



# Well valued real estate

28 recommendations for valuation  
and valuation reports

Valuers and Accountants Platform



### Colophon

The Valuers and Accountants Platform was founded in 2012 under initiative from NBA and in collaboration with VastgoedCert. The aim of the platform is to unite the knowledge and insights of both professional groups in order to create greater transparency when valuing real estate. Members are involved in the platform in their private capacity.

### The platform features the following members:

Drs. P. (Peter) C. van Arnhem MRE RT FRICS  
 Drs. A.J. (Ad) Buisman RA  
 M. (Mark) Fidler BSc FRICS RT  
 Drs. H.D. (Hans) Grönloh RA MRE  
 Mr. drs. S. (Sidney) Herwig RA  
 Ir. F. (Frans) G. van Hoeken MRE FRICS RT  
 Drs. J. (Jef) Holland RA  
 Prof. dr. A (Aart) Hordijk MRICS  
 Drs. F. (Frenkel) Mazenier RA  
 C. (Cees) Schekkerman MSRE MRICS RT  
 Dr. J.(Jan) Vis MBA CMC RV, FRICS, voorzitter

### NBA support from:

P. G.M. (Pauline) van der Hoff BBA  
 Drs. R.B.M. (Robert) Mul MPA  
 Drs. R.H.M. (Rob) Schouten RA RE RO

### Reactions

Reactions or comments should be sent to [r.schouten@nba.nl](mailto:r.schouten@nba.nl)

### English edition:

The English edition has been made possible by Deloitte.

Nederlandse  
 Beroepsorganisatie  
 van Accountants

**NBA**

## Table of contents

	Page
1. Introduction	5
Foreword	5
Valuation must be more transparent	6
Formulation of recommendations	7
2. Twenty-eight recommendations	12
Category Independence	14
1. General	14
2. Financial interests	15
3. Internal rotation	16
4. Expense claim	17
Category Education	20
5. Permanent education	20
6. Professionalism per section	21
Category Assignment and confirmation	23
7. Assignment letter	23
8. Confirmation letter management	24
9. Riders, appendices & side letters	25
Category Activities and reporting	27
10. Aim of valuation/scope of work	27
11. Method of substantiation (DCF, BAR/NAR etc.)	28
12. Net initial yield, discount rate and EXIT yield	29
13. Benchmarks and assumptions	30
14. Special benchmark	31
15. Lease incentives	33
16. Source input (track record)	34
17. Inspections	35
18. Susceptibility analysis	36
19. Back-testing	38
20. Events after date of valuation	39
21. Content valuation report and other explanations	40
Category Quality	42
22. File creation	42
23. Internal valuation management	43
24. Assessment/validation models and estimates	44
25. Procedure draft valuation report	45
26. Reviews (internal, peer), collegial assessment	46
27. Knowledge sharing (transaction registration)	47
28. National disciplinary law & complaints procedure	48

Appendix 1: List of terms	50
Appendix 2: Checklist self-assessment	51

# 1. Introduction

## Foreword

The Valuers and Accountants Platform (PTA) was founded in February 2012 in collaboration with VastgoedCert. The platform was founded on the back of recommendations in the ‘Say what’s at stake’ Public Management Letter by the NBA (June 2011): “Be transparent during valuation”. Members of the PTA participate in the platform in their private capacity and do not represent any sector organisations.

The first PTA project was aimed at drafting recommendations for improving the valuation process and more transparent valuation reports, so they become more useful to report users (property owners, investors, banks, auditors and regulators). The project will also help auditors perform their auditing activities.

A work group comprising two auditors - Jef Holland (chairman) and Hans Grönloh -, two valuers - Cees Schekkerman and Mark Fidler -, and one scientist - Aart Hordijk - has prepared the recommendations.

A consultation document with 27 recommendations was published late October. Its quick publication enabled parties to already start applying the recommendations for the 2012 year-end valuations. The recommendations, it has been established, have immediately led to a different set-up of valuation reports.

- The consultation document triggered 12 reactions. These reactions include:
- Suggestions for a greater involvement of valuers’ sector organisations;
  - Substantive suggestions for improvements or adjustments (e.g. inserting a preamble with notes on confidentiality, the role of internal valuation departments, the position of smaller organisations, involvement of AFM/DNB, and sustainability);
  - Addition of a recommendation with a more detailed explanation of central disciplinary law.

The work group has included the reactions in a final recommendation report. The PTA adopted this report on 27 May 2013.

Implementing the recommendations, is the PTA’s position, will lead to an improved valuation report. In addition to improving the quality, clients, auditors and regulators will likewise be able to achieve better communication efficiency, time efficiency, and more efficient cost management.

Valuation must be more transparent

Valuation of real estate is a complex matter and requires specific knowledge. That is why valuation must be carried out by well qualified professionals with knowledge about valuation methods used in the market. Valuations are subjective and represent the estimated value on the date of valuation. In reality, there is a difference between estimated value and the prices actually paid by buyers. According to the annual RICS survey, which analyses sales prices in relation to the latest valuations, valuations deviate from the final sale price by 10% (positively and negatively) in 25% of all transactions.

The complexity of valuing real estate objects increases further if the market is not transparent. This lack of transparency applies to transactions themselves, as well as major value drivers like rental price. Due to the current vacancy rate and other consequences of the crisis, objects are not only being rented out at the so-called market rental price, but extra discounts and incentives are also being given that do not favour transparency.

The - internationally - recognised valuation guidelines are not yet being widely and consistently implemented. Valuers are not affiliated to a single sector organisation, but to numerous sector organisations and some valuers are not even affiliated to a particular organisation. This does not reflect positively on the professionalism of valuers. Further, a regularly recurring problem is that valuation terms used are not always consistent with the purpose of a valuation. Another issue is that valuation methods are not compatible with current situations (for example, DCF not used for volatile cash flows). On top of that, in some cases there is limited insight into the implemented valuation benchmarks.

The changing legislation encountered by users of valuation reports, in terms of reporting and monitoring, must be explained more comprehensively in valuation reports. However, limited transparency (objective perceptibility) within transactions in the purchasing, sales and rental market is making it difficult to find good references, partly because the number of transactions has fallen sharply.

All this means valuation has become a difficult task in the current market conditions. The mismatch between the expectations of valuation report users (property owners, investors, banks, auditors and regulators) and what valuers actually do has actually increased and appears to be difficult to overcome. It has even resulted in criticism at various levels within the user group, with a clear call for improvement of the quality and transparency of valuations.

That said, this does not mean significant improvements have not been made by valuers in the transparency and accountability of their valuation reports. Even within the short period since the platform became operational, various initiatives have been taken in the sector that have resulted in new or modified regulations. For instance, the new RICS valuation standard 2012, the Valuation Guideline Commercial Real estate (TCV) and the Valuation Management System (TMI). Despite these initiatives, there still are relatively major differences between the various valuation organisations, also in relation to non-affiliated valuers.

The developments above have caused the PTA to give priority to formulating recommendations aimed at improving quality within the valuation process, thus helping to create greater transparency in valuation reports.

Formulation of recommendations

The work group used a specific structure to define the recommendations. The recommendations, which have been sub-divided into five categories (independence, education, assignment and confirmations, activities and reporting and quality), have been derived from an analysis of existing valuation guidelines (IVS), reporting guidelines (IFRS), auditing guidelines (HRA) and other guidelines used by valuers in practice. Besides these regulations, societal concerns about transparency and related matters have also been incorporated into the analysis. If analysis shows that certain themes or topics have not been further specified in the IVS standards, then a recommendation will be made. When doing so, consideration is given to guidelines already defined by the sector organisation or their affiliated organisations. If followed up, the recommendations, which further specify existing regulations, will help improve the quality of valuations and create greater transparency in valuation reports.

The IVS standards serve as a foundation for the recommendations because this is the highest international legislative framework that establishes valuation principles and definitions. The IVS standards are often adopted and recommended by national and international sector and/or trade organisations.

Bearing in mind that valuations play an important role in the reports of real estate companies, and the fact that there are various parallels between the activities of auditors and valuers, the professional guidelines of auditors have also been included in the analysis. On the one hand, to see what auditors focus on during their inspections and, on the other hand, to examine whether the professional rules of auditors feature facets that can help to improve the valuation profession, valuation process and valuation reports.

Further, the analysis has used IFRS reporting regulations (IFRS) because they feature requirements for determining the value of real estate in annual accounts and an accompanying explanation (assumptions, method, substantiation and qualitative insight). IFRS have been selected due to their international character and due to the important position they occupy in Dutch reporting regulations.

All recommendations require developments in International Industrial Standards to be actively followed, and for valuers to be transparent and to clearly indicate which rules they do and which rules they do not comply with.

Finally, references to the respective legislation and frameworks have been included in the table below.

Reference to IVS standards
Reference to Accountancy standards
Reference to IFRS standards

### Target group

The recommendations are aimed at sector organisations that represent valuers and at valuers who value real estate portfolios for reporting and inspection purposes (valuations with third party effect). The recommendations are not restricted to valuations for annual reports, but can also be important for valuations in reports for finance providers (both when applying for a credit and with interim reports on issues like ratios), regulators and benchmark indices.

However, other professionals also use valuation reports, like real estate owners, governance bodies within real estate companies, investors, auditors, financing institutions and regulators. The recommendations can also help them improve quality and transparency in their valuation reports.

The underlying principle is that recommendations are aimed at valuations for valuing investment real estate, for reporting purposes and for inclusion in annual accounts. As stated above, the recommendations can also be useful for other reporting obligations. This could include, for instance, valuations carried out after significant value reductions in real estate, valuation of real estate currently in stock, valuation of real estate stock that is currently under development and valuation of real estate that is being developed for third parties.

It should be noted that valuations with specific purposes feature different valuation terms. Valuers must use valuation terms that best suit the object that is being valued. That is why the report must clearly state which valuation term has been implemented and why it is suitable for the intended purpose. In practice, it will appear that values generated by the valuation will actually differ from the price paid by buyers. Value and price are two terms that are difficult to unify.

