

**OCTOBER 15-16, 2024**

# **NCREIF**

# **Fall**

# **Conference**

**Global Impacts on Real Estate**

**DIPLOMAT RESORT –  
HOLLYWOOD, FL**



**NCREIF**

national council of real estate  
investment fiduciaries

# INFORMATION MANAGEMENT COMMITTEE LEADERSHIP



Bradley Hammer,  
Heitman | Chair



Jason Robisch,  
SitusAMC | Vice Chair



Pete Schow, Affinius  
Capital | Vice Chair

# AGENDA

- Mission Statement
- Reporting Standards Update
- Hot Topics
- Task Force Updates

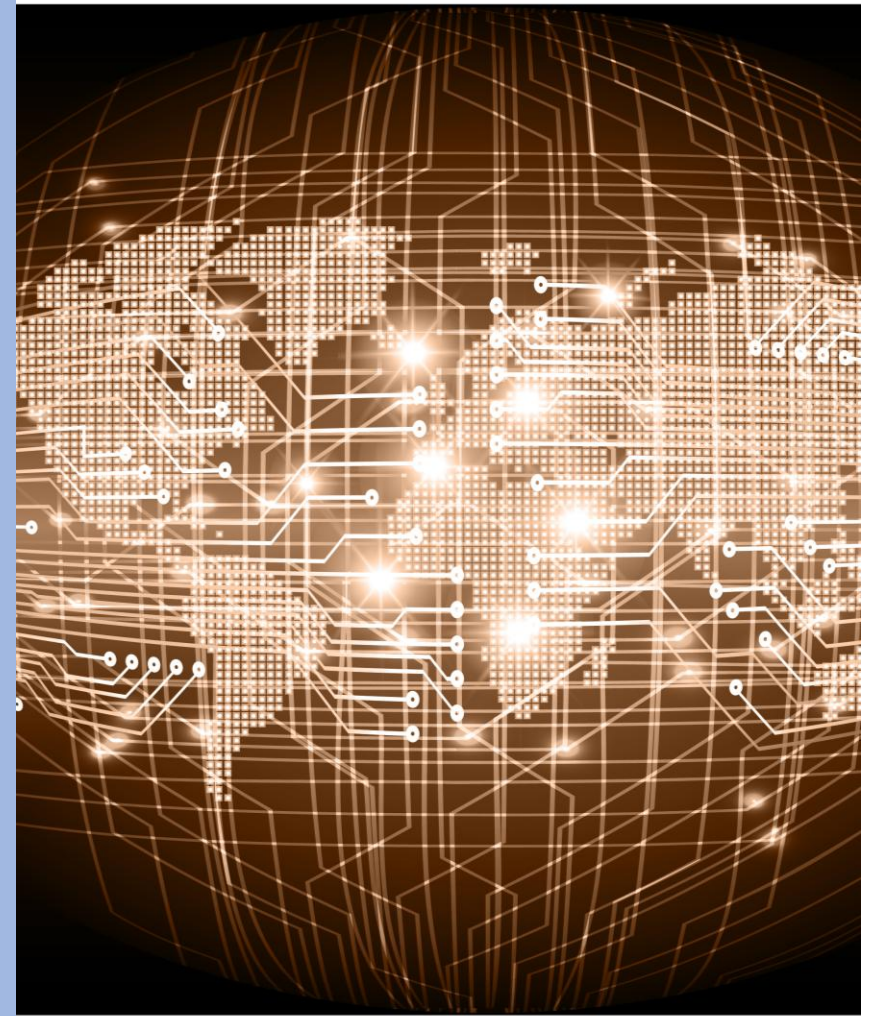
# Mission Statement

The mission of the NCREIF Information Management Committee is to provide leadership and guidance in the administration and use of real estate investment information to improve decision-making through:

1. Education
2. Effective data management and governance
3. Recommendation on standards for data elements
4. Collaboration with other NCREIF committees

# NCREIF PREA REPORTING STANDARDS UPDATE

**Benay Kirk- Alter Domus, Reporting  
Standards Council**



# SEC PRIVATE FUND RULES

5<sup>th</sup> Circuit Court Ruled against the SEC on 6/5/24 stating that the SEC did not have the authority to adopt these rules

Why are we still talking about this then?

Prior to the 5<sup>th</sup> Circuit Court's ruling was issued, Institutional Association of Limited Partners ("ILPA") announced that regardless of the outcome of the litigation, ILPA will press ahead with the effort to provide more transparency and will be releasing updated templates to the industry for comment.

# ILPA RELEASES NEW PROPOSED TEMPLATES

- Comments due 10/11/24 for the two proposed templates:
  - **The Reporting Template** builds upon the foundation leveraged by the existing version of the Reporting Template (2016 version)
  - **The Performance Template** is comprised of three tables: the Cash Flow table, the Fund Performance table, and the Portfolio Performance table.
- Implementation timeline for new templates is Q1 2026 reporting cycle

# ILPA Reporting Template Tables

## **Capital Account Statement table**

Detailed accounting of all fees and expenses including offsets, rebates, waivers or discounts allocated to or paid by the private fund

## **Schedule of Fees, Incentive Allocation and Reimbursements Received by the GP and Related Persons table**

Detailed accounting of all portfolio investment compensation allocated or paid to the investment adviser (on a portfolio investment by portfolio investment level).



# ILPA Performance Template Tables

## Cash Flow Table

Transaction types, dates, and amounts needed for the recalculation of fund-level performance metrics. For the purposes of the Performance Template, "fund-level" refers to the transactions occurring between the **fund and its investors**.

# ILPA Performance Template Tables

## Fund Performance Table - Between Fund and Investors:

- Gross IRR/TVPI for Illiquid Funds with and without the impact of fund-level subscription facilities  
(Optional)
- Net IRR/TVPI for Illiquid Funds both with and without the impact of fund-level subscription facilities

# ILPA Performance Template Tables

## Fund Performance Table Between Fund and Investments:

- Gross IRR/MOIC for the realized portfolio (**Optional for Fund of Funds**)
- Gross IRR/MOIC for the partially realized portfolio (**Optional for All Funds but should provide if typically included within quarterly financial statements**)
- Gross IRR/MOIC for the unrealized portfolio (**Optional for Fund of Funds**)
- Gross IRR/MOIC for the total portfolio

# Reporting Standards Projects

## Asset Level Reporting

- Provide enhanced reporting on investments by adding additional data points
- Amend and expand FR.04 Schedule of Investments
- Increase frequency from annually to quarterly
- Exposure draft is out for public comment through 11/30/2024
- For Fiscal Years beginning after December 31, 2024 with early adoption encouraged

# Reporting Standards Projects

## Dividend Yield - develop a standard calculation

- **Task force formed**
- **Goal** – include in the Performance Manual
- **Defined DRAFT:**
  - **Numerator:** The numerator for the dividend yield is the nominal amount of income distributed to clients before fees (gross) and after fees (net). This represents the actual amount of income declared as a distribution.
  - **Denominator:** The denominator for the dividend yield is the time-weighted equity denominator and should match the same Time Weighted Equity used for the purposes of return calculations.

