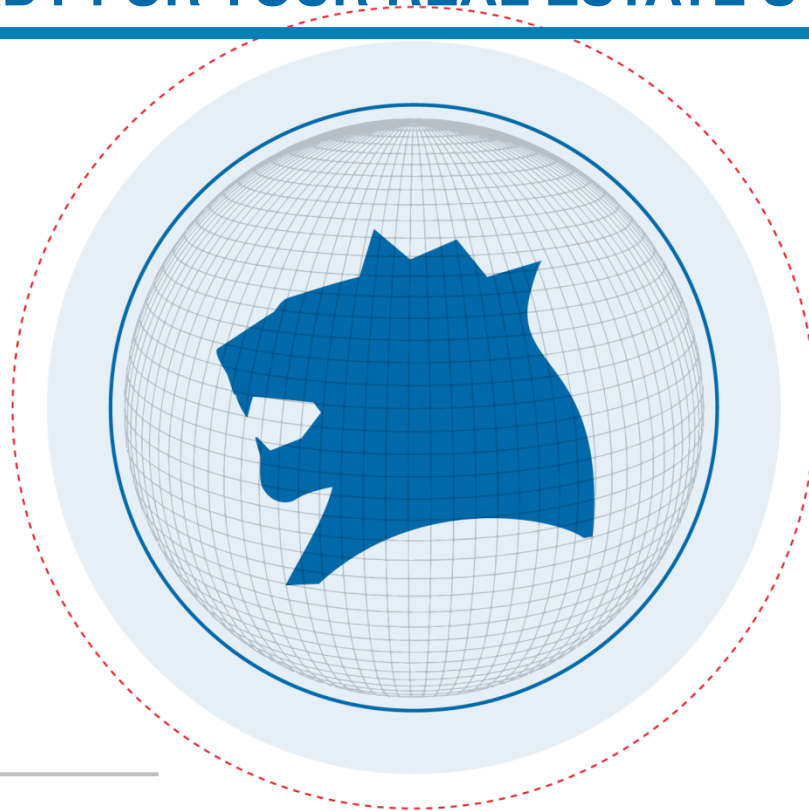
