



SPRING CONFERENCE 2025

Arizona Biltmore - Phoenix
April 8-9

Session Code "Performance1"





PERFORMANCE MEASUREMENT COMMITTEE

APRIL 8, 2025

Agenda

- Introductions
- Committee Business
- Meet & Greet
- Taskforce Updates / Discussions
- Reporting Standard – Performance & Risk Manual Update
- Treatment of Financing Cost & Interest Expense
- New ILPA template



PERFORMANCE MEASUREMENT COMMITTEE

- Introductions



ROSELLEN BOUNDS
Co-Chair
ACA Group



SAMANTHA KING
Co-Chair
JPMorgan



KIM EVERAERTS
Co-Vice Chair
Walton ST Capital



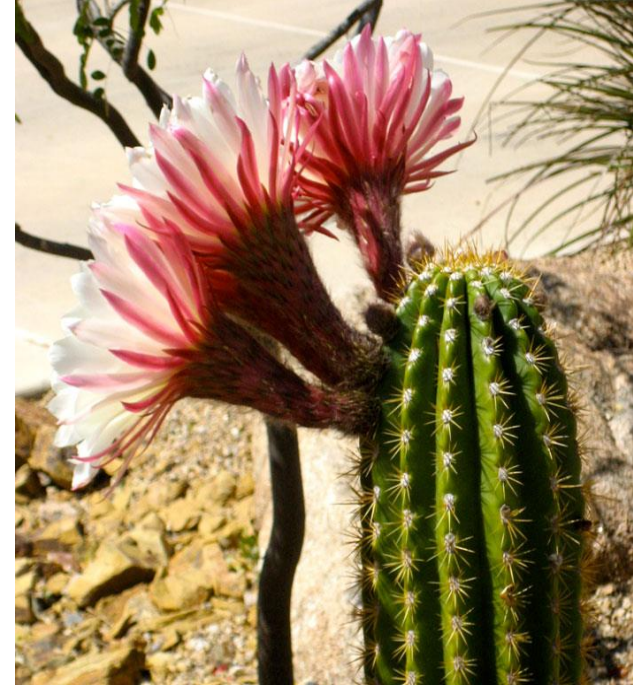
DAVID DIPAOLO
Co-Vice Chair
Clarion Partners

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PERFORMANCE MEASUREMENT COMMITTEE

- Committee Business



COMMITTEE BUSINESS – NCREIF UPDATES

Expanded Vs Classic

- Board approval
- Expanded NPI expected to be frozen
- Expanded will replace classic
- Classic will be phased out
- High-level total and property level available going forward

Growth & Improvement

- New Submission tools rolling out
- Follow on phases to include the roll out of new portal dashboards/ upgrades to query tools
- New consultant hired to help advance and enhance NCREIF as an organization

Advancing Debt Products

- Debt index community developed paper that defines debt by strategy, core / core+ / non-core
- To be distributed later this year for feedback



PERFORMANCE MEASUREMENT COMMITTEE

- Meet & Greet





PERFORMANCE MEASUREMENT COMMITTEE

- Taskforce Updates / Discussions

Task Forces Updates from Task leaders/members

- I. Dividend Yield
- II. Attribution
- III. SEC Marketing Rule
- IV. Negative Equity



PMC – DIVIDEND YIELD TASKFORCE

Task Force Members

- **Paul D'Elisa** co-chair-
Sentinel Real Estate
- **Justin Shanahan** co-chair-
CBRE Investment
Management
- **Benay Kirk** –
Alter Domus
- **Will Strong** -
Virtus Real Estate Capital
- **Greg Bonitatibus** -
Standish Management
- **Jamie Kingsley** –
NCREIF

Objective:

To enhance the current definition that is in the Reporting Standards, and to clarify the calculation for periods beyond one quarter in order to have a more uniform standard.

Distribution-dividend yield- Global Definitions Database

The amount of income (or shareholder loan interest payments) the vehicle distributes to investors on a rolling 12 months basis as a percentage of the average **NAV** over the same period.

