



**BOCCONI**

**SDA**

*The European market for Real Estate Funds and REITs*

Giacomo Morri

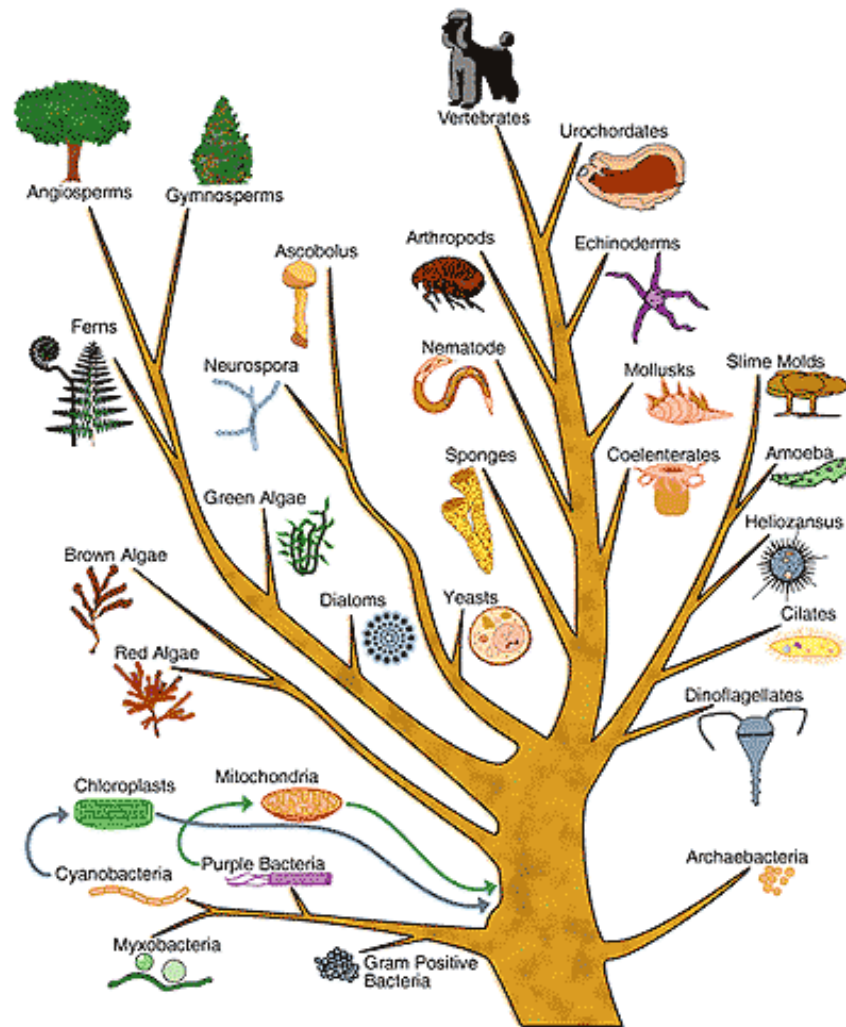
*Accounting, Control, Finance & Real Estate Department*

## Life.... and the “box of chocolates” theory

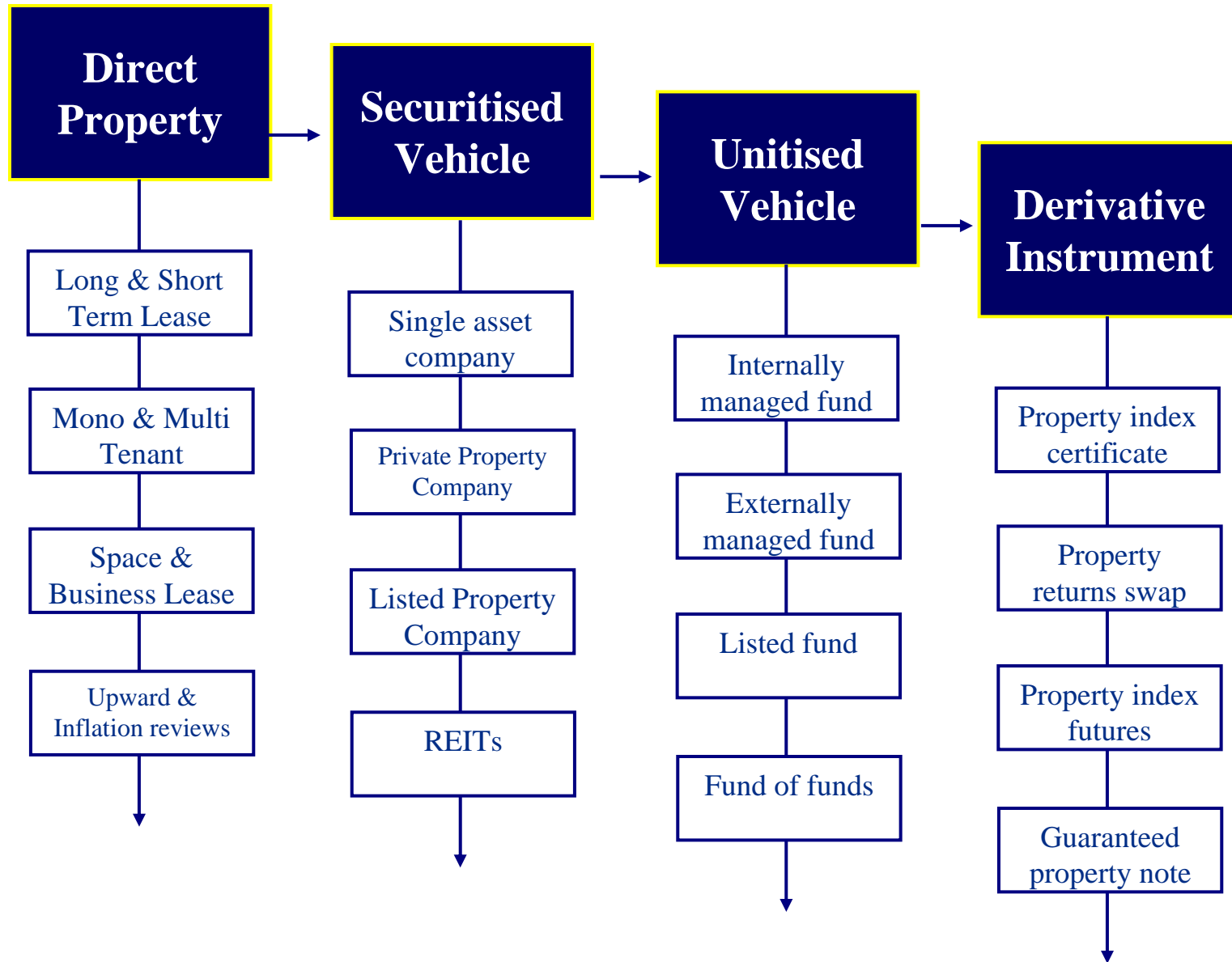
“Life is like a box of chocolates. You never know what you're gonna get.” (*Forrest Gump*, 1994)



# Real estate investments... and the Tree of Life



## Real estate investments.... and the Tree of Life



## Real estate investments.... a wide array of choice

- Direct vs Indirect vs Synthetic
- Equity vs Debt
- Levered vs Unlevered
- Private company vs Public company
- Listed fund vs Unlisted fund
- Externally managed vs Internally managed
- Sector specific vs Diversified
- Country vs Continent vs Global
- Core vs Value vs Opportunistic
- Single fund vs Fund of funds
- Transparent and mature vs Growing market