# Reporting Standards Projects

Debt Funds Phase II – Debt Manual to include in Handbook Volume II year end 2024

# Reporting Standards Projects

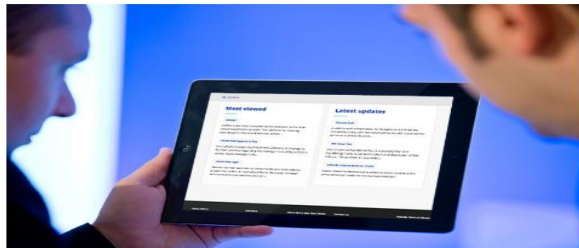
## **Standardized DDQ – Global Initiative with INREV/ANREV**

- Initiative was delayed but we picked it back up in Summer 2024
- Mapping exercise with major consultant DDQs has been completed with 100 common elements identified.
- Template under final review and to be sent to ILPA for comments.
- Scheduling discussions with consultants.
- Reviewing mapping to INREV to understand alignment/differences.

# Global Definitions Database

<https://reportingstandards.info/global-standards>

## Global Definitions Database



The Global Definitions Database (GDD) is the leading global source of definitions for the non-listed real estate sector.

Global definitions are an important step towards producing global standards and aligning the INREV Guidelines with the NCREIF PREA Reporting Standards. The GDD provides a common glossary of non-listed real estate terms. Many terms have been agreed to globally, while others are specific to Asian, European and North American standards, guidelines and data products.

A common set of terms is a critical component of the global standardisation initiative and our interactive online tool makes them easily accessible. This provides the industry with one unique depository of definitions that will help increase transparency and align the industry globally.



[SHOW ALL DEFINITIONS](#)



# CALL FOR VOLUNTEERS

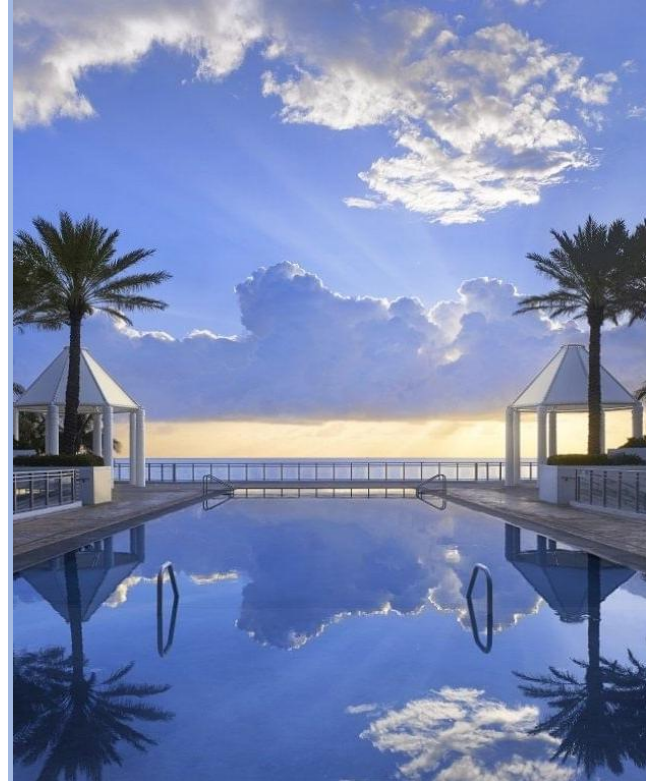
Email [jkingsley@ncreif.org](mailto:jkingsley@ncreif.org) or [administrator@reportingstandards.info](mailto:administrator@reportingstandards.info) if interested!



# THANK YOU

Benay Kirk

[Benay.kirk@alterdomus.com](mailto:Benay.kirk@alterdomus.com)



IMC Session Code: Imc1016

# Hot Topics

## Current List

- GL/TB workflow case study – **Slated for Spring 2025**
- Asset Onboarding and Investment Structure Standardization – **Slated for Spring 2025**
- Continuation of COA standardization discussion – **Slated for Spring 2025**
- AI
  - Dispelling AI myths
  - What else to think about for AI
    - Use case specific?
    - Quantity of data sets
    - What is needed
    - How does AI actually work?
    - Legal implications
- Data Lake
  - Leveraging for AI use cases
  - What elements go into it
  - What is in there for reporting, what isn't?
- Challenges in growing technology
  - Disruptive Technology
  - Trying to keep up
  - Getting people to adapt to new technology – “I do it in Excel and it works for me”
- Ask the question “Why don't we have solutions”
  - Discuss reasons why, what can we do, how do we get the data we want and were will it live, etc.
- Use cases for data management tools – RPA
  - What works / what doesn't
  - Issues around simulating user – passing username/password
- What technology is available to help create reporting or dashboards
- How can we use technology to share data
- Asset and Investment Best Practices perspective (Reporting Standards Council)

# Hot Topics

## Completed Topics

- **Data Governance and Workflow**
  - Developing and Maintaining a Chart of Accounts – **Fall 2024 Conference**
  - Workflow Case Study through the lens of the valuation process – **Fall 2024 Conference**
- **AI**
  - Is AI About to Unleash an Incoming Storm of Innovation & Efficiency in Real Estate? – **November 2023 Conference**
- **Solutions Expo related**
  - Going through a Lift-Out retrospective – **April 2023 Conference**
- **Session that “dumbs down” tech – November 2022 Conference**
  - Ex, what is API, ETL, understanding the basics
- **Revisit the “Build It or Buy It” panel – November 2022 Conference**

