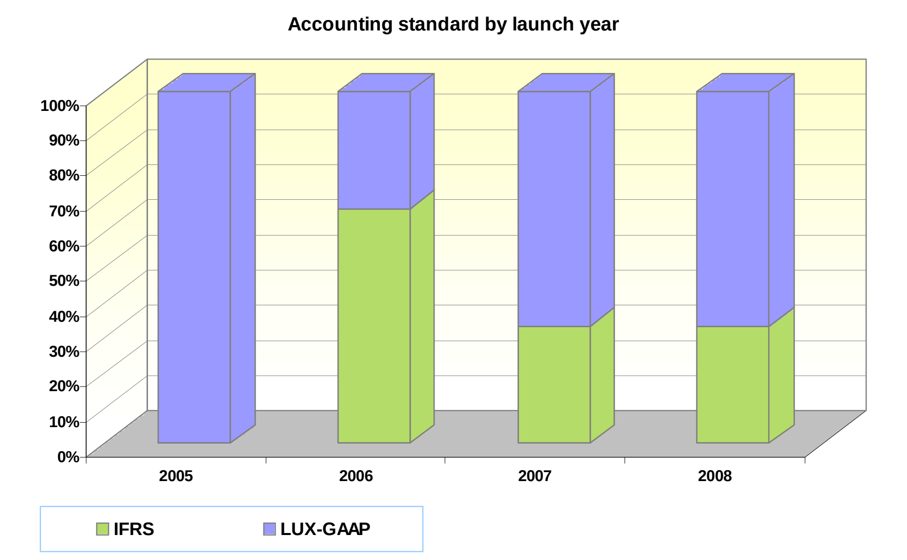
Financial Framework

Accounting Standards

Almost two thirds of the funds report under Luxembourg-GAAP, whereas for Direct REIFs figures are more balanced.



