



**Lend Lease
Rosen**

August 12, 2004

CFA Institute
Professional Standards & Advocacy Department
Re: "Gold" GIPS Standards
P.O. Box 3668
Charlottesville, Virginia 22903

Lend Lease Rosen
Real Estate Securities LLC
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Berkeley, CA 94704

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Dear Sir or Madam:

We thank you for allowing us to comment on the draft of "Gold" GIPS. We are a boutique firm that manages approximately \$3 billion in a variety of institutional, retail, and wrap accounts. We have provided our comments on what we believe are the most significant issues in the draft standards.

1. Do you agree that the effective date should be moved from 2005 to 2010 for the requirement that stipulates a carve-out return be managed separately with its own cash balance?

Carve-outs should continue to be allowed after 2010. For a small firm that does not have unlimited resources, carve-outs can be very helpful and cost effective. Disclosures allow a prospective client to understand that carve-outs are used, and the client can ask for more information if needed. We do not believe that carve-outs are misleading in any way.

2. Is it reasonable for the GIPS standards to require firms beginning 2010 to value portfolios on the date of any external cash flow?

We do not believe this requirement is reasonable. For purposes of calculating performance, we price most of our portfolios monthly, and revalue for significant cash flows. Our clients find this level of precision adequate, as do we. The cost burden for implementing this requirement would be very large for a firm of our size, and could cause us to reconsider whether we would still comply with the standards.

3. Requirement 2.A.6: All returns must be calculated after the deduction of the actual Trading Expenses incurred during the period. Estimated Trading Expenses are not permitted.

A firm should be allowed to use a model transaction fee as long as the use of model transaction fees and the amount of the model transaction fees are fully disclosed. This would greatly simplify our compliance process with regard to wrap accounts.

4. Requirement 4.A.21: Firms must disclose that the portfolio, composite and benchmark calculation methods are available upon request.

We see no merit in this disclosure and think it should be deleted.

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5. Requirement 4.A.28: The firm must list "discontinued" composites on the firm's list of composites for at least five years after discontinuation.

A firm's list of composites should be specific to a point in time, and should not have to include terminated composites. If we no longer offer a composite, why should we have to include it on our list? We would then theoretically have to provide a compliant presentation for a terminated composite. This requirement simply does not make sense. This requirement should be deleted.

6. Requirement 5.A.1: The following items must be reported...

(d): A measure of dispersion of individual portfolio returns for each annual period.

A firm should be allowed to select which measure of dispersion is most appropriate to a specific composite. Other internal measures should be allowed, such as a quarterly measure versus an annual measure.

7. Verification will be mandatory effective 1 January 2010. The verification report must cover periods from 1 January 2010 forward, at a minimum. Firms will have until 31 December 2011 to complete the initial verification. If a verification report has not been issued by 31 December 2011, the firm may no longer claim GIPS compliance.

Verification should not be mandatory. Although our firm is verified, we are concerned that the cost would be too great for small firms and would prevent many firms from claiming compliance. We think the market should determine whether verification is needed.

8. Performance examination guidance should be added to the GIPS standards.

If the IPC wishes to have the GIPS standards more widely used in the US, they would need to add "performance examination" guidance, similar to the AIMR-PPS standards' guidance. In addition to marketing our firm as compliant, we market specific compliant composite presentations, and feel that the added level of review is beneficial. Performance examination guidance should be added to Gold GIPS.

We hope you found our comments helpful.

Sincerely,



Mark J. Nuti, CFA, CPA
Chief Operating Officer