

IVSC TAB Meeting Update April 2025

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

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 9 April 2025. The topics in order of discussion were:

Administration

- Administration. Welcome and Attendance - Kim Hildebrandt
(2025.04.09. IVSC TAB Conference Call Agenda PDF)
- IVSC TAB Meeting Update March 2025 - All
(IVSC TAB Toronto Meeting Update March 2025)
- IVSC New Technical Board Members and IVS TAB Board Member Inductions
(2025.04.03. New IVSC Board Members)

Global Insights & Markets Update

Around the World – Markets Update

- *Africa – Molefi Kubuzie*
- *North America –Brendan Gallagher, Kyle TenHuisen*
- *South America – Eduardo Rottman*
- *Asia/Oceania –Sandip Kumar Deb, Kim Hildebrandt, Leo Lo*
- *Europe – Ludmila Simonova, Becky Gaughan, Charles Golding, Paakow Winful, Paloma Arnaiz*
- *Middle East –Ron Cohen-Seban*

IVS Agenda Consultation

- IVSC Agenda Consultation Summary of Responses
(2025.04.04. Draft IVS Agenda Consultation Summary of Responses)

DCF insight sharing from RICS

- DCF insight sharing from RICS
*(Defining a Fully Explicit Discounted Cash Flow (DCF) Model for Real Estate Valuations
and the Observation of Potential Mispricing in Existing Methods)*

IVS SRB Perspectives Paper Update

- IVSC SRB Perspectives Papers Update
(2025.04.07.IVSC - Draft Perspectives Paper - Exploring the divergence in public and private real estate markets clean)
 - Private vs Public Markets
 - Use of Technology in Valuation
 - Valuation Risk

IVS Exposure Draft Update

- IVS General Standards - Kim Hildebrandt/ Alexander Aronsohn
- IVS 300 - Kim Hildebrandt/ Alexander Aronsohn
- IVS 400- Kim Hildebrandt/ Alexander Aronsohn
(2025.04.07. IVS 400 and IVS 410)

IVSC TAB Working Groups

- IVSC TAB IVS 400 and IVS 410 Working Group
- IVSC TAB AI working Group
- IVSC TAB Inspection Working Group
- IVSC TAB Valuation Review Working Group

Prudential Value Update

- Prudential Value Update

IVSC TAB Prague Meeting

- IVSC TAB Prague Meeting Agenda Discussion
 - (Monday 9th June – Wednesday 11th June 2025 (AM))
 - Agenda
 - Key Speakers?

Administration

- Stakeholder Engagement/Outreach
(2025.04.05. IVS Presentation List 2025)
 - SISV
 - Hypzert
 - IOSCO Commission 5
 - USPAP IVS Bridging Document
(2025.04.05. Confidential Draft IVSC USPAP 2024 Bridge)
- AOB

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

Administration

Administration. Welcome and Attendance (2025.04.09. IVSC TAB Conference Call Agenda PDF)

KH welcomed the Board thanked them for joining the meeting and added that it was great to see everyone in Toronto.

The Board was advised that the TAB would be meeting in Prague between the 9th and 11th June.

The Board was further advised that all the members of the TAB had confirmed their attendance.

The Board was also advised that the main focus of the Prague meeting would be putting a rubber stamp on the tangible asset chapters within the IVS Exposure Draft.

The Board was informed the TAB that CK and JG had now come to the end of the term within the TAB.

The Board was further informed that JG would be joining the TAB in Prague for a formal leaving dinner.

The Board was also informed that CK would attend the Delhi AGM, and the Board would hold a formal leaving dinner for him.

Next steps

AA to reach out to non-attending Board members on request to provide a Board update.

IVSC TAB Toronto Meeting Update March 2025 (IVSC TAB Toronto Meeting Update March 2025)

The Board reviewed the IVSC Toronto 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.

