

January 5, 2016



Sustainability Accounting Standards Board

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San Francisco, CA 94111

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RE: Request for Public Comment on the Sustainability Accounting Standards Board (SASB) Draft Standards for Real Estate Owners, Developers & Investment Trusts

Dear SASB,

This letter is submitted by the National Association of Real Estate Investment Trusts® (“NAREIT”) to provide comments, within the established Public Comment period, on SASB’s draft standards for Real Estate Owners, Developers & Investment Trusts.

NAREIT is the representative voice for real estate investment trusts (REITs) and publicly traded real estate companies with an interest in U.S. real estate and capital markets. NAREIT’s members are REITs and other real estate businesses throughout the world that own, operate and finance commercial and residential real estate. NAREIT’s members play an important role in providing diversification, dividends, liquidity and transparency to investors through their businesses that operate in all facets of the real estate economy.

REITs are generally deemed to operate as either Equity REITs or Mortgage REITs. Our members that operate as Equity REITs acquire, develop, lease and operate income-producing real estate. Our members that operate as Mortgage REITs finance housing and commercial real estate, by originating mortgages or by purchasing whole loans or mortgage-backed securities in the secondary market.

A useful way to look at the REIT industry is to consider an index of stock exchange listed companies like the FTSE NAREIT All REITs Index that covers both Equity REITs and Mortgage REITs. This Index was comprised of 223 companies representing an equity market capitalization of \$939 billion at December 31, 2015. Of these companies, 182 were Equity REITs, representing roughly 94% of total U.S. stock exchange-listed REIT equity market capitalization (amounting to \$886 billion). The remaining 41 companies were stock exchange-listed Mortgage REITs with a combined equity market capitalization of \$52 billion.

In order to organize the comments on the SASB draft standards, we have divided our comments into two sections:



General Comments from NAREIT

- **Section One – *General Comments from NAREIT*:** This section is a general discussion of the standards.
- **Section Two – *Comments on Sustainability Disclosure Topics & Accounting Metrics*:** This section contains standard specific comments and suggestions for correction/modification to the standards.

Overview

NAREIT is supportive generally of the Sustainability Accounting Standards Board's (SASB) efforts to help improve sustainability-related reporting of material issues to investors. However, we do recognize and want to underline that the potential burden associated with this initiative may be substantial for some NAREIT corporate members and that NAREIT is therefore supportive of these proposed standards only in connection with disclosure of material issues as determined by the senior management of the disclosing companies.

Research Conducted

In order to develop our response, NAREIT conducted a survey of its 290 corporate member companies. The survey contained basic questions on awareness and understanding of the proposed SASB standards, as well as the expected impacts to the member's current operations. Additional outreach was conducted in the form of phone calls to a selected group of members to gather input on more detailed questions that could not easily be addressed in a survey. The feedback from the survey as well as the specific interview questions on the metrics of the standards were incorporated into the comments in this response.

Materiality

The issue of materiality is strictly a legal determination. Identification of disclosure topics that may be material to a reasonable investor is dependent on individual company issues that are identified by a company's senior management and its board. Our current understanding of materiality is based on a the 1976 case, TSC Industries v. Northway, where it was stated "There must be a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the total mix of information made available (TSC Industries v. Northway, 426 U.S. 438, 439). That guidance is still applicable today. As such, we do not anticipate that the publishing of the SASB guidance will change the materiality requirement of disclosures, but instead will provide a potentially useful standardized format for the disclosures in the event that they are necessary. Therefore, we support consideration of the SASB standards as a potential approach in the event that the senior management in a REIT deems disclosure necessary.

