INREV OpRE Guidelines
Consultation paper Sep 2026

Introduction

OpRE-I01

What does this module cover?

This module sets out guidelines for developing an Operational Real Estate (OpRE) framework for real estate investment vehicles and embedding it into their day-to-day operations.

The framework addresses governance issues, key risks, and operational practices that arise across common ownership models (read more in Good practice recommendations for Operational Real Estate) – including investment manager owned, fund owned, and third party owned operator models. It supports investors and investment managers in structuring OpRE investments with appropriate alignment of interests, accountability, and long-term value creation.

The module provides a generic structure to appropriately consider OpRE objectives, alongside other business goals, as part of the overall strategy development of a real estate investment vehicle. It then guides users in implementing these objectives through a governance system established by the investment manager in collaboration with the governing body of the vehicle.

This involves assigning clear responsibilities to specific roles within an appropriate organisational model and embedding OpRE considerations into key business processes. The importance of effective and regular monitoring throughout the vehicle's life is also emphasised.

The guidelines reflect the general principles established in the INREV Governance module, tailored for specific OpRE considerations (see below in *italics*). They should be viewed in the context of evolving business strategies, recognising differences in investment models, risk profiles, vehicle sizes, and third-party roles.

How do you comply?

The INREV OpRE module is a best practice 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. Many of the guidelines reflect current industry practice and regulatory reporting, which should enable partial or full adoption and compliance with this module as soon as possible. Certain legacy vehicles, eg closed end funds approaching end of life, may be unable to adopt these guidelines due to timeline, structural, or legal constraints. In such cases,

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it is recommended that the investment manager discloses this and provides the rationale alongside the INREV Guidelines compliance statement.

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

Principles

OpRE-P01 Act lawfully and ethically

All parties involved in the operation of a vehicle should strive to meet the highest professional standards of ethics and integrity whilst complying with applicable laws. Acting ethically goes well beyond mere compliance with the law and written contracts.

Investment managers operate under a duty of care and should act ethically and with integrity towards investors and other stakeholders. Respect for the law and compliance with constitutional terms of the vehicle provide a basic framework against which the vehicle should operate. Acting ethically entails the investment manager, the governing body of the vehicle, and the other relevant actors understanding and adapting how they conduct themselves to ensure the achievement of desired long-term outcomes.

The INREV OpRE guidelines emphasise that acting lawfully and ethically requires clear allocation of roles, responsibilities and accountability between managers and operators across different ownership models. Defining and embedding appropriate governance and alignment in the vehicle strategy are critical components of OpRE. Governance arrangements should clearly distinguish between vehicle-level legal and regulatory compliance responsibilities, which generally remain with the investment manager, and asset-level operational compliance obligations, including health and safety, licensing and industry-specific regulatory requirements, which are typically assigned to the operator or developer.

OpRE-P02 Act in the best interests of investors and consider other stakeholders

The investment manager should act to maximise value for investors while ensuring their expectations are clearly understood and considered as defined in the vehicle documentation. It should also take into account the interests of other key stakeholders, including customers, insurers, lenders, regulators, operators and service providers.

The investment manager should promote alignment of interests among investors, operators and other stakeholders, while avoiding unmanaged conflicts of interest. When establishing a vehicle, objectives such as strategy, investment horizon and risk appetite should be clearly defined, alongside appropriate alignment mechanisms including co-investment, fee structures and governance arrangements. These objectives should be reflected in the governing vehicle documentation.

Risks and rewards should be allocated fairly and transparently. In balancing competing interests, the investment manager should act reasonably and in the collective best interests of investors, while considering the potential impact on individual investors.

The investment manager should maintain a long-term perspective and ensure that its culture, strategy and operations support sustainable outcomes for investors and other stakeholders.

In the context of OpRE, long-term value creation depends on clarity of roles, accountability and incentives between investors, managers and operators across different ownership models. The choice of ownership model, governance rights, fee structures and transparency arrangements should support appropriate alignment of interests while recognising the operational complexity of OpRE.

