

December 18, 2015

Mr. Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Submitted via electronic email

Re: 2015 Agenda Consultation

Dear Mr. Hoogervorst:

Thank you for the opportunity to comment on the International Accounting Standards Board's 2015 Agenda Consultation. This submission is provided on behalf of the Real Estate Equities Securitization Alliance (REESA), which includes the following real estate organizations:

- Asia Pacific Real Estate Association (APREA)
- British Property Federation (BPF)
- European Public Real Estate Association (EPRA)
- National Association of Real Estate Investment Trusts in the United States (NAREIT®)
- Property Council of Australia (PCA)
- Real Property Association of Canada (REALpac)

REESA is a global alliance of representative real estate organizations and seeks to promote equity investment in real estate on a securitized basis. Together, the members of REESA represent the vast majority of constituent companies in the FTSE EPRA/NAREIT Global Real Estate Index.

REESA focuses on cross-border investment, international taxation, financial reporting standards initiatives and education outreach to investors. REESA members represent major operating real estate companies (including REITs) – companies that acquire, develop, lease, manage and opportunistically sell investment property. REESA's broad mission is to improve the opportunities for investment in securitized real estate equity around the globe. The purpose and activities of REESA are discussed further in Appendix I.

REESA's Comments

REESA recommends that:

1. The Board continues to focus on reducing the complexity of financial reporting, including simplifying disclosures through the disclosures initiative project. The IASB's strategic priority continues to be the development of a comprehensive set of principles based on high quality financial reporting standards. The Board should continue to focus on reducing the complexity of financial reporting, including simplifying disclosures through the disclosures initiative project.
2. The Board actively encourages the US Financial Accounting Standards Board (FASB) in converging how the definition of a business is applied in the United States to be consistent with how it is currently applied in Australia, Canada, France, Germany, the UK, and other countries under IFRS. Under IFRS, most companies treat the acquisition of a single property (or group of properties) with simple processes (e.g. common area services such as cleaning, security, repairs and maintenance) as an asset deal. However, this is a matter of judgment, and in some cases, companies may treat such a purchase as a business combination depending on the fact pattern and the asset.
3. The Board ensures that any additional guidance in applying accounting standards does not become prescriptive.

Attached is our submission which sets out our detailed comments on the 2015 Agenda Consultation.

We thank the Board for the opportunity to provide our input on the 2015 Agenda Consultation. If you would like to discuss our comments, please contact Nancy Anderson, REALpac's Vice President Financial Reporting and Chief Financial Officer, at 416-642-2700.

Respectfully submitted,



Nancy Anderson
Vice President, Financial Reporting and Chief Financial Officer

Comment Letter Submitted by

The Real Property Association of Canada (REALpac)

**On behalf of the following members of the
Real Estate Equity Securitization Alliance (REESA):**

Asia Pacific Real Estate Association (APREA)

British Property Federation (BPF)

European Public Real Estate Association (EPRA)

National Association of Real Estate Investment Trusts (NAREIT)[®] (U.S.)

Property Council of Australia (PCA)

Real Property Association of Canada (REALpac)

**In response to the
2015 Agenda Consultation
Issued by the International Accounting Standards Board
August 2015**

Detailed Comments and results of REESA Survey

To assist us in responding to the IASB we undertook a survey of REESA members to identify the highest strategic priorities that REESA members believe the IASB needs to address in its work plan.

The results are contained below:

Question 1:

The IASB’s work plan includes five main areas of technical projects:

- (a) its research programme;
- (b) its Standards-level programme;
- (c) the Conceptual Framework;
- (d) the Disclosure Initiative; and
- (e) maintenance and implementation projects

What factors should the IASB consider in deciding how much of its resources should be allocated to each area listed above?

Our comments:

Resources should be allocated based on the importance of the area. REESA members were asked to rank the IASB work plan in order of importance. The results received were as follows:

	#1	#2	#3	#4	#5
Standards-level program	36%	23%	18%	18%	5%
Disclosures Initiative	23%	32%	9%	23%	13%
Research programme	22%	17%	31%	17%	13%
Maintenance & implementation projects	14%	18%	27%	9%	32%
Conceptual framework	4%	9%	14%	32%	41%

REESA members were also asked what percentage of time should be spent on each area, and the results were as follows:

Area	% of time to be spent on this area
Standards-level program	26%
Disclosures Initiative	19%
Research programme	25%
Maintenance & implementation projects	16%
Conceptual framework	14%

Question 2:

Should the IASB:

- a. add any further projects to its research program? Which projects, and why? Please also explain which current research projects should be given a lower priority to create the capacity for the IASB to make progress on the project(s) that you suggested adding.
- b. remove from its research program the projects on foreign currency translation (see paragraphs 39–41) and high inflation (see paragraphs 42–43)? Why or why not?
- c. remove any other projects from its research program?

Our comments:

REESA members were asked if the IASB should add or remove any further projects to its research program. The results received were as follows:

- 79% of respondents said no to adding further projects to the research program at this time
- 45% of respondents said no to removing any other projects from the research program at this time

We urge caution in relation to the research program “Primary Financial Statements” (formally Performance Reporting) currently under the Assessment Stage. Each jurisdiction in the global real estate industry has developed various key performance indicators that have been used by managements, as well as financial statement users, for many years. While we support the IASB’s evaluation of the effectiveness of the income statement in communicating the economics of operations, we do not support the IASB developing specific required metrics that may not be appropriate for all industries.

