

2. REPORTING

2.1. INTRODUCTION REPORTING

RG-I01 In principle, managers should report basic data annually including the characteristics of a vehicle, commentary on vehicle performance and an analysis of the relevant KPIs. The annual report also informs investors about the vehicle's investment strategy, risk policies and exposures and how the manager has complied with its business objectives and policies.

The annual report is commonly composed of the annual review of the performance and activities of the vehicle for the year and the financial statements prepared under relevant GAAP. As well as an annual report, managers should provide interim reports to investors. The frequency and the level of detail of interim reporting should be defined in fund documentation. Interim reports commonly aim to update investors on the activities and performances of the vehicle during the interim period covered, and provide details of any significant changes that have or could have a material impact on the vehicle's organisation, governance and risk profile. As well as interim reports, there may be other more informal investor updates and 'flash' reports which are prepared on a more frequent basis (e.g., monthly), which are outside the scope of the guidelines.

Quantitative data and KPIs, as defined in the Standard Data Delivery Sheet ("SDDS"), are an integral part of investor reporting under these guidelines and such information should be included in the reports to investors. This data can be presented in a separate attachment to the annual or interim reports (using the SDDS template) or embedded into the relevant section of the report itself depending on the manager's preference.

For convenience, the reporting guidelines are grouped into the following sections:

- Content and frequency of reporting;
- General vehicle information, organisation and governance;
- Capital structure and vehicle-level returns;
- Manager's report;
- Property report;
- Financing and financial risk management.

Annual and interim reporting to investors may include audited annual financial statements or abridged interim financial statements prepared in accordance with the appropriate generally accepted accounting standards. The fund managers are free to present the INREV report disclosures as a single package with the audited financial statements or in two separate documents. Some managers may also opt to provide investors full financial statements on an interim basis. Such financial statements may contain some of the information required to be disclosed by these reporting guidelines and can be referred to as appropriate. Information in the respective financial statements should be consistent with information presented in annual or interim reports as a whole.

The reporting guidelines focus on the content of investor reports but do not prescribe the organisation and format of such reports.

The INREV SDDS is a standardised data tool that provides investors with the main financial management information they require in a format that allows them to easily upload the data into their own systems. Each reporting requirement has been referenced to relevant SDDS data and shows the relationship between the content of annual and interim reports.

The principles and guidelines for reporting are listed below. The frequency column indicates whether the

guidelines are an annual reporting requirement or an interim reporting requirement only. Where appropriate, further explanation is provided to assist your understanding. In addition, a tools and examples section contains a debt and derivatives disclosures note, a reporting self-assessment tool, the SDDS template, and examples for a sustainability report and reporting on capital calls and distribution.

2.2. PRINCIPLES

RG-P01 Annual and interim reporting should be consistent, transparent and provide meaningful information to investors.

RG-P02 The manager's report should contain information relevant to gaining an understanding of the overall performance of the vehicle and factors that may affect performance in the future.

2.3. GUIDELINES

2.3.1. FUND DOCUMENTATION FOR REPORTING FRAMEWORK

RG01	<p>The basis, frequency and timing of delivery of the audited and non-audited financial statements, and management reporting for investors should be defined in the fund documentation.</p> <p>The manager should provide at least one interim report to its investors, in addition to the annual report.</p>	Annual	Interim
RG02	<p>For annual reports, define any terms or KPIs not already included in Definitions.</p>	Annual	

2.3.2. CONTENT AND FREQUENCY OF REPORTING

RG03	<p>The quantitative information presented in the SDDS should be provided either using the SDDS template proposed by INREV or otherwise disclosed in annual and interim reporting to investors.</p>	Annual	Interim
RG04	<p>The financial statements provided in the annual report to investors should be audited.</p>	Annual	
RG05			