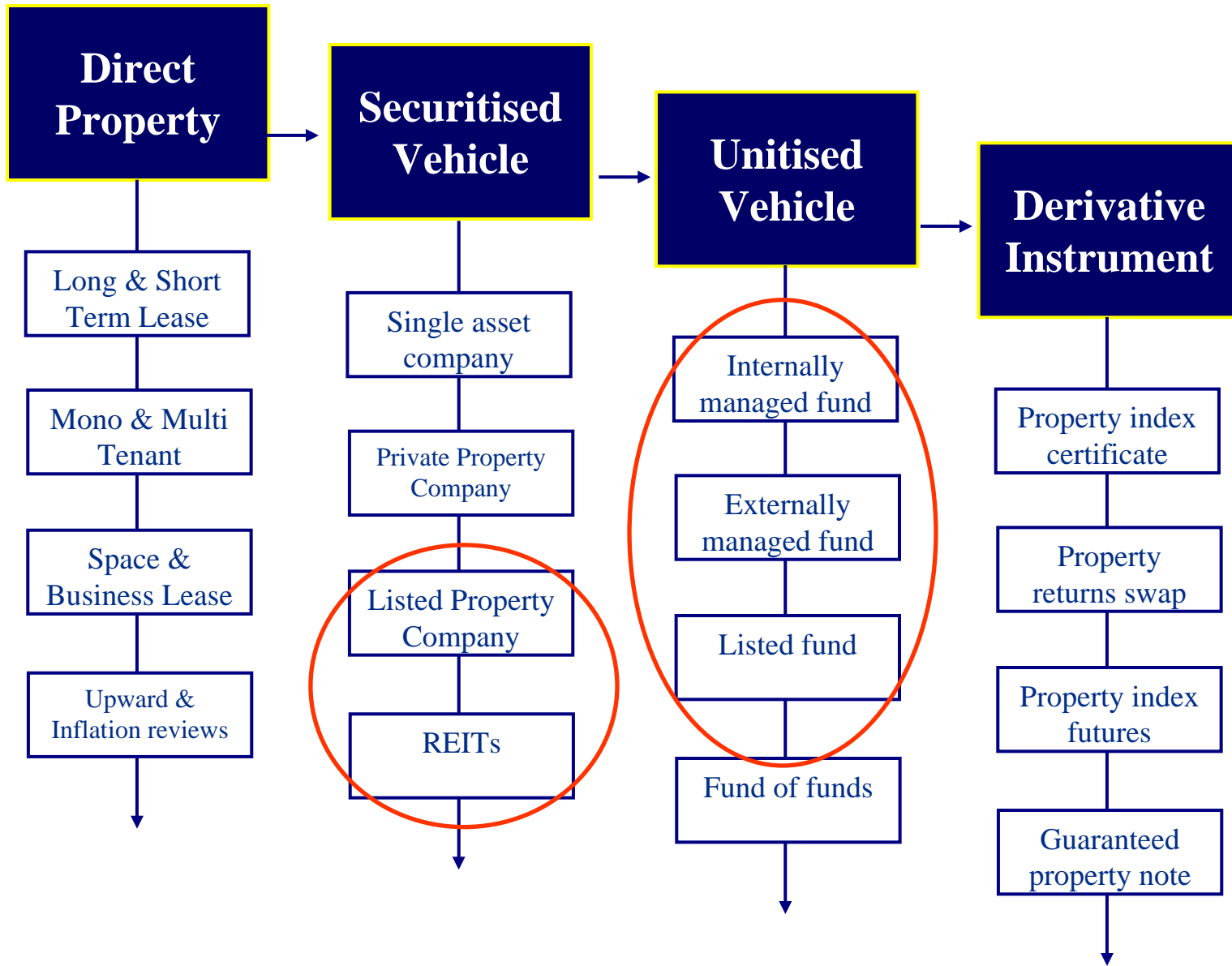
## Real estate investments.... a different “box of chocolates” theory!

"Life is like a box of chocolates. You never know what you're gonna get." (*Forrest Gump*, 1994)



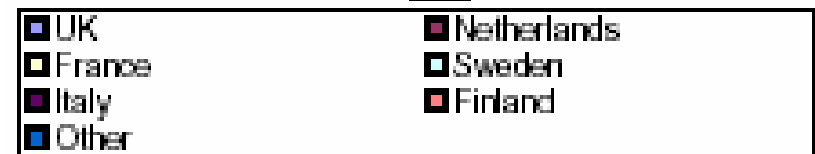
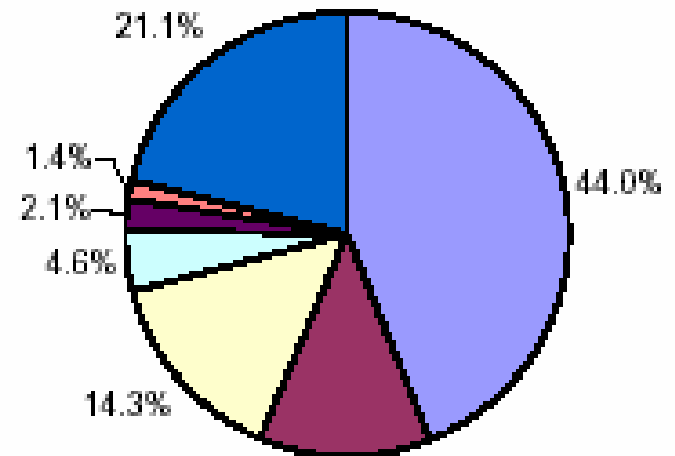
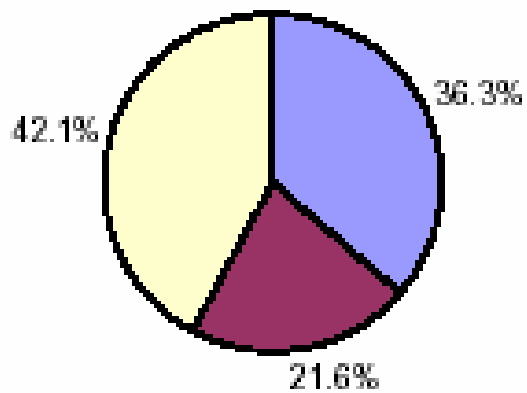
Real estate investment is different: you know what is inside so you can choose what best fits your needs.

