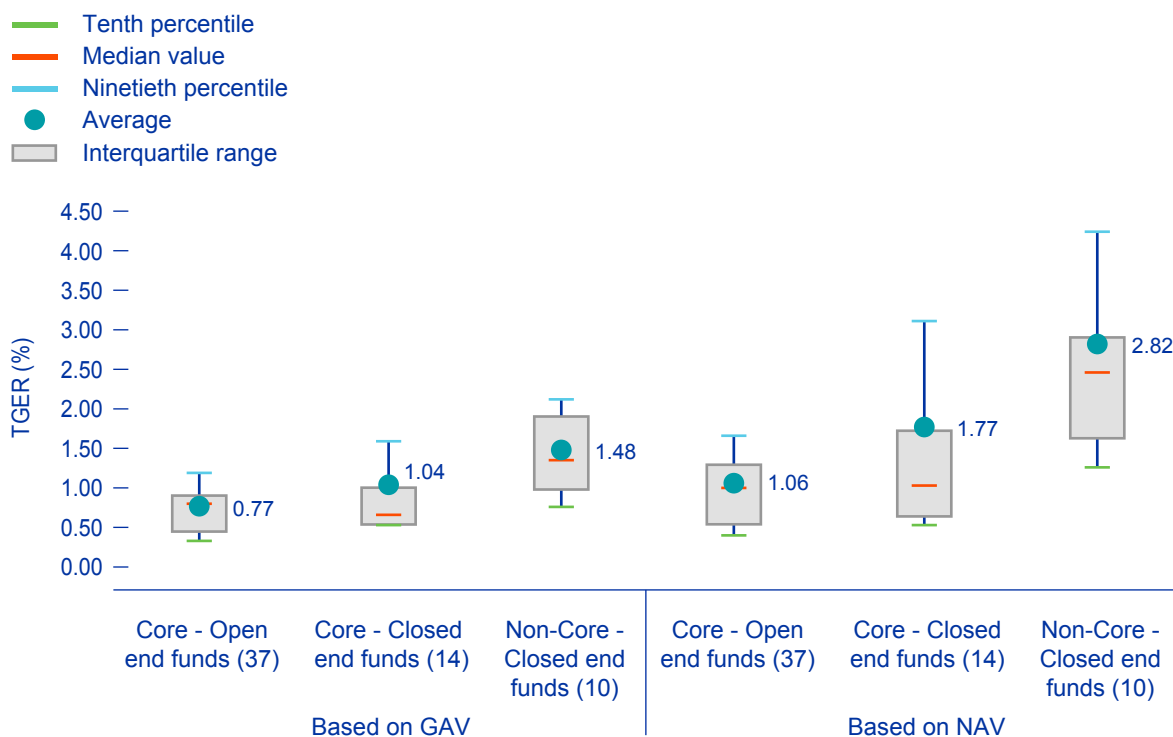


Funds deploying a multi country or multi sector strategy have higher TGERs

- > The average reported TGER for 2021 was 0.95% on GAV and 1.51% on NAV
- > Residential and retail funds show the lowest TGERs amongst single sector strategy funds
- > ODCE funds exhibit notably lower TGERs than the average for all other funds with a multi country – multi sector strategy

Figure 1: TGER by style and structure*



* the sample for Non-Core – Open end funds was insufficient to present results.
Source: INREV, 2022

This year’s study reports an average TGER of 0.95% based on GAV and 1.51% on NAV for 2021. When accounting for vehicle size, the weighted average TGER was 1.02% based on GAV and 1.35% based on NAV.

All open end funds in this year’s study follow a core investment approach, while closed end funds in the sample adopt different investment styles. Therefore, differences between core and non-core funds are largely similar to those between funds with an open end and closed end structure. The group of Core – Open end funds recorded a lower average and a range of TGERs than the groups of Core – Closed end funds and Non-core – Closed end funds.

Non-core funds, mostly less than €500 million in GAV, exhibit a higher average and range of TGERs compared to their Core peers. Regardless of fund size, Core funds show fairly similar average TGERs and a degree of overlap in the ranges, indicating that differences in size play a fairly limited role.

Older vintage groups show the lowest range of TGERs compared to the more recently launched funds. However, when corrected for the sample composition, differences between the vintage groups decrease as open end funds show little variation in TGERs overtime.

