

## **IVSC SRB Meeting Update August 2024**

***Items shown in bold italics should include links to the relevant documents***

This IVSC Update highlights preliminary decisions of the IVSC Standards Review 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 are formally balloted as set out in the ***IVSC Standards Review Board Due Process and Working Procedures***.

The Board met remotely on the 28th of August 2024. The topics in order of Discussion were:

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#### **Administration**

- IVSC SRB London Meeting Update July 2024  
*(IVSC SRB London Meeting Update July 2024)*

#### **IVS Agenda Consultation Update**

- IVS Agenda Consultation 2024 Update  
*(IVS Agenda Consultation Communications Update, IVS Agenda Consultation Round Tables, Gravity Forms 23.08.24 and Mailchimp 23.08.25s)*
- *IVS Agenda Consultation Responses Update*
- *IVS Communications Update*
- *IVS Round Tables: 17th September at 09:30 UK Time and 19th September at 15:00 UK Time*

#### **Asset Board Updates - Focus on Agenda Consultation Current Topics**

- BVB Update
- FIB Update
- TAB Update

#### **Perspectives Papers**

Perspectives Paper - ESG & Real Asset Valuation  
*(2024.08.25 IVSC - Perspectives Paper - ESG & Real Asset Valuation)*

#### **Working Group Updates**

*(2024.08.23. IVSC SRB Working Groups)*

- Academic Working Group Update
- Listed vs Unlisted Working Group Update
- Valuation Risk Update
- Use of Technology in Valuation Update

- ESG Working Group Update
- TIP and White Paper Working Group Update

### **Future Physical Meetings**

- IVSC Hong Kong AGM Agenda
  - *Working Groups Meeting on Wednesday 20th November 2024 PM*
  - *SRB Meeting on Thursday 21st and Friday 22nd November 2024*
- IVSC SRB Physical Meeting March 2025 - Location Toronto
  - *SRB Meeting Wednesday 5th March (PM) to Friday 7th March*
- IVSC SRB Physical Meeting June 2025 - Prague possible location
  - *Wednesday 11th June to Friday 13th June*
- IVSC SRB AGM 2025 - Alexander Aronsohn
  - *Location New Delhi*
  - *27th October – 1st November*

### **Administration**

- AOB

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

## Administration

### **IVSC Meeting Update July 2024 (IVSC SRB London Meeting Update July 2024)**

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 SRB.

### **Next steps**

None.

## IVS Agenda Consultation Update

### **IVS Agenda Consultation Update (IVS Agenda Consultation Communications Update, IVS Agenda Consultation Round Tables, Gravity Forms 23.08.24 and Mailchimp 23.08.25s)**

- *IVS Agenda Consultation Responses Update*
- *IVS Communications Update*
- *IVS Round Tables: 17th September at 09:30 UK Time and 19th September at 15:00 UK Time*

The Board was advised that the Agenda Consultation closed on the 9<sup>th</sup> of October 2024.

The Board was further advised that there had been 44 substantive responses to the Agenda Consultation so far, but as yet no organisations represented on the IVSC Technical Boards had responded so far.

The Board was also advised that the Agenda Consultation page is the third most visited page of our website and has had 1,076 unique viewers (visitors) over the last 30-day period.

The Board was informed that the Agenda Consultation has also been profiled extensively on LinkedIn, through three edited videos from New York meetings in February with further animated videos to be published this week.

The Board was further informed that in addition to Enews, two emails in Susan's name have been sent to 14,950 subscribers to the IVSC, which included a link to the consultation document and feedback form.

The Board was also informed that the SRB would be providing an IVS Agenda Consultation interactive round table in early September.

The Board was advised of the following times for the Agenda Consultation round table:

- *Tuesday 17th September: 09:30 to 11:00 (UK time)*
- *Thursday 19th September: 15:00 to 16:30*

The Board was asked to advise AA if they could be available to cohost the Agenda Consultation round table on Tuesday 17<sup>th</sup> September.

The Board was also asked to attend the Agenda Consultation round table so the IVSC could ensure that the session was interactive as possible.

