



Investment
Property Forum

Investment Property Forum
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By email: commentletters@ifrs.org

29 July 2022

Dear Sir/Madam,

Exposure Drafts ISSB IFRS S1 and S2

The Investment Property Forum (IPF) welcomes the opportunity to comment on the above Exposure Drafts.

IPF is a national membership organisation of senior professionals, all active in the real estate investment and finance market. The organisation has a diverse membership of nearly 2,000, which includes fund managers, investment agents, accountants, bankers, lawyers, researchers, academics, actuaries and other related professionals.

The IPF's Mission is to enhance the understanding and efficiency of real estate as an investment, including public, private, debt, equity and derivatives, for its members and other interested parties, including government. The IPF's scope covers direct and indirect routes to investing in real estate. With regards to the latter, we have an Indirect Property Interest Group that considers issues relating to both the listed and unlisted real estate sector. The IPF also has a dedicated ESG Special Interest Group (established in 2006), the members of which have engaged in previous government consultations.

We are not a lobby organisation but one of our key priorities is to identify where legislation or regulation has, or will have, an impact on the market and to alert government and our members to any adverse or beneficial issues.

IPF Comments

The expertise of the IPF is in real estate investment, and we are not able to comment on the matters covered generally by the two exposure drafts, IFRS1 and IFRS2. Our brief comments relate only to Appendix B36 of Draft IFRS S2, which covers real estate.

The proposed ISSB standards detailed in the exposure drafts are intended to apply to the investment manager rather than the product. As such, most real estate investment vehicles would not be covered directly. There are cases, specifically listed real estate companies such as REITs, where the product and the entity is the same. Appendix B36 is intended to address these vehicles. There is a strong preference in the real estate investment management industry for the same TCFD metrics to be used whether the real estate asset is held by a fund, a REIT or directly by an institutional investor.



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Appendix B36 uses the SSAB standard as its starting point. We believe that current thinking has advanced beyond this. The IPF and other real estate industry bodies developed a proposed set of ESG metrics for real estate as an investment asset in response to consultations by the UK Financial Conduct Authority (FCA) and the DWP, notably FCA CP21/17 and FCA DP21/4. This was shared with the ISSB, the TCFD, the FCA and DWP in April this year.

We appreciate the recognition in the ISSB consultations of the work of Partnership for Carbon Accounting Financials (PCAF). The IPF responded to the recent joint consultation from the PCAF/CCREM and GRESB on draft Technical Guidance for Real Estate Operations.

The proposed set of ESG metrics for real estate referred to above, the IPF response to the PCAF/CCREM/GRESB consultation and the joint industry paper submitted to the FCA on 13 April 2022 are attached to this response. We would ask these be taken into account by the IFRS/ISSB in its draft proposals and, in particular, when looking at the appropriate metrics for real estate.

We welcome a coordinated approach, building upon the TCFD recommendations, to enable consistent and transparent reporting and meaningful comparisons of investment opportunities.

Please do contact me should you wish to discuss any of the above in further detail.

Yours faithfully,

Sue Forster
Chief Executive, Investment Property Forum

NOTE: Files included with letter

1. Joint industry paper submitted to the FCA on 13 April 2022
2. The Appendix - Metrics for Commercial Real Estate ("CRE") - Alignment in response to FCA CP21/17.
3. IPF response to the PCAF/CCREM/GRESB consultation