

NCREIF Summer Conference
 July 1, 2010
 Research Committee
 Project Proposal

A fresh look at the ODCE - Project Plan Review

This project plan is designed to take a fresh look at the NCREIF Open-End Diversified Core Equity Index. The project team would revisit its use and qualifying criteria, educate members on the index and explore the possibility of creating a sister index or altering the current one. More specifically, the project could be divided into the following components:

- 1) EDUCATION – PROVIDE AN OVERVIEW OF THE INDEX
 - What is the OEDC?
 - How do we define Core?
 - What is the inclusion criteria? Describe the fund universe.
 - What is the intent of the index?
 - How is the index performing and what do we garner from the data?
 - How has it performed relative to the NPI?

- 2) LOOK AT THE OEDC “AGAIN FOR THE FIRST TIME”
 - Is the definition of Core still appropriate as defined by the inclusion criteria?
 - What would the practical implications be if the definition changed?

- 3) ANOTHER INDEX?
 - Which Funds are in the OEDC universe? Which Funds are not?
 - Of those that are not – do they belong to another group that we should create an index for? Value Add? Opportunistic?

NCREIF RE Product Map

	Core		Value Add	Opportunistic
Open	NFI-ODCE	Townsend Core	Townsend Value Add	Townsend Opportunistic
Closed				

CRITERIA FOR INCLUSION IN THE OEDC – DEFINITION OF CORE

NET ASSETS	
REAL ESTATE	At least 80% of the market value of net assets must be invested in real estate with no more than 20% invested in cash or equivalents.
REAL ESTATE	
INVESTMENT	At least 80% of the market value of real estate net assets must be invested in private equity real estate properties [no more than 20% of such assets may be invested in, but not limited to, property debt, public company, equity/debt or private company (operating business) equity/debt].
DOMAIN	At least 95% of market value of real estate net assets must be invested in US markets .
PROPERTY TYPES	At least 80% of market value of real estate net assets must be invested in office, industrial, apartment and retail property types .
LIFE CYCLE	At least 80% of market value of real estate net assets must be invested in operating properties [no more than 20% of such assets may be invested in, but not limited to, (pre)development/redevelopment or initial leasing/lease-up cycles].
DIVERSIFICATION	No more than 70% (\pm for market forces) of market value of real estate net assets may be invested in one property type or one region as defined by the NPI.
TOTAL ASSETS	
LEVERAGE	No more than 40% leverage. Leverage is defined as the ratio of total debt, grossed-up for ownership share of off-balance sheet debt, to the fund's total assets, also which are grossed-up for such off-balance sheet debt.