Comment on the addition of real estate provisions and guidance to the GIPS Standards:

- Private equity investments in property are considered as real estate, publicly traded real estate securities are not. Therefore the valuation approach for real estate is not applicable for listed securities. Since there are frequently portfolio transactions on the institutional level at a price which differs from the at that particular time quoted price, we are in favour of the real estate valuation approach for listed securities in the balance sheet of institutional investors holding listed securities in real estate as part of their asset mix.

- R.E. must be valued by an independent appraiser. This is correct, but since the frequency is less than the disclosure cycles we are in favour of valuation adjustments by internal management within the professional valuation framework.

- For indirect R.E. one depends on third party information and one must ensure that the third party info meets the GIPS. The third party has to meet the GIPS criteria itself. If not, the presenting firm is not always in the position to change the third party's opinion but the presenting firm has to adjust the third party info by itself-according to GIPS.

- Component returns are calculated as chain-linked time weighted returns. But according to Definitions returns are calculated as money weighted returns during the measurement period. If the measurement period equals the disclosure period than money weighted is used and not only time weighted. This is unclear. It is our opinion that in the case that the presenting firm (who has the holding in the security) can control the timing of in-and outflow of cash-on the portfolio level, the money weighted return is relevant.

- Net proceeds as part of the capital and total return: it must be clear that the previous changes in market value of the property sold are parts of the returns of those previous periods and therefore have to be subtracted from the proceeds.

Pieter van den Berg