Question 3:

For each project on the research programme, including any new projects suggested by you in response to Question 2, please indicate its relative importance (high/medium/low) and urgency (high/medium/low).

Please also describe the factors that led you to assign those rankings, particularly for those items you ranked as high or low.

Our comments:

REESA members were asked to rank the areas of the IASB’s research program in order of importance. The results received were as follows:

1	Disclosure Initiative	44% ranked as #1 or #2
2	Definition of a Business	43% ranked as #1 or #2
3	Financial Instruments with characteristics of equity	
4	Equity method	
5	Business combinations under common control	
6	Primary financial statements	
7	Goodwill and impairment	
8	Discount rates	
9	Share-based payments	
10	Provisions, contingent liabilities and contingent assets	
11	Post-employment benefits	

Question 4:

Do you have any comments on the IASB’s current work plan for major projects?

Our comments:

REESA identifies the top priorities as:

- 1) simplifying disclosures and complexity in financial reporting (through the disclosure initiative project);
- 2) achieving global convergence where possible (such as supporting the FASB in applying of the definition of business to be consistent with how other countries under IFRS currently apply it in practice); and
- 3) focusing on providing principles based standards that can be applied globally with consistency across various industries.

Question 5:

Are the IASB and the Interpretations Committee providing the right mix of implementation support to meet stakeholders' needs and is that support sufficient?

Our comments:

REESA members were asked to comment on the level of support the IASB and IFRIC provide on standards implementation to meet stakeholders' needs. While none of the respondents indicated that there was too much support, many indicated that there was too little, however cautioned that there were concerns that, while additional guidance may be warranted, the IASB and IFRIC should ensure that this guidance is not overly prescriptive. REESA believes that there should be a balance between providing support and guidance, while allowing that support and guidance to be open to judgment and interpretation based on varying facts and circumstances.

Question 6:

Does the IASB's work plan as a whole deliver change at the right pace and at a level of detail that is appropriate to principle-based standard-setting? Why or why not?

Our comments:

REESA members were asked if the IASB's work plan was delivering change at the right pace and at the appropriate level of detail to stakeholders. The majority agreed that the pace was reasonable, given the complexity of topics addressed.

Question 7:

Do you have any other comments on the IASB's work plan?

Our comments:

REESA believes that the IASB’s strategic priority must continue to be the development of a comprehensive set of principles based high quality financial reporting standards. Importantly, reducing the complexity of financial reporting should be a priority for the IASB. This will provide more useful information for financial statement users and ease the burden of compliance for preparers.

Question 8:

Because of the time needed to complete individual major projects, the IASB proposes that a five year interval between Agenda Consultations is more appropriate than the three year interval currently required. Do you agree? Why or why not? If not, what interval do you suggest? Why?

Our comments:

REESA encourages the IASB to continue to seek comments and feedback from stakeholders as frequently as possible, and not just through the agenda consultation process. We recommend continuing with the three year interval as well as continuing to reach out to stakeholders on a project-by-project basis.

APPENDIX I

REESA – The Real Estate Equity Securitization Alliance

REESA is made up of seven real estate organizations around the world grounded in one or more facets of securitized real estate equity. REESA's broad mission is to improve the opportunities for investment in securitized real estate equity around the globe. The REESA member organizations are:

- Asia Pacific Real Estate Association (APREA)
- Association for Real Estate Securitization in Japan (ARES)
- British Property Federation (BPF)
- European Public Real Estate Association (EPRA)
- National Association of Real Estate Investment Trusts in the United States (NAREIT®)
- Property Council of Australia (PCA)
- Real Property Association of Canada (REALpac)

REESA has responded positively to the challenges presented by the developments in the global economy and, in particular, the global real estate markets. The benefits of collaboration on a global scale are increasingly valuable on major industry issues such as the sustainability of the built environment, tax treaties, corporate governance and research.

The formation of REESA was, in part, a direct response to the challenge and opportunity presented by the harmonization of accounting and financial reporting standards around the world. Given the size and importance of the real estate industry, our view is that there are considerable benefits to be gained by both accounting standard setters and the industry in developing consensus views on accounting and financial reporting matters, as well as on the application of accounting standards.

Since its formation REESA members have exchanged views on a number of accounting and tax related projects and shared these views with regulators and standards setters. These projects include:

- *IASB Post-implementation Review: IFRS 3 Business*
- *FASB Investment Companies*
- *FASB Investment Property Entities*
- *IASB Investment Entities*
- *FASB Consolidation: Principle versus Agent Analysis*
- *IASB Agenda Consultation 2011*
- *FASB/IASB Accounting for Leases*

- FASB/IASB *Financial Statement Presentation*
- FASB/IASB *Reporting Discontinued Operations*
- FASB/IASB *Revenue from Contracts with Customers*
- FASB/IASB *Effective Dates and Transition Methods*
- IASB *Fair Value Measurement*
- IASB *Income Tax*
- IASB *Real Estate Sales – IFRIC D21*
- IASB *Capitalization of Borrowing Costs – IAS 23*
- IASB *Accounting for Joint Arrangements – ED 9*
- IASB *Consolidated Financial Statements – ED 10*
- IASB *2007/2008/2009 Annual Improvements to IFRS*
- OECD developments on cross border real estate flows and international tax treaties