

# IVSC TAB Prague Meeting Update June 2025

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

This IVSC Update highlights preliminary decisions of the IVSC Standards Review Board (Board). Projects affected by these decisions can be found on the **IVSC Publication Schedule**. The Board's final decisions on IVS® Standards and Amendments are formally balloted as set out in the **IVSC Standards Review Board Due Process and Working Procedures**.

The Board met in person on the 9<sup>th</sup> and 11<sup>th</sup> June 2025. The topics in order of discussion were:

## Administration

- Administration. Welcome and Attendance
- IVSC TAB Meeting Update May 2025  
(*IVSC TAB Meeting Update May 2025*)
- Review of Agenda  
(*2024.02.27. IVSC - Toronto TAB Meeting - Final Agenda*)
- IVSC CEO Update

## Working Groups and Forums

- ESG/Sustainability Working Group  
(*2025.06.02. Sustainability and ESG Discussion V2*)
  - *Updates from meetings*
  - *Intended changes to IVS*
  - *Sustainability definition and approval*
  - *Perspective paper status*
  - *AOB*

## Working Groups and Forums cont.

- Listed vs Unlisted  
(*2025.04.07.IVSC - Draft Perspectives Paper - Exploring the divergence in public and private real estate markets clean*)
  - *Updates from meetings*
  - *Update from IVSC webinar*
  - *Perspective paper status*
  - *AOB*
- Technology in Valuation Working Group  
(*2025.06.03. Draft Use of Technology in Valuation Perspectives Paper clean*)
  - *Updates from meetings*
  - *Intended changes to IVS*

- *Glossary adjustments*
- *Perspective paper status*
- *AOB*
- **Valuation Risk Working Group**  
(2025.05.30. *IVSC Perspectives Paper Getting the Process Right Exploring-Valuation-Risk* and 2025.06.03. *Definition of Valuation Risk and Value Uncertainty Perspectives Paper\_v2*)
  - *Bratt v Jones (2025) EWCA Civ 562*
  - *Updates from meetings*
  - *Valuation Risk versus Value Uncertainty*
  - *Introduction of 'Range' concept from BVB*
  - *Brief summary of recent UK case law re negligence*
  - *Valuation precision versus accuracy*
  - *Intended changes to IVS*
  - *Required glossary adjustments*
  - *Perspective paper status*
  - *TAB feedback to SRB as applicable*
  - *AOB*
- **Review of Working Groups**  
(2025.05.28. *IVSC SRB Working Groups List* and 2025.05.15. *IVSC TAB Working Groups*)
- **Academic Forum Update**
  - *Updates from meetings*
  - *AOB*

## **IVS General Standards**

- **Glossary Working Group**  
(2025.06.05. *IVS Glossary*)
  - *Updates from meetings*
  - *Intended changes to Glossary*
  - *TAB feedback to SRB as applicable*
  - *AOB*
- **Quality Control**  
(2025.05.30. *Quality Control*)
  - *Introduction*
  - *Goal - determine additions/locations within General Standards*
  - *TAB feedback to SRB as applicable*
  - *Discussion – All*
- **Use of Management Inputs**  
(See *IVS 103, Appendix A20.12-A20-13, Checklist Management Inputs Valuation* and *AS 2501\_ Auditing Accounting Estimates, Including Fair Value Measurements \_ PCAOB*)

- Introduction
- Potential changes to IVS
- TAB market observations & experiences
- TAB feedback to SRB as applicable
- AOB

### **IVS Tangible Asset Standards**

- IVS 300  
(2025.05.09. IVS 300)
  - Consultation feedback
  - Turn the pages
  - Necessary amendments
  - Next Steps
- IVS 400 and IVS 410  
(2025.05.09. IVS 300)
  - Consultation feedback
  - Working group feedback re integration of IVS 400 & 410
  - Turn the pages
  - Necessary amendments
  - Next Steps

### **Review of TAB Agenda Consultation Topics**

- Review of TAB Agenda Consultation Topics  
(**Key Topics:** ESG, Technology in Valuation, Valuation Risk, **Current Topics (0-2 Years):** Investigations and Evidence, Prudential Value for Immovable Assets and Quality Control and Individual Valuer and **Future Topics (Beyond 2 Years):** Agricultural and Plantation Land /Biological Assets, Insurance Valuation, Trophy Assets and Valuation Reviews.)
- Trade Related Property  
(Trade Related Property Presentation)

### **Review of IVS Publication Communications**

- Review of IVS Publication Communications  
(2025.05.01. IVS Bylaws and IVSC Standards Review Board Due Process and Working Procedures and IVSC Standards Review Board Process and Working Procedures)

### **IVS Publication Timetable**

- IVS Publication Timetable  
(2025.05.29. IVS Effective 31 January 2028 Publication Schedule)

**Administration**

- TAB - Next 3 months
  - Actions
  - Timing
  - Responsibilities
- AOB
  - Income approach for tangible assets, RICS perspectives
  - IVS 230 – Inventory
  - Future Meetings

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**

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

KH also welcomed the following two new TAB members, who were attending their first TAB physical meeting:

- *Ayda Chamcham*
- *Massimo Guzzo*

## **IVSC TAB Meeting Update May 2025 (IVSC TAB Meeting Update May 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.

