Luxembourg Real Estate Investment Funds 2019
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ALFI is pleased to present the 2019 REIF survey, its 13th edition.

2018 and the first three quarters of 2019 were another good period for Luxembourg-domiciled real estate funds. The number of surveyed REIF vehicles this year stands at 343, including 41 manager-regulated AIFs, 63 RAIFs dedicated to real estate, 7 SICARs, 23 non-regulated AIFs and 5 non-AIF joint ventures.

Any indirect real estate funds, such as real estate fund of funds, (real estate) debt funds and securitisation vehicles were not taken into consideration in the survey.

Highlights

Trends
As in last year’s survey, the legal forms of the SCS/SCSp represent most of the surveyed funds at 46%, either in the form of a SICAV combined with the SIF regime, or set up as manager-regulated AIFs¹.

The interest in RAIFs is confirmed with 63 funds launches, compared with the 27 in 2018, 15 in 2017 and one single RAIF in 2016, the year of its inception.

FCPs are used less compared to earlier surveys. SICAVs account for 46.5% of the surveyed funds, resulting in a near balance between opaque and transparent entities. All in all, 54% of the total REIFs now fall within the SIF regime, a decrease compared with last year’s results (71%).

As in the past, new funds were launched overwhelmingly by initiators/AIFMs from Europe (mainly Benelux, Germany and the UK) and from the USA.

Investment strategies
The most common target sector strategy remains the “Multi-sector” strategy, accounting for 33%, which is however a significant decrease compared with 2016 (50%), 2017 (40%) and 2018 (38%) figures. Among the single-sector strategies, “Retail” (9%) and “Residential” (14%) have slightly decreased. “Office” investments as a single-sector strategy represent only 9% of the funds surveyed. An increase can be observed in the industrial sector (now 8%).

71% of the surveyed REIFs invest in Europe, whereas 11% of funds invest globally and 6% in the Asia-Pacific region.

Fund structures
Though umbrella funds remain popular due to various practical and cost considerations, the trend over the last few years has been towards simplification of structures and strategies, a trend that is again evident in this survey.

73% of REIFs have a single-compartment structure, compared with 76% reported in the 2017 survey and 72% in the 2018 survey. As in 2018, 61% of the funds surveyed are closed-ended.

The SIF regime can be said to be firmly established as the favoured regulatory regime for REIFs in Luxembourg. The legal forms of the SCS/SCSp continue to increase in popularity since their introduction into Luxembourg law in 2013.

In the surveyed period, RAIFs represented 18% of fund launches.

Fund size and gearing
In line with the survey findings of previous years, smaller funds continue to make up the majority of REIFs, with 49% falling in the category of a NAV of under EUR 100 million. Overall, 168 funds reported a target NAV of less than EUR 100 million.

36% of funds aim to keep their gearing below 20% loan-to-value ratio (LTV), while 78% aim to keep LTV levels to below 60%.

Fees
This year’s survey confirms that the most commonly used basis for management fee calculations is the NAV, with a share of 35%, compared to the GAV which stands at 20%.

The management fee trend is downward as 40% of REIFs charge a management fee between 0% and 0.5% (33% in 2018), while 13% charge a fee exceeding 1.5% (20% in 2018).

¹ “Manager-regulated AIF”, as further detailed in section IV a, shall refer to an investment fund which is not established under a regulated fund regime in Luxembourg (e.g. SIF/SICAR), but is instead formed under corporate or partnership law. The managers of such a vehicle are typically themselves regulated or registered directly under AIFMD.
Investors
77.3% of investors come from Europe, with the remainder predominantly from the Americas. 7.3% are highly diversified, which confirms the global appeal of the Luxembourg fund regimes.

Luxembourg-domiciled funds are mainly used for small groups of institutional investors, with 86.8% having 25 or fewer investors.

Similar to the findings of previous surveys, only 2% of the surveyed REIFs reported having more than 100 investors. REIFs are widely distributed (despite a possible focus on specific geographical areas): 46% of funds are distributed in 2 to 5 countries, and 8% in 6 or more countries. There is also a significant proportion of funds (42%) that are distributed in one single country.

