NCREIF
National Council of Real Estate Investment Fiduciaries

FALL CONFERENCE 2026

Walt Disney World Swan – Orlando, FL
October 13-14





DAY 1 AGENDA

- Introductions
- Technical Update
- Panel Discussion: AI Readiness
- Closing Remarks

ATTENDANCE

- Check-in with the conference app for attendance
- Tuesday Check In Code: Accounting101326
- Paper sign in sheets are at the registration desk



INTRODUCTIONS



Christy Daniels
Principal



Amy Pearce
SS&C Technologies



John Confrey
Forvis Mazars



Nibha Gosai
Heitman

THANK YOU CHRISTY!

- Four years of unwavering commitment to the Accounting Committee
- Generously sharing time, expertise, and insight for the benefit of the industry
- An exceptional peer, collaborator, and partner at NCREIF

WELCOME KEVIN!



Kevin Carlson
Senior Client Director
Alter Domus

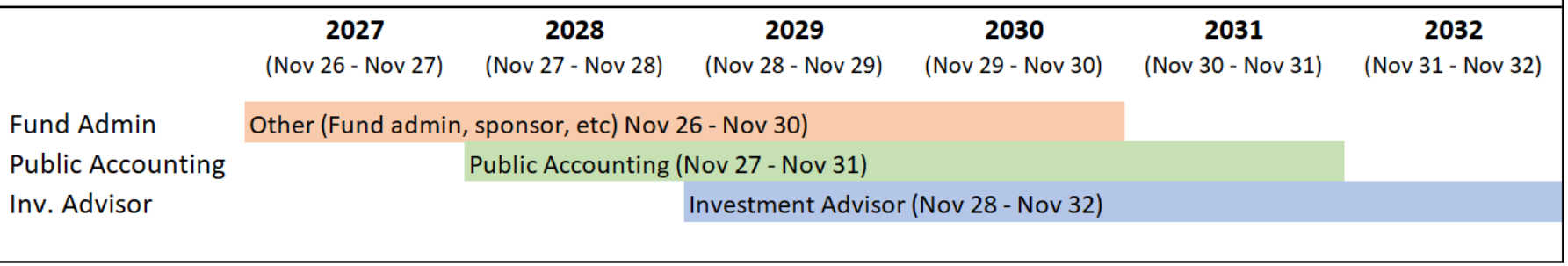
- Brings more than 25 years of real estate industry experience across John Buck, LaSalle, Heitman, and Alter Domus
- Oversees a diverse portfolio of commingled funds and separately managed accounts
- Leads AI initiatives for Alter Domus Real Assets, helping drive innovation across the business
- Proud father of two boys and an enthusiastic movie, TV, and podcast fan

CHAIR ROTATIONS

Rotation - 4 years / 4 chairs (new addition each year)

One carryover year with overlap of who is rolling off

Structured process of Public, Fund Admin and Investment Advisor Rotation



ABOUT NCREIF

- NCREIF is a Not - For - Profit Premier Industry Association
- Membership includes Real Estate Investment Managers, Industry Consultants and Service Providers, Investors and Academicians.
- Leading source of institutional real estate performance data and information.



ACCOUNTING COMMITTEE – MISSION STATEMENT

To enhance the consistency, transparency, and verifiability of accounting and reporting for institutional real estate assets held in a fiduciary setting.

Reviews, develops, documents and promotes standards for accounting and reporting with the intention to supplement and in some cases, clarify, but not replace other established standards from authorized bodies, including but not limited to US GAAP.

Monitors the actions of applicable standard-setting and supervisory agencies and works with the Reporting Standards Council to ensure the entire organization is aware of these agencies' activities and as appropriate assists the Reporting Standards Council in communication with these agencies.

Provides members with tools and/or resources created through the collective efforts of the membership, and supports the activities of other NCREIF committees by supplying information and research when appropriate.