## **Review of Agenda (2024.02.27. IVSC - Prague TAB Meeting - Final Agenda)**

The Board was advised the TAB that today's meeting was largely focussed on SRB working groups updates and proposed revisions to the IVS General Standards (*eg Glossary, Quality Control and Use of Management Inputs*).

The Board was further advised that Tuesday's meeting was largely focussed on proposed revisions to IVS 300 and IVS 400 and the proposed merger of IVS 400 and IVS 410.

The Board was also advised that in the morning NT would be providing an IOSCO update and reminded the TAB to review the IOCO recommendations in advance of the meeting as this was a key project for the IVSC.

The Board was informed that between 14:00 and 15:00 the TAB would be holding a public meeting where the following topics would be discussed: -

- *Insight Topic 1: How are valuation professionals embracing technology around the globe?*

- *Insight Topic 2: Navigating Risk - Quality Control, Valuation Risk & Value Uncertainty?*

The Board was further informed that the Wednesday's meeting agenda included a review of the proposed IVS (effective 31 January 2028) publication dates and a review of IVS publications.

The Board was also informed that this would be followed by a review of the TAB's workplan for the next 3 months, a review of working groups and any other business.

The Board was advised that the TAB would be having an informal dinner on the Monday night and that there was the GALA dinner on Wednesday evening at the One Cloud Hotel.

### **IVSC CEO Update**

The Board was advised that Mustafa Elkaliouby had joined the IVSC as the new IVSC Middle East Director.

The Board was further advised that the IVSC Investors Forum had continued to expand with new constituents from the US, Middle East and potentially Australia.

The Board was advised that the IVSC had been engaging with IOSCO, who see valuation as a key area of focus for financial markets.

The Board was further advised that IOSCO is the international body that brings together the world's securities regulators and is recognized as the global standard setter for financial markets regulation.

The Board was also advised that IOSCO develop, implement and promote adherence to internationally recognized standards for financial markets regulation and work closely with other international organizations on the global regulatory reform agenda.

The Board was informed that IOSCO membership regulates more than 95% of the world's securities markets in more than 130 jurisdictions.

The Board was further informed that IOSCO have made a number of recommendations that IVSC see part of their work together.

The Board was provided with a summary of the recommendations and were advised that the recommendations were extremely confidential at this stage and should not be shared beyond the Board or discussed with other parties.

The Board generally discussed the recommendations and advised NT that the Board would provide NT with their thoughts in due course.

### **Next steps**

The Board to provide NT with their comments on the IOSCO recommendations.

## **Working Groups and Forums**

### **ESG/Sustainability Working Group (2025.06.02. Sustainability and ESG Discussion V2)**

*(Updates from meetings, Intended changes to IVS, Sustainability definition and approval, Perspective paper status and AOB)*

The Board was advised that the IVSC SRB ESG working group (“working group”) had been meeting on a monthly basis.

The Board was further advised that in a number of countries, such as the US, ESG had become a politically charged term and that these countries had been referring to “sustainability” and “resilience” instead of ESG.

The Board was also advised that the working group considered that ESG provides the measurement tools and sustainability is the outcome being pursued. *(Eg ESG is how we assess progress—sustainability is what we are aiming to achieve)*

The Board was informed that the working group had noted the following differences between ESG and Sustainability:

#### **ESG**

*Framework of criteria for assessment and disclosure*

*Tool for evaluating risks and opportunities*

*Operationalised through metrics and disclosures*

#### **Sustainability**

*Strategic outcome and long-term objective*

*Broader concept encompassing organizational resilience*

*Rooted in purpose, strategy, and values*

The Board was further informed that the working group had proposed the following definitions for ESG and Sustainability:

*“Sustainability is a broad concept encompassing organizational resilience, ethical practices, and the ability to maintain and manage resources and relationships, including those related to a company, assets and liabilities. It considers environmental, social, and governance factors over the short, medium, and long term to meet objectives and ensure ongoing viability.*

*ESG is a framework of criteria for assessing and disclosing the impacts of environmental, social, and governance factors in the valuation of an organization, company, asset, or liability, which collectively may impact performance and value.*

*This includes:*

- *Managing dependencies and impacts across the business ecosystem.*
- *Preserving and regenerating financial, natural, and human capital.*
- *Supporting long-term resilience and value creation.*

*As articulated in IFRS S1 (ISSB), sustainability is a condition for maintaining access to key resources and relationships over time.”*

The Board was further informed that the working group wanted the asset boards to consider the following questions:

