

## **IVSC TAB Meeting Update July 2023**

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

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

The Board met remotely on 12 July 2023. The topics in order of Discussion were:

### **Contents**

#### **Administration**

- IVSC TAB Meeting Update June 2023  
*(IVSC TAB Meeting Update June 2023)*
- IVSC Publications Update  
*(23.07.05. IVSC Publication Schedule)*

#### **Standard Setting**

- IVS Exposure Draft and Presentation Update  
*(2023.07.05. IVS Exposure Draft Presentations)*

#### **Global Insights & Markets Update**

- Around the World – All things Valuation & IVS
- *Africa – Molefi Kubuzie*
- *North America – James Gavin, Brendan Gallagher, Kyle TenHuisen*
- *South America – Eduardo Rottman*
- *Asia/Oceania – CK Lau, Sandip Kumar Deb, Kim Hildebrandt*
- *Europe – Ludmila Simonova, Becky Gaughan*
- *Middle East – Paakow Winful, Ron Cohen-Seban*

#### **Updates and Discussion**

- Prudential Value Update - Kim Hildebrandt/Alexander Aronsohn  
*(2023.06.30. E-News Draft Prudential Value Statement)*
- Valuation of assets in a listed v unlisted environment Update Kim Hildebrandt/Alexander Aronsohn  
*(2023.06.19. IVSC SRB Listed vs Unlisted Topic Proposal)*
- Meeting with APRA – Kim Hildebrandt  
*(Listed v unlisted, Transparency, Prudential value)*
- Introduction to Council for Europe –Kim Hildebrandt/Alexander Aronsohn

<https://www.coe.int/en/web/portal/-/council-of-europe-summit-creates-register-of-damage-for-ukraine-as-first-step-towards-an-international-compensation-mechanism-for-victims-of-russian-aggression>

- TAB Working Groups – Kim Hildebrandt/Alexander Aronsohn  
(2023.07.05. IVSC TAB Working Groups New Proposed)
- IVS Agenda Consultation 2024 and Key Topics for 2024 Agenda Consultation (FYI) – Kim Hildebrandt/Alexander Aronsohn  
(*Agenda Consultation 2020 Invitation to Comment, IVS Agenda Consultation Summary of Responses Published Final and 2023.07.05. Proposed Agenda Consultation Topics*)

The Board was asked if there were any conflicts of interest in relation to the proposed topics and no conflicts were declared.

## **Administration and Processes**

- SRB Working Groups (FYI) – Alexander Aronsohn  
*(2023.06.29. IVSC SRB Working Groups New Proposed)*
- IVSC TAB Meetings 2023 to 2024 – Kim Hildebrandt/Alexander Aronsohn
  - *IVSC AGM 10-11th October 2023 (Paris, topics/speakers)*
  - *TAB Meeting: 26 February – 1 March 2024 (Middle East)?*
  - *TAB Meeting: 13 May – 17 May (USA)?*
  - *IVSC AGM October 2024 (Singapore)*
- Stakeholder Engagement – All
- AOB – All

The Board was asked if there were any conflicts of interest in relation to the proposed topics and no conflicts were declared.

## **Administration**

### **IVSC TAB Meeting Update June 2023 (IVSC TAB Meeting Update June 2023)**

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**

No action required.

### **IVSC Publications Update (23.07.05. IVSC Publication Schedule)**

The Board met on the 12th of July 2023 and discussed the proposed timetables for some of its forthcoming consultation documents. The Board felt that the publication dates might vary depending on the responses received from the IVS Exposure Draft consultation.

#### **Next steps**

No action required.

## **Standard Setting**

### **IVS Exposure Draft and Presentation Update (2023.07.05. IVS Exposure Draft Presentations)**

The Board was reminded that the IVS Exposure Draft consultation will close on the 28<sup>th</sup> of July 2023.

The Board was further advised that the IVSC had only received twenty consultation responses so far, but this was not unusual as the majority of responses tended to be received either in the last two weeks of the consultation or a few weeks after the consultation had closed.