OpRE-P03 Act with skill, care, and diligence

The investment manager should ensure that its activities related to investment vehicles are conducted prudently with diligence and care. It should also require that all parties involved, including its own personnel, the members of the governing body, operators and related service providers, behave with high standards of conduct and professionalism.

The investment manager should possess adequate knowledge, skills, and experience. It should constantly strive to apply best practices in arranging and supervising the business operations of the vehicle.

The investment manager should effectively engage with the governing body of the vehicle to enable it to effectively monitor its activities related to the vehicle. Acting with skill, care and diligence also means that the investment manager should refrain from engaging in activities where it does not have, or cannot secure, the required expertise or capacity.

Monitoring operator performance, negotiating effective governance and fee structures, managing conflicts of interest and overseeing OpRE-specific risks require dedicated expertise and sufficient resources. OpRE requires active asset management and oversight that reflect the operational model, including effective management of operational, regulatory and reputational risks arising from direct customer-facing activities. Governance arrangements should clearly identify the asset manager (AM) and define its responsibilities, authority and oversight role within the operating structure.

OpRE-P04 Design and operate an adequate oversight and control framework

The investment manager, in collaboration with the governing body of the vehicle, should design and operate an effective supervisory, decision-making, and control framework that adequately addresses the specific risks related to an investment vehicle including, but not limited to, periodic KPI reporting and reserved matters. Such a framework, which extends to key service providers, needs the involvement of sufficiently qualified persons, who should possess the necessary skills and knowledge, meaning the ability to effectively oversee and apply appropriate levels of control to both the real estate and its operations. In addition, the rights, obligations, and representation of investors, including their role in decision-making, should be clearly defined in the constitutional documents of the vehicle and respected.

The investment manager should ensure that its governance framework adequately defines, implements and monitors OpRE-specific goals, risks and initiatives throughout the organisation (for the purposes of this guidance, the organisation comprises both the investment manager and the operator). Appropriate governance structures should balance effective oversight and control with the advantages of operator autonomy (for further guidance see Good practice recommendations for Operational Real Estate).

OpRE-P05 Be transparent while respecting confidentiality considerations

The investment manager should be transparent and disclose information on a timely basis that is accurate, balanced and clear. The investment manager should not only disclose information when there is a legal obligation to do so, such as when it is defined in the constitutional documents of the vehicle, but should also proactively communicate and engage with investors and certain key stakeholders where the matter or information is considered relevant. At the same time, certain information regarding the vehicle and its investors that is not publicly available should be treated confidentially.

In OpRE, regular and transparent reporting should include a specific focus on operator selection, governance, fee structures, performance against business plans and KPIs, risk oversight and data protection responsibilities. The investment manager may also use an operator specific Due Diligence Questionnaire, if deemed appropriate. Transparency is essential to manage asymmetry in access to operational data and to support effective investor oversight. The OpRE business model may involve access to more personal data than traditional real estate investment structures, due to exposure to potential end-customer information. Confidentiality safeguards should therefore be strengthened to reflect the increased volume of data and the related risks, including those arising from GDPR requirements.

OpRE-P06 Be accountable

The investment manager, together with the governing body of the vehicle and other related service providers, should be accountable to investors for the execution of their responsibilities given their roles and functions, and adopt appropriate accountability through the supply chain. This implies a duty of care, acceptance of scrutiny and a reasonable level of liability and appropriate remedial action - termination, withholding or forfeiture of fees.

In OpRE, accountability should be clearly allocated between investors, managers, operators and other stakeholders, with defined responsibilities, remedies in the event of underperformance and awareness of and appropriate mitigation of conflicts of interest. Accountability supports resilience, risk management and flexible exit planning across ownership models.

Guidelines

OpRE-P01 Act lawfully and ethically

OpRE01 The investment manager should assess whether exclusivity arrangements with the operator are appropriate to the vehicle strategy and ownership model.

