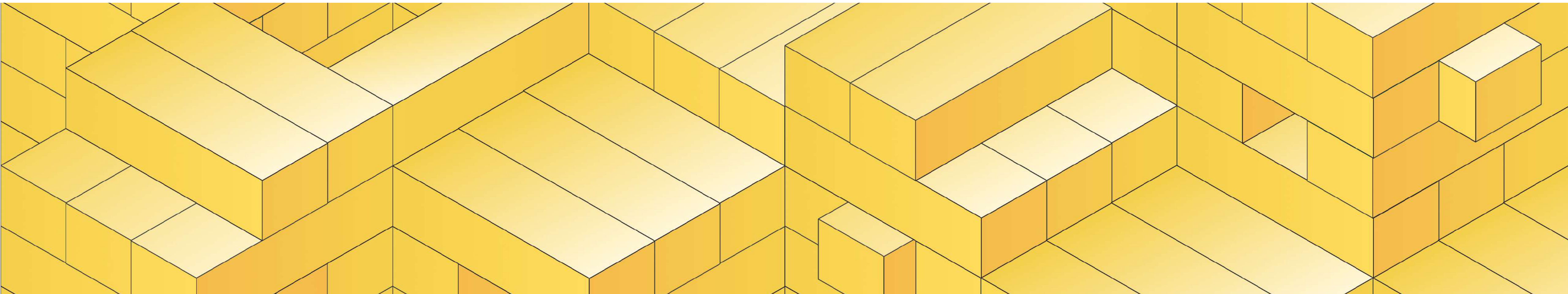


Streamline real estate with a data room



Accelerate transactions while ensuring confidentiality



Game changer virtual data room

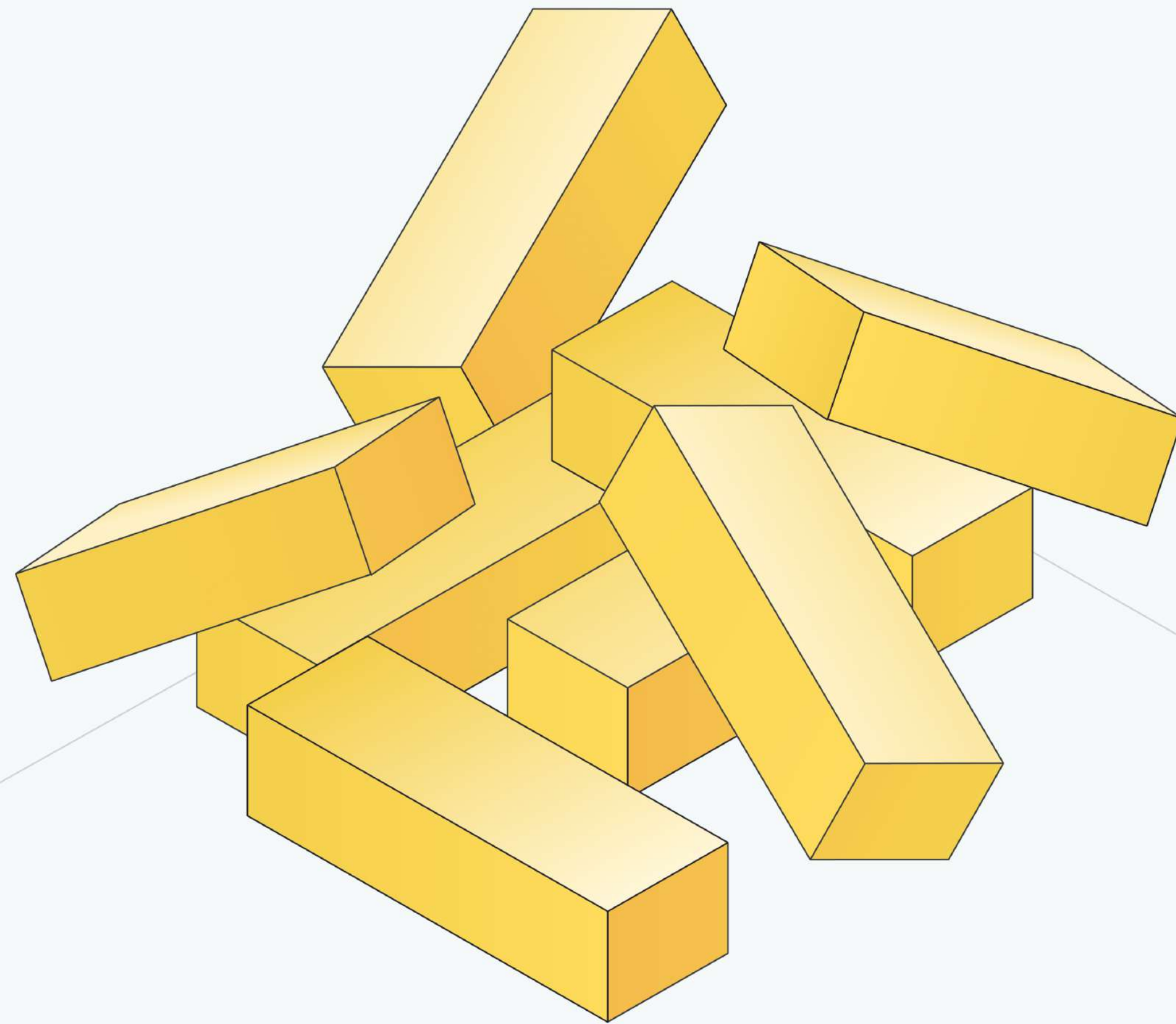
Innovative technology for staying
ahead in real estate

idealsvdr.com



Content

The power of VDRs in real estate	4	Successfully closing the transaction	19
Designed to help real estate dealmakers	5	Key factors for a VDR selection	20
Fundamental steps for maximizing VDR value	12	Discover the latest on the real estate landscape	22
Ensure project continuity	17		



The power of VDRs in real estate

In an era characterized by intense competition at a global level and fluctuating economic dynamics that deeply affect many sectors, including the realty market, the effective utilization of virtual data rooms (VDRs) can offer a significant competitive advantage to real estate professionals.

