



### Improving Cash Flow, Funds from Operations (FFO), and Providing Better Investor Reporting

How NTrust assisted a large Private REIT to streamline and improve processes to achieve operational efficiencies that set it apart from competitors.

#### IMPROVING CASH FLOW FOR A LARGE PRIVATE REIT

##### Problem:

The client is a private REIT with significant holdings in western and southern US. Because of this they were using multiple property management companies, all of which used different lease management and accounting systems. Issues that they faced with this were:

1. Data formats were different between systems
2. There was no uniformity of field names across systems
3. Users were inconsistent in which fields they used to enter data

In addition, the REIT's processes had not been streamlined hampering collection efforts and making reporting to investors inaccurate and a cause of constant friction within the REIT.

##### First Steps:

In order to truly understand the underlying issues the REIT was

experiencing, NTrust undertook a three-track approach to evaluate the issues that the client presented to us:

**Track 1** was to review the actual data feeds supplied by the property managers and then meeting with the property managers to understand what the data represented within their system.

This led to the creation of a data dictionary that allowed NTrust to map data from all property managers with the confidence that everyone was using the same data definitions.

**Track 2** was to transform the data so that it could be easily loaded into the REIT's Yardi system, which is the platform used for creating all investor reports.

**Track 3** was to publish the standards for what data should be entered into each field as a "Training Document" for new property managers at each property management company.

This resulted in significantly lower number of errors in data entry, and much more accurate final reporting.



*NTrust works with clients to assure better lease data accuracy and faster collection cycles.*

##### Implementing Change:

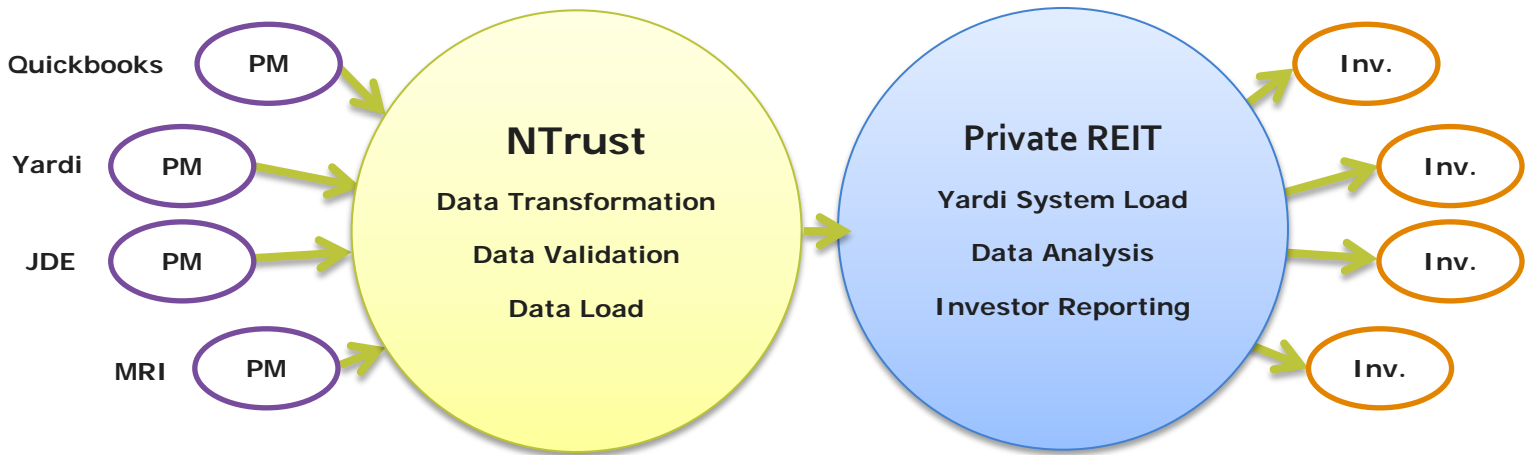
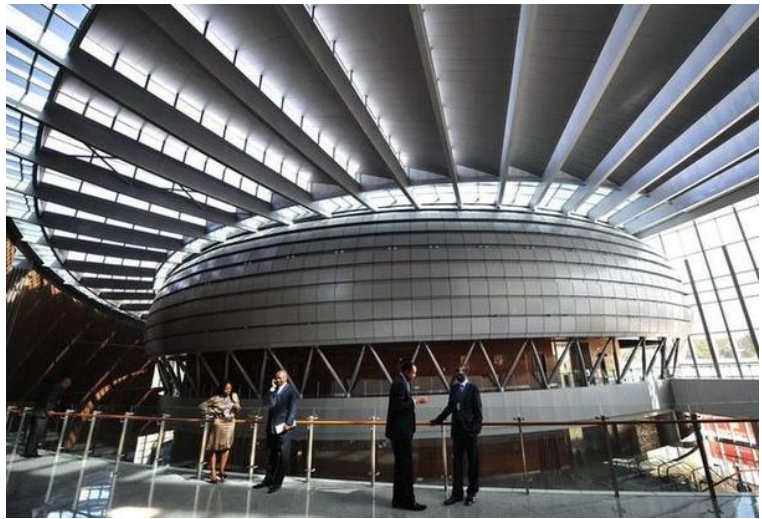
The three-track approach provided a platform which allowed all parties involved in managing REIT assets to speak a common language and understand how errors in data entry can flow through to create significant issues in Investor Reporting.

NTrust worked with REIT management and individually

with each Property Management company to have them understand the new Data Dictionary and to assure that there was a mechanism for training new team members as they were hired.

**Ongoing Process Management and Data Validation:**

NTrust then created a new process that would assure that data that flows to investors is accurate and robust.



**The Bottom Line:**

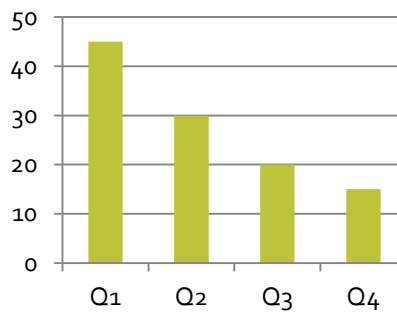
With our focus on process improvement, NTrust has been able to identify areas of efficiency which allowed us to manage the even larger data flows (from new acquisitions being added to the portfolio on a quarterly basis)...with a smaller team and reduced need for IT resources.

It improved the quality of reporting that goes to investors and the reports were sent on time all the time without any further revisions.

REIT investors had daily updates of their cash positions and as a result reduced the number of 'Cash Calls' to investors by 20%.

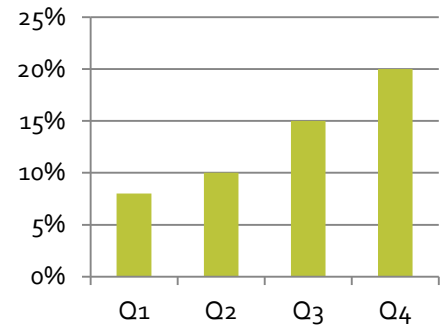
Aggregation and reporting done within 15 days of month closing compared to 45 days from a manual process.

**Days between Close and Reporting**



*NTrust was able to cut the investor reporting cycle by 30 days (from 45 to 15 days) in the first year. In addition the need for filing revised reports was eliminated because of the high accuracy of the work.*

**Funds from Operations (FFO) (% Increase)**



*Better collections based on faster reconciliation and earlier billing of CAM and Property Taxes increased FFO by 8% in our first quarter, and by 20% within the first year. Fewer "Cash Calls" and happier investors!*

