**EVS VALUATION REPORT**

**COMMERCIAL REAL ESTATE, MODEL OF 1 AUGUST 2016**

Made possible by NVM, VBO Makelaar and VastgoedPRO

|  |  |  |
| --- | --- | --- |
|  | *<Place main photo of object here>* |  |

*<Valued object's address>*

*<Valuation date>*

*<Valuer's name>*

|  |  |  |
| --- | --- | --- |
| Makelaar Surhuisterveen NVM buisiness logo |  | **http://www.kroonmakelaardij.nl/images/VGP_rgb.gif** |

|  |
| --- |
| *Any deviations with respect to the standard text must be clearly recognisable as such.* *This can be done for instance by:* 1. *Printing all added text in italics, bold or in a clearly different font and striking out omissions instead of deleting them,*
2. *Giving an indication at the bottom of the text as to how deviations can be recognised, for instance: 'All details filled in, added or changed with respect to the model report are printed in italics.'*

*You are personally responsible for the contents of the valuation model.* *The 'table of contents' on the next page can be automatically updated by moving over the word 'table of contents', then click the left mouse button, then 'Update table'.**Of course you should remove this text block once you have taken note of it.* |

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# General information

## Client

|  |  |
| --- | --- |
| **Client name:** |  |
| **Client address:** |  |
| **Assignment submitted on behalf of the client by:** |  |
| **Position:** |  |

## Valuer

|  |  |
| --- | --- |
| **Valuer name:** |  |
| **Employed by and acting on behalf of:** | *<Office name>**<Office address>**<Postal code and location of office>* |
| **Member of professional or trade association:** | *<NVM, VBO Makelaar or VastgoedPRO>* |
| **Valuer is registered in the Netherlands Register of Real Estate Valuers:** | Nederlands Register Vastgoed Taxateurs (NRVT) (*Netherlands Register of Real Estate Valuers*) |
| **Registered under number:** | *<RT number>* on *<registration date>* |
| **Valuer is registered at the NRVT in Chamber(s):** | *<Commercial Real Estate with expiry date <date>>* |
| **Valuer has Large Business Real Estate endorsement:** | *<Yes/no>* |
| **Valuer is REV certified:** | *<Yes/no, if yes: mention certificate number and valid from to>* |
| **Valuer's specialisation/expertise:** | *<Example: valuer is primarily active in valuing care-related real estate, catering, miscellaneous real estate, retail etc.>* |

## Valuation date and other relevant data

|  |  |
| --- | --- |
| **Assignment date:** |  |
| **Date of survey and inspection:** |  |
| **Valuation date:** |  |
| **Date of draft valuation report:** |  |
| **Date of valuation report:** |  |

# Purpose of the valuation / the interest to be valued

## Subject of the valuation

|  |  |
| --- | --- |
| **Brief description of the property:** |  |
| **Address:** | *<Address>**<Postal code + town>* |

## Purpose of the valuation

|  |  |
| --- | --- |
| **The purpose of the valuation is to establish the market value for the benefit of:** | *<Application for a mortgage loan with <bank name>, purchasing decision, selling decision etc.>*The market value is understood to mean: the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without being under compulsion. |
| **On the basis of:** | *<Example: leased, partly leased, free of rent and use etc.>* |
| **On the valuation date, the valued property is valued at:** | Market value € …………..= |
| **In words:** | ……………………..….. euros |
| **This valuation concerns a:**  | *<Full valuation, revaluation, update>* |
| **Assumptions:** | *<Examples (add or supplement as required)The valuer has applied the following assumptions in making this valuation:** *On the basis of cadastral research and the client's information, no other restrictive covenants and/or easements apply to the property other than those which will be mentioned in the report and that influence the valuation(s). It is assumed that any private and public restrictions as shown on the cadastral extract are up to date and complete;*
* *The current designation of the valuation object conforms with the client's information in accordance with current usage. For the valuation, it is assumed that all permits for the benefit of the object being valued are irrevocably present, in operation and also valid. This cannot be checked within the framework of this valuation;*
* *Within the framework of this valuation, no investigation will be made into the state of the soil and/or the groundwater. Information supplied by the client and information from public sources is used as the starting point. It is assumed that the state of the soil, the groundwater and the materials used will not hinder current usage;*
* *For the benefit of the valuation, the valuer forms a general picture of the state of maintenance of the object. This is done based on a visual (random) inspection. This means that no separate judgement is made of each part, nor of elements that are concealed from view. This is explicitly not an architectural inspection of the buildings and/or the technical systems. It is assumed that in the assessment of the state of maintenance, the focus is on the value in the event of alienation and the possible existence of exceptional maintenance costs. Defects that are not of essential importance in this respect, are not taken into account. In the estimation of the costs for repair of deferred maintenance, it is assumed that the relevant activities will be carried out by third parties (professionals);*
* *In conformity with the oral information supplied by the owner, all utilities are present on the valued property, including at least gas, water, electricity and sewer connections. These utilities have sufficient capacity for the current use of the object;*
* *If the object has an energy label or similar certificate, the valuer will take account of sustainability aspects when determining the value. These aspects will only be evaluated on a general basis. Should the client require more insight into the building's sustainability, a more detailed investigation will have to be carried out;*
* *The floor area used approximates the actual floor area. No certified NEN 2580 compliant measurement results have been supplied by the client. However, the client has supplied ground plans or construction drawings insofar as these are available. The valuer has estimated the areas to the best of his ability using these construction drawings;*
* *Chattels in the valuation object, including the inventory of business premises and/or office premises, have not been included by the valuer in the valuation of this real estate object;*
* *This valuation has been compiled using the information supplied by the client. Moreover, the valuer cannot vouch for the correctness of the details that have been supplied and used. The valuer has personally collected the minimum required details that are needed for providing a valuation;*
* *The object is valued based on the state of all the applicable circumstances on the inspection date.>*
 |
| **Special assumptions:** | *<Example: No special assumptions have been made for this valuation.>**<N.B.: if the client requests a valuation that is subject to a special assumption being drawn up, then the valuer will estimate the market value without the special assumption as well as the market value with the special assumption. The use of a special assumption shall also be explicitly included in the engagement letter.>* |

# Valuer's statements

|  |  |
| --- | --- |
| **Valuer's statements internal / external:** | The valuer declares <to be/not to be> employed by the client or a company affiliated to him. |
| **Engagement letter:** | On <*enter* date> the valuer sent an engagement letter to the client which was returned to the valuer on <*date of receipt*> signed by the client. Changes <*have/have not*> been made to the assignment between sending the engagement letter and the actual receipt of the valuation. The engagement letter is attached as appendix <*fill in*> to the report. (EVS 4.3 and 4.5.2) |
| **The valuer used the standard sheet:** | *<Yes/no>**If no, explanation:* |

The valuer further declares that he:

* is qualified and competent to carry out the valuation;
* has carried out the valuation in an unbiased, independent and objective manner;
* is not engaged in any capacity, either contractually, legally or in any other manner, to the client, the valued object, the owner of the object, any lessor or lessee of the object, the financier of the object or any other interested parties connected with the object;
* has no business interest connected with the client and the valued object;
* carries out activities for ***<office name>*** and is not employed by the client;
* is not employed by and has no other relationship with the owner of the valued object or the financier involved / banking institution;
* has never before been involved in any assignment related to the valued object;
* has not recently been involved nor will be involved within the foreseeable future with the valuation of other real estate (in whatever capacity), involvement in which could give rise to a conflict of interests;
* is aware of the European Valuation Standards (EVS), complies with all set quality requirements and has carried out the valuation in accordance with the EVS requirements and valuation guidelines;
* carried out the valuation in accordance with the General Code of Professional Conduct of the NRVT;
* has carried out the valuation in conformity with the NRVT regulation(s) that apply to this valuation;
* submits himself to the disciplinary proceedings of ***<NVM, VBO Makelaar or VastgoedPRO>*** and the NRVT;
* has carried out the activities in accordance with the Code of Professional Conduct of ***<NVM, VBO Makelaar or VastgoedPRO>***;
* is insured against professional liability in conformity with the relevant conditions set by ***<NVM, VBO Makelaar or VastgoedPRO>*** and that the insurance premium has been paid.

If one of the above standards or rules is departed from, then the valuer has stated the extent and reason of said departure.

The valuer is subject to the Money Laundering and Terrorist Financing Act (Wwft). See also [www.fiu-nederland.nl](http://www.fiu-nederland.nl/).

Where mention is made in this valuation report of 'the object' or 'the valued object', 'the objects' or 'the valued objects' may also be meant.