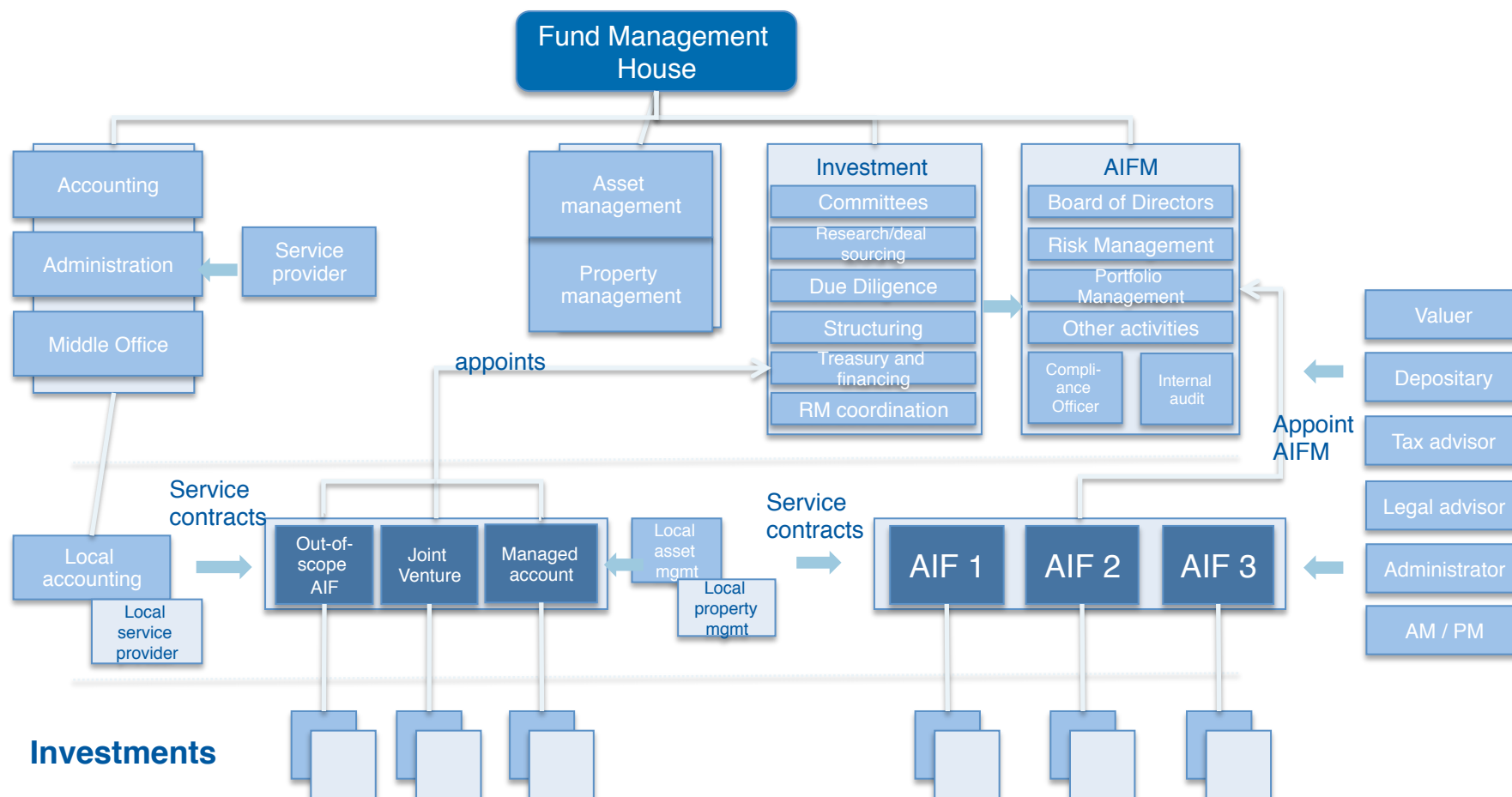