The recommendations apply to both internal and external valuers, whereby some recommendations may be easier to realise for external valuers. Valuations have been made in various ways and also to different levels of detail. For instance, one encounters comprehensive valuations, desktop valuations and high-level valuations. The recommendations apply to all types of valuations. However, certain recommendations may be less relevant to some valuations. It should also be noted that the difference in detail when performing a valuation does not result in another level of reliability with regards to the outcome. The same cannot be said for the difference in reliability in activities performed by an auditor (compilation, review or audit engagements).

## Preamble

### Internal valuation departments

Some organisations, such as supervised institutions, have internal valuation departments. Usually, the valuations performed by the valuers there will primarily be used for internal purposes. Banks, insurers or major real estate companies may have their own valuers. Hence, the recommendations on securing independence will have to be placed in another perspective, since these valuers and the institutions they work for have a direct employment relationship. Hence, it is essential to ensure the departments' functional independence. As the recommendations focus on a broader group, there are no specific recommendations for this particular group. We do recommend the sector groups of the institutions to start following up on this. Specific legislation and regulations for these institutions (AIFMD, Financial Supervision Act ["Wet Financieel Toezicht"], Regulation on Solvency Requirements for Operational Risks ["Regeling solvabiliteitseisen operationeel risico"] Wft 2010, Basel III and Solvency II) set requirements for the independence of internal valuation departments and/or standards for safeguarding the independence within the institution.

As this concerns substantive issues like education and quality aspects of the process, most of the recommendations likewise apply to these departments. There is, in fact, a business relationship between the client (department X) and the implementing parties (internal valuation department), which requires the assignment to be formally recorded, while the objective of the assignment, the desired scope and of course the value concept applied should be clearly defined.

### Smaller organisations

Some valuers accept more than just valuation assignments. Their activities include brokerage and letting activities, often induced by the small-scale organisation they work for. Besides, smaller organisations will find it harder to implement all recommendations in their organisation. It is important to always be transparent about this and to clearly state which recommendations are complied with and which are not. Another option is to collaborate with other smaller organisations to further implement certain recommendations and safeguard certain of their aspects. The sector organisations with which this category of valuers is associated could play an umbrella role, too, in the practical implementation of certain recommendations.

### AFM/DNB

The application of the 28 recommendations, as the regulators AFM and DNB have indicated in several publications and during various round table discussions, would be a good start in improving the quality of valuations. When performing their supervisory duties, they have also stated, they will ask supervised institutions whether the 28 recommendations were taken into account when carrying out valuations and, if so, to what extent. A so-called self-assessment will have to be performed to answer this question. Appendix 3 includes a self-assessment checklist to that end.

Another relevant issue to keep in mind regards the requirements certain legislation and regulations set - not only for valuations but for parties performing these valuations as well. This allows the supervisory body to sometimes request a revaluation or to have valuers placed on a so-called black list. Hence, it is important for valuers to know about such legislation and regulations and, if necessary, to take action.

Auditor confidentiality

The consultation process showed valuation organisations to be concerned about valuers employed by audit firms and involved in issuing valuation reports to third parties. The concerns regard the commercial use of information they have obtained when assisting auditors in reviewing valuation reports to be used for financial reporting purposes. The PTA recommends the NBA to assess whether this concern of valuation organisations can be dispelled in a direct dialog or publication, in which the confidentiality rules for auditors are explained (COS 620 “Using the work of an auditor’s expert” and the WTA). This explanation includes the way in which audit firms should deal with information obtained for audit purposes. The PTA advises the NBA to examine whether an additional guideline for auditors could provide auditors/audit firms and valuers working for auditors with more guidance about how the information in valuation reports should be dealt with.

NV COS 620 states the following about confidentiality:

*Confidentiality: It is necessary for the confidentiality provisions of relevant ethical requirements that apply to the auditor also to apply to the auditor’s expert. Additional requirements may be imposed by law or regulation. The entity may also have requested that specific confidentiality provisions be agreed with auditor’s external experts.*

Article 26, paragraph 1, of the WTA states:

*An external auditor who obtains data when performing a statutory audit of which he knows, or should reasonably assume, the confidential character, is obliged to confidentiality of those data, except where he has a duty to report under or pursuant to legal provisions.*

From recommendations to code of conduct

When applied properly, the 28 PTA recommendations should lead to more transparent and qualitatively better valuations. We advise the various sector organisations to jointly or individually assess to what extent these recommendations should be expanded upon in codes of conduct, guidelines or best practices. The AFM has indicated its preference for embedding the recommendations in codes of conduct.

Sustainability

Since sustainability (and its aspects) currently still plays a limited role in evaluations, it is not extensively discussed in the 28 recommendations. What’s more, the various sector organisations still need to further elaborate the effects of sustainability. The PTA expects sustainability to become ever more important in the coming years, though. It recommends sector organisations to watch this closely and, if necessary, to adapt the behavioural codes. With this development, too, it is important for transparency and quality of valuations to come first.

Periodic valuations

Investment funds and managers of institutional investors’ portfolios increasingly have external valuers perform valuations more than once a year. Most often these are performed each quarter, in accordance with the reporting obligations vis-à-vis the investors. The scope of the activities (full, desktop or high-level valuation) and the manner of reporting (complete report, summary, one pager, calculation sheet) differs, generally according to a clients’ needs and wishes.

These differences make it impossible to fully align such reports with the PTA recommendations, if only due to cost considerations and time efficiency. One consideration could be to issue a full report in accordance with the recommendations once a year, while including a statement in the other reports about them not being PTA compliant and referring to the latest full report.

Substantiation net initial yield, discount rate and EXIT yields

As recommendation 12 states, appropriate support of the underlying principles is important to gain an insight into the structure of net initial yield, discount rate and EXIT yields and the specific aspects that have been taken into account. The recommendations aim to provide more insight into the structure of NAR, BAR and EXIT yields. During the consultation process several valuers considered the usefulness of the explanation of the structure and the associated theoretical feasibility to be a matter of concern. They wondered whether it would lead to more transparency and comparability or merely increase the ambiguity. The PTA understands this is a challenging recommendation because as yet little guidance is available and each valuer has a different starting point. The PTA does consider insight into the most important unobservable input parameters to be crucial for a more transparent valuation process and report. The PTA thus encourages sector organisations to support its members in developing the scope and form of the substantiation. Other valuation practices such as business valuations and private equity valuations may be very instructive in this respect.

## 2. Twenty-eight recommendations

### Five categories

The recommendations mentioned in this chapter have been divided into five categories. Each category takes a closer look at a specific aspect or component in the valuation process.

#### Category: Independence

These recommendations ensure that the independence of a valuer or valuation organisation towards clients is safeguarded.

#### Category: Education

Recommendations in this category focus on the qualifications of the valuer and the specific knowledge needed in particular areas.

#### Category: Assignment and confirmation

These recommendations involve formally establishing the responsibilities of the valuer and client in relation to the assignment and the available or to-be-supplied information.

#### Category: Activities and reporting

Most recommendations (11) relate to the valuer’s activities and report and contain, for example, the minimum activities that must be carried out, any methods that will be implemented and the sensitivity analysis. But they also focus on the transparent manner in which considerations, implemented benchmarks and sources are explained in the valuation report.

#### Category: Quality

Quality-related recommendations involve improving quality in the valuation process, eventually resulting in better quality valuations.

### Four levels

Four levels have been identified when formulating recommendations: code of conduct, disclosure requirements , general recommendations and sector-specific ‘best practices’.

- *Code of conduct*  
Recommendations concerning the code of conduct ensure improvements in the general quality of the valuation profession and, in particular, the valuation process.
- *Disclosure requirements*  
Recommendations concerning disclosure requirements in valuation reports specifically involve recommendations for including certain information in valuation reports, which helps create more transparent reports.
- *General recommendations*  
General recommendations are, as the name suggests, more general in nature and can relate to other stakeholders.
- *Sector-specific ‘best practices’*  
In practice, it appears that trade and sector organisations and affiliated organisations sometimes create other and/or additional standards, whereby some recommendations have already been partly or fully defined or implemented. The analysis of ‘best practices’ includes guidelines by IVS, EVS/TEGoVA, RICS,TMI, NVM,VBO and VastgoedPro.

### Compliance

The PTA is aware of the discrepancy between the majority of the clients’ assignments and the recommendations in this report. If valuers accept an assignment that is not in sync with the content requirements of the PTA recommendations, we generally recommend them to disclose this.



## Category Independence

### 1. General

In order to realise a reliable valuation, it is important for valuers who perform valuations to be independent, upright and without bias. It is important to be and appear to be independent, thus allowing valuers to use results of the assignment to announce findings that are accepted by all parties, without bias, conflicting interests or pressure from third parties.

A strict separation of the functions of the broker and the valuer for the same object is of great importance because:

- a broker’s actions should be subjective and in its client’s interest;
- a valuer’s actions should be objective irrespective of its client’s interest.

IVS Framework
VGC, Various NV COS standards, Additional regulations on auditor independence
IAS 40.75e Disclosure

IVS explicitly mentions in its framework that an ethical code of conduct is absent in IVS standards. Nonetheless, to still arrange an ethical code of conduct at sector level, we recommend the following to valuers and sector organisations that represent valuers:

#### Recommendations relating to the code of conduct

- Actively comply with available International Industrial Standards and be transparent about them in your role as valuer.
- Safeguard the separation between valuer and broker within an organisation. If sufficient safeguards have been implemented within the company (e.g., through Chinese walls) to prevent activities on the same object or with respect to tenants from getting mixed up, the desired separation need not take place in separate legal entities within the company. We recommend issuing a statement about this.
- Safeguard independence between valuer, client and the real estate object and provide a statement that confirms this.
- Establish an ethical code within the organisation and ensure it is complied with.
- Establish consequences for failing to comply with the code and act accordingly.
- Examine independence-related legislation to which auditors are subject because this can provide an extra insight into how to deal with independence and how to safeguard it within the organisation. In addition to financial independence, attention should be given to a conflict of interests in the broader sense as well. Sector organisations should take a position on the acceptance of an assignment or on returning an assignment if the client tries to directly influence the outcome of the valuation process (such as the expected value, the method to be used, the main underlying principles, or specific underlying principles).
- Considering that new legislation about the Alternative Investment Fund Managers Directive (AIFMD) has established extra requirements for the independence of valuers, we recommend sector organisations to closely follow potential consequences for the relationship between

client and valuer and to appropriately address the matter in codes of conduct and professional guidelines.