- 1. Do the proposed definitions clearly differentiate ESG and sustainability in a way that is useful for valuation purposes?*
- 2. Are these definitions appropriate across asset classes (e.g., financial instruments vs. real estate)?*
- 3. Should we distinguish between general definitions and those specific to valuation practice?*

The Board discussed the proposed definitions of Sustainability and ESG and suggested the following revisions (shown in bold italics):

*“Sustainability is a broad concept encompassing resilience, ethical practices, and the ability to maintain and manage resources and relationships, including those related to the **useful life of an institution**, company, assets and liabilities. It **encompasses** environmental, social, and governance factors over the short, medium, and long term to meet objectives and ensure ongoing viability.*

*ESG is a framework of criteria for assessing and disclosing the impacts of environmental, social, and governance factors in the valuation of an organization, company, asset, or liability, which collectively may impact performance and value."*

The Board further discussed proposed changes to IVS 104 Data and Inputs and whether these included references to Sustainability.

The Board was advised that the working group were proposing that IVS 104 Data and Inputs was revised to refer to "*sustainability considerations and environmental, social and governance factors*" throughout the Appendix.

The Board was provided with the following example:

**"The *valuer* should be aware of relevant legislation and frameworks in relation to *sustainability considerations and environmental, social and governance factors* impacting a *valuation*."**

The Board discussed the topic further and asked for the proposed revisions to the definitions to be considered by the SRB in their forthcoming meeting.

The Board further asked for the SRB to consider the use of the word green within the sustainability definition.

### **Next steps**

KH and AA to advise the SRB of proposed changes to the sustainability and ESG definitions and to ask the SRB to consider the use of the word green within the sustainability definition.

### **Listed vs Unlisted (2025.04.07.IVSC - Draft Perspectives Paper - Exploring the divergence in public and private real estate markets clean)**

*(Updates from meetings, update from IVSC webinar, perspective paper status and AOB)*

The Board was advised that the IVSC SRB Listed vs Unlisted Group had been meeting on a monthly basis.

The Board was further advised BG, KH and Dirk Hennig are members of the working group.

The Board was also advised that the perspectives paper had been approved for publication and would be published in the June Enews.

The Board was informed that the perspective paper was titled *“Mind the gap: Exploring the divergence in public and private real estate markets.”*

The Board was further informed that this was the first perspective paper in the series and the second perspective paper would be on *“Valuation governance and regulation: Are investors, stakeholders and regulators in private markets yearning for greater valuation transparency?”*

### **Next steps**

None.

### **Technology in Valuation Working Group (2025.06.03. Draft Use of Technology in Valuation Perspectives Paper clean)**

*(Updates from meetings, intended changes to IVS, glossary adjustments, perspective paper status and AOB)*

The Board was advised that the IVSC SRB Use of Technology in Valuation Working Group (‘working group’) had been meeting on a monthly basis.

The Board was further advised the working group had finalised the attached perspectives paper and would seek a publication recommendation at the forthcoming SRB meeting.

The Board was also advised that the perspective paper described:

- *How the IVSC perceives recent technology impacting valuations.*
- *Opportunities and threats to valuations posed by these technologies.*
- *How current IVS standards address the potential impact to valuations.*
- *Potential areas for the IVSC to enhance its standards to further address these new technologies.*

The was informed that the perspectives paper noted that though the use of technology provides significant opportunities to improve valuation, it also presents challenges and risk within the following areas to which the IVSC Technical Boards are considering future enhancements:

- *Transparency*
- *Data and Inputs*
- *Valuation Models and Systems*
- *Quality Control*

The Board was further informed that the working group were considering that the specific reference to AVM within the introductory test should be removed as the statement and should be revised as follows:

***“No model without the valuer applying professional judgement can produce an IVS-compliant valuation.”***

The Board was also informed that the SRB would be discussing this topic over the next few days.

The Board was advised that the perspectives paper’s conclusion was as follows:

*“Although valuations conducted solely using AI, automated statistical models, machine learning, or deep learning are not currently compliant with IVS standards, these technologies offer valuers meaningful opportunities to enhance the valuation process. They can improve efficiency, expand data access, and support more robust analyses. However, their use also raises important questions about how valuers can consistently apply professional judgment and professional scepticism throughout the valuation, while effectively managing valuation risk, which IVS defines as “the possibility that the value is not appropriate for its intended use.”*

The Board further discussed the perspective paper and generally agreed that though it was a good baseline for this topic it would be helpful to produce a perspectives paper on the Use of Technology from a tangible assets perspective.

Further to discussion the Board agreed to reactivate the IVSC TAB AI working group post publication of the Use on Technology perspectives paper.

### **Next steps**

AA to reactivate the IVSC TAB AI working group post publication of the Use on Technology perspectives paper.