# Real estate investments.... and the Tree of Life



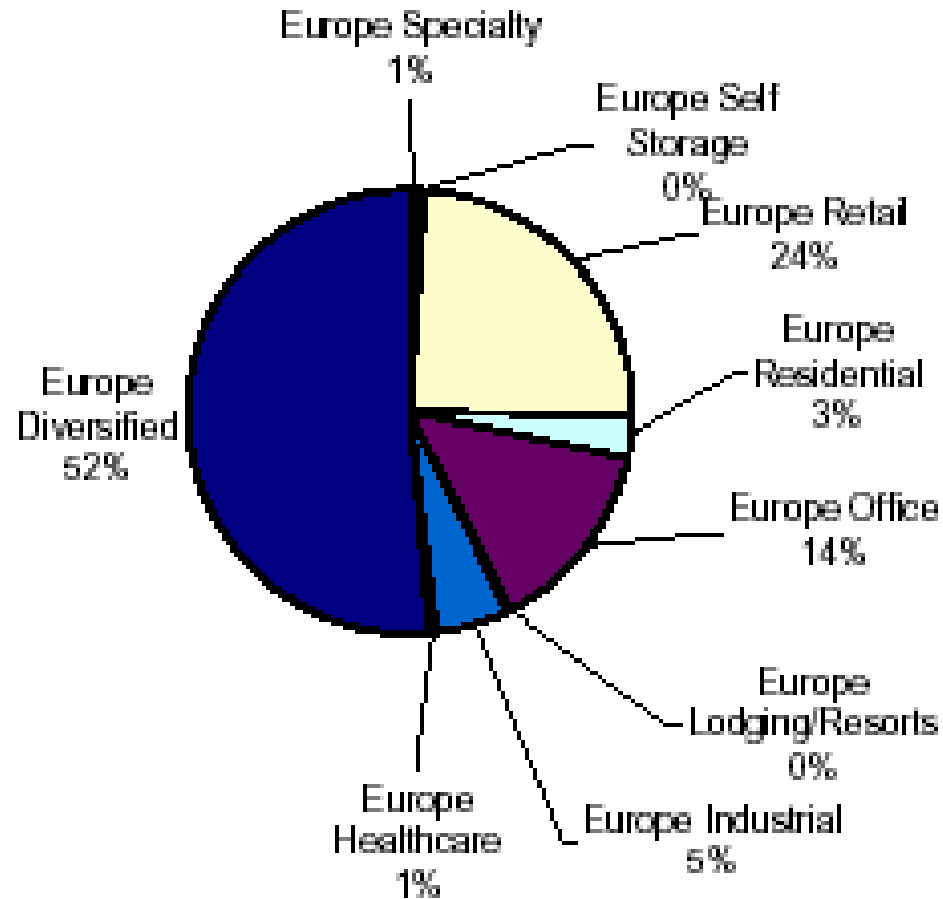


## Size of the total listed real estate market



Source: Epra, Monthly Statistical Bulletin May 2007

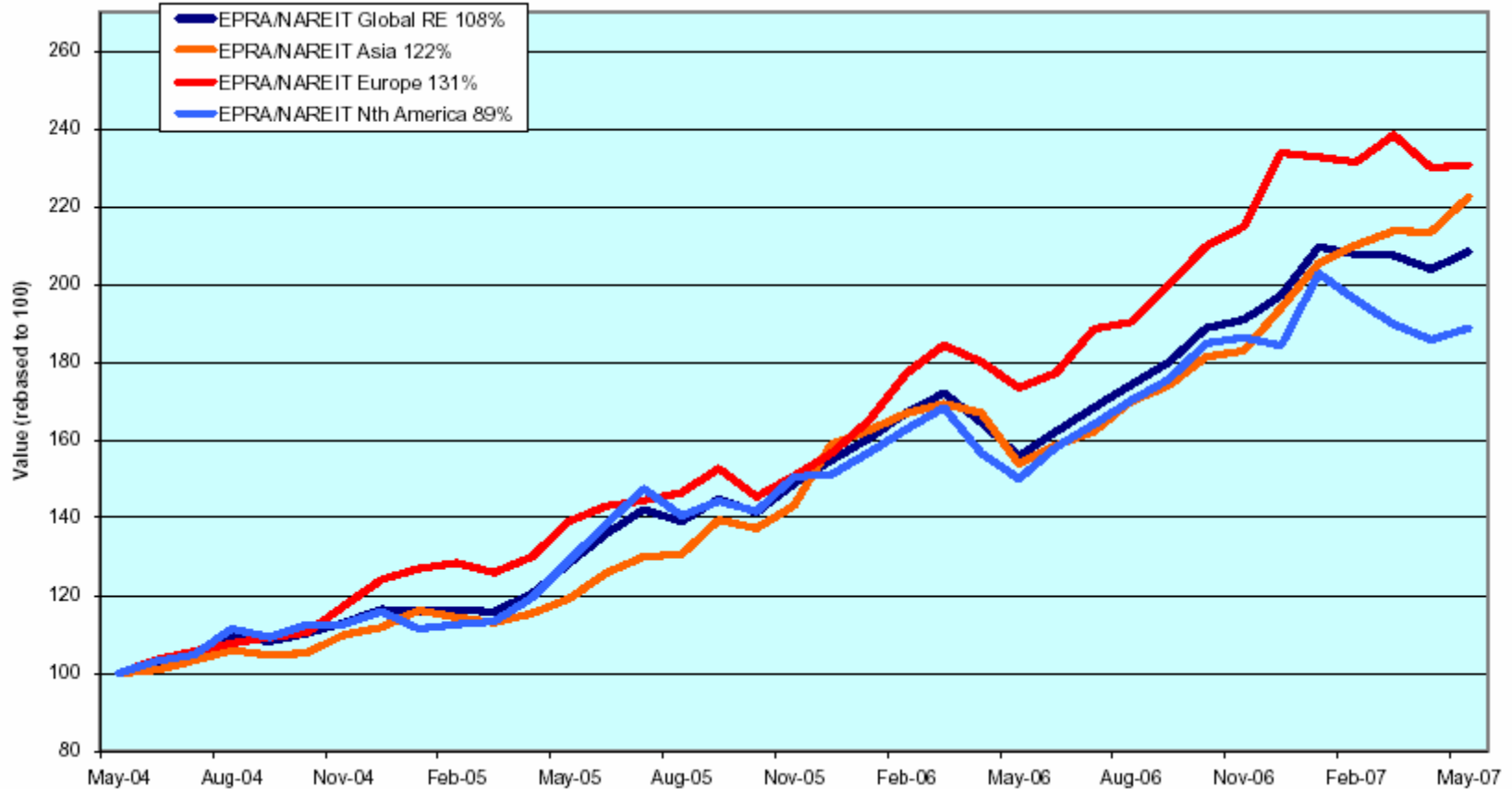
## European listed companies: Sector Breakdown



Source: Epra, Monthly Statistical Bulletin May 2007

# Global vs Asia, Europe & North America

Total Return (EUR) - Rolling 36 Months Performance



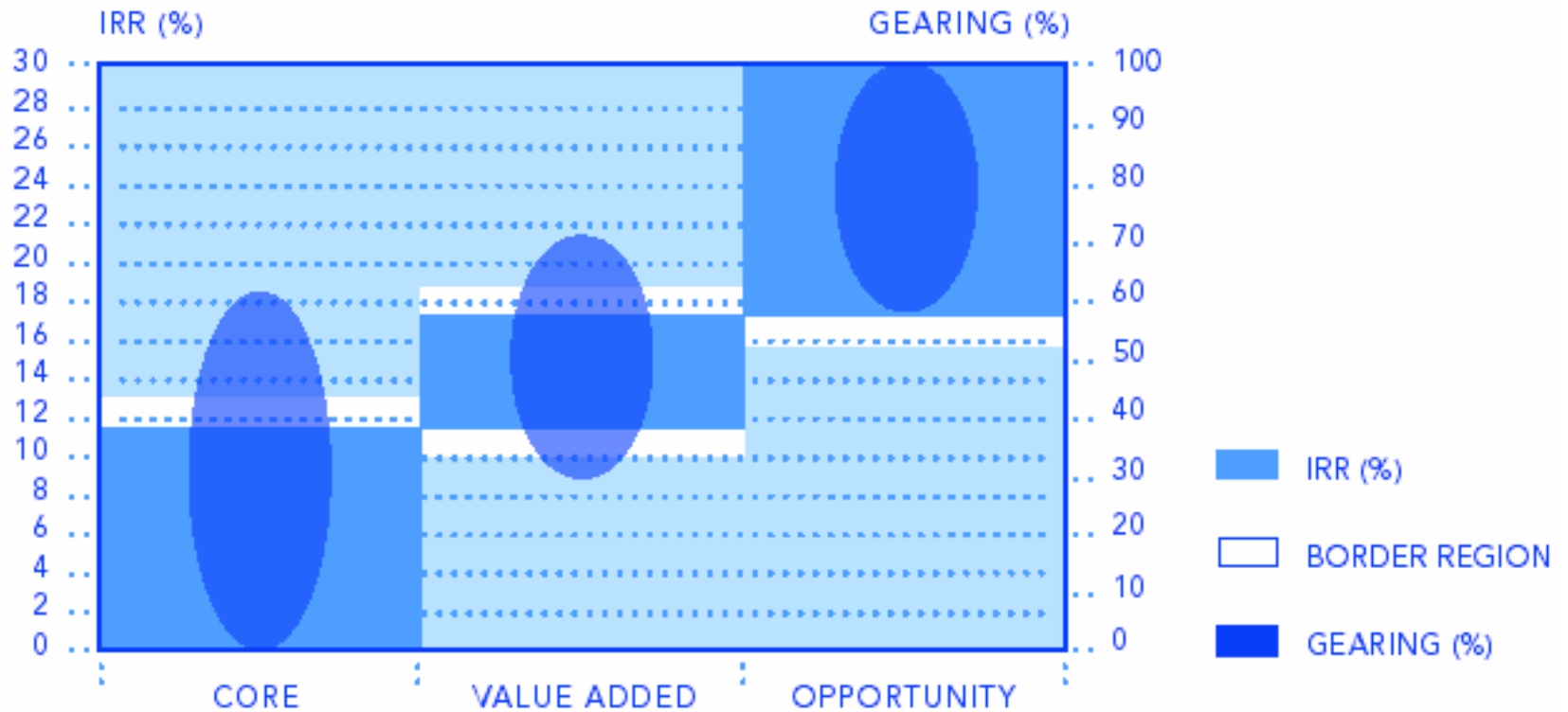
Source: Epra, Monthly Statistical Bulletin May 2007

