

IVSC TAB Toronto Meeting Update March 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 in person between the 10th and 12th March 2025. The topics in order of discussion were:

Administration

- Administration. Welcome and Attendance - Kim Hildebrandt
(2024.02.27. IVSC - Toronto TAB Meeting - Final Agenda)
- IVSC TAB Meeting Update February 2025 - All
(IVSC TAB Meeting Update February 2025)
- IVSC CEO Update – Nick Talbot
- SRB and Other Board Updates – Kim Hildebrandt and Alexander Aronsohn
- SRB Perspective Papers
 - Public vs Private
 - Technology
 - Valuation Risk

AGM TAB Action Points

- AGM TAB Action 1 - Site Inspections
(2025.03.10. IVS TAB Chapters Scope of Work and Documentation and Reporting Sections)
- AGM TAB Action 2 - Combination of IVS 400 & 410
(2025.02.28. IVS 400 and IVS 410)
- AGM TAB Action 3 – Valuation Review
(2025.02.28. IVS 400 and IVS 410)
- AGM Action 4 - Technology in Valuation
(2025.02.28. AI Initial thoughts)

Agenda Consultation

- Agenda Consultation Update – Alexander Aronsohn
- Stepping back & reframing - Agenda Consultation feedback - Charles Golding & Paloma Arnaiz
(01.11.2024 - IVS Agenda Consultation Responses and 01.11.2024 - IVS Agenda Consultation Responses)

SRB and TAB Priority Topics

- Overarching IVSC Topic - Valuation Risk & Governance – All
- TAB Priority Topic 2 - Natural Resources, Agriculture & Biological Assets – All

TAB Chapters

- Turning the pages - IVS 300 - Kyle TenHuisen, next 3 months
- Turning the pages - IVS 400 and IVS 410 - James Gavin and Charles Golding, next 3 months
- Turning the pages - General Standards, next 3 months

Administration

- Turning the pages - IVS 300 - Kyle TenHuisen, next 3 months - Kim Hildebrandt
- Watching Brief - Prudential Value, IRS announcement re USPAP & IVS - Kim Hildebrandt
- Next 3 months - Kim Hildebrandt
 - *Actions*
 - *Timing*
 - *Responsibilities*
- 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 (2024.02.27. IVSC - Toronto TAB Meeting - Final Agenda)

KH welcomed the Board and thanked them for attendance both physically and virtually.

KH thanked BG for hosting the meeting and organising speakers and advised the TAB of the agenda.

KH said that a few issues had been raised in relation to Prudential Value and that this would be included as a topic on the agenda.

KH advised that the recent IRS announcement as an agenda items.

KH further advised that there were the following EY guest speakers on the following topics over the next three days:

- *Digital Engineering, AI & Data - Biren Agnihotri*
- *Toronto & Canadian Real Estate Market Update - Duncan Yang*
- *Cutting Edge of Valuation Modelling - Tyler Hargrave*
- *Sustainability Reporting Standards - Ashley Sloane*

BG advised that the speakers were not valuation experts so the TAB should not ask any detailed questions in relation to valuation.

KH informed the TAB that the agenda also included Action Items from the previous TAB meetings.

Next steps

None

IVSC TAB Meeting Update February 2025 (IVSC TAB Meeting Update February 2025)

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

None.

IVSC CEO Update

NT thanked the TAB for coming to Toronto for the Board meeting.

The Board was advised that the IVSC was in the final stages of recruiting new IVSC Technical Board members and that there would be more information next week.

The Board was further advised that the IVSC Investors Forum had continued to grow and there were now two more funds who had joined. (Hoot and Invo)

The Board was also advised that IVSC continued to engage with IOSCO, but IOSCO Committee 1 had recently changed their chair as the previous chair Paul Munter of the SEC had retired.

The Board was informed that Cameron McInnis, who is the Chief Accountant, of the Ontario Securities Commission, had taken over as chair of the IOSCO Committee 1.

The Board was further informed that this should not affect the ongoing work with the IVSC, and that Cameron McInnis was well known to the IVSC both through the Ontario Securities Commission but also through the CBVI.

The Board was also informed that the IOSCO report on IVS should be sent to the IVSC in the next few weeks with recommendations.

The Board was advised that IFRS was recommended in 150 countries and were recommended by IOSCO so a closer link to IOSCO and IFRS would be helpful for the adoption and implementation of IVS globally.

The Board was further advised that the IOSCO report would include recommendations and the IVSC would share these recommendations with the Board of Trustees and IVSC Technical Boards, once received.

The Board was also advised that the IVSC was aiming to hold a joint event with IOSCO later this year.

The Board was informed that the IVSC have also requested that IOSCO provide them with a statement that could hopefully be used as a call to action for globally consistent and transparent valuation standards.

The Board was further informed that from the 31st January 2025 IVS was now freely available and the following week there over a thousand IVSC website visitors requesting a copy of IVS.

The Board was also informed that many stakeholders already have a copy of IVS and IVSC gets over 300,000 impressions of its posts.

The Board was advised that IVSC have over 19,000 followers on LinkedIn.

The Board was further advised that half of IVSC's focus was the technical side, and the other half was outreach.

The Board was advised that further to receiving over 11,300 applications the IVSC had appointed Mostafa Ali Elkaliouby as the IVSC Middle East and Africa Director.

The Board was advised that the IVSC had received some concern over the quality of business valuation and there variability but there had been a lot of engagement with HKIS and RICS to resolve this issue.

The Board was advised that the IVSC was trying to establish a closer relationship with CIREA in China.

The Board was further advised that CIREA would only join the IVSC if there was no member from Taiwan, but IVSC was not willing to accept this as IVSC do not get involved in geopolitics and have no limit on who can join the IVSC.

The Board was also advised that the new Board members would be joining their respective Technical Boards in April.

The Board was informed that in future the IVSC may start the process earlier, so it is completed by the 31st March.

The Board was further informed that it would probably take 1-2 months to fully consider the IOSCO response.

The Board was also informed that the MSRC had grown and there were now new members from the Middle East and Africa and the next president of UPAV had also joined.

The Board was advised that this would help improve market outreach and engagement.

