

Long-Term Sustainable Value Concepts

19 March 2024

UNECE - Principles for Green Financing for Sustainable Real Estate, Infrastructure and Urban Transformation Projects

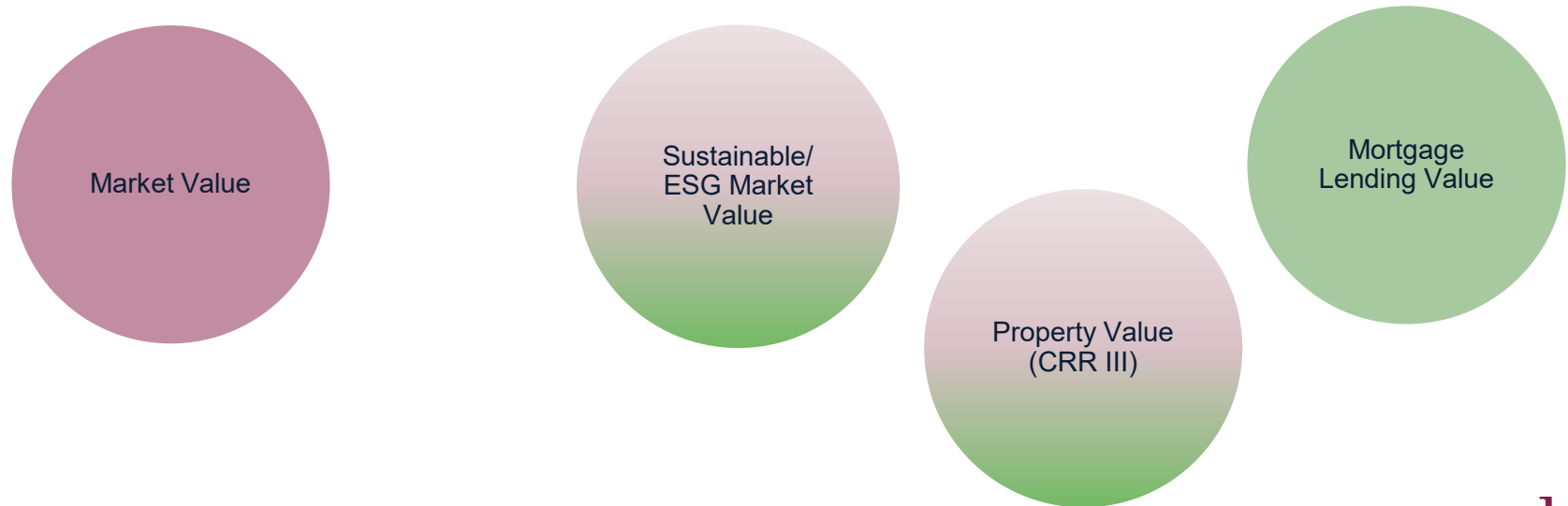
“II. Principles

[...]

(6) [...] A precondition for obtaining financial resources is the sustainability of the investment and its ability to create long-term sustainable value. In the absence of public grants, long-term sustainability implies the simultaneous presence of conditions of economic convenience and financial sustainability. {...}”

Value Concepts

Trend towards a stronger focus on a sustainable value approach in banking regulation



Value Concepts – Capital Requirements Regulation III (Draft)

Market Value

'market value' means, for the purposes of immovable property, the estimated amount for which the property should **exchange on the date of valuation** between a willing buyer and a willing seller in an arm's-length **transaction** after proper marketing wherein the parties had each **acted knowledgeably, prudently and without being under compulsion**

Property Value

(b) the value is appraised using **prudently conservative** valuation criteria which meet all of the following requirements:

- (i) the value **excludes expectations on price increases**;
- (ii) the value is adjusted to take into account the **potential for the current market price** to be **significantly above the value that would be sustainable over the life of the loan**;

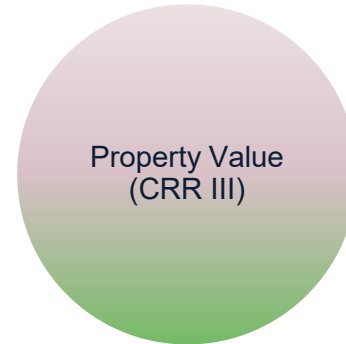
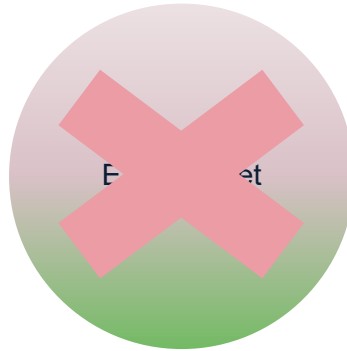
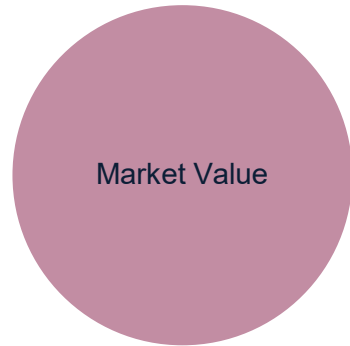
(c) the value is **not higher than a market value** for the immovable property where such market value can be determined.

Mortgage Lending Value

'mortgage lending value' means the value of immovable property as determined by a **prudent assessment** of the **future marketability** of the property taking into account **long-term sustainable aspects** of the property, the normal and local market conditions, the current use and alternative appropriate uses of the property

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Operationalising the 'Property Value'

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