### **Valuation Risk Working Group (2025.05.30. IVSC Perspectives Paper Getting the Process Right Exploring-Valuation-Risk and 2025.06.03. Definition of Valuation Risk and Value Uncertainty Perspectives Paper v2)**

*(Bratt v Jones (2025) EWCA Civ 562, updates from meetings, valuation risk versus value uncertainty, introduction of 'range' concept from BVB, brief summary of recent UK case law re negligence, valuation precision versus accuracy, intended changes to IVS, required glossary adjustments, perspective paper status, TAB feedback to SRB as applicable and AOB)*

The Board was advised that the perspectives paper on Valuation Risk titled *"Getting the Process Right: Exploring Valuation Risk under IVS"* had been published in the May Enews.

The Board was further advised that that this was part of a series of perspectives papers and the next perspective paper in the series would be on Value uncertainty.

The Board was also advised that the working group considered valuation risk to be dealing with the process whereas value uncertainty dealt with the outcome.

The Board was informed that the purpose of the second perspectives paper on value uncertainty was:

*"To enhance understanding and transparency of value uncertainty by clarifying its sources, implications (e.g., where is it more reasonable to see a wider range of possible values, when should valuers consider performing additional procedures) and provide illustrative examples along with a discussion on disclosure considerations. It should aim to support valuers and users of valuations in interpreting and communicating value uncertainty."*

The Board was further informed that though Valuation risk was currently defined as *"the possibility that the value is not appropriate for its intended use"* the Glossary working group was proposing to revise this definition.

The Board was informed of the following three proposed revised definitions of valuation risk:

- 1) *The possibility that the **valuation** is not appropriate **and credible** for its intended use.*
- 2) *The possibility that the **valuation** is **not fit for purpose**.*
- 3) *The possibility that the **valuation** is not appropriate, **leading to a value that is not suitable** for its intended use.*

Further to discussion the Board preferred the first option.

## **Next steps**

KH to provide the Standard Review Board with the TAB thoughts on the proposed revisions to the valuation risk definition and the second perspectives paper on value uncertainty.

**Review of Working Groups (2025.05.28. IVSC SRB Working Groups List and 2025.05.15. IVSC TAB Working Groups)**

The Board discussed the following IVSC SRB working groups:

- 1. IVSC SRB ESG Working Group (Also ISSB)*
- 2. IVSC SRB Valuation Risk Working Group*
- 3. IVSC SRB Listed vs Unlisted Working Group*
- 4. IVSC SRB Technology in Valuation Working Group*
- 5. IVSC SRB Glossary Working Group*

The Board was advised that there were TAB participants in all the working groups.

The Board was further advised that all these working groups were ongoing.

The Board discussed the following IVSC TAB working groups:

- 1. TAB IVS 400 and IVS 410 Working Group*
- 2. TAB AI Working Group*
- 3. TAB Inspection Working Group*
- 4. TAB Valuation Review Working Group*

The Board noted that the TAB IVS 400 and IVS 410 Working Group was still working on revisions to IVS 400.

The Board agreed that when revisions to IVS 400 had been completed the working group would be placed on sabbatical until the IVS Exposure Draft Consultation responses had been received.

The Board noted that the TAB AI working group was currently on sabbatical and reactivated once the SRB perspective paper on the Use of Technology in Valuation had been published.

The Board noted that both the TAB Inspection and the TAB Valuation Review working group were on sabbatical.

The board agreed to reactivate these working groups, once the IVS Exposure Draft Consultation responses had been received.

## Next steps

The TAB AI working group to be reactivated post publication of the IVSC SRB perspectives paper on the Use of Technology in Valuation. All the other TAB working groups listed above to be placed on sabbatical until the IVS Exposure Draft consultation responses had been received.

## **Academic Forum Update**

*(Updates from meetings, AOB)*

The Board was advised that Frank Harrington and Mauro Bini were co-chairs of the IVS Academic Forum.

The Board was further advised that Jose Covas was the IVSC SRB representative on the Academic Forum.

The Board was also advised that AA and NK also attended these meetings.

The Board was informed that the main aims of the Academic Forum were as follows:

- 1. Production of Research** - *consider how it relates to IVS.*
- 2. Create awareness of IVS among academics** – *inclusion of IVS in University courses.*
- 3. Get academic assistance for the Boards on key topics** – *ESG, Use of technology in valuation (i.e. Artificial intelligence) and valuation risk.*

The Board was further advised that the SRB considered that the Technical Boards could help the IVSC Academic Forum with the following:

- 1. Organisation of the flow of information.*
- 2. Identification of potential members.*

The Board was also advised that the formation of the Academic Forum was still in its preliminary stage and at this point in term JC and AA were in the process of making a list of attendees.

The Board pointed out that though real estate valuation was included in most University courses there were very few courses, if any, for Plant, Equipment and Infrastructure valuation.

AA informed the Board that he would advise the Academic Forum of this.

## Next steps

AA to advise the Academic that though real estate valuation is embedded into most university courses there are very few courses, if any, for plant, equipment and infrastructure valuation.

