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The MSCI logo features the letters 'MSCI' in white, serif font, centered within a dark blue rectangular box.

MSCI



Bringing global consistency to real estate performance measurement

IPD Global Data Standards Consultation

October 2014



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Bringing global consistency to real estate performance measurement

WHY IS CONSULTATION REQUIRED?

Real estate investment is increasingly recognized as a global asset class by institutional investors. Although the preference for domestic investment remains strong, more and more institutions are adopting a global approach to real estate in order to fully exploit the substantial diversification potential of the asset class.

IPD is supporting these trends by providing its clients with objective insights – via real estate performance measurement and analytics through the investment process - to power their multi-asset and multinational portfolio construction and management. In order to be most widely used, these insights need to be comparable internationally and across asset classes, and to allow for integrated measurement and analysis at the fund, asset and tenant level.

In order to achieve this, IPD has begun the ambitious project of enhancing the global consistency of its indexes and portfolio analytics by standardizing the collection of data, the calculation of measures and the classification of markets over the 32 countries it covers. As well as enhancing global consistency, standardization is a necessary first step towards the greater automation of data collection, which should eventually lead to a drastic reduction in the workload for data contributors.

This global standardization project is being conducted under the governance of the [IPD Technical Committee](#) and represents a thorough process involving both research by IPD and consultation with market participants and their representative bodies. This standardization process is not being undertaken from a purely theoretical viewpoint: it is essential that it should create greater value for market participants globally, while not losing any of the value that lies in locally-generated information.

For this reason we would like to consult for the second time this year on the methodological changes we are intending to make.

In March 2014, we announced a series of changes to our standard methodology: establishing a list of key global financial variables; developing a performance methodology excluding currency impacts (“local currency benchmarks”); standardizing the methodology for index reweighting; and standardizing fund level performance globally (Insert link to previous consultation).

In this current consultation we are considering the implementation of six new changes. Broad descriptions of the proposed changes are provided below, together with links that will direct you to descriptions of each proposed change and consultation questions.

We would appreciate your feedback on the proposed changes, and are seeking to obtain this before 31st October 2014. Please provide your comments/answers to the consultation questions either via your IPD client consultant or directly by email: feedback@ipd.com



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PROPOSED CHANGES FOR CONSULTATION

IPD's standardization work in 2014 has continued to focus primarily on enhancing the global consistency of asset level and fund level measures and classifications. The scope of the current consultation focuses on six broad areas, with some of the key issues raised by our research being summarized below:

- **Standard global operating cost classifications and measures**

In the past IPD has reported operating costs using different measures for each market. In some markets costs have been reported on a gross basis, including recoveries, while in others they have been reported net. In addition, the level of detail in recorded cost data has varied greatly, making international comparisons difficult. IPD is proposing to adopt a standard set of four net cost measures for all markets, which will be calculated at the overall level as well as for standard detailed breakdowns.

- **Standard global yield measures**

Yields have historically been reported in different ways across markets as a result of their emergence from a variety of local valuation and investment practices. IPD has now identified five yield measures that can be calculated in most countries: gross initial yield, net initial yield, gross reversionary yield, net reversionary yield and topped-up net initial yield. It is proposed that these five measures should be reported globally both on a gross (of transaction costs) and net capital value basis. At the same time a limited set of locally-defined measures will continue to be reported in order to meet local requirements.

- **Standard global vacancy rate measures**

Vacancy rates have historically been reported differently across countries, either in terms of floor area or loss of income, though rarely both. IPD now proposes to calculate vacancy both on a floor area and a financial (loss of income) basis. It is proposed that vacancy should exclude properties under development, but include units that are being refurbished within standing investment properties.

- **Standard global property classification**

IPD indexes and other performance measures for directly-held real estate use market segmentations defined by geography and building type. In order to achieve global comparability in indexes and performance measures, the basis of these segmentations should ideally be standardized. For this purpose IPD proposes to develop a new global property type classification, which will ensure the consistent treatment of assets in global and local segmentations.

- **Standard global fund classification**

For similar reasons as for property-level segmentations, IPD proposes to replace the existing locally-defined fund segmentations with one based on a classification of fund-level attributes, providing the building blocks for both global and local segmentations. These attributes relate to fund structure (e.g. tax, legal), sources of capital (e.g. investor type), and the management model.



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- **Standard global fund level return calculations for cross-holdings**

Cross-holdings refer to units held by funds in other funds. When both a fund and another which holds units in that fund contribute to the same index, it may be argued that the “market” performance of the underlying assets and liabilities is distorted. IPD has historically adopted different approaches to cross-holdings, depending on their weight in the index concerned.

For the future, IPD proposes to standardize reporting by ignoring rather than adjusting for cross-holdings, on the grounds that fund-level indexes measure investment rather than market performance, and should therefore include all components of each fund’s investment holdings. IPD will however retain the capacity to adjust for cross-holdings globally and will continue to provide custom indexes when requested.

OTHER INFORMATION CHANGES

In addition to the changes subject to consultation above, IPD wishes to inform its clients that it is also contemplating the restatement of its frozen indexes in order to provide the most accurate and comprehensive set of outputs, and the further enhancement of transparency for index construction.

- **Frozen index restatement**

As a result of the methodological changes communicated in this and the previous consultation, and of the data enrichment that has followed, IPD plans to restate its indexes for those countries where they have been frozen: France, the UK and the Netherlands. The detailed timeline and circumstances of the restatement will be communicated in the near future, at least two months before it is due to take place.

- **Enhanced transparency**

As a result of MSCI’s decision to comply with [International Organization for Securities Commission \(IOSCO\)](#) regulation (add link to the compliance webpage), IPD will enhance the transparency of its index construction by ending the practice of not releasing figures judged likely to be “not representative” of the market. This means that IPD will now release figures that appear counter-intuitive or to have been distorted by the weight of one of the constituents, provided that they satisfy confidentiality rules and data quality standards. However, IPD will provide statistics on the number of underlying properties and the maximum weight of a constituent in each index, enabling users to assess the robustness of the results.

COMMENTS AND FEEDBACK

The consultation period is open until the 31st of October 2014. Please provide your comments either to your IPD client consultant or directly by email: feedback@ipd.com

Shortly after the end of the consultation period we will send you a summary of the comments that were provided, how we plan to address them, and the eventual decision on the way in which they will be reflected in future IPD outputs.



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TOPICS FOR FUTURE CONSULTATION

IPD is also in the process of standardizing a number of other methods. Below is a list of the areas where future changes are expected to have a material impact on performance:

- Interpolation
- Data exclusion rules
- Variable rate currency conversion
- Geographic classification
- Asset and liabilities classification (in funds)
- Gross capital value derivation
- Net income calculation
- Global tenancy data collection
- Cash flow calculation
- Headline measures sample consistency

We are currently assessing the impact of these changes, and if significant, they will be subject to another round of consultation within the next three months.



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OPERATING COST MEASURES AND CLASSIFICATION

BACKGROUND

Operating Cost details are reported on a gross or net (net of recoveries) basis at different levels of granularity, and through breakdowns that are not defined in a consistent manner across countries.

PROPOSED CHANGE

IPD is proposing a new cost structure that matches existing practices, and enables the reporting of net costs, gross costs and recoveries using a globally consistent breakdown. On the next page is a defined list of four cost measures that can be applied to total costs or to its breakdown.

BENEFITS / IMPACT

- Enhanced global consistency of cost measures
- Reduced data contribution effort

TIMELINE FOR IMPLEMENTATION

From December 2014.

