

RICS Business Plan 2012-2015



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MESSAGE FROM THE CEO AND THE CHAIR OF THE MANAGEMENT BOARD

Over the last few years, RICS has successfully embarked on a strategic journey to transition itself from a UK-centric professional organisation with overseas offices to a truly international organisation headquartered in London and operating out of market-facing hubs across UK and Ireland, Americas, Asia Pacific and Europe, Middle East and Africa (EMEA).

This has by no means been an easy journey and it is far from complete, but we feel confident we have achieved a significant amount. RICS now has a dedicated UK and Ireland World Region; our HQ is developing into a more international role; our developing markets are increasing in levels of delegated accountability and collectively are covering their local operating costs (in 2006, the additional operating investment required was close to £2m pa).

RICS is at an important juncture and it is our belief that we need to continue to press on to achieve our Governing Body's vision. We are in a unique position and many markets of the world are looking for the type of standards and professionalism that have been taken for granted in our offering for hundreds of years. RICS has never been in such demand globally by employers, professionals, partner associations and governments. We are being truly seen as a high status international qualification and both a setter and enforcer of industry standards.

We believe that it is in the long-term interests of RICS that the profession remains relevant and therefore RICS should continue to progress in critical areas which include:

Achieving recognition for our international standards

Central to our Governing Body's vision is the development, recognition and enforcement of standards. Our main focus for this plan is the continued enhancement of the profession's status in the marketplace coupled with taking a leadership role in defining international standards including valuation, measurement and ethics.

It is our shared belief that through gaining market recognition of our standards, particularly in the key developing economies of the world, the profession's long-term status and attractiveness will continue to grow and that this will give RICS opportunities to develop products and services that meet increasing market needs.

All regions have now set ambitious goals to gain recognition for the standards and the associated increase in status of the profession with governments, employers and end users of professional services. This will be supported by enhancing our self-regulatory capabilities internationally.

Engaging with our membership

Building awareness and engaging the profession in our chosen direction is central to our future success. During this plan we will be increasing member engagement activity, including:

- **launching our new website** with improvements that will enhance the experience that members have in dealing with RICS, but also importantly in providing a professional home that can be used by members to network globally and create their own personalised window on the world. The new

platform will also provide a new foundation to digitise more of our products and services to benefit members

- **sector-based campaigns** to demonstrate the tools, products and services we offer in key sectors
- **Governing Council meetings in a wider range of regions** to engage directly with our growing membership and boost recognition within future economic super powers
- **communicating our new corporate strategy and renewed brand** that has been the culmination of a year of engaging with members and key stakeholders. During this plan we will also support the development of a 'futures' road map for the profession through to 2030.

Being a responsible organisation

RICS' position on the world stage brings with it even greater accountability for leading as a responsible organisation This plan continues this drive through:

- **committing to gaining ISO 14001 certification** for our major operations
- **striving to enhance employee engagement and being recognised as a 'Best Company' to work for**
- **supporting the UN Global Compact**
- **committing to efficiency** in use of our own resources such as paper, water and energy
- **continuing a wide range of public interest activity** including International Development, Disaster Management Commission, Charity Property Help, promoting volunteering and supporting charitable activity that benefits our communities.

Investing for growth in the BRICS markets and ensuring our standards are enforced

This plan continues to build our foundations for continued future growth in the key economic and political centres of the world, including looking at alternative ways to help develop a profession and professional services environment. Our major focus will be in enhancing training and conference activities in both China and India, whilst at the same time building our platform for future growth opportunities in Brazil, Russia and South Africa. We will also enhance our capability to enforce our standards in each of our regional hubs.

- **China** – following on from our successful Governing Council meeting in Beijing in 2012, we will commence training and conference activities with the creation of a new commercial entity that allows us to trade much wider than today.
- **India** – our focus will remain on recognition of our standards, influence on Government policy and the provision of conferences and training. A further market opportunity is being evaluated to establish RICS in a leading role in the provision of skilled professionals for the construction and real estate sectors. Proposed future developments to our value proposition in order to increase our market penetration in India and other key markets.
- **Russia** – given the Government's plans, our focus is on getting valuation standards recognised in this market. This plan will enhance our capability in Russia and provide a platform for future growth.
- **Brazil** – we will expand our resources during the course of the plan and further development of training provision. We continue with a focus in the early years on valuation and facilities management and working with key local partners such as ABRAFAC and IBAPE.
- **South Africa** – we believe our initial focus should continue to be on direct entry relationships with local partner organisations as well as the establishment of alternate dispute resolution activities.

Embracing the infrastructure sector

Increased urbanisation is stimulating consumer demand for power, energy, water and transport which in turn is driving increased need for infrastructure. However, governments globally are struggling to fund this development in full, resulting in the following emerging trends:

- the need for greater private sector investment will put greater value on project finance skills
- every opportunity will be taken to drive down cost, making procurement skills and supply chain management critical to future project success and increasing automation of commoditised processes
- funders of infrastructure will demand guarantees to mitigate project risks e.g. cost/time over-runs.

We believe RICS can play a greater role in this sector and position itself well for the long-term future. For many QS/construction firms their business model is shifting from a building to infrastructure focus. The large investment and long timescales of infrastructure projects also demand a more collaborative, matrix-based project culture. As well as requiring different knowledge, this shift will require employees to be both more multi-skilled and flexible, as well as directly impacting supply chains and increasing usage of IT systems/tools such as Building Information Modelling (BIM).

RICS will develop tools, especially when these can be integrated to cover the whole project lifecycle. Products we will prioritise for the infrastructure sector include:

- **existing membership routes/pathways** in QS/construction, project management, planning & development
- **publishing guidance** on *public private partnerships and public sector procurement*
- **in 2012/2013 we will also be able to offer** *Black Book Global, Civil Engineering Standard Form of Cost Analysis (CESFCA)*, relevant conferences and guidance on *Procurement and integrated supply chains, Carbon measurement, and the Informed client checklist.*

Building strategic international alliances

We are keen to reinforce our role as a key collaborator in the development and enforcement of international standards. We have some exciting partnerships in a number of key markets. These include:

- **internationally** - we are continuing to partner with a range United Nations organisations including UNEP-FI, UNEP-SBCI, UN Habitat and FAO
- **Japan** – we have recently established an MOU with ARES – Association for Real Estate Securitization
- **Brazil** – we are working closely with the facilities management sector through an MOU with ABRAFAC (Associação Brasileira de Facilities)
- **India** – we are represented on the Indian Government’s Sector Skills Council working group.

We will seek to expand our relationships further with like-minded organisations during the course of this plan.

A measured approach to continued investment

Our Governing Body signalled its confidence in the direction and performance of RICS by agreeing to make available up to £6m of investment from accumulated reserves over the period of this plan to further our strategic ambition. This would result in a period of accepted operational losses before returns on investments are achieved and break-even is envisaged.

This baseline plan does not reflect this full level of this investment, but Management Board is aware of a number of potential viable opportunities that could arise during the course of this plan and, subject to their strategic alignment and the balancing of risks and benefits, it would wish to make decisions in the knowledge that funds for investment remain available. The Board is acutely aware of the global economic conditions and therefore investments will continue to be assessed in parallel with the threats to existing operations.

Following our Governing Body's approval to RICS fulfilling an enhanced regulatory role worldwide, the plan does include a significant strategic investment in the expansion of self-regulation. This document also indicates a potential level for further investments that at this stage are still in development and have yet to be approved.

The Board already recognises the potential for a developing opportunity in US and is encouraging the Americas World Region to bring forward an accelerated plan early in the new financial year. In addition, the Board wishes to commit funds to conduct market analysis in the developing markets as it believes RICS could significantly build on its foundations with a new model that satisfies market demand for wider training and education, together with new methods of assessing membership. This initial market research will take place in India where the Government is initiating a skills build programme and has encouraged RICS leadership.

The economic outlook for Europe does remain weak and with over 80% of our membership and business activities residing here, we have taken a prudent view in this business plan cycle in respect of our major existing operations. We have built in a more cautious approach to membership retention in our assumptions as a result of both the current economic conditions and also in relation to industry consolidation.

We are also ensuring that our capability and cost base in both our HQ and UK operations allow us to be agile and respond to the challenges ahead. We are actively putting ourselves through a 'lean review' to ensure that we are 'fit for the future' and fully embrace digital as our preferred way of operating.

Jim Carter FRICS
Chair RICS Management Board

Sean Tompkins
RICS Chief Executive Officer

OUR STRATEGIC DIRECTION

Vision:

'Recognised in the key worldwide markets as the body that sets and enforces professional standards and offers access to the most sought after professional status'.

Strategic corporate goals:

The following goals, directed by the draft Corporate Strategy, along with a commitment to improving performance and our agility form the basis of the 2012-2015 business planning cycle (Appendix 2):

1. **gain market recognition of RICS standards in the key economic and political centres of the world**
2. **take a leadership role in the development, regulation and enforcement of international standards**
3. **be a role model as a 'responsible' organisation**
4. **grow the profession in strategically important markets with an emphasis on the BRICS economies**
5. **ensure the profession continues to develop through the provision of leading-edge training, knowledge and information**
6. **ensure that members understand the direction of RICS and take pride in their professional status.**

Three year business plan priority themes:

To achieve the strategic corporate goals and to provide a consistent focus for the organisation, we have defined the following business planning themes to drive our priorities over the next three years:



The following sections outline our focus over the next three years and key priorities for the next 12 months for each of these business plan themes.

ABSOLUTE FOCUS ON OUR REDEFINED PRIORITY MARKETS

Three year focus:

To date, RICS has had great success in establishing a solid presence in major worldwide markets. To assist us in prioritising our activities for this plan we have identified our priority markets in terms of longer-term strategic importance and shorter term profitable growth. These are classified below:

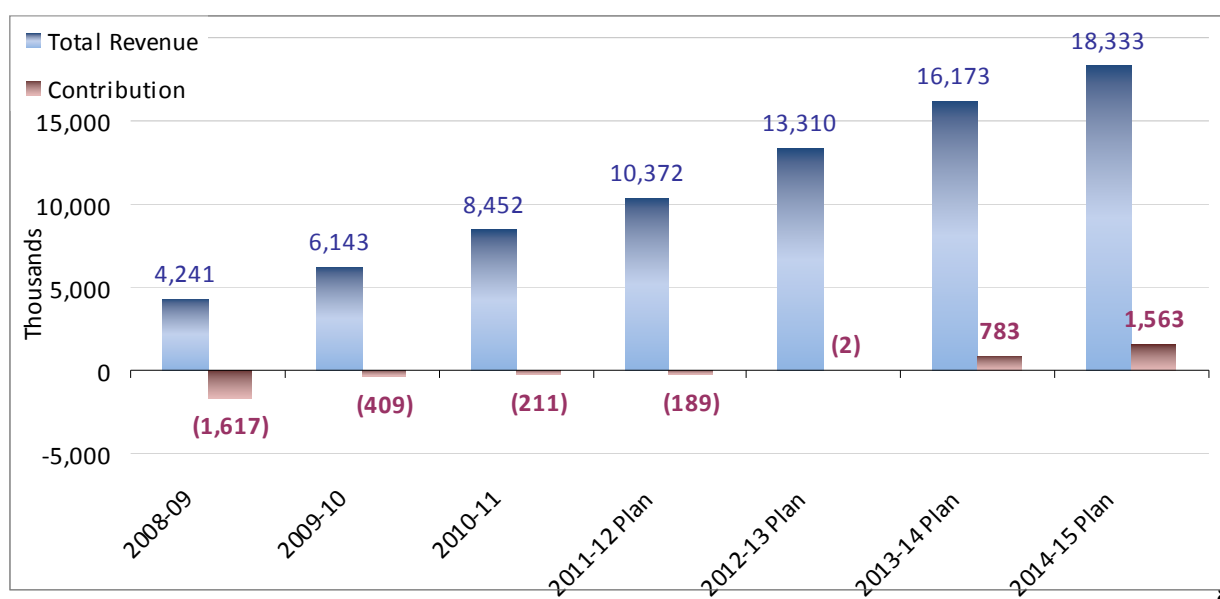
	Description	Markets
Tier 1	Strategic investments Invest for long-term, by key cities in each market	China, India, Russia, Brazil and South Africa
Tier 2	Strategic steady state Important markets, no major additional investment required	USA, France, Germany, Australia, New Zealand, UK and Ireland
Tier 3	Tactical investments Small scale investments to exploit short-term opportunities or build readiness for future expansion	Israel, Japan, Canada, Singapore, Malaysia and Poland

We will continue to review our approach to all other markets through three categories:

- managing existing markets that have limited growth potential
- defining clearly the markets that we wish to reduce, exit or stay out of
- markets that require further analysis of potential (including Indonesia, Mexico, Turkey and Korea).

