

September 13, 2013

Technical Director, File Reference No. 2013-270 Financial Accounting Standards Board 401 Merritt 7, PO Box 5116 Norwalk, CT 06856-5116 USA

Via email to: director@fasb.org

Dear Sir/Madam:

Re: File Reference No. 2013-270 Revised exposure draft on Leases (Topic 842)

FirstService Corporation is a global real estate services company with operations in 34 countries, generating annual revenues of US\$2.3 billion. Our company is headquartered in Toronto, Canada and our stock is listed on the Toronto Stock Exchange and NASDAQ. We report our financial results under US GAAP. Our company leases substantially all of its facilities, and is party to hundreds of separate operating leases for office space. One of our subsidiaries, Colliers International, is a leading global commercial real estate services firm involved in thousands of property lease negotiations on behalf of clients each year.

We appreciate the opportunity to comment on the revised proposed leasing standard (the "Proposed Standard"). We support the convergence of US GAAP and IFRS, and we are supportive of the objective of improving the accounting for leases. We commented on the initial proposed leasing standard in December 2010 and also voiced our concerns at that time.

Having evaluated the Proposed Standard, we do not believe that it represents a significant improvement over the current leasing model for the following reasons:

1. We do not agree with the concept of recording all operating leases on the balance sheet. The right-of-use model advocated by the Proposed Standard causes the recognition of both an asset and a liability, thereby grossing up the balance sheet and giving the false impression of a greater owned asset base. Leases are executory contracts that provide conditional access to an asset provided the lessee fulfills its ongoing obligations under the contract. As a result, a lessee is not subject to the substantial risks and rewards of ownership of the underlying asset, and does not control the underlying asset. This is particularly true as it relates to the property leases undertaken by our clients and by our company.

- 2. The dual model classification approach is complex and arbitrary. The proposed Type A and B lease classification simply replaces the existing dual model operating and capital lease approach, increasing complexity and substituting one arbitrary classification approach for another. We see no reason to substitute the existing leasing standard, which, at least, has well-understood parameters that have been in place for many years, with a different and more complex approach.
- 3. Implementation and compliance costs exceed the benefits. The costs of adopting and complying with the Proposed Standard are significant, requiring new systems and the development and ongoing maintenance of incremental processes and internal controls. The benefits of the Proposed Standard are questionable, given the diverse views of investors on this subject and the lack of uniformity in the methods used by investors to assess companies' lease obligations.

As an alternative to the Proposed Standard, we respectfully recommend the continued use of the existing standard, with targeted improvements such as the addition of enhanced note disclosure for key information needed by users.

If the FASB and IASB decide to proceed with the Proposed Standard, we respectfully request that further outreach, field testing and a rigorous cost-benefit analysis be undertaken before its finalization.

Thank you for your consideration on this matter.

Yours truly,

Christian Mayer CPA CA Vice President Finance FirstService Corporation