# REITs Dividend Yield



Source: Epra, Monthly Statistical Bulletin May 2007

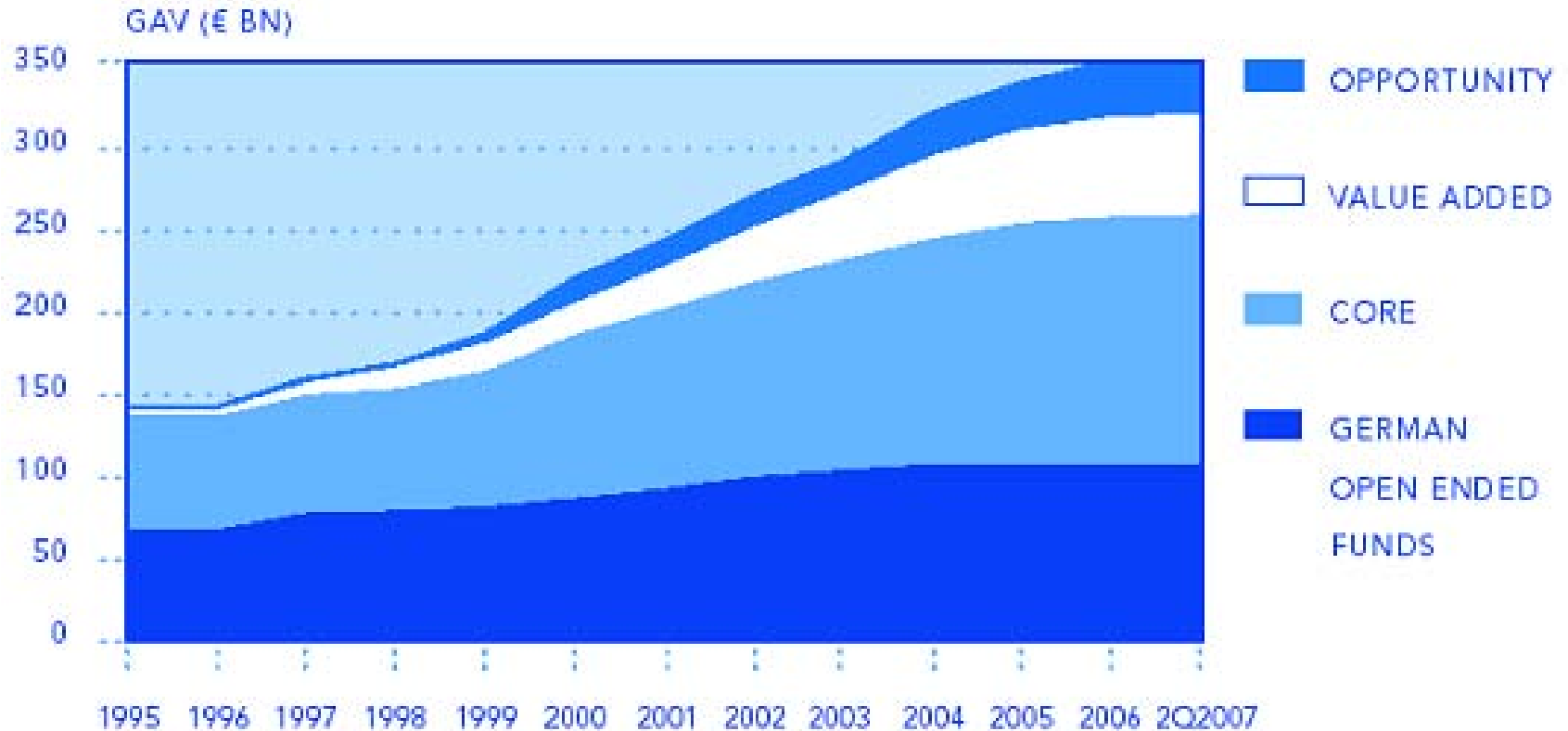
# Unlisted real estate funds: target IRR and gearing



	TARGET IRR		TARGET LEVERAGE	
	MEAN	STANDARD DEV'N	MEAN	STANDARD DEV'N
CORE	8.3%	2.9%	42.9%	19.9%
VALUE ADDED	13.0%	2.7%	55.3%	20.5%
OPPORTUNITY	18.7%	3.0%	69.6%	19.3%

Source: Inrev, August 2007

## Market size for unlisted real estate funds

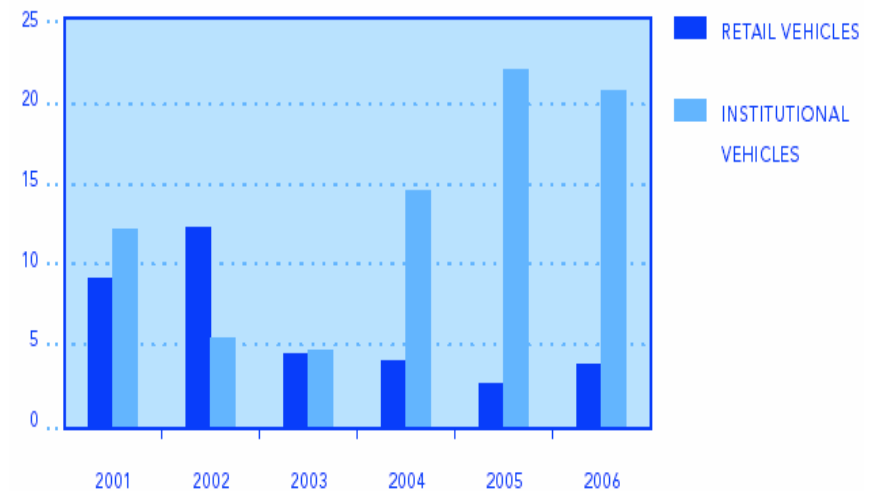
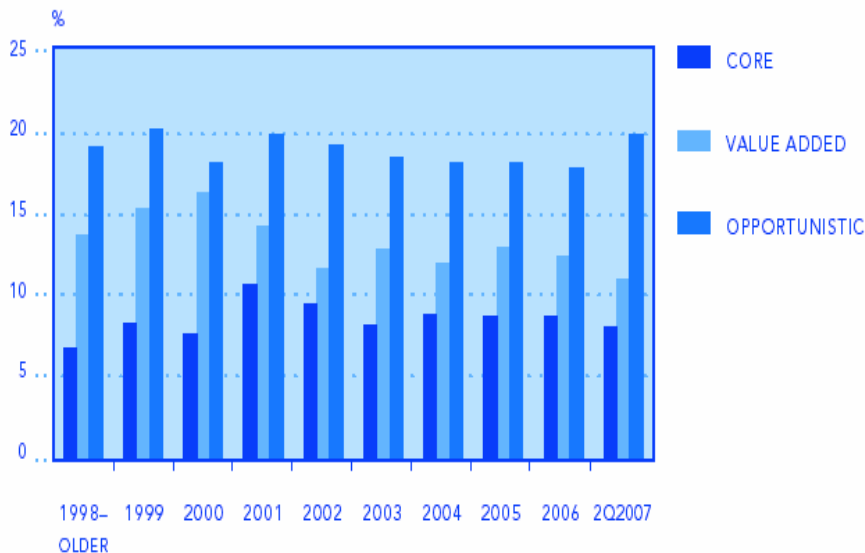