WHO'S IN THE ROOM

- Who is attending for the first time?
- What discipline do you work in?
  - Real Estate Investment Advisor
  - Public Accounting
  - Fund Administration
  - Other



TECHNICAL UPDATES – PWC





Avery Parti

Assurance Director

Asset and Wealth Management



Laura Lynch

Assurance Director

Asset and Wealth Management



NCREIF FALL CONFERENCE · OCTOBER 2026

Accounting Update

Laura Lynch
Partner, Assurance

Avery Parti
Director, Assurance



Agenda

01 Industry insights: SEC and FASB activity

02 ASU 2026-03
Contractual sale restrictions

03 Year-end hot topics
Cash flows · Tenant improvements

04 Questions

1

Industry insights

SEC and FASB activity, and what's relevant to private funds

INDUSTRY INSIGHTS · SEC

Recent SEC developments affecting private markets

9/28 · STAFF STATEMENT

Fair value of private assets

SEC staff reinforced existing ASC 820 expectations for private assets, emphasizing:

- Timely and relevant valuation inputs
- Market-participant assumptions and external market evidence
- Calibration to transaction prices
- Robust Level 3 disclosures and documentation

RE IMPACT

No new accounting model, but greater emphasis on **supportable, current fair value measurements and valuation governance** for private real estate.

9/30 · PROPOSED RULE

Interval fund / closed-end fund modernization

Changes intended to make registered fund structures more compatible with illiquid private assets:

- More flexible interval-fund repurchase structures
- Greater flexibility around liquidity
- Expanded ability to offer multiple share classes

RE IMPACT

Could make it easier to offer **private RE exposure to retail and retirement investors**, creating a broader capital channel.

9/30 · PROPOSED RULE

Performance-based compensation modernization

Expands access to performance-based fees by:

- Broadening the qualified client definition to include certain accredited investors
- Providing greater flexibility for registered funds to use performance-based compensation

RE IMPACT

Registered private-market products could use economics closer to **traditional private RE fund fee structures**, making retail RE products more commercially viable.

10/1 · PROPOSED RULE

Adviser / fund custody modernization

Updates to custody requirements, including changes to the audit-based custody framework for pooled investment vehicles, allowing for year 1 unaudited financial statements for pooled investment vehicles formed in the last 90 days of the year.

RE IMPACT

Potential implications for **private RE fund audit and compliance requirements**.

Related SEC action — accredited investor eligibility: SEC is considering additional pathways to accredited investor status based on professional credentials and/or a new qualifying exam, which could modestly broaden direct access to private-market investments.

Key takeaway for private real estate: The SEC is working to broaden investor access to private markets while reinforcing expectations around valuation, liquidity, governance and transparency. For RE fair value funds, this could expand the potential investor base while increasing scrutiny of ASC 820 valuation processes and NAV reliability.

INDUSTRY INSIGHTS · RETAIL AND 401(k) ACCESS TO PRIVATE MARKETS

A potential new capital channel for private real estate

The SEC and DOL are both clearing a path for retail and retirement money to reach private markets. Real estate is expressly in scope.

WHERE THE PUSH IS COMING FROM

AUG. 2025 · EXECUTIVE ORDER

Directs DOL to widen 401(k) access to alternatives, expressly including real estate.

MAR. 30, 2026 · DOL PROPOSAL

Process-based safe harbor for plan fiduciaries. Valuation is one of six factors.

SEPT. 30, 2026 · SEC PROPOSALS

Make registered funds more workable for retail access to private assets.

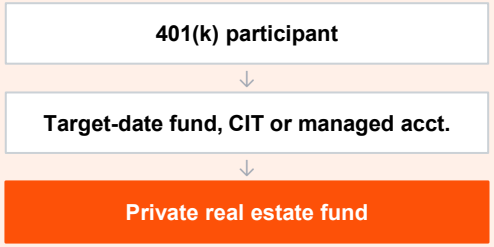
Status: all proposals, not final.

THE SIZE OF THE PRIZE

$1T+

Potential new AUM by 2030 if DC plans put 5% in private markets (PwC analysis)

HOW THE MONEY LIKELY FLOWS



Consultants and plan fiduciaries are the gatekeepers, not participants.

WHAT IT MEANS FOR FAIR VALUE RE FUNDS

Valuation moves to the front

Expect questions on valuation independence and frequency during diligence.

Show the bridge

Appraised value to audited NAV, with adjustments explained.

Check the structure

25% plan-asset test and REOC status come into play.

No new GAAP. ASC 820 doesn't change, but your quarterly valuation process may become part of the pitch for retirement capital.

