International Valuation Standards Council (IVSC)

Consultation Paper

IVSC Standards Board Agenda Consultation

Response of the
Royal Institution of Chartered Surveyors (RICS)

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Introduction

The Royal Institution of Chartered Surveyors (RICS) has noted the publication of the Consultation Paper – IVSC Standards Board Agenda Consultation – produced by the International Valuation Standards Council (IVSC) in July 2014 and welcomes the opportunity to comment.

About RICS

RICS is the global leading organisation for professionals in real estate, land, construction and related environmental issues as well as working in the personal property and business assets sectors.

Over 120,000 RICS members, who are Chartered Surveyors, exist globally and operate out of 146 countries, supported by an extensive network of regional offices (detailed on our website) located in every continent. RICS Headquarters is based in London and our international work is supported by a network of regional offices and national associations.

RICS members play a vital role throughout the entire asset life cycle – from initial inspection and measurement through to investment in, and the development and use of, physical structures and other assets, as well as financial and business interests. In the valuation field our members' expertise covers a very wide range of disciplines, including business valuation. We also provide impartial advice to governments, policymakers and non-governmental organisations.

RICS is an independent professional body, which was established in 1868 and has a UK Royal Charter. It is committed to setting and upholding the highest standards of excellence and integrity, providing impartial and authoritative advice on key land and asset issues affecting businesses and society.

RICS is a regulator of both its individual members and firms enabling it to maintain the highest standards and providing the basis for unparalleled client confidence in the sector. This regulation includes a specific focus on valuation via Valuer Registration.

As well as technical standards there are also rules of conduct for members and rules for the conduct of business for firms. These rules are coupled with ethical standards for all members.

RICS and Valuation Standards

A significant proportion of our members are involved in valuation practice on all manner of assets. The first RICS Valuation Standards publication was produced in 1976 and the current standards are the "RICS Valuation – Professional Standards" effective from 1st January 2014. The standards are commonly known as "the Red Book" and contain mandatory rules and best practice guidance for valuations of real estate and other assets.

RICS adopts the International Valuation Standards (IVS) 2013. The adoption of IVS in the Red Book provides an implementation and practice framework for the application of IVS globally, ensuring that RICS members follow consistent methodologies throughout the world.

The Red Book is mandatory for all RICS members and regulated firms worldwide when carrying out Red Book-specific valuations. It is also widely referred to by non-RICS valuers.

The global section of the Red Book comprises a broad ethical framework which can be applied to valuations of any asset type in any jurisdiction, in harmony with national legislation. They comprise a framework for the following and define the parameters for compliance with the Red Book, including adoption of the International Valuation Standards:

- VPS1 – Minimum terms of engagement;
- VPS2 – Inspections and investigations;
- VPS3 – Valuation reports;
- VPS4 – Bases of value, assumptions and special assumptions.

More specifically requirements relating to observance of standards and practice statements where a written valuation is provided and ethics, competency, objectivity and disclosures are set out in Professional Standards PS1 and PS2.

The global standards are accompanied by detailed national standards for a number of individual jurisdictions.

For more information please visit http://www.ricsvaluation.org/

1 October 2014

Our Ref: BE/AA/CD1

International Valuation Standards Council
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Dear Sirs

Re: RICS OBSERVATIONS ON THE CONSULTATION PAPER ON THE IVSC STANDARDS BOARD AGENDA CONSULTATION

Before responding to the questions raised in the current Consultation Paper, it is important to set out the RICS's overall position regarding international valuation standards (IVS), for which it has been a strong advocate for many years and also one of the very first adopters of the IVS published by IVSC, now embodied in the 2013 edition.

RICS is very much in accord with the objectives reproduced below which are taken from the introduction to the separate IVSC Consultation Paper on the *Structure and Scope of the International Standards*, concerning which RICS has separately responded:-

1. Building confidence and trust through transparency
2. Narrowing differences in valuation through consistency
3. Promoting convergence through increased adoption and use of the IVS

RICS is also in agreement with the following opening paragraph of the IVS Framework:

> *"Applying the principles in these standards to specific situations will require the exercise of judgement. That judgement must be applied objectively and should not be used to overstate or understate the valuation result. Judgement shall be exercised having regard to the purpose of the valuation, the basis of value and any other assumptions applicable to the valuation."*

which it considers is complemented by the statement in paragraph 4 of the *Structure and Scope* consultation paper introduction that; *"If the objective of narrowing differences in the valuations of similar assets is to be met, something other than a list of requirements is needed in order to provide guidance on the exercise of judgement in different situations."*