We will prioritise and align our product offerings to our priority markets and exploit new market opportunities. A continuing key theme is to grow our net contribution from sources other than professional membership subscription. Our regional operations outside of UK and Ireland (Americas, Asia Pacific and EMEA) are now collectively covering their local operating costs, which is a significant achievement over the last 3-5 years. As part of this plan these regions are working toward a £1.5m contribution to central operations and by the end of 2016/2017 be completely break even.

2008-2015 BUSINESS PLAN PERFORMANCE AND PROJECTIONS FOR COMBINED RICS ASIA PACIFIC, EMEA AND AMERICAS BUSINESS UNITS ('000 GBP)



Year one priorities:

Over the next 12 months, our priorities in each of our global regions include:

Americas

- enhancing our corporate affairs and standards recognition efforts in Washington DC
- growing a profitable training operation in both North and Latin America
- building a local team for Brazil based in Sao Paulo
- commence an annual major conference event – The Americas Summit
- developing an accelerated strategy for the valuation sector in the US market.

Asia Pacific

- establishing a new commercial entity that will enable a wider range of products and services to be delivered in China, growing a contribution from products in North Asia of £256k in 2012/2013
- developing further our training offering in India to assist meeting the construction and real estate sector skills gap
- entering the Japanese market with the support of key local partners to grow the profession
- developing training in our established markets of Hong Kong, Singapore and Malaysia
- continuing our focus on commercial property and the built environment in Australia and New Zealand.

Europe, Middle East and Africa (EMEA)

- building a base for the long-term expansion of the profession in Russia through gaining recognition of our valuation standards
- continuing to gain recognition for our Real Estate Agency and Brokerage Standards across Europe
- expanding our offer to the built environment sector in Europe
- establishing an alternate dispute resolution operation in South Africa
- focusing on providing skilled professionals linked to infrastructure related growth in the Middle East region.

United Kingdom and Ireland

- growing our presence in the facilities management and infrastructure sectors and encouraging experienced professionals to consider RICS credentials
- providing a focus on supporting SME and construction sectors
- gaining greater recognition for our Real Estate Agency and Brokerage Standards
- seeking planning system reform in Wales, Scotland and Northern Ireland
- enhancing self-regulation in Ireland.

All Regions

- enhancing self-regulation
- developing strategic alliances with partner organisations
- leading the creation and implementation of international standards.

Further detail for all markets can be found in Appendix 3.

PRIORITISE STANDARDS AND GAIN INTERNATIONAL RECOGNITION

Three year focus:

Our plan for standards development and recognition will be both closely aligned with our priority markets and continue our drive for truly international standards. A key element of this plan is increasing our level of brand recognition for our vision of being 'Recognised in the key worldwide markets as the body that sets and enforces professional standards and offers access to the most sought after professional status'.

In addition to supporting International Valuation Standards, we are exploring the creation of a set of international measurement standards and a set of international ethics standards within the timescales of this plan. We are already directly connecting our international standards effort to the success of International Financial Reporting Standards (IFRS) - required or permitted in 125 countries and International Valuation Standards (IVS).

This approach positions RICS as a key player and collaborator in international standard setting and as the best placed professional body to qualify the experts, develop the knowledge, to enact the standards and to provide associated training, professional development and self-regulation.

During this business plan cycle a further proposal will be developed to create three international centres of excellence for land, property and construction with the first envisaged by July 2014.

Each of our World Regions has devised key standards recognition goals over the course of this business plan aimed at governments, employers and end users of professional services to ensure strong market demand continues for excellence in professional standards.

Year one priorities:

- communicating our approach to international standards development with a focus around valuation, measurement and ethical standards
- demonstrating progress in building strategic alliances
- ensuring that our partners and external stakeholders contribute to international standards
- actively seeking and achieving recognition and support for international standards by banks, insurers, governments, employers and end users of professional services
- developing the next version of the Red Book, expected late in 2013.

TAILOR AND TARGET A COST-EFFECTIVE REGULATION OFFER TO OUR PRIORITY MARKETS

Three year focus:

The international expansion of our regulation reach will be informed by improved alignment of markets, standards and recognition. This will ensure that the order and pace at which we move to consistently regulate members and firms across all markets is balanced between the risks faced and affordability.

Throughout the course of this plan our aim is to:

- ensure we have defined the regulatory needs linked to any new international standards that have been developed
- significantly raise the profile of RICS with banks, insurers and government bodies stimulating demand for standards, regulation and RICS qualified professionals
- invest in the capability needed to sustain an international regulatory infrastructure
- provide appropriate international governance structures
- achieve 3,500 non-UK Valuer Registration members by the end of 2014/2015
- continue to mandate Valuer Registration regulation, where appropriate, in priority markets.

Year one priorities:

- continue to build a strong and effective regulatory function, making the changes necessary to support an effective international operation
- define the regulatory approach for new international standards including measurement and for sectors including facilities management, real estate and brokerage
- raise our profile to stimulate demand for standards and RICS regulation in top tier markets
- communicate and embed the new approach to Continuing Professional Development (CPD) in key markets
- explore new opportunities for regulation in our key markets. This will include developing strategic alliances which would significantly change RICS' standing in priority areas.

Our investment in international regulation:

- recruit, establish and train staff needed for regulatory infrastructure roll out to Americas, EMEA and Asia Pacific
- 'firms' regulation to be communicated and encouraged internationally with the aim of this becoming mandatory by the end of the plan period
- achieve an additional 1,000 Valuer Registration Scheme (VRS) members in the 3 regions above by the end of 2012/2013.

DELIVER DIFFERENTIATED, PROFITABLE PRODUCTS AND SERVICES TO OUR PRIORITY MARKETS

Three year focus:

Over the next three years our focus on products will be threefold:

- adapt and develop products to support our international expansion and the needs of developing markets
- a renewed focus to increase the value our products provide to members and other customers and phase out products which have limited value
- closer alignment of products to our drive for international standards and the global application of regulation.

Year one priorities:

Following incorporation of all regional UK activity into the core conferences team, a year of consolidation in a challenging market is planned. Increased support will be provided for World Regions in their conference activity and a multi region premium conferences model will be developed, including increased joint-venture conferences. Benefits will be driven into our conferences operation through improved IT and improved methods of working.

We expect further growth in membership products through both sponsorship activity and partnerships. A key focus will be on Benefits+ with increases due to greater awareness in the UK and an uplift with the introduction of the scheme for each World Region. Reviews of key routes to membership are to be concluded and improved links with training will be delivered for candidates in all regions. Successful member services models (including CPD foundation) will also be rolled out to more regions.

We will increase development support for World Regions to allow them to improve their own training knowledge and build the training offering in key markets. In particular, we will support opportunities in China, India and Brazil. This international focus will be supported by improvements to our distance learning courses and progressively building content for our Online Learning Academy for priority markets.

Our assumption is that UK revenue from Alternate Dispute Resolution (ADR), particularly through cases, will remain depressed to late 2014 – so an increased focus on international markets and training is required. Our ADR international model will be built using recent developments in South Africa and the Middle East, as these regions are expected to be more buoyant than the UK. We will also remain prepared to take advantage of small opportunities that will develop as a result of financial squeeze in the UK. Finally we will focus on increasing revenue from training activities.

In our information products, we will see a renewed focus in promoting the 'new BCIS' platform and BCIS 'Riskcheck' to new customers and markets. Opportunities to be evaluated this next year include expanding international use of BCIS, iSurv, ska and RICSrecruit.

DEVELOP A GLOBAL OPERATING MODEL FIT FOR ENGAGING OUR MEMBERS AND SUPPORTING OUR LONG-TERM SUCCESS

Three year focus:

We will continue to develop an efficient and effective global operating model over the next 3 years that includes:

- better market and business intelligence to support decision-making
- engage our members and stakeholders with regard to our vision, mission and strategic direction
- improved business infrastructure including technology that supports efficient operations in all offices and effective communications across our international business
- locating support resources in the optimum place to service our markets and member needs
- consistent processes, policies and procedures for all supporting business functions across our locations
- rebalancing activities between HQ to the most appropriate location(s) to improve the speed of decision-making, raise operational effectiveness and increase customer service
- keeping RICS operations financially and legally secure and ensure that risk is well managed
- consolidate our digital estate, improve our interaction with members and ensure we can accommodate multi-currency and multi language options in our key markets.

Year one priorities - member engagement:

Member awareness and satisfaction will be critical indicators of our success in delivering our business plans. Some of the key services members can expect to see delivered this year includes:

- develop the new website further to include CPD tracking and an improved events booking experience
- increase multimedia content including video and digital versions of key publications
- provide regional variations of Modus for Americas and Asia Pacific regions
- continued support of effective local member governance and strong local networks for members; empowering local networks to have greater flexibility in the way they operate
- ensure support for strategy development and foresight work.

Year one priorities - improving our operations:

The priorities for all areas over the next year centre around building on the firm foundations delivered by new systems, improving processes and operational effectiveness and providing increased support for our operations around the world. All directorates will regularly examine how to improve operational effectiveness, increase value added to members/customers and more effective use of our subscription and other product income.

Key priorities are to:

- improve our financial processes and the delivery of higher quality financial information to enable timely decisions
- improve our approach to procurement and purchasing worldwide to deliver financial savings
- provide a safe and acceptable working environment to staff and our members in all our offices
- protect the organisation's capital investment in its property assets

- maintain the appropriate levels of health and safety to eliminate risk and to ensure we remain legally compliant worldwide
- maintain our movement towards an effective governance model for an international organisation
- review governance activities to see where they can be consolidated, streamlined, centralised, decentralised and quality assured
- drive further benefit from the new technology platforms that have been delivered through education, training and improved business processes
- provide a supporting technology infrastructure that is fit-for-purpose for an expanding global organisation
- establish a digital services team to manage the new website and integrate our digital activities.

More detail on organisational objectives for 2012/2013 and 2015 are included in Appendix 2. These objectives will continue to be developed with Senior Management and all relevant Boards.

BE A RESPONSIBLE ORGANISATION, SUPPORTED THROUGH THE RIGHT CAPABILITIES AND CULTURE

Three year focus:

RICS will continue to progress its global people strategy to create an agile, high performing, truly global organisation. The first phase of this will be to identify our approach to key elements of the employee experience including:

- global mobility, including succession planning and talent management internationally
- long-term organisational capability and resource levels
- learning and development - creating a high performance culture
- appropriate recognition and reward, plus health and well-being for all.

We will also use the following levers to ensure a significant shift in the pace of change:

- develop and embed an RICS brand visible from both within and outside the organisation
- define and embed global RICS values and behaviours for employees and members
- develop organisation capability in areas including:
 - sales and account management, including effective commercial decision-making
 - project management
 - managing for high performance.

Finally, we will continue to embed and improve the responsible business practices in everything we do, including how we use our corporate responsibility principles to influence our major business decisions.

We continue our commitment to the UN Global Compact with a focus on two key elements:

- Anti Corruption – focus around creating, promoting and enforcing ethical standards
- Labour & Human Rights – continued work on fair access to the profession, including skills needs in emerging markets.

