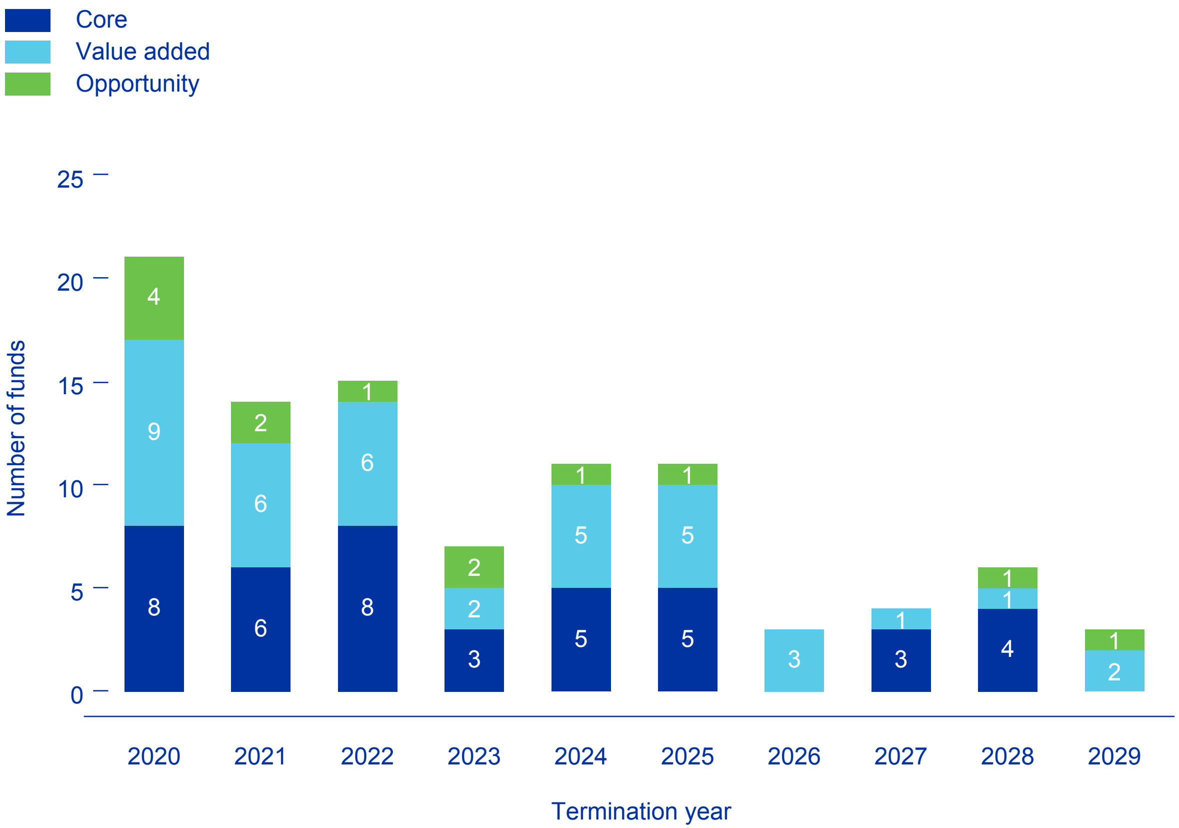
Peak of expected terminations in 2020

> Between 2020 and 2023, 57 funds, with a total NAV of €12.4 billion are due to terminate
> 21 fund have an expected termination date in 2020
> Retail funds expected to terminate between 2020 and 2024 represent 36.8% of the total NAV

Figure 1: Number of funds terminating between 2020 and 2029 by style



In the next ten years 95 European closed end non-listed real estate funds are due to terminate. Collectively, they represent €18.9 billion worth of assets that could potentially come to the market.

Between 2020 and 2023, 57 funds with a total NAV of €12.4 billion, are expected to terminate. The year with the higher number of expected terminations is 2020, when 21 of these funds with a total NAV of €3.8billion are scheduled to terminate.

Almost 85% of the funds with an excepted termination date in the next four years follow a core or value added strategy. According to this style structure, those funds with target gearing levels below 60% account for more than 90% of the total sample.

Single country funds represent around 60% of the number of funds with an expected termination date between 2020 and 2024, although multi country funds account for 60.2% of the €12.4 billion that is scheduled for termination in the same period.

By country strategies, the sample is almost evenly split between single country and multi country, around 52% and 48% respectively. There are 10 funds targeting the UK, accounting for almost half of the single sector funds due to terminate in the next four years.

By sector strategy, majority of the funds, 56.1% followed a single sector strategy. Those funds targeting retail represents 40.6% of the single sector sample.

Over the last eight years, funds in extension delivered an average total annual return of 9.5%, while funds in extension only delivered 5.2% to their investors.

The same result can be seen when we change the time frame to five years. Funds in extension posted average total returns of 10.1% and funds in extension 5.8%.

During 2019 funds in their extension phase recorded an average return of 8.2% compared with the 2.1% delivered by those funds in liquidation.

The current market circumstances were considered as the most important factor when choosing the termination date and strategy, this was followed by the quality of the portfolio and relation between current performance and target performance.

Liquidation remains the preferred termination option followed by extension and roll over.

Opportunity strategy funds are those showing a clearer preference, with 50% of the respondents selecting liquidation as their preferred termination option.

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Figure 2: Performance by termination status