LUXEMBOURG

AIFMD READY FOR YOUR REAL ESTATE STRUCTURES

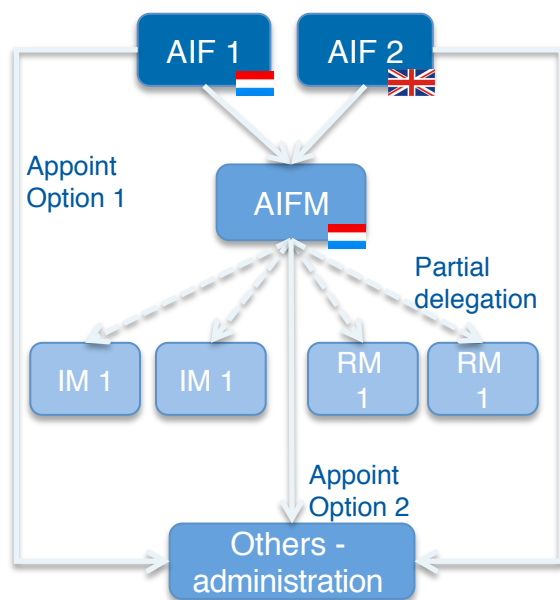


Kai Braun



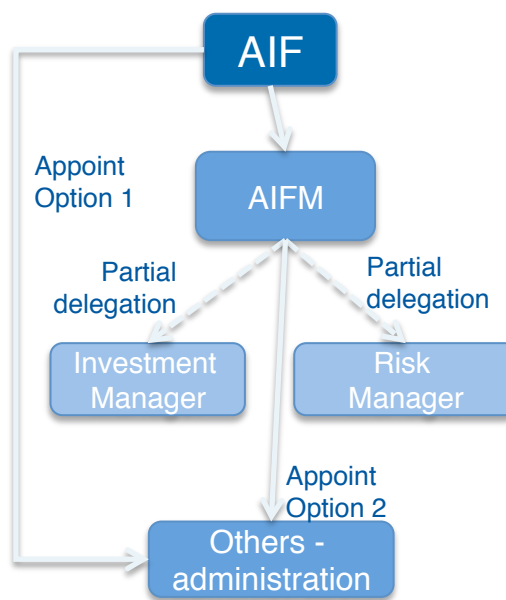
Luxembourg business models

Third-Party AIFM



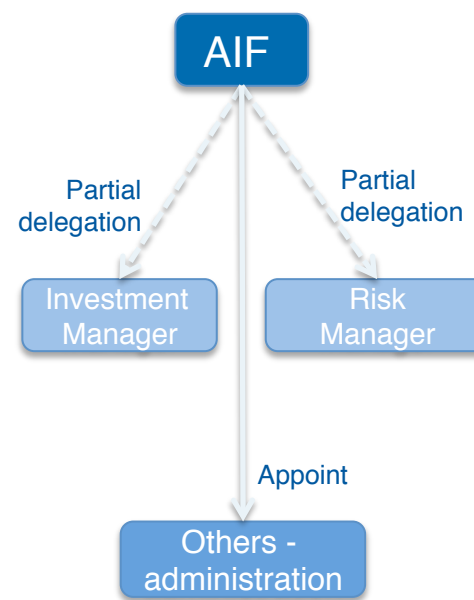
- Partial delegation will need to cope with third-party characteristics
- Service offering to attract small to medium size business
- Use of passport allows to centralize monitoring and supervision

Classic Set-Up



- Anticipated model for large players
- Other functions than IM and RM can be monitored by the AIF itself

Self-managed AIF



- Model only valid for a single AIF
- Structure cannot be leveraged for other AIF's