A range of other initiatives to be progressed during this plan include:

- attainment of ISO14001 for all major offices
- adoption of responsible procurement principles
- adoption of global themes for volunteering.

Year one priorities:

The priorities over the next 12 months include:

- targeting the development of our capabilities specifically in the areas of sales, leadership and customer advocacy
- achieve better, pro-active management and engagement of the total pool of skills, capabilities and resource available— improving the use of people's capabilities for the benefit of our members, customers and operations
- development and global implementation of our corporate responsibility strategy, ensuring all internal and external activities establish future ambition for both employees and members
- reduce levels of energy, waste and CO2 emissions in our buildings
- achieve ISO certification in our three largest offices in the UK and prepare regional hub locations for ISO Certification in later years of the plan.

OUR KEY RISKS TO BE MANAGED

Issue	Mitigation	Areas Impacted			
		UK and Ireland	EMEA	Asia Pacific	Americas
External Risks					
Eurozone crisis worse than expected leading to fall in RICS revenues	<p>Monitor closely and make further changes to plan</p> <ul style="list-style-type: none"> - review product mix - further reduction of cost base in selected markets <p>Build contingency plan of how to address European revenue shortfall through activity elsewhere in the world.</p>	X	X		
Political and social impacts related to the 'Arab Spring' affect the growth of RICS in the Middle East	Carefully switch our priority activity to more stable markets in the region should this impact our operations in any location.		X		
Slowdown in growth of BRICS economies impacts revenue and membership growth	Each market to develop planning for lower growth scenarios and changes to business mix under such conditions. Broaden market opportunities to address perceived shortfalls.		X	X	X
The rise of Building Information Modeling (and open source data) reduces demand for RICS information products	Professional Groups, BCIS and market based teams work collectively to ensure RICS develops a strong value proposition in this arena. Carry out detailed risk and SWOT analysis to identify actions to be taken.	X	X	X	X
Take up of international standards is slower than expected and does not reach critical mass	Create clear engagement programme with key milestones to achieve critical mass. Plan and monitor engagements closely with co-ordinated approach between HQ and regions.		X	X	X

Issue	Mitigation	Areas Impacted			
		UK and Ireland	EMEA	Asia Pacific	Americas
Internal Risks					
Key capability needs for expansion and business development not fulfilled e.g. global regulation, new international products.	Our HR strategy focuses on effective attraction of capability and talent development.	X	X	X	X
Assoc and PER membership processes too complex and resource intensive in all markets, impacting membership growth	Complete reviews of Assoc and PER processes in context of developing markets. Develop and implement revised processes.	X	X	X	X
New products do not perform to initial expectations of target markets including: ADR Training → Training→ Conferences→ BCIS→	Carry out sensitivity analysis of market expectations and learning from previous product launches. Reset expectations to realistic levels and reflect in business cases.	X	X X	X X X	X X
RICS is not responsive enough to our members'/customers' changing requirements through these difficult economic times	Increased and co-ordinated member engagement to gain improved, timely understanding of real needs. Cross-organisation approach to responding quickly to changing needs.	X	X	X	X

OUR FINANCES, ASSETS AND INVESTMENTS

'Affordability, pace and capability'

This planning period sees RICS at a major crossroads with significant choices to make. We are currently assessing a range of major investments in both our operational infrastructure and capability.

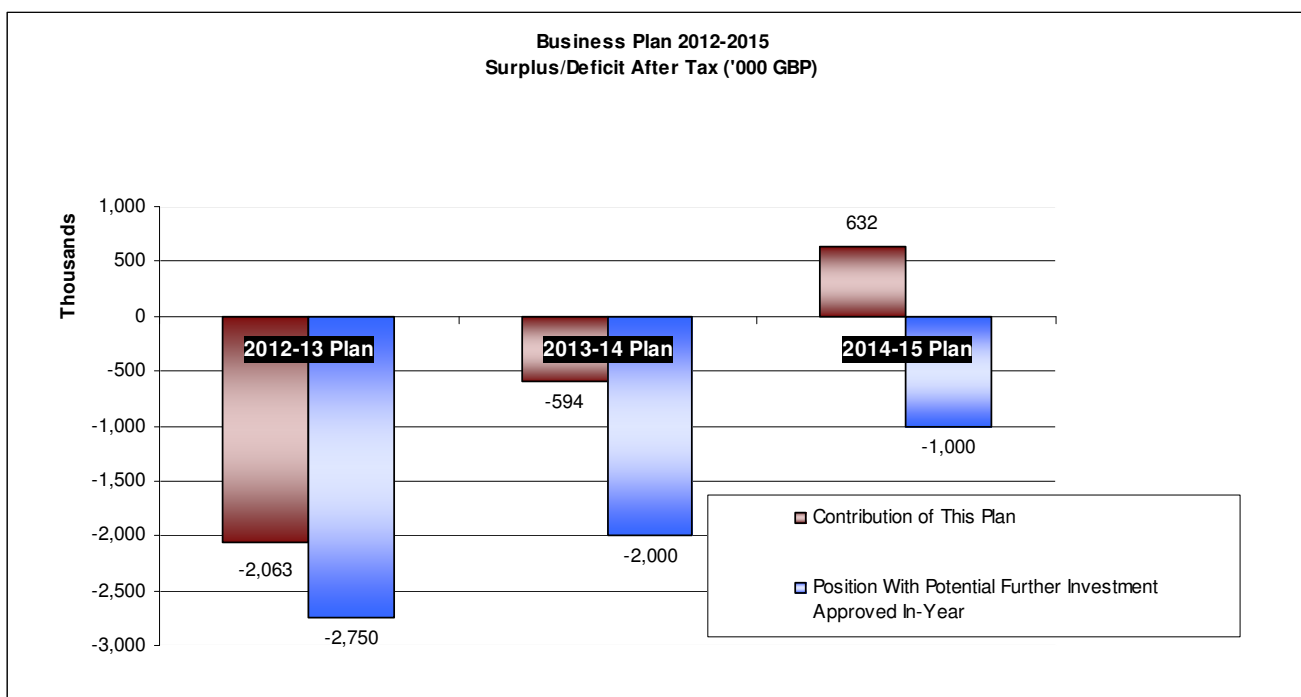
The baseline plan as presented today will result in an operating deficit, in line with the strategy outlined in the 2011/2012 plan, but a change is required to the previous plan regarding our transition back to surplus. This change in approach is based on both current market conditions, investment in critical areas such as the roll out of international regulation and our desire to invest in other international opportunities. As a result we would anticipate returning to a small surplus in year three.

Our baseline financial commitment for this plan is:

- Year 1 – 2012/2013: (£2.063m) net deficit
- Year 2 – 2013/2014: (£0.594m)
- Year 3 – 2014/2015: £0.632m

Detailed financial information regarding this baseline is included in Appendix 1.

However, if viable opportunities arise to invest further and within our Governing Body's agreed investment range of up to £6m, the timescale for a return to surplus will be extended. The Management Board will revise this picture and report accordingly in-year. An indication of the potential position of contribution from the baseline plan and the position with potential further investment is illustrated below.



We will also review our assets and seek to increase investment returns wherever possible. The purpose of our investment portfolio is to attain long-term growth over a period of five years. We will continue to strengthen the balance sheet, building up reserves and ensuring the long-term financial viability of the organisation, over the medium term.

APPENDIX 1: BUSINESS PLAN 2012-2015 - FINANCIAL DETAILS

Business Planning Financial Assumptions
Projected Profit and Loss – 2012-2015
Projected Balance Sheet – 2012/2013
Projected Cashflow forecast – 2012/2013
Reserves Policy

2012-2015 BUSINESS PLAN FINANCIAL PLANNING ASSUMPTIONS

The following assumptions and constraints have been overlaid onto the priorities above to develop a specific three year financial plan.

A more efficient global operating model:

- moving agreed activities from HQ to the most appropriate location(s)
- as we change our operational model this will be supported with policies and procedures ensuring that risk is well managed
- through ongoing improvement to efficiency and effectiveness, our goal remains a 5% per annum cross-organisation cost saving or contribution improvement
- headcount based in the UK (HQ + UK World Region) and associated costs reduce over the next 3 years through efficiencies and discontinuing activity which is not aligned to our top priorities.

Invest in geographic regions for focused activity:

- EMEA, Americas and Asia Pacific regions combined will make a positive contribution to HQ/Central overheads of at least £3m by 2016/2017
- any headcount increases outside UK will be in response to market conditions that provide clear investment opportunities or devolution of activities from HQ.

Our revenue assumptions:

- subscription renewal increases pegged to CPI (regionalised)
- continue to review country subscriptions where these are less than the full regional rate and progressively move rates up taking account of brand strength and affordability
- membership retention risk worsens in the West through changing employment conditions– build in additional conservatism and assume a renewal rate of 96% (from 97.5%)
- new membership growth levels continue at current rate (+5%pa) based on existing membership routes.

Key fixed financial factors:

- current member governance arrangements – and their associated costs of £4m-£5m – are expected for the duration of the plan as there are currently no policies in evidence from which to build in any significant change
- salary inflation (+3% overall, based on remuneration committee assessment of market data) per annum global average: UK/Europe lower than Asia-Pacific region
- cash outlay continues on closed DB staff pension scheme (assumed as 50% existing rate for the purposes of planning) and the impact of new pensions auto employee enrolment legislation in UK need to be factored in.

Financial considerations for product delivery:

- we should assume increased product sales with a focus on net contribution and increasing margins
- we will review all products in 2012/2013 for their profitability and ongoing suitability against our top priorities.

2012-2015 PROJECTED PROFIT AND LOSS

GBP 000	2012/13 Budget			2013/14 Budget	2014/15 Budget	
	Income	Staff	Exp	Surplus/ (Deficit)	Surplus/ (Deficit)	Surplus/ (Deficit)
Regional Markets						
Latin America	191	(252)	(223)	(284)	(176)	(22)
North America	1,597	(878)	(706)	13	86	110
Europe	3,929	(2,359)	(1,651)	(81)	122	235
Middle East and Africa	1,172	(624)	(383)	165	297	404
North Asia	3,095	(1,067)	(1,772)	256	400	649
ASEAN	475	(237)	(144)	94	189	216
South Asia (including India)	520	(272)	(472)	(224)	(206)	(167)
Oceania	2,331	(993)	(1,279)	59	71	138
United Kingdom	34,549	(5,745)	(5,870)	22,934	23,737	24,791
Ireland	627	0	(234)	393	423	453
Total Markets	48,486	(12,428)	(12,734)	23,324	24,942	26,807
Central Products and Services						
Corporate Affairs	336	(2,355)	(2,495)	(4,514)	(4,533)	(4,535)
Regulation	3,660	(3,980)	(1,923)	(2,243)	(2,479)	(2,457)
International Regulation	50	(566)	(655)	(1,171)	(1,024)	(816)
Professional Standards	0	(2,214)	(823)	(3,037)	(3,103)	(3,105)
Other Membership Support	0	(307)	(135)	(442)	(444)	(445)
Training	1,403	(489)	(796)	118	172	207
Other Commercial - PDG	14,311	(6,273)	(4,804)	3,234	3,975	4,498
Operational Performance	68,246	(28,611)	(24,365)	15,270	17,504	20,153
Support Functions						
Finance	0	(1,340)	0	(1,340)	(1,351)	(1,352)
Audit, Management & Compliance Fees	0	0	(794)	(794)	(818)	(842)
Facilities	40	(435)	(1,536)	(1,931)	(2,022)	(2,066)
Technology	0	(1,444)	(3,029)	(4,473)	(4,438)	(4,571)
HR	0	(783)	(685)	(1,468)	(1,443)	(1,428)
Corporate Management	0	(1,231)	(1,177)	(2,408)	(2,396)	(2,393)
Other Operational Costs	0	(172)	(983)	(1,155)	(1,082)	(1,106)
Depreciation	0	0	(3,040)	(3,040)	(3,505)	(3,769)
Total Support	40	(5,404)	(11,244)	(16,608)	(17,055)	(17,528)
Operating (Deficit)/Surplus BIT & Projects	68,286	(34,015)	(35,609)	(1,338)	450	2,626
Projects	0	0	(1,131)	(1,131)	(1,200)	(2,000)
(Deficit)/Surplus before non-operational items	68,286	(34,015)	(36,740)	(2,469)	(750)	626
Investment Related Income	562	0	(126)	436	436	436
Lionheart Donation	0	0	(30)	(30)	(30)	(30)
Total Surplus/(Deficit) before Tax	68,848	(34,015)	(36,896)	(2,063)	(344)	1,032
VAT Recovered	0	0	500	500	500	500
Taxation	0	0	(500)	(500)	(750)	(900)
(Deficit)/Surplus after Tax	68,848	(34,015)	(36,896)	(2,063)	(594)	632
Property Reserve			(198)	(198)	(170)	(100)
(Deficit)/Surplus after Tax and Property Reserve				(2,261)	(764)	532
Capital Expenditure						
Technology and Associated Products			(1,453)	(1,453)	(300)	(300)
Property Projects			(922)	(922)	(793)	(152)
			(2,375)	(2,375)	(1,093)	(452)

