



Governance and Operations Manual

This document describes the Reporting Standards initiative and the governance structure of the Reporting Standards Board, Reporting Standards Council and related operating principles

For further information about the Reporting Standards., please visit the [NCREIF PREA Reporting Standards website at www.reportingstandards.info](http://www.reportingstandards.info)



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The NCREIF/PREA Reporting Standards Governance and Operations Manual

The Reporting Standards Mission

Establish, manage, and promote transparent and consistent reporting standards for the real estate industry to facilitate informed investment decision-making.

Introduction

The NCREIF PREA Reporting Standards (“Reporting Standards”) are a recognized framework of reporting standards for the institutional real estate industry that supplement established standards from authorized organizations (the “Foundational Standards”) including, but not limited to:

- appraisal standards established through Uniform Standards of Professional Appraisal Practice (“USPAP”) by the Appraisal Standards Board of the Appraisal Foundation,
- accounting principles generally accepted in the United States of America (“US GAAP”) established by Financial Accounting Standards Board, and
- the performance measurement and reporting standards promulgated by the CFA Institute known as the Global Investment Performance Standards (“GIPS®”)

Summary of Key Parties:

Sponsoring Organizations:

- **National Council of Real Estate Investment Fiduciaries (NCREIF):** NCREIF is a not-for-profit association of institutional real estate professionals including investors, investment managers, academics, consultants, appraisers, CPAs and other service providers who have a significant involvement in institutional real estate investments.
- **Pension Real Estate Association (PREA):** PREA is a not-for-profit association for the global institutional real estate investment industry whose members include public and corporate pension funds, endowments, foundations, Taft-Hartley funds, insurance companies, investment advisory firms, REITs, developers, real estate operating companies and industry service providers.
- **Reporting Standards Board:** An independent¹ advisory board that provides leadership, industry expertise, and strategic oversight in supporting and promoting the Reporting Standards initiative.
- **Reporting Standards Council:** A multi-disciplined body appointed by the Reporting Standards Board with significant expertise in the various reporting standards disciplines. The Reporting Standards Council, in consultation with and approval

¹ For purposes of this paragraph independent means not employed by either sponsoring organization or a current member of the Standards Council.

from the Reporting Standards Board, establishes and executes the strategic plan and program work of the Reporting Standards initiative.

- **Reporting Standards Task Forces:** The Strategic Plan for the Reporting Standards addresses Annual Initiatives which will be undertaken to fulfill the mission. These projects are organized as Task Forces. Reporting Standards Council members will chair the Task Forces and will draw primarily upon the expertise of NCREIF's standing committee members as well as members of the PREA affinity groups when assembling the Task Forces. To maintain an independent perspective, Reporting Standards Board members, while not serving on the Task Forces may be called upon for their expertise or industry perspective. The Task Forces may include but are not limited to the following disciplines: Accounting, Compliance, Education, Global, Investor Relations, Performance and Risk, Standards Development, and Valuation.
- **Liaisons:** To ensure alignment of priorities and effective communication at all levels, every attempt will be made to designate liaisons as follows:
 - The Reporting Standards Council Chair will serve as a member of the Global Standards Steering Committee,
 - The Reporting Standards Board chair, or designee, is responsible for communication to the Reporting Standards Council,
 - Reporting Standards Council members are designated as liaisons to the NCREIF Standing Committees (which include at a minimum, Accounting, Information Management, Performance Measurement and Valuation and others as NCREIF so determines) and the PREA Affinity Groups (at a minimum, Reporting and Valuation and others as PREA so determines) and as such work closely with the leadership of these Committees and Affinity Groups.
 - Reporting Standards Council members are designated as liaisons to industry partners which include but are not limited to INREV, ILPA, and CFA Institute.
 - NCREIF shall designate person(s) that participate in NCREIF education and ongoing data product development or support to liaise with the Reporting Standards Director on a regular basis to ensure synchronization of activities for the mutual benefit of industry participants.
- Liaison responsibilities include:
 - Serve as main conduit between Reporting Standards Council and liaison group (e.g., NCREIF committees, PREA affinity group, etc.) which may include but are not limited to attending committee/group meetings and regular calls with liaison group leaders to discuss pending projects/initiatives and alignment and collaboration with Reporting Standards to address industry needs,
 - Provide Reporting Standards updates to liaison group (can be delegated but not abdicated),
 - Ensure two-way communication by sharing liaison group feedback with Reporting Standards Council, and as necessary, Reporting Standards Board,
 - Solicit volunteers for projects and project task forces,
 - Facilitate Reporting Standards Council succession by providing timely information to liaison group about nomination process, encouraging liaison group endorsement of suitable candidates,
 - Other, as mutually agreed.