## IVS General Standards

### **Glossary Working Group (2025.06.05. IVS Glossary)**

*(Updates from meetings, intended changes to Glossary, TAB feedback to SRB as applicable and AOB)*

The Board was advised that in relation to the Glossary the working group had agreed the following principles;

- 1) IVS Glossary only defines terms used in IVS.
- 2) Existing IVS Glossary definitions should be revised as little as possible.
- 3) New IVS Glossary terms should only be included if used in IVS. *(see 1)*

The Board was further advised that the Glossary working group had proposed removing the definition for Automated Valuation Models and including definitions for the following terms:-

- *Artificial Intelligence System (AIS)*
- *Automated Valuation System (AVS)*

The Board discussed these definitions and noted that many firms refer to Automated Valuation Systems.

The Board agreed that these definitions should only be included if relevant.

The Board was also advised that any decisions on including these definitions had been deferred until revisions were made to the IVS General Standards.

The Board was informed that the Glossary working group had also considered including the following new defined terms within the IVS Glossary:-

- *Financial Instrument*
- *Quality Control*
- *Review and Challenge*
- *Sustainability*
- *Value Uncertainty*

The Board was also informed that the Glossary working group had considered revising the definitions for the following terms:

- *Data*
- *Environmental, Social and Governance (ESG)*
- *Professional Scepticism*
- *Tangible Asset*
- *Valuation Risk*

The Board discussed revising the following definitions and recommended the following revisions:

#### **10.10 Professional Scepticism**

*Professional scepticism is an attitude that includes a questioning mind and critical assessment of the valuation.*

#### **10.24 Quality Control**

*Process of minimising risk to ensure a valuation is appropriate for its intended use and compliant with IVS.*

#### **10.30 Sustainability**

*A broad concept encompassing organizational resilience, ethical practices, and the ability to maintain and manage resources and relationships, including those related to a company, assets and liabilities.*

The Board further discussed the use of the word credible within the definition of Valuation risk:

#### **10.40 Valuation Risk**

*The possibility that the **valuation** is not appropriate **or credible** for its intended use.*

The Board questioned the use of the word credible within the definition of valuation risk and was advised that this term had been inserted to align with other standard setters and to provide further clarity.

Furthermore the Board was advised that the word credible was used over 130 times within IVS.

The Board also discussed the insertion of the word estimated within the following definition of Value:

#### **10.41 Value (noun)**

*The valuer's **estimated** quantitative conclusion on the results of a valuation process that is fully compliant with the requirements of IVS as of a valuation date.*

The Board felt the insertion of the word estimate went against the principles of the Glossary working group and recommended that this definition should not be revised.

#### **Next steps**

KH and AA to advise the Standards Review Board of the TAB Glossary comments. TAB IVSC SRB Glossary working group members are also to advise the working group of the TAB Glossary comments.

#### **Quality Control (2025.05.30. Quality Control)**

*(Introduction, Goal - determine additions/locations within General Standards, TAB feedback to SRB as applicable and discussion)*

The Board was advised that the paper on quality control was a provisional draft that had not yet been reviewed by the SRB.

The Board was further advised that the SRB was interested in receiving Technical Board comments to discuss and review at the forthcoming SRB meeting.

The Board commented that there were too many requirements in relation to quality control, involved a lot of repetition and needed to be more concise.

The Board further commented that quality control was an important risk management tool that should be considered at the beginning and end of the valuation process (ie *IVS 101 and IVS 106*).

The Board discussed the definition of quality control and agreed that the definition should be revised as follows:

**Quality Control:** *Process of minimising risk to ensure a valuation is appropriate for its intended use and compliant with IVS.*

The Board reviewed the requirements for 20.02 shown below:

*20.02 The valuer must apply professional judgement to establish and follow quality controls, ensuring that they are:*

- a) *Complete: valuations produce values that are sufficient to address attributes of the assets and/or liabilities,*
- b) *Effective: successful in producing an IVS-compliant value,*
- c) *Transparent: provide a record of the valuation and include sufficient information to describe the valuation conclusion reached, such that the valuer applying professional judgement is able to understand and review the valuation.*
- d) *Objective: are performed objectively without bias,*
- e) *Free from errors fully reflects the value.*

The Board discussed objective d regarding bias and noted that all valuation included an element of bias whether undertaken by a sole practitioner or a firm.

The Board noted that a valuation may not be “free from error”, but that a valuation should be undertaken with quality control commensurate with the risk associated with the valuation.

The Board further discussed whether quality control needs to be undertaken by a valuer but noted that in some instances non valuers may provide the quality control.

The Board also noted that the use of a valuer depended on the depth of quality control and a valuer may not be required for quality control if the procedures comprised checking number consistency and the quality of the report.

The Board agreed that if no quality control was to be undertaken or had been undertaken then this should be disclosed in both the scope of the work and the valuation report.

The Board also note that paras 20.4 and 20.5 (shown below) were duplicative.

