



IPEV Board Releases Updated Valuation Guidelines

Brussels, Wednesday, 9 September 2009

After extensive review and collaboration, the International Private Equity and Venture Capital Valuation (IPEV) Board today released Updated Private Equity Valuation Guidelines (www.privateequityvaluation.com). The IPEV Guidelines have been updated to take into account the evolution of fair value accounting requirements and practices around the globe, in particular as promulgated by the Financial Accounting Standards Board (FASB) in the United States and by the International Accounting Standards Board (IASB).

The principle changes relate to:

- Clarifying how the marketability discount should be applied
- Eliminating any reference to the one year period used in practice for retaining investments at 'Price of Recent Investment' concept, to ensure there are no conflicts with accounting rules
- Additional guidance on how to include additional milestone analysis into the 'Price of Recent Investment' concept
- Guidance on the valuation of interests in funds.

"To a large extent, the Updated Guidelines are consistent with the prior version," said Anthony Cecil, IPEV Board member and Partner at KPMG. "Changes were made to eliminate potential confusion and to ensure consistency with converging international accounting standards."

The IPEV Guidelines are drafted to be consistent with IFRS and US GAAP. As US GAAP and IFRS standards continue to evolve in the area of fair value, the Board plans to provide additional updates to the Guidelines.

Herman Daems, the IPEV Board Chairman, said "The Updated Guidelines provide practical best practice guidance on valuing private equity investments in a difficult market environment. Fair Value continues to provide the best basis for investors to monitor their portfolio and assist in making key asset allocation decisions."

David Larsen, IPEV Board Member, member of FASB's Valuation Resource Group and managing director at Duff & Phelps, said "the Updated Guidelines now provide expanded guidance on valuing early stage investments, provide clarity in valuing debt instruments, and provide guidance for valuing LP interests." In addition, "clarifications are incorporated to highlight the need to determine fair value at each reporting date and ensure that the illiquid nature of investments is appropriately considered," said Mr Larsen.

Ends

For comments, please contact:

Anthony Cecil (KPMG) - Europe, Tel: +44 207 694 3269,
email: anthony.cecil@kpmg.co.uk

David Larsen (Duff & Phelps) - US, Tel: +415 693 5330,
email: david.larsen@duffandphelps.com

For further information, please contact:

Astrid Pirlot, EVCA, Tel: +32 2 715 00 29 , email: astrid.pirlot@evca.eu

Notes to Editors:

The IPEV Board monitors market practices in the use of Guidelines and gives guidance on the application of the Guidelines to all stakeholders in the private equity and venture capital industry including practitioners, investors, regulators and auditors. IPEV Board's Private Equity and Venture Capital Valuation Guidelines were last updated in 2006.

The IPEV Guidelines have become the worldwide standard for use by buy-out and venture capital managers around the globe. Investors in Private Equity increasingly require fund managers to comply with the IPEV valuation guidelines when estimating the fair value of investments for their financial statements and for reports to investors.

After FASB's issuance of Statement 157 in late 2006, the credit crisis of 2008/2009 and the IASB's proposed fair value rules, the Board concluded that guidelines could be improved by incorporating evolving fair value rules and practice.

Background to IPEV

The International Private Equity and Venture Capital Valuation Guidelines were issued in March 2005 to address the need for greater comparability across the private equity and venture capital industry and for consistency with IFRS and US GAAP accounting principles. The Guidelines were initially developed through a cooperative effort of representatives from the Association Française des Investisseurs en Capital (AFIC), the British Venture Capital Association (BVCA) and the European Private Equity and Venture Capital Association (EVCA). In October 2005, the IPEV Board was created as an independent body and charged with the responsibility for maintaining,

promoting, monitoring, updating the Guidelines and providing guidance on the application of the Guidelines to all worldwide stakeholders in the private equity and venture capital industry including practitioners, investors, regulators and auditors. More information can be found on the IPEV website at www.privateequityvaluation.com.

The private equity and venture capital associations supporting IPEV include:

- AFIC – French Private Equity and Venture Capital Association
- AIFI - Italian Private Equity and Venture Capital Association
- AMEXCAP - Mexican Private Equity and Venture Capital Association
- AMIC - Association Marocaine des Investisseurs en Capital
- APCRI - Portuguese Private Equity and Venture Capital Association
- APEA – Arab Private Equity Association
- ASCRI - Spanish Private Equity and Venture Capital Association
- ATIC – Tunisian Venture Capital Association
- AVCA - African Venture Capital Association
- AVCAL - Australian Private Equity and Venture Capital Association
- AVCO – Austrian Private Equity and Venture Capital Organization
- BVA - Belgian Venturing Association
- BVCA – British Venture Capital Association
- BVK - German Private Equity and Venture Capital Association e.V.
- CVCA – Canada's Venture Capital and Private Equity Association
- CVCA - China Venture Capital Association
- CVCA - Czech Venture Capital and Private Equity Association
- DVCA - Danish Venture Capital Association
- EMPEA - Emerging Markets Private Equity Association
- EVCA – European Private Equity and Venture Capital Association
- FVCA - Finnish Venture Capital Association
- GVCA – Gulf Venture Capital Association
- HKVCA - Hong Kong Venture Capital Association
- HVCA - Hungarian Venture Capital and Private Equity Association
- ILPA - Institutional Limited Partners Association
- IVCA - Irish Venture Capital Association
- LAVCA - Latin American Venture Capital Association
- LVCA - Latvian Venture Capital Association
- NVCA - Norwegian Venture Capital & Private Equity Association
- NVP – Dutch Private Equity and Venture Capital Association
- PPEA - Polish Private Equity Association
- Réseau Capital – Québec Venture Capital and Private Equity Association
- RVCA - Russian Private Equity and Venture Capital Association
- SAVCA - Southern African Venture Capital and Private Equity Association
- SECA - Swiss Private Equity and Corporate Finance Association
- SLOVCA - Slovak Venture Capital Association
- SVCA - Swedish Private Equity and Venture Capital Association