



Performance Measure Committee Welcome BACK!



Agenda

- NCREIF Initiatives Review
 - Reporting Model Task Force, NCREIF Academy Glossary Formula Review, Subtype Questions
- Reporting Standards Initiatives
 - Overview of active initiatives including: ESG, Debt Fund Reporting, etc
- Mission Statement Review
- Performance and Risk Manual Review / Vote
- Review of Performance Team Structure Survey
- NCREIF Operational Benchmark Report



Reporting Model Taskforce Update

- Overview

- The financial reporting presentation model impacts the fund level time-weighted return (TWR) calculations for appreciation and income (the total return calculation remains the same across all financial reporting presentation models) and could lead to performance comparability and inconsistency when benchmarking to NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity)
- Accounting Committee formed a multi disciplinary Task force in December 2020
- Presented the comparability issue at RS Council Meeting in February
- Educational session held on March 17th at NCREIF Winter conference
 - Create awareness
 - Shared examples of the reporting models and impacts to returns – *available on NCREIF's website*
 - Polled NCREIF Members in attendance
- TWR survey sent in October 2021 to evaluate the comparability of income and appreciation TWR calculations for NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) and other open-end equity funds that benchmark, either directly or indirectly, to NFI-ODCE to gather a base line for how components are mapped for return purposes



Reporting Model Taskforce Update

- **Key Objective:**

- Create awareness when comparing TWRs to ODCE, managers and investors should consider the comparability of their fund's financial reporting presentation to ODCE. For example, the component returns for the non-operating presentation model are not comparable to ODCE.
- Ensure consistent performance returns comparability and benchmarking by providing a reconciliation tool to enable consistency of comparing component returns
- No intention to change how ODCE data is collected or how performance is measured

- **Next Steps:**

- Tabulate results of the TWR survey and create the reconciliation tool
- Additional outreach with all stakeholders and investors
- Consider expanded discussion (including sample financial statements) of Operating Model (Net) in the Accounting Manual
- Consider adding discussion in the Performance Manual



Reporting Model Taskforce Members

Thank you!

Andrew Loeb

Benay Kirk

Carlos Martins

Cyndi Strzyz

Diane Wild

Erol Wallace

Evan Cohan

Gloria Vogt-Nilsen

Ian Sivak

Jacque Vedra

Jared Morris

Jeff Ledebuhr

Jessica Hamill

John Confrey

Jon Bargardt

Oaktree Capital

Alter Domus

Mazars

JP Morgan

LaSalle

RSM

PWC

Citco

Baker Tilly

Ascentris

TRST

Deloitte

DWS

Mazars

Moss Adams

Kara Jenkins

Kathy O'Sullivan

Kelvin Tetz

Lauren DeMartini

Lisa Swartos

Lori Latham

Lou DeFalco

Mark Wojteczko

Mary Martini

Marybeth Kronenwetter

Peter Bloomfield

Robert Fraher

Sabeen Alwy

Sara Davis

Ted Hanno

Deloitte

E&Y

Moss Adams

MetLife

Moss Adams

Jamestown

PWC

Deloitte

E&Y

NCREIF

KPMG

KPMG

USAA Real Estate

Blackstone

Brookfield



Mission Statement

The mission of this committee is to promote the consistent application of performance measurement methodologies and performance disclosure standards for the real estate asset class.

This mission is accomplished by evaluating existing measurement and reporting practices, by reviewing, interpreting and evaluating guidelines and standards established for multiple asset classes, by analyzing evolving industry practices, by reviewing investor information disclosure requirements, and by preparing recommended positions on performance measurement methodologies and performance disclosure standards.



Performance and Risk Manual

Purpose: The Performance and Risk Manual (“PRM”) has been created to provide US private, institutional real estate investment Industry participants (collectively, the Industry) a resource to better understand, measure and manage performance and risk within their real estate investments in a meaningful, transparent, and consistent manner.

Last Update:

12/16/2020 version – Approved by the Reporting Standards Board; changes included:

- Addition of TGER
- Addition of Gross and Net IRR
- Addition of references to RS Volume I requirements and Recommendations



Performance and Risk Manual

2021 Initiatives:

- Reorganize the manual (formulas in Section 1, discussion in Section 2)
- Add references to GIPS requirements and recommendations and to NCREIF data products
- Grouping entities section updates
- Update to Investment TWR formula (incentive fees)
- General updates
 - Grammar and capitalization
 - Formula consistency

Ideas for Future Initiatives:

- Ground leases
- Operating model (net)
- Asset and investment level best practices
- Debt Funds
- INREV standards comparison
- Attribution (add more content)
- Subline impact on returns at fund and property
- Waterfalls
- AUM
- GIPS terms (ex: total firm assets)
- Vintage year
- Risk metrics from Portfolio Construction class



The “Big Picture”

Key takeaways

Alternative investment types are being embedded in existing sectors

→ *Determine how this will impact your reporting (more to come in March)*

Performance and Risk Manual Updates are at the finish line

→ *What should be the focus in 2022?*

Let us know what you want more of!

→ *Please reach out with any specific requests for sessions in 2022*

NCREIF Analytics Platform is about to expand

→ *Please reach out if you are interested in helping shape the vision*