



Consultation Response

International Valuation Standards: 2026 Exposure Draft for Consultation

Response by the Royal Institution of Chartered Surveyors (RICS).



Introduction

Summary

The Royal Institution of Chartered Surveyors (RICS) is pleased to respond to the International Valuation Standards Council (IVSC) – International Valuation Standards (IVS) Exposure Draft for Consultation. We do so from our perspective as the principal professional body for property valuation in the United Kingdom, operating under Royal Charter and working for the public advantage. RICS maintains independently governed regulatory arrangements for all registered firms and individual professionals who work to RICS standards both in the UK and in many countries around the world. As such we are uniquely placed to comment in respect of the proposals relating to the International Valuation Standards – Exposure Draft for Consultation. In light of our systemically important remit in this arena, RICS is a central stakeholder, and we look forward to working with the IVSC to reach a workable approach that supports economic and financial stability through the property valuation process.

Whilst the RICS embraces business valuers and the valuation of other tangible assets, historically, the RICS has concentrated upon property valuations. As will be noted in the comments below, the RICS has concerns that, in an attempt to harmonise standards across all asset types, there is a diluting and shoehorning of processes that are correct for, say, business valuations that do not fit into the valuation process. This is concerning and needs to be recognised and addressed. The RICS supports standards that capture all aspects that are common across the different asset classes but supports and accepts those differences within complimentary asset specific standards.

About RICS

Established in 1868, RICS is the largest organisation of its kind for professionals in property, construction, land, and related environmental issues, setting, and upholding professional standards for over 140,000 qualified professionals and over 10,000 firms. RICS regulates both its individual qualified professionals and those firms that have registered for regulation by RICS.

Over 80,000 of our qualified professionals work in the UK, where our goal is to deliver a healthy and vibrant property and land sector as a key pillar of a thriving economy while addressing the need for the creation of green, safe communities.

Our professionals provide valuation services across many asset classes and work to the highest global standards that are underpinned by the regulatory scheme, Valuer Registration.

RICS Valuation - Global Standards (the Red Book) is published by RICS in order to ensure high standards in valuation delivery worldwide, by our regulated members. The publication details mandatory practices for RICS members undertaking valuation services. It also offers a useful reference resource for valuation users and other stakeholders, ensuring that valuation assignments will be carried out in accordance with the most recent International Valuation Standards and providing assurance of consistency in approach.

We are not a trade body; we do not represent any sectional interest, and under the terms of our Royal Charter the advice and leadership we offer is always in the public interest.

In formulating our responses, we have liaised for feedback with the Chairs of RICS' Global Standards Expert Working Group and RICS Valuation Professional Group Panel, RICS' Valuers Leaders Forum, RICS Regulation team and highly experienced RICS members operating in the areas of business valuations, intangible assets and plant, equipment and infrastructure, and have raised the consultation in all of our meetings with our world regional colleagues. In addition, we have canvassed the views of RICS' valuation members during March 2026 by way of a member survey which had attracted 215 responses.

Key Points

A positive symbiotic relationship between real estate and the wider economy is vital in ensuring stability and prosperity globally. Part of this critical connection is the valuation process. Valuations must be both objective and consistent to engender confidence and growth. Valuations touch every aspect of the property cycle, right from initial feasibility studies all the way through to property redevelopment and are a core ingredient of a robust real estate market and stable economy. Consistent, and reliable valuations are key to sound financial decision making (including loan origination), performance analysis, reviews, transactions and providing proper development advice.

General comments

RICS considers that the International Valuation Standards Exposure Draft reflects significant developments in valuation practice, including increased use of technology and data, evolving governance expectations and broader stakeholder demands for transparency and documentation. While the overall direction is understood, the Exposure Draft introduces a substantial expansion of requirements across multiple sections. In several areas, the interaction between new provisions is not always clear, which may create interpretive challenges for valuation professionals and standards users.

The observations below focus on clarity, proportionality, internal consistency and operability within the current Exposure Draft.

Consultation Questions

Summary Consultation Questions

Respondent details (compulsory)

1. What is your name?
Ben Elder BA BSc FRICS ACI Arb
2. What is your job title?
RICS International Head of Valuation
3. Which firm/organisation do you work for?
RICS
4. What is your primary location? (*country*)
International
5. What is your role in respect of valuations? (*if other, please specify*)
 - Other (please specify): professional body, valuation standards
6. What is your main area of interest? (*tick as many boxes as appropriate*)
 - Tangible Assets Valuation including property/real estate valuation (the vast majority of RICS members are predominantly dealing with property valuations)
 - Business Valuation
 - Financial Instruments Valuation
 - Other (please describe)
7. Are you responding to these questions as an individual or on behalf of a firm or organisation?
 - Firm/Organisation
8. Have you responded to previous IVS consultations?
 - Yes

General Standards

1. The IVS Glossary had been revised to include new definitions for business, financial instrument, non-financial liability, quality control and sustainability. Do you agree with the definitions of the newly added terms? If not, please provide your proposed revisions to the definitions contained within the Glossary.

RICS supports the expansion of the glossary of the International Valuation Standards (IVS) by adding new definitions in order to have clearer and more consistent definitions of terms used throughout all of the International Valuation Standards.

Specifically, the added definitions of "business", "financial instrument" and "non-financial liability" will assist in providing the growing need for valuations of a broader variety of asset types and for various different valuation purposes, such as financial reporting and corporate valuation, using the International Valuation Standards.

The addition of the term "quality control" is also seen as positive by RICS, as this emphasises the importance of governance and professionalism in the delivery of value.

Finally, the inclusion of sustainability is seen as timely due to its increased consideration in valuation practices for many types of assets. However, RICS urges IVSC to ensure that the definition of sustainability is based on principles and does not create the impression that valuers are responsible for independently determining an organisation's sustainability performance (beyond what is indicated in publicly available data about the organisation).

RICS suggests that the definition of sustainability clearly indicates that:

the extent to which sustainability considerations affect valuation, is limited to how they impact the behaviour of market participants, or the cash flows, risks or liquidity associated with the asset or liability being valued.

to assist in maintaining consistency with existing valuation concepts.

