



Data Security: multifactor authentication, SOC status

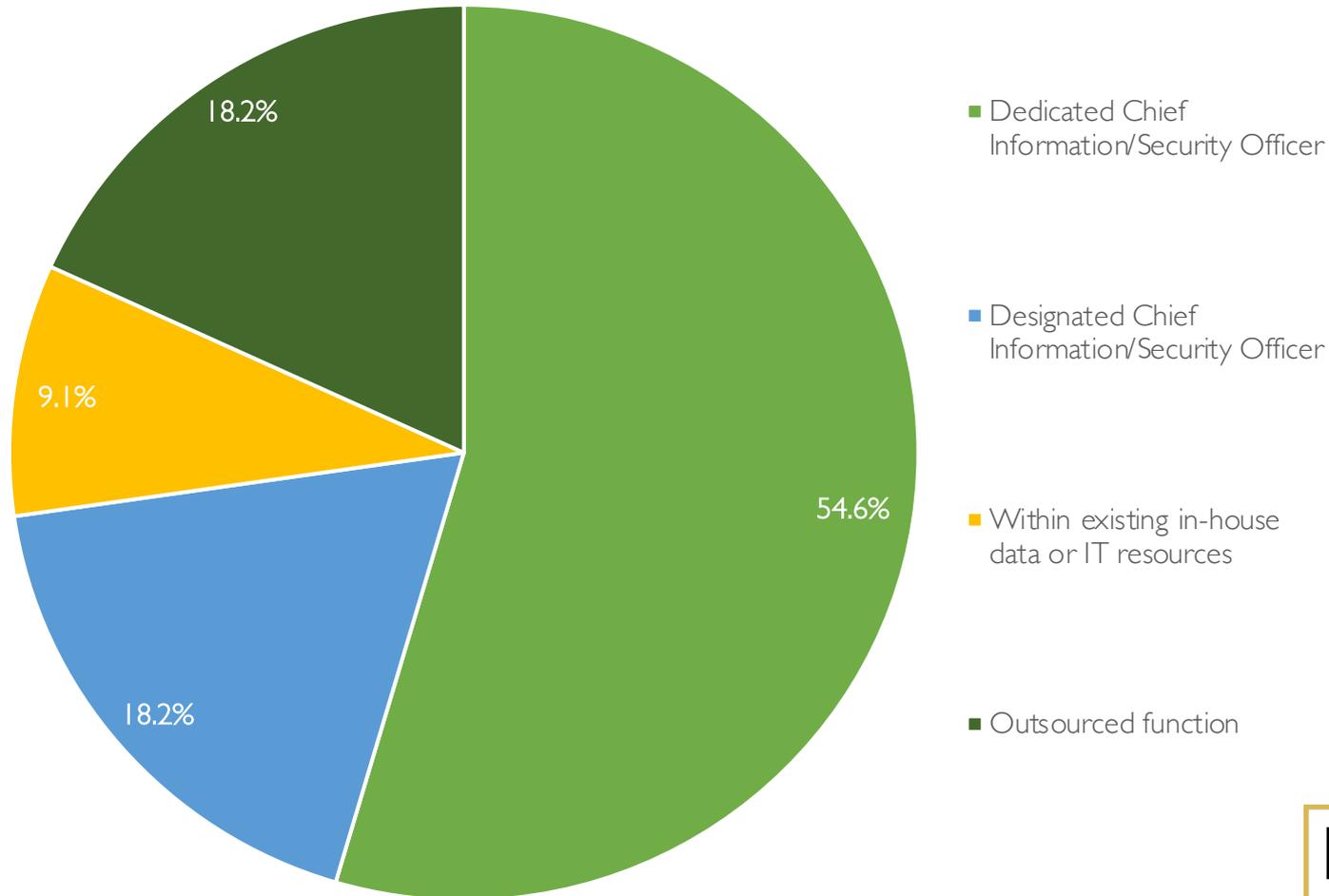
NAREIM members outline their data security practices and resources

*Real estate investment management best practices and NAREIM member survey.
July 2021.*



