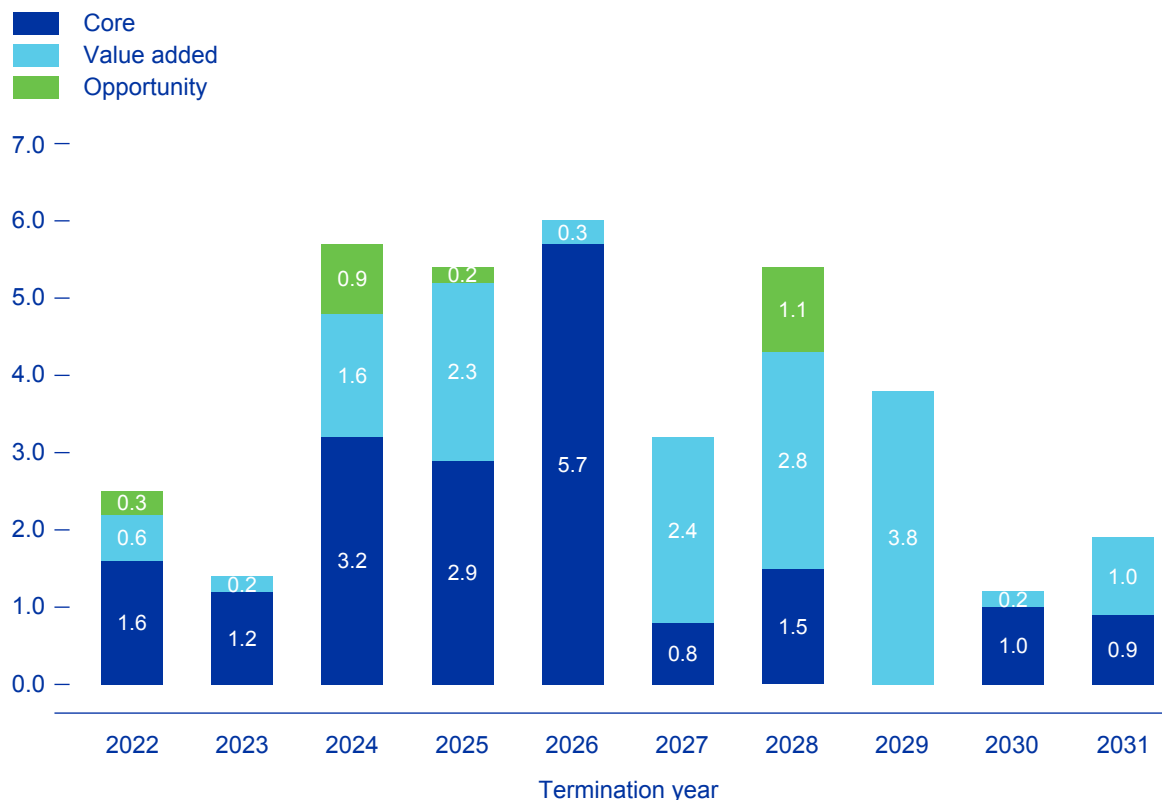


# Liquidation is the most considered and chosen fund termination option

- > Between 2022 and 2024, 34 funds, with a total GAV of €9.61 billion are due to terminate
- > Retail focused funds dominate the sample of single sector fund's terminations
- > Performance of terminating funds bounced back to positive territory returning 6.0% in 2021

In the next ten years 90 European non-listed closed end real estate funds are due to terminate. Collectively, they represent €36.5 billion of GAV worth of assets that could potentially come to the market according to the [INREV Funds Termination Study 2022](#).

Figure 1: Investment style of funds terminating between 2022 and 2031 by GAV (€ billion)



Source: INREV Vehicle Universe, 2022

Between 2022 and 2024 34 funds with a total GAV of €9.61 billion, are due to terminate. Collectively, funds with a core or value added investment style represent the majority with 85% of the total number and 87% of the total GAV. In line with this style composition, most of the terminating funds target gearing levels below 40%.

Of all 34 funds due to terminate between 2022 and 2024, 22 follow a multi country strategy, this constitutes 65% by number and 75% of the total GAV. Of the twelve terminating funds with a single country strategy, those targeting France account for 33% of the sample by number and 65% by GAV.

By sector strategy, 15 out of 34 funds due to terminate between 2022 and 2024, follow a multi sector strategy, this constitutes 44% by number and 31% of the total GAV. Of the 19 single sector strategy funds, retail funds account for 47% of the sample by number and 44% by GAV representing €2.94 billion of assets that potentially could come to the market.

Looking at the performance of funds terminating between 2022 and 2024, the average return in 2021 bounced back to positive territory (6.0%) following a negative return in 2020 (-2.7%).

