

April 30, 2008

NCREIF  
National Council of Real Estate Investment Fiduciaries  
Two Prudential Plaza  
180 North Stetson Avenue, Suite 2515  
Chicago, IL 60601

REIS Exposure Draft - REIS: Chapter 4 - Fund Reporting Standards

Dear Marybeth:

We appreciate the opportunity to comment on the proposed REIS Chapter 4: Fund Reporting Standards. We agree that REIS should develop Fund Reporting Standards rather than Investor reporting standards. However, we still believe that rather than duplicating the efforts and the standards already set by governing bodies such as the American Institute of Certified Public Accountants ("AICPA"), the CFA Institute ("GIPS"), Appraisal Standards Board of the Appraisal Foundation, Financial Accounting Standards Board ("FASB"), or other legislative and standard setting organizations, REIS should seek to clarify related implementation issues in an effort to bring consistency to reporting.

We feel that all of REIS should be fund reporting-based and should address areas where ambiguities and lack of consistency exists in the industry. For example, GIPS does not address client performance reporting, therefore, we feel that REIS should be providing standards for client performance reporting. We believe that REIS should also provide guidance for how to apply the different fair value accounting models that real estate investment managers are currently using to report financial information. REIS is missing an important opportunity to provide consensus and guidance on how to apply the standards of the Investment Company Guide accounting model to real estate portfolios. REIS should standardize calculations for certain key formulas and provide "minimum standards" and "guidance" for financial and return presentations and key disclosures or definitions on fund level reporting to clients, but REIS should not duplicate the standards set by other standard setting bodies.

By identifying "minimum standards" and "guidance" for fund level reporting to investors where the application of other governing bodies is not clear, NCREIF members, who are faced with similar issues when fulfilling requirements from the Accounting, GIPS and Valuation standards, will be better able to resolve them in a more efficient and consistent manner. We also believe that investment reporting should be differentiated based on fund/account structure and strategy. We feel that NCREIF must acknowledge that Investment Managers generally only fully control accounting and valuation policy on discretionary commingled funds. For individual client accounts, the client will always have the option to follow REIS guidance or some other client mandates. We believe that Fund Reporting Standards should only be "recommended", not "required" on single client accounts. However, we believe the guidance should cover all accounts.

# BLACKROCK

Additional comments to specific questions within the exposure draft are provided in the attached appendix. If you have any questions regarding our comments, please feel free to contact Maritza Matlosz or Connie Tirondola at 973-264-2700.

Sincerely,

BlackRock

300 Campus Drive  
3<sup>rd</sup> Floor  
Florham Park, NJ 07932  
Tel 973-264-2700

**Paragraph 4.01.a. Should REIS develop Fund Reporting Standards rather than Investor Reporting Standards?**

*We agree that REIS should develop Fund Reporting Standards rather than Investor reporting standards. We believe that all the Chapters of REIS should be committed to client reporting standards for fund/property level financial, performance information. REIS should also provide guidance to help investment managers apply the principals of the governing bodies to their client reports.*

**Paragraph 4.01.b. Is it appropriate that these standards be applicable to single investor separate accounts as well as commingled funds?**

*Yes, these minimum standards should apply to all fund reporting, whether the funds are commingled or investor separate accounts.*

**Paragraph 4.01.c. What are the benefits or disadvantages of such a chapter?**

*The clear benefit to this chapter is that we will be providing fund reporting standards that will allow all investors to review the information across all managers in a clear, comparable manner.*

**Paragraph 4.02.03.a. Do you agree with the notion of establishing both required and recommended Fund Reporting Standards within REIS?**

*Yes, we agree with notion of establishing both required and recommended fund reporting standards within REIS.*

**Paragraph 4.02.03.b. Do you agree that the frequency of line item disclosures presented herein is appropriate for every Fund?**

*We agree that the minimum time frames for fund reporting should be quarterly.*

**Paragraph 4.03.04. Do you agree with the proposed effective date of this Exposure Draft? If you do not agree, please propose an alternative.**

*Yes, we agree.*

**Paragraph 4.10.05.a. Should the standards require annual reporting of a benchmark comparison if a benchmark is stipulated?**

*Yes, we believe that annual reporting of a benchmark comparison if a benchmark is stipulated should be required. It is "best practice" for all funds to have benchmark mandates. In the event that an appropriate benchmark does not exist for a particular fund strategy (i.e., opportunistic funds); the target return should be disclosed both in their Private Placement Memorandum/ Investment Management Agreement documents and the quarterly reports. REIS should provide "best practice" guidance regarding management discussions of benchmarks during both the initial period when writing the Private Placement Memorandum or the Investment Management Agreement and on a quarterly basis.*

**Paragraph 4.10.05.b. Should the standards require specific disclosure why benchmarks are not presented for a Fund?**

Yes, discussions of why benchmarks are not presented for a Fund should be considered a "best practice"/recommendation and a part of REIS guidance.

