

REIS for the Investor

Accomplishments benefitting the
Investor Community and Challenges
Ahead

What is REIS?

Mission:

to establish and implement

information standards ✓

for the real estate market ✓

to facilitate

informed

investment decision making. ✓

What are the Real Estate Information Standards?

Mission Statement:

To establish and implement information standards for the real estate market to facilitate investment decision making

- The Standards provide financial information and performance data that is universally transparent, consistent and comparable
- The Standards apply to all property types, geographies, investment styles and investment strategies*
- The Standards exist for open-end funds, closed-end funds, and single client (“separate”) accounts
- The Standards are consistent with relevant GIPS® standards, U.S. GAAP and USPAP

* Except when reported and explained as “not applicable”

What is REIS background?

- History
 - Borne in the 1990s valuation crisis
 - Joint effort of PREA, NCREIF, and NAREIM
 - 1995 – REIS standards first published
 - Organized around NCREIF committees until 2007
 - 2007 – REIS Board created; PREA/NCREIF sponsors
 - 2008 fair value accounting required
 - 2008 – Fund Reporting chapter issued

What does REIS do?

- Interpretation GAAP, GIPS, USPAP
- Consensus building Task force action
- Standard Setting REIS Vols. I and II

- Advocacy FASB
- Partnering INREV, AREV

REIS addresses the gaps!