CONSULTATION QUESTIONS

- Do you consider operating costs as important market information?
- Is the proposed breakdown at the right level of granularity?
- If not, could you please specify the breakdown you would expect to see?
- Are the proposed measures fit for the purpose of the reporting / analyses you routinely perform?
- If not, could you please specify the proposed measures you consider as not useful, and the measures you believe are omitted from the proposal?



PROPOSED COSTS BREAKDOWN AND MEASURES

Breakdown

Measures

Total Operating Costs			Measures Name	Definition	Analytical value
Partially Recoverable	Utilities	X	Costs per floor space unit	Net costs / lettable floor space	Cost situation benchmarking
	Maintenance				
	Insurance				
	Property taxes		Cost of vacancy per floor space unit	Cost of vacancy on vacant floor space / lettable floor space	Cost situation benchmarking
	Property management costs				
	Others				
Landlord Costs	Cost of vacancy		Total recovery Ratio	1 – Total net costs / Total gross costs	Ability to recover costs benchmarking
	Letting fees				
	Ground rent				
	Bad debt write off				

DEFINITIONS

Operating Costs	<p>Operating costs designate costs that are incurred to operate the property. Those costs exclude capital expenditures, fund and asset management fees (not property management fees) as well as fund expenses (valuation and audit fees, bank charges, administration expenses) and performance fees.</p> <p>Operating costs need to be distinguished from capital expenditures.</p> <p>Costs are capitalised and called “capital expenditures” if they affect the value of the asset beyond the taxable year. Expenses attached to acquiring an asset (e.g. purchase) or preparing it to enter or change business (e.g. development or change of use) are typically recognised as such. Expenses adding features or improving them as well as expenses prolonging the current useful life of an asset “as a whole” should be included as CapEx (even though they do not increase capital value) as opposed to costs related to “inspection, prevention, replacement of parts or continuation of existing operations”. Normal maintenance is therefore an OpEx as opposed to fitting-out cost which is considered as CapEx.</p>
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Net Costs	All the operating costs that are an effective charge to the investor in the end. They include irrecoverable costs (those that could not be passed on to tenants), the investor's own costs (such as loss of rent because a tenant has gone out of business) and recoverable but unrecovered costs such as the upkeep of vacant parts.
Gross Costs	All the operating costs that are passing through the investor's hands to operate a property. Some costs can be recovered from tenants, while others cannot. Those costs are sometimes referred to as total costs. However they do not represent all the costs attached to the operation of a property, since some can directly be contracted by tenants (e.g. single-let properties, full insurance and repair leases etc.)
Recoveries	Payments required by the owner of a property from a tenant for the operating expenses that he has paid and that the tenant has agreed in the lease contract to be charged for. Contracts may vary, with recoveries fixed in advance or adjusted to exact costs.
Utilities	"Cost of utilities supplied for the period. Includes all forms of energy (electricity, fuel oils, heating or cooling networks), as well as water consumption, sewers and refuse collection." The installation of related appliances (separate water or electrical counters, air-conditioning systems, heaters) should be recorded as CapEx and the maintenance of those appliances should be recorded under the « Maintenance » Opex category.
Maintenance	<p>The category includes all materials and labour costs attached to both occasional preventive and corrective maintenance as well as regular property care (either contracted or in house).</p> <p>Property care (optionally recorded for Nordics/Germany) represents all costs incurred over the period for property care (either contracted or in-house). A characteristic of these costs is that they are recurrent. Includes: surveillance & alarms, salaries for janitors/caretakers, cleaning of common areas (interior and exterior), clearing of roads, garden upkeep, decoration and some parts of running maintenance.</p> <p>Preventive maintenance is performed before equipment performance becomes unsatisfactory or to prevent consequential damage. It includes statutory inspections and work carried out at regular intervals to prevent attrition or minimize the risk of breakdown or accidents.</p> <p>Corrective maintenance covers total restoration or replacement of building components (e.g. roof, facade, windows, installation systems) to bring them back to their initial state.</p> <p>Typical internal equipment subject to maintenance are lifts, escalators, water and plumbing, waterproofing, heaters, air conditioning, sprinkler</p>



	<p>systems, fire services, electrical installations, IT installations, security installations. External equipment is roofs, external walls, cladding, fenestration, foundations, drainage, external redecoration or finishes.</p> <p>Although fitting-out and equipment costs for new tenant occupation should generally be capitalized, repairs that are necessary for continuing letting in the existing state can be included in operational costs e.g. necessary repairs to or replacement of flooring, lighting, woodwork, storage facilities, furnishings, redecoration, etc.</p> <p>Maintenance costs should only include costs linked to inspection, prevention, replacement of parts or continuation of existing operations/equipment. Any serious improvement or added equipment should be considered as CapEx. The same applies for fitting-out costs. IPD will not however seek to overrule any classification applied by a fund’s own accountant.</p>
Insurance	<p>All costs of premiums for insuring the property for the period. Typically covering fire, floods, storm, fungus-and insect attack, piping damage, explosions, public liability, and loss of rent. It excludes Insurance for loss of trade. The insurance fee is the only element recorded by IPD. Damages falling under the coverage of insurance should neither be counted as capital costs when they occur, nor counted as capital receipts when they are covered by the insurance to avoid value distortions.</p>
Property Taxes	<p>Cost of taxes for the period, arising directly from occupation and/or ownership of a property under national and local laws and regulations. Typical taxes are property tax, land tax and municipal taxes. Although some taxes/rates might relate to some utilities (heating, sewage, refuse collection etc.), these should be kept under the tax category as a whole. They exclude all business and sales taxes levied on business profits and sales of the occupier. They also excludes property transfer tax (i.e. stamp duty in the UK), which must be recorded under purchase costs, all business and sales taxes levied on business profits and sales of the occupier.</p>
Property Management	<p>Property management costs for the period, either in-house or outsourced. It includes collection of rents and recoveries, as well as facility management (workplace, design & layout, space planning), undertaken on the property as well as environmental, information, and quality management. It excludes Rent review fees & costs associated with new letting (record these as letting costs), fund-level costs such as fund and asset management costs, professional indemnity insurance, valuation fees, research, custodian, and auditors fees. If properties are managed in-house without internal charges, a total cost should be estimated pro rata market rent.</p>
Property Letting Costs	<p>Letting costs should capture all non-recurrent costs that are associated with administrating the changes brought to the lease structure of a property.</p>



	<p>This includes costs associated with advertising and marketing, (brochures / hoardings, events etc.) as well as letting fees, broker's fee, renewal fees and rent review fees. Letting costs represent administrative costs associated with managing and changing the lease structure profile of a property. Investments such as tenant improvements, fit-out and incentives, building improvements, building expansions should NOT be part of the lease structure operating costs since they are an investment undertaken to facilitate the entry of a new tenant (benefit goes beyond the taxable year).</p> <p>Note that under some accounting principles, lease commissions are capitalized typically over the lease length. IPD does not require its contributors to over-ride this treatment.</p>
Bad Debt Write-off	<p>Where a tenant has defaulted on payment, the accounts department will eventually write off the debt. The adjustment is put through in the month in which the debt was written off, not in the period which it relates to. Retrospective changes should NOT be considered. Bad debt covers both missing rent as well as missing recoveries (service charge).</p>
Cost of Vacancy	<p>All gross costs that can be attributed to physical units that are currently unlet. It includes empty rates, non-recoverable service charges and all other revenue repair costs associated with vacant units.</p>
Others	<p>The section of Other Costs is designed to capture some service-specific costs as well as irrecoverable local property-level taxes and some occupier's costs that are unlikely to be systematically contracted by landlords. They include costs related to tenant activities (e.g. telecommunication, business support, catering etc.) and any costs of litigation with tenants (which differ from legal cost such as lettings or rent reviews).</p>



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YIELD MEASURES

BACKGROUND

Yields are reported in different ways across markets making global comparisons difficult.