Despite the negative performance in 2020, the average total returns of funds terminating between 2022 and 2024 are 4.9% on a 14-year basis and 6.0% over the last five years.

Taking into account the duration of terminating funds and timing of cashflows, average IRRs for funds terminating between 2022 and 2024 stand at 6.0%, 9.8% and 7.5%, respectively, albeit returns are showing a considerable range.

The improvement in performance can be explained by the stronger underlying market conditions reflecting an overall strong demand for European non-listed real estate in 2021.

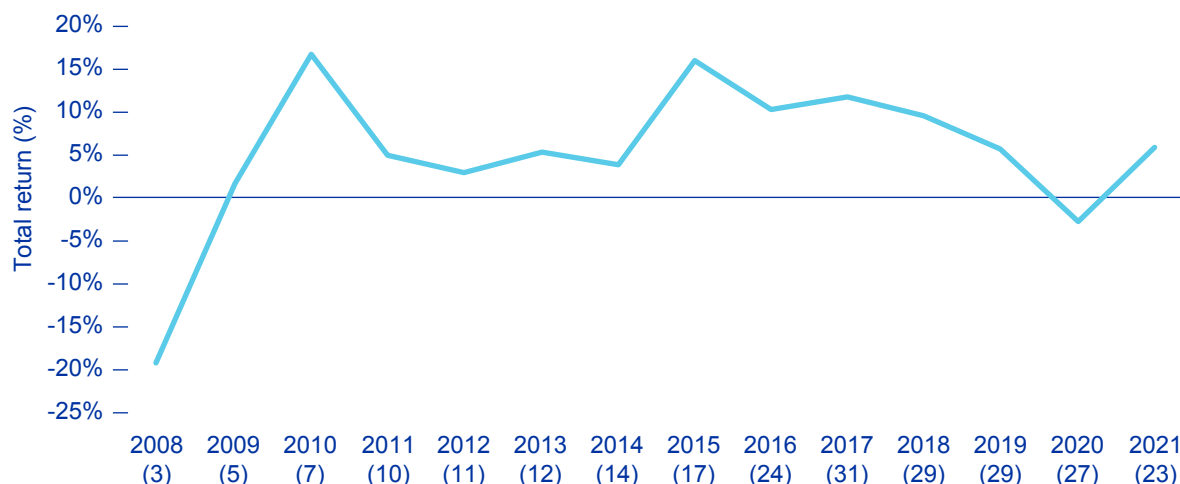
On the other hand, total returns for terminating funds, on average, could be negatively affected by the weakening market conditions for those assets that are yet to be disposed of.

When asked which termination strategies fund managers considered, it emerged that liquidation has become the most considered option again. In the last five years, liquidation was the most considered option in four with 2021 as the only exception.

A majority of the survey respondents indicated that the termination of liquidating funds under management proceeded as planned, complying with the terms set in the fund documentation. In addition, fund managers expect to complete the disposal of underlying assets in 2022 or 2024 underpinning the strong demand for European non-listed real estate and favorable conditions for winding down terminating funds.

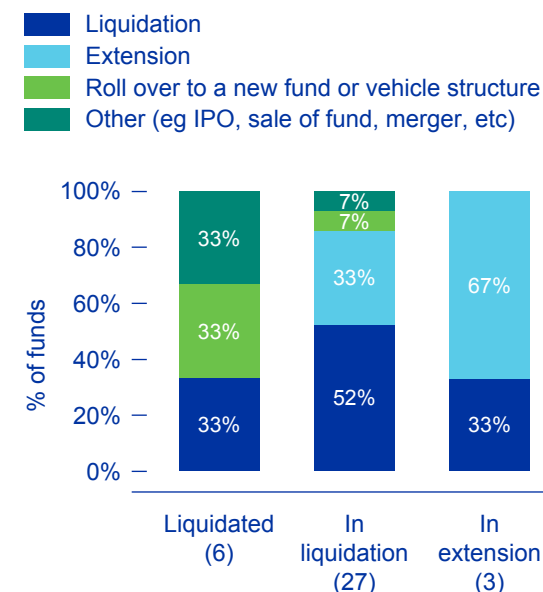
The full report is available to members at [inrev.org/library/publications](https://inrev.org/library/publications)

**Figure 2: Weighted average performance by funds terminating between 2022 and 2024\***



Source: INREV Funds Termination Survey and INREV Data platform, 2022  
\*Number in brackets shows sample size by the number of extending and liquidating funds for the corresponding year

**Figure 3: Termination options under consideration by current status\***



Source: INREV Funds Termination Survey, 2022  
\*Number in brackets shows sample size by number of responses