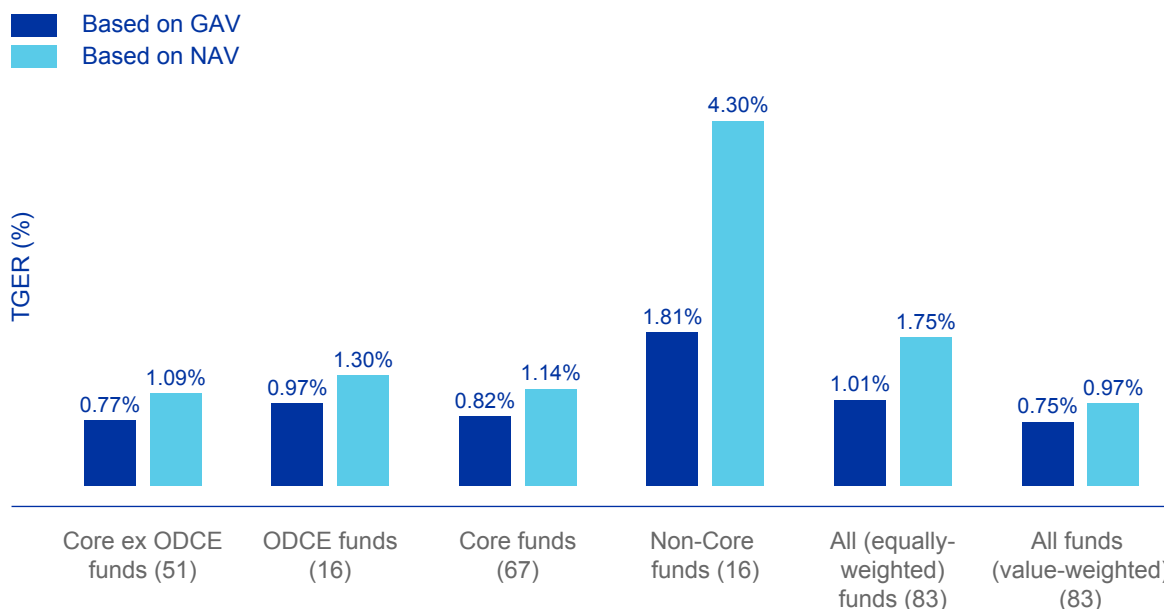


## Core funds, large funds, and funds with single country strategies and single sector strategies report lower TGERs

- > The average reported Total Global Expense Ratio (TGER) for 2022 was 1.01% based on GAV and 1.75% based on NAV
- > ODCE funds exhibit notably lower TGERs than the average for all other funds with a multi country – multi sector strategy
- > The Real Estate Expense Ratio (REER) has the strongest linkage with the single country strategy, driven by the variations in costs split between landlord and tenant as defined in the rental agreements

This year’s study, based on a sample of 83 funds, recorded an average TGER of 1.01% based on GAV and 1.75% on NAV, as reported for 2022. When accounting for vehicles’ size, the value-weighted average TGER was 0.75% based on GAV and 0.97% based on NAV. This indicates that larger vehicles have lower TGERs, on both NAV and GAV basis. The highest TGERs are amongst the recently launched closed end funds as they are still relatively small and tend to have higher gearing levels.

Figure 1: Average TGER by Style



The distinction between core and non-core funds closely parallels the breakdown by open end and closed end structures as all open ended funds in this year’ study follow a core investment approach. Closed end funds, in the sample, maintain diverse investment strategies. When both style and structural characteristics are taken into consideration, core open end funds exhibit a lower average and a smaller range of TGERs compared to the groups of core closed end funds and non-core closed end funds.

Core funds, regardless of their size, continue to exhibit limited variations in TGERs. However, size does play a role as large core funds, on average, have lower TGERs. In contrast, non-core funds, primarily composed

of smaller funds with gross asset values (GAV) below €500 million, maintain a higher average and a wider range of TGERs.

Funds with a multi country strategy demonstrate higher TGERs as they operate in multiple jurisdictions, regardless of if combined with a single sector or multi sector strategy. On the other hand, multi sector funds are more expensive, independent of if they are single country or multi country. Multi country – Multi sector strategies exhibit the highest TGERs. Of those funds with a single sector strategy, retail-focused funds show the lowest TGERs.

At 0.97% on GAV and 1.30% on NAV, the average TGER for the 16 ODCE funds is higher compared to the 51 core funds excluding ODCE funds equivalents of 0.77% and 1.09%, respectively. On the other hand, TGERs for ODCE funds are low compared to the average for all other 15 funds with a Core Multi country – Multi sector strategy. For that group, the average TGER is 1.99% on GAV and 4.68% on NAV. The minimal variance in TGERs among European ODCE funds reflects a high degree of uniformity and transparency in the fee and cost structures within the segment.

### Background

Launched in 2007 and now published every two years, the INREV Management Fees and Terms Study explores the fee and cost structures of European non-listed real estate funds, with a focus on Total Global Expense Ratios (TGERs) and Real Estate Expense Ratios (REERs).

This year's sample includes 83 vehicles that provided information on their general fees and terms of the 365 vehicles that reported performance for 2022 in the INREV Data Platform. The 83 participating vehicles are managed by 36 managers, and collectively represent a total reported GAV of €153.5 billion.

**Figure 2: TGER for ODCE Funds**

