



International Valuation Standards Committee

**IVSC E-News Issue 20 January 2008**

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### Restructuring the IVSC

The restructuring of the IVSC is underway. An announcement will be made shortly naming the leading individuals from the business and financial world who have agreed to assist the IVSC by acting as members of the interim Board of Trustees. At the same time, a growing number of organisations, convinced of the need for a global valuation standard setter, are showing support by pledging interim financial support and becoming involved in the development of the IVSC. Further details are available from the IVSC Executive Director – [mtissier@ivsc.org](mailto:mtissier@ivsc.org)

## Securities and Exchange Board of India promotes use of the International Valuation Standards

**On 28 December 2007, the Securities and Exchange Board of India (SEBI) issued the much awaited draft regulations for setting up real estate investment trusts (REITs). It has been almost two years since the real estate sector was opened for foreign investors in India. The response from investors has been overwhelming and billions of dollars have been committed to various projects in India.**

Industry players said it would take about a year from now for the first real estate fund to hit the market.

In the draft guidelines, Sebi has proposed that an investment trust to deal with real estate investments should be created with the trustees being either a bank, trust company of a bank, public financial institution, insurance company, or a corporate entity. The trust would launch real estate schemes and would be managed by a real estate investment management company.

The trust and the management company for such real estate funds must have "a net worth of not less than Rs 5 crore, adequate infrastructure, and professionals with requisite experience in related field," Sebi said. "All schemes must be appraised by an appraisal agency, rated by a credit rating agency and also valued by a valuer," the regulator said. "The valuations must follow either national Indian valuation standards or the International Valuation Standards." Elvin Fernandez, IVSC chairman, welcomed the draft regulations saying "The IVSC is pleased to note this timely introduction of a REIT framework in India and for emphasis to be placed on the conduct of professional valuations recognising in particular IVS as issued by this committee.

The Eighth Edition of IVS (IVS 2007) issued in July 2007 adequately guides valuers on such valuations and we do also have a White Paper (for general guidance) entitled "The Valuation of Real Estate Serving as Collateral for Securitised Instruments" that can be found on our website."

The draft regulations can be found on the SEBI website [www.sebi.gov.in](http://www.sebi.gov.in)

## Determination of fair value of intangible assets for IFRS reporting purposes

The IVSC has made available on its website – [www.ivsc.org](http://www.ivsc.org) - the comments received on its discussion paper issued August 2007. Work is now underway to develop the paper for inclusion within the International Valuation Standards.