Tracking Relative Performance with Respect to Peers

The stated goal of SASB is to provide a standardized format for publicly listed corporations in the U.S. to disclose material sustainability information to investors and the public. We believe the guidance and standards contained in SASB's draft standards for Real Estate Owners, Developers & Investment Trusts will likely provide a format that makes comparability between similar investments possible. However, wide adoption of SASB's standards and reporting based on its standards will be necessary to make these standards useful as intended due to the limitation in terms of availability of sector specific utility data for



General Comments from NAREIT

water and energy in the real estate industry. This lack of data includes both owners and individual tenants. The US Environmental Protection Agency (EPA) Energy Star® PortfolioManager® provides some insight but information that would make peer-to-peer comparisons available is limited and we believe not able to supply the type of data conducive to rigorous investor analysis. Further, even if the SASB standards are widely adopted by the industry, the measures contained in the standards will only allow some insight into the underlying operations in a portfolio, not data that is necessarily comparable on a company-to-company or asset-to-asset basis.

Proposed Quantitative Accounting Metrics

We note especially the recent revisions to the SASB standards that incorporate the Global Real Estate Sustainability Benchmark (GRESB) reporting metrics. SASB's use of the GRESB methodology may substantially reduce the effort for some companies that are currently reporting using the GRESB framework. This alignment by SASB to one of the widely adopted benchmarks in the industry takes a significant step in the right direction for communicating material issues with investors that interact with our industry.

Although we as an industry are relatively early in the development of this overall method of collecting and reporting property specific metrics in standard formats, GRESB's current reporting already includes 707 participants with over 61,000 assets valued at \$2.3 trillion in property value (2015 GRESB Annual Report). While GRESB represents a widely adopted and logical choice for reporting of sustainability information to investors, we strongly suggest that SASB consider other benchmarks and standards as well.

In terms of quantifying and reporting sustainability data, we must also keep in mind, though, that currently only **28%** of stock exchange listed companies in the FTSE NAREIT All REITs Index produce a formal Corporate Sustainability (CSR) report. This leaves **72%** of the Index with the need to develop internal methods and procedures to collect the energy and sustainability data required in the standard.

Costs

While NAREIT is generally supportive of the efforts to improve transparency and financial reporting standards, the costs to collect and report the information could be significant for some NAREIT corporate member companies. In a recent survey conducted to develop our response, 78% of the respondents believed that they would need to implement new procedures or systems to report under SASB. For the companies with the least developed infrastructures for managing and reporting these metrics, the additional costs may include adding staff to manage and monitor performance as well as technology to capture and track the data. The additional costs could also include revising significant internal processes that may represent hurdles to near term adoption and use of the standards. In addition to the challenges relative to people and processes as well as management of the data, significant additional expenses related to upgrading physical plant(s) and the technology for the data collection may be necessary.

Based upon their past projects, RealFoundations estimated that the costs for an average portfolio (containing 200 commercial assets) to implement a Utility Management System alone, which is capable of reliably managing and reporting this data, is likely to cost in excess of \$1 million to purchase and install. Depending on the organization's existing capabilities, annual operational expenses for data collection, normalization, monitoring and reporting related to operating the system should be expected to



General Comments from NAREIT

add an additional 20-40% of system purchase and installation costs on an annual basis.

In addition, the capture of additional reportable tenant information could add substantially to these costs estimates. FASB BC3.47, contained in the *Statement of Financial Accounting Concepts No.8* states, “Cost is a pervasive constraint that standard setters, as well as providers and users of financial information should keep in mind when considering the benefits of a possible new financial reporting requirement” (FASB, 2010, p. 31). The significant costs associated with the collection, third party validation and management of the data required to disclose the “investment grade” information to the investor community is likely to be a significant financial burden on some of our corporate member companies. We are not aware of a cost effective method of gathering and preparing this type of information for inclusion in financial disclosures.

While costs may represent a barrier to adoption, there are significant challenges to gathering and preparing information for dissemination, including additional personnel that are likely needed to manage the information and disclosures related to the SASB standards. Even if costs were of limited concern, it is important to note that qualified personnel may not be readily available for all of the companies who may choose to add these disclosures to their filings. In the absence of readily available personnel, it is important to consider the training period that will be required for the personnel in our industry who will be involved in the regular management, reporting and audit of these areas, i.e., it could take years to develop a competent workforce.

Additional costs and time related to the development of auditing processes and procedures to insure that the data is validated and reportable could represent an additional and significant challenge. These additional costs tied to validation of the reported data will likely be substantial and could pose a significant constraint.

