Australian Property Institute Ltd.
ABN 49 007 505 866
ACN 608 309 128

Response to IVS Exposure Draft for Consultation 2028

Prepared by the IVS Technical Working Group,
a subcommittee of the API Standards Steering Committee

The API would like to thank all the members of the IVS Technical Working Group for their contributions, knowledge and insights which formed the basis of the APIs responses and comments.

The working group consisted of;

Mark Kay	LFAPI | Chair of API SSC | API Board Director
Rob Hecek	LFAPI | Chair of APIV
John Martin	LFAPI | Australian Property Consultants
Allen Crawford	FAPI | Corporate and Commercial Property Advisers
Kevin Brogan	FAPI | Herron Todd White
Alexandra McCann	AAPI | Herron Todd White
Junda Huang	AAPI | Herron Todd White
Lindsay Joyce	LFAPI | Bellrock Advisory
David Brandon	AAPI | API, Manager Professional Standards
Craig Barrett	FAPI | API, Technical Manager

Yours faithfully,

David Brandon
Manager Professional Standards
Australian Property Institute Ltd

Mark Kay
Chair Standards Steering Committee
Australian Property Institute Ltd

on behalf of the API IVS Technical Working Group

7 April 2026

Response to IVS Exposure Draft for Consultation 2028

Dear IVSC,

Thank you for the opportunity to provide feedback and responses to the questions raised in the *IVS Exposure Draft Summary and Consultation Questions* relating to the draft 2028 IVS.

The API recognises the role the IVS Standards Review Board and Technical Boards have in reviewing and drafting the IVS 2028 exposure draft.

The API provides the following responses to the exposure draft consultation questions. API responses and suggestions changes to improve the content of IVS 2028 are shown in red font.

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.

   API response: The addition of definitions for the terms *business*, *financial instrument*, *non-financial liability*, *quality control* and *sustainability* is appropriate, however the some of the definitions could be improved by redrafting to remove ambiguity and reduce confusion when reading IVS. See below for suggested improvements and reasons for change.

   Business – An organisation or integrated collection of activities, *assets* and/or *liabilities* engaged in commercial, industrial , service or investment activity. (see IVS 200 *Business and Business Interests*)

   API suggestion: **Business** – An organisation ~~or integrated collection of~~ including its activities, *assets* and/or *liabilities* engaged in trade, ~~commercial, industrial ,~~ service or investment activity. (see IVS 200 *Business and Business Interests*).

   API explanation:

   The “or” meant that definition was two separate things. A business is a noun and includes everything that is a part of it including what is does.

   Changed “commercial, industrial” to “trade” as it is a wider application and “commercial” is perceived as offices.

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   Financial Instrument – A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. (see IVS 500 *Financial Instruments*)

   API response: appropriate as drafted.

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Non-Financial Liability – A *liability* requiring a non-cash performance obligation to provide goods or services. (see IVS 220 *Non-Financial Liabilities*)

API response: appropriate as drafted.

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Quality Control – The process and procedures used to mitigate *valuation risk* and to verity the *valuation* is in accordance with IVS and appropriate for the intended use.

API suggestion: **Quality Control** – The process and procedures used to mitigate *valuation risk* and to verity the ~~*valuation*~~ valuation process is in accordance with IVS and appropriate for the intended use.

API explanation:

Consider replacing the defined term "*valuation*" with "valuation process" so it reads better.

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Sustainability – A concept that encompasses the extent to which ESG, resilience and other significant considerations may impact the ability of a company or asset, liability or investment to generate, maintain or enhance economic value.

API suggestion: **Sustainability** – A concept that encompasses the ~~extent to which ESG, resilience and other *significant* considerations may impact~~ practice of operating a *business* or utilising an *asset* in a way that meets the economic, social and environmental needs of the ~~ability of a company~~ *business* or *asset*~~, liability or investment~~ to ~~generate,~~ maintain or ~~enhance~~ improve the economic value of the *business* or *asset*.

API explanation:

Including ESG in the definition of "sustainability" is not considered appropriate.

ESG is a measurement tool/criteria whereas sustainability is broader concept that looks at actions that meet the needs of the present without damaging/compromising things in the future. Sustainability is well defined in the public realm and the IVSC should take care not to introduce a term that is at odds with the well-established/existing definitions of "sustainability".

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API suggested improvements to improve the Glossary and understanding of IVS:

The API acknowledges that efforts of the various IVSC boards and the new additions to the Glossary and recommends that the boards consider adding a number of other terms to the Glossary to improve the readability, understanding and interpretation of IVS.

