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31 March 2025

### **RICS Red Book – UK National Supplement 2023 edition survey response**

We, the Association of Real Estate Funds<sup>1</sup> (AREF), have read with interest that you are undertaking a survey to understand how the UK VPS 3 valuation standards, within the 2023 edition of the Global Red Book, are impacting stakeholders.

We recently established a working group to update our own valuation guidance relevant to our members, particularly around valuer employment and rotation, and welcome the opportunity to respond to your survey. There are two issues that we are particularly keen to highlight:

1. Whether the transition date should be extended to allow more time for funds to transition in a more orderly fashion. We are aware that many funds and other entities which will need to rotate before 31 April 2026 have yet to do so. Advice from the working group suggests that this may cause disorder towards the end of this year and beginning of 2026 given the volume of vehicles which need to rotate, and time taken to run RFP processes, agree terms, onboard and run shadow valuation processes etc. We therefore have concerns with the brevity of the transition period.
2. Rotation principles apply at asset level rather than at fund level. Our working group has identified concerns with this in practice, particularly where a single asset or several assets in a fund may need to be valued by a second valuation firm, independent of the main fund valuer, which would cause inefficiencies in the process.

If you would like to discuss our response, please contact John Forbes ([john.forbes@johnforbesconsulting.co.uk](mailto:john.forbes@johnforbesconsulting.co.uk)), Chair of the AREF Valuation Working Group. Also, as AREF members invest in real estate and other real assets for various types of open-ended and closed-ended funds, we are always willing to assist the RICS by sharing this wealth of knowledge and experience.

Yours sincerely



Paul Richards

CEO, The Association of Real Estate Funds

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<sup>1</sup> The Association of Real Estate Funds represents the UK real estate funds industry and has around 50 member funds with a collective net asset value of more than £50 billion under management on behalf of their investors. The Association is committed to promoting transparency in performance measurement and fund reporting through the AREF Code of Practice, the MSCI/AREF UK Quarterly Property Funds Index and the AREF Property Fund Vision Handbook.