	<p>Elements of the overall package of annual and interim reporting to investors, however configured, should be internally consistent.</p> <p>For instance, information presented in the manager, property and other reports should be consistent with information in the SDDS template, if separate, and the financial statements. Also, the basis of preparation of information contained in interim reporting to investors should be consistent with annual reporting to investors. Any differences or exceptions should be explained.</p>	Annual	Interim
RG06	<p>Full year-end audited financial statements should be provided to investors. These should contain:</p> <ul style="list-style-type: none"> • Balance sheet; • Income statement; • Statement of changes in equity; • Statement of cash flows; • Notes to the financial statements. <p><i>SDDS references:</i></p> <p>1.13 Accounting standards, 1.15 Vehicle Auditor, 3.3 Cash and cash equivalents, 3.4 Total Number of Outstanding Shares, Section 11. details of fees paid to the manager and affiliates, 13.6 Net Capital Contributed - During the Reporting Period.</p>	Annual	

RG06-Debt Funds

	<p>Full year-end audited financial statements should be provided to investors. These should contain:</p> <ul style="list-style-type: none"> • Balance sheet; • Income statement; • Statement of cash flows; • Notes to the financial statements. <p><i>SDDS references:</i></p> <p>1.13 Accounting standards, 1.15 Vehicle Auditor, 3.3 Cash and cash equivalents, 3.4 Total Number of Outstanding Shares, Section 11. details of fees paid to the manager and affiliates, 13.6 Net Capital Contributed - During the Reporting Period.</p>	Annual	
RG07	<p>Abridged interim financial statements should be provided to investors. Managers and investors should agree on the format of the interim financial statements.</p>		Interim
RG08			

	<p>For interim reports, use the same terminology and KPIs as used in the annual report. If new terms or KPIs are used, the manager should explicitly define them.</p> <p><i>SDDS references:</i> Same as RG06</p>		Interim
RG09	<p>For annual reports, describe the overall status of the vehicle's INREV compliance.</p> <p>In doing so, disclose the level of compliance with INREV Guidelines by module. Include any relevant explanations, reconciliations and calculations as appropriate.</p> <p>Management (in the event that, for instance, INREV corporate governance framework is not being adopted) and/or non-executive officers/those in charge of governance should review this statement and the basis for making it.</p>	Annual	
RG10	<p>For interim reports, disclose level of compliance with INREV interim reporting guidelines. Reference should be made to annual report for detailed description of the level of compliance with reporting requirements</p> <p>Management (in the event that, for instance, INREV corporate governance framework is not being adopted) and/or non-executive officers/those in charge of governance should review this statement and the basis for making it.</p>		Interim
RG11	<p>Disclose that the interim report should be read in conjunction with year-end investor report.</p>		Interim

2.3.3. GENERAL VEHICLE INFORMATION, ORGANISATION AND GOVERNANCE

RG12	<p>General information on the vehicle characteristics including, among others, name, domicile, legal form, vehicle style (by reference to INREV's vehicle style definitions), description of vehicle structure, vehicle currency, vehicle year-end.</p> <p><i>SDDS references:</i> 1.1 Vehicle Name, 1.7 Vehicle Jurisdiction, 1.8 Legal Vehicle Structure, 1.9 Vehicle Structure, 1.12 Vehicle Reporting Currency, 1.6 Vehicle Financial Year-end</p>	Annual	Interim Describe material changes
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RG13	Contact details of the vehicle.	Annual	Interim
	<i>SDDS references:</i> 1.3 Contact Person Name and 1.4 Contact Person Telephone		Describe material changes
RG14	Describe the vehicle’s governance framework and the organisation of management and administration. For example, identify the AIFM, administrators, trustees, depositories, general partners, risk managers, investment advisors, portfolio managers, asset and property managers, valuers and other key functions as appropriate.	Annual	Interim Describe material changes
	<i>SDDS references:</i> 1.2 Investment Manager		
RG15	Identify and discuss vehicle governance and oversight frameworks such as the use of independent directors and investor or other special committees, and how they operate.	Annual	Interim Describe material changes
RG16	Describe the level of adoption of INREV corporate governance best practices.	Annual	Interim Describe material changes
RG17	Annual and interim reports should describe the level of compliance with the corporate governance framework defined in the fund documentation.	Annual	Interim Describe material changes
RG18	Present a short, high level summary of the vehicle strategy.	Annual	Interim
	<i>SDDS references:</i> 1.10 Style - defined by Investment Manager, 1.11 Style of the vehicle according to the INREV Style Classification		Describe material changes