This white paper will delve into the potential of VDRs within commercial real estate, specifically addressing their role in optimizing operational processes, mitigating security risks, and maximizing productivity.

By examining the features, setup considerations, and management aspects

associated with VDRs, we aim to empower brokers, advisory firms, investment management, asset management, and all the other actors of the real estate industry with a thorough understanding, enabling them to evaluate the strengths and weaknesses of each platform.

By harnessing technology, we have the opportunity to unlock newfound efficiencies, foster enhanced, seamless collaboration, and fortify decision-making capabilities. Ultimately, these advantages will propel real estate professionals toward resounding success.

Designed to help real estate dealmakers

Usually, a VDR is a cloud-based document repository for storing and sharing sensitive information between businesses.

These software applications provide secure online access to a central depository where brokers, advisors, lawyers, developers and other professionals involved in real estate can smoothly manage projects from start to finish, sharing encrypted files with partners, investors, and potential buyers in real time while keeping them safe, and controlling access, especially across borders.

VDRs significantly streamline transactions and processes like due diligence, asset management, bankruptcy and restructuring, real estate portfolio management, and investment management.

Going forward, we will use the terms "seller" and "buyer" as a general reference to encompass various actors involved in a commercial real estate deal, including developers, Real Estate Private Equity (REPE), advisory firms and brokers, Real Estate Investment Trusts (REITs), investment management firms, asset management firms, and construction entities.

”

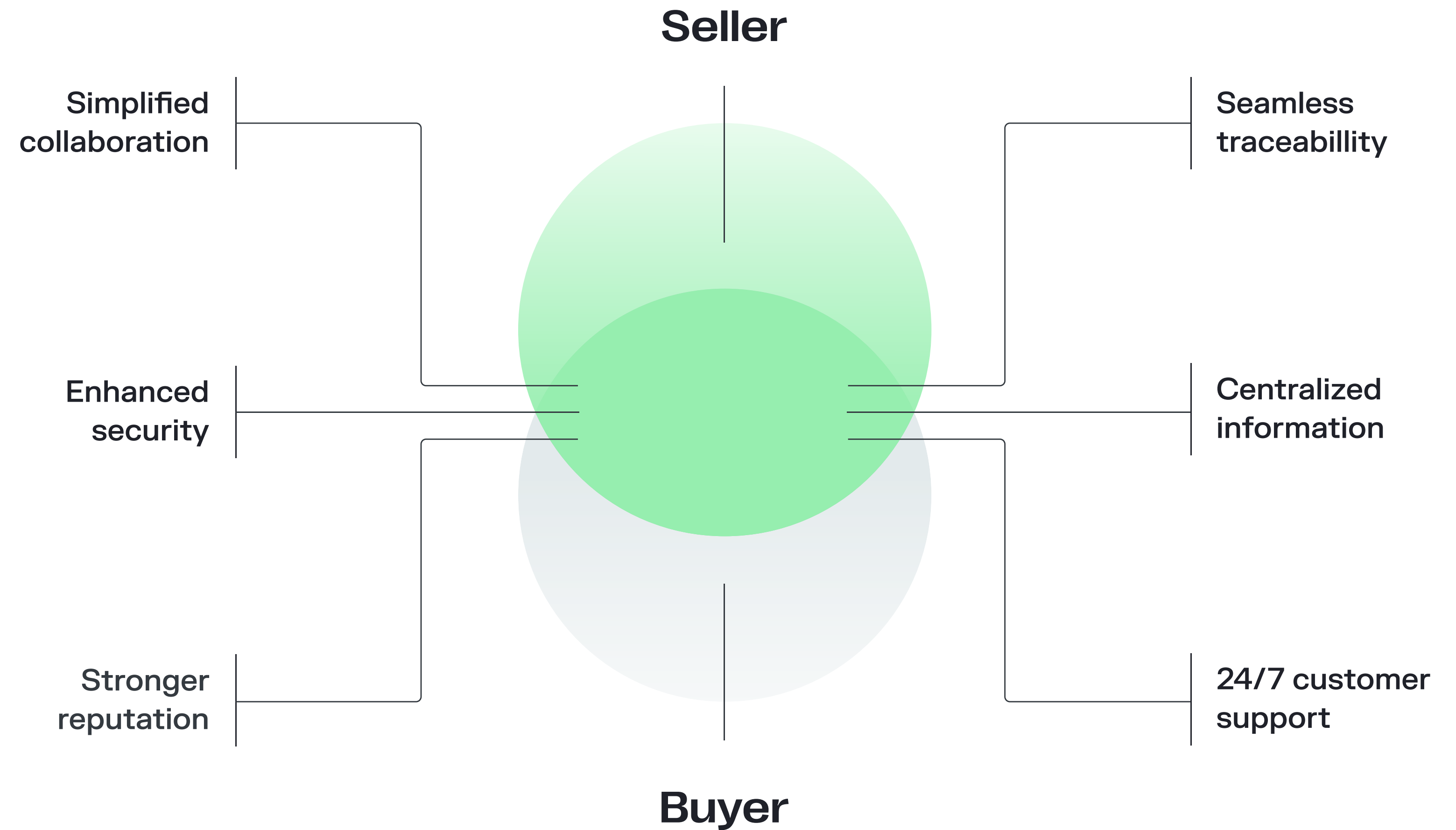
In complex transactions where the highest confidentiality and transparency is needed, you really need a VDR. It facilitates the drafting and verification of SPAs and it is an easy tool for the inclusion of R&Ws in contracts.

Salvador Grau

Investment Associate Director at Azora

Enhancing the seller's and buyer's journey

The diagram on the right shows the interaction between the seller and the buyer in a real estate transaction, highlighting the benefits for both parties when using a VDR.



Simplified collaboration. The customizable workflows, different groups and roles permissions allow for simplified and streamlined collaboration and easy interaction with other users in the data room (depending on the level of permission), access to data room functionality, document permissions, and other settings. The seller in particular can easily manage all the permission levels of the data room.

