NAREIM

Real Estate Investment Managers

Mr. David A. Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581.

March 24, 2011

Re: Form PF

Dear Mr. Stawick:

These comments are submitted regarding the joint SEC and CFTC proposal File No. S7-05-11 "Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF".

Under the proposed rule, private fund advisers would be required to file Form PF with the SEC.

The National Association of Real Estate Investment Managers (NAREIM) is the leading association for companies engaged in the real estate investment management business.

NAREIM members manage investment capital on behalf of third party investors in commercial real estate assets. Investment sectors include office, retail, multi-family, industrial and hotels.

The investment vehicles managers use are separate accounts (investment programs on behalf of one large investor), commingled funds (multi-investor platforms), publicly traded exchange listed REITs, non-traded, public REITs and fund to fund investing. Typically, a separate title holding entity is formed to hold title to each real estate asset and such entities are owned by the commingled funds or the REITs. Generally, any leverage utilized is obtained at the title holding entity level, rather than the fund or REIT level so that the real estate owned by the title holding entity is the only security for any such loans. Importantly, investment managers develop and manage the assets in which they invest.

NAREIM members serve the investment goals of public and corporate pension funds, foundations, endowments, insurance companies and individuals — domestic and foreign. Collectively, they manage over $1 trillion of real estate investment assets around the world.

NAREIM members range from the largest institutional firms in the world with fully integrated service platforms to specialized entrepreneurial firms.

We submit the following comments and questions:

1. Section 1.b of Form PF - Item B.9. Regarding the value of the private fund's borrowings – we seek clarification as to whether or not the investment adviser is obligated to report only fund level borrowings -- or whether the information reported is intended to include the borrowings incurred by each of the title holding entity subsidiaries of the fund? The language does not make this clear. If this is intended to include any debt obtained by any subsidiary of the fund, the rule should address the consequences if one of the subsidiaries is a member in a joint venture between the subsidiary of the fund and an unrelated third party and the joint venture entity is the entity that acquires the real estate and obtains the loan. We suggest that only the subsidiaries' pro rata share be reported in Form PF and that the instructions made this clear.

2. Section 1.b of Form PF - Item B.10. – Clarification is requested as to the intention underlying the request to list the creditors of the fund. There would be no contractual relationship between the reporting fund and a creditor of a subsidiary of the fund if the subsidiary is the entity that obtained the credit. If the fund has no fund level debt, although there exists subsidiary level debt, is this item intended to elicit a response that there is no debt within the fund or a response as to the aggregate of all subsidiary level debt?

3. Section 1.b of Form PF - Item B.12. What is intended by asking that fund managers specify the total number of beneficial owners of the reporting fund's equity? Does a pension fund owner - count as one beneficial owner? It would be helpful if the SEC would provide some certainty here. We suggest a definition for the term "beneficial owner".

4. Section 1.b of Form PF - Item C.14. In the context of private funds and real estate funds that hold real estate and value their assets only as of the end of the quarter, what is to be provided as to the percentage change in the net asset value for the other months? We recommend that funds with assets that are highly illiquid and, for accounting purposes, fall within Level 3 under ASC Topic 820 (Fair Value Measurements) not be required to report the value of their assets except on a quarterly basis.

5, We suggest further clarification of the definition of "private fund" for the purposes of Form PF requirements. The provisions of Section 202(a)(29) of the Investment Advisers Act define a "private fund" as an issuer that would be an investment company but for Section 3(c)(1) or 3(c)(7) of the Investment

Company Act. In the context of an open-end fund with indefinite life, we suggest further clarification of the application of the Form PF requirements to a

fund which continuously qualifies for the exemption under 3(c)(5)(C) of the Investment Company Act due to investments in real estate but which also seeks to qualify under 3(c)(7) and Requires that its investors qualify as "Qualified Purchasers" to support the 3(c)(7) exemption as a fall back.

6. The definition of "real estate fund" refers to a private fund that does not provide investors with redemption rights. Assume a fund that relies on 3(c)(7) and has a redemption lock out period. Thus, it does allow for redemption but not during the one year period following the issue date (and this is expanded to two years until the fund reaches $250,000,000 in NAV). The rule should be clarified as to what it means by allowing redemption in the ordinary course so that we could have greater certainty of where to appropriately categorize a specific private fund. Is this rule applicable to all closed end funds which do not allow redemption?

7. Does the proposed rule cover most large real estate private funds that are closed ended, (such as Reg D funds), since such funds typically do not provide investors with non-restricted redemption rights?

8. How would the proposed rule be applied to Global Reg D funds with non-U.S. high net worth individual investors and how application of the law could potentially conflict with regulations from other countries? For example, in Europe there is strict confidentiality and disclosure restrictions relating to individual investors. The European Union Privacy Directive includes detailed requirements regarding confidentially and the use of individual investors' information. One of the requirements includes obtaining consent from your individual investors prior to sharing confidential information.

9. Implementation of the proposed rule would put a tremendous strain on compliance and operations resources at real estate investment advisory firms and divert the attention of firm staff from other important areas such as customer protection. The cost/benefit analysis performed by the SEC significantly understates the number of hours required to comply with the law.

10. As noted in the proposed rule; "In contrast, large liquidity fund advisers, which would report more information than smaller private fund advisers or large private equity fund advisers but less information than large hedge fund advisers, would require an average of approximately 35 burden hours for an initial filing and 16 burden hours for each subsequent filing." The proposed rule goes on to say; "The estimates of hour burdens and costs for Large Private Fund Advisers provided in the Paperwork Reduction Act and cost benefit analyses are based on burden data provided by advisers in response to the FSA hedge fund survey and on the experience of SEC staff. These estimates also assume that some Large Private Fund Advisers will find it efficient to automate some portion of the reporting process, which would increase the burden of the initial filing but reduce the burden of subsequent filings, which has been taken into consideration in our burden estimates." It is clear that their analysis has not taken into account the unique aspects of private real estate funds. In addition, the information required to be pulled together comes from many unique sources so it is impractical to expect significant time savings could occur in future filings through automation.

11. We are concerned about the confidentially surrounding the disclosure of the types of information as noted in the proposed rule. The SEC notes that: "…the Proposal would treat all information in Form PF filings as confidential to the extent permitted under applicable law. The SEC goes on to say; " … the information in Form PF filings would be shared with the Financial Stability Oversight Council ("FSOC") (which has been established by Title I of the Dodd-Frank Act)…", and the SEC also noted that; "… it would share information with foreign financial regulators …" The SEC's representations surrounding the use of the confidential information pursuant to the Form PF disclosures raises many questions such as:

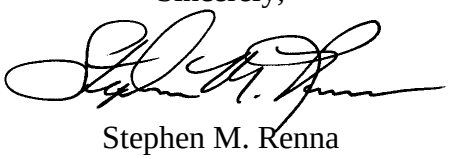
    a. Will this information be available through the Freedom of Information Act?

    b. Will the FSOC be subject to the same confidentiality standards as the SEC?

    c. Will the foreign regulators be subject to the same confidentiality standards as the SEC?

We thank you for this opportunity to comment. Please contact me with any questions or comments.

Sincerely,



Stephen M. Renna
President