

NCREIF PREA Reporting Standards Exposure Draft

Proposed Changes to Time-Weighted Return and Related Disclosures Requirement for Closed-End Funds

Barings Response

Question 1a: Do you agree that the Reporting Standards should change the requirement to the two requirements shown above?

1.a. No, I do not feel that Reporting Standards should change the TWR requirement for Quarterly, TWR-gross and net of fees. At most, the Reporting Standards should make the TWR requirement a recommendation. Many investors still require TWR so why change, especially when investment managers still calculate. Additionally, it will not add the extra burden of tracking which investors want TWR and which ones do not.

Question 1c: If you answered no to question 1a, do you think that the Reporting Standards should move the existing requirement for TWRs for closed-end funds to a recommendation?

1c. Yes, the Reporting Standards should move the existing requirement for TWRs for closed end funds to a recommendation. The investment manager can then decide on the TWR presentation in the quarterly report. As a result, they can still supply the information for the investor's benefit (if necessary); however, they can present or place this TWR information in the report to properly downplay the relevance of this metric in the fund's performance (provide as supplementary information or as an appendix).

Question 2: Do you agree that the above disclosure be added as a required element within Handbook Volume I?

2. Yes, TWR start and end dates should be disclosed in the Account Report.

Question 3: Do you agree that the above disclosure be added as a required element within Handbook Volume I?

3. Yes, if an Account line of credit is used prior to the initial cash contribution from investors, an explanation of this financed cash flow in the IRR calculation should be disclosed.

Question 4: Do you agree that the above disclosure be added as a required element within Handbook Volume I?

4. Yes, the IRR end date should be disclosed. Additionally, special disclosures should be made for the IRR end date if the final net assets of the fund/property have not been distributed as of that date.

Question 5: Do you agree that the Council should pursue reporting standards for investor specific reporting?

5. Yes, the Council should pursue reporting standards for investor specific reporting to ensure consistency in the information being provided to each investor.