*“20.04 Quality controls should include a degree of review and challenge by a party different from the valuer when an asset or liability is subject to higher valuation risk or value uncertainty.*

*20.05 Review and challenge should be performed by a party different from the valuer to assess the reasonableness of the decisions made by the valuer throughout the valuation and compliance with IVS.”*

Further to discussion the Board agreed that any standards in relation to quality control i) should be principle based, ii) should be undertaken relative to the risk

associated with the valuation, and iii) that quality control was a necessary part of the valuation process.

In being principle based, the role of IVS should not seek to fill the void of VPO's and regulators which may impose more stringent quality control conditions based on valuation purpose, asset class or jurisdiction (amongst other items).

## **Next steps**

KH and AA to advised the Standards Review Board of the Board's comments in relation to the proposed sections on quality control.

### **Use of Management Inputs (See IVS 103, Appendix A20.12-A20-13, Checklist Management Inputs Valuation and AS 2501 Auditing Accounting Estimates, Including Fair Value Measurements PCAOB)**

*(Introduction, potential changes to IVS, TAB market observations & experiences, TAB feedback to SRB as applicable and AOB)*

The Board was advised that the SRB was considering including the following new section within IVS 104 Data and Inputs on the Use of Management/Internal Data:

#### *"50. Use of Management/Internal Data*

*50.01 The valuer must determine if there is a suitable basis for all data or projections provided. This must include transparency into the ultimate source(s).*

*50.02 If projections are significant to the overall value, the valuer must apply professional judgement and professional scepticism in reviewing projections and consider the following:*

- a) Ability to fulfil expectations, financial or otherwise*
- b) Historic record of fulfilling stated intensions*
- c) Consistency with historic performance*
- d) Basis for significant shifts from historic performance*
- e) Whether the projections may be subject to manipulation, error, or bias*

*50.03 Management data and projections must be tested to the degree that it is possible. Testing may include but is not limited to the following, as applicable:*

- a) Review of independent analyst reports or forecasts if available*
- b) Benchmarking versus peer and/or industry trends*

- c) Consistency with historic data*
- d) Review of adjustments made to historic data*
- e) Testing severity of data provided to resultant value"*

The Board discussed the proposed text and though they agreed in principle with a section on the use of Management/Internal Data.

However the Board considered that the requirements were too prescriptive for an overarching principle based.

Moreover the Board did not understand why the Use of Management/Internal Data was being singled out and considered that these requirements should apply to all data and information.

The Board recommended consideration of existing principle based content discussing PFI contained within IVS 103, for example.

### **Next steps**

KH and AA to advised the Standards Review Board of the Board's comments in relation to the Use of Management/Internal Data.

## **IVS Tangible Asset Standards**

### **IVS 300 (2025.05.09. IVS 300)**

*(Consultation feedback, turn the pages, necessary amendments and next steps)*

The Board was advised that IVS 300 had been significantly revised for IVS (effective 31 January 2025).

The Board was further advised that at this point in time the Board was only considering the following consequential amendments to IVS 300:

- Revisions to IVS 300 Section 40 Scope of Work (40.04 to 40.06)
- Minor further revisions to terms to ensure consistent reference within IVS.

The Board further discussed IVS 300 and agreed that no further changes were needed at this point in time.

## Next steps

The Board is to keep a watching brief on IVS 300 to see if any further changes were needed.

### **IVS 400 and IVS 410 (2025.05.09. IVS 300)**

*(Consultation feedback, working group feedback re integration of IVS 400 & 410, turn the pages, necessary amendments and next steps)*

The Board discussed the merger of IVS 400 and IVS 410 and were in broad agreement with the merger of these chapters.

The Board further discussed IVS 400 in detail and agreed the following changes:

- Removal of reference to transition economies within IVS 20.02.
- Inclusion of 40.04 to 40.06 within section 40 Scope of Work.
- Replacement of references to "*lender*" and "*developer*" with "*intended user*" and "*developer*" to expand the applicability of the standards.
- Change of reference to IVS 103 Valuation Approaches within the Income Approach section.
- Change of reference from "Market Value" to "Investment Value" within section 80.05)
- Review of chapter to ensure consistent use of terms "*development property*" and "*secured lending*".
- Revised numbering for special considerations for Development Property.
- Review of order of the basic elements to be considered in the application of development property to a) proposed development, b) development timetable, c) completed property value...etc.
- Change of nomenclature from "*consultants fees*" to "*professional fees*".
- Change of nomenclature from "*existing asset*" to "*development property*".

The Board was advised that the next meeting of the IVS 400 and IVS 410 working group was on Wednesday 25<sup>th</sup> July 2025 at 11:00.

The Board asked AA to make the agreed revisions to IVS 400 in advance of the next IVSC TAB IVS 400 and IVS 410 working group call.

## Next steps

AA to make the agreed revisions to IVS 400 in advance of the next IVSC TAB IVS 400 and IVS 410 working group call.

