

**Minutes of Real Estate Information Standards (REIS) Council Meetings
WEDNESDAY, MARCH 13 and FRIDAY, MARCH 15, 2007**

The REIS Council met on Wednesday afternoon and Friday morning during the NCREIF conference in Orlando. A substantial portion of both meetings related to the implementation of the AICPA Audit Guide for Investment Companies (“Guide”) which is expected to be effective for fiscal years beginning after December 15, 2007. Wednesday’s agenda included: a general session presentation of the results of the Industry Survey (Survey); and a preliminary discussion of REIS reporting alternatives based upon Survey results. On Friday, the Council: continued its discussion of the Survey and established an implementation action plan; approved the October 2006 minutes; affirmed Council member tenure; discussed the FASB Invitation to Comment on Valuation Guidance; reviewed the progress on the Timberland addendum; and discussed compliance and verifiability initiatives..

General Session: Survey Results

Survey results were presented by members of the Survey team including: John Baczewski; Joe D’Alessandro; Denisa Hall; Carol Kuta; and Denise Stake. (A detailed report is available on the NCREIF web site.) Key conclusions of the survey were:

- A fundamental objective of REIS is to promote consistency and comparability of information within our industry and to a lesser extent (but still important) to promote consistency and comparability across all asset classes.
- In order to be in compliance with REIS, an account needs to be in compliance with Fair Value GAAP
- REIS should require supplemental reporting of meaningful operating information
- Commingled funds should be required to follow the Guide
- REIS should educate the industry about the requirement of electing the Fair Value Option
- Careful consideration should be given to single investor separate accounts when establishing standards within REIS
- Time-weighted component and total returns calculated and presented for the NPI should not change
- Time-weighted total returns are most important as a fund level performance measure; component returns are also important, but to a lesser extent (the latter are significantly more important to managers than plan sponsors)
- Additional performance metrics should be developed for fund level reporting

As implementation guidance is established within REIS, the Survey Team suggested careful consideration be given to the results of the survey and its conclusions.

REIS Reporting Alternatives

After the presentation of the Survey results, the Council members provided some initial reactions. Comments included:

- Promoting and providing standards and guidance which provide comparable and consistent information within the industry should be a primary goal.
 - Differences in fund strategies should be given careful consideration when developing standards and guidance for reporting and performance

addendum distributed for public comment simultaneously with, or shortly after the revised performance chapter is made available for public comment.

Compliance and Verifiability

Compliance with REIS will be measured at the Account level. (A report on Account Compliance is posted on the standards page of the web site – Other Documents.) The next phase of the compliance and verifiability initiative will be to establish minimum standards for client reporting. The Implementation Task Force will address some of these issues as it relates to the Guide. It is expected that during the June meeting, members will be identified for a task force to address those issues that remain relating to minimum standards for client reporting (“Client Reporting Task Force”).

Other Matters

A paper, written by Jon Martin (AEW) entitled “Disclosure of IRR and Multiple Data in GIPS Performance Presentations” was presented to the Council by Scott Brown. The paper was well received by the Council. The Council agreed that since inception IRR’s and equity multiples should be required disclosures for closed end commingled funds. It will be the responsibility of the Performance Measurement Committee to ensure that this information is incorporated into Chapter 3, which is being re-written. (An Exposure Draft of the re-write of Chapter 3 should be available for the June conference.)