	<p>ESG-LTS 1.1 Requirement – Vehicle Long Term Strategy</p> <p>Describe the overall approach to setting a long term ESG strategy for the vehicle. Make reference to the overall governance approach, which is covered in the INREV Corporate Governance Guidelines.</p> <p>Detail the long term (2 to 10 years) ESG strategy for the vehicle. As best practice you can consider the aspects set out below:</p> <p>Asset management ESG strategy:</p> <ul style="list-style-type: none"> • Provision of asset sustainability action plans, possibly integrated into asset business plans, to describe how the vehicle’s long term ESG strategy is implemented on asset level. • Provision of new build and/or refurbishment ESG strategies. • Provision of an ESG strategy for acquisitions. • Provision of a strategy to reduce and/or measure energy, GHG emissions and water and waste measurement. <p><i>ESG references:</i> ESG-LTS 2.1 Best practice</p>	Annual	
RG19	<p>Describe key milestone dates in the life of the vehicle (including vehicle term, investment period, closing dates, etc).</p> <p><i>SDDS references:</i> Section 2 Critical Dates</p>	Annual	Interim Describe material changes
RG20	<p>Describe the investment stage of the vehicle in the context of key milestone dates, by sector/geography.</p> <p><i>SDDS references:</i> Same as RG19</p>	Annual	Interim Describe material changes

2.3.4. CAPITAL STRUCTURE AND VEHICLE-LEVEL RETURNS

RG21	<p>Annual and interim reports should disclose any changes to the capital structure of the vehicle.</p>	Annual	Interim Describe material changes
RG22			

<p>In a tabular format, disclose the status of investor commitments and capital invested in the vehicle, and in particular:</p> <ul style="list-style-type: none"> • Undrawn commitments; • Commitment drawn during the period (linkage should be made with underlying transactions); • Returns of capital/redemptions in the period; • Capital calls or subscriptions recorded subsequent to the period-end but before the release of the report; • Details of redemption requests received but not processed as at the date of the report and plans to meet these requests. <p>In addition, the investment manager should disclose the expected drawn commitments, returns of capital/redemptions, capital calls and redemption requests for the following period. The investment manager may include assumptions used to determine these projections.</p> <p><i>SDDS references:</i> Section 12 Capital Commitments & Secondary Market Activity, Section 13 Capital Contributions & Other Payments to Investors and Section 15 Capital Flows of the Vehicle (for calculation of the INREV Index)</p>	Annual	Interim Describe material changes
<p>Summarise and comment on key investor returns and related metrics which are defined in section 7 of the SDDS (including comparison with targets, points of reference and indices when relevant).</p> <p><i>SDDS references:</i> Section 7 Performance (according to INREV Guidelines)</p>	Annual	Interim
<p>Disclose and discuss details of share class NAVs (accounting NAVs, trading NAVs, INREV NAVs as applicable) and variances since prior period-end.</p>	Annual	Interim
<p>RG25</p>		

	<p>Disclose and discuss distributions made during the period and subsequent to the period-end (link with underlying transactions such as property disposals where relevant).</p> <p><i>SDDS references:</i> Section 14 Distributions</p>	Annual	Interim
RG26	<p>Summarise how the vehicle's fee structure impacts the vehicle's capital structure and vehicle-level returns, for instance describe any fee capitalisation arrangements.</p> <p><i>SDDS references:</i> Section 18 Investor's Portion of Fees to the Manager and Affiliates</p>	Annual	Interim Describe material changes

