

9.3.1. Example - List of fees and costs

This list is intended to help users of the INREV Fee and Expense Metrics when allocating fees and costs to TGER or REER, but it is not meant to be an exhaustive description of all the possible fees and costs that could be incurred by a real estate vehicle.

If services such as bookkeeping, valuation, property management, tax and financial advice are provided by the manager of the vehicle, the charges relating to these services are allocated on the basis of the nature of the service rendered.

The list below includes only those fees and costs that are charged directly to the vehicle. Hence it does not include fees and costs charged directly to the investors.

Only those fees and costs that are charged to the profit and loss account during the period, in line with the INREV principles, should be considered in the assessment of the TGER and REER. For example, the unamortised portion of vehicle formation costs is not taken into account when determining the TGER for the period.

Property costs are presented net of service charges.

List of vehicle fees and costs

FEE AND COST CATEGORY	FEE AND COST ITEM
Asset management fee	Fees for strategic input and production of asset level business plans
Fund management fee	Fees for appointment of third party service providers
	Fees for reporting activities to investors
	Fees for cash management and dividend payment
	Fees for managing the vehicle level structure
	Fees for management of financing
	Fees for vehicle administration
Wind-up fees	Fees for investor relations
	Liquidation fees paid for ensuring an orderly winding-up of the vehicle
Dead deal costs	Environmental studies, feasibility studies, marketing research
	Legal service costs for the preparation or review of the contract of acquisition
	Title search and title insurance costs
	Brokerage commission (agency services costs)
	Appraisal service costs

	Survey costs (for the confirmation of lot size and dimensions)
	Property inspection costs
	Tax, legal, financial, technical, environmental, etc. due diligence costs
	Bank charges for an escrow account
	Notary service costs
Performance fee	Performance fees;
	Incentives and promotes;
	Carried interest;
	Other performance fees.
Audit costs	Statutory / financial audit
	Agreed upon procedures
	Audit costs for contributions in kind
	Internal audit
Bank charges	Bank charges for bank account maintenance
Custodian costs	Safekeeping of vehicle assets
	Cash flow monitoring
	Oversight duties - subscription and redemptions of units
	Oversight duties - valuation of shares or units
	Oversight duties - timely settlement of transactions
Other/misc. vehicle costs	Non recoverable VAT on vehicle costs
	Other vehicle level costs
Other professional service costs	Corporate service costs for annual board/AGM
	Debt arrangement costs
	Corporate service costs for other board/shareholders resolutions
	Advice for legal re-structuring of the vehicle
	Advice for regulatory compliance
	Advice for litigations
	Financial regulation authority service costs (CSSF/Consob/AFM etc.)

	Advice for tax re-structuring of the vehicle
	Advice for tax litigations and tax audits
Vehicle formation costs (amortisation for the period)	Notary costs incurred for the formation of the vehicle
	Advice for initial legal structuring of the vehicle
	Advice for initial tax structuring of the vehicle
	Corporate service costs for the initial board, shareholders meetings
	Subscription costs
	Marketing costs
	Printing/publication costs
	Registration costs
Valuation costs	Real asset appraisal costs
	Borrowing valuation costs
	Derivative financial instrument valuation costs
	Other assets/liabilities valuation
Transfer agent costs	Costs for recording change of units' ownership
	Costs for distribution of dividends
	Costs for keeping unitholders' register
Vehicle administration costs	Statutory reporting
	Investor reporting
	GAAP conversions
	Consolidation reporting
	NAV computation
	Filing with Trade Registrar
	Preparation of corporate income tax returns
	Preparation of VAT returns
	Preparation of other regulatory reports
	Domiciliation and room rent
	Regulatory compliance
	Record keeping

Transaction-based management fees	Commitment fees;
	Subscriptions fees;
	Redemption fees;
	Property acquisition fees;
	Property disposition fees;
	Project management fees;
	Debt arrangement (financing) fees

List of property fees and costs

FEE AND COST CATEGORY	FEE AND COST ITEM
Asset management fee	Fees for management of assets including refurbishment and design, approval, and for the construction process of a development project
	Fees for coordination of third party service providers at asset level
	Fees for reporting activities at asset level
Internal leasing commissions	Agency and marketing services of the property provided by the manager
Property management fee	Property management services provided by the manager
Development fee	Property development fees
External leasing commissions	Legal services for tenant contract renewal
	Agency service costs
	Negotiation service costs
	Any special features developed for the tenant
	Development of marketing plan
	Marketing of vacant space
	Legal services for tenant contract renewal
Property acquisition costs (amortisation for the period)	Environmental studies, feasibility studies, marketing research
	Legal service costs for the preparation or review of the contract of acquisition