In this regard, it should also be noted that in property valuations and the underlying corporate world, the term "sustainability" is being replaced by reference to "Environmental, Social and Governance (ESG) concerns or, in some jurisdictions, "resilience". This is acknowledged in the glossary but needs to be cross-referenced.

2. The IVS Glossary had been revised to include minor revisions to the definitions of ESG, liability, liquidation value, professional scepticism, significant, tangible asset and valuation review to provide additional clarity. Do you agree with the revised definitions for the existing terms? If not, please provide your proposed revisions to the definitions contained within the Glossary.

RICS believes the proposed amendments to clarify the definitions in the Glossary are a positive step in enhancing clarity and consistency in the Standards.

RICS welcomes the changes made to the definition of Professional Scepticism as it reinforces the value placed by RICS on critically evaluating the assumptions and information provided to valuers in their assignments.

As well as this, the clarification of Valuation Review has been beneficial in differentiating valuation reviews from valuation assignments (in respect of completeness).

However, RICS is cautious when defining 'significant' in the Standards as care needs to be taken to avoid introducing ambiguity and/or additional burdens in terms of compliance. In those places where the concept of 'significant' is referenced as being mandatory, RICS considers that the Standards need to continue to enable valuers to use their professional judgement to determine what constitutes materiality and significance for each particular valuation assignment.

Furthermore, RICS advocates the continuation of the alignment of definitions relating to Liabilities and Financial Instruments with those commonly referred to in widely accepted financial reporting frameworks to enhance consistency in the application of valuation practices across the globe.

In light of these comments, RICS supports the proposed amendments.

3. The definition of valuation risk has been revised within the IVS Glossary to provide additional clarity. Do you agree with the revised definition of valuation risk? If not, please provide your proposed revision to the definition of valuation risk contained within the Glossary.

RICS agrees with the revised definition of Valuation Risk as it gives a clearer view on how valuations may be impacted by factors such as uncertainty, lack of data and the judgment applied in the valuation process.

The revised definition appropriately recognises that valuation risk could arise from a variety of factors, such as:

1. the quality and quantity of available data.
2. the choice of method and approach to valuation.
3. the assumptions made; and
4. the inherent degree of estimation uncertainty present in the subject asset or liability.

Including recognition of Valuation Risk in the Glossary should assist in ensuring valuers apply an appropriate degree of professional scepticism and risk awareness during the entire valuation process.

In addition to this, RICS believes that the standard would also benefit from specifically referencing the fact that Valuation Risk may also be influenced by other factors such as market volatility or significant structural changes in markets, both of which have the ability to significantly impact the valuation outcome.

4. IVS 101 Scope of work has been revised to include mandatory requirements, where applicable, in relation to:

- The use of a range,
- the proposed significant use of artificial intelligence or other technology-based tools and resources,
- service organisations,
- sustainability considerations, and
- the IVS asset standards to be considered within the valuation.

Do you agree with the inclusion of these additional mandatory requirements? If not, why not, and what specific changes would you make?

RICS supports the goal of improving clarity and transparency of the scope of work documentation of the terms of engagement for valuation engagements. The proposed requirements concerning the significant use of artificial intelligence (AI) or other technology-based tools, service organisations, sustainability considerations and the identification of IVS applicable asset standards reflect developments in valuation practices and have broad support.

RICS agrees that if AI or other technology-based tools are used significantly in a valuation assignment, then the use of those tools should be disclosed in an appropriate manner and taken into consideration in defining the scope of work. The importance of transparency with respect to the role of such tools exists to ensure that users of valuation reports can understand the methodology employed by the valuer and that the valuer retains responsibility for the ultimate valuation conclusions.

Similarly, the recognition of service organisations incorporates the growing use of third-party data sources, modeling platforms and other external resources in valuation processes. By including these types of considerations in defining the scope of work, it should facilitate clarity between the valuer and client regarding the type of services being rendered by the valuer.

RICS also supports the addition of sustainability considerations where applicable. The fact that sustainability related factors are increasingly affecting market behaviour and asset performance in a variety of markets has been noted.

RICS does have some significant concerns, however, regarding the requirement and introduction of the use of a valuation range within the scope of work definitions that are to be included in IVS 101. In accordance with the RICS Valuation- Global Standards, valuations are represented as a single-point estimate of value representing the valuer's best estimate of value

as of the valuation date based upon available market evidence and professional judgment. Although ranges may be utilised in the analysis or to represent valuation uncertainty, the reported conclusion is usually presented as a single figure, and many users of valuations reject the provision of a range, however at the same time we acknowledge that valuation ranges are common practice in valuing certain asset classes such as business valuations, arts and antiques and minerals.

Comments received from a broad range of RICS members on the issues of valuation ranges in our recent member survey included:

1. "Our client base requires for a formal valuation a single defined figure no matter how difficult that is to achieve. To move to a range of values is likely to lead to uncertainty and many claims against valuers for unwarranted negligence. The range can always be referred to but a single MV must follow." (view of a multi-disciplinary organisation rep)
2. "Valuation ranges should be used selectively in situations where uncertainty is high or assets are at an early stage, to ensure ranges remain meaningful and relevant. At the same time, mandatory guidance on methodology and disclosure is essential so that ranges are applied consistently, clearly explained, and properly understood by clients, auditors, and regulators. From my 20+ years of experience in property valuation, including 17 years practising in Bahrain, this approach provides transparency and aligns with international best practice while maintaining professional credibility." (view of a multi-disciplinary organisation rep)
3. "A professional must deliver a value at a point in time - a definitive value." (view of a multi-disciplinary organisation rep)
4. "Market Value should normally remain a single point estimate." (view of a multi-disciplinary organisation rep)
5. "This is very problematic. It may also give some unscrupulous valuers "latitude" to not give a definitive opinion of value." (view of a SME residential/commercial practice rep)
6. "This is a downward slope moving away from the key definition of Market Value." (view of a residential valuation organisation rep)
7. "I am not sure range is acceptable as a formal valuation" (view of a small valuation services organisation rep)
8. "Ranges will vary. From a secured lending perspective ranges would be problematic." (view of a lender rep)

9. "Creates uncertainty for lenders" (view of a lender rep)

10. "Not for the purpose of residential valuation. It is felt it would cause confusion and be an unnecessary complication for valuers, lenders and the public." (view of a residential non-valuation organisation rep)

