



## TEGoVA General Assembly – Brussels – 14 November 2009

### Draft Minutes

The meeting was declared open at 9h30 under the chairmanship of Roger Messenger (IRRV).

Those present or represented at the General Assembly are indicated in Annexes I and II. Voting rights shareout chart in Annex III.

Proxy from the Chamber of Professional Appraisers of Kazakhstan (CPA) to the Russian Society of Appraisers (RSA).

The Assembly recognised itself as validly constituted and fit for deliberation.

The General Assembly nominated Arne Støbakk (NTF) as Secretary and Jean-François Drouets (SNPI) as Scrutineer.

#### **I. APPROVAL OF THE MINUTES OF THE LAST GENERAL ASSEMBLY**

The minutes were approved without amendment.

#### **II. TEGoVA FINANCES**

##### **Review of 2009 income & expenditure chart (until 30.09.08)**

The Treasurer, Elias Ziogas (SOE), explained that the chart shows a shortfall of € 5.000 from the membership subscriptions that will be compensated by the complementary subscriptions coming from the REV scheme. The main expense line, apart from the Secretariat fees, is the REV scheme which will represent a deficit of around € 45.000. The 2009 Financial Year will be balanced by the reserves (estimate of € 20.000).

He pointed out that the expenses are under firm control and the books well kept as usual under the detailed supervision of the Managing Agent, François Isnard, with the help of the accountants and auditor.

##### **Budget for the 2010 Financial Year**

Elias Ziogas said the budget reflects the strong activity of TEGoVA. Apart from the annual subscriptions (that remain unchanged), the budget takes into account the income from



subscriptions of candidate members, and, as was the case the previous year, will be partly financed by the TEGoVA reserves (estimate of € 29.000).

He stressed, however, that the allocation of reserves in the budget is for the purpose of balancing the budget, at least for one more year. The budget presents a balanced REV Scheme of € 60.000, but the annual income being under pressure from the departure of an important member, the use of these reserves is unavoidable.

The Treasurer informed that the Board reviewed the different alternative options to balance the 2010 financial year, and had decided to wait and see the evolution of the figures during the coming year.

The French delegation represented by Patrick Lotthé (CSN) asked for an explanation of the price of the REV IT Register system (Secretariat note: the system was financed in two phases: € 18.730,60 in 2008 and € 23.740,50 in 2009).

François Isnard (Secretariat) explained that, firstly, the members should take into account that there is € 7.371,00 of Belgian VAT in the total cost of € 42.471,10. Secondly, that this is not a simple membership registration system of REV valuers. The system is a complex and sophisticated electronic support of the administration of the REV scheme, compatible with the TEGoVA website and run by one person, himself, directly from his desk. The system is able to cope with very different requirements: many TMAs, each with a group of REV valuers certificates delivered biannually and three different types of complementary subscriptions with different deadlines; all data from all the different TMAs kept under one common format; data base which allows timely and accurate billing, monitoring payments, REV renewals and archives. The TMAs also benefit from an exclusive intranet page with confidential password access, where they can find all the data on their REV valuers, the REV Agreement, the logos under different formats, the stamp model, the invoices and other monitoring tools. TEGoVA can be satisfied that its system is extremely cost-effective. Finally, the system is now totally paid for.

The budget of € 323.000,00 and the 2010 members' subscriptions were approved by unanimity (Budget in Annex IV).

### **Subscription non payers**

The Treasurer reviewed the situation. The shortfall is going to be of € 5.000 from unpaid dues from EKHU (Estonia) and DUD (Turkey).

### **III. RECAST OF THE ENERGY PERFORMANCE OF BUILDINGS DIRECTIVE – THE FINAL DASH**

The Secretariat announced that at the last minute, Silvia-Adriana Țicău MEP, European Parliament Rapporteur on EPBD and leader of the Parliamentary delegation in the Trialogue negotiations with the Council of Ministers and the Commission, had not been able to attend



the TEGoVA General Assembly as had been previously planned. This was understandable because the final negotiations were taking place right now in the run-up to what would probably be the decisive meeting for a political agreement between the Institutions on 17 November.