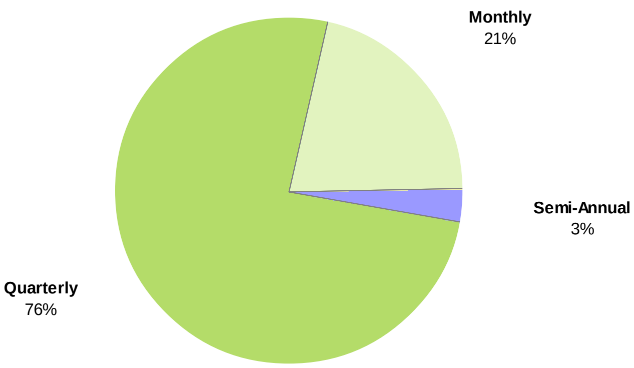
Source: ALFI survey 09



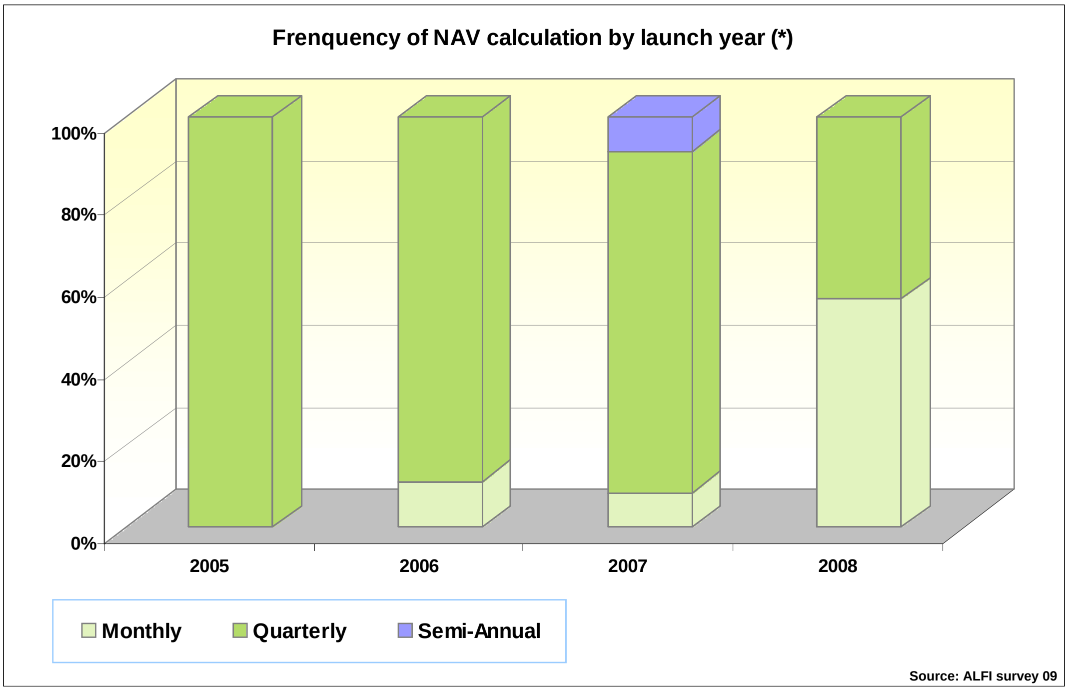
Source: ALFI survey 09

Frequency of NAV Calculation

Almost all of the Luxembourg domiciled Funds of Real Estate Funds have adopted quarterly NAV calculations. Only for one fund launched in 2007 the NAV is calculated monthly.



Source: ALFI survey 09



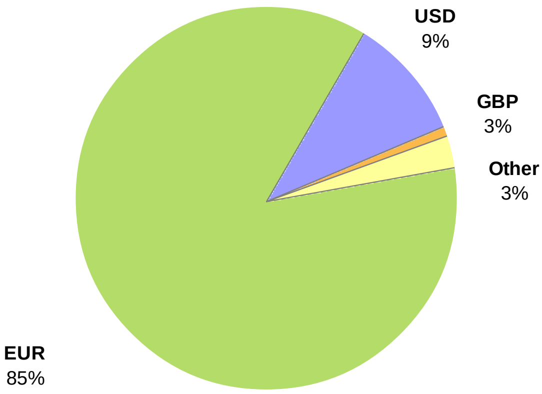
(*) The chart shows the details for Funds of Real Estate Funds only, by regulatory regime. This chart is not cumulative, but shows the total number of funds by the year of launch.

Stock Exchange Listing

Out of the 33 Funds of Real Estate Funds covered in this survey, one fund is listed on the Luxembourg Stock Exchange (Lux MTF).

Currency

As for the direct REIFs, euro currency has the highest percentage for the funds of funds, currencies being the same as well.

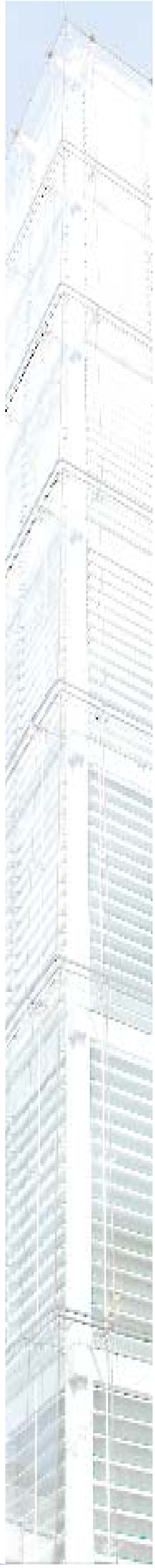


Source: ALFI survey 09

Summary

Since 2008 the Alfi Real Estate survey covers fund of funds, their number has continuously increased since 2005 when the first fund of funds was launched in Luxembourg (9 funds have been launched in 2008). The UK initiators have launched the highest number of funds of real estate funds, followed by German initiators.

Overall the majority of funds of funds are open-ended funds and 2/3 of the funds launched in 2008 were SIFs (15% Part II 2002) . The initiators continue to target a specific pool of investors (73% being Institutional investors). In comparison to direct real estate funds more balance in terms of accounting standards, funds of real estate funds report under luxembourg GAAP.



APPENDIX

Service Providers

The following service providers (listed alphabetically) were identified in responses to the survey:

Custodians

Banque Privée Edmond de Rothschild Europe
BBH
BGL
BGL
BNP Paribas
CACEIS
CITCO
Citibank
Deka Bank
Eurobank
HSBC
LBBW
Northern Trust
RBC Dexia
UBS

Central Administrators

Banque Privée Edmond de Rothschild Europe
BBH
BGL
BNP Paribas
CACEIS
CITCO
Equity Trust
Fidelity
HSBC
LRI
RBC Dexia
UBS

Transfer Agents

Banque Privée Edmond de Rothschild Europe
BBH
CACEIS
CITCO
JPMorgan
LBBW
RBC Dexia
UBS

Legal Advisors

Allen & Overy
Arendt & Medernach
Bonn Schmitt Steichen
Clifford Chance
Elvinger Hoss & Prussen
Linklaters LLP
Loyens & Loeff
Oostvogel Pfister Feyten
Wildgen & Partners