#### Recommendation for disclosure requirements in valuation reports

- Indicate which regulations have been followed, possibly accompanied by a reference to an ethical code, and follow up compliance on, for example, the website of the organisation that issues the report.

#### Sector-specific best practices

Organisation	Reference
IVS	IVS Code of ethical principles for professional valuers
EVS	EVS 3.5.3
RICS	VS 1.7, 1.8, 1.9 & Appendix 1.3. 1.4
TMI	TMI 4.1, 4.7
NVM	Code of honour and Membership Regulations & Compliance article 10
VBO	Professional and behavioural code VBO Estate Agents

### 2. Financial interests

Existing, potential, direct or indirect financial interest in a client, including directly-related derived instruments, can present a risk to the independence of valuers performing an assignment if the financial interest is held by the valuer or any other person who is in a position to influence the outcome of the assignment.

No specific references
VGC, Various NV COS-standards, Additional regulations on auditor independence
No specific references

Considering that IVS standards do not address - in detail - independence when dealing with the financial interests of involved valuers or valuers working at an organisation, we recommend the following to valuers and sector organisations that represent valuers:



Recommendations relating to the code of conduct

- Actively comply with available International Industrial Standards and be transparent about them in your role as valuer.
- Compile an ethical code that addresses how to deal with financial interests and how the organisation can check compliance.
- Compare the regulations of auditors (NVO-OA Chap. 4.1) with regards to financial interests, indicate how the matter can be addressed and how it can be safeguarded within the organisation.

Recommendation concerning disclosure requirements in valuation reports

- Indicate which regulations are followed and mention the ethical code, and check compliance with it on, for example, the website of the organisation that issues the report.

Sector-specific best practices

Organisation	Reference
IVS	IVS Code of ethical principles for professional valuers A1.6
EVS	No specific regulations
RICS	No specific regulations
TMI	TMI 4.1, 4.7, 8.2.3; Code of honour article 6
VBO	Professional behavioural code VBO Estate Agents

3. Internal rotations

If certain members of a valuation team work for a client on a regular or long-term basis, this could, as a result of familiarity, present a risk to the independence of valuers involved in the assignment.

No specific references
VGC, Various NV COS-standards, Additional regulations on auditor independence, Practical guide 1106 ‘internal rotation at non-OOB’s’
No specific references

Considering that IVS standards do not address independence - in detail - in relation to internal rotation, and it is unclear when team members and valuers must be rotated, we recommend the following to valuers and sector organisations that represent valuers:

Recommendations relating to the code of conduct

- Actively comply with available International Industrial Standards and be transparent about them in your role as valuer.
- Compare the regulations of auditors (NVO-OA Chap.3.3) with regards to internal rotation and indicate how the matter should be addressed.
- Considering that a period for internal rotation has not been established at international level, we recommend adopting a position regarding internal rotation (for example, internal rotation after two assignment periods (3+3)).
- Possibly take additional measures like assignment-related quality reviews, which are carried out by independent professionals from outside the team.
- An alternative to rotation might be to have two professionals appointed to perform an assignment (four-eyes principle) and to have them periodically rotate over a longer period of time.
- Smaller offices may find it more difficult to meet this recommendation; they could consider a cooperation with other small offices.

Recommendation for disclosure requirements in valuation reports

- Indicate which regulations are followed, refer to an ethical code and check compliance with it on, for example, the website of the organisation that issues the report.
- Use the valuation report to mention how long the respective valuer has been involved in valuing the real estate object(s).

Sector-specific best practices

Organisation	Reference
IVS	IVS Code of ethical principles for professional valuers A1.6, A2.10
EVS	No specific regulations
RICS	VS 1.9.1, 1.9.4 (standard and comments 4, 5, 6, 7) & Appendix 1.3.1
TMI	TMI 4.6, 8.2
VBO	Professional behavioural code VBO Estate Agents

4. Remuneration

Performing a valuation assignment, possibly in combination with other services, by the valuer involved in the assignment or the valuation organisation for which he works or to which he is affiliated, must not result in the valuer being or appearing to be financially reliant on the client.

In the same way as auditors and auditors’ organisations, activities carried out by another part of the valuation organisation, within the framework of a valuation, must also not result in financial reliance.

No specific references
VGC, Various NV COS-standards, Additional regulations independence of public auditor, Practical guide 1107 ‘Scope of expense claim’
No specific references

Considering that IVS standards do not specifically address independence when dealing with remuneration, we recommend the following to valuers and sector organisations:

Recommendation relating to the code of conduct

- Actively comply with available International Industrial Standards and be transparent about them in your role as valuer.
- Compare the regulations for auditors (NVO-OA Chap.3.2) with regards to remuneration and indicate how the matter should be addressed.
- Considering the absence of an international framework for behaviour relating to remuneration and insights into remuneration, we recommend valuers and sector organisations to take a stance about:
  - What is the maximum permitted allowance for a client, as a percentage of overall organisation turnover?
  - What is the maximum ratio between remunerations of other assignment at the valuation client, and the remuneration in the valuation assignment?
  - How should remuneration during the valuation assignment, and other remuneration for the respective client, be explained in the valuation report?
- Formulate a guideline about how valuers must address, on the one hand, internal separation between valuation and other services provided by the valuation organisation (transaction support, services relating to asset management/property management, etc.) and, on the other hand, how remuneration for valuations must not be related to the outcome of the valuations (like, for example, a percentage of the valuation price). If this is a requirement by the valuer’s insurance company based on the policy, the valuer should account for this when accepting the assignment and in the ensuing report.

Recommendations concerning disclosure requirements in valuation reports

- Indicate which regulations are followed and refer to an ethical code, and check compliance with it on, for example, the website of the organisation that issues the report.
- Consider including an explanation in the valuation report about the ratio in terms of percentage between the remuneration provided for the valuation assignment and the expenses for other services offered to the client in question.
- Indicate whether remuneration is determined by the outcome of the valuation.
- Include a statement confirming that the valuation organisation has not, in the past three years, been involved in a transaction involving the valued object; if the valuation organisation actually played a role, this should be mentioned.

Sector-specific best practices

Organisation	Reference
IVS	IVS Code of ethical principles for professional valuers A1.5
EVS	TEGoVA's Code of Ethics and Conduct
RICS	VS 1.9.4 (standard and comments 13 &14)
TMI	No specific stipulations
VBO	No specific stipulations

Category Education

5. Permanent education

For valuers, public confidence in the valuation profession is of great importance. Thus confidence is partly earned by performing their activities in a professional manner. In order to comply with this fundamental principle, it is important for valuers to keep their expertise and skills at a level that helps to guarantee appropriate service quality.

This professional expertise can be divided into the following two phases:

- acquiring professional expertise; and
- maintaining it.

IVS Framework; IVS 101 Scope of work (2)
VGC; Wta; Additional regulation for permanent education
No specific references

Considering that IVS standards do not address how valuers should acquire and retain their professional expertise, we recommend the following to valuers and sector organisations that represent valuers:

Recommendations relating to the code of conduct

- Considering an international approach to permanent education is still partly missing, we recommend sector organisations to take a stance on the matter and to safeguard it within guidelines. For example: compile training programmes, including Permanent Education (PE) requirements.
- Compare this with the Additional regulations for permanent education for auditors and indicate how the matter should be addressed and, if possible, align trainings with international standards.
- Make the themes ‘integrity’ and ‘critical professional attitude’ standard components in permanent education.
- Ensure that a disciplinary code is involved when obtaining certain qualifications and being affiliated with a sector organisation (see recommendation 28).

Recommendations concerning disclosure requirements in valuation reports

- State one’s qualifications (RICS, VastgoedCert) and the applicable permanent education guidelines. This should show which requirements are satisfied and in which sector organisation/register one is registered.
- Mention on the website of the sector organisation how permanent education is arranged.

Sector-specific best practices

Organisation	Reference
IVS	Exposure Draft ‘Competence Framework for Professional Valuers’
EVS	EVS 3-4.1, 3-4.6; Minimum Educational Requirements (TEGoVA); Certification of Valuers (TEGoVA)
RICS	VS 1.5, VS 1.6, Valuer Registration Scheme
TMI	TMI 4.2
NVM	Code of honour article 5; Membership Regulations & Compliance article 20
VastgoedCert	Personal certification based on ISO 17024; Certification schedule VastgoedCert par. 6.6, par. 15 and 16
VBO	Professional and behavioural code VBO Estate Agents
SCVM	Certification and education, among other things based on ISO 17024

6. Professionalism per section

Valuing an object at a particular location can require specific knowledge and skills. The professional who performs the valuation must have sufficient knowledge and skills to value the object in the specific situation, which includes the local market.

IVS Framework; IVS 101 Scope of work (2)
Various NV COS standards (500, 540)
No specific references

Considering that IVS standards do not address how valuers should retain their professional expertise, we recommend the following to valuers and sector organisations that represent valuers:

Recommendations code of conduct

- Actively follow available International Industrial Standards.
- Considering the absence of an international framework about the precise requirements for valuing an object, we recommend that a stance is taken on the matter within the sector organisation and to safeguard this in a system of education requirements (strict description of what the valuer must comply with in terms of knowledge about the sector, location and topic).



- A distinction can be made between:
  - Type of object (house, business premises, offices, ground, shop)
  - Nature of the object (existing real estate or development real estate)
  - Usage (investment, personal use, development)
  - Valuation objective (reporting, transaction, insurance).

Recommendations concerning disclosure requirements in valuation reports

- Indicate which code of conduct is followed and where it can be found on the website of the organisation.
- In the valuation report valuers should state they carry out a valuation in a market segment in which they are specialised and they should provide reasonable arguments for this. They should also include a reference that the expertise per segment is available on the website of the sector organisation.
- As regards specific local, regional and (inter)national markets and knowledge of the object, in the valuation report valuers should state that they have specific expertise and keep this knowledge updated and they should provide reasonable arguments for this.