#### **IV. FOCUS ON REV**

To general applause, Roger Messenger handed over signed REV certificates to newly admitted REV valuers: ANEVAR (46), BVS (12), CEIF-FNAIM (8), IFEI (7), IRRV (2), RSA (12) and SNPI (6).

##### **A number of established REV TMAs then commented on their experience:**

Adrian Vascu (ANEVAR) explained that ANEVAR reserves REV status for its top-qualified members, for the moment, only 46 out of 5.000.

Bernhard Bischoff (BVS) said that, especially in a country like Germany where the ISO-norm is widely recognised, a lot of explanation of REV was required, so BVS had done a road show leading to interest in REV from about 10% of members. The price was considered too high by members so they had lowered it and that had led to a new wave of candidates. A lot of BVS members work cross-border in the Czech Republic and Poland, and German brands are unknown in those countries, whereas REV already is known.

Tania Frank (CEIF-FNAIM) said that REV is working because CEIF-FNAIM has a lot of individual valuer members. France has a lot of foreigners, and for the smaller valuers it is a lot easier to work with foreigners as an REV.

Claude Galpin (IFEI) explained that the particular problem for them had been being the French pilot. A lot of effort had to be made to convince members that REV was the answer for valuers in France. However, the effort had paid off and it was now a success with members. The challenge for 2010 would be to convince bankers that the scheme is good for them.

David Magor (IRRV) said that the situation on the UK market poses specific challenges and that IRRV is budgeting heavily for a big REV marketing campaign.

Igor Artemenkov (RSA) spoke from six month's experience. RSA now has 36 REV's out of 6.000 members. In Russia REV interests valuers with international clients and those are not so many, but the numbers should nonetheless triple over 2010 to over 100 and as foreign investment in Russia increases, so does RSA members' interest in REV.

Jean-François Drouets (SNPI) said that SNPI's biannual Education Days are being used to market the brand, the advantage being France's lack of a valuation diploma. The trick is to show the excellence of the brand without devaluing those members who don't have it. It is also important to not give the impression that any particular skill in English is required.



Krzysztof Grzesik (PFVA) said that members perceive REV as an excellent tool for competing for foreign business, particularly helpful in a country like Poland where the authorities are always sceptical about whether Polish qualifications are up to European standard.

He, too, stressed that REV should not be presented to members as better than the national qualification, or as requiring extra effort to get it, so as not to scare them away. A big advantage to be highlighted is that being an REV shows that you are not just qualified, but a regular practicing valuer thanks to REV's life-long learning, etc.

### **Award ceremony for new REV TMAs ANEVAR and RBA**

#### ***Approval of REV candidates ANEVAR and RBA***

The General Assembly ratified the Board's approval (item 2.1., minutes of Board meeting of 11 September 2009 and item 3.3., minutes of Board meeting of 13 November 2009) of the ANEVAR and RBA candidatures for admission by TEGoVA as awarding TMAs for the Recognised European Valuer scheme.

#### ***Award of TEGoVA/ANEVAR and TEGoVA/RBA agreements***

The candidates having been approved by the General Assembly, the agreements (Recognised European Valuer Recognition Document) were awarded.

### **New candidatures for REV TMA**

Tony Prior announced candidatures from CSN and SOE.

They would both be inspected shortly and a recommendation on their candidatures would be submitted to the General Assembly in Paris.

### **Outcomes of the Friday working parties**

Tony Prior said there was consensus on the overriding need for client support. The Recognition Committee, Board and Secretariat were asked to address this.

### **Round table of member associations not yet REV TMAs**

The round table revealed five categories:

1. Member associations certain or near certain to apply for REV TMA status soon: MAISZ and NTF
2. Member Associations seriously exploring application or preparing to apply but who do not yet have a timetable: ARE, CAAV, GEOVAL, IsIVI, IVD, LTVA, SVP



3. Members attending or following the Brussels REV discussions on a fact finding mission, no decision made as yet: IAVI, SCS
4. No interest at the moment: vdp, VÖB
5. Company-member TMAs: AFREXIM, ATASA and, for part of its membership, NTF. Leandro Escobar (ATASA) said he was exploring solutions with Tony Prior.