2.3.5. MANAGER'S REPORT

RG27	<p>Summarise and discuss macro-economic factors which have, or may have, a material impact on the results of the vehicle.</p> <p>This should include information such as economic growth factors and their impact on the demand for new rentals, the supply of property or availability of development opportunities. Include also details of material changes in the tax and regulatory environment and debt financing conditions, such as movements in interest rates and financing terms.</p>	Annual	
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	Annual	
<p>ESG-ANN 1.1 Requirement – Annual Objectives</p> <p>Based on the strategy of the vehicle described in ESG-LTS 1.1, set out the annual objectives and associated targets for the coming 12 month reporting period. As best practice you can consider the aspects set out below:</p> <p>Asset management ESG initiatives:</p> <ul style="list-style-type: none"> • The targets that should be reached within the next 12 months with the individual asset sustainability plans, set out the impact on portfolio level; • New build and/or refurbishment ESG initiatives; • ESG initiatives for acquisitions; • Initiatives to reduce and/or measure energy, GHG emission, water and waste measurement; • Green building certificates and energy ratings, i.e. the vehicle’s approach regarding green building certificates and energy ratings, including the current state, the certification scheme(s) and the percentage of the portfolio certified. Set out related ambitions. <p><i>ESG references:</i> ESG-ANN 2.1 Best practice</p>	Annual	Interim
<p>RG28</p> <p>Tabulate for clarity a summary of significant events affecting the vehicle during the period as well as significant events anticipated in the 12 months from the balance sheet date. Provide a brief commentary on significant activities of the vehicle including acquisitions, disposals, distributions to investors, and changes to the overall financing or capital structure during the period.</p>	Annual	Interim
<p>RG29</p> <p>Analyse the performance of the vehicle during the period by reference to relevant vehicle-level KPIs defined in sections 3.1, 3.2 and 5 of the SDDS, which include information such as the NAV, key financial ratios, valuation results, realised gains and losses and information related to operating results.</p> <p><i>SDDS references:</i> 3.1 Gross Asset Value of Vehicle (GAV), 3.2 Net Asset Value of Vehicle (NAV) and Section 5 Result of Vehicle per Accounting Standards</p>	Annual	Interim

<p>ESG-ENV 1.1 Requirement – Environmental Data</p> <p>Absolute data and like-for-like</p> <p>Disclose absolute environmental data and like-for-like data for the proportion of the vehicle’s portfolio that is in the fund manager’s operational control.</p> <p>This should cover:</p> <ul style="list-style-type: none"> • energy; • GHG emissions; • water; • waste. <p>Intensities</p> <p>Report the intensity ratios for energy and GHG emissions per property type. As best practice, the calculation methodology should be detailed, including applied normalization factors and which types of energy / types of GHG Emissions are included in the ratio.</p> <p>The environmental data should be presented in line with GRESB or GRI / EPRA methodology.</p> <p>Please disclose which methodology has been used.</p> <p><i>ESG references:</i> ESG-ENV 2.1 Best practice</p>	<p>Annual</p>	
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RG30

	<p>Describe and comment on the structure of fee arrangements with managers and affiliates (including details of any relevant capitalisation or disbursement programs, year-end balances, amounts earned, accrued, paid or clawed back). Link accrued and un-accrued amounts with the realisation of performance criteria. When applicable, this description should include details of:</p> <ul style="list-style-type: none"> • vehicle management fees; • asset management fees; • performance fees; • property management fees; • acquisition fees; • disposal fees; • development fees; • financing fees; • other related-party fee arrangements. <p>Refer to the relevant sections of the financial statement disclosures for details as appropriate.</p> <p><i>SDDS references:</i> Section 18 Investor's Portion of Fees to the Manager and Affiliates</p>	Annual	Interim	Describe material changes
RG31	<p>Disclose the NAV of the vehicle and the basis of calculating it. Disclose to what extent the INREV NAV guidelines have been used to determine such NAV, and include details of adjustments made to reconcile the NAV with the financial statements. Include a description of the judgments and estimates used when determining the INREV or other NAV.</p> <p><i>SDDS references:</i> Section 4 Reconciliation from Reported Net Assets to Fair Value (according to INREV Guidelines)</p>	Annual	Interim	Disclose the NAV and material changes to methodologies and assumptions
RG32	<p>Discuss the current period performance in the context of the track record of the vehicle (for instance, over the last five years).</p>	Annual		
RG33	<p>Describe all significant subsequent events affecting the vehicle since the period-end and comment on their impact on vehicle performance if relevant.</p>	Annual	Interim	
RG34				