	Title search and title insurance costs
	Brokerage commission (agency services costs)
	Initial appraisal service costs
	Registering costs (for the change of ownership)
	Survey costs (for the confirmation of lot size and dimensions)
	Survey costs (for the confirmation of lot size and dimensions)
	Property inspection costs
	Survey costs (for the confirmation of lot size and dimensions)
	Tax, legal, financial, technical, environmental, etc. due diligence costs
	Bank charges for an escrow account
	Notary service costs
	Transfer Tax
Other/miscellaneous/sundry costs	Non recoverable VAT on property-specific costs
	Other/miscellaneous/sundry costs
Property insurance costs	Property insurance renewal
Property management costs	Property management costs include the non-rechargeable portion of the following costs:
	Lease management (collect monthly rent, deposit to owners account, communication thereon)
	Letting coordination
	Service charge management costs
	Energy-use management and conservation
	Cost and quality control
	Security services
	Register rental contracts with fiscal authorities
	Reception services
	Heating activation
	Sustainability compliance of the building/Ecolabel

Utilities, repair and maintenance costs	Non-rechargeable portion of repairs and maintenance costs that are treated as expenses and which should be taken into account for the calculation of the REER. These costs include:
	Refreshing property ready for sale or rental (current repairs)
	Building inspection
	Elevator inspection
	Technical maintenance services (aimed to ensure optimal functioning of building systems)
	Disinfection and disinfestation services
	Design and installation services
	Electrical wiring and alterations
	Drainage
	Safety training services
	Electricity
	Heating
	Water
	Gas
	Telephone
	Internet
	Cable
	Security services
	Waste disposal, garbage
	Cleaning
Vacant unit service charges	
Taxes on property related activities	Property tax
	Non-resident landlord

Fees and costs exempted from TGER and REER

FEE AND COST CATEGORY	FEE AND COST ITEM
Deferred taxes on property related activities	Deferred tax assets/liabilities related to real estate property fair value changes and financing/hedging activity
Development costs	Development costs should be considered as exempted only to the extent that they are capitalised.
	Obtaining building permits
	Project design
	Feasibility studies
	Sustainability and environmental consultancy services
	Project management services (budget monitoring, supervision of construction work)
	Architectural services
	Marketing plan development
	Engineering consultancy
	Compliance services
	Soil investigation, site inspection
	Landscape design
	Cost consultancy (financial management)
Disposition costs	Legal advice related to disposal transaction
	Appraisal costs
	Tax advice related to the transaction
	Title costs
	Premium paid to insurance company if one party fails
	Broker commission
	Notary service costs
Fair value adjustment	Fair value of financial instruments
	Fair value of real estate properties (excluding write-off of property acquisition costs)
Financing costs	Bank/loan/overdraft/debt interest

	Interest on loans with external bank
	Interest on loans with affiliated undertakings
	Loan commitment costs
	Upfront costs
	Prepayment costs
	Exit costs
	Extension costs
	Make-whole costs
	Mortgage application costs
	Mortgage insurance
	Bank charges for issue of bank borrowings
Gain/loss on currency exchange rates	Gain/loss on currency exchange rates
Gain/loss on investment disposition	Gain/loss on investment disposition
Goodwill write-off	Goodwill write-off
Impairment of goodwill	Impairment of goodwill
Losses on disposal of subsidiaries	Losses on disposal of subsidiaries
Payments related to financial derivatives	Swap interests
	Break costs
Provisions and allowances	Provisions for litigation, unused vacation, pension provisions; allowances for trade and other receivables, inventories
Receivables write-off costs	Receivables write-off costs
Rent free/discount	Rent free
	Rent discount
Securities handling charges	Securities handling charges
Share of loss of associates and joint venture	Share of loss of associates
Taxes on real estate transactions	Transfer taxes in Europe (UK excluded)
	Stamp duty land tax in UK

Unwinding of discount and effect of changes in discount rate on provisions

Unwinding of discount and effect of changes in discount rate on provisions