

## **IVSC SRB Meeting Update October 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 9th of October 2024. The topics in order of Discussion were:

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

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

- IVS Agenda Consultation 2024 Update  
*(01.10.2024 - IVS Agenda Consultation Responses)*
  - *IVS Agenda Consultation Responses Update*
  - *IVS Communications Update*

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

- BVB Update
- FIB Update
- TAB Update  
*(Final IVSC Perspectives Paper - ESG and Real Asset Valuation - Sept 2024)*

#### **Perspectives Paper Review**

- Perspective paper on public and private real estate markets  
*(2024.10.08.IVSC - Perspectives Paper - Exploring the divergence in public and private real estate markets – Clean)*

#### **Working Group Updates**

*(2024.10.07. 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 SRB Physical Meeting March 2025 - Location Toronto
  - *SRB Meeting Wednesday 5th March (PM) to Friday 7th March 2024*
- IVSC SRB Physical Meeting June 2025 - Prague
  - *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 August 2024 (IVSC SRB Meeting Update August 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 (01.10.2024 - IVS Agenda Consultation Responses)**

- *IVS Agenda Consultation Responses Update*
- *IVS Communications Update*

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

The Board was further advised that the following Agenda Consultation responses had been received so far:

- 111 Website Responses (107 on website, 3 by letter and one verbal)
- 13 Responses via Mailchimp

The Board was also advised that the IVSC was still awaiting a number of Agenda Consultation responses.

The Board was informed that the responses from the Agenda Consultation Round table held on the 16<sup>th</sup> and 17<sup>th</sup> September had not yet been incorporated into the Agenda Consultation response spreadsheet.

The Board was further informed that AA was still compiling the Agenda Consultation responses and within the next few weeks would share an updated excel spreadsheet of Agenda Consultation responses and an Agenda Consultation presentation.

## **Next steps**

AA to provide an updated Agenda Consultation spreadsheet and Agenda Consultation presentation over the course of the next few weeks.

## **Asset Board Updates**

### **BVB Update**

The Board was advised that the BVB did not meet last month.

The Board was further advised that the BVB had focussed on market outreach largely via Srividya.

The Board was further advised that Richard Stewart participated in a panel discussion with 73 strings on AVMs.

The Board was also advised that there was good feedback and some respondents were keen to understand the BVB view on upcoming changes to IFRS 3.

The Board was informed that the BVB had received an invite from Takako Iwata regarding a meeting in Japan.

The Board was further informed that the Luxembourg Valuation Professionals Association held a Valuation summit on the 25th September 2024.

## **Next steps**

None.

### **FIB Update**

The Board was advised that the FIB was focussed on the following topics:

- Branding
- Communication
- Professionalism
- FAQ's

The Board was further advised that the FIB is planning to discuss the FAQ with the SRB during the meeting in Hong Kong.

The Board was also advised that the FIB was thinking about how to reach their marketplace and noted that though this was a big opportunity for both the IVSC and FI but also a big challenge.

The Board was informed that the FIB had been involved in discussions with Richard Stokes in relation to Branding and Communication.

The Board was further informed that the FIB had been discussing how they could engage differently to ensure adoption and implementation of IVS 500.

The Board was also informed that the FIB was planning a big push on IVS 500 after IVS became effective on the 31<sup>st</sup> January 2025.

SD asked whether there would be specific topics for the Financial Instruments FAQ.

The Board was advised that the FIB was working on specific topics and will provide some examples such as controls at the SRB meeting.

The Board was further advised that the FIB was still discussing how broad to go and whether the FAQ should deal with general concepts, specific issues or both.

### **Next steps**

FIB to provide example FAQ's at the SRB Hong Kong meeting.

### **TAB Update**

The Board was advised that the TAB had met earlier that day.

The Board was further advised that the TAB had focused on the recent announcement from the Prudential Regulatory Authority in the UK.

The Board was also advised that the PRA published the second near-final policy statement and rules covering the implementation of Basel 3.1 standards for credit risk, the output floor, reporting and disclosure requirements in response to consultation paper CP16/22.

The Board was informed that the near-final policy statement is relevant to all PRA-regulated banks, building societies, investment firms and financial holding companies.