2012-2013 BALANCE SHEET

	Actual 31-Jul-11 £'000	Forecast 31-Jul-12 £'000	Forecast 31-Jul-13 £'000
RICS Balance Sheet			
INTANGIBLE FIXED ASSETS			
Negative goodwill	-		
Intangible fixed assets	62	62	62
	62	62	62
TANGIBLE FIXED ASSETS			
Buildings	18,304	18,243	18,243
Assets in the course of construction	2,366	2,759	2,759
Arts and Antiques	305	297	297
IT Equipment	881	2,306	2,306
Fixtures and Fittings	1,229	959	959
Office equipment	655	468	468
Other assets	3,200	3,300	3,300
Net Capex/depreciation		915	250
TOTAL TANGIBLE FIXED ASSETS	26,940	29,248	28,583
LISTED AND UNLISTED INVESTMENTS	24,613	24,261	19,261
TOTAL FIXED ASSETS	51,615	53,572	47,906
CURRENT ASSETS			
Stock	391	335	335
Trade receivables - subscriptions	2,544	9,812	8,613
Trade receivables - other	2,364	3,673	3,673
Prepayments and other receivables	2,771	3,379	3,379
Short term investments	3,309	(0)	5,000
Cash	2,937	(3,675)	(4,476)
		-	
TOTAL CURRENT ASSETS	14,316	13,523	16,523
CREDITORS			
Trade payables	(4,273)	(1,955)	(1,551)
UK corporation tax	(815)	(857)	(857)
Other taxation and social security	(691)	(1,144)	(1,144)
Accrued charges & other creditors	(5,860)	(10,931)	(10,931)
Obligations under finance lease	(36)	(33)	(33)
Deferred Income	(20,614)	(21,745)	(21,745)
TOTAL CREDITORS	(32,289)	(36,666)	(36,262)
Provisions for liabilities	(10)	(10)	(10)
NET ASSETS BEFORE PENSION ASSET	33,632	30,419	28,158
Pension asset	3,047	3,717	3,717
NET ASSETS AFTER PENSION ASSET	36,679	34,136	31,875
FREE RESERVES			
Revenue Reserves - b/fwd	5,775	5,775	6,136
Result for period	-	361	(2,261)
Revaluation reserve	16,522	16,522	16,522
Premises reserve	6,019	6,014	6,014
Clients money scheme fund	1,609	1,609	1,609
Translation reserve	671	666	666
Investment revaluation reserve	4,316	1,423	1,423
TOTAL FREE RESERVES	34,912	32,370	30,109
RESTRICTED RESERVES			
Members support services	1,096	1,096	1,096
Other Reserves	671	671	671
TOTAL RESTRICTED RESERVES	1,767	1,767	1,767
TOTAL RESERVES	36,679	34,137	31,876

2012-2013 FORECAST CASH FLOW

Summarised below is the forecast cash flow for the full financial year (2012/13):

Month	Receipts £'000	Operational payments £'000	Net operating cashflow £'000	Capex £'000	Total net cashflow £'000	Forecast closing balance £'000
<i>Opening balance</i>						(3,676)
August 2012	3,665	(5,135)	(1,469)	-	(1,469)	(5,145)
September	3,040	(4,971)	(1,931)	-	(1,931)	(7,076)
October	3,665	(5,086)	(1,420)	-	(1,420)	(8,496)
November	3,519	(4,586)	(1,066)	-	(1,066)	(9,563)
December	8,137	(6,453)	1,684	-	1,684	(7,879)
January 2013	20,587	(6,447)	14,140	(339)	13,801	5,922
February	6,937	(5,596)	1,341	(339)	1,002	6,924
March	5,529	(5,617)	(89)	(339)	(428)	6,496
April	4,060	(5,750)	(1,690)	(339)	(2,030)	4,466
May	4,475	(6,060)	(1,585)	(339)	(1,924)	2,542
June	2,396	(5,716)	(3,321)	(339)	(3,660)	(1,118)
July	3,778	(6,796)	(3,018)	(339)	(3,358)	(4,476)
Total	69,787	(68,213)	1,574	(2,375)	(800)	

Note: Worst scenario includes Pension funding outflow of £1.34m as per Business Plan. This is still subject to discussion with the Pension Scheme Trustees

RESERVES POLICY

The ratio of Investments & Cash (forecast) to Operating costs is forecast to remain within the acceptable range for the Business's Reserves Policy of 25-50% as demonstrated below:

	Based on current investment portfolio	Assuming £5m of investments realised to cash
	£m	£m
Investments	24	19
Forecast average cash balance *	1	6
Total investments and cash	25	25
Operational cost base **	66	66
Reserves ratio	38%	38%

* Based on forecast period May 2012 to July 2013

** £66,324k – Comprises 'Regional' subscription cost base (including UK - £25,122k) 'Central Products & Services' (£27,594k) and 'Support Functions' (excl depreciation - £13,608k)

NB. Assumes no material deterioration in the Group's investment portfolio over the Business Plan period.

APPENDIX 2: CORPORATE OBJECTIVES – 2012 - 2015

RICS CORPORATE OBJECTIVES 2012/2015



APPENDIX 3: RICS MARKET PLANS 2012 – 2015



AMERICAS

Latin America

- Demand continues to rise for professional services across the land, property and construction sectors.
- The major driver for valuation is arising from the intersection of activities from IFRS, IASB driving the need for international valuations to be undertaken in this market alongside increasing competition for foreign direct investment.
- The focus of the world on the delivery of the 2014 FIFA World Cup and the 2016 Olympic Games along with a booming oil and gas sector is increasing interest on infrastructure delivery in Brazil.
- Governments in both Mexico and Brazil are continuing to demonstrate commitment to improved health, education and infrastructure planning and delivery improvement
- Brazil economy seen sharp slowdown despite monetary and fiscal stimulus; more action will be required to re-invigorate activity.

North America

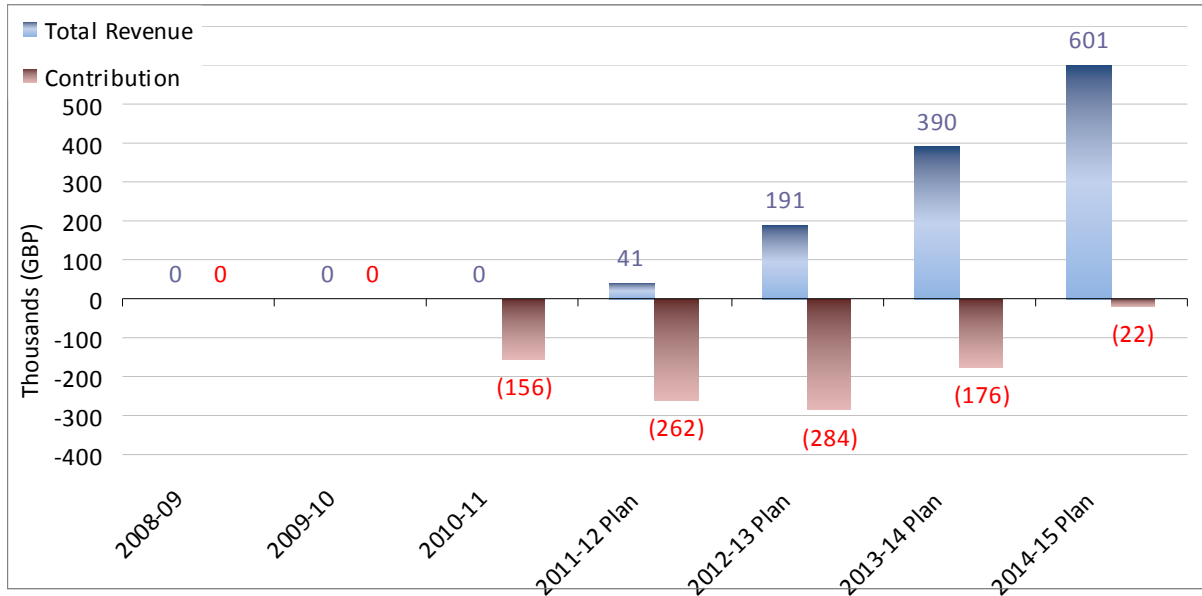
- US and Canadian economies rebound as temporary downward factors reverse.
- Canada’s fiscal credibility remains high, while the US continues to struggle getting its national debt under control. While personal debt will continue to constrain consumer spending in the US, there are signs that consumer optimism and spending on durable goods will help drive economic growth.
- Canadian property market outlook continues to remain strong, while the US market will lag employment growth, which has still been elusive in the midst of a mild recovery.

OUR PLANS

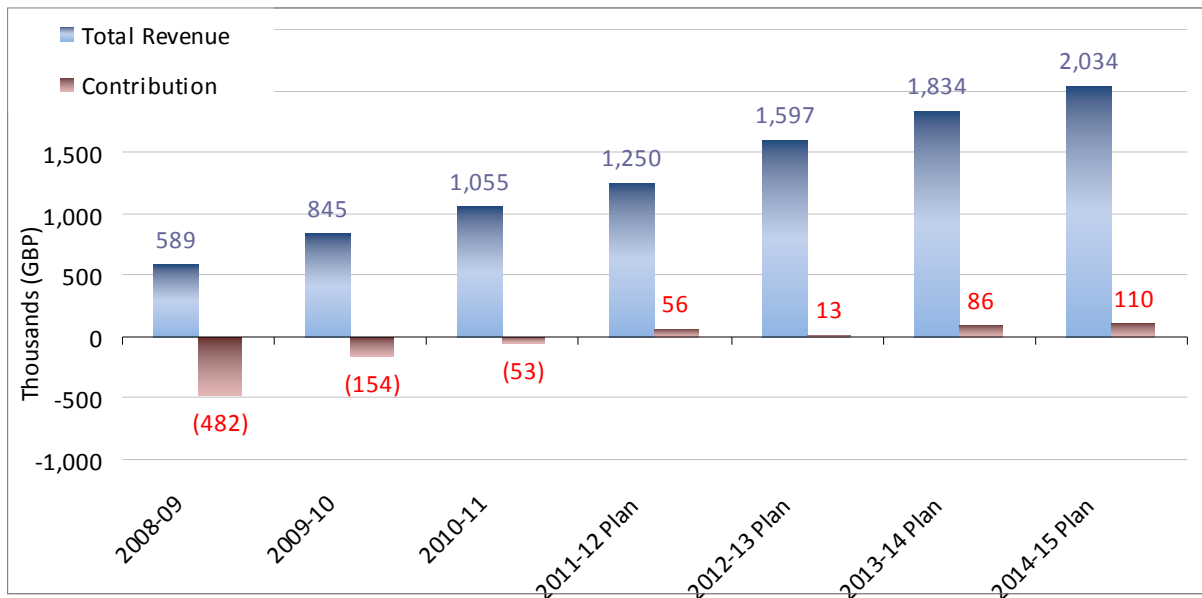
Brazil	<ul style="list-style-type: none"> • We are providing an internationally recognized credential alongside a new training offering for existing professionals. • Our focus will be on valuation, commercial property and facilities management in Sao Paulo. We will commence building new links with the built environment and construction sector with a major focus during the latter years of the plan. • We will continue to establish strong links with local organisations including ABRAFAC, IBAPE as well as with educational institutions such as FGV, Insper and USP.
United States	<ul style="list-style-type: none"> • Collaboration is central to our activity in North America with associations across our major sectors including: <ul style="list-style-type: none"> ○ Valuation: ASA, ASFMRA, CICBV and AI Canada ○ Markets: CCIM, Corenet, Urban Land Institute, CRE and IFMA ○ Construction: AACE, CIQS. • We will work to align valuation standards development with others in the market – and assist in the harmonisation of IVS and USPAP for the US. • Deliver on market relevant construction, facilities management and brokerage standards as well as content applicable to green buildings, leasing and transactions. • Continue with forums that establish the current thinking of end users in real estate, as well as market participants in valuation and construction. • We will seek recognition by the major banks and regulators of property lending, government agencies and major firms in the US, Canada and the Caribbean.

