

# Global Real Estate Standards: Business Plan 2017

FINAL



**INREV**

**ANREV**

**RS** NCREIF PREA  
Reporting Standards

# Business plan introduction

## **Understanding, prioritizing, measuring, and monitoring**

This 2017 business plan represents a significant step towards understanding, prioritizing, measuring, and monitoring progress on the development of a global set of reporting standards and the interrelationship of these efforts with other efforts pursued individually and collectively by the Sponsorship.

Collaboration began in 2015 when the sponsors, INREV, NCREIF, PREA, (collectively, the Sponsorship) and by acknowledgement, ANREV (as licensee of the INREV Guidelines) executed a Memorandum of Understanding (MoU) to memorialize the objectives of the initiative. Among other things, this MoU established a global standards steering committee (SSC) to prioritize and direct the initiative.

## **Significant accomplishments and need for communication**

Significant accomplishments have been achieved by the SSC since its inception, as listed in this presentation.

However, it became apparent that the MoU could be stronger in order to enhance and facilitate communication within and among the Sponsorship. Late in 2016, the SSC<sup>1</sup> presented a proposed revision to the MoU to INREV and NCREIF (as administrator of the NCREIF PREA Reporting Standards). As of this writing, the document has not been fully executed but the SSC has agreed to begin to incorporate the revised terms of the MoU (Proposed MoU) in its operations.

<sup>1</sup> Under the Proposed MoU, the composition of the membership of the SSC will be populated by a balance of participants from the Associations and also should include representatives of the Asian Association for Investors in Non-listed Real Estate Vehicles (ANREV). The SSC will include 9-12 members representing a cross section of industry stakeholders, including but not limited to: an investment manager of open-end vehicles; an investment manager of closed-end vehicles; a global investor; a public accountant; and industry consultant. The Associations CEO's have the right to approve the SSC constituency.

The Proposed MoU utilizes the existing structure and governance of the SSC to serve as a facilitator of communications specifically relating to the areas of global reporting standards and, in addition, to heighten awareness of other activities of the Sponsorship that could impact convergence in the longer term.

The development of an annual business plan will lay the groundwork for such activities. The priorities established in the business plan will be reviewed regularly by the SSC and can change from time to time as other initiatives arise which warrant response and reaction by the SSC. Annually, no later than October <sup>12</sup>, the SSC will submit its business plan including resource requirements (as needed) to the Sponsorship for approval with such approvals anticipated within 45 days of submission to the Sponsorship. This timing will facilitate two-way communications within and across the Sponsorship and will satisfy the mutual desires of the Sponsorship to incorporate the business plan of the SSC into their specific business plans.

<sup>2</sup>This first business plan was prepared in anticipation of approval of the proposed MoU which requires the submission of a business plan. The 2018 plan will be submitted for approval no later than October 1, 2017.

# Mission Statement

To develop a global set of standards which are transparent, useful and comparable to stakeholders in non-listed real estate investment vehicles on a global basis and to understand and facilitate the interrelationships of these efforts with other efforts pursued individually and collectively by the Sponsorship.

# Strategic elements

In general, the SSC establishes the priority of its projects. The business plan of the SSC contemplates the following strategic elements:

- To converge or provide meaningful comparisons to required and recommended practices contained within the NCREIF PREA Reporting Standards and the INREV Guidelines
- To converge standards and guidance contained in one of the sponsor's materials but not in the other and/or which are of significant interest to stakeholders.
- To provide a level of consistency necessary for projects undertaken independently by the Sponsorship on activities that are impactful to industry stakeholders and would benefit from some level of consistency.
- To pursue standardization or develop guidance for related industry initiatives that contain similar activities.

# Delivered to date

Established  
Global Standards  
Steering Committee  
(SSC)



Published Gap  
analysis



Aligned and Agreed  
on 70+ Industry  
Definitions  
(publication pending)