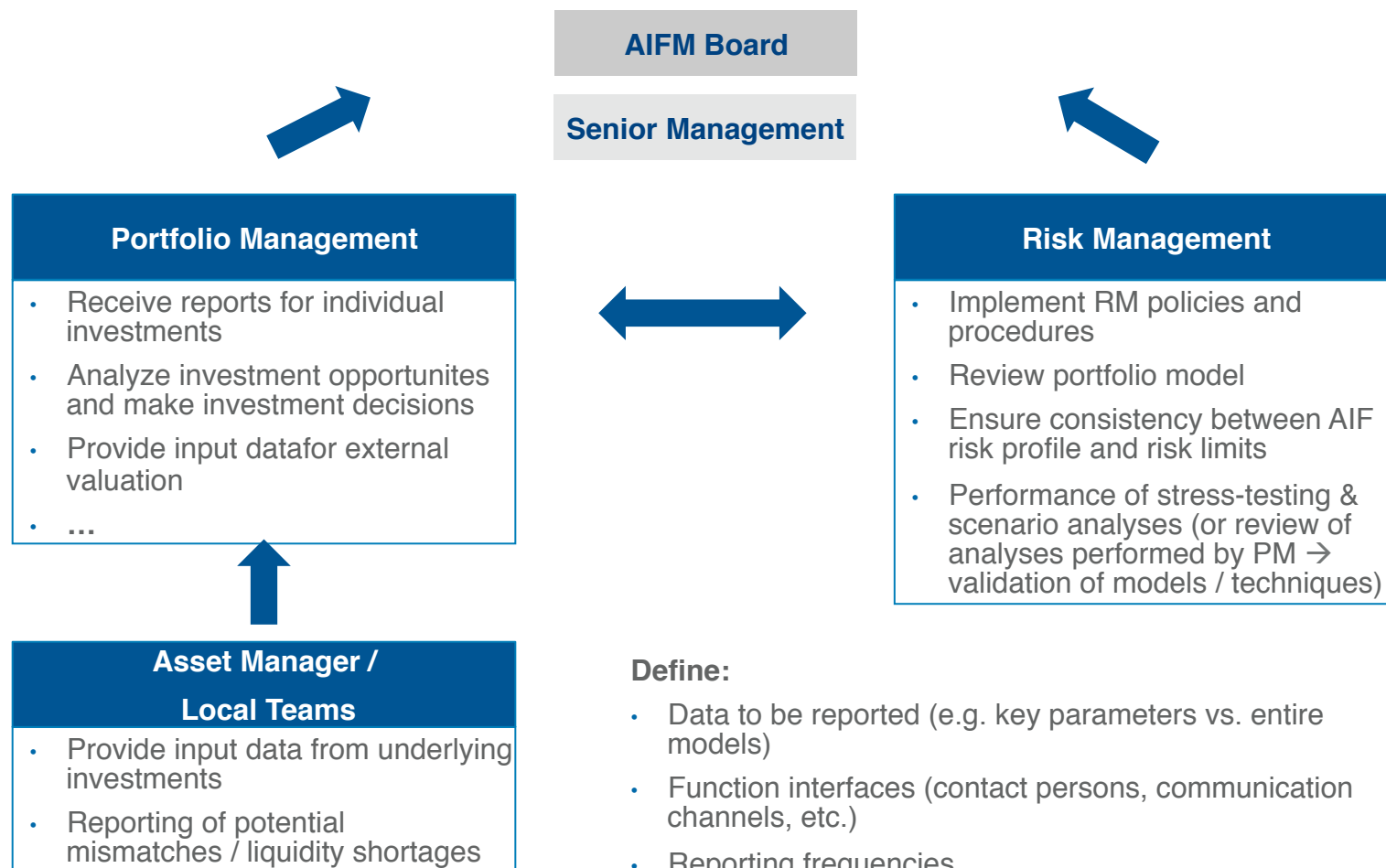
Risk management for Real Estate

Changes ahead

Risk Management for RE has traditionally been different from Risk Management for liquid assets.

	RE	Liquid assets (UCITS-like)
Organization	<ul style="list-style-type: none"> • RM often integrated in Portfolio Management operations and largely covered by transaction DD procedures • No formalized or documented RM procedures • Traditionally no independent or separate RM function 	<ul style="list-style-type: none"> • Regular RM procedures based on sophisticated statistical models • Formalized and documented RM procedures • Separate functions / departments in charge of RM
Operation	<ul style="list-style-type: none"> • Due to heterogeneity of assets as well as often limited liquidity and market transparency, RM largely to be performed based on more asset- / fund-specific indicators • Quantitative measurement not always possible, greater degree of judgment may be needed 	<ul style="list-style-type: none"> • Due to homogeneity of assets and sufficient data available, risk assessments based on statistical models possible (liquid and transparent markets) • Usually quantitative measurement, lesser degree of judgment needed

Governance and role for RM



The Risk Monitoring Tool (RMT) contains information on:

- Risk type
- Risk priority
- KRI
- Risk Limits & Limit Warning
- Escalation Lines
- Mitigating action (proposed)
- Last reporting date
- Monitoring frequency.

