



Welcome to the NCREIF Fall Conference

November 8-11, 2021
Miami Beach, Florida
Accounting Committee

Committee Chairs:

Robert Fraher, KPMG – Chair

Hunt Holsomback, Alvarez & Marsal - Chair

Megan Hess, DWS – Co Vice-Chair

Heather Hopkins, Clarion – Co Vice-Chair

Mark Wojteczko, Deloitte – Co Vice-Chair

Chair Introductions/Backgrounds



- Robert Fraher, KPMG - Chair
- Hunt Holsomback, Alvarez & Marsal - Chair
- Megan Hess, DWS – Co Vice-Chair
- Heather Hopkins, Clarion – Co Vice-Chair
- Mark Wojteczko, Deloitte – Co Vice-Chair – **WELCOME!! NEW IN 2021**



Accounting Committee Agenda

November 9

- Welcome and Introduction
- NCREIF Overview:
 - Mission Statement Review & Initiatives Update
- Task Force Updates:
 - Reporting Standards Update – *Benay Kirk, Alter Domus*
 - Asset and Investment level reporting – *Heather Hopkins, Clarion*
 - ESG – *Peter Bloomfield, KPMG*
 - Reporting Model – *Sabeen Alwy (on Wednesday)*
 - TGER - *Benay Kirk, Alter Domus (on Wednesday)*
- Chart of Accounts – **Approval Vote** - *Hunt Holsomback, Alvarez & Marsal*
- Fair Value Manual – **Approval Vote** - *Robert Fraher, KPMG - Chair*
- Technical Accounting Update – *KPMG*
- Technical Accounting Update - Ground Leases – *Mark Wojteczko, Deloitte*

About Us

NCREIF is a Not-For-Profit Premier Industry Association

- Membership is comprised of Real Estate Investment Managers, Industry Consultants and Service Providers, Investors and Academicians.
- Leading source of institutional real estate performance data and information.



About Us



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.



Task Force Updates



Task Force Updates

- Reporting Standards Update – *Benay Kirk, Alter Domus*
- Asset and Investment level reporting – *Heather Hopkins, Clarion*
- ESG – *Peter Bloomfield, KPMG*
- Reporting Model – *Sabeen Alwy (on Wednesday)*
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Task Force Update: Reporting Standards Update

Presented By: Benay Kirk, Alter Domus



Reporting Standards Council Projects:

- **Reporting Standards for Debt Funds (estimated timeline early 2022):**
 - Determine applicability of Reporting Standards for debt investment funds
 - Task force is engaged & meeting monthly
 - Goal will be to add additional standards & guidance
 - Expanded survey outreach discussion during Reporting Standards session on 11/10
- **ESG Think Tank:**
 - Principles have been published & finalizing promo plan
 - KPI's underdevelopment & review to be finalized by year end 2021 with definitions to follow then outline framework for manual
 - NEW NCREIF ESG Committee in Q1 2022
- **Standard Global DDQ:**
 - Feedback provided to ILPA on its proposed DDQ
 - Overall completion TBD



Reporting Standards Council Projects:

- **Asset/Investment level best practices (estimated timeline 2021-2023):**
 - Sub task force working on elements for core assets
 - Reliance published work of Reporting Standards, sponsorship and foundational standards organizations
- **Assets Under Management (“AUM”):**
 - Published Global AUM Calculation Tool
 - Next steps will be assessed in Q4 2021
- **Global Definitions Database (“GDD”):**
 - Task force includes members from NCREIF, INREV and ANREV
 - Current GDD includes over 500 terms & definitions
 - Task force continues to add additional terms; working to converge ESG terms
- **REER (estimated timeline 2022/2023):**
 - Assess need for REER measure globally and initiate development, if appropriate

Task Force Updates

- Asset and Investment level reporting – *Heather Hopkins, Clarion*



Task Force Updates

- ESG – *Peter Bloomfield, KPMG*





Chart of Accounts Update



Chart of Accounts Task Force

NCREIF has asked the Accounting Committee to review current chart of accounts and determine if needs to be updated to support current reporting requirements

