

IVSC TAB Meeting Update January 2024

This IVSC Update highlights preliminary decisions of the IVSC Tangible Assets Board (Board). Projects affected by these decisions can be found on the IVSC Publication Schedule. The Board's final decisions on IVS® Standards and Amendments as set out in the IVSC Standards Review Board Due Process and Working Procedures.

The Board met remotely on 17 January 2024. The topics in order of discussion were:

Administration

- IVSC TAB Meeting Update December 2023
(*IVSC TAB Meeting Update December 2023*)

Global Insights & Markets Update

Around the World – Markets update 2024 and New York Agenda

- *Africa – Molefi Kubuzie*
- *North America – James Gavin, Brendan Gallagher, Kyle TenHuisen*
- *South America – Eduardo Rottman*
- *Asia/Oceania – CK Lau, Sandip Kumar Deb, Kim Hildebrandt*
- *Europe – Ludmila Simonova, Becky Gaughan*
- *Middle East – Paakow Winful, Ron Cohen-Seban*

Updates and Discussion

- IVS (effective 31 January 2025) Update – Alexander Aronsohn
(*2023.12.05. IVS 2024 Publication Process and Timetable*)
- IVS (effective 31 January 2025) Red Line – Alexander Aronsohn
(*2024.01.12. IVS 2024 – i-189 (3rd amends 12.01.24) and Appendix A Glossary Terms Italicisation*)
- IVS (effective 31 January 2025) Presentation – Alexander Aronsohn
(*2024.01.12. International Valuation Standards (Effective 31 January 2025) _draftV4 and 2024.01.10. IVS Exposure Draft Presentation Script*)
- Prudential Value – All
(*2022.11.09 Prudential Value Briefing Paper*)
- Draft Agenda for IVSC Q1 in person meeting – New York
 - *26th February 2024 until 28th February 2024 am*
 - *Joint Board Dinner 27th February 2024 7pm*
 - *Professor Aswath Damodaran of NYU Presentation 27th February 2024 2pm*

Standing Items

- Agenda consultation Topic Discussion – All
(*2024.01.11. TAB Proposed Agenda Consultation Topics*)
- SRB update – Kim Hildebrandt/Alexander Aronsohn
- TAB Meeting Timetable 2024
(*TAB Draft Meeting Dates and Times 2024*)
- IVSC TAB Working Groups – All
(*2024.01.11. IVSC TAB Working Groups*)
 - *TAB MV and Prudential Value Working Group*
 - *TAB ESG Working Group*

- *TAB Inspection Working Group*
- New TAB Members
- AOB – All
 - (*Email from Satoshi Ishihara on Social Value*)
 - *Correspondence from the World Bank re Social Value*

The Board was asked if there were any conflicts of interest in relation to the proposed topics and no conflicts were declared.

Administration

IVSC TAB Meeting Update December 2023 (IVSC TAB Meeting Update December 2023)

The Board reviewed the IVSC meeting update and agreed that it was an accurate report of the meeting. There were no further revisions suggested and the meeting update was approved by the TAB.

Next steps

No action required.

Global Insights & Markets Update

Around the World – Markets update 2024 and New York Agenda

The Board discussed the IVS Exposure Draft Consultation process and the proposed IVS General Standard consultation revisions and also provided general market updates.

- *North America*
 - USA - James Gavin*
 - Appraisal Foundation now published USPAP 2024 and there are USPAP Update courses available.
 - Main revisions include addition of Advisory Opinion 39 and 40 on non-discrimination and the use of data in a non-discriminatory way.
 - Some definitional changes.
 - USPAP 2024 now reference IVS and the IVS USPAP Bridging Document.
 - USA - Kyle TenHuisen*
 - Transactions are down as USA heads to an election year; transactions are not expected to increase in the near future.
 - Uncertainty regarding potential rate cuts from banks and how this would affect the valuations.
 - USA still facing potential economic recession and so there is lot of volatility in the market.
 - Canada – Brendan Gallagher*
 - No further update re Canada. Situation as previously advised.
 - Increased M & A valuations for infrastructure.

