International Valuation Standards

Bases of Value IVS 104 – April 2016

Definition & Families

Fundamental assumptions on which the reported value will be based

3 families

Probable price – hypothetical buyers (eg market value)

Benefits of ownership (equitable value, investment value, worth, or synergistic value)

User defined
values (eg
liquidation
and
replacement/
insurance
value)

Market Value and Market Rent

Estimated exchange amount

Willing buyer & seller

Arm's length transaction

Proper marketing

Parties acting knowledgeably & prudently

Parties acting without compulsion

Highest and best use assumed

Asset-specific basis of value

Investment and Synergistic Values

Value to an owner or a prospective owner for individual investment or operational objectives

Entity-specific basis of value

Includes synergistic value (ex-special value)

Differences between MV and IV provide negotiating opportunities Equitable Value

Estimated price of transfer between knowledgeable identified, parties

Value reflects the interests of those parties

Broader than market value

Entity-specific basis of value

User Defined Values

Liquidation value

Replacement value

Insurance value usually equals replacement

New-April 2016-ED



Source: IVS 104 - April 2016

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