The Board was also advised that in previous consultations the Board had received a maximum of 30 to 50 consultation process, but the IVSC were aiming for over 100 consultation responses as part of the IVS Exposure Draft consultation process.

The Board were asked to contact organisations and key stakeholders within their markets to participate in the consultation process to ensure that any revisions to the next edition of IVS were in line with market needs.

The Technical Director advised that the IVSC had provided or were in the process of providing the following presentations on the IVS Exposure Draft;

**IVS Exposure Draft Presentations - Provided**

*16 April 2023 - European Mortgage Federation*  
*08 May 2023 - RICS*  
*09 May 2023 - IVSC EMEA*  
*11 May 2023 - IVSC Americas*  
*16 May 2023 - IVSC Asia*  
*16 May 2023 - Mazars*  
*18 May 2023 - Chamber of Valuers North Macedonia*  
*24 May 2023 - TAQEEM*  
*29 May 2023 - CMVM Portugal*  
*30 May 2023 - Officer of the Valuer General of South Africa*  
*31 May 2023 - ISCTE University Portugal - Real Estate Masters*  
*05 June 2023 - SSBV*  
*16 June 2023 - ISEG (RICS Accredited Course)*  
*19 June 2023 - Bank of Portugal*  
*20 June 2023 - Carter Jonas*  
*21 June 2023 - APFIIP - Portuguese Association of REITS*  
*20 June 2023 - Hypzert*  
*22 June 2023 - Luxembourg VPO*  
*23 June 2023 - AVI*  
*23 June 2023 - ASB*  
*30 June 2023 - Luxembourg VPO*  
*30 June 2023 - Stout*

**IVS Exposure Draft Presentations - To be provided**

*01 July 2023 - Assessors and Registered Valuers Foundation (AaRVF)*  
*04 July 2023 - API*  
*04 July 2023 - CFA*  
*05 July 2023 - Mexican Stock Exchange*  
*10 July 2023 - UPAV Workshop*  
*11 July 2023 - Les France International*

## Next steps

The Technical Director asked the TAB to encourage their organisations and key stakeholders within their markets to participate in the consultation process.

### **Global Insights & Markets Update (Around the World – All things Valuation & IVS)**

KH asked the members of a TAB to provide a short update on key issues in their market.

- *Africa – Molefi Kubuzie*
  - Discussions with AFWASA in relation to valuation of infrastructure and equipment for water and sanitation.
  
- *North America – James Gavin, Brendan Gallagher, Kyle TenHuisen*
  - In USA markets are bifurcated by industry.
  - In the USA and Canada there is a lot of focus on valuation of renewable energy.
  - In the USA for retail and hospitality investors have returned assets where the Fair Value is less than their debt.
  - Australia is different from USA, and it is not possible to hand back assets.
  - In logistics and investment there was a major transaction at a yield of 4% (Prologis).
  
- *South America – Eduardo Rottman*
  - Held UPAV workshop on the IVS Exposure Draft.
  - Logistics market also booming.
  - UPAV working with Leandro Escobar on standards for collateralized loans.
  - Market suffering from high inflation rates.
  - UPAV congress in Paraguay in October – Key topics AI and Tech.
  
- *Asia/Oceania – CK Lau, Sandip Kumar Deb, Kim Hildebrandt*
  - In India the largest public sector bank has published criteria stating that all valuers must be under the age of 70 years old.
  - No PII in India so this is a major challenge for valuers.
  - In Bangladesh the market is unstable at the moment.
  - In Nepal the valuation market is quite stable, and the valuers work well with the government.
  - In India there will be a V20 conference discussing key valuation issues.

- *Europe – Ludmila Simonova, Becky Gaughan*
  - In Ukraine they are still suffering from high inflation and high taxes but despite the current situation the market is trying to continue as per normal.
  - In UK similar to other markets with industrial booming and high inflation but there has been a slowing down of transactions.
  - Focus on ESG and ESG costs of retrofitting within portfolios and the Crown Estate is planning to retrofit all its heritage buildings but both the timing and cost of this makes it difficult to understand how this will work in practice.
  - UK market generally quite quiet compared to previous years.
  