	Y1	Y2	Y3
Standards, Recognition and Regulation	<p>Establish recognition by the top 5 financial institutions in the US and Canada</p> <ul style="list-style-type: none"> ➤ US: Citi, Deutsche Bank, Wells Fargo, JP Morgan Chase, Bank of America ➤ Canada: Scotia Bank, TD Bank and CIBC ➤ Caribbean: Canadian Banks typically drive transactions in the region <p>Establish Valuer Registration recognised by US regulators and The Appraisal Foundation</p> <p>Establish recognition by General Services Administration in the USA</p>	<p>Be recognised by chief appraisers at the top 5 banks in both the US and Canada</p> <ul style="list-style-type: none"> ➤ Continue to work our way up the chain at the banks we establish relationships with in Year 1 <p>Expand Valuer Registration Program to Canada and the Caribbean</p> <p>Develop key relationships with at least 3 US and Canada government agencies that participate in property initiatives</p>	<p>Be the recognised professional body by financial institutions throughout the region</p> <ul style="list-style-type: none"> ➤ Pension Funds ➤ REITs
	<p>Establish recognition in valuation and facilities management by major stakeholders in Sao Paulo.</p> <p>Develop market relevant valuation standards and introduce Valuer Registration to Brazil market</p> <p>Commence engagement for new sectors and locations in Brazil</p>	<p>Local Bank (Caixa Economica Federal) to recognise RICS credential for valuations</p> <p>Establish recognition in construction with membership (FRICS) of top stakeholders</p>	<p>Establish recognition in other States within Brazil (NE, Brasilia, Curitiba,...)</p>
	<p>Develop profile with the trade media across the Americas</p>		
Products and Services	<p>Deliver face-to-face, Online Academy and 5 corporate account courses across the Americas</p> <p>Formalise Key Account package with bundling of sponsorship, training discounts and advertising in Modus</p> <p>Hold RICS Americas Annual Summit in Miami and support larger partner events like IPTI conference in Brazil</p> <p>4 editions per year of Modus – English and Portuguese versions for North America and Brazil markets</p>	<p>Hold an Annual Summit and one Forum for each sector in North America</p>	<p>Hold Annual Summit and one Forum for each sector in North America and Brazil</p>
Our Operations	<p>Develop our operation in Sao Paulo with a team of 3 people commencing the Latin America regional hub</p> <p>Establish Regulation function in Americas</p> <p>Establish new Corporate Affairs function in Washington</p>	<p>Introduce Professional Experience Route (PER) and Assoc route in Brazil – launch assessment based membership entry.</p> <p>Establish the Online Academy for Spanish speaking Latin America</p> <p>Rationalize support functions across the business unit</p>	<p>Commence market entry plans for Mexico City and support for Spanish speaking Latin Americas</p>

Latin America – BUSINESS PLAN PROJECTIONS



North America – BUSINESS PLAN PROJECTIONS



Europe, Middle East and Africa (EMEA)

Europe (excl. UK and Ireland)

- Euro crisis will persist through 2012. Further uncertainty will keep risk premiums elevated. There is likely to be no growth in euro area in 2012 while the expectation for 2013 is still below trend. This will continue over the medium term. The key risk is that a disorderly default in Greece is followed by a larger economy taking a similar path.
- We expect construction output to be flat in 2012 and recording only modest increases in subsequent years. Development finance will remain in short supply. Activity in commercial real sector will be heavily skewed towards stronger economies such as Germany.
- Russia should continue to achieve economic growth in the 4% area over the medium term but it is continuing to be held back by the perception (and reality) that it is a difficult place to conduct business. Russia enjoys a number of strong macro indicators -very little public debt, is running a current account surplus and labour force participation rates are high.
- Russian construction output growth will be an important driver of the economy as it looks to increase energy output and improve infrastructure ahead of major sporting events. Commercial property transactions in Russia are now running at record levels and indicators point to further upside on volumes and pricing.

Middle East & Africa

- Oil exporting countries are enjoying strong economic growth on the back of high energy prices. We expect the region to grow in the 5% range in 2012, and 4% for the next few years. A total of \$4.3 trillion will be spent on construction across the Middle East and North Africa over the next decade, representing growth of almost 80% to 2020.
- UAE has recovered from the bursting of the real estate bubble in Dubai, with the city re-focusing on its core industries of trade and tourism. Growth in Saudi Arabia, with its young and expanding population, will increase, and expected changes to mortgage laws will help drive growth in residential construction. Qatar will be the fastest growing construction market in the region, accelerated by \$100 billion of spending on infrastructure, including preparation for hosting the 2022 FIFA World Cup.
- South Africa will see GDP growth of around 3% for the next few years, boosted by strong commodity prices and a growing population. South Africa will see growth in energy, new toll roads and rail infrastructure. However, growth in construction will still be well below levels seen in recent times.
- The main downside risks to the Middle East remain the Arab Spring, which could cause volatility in the markets in the short term. Also, if the global economic slowdown takes a turn for the worse, international energy prices could fall, reducing the spending power of many countries in the region.

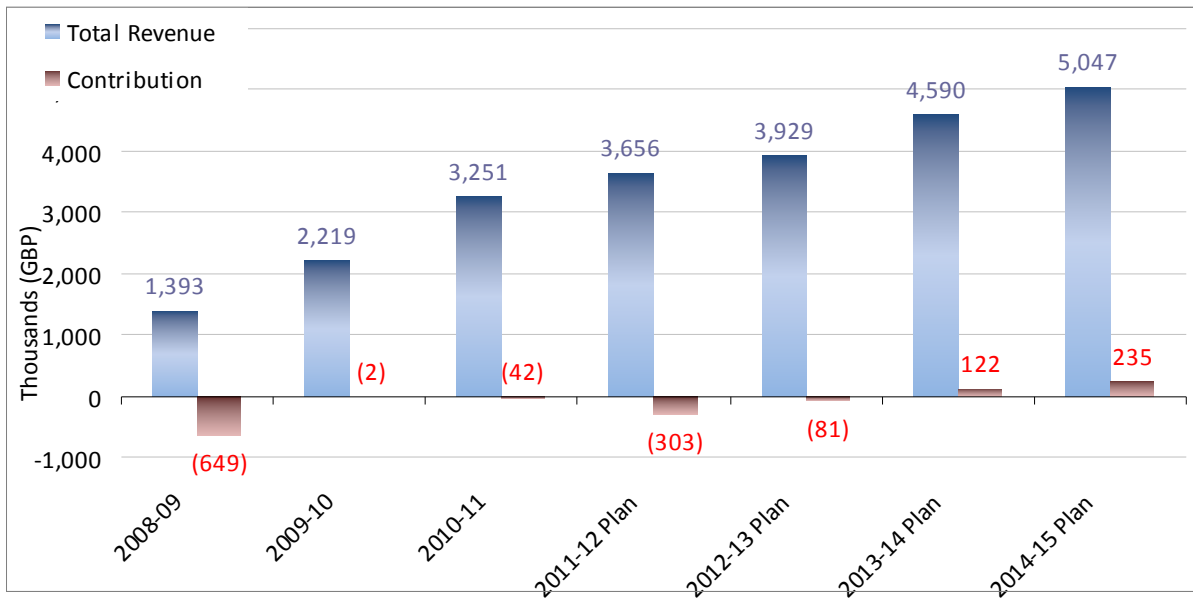
OUR PLANS

Russia,	Our emphasis will be on capital markets including valuation, commercial property, finance and investment.
Germany,	During the plan we wish to increase our activity across the built environment – construction, project
France and	management and quantity surveying.
Poland	We will pilot commercial products such as training and alternative dispute resolution where opportunities arise.
	We will continue proactively offering firms regulation and Valuer Registration in seeking recognition from end users and local regulators.
UAE and	In the Gulf ongoing investment in major construction and infrastructure projects will maintain quantity
Qatar	surveying & construction and project management as the predominant sectors for RICS to focus on. Existing relationships with e.g. the Regulatory Authority in Dubai will continue to be a focus for our recognition work in this market.
South Africa	Membership development is crucial in this area and we will be aiming to improve the conversion rate from the five partnership universities. We will also be pursuing potential members through direct entry arrangements with the South African Valuation and QS Councils.
	We will gain market share in the Mediation training market following the introduction of compulsory pre-litigation mediation in South Africa.

