



THE CRITICAL ROLE OF TECHNOLOGY IN REAL ESTATE INVESTMENT

**ONCE DISCRETIONARY
NOW NECESSITY**



THE CRITICAL ROLE OF TECHNOLOGY IN REAL ESTATE INVESTMENT

For the modern real estate investment company, technology has become a fundamental part of a successful investment strategy – not the discretionary tool it has been in the past.

This is being driven by the growing expectations of what a high-performing, high-achieving organisation should be aiming towards, covering three core components:

- Deliver excellent customer service to investors and stakeholders, 24/7
- Achieve effective and efficient management of real estate investments
- Ensure strong performance and best possible returns

Across major worldwide financial hubs, forward-looking investment companies – of all types and sizes – are harnessing the transformative effects of technology to ensure they are best-placed to meet these requirements and differentiate themselves in an increasingly crowded environment. With a flexible tech stack, optimised for a businesses' unique needs, this can be the case across the full life cycle of investment operations, tasks and processes.



Over the following pages, we'll explore the full scope of real estate investment and look at how technology can provide a foundational platform for today's players to succeed and grow.

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INVESTOR RELATIONS



Engage and inform

In a saturated market, organisations are having to compete to offer the highest levels of service – and the better their stakeholder engagement, the more they stand out from the crowd. That places a pressure on investment businesses to deliver above and beyond for their investors, and keep them fully informed at every stage.

More than ever before, having information in a cohesive, pan-organisation system is so crucial. Indeed, it can be the difference between closing on an average deal and closing a great deal. And that could be the difference between retaining and attracting new investors, or not.

Simply put, manual systems cannot offer the depth of functionality required for such complex and layered structures. A key example of this would be waterfall agreements; for calculations, these need to be managed within a solution for forecasting distributions, and for producing transactional investor statements.

In parallel with the consumer world, investors also now want a self-service element – to be able to view their investments across a portfolio and see both historic and current activity.



FINANCIALS

Monitor and grow

Real estate investment is a complex and fast-paced business, one that requires the utmost accuracy and clear, concise direction. Today, and thinking about the future, can organisations really continue to rely on spreadsheets for multi-million-pound decision-making? To both survive and thrive, the answer cannot be yes.

Because the nature of the calculations required at this level are of such importance, and have to be made at such speed, manual processes are far too inefficient and prone to error – however good the person or team that is making them.

For instance, the consolidation of data and the nuances involved, such as inter-entity accounting and elimination entries, demands the ability for fast, automated processing. Where an organisation cannot provide this, they are already behind the curve.

And what of managing debt, applying market information, assessing risk and ensuring compliance? Technology doesn't just enable these activities, it brings unprecedented levels of efficiency and integrity – and allows large, international teams to collaborate and work from one source of truth.



PERFORMANCE



Report and strategise

To communicate and operate more effectively is one thing, but harnessing software to generate insight and then develop informed go-forward strategies is where organisations can take technological innovation to the next level.

Being able to utilise a solution to bring together various strands of information and then start to look at hypothetical situations – this is the ‘secret sauce’ of a real estate investment platform. It can encompass everything from a bottom-up change such as how varying vacancy rates ripple out across a portfolio, through to analysing how a significant market shift or macro-economic issue might filter down through an organisation's investments.

Whatever the scenario, technology enables agility and empowers businesses to plan for the likely event in question, and then either to mitigate its impact or maximise any associated opportunity.

Building on that, more advanced technologies allow for modelling and forecasting over a longer term and incorporate multiple factors. This power can be harnessed to make informed strategic decisions.



INVESTOR RELATIONS

Engage and inform

- ✓ Track pipeline opportunities
- ✓ Manage potential LPs / investors
- ✓ Disseminate deal information
- ✓ Issue capital calls
- ✓ Generate quarterly investor reports
- ✓ Issue distributions notices
- ✓ Provide on-demand, comprehensive investment information to LPs / investors
- ✓ Provide a centralised document repository
- ✓ Provide instant, downloadable reports
- ✓ Customise investor portals with your own branding
- ✓ Enable drill-down capabilities into property-level analytics
- ✓ Learn more about your investors to improve client satisfaction
- ✓ Tailor access so only relevant information is shared