In establishing the forward agenda for IVSC's Standards Board, RICS believe that the IVSC focus should be on high level principles and their embodiment in high level international standards. RICS do not believe that there is a need for IVS to provide guidance and information on practical valuation matters, which in any event are often specific to particular jurisdictions or situations. This role is best undertaken by the VPO's (including RICS) who can tailor material to specific needs and specific markets relevant to their members. Extending IVSC's activities into this territory risks undermining its critical role as a standard setter, and risks confusing this role with that of the VPOs, with which it seeks to facilitate collaboration and cooperation, but not displace. RICS do not feel that work of this nature is sustainable and would not be supportive of a standard setter moving in this direction. We understand that this is the opinion of the majority of the IVSC Advisory Forum Executive Committee.

The RICS's responses to the current Consultation Paper questions as set out below must be read in the above context:

Question 1a

Should the IVSC supplement its current standards with additional standards for subsets of assets that fall within the high level categories currently covered in IVSs 200 - IVS 250?

If yes, please indicate the nature of the subsets that you would like to see included and any criteria that you believe that the Board should take into account in determining the priority to be given to these.

RICS consider that it would be proper not only to consider the need for additional standards for subsets of assets within the categories covered by IVSs 200-250 but also to keep those high level categories under review in the light of experience. Thus RICS welcomed IVSC's recent initiation of a review by means of an Exposure Draft (ED) setting out proposed amendments to IVS 230 and IVS 300 - the RICS response to the ED was submitted on 29 April 2014, to which reference should be made for further detail (and RICS looks forward to the outcome of IVSC's deliberations on this particular issue, which it notes is listed in the Appendix to the current consultation paper).

RICS believe that IVS should give further consideration to where the line between "high level" and "subset" categories should actually be drawn. In paragraph 22 of the Consultation Paper it is stated that "*the IVS Asset Standards (IVSs 200 – 250) provide supplementary requirements and commentary to assist the application of the generic principles to each of the following five major asset classes, Businesses, Intangibles, Plant & Equipment, Real Property and Financial Instruments.*" RICS would question whether these 5 major asset classes are sufficient and whether they embrace all (or at least virtually all) forms of asset to which the IVS are intended to apply. For example, it could be argued that whilst land fits within the high level category of "real property", natural resources associated with land (not necessarily on-shore) are a less obvious fit and neither are biological assets grown or reared on land. Furthermore personal property in its widest sense is currently absent from the list. RICS would therefore suggest that IVS undertake a review of the high level categories to ensure that all major asset classes are included.

RICS is supportive of the IVSC providing "*supplementary requirements and commentary to assist the application of the generic principles*" contained in the General Standards. This assists interpretation, but should stop short of considerations relating to detailed implementation.

In respect of the specific question posed, any new material covering one or more "subsets" of the major asset classes covered by the existing IVSs 200-250 would require close and fairly rigorous consideration as to whether it amounted to a standard ie a supplementary "requirement" or was more in the nature of supporting interpretation ie "commentary".

In the latter case, an alternative and probably preferred approach would be extension of an existing standard to address a significant issue. Need should be judged against criteria consistent with the original rationale for establishing high level internationally recognised standards. Aligning with the principles set out in paragraphs 7 and 8 of the Introduction to the current consultation paper, such criteria might be articulated as:

- Firstly, the asset "subset" should be capable of clear definition and display certain unique qualities and/or characteristics that make it distinct overall.

- Secondly, the issues in relation to which a standard is required should arise directly or indirectly in consequence of those unique qualities and/or characteristics and be very carefully analysed and considered to ensure the issues are relevant to an asset standard (IVS 2XX series) as opposed to an application standard (IVS 3XX series).

RICS would fully endorse the statement contained within paragraph 8 of the '*Project Criteria*' and believe that any issues should primarily or exclusively involve matters of principle rather than matters of practice, and in all cases should be of universal (ie global) relevance: matters specific to individual jurisdictions, or to a limited number of jurisdictions, should not be included.