IVSC New Technical Board Members and IVS TAB Board Member Inductions (2025.04.03. New IVSC Board Members)

The Board was advised that the following new technical board members would be joining the TAB:

- Massimo Gozzo (Italy based, Tangible Assets Valuation leader for KPMG, over 24 years of experience working across Europe and Australia)
- Ayda ChamCham (based in Germany, VP of Loan Markets and Syndication, Aereal Bank, prior experience includes RICS and AIC Board and Committee positions)

The Board was further advised that the new IVSC TAB members would be joining the next IVSC TAB conference call on Wednesday 14th May.

The Board was also advised that both new IVSC TAB members would be attending the Prague meeting so the Board would have a chance to meet them in person.

Next steps

No action required.

Global Insights & Markets Update

Around the World – Feedback on Hong Kong AGM and thoughts for 2025

- *North America*
 - Brendan Gallagher,*
 - BRG advised that the main market focus was currently in relation to US tariffs.
 - BRG further advised that EY had a strategy tariff group who were reviewing this issue.
 - Kyle TenHuisen,*
 - KTH advised that in the US the main market focus was also in relation to the tariffs.
 - KTH further advised that the markets had recently gone up and down by 4% to 6%.
 - KTH also advised that most clients are waiting to see how the tariff situation shakes out and have requested different scenario analysis.
 - KTH added that there currently a lot of valuation instructions in relation to impairment of businesses.

- *South America*
Eduardo Rottman
 - ER advised that there was currently a lot of market confusion in relation to the proposed tariffs from the USA.
 - ER further advised that the stock markets have gone down and the dollar exchange rate has increased.
 - ER also advised that Mexico was potentially facing high tariffs whereas Argentina and Brazil were potentially facing lower tariffs.
 - ER added that the real estate market remained active, but people were still quite cautious.
 - ER further added that UPAV was holding a valuation congress in Ecuador in July and that there were further South American meetings planned over the course of the next year.
- *Asia/Oceania*
Leo Lo
 - LL advised that China was a major target for US tariffs.
 - LL further advised that the Hong Kong Stock market had fallen by 15%.
 - LL also advised that most listed companies in China were down by 10%.
 - LL added that many companies were moving their manufacturing plants to Vietnam and Indonesia.
 - LL further added that he had received a lot of enquiries from companies about relocating to Southeast Asia.
 - LL also added that in Hong Kong the real estate market tended to follow the stock market.
 - LL advised that there had been some concerns about the over valuation of farming assets.
 - LL further advised that overvaluation was a big issue in China and this had led to ethical concerns about valuation.
 - LL also advised that there were even some concerns about valuations provided by the certain firm in China.
 - LL added that the valuation date becomes extremely important as the market changes.
 - LL further added that there had been a number of discussions about the existing dynamics between CFO's and valuers.
 - LS also added that there had been a number of discussions on impairment for investment properties.
- *Kim Hildebrandt*
 - KH advised that he caught up with the National Bank of Australia and received positive comments on the IVSC Perspectives Paper on ESG and Real Asset Valuation.

- KH further advised that he discussed Prudential Value for mortgage lending with them but it seemed that this issue was confined to Europe.
- KH also advised that Australia was also affected by the proposed US tariffs.
- KH added that market volatility was normally a valuers friend.
- *Europe*
 - *Charles Golding*
 - CG advised that the RICS recently met with the largest UK lenders and valuation providers to discuss the current market turbulence.
 - CG further advised that they agreed that it was too early for valuers to issue a disclosure of material valuation uncertainty
 - CG also advised that the RICS was wary of issuing a disclosure of material valuation uncertainty as this can close funds and have an impact on the market.
 - CG added that the RICS is still closely monitoring the situation due to recent US tariff announcements and would expect valuers to mention valuation uncertainty within their valuation reports.
 - *Ludmila Simonova*
 - LS advised that the market in Ukraine was still effected by the ongoing war with Russia and a lot of businesses were trying to adapt to the current circumstances.
 - LS further advised that the real estate market was difficult, and prices continued to increase.
 - LS also advised that the USA was looking to impose a 10% tariff on Ukraine and an even greater tariff in Russia.
 - LS added that there had been a slight growth in investment, but it was still below the levels achieved before the war.
 - LS further added that the country was slowly adjusting and that there was investment from Europe and elsewhere particularly in relation to military facilities and the drone industry.
 - *Paakow Winful*
 - PW advised that he had now changed his role and was based in the UK.
 - PW further advised that the IVSC had made strides in the Middle East with the new director Mostafa Elkaliouby joining the team.
 - PW also advised that he was working on a presentation for TAQEEM on Insurance Valuations.
 - PW added that he would ask KH and AA to sense check the valuation.
 - PW further added that the presentation would take place in the last week of April or the first week of May, but no date had been confirmed yet.