FINANCIALS

Monitor and grow

- ✓ Record commitments, call and contributions in an LP / investor sub-ledger
- ✓ Track shares / units and stated / effective ownership
- ✓ Calculate LP / investor distributions in accordance with waterfall agreements
- ✓ Automate elimination entries and payments
- ✓ Manage consolidation rules and purposes
- ✓ Audit transactions
- ✓ Generate asset-level financials statements
- ✓ Generate investment and LP / investor sub-ledger financial statements
- ✓ Calculate current asset valuations
- ✓ Review returns (total, income, capital), IRRs / XIRR and yields
- ✓ Manage cash and leverage
- ✓ Identify potential dispositions

PERFORMANCE

Report and strategise

- ✓ Generate and consolidate cash flow forecasts
- ✓ Calculate asset exit valuations
- ✓ Predict future LP / investor contributions and distributions
- ✓ Simulate hypothetical transactions and flex market assumptions
- ✓ Analyse exposures
- ✓ Compare market benchmarks
- ✓ Model complex funds, step-up and step-down events and multi-tier waterfall structures
- ✓ Produce forecasted valuations
- ✓ Study development feasibility
- ✓ Produce in-depth KPI reports and business intelligence overviews
- ✓ Generate dashboards and reports for internal stakeholders

Raise capital

Manage investors

Report to investors

Invest capital

Manage financials

Report financials

Produce analysis

Distribute results

Formulate strategy

THE WIDER PROPERTY LIFE CYCLE

Maximising your technology investment

For many organisations, an investment solution may sit on top of a sizeable property management operation – or real estate investment businesses may have a requirement to extract property management information from a number of different sources.

Traditionally, this has been a largely manual process – and many with experience of the sector will know that bringing actuals into an investment solution (whether that be software or even spreadsheets) can be a significant challenge, and one that drains resource.

However, this kind of manual intervention should be a thing of the dim and distant past. It's now an expectation that property management systems offer ways to easily exchange data with investment solutions – and that those investment solutions accept that information – all powered by smart automation.

Typically, such data is brought into the investment solution periodically – but the most crucial aspect is that organisations should have the freedom and flexibility to make updates as often as needed. Equally, what data is actually exchanged should not be limited; as standard, organisations should expect to be able to feed in rent roll, tenant details, lease details, break options and both CAPEX and OPEX improvements.

The ability to have different solutions and technologies working together in this way, in one ecosystem, is no longer a dream scenario – it's very much a reality that is turbocharging investments in software.





OPEN PLATFORMS



Freedom, flexibility and choice

The ability to feed operational property management data into an investment solution is just a small part of growing trend to achieve openness and connectivity in real estate software. Open architecture, truly capable of delivering a singular user experience, is the present and future of the industry.

By utilising open platforms, users can take control of their technology journey – and seeing as they're the ones paying, that seems only fair. Data exchange is an important aspect of achieving an advanced level of interoperability, but it goes much further. Being genuinely open means allowing users to move back and forth between applications from different providers without them even realising.

In real estate investment, organisations are trying to bring multiple, complex activities and processes together into a unified and consistent strategic approach. Technology should enable and support that aim, not be a barrier that forces the segmentation of tasks and teams.

Businesses today should expect software providers to have an ecosystem of products that can be adapted to build the optimal tech stack. Those looking to implement systems should have the freedom to choose the best functionality from the marketplace, regardless of the vendor, and should demand that it all works together as one cohesive solution.

That is the true definition of an open platform.

SOLVING THE DATA PROBLEM

Ensuring consistency and accuracy

Imagine the scenario: You've invested significant time and budget in adopting a technology solution; it is set up perfectly across your operation and could bring unprecedented levels of efficiency and insight. There's one problem – you have unsuitable data.

That doesn't mean the information is inaccurate or lacking in depth, although this of course can be the case, it might just be that data is coming from various sources and there are multiple differences in format. Whatever the situation faced the fact remains that, in today's information-laden world, data might just be the most valuable commodity there is.

Such is its importance that, all too often, highly paid investment experts are spending far too much of their time trying to aggregate data from different sources and bring it into a consistent format. But, if technology can deliver so many benefits, why can't it be utilised for data management, too?

A solution shouldn't just be a vehicle for success, it should come with everything a business needs to make it run as smoothly and as efficiently as it possibly can. The leading vendors understand this requirement, and can deliver it.

By harnessing software-enabled services, organisations can collect tenancy and financial information from multiple sources, normalise data into a consistent format and aggregate it into a central repository. And they can do this without having to dedicate valued investment resources which are not suited nor responsible for the task.