Exclusivity may relate to service provision, branding and intellectual property, investment sourcing and origination, or restrictive covenants by reference to radius or asset criteria. Where exclusivity applies, it should be governed by transparent and robust conflict management protocols. The scope, beneficiary and provider of any exclusivity arrangement should be clearly defined, including whether exclusivity is granted by the operator or an affiliated group to a specific fund, a fund series or the investment manager, together with the applicable terms, termination provisions and interaction with allocation and competing opportunities policies. The investment manager may consider other contractual mechanisms and arrangements, such as partial restrictions, lock-ins or rights of first offer where full exclusivity is not suitable.

OpRE02 The investment manager should ensure that all parties involved maintain compliance with data governance and confidentiality standards, ensuring alignment with applicable regulation and fund-level policies.

Because OpRE can involve greater exposure to end-user data, parties should clearly understand their regulatory obligations with regard to data protection and which party is responsible for meeting those obligations (typically at the operator level, given that the operator will generally hold and manage sensitive data). The investment manager should ensure that appropriate policies, operational processes, contractual obligations, and training are in place to manage regulatory and reputational risk.

OpRE03 The investment manager should ensure that OpRE structures appropriately address any licensing, trading, consumer-facing or sector-specific regulatory requirements.

Operator activities may fall under specific regulatory regimes or licensing requirements, with varying degrees of regulation across sectors and jurisdictions. The investment manager should ensure that all required licences and permissions are obtained and maintained, and that liabilities are not unintentionally transferred to the fund. The operator’s regulatory compliance is subject to initial due diligence and ongoing verification/confirmation of required licences and approvals.

OpRE-P02 Act in the best interests of investors and consider other stakeholders

OpRE04 The investment manager should ensure that fee structures are transparent, clearly defined and aligned with the scope of services provided and the operational performance achieved.

All fees should be arm’s length, measurable, consistently disclosed and structured to align interests between the investors, the manager and the operator. Fee structures should not create incentives that are inconsistent with investor interests or give rise to unmanaged conflicts of interest.

There should be clear delineation between investment manager, operator and asset-level services and fees. Phased or tiered fee arrangements may be used to reflect the operational stage of the asset or platform (defined below). Material adjustments to fee structures, related-party arrangements and overlapping service mandates should be subject to appropriate governance, transparency and approval processes to ensure conflicts of interest are identified, managed and, where possible, avoided.

OpRE05 The investment manager should ensure that performance fee structures effectively incentivise the operator to deliver real estate performance and long-term investor outcomes.

Performance fees should be linked to objective and measurable outcomes such as realised returns, business plan delivery or net operating income targets. Performance incentives should be designed to avoid creating incentives that are inconsistent with long-term investor outcomes or that reward activity without corresponding value creation. Calculation methods, timing of crystallisation and any synthetic assessment points for longer-duration structures should be clearly defined and disclosed. As conflicts may arise, an appropriate conflict management policy should be followed. As with fees generally, performance fees and manager incentivisation structures should be fully disclosed.

OpRE06 The investment manager should ensure that exit strategies are defined at the outset while maintaining flexibility to optimise value for investors, whether through a combined or separate real estate and operator exit.

Potential conflicts of interest and measures taken to appropriately mitigate or manage such conflicts, for example by appointing a third-party agent to manage the sale process, should be disclosed to investors. Constitutional documents and operator agreements may define buyout rights, continuation vehicle mechanics, transfer provisions, notice periods and transition support requirements. The chosen structure should preserve operational continuity and appropriately address stranded operational risks, including key-person dependency, intellectual property separation and systems or data migration risks, while supporting value maximisation and an orderly handover.

OpRE-P03 Act with skill, care, and diligence

OpRE07 The investment manager should ensure that operator performance is assessed using objective, measurable KPIs supported by regular reporting and clear remedies in case of underperformance.