Source: Inrev, August 2007

# Unlisted funds performance

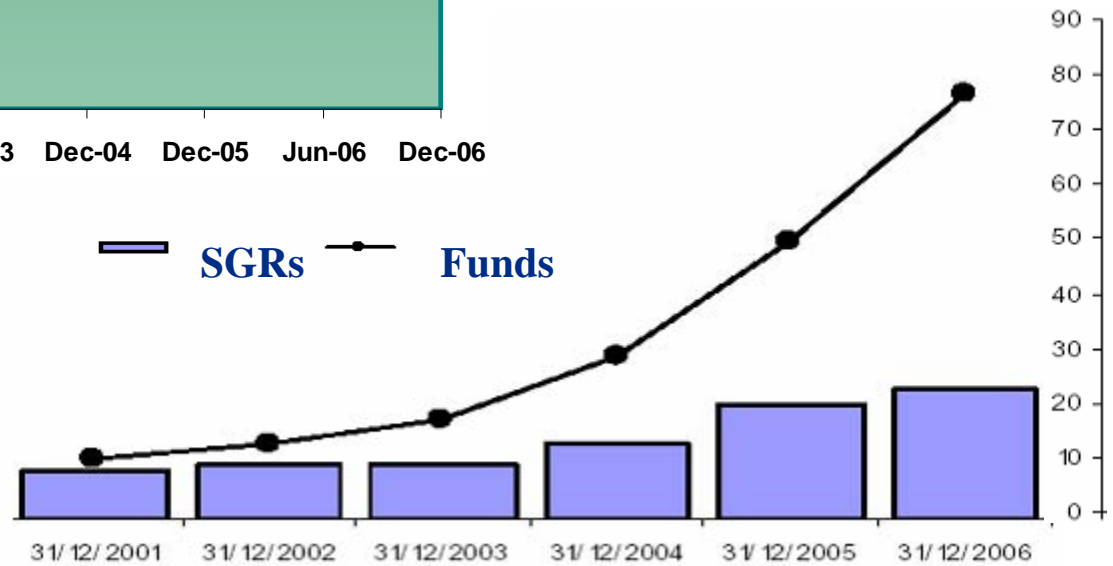
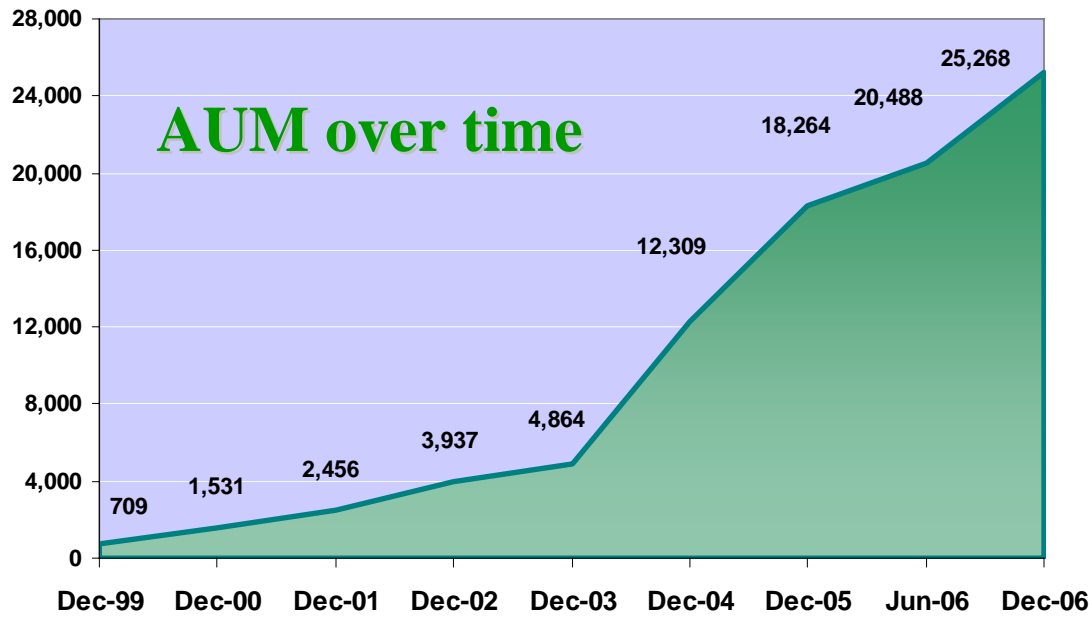
FIGURE I-01

		2001	2002	2003	2004	2005	2006
INREV ALL VEHICLES	Return	10.3	10.1	4.8	7.5	10.1	12.5
	Aggregate NAV (billions)	45.6	70.0	107.7	124.7	137.3	152.8
	Number of vehicles	57	79	109	136	155	206
INSTITUTIONAL VEHICLES	Return	12.2	6.4	5.6	14.6	22.1	20.8
	Aggregate NAV (billions)	18.5	25.5	32.9	45.5	60.0	82.8
	Number of vehicles	47	66	83	105	122	173



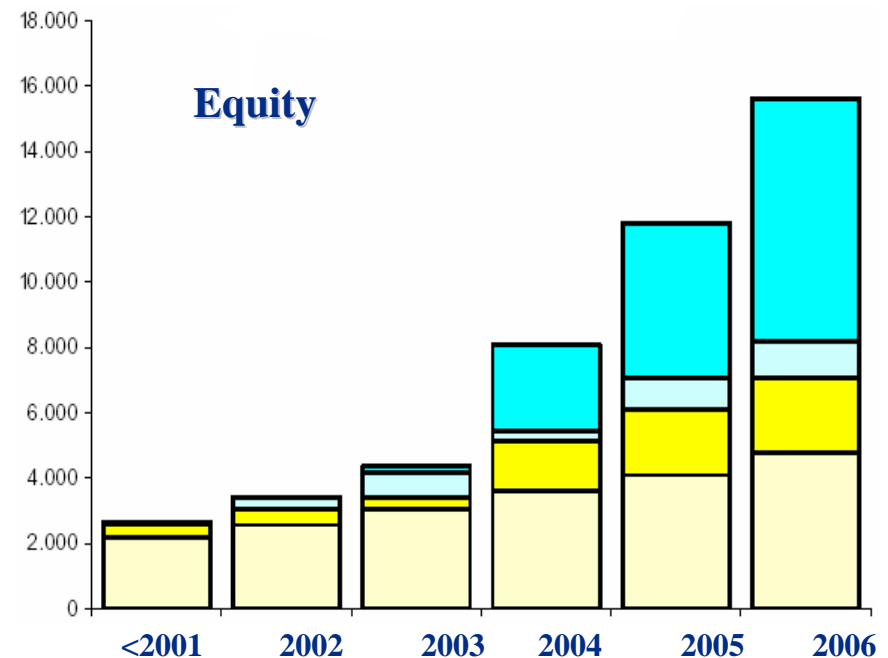
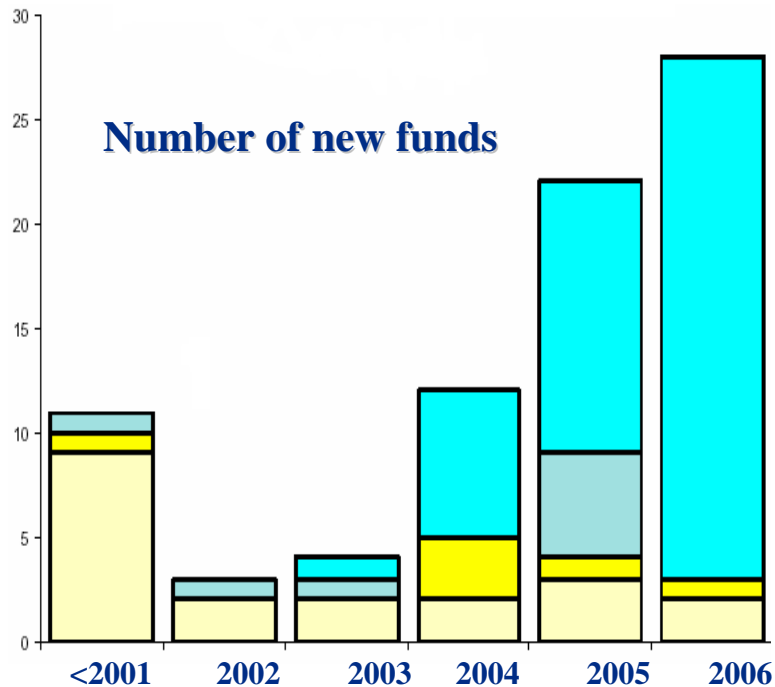
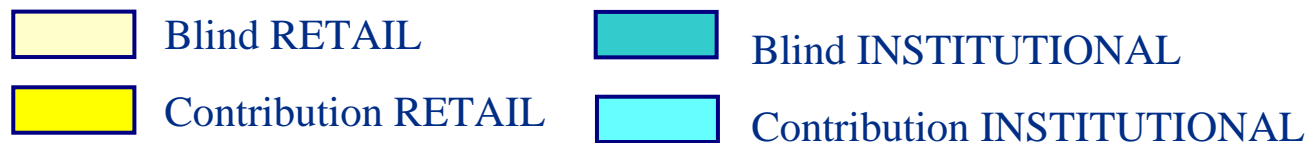
Source: Inrev, August 2007

