



April 11, 2012

Ms. Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Re: FINRA Regulatory Notice 12-14

Dear Ms. Asquith,

W.P. Carey & Co., LLC ("W.P. Carey") is writing to express its support of FINRA's efforts to improve transparency and enhance investor confidence in the Direct Participation Program and unlisted REIT sectors, as exemplified in FINRA Regulatory Notice 12-14. We believe that FINRA has taken a very important step by requiring issuers to publish valuation information sooner, and by requiring that such information take the form of a per share estimated net asset value ("NAV") that is based upon an appraisal of an issuer's assets and liabilities. We believe that requiring issuers to prepare and disclose a per share NAV based upon the fair value of an issuer's assets and liabilities, as determined by appraisal, is 1) consistent with the basis of valuation reporting required by institutional investors in direct, private, joint venture, open and closed end fund and other forms of real estate investment¹; 2) a recognized metric used by securities analysts and institutional investors in comparing listed REIT equity securities; and 3) consistent with the GAAP accounting methodology used by investment companies (which are the forbears of the REIT industry) and the growing movement towards fair value accounting under U.S. and international accounting standards generally. We believe that the primarily retail investors who invest in DPPs and unlisted REITs should benefit from the wisdom of sophisticated institutional investors and analysts and have access to the same quality of information for their investments in DPPs and unlisted REITs.

We note that the unlisted REIT industry has grown significantly in the past decade and investors now enjoy many options in terms of product and sponsorship. We think that in light of the proliferation of new issuers, sponsors and products, it is particularly critical that investors have a useful basis of comparison. We believe that a per share NAV based on fair values will provide a useful basis of comparison, and is a metric that has been validated by the institutional investment community, as well as analysts of listed REIT equity securities.

¹ See, for example, the Real Estate Information Standards, developed by the National Council of Real Estate Investment Fiduciaries and the Pension Real Estate Association at reisus.org.

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We also believe that DPPs and unlisted REITs should retain an independent third party to appraise an issuer's assets at least once each year. We believe that the involvement of a third party will enhance the credibility of per share estimated NAVs. We also think it would ameliorate the perceived and actual conflicts of interest that may exist between the sponsor and the issuer in determining valuations and provide an independent check for perpetual life products that will not ultimately list or liquidate. We recognize that a third party's involvement will add costs to the process, but we believe that the timeline for providing valuation information gives issuers sufficient time to prepare for the costs and that the benefits to be gained for investors more than justify the expense. Issuers could consider having a third party appraise a percentage of their assets each quarter as a means of spreading the cost over more than one period.

In conclusion, we believe that FINRA's proposed requirement for DPPs and unlisted REITs to disclose estimated per share NAVs based on appraisals of an issuer's assets and liabilities is a great step forward in improving transparency and enhancing investor confidence in our industry. We urge FINRA to retain this aspect of its proposed amendments to NASD Rule 2340 as set forth in Regulatory Notice 12-14.

Sincerely,

W.P. Carey & Co., LLC