**Currency used**

All amounts are in euros €.

**Statement of limited validity of the valuation**

The valuation has been made as per the valuation date. All changes in the object's sphere of influence may give rise to a different market value. If the valuation date is some time in the past, please contact the undersigned for an update of the market value.

**Valuer's local knowledge**

The valuer declares that he has sufficient local knowledge and experience regarding the valuation of real estate in the place and category under which the real estate object concerned falls, or has informed the client of the insufficiency thereof before accepting the assignment and has called upon the assistance of one or more competent persons with the relevant expert knowledge.

**Estimation uncertainty**

When valuing real estate, there is nearly always some degree of estimation uncertainty, so too in the present case. A valuation is always a theoretical computation of the value of the real estate and is made with utmost care. Said estimation uncertainty may be a consequence of:

* Uncertain market conditions, for instance economic consequences arising from a Brexit;
* Deficient information provision by the client;
* Lack of market information, including the lack of pure or exactly comparable reference transactions;
* General valuation uncertainty.

**Inspection**
In exceptional cases, a limited inspection may take place by order of or with the permission of the client. This *<is/is not>* the case here.

*<State here whether and in what manner the inspection has taken place. It must be explicitly mentioned which parts have or have not been inspected (e.g. which spaces yes or no, the roof yes or no etc.). The inspection must be carried out by the registered valuer himself. If required, the*

*registered valuer may also employ an external expert for a specialised investigation.*

*The registered valuer must indicate clearly in his valuation report when the inspection*

*took place and how it was carried out (level of depth). In this respect the*

*depth of the inspection must reflect the purpose and*

*scope of the professional valuation service and be in accordance with 'good practice'.*

 *The results of the inspection must be recorded in the valuation report.*

 *If no inspection has been carried out and the valuation is based on an earlier*

*inspection, then the registered valuer must also clearly indicate this in the valuation report,*

*including a substantiation as to why no inspection has taken place. In chapter 11 of the NRVT regulations, chamber BV (commercial real estate chamber), the depth of the inspections that is applicable to the various valuation types is described. For a full valuation, the starting point is that the registered valuer inspects the real estate object both externally and internally (see paragraph 11.4). For a revaluation, the starting point is that the registered valuer only inspects the real estate object externally and does not inspect it internally (see paragraph 11.11).>*

**Copyright**

This valuation report is exclusively intended for the purpose mentioned (the interest to be valued) for the client. As regards the contents, the valuer exclusively accepts liability towards the client and solely for the purpose of the assignment. The report may not be made available to third parties without prior permission.

The appendices form an inseparable part of this valuation report.

The valuer declares his compliance with the requirements of the most recent European Valuation Standards (EVS). If this standard is departed from, then the valuer has stated the extent and reason of said departure.

# Legal status of the object

## Private law aspects

**Information consulted**

Within the context of obtaining personal knowledge of the real estate concerned, the real estate to be valued has been visited. In this respect the interior of the buildings, the situation and the surrounding area have been inspected in order to record all matters that are (or appear to be) significant for the value of the real estate.

The survey consisted of the following aspects:

|  |  |
| --- | --- |
|  | ***PRIVATE LAW ASPECTS*** |
|  |  |
| **1.** | **Information consulted** |
|  | The following information has been consulted by the valuer: |
|  | -  | Deed of delivery: |  |
|  | -  | Cadastral plan: |  |
|  | -  | Cadastral extract: |  |
|  | - | Database of Addresses and Buildings (BAG): |  |
|  | - | Other: | *<For instance: deed of subdivision, subdivision plan, deed of issue of leasehold etc.>* |

|  |  |
| --- | --- |
| **2.** | **Cadastral description of the object** |
|  | Short description: |  |
|  |  |  |  |  |  |
|  | ***Cadastral municipality*** | ***Section*** | ***Number*** | ***Index*** | ***Cadastral area*** |
|  |  |  |  |  | *m²* |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  | ***Total*** | *m²* |
|  |  |
| **3.** | **Particulars** |
|  | Based on the consulted information, the valuer deems among other things the following (value influencing) particulars to be worth mentioning: |
|  | a. | Special easements, special qualitative rights and obligations and other special encumbrances and restrictions: |  |
|  | b. | Conditions of use: |  |
|  | c. | Association of Owners |  |
|  |  | * Managing Director
 |  |
|  |  | * Contribution/financial position
 |  |
|  |  | * Does the valuer consider the financial reserves to be adequate?
 | *<Yes/no, if no: why not?> Example: As a starting point for this valuation it holds that the financial position of the Association of Owners does not influence the value or the valuation, unless explicitly mentioned by the valuer.>* |
|  | d. | Regarding the right of leasehold / superficies  |
|  |  | * Type of right
 | *<Temporary, permanent or perpetual>* |
|  |  | * Date of issue/establishment
 |  |
|  |  | * Date of expiry of the right
 |  |
|  |  | * The land is the property of
 |  |
|  |  | * Current time period runs from / to
 |  |
|  |  | * Current ground rent or building lease
 |  |
|  |  | * Next indexation date
 |  |
|  |  | * Other
 |  |
|  | e. | Regarding the right of usufruct  |
|  |  | * Date of establishment
 |  |
|  |  | * Legal owner
 |  |
|  |  | * Usufructuary
 |  |
|  |  | * Mode of termination
 |  |
|  |  | * Other
 |  |

## Public law aspects

|  |  |
| --- | --- |
|  | ***PUBLIC LAW ASPECTS*** |
|  |  |
| **1.** | **Information consulted** |
|  | The valuer has made use of the following sources of information: |
|  |  | ☐ | Province *<fill in the province concerned>* |
|  |  | ☐ | Municipality *<fill in the municipality concerned>*  |
|  |  | ☐ | Cadastre |
|  |  | ☐ | Spatial planning |
|  |  | ☐ | Soil quality data (Bodemloket) |
|  |  | ☐ | Other... |
|  |  |
| **2.** | **Current zoning plan** |
|  | The current local designation for the site is: | *<For instance 'Company' followed by a description of the designation(s) allocated to this land>* |
|  | *-* | Plan name |  |
|  | *-* | Plan status | *<For instance 'irrevocable'>* |
|  | *-* | Date of adoption |  |
|  | *-* | Name of public authority | *<Municipality>*  |
|  | *-* | IMRO version | *<IMRO = Informatie Model Ruimtelijke Ordening (information model for town and country planning), for instance IMRO2008>* |
|  |  |
| **3.** | **Particulars** |
|  | Based on the consulted sources of information and his local knowledge, the valuer deems among other things the following (value influencing) particulars to be worth mentioning: |
|  | - | The current / the intended use is: |  |
|  | - | The current / the intended use is in accordance with the zoning plan (see also point E.2 a. and b.): | The *current/intended* use *<is/is not>* permitted in conformity with the zoning plan. |
|  | - | Commercial objects must comply with the following characteristics: |  |
|  | - | Establishment requirements: |  |
|  | - | Special usage and/or provisions regarding sales restrictions: | *(Example) No special usage and/or provisions regarding sales restrictions are (or have been made) known.**No restrictions are (or have been made) known in the National Facility for WKPB (Act on awareness of immovable property restrictions) and the Basisregistratie Kadaster (cadastral database).* |
|  | - | Future town and country planning developments: |  |
|  |  |
| **4.** | **Municipalities (Preferential Rights) Act** |
|  | The object is burdened with a preferential right pursuant to the Municipalities (Preferential Rights) Act (or a proposal thereto) | ☐ Yes | ☐ No |
|  |  |
| **5.** | **Scheduled monument** |
|  | According to the information of: |  |
|  | there is a (request for advice on) change, or designation decision, or registration of the object: |
|  | - | as a protected scheduled monument in the sense of the 1988 Monuments Act) | ☐ Yes | ☐ No |
|  | - | as a protected town or village conservation area or proposal thereto (Monuments Act) | ☐ Yes | ☐ No |
|  | - | to be declared by the municipality or the province as a protected scheduled monument | ☐ Yes | ☐ No |

