

# SA REIT Best Practice Recommendations draft second edition available for comment

Following a broad consultative process, the SA REIT Best Practice Recommendations (BPR) draft second edition is out for public comment. All interested parties can submit their input by Friday, 3 May 2019. The process of updating this guide, which is the accepted standard for reporting key metrics consistently to make the analysis and comparison of different SA REITs easier, began in August 2018.

First published by the SA REIT Association in 2016 to make financial reporting of South African REITs more transparent and improve comparability, the BPR was driven by the sector, as several important metrics commonly reported on by REITs are not strictly governed by IFRS. It is intended to reduce divergence in reporting implementation among sector counters, and to evolve as the sector and financial reporting best practices progress.

## Input from major stakeholders

The draft was compiled with input from the sector and its major stakeholders, starting with the SA REIT Accounting and JSE Committee, and including consultation with sector analysts, auditing firms and corporate advisors, SA REIT members and the JSE. Altogether, some 95 individual submissions were considered for the draft second edition of the SA REIT BPR.



Bram Goossens, chairman of the Tax and JSE Committee of the SA REIT Association

Bram Goossens, chairman of the Tax and JSE Committee of the SA REIT Association, says: “The SA listed REIT sector has a clear track record of driving best practice for investors and is committed to rigorous self-regulation. We welcome and encourage comments on the updated draft guideline as we strive for the highest standards in robust and transparent disclosure.”

Goossens notes that among the issues addressed in the draft second edition of the SA REIT BPR are publishing standardised calculations for non-IFRS financial measures in a dedicated annexure of the financial statements and having auditors verify assurance of this annexure under ISAE 3000 as special purpose information.

Also, the updated BPR draft seeks to introduce branded SA REIT supplemental financial performance measures, such as a SA REIT distribution per share (DPS). These branded measures must be computed entirely in line with the most current edition of the SA REIT BPR and may only be reported by SA REIT Association member companies in good standing.

## Early adoption encouraged

Once the deadline for public comments closes on 3 May, the second edition of the SA REIT BPR should be finalised within three months. It will be effective for financial year ends commencing on or after 1 January 2020. “We do, however, strongly encourage early adoption,” says Goossens.

Izak Petersen, chairman of the SA REIT Association, says: “The vigorous process of sector, stakeholder and public engagement to revise the REIT sector’s financial reporting guide continues the track record of transparency that it has built overall. We remain committed to ensuring a listed property structure that is uniform and well understood both locally and internationally.”



Izak Petersen, chairman of the SA REIT Association

The SA REIT Association led the charge to introduce internationally recognised REIT legislation to South Africa, working with National Treasury, SARS, the JSE and others. The resulting SA REIT legislation has placed the listed property sector on par with REIT structures around the globe. Since its inception in 2013,

when REIT legislation was introduced in South Africa, one of SA REIT's goals has been to strengthen the profile of the sector by making the financial statements of public real estate entities in South Africa clearer, more transparent and comparable across the sector.

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