GAAP

GIPS

USPA
P

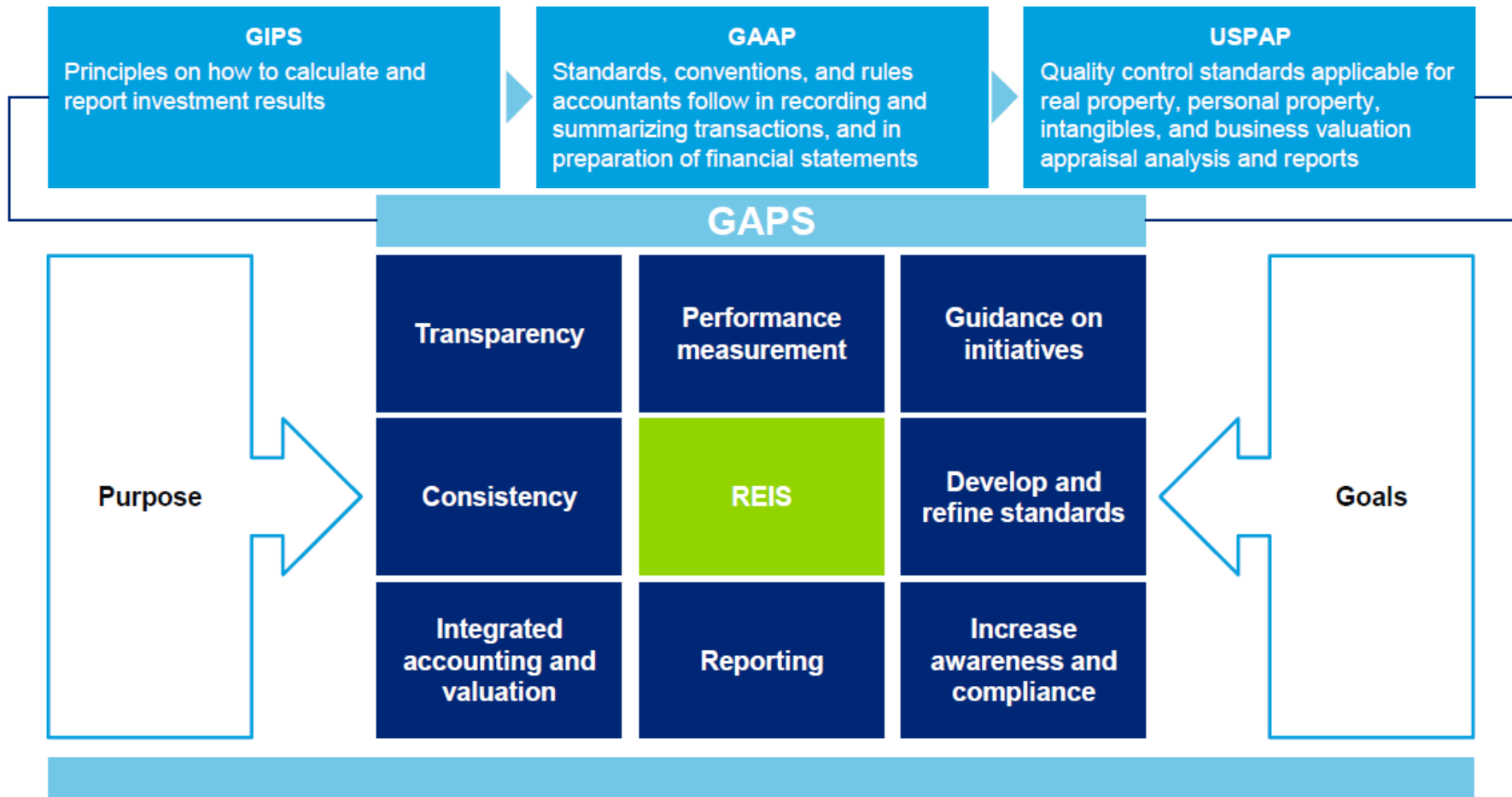
Interpretation

Fund
Managers

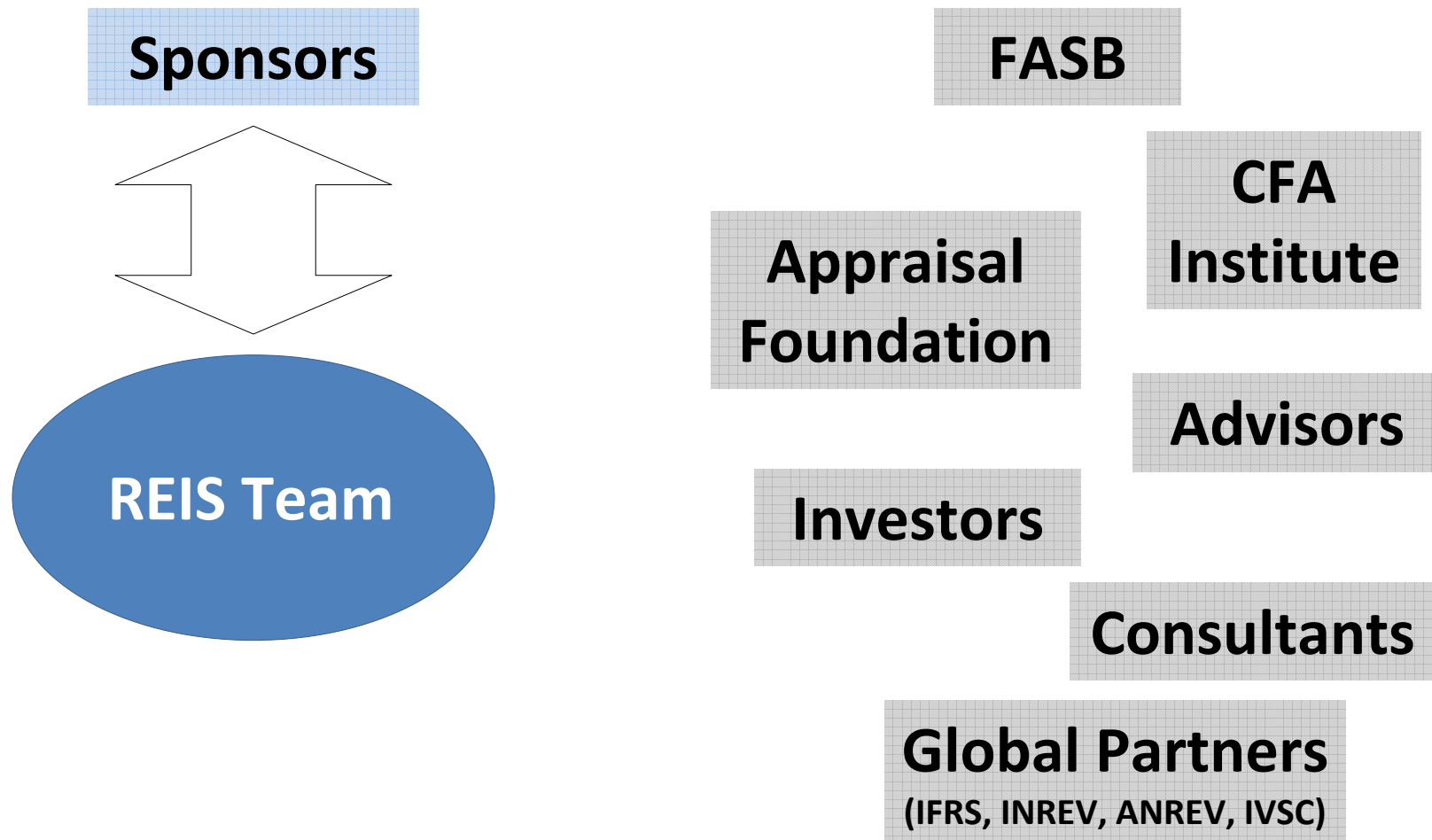
Reporting Standards

Investors

Purpose and goals



REIS links to many participants



What has REIS done recently?

Key Publications

- **REIS Handbook Volume I** (update: March 2014)
 - Standards, Compliance, Checklists
- **REIS PERFORMANCE AND RISK MANUAL**
(update: March 2014)
 - Manuals, Guides, Adopting Releases

Report Metrics: Leverage Risk

- **Required Quarterly: All Accounts**
 - Total Leverage
 - Loan to Value Ratio
- **Recommended Quarterly: All Accounts**
 - Debt to NOI multiple
 - Wtd. Avg. cost of debt
 - Wtd. Avg. remaining term, fixed rate debt
 - Wtd. Avg. remaining term, floating rate debt
- **When presented, certain disclosures are required**

Report Metric – “REFER”

- **Real Estate Fees and Expenses Ratio**
- **Recommended Quarterly: All Accounts**
- **Total Fund Fees and Expenses/Wtd. Avg. NAV**
 - rolling 4 quarters
- **REFER includes:**
 - Fund Expenses
 - Advisory and management fees
 - Performance-based (incentive) fees
 - Other
- **When presented, certain disclosures are required**

Primary Sources of Leverage?

- On Balance Sheet Debt
- Off Balance Sheet JV Debt
- Leased Fee: Ground Rent?
- Preferred Equity?
- Forward Purchase Commitments?
- Investor Notes?
- Debt Senior to Mezzanine and Subordinate Debt?
- Total Return Swaps?

How can you help?

- Share your thinking
 - Respond to the exposure drafts
 - Respond to the surveys
- Volunteer!
 - Task forces: focused, issue-oriented, transitory
 - Workgroups: permanent, mission-oriented

Who are REIS participants?

Sponsorship

NCREIF

PREA

Governance

REIS Board

REIS Council

Action

Volunteer Task Forces