## Pollution, environment

|  |  |
| --- | --- |
|  | ***POLLUTION, ENVIRONMENT*** |
|  |  |
| **1.** | **Information consulted** |
|  | Regarding possible soil and/or groundwater pollution, the valuer has consulted the following sources of information: |
|  | -  | Cadastre | Yes / No *<if 'no', explanation please>* |
|  | -  | User / owner | Yes / No *<if 'no', explanation please>* |
|  | -  | Municipal / provincial inventory list | Yes, ……………….. department ………………………. *<if 'no', explanation please>* |
|  | - | Soil survey report | Yes / No *<if 'yes', explanation please (contractor, date etc.>* |
|  | - | Other |  |
|  | - | Remarks |  |
| **2.** | **Particulars** |
|  | a. | The sources of information consulted under point 1 have supplied the following information respecting possible soil and/or groundwater pollution: |
|  | -  | Historical data |  |
|  | -  | The following information is known (or has been made known) about the object/complex or its immediate vicinity |  |
|  | b. | Based on local knowledge, the valuer deems the presence of (a risk of) pollution to be present | Yes / No *<if 'yes' (or if required with 'no'), explanation please>* |
|  | c. | On account of (storage) tanks it holds that |  |
|  | d. | Asbestos-suspect material has been observed | Yes / No *<if 'yes' (or if required with 'no'), explanation please>* |
|  | e. | Conclusion |  |

##

## Fiscal aspects

|  |  |
| --- | --- |
|  | ***FISCAL ASPECTS*** |
|  |  |
| **1.** | **Special fiscal aspects:** | (Example) The permanent structure is older than 10 years, so that the review period may have lapsed and so a future delivery may be subject to transfer tax. |
| **2.** | **Other:** |  |

# Description of usage and surroundings

|  |  |  |
| --- | --- | --- |
| **1.** | **Object:** |  |
|  | a. | Spaces |  |
| **Space type** | **GFA** | **Items** | **LFA** | **UFA\*** | **Lease/m2** | **% rent** | **Total market rent** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| *Total* |  |  |  |  |  | *100%* |  |
|  |  |
|  | \* | Applicable for instance to a residential portfolio and/or a combination of living and working |
|  |  |  |  |
|  | b. | Layout |  |
| **2.** | **Usage** |
|  | a. | Current usage: |  |
|  | b. | Intended usage: |  |
|  | c. | Usage possibilities: |  |
| **3.** | **Other** |
|  | a. | Neighbourhood, status and nature of adjacent premises |
|  |  | Description of the situation: |  |
|  | b. | Accessibility |  |
|  |  | * By private car:
 |  |
|  |  | * By lorry:
 |  |
|  |  | * By public transport:
 |  |
|  | c. | Parking possibilities |  |
|  |  | * On own premises:
 |  |
|  |  | * On the public road:
 |  |
|  |  | * Other, please state:
 |  |
|  | d. | Facilities |  |
|  |  | Description of the facilities in the (immediate) vicinity: |  |
|  | e. | Other environmental factors |  |
|  |  | The valuer has observed environmental factors that could substantially influence the future value development: | *(e.g. surrounding industry, building plans, residential areas, town and country planning developments)* |

# Leasing situation

|  |  |  |
| --- | --- | --- |
| - | According to the information of: | *<Client, etc.>* |
| - | The object is currently leased: | *<Yes, no, partly>* |
| - | Leasing situation: | *<For example: Ground floor: leased, first floor: vacant, second floor: vacant>* |
| - | The valuer has received all relevant documents regarding the lease that are necessary in order to arrive at a correct valuation: | *<Yes/no, if no: explanation>* |
| - | A detailed lease list is added as an appendix to this valuation report: | *<Yes or no, example: there is only one lessee: The lease contract has been added as an appendix>* |
| - | Explanation of the lease list: |  |
| - | Actual use and lease details: | *<Consider matters such as lessee, lessor, lease period, usage, initial lease amount, indexation, term of notice etc.>* |
| - | Current lease income *including* theoretical market rent of the vacant parts: | *€ …………..* |
| - | Current lease income *excluding* theoretical market rent of the vacant parts: | *€ …………..* |
| - | Incentives, particulars from allonges and appendices and other noteworthy matters: |  |
| - | Default risk: chance of vacancy after the current lease contract expires (chance that the *current* lessee leaves): | *<Example: The possible chance of vacancy is included in the computation of the value which has been added as an appendix>* |
| - | Mutation vacancy forecast in months (number of months until re-letting) | *<Example: Six months, this mutation vacancy is included in the computation of the value which has been added as an appendix>* |
| - | Explanation of the possibility of leasing of the valued object | *<Example: The possibility of leasing this type of office premises is currently moderate to fair. Sub-leasing the first floor from approx. ... m2 is possible and easy to realise.**The second floor cannot be subdivided and must be leased in its entirety>* |

# Technical description of the object

|  |  |
| --- | --- |
|  |  |
| **1.** | **Technical description** |
|  | a. | Year of construction / construction period |  |
|  | b. | Nature of the building, materials and construction |  |
|  | c. | Installations |  |
|  | d.  | Dimensioning |  |
|  |  | * GFA
 |  |
|  |  | * LFA
 |  |
|  |  | * Clearance (for business premises)
 |  |
|  |  | * Maximum floor load ground floor
 | …… kg/m² |
|  |  | * Maximum floor load intermediate floor(s)
 | …… kg/m² |
|  | e. | Realised renovation(s) and/or rebuilding work(s) + associated date/dates |  |
|  | f. | Other (for instance loading docks, number of roller doors, sprinkler system, lifts, other installations) |  |
|  |  |  |
| **2.** | **Sustainability of the valued object** |
|  | a. | Sustainability and energy facilities |
|  |  | There are sustainability and energy facilities present: | ☐ Yes | ☐ No |
|  |  | * Type of facilities
 |  |
|  |  | * Degree of sustainability
 |  |
|  |  | * Other details
 |  |
|  | b. | Energy label |  |
|  |  | The valued object has an energy label | ☐ Yes | ☐ No |
|  |  | * Energy label class
 |  |
|  |  | * Energy performance index
 |  |
|  |  | * The energy label was issued on and is valid until
 |  |
|  |  |  |
| **3.** | **State of maintenance** |  |
|  | a. | In general, the state of maintenance and the structural condition of the object can be described as follows |  |
|  | b. | Indication of the state of maintenance |  |
|  |  | An indication is given below of the object's state of maintenance, based on the visual inspection in relation to the age of the object. It does not concern a structural survey of the valued object. The ageing condition of the unnamed parts is generally included in the valuation. |
|  |  |  |
|  |  | Here follows a definition of the terms used: |
|  |  | Excellent | = As good as new |
|  |  | Good | = Up to standard |
|  |  | Reasonable | = Not up to standard, but maintenance will not be required in the short term |
|  |  | Moderate | = Maintenance necessary in the short term |
|  |  | Poor | = Deferred maintenance |
|  |  | Not observed | = Not viewed / not able to be viewed, but may be present |
|  |  |  |
|  |  | **Part** | **Opinion** | **Remarks** |
|  |  | Roof cladding |  |  |
|  |  | Facades |  |  |
|  |  | Door and window frames |  |  |
|  |  | Interior painting |  |  |
|  |  | Exterior painting |  |  |
|  |  | Floors |  |  |
|  |  | Ceilings |  |  |
|  |  | Finishing |  |  |
|  |  | Heating |  |  |
|  |  | Air conditioning |  |  |
|  |  | Electrical systems |  |  |
|  |  | Other installations |  |  |
|  |  | Outside area |  |  |
|  |  |
|  | c.  | Operating costs |
|  |  | *<Example: For the computation of the standing charges and the preventive maintenance costs per €/m2 GFA, the valuer has consulted the ‘Vastgoed Taxatie Wijzer 2016’ (publisher VAO) (real estate exploitation guide) for the municipality concerned and the Water board. The costs for preventive maintenance are the annual reservation charges for maintenance for the prevention of future defects and for keeping the building suitable for use. The standing charges mentioned in the valuation computation and the maintenance costs are only an indication and depend in part on the object's exact rebuilding costs, the object type, the building structure and the year of construction.>* |
|  |  |  |
|  | d. | Deferred maintenance |  |
|  |  | * The costs for immediate essential repair of deferred maintenance are estimated at
 |  |
|  |  | * The impression obtained by the valuer of the object gives rise to a more detailed (architectural) inspection
 |  |
|  |  | * The following defects have been observed by the valuer
 |  |