11 "Most valuation users require a single figure, as do virtually all regulated valuations e.g. for financial reporting or bank lending. VPGA10 and the IVSC's TIP on Valuation Uncertainty are both clear that a range is not an acceptable way of disclosing material uncertainty. The only time where a range may be appropriate is if advising on the likely outcome of current negotiations, but this should never be confused with a valuation under IVS or the Red Book, and IVS should not suggest that it does." (view of a lender rep)

12. "A range of answers instead of a set answer could lead to disputes later on." (view of multi-disciplinary rep)

13. "Value ranges should be depicted in the form of a Sensitivity Analysis but not strictly stipulated that Value lies somewhere between X and Y this is of no use to anybody and creates confusion." (view of a large residential valuation organisation rep)

14. "Valuers are expected/required to be precise regarding valuations; giving a range potentially creates confusion/uncertainty to clients." (view of a multi-disciplinary organisation rep)

15. "This would bring uncertainty into valuations for the end user and would not be fit for purpose for bank lending etc. It may also confuse some valuers." (view of a SME organisation rep)

16. "This is not the way RICS members do things." (view of a sole practitioner rep)

17. "A single figure but with additional text around certainty is sufficient." (view of a sole practitioner rep)

18. "In my opinion valuation ranges are more appropriate for business valuations than for real estate." (view of a SME organisation rep)

Therefore, RICS suggests that IVS 101 be clarified so that if a valuation range is required by clients, the valuer would still be required to report a single concluded value from the valuation range, unless exceptional circumstances exist. Additionally, further guidance on the intended use of valuation ranges would promote consistent interpretations among jurisdictions and valuation context. Work by French in 2011 (Valuing in the downturn: understanding uncertainty, Journal of Property Investment & Finance, Vol. 29 No. 3, 2011, pp. 312-322)

discussed how providing a numerical range to the users of property valuations is inappropriate and is misunderstood. The introduction of a requirement to provide a range in property valuations may be intellectually laudable but will cause significant problems in practice. It may be right for other asset classes; it is not right for property valuations. In view of this, it may be worth considering relocating this proposed requirement out of the General Standards and into the Asset Standards such as IVS 200, 210 and 500.

5. [IVS 104 Data and Inputs now include mandatory requirements in relation to the significant use of artificial intelligence or other technology-based tools. Do you agree with the inclusion of these additional mandatory requirements? If not, why not, and what specific changes would you make?](#)

RICS supports the inclusion of mandatory requirements on the use of AI and technology-based tools with respect to the significant use of them in IVS 104 Data and Inputs.

Increasingly technological tools are being used to assist with valuation analysis therefore it is reasonable that standards require valuers to understand the basis and limitations of such tools, use their professional judgement to interpret the output from those tools and take responsibility for their own conclusions as to value. The reporting of the use of AI should only apply to the valuation itself in terms of calculations and data assembly/analysis. The use of report writing AI systems related to “word-processing” do not need to be reported.

RICS recommends that the Standards should reinforce the principle that technology is a tool and will never replace the professional judgment of the Valuer.

6. [IVS 104 Data and Inputs: Appendix has been revised to include sustainability considerations in addition to the consideration of ESG factors. Do you agree with the inclusion of sustainability considerations within the IVS 104 Data and Inputs Appendix? If not, why not, and what specific changes would you make?](#)

RICS generally supports sustainability being incorporated along with ESG factors RICS for valuation purposes and for consideration as part of the IVS 104 Data and Inputs Appendix.

Growing market emphasis on sustainability factors and practices along with evolving investor preference for sustainable investments are driving the increased incorporation of sustainability into valuation practice.

However, RICS also emphasises that sustainability factors may only be incorporated into a valuation when those factors impact how investors or other market participants act or when the economic attributes of an asset or liability are impacted.

Also, valuers should not be expected to independently assess sustainability performance unless this falls within the scope of their professional expertise or the valuation engagement.

7. IVS 105 Valuation Approaches now includes mandatory requirements in relation to the significant use of artificial intelligence or other technology-based tools. Do you agree with the inclusion of these additional mandatory requirements? If not, why not, and what specific changes would you make?

RICS agrees with the inclusion within IVS 105 Valuation Approaches, that requires the recognition of AI and technology-based tools, which can be used to support the use of various methodologies in valuation.

RICS also emphasises that, regardless of the tools utilised to analyse the information, that the valuation approach should continue to rely on the well-established theories and practices related to valuation.

Therefore, when using automated models in valuation, the valuer must demonstrate that:

1. The methodology used was suitable for the asset being valued.
2. The inputs into the automated model were based on the assumptions of market participants; and
3. The outputs from the automated model were thoroughly analysed prior to relying on them in the valuation.

RICS therefore supports the inclusion of these requirements and considers this a significant development towards ensuring that the valuation standards remain current with the evolving technology.

8. IVS 106 Documentation and Reporting now includes mandatory documentation requirements in relation to the significant use of artificial intelligence or other technology-based tools. Do you agree with the inclusion of these additional mandatory requirements? If not, why not, and what specific changes would you make?

While RICS generally agrees with the proposed requirement to include documentation standards related to the significant use of AI or other technology based tools into IVS 106, we believe it would be helpful to establish a clear definition as to when the "significant use" of AI or technology based tools occurs, so as to reduce inconsistent application and administrative burdens associated with technology usage in routine applications. Where AI significantly affects data analysis, modelling, assumptions or value conclusions in a valuation report, we agree that a disclosure statement to that effect would provide clarity as to how the conclusions of value were arrived at and also help to ensure that professional judgment remains key in the valuation process.

9. The reporting section within IVS 106 Documentation and Reporting has been revised to include mandatory requirements, where applicable, in relation to;
- a. reporting requirements, where applicable, in relation to the use of a range
 - b. the proposed significant use of artificial intelligence or other technology-based tools and resources,
 - c. service organisations,
 - d. sustainability considerations, and
 - e. the IVS asset standards considered within the valuation.

Do you agree with the inclusion of these additional mandatory requirements? If not, why not, and what specific changes would you make?

RICS supports the additional mandatory requirements regarding the use of AI and other technology-based tools, service organisations, sustainability issues, and the IVS asset standards in addition to the current mandated reporting.