Benefits of Tracking and Reporting to the SASB Standard

The primary benefit of SASB is the development of a standardized method to report material sustainability issues to the investor community. Currently, there are a number of reporting formats to publish material data related to energy, water, tenant sustainability and climate change impacts, but none of the current formats were developed specifically for use in SEC required financial disclosures.

Other benefits of using SASB’s standards to report material information may include access to new capital from “Green Funds” or from investors that use a structured approach to Environmental, Social and Governance (ESG) data analysis to allocate investment funds.

We also recognize that active management of energy has shown an overall reduction of 3-5% of consumption annually by monitoring and validating consumption drivers at a property level (Siemens.com/Sitecontrols, 5). In addition, accurate cost and consumption data also improves budgetary guidance and overall operating costs through better procurement of energy.

Conclusion

NAREIT generally supports development of standards for reporting issues that are material to investors in our industry. While wide adoption of the SASB standards are hoped to encourage peer-to-peer comparisons by investors, given that compliance with SASB standards is voluntary and not mandated by any governmental entity, we are unsure of how many of our corporate member companies will begin to



General Comments from NAREIT

use the standards in the near term.

We are also supportive of the emergence of standardized metrics. As discussed in our comments above, we believe that the increased costs to report the metrics in a standardized format will be substantial for the majority of our member companies. With that said, though, the overall benefits of having a standardized method to report material issues to investors could be substantial and could serve as a roadmap for companies to disclose this information in their required company financial reports.

Since SASB's standards are new, our overall recommendation to SASB is that it vigorously engage with the industry through NAREIT and others such as The Real Estate Roundtable during the provisional period for these standards. This type of engagement during this period should allow our members an opportunity to provide additional feedback resulting in further refinement of the standards. While we believe that the provisional standards may be slowly adopted for widespread use, the engagement with the industry at large will begin to give significant direction to the use of standardized reporting of material issues to investors.

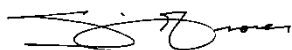
NAREIT would welcome the opportunity to discuss the views on the proposed standards expressed in this comment letter with the relevant members of SASB. If there are questions regarding this comment letter, please contact either one of us.

Respectfully,



Steven A. Wechsler

President and CEO



Sheldon M. Groner

Executive Vice President, Finance & Operations



Comments on Introduction

Industry Description

SASB's current industry description for real estate contains language that states "...a wide range of segments within the real estate industry..." (Page 1, Paragraph 6), however it does not include specific directions on how to select a specific property type.

We suggest the use of **Property Sub Sector** from the FTSE NAREIT Classification Structure to select a property type for reporting under this standard. The intent of selecting and identifying a single set of classifications is to avoid the proliferation of descriptions of property types that could emerge. The intent of using the FTSE NAREIT Classification Structure is to provide the registrant with a succinct list of possible property types that are currently well established within our industry. In addition, this classification structure is currently widely recognized and used by investors. These attributes should make information reported pursuant to the SASB standards more easily understandable by the public investment community and should make the SASB standards more useful to an individual investor for the purposes of comparison.

Timing

The general guidance states that "Unless otherwise specified, disclosures shall be for the registrant's fiscal year." (Page 7, Paragraph 4). Without additional guidance, the use of the fiscal year could be problematic for some companies that file 10K, 20F or other required documents. Accelerated and non-accelerated filers are required to issue their filings within 90 days of the end of their fiscal year (www.sec.gov/answers/form10k.htm). Some utilities can invoice as much as 90 days after the physical meter read date. In addition, it is common for utilities to use estimated meter data when actual data is not available. Adjusting the "Timing" guidance to align with the GRESB guidance in 24.1 (9) Estimates would be helpful to add clarification and simplification to the reporting guidance and would continue the theme of using GRESB's standards as additional guidance in SASB's document.