Reporting Standards Director

The Reporting Standards Director is a resource provided by the Sponsoring Organizations. This position reports to the NCREIF President and works closely with the Reporting Standards Council Chair, Reporting Standards Board Chair, and liaisons to manage all Reporting Standards administration and operations. The Reporting Standards Director serves as the lead project manager for all Task Forces and co-project manager for all projects undertaken by the Global Standards Steering Committee.

The Reporting Standards Process

The Reporting Standards Council shall lead a comprehensive and transparent process for all changes to the Reporting Standards (Appendix 3) which provides for industry participation in the standard-setting process and ultimate approval by the Reporting Standards Board. All initiatives and activities of the Reporting Standards Council and Board will involve Task Forces with participants from the Sponsor Organizations and other industry organizations and representatives with experience and expertise in the relevant subject matter. The Reporting Standards Council will endeavor to provide timely and open communications on all recommended changes and projects impacting the Reporting Standards.

The Standards Council Liaisons are responsible for monitoring changes in the industry and Foundational Standards organizations and provide timely communication to the Council. When appropriate, and as approved by the Council, Task Forces are formed to develop responses and/or proposals (see Appendix 3). The membership of such Task Forces will include appropriate representation of expertise across various segments of the industry.

The Sponsoring Organizations

As described in the Sponsorship Agreement, Sponsoring Organizations have agreed to:

- Facilitate two-way communication between the Reporting Standards Board and their own Boards of Directors by appointing senior-level representatives as the Sponsoring Organization's liaison with the Reporting Standards to attend Reporting Standards Board meetings on the organization's behalf. NCREIF's President and PREA's President or their designee are invited to attend all Standards Board meetings, however their attendance is not required.
- Provide funding. The Sponsoring Organizations will provide funding on an annual basis for the basic operations of the Reporting Standards pursuant to mutual agreement by the Sponsoring Organizations. The Reporting Standards Board has no ability to enter contracts on behalf of the Sponsoring Organizations. The Reporting Standards Board can request additional funding for Special Projects, of which additional funding shall be provided in the sole discretion of the Sponsoring Organizations.

- Support, as appropriate, the Reporting Standards initiative, communicate the Reporting Standards activities to their members and encourage their members to participate in Task Forces and other Reporting Standards activities.
- Annually approve the Reporting Standards Strategic Plan that includes Annual Initiatives and Special Projects (see below).

The Reporting Standards Board

The Reporting Standards Board serves in an oversight and advisory capacity to the Reporting Standards Council, providing leadership and expertise in establishing such standards as the comprehensive and verifiable reporting standards for the institutional real estate investment industry.

The Reporting Standards Board's key roles and responsibilities consist of the following:

- Approve and promote the Reporting Standards and encourage investors to adopt and require the Standards for the investment reporting they receive. Educate investors, investment managers, consultants, and other industry participants regarding the Reporting Standards and the benefits of compliance.
- Review the industry's use of the Reporting Standards.
- Work with the Reporting Standards Council to develop the Strategic Plan to include Annual Initiatives and Special Projects deemed necessary to meet the industry needs.
- Oversee Reporting Standards Council priorities and approve the Reporting Standards Strategic Plan to include Annual Initiatives and Special Projects.
- Develop and maintain Reporting Standards Council nomination policies and procedures.
- Approve individuals to serve on the Reporting Standards Council.
- Approve all communications to Foundational Standards Organizations developed by the Reporting Standards Council.
- Develop a Budget for Special Projects, if required, for approval by Sponsoring Organizations.
- Communicate actively with Sponsoring Organizations.
- Review updates or changes to the Governance and Operations Manual as needed with full review occurring at least every three years. All changes must be approved by the Boards of the Sponsoring Organizations.
- Other responsibilities as deemed essential by Reporting Standards Board and the Sponsoring Organizations

Meetings

To conduct its work, the Reporting Standards Board will meet via video call at least four times per year and in-person at least once per year in a joint session with the Reporting Standards Council to update the three-year Strategic Plan and identify Annual Initiatives and Special Projects.