Tax Advisors

Allen & Overy
Arendt & Medernach
ATOZ
Bonn Schmitt Steichen
Clifford Chance
Deloitte
Elvinger Hoss & Prussen
Ernst & Young
KPMG
Linklaters LLP
Loyens & Loeff
Oostvogel Pfister Feyten
PricewaterhouseCoopers

Auditors

BDO Compagnie Fiduciaire
Deloitte
Ernst & Young
KPMG
Mazars
PricewaterhouseCoopers

Accounting - Lux Holdco's

Alter Domus
Banque Privée Edmond de Rothschild Europe
BBH
CITCO
Equity Trust
Ernst & Young
KPMG
RBC Dexia
S&P
Signes
TMF

Accounting - Non Lux SPVs

BBH
CITCO
Equity Trust
Ernst & Young
KPMG
RBC Dexia
S&P
TMF

Domiciliation and Corporate

Banque Privée Edmond de Rothschild Europe
BBH
Blackrock
BNP
CACEIS
CITCO
DEKA
Equity Trust
Fortis
LRI
Mourant
RBC Dexia
TMF

Glossary

2002 Law — The law of December 20, 2002 on Undertakings for Collective Investments as amended ("UCIs")

2007 Law — The law of February 13, 2007 on Specialized Invesment Fund ("SIFs")

CSSF — *Commission de Surveillance du Secteur Financier* (Luxembourg supervisory authority for the financial sector)

Direct Fund — Fund investing in property assets or structures holding property assets

EFTA — European Free Trade Association

EU 15 — Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and United Kingdom

EU Accession — Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Romania, Bulgaria

EFTA (non EU) — Norway, Lichtenstein, Switzerland, Iceland

Emerging Europe — Russia, Turkey, Belarus, Ukraine, Moldova, Croatia, Bosnia

FCP — *Fonds Commun de Placement*: Common fund, entity without legal personality based on contractual agreement

FoREF — Fund of Real Estate Funds

GAAP — Generally Accepted Accounting Principles

GAV — Gross asset value

HNW — High net worth

HNWI — High net worth individuals

Indirect Fund — Fund investing in real estate securities or other real estate funds

IFRS — International Financial Reporting Standards

Initiator — *Initiator origin region* : Europe, Asia/Pacific/ME, Americas
Initiator origin country : The country of the ultimate parent should be used

INREV — European Association for Investors in Non-listed Real Estate Vehicles

Investment Style — *Core* : Stable income returns, stabilised properties located in strong and low risk markets; geared at less than 50%

Value Added : combination of Income and capital return; stabilised properties located in low to medium risk markets, as well as an element in development or opportunistic investments; geared from 40% to 70%

Opportunistic : primarily through capital return; higher risk properties (e.g development projects, property repositioning, assets in higher risk countries or distressed assets); geared is in excess of 60%

Investor liquidity — *Closed-ended* : Fund may not, at the request of investors, repurchase directly or indirectly their units or shares

Open-ended : Fund may, at the request of investors, repurchase directly or indirectly their units or shares

Open-ended with restriction : in addition subject to further conditions such as maximum number of units to be redeemed in a period; extended notice period; early redemption penalties etc.

Semi-open ended : series of distinct equity offerings after the initial launch, but not on a continuous basis; ability of investors to redeem capital at certain times during the fund life; infinite life.

ISVC	International Standards Valuation Committee
MTF	Luxembourg Stock Exchange
NAV	Net asset value
REIF	Real estate investment fund
REIT	Real estate investment trust
RICS	The Royal Institution of Chartered Surveyors
SA	*Sociéte anonyme* (public limited company)
SCA	*Société en commandite par actions* (partnership limited by shares)
SICAF	*Société d'investissement à capital fixe* (investment company with fixed capital)
SICAR	*Société d'Investissement en Capital à Risque* (investment company in risk capital)
SICAV	*Société d'investissement à capital variable* (investment company with variable capital)
SIF	*Fonds d'investissement spécialisé* (specialized investment fund)
SOPARFI	*Société de participations financières* (financial holding company)
SPV	Special purpose vehicle
TEGOVA	The European Group of Valuers' Associations
UCI	Undertaking for collective investment

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The ALFI Real Estate Funds Sub-Committee plans to repeat this survey on an annual basis in the most comprehensive form possible. ALFI encourages any relevant fund initiators or custodians who were not included in the 2009 survey to contact ALFI before May 2010 to ensure inclusion.

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