- PW advised that in Riyadh the commercial and residential market was still heating up due to plans to double the size of the population.
 - PW further advised that development projects that had already started were continuing but due to the current global economic situation some had slowed down due to potential tariffs from the USA.
 - PW also advised that the US had proposed a 10% base tariff for the KSA.
 - PW added that the proposed tariffs had led to a 7% drop in the stock market in the KSA.
 - PW further added that the KSA had not yet responded to these tariffs but may respond in future.
- *Middle East*
Ron Cohen-Seban
 - RC advised that the Israeli market had also been affected by US tariffs though it was too early to say how this would affect the real estate market.
 - RC further advised that the stock market had suffered as Israel was facing 17% tariffs.
 - RC also advised that the Israeli market was fairly resilient as most exports come from the technology sector, which is categorised as services.
 - RC added that Wiz had just sold to google for \$32 billion.
 - RC further added that Israel had down graded GDP growth from %4 to 3.5%.
 - RC also added that he had recently given a presentation to students at Bar Ilan University on IVS.
 - RC advised that on the back of this he had been invited to provide more presentations.

Next steps

KH to present to the regulators in Australia. TAB to advised AA of the date and recipients of any IVS related presentations so AA can update the presentation list.

IVS Agenda Consultation

IVSC Agenda Consultation Summary of Responses (2025.04.04. Draft IVS Agenda Consultation Summary of Responses)

The Board was advised that the IVS Agenda Consultation Summary of Responses was currently being reviewed by the Boards.

The Board was further advised to review the final page of the document as this contained the Final IVS Agenda for 2025 to 2028.

The Board was asked to provide any comments or revisions by close of play on Tuesday 15th April as the IVSC was intending to publish in May.

Next steps

TAB to provide any comments or proposed revisions to the IVS Agenda Consultation by close of play on Tuesday 15th April.

DCF insight sharing from RICS

DCF insight sharing from RICS (Defining a Fully Explicit Discounted Cash Flow (DCF) Model for Real Estate Valuations and the Observation of Potential Mispricing in Existing Methods)

CG advised that Natalie Bayfield, who is a UK academic published the following article in March 2025: [Defining a Fully Explicit Discounted Cash Flow \(DCF\) Model for Real Estate Valuations and the Observation of Potential Mispricing in Existing Methods](#).

CG further advised is has seen some trade press interest such as: [UK commercial property overvalued by around £4bn, Bayes study finds | Property Week](#)

CG also advised that articles refer to some of the work RICS has been undertaking in respect of DCF which can be found here: Discounted cash flow (DCF) valuation. The articles are not necessarily reflective of wider UK valuation practice which naturally differs depending on the asset and purpose.

CG added that RICS does not dictate what methods and/or models a valuer should use. As the Property Week article says "RICS requires valuers to use their

professional judgement to select valuation methods and models that are appropriate for the task. RICS encourages valuers to be analytical and to apply the use of explicit valuation methods as appropriate.”

CG further added that he was interested in the views of the TAB both the mathematical point raised and in terms of the application of growth explicit DCF to value real estate in their locations.