Enhanced security. Top security features (such as McAfee, watermarks, IP address-based access restriction, 256-bit encryption and 2048-bit keys data protection during transmission and storage, ISO/IEC 27001:2013 and SOC2 certifications, GDPR and HIPPA compliance, and more) protect sensitive data, guarantee the confidentiality of shared sensitive and financial documents, and allow for sharing information safely with third parties outside the seller's company

for instance potential buyers, investors, contractors. The seller in particular has the ability to have complete control of their own data, monitor what is shared with potential buyers, and maintain a record of disclosures related to the eventual purchase agreement.

Stronger reputation. Some VDR providers offer the possibility to customize the data room by, for example, uploading the company's logo, changing the interface color or customizing the login panel background. Far from being a pure design adjustment, branding a VDR contributes to impact positively the relationship between seller and buyer, consolidating the professional image, improving recognition and creating mutual trust.

Seamless traceability. Any activity within the VDR can be tracked and checked in every moment. This allows to

monitor whether a specific document has been viewed and/or edited at all, by any user/s. The seller in particular has also the possibility to gauge the level of interest of buyers based on their activity.

Centralized information. The possibility to access all the relevant information in a centralized and organized manner, avoiding the risk of losing important elements or aspects of the transaction itself.

24/7 customer support. VDRs can be accessed at any moment and from anywhere in the world. A 24/7/365 customer support is available in 13 languages offering prompt live-chat, email and phone help.

Adopting a VDR for a real estate transaction is a choice that, apart from allowing for a frictionless and fast collaboration, brings to the various actors involved the tranquility and peace of mind that they are operating in a safe environment, built on transparency and guaranteeing a high-level security.

This is evident in every moment of the transaction:

- From before the beginning of the deal until after its close: a 24/7/365 customer care service is available to support buyer and seller with any need they might have.
- From the beginning of the deal until its close: a VDR protects the deal from leaks and exposes vital information to the market and/or competitors.

During the deal: administrators can track all the actions performed by the users and understand the level of engagement of key stakeholders, such as investors or bidders.

After the deal: administrators can download the contents of the data room and save it in the cloud. Some VDR providers also offer an option to order encrypted flash drives of the data.

”

VDRs are simplifying deal flow and due diligence for both investors and advisors. By offering secure online platforms, VDRs centralize document management, streamline collaboration, and enforce strict security measures.

Mohammed El Madani

Co-founder & Managing Director at Alqant Real Estate

Security threats

Risk



Internal and external security compromise

Internal actors, including employees, contractors, or partners, may intentionally or unintentionally compromise data security. Sensitive data can also be accidentally exposed physically, on the Internet or any other form including lost hard drives or laptops, resulting in a data leak.

Data loss or corruption

Accidental data loss or corruption can happen due to hardware failures, software glitches, power outages, or natural disasters. Besides, malicious software, such as viruses, worms, Trojans, and ransomware can infect the system and compromise data integrity and confidentiality.

Physical theft or damage

Physical storage media, such as hard drives, tapes, or portable devices can be stolen, misplaced, or damaged, resulting in data loss or unauthorized access. Attackers can also manipulate individuals into revealing sensitive information or granting unauthorized access.


Real estate vulnerabilities

The use of a VDR contributes to protect sensitive data in any kind of transactions:

- From sell-side for an off-market property transaction to fundraising.
- From investors communication to internal repository for asset and portfolio management.

High security standards must be guaranteed in order to avoid security threats such as the ones indicated in the table.

A VDR helps streamline the deal management and also allows to monitor users' activity and stakeholders' interest level. This helps accelerate high-stake business decisions and avoid inefficiencies such as the ones shown in the table.

Inefficiency	Risk	
Time-consuming and manual tasks	Cumbersome procedures slow down the various stages of the real estate project and potentially impact the overall timeline of the transaction.	
Unchecked access	Not restricting the access to documents and folders can make collaboration and coordination among various stakeholders challenging and chaotic.	
Redundant logistics	Physical document management incurs costs related to printing, courier services, and storage.	
Lack of analytics	The lack of understanding around the progress of the project might generate poor interest in investor, low engagement in the stakeholders and, consequently, an underuse and a not full comprehension of the capabilities of the VDR.	

VDR benefits in real estate use cases



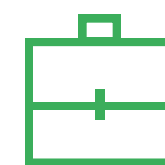
Off-market transactions

It allows brokers, lenders, investors and developers to manage multiple real estate projects at the same time, by setting up separate rooms and seeing the whole pipeline at glance. It also contributes to the protection of sensitive data for off-market properties sell-side transactions.



Fundraising

When sharing documents with lenders, the administrators can monitor in real time all users' activity. This improves project management and communication with prospective LPs favouring the fundraising process.



Asset management

Asset managers, private equity specialists, credit, and market research analysts can easily and faster track important elements of the deals and pipeline in a highly-secured centralized space.