### **Next steps**

SRB to advise AA of their availability to co-present the agenda Consultation round table on Tuesday 17<sup>th</sup> September 2024.

## **Asset Board Updates**

### **BVB Update**

The Board was advised that the BVB had been focussed on the IVAS conference in Asia.

The Board was further advised that the BVB had also been focussed on contributing to perspective papers such as the perspective paper on listed and unlisted assets.

The Board was also advised that the BVB had been assisting in contributing to a number of perspective papers.

The Board was informed that the BVB had reviewed the IVS publication timetable and was surprised to note that the BVB should already begin to think about revising the IVS Business Valuation chapters.

The Board was further informed that the BVB was awaiting responses for the IVS Agenda Consultation before progressing further.

## **Next steps**

None.

## **FIB Update**

The Board was advised that the FIB was working on a strawman FAQ to present to the Board for consideration and review.

The Board was further advised that the FIB had been discussing stakeholder engagement to aid adoption of IVS 500 and were currently focussing on where and how such stakeholder engagement should take place.

The Board was also advised that the FIB was considering adopting a similar interactive round table format as used in the IVS Agenda Consultation presentations.

The Board was informed that the FIB was considering having quarterly calls with stakeholders on hot topics as opposed to publishing perspectives paper.

The Board was further informed that in respect of the FAQ the FIB was focussed on the following two main areas:

- 2-year interest rate swaps
- Some sort of option, but this turned out to be too complicated

The Board was also informed that the FIB was awaiting results of the Agenda consultation.

## **Next steps**

None.

## **TAB Update**

The SRB was advised that the TAB had been involved in stakeholder outreach, which include presentations on IVS and Inspections to:

- Asia Development Bank (ADB)
- Australian Taxation Office (IVS)
- European Covered Bond Council (ECBC)
- European Mortgage Federation (EMF)

- International Federation of Surveyors (FIG)
- Ghana Institution of Surveyors (IVS)
- Standards Board for Alternative Investments (SBAI)
- TAQEEM (Inspections)

The Board was further advised that the main focus of the TAB had been finalising the perspective paper on ESG and Real Assets Valuation.

The Board was also advised that as per the other Boards the TAB had been reviewing the IVS Publication timetable and had begun preliminary discussions on revisions to the TAB chapters.

The Board was informed that in respect of the perspectives paper on Inspections that Board had received some constructive comments from the API.

The Board was further informed that the TAB had been in discussions with the International Public Sector Accounting Standards Board and had set up regular two monthly calls to discuss common issues.

The Board was also informed that the Prudential Value Perspective Paper had been delayed as the TAB was awaiting comments from the PRA and USA in relation to the implementation of Prudential Value for immovable property.

The Board was advised that the Tab had still been working on the perspectives paper on listed vs unlisted and was awaiting further comment from Tim Deal of the FIB.

### **Next steps**

None.

## **Perspectives Papers**

### **Perspectives Paper - ESG & Real Asset Valuation (2024.08.25 IVSC - Perspectives Paper - ESG & Real Asset Valuation)**

The Board reviewed the ESG and Real Asset Valuation Perspectives Paper and KH advised them of changes since the last review.

The Board was advised that the paper had been titled “*ESG & Real Asset Valuation: Sharpening the focus, not reinventing the wheel*” to partly deal with the fact that

47% of ESG Survey respondents felt that the consideration of ESG in valuation required the development of new valuation approaches and methodologies.

The Board was further advised that to aid readers in understanding the scope of tangible assets the perspective paper referred to Real Asset Valuation.

The Board was also advised that *“real assets include all tangible asset classes such as real estate, undeveloped land, farmland, plant & equipment, infrastructure, transportation assets, utilities and commodities, amongst others.”*

Further to discussion the Board agreed to send any comments or revisions by Friday 6<sup>th</sup> September and subject to any comments or revisions the perspectives paper would proceed to publication.

### **Next steps**

The Board to provide any comments or revisions by Friday 6<sup>th</sup> September and if no substantial comments are received the perspectives paper will proceed to publication.

## **Working Group Updates**

(2024.08.23. IVSC SRB Working Groups)

### **Academic Working Group Update**

The Board was advised that the working group was currently in the process of updating their scope of work.