# Task Force Updates

## **Workflow Task Force**

- Valuation Workflow Case Study

## **Data Governance Task Force**

- Chart of Account Set Up and Maintenance

# TASK FORCE MEMBERS

Brad Hammer, Heitman, **(NCREIF IMC Chair)**

Pete Schow, Affinius Capital, **(NCREIF IMC Vice-Chair)**

Jason Robisch, SitusAMC, **(NCREIF IMC Vice-Chair)**

Teresa Rykowski, Blue Vista, **(Task Force Lead)**

Jay Marling, Capright, **(Task Force Lead)**

Marlyn Ramirez, Vistra, **(Task Force Lead)**

Chris Boatfield-Bell, 33 Floors

Benay Kirk, Alter Domus

Henry Lloyd, APCF

Eric Ritchie, APFC

Robin Berumen, American Realty Advisors

Stephanie McClain, American Realty Advisors

Daniel Kalish, Aztec Group

Lana Sokolov, Blackrock

Bill Narde, Blackrock

Yasmine Kamaruddin, Blackrock

Brad Otis, Cabot Properties

Alison Bernard, Cabot Properties

Sam Raghavachari, Cabot Properties

Michelle Clements, Citco

Andrew Campbell, E&Y

Brian Taylor, E&Y

Elizabeth Logan, E&Y

Umar Riaz, E&Y

Kathy O'Sullivan, E&Y

Adam Worobec, E&Y

Josh Herrenkohl, FTI Consulting

Ben Kalisch, Harrison Street

Kyle DeArmond, Harrison Street

Taylor Adams, Hillwood

Juan Velderrain, Invesco

Simone Caschili, LaSalle

Tiffany Simonsen, Maybern

Teresa Rohrs, Maybern

Maritza Matlosz, MetLife

Twinkle Roy, Moody's

Jake Hartwell, NCREIF

Lauren Stokes, Nuveen

Ben Tremblay, Nuveen

Gary Brown, Partners Real Estate

Ron Singh, PGIM

Keith Wright, Sagard Real Estate

Stephanie Hopper, Sagard Real Estate

Lisa Grant, TA Realty

Jared Morris, TRS Texas

Tucker McCrabb, TRS Texas

Mike Gleue, URS

# WORKFLOW SERIES FOR FALL AND SPRING

The Information Management Committee is embarking on a multi-conference session on Data Governance.

1. Fall 2024 – Valuation Workflow Case Study
2. Spring 2025 – GL/TB Workflow case study

# VALUATION PROCESS WORKFLOW CASE STUDY

Workflow case study through the lens of a valuation process

1. Questions to Consider
2. What would a successful valuation workflow implementation look like?
3. Examples of steps throughout the valuation process



# Questions to Consider

## Discovery:

- What questions need to be answered by key stakeholders in this process?
- What are the roles and responsibilities?

## Setup/Training/Implementation:

- What is the order and the timeline for the implementation?
- Where should system task automation and notifications be considered?

# What would a successful valuation workflow implementation look like?

## Systems:

- Workflow Technology/System of Record for Valuations
- Data Warehouse
- ERP – Enterprise Resource Planning, platform used for Accounting and Operations

## Internal Parties:

- Valuation Manager
- Portfolio Manager
- Asset Manager
- Accounting Manager
- IT/Tech (support, not in workflow)

## External Parties:

- Appraiser (Independent)
- Property Manager
- Debt Valuation Provider
- Auditor
- Fund Administrator
- Technology Partner/Consultant (support, not in workflow)

# Examples of Manageable Steps Throughout the Valuations Process

Step No.	Parties Involved	Timeline (days)	Description
1	Valuation Manager	T zero	Kickoff asset valuation – solicit bids from Appraisers
2	System Task	T zero	Appraisers notified of bid opportunity.
3	Appraisers	T+3	Respond to bids.
4	System Task	T+3	Valuation Manager notified of receipt of bids.
5	Valuation Manager	T+4	Reviews bids, makes award.
6	System Task	T+4	Notifies Appraisers and sends out digital engagement letter to Appraiser with the winning bid.
7	Appraiser	T+5	Executes engagement letter.

Step No.	Parties Involved	Timeline (days)	Description
17	Valuation Manager	T+57	Valuation Manager adds supplemental review comments.
18	System Task	T+57	Appraiser notified of supplemental review comments.
19	Appraiser	T+59	Appraiser responds to supplemental review comments.
20	System Task	T+59	Valuation Manager notified of review comments, resolution, and revised appraised value.
21	Valuation Manager	T+62	Valuation Manager approves final valuation.
22	System Task	T+62	Appraiser notified of approval to finalize appraisal documents and populates final key valuation metrics.
23	Appraiser	T+65	Appraiser uploads final appraisal and populates valuation metrics

Step No.	Parties Involved	Timeline (days)	Description
37	Portfolio Manager	T+85	Portfolio Manager signs off on final values.
38	System Task	T+85	Accounting notified of final values prior to adjustment.
39	Accounting Manager	T+90	Final accounting adjustments made.
40	System Task	T+90	Final appraisal and debt valuations sent from system of record to Data Warehouse, ERP, and Fund Administrator with full audit trail of approvals.
41	System Task	T+90	Auditor notified that final values are ready for review.



Sample Workflow

# Multi-Party Workflow Example: Valuation of Existing Asset from Appraisal to Final Booking



# DATA GOVERNANCE SERIES FOR FALL AND SPRING

The Information Management Committee is embarking on a multi-conference session on Data Governance.

1. Fall 2024 – Developing and Maintaining a Chart of Accounts
2. Spring 2025 – Asset Onboarding and Investment Structure Standardization

# CHART OF ACCOUNT (COA) SET UP AND MAINTENANCE

The foundation of a successful accounting system

1. Challenge and Impacts from lack of COA Governance
2. Chart of Accounts 101 and Benefits of Proper Governance
3. Best Practices for COA Maintenance
4. Scenarios without and with Proper Governance

# Challenge and Impacts from lack of COA Governance

## Challenges

### GL Mapping

- Multiple iterations of GL Mapping between PMC, Accounting Providers, Fund Managers, Fund Administrators and Investor Services requiring manual mapping and upkeep

### Timing of Data

- Property level reports do not get consolidated up to the Fund Managers platform until up to 90 days after quarter end, so January data would be available around July
- PMC adheres to PM Agreements but some agreements were not reviewed by Ops team, so overall fund timelines are not considered during contract signing

### Different Platforms

- Different platforms used between all parties from PMC to Investor Services

## Impacts

### Data Warehouse Requirements

- Mapping and data governance issues as multiple platforms in play
- Timeliness of data gathering varies between involved parties
- Standardization of data across various database structures becomes extremely difficult

### Data Requirement for Downstream Systems

- Lack of, or difficulty adhering to naming conventions across various party platforms
- High frequency of data field maintenance and change management
- Manual processes may be required for exchanging data between platforms

### Reporting

- Reporting can be highly manual depending on various stakeholder requirements
- Manual updates for each change in the COA or data structures severely limit true automation

# Chart of Accounts - 101

## Basics of a Chart of Account

A chart of account is a financial tool used to organize a company's financial transactions. It is important to understand how to design and implement a chart of account to ensure accurate financial reporting.

## Creating a Chart of Account

The process of creating a chart of account involves identifying accounts, choosing account groups, and determining the account structure. It is important to have a systematic approach to ensure consistency.

## Why is it Important?

A chart of accounts is an important tool for managing finances and tracking the financial health of a business. It allows businesses to accurately track their income, expenses, assets, and liabilities.

## Maintaining a Chart of Account

Maintaining a chart of account involves reviewing accounts, updating the chart, and ensuring consistency across financial reports. It is important to have best practices in place to ensure accurate financial reporting.

