



Real Estate Information Standards (REIS)

Via e-mail only

August 30, 2011

OSCRE

Open Standards Consortium for Real Estate

Attn: Catherine Williams

RE: Investment Performance Reporting Member Review 01

Dear Ms. Williams:

This letter represents the Real Estate Information Standards (REIS) Board's and Council's comments to OSCRE regarding the proposed Investment Performance Reporting (IPR) data- specification standard. We applaud OSCRE's goal to develop the IPR from which data recipients and data providers in the real estate arena can develop corresponding systems and databases to capture performance data for interoperability and portability purposes. As global convergence continues, we would welcome the inclusion of the REIS standards, as well as those of other standard-setting organizations, in initiatives such as this in order to achieve a global data-specification standard. Therefore, we appreciate the opportunity to respond during this member review stage. Our comments are primarily focused on the usefulness of the proposed IPR in achieving the goal of REIS compliance for Account Reports¹ designed and developed for U.S. private institutional real estate funds.

Description of REIS

The REIS initiative is co-sponsored by the National Council of Real Estate Investment Fiduciaries (NCREIF) and the Pension Real Estate Association (PREA). A detailed description of REIS including, but not limited to the REIS standards, reference materials, current projects and governance can be found on the REIS web site (www.reisus.org).

REIS Response

Summary document: the business proposition

We think the description of the project scope would benefit from the inclusion of a high-level diagram that incorporates the data categories (e.g., lease, tenant, valuation, fund) - in addition to the data providers/recipients and the process flow steps - into a comprehensive presentation. We suggest further build out of the benefits of the IPR project and inclusion of a sustainability plan for the data specifications over the long-term. Also, we think the project would benefit by adding workgroup members so that each type of data provider and data recipient is adequately represented. We think these changes may serve to enhance and promote the value proposition of this project to every stakeholder during the critical buy-in stage of this multi-phase project.

¹ Account Reports include the entire periodic (e.g., quarterly and annual) package submitted to investors in commingled funds (open and closed-end) and single client accounts.

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We appreciate your request for a REIS response and strongly encourage similar requests to other standard-setting organizations such as INREV, ANREV, and GIPS. We think compliance with the standards of these organizations, coupled with data specifications initiatives such as this, is becoming increasingly important to investors and investment managers. Therefore, the development of performance-data specifications which embrace the information required to achieve compliance and allow for third-party verification of the various standards will produce a value proposition to investors and investment managers. The REIS standards incorporate portfolio management, performance, asset management, financial and valuation information. By way of example the REIS standards include information such as time-weighted returns (TWR) (before and after fees), internal rate of return (IRR), and various risk-assessment indicators. The full incorporation of this information into the IPR would provide a business benefit to those firms seeking REIS compliance for their Account Reports. As an update of the existing REIS standards, Volume I of the REIS Handbook is expected to be issued within the next 30 days and will be posted to the [REIS website](#) and will be inclusive of the REIS standards, compliance, glossary and checklists.

Detailed specifications

Our comments on the detailed specification address the following:

- Organization and user-friendliness,
- Process Map, and
- Calculations and reported results.

Organization and user-friendliness

In order to describe and improve usability and usefulness of the IPR to both business and system participants in this project, we think the following should be added to the documentation:

- Index of specification files including the intended use of each file and how the files relate to each other.
- Summary description and instructional guide for each specification file.
- Clarification regarding the organization of data elements by use (e.g., valuation, asset management, performance, financial).
- Comprehensive build out of data definitions that improves clarity and consistency.
- Additional data fields for data providers to designate the foundational standards being reported and the deletion of references to foundational standards from the data definitions. This will facilitate global application.
- Development of translation fields for data elements with significant differences in terminology between countries.

Process Map

We think the contents of the Process Map should be aligned with the Summary Document to include all data providers and data recipients and would also benefit from a more comprehensive inclusion of data preparation, submission, and results distribution steps relating to all parties. From our perspective, the process flow for data delivery to investors is more interactive among the data providers/recipients (creating multi-directional exchanges) and

includes more paths than are currently shown. We recognize that the specification development for additional data providers/recipients and process steps may likely be handled through additional phases of this project. However, high-level documentation of such additional phases would provide a view to the more comprehensive project and would facilitate the buy-in that is needed to move the initial phase forward.

Calculations and reported results

As mentioned above, the development of a data-specification standard which facilitates REIS compliance is important to us. We agree with a design approach whereby the reported data calculation results as well as the underlying data components are included and we encourage full incorporation of this concept within the specification. In this manner, the reported data calculation results for items such as TWR, IRR and other rates of return can be resident in the data standards for purposes of reporting, verifiability, comparability and analysis. A data specification inclusive of reported data calculation results is crucial to the investor audience.

Thank you for giving us the opportunity to comment on the IPR during this member review stage. Should you have any questions or need additional information, please do not hesitate to contact the undersigned at 978-887-3750.

Yours truly,

A handwritten signature in blue ink that reads "John J. Baczewski". The signature is written in a cursive, flowing style.

John J Baczewski
REIS Board Chair