Global Comparison of Management Fees and Terms
October 2016

INREV ANREV PREA pension real estate association

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

The Pension Real Estate Association (PREA) is a non-profit trade association for the global institutional real estate investment industry. www.prea.org

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Executive summary

- This report analyses the fees and terms structures and rates of non-listed real estate funds in Europe, Asia Pacific and the US. The PREA sample also captures non-US funds. The report is based on three separate regional studies carried out in spring / summer 2016 by INREV (Europe), ANREV (Asia Pacific) and PREA (the US).

- Within all three regions, fund management fee structures are varied and depend on, for instance, account type, investment style, as well as the funds' target markets. The diversity increases when funds are compared across regions, due to differences in real estate market practices and legacies.

- Annual management fees are widely used across all regions. The basis on which the fees are calculated varied markedly between the three regions. In Europe, the majority of the funds based their fund management fee on gross or net asset value, while in the US, the most commonly used fee bases were invested equity and net asset value. In the Asia Pacific sample, the applied fee bases were quite evenly split between commitment, drawn commitment, gross asset value and "other".

- Management fees based on gross asset value varied from 0.54% in Europe and 0.55% in Asia Pacific to 0.61% in the US only sample.

- Fund management fees calculated on other bases showed greater variance across regions and study samples. Fee rates based on drawn commitment were 1.20% on average in the PREA "non-US" sample (funds targeted at US investors that invest outside the US), and 1.42% for funds investing in US assets. Fees based on net asset value ranged from 0.76% for European funds up to 1.00% for the non-US sample.

- Performance fees, or incentive fees as they are called in the US, are commonly applied in all regions. Value added and opportunity funds in particular apply them frequently.

- When funds were split into vintage categories (launched pre or post 2008), the analysis showed that after the global financial crisis, the emphasis of performance fees in the US and Asia Pacific samples shifted towards fees paid only at termination of the fund, when capital is returned to investors.

Introduction

This study compares the fees associated with the management of non-listed real estate investment funds globally. The report is based on the regional studies conducted by the Pension Real Estate Association (PREA) in the US, the European Association for Investors in Non-listed Real Estate Vehicles (INREV) and the Asian Association for Investors in Non-listed Real Estate Vehicles (ANREV) during spring and summer 2016.

The management fees and terms studies are based on a distillation of information provided by fund managers of non-listed real estate vehicles. Data submission was on a voluntary basis, and the sample under analysis varies from year to year depending on the composition of respondents; therefore year on year comparisons should be treated with an element of caution.

The sample sizes can vary throughout the report depending on the number of respondents for each question. Readers should refer to the regional reports from INREV, ANREV and PREA for a more detailed breakdown of the sample sizes.

The INREV and ANREV fee questionnaires took into account the Global Standards Steering Committee's guidance on the definition of fees globally.

The aim of the study is to improve the comparability and understanding of different fees applied in different continents. The results of the study are intended for research and information purposes only, and does not represent or contain investment information on, or constitute advice in respect of specific funds or investments, nor should it be used as a basis for investment decisions. These are matters on which specific professional advice should be taken. The comparison study is now published for the fifth time. The report was written by KTI (an independent research company based in Finland).

More detailed regional reports are published by each of the above mentioned organisations. An overview of all the organisations can be found in the appendix.

1. Sample

All three regional management fees and terms studies were conducted during spring and summer 2016. Data for the samples was collected via online questionnaires.

The INREV and ANREV management fee and terms questionnaire was updated in January 2016 to reflect updates to the INREV Fee and Expense Metrics module of the INREV Guidelines at the time. Updates to the questionnaire are minor and largely reflect alignment in terminology with the INREV Guidelines. For full details on the updates please contact INREV.

The INREV study was based on a sample of 82 non-listed real estate funds, while the ANREV sample consisted of 88. PREA's sample consisted of 126 investment vehicles targeted at US investors, of which 16 were separate account mandates and joint ventures. Since the INREV and ANREV samples included only real estate funds, separate accounts and joint ventures were also excluded from the PREA sample in order to make the comparison more like-for-like.

INREV and ANREV samples included funds investing primarily in Europe and Asia Pacific respectively. Since the PREA sample included all vehicles targeted at US investors, independent of their target geographical markets, the PREA study sample was divided into two separate subsets in order to improve comparability. One of the samples included vehicles investing in the US market (US only) and the other (non-US) sample included vehicles that invest either partially or fully outside the US, mostly globally.

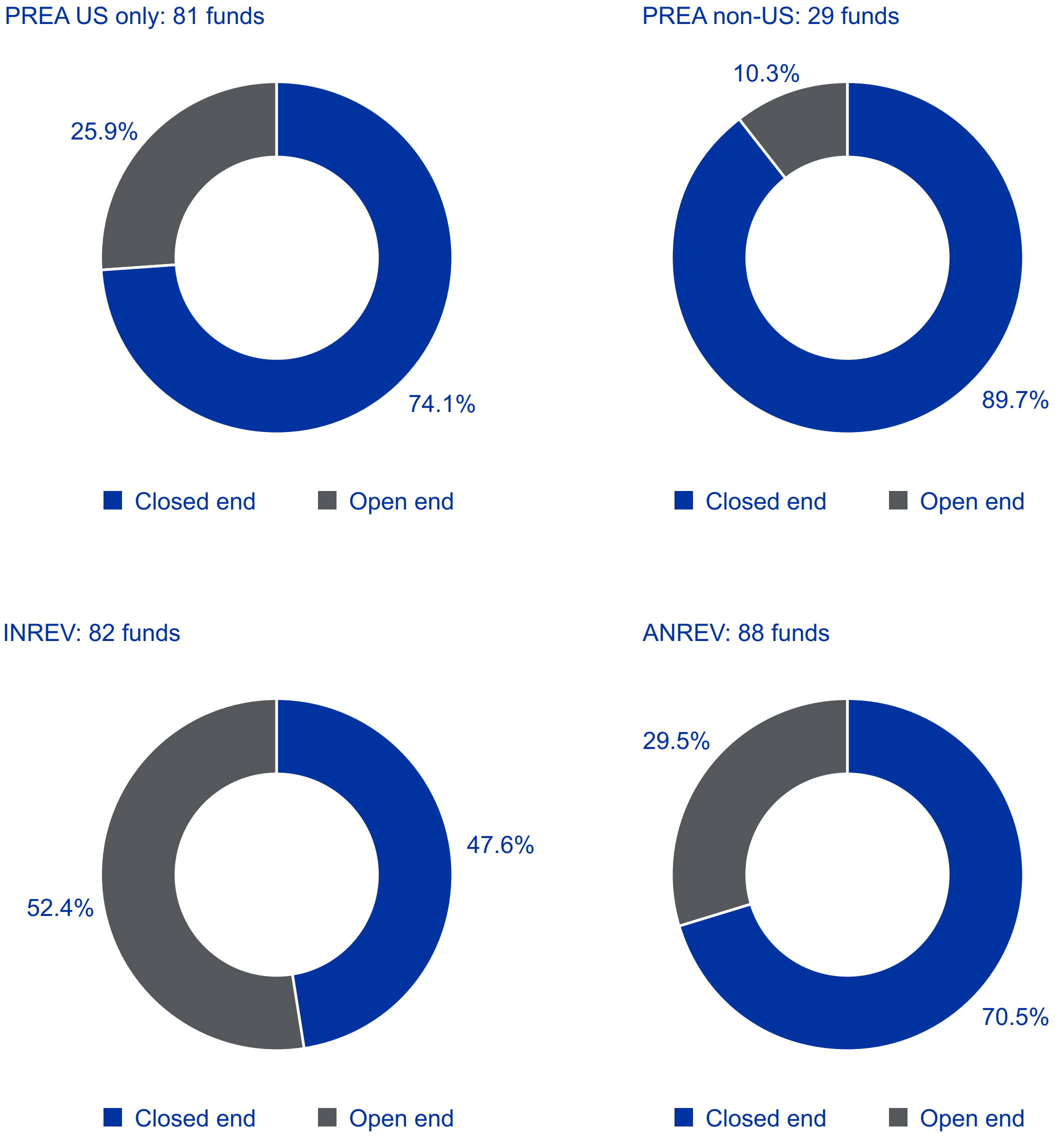
Table 1: INREV, ANREV, PREA study samples