Source: INREV | Date: 23 March 2020 | ID: D0148 | Version: 4

Distributed income return: Distributed income is defined as the amount of investment income derived from operations that is 1) actually distributed to investors or 2) credited to investors in the case of fund dividend or income reinvestment programs that are elected by the investor. (Mandatory reinvestment programs or automatic cash retention programs are not considered elective by the investor). Distributed income does not include the return of capital or principal, the distribution of realized gains from asset sales (capital gains) nor proceeds from financing activities. The objective is to present the actual cash distributions that are derived from customary and ongoing investment management operations without the distortions related to disposition and refinancing activities. The distributed income formula is defined below:

$$\frac{\text{Distributed Income}}{\text{Weighted Average Equity}}$$

The consensus from the task force is that the dividend yield is a one-year metric and that it should be defined as such and is in alignment with the Global Definition Database. The distribution or dividend return for different periods and especially those greater than one year, it should be calculated as more of a 'dividend time-weighted return' or a 'distribution time-weighted return' which would be the amount received by investors and it would be calculated similar to the net income time weighted returns.

We also concluded that there should be a clearer distinction between dividend yield and dividend or distribution return and that that these terms are sometimes erroneously interchanged.

The Reporting Standards do not address the issue of the chain linking the dividend/distribution returns, define the period of the calculation or make the distinction between dividend yield and returns. It is our understanding that the Handbook Volume II- Performance and Risk Manual is due for a review and that this issue will be addressed during that process.

ATTRIBUTION TASK FORCE

Mission: Deliver in-depth insights into the innovative ways General Partners (GPs) are leveraging attribution to optimize the investment process, thereby driving more informed decision-making and superior investment outcomes.

Participants

- Joe Sorrentino – Clarion Partners, SVP Head of Data Management Clarion Analytics
- Amanda Carrillo – CBRE Investment Management, Head of Americas Analytics – Insights & Intelligence
- Erik Gilliland - Affinius Capital, Executive Director Performance Reporting
- Josh Rome – Nuveen, Sr. Director Head of US Investment Performance & Portfolio Analytics
- Mike Amthor – Altus Group, Director Valuation Advisory Service – Valuation & Performance Analytics
- Becky Klein – Principal Real Estate, Portfolio Analyst

ATTRIBUTION TASK FORCE

Open End Funds

- Breakdown of Total Return: Income and Appreciation
- Appreciation Decomposition
- Absolute & Relative Contribution to Return
- Allocation Score
- Selection Score

Closed End Funds

- Contribution to IRR
- NOI Bridge
- PMEs
- Underwriting vs. Actuals

Best Practices

- Technology
- Methodology

Task Force Members

- **Brittany Colgan** Co-chair-
Berkshire Residential
- **Angelie Oliveros** Co-chair-
ACA Group
- **Elvira Hadzihasanovic** –
Northbridge CRE
- **Robert Maroldi** –
PGIM RE
- **Craig Herrberg** –
Affinius Capital
- **Nicholas Cafiero**-
Clarion Partners
- **Kelly Ann Toland** –
AEW
- **Lisa Grant** –
TA Realty
- **Kelsey Adams** –
PGIM RE
- **Brandon Millen** –
Intercontinental

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PMC – SEC Marketing Rule

Objective:

To provide guidance and best practices for real estate managers on application of the SEC Marketing Rule, and subsequent FAQs.

SEC MARKETING RULE TASK FORCE

Discussion Paper Topics

- What is Marketing?
- Recent FAQs: March 19, 2025 and February 6, 2024
- What is “Performance”?
- Methodologies for Net Returns
- Disclosures
- Presenting Returns Without the Impact of Subscription Facility
- Component Returns Net of Fees and Expenses

NEGATIVE EQUITY DISCUSSION PAPER UPDATE

Rosellen Bounds



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Group Members:

- Rosellen Bounds, PMC
Chair (ACA Group)
- Jan Johnson –
(L&B Realty Advisors)
- Michelle Nyugen
(Stockbridge)
- Amanda Carrillo
(CBRE)
- Jamie Yan
(Blackstone)
- Kerry White
(RCLCO Fund Advisors)
- David DiPaolo
(Clarion Partners)
- Jeff Fisher -

NEGATIVE EQUITY DISCUSSION PAPER (UPDATE)

NCREIF – PMC

April 8, 2025

Negative Equity Discussion Paper

Mission: Review the Draft Paper already written and update it to align with current best practices in the real estate industry and ultimately provide calculation options for firms when presented with underwater assets.

