INREV NAV Guidelines
Consultation paper Sep 2026

Introduction

NAV-I01

INREV's objective in establishing these guidelines is to provide managers with guidance on how to calculate and disclose an INREV Net Asset Value (NAV) in financial reports of non-listed real estate vehicles. This should lead to transparency and comparability of the performance of different types of vehicles and will enable investors to understand the information provided.

One of the purposes of reporting is to present investors with information relevant to the performance and valuation of their investment. The NAV derived from Generally Accepted Accounting Principles (GAAP), including International Financial Reporting Standards (IFRS), does not necessarily fulfil this objective. This guidance has therefore been prepared to provide an industry-specific framework to enable managers to calculate a more meaningful adjusted NAV.

Both investors and managers seek an approach that is consistent across the real estate industry. The application of different accounting standards has also led to inconsistency of calculation of an adjusted NAV. Investors and managers also want to be able to compare the performance and valuation of non-listed real estate vehicles with other vehicles.

INREV NAV should reflect a more accurate economic value of the investment (units) based on the fair value of the underlying assets and liabilities, as at the balance sheet date, as adjusted for the spreading of costs that will benefit different generations of investors, as compared to a NAV based on GAAP.

In this context, INREV NAV represents a practical application of a valuation approach that a market participant would use when determining the value of the vehicle's units.

This is in line with the purpose of other private market standards applied at enterprise level (for example the IPEV Guidelines). Reference is made to such a framework to provide guidance on how to interpret or analyse certain activities and situations related to a vehicle, and to determine the respective direction and outcome of an adjustment in the light of INREV NAV.

Based on these standards, the valuation of real estate vehicle activities is typically carried out through a discounted cash flow (DCF) framework or, where appropriate, another enterprise-level methodology, with the fair value of net debt deducted to arrive at equity value. Accordingly, adjustments to INREV NAV should be assessed based on whether they contribute to reflecting the economic value of the investment, consistent with the net present value of expected future cash flows at unit level.

The main aim of the INREV NAV is to compare vehicle performance across a peer group and for the valuation of the investment in the units for accounting purposes at the investor level. It is not intended to be a measure of the net realisable value of the vehicle units at the balance sheet date, which might be impacted by a wide range of other factors.

The principles and guidelines for determining INREV NAV are listed below. Where appropriate, further explanation is provided to assist your understanding. In addition, a tools and examples section includes a sample INREV NAV calculation containing many of the common adjustments that are required to derive an INREV NAV from financial statements prepared under IFRS. Finally, a series of questions and answers has been added to provide further assistance with common queries.

The INREV NAV guidelines override the accounting principles by making adjustments to the results arrived at by following the chosen GAAP.

For the sake of clarity, all of the adjustments presented in the guidelines are based on IFRS. However, IFRS also offers some options and INREV adjustments may differ based on the selected option (i.e: cost versus fair value). Consequently, the guidelines describe all the adjustments which should be made in order to compute an INREV NAV.

Taking this into consideration, it is not mandatory to first calculate an IFRS NAV. Adjustments can be applied directly to the chosen GAAP, as long as the investment manager clearly understands the purpose of each adjustment and applies it consistently.

If the adjustments are performed correctly, the INREV NAV should be the same regardless of the initial GAAP used as the starting point.

INREV NAV adjustments require material judgement by the manager (eg deferred tax, transfer taxes). Consequently, it is important to include sufficient disclosures to allow investors to understand positions taken by the manager.

How do you comply?

The INREV NAV module is a compliance module.

Best practice modules	Compliance modules
Define an appropriate governance framework and related roles and responsibilities	Define the calculation and disclosure of quantitative measures
Identify and describe industry best practices	Identify a framework of required disclosures
Require an annual self assessment of the adopted framework deemed relevant to the vehicle	Compliance is entirely objective

Read more at INREV Adoption and Compliance Framework.

Effective date

For vehicles to be compliant with this module, a transition period of two years has been established. Investment managers and the governing body of the respective vehicle should assess and implement any organisational or reporting changes arising from the adoption of these guidelines during the period up to 31 December 2028. The guidelines will be applicable for reporting periods beginning on or after 1 January 2028. Earlier adoption is encouraged.

Period/Year ended 31 Dec 2026	Fiscal year ended Mar/Jun/Sep 2027	Period/Year ended 31 Dec 2027	Fiscal year ended Mar/Jun/Sep 2028	Period/Year ended 31 Dec 2028
Adoption encouraged	Adoption encouraged	Adoption encouraged	Adoption encouraged	Guidelines effective

Note: The main changes to the original INREV NAV Guidelines are highlighted in TEAL throughout this document.

