

REIS COUNCIL PROSPECTUS

Project Name: Expansion of Fund Reporting Requirements

Date: July 22, 2009

1. Description, Purpose and Benefits of Project

The purpose of this project is to revisit and, as appropriate, to propose expansion of the list of required and recommended fund reporting items in Chapter 4 of the REIS standards. This effort will review items which were tabled when the current Chapter 4 was developed, readdress the applicability of certain items (i.e., consider some existing recommendations to become requirements), and consider expansion of the list to include certain items. Resultant changes are intended to enhance the scope of the disclosures in the REIS standards and/or foster further transparency and comparability between investment vehicles.

2. Background and Project Description

When Chapter 4 of the REIS standards was first developed and approved, it was understood that it was a living document and would require revision from time to time. Further, there were a number of topics that were not included in the final version of the chapter because of lack of time and study. Through its work on an ongoing basis, the NCREIF Portfolio Management Committee, together with members in common with the NCREIF Plan Sponsor Committee, has been reviewing the standards and identifying the topics which were excluded from the original version of Chapter 4 but merit consideration. This work has resulted in a list of 8 items.

These items are shown and briefly described below. This description includes the anticipated product or recommendation for each item. During its deliberations the task force will consider the applicability of the item(s) to particular fund structures and strategies.

3. Proposed Composition of Task Force

The effort will be coordinated by a Task Force largely drawn from the Portfolio Management and Plan Sponsor Committees, and will also draw upon members of other NCREIF standing committees, the PREA Reporting and Valuation Affinity Group and other interested parties for input, technical advice, and support. The task force will be coordinated by Chris Meyer (Chair), Jeff Maguire, Mike Morrell, Tom Mulvin, Tim Schlitzer, and Maritza Matlosz (Task Force Coordinators). Tim and Maritza are voting members of the REIS Council.

Each item will be pursued by separate working groups. While these working groups have not been formed as yet, the attachment details the proposed composition of each group by committee. Our plan is to have the relevant Task Force Coordinator contact the relevant committee leadership for recommendations of members who would be interested and available to work with that group.

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			Preliminary list	
		Portfolio/ Plan Sponsor Member team leader	Other Committees to be Included	Estimated Completion of group work
Item	Description			
Leverage Disclosure	Review and, as necessary, expansion of existing leverage disclosures. Building on the efforts within the Debt Valuation Task Force, the FAS 157 Implementation Task Force and other efforts, this group will attempt to formulate a proposal for a leverage disclosure to be included in the REIS standards going forward.	Steve Repertinger	Accounting	June 2010
Occupancy/Rollover Statistics	There is no requirement in chapter 4 for occupancy and rollover statistics. The Portfolio Management Committee believes that this is a major oversight, and that such statistics are key to understanding any portfolio of real estate. This group would formulate a proposal for inclusion of these statistics and rules for their calculation.	Jean Murphy	Accounting, Research, Performance Measurement	February 2010
Sources of Value Changes	The Portfolio Management Committee believes that the sources of value changes should be included in the disclosures. For example, analysis of how much value change is caused by internal vs. external valuations and by debt valuations is useful information to help understand investments. This group will explore this topic and propose disclosures and rules in this area.	Jeff Maguire	Accounting, Research, Performance Measurement Valuation	June 2010

Forward Commitments	Presently forward commitments are required to be reported under Portfolio Characteristics. This group would formulate a policy on when and how such forward commitments should be shown in fund reporting.	Maria Almounir	Accounting, Research, Performance Measurement	June 2010
Dividend Return	This item was tabled during the initial publication of Chapter 4. We believe some sort of uniform measure of income should form part of our fund reporting package, and this group would once again try to tackle this topic. This group will coordinate its efforts with those being undertaken within the committee currently working on development of the Performance Measurement Manual.	Denise Stake	Accounting, Performance Measurement, Research	June 2010
Derivatives	The use of derivatives is widespread, but it is unclear how these are included in the disclosures. This group would explore this topic and determine how best to handle these items for uniformity and consistency.	Chris Meyer*	Accounting	June 2010
Portfolio Characteristics	The description of portfolio characteristics is now recommended rather than required. We believe this matter should be revisited.	Steve Repertinger	Plan Sponsor	October 2009
Management Letter	The current recommendation within Chapter 4 is a management discussion of performance relative to fund objectives. It may be appropriate to include this element as a requirement. This group will explore the efficacy of such content, and	Kathleen Hands	Plan Sponsor	February 2010

	if it is decided to proceed, will develop minimum contents for such a requirement.			
* May be replaced by member of Plan Sponsor Committee				

4. Projected Timetable for Completion

Each item listed above indicates a projected end date, keyed to NCREIF general meetings. It is anticipated that the recommendations can be formulated by those times, but that review and approval by the REIS council will lag those dates 30-90 days. Monthly updates will be provided to the REIS Council.

The task force work is expected to be completed by June 2010. The task force leaders will assist the REIS Council in the preparation of an exposure draft. The task force anticipates completion of the exposure process, obtaining all approvals, and preparing an adopting release for incorporating new standards into REIS by year end 2010.