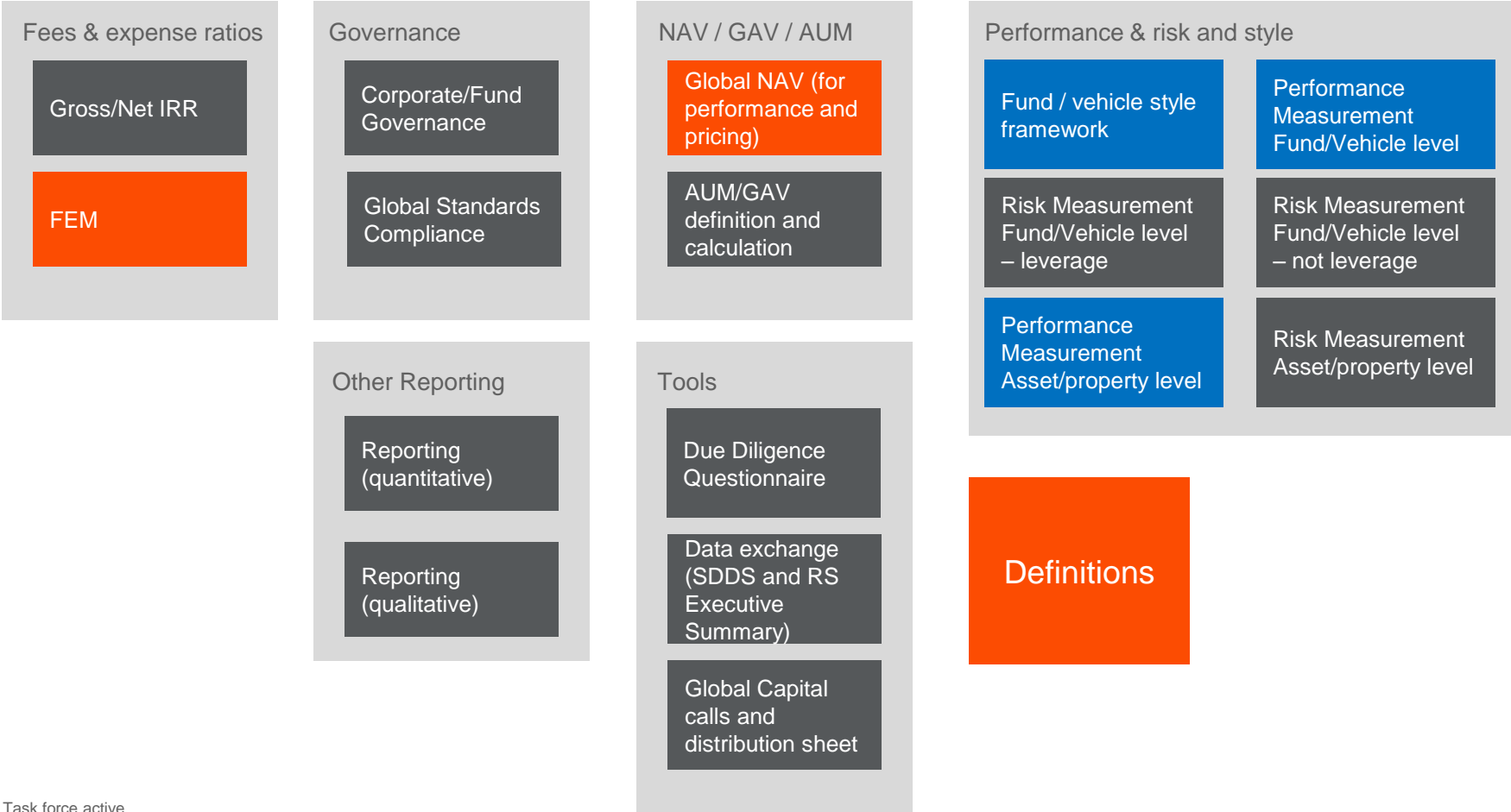
Published  
First Joint Standard –  
Phase 1 of Fee &  
Expense Metrics

Began In-depth  
Discussions on a  
Global NAV

Collaborated and  
aligned response to  
the IVSC  
"Framework for International  
Professional Standards"

# Components and priority indicators for 2017 and beyond

This chart details the known projects which are likely to be considered for global convergence in 2017 and beyond.



- Task force active
- Task force in preparation
- Task force not started

# Expected results 2017

## Key Definitions

- Publish global definition database –co branded by Sponsorship
- Continue converging definitions and incorporate as global definitions in database

## FEM (Fee and Expense Metrics)

- Develop global measure of fees and expenses
- Publish results
- Assess implementation for incorporating into Sponsors' standards and guidelines