**Paragraph 4.10.05.c. Should benchmark comparisons be recommended versus required?**

No, but REIS should provide guidance regarding management discussions of benchmarks during both the initial period when writing the Private Placement Memorandum or the Investment Management Agreement and on a quarterly basis. Discussions of benchmark appropriateness should be considered a recommendation and a part of REIS guidance.

**Paragraphs 4.12-4.15.06.a. Should all Funds be required to present, at a minimum, condensed U.S. Fair Value GAAP based financial statements quarterly and comprehensive U.S. Fair Value GAAP based financial statements annually in its Fund reports?**

Yes, our firm is required to follow Fair Value GAAP for all of our commingled funds and therefore we must follow Fair Value GAAP and would provide at a minimum, quarterly financial statements accordingly.

**Paragraphs 4.12-4.15.06.b. Should all Funds be required to present a schedule of investments annually?**

Yes, this is normally part of an annual GAAP financial statement.

**Paragraphs 4.12-4.15.06.c. Should all Funds be required to report all of the information elements presented on the proposed Schedule of Investments? Are there additional elements which should also be required? Is the materiality limit of separate disclosure of the 20 largest investments and each investment representing 5% or more of Net Asset Value appropriate?**

A "Schedule of Investments" should be completed based on the fair value GAAP model that the fund requires. This is not required by all FMV GAAP models and therefore we do not agree with requiring this schedule. If this is to be a supplemental schedule then it should be "clear" to the reader that this listing is for the investor report and not intended to be a requirement in every audited financial statement. When presented as a supplemental schedule we would not have any compliance issues.

**Paragraph 4.19.07.a. Should a management discussion of performance relative to objectives be a quarterly recommendation within REIS? Should the management discussion of performance relative to objectives be required vs. recommended?**

Yes, REIS should provide recommendation/guidance regarding management discussions of benchmarks during both the initial period when writing the Private Placement Memorandum or the Investment Management Agreement and on a quarterly basis. Discussions of benchmark appropriateness should be considered a best practice and a part of REIS guidance.

**Paragraph 4.01.a. Should REIS develop Fund Reporting Standards rather than Investor Reporting Standards?**

*We agree that REIS should develop Fund Reporting Standards rather than Investor reporting standards. We believe that all the Chapters of REIS should be related to client reporting standards for fund/property level financial, performance information. REIS should also provide guidance to help investment managers apply the principles of the governing bodies to their client reports.*

**Paragraph 4.01.b. Is it appropriate that these standards be applicable to single investor separate accounts as well as commingled funds?**

*Yes, these minimum standards should apply to all fund reporting, whether the funds are commingled or investor separate accounts. Although for separate accounts some should be "recommended" not "required".*

**Paragraph 4.01.c. What are the benefits or disadvantages of such a chapter?**

*The clear benefit to this chapter is that we will be providing fund reporting standards that will allow all investors to review the information across all managers in a clear, comparable manner.*

**Paragraph 4.02.03.a. Do you agree with the notion of establishing both required and recommended Fund Reporting Standards within REIS?**

*Yes, we agree with notion of establishing both required and recommended fund reporting standards within REIS.*

**Paragraph 4.02.03.b. Do you agree that the frequency of line item disclosures presented herein is appropriate for every Fund?**

*We agree that the minimum time frames for fund reporting should be quarterly.*

**Paragraph 4.03.04. Do you agree with the proposed effective date of this Exposure Draft? If you do not agree, please propose an alternative.**

*Yes, we agree.*

**Paragraph 4.10.05.a. Should the standards require annual reporting of a benchmark comparison if a benchmark is stipulated?**

*Yes, we believe that annual reporting of a benchmark comparison if a benchmark is stipulated should be required. It is "best practice" for all funds to have benchmark mandates. In the event that an appropriate benchmark does not exist for a particular fund strategy (i.e., opportunistic funds); the target return should be disclosed both in their Private Placement Memorandum/ Investment Management Agreement documents and the quarterly reports. REIS should provide "best practice" guidance regarding management discussions of benchmarks during both the initial period when writing the Private Placement Memorandum or the Investment Management Agreement and on a quarterly basis.*