# Italy - Real estate funds over time



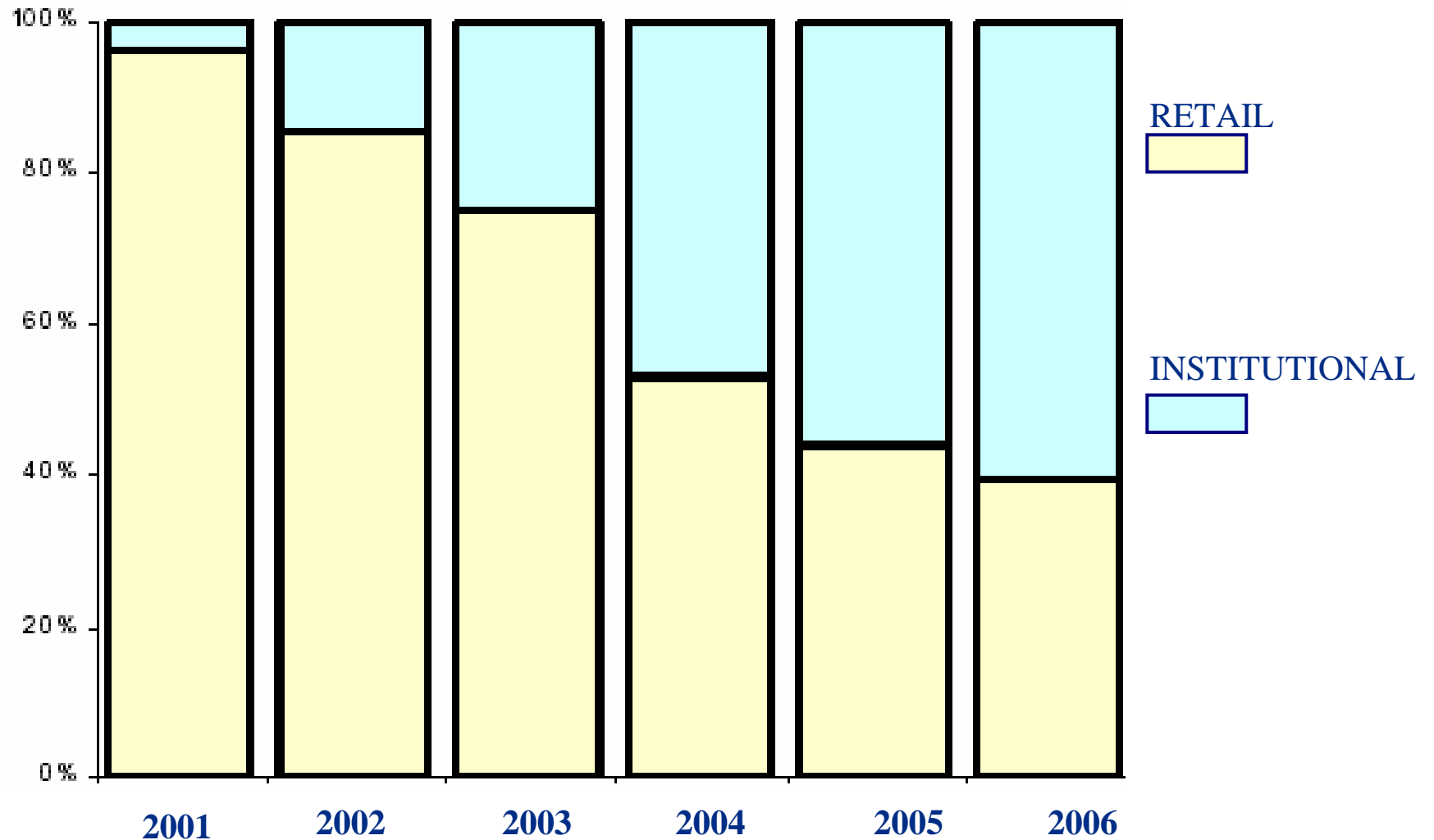
Source: Assogestioni, 31st December 2006

# Italy – Funds by type of investors



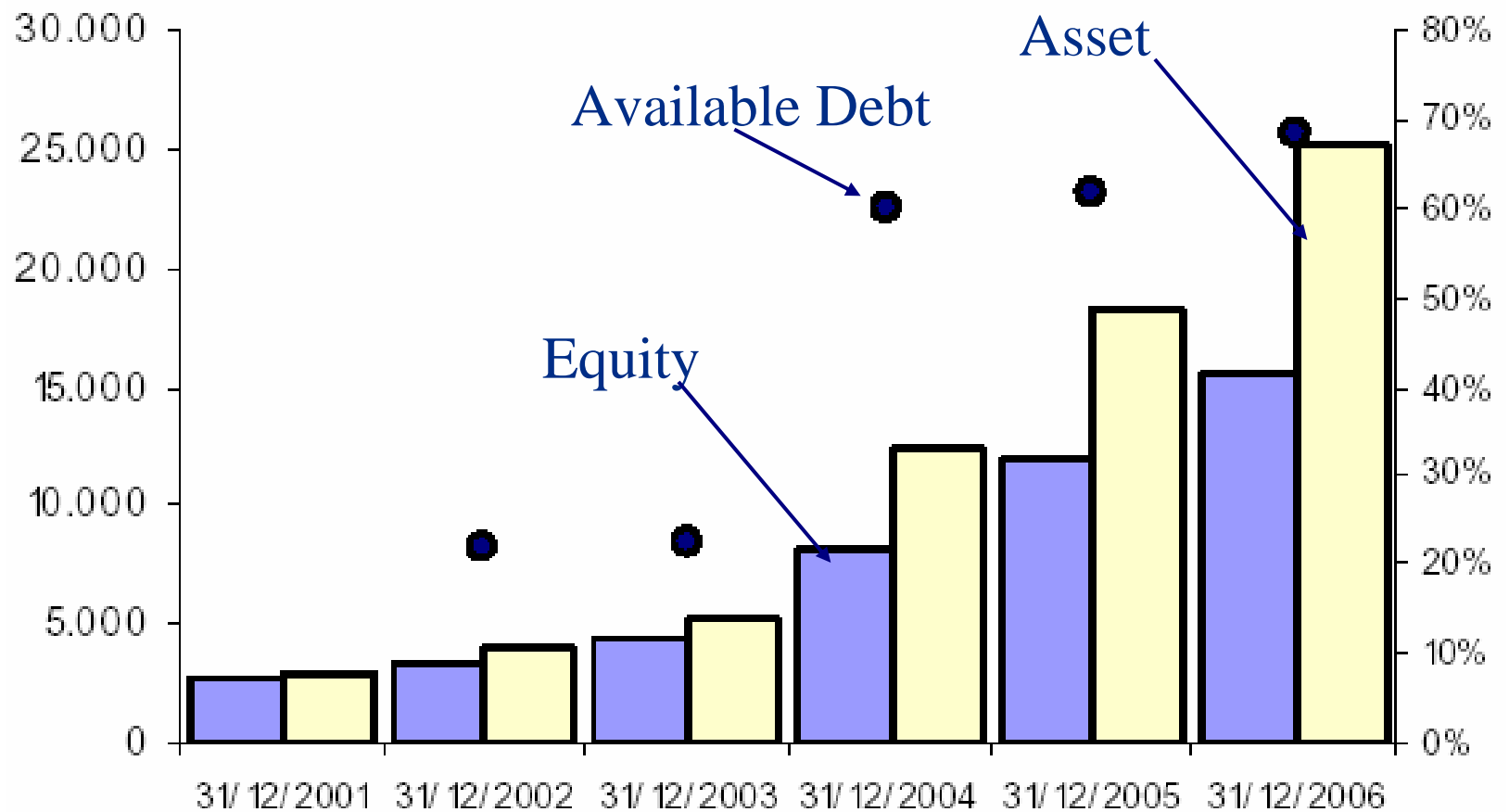
Source: Assogestioni, 31st December 2006