## Global NAV

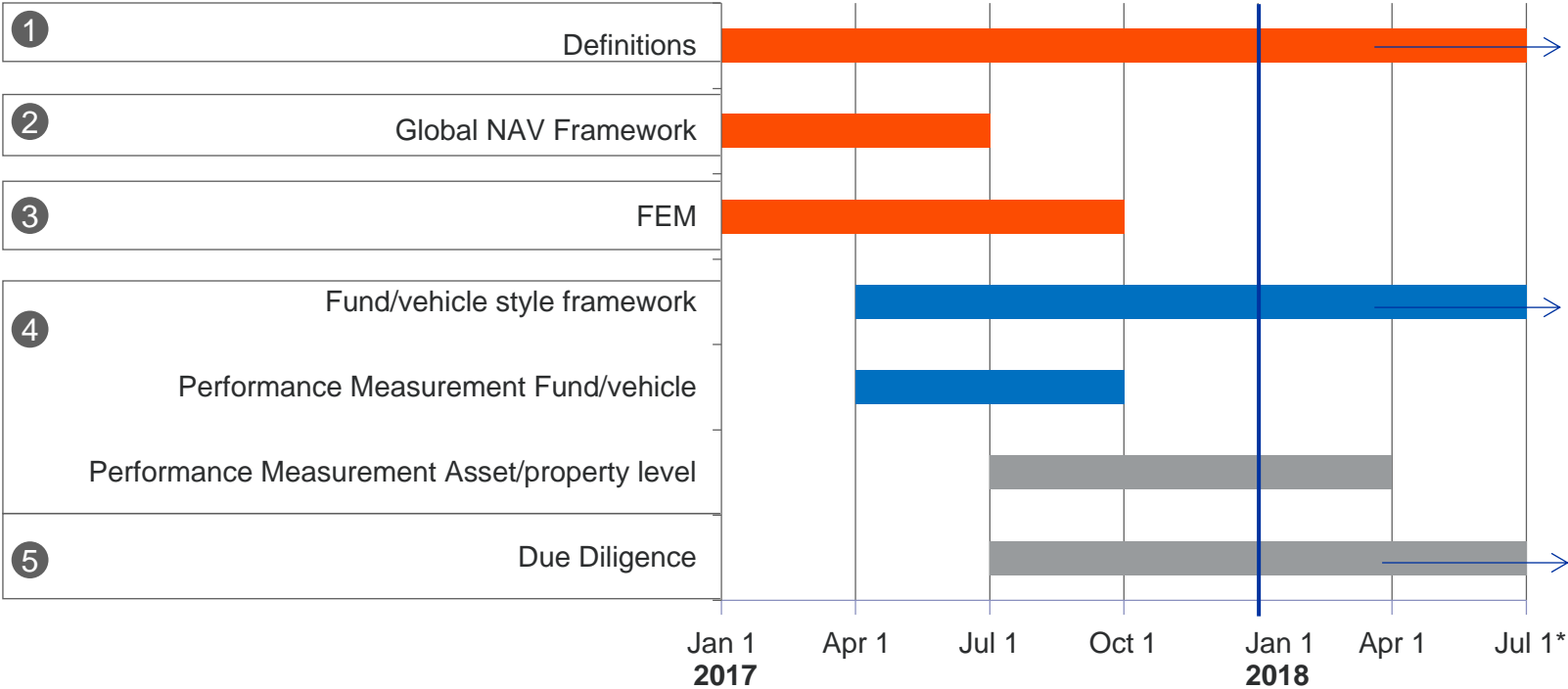
- Develop and publish recommendation for global NAV for performance (non-U.S. performance and pricing)
- Assess implementation issues and propose path to resolve as part of phase 2.

## Performance Measurement-Vehicle Level

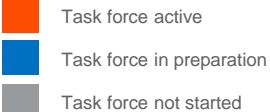
- Prepare gap analysis between RS and INREV fund performance measures
- Align definitions and submit to definitions task force for consideration
- Converge measures where possible to align with GIPS®, publishing report of findings



# Estimated publication targets for 2017 - 2018



- ① The Definitions task force develops definitions for terms not subject to specific task force work and serves as the approver of definitions developed and considered by other task forces before such definitions are considered for approval by the SSC. Accordingly, the Definitions task force’s work will continue throughout the convergence efforts.
- ② The Global NAV is expected be used for the global FEM ratios. After the Global NAV framework is designed, the task force is expected to continue with implementation and Reporting challenges surrounding NAV.
- ③ Phase 2 is in process with goal to develop a measure of fee load.
- ④ All topics related to fund/vehicle style, performance and risk will be picked up by the Performance Task Force (in formation). They will be asked to further develop the best road map for global convergence/standards.
- ⑤ INREV has already started a project to revise their DDQ linking it to the global project. NCREIF established an Information Management Committee which is expected to actively participate in this project.



\*Targeted publication dates in 2018 to be determined at a later date

# Other topics

## Other industry initiatives

A task force will be formed as necessary to respond to other relevant industry initiatives such as the response to the GIPS consultation and the IVSC consultation.

