

IVSC TAB 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 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 14 August 2024. The topics in order of discussion were:

Administration

- Administration. Welcome and Attendance - Kim Hildebrandt
(2024.08.14. IVSC TAB Conference Call Agenda PDF)
- IVSC TAB Meeting Update July 2024 - All
(IVSC TAB Meeting Update July 2024)

Global Insights & Markets Update

Around the World – Markets Update 2024

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

ESG Survey Update

- ESG Survey Update - Alexander Aronsohn
(2024.07.26. IVSC ESG Survey Responses Full List and 2024.07.26. ESG Summary of Responses Preliminary Results)

IVSC Publication Timeline

- IVSC Publication Timeline - Alexander Aronsohn
(2024.07.26.IVS Effective 31 January 2028 Publication Timeline)

ESG Perspectives Paper

- Draft ESG and Plant, Equipment and Infrastructure Perspectives Paper Update - Kim Hilderbrandt/Alexander Aronsohn
(2024.08.12. IVSC - Perspectives Paper - ESG & Plant Equipment and Infrastructure with comments)

Perspectives Papers Update

- Prudential Value Perspectives Paper Update - Kim Hilderbrandt/Alexander Aronsohn
- Listed vs Unlisted Perspectives Paper Update - Kim Hilderbrandt/Alexander Aronsohn
- Inspection Perspectives Paper Update - Kim Hilderbrandt/Alexander Aronsohn

IVSC Hong Kong AGM

- IVSC Hong Kong AGM Agenda Discussion – All
 - *19th and 20th November*
 - *Overarching AGM agenda*
 - *TAB agenda looking forward*
 - *Call for prominent agenda items*
 - *Housekeeping*

Administration

- IVSC TAB Working Groups Update - Kim Hilderbrandt/Alexander Aronsohn
(2024.08.09. IVSC TAB Working Groups)
 - A. *TAB MV and Prudential Value Working Group*
 - B. *TAB ESG Working Group*
 - C. *TAB Inspection Working Group*
 - D. *AI Working Group*
- SRB Conference Call Update - Kim Hilderbrandt/Alexander Aronsohn
- IVSC TAB Physical Meetings 2025
 - *Monday 5th March to Wednesday 7th March (AM) - Toronto*
 - *Monday 9th June to Wednesday 11th June (AM) - Location to be confirmed*
 - *IVSC AGM 2025 - October 2025 -New Delhi, India*
- Stakeholder Engagement/Outreach - All
- AOB – All

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 (2024.08.14. IVSC TAB Conference Call Agenda PDF)

KH welcomed the Board thanked them for attendance and advised the Board that of the Board members that had sent their apologies.

AA advised the Board that he would reach out to the non-attending Board members and would provide a meeting update.

Next steps

AA to reach out to non-attending Board member and provide a Board update.

IVSC TAB Meeting Update July 2024 (IVSC TAB 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 TAB.

Next steps

No action required.

Global Insights & Markets Update

Around the World – Markets Update 2024

KH advised that recently an office building in New York sold for 95% less than the value of the asset two years ago.

KH further advised that the office building now had a different owner and that the net income was now less than the rental income of the underlying landowner.

KH added that this example shows the importance of good valuation.

Canada – Brendan Gallagher

- BRG advised that he did not have much to report though there had been some recent articles on pension plans and other matters.

- *Europe*

- Ludmila Simonova*

- LS advised that there had recently been an issue in relation to the liquidation value for some investment property revaluation and misrepresentation.
 - LS further advised that a large multinational surveying firm had provided an investment property revaluation.
 - LS also advised that a multinational accounting firm had adapted this valuation for accounting and profit and loss.
 - LS added that Hong Kong was also involved in this matter, which related to a 2018 valuation report that was issued before the coronavirus crisis.
 - LS further added that IVSC could not comment on this matter as it related to ongoing litigation.
 - LS also added that if this matter related to a valuation issue then she would provide further details at a later date but at the moment the dispute was ongoing.

- Charles Golding*

- CG advised that he was currently focussed on the RICS Red Book Global, which was currently under consultation.
 - CG further advised that the RICS had received some interesting feedback in relation to the use of Artificial Intelligence and its interaction with AVMs.
 - CG also advised that after the recent UK election there had been a change in government plans in relation to house building and housing development.
 - CG added that this was likely to have some effect on planning and zoning requirements within the UK but it was too early to say how.
 - CG further added that the government had referred to traditional retail and offices, planning and zoning and alternative uses.
 - CG also added that the proposed changes primarily related to secondary markets.
 - CG advised that the changes would probably not relate to alternative markets as there had been better growth in these areas.