The Board was also informed that of particular importance to professionals involved in the valuation of real estate collateral in this release was the following:

*2.231 The PRA agrees with respondents that the proposed requirement to adjust a valuation to reflect the value of the property that would be sustainable over the life of the loan could be complex for firms to operationalise and may lead to inconsistent approaches. Having considered the responses, the PRA has amended its draft rules to remove this requirement.*

### ***Use of automated valuation models***

*2.232 In response to comments related to the use of automated valuation models (AVMs), the PRA clarifies that it did not intend to propose that only physical valuations by a qualified surveyor would be permitted and has amended the draft rules to state that firms can use robust statistical valuation methods. This may include the use of AVMs or indices, where it is prudent to do so.*

...

### ***Implementation and next steps***

*To support a smooth implementation of the package and having considered feedback from the consultation as well as the implementation timelines of other jurisdictions, the PRA has decided to move the implementation date for the Basel 3.1 standards by a further six months to 1 January 2026 with a four-year transitional period ending on 31 December 2029.*

The Board was further informed that the TAB was planning to issue a statement within Enews over the next few weeks in order to raise awareness on the implementation of Property Value/Prudential Value in the EU and UK.

The Board was also informed that the TAB had published the perspectives paper on ESG and Real Assets in September 2024.

The Board was further informed that the perspectives paper had been well received in the market.

The Board was also informed that the TAB had also reviewed the comments received on the Inspections perspectives which was published in June 2024.

### **Next steps**

TAB to provide a draft of the Prudential Value Enews article to the chairs prior to publication.

## Perspective Paper Review

### **Perspective paper on public and private real estate markets (2024.10.08.IVSC - Perspectives Paper - Exploring the divergence in public and private real estate markets – Clean)**

The Board was advised that though the perspectives paper was focussed on REITS and tangible assets valuation a number of issues raised in the paper were shared with the BVB and FIB.

The Board was further advised that the paper had been revised to ensure that it carved out the issue in relation to the difference between the value of the REITS and the value of the assets contained within it.

KH advised that in the NY meeting it was noted that a lot of the items referred to not only crossed real estate and infrastructure but also crossed other asset classes.

KH further advised that the TAB was asked to refine the topics to ensure that it referred to real estate.

KH also advised that in light of these comments the perspectives paper had been slimmed down to be more real estate focussed as the SRB did not want all the issues contained within one perspectives paper.

KH added that he wanted to get the perspectives paper into the market asap in order to give the market the opportunity to respond.

KH further added that he wanted the survey to include questions, but the questions had not been added yet as the TAB wanted to get the general contents and direction of the travel approved prior to framing the consultation question.

Further to discussion the SRB agreed that the perspectives paper should be shared with the other boards for consideration and review.

### **Next steps**

Perspective paper on public and private real estate markets to be shared with the Asset Boards for consideration and review.

# **Working Group Updates**

(2024.10.07. IVSC SRB Working Groups)

## **Academic Working Group Update**

JC advised that the working group had met on the 8<sup>th</sup> October 2024 and that the first meeting of the Academic Forum was held on Monday 30<sup>th</sup> September 2024.

JC further advised that the Academic Forum was focussed on increasing the relationship between the IVS and Universities and ensuring that IVS was taught as part of university academic courses.

JC also advised that the Academic Forum was chaired by Mauro Bini and Frank Harrington.

JC informed that the Academic Forum and working group was still in the process of drafting their brief to ensure that each group has a clearly defined brief and a clear process to support each other's efforts without unnecessary duplication.

JC further informed that the working groups are currently how to bring in top Professors into the IVSC and how to leverage knowledge and development.

JC also informed that the Academic Forum and working group are trying to understand how to put into practice, ideas, trends and discussions.

## **Next steps**

JC, AA, MB, FW and NT to discuss the academic forum and academic working group brief to ensure there is no duplication of effort and that the working group can assist the academic forum in their goals.

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

The drafting of the perspective paper on public and private real estate markets titled "*2024.10.08.IVSC - Perspectives Paper - Exploring the divergence in public and private real estate markets – Clean*" was discussed under a previous agenda item.

## **Next steps**

The draft perspective paper is to be sent to the asset boards for consideration and review.