	# funds	Minimum current GAV \$ billion	Minimum current GAV € billion
INREV	82	72.8	66.7
ANREV	88	79.7	73.1
PREA US only	81	156.0	143.0
PREA non-US	29	33.2	30.4

The exchange rate used is as of December 31 2015

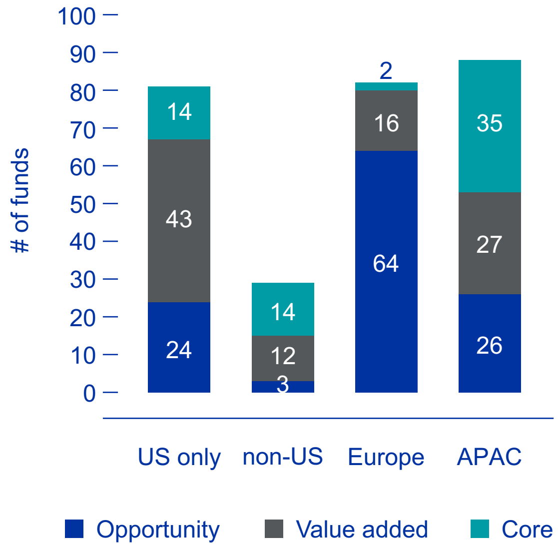
The current total gross asset value of the PREA sample amounted to €173.5 billion, while that of the INREV and ANREV samples was €66.7 billion and €73.1 billion respectively. It is also worth noting that some funds did not report their gross asset value.

Figure 1: Samples by vehicle structure



In the European sample, there were slightly more open end funds (52.4% of the sample) than closed end funds. In the other regions, closed end funds dominated the samples.

Figure 2: Samples by investment style by number of funds

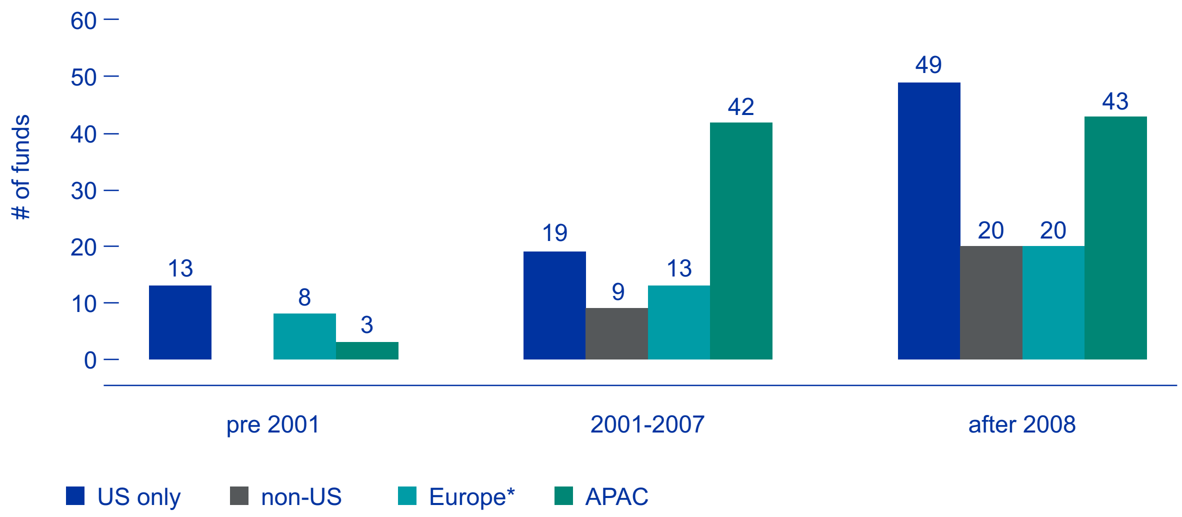


By looking at the risk-return spectrum of the samples, core funds dominated the European sample with a share of 78.0%. Note that in Europe the focus is on funds that provide total expense ratio (TER) data as this is the cornerstone of the European report, and these funds make up 50.0% (41 funds) of the overall European sample. Within this group of funds that provide TER data, 75.6% of funds were core in style, which is broadly consistent with the overall European sample. In the US only sample, value added funds were the biggest style category (53.1%), while in the PREA non-US sample, opportunity funds accounted for nearly half of the sample (48.3%). In Asia Pacific, the sample was most evenly divided between investment styles, but also there opportunity funds were the biggest style category with a share of 39.8%.

Table 2: Samples by investment style (% of total number of funds)

	US only	non-US	Europe	APAC
Core	29.6 %	10.3 %	78.0 %	29.5 %
Value added	53.1 %	41.4 %	19.5 %	30.7 %
Opportunity	17.3 %	48.3 %	2.5 %	39.8 %

Figure 3: Sample by vintage by number of funds



* The European vintage data is based on the 41 funds reporting TER

In all regions, vehicles launched after 2008 comprised the biggest vintage category. In both European and US only samples, funds established before 2001 were predominantly open end funds. The biggest style categories in the US and Asia Pacific samples were value added and opportunity, respectively, whereas in Europe core dominates.

Partly due to the large differences between samples in terms of account types, investment styles and vehicle sizes, comparison and analysis of fee terms and rates is challenging. Regional differences between market practices and terminology add to the complexity of the analysis and the comparisons.

To ensure data confidentiality, average fee levels and other statistical indicators were reported only when data was available on at least three funds managed by a minimum of three different fund managers. In cases where this was not possible these are marked by a dash (-).

In cases where the average fee rates of groups with more than three different fund managers and three funds were not reported, but it was still possible to cross-calculate average fee levels for other smaller sample groups with less coverage, these have been marked with an asterisk (*).

2. Fund Management Fees

2.1 Fund management fees during holding period

Fund management fees are charged across all regions and nearly all participating funds reported the details of their annual fund management fee to the study, as shown in Table 3.