Resources: Dedicated vs designated Data Security executives

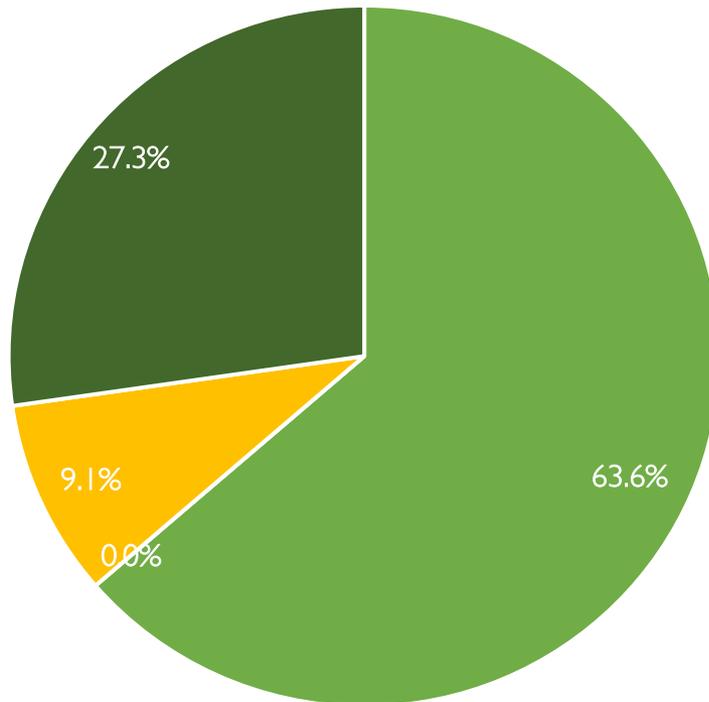
More than half of participants have a dedicated Chief Information or Chief Security Officer in position, while just under one fifth of managers had designated resources. A further 18% outsource the functional role provided by a Chief Security or Information Officer; while 9% house it within the existing IT resources. *Question: Do you have a dedicated or designated Chief Information or Chief Security Officer within your organization?*



Resources: Ownership & AUM

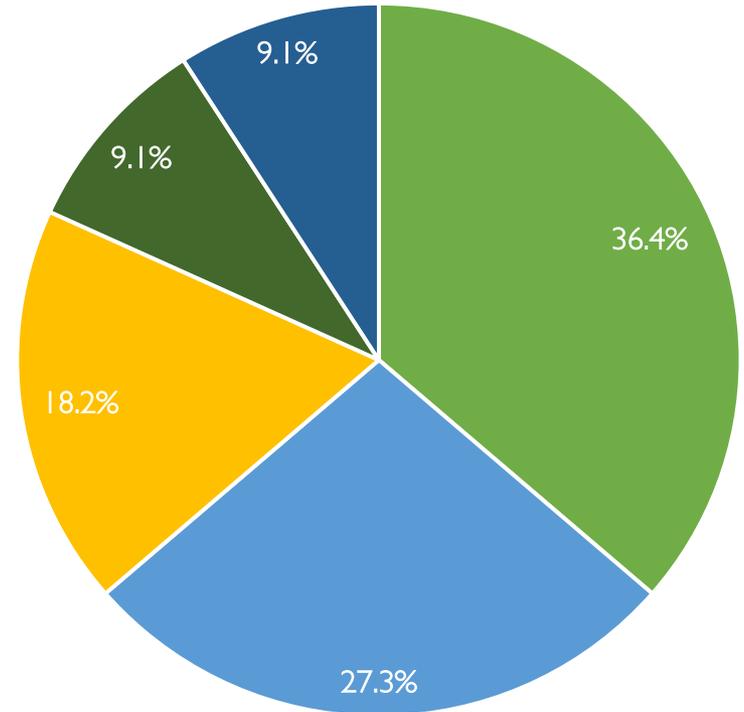
More than two-thirds of the member survey participants were independent real estate investment managers. One third of participants had less than \$5bn AUM, while another quarter had between \$5bn and \$15bn AUM. The survey was completed by 11 organizations between July 16 and July 29.

Firm ownership structure



- Independent real estate investment manager/private equity firm
- Affiliate/subsidiary of an insurance company
- Affiliate/subsidiary of a non-insurance financial institution
- Other