These are:

Market Rent – The estimated amount for which an interest in real property should be leased on the *valuation date* between a willing lessor and a willing lessee on appropriate terms in an arm's length transaction, after property marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Explanation: The current IVS Glossary includes defined terms for "Liquidation Value", "Synergistic Value", Non-Financial Liabilities" and other concepts that are effectively defined elsewhere with the standards, but not "market rent" which like "market value" is a core principle of valuation.

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Market Participant(s) – Individuals and/or entities that may be active in trading *assets* and/or *liabilities* in the market in which the *asset(s)* and/or *liability(ies)* typically transacts.

Explanation: Previous versions of IVS included a definition of "market participant" and referenced the term throughout the standards. The current IVS still uses the term throughout.

The API is aware that a Valuer was requested to provide a definition of "market participants" to legal counsel in a matter.

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Assumptions – Assumed facts that are consistent with, or could be consistent with, those existing at the *valuation date*. (see IVS 102 *Bases of Value*, section 50)

Explanation: Similar to "market rent" above, "assumptions" (and "special assumptions") are fundamental concepts/principles of valuation and should be defined in the Glossary.

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Special Assumptions – Assumed facts that differ from those existing at the *valuation date*. (see IVS 102 *Bases of value*, section 60)

Explanation: "Special assumptions" are not the same as "assumptions" when it comes to valuation and by not defining them in the Glossary this has resulted to these terms been used incorrectly and creates confusion.

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Highest and Best Use – The use of an *asset* that produces the highest value and must be physically possible (where applicable), legally permissible and financially feasible. (see IVS 102 *Bases of Value* Appendix A90)

Explanation: "H&B use" is another fundamental concept of valuation that should be clearly defined in the Glossary, so that when the term is used in the standards it is not open to mis-interpretation. The proposed definition combines A90.01 and A90.03.

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Data – Quantitative and qualitative information available to the *valuer*.

Explanation: Data is used numerous times in the standards and is a useful as the link between "information" which is everything, and "inputs' which is data the *valuer* has selected as appropriate for the valuation process.

Recommend adding "data" back as a defined term.

"Data" is information that the *valuer* considers but may or may not be selected as an *input* in the valuation process.

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.

API response: The revisions to the defined terms in the Glossary for the terms *ESG*, *liability*, *liquidation value*, *professional scepticism*, *significant*, *tangible asset* and *valuation review* are acknowledged. The API recommend that these definitions be further improved by redrafting to ensure they are fit for purpose.

Environmental, Social and Governance (ESG) – The criteria that together establish the framework for assessing the resilience of operations of a company, *asset* or *liability*. *ESG* comprises three pillars: Environmental, Social and Governance, all of which may collectively impact performance, the wider market and society. (see IVS 104 *Data and Inputs* Appendix)

API suggestion: **Environmental, Social and Governance (ESG)** – The criteria that together establish the framework for assessing the ~~resilience~~ impact of the operations and governance system of a ~~company~~ *business*, *asset* or *liability* on the environment and society. *ESG* comprises three pillars: Environmental, Social and Governance, all of which may individually or collectively impact performance, the wider market(s) and society. (see IVS 104 *Data and Inputs* Appendix)

API explanation:

The current definition of ESG in the 2025 edition of IVS was considered appropriate and made it clear that ESG was a measurement criteria of the impact that an asset or business has on the environment and society as well the governance system of a business.

The change to "the resilience of operations …" is a narrower application of the concept of ESG and is not a measurement framework.

The API recommends that "impact" be added back and "company" be changed to the Glossary term "business" and "individually or" be added so as to cover, for example, those scenarios where an asset only has a significant "environmental" impact due to its construction and/or operations, and not a governance impact (which would be at a business level). Or is the intention for all three pillars to be applicable?

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Liability – The present obligation to transfer or otherwise provide economic benefits to others.

API suggestion: **Liability** – The ~~present~~ obligation to transfer or otherwise provide economic benefits to others.

API explanation:

In simple terms, a liability is an obligation that someone owes to someone else. It may be a current obligation or a future obligation. Is the word "present" required?

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Liquidation Value – the gross amount that would be realised when an *asset* or group of *assets* are sold from a liquidation sale, with the seller being compelled to sell as of a specific date, as determined under either an orderly transaction with a typical marketing period, or a forced transaction with a shortened marketing period.

API suggestion: **Liquidation Value** – the gross amount that would be realised when an *asset* or group of *assets* are sold from a liquidation sale, with the seller being compelled to sell ~~as of a specific date, as determined under either an orderly transaction with a typical marketing period, or a forced transaction with a shortened marketing period~~ subject to specified terms and conditions.

API explanation:

The current (IVS 2025 edition) and proposed definitions only deal with the marketing period, which is considered to be too narrow. There may be other limitations/restrictions or conditions placed on the seller under liquidation sale conditions in addition to the length of the marketing period.