The Reporting Standards Board Chair, along with the Reporting Standards Director, will present (in-person) the Reporting Standards Board approved Strategic Plan including Annual Initiatives and Special Projects that may require budget approval to the respective Sponsoring Organizations' Boards during the fourth quarter of each calendar year at a time mutually agreed upon by the Sponsoring Organizations' Boards.

Composition of the Reporting Standards Board

- The Reporting Standards Board will consist of 8 industry representatives with each of the Sponsoring Organizations appointing 4 members.
- The appointed Board members must include active industry participants representing different disciplines and perspectives within the institutional real estate industry (for example, an investor, a core manager, a non-core manager and a consultant).
Appointed Board Members should have the following qualifications:
 - Minimum of 20 years of relevant institutional investment-related experience.
 - Outstanding achievement in their professional careers.
 - Ability to demonstrate real estate investment and financial literacy and to exhibit independent thought.
 - Reputation for the highest levels of personal and professional integrity.
 - Knowledge of the Reporting Standards and ability to represent the real estate industry.
 - Commitment to devoting adequate time to the Reporting Standards' Board and to attending Reporting Standards Board meetings.

Officers of the Board

There shall be two Officers of the Reporting Standards Board that shall consist of the Board Chair, and a Vice-Chair. Each year, the Reporting Standards Board members will select the Officers of the Board before the end of the calendar year. The office of the Vice-Chair will rotate annually from appointees of the two Sponsoring Organizations. The Vice-Chair will automatically become the Chair the following year.

One of the Board members will serve as Chair of the Board for a one-year term, following his/her term as Vice Chair. The Vice - Chair will be selected by a t w o - t h i r d s vote of the Standards Board. The Chair role will alternate annually between professionals appointed by the Sponsoring Organizations. The Board Chair and Vice Chair will be nominated and selected by the vote of the Reporting Standards Board.

Term of Reporting Standards Board Members

- Board members serve three-year terms. The Board terms should be staggered such that each year two to three Board positions are up for appointment by the Sponsoring Organizations
- No Board member may serve for more than two consecutive terms.
- Board terms commence on January 1st.
- If a Board member's employment situation changes to make the individual no longer eligible for membership designated by the Sponsoring Organization, he/she will, if desired and at the discretion of the Sponsoring Organization, either serve through December 31st or finish out his/her term.
- If a Board member resigns during their term, a new member will be appointed by the respective Sponsoring Organization to finish the term of the resigning Board member.
- If a Board member fails to attend at least two-thirds of the Board meetings in any given year, the individual's term may be terminated at the end of the calendar year by the Sponsoring Organization.

Responsibilities of Reporting Standards Board Chair

The Chair will:

- Facilitate all Reporting Standards Board meetings,
- Be a voting member of the Board,
- Work closely with the Reporting Standards Director to approve and communicate meeting schedule and agendas,
- Advise and consult with the Reporting Standards Council Chair and the Reporting Standards Director in the development of the Strategic Plan including the Annual Initiatives, and Special Projects Budget, if required,
- Manage the relationship with the Sponsoring Organizations, ensuring the sponsors are kept fully informed of Reporting Standards initiatives. (This may be delegated to the Liaisons to the Sponsoring Organizations and/or the Reporting Standards Council Chair or the Reporting Standards Director),
- Serve as primary Reporting Standards Board liaison to the Reporting Standards Council, to coordinate the two groups.

Responsibilities of Reporting Standards Board Vice-Chair

- Facilitate all Board Meetings in the absence of the Board Chair,
- Serve as the Standards Board liaison to the Standards Council in the absence of the Board Chair,
- Serve on the Council Nominating Committee,
- Review meeting minutes prepared by the Reporting Standards Director.

Reporting Standards Board Voting Procedures

All actions and decisions by the Reporting Standards Board, including, but not limited to, the adoption of new standards and the modification of standards, will require the approval of six (6) of the voting members. A Board member is a voting member if such Board member has attended two-thirds of the Board meetings each year.

A meeting quorum will consist of six (6) of the members of the Reporting Standards Board. Matters may be approved by Reporting Standards' Board members via email.

Board Approval of Strategic Plan including Annual Initiatives and Special Projects Budget

A Strategic Plan including Annual Initiatives and Special Projects Budget will be developed by the Reporting Standards Board Chair, Reporting Standards Council Chair, and Reporting Standards Director, and presented to the Standards Board for approval by September 1st of each year. Once approved, the Strategic Plan including Annual Initiatives and Special Projects Budget will be presented for approval to the Boards of Directors of the Sponsoring Organizations at a mutually agreed upon time (generally in fourth quarter of each year).