	Describe the likely developments in the vehicle's business in the foreseeable future and how this is aligned with achieving the overall vehicle objectives.	Annual	
RG35	Describe the impact of potential or implemented regulatory changes that affect or may affect the vehicle's operations and performance.	Annual	
	<p>ESG-LTS 1.2 Requirement – Vehicle Long Term Strategy</p> <p>Detail the vehicle's approach for ensuring compliance for current legislation relating to ESG issues is in place.</p> <p>ESG-ANN 1.2 Requirement – Annual Objectives</p> <p>Detail objectives for the next 12 month reporting period for ensuring compliance with current legislation in relation to ESG and about preparations for any future legislation that may be undertaken in this period.</p> <p>ESG-POR 1.2 Requirement – Annual Portfolio Information</p> <p>Report against compliance with current legislation requirements and objectives and associated targets for preparations for upcoming legislation.</p>	Annual	
RG36	Describe and comment on any significant one-off events having an impact on the results for the period. This disclosure should include, for instance, costs related to litigation, abort deal costs, one-off property related expenses and any other extraordinary or exceptional items.	Annual	Interim

2.3.6. PROPERTY REPORT

RG37	<p>Describe and comment on current developments in the vehicle's investment property portfolio by reference to, for example, occupancy level, tenant profile by area occupied, average rent, the percentage of newly developed property that has been let or sold, etc.</p> <p><i>SDDS references:</i></p> <p>9.4 Total Number of Properties, 9.9 Lease Expiries < 2 years (based on rent) and 9.10 Weighted Average Unexpired Lease Term (WAULT)</p>	Annual	Interim
RG38			

	<p>Describe the business rationale for any significant acquisitions or disposals during the period, and their impact on the vehicle's financial position and results.</p> <p><i>SDDS references:</i> Section 8 Investment Activity during the Reporting Period, 5.9 Unrealised Capital Gain/(Loss) and 5.10 Realised Capital Gain/(Loss)</p>	Annual	Interim
RG39	<p>For interim reports, show a summary of the portfolio allocation by sector and geography.</p> <p><i>SDDS references:</i> Portfolio allocation sheet</p>		Interim
RG40	<p>For annual reports, show a summary of the portfolio allocation by sector and geography and comment on it in the context of the investment strategy of the vehicle (refer to the detailed portfolio allocation sheet in the SDDS).</p> <p><i>SDDS references:</i> Portfolio allocation sheet, number and amount of acquisitions and disposals (8.1, 8.2, 8.4 and 8.5)</p>	Annual	
RG41	<p>Summarise and comment on property valuation methods used for investment properties, properties under construction, land and ground leases. Include information on the methodologies used and the key market inputs and assumptions such as yields, discount or capitalisation rates. Describe any specific or special assumptions used in the property valuations such as assumed disposal scenarios, assumed capital expenditure and the treatment of transfer taxes.</p> <p><i>SDDS references:</i> 1.17 RICS Rules Compliant, 9.1 Total Fair Value of Investment & Development Portfolio, 9.2 Fair value of investment portfolio, 9.3 NOI yield and 9.5 Gross Leasable Area</p>	Annual	Interim Describe material changes
RG42			

	<p>Disclose the proportion of the property portfolio which has been subject to an independent external valuation along with references to the name and qualifications of the valuers, and the date of such valuations. Include details of any modifications or reservations disclosed in the valuers' reports.</p> <p><i>SDDS references:</i> 3.5 % of Real Estate Assets Valued during the Reporting Period, Externally and 3.6 % of Real Estate Assets Valued during the Reporting Period, Internally</p>	Annual	
RG43	<p>Provide an analysis of like-for-like movements in the market value and rental income of properties held in the current and prior periods.</p>	Annual	
RG44	<p>Comment on the development of rental growth and expected rental values by sector/geography. The market data provided should be relevant to the specific activities of the vehicle.</p>	Annual	Interim Describe material changes
RG45	<p>Describe recent leasing renewal activity, including incentives given, rent-free periods and tenant improvement programs and expected future changes by reference to market trends in new lease terms.</p>	Annual	Interim Describe material changes
RG46	<p>Summarise and comment on the development of vacancy rates and its impact on vehicle performance and future prospects.</p> <p><i>SDDS references:</i> 9.6 Net Leasable Area, 9.7 and 9.8 Occupancy, 9.16 Top Tenants (percentage of gross rental income)</p>	Annual	Interim Describe material changes
RG47	<p>Discuss the developments of property yields, including yields by sector and geography.</p> <p><i>SDDS references:</i> 9.3 NOI Yield</p>	Annual	Interim Describe material changes
RG48			

