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**From:** Salehbbhai, Mustufa (LEGAL)  
**Sent:** Tuesday, May 13, 2008 11:39 AM  
**To:** 'marybeth@ncreif.org'  
**Cc:** Todd, Candice (IM); Salehbbhai, Mustufa (LEGAL)  
**Subject:** Response to REIS Exposure Draft

**From:** Morgan Stanley Real Estate Advisor, Inc., Manager of Prime Property Fund, LLC  
**Regarding:** Response to REIS Exposure Draft  
**Revised Proposed Chapter 4: Fund Reporting Standards**  
**Paragraph 4.32 and 4.34 Open-end Commitment Queue and Redemption Queue**

*Section 2.09a: Do you agree that Fund Reporting Standards should include a recommendation to disclose the commitment and redemption queues for open-end funds?*

The Fund Reporting Standards should *not* include a recommendation to disclose the commitment and redemption queues for open-end funds. Because these commitment and redemption queues are usually based on revocable commitments or revocable redemption requests and because such queues will change from time to time (i.e., they are not static), we believe that the amounts of such queues are too speculative to be disclosed. In addition, because these amounts are "forward looking" and would be viewed as "projections" with respect to a fund's future liquidity, the disclosure of queue size may be viewed as inherently unreliable and deemed to be misleading to the extent actual redemptions paid and actual commitments made do not line up with the amounts disclosed to investors and prospects. This, in turn, may lead to liability for registered investment advisors pursuant to 206(4)-8 and 204(4)-1 and 2 of the Investment Advisers Act of 1940 (antifraud provisions).

We also believe the rule would place fund managers in the difficult position of having to distinguish between redemption requests and subscription commitments that are likely to be acted upon and those that are likely to be revoked.

Finally, moving beyond the GAAP mandated disclosure of redemptions actually paid out quarterly would open the possibility of funds underreporting redemption queues and over reporting subscription commitments.

*Section 2.09b: Should the Fund Reporting Standard require (versus recommend) disclosure of the commitment and redemption queue?*

No. See response to Section 2.09b

Best Regards,

Mustufa Salehbbhai, Executive Director  
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