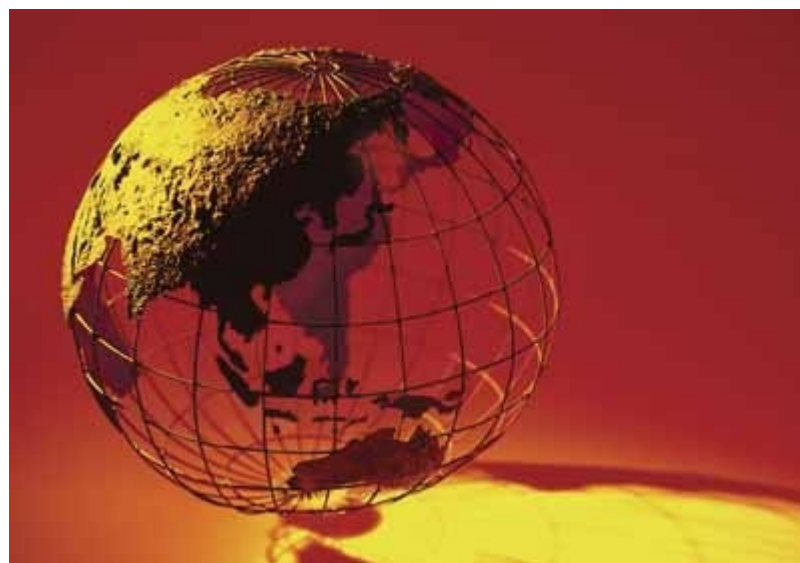


International Valuation Standards Council

11th March 2009



Standards for a global economy – IVSC's goal

To develop robust and transparent procedures for performing valuations on the basis of a single set of globally recognized standards acceptable to the world's capital markets.



Why international standards?

- The globalisation of business needs common rules to ensure “fair play”
- Analysis of business performance needs reliable and consistent measurement
- Pressure from governments, independent regulators and investors
- Requirement is for consistency, transparency and credibility



Why Valuation Standards?

- Asset values underpin much of the global financial system.
- Fair value accounting requires credible valuations.
- Valuation judgements need to be exercised and delivered in accordance with recognised best practice.
- A common language is needed for consistency and transparency.



Adoption of IVS to date:

- IVS has been adopted or accepted by more than twenty organisations including:
 - RICS
 - The Appraisal Institute
 - Appraisal Institute of Canada
 - Australian Property Institute
 - Property Institute of New Zealand
 - European Public Real Estate Association
 - European Association for Investors in Non-listed Real Estate Vehicles
 - National Council of Real Estate Investment Fiduciaries (USA)
 - UK Financial Services Authority
 - Hong Kong Securities and Futures Commission
 - Spanish Securities Commission (CNMV)



further recognition

- Memorandum of Understanding signed in 2007 with Appraisal Foundation (USA) commenced project to converge USPAP* and IVS.
- Proposed European Commission Regulation on EU mortgage credit markets.
- Memorandum of Understanding under discussion with International Federation of Accountants (IFAC).
- Financial Accounting Standards Board (FASB) Valuation Resource Group – IVSC invited as only non-US member.
- Securities and Exchange Board of India in draft REITs legislation.

*USPAP – Uniform Standards of Professional Appraisal Practice



International Valuation Standards Council

- Origins date from 1981 – TIAVSC.
- By 2007 old IVS Committee had grown to membership of nearly 60 professional valuation institutes from 50 countries.
- 2008 restructuring goals:
 - To move away from “institute of institutes” model.
 - To widen scope of sectors and asset classes included.
 - To decouple standard setting from organisational issues.
 - To create framework for providing proper professional support.