Sector-specific best practices

Organisation	Reference
IVS	Exposure Draft ‘Competence Framework for Professional Valuers’
EVS	EVS 3-4.1 (ii);Minimum Educational Requirements (TEGoVA); Certification of Valuers (TEGoVA)
RICS	VS 1.5,VS 1.6,Valuer Registration Scheme
TMI	TMI 4.2; Code of honour article 5
NVM	Membership Regulations & Compliance article 20
VastgoedCert	Personal certification based on ISO 17024; Certification schedule VastgoedCert par. 6.6, par. 15 and 16
VBO	Professional and behavioural code VBO Estate Agents, VBO identification section/sectors, Admission conditions sections/sectors
SCVM	Certification and education, among other things based on ISO 17024

Category Assignment and confirmation

7. Assignment letter

If a company acquires the services of a valuer, an assignment confirmation or another written agreement will normally be established between the company and the valuer.

IVS 101 & 102
VGC; Various NV COS standards (500)
No specific references

Considering that IVS standards do not address the content of the assignment letter - in detail - , and bearing in mind current market conditions and the need to prevent differences in valuation expectations, we recommend the following to valuation organisations:

Recommendations relating to the code of conduct

- Actively follow available International Industrial Standards.
- Establish agreements in writing. Relevant aspects include:
  - the “scope”;
  - the reporting method;
  - the valuation method implemented;
  - the level of physical inspection;
  - the implemented valuation term;
  - the valuation method;
  - the applicable valuation standards (e.g. IVSC or RICS);
  - responsibility for the accuracy and completeness of object data (BVO, VVO, service costs, contractual rent, rent discounts, etc.);and
  - the purpose of the valuation (for example, establishing the current value under IFRS).
- Considering that international standards do not address the precise requirements for the assignment and confirmation letters (in detail), we recommend sector organisations to assume a stance and to safeguard this stance using guidelines.

Recommendation disclosure requirements valuation report

- Include a reference to the date of the issued assignment letter.
- Mention that the scope of the activities has not been modified (if modified, explain what has changed).

Sector-specific best practices

Organisation	Reference
IVS	101 & 102
EVS	EVS 4.3 & 4.5.2
RICS	VS 2.1,VS 2.2,VS 2.3,VS 2.4; Appendix 2 'Regulations for Assignment conditions'
TMI	TMI 6 'Valuation assignment'
VBO	Professional and behavioural code VBO Estate Agents, VBO identification sections/sectors, Admission conditions sections/sectors

8. Confirmation letter management

A confirmation letter from the management involves, for example, confirming the assignment, confirming the completeness and accuracy of supplied information and whether relevant information is available (side letter, pollution, lease termination, legal cases, no fraud, rental to forbid-den parties, etc.).

No specific references
VGC; Various NV COS standards (500)
No specific references

Considering that IVS standards do not address receiving a confirmation letter from the manage-ment, we recommend the following to valuers and sector organisations:

Recommendations relating to the code of conduct

- Actively follow available International Industrial Standards.
- Sector organisations should adopt a position about requesting a confirmation letter from management and should safeguard this using guidelines.
- Ask the Board for written confirmation that all relevant information needed to carry out the valuation has been received, like information about potential extensions and cancellations of rental contracts.
- Examine the contents of the confirmation letter requested by the auditor within the frame-work of his activities.
- Request written confirmation from the management on the date that the valuation report is delivered.
- Compile a standard version and make it available via the sector organisation.
- Consider including the client's letter of confirmation in the valuation report.

Recommendation for disclosure requirements in valuation reports

- Indicate in the valuation report that written confirmation has been received, as well as the date on which it was issued.

Recommendation concerning topics confirmation letter

When compiling the confirmation letter, include e.g. the following topics:

1. Confirmation that all relevant information needed to make the valuation has been supplied.
2. Confirm/acknowledge responsibilities for using the valuation to compile the annual account.
3. Confirm the accuracy and completeness of object data (BVO,VVO, service costs, contractual rent, rent discounts, etc.)

Explain all events that have taken place after the date of valuation, which could have an impact on the valuation price on the date of valuation.

Sector-specific best practices

Organisation	Reference
IVS	No specific references
EVS	No specific references
RICS	No specific references
TMI	No specific references

9. Riders, appendices & side letters

Riders, appendices & side letters, as well as all other records in which additional arrangements are made between the landlord and tenant, could have a significant effect on the outcome of the valuation. In such cases, it is important for the valuer to adopt an active attitude towards facts and/or additional agreements between the landlord and tenant, which are unknown to/have been concealed from him, and which could have an impact on the valuation.

No specific references
VGC; Various NV COS standards (500)
No specific references

Considering that IVS standards do not address receiving information about side letters, we recommend the following to valuers and sector organisations:

Recommendations relating to the code of conduct

- Actively follow available International Industrial Standards.
- Sector organisations should adopt a position about obtaining information about possible riders, appendices & side letters and should safeguard this using guidelines.
- Riders, appendices & side letters are regarded as collected documentation. The best practice is to always make the valuer request them, to then document the response and include it in the confirmation letter (see confirmation letter management).

Recommendations concerning disclosure requirements in valuation reports

- Explain management’s confirmation that side letters have been sent.
- Report additional arrangements and their impact on the valuation.

General recommendations

- The market parties will have laid down in writing the rental prices and any incentives (such as rent-free periods, rent reduction, investment contributions) in the lease contract and/or riders such that the nature and purpose of the financial transaction are entirely clear for all interested parties – including financiers, valuers and parties acquiring the related real estate. They expressly reject concluding agreements if they are not transparent for all interested parties.
- Considering that riders, appendices & side letters cause a lack of transparency in the property market, we advise all additional arrangements to be included in the standard rental contract or to include a paragraph that refers to riders, appendices & side letters.
- The valuer must receive confirmation that he has received all information relevant to the valuation as far as riders, appendices & side letters are concerned and that all of it has been correctly considered in the valuation.
- Avoid implementing various changes in contracts by way of riders, appendices & side letters, other than the signed version. If it is necessary to make a modification, we recommend that a completely new contract be compiled, in which the concerned arrangements are established.

Sector-specific best practices

Organisation	Reference
IVS	No specific references
EVS	No specific references
RICS	No specific references
TMI	No specific references

Category Activities and reporting

10. Aim of valuation/scope of work

The nature, scope and objectives of the work carried out by a valuer are important and must be clear to users. These tasks must thus be clearly and accurately explained in the valuation report, in a way that is not misleading or creates the wrong impression.

IVS 101 ‘Scope of Work’; IVS 102 ‘Implementation’; IVS 103 ‘Reporting’
VGC; Various NV COS standards (500, 540)
The aim is encapsulated in IFRS

For various components, the IVS standards address the nature and objectives of a valuer’s job but, because not all valuers follow the IVS standards, we recommend the following to valuers and valuation organisations:

Recommendation relating to the code of conduct

- Actively follow available International Industrial Standards.
- Sector organisations should take a position on the requirements for the various valuation products (full, desktop or high-level valuation) and the scope of the activities per product type and make sure the user can clearly recognise the restrictions governing the certainty of the various products.

Recommendations concerning disclosure requirements in valuation reports

- Clearly indicate the purpose of the valuation and the scope of activities (financial reporting, transaction, financing).
- Indicate why the selected method is suitable for the purpose.
- Indicate the thoroughness of the activities (full, desktop or high-level valuation).
- Indicate the date of valuation.

Sector-specific best practices

Organisation	Reference
IVS	IVS 101; IVS 102; IVS 103
EVS	EVS 4, EVS 5; EVS 2.8
RICS	VS4; VS 6.1, 6.2, 6.3, 6.4, 6.10, 6.11, 6.12, 6.13; Appendix 6 ‘Minimum contents of valuation reports’
TMI	TMI 8 ‘Valuation report’



11. Method of substantiation (DCF, BAR/NAR etc.)

Valuers will use one or more methods to determine the value of an object. It is important to use a valuation method that is appropriate in the circumstances, and which is also implemented in a consistent manner. It is also important for potential changes in the means of estimation or the implemented valuation method to be well-founded, when compared with the method used in the previous reporting period or valuation.

IVS has not stipulated a method (IVS 320 C17-)
VGC; Various NV COS standards (500, 540)
IAS 40.45 - IAS 40.46 and IFRS 13.61 - 13.66

Considering that IVS standards only briefly address the to-be-used method and level of explanation in the valuation report, we recommend the following to valuers and sector organisations that represent valuers:

Recommendations relating to the code of conduct

- Provide a detailed insight about (the main outline of) methods, like cost approach, income approach, and sales comparable approach.
- Sector organisations should adopt a position concerning what should be included about methods in the file/valuation report and safeguard this using guidelines.
- As much as possible, implement two methods and compare the results with each other. This combination will benefit the valuer, certainly in the event of strongly changing cash flows.
- Considering the BAR method is the least transparent when recording the considerations of the valuer about what has been taken into account and what has been excluded when using the three mentioned valuation methods, we recommend the sector organisation to request its members to make as little use of the BAR method as possible, certainly in the event of strongly changing cash flows. The DCF and NAR methods provide a better insight into how assumptions and input are addressed. If the BAR method is used nonetheless (in case of a very homogeneous and transparent market), we recommend that the second method be used for support and comparison purposes.

Recommendations concerning disclosure requirements in valuation reports

- Provide a description of the implemented valuation method (“main method”) and the implemented valuation terms (including the reasoning behind it).
- If applicable, provide a description of the second method used for assessing /verifying the estimated value in the “main method” (for example, DCF vs. comparison method).
- Provide a description of method(s) used during the previous valuation(s).

Sector-specific best practices

Organisation	Reference
IVS	IVS102.5; IVS103.5.(l) ‘Valuation approach and reasoning’
EVS	EVS 5.4.2.3
RICS	VS 6.1.(q); Appendix 6.1.2.(q)
TMI	TMI 8.3.(L)

12. Net initial yield, discount rate and EXIT yield

It is important to appropriately support the underlying principles in order to gain an insight into the structure of net initial yield, discount rate and EXIT yield and the specific aspects that have been taken into account. Further, it is important to correctly define terms, because practice has proven that various yield terms are not always implemented consistently.