NT thanked JG and CK for all their hard work and commitment to the IVSC and presented JG with a small plaque to commemorate their work with the IVSC

Next steps

None

SRB and Other Board Updates

The Board was advised that the SRB had been very productive over the past few months and had been focussed through its working groups on finalising the following perspective papers:

- *Listed vs Unlisted*
- *Nature of Valuation Risk*
- *Use of Technology in Valuation*

The Board was further advised that the SRB working groups were in the final stages of revising these perspective papers and aimed to publish these in Q2 2025.

The Board was also advised that the IVSC representatives had been in discussions IOSCO and further details would be provided when NT provided his update tomorrow.

The Board was informed that the IVSC had set up an academic Forum to bring together academics globally to shape the future of valuation standards.

The Board was further informed that the main objective of the academic forum was as follows:

- ***Amplifying Academic Insights:*** *Ensure academic perspectives inform IVS development.*
- ***Fostering Collaboration:*** *Engage in regular virtual discussions on trends and challenges.*
- ***Supporting Thought Leadership:*** *Access the latest research and connect with key stakeholders.*

- ***Strengthening Professional Links:*** Build connections between academia and professional organisations, promoting teaching integration of IVS.
- ***Encouraging Research in Emerging Areas:*** Focus on advancing standards in areas such as ESG and AI.

The Board was further also that the SRB had an Academic working group but had decided that there was no need to have this academic working group now the Academic Forum had been set up.

The Board was advised that Jose Covas, who was the previous chair of the Academic Forum would join the Academic Forum and act as a liaison between the Academic Forum and the SRB.

The Board was further advised that the Academic Forum were still discussing their potential outputs but there was talk of creating an Academic Journal.

ER said that he considered this to be a positive move for the IVSC as the Academic Forum would help create greater interaction between UPAV and standard setters in Portugal and Spain.

The Board was further advised that the main focus of the SRB was preparing revisions to the IVS General Standards in preparation for the publication of the IVS Exposure Draft in January 2026.

The Board was also advised that the BVB had drafted some paragraphs on Valuation Ranges that the SRB was seeking to include in the next edition of IVS.

The Board was further informed that the topic of valuation range related to valuation risk.

The Board was also informed that the SRB also discussed discounts and Premiums and what does and doesn't represent a premium.

The Board was advised that though this is a BV topic some of the contents may find its way in the IVS General Standards as this topic related to all asset classes.

JG commented that the issue of discounts and premiums was a particular issue for non-transparent markets.

JG further commented that IRS tend not to focus on value but focus on discounts.

JG also commented that to an extent this tied into the draft listed vs unlisted perspective paper.

JG added that this also tied in with allocation work, for example when one industrial REIT buys another there may be a premium paid.

JG further added that there is some crossover here with tangible assets so the TAB would need to be comfortable with anything the BVB do in this space.

The Board was advised that the FIB was working on potential FAQs as within the financial instruments area there were no valuation professional organisations and no application guidance.

The Board was further advised that the FIB would be providing several webinars to aid the adoption and implementation of IVS 500.

The Board was also advised that the SRB had been discussing the inclusion of Sustainability within the IVS Exposure Draft.

The Board was informed that the TAB ESG perspectives paper had been well received.

The Board was also informed that some members of the SRB felt that this sustainability was a bigger topic than ESG with some stakeholders considering this term related to the sustainability of valuation.

The Board was advised that the SRB ESG working group would continue to discuss this issue and would make recommendations to the SRB to be considered by the Technical Boards.

The Board was further advised that a Glossary working group had been set up to review existing definitions and see if any further definitions were needed in IVS.

The Board was also advised that Matt Clark would be chairing this working group, and he was seeking a representative from the IVSC Technical Boards and working groups to assist in this process.

The Board was informed that the IVSC would also be issuing a red line version of the IVS Exposure Draft.

The Board was further informed that there was some frustration in the SRB over the time it took to publish IVSC perspectives papers.

The Board was also informed that the SRB noted that some topics were difficult, and it took time for the working groups to carry out the appropriate research and to come up with a common approach.

The Board was advised that IVSC was considering other documents, which could be fast tracked to market such as Position Statements and Insight Papers.

The Board was further advised that these documents would not include technical matters and therefore did not have to go through the same Technical Board approval process.

The Board was also advised that the IVSC was still in discussions on the processes for these documents.

The Board was informed that SRB also discussed moving some of concepts contained in the following sections of IVS 500 to the IVS General Standards:

- *Characteristics of Appropriate Quality Control*
- *Application of Quality Control*
- *Review and Challenge*
- *Valuation Control Framework*

The Board was further informed that the SRB was considering setting up a working group to discuss these changes.

Next steps

AA to send email to MB and FH advising them that ER would like to join the Academic Forum.

SRB Perspective Papers

The Board was provided with updates on the following perspectives papers.

Public vs Private

The Board was advised that the SRB Listed vs Unlisted working group was in the final stages of reviewing the perspective paper.

The Board was further advised that the SRB recommended that the introduction to the perspective paper should be revised so the perspective paper did not appear to be self-serving or protective of the valuation industry.

The Board was also advised that the SRB considered that it important that the perspective paper did not appear defensive but explained the reasons for the differences.

The Board was informed that the table 3.3 in the draft perspective paper would be revised to include affected vehicle structure and leverage.

The Board was further informed that there would be a second perspective paper in the series that would focus on *“Improving valuation quality: What do real estate valuation stakeholders need to consider during times of volatile markets or a low transaction environment?”*

The Board was also informed that the SRB saw transparency as a key ingredient to resolve this issue.

The Board was advised that ASIC (Australian Securities and Investment Commission) had also published a paper on this issue.

The Board was further advised that the ASIC paper had a lot of reference to opaque markets but was largely quite positive on this issue.

The Board was also advised that the ASIC paper was quite positive about the important role of private markets.

The Board was informed that the SRB were aiming to finalise this perspective paper in the next few weeks.

Next steps

AA to keep the TAB informed of any further revisions to this perspective paper.

Technology

The Board was advised that the SRB had reviewed the perspective paper and considered the section on *“Recent Technological Advances”* to be too long and explanatory.