Principles

NAV-P01

INREV NAV should reflect a more accurate economic value of the investment (units) based on the fair value of the underlying assets and liabilities, as at the balance sheet date, as adjusted for the spreading of costs that will benefit different generations of investors, than the NAV based on generally accepted accounting principles.

The INREV NAV should be used for both open end and closed end vehicles. In this module, direct links will be made to IFRS as a basis for calculating the required adjustments and, if needed, to other fair value concepts. If another basis of GAAP is used, further adjustments may be required to align with IFRS as the basis for determining an INREV NAV.

Under IFRS (IAS 38), intangible assets are typically recognised at cost and subsequently measured at cost less accumulated amortisation and impairment losses. INREV guidance excludes fair value adjustments for intangible assets in NAV calculations. This is because the valuation of intangible assets is complex and highly subjective, and there is a risk of double counting, as their underlying economic benefits (cashflows) may already be embedded in the fair value assessments of other adjustments. However, where vehicle management applies the NAV21 Revaluation to Enterprise Value adjustment, intangible asset valuations are addressed through the respective enterprise value revaluation mechanisms and reference is made to the respective adjustment.

The effects of different assets, liabilities, and contractual arrangements with similar future cashflows should result in a comparable outcome and be reflected consistently in the INREV NAV.

IFRS or other GAAP standards may, under certain circumstances, allow the application of two different reporting models. Under the operational model, the underlying activities and investments are fully consolidated on the balance sheet. Under the investment entity model, the underlying investments are typically not consolidated; however, the investments in the underlying entities are usually measured at fair value. Despite the differences, the resulting INREV NAV under these models should be similar.

Guidelines

Table 1: INREV NAV Adjustments

	Total
NAV per the IFRS financial statements	x
Reclassification of certain IFRS liabilities as components of equity	
NAV01 Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders' long term interests in a vehicle	x
NAV02 Effect of dividends recorded as a liability which have not been distributed	x
NAV after reclassification of equity-like interests and dividends not yet distributed (subtotal)	**x**
Fair value of assets and liabilities	
NAV03 Revaluation to fair value of investment properties	x/(x)
NAV04 Revaluation to fair value of self-constructed or developed investment property	x/(x)
NAV05 Revaluation to fair value of investment property held for sale	x/(x)
NAV06 Revaluation to fair value of property that is leased to tenants under a finance lease	x/(x)
NAV07 Revaluation to fair value of real estate held as inventory	x/(x)
NAV08 Revaluation to fair value of other investments in real assets	x/(x)
NAV09 Revaluation to fair value of indirect investments not consolidated	x/(x)
NAV10 Revaluation to fair value of financial assets and financial liabilities	x/(x)
NAV11 Revaluation to fair value of construction contracts for third parties	x/(x)
NAV12 Contractual arrangements	x/(x)
NAV13 Revaluation to fair value of savings of purchaser's costs such as transfer taxes	x/(x)
NAV14 Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	x/(x)

Adjustments to reflect the spreading of one-off costs	
NAV15 Set-up costs	x/(x)
NAV16 Acquisition expenses	x/(x)
NAV17 One-off valuation loss	x/(x)
Other adjustments	
NAV18 Effect of subsidiaries having a negative equity (non-recourse)	x/(x)
NAV19 Goodwill	(x)
NAV20 Non-controlling interest effects of INREV adjustments	x/(x)
INREV NAV before adjustment for Enterprise Value (subtotal)	**X**
NAV21 Revaluation to Enterprise Value	x/(x)
INREV NAV	**X**

Reclassification of certain IFRS liabilities as a component of the INREV NAV:

NAV01 Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders' long-term interests in a vehicle

Investors' capital can take various forms aside from equity – examples include shareholder loans and hybrid capital instruments such as convertible bonds. Some vehicles are structured via a combination of equity participation and shareholder loans.

Shareholder loans and hybrid capital instruments are generally seen as part of the investors' overall interest in the vehicle. They should be included as a component of equity in the INREV NAV and reclassified as such if they have been classified as liabilities in the financial statements of the vehicle under IFRS. The amount to be reclassified should reflect the corresponding carrying value of the liabilities in the IFRS accounts.

The existence of such instruments as part of the capital structure of a vehicle at its origination, or investor loans that are pari-passu to their equity stake and at off-market loan terms, are indicators, among others, that these items should be reclassified as part of the INREV NAV.

The reclassification should also take account of accrued interest, which is treated in a similar fashion to dividends.

NAV02 Effect of dividends recorded as a liability which have not been distributed

Under certain circumstances, dividends are recorded as a liability but have not yet been legally distributed. For the determination of INREV NAV, these accrued dividends should be reversed to the NAV.

Fair value of assets and liabilities

NAV03 Revaluation to fair value of investment properties

If a real estate vehicle uses the option to account for investment properties under the cost model, this adjustment represents the impact on NAV of the revaluation of the investment property to fair value under the fair value option of IAS 40.

