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European Real Estate Funds

Structure, NAV and Liquidity of Open-Ended Property Funds
Course Summary

Six modules, one fund, every figure computed.

Educational material. Not investment advice. Prepared with AI assistance.

About this course

This course explains how open-ended European property funds work from the inside, and builds one in Excel: the Meridian Europa Property Fund, a fictional fund with 28 buildings in five countries, followed for six quarters through a fall in values and a run of redemptions that triggers its gate. It is written for fund analysts and controllers, auditors, compliance teams and fund selectors.

Module	Lessons	What you build
1. The landscape	1.1, 1.2, 1.3, 1.4, 1.5	Map the portfolio
2. The liability side	2.1, 2.2, 2.3, 2.4, 2.5, 2.6	Price a subscription, Redemptions and the share register, The entitlement delay
3. Fees and returns	3.1, 3.2, 3.3, 3.4, 3.5, 3.6	From rent to NOI, From NOI to the dividend, Distribution rate and total return, The investor's IRR and the fee drag
4. The NAV	4.1, 4.2, 4.3, 4.4, 4.5, 4.6	Roll the valuations, From property to NAV per share, Realisation and reconstitution value, When price and value drift apart
5. Liquidity	5.1, 5.2, 5.3, 5.4, 5.5, 5.6	Build the gate, Cash buffer and credit facility, Redemption stress test
6. Reporting and controls	6.1, 6.2, 6.3, 6.4	Regulatory ratios and leverage, Annex IV in practice, The quarter-end checklist

How to use this summary

- Watch the lessons of a module, then read its two pages here: key ideas, the numbers of the case, the mistakes to avoid.
- Build along with the step files (one start file and one solution file per build lesson), then do the module tab of the Exercise Workbook.
- Practice the module in the Quiz App, then take the certificate exam online: 40 questions, 60 minutes, 80% to pass.

MODULE 1

The landscape

Open-ended and closed-ended funds, SCPI, OPCI, German open-ended funds, ELTIF 2.0, Luxembourg RAIF, and who does what under AIFMD.

Key ideas

- Open-ended funds deal at their own NAV-based price on regular dates; closed-ended funds call capital once and return it by selling at the end of a fixed life.
- The European family: SCPI (France, price set by the manager), OPCI and OPPCI (France, priced at NAV), offene Immobilienfonds (Germany, 24 months holding and 12 months notice under KAGB section 255), RAIF (Luxembourg), ELTIF 2.0 (EU label).
- Under AIFMD the AIFM manages portfolio and risk and owns the NAV; the depositary monitors cash, verifies ownership and oversees the process; external valuers value the buildings; the auditor certifies the accounts.
- Read the dealing terms before the label: frequency, notice, gate, suspension, and the cash really held.

The case in numbers

Meridian at 31 Dec 2024	Value
Property, 28 buildings, 5 countries	€1,200.0m
Cash and other net items	€44.0m
Term loans (22.0% LTV)	€264.0m
NAV	€980.0m
Shares / NAV per share	9.8m / €100.00
France / Germany / Netherlands / Ireland / Poland	€361.3m / €353.9m / €215.5m / €136.2m / €133.1m

Mistakes to avoid

- Reading 'open-ended' as 'liquid'.
- Assuming two funds with the same legal form have the same liquidity.
- Taking the valuer's report for the NAV.