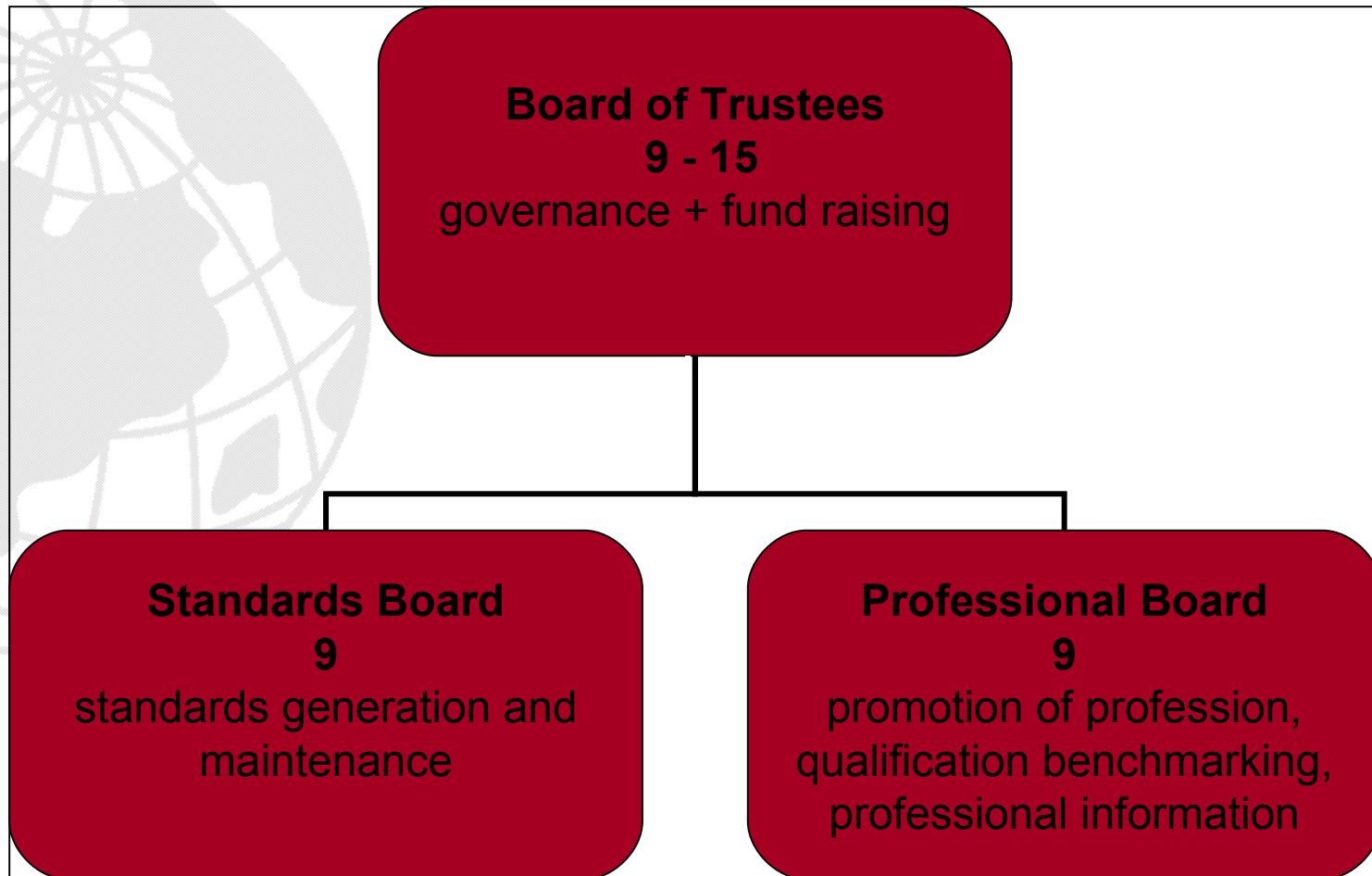


The new IVSC

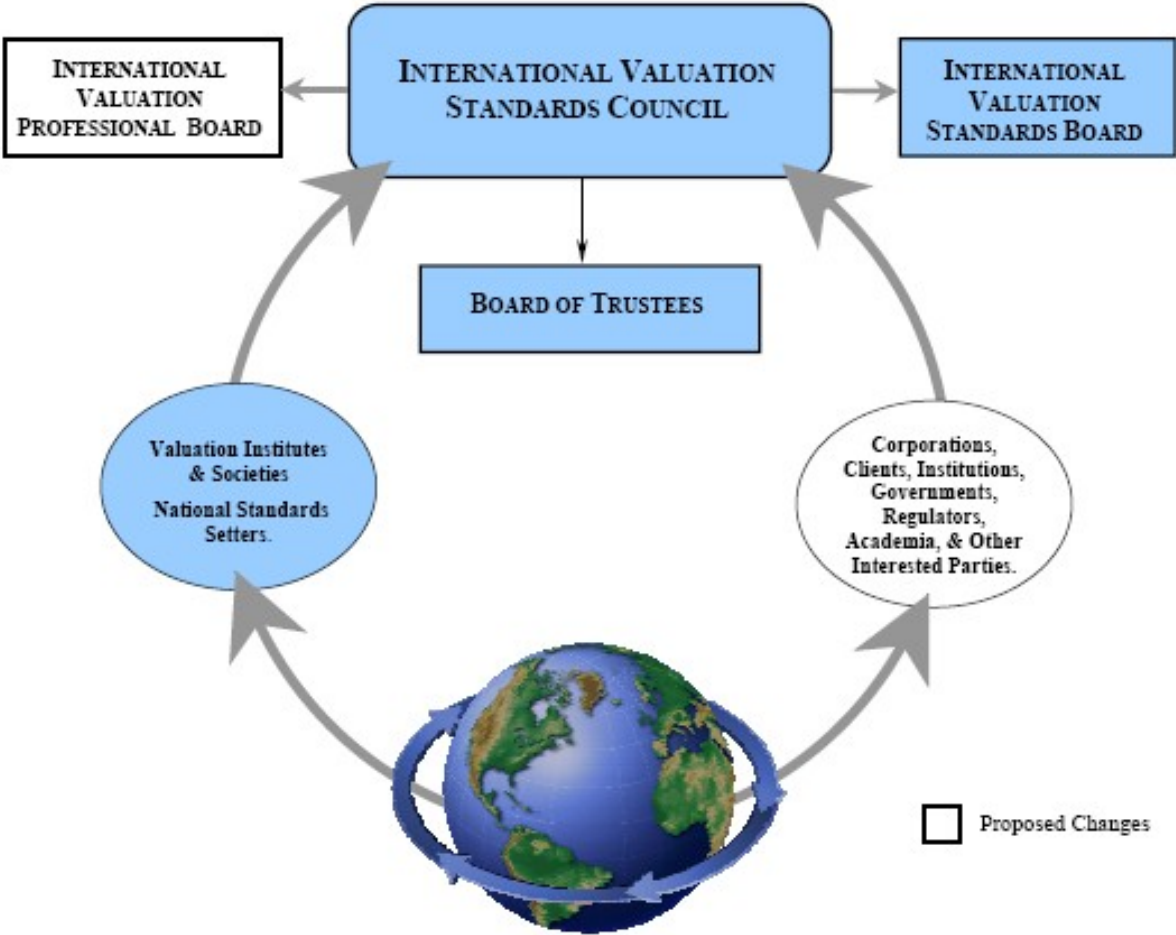
- **Board of Trustees:** appointed by the Council, responsible for strategic direction and funding.
- **Standards Board:** appointed by the Trustees, with autonomy over its agenda and the creation and revision of standards following due process.
- **Professional Board:** appointed by the Trustees to develop valuation profession, issue professional information in support of standards, to benchmark professional valuation qualifications and provide training on the standards.
- IVSB and IVPB will be supported by specialist Advisory Groups and Project Groups.



IVSC – the new structure



INTERNATIONAL VALUATION STANDARDS RESTRUCTURE



IVSC: Board of Trustees

- **Michel Prada**, Chairman, immediate past president Autorité des Marchés Financiers (AMF), France.
- **Nicholas Brooke**, Chairman, Professional Property Services Limited, Hong Kong
- **Roel Campos**, Partner in charge, Cooley Godward Kronish, Washington DC. Commissioner of the US Securities and Exchange Commission 2002-2007.
- **Brad Dalglish**, former Senior Partner, KPMG Canada's Valuation Services Practice and currently Senior Counsel to the firm.
- **Patrick Gounelle**, Global Managing Partner at Ernst & Young, France
- **Lee Hackett**, Executive Vice President, Global Operations, American Appraisal Associates Inc. United States.
