

February 2, 2012

Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, Connecticut 06856-5116
Via e-mail @ director@fasb.org

Re: File Reference No.2011-210: Proposed Accounting Standards Update, *Real Estate – Investment Property Entities* 

The Accounting and Auditing Procedures Committee (the "Committee") of the Pennsylvania Institute of CPAs ("PICPA") appreciates the opportunity to comment on the Proposed Accounting Standards Update (ASU) on *Investment Property Entities*. The PICPA is a professional association of more than 20,000 CPAs working to improve the profession and better serve the public interest. Founded in 1897, PICPA is the second-oldest CPA organization in the United States. Membership includes practitioners in public accounting, education, government, and industry. The Committee is composed of practitioners from both regional and small public accounting firms, members serving in financial reporting positions, and accounting educators.

The Committee has two specific concerns regarding the proposed ASU.

First, the Committee does not believe that the definition of investment property should be limited to the investment company definition. The proposed ASU indicates that only entities that have "investors that are not related to the parent (if there is a parent) and those investors, in aggregate, hold a significant ownership interest in the entity," would be required to measure their investment property at fair value. The Committee does not believe that the fair value requirement for measuring investment property entities should be contingent upon having multiple investors. While the Committee acknowledges the FASB's efforts to enhance the consistency of the measurement principals with other reporting entities (e.g. investment companies and pension plans, etc.), the Committee believes that this proposed requirement will create additional reporting inconsistencies based on ownership structure, unnecessarily add to complexity, and does not achieve full convergence with the International Financial Reporting Standards.

Second, the Committee believes that the definition of "Express Business Purpose" should be broadened to include not only situations in which a total return includes a requirement of capital appreciation but also those situations in which the business purpose includes other measurable criteria such as the generation of tax credits. The proposed language requiring there to be an anticipation of capital appreciation is too narrow to address all business purposes contemplated by investors.



We appreciate your consideration of our comments. We are available to discuss any of these comments with you at your convenience.

Sincerely,

Richard E. Wortmann, CPA

Chairman, PICPA Accounting and Auditing Procedures Committee