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Professional Scepticism – An attitude of the *valuer* that includes a questioning mind and critical analysis throughout the *valuation*.

API suggestion: **Professional Scepticism** – An attitude of the *valuer* that includes a questioning mind, critical reasoning and critical analysis throughout the ~~*valuation*~~ valuation process.

API explanation:

It is critical reasoning and analysis of everything in the valuation process that the *valuer* must prioritise.

Recommend changing the term "*valuation*" to "valuation process" so there is no confusion as to what the defined term relates too. Far too many individuals and entities use the term "valuation" to describe the report that is the output of a valuation process.

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Significant – Any aspect of a *valuation* which, in the *professional judgement* of the *valuer*, substantially impacts the resultant *value*.

API suggestion: **Significant** – Any aspect of a *valuation* which, in the *professional judgement* of the *valuer*, ~~substantially~~ materially impacts the ~~resultant~~ their opinion of *value*.

API explanation:

Minor re-wording to clean up the definition and link the defined terms in the definition together.

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Valuation Review – An analysis undertaken after the issuance of a valuation report that is either a *valuation process review* or a *value review* or both.

API suggestion: **Valuation Review** – An analysis undertaken after the issuance of a valuation report that ~~is~~ may be either a *valuation process review* and/or a *value review* ~~or both~~.

API explanation:

Minor re-wording to improve sentence structure.

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API suggested improvements:

The API acknowledges that efforts of the various IVSC boards with revisions to a number of the defined terms in the Glossary and recommends that the boards consider reviewing and updating the following other Glossary terms to improve the readability, understanding and interpretation of IVS. These are:

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Asset(s) ~~or Assets~~ – ~~The~~ Item(s) or right(s) ~~to an economic benefit~~ having value.

API explanation:

Change from "asset or assets" to "asset(s)" to align with other defined terms such as "client(s)" and "discount rate(s)" or leave all defined terms in the singular form and include a statement in the introduction along the lines of:

"A defined term includes the plural and vice versa, unless the context clearly indicates otherwise."

An *asset* may or may not have physical form, and as the IVS relates to *valuation* and a *valuer* assessing the *value* of the *asset*, then it must be able to be owned, transferred, exchanged, leased, licensed or gifted by an entity or person to another entity or person.

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Client(s) – ~~The person~~ Person(s) or entity(ies) who engages or instructs ~~the~~ a *valuer* for a given *valuation* or *valuation review*.

~~"Clients" may be internal (i.e., *valuations* performed for an employer) or external (i.e., when the *valuer* is engaged by a third-party).~~

API explanation:

"Entity" is a is a wider term and often includes a business, organisation and/or person. IVS distinguishes between "valuation" and "valuation review" and both require a client to instruct a valuer.

Not sure that the second sentence starting with "Clients" may be internal ..." is part of the definition, or is it an explanation of the different types of "clients" that may instruct a valuer? The API recommends deleting from the defined term and including in the standards if further explanation is required.

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Input – *Data*, *assumptions*, *special assumptions* and adjustments determined to be relevant and assessed or selected by the *valuer* to be used in the *valuation*, based upon *professional judgement*.

API explanation:

See previous comments regarding "assumptions", "special assumptions" and "data", all of which are *inputs* to the valuation process and valuation report (that is the output).

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Intended Use

The reason~~(s)~~ for which a *value* is ~~developed~~ estimated as described in the scope of work. This is also known as intended purpose.

API explanation:

Dual/multi-purpose valuation reports are a dangerous practice and must be discouraged.

Valuers estimate or provide opinions of *value*, as per the definition of "market value".

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Intended User

Any party identified by the *client* and *valuer* in the scope of work as users of the ~~*valuation*~~ valuation report.

API explanation:

The *client* and any other agreed users do not "use" the "valuation process". They use and rely on the valuation report for the agreed purpose (*intended use*).

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Jurisdiction – the legal and regulatory environment in which a ~~*valuation*~~ valuation process is ~~performed~~ undertaken.

API explanation:

The term "valuation process" is used in the standards a number of times and clearly articulates what the context of the standard is referring to.

Note, there are instances where the word "*valuation*" is italicised in the term "*valuation* process" which is incorrect and should be addressed as part of the review of the standards.

Professional valuers undertake a valuation process, they do not "perform" one. The API recommends that the IVSC boards review the standards and identify the use of the term "perform" and "performing".

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Market Value – The estimated amount for which an *asset* or *liability* ~~*should*~~ should exchange on the *valuation date* between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (see IVS 102 *Bases of Value* ~~*Appendix A60*~~ Appendix A10)

API explanation:

The meaning of "should" is the common meaning of the word, not the defined term from the Glossary.