# What are the Benefits of a Properly Governed COA ?



CONSISTENT FINANCIAL  
REPORTING METRICS ACROSS  
FUNDS



STREAMLINES AUDIT PROCESSES



ACCOUNTING RESOURCES SCALE  
MORE EASILY ACROSS FUNDS



REDUCED TIME FOR  
COMPREHENSIVE REPORT  
DEVELOPMENT AND REPORT  
CREATION (QUARTERLY REPORTS,  
SUPPLEMENTS, ETC)



# Best Practices for Maintenance

## Regular Review

Regular review of the chart of accounts is essential to ensure that it is accurate and up-to-date. This helps to identify errors and inconsistencies and ensures that financial reports are reliable.

## Consistent Naming Conventions and Global Considerations

Using consistent naming conventions for accounts and subaccounts makes it easier to find and record transactions and helps to ensure that the chart of accounts is organized and easy to use, inclusive of all jurisdictions globally.

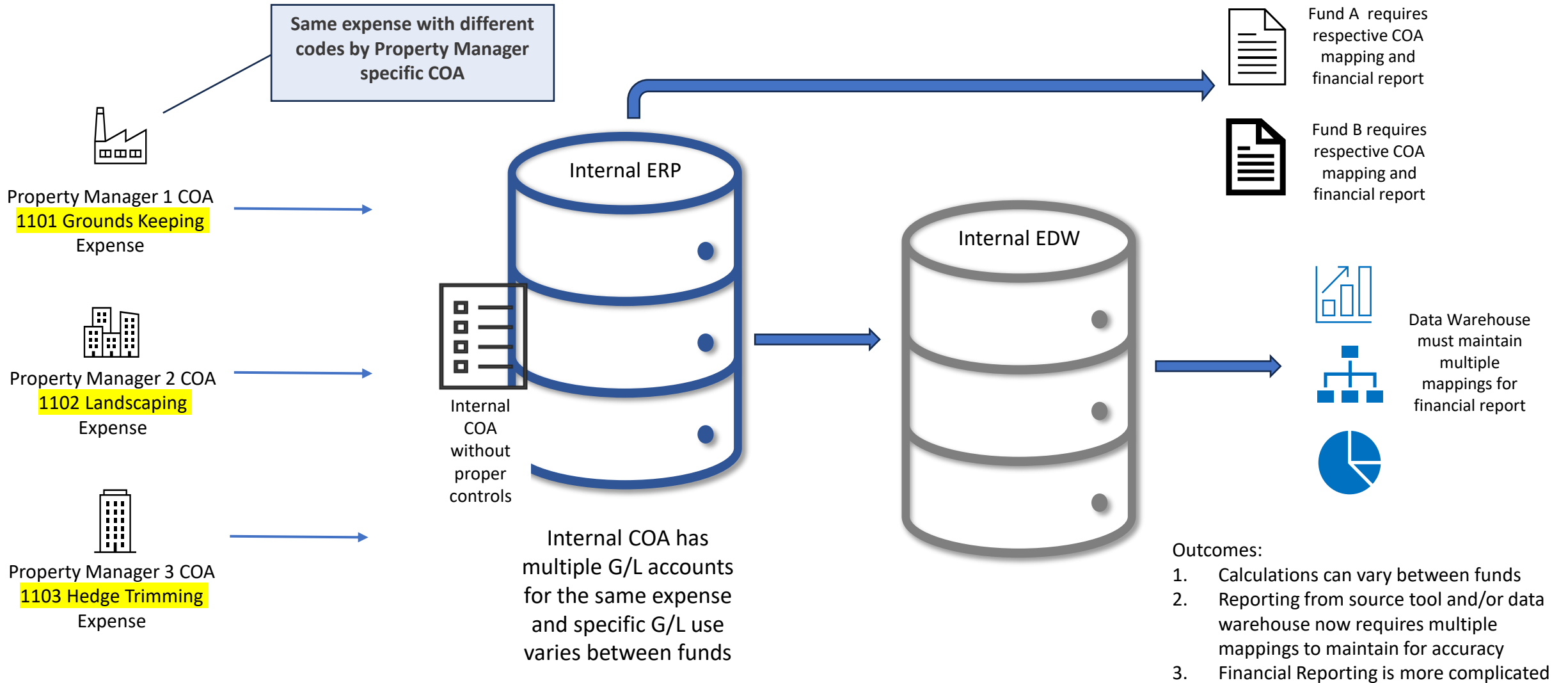
## Proper Documentation and Governance

Proper documentation of changes to the chart of accounts is important to maintain a clear audit trail. This helps to ensure that changes are properly authorized and that the chart of accounts remains accurate and reliable.

- Who creates the COA:
  - Internal Accounting and Corporate Financial Controls or your Fund Administrator
  - COA expectations should be included in Management Agreements and Internal and External Financial
  - Control must be in lock step
- Who aligns to the COA:
  - Property Managers or 3<sup>rd</sup> Party Accounting
    - Mapping exercises are required to map Property Manager COA to your respective COA
    - Solutions to flag changes in inbound financial data is strongly recommended (even simple excel)
- Where are governance controls required:
  - Internal controls to add or remove accounts – Accounting/Financial controls and/or Fund Administration
  - Controls for Property Manager or 3<sup>rd</sup> Party Accounting around adding or removing accounts that map to your COA
  - Establish communication and process cadence to anticipate COA changes from your Property Manager

