

30 April 2012

Michelle Sansom
Accounting Standards Board
5th Floor, Aldwych house
71-91 Aldwych
London WC2b 4HN

Email: asbcommentletters@frc-asb.org.uk

Dear Michelle,

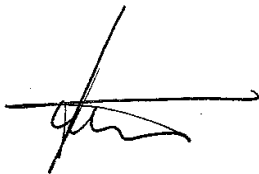
RE: The Future of Financial Reporting: Revised FREDs 46 – 48

The Association of Real Estate Funds (“AREF”) represents the unlisted real estate funds industry and has 79 member funds, with a collective net asset value of almost £40 billion, which includes authorised funds, unauthorised unit trusts, limited partnerships and offshore funds. AREF is committed to promoting transparency, consistency and comparability between funds and maintains a Code of Practice defining the industry standards that the Association expects its members to uphold.

We welcome the proposals set out in your consultation and although some of the requirements in this consultation do not apply to our members firms, we wish to respond to questions 2 and 4.

Our responses to the specific questions are attached. If we can be of further assistance, please do not hesitate to contact us.

Yours sincerely



John Cartwright
Chief Executive
The Association of Real Estate Funds

QUESTION 2

The ASB has decided to seek views on whether:

As proposed in FRED 47

- A qualifying entity that is a financial institution should **not** be exempt from any of the disclosure requirements in either IFRS 7 or IFRS 13; or

Alternatively

- A qualifying entity that is a financial institution should be exempt in its individual accounts from all of IFRS 7 except for paragraphs 6, 7, 9(b), 16, 27A, 31, 33, 36, 37, 38, 39, 40 and 41 and from paragraphs 92-99 of IFRS 13 (all disclosure requirements except the disclosure objectives).

Which alternative do you prefer and why?

If the second view was used, this would give a lighter touch for subsidiaries, which would be the most preferred outcome by our members. However this does not necessarily mean less reporting than is current.

QUESTION 4

Do you agree with the definition of a financial institution? If not, please provide your reasons and suggest how the definition might be improved.

We welcome the proposed definition of a financial institution, but would like to see some further clarity; however we would also not like to see a definition that is too prescriptive and thereby leaves future products with difficulties.

Therefore perhaps the Board may wish to consider the FSMA definition for Collective Investment Schemes and the AIFMD definition for investment funds.

Other comments:

We would also like to draw the Board's attention to lease incentives and breaks, of which there is no mention within this consultation. We would like to see the reintroduction of guidance relating to accounting by lessors.

As you are aware, the use of UTIF Abstract 28 allows the costs of incentives to be allocated over the term of the lease and the aggregate cost of incentives are recognised as a reduction of rental income over the lease term or a shorter period. In a similar vein, IFRS SIC Interpretation 15 has the above wording, without the reference to an allocation over a shorter period. Therefore we would ask for the UTIF wording to be added.