In addition, items in the Strategic Plan or Annual Initiatives which are Special Projects, (such as a branding effort, a marketing effort, global initiatives, etc.), will be presented concurrently as independent special projects with a request for funding.

The Standards Council

The responsibilities of the Reporting Standards Council include:

- With advice and input from the Reporting Standards' Board, assisting in the development of the Strategic Plan including Annual Initiatives and Special Projects,
- Improving the usefulness of reporting in the institutional real estate investment industry,
- Keeping the Reporting Standards current considering changes in Foundational Standards and other changes in related business and economic conditions,
- Working collaboratively with the Sponsoring Organizations' membership and seeking input from them on potential changes or modifications to the Reporting Standards,
- Reviewing and recommending to the Reporting Standards Board changes and modifications to the Reporting Standards,
- Chairing and/or serving on the Reporting Standards Task Forces,
- Serve as a liaison between the Reporting Standards Council and Sponsoring Organizations' membership committees (NCREIF) and/or affinity groups (PREA) as well as industry partners (such as INREV, ILPA, CFA Institute, etc.),
- Assisting the Reporting Standards Board, as appropriate, in its various responsibilities including promoting the Reporting Standards, educating the industry, and developing new Reporting Standards-related initiatives.

Nominating and Selection Process for Reporting Standards Council Members

A Nominating Committee shall be established and at a minimum include the Reporting Standards Board Vice Chair and the Reporting Standards Council Chair and two other members of the Reporting Standards Board or Sponsoring Organizations, selected at the discretion of the Reporting Standards Board Vice Chair and the Reporting Standards Council Chair. The Reporting Standards Director will be a non-voting member of the Nominating Committee unless the vote results in a tie at which time the Reporting Standards Director will provide the tie-breaking vote.

The nomination process starts in July with all nominations and applications due to the Reporting Standards Director by September 1st. All applications are presented to the Nominating Committee for review and consideration. The Nominating Committee will meet and determine recommendations to be made to the Reporting Standards Board at their fall meeting. Nominees not selected for the Reporting Standards Council will receive a declination letter via email. Nominees selected for the Reporting Standards Council will receive a congratulatory email along with onboarding documentation. Reporting Standards Council terms start November 1st each year.

Composition of the Reporting Standards Council

The Reporting Standards Council will consist of a minimum of nine (9) and not exceed sixteen (16) voting members. The number of Reporting Standards Council members can increase based upon approval by two-thirds of the Reporting Standards Board. Care will be exercised when increasing the number of Standards Council members to ensure the Council represents a balanced cross-section of interdisciplinary and subject-specific technical expertise. The Reporting Standards Board will annually designate one member of the Reporting Standards Council to serve as Chair to lead the activities of the Reporting Standards Council. The Reporting Standards Council Chair may serve subsequent one-year terms but no more than 5 years total as Chair.

Reporting Standards Council member qualifications:

- Subject matter experts within their respective disciplines while also possessing knowledge and understanding across other disciplines,
- Minimum 7-10 years relevant institutional real estate industry experience and currently active in the real estate industry,
- The Reporting Standards Council will have at least one member who is employed by an investor organization,
- Considerations for Reporting Standards Council composition include, but are not limited to the following professional designations and/or current employment:
 - Certified Public Accountant
 - Chartered Financial Analyst (CFA), (with a preference to the Certificate in Investment Performance Measurement (CIPM) designation)
 - Member, Appraisal Institute (MAI)
 - Institutional Investor Consulting firm,
- Active participation in at least one Sponsoring Organization's committees/activities over a minimum 5-year period (e.g., committee chair or vice chair; etc.) is a guideline, but not a requirement,
- All Reporting Standards Council members must be willing to commit the time required to adequately perform duties of membership including regular and active participation in monthly meetings and Task Forces.

