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### **Investors/analysts letter to IASB and FASB**

**5 November 2010**

International Accounting Standards Board  
30 Cannon Street  
London, EC4M 6XH  
United Kingdom

Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, Connecticut 06856-5116

**Re: Exposure Draft - Leases**

Dear Sir/Madam,

We are pleased to submit this letter on the International Accounting Standards Board's (IASB) and Financial Accounting Standards Board's (FASB) (collectively "the Boards") Exposure Drafts; Leases. We are submitting these comments on behalf of the undersigned investors and property sector analysts. As major investors into property and investment property companies (including REITs) we have a strong interest in ensuring that the reporting of financial information related to investment property is relevant and transparent.

**Exclusion for lessors of investment property reported at fair value**

We are fully supportive of the conclusion reached by the IASB to exclude from the proposed lease accounting standard companies that report investment property at fair value. Further, we support the FASB's examination of a standard under U.S. GAAP that would mirror International Accounting Standard No. 40, *Investment Property* (IAS 40). Such a standard would enable convergence of standards for accounting for investment property world-wide; and ensure relevant, comparable and transparent reporting by investment property companies globally.

The current IFRS for investment property accounting, IAS 40, is well supported by industry financial statement preparers reporting under IFRS and industry financial statement users who rely on those statements. It requires a property company to disclose the fair value of its property and reports full rental income in the profit and loss account. The full amount of rental income is fundamental to investors in assessing the performance and investment quality of investment property companies. Removing this metric pursuant to the proposed leases standard would represent a step backward in terms of investment property companies communicating effectively to investors, financial analysts and other financial statement consumers.

The investors identified below would be pleased to meet with the Boards or staff to discuss in more detail the views of users of the financial statements of investment property companies.

If you would like to discuss this matter with us, please contact either Gareth Lewis at [gareth.lewis@epra.com](mailto:gareth.lewis@epra.com) or George Yungmann at [gyungmann@nareit.com](mailto:gyungmann@nareit.com).

We thank the FASB and IASB for the opportunity to comment on the Boards' Exposure Drafts with respect to this very important project.

Respectfully submitted,

**Investment institutions**

| Name                           | Organisation                                 | Property AUM (€million) | Email  |
|--------------------------------|--|-------------------------|--|
| John Robertson                 | RREF   | 35,500                  | CONTACT<br>DETAILS<br>PROVIDED<br>SEPARATELY |
| Marc Halle                     | Prudential Real Estate Investors             | 31,100                  |  |
| Guido Bunte                    | Cornerstone Real Estate Advisers             | 25,300                  |  |
| Marcus Shepherd                | Aviva  | 25,100                  |  |
| Roger Quirijns                 | Cohen & Steers                               | 22,300                  |  |
| Martin Moore                   | PRUPIM Real Estate Investment Management     | 19,000                  |  |
| Rafeal Torres Villalba         | APG All Pension Group                        | 18,000                  |  |
| Mark Abramson                  | Heitman                                      | 15,300                  |  |
| Hans Op 't Veld                | PGGM Investments                             | 13,400                  |  |
| Rod O'Connor                   | Colonial First State                         | 12,900                  |  |
| Theodore Bigman/ David Smetana | Morgan Stanley Investment Management         | 12,100                  |  |
| Matthijs Storm                 | ING Clarion Real Estate Securities           | 12,000                  |  |
| Patrick Sumner                 | Henderson Global Investors                   | 10,900                  |  |
| Bill Hughes                    | Legal & General Property                     | 10,900                  |  |
| Andrew Jackson                 | Standard Life Investments                    | 10,400                  |  |
| Craig Mitchell                 | Dexus  | 9,800                   |  |
| Emily Mousley                  | Hermes Real Estate Inv Management            | 6,500                   |  |
| Stephen Tross                  | Bouwinvest                                   | 5,300                   |  |
| James Rehlaender               | European Investors, Inc                      | 5,100                   |  |
| Danny Agnoletto                | ING Real Estate Investment Management        | 5,000                   |  |
| Jan Willem Vis                 | BNP Paribas Investment Partners              | 3,000                   |  |
| Stuart Martin                  | First State Investments (UK)                 | 2,850                   |  |
| Graham Burnett                 | Universities Superannuation Scheme (USS)     | 2,300                   |  |
| Mark Townsend                  | Asset Value Investors                        | 1,800                   |  |
| Daniela Lungu/ Jeremy Anagnos  | CBRE Investors Global Real Estate Securities | 1,600                   |  |
| Jos Short                      | Internos Real Investors                      | 1,500                   |  |

*Investment institutions contd.*

|                               |                                 |       |  |
|-------------------------------|---------------------------------|-------|--|
| Barden Gale /Michael McGillis | JER Partners                    | 1,450 | CONTACT<br>DETAILS<br>PROVIDED<br>SEPARATELY |
| Adrian Pozzo                  | CBUS                            | 1,400 |  |
| Simon Hedger                  | Principal Global Investors      | 1,300 |  |
| Steven Brown                  | American Century Investments    | 866   |  |
| Chris Turner                  | Thames River Capital            | 860   |  |
| Vincent Bruyère               | Degroof Fund Management Company | 250   |  |
| Martin Allen                  | REECH                           | 100   |  |

**Investment analysts**

| <b>Name</b>                   | <b>Organisation</b>                        | <b>Email</b>                           |
|-------------------------------|--|--|
| John Lutzius, Mike Kirby      | Greenstreet Advisors                       | CONTACT DETAILS<br>PROVIDED SEPARATELY |
| Harm Meijer                   | JP Morgan                                  |  |
| Dirk Boer                     | Kempen & Co                                |  |
| Bart Gysens                   | Morgan Stanley                             |  |
| Jan Willem van Kranenburg     | Royal Bank of Scotland                     |  |
| Paul Pulze                    | Evolution Securities                       |  |
| Kai Klose                     | Berenberg Bank                             |  |
| Alex Moss                     | Macquarie Capital (Europe) Limited         |  |
| Bruno Duclos                  | Credit Agricole Cheuvreux                  |  |
| Steve Bramley-Jackson         | Credit Suisse                              |  |
| Ruud van Maanen               | ABN AMRO                                   |  |
| Michael Slater/Frank Haggerty | Duff & Phelps Investment Management        |  |
| Quentin Freeman/Kim Wright    | UBS  |  |
| Andrew Cox                    | Numis Securities Limited                   |  |
| Valerie Guezi                 | Exane BNP Paribas                          |  |
| Simon Wheatley                | Goldman Sachs & Partners Australia Pty Ltd |  |
| Leigh Gavin                   | Frontier Investments                       |  |