The effect of straight-lining of lease incentives, rent guarantees, insurance claims (for damages, lost rent, etc.) should be taken into account when valuing the property at fair value in accordance with IAS 40 and SIC 15 to ensure that no asset is double-counted in the NAV.

Where the probable disposal date of an asset in this category is less than one year from the date of the NAV computation, disposal costs should be deducted from fair value in calculating this adjustment (fair value less disposal costs).

NAV04 Revaluation to fair value of self-constructed or developed investment property

If a real estate vehicle uses the option to account for self-constructed or developed investment property under the cost model, the adjustment represents the impact on NAV of the revaluation of the self-constructed or developed investment property to fair value under the fair value option of IAS 40.

Where the probable disposal date of an asset in this category is less than one year from the date of the NAV computation, disposal costs should be deducted from fair value in calculating this adjustment (fair value less disposal costs).

NAV05 Revaluation to fair value of property held for sale

Some investment properties may be classified as assets held for sale or as a group of assets held for sale under IFRS. The carrying value of such investment properties depends on the chosen accounting treatment under IAS 40 (either fair value or cost).

The adjustment represents the impact on NAV of the revaluation of the investment property intended for sale, measured at fair value or cost, to the net realisable value (fair value less disposal costs).

NAV06 Revaluation to fair value of property that is leased to tenants under a finance lease

Property that is leased to tenants under a finance lease is initially measured on a net investment basis and subsequently re-measured based on an amortisation pattern reflecting a constant rate of return.

The adjustment represents the impact on NAV of the revaluation of the finance lease receivable to fair value.

Where the probable disposal date of an asset in this category is less than one year from the date of the NAV computation, disposal costs should be deducted from fair value in calculating this adjustment (fair value less disposal costs).

NAV07 Revaluation to fair value of real estate held as inventory

Properties intended for sale and accounted for under IAS 2 (Inventory) are measured at the lower of cost or net realisable value in the financial statements. This adjustment represents the impact on the NAV of the revaluation of such properties to net realisable value (fair value less disposal costs). This adjustment should be included under the caption 'revaluation to fair value of real estate held as inventory'.

Where the probable disposal date of an asset in this category is more than one year from the date of the NAV computation, disposal costs should not be deducted from fair value in calculating this adjustment.

NAV08 Revaluation to fair value of other investments in real assets

Under IAS 16, other investments in real assets are normally accounted for at cost.

The adjustment represents the impact on NAV of the revaluation of other investments in real assets to fair value in accordance with the fair value assumptions under IFRS 13.

Where the probable disposal date of an asset in this category is less than one year from the date of the NAV computation, disposal costs should be deducted from fair value in calculating this adjustment (fair value less disposal costs).

NAV09 Revaluation to fair value of indirect investments not consolidated

Indirect investments in real estate, such as investments in associations and joint ventures, have different accounting treatments and carrying values under IFRS. Such investments can be valued at cost, fair value or NAV.

The adjustment represents the impact on NAV of the revaluation of indirect investments to fair value if not yet accounted for at fair value.

Where the probable disposal date of an asset in this category is less than one year from the date of the NAV computation, disposal costs should be deducted from fair value in calculating this adjustment (fair value less disposal costs).

NAV10 Revaluation to fair value of financial assets and financial liabilities

Financial assets and liabilities such as hedging instruments or debt obligations are generally measured at amortised cost, taking into account any impairment when applicable. The adjustment represents the impact on NAV of the revaluation of financial assets and financial liabilities to fair value as determined in accordance with IFRS 13, if not yet accounted for at fair value.

Debt instruments, unless traded on an active market (where the fair value is readily available) or unless non-performing, are commonly valued using a DCF valuation method. Cashflows are derived from the contractual terms of the loan, whether it is based on a fixed or floating interest rate, with or without prepayments. For floating rate loans, forward rates are calculated based on the floating rate index for each future interest rate period and the cashflows are computed accordingly. The discount rate is typically driven by both market conditions and the credit risk profile. The market conditions element reflects the risk-free rate, which is specific to the currency and the debt maturity.

As the approach and methodology of valuing financial assets or liabilities can vary, these should be considered in line with the general INREV principles. Adjustments for different types or combinations of financial instruments that result in the same expected cashflows or the same effect on returns should lead to a similar outcome in the INREV NAV.

In addition, vehicles may incur costs for redemption of bank debt as a result of early unwinding of the loan, or where the financing is linked to a property that is expected to be sold within one year from the NAV calculation date. While such costs are generally not accrued under IFRS, any bank debt early redemption costs should be accrued in the INREV NAV.

For listed or otherwise traded debt instruments for which a quoted price is available, the fair value hierarchy under IFRS 13 should be considered. IFRS 13 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Accordingly, where the quoted price represents the price in an active market for the instrument, it will generally provide the most relevant evidence of fair value.

