

VIA e-mail

December 10, 2012



Financial Accounting Standards Board
Technical Director - File Reference No. 2011-200
Financial Accounting Standards Board
401 Merritt 7 - PO Box 5116
Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update, Topic 946: Financial Services – Investment Companies, Amendments to the Scope, Measurement, and Disclosure Requirements ("Topic 946"); issued October 21, 2011

Dear Board Members:

We are grateful for the opportunity afforded us to meet with several Board members and staff on October 12 to discuss the above referenced proposed standard. We greatly appreciate the FASB's willingness to engage in an ongoing dialogue with us throughout the standard process. We hope that as a result of that meeting the Board and staff have a better appreciation of our critical need to scope all private real estate investment vehicles, including equity REITs into Topic 946. In addition, we hope you have a greater understanding and appreciation of our two model approach to reporting on a fair value basis and its significance and relevance to our industry and investors.

We understand that the FASB is contemplating issuing changes to Topic 946 exclusively related to the scoping criteria. We caution against making such a change without also addressing our industry's concerns regarding private REITs, revenue recognition, and presentation due to the potential unintended and unpredictable consequences of doing so.

Although a principles based approach to scoping is appropriate, we think it is detrimental to address scoping to the exclusion of the other changes contemplated within the exposure draft. Some examples follow:

- A principles based approach could enable some funds which are structured as private REITs to report at fair value under GAAP for its primary reporting. However, a change in scope without a corresponding change to specifically not exempt all REITs from Topic 946 seems intuitively contradictory. As we have repeatedly stated, the users of our industry's financial information- which includes numerous private REITs- require and need fair value information presented in a meaningful manner that is subject to audit, and in order to effectively compete within the broader capital markets universe, fair value is critical for our entire industry.
- The changes contemplated to scoping appear to enable single investor accounts to utilize Topic 946 as their primary accounting standard. Currently, those single investor accounts generally report at fair value under ASC 960 or GASB Statement No. 25. Without addressing changes to revenue recognition and presentation, a strict interpretation of earnings and profits and investment for these accounts once under Topic 946 would result in performance (i.e., income and appreciation component time-weighted returns) which could be substantially different than industry indexes and benchmarks, without any change to the economics of the transactions. Much of our industry could lose the meaningful and useful fair value reporting that investors want and are accustom to in their GAAP primary financial statements subject to audit.

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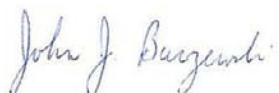


In addition, as the recently issued IFRS Investment Entity Standard is still very closely aligned with the existing Topic 946, we question whether any amendments to Topic 946 are beneficial to ongoing convergence efforts given their potential effect on other industries: real estate.

As the Board continues its deliberations we ask that you address the needs of the real estate investment community addressing both the reporting model and REIT implications. We would also hope that any standards proposed do not ignore the needs of the real estate community. Leaving us with no guidance or little guidance to draw from could cause further diversification of reporting in the industry, potentially providing less meaningful and useful financial information to our private institutional investor group.

Thank you again for your willingness to participate in open dialogue with us. Should you have any questions or need additional information, please do not hesitate to contact Marybeth Kronenwetter, Director, REIS Operations at 630-469-4088, or the undersigned at 978-887-3750.

Yours truly,



John J. Baczewski
Chair, REIS Board