- *Middle East – Paakow Winful, Ron Cohen-Seban*
  - IVS Exposure Draft presentation provided to Saudi Arabian valuers with over 300 attendees.
  - The Royal Kingdom Saudi Arabia has several heritage assets and parks, and further information is required in relation to retrofitting, ESG and there is a need for further guidance in the marketplace.
  - IVS Israel Forum and IREA responded to IVS Exposure Draft consultation.
  - In Israel as per other markets there is a dearth of transactions for both commercial and residential properties.
  - Leasing/vacancy rate in Israel is lower than elsewhere at 1% and as a result subletting has increased to quite a high level,
  - Transactions in Israel show no change in yields or cap rates and in many instances, this is a precondition of a transaction taking place.

## **Next steps**

Global Insights and Market Updates to be included as a standing agenda item.

## **Updates and Discussion**

### **Prudential Value Update (2023.06.30. E-News Draft Prudential Value Statement)**

The Board was thanked for their contributions to the “2023.06.30. E-News Draft Prudential Value Statement” to be published in the July Enews and was advised that their revisions were included in the updates Prudential Value statement.

The Board generally felt that the article struck a good balance between advising stakeholders of the potential issues in relation to the implementation of Prudential Value by the EU in January 2025 without favouring any approach.

The Board voted on the publication of the awareness piece and the publication was unanimously approved.

### **Next steps**

The Technical Director will send the Prudential Value Statement to Richard Stokes to be published in the July edition of Enews.

### **Valuation of assets in a listed v unlisted environment Update (2023.06.19. IVSC SRB Listed vs Unlisted Topic Proposal)**

The Board was advised that the “2023.06.19. IVSC SRB Listed vs Unlisted Topic Proposal” was approved by the SRB.

The Board was also advised that the SRB had made the following comments on approval;

- *This should be part of a series of perspective papers*
- *The introduction should generally discuss the issue and note that the issue also relates to other asset classes (business valuation and financial instruments)*
- *The paper should focus on infrastructure and real estate REITs and should provide some examples.*
- *The paper should be tied to IVS and should show how IVS can help resolve the issue.*
- *The paper should help fill an educational void.*

The Board was further advised that the first meeting of the SRB Listed vs Unlisted working group was on Thursday 13<sup>th</sup> July 2023.

### **Next steps**

The Chair and Technical Director are to provide an update during the next TAB call on Wednesday 9<sup>th</sup> August 2023.



## **Meeting with APRA**

The Board was advised that Nicolas Konialidis Business Valuation (Technical Director), Ian Jedlin (Vice Chair Standards Review Board) and Kim Hilderbrandt met with the Australian Regulators (APRA) to discuss common issues.

The Board was further advised that the common issues that were generally discussed were as follows:

- Listed v unlisted
- Transparency
- Prudential value

The Board was also advised that APRA noted that they shared a lot of common issues and would continue further discussions on key topics.

### **Next steps**

Nicolas Konialidis to set up further meetings with KH, RS and APRA to discuss and share common issues.

**Introduction to Council for Europe (<https://www.coe.int/en/web/portal/-/council-of-europe-summit-creates-register-of-damage-for-ukraine-as-first-step-towards-an-international-compensation-mechanism-for-victims-of-russian-aggression>)**

The Board was advised that Council of Europe had created a register of damage for Ukraine as first step towards an international compensation mechanism for victims of Russian aggression.

The Board was further advised that further to a discussion with the IVSC CEO (Nick Talbot) the Chair would contact the Council of Europe to advise them of the IVSC and their role in valuation and to offer to explore existing mechanisms for compensation and the role valuers could play in the compensation process.

The Board was also advised that anything beyond these initial steps was to be considered by the CEO and the Board of Trustees,

### **Next steps**

Kim Hildebrandt to contact the Council of Europe to raise awareness of the role of the IVSC in relation to valuations and compensation.

## **TAB Working Groups (2023.07.05. IVSC TAB Working Groups New Proposed)**

The Board was advised that further to emails received from the TAB a review of the working groups had been completed.

The Board was further advised that working group invitations would be sent over the next few weeks and that the working group meetings would start in August.