- Most work relating to impairment work and refining of values and market volatility has led to an increase in valuation instructions in some areas.
- *Europe*
 - *Ludmila Simonova*
 - War ongoing and situation still difficult and market uncertain and many Ukrainians have relocated to the West.
 - Kiev has shown a recent increase in rents.
 - There is a large demand for industrial real estate and the real estate market is improving due to the impact of European sanctions and businesses are slowly reactivating.
 - Ukraine still focussed on the valuation of war damages and though many people do not believe there will be any direct reimbursement from Russia there may be some reimbursement for war reparations through the USA, who are holding 300 billion dollars in Russian reserves.
 - Ukrainian government is continuing to spend money on fixing damaged properties,
 - *Becky Gaughan*
 - RICS are waiting for publication of IVS (effective 31 January 2025) before embarking on updating the Red Book to be IVS compliant.
 - UK market still awaiting developments in relation to Prudential Value.
 - There is limited investment within UK and other markets due to uncertainty as 80% of the world's GDP are currently facing imminent elections.
- *South America – Eduardo Rottman*
 - Ongoing political issues in South America.
 - Two Key Meeting in 2024
 - UPAV Meeting in Chile
 - V20 Meeting in early October
 - Working on content for these meetings and Indian V20 has set a high bar to meet.
 - Will provide further details on South American meetings in due course.
- *Middle East*
 - *Paakow Winful*
 - No major market updates.
 - TAQEEM is in the early stages of putting steps in place to update their manuals to comply with the revisions to IVS.

Ron Cohen-Seban

- Market still very volatile though there is some improvement with more transactions taking place and yields showing some signs of improvement.
- Large real estate conference planned for March.
- In respect of the TAB New York meeting, it would be good to have valuation reviews included on the agenda.

- *Asia/Oceania*

Kim Hildebrandt

- KH advised that there were no further market updates at this point in time.
- KH further added that mandatory real estate inspection within the recent API guidance continues to be a topic of interest.

C K Lau

- HKIS is waiting to incorporate the latest version of IVS within their standards.
- HKIS are following the proposed changes to IVS closely and are planning to publish their revised standard incorporating IVS towards the end of 2024.
- HKIS extremely interested in IVS revisions to Liquidation Value.
- HKIS also following developments in relation to Prudential Value.
- Unable to attend New York meeting in person but will attend virtually.

Sandip Kumar Deb

- Situation is challenging in India and though most VPO's in India follow IVS one VPO has another standard and has been given the task of building an Indian Valuation Standard.
- IVSC in the process of speaking to Indian policy makers about the importance of incorporating IVS within the Indian Valuation Standards.
- Some concerns about the ability of some Indian valuer's ability to follow IVS but hopeful that any Indian Valuation Standard will incorporate IVS.
- In Bangladesh there are no official valuation standards, and the Federal Bank of Bangladesh is now the official regulator for valuations within Bangladesh.
- IVSC met with the Federal Bank of Bangladesh who are in the process of creating valuation standards which follow IVS.
- Federal Bank of Bangladesh are aiming to adopt IVS in September/October 2024.
- In India the market has remained stable and recently there have been some positive signs of improvement such as an increase in rents in

the middle and lower residential rental markets and even the upper residential market, which remained stable during the recent financial crises, have begun to show an increase in rents.

Next steps

None.

Updates and Discussion

IVS (effective 31 January 2025) Update (2023.12.05. IVS 2024 Publication Process and Timetable)

The Board was advised that the proposed publication dates for IVS were as follows:

31st January 2024 - *IVS (effective 31 January 2025)*

31st January 2024 - *IVS (effective 31 January 2025) Red Line*

27th February 2024 - *IVS (effective 31 January 2025) Basis of Conclusion*

The Board was further advised that IVS (effective 31 January 2025) and IVS (effective 31 January 2025) Red Line will be published on the 31st January 2024.

The Board advised that the IVS (effective 31 January 2025) Basis of Conclusion will be published in February 2024 as the focus of the IVSC has been meeting the IVS publication deadline.

Next steps

None

IVS (effective 31 January 2025) Red Line (2024.01.12. IVS 2024 - i-189 (3rd amends 12.01.24) and Appendix A Glossary Terms Italicisation)

The Board was advised that the IVSC Red Line had been distributed to the TAB for consideration and review.