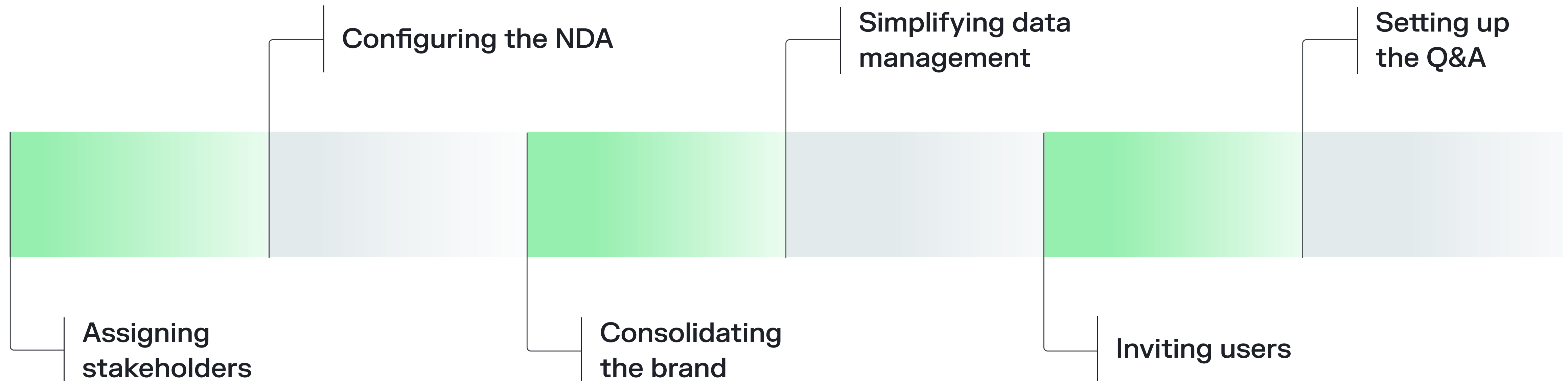
Partnerships

Investors can track properties transactions and streamline communication with their partners and other parties guaranteeing correct financial and forensic audit. This clearly contributes to raise investors' interest.

Fundamental steps for maximizing VDR value

The specific workflow for setting up the VDR will be determined by the preferences of the involved parties and the available VDR features.

However, in general, before inviting outside users, such as potential buyers and their representatives, during the preparation phase, it is crucial to complete the following tasks:



Assigning stakeholders

It is considered a best practice to assign administrative rights to multiple individuals involved in managing the real estate transaction. This can include real estate brokers, real estate agents, lawyers and advisors as well as a partner, associate, working on the deal.

By having two administrators, tasks like inviting users, making changes, and adjusting permissions can continue even if one is unavailable, therefore avoiding delays.

Individuals who may be granted administrative rights generally should meet the following criteria:

Competence. Administrators should possess knowledge of or be willing to learn how to use a VDR. They should be able to determine the appropriate levels of access to provide to new invited users based on their respective roles in the transaction.

Authorization. Administrators should be authorized to access all privileged information within the VDR (such as all incoming correspondence from the buyer, seller, and external parties related to the deal), or if not, understand and agree to be bound by an NDA or general disclosure restrictions.

Configuring the NDA

Most VDR platforms offer a convenient feature for configuring automatic NDAs when new users log into the data room.

This makes it mandatory for users to accept the terms before accessing any additional information.

Enabling this feature:

- Streamlines the process of obtaining signatures
- Allows for record-keeping and the generation of reports of individuals who submitted NDAs and when
- Prevents a breach of confidentiality obligations
- Allows for protecting confidential information and limiting the diffusion of sensitive data externally
- Allows for monitoring who has access to the platform and prevent any information leak or, in case it happens, have proof of that and take the necessary legal actions.

Consolidating the brand

Some VDR providers offer the possibility to customize the data room to consolidate the professional image of the seller in the eyes of the buyer, improve recognition and create trust.

Among the various actions available to brand the VDR, the administrator can:

- Upload the company's logo
- Change the interface color
- Customize the login page background

Simplifying data management

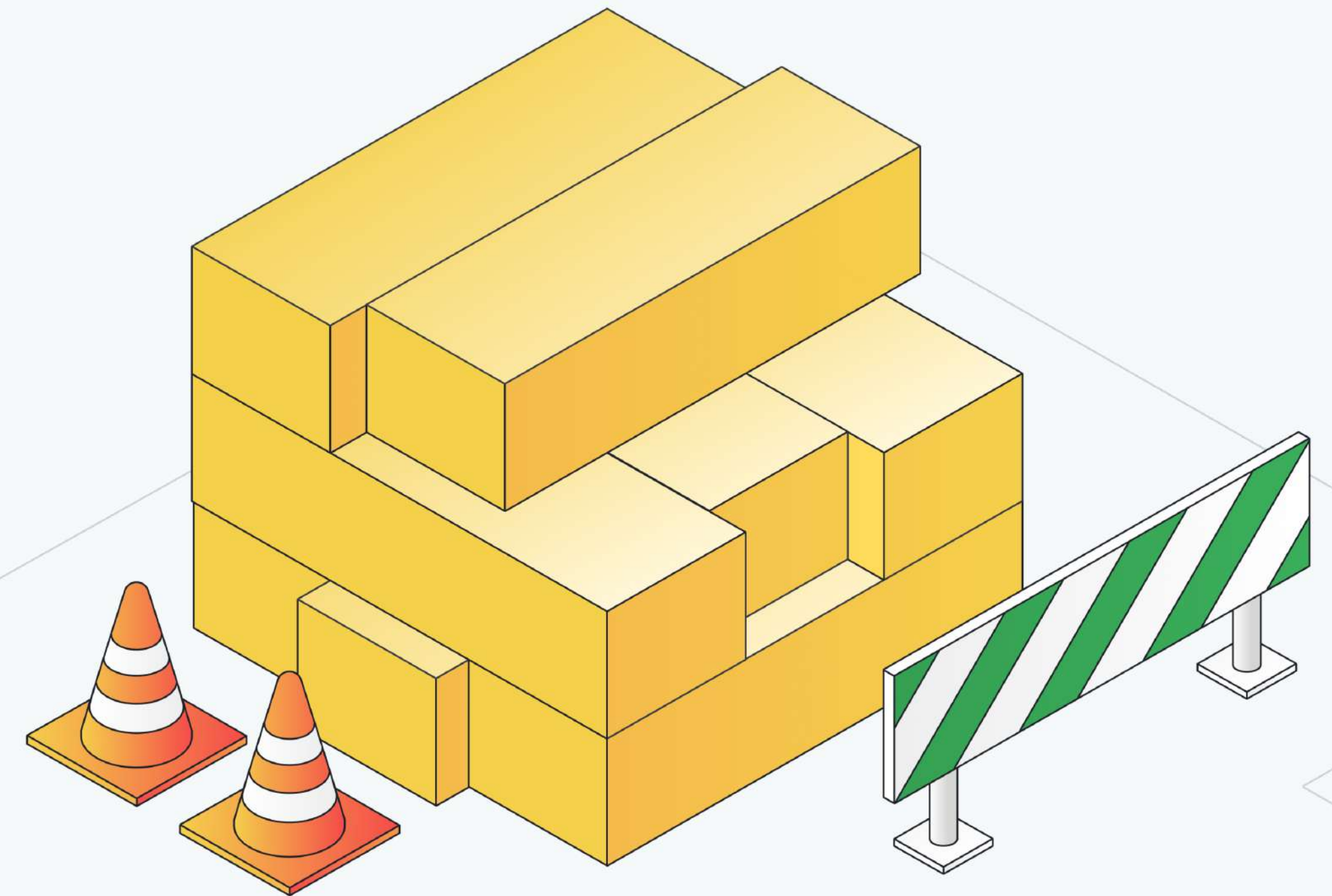
Uploading folders and files directly

The most efficient way to add data to the new VDR is for administrators to directly upload the existing folder and file structure. Some platforms offer the possibility of bulk uploading and automatically indexing the folders structure.