MRI SOFTWARE SOLUTIONS

Maximise performance, minimise risk

With a fully comprehensive range of software solutions for real estate investment, MRI Software allows you to take your organisation where you want to go – and shape your own technology journey.

Our platform gives you a comprehensive view across all levels of your investment portfolio, with accurate financials, timely reporting and integration with property management. Today, hundreds of investment clients are achieving optimal results by utilising technology for performance management and strategic planning – all while maximising returns for stakeholders and providing quality communications to investors.

Local roots, global presence

MRI's investment solutions are delivered worldwide, developed, implemented and supported by a team of experts that is spread across our international offices. The inherent flexibility within our systems means they have been adopted to manage real estate investment portfolios across a number of business types, covering a number of asset classes:

- ✓ **Financial institutions:**
Banks, insurance companies
- ✓ **Investment managers:**
Funds, direct investments, asset management
- ✓ **REITs**
- ✓ **Lenders / loan servicers**
- ✓ **Developers / owners / operators**
- ✓ **Pension funds**



40K

Investments managed



\$1T

Equity and debt managed by 220 clients



500K

Files processed annually



20K+

Users accessing the application

MRI SOFTWARE SOLUTIONS



Investment Accounting

Real estate organisations with complex investment structures spend large amounts of time setting up funds, consolidating financial statements and reporting to investors. MRI's Investment Accounting software automates these manual tasks, reducing months-long processes down into just a few hours or less.

The solution can pull property management data and financials to accurately streamline your accounting. From there, you can easily create financial statements, process contributions, pay distributions and deliver up-to-date reporting to internal and external stakeholders.

Organisations can also save significant time when setting up new investments and tracking down ownership structures, without having to search through stacks of paper.

Key features:

- Simple or complex legal ownership structures
- Accounts payable / receivable automation
- Automation of elimination entries
- NAV calculations
- Consolidated financial statements
- Investor sub-ledger for multi-level capital transactions (cash and non-cash)
- One-click, multi-period consolidations – full, equity pick-up, proportional based on stated or economic ownership
- Waterfall calculations for distributions

Investment Arlington Development Fund

Investment search

Investment Structure
Relationship Diagram

Entity Search

☒ Include Future
 ☒ Include History up to

01 / 01 / 2016

| Entity | Level Type | Description | Entity Type | Effective Date |
|---------------|------------|-----------------------------|-------------|-----------------------------|
| 0 Fund - ARLD | | Arlington Development Fund | Fund | |
| 1 - AAQU | | Adventure Aquarium | Asset | 12/01/2015 - 12/01/2017 |
| 2 + BATH | | Bayshore Residential | Property | Future 12/01/15-12/01/17 |
| 2 + BAYK | | Bayshore Town Center-Kiosk | Property | 12/01/2015 - 12/01/2017 |
| 1 - BAYO | | Bayshore Town Center-Office | Asset | 12/01/2015 - 12/01/2017 |
| 1 - CSCD | | Coral Springs Plaza-Retail | Asset | 12/01/2015 - 12/01/2017 |
| 2 - CSPP | | Cooper's Square-Development | Property | 12/01/2015 - 12/01/2017 |
| 3 - CRNR | | Cornerstone | Property | 12/01/2015 - 12/01/2017 |
| 4 - BAYO | | Bayshore Town Center-Office | Asset | Expired 1/01/16 - 2/01/2016 |
| 5 + BAYO | | Coral Springs Plaza-Retail | Asset | Expired 1/01/16 - 2/01/2016 |
| 4 - BAYO | | Cooper's Square-Development | Property | 12/01/2015 - 12/01/2017 |
| 5 - BAYO | | Cornerstone | Property | 12/01/2015 - 12/01/2017 |
| 6 - BAYO | | Bayshore Town Center-Office | Asset | 12/01/2015 - 12/01/2017 |
| 7 - BAYO | | Coral Springs Plaza-Retail | Asset | 12/01/2015 - 12/01/2017 |
| 8 - BAYO | | Cooper's Square-Development | Property | 12/01/2015 - 12/01/2017 |
| 9 - BAYO | | Coral Springs Plaza-Retail | Asset | 12/01/2015 - 12/01/2017 |
| 10 - BAYO | | Cooper's Square-Development | Property | 12/01/2015 - 12/01/2017 |
| 1 + CDA1 | | Company CA | Asset | 12/01/2015 - 12/01/2017 |

MRI SOFTWARE SOLUTIONS



Investment Central

Achieve more effective management of real estate investments and create a more informed portfolio strategy with Investment Central, a full life cycle asset management solution for real estate investment managers, fund advisors and institutional investors.