- *Middle East*

- Paakow Winful*

- PW advised that the official Arabic translation of IVS had now been completed.
 - PW further advised that TAQEEM was in the process of updating their valuation manuals to comply with IVS (effective 31 January 2025).

- PW also advised that TAQEEM would be providing a presentation with KH and AA on the IVSC Inspection perspectives paper.
- PW added that TAQEEM in conjunction with AA and KH would be providing a presentation to GhIS (Ghana Institution of Surveyors) on IVS (effective 31 January 2025) in early September.
- PW further added that TAQEEM would be providing a further presentation with KH and AA on the IVSC Inspection perspectives paper in September.
- PW advised that there was currently some infra structure and real estate mega projects in KSA.
- PW further advised that the residential market had continued to heat up in KSA and was showing 10/15% price increases.

Ron Cohen-Seban

- RC advised that the political situation was still quite dire within Israel.
- RC further advised that despite this the economy was quite stable and house prices continued to rise.
- RC also advised that a major developer had gone into receivership due to the rise in interest rates.
- RC added that the Israeli economy was quite resilient but the commercial real estate market was currently quite thin.

Kim Hildebrandt

- KH advised that he had nothing further to add at this point in time.

Next steps

AA to provide updates to non-attending TAB members, if requested.

ESG Survey Update

ESG Survey Update (2024.07.26. IVSC ESG Survey Responses Full List and 2024.07.26. ESG Summary of Responses Preliminary Results)

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

AA 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.

AA also advised that the results of the survey would be published in Q4 2024.

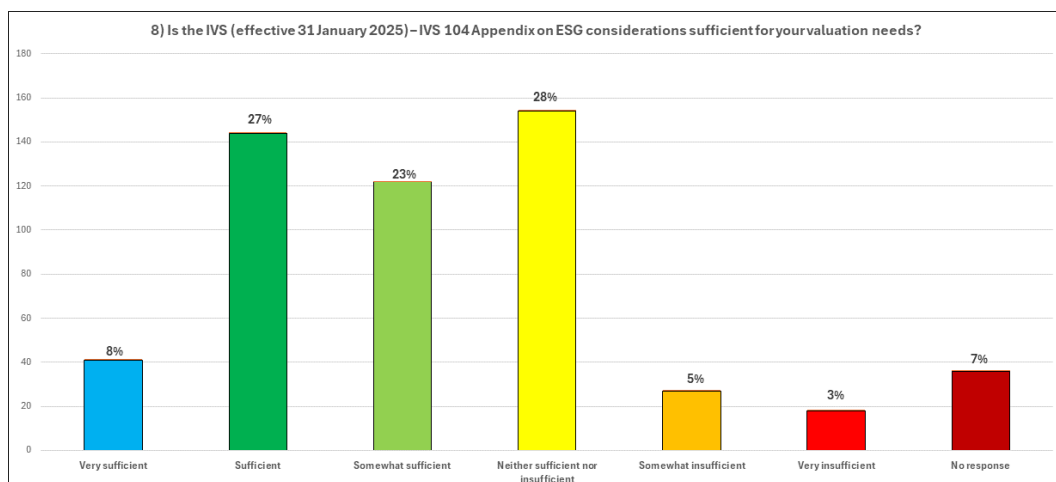
AA informed that the majority of respondents work in Asia, Europe or Americas and that the percentage of overall responses via world region was as follows:

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

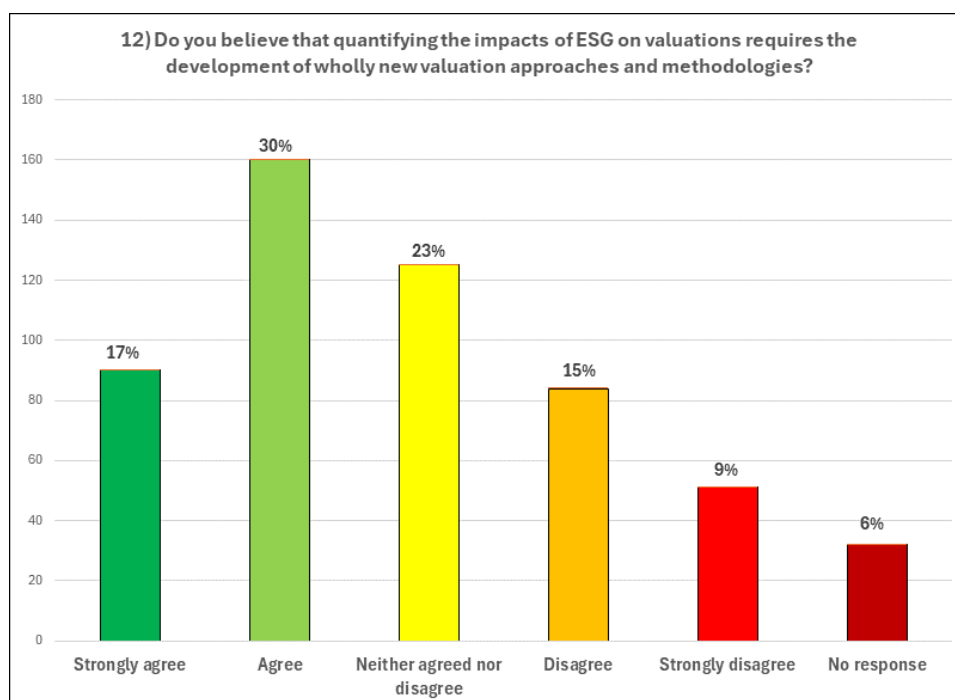
AA further informed that respondents received a wide variety of requests for due diligence and valuation and the percentages for this were as follows:

- *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%*

AA 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:



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



TAB discussed the results of the survey and AA 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.

AA 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.

BRG commented that PEI included a wide variety of asset classes, and the use of consistent matrices was more or less impossible.

TAB also noted that the ESG survey responses indicated that the IVS 104 Appendix on ESG considerations was set at the right level and IVS needed to stay principle based.

Next steps

AA to provide further update on ESG survey at the next TAB conference call.

IVSC Publication Timeline

IVSC Publication Timeline (2024.07.26.IVS Effective 31 January 2028 Publication Timeline)

The Board reviewed the publication timeline and noted that the TAB should currently think about potential changes to IVS 300, IVS 400 and IVS 410.

KH advised that the main focus of the TAB physical meeting in Hong Kong would be to consider Agenda Consultation feedback, and subsequently consider potential revisions to the Tangible Asset chapters within IVS.

The Board was advised that all the proposed revisions to the IVS Tangible Asset chapters needed to be completed by September 2025.

The Board was also advised that most of 2025 would be spent drafting changes to the IVS Tangible Asset (Real Asset) chapters.

The Board briefly discussed potential changes, which included:

- Incorporation of IVS 410 within IVS 400
- Potential inclusion of inspection classification.
- Further detail in relation to the consideration of ESG.

The Board was advised that further direction on the TAB current and future topics would likely come from the Agenda Consultation responses.

The Board was also advised that the TAB and BVB would form a joint working group to discuss the valuation of Trophy Assets.

Next steps

None.

ESG Perspectives Paper

Draft ESG and Plant, Equipment and Infrastructure Perspectives Paper Update (2024.08.12. IVSC - Perspectives Paper - ESG & Plant Equipment and Infrastructure with comments)

KH thanked BG, PA, JG and CG for their feedback on the draft ESG perspectives paper (all had provided feedback prior to the call).

KH advised that DH had suggested that further office examples were included in the perspective.

The Board was advised that the working group aimed to keep the perspectives paper overarching and principle based.

The Board discussed recent perspectives papers issued by EY and PwC and was advised that references to these perspectives papers would be included under further reading material.

The Board was advised that the TAB was aiming to present the finalised perspectives paper to the SRB for final review and were only looking for any fatal flaws at this stage.

LS commented that it was a great paper but felt that further example of Social and Governance considerations would be helpful.

LS added that in many markets such as Georgia and Ukraine there was still very limited understanding in relation to the consideration of Social and Governance factors.

The Board was advised that the aim of the paper was to be principle based and therefore there was a delicate balance in relation to the level of detail that should be provided.

BRG advised that this was the first of a series of perspectives papers and therefore the first paper in the series should not be too detailed.

RC proposed some revisions to the introductory paragraphs, in the interest of readability.

Board was advised that further to comments received the perspectives paper had been broadened to adopt a more holistic approach and cover all real assets, and not just PEI as originally intended.

The Board also discussed the ESG survey and how some respondents had felt that the consideration of ESG required wholly new valuation approaches and methodologies.

The Board noted that this confusion partly emanated from the need to valuers to understand new technologies and in some instances the incorporation of retrofitting costs within their valuations.

Further to discussion and subject to some minor revisions the Board was happy with the content of the perspectives paper and agreed that the revised perspectives paper should be sent to the other Technical Boards for consideration and review.