In instances where IVSC consider there is a demonstrable need for a separate standard, as opposed to the supplementing of an existing standard, then this need should be shared with the member Valuation Professional Organisations (VPOs) and be supported by a clear majority of those VPOs prior to IVSC embarking on a project of this nature.

The RICS believes that IVSC has correctly identified some current issues on which it has posed more specific questions below. The RICS responses are therefore given under those detailed headings.

Question 1b

Should the IVSC create additional standards to deal with the application of the principles in the existing IVSs to valuations for different purposes?

If yes, please indicate any purposes other than those already covered in IVSs 300 and 310 (Financial Reporting and Real Property for Secured Lending) that you would like to see included and any criteria that you believe that the Board should take into account in determining the priority to be given to these. Other comments on each of these projects,

such as on the proposed scope or representations as to the conclusions that should be reached, should be avoided. There will be opportunities to comment on the detail of each project when Exposure Drafts are issued

Despite the restricted scope of this question, the RICS believes that there is particular advantage in IVSC working closely with IASB in relation to the continued development of the IFRS, which in turn will highlight areas where commonality in valuation standards and their application is important and/or where current reporting is insufficiently consistent. A major area still under consideration by IASB concerns leases, not just in relation to real property, and it is assumed that the Application Guidance within IVS 300 will be kept under active review to reflect this.

It is suggested that the valuation of property for investment, and of real estate for development or during the course of construction, is more akin to an Application, though the extent to which a need for new standards and/or guidance arises will flow from the current IVSC deliberations referred to in the consultation paper Appendix, into which the RICS has already provided input.

Finally, it is noted that IVSC are giving consideration to the issues involved in valuing specialised public sector assets. This again probably spans Asset and Application classifications, though it might be doubtful that a new valuation standard, as opposed to supplementary guidance, will result. RICS views on the IVSC consultation were submitted on 28 February 2013. See also our response to Question 5 below.

Question 2a

Do you or your organisation encounter valuations of assets in the Extractive Industries? If no, please proceed to Question 3a. If yes, please indicate the nature of the assets involved and the purposes for which the valuations are required.

RICS members practice globally across a very wide range of disciplines and do therefore encounter valuations of assets in the Extractive Industries. More specifically, our members undertake valuations primarily in (though not limited to) the UK, North America, Mainland Europe, New Zealand, Australia and wider Australasian countries, including Papua New Guinea. The natures of the assets involved are as follows:

- Water for consumption (including irrigation) or for processing
- Primary aggregates – sand & gravel and hard rock quarries
- Industrial minerals – silica sand, potash, diatomaceous earth and others
- Energy resources – coal, oil and gas (including shale gas)

Wasting assets are defined as assets with a finite life which, when consumed, cannot be renewed in the existing physical location in which they occur, and so examples of such assets extend beyond natural resources to include such items as waste disposal void space. All these assets share the characteristic that their annual income varies according to the level of input/output, processing costs, selling price and liabilities. This, in turn, has an impact on the remaining economic life of the asset

and, therefore, its Market Value (as defined in IVS). There are a number of reasons why wasting assets may need to be valued. They include:

- financial reporting;
- sales and acquisitions/company mergers;
- public and/or private funding;
- rent or royalty review;
- taxation and litigation; and/or
- buildings and plant and equipment valuation for insurance purposes.

In addition, our members are regularly engaged in the assessment of future restoration costs (which may also involve consideration of the use of exhausted sites for waste disposal) and of environmental liabilities following minerals extraction. It should be emphasised that, though conveniently grouped under the term "extractive industries", the nature of the individual assets and/or the manner in which they fall to be extracted and treated or purified are often highly specialised.

Question 2b

Do you have experience of problems or inconsistency in the way in which assets in the Extractive Industries are valued? If so please also indicate whether, in your experience, these are:

i) specific to a particular country or jurisdiction or are common across borders,
ii) arise across all the extractive industries or are specific to a particular sector (eg mining) or subsector (eg metal ores).

RICS responded to the previous IVSC consultation paper on this subject on 19 October 2012 and was also involved in the IVSC sponsored working group to bring together global experts in this complex sector. Inter alia, it noted the inherent complexity and also the different approaches utilised in calculating and valuing reserves across the different extractive industries' sectors. Whilst supporting consideration of the development of sector-specific guidance aimed at promoting harmonisation across individual industries and more widely across borders, it also emphasised the importance of valuers being in a position to provide broader advice, for example valuing an entire business.