Table 3: Application of fund management fee regionally

	INREV	ANREV	PREA
Reporting fund management fee	93.9 %	89.8 %	100.0 %
Reported rate to the study	91.5 %	81.8 %	88.9 %

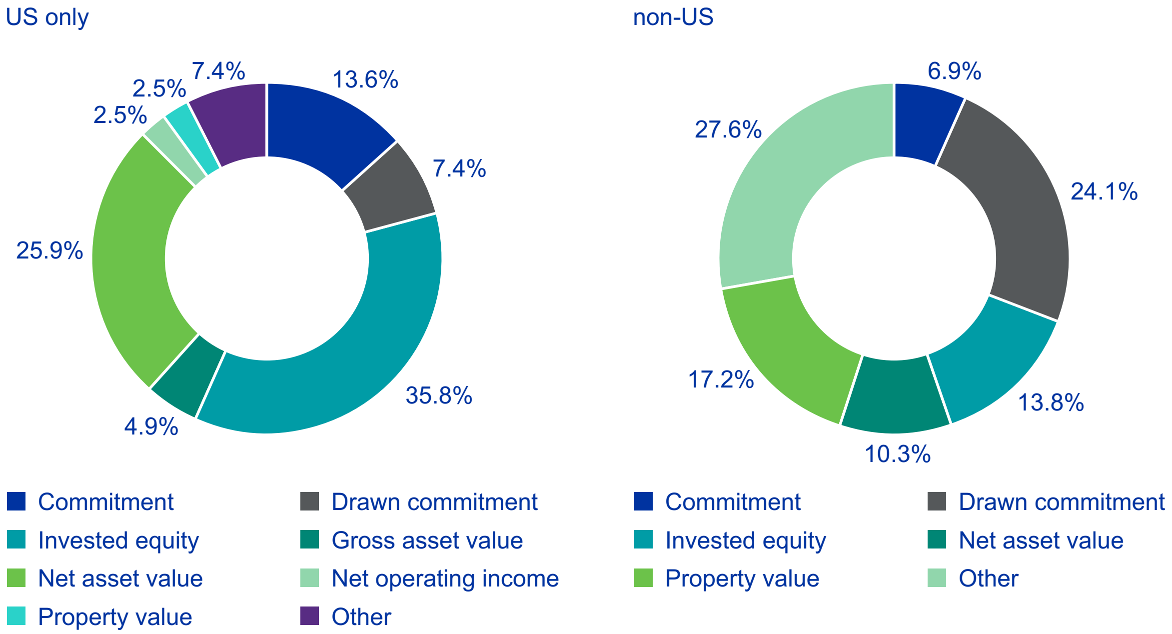
However, apart from the annual fund management fee, there might be several separate fees and costs charged to investors in a fund. These include, for instance, asset management, property management and project management fees, or fees or costs related to property acquisitions and disposals, as well as financing of the fund. Sometimes these fees are included in the annual management fee; this is quite often the case with, for instance, asset management fees. Other cost items and fees are commonly borne by the fund as costs, and are thus deducted from the fund's profits.

In the INREV study a clear distinction is drawn between fees paid to the manager and vehicle-level costs. Some of them might also be charged separately to the investors in the fund, and, in these cases, they add to the cost burden of the investors. Table 4 shows application of other management fees regionally and one can notice that other management fees are more commonly charged in Europe than in the other regions. The diversity of fee structures and practices related to them adds to the challenges in comparing the funds and analysing the total "leakage" that occurs when investing in a fund.

Table 4: Application of other management fees regionally

	INREV	ANREV	PREA
Asset management fee	34.1 %	37.5 %	10.0 %
Acquisition fee	56.1 %	5.7 %	16.4 %
Commitment fee	3.7 %	6.8 %	0.0 %
Development fee	26.8 %	10.2 %	14.5 %
Disposition fee	43.9 %	19.3 %	4.5 %
Distribution fee	1.2 %	0.0 %	0.0 %
Financing fee	2.4 %	2.0 %	0 .0%
Initial organisational fee	2.4 %	2.3 %	4.2 %
Project management fee	15.9 %	22.7 %	0.0 %
Property management fee	12.2 %	0.0 %	23.6 %

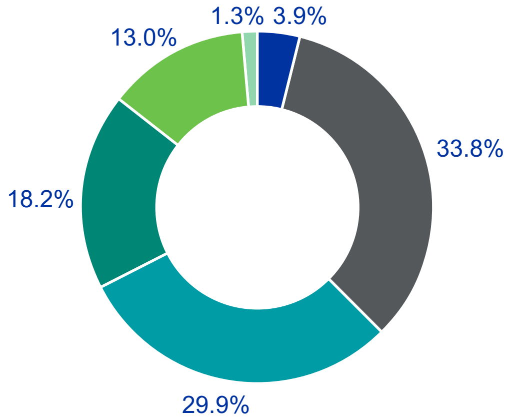
Figure 4: Fee basis of the annual management fee by region



Fund management fee bases vary markedly between regions. Figure 4 illustrates the most commonly used basis in each sample. In Europe, approximately two thirds of the funds in the sample use either gross asset value (GAV) or net asset value (NAV) as a basis for their annual fund management fees. NAV is commonly used as a fee basis also in the US and Asia Pacific, whereas GAV is widely used in Asia Pacific, but hardly ever applied in the US. In the US only sample, invested equity is clearly the most commonly used basis, applied by 35.8% of the funds in the sample, while none of the funds in the Asia Pacific and European samples reported applying this fee basis. In the Asia Pacific region, annual fund management fees bases are more evenly divided with commitment, drawn commitment and gross asset value being the most commonly used bases. In the non-US sample, drawn commitment is applied by nearly a quarter of the funds in the sample. There is also a wide variety of different bases which are categorised under “other” basis.

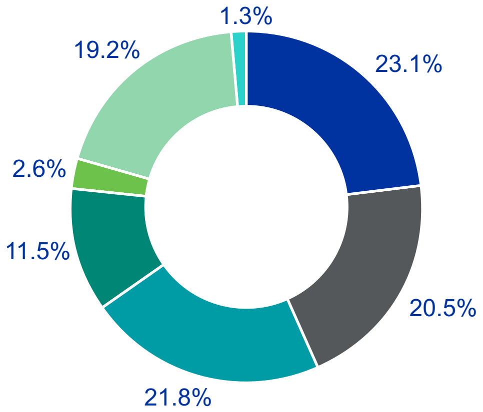
Figure 4 (continued): Fee basis of the annual management fee by region

Europe



- Drawn commitment
- Gross asset value
- Net asset value
- Property value
- Other
- Transaction price

Asia Pacific



- Commitment
- Drawn commitment
- Gross asset value
- Net asset value
- Property value
- Other
- Transaction price

Table 5: Most common management fee base by investment style by number of funds*

	Core		Value added		Opportunity	
	Fee base	% of style	Fee base	% of style	Fee base	% of style
Europe	GAV	36.1 %	GAV	28.6 %	**	
Asia Pacific	GAV	64.0 %	Drawn commitment	47.8 %	Commitment	50.0 %
US only	NAV	75.0 %	Invested equity	41.9 %	Invested equity	71.4 %
non-US	NAV	66.7 %	Property value	41.7 %	Drawn commitment	42.9 %

* Funds that do not report fee basis have been excluded from the sample
** In the European sample there were insufficient opportunity funds to report on

The differing fee bases between the three regions are partly explained by the different compositions of the study samples in terms of investment styles. For core funds, gross and net asset value were the two most used bases for annual management fees across all regions. Among value added and opportunity funds in different regions the annual management fee bases were varied. For US only funds, invested equity was commonly used by both value added and opportunity funds, whereas in Asia Pacific nearly half of the value added funds applied drawn commitment, and half of the opportunity funds applied commitment as their fee basis. In Europe, gross asset value was the most commonly applied fee basis also for value added funds.

