

MINUTES



Financial Accounting  
Standards Board

**To:** Board Members  
**From:** Monsen x353  
**Subject:** Minutes of May 11, 2011, Board Meeting on Investment Properties  
**Date:** May 13, 2011  
**cc:** **Sutay**

*The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue an Accounting Standards Update or a Statement of Financial Accounting Concepts.*

Topic: Investment Properties – Presentation and Consolidation

Basis for Discussion: FASB Memos 7 & 11

Length of Discussion: 7:45 a.m. to 8:55 a.m.

Attendance:

Board members present: Seidman, Buck, Linsmeier, Golden, Siegel, Smith, Schroeder

Board members absent: None

Staff in charge of topic: Yang

Other staff at Board table: Stoklosa, Glotzer, Axt, Monsen, Farber, Langauni

Outside participants: None

**Type of Document and Timing Based on the Technical Plan:**

The Board met to discuss issues relating to the development of an Exposure Draft addressing the accounting by investment property entities.

The Board's technical plan calls for that document to be issued in the second quarter of 2011.

**Summary of Decisions Reached:**

The Board discussed presentation and consolidation issues related to investment property entities. The Board decided that:

1. An investment property entity would present the following items separately on the face of the financial statements related to investment property investments:
  - a. Rental income
  - b. Rental expenses
  - c. Fair value of investment properties
  - d. Debt.
  
2. An investment property entity would be prohibited from consolidating controlling interests in noninvestment property entities unless the controlling interest is in an operating entity that provides services to the investment property entity. Such controlling interests and controlling interests in another investment property entity would be accounted for under Topic 810 for consolidation.

The Board also decided to refine the definition of an investment property entity to state that the entity's primary business activities relate to investing in real estate properties.

**General Announcements:** The Board directed the staff to prepare a staff draft of a proposed Accounting Standards Update for their review in preparation for an education session with the IASB related to the investment properties project.