

IVSC SRB Meeting Update January 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 31st of January 2024. The topics in order of Discussion were:

Contents

Administration

- IVSC Public Meeting Update December 2023
(IVSC SRB Public Meeting Update December 2023)

Asset Board Updates

- BVB Update
- FIB Update
- TAB Update

IVS (effective 31 January 2025) Update

- IVS (effective 31 January 2025)
(IVS (effective 31 January 2025))
- IVS (effective 31 January 2025) Red Line
(IVS (effective 31 January 2025) Red Line)
- IVS (effective 31 January 2025) Basis of Conclusions
(2024.01.27. Draft Basis of Conclusion General Standards and 2024.01.27. IVS Exposure Draft Consultation Responses Spreadsheets)
- IVS (effective 31 January 2025) Presentation Dates
(2024.01.25 International Valuation Standards (Effective 31 January 2025) Final PDF)
 - *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)*

SRB New York Meeting Agenda Discussion

- *Draft Agenda for IVSC Q1 in person meeting – New York*

27th February 2024: 14:00 - Professor Aswath Damodaran of NYU Presentation

27th February 2024: 19:00 - Joint Board Dinner

28th FEBRUARY 2024: 09:30 – 11:00 TBC - Michael Mauboussin

28th February 2024: 13:00 – 14:00 – Buffet Lunch with Appraisal Foundation

29th February 2024: AM TBC – IVSC SRB Public Meeting

Potential Topics

- Agenda Consultation
- Due Process
- ESG
- IOSCO
- IVSC Update
- SRB Working Group Review
- Standards vs Guidance
- Valuation Risk/Market Uncertainty

Administration

- Future SRB Physical Meetings 2024
 - 13 May – 17 May (London)
 - 18 Nov – 22 Nov IVSC AGM Hong Kong (TBC)
- 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 December 2023 (IVSC Meeting Update December 2023)

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

Next steps

None.

Asset Board Updates

BVB Update

The Board was advised that in addition to the finalisation of IVS and the drafting of the Basis for Conclusions the BVB had been focussed on the following matters:

- Initiatives for the use of IVS by Expert Witnesses
- Finalisation of the Perspective Paper on the Valuation of data
- Outreach for the New York Meeting

The Board was further advised that in terms of outreach for the New York meeting the following guest speakers had agreed to attend:

- Tuesday 27th February 2024; Professor Aswath Damodaran (NYU) on Valuation, ESG and other Topics (14:00 – 16:00)
- Wednesday 28th February 2024: Michael Mauboussin (Columbia University and Morgan Stanley Investment Management) on Valuation, Investor expectations, ROIC, Intangible Assets and other topics (09:30 – 11:30)

The Board was also advised that though the Speakers had been arranged by the BVB, all the Boards were invited to attend.

Next steps

NK to send speaker details to all the Boards. Board members to advise NK whether they will be attending the guest speakers' presentations.

FIB Update

The Board was advised that the main focus of the FI Board was as follows:

- Finalisation of the IVS 500 section within the IVS Basis for Conclusions
- FI Board Agenda for the next three years
- Stakeholder Outreach

The Board was further advised that the FI Board will focus on their agenda for the next three years during the New York Board meeting.

The Board was also advised that one of the key topics would be FI Application Guidance/Illustrative Examples, but this would also partly depend on feedback received from the IVS consultation.

The Board was also informed that the FI Board would be focussed on stakeholder outreach and providing presentations to aid the adoption and implementation of IVS 500.

The Board was advised that as there was a lack financial instruments VPO's within the market and therefore stakeholder outreach was a key topic for the FI Board an they need too work out how to leverage existing stakeholders.

The Board was further advised that the FI Board would reach out to the IVSC Membership Standards and Recognition Committee to see if they could assist in this process.

The Board was also advised that the creation of new IVSC offices in Latin America and the Middle East would assist in this process.

TL advised that it was important to have a structured outreach and the FI Board would build a list of key contacts and prioritisations to have a coordinated approach.