The Board agreed with this comment and felt that as this was a fast developing area it was better to be less detailed on the following matters:

- *Sourcing and using data (Blockchain, deep data searches)*
- *Developing models/analytics*
(e.g. Machine Learning (ML), Predictive and Generative Artificial Intelligence (AI))
- *Development of analysis and reports*
(e.g. Chat GPT, Claude, Copilot, Gemini)

The Board further discussed the paper and agreed that though there was an educational element to this paper this should not be the focus of the paper.

The Board considered that the perspective paper should only consider the use of artificial intelligence in valuation in the context of IVS.

The Board was advised that IOSCO had recently published a paper on *"Artificial Intelligence in Capital Markets- Use Cases, Risks, and Challenges."*

The Board was further advised that the IOSCO paper used the same OECD definition for Artificial Intelligence as the IVSC perspectives paper.

BG commented that the paper included too many definitions and there was a risk that this perspective paper could get caught up in definitions.

The Board discussed the perspective paper further and suggested that the title of the paper should be changed to *"The Use of Artificial Intelligence in Valuation."*

The Board considered that the perspective paper should include more references to AI and Blockchain.

ER suggested that the perspective paper should focus on valuation issues and should provide references to more information on AI and Blockchain.

The Board generally agreed that this was a fast changing area, and the provision of too much detail could limit the longevity of the paper.

PW suggested that the perspective paper should start from page 6 and the section on *"IVS (effective 31 January 2025) and Valuation Technology."*

MK agreed with PW's comments in relation to the perspective paper.

The Board discussed the Perspective paper further and agreed that the paper should provide IVSCs position in relation to the use of artificial intelligence in valuation.

The Board considered that the perspective paper should discuss how you manage the use of artificial intelligence in valuation from a valuation risk perspective.

The Board noted that the RICS position was that as soon as the valuer made some adjustments to an AVM it became a valuation and needed to follow all the requirements of the Red Book.

The Board agreed that artificial intelligence could be of great assistance to the valuer when dealing with more menial tasks such as information gathering.

The Board also considered that the IVSC should be positive about the use of technology in valuation provide there were effective guard rails in place to ensure the safe and effective use of technology.

Next steps

AA to keep the TAB informed of any further revisions to this perspective paper.

Valuation Risk

The Board was advised that there was Broad consensus at the SRB that the management of Valuation Risk revolved around the following buckets:

- 1) Valuation Process Risk
- 2) Uncertainty around the Valuation Outcome (*i.e. Valuation Range*)
- 3) Investment Risk (*i.e. What market thinks it is the prospect of change over time, negated by. The provision of a valuation date.*)

The Board was further advised that the SRB and SRB Valuation Risk working group had agreed that the first perspective paper in the series would deal with valuation process risk and also ethical risk, but this was largely controlled by the relevant VPO.

The Board was also advised that the second perspectives paper in the series would deal with the uncertainty around the valuation outcome and part of this would include discussions in relation to valuation range.

The Board was informed that this working group was previously chaired by Richard Stewart but would now be chaired by Darren Sullivan.

Next steps

AA to keep the TAB informed of any further revisions to this perspective paper.

Administration

AGM TAB Action 1 - Site Inspections (2025.03.10. IVS TAB Chapters Scope of Work and Documentation and Reporting Sections)

The Board discussed the section on scope of works and revised it as follows:

"40. Scope of Work

40.03 Sufficient investigations and evidence must be assembled by means such as inspection, inquiry, research, computation or analysis to ensure that the valuation is properly supported. When determining the extent of investigations and evidence necessary, professional judgement is required to ensure it is fit for the purpose of the valuation.

40.04 When considering 40.02 to 40.03, the valuer must state the degree of physical inspection that is to be undertaken (where applicable) within their scope of work.

40.05 In some instances the valuer may carry out a physical inspection of a sample of asset(s). This must be stated within the scope of work.

40.06 If no physical inspection is to be undertaken this must be stated within the scope of work.

120. Documentation and Reporting

120.2 Furthermore the valuer must be explicit within their valuation report about the degree and classification of inspection that is undertaken, in line with the agreed scope of work."

Next steps

AA to include revised scope of work within IVS 300 and IVS 400.

AGM TAB Action 2 - Combination of IVS 400 & 410 (2025.02.28. IVS 400 and IVS 410)

The Board discussed was advised that the TAB IVS 400 and IVS 410 had tried the following different formats:

- a) IVS 400 with relevant content from IVS 410 included as an appendix
- b) IVS 400 and IVS 410 fully merged with each section having a subsection in relation to Development Property
- c) Hybrid Version: IVS 410 partially integrated with additional subsections contained in "Special considerations for Real Property Interests".

The Board further discussed the format and agreed the Hybrid format was the most appropriate.

The Board also discussed section 130 on Special Considerations for Real Property Interests and agreed that it should be revised as follows (changes shown in red):

- (a) Hierarchy of Interests (section 140)
- (b) Rent (section 150)
- (c) Additional Considerations for Development Property (section 160)
- (d) Residual Method for Development Property (section 170)
- (e) Existing Asset (section 180)
- (f) Special Considerations for Development Property and Secured Lending (section 190)

The Board was informed that the working group aimed to have any revisions finalised before the TAB Prague meeting so the proposed revisions could be agreed at this meeting.

Next steps

AA to share the revised IVS 400 with the working group to be discussed at the next meeting.

AGM TAB Action 3 – Valuation Review (2025.02.28. IVS 400 and IVS 410)

The Board was advised that the following section on valuation review within IVS 101 Scope of Work was brought to the SRB's attention:

30. Valuation Process Review and Value Review Requirements

30.01 A valuation review is not a valuation. The scope of work must state whether the valuation review is a valuation process review or a value review or both.

(a) a valuation process review addresses compliance with IVS,

(b) a value review addresses the reasonableness of a value.

The Board was further advised that this follows on from the public meeting where a respondent questioned how you can comply with 30.01 b) without undertaking a valuation.

The Board was also advised that the issue was taken to the SRB.

The SRB was asked the following questions:

What is the level of assurance that is being provided when the valuation reviewer says the value is reasonable?"

The SRB advised that there was no issue with b) as the valuation reviewer could comment on the reasonableness of a value without providing an opinion of value.