PROPOSED CHANGE

IPD has defined a list of five yield measures aligned with global market best practices: initial yields (net and gross of non-recovered operating expenses), reversionary yields (net and gross of non-recovered operating expenses), and topped-up net initial yield.

BENEFITS / IMPACT

- Enhanced global consistency of yield measures, reduced data contribution effort
- Non-global measures will cease to be reported, except for local market standards: the equivalent yield in the UK and Ireland, the exit yield for Nordic countries, the potential yield for France

TIMELINE FOR IMPLEMENTATION

From December 2014.

CONSULTATION QUESTIONS

- Are the proposed yield measures fit for the purpose of your investment process and reporting?
- Are there additional measures you consider as vital for your business?
- If so, could you please specify the reason you attach value to this measure, being as specific as possible about the formulae / data used in these measures?

**PROPOSAL – VACANCY MEASURES****Formulae**

- IPD has retained 5 yields as global standards.
- All yields are calculated on net and gross capital values.
- Net yields are not genuine spot measures as they are netted using 12 months of cost history to prevent variations stemming from costs seasonality, not changes in capital market conditions. Consequently net yields will be computed only on properties where 12 months of history is available.

Yields	Numerator formulae
Gross Initial Yield	Rent Passing + Turnover Rent + other Income
Gross Reversionary Yield	Market Rental Value
Net Initial Yield	Rent Passing + Turnover Rent + other Income – (Total Net Costs – Letting costs)
Net Reversionary Yield	Market Rental value – (Total Net Costs – Letting costs)
Topped-up Net Initial yield	Total annual rent passing plus rent expiration of rent-free period & other leases incentives – (Total Net Costs – Letting costs)

DATA POINTS DEFINITIONS

Capital Value	The Fair or Market Value, which is the estimated price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, net of assumed purchasers' costs. (In the context of Financial Reporting, the IFRS13 definition of Fair Value and IVSC definitions of Market Value are interchangeable. "The German Verkehrswert definition corresponds to the Market Value definition of the RICS Red Book". RICS Guidance Note for Germany 2014.) Market Valuations are required for all assets, including developments.
Rent Passing	Total annual contracted rent derived from all leases in the property, at the valuation date. It excludes turnover rents and other recurring operating Income, which should be recorded separately. It also excludes effects of straight lining for lease incentives such as rent free periods or step rents, VAT, arrears, interest on arrears, cost recoveries, key money, and surrender Premiums.
Market Rental Value	Total annual Market Rental Value for the whole property at the end of the period, gross of recoveries (including vacant units). Defined as the estimated amount for which an interest in real property should be leased on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties acted knowledgeably, prudently and



	without compulsion. If the lease states that the rent paid is to be linked (geared) to a proportion of the full Market Rental Value, then the MRV should be provided pro-rated to reflect the terms of the lease. For developments, unimproved MRV to be provided until development commenced, at which point improved rental value to be provided.
Turnover	Total additional income received under some leases collected at a property level; the turnover element is based on occupational tenant trading accounts. If current period figures are not yet available, provide last period actual figure as the best available estimate.
Other income	Income other than rental income attributable to the property for the period, collected at a property level. May include: hoardings, way leaves, rights of way, income guarantees, and car parking income (if not included in the total Rent Passing above). Exclude: key money, surrender premiums, income derived from expenditure recoveries (service charges), interest paid on rent arrears, tax credits, income from activities outside the landlord's obligation under tenant leases e.g. income from supply of secretarial or other services to tenants, and insurance commissions.
Full Contracted Rent	Total annual rent passing (annual rent passing plus turnover rent and other income) from all leases in the property at the valuation date plus the rent expiration of rent-free periods or other leases incentives. This rent from expiry of lease incentives is the additional annualised contracted rent from expiring rent-free periods and future contracted rental uplifts irrespective of the date of the uplift. For rent-free periods, it should reflect the headline cash rent as stipulated in the lease contract. Exclude: straight line adjustments for rent free periods, developments, lots, unused building rights & properties, future indexation uplifts, rent reviews or rental uplifts which are intended to compensate for future inflation.



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FINANCIAL VACANCY RATE

BACKGROUND

Financial vacancy rate is not systematically reported, or reported in different ways across markets, making global comparisons difficult.

PROPOSED CHANGE

IPD has defined one financial vacancy rate aligned with global market best practices.

BENEFITS / IMPACT

- Enhanced global consistency of vacancy rate measurement

TIMELINE FOR IMPLEMENTATION

From December 2014.

CONSULTATION QUESTIONS

- Do you consider financial vacancy as an important metric?
- Is the calculation of financial vacancy consistent with the way you report it?
- Do you agree with the decision to exclude properties under development from financial vacancy rate calculation?
- Do you report other indicators that exclude developments?
- Do you agree with the decision to include units under development in the financial vacancy rate calculation?



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PROPOSAL – VACANCY MEASURES

Formulae

- Along with floor space vacancy rate, financial vacancy rate is a « spot measure », calculated at the end of the reporting period
- Vacancy calculation will exclude properties under development, as it is intended to cover commercial vacancy as opposed to strategic void.
- However, global comparability requires that we limit the commercial/strategic distinction to the individual property level. If vacancy in standing investment properties partly results from a few units under development, these units will remain included in the vacancy rate calculation.
- Financial vacancy rate will be calculated as much as possible based on tenancy level information. Where this is not available, it will be calculated from property level data

Formula and definitions

- $\text{Financial vacancy} = \text{vacant OMRV} / \text{total OMRV}$
where
- Vacant OMRV = Open market rental value of the floor space currently unoccupied
- Total OMRV = Property open market rental value assuming full occupancy



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GLOBAL PROPERTY TYPES

BACKGROUND

Property types are one critical element for segmentations. There was a lack of consistency across countries on the way properties were classified, resulting in difficulties in creating comparable segmentations.

PROPOSED CHANGE

IPD has clarified the definition of property type. We have also established one unique classification that encompasses all major property types identified around the world. This classification will provide the building blocks of all classifications (global and local).

BENEFITS / IMPACT

- All investors will speak the same language in defining a property type
- Enables the development of a global segmentation

TIMELINE FOR IMPLEMENTATION

From December 2014.

CONSULTATION QUESTIONS

- Does the property classification represent all property types you consider important?
- If not, could you please describe the property types you believe are omitted?
- Are property types names and definitions consistent with the names and definitions you are familiar with?



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PROPOSAL – KEY DEFINITIONS AND PRINCIPLES

What are property types?

