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May 7, 2020

VIA ELECTRONIC SUBMISSION

Ms. Nili Shah
Executive Technical Director
International Accounting Standards Board
Columbus Building
7 Westferry Circus
Canary Wharf, London E14 4HD

Re: Exposure Draft, ED/2020/2 Covid-19-Related Rent Concessions, Proposed Amendment to IFRS 16

Dear Ms. Shah,

This letter is submitted by Nareit in response to the International Financial Reporting Standards Exposure Draft, ED/2020/2 Covid-19-Related Rent Concessions, Proposed Amendment to IFRS 16¹ (the Exposure Draft).

Nareit serves as the worldwide representative voice for real estate investment trusts (REITs)² and real estate companies with an interest in U.S. income-producing real estate. Nareit's members are REITs and other real estate companies throughout the world that own, operate, and finance income-producing real estate, as well as those firms and individuals who advise, study, and service those businesses.

Nareit's members that own and operate properties globally report under IFRS in those jurisdictions.

Nareit's Recommendation – Extend the Accounting Relief to Lessors

Nareit appreciates the International Accounting Standards Board's (IASB) efforts to provide accounting relief to lessees in response to the global pandemic. However, Nareit strongly believes that the practical expedient provided to lessees should be extended to lessors as well. Having to review thousands of leases to evaluate whether force majeure or similar clauses contemplate a global pandemic is an extremely time-consuming endeavor, and could be further delayed to the extent that it is debated in the court systems. Further, requiring lessors to re-evaluate lease accounting is effectively a re-adoption of

¹ Exposure Draft, Covid-19-Related Rent Concessions, Proposed Amendments to IFRS 16 available at <https://cdn.ifrs.org/-/media/project/ifrs-16-covid-19/ed-covid-19-related-rent-concessions.pdf?la=en>

² Through the properties they own, finance and operate, REITs help provide the essential real estate we need to live, work and play. All U.S. REITs own approximately \$3 trillion in gross assets, public U.S. REITs account for \$2 trillion in gross assets, and stock-exchange listed REITs had an equity market capitalization of over \$1 trillion as of Dec. 31, 2019. In addition, more than 87 million Americans invest in REIT stocks through their 401(k) retirement and other investment funds.



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the Leases standard; however, with an important distinction – the timeframe to perform the analysis is much shorter than what registrants were provided in the lead up to the effective date for the new Leases standard. Therefore, Nareit respectfully requests that the IASB provide lessors with the same optional relief that it has provided to lessees in the Exposure Draft. This would also provide companies in the United States that also report under U.S. GAAP with a converged solution to the global pandemic in this unprecedented time.

Conclusion

Nareit appreciates the opportunity to provide the IASB with feedback on the Exposure Draft and would be pleased to discuss our comments, or any related questions that the IASB or its staff may have. Please contact: Christopher Drula, Senior Vice President, Financial Standards (cdrula@nareit.com); or George Yungmann, Senior Vice President, Financial Standards (gyungmann@nareit.com), if you would like to discuss this issue in greater detail.

Respectfully submitted,

Christopher Drula
SVP, Financial Standards

George Yungmann
SVP, Financial Standards