Ensure consistency throughout the standards when referencing other sections or paragraphs. In the Glossary and the standards "Appendix" is shown unitalicised except for a small number of instances.

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Professional Judgement – The ~~use~~ application of accumulated knowledge, experience, and critical reasoning ~~of~~ by the *valuer* throughout the valuation process, to ~~make an informed~~ inform their opinions. ~~decision~~

API explanation:

Suggested updates to link this to what the *valuer* must do when undertaking a valuation process. That is, apply professional judgement throughout. Also aligns to the suggested updates to "professional scepticism".

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Quality Control – The process and procedures used to mitigate *valuation risk* and to verify the ~~*valuation*~~ valuation process is in accordance with IVS and appropriate for its *intended use*. (see IVS 107 *Quality Control*)

API explanation:

The valuation process includes everything from the instruction to the delivery of the valuation report. IVS has requirements that the *valuer* must comply with when providing an IVS-compliant valuation process.

The defined term "*valuation*" means "valuation process" but is not always used to describe the process in the standards and is sometimes referring to the output of the valuation process, that is, either the valuation report or the *value* contained within.

Consistency in the standards is critical, as the public often use the term "valuation" to describe the output, namely a report containing a value (that may or may not have been a *valuer's* opinion of *value*).

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Service Organisation – An entity (or segment of an entity) that provides information, reports or opinions including but not limited to providing market data, credit ratings or other services ~~to support the *valuation*~~ that may be used by the *valuer* as part of the valuation process.

API explanation:

Suggested changes to link the definition to what the *valuer* does and uses as part of the valuation process. *Valuers* have always sourced information from "others" as part of their enquiries and investigations when providing valuation reports.

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Specialist – An individual or group of individuals possessing technical skills, experience and knowledge required to perform or assist in the *valuation* or ~~the~~ *valuation review* ~~and challenge process~~.

~~A *specialist* can be internally employed or engaged externally.~~

API explanation:

IVS is either about a "*valuation*" or "*valuation review*" process undertaken by a *valuer*.

A "challenge process" (or query from the client or other third-party) may be part of a valuation process or valuation review process or, may come after the report is delivered. Is this definition aimed at "specialists" involved both during and after the valuation or valuation review process has concluded?

Not sure whether the second sentence starting with "A *specialist* can be …" is part of the definition or is an explanation of the different types of "*specialists*" that a *valuer* can seek information and expertise from as part of the valuation process?

The API recommends deleting the second sentence from the defined term and including in the standards if further explanation is required.

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Synergistic Value - The result of a combination of two or more *assets* or interest where the combined *value* ~~is greater than~~ exceeds the sum of the separate *values*.

If the synergies are only available to one specific buyer, then *synergistic value* will differ from *market value*, as the *synergistic value* will reflect particular attributes of an *asset* that are only of *value* to a specific purchaser.

The added *value* above the aggregate of the respective interests is of often referred to as marriage value. (see ~~*IVS 102*~~ IVS 102 *Bases of Value* ~~*Appendix A60*~~ Appendix A50)

API explanation:

"exceeds" is a simpler term to use in the first sentence, which is effectively the definition of "synergistic value".

Are the second and third sentences part of the definition or are they an explanation of the concept of "synergistic value". Consider deleting from the defined term and including in the standards if further explanation is required, namely under IVS 102 *Bases of Value* Appendix A50.

The reference to where in the standards the explanation of "synergistic value" is needs to be consistent with other referencing conventions in IVS (see earlier comments) and must be correct. IVS 102 A60 is "liquidation value".

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Tangible Asset – A physical ~~measurable~~ *asset* such as, but not limited to, real property, personal property, plant, equipment and infrastructure. ~~(see~~(see *IVS 300* and *IVS 400*)

API explanation:

Something that has physical form is, by definition, "measurable". Therefore the word "measurable" is not required.

"Property" is anything that can be owned, exchanged, transferred, gifted etc and includes both tangible and intangible assets. Real property is a type of physical asset, as is personal property (chattels), plant, equipment and infrastructure. Suggest adding real property and personal property to the list of examples to reduce the risk of confusion.

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Valuation – The ~~act or~~ process undertaken by a *valuer* ~~of~~ to form~~ing a conclusion~~ their opinion ~~on a~~ of *value* as of a *valuation date* prepared in compliance with IVS.

API explanation:

Actors "act" and "perform". *Valuers* are professional experts who undertake a valuation process when providing valuation services that include their opinion of *value*.

As discussed previously the term "*valuation*" must be used correctly in the standards to mitigate the potential for confusion for readers/users of IVS. There is already enough confusion in the public sphere with the use of the term "*valuation*" to describe anything that includes someone or something's belief of the value of an asset.