### **Promotion of REV in the European and local press**

Members had previously received an article from the Secretariat and Tony Prior in three versions adapted for use by three different types of TMAs:

- those who are not yet REV Awarding TMAs
- those who recently became REV Awarding TMAs
- those who have been REV Awarding TMAs for at least a year

Roger Messenger pointed out that each is meant as a template to make it easier for TMAs, but that obviously they can be adapted at will.

As there were no requests for changes or for any other type of article, Roger Messenger urged members to make good use of them and to start working the local and in-house press.

### **REV Road Show**

The members liked the idea of a road show but felt that to be really successful in their countries, even for the promotion of REV, it should cover all of TEGoVA products and activity.

Claude Galpin asked for a road show in Paris in the spring. His request was granted.

### **Amendments to the REV scheme and Guidance Notes**

#### *Amendments to the REV scheme*

#### **11. Award of Honorary Recognised European Valuer – REV (Hon REV)**

Honorary REV ~~must be seen as~~ is a prestigious award recognising distinguished service to the development and progress of trans-European valuation.

To become an honorary REV it is expected that nominees will have significantly contributed to the enhancement of TEGoVA through distinguished service to the valuation profession and demonstrated commitment to the Recognised European valuer scheme.



To be entitled for consideration of the award of an honorary REV Membership of a TEGoVA Member Association is mandatory. **Nominations for award of Honorary REV may only be accepted from and under the endorsement of the appropriate national TMA. The General Assembly of TEGoVA and the TEGoVA Board may also directly recommend candidates under the same terms and conditions as for TMAs.**

~~The approval~~ **Recommendations** for of honorary membership shall be addressed to the **Chairman of TEGoVA and will be scrutinised by the Recognition Committee** who will report **to the TEGoVA Board** ~~reviewed by an Award Selection Committee (ASC) comprising Chairman of TEGoVA, Chairman of Recognition Committee and a selected member of the TEGoVA Board. They.~~ **Applicants for Honorary REV must** be familiar with the REV Scheme and preferably be Recognised European Valuers, themselves. **Recommendations for honorary membership by the Recognition Committee of the by the ASC shall be approved by the TEGoVA Board and shall be subject to ratification by at the autumn meeting of the TEGoVA General Assembly.**

~~Candidates may be recommended by the General Assembly of TEGoVA, The TEGoVA Board or a TEGoVA Member Association.~~ Nominations shall be in writing and submitted a minimum of six weeks before the **autumn** meeting of the General Assembly. **In the case of recommendations by TMAs** statements of support from three TMA valuers familiar with the candidate's contribution to TEGoVA should be included with the formal nomination.

~~The award shall be presented in the form of a certificate to the candidate in person by the Chairman of TEGoVA at the General Assembly. The award of Honorary Recognised European Valuer shall be designated by "Hon REV~~

**Awards of Honorary REV status shall not exceed one a year and will be presented by the Chairman of TEGoVA at the autumn General Assembly. The award of Honorary Recognised European Valuer shall be designated by "Hon REV**

Honorary REV members are not required to pay fees.

## **1. Introduction**

The TEGoVA Recognised European Valuer Scheme is designed to maintain, enhance and harmonise valuation standards and the valuation profession in Europe, and, by the granting of the status 'Recognised European Valuer' and designation REV™, to provide individual practising valuers in each member country with a well-defined indicator of qualification and experience, with the aim of assuring clients of their valuation proficiency. Trainee valuers are not entitled to achieve recognition under this scheme.

