

International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

7 December 2009

Dear IFRIC member

Tentative Agenda Decision - Scope issue for investments in REITs

The global organisation of Ernst & Young is pleased to respond to the above tentative agenda decision as published in the IFRIC Update of November 2009.

The question on which the IFRIC was asked for guidance was: 'whether the discretion to distribute the remaining 10% of the distributable income (DTI) of an Real Estate Investment Trust (REIT), which has to distribute 90% of the DTI according to the contractual terms of the ownership units of such REIT, meets the definition of a Discretionary Participation Feature (DPF) as defined in IFRS 4'.

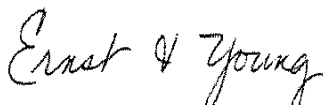
We agree with the IFRIC's tentative decision not to take this item onto its agenda. However, we are concerned that the reasons set out in the tentative agenda decision might lead to confusion or unwarranted analogizing.

The Update states that 'the objective of IFRS 4 is to specify the financial reporting for insurance contracts'. We note that paragraph 2 of IFRS 4 states 'An entity shall apply this IFSR to: ... (b) financial instruments that it issues with a discretionary participation feature...'. In addition, the Update states "the IFRIC noted that there must be guaranteed benefits to the holder for the definition to be met and that such guaranteed benefits referred to are typically those present in insurance activities." Again, we typically see these DPF features not only in insurance contracts, but also in financial instruments like investment contracts.

Therefore, for greater clarification, we recommend that the reference to financial instruments be included in the agenda decision.

Should you wish to discuss the contents of this letter with us, please contact Leo van der Tas at the above address or on +44 20 79513152.

Yours faithfully

A handwritten signature in cursive script that reads 'Ernst & Young'.