# Resources

## NCREIF / PREA

### **Volunteer**

- Reporting Standards Board, for approval of new standards
- Reporting Standards Council for oversight, review and approval
- Standards Steering Committee, as described in [Operating Protocol](#)
- Task force leadership and participation, as described in *Operating Protocol*
- NCREIF committees and PREA Affinity Groups to serve on project task forces, review of proposed standards and guidance subject to convergence

### **Staff**

- Sponsorship, as described in *Operating Protocol*
- Project Management, as described in *Operating Protocol*
- Other sponsorship resources for specific projects
  - ✓ Definitions database integration- NCREIF CIO
  - ✓ Styles-NCREIF Research Director
  - ✓ Performance (fund and asset)-NCREIF Performance Director

### **3rd Party (compensated)**

- None, without specific budget and approval

## INREV / ANREV

### **Volunteer**

- INREV Committees, for approval of new standards
- INREV Management Board for oversight, review and approval on major changes
- Standards Steering Committee, as described in [Operating Protocol](#)
- Task force leadership and participation, as described in *Operating Protocol*

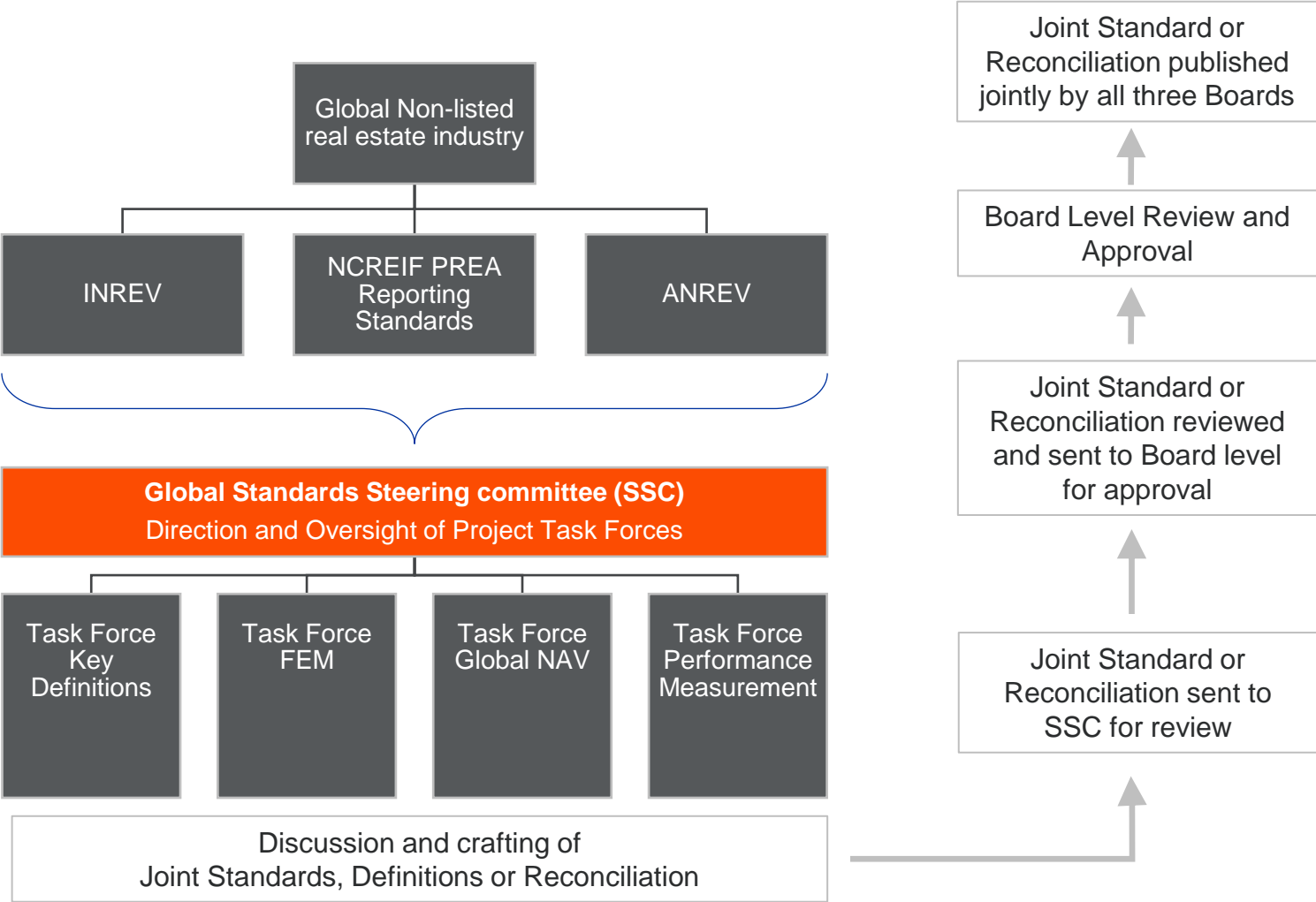
### **Staff**

- Sponsorship, as described in *Operating Protocol*
- Project Management, as described in *Operating Protocol*
- Other sponsorship resources for specific projects

### **3rd Party (compensated)**

- None, without specific budget and approval

# Appendix - Governance



# Key Parties and Management Team

## Executive Members of the Sponsorship

- Gail Haynes, President, PREA
- Peter Steil, CEO, NCREIF
- Matthias Thomas, CEO, INREV
- Alan Dalglish, Chief Executive, ANREV

# Key Parties and Management Team

## Global Standards Steering Committee (SSC)\*

- John Caruso, Managing Director, Head of Finance – Americas, TH Real Estate (NCREIF PREA Reporting Standards Council Member) [co-chair SSC]
- Neil Harris (INREV Chairman) [co-chair SSC]
- Christopher Andrews, Head of Client Relationships & Marketing, M&G Real Estate (ANREV)
- Ken Greguski, Executive Director, Client Coverage, MSCI (NCREIF PREA Reporting Standards)
- Andrew Muscat, Head of Operations and Deputy Country Executive, Malta, Alter Domus (INREV)
- John Ravoisin, Partner, PwC, Luxembourg (INREV)
- Connie Tirondola, Managing Director, Real Estate Fund Admin/Accounting, BlackRock (NCREIF PREA Reporting Standards)