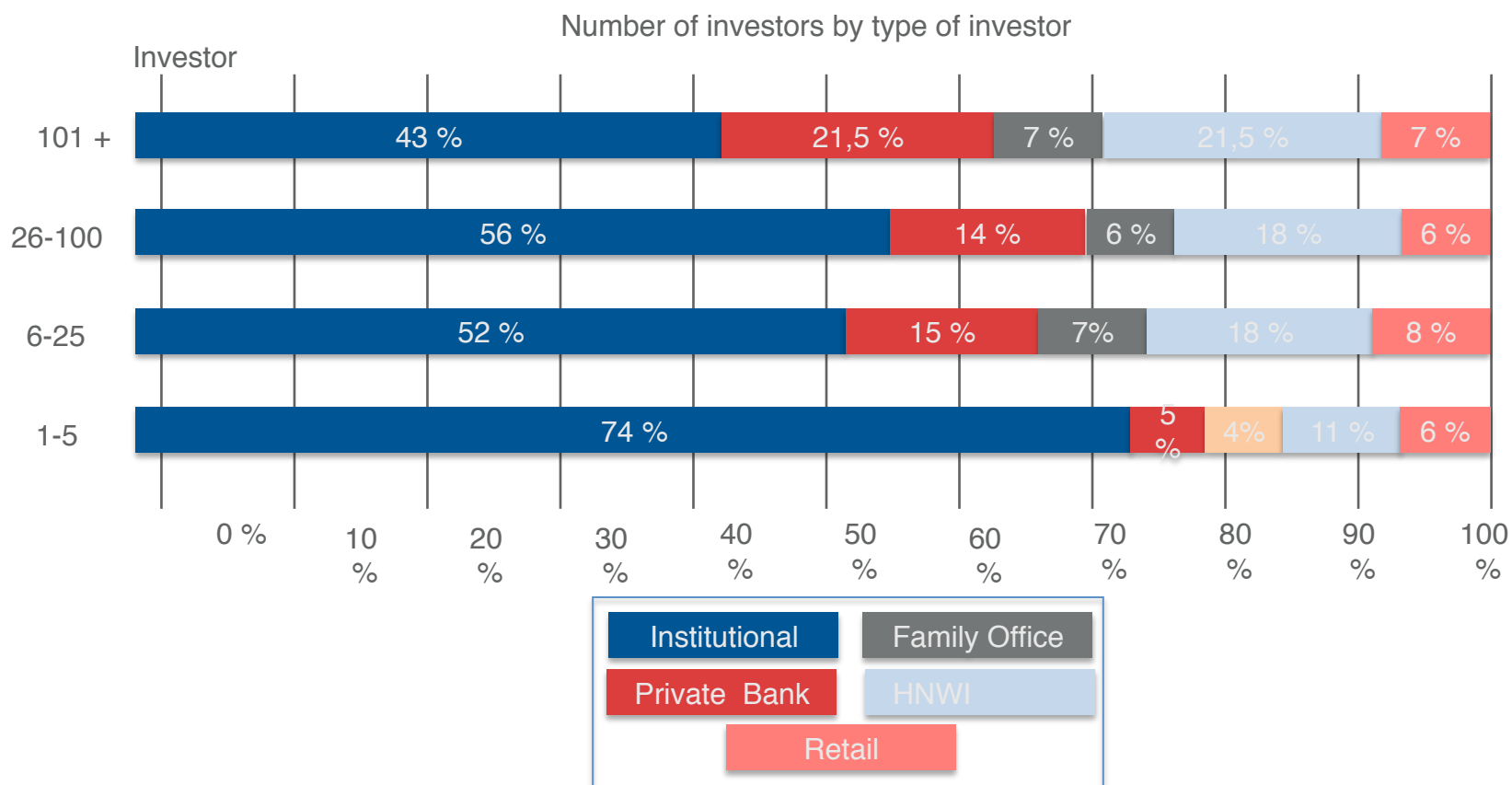
Advantages:

- Excel-based RMT is easy to adjust and integrate into running systems.
- Risk types with limit warnings can easily be extracted into a separate risk report (e.g. using a macro).
- Timely escalation is facilitated since escalation lines are provided.