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Valuation Model – A quantitative implementation of a *valuation method* in whole or in part that converts *inputs* into outputs used ~~in the development of~~ to estimate a *value*.

API explanation:

Valuers estimate the *value* of the property they are valuing. That estimate is their opinion of *value* and it doesn't matter if the *valuer* utilises an off-the-shelf *valuation model* or works it out on paper. The end result is the same, namely, the *valuers'* opinion of *value*.

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Valuation Process Review – An analysis undertaken by another *valuer* after the issuance of a valuation report to assess compliance with IVS, or a component of IVS, applicable as at a *valuation date*. This does not include an opinion on the *value*.

API explanation:

Just some commas to make it clear that it is either "compliance with IVS applicable as at a *valuation date*" or "a component of IVS applicable as at a *valuation date*".

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Valuation Review – An analysis undertaken after the issuance of a valuation report that ~~is~~ may be either a *valuation process review* and/or a *value review* ~~or both~~.

API explanation:

Minor changes to improve the sentence structure.

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Value (noun) – The *valuer's* quantitative ~~conclusion on~~ estimate of the results of a ~~*valuation*~~ valuation process that is fully compliant with the requirements of IVS as of a *valuation date*.

API explanation:

Valuers estimate the *value* of the property they are valuing.

The definition of "market value" starts with "the estimated amount …". IVS are all about what the *valuer* does when undertaking a valuation process to provide an IVS-compliant valuation report.

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Valuer – An individual, group of individuals or individuals within an entity, ~~regardless of whether employed (internal) or engaged (contracted/external),~~ possessing the necessary qualifications, ability and experience to ~~execute~~ undertake a *valuation* and/or a *valuation review* in an objective, unbiased, ethical and competent manner. In some *jurisdictions*, licensing is required before one can act as a *valuer*.

API explanation:

"regardless of whether employed (internal) or engaged (contracted/external)" is an explanation of types of "valuer" based on how they are instructed, rather than the core concept of a "valuer" which is contained in the rest of the definition.

"execute" is a word with a number of meanings and is a 'final' action. *Valuers* undertake a valuation process when providing an IVS-compliant valuation report.

Recommend adding "and/or a *valuation review*" to cover off the valuation services outlined in IVS, namely valuation reports and valuation reviews, both of which are undertaken by valuers.

Another definition of "valuer" that includes all the above is;

> "A person, or group of persons, possessing the requisite education, necessary training, recognised qualifications and who applies their knowledge, expertise and experience to undertake a *valuation* and/or a *valuation review* in an independent, objective, unbiased, ethical and professionally competent manner."

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Value Review – An analysis by ~~the~~ a *valuer* ~~applying IVS~~ to assess and provide ~~an~~ their opinion on ~~the *value* of~~ another *valuer's* ~~work~~ opinion of *value*. This do not include an opinion on the ~~*valuation*~~ valuation process.

API explanation:

Rearranged the order to make it clearer. That is, the reviewing *valuer* is assessing the opinion of *value* contained in the other *valuer's* valuation report.

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.

API response: The revision to the definition of "*valuation risk*" provides some additional clarity, however the API suggests that further improvements could be made as follows:

Valuation Risk – The possibility of errors, omissions, biases, or inadequate investigations, procedures and/or documentation arising from with the ~~*valuation*~~ valuation process (e.g., in the scope of work, *valuation method*, *valuation model*, *data* and *input* selection, *assumptions*, *special assumptions*, *professional judgment* and *quality controls*) that could lead to a ~~*value*~~ valuation report that is not appropriate, credible or supportable for its *intended use*.

API explanation:

"valuation risk" can be the result of deficiency in any part of the valuation process. Suggest adding inadequate "investigations, procedures and/or documentation" to cover a much wider net.

Given the "scope of work" underpins the valuation process and what the *valuers* obligations and requirements are, this should be included in the examples of where things could go wrong.

As noted previously "*data*", "*assumptions*" and "*special assumptions*" are all critical parts of the valuation process.

"*Input* selection" is critical for a credible valuation report containing the *valuer's* opinion of *value*. It is often more than just the *value* in the valuation report that makes the valuation report not fit for the agreed purpose.

A shorter definition that effectively achieves the same outcome is:

> "The possibility that the valuation process undertaken by the *valuer* results in a valuation report that is not appropriate for the *intended use*."

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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?

API response: IVS 101 sets out the requirements for an IVS-compliant *valuation* instruction. The API considers that improvements could be made to the content to make the requirements clearer. Some restructuring is recommended to ensure that the requirements for *valuation* instructions and *valuation review* instructions are consistent.

This standard could be improved by relocating some of the current mandatory requirements (that must be specified in an IVS compliant instruction) to another paragraph and have a list of other details that may be specified in a scope of work if required by the client. This could include items identified as "If applicable" or in addition to the minimum requirements for all instructions.