**Paragraph 4.10.05.b. Should the standards require specific disclosure why benchmarks are not presented for a Fund?**

*Yes, discussions of why benchmarks are not presented for a Fund should be considered a "best practice"/recommendation and a part of REIS guidance.*

**Paragraph 4.10.05.c. Should benchmark comparisons be recommended versus required?**

*No, but REIS should provide guidance regarding management discussions of benchmarks during both the initial period when writing the Private Placement Memorandum or the Investment Management Agreement and on a quarterly basis. Discussions of benchmark appropriateness should be considered a recommendation and a part of REIS guidance.*

**Paragraphs 4.12-4.15.06.a. Should all Funds be required to present, at a minimum, condensed U.S. Fair Value GAAP based financial statements quarterly and comprehensive U.S. Fair Value GAAP based financial statements annually in its Fund reports?**

*Yes, our firm is required to follow Fair Value GAAP for all of our commingled funds and therefore we must follow Fair Value GAAP and would provide at a minimum, quarterly financial statements accordingly.*

**Paragraphs 4.12-4.15.06.b. Should all Funds be required to present a schedule of investments annually?**

*Yes, this is normally part of an annual GAAP financial statement.*

**Paragraphs 4.12-4.15.06.c. Should all Funds be required to report all of the information elements presented on the proposed Schedule of Investments? Are there additional elements which should also be required? Is the materiality limit of separate disclosure of the 20 largest investments and each investment representing 5% or more of Net Asset Value appropriate?**

*A "Schedule of Investments" should be completed based on the fair value GAAP model that the fund requires. This is not required by all FMV GAAP models and therefore we do not agree with requiring this schedule. If this is to be a supplemental schedule then it should be "clear" to the reader that this listing is for the investor report and not intended to be a requirement in every audited financial statement. When presented as a supplemental schedule we would not have any compliance issues.*

**Paragraph 4.19.07.a. Should a management discussion of performance relative to objectives be a quarterly recommendation within REIS? Should the management discussion of performance relative to objectives be required vs. recommended?**

*Yes, REIS should provide recommendation/guidance regarding management discussions of benchmarks during both the initial period when writing the Private Placement Memorandum or the Investment Management Agreement and on a quarterly basis. Discussions of benchmark appropriateness should be considered a best practice and a part of REIS guidance.*

Paragraph 4.19.07.b. Should REIS establish specific elements which should be disclosed in the discussion? If so, please describe.

Yes, certain elements can be recommended in the discussion, providing specific guidance and clarification should be a part of REIS, just as interpretive guidance is a part of GIPS.

Paragraph 4.22.08.a. Do you think that the independent, third party verification of partner/investor capital accounts should be recommended within the Fund Reporting Standards? Provide specific comments to support your answer.

Yes, third party verification of partner/investor capital should only be recommended.

Paragraph 4.22.08.b. Do you think that the independent, third party verification of partner/investor capital accounts should be required within the Fund Reporting Standards? Provide specific comments to support your answer.

No, third party verification of partner/investor capital should not be required.

Paragraph 4.32 and 4.34.09.a. Do you agree that Fund Reporting Standards should include a recommendation to disclose the commitment and redemption queues for open-end funds?

Yes, the fund reporting standards should include a recommendation for this disclosure.

Paragraph 4.32 and 4.34.09.b. Should the Fund reporting standard require (versus recommend) disclosure of the commitment and redemption queue?

No, the fund reporting standard should not require this disclosure.

Paragraphs 4.01-4.34.10.a. Are the definitions and calculations for each required and recommended element reasonable? Are these required elements currently utilized within your Fund reports? Specifically address (using paragraph numbers for reference) any elements which should not be required, recommended, or both and provide reasons to support your answer. Are there any elements which should be required or recommended which are not? Describe reasons to support your answer and provide definitions for any elements you are proposing.

Yes, these definitions and calculations for each required and recommended elements are reasonable.

Paragraphs 4.01-4.34.10.b. Would any of the proposed minimum required standards presented (either individually or in aggregate) cause you to forego compliance with REIS for a given Fund's quarterly report? If so, please specify which standards and why.

No., there are no proposed minimum required standards presented that would cause our firm to forego compliance with REIS for a given Fund's quarterly report.