IVS 230 C16-C21
VGC, Various NV COS standards (500, 540)
No specific references

Considering that IVS standards do not address (in detail) how to construct and interpret net initial yield (rent capitalisation method), discount rate (DCF) and EXIT yield in the valuation report, we recommend the following to valuers and sector organisations that represent valuers:

Recommendations relating to the code of conduct

- Actively follow available International Industrial Standards.
- Sector organisations should adopt a position about explaining the composition of the initial yield, discount rate and EXIT yield, and should safeguard it using guidelines.
- Benchmarks could involve the way in which this must be structured, analysed and explained.

Recommendation concerning disclosure requirements in valuation reports

- Include implemented definitions in the report.
- Mention the composition of the basic initial yield in relation to the used initial yield and indicate how specific topics have been included in the yield.
- Mention the structure of the discount rate for risk-free interest, with additions/deductions until the eventual discount rate.
- If a comparison method has been chosen when determining the discount rate, then state the references on which this comparison is based.

- Substantiate the composition of the EXIT yield when using the DCF method.
- Include sources and links (including references) to support important factors in the composition of the net initial yield, the discount rate and the EXIT yields.

Sector-specific best practices

Organisation	Reference
IVS	C16-C21
EVS	No specific references
RICS	No specific references
TMI	No specific references

13. Benchmarks and assumptions

In order to gain a good insight into the benchmarks and assumptions the valuer has used when performing his valuation, it is important for users of the valuation report to immediately extract all used benchmarks and assumptions from the valuation report.

IVS 101.2.(i); IVS 103 5.(i)
VGC, Various NV COS standards
IFRS 13.67 - 13.90

Considering that IVS standards only partly address the nature and scope of assumptions and estimates, we recommend the following to valuers and valuation organisations:

Recommendations relating to the code of conduct

- Actively follow available International Industrial Standards.
- Clearly support assumptions and estimates.
- Develop further guidance (via sector organisations) about how to realise appropriate valuations in case of specific market conditions (over-supply in the market) or object conditions (vacancy or overdue maintenance).

Recommendations concerning disclosure requirements in valuation reports

- Mention, quantify and explain all relevant benchmarks, assumptions and estimates; they must be reasonable and the explanation must support the reasonable nature. In this case, it is important to clearly mention the extent to which observable market information has been used.
- This also applies to reference transactions/objects that are used to support the valuation. It is crucial for the report to extensively discuss the ratio between the reference transactions/objects and the object to be valued. This can be done by explicitly referring to the qualitative essentials and the differences involved, so a less comparable reference may still be made comparable, even if little market evidence is available.
- If specific risks are discounted from the implemented yield, this must be explicitly mentioned.
- If, due to market conditions (over-supply) or conditions relating to the object (vacancy , over due maintenance), benchmarks are used that have a real impact on the valuation, this must be comprehensively explained in the valuation report. In this case, the suitability of used benchmarks must be addressed and the purpose of the valuation must also be taken into account.
- The valuation activities should implicitly evaluate what the ‘highest and best use’ is. For IFRS 13 valuations, the valuation should be explicitly based on this principle, and this must also be explained and supported. The explanation must, for instance, indicate that the assumptions and benchmarks are suitable for realising a valuation based on the ‘highest and best use’.
- If the ‘highest and best use’ valuation provides for a different use than the current use, it should be stated what underlying principles have been taken into account and how these have been factored in (e.g., what are the chances of the zoning plan being adapted to implementation changes). If the chance of changes is low it makes no sense for valuers to include this in their valuations.

Sector-specific best practices

Organisation	Reference
IVS	IVS 101.2.(i);IVS 103 5.(i)
EVS	EVS 5.4.2.3,EVS 5.4.2.5
RICS	VS 6.1.(k);Appendix 3 ‘Benchmarks’; Appendix 6.1.2.(k)
TMI	TMI 7 ‘Minimum research requirements for valuation’;TMI 8.3.(l)

14. Special benchmark

A special benchmark could be:

- valuation is based on facts that could significantly differ from facts available on the date of valuation; or

- in light of the current market conditions, it cannot be reasonably expected for candidate buyers (not buyers with a special interest) to use the valuation on the date of valuation.

For examples of special benchmarks, please refer to IVS and RICS.

IVS 101.2.(i); IVS 103 5.(i)
VGC, Various NV COS standards (500, 540)

Considering that IVS standards do not address the explanation about special benchmarks in the valuation report, and their potential impact on reporting, we recommend the following to valuers and sector organisations that represent valuers:

Recommendations relating to the code of conduct

- Actively follow available International Industrial Standards.
- Considering the absence of an international framework, which stipulates that the use of a special benchmark contradicts the correct way of realising a valuation in accordance with reporting regulations, we recommend that a position be taken on the matter within the sector and to safeguard this using an appropriate system.

Recommendations concerning disclosure requirements in valuation reports

- Indicate which code of conduct is followed and where it can possibly be found on the website of the organisation.
- Mention special benchmarks in the valuation report.
- Describe what a special benchmark is.
- Mention that this is consistent with the purpose of the valuation (reporting).
- Indicate the effect on the valuation if the special benchmark had not been included.

Sector-specific best practices

Organisation	Reference
IVS	IVS 101.2.(i); IVS 103 5.(i)
EVS	EVS 4-5.9; EVS 5.4.2.3, EVS 5.4.2.5
RICS	VS 6.1.(k); Appendix 3 ‘Benchmarks’; Appendix 6.1.2.(k)
TMI	TMI 7 ‘Minimum research requirements for valuation’; TMI 8.3.(l)

15. Lease incentives

Lease incentives are agreements made between the landlord and tenant to encourage the tenant to sign the rental contract. This could be a new tenant, a future tenant or an existing tenant. Due to the high vacancy rate in the offices market, landlords are going increasingly further in offering lease incentives. This could include long(er) rent-free periods (sometimes spread across the term of the contract), direct financial contributions, indirect contributions via additional renovations or inclusion of new furniture, etc. Depending on the moment of valuation, these lease incentives could have a significant impact on the outcome of a valuation. It is important for valuers to adopt an active attitude in discovering additional agreements that could have been made between landlord and tenant, and which could have an impact on the valuation. It is important for the landlord to be transparent about such agreements.

In order to realise an accurate value, valuers must include such agreements in their valuations. The valuer must assess whether lease incentives will also be given in the future in exchange for contract extensions or to fill existing or future vacancies.

No specific references
Various NV COS standards (500; 540)
No specific references

Considering that IVS standards do not address the way in which lease incentives are included in the valuation and how they must be explained in the valuation report, we recommend the following to valuers and sector organisations that represent valuers:

Recommendation relating to the code of conduct

- Actively follow available International Industrial Standards.
- Sector organisations should adopt a position about the way in which information about lease incentives must be obtained and how it must be included in the valuation, and must safeguard it using guidelines.

Recommendation concerning disclosure requirements in valuation reports

- Compile a report of additional agreements and indicate the impact on the valuation and the effective rental price.
- Indicate whether, in the event of assumed lease extensions (or search for new tenants), to-be-awarded lease incentives have been taken into account.



Sector-specific best practices

Organisation	Reference
IVS	No specific references
EVS	No specific references
RICS	No specific references
TMI	No specific references

16. Source input (track record)

The level of subjectivity, like the question whether an assumption or input is observable, has an impact on the estimation reliability and thus the valuer’s assessment concerning the risk of significant deviations from the determined valuation.

Estimates derived from directly available data, like public data about interest rates or stock market exchange rates, can be identified as “observable” in the context of a valuation.

IVS Framework 66-71
VGC, Various NV COS standards (500, 540)
No specific references

Considering that IVS standards do not address explaining source input during the valuation, we recommend the following to valuers and sector organisations:

Recommendation relating to the code of conduct

- Actively follow available International Industrial Standards.
- Sector organisations should adopt a position about how information concerning sources used for the valuation (with potential references) should be included in the valuation report and should safeguard this using guidelines.

Recommendation concerning disclosure requirements in valuation reports

- Indicate which code of conduct is followed and where it can be found on the website of the organisation.
- Wherever possible, mention the sources of information relating to the main input parameters or how the elements have been determined or estimated. Also indicate whether they are objectively traceable/checkable.
- This also applies to reference transactions/objects that are used to support the valuation.

- Specifically mention where major changes to the source information have been implemented.
- For each main input parameter, indicate whether this parameter has been introduced by the customer or the valuer. If it is the customer’s parameter, we recommend valuers to check whether verification has taken place.
- Appendix 4 contains an example of how further insight can be provided.

Sector-specific best practices

Organisation	Reference
IVS	IVS 102-7; IVS 102-8; IVS 103.5. (h); IVS 233.C6, C8, C10, C11; IVS 300.9 ; IVS 300. G4-G5
EVS	EVS 5; EVS 1.6.4, 6.5.3, 6.5.5
RICS	VS 6.1 (m), appendix 6.1.2.(m)
TMI	TMI 8.3.H; TMI 8.5; TMI 8.6; TMI 8.8

17. Inspections

The inspection of material assets can result in reliable information about the status of assets, but not necessarily about the rights and obligations of the company or the valuation of the assets.

IVS 101.2.(g); IVS 102.3; IVS 230.3
VGC, Various NV COS standards (500, 540)
No specific references

The IVS standards address inspections for various components but, because not all valuers follow the IVS standards, we recommend the following to valuers and valuation organisations:

Recommendation relating to the code of conduct

- Actively follow available International Industrial Standards.
- Perform an inspection during at least the first valuation.
- Establish (via the sector) how often and under which circumstances and minimum conditions an inspection must take place. Also discuss identical housing units where a representative sample could also be sufficient.
- Consider the following best practices stipulation: have an inspection carried out at least once every three years (or sooner if significant changes have been made).

Recommendation concerning disclosure requirements in valuation reports

- Indicate which code of conduct is followed and where it can possibly be found on the website of the organisation.
- If an inspection takes place, note when the last inspection took place and also mention if an inspection has not been carried out.
- Mention the results of physical inspections.
- Mention the type of inspection (general, technical, structural, etc.).
- State who has carried out the inspection and when.