The SRB added that if the valuation reviewer provided their own opinion of value then it is a valuation.

The SRB advised that this point of view was in line with both USPAP and PCAOB requirements and added that the valuation reviewer needed to ensure that there was the correct scope of work for the valuation review.

The SRB also suggested that in order to provide clarity 30.01b) could be amended as follows (proposed amendment shown in red):

(b) a value review addresses the reasonableness of a value of another valuer's work.

The SRB further advised that this was also a risk management decision and in these instances the liability would be limited to the valuation review fee.

The SRB also advised that the valuation reviewer should narrow the scope of work and limit their liability.

Next steps

None

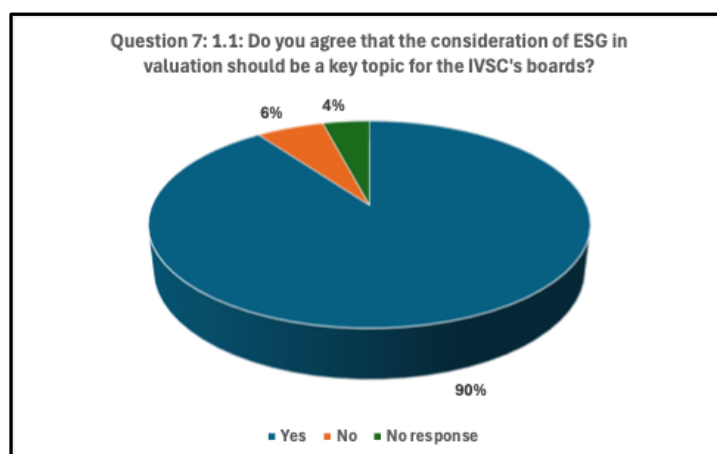
Agenda Consultation

Agenda Consultation Overview

The Board was informed that the IVS Agenda Consultation received 420 responses, and that the breakdown of responses is as follows:

- 207 responses via IVSC website
- 11 responses via letter
- Verbal responses from the International Accounting Standards Board (IASB), and World Bank.
- 116 responses from Round Table 1 via interactive questions
- 84 responses from Round Table 2 via interactive questions

The Board was advised that the response to Key Topic 1 ESG was as follows:



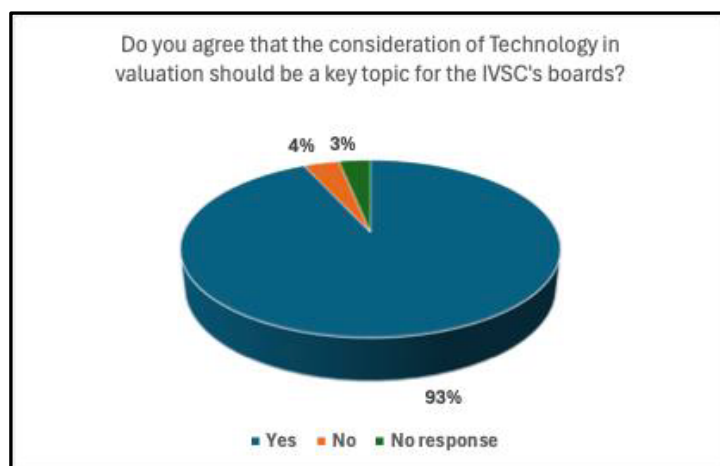
The Board was further advised that the second question was “Should IVS include additional requirements in relation to the consideration of ESG within valuations? If so, please provide further details and your reasoning?”

The Board was also advised that there was a greater variation in responses though majority felt additional guidance would be helpful. (70% yes, 24% no and 6% no response)

The Board was also informed that a sample of comments received were as follows:

- IVS should not refer to ESG but should refer to sustainability.
- Publicly available information is not reliable.
- There is insufficient data for Social and Governance.
- Further guidance required for quantifying ESG using existing valuation approaches and methodologies.

The Board was advised that the response to Key Topic 2 Use of Technology in Valuation was as follows:



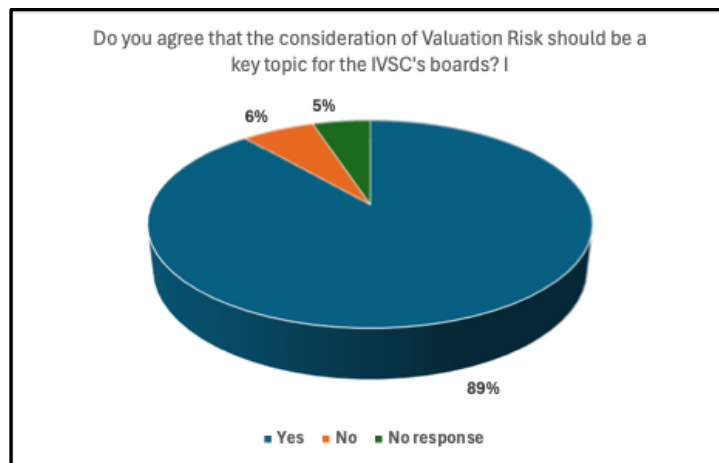
The Board was further advised that the second question was *"Should IVS include additional requirements in relation to the consideration of Technology within valuations? If so, please provide further details and your reasoning."*

The Board was also advised that there was a greater variation in responses though majority felt additional guidance would be helpful. (68% yes, 24% no and 8% no response)

The Board was also informed that a sample of comments received were as follows:

- *Yes, for the mere fact that we now operate in a Technology based*
- *World.*
- *Yes. Using AI Tech.*
- *Maybe. Such as the possible risks of using mainstream*
- *technologies to obtain data and inputs, the direction of*
- *technology and/or tool application, etc.*
- *The appraiser must always be responsible and never delegate*
- *decisions to technology.*

The Board was advised that the response to Key Topic 3 Valuation Risk was as follows:



The Board was further advised that the second question was *"Should IVS include additional requirements in relation to the consideration of Valuation Risk? If so, please provide further details and your reasoning."*

The Board was also advised that there was a greater variation in responses though majority felt additional guidance would be helpful. (65% yes, 25% no and 10% no response)

The Board was also informed that a sample of comments received were as follows:

- *Yes, it is very important to understand the risk and potential impacts.*
- *Should try to measure the risks and evaluate them*
- *Additional requirement is required regarding valuation risk.*
- *In our view, we believe that the existing requirements in the*
- *IVS are adequate.*

The Board was advised that the majority of respondents agreed with the proposed current topics for consideration within the next two years (89% yes, 6% no and 5% no response):

- *Capital Structure Considerations*
- *Digital Assets*
- *Discounts and Premia*
- *Investigations and Evidence*
- *Internally Generated Intangible Assets*
- *Model Calibration*

- *Private vs Public Markets*
- *Prudential Value for Immovable Assets*
- *Trophy Assets*
- *Valuation Adjustments for Financial Instruments*
- *Weighting of Inputs and Outputs*

The Board was advised that the majority of respondents agreed with the proposed future topics for consideration beyond the two years (84.5% yes, 6% no and 9.5% no response):

- Agricultural and Plantation Land /Biological Assets
- Bases of Value
- Compulsory Purchase
- Early-Stage Businesses
- Insurance Valuations
- Quality Control and Individual Valuer
- Transfer Pricing
- Valuation Reviews

The Board was advised that the IVSC was in the process of preparing an IVS Agenda Consultation Summary of responses which was due to be published in May/June 2025.

The Board was further advised that Round Table 1 took place on the 17th September and the 116 participants were asked the following questions and gave the following responses:

Is the IVS 104 Appendix sufficient for your valuation needs? (59 responses)

- *Majority of respondents agreed with the IVS 104 Appendix.*
(5% very sufficient, 36% sufficient, 41% somewhat sufficient, 10% neither sufficient nor insufficient, 3% somewhat sufficient, 5% Very Insufficient)

Should IVS further expand on valuation risk? (66 responses)

- *Majority of respondents felt IVS should further expand on valuation risk.*
(36% very strongly agree, 50% agree, 8% neither agree nor disagree, 6% disagree)

Should IVS include sections on the use of AI? (78 responses)

- ***Majority of respondents felt IVS should sections on the use of AI.***
(32% very strongly agree, 49% agree, 14% neither agree nor disagree, 5% disagree)

Do you agree with the prioritisation for the current topics? (53 responses)

- Majority of respondents agreed with the prioritisation for current topics.
(7.5% very strongly agree, 56.6% agree, 34% neither agree nor disagree, 1.9% disagree)

The Board was further advised that Round Table 2 took place on the 18th September and the 85 participants were asked the following questions and gave the following responses:

Is the IVS 104 Appendix sufficient for your valuation needs? (45 responses)

- Majority of respondents agreed with the IVS 104 Appendix.
(8.9% very sufficient, 26.7% sufficient, 33.3% somewhat sufficient, 13.3% neither sufficient nor insufficient, 13.3% somewhat sufficient, 4.4% Very Insufficient)

Should IVS further expand on valuation risk? (53 responses)

- Majority of respondents felt IVS should further expand on valuation risk.
(24.5% very strongly agree, 56.6% agree, 11.3% neither agree nor disagree, 7.5% disagree)

Should IVS include sections on the use of AI? (58 responses)

- Majority of respondents felt IVS should sections on the use of AI.
(36.2% very strongly agree, 41.4% agree, 8.6% neither agree nor disagree, 10.3% disagree, 3.4% strongly disagree)

Do you agree with the prioritisation for the current topics? (53 responses)

- Majority of respondents agreed with the prioritisation for current topics.
(7.5% very strongly agree, 56.6% agree, 34% neither agree nor disagree, 1.9% disagree)

Next steps

AA to share the draft IVS Agenda Consultation Summary of responses, when completed, for consideration and review

Stepping back & reframing - Agenda Consultation feedback (01.11.2024 - IVS Agenda Consultation Responses)

The Board was advised that in relation to Key Topic 1 ESG several respondents suggested that Climate Risk should be included as an additional topic.

The Board was further advised that in relation to Key Topic 2 Use of Technology in Valuation several respondents were concerned about the valuers' responsibility and wanted more guidance.

The Board was also advised that in relation to Key Topic 3 Valuation Risk several respondents wanted further details explaining what it is and how to quantify it.

MK suggested that there needed to be further clarity re guidance notes for the key topics as he was not sure whether this was in the remit of the IVSC or more something to be considered by VPO's.

The Board discussed issues in relation to AI and data as the majority of people wanted free data and data sharing.

The Board further discussed issue around AI bias and further guidance and whether the TAB should publish a perspective paper on this issue.

The Board was advised that the perspective paper consultation responses included different interpretations on what valuation risk means and that this issue would be dealt with in the forthcoming IVSC SRB Valuation Risk perspective paper.

The Board was further advised that some responses questioned the valuer's role in risk management.

The Board was also advised that a number of respondents felt that the TAB should prioritise the valuation of Agriculture and biological assets.

The Board was informed that several respondents felt that IVS should include more standards for specific purposes such as financial reporting and taxation.

The Board was further informed that some respondents requested additional standards on agency, marketing and brokerage but this was not the role of the IVSC.

The Board was also informed that some respondent highlighted the valuation of Trophy Assets, which would be a joint project with the BVB.

The Board discussed the valuation of natural resources and agriculture and whether there should be additional tangible asset standards on agricultural land, natural resources and water rights.

The Board noted that there were the following 4 main challenges in Africa;

- 1) Unregistered Land
- 2) Compensation/Expropriation
- 3) Valuation of Plantations
- 4) Plant and Equipment

The Board discussed the valuation of carbon credits and noted that there was some existing guidance material on this topic and perhaps the IVSC could collaborate with other organisations.

BG mentioned that perhaps IVS could include some standards on farm stock taking, cattle and livestock.

The Board discussed the valuation of Extractive Industries and whether additional standards were needed but agreed that this was largely encompassed not only by IVS 400 but also by additional standards issued by IMVAL.

The Board noted that the IVSC had previously published a perspective paper on extractive industries valuation and perhaps this could be updated.

MK further highlighted that the valuation of unregistered land was a key topic in Africa and included the register of servitudes.

The Board noted that this also included the valuation of favelas (informal unregistered settlements) in South America.

