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

May 26, 2010

Mr. Robert Herz
Chairman
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Subject: Concerns Regarding the Unprecedented Pace of Standards
Development and Convergence

Dear Mr. Herz and Sir Tweedie:

This letter expresses the Real Estate Equity Securitization Alliance's (REESA's) concerns regarding the current pace of standards development. See the attachment to this letter for a brief description of REESA and its support of the IASB and FASB due process. REESA's concerns were underscored by the *IASB and FASB Commitment to Memorandum of Understanding, 31 March 2010 Quarterly Progress Report*. The report indicates that the Boards will issue over twenty important exposure drafts (EDs) between April and June 2010. These EDs will cover standards that would dramatically change financial reporting around the world. We understand and, in fact, have witnessed the strong commitment of the Boards and their staff to achieving significant high quality standards between now and 2011. At the same time, we are very concerned that the time table on which these standards are being exposed and issued may not provide sufficient time for consideration of the implications of these standards by the Boards' constituents. We are further concerned that the Boards may not have sufficient time to analyze and fully consider constituent comments.

REESA therefore strongly urges the Boards to modify the schedule for issuing these EDs so that constituents will have sufficient time to fully evaluate their



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impact on accounting for business transactions and on the needs of financial statement consumers. Possible modifications include:

- Staggering the issuance of exposure drafts at least two to three months apart
- Grouping the issuance of two EDs that are particularly interdependent, *e.g.*, the Leases and Revenue Recognition EDs
- Providing a minimum of 120 days to receive constituent comments
- Making staff easily accessible to constituents (as offered in the recent IASB outreach)

When, five years ago, the National Association of Real Estate Investment Trusts[®] (NAREIT) joined the long march toward the global harmonization of accounting standards, a number of IASB Board members advised that we should attempt to achieve consensus of the global real estate industry in responding to the Boards' standards proposals. We followed that advice and, along with other real estate organizations around the globe, formed REESA.

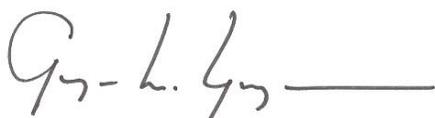
REESA is focused on enhancing the investment attractiveness of real estate companies globally. In order to achieve this objective, a part of REESA's mission is to encourage higher quality financial reporting and to harmonize financial reporting of public real estate companies around the world. Toward achieving this objective, REESA is committed to supporting the development of a single set of high quality accounting standards. Consistent with this goal, REESA has provided to the Boards the global real estate industry's views on most of the standards proposals issued by the Boards over the past five years – including all convergence projects. In addition, REESA representatives have individually and as an organization supported the Boards' standards setting work through participation in meetings with Board members and staff.

While we have a commitment and a plan to evaluate and provide the Boards with consensus real estate industry comments on the EDs to be issued, we are concerned that the Boards' schedule will not provide sufficient time to fully and substantively comprehend the proposed standards and evaluate the potential impacts of those standards on our industry's wide range of transactions.

Again, we urge the Boards to modify the pace of standards development to ensure the highest quality due process and the highest quality of resulting accounting standards.

REESA representatives would be pleased to meet with representatives of the Boards to further discuss the concerns expressed in this letter. If you have any questions regarding this letter, please do not hesitate to contact me at gyungmann@nareit.com or 202-739-9432.

Sincerely,



George L. Yungmann
Senior Vice President, Financial Standards, NAREIT



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Submitted on behalf of:

Asian Public Real Estate Association
Association for Real Estate Securitization (Japan)
British Property Federation
European Public Real Estate Association
National Association of Real Estate Investment Trusts (U.S.)
Property Council of Australia
Real Property Association of Canada

CC: Mary Schapiro, Chairman, U.S. Securities and Exchange Commission
James Kroecker, Chief Accountant, U.S. Securities and Exchange Commission
John Brennan, Chairman, Financial Accounting Foundation
Teresa Polley, President, Financial Accounting Foundation



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 tax treaties, financial accounting and reporting, corporate governance and research and sustainability of the built environment.

The formation of REESA in 2006 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 (U.S.), 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
- Revenue Recognition
- Leases
- Income Taxes (IASB ED)
- 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
- Fair Value Measurement
- OECD developments on cross border real estate flows and international tax treaties