- **Ping Liu**, Secretary General, China Appraisal Society, Vice Secretary General of the China Valuation Standards Board, Ministry of Finance, and Member of the China Accounting Standards Committee.
- **Carlos Arenillas Lorente**, former Vice-Chairman of Comisión Nacional del Mercado de Valores (CNMV), the Spanish Securities and Exchange Commission and former Member of the Board of the Bank of Spain.
- **Jens Røder**, Senior Partner, PricewaterhouseCoopers (PwC), Denmark; Trustee and executive member of the International Accounting Standards Committee Foundation (IASCF) (1999 – 2006) Currently senior advisor to the IASCF Board of Trustees.



International Valuation Standards Board:

- **Chris Thorne**, Chairman, Director and technical head of valuation, Atisreal UK.
- **Frank Bollmann**, Managing Director, Financial Reporting Practice, Duff & Phelps, Germany.
- **Thomas Boyle**, Chief Appraiser, Senior Vice President, U.S. Bank Real Estate, U.S.
- **Robert (Bob) Connolly**, Director, Bolton Connolly Opteon Property Advisory Services, Australia.
- **James (Jim) Eales**, Global Head, Ernst & Young Valuation and Business Modelling Group, UK
- **D Jeffrey Harder**, Partner, Deloitte LLP's Canadian Financial Advisory Services group.
- **Simon Landy**, Managing Director of Primo Co. Ltd, and Executive Chairman, Colliers International, Thailand.
- **Arvind Nandan**, Director, Consultancy Services, Cushman & Wakefield (India) Pvt Ltd., India
- **Siu Yu Nova Chan**, Partner, Advisory Division PricewaterhouseCoopers China.