The board was advised that favelas are not contained in civil registers but still actively traded in the markets.

The Board noted that IVS 400 now included the valuation of unregistered land, but it may be worth issuing a future perspective paper on this issue.

The Board was advised that in Israel there are informal settlements, particularly in the Arab speaking sector and the land is often not registered and traded in an informal market and there are valuation specialists who deal with this type of land a sit can be quite complicated.

Next steps

The Board to keep a watching brief on the valuation of f unregistered land, Agricultural and Biological assets and extractive industry valuations’.

SRB and TAB Priority Topics

Overarching IVSC Topic - Valuation Risk & Governance

The Board was advised that the SRB was still in the process of revising the valuation risk perspective paper.

The Board was informed that SRB considered valuation range to be a key part of this topic and the following draft on valuation was discussed for inclusion within the IVS Exposure Draft:

For IVS 101 Scope of Work

20.01 The scope of work must specify the following, as applicable:

(i) Whether the value is to be expressed as a point estimate, a range, or a point estimate within a range.

For IVS 106 Documentation and Reporting

*30.08 When a value range is used, the valuer **must**:*

- a) Disclose the purpose of the range and what it communicates to the intended user.*
- b) Disclose how the boundaries of the range are derived*
- c) Disclose how the point estimate within a range is derived (where applicable)*

The Board was further informed that in Business Valuation the valuers start with a range and then gets to a point estimate.

The Board was also informed that a valuation range was commonly used in Financial Instruments.

The Board noted that a valuation range was less common in tangible assets valuation as point estimates were most often provided.

However the Board noted that in some aspects of tangible assets valuation such as development appraisals the scope of work asked for a range.

The Board considered the additional text would be helpful and the scope of work should state if a valuation range is required.

The Board was informed that the SRB considered the following components of valuation risk:

- *Valuation Process Risk*
- *Value Certainty*
- *Investment Risk (not us)*

The Board was advised that valuation process risk was largely dealt with by using IVS.

The Board was further advised that value certainty related to the number or range.

The Board was also advised that investment risk related more to the sustainability of a value or long term value and was not a topic for the IVSC to consider at this point in time.

The Board was informed that under IFRS the valuer can provide a range but also needed to provide a point estimate.

Next steps

AA to keep the TAB of any further progress made on this topic by the IVSC SRB and IVSC SRB Valuation Risk working group.

TAB Priority Topic 2 - Natural Resources, Agriculture & Biological Assets

The Board generally discussed the valuation of natural resources, agriculture & biological assets.

The Board noted that the TAB previously published a perspectives paper in 2019 on the *“Roadmap to valuing agricultural and biological assets”* that may require some updating.

The Board further noted that this was quite a wide ranging topic which covered the following asset classes:

- *Timber Land*
- *Forest*
- *Land*
- *Extractive Industry*

The Board discussed IVS and noted that the IVS General Standards and IVS Tangible Asset Standards were applicable to the valuation of these asset classes.

The Board was advised that as a general principle IVS did not include standards for every asset class but only included additional standards within IVS if there was something different about the valuation of these asset classes.

Further to discussion the Board noted that not many TAB members had specialised in these areas.

The Board was advised that some of the new TAB members may have expertise in these areas.

The Board agreed that they should keep a watching brief on natural resources, agriculture & biological assets and potentially set up an IVS TAB working group with external specialists to discuss the need for additional valuation standards.

Next steps

TAB to keep a watching brief on the topic of natural resources, agriculture & biological assets prior to setting up a working group to explore the need for additional standards within the tangible asset chapters.

TAB Chapters

Turning the pages - IVS 300 - next 3 months

The Board discussed IVS 300 and noted that because of all the previous work done on this chapter major revisions were not required for the next IVS Exposure Draft.

The Board also discussed the following para in IVS 300 section 100 Data and Inputs:

100.02 In addition to the requirements contained within IVS 104 Data and Inputs there is the following hierarchy of comparable evidence, which should be followed for PEI valuations:

- (a) direct comparable evidence,*
- (b) indirect comparable evidence,*
- (c) general market data,*

(d) other sources.

The Board noted that from Agenda Consultation comment further clarification was needed on the difference between a “direct comparable evidence” and “indirect comparable evidence”.

The Board also noted that the following text drafted by the IVSC TAB Inspection working group should be added to the scope of work section:

40.04 When considering 40.02 to 40.03, the valuer must state the degree of physical inspection that is to be undertaken (where applicable) within their scope of work.

40.05 In some instances the valuer may carry out a physical inspection of a sample of asset(s). This must be stated within the scope of work.

40.06 If no physical inspection is to be undertaken this must be stated within the scope of work.

The Board discussed the RICS Guidance Note on the Hierarchy of comparable evidence.

CG advised that this Guidance note was in the process of being revised and added that he would distribute it in due course.

Next steps

CG to distribute the revised RICS Guidance Note on the Hierarchy of Comparable Evidence, once completed,

Turning the pages - IVS 400 and IVS 410 - next 3 months

The Board was advised that the IVSC TAB working Group had merged IVS 400 Real Property Interests and IVS 410 Development Property as Development Property was a subset of Real Property Interests.

The Board was further advised that the following text drafted by the IVSC TAB Inspection working group should be added to the scope of work section:

40.04 When considering 40.02 to 40.03, the valuer must state the degree of physical inspection that is to be undertaken (where applicable) within their scope of work.

40.05 In some instances the valuer may carry out a physical inspection of a sample of asset(s). This must be stated within the scope of work.

40.06 If no physical inspection is to be undertaken this must be stated within the scope of work.

As per IVS 300 the Board discussed the following text contained within the IVS 400 Data and Inputs section:

100.02 In addition to the requirements contained within IVS 104 Data and Inputs there is the following hierarchy of comparable evidence, which should be followed for PEI valuations:

- (a) direct comparable evidence,*
- (b) indirect comparable evidence,*
- (c) general market data,*
- (d) other sources.*

The Board noted that from Agenda Consultation comment further clarification was needed on the difference between a “direct comparable evidence” and “indirect comparable evidence”.

