



Guidance

Performance Guidelines for AREF Members

Effective from:
October
2025

Introduction

Guidance objective

The Performance Guidelines aim to provide managers and investors with:

- background information into the Performance Guidelines; and
- guidance in setting, managing and monitoring the performance processes of a vehicle.

Application of guidance

Managers should utilise this guidance when setting and updating terms relating to a vehicle's performance. Managers should be transparent in the selection and application of performance measurement for a vehicle, providing regular updates to investors.

AREF recognises that managers may not be able to implement this guidance for regulatory, strategic, operational or other reasons. Managers should be prepared to explain their approach to performance. In the cases of conflict between the provisions of this guidance and legislative/regulatory requirements, the latter will take precedence.

Background to guidance

AREF's Performance Guidelines originate from the AREF's Code of Practice, which was launched in 1997. Its central purpose was to provide a model of practice that members and investors could refer to, as well as supporting investors to understand fund procedures more easily.

The standalone Performance Guidelines were created in 2025 from the content of the Code and refined by the Corporate Governance Committee, following the replacement of the Code of Practice by the Charter. The Charter offers a practical framework to guide members in delivering all aspects of fund management and is supported by AREF's suite of guidance documents.

Last review date

October 2025

If you have any questions regarding the guidance contained within this document, please email AREF at: info@aref.org.uk.

1. Performance measurement

Historical performance

1.1 The investment performance of funds should be independently audited. Performance data should be disclosed as stated below.

Performance objectives

1.2 Funds are required to disclose fund performance, at least to the investors in the fund, against the performance objective/benchmark.

1.3 Each fund should use its benchmark consistently over time; a full explanation should be supplied should it become necessary for a benchmark to be changed.

1.4 Funds should measure ESG performance, ideally against a set of key performance indicators (KPIs).

1.5 Fund performance should be disclosed at least quarterly.

Performance data

1.6 Annual statements should include a performance record containing the data set out as follows:

For open and semi-ended funds:

A performance record over the last five annual accounting periods for units in each class of units in issue during each of those years detailing:	<ol style="list-style-type: none">1. The gross of tax net of expenses income distributed over the period (or, for accumulation units, allocated), taking account any sub-division or consolidation of units that occurred during that period.2. The Gross Yield (%), which is the gross of tax, net of expenses distribution for the last 12 months expressed as a percentage of the latest NAV.¹3. Time weighted, annualised performance for the quarter, and one, three and five years to the end of the period under review.4. An appropriate analysis of performance, e.g. by location/property type.
As at the end of the last five annual accounting periods	<ol style="list-style-type: none">1. The total NAV of the scheme property at the end of each of those years.2. The NAV per unit.3. The number of units of each class in existence or treated as in existence.4. Current portfolio status vs investment restrictions5. Management fees and other expenses6. Expense ratios

¹ The methodology above applies a consistent approach to the calculation of income returns and current yields. Where funds quote current yields that may be published in the *FT* and elsewhere, these should similarly be calculated as the sum of the gross of tax, net of expenses income distributed over the previous 12 months expressed as a percentage of the current offer price.

For closed-ended funds:

A performance record over the last five annual accounting periods for units in each class of units in issue during each of those years detailing:	<ol style="list-style-type: none">1. The gross of tax net of expenses income distributed over the period (or, for accumulation units, allocated), taking account any sub-division or consolidation of units that occurred during that period.2. The Gross Yield (%), which is the gross of tax, net of expenses distribution for the last 12 months expressed as a percentage of the latest NAV.²3. Time weighted, annualised performance for the quarter, and one, three and five years to the end of the period under review.4. An appropriate analysis of performance, e.g. by location/property type.
As at the end of the last five annual accounting periods	<ol style="list-style-type: none">1. The total NAV of the scheme property at the end of each of those years.2. The NAV of each class of unit.3. The number of units of each class in existence or treated as in existence.4. Current portfolio status vs investment restrictions5. Management fees and other expenses6. Expense ratios

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The Association of Real Estate Funds
- The Voice of the Real Estate Funds Industry -
3 Waterhouse Square, London EC1N 2SW
Tel: 020 7269 4677 - www.eref.org.uk