We consider enhanced reporting will provide increased clarity to those using the valuation report regarding the major inputs, methods, and third-party data used within the valuation process that could impact the final valuation opinion.

RICS also recognises that further definition of terms such as "substantial use" of AI and/or technology-based tools would assist in providing consistency in the interpretation and application of this new mandate across jurisdictions.

RICS does have some significant concerns, however, regarding the requirement for and introduction of the use of a valuation range within the reporting requirements that are to be included in IVS 106. In accordance with the RICS Valuation- Global Standards, valuations are represented as a single-point estimate of value representing the valuer's best estimate of value as of the valuation date based upon available market evidence and professional judgment. Although ranges may be utilised in the analysis or to represent valuation uncertainty, the reported conclusion is usually presented as a single figure, and many users of valuations reject the provision of a range, however at the same time we are aware that valuation ranges are common practice in valuing certain asset classes such as business valuations, arts and antiques and minerals.

Comments received from a broad range of RICS members on the issues of valuation ranges in our recent member survey included:

1. "Our client base requires for a formal valuation a single defined figure no matter how difficult that is to achieve. To move to a range of values is likely to lead to uncertainty and many claims against valuers for unwarranted negligence. The range can always be referred to but a single MV must follow." (view of a multi-disciplinary organisation rep)
2. "Valuation ranges should be used selectively in situations where uncertainty is high or assets are at an early stage, to ensure ranges remain meaningful and relevant. At the same time, mandatory guidance on methodology and disclosure is essential so that ranges are applied consistently, clearly explained, and properly understood by clients, auditors, and regulators. From my 20+ years of experience in property valuation, including 17 years practising in Bahrain, this approach provides transparency and aligns with international best practice while maintaining professional credibility." (view of a multi-disciplinary organisation rep)
3. "A professional must deliver a value at a point in time - a definitive value." (view of a multi-disciplinary organisation rep)
4. "Market Value should normally remain a single point estimate." (view of a multi-disciplinary organisation rep)
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9. "Creates uncertainty for lenders" (view of a lender rep)
10. "Not for the purpose of residential valuation. It is felt it would cause confusion and be an unnecessary complication for valuers, lenders and the public." (view of a residential non-valuation organisation rep)
11. "Most valuation users require a single figure, as do virtually all regulated valuations e.g. for financial reporting or bank lending. VPGA10 and the IVSC's TIP on Valuation Uncertainty are both clear that a range is not an acceptable way of disclosing material uncertainty. The only time where a range may be appropriate is if advising on the likely outcome of current negotiations, but this should never be confused with a valuation under IVS or the Red Book, and IVS should not suggest that it does." (view of a lender rep)
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17. "A single figure but with additional text around certainty is sufficient." (view of a sole practitioner rep)

18. "In my opinion valuation ranges are more appropriate for business valuations than for real estate." (view of a SME organisation rep)

Therefore, RICS suggests that IVS 106 be clarified so that if a valuation range is required by clients, the valuer would still be required to report a single concluded value from the valuation range, unless exceptional circumstances exist. Additionally, further guidance on the intended use of valuation ranges would promote consistent interpretations among jurisdictions and valuation context. Work by French in 2011 (Valuing in the downturn: understanding uncertainty, Journal of Property Investment & Finance, Vol. 29 No. 3, 2011, pp. 312-322) discussed how providing a numerical range to the users of property valuations is inappropriate and is misunderstood. The introduction of a requirement to provide a range in property valuations may be intellectually laudable but will cause significant problems in practice. It may be right for other asset classes; it is not right for property valuations. In view of this, it may be worth considering relocating this proposed requirement out of the General Standards and into the Asset Standards such as IVS 200, 210 and 500.

10. The section on "*Allocation of Value*" previously contained within IVS 102 Bases of Value has been moved to IVS 106 Documentation and Reporting. Do you agree that this section should now be contained within IVS 106 Documentation and Reporting? If not, why not, and where would you place this section?

RICS supports the relocation of the "Allocation of Value" section from IVS 102 to IVS 106.

Allocation of value primarily concerns the presentation and explanation of valuation conclusions and is therefore more appropriately located within the documentation and reporting standard.

11. Do you agree that quality controls should be mandatory within IVS? Do you agree with the level of standards as proposed, or are they too weak or too stringent? If you do not agree that quality controls should be mandatory within IVS, why not, and please provide your reasoning?

RICS supports the IVSC's objective of strengthening the reliability, transparency and consistency of valuations globally. Robust governance, documentation and review processes play an important role in maintaining confidence in valuations used for financial reporting, investment decision-making and capital markets activity.

At the same time, RICS considers that careful consideration should be given to the potential impacts of introducing mandatory quality control frameworks within IVS and to maintaining a clear distinction between the role of global valuation standards and the regulatory or professional oversight frameworks through which such standards are implemented.

Many RICS-regulated firms already operate internal quality assurance procedures governing valuation work. In particular, larger firms working in global capital markets commonly maintain structured governance arrangements, including valuation review procedures, model governance frameworks and formal documentation requirements.

For these firms, the proposed provisions may broadly align with existing practice.

However, RICS members operate across a wide range of jurisdictions and valuation contexts. Smaller firms and sole practitioners may face greater challenges implementing more formalised quality control frameworks. In particular, requirements relating to independent review, documentation and governance processes may create additional administrative and operational burdens for smaller practices.

It is therefore important that any quality related provisions within IVS remain proportionate and scalable to different types of valuation practice.

There is also potential for overlap with existing regulatory frameworks. In many jurisdictions, professional bodies and regulators already impose requirements relating to professional conduct, documentation and review. RICS regulates valuation practice undertaken under the RICS Valuation – Global Standards, which includes requirements designed to support the integrity and reliability of valuations.

Introducing mandatory firm-level quality control frameworks within IVS may therefore risk duplication with existing regulatory structures in some jurisdictions.

RICS also notes that a number of jurisdictions and professional bodies are currently exploring enhanced approaches to valuation governance and compliance oversight. As part of its regulatory function, RICS is presently piloting developments to its valuation compliance framework designed to support proportionate and risk-based oversight of valuation practice. These developments share similar objectives to those reflected in the proposed IVS 107 provisions and illustrate how implementation approaches may appropriately evolve at the level of professional regulation.