Application for recognition may only be made by an individual physical person who is a practising valuer and a member of a **Full or Associate** TEGoVA Member Association



(TMA) that has obtained the consent of TEGoVA to award certificates or a practising valuer member of a Valuation Company which itself is a member of such a TMA. **A TMA must have been a Full or Associate member of TEGoVA for a minimum period of one year before being entitled to apply for REV awarding status.**

## **A. Amendments to REV Scheme**

### *1 Amend 2.1*

**2.1. Be a practising valuer and a fully subscribed member of a TEGoVA Full or Associate Member Organisation**

### *2 Add red to 6.1 Financial Aspects*

**6. The reasonable cost of travel and accommodation for one person on the occasion of audit visits**

## **B. Amendments to Guidance Notes**

### *1. Add to 3.3 before "TEGoVA"*

**Full or Associate**

### *2. Add to 4A*

**d) been a Full or Associate member of TEGoVA for a minimum period of one year.**

### *3.add at 5.1 i) after "partners or" and before "employees"*

**qualified valuer**

## **V. THE BRUSSELS REAL ESTATE MARKET**

Presentation by Jean-Paul Loozen, Partner and Head of Real Estate Europe, Middle East and Africa, Deloitte; Academic Director, Masters in Commercial Real Estate, Solvay Brussels School.

## **VI. EVS**

John Hockey (IRRV) reported on the outcomes of the EVSB and Working Party meetings:

All TMAs were asked to nominate a Corresponding Member of the EVSB. This person would not attend EVSB meetings but would be the EVSB's contact for that TMA for all standards matters.

Progress was being made on country chapters but critical mass needed to be achieved soon.

MER: Decision to review and to retain within real estate

EVA4 – Assessment of Insurable Value – An update is needed because many things are missing:

- In apartment houses, great diversity in practice and regulation of insurance of the ground floor area
- Flooding – advice is being taken from the Head of Non-life Insurance at CEA, the European insurance federation
- Conflict of construction replacement cost and market value – if required to provide a figure not related to construction costs, the valuer must provide two figures

Code of measuring practice: EVSB to look at best practice across Europe. In the meantime, that part of EVS 2003 could be put on the web (but nothing else because mostly out of date).

Antonio Campagnoli (IsIVI) asked the EVSB to consider working on letters of engagement/conflicts of interest. There was trouble from the authorities about lack of client mandate. John Hockey and Antonio Campagnoli would clarify this by e-mail.

## **VII. METHODOLOGIES FOR INTEGRATION OF ENERGY PERFORMANCE INTO PROPERTY VALUE PRACTICE – IMMOVALUE PROJECT**

Presentation by Sven Bienert (ARE).

## **VIII. ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE**

Wolfgang Kälberer (vdp) said that there are three basic problems:

- Scope: same regulation applied to managers of hedge funds and of private equity
- Competition from non-EU countries: non-EU fund managers are being submitted to the same regulation and transparency rules as in the EU.



- Valuation: TEGoVA has already lobbied Parliament, Council and Commission about valuation requirements that are not well adapted to the needs of individual valuers. Meanwhile, the Swedish presidency has attempted to dispense with the requirement to have valuations of funds' assets and the requirement for independent valuation is also under pressure with a possibility of recognising valuation by in-house employees.

TEGoVA would probably have to raise its voice.

## **IX. TEGoVA LEONARDO PROJECT**

David Magor informed that together with LTVA (Lithuania), PFVA (Poland) and SNPI (France) under the leadership of the IRRV (UK), TEGoVA had won EU funding under the Leonardo Da Vinci programme 'Transfer of Information' to help educate and train valuers in the application of EVS. The € 388.000 funding of the project titled "Developing a European Framework of Valuation Standards (DEFVAS)" would flow in stages.

David Magor described the EVS training and awareness modules that the project would develop. It might also be possible to assist with guidelines and to make further tenders for REV in the future.

## **X. TEGoVA MEMBERSHIP CANDIDATURES**

- **Association of Greek Valuers (AVAG) (Full)**

Approved

- **Austrian Association of Real Estate Experts (ARE) – Verband Österreichischer Immobiliensachverständiger (Full)**

Approved

- **Dubai Real Estate Appraisal Centre – Taqyeem (Associate)**

Mohamad Khodr Al-Dah, Head of Taqyeem, gave a presentation about the development of the valuation profession in Dubai, the implementation of a valuers' licensing system and the work of Taqyeem.