Next steps

FI Board to reach out to Richard Stokes for a list of IVS Stakeholder contacts.

TAB Update

The Board was advised that the main focus of the TAB had been the finalisation of IVS TAB chapters for publication and the drafting of the IVS TAB Basis for conclusions.

The Board was further advised that the TAB topic related working groups had been placed on sabbatical while this was happening:

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

TAB ESG Working Group

The Board was also advised that the TAB ESG working group had made progress in drafting the brief for the ESG Plant, Equipment and Infrastructure perspectives paper which the TAB was aiming to publish in Q2/Q3 2024.

TAB MV and Prudential Value Working Group

The Board was informed that Prudential Value was still a main topic for the TAB and was further informed that the RICS had published an advisory note on Prudential Value which recommended that RICS members did not accept Prudential Value valuation instructions at this point in time as there were issues in relation to both the definition and methodology that still need to be resolved.

The Board was also informed that the TAB MV and Prudential Value Working Group had been working on a perspectives paper and the TAB was aiming to publish a perspective paper highlighting the IVSC TAB position in relation to Prudential Value over the next few months.

TAB Inspection Working Group

The Board was advised that inspection and valuation was another key topic for the TAB and the TAB had noted that it was mandatory to inspect real estate assets in some jurisdictions.

The Board was further advised that the TAB was aiming to publish a perspective paper on Inspections in Q2/Q3 2024.

The Board generally discussed inspections and noted that the TAB needed to ensure that they canvassed quite widely as there were a number of different views around the world,

KH commented that the TAB was aware of this issue and the paper would also include discussions around the use of technology such as drones for land valuation.

RF commented that the perspective paper should stay at principles level and should look at the extent of investigations and that the situation is not always black and white, and the valuer should look at the risks they are trying to address in the valuation.

The Board further commented that investigations went beyond inspection as the valuer also needed to verify the condition of the asset and the ownership.

The Board also noted that VPO's made their own decisions in relation to inspection and therefore the perspective paper needed to provide some flexibility around the issue.

KH was in accord with these comments and said that the paper would look at the use of the information and the extent of the investigation and the TAB would need to consider:

- *the range of tangible assets*
- *the range of perspectives and*
- *the range of portfolios.*

KH further advised that the TAB would also need to consider sample inspections for large portfolios of assets.

Other Matters

The Board was advised that the 2024 edition of USPAP had been published and as part of this process there were new Advisory Opinions on how to deal with bias.

The Board was further advised that partly due to the current financial situation there was an increasing use of the Liquidation Value concept in Hong Kong and Asia.

IJ advised that he was aware of this situation and that there were a number of legal cases, but they were quite difficult to deal with as in Hong Kong Liquidation Value came under common law whereas in mainland China different laws were applicable.

Next steps

None.

IVS (effective 31 January 2025) Update

IVS (effective 31 January 2025) (IVS (effective 31 January 2025))

The Board was advised that iVS (effective 31 January 2025) had just been published on the IVSC website.

The Board was further advised that IVS was freely available to IVSC members via the IVSC website.

The Board was also advised that many IVSC members would make IVS available to their members via the website.

The Board was informed that a hard copy of the standard would be available from March 2024 and that the cost of a hard copy was £80, which was the same as the cost for an individual user to access IVS online.

The Board was further advised that the SRB and Asset Boards were allowed to provide a copy of IVS to stakeholders as part of an engagement strategy for adoption and implementation, but this should be considered on a case-by-case basis.

The Board discussed whether IVS should be made freely available but noted that this was more a decision for the Board of Trustees.

SD advised that she broach this topic with the Trustees during the SRB update.

Next steps

AA to send a word version of IVS (effective 31 January 2025) to SRB members.

IVS (effective 31 January 2025) Red Line (IVS (effective 31 January 2025) Red Line)

The Board was advised that IVS (effective 31 January 2025) was published on the website on 31 January 2024.

The Board was further advised that a word version of the red line was available.