At the same time, RICS recognises that stronger valuation governance may support confidence among market participants and regulators, particularly in relation to valuations used within financial markets.

Do you agree that quality controls should be mandatory within IVS?

RICS supports the principle that valuations prepared in accordance with IVS should be subject to appropriate quality assurance procedures.

However, RICS believes it is important to distinguish between:

- requirements relating to the valuation process, and
- firm-level compliance or regulatory frameworks.

The IVSC performs an important role as an independent global standard setter. In RICS' view, IVS should primarily establish principles governing the preparation of valuations, including the need for appropriate documentation, professional challenge and review.

The design and implementation of detailed organisational quality control systems is more appropriately determined by professional bodies, regulators and adopting jurisdictions.

Accordingly, RICS supports the inclusion of high-level principles relating to valuation quality and review within IVS but encourages the IVSC to avoid prescribing detailed firm-level quality control structures.

Do you agree with the level of standards as proposed, or are they too weak or too stringent?

RICS considers that the draft provisions introduce valuable concepts relating to valuation governance and quality assurance.

However, some elements of the proposed framework may risk being interpreted as overly prescriptive in relation to firm governance structures. Given the diversity of valuation markets and regulatory environments globally, RICS believes that a principles-based approach would be preferable.

In particular, IVS could focus on core safeguards within the valuation process, including:

- appropriate professional challenge and review prior to issuing a valuation
- clear documentation of assumptions, inputs and methodologies
- consideration of data reliability and model governance

- transparency around the basis of valuation conclusions.

This approach would allow the standards to support valuation quality while remaining adaptable across different jurisdictions and practice structures.

[If you do not agree that quality controls should be mandatory within IVS, why not, and please provide your reasoning?](#)

While quality assurance procedures are essential to maintaining high-quality valuations, RICS believes that mandating specific quality control frameworks within IVS may raise several challenges.

First, the IVSC's role as an independent global standard setter is best preserved by focusing on valuation principles rather than detailed compliance frameworks. The design and enforcement of regulatory systems typically sits with professional bodies and supervisory authorities.

Second, IVS are adopted across jurisdictions with widely differing legal systems, regulatory frameworks and professional oversight arrangements. A single mandatory global quality control structure may not align easily with all such systems.

Third, detailed organisational requirements may create disproportionate burdens for smaller firms and independent practitioners. A principles-based framework would allow quality assurance procedures to be implemented in a manner proportionate to the scale and complexity of the valuation assignment.

[Concluding Observations Relating to Quality Control](#)

RICS strongly supports the objective of strengthening valuation quality and governance globally. However, RICS encourages the IVSC to ensure that IVS 107 remains focused on principles governing the valuation process rather than prescribing detailed organisational quality control frameworks.

[12. Do you have any other comments or observations in relation to IVS 107 Quality Controls? Please provide your reasoning for any additional comments or observations.](#)

In addition to the comments above, RICS offers the following observations which may assist the IVSC in ensuring that the standard can be applied effectively across the wide range of valuation practices and jurisdictions in which IVS are used.

Proportionality of quality control procedures

RICS encourages the IVSC to ensure that the application of quality control procedures is clearly framed as proportionate to the nature, complexity and risk profile of the valuation assignment.

Valuation practices operate across a diverse range of organisational structures, from large global firms operating within highly regulated financial markets to smaller specialist practices and sole practitioners. In this context, it would be helpful for IVS 107 to emphasise that the design and implementation of quality control procedures may appropriately vary depending on the scale and complexity of the assignment.

Clarifying the principle of proportionality would help ensure that the standard remains practicable across the full spectrum of valuation practice while still supporting the objective of high-quality and reliable valuation outcomes.

Clarification of terminology and scope

RICS also notes that certain terminology used in the draft standard may benefit from further clarification, particularly in relation to the distinction between:

- quality control procedures applied during the valuation process
- internal or external valuation review processes
- regulatory or professional oversight mechanisms.

Maintaining a clear distinction between these concepts would assist practitioners and regulators in understanding the intended scope of IVS 107 and help avoid potential confusion with other forms of valuation review or compliance monitoring that may exist within professional or regulatory frameworks.

Application to technology and automated valuation tools

RICS welcomes the inclusion of references to technology, automated valuation tools and artificial intelligence within the proposed quality control framework. As the use of data-driven models and automated analytical tools continues to expand within valuation practice, it is appropriate that the reliability and governance of such tools are considered within the valuation process.

However, further clarification or guidance may be helpful in relation to how quality control

principles should be applied where automated models or algorithmic tools form part of the analytical process. In particular, it may be beneficial for the IVSC to consider whether additional implementation guidance could assist valuers in addressing issues such as model governance, data integrity and validation of automated outputs.

Implementation guidance and practical examples

Given the breadth of valuation practice globally, RICS believes that the effectiveness of IVS 107 could be enhanced through the development of supporting implementation guidance or illustrative examples.

Practical examples demonstrating how quality control procedures might be applied across different types of valuation assignments could assist practitioners in interpreting and applying the principles set out in the standard. This may be particularly helpful for smaller firms and practitioners who may not currently operate formalised governance structures but nevertheless need to demonstrate appropriate professional challenge, review and documentation.

Such guidance could support consistent application of the standard while preserving the principles-based nature of IVS.

Concluding observation

Overall, RICS supports the objective of strengthening valuation quality and governance through the introduction of IVS 107. Ensuring that the standard remains principles-based, proportionate and clearly differentiated from regulatory compliance frameworks will be important to maintaining its global applicability and supporting effective implementation across the diverse contexts in which IVS are applied.

13. Do you have any other comments or observations on topics not covered by the questions above?

RICS supports the principle that IVS General Standards apply to valuations for all purposes. It may be helpful to clarify this more explicitly in the drafting, for example by confirming that IVS applies across all valuation contexts, including statutory or legislatively defined purposes, while recognising that application may need to be adapted to reflect jurisdiction-specific legal frameworks. It is appreciated that care needs to be taken to retain principle-based drafting and avoid referencing specific use cases.

Overall and subject to the comments above, RICS supports the direction of the proposed updates and looks forward to continued collaboration with the IVSC to promote high-quality, transparent and globally consistent valuation standards.

