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NATIONAL ASSOCIATION OF REAL ESTATE INVESTMENT TRUSTS®

December 11, 2009

International Accounting Standards Board
30 Cannon Street
London, EC4M 6XH
United Kingdom

Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

**Subject: IASB Agenda Reference 4E; FASB Memo Reference 57
Project – Leases; Topic – Lessor Accounting – Investment
Property**

Dear Sir/Madam,

We are submitting this letter on behalf of the following members of the Real Estate Equity Securitization Alliance (REESA) – a global alliance of real estate organizations:

Asian Public Real Estate Association (APREA)
British Property Federation (BPF)
European Public Real Estate Association (EPRA)
National Association of Real Estate Investment Trusts (NAREIT)® (U.S.)
Property Council of Australia (PCA)
Real Property Association of Canada (REALpac)

Attached is information with respect to members and activities of REESA.

In comment letters on the International Accounting Standards Board's (IASB) and Financial Accounting Standards Board's (FASB) (collectively "the Boards") joint Discussion Paper; Leases - Preliminary Views (Discussion Paper), REESA and NAREIT, as well as a number of member companies, provided extensive discussion in support of their recommendation that lessors of investment property account for leases in the context of International Accounting Standards No. 40 *Investment Property*. These comment letters included sample analysts' reports on companies that own and operate portfolios of investment property.



1875 I Street, NW, Suite 600, Washington, D.C. 20006-5413
Phone 202-739-9400 Fax 202-739-9401 REIT.com

REESA members have reviewed the subject staff paper and urge the Boards to adopt the staff recommendation as encompassed in Approach B. We strongly oppose Approach A and we believe that a *requirement* to report investment property at fair value, as envisioned through Approach C, at this time would represent a dramatic change in reporting under U.S. GAAP. Approach B would provide preparers and auditors who have not dealt with reporting investment property at fair value an opportunity to gain an understanding of the relevant accounting standards and valuation processes while providing relevant fair value information through footnote disclosure.

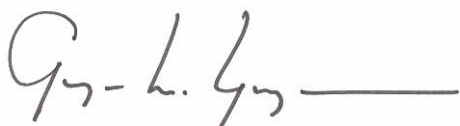
Because of the importance of responding to financial statement users' needs, REESA has included investors and analysts views in its consideration of the Boards' proposals. Representative users participate in the formation of positions taken by a number of REESA organizations on accounting and financial reporting issues. Further, on August 25, 2009, REESA members and six prominent real estate industry investors and analysts from North America and Europe met with a number of Board members and the Boards' staff. Financial statement users attending this meeting included John Lutzius, Green Street Advisors; Stuart Martin, First State Investors; Harm Meijer, JP Morgan; Rogier Quirijns, Cohen & Steers; David Smetana, Morgan Stanley; and, Rafael Torres Villalba, APG. These users explained that the approaches to lessor accounting included in the Discussion Paper would not serve the needs of the industry's investors and analysts.

The users also explained that the most significant information used to evaluate the financial strength and operating performance of real estate companies are rental revenue, net operating income generated at the property level (NOI) and net asset value. NOI includes all rental revenue and all direct operating costs. Further, in its comment letter, REESA explained the important link between NOI and the fair value of investment property and that NOI is the basis for valuing investment property. This link represents an important relationship between elements of operating results and financial position that is very important to industry managements as well as financial statement users.

REESA members have discussed the staff paper with these users who are copied on this letter and they unanimously support REESA's view that Approach B should be adopted at this time.

REESA members, including preparers and financial statement users, would be happy to meet with the Boards to discuss this matter further. If the Boards or staff have any questions with respect to this matter, please do not hesitate to contact me. I and other REESA members will be observing the joint FASB/IASB meeting on December 16, 2009.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "G-L. Yungmann", followed by a horizontal line.

George L. Yungmann
Sr. VP, Financial Standards, NAREIT



cc:	John Lutzius	Green Street Advisors
	Stuart Martin	First State Investors
	Harm Meijer	JP Morgan
	Rogier Quirijns	Cohen & Steers
	David Smetana	Morgan Stanley
	Rafael Torres Villalba	APG



REESA – The Real Estate Equity Securitization Alliance

The real estate industry has responded positively to the challenges presented by the developments in the global economy and, in particular, the global real estate markets. Collectively the organizations in REESA are responsible for representing a large proportion of the global real estate market. The benefits of collaboration on a global scale are increasingly valuable on major industry issues such as the sustainability of the built environment, tax treaties, corporate governance and research.

The formation of REESA was, in part, a direct response to the challenge and opportunity presented by the harmonization of accounting and financial reporting standards around the world. Given the size and importance of the real estate industry, our view is that there are considerable benefits to be gained by both accounting standard setters and the industry in developing consensus views on accounting and financial reporting matters, as well as on the application of accounting standards. Associations represented thus far in the alliance include:

- Asian Public Real Estate Association, APREA
- Association for Real Estate Securitization (Japan), ARES
- British Property Federation, BPF
- European Public Real Estate Association, EPRA
- National Association of Real Estate Investment Trusts, NAREIT® Property Council of Australia, PCA
- Real Property Association of Canada, REALpac

Since its formation REESA members have exchanged views on a number of tax and accounting related projects and shared these views with regulators and standards setters. These projects include:

- Financial Statement Presentation
- Reporting Discontinued Operations
- Real Estate Sales – IFRIC D21
- Capitalization of Borrowing Costs - IAS 23
- Accounting for Joint Arrangements – ED 9
- Consolidated Financial Statements – ED 10
- IASB 2007/2008/2009 Annual Improvements to IFRS
- Leases
- OECD developments on cross border real estate flows and international tax treaties (EPRA)