Property types are used to define groups of assets which share common physical forms relating to their use. Property types exclude other features that are used to create property segmentations: location, size, tenure, age, lease terms, occupancy

Property Types must be:

- Principle 1 Defined only based on function & form, not incorporate other attributes
- Principle 2 Simple & recognizable in different markets/ geographies
- Principle 3 Compatible with published standards wherever possible
- Principle 4 Explicit and mutually exclusive within any range (unambiguous)
- Principle 5 Categories must be comprehensive, including the full range of forms
- Principle 6 Scalable (across different regions) and adaptable (to accommodate new property types as-and-when they occur)



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PROPOSAL – THE CLASSIFICATION

Retail related	Offices related	Residential related	Infrastructure related
Super-Regional Center	Free Standing Office	Houses	Nuclear Reactor
Major Regional Center	Office Terrace	Bungalow	Coal Fired Power Plant
Regional Center	Office Park (whole or single unit)	High Rise Apartments / Flats	Electricity transmission grid Infrastructure
Small Regional Center	High Rise Office	Low Rise Apartments / Flats	Interconnectors, gas pipelines
District Community Center	Low Rise Office		Wind Farms
Local / Neighbourhood	Medical Offices	Leisure related	Hydro-power generation
Local Convenience Center		Cinema (dominant use)	Waste to energy
Lifestyle Center	Industrial related	Theatre(dominant use)	Solar farms
Theme/Festival Center	Warehouse	Holiday resort (dominant use)	Sewage treatment plant use
Outlet Center	Distribution Center	Health/sports centre	Desalination Plants
Power Center	Refrigerated Distribution	Leisure parks	Major irrigations systems
Retail Warehouse Solus Units	Light Manufacturing		Flood control systems
Retail Warehouse Park	Heavy Manufacturing	Land	Drinking water filtration & Storage
Unit Shop	Workshops	Farmland	Television and radi transmission stations
Showroom	R&D Flex	Forestry	mobile telephone towers
Gallery	Industrial Showroom	Development Land & Sites	Road/highway networks
Kiosk	Data/Switch Center		Bridges
Bank	Personal Storage / Self Storage	Healthcare	Mass transit system
Post Office	Industrial Park	Hospitals	Ports
Bars & Pubs		GP Surgery	Railways
Restaurant	Hospitality related	Dentist surgeries	Airports
Supermarket	Luxury Chains	Medical centres	Prisons
Hypermarket	Upscale Chains	Specialist Treatment	Convention Centers / Conference Center
Variety Store	Midscale Chains	Physical & learning disability homes	
Department Store	Economy Chains	Mental Health Hospital	Other
Arcade	Budget Chains	Nursing homes	Garage
	Independents	Care/retirement homes	Parking
Education		Ambulance Station	Parking Box
Pre-school			Service Station
Schools			
Tertiary education			



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DEFINITIONS

Sectors	Global Segmentation	Detailed Property Types	Definition
Retail	Malls / Regional / Super Regional Centers	Super- Regional	A super regional shopping center is a center that serves as the dominant shopping destination for a large region. Should include 3 or more anchor stores, two or more full line department stores, two or more discount department stores, supermarkets and more than 200 individual shops, including fashion goods. Typically includes a number of entertainment and leisure attractions such as cinemas, game arcades and soft play centres. Size thresholds will vary across markets.
Retail	Malls / Regional / Super Regional Centers	Major Regional Center	Typically includes at least one full line department store, one or more full line discount stores, one or more supermarkets and approximately 150 specialty stores. Typically also include a number of entertainment attractions.
Retail	Malls / Regional / Super Regional Center	Regional	A shopping center typically incorporating one full line department store, a full line discount department store, one or more supermarkets and around 100 or more specialty shops.
Retail	Malls / Regional / Super Regional Centers	Small regional	Medium-sized shopping center typically incorporating at least one full line discount department store, a major supermarket and approximately 40 or more specialty shops. Normally 10,000 - 30,000 sq m.
Retail	Neighbourhood / Community / Convenience Centers	District / Community	Community centers (or community malls) are larger than neighbourhood centres, and offer a wider range of goods. They usually feature two anchor stores which are larger than that of a neighbourhood centre's, e.g. a discount department store. They may also follow a strip configuration, or may be L- or U-shaped. Size thresholds may change across markets.
Retail	Neighbourhood / Community / Convenience Centers	Local / Neighbourhood	Neighbourhood centers are small-scale malls serving the local neighbourhood. They typically have a supermarket (or a drugstore in the US) as an anchor, and are commonly arranged in a strip mall format.
Retail	Neighbourhood / Community / Convenience Centers	Local convenience center	An open shopping centre with fewer than half a dozen stores offering



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	Convenience Centers		day-to-day necessities, such as basic groceries, dry cleaners, liquor stores, and video rental stores.
Retail	Open-Air Shopping Centers	Lifestyle Center	Lifestyle centers are defined by the International Council of Shopping Centres (ICSC) as open air retail format located near an affluent residential neighbourhood. Upscale orientation is also a common attribute.
Retail	Open-Air Shopping Centers	Theme/Festival Center	Theme or festival centers have distinct unifying themes that are followed by their individual shops as well as their architecture. They are usually located in urban areas and cater to tourists.
Retail	Open-Air Shopping Centers	Outlet Center	An outlet mall (or factory outlet center) is a type of shopping mall in which manufacturers sell their products directly to the public through their own stores. Other stores in outlet malls are operated by retailers selling returned goods and discontinued products, often at reduced prices. Size thresholds may change across markets
Retail	Open-Air Shopping Centers	Power Center	Power centers are large shopping centres that almost exclusively feature several big-box retailers such as Wal-Mart, Kohl's or IKEA as their anchors, and/or a large supermarket. They are usually referred to as power centres because they attract and cater to residents of an expanded population area and include tenants that are category killers.
Retail		Applicable Not Known Shopping Center	Where direct or indirect assets are known to be shopping centers but the specific type of center has not been identified
Retail		Applicable Not Categorized shopping center	Where direct or indirect assets are known to be Shopping Centres but do not fall into any of the specific shopping center categories below. Use for indirect shopping center vehicles including a variety of different specific types.
Retail	Retail Warehouse / Big Box Retail	Retail Warehouse Solus Units	Stand alone, single retail warehouse units. Retail warehouses are self-service operations where there is minimum attention to merchandise display and goods are often retained in their original packing. Specialisation in limited lines such as electricals, domestic appliances, carpets, DIY, furniture.
Retail	Retail Warehouse / Big Box Retail	Retail Warehouse Park	A group of retail warehouse outlets on a purpose built park.
Retail		Applicable Not Known Retail Warehouse	For indirect investments only, where retail warehouse type is varied or not known.



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Retail		Applicable Not Categorized Retail Warehouse	
Retail	Other Retail	Unit Shop	Standard retail units or parade of units, usually in town center location. Excludes Arcades of shops which should be coded Arcade below.
Retail	Other Retail	Showroom	Large open plan premises suitable to display large retail items e.g. carpets, cars. Exclude Industrial warehouse showrooms below.
Retail	Other Retail	Gallery	Building suitable for display of art works, usually with clear spaces and good lighting.
Retail	Other Retail	Kiosk	Small booth for sale of small goods or services e.g. tobacco products, tickets etc.
Retail	Other Retail	Bank	Secure premises used for retail banking.
Retail	Other Retail	Post Office	Secure premises able to be used for postal services.
Retail	Other Retail	Bars & Pubs	Premises used as bars and pubs located in predominantly retail areas, easily converted to retail use. Excludes bars and pubs located on leisure parks.
Retail	Other Retail	Restaurant	Premises used as restaurants located in predominantly retail areas, easily converted to retail use. Excludes restaurants on leisure parks
Retail	Other Retail	Supermarket	Self service stores including essentially food & other household products sales area. Clothes DIY, hardware and other items may also be included in larger stores.
Retail	Other Retail	Hypermarket	A very large retail store that combines a department store and a grocery supermarket. Hypermarkets offer a large variety of products such as appliances, clothing and groceries.
Retail	Other Retail	Variety Store	Large stores arranged on one or more floors but not offering the full range of goods covered by a department store. Usually one or two product ranges are dominant
Retail	Other Retail	Department Store	Traditional department stores which offer the full range of goods.