Term of Reporting Standards Council Members

- Reporting Standards Council members serve three-year terms. The terms are staggered such that each year, three or four Reporting Standards Council members are up for election. The Reporting Standards Board can, at its discretion, appoint Reporting Standards Council members to terms shorter than three years to ensure staggered terms on the Reporting Standards Council.
- Reporting Standards Council members may serve for no more than two terms unless the Reporting Standards Council member has served as Chair, in which case, the member may serve for no more than two terms plus five year maximum in Chair role.
- Reporting Standards Council members must attend three quarters of the meetings, including the in-person meetings each year. Virtual participation (although not ideal) is deemed attendance.
- At the request of the Reporting Standards Council Chair, a member of the Reporting Standards Council can be removed by the Reporting Standards Board for reasons such as:
 - The member leaves the industry.
 - The member fails to attend the required number of meetings.
 - Lack of performance or participation.
 - The member changes firms, causing too many members from the same firm represented on the Reporting Standards Council.
 - If a member seat is vacated mid-term, the seat shall remain vacant until the next nomination and selection period.

Reporting Standards Council Voting Procedures

Seventy-five percent (75%) affirmative votes will be required to approve actions of the Reporting Standards Council. A meeting quorum to conduct business will consist of fifty percent (50%) of the members of the Reporting Standards Council, in addition to the

Reporting Standards Council Chair.

Reporting Standards Council Meetings

The Reporting Standards Council will meet one time per month. At least two of the meetings will be in-person and will typically take place during NCREIF conferences depending on the NCREIF conference schedule. Other in-person venues may be selected if necessary. The remaining meetings will take place via video conference. Additional meetings may be scheduled as needed. Generally, the Reporting Standards Council meetings will be open to the public. At the discretion of the Reporting Standards Council Chair, video conference meetings may be closed to the public. Generally, the Reporting Standards Council conducts closed sessions for the purpose of strategic planning and review or at such times as deemed appropriate by the Reporting Standards Council Chair.

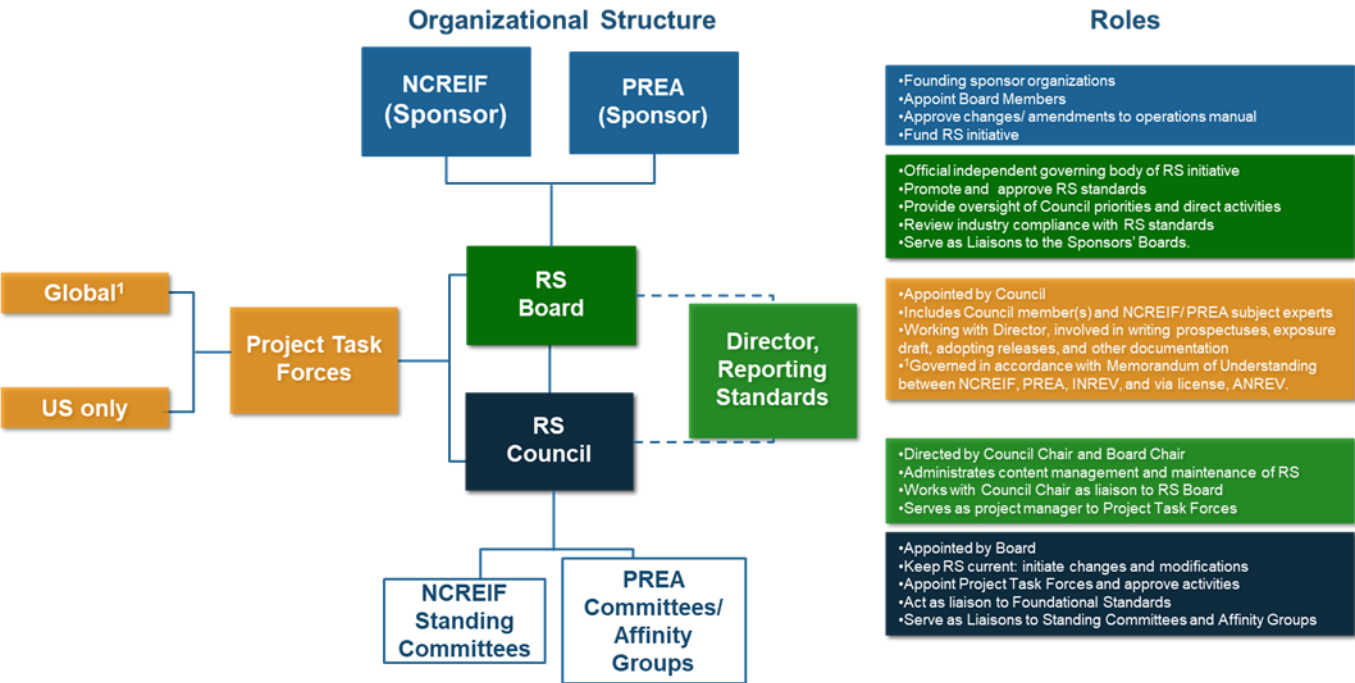
Responsibilities of Reporting Standards Council Chair