The Board was further advised that the red line version of IVS would form the basis for the black line version of IVS and that the text contained within the two documents should be identical.

The Board was asked to review the red line version of IVS and the Chair asked the IVSC TAB Standard setting working groups to review the red line of their tangible asset chapters.

The Board was advised that the members of the IVSC Standard setting working groups are as follows:

IVSC TAB IVS 300 Plant, Equipment and Infrastructure Working Group

Brendan Gallagher, Kim S Hildebrandt, Kyle K Ten Huisen

IVSC TAB IVS 400 Real Property Interests Working Group

Becky Gaughan, C K Lau, Eduardo Rottman, James Gavin, Ludmila Simonova, Molefi Kubuzie, Paakow Winful, Sandip Kumar Deb

IVSC TAB IVS 410 Development Property Working Group

James Gavin, Ludmila Simonova , Molefi Kubuzie, Ron Cohen-Seban, Sandip Kumar Deb

Next steps

IVSC TAB Standard Setting Working Groups to review the red line version of their chapters and to provide the technical director with any comments or revisions.

IVS (effective 31 January 2025) Presentation (2024.01.12. International Valuation Standards (Effective 31 January 2025) draftV4 and 2024.01.10. IVS Exposure Draft Presentation Script)

The Board was advised that in addition to the publication of IVS the IVSC would be providing webinars in January on the changes to IVS.

The Board was further advised that the dates and times for the IVS webinars were as follows:

- *5th February 2024 (13:00 – 14:30 UK Time)*
- *6th February 2024 (14:00 – 15:30 UK Time)*
- *8th February 2024 (23:45 – 01:30 UK Time)*
- *9th February 2024 (14:00 – 15:30 UK Time)*

The Board was also advised that as part of this process the SRB had prepared a slide pack and script so a consistent message could be provided for all presentations.

The Board was informed that as with the IVS Exposure Draft the SRB would provide a presentation to IVS key stakeholders on request as this a key part of the adoption and implementation process.

The Board was further informed that they would be provided with a copy of the IVS (effective 31 January 2025) and the presentation script so members of the TAB could provide presentations to their market in other languages.

THE Board was asked to follow the script when providing the presentation as the SRB wanted to ensure that a consistent message was provided to all stakeholders.

The Technical Director asked the Board to advise him of any presentations that they were planning to give in their markets so the IVSC could keep track of the presentations.

The Board was advised that further presentations would be given throughout the year and there would be further series of presentations on IVS prior to the IVS becoming effective on 31 January 2025.

Next steps

The Technical Director is to send the IVSC (effective 31 January 2025) presentation and the presentation script to Board members. The Board is to advise the Technical Director on whether they want him to present IVS to their stakeholders or if they are providing presentation within their markets.

Prudential Value (2022.11.09 Prudential Value Briefing Paper)

The Board was advised that further to discussion within the IVSC TAB MV working group the Board was proposing to publish a perspectives paper on Prudential Value highlighting their views in relation to Prudential Value to provide clarity to IVSC stakeholders.

The Board was further advised that the drafting of the perspective paper had been delayed while the Board focussed on the publication of IVS (*effective 31 January 2025*) as well as the corresponding red line version and the basis of conclusion.

The Board was also advised that subject to SRB review the aim was to have this perspective paper published towards the end of Q2 2024.

Next steps

None.

Draft Agenda for IVSC Q1 in person New York meeting

The Board was advised that the IVSC Asset Boards would be meeting between Monday 26th February 2024 and Wednesday 28th February 2024.

The Board was further advised that each day's meetings would commence at 09:00 and close at 17:30 except for Wednesday's meeting which was a half day meeting until 12:00.

The Board was also advised that there would be a joint dinner for all the IVSC Technical Boards (*SRB, BVB, FIB and TAB*) on the 27th February at 19:00 and details would follow in due course.