The candidature changed to Associate Membership rather than Observer after talks between Mohamad Khodr Al-Dah and Roger Messenger.

Approved



- **Kosovo Appraisers Association (KAA) – Shoqates Se Vleresuesve Te Kosoves (Observer)**

Approved. Abstention by Steen Winther-Petersen (DE)

## **XI. TEGoVA MEMBERSHIP PROSPECTS**

- **Arab Union for Real estate Development (AURD)**

Michael MacBrien (Secretariat) reported that this was a new pan-Arab association of owners, investors and developers of real estate. Some property professions were also involved, but no valuation element had been identified so far.

- **Bulgaria**

Elias Ziogas reported good progress. A candidature would soon be made.

- **SMAO (Russia)**

François Isnard reported that this organisation had made contact some while ago but had not reappeared.

## **XII. RISK SOFTWARE FOR VALUATION – ITRIUM PROJECT**

Roger Messenger informed the Assembly that although Itrium's partnership negotiations were now more focussed on banks than valuers, negotiations with TEGoVA were still proceeding.

## **XIII. FUTURE DIRECTION OF TEGoVA – NEW INITIATIVES**

None.

## **XIV. JUNE 2010 PARIS GENERAL ASSEMBLY**

Presentation for TEGoVA France by Patrick Lotthé (CSN)

## XV. CANDIDATURES FOR HOSTING OF FUTURE GENERAL ASSEMBLIES

- Autumn 2010: Portugal, organised by ATASA and CGATE
- Spring 2011: England, organised by IRRV

## XVI. ANY OTHER BUSINESS

### Long Term Average Value

Michael Morris (AFREXIM) raised the question of a request that his association had received from ASPIM, an association of management companies of "SCPI" and "OPCI" property investment structures.

These two types of product offer indirect investment opportunities in real estate to private individuals and/or institutional investors. In particular, they are often obliged by statute, or by commitments given under tax legislation, to hold the buildings they buy for a certain minimum period. Since the start of the recent financial crisis, members of ASPIM have been particularly critical of the use of Market Value (or fair value) and a "mark to market" approach in a situation where they are prevented from selling for the next few years: they criticise the application of a short term valuation approach to structures that inevitably have a long term property holding strategy.

They have therefore asked AFREXIM to work with them to propose a second type of value, to be reported in addition to Market Value or Fair Value. Their aim is to somehow arrive at a "long term sustainable value", which would help avoid the extremes of cyclical movements in value that a strict mark to market approach inevitably produces.

AFREXIM is in the early stages of reflecting on this and is entering this debate with some reluctance. While they remain convinced that MV and fair value remain the best valuation bases, they nevertheless feel that it is better to take part in such discussions rather than to let them take place without any valuation input, in which case the final product could perhaps prove to be unworkable for valuers.

They are conscious that similar questions have apparently been raised in other European countries and wish to ensure that any such debate is coordinated internationally, in the aim of continuing the move towards convergence of property valuation practices and standards. They therefore ask whether TEGoVA, perhaps via the EVSB, could become involved, firstly by investigating the extent to which this question is indeed being raised elsewhere and then, if this is indeed a common phenomenon, by coordinating the valuers' response.

Krzysztof Grzesik said it would be necessary to see why MLV is not adequate, because EVS promotes MLV.

Wolfgang Kälberer said that markets are moving and are indeed discussing this concept. MLV is very specific to banks' lending perspective, but has a lot of recyclable raw material for this



different approach to rental income, introduction of market caps, etc. TEGoVA could start a useful discussion on the basis of what it already has.

John Hockey said that whatever happened, market value would still be needed, but the EVSB would investigate.

### **Valuation in Ireland**

Paul Good (IAVI) said that in Ireland at the moment a lot of assets are being taken over by the government. They are getting valuers to value as at today plus criteria for estimating worth in five to ten years. The minister has the final say if not satisfied with the result.

He would keep the members informed.

The meeting ended at 15:30.

**Roger Messenger**  
IRRV  
Chairman

**Arne Støbakk**  
NTF  
Secretary

**Jean-François Drouets**  
SNPI  
Scrutineer