The Board was also advised that KH would send out an invitation over the next few weeks inviting some TAB members to chair these meetings.

### **Next steps**

Kim Hildebrandt to send an invitation to potential Chairs of the IVSC TAB working groups inviting them to chair the working groups and advising them of the process.

## **Key Topics for 2024 Agenda Consultation (Agenda Consultation 2020 Invitation to Comment, IVS Agenda Consultation Summary of Responses Published Final and 2023.07.05. Proposed Agenda Consultation Topics)**

The Board was advised that the inclusion of the following topics were being considered for inclusion in the IVS 2024 Agenda consultation: -

- Agricultural Land (TAB)
- AVMs and Artificial Intelligence (ChatGPT)
- Biological Assets (forests, plantations etc) (TAB)
- Block Chain
- Compulsory Purchase (TAB)
- Crypto Currency
- Data and Data Handling
- Development Property (TAB)
- Discounted Cashflows (TAB)
- Expropriation/compensation
- Extractive Industries (TAB)
- Environmental, Social and Governance (ESG)
- Impairment of Assets
- Insolvency and Bankruptcy
- Insurance Valuations
- Private vs Public Markets
- Prudential Value
- Quality Control and Sole Proprietor (TAB)
- Reasonable Range
- Taxation (TAB)
- Trophy Assets
- Unregistered land
- Valuation in a volatile market (TAB)
- Valuation Risk

The Board was not asked to make any decisions.

### ***Next steps***

The Technical Director will provide the Board with an update on the Agenda Consultation during the next TAB conference call on the 9<sup>th</sup> August 2023.

## **Administration and Processes**

### **SRB Working Groups (FYI) – Alexander Aronsohn (2023.06.29. IVSC SRB Working Groups New Proposed)**

The Board was advised that the SRB had finalised their review of the IVSC SRB working groups.

The Board was further advised that the current IVSC TAB working groups were as follows: -

#### ***TAB Working Groups Active***

- *ESG Working Group*
- *MV Working Group*
- *IVS 300 Working Group*
- *IVS 400 Working Group*
- *IVS 410 Working Group*

The Board was also advised that the working groups would start meeting in August and that the relevant Board members should be receiving invites over the next few weeks.

### ***Next steps***

TAB Board members to participate in the SRB working group meetings.

### **IVSC TAB Meetings 2023 to 2024**

*a) IVSC AGM 10-11th October 2023 (Paris, topics/speakers)*

The Board was advised that the TAB would be meeting at the AGM in Paris on the 10<sup>th</sup> October PM and all day on the 11<sup>th</sup> October.

The Board was further advised that the focus of the meeting would be to approve the IVS Tangible Asset standards.

The Board was also advised that guest speakers would be invited to discuss how to measure ESG value for funds.

The Board also discussed inviting a speaker or using Chat (GPT) for a session on Artificial Intelligence.

*b) TAB Meeting: 26 February – 1 March 2024 (Middle East)?*

The Board was advised that the SRB. would be meeting in the Middle East between the 26<sup>th</sup> of February and the 1<sup>st</sup> March 2024.

The Board was further advised that a location had not yet been chosen.

The Board discussed this meeting and felt that it was unlikely that the TAB would meet at this time.

*c) TAB Meeting: 13 May – 17 May (USA)?*

The Board was advised that the SRB and Asset Boards would potentially meet in the USA between the 13<sup>th</sup> May and the 17<sup>th</sup> May to discuss and agree the IVS Agenda Consultation 2024.

The Board was further that the location had not yet been confirmed but was asked to provisionally block out these dates in their calendar.

*d) IVSC AGM October 2024 (Singapore)*

The Board was advised that the next IVSC AGM would provisionally be held in Singapore, but the location had not yet been confirmed.

***Next steps***

TAB to provisionally book the May physical meeting dates in their calendars. The Technical Director will provide further meeting details once agreed.

**Stakeholder Engagement**

TAB were encouraged to reach out to stakeholders to ask them to participate in the IVS Consultation process.

**AOB**

There was no other business.

***Next steps***

None.