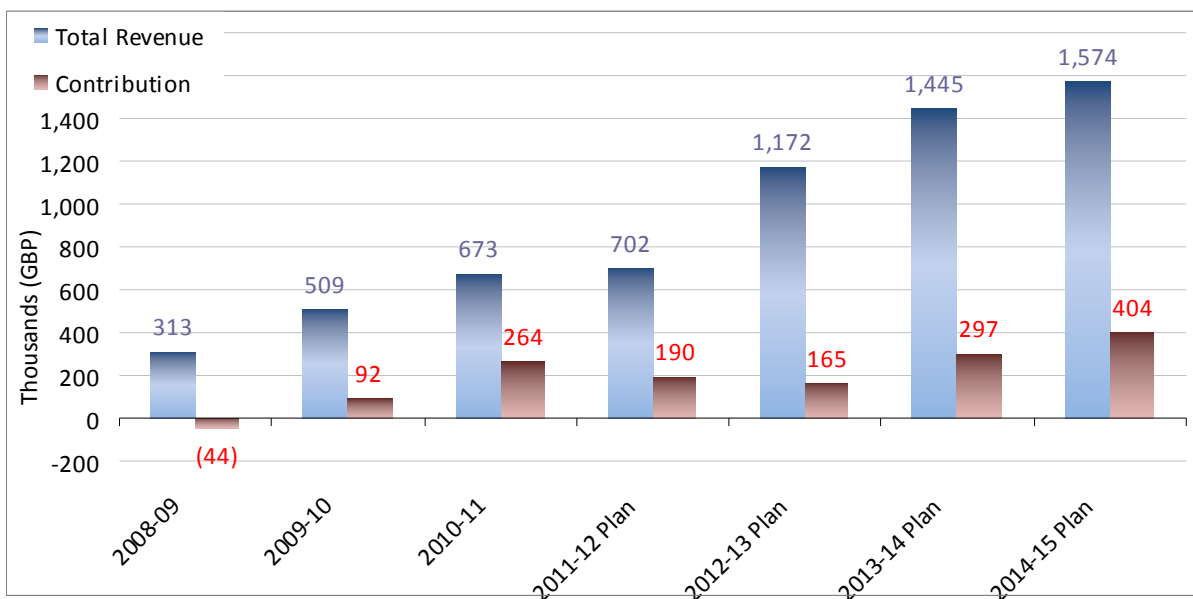
	Y1	Y2	Y3
Standards, Recognition and Regulation	2012-13	2013-14	2014-15
Europe	Recognition of RICS qualification for valuations by 2 key European banks and/or 3 nationally relevant banks. (Subject to Red Book translation in the relevant languages)	Recognition of RICS qualification for valuations by 2 key European banks and 5 nationally relevant banks.	Recognition of RICS qualification for valuations by 2 key European banks and 5 nationally relevant banks.
Europe	Recognition of the Red Book/Valuer Registration by a selection of regulators, governments and kindred bodies (minimum 3).	Recognition of the Red Book/VRS by a selection of regulators, governments and kindred bodies (minimum 5).	The objective is to attract the majority of valuers in continental Europe to VRS so as to make the VRS mandatory as from 2014-15.
Europe	Regulation of firms: grow the number of regulated firms to achieve all key firms being regulated (target to be agreed).	Regulation of firms: continue to grow the number of regulated firms to achieve all key firms being regulated .	Having attracted the majority of firms in continental Europe into being regulated, we will aim to make this mandatory from 2014-15 for firms.
Europe	Recognition/adoption of construction/QS/PM guidance (Black Book) by 5 key firms (target to be defined based on subject to guidance produced).	Recognition/adoption of construction/QS/PM guidance (Black Book) by 5 key firms.	Recognition/adoption of construction/QS/PM guidance (Black Book) by 5 key firms.
EMEA	Raise the profile in the key markets where we have media agencies (Russia, Germany, France, Poland, Dubai) in support of member growth and recognition work. Detailed targets to be agreed.	Raise the profile in the key markets where we have media agencies (Russia, Germany, France, Poland, Dubai, South Africa) in support of member growth and recognition work.	Raise the profile in the key markets where we have media agencies (Russia, Germany, France, Poland, Dubai, South Africa) in support of member growth and recognition work.
Middle East & Africa	Voluntary membership of VRS of 20 in UAE, 10 elsewhere in region leading to formal launch of VRS in MENE	Recognition of VRS by 3 banks in gulf region and 1 in South Africa	Recognition of VRS by 2 regulators
Middle East & Africa	QS Standard to be identified for localisation by QS & Construction PG.	Adoption of local standard by QS consultancies in Gulf and SA	Adoption of local standard by contractors in Gulf and SA
Middle East & Africa	Adoption of Real Estate Agency and Brokerage Standards by 3 commercial firms in Gulf and 2 in South Africa	Endorsement of REABS by regulatory authority in UAE, Qatar	Endorsement of REABS by regulatory authority in SA
Middle East & Africa	Adoption of Blue Book standards by 2 commercial firms in the Gulf and 1 in South Africa	Presentation of Blue Book standards to 3 Governments/regulators	Adoption of localised Blue Book by major owners, e.g Dubai Properties, Emaar
Middle East & Africa	Establishment of FM Professional Group to review FM standards	Presentation of FM standards to 3 Governments/regulators	Adoption of localised FM Standard by major owners, e.g Dubai Properties, Emaar

Products and Services Europe	2012-13	2013-14	2014-15
Conferences/Events	Valuation conference to be held in minimum two countries. Other relevant conferences to be held in minimum 3 countries.	Valuation conference to be held in minimum 5 countries. Ethics event to be held in minimum 5 countries. Construction conference to be held in minimum 3 countries.	Valuation conference to be held in Germany, France, Poland, Russia. Ethics event to be held in minimum 5 countries. Construction conference to be held in minimum 5 countries.
Training	Run web classes on key subjects in English and some in local language.	Build on any training delivered in 2012-13.	Build on any training delivered in 2013-14.
ADR	Research potential in Germany and France and if sufficient need launch ADR offering.	Build on delivery in and learning from 2012-13.	Build on delivery in and learning from 2012-13.
Products and Services - Middle East & Africa	2012-13	2013-14	2014-15
Conferences/Events	Red Book/Valuation Seminars to be held in UAE and South Africa	Red Book/Valuation Seminars to be held in UAE, Qatar and South Africa QS & Construction Seminars to be held in UAE, Qatar and South Africa	Red Book/Valuation Conferences to be held in UAE, Qatar and South Africa QS & Construction Conferences to be held in UAE, Qatar and South Africa
Training	Promote local participation in elearning from UK, develop local content Deliver face to face training in valuation and QS topics	Run annual programme of face to face training in valuation and QS topics e.g. NRM, BIM, UAE and South Africa	Run annual programme of face to face training in valuation and QS topics e.g. NRM, BIM, UAE and South Africa
ADR	Develop training offer in The Gulf and South Africa Develop business for Reference service in the Gulf and SA	Build on model from 2012-13	Build on model from previous year
University accreditation EMEA	Approx 30 universities accredited, revenue approx €100,000. Review in 2012-13 on how to extend accreditation system	Revenue approx €150,000. Accreditation fees introduced in South Africa.	Revenue approx €150,000.
Our Operations EMEA	Finalise organisational design with several functions covering the full region leading to increased effectiveness Increase Country Managers' Business Development Managers' customer-facing time Country Manager for Russia recruited Global renewals approach to be adopted to improve our customer focus	Invest in strategic marketing capability	

Europe (excluding UK and Ireland) – BUSINESS PLAN PROJECTIONS



Middle East and Africa – BUSINESS PLAN PROJECTIONS



ASIA PACIFIC

North Asia

- China is likely to record slower growth over the next couple of years with the consensus coalescing around the 8% mark compared with an average of 10.5% over the past five years. The key risk in the region is a worse outcome in the Chinese residential property market.
- The Hong Kong economy is also likely to reflect the softer picture elsewhere around the globe with local consumption depressed by the combination of volatile financial markets and increasing concern over the prospects for residential prices.
- Major centres for construction in Greater China include Shanghai, Chongqing, Beijing, and Guangzhou. For example Marriott International has a “one hotel a month” expansion plan for the next 3 years in China. Hang Lung Properties Ltd of Hong Kong plans to spend at least HK\$25 billion in capital expenditure and land acquisitions for its China projects. Major construction firms are relocating their Asian offices from Hong Kong to China. Whilst new spending on construction is likely to slow, annual growth increases will be in the high single digits leaving China the biggest construction market in the world.
- International real estate funds, lured by the opportunities provided by a correction in the Chinese real estate market and an industry reshuffle, have quickened their pace in entering the market. Major commercial agents have identified a skills shortage in the market in China particularly for the corporate real estate professional.

ASEAN

- Growth projections in Singapore were lowered to 2.5% reflecting concern over global economic conditions. Singapore is particularly exposed to global trade so the outcome of the euro crisis will hugely influence the growth performance of this economy over the next few years.
- The prospect of slower trend growth in Singapore has prompted the Government to announce that it will increase spending over the next five years to significantly improve the transport network, education, healthcare and housing
- The Government has tightened market restrictions following 2011 elections. The office market slowed down, due to global conditions and further supply on the horizon. The industrial markets remained steady, and whilst the private rented sector saw a marginal increase in rents, the sale of HDB flats saw slightly healthier price rises.
- Membership and product growth potential in Singapore is high across the real estate and construction sectors with facilities management identified as a high growth membership opportunity.
- The IMF recently upgraded Malaysia’s 2012 GDP growth rate to 4.4%. Due to continuing inward investment in Islamic finance, high technology industries, the medical/pharmaceutical industry as well as its own healthy domestic markets, Malaysia’s economy continues to grow. Reliance on exports such as electronics remains important to the economy as does the oil and gas sector.
- Vietnam, Indonesia, Thailand and Philippines are all experiencing solid economic growth.

South Asia

- We expect growth continuing to stay around the 7% range for the next year (before accelerating higher) as efforts to keep inflation under control take effect and long awaited reforms in the retail, insurance and banking sectors are implemented along with improvement in the global business environment.
- The Central Bank (RBI) raised policy rates throughout 2011; however some softening has been seen recently in April 2012. Despite the tightening policy rates (targeted at taming inflation), it has remained stubbornly high (close to 10% - WPI) for the last 12 months.
- Construction activity has witnessed a slowdown on a year-on-year basis, and infrastructure output growth also slowed to an annual rate of 2.3% in September 2011 from the earlier anticipated 3.7% declared in August 2011. However having stated the above, India is expected to grow at close to 7% despite these challenges and with some positive initiatives planned to stimulate growth, it is expected that the economy would rebound to being on our earlier growth trajectory of 8.5 to 9 %.
- In addition, massive infrastructure spending is planned to address existing bottlenecks, with major investment required in ports, airports, roads and increasing industrial capacity (projected spend of US\$ 1 trillion over the 5-year plan period from 2012-2017).

Oceania (includes Australia and New Zealand)

- Australia continues to have a “patchwork” economy with growth is still dictated by the resources sector. This results in not only a shortage of highly skilled professionals in this sector but also a very real affordable housing issue for remote areas, and an online training need. Economic growth projected over the forward estimates by the OECD of 4% annually. There is an increasing nervousness regarding the impact of the European monetary crisis.
- Apart from the mining sector, other sectors identified as real growth areas pertaining to our professions include the health and retirement and oil and gas sectors.
- With the existing target market segments of commercial agency there is a real challenge now to educate the industry and in turn their clients and service providers. We are also seeing growing interest and awareness of the potential for membership and training for the property managers/facility managers.
- While Australia avoided recession New Zealand did not. Recovery from the recession has been long. Government bottom line being dragged down by need to rebuild Canterbury area after earthquakes in early 2011. Economic growth in New Zealand throughout 2011 was 1.5% led by agriculture. The outlook however remains optimistic.
- Construction companies are relocating offices to Christchurch area due to demand for services however other parts of the country are not showing any major level of construction growth. We still see opportunities to expand across the commercial agency professions this market in NZ.
- Across the region we are beginning to see the rise from both government and industry for greater regulatory control which will begin to present opportunities for both regulatory services in valuations, real estate and potentially accreditation services in construction.
- There is now an almost continuous flow of various government subsidies available on a tender basis, to establish better practice particularly in the sustainable built environment and best practice construction.