This approach works best when the folders and files are already organized and properly named.

Syncing with a local folder

Certain platforms offer a sync feature, allowing administrators to effortlessly populate and maintain the data room by syncing with a local desktop folder automatically or as per administrator's request.



Creating a folder structure and delegation of uploads

Administrators can use a real estate checklist to delegate the task of obtaining the files to different users with upload rights.

While this method is common, not all users may be willing to learn how to upload their data to a VDR. If the client is not accustomed to using VDRs, they may default to the less secure approach of sending the files over less secure channels, such as email.

It helps to have a system for reviewing uploaded documents before inviting other users to the VDR.

Setting up upload notifications for the data room so that the administrator can review a document when it is uploaded by another user can help them keep track of new data uploads.

The administrator can also create a preparation folder in the VDR that only they can see.

Once the administrator has reviewed and approved a document, they can move the file out of the preparation folder and into the actual folder available to other users.

”

One of the primary advantages of using VDRs is that the administrator can establish different levels of access for each user based on their needs. This feature ensures that confidentiality and security are guaranteed.

Javier Bravo

Partner, Head of Hotels & Hospitality at Catella Spain

Setting up the Q&A

Managing communications during real estate transactions can be a challenging task. By utilizing the Q&A section of a VDR, administrators ensure efficient collaboration management.

When setting up the Q&A, administrators can select which roles to include in the workflow, depending on the transaction requirements.

Most advanced Q&A modules offer different roles for personalized workflow, such as expert, question submitter, answer coordinator, and answer approver.

Some features to look for:

- Question categories: Serve as an additional filtering option

- Automatic grouping: Quick and convenient navigation
- Sorting options: By status, creation, priority
- Smart search: Keyword-based with advanced filters

Inviting users

After populating the VDR, the administrator is ready to invite external users, such as potential buyers and their representative, developers, REPE, advisory firms and brokers, REITs, investment management firms, asset management, construction entities, etc.

The general process for inviting external users:

- Create user groups or individual entries
- Determine files and folders accessible to them
- Set permission levels, such as: view, print and download
- Send out invitations via email

- Users can access the VDR contents once they receive the invitation

Administrators can define and review security parameters for the project, which apply to all project users, including administrators, and revoke access at any time. These security parameters may range from basic two-step verification to advanced restrictions based on email domains and/or IP addresses.

Ensure project continuity

Here are some general tasks associated with ongoing VDR maintenance you should keep in mind:

Grant rights for room access

Determine which individuals are responsible for inviting new users and user groups to the VDR and whether these individuals are given the necessary rights:

- To invite outside users to the VDR directly or through a request to an administrator
- To disable access to the data room for users and groups when their participation in the real estate project is no longer relevant

Create an internal review before going live

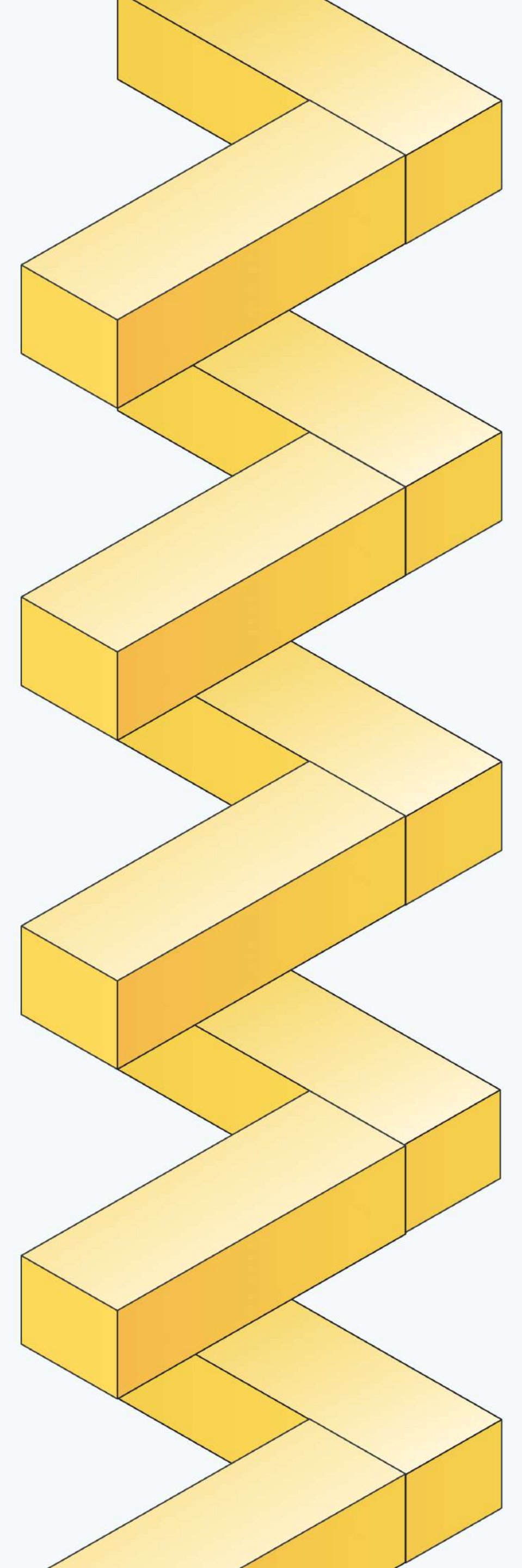
Determine whether a preparation folder is to be created in the VDR where files can be reviewed internally before going live.