### **Valuation Risk Working Update**

The Board was advised that the IVSC SRB Valuation Risk working group had met on the 24<sup>th</sup> of September 2024.

The Board was further advised that the working group is currently focussed on drafting a perspectives paper on Valuation Risk that will include valuation uncertainty, valuation risk and different types of valuation risk, value vs price and reasonable range.

The Board was also advised was also advised that the perspectives paper would include consultation questions for feedback.

The Board was also informed that the working group was in the process of defining different types of valuation risk and whether it means that the value is wrong or is it more in relation to uncertainty.

The Board was further informed that the working group had been discussing how valuation uncertainty relates to professional judgement.

### **Next steps**

None.

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

The Board was advised that since the last meeting the working group have had a session with 73 springs.

The Board was further advised that the working group decided to form a drafting subgroup of AA, DS, AK and OP to prepare an initial draft perspectives paper to be considered by the working group.

The Board was also advised that Fernanda Díaz-Rodríguez and Capital IQ sent some interesting information to be considered by the working group.

The Board was informed that the working group had also considered the recently issued CBV Institute primer on artificial intelligence.

The Board was also informed that the working group was considering how the use of AI in valuations created similar challenges to valuation risk.

The Board was also informed that the working group is now focussed on drafting a preliminary perspectives paper to be considered at the next working group meeting on the 12<sup>th</sup> November 2024.

### **Next steps**

None

### **ESG Working Group Update**

The Board was advised that the working group had a number of meetings to splice and dice the data emanating from the ESG Survey both by specialism and world region.

The Board was further advised that a drafting subgroup had produced an initial outline for the draft perspectives paper.

The Board was also advised that the draft outline was currently being reviewed by the working group members.

### **Next steps**

None.

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

The Board was advised that working group had merged the Code of Ethical Principles for Professional Valuers with the Competency Framework.

The Board was further advised that the revised document included the following changes:

- *Revised structure and merged the Code of Ethical Principles for Valuers with the Competency Framework.*
- *Changed references to "professional valuer" to "valuer" to comply with current edition of IVS.*
- *Changed all references to VPO to qualifying organisation to ensure applicability to all specialisms. As part of this process qualifying organisation is defined as "an organisation that is a member of the IVSC and this includes Valuation Professional Organisations (VPO's)."*
- *Updated code to use must and should as per IVS.*

- *Incorporated the Valuer Principles contained within IVS (effective 31 January 2025).*
- *Changed reference to threats to risks in order to fit in with current terminology.*
- *Incorporated a glossary which complies with IVS.*
- *Revised Appendices to ensure IVS compliance and also made reference to hours of training and CPD less specific to ensure applicability with various VPO requirements.*

The Board was also advised that the working was planning to send the revised *"Code of Ethical Principles for Valuers"* to the Advisory Forum Working Group for consideration and review as much of this code was referred to in VPO's standards and guidance.

The Board agreed that the revised *"Code of Ethical Principles for Valuers"* should be sent to the Advisory Forum working group for consideration and review.

### **Next steps**

The revised *"Code of Ethical Principles for Valuers"* to be sent to the Advisory Forum working group for consideration and review.

## **Discussion**

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

- *SRB Meeting on Thursday 21st and Friday 22nd November 2024*

The Board was advised that there would be no official SRB meeting on Wednesday.

The Board was further advised that unfortunately there was insufficient space for combined meetings, but Board members were welcome to have informal working group meetings to discuss the Agenda Consultation or other key topics.

The Board was further advised that the SRB meeting would be held on Thursday 21st and Friday 22nd November 2024.

The Board was informed that Board members were welcome to attend the Asset Board meetings as observers but should advise the chairs first.

The Board was also informed that the draft Agenda would be issued in the next few weeks.

The Board was also informed that there would be a public meeting on the Thursday and the proposed topic was the Agenda Consultation Update.

The Board was encouraged to read the Agenda Consultation responses in advance of the Hong Kong SRB meeting as this would be the main topic for discussion.

### **Next steps**

SRB Board members to review the IVS Agenda Consultation responses in advance of the meeting.

## **Future Physical Meetings**

### **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 was advised that the SRB would be meeting in Prague between the 11<sup>th</sup> and 13<sup>th</sup> June 2025.

The Board was further advised that location details had yet to be provided.

### **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.