



Press Release

20 August 2009

**IVSC ISSUES NEW GUIDANCE ON VALUING INVESTMENT PROPERTY UNDER
CONSTRUCTION**

The International Valuation Standards Council (IVSC) has today issued an exposure draft on the valuation of investment property under construction, broadening its scope beyond the confines of IAS 40 *Investment Property*. Public responses are invited to be submitted by 31 October 2009.

The guidance comes in response to changes made by the International Accounting Standards Board (IASB), which brought investment property under construction into the scope of IAS 40 with effect from 1st January 2009. As a result, entities reporting under IFRS now have to account for investment property under construction in the same way as standard investment property.

Soon after the IASB announcement, the European Public Real Estate Association (EPRA) approached IVSC with evidence of different approaches being developed to respond to the new requirement by listed property companies and their advisors. It quickly became apparent that without clear guidelines and a proper consultation process there was a risk of diverse methodologies emerging that could lead to significant confusion within the market.

In January 2009 the International Valuations Standards Board (IVSB) issued an Interim Position Statement giving its preliminary view of the valuation principles that should be adopted where partially completed investment property was required to be valued under IAS 40. As a result of comments received on this initial statement the new guidance

issued today extends the scope of the guidance to include all valuations of investment property under construction.

Chris Thorne, chairman of the IVSB, commented: “It is important that the distinction between accounting and valuation standards is maintained. Whilst it is essential that the IVSB provide guidance on the valuation principles required for use in financial statement prepared under IFRS our remit does not end there and we have a central role in determining best practice beyond the confines of IAS 40.”

He continued, “Given the numerous shocks to the development pipeline and scarcity of debt finance establishing a clear framework for the valuation of investment property under construction is more important than ever. Only by adopting consistent guidelines can market uncertainty in this area be reduced.”

The IVSC exposure draft is available via the website www.ivsc.org

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For press enquiries please contact: Alex Kane, Spada

akane@spada.co.uk

Tel: +44 (0)20 7269 1430

For further information on the IVSC please contact: Marianne Tissier, IVSC

mtissier@ivsc.org

Tel: +44 (0)1442 879 306

NOTES TO EDITORS

About the IVSC

The International Valuation Standards Council (IVSC) is charged with developing robust and transparent procedures for performing international valuations through a single set of globally recognized valuation standards, acceptable to the world’s capital markets organisations and regulators, and meeting the challenges of a fast-changing global economy. The governance structure of the IVSC, a non-profit organisation incorporated in the US, now includes two independent technical Boards – the International Valuation Standards Board and the International Valuation Professional Board – and an

independent global Board of Trustees (whose composition will shortly be announced) responsible for the strategic direction and funding of the IVSC. The IVSC works co-operatively with national professional valuation institutes, users and preparers of valuations, governments, regulators and academic bodies, all of whom can become members of the IVSC and have an important role to play in advising the Boards on agenda decisions and priorities in the work of the IVSC.

For more information please visit: www.ivsc.org