These numbers clearly show the attractiveness of Luxembourg REIFs to a global investor base. They also underline Luxembourg’s strength as a cross-border distribution hub.

Fund reporting
Comparable to last year’s results, a significant proportion of the surveyed funds (41%) report under IFRS.

55% of the REIFs report a quarterly NAV. Due to the fact that 61% of REIFs are closed-ended, the reporting of a monthly NAV (for 17%) is mainly due to investors’ demand for performance measurement rather than unit redemption. 46% of the funds surveyed report consolidated accounts.

65.6% of the funds value their property on an annual basis, with 21.8% requiring quarterly valuations. Almost all of the funds use an independent appraiser, with RICS (76.3%) being the preferred standard.

This present edition of the ALFI REIF survey confirms that Luxembourg remains the favoured location to establish and maintain multi-geographical and multi-sectoral regulated REIFs, which continue to appeal to institutional investors and fund managers from around the world.
The ALFI REIF survey was conducted during the third quarter of 2019 and reflects the market composition as at the end of September 2019. The main objective of producing this survey is to gain an understanding of market trends rather than claiming to provide complete and comprehensive data, although a significant proportion of the Luxembourg REIF market is captured, see section V.

The ALFI REIF survey is compiled annually by the ALFI head office with the help of the ALFI REIF Survey Working Group in the most comprehensive form possible.

The ALFI REIF Survey Working Group would like to thank all those involved in the survey, from responding to the survey questions and compiling the data to providing commentary.

I CSSF data on real estate funds in Luxembourg

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<th>Year</th>
<th>Number of Luxembourg real estate fund units</th>
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<tr>
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Source: ALFI/CSSF

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<tr>
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</tbody>
</table>

Source: ALFI/CSSF

* includes institutional real estate funds preceding the SIF Law (pre-2007)
II Survey scope

II a “REIFs” as direct funds

For the purpose of this survey, the term “REIF” shall refer to such regulated fund vehicles, manager-regulated AIFs, RAIFs and SICARs which invest in real estate assets either directly or via intermediary entities, so-called special purpose vehicles (SPVs).

Indirect real estate funds that invest in listed real estate-related securities as portfolio investments are outside the scope of this survey and not captured by the term “REIF” as used herein.

The survey does not cover real estate funds of funds (or “funds of REIFs”), real estate-backed

II b REIF regimes

REIFs in scope of the present survey are organised (each as defined and described in section IV a below)

• under Part II,
• under the SIF Law,
• as manager-regulated AIFs,
• as RAIFs, and
• as real estate SICARs.

III Methodology

The ALFI REIF survey is based on a comprehensive questionnaire.

The questionnaire, which sampled the status as at September 2019, included questions relating to each fund's

• legal structure and regime,
• investment style,
• geographical investment region
• target segment of investment
• net asset value (NAV), gross asset value (GAV) and target gearing,

• distribution method,
• fees,
• investor type and origin,
• accounting standard (GAAP),
• consolidated accounts,
• INREV NAV,
• valuation methodology, and
• service providers

In order to offer additional perspective and insight into market trends, certain results are compared with those of previous ALFI surveys.

IV Luxembourg REIF framework

Luxembourg REIFs can be classified as regulated or unregulated. In addition, they can take different legal forms and be set up using different structures.

IV a Regulatory framework: regulated vs unregulated structures

Regulated structures, for the purpose of this survey, are those fund vehicles that are authorised and supervised by the CSSF. The laws and regulations applicable to Luxembourg regulated funds are comprised of laws, circulars issued by the CSSF and certain Grand-Ducal regulations.

Part II funds and SIFs

The primary laws applicable to regulated funds are

• the Law of 17 December 2010 on undertakings for collective investment, as amended (the 2010 Law) and
• the Law of 13 February 2007 on specialised investment funds, as amended (the SIF Law).

While Part I of the 2010 Law covers Undertakings for Collective Investment in Transferable Securities (UCITS), its Part II covers other funds. These Part II funds must comply with each relevant EU country’s local distribution rules and certain investment restrictions, albeit much less stringent than the

debt funds, intermediary financing vehicles set up for the acquisition of property or similar collective investment vehicles.