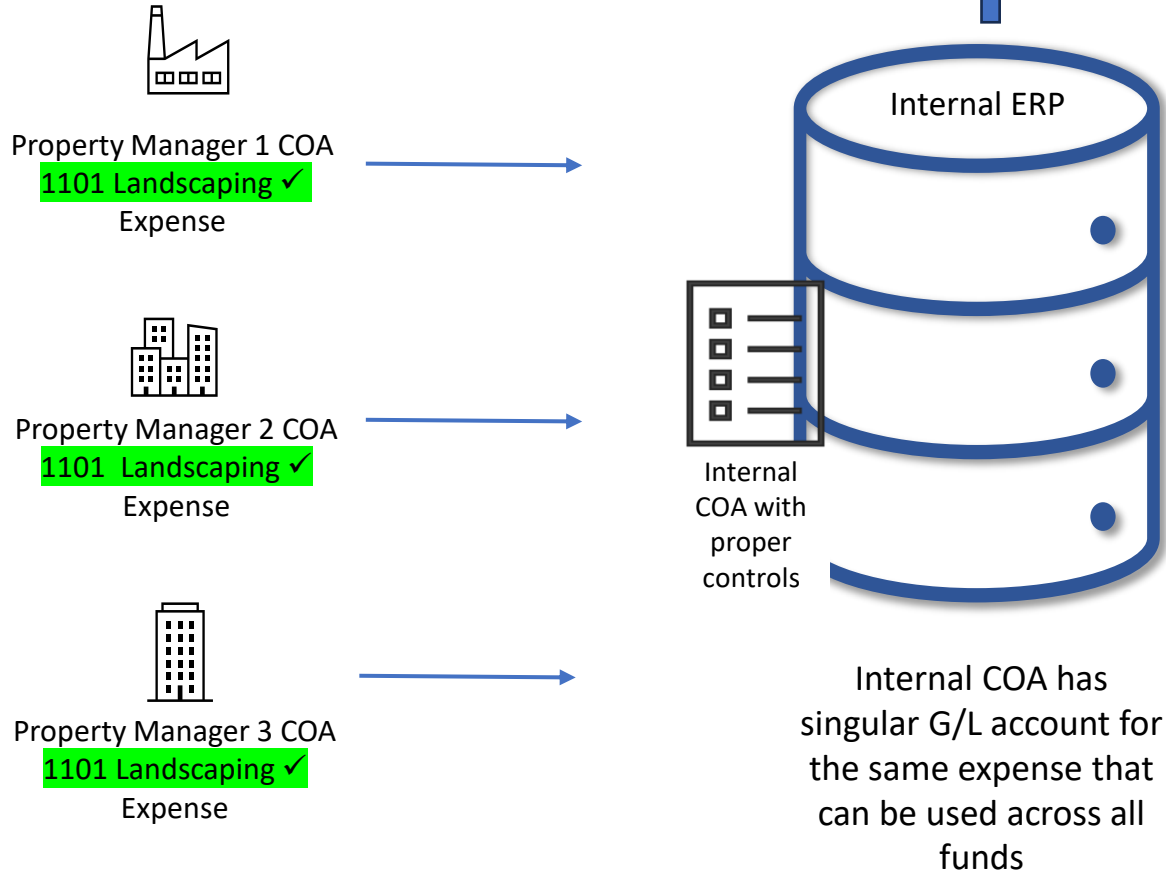


# Scenario 1 – Lack of COA Governance



# Scenario 1 – Global COA with Proper Governance

Property Managers align to your COA and/or transact directly in your ERP



Fund A and Fund B use same COA mappings for simplified financial report



COA NCREIF Initiative 2021



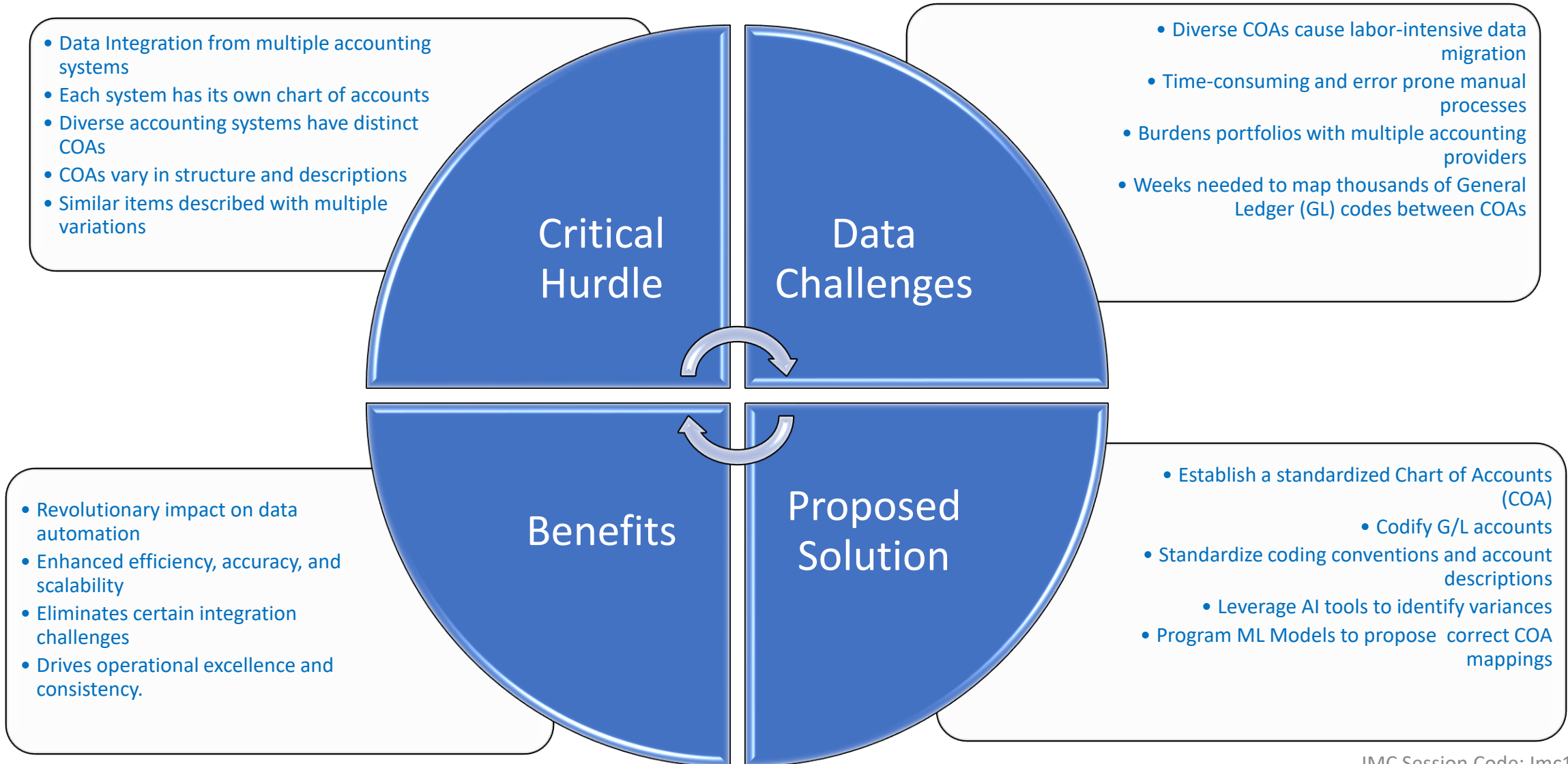
Data Warehouse reporting simplified as single mapping can be used for financial report



Outcomes:

1. Calculations such as NOI are consistent and simplified
2. Reporting from source tool and/or data warehouse simplified with accuracy
3. Financial Reporting is less complicated

