



# Real Estate Information Standards (REIS)

**REIS NEWS**  
**March, 2010**

## **Highlights:**

- Performance Measurement Resource Manual available for public comment until April 1, 2010
- REIS Council approves changes to debt valuation standard; Board approval pending
- PREA session on measuring manager performance highlights REIS initiatives

## **Performance Measurement Resource Manual**

The [Performance Measurement Resource Manual](#) is available for public comment on the REIS web site until April 1, 2010. The Manual provides detailed calculation instructions on property, investment and fund level time-weighted returns, IRRs, equity multiples and other metrics and also provides a list of recommended performance disclosures and a sample performance presentation. Comments are encouraged. The REIS Council is expected to vote to approve the Manual during its April teleconference. Afterwards, it will be submitted to the REIS Board for approval.

## **Debt Valuation Standard**

During the March REIS Council teleconference, the Council approved a proposal to evaluate whether modifications to the debt valuation standard within REIS are warranted. The existing standard requires all debt liabilities to be reported at fair value. The proposal would maintain the existing requirement for all open-end commingled funds to value debt, but would change from required to recommended debt valuation for all other funds and accounts. The Council also approved a proposal to evaluate whether enhanced disclosures surrounding debt valuation for all funds are warranted. Such disclosures include, but are not limited to: the impact of debt valuation on time-weighted returns; identification of the methodology selected for debt valuation (gross, net or none); an explanation of the valuation process and key valuation assumptions; and the aggregate dollar impact of debt valuation on net asset value. The REIS Board is expected to consider the prospectus for these proposals at or before its May meeting. Any change to the REIS standard requires public comment on an exposure draft and Board approval.

## **PREA Session on Measuring Manager Performance**

During the Spring PREA conference, a general session was held which discussed the challenges of measuring manager performance in the post credit crisis investment environment. The panel including plan sponsors, and a fund of fund investor, consultant, accountant and an investment manager commented on the difficulty experienced in the industry today to obtain comparable information to allow for performance attribution and effective manager selection. One investor pointed out the significant dispersion of returns noted in the NCREIF/Townsend Real Estate Fund Indices highlights how important manager selection is as well as the critical need for comparable data from managers. While an investment manager pointed out the burden of producing dozens of different reporting formats dependent on the individual policies of investors, others noted the overriding objective of REIS is to allow for efficient manager selection and portfolio allocation decisions, and to reduce the reporting burden on managers by establishing an industry standard for reporting content. In response to questions on the best path to achieve industry compliance with such reporting standards, an investor noted the recent success of the Institutional Limited Partners Association in requiring managers to adhere to the ILPA Private Equity Principles. We are pleased the session highlighted critical industry needs in the current investment environment as well as the overriding objectives and benefits of REIS in addressing those needs.

## **Next REIS Council Meeting**

The next REIS Council meeting will be conducted via teleconference at Noon Eastern on April 21, 2010. All are welcome to attend. Call in information and materials for the meeting will be posted on the [REIS website](#).

*REIS News is published monthly and provides a status report of significant developments within REIS and the foundational standards' bodies on which it depends (USPAP, U.S. Fair Value GAAP, and GIPS). More detailed information can be found at [www.reisus.org](http://www.reisus.org).*