SICARs

The société d’investissement en capital à risque (SICAR) is a vehicle governed by the Law of 15 June 2004 on the investment company in risk capital (SICAR Law), tailored to qualified investors investing in venture capital and private equity.

The SICAR can take various legal forms (SCS, SA, Sarl, SCA or other) and, while regulated, is not subject to diversification requirements.
Manager-regulated AIFs

REIFs which are not regulated by these “product laws” may nevertheless be Alternative Investment Funds under Directive 2011/61/EU on Alternative Investment Fund Managers (AIFMD) and the Law of 12 July 2013 on Alternative Investment Fund Managers. They are referred to herein as “manager-regulated AIFs”.

RAIFs

For the fourth time, the ALFI REIF survey includes Reserved Alternative Investment Funds (RAIFs).

The RAIF was introduced by the Law of 23 July 2016 on reserved alternative investment funds (RAIF Law). The RAIF vehicle combines the characteristics and structuring flexibilities of the SIF and the SICAR. In terms of regulatory regime, the RAIF qualifies as an AIF managed by an authorised AIFM. A RAIF launch does not require pre-approval by the CSSF. In terms of product regime, the RAIF can, by default, benefit from the SIF rules or, by election, the SICAR rules.

The RAIF regime is applied on demand, and the constitutive documents must expressly provide that the investment vehicle is subject to the provisions of the RAIF Law.

The RAIF allows fund initiators to set up Luxembourg-domiciled funds that are not subject to regulatory approval by the CSSF but are instead supervised at manager level. This option allows for a significantly reduced time to market.

Unregulated funds

Unregulated vehicles are typically set up as companies or partnerships under the Law of 10 August 1915 on commercial companies, as amended (1915 Law). They often take the form of private or public limited companies (Sàrl or SA), partnerships limited by shares (SCA) or limited partnerships with or without legal personality (SCS/SCSp). A company that has as its main purpose the holding and financing of participations in other companies (which in turn may own real estate or other real estate investment vehicles) is often referred to as a société de participations financières (SOPARFI).

SOPARFIs do not benefit from any special legal or tax regime, but like any other fully taxable Luxembourg company, they may – subject to certain conditions – benefit from a participation exemption regime and are generally entitled to claim the application of double tax treaties.

Unregulated vehicles tend to have a small group of investors and a simple capital structure, but may still have a high value of AuM.

While unregulated vehicles operate in a manner similar to regulated funds, unregulated vehicles offer greater flexibility, for example in terms of choice of service providers, and lower set-up and operating costs compared to investment vehicles subject to regulatory oversight and restrictions.

By contrast, regulated vehicles benefit, among other things, from a high degree of investor protection. They are also more sought after by (foreign) LPs which, themselves, need to abide by a specific local regulatory framework, or to serve as feeder or “sister” structures to existing ones outside the EU.

IV b Legal structures

REIFs governed by Part II, the SIF Law or the RAIF Law may be set up in corporate form (e.g. as a SICAV-SCA or SICAF-SA), in contractual form (FCP) or as a limited partnership (SCS/SCSp). A key determining factor in the selection of the structure is the tax regime applicable to investors: FCPs and SCSpS are generally considered as tax transparent, whereas corporate entities are generally considered as opaque for tax purposes.

Funds governed by Part II, the SIF Law, the SICAR Law and the RAIF Law may adopt an umbrella structure with multiple sub-funds where, for instance, sub-funds have different investment policies or are restricted to certain types of investors. The umbrella fund is legally treated as a single entity. However, in principle, each sub-fund is responsible for its own liabilities and its assets are ring-fenced. For the purpose of this survey, “fund units” shall mean the number of single-compartment funds plus the number of active sub-funds in umbrella structures.
The data from the Commission de Surveillance du Secteur Financier (CSSF) below shows that the ALFI REIF survey provides a good overview of the market.

CSSF data shows 321 REIFs in existence as at September 2019, a figure that takes into account funds under Part II, under the SIF Law and real estate funds of funds. The ALFI REIF survey captures 343 REIFs (including Part II funds and SIFs, excluding real estate funds of funds). In addition, the ALFI REIF survey includes 41 manager-regulated AIFs, 63 RAIFs, 7 SICARs and 28 non-regulated AIFs.