# Substantiation of the value

|  |  |
| --- | --- |
| **1.** | **Valuation standard, valuation methodologies and computation methods** |
|  | a. | The valuation standard used by the valuer | *< European Valuation Standards (EVS)>* |
|  |  |  |  |
|  | b. | Valuation methodologies and computation methods applied |
|  |  | The present valuation is partly based on | *<If possible fill in two valuation methodologies: Income approach (DCF, gross initial yield, net initial yield) and/or sales revenue comparison (comparative method: comparable objects corrected for differences) and/or costs approach (both for new construction, rebuilding and corrected replacement value)>* |
|  |  | Applied computation method(s) | *<For instance DCF, gross initial yield, net initial yield etc.>* |
|  |  | Explanation for the chosen valuation methodology (or methodologies) and computation method(s) | *<Why did you choose this valuation methodology (or methodologies) and computation method(s) for this type of object?>*  |
|  |  |  |
| **2.** | **Backtesting** |
|  |  | Date of earlier valuation if applicable | *<dd-mm-yyyy> or For instance: Not applicable, no earlier valuation has been done that was commissioned by this client.>* |
|  |  | Valuation date earlier valuation  | *<dd-mm-yyyy>* |
|  |  | Value as per the valuation date of the earlier valuation  | € …………...= |
|  |  | In words | ……………………..….. euros |
|  |  | Applied valuation methodology (or methodologies) and/or computation method(s) for the earlier valuation  |  |
|  |  | Did the same valuer and/or organisation carry out the earlier valuation |  |
|  |  | The difference between the value of the former and this valuation is | € …………...= |
|  |  | The difference between this and the earlier valuation is < 5% or > 5% |  |
|  |  | This difference arises from |  |
|  |  | The following matters have changed with respect to the previous valuation: |  |
|  |  | 1. Market conditions
 |  |
|  |  | 1. The valuation methodology (or methodologies) and/or computation method(s) used
 |  |
|  |  | 1. Other, for instance expansion m2, renovation(s) and/or rebuilding work(s)
 |  |
|  |  |
| **3.** | **Assessment** |
|  | An assessment of the marketability is shown for the aspects mentioned below |
|  | a. | Location |  |
|  | b. | Real estate |  |
|  | c. | Marketability for lease and/or sale |  |
|  | d. | Alternative uses | *<Explanation: from alternative uses follows an object's market value without taking the current usage as a starting point>* |
|  |  |  |  |
| **4.** | **SWOT analysis** |
|  | The strengths-weaknesses analysis is a business model that analyses the strengths and weaknesses internally and the opportunities and threats in the environment.

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| **INTERNAL** |  | **EXTERNAL** |  |
|  |  |  |  |
| Strengths | * *Examples:*
* *Detached*
* *Modern appearance*
* *Own parking spaces*
* *2nd floor can be subdivided into smaller units*
* *2nd and 3rd floors can still be arranged as desired by the lessee*
* *Good accessibility*
 | Opportunities  | * *Examples:*
* *No expansion of business park*
* *Good infrastructure*
* *Relatively little comparable office space offered in the immediate vicinity*
* *The New Way of Working (flexible workplace)*
 |
|  |  |  |  |
|  |  |  |  |
| Weaknesses | * *Examples:*
* *Large number m2 with a tendency for less demand in the market (freelancers)*
* *Relatively large loss of income if a lessee drops out*
* *The size of the building and the current zoning plan hinder usage other than the present usage*
 | Threats | * *Examples:*
* *Estimation uncertainty (see Chapter C 'Valuer's statements')*
* *The market for office space is still fragile*
* *More limited financing possibilities*
 |
|  |  |  |  |

 |
| **5.** | **Leasing references** |
|  |  |
|  | 1. | Property address |  |
|  |  | 1. Type of object
 |  |
|  |  | 1. Parcel area
 |  |
|  |  | 1. LFA total
 |  |
|  |  | 1. LFA leased
 |  |
|  |  | 1. LFA vacant
 |  |
|  |  | 1. Lease per m2 per year
 |  |
|  |  | 1. Lease per year
 |  |
|  |  | 1. Incentives
 |  |
|  |  | 1. Date of commencement of contract
 |  |
|  |  | 1. Term
 |  |
|  |  | 1. Year of construction / construction period
 |  |
|  |  | 1. Source
 |  |
|  |  | 1. Explanation if any
 |  |
|  |  |
|  | 2. | Property address |  |
|  |  | 1. Type of object
 |  |
|  |  | 1. Parcel area
 |  |
|  |  | 1. LFA total
 |  |
|  |  | 1. LFA leased
 |  |
|  |  | 1. LFA vacant
 |  |
|  |  | 1. Lease per m2 per year
 |  |
|  |  | 1. Lease per year
 |  |
|  |  | 1. Incentives
 |  |
|  |  | 1. Date of commencement of contract
 |  |
|  |  | 1. Term
 |  |
|  |  | 1. Year of construction / construction period
 |  |
|  |  | 1. Source
 |  |
|  |  | 1. Explanation if any
 |  |
|  |  |
|  | 3. | Property address |  |
|  |  | 1. Type of object
 |  |
|  |  | 1. Parcel area
 |  |
|  |  | 1. LFA total
 |  |
|  |  | 1. LFA leased
 |  |
|  |  | 1. LFA vacant
 |  |
|  |  | 1. Lease per m2 per year
 |  |
|  |  | 1. Lease per year
 |  |
|  |  | 1. Incentives
 |  |
|  |  | 1. Date of commencement of contract
 |  |
|  |  | 1. Term
 |  |
|  |  | 1. Year of construction / construction period
 |  |
|  |  | 1. Source
 |  |
|  |  | 1. Explanation if any
 |  |
|  |  |  |  |
|  |  |  |  |
| **6.** | **Purchase/investment references** |
|  |  |
|  | 1. | Property address |  |
|  |  | 1. Type of object
 |  |
|  |  | 1. Parcel area
 |  |
|  |  | 1. LFA total
 |  |
|  |  | 1. LFA leased
 |  |
|  |  | 1. LFA vacant
 |  |
|  |  | 1. Purchase price
 |  |
|  |  | 1. Lease per year
 |  |
|  |  | 1. Date of deed of delivery
 |  |
|  |  | 1. Obtained gross initial yield/net initial yield
 |  |
|  |  | 1. Gross initial yield/net initial yield if fully leased (so including theoretical market rent of vacant parts)
 |  |
|  |  | 1. Operating costs
 |  |
|  |  | 1. Year of construction / construction period
 |  |
|  |  | 1. Source
 |  |
|  |  | 1. Explanation if any
 |  |
|  |  |
|  | 2. | Property address |  |
|  |  | 1. Type of object
 |  |
|  |  | 1. Parcel area
 |  |
|  |  | 1. LFA total
 |  |
|  |  | 1. LFA leased
 |  |
|  |  | 1. LFA vacant
 |  |
|  |  | 1. Purchase price
 |  |
|  |  | 1. Lease per year
 |  |
|  |  | 1. Date of deed of delivery
 |  |
|  |  | 1. Obtained gross initial yield/net initial yield
 |  |
|  |  | 1. Gross initial yield/net initial yield if fully leased (so including theoretical market rent of vacant parts)
 |  |
|  |  | 1. Operating costs
 |  |
|  |  | 1. Year of construction / construction period
 |  |
|  |  | 1. Source
 |  |
|  |  | 1. Explanation if any
 |  |
|  |  |  |  |
|  | 3. | Property address |  |
|  |  | 1. Type of object
 |  |
|  |  | 1. Parcel area
 |  |
|  |  | 1. LFA total
 |  |
|  |  | 1. LFA leased
 |  |
|  |  | 1. LFA vacant
 |  |
|  |  | 1. Purchase price
 |  |
|  |  | 1. Lease per year
 |  |
|  |  | 1. Date of deed of delivery
 |  |
|  |  | 1. Obtained gross initial yield/net initial yield
 |  |
|  |  | 1. Gross initial yield/net initial yield if fully leased (so including theoretical market rent of vacant parts)
 |  |
|  |  | 1. Operating costs
 |  |
|  |  | 1. Year of construction / construction period
 |  |
|  |  | 1. Source
 |  |
|  |  | 1. Explanation if any
 |  |
|  |  |  |  |
|  |  |  |  |
| **7.** | **Presently available for lease** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Place | Address | LFA (m²) | Rent m²/LFA | Type of object | Date Internet | Source |
|  |  |  |  |  |  |  |  |
| 1. |  |  |  |  |  |  |  |
| 2. |  |  |  |  |  |  |  |
| 3. |  |  |  |  |  |  |  |
|  |
|  |

|  |  |
| --- | --- |
| **8.** | **Presently available for sale** |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Place | Address | LFA (m²) | Price asked | Parcel area | Type of object | Date Internet | Source |
|  |  |  |  |  |  |  |  |  |
| 1. |  |  |  |  |  |  |  |  |
| 2. |  |  |  |  |  |  |  |  |
| 3. |  |  |  |  |  |  |  |  |

|  |
| --- |
|  |
|  |

|  |  |
| --- | --- |
| **9.** | **Qualitative analysis of the valued object with respect to the reference objects** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Place | Address | Age | Size | Mainten-ance | Situ-ation | Buildingnature | Total |
|  |  | - | +/- | +/- | +/- | +/- | +/- |
|  |  | - | -/- | +/- | +/- | +/- | - |
|  |  | - | - | +/- | +/- | +/- | +/- |
|  |  | + | + | + | + | + | +/+ |
|  |  | - | - | - | - | - | -/- |
|  |  | - | +/- | +/- | +/- | +/- | +/- |