SASB Standard

IF0402-01. Energy consumption data coverage as a percentage of total floor area, by property type

.03 The registrant may choose to disclose the variation in energy consumption data coverage between:

- *Base building and tenant space;*
- *Energy purchased by the landlord and energy purchased by tenants; and/or*
- *Managed assets and indirectly managed assets.*

Response

Tenant space information may not be available if it is separately metered and under a separate account that is not readily accessible to the building owner.

Proposed Change

.03 The registrant may choose to disclose the variation in energy consumption data coverage between:

- *Base building and tenant space;*
- ***Base building; and/or***
- *Energy purchased by the landlord and energy purchased by tenants; and/or*
- *Managed assets and indirectly managed assets.*

Reasoning

Overview

Our review of the proposed standards revealed that IFO402 -1, 2, 3, 7 and 8 contained the requirement to report on tenant use. Our reasoning for requesting a revision to the accounting metrics is stated below.

Is supplying information on tenant space or spaces that are not part of the registrant's expenses a material issue to a reasonable investor?

Our analysis is based on the Supreme Court's opinion in TSC v. Northway. This case is considered foundational in the establishment of the required company disclosures of material information. In that case, the court stated materiality as: "There must be a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the "total mix" of information made available" (TSC, 426 US 449).

While an argument can be made that tenant electric costs may affect lease rates and therefore registrant property values, we believe that the lease rates are affected in a negligible way, if at all. Our reasoning for this is based on our observations that the tenant's specific activities and behaviors are the driving factor of



Comments on Sustainability Disclosure Topics & Accounting Metrics

the total utility use and expense. In addition, many other factors outside the building, such as local and regional utility rate structures, when combined with the lessee's consumption patterns, have the largest effect on tenant's electric / utility use. We therefore conclude that property rents at the portfolio level are affected in an unmeasurable and de minimis fashion and do not significantly affect the "total mix" of information disclosed to investors.

Do the Benefits Outweigh the Costs?

Commercial tenants are generally responsible for purchasing energy used within the leased space with no obligation to report consumption to their property owner. Therefore, collecting this information would be a change in practice that would be difficult to adopt. Additionally, since the practice is not widely used, challenges with gathering the data could include resistance from some tenants and would likely require an addition to the lease language. Even if it were possible to collect this information from the tenants, the utility usage would have to be assembled from different sources of data, including multiple electronic formats and paper copies.

Residential tenants may or may not be responsible for purchasing utilities, however the challenges above, combined with the number of tenants would make an effort to assemble their information a difficult task at best.

Since the practice of reporting third-party lessee utility data is not common in the real estate industry, generally no cost information related to assembling direct-billed third-party tenant utility data is available. We can, however, estimate that the costs associated with gathering 12 months of utility data, for many tenants of various levels of sophistication and styles of recordkeeping, could be problematic. In addition, distilling the information into a usable reporting format would likely require an extraordinary and cost prohibitive effort for any size real estate portfolio.

Is the Information Decision Useful?

Tenant usage is also likely to be difficult to use to compare from property to property due to tenant mix, making the information less than useful for investment analysis. For example, in a retail center, without controlling for the tenant mix, differences in individual tenants, tenant use patterns, regional variations in weather, etc., would make like-for-like comparisons difficult and would therefore result in data that could not be used to reliably benchmark and compare properties or portfolios.

Conclusion

The barriers to obtaining tenant usage information are significant in buildings where tenants pay for their own utilities. The costs to aggregate tenant information could be prohibitive and the information gleaned from these efforts would be of limited value to a reasonable investor due to the varying tenant-by-tenant usage patterns from property to property. Therefore, we suggest the addition of an option to report Base Building use only to the reporting standard. This addition will allow for the reporting of this information in multiple formats and will be conducive to having more companies adopt the standard for use in their disclosures.

And;



SASB Standard

.05 The registrant shall disclose energy consumption data coverage separately for each property type, where property types and definitions shall be aligned with those identified by the GRESB Survey, and include the following property types: Retail, High Street; Retail, Shopping Center; Retail, Warehouse; Office; Industrial, Distribution Warehouse; Industrial, Manufacturing; Residential; Hotels; Healthcare; Land; Leisure; Parking; Self-Storage; Senior Housing; Student Accommodation; and Other (as defined by the registrant).