The Board was advised that KH had reviewed the article and noted the following three statements within:

- *An average discrepancy of 0.2% in commercial property valuations has led to a cumulative overvaluation of more than £4bn, according to a study by Natalie Bayfield of Bayes Business School.*
- *Bayfield, honorary senior visiting fellow at Bayes Business School, identified a “mathematical error” in the valuation tools used by RICS.*
- *She said that when applying a new valuation formula for individual assets, London office towers The Shard and the Gherkin were overvalued by about £4m and £1.4m respectively, while Manchester retail destination The Trafford Centre was overvalued by about £1.8m.*

The Board was further advised that KH had made the following comments in relation to the article:

- *Almost all valuations don’t have an accuracy of 0.2%.*
- *Valuation is predominantly maths but also has some art as observations are not perfectly correlated and professional judgements are required to be made.*
- *These errors in valuation (£4m and £1.4m respectively) for The Shard and Gherkin are unlikely to be significant relative to the overall value of each ...*

The Board was also advised that RC had also commented in the article in a group email and noted that *“the approach it outlines strikes me as unnecessarily complex. I use a method that achieves the same underlying objective — ensuring consistency between lease structure, growth assumptions, and the exit yield — but in a way that is much simpler and more transparent.”*

The Board noted that Michael Mauboussin spoke specifically about this topic in New York.

The Board further noted that whereas Business Valuers tended to use the Gordon Growth Model for the exit yield, most tangible asset valuers used a capitalisation rate.

CG advised that certain aspects of the article was challenging as in the most valuers typically use the income capitalisation method.

CG further advised that the RICS was encouraging the use of explicit DCF's for investment properties and the need to reconcile the two approaches.

CG also advised that all valuations require professional judgement, but this doesn't negate the concept of weighting the terminal value.

The Board noted that the terminal value for a 10/15 year cashflow should have a minimal contribution to the final value as possible and when reviewing a valuation a terminal value that contributes 80%/90% to the final value would raise concerns.

TAB thanked CG for the article and agreed to keep a watching brief on this topic.

Next steps

TAB to keep a watching brief on this topic.

IVS SRB Perspectives Paper Update

IVSC SRB Perspectives Papers Update (2025.04.07.IVSC - Draft Perspectives Paper - Exploring the divergence in public and private real estate markets clean)

Private vs Public Markets

The Board was advised that the perspectives paper had more or less been finalised.

The Board was further advised that the working group was only looking for fatal flaws at this stage.

The Board was asked to provide any comments by the close of play on the 18th April as the paper was due to be approved for publication at the next SRB meeting on the 30th April.

Next steps

TAB to provide any fatal flaws by the close of play on the 18th April 2025.

Use of Technology in Valuation

The Board was advised that Ariel Fischman was now chairing this working group as the previous chair had come to the end of their term on the SRB.

The Board was further advised that the working group was in the process of revising these perspectives paper post comments received at the SRB Toronto physical meeting.

The Board was also advised that post revisions and review the SRB was aiming to publish this perspectives paper in the next few months.

Next steps

TAB to provide any fatal flaws by the close of play on the 18th April 2025.

Valuation Risk

The Board was advised that Darren Sullivan was now chairing this working group as the previous chair had come to the end of their term on the SRB.

The Board was further advised that the working group was revising this perspective paper post comments received at the SRB Toronto physical meeting.

The Board was advised that subject to any comments received the paper was due to be approved for publication at the next SRB meeting on the 30th April.

Next steps

None.

IVS Exposure Draft Update

IVS General Standards

The Board was advised that the SRB was in the process of reviewing the IVS General Standards.

The Board was further advised that the SRB was considering the inclusion of additional standards in relation to quality control and sustainability.

The Board was also advised that the main focus of the SRB Prague physical meeting would be revisions to IVS.

The Board was informed that the proposed revisions to the IVS General Standard would be shared with the Asset Boards in advance of the Prague meeting.

Next steps

None.

IVS 300 Plant Equipment and Infrastructure

The Board was advised that IVS 300 working group had made substantial revisions to IVS 300 in the latest edition of IVS.

The Board was further advised that with the exception of consequential amendments the Board was not looking to make major changes to IVS 300 in the next edition of IVS 300.

Next steps

None.

IVS 400 Real Property Interests (2025.04.07. IVS 400 and IVS 410)

The Board was advised that the IVSC TAB IVS 400 working group had been revising IVS 400 Real Property Interests to integrate the contents of IVS 410 Development Property.