International Valuation Professional Board:

- **Brad Wagar**, Chairman, Director BCMP Architects, Canada.
- **Ion Anghel**, Professor, Analysis and Valuation Department, Academy of Economic Studies, Bucharest, Romania.
- **Igor Artemenkov**, First Vice-President Russian Society of Appraisers.
- **Roy Farthing**, Partner, Valuation and Business Modelling, Ernst & Young, Australia.
- **David Faulkner**, Regional Director, Consultancy and Valuation, Colliers International, Hong Kong.
- **Gregory (Greg) Forsythe**, Director in the Business Valuation practice, Deloitte Financial Advisory Services LLP (Deloitte FAS) USA.
- **Brian Glanville**, Managing Director, Integra Realty Resources, Portland, USA
- **Jean-Florent Rérolle**, Managing Director and European co-head of Financial Advisory Services, Houlihan Lokey, France.
- **Julio Torres Coto**, Professor, Autonomous University of Baja California, Mexico.



IVSC Current Sponsors

Current sponsors of the IVSC include:

American Appraisal Associates

Appraisal Institute, US

Appraisal Foundation, US

Appraisal Institute of Canada

Canadian Institute of Chartered Business Valuators

China Appraisal Society and Chinese Ministry of Finance

City of London Corporation

Duff & Phelps

Ernst & Young

Houlihan Lokey Howard & Zukin

Royal Institution of Chartered Surveyors

Three Russian valuation institutes



IVSB Current Agenda

The following projects are either in progress or planned to start in 2009:

- valuation of intangible assets;
- Valuation of investment property under construction for IAS 40;
- valuation of financial instruments;
- valuation of non-financial liabilities;
- valuation in extractive industries;

2009/10 will also see the overhaul of the International Valuation Standards (the current edition was issued in 2007) to provide a more consistent structure and remove extraneous material.



Relationship of IVS and other “standards”

IVSC is not a professional body, nor an alliance of professional bodies.

- It has no powers of enforcement against individuals or organisations;
- The authority of IVS comes from its acceptance as representing best practice through following due process;
- IVS can only be principles based. May need supplementing with detail appropriate to specific laws or regulations.

Enforcement of IVS and the training and regulation of valuers is a matter for regulators and / or professional bodies.

- e.g.: Red Book is a set of rules that requires RICS members to follow IVS with supplementary material specific to markets in which its members operate.



IVSC - Structure of Standards Document

FUNDAMENTALS

HISTORY, INTRODUCTION, CONSTITUTION, ORGANIZATION AND FORMAT OF STANDARDS
GENERAL VALUATION CONCEPTS AND PRINCIPLES

CODE OF CONDUCT

PROPERTY TYPES

REAL PROPERTY

PERSONAL PROPERTY

BUSINESSES

FINANCIAL INTERESTS

VALUE TYPES

MARKET VALUE

OTHER THAN MARKET VALUE

COMMUNICATING THE VALUATION

STANDARDS

STANDARD 1
MARKET VALUE VALUATIONS

STANDARD 2
OTHER THAN MARKET VALUE VALUATIONS

SEE OTHER THAN MARKET VALUE CHART

STANDARD 3
VALUATION REPORTING

APPLICATIONS

VALUATION APPLICATION FOR FINANCIAL REPORTING

VALUATION APPLICATION FOR LENDING PURPOSES

GUIDANCE NOTES

VALUATION OF REAL PROPERTY

VALUATION OF LEASE INTERESTS

VALUATION OF PLANT AND EQUIPMENT

VALUATION OF INTANGIBLE ASSETS

VALUATION OF PERSONAL PROPERTY

BUSINESS VALUATION

CONSIDERATION OF HAZARDOUS AND TOXIC SUBSTANCES (IN VALUATION)

COST APPROACH FOR FINANCIAL REPORTING (DRC)

DISCOUNTED CASH FLOW ANALYSIS

VALUATION OF AGRICULTURAL PROPERTIES

REVIEWING VALUATIONS

VALUATION OF SPECIALIZED TRADING PROPERTY

MASS APPRAISAL FOR PROPERTY TAXATION

VALUATION OF PROPERTIES IN THE EXTRACTIVE INDUSTRIES

WHITE PAPER

VALUATION IN EMERGING MARKETS

ADDENDA

GLOSSARY OF TERMS

The future for IVSC

- A strong, credible global body with broad support that is not unduly influenced by sector or regional interests;
- The ability to develop and improve existing IVS to respond to market and other developments promptly and professionally;
- The resources to introduce new internationally recognised standards for the valuation of different classes of asset and liability;
- A relationship with IASB and FASB that recognises boundaries between valuation and accounting