Content upload permissions

Choose which individuals are responsible for keeping content in the room up-to-date and whether these individuals are to be given upload permissions for the folders they are required to renew.

Q&A workflow processes maintenance

Decide which individuals are responsible for answering questions, for submitting questions, and for acting as approver for both processes. Also determine the process for ensuring that the workflow is maintained and understood throughout the teams.



Stakeholders can

✓ Gauge user engagement

Stakeholders can monitor login patterns and user engagement thanks to detailed records of when users or user groups accessed the data room.

✓ Set automatic notifications

Stakeholders have the possibility of being constantly involved and updated with emails regarding new logins, uploaded and viewed documents, etc.

✓ Map interest

Stakeholders can identify areas of interest and potential focus areas thanks to a breakdown of which folders and documents were viewed and which ones were overlooked.

✓ Export audit logs

Stakeholders can perform various kinds of modifications within the data room (such as updates, deletions, and more). A log of these interventions is kept to ensure transparency and accountability.

Make data-informed decisions

One of the key advantages of using a VDR is the capacity to track and monitor the activities of users within the data room. VDRs provide comprehensive reports that empower real estate professionals by revealing insights, as the ones in the table on the left.

Successfully closing the transaction

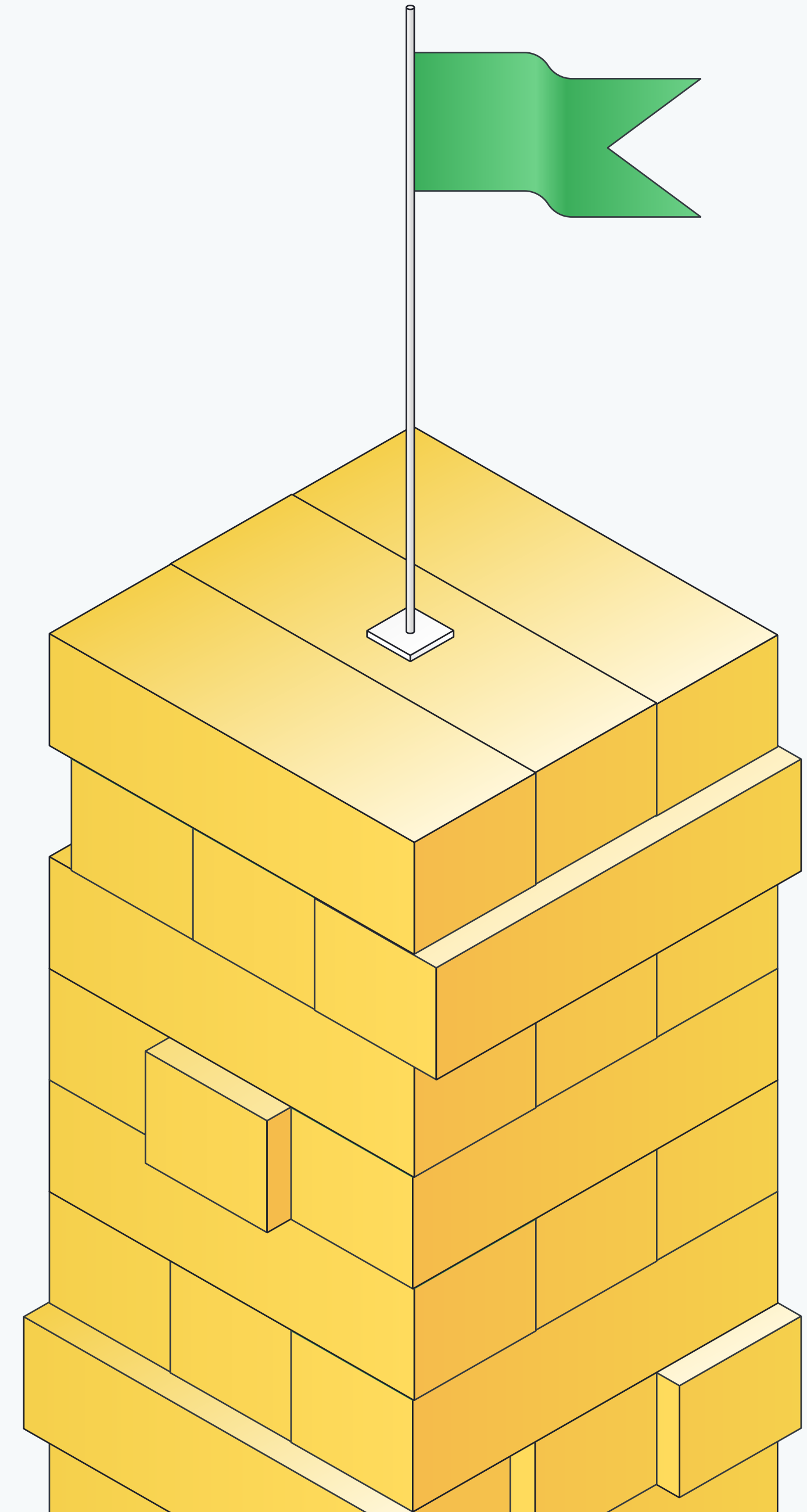
When the real estate transaction is complete, the administrator is ready to close the data room. Here are some final steps to consider during this phase:

- Create a backup of the data in the data room before closing the data room. The administrator can usually do this by downloading the contents of the data room and saving it locally.
- Some VDR providers also offer an option to order encrypted flash drives of the data. The most advanced providers offer hardware-encrypted flash drives with military-grade AES-XTS 256-bit encryption.

