



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

Paris, 15 December 2010

Re: rental contract accounting

Dear Sirs:

We have carefully examined the main provisions relating to lease contracts accounting in terms of IFRS, in the version in which you made the project public.

The French Association of Institutional Investors, grouping 70 major Institutional Investors having more than 1.3 trillion euros in assets and numerous management companies, wonders about the logic of the anticipated provisions insofar as:

- The announced objective is to make situations comparable when they are not, and which are not intended to be comparable. An owner-user in the final analysis is not in a situation comparable to that of a mere lessee, whether in terms of capital intensity, risk, or even strategy.
- The accounting objective relative to all contracts and commitments gives rise to a very substantial question concerning employment contracts (compensation, charges, pension commitments, ...).
- When it comes to implementation, the choice of parameters such as: likelihood of renewal of a lease (and what if there is no renewal [the homeless]?), the discounting rate, depreciation rates on the assets and liabilities generated, taking indexation into account, ... Such choices give rise to additional risks of mistakes and of production of mediocre information.
- Moreover, in any event such calculations absolutely cannot make essentially different situations comparable.

Af2i – 8, rue du Mail - 75002 Paris

Tél : 01.42.96.25.36 – Fax : 01 73.76.63.95 – Email : af2i@af2i.org – Web : www.af2i.org
Association Française des Investisseurs Institutionnels - Association régie par la loi du 1er juillet 1901.
Agrément n°00155634 délivré le 26 juillet 2002, à Paris - Siret : 44848510400014

The result is that the community of Institutional Investors is seriously concerned about a project based on unjustified objectives, implementation of which would necessarily entail cumbersome procedures, disorder and opacity, without any benefit for anyone at all. On the other hand, the said provisions would clearly have harmful effects on the substance of rental commitments and on asset valuation.

Hence we request that you drop this project, and will be glad to provide you with any additional information you may desire.

Yours faithfully,

Jean-Pierre Grimaud
President