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Retail	Other Retail	Arcade	Whole or part arcades and single units from arcades - essentially narrow, covered, period style or pseudo-period groups of shops.
Retail	Other Retail	Applicable Not Categorized Other Retail	
Retail	Other Retail	Applicable Not Known Other Retail	
Office *	Office	Free Standing Office	Free-standing office capable of being demolished independently. May be contiguous with neighbours but without a party wall
Office	Office	Office Terrace	Properties with a common facade - usually period - built as a single development
Office	Office	Office Park (whole or single unit)	Campus style groups of properties designed for office accommodation with more than 75% of MRV in office use. Used for whole park or single unit(s) on park
Office	Office	High Rise Office	A multi storey office building that is high enough to require an elevator (more than 28m high or 9 floors)
Office	Office	Low Rise Office	A multi storey office building that is less than 28m high (or 9 floors)
Office	Office	Medical Offices	A building in which predominant usage is for medical purposes. This includes, but is not limited to medical clinics, offices of doctors and dentists, outpatient services, labs and testing facilities and other medical related service. Typically single tenant use. "Code only if not included in any category under Healthcare."
Office	Office	Applicable Not Known Office	
Office	Office	Applicable Not Categorized Office	
Industrial	Warehouse/Distribution	Warehouse	Buildings designed for long-term storage of goods. Which may include raw materials, spare parts or components. Warehouses are used by manufacturers, importers, exporters, wholesalers, transport businesses, customs, etc. They are usually large plain buildings with loading docks for easy transfer of goods. Exclude refrigerated warehouses coded separately below.
Industrial	Warehouse/Distribution	Distribution Center	A facility designed to store large amounts of goods for varying lengths of time ranging from extensive storage to and set up for immediate distribution. Exclude refrigerated warehouses coded separately below.



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Industrial	Warehouse/Distribution	Refrigerated Distribution	This asset type typically features coolers and freezers which drives the use of refrigerated distribution facilities.
Industrial	Manufacturing / Production	Light Manufacturing	"A light industrial business where all processing, fabricating, assembly, or disassembly of items takes places wholly within an enclosed building"
Industrial	Manufacturing / Production	Heavy Manufacturing	"Heavy manufacturing buildings can be identified easily from the exterior. Because the buildings are designed to house specialised equipment to product goods or materials , they are large and distinctive structures.
Industrial	Other industrial	Workshops	Small purpose or converted units explicitly intended for use by small scale operations, typically hand crafted goods, making or repairing small items
Industrial	Other industrial	R&D Flex	Characterised by high quality design and finish. Most of the space in R&D Flex is utilized as either high-tech manufacturing/laboratory, or office. These can assume as much as 75% of an entire building."
Industrial	Other industrial	Warehouse Showroom	Industrial showroom facilities and R&D Flex buildings share certain common attributes. Industrial showrooms have three core differentiating characteristics: building flexibility, upscale appearance ,and high build-out. e.g. wine tasting warehouse outlets.
Industrial	Other industrial	Data/Switch Center	A data center is a facility used to house computer systems and associated components, such as telecommunications and storage systems. It generally includes redundant or backup power supplies, redundant data communications connections, environmental controls (e.g., air conditioning, fire suppression) and security devices.
Industrial	Other industrial	Truck terminal	All truck terminals are cross-docked with a very low square feed to dock ratio: one dock for most buildings. Building dimensions are another classifications variable. Truck terminals are rectangular in shape.
Industrial	Other industrial	Personal Storage / Self Storage	Self-storage provides rooms, lockers, containers, and/or outdoor space in which tenants can store and access their goods. Self-storage tenants include businesses and individuals.
Industrial	Other industrial	Industrial Park	An industrial park (also known as industrial estate, trading estate) is an area zoned and planned for the purpose of industrial development. May comprise a variety of light industrial, warehouse and repair activities.
Industrial		Applicable Not Known Industrial	
Industrial		Applicable Not Categorized Industrial	



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Hotel	Hotel	Luxury Chains	Top 15% average room rates http://www.hotelnewsnow.com/chainscales.pdf
Hotel	Hotel	Upscale Chains	Next 15% average room rates / Top 30% average room rates for hotels in rural or non-metro markets http://www.hotelnewsnow.com/chainscales.pdf
Hotel	Hotel	Midscale Chains	Middle 30% average room rates / next 30% average room rates for hotels in rural or non-metro markets http://www.hotelnewsnow.com/chainscales.pdf
Hotel	Hotel	Economy Chains	Next 20% average room rates / next 20% average room rates for hotels in rural or non-metro markets http://www.hotelnewsnow.com/chainscales.pdf
Hotel	Hotel	Budget Chains	Lowest 20% average room rates
Hotel	Hotel	Independents	Hotels that are run and managed by themselves. The owner may have many other hotels with the same name at different locations. Also they do not allow any other proprietor use their brand name
Hotel	Hotel	Applicable Not Known Hotel	
Hotel	Hotel	Applicable Not Categorized Hotel	
Residential **	Residential	Houses	Free standing multi-storey property, designed for single occupancy, including houses sub-divided into apartments.
Residential	Residential	Bungalow	A low house having only one storey or, in some cases, upper rooms set in the roof
Residential	Residential	High Rise Apartments / Flats	A block that is four storeys or more in height
Residential	Residential	Low Rise Apartments / Flats	A block three storeys or less
Residential	Residential	Applicable Not Known	
Residential	Residential	Applicable Not Categorized	
Leisure	Leisure	Cinema (dominant use)	Movie theatres. Premises showing films to the public in one or more auditoria. Includes drive-through cinemas.
Leisure	Leisure	Theatre(dominant use)	Buildings designed for largely indoor live performances. Includes concerts and opera houses.
Leisure	Leisure	Holiday resort (dominant use)	Holiday accommodation normally arranged as a self contained village, and offering a range of recreational activities. Includes health farms
Leisure	Leisure	Health/sports centre	Includes gyms, racquet sports, boxing, dance studios, climbing walls football, equestrian centres, athletics tracks and swimming pools and any



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			other indoor or outdoor sports with specific facilities, changing rooms and training equipment.
Leisure	Leisure	Leisure parks	Entertainment outlets, typically comprising a mix of cinemas, bowling alleys, amusement arcades and rides. Includes bars, pubs and restaurants in leisure park locations.
Leisure	Leisure	Marinas	Land buildings associated with docks or basins providing mooring facilities and supplies for pleasure boats, either coastal or on inland waterways.
Leisure	Leisure	Applicable Not Known	
Leisure	Leisure	Applicable Not Categorized	
Infrastructure	Power Generation Excl Renewable Energy	Nuclear Reactor	Includes nuclear reactors and associated power generation plant.
Infrastructure	Power Generation Excl Renewable Energy	Coal Fired Power Plant	Coal fired power stations and associated cooling plants.
Infrastructure	Power Transmission & Distribution	Electricity transmission grid Infrastructure	Land hosting pylons, transformer stations and other transmission plant.
Infrastructure	Power Transmission & Distribution	Interconnectors, gas pipelines	Land hosting gas pipelines and interconnectors.
Infrastructure	Renewable Energy	Wind Farms	Group of wind turbines, either onshore or offshore, including associated land that may be used for farming.
Infrastructure	Renewable Energy	Hydro-power generation	Plants relating to electricity generation by water power.
Infrastructure	Renewable Energy	Waste to energy	Plants generating electricity from bio-mass or other waste.
Infrastructure	Renewable Energy	Solar farms	Land hosting solar panels for electricity generation.
Infrastructure	Water	Sewage treatment plant	Land and buildings used for sewage filtration tanks and other sewage treatment plant.
Infrastructure	Water	Desalination Plants	Plants which concentrate on removing salt and other minerals from saline water
Infrastructure	Water	Major irrigations systems	Artificial application of water to land to assist in the product of crops
Infrastructure	Water	Flood control systems	Barrages, dykes, pumping stations, reservoirs and other flood prevention plants. Include associated land.