However, where the quoted price is materially affected by circumstances specific to the market or instrument and does not reasonably reflect the economic substance of the debt instrument for INREV NAV purposes, alternative valuation techniques may be considered. In such cases, for example, a value-in-use calculation may be more relevant, provided that the rationale, methodology and key assumptions are appropriately documented.

Consistency, materiality and review: The chosen methodology should be applied consistently over the term of the vehicle and reviewed regularly. Changes to the methodology are only permitted where there is a material change in the characteristics of the instrument or the vehicle. Any such changes should be disclosed.

A materiality threshold may be applied when considering departures from IFRS 13 fair value within the INREV NAV adjustment.

Furthermore, changes in the issuer's own credit risk (such as overall rating changes by rating agencies), or other factors that do not reasonably mirror the economics of swapping from fixed to floating may be treated similarly, as long as the methodology is in line with the main objective.

NAV11 Revaluation to fair value of construction contracts for third parties

Under IAS 11, construction contracts for third parties are normally accounted for based on the stage of completion. The adjustment represents the impact on NAV of the revaluation of construction contracts for third parties to fair value in accordance with the fair value principles of IFRS 13.

NAV12 Contractual arrangements

Contractual arrangements are legally binding agreements that create measurable economic assets or liabilities not already recognised under IFRS. This adjustment captures the fair value impact of such arrangements where recognition criteria are not met under IFRS, but the economic substance warrants inclusion in the INREV NAV calculation.

The adjustment encompasses:

- **Contractual liabilities** (e.g. unaccrued performance fees, disposal fees, liquidation fees, clawback provisions, complex carried interest)
- **Contractual assets** (e.g. forward contracts, embedded derivatives, contingent carry rights)
- **Other contractual arrangements** with measurable economic value arising from binding agreements

While IFRS provides measurement guidance for provisions and contingent liabilities, recognition triggers may not be met at the reporting date. However, from an investor perspective, contractual obligations and rights that are probable to be settled or exercised should be reflected in INREV NAV to present a more complete and accurate economic value.

The adjustment represents the impact on NAV of the estimated contractual arrangement receivable or payable, based on the current NAV of the vehicle, in circumstances where these arrangements are not already recognised in financial statements produced under IFRS. The arrangements should be contractually enforceable, it should be probable that execution will be incurred, and that the adjustment is reliably measurable.

In determining the amount of the adjustment, reference should be made to relevant IFRS or other GAAP standards for measurement. Sufficient disclosure of the assessment should be provided.

Where the probable disposal date of an asset or liability in this category is more than one year from the date of the NAV computation, disposal costs should not be deducted from fair value in calculating this adjustment.

NAV13 Revaluation to fair value of savings of purchaser's costs such as transfer taxes

Transfer taxes and purchaser's costs which would be incurred by the purchaser when acquiring a property are generally deducted when determining the fair value of investment properties.

The effect of an intended sale of shares of a property owning vehicle, rather than the property itself, should be taken into account when determining the amount of the deduction of transfer taxes and purchaser's costs, to the extent this saving is expected to accrue to the seller when the property is sold.

The adjustment therefore represents the positive impact on the NAV of the possible reduction of the transfer taxes and purchaser's costs for the benefit of the seller based on the expected sale of shares of the property owning investment vehicle.

Disclosure should be made on how the vehicle manager has estimated the amount of the benefit expected to arise from intended disposal strategies. Reference should be made to both the current structure and prevailing market conditions.

NAV14 Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments

Under IFRS, deferred tax assets and liabilities are measured at the nominal statutory tax rate. The manner in which the vehicle expects to realise deferred tax (for example, for investment properties through share sales rather than direct property sales) is generally not taken into consideration.

The adjustment represents the impact on the NAV of the difference between the amount determined in accordance with IFRS and the estimate of deferred tax which takes into account the expected manner of settlement (ie when tax structures and the intended method of disposals or settlement of assets and liabilities have been applied to reduce the actual tax liability).

Disclosures should include 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 (ie without taking into account the intended method of disposal) and the approximate tax rates used.

It is possible that the estimate of the amount of the adjustment required to bring the deferred tax liability related to property disposals to fair value could have a large impact on the INREV NAV. Since tax structures may differ from vehicle to vehicle, significant judgement is required and the mechanics of the calculation methodology for this adjustment may vary from vehicle to vehicle. Other components of the overall deferred tax adjustment require less judgement and are more mechanical in nature.

This adjustment should include a full assessment of the tax impact on NAV of INREV NAV adjustments.

Deferred tax balances are not discounted to take account of the time value of money.