The API recommends that the explanation of each separate item in para 20.01 should be a clarifying statement and not a discussion about what is required in the valuation report. IVS 106 should be used to address the content and requirements of the valuation report. And if the discussion relates to compliance with IVS that discussion should be included in IVS 100.

A more detailed response and suggestions to improve IVS 101 will be provided in the future.

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In relation to the dot points relating to the additional requirements added to para 20.01;

- the use of a range,

API response: this item is not required and should be deleted. IVS 101 sets the minimum requirements and if the client wants a value range to be included in the report, then this can be a requested in the instruction. There is nothing stopping a client requesting more information or placing additional limitations/restrictions on the valuation process.

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- the proposed significant use of artificial intelligence or other technology based tools and resources,

API response: not required in para 20.01 (k). If the client wants to instruct the valuer to use AI or to not use AI, this is a decision for the client and a specific instruction that is over and above the minimum requirements of IVS 101.

API recommend that the proposed (k) be deleted and update (l) to:

(l) the nature and sources of ~~data and *inputs*~~ information upon which the *valuer* relies (if applicable): any limitation(s) on the nature and source of ~~*significant* data and *inputs*~~ information upon which the *valuer* may rely ~~relies and quality controls to ensure the accuracy of the data and *inputs*~~.

API explanation:

Changing "data and inputs" to "information" as it is a much boarder concept that still includes "data and inputs", including artificial intelligence and other technology-based tools. As noted above, it is up to the client (or regulators in the relevant jurisdiction) to restrict or limit the use of AI or other tools, not the IVSC or IVS.

Valuation process *quality controls* are a mandatory requirement as per IVS 107 and it is not necessary to have them noted as a minimum requirement of instructions.

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- service organisations,

API response: the addition of "and/or *service organisation*": to (n) is appropriate.

API recommends "(if applicable)" to be added as it might not be applicable to all *valuation* instructions. Also see previous comments.

(n) Specialist and/or service organisation (if applicable): the use and role of a specialist and/or service organisation.

API explanation:

The definition of "*service organisations*" is wide, and some *clients* might not know what the *valuer* is intending to use as part of the valuation process, e.g., records of market transactions from government departments or third-party re-sellers of the information etc.

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- sustainability considerations, and

API response: the addition of "sustainability" to item (o) is appropriate, assuming the definition of "sustainability" in the Glossary is improved. Recommend "(if applicable)"is added, it is up to the *client* to decide if they want the *valuer* to consider any known or observable "sustainability considerations and ESG factors"

(o) *Sustainability* considerations and *Environmental, Social and Governance* factors (if applicable): any requirements ~~in relation~~ relating to ~~the consideration of~~ *significant sustainability* considerations and *environmental, social and governance* factors that the *valuer* should consider and report on.

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- the IVS asset standards to be considered within the valuation.

API response: Not required in an instruction and should be deleted.

It is the *valuers* responsibility to follow all the requirements in IVS including the applicable Asset Standards.

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Further API suggestions to improve IVS101:

As noted previously, the API considers that further improvements should be made to IVS 101 and will provide a detailed mark-up for consideration in the future.

This includes deleting the proposed 20.02. The decision to use AI or other technology-based tools, as part of the valuation process, should be a decision for the *valuer* based on *professional judgment*, or the client or regulatory body placing restrictions on the use of AI etc. IVS 106 can address disclosure requirements in valuation reports relating to information sources etc.

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?

API response: The proposed 10.05 is not considered necessary as drafted. The concept that the "*valuer* is ultimately responsible for IVS Compliance" is okay but only linking it to AI and not all data and inputs used in the valuation process is considered problematic. The same is true for the "*must* be subject to *quality controls*" requirement of 10.06.

The rapid changes in the AI landscape also present challenges for all professionals. What is important is to remember that AI and other technology-based tools are simply that, tools and information that can be used as part of the valuation process, and like all other information used and relied upon by *valuers*, the source of that data needs to be disclosed.

Where AI is used to check valuation reports as part of a quality assurance process then this should be treated the same way that traditional quality assurance checks are treated and managed.

API recommend that these concepts be incorporated in 10.04 as part of all information and 10.05 and 10.06 be deleted.

10.04 The *valuer* is responsible for assessing and selecting the *data*, *assumptions* and adjustments to be used as *inputs* in the *valuation* based upon *professional judgement* and *professional scepticism*. The *valuer* remains ultimately responsible for compliance with IVS, including *quality controls*.

