



November 17, 2006

Mr. Robert H. Herz
Mr. Lawrence W. Smith
Mr. Donald M. Young
Financial Accounting Standards Board
401 Merritt 7
Norwalk, Connecticut 06856-5116

NATIONAL
ASSOCIATION
OF
REAL ESTATE
INVESTMENT
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Re: FASB Consideration of NAREIT's May 1, 2006 Request Regarding
Reporting Discontinued Operations

Dear Bob, Larry and Don:

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In July of this year, NAREIT representatives met with you to explain the issues faced by our industry with respect to reporting discontinued operations and to request that the Board consider suggested alternatives to resolve these issues. On behalf of NAREIT, I would like to thank you/the Board for a rigorous examination and consideration of the issues we raised and our request. We received a number of calls from your staff requesting information and clarification with respect to our request and understand that you contacted a number of industry analysts to ensure that you understood the views of certain users of our industry's financial statements.

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Also, we are not surprised that the Board concluded that it should not place a project regarding our request on its agenda before considering the convergence of the discontinued operations definition between IFRS and U.S. GAAP. We urge the Board to consider this convergence project as timely as the Board's and IASB agendas allow and look forward to seeing the staff alternatives with respect to this convergence effort. If NAREIT can support this project in any way, please do not hesitate to contact me.

I would like to take this opportunity to respond to certain comments made during the Board's discussion regarding our request.

NAREIT did not intend to have the Board resolve the issue we raised in the narrow context of our industry. Our May 1, 2006 letter requested that the Board consider "issuing some form of guidance that would explicitly provide for the judgment discussed in paragraph B103 of the Standard in determining whether the disposition of assets should be reported in discontinued operations." We also raised the issue that the definitions of discontinued operations under IFRS

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1875 I Street, NW, Suite 600, Washington, D.C. 20006-5413

Phone 202-739-9400 Fax 202-739-9401 www.nareit.com www.investinreits.com

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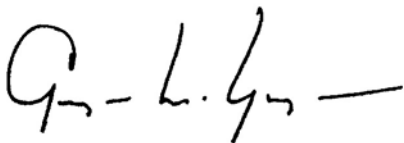
and U.S. GAAP differ. I believe we stated in our July meeting that we understand that the Board does not intend to focus its attention and resources on issues affecting only a specific industry. As Larry indicated during the Board's discussion, our industry may not be the only industry faced with the issues we raised. We believe that the possible broad solutions we suggested would resolve similar issues in other industries.

Further, we did not and would not request that the Board develop standards or guidance with respect to our industry's reporting the supplemental performance metric Funds From Operations (FFO). We are working with a coalition of real estate organizations from around the world to develop a global real estate industry financial statement model that would report an appropriate industry performance metric in the basic GAAP financial statements. This model is being developed in response to the Financial Statement Presentation project and reflects the tentative decisions reached to date. We believe this project provides the industry an opportunity to achieve meaningful performance reporting so that a supplemental metric like FFO is not required.

Finally, it was suggested that this is the third time NAREIT has brought this issue to the Board. More accurately, NAREIT has communicated to the Board with respect to SFAS 144 on three occasions. The first was our comment letter on the exposure draft (ED). This letter did not address our current issue because the ED indicated that discontinued operations reporting would only be required for significant dispositions. When the standard was issued without a notion of significance, we wanted to immediately raise the concern that the standard would potentially cause what most industry participants believed would be confusing and inappropriate financial reporting – our second communication but first that focused on the current issue. Our current request of the Board was based on four years of experience reporting under the standard and legitimate concerns raised by both REIT executives and certain of our financial statement consumers -- certain industry analysts and Moody's Investor Service. Please be assured that NAREIT would not initiate requests of the Board without having solid reasons for doing so.

We look forward to continuing NAREIT's relationship with the FASB and IASB and to constructively contributing to the work of both Boards.

Sincerely,

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

George L. Yungmann
Sr. Vice President, Financial Standards