Figure 5: Annual fund management fee bases and rates by region

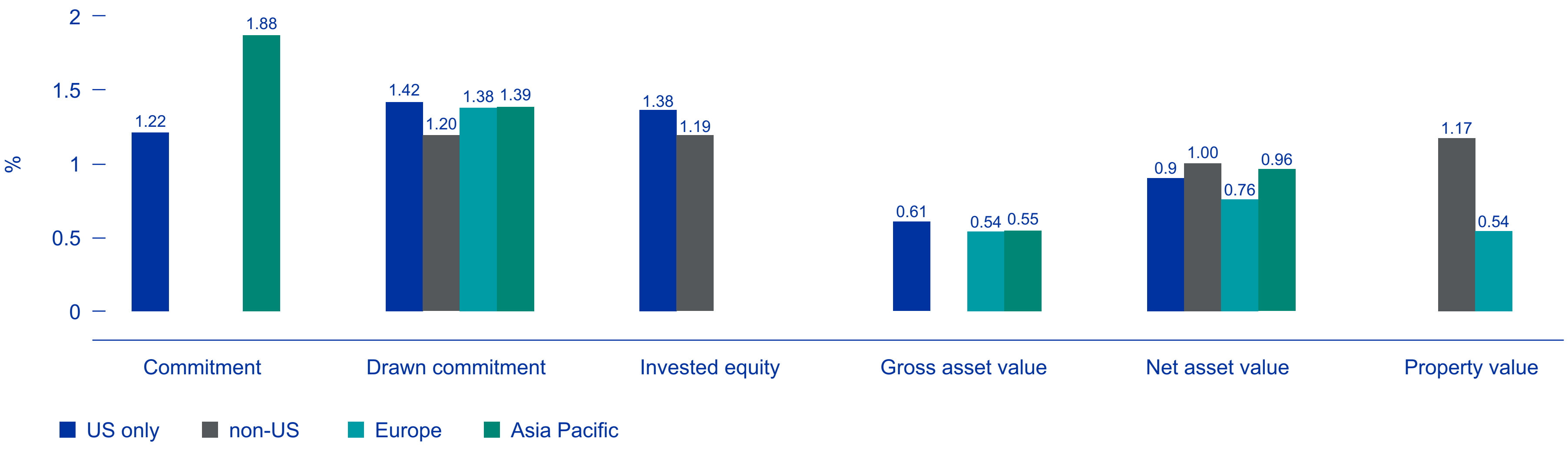


Figure 5 shows the annual management fee bases and fee rates across all four samples. Fees based on gross asset value were slightly higher in the US only sample than in the European and Asia Pacific studies. For fees based on net asset value, non-US and Asia Pacific samples showed higher fee rates than Europe.

Fee rates based on drawn commitment were, again very close to each other in the European and Asia Pacific samples, while larger differences were reported between US only and non-US samples. Fee rates based on commitment were only reported for US only and Asia Pacific samples, and there was a significant difference between the two samples. In Figure 5 the fee of 1.38% on drawn commitment in Europe applies only to value added funds.

Table 6: Annual fund management fee rates by regional strategy *

Fee basis	Europe		Asia Pacific		US only	non-US
	Single country	Multi country	Single country	Multi country	Single country	Multi country
	# 42	# 35	# 41	# 18	# 72	# 26
GAV	0.47	0.63	0.54	-	0.61	-
NAV	0.55	1.04	0.87	1.07	0.90	1.00
Commitment	-	-	1.94	1.75	1.22	-
Drawn commitment	-	-	1.31	1.47	1.42	1.20
Invested equity	-	-	-	-	1.38	1.19

* Funds that do not report fee basis have been excluded from the sample

Number of funds

Table 6 analyses annual management fees by the funds' geographical focus. In Europe, single-country funds charged lower annual management fees than those investing in multiple countries, regardless of the fee basis. In Asia Pacific, the same was true for fees based on net asset value and drawn commitment, whereas fees based on commitment were higher for single-country funds.

In the US only sample, the fees based on drawn commitment and invested equity were higher than in the sample of non-US funds. Among multi-country funds with invested equity as the fee basis, there were some open end funds with relatively low fee rates, which impacted the average levels.

2.2 Management fees during the investment period

In some cases, a different fee structure is applied in the early phases of a fund, during the so-called investment period. During this period, management fees may be based on a different basis, and / or the fee rate might be different from the one applied during the holding period. However, not all funds not necessarily have a separate investment period, and some funds start applying their normal annual fund management fees already from the beginning of the fund.

The comparison study found that fund management fees during the investment period were most often applied in the non-US sample, where 86.2% of the funds reported this fee separately, as well as in the US only sample (63.0% of the funds). Approximately a quarter of the funds in the Asia Pacific sample reported their fund management fees during the investment period in the study. The INREV study concentrates on fees during the holding period hence Europe is excluded from this section.

The basis for fees varied widely between the regions. Commitment was the most commonly used basis by Asia Pacific, non-US and US only funds. The application of different bases by region is presented in Figure 6, and Table 7 shows the fee levels by each basis. For commitment based fees, the non-US funds showed the lowest fee levels at 1.23%, compared to US only (1.40%) and Asia Pacific (1.62% on average).