Response

Proposed Change

We suggest the use of **Property Sub Sector** of the FTSE NAREIT Classification Structure to select a property type for reporting under this standard.

Reasoning

The intent of selecting and identifying a single set of classifications is to avoid the proliferation of descriptions of property types that could emerge. The intent of using the FTSE NAREIT Classification Structure is to provide the registrant with a succinct list of possible property types that are currently well established within our industry and one that is currently widely recognized and used by investors. Adoption by SASB of the FTSE NAREIT Classification Structure should provide a reporting structure that is easily understandable by the public investment community and should make the standards more useful to an individual investor for the purposes of comparison.



SASB Standard

IF0402-02. Total energy consumed by (1) (a) base building and (b) tenant space or (2) whole building, percentage grid electricity, percentage renewable, by property type

.07 1) (a) Base Building and (b) Tenant Space or (2) Whole Building, where:

- *Definitions of Base Building, Tenant Space, and Whole Building are aligned with the GRESB Survey.*

Further guidance in .06 The underlying technical approach to data collection, analysis, and disclosure shall be consistent with the GRESB Survey Q24.1.

Response

Proposed Change

*.07 1) (a) Base Building and (b) Tenant Space or (2) Whole Building, **or (3) Base Building,** where...*

The base building language should also be incorporated throughout the standard including the standard description.

Reasoning

Tenant space information may not be available if it is separately metered and under a separate account that is not readily accessible to the building owner.

Refer to the explanation on pages 7 and 8.

And;

SASB Standard

.07 The registrant shall disclose energy consumption for the total floor area for which there is energy consumption data coverage as an aggregate figure in gigajoules or their multiples by either...

Response

Proposed Change

The current disclosure metric is gigajoules. Guidance throughout the section and other sections in the document refers to GRESB standards. We suggest that SASB change the reporting standard from gigajoules to megawatt hours.



Comments on Sustainability Disclosure Topics & Accounting Metrics

Reasoning

In an attempt to avoid the proliferation of units of measurement used in reporting standards, we would suggest that SASB stay consistent with the GRESB standard and report in megawatt hours.



SASB Standard

IF0402-03. Like-for-like change in energy consumption of (1) (a) base building and (b) tenant space or (2) whole building, by property type

.18 The registrant shall disclose like-for-like change in energy consumption by either (1) (a) Base Building and (b) Tenant Space or (2) Whole Building.

• *Definitions of Base Building, Tenant Space, and Whole Building are aligned with the GRESB Survey.*

Response

Proposed Change

*.18 The registrant shall disclose like-for-like change in energy consumption by either (1) (a) Base Building and (b) Tenant Space or (2) Whole Building **or (3) Base Building.***

The base building language should also be incorporated throughout the standard including the standard description.

Reasoning

Tenant space information may not be available if it is separately metered and under a separate account that is not readily accessible to the building owner.

Refer to the explanation on pages 7 and 8.



SASB Standard

IF402-06. Water consumption data coverage as a percentage of total floor area, percentage in regions with High or Extremely High Baseline Water Stress, by property type

.43 The registrant may choose to disclose the variation in water consumption data coverage between:

- *Base building and tenant space;*
- *Water purchased by the landlord and water purchased by tenants; and/or*
- *Managed assets and indirectly managed assets.*
- *The definitions of base building, tenant space, purchased by landlord, purchased by tenant, managed assets, and indirectly managed assets are aligned with the GRESB Survey.*

Response

Proposed Change

.43 The registrant may choose to disclose the variation in water consumption data coverage between:

- *Base building and tenant space;*
- **** Base building;***
- *Water purchased by the landlord and water purchased by tenants; and/or*
- *Managed assets and indirectly managed assets.*
- *The definitions of base building, tenant space, purchased by landlord, purchased by tenant, managed assets, and indirectly managed assets are aligned with the GRESB Survey.*

The base building language should also be incorporated throughout the standard including the standard description.