	Discuss the developments of other key property information by sector and geography, when relevant.	Annual	Interim Describe material changes
RG49	Identify and comment on rental concentration risk (either by expected rental value or actual rental value).	Annual	Interim Describe material changes
RG50	Describe and comment on the level of property operating costs and, if significant, discuss the impact of specific factors such as service charge recoveries, bad debt write-offs and other property operating costs related to the vehicle's performance.	Annual	Interim
RG51	If material, describe the impact of development activities on the vehicle by reference to, among other things, its investment strategy, development pipeline, stage of completion of developments, status of the sale of units or rental strategies.	Annual	Interim
	ESG-POR 1.1 Requirement - Annual Portfolio Information Report against annual objectives and associated targets set for the vehicle as set out in ESG-ANN 1.1. <i>ESG references:</i> ESG-POR 2.1 Best practice	Annual	
RG52	Discuss and quantify significant capital expenditure programs either planned or being undertaken during the period for existing properties, such as renovations, extensions and improvements. <i>SDDS references:</i> 8.3 Amount of Capital Expenditure	Annual	Interim
RG53			

	<p>Quantify the amount of property development being undertaken during the period. Include details of the amount of properties completed and either transferred to investment properties or sold during the period. Include details of development costs, related commitments, and the method of accounting for property under development.</p> <p><i>SDDS references:</i></p> <p>9.11 Fair Value of Development Portfolio, 9.12 Current Development Exposure as % of GAV, 9.13 Projected Percentage of Current Remaining Undrawn Commitments to be Invested in Future Development Projects and 9.14 Cost of Development Portfolio</p>	Annual	Interim
RG54	<p>Describe and quantify the vehicle's position in joint ventures and associate investments. Include details of, among other things, the methods of accounting for such positions, how they impact the overall financial and risk profile of the vehicle, and their business prospects.</p>	Annual	Interim
RG55	<p>Summarise and comment on returns from non-property investments such as positions in other vehicles, listed securities and other assets.</p>	Annual	Interim

2.3.7. RISK MANAGEMENT

RG56	<p>Describe the principal risks faced by the vehicle. Describe and analyse the vehicle's current exposure to such risks. Principal risks will cover, among others, areas such as:</p> <ul style="list-style-type: none"> • market risks (yield shifts, rental income, voids, etc.); • credit and counterparty risks (exposure to tenant debtors, financial institutions etc.); • liquidity risks (including debt maturity, covenant breaches, redemption requests and the financing of future contractual commitments); • interest rate risks (exposure to floating vs. fixed rate debts); • foreign exchange risks (including details of hedging strategy and unhedged exposures); • operational risks (tax, regulation, key employees, reliance on service providers or key advisors, etc.). <p>Exposure to shareholder loans should be analysed separately from external loans.</p>	Annual	Interim Describe material changes
RG57			

	Describe the overall organisation of the risk management function and refer to key policies and procedures to monitor and mitigate exposures to key risks and uncertainties.	Annual	Interim Describe material changes
RG58	Describe the current level of compliance with risk management policies by reference to current exposures. In addition, comment on specific breaches and remedial plans.	Annual	Interim Describe material changes
RG59	In a tabular form, give details of the overall financing structure of the vehicle. Include information such as financing costs, security arrangements, recourse arrangements, maturity, and interest and loan amortisation terms. Refer to the financial statement disclosures as appropriate. <i>SDDS references:</i> Section 6 Financing	Annual	Interim Describe material changes
RG60	Comment on the overall financing structure of the vehicle by reference to its overall strategy and future prospects. Such commentary should provide information on the status of material new debt arrangements, early debt reimbursements, and debt restructuring programs relevant to the period or anticipated in the foreseeable future. <i>SDDS references:</i> Section 6 Financing	Annual	Interim Describe material changes
RG61	Describe and comment on the vehicle and SPV's current key financing ratios, for example, interest service coverage ratio, property level loan to value, gearing ratio and the vehicle's general level compliance with such ratios. <i>SDDS references:</i> Section 6 Financing	Annual	Interim Describe material changes
RG62			

