



INTERNATIONAL VALUATION STANDARDS COMMITTEE

# NEWS RELEASE

FOR IMMEDIATE RELEASE (10 December 2001)

## **'EUROPEAN REAL ESTATE INDUSTRY RECOMMENDS USE OF INTERNATIONAL VALUATION STANDARDS'**

The European Public Real Estate Association (EPRA) recommends the use of International Valuation Standards by its members for 2002 fiscal year-end financial statements. EPRA has published 'Best Practices Policy Recommendations' aimed at making the financial statements of public real estate companies in Europe clearer, more transparent and comparable across Europe to improve the industry's reception amongst the investment community.

EPRA says, "At present, there is no consistently agreed basis for valuing the assets held by public real estate companies based in Europe". It recommends that the standard reported valuation of the assets held by public real estate companies should be an open market price assessment of those assets. As EPRA is not a valuation body, it "defers to the work of the International Valuation Standards Committee". Compliance with the recommendations will be a basis for EPRA's Best Annual Report sponsored by Dutch pension fund, PGM.

EPRA recommends that asset valuations should be disclosed at least once a year. Although not part of the recommendations, there is a strong consensus on the benefits of semi-annual valuations. EPRA has resisted adopting such a recommendation until all public real estate companies are providing annual, external valuations. It does, however, expect to adopt a recommendation for semi-annual valuations for 2003.

EPRA notes that accounting standards are in a state of transition from national to International Accounting Standards (IAS). As such, it has ensured that its recommendations are fully consistent with IAS.

John Edge, UK delegate and IVSC Chairman-Elect, welcomed EPRA's decision, "In less than four years, some 6700 European listed companies must have adopted the International Accounting Standards. In some cases adoption will be even earlier. For example, IAS must be used as from 2004 by companies listed on Euronext. The consistent and reliable reporting of fixed assets, through the use of International Valuation Standards, is crucial to the rigorous application of IAS. We are delighted that EPRA has supported the use of IVS. Early in the New Year, the IVSC will be discussing the same issue with the Technical Expert Group of the European Financial Reporting Advisory Group, (a private-sector initiative, comprising the main players in financial with the remit of providing technical expertise concerning the use of IAS in the European legal environment)."

The EPRA Best Practices Policy Recommendations were produced by a Committee chaired by Jon H Zehner, Managing Director, JPMorgan.

END

## NOTES TO EDITORS

1. For further details, please contact:

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2. The EPRA 'Best Practices Policy Recommendations' is available on the web site – [www.epra.com](http://www.epra.com)

3. EPRA aims to provide European public real estate companies with effective and continuous leadership in matters of common interest. It endeavours to develop policies concerning standards of reporting disclosure, ethics and industry practices. Although not a disciplinary body, EPRA will actively encourage adherence to these policies.

ON 1 October 2001, EPRA together with the National Association of Real Estate Investment Trusts® (NAREIT) and Euronext launched a new global real estate equities index, the EPRA/NAREIT Global Real Estate Index. This is a composite of the existing EPRA European index and new indices in North America and Asia.

4. The IVSC is an unincorporated association comprising professional valuation associations from some 50 countries. It has published International Valuation Standards (IVS) since 1985. The IVSC is an NGO (Non Government Organisation) member of the United Nations. IVSC maintains liaison with international agencies, such as the Organisation for Economic Co-operation and Development (OECD), the World Bank, the International Monetary Fund, the World Trade Organisation, the European Commission, and the Bank for International Settlements. IVSC also maintains a close relationship with standard-setting bodies such as the International Accounting Standards Board, the International Federation of Accountants, and the International Organisation of Securities Commissions. For further details on the IVSC or to obtain a copy of the 2001 edition of International Valuation Standards, please contact the IVSC Executive Director (see above) or visit the IVSC web site – [www.ivsc.org](http://www.ivsc.org)

5. Membership of the EPRA Best Practices Committee is:

**Chairman:** Jon H Zehner, JP Morgan

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