Explanation of the codes+/+ Much better than the valued object
+ Better than the valued object
+/- Comparable with the valued object
- Worse than the valued object
-/- Much worse than the valued object

|  |  |
| --- | --- |
| **10.** | **Indicators and parameters used**  |
|  | The following indicators and parameters have been used in the valuation: *<Add or supplement as required by clicking the right mouse button on a penultimate line and then 'insert cells below' or 'delete cells'>* |
|  |  |
|  | * Gross initial yield, transfer costs to be paid by the buyer.
 | …% |
|  | * Transfer costs to be paid by the buyer
 | …%  |
|  | * Discount rate\*)
 | …% |
|  | * Inflation
 | …% per year  |
|  | * Market rent trend
 | …% per year |
|  | * Cost trend
 | …% per year |
|  | * DCF discount rate
 | …% |
|  | * Exit yield (transfer costs paid by the seller) \*\*)
 | …% |

|  |  |
| --- | --- |
| **\*)** | Discount rate structure: *<Add or supplement as required by clicking the right mouse button on a penultimate line and then 'insert cells below' or 'delete cells'>* |
|  | * Risk-free bond rate with a 10 year term
 | …% |
|  | * Risk premium real estate type
 | …%  |
|  | * Risk premium location
 | …% |
|  | * Risk premium object
 | …%  |
|  | **Discount rate** | **…%**  |

|  |  |
| --- | --- |
| **\*\*)** | Exit yield structure: *<Add or supplement as required by clicking the right mouse button on a penultimate line and then 'insert cells below' or 'delete cells'>* |
|  | * Current net initial yield
 | …% |
|  | * Location ageing premium
 | …%  |
|  | * Object ageing premium
 | …% |
|  | * Premium/discount negative/positive lease trend
 | …% |
|  | **Exit yield** | **…%**  |

|  |  |
| --- | --- |
| **11.** | **Inflation index/construction costs index** |
|  | *<Indicate here which inflation or construction costs index you have used>* |

|  |  |
| --- | --- |
| **12.** | **Optimal use / Highest And Best Use (HABU)** |
|  | The optimal use is the most probable designation of a real estate object that is possible within a range of usage possibilities based on its physical, economic, social and legal quality, and which results in the highest possible established valuation of the real estate. |
|  |  |
|  | *<Example: Considering the type of object and the limited usage and operating possibilities, the current usage is the only optimal use at the date of the survey and inspection. In the valuer's opinion, another use will not result in a higher value.>* |

|  |  |
| --- | --- |
| **13.** | **More detailed explanation** |
|  | *<You must give a more detailed explanation here on:*1. *Input variables (this is not optional must be done pursuant to article 15.16 and 15.17 NRVT);*
2. *Market analysis/market picture both national and regional;*
3. *The valuation, the m2 lease, the market rental value and/or the points H.1 to 11:*
4. *Etc.*
 |

# Draft report

|  |  |  |
| --- | --- | --- |
| **1.** | **Changes to the draft report (if applicable)**  | *<Example: The draft report has been discussed with the client. The client has not made any remarks to the valuer that could have influenced the valuation.>* |
|  |  |  |
| **2.** | **Essential changes in the value before or after the valuation date** | *<Example: No events have taken place and no essential changes have been made between the valuation date and the date of the valuation report that (could have) influence(d) the value of the valued object.>* |

# Other communications

The registered valuer must ensure that for all professional valuation services (the full valuation, revaluation as well as the market update) his valuation activities are subjected to a plausibility test by a controlling valuer before issuing the valuation report.

This controlling valuer is in this respect bound to the fundamental principles as laid down in the General Code of Professional Conduct of the NRVT, including the fundamental principles of professionalism and confidentiality. The plausibility test is a test on the likelihood and credibility of the professional valuation service, as well as a test as to whether the valuation methodology used has been carried out in accordance with the (EVS) requirements set for the same. The controlling valuer will issue a statement to the effect that he has carried out the plausibility test, said statement has been included as an appendix to this valuation report. The controlling valuer does not sign the valuation report and is only responsible for the plausibility test.

*<Note: in the case of an external controlling valuer, agreement must be reached with the client*

*and it must be recorded in the assignment conditions, partly in consideration of the confidentiality principle. In this case the registered valuer will ensure that said controlling valuer does not have access to competition-sensitive information regarding the relationship between the registered valuer and his client>*

# Date and signature

|  |  |
| --- | --- |
| *Valuer* |  |
|  |  |  |  |
|  |  |  |  |
| *Place / Date* |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| *Signature* |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

# Appendices

* Standard sheet;
* Photograph sheets;
* Plausibility statement;
* Computation(s)
* Assignment confirmation;
* Plans;
* Cadastral plan;
* Cadastral extracts;
* Lease list;
* Lease contract(s);
* Proof of ownership;
* Copy of lease contract;
* Copy of zoning plan;
* Copy of soil survey report (environment);
* ………………………………..

## Valuation report Standard sheet for commercial real estate

**Introduction**

This standard sheet gives an outline of the boundaries for a regular valuation based in the national

model: Valuation report commercial real estate

This standard sheet is applicable insofar as the report does not explicitly state otherwise.

**What does this Standard consist of?**

1. Definitions on which the value is based and valuation principle
2. The valuer's qualifications
3. Special requirements for the valuation procedure (EVS4) arising from the valuation assignment
4. Minimum investigation requirements for carrying out the valuation
5. Requirements for reporting (EVS5) in the valuation report
6. **Definitions on which the value is based**

**Market value**

The estimated amount against which real estate would be transferred in a business transaction between a willing buyer and a willing seller after proper marketing on the valuation date, in which the parties would have acted knowledgeably, prudently and without compulsion.

* 1. **Introduction**

In the valuation, the basis for the value provides the answer to the question as to which value is being valued and which (special) assumptions and restrictions have been used as the basis.

* 1. **Value concept on which the value is based**

A valuation based on the EVS is exclusively based on the Market Value.

***Explanation***

* + 1. *the estimated amount*; The valuation refers to a price expressed in terms of money payable for the real estate, being the most probable price that is reasonably obtainable under the given conditions on the reference date mentioned.
		2. *real estate*; This standard refers to a valuation of real estate and the relevant rights in rem. For legal reasons, this term takes precedence over the term 'object'. These standards can also apply to financial reporting. For this reason the term 'asset' can be read for the general application of the definition instead of 'real estate'.
		3. *would be transferred*; This is an estimated amount, not a pre-determined amount or an actual established purchase price.
		4. *on the valuation date*; The estimated market value is only valid as of a given date. This is a result of the fact that markets are continuously subject to change. So the valuation is a combination of the value, facts and market conditions on the specific day mentioned.
		5. *between a willing buyer*; This means that the purchaser is motivated to make the purchase under the applicable market conditions, but is not compelled thereto. So the valuation should disregard the issues of the day or unreasonable market expectations.
		6. *willing seller*; This means that the seller is motivated to sell under the applicable market conditions, but is not compelled thereto. The seller does however want the highest attainable price under the given market conditions. Because the seller is a 'theoretical' seller, his decision is not influenced by actual considerations.
		7. *business transaction*; The transaction against the market value is deemed to be concluded between parties who are independent of each other and who act independently (without burden).
		8. *after proper marketing*; This means that the real estate would be presented on the market in the most appropriate manner and such that it is sold against a reasonably attainable price.
		9. *in which the parties would have acted knowledgeably, prudently*; Presumes a knowledgeable seller and buyer, who act with a knowledge of the market and their own interests and market position, focused on obtaining the best price. In this context, prudent can exclusively be assessed in accordance with the situation at the time of the valuation date and not with hindsight. The starting point should be the best market information available on the valuation date of the valuation.
		10. *without compulsion*; Means that each party is motivated to undertake the transaction and is not required to undertake the transaction through physical or mental violence or by means of penalties.
		11. *Market value, transfer costs to be paid by the buyer*; Is deemed to be estimated without taking account of purchasing or selling costs and without a remuneration for any taxes related to the purchase or sale.
	1. **Special assumptions and conditions**

The valuer uses a special assumption when he assumes (or receives an order to assume) a particular fact that is unknown to him, cannot be known or that could not be reasonably determined by him (EVS 5.10.1).