FASB project status overview

INITIAL DELIBERATIONS	• **Accounting for Changes in Debt** • Accounting for Nonrefundable Transferable Tax Credits • **Definition of Common Control**	• Fair Value Hedging—Portfolio Layer Method for Liabilities • **Private Credit Disclosures** • Targeted Improvements to Goodwill Impairment Testing • Transfers and Servicing—Participating Interests
EXPOSURE DRAFTS EXPECTED 4Q 2026	• Accounting for Commodities • Accounting for Transfers of Crypto Assets • Topic 815 Normal Purchases and Normal Sales Scope Exception to Retail Electricity Contracts • Codification Improvements Related to LIBOR References	• Consideration Payable to a Customer • **Equity Method of Accounting: Targeted Improvements** • Indexation—Debt and Equity • **Subjective Acceleration Clauses and Debt Default Disclosures**
OPEN FOR COMMENT	• Mortgage Servicing Rights—Recapture (comments due Nov. 9, 2026) • Cash Equivalents—Disclosure Enhancement and Evaluation of Certain Digital Assets (comments due Nov. 19, 2026) • Codification Improvements (Evergreen) (comments due Nov. 19, 2026)	
REDELIBERATIONS	• Application of Topic 715 to Market-Return Cash Balance Plans • Targeted Improvements to Accounting for Interest Rate Risk Hedging and Net Investment Hedging	
PENDING FINAL STANDARD	• Accounting for Debt Exchanges	
FINAL STANDARDS ISSUED IN 2026	• **ASU 2026-03: Investment Companies with Equity Securities Subject to Contractual Sale Restrictions** • ASU 2026-02: Environmental Credits and Environmental Credit Obligations • ASU 2026-01: Initial Measurement of PIK Dividends on Equity-Classified Preferred Stock	

Note: Reflects all projects on the FASB's Technical Agenda (revised September 24, 2026).

Recently issued standards, effective dates

Accounting Standards Update	Effective date for calendar year-end companies
ASU 2024-04: Induced Conversions of Convertible Debt Instruments	2026 for annual and interim periods
ASU 2025-05: Measurement of Credit Losses for Accounts Receivable and Contract Assets	2026 for annual and interim periods
ASU 2024-03: Disaggregation of Income Statement Expenses	2027 for annual periods and 2028 for interim periods
ASU 2025-04: Share-Based Consideration Payable to a Customer	2027 for annual and interim periods
ASU 2025-03: Determining the Acquirer in the Acquisition of a VIE	2027 for annual and interim periods
ASU 2025-09: Hedge Accounting Improvements	2027 for annual and interim periods*
ASU 2025-07: Derivative Scope Refinements	2027 for annual and interim periods
ASU 2025-08: Credit Losses—Purchased Loans	2027 for annual and interim periods
ASU 2025-12: Codification Improvements	2027 for annual and interim periods
ASU 2026-01: Initial Measurement of PIK Dividends on Equity-Classified Preferred Stock	2027 for annual and interim periods
ASU 2026-03: Investment Companies with Equity Securities Subject to Contractual Sale Restrictions	**2027 for annual and interim periods**
ASU 2025-06: Targeted Improvements to the Accounting for Internal-Use Software	2028 for annual and interim periods
ASU 2025-11: Interim Reporting—Narrow-Scope Improvements	2028 for interim periods*
ASU 2026-02: Environmental Credits and Environmental Credit Obligations	2028 for annual and interim periods*
ASU 2025-10: Accounting for Government Grants	2029 for annual and interim periods*

**Entities other than public business entities have an additional year to adopt*

2

ASU 2026-03: Contractual sale restrictions

What changed and potential impact to real estate funds

WHAT THE FASB DID

A narrow exception to fair value

Issued September 9, 2026. Given how central NAV is to investment company investors, the FASB now requires the economic effect of a contractual sale restriction to be reflected in fair value.

	Today (ASU 2022-03)	Under ASU 2026-03
Quoted price of the share	$100	$100
Fund subject to a six-month lock-up	Yes	Yes
Is the restriction part of fair value?	No, it's the holder's contract, not an attribute of the security	Yes, for ASC 946 investment companies
Fair value	$100	**$100 less a discount**
Discount for the restriction	$0	**Measured and disclosed**

WHO'S IN

ASC 946 investment companies holding equity securities subject to a contractual sale restriction.

WHO'S NOT

Everyone else. Other entities keep excluding entity-specific restrictions under Topic 820. The FASB declined to broaden scope for now.

Same share, same modeled fair value. The only thing that changed is whether your lock-up counts.

ASU 2026-03, Fair Value Measurement (Topic 820) — Investment Companies with Equity Securities Subject to Contractual Sale Restrictions; ASU 2022-03

SCOPE

Does it reach you? Two gates

GATE 1

Are you an ASC 946 investment company?

Many funds in this room report on a fair value basis without being investment companies under ASC 946.

No → out of scope

Yes → go to gate 2

GATE 2

Is what you hold an equity security?