For vehicles investing directly in property, ie not via a Special Purpose Vehicle (SPV), that are not REITs, are fully taxed, and have no possibility of selling assets via the sale of an SPV, a discount on the deferred tax position is still permitted.

This applies, for example, where NAV pricing arrangements specify how to value the deferred taxes or where other GAAP-based NAVs allow a discount. This may be the case where a long-hold strategy allows deferral of tax payments via a reinvestment reserve, or where the vehicle only has to settle the respective tax position at liquidation. Sufficient disclosure should be provided for any such discounts.

Adjustments to reflect the spreading of one-off costs

As described in further detail below, set-up costs and acquisition expenses should be capitalised and amortised. The rationale for these adjustments is to spread these costs over a defined period of time to smooth the effect of the write-off of costs on the vehicle's performance. Furthermore, it is a simple mechanism to spread costs between different investor groups entering or leaving the vehicle's equity at different times.

In practice, there are many other ways in which vehicles address such issues for pricing, valuation, or other purposes including using bid-ask spreads for issue premiums or redemption discounts on the NAV calculated on the basis of set percentages, the capitalisation and amortisation of such costs over different time periods or, indeed, not taking into account such costs at all in the calculation of the vehicle NAV. Since the INREV NAV is primarily intended to facilitate comparability between different vehicles, the INREV approach is a simple but fixed methodology. Please note that these capitalised costs are subject to an impairment test each time the NAV is calculated and therefore should always be recoverable over time. As the adjustments with respect to set-up costs are separately disclosed in the calculation of a vehicle's INREV NAV, investors can choose how these are taken into account when valuing their holding.

NAV15 Set-up and arrangement costs

Under IFRS, vehicle set-up and arrangement costs are charged immediately to income after the inception of a vehicle.

Such costs should be capitalised and amortised over the first ten (10) years of the term of the vehicle. When the term of the vehicle is less than 10 years, the shorter period should be taken into account.

The rationale for capitalising and amortising set-up costs is to better reflect the duration of the economic benefits to the vehicle.

When capitalising and amortising set-up costs, an impairment test should be considered each time the adjusted NAV is calculated when market circumstances change, and it is not expected that the capitalised set-up costs can be recovered through the sale of units of the vehicle. For instance, when a decision is made to liquidate the vehicle or stakeholders no longer expect to recover the economic benefit of such capitalised expenses, these should be written down.

When a vehicle is facing significant structural changes – including, but not limited to, material changes in investor composition or a roll-forward of the structure that will benefit different generations of investors – a similar approach should be followed.

NAV16 Acquisition expenses

Under the fair value model, acquisition expenses of an investment property are effectively charged to income when fair value is calculated at the first subsequent measurement date after acquisition. This results in the fair value of a property on subsequent fair value measurement being lower than the total purchase price of the property, all other things being equal.

Property acquisition expenses should be capitalised and amortised over the first ten (10) years after acquisition of the property.

When the expected holding period of the investment property is generally less than 10 years due to the type of investment strategy (for example development and sale) or the term of the vehicle remaining after the acquisition is less than 10 years, the shorter period should be taken into account.

The rationale for capitalising and amortising acquisition expenses is to better reflect the duration of the economic benefits to the vehicle of these costs.

When capitalising and amortising acquisition costs, an impairment test should be considered each time the adjusted NAV is calculated when market circumstances change, and it is not expected that the capitalised acquisition costs can be recovered through the sale of units of the vehicle.

When fair value adjustments are applied in other asset categories (adjustments NAV06, NAV07, NAV08, NAV09, NAV11), similar treatment should be followed on the respective acquisition expenses.

When a property is sold during the amortisation period, is classified as held for sale, or is expected to be sold within a year, the balance of capitalised acquisition expenses of that property should be expensed or impaired at that moment.

NAV17 One-off valuation loss

When acquiring newly developed real estate, or real estate that has been developed and brought into use within a certain timeframe, different transfer tax rates may apply over time in the relevant local jurisdictions.

Typically, at a certain point after acquisition and first use, a higher transfer tax becomes payable by a potential buyer. As a result, the fair value may decrease due to the change in transfer tax rates, if nothing else changes. Consequently, under IFRS, a “one-off valuation loss” occurs when the impact of the higher transfer tax becomes reflected in the fair value of the property.

The adjustment represents the spreading of this “one-off valuation loss”. Under this approach, the impact of the one-off valuation loss would be recognised progressively over time, rather than as a single adjustment at the point at which the higher transfer tax becomes applicable, provided (i) the effect is clearly evidenced (ie the effects of the lower tax rate have benefited the seller with a higher acquisition price), (ii) the adjustment is consistently applied, and (iii) the adjustment is transparently disclosed.

The rationale for spreading this “one-off valuation loss” is to better reflect the duration of the economic benefits to the vehicle associated with this valuation loss.