The Standards Council Chair will be responsible for establishing transparency in the Standards Councils' process and for communicating its workings to the industry by:

- Working with the Reporting Standards Council, the Reporting Standards Board, and the Reporting Standards Director to develop the Strategic Plan including Annual Initiatives and Special Projects.
- Working in concert with Reporting Standards Director and Reporting Standards Board Chair to implement the mission and the Strategic Plan.
- Working with the Reporting Standards Director to prepare agendas for its meetings.
- Providing reports to the Reporting Standards Board or as otherwise requested.
- Working with the Reporting Standards Director to update the status of current Reporting Standards projects.

APPENDIX 1 –Reporting Standards Organizational Chart

Reporting Standards organizational structure and roles



APPENDIX 2 - The Reporting Standards Process

The Reporting Standards (“Standards”) hierarchy identifies the various sources of Standards Board guidance for reporting real estate investment information and the relative authority of such guidance. The Reporting Standards hierarchy includes the Standards and the reference materials. The Standards include the required and recommended elements in the Handbook Volume I. Compliance is measured on an Account basis, according to the required elements in Volume I. If the guidance for a particular transaction, item, or event is not specified within the Reporting Standards, an Account should then refer to the Reporting Standards reference materials, which comprise Volume II of the Handbook, the contents of which are: Discipline-specific Manuals, Research, Templates, and Current Adopting releases. The appropriateness and relative weight placed on sources of the Reporting Standards reference materials requires professional judgment to determine the relevance of such guidance to particular facts and circumstances.

Process for changes to the Reporting Standards Handbook (Volume I and Volume II)

Changes to the Reporting Standards Handbook are primarily initiated through the efforts of the Standards Council under the direction of the Standards Board. In addition, NCREIF’s Standing Committees are required to communicate to the Standards Council industry matters, which could impact the Reporting Standards Handbook. To facilitate timely communication, requests for a change to the Reporting Standards Handbook should be presented to the Standards Council in a timely manner. It is the responsibility of the Standards Council to assist in guiding a project through the Reporting Standards process. The Standards Board and Council have developed a comprehensive and transparent process, which provides for broad industry participation in the standard-setting process. As indicated below, the processes for the standards, reference materials and responses to Foundational Standards or other organizations or standards setters varies based upon facts and circumstances including, but not limited to: level within the hierarchy; the nature of the change (e.g., conforming vs. non-conforming) and; imposed time constraints from third parties.

Process for changes to the Reporting Standards (“Volume I”)

Non-conforming changes

Non-conforming changes refer to significant changes to the standards or changes to the guidance within the Reporting Standards. It is at the discretion of the Standards Council Chair to determine if changes meet the requirement of non-conforming changes.

- Prospectus

Non-conforming changes to the Reporting Standards are formally initiated by the preparation and approval of a Reporting Standards Project Prospectus. Such changes may arise out of the Strategic Plan, Annual Initiatives, or as recommended by the Reporting Standards Board or Sponsoring Organizations. (Examples of Prospectuses can be found on the [Reporting Standards web site](#).) The Reporting Standards Director, as project manager, leads the development of the Prospectus and may identify NCREIF Committee members or PREA Affinity Group members to lead the initiative (“Task Force Chair”). All prospectuses for non-conforming changes must be approved by the Standards Council and by the Standards Board.

- Exposure Draft

Upon approval of a Prospectus, the Standards Council Chair with the assistance of the Standards Director works with the Task Force Chair to develop a Task Force to complete the required research and analysis. The conclusions and findings of the Task Force are documented in an Exposure Draft, which includes an executive summary of key issues and

questions to be considered by the industry, the specific written standard that is proposed for incorporation in the Reporting Standards, in addition to a discussion of the basis for conclusions reached in the Exposure Draft. (Examples of Exposure Drafts can be found on the [Reporting Standards web site](#)).

Prior to final approval of the Exposure Draft by the Standards Council, the NCREIF Standing Committees and the PREA Reporting and Valuation Affinity Group are given the opportunity to comment on the contents of the Exposure Draft. This review process helps to ensure that the Exposure Draft clearly and comprehensively addresses the topic. Upon completion of review by the NCREIF and PREA committees, the Exposure Draft is presented to the Standards Council for approval.