Investment held by an ASC 946 RE fund	In scope?	Why
Direct ownership of a building / land	No	Real estate itself is a nonfinancial asset, not an equity security
Common stock in a real estate company	**Yes, potentially**	Equity security
LLC / partnership interest in an entity holding real estate	**Yes, potentially**	The unit of account can be the ownership interest rather than the underlying property
Preferred equity interest	**Depends**	Must actually qualify as an equity security, rather than a debt security
Debt / mezzanine loan secured by real estate	No	Not an equity security

Then ask: is that interest subject to a contractual restriction on sale?

ASU 2026-03 scope; FASB redeliberations, August 5, 2026

TRANSITION AND DISCLOSURE

If you're in: the pieces that create work

EFFECTIVE

Annual periods beginning after December 15, 2027

Including interim periods within them. Same date for public and private entities. Early adoption permitted on or after issuance (September 9, 2026).

TRANSITION

Prospective, but it catches what you already hold

Applies to every restricted equity security on the books at adoption, not just new ones. The adoption-date adjustment goes straight to earnings.

DISCLOSURE

Show the discount, every period

Existing Topic 820 disclosures continue. Add the fair value of restricted positions and the discount attributable to the restriction, annual and interim.

MEASUREMENT

It isn't a one-time haircut

A six-month restriction becomes five months, then four, then expires. The methodology has to move with it, and a significant unobservable adjustment can raise a hierarchy question.

ASU 2026-03 effective date and transition provisions; FASB redeliberations, August 5, 2026

WHAT TO DO NOW

Between now and year-end

1

Scope

Do any funds hold equity interests, including LLC, partnership, or listed REIT positions, that carry a contractual restriction on sale?

2

Impact

If the guidance applied today, what would the discount be, and what would it do to NAV?

3

Implement

What changes to valuation methodology, controls, and valuation governance would you need?

LIVE THIS CYCLE

Recently issued standards disclosure

Even if you won't adopt until 2028, year-end financial statements should describe the ASU, its effective date, and that management is evaluating the impact. Some managers are including the note for every fund holding equity securities rather than scoping fund by fund.

The question isn't whether you own real estate. It's how you own it.

3a

Year-end hot topics: Cash flows

Non-cash activity, PIK interest and JV distributions

CASH FLOWS · NON-CASH ACTIVITY

The cash didn't move, the disclosure still has to

Reminder: every investing or financing activity that doesn't produce a cash flow has to be disclosed.

UNIQUE ARRANGEMENTS

Land contributed for an equity interest

Non-cash acquisition of real estate and a non-cash equity contribution, nothing runs through cash flows from investing or financing activities.

Fees waived in exchange for equity

The expense is real but no cash left, adjust it out of operating, and disclose the equity issued as non-cash financing.

Liabilities assumed at acquisition

Debt or other liabilities (such as security deposits) assumed when the property was acquired reduce the cash paid and are disclosed as non-cash.

ROUTINE ACTIVITY

Capex sitting in accounts payable

Accrued at year-end, unpaid. Show the change as non-cash, not as a capital expenditure. The Manual's illustrative statements do exactly this.

Capitalized financing costs and interest

Loan cost amortization and interest capitalized into a development don't touch cash, disclose them.

Distributions declared or reinvested

Declared but unpaid at year-end, or reinvested by investors. Only the cash actually paid is a financing outflow.

If it changed the balance sheet and your bank account didn't notice, it belongs in the non-cash disclosure.

ASC 230-10-50-3 through 50-6; FV Accounting Policy Manual, Appendix 1 illustrative financial statements

CASH FLOWS · PAID-IN-KIND INTEREST

PIK interest: one loan, three different answers

Interest that's added to the loan balance instead of paid in cash. Where it shows up depends on the state of the project.

STAGE 1

During development

Capitalized

- Interest is capitalized into the project and added to the loan.
- No operating impact.
- Disclose as non-cash: PIK interest capitalized to investment in real estate.

STAGE 2

Built, not yet cash-positive

Expensed

- Interest now runs through the income statement, but still isn't paid.
- Add it back in operating activities as non-cash interest.
- Disclose the increase in the loan balance as non-cash financing.

STAGE 3

Repayment

Bifurcate

- The check covers original principal and accreted interest.
- Original principal → financing outflow.
- Accreted PIK interest → operating outflow.
- Capitalized PIK interest → investing outflow.

The one we flag most: the whole repayment shown in financing, and “cash paid for interest” not reported net of capitalized amounts.