This testifies to the wide coverage of the ALFI REIF survey and the fact that, over the past years, the relative scope of the survey has been expanding in a growing market.

**Number of fund units surveyed compared with total fund units as per CSSF**

* excludes funds of REIFs as of 2016

Source: ALFI REIF survey 2019
1 New launches in surveyed period

52 new fund units were launched in 2018 and 9 new fund units were reported as at September 2019, bringing the REIF population surveyed to 343.

Number of fund units launched

Source: ALFI REIF survey 2019

2 Initiator origin

Over the years, initiators from Europe have been responsible for the majority of REIF launches. This year, the Benelux countries represent 29% of initiators, followed by Germany (23%), the UK (11%) and France (5%). Initiators from the US represent 13% of total funds, double last year’s percentage. Canadian initiators remain steady with a market share of 4% for 2019. Most initiators (59%) are AIFMs themselves, with another 30% using an external AIFM.

Proportion of REIFs launched by initiator origin

Source: ALFI REIF survey 2019

AIFM appointment

Source: ALFI REIF survey 2019
Of the 343 REIFs surveyed, 93% (i.e. 299 funds) reported to fall under the AIFMD framework as AIFs. The vast majority of funds (99.7%) chose a European jurisdiction for their AIFMs.

89% of surveyed funds have appointed an AIFM, out of which 59% are internal AIFMs. Most AIFMs are located in the Benelux region (77%). For the remainder, 22 AIFMs are located in the UK and 17 in Germany.

The interest in the SIF regime appears to have halted in 2019. Although the majority of REIFs (54%) still fall under the SIF law, the share of manager-regulated AIFs and RAIFs has significantly increased in 2019. This reflects the new popularity of manager-regulated AIFs and RAIFs for REIF initiators seeking a regulated onshore fund vehicle suitable for all types of alternative investment fund products.

This year’s survey also includes 63 RAIFs.

The increased popularity of the SCS/SCSp (46% vs 15% in last year’s survey) along with the continued use of SICAV-SCA, SICAV-SA and SICAV SCS/SCSp combinations reflects the versatility of the Luxembourg regulatory environment in offering both transparent and opaque vehicles and in supporting regulatory regimes suitable to initiators’ and investors’ requirements. It is an indication of the continuing increase of manager-regulated AIFs, specifically in limited partnership form (at the expense of the FCP given its specific transparency features).
The overhaul of the limited partnership regime in 2013 has produced significant effects. Along with the successful introduction of the RAIF this is a noteworthy development. There are 158 funds set up in these forms (46%).
CSSF data on fund units excl. SICARs
as at 30 September 2019
for comparison purposes given the different approach to data collected

Legal regime and basic structure combined

**CSSF data on fund units excl. SICARs**

**Legal regime**

- SIFs: 94%

**Basic structure**

- SICAV: 65%
- SICAF: 6%
- FCP: 29%
- Part II: 6%

**Source:** CSSF
73% of the surveyed REIFs are single-compartment vehicles. The remaining funds have a multi-compartment structure (i.e. umbrella with sub-funds). 15% use the umbrella structure solely for separate investment strategies (similar to last years’ surveys), 9% use an umbrella solely for co-investment, and 9% combine both types of usage. 12% of the funds use feeder vehicles and 10% have complex share classes, allowing for different management and performance fee structures for different investors, for example. 36 of the surveyed funds use a pooling structure. The overall trend towards simplification of structures and strategies has been a clear tendency since 2017, confirmed again by this year’s results.

Outside SICARs, which are “Opportunistic” by default, 56% of the REIFs surveyed are “Core” funds and 7% are “Core+” funds, with the remainder split between “Value-added” (25%) and “Opportunistic” (12%) fund strategies.
7 Liquidity

Similar to last year’s survey, 61% of REIFs are closed-ended. The stable number of closed-ended funds compares with an increase of “open-ended funds with restriction” (from 16% in 2017 to 22% in 2018 and 29% this year). While this still reflects the main characteristic of real estate as an asset class, namely its illiquidity and inherent difficulty to provide investors with liquidity upon demand, there appears to be a slight shift towards offering investors more flexibility: the results suggest that liquidity management tools allow to put relevant safeguards into place for open-ended funds that would otherwise have been launched as closed-ended. 4% of REIFs are semi open-ended, with 6% being fully open-ended with no restrictions on redemptions.