This solution consolidates disparate investment data and documents to support comprehensive risk management and efficient reporting to stakeholders. For more than 19,000 real estate investments across 17,000 end users, Investment Central enables enhanced critical decision-making and investor reporting.

Key features:

- Risk and exposure management across the portfolio, by investment or any attribute
- Complex deal and ownership structure support
- Investor relationship management and report distribution through client-branded portals
- Consolidated investment and portfolio overviews: Performance data, KPI alerts, exceptions, reports and key documents
- Flexible reporting, from daily asset management needs to custom investor reports



MRI SOFTWARE SOLUTIONS



Investor Connect

Investors need accurate and timely transparency into their real estate investment positions. Investor Connect offers a secure, web-based portal for investment managers to provide on-demand access to investors, prospects and other stakeholders.

From portfolio insights to property-level details, Investor Connect helps attract new investors and build current investor confidence with streamlined, comprehensive analysis and report distribution.

With support for all asset classes and investment structures, the solution eliminates manual data entry and frees real estate investment organisations to focus on business-critical initiatives.

Key features:

- Client-branded portal with intuitive tools
- Downloadable investor reports
- Drill-down capability into key performance metrics
- Centralised document repository
- Role-based security and permissions
- Secure hosting in high-standard, next-generation data centre environment



MRI SOFTWARE SOLUTIONS



Fund Modeling

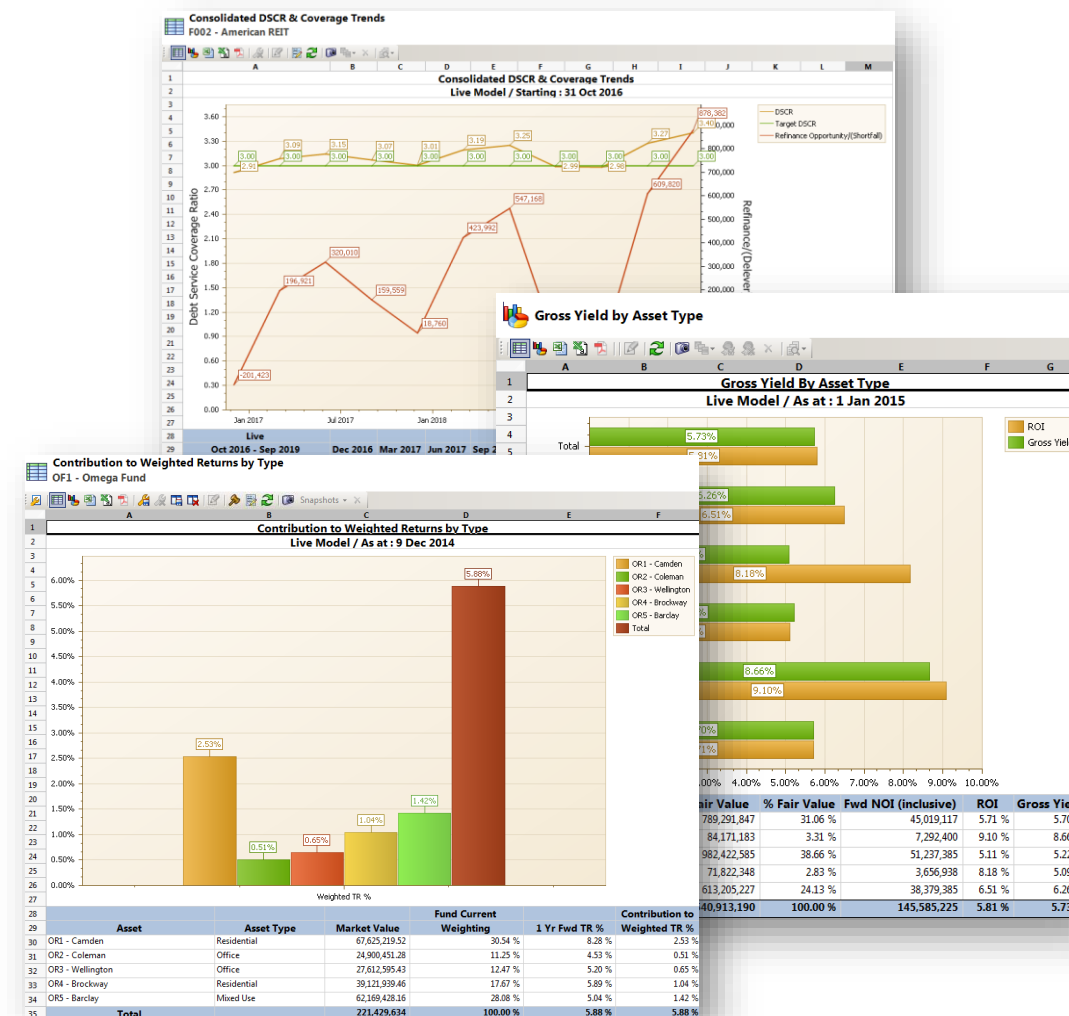
To stay competitive, real estate organisations must rely on detailed, flexible modelling and sensitivity analysis to gain competitive advantage and maximise risk-adjusted returns.