~~10.05 If the *valuer* uses AI and/or other technology-based tools and resources that employ opaque or non-transparent logic where the decision pathways and underlying rationale cannot be readily explained or verified in the collection of data and *inputs*, the *valuer* remains ultimately responsible for IVS Compliance. (see *IVS 101 Scope of work* para 20.02)~~

~~10.06 All data and *inputs*, including those generated by AI and/or other technology-based tools and/or other technology-based tools and resources that employ opaque or non-transparent logic where the decision pathways and underlying rationale cannot be readily explained or verified by the *valuer* during the *valuation, must* be subject to *quality controls*.~~

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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?

API response: the addition of "sustainability considerations and" to IVS 104 Data and Inputs: Appendix before "environmental, social and governance factors" in the introduction, A10, A10.01, A10.02 and A10.06 is appropriate, assuming the definitions of "*ESG*" and "*sustainability*" in the Glossary is improved.

Note, the term "sustainability" in the introduction is not italicised.

The *valuer should* be aware of relevant legislation and frameworks in relation to ~~sustainability~~ *sustainability* considerations and *environmental, social and governance* factors impacting a *valuation*.

7. IVS 105 Valuation ~~Approaches~~ Models 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?

API response: Some re-structuring/re-ordering of the paragraph in section 10 (Introduction) would improve the readability of this section. The new draft of 10.06 and 10.08 should follow each other. Suggest swapping 10.07 and 10.08 around.

Re-wording of 10.06 and 10.08 to reinforce the key concept that the "*valuer* is ultimately responsible for IVS Compliance" and the *valuation model* "*must* be subject to *quality controls*" is suggested.

10.06 If the *valuation model* uses ~~AI~~ artificial intelligence and/or other technology-based tools and resources ~~that employ opaque or non-transparent logic, where the decision pathways and underlying rationale cannot be readily explained or verified,~~ the *valuer* remains ultimately responsible for compliance with IVS ~~Compliance~~. ~~(see IVS 101 Scope of work para 20.02)~~

10.08 All *valuation models*, including those generated by artificial intelligence or other technology-based tools ~~and resources that employ opaque or non-transparent logic where the decision pathways and underlying rationale cannot be readily explained or verified by the *valuer* during the *valuation*,~~ *must* be subject to *quality controls*.

API explanation:

As the AI landscape and the tools available to professionals are rapidly changing, the API suggest that the standards do not go too deep into a discussion about AI or the quality of the information at this time.

AI and other technology-based tools are simply that, tools and information that can be used by *valuers* as part of the valuation process. The standards need to reinforce that like all other information used and relied upon by *valuers*, the source of that data needs to be disclosed in the valuation report. This needs to be included in IVS 106.

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?

API response: the inclusion of new paragraph 20.03 is appropriate with suggested re-wording to align to the rest of this section. Let's keep this para targeted at artificial intelligence. *Quality controls* discussion is dealt with under 20.06

20.03 ~~Further to the requirements of 20.02, documentation~~ Documentation *must* also include any ~~*significant*~~ significant use of ~~and *quality controls* for~~ artificial intelligence or other technology-based tools and resources.

The use of the word "significant" is not as defined in the Glossary, recommend unitalicing here and the common meaning of "significant" be applicable.

9. The reporting section within IVS 106 Documentation and Reporting has been revised to include mandatory requirements, where applicable, in relation to;

- reporting 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 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?

API response: The addition of 30.08 relating to "a value range" is generally considered okay with the following suggestion to make it clear that this paragraph only applies where the *valuer* is instructed to include a value range or has decided to include a value range in the valuation report.

30.08 When a value range is ~~used~~ included in the valuation report, the *valuer must*:

(a) ~~D~~ disclose the purpose of the range and what it communicates to the *intended user*,

(b) ~~D~~disclose how the boundaries of the range are derived, and

(c) ~~D~~disclose how the point estimate within a range is derived (where applicable).

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In relation the the various dot points the API has considered each and responds as follows:

- the proposed significant use of artificial intelligence or other technology based tools and resources,

API response: The inclusion of 30.06 (n) is considered appropriate and in line with accepted valuation practice. Namely, that the *valuer* disclose in the valuation report details of the source of information and opinion of others, including artificial intelligence and/or other technology-based tools, used and relied on as *inputs* in the valuation process.

30.06 (n) ~~the *significant*~~ details of any significant use of artificial intelligence and/or other technology-based tools and resources.

The use of the word "significant" is not as defined in the Glossary. Included "and/or" as it may be one or both.

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- service organisations,

API response: The inclusion of "or service organisations" in 30.06 (p) is considered appropriate with minor re-wording.

30.06 (p) findings of a *specialist* and/or *service organisation*,

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- sustainability considerations, and

API response: The inclusion of "sustainability considerations" at 30.06 (m) is considered appropriate, although does it need to be conditional, for example;

30.06 (m) *significant sustainability* ~~*considerations and*~~ considerations and *environmental, social and governance* factors where used and considered,

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- the IVS asset standards considered within the valuation.