The defined KPIs should reflect the vehicle's operational strategy and desired outcomes. Depending on the nature of the vehicle and business plan, KPIs should be established across relevant categories, including:

- Financial and operating performance: Revenue, occupancy, NOI, EBITDA, cost ratios, free cash flow, rent collection and covenant compliance;
- Commercial and leasing performance: Leasing velocity, tenant retention, rental growth, marketing effectiveness and lead conversion metrics;
- Development and refurbishment execution: Achievement of development, refurbishment, repositioning and stabilisation milestones, including adherence to budget and timeline, gross sales values;
- Customer and operational excellence: Customer satisfaction, service levels, maintenance performance, health and safety metrics and operational efficiencies;

- Sustainability: Energy consumption, carbon emissions, water usage, waste management and sustainability certification targets;
- Data, governance & compliance: Data quality, reporting timeliness, regulatory compliance and internal control measures.

OpRE08 The investment manager should ensure that the operating company (OpCo) and related assets are valued using methodologies appropriate to the purpose and structure of the investment.

The scope of assets held within the operating company (OpCo), including both tangible and intangible components, should be clearly identified as part of the investment and valuation perimeter. Depending on the operating model, value may reside not only in the underlying real estate but also in the operational platform, including brand, goodwill, customer relationships, contracts, FF&E, intellectual property, licences, development pipelines, IT systems and human capital.

Where these operational activities create value that is not fully reflected in the underlying real estate asset valuations, managers should assess whether an adjustment under INREV NAV21 Revaluation to Enterprise Value is appropriate. In line with the INREV Guidelines, NAV21 may be relevant where the Enterprise Value of the operational platform exceeds the value captured through the underlying real estate and other INREV NAV adjustments.

Independent valuations should be performed by qualified external valuers at least annually, using methodologies consistent with recognised commercial, accounting and valuation standards. Valuation approaches may include, among others, a WholeCo valuation, which assesses the combined value of the real estate and operating business, or a business-real estate combination approach, as further described below.

Consistent with INREV NAV21 Revaluation to Enterprise Value, any Enterprise Value adjustment should be applied only where the difference between Enterprise Value (less the fair value of debt and working-capital balances) and the INREV NAV is material, should be reviewed at least annually, and should be supported by appropriate valuation evidence and disclosures.

For further information, read the revised INREV NAV Guidelines.

OpRE-P04 Design and operate an adequate oversight and control framework

OpRE09 The investment manager should define governance and control structures that clearly allocate decision-making authority, oversight responsibilities and accountability between the fund, the investment manager and the operator.

Governance may be defined through constitutional documents and contractual arrangements and may vary in degree and scope. Control measures can include board representation, hiring and firing rights for key persons, reserved matters for investors or advisory committees, business plan approval, delegated authorities, KPIs and ongoing oversight. Governance arrangements should clearly define the matters that remain subject to investor or investment manager oversight and those delegated to operators, while preserving appropriate operator autonomy and flexibility across ownership models. Roles and responsibilities should be clearly defined to help determine the appropriate degree of control. Governance arrangements should identify key conflict scenarios and establish appropriate approval rights, escalation processes and oversight mechanisms.

OpRE10 The investment manager should ensure that the operator's risk appetite and controls are aligned with the fund's overall risk tolerance.

This should be supported by clearly defined guardrails and ongoing monitoring. Due diligence plays an important role in assessing the operator's risk profile (e.g. security controls, cash management, consumer communication and data protection). The investment manager should consider establishing a risk management framework that includes operator-level exposures and key risk indicators. The investment manager should treat the operator as a core component of the investment case, subject to appropriate initial due diligence, ongoing reassessment and proportionate oversight throughout the vehicle's life. Specific procedures and safeguards should be put in place in the event of financial distress/bankruptcy of the operator.

The framework should reflect the fact that OpRE strategies can create financial, operational, regulatory and reputational risks that differ from those in traditional real estate models.

OpRE11 The investment manager should ensure that operational risk is appropriately allocated between relevant parties.