Figure 6: Management fee base during the investment period by region

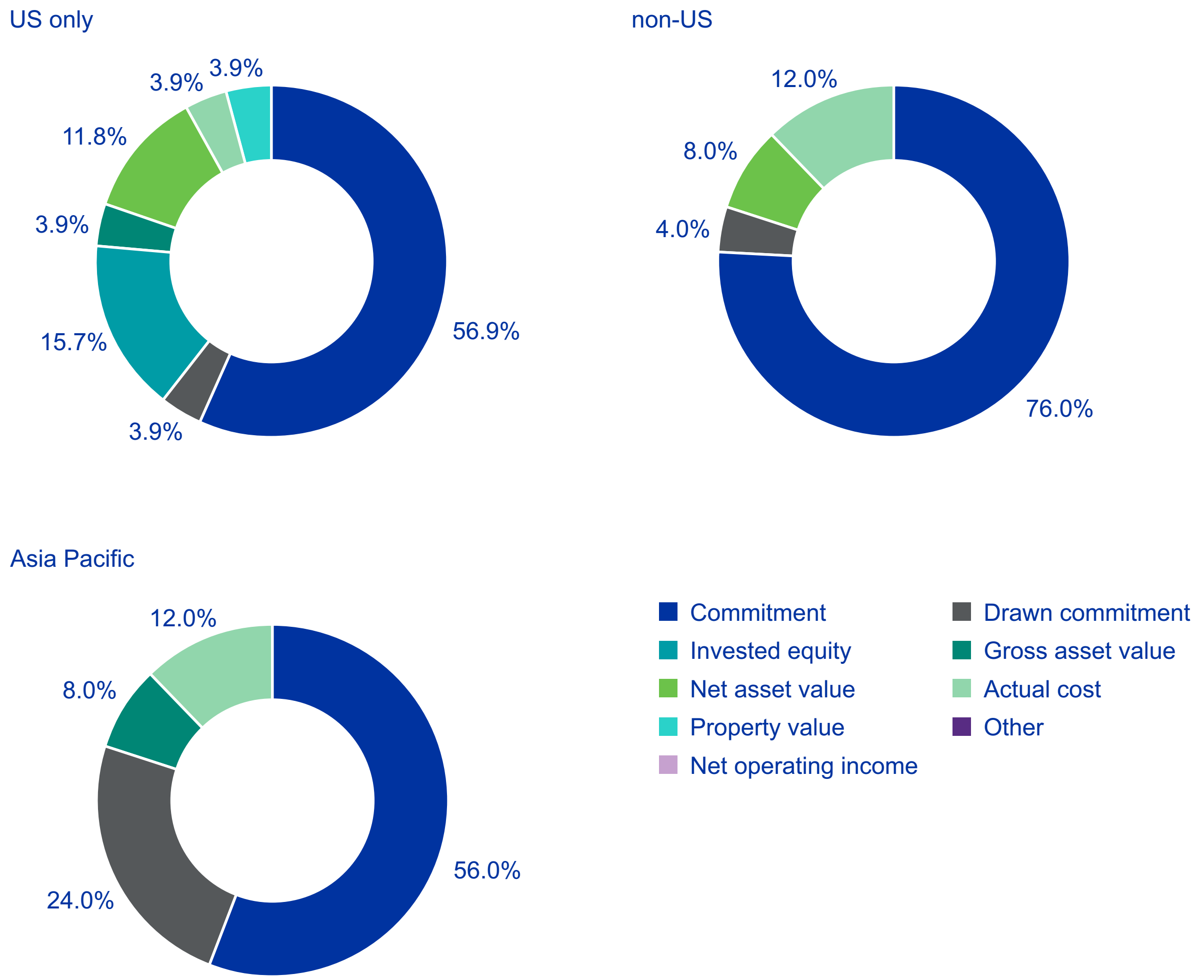


Table 7: Management fee basis and rates by region *

	Asia Pacific		US only		non-US	
Fee basis	**# funds**	**avg fee %**	**# funds**	**avg fee %**	**# funds**	**avg fee %**
Commitment	14	1.62	29	1.40	19	1.23
Drawn commitment	6	1.44	2	-	1	-
Invested equity			8	1.29		
Gross asset value	2	-	2	-		
Net asset value			6	0.79	2	-
Actual cost						
Property value						
Other	3	-	2	-	3	-
Net operating income			2	-		
Total	25		51		25	

* Funds that do not report fee basis have been excluded from the sample

Number of funds

3. Performance fees

Performance fees, or incentive fees as they are called in the US, were commonly applied in all three regions, as can be seen in Table 8. Opportunity and value added funds applied them more frequently than core funds.

Sample size

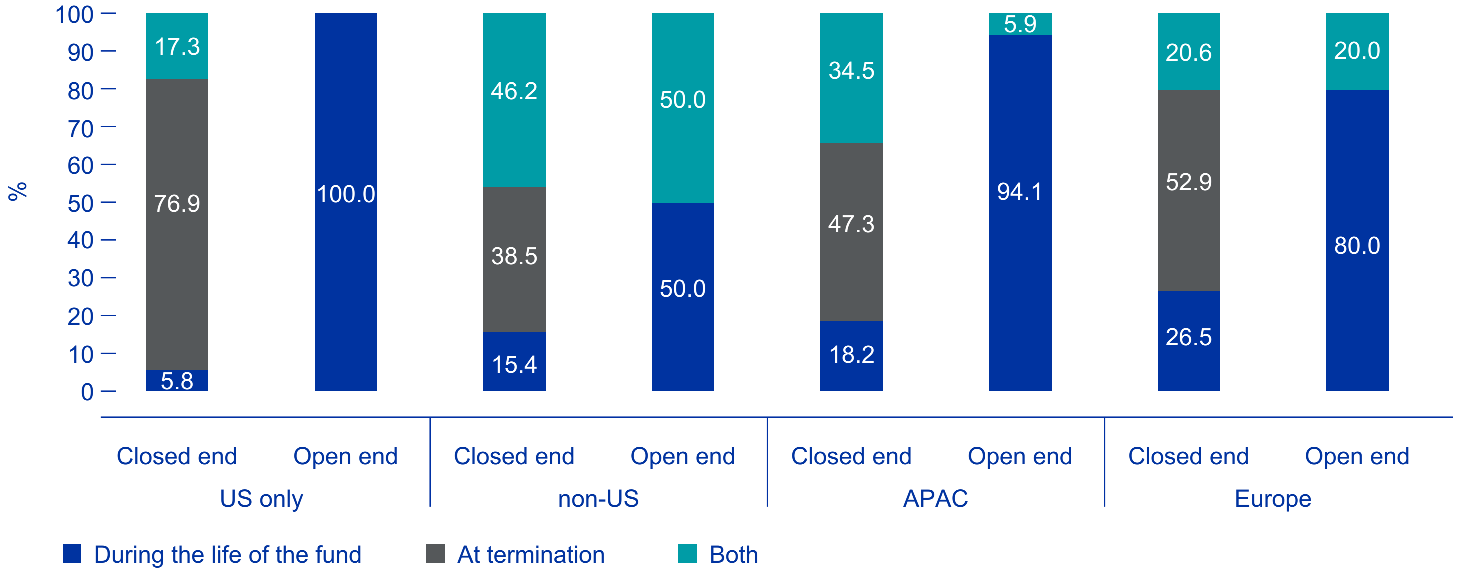
Performance fees are applied either during the life of a fund (whether periodically or on a deal-by-deal basis), at termination (when capital is returned to investors), or both. In cases where performance fees are applied by open end funds, they are typically applied throughout the life of a fund, as open end funds do not have a predetermined termination date.

Table 8: Percentage of sample reporting performance fees by investment style

	Europe	Asia Pacific	US only	non-US
	# funds	# funds	# funds	# funds
Core	32	18	3	2
Value added	14	24	39	12
Opportunity	0	33	13	14

