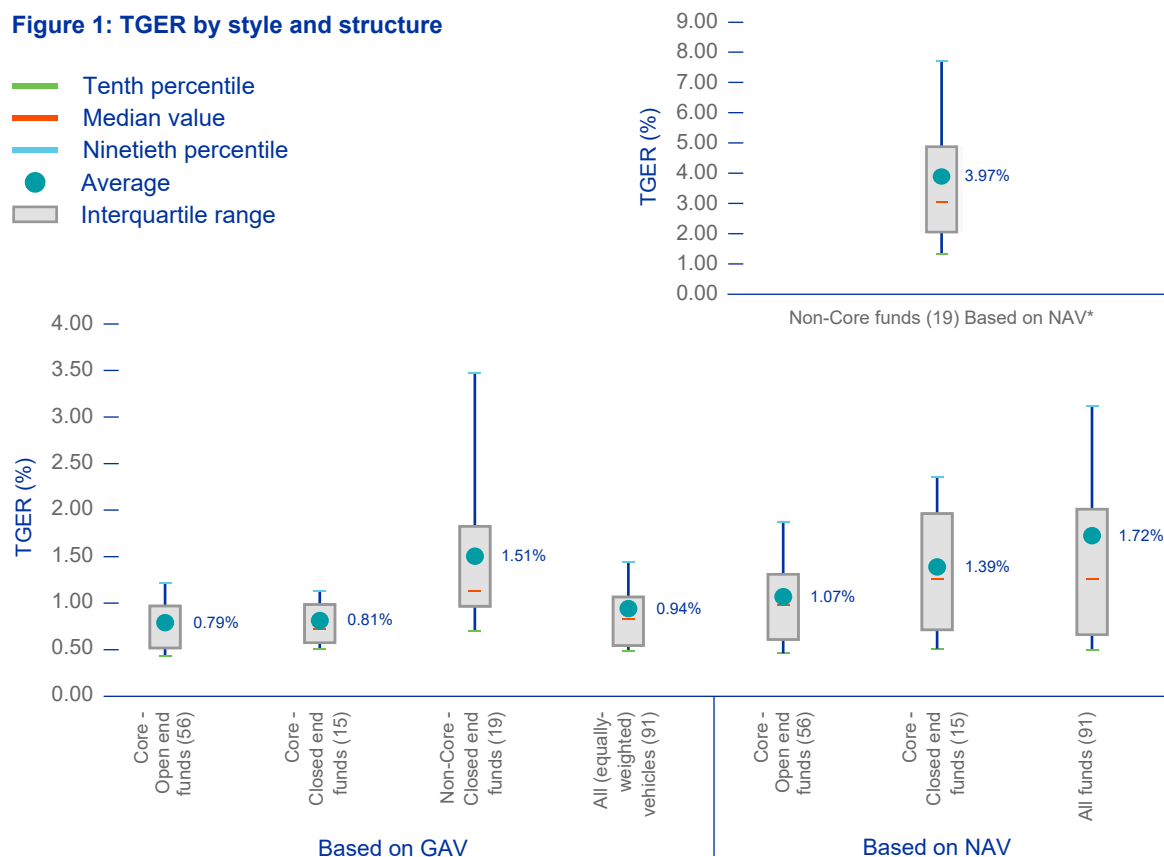


# Core, older, and large funds, and those with single country and single sector strategies report lower TGERs

- > The average reported Total Global Expense Ratio (TGER) for 2023 was 0.94% based on GAV and 1.72% based on NAV
- > Management fees were more consistent compared to the vehicle costs. Large core funds had lower vehicle costs.
- > Core funds and large funds reported lower Real Estate Expense Ratios (REERs), however they were relatively consistent across sector strategies

**Figure 1: TGER by style and structure**

- Tenth percentile
- Median value
- Ninetieth percentile
- Average
- ▭ Interquartile range



This year's study, based on a sample of 91 funds, recorded an average TGER of 0.94% based on GAV and 1.72% on NAV, as reported for 2023. When accounting for vehicles' size, the value-weighted average TGER was 0.80% based on GAV and 1.09% based on NAV. This indicates that larger vehicles have lower TGERs, on both NAV and GAV basis. The highest TGERs are found among the recently launched closed end funds, which are typically smaller in size and tend to have higher gearing levels.

Core - Open end funds exhibit a lower average TGER, with 0.79% based on GAV and 1.07% based on NAV, and a narrower range compared to core closed end funds and non-core closed end funds. Core funds, irrespective of size, continue to show limited variations in TGERs. However, size does have an impact, as large core funds have lower average TGERs. On the other hand, non-core funds, generally smaller in size, display a higher average and a wider range of TGERs.