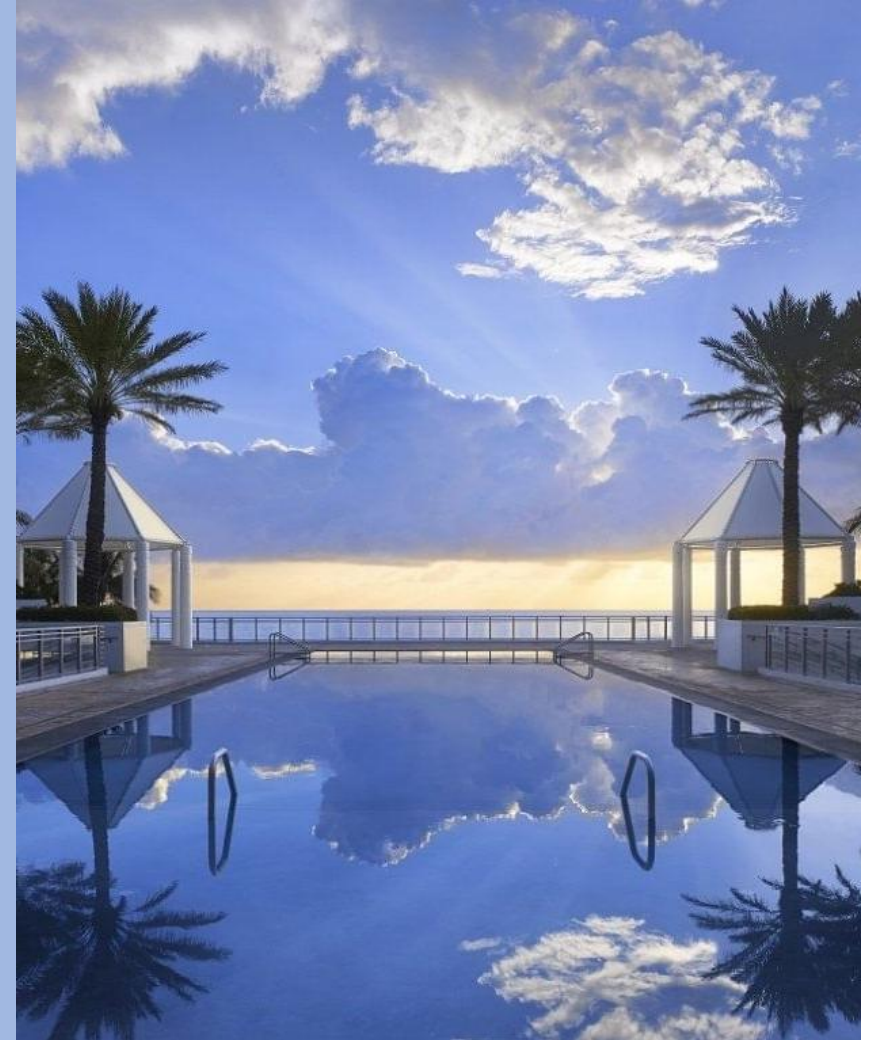
# AI and ML Use Case - COA Monitoring



# THANK YOU

Information Management Committee

[www.ncreif.org](http://www.ncreif.org)