\* Under the proposed revised MoU, the Associations agree that the SSC should be populated by a balance of participants from the Associations and also should include representatives of the Asian Association for Investors in Non-listed Real Estate Vehicles (ANREV). The SSC will include 9-12 members representing a cross section of industry stakeholders, including but not limited to: an investment manager of open-end vehicles; an investment manager of closed-end vehicles; a global investor; a public accountant; and industry consultant. The Associations CEO's have the right to approve the SSC constituency.

# Key Parties and Management Team

## Advisors

- Sally Ann Flood, Audit Partner, Deloitte & Touche LLP
- Jef Holland, Partner, Deloitte, NL

## Project Management

- Maurits Cammeraat, Director of Professional Standards, INREV
- Amélie Delaunay, Director of Research and Professional Standards, ANREV
- Marybeth Kronenwetter, Director, NCREIF PREA Reporting Standards



# Task Forces – Core Teams

Involvement in any project task force can be categorized as follows:

- A: Core-performs most tasks; develops guidance and coordinates all activities with SSC
- B: Sounding Board-reviews materials from Core team as developed and provides comments ensuring broader industry involvement;
- C: Interested with passive involvement, reviewing final positions before submission to SSC.

## **Fee and Expense Metrics Task Force**

- Anne Anquillare, President and CEO, PEF Services LLC
- Renaud Breyer, Executive Director, EY
- Barbara Flusk, Senior Vice President, Head of Investment Accounting and Financial Operations, Clarion Partners
- Andrew Muscat\*, Head of Operations and Deputy Country Executive, Malta, Alter Domus

## *Project Management*

- Constantin Sorlescu, Professional Standards Manager, INREV

\*SSC Member

## **Key definitions Task Force**

- Charmaine Cheuk, Regional Head APAC, Global Investment Administration, CBRE
- Michael Hornsby, Partner – EMEIA Real Estate Funds Leader, Ernst & Young
- Eric Mack, Accounting Officer – Managing Director, USAA Real Estate Company
- John Ravoisin\*, Audit & Advisory Partner, PwC Luxembourg
- Robert Schmitz, Senior Fund Controller, CBRE GIA
- Claire Snedeker, President, Snedeker Consulting, Inc.
- Thijs van Gelder, Senior Investment Manager Private Real Estate, PGGM
- Aimilia Vassiliou, Vice President, GIC Real Estate
- Zheng Wanshi, Head of Investment Management, CapitaLand Limited
- Chew Weiting, Real Estate, CapitaLand Fund Management

## *Project Management*

Anne Böker, Professional Standards Manager, INREV

\*SSC Member