Sector-specific best practices

Organisation	Reference
IVS	IVS 101.2.(g); IVS 102.3; IVS 103.5.(g); IVS 230.3
EVS	EVS 1-5.10.1.3, 5.10.1.4 (ii), 5.10.1.4 (x); EVS 4-5.8, 6.2, 6.3, 6.4, 6.6, 7.6; ;EVS 1
RICS	VS 2.4.2; VS 2.5;VS 5.1; Appendix 6.1.2 (I)
TMI	TMI 7.2; TMI 8.3.(G), 8.3.(N)

18. Sensitivity analysis

Valuations for reporting purposes are generally based on estimates of theoretical price, which are made with a degree of uncertainty. For instance, market uncertainty caused by the market’s inefficiency and lack of transparency, on the one hand, and estimation uncertainty on the other hand. This uncertainty is relatively high. Estimation uncertainty relating to a valuation can, for example, be influenced by the estimate’s susceptibility to changes in assumptions. The question whether and how the valuer has taken alternative assumptions or results into consideration, can be answered by, for example, performing a sensitivity analysis to determine the effect of changes in assumptions on the estimate. Further, reporting standards for annual accounts require greater insight into the potential effects of the most influential benchmarks on the valuation. Accountants appointed by the board of a company are also requesting susceptibility of influential benchmarks to be calculated.

No specific references
Various NV COS standards (500, 540)
IAS 1.125 - 1.133 estimation uncertainty and IFRS 13.93d disclosure of quantative information

Considering that IVS standards do not address the execution of susceptibility analyses, we recommend the following to valuers and sector organisations that represent valuers:

Recommendations relating to the code of conduct

- Considering the current absence of an international approach towards susceptibility analyses, we recommend sector organisations to start discussions on the matter, possibly adopt a stance and safeguard this position using guidelines.
- Further work by sector organisation to actually make this a best practice. Indicate how potential susceptibility analyses can be carried out and explained per method. This is, for example, possible by mathematically determining value if one of the main parameters is x% higher or lower (type of scenario analysis). This can be calculated and explained for the three main parameters.
- Define this together (government, sector group, auditors and users).

Recommendations concerning disclosure requirements in valuation reports

- Indicate which code of conduct is followed and where it can possibly be found on the website of the organisation.
- In valuations for reporting purposes, mention which of the main parameters (yield/discount rate, vacancy, inflation, effective market rent, etc.) have the biggest impact on the final valuation.
- Some financial statements (when IFRS<sup>1</sup> is applied) include a quantitative sensitivity analysis. The management board may request the valuer to support it with the quantification because the valuer has determined the value and has the models or methods at his disposal. If the client requests the valuer to perform a quantitative sensitivity analysis during valuations for reporting purposes, this must be appropriately explained and supported. The only quantitative sensitivity analysis solely provides insight into the effect on the amount valued if only one underlying principle is changed. Transparency will be enhanced if this calculation is carried out on all significant, observable and unobservable input variables (such as rental value, inflation, EXIT yield, etc.). This requires calculating both a positive and a negative adjustment. The reported value will always be the value that is included in the reporting at market value.
- The valuation organisation may not be able to include this explanation in the valuation report for reasons of liability. If so, we recommend stating this in a separate letter, including a sufficiently transparent explanation of the calculations and possible substantiations.
- Provide a narrative description (qualitative) of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement, as required under IFRS 13. This description must be quickly included in the annual account. Considering the valuer determines the value for company managers, it is also his responsibility to help the board with this description. In this case, potential interdependencies must also be taken into account (e.g. impact of vacancy on initial yield).

1 IFRS 13 IAS 1 paragraph 118 to 122 calls for a useful, quantative risk analysis in the event of a significant risk of material value fluctuations after balance sheet date

Sector-specific best practices

Organisation	Reference
IVS	No specific references
EVS	No specific references
RICS	GN 1.3.2
TMI	No specific references

19. Back-testing

Valuers must compare the results of past valuations on the same object for the same client, with results obtained from the new valuation. New valuations will often differ from valuations that have been made in the past.

No specific references
VGC, Various NV COS standards (500, 540)
No specific references

Considering that IVS standards do not address the performance of back-testing, we recommend the following to valuers and sector organisations that represent valuers:

Recommendations relating to the code of conduct

- Actively follow available International Industrial Standards.
- Sector organisations should adopt a position about how to deal with results from earlier valuations in the valuation process and how to explain valuation reports, and must safeguard this using guidelines.

Recommendations concerning disclosure requirements in valuation reports

- Describe the differences between the current and prior valuations, provided they have been performed by the same valuation organisation and provided those differences exceed 5%.
- Mention important changes in how market conditions are assessed.
- Explain changes to the valuation method in a well-founded manner.

Sector-specific best practices

Organisation	Reference
IVS	No specific references
EVS	No specific references
RICS	No specific references
TMI	No specific references

20. Events after date of valuation

It is important to establish whether events, that take place between the valuation date and the date of the valuation report, provide information that has an impact on the final valuation, or will affect the next valuation (tenant bankrupt, contract terminated).

IVS 103.6
VGC, various NV COS standards (500, 540)
No specific references

Considering that IVS standards do not address events that take place after the valuation date and the potential impact on the valuation, we recommend the following:

Recommendations relating to the code of conduct

- Actively follow available International Industrial Standards.
- Sector organisations should adopt a position about how to deal with information the valuer has available about events after the valuation date, which may affect the valuation of the object immediately following the valuation date, and safeguard this in guidelines.

Recommendation concerning disclosure requirements in valuation reports

- Explain all material changes in the object, rental situation or the market, which take place after the valuation date but prior to the date of issuance of the valuation report, or confirm that, according to knowledge available to the valuer, no material changes have taken place between the valuation date and the report date.

Sector-specific best practices

Organisation	Reference
IVS	IVS 103.6
EVS	No specific references
RICS	Appendix 6, section 1(s)
TMI	No specific references

21. Content valuation report and other explanations

The conclusions of the valuer must be clearly and accurately presented in the valuation report, and not in a manner that is open to a different explanation. Specific factors that have an impact on the valuation must also be given appropriate attention.

IVS 103 ‘Reporting’
VGC; Various NV COS standards
No specific references

Various parts of the IVS standards address elements that must be included in the valuation report. Considering that IVS standards do not require all relevant elements to be explained, if not already done so elsewhere in this report, we recommend the following to valuers and sector organisations that represent valuers:

Recommendations concerning disclosure requirements in valuation reports

What follows is not exhaustive and must be seen together with other recommendations, the detailed reporting obligations in IVS standards and the sector-specific requirements:

- Actively follow available International Industrial Standards.
- Examine the content requirements of sector organisations and sector initiatives and comply with them wherever possible.
- Mention the date of valuation.
- If applicable, mention if there is an above-normal level of uncertainty.
- Mention the date of the valuation report.
- Specifically confirm that the valuation has been carried out in accordance with stipulations in International Valuation Standards and that the recommendations of the PTA have been followed when applicable to the valuation in question.
- Indicate how responsibilities for the object data have been arranged; who is responsible for what and what the valuer has and has not verified.
- Provide a general description about the object’s sustainability.

Sector-specific best practices

Organisation	Reference
IVS	IVS 103
EVS	EVS 4, EVS 5;EVS 2.8
RICS	VS 6.1, 6.2, 6.3, 6.4, 6.10, 6.11, 6.12, 6.13 Appendix 6 ‘Minimum contents of valuation reports’
TMI	TMI 8 ‘Valuation report’



Category Quality

22. File creation

The valuer must compile the valuation document in a manner that enables an experienced valuer, who has no previous involvement in the valuation, to gain an insight into:

- The nature, timing and scope of activities that have been carried out in accordance with the valuation standards.
- The results of the activities performed and the information obtained; and
- Significant events as a result of the valuation, the subsequent conclusions and significant professional rulings made to arrive at the conclusions in question.

IVS 102-8
VGC; Various NV COS standards
No specific references

For various components, the IVS standards address file creation but, because not all valuers follow the IVS standards, we recommend the following to valuers and valuation organisations:

Recommendations relating to the code of conduct

- Actively follow the available International Industrial Standards; when doing so, seek compatibility with the auditor’s duty to comply with at least the minimum legal period of 7 years, and the specific requirements imposed on the file by the NV COS.
- Considering the international framework currently only addresses the period of the valuation process, we recommend sector organisations to adopt a certain position.

Recommendations concerning disclosure requirements in valuation reports

- Indicate which code of conduct is followed and where it can possibly be found on the website of the organisation.

Recommendations file content requirements

- Considering there are currently no standard regulations about which information must be included in a file, we advise sector organisations to adopt a position on the matter and to develop (or further specify) a “best practice”. In terms of content, this could include: assignment letter, sample valuation report, all communication with the customer, calculations, land registry, usage, rental list, draft minutes for discussions about the valuation, differences version 1 and 2, etc.

Sector-specific best practices

Organisation	Reference
IVS	IVS 102-8
EVS	No specific references
RICS	VS 5.1.8.
TMI	No specific references

23. Internal valuation management

Valuation organisations must possess an extensive quality control system, that implements team requirements at various levels within the organisations in order to safeguard quality.

No specific references
VGC; Wta; Additional regulations for audit firms concerning assurance-related assignments
No specific references

Considering that IVS standards do not address internal quality control for valuations, we recommend the following to valuers and sector organisations that represent valuers:

Recommendations relating to the code of conduct

- Actively follow available International Industrial Standards.
- Sector organisations should adopt a position about explaining the system of internal quality control in the valuation process and should safeguard this using guidelines.
- Examine the procedures and stipulations that apply to auditors.
- Potential questions include:
  - How does the organisation safeguard internal quality control during the valuation?
  - Has a second-reading procedure been implemented?

Recommendation concerning disclosure requirements in valuation reports

- Indicate which code of conduct is implemented, which control measures have been taken and where they can be found on the website of the organisation that compiles the report.

Sector-specific best practices

Organisation	Reference
IVS	No specific references
EVS	No specific references
RICS	No specific references
TMI	No specific references

24. Assessment/validation models and estimates

Valuers use a variety of measures when determining the value, and the results of implemented methods are often processed to realise a final value. Valuers use various calculation models when calculating the various methods. It is important for calculation models used by the valuation organisation to be validated before being used and to be periodically evaluated to establish whether they are still suitable for the intended purpose.

The validation process implemented by the valuation organisation could include an evaluation involving:

- The theoretical suitability and mathematical integrity of the models, including the suitability of parameters;
- Consistency and completeness in the supply of input for the model, as is standard practice in the market;
- The output of the model compared to actual transactions.