Issues arise across all the extractive industries, and this is probably due in part to the fact that valuation approaches are often accountancy based and with a strong element of geological specialist knowledge, given the complexities and costs associated with the extractive process – high exploration costs, start-up costs and operating costs. There can also be considerable international variability in the price of eg mining ores. Overall, commodity markets directly affect the global economy and any risk of over-valuation or of inadequate reporting is always a matter of potential concern. Case studies might draw on the examples of Glencore or of Shell.

Specific problems and inconsistencies have, inter alia, been reported by RICS members in Australia where, over the last 5 years, discussions between operators in the industry and RICS and the Australian Property Institute have led to greater consistency of approach.

As with the majority of more conventional property valuations, the usual valuation technique to determine Market Value is based on the analysis of direct comparable evidence. Unfortunately, it is rare for wasting assets to be sold in their own right. When they are sold, they are normally associated with a company acquisition of multiple operations or larger land deals.

The methodologies used by RICS members (within the context of the RICS guidance note 'Valuation of mineral bearing land and waste management facilities 1st edition 2010') are as follows for wasting assets:

- Comparable evidence, or
- Capitalisation of actual or notional royalties over the life of the resource/void space being valued, which in principle reflects the value of the natural resource or void space as an asset (The capitalisation rate is usually calculated from recent, comparable sales. Where such evidence is unsuitable or unavailable, the capitalisation rate is based on an equated yield, the return reflecting adjustments for non-recurring or abnormal items which can be numerous), or
- If valued as an 'operational going concern', an appraisal of the potential profit margins being achieved from the sale of the natural resource or void space should be completed. This information is usually incorporated into a discounted cash flow model to arrive at the net present value of the projected future cash flows of the operation (DCF).

We would reiterate the highly complex nature of this sector and the need for deployment of high levels of skill coupled with access to specialised datasets, and appropriate knowledge and understanding of relevant legislation.

Question 2c

Please indicate whether you believe that this should be a high, medium or low priority for inclusion on the Board's agenda.

RICS believe valuations of assets in the Extractive Industries should be 'medium priority', which presumably would seek to build on the earlier (but uncompleted) IVSC initiative. (It should be noted that RICS is itself undertaking a review of its current guidance note during the course of 2014-15).

Question 3a

Do you or your organisation encounter valuations of forests or woodland used primarily for timber production? If no, please proceed to Question 4a. If yes, please indicate the nature of the forests and geographic region involved and the purposes for which the valuations are required.

Yes, RICS members practise globally across a very wide range of disciplines and do encounter valuations of forests or woodland used primarily for timber production. Other types of non-commercial forestry (rainforest etc) significantly extend the scope in potential 'ecosystem valuation' and 'carbon value' – an area of increasing complexity and global interest.

As stated in the RICS guidance note 'valuation of woodlands 1st edition 2010:

> *"There are many different types of woodland, which not only impacts the potential demand, but also the valuation approach. Woodlands may form an integral part of a farm or rural estate, or they may represent distinct entities in their own right. For those that form distinct entities there are essentially two 'market categories' of woodland: primarily commercial or investment woodlands; and primarily amenity woodlands. Within these categories, there are many different woodland types in terms of size, species, age, silvicultural system, structure and condition."*

The purposes for which valuations are provided include:

- acquisition (including mergers) and investment
- disposal
- leasing or letting
- secured lending
- insurance
- compensation
- financial reporting
- taxation

Question 3b

Do you have experience of problems or inconsistency in the way in which commercial forests or woodlands are valued? If yes please indicate whether, in your experience, these are:

i) specific to a particular country or jurisdiction or are common across borders,
ii) broadly applicable across all the types of commercial forest or to be specific to a particular sector or type of forest.

The RICS provided comment on 15 February 2013 in response to the earlier IVSC consultation on this subject. Inter alia, it noted the following:

> *"The differences in measurement or sampling techniques used across countries/jurisdictions to assess forest inventory could affect both individual outcomes and overall consistency.*
>
> *There are also differences due to the variety of valuation approaches adopted, both for the asset as a whole and also for the purposes of apportionment between land and (prior to felling) biological asset where required (ie if the latter is not separately valued)."*

RICS note that inconsistencies are due to a variety of factors including the need for appropriate knowledge and experience (where its own members seek to promote and adopt high standards), to which might be added – the often limited availability of comparables, lack of information about and/or considered analysis of the components of the woods being compared, inaccuracies in forest records, and the need to check any conditions in the title. In some jurisdictions the impact of grants – Government-provided or otherwise – and/or tax incentives may be material. Also there are variations in the approach to, and assessment of, prairie land values.