All exposure drafts should be submitted for review two weeks prior to a Standards Council meeting to allow for adequate review of the document by Standards Council members.

Upon approval by the Standards Council, the Exposure Draft is presented to the Standards Board for review. A minimum of 2 weeks' notice should be provided to the Standards Board for review. Upon approval by the Standards Board, the Exposure Draft is presented to the public for exposure to the industry for a minimum of 60-days public comment period. The Standards Council is responsible for presenting the Exposure Draft in public session, ensuring that the document fairly and concisely presents the issues and questions to be considered by the industry. Webinars may be considered as a tool to present Exposure Drafts to the public.

Industry comments received are reviewed by the Standards Council and the Task Force under the direction of the Standards Board.

- Adopting Release

All comments received during the Exposure Draft process are reviewed by the Task Force and presented by the Task Force Chair to the Standards Council for review. The Council will determine to either move forward to an Adopting Release or ask the Task Force to conduct further research to prepare a revised Exposure Draft. Upon reaching resolution on all matters, an Adopting Release is presented to the Standards Board for approval. The Adopting Release will contain the basis for conclusions for the non-conforming changes and proposed non-conforming changes to the Reporting Standards. Simultaneously, a new version of Volume I will be issued.

-Outreach

Advocacy, collaboration, and education are important to fulfilling the mission. Selected opportunities to promote the Reporting Standards may be considered as a tool to present Exposure Drafts and Adopting Releases to the public.

Conforming Changes

Generally, conforming changes (i.e., those that are editorial in nature, or provide minor clarifications) may not be appropriate for inclusion in the process described above. The Standards Director will identify a Task Force Chair to develop a task force if needed, to review and update a document for conforming changes. All conforming changes will be presented to the Standards Council for review and approval. Standards Board approval is not required; however, the Standards Board is to be notified of all conforming changes.

Process for changes to the Reporting Standards Reference Materials

New Reporting Standards Reference Materials

-Prospectus

Generally, new Reporting Standards Reference Materials are formally initiated by the preparation and approval of a Reporting Standards Project Prospectus. Such changes may arise out of changes in the Foundational Standards, Strategic Plan, Annual Initiatives, or as recommended by the Reporting Standards Board or Sponsoring Organizations (Examples of Prospectuses can be found on the [Reporting Standards web site](#).) The Standards Director leads the development of the Prospectus and may identify NCREIF Committee members or PREA Reporting and Valuation Affinity members to lead the initiative ("Task Force Chair"). All prospectuses for new materials must be approved by the Standards Council. It is at the discretion of the Standards Board Chair, to determine if new Reporting Standards Reference Materials require the approval of the Standards Board.

-Draft Release

Upon approval of a Prospectus, the Standards Council Chair with the assistance of the Standards Director works with the Task Force Chair to develop a Task Force to complete the required research and analysis. The conclusions and findings of the Task Force are documented in Draft Release, which includes an executive summary of key issues and questions to be considered by the industry, if applicable.

Prior to final approval of the Draft Release by the Standards Council, the NCREIF Standing Committees and the PREA Reporting and Valuation Affinity Group are given the opportunity to comment on the contents of the Draft Release. This review process helps to ensure that the Draft Release clearly and comprehensively addresses the topic. Upon completion of review by the NCREIF and PREA committees, the Draft Release is presented to the Standards Council for approval.

All Draft Releases should be submitted for review two weeks prior to a Standards Council meeting to allow for adequate review of the document by Standards Council members.

Upon approval by the Standards Council, the Draft Release is presented to the Standards Board for review, if needed (as noted above, the Standards Board Chair will determine if approval is required by the Standards Board). A minimum of 2 weeks' notice should be provided to the Standards Board for review. Upon final approval, the Final Release is adopted and added to the Reporting Standards or reference materials.

There is no open comment period required for new Reporting Standards Reference Materials. Webinars may be considered as a tool to present Final Releases to the public.

-Final Release

Final Releases are added to Volume II of the Reporting Standards Handbook which includes certain manuals (e.g., Reporting Standards Fair Value Accounting Policy Manual and Reporting Standards Performance Measurement Resource Manual) or added to the Reporting Standards website.