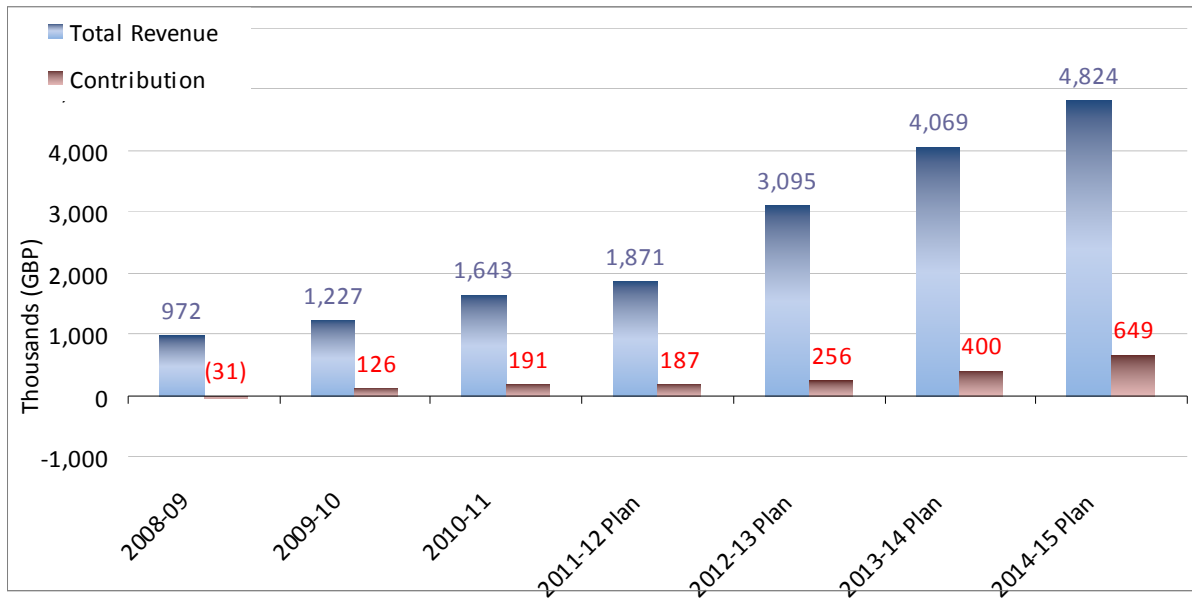
OUR PLANS

China	<p>A focus on standards development (including localisation) and recognition Key markets are Beijing, Shanghai, Chongqing and Guanzhou. Wuhan is emerging as a key centre for land and geomatics. Establish formal relationships with China Property Management Institute; China Appraisal Society (business valuation); Geomatics & Mapping Institute and China National Association of Engineering Consultants(CNAEC). In Hong Kong we will consolidate strategic partnerships with HKIS; EAA; HKIH; HKCIAT. Key activity will be around seeking recognition for and localising standards. We will continue to deliver a training and CPD programme.</p>
Japan	<p>Build on our strategic partnership with ARES in the real estate sector. Engage with Building Surveyors Institute Japan; JAREC and JAREA. Provide localisation of key guidance notes. Invest in local capability with a focus on Tokyo.</p>
India	<p>The most significant opportunity for our growth lies in the construction sector as the Government prepares the ground to establish a Sector Skills Council (SSC). We are part of the consultation group. This will set the groundwork for membership and accreditation of construction professionals in the market. Our focus will be the key markets of Delhi-NCR (North) and Mumbai (West) seeking membership growth and income from sponsorship and training courses. A presence in South India - Bengaluru will be established during this plan period.</p>
Singapore and Malaysia	<p>Key market priorities will be valuation (including business valuations), commercial property, CRE, FM, construction and infrastructure, oil and gas. Our major effort will be on both seeking government recognition as well as membership development. RICS will move to a much stronger commercial base through offering a solid CPD/RICS Training programme.</p>
Australia and New Zealand	<p>Our key geographic focus will be - Sydney, Brisbane, Melbourne, Auckland and mining/resource centres of Western Australia/QLD Key segments for this market are: valuation (including business valuation), commercial property, corporate real estate and facilities management, construction and infrastructure. In addition to dispute resolution, a major focus will be on a new joint venture BCIS project.</p>

NORTH ASIA

	Y1	Y2	Y3
	2012-13	2013-14	2014-15
Standards, Recognition and Regulation	<p>Commence identifying additional education partners in China and Japan</p> <p>Strategic partnerships developed with 9 local bodies</p> <p>Increased localisation technical guidance and translations</p>	<p>Develop training partnership with KENCA (Korea)</p> <p>Develop MOU with Valuation (TVA) and FM Institutes in Taiwan</p>	<p>RICS credential adopted by 45 employers/end users</p> <p>Recognition of RICS Standard by Government or Authority in China and Hong Kong</p> <p>Recognition of RICS Standards/Guidance/Training by 10 Key Account firms</p>
Products and Services	2012-13	2013-14	2014-15
Number of Conferences/Events (inclusive of CPD seminars)	5 large conferences (200+ attendees)	6 large conferences (200+ attendees)	6 large conferences (200+ attendees)
Number of delegates	3,000	3,600	4,500
Conference/CPD income	£537,000	£600,000	£700,000
Sponsorship (Firms)	£58,000	£95,000	£125,000
Training	£275,000	£350,000	£450,000
Publications	£6,000	£10,000	£20,000
Study Tours	Introduction of study tours in China and Japan £85,000	£100,000	£125,000
Our Operations	<p>Establish commercial activity in China – Beijing and Shanghai</p> <p>Establish operations in Japan</p>	<p>Consider WOFE for other Chinese Cities</p> <p>Consider timing for market entry for Taiwan and Korea</p>	

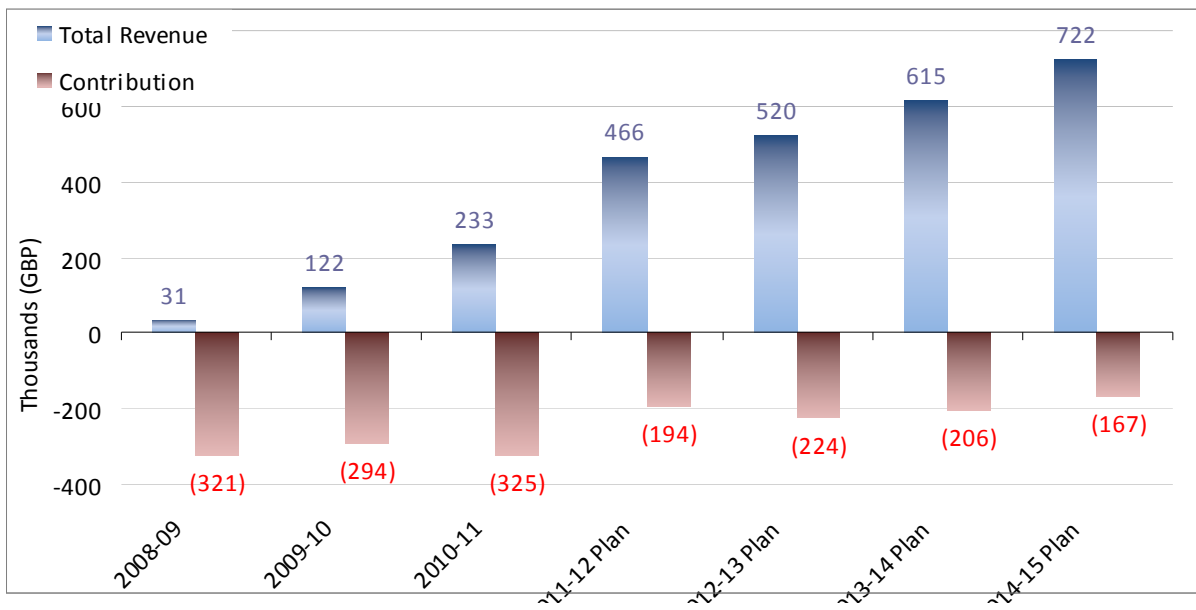
North Asia – BUSINESS PLAN PROJECTIONS



SOUTH ASIA

	Y1	Y2	Y3
Standards, Recognition and Regulation	2012-13	2013-14	2014-15
	<p>RICS initiatives on professionalism, standardisation, policy advocacy, capacity building etc being supported/endorsed by the main central ministries - Ministry of Urban Development (MoUD) and Ministry of Housing and Urban Poverty Alleviation (MoHUPA)</p> <p>RICS India being included in industry consultations on policy reforms by Ministry of Housing (MoHUPA) Sector Skills council for construction – making inroads into the sector skills council to be set up for the construction sector in India.</p> <p>The first year's involvement will focus on trades' skills.</p>	<p>Continued support for RICS activities and events/engagement with MoUD and MoHUPA</p> <p>RICS India being included in industry consultations on policy reforms by Ministry of Housing (MoHUPA) Sector Skills council for construction – playing a role in the proposed sector skills council to establish professional accreditation standards.</p> <p>Resulting in revenue and membership growth in the medium to long-term.</p>	<p>Continued support for RICS activities and events/engagement with MoUD and MoHUPA</p> <p>RICS India being included in industry consultations on policy reforms by Ministry of Housing (MoHUPA) Sector Skills council for construction – playing a role in the proposed sector skills council to establish professional accreditation standards</p> <p>Resulting in revenue and membership growth in the medium to long-term.</p>
Products and Services	2012-13	2013-14	2014-15
Number of Conferences/Events	7	8	8
Number of delegates	1,500	1,700	1,700
Conference/Event Income	£90,000	£95,000	£120,000
Sponsorship Income	£160,000	£180,000	£205,000
Training	£150,000	£175,000	£200,000
Our Operations	Efforts to be initiated to identify needs and integrate Sri Lanka as part of the recently formed South Asia region	Establish Bengaluru office	

South Asia – BUSINESS PLAN PROJECTIONS

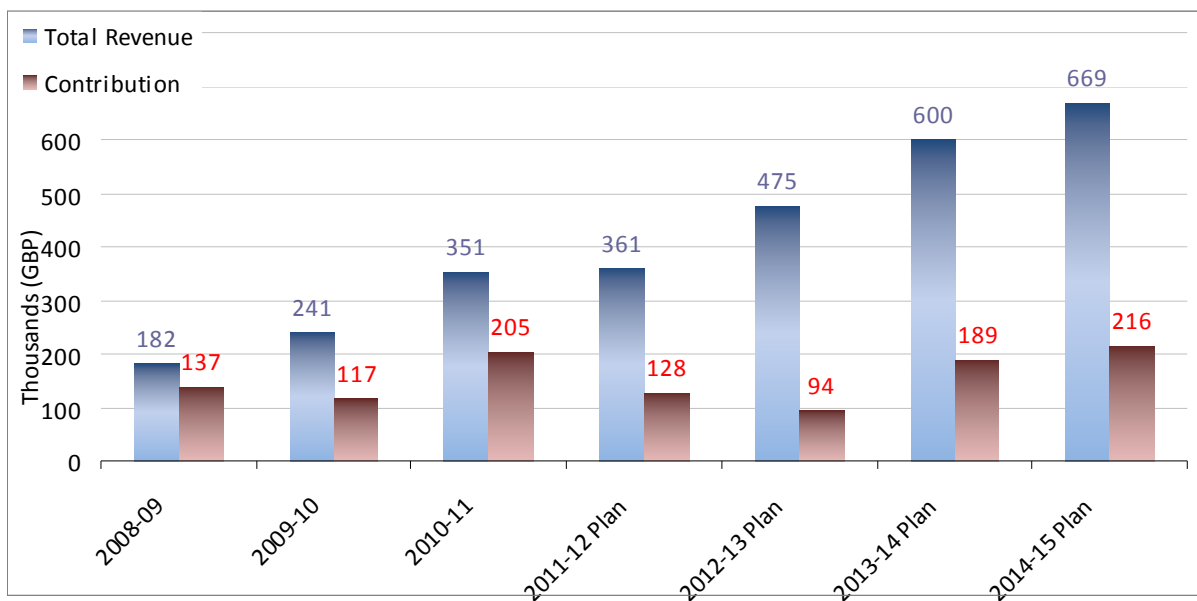


ASEAN

	Y1	Y2	Y3
Standards, Recognition and Regulation	2012-13	2013-14	2014-15
	<p>Five new employers to adopt RICS as key professional body for its professional staff</p> <p>Partner with one Government in ASEAN to deliver (better) regulation of valuation and/or commercial property; linked to Valuer Registration</p> <p>Develop standards proposition linking FM, Building Surveying, CRE and/or property management: focus on Singapore/Malaysia;</p> <p>Establish relationship (MoA or equivalent) with CoreNet, IFMA, CIOB, others in Singapore/Malaysia;</p> <p>To improve event revenue by £50K</p> <p>Recognition of RICS regulation by 7 major firms across ASIA/ASEAN and VRS adopted/recognised by one local regulator; 50 individuals for VRS</p> <p>Use FM suite of standards in the local markets in Singapore/Malaysia as a catalyst for growth in FM membership, particularly at Assoc level.</p> <p>Create a partnership with at least one major ASEAN local national association e.g. VVA</p> <p>New CEA regulations for all 30,000+ 'estate' agents in Singapore gives RICS chance to offer RICS training to the 'commercial' sector and get CEA accreditation</p> <p>FM suite of Standards to appeal to the operational/technical part of the FM sector which should lead to AssocRICS membership growth in 2</p>	<p>RICS credential adopted by 5 employers</p> <p>Have 2 local regulators/governments endorse RICS Valuation standards in ASEAN region</p> <p>Extend same standards proposition/suite of standards for the local market in 2 more ASEAN countries</p> <p>Establish MoA or equivalent with at least one professional body in 6 ASEAN countries</p> <p>To improve event revenue by £50K</p> <p>Recognition of RICS regulation by 12 major firms across and 3 x local regulators, clients or government. 100 individuals for VRS.</p> <p>Extend NUS relationship to the BCA Academy and Polytechnics in Singapore</p> <p>Create a partnership with at least two major local surveying national associations in ASEAN</p> <p>Partner with ASEAN on at least one standard development project</p> <p>Gain funding from Asia Development Bank for standards development in region</p>	<p>RICS credential adopted by 5 employers</p> <p>Have 2 more local regulators/governments endorse RICS Valuation standards in ASEAN region</p> <p>Extend same standards proposition to 2 further countries; also develop a standards proposition across ASEAN for one more Professional Group</p> <p>Establish MoA or equivalent with at least one professional body in all ASEAN countries</p> <p>To improve event revenue by £50K</p> <p>VRS Mandatory in North Asia, and mandatory in at least 2 countries in ASEAN</p> <p>Establish RICS as a major contributor to Government of Singapore on all property consultation papers and fresh initiatives</p> <p>Create a partnership with at least three major local surveying national associations</p> <p>Work with one Government in ASEAN to introduce Ska or equivalent as a country-recognised standard of accreditation</p> <p>Operational/technical part of the FM sector to be facilitator for AssocRICS membership growth in 3 more countries</p>