8 Term

35% of all REIFs have a term duration of 8 to 10 years or 11 to 15 years, while 53% of fund terms are “infinite”. As in 2018, only 12% of funds have a duration of 7 years or less, which reflects the typical need of REIFs for a longer timeframe to fully implement their strategies.
9 Geographical investment focus

70.6% of REIFs focus on investment in the EU-28. 14 funds invest mainly in North America, and 20 funds in the Asia-Pacific region. Luxembourg REIFs are used for investment in all major regions of the world, which is also evidenced by the 37 funds that do not have a geographical focus (compared to 20 funds last year), reflecting the suitability of Luxembourg REIFs for investment strategies spanning the globe.

Luxembourg REIF investment regions

Source: ALFI REIF survey 2019

10 Target sectors

33% of the REIFs surveyed identify as targeted on multi-sector investments, which constitutes a drop from last year (38%). More than half of REIFs invest predominantly into one specific sector, of which residential property and single-specialist sectors other than the specified ones are the most common target sectors, with 14% each.

Source: ALFI REIF survey 2019
Overall, 78 funds reported a target NAV of less than EUR 100 million, while 23% fall into the target NAV categories of EUR 200-400 million or more.

Smaller funds continue to make up the majority of REIFs, with 49.1% with a NAV of under EUR 100 million, a decrease from last year’s survey (56.5%).

11 NAV distribution

12 GAV distribution

13 Target gearing 36% of funds aim to keep their gearing below 20% loan-to-value ratio (LTV), while a further 42% aim to keep LTV levels to below 60%.

Source: ALFI REIF survey 2019
14.1 Management fees

35% of the surveyed REIFs use their NAV as the basis for management fee calculations. The majority of the funds (40%) charge a fee in the range from 0% to 0.5%, followed by the range between 0.51% and 1% (27%).

**Management fee calculation basis**

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<tr>
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<th>Percentage</th>
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<td>NAV</td>
<td>36%</td>
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<tr>
<td>GAV</td>
<td>21%</td>
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<tr>
<td>Commitments</td>
<td>17%</td>
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<tr>
<td>Other</td>
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**Management fee range distribution**

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<tr>
<td>0.51% - 1%</td>
<td>27%</td>
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<td>1.01% - 1.5%</td>
<td>13%</td>
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<tr>
<td>&gt;1.5%</td>
<td>13%</td>
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</table>

Source: ALFI REIF survey 2019

14.2 Performance fees

The survey indicates that compared to last year, slightly more REIFs charge performance fees (55% compared to 53% in 2018). Among them, 53% charge a fee of less than 20% which is an increase of 10 pps compared to last year. Where the performance fee equals 20% this year’s survey registers a decrease of 1 pp (39% compared to 40% last year and 46% in 2017).

**Charging of performance fee**

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| 55% | 45%

**Performance fee (%) charged as per PPM**

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<td>Fee 20%</td>
<td>39%</td>
</tr>
<tr>
<td>Fee &gt;20%</td>
<td>8%</td>
</tr>
</tbody>
</table>

**Performance fee hurdle rate**

Source: ALFI REIF survey 2019
As previous surveys, 2019 results show that REIFs typically do not have a large number of investors. 87% of REIFs have 25 investors or fewer, and 59% have 5 investors or fewer. Only 11% of funds have more than 25 investors, a decrease of 8 pps compared to last year, while only 2% have more than 100 investors.

A vast majority of the funds surveyed (87%) have institutional investors, with HNWIs investing in 7.7% of the funds. Only two funds have retail investors. 4.7% of the investors in REIFs are private banks or family offices.

This reflects the fact that institutional investors aiming for larger investments make up the majority in REIFs. As a result, there tends to be a smaller number of investors per fund. It is also an expression of the continuing trend towards a larger number of smaller funds, with a smaller number of investors per fund.
The majority of investors (77.3%) continue to be European, while 12.4% of funds have investors from the Americas. 42% of the funds have investors from 1 country only (compared to 44% in the previous survey). 46.1% (comparable to last year) have investors from 2 to 5 countries and 8% have investors from 6 to 10 countries (comparable to last year).