MRI's Fund Modeling software provides portfolio, fund and treasury managers a clear and accurate picture of historical, current and forecasted performance of their fund, including its value, risk factors and constraint parameters.

With powerful performance forecasting, transactional simulations and scenario testing, Fund Modeling enables your business to craft long-term strategic plans, make decisions, transact more efficiently and optimise overall portfolio performance.

Key features:

- Asset life cycle modelling, from acquisition to disposition
- Blend historical financial information with forecasted consolidations and fund-level activities
- Powerful and flexible calculation logic with strict data integrity
- Produce forecasted performance metrics such as returns, IRRs and yields, before and after debt
- Compare performance to market benchmarks and test constraints
- 'What-if' and sensitivity analyses
- Executive reporting and dashboards



MRI SOFTWARE SOLUTIONS



Asset Modeling

Real estate investment organisations require visibility into current and future performance of properties. MRI's Asset Modeling software provides the freedom to analyse and optimise portfolio performance both near- and long-term.

The ability to make informed business decisions means leveraging data and technology to analyse, monitor and forecast the current and future state of properties and portfolio.

This solution allows you to analyse portfolios by attribute, model and forecast valuations and report trends, key metrics and variances with customised reporting. Perform what-if scenarios to stay ahead of changing market conditions and minimise the impact on your portfolio.

Key features:

- Blend historical financial information with forecasted revenue, CAPEX and OPEX projections
- Layer on debt and forecast information
- Executive-level standard report library
- A sophisticated calculation engine capable of forecasting and valuing assets
- Lease-level sensitivity analyses
- Reports by property type, country, region, sub-region and MSA