	countries		
Products and Services	2012-13	2013-14	2014-15
Number of Conferences/Events	2 large conferences (200+ attendees)	3 Large conferences (200+ attendees)	4 large conferences (200+ attendees)
Number of delegates	1250	1500	1750
Conference/ Event income	£25,000	£45,000	£50,000
Sponsorship Income*	£25,000	£25,000	£25,000
Training*	£25,000	£30,000	£50,000
	Increase commercial activity through profitable CPD where possible and RICS Training offered locally through trained local individuals;		
ADR	ADR scoping exercise across ASEAN to assess full potential for roll-out in markets;	£50,000	£75,000
Dispute resolvers trained (ASEAN-wide)		20	30
Appointments made		50	75
All above – total revenues (not profit)*	£100,000	£150,000	£200,000

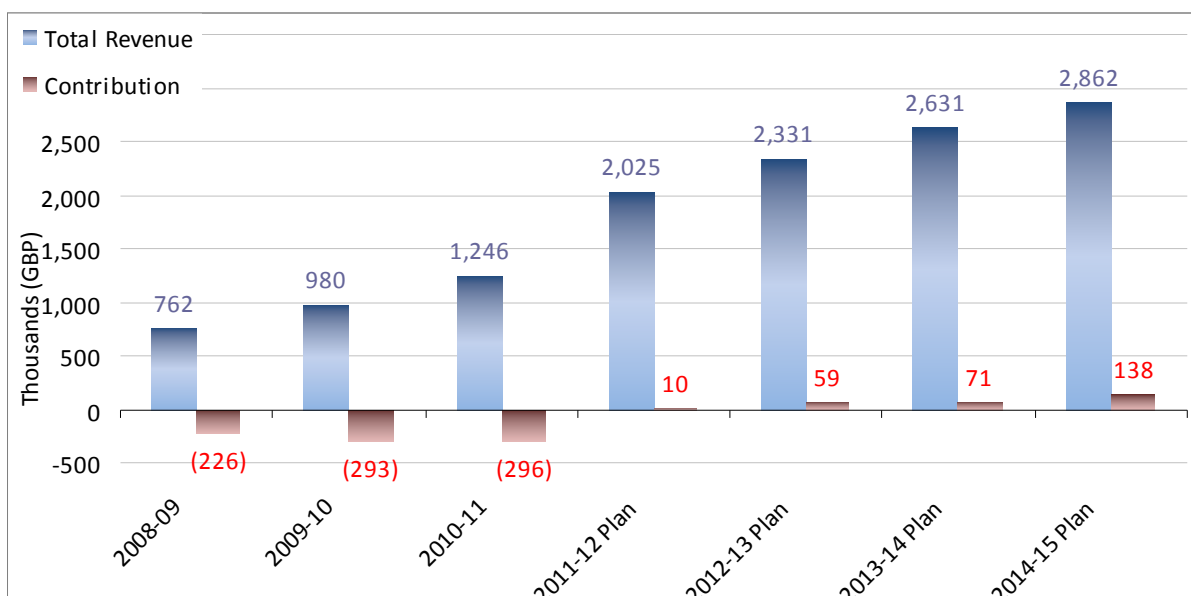
ASEAN – BUSINESS PLAN PROJECTIONS



OCEANIA

	Y1	Y2	Y3
	2012-13	2013-14	2014-15
Standards, Recognition and Regulation	RICS credential adopted by 18 employers/end users – resulting in 360 new members and training revenues as below Establish strategic relationships with NZIBS, Property Managers Vic, Accredited Certifiers (NSW) and REINZ	RICS credential adopted by 20 employers/end users 400 new members and training revenues Establish strategic relationships with Business valuers ,NZIQS PINZ and REIA	RICS credential adopted by 20 employers/end users 400 new members and training revenues Establish strategic relationships with AIBS, FMA, CoreNet and FMINZ
Products and Services	2012-13	2013-14	2014-15
Number of Conferences/Events	2/125	2/138	2/152
Number of delegates	6365	7002	7702
Conference/Event Income	£198,000	£195,000	£225,000
Sponsorship Income	£33,000	£65,000	£75,000
Training	£39,000	£52,000	£60,000
Other (govt, BCIS, Regulations)	£187,000	£208,000	£240,000
ADR	£730,000	£780,000	£900,000
Dispute resolvers trained	16	18	20
Appointments made	235	265	290

Oceania - BUSINESS PLAN PROJECTIONS



UNITED KINGDOM AND IRELAND

United Kingdom

- The UK business has undergone significant change over the past year and is now in a position to accelerate the initial growth across income and members into the next three years.
- We have seen strong growth across products in particular training
- A healthy pipeline of members into the professional route has been established.
- UK is currently in recession with growth of -0.3% during the first quarter of 2012. The construction sector has been hit even harder by economic conditions with a -4.8% fall in output over the same period.
- The recession is seeing many firms restructuring/downsizing; larger firms are encroaching on SME market share, especially residential and construction. We are seeing a shift from graduates to school-leavers to reduce costs and having a diverse workforce.
- Facilities management market valued at around £121bn in UK in 2011 is expected to grow a further 2.4% by 2016.
- Government investment is shifting towards infrastructure especially toward energy provision and management
- Around £1bn of UK/European 5-year property loans will be impacted by tighter FSA regulation/ Basel III leading to less finance for real estate– This is likely to affect development/construction starts

Ireland

- Returned to growth in 2011, but its Government has downgraded its growth forecast for 2012 to 0.7% and for 2013 to 2.2%. While domestic economic activity remained weak, growth in GDP suggests that multinational firms located in Ireland are beginning to return to positive trading conditions.
- Changes to stamp duty and CGT announced in December's Budget should have a positive effect on the volume of transactions, and thereafter transaction prices, in 2012 and 2013.
- Domestically, access to finance remains a block on the return to normal business activity. It is estimated that the value of the construction sector in 2012 will be €7.25 billion, less than one-fifth of its peak output.
- The impact of the difficult market conditions on the membership has been, and continues to be, profound. On a more positive note, the sentiment on employment prospects in the property sector is undoubtedly improving. NAMA is also proposing further investment for construction between now and 2016 of €2 billion.

OUR PLANS

United Kingdom

Grow our presence in the facilities management and infrastructure sectors and offer access to the Professional Experience Route
Provide a focus on supporting small companies (<50 employees)
Gain greater recognition for our Real Estate Agency and Brokerage Standards
Seeking Planning system reform in Wales, Scotland and Northern Ireland
To deliver £14.2 million (>£1 million increase year-on-year) non-member product income across training, conference and information products in the UK
Improve member engagement through actively promoting the profession, and supporting key sub groups where satisfaction can be improved such as rural practitioners and those in small firms
Engage with other professions, business and government (national and local) to promote the profession

Ireland

Continue to build a strong partnership with SCSi.
A strong effort is being made to ensuring our enhanced presence is noted by all stakeholders including, members, Government, business, consumers.
Continue to develop our regulation offer in Ireland.

	Y1	Y2	Y3
Standards, Recognition and Regulation	<p>An increase in quality coverage from 2012-3 increasing brand value and member satisfaction. UK External Affairs will seek to place quality feature articles on key sector subject matter in targeted publications. 76 Articles across the UK</p> <p>Government recognition of Expert Advisors in Planning Service</p> <p>Government and stakeholder recognition of the RICS/BRC Small Business Lease</p> <p>Establish a cross sector Housing Commission, influencing policy and developing strategic relationships</p> <p>Achieve UK Government recognition of <i>Facilities Management</i> standards by taking Corporate Real Estate issues to the regions, showing how property will drive economic growth. This will be achieved by tying CRE into the Government's Deal for Cities and Mayoral Powers. This will embed standards and increase member satisfaction</p> <p>Take NRM standards to end users through round tables increasing revenue and member satisfaction. Achieving recognition by 5 employers</p>	<p>Create embedded roles for Chartered Surveyors across Government departments . resulting in increased member income and political influence</p> <p>Get Political Party recognition by the end of 2014 for the regulation of the residential sector and the licensing of letting agents.</p> <p>Complete an impact study on Scottish independence to ensure the RICS is ready to embed standards and be the voice of land, property and construction</p>	<p>A Planning Act for, Wales and working towards implementation in Northern Ireland</p> <p>Gain recognition of new measurement standards</p> <p>Government endorsement of blue book standards by 2015</p>
Our Operations	<p>To increase UK member satisfaction as measured in Membership Survey and in accordance with BP Objectives - 58% by 2013</p> <p>Customer service and operation to trial RICS customer charter 2011/12 with roll-out to customers and members in 2013.</p> <p>Define measurement of customer service levels, reporting quarterly.</p>	<p>60% by 2014</p> <p>Improve efficiency of operation resulting from new IT and Digital Offer</p>	<p>62% by 2015</p> <p>Improve efficiency of operation resulting from new IT and Digital Offer</p> <p>Marketing to move from direct mail to digital with reduction of direct mail spend of 75% over the next 3 years</p>
UK	Stable membership	Net growth of 500 members	Net growth of 1000 members
Ireland	Stable membership, with risk of decline.	Stable Membership	Stable Membership

UK & Ireland	2012-13	2013-14	2014-15
Products and Services			
Number of Conferences/Events	898	942	990
Number of CPDF Lectures	110	130	150
CPDF Subscribers	470	500	530
Number of delegates	45,140	47,500	50,000
Attendance at CPDF lectures	7030	7733	8120
Conference/Event Income	£2,219,342	£2,330,350	£2,446,825
CPDF Subscription Income	£306,865	£322,208	£340,000
Sponsorship Income	£70,000	£73,500	£85,000
Conferences / Events			
Sponsorship CPDF	£2,000	£3,000	£5,000
Sponsorship of conferences	£20,000	£25,000	£30,000
Benefits plus	£449,000	£455,000	£455,000
ICPD	£24,000	£30,000	£30,000
Training	£1,220,100	£1,525,125	£1,830,150
BCIS	Embed 'New BCIS' product with customer base	Launch BIM and Embodied Carbon products	
	Launch BCIS Infrastructure £42,000		
	Launch international Elements calculator £39,000		
Isurv and worksmark	Launch isurv professional conduct channel	Migrate isurv to new platform	
	Launch of a new version of SurveyWriter in October improving usability		
Advertising products	Consider enhancements to Find a Surveyor to offer increased flexibility to advertisers, increased searchability and navigability to users and improved 'look-and-feel'		
Other information products	Extend Ska Rating to Higher Education sector		
	Launch Ska Volume certification		

UK MARKET – BUSINESS PLAN PROJECTIONS

