



**Press Release**

**26 January 2009**

## **NEW GUIDANCE: VALUING INVESTMENT PROPERTY UNDER CONSTRUCTION**

The International Valuation Standards Council (IVSC) has today announced that it will seek to issue guidance for the measurement of the value of investment property under construction. A draft Guidance Note will be issued for public consultation during the second quarter of 2009. This follows a change made by the International Accounting Standards Board (IASB), which brought investment property under construction into the scope of IAS 40 *Investment Property* with effect from 1<sup>st</sup> January 2009.

Because of the time that will be required for the due process involved in producing the proposed Guidance Note, the IVSC has today issued an Interim Position Statement to summarise major valuation issues and provide its preliminary view of the valuation principles that should be adopted.

The changes to IAS 40 mean:

- Any entities who measure their completed investment property at fair value will also need to measure any investment property that is under construction on the date of the financial statement at fair value, subject only to the value being reliably determinable.
  
- Even if an entity measured its investment property using the cost model (the other measurement option available in IAS 40) it would still need to provide a fair value estimate of the partially completed property, since IAS 40 requires the disclosure of the fair value of investment property when the cost model for accounting is applied.

Chris Thorne, chairman of the International Valuation Standards Board, commented “Although sites for the construction of investment property and completed investment property are routinely valued for many reasons, until this change in the accounting standards the requirement to value a partially completed project was something that was rarely encountered. Soon after the IASB announcement, the European Public Real Estate Association (EPRA) approached IVSC with evidence of different approaches being developed to respond to this new requirement by listed property companies and their advisors. Following discussions with EPRA, the IVSB agreed that it should commence a project to produce guidance aimed at promoting consistency. The final guidance cannot be finalised until the Board has undertaken full consultation, but this interim statement is designed to give some high level guidance on the principles that the Board believes should be adopted.”

The IVSC Interim Position Statement is available via the website [www.ivsc.org](http://www.ivsc.org)

## **ENDS**

**For press enquiries please contact:** Andrew Gregory or Joanna Tudor, Spada

[Andrewgregory@spada.co.uk](mailto:Andrewgregory@spada.co.uk)

Tel: +44 (0)20 7269 1430

[Joannatudor@spada.co.uk](mailto:Joannatudor@spada.co.uk)

Tel: +44 (0)20 7269 1430

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

[mtissier@ivsc.org](mailto: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](http://www.ivsc.org)