**Origin of investors**

- Europe: 77.3%
- Americas: 12.4%
- Highly diversified: 7.3%
- Asia/Pacific: 2.1%
- Middle East: 0.6%
- Africa: 0.3%

**Number of investor countries**

- 1 country: 42%
- 2-5 countries: 46%
- 6-10 countries: 8%
- 11+ countries: 4%

Source: ALFI REIF survey 2019
Private placement has been the predominant distribution channel for REIFs, but this has now been replaced by AIFMD-authorised institutional placement in EU countries in most cases.

**17 Distribution**

- **Private distribution**
  - Yes: 75%
  - No: 25%

- **Distribution outside the EU**
  - 1 country 55%
  - 2-5 countries 32%
  - 6+ countries 13%
  - *This graph covers 20% of surveyed REIFs.*

**18 Accounting standards**

- 54% of funds surveyed apply Luxembourg GAAP (Lux GAAP) as accounting standard – a decrease of 7 pps compared to last year – with the remainder applying IFRS.

- **Accounting standards**
  - Lux GAAP: 54%
  - IFRS: 41%
  - Other GAAP: 5%

*This graph covers 45% of surveyed REIFs.*
Fund units adjusting for various items

- Formation expenses: 27% Yes, 73% No
- Transaction costs: 25% Yes, 75% No
- Deferred taxation: 34% Yes, 66% No
- Derivative financial instruments: 28% Yes, 74% No
- Debt at fair value: 20% Yes, 80% No
- Other adjustments: 9% Yes, 91% No

Source: ALFI REIF survey 2019

Trading NAV adjustments

Source: ALFI REIF survey 2019
Accounting treatment of financial instruments

- Fair value: 77%
- Amortised costs: 16%
- Mixed: 7%

Source: ALFI REIF survey 2019

Deferred taxation treatment

- No: 66%
- Fully provided for (in line with IFRS): 12%
- Fair value (similar to INREV): 18%
- Other: 4%

Source: ALFI REIF survey 2019
The majority (55%) of REIFs report a quarterly NAV calculation, while 21% produce an annual NAV. Among all the funds surveyed, 56 report a monthly NAV and 23 a semi-annual NAV. Since 61% of REIFs are closed-ended, the quarterly NAV reporting is likely due to investor demand for performance measurement rather than for the purposes of pricing the issue and redemption of units.
22 Fund accounting and valuation

While the trend is that more AIFMs are being set up in Luxembourg to manage new AIFs, it should be noted that the percentage of AIFMs that choose not to delegate this function is 57%, reflecting an increase compared to 2018 when this figure stood at 33%.

23 Property valuation

Almost all (93%) of the surveyed funds use an independent appraiser in respect of their property valuations.

Property valuation standards adopted

Valuations for 258 REIFs are carried out under RICS valuation and appraisal standards. This has been the leading standard for property valuations for years.
24 Listing
Out of the 343 funds covered in this survey, only 8 (2%) are listed on the Luxembourg Stock Exchange.

No fund reports several listings.

25 Currency
The great majority of funds (84%) report in EUR, while 11% report in USD and 3% in GBP, both slightly down from recent results.
26 Service providers

### Source: ALFI REIF survey 2019

- **Self-domiciled, 37%**
- **Third-party provider, 63%**

- **Self-domiciled, 38%**
- **Third-party provider, 62%**

- **Different depositary, 55%**
- **Same firm as administrator, 45%**

- **Credit institution (bank), 30%**
- **Not a credit institution (not a bank), 70%**

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**Risk management delegated**