Moreover the difference in value, in the situation without said special assumption, must also be indicated.

Starting points and assumptions must be explicitly accounted for in the valuation report.

These must not only be mentioned – in conformity with EVS – but also described, explained and expressed in a value. If possible, the source on which a particular assumption is based must be indicated as well as whether this is observable market information.

The assumptions also apply to the reference transactions. After all, the implicit starting point is that these are comparable with a possible sale of the real estate.

An example of a common assumption is that without a soil survey, it is assumed that the soil is free of contaminants. Generally, there is no impediment to making this type of assumption, provided the circumstances allow and there is no evidence to the contrary. On the other hand, special assumptions are fictitious, they differ essentially from the facts on the reference date. An example of a special assumption is that premises is indicated as leased, while it is actually vacant. Such assumptions can only be motivated on the condition that they are realistic and their influence on the value is shown without that assumption. Special assumptions must be motivated at all times.

* 1. **The Highest And Best Use (HABU) concept**

In general, the Market Value of real estate that is being valued will reflect the most effective and most probable use (HABU) that is allowed on the reference date and that on grounds of reasonable expectations will deliver the highest value. Analysis shows that this precludes the expected value that the market could attach to the potential possibilities of the object that are not as yet revealed. Although this concerns an assessment of the object on the valuation date, it is not an assessment of the best use that the market could reasonably consider for the object on that date (EVS 1 - 5.3.7).

That is the use, in which the maximum productivity of the real estate is generated, within the legal, physical, financial and actual possibilities of the real estate, as a result of which the highest value is generated. If the (intended) use (actual, legal, financial etc.) of the real estate as a basis for the valuation with respect to the market value deviates and, at professional standards, may be seen as HABU, then the valuer must consider this by expressing an EXPLAIN in the valuation.

* 1. **Fair Value**

The definition of Fair Value in accordance with the International Financial Reporting Standards (IFRS) deviates from the given definition of the Market Value. The definition of the Market Value is in general deemed to be equal to the definition in the IFRS.

* 1. **Transaction costs**

The market value transfer costs to be paid by the buyer is the estimated value of the real estate, so excluding additional costs that could be associated with the purchase or sale, as well as any taxes on the transaction. The market value reflects the consequences of all factors that could influence the market participants, and so all influences that transaction costs and taxes may have. However, if these need to be accounted for, they must be mentioned as an extra sum on top of the market value. These factors can influence the value but do not form a part thereof.

* 1. **Business-related elements (installations)**

If business-related elements are involved in the valuation, these must be clearly expressed by means of an EXPLAIN. Valid examples of this are quay walls, gantry cranes, weigh bridges etc.

1. **The valuer's qualifications**

**Definition** – A certified valuer (including valuers who work for valuation offices) who is responsible for drawing up valuations, for which he bears responsibility, must be a person of good repute who possesses the following competences and/or core values:

* 1. **Independence / impartiality**

When issuing a valuation in accordance with this standard, the valuer guarantees his independence and impartiality.

***Explanation***

* + 1. *When issuing a valuation, the valuer guarantees, by means of a statement in the valuation report, that he has arrived at his valuation and its substantiation in all freedom and independently. This applies both with respect to his employer (if applicable), (direct) line manager as the client or any third parties.*
		2. *The statement also means that the valuer's company (whether or not under a contract of service) is set up (Chinese wall) such that the valuer's influence is avoided.*
		3. *The valuer will make it immediately known if there is a situation, or a situation arises, in which he can no longer arrive at a valuation in an independent manner, or if his impartiality can no longer be guaranteed.*
		4. *Valuers must ensure that they meet the requirements of the assignment, with professional standards in the field of knowledge, competence and independence. It follows from this that a valuer who is asked to carry out an assignment, must first obtain information from the client about the nature of the assignment and the purpose of the valuation. The valuer must be able to meet the client's requirements as well as the rules, legislation and codes of conduct that are of importance for the assignment.*
	1. **The valuer's qualifications**

Each valuation for which this standard applies, must be drawn up by a suitably qualified valuer.

* 1. **Confidentiality and secrecy**

With respect to the data provided to him for the benefit of a valuation, each valuer is bound to secrecy and to act in a confidential manner, and to store and archive the data provided to him.

***Explanation***

* + 1. *The valuer is bound to secrecy and confidentiality. The only exception to this is if such secrecy and/or confidentiality is lifted on grounds of a legal provision and/or if the competent authorities request information in a regular manner from the valuer on legal grounds. Such request for information must be explicitly related to (the subject of) the valuation. Moreover, exceptions may be applicable as agreed in the engagement letter.*
		2. *The valuer is bound to set up and conduct his administration such that details obtained by him in the interests of the valuation are inaccessible to third parties.*
	1. **Transparency, verifiability and substantiation**

The valuer will base his judgement on the valuation of data that can be verified and checked. If this is impossible and the valuer makes an assumption for certain details, then he is bound to explain this. The valuer must substantiate his valuation, assumptions and conclusions in the report.

***Explanation***

* + 1. *Within the context of prevention of fraud and integrity, it is of the greatest importance for the validity of a valuation that clients and third parties are able to deduce from a valuation how a valuer has arrived at a particular conclusion, or which factors have influenced the valuation.*
		2. *For the administration that is to be conducted by the valuer for the benefit of his valuations, this means that the data on which he bases his valuation must be properly ordered, stored and be available for a period of seven years.*
	1. **External involvement**

The valuer who issues a valuation of an object for which he has made a valuation within a period of two years previously, will report the same in the report, mentioning the date of the earlier involvement and the purpose for which the valuation was carried out at that time.

***Explanation***

* + 1. *It is possible that a valuer has carried out a previous valuation of an object within a period of two years. There is nothing to impede this fact from being made known in the report that is to be drawn up, with a mention of the date and purpose for which the valuation was carried out at that time. Such a mention avoids the appearance of a conflict of interests.*
	1. **Integrity/objectivity and acting responsibly**

When issuing a valuation, a valuer guarantees his integrity and objectivity and acts responsibly when issuing his valuation.

***Explanation***

* + 1. *The valuer gives account of his integrity. In other words, that there are no facts and circumstances regarding the person of the valuer or his immediate surroundings that could influence his valuation assessment with respect to the object to be valued. The valuer will therefore avoid situations with a conflict of interests.*
		2. *The valuer will establish his (value) assessment in accordance with objective standards and provide reasons. The making of assumptions, provided they are accompanied with reasons, is allowed.*
		3. *Acting in a responsible manner when issuing a valuation is an open standard which will be measured in accordance with that which is considered to be socially responsible within the profession.*
		4. *The requirements demanded from the valuer in the field of professional objectivity, mean that he must be aware of anything that could be considered to be a conflict of interests. When obtaining information beforehand, he must request a list from the client of all other interested parties or connected parties, so that he can establish whether a possible conflict of interests exists for the valuer, his partners, co-directors or close family members.*
		5. *If such a conflict of interest exists, this must be notified in writing to the client who will subsequently be able to choose whether or not he wishes to confirm the appointment, subject to an unambiguous description of the circumstances in a statement or report to be submitted by the valuer.*
		6. *There may be circumstances in which the valuer, in spite of the wishes of the client, will still have to refuse the assignment.*
	1. **Signing of the report**

The valuer will personally sign the report that is issued by him

***Explanation***

* + 1. *The valuer gives account of his integrity. In other words, that there are no facts and circumstances regarding the person of the valuer or his immediate surroundings that could influence his valuation assessment with respect to the object to be valued. The valuer will therefore avoid situations with a conflict of interests.*

*By personally signing the valuation report, the valuer takes the responsibility for the expert notification issued by him.*

* + 1. *There is nothing to impede the organisation that employs the valuer under a contract of service to also sign the report to express its co-responsibility for the report and its contents.*
		2. *A report that is not signed is deemed not to exist and to have no legal status, even if it is provided with a company logo.*
	1. **Insurance**

A (Registered) valuer must insure himself:

* In conformity with the NRVT requirements.
* Against costs for legal aid arising from the risk described above.
* If required, on acceptance of the assignment the valuer will give the client a cover statement issued by the insurer.
1. **Special requirements for the valuation process / the valuation assignment**
	1. **Introduction**

The legal relationship between the client and the valuer is recorded in the engagement letter.