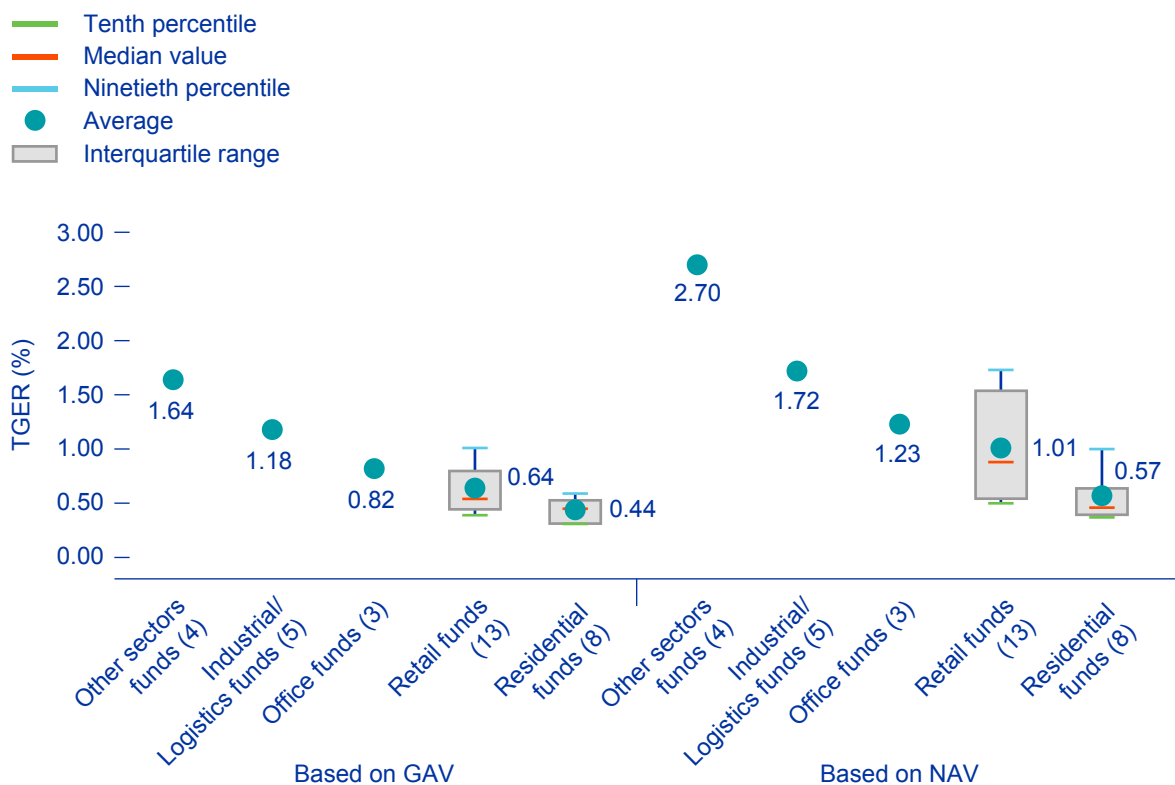
As they operate in multiple jurisdictions, funds with a multi country strategy demonstrate higher TGER, regardless if combined with a single sector or multi sector strategy. On the other hand, the data show that multi sector funds are more expensive independent of if they are single country or multi country. Multi

country – multi sector strategies exhibit the highest TGERs. Of those funds with a single sector strategy, residential and retail-focused funds show lower TGERs.

At 0.97% on GAV and 1.32% on NAV, the average TGER for the ODCE funds is higher

compared to the Core funds excluding ODCE funds equivalents of 0.81% and 1.24%, respectively. On the other hand, TGERs for ODCE funds are low compared to the average for all other funds with a core multi country – multi sector strategy. For this group, the average TGER is 1.50% on GAV and 2.89% on NAV.

Figure 2: TGER by single sector strategy*



* Ranges of TGERs are only displayed for those sectors with sufficient sample size. For those who do not meet the required minimum of six, only the average TGER is reported.
Source: INREV, 2022

The fact there is little dispersion in TGERs amongst the European ODCE funds indicates a high level of uniformity and transparency of fees and costs for this 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).

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 68 vehicles that provided information on their general fees and terms of the 365 vehicles that reported performance for 2021 in the INREV Data Platform. The 68 participating vehicles are managed by 28 managers, and collectively represent a total reported GAV of €124 billion.