Reasoning

Tenant space information may not be available if it is separately metered and under a separate account that is not readily accessible to the building owner.

Refer to the explanation on pages 7 and 8.



SASB Standard

IF0402-07. Total water withdrawn by (1) (a) base building and (b) tenant space or (2) whole building, percentage in regions with High or Extremely High Baseline Water Stress, by property type

.52 The registrant shall disclose water withdrawn by either (1) (a) Base Building and (b) Tenant Space or (2) Whole Building.

- *Definitions of Base Building, Tenant Space, and Whole Building are aligned with the GRESB Survey.*

Response

Proposed Change

*.52 The registrant shall disclose water withdrawn by either (1) (a) Base Building and (b) Tenant Space or (2) Whole Building **or (3) Base Building**.*

- *Definitions of Base Building, Tenant Space, and Whole Building are aligned with the GRESB Survey.*

The base building language should also be incorporated throughout the standard including the standard description.

Reasoning

Tenant space information may not be available if it is separately metered and under a separate account that is not readily accessible to the building owner.

Refer to the explanation on pages 7 and 8.

And;

SASB Standard

.54 The registrant may choose to disclose the variation in water withdrawals between:

- *Water purchased by the landlord and water purchased by tenants; and/or*
- *Managed assets and indirectly managed assets.*

Response

Proposed Change

.54 The registrant may choose to disclose the variation in water withdrawals between:

- *Water purchased by the landlord and water purchased by tenants; and/or*



Comments on Sustainability Disclosure Topics & Accounting Metrics

- *Water purchased by the landlord; and or*
- *Managed assets and indirectly managed assets.*

The water purchased by the landlord language should also be incorporated throughout the standard including the standard description.

Reasoning

Tenant space information may not be available if it is separately metered and under a separate account that is not readily accessible to the building owner.

Refer to the explanation on pages 7 and 8.



SASB Standard

IF0402-08. Like-for-like change in water consumption of (1) (a) base building and (b) tenant space or (2) whole building, for floor area with data coverage, by property type

.57 The registrant shall disclose like-for-like change in water consumption by either (1) (a) Base Building and (b) Tenant Space or (2) Whole Building.

Response

Proposed Change

*.57 The registrant shall disclose like-for-like change in water consumption by either (1) (a) Base Building and (b) Tenant Space or (2) Whole Building **or (3) Base Building.***

The base building language should also be incorporated throughout the standard including the standard description where appropriate.

Reasoning

Tenant space information may not be available if it is separately metered and under a separate account that is not readily accessible to the building owner.

Refer to the explanation on pages 7 and 8.

And;

SASB Standard

.62 The registrant may choose to disclose the variation in water consumption data coverage between:

- *Water purchased by the landlord and water purchased by tenants; and/or*
- *Managed assets and indirectly managed assets.*

Response

Proposed Change

.62 The registrant may choose to disclose the variation in water consumption data coverage between:

- *Water purchased by the landlord and water purchased by tenants; and/or*
- ***Water purchased by the landlord; and or***
- *Managed assets and indirectly managed assets.*



Comments on Sustainability Disclosure Topics & Accounting Metrics

Reasoning

Tenant space information may not be available if it is separately metered and under a separate account that is not readily accessible to the building owner.

Refer to the explanation on pages 7 and 8.



SASB Standard

IF0402-09. Discussion of water management risks and description of strategies and practices to mitigate those risks

.65 The registrant shall discuss, where applicable, risks to the availability of adequate, clean water resources.

- *Relevant information to provide includes, but is not limited to:*
 - *Environmental constraints, such as operating in water-stressed regions, drought, interannual or seasonal variability, and risks due to the impact of climate change.*
 - *External constraints, such as volatility in water costs, stakeholder perceptions and concerns related to water withdrawals (e.g., those from local communities, non-governmental organizations, and regulatory agencies), direct competition with and impact from the actions of other users (commercial and municipal), restrictions to withdrawals due to regulations, and the ability to obtain and retain water rights or permits.*
 - *How risks may vary by withdrawal source, including wetlands, rivers, lakes, oceans, groundwater, rainwater, municipal water supplies, or supply from other water utilities.*

Response

Proposed Change

.65 The registrant shall discuss, where applicable, risks to the availability of adequate, clean water resources.

