

ANREV Fund termination study 2019 snapshot

November 2019

54 funds are due to terminate in the next 10 years

- Between 2019 and 2021, 21 funds with a total GAV of US\$13.9 billion are due to terminate
- Most of the funds surveyed postponed their termination date
- Funds in liquidation are performing better than those in extension

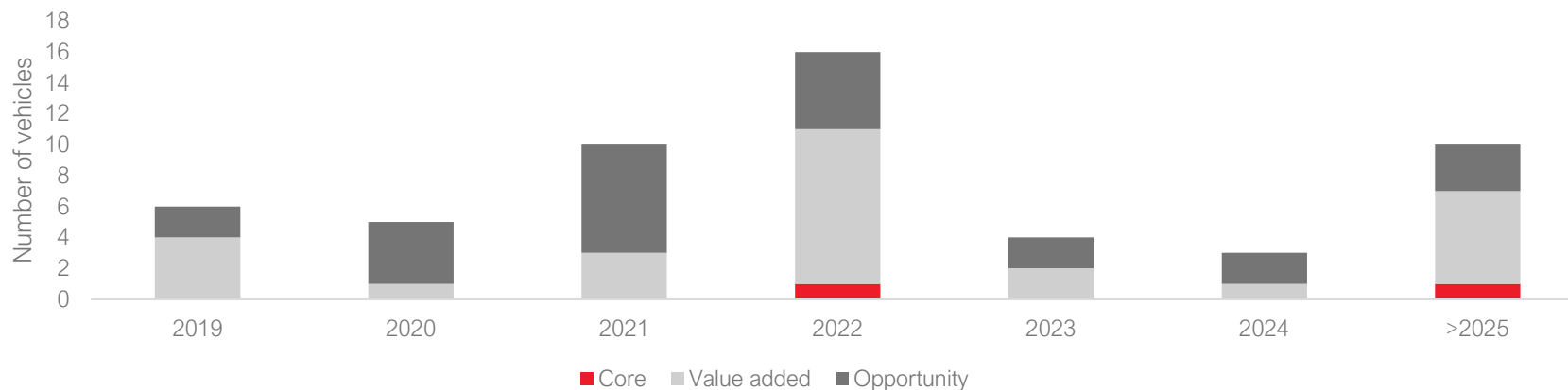
In the next 10 years there are 54 non-listed real estate funds due to terminate, representing a GAV of US\$30.7 billion.

Between 2019 and 2021, there are 21 funds due to terminate between 2019 and 2021 representing US\$13.9 billion of GAV.

Opportunity funds represent 61.9% of the funds to be terminated between 2019 and 2021 followed by value added funds (38.1%). They also represent the largest of funds by GAV (78.6%).

57.1% of funds have a provision to extend their termination date. More than half of the funds terminating soon have a fixed extension period preset.

Figure 1: Number of funds terminating in the next 10 years by style



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As a fund's planned termination date approaches, a number of choices present themselves. This survey analyses the choices that have taken place, the timing of these decisions and their implications for investment markets

75% of the 19 funds included in the survey are already in a liquidation status. The total value of assets expected to be sold between 2019 and 2023 is US\$ 4.45 billion, with the bulk of it in 2021.

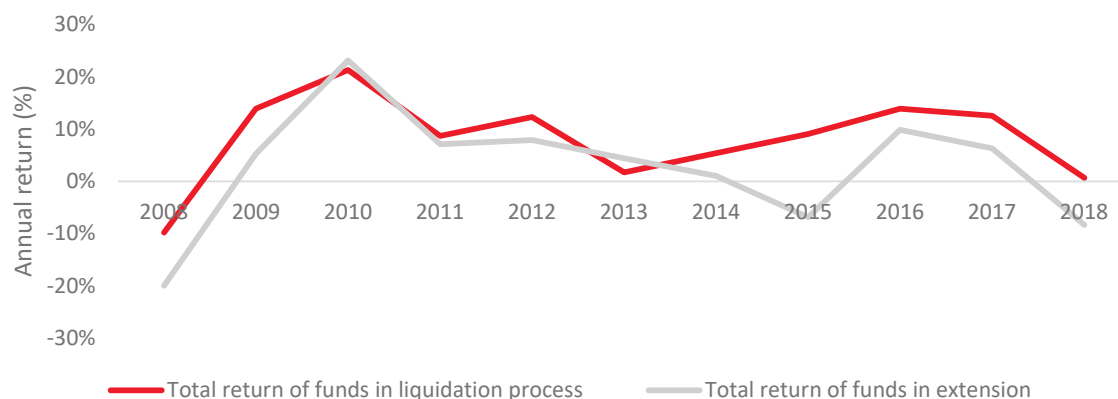
90% of the funds are value added or opportunity by style. The majority of funds have a multi country and a multi sector strategy by number. However funds with a single country strategy represent a higher proportion by GAV.

Liquidation was the most popular option considered by fund managers as the termination option (89.5%), regardless of style. For 84% of the cases, the terms set for the termination options were already included in the fund documentation.

Funds in liquidation performed better than funds in extension. On a 11 year annualized performance basis, funds that were in a liquidation process returned a performance of 7.9%, and funds in extension returned 2.2% per annum.

Similarly the average IRR for funds in extension at 4.9% was lower than funds in liquidation, which recorded an average IRR of 11.1%.

Figure 2: Annual return by termination strategy



About the survey

The fund termination study is published bi-annually.

For further information, please contact research@anrev.org

The full report is available to members at www.anrev.org