## Italy – AUM% by type of investors



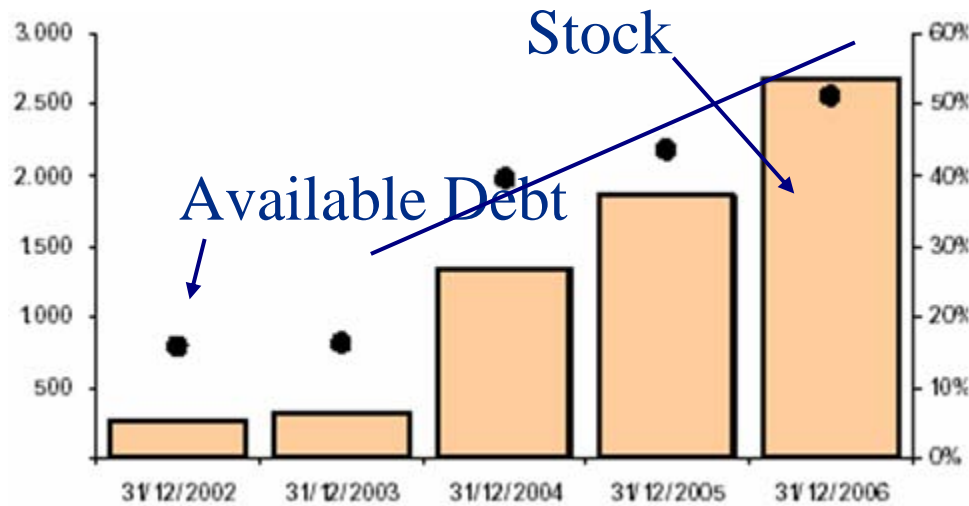
Source: Assogestioni, 31st December 2006