RICS would also highlight the importance of distinguishing between the costs incurred in creating the biological asset and its value at any defined point in time, from planting through to felling and processing

Question 3c

Please indicate whether you believe that this should be a high, medium or low priority for inclusion on the Board's agenda

RICS believe forestry valuations should have 'medium priority'.

Question 4a

Do you or your organisation produce or rely on valuations of real property that is normally bought and sold at a price which reflects the potential earnings that can be made from operating a particular type of business from the property? If no, please proceed to Question 5a. If yes, please indicate the type or types of real property that you are aware are generally valued using this approach.

Yes – RICS members are extensively involved across the globe in valuing trade related property (as per the IVS definition) which includes hotels, bars, public houses, restaurants, nightclubs, casinos, cinemas and theatres (and many other forms of leisure-related property). Petrol filling stations, care related properties and some self-storage facilities are further examples.

It should be stressed that our members' involvement may extend beyond the valuation of individual trade related properties to the valuation of businesses or business interests of which they form but one of the constituent assets.

Question 4b

Do you consider that it would be beneficial for the Board to produce guidance on the method of valuation of a real property interest that uses the income that can be generated by a business in occupation as an input?

The RICS responded in detail in October 2012 to the earlier IVSC consultation on this issue, and has for some time itself published guidance on the valuation of individual trade related properties, the latest incarnation of which is to be found at VPGA 4 (page 84) in the 2014 edition of the RICS Valuation – Professional Standards. Although not encouraging IVSC to consider

development of detailed guidance on valuation method per se, RICS does support the need to ensure valuers are very clear about the particular context in which they are being asked to undertake a valuation which includes a real estate interest in a question 4 a) property, and to be very clear about their overall approach to it.

Whilst such properties are bought and sold on their own, they are also transacted in groups and as part of a business. Great care is required on the part of the valuer to identify clearly the constituent assets involved. This is specialised territory and therefore normally to be undertaken only by suitably experienced specialist valuers – and where business valuers and trade related property valuers are both involved on the same assignment, it is essential that they are appropriately instructed by the client and have the opportunity to liaise where necessary.

Question 4c

If you have answered yes to question 4b, please indicate the issues that commonly cause difficulty or inconsistency in applying this approach.

As noted in the response to question 4 b) above, the challenge is to ensure that there is absolute clarity regarding the asset to be valued and the basis on which that valuation is to be provided. RICS believe the issues lie in the area of the clear definition or boundary of the underlying valuation subject(s) and precise scope of the valuation assignment.

A common difficulty concerns differentiation between goodwill (as per the IVS definition) related to a business asset and trading potential associated with a real estate asset. Much will often depend on the particular circumstances of the individual case, which is where the experience of a specialist valuer becomes so critical in undertaking a proper analysis and forming the right judgement. Inter alia, the purpose of the valuation – and any specific assumptions that fall to be made (eg in relation to a valuation for taxation purposes) – must always be kept very clearly in mind.

Other common areas of concern or difficulty involve issues around the components to be included in a valuation (working capital, inventories, etc.) and also around the market efficient operator concept.

Question 4d

Please indicate whether you believe that this should be a high, medium or low priority for inclusion on the Board's agenda.

RICS believe this should have 'medium priority'.

Question 5a

Do you or your organisation value or rely on valuations of real property, plant and equipment held in the public sector? If no please proceed to question 6a. If yes, please indicate the purpose or purposes for which the valuations are required.

Valuations are provided for a wide range of reasons, including: accounting/financial reporting, disposal/privatisation and taxation.

Question 5b

Do you have experience of problems or inconsistencies in the way in which these assets are valued? If yes, please indicate whether these:

i) arise from the nature of the asset,
ii) arise or are likely to arise across borders,
iii) arise because of the need to comply with specific legislation or regulation.