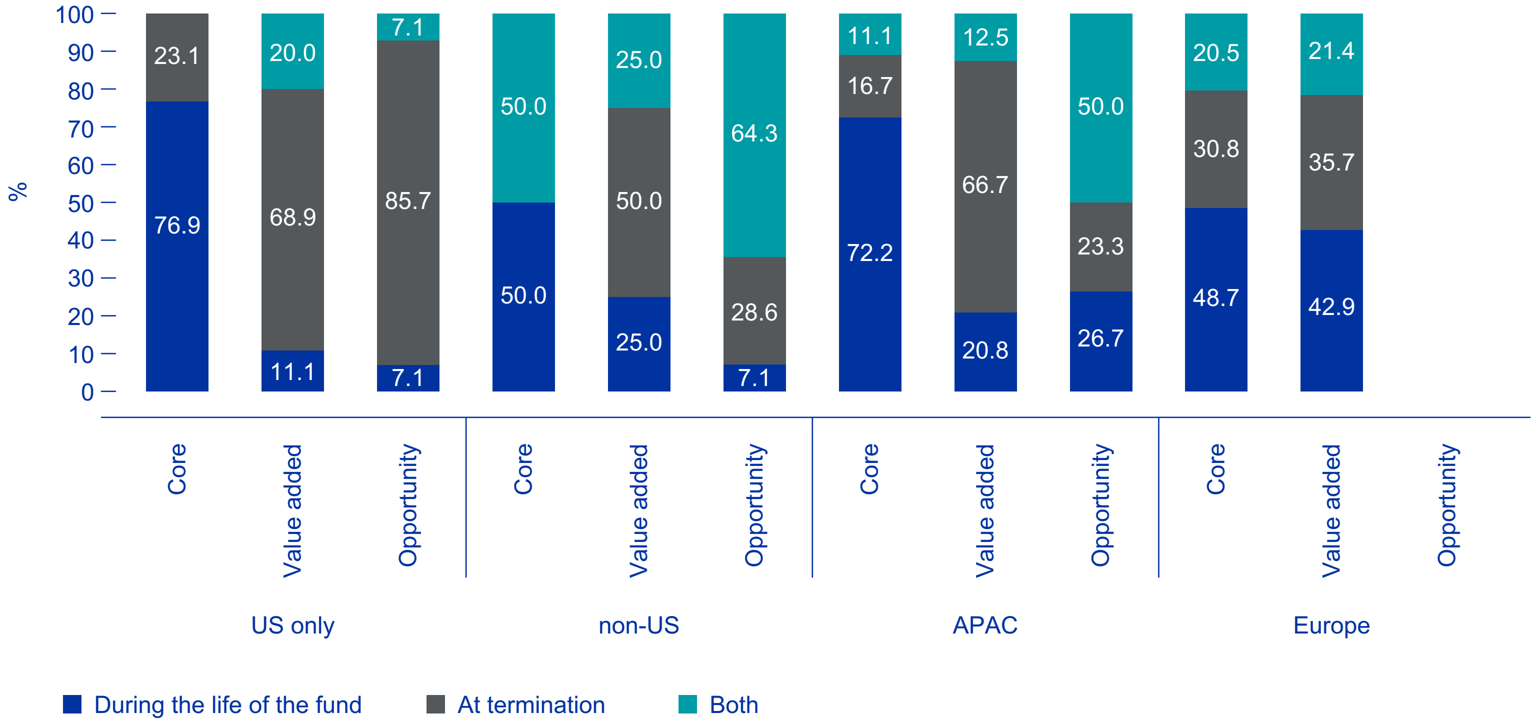
Number of funds

Figure 7: Percentage of sample reporting different types of performance fees by structure



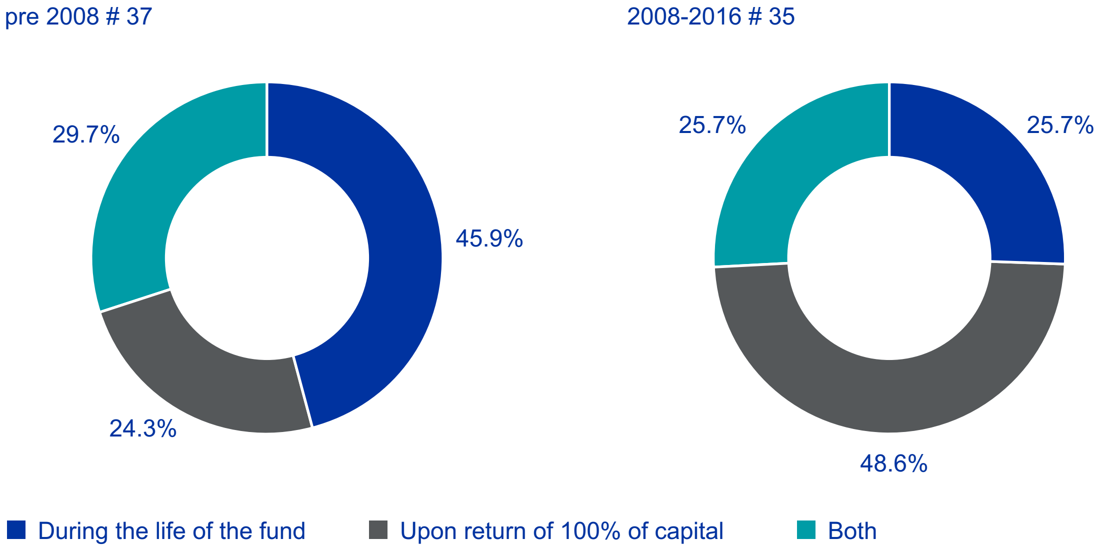
For closed end US only funds, it is common to charge performance fees only at termination of the vehicle, and 76.9% of the funds in the sample reported applying performance fees only when 100% of the capital is returned to investors. For other regions it is more common that performance fees are charged both during the life and at termination of the vehicle.

Figure 8: Percentage of sample reporting different types of performance fees by style



Core funds charged performance fees during the life of the fund more commonly than funds in higher risk-return categories. This was especially true for US only (76.9%) and Asia Pacific (72.2%) funds, but also common for European and non-US funds of which approximately half applied performance fees during the life of the fund. 85.7% of the US only opportunity funds charged performance fees only at termination of the fund, whereas non-US and Asia Pacific opportunity funds commonly charged performance fees both at termination and during the life of the fund.

Figure 9: When performance fees are calculated and paid by vintage groups – Asia Pacific



In the Asia Pacific region, there has been a clear shift from performance fees during the life of the fund to fees at termination since the financial crisis. Almost half, 48.6%, of funds established after 2008 only charge performance fees at the termination of the fund. The proportion of funds applying performance fees both at termination and during the life of the fund has decreased to 25.7%.

Figure 10: When performance fees are calculated and paid by vintage groups – US only

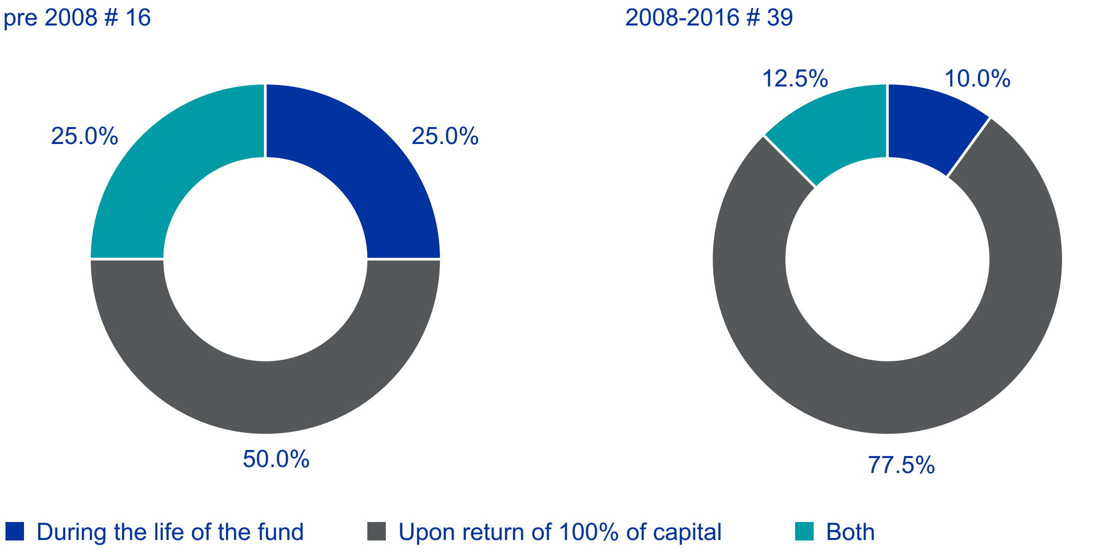
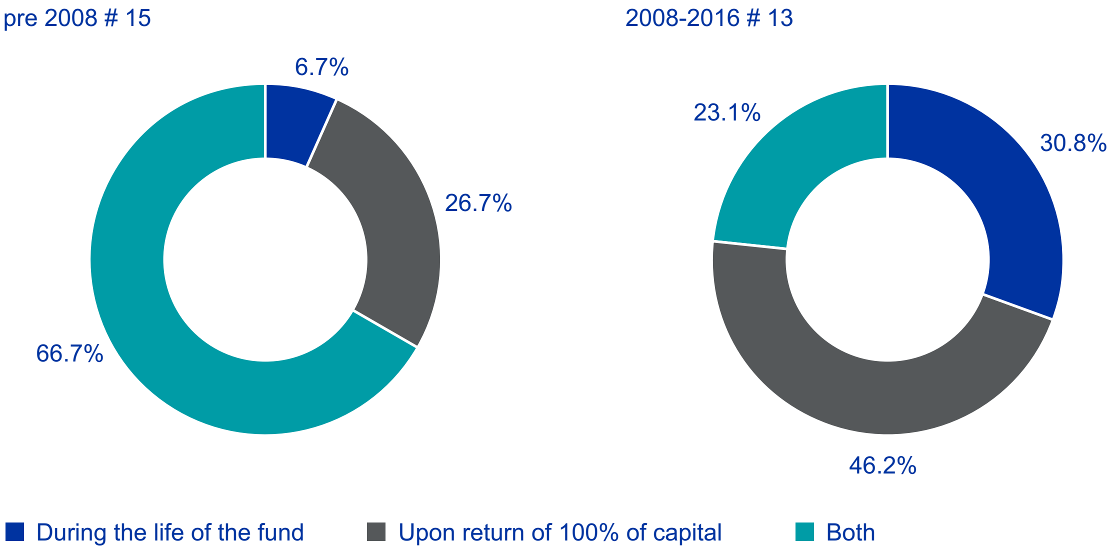


