

*\*Excerpt from Real Estate Accounting Quarterly, July 2000  
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**From the Council – FFO Guidelines**

In its effort to enhance the quality, effectiveness and consistency of industry financial practices, the Best Financial Practices Council continuously reviews issues related to financial standards and reporting, including the industry's supplemental performance measure. The following guidelines represent conclusions reached by the Council on issues raised with respect to calculating and reporting Funds From Operations (FFO).

***Impairment Losses***

Pursuant to the SEC staff position discussed in our October 1, 2003 *Financial Reporting Alert*, NAREIT no longer recommends that impairment write-downs be excluded from FFO.

***Taxes***

Members also have inquired as to whether taxes associated with asset dispositions should be included or excluded from FFO. The Council concluded that any taxes, current or deferred, directly associated with a gain or loss on a disposition of a property not included in FFO also should not be included in FFO. All other taxes, current or deferred, should be included in the calculation of FFO (i.e., not added back to net income in the calculation of FFO).