Appropriate policy and procedures must be implemented in a valuation organisation, which enable managing and modifying the model.

No specific references
VGC, Various NV COS standards (500, 540)
No specific references

Considering that IVS standards do not address the evaluation/validation of calculation models and estimates, we recommend the following to valuers and sector organisations that represent valuers:

Recommendations relating to the code of conduct

- Actively follow available International Industrial Standards.
- Sector organisations should adopt a position concerning procedures about how valuers must deal with calculation models and how it can be ensured that the right models are used, and should safeguard this using guidelines.
- Look for compatibility with quality control implemented by the auditor for models used by clients.

Recommendations concerning disclosure requirements in valuation reports

- Indicate which code of conduct is followed and where it can be found on the website of the organisation.
- Use best practices to have the valuer confirm that a general office model has been used or, if one of the client’s models has been used, that the valuer has validated this model or has confirmed that the client had the model in question validated.
- Describe the model used and indicate when and how it was validated.
- In terms of models, refer to office best practices, how models are secured and who is authorised to implement changes.

Sector-specific best practices

Organisation	Reference
IVS	No specific references
EVS	No specific references
RICS	No specific references
TMI	No specific references

25. Procedure draft valuation report

It is important for users of valuation reports to determine whether management has exerted influence on the outcome of the valuation. It is thus important for the parties involved to have an insight into the procedure for creating a valuation report, the various versions and the modifications implemented.

No specific references
VGC, Various NV COS standards (500, 540)
No specific references

The IVS standards specify various components in the procedure for compiling a valuation report. However, since the IVS standards do not specify how draft reports should be dealt with, we recommend the following to valuers and valuation organisations:

Recommendations relating to the code of conduct

- Actively follow available International Industrial Standards.
- Sector organisations should adopt a position about procedures concerning how valuers must deal with various draft versions and how information about them must be included in the valuation report, and should safeguard this using guidelines.

Recommendations concerning disclosure requirements in valuation reports

- Indicate how many versions have been used.
- Indicate whether there are changes in excess of 5%.
- Describe what has caused the changes.

Sector-specific best practices

Organisation	Reference
IVS	No specific references
EVS	EVS 5-4.4
RICS	VS 6.11 Draft reports
TMI	TMI 8.7

26. Reviews (internal, peer)

**Peer review** is a way of improving the quality of activities by subjecting work to the critical eye of various peers; mostly fellow professionals or colleagues.

No specific references
VGC, Various NV COS standards; Wta; Quality Research Regulation and Policy
No specific references

The IVS standards do not address internal peer reviews; however, the matter is addressed in the IVS Code, or the ‘ethical principles for professional valuers’. Because not all valuers comply with this code, we recommend the following to valuers and valuation organisations:

Recommendations relating to the code of conduct

- Implement peer reviews; this can contribute to the general quality of valuations and help improve public confidence by providing an insight into the sense of quality implemented by valuers.
- Actively comply with available International Industrial Standards and regularly perform peer reviews.
- Sector organisations should, besides in relation to internal peer review, adopt a position about peer reviews through members within the sector group or through an independent body within/beyond the sector.
- Consult regulations implemented by auditors (Quality research Ordinance; quality research policy) and provide further insights about how the matter should be addressed.

Recommendation concerning disclosure requirements in valuation reports

- Indicate which code of conduct is followed and where it can possibly be found on the website of the organisation.

Sector-specific best practices

Organisation	Reference
IVS	IVS Code of ethical principles for professional valuers A1.4 and 1.6
EVS	EVS 4-7
RICS	No specific references
TMI	No specific references

27. Knowledge sharing (transaction registration)

Knowledge sharing between valuers and other players in the market (investors, government, tenants, banks, etc.) can help create a more transparent real estate market and can thus also make valuations more transparent.

No specific references
No specific references
No specific references

Considering that IVS standards do not address knowledge sharing or retention of a transaction register, we recommend the following to valuers, sector organisations that represent valuers, as well as other players in the market:

Recommendations relating to the code of conduct

- Work together (government, sector group, valuation users) to further professionalise a data base of sources, which contains information about:
  - sales transactions;
  - rental transactions;
  - valuations
- Considering a register of transactions should offer some kind of benefit and must have sufficient support, we recommend starting off by registering rental transactions. Insight into arrangements concerning rental transactions will create a more transparent rental market, which will, in turn, result in more transparent and more verifiable input/assump-tions for valuations.

Sector-specific best practices

Organisation	Reference
IVS	No specific references
EVS	No specific references
RICS	No specific references
TMI	No specific references

28. National disciplinary law & complaints procedure

Anyone commissioning a valuer for a certain assignment will need to be able to trust that the services meet the applicable quality requirements. After all, a valuer who is a member of a sec-tor organisation needs to observe the professional code of conduct. Likewise, a user of a valua-tion will need to be able to trust that the valuation meets the applicable quality requirements.

No specific references
Auditors (Disciplinary Law) Act [“Wet tuchtrechtspraak accountants” - Wtra]
No specific references

As the IVS Standards provide no further explanation of disciplinary law and because of the lack of an umbrella body - due to the multitude of valuers’ sector organisations - whose duty it is to safeguard the quality of the services, we recommend valuers and their sector organisations to do the following:

Recommendation at the level of behavioural codes:

- Make a joint effort (sector organisations and valuation organisations) to implement a natio-nal complaints procedure and a national disciplinary board, of which all sector organisa-tions, valuation organisations, and individual valuers are direct or indirect members. This is important to ensure equal treatment for all valuers and to have a body where users of valua-tion reports can turn to in the event of disputes.
- Take note of the legislation for auditors as laid down in the Wtra.

Sector-specific best practices

As this recommendation mostly concerns a national solution, no sector-specific best practices have been included, since the various sector organisations have their own supervisory rules.



Appendix 1: List of terms

BAR	:	Gross Initial Yield
BVO	:	Gross surface area
DCF	:	Discounted Cash Flow
EVS	:	European Valuation Standards 2012
HABU	:	Highest and best use
HRA	:	Accountancy Regulations Handbook
IFRS	:	International Financial Reporting Standards
IAS	:	International Accounting Standard
IVS	:	International Valuation Standards 2011
IVSC	:	International Valuation Standards Committee
NAR	:	Net Initial Yield
NV COS	:	Additional regulation inspection and general standards
NVM	:	Dutch Association of Agents OG and Real estate experts
NVO-OA	:	Additional Regulations Independence of Public Accountants
OOB	:	Public Interest Entity
RICS	:	Royal Institution of Chartered Surveyors
SCVM	:	Stichting Certificering Voor Makelaars en taxateurs
TEGoVA	:	The European Group of Valuers Associations, adopting the EVS
TMI	:	Valuation Management Institute
VatgoedPro	:	Association of professional agents and valuers
VBO	:	Association of Real estate Brokers
VGC	:	Code of conduct Ordinance
VVO	:	Leasable floor area
WRA	:	Chartered Accountants Act
WTA	:	Accounting Organisations Monitoring Act

Appendix 2: Checklist Self-assessment

General questions				
	Recommendations	If yes, which?	If not, why?	Remarks
•	Do you actively follow available International Industry Standards and are you transparent about it?			
•	Does your organisation work with a code of ethics?			
•	Do you internally review compliance with the code of ethics?			
•	Are you transparent about the outcome of the internal review of the code of ethics towards your clients?			
Category Independence				
1. General	Recommendations	Yes / No	If not, why?	Remarks
•	Do you safeguard the separation between valuer and broker within an organisation? The desired separation within the company need not be structured in separate legal entities if the company has sufficient safeguards in place (e.g., through Chinese walls) to prevent the mixing of activities on same the object or tenants. Issue a statement on this.			
•	Do you safeguard the independence between valuer, client and object? And do you specify this in a statement?			
•	Do you register non-compliance with the internal code of ethics and take the appropriate follow-up?			
2. Financial interests	Recommendations	Yes / No	If not, why?	Remarks
•	Do you have a code of ethics that states how you (both the organisation and the valuers) should deal with having financial interests in clients and how the organisation reviews the related compliance?			

3. Internal rotation	Recommendations	Yes / No	If not, why?	Remarks
•	Do you adopt an internal rotation for two assignment terms (3+3 years)?			
•	Do you take additional measures, such as assignment-related quality reviews carried out by independent professionals from outside the team?			
•	Do you, if possible, opt for assigning two professionals on an assignment and do you periodically rotate them over a longer period of time?			
•	Does your valuation report state how long the concerned valuer has been involved in valuing the real estate object(s).?			
4. Remuneration	Recommendations	Yes / No	If not, why?	Remarks
•	Do you work with a maximum ratio of remunerations for a client as a percentage of the overall organisation turnover? If so, what is the amount?			
	Do you work with a maximum turnover ratio as regards remunerations for valuations versus other assignments for the client? If so, what is the limit?			
•	Does your valuation report disclose the remuneration for the valuation assignment and the remuneration for other services offered to the client in question?			
•	Do you indicate whether the remuneration depends on the outcome of the valuation?			
•	Do you include a statement that the valuation organisation has not, in the past 3 years, been involved in any transaction involving the valued object? If the valuation organisation was involved, do you specify in what capacity?			
Category <b>Education</b>				
5. (Permanent) Education	Recommendations	Yes / No	If not, why?	Remarks
•	Do you state the qualifications of employees(RICS, other)? This should show which requirements are satisfied and in which sector organisation/register one is registered.			

•	Does your valuation report state that your valuers have specific expertise and keep the knowledge up-to-date as regards specific local, regional and (inter) national markets and knowledge of the object?			
6. Professionalism per section	Recommendations	Yes / No	If not, why?	Remarks
•	Does your valuation report state that valuers carry out valuations in market segments in which they are specialised and that the expertise per segment is available on the website of the sector organisation?			
•	Does your valuation report state that your valuers have specific expertise and keep this knowledge up-to-date as regards specific local, regional and (inter)national markets and knowledge of the object?			
Category <b>Assignment and Confirmation</b>				
7. Assignment letter	Recommendations	Yes / No	If not, why?	Remarks
•	Do you refer to the date on which the assignment letter was issued?			
•	Do you specify that the scope of the activities has not been modified (if modified, explain what has been changed)?			
8. Confirmation letter management	Recommendations	Yes / No	If not, why?	Remarks
•	Do you request the board of directors for written confirmation that all relevant information needed to carry out the valuation has been received?			
•	Do you specify in the valuation report that written confirmation has been received and on which this was issued or do you include the client's confirmation letter in the valuation report?			
9. Allonges, appendices & side letters	Recommendations	Yes / No	If not, why?	Remarks
•	Did you receive a confirmation from the board of directors that all allonges, appendices and side letters have been sent?			