Figure 11: When performance fees are calculated and paid by vintage groups – non-US



Also in both US samples (Figures 10 and 11), the emphasis has shifted towards calculating and paying performance fees only at the termination of the fund. In the US only sample, half of the funds launched before 2008 applied performance fees only at termination. In the sample of funds founded after 2008, their share had increased to 77.5%. Only 10.0% of the funds established after 2008 charge performance fees during the life of the fund only. In the sample of non-US funds, the proportion of vehicles applying performance fees only at the termination of the fund had increased to 46.2% among funds launched after 2008. Almost one third of the funds in this sample still apply performance fees only during the life of a fund.

The INREV report does not include a section on performance fees by vintage year, and as such European data is not included in the comparison.

Table 9: Performance fee hurdle rates and shares of the outperformance paid to the manager based on IRR

	Europe	Asia Pacific	US only	non-US
Periodic fees	# 17	# 28	# 5	# 6
1st hurdle rate	8.0-10.0	8.0-15.0	8.0-12.0	8.0-11.5
share	17.0-19.0	15.0-70.0	15.0-20.0	15.0-50.0
Fees at termination	# 25	# 27	# 47	# 3
1st hurdle rate	12.0-13.0	8.0-15.0	8.0-10.0	
share	25.0-26.0	15.0-70.0	5.0-20.0	

Number of funds

Table 10: Application of catch-up clauses - number of funds

	Europe	Asia Pacific	US only	non-US
Catch-up	3	32	31	19
No catch-up	41	40	23	9
Not reported	3	3	1	
Total*	47	75	55	28

*The total equals the number of funds applying performance fees

In each region's sample, the majority of funds reported that their performance fee is based on a hurdle rate defined as a fixed IRR or total return measure. A set share of the outperformance above this hurdle rate is paid to the fund manager. Table 9 shows the first hurdle rates and the share of outperformance for performance fees both during the life of the fund and at termination.

The table shows that the difference between the hurdle rates and the share of outperformance that goes to the fund manager. This information is shown by region and by timing – that is, is the performance fee period or paid at termination. Hurdle rates tend to all be in a narrow range in Europe compared to US only and Asia Pacific. Manager's share of outperformance also falls into a narrower range in Europe.

Catch-up clauses were most commonly used in the non-US sample: 67.9% of the 28 funds having a performance fee structure also reported having a catch-up clause in place. In the Asia Pacific and US only samples, catch-up clauses were used by 42.7% and 56.4% of the funds, respectively.

The use of catch-up clauses was significantly less common among the European sample, the majority of which were core funds. The samples sizes are shown in Table 10 where the total show equals the number of funds applying performance fees in each regional sample.

Table 11: Application of claw back clauses - number of funds

	Europe	Asia Pacific	US only	non-US
Clawback	9	35	24	19
No clawback	37	38	31	9
Not reported		2		
Total*	46	75	55	28

The total equals the number of funds applying performance fees

The use of claw back clauses was also most common in the non-US sample where two thirds of the funds who had a performance fee structure in this sample applied a claw back clause. In all other samples, the majority of the funds reported no claw back clause. The use of claw back clauses can be seen on Table 11.

4. Other fees and costs

In addition to fund management and performance fees, funds might charge a wide variety of other fees and costs to their investors. These include, for example, transaction fees, leasing fees, property management fees, debt arrangement fees, development fees, valuation fees and bank charges and many others.

US funds reported charging fewer additional fees compared to European and Asia Pacific vehicles. A comparison of application of additional fees and costs is presented in Table 12.

Table 12: Vehicle level costs regionally based on the number of funds reporting the cost item

	Europe	Asia Pacific	US
Legal advisory services costs	79.3%	97.4%	13.0%
Other consulting services	67.1%	93.1%	
Accounting fee			8.0%
Tax advisory costs	51.2%	91.4%	
Vehicle formation costs	57.3%	84.6%	23.0%
Debt arrangement fee			8.0%
Wind up costs	43.9%	80.6%	
Audit costs	82.9%	100.0%	
Custodian costs	56.1%	40.3%	
Directors costs	36.6%	63.3%	
Regulator / Statutory costs	63.4%	77.1%	
Transfer agent costs	14.6%	20.0%	
Bank charges	75.6%	94.9%	19.0%
Corporate services	14.6%	74.2%	
Valuation costs	79.3%	92.1%	
Vehicle administration costs	65.9%	86.3%	
Dead deal costs	62.2%	75.0%	
Other / Miscellaneous / Sundry costs	56.1%	87.0%	16.0%

It was only possible to calculate fee rates for the most commonly reported fee types. Property management fees were most often based on rental income and the reported fees were the lowest in Europe at 2.80% compared to US only 3.11% and 3.25% in Asia Pacific.

Table 13: Property-specific costs regionally based on number of funds reporting the cost item

	Europe	Asia Pacific	US
Property insurance	81.7%	85.7%	
Property management costs	76.8%	91.5%	24.0%
Repairs and maintenance costs	53.7%	86.7%	
Development management fee			15.0%
Utilities costs	51.2%	74.2%	
Leasing commissions	70.7%	92.4%	15.0%
Property acquisition costs	52.4%	68.9%	16.0%
Disposal fees paid to the manager			5.0%
Taxes on property related to activities	68.3%	91.4%	
Other / Miscellaneous / Sundry costs	52.4%	87.1%	

5. Total Expense Ratio

A total expense ratio (TER) expresses annual operating costs borne by a fund over one year as a proportion of the weighted average fund assets. Calculation and reporting of TER varies widely between different regions.

Table 14: Calculation and reporting of TER in different regions, number of funds

	Europe	Asia Pacific	US only	non-US
Yes	41	44	23	13
No			23	5
Not reported	41	44	35	11
Total	82	88	81	29

Appendix 1:

INREV

INREV is the European Association for Investors in Non-listed Real Estate Vehicles. It was launched in May 2003 to act for investors and other participants in the non-listed real estate vehicles sector. The main office of the non-profit association is based in Amsterdam, in the Netherlands. INREV's goal is to improve transparency, and to promote professionalism and best practice across the sector, making the asset class more accessible and attractive to investors.

INREV currently has more than 380 members from leading institutional investors, fund of funds managers, fund managers, and advisors across Europe, Asia and the Americas.

ANREV

ANREV is the Asian Association for Investors in Non-listed Real Estate Vehicles. ANREV is a not-for-profit organisation driven by institutional investors in Asian non-listed real estate vehicles.