MRI SOFTWARE SOLUTIONS



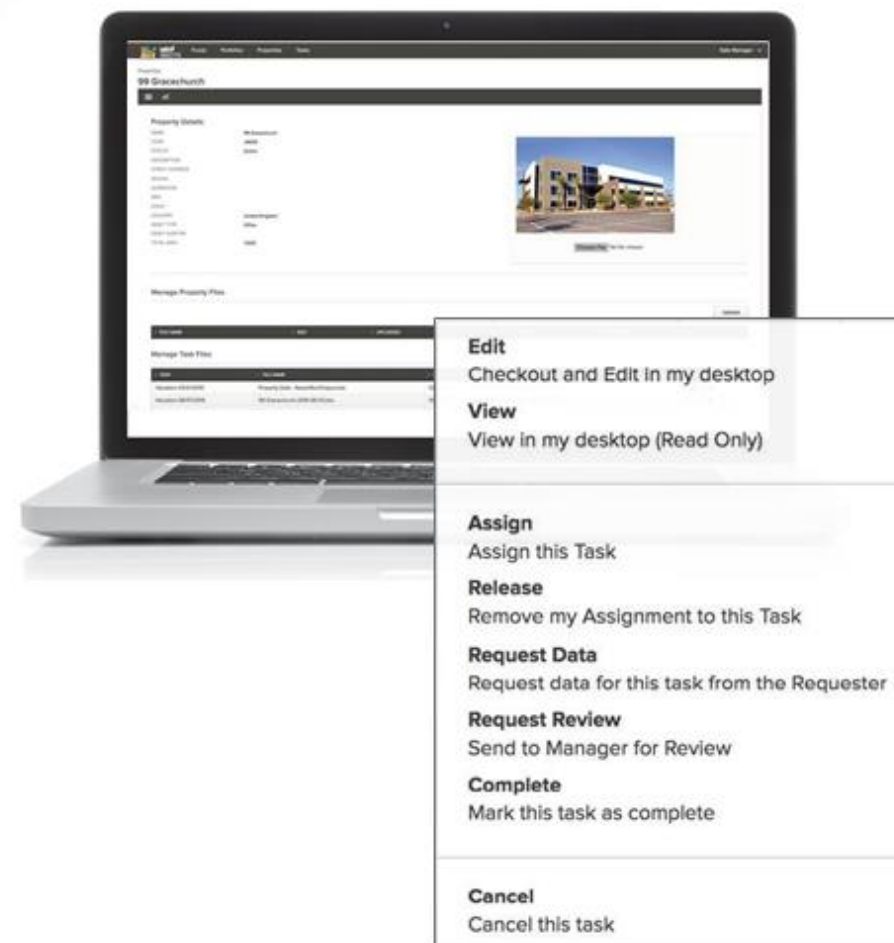
Global Valuations

Accurately value acquisitions and existing properties with MRI's Global Valuations software. Appraisers, valuers and analysts can easily value commercial assets, anticipate market changes and model acquisitions to deliver enhanced portfolio performance.

Make faster, more accurate decisions by considering multiple factors that can significantly impact portfolio value, including methodologies and standards that differ by country. Because valuations can change quickly, MRI Global Valuations also offers a simplified process to track and monitor variations to ensure accuracy of key assumptions.

Key features:

- Multiple methodologies including term revision, hardcore, DCF, capitalisation and greater of / lesser of hybrids
- Side-by-side and year-by-year valuation modelling
- Property- and portfolio-level valuations
- Forecasted cash flows and exit values
- Standard templates and bulk entry
- Target yield analysis



MRI SOFTWARE SOLUTIONS



Debt Management

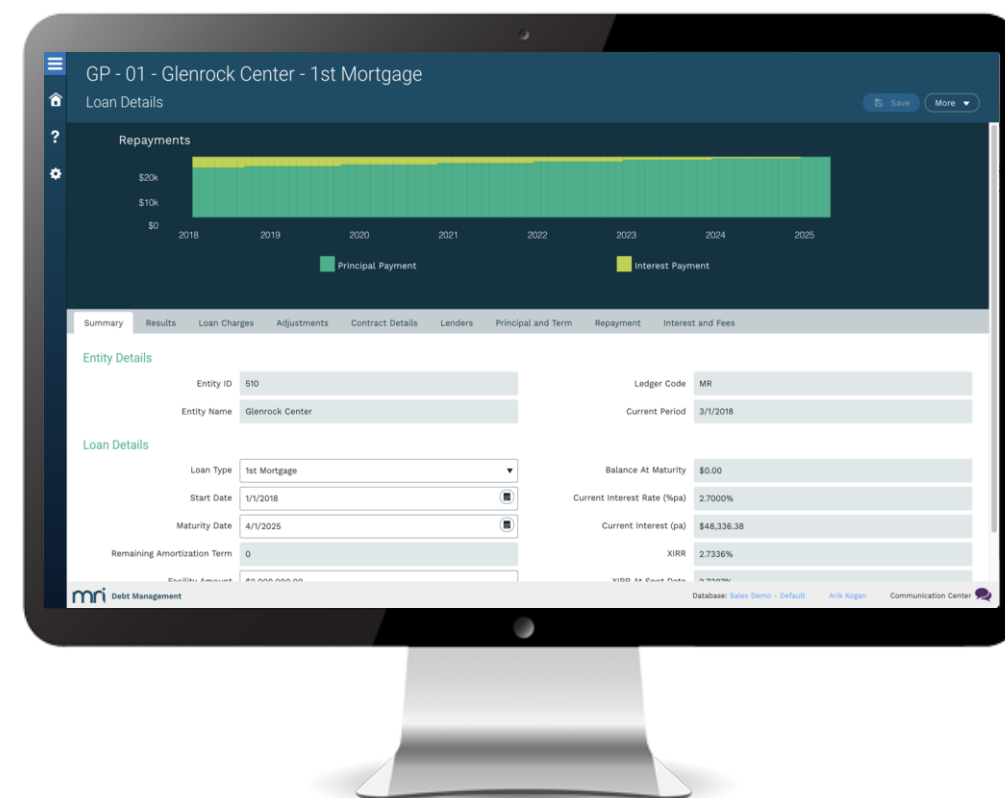
MRI's Debt Management software extends accounting platforms to give organisations control over all debt information. View everything from terms of loans and lenders to contractual and abstract information for your debt contracts.