Firm AUM

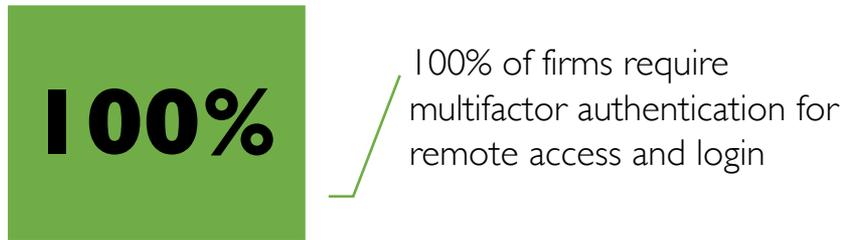


- Under \$5bn
- \$5bn-\$14.9bn
- \$15bn-\$49.9bn
- \$50bn-\$100bn
- \$100bn+

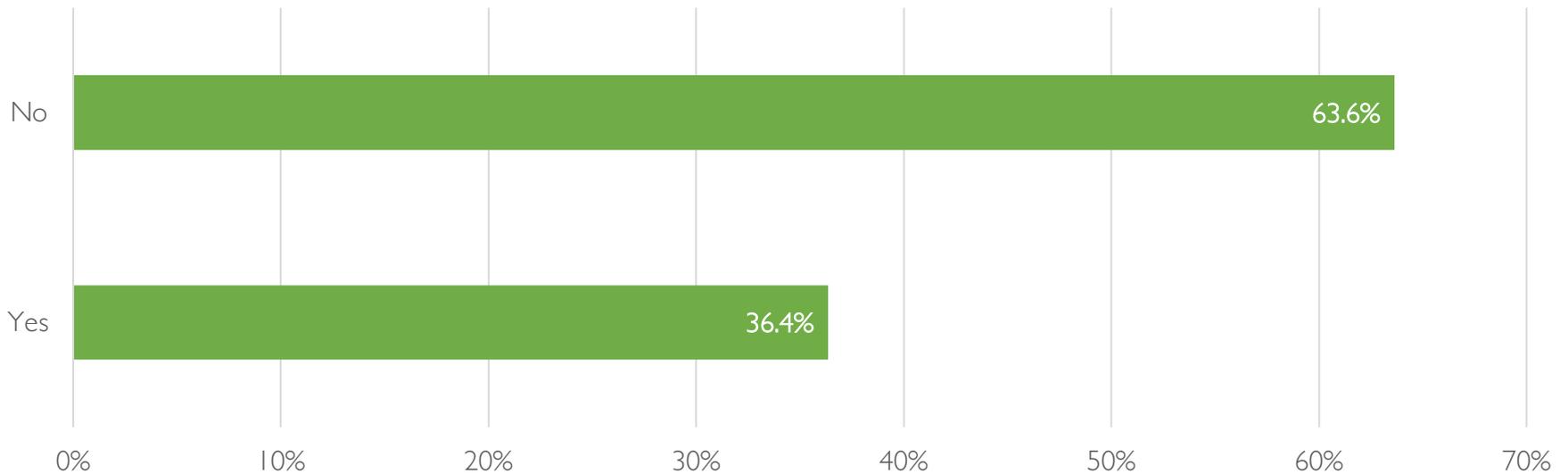


Multifactor authentication: Remote and in-office log-in

All NAREIM members required multifactor log-in for remote access to corporate systems. However, just one third of managers required multifactor authentication for logging onto systems while in the office



% requiring multifactor authentication for IN-OFFICE access and login



Data Security: Access to core systems and own machines

A majority of NAREIM members prevent employees from installing software on their machines, with a few companies only providing special access rights to a few core technology professionals within the business.

72%

72% of firms do not provide privileged access to employees to install software on own machines

Almost three-quarters of survey participants prevented employees from installing software on their own computers. The remaining quarter cited administrators and software developers as able to install software, with one member saying they allowed installation but provided employee training to mitigate risk issues. Question: Does anyone in the firm have privileged access to install software on their own machines? If yes, why?

82%

82% of firms do not provide privileged access to employees to install software on core systems

Eight out of 10 survey participants prevented employees from installing software on the core systems. Just two members said IT administrators were allowed to access the core systems, with both using separate accounts or elevated privilege accounts (and not everyday logins) to provide access. Question: Does anyone in the firm have privileged access to install software on the company's core systems? If yes, why?

Data Security: SOC certifications

Service Organization Control certificates are issued by CPAs and governed by the AICPA and provide a third-party audit of the design and controls around an investment manager's systems. Almost four-fifths of survey participants said they were not SOC certified, with one citing cost as a reason. For those that were, there was a mix between SOC 1 and SOC 2, with parent companies sometimes holding one certificate and a fund or RE arm holding the other. Institutional investors are increasingly asking about SOC certifications in their due diligence questionnaires.

82%

No SOC certifications

Eight out of 10 survey participants are not SOC certified, with one member citing cost as a reason.

18%

Yes SOC 1/2 certified

Just two survey participants said they were certified, with one member saying they already had SOC 2 certification and were in the process of gaining SOC 1. The other member said the open-ended fund had SOC 1, while the parent company had SOC 2 certification.

NAREIM

NAREIM is the industry association dedicated to the business of real estate investment management. Founded in 1990, NAREIM today represents real estate investment management firms with combined assets under management of more than \$2 trillion. For 30 years, NAREIM has been the home of real estate investment management benchmarking and best practices, where investment managers learn and share intelligence to drive investment returns and business performance.

NAREIM member surveys

NAREIM members often reach out to ask their peers about pressing concerns impacting their business.

Data security, including authentication of systems for remote and in-office log-in, as well as the type of personnel dedicated or designated as lead Information Security executives are of increasing interest to LPs during due diligence. We invited members to share their best practices regarding Data Security strategies between July 16 and July 29, 2021. A total of 11 member organizations submitted data representing more than \$200bn of AUM.

All survey answers are provided anonymously - to both fellow members and NAREIM.

For more information on the surveys please contact Zoe Hughes, CEO, zhughes@nareim.org.