RICS members have experienced a number of problems and inconsistencies in the way in which these assets are valued and these problems normally arise because of the need to comply with specific legislation or regulation.

Taking a UK-specific example because this illustrates the issues very clearly, though there will be parallels in other jurisdictions. The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) are seeking comments on an exposure draft of the 2015/16 Code of Practice on Local Authority Accounting in the UK (the Code) which would apply to accounting periods beginning on or after 1 April 2015 (CIPFA and LASAAC are also seeking comments on a consultation to simplify and streamline the presentation of local authority financial statements).

The exposure draft includes proposals to incorporate the requirements of IFRS 13 Fair Value Measurement to the measurement of property, plant and equipment in the public sector - both CIPFA Code and FreM postponed the scheduled introduction on 1/4/2014.

A fundamental issue is that IFRS 13 defines fair value as " .. the exit price" for an asset or liability. Exit price is based on the concept that assets are held to generate future inflows of economic benefit and liabilities represent future outflows of economic benefits. In contrast, public sector entities hold classes of assets to deliver public services rather than to realise future cash flows

The exposure draft proposes that operational property, plant and equipment should be measured based on the service potential that the assets provide in support of the services of the authority. It proposes that such assets are measured at existing use valuation and where no market is in existence or assets are specialised, measured at depreciated replacement cost. For these assets, the exposure draft notes that IFRS 13 "will be out of scope" as "these assets will not formally be valued at fair value". These measurement bases are the same as within the current 2014/15 Code and hence are not subject to change as part of the consultation.

The exposure draft proposes a change for property, plant and equipment that is not being used to supply goods and services and that do not meet the criteria of assets held for sale (i.e. surplus assets). It is proposed that these assets are measured at fair value in accordance with IFRS 13

where they are currently measured by an existing use valuation based on their use before coming surplus. This change will also require IFRS 13 disclosures for such assets.

There may be significant problems/inconsistencies if entities are not fully explicit in their instructions to valuers re the appropriate basis of valuation with public sector adopting IFRS 13 suitably adjusted to a market value basis.

Question 5c

Please indicate whether you believe that this should be a high, medium or low priority for inclusion on the Board's agenda.

RICS believe this should have 'medium priority'.

Question 6a

Do you or your organisation value or rely on valuations of derivatives? If no, please proceed to question 7a.

Our members are involved in the valuation of derivatives for various purposes.

Question 6b

Please indicate which of the listed underlying asset classes you believe should be given priority in the next phase of the Derivatives project.

From a property valuation perspective our members use fixed income (first), foreign exchange (second), credit (third) and commodity derivatives (fourth).

Question 7a

Please indicate whether you have encountered problems or inconsistencies in the way in which funding valuation adjustments are applied. If not please proceed to Question 8a.

From our experience we have not identified any problems or inconsistencies in the way in which funding valuation adjustments are applied but these are not used extensively by our members, and those that do use them have not alerted us to specific difficulties.

Question 7b

Please indicate whether you believe that this should be a high, medium or low priority for inclusion on the Board's agenda.

RICS believe this should have 'medium priority'.

Question 8a

Please indicate whether you or your organisation has to value or rely on valuations to support restructuring or corporate recovery. If no please proceed to Question 9.

Our members provide a wide range of valuation advice on corporate matters, including advice relevant to this area. This includes work for the debtor (i.e., the company), the lenders (secured, unsecured, etc.) and equity holders (including private equity and hedge funds). The work can be undertaken as part of an effort to avoid bankruptcy, a pre-packaged bankruptcy and during bankruptcy proceedings. In the last case, it could involve a liquidation of the company.

Question 8b

If yes, please indicate any valuation issues that you currently experience or anticipate arising under emerging regulations.

We would identify control versus minority level values; and interplay between the forecasts and the discount rate (obviously, this is more pronounced in this context than in a typical valuation).

Question 8c

Please indicate whether you believe that this should be a high, medium or low priority for inclusion on the Board's agenda.

Given the state of economic conditions, valuation work in this area could increase significantly. Accordingly, it should probably be made a high priority.

Question 10

Do you wish to suggest any additional projects for inclusion in the Board's agenda? If yes, please identify the nature of the suggested project as precisely as possible and provide the information requested in para 42 above.

Our preliminary view is that there are no projects that we would wish to put forward at this stage additional to those on which we have commented above.

Yours faithfully

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