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Infrastructure	Water	Drinking water filtration & Storage	Filtration plants and storage tanks to purify and store water for drinking
Infrastructure	Communication	Television and radio transmission stations	Stations used for transmitting TV and radio frequencies for broadcasting
Infrastructure	Communication	Mobile telephone towers	Land or buildings hosting mobile phone masts
Infrastructure	Transport	Road/highway networks	Excluding road bridges that should be coded bridges below.
Infrastructure	Transport	Bridges	Road bridges over rivers, railways or any other obstructions. Railway bridges should be coded with Railways below.
Infrastructure	Transport	Mass transit system	If mass transit includes all public transport, would it be better to separate bus/trams from train systems?
Infrastructure	Transport	Ports	Passenger and cargo ports. Excludes marinas which should be coded under type of Leisure.
Infrastructure	Transport	Railways	Public and private railways
Infrastructure	Transport	Airports	Public and private airports
Infrastructure	Public facilities	Prisons	All open and secure detention centres.
Infrastructure	Public facilities	Convention Centers / Conference Center	Purpose built centers including auditoria and other meeting or display facilities for permanent use by conferences of trade fairs. Exclude hotels used for conferences
Infrastructure		Applicable Not Known	
Infrastructure		Applicable Not Categorized	
Education	Education	Pre-school	Premises used for pre-school nurseries, crèches, and other day care for babies and very young children. Included Kindergartens.
Education	Education	Schools	Buildings and land used for public or privately operated primary and secondary education, including class rooms, cloakrooms, assembly rooms, sports facilities, staff premises and administrative offices. May include dormitories for boarders. Include Broad Schools (Netherlands), nursery schools, kindergartens, crèches and day care centers for pre-school children.
Education	Education	Tertiary education	Buildings and land used for tertiary education including lecture theatres, seminar and other classrooms, laboratories and other specialist areas, administrative offices, cafeterias and sports facilities. Include music,



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catering, horticulture, sports, secretarial and other specialist tertiary colleges. Exclude student housing which should be recorded under Residential

Education	Education	Applicable Not Known	
Education	Education	Applicable Not Categorized	
Healthcare	Healthcare	Hospitals	Buildings fully equipped for in-patient medical treatment. Usually including operating theatres, but including also mental health, and other in-patient treatment premises.
Healthcare	Healthcare	GP Surgery	General practitioner and specialist doctor's consulting rooms. Usually with ancillary nursing facilities.
Healthcare	Healthcare	Dentist Surgeries	Dental surgeries and dental hospitals
Healthcare	Healthcare	Medical Centers	Primary health care centers offering a wide range of non-emergency out-patient medical services.
Healthcare	Healthcare	Specialist Treatment	Hospital or out-patient centers offering highly specialized treatment requiring specialized equipment such as MRI scans, Hydro-therapy, radio-therapy etc.
Healthcare	Healthcare	Physical & learning disability homes	Centers for in- and/or out-patient treatment of children or adults with physical or learning disabilities
Healthcare	Healthcare	Mental Health Hospital	Hospital specifically designed for treatment and care of mental patients. May include secure accommodation.
Healthcare	Healthcare	Nursing Homes	Residential care homes providing nursing care.
Healthcare	Healthcare	Care/Retirement homes	Residential care homes without nursing care.
Healthcare	Healthcare	Ambulance Station	Ambulance garage and associated paramedics offices and on site accommodation/ rest facilities.
Healthcare	Healthcare	Applicable Not Known	
Healthcare	Healthcare	Applicable Not Categorized	
Land	Land	Farmland	Land used for agricultural purposes, including farmhouses and other farm buildings.
Land	Land	Forestry	Land used for timber production, including bare land where trees have been felled and planting is intended.



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Land	Land	Development Land & Sites	Green or brownfield sites, including empty buildings available for demolition or redevelopment. Used only for inactive sites where end use is unknown. Development sites with planning permission active or pending and end use known should be coded
Land	Land	Applicable Not Known	
Land	Land	Applicable Not Categorized	
Other	Other	Garage	Lock-up garages for private parking.
Other	Other	Parking	Including multi-storey car parks, underground and outdoor parking areas.
Other	Other	Parking Box	Individual spaces allocated for parking, either in open or within a covered parking area.
Other	Other	Service Station	Service and filling stations for motor vehicles.
Other	Other	Applicable Not Known	
Other	Other	Applicable Not Categorized	

** Property type plus a location node to determine Urban or CBD*

*** Property type plus a location node to determine Suburban*

**** Global version of STC is more detailed*



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GLOBAL FUND ATTRIBUTES

BACKGROUND

Fund-type indexes were segmented based on predefined types (e.g. pension funds, unit-linked funds, etc.). Predefined types were not consistent across countries and lacked flexibility for segmentation.

PROPOSED CHANGE

IPD would like to move away from a set of predefined fund types to a set of globally consistent attributes. We have defined a set of fund attributes in relation to three broad characteristics:

- 1) the vehicle structure
- 2) the sources of capital
- 3) the management model

BENEFITS / IMPACT

- Improved cross-country consistency
- Improved flexibility in defining segmentations

TIMELINE FOR IMPLEMENTATION

From Q1 2015 reporting.

CONSULTATION QUESTIONS

- Does the attributes classification represent all attributes types you consider as important in the definition of a fund?
- If not, could you please describe the attributes you believe are omitted?
- Are the attribute names and definitions consistent with the names and definitions you are familiar with?



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PROPOSAL - ARCHITECTURE

Vehicle structure

Investment structure	Strategy	Open/closed	Diversified /Specialist	Trading status	Legal structure	Tax status
Direct	Core	Open	Diversified	Listed	Corporate	REIT
Blend direct / indirect	Core plus	Closed	Specialist – property type	Unlisted	Partnership	Other fully tax transparent
Predominantly indirect	Value added	Semi-open	Specialist – geography	Not categorised	Unit Trust	Partly tax transparent
Other real assets	Opportunistic	Not categorised	Specialist - other	Not Applicable	Contract	Fully taxed / Not tax transparent
Debt fund	Other not categorised	Not Applicable	Other not categorised		Other not categorised	Other not categorised
Other not categorised						

Source of funds

Permitted investors	Commingled /separate	Main investor Type
Professional/expert	Separate account	Pension
Non professional/ Retail investors	Joint Venture/ Club Deal/ Syndicate	Life
Mix	Commingled	General insurance
Not known	Not known	Sovereign wealth
Applicable not categorised	Applicable not categorised	Other public investors
		Other private investors
		Mixed
		Charities
		Housing associations
		Not known
		Applicable not categorised

Management model

Property management
In house
Third party
Not known
Applicable not categorised

Fund frequency

Valuation frequency
Monthly
Quarterly
Bi-annual
Annual
Other



PROPOSAL – ARCHITECTURE (CONT'D)