## Italy – AUM & Gearing

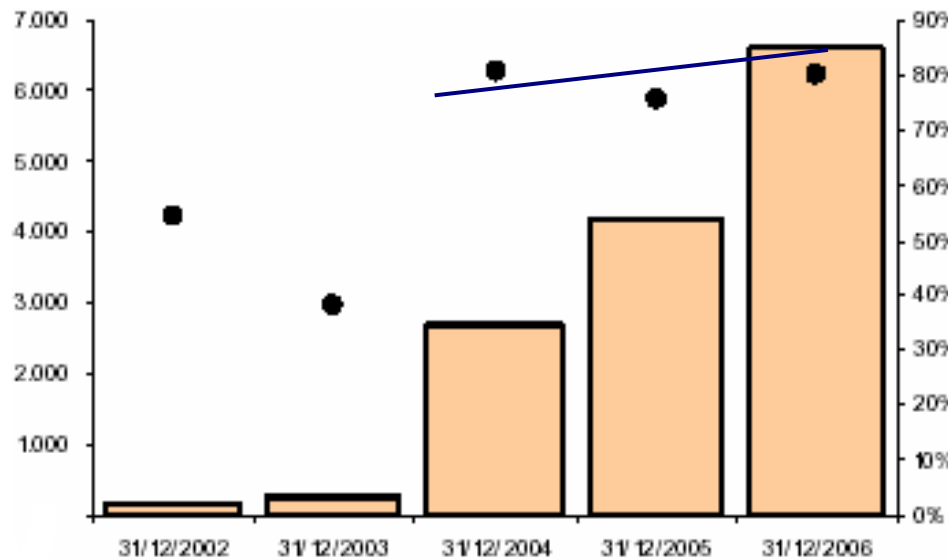


Source: Assogestioni, 31st December 2006

## Italy – AUM & Gearing by type of investors



**RETAIL**

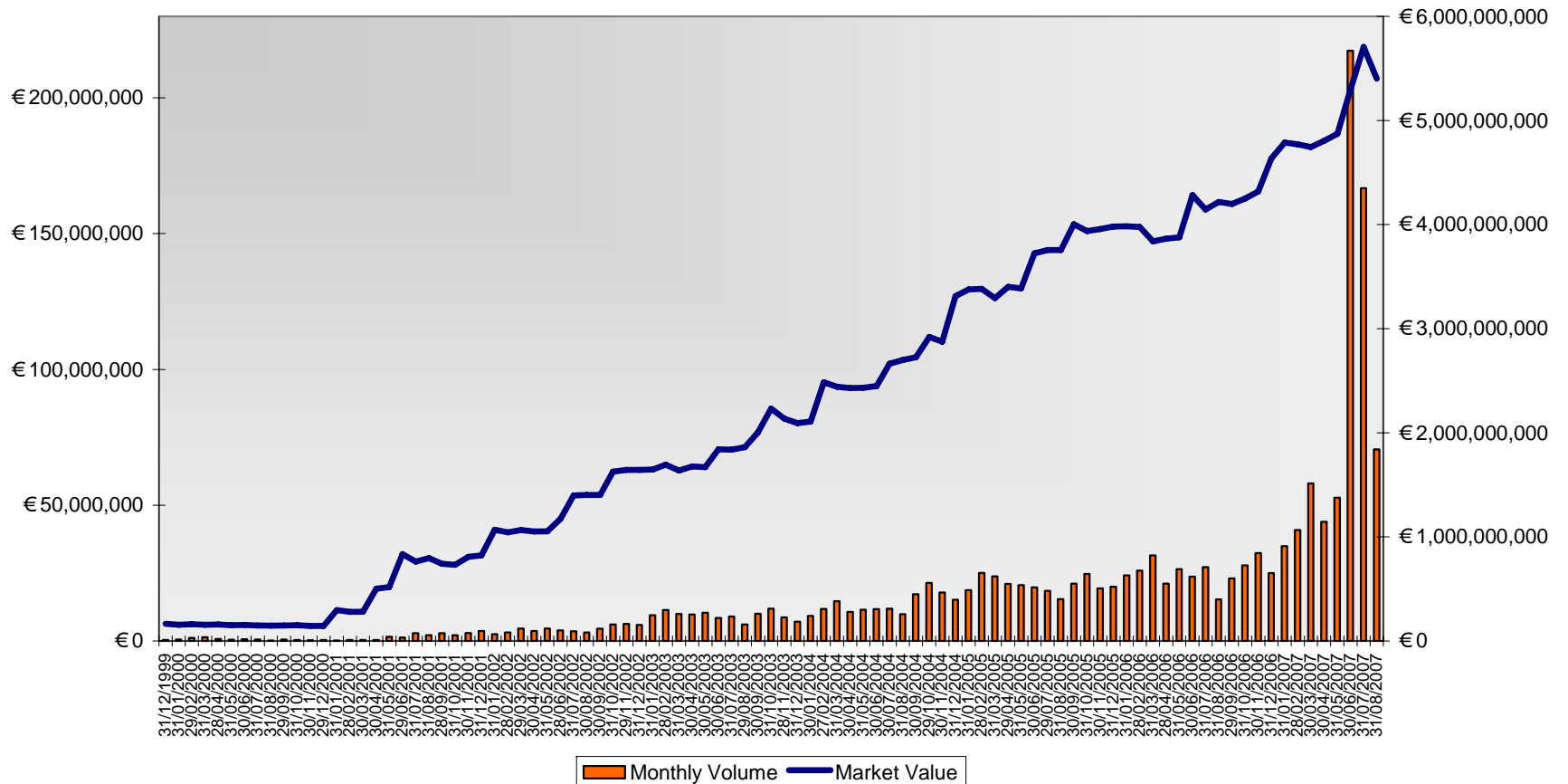


**INSTITUTIONAL**

Source: Assogestioni, 31st December 2006

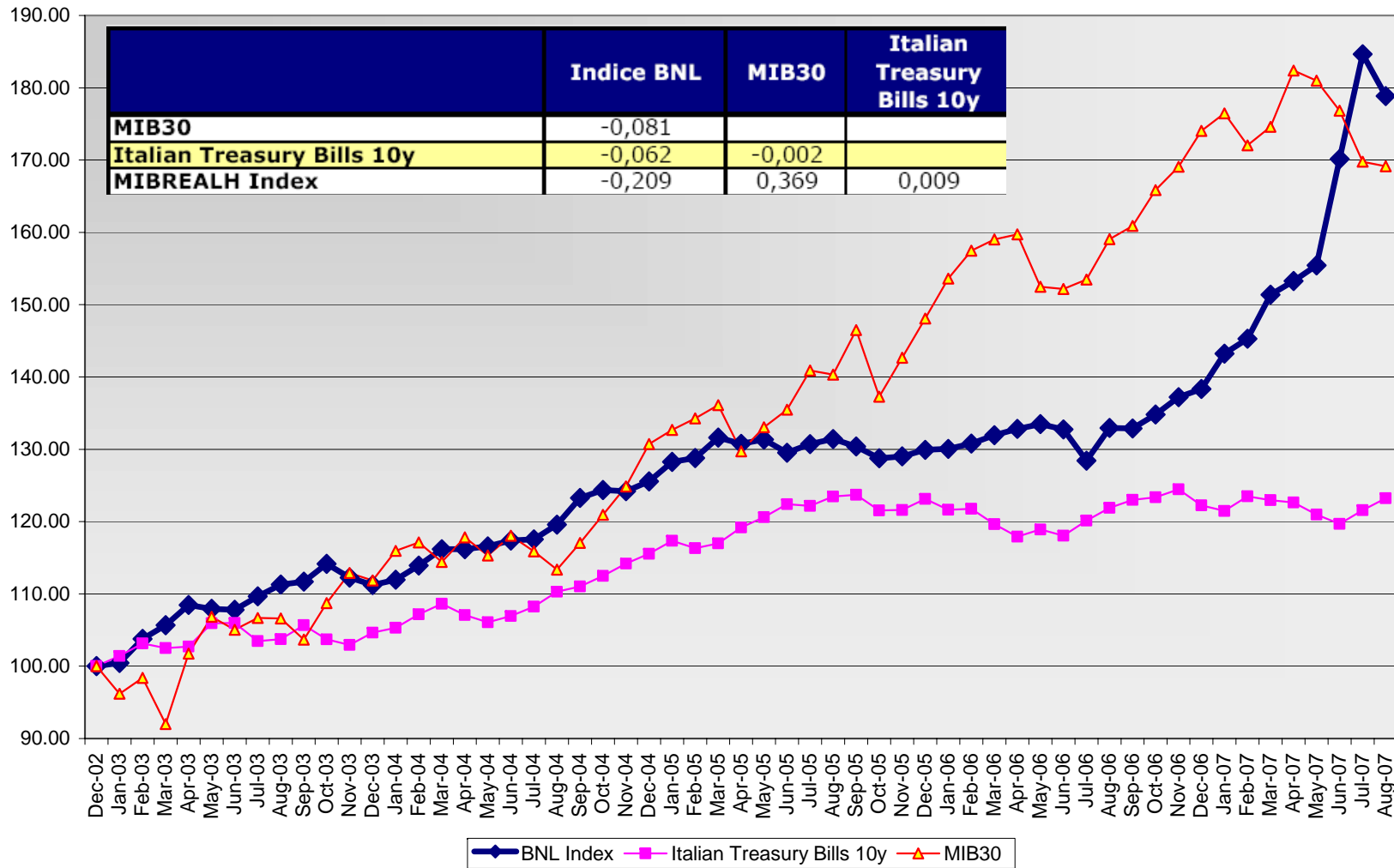
# Italy – Listed funds: market value and trading volume

22 listed funds



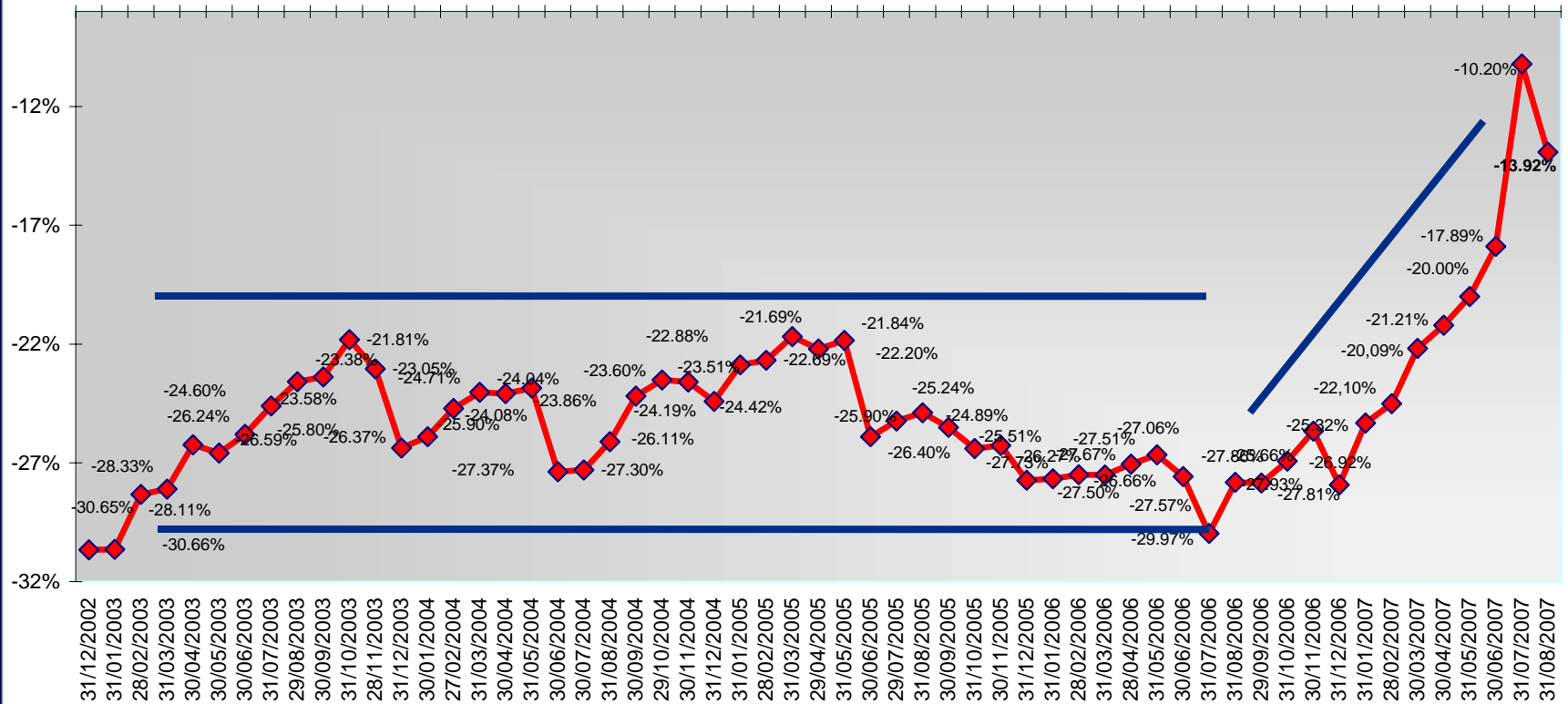
Source: BNL Fondi Immobiliari Report September 2007

# Italy - REIFs vs Italian Stocks and Treasury Bills



Source: BNL Fondi Immobiliari Report September 2007

# Italy - Discount between price and NAV



$$Discount_{t_0} = \frac{Adjusted\ NAV_{t_0} - Price_{t_0}}{Adjusted\ NAV_{t_0}}$$

Source: BNL Fondi Immobiliari Report September 2007