The Board was further advised that the IVSC TAB IVS 400 working group aimed to have the draft completed to be reviewed by the TAB and hopefully rubber stamped by the TAB at the Prague physical meeting.

Next steps

None.

IVSC TAB Working Groups

IVSC TAB IVS 400 and IVS 410 Working Group

The Board noted that the working group update had been provided under the previous agenda item.

Next steps

None.

IVSC TAB AI working Group

The Board noted that the SRB was in the final stages of publishing a perspective paper on AI and the Use of Technology in valuation.

The Board agreed that working group should be placed on sabbatical until the SRB perspective was published.

Next steps

AA to put the IVSC TAB AI working Group on sabbatical until the SRB perspectives paper on the Use of Technology in Valuation is published.

IVSC TAB Inspection Working Group

The Board was advised that the IVSC TAB Inspection working Groups had finalised their proposed revisions to IVS 300 and IVS 400.

The Board was further advised that the IVSC TAB Inspection Working Group had been placed on sabbatical.

Next steps

None.

IVSC TAB Valuation Review Working Group

The Board was advised that further to discussion with the SRB no revisions to the contents within IVS on valuation reviews were planned at this stage.

The Board was further advised that the working group had been placed on sabbatical for the time being but may be reinstated if further revisions in relation to valuation review was required within IVS.

Next steps

None.

Prudential Value Update

The Board was advised that the EMSRC was aiming to publish a statement on Prudential Value for European members who were already receiving instructions to provide valuations on this basis within the EU.

The Board was further advised that the SRB and TAB had been assisting the EMSRC on publishing a position statements.

The Board was also advised that AA and KH were assisting the IVSC in publishing a position statement to ensure that it did not conflict with any previous communications sent by the TAB to the Basel Committee and the EBA.

Next steps

AA to keep the TAB informed of progress and to include Prudential Value as an agenda item for the next TAB conference call.

IVSC TAB Prague Meeting

IVSC TAB Prague Meeting Agenda Discussion (Monday 9th June – Wednesday 11th June 2025 (AM))

- *Agenda*
- *Key Speakers?*

The Board was advised that the TAB would be meeting in Prague between the 9th and 11th June 2025.

The Board was further advised that the TAB had confirmed 100% attendance.

The Board was also advised that there would be a gala dinner with all the IVSC Technical Boards on the evening of Wednesday 11th June 2025.

The Board was informed that the main focus of the Prague physical meeting would be revisions to IVS for the January Exposure Draft.

The Board was further informed that additional details would be provided on the agenda in due course.

Next steps

KH and AA to draft a provisional agenda for the Prague meeting.

Administration

Stakeholder Engagement/Outreach (2025.04.05. IVS Presentation List 2025)

- *SISV*
- *Hypzert*
- *IOSCO Commission 5*
- *USPAP IVS Bridging Document*
(2025.04.05. Confidential Draft IVSC USPAP 2024 Bridge)

The Board was advised that AA had provided presentations on IVS to SISV, Hypzert and IOSCO Commission 5.

KTH requested further detail on the USPAP IVS Bridging Document.

AA advised that Tom Boyle and AA had been working on the bridging document.

AA further advised that this was an update on the previous bridging document and provided guidance on how valuers could comply with both USPAP and IVS.

AA also advised that this document was owned by the Appraisal Foundation and though the IVSC contributed to the Bridging Document this document was published and owned by the Appraisal Foundation.

AA informed that IOSCO was a key stakeholder for the IVSC, and the IVS was in the process of being reviewed by IOSCO.

AA further informed that initial feedback was that IVS should contain more standards in relation to the integration of IVSD with financial reporting.

AA added that further details on the IOSCO engagement would be provided in due course as discussion were still ongoing.

KH asked the TAB to inform AA and KH of any speaking engagements on IVS as it was important to keep the presentation list up to date so KH and AA could update the Trustees in their quarterly updates.

Next steps

TAB to advise AA and KH of any IVS related presentation being given over the next few months.

AOB

KH asked the Board if they had any other business and as there was no other business he closed the Meeting.