



NCREIF

National Council of Real Estate Investment Fiduciaries

March 6, 2002

Association for Investment Management and Research
Professional Standards & Advocacy Department
Reference: Real Estate Provisions of GIPS
P.O. Box 3668
Charlottesville, Virginia 22913

Dear Ladies and Gentlemen,

The National Council of Real Estate Investment Fiduciaries (NCREIF) is an association of institutional real estate professionals in the United States of America who share a common interest in their industry. NCREIF's mission is to foster an understanding of the real estate asset class, through the collection and dissemination of information, performance measurement, standards, research, and education.

NCREIF is made up of seven standing committees, one of which is the Performance Measurement Committee. Among other things, the Performance Measurement Committee evaluates existing investment performance measurement and reporting practices in the real estate industry. The Performance Measurement Committee reviews, interprets, and evaluates guidelines and standards by analyzing evolving industry practices and reviewing investor disclosure requirements. Based on this information, the Performance Measurement Committee makes recommended positions to the NCREIF Board of Directors on performance measurement methodologies and performance disclosure standards for the real estate industry.

The following is a summary of opinions and concerns presented by NCREIF regarding the proposed Real Estate Provisions of the Global Investment Performance Standards (GIPS):

Valuation Review of Real Estate Assets

Internal quarterly valuation with mandatory disclosure of methodology has received a high level of support within NCREIF.

Independent Appraisals for Real Estate Assets

NCREIF supports the NCREIF Valuation Committee's *Real Estate Information Standards* requirement for a thirty-six month independent valuation as opposed to the proposed twenty-four month frequency beginning January 1, 2005. The thirty-six month frequency is consistent with the requirements of many client mandates in the United States.

Disclosure Requirements

NCREIF supports a requirement to present a total return. NCREIF would support changing the provision for presenting component returns to a recommended disclosure rather than required.

Additional clarification is needed for the definition of direct versus indirect investments. What are the implications of the disclosure of the requirements for direct and indirect investments and is the distinction of the differences necessary?

Implementation of the GIPS Real Estate Provisions

Standards should be adopted as soon as is reasonably possible without jeopardizing advisor compliance.

Respectfully submitted,

Blake Eagle
CEO, NCREIF