

IVS 410 comments NRVT NL

- (a) In IVS 2013, all substantive portions of IVS 233 *Investment Property Under Construction* were labelled as “commentary” (except for scope and effective date). This label seems to have created some confusion amongst stakeholders as to whether the standard was mandatory. The Board’s position is that all aspects of IVS 2017 should be mandatory and this Exposure Draft has removed the “commentary” label for clarity. Do you agree with the removal of the commentary label?

Yes, we agree, confusion should be avoided

- (b) The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of both commercial and residential development property regardless of the purpose of the valuation (ie. establishing whether proposed projects are economically viable, loan security, acquisition, taxation, litigation, financial reporting etc.). Do you agree? If not, for what purpose(s) do you not believe this standard can be applied? Why?

Yes

- (c) Are there any further topics that you feel the Board should add or remove from IVS 410 *Development Property*? If so, what are they and what is your rationale?

Comment NRVT NL on IVS 410 question c

We read the exposure draft IVS 410 with great interest and formed a study group of some development experts to create the best possible feedback. When studying the full text, we came to some suggestions/amendments which might contribute to the final version of the Full IVS 410 text. We organized it using the paragraph numbers as used in the document, although it might be that some remarks made will be also applicable in the document elsewhere.

Overview

In 20.6 the last sentence mentions “any material uncertainty” is mentioned, but in 20.7 only “impact of future changes” is described. We suggest to add “material” also, so the text should be “impact of material future changes”. The addition will prevent that even future changes with hardly any material effect shall be discussed.

Than the value of the land. According to the highest and best use principle the value should be based upon the following conditions : it should be financially viable, construction wise possible and according to the existing jurisdiction including the zoning of the land. In our country there are several stages in the eventual change of the zoning of the land in case that will be needed to make a development possible. It will be on country, provincial and city/community level and each ‘positive’ decision in favor of the development project will increase the chances to accomplish the development project and as a consequence will have its effect on the (future) value of the land. The European Valuation Standards EVS invented for those situations the “hope value” which anticipates on future positive changes in the statutory/zoning plans, based upon justifiable optimism and expectations. Although we don’t have an exact answer we would like to ask the Standards Board to come up with a view and some guidance on the value of the land at the different stages of the development process.

Residual method

First of all we do like the extensive way in which the residual method has been described in

detail compared to the previous IVS 233 text. In our country it is the most common method to be used in valuing the development projects. We noticed the extensive way in which the basic elements have been described in 90.6. Although we realize that the list from (a) through (h) isn't intended to be complete, we have some suggestions. What we miss in that list is the cost of the organization itself, which in our country is a separate element if making an estimate of the market value of a development property. Some elements like marketing costs might be included in the costs of the organization but the costs of the organization itself seem to be missing. We strongly suggest that the Standards Board will have another look at the list and maybe include some more essential elements.

As far as the (re)development of the Existing Asset is concerned, we suggest an extension of (g). Besides the archaeological constraints there might be flora or fauna constraints as well which might stop the development process. In Europe the Habitat Directive is intended to protect the 'living nature' against violation of its natural habitat in the area to be developed. The rule is that another area/habitat similar to that which will be developed, has to be created by the developer. Also, even worse, sometimes investigations will start to find out if a rare species is living in that area and it could take many months to find out.

To conclude, all in all we think that the new standard IVS 410 will be an improvement compared to IVS 233 with enough freedom to implement it at the national level.

A more general comment about the exposure draft process to conclude : it would be helpful when in the case of an amendment of an existing standard a compare version would become available, it would make the comment process more efficient.

IVS 101 102 103 comments NRVT NL

IVS 101 Scope of Work

- (a) Do you agree that it is the valuer's responsibility to communicate the scope of the assignment to all parties to the valuation engagement? If not, why?

Yes, we agree

- (b) Do you agree that a written scope of work for each valuation engagement is not always possible or necessary? If not, why?

There might be circumstances like time pressure which require an engagement by telephone and recorded. However, it always should be followed by a written engagement afterwards.

IVS 102 Investigations and Compliance

- (c) Do you agree that a valuer must perform sufficient investigations and procedures to assess the appropriateness of all inputs and assumptions? If not, why?

Yes, we agree

- (d) Do you agree that significant limitations that impair a valuer's ability to assess the appropriateness of the inputs and assumptions should result in a valuation not being in compliance with IVS? If not, why?

Yes, we agree. However, it would be helpful to describe what the meaning/interpretation of 'significant limitations' should be in any given circumstances. Moreover, essential investigations and input, where applicable based upon IVS, should be mandatory.

IVS 103 Reporting

- (e) Do you agree with moving from a prescriptive to a principle-based reporting format? If not, why?

Yes, we agree

- (f) Do you accept that a report can take any form providing it sets out a clear and accurate description of the scope of the assignment, its purpose and intended use and discloses of significant inputs assumptions? If not, why?

Yes, we agree

Amendment on article 20.5

A written scope of work may not be necessary ~~in certain circumstances, particularly~~ for in-house valuations. However, since valuers are responsible for ensuring that all parties to the valuation engagement understand the scope of work, a written scope of work is strongly encouraged. In addition, a written scope of work is beneficial to the extent that a valuation engagement is viewed or relied upon at a later date.

IVS 400 comments NRVN NL

- (a) In IVS 2013, all substantive portions of IVS 230 *Real Property Interests* were labelled as “commentary” (except for scope and effective date). This label seems to have created some confusion amongst stakeholders as to whether the standard was mandatory. The Board’s position is that all aspects of IVS 2017 should be mandatory and this Exposure Draft has removed the “commentary” label for clarity. Do you agree with the removal of the commentary label?

Yes, we agree, confusion should be avoided. Also, we think that essential elements from the commentary has now been included in the IVS 400.

- (b) Do you agree with Section 20.5, which states it is the valuers responsibility to state the extent of the investigation and source of the information to be relied on? If not, why not?

Yes, we agree, but of course within the IVS and/or national law and regulations

- (c) The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of real property interests regardless of the purpose of the valuation (secured lending, sales of real property, taxation, litigation, insolvency proceedings and financial reporting, etc). Do you agree? If not, for what purpose(s) do you not believe this standard can be applied? Why?

Yes, we agree

- (d) Are there any further topics that you feel the Board should add or remove from IVS 400 *Real Property Interests*? If so, what are they and what is your rationale?

We also noticed that the annexe – historic property has been removed as well. As far as we are aware no explanation has been given for that removal. Since we believe that historic property also represents a specific type of real property interest with a lot of (inter)national obligations like from UNESCO, we wonder what the reasons have been to remove this part of the IVS 230.