Funds with a multi country strategy have higher TGERs as they operate in multiple jurisdictions, regardless of if they follow a single sector or multi sector strategy. Similarly, multi sector funds are more expensive, independent of

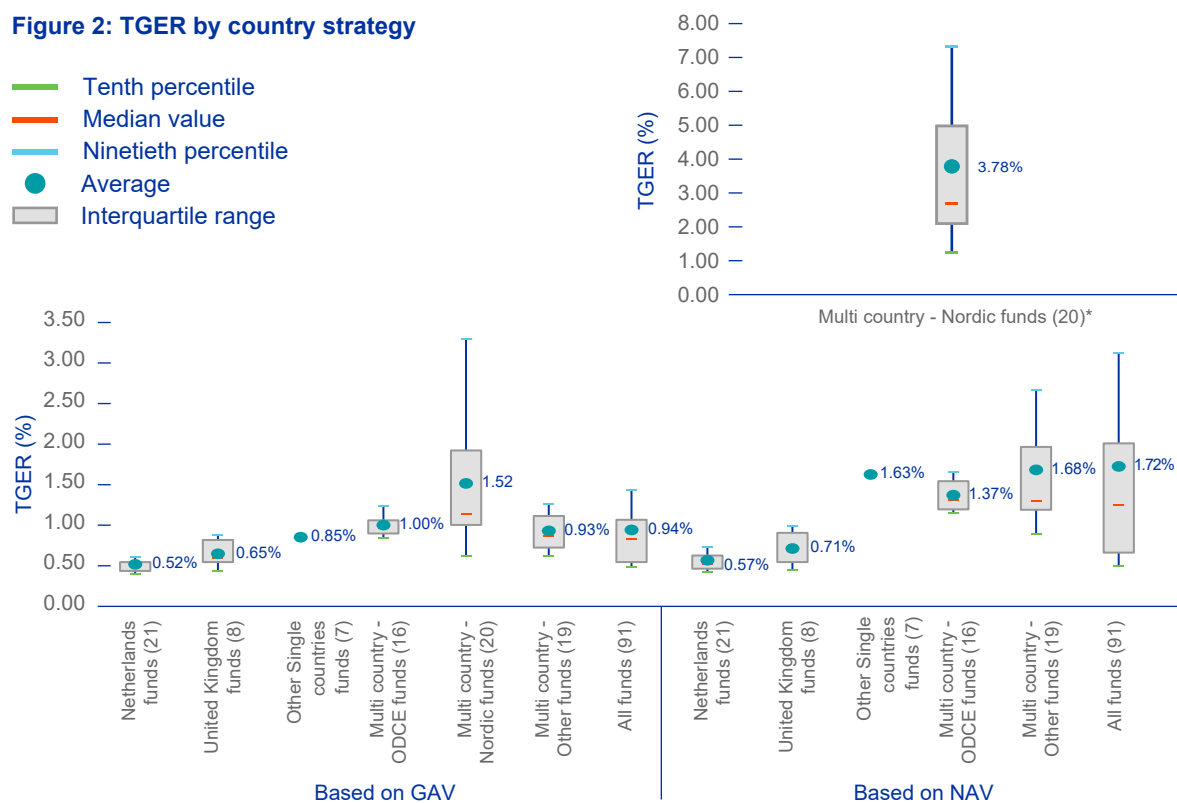
\* The Non-Core vehicles (19) - Based on NAV are shown separately for better visualisation purposes.

whether they are single country or multi country. Multi country – Multi sector strategies exhibit the highest TGERs overall. Within the different Multi country strategies the Multi Country – Nordic funds, predominately comprised of multi sector funds (18 out of 20), recorded the highest average TGER and the largest dispersion.

At 1.00% on GAV and 1.37% on NAV, the average TGER for the 16 ODCE funds is higher compared to the 55 core funds

**Figure 2: TGER by country strategy**

- Tenth percentile
- Median value
- Ninetieth percentile
- Average
- Interquartile range



\* The Multi country – Nordic vehicles (20) - Based on NAV are shown separately for better visualisation purposes.

excluding ODCE funds equivalents of 0.73% and 1.07%, respectively. This is partially due to the fact that many of the other Core funds follow a Single country and/or a Single sector strategy. On the other hand, TGERs for ODCE funds are low compared to the average for all other 22 funds with a Multi country – Multi sector strategy. For the Multi country – Multi Sector funds excluding ODCE, the average TGER is 1.49% on GAV and 3.71% on NAV. Variations in size are likely to have

an impact because the ODCE funds with an average GAV of €2.6 billion are larger in size compared to the average GAV for other Multi country – Multi sector funds (€1.0 billion).

This year's study, based on a sample of 88 funds, recorded an average equally-weighted REER of 1.04% based on GAV for the reporting year 2023. The 2023 equally-weighted REER based on GAV increased by 10 bps from 0.94% reported in 2022 to 1.04%. The increase of the REER is likely to be linked to increased real estate expenses due to the relatively high inflation in 2023 and lower capital values (and GAVs) due to negative capital growth.

### 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).

The TGER and the REER form part of the standard measures included in the regular reporting of overall performance to investors in a vehicle.

This year's sample includes 91 vehicles that provided information on their general fees and terms of the 341 vehicles that reported performance for 2023 in the INREV Data Platform. The 91 participating vehicles are managed by 38 managers, and collectively represent a total reported GAV of €167.2 billion.