Support and services

Compared to emails and drives, VDRs are designed to ensure private entry and efficiency for users by default. During all the phases of the deals, including the closure, providers usually offer:

- 24/7/365 customer service available via in-app live chat, phone, or email
- Multiple language options for the interface, support, and help center
- A dedicated service for document organization, FAQs, video tutorials, NDAs, signatures, and set up of the Q&A module



Key factors for a VDR selection

Choosing the best VDR for your business involves careful planning. iDeals' top priority is to offer its clients a frictionless experience, by helping them accelerate their deals while guaranteeing high security standards and excellent customer service. Irrespective of the party initiating the selection process, there are crucial factors that should be addressed as a foundation:



Preferred providers

Begin by determining if the buyer or firm already has a preferred VDR provider and understand the reasons behind their choice, which may include:

1. Specific features
2. Customer support
3. Pricing structure
4. Migration capabilities



Security requirements

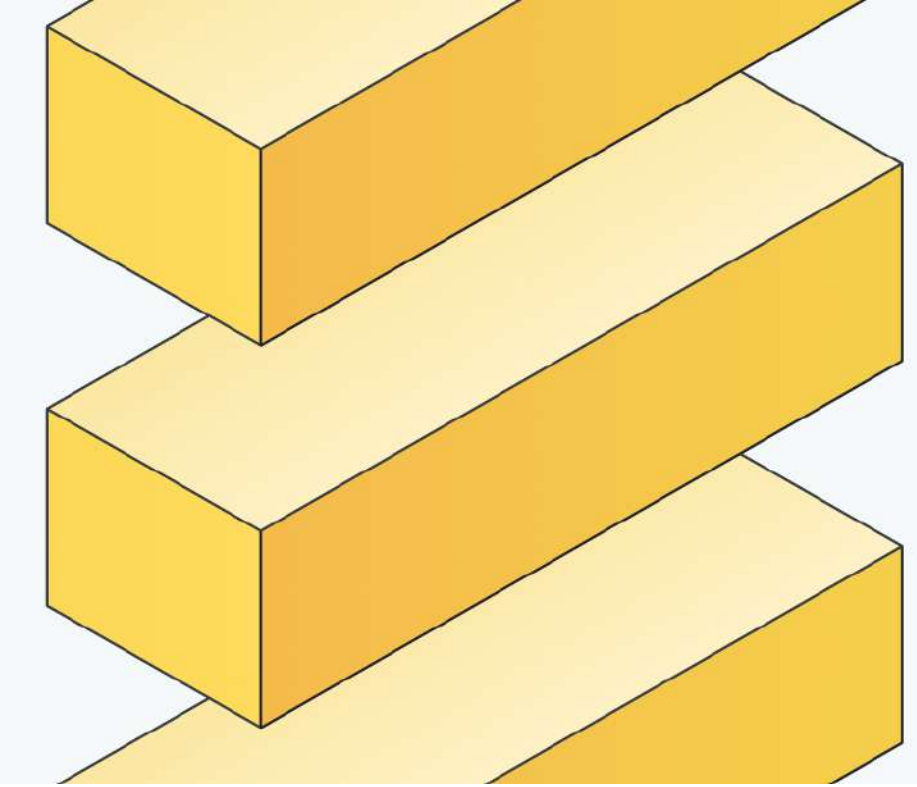
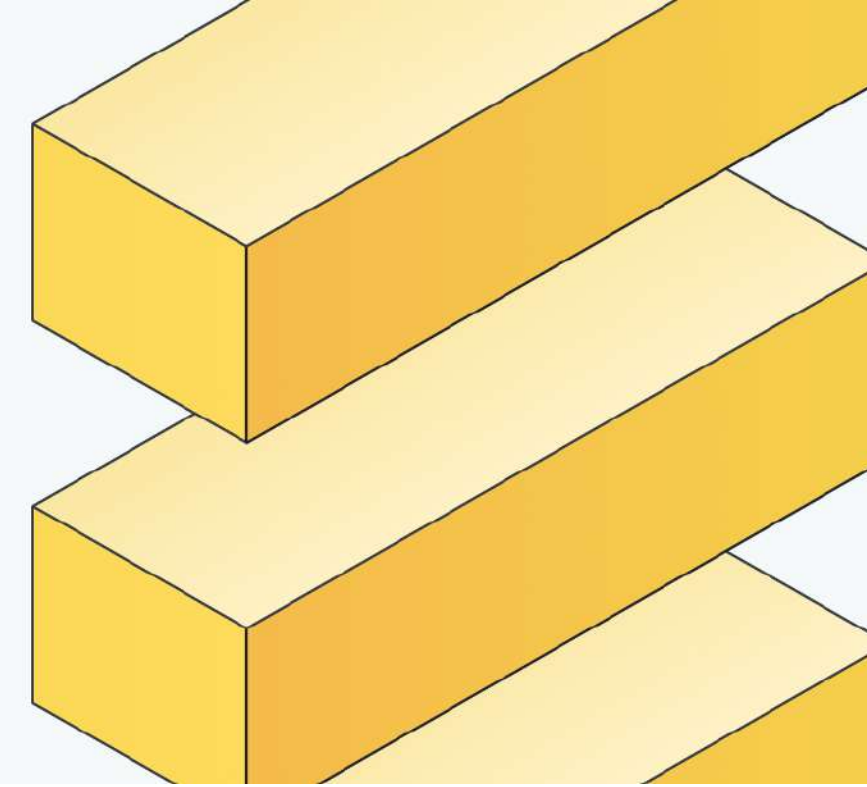
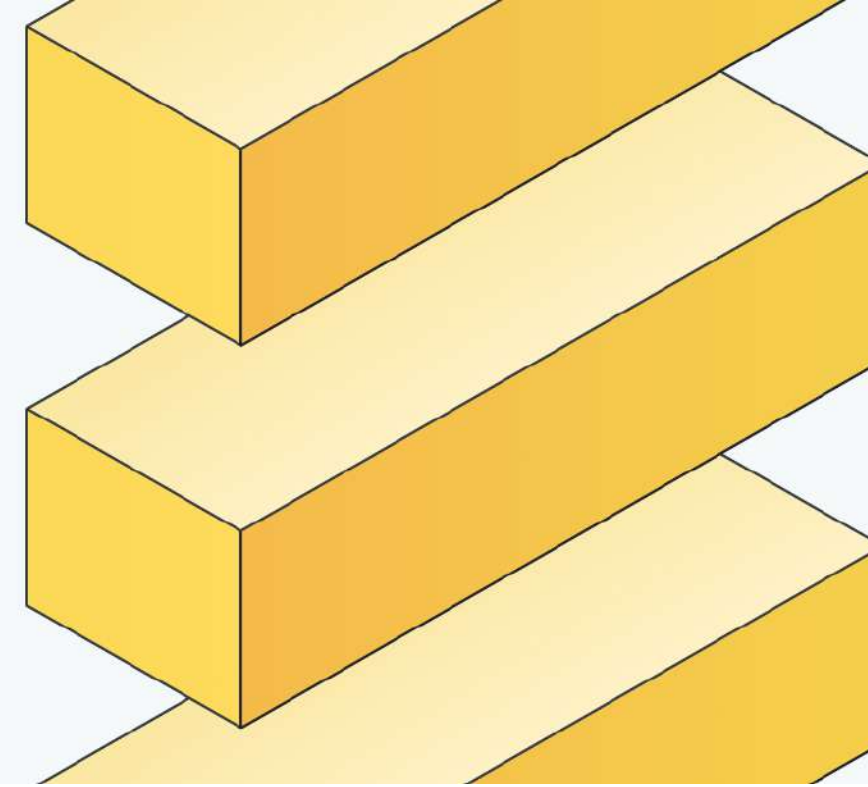
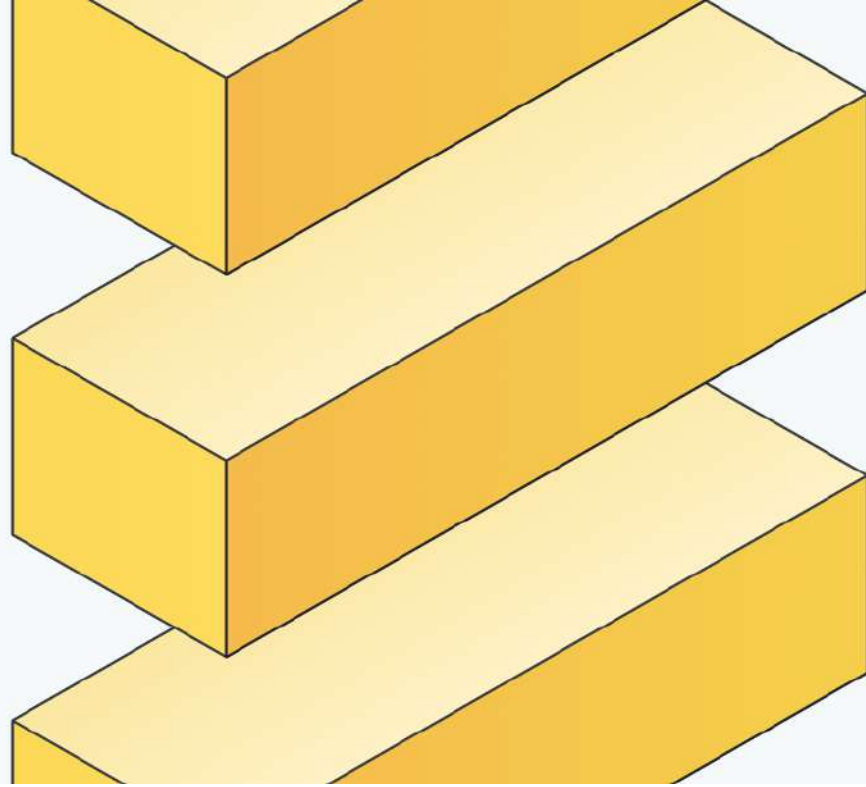
Identify corporate, federal, state, or industry regulations or standards that impose specific security requirements for protecting the uploaded information.