Asset Standards

Business Valuation Standards

14. The Exposure Draft proposes introducing additional sections aiming to provide for better alignment of the Business Valuation asset standards with the General Standards. These sections also seek to improve comparability between Business Valuation asset standards and other Asset Standards, most notably with IVS 300 and IVS 400. These sections include Valuation Framework (Section 30), Scope of Work (Section 40), Data and Inputs (Section 100), Valuation models (Section 110), and Documentation and Reporting (section 120). The introduction of those sections has resulted in the reallocation of some text to those new sections.

a. Do you find that these additional sections improve the structure and intelligibility of the Standards?

We agree that greater consistency in the ordering of chapters from IVS 200 onwards is desirable. In that context, a major reordering is required for IVS 500. We also consider that the heading "Valuation Approaches and methods" should be applied to BV 200 to be consistent with the following chapters. We also consider that "Valuation models" should not be one of the obligatory headings but should be included in the general standards.

b. If you disagree, please explain your reasoning.

N/A

c. Where relevant, please provide specific suggestions for changes that you believe would enhance these standards.

We consider that more detailed guidance should be provided on the valuations of complex share classes. Much of the existing guidance is consistent with the AICPA "Cheap Stock Guide" and we are of the opinion that more of this guidance could usefully be included. This could include the movement from enterprise value volatility to equity volatility.

We consider that more information could usefully be included to expand the guidance regarding the hybrid method as currently included in 160.28 to 160.31. We elaborate on this below.

It is our view that far too many of the changes reflect unimportant stylistic preferences. We consider that changes to the text should be limited to those changes which are necessary for clarification. As an example, the words “include” or “including” do not have enhanced meaning if the words “but not limited to” are added. We also do not consider that changing the word “frequently” to “commonly” is required or that “a variety of” needs to be changed to “several”. In 160.01 we do not consider that the change from “it is more usual” to “usually” is required. These are a few examples of many such changes which we do not consider are warranted.

20.08 reads: “Depending on the nature of the business interest valued, the valuer should apply other standards.” We are uncertain as to the intended meaning here.

80.08 We consider that “income or” should be deleted

80.11 (c) and (d) both need changing to reflect the intended meaning.

The final line of 100.04 should have the words “be inconsistent” deleted.

140.04 We assume that the final sentence should read: “Depending on the basis(es) of value used, the scope of work may require the valuer to consider”

We consider that IVS 200 should now be taking a clearer line with regard to control premiums, more consistent with the Financial Reporting Advisory issued by The Appraisal Foundation. We therefore consider that the words “control premiums or” should be removed from 140.05 (b). We agree with the change of “should” to “must” in 140.06.

In 160.04 we consider that this should be extended to read: “...and allocate the residual equity value pro rata to the common stock, before considering non-controlling discounts if applicable.”

We consider that the final sentence of 160.05 should be deleted as it focuses on the current value method. An alternative wording is “determine the rights of each class of equity shares to potential future cash flows.”

We consider that 160.07 should include a reference to section 170 dealing with calibration. Also, as this is part of complex capital structures, we consider that it should be extended to read: “reflect differences in class rights of the relevant equity and changes in ...”

160.23 (i) should read “for example”

170.03 states that the valuer must benchmark the relevant metrics to similar assets. More guidance on the intention here would be helpful.

We do not consider that 170.05 should be included as a “must”. Calibration is frequently used

for early-stage companies, when there is very little guidance from guideline companies or transactions available and conventional metrics are of little assistance as the company concerned may be pre-revenue or pre-profit.

15. Across the Business Valuation Standards (IVS 200, IVS 210, IVS 220, and IVS 230), the text was streamlined.

a. Do you find that the proposed Exposure Draft includes an appropriate level of detail for valuation professionals?

See comments above regarding unwarranted changes reflecting stylistic preferences.

b. Do you find that the rephrasing of the Standards to include more direct sentences that emphasise what the valuer “must” or “should” implement to abide by the principles of the IVS is appropriate?

Yes. We consider that the greater recognition and establishment of International Valuation Standards within the valuation communities means that these changes are required and timely.

c. If you disagree, please explain your reasoning.

N/A

d. Where relevant, please provide specific suggestions for changes that you believe would enhance these standards.

Please see comments above.

16. In IVS 200 *Businesses and Business Interests*, several paragraphs (?) on “Scenario Based Methods (SBM)” replaces the current text on “Probability-Weighted Expected Return Method (PWERM)” found in 130.23 to 130.27.

a. Do you agree that this change is appropriate?

We agree that broadening the current guidance beyond PWERM is appropriate. The OPM deals with an infinite number of possible outcomes; PWERM deals with a small number of discrete outcomes. We consider that more guidance on the hybrid method, and how it differs from the above two alternatives would be helpful.

b. If you disagree, please explain your reasoning.

N/A

c. Where relevant, please provide specific suggestions for changes that you believe would enhance these standards.

Please see comments above.

17. IVS 200 *Businesses and Business Interests* introduces a new section on *Calibration*, which is a technique widely used in the valuation of certain assets for specific bases of values, for example, when the intended use of the valuation is financial reporting.

a. Do you agree that the introduction of this section is appropriate?

We support the inclusion of the calibration technique. We do not consider that its use need be restricted to financial reporting: it is a valid method under the market approach and is of general application.

b. If you disagree, please explain your reasoning.

N/A

c. Where relevant, please provide specific suggestions for changes that you believe would enhance these Standards.

Please see comments above.

Financial Instruments

18. The revised IVS 500 Financial Instruments include requirements on data and inputs incremental to those proposed in IVS 104 in the General Standards. Do you agree that these additional requirements are needed for Financial Instruments? If not, why not and what specific changes would you make?

RICS recognises that the revised IVS 500 includes additional requirements relating to data and inputs beyond those set out in IVS 104. Given the complexity of many financial instruments and the potential reliance on large data sets, assumptions and adjustments, RICS considers that additional asset specific guidance seems appropriate but we would caution that we are not experts in this area, the vast majority of our valuation membership do not value this type of asset and RICS does not propose specific technical amendments given the specialist nature of this area.

The standard appropriately emphasises the need for valuers to apply professional judgement and professional scepticism in selecting relevant data and inputs, and to ensure that these are “fit for use” in relation to the asset or liability being valued, the scope of work and the intended use.