A web-based calculation engine can even show you all future principal and interest payments over time, throughout the maturity of the loan. Then, it can add the calculated principal and interest payments as journal entries back into your accounting system.

Manage debt as a liability or an asset, without relying on spreadsheets that can't integrate or scale.

Key features:

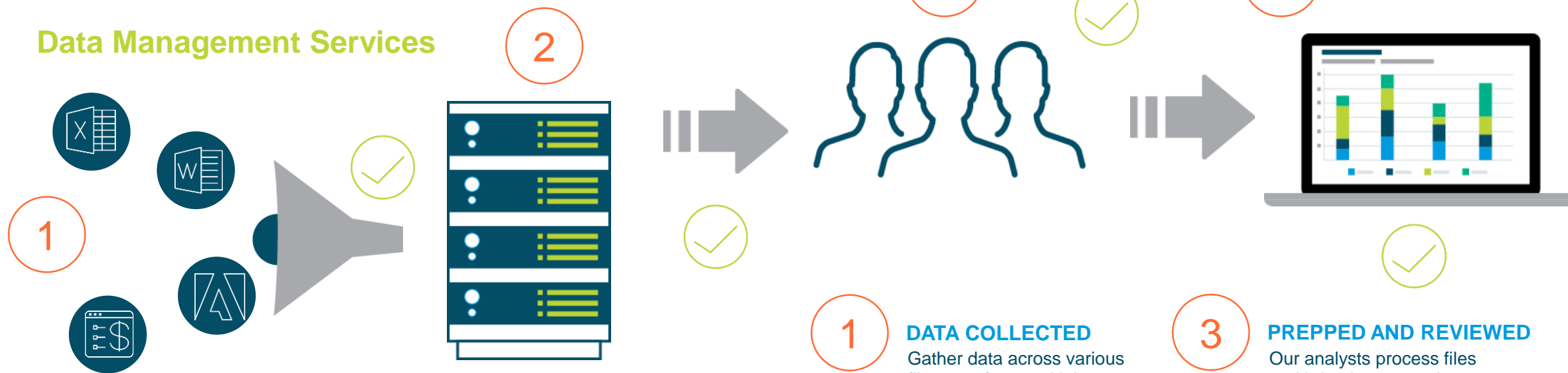
- Capture terms and covenants for any loan contract (asset or liability)
- Store related documents and lender / borrower information
- Manage inter-company loans and swaps
- Calculated loan principal and interest amortisations, fees, market-to-markets and escrow payments
- Automate the creation of journal entries for all loans
- Produce debt reports



MRI SOFTWARE SOLUTIONS



Data Management Services



It's time for organisations to stop chasing data and get back to managing real estate investments. By eliminating the manual data chase and input, real estate talent can be freed to focus on what they do best, while businesses can have greater confidence in the data that drives analysis, reporting and strategic planning.

MRI's Data Management Services provides a secure and scalable alternative to manual data input and document aggregation. Leveraging both human oversight and software automation, we overlay your business rules for data mapping to deliver accurate and timely information into your risk management and reporting processes. We support financial and non-financial data in any consistent format, without any set template.

1

DATA COLLECTED

Gather data across various file types from multiple providers

2

DATA UPLOADED

Load collected files and documents into the workflow system

3

PREPPED AND REVIEWED

Our analysts process files and bring into agreed standard format

4

EXPORTED AND DELIVERED

Data ready for import into your MRI investment solution (CSV / Excel / XML)



Validation checkpoints throughout process

Numerous procedural and software checkpoints that force analysts to stop and review data



SUCCESS STORIES



MRI's investment solutions in action

In the following examples, MRI's investment solutions have been utilised to transform strategies across multiple business types – each empowering growth, efficiency and better decision-making.

DERWENT
LONDON



Charter Hall



DERWENT LONDON

- Owns and manages a £5 billion portfolio comprising six million square feet
- 100 properties and 900 units, with a mix of tenants and industries

SUCCESS STORIES



REIT – asset and debt management

SITUATION

As a result of a merger in 2007, the company's portfolio doubled overnight. The previous analytical tools were no longer sufficient to support the larger portfolio.