The Board discussed the following text within IVS 400 and some members of the TAB felt that the following section 150 should be deleted:

150. Rent

150.00 Market rent is addressed as a basis of value in IVS 102 Bases of Value.

150.02 When valuing either a superior interest that is subject to a lease or an interest created by a lease, the valuer must consider the contract rent and, in cases where it is different, the market rent.

150.03 The contract rent is the rent payable under the terms of an actual lease. It may be fixed for the duration of the lease or variable. The frequency and basis of calculating variations in the rent will be set out in the lease and must be identified and understood in order to establish the total benefits accruing to the lessor and the liability of the lessee.

There was a range of views in relation to deleting this text and the Board agreed that this should be further discussed by the IVSC TAB IVS 400 and IVS 410 working group.

The Board felt that undeveloped land should be added to section 20.01 shown below (additions shown in green):

20.01 In the context of this standard, development properties are defined as interests where development is required to achieve the highest and best use, or where improvements are either being contemplated or are in progress at the valuation date and include:

- (a) the construction of buildings,
- (b) previously undeveloped land which is being provided with infrastructure (see IVS 300 Plant, Equipment and Infrastructure),
- (c) the redevelopment of previously developed land,
- (d) the improvement or alteration of existing buildings or structures,
- (e) undeveloped land
- (f) land allocated for development in a statutory plan or by the permission of the relevant authorities, and
- (g) land allocated for higher value uses or higher density in a statutory plan or by the permission of the relevant authorities.

The Board further discussed revisions to the newly merged IVS 400, and it was felt that the following should be deleted from 100.08 (deletion shown in red):

100.08 The following basic elements should be considered in the application of the residual method (see IVS 104 Data and Inputs):

- (a) completed property value,
- (b) construction costs,
- (c) consultants' fees,
- (d) statutory fees,
- (e) marketing costs,
- (f) timetable,
- (g) finance costs,
- (h) development profit (on both land and building),
- (i) contingency,
- (j) discount rate.

The Board also discussed the following should be deleted from IVS 410 (deletions shown in red):

100.14 If there is a pre-sale or pre-lease agreement in place that is conditional on the project, or a relevant part, being completed, this will be reflected in the

valuation of the completed property. Care should be taken to establish whether the price in a pre-sale agreement or the rent and other terms in a pre-lease agreement reflect those that would be agreed between participants on the valuation date.

100.15 If the terms are not reflective of the market, adjustments may need to be made to the valuation.

100.22 Moreover, if there is a material risk that the contract may not be fulfilled (eg, due to a dispute or insolvency of one of the parties), it may be more appropriate to reflect the cost of engaging a new contractor to complete the outstanding work.

The Board also felt that the following section within IVS 410 merited further discussion as the MV of a property is not a percentage:

100.24 Once the project has commenced, this is not a reliable tool for measuring value as the inputs will be historic. Likewise, an approach based on estimating the percentage of the project that has been completed prior to the valuation date is unlikely to be relevant in determining the current market value.

Next steps

IVSC TAB IVS 400 and IVS 410 working group to discuss proposed revisions to IVS 400.

Turning the pages - General Standards- next 3 months

The Board reviewed the General Standards on a chapter by chapter basis and was advised of the following changes proposed by the SRB or made the following comments in relation to each chapter with proposed revisions shown in red.

Glossary

The Board suggested that the definition of a tangible asset should be revised to include infrastructure as shown below:

10.29 Tangible Asset

*A physical measurable asset such as, but not limited to, property, plant, ~~and~~ equipment **and infrastructure**.*

IVS Valuation Framework

The Board suggested that 20.05 and 20.08 should be changed to a must to be in line with the other General Standards

20.05 The controls ~~should~~ must be documented. The documentation ~~should~~ must contain sufficient detail to allow another valuer, applying professional judgement, to understand the effectiveness of the controls.

IVS 101 Scope of Work

The Board felt additional clarification was required as there may be more than one responsible valuer

20. Valuation Requirements

20.01 The scope of work must specify the following:

(e) the valuer: The valuer may be an individual, group of individuals, or an individual within an entity, regardless of whether employed (internal) or engaged (contracted/external), possessing the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased, ethical and competent manner. The valuer must disclose any potential conflict of interest or bias.

The Board was also advised that the SRB would revise the scope to include not only valuation range as previously discussed but also disclosure on the use of artificial intelligence.

IVS 102 Bases of Value

The Board was advised that the SRB considered the following section to be incorrectly placed and should be moved to IVS 106 Documentation and Reporting as it was more related to reporting than Bases of Value.

80. Allocation of Value

80.01 Allocation of value is the separate apportionment of value of an asset on an individual or component basis.

80.02 When apportioning value, the allocation method must be consistent with the overall valuation premise/basis and the valuer must:

- (a) follow any applicable legal or regulatory requirements,*
- (b) set out a clear description of the intended use of the allocation,*
- (c) consider the facts and circumstances, such as the relevant characteristic(s) of the item(s) being apportioned,*
- (d) adopt appropriate methodology(ies) in the circumstances.*

IVS 103 Valuation Approaches

The Board questioned whether there should be a hierarchy of approaches within IVS 103 and whether section 10.02 (*shown below*) should be revised:

10.02 The selection of the approach should seek to maximise the use of observable inputs, as appropriate.

Further to discussions the Board no decision on this issue though it was accepted that in many instances the cost approach was more a method of last resort, but the Board also noted that this was more of a VPO issue.

The Board also considered that further clarification was required on discount rates and the use of WACC and WARA.

IVS 104 Data and Inputs

The Board was advised that the SRB would be reviewing this chapter to consider the increasing use of AI for data (eg synthetic data)

The Board was further advised that the SRB ESG working group would be reviewing the Appendix to incorporate Sustainability and requirements issued by other standard setters such as the ISSB.

The Board was also advised that the SRB ESG working group would also review the Appendix to see if further requirements were required in relation to climate change and net zero carbon.

IVS 105 Valuation Models

The Board was advised that the SRB would be reviewing this chapter to consider the increasing use of AI.

IVS 106 Documentation and Reporting

The Board was advised that the SRB was considering revising the documentation and reporting requirements to include disclosure on the use of artificial intelligence.

The Board was further advised that the section on Allocation of Value and the recently drafted section on Valuation Range would be moved to this chapter.