- *Relevant information to provide includes, but is not limited to:*
 - *Environmental constraints, such as operating in water-stressed regions, drought, interannual or seasonal variability, and risks due to the impact of climate change.*
 - *External constraints, such as volatility in water costs, ~~stakeholder perceptions and concerns related to water withdrawals (e.g., those from local communities, non-governmental organizations, and regulatory agencies), direct competition with and impact from the actions of other users (commercial and municipal),~~ and restrictions to withdrawals due to regulations, and the ability to obtain and retain water rights or permits.*
 - *How risks may vary by withdrawal source, including ~~wetlands, rivers, lakes, oceans, groundwater, rainwater, municipal water supplies, or supply from other water utilities~~ all sources of withdraw.*

Reasoning

In the second bullet beginning with “External constraints,” we believe that stakeholder perceptions and impacts from other users are not easily ascertainable. The inclusion of this set of details could result in the material misstatement by omission or other issues related to gathering this type of information.

In the third bullet beginning with “How risks may vary...,” we believe that the excess language should be removed for simplification.



SASB Standard

IF0402-10. Percentage of leases that contain a cost recovery clause for resource efficiency-related capital improvements

.72 The scope of disclosure includes all of the properties in the registrant's portfolio that were leased during any part of the last fiscal year, and for which the associated lease was executed between the registrant and the tenant.

Response

Proposed Change

*.72 The scope of disclosure includes all of the properties in the registrant's portfolio that were **newly** leased during any part of the last fiscal year, and for which the associated lease was executed between the registrant and the tenant.*

Reasoning

Our understanding of .72 is that it narrows the scope of disclosure to only include new leases in the registrant's portfolio that were executed during the last fiscal year.

If the intention of the language was to include all leases in the registrant's portfolio, we would ask that the section be rewritten to include only new leases; as the lease abstraction costs to inventory an entire portfolio for these types of clauses could be excessive. This approach of only including the new leases signed in the last fiscal year would help the industry capture this information during the normal leasing process.



SASB Standard

IF0402-12. Description of approach to measuring, incentivizing, and improving sustainability impacts of tenants

.83 The registrant shall include a discussion of its approach to third-party initiatives concerning green leases, including, but not limited to, the registrant's support of such initiatives, the use of the frameworks provided by such initiatives, and participation in associated programs.

- *The registrant shall disclose whether such green lease principles are integrated into its lease contracts with tenants regardless of the use of the terminology "green lease" and the origins of such lease principles.*

Response

Proposed Change

.83 The registrant may include a discussion of its approach to third-party initiatives concerning green leases, including, but not limited to, the registrant's support of such initiatives, the use of the frameworks provided by such initiatives, and participation in associated programs.

- *The registrant **may** disclose whether such green lease principles are integrated into its lease contracts with tenants regardless of the use of the terminology "green lease" and the origins of such lease principles.*

Reasoning

Not all of the lease formats listed will be applicable to all of the members of the industry. In addition, the industry generally does not have the required information to determine if "green lease principals" are incorporated into the leases because these type of lease terms would not have been captured in historical lease abstraction efforts. The lease abstraction costs to inventory an entire portfolio for these types of principals could be difficult and the costs excessive; and the likelihood of results that could be used for even a general statement uncertain at best.