CHALLENGES

Derwent London was using two different systems to analyse the portfolio and to carry out financial forecasts with no direct integration with the accounting system. This led to inefficient flow of data and restricted analytical ability. In addition, there was a requirement to be able to model the impact of multiple scenarios in a timelier manner.

SOLUTION

Derwent London replaced two of its systems with Investment Modeling from MRI Software. The solution is the firm's core system, which provides a central database of the portfolio and is used for asset management and valuations, annual budgeting, quarterly forecasting, modelling the financial impact of various scenarios, biannual reporting, and analysing the portfolio.

OUTCOME

The client uses Investment Modeling to support its annual budgeting cycle and five-year strategic plan, and to help make decisions that shape the future of its investments.



- SEC-registered investment adviser
- Unique, open-end real estate fund which invests in modern assets located in major US urban markets

SUCCESS STORIES



Private equity

SITUATION

Operating throughout the entire capital stack, National invests equity and lends debt – providing its development partners a range of flexible financing solutions: preferred equity, mezzanine debt, senior debt, construction loans, and credit enhancements.

CHALLENGES

National needed a flexible investment management solution to make compiling asset information across departments more efficient and to reduce the risk of oversights in manual reporting.

SOLUTION

National implemented MRI Investment Central and MRI Investor Connect. Investment Central gives National access to all the information needed to view, manage and report on investment portfolios. This helps consolidate investment data into one, centralised portal that employees from each department can easily access. Investor Connect gives National the ability to post both investor statements and fund reports for investors to view.

OUTCOME

Through MRI Investment Central and Investor Connect, National has experienced increased efficiency in its data tracking and reporting processes, leading to improved cross-department communications.

Charter Hall



- Boutique investment management firm that grew into a full-blown real estate investment trust (REIT)
- Manages more than \$28B AUM across commercial, retail logistics and industrial warehousing space

SUCCESS STORIES



REIT – fund and asset

SITUATION

By 2014, Charter Hall had expanded beyond what its systems could handle after growing rapidly for 10 straight years.

CHALLENGES

The firm took on additional funds and added staff, but the funds it managed also became more complicated and, in many cases, had different requirements. The sudden growth increased the organisation's operational costs and also limited its flexibility to respond to new opportunities, quickly pull together fund models and understand the impact of scenarios on the business.

SOLUTION

Charter Hall implemented the MRI Investment Modeling suite to improve automation and funds management capabilities and streamline the complexities of Australian fund modelling. The new technology initiative also offered the opportunity for the firm to re-evaluate its processes and data quality in parallel to the implementation process.

OUTCOME

Charter Hall has increased its strategic edge with the ability to simulate the organisation's response to shifts in financial, capital and leasing markets.



YOUR TECHNOLOGY JOURNEY

Where you are, and where you're going...

At MRI Software, we believe that technology is no longer a discretionary spend when it comes to real estate investment. Where multi-million-pound decision-making is concerned, having the right software platform is a core, fundamental element of a rounded strategy for tackling the end-to-end investment life cycle.

So, how advanced is your organisation in its adoption of tech? In our experience, there are three broad categories that companies fall within:

Realise the value of technology

Here, organisations haven't really got started. They are unlikely to see technology as a foundational part of their approach, and will likely be lagging behind those that utilise software for unrivalled insight and efficiency through intelligent automation.

Get more from your technology

In this scenario, organisations understand the benefit of technology, but don't have a joined-up, strategic approach. Often we see businesses using systems that are not purpose-built for real estate, and they simply cannot undertake the sorts of complex calculations required.

Maximise your investment in technology

With a dedicated system in place, the challenge now is to enhance further, to bring in new tools, to harness the latest developments and to embed your solutions even deeper within operations. By developing and customising your tech stack, you can bring even greater success.

Whichever of these is most applicable to your organisation, MRI Software has a comprehensive suite of solutions that can help you progress in your technology journey and reach the highest levels of performance.

**TAKE THE
NEXT STEP**



**DOWNLOAD
WEBINAR:**

Technology to
transform your
investment
strategy forever

DOWNLOAD



BOOK A DEMO
Delve deeper into
MRI Software's
Investment Suite

BOOK

Learn more about the MRI Investment Suite

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