	<p>Describe and comment on the use of derivative financial instruments and their impact on the vehicle's performance. Disclose their key terms and fair values and their treatment in the financial statements and NAV.</p> <p><i>SDDS references:</i> Section 6 Financing</p>	Annual	Interim Describe material changes
RG63	<p>Describe and comment on the vehicle's overall financing income and charges by reference to the vehicle's financing structure, cash balances, changes in market conditions etc.</p> <p><i>SDDS references:</i> Section 6 Financing</p>	Annual	Interim Describe material changes

2.3.8. OTHER DISCLOSURE REQUIREMENTS

RG64	<p>In exceptional circumstances, deviations by managers from property valuations as determined by external property valuers must be clearly explained and disclosed.</p> <p>If there is a disagreement between the manager and the property valuer on the market value parameters, these parameters must be clearly explained and disclosed. We expect these deviations and disagreements to occur only very rarely and if so, more in relation to opportunistic investments, where for example the manager and the external valuer have different views as to the likelihood of a particular event occurring (because, for example, the manager is in discussion with governmental bodies, potential buyers or tenants).</p> <p>Another example of deviation could be related to disagreement about value changes if there is a considerable time period between the actual date of external valuation and a later reporting date.</p> <p>Whatever the circumstances, appropriate internal procedures (including escalation measures) should be followed by the management in the event of valuation adjustments.</p>	Annual	Interim
RG65	<p>INREV NAV disclosure requirements</p> <p>Managers should make the following disclosures related to the NAV computation:</p> <ul style="list-style-type: none"> the reconciliation between GAAP NAV and INREV NAV should be presented in line with guideline NAV 2; 	Annual	Interim Describe material changes in methodologies and

<ul style="list-style-type: none"> • managers should explain material estimates and computation methodologies to enable investors to understand the components of the reconciliation between GAAP NAV and INREV NAV. <p>Explanatory notes to the reconciliation should describe key assumptions, methods used, and in particular:</p> <ul style="list-style-type: none"> • the basis for reclassifying certain shareholder loans or hybrid capital instruments as a component of equity; • the basis for the determination of fair value of investment property, self-constructed or developed investment property, property that is leased to tenants under finance lease, investment property held for sale and real estate held as inventory; • the basis of the estimate of other investments in real estate assets; • the basis for the determination of the fair value of indirect investments not consolidated; • details of the methodology used to calculate the fair value of financial assets and liabilities; • the basis of the estimate of the fair value of construction contracts with third parties; • the basis of the estimate of the fair value of contractual fees; • details of the assumptions used to estimate the fair value of deferred tax and the tax effect of INREV NAV adjustments. Such disclosure gives an overview of the tax structure including, for instance, details of the property ownership structure, key assumptions and broad parameters used for estimating deferred taxes for each country, the maximum deferred tax amount estimated assuming only asset sales (i.e., without taking into account the intended method of disposal) and the approximate tax rates used; • reasons for making adjustments to the carrying value of subsidiaries having negative equity (non-recourse); • under IFRS, the fair value of investment properties does not take into account the expenses incurred by the seller when selling a property. As with IFRS, no adjustment is required to include a provision for such costs in the INREV Guidelines, unless they are held for sale. The manager should, however, estimate and disclose the amount of disposal costs likely to be incurred on the sale of properties, taking account of the intended method of exit, assuming an exit without duress and in the current market environment; • set-up costs - description of impairment and reasons for booking if applicable; • set-up costs - description of the reasons for departure from the five year amortisation period if applicable; • acquisition expenses - description of impairment and reasons for booking if applicable; 	assumptions
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	<ul style="list-style-type: none"> • acquisition expenses - description of the reasons for departure from the five year amortisation period if applicable. 		
RG66	The constituent elements of the metric calculation should be disclosed in the annual report.	Annual	
RG67	<p>A disclosure table should be presented that provides an analysis of all the components of the fees charged by the manager, including any element of performance fee or carried interest or any other such arrangement, or by any other affiliate or related party of the manager.</p> <p>See table in Fee and expense metrics module.</p> <p><i>SDDS references:</i></p> <p>11.17 -11. 20 INREV Expense Ratio, 11.23 REER, and Section 18 Investor's Portion of Fees to the Manager and Affiliates</p>	Annual	
RG68	<p>The information in the following tables should be disclosed in the annual report.</p> <p>See table in Fee and expense metrics module.</p>	Annual	