The “one-off valuation loss” should be spread over a maximum period of ten (10) years following acquisition of the property, depending on local jurisdiction rules, or from the moment the property is first brought into use, depending on the objective, strategy and vintage of the vehicle.

Where a property is sold during this period, is classified as held for sale, or is expected to be sold within one year, any remaining balance of the “one-off valuation loss” relating to that property should no longer be adjusted in the INREV NAV.

When fair value adjustments are applied in other asset categories (adjustments NAV06, NAV07, NAV08, NAV09, NAV11), similar treatment should be followed on the respective one-off valuation loss.

Example:

An open end vehicle acquires a newly developed investment property on 30 December 2025 for €100 million. The vehicle's average investment holding period is more than 15 years. As the property was newly developed, no transfer tax was payable on acquisition. The acquisition price of €100 million represented the market value at that date.

Under the applicable local tax rules, a 10% transfer tax applies to any subsequent transfer of the property. As a result, the fair value of the property at 31 December 2025, based on an external valuation, is approximately €91 million. The €9 million reduction in value is attributable to the transfer tax payable by a prospective buyer. A buyer would therefore be willing to pay approximately €91 million for the property, in addition to approximately €9 million of transfer tax.

As a result, a one-off valuation loss of €9 million is recognised under IFRS through the property revaluation at 31 December 2025.

Under the new adjustment, NAV17 One-off valuation loss, the €9 million adjustment is spread over a maximum period of ten years following acquisition of the property, depending on local jurisdiction rules, or from the moment the property is first brought into use, depending on the objective, strategy and vintage of the vehicle.

As the expected holding period exceeds ten years, the one-off valuation loss is spread over a ten-year period.

€100m acquisition price → €91m IFRS fair value → €9m one-off valuation loss → €9m NAV17 adjustment spread over 10 years

This results in an annual release of €0.9 million from the INREV NAV adjustment over the ten-year period.

	Year	**0**	**1**	**2**	**3**	**4**	**5**
One-off valuation loss	start	9.000.000	9.000.000	8.100.000	7.200.000	6.300.000	5.400.000
Spreading			-900.000	-900.000	-900.000	-900.000	-900.000
INREV NAV adjustment	end	9.000.000	8.100.000	7.200.000	6.300.000	5.400.000	4.500.000

	Year	**6**	**7**	**8**	**9**	**10**	**11**
One-off valuation loss	start	4.500.000	3.600.000	2.700.000	1.800.000	900.000	-
Spreading		-900.000	-900.000	-900.000	-900.000	-900.000	
INREV NAV adjustment	end	3.600.000	2.700.000	1.800.000	900.000	-	-

Other adjustments

NAV18 Effect of subsidiaries having a negative equity (non-recourse)

The NAV of a consolidated group under IFRS may include the net liability position of subsidiary undertakings. In practice, however, the group may have neither a legal nor a constructive obligation to fund the accumulated losses in situations where the financing of the subsidiaries is non-recourse to the vehicle.

In this scenario it is appropriate to make an adjustment when calculating the INREV NAV in order to recognise the group's interest in such subsidiaries at nil or an adjusted negative amount rather than at a full net liability position, to the extent there is no intention or obligation on the vehicle to make good those losses.

The adjustment represents the positive impact on INREV NAV arising from the partial or full reversal of the negative equity of the specific subsidiary.

Where the vehicle has granted shareholder loans to the subsidiary, these should be taken into account when determining the adjustment.

NAV19 Goodwill

Goodwill arises in accounting when the acquisition of real estate activities or portfolios is classified as a business combination and the requirements of IFRS 3 are met. This results in a difference between the purchase price paid and the IFRS NAV of the acquired undertakings, following the guidelines under IFRS 3, which apply to transactions or events that meet the definition of a business combination.

If the acquisition qualifies as a business combination, the acquirer should measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

Effects of the valuation of deferred taxes in the considerations paid

Under IFRS, all identifiable assets and liabilities are initially recorded at fair value, and deferred taxes are recorded on each position. The difference between the fair value of the assets and liabilities, net of deferred taxes, is recorded as Goodwill.

When acquiring a business via a share deal, a negotiation between the buyer and the seller might occur regarding the valuation of the respective deferred tax liability most probable with a discount on the nominal value. Such a discount means that the consideration paid will be higher than the IFRS NAV-based fair value of assets and liabilities, while accounting for the deferred tax liability at full value. The acquirer should recognise and measure deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in a business combination, in accordance with IAS 12 Income Taxes.

The part of any respective goodwill related to the difference between the full recognition of deferred tax, purchaser's costs, or similar items in the IFRS accounts (which do not generally account for the probable or intended method of subsequent exit) should be written off in the INREV NAV to avoid double counting. These items typically are included as an adjustment in NAV14 Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments, NAV16 Acquisition expenses, and NAV13 Revaluation to fair value of purchaser's cost savings, such as transfer taxes.