The allocation of operational risk should reflect the adopted corporate model and investor expectations, taking into account regulatory requirements and appetite for exposure to non-core risks. The investment manager should clearly map and address operational risks such as employment liabilities, data protection, third-party contracts, governance, cash management, compliance, customer-facing activities and reputational exposure. While the allocation of operational risks will ultimately depend on the adopted corporate model and negotiated contractual arrangements, risks arising from the day-to-day operation of the asset are increasingly expected to be borne and managed by the operator, including through appropriate insurance and risk management arrangements. Particular attention should be paid to third-party operator models, as the contractual allocation of risk is a critical point of negotiation and should be clearly priced, documented and monitored. The governance framework should include appropriate business continuity and succession planning measures, including identified successors for key roles, knowledge-transfer processes and measures to mitigate key-person risk and operational disruption arising from personnel changes.

OpRE-P05 Be transparent while respecting confidentiality considerations

OpRE12 The investment manager should ensure that investors receive timely, transparent and appropriate information to support effective oversight of operator performance and risk.

Reporting should include annual and interim reports, with a specific focus on operator selection, fees, performance against business plans and KPIs, and oversight. The investment manager should define reporting requirements and timing that capture operator performance and risk exposure and ensure that reporting obligations are embedded in operator agreements where relevant. Operator-level and fund-level information should be communicated in a timely and transparent manner to reduce information asymmetry and support effective investor oversight.

OpRE13 The investment manager should ensure that fund-level sustainability objectives are reflected in day-to-day operations.

Where appropriate, sustainability objectives should also be reflected in operator obligations and incentives. OpRE can provide opportunities to drive environmental and social outcomes due to closer end-user interaction and greater operational transparency. Governance and reporting should promote alignment between the vehicle's sustainability objectives and operational procedures. Where relevant, sustainability responsibilities may be built into business plans, reporting obligations and incentive mechanisms.

For further information, read the INREV Sustainability Guidelines.

OpRE-P06 Be accountable

OpRE14 The investment manager should ensure that accountability is clearly allocated across all stakeholders.

Across all OpRE structures, accountability should be supported by clearly defined responsibilities, appropriate remedies in the event of underperformance and awareness of and appropriate mitigation of conflicts of interest. These accountability arrangements should inform governance, fee structures, reporting, risk management, valuation and exit planning.

Definitions

WholeCo:

A valuation approach that assesses the entire integrated business-real estate combination as a single enterprise before any allocation between real estate and operating business components.

Business-real estate combination:

An integrated investment comprising both real estate and operating business elements whose economic value is derived from their interaction.

Platform:

A Platform Investment is an interest in a combination of Real Estate assets and an associated operational management business, where value resides in both the real estate assets and the management business. Platform investment is closely associated with a more active, scaled, private equity investment style.

The investment proposition would typically benefit from greater efficiency in the management of the Platform assets and/or potentially capture long-term growth in the value of the Platform. Such objectives may be achieved through any combination of asset aggregation and/or the application of the management toolkit (such as sector-specific expertise, data, branding, systems or groupwide commercial contracts) to the management of the underlying real estate assets.

Note:

While value creation at platform level may not always be immediately identifiable and can appear ancillary, platform management can have a significant impact on the operating performance of the underlying businesses and assets. While not all operational real estate investments entail platform investing, platform investing is a common feature of OpRE investments. In OpRE investments, value creation takes place at the operating business level, with the real estate asset serving as the underlying foundation.

Ownership models:

OpRE ownership structures vary significantly depending on the vehicle strategy, governance arrangements and relationship with the operator. For the purposes of this module, ownership structures may nevertheless be grouped into three broad categories, without limitation:

Model A: Investment Manager owned operator;

Model B: Fund owned operator; and

Model C: Third party-owned operator.

Terminology note: Unless otherwise stated, the definitions and terminology in this section have been developed for the purposes of this module with reference to INREV guidance on Operational Real Estate and the International Valuation Standards (IVS).