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NATIONAL ASSOCIATION OF Real Estate Investment Trusts*

February 23, 2007



LETTER OF COMMENT NO. 4

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

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

Subject: Reporting Discontinued Operations

Dear Mr. Robert Herz and Sir David Tweedie:

On July 17, 2006, NAREIT sent the attached letter (exhibits not attached) to the FASB regarding certain issues in connection with applying SFAS No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets to Real Estate Investment Trusts (REITs) and other entities that manage portfolios of investment property.

NAREIT is the representative voice for U.S. REITs and publicly traded real estate companies worldwide. Members are REITs and other businesses that develop, own, operate and finance income-producing real estate, as well as those firms and individuals who advise study and service those businesses.

We understand that the FASB and IASB have agreed to a harmonized definition of discontinued operations and that under this definition the disposal of a component(s) of an entity would be reported in the discontinued operations section of the basic financial statements only if that component(s) represents an operating segment, as defined in FASB Statement No. 131, Disclosures about Segments of an Enterprise and Related Information. We also understand that the Boards have agreed to require certain disaggregate disclosures with respect to dispositions reported in either the discontinued operations section or business section of the financial statements.

We applaud these conclusions of the Boards and believe they will resolve the primary issues faced by most of our member companies in reporting the results of

Mr. Robert H. Herz Sir David Tweedie February 23, 2007 Page 2

dispositions of investment property, as well as serve the needs of financial statement users. At the same time, we understand that currently the Boards are considering whether to continue to incorporate theses conclusions in the Financial Statement Presentation project or to complete the Boards' due processes with respect to these conclusions as a separate project.

For a number of reasons, we urge the Boards to complete these due processes separate from the long-term Financial Statement Presentation project in order for the harmonized definition to be applied as early as possible. First, companies in our industry have been dealing with the issues resulting from the application of SFAS 144 for five years. Experience indicates that the Boards' current conclusions will greatly resolve these issues and enhance the usefulness of our industry's financial statements. Second, we believe that setting new financial accounting standards is outside the scope of the Financial Statement Presentation project, which proposes to define the form and content of financial statements. Third, we understand from our counterparts outside of the U.S. that current U.S. GAAP for reporting discontinued operations is one of a number of deterrents to real estate companies raising public capital in the U.S. And finally, implementing the Boards' conclusions expeditiously represents another important step toward the global harmonization of accounting standards.

If NAREIT can in any way support the expeditious issuance of the Boards' conclusions, please do not hesitate to contact us.

Respectfully submitted,

George Yungmann

Sr. V.P., Financial Standards

G-L.G-

CC:

Larry Smith, FASB Suzanne Bielstein, FASB Elizabeth Hickey, IASB