The Board was informed that key presentations would be provided by the following guest speakers:

- Professor Aswath Damodaran of NYU Presentation on Valuation, ESG and other Topics (*27th February 2024 at 14:00*)
- Michael Mauboussin (*Columbia University and Morgan Stanley Investment Management*) Presentation on Valuation, Investor expectations, ROIC, Intangible Assets and other topics (*28th February 2024 at 09:00*)

The Board was further informed that the TAB was invited to attend both these presentations and the Technical Director would incorporate these items within the meeting agenda.

The Board was also informed that there would be a virtual link for those Board members who were not able to attend the meeting in person.

SKD advised that he was unable to attend the meeting due to visa issues.

Next steps

The Board to provide the Chair and Technical with potential agenda items for the New York meeting. The Technical Director to distribute the agenda and attachments in advance of the New York meeting.

Standing Items

Agenda consultation Topic Discussion (2024.01.11. TAB Proposed Agenda Consultation Topics)

The Technical Director advised the Board that the proposed TAB Agenda Consultation Topics and the TAB members responsible for producing the Topic Forms were as follows:

1. *Agricultural and Plantation Land / Biological Assets (forests, plantations etc) - SKD*
2. *Compulsory Purchase/ Expropriation/compensation/Unregistered land (TAB) – LS/SKD/MK*
3. *Insurance Valuations -PW/KH*
4. *Private vs Public Markets -KH*
5. *Prudential Value -KH*
6. *Quality Control and Individual Valuer --ER*
7. *Inspections and Investigations -AA, JG and BG*
8. *Valuation Risk /Valuation in a volatile market, Reasonable Range – BGs*
9. *Valuation Reviews, Appeals and External Audit – RC/BRG*

The Technical Director further advised that the Agenda Consultation would be a key topic for the TAB during the TAB physical meeting in February in New York.

The Board was asked to send in the topic forms for their agenda items in advance of the New York meeting.

Next steps

The Board to send the Technical Director their topic forms in advance of the New York Meeting.

SRB update

The Technical Director advised that the SRB had been focussed on finalising IVS (effective 31 January 2025) and the corresponding red line and basis of conclusions for publication.

The Technical Director further advised that the SRB had also been focussed on finalising the IVS (effective 31 January 2025) presenting and drafting the agenda for the New York meetings.

Next steps

None.

TAB Meeting Timetable 2024 (TAB Meeting Dates and Times 2024)

The Technical Director advised that the TAB will have received invites for the following 2024 meetings: -

Tangible Assets Board 2024 Dates (last Wednesday of every month / UK timings)	
17 January	00:00
26, 27, 28 February	Face to Face / New York
13 March	18:00
9 April	06:00
13 – 17 May	Face to Face / London
12 June	00:00
10 July	18:00
14 August	06:00
11 September	12:00
9 October	00:00
20 -22 November	AGM / Hong Kong
11 December	18:00

The Technical Director further advised that the meetings had been put in the calendar as a place holder for next year.

The Technical Director asked the Board to advise him of any of the meeting dates did not work.

Next steps

The Board to advise the Technical Director if any of the meeting dates don't work for them.

IVSC TAB Working Groups (2024.01.11. IVSC TAB Working Groups)

The Board was provided with an updated list of the following TAB working groups:

- *TAB MV and Prudential Value Working Group*
- *TAB ESG Working Group*
- *TAB Inspection Working Group*

The Board was advised that the working groups would be reviewed during the New York physical meeting.

Next steps

None

New TAB Members

The Board was advised that the IVSC Nominations Committee had received 23 applications to join the Tangible Assets Board.

The Board was further advised that all the applicants were high calibre and occupied senior positions within their organisation.

The Board was also advised that the IVSC Nominations Committee had narrowed the list to nine candidates.

The Board was informed that the interviews were taking place and the Technical Director was assisting in the interview process.

The Board was further informed that the IVSC Nominations Committee was looking for three new members to join the Tangible Assets Board.

The Board was also informed that the successful applicants would be joining the Tangible Assets Board in April 2024.

Next steps

The Board to be advise of the new Tangible Asset Board members in due course.

AOB (Email from Satoshi Ishihara on Social Value)

The Chair advised that he had received some good insights from Satoshi Ishihara in relation to Social Value.

Next steps

None.