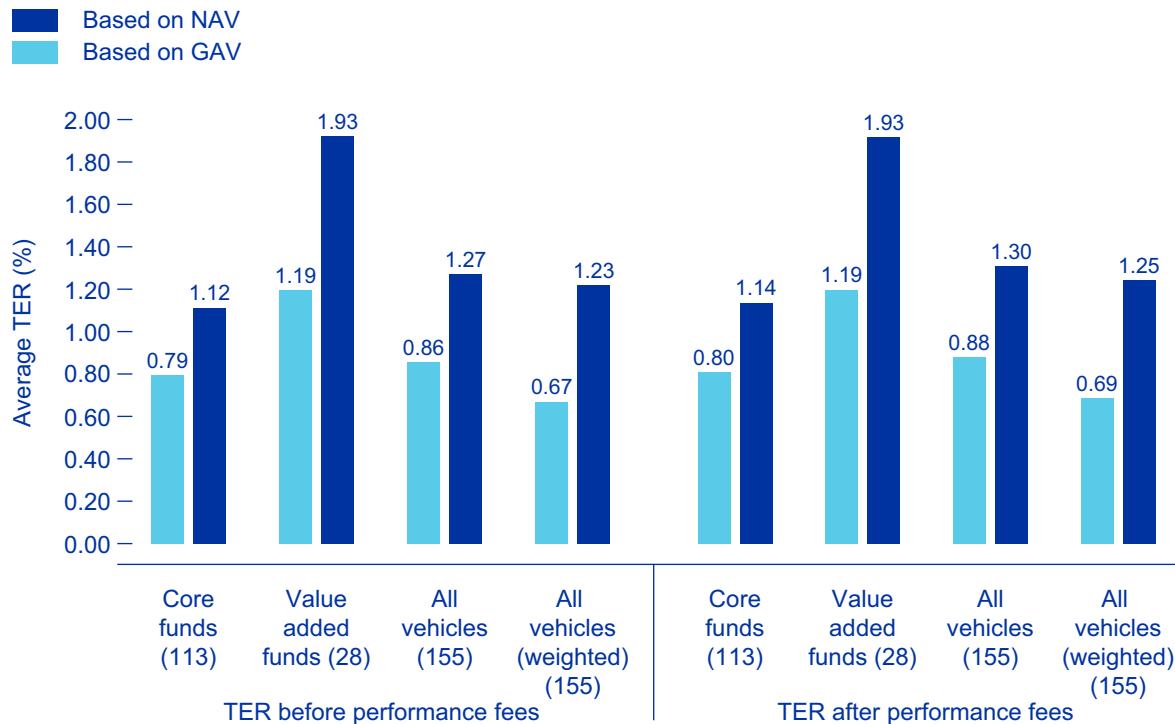


A leap towards greater transparency with a record number of vehicles

- > This year the study includes 418 vehicles with 155 funds delivering data on their TERs and 111 on their REERs, the highest numbers on record
- > Non-listed real estate funds had an average TER of 0.86% based on GAV on an equally weighted basis and 0.67% on a weighted basis
- > Lower than average ratios for core funds and higher than average for value added

Launched in 2007 and now published every two years in September, 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 expense ratios (TERs) and real estate expense ratios (REERs).

Figure 1: TER by style



The TER and the REER form part of the standard measures included in the regular reporting of overall performance to investors in a vehicle. When analysed in the context of vehicle style, investment strategy and underlying risks, these fee and expense metrics will help those involved in the non-listed real estate market - both institutional investors and managers - to compare fee and cost structures between different non-listed vehicles and with other investment structures.

This year's study includes 418 vehicles (191 open end and 227 closed end), that provided information on their general fee and terms. These vehicles are managed by 94 managers, and collectively represent total gross asset value (GAV) of €155.7 billion as at end 2017.

Of these 418, 155 provided information on their 2017 TERs (82 open end funds, 62 closed end funds and 11 separate accounts) and 111 (53 open end funds, 52 closed end funds and 5 separate accounts) provided information on their 2017 REERs.

Note: numbers in brackets on the charts represent the number of vehicles in the sample

Taking as a group, non-listed real estate vehicles recorded an average TER of 0.86% based on GAV and 1.27% based on NAV before performance fees. On a weighted basis, average TERs for all vehicles was 0.67% based on GAV and 1.23% based on NAV, suggesting that larger vehicles tend to have a lower TER than their smaller peers. Taking into account performance fees, both GAV and NAV-based TERs escalate slightly to 0.88% and 1.30% respectively.

Style wise, core funds registered lower ratios than their value added peers, with the latter group displaying a greater spread in their interquartile range of TERs.

This relativity was mirrored in the REERs across styles. The all vehicles average REER was 1.16%. For core funds, this ratio was slightly lower and stood at 1.02%, while value added funds commanded a higher than average REER 1.50%.

By structure, the average TER registered by open end funds was considerably lower than those for closed end funds, on both GAV and NAV bases, both before and after performance fees. Open end funds recorded an average TER before performance fees of 0.66% based on GAV. The equivalent figure for closed end funds was 1.18%.

For further details contact research@inrev.org

The full report is available to members at inrev.org/research

Figure 2: REER by style

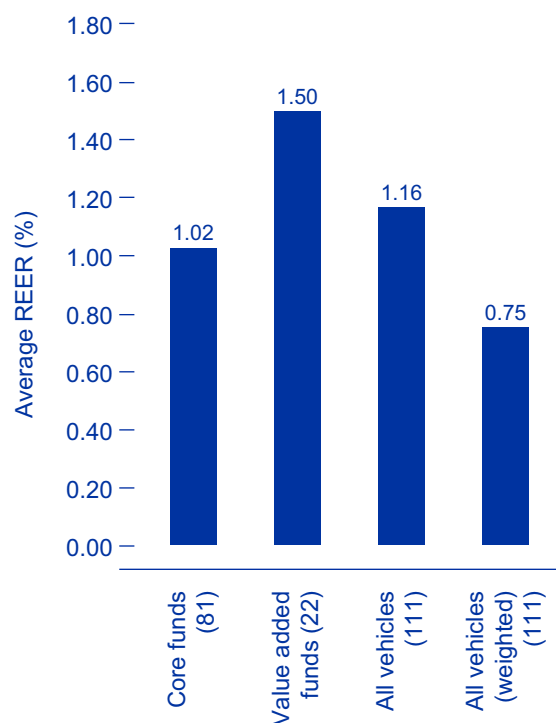


Figure 3: TER by structure