# Review of TAB Agenda Consultation Topics

## Review of TAB Agenda Consultation Topics

The Board was advised that further to the IVS Agenda Consultation the SRB Key Topics, which should be considered by all Boards, were as follows:

- *ESG*
- *Technology in Valuation*
- *Valuation Risk*

The Board was also advised that the TAB Current Topics (0-2 Years) were as follows:

- *Investigations and Evidence*
- *Prudential Value for Immovable Assets*
- *Quality Control and Individual Valuer*

The Board discussed the current topics and noted that in addition to the TAB perspectives paper on Inspection the TAB had made revisions to the IVS 300 and IVS 400 Exposure Draft to incorporate addition requirements in relation to "*investigations and evidence*."

The Board further noted that in addition to the previously published statement on Prudential Value, the Board had assisted the European Membership and Standards Recognition Committee in publishing a position statement on Prudential Value.

The Board did not consider that any further actions were required in relation to Prudential Value at this point in time, but the Board would keep a watching brief.

The Board discussed "*quality control and the individual valuer*" and considered that this was more of an issue to be discussed by the VPO's.

The Board also noted that the Standards Review Board was considering revising the section on Quality Control within the IVS General Standards and this may lead to consequential amendments within IVS 300 and IVS 400.

The Board agreed to keep a watching brief on this topic and were advised that TAB representatives would be included in any IVSC SRB Quality Control working group.

The Board was also advised that the TAB Future Topics (Beyond 2 Years) were as follows:

- *Agricultural and Plantation Land /Biological Assets*
- *Insurance Valuation*
- *Trophy Assets*
- *Valuation Reviews*

The Board generally discussed these topics and considered setting up a working group for agricultural and plantation land post publication of the IVS Exposure Draft.

The Board further discussed the topics of “*insurance value*” and “*trophy assets*” and agreed to consider these topics further post publication of the IVS Exposure Draft.

The Board also discussed “*valuation reviews*” and noted that this topic had recently been discussed with the Standards Review Board and noted that no further action was required at this point in time.

### **Next steps**

The Board will keep a watching brief on the topics of “*Prudential Value*” and “*Quality Control and the Individual Valuer*” to consider if any further perspectives papers or consequential amendments to IVS 300 and IVS 400 are required.

### **Trade Related Property (Trade Related Property Presentation)**

SKD advised the Board that IVS contained no detailed standards on the valuation of Trade Related Property.

SKD further advised that IVS 2011 contained the following definition of trade related property:

***“Trade-related property: any type of real property designed for a specific type of business where the property value reflects the trading potential for the business.”***

SKD provided the following information in relation to the correct methodology for valuing Trade Related Property;

*“The full potential of a trade-related property can be utilised only as a part of the business or activity that it is specially designed for. You can rarely think of a hotel that can be sold under a ready demand for a different purpose if the business run by the hotel is closed or has no chance for profitable management. Therefore, such properties are generally sold as an operating asset as a part of the business activity that they run. It is for this reason, that the cost approach or the comparative approach do not produce their effective valuation that may appeal to a prospective customer. For an appropriate valuation the valuer has to take into consideration how successful the land and buildings are in terms of profitability to support the business run by them.*

*These types of properties stand alone and enjoy some sort of a quasi-monopoly in aspects such as statutory, locational, licensing or planning restrictions and throw down a challenge for similar properties for operating in the vicinity profitably. These restrictions help build up a handsome level of profit for such entities. However this does not mean that they are the only deciding factors to generate a profit. Factors such as entrepreneurial skill and facilities and services offered also contribute to the profit as a whole.*

*From the discussion above one can see that it is the level of profit that is the most crucial factor of the rental or capital value of a Trade-Related Property (TRP). And so an examination of the profits reasonably expected (actual or projected) is the first step to valuation of such properties.”*

SKD advised that there were the following three elements that contributed to the profits of a trade related property:

- 1. The brick and the mortar element*
- 2. The business element – also called the “goodwill” element*
- 3. The “contents” element that comprises of the decorations, furniture, equipment, software etc.*

SKD further advised that the profit generated by a hotel, nursing home or any other TRP arises due to the contribution of all the three elements jointly.

SKD also advised that it is the duty of the valuer to allocate an appropriate amount out of the total profit for each of the three elements separately according to well laid procedure.

AC advised that in France there was different methodology used for the valuation of Trade Related Property such as a hotel.

AC further advised that the methodology was quite prescriptive.

SKD advised that in India it was very difficult to get comparables for the valuation of Trade Related Property.

LL advised that the valuation of trade related property was quite a challenging area not only for secured lending but also for financial reporting.

The Board discussed whether there should be an additional section within IVS 400 on Trade related property, a separate chapter or a perspective paper to discuss the valuation of hotels and other trade related property.

The Board agreed to set up an IVSC TAB Trade Related Property working group and the following TAB members volunteered to join the working group:

***IVSC TAB Trade Related Property Working Group: AA, AC, CG, ER, LL, PA, SKD.***

### **Next steps**

AA to send calendar invites for the newly formed IVSC TAB Trade Related Property Working Group.