- **Yes: 21%**
- **No: 79%**

**Portfolio management delegated**

- **Yes: 45%**
- **No: 55%**

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**Source: ALFI REIF survey 2019**
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1915 Law</td>
<td>Luxembourg Law of 10 August 1915 on commercial companies, as amended</td>
</tr>
<tr>
<td>2010 Law</td>
<td>Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended</td>
</tr>
<tr>
<td>AuM</td>
<td>Assets under management</td>
</tr>
<tr>
<td>CSSF</td>
<td>Commission de Surveillance du Secteur Financier, the Luxembourg supervisory authority for the financial sector</td>
</tr>
<tr>
<td>EFTA</td>
<td>European Free Trade Association (free trade area consisting of Iceland, Lichtenstein, Norway and Switzerland)</td>
</tr>
<tr>
<td>Law of 2010</td>
<td>Law of 17 December 2010 concerning undertakings for collective investment, as amended</td>
</tr>
<tr>
<td>EU-28</td>
<td>The 28 member countries of the EU at the date of publication (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom)</td>
</tr>
<tr>
<td>FCP</td>
<td>Fonds commun de placement: common fund, entity without legal personality based on contractual agreement</td>
</tr>
<tr>
<td>Fund unit</td>
<td>For the purposes of this survey, any single-compartment fund and any active sub-fund in umbrella fund structures</td>
</tr>
<tr>
<td>GAAP</td>
<td>Generally Accepted Accounting Principles</td>
</tr>
<tr>
<td>GAV</td>
<td>Gross asset value</td>
</tr>
<tr>
<td>HNWl</td>
<td>High net worth individual</td>
</tr>
<tr>
<td>IFRS</td>
<td>International Financial Reporting Standards</td>
</tr>
<tr>
<td>Indirect fund</td>
<td>A fund that invests in real estate-backed securities or in REIFs rather than into real estate directly (not a REIF for the purposes of this survey)</td>
</tr>
<tr>
<td>Initiator</td>
<td>Organisation that raises capital for the REIF</td>
</tr>
<tr>
<td>INREV</td>
<td>European Association for Investors in Non-Listed Real Estate Vehicles</td>
</tr>
<tr>
<td>Investment style</td>
<td>Core: stable income returns, stabilised properties located in strong and low risk markets; geared at less than 50%</td>
</tr>
<tr>
<td></td>
<td>Value-Added: combination of income and capital return; stabilised properties located in low- to medium-risk markets, with an element in development or opportunistic investments; geared from 40% to 70%</td>
</tr>
<tr>
<td></td>
<td>Opportunistic: focus on capital return; higher-risk properties (e.g. development projects, property repositioning, assets in higher-</td>
</tr>
</tbody>
</table>
risk countries or distressed assets); geared in excess of 60%

