



**COMMERZBANK**

## Product Group

# Open-Ended Real Estate Funds

In this information sheet, Commerzbank provides information on the underlying characteristics as well as the opportunities and risks of the open-ended real estate funds product group.

### General characteristics and investment opportunities

Open-ended real estate funds are investment funds in which a capital management company (CMC) pools the capital of many investors. These invest capital - according to a defined investment strategy and following the principle of risk diversification - in various commercially or residentially used buildings, land or in construction projects, which are professionally managed by the CMC. In doing so, the CMC aims to achieve a balanced tenant mix in the various real estate sectors. Real estate is considered a stable, long-term investment. They are suitable for investors with a medium to long-term investment horizon. Investors can benefit from a price appreciation of the real estate and distribution of rental income and other income generated by the fund.

### Typical product characteristics

The open-ended real estate funds offered to investors differ in terms of their investment focus - such as individual countries, regions or types of use. Dependence on the performance of individual investments is reduced by the fact that open-ended real estate funds always invest in numerous different real estate investments. Yet this effect may decrease if the investment fund focuses on specific investment areas.

Open-ended real estate funds are subject to a minimum holding period of 24 months before the fund units can be redeemed to the CMC. Fund unit redemptions must be declared with a 12-month notice period. The irrevocable redemption declaration may already be made during the minimum holding period. This also means that the fund units cannot be transferred or sold via any other channels. Furthermore, investors may only redeem the fund units on specific dates, but at least once a year, if so specified in the investment terms and conditions. In addition to redeeming the fund units, investors may also sell their units on the securities exchange, potentially at a price discount.

### Material risks of the product group

By investing in these open-ended funds, investors benefit from return opportunities, but are also exposed to additional material risks. These include the following:

Risk of loss: The value of a fund unit is driven by the performance of the assets held by the fund, and thus mainly by price fluctuations on the real estate markets. As a result, the fund unit price may decrease. When sold, the proceeds may be less than the value of the original capital invested, after taking into account any distributions received. Sustainability-related decisions relating to the environment, social aspects and corporate governance also impact on the fund assets.

Leverage risk: The acquisition of real estate usually involves loan financing in order to increase the return on investment. This leverage may result in additional risks, such as the need to sell a property to repay a loan at an inopportune time.

Income risk: Income generation might be affected by elevated vacancy rates of real estate held by the Fund, which could lead to lower fund distributions. In addition, the fund is exposed to the risk of receiving lower rents when reletting its properties.

Foreign currency risk: The fund is exposed to the risk of adverse exchange rate trends when investing outside the euro area or borrowing in a foreign currency.

Liquidity risk: Investors in investment funds are generally exposed to the risk that unit redemption may be temporarily suspended due to insufficient liquidity in the fund. This could be the case, for example, if many investors wish to redeem their units at the same time, or if a fund is liquidated in an entirely orderly manner. In addition, investment funds typically hold liquid financial assets - such as securities and bank deposits - whose specific risks, e.g. issuer risks and interest rate risks, can also have an impact on

the unit price. These liquid financial assets serve to ensure that an investment fund can meet its imminent payment obligations as well as unit redemptions.

**Further information and costs**

For further details on these aspects and the product, please refer to the relevant sales prospectus and basic information sheet. In principle, inflation trends impact your investment performance. A resulting loss of purchasing power affects both the income generated and your capital invested. When acquiring, holding and eventually selling securities and derivatives, costs will impact returns. For further details, please refer to the respective cost information before entering into a securities transaction.

For further details on the characteristics and risks of the products, please refer to the brochure “Basic Information on Securities and Other Investments”.