Except where such components of goodwill have already been written off in the NAV as determined under IFRS, they should be written off in the INREV NAV.

Other components of Goodwill

The other components of goodwill at the balance sheet date should not be reversed or fair valued.

However, if the vehicle management is preparing an INREV NAV with inclusion of the adjustment NAV21 Revaluation to Enterprise Value, the remaining goodwill should be fully reversed (written off) within the INREV NAV. The rationale for writing off the goodwill is that its value is already reflected in the enterprise value assessment, thereby avoiding double counting.

NAV20 Non-controlling interest effects on the above adjustments

This adjustment represents the impact on the NAV of the recognition of non-controlling interests on all of the above adjustments.

NAV21 Revaluation to enterprise value

Investors may invest, through investment platforms or various vehicle structures and models, in operational assets such as hotels, flex offices, student housing, life science, and similar sectors (See INREV Operational Real Estate Guidelines). The actual value of these operational activities may not be reflected in the underlying assets and, as a result, in the INREV NAV based on the preceding INREV NAV adjustments. For example, the brand proposition to end users may create a brand value that can be leveraged in new markets.

Other examples could include an in-house organisation for property management, asset management, developments department etc. Furthermore, a situation may arise where investors assign additional value to a large, well-diversified portfolio from a risk mitigation perspective, for instance through the manager's ability to secure better arrangements with large tenants across the portfolio or through loyalty programs for visitors to retail centres. These specific circumstances and activities may have a material effect on the result, valuation and performance of the vehicle.

In such cases, alternative valuation methodologies may be considered, such as an enterprise valuation of the vehicle itself. Reference can be made to other private market standards applied at the enterprise level, for example the IPEV Guidelines.

The adjustment represents the impact on the NAV of the difference between the Enterprise Value (less the fair value of debt and the working-capital balance) and the INREV NAV before the Enterprise Value adjustment, based on NAV01 to NAV20.

The following disclosures should be provided for the INREV NAV reporting:

Table 2: Revaluation to Enterprise Value

Enterprise Value (less fair value of debt / working-capital balance) or Investment Value	**X**
INREV NAV before adjustment for Enterprise Value (subtotal)	(x)
NAV21 Revaluation to Enterprise Value	**x/(x)**

Consistency, materiality and review:

- This adjustment should only be included if there is a material difference between INREV NAV and the Enterprise Value, less the fair value of debt and the working-capital balance;
- The chosen approach should be applied consistently over the term of the vehicle and reviewed at least once a year. Changes are permitted only where there is a material change in the characteristics of the activities, or where an alternative enterprise valuation approach better reflects the value;
- Independent valuations should be performed by qualified external valuers (see OpRE08 of the INREV Operational Real Estate Guidelines as well as the Property Valuation Guidelines);

- Investor consent for implementation of this adjustment should be secured, or the adjustment should be included in the vehicle documentation;
- Sufficient disclosure, in line with IFRS 13 requirements on methodology, significant input parameters, and sensitivity analysis, should be included as part of the INREV NAV reporting;

If the Enterprise Value (less the fair value of debt and the working-capital balance) is lower than INREV NAV, an impairment should be recognised, or disclosure should be provided explaining why this lower value should not be accounted for and how the manager would expect to realise a higher value (eg, with the sale of the individual assets).

Where a vehicle applies the IFRS 10 consolidation exemption and values its investments at fair value, this value is already included in the IFRS NAV and, as a result, included in the INREV NAV.

Where the probable disposal date of the respective operational activities is more than one year from the date of the NAV computation, disposal costs should not be deducted from fair value in calculating this adjustment if not deducted already in other INREV NAV adjustments.

Refer to Additional background on NAV21 Revaluation to enterprise value under the Further guidance on implementation chapter.

Vehicle documentation and disclosure requirements for INREV NAV

NAV22 The vehicle documentation should include details of valuation rules and procedures, pricing methodology including the methods used in valuing hard-to-value assets, and the frequency of valuation for all material assets and liabilities of the vehicle.

NAV23 The vehicle documentation should disclose the frequency of the NAV calculation.

NAV24 INREV NAV disclosure requirements

Investment managers should make the following disclosures related to the INREV NAV computation:

- The reconciliation between GAAP NAV and INREV NAV should be presented in line with Table 1: INREV NAV Adjustments;
- Managers should explain material estimates and computation methodologies to enable investors to understand the components of the reconciliation between GAAP NAV and INREV NAV. Explanatory notes to the reconciliation should describe key assumptions, methods used, and in particular:
    - 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 (ie without taking into account the intended method of disposal) and the approximate tax rates used;
- Reasons for adjusting 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 probable 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 ten-year amortisation period if applicable;
- Acquisition expenses - Description of impairment and reasons for booking if applicable;
- Acquisition expenses - Description of the reasons for departure from the ten-year amortisation period if applicable.