2.4. TOOLS AND EXAMPLES

RG-T01 Related Tools & Examples

- [INREV non-disclosure agreement](#)
- [Debt and derivative disclosures note](#)
- [INREV Standard Data Delivery Sheet](#)
- [INREV Sustainability Reporting Recommendations](#)
- [Capital calls and distribution](#)
- [INREV Guidelines Reporting Tutorial](#)

2.5. Q&A

2.5.1. ANNUAL AND INTERIM REPORTING REQUIREMENTS

RG-Q01 How should a manager apply the interim and annual reporting requirements when four detailed quarterly or two semi-annual reports are provided to investors?

The INREV reporting guidelines focus on the content rather than the format of the reports to investors. Many managers prepare three or four quarterly interim reports or one semi-annual report along with a more complete annual report, including commentary on the last quarter/half year. Although these interim reports are

expected to be in an abridged form, they can also contain all the disclosures set out in the annual reporting requirements at the manager's discretion. The reporting guidelines reflect the minimum requirements with respect to the content of the report to investors.

In some circumstances, managers provide to investors four quarterly reports or two semi-annual reports with annual financial statements provided separately. These reports contain all the disclosures set out in both the interim and annual reporting requirements and, therefore, comply with such requirements. In such case, the annual report accompanying the financial statements may only include a summary of the information provided in the detailed interim reports.

2.5.2. IFRS 16 REQUIREMENTS

RG-Q02 IFRS 16 requires reclassifying liabilities resulting from future lease payments of land use rights from the property value to financial liabilities. Does this change trigger a change in the computation of the INREV GAV as determined for the INREV expense ratio purposes?

The INREV GAV calculated for the INREV expense ratio purposes should be presented net of future lease payments of land use rights, similarly to what has been done prior to IFRS 16 endorsement. This will align treatment and presentation of these lease payment under INREV with current treatment and presentation by external valuers in the valuation reports.

RG-Q03 IFRS 16 requires accounting for lease payments as interest expenses and repayment of lease obligation. Shall we include these lease payments as part of the numerator of the INREV REER?

The INREV REER should include the lease payments incurred during the reported period. The lease payments aim to indemnify the landlord for the maintenance of the building. In case the vehicle would own the building, such costs would be typically included in the REER. Nevertheless, such payments would typically have an immaterial effect on the INREV REER and on any key investment decisions.

2.5.3. ACQUISITION COSTS IN CASE OF MERGER OF FUNDS

RG-Q04 How should acquisition costs be treated under INREV in case of merger of funds?

In case of merger of funds with substantial impact on vehicle documentation, strategy and investor base, the unamortised portion of historical acquisition costs from historical structures should be taken over and capitalised and amortised over five years along with the new setup costs arising from the merger.

2.5.4. PERFORMANCE FEE FOR INREV NAV CALCULATION

RG-Q05 How should performance fee be recognised for INREV NAV calculation purposes?

For the purposes of calculating INREV NAV, in case the performance hurdle is exceeded, at reporting date, based on the calculation methodology stated in the vehicle documentation, the performance fee should be recognised in full. Care should be taken to assess uncertainty surrounding estimates of income.