The Board was further advised that they would have further discussions with NT and DW of the Global Membership and Standards Recognition Committee in relation to the Academic Forum to ensure that the working group brief was fit for purposes and there was no unintended crossover.

The Board was also advised that the brief was divided into external engagement and internal engagement and included how to include academics within the IVSC Boards and working groups.

### **Next steps**

AA to set up a call with JC and NT to discuss the academic working group brief and the aims of the academic forum.

## **Listed vs Unlisted Working Group Update**

The Board was advised that the listed vs unlisted working group was due to meet next week.

The Board was further advised that the working group was in the process of considering a number of comments provided by Tim Deal of the FIB.

The Board was also advised that this was the first in a series of perspectives paper and that this paper was focussed on exploring the divergence in public and private real estate markets.

The Board was informed that the planned series of perspectives papers was as follows: -

***Edition 1 – Mind the gap:*** Exploring the divergence in public and private real estate markets

***Edition 2 - Considering improvements to valuation quality:*** What role does the valuer take on, and how do they need to veer, in a low transaction and/or volatile real estate market?

***Edition 3 - Valuation governance and regulation:*** A look around the world, are investors and regulators in private real estate markets yearning for greater valuation transparency?

DS commented that some of the issues raised in these perspectives interconnected with the topic of valuation risk and reasonable range and therefore the working groups should check that they are considering valuation risk in a consistent manner.

### **Next steps**

The revised perspectives paper will be shared with the Board in advance of the next Board meeting.

## **Use of Technology in Valuation Working Group Update**

The Board was advised that the working group meeting on the 13<sup>th</sup> of August had been cancelled as the two speakers were on annual leave.

The Board was further advised that the next meeting of the working group was programmed for the 17<sup>th</sup> of September 2024.



The Board was also advised that the working group was still researching and in the process of collating relevant information and exploring issues.

The Board was informed that the working group are still trying to get Bloomberg and Cap IQ to speak to them so the working group can explore if and how data providers use Artificial Intelligence and if so at what level.

The Board was further informed that Ian Blance and Yann Magnum had been invited to provide further presentations.

The Board was also informed that the working group had discussed the next edition of IVS including sections on the use of artificial intelligence in IVS 101 Scope of Work and IVS 106 Documentation and Reporting.

The Board was advised that the working group had also discussed the inclusion of a section on artificial intelligence, data management and client confidentiality within IVS 104 Data and Inputs.

The Board was further advised that 73 strings would be providing the second part of their presentation at the working group meeting scheduled for the 12<sup>th</sup> of September.

The Board was also advised that the CBV Institute had recently published a Primer on Artificial Intelligence, which was informative and helpful.

DS stated that the working group should also be aware of the interconnection between valuation risk and the use of artificial intelligence within valuations.

### **Next steps**

AA to share the CBV Institute primer on artificial intelligence with the Board

### **Valuation Risk Working Update**

The Board was advised that the IVSC SRB Valuation Risk working group had met on the 26<sup>th</sup> of August.

The Board was further advised that the working group had been working on a spreadsheet highlighting that highlighted the different types of valuation risk within the valuation process.

The Board was also advised that the working group had made progress but was still developing a straw man in relation to valuation risk.

The Board was informed that the working group had explored different types of risk such as proficiency and competency risk.

The Board was further informed that the working group felt that these risks were more in the realm of VPO's to consider and review.

The Board was also informed that the working group felt that IVS should provide more detail on managing the following types of risk within valuations: -

- *Data and Input Risk*
- *Model Risk*
- *Liquidity Risk*

The Board was advised that the working group was still reviewing a number of existing definitions within IVS such as price, value, valuation and valuation risk.

The Board was also informed that the working group was considering defining market disruption.

### **Next steps**

None.

### **ESG Working Group Update**

The Board was advised that the working group had met the last week and was still in the process of reviewing the ESG survey results.

The Board was further advised that the ESG survey working group was reviewing the ESG survey results globally, by world region and by valuation sector.

The Board was also advised that an initial view of the survey results had shown that the market was quite fragmented.

