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Jan. 31, 2018

Ms. Susan M. Cospers
Technical Director
File Reference No. 2018-200
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

director@fasb.org

Delivered Electronically

Subject: File Reference No. 2018-200, FASB Exposure Draft, *Proposed Accounting Standards Update, Leases (Topic 842): Targeted Improvements*

Dear Ms. Cospers,

This letter is submitted by Nareit in response to the Proposed Accounting Standards Update by the Financial Accounting Standards Board (FASB or board) on *Leases (Topic 842): Targeted Improvements* (the proposal).

Nareit serves as the worldwide representative voice for real estate investment trusts (REITs) and real estate companies with an interest in U.S. income-producing real estate. Nareit's members are REITs and other real estate companies throughout the world that own, operate, and finance income-producing real estate, as well as those firms and individuals who advise, study, and service those businesses.

REITs are real estate working for you. Through the properties they own, finance and operate, REITs help provide the essential real estate we need to live, work and play. REITs own more than \$3 trillion in gross assets across the U.S. and have an equity market capitalization of \$1 trillion. In addition, more than 70 million Americans invest in REIT stocks through their 401(k) and other investment funds.

Nareit has followed the development of the new leases standard over the last decade, and has provided input to the board during that time.

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Nareit has evaluated the proposal and concludes that the practical expedient to account for lease and nonlease components (e.g., common area maintenance) as a single component addresses the real estate industry's concerns. In our view, the board's decision to provide a practical expedient will significantly reduce the cost and complexity associated with implementing Topic 842 for the great majority of real estate leases without eliminating material information for financial statement users.

Nareit thanks the board for its consideration of our request for simplification in this matter.

Respectfully submitted

A handwritten signature in black ink that reads "George Yungmann". The signature is written in a cursive style with a horizontal line at the end.

George Yungmann
SVP, financial standards
Nareit

A handwritten signature in black ink that reads "Christopher Drula". The signature is written in a cursive style.

Christopher Drula
VP, financial standards
Nareit