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International Valuation Standards Board
41 Moorgate
LONDON EC2R 6PP
United Kingdom

Dear Sirs

RE: Exposure Draft for Proposed New International Valuation Standards

Following are my comments on the Exposure Draft for the Proposed New International Valuation Standards recently published by the Board (my comments follow the numbering of the Overview and Questions for Respondents):

IVS 102 - VALUATION APPROACHES

7) I generally agree with the hierarchy, although I think it should be expanded to include a preference ordering between the Income Approach and the Cost Approach.

I suggest further guidance concerning which specific methods should be considered to be an implementation of the Direct Market Comparison Approach. For example, in the Investment Method of property valuation both the Estimated Rental Value and the Initial Yield are determined by means of direct comparison with market evidence. Is the Investment Method to be considered an implementation of the Direct Market Comparison Approach? Or perhaps an implementation of the Income Approach? I think the former, but in any case such delineations should be commented upon. (As another example, the Profits Methods is definitely an implementation of the Income Approach.)

IVS 103 - BASES OF VALUE

11) I agree with those who claim that use of the term "Investment Value" is a potential source of confusion. Elsewhere in the Proposed International Valuation Standards it has been commented that "Investment Value" and "Value-in-Use" are similar concepts (IVS 201.04, para. 6; p. 53 of the Exposure Draft). I do not find the differences between the two sufficiently significant to merit use of the term "Investment Value", with its potentially misleading connotations. Furthermore, "Value-in-Use", which is historically more entrenched, could be defined in the Standards to mean that which is meant by the term "Investment Value". Therefore I think use of the term "Investment Value" should be abandoned.

13) I think "Fair Value in general use" is a vacuous description, since "Fair Value" is ubiquitous in accountancy and universally accepted to mean Fair Value as defined in accountancy standards such as IFRS. Therefore I think the IVS definition of Fair

Value is a further source of potential confusion. I would propose seeking a different term for Fair Value as defined in the IVS.

APPLICATION STANDARDS

16) I agree the fundamental principles should remain unchanged, regardless of the purpose of valuation. Further, it seems the proposed IVS application standards, especially those for IFRS and IPASB, do little more than quote and/or rewrite parts of those latter standards, apparently for the benefit of valuers not acquainted with IFRS and IPASB. However, that is a possible source of confusion, and since those accountancy standards do have parts dealing with the specific issues concerning application of valuation to financial and public accountancy, I think it best not to intervene by means of separate IVS application standards for those specific purposes. I think it would be preferable to attach the relevant IFRS and IPASB standards as an addendum to IVS. It might also be worth considering publishing a separate Guidance Note (or TIFs) dealing with IVS interpretation of the valuation issues in IFRS and IPASB, but I do not find it justifiable to have such guidance published as application standards integral to IVS.

However, in contrast with the above, the proposed application standard for secured lending valuation is excellent and should be retained. It should also be noted that contrary to the proposed application standards for financial and public accountancy valuations, the proposed application standard for secured lending valuation does not run into competition with material published by other standard-setting bodies, and is therefore both pertinent and much needed.

17) My reply to this question was contained in my above reply to question no. 16.

I would like to add that the Proposed Standards are a marked improvement on the current and previous editions of IVS. I commend the Board and the Council on their significant achievement in developing the Exposure Draft.

Yours sincerely

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