Next steps

AA to send a word version of IVS (effective 31st January 2025) red line to SRB members.

IVS (effective 31 January 2025) Basis of Conclusions (2024.01.27. Draft Basis of Conclusion General Standards and 2024.01.27. IVS Exposure Draft Consultation Responses Spreadsheets)

The Board was advised that the IVS consultation responses had been published on the website.

The Board was further advised that the Technical Directors were still in the process of finalising the IVS (effective 31 January 2025) Basis for Conclusions.

The Board was asked to provide any comments or revisions in relation to the 2024.01.27. Draft Basis of Conclusion General Standards.

The Board was also advised that the IVSC was aiming to publish the Basis of Conclusions on the 27th of February 2024 and that an announcement would be made via Enews.

Next steps

SRB to advise AA of any revisions to the Basis of Conclusions. AA to send a prepublication version of the Basis of Conclusions to the SRB for final review.

IVS (effective 31 January 2025) Presentation Dates (2024.01.25 International Valuation Standards (Effective 31 January 2025) Final PDF)

The Board was advised that over the next few weeks the IVS Technical Directors and DS and SD would be providing several presentations on the changes to IVS.

The Board was further advised that the following presentation would be provide to IVSC members and stakeholders over the course of the next week.

- 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 there was a standard IVS (effective 31 January 2025) Powerpoint presentation and script, and the Board was welcome to provide the presentation to their key stakeholders.

The Board was asked to advise AA and Richard Stokes of any forthcoming IVS presentations to key stakeholders as they were as they were keeping a list of all presentations.

The Board was also informed that additional presentations to key stakeholders were available on request and in the first instance Board members should contact AA to arrange further presentations.

The Board was further informed that the IVSC would be providing further presentation in Q2 2024 to remind stakeholders that the effective date for IVS was 31 January 2025.

Next steps

SRB to advise AA of any presentations being given to members and stakeholders and to contact AA if they wish to have a separate presentation for their organisation or key stakeholders within their market.

SRB New York Meeting Agenda Discussion

Draft Agenda for IVSC Q1 in person meeting – New York

The Board was advised that the Chair, Vice Chair and Technical Director were still in the process of drafting the Agenda for the SRB New York Physical meeting.

The Board was further advised that the following agenda items had already been confirmed.

- *27th February 2024: 14:00 – 16:00 - Professor Aswath Damodaran of NYU Presentation*
- *27th February 2024: 19:00 -22:00 - c Joint Board Dinner*
- *28th February 2024: 09:30 – 11:00 - Michael Mauboussin*
- *28th February 2024: 13:00 – 14:00 – Buffet Lunch with Appraisal Foundation*
- *29th February 2024: 15:00 – 16:00 – IVSC SRB Public Meeting*

The Board was further informed that provisional topics for the SRB meeting were as follows:

- *Agenda Consultation*
- *Due Process*
- *ESG*
- *IOSCO*
- *IVSC Update*
- *SRB Working Group Review*
- *Standards vs Guidance*
- *Valuation Risk/Market Uncertainty*
- *Other Topics*

Agenda Consultation

The Board was advised that the Asset Board would submit their topic forms in advance of the meeting but this was likely to be the day prior to the meeting as the Asset Boards will be discussing the Agenda Consultation topics during their New York meetings.

Next steps

The Asset Boards to send their Agenda Consultation topic forms to the SRB in advance of the New York meeting.

Due Process

The Board was advised that during the public vote for approval of iVS on the 29th November 2023 some SRB members had requested for Due Process to be included as an agenda item for the SRB meeting.

The Chair advised that this would be included as an agenda item and asked AA to send the SRB a copy of the "*IVS Bylaws and IVSC Standards Review Board Due Process and Working Procedures*" for the SRB to review in advance of the meeting.

Next steps

AA to send the SRB a copy of the *IVS Bylaws and IVSC Standards Review Board Due Process and Working Procedures* for the SRB to review in advance of the meeting.