Updates to Reporting Standards Manuals

The Reporting Standards Manuals (e.g., Fair Value Accounting Policy Manual and Performance and Risk Manual) are reviewed annually and updated as necessary to ensure compliance with the Foundational Standards and/or to provide additional guidance on discipline specific matters. Responsibility for ensuring that the Manuals are reviewed and updated rests with the discipline specific committee. Generally, subcommittees within each Standing Committee are formed to ensure that the updates are comprehensive and include a level of review and approval, which is like that of new reference materials. The liaison to the respective committee will participate in

the committee review and update of the Manuals and update the Standards Council as to significant changes, new sections, or deleted sections of the Manuals. All updates are submitted to the NCREIF discipline specific committee for approval. Final approval is required by the Standards Council. Such updates do not require Standards Board approval; however, the Standards Board is to be notified of changes.

Outreach

There is generally no open comment period required for new Volume II materials. As advocacy, collaboration, and education are important to fulfilling its mission, selected opportunities to promote Volume II materials may be considered to present Final Releases to the public.

APPENDIX 3 - Responding to Foundational Standards Organizations

The Reporting Standards (“Standards”) depends on, supplements, and, in some cases, clarifies, (but does not replace), other established standards from the Foundational Standards Organizations. From time to time, these Foundational Standards Organizations solicit feedback from their industry participants on matters impacting their standards. Because the real estate related standards ultimately established by the Foundational Standards Organizations are integral to the Reporting Standards, the Standards Board and Council have determined it critical to prepare responses to these requests for feedback. It is at this formative development stage where the Reporting Standards team can be most impactful to the standards which are ultimately issued.

The Foundational Standards Organizations generally provide a limited time for response (usually 60-90 days). The primary responsibility for ensuring timely communication of the issue and preparation of the response rests with the Council to establish an appropriate Task Force to respond. (For example, the responsibility for FASB matters rests with the Accounting Task Force and the responsibility for GIPS matters rests with the Performance and Risk Task Force.) The Standards Council Chair and the Task Force members work together to ensure all parties are current with respect to matters of interest from the Foundational Standards Organizations. The Task Force Chair is responsible to regularly communicate to the Standards Council the activities of their task force.

Although the Foundational Standard setters are discipline specific, the interdisciplinary aspects of the Reporting Standards affords the unique opportunity for the Standards Council and Board to assess the impact of the proposed standard on the other Reporting Standards-related disciplines.

Therefore, the response often requires an interdisciplinary perspective. The Task Force determines the discipline specific expertise required for the response. Such information is promptly communicated to the Standards Council Chair.

The Standards Council Chair coordinates with the Standards Board Chair and the Sponsoring Organizations as needed to ensure:

- All requests for feedback on items impacting the real estate industry are assessed.
- A coordinated effort for the response can be achieved in a timely manner.

The Task Force will be primarily responsible for conducting the research and analysis and drafting the response. The Task Force will utilize the other Sponsoring Organizations members and industry experts in an advisory capacity. The Task Force Chair will provide a status report to the Council no less frequently than monthly.

The Task Force may utilize the services of the Standards Director for any assistance it may need during the process. The Task Force will use its best efforts to obtain “lead committee” (i.e., performance for GIPS, accounting for FASB, etc.) sign off prior to submission to the Standards Council for final review and approval. Time is of the essence for responses, so a request for sign-off from the other Committees is not considered practical. Extensions for responses are generally not allowed by the Foundational Standards Organizations. In the event a meeting of the Standards Council is required between regularly scheduled meetings to meet the deadline to

respond, then the Task Force Chair must promptly notify the Standards Director and the Standards Council Chair of same. The Council must approve the response prior to submission to the Standards Board Chair. Once approved by the Standards Board Chair, the response is sent to the Sponsoring Organizations for approval and execution. The Board Chair, at his or her discretion may seek the approval of the Board. Members of the Task Force will use all reasonable means to ensure the appropriate parties are kept informed and have ample time to thoroughly review and approve the response so that the Foundational Standard setter receives the response by the due date.

In most cases, the Foundational Standards Organizations request feedback on real estate matters relate to matters which impact the Reporting Standards. If that is not the case, it is the responsibility of the Sponsoring Organizations to assess whether feedback from its organization is appropriate.

The process described herein applies to responses to Foundational Standards Organizations. It should be noted that other standard setting organizations (e.g., SEC, IVSC, IASB, OSCRE, ILPA, and INREV) may solicit feedback on real estate initiatives which could impact the Reporting Standards. It is the responsibility of all Council members and/or the Standards Director to promptly inform the other Reporting Standards parties of the matter for the entire Council to evaluate how to proceed. The process described above would be applicable.