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## VALUING INVESTMENT PROPERTY UNDER CONSTRUCTION – NEW IVSC GUIDANCE NOTE PUBLISHED

*GN 17 will assist auditors and investors as more distressed projects come onto the market*

The IVSC has released a new Guidance Note (GN 17), 'The Valuation of Investment Property under Construction', following an extensive public consultation period. GN 17 provides guidance on internationally recognised principles to be applied when estimating the market value of investment property under construction, and will be of assistance to auditors and investors as more partially completed buildings come to market over the next 12 months.

The need for such guidance was highlighted by changes made by the International Accounting Standards Board (IASB) to IAS 40, *Investment Property*, requiring entities to disclose the fair value of investment property under construction. Across Europe and Asia there is evidence of considerable diversity in the methods and principles used in estimating value, and although the Guidance Note was originally conceived to address the need for valuations of partially completed investment property for financial reporting, it was expanded in response to comments received during the exposure period to also include valuations for other purposes such as mergers and acquisitions and loan security.

Chris Thorne, Chairman of the International Valuation Standards Board, comments:

*"The publication of this Guidance Note is timely given the expected increase in the need for valuing distressed projects over the next 12 months. Partially completed buildings will be coming onto the market much more frequently and the valuation of these sites will therefore be critical. The guidance will be particularly welcome in Europe and Asia, where there is no strong consistency in valuing property under construction for financial statements, and where since the downturn we have seen some rather odd approaches based on theoretical apportionments of the costs incurred and projected profits.*

*"By bringing transparency and consistency to the valuation of partially completed property, this guidance will set a benchmark for the sector, which will help bring back confidence to the investment community and promote the smooth running of the global property market."*

The Guidance Note is available on the IVSC website: [www.ivsc.org](http://www.ivsc.org)

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**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 market participants and regulators, which will meet the challenges of a fast-changing global economy.

The governance structure of the IVSC, a non-profit organisation incorporated in the US, includes two independent technical Boards – the International Valuation Standards Board and the International Valuation Professional Board – and a global Board of Trustees responsible for the overall 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)