Overview

- The NCREIF Chart of Accounts goes back several decades and was based on a chart of accounts from the Mortgage Bankers Association. The following is a suggested framework that has been developed by an Accounting Committee Task Force. It focused on providing a framework that identifies key fields that are tracked at the property level that will map into NCREIF's Operating Model Report and is not meant to be a comprehensive chart of accounts. In addition, the framework also addresses common requests from investor who are looking to better understand investment manager fees and expenses.
- The Chart of Accounts Task Force has been working since last summer; its mission was to determine if updates were needed based on NCREIF's current reporting requirements and industry norms.
- Our objective was not to create an all-encompassing chart of accounts that covers all asset classes, but to identify key fields that should be tracked because they map into the NCREIF Operating Model Report. Furthermore, the COA framework will provide a tool for NCREIF members to "check" their chart of accounts against the framework to confirm that it supports efficient submissions.
- The focus was on property level reporting with the key addition being balance sheet accounts to allow for easier transparency in the roll up of data. We also tried to move the income statements items up to a level that support reporting requirements, but allows specific revenues and expenses based on asset classes to be tracked a level down in the account hierarchy.



Chart of Accounts Task Force

The process for modifying the NCREIF Chart of Accounts (Framework) is detailed below along with the status of each step:

1. Review and comment by Accounting Committee Members **COMPLETE**
2. Accounting Committee approval (vote at July Conference) **COMPLETE**
3. Review and comment by other committees (i.e. Performance Measurement, Reporting Standards, Valuation, Information Management) **COMPLETE**
4. Accounting Review - Review – Approval of other committee comments **IN PROCESS**
5. NCREIF Board Review (or Approval) – This depends on whether the Chart of Accounts is considered a clarification or Guidance. Guidance requires Board approval, as does any proposal to submit additional data fields. At this point the COA Task Force believes our work is a clarification and will not require Board approval. **TO BE COMPLETED POST FALL CONFERENCE**



Chart of Accounts – Proposed Framework

The Chart of Accounts Task Force has reviewed comments from other committees and to provide consistency, we have removed two line items in the Interest Expense section that reference Fund Interest Expense and Fund Financing Fees since the Chart of Accounts Framework and NCREIF’s reporting requirements focus on property data.

NCREIF Op Model Report	COA Suggested Additions
InterestExpense	Interest Expense - Property Debt
	Interest Expense - Fund Debt
	Interest Expense - Other Debt
	Interest Expense – Affiliated
	Financing Fees – Property
	Financing Fees – Fund
	Financing Fees – Other
	Financing Fees – Affiliated

Note: the above table is an excerpt from the Chart of Accounts Framework presented at the Summer 2021 conference and only shows the account/area impacted by comments.



Fair Value Manual Update



Chart of Accounts Task Force Approval Vote

Question: Please vote as to whether you accept or reject the proposed Chart of Accounts Framework as revised

A. Accept

B. Reject



Chart of Accounts Task Force

The following NCREIF members and staff volunteered time to support the review and updating of the Chart of Accounts Framework:

Task Force Members

- George Acosta, BNY Mellon
- Tiffany Campbell, Goldman Sachs
- Brett Cassabaum, Principal
- John Cryan, Ascentris
- Billy Douvikas, Alter Domus
- Robert Fraher, KPMG
- Hunt Holsomback, Alvarez & Marsal
- J Kingley, NCREIF
- Benay Kirk, Alter Domus
- Erik Lindstrom, Norges Bank Investment Management
- Fabiano, Lotito, NCREIF
- Maritza Matlosz, MetLife
- Jeanine Olson, NCREIF
- Richard Ziobro, PGIM



Fair Value Manual Updates - 2021

- Ground leases
- Clarification / simplification
- Updated accounting pronouncements
- Updated effective dates for accounting pronouncements
- Simplified certain COVID disclosures



Fair Value Manual Updates

Appendix Updates – Illustrative Financial Statements

- Revenue Recognition Standard, Leasing Standard, Fair Value Disclosures – Updated effective dates, clarified, updated
- Reference Rate Reform and Covid-19 Implications – updated / simplified
- Ground lease added to the financial statements and disclosures



Fair Value Manual Updates

- Specific updates
 - 2.04(f) Revenue Recognition – discussions on return of / return of capital and clarifications
 - 3.08 Accounting for Contingencies – simplification
 - 3.11(e) Incentive fees and Promote reallocations – discussions certain fees



Thank You.