## **Review of IVS Publication Communications**

### **Review of IVS Publication Communications (2025.05.01. IVS Bylaws and IVSC Standards Review Board Due Process and Working Procedures and IVSC Standards Review Board Process and Working Procedures)**

The Board reviewed the different types of IVS public communications and advised as follows:

- Perspective papers - *inform standards or for market engagement on key issues*
- FAQ - *explain standards*
- Issuing IVS – *issued ever three years.*
- IVS Exposure Drafts – *issued every three years.*
- IVS Basis of conclusions – *issued for both IVS Exposure Draft and final IVS.*
- IVS Red Line – *issued for both IVS Exposure Draft and final IVS.*
- Agenda consultation – *issued every three years.*
- Agenda Consultation Summary of Responses – *issued every three years.*
- Position Statements – *New concept. Issued as needed largely by IVS Regional Committees in conjunction with the Boards. Recent example Prudential value Position statement.*

- Comment letters and other – *Issued by the SRB in conjunction with the relevant Asset Board.*
- Review of bylaws and standard setting guidelines – *Reviews undertaken by SRB, but recommendations can be made by the Technical Boards.*

### **Next steps**

None.

## **IVS Publication Schedule**

### **IVS Publication Timetable (2025.05.29. IVS Effective 31 January 2028 Publication Schedule)**

The Board was advised that in addition to issuing the Exposure Draft in January 2026 the Board would also be issuing a red line version and a basis of conclusion.

The Board was further advised that the planned publication schedule for the IVS Exposure Draft is as follows:

- *IVS (effective 31 January 2028) Exposure Draft Publication Date (31 January 2026)*
- *IVS (effective 31 January 2028) Exposure Draft Red Line Publication Date (31 January 2026)*
- *IVS (effective 31 January 2028) Exposure Draft Basis off Conclusions Publication Date (31 January 2026)?*

The Board was also advised that the IVS (effective 31 January 2028) Exposure Draft Consultation would be in consultation for 90 days between 31 January 2026 and 30th April.

The Board was informed that the Boards would review the consultation responses between the 1<sup>st</sup> May and the 30<sup>th</sup> June.

The Board was further informed that in order to meet publication requirements the final IVS Exposure Draft, red line and basis of conclusions needed to be completed by the 31<sup>st</sup> October 2025.

The Board was also informed that the planned publication dates for IVS (effective 31 January 2028) were as follows:

- *IVS (effective 31 January 2028) Final (31 January 2027)*

- *IVS (effective 31 January 2028) Final Red Line (31 January 2027)*
- *IVS (effective 31 January 2028) Final Basis off Conclusions Completed (31 January 2027)*

## **Next steps**

AA to advised the Board of any proposed revisions to the publication schedule.

## **Administration**

### **TAB Next 3 Months**

*(Actions, timing and responsibilities)*

The Board discussed the agenda for the next three months.

The Board was advised that the main focus of the next three months was finalising revisions to IVS 300 and IVS 400 and reviewing proposed revisions to the IVS General Standards.

The Board was further advised that the IVS Exposure Draft needed to be approved in advance of the IVSC October AGM so the SRB could vote on the publication of the IVS Exposure Draft.

## **Next steps**

The Board needs to finalised revisions to IVS 300 and IVS 400 in advance of the IVSC October AGM.

### **AOB**

*(Income approach for tangible assets, RICS perspectives, IVS 230 – Inventory and Future Meetings)*

CG advised that the RICS had been discussing the use of the income approach for tangible assets.

CG further advised that these discussions were a result of the RICS regulatory review and explored the use of the income approach for investment properties.

KH advised that the BVB were currently considering merging the BV chapters within IVS.

KH further advised that IVS 230 Inventories was also applicable to tangible asset valuations and therefore was concerned about it being integrated into a merged BV chapter.

KH also advised that he would keep a watching brief on any proposed merger of these chapters and would keep the TAB informed of this process.

KH added that depending on the proposed revisions to the BV chapters the TAB may wish to consider including a section on inventories within the tangible asset chapters.

The Board discussed the following future physical meeting dates over the course of the next year:

- *November 2025 AGM - New Delhi (27th October 2025 - 29th October 2025)*
- *March 2026 - Mexico City (2nd March 2026 – 6th March 2026)*
- *June 2026 - Lisbon (15th June 2026 – 19th June 2026)*

AA advised that he was in the process of trying to organise a meeting room for Thursday 30<sup>th</sup> October so both Boards could meet for two days/

The Board discussed the potential meeting in Mexico and agreed that unless the TAB had received sufficient consultation responses the TAB would not meet on these dates.

The Board discussed the Lisbon meeting and agreed that the TAB would meet in Lisbon between the 15<sup>th</sup> and 17<sup>th</sup> June.

KH thanked all the Board for their attendance and participation and the Board that the next TAB conference call was on Wednesday 9<sup>th</sup> July.

### **Next steps**

KH and AA to keep a watching brief on the proposed merger of the BV chapters.