



cutting through complexity

BUILDING, CONSTRUCTION & REAL ESTATE

## Valuation of Real Estate Companies in Accordance with the Investment Act

According to the amendment of the Investment Act, it will be required to value holdings acquired on an annual basis. KPMG's specialized teams support you in these valuations with efficient processes tailored to your needs.



### Your challenge

Prior to the acquisition of an interest in a real estate company, its value must be determined by an auditor in accordance with Art. 68 Sec. 2 of the German Investment Act. Furthermore, in the course of amending the Investment Act (InvG), annual evaluations of these holdings are required on the basis of the statement of net assets as per Art. 70 Sec. 2 German Investment Act. In view of this, KPMG performs the initial and annual valuations of real estate companies along with the audit of the statement of net assets.

### Valuation principles

The value of the real estate company is to be determined in accordance with Art. 70 InvG applying the generally accepted principles for the valuation of corporate holdings. The starting point of the valuation is the real estate value determined by the expert committee, so that the valuation basically takes into account a net asset value concept.

## Our service

In the framework of implementing the Investment Amendment Act, we have developed the following material valuation principles:

- The valuation date must be close to the date of the expert opinion; material changes in value between the two dates must be quantified and reflected in the valuation.
- Loans are to be valued at the current market value if their realization cannot be excluded by specific contractual conditions.
- Future management and coordination costs of the real estate company for a defined holding period are to be taken into consideration.
- Tax effects of the indirect real estate holdings as well as financial effects of other existing contractual agreements will taken into consideration in the valuation as the specific case dictates.

The valuation process is transparent and attuned to the specific needs of our clients. On the basis of the large number of initial valuations opinions already performed in accordance with Art. 68 InvG as well as the subsequent valuations performed for German and foreign real estate companies, we possess an interdisciplinary know-how that is always up-to-date. Our extensive experience from audits of real estate capital investment companies and other special assets also benefits our clients.

## Set up right for you

The members of our multi-disciplinary teams have years of experience in auditing and valuating real estate capital investment companies and the real estate special assets administered by these companies. Our specialized approach allows for quick and efficient support in complex issues. Furthermore, a Germany-wide network of KPMG experts that has specialized on the auditing of real estate companies is in a continuous discourse and informs our clients about the relevant current developments in this sector.

Please feel free to contact us should you have any questions or care for further information.

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