Given that financial instrument valuations may involve observable market data, proxy data, or internally developed inputs, the additional requirements appear reasonable to address valuation risk. However, RICS does not propose specific technical amendments given the specialist nature of this area.

19. The revised IVS 500 Financial Instruments include requirements on valuation models incremental to those proposed in IVS 105 in the General Standards. Do you agree that these additional requirements are needed for Financial Instruments? If not, why not and what specific changes would you make?

RICS acknowledges that valuations of financial instruments frequently rely on valuation models. In this context, it seems reasonable that IVS 500 contains additional requirements beyond those in IVS 105.

Given the complexity and potential sensitivity of model-based valuations, the additional guidance on model selection, testing and documentation appears appropriate but we would caution we are not experts in this specialist area.

20. The revised IVS 500 Financial Instruments include requirements on quality controls incremental to those proposed in IVS 107 in the General Standards. Do you agree that these additional requirements are needed for Financial Instruments? If not, why not and what specific changes would you make?

RICS agrees that additional quality control requirements are appropriate for financial instrument valuations. Such valuations can involve complex modelling, high volumes of data and potentially significant valuation risk.

While these principles broadly align with IVS 107 Quality Control in the General Standards, the additional detail within IVS 500 appears justified given the technical complexity and potential regulatory importance of financial instrument valuations but again we would caution that we are not experts in this specialist area.

21. IVS 500 Financial Instruments include requirements to address the use of artificial intelligence and other technology-based tools incremental to those proposed in the General Standards. Do you agree that these additional requirements are needed for Financial Instruments? If not, why not and what specific changes would you make?

RICS supports the inclusion of provisions addressing the use of artificial intelligence and other technology-based tools in financial instrument valuation.

Tangible Asset Standards

IVS 300 Plant, Equipment and Infrastructure

22. Is IVS 300 *Plant, Equipment and Infrastructure* of sufficient scope and quality and if not, why not and what specific changes would you make?

RICS considers that IVS 300 provides a broadly appropriate and relevant framework for the valuation of plant, equipment and infrastructure (PEI). The scope of the standard reflects the diversity and complexity of PEI assets and aligns with many aspects of established valuation practice. However, while the overall quality is sound, a number of structural, conceptual and drafting refinements would significantly enhance clarity, internal consistency and usability.

In particular, the structure of the standard would benefit from a clearer and more logical sequencing of core valuation concepts. The purpose of the valuation, the basis of value and the premise of value are fundamental foundations for any valuation assignment and should be introduced early and cohesively. Within PEI valuations, the distinction between in situ and ex situ assumptions is especially critical, as it can have a material impact on value conclusions. At present, these concepts are referenced in multiple locations and, in some instances, are linked to specific bases of value such as liquidation value. This risks confusion, as the premise of value is relevant across all bases of value, including market value. A more centralised and consistent treatment of these concepts would improve both clarity and application.

The organisation of asset-related considerations would also benefit from refinement. Certain sections currently include content that is more appropriately characterised as asset-specific factors influencing value but are located within scope of work or other sections. Consolidating these considerations into a clearly defined section focused on asset-related factors would improve coherence and reduce duplication. In addition, the categorisation of factors affecting value would benefit from simplification. The current distinction between physical, functional and economic factors is not always clearly defined and can lead to overlap. A more streamlined structure distinguishing between asset-related factors and external factors, including

environmental, social and governance considerations where relevant, would be clearer and more practical.

Further clarification is also required in relation to assumptions and valuation scenarios. The examples provided in relation to valuation assumptions are helpful but may be interpreted as exhaustive or may not fully capture the range of circumstances encountered in practice. A more principles-based approach, focused on key considerations such as installed status (in situ versus ex situ), marketing period, asset condition, assumed profitability and reliance on information, would provide greater flexibility while maintaining clarity.

In relation to valuation approaches, some guidance, particularly concerning the income approach, may inadvertently imply a broader applicability than is typically appropriate for PEI assets. Greater emphasis should be placed on the limitations of applying income-based methods to tangible assets and the importance of engaging appropriately qualified specialists where valuation inputs extend beyond the valuer's core expertise, for example in relation to business or intangible asset valuation. This would help to avoid misapplication and reinforce the importance of professional competence.

Finally, there are a number of drafting points where clarity could be improved through removal of duplication, simplification of language and refinement of specific provisions. In some instances, content appears either overly prescriptive or insufficiently clear in its intent, which may lead to inconsistent interpretation.

Overall, while IVS 300 is of sufficient scope and provides a strong foundation, targeted revisions to structure, clarity and conceptual consistency would materially improve its effectiveness and ease of application.

23. Additional content has been added to IVS 300 section 40 in relation to inspection that is required (see para 40.06 to 40.09). Do you agree with this new content? If not, why not, and what specific changes would you suggest we make?

RICS considers that the additional inspection-related content introduced in paragraphs 40.06 to 40.09 is generally appropriate and reflects the practical realities of undertaking PEI valuations. The inclusion of guidance acknowledging limitations in inspection and the need for transparency in reporting is particularly helpful and aligns with professional practice.

The proposed content appropriately recognises that valuers may not always be able to undertake full inspections due to practical constraints and that reliance on third-party information or limited access is sometimes unavoidable. This is a valuable clarification and

supports consistent application across a range of valuation scenarios.

However, we consider that the guidance could be strengthened in relation to the actions required where inspection limitations or information constraints are significant. In particular, greater emphasis should be placed on early engagement with the client where such limitations are identified, including clear communication of the implications for the valuation and what additional information or access may be required to produce a credible outcome. While the current drafting recognises the need to disclose limitations, it could be interpreted as permitting valuations to proceed in circumstances where the outcome may not be reliable.

In this context, it would be beneficial to clarify that where limitations are so significant that a credible valuation cannot be produced, the valuer should reconsider proceeding with the assignment or clearly set out the conditions under which compliance with IVS can be achieved. This would reinforce the importance of professional judgement and the requirement to produce valuations that are both credible and fit for purpose.

Subject to these clarifications, the inspection-related content is appropriate and does not require substantive amendment.

24. Are there any elements within IVS 300 that should be contained within IVS General Standards? If so, please advise which elements?

