

December 6, 2010

Technical Director, File Reference No. 1850-100 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. 1850-100 Exposure Draft on Leases (Topic 840)

We appreciate the opportunity to comment on the proposed new leasing standard. We are a publicly traded real estate services company listed on the Toronto Stock Exchange and NASDAQ, headquartered in Toronto, Canada. We have operations in 41 countries and generate annual revenues of approximately \$1.9 billion. We report our financial results under US GAAP. Our company leases substantially all of its facilities, and is party to over 200 separate operating leases for office space. One of our subsidiaries is a leading global commercial real estate brokerage, operating as Colliers International, and is involved in thousands of lease negotiations on behalf of clients each year.

We believe that the existing leasing standard may have certain flaws, but it is not broken. It has been in place for many years, and financial statement users understand its attributes, both positive and negative. Our community of clients, shareholders, analysts and bankers has not voiced any concerns to us about any perceived shortcomings in the existing leasing standard.

We have serious reservations about the proposed new leasing standard, including the following:

- 1. The amount of expense to be recognized each period under the proposed standard appears to be inversely proportional to the actual cash outflows for the same period. This is not intuitive to many financial statement users and is not reflective of the commercial reality of leasing.
- 2. While we believe Colliers International's leasing clients will continue to make leasing decisions based on sound economics, some may let the accounting under the proposed standard drive their decisions. In fact, several leading business experts have predicted that tenants will enter into leases with shorter terms, or may shun leasing in favor of purchasing space. In either case, the proposed leasing standard is disruptive to our clients and adds significant complexity to their financial reporting.

- 3. The proposed standard will materially affect financial calculations within our banking agreements, shareholders' agreements with non-controlling interests, employee incentive compensation plans, as well as our established financial measurements and practices. The impact is complex and pervasive, and will require a thorough and time-consuming evaluation process.
- 4. The cost to comply with the proposed standards will be high. In addition to the incremental work required to track over 200 leases for financial reporting purposes, we expect to incur significant time and expense to modify hundreds of agreements to accommodate, or eliminate the impact of, the proposed standard, as may be required. We see little or no benefit to justify this expense and disruption.

In summary, we strongly disagree with the approach being taken by the FASB and IASB in this area. We believe that the quest for conceptual purity is taking priority over the basic principles of reflecting the commercial reality of leasing, information usefulness, cost-effectiveness, and consistency.

As an alternative to the proposed standard, we respectfully suggest that the FASB and IASB continue to support the existing standard. We believe that any conceptual flaws that have been identified in the existing standard do not outweigh the disruption, complexity and high cost of compliance associated with the proposed standard.

Thank you for your consideration on this matter.

Yours truly,

Christian Mayer CA Vice President Finance FirstService Corporation