<ul style="list-style-type: none"><li></li></ul>	If applicable, does your report disclose that management has acknowledged the sending of side letters and that they have been correctly and fully included in the valuation?			
Category <b>Activities and reporting</b>				
10. Aim of valuation/scope of work	Recommendations	Yes / No	If not, why?	Remarks
<ul style="list-style-type: none"><li></li></ul>	Do you clearly indicate the purpose of the valuation and the scope of activities (financial reporting, transaction, financing)?			
<ul style="list-style-type: none"><li></li></ul>	Do you indicate why the selected method is suitable for the purpose?			
<ul style="list-style-type: none"><li></li></ul>	Do you indicate the thoroughness of the activities (full, desktop or high-level valuation)?			
<ul style="list-style-type: none"><li></li></ul>	Do you indicate the date of valuation?			
11. Method of substantiation (DCF, BAR/NAR, etc.)	Aanbevelingen	Yes / No	If not, why?	Remarks
<ul style="list-style-type: none"><li></li></ul>	Do you provide a detailed insight about (the main outline of) methods, like cost approach, income approach, and sales comparable approach?			
<ul style="list-style-type: none"><li></li></ul>	Do you as much as possible implement two methods and compare the results with each other?			
<ul style="list-style-type: none"><li></li></ul>	Do you provide a description of the implemented valuation method and the implemented valuation terms?			
<ul style="list-style-type: none"><li></li></ul>	If applicable, do you provide a description of the second method used for assessing /verifying the estimated value in the “main method”?			
<ul style="list-style-type: none"><li></li></ul>	Do you provide a description of the method(s) used during any previous valuation(s)?			
12. Net initial yield, discount rate and EXIT yield	Recommendations	Yes / No	If not, why?	Remarks
<ul style="list-style-type: none"><li></li></ul>	Do you include the implemented definitions in the valuation report?			

<ul style="list-style-type: none"><li></li></ul>	Do you specify the composition of the basic initial yield in relation to the used initial yield and indicate how specific topics have been included in the yield?			
<ul style="list-style-type: none"><li></li></ul>	Do you specify the structure of the discount rate for risk-free interest, with additions/deductions until the eventual discount rate?			
<ul style="list-style-type: none"><li></li></ul>	Do you substantiate the composition of the EXIT yield when using the DCF method?			
<ul style="list-style-type: none"><li></li></ul>	Do you include sources and links (including references) to support important factors in the composition of the net initial yield, the discount rate and the EXIT yields?			
13. Benchmarks and assumptions	Recommendations	Yes / No	If not, why?	Remarks
<ul style="list-style-type: none"><li></li></ul>	Do you clearly substantiate assumptions and estimates?			
<ul style="list-style-type: none"><li></li></ul>	Do you specify, quantify and explain all relevant benchmarks, assumptions and estimates; they must be reasonable and the explanation must support the reasonable nature. Has it been clearly stated to what extent observable market information has been used?			
<ul style="list-style-type: none"><li></li></ul>	Does this also apply for reference transactions/ objects that are used to support the valuation?			
<ul style="list-style-type: none"><li></li></ul>	If applicable, do you explicitly state whether specific risks are discounted from the implemented yield?			
<ul style="list-style-type: none"><li></li></ul>	Is the valuation performed based on the highest value and best use and is this specified?			
<ul style="list-style-type: none"><li></li></ul>	If the ‘highest and best use’ valuation provides for a different use than the current use, do you specify what underlying principles have been taken into account and how these have been factored in?			

Special benchmark	Recommendations	Yes / No	If not, why?	Remarks
<ul style="list-style-type: none"><li></li></ul>	Is a valuation based on facts that could significantly differ from facts available on the date of valuation?			
<ul style="list-style-type: none"><li></li></ul>	Do you specify special benchmarks in the valuation report?			
<ul style="list-style-type: none"><li></li></ul>	Do you describe what a special benchmark is?			
<ul style="list-style-type: none"><li></li></ul>	Do you specify that this is consistent with the purpose of the valuation (reporting)?			
<ul style="list-style-type: none"><li></li></ul>	Do you indicate the effect on the valuation if the special benchmark had not been included?			
15. Lease incentives	Recommendations	Yes / No	If not, why?	Remarks
<ul style="list-style-type: none"><li></li></ul>	Do you report additional agreements and indicate the impact on the valuation and the effective rental price?			
<ul style="list-style-type: none"><li></li></ul>	Do you indicate whether, in case of assumed lease extensions (or a search for new tenants), to-be-awarded lease incentives have been taken into account?			
16. Source-input (track record)	Recommendations	Yes / No	If not, why?	Remarks
<ul style="list-style-type: none"><li></li></ul>	Do you specify, wherever possible, the sources of information relating to the main input parameters or how the elements have been determined or estimated. Do you also indicate whether they are objectively traceable/checkable?			
<ul style="list-style-type: none"><li></li></ul>	Does this also applies to reference transactions/ objects that are used to support the valuation?			
<ul style="list-style-type: none"><li></li></ul>	Do you specifically specify where major changes to the source information have been implemented?			
<ul style="list-style-type: none"><li></li></ul>	Do you specify for each main input parameter, whether this parameter has been introduced by the customer or the valuer?			

17. Inspections	Recommendations	Yes / No	If not, why?	Remarks
<ul style="list-style-type: none"><li></li></ul>	Do you perform an inspection during at least the first valuation?			
<ul style="list-style-type: none"><li></li></ul>	Do you establish how often and under which circumstances and minimum conditions an inspection must take place?			
<ul style="list-style-type: none"><li></li></ul>	Do you have an inspection performed carried out at least once every three years (or sooner if significant changes have been made)?			
<ul style="list-style-type: none"><li></li></ul>	If an inspection takes place, do you note when the last inspection took place? And do you also specify if an inspection has not been carried out?			
<ul style="list-style-type: none"><li></li></ul>	Do you specify the results of the physical inspection?			
<ul style="list-style-type: none"><li></li></ul>	Do you specify the type of inspection (general, technical, structural, etc.)?			
<ul style="list-style-type: none"><li></li></ul>	Do you specify who has carried out the inspection?			
18. Sensitivity analysis	Recommendations	Yes / No	If not, why?	Remarks
<ul style="list-style-type: none"><li></li></ul>	Do you specify how a possible sensitivity analyses can be carried out and explained per method?			
<ul style="list-style-type: none"><li></li></ul>	Do you specify valuations for reporting purposes, mention which of the main parameters have the biggest impact on the final valuation?			
<ul style="list-style-type: none"><li></li></ul>	If applicable, do you report a quantitative sensitivity analysis? Does this include calculating both a positive and a negative adjustment?			
<ul style="list-style-type: none"><li></li></ul>	Do you provide a qualitative description of the sensitivity, as required under IFRS 13?			
19. Back-testing	Recommendations	Yes / No	If not, why?	Remarks
<ul style="list-style-type: none"><li></li></ul>	Do you describe the differences between the current and prior valuations, provided they have been performed by the same valuation organisation and provided those differences exceed 5%?			
<ul style="list-style-type: none"><li></li></ul>	Do you specify important changes in how market conditions are assessed?			



•	Do you provide a well-founded substantiation of the changes to the valuation method?			
20. Events after date of valuation	Recommendations	Yes / No	If not, why?	Remarks
•	Do you specify all material changes in the object, rental situation or the market, which take place after the valuation date but prior to the date of issuance of the valuation report?			
21. Content valuation report and other explanations	Recommendations	Yes / No	If not, why?	Remarks
•	If applicable, do you specify whether there is an above-normal level of uncertainty?			
•	Do you state the date of the valuation report?			
•	Can you confirm that the valuation has been carried out in accordance with stipulations in International Valuation Standards and that the recommendations of the PTA have been followed when applicable to the valuation in question?			
•	Do you specify how the responsibilities for the object data have been arranged; who is responsible for what and what the valuer has and has not verified (e.g., did you reconcile and peruse all rental contracts?			
•	Do you provide a general description about the object's sustainability?			
Category <b>Quality</b>				
22. File creation	Recommendations	Yes / No	If not, why?	Remarks
•	Do you create a file for each valuation (assignment letter, substantiation of references, etc. In such manner that a third party professional may form an opinion on the file later on)?			
23. Internal controls valuations	Recommendations	Yes / No	If not, why?	Remarks
•	Do the internal controls of the organisation safeguard the quality of the valuation? If so, how?			

•	Has a second-reading procedure been put in place for each valuation?			
24. Assessment/validation models and estimates	Recommendations	Yes / No	If not, why?	Remarks
•	Do you specify in the valuation report whether your general office model has been used or the client's model?			
•	Do you describe the used model and indicate when and how it was validated?			
•	Did you safeguard the model against adjustments by unauthorised persons?			
25. Procedure draft valuation report	Recommendations	Yes / No	If not, why?	Remarks
•	Do you specify how many versions there have been?			
•	Do you specify where the draft and final version deviate by an aggregate of more than 5%?			
•	Do you specify what casued these deviations?			
26. Reviews (internal, peer)	Recommendations	Yes / No	If not, why?	Remarks
•	Do you perform peer reviews within the valuation organisation regarding issued valuation reports, to establish whether the valuation has been performed in accordance with the internal/external rules?			
27. Knowledge sharing (transaction registration)	Recommendations	Yes / No	If not, why?	Remarks
•	Do you have a database with sources containing information such as sales transactions, rental transactions and valuations?			
28. National disciplinary law & complaints procedure	Recommendations	Yes / No	If not, why?	Remarks
•	Is there a complaints procedure (within your organisation or nationally) that you should observe?			
•	Is your valuation organisation or the individual valuer subject to disciplinary law (in a sector organisation or nationally)?			

