

Guidance

Expense Ratios Guidelines for AREF Members

Effective from:
February
2026

Introduction

Guidance objective

The Expense Ratios Guidelines aim to provide managers and investors with:

- background information into the Expense Ratios Guidelines;
- guidance in setting and managing a vehicle's expense ratio; and
- the facility to directly compare total expense ratios (TERs) across real estate vehicles.

In addition, AREF's Expense Ratios Q&A document ([link](#)) provides additional information to AREF members on reporting requirements.

Application of guidance

Managers should utilise this guidance when establishing their reporting of information on costs and charges to investors. It applies to all AREF Fund Members and publication of fee metrics is seen as being a requirement of the AREF Charter.

AREF recognises that not all of the guidance in this publication applies to every vehicle for regulatory, strategic, operational or other reasons and managers should be prepared to explain any deviations in their approach.

In the cases of conflict between the provisions of this guidance and legislative/regulatory requirements, the latter will take precedence.

Managers should also refer to the Cost Transparency Initiative (CTI) reporting guidance, which can be found [here](#).

Background to guidance

Following a consultation with all AREF members in early 2022, AREF brought its guidance on TER in line with the Total Global Expense Ratio (TGER) agreed by INREV, ANREV, NCREIF and PREA.¹ The objective of the Total Global Expense Ratio (TGER) is to facilitate comparison of fees and costs between real estate investment vehicles that operate across different regions of the globe.

The 2022 consultation provided an opportunity to bring AREF terminology regarding the Property Expense Ratio (PER) and Real Estate Expense Ratio (REER) in line with INREV terminology. In addition, the AREF guidance provides two further requirements for AREF Fund Members. Members should report the expense ratios as a proportion of both NAV and GAV and, where performance fees are applied, the expense ratio should be reported with and without the performance fees.

The February 2026 update, reviewed by the Corporate Governance Committee and a member of the original working group, upholds the original recommendations and provides additional clarification.

Last review date

February 2026

¹ [Total Global Expense Ratio](#): a globally comparable measure of fees and costs for real estate investment vehicles, November 2019. INREV is the European Association for Investors in Non-listed Real Estate Vehicles www.inrev.org. ANREV is the Asian Association for Investors in Non-listed Real Estate Vehicles. www.anrev.org. NCREIF is National Council of Real Estate Investment Fiduciaries in the US www.ncreif.org. PREA is the Pension Real Estate Association in the US www.prea.org.

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

Expense ratios guidance

AREF's Guidance to members is to follow the Total Global Expense Ratio (TGER1) agreed by INREV, ANREV, NCREIF and PREA, which can be found [here](#).

AREF has two additional guidance points:

- the expense ratio should be reported as a proportion of both NAV and GAV; and
- where performance fees are applied, the expense ratio should be reported with and without the performance fees.

Example

	As a percentage of GAV	As a percentage of NAV	
Fund management fees	X	X	
Other fund level operating costs	X	X	
TGER before performance fees	X	X	To be disclosed
Performance fees ²	X	X	To be disclosed
TGER after performance fees (A)	X	X	To be disclosed
Property management fees	X	X	
Other property level costs	X	X	
REER (B)	X	X	To be disclosed
Total (A + B)	X	X	To be disclosed
Costs associated with the purchase and sale of property holdings ³	X	X	
Costs associated with the purchase and sale of interests in special purpose vehicles.	X	X	
Transaction costs	X	X	To be disclosed

² Where a vehicle does not have performance fees, this should be "N/A". Where a vehicle does have performance fees but none have accrued, this should be "0"

³ Transaction fees paid to the manager are included in TGER.

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