ESG

AA advised that this was a key topic for the SRB and would form part of the Agenda Consultation.

AA further advised that he invite a guest speaker to provide a presentation on that topic.

Next steps

AA to speak to Andreas Ohl (*Head of Global Sustainability at PwC*) about providing a presentation on ESG and Sustainability and leading a discussion on this topic.

IOSCO

AA advised the SRB that NT and the IVSC Technical Directors had been in discussions with IOSCO and NT was attending the IOPSCO World leaders meeting in Madrid during the course of the next week.

AA further advised that he would provide an update during the IVSC SRB Physical Meeting in New York,

Next steps

AA to include IPSCO Update as an agenda item for the New York meeting.

IVSC Update

AA advised that he arrange a time with NT to attend the meeting and provide an IVSC Update.

Next steps

AA to arranged for NT to attend the SRB meeting and to include CEO Update as an agenda item.

SRB Working Group Review

SD advised that during the public meeting the SRB would carry out a full review of SRB working Groups.

Next steps

AA to provide an updated list of SRB working groups and working group members.

Standards vs Guidance

SD advised that the Boards had received a number of consultation responses requesting that the IVSC issue Guidance for the practical implementation of IVS.

AA advised that this had been a controversial issue in the past as in the case of tangible asset valuations guidance was largely issued by valuation professional organisations who are members of IVSC.

The SRB recognised this issue but noted that for some asset classes such as financial instruments there were limited valuation professional organisations and therefore additional guidance was required.

The SRB felt that the issue of Standards vs Guidance was a key issue to discuss during the New York meeting.

Next steps

AA to include Standards vs Guidance as an agenda topic for the New York meeting.

Valuation Risk/Market Uncertainty

The SRB discussed the issue of Valuation Risk and Market Uncertainty and agreed that this was a key topic to be discussed during the New York meeting.

Next steps

AA to include Valuation Risk/Market Uncertainty as an agenda topic for the New York meeting.

Other Topics

The SRB discussed other topics to be included on the SRB New York meeting agenda and the following topics were raised:

- *Academic Forum*
- *Listed vs Unlisted and*
- *Competence /Professionalism*

SRB discussed these topics and agreed that both the Academic Forum and Listed vs Unlisted should be included on the SRB meeting Agenda.

SRB also discussed Competence and Professionalism but felt that this topic was outside the remit of the SRB and more a matter to be discussed by the Global Membership and Standards Recognition Committee and the Board of Trustees.

Next steps

AA to include the Academic Forum and Listed vs unlisted as agenda topics for the SRB New York meeting.

Administration

Future SRB Physical Meetings 2024

SRB discussed the location for next SRB meeting between the 15th and 17th May and further to discussions agreed that the next meeting would be held in London.

The next physical meetings for the SRB in 2024 are as follows;

- 15 May – 17 May (London)
- 20 Nov – 22 Nov IVSC AGM Hong Kong

Next steps

None.

AOB

Academic Forum

MB advised that he had attended an initiative in Milan promoted by Notre Dame University.

MB further advised that initiative comprised of a Forum to discuss ESG and the practical application of ESG within valuations.

MB also advised that the Forum was attended by a mix of Academics, investors, valuers and other stake holders and looked at the practical application of ESG.

MB added that it would be good to for the IVSC to hold an annual Forum with academics, banks, regulators, valuers and other stakeholders to discuss key issues such as valuation risk and valuation uncertainty.

SRB felt that this would be a good initiative though suggested that academic involvement should centre around academics who were market facing in order to ensure a full understanding of the practicalities behind key issues.

Further to the Discussion it was felt that the Academic Forum should be included as an Agenda item for the New York Physical meeting.

SRB also suggested that Drew Dorweiler of the IVSC Membership Standards and Recognition Committee ("MSRC") should be invited to attend the SRB discussion on an Academic Forum.

Next steps

AA to include the Academic Forum as an agenda item for the New York physical meeting and AA to invite Drew Dorweiler of the MSRC to attend this part of the SRB Agenda.