API response: The inclusion of "IVS Asset Standards used …" at 30.06 (q) is considered appropriate as drafted.

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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?

API response: the relocation for "Allocation of Value" to IVS 106 section 40 is appropriate as drafted.

If not, why not, and where would you place this section?

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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?

API response: the standard relating to "*quality controls*", IVS 107, is appropriately located in the standards.

API explanation:

The API agrees that *valuers must* have a *quality control* process in place when providing valuation services.

The use of "*must*" throughout this standard is effectively setting a very high threshold which, while appropriate for IVS, may be too stringent for all valuers and valuation firms in all markets.

The API recommends that the IVSC consider using the defined term "*should*" instead of "*must*" in some of the paragraphs relating to the structure and implementation of *quality controls*.

A more detailed response and suggestions to improve IVS 107 will be provided in the future.

Additional suggestions:

The API recommend the italicised term "significant" in 10.02 be reviewed as it is not the Glossary defined term in the context that it is used.

In addition, other italicised terms in IVS 107 (and the other standards) must be reviewed to ensure that where they are italicised, they are used in the context of the defined term.

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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.

    API response: We consider that further minor revisions and updates could be made to improve the structure and 'flow' of this chapter.

    A more detailed response and suggestions to improve IVS 107 will be provided in the future.

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

    API response:

    It is critical that the Glossary terms are used appropriately throughout the standards.

    In particular the term "*valuation*". As defined it should be read as "valuation process", however in a number of instances the terms "valuation" or "valuations" is used to describe the output, either the valuation report and/or the value contained therein.

    Consistency in the language and terminology used throughout the standards, from the Glossary, General Standards and Asset Standards is also critical so IVS are able to be understood and applied across jurisdictions.

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?
    b. If you disagree, please explain your reasoning.
    c. Where relevant, please provide specific suggestions for changes that you believe would enhance these standards.

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?
    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?
    c. If you disagree, please explain your reasoning.
    d. Where relevant, please provide specific suggestions for changes that you believe would enhance these standards.

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?
    b. If you disagree, please explain your reasoning.
    c. Where relevant, please provide specific suggestions for changes that you believe would enhance these standards.
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?
    b. If you disagree, please explain your reasoning.
    c. Where relevant, please provide specific suggestions for changes that you believe would enhance these Standards.

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?
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?
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?
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?

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

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?

API response: The API acknowledges the revisions and updates to IVS 400 and while they provide a base, we consider that further revisions and updates must be made to improve the structure and 'flow' of this chapter.

A more detailed response and suggestions to improve IVS 400 will be provided in the future.

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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?

API response: The API agrees that "development property" is a subset of real property interests, however the merger of the two chapters creates confusion for readers/users of IVS. This is part of the reasoning for the API response to Q25 above.

IVS 400 as it applies to all real property interests needs to be a stand-alone standard, with an additional section that covers all the "additional requirements for development property".

A more detailed response and suggestions to improve IVS 400 will be provided in the future.

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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?

API response: The API acknowledges the updates to IVS 400 to include discussion in relation to "physical inspection" but considers that further revisions and updates must be made to improve this section and reinforce the requirement for a physical inspection of the real property asset by the *valuer*. There should not be an opportunity for a valuation report to be IVS compliant when there is no physical inspection of the real property asset by the *valuer* (see draft 40.06)

A more detailed response and suggestions to improve IVS 400 will be provided in the future.

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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?

API response: See previous comments regarding re-structuring of IVS 400.

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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.

API response: no further comment at this stage.

A more detailed response and suggestions to improve IVS 400 (and IVS 410) will be provided in the future.

Conclusion:

The API recognises the role of the IVSC as the global standard setter for valuation and understands that the concepts and principles in IVS need to be broad and suitable for professional valuation services of all asset types.

The API standards committee is happy to assist the IVSC standards boards to continue to improve, promote and strengthen IVS for both current and future valuation professionals, and users of valuation services.

As outlined in our responses to the consultation questions, the API considers that the IVS 2028 Exposure Draft document, as currently drafted, is not appropriate for the Australian valuation profession due, in particular, to the prescriptive nature of IVS 101 and IVS 106.

The API agrees with the concept of having an agreed written instruction and that a written valuation report is the output of a professional valuation process, as required under IVS and API Rules of Professional Conduct, but the threshold for minimum mandatory requirements of instructions and valuation reports is considered too high in IVS at present.

The API standards committee reaffirms that is happy and willing to work with the IVSC to assist to develop a single set of workable principle based valuation standards for the global valuation profession.