



Empowering Corporate Real Estate
and Workplace Executives

September 13, 2013

Mr. Russell G. Golden
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-05116

Re: Proposed Accounting Standards Update – Corporate Occupiers Statement

Dear Chairman Golden:

CoreNet Global is the leading professional association representing the demand, or occupier, side of the commercial real estate industry, with 7,900 members worldwide. The members work for major multinational corporations from large Global 2000 companies whose enterprises are not centered on real estate as their primary line of business, yet require extensive real estate holdings, both leased and owned in a variety of asset classes from office to retail, to conduct business.

Our member corporate occupier-tenants manage real estate portfolios that typically range between two million and 100 million square feet globally. Industry sectors represented include aerospace, automotive, consulting, distribution, education, energy, financial services, healthcare, hospitality, manufacturing, pharmaceuticals, retail, technology, telecommunications, transportation, utilities and others.

Corporate Occupier Concerns about the Current Exposure Draft

Our members have serious concerns about the current exposure draft. The proposal is simply too complex and would require significant extra time, effort and expense without showing any material improvement over existing procedures. Therefore, we have independently reviewed the proposed changes and strongly support the FASB's Investor Advisory Committee recommendation of August 27, 2013 to reject the proposal.

Specifically, our members cite concerns over the following:

- The proposed new lease accounting changes do not accurately reflect the economics of real estate and equipment lease transactions.
- The proposed standards as currently written will have a negative material effect on provisions that companies will desire within leases, such as the length of lease terms and desire for lease options.

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- Related Party Leases are not currently tracked and this new requirement will add work at the subsidiary financial statement level.
- Implementation will be arduous and likely take a few years for all companies. Many have decentralized leasing processes and therefore obtaining all current operating and servicing contracts for assessment under the new standard will be a significant effort.
- The proposed changes will cause significant duplication of records currently required for existing, tax, bankruptcy and accounting state legal requirements.
- Most companies will have to install new systems or upgrade existing ones to comply with proposed standards.

Recommended Action

We respectfully request that both FASB and IASB reconsider the need for the new standard or, at minimum revise the standard in light of these concerns. Our organization would be happy to engage in further discussion on this vitally important matter.

In conclusion, real estate is a major driver of economic activity, both in the United States and around the world. At minimum, this proposed new standard will only serve to hinder positive global economic activity at a time when we are beginning to see some positive economic momentum.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Angela Cain". The signature is fluid and cursive, with a long horizontal stroke at the end.

Angela Cain
Chief Executive Officer
CoreNet Global