Next steps

KH and AA to review section 1 of the perspectives paper and make appropriate revisions prior to sending the perspectives paper to the Technical Boards for consideration and review.

Perspectives Papers Update

Prudential Value Perspectives Paper Update

AA advised that he was still in the process of revising the perspectives paper to incorporate valuation risk.

CG advised that Prudential Value had been included within the proposed revisions to the RICS Red Book Global and the RICS had received strong feedback that this section should be removed.

CG added that many respondents felt that it was too early to include this section within the Red Book as the regulations were still under discussions

Next steps

AA to submit revised perspectives paper to the TAB working group for consideration and review.

Listed vs Unlisted Perspectives Paper Update

KH advised that the Listed vs unlisted perspectives paper was in the process of being redrafted in advance of the next working group meeting.

Next steps

KH to send revised listed vs unlisted perspectives paper to the TAB for consideration and review, once the proposed revisions have been agreed by the working group and the SRB.

Inspection Perspectives Paper Update

The Board was advised that the perspectives paper had been published and the IVSC was waiting for further responses in relation to the draft perspectives paper.

Next steps

Inspection perspectives paper to be included as an agenda item for the next TAB conferences call and the responses received to be shared with the TAB.

IVSC Hong Kong AGM

IVSC Hong Kong AGM Agenda Discussion

- *19th and 20th November*
- *Overarching AGM agenda*
- *TAB agenda looking forward*
- *Call for prominent agenda items*
- *Housekeeping*

The Board was advised that the IVSC TAB would be meeting in Hong Kong on the 19th and 20th of November.

The Board was further advised that there would be an AGM dinner at the Hong Kong Jockey Club on Wednesday 20th November.

The Board was also advised that accommodation would be provided for the 19th, 20th and 21st November and the Board should email Louise Nicholson in relation to accommodation.

The Board was informed that the agenda would largely be centred around the IVSC Agenda Consultation feedback and proposed revisions to IVS 300, IVS 400 and IVS 410.

The Board was also informed that they should already be thinking about potential changes to these chapters as this would make the discussions more fruitful.

The Board was advised that there may be some joint meetings with the BVB and the other Technical Boards to discuss shared topics such as:

- *Valuation Risk*
- *Technology in valuation*
- *Trophy Assets*

The Board was asked to consider any potential topics or stakeholder outreach for the AGM.

The Board was also advised that unfortunately PA was unable to attend the TAB Hong Kong meeting in person (for family reasons) but would attend virtually.

Next steps

The Board to contact Louise regarding accommodation and to advise AA and KH if they are unable to attend the Hong Kong meeting in person.

Administration

IVSC TAB Working Groups Update (2024.08.09. IVSC TAB Working Groups)

- A. TAB MV and Prudential Value Working Group
- B. TAB ESG Working Group
- C. TAB Inspection Working Group
- D. AI Working Group

The Board was advised that with the exception of the AI Working Group the update had already been provided via the perspectives paper updates.

The Board was further advised that the AI working group was on sabbatical until the responses in relation to the Agenda Consultation topic of Use of Technology in Valuation had been received.

SRB Conference Call Update

The Board was advised that the majority of the IVSC SRB meeting focussed on the following topics: -

- Agenda Consultation
- ESG and Real Assets Perspectives Paper
- Hong Kong AGM

Next steps

None.

IVSC TAB Physical Meetings 2025

- *Monday 3rd March to Wednesday 5th March (AM) - Toronto*
- *Monday 9th June to Wednesday 11th June (AM) - Location to be confirmed*
- *IVSC AGM 2025 - October 2025 -New Delhi, India*

The Board was advised that the TAB would be meeting in person between Monday 3rd March and Wednesday 5th March in Toronto.

The Board was further advised that the SRB was currently considering Prague as a potential location for the next physical Board meetings in June 2025.

The Board was also advised that the next AGM would be held in New Delhi in October 2025.

Next steps

None

Stakeholder Engagement/Outreach

The Board was informed that KH, PW and AA had been involved in stakeholder outreach, which include presentations on IVS and Inspections to:

- Australian Taxation Office (IVS)
- Ghana Institution of Surveyors (IVS)
- TAQEEM (Inspections)

A meeting was to be held with IPSASB over the next 24 hours.

The Board was further advised that further presentation to the EMF, Ghana Institution of Surveyors and TAQEM was planned for September 2024.

The Board was also advised that the IVSC SRB would be providing an interactive presentation on the Agenda Consultation during September 2024.

Next steps

None

AOB

There was no other business, so KH ended the meeting.

Next steps

None.