Next steps

SRB to draft the proposed revisions to the IVS General Standards and AA to advise the Board of any proposed changes.

Administration

Watching Brief - Prudential Value, IRS announcement re USPAP & IVS

Prudential Value

The Board was advised that the IVSC had written a position statement on Prudential Value.

The Board was further advised that in relation to Prudential Value the TAB had tried the following two phase approach:

Phase 1: *Tried to engage with regulators to iron out significant challenges re criteria because certain criteria provided a significant risk to the valuation community.*

Phase 2: *Sent letter to prominent regulators such as BCBS and tried for a meeting with the BCBS but were not successful despite a letter being sent from Alistair Darling.*

The Board was also advised that the TAB had responded to the recent PRA consultation on Prudential Value and the PRA took on the broad feedback and removed the following criteria that caused issues for valuer:

- *“The value is adjusted to take into account the potential for the current market value to be significantly above the value that would be sustainable over the life of the loan.”*
- *“The value excludes expectations on price increases.”*

The Board was informed that the rest of Europe had adopted a different approach.

The Board was further informed that since January 2025 Valuers in the EU had already begun to receive instructions to provide Prudential valuations and were seeking further technical guidance.

The Board was also informed that there was the potential for the provision of Prudential Value to be implemented in other markets but at the moment it was only an issue within Europe and the UK.

The Board was further informed that there was currently not consistency in providing Prudential Value within the EU and the following three main approaches were being adopted:

- 1) Prudential Value to be provided by valuers with a haircut to Market Value, normally of 1% to 2%. Valuer to seek their own data.
- 2) Prudential Value to be provided by the valuer using either MLV or a haircut to MV with data provided by the relevant organisation
- 3) Prudential Value being undertaken internally by the Banks using AI or some form of automated model.

The Board was also informed that not only was there an inconsistent approach between different countries within the EU but in some instances different approaches were being adopted within the same market.

The Board was advised that there had been some friction between the RICS and TEGoVA as both organisations were adopting a different approach with the RICS considering a long term value with the data being provided by banks.

The Board was further advised that every VPOO in the EU was seeking a solution to this issue.

The Board was also advised that in addition to the data challenges the valuer was being asked to forecast a conservative value over the life of the loan.

The Board was informed that a valuer is unable to forecast as even with cashflows all valuations are bought back to a point in time known as the valuation date.

The Board was further informed that the UK PRA had delayed implementation of Prudential Value until January 2026.

The Board was also informed that bearing in mind the challenges in Europe in providing a Prudential Value the EMSRC was aiming to write a position statement on behalf of the EMSRC.

The board was advised that there was some concern in issuing a position statement without being aware of previous communications between the TAB and regulators.

The Board was advised that there had been separate conversations on the role of IVSC committees and who could communicate on behalf of the IVSC and the process for this communication.

The Board was further advised that the position statement would reference the previous statement made in Enews.

The Board was also advised that there would be a separate meeting with NT, RS, SD, AA and selected members of the EMSRC to discuss a potential position statement to be issued by the EMSRC.

Next steps

AA to arrange a meeting between NT, RS, SD, AA and selected members of the EMSRC to discuss a potential position statement to be issued by the EMSRC.

IRS Announcement

The Board was advised that IRS had proposed the following changes to their regulations:

“The IRS is proposing changes to its Circular 230 that will strengthen its ability to disqualify appraisers who do tax-related valuations. The changes are in proposed regulations that were published Dec. 26, 2024, in the Federal Register that update the rules for certain tax professionals (click here to access—see Paragraph L for the appraiser provisions).

*USPAP/IVS: Under the proposed regulations, **“all appraisals submitted in an administrative proceeding should conform to the substance and principles of the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation or the International***

Valuation Standards (IVS) promulgated by the International Valuation Standards Council.”

The Board was further advised that the IVSC did not know the source of this statement.

The Board was also advised that the IVSC had participated in the consultation and in their response letter stated also recognised the importance of existing US standards, including *The Appraisal Foundation’s Uniform Standards of Professional Appraisal Practice* (USPAP) and the *American Institute of Certified Public Accountants’ (AICPA) Statements on Standards for Valuation Services* (SSVS).

Next steps

AA to keep the TAB informed of any further developments.

Next 3 months - Kim Hildebrandt

- *Actions*
- *Timing*
- *Responsibilities*

The Board noted that though they have drafted additional text on inspection within the IVS 300 and IVS 400 Scope of work further revisions may be required for the sections on documentation and reporting.

The Board agreed that over the next few months the main focus should be revisions to the IVS Tangible Assets chapters.

The Board discussed the IVSC TAB working group and agreed that it should go on sabbatical while the Board focussed on potential revisions to IVS.

The Board was advised that in addition to any revisions to the IVS General Standard the SRB and those Board members within the working groups would focus on publishing the following perspective papers:

- *Public vs Private Markets*
- *Use of AI in Valuation*
- *Valuation Risk*

The Board was further advised that the SRB had set up a Glossary working Group to review the definitions within IVS and see if any other additional definitions were required.

The Board was also advised that the SRB was focussed on drafting the Agenda Consultation Summary of Responses, which is due to be considered by the Board in the next conference call.

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

The Board was further informed that an email would be sent to confirm the attendance for the Prague physical meeting between 9th and 11th June 2025.

The Board was also informed that if there was insufficient attendance the meeting would be cancelled.

The Board was advised that the Boards were only considering light revisions to IVS and the aim of the Prague meeting was to have rubber stamped revisions to the IVS Exposure Draft.

Next steps

AA to put the IVSC TAB Technology Working Group on sabbatical for the next few months. AA to send email to Board members to confirm attendance for the Prague physical meeting between 9th and 11th June 2025

AOB

KH thanked the Board for all their commitment and hard work and felt the mix of virtual and physical attendance had worked well due to the technology.

KH also thanked BG for not only hosting the meeting but also for arranging excellent speakers for the TAB.

KH advised the Board that today was JG's last meeting after 8 years serving on the Board and once again thanked him for all his hard work over the years and added that it was an honour to work with him as vice chair.

KH asked if there was any other business and as there was no other business he closed the meeting.

Next steps

None