ASC 230-10-45-15, 45-17, 50-2; PwC Financial statement presentation guide, FSP 6.8.6.2 (PIK notes)

CASH FLOWS · JOINT VENTURE DISTRIBUTIONS

Distributions from JVs: operating or investing?

Historical cost or fair value (operating model), the Manual has you pick one policy, and the label on the check doesn't decide it.

STEP 1 · ELECT ONE POLICY

Cumulative earnings

Operating, until cumulative distributions exceed your cumulative share of earnings. Anything beyond that is investing.

Tracked over the life of the investment, no investee detail needed.

Look-through (nature of the distribution)

Classify by what generated the cash. Excess operating cash flow → operating. Proceeds from a sale or refinancing → investing.

Based on the point in time of each distribution, detail from the JV required.

STEP 2 · KNOW WHERE YOUR MODEL PUTS IT

Operating Model:

Operating section: "Distributions from unconsolidated real estate JVs, return on investment"
Investing section: "Distributions from unconsolidated real estate JVs, return of investment"

Works under either policy. The Manual's illustration uses "Income distributions" and "Return of capital."

Non-operating Model: the Manual notes ASC 946 reporters may fold investing into operating so there is no bifurcation required.

COMMON PITFALLS

- Everything labeled "distribution" lands in operating by default
- Look-through elected, but the JV can't provide the detail, that forces a retrospective switch to cumulative earnings
- Policy not disclosed, or applied inconsistently across JVs or across the life of the entity

FV Accounting Policy Manual 3.06(i) and Appendix 1 statement of cash flows (Dec. 22, 2025); ASC 230-10-45-21D

3b

Year-end hot topics: Tenant improvements

When does an allowance become a liability?

FRAMING

Historical cost vs. fair value reporter

Same building, same allowance, two very different lenses.

	Historical cost reporter	Fair value reporter
Who owns the improvement?	Drives the entire answer	Largely doesn't change the numbers
Where it lands	Property cost basis (tenant improvement), depreciation over time, or contra-rental revenue (lease incentive) over the lease term	Into the property's cost basis
Ongoing P&L effect	Yes, every period	None. No depreciation, no amortization, no straight-line rent
The question that matters	Classification	**Timing, when does a promise become a liability?**

> *Historical cost reporters are deciding what kind of asset it is. Fair value reporters are deciding what year the liability belongs in.*

FV Accounting Policy Manual 4.01(b), 4.01(c), 4.03(b), 4.03(c)

THE CASE · COMPANY ABC

- Company ABC owns a 240,000 sq ft office asset held in a core open-end fund.
- In September we signed a new tenant to a 10-year lease on two floors.
- The lease carries a $5.0 million tenant improvement allowance.

It's December 31. Do you record a liability?

COMPANY ABC · THE ANSWER

No liability until it flips

Contractually committed, but nothing has been incurred.

The lease requires the landlord to fund the allowance, but no qualifying costs have been incurred as of December 31, so there is nothing to accrue. Same answer if the tenant can take it as free rent instead; the form is undecided, the test isn't.

The obligation lives in the valuation model	The appraiser is already contemplating that $5 million as a future cash outflow in the discounted cash flow, reducing value today for money expected to be spent tomorrow.
Watch for the moment it flips	The day the tenant starts building, stage 1 becomes stage 2. Nothing in the lease changes, the circumstances do. Most year-end errors are a failure to notice that moment, in either direction.
VARIATION The tenant spends past the allowance	**Your obligation is capped at the $5 million.** Tenant-funded excess is neither your liability nor your capital cost. Whether it reaches you through value depends on whether the improvements stay. Tenant-specific work the tenant removes at expiry generally should not.

FV Accounting Policy Manual 2.05(a.3), 4.03(c), 4.03(d)

THE PUNCHLINE

Count it once

Everything so far has been about when an obligation goes on the books. Here is the error that survives getting that right.

THE TRAP

You book the liability and leave the valuation alone.

The work is done, so the liability is right. But the appraiser still has that same money sitting in year-one cash outflows. Now it reduces net assets twice, once through the liability, once through a valuation that still assumes the cash goes out the door.

THE FIX

Keep the liability. Reconcile the valuation.

The NCREIF Manual tells you to check: care must be exercised to ensure other assets and liabilities have not already been included in the valuation of the real property. The liability is not the negotiable piece, the valuation is.

It runs the other way too: if the tenant has the choice between free rent or TI, free rent isn't income until earned and billable, because the appraiser already counted it. Same rule, opposite side of the balance sheet.

Recognize it when it's real. Then make sure you only counted it once.

FV Accounting Policy Manual 4.07(d), 4.08(b), 4.09(b)

Questions

NCREIF FALL CONFERENCE · OCTOBER 2026

Tax Update



Mike Greenberg
Partner, Tax

Agenda

01 **What's new**
Legislative and regulatory developments

02 **What's next**
Treasury's 2026–2027 Priority Guidance Plan

03 **Open-end funds**
Tax issues potentially hiding in plain sight

1

What’s new

Legislative and regulatory developments affecting foreign capital and REIT structures

FIRPTA · REIT DISTRIBUTIONS

Industry asks Treasury to retire Notice 2007-55

THE NOTICE (2007)

- Sovereigns can't use §892 to shelter REIT capital gain distributions
- Liquidating distributions can be FIRPTA gain, even from a DC-REIT
- Promised regulations never issued

THE ROUNDTABLE (SEPT. 2026)

- §897(h)(1) doesn't override §892
- Liquidations are sale-or-exchange proceeds
- 2015 PATH Act already fixed the abuse

Why it matters: it drives REIT-stock-sale exits and single-asset REITs for sovereign capital

A request, not a change. Structure as if the Notice still applies.

CONGRESS · DATA CENTERS

Data centers are now a federal tax target

BILLS INTRODUCED (JULY–SEPT. 2026)

- §168(k): no bonus depreciation for AI data centers
- §1400Z-2: no opportunity zone benefits for data centers
- New excise taxes on data center power use or AI revenue

WHITE PAPERS AND INQUIRIES

- Senate Finance white paper: also takes REIT treatment away from rent paid by new data centers
- JCT asked to estimate the cost of OBBBA data center tax benefits
- Senate investigation of hyperscaler tax subsidies

Why it matters: the REIT proposal reaches landlords, not just operators

Proposals, not law. But both parties are now targeting data center tax breaks.

WHAT'S NEXT · 2026–2027 PRIORITY GUIDANCE PLAN

On Treasury's docket

§897(h)

Final DC-REIT regulations

§856

REIT income tests

§460

Residential construction contracts

§163(j)

Business interest limitation

§§168(k), 168(n)

Bonus depreciation and qualified production property

Deregulatory in tone. Being on the plan is a priority, not a deadline.

2

Open-end funds: tax issues potentially hiding in plain sight

OPEN-END FUNDS · PARTNERSHIP TAX

Every dealing date is a partnership tax event

Subscription or redemption at NAV → **Book-up / book-down** → **New §704(c) layer** → **Tracked asset by asset, forever**

§704(c) layering

Layers never reset

No aggregation

Property-by-property tracking

§754 elections

Basis adjustments on every exit

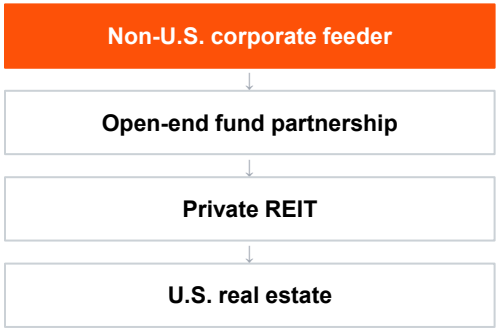
§752 debt shifts

Redemptions can trigger gain for those who stay

Closed-end funds settle up at exit. Open-end funds never exit.

THE CASE · FOREIGN CORPORATE FEEDER

The embedded tax at redemption



GAAP NAV	Feeder records a deferred tax liability (ASC 740)
TRADING NAV	Often ignores it
RESULT	**Early redeemers exit pre-tax. Remaining investors bear the tax.**

ASC 740
Review REIT status, UBTI, SALT and taxable entities

TRADING VS. FV NAV
LPA-driven NAV can differ from GAAP

FEEDERS
Feeder-level tax sits outside master NAV

TGER
Entity-level taxes excluded from the expense ratio

Trading NAV vs. GAAP NAV

Questions

AI READINESS – DATA, GOVERNANCE & AUDITABILITY



Amy Pearce
SS&C Technologies



Brent Wesson
Ernst & Young



Casey Zheglov
Crowe LLP



Emily Halpin
RSM US LLP

AGREE OR DISAGREE?

"AI is to words what Excel was to numbers."





THANK YOU!

Check In Code: Accounting101326

Questions?

NCREIF
National Council of Real Estate Investment Fiduciaries