RICS acknowledges that there is some overlap between IVS 300 and the General Standards, particularly in areas relating to scope of work, assumptions and the treatment of limitations. However, it is not straightforward to identify specific elements within IVS 300 that should definitively be relocated to the General Standards without first addressing the structural issues identified above.

In our view, the more effective approach would be to first improve the internal organisation and clarity of IVS 300. In doing so, it may become more apparent which elements are truly general in nature and therefore more appropriately addressed within the General Standards. For example, concepts such as the articulation of key assumptions, treatment of information limitations, and overarching valuation principles may lend themselves to broader application across asset classes.

At present, however, many of these elements are closely tied to the specific characteristics of PEI assets and their valuation, particularly in relation to premise of value and the treatment of installed versus removed assets. As such, they are appropriately retained within the asset-specific standard.

While there may be opportunities in the future to further align IVS 300 with the General Standards, we do not propose the relocation of specific elements at this stage. Instead, we recommend that the focus should be on ensuring consistency, clarity and alignment across the standards as a whole, following which any potential reallocation can be considered in a more structured manner.

IVS 400 Real Property Interests

[25. Is IVS 400 Real Property Interests of sufficient scope and quality and if not, why not and what specific changes would you make?](#)

RICS considers that IVS 400 Real Property Interests is generally of appropriate scope and quality and provides a clear framework for the valuation of real property interests when applied alongside the IVS General Standards, including IVS 101 Scope of Work, IVS 103 Valuation Approaches, and IVS 104 Data and Inputs.

However, RICS believes that several areas could benefit from additional clarification to improve practical application:

1. Interaction with other asset standards: Additional guidance could help clarify how valuers should determine the primary applicable standard where real estate valuations overlap with other asset classes, particularly IVS 300 Plant, Equipment and Infrastructure and IVS 200 Businesses and Business Interests.
2. Development property guidance: The incorporation of development property material within IVS 400 seems logical; however, given the technical complexity of development valuation, the relevant sections could benefit from additional guidance on practical application eg while the residual method and development cash flow models are referenced, practitioners may benefit from further guidance on the key assumptions, sensitivities and risk factors commonly encountered in development valuations.

Overall, RICS believes the standard is fit for purpose, with only modest clarifications required to enhance clarity and practical implementation.

[26. IVS 400 Real Property Interests has been restructured to incorporate IVS 410 Development Property, since development property is a subset of real property interests. Do you agree with the rationale for the proposed merger of these two chapters? If not, why not?](#)

RICS supports the proposed merger of IVS 410 Development Property into IVS 400 Real

Property Interests, as development property is appropriately considered a subset of real property interests. Consolidating the two chapters improves the logical structure of the standards and reflects how development property valuations are undertaken in practice.

However, RICS recommends that development-specific content remains clearly identified within the standard to ensure that guidance relevant to development valuations is easy for practitioners to locate and apply.

27. Additional content has been added to IVS 400 section 40 in relation to inspection that is required (see para 40.02 to 40.05). Do you agree with this new content? If not, why not, and what specific changes would you suggest we make?

RICS generally supports the inclusion of additional guidance on inspections and investigations within IVS 400.

The revised text appropriately emphasises that investigations undertaken during a valuation must be appropriate for the intended use and basis of value.

The requirement that valuers assemble sufficient evidence through inspection, enquiry, research or analysis is also consistent with professional practice.

Furthermore, the requirement that the valuer state the extent of the physical inspection within the scope of work improves transparency and aligns with best practice reporting.

While RICS supports the intent of the additional content, some clarifications would be beneficial:

1. Clarify that inspection requirements are risk-based

Inspection requirements should be proportionate to the intended use of the valuation, the nature of the asset and the level of valuation risk. Explicitly stating this would reinforce the principle-based nature of IVS.

2. Distinguish inspection from investigation

The text could more clearly differentiate:

- physical inspection of the property
- broader valuation investigations (documentation review, planning enquiries, environmental information etc.)

3. Address circumstances where inspection is not possible

Additional guidance could be provided for cases where:

- inspection is restricted
- remote inspections are undertaken
- reliance is placed on third-party reports

These situations are increasingly common and merit acknowledgement within the standard.

28. The order of the basic elements for the residual method of development property has been revised to better align with the valuer's process. Do you agree with this reordering? if not, why not?

RICS supports the revised ordering of the elements of the residual method where it aligns with the practical workflow followed by valuers.

Development valuations typically proceed by:

1. estimating the gross development value (GDV) of the completed development
2. deducting development costs, finance costs and other expenditures
3. allowing for developer's profit and risk allowances
4. deriving the residual land value

Structuring the residual method in this sequence reflects the analytical process normally followed by practitioners and therefore improves usability and comprehension.

The exposure draft also recognises that development valuations may use discounted cash flow models to derive residual value in some markets. This recognition is welcome as it reflects modern practice where phased cash flow modelling is often preferred to static residual calculations.

RICS recommends that the standard also:

- emphasise the sensitivity of residual valuations to key assumptions, and
- highlight the importance of testing key inputs such as sales values, construction costs and timing assumptions.

Residual valuations can be highly sensitive to changes in these inputs, and acknowledgement of this risk would strengthen the standard

29. Are there any elements within IVS 400 that should be included within IVS General Standards? If so, please advise which elements should be included.

RICS considers that the majority of the provisions within IVS 400 appropriately remain within an asset specific standard. However, some principles could potentially be applicable to the General Standards also because they apply broadly across asset classes.

1. Investigation and evidence requirements

The principle that valuers must assemble sufficient evidence through investigation, inspection, research or analysis to support the valuation could be considered a general valuation principle rather than one limited to real property interests.

Although similar concepts exist in IVS 101 and IVS 104, the language in IVS 400 provides a helpful articulation of the requirement.

2. Transparency regarding inspections

The requirement that the extent of inspection undertaken must be disclosed could potentially be included within IVS 106 Documentation and Reporting, as transparency about inspection scope is relevant to many asset classes.

3. Consideration of legal rights and restrictions

For real property interests, the value attaches to the legal interest rather than the physical asset itself.

While this principle is particularly relevant to real estate, similar concepts arise in other asset classes. Some aspects of this concept could therefore be articulated more generally within the valuation framework.

Appendix 1: Additional Technical Comments in Respect of IVS 300