ANREV aims to serve as a platform for investors who guide the association's strategy. ANREV's agenda is driven by its members, in particular institutional investors, and is focused on improving transparency and accessibility through market information, professionalism and best practice. Fund managers, investment banks and advisors provide support in addressing key issues facing the Asian non-listed real estate fund markets.

ANREV members include 200 key companies from 17 countries across Asia-Pacific, Europe, and North America.

PREA

The Pension Real Estate Association (PREA) is a non-profit trade association for the global institutional real estate investment industry. PREA currently lists over 725 corporate member firms across the United States, Canada, Europe, and Asia. PREA members include public and corporate pension funds, endowments, foundations, Taft-Hartley funds, insurance companies, investment advisory firms, REITs, developers, real estate operating companies, and industry service providers.

PREA's mission is to serve its members engaged in institutional real estate investment through the sponsorship of objective forums for education, research initiatives, membership interaction, and the exchange of information.

Appendix 2: Fee glossary

Fees paid to the investment advisor or manager:

ASSET MANAGEMENT FEE	Fee typically charged by investment advisors, or managers, for their services regarding the management of the vehicle's assets. Asset management fees generally cover services such as: • strategic input and production of asset level business plans; • management of assets including refurbishment; • appointment of third party service providers at asset level; • reporting activities at asset level. Occasionally, the asset management fee and fund management fee are combined.
FUND MANAGEMENT FEE	Also known as investment management or investment advisory fees, fund management fees are typically charged by investment advisors, or managers, for their services regarding the management of the vehicle. They generally cover services such as: • appointment of third party service providers • reporting activities to investors • cash management and dividend payment • managing the vehicle level structure • arrangement of financing • fund administration • investor relations Occasionally, fund management fee and asset management fee are combined.
INTERNAL LEASING COMMISSIONS	Commissions charged by investment advisors, or managers, after a new lease or a renewal lease is signed. These include marketing of vacant space. Commission ranges vary and may depend on the market and/or the value of the transaction.
PERFORMANCE FEE	Also known as incentive fees, promote or carried interest, are fees charged by investment advisors, or managers, after a predetermined investment performance has been attained. Carried interest represents a re-allocation of equity and should be treated accordingly for accounting, tax or regulatory purposes.

The fee glossary is extracted from a Definitions Database which can be found at https://www.inrev.org/definitions. The Definitions Database aims to become the global leading source of definitions for the non-listed real estate sector.

PROJECT MANAGEMENT FEE	A fee charged to the vehicle by the advisor, or manager, for guiding the design, approval, and execution of a renovation project, as well as the construction process of a development project. These costs may be expensed or capitalised at the property level.
PROPERTY ACQUISITION FEE	Fee charged by investment advisors, or managers, associated with the closing of a new investment. The fee compensates the real estate investment advisor, or manager, for services rendered in an investment acquisition, including sourcing, negotiating and closing the deal.
PROPERTY DISPOSITION FEE	Fee typically charged by investment advisors, or managers, for services rendered in an investment disposition, including sales marketing, negotiating and closing of the deal.
PROPERTY MANAGEMENT FEE	Fee charged by investment advisors, or managers, for the administration, technical and commercial management of real estate. A property management engagement typically involves the managing of property that is owned by another party or entity. This includes property advisory services.
WIND-UP FEE	Also known as liquidation fee, it is typically found in liquidating trusts, upon termination and dissolution of the vehicle. The sponsor is responsible for liquidating the partnership in an orderly manner.

Costs paid to third parties - Vehicle and property level:

AUDIT COSTS	Costs associated with annual external audit engagements and other audit services provided (both paid to independent third party firms or manager/advisor).
BANK CHARGES	Costs charged by a financial institution to manage and maintain the cash accounts of the vehicle, or in relation to debt issuance and overdrawing an account. Amounts can be charged on a periodic or transactional basis.
CUSTODIAN COSTS	Also known as depository costs, these are charged by a fiduciary entity entrusted with holding and safeguarding securities or assets, deposit transactions and keeping records for institutional clients.
DEAD DEAL COSTS	Costs usually charged by third parties concerning work undertaken for acquisition/disposition projects which do not ultimately close. Such costs cannot be capitalised, and thus must be expensed.
EXTERNAL LEASING COMMISSIONS	Commissions charged by the listing agent/broker and tenant representative after a new lease or a renewal lease is signed. These include marketing of vacant space. Commission ranges vary and may depend on the market and/or the value of the transaction.
OTHER/MISC. VEHICLE COSTS	Small or infrequent vehicle level costs that are not assigned to other cost categories but are classified as a group. These may include other administration costs, statutory costs, etc.
PROFESSIONAL SERVICES COSTS	Costs charged at vehicle level in connection with third party services such as accounting, secretarial, legal, tax and other advisory costs, which do not fall into other specific cost categories such as formation costs, valuation costs, etc.
PROJECT MANAGEMENT COSTS	Costs charged by third parties for guiding the design, approval, and execution of a renovation project, as well as the construction process of a development project. These costs may be expensed or capitalised at the property level.

PROPERTY DISPOSITION COSTS	Also known as disposal costs, they represent the costs of selling an investment property. Disposition costs are typically charged to the seller, and consist of legal fees, title fees and insurance, disposition fees, and broker commissions. Disposition costs include only direct costs related to a property-specific disposal and do not include costs of running a disposition program such as general and administrative costs, costs incurred in analysing proposals that are rejected, joint-venture organization costs or fees paid to the manager for execution of the deal.
PROPERTY INSURANCE COSTS	Expenses related to insurance coverage which is often required by lenders to compensate a property owner and/or lender should the property be damaged by fire, windstorm or other peril.
PROPERTY MANAGEMENT COSTS	Costs charged by third parties for the administration, technical and commercial management of real estate. A property management engagement typically involves the managing of property that is owned by another party or entity. This includes property advisory services.
TAXES ON PROPERTY RELATED ACTIVITIES	Taxes assessed against real property, usually by a country or municipal taxing authority but sometimes also by special purpose districts and agencies, in proportion to the assessed value of the property. Franchise taxes and excise taxes are already included in the NAV, and thus should be excluded.
TRANSFER AGENT COSTS	Costs charged by trustees who are responsible for managing the assets owned by a trust for the trust's beneficiaries. This is most relevant in a REIT structure where trustees act on behalf of all unit holders.
UTILITIES, REPAIR AND MAINTENANCE COSTS (NON-RECHARGEABLE PORTION)	Shortfalls between the property operating expenses (incl. repairs and maintenance) incurred by the owner of an investment property and the expenses that are charged to the tenants.

VALUATION COSTS	Costs in connection with the external (third party) appraisal of the real estate assets and liabilities owned by the vehicle. Appraisals may be performed routinely or ad-hoc, which can be triggered by certain provisions in the vehicle agreement.
VEHICLE ADMINISTRATION COSTS	Costs related to bookkeeping activities either paid to a third-party service provider or the manager/advisor.
VEHICLE FORMATION COSTS	Also known as set-up costs, these charges are incurred at the launch of a vehicle, and do not relate to the portfolio acquisition and financing structure. These include organisational costs (typically legal & notary services) as well as syndication costs, various marketing costs, including printing / publication, and initial subscription fees.
PROPERTY ACQUISITION COSTS	Direct costs related to a specific property acquisition such as transfer tax, legal costs, due diligence or other closing costs. These exclude costs of running an acquisition program such as general and administrative costs, costs incurred in analysing proposals that are later rejected, joint-venture organisational costs and fees paid to the manager for execution of the deal.