

February 5, 2018

Ms. Susan M. Cospers
Technical Director, File Reference No. 2018-200
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116
director@fasb.org

Delivered Electronically

SUBJECT: Response to File Reference No. 2018-200, Targeted Improvements to Leases (Topic 842) – Issue 2: Separating Components of a Contract

Dear Ms. Cospers,

The undersigned are writing in our capacities as officers of some of the largest office real estate investment trusts (“REITs”) in the United States. We want to thank you for the opportunity to respond to the Financial Accounting Standards Board (the “Board”) regarding the Proposed Accounting Standards Update – Leases (Topic 842): Targeted Improvements (the “Proposed ASU”). We would also like to thank the Board for its careful consideration of our request and the opportunity to meet and respond to our questions.

As described in our letter dated September 29, 2017 and as discussed with the Board on November 2, 2017, we expect that investors, analysts and filers will benefit from the Proposed ASU. We support the proposed practical expedient for lessors. The practical expedient will provide lessors with the ability to make an accounting policy election, which would not require the separation of nonlease components from lease components but instead permit their reporting as a single lease component once the identified criteria are satisfied. We believe this is an important clarification and should benefit all interested parties as companies transition to the Proposed ASU.

Finally, if the Board has any other questions for which one or more of the undersigned may be able to offer insight or our experience, please do not hesitate to contact us.

Sincerely,

/s/ Michael R. Walsh
Senior Vice President, Chief Accounting Officer
Boston Properties

/s/ Merryl Werber
Senior Vice President, Controller
Kilroy Realty Corporation

/s/ Maggie Hui
Chief Accounting Officer
SL Green Realty Corporation

/s/ Joseph Macnow
Executive Vice President - Chief Financial Officer and Chief Administrative Officer
Vornado Realty Trust

/s/ Matthew Iocco
Chief Financial Officer
Alexander's, Inc.

cc: Marc Siegel, Board Member, Financial Accounting Standards Board
Wesley R. Bricker, Chief Accountant, Securities and Exchange Commission
Sonia Barros, Esq., Assistant Director, Division of Corporate Finance, Securities and Exchange Commission
Daniel Gordon, Senior Assistant Chief Accountant, Division of Corporate Finance, Securities and Exchange Commission
George L. Yungmann, Senior Vice President, Financial Standards, NAREIT
Christopher T. Drula, Vice President, Financial Standards, NAREIT
Matt Kirschner, Investor, Cohen and Steers
Christy McElroy, Senior Analyst – Retail Citi
Michael Gallagher, SVP & Chief Accounting Officer, Camden Property Trust
Kristie Hepburn, SVP & Director of Accounting Policy, SL Green Realty
Ian Kaufman, SVP & Chief Accounting Officer, Equity Residential