* 1. **Assignment conditions**

An assignment for valuation must be confirmed by the valuer in writing to the client, before any report whatsoever is issued. This assignment confirmation must include at least the following conditions:

|  |  |  |
| --- | --- | --- |
|  | **Conditions**  | **Remarks**  |
| 1.  | Appointment of the client  | The client must be correctly named. In particular when the report is assigned by another legal entity than the owner of the object to be valued (e.g. buyer, financier, director and major shareholder, receiver etc.). |
| 2.  | Appointment of the valuer  | The valuer must be correctly named. It must be immediately apparent which organisation is involved and which person is going to carry out the valuation.  |
| 3.  | The purpose of the valuation  | The basis used for the value must be precisely described, as well as the remark that the valuation may exclusively be used for that purpose.  |
| 4.  | The subject of the valuation  | The object or objects to be valued must be accurately identified/described.  |
| 5.  | The interest to be valued  | The interest to be valued must be described in the assignment (e.g. Non-exhaustive, valuation for the benefit of purchase, sale, financing, contributions etc.). |
| 6.  | The use of the object or the classification of the object.  | For each object to be valued, the use must be shown. The object must also be classified (e.g. own use, own grounds, long leasehold). |
| 7. | Basis of the value | The basis for the value must be indicated in the assignment confirmation (Description of value concept). |
| 8. | Date of survey and inspection | Assignment date;Inspection date;Valuation date;Draft report date;Report date. |
| 9. | Statement of earlier involvement | The valuer must state in the assignment confirmation whether he has been involved in the valuation of the object in any way whatsoever at an earlier date. |
| 10. | Statement concerning the status of the valuer | The assignment confirmation must indicate whether the valuer is acting internally (with a contract of service) or externally. |
| 11. | Currency | The currency used for the value date must be indicated in the assignment confirmation. |
| 12. | Special assumptions or restrictions | These must be described and explained in the assignment confirmation. Also when the assumptions are normally used. |
| 13. | Deferral of reporting | The client and the valuer are aware that, as long as the valuer does not have the necessary details, he cannot be bound to issue the required report. |
| 14. | Details provided by the client | If the client provides details and takes responsibility for the contents thereof, then this must be explicitly mentioned. |
| 15. | Limitations/exclusions of liability | The assignment confirmation must indicate where the liability of the valuer towards the client or third parties ends or is limited. |
| 16. | Publication | The assignment confirmation must indicate that the written permission of the valuer is required for the reproduction, publication or change of the valuation or report. |
| 17. | Norm | The assignment confirmation must confirm that the valuation will be carried out in accordance with this norm. |
| 18. | Valuer's qualification | The assignment confirmation must provide evidence that the valuer has the necessary qualification(s) for the execution of the valuation. |
| 19. | The basis for the calculation of the fee | The assignment confirmation must indicate the foundation for the calculation of the fee. |
| 20. | Disciplinary law | If disciplinary law or a complaints procedure applies to the valuer of his organisation, then this will be mentioned in the assignment confirmation. |

* 1. **Marketing restrictions and foreclosures**

If the valuer and/or the client establish that the valuation is to reflect an actual or expected marketing restriction, then said restriction must be agreed with the client and be substantiated and mentioned in the assignment conditions. The term forced sale value may not be used.

* 1. **Limited information**

If a valuer is requested to carry out a valuation based on limited information, this must be mentioned in the assignment confirmation and confirmed to the client before the valuation report is drawn up.

The valuer must consider beforehand whether a limitation is reasonable in view of the purpose of the valuation. If the valuer is of the opinion that, on the basis of the limited information, it is impossible to deliver a valuation, then the assignment must be rejected.

* 1. **Revaluation without a visit**

If an object is valued at regular intervals for the same client, it may be unnecessary to inspect the object again each time. This is only possible if the valuer is satisfied that it has been established that no changes have taken place to the building as compared with the previous valuation on the valuation date. This must be mentioned in the assignment as well as in the report.

* 1. **Second opinion (critical check)**

A valuer may not make a critical check or provide a second opinion of a valuation that has been drawn up by a third party and that is intended for publication, if the valuer does not have all the facts and information on which the first valuer based his valuation.

A valuer may be fully and justifiably involved in a check of dossiers, a check of methods, an inspection into the substantiation of delivered valuations, or discussions with other valuers about the methodology used. However, if such check serves another purpose than internal goals of the client, the valuer must be cautious.

1. **Minimum inspection requirements for the valuation**
	1. **Visit and investigation**

Insofar as is necessary for the purpose of the valuation, a visit and investigation must always be carried out for a valuation. If the visit and investigation are limited, this must be accounted for with reasons in the report and the assignment confirmation.

* 1. **Verification of the information**

The valuer must take all reasonable steps to verify the information on which he has based his valuation, and if necessary to provide reasons in the report for the assumptions he has used.

* 1. **Investigation areas**

An investigation must be made of at least, but not limited to, the following areas:

|  |  |  |  |
| --- | --- | --- | --- |
| No. | Investigation area |  |  |
| 1. | Legal aspectsof the real estate | Private law aspects | Tenure status, long leasehold, cadastral plan, cadastral extract and other information and restrictions. |
|  |  | Public law status of the real estate | Zoning plan, preparatory decision, environmental permit, exploitation plans etc.  |
|  |  | Legal status of the real estate and the underlying (lease) agreements | Status with respect to VAT, (adjustment period), transfer tax, newly constructed real estate etc. |
| 2. | Use of the object | Spaces | Various surface areas of the real estate in accordance with the NEN 2580 methodology. |
|  |  |  | Indicate the potential for alternative use of the object. If this is the case, sketch the opportunities for splitting into individual units and the accompanying scenarios. |
|  |  | Tenants | Leases, lease terms, special obligations, securities, other rights of use and /or pre-emptive rights of purchase by e.g. the lessee. |
|  |  | Location aspects | Matters in the vicinity of the real estate that could influence the value, such as status, situation, accessibility, parking, (social) safety, shops etc. |
|  | Technicalcharacteristics | Limited technical description | Provide an outline description of the most important technical aspects of the valued object. |
|  |  | Building and/or renovation and/or extension possibilities | A description of intended building, renovation or extension plans, costs and status. |
|  |  | Facilities belonging to the real estate | The installations and equipment that are connected with the real estate and (may) influence the value For instance ATES system, climate control systems etc. |
|  |  | State of maintenance | The valuer will form a picture of the state of maintenance and the factors that could influence the valuation. This is done based on a random inspection. The valuer's opinion is never a guarantee for the presence or absence of a defect. |
|  |  | Environment (pollution) | Environmental factors that may influence the value, such as soil, groundwater, sound, light, smell etc. Or the application of materials that are dangerous or have an impact on the environment (e.g. asbestos) |
|  |  | Sustainability | Which sustainability category does the real estate represent and whet existing measures are there? |
|  | Risks | Give an estimation of the risks for the owner and/or the financier that are connected with the object, the market and/or the intended developments |  |
|  | Market conditions:the EVS stipulates that a valuer may not formulate any unrealistic assumptions about market conditions, or may assume a market value that exceeds a reasonably obtainable level (EVS 1 - 5.4.3) | Give a description of the market in which the object to be valued is situated and of the most significant opportunities and threats. |  |

* 1. **Specific addition for shops**

It is not realistic to calculate with the market rent when valuing a shop space and other spaces as per article 7:290 BW (Dutch Civil Code), if the market rent is not feasible due to a possible 7:303 BW procedure. So for shops the valuer should establish a revised rental value alongside the market rent. This is usually determined in conformity with art. 7:303 BW, as the average of the rental prices of local comparable business space transactions that took place in the five year period prior to the time of rental review.

Establishing a revised rental value is considered to be the skill of the valuer. The guideline (ROZ) stipulates giving a clear substantiation (references) of the revised rental value used.

* 1. **Private law aspects**

In order to obtain an insight into the object's legal status, the valuer is deemed to be aware of the contents of the cadastral plan, the cadastral extract and the most recent proof of ownership (and deed of subdivision in the case of objects containing flats). The valuer will append copies thereof to the report. This will give a picture of the ownership rights, any rights in rem and other rights and obligations.

In the case of rights pertaining to flats, the valuer will investigate the existence of the most significant periodic and one-off contributions. As a rule, the administrator/manager of the association concerned or recent (financial) documents of the association will serve as a source of information.