The Board was also informed that the working group was in the process of drafting a perspectives paper on this topic and would highlight a number of key results by world region and sector.

The Board was advised that the IVSC ESG survey is the first one in a series of three surveys and was aimed at valuation providers

The Board was further advised that the ESG Survey ran from 28th March 2024 to the 31st May 2024 and that there were 542 respondents from 85 countries.

The Board was also advised that the results of the survey would be published in Q4 2024.

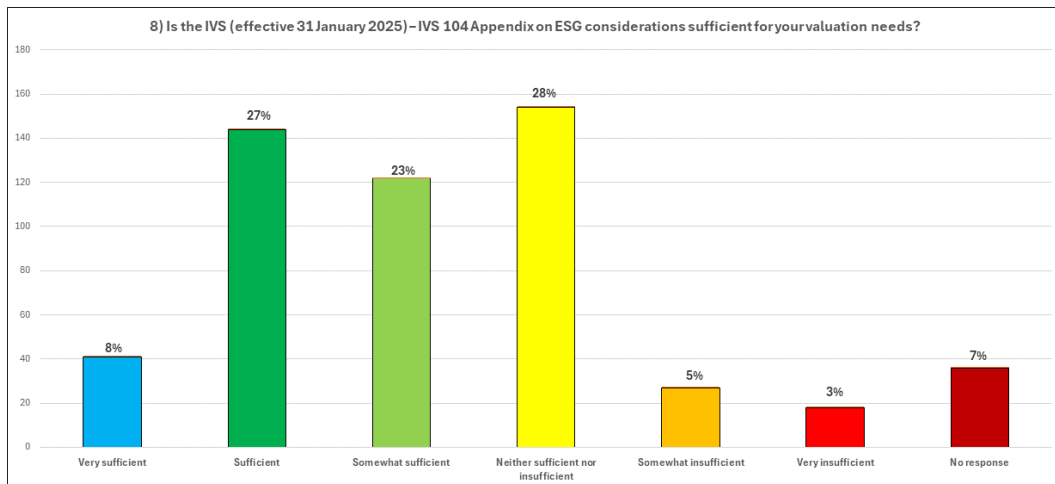
The Board informed that the majority of respondents work in Asia, Europe or Americas and that the percentage of overall responses via world region was as follows:

- *Africa: 8%*
- *Americas: 24%*
- *Asia: 15%*
- *Europe: 21%*
- *Global: 8%*
- *Middle East: 4%*
- *No response: 20%*

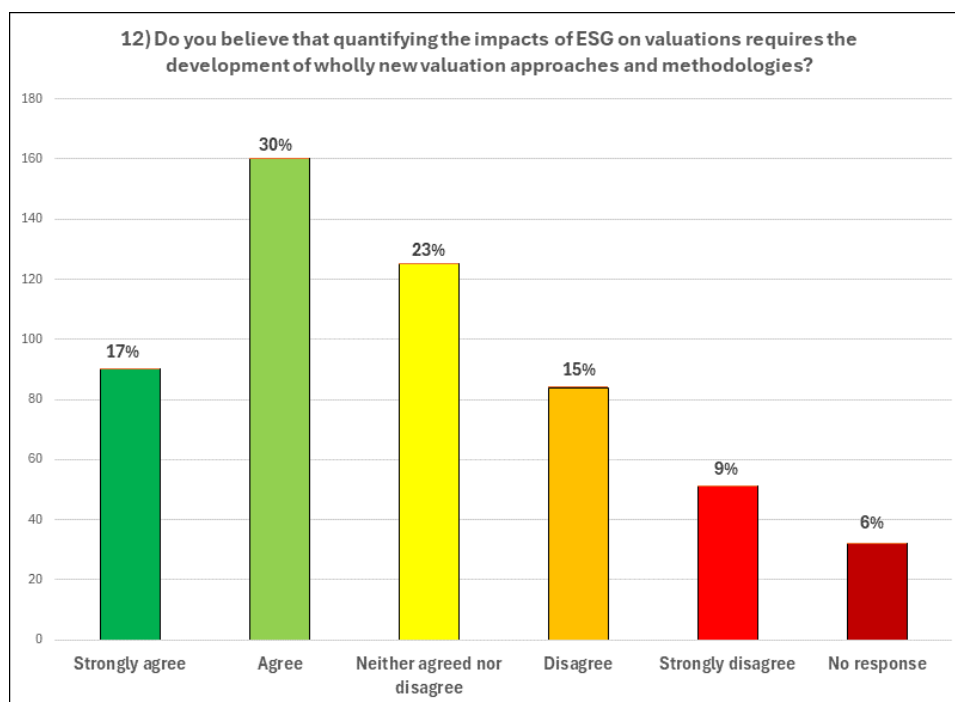
The Board was further informed that respondents received a wide variety of requests for due diligence and valuation and the percentages for this were as follows:

- *Auditors: 11%*
- *Corporates: 17%*
- *Endowments: 1%*
- *Financial Institutions: 14%*
- *Private Equity Firms: 11%*
- *Regulators: 6%*
- *Valuation Firm Leadership: 8%*
- *No one: 27%*
- *No comment: 4%*
- *Other: 2%*

The Board was also informed that most respondents were happy with the level of detail contained within the IVS 104 Appendix and that the results were as follows:



The Board was advised that many respondents felt that quantifying the impacts of ESG on valuations requires the development of wholly new valuation approaches and methodologies:



The Board was further advised that the working group would also be reviewing the responses by world region and specialism (*business valuation, financial instruments, intangible assets, private markets and tangible assets*) to understand any variances.

The Board was also advised that the survey had shown that a wide range of matrices were used for the consideration of ESG in valuations and no consistent matrices were used in world regions or specialisms.

## **Next steps**

None.

## **TIP and White Paper Working Group Update**

The Board was advised that the working group met last week and was currently reviewing the following IVSC white papers: -

- *Code of Ethical Principles for Professional Valuers*
- *Competency Framework*

The Board was further advised that these white papers had not been updated for the past 10 years.

The Board was also advised that the working group is looking to combine these two documents into one paper.

The Board was also informed that any revisions to these documents would need to go via the Advisory Forum as these documents were referred to in a number of VPO standards.

## **Next steps**

None.

## **Future Physical Meetings**

### **IVSC Hong Kong AGM Agenda**

- *Working Groups Meeting on Wednesday 20th November 2024 PM*
- *SRB Meeting on Thursday 21st and Friday 22nd November 2024*

The Board discussed some of the working group members meeting on Wednesday 20<sup>th</sup> November 2024.

The Board noted that the AGM also provided the opportunity to present to a number of external stakeholders.

The Board further noted that the main purpose of the meeting would be reviewing responses from the IVS Agenda Consultation.

The Board discussed the possibility of some working group members meeting on the Wednesday or some board members attending the Asset Board meetings, but no decision was taken.

The FIB advised that they would be meeting in the harbour area and therefore it may be difficult for board members to attend their meetings.

The Board asked whether the chair and technical director were required to attend part of the AFWG or GMSRC meeting.

AA advised that the AGM agenda was still a work in progress, but he would try and find more details on the agenda.

### **Next steps**

AA to provide more detail on the GM Agenda.

### **IVSC SRB Physical Meeting March 2025 - Location Toronto**

- *SRB Meeting Wednesday 5th March (PM) to Friday 7th March*

The Board was advised that the SRB would be meeting between the 5<sup>th</sup> of March and 7<sup>th</sup> of March 2025 in Toronto.

### **Next steps**

None.

### **IVSC SRB Physical Meeting June 2025 - Prague possible location**

- *Wednesday 11th June to Friday 13th June*

The Board discussed and agreed Prague as the location for the SRB meetings between the 11<sup>th</sup> and 13<sup>th</sup> June 2025.

### **Next steps**

None.

### **IVSC SRB AGM 2025 - Alexander Aronsohn**

- *Location New Delhi*
- *27th October – 1st November*

The Board was advised that the IVSC AGM 2025 would be held in New Delhi between the 27<sup>th</sup> and 1<sup>st</sup> of November.

### **Next steps**

None.

## **Administration**

### **AOB**

There was no other business, so the chair closed the meeting.