SASB Standard

IF0402-13. Area of properties located in FEMA Special Flood Hazard Areas or foreign equivalent

.86 The registrant shall disclose the total floor area of properties that are located in special flood hazard areas, where:

- *The total portfolio floor area is defined as the total leasable floor area of all properties in the registrant's portfolio.*
- *FEMA Special Flood Hazard Areas (SFHA) are defined as land areas covered by the floodwaters of the base flood on National Flood Insurance Program (NFIP) maps. An SFHA is an area where the NFIP's floodplain management regulations must be enforced and where the mandatory purchase of flood insurance applies. The SFHA includes Zones A, AO, AH, A1-30, AE, A99, AR, AR/A1-30, AR/AE, AR/AO, AR/AH, AR/A, VO, V1-30, VE, and V. Examples of Special Flood Hazard Areas include coastal floodplains, floodplains along major rivers, and areas subject to flooding from ponding in low-lying areas.*
- *The scope of disclosure includes properties located in the U.S. that are designated by FEMA as SFHA, as well as properties located outside of the U.S.*
- *For non-U.S. properties that fall outside of the scope of FEMA, the foreign equivalent is the area that will be inundated by a flood event that has a one-percent chance of being equaled or exceeded in any given year (i.e., the 100-year floodplain).*

Response

Proposed Change

*.86 The registrant shall disclose the total floor area of properties, **as a percentage of total floor area**, that are located in special flood hazard areas, where:*

- *The total portfolio floor area is defined as the total leasable floor area of all properties in the registrant's portfolio.*
- *FEMA Special Flood Hazard Areas (SFHA) are defined as land areas covered by the floodwaters of the base flood on National Flood Insurance Program (NFIP) maps. An SFHA is an area where the NFIP's floodplain management regulations must be enforced and where the mandatory purchase of flood insurance applies. The SFHA includes Zones A, AO, AH, A1-30, AE, A99, AR, AR/A1-30, AR/AE, AR/AO, AR/AH, AR/A, VO, V1-30, VE, and V. Examples of Special Flood Hazard Areas include coastal floodplains, floodplains along major rivers, and areas **that will be inundated by an event that has a one-percent chance of being equaled or exceeded in any given year (i.e., the 100-year floodplain).***

The percentage of total floor area language should also be incorporated where appropriate throughout the standard including Table 1 on page 10 of the standard.

Reasoning

The addition of “as a percentage of total floor area” and the resulting change in the unit of measure table



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is to maintain consistency with the Energy and Water Management standards that use this measure. The second change in the “FEMA Special Flood Hazard” section represents a minor clarification.



SASB Standard

IF0402-14. Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks

.88 The registrant shall discuss the risks and/or opportunities that are presented to its portfolio by climate change scenarios, including, where relevant:

- Identification of the risks presented by climate change, including, but not limited to, availability of water, extreme weather events, evolving regulation and legislation, impacts on regional infrastructure, and impacts on local economies and populations, regardless of the impact of physical risks presented to the registrant's portfolio.*
- Discussion of the scenarios used to determine the risks and opportunities presented by climate change.*
- Discussion of how such scenarios will manifest (e.g., effects directly on the registrant or effects on the registrant's tenants).*
- The timeline over which such risks and opportunities are expected to manifest.*

Response

Proposed Change

.88 The registrant shall discuss the risks and/or opportunities that are presented to its portfolio by climate change scenarios, including, where relevant:

- Identification of the risks presented by climate change, including, but not limited to, availability of water, extreme weather events **and** evolving regulation and legislation. ~~impacts on regional infrastructure, impacts on local economies and populations, regardless of the impact of physical risks presented to the registrant's portfolio.~~*
- ~~Discussion of the scenarios used to determine the risks and opportunities presented by climate change.~~*
- ~~Discussion of how such scenarios will manifest (e.g., effects directly on the registrant or effects on the registrant's tenants).~~*
- ~~The timeline over which such risks and opportunities are expected to manifest.~~*

Reasoning

We suggest the elimination of "...impacts on regional infrastructure, impacts on local economies and populations, regardless of the impact of physical risks presented to the registrant's portfolio" because we do not feel that these topics are understandable, reportable or meet the threshold of material information for disclosure.

We suggest the elimination of the "Discussion of the scenarios used to determine the risks..." and "Discussion of how such scenarios will manifest..." and "The timeline over which such risks and opportunities are expected to manifest..." because these three suggested topics ask for subjective speculation of how a future event may affect a respondent's portfolio. In addition, we feel that the



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remaining language adequately identifies the risks presented by climate change and allows the respondent to discuss the risks in a format that is focused and objective.