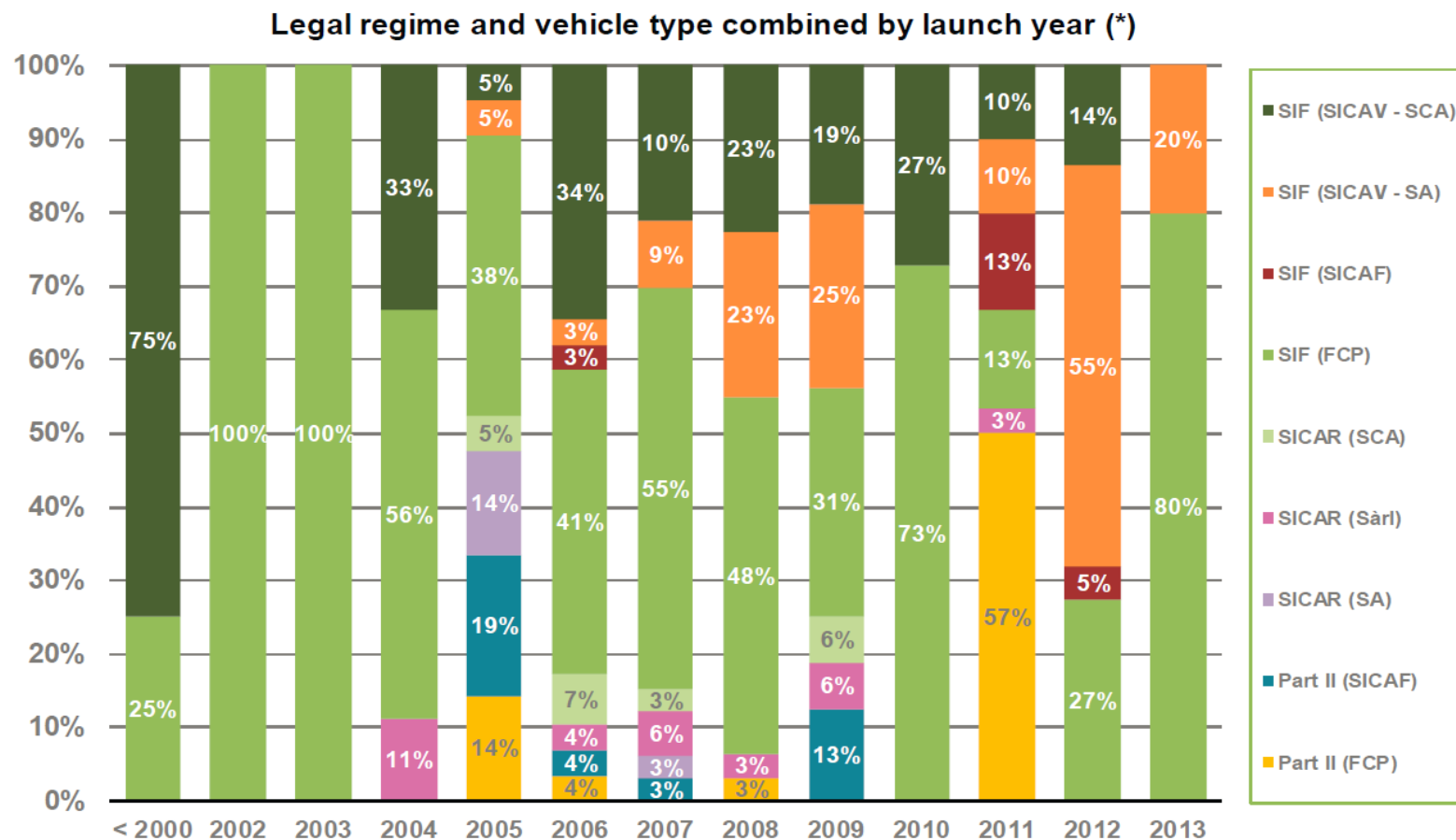
Steps:

1. Assigned limits are compared to actual limits values.
2. Depending on risk type and measurement approach, qualitative assessment and comments can / have to be supplemented.
3. Depending on the actual limit value / qualitative assessment, the Limit Warning is triggered.

Marketing to private investors will become more challenging in the future



Legal structure and regime



(*) This graph shows the launch year of fund units that are included in the REIF Survey 2013. It is NOT a cumulative sequence.

Questions