Further guidance and interpretation

Proposed transition for adjustments NAV15, NAV16, NAV17, and NAV21

Adoption of the new INREV NAV Guidelines is proposed as a one-off event, without restating previously reported INREV NAVs.

For NAV15 Set-up and arrangement costs and NAV16 Acquisition expenses, the amortisation period has been extended from five years to ten years. With the introduction of NAV17 One-off valuation loss, qualifying one-off valuation losses should be spread over a maximum period of ten years following acquisition of the property.

The date of transition to the new INREV NAV Guidelines should be aligned with the reported INREV NAV as at the vehicle's year-end. At this transition date, it is proposed that vehicles retrospectively recalculate the carrying amounts of set-up and arrangement costs, acquisition expenses, and qualifying one-off valuation losses as if they had been amortised or spread over the applicable period under the new requirements. The period should run from the date of acquisition or, where applicable for NAV17, from the date the property is first brought into use; for set-up and arrangement costs, from the date the costs were incurred.

The retrospective recalculation should cover set-up and arrangement costs and acquisition expenses capitalised under the previous INREV NAV Guidelines during the preceding ten years, including amounts that have already been fully amortised at the date of first-time adoption.

As NAV17 is a new adjustment, qualifying one-off valuation losses arising during the same period should also be assessed and, where applicable, included.

At the transition date, vehicles should also assess whether the recalculated carrying amounts are recoverable. Where the expected holding period of an investment property is less than ten years due to the investment strategy, for example development and sale, or where the remaining term of the vehicle is less than ten years, the shorter period should be applied.

For periods beginning on or after 1 January 2028, NAV15, NAV16 and NAV17 should be applied in accordance with the new requirements, subject to the applicable shorter-period provisions.

As NAV21 Revaluation to enterprise value is a new adjustment, its applicability should be assessed at the date of first-time adoption, and the adjustment should be applied prospectively.

Additional background on NAV21 Revaluation to enterprise value

The adjustment NAV21 Revaluation to Enterprise Value represents the impact on NAV of the difference between the Enterprise Value (less the fair value of debt and the working-capital balance) and the INREV NAV before NAV21, based on NAV01 to NAV20.

When the INREV criteria for this adjustment are met, an enterprise valuation should be carried out in accordance with the fair value measurement requirements of IFRS 13. As INREV does not prescribe valuation standards, the INREV Property Valuation Guidelines refer to the International Valuation Standards (IVS) and European Valuation Standards (EVS).

In practice, the valuation of real estate vehicle activities is typically carried out using a DCF framework or, where appropriate, another enterprise-level methodology, with the fair value of net debt deducted to arrive at equity value.

Below is an example of a DCF at vehicle level used to calculate enterprise value:

Valuing using discounted cash flows

It should be noted that different valuation techniques may be used to determine Enterprise Value. Irrespective of the technique used, independent valuations should be performed by qualified external valuers.

Introduction to Recognition Criteria and Probability Thresholds

A key aspect of the INREV NAV framework is determining when adjustments to GAAP-based NAV should be recognised. This determination is based on recognition criteria that incorporate probability assessments and qualitative judgements about the likelihood of future events.

The INREV NAV Guidelines align with IFRS in their use of probability-based recognition criteria. However, IFRS does not prescribe explicit quantitative thresholds for probability terms such as "probable," "highly probable," or "virtually certain." Instead, IFRS relies on principles-based guidance and professional judgement, allowing preparers to assess the likelihood of events in the context of specific facts and circumstances.

In practice, these probability terms are commonly interpreted as indicating different levels of likelihood. To support consistent application, further guidance will be issued alongside the final INREV NAV Guidelines 2027.

Computation of INREV NAV per share and effect of exercise of options, convertibles and other equity interests

The INREV NAV represents the economic value of the total investment by the investors as a group. To derive the NAV per unit, managers should take into consideration any rights (such as carried interest, performance fees, manager remuneration schemes, terms or different classes of units, NAV waterfall calculation, option shares etc.) held by equity shareholders, or prospective equity stakeholders (in the case of options) of the vehicle in allocating the overall INREV NAV of the vehicle to individual classes of equity shareholders and in determining the individual value of units or shares.

In some circumstances, where the vehicle has raised and called capital, some investors may not have fully paid in their contributions. The INREV NAV per share should take into account the impact of called but unpaid capital.

Note: Additional rationale for the adjustments, guidance text, explanations, and numerical examples will be developed and included in the final publication material. An update to the INREV NAV - GAAP Comparison Templates will also be released in 2027.