February 15, 2011

Ms. Susan M. Cosper
Technical Director
File Reference No. 2011-210
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update, Real Estate — Investment Property Entities (Topic 973)

Dear Ms. Cosper:

Crow Holdings Capital Partners, L.L.C. ("CHCP") appreciates the opportunity to provide its views on the FASB's Proposed Accounting Standards Update, Real Estate-Investment Property Entities. We support the Board’s efforts to improve the accounting by real estate companies’ entities.

To understand our concerns with regard to applying the Proposed Standard, it may be helpful to provide a brief summary of our business. Since 1998, CHCP and CHCP-affiliated entities have managed five private equity real estate funds. Equity capital from these funds totals approximately $3.0 billion. CHCP’s top priority is serving its investors, which includes causing the funds to report in a user-friendly fashion and in accordance with GAAP. The funds meet the criteria of an investment company and; therefore, report investment assets at fair value.

Question 5:
An entity that would be an investment property entity under the proposed amendments would be required to follow the accounting requirements in the proposed amendments even if that entity also would be an investment company under Topic 946. Is it appropriate for an entity that would meet the criteria to be both an investment property entity and an investment company under Topic 946 to be subject to the amendments in this proposed Update? If not, what alternative approach would you recommend if an entity would meet the criteria to be both an investment property entity and an investment company? Should the form of the entity (real estate fund versus real estate investment trust) dictate whether an entity should be an investment company or an investment property entity for accounting purposes? If yes, please describe the difference between the business activities of a real estate fund and a real estate investment trust to support your view

Comment to Question 5:
It does not seem appropriate that if an entity is an investment company under Topic 946 the entity should also be required to follow the amendments of this proposed update and report as an investment property entity. If the entity meets the criteria of both an Investment Property Entity and an Investment Company, we strongly recommend the entity should follow current Investment Company guidelines for consistency with the type of reporting investors are used to seeing in their investments, including non-real estate investments. Under Investment Company guidelines the entity is required to report its equity investments at fair value. Investors are primarily interested in a clear reporting of the value of their equity. CHCP does not believe that presenting a gross presentation including property level debt, rental revenues and related expenses would provide useful information to investors.
We agree with the Board's conclusions in paragraphs BC 75 and BC 76 that the benefits derived from the expanding fair value accounting must be greater than the related costs and the entities subject to this Proposed Accounting Standards Update should not incur significant costs to comply. For example, one of CHCP's active funds currently has 46 investment properties to be consolidated at the reporting entity. Consolidation would expand audit requirements to all 46 properties as well as the fund. The cost of the annual audit to investors would increase significantly, which is only one of the incremental costs that would be incurred without meaningful benefit, and in fact a possible distortion of what is known to be useful information to investors. CHCP also expects increased overhead and documentation costs associated with the consolidation process.

CHCP believes this amendment will complicate the use of the financial statements for investors and other users. It would be extremely difficult for CHCP investors to determine a meaningful value of the entity investments based on the information the reporting entity would be required to provide. Furthermore, the ability to provide investors timely information would be compromised as fund financial statements will be delayed due to consolidation. Consolidation, as opposed to fair value reporting, would also require collection of all property level financial statements, usually compiled by third party property management companies, which is not always readily available on a timely basis or prepared in a uniform manner.

We also do not believe the form of the entity (real estate fund versus real estate investment trust) should dictate whether an entity should be an investment company or an investment property entity for accounting purposes. Both are presented with the same issues identified above.

**Question 24:**
The proposed amendments would apply to both public and nonpublic entities. Should the proposed amendments apply to nonpublic entities (such as private companies and not-for-profit organizations)? If not, how should the proposed requirements differ for nonpublic entities and why?

**Comment to Question 24:**
CHCP believes the proposed amendments should not apply to nonpublic entities in particular. The relationship between a private investment company and its investors is more likely to be based on an intimate understanding by the investment manager of the needs and goals of the investors. Additionally, investors in a nonpublic entity have a more sophisticated understanding of their investments, real estate and non real estate, historically based on fair value reporting. If financial statements are presented in a consolidated basis, investors likely would request (or require) an alternate presentation based on fair value to suit their purposes.

As previously mentioned, CHCP's top concern is its investors and providing them with reliable, usable reporting that is in conformity with GAAP.

CHCP strongly believes an entity should follow current Investment Company reporting guidelines if the entity meets the criteria of both an Investment Company and an Investment Property Entity. CHCP appreciates the FASB's consideration of our recommendation and concerns.

We appreciate the opportunity to comment on the Proposed Accounting Standards Update.

Sincerely,

Crow Holdings Capital Partners, L.L.C.