# INVESTMENT ONBOARDING

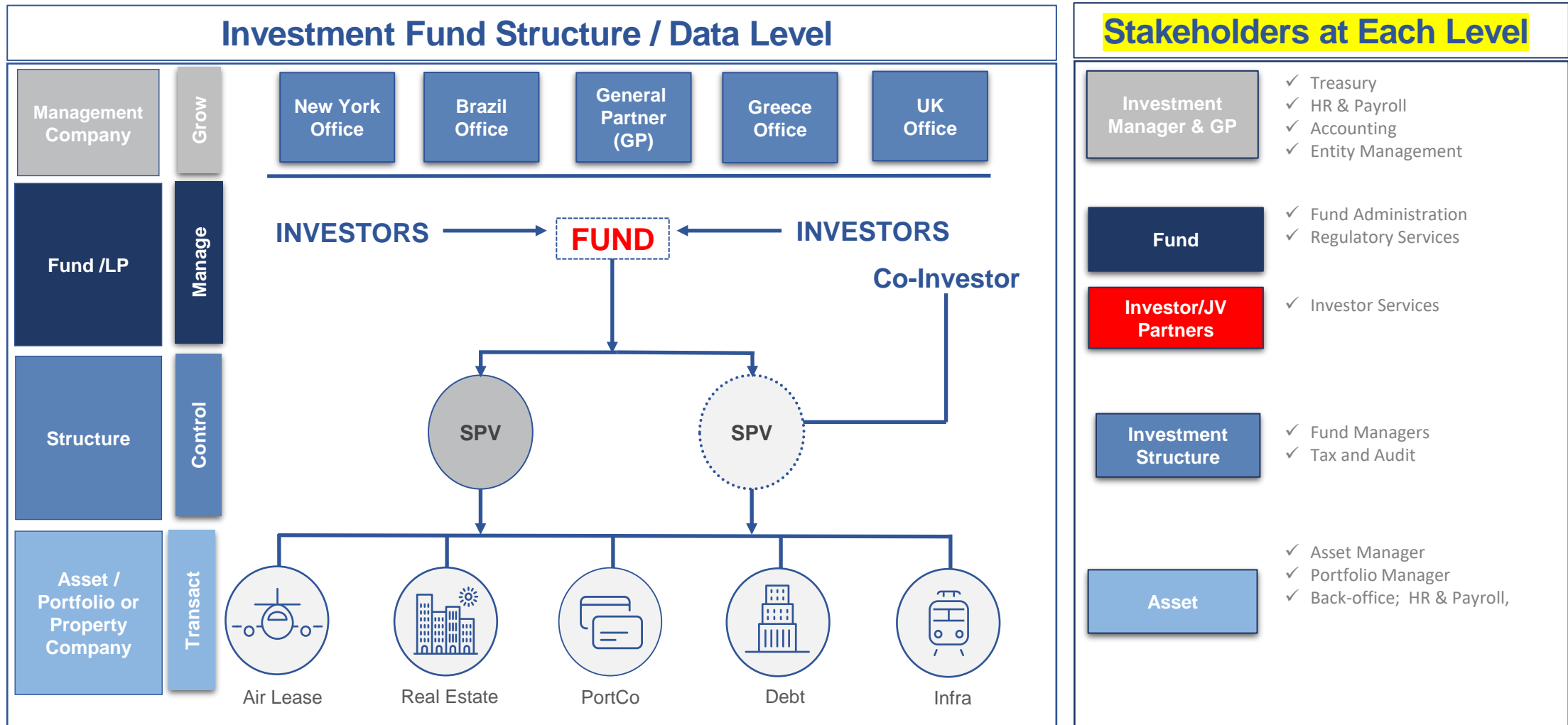
Spring 2025 -

1. Data flow reporting overview
2. Investment onboarding considerations
3. Investment onboarding example

**For future consideration**

# Sample Data Flow and Service Level

UPDATE this side – Spring 2025



For future consideration

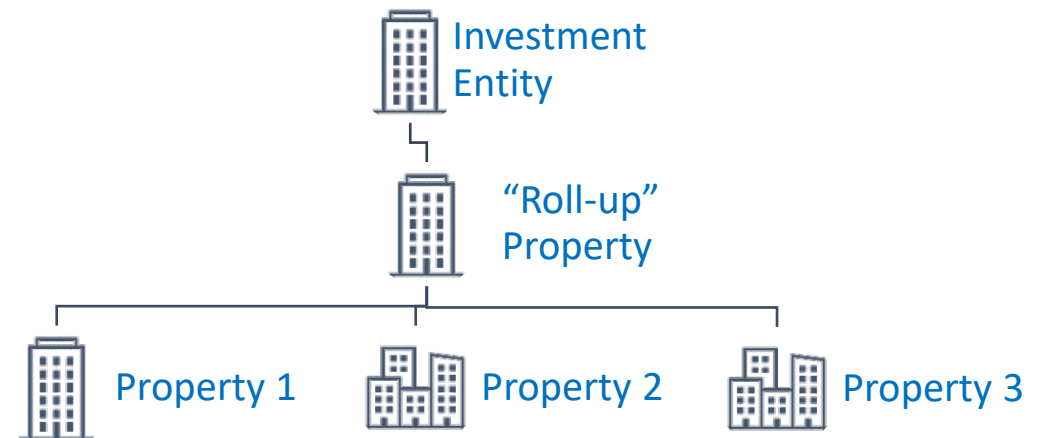
# Asset Setup Considerations

## Single Property; Single Asset Class



Ex: Office Tower (single physical address) Acquisition would only need a single Property level code

## Single Asset; Multiple Addresses OR Single Investment; Multiple Asset Classes



Ex: Multiple Property (multiple physical addresses) Acquisition requires a Property level code for each physical address and a "Combined Asset" level code for consolidated reporting, OR Mixed Use such as Multi-Family with Ground Floor Retail

**For future consideration**



# Asset/Investment Onboarding Example

Asset/Investment onboarding is the process by which a newly acquired Asset or group of Assets is structured and the associated data is loaded into your ERP system

## Data Categories/Inputs

- Entity (property) attributes
- Legal entity structure
- Accounting attributes

## Actors/Data Roles

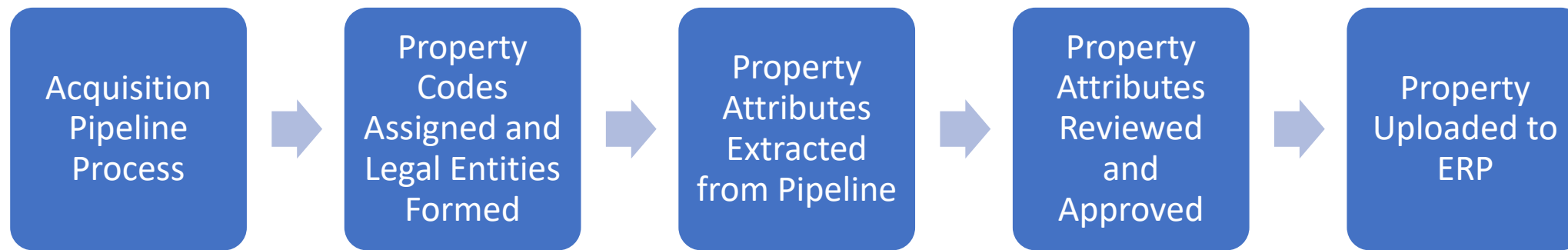
- Acquisitions – Data Originator
- Asset Management – Data Steward and Data Owner
- Accounting – Data Steward and Data Owner
- Portfolio Management – Data Consumer
- Performance – Data Consumer

## Systems

- Pipeline Tool
- Enterprise Resource Planning (ERP) Solution

## Governance Controls

- System Architecture- forced inputs and values (Pipeline, ERP)
- Asset/Investment setup standardization
- Review and signoff by Data Owner and Consumers
- Respective Solution User Guides



**For future consideration**

# GL/TB WORKFLOW CASE STUDY

Spring 2025 -

1. What to think about for GL/TB data
2. Sample Data Process
3. Sample Data Consumption

**For future consideration**

# More than just numbers, what to think about for GL/TB data

## Data Sources:

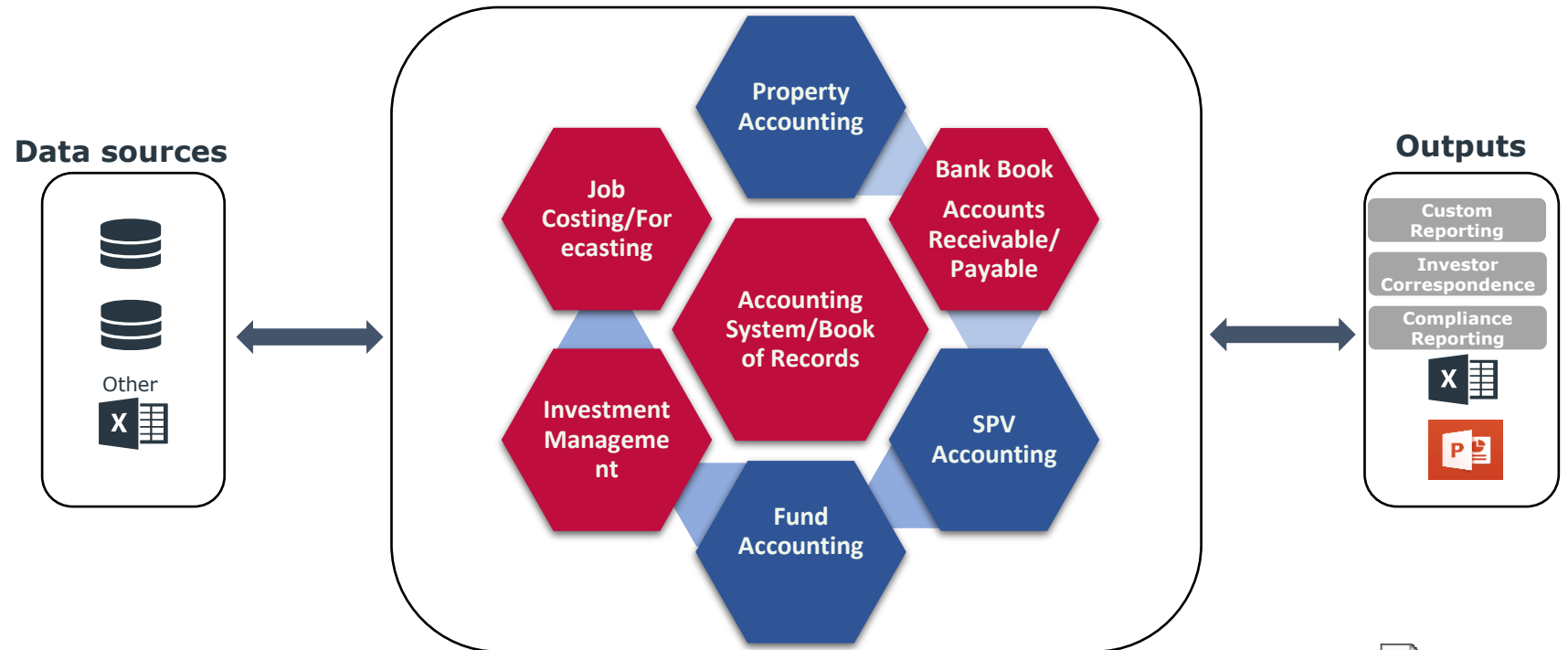
### Data Levels:

- Property
- Asset/Entity/SPV
- Reporting/JV/Fund
- Investor

### Outputs:

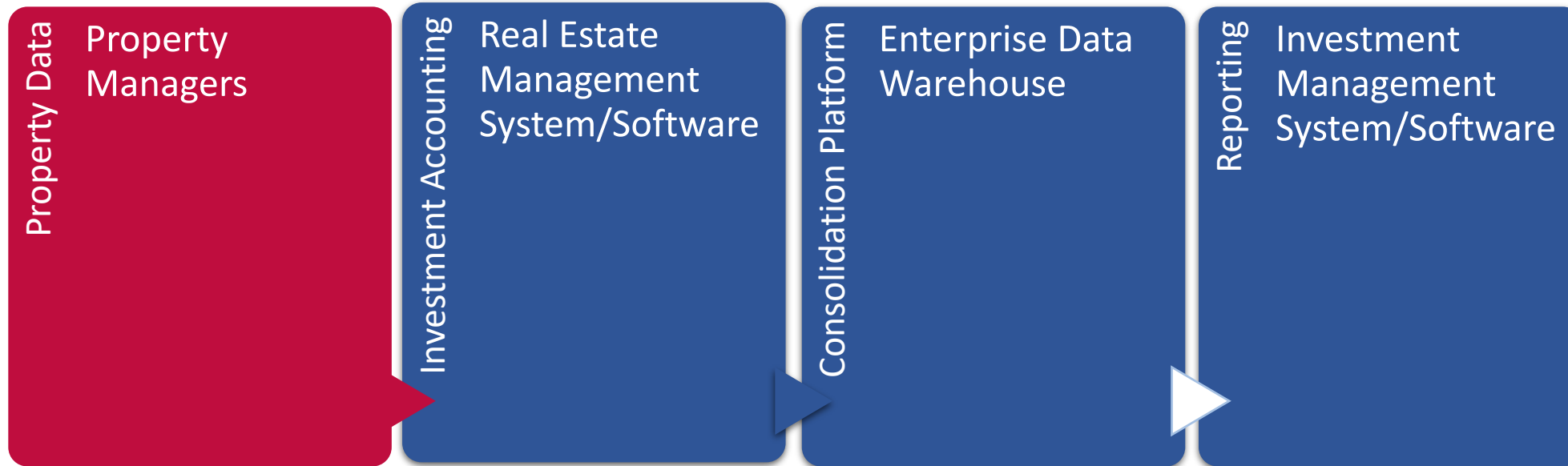
### Issues and Inefficiencies:

- GL mapping
- Timing of data
- Different platforms



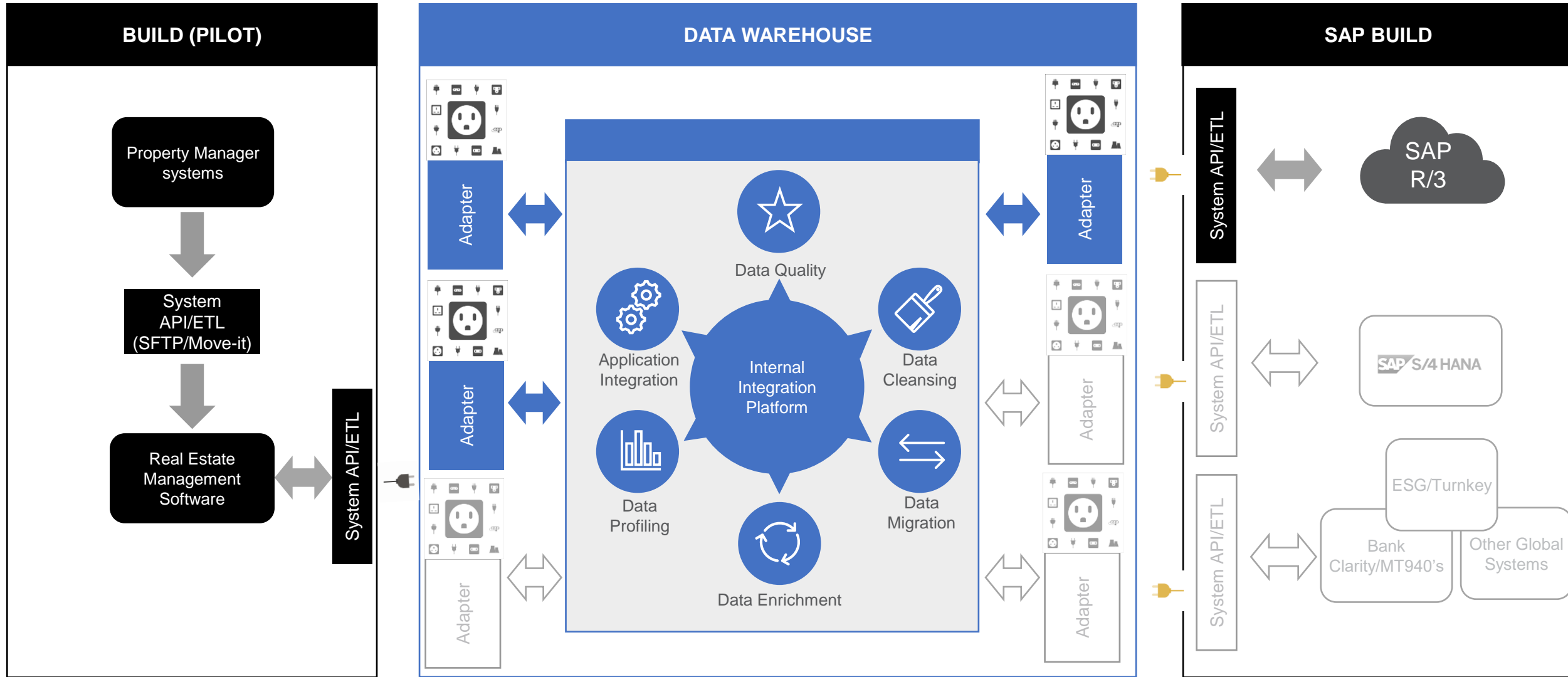
Microsoft Word  
Document

# Sample Data Process



- Client/Third-Party Systems
- Internal Systems

# Sample Data Consumption



For future consideration