For instance, the General Data Protection Regulation (GDPR) in Europe, the Securities Act of 1933 and the Securities and Ex-change Act of 1934 in the U.S.



Data sovereignty

Evaluate whether there are any specific disclosure or compliance requirements about the nature of the stored information and the jurisdiction where the data servers must or cannot be located.



Access requirements

Determine the anticipated number of:

1. Administrators, individuals with invitation and data room access granting capabilities
2. Guest users



Storage needs

Estimate the approximate number of pages or data that the project is likely to require in terms of storage.

Many VDRs offer free trial periods to help calculate this information accurately.



Customer care

Assess the level of ongoing help and support required from the VDR provider.

Some VDRs offer premium services and dedicated managers to assist with the setup and maintenance of the project.

Access a comprehensive overview and comparative analysis of the various VDRs for commercial real estate providers available on the market and learn the benefits of working with iDeals. [Learn more here.](#)

Discover the latest on the real estate landscape

VDRs have the advantage of streamlining the negotiation process by allowing simultaneous and orderly access to all involved parties. With a large amount of information easily uploaded, the required data and documents can be quickly and accurately searched at any time and from any mobile device.

By providing access to a centralized platform that enables secure and efficient information sharing, these platforms can significantly improve the efficiency and effectiveness of the due diligence process, which can, in turn, accelerate deal flow.

Supported by the M&A Community, iDeals has gathered and interviewed experts from the real estate industry to discuss, among other things, the driving factors in the real estate investment field, the role of emerging technologies in transaction execution, and, especially, how VDRs can facilitate the deal flow for investors and advisors during a transaction.

[You can find the experts' round table discussion in the M&A Community Insights section.](#)

”

Virtual data rooms have become an essential tool for facilitating deal flow and due diligence during transactions. This platform allows all information, data, and documents required for a deal to be available to all parties involved in the transaction in a fast, secure, and confidential manner.

Javier Bravo

Partner, Head of Hotels & Hospitality at Catella Spain

” iDeals is not the first virtual data room service used by our team, however, it is the first we are fully satisfied with.

Robert Hurka,
Consultant, EY

Rated 4,7/5 based on 300 reviews,
G2 Market leader 2023

