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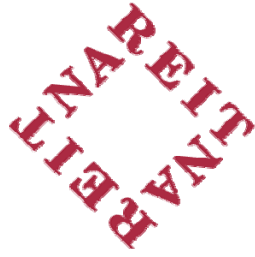
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**NATIONAL ASSOCIATION OF  
REAL ESTATE INVESTMENT TRUSTS®**

October 16, 2007

Mr. Robert H. Herz  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
Norwalk, Connecticut 06856-5116

Dear Mr. Herz:

NAREIT is requesting that the Board defer the effective date of SOP 07-1 *Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies.*

Prior to the issuance of SOP 07-1, real estate investment trusts (REITs) were explicitly scoped out of the investment company audit and accounting guide and, therefore, have little if any experience with respect to investment company accounting or reporting. We have recently received a number of inquiries from member companies, as well as auditors who service these companies, as to whether SOP 07-1 is applicable to certain REITs and/or joint ventures and “funds” established by REITs. It has become increasingly clear to us that neither the accounting firms nor NAREIT member companies have yet reached definitive conclusions as to whether the SOP applies to certain entities.

Further, we understand that AcSEC is developing implementation guidance for applying the SOP and that the Board will be considering adding a project to its agenda to address implementation issues with respect to the SOP. This guidance will be critical to companies that must apply the SOP for the first time.

We are discussing these issues with NAREIT members and accounting firms as expeditiously as possible but are concerned that member companies may be required to apply the SOP beginning the first quarter of 2008 without the benefit of any implementation guidance.

To compound this situation, the SOP requires that investment property be reported at fair value. Since U.S. GAAP continues to prohibit issuers from reporting investment properties owned outside of investment companies at fair value, our member companies have had little or no experience with such



Mr. Robert H. Herz

October 16, 2007

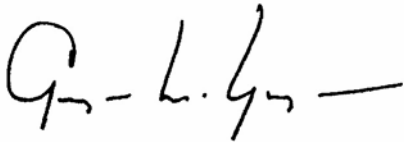
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reporting. Further, while NAREIT participated in the development of FAS 157 *Fair Value Measurements*, member companies and their audit firms have had no “hands-on” experience with actually applying this standard.

FAS 157 and SOP 07-1 becoming effective together three months from now may represent a financial accounting and reporting “perfect storm” to a number of NAREIT member companies and their audit firms. Therefore, we request that the Board defer the effective date of SOP 07-1 to allow NAREIT member companies and their auditors to determine its applicability to these companies and/or their affiliated joint ventures and “funds” and, when applicable, to consider the processes required to apply FAS 157 in measuring and reporting investment property at fair value.

We are aware that the National Council of Real Estate Investment Fiduciaries (NCREIF) has requested that the effective date of SOP 07-1 be deferred, as well as the effective dates of FAS 157 and 159. We have reviewed NCREIF’s letter to the Board and agree with many of the concerns raised.

Sincerely,

A handwritten signature in black ink, appearing to read "G. L. Yungmann" with a horizontal line extending to the right.

George L. Yungmann  
Sr. VP, Financial Standards