Field name		Description
Fund Investment Structure		Composition of fund portfolio in terms of types of real estate assets permitted under the fund mandate.
	Direct	Fund to be invested entirely in direct real estate assets.
	Blend of Direct / Indirect	Fund permitted to invest in both direct and indirect assets.
	Predominantly Indirect	Funds investing more than 70% in indirect real estate vehicles, including 'Fund-of-funds' - funds comprising a portfolio of indirect investments in other funds. This type of investing is often referred to as multi-manager investment.
	Other Real assets	Invested directly or indirectly in other real assets (eg. Infrastructure)
	Debt fund	A fund invested directly or indirectly in debt vehicles or mortgage backed securities.
	Not known	
	Applicable not categorized	
Fund Strategy / Style		Fund investment strategy as specified in the fund's mandate. This is based on self declaration rather than objective metrics.
	Core	'An account that includes a preponderance of core attributes; the account as a whole will have low leasing exposure and low leverage. A low percentage of non-core assets is acceptable. As a result, such portfolios should achieve relatively high-income returns and exhibit relatively low volatility.' <i>Source INREV</i>
	Core plus	A 'core-plus' fund is a core fund with a target return at the upper end of the core range. <i>Source INREV</i>
	Value added	' An account that generally includes a mix of core investments and non-core investments that will have less stable income streams. The account as a whole is likely to have moderate lease exposure and moderate leverage. As a result, such accounts should achieve a significant portion of the return from appreciation/depreciation and are expected to exhibit moderate volatility.' <i>Source INREV</i>
	Opportunistic	'An account of preponderantly non-core investments that is expected to derive most of its return from appreciation/depreciation and/or which is expected to and may exhibit significant volatility in returns. This volatility may be due to a variety of characteristics, such as exposure to development, significant leasing risk, high leverage, or a combination of moderate risk factors.' <i>Source INREV</i>
	Not known	
	Applicable not categorized	



Open/closed		Basis of fund capitalisation. Applies only to mutual funds.
	Open	A commingled fund with an infinite life, which allows periodic entry and exit of investors, and typically engages in ongoing investment purchase and sale activities.' <i>Source INREV</i> The fund's capitalization is not fixed and changes upon the demand of shareholders. An open-end fund issues new stock when people invest in it and buys back old shares when investors want to redeem them. The value of each share is the net portfolio value divided by the number of shares.
	Closed	'A commingled fund with a stated maturity (termination) date, which may have additional investors after one or more additional closings and the final initial closing of the fund. Closed-ended funds typically purchase a portfolio of properties to hold for a period of time throughout the duration of the fund and, as sales occur, typically do not reinvest the sales proceeds.' <i>Source INREV</i> . The price of units when traded will vary with demand.
	Semi Open	Funds that are normally closed but have periods of being open to new investors.
	Not known	
	Applicable not categorized	
Specialist / diversified		Is the fund constrained to invest in a particular asset type, region, size, yield band, or other area of the market?
	Specialist - property type	Fund specializing in a particular real estate sector e.g. shopping centers
	Specialist - geography	Fund specializing in a specific geography (town or region)
	Specialist - other	Fund specializing in other particular real estate types e.g. lot size or lease term. (Exclude specific sectors or geographies.)
	Diversified	Fund comprising a spread of different types of real estate assets. Also called balanced
	Not known	
	Applicable not categorized	
Fund Trading status		Can shares or units be traded by the public on a registered securities exchange ?
	Listed	A company, corporation or other vehicle whose shares have been accepted for trading on a stock exchange - Including the LSE Alternative Investment Market (AIM). Also known as a quoted companies.
	Unlisted	Companies or other vehicles that are not listed on a stock exchange. Also known as private companies or unquoted vehicles. (Includes: Société Foncière non-cotée in France, Inmobiliaria no cotizada in Spain.)
	Not known	
	Applicable not categorized	



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IPD Global Data Standards

Consultation

Fund Legal Status		The legal framework which governs the way in which the fund operates, and the liabilities of investors and managers.
	Corporate	Vehicles governed by corporate law. Includes Limited Liability companies, Proprietary Companies and Corporations in which individuals can invest by means of shares and receive income distributions in the form of dividends. (Includes SICAVs, Australian PTYs, and Investment Trusts)
	Partnership	Investors acting together for the purpose of conducting business. Includes both Limited and Special Partnerships. Limited Partnerships have one or more General Partners who have management control of the fund, rights to share in the profits of the partnership, and liability for its debts; and any number of Limited Partners, who are only liable for the debts of the partnership to the extent of their registered investment. The General Partners distribute the profits of the partnership to the Limited Partners as defined in the partnership agreement. Details vary between jurisdictions. Also includes Japanese and Toshi jigyo yugen sekinen kumiai, and German Kommanditgesellschaft auf Aktien (KGaA) .
	Unit Trust	Trust funds operate under a contract that is governed by special law, which defines the rights of beneficiaries, who are the unit holders. A trust fund comprises a variety of assets operated by trustees on behalf of the beneficiaries. Unit trusts are open-ended vehicles that can issue or redeem units at any time to investors who want to purchase or sell their stake. The price of the units directly reflects the value of the assets held by the trust (NAV). Includes Authorised and Unauthorised Unit Trusts, Offshore trusts, SCPIs, wholesale , and Unit Linked funds.
	Contract	Vehicles governed by arrangements set out in a contract, not referring to a specific law. Investors rights are set out in the contract.
	Not known	
	Applicable not categorized	
Fund Tax Status		
	REIT	Real Estate Investment Trusts with special tax status. REITs are exempt from income tax and capital gains tax in respect of their property investment activities. The three principal conditions are to distribute at least 90% of their net taxable income, to hold at least 75% of their gross assets in the form of investment properties, and to derive at least 75% of their income by way of rents from these properties. 90% of trust taxable income must be distributed to investors.



	Fully tax transparent	Fully tax transparent means that for direct tax purposes, investors are treated as if they had invested directly in the underlying assets and are subject to tax accordingly. i.e. will not be subject to corporation, income or capital gains tax. (Source UK Financial Services Authority, FSA). Luxembourg and Ireland have introduced similar structures. Includes Limited Liability Partnerships
	Partly tax transparent	Carry some tax advantages, but are not fully tax transparent.
	Fully taxed / Not tax transparent	No tax advantages.
	Not known	
	Applicable not categorized	
Commingled or Separate funds		Are investors from a single source, or blended from two or more sources?
	Separate account	A separate account is a fund investing resources from a single source, with segregated accounting and reporting. A separate account allows the investor to specify to the manager individual targets and risk tolerance.
	Joint Ventures/ Club deals/ Syndicates	The resources of 2 or more parties are available for investment in a single asset or defined group of assets, with pre-agreed investment procedure and income sharing arrangements.
	Commingled	Fund comprising assets from several accounts that are blended together. Investors in commingled funds benefit from economies of scale, which allow for lower trading costs, diversification and professional money management. Includes Pooled funds, Property Unit Trusts and other co investment funds.
	Not known	
	Applicable not categorized	
Permitted Investors		Is investment restricted to professionals?
	Professional/ Expert investors	Unregulated or Unauthorised investment schemes restricted to professional or expert investors. Unregulated common investment schemes are subject to tight restrictions on who may be invited to invest in them. Also called institutional investors, sophisticated investors or other qualified investors, e.g. US Mutual Funds, European SCPIs, UK Unauthorised Property Unit Trusts
	Non-professional/ Retail investors	Regulated or Authorised investment schemes that can accept investments from non-expert private investors e.g. Limited Partnerships, Authorised Property Unit Trusts.
	Mix	Any investors permitted.
	Not known	
	Applicable not categorized	