In the case of long-term leasehold rights, the valuer will verify in outline the long-term leasehold conditions, including:

* Whether it is a temporary right or a permanent/perpetual right of long leasehold;
* The end date (for a temporary long leasehold right) or the expiry date (for a permanent long leasehold right);
* The actual ground rent per year;
* Reviewed lease. Leasehold ground rent is either fixed or indexed. However, at the end of the leasehold term the ground rent is determined again;
* If there is a permanent ground rent, which will be reviewed within 10 years of the valuation date, then an estimate must be made of the new reviewed ground rent that will then be applicable. Increases may differ per region. This reimbursement is based on an interest percentage of the value of the ground. This new reviewed ground rent must then be used in the valuation. Finally, the cash value of the ground rent benefit (reviewed ground rent minus the current low ground rent) may be added to the value. Or the new ground rent and the difference between the old ground rent and the new ground rent until the effective date of the new ground rent can be added as a benefit to the value.
* Purchase of the ground rent. If the long leasehold is purchased for another 10 years, then no account need be taken of the long leasehold and filling in the date up to when the lease was purchased will suffice. If this purchase period expires within 10 years, then the new (reviewed) ground rent must be calculated with a cash value of the benefit until that date;
* Fixed ground rent. If there is a fixed ground rent until a certain date, then a date must be indicated.
* It is assumed that a fixed ground rent is indexed, for instance every 5 years. If this is not the case, then this must be mentioned;
* The issuer of the long leasehold or the legal owner. A mention of the municipality that has issued the land. In the case of issuing long leasehold for private persons, public bodies (such as water boards, district water boards, railway companies etc.), please mention who is the owner of the land.
	1. **Public law aspects**

The valuation cannot contain an exhaustive planning investigation. The details contained in the report may not be considered to be complete and are only based on the sources of information named. The authority or authorities and the officer(s) consulted must be mentioned. The public law requirements for the establishment, use and/or (re) building (including permits) are not investigated, unless explicitly agreed otherwise with the client. It should however at least be established whether the current use fits within the public law possibilities. In the event that there is a concrete reason to warrant a more detailed investigation into the public law state of the object or its surroundings, then the valuer will mention this.

* 1. **State of maintenance**

For the benefit of the valuation, the valuer forms a picture of the state of maintenance of the object. This is done based on a visual (random) inspection. This means that no separate judgement is made of each part, nor of elements that are concealed from view. This is explicitly not an architectural inspection. So the valuer's opinion is no guarantee for the presence or absence of defects. Execution must be based on activities to be carried out by a professional party.

In the assessment of the state of maintenance, the focus is on the value in the event of alienation and the possible existence of exceptional maintenance costs. Defects that are not of essential importance in this respect, are not taken into account.

The valuer will advise a more detailed (architectural) investigation if in his opinion there is any doubt or ambiguity concerning the state of the architecture or maintenance.

* 1. **Pollution**

The valuer will not conduct a technical investigation into the presence of substances in the ground or groundwater, or into materials that are harmful for humans, the environment or buildings, or into the presence of substances that (could) influence the value. Use has been made exclusively of the sources mentioned in the report. A general indication is given in the report of the environmental state of the object, based on the visual inspection, the valuer's local knowledge and the source(s) of information consulted by the valuer.

The valuer must ask the owner, user, buyer and seller about any soil survey reports and past usage. The valuer will in any case consult the Cadastre and the source(s) to which the Cadastre refers regarding the location concerned, as well as the Soil quality data (Bodemloket).

If no mention is made of a negative environmental impact, this does not mean that there are no negative environmental aspects. The fact that negative environmental aspects are mentioned, does not always mean that these

environmental aspects are objections. Further investigation may be required.

Especially in older objects, there may be asbestos-suspect materials, that cannot always be noticed and/or recognised as such during a valuation.

If the valuer deems the presence of pollution and/or asbestos-suspect materials to be possible, the valuer must indicate at which places such pollution and/or asbestos-suspect material (may) be present.

*Market value as valuation principle 2010 edition Prof. Dr. T.M. Berkhout MRE MRICS, Prof. Dr. A.C. Hordijk MRICS.*

1. **Requirements for reporting in the Valuation Report**
	1. **General starting points**

The valuation report forms the reporting of the valuation as carried out by the valuer. A valuation report must be viewed from that perspective and be entirely unambiguous, consistent and not susceptible to more interpretations. A guarantee must be given in the valuation report that it complies with the purpose of the valuation, as agreed with the client.

If the valuation report deviates from the minimum requirements described below, then this must be indicated and provided with substantiated reasons by the valuer.

Within the framework of combating fraud, maximum transparency must be aimed for in the reporting. If data are not (or may not be) made public in the report, then this must be indicated in the report, and provided with reasons. For instance, a business-economic interest belonging to the client, but that has been consulted by the valuer.

* 1. **Minimum requirements for the valuation report**

Besides the fact that the report must comply with the general principles formulated in the previous paragraph, it must substantially meet at least the following requirements:

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| --- | --- | --- |
| 1. | Appointment of the client | The report must be directed to the client. Further, the requirements must be observed that apply for the granting of assignments and identification in legal transactions. |
| 2. | The valuer's designation | The report must be clearly identifiable as being a valuer mentioned by name (natural person) as well as his professional qualification(s). The details of the company or the organisation to which the valuer is connected must also be shown. |
| 3. | Date of survey and inspection | The survey date must be mentioned in the valuation report. |
| 4. | Reference date of the value | The reference date for the valuation must be separately mentioned in the report, even if it is the same as the survey date. |
| 5. | Object / subject of the valuation | The object/ subject of the valuation must be sufficiently described and be legally designated by the cadastral designation. |
| 6. | The interest to be valued | The legal interest in the object to be valued must be designated. For instance, for the benefit of purchase/ lease / financing. |
| 7. | The basis for the value | The basis for the value must be mentioned, supplemented by a written definition of the value concerned. The basis for the value must correspond with that defined in this standard (see also 5.3). |
| 8. | Special assumptions / departures and conditions | The valuer will extensively substantiate and motivate the special starting points, exclusions and/or assumptions that he has used. |
| 9. | Internal/external statement | The valuer will declare whether he belongs to the client's organisation, or whether he is an independent third party. |
| 10. | Statement of earlier involvement with the object | The valuer will declare whether he has valued the object during the past two years and to what end. |
| 11. | The publishing or exclusion of the valuer's involvement with the client or the object | The valuer will declare his relationship with respect to the client, or the object. Is there only a relationship between the client-contractor or does the valuer have other relationships or interests with the client or object? |
| 12. | Statement of the valuer's qualification(s) | Here the valuer will provide the qualifications on which he is of the opinion that he is able to carry out this valuation. For instance registered in the ... registry |
| 13. | Statement of the applicable disciplinary law | The valuer will state which disciplinary law applies to him and the valuation he has done. |
| 14. | Currency used | The valuation report will state which currency has been used for the valuation. If value components from another currency have been used, the exchange rate will be indicated and the reference date used with respect to the main currency and which source has been consulted. |
| 15. | Confirmation by the valuer of the standard used | The valuer will state which standard he has used for the valuation. |
| 16. | Statement of limited validity | 'This valuation is exclusively intended for the purpose mentioned (interest to be valued) and the client mentioned etc.'  |
| 17. | The valuation will mention the scope of the research carried out, the nature and the consulted sources of information. | The valuer will describe which research has been carried out by him within the framework of the valuation. He will also make exhaustive mention of the consulted sources and the scope of the obtained and used information. |
| 18. | The established value must be shown in figures and in words, with the addition on the currency used. | If there are several objects, these must be individually valued. |
| 19. | The report must be signed and provided with a date and signature. |  |
| 20. | Visual presentation of the object | The valuation report must contain at least a presentation with illustrations of the real estate so that a proper total picture of the real estate can be obtained: In this respect, it is preferable to also include the surroundings in the picture, as well as a plan showing the object's situation (see also 5.5). |

* 1. **Substantiation of the valuation assessment**

The report contains a substantiation of the valuation. The valuer will provide an explanation of the methodologies used and why he has used them. A computation will be included for each method used, this will be provided with a substantiation of the market data used (capitalisation factors/comparable objects/etc.). The floor areas in accordance with NEN 2580 will be used for the computations.

The substantiation for the capitalisation factor, the economic lease value and the exploitation costs must be shown in the computations.

* 1. **Reference premises**

Current ROZ guideline:

The guideline stipulates that at least three reference objects are indicated in the valuation report, for both the market rent (per m2) and the gross initial yield (net initial yield). A substantiation must be given that the reference objects represent comparable objects and transactions. If the market is small or there is little activity, use may also be made of transactions in comparable cities or past transactions (no more than three years old with an explanation).

References to market reports, as well as references/transactions from the personal portfolio, are also accepted as reference (provided attention is paid to