<table>
<thead>
<tr>
<th>Term</th>
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<tbody>
<tr>
<td>IVSC</td>
<td>International Valuation Standards Council</td>
</tr>
<tr>
<td>Liquidity</td>
<td>Closed-ended: REIF may not, at the request of investors, repurchase directly or indirectly their units or shares</td>
</tr>
<tr>
<td></td>
<td>Open-ended: Fund may, at the request of investors, repurchase directly or indirectly their units or shares</td>
</tr>
<tr>
<td></td>
<td>Open-ended with restriction: open-ended and subject to further conditions such as maximum number of units to be redeemed in a period; extended notice period; early redemption penalties etc.</td>
</tr>
<tr>
<td></td>
<td>Semi-open ended: series of distinct equity offerings after the initial launch, but not on a continuous basis; ability of investors to redeem capital at certain times during the fund life; infinite life</td>
</tr>
<tr>
<td>LTV</td>
<td>Loan-to-value (ratio)</td>
</tr>
<tr>
<td>NAV</td>
<td>Net asset value</td>
</tr>
<tr>
<td>Part II</td>
<td>Part II of the 2010 Law</td>
</tr>
<tr>
<td>PPM</td>
<td>Private placement memorandum or fund prospectus</td>
</tr>
<tr>
<td>pps</td>
<td>Percentage points: unit for measuring the arithmetic difference of two percentages</td>
</tr>
<tr>
<td>RAIF</td>
<td>Reserved alternative investment fund</td>
</tr>
<tr>
<td>RAIF Law</td>
<td>Luxembourg Law of 23 July 2016 on reserved alternative investment funds</td>
</tr>
<tr>
<td>REIF</td>
<td>Real estate investment fund. For the purposes of this survey, this excludes any indirect real estate funds, such as real estate fund of funds, (real estate) debt funds and securitisations</td>
</tr>
<tr>
<td>RICS</td>
<td>Royal Institution of Chartered Surveyors</td>
</tr>
<tr>
<td>SA</td>
<td>Société anonyme (public limited company)</td>
</tr>
<tr>
<td>Sarl</td>
<td>Société à responsabilité limitée (private limited liability company)</td>
</tr>
<tr>
<td>SCA</td>
<td>Société en commandite par actions (partnership limited by shares)</td>
</tr>
<tr>
<td>SCS</td>
<td>Société en commandite simple (limited partnership)</td>
</tr>
<tr>
<td>SCSp</td>
<td>Société en commandite spéciale (special limited partnership)</td>
</tr>
<tr>
<td>SICAF</td>
<td>Société d’investissement à capital fixe (investment company with fixed capital)</td>
</tr>
<tr>
<td>SICAR</td>
<td>Société d’investissement en capital à risque (investment company in risk capital)</td>
</tr>
<tr>
<td>SICAR Law</td>
<td>Luxembourg Law of 15 June 2004 on the investment company in risk capital, as amended</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>---------</td>
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</tr>
<tr>
<td>SICAV</td>
<td>Société d'investissement à capital variable (investment company with variable capital)</td>
</tr>
<tr>
<td>SIF</td>
<td>Specialised investment fund</td>
</tr>
<tr>
<td>SIF Law</td>
<td>Luxembourg Law of 13 February 2007 on specialised investment funds, as amended</td>
</tr>
<tr>
<td>SOPARFI</td>
<td>Société de participations financières (financial holding company)</td>
</tr>
<tr>
<td>SPV</td>
<td>Special purpose vehicle</td>
</tr>
<tr>
<td>TEGoVA</td>
<td>The European Group of Valuers’ Associations</td>
</tr>
<tr>
<td>UCITS</td>
<td>Undertaking(s) for collective investment in transferable securities</td>
</tr>
</tbody>
</table>
The Association of the Luxembourg Fund Industry (ALFI) represents the face and voice of the Luxembourg asset management and investment fund community. The Association is committed to the development of the Luxembourg fund industry by striving to create new business opportunities, and through the exchange of information and knowledge.

Created in 1988, the Association today represents over 1,500 Luxembourg-domiciled investment funds, asset management companies and a wide range of businesses that serve the sector. These include depositary banks, fund administrators, transfer agents, distributors, legal firms, consultants, tax advisory firms, auditors and accountants, specialist IT and communication companies.

Luxembourg is the largest fund domicile in Europe and a worldwide leader in cross-border distribution of funds. Luxembourg-domiciled investment funds are distributed in more than 70 countries around the world.

ALFI defines its mission as to “lead industry efforts to make Luxembourg the most attractive international centre”. Its main objectives are to:

- **Help members capitalise on industry trends**
  ALFI’s many technical committees and working groups constantly review and analyse developments worldwide, as well as legal and regulatory changes in Luxembourg, the EU and beyond, to identify threats and opportunities for the Luxembourg fund industry.

- **Shape regulation**
  An up-to-date, innovative legal and fiscal environment is critical to defend and improve Luxembourg’s competitive position as a centre for the domiciliation, administration and distribution of investment funds. Strong relationships with regulatory authorities, the government and the legislative body enable ALFI to make an effective contribution to decision-making through relevant input for changes to the regulatory framework, implementation of European directives and regulation of new products or services.

- **Foster dedication to professional standards, integrity and quality**
  Investor trust is essential for success in collective investment services and ALFI thus does all it can to promote high professional standards, quality products and services, and integrity. Action in this area includes organising training at all levels, defining codes of conduct, transparency and good corporate governance, and supporting initiatives to combat money laundering.

- **Promote the Luxembourg investment fund industry**
  ALFI actively promotes the Luxembourg investment fund industry, its products and its services. It represents the sector in financial and economic missions organised by the Luxembourg government around the world and takes an active part in meetings of the global fund industry.

ALFI is an active member of the European Fund and Asset Management Association, of the International Investment Funds Association, of Pensions Europe, of the International Association of Pension Funds Administrators (FIAP), and of the Global Impact Investing Network.

For more information, visit our website at www.alfi.lu and follow ALFI on