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IPD Global Data Standards

Consultation

Main investor type		Identifies the predominant category of investors who are invested in the fund. Predominant investors should account for at least 50% of the fund's assets.
	Pension contributions	Funds investing pension contributions of individuals in corporate, local authority, public or other staff pension schemes. Includes unit linked funds operated by insurance companies enabling individuals to invest all or part of their money purchase pension premiums in a real estate fund.
	Life	Funds investing premiums paid by individuals for Life Insurance cover. Investment strategy is normally long term. Includes unit linked funds operated by insurance companies so that individuals can select to invest all or part of life insurance premiums in a real estate fund.
	General insurance	Non-life insurance funds operated by insurance companies. Includes household, general, motor, marine, travel and other non-life insurance.
	Sovereign wealth	A sovereign wealth fund (SWF) is a state-owned investment fund. Most SWFs are funded by revenue from commodity exports or from foreign exchange reserves held by the central bank, e.g. Korean Investment Authority, Government of Singapore Investment Authority.
	Other public investors	Central or local government or government agency funds invested in real estate. E.g. Nuclear Decommissioning funds, Airport authorities, development agencies, civic authorities and conservation projects. Exclude pension funds operated for the staff of these organisations, which should be coded Pension above.
	Other private investors	Investment from private sources, including family or charitable bequests, private wealth funds and other privately owned commercial or residential property portfolios. Include shareholders in listed or unlisted property companies.
	Mixed	Funds comprising a combination of any of the above categories of investor e.g. mixed Life and General Insurance, or mixed Life and Pension.
	Charities	Investment resources derived from charitable bequests, fund raising or donations. Includes endowment funds and foundations
	Housing Associations	Housing Associations are private, non-profit making organizations that provide low-cost "social housing" for people in need of a home. Any trading surplus is used to maintain existing housing and to help finance new homes. Although independent, they are regulated by the state and commonly receive public funding.
	Not known	
Applicable not categorized		
Fund management		Is fund management (strategy and asset management, as opposed to rent collection and property maintenance) outsourced?
	In house	Funds operated by a team from the same organisation as



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IPD Global Data Standards Consultation

		the resources to be invested.
	Third party	Funds managed by external team e.g. a corporate pension fund operated by a specialist real estate management business.
	Not known	
	Applicable not categorized	



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CROSS-HOLDINGS IN PROPERTY FUND INDEXES

BACKGROUND

Cross-holdings refer to the case where fund A holds an indirect ownership in a fund B and funds A and B are part of the same index. As a result of the cross-holding, the performance of fund B's underlying assets will be magnified as they impact directly on fund B performance, but also indirectly on fund A performance. The UK and Australia are the only markets in which cross-holdings are adjusted for.

PROPOSED CHANGE

IPD has chosen as a global standard not to adjust for cross-holdings for index calculations. Meanwhile, we will collect the information necessary to perform cross-holding adjustments for the purpose of producing local indexes, subject to local Consultative Group request and IPD's approval.

BENEFITS / IMPACT

- Enhanced global consistency of fund indexes
- Differences between the UK PFI local and global performance is smaller than 25 bp

TIMELINE FOR IMPLEMENTATION

From Q1 2015 reporting.

CONSULTATION QUESTIONS

- Have you often been confronted with funds having large indirect ownerships in your market?
- Should funds with cross-holdings be allowed to be part of a property fund index?
- If yes, should there be a limit (% GAV) that can make up cross-holdings in any particular fund?
- If we allow funds with cross-holdings to be part of our property fund indexes, should we adjust for cross-holding impact on fund return calculation?

ILLUSTRATION OF THE IMPACT OF CROSS-HOLDINGS

- Assumptions**

- 2 assets: DP1, DP2
- $\Delta CV DP1 = -2\%$, $\Delta CV DP2 = +10\%$

As a result of A holding 50 of B, the performance of the aggregate increases by 30 bps

	<u>Case 1: Separate holding structures</u>				<u>Case 2: A invests into B</u>			
	<i>Fund A</i>		<i>Fund B</i>		<i>Fund A</i>		<i>Fund B</i>	
	Asset	Debt	Asset	Debt	Asset	Debt	Asset	Debt
At t0								
Cash	0	70	0	30	0	70	0	30
DP 1	100	30 NAV	0	270	100	80	0	270
DP 2	0		300		0		300	
Indirect (B)	0		0		50		0	
At t1								
Cash	0	70	0	30	0	70	0	30
DP 1	98	28 NAV	0	300	98	84	0	300
DP 2	0		330		0		330	
Indirect (B)	0		0		56		0	
	Fund A		Fund B		Fund A		Fund B	
Fund performance	-6.7%		11.1%		4.4%		11.1%	
Aggregate (A+B) - No Adjustment	9.3%				9.6%			
Aggregate (A+B) - Adjustment					9.3%			



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DIFFERENCE BETWEEN UK PROPERTY FUND INDEX AND GLOBAL PERFORMANCE

Date	Number of funds with Xh exposure (% units held by other funds)						Avg NAV held in Xh (% total NAV)	Total return inc/exc Xh		
	0	<25%	25%- 50%	50%- 75%	75%+	total		Not adjusting	Adjusting	DIFF
Dec-90	12	0	0	0	0	12	0%	-8.68	-8.68	0.000
Dec-91	15	0	0	0	0	15	0%	-2.84	-2.84	0.000
Dec-92	16	0	0	0	0	16	0%	-3.24	-3.24	0.000
Dec-93	18	0	0	0	0	18	0%	14.90	14.90	0.000
Dec-94	20	0	0	0	0	20	0%	13.13	13.13	0.000
Dec-95	22	0	1	0	0	23	0%	3.32	3.34	0.016
Dec-96	22	0	1	0	0	23	0%	8.63	8.62	-0.012
Dec-97	22	0	1	0	0	23	0%	14.88	14.89	0.007
Dec-98	24	0	1	0	0	25	0%	12.66	12.66	-0.004
Dec-99	26	0	1	0	1	28	1%	14.46	14.48	0.024
Dec-00	27	0	1	0	2	30	1%	12.66	12.75	0.088
Dec-01	31	1	1	0	2	35	1%	6.53	6.45	-0.083
Dec-02	32	2	1	1	1	37	2%	10.76	10.53	-0.229
Dec-03	33	2	2	1	1	39	2%	13.06	12.99	-0.067
Dec-04	35	4	1	3	0	43	3%	20.87	20.69	-0.186
Dec-05	33	7	1	2	3	46	5%	20.41	20.29	-0.121
Dec-06	41	12	3	2	2	60	6%	20.63	20.59	-0.040
Dec-07	41	14	3	2	2	62	6%	-6.66	-6.73	-0.064
Dec-08	42	15	3	2	2	64	5%	-31.50	-31.52	-0.021
Dec-09	38	14	2	3	3	60	6%	-4.63	-4.47	0.157
Dec-10	31	21	1	3	3	59	4%	14.70	14.67	-0.026
Dec-11	30	20	2	2	2	56	4%	6.86	6.95	0.093
Dec-12	30	20	2	0	0	52	3%	0.83	1.03	0.201
Dec-13	34	13	1	0	0	48	2%	9.05	9.02	-0.027

- NAV held in cross-holdings represents up to 6% of the total NAV in some years (mainly 2005-2009)
- Some funds are more than 50% held by other funds (2002-2011)
- Cross-holdings had in any year an impact on TR smaller than 25 bps



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