Overview: “Currently there is no industry guidance on how to deal with ‘negative equity’ performance calculations or how to handle client reporting and disclosures in these situations.” There are a variety of options available which have been explored by the original authors and the group of volunteers making updates.

Next Steps

Internal meeting with Team Members



Distribution to the Performance Measurement Committee for Feedback



Distribution to the Accounting Committee for Feedback



Distribution to all Committees for Feedback



Publication to NCREIF Website



PERFORMANCE MEASUREMENT COMMITTEE

- Reporting Standard – Performance & Risk Manual Update

New task force –

Perform annual reviews of
PREA – Performance and Risk Manual

- Determine if topics should be brought to the committee for review
- Develop drafts or enlist surveys
- Ensure relevance
- PMC as your side as a resource



Call to Action!

-reportingstandards.info

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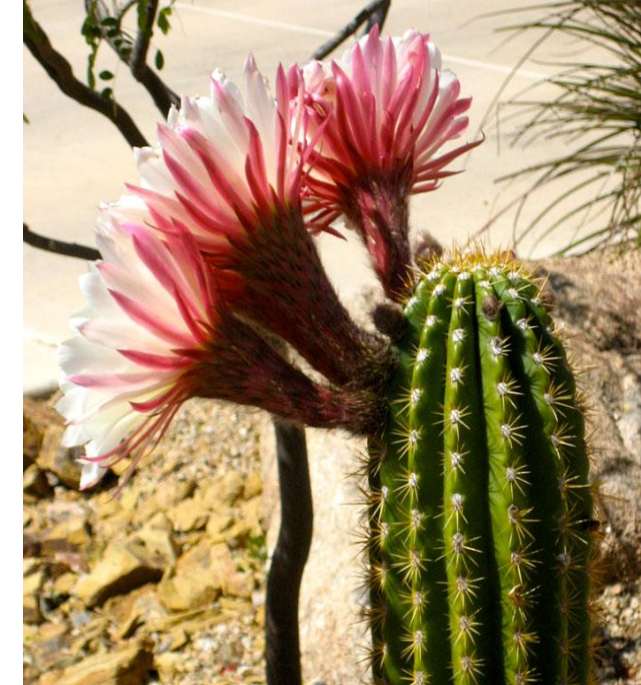


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- Treatment of Financing Cost & Interest Expense



Joe D'Alessandro
NCREIF



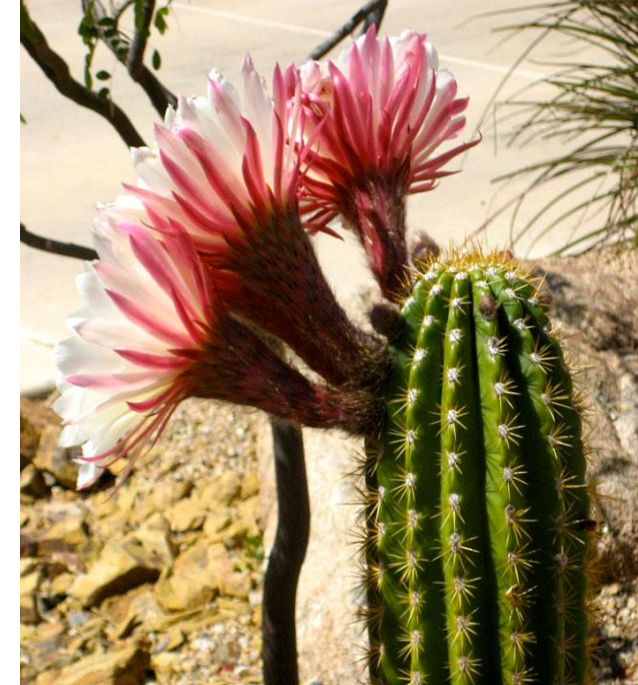


PERFORMANCE MEASUREMENT COMMITTEE

- New ILPA template



Jamie Kingsley
NCREIF





THANK YOU

Questions?

