## Morgan Stanley

February 15, 2012

Technical Director File Reference No. 2011-210 Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update, Real Estate - Investment Properties (Topic

Dear Technical Director:

Morgan Stanley appreciates the opportunity to comment on the FASB's Exposure Draft of the Proposed Accounting Standards Update, Real Estate - Investment Properties ("Proposed Update").

We have participated in the preparation of responses to the Proposed Update submitted by the Securities Industry and Financial Markets Association ("SIFMA") Asset Management Group Accounting Committee and the Commercial Real Estate ("CRE") Finance Council and are generally supportive of the view expressed therein.

We recommend that the Board not adopt the investment property entity ("IPE") model, but rather retain the model where entities that primarily hold investment property would be considered investment companies ("IC") under the Proposed Accounting Standards Update, Financial Services - Investment Companies. As many of the criteria are consistent between the IPE and IC models and because we believe fair value is the most relevant measurement basis for these entities, we believe the guidance could be simplified by not having separate criteria for IPEs.

Additionally, for real estate held outside of an IC, we encourage the Board to consider providing an option to measure real estate properties acquired for investment purposes at fair value or cost similar to the International Accounting Standard 40, Investment Properties (IAS 40).

We strongly support the adoption of converged standards and believe our comments to eliminate the concept of an IPE and provide a fair value option for real estate properties held outside of an IC will help to eliminate differences between the guidance provided by the FASB and IASB.

We hope that you find our comments helpful. If there are any comments that are unclear or you would like to discuss anything, further please do not hesitate to contact me at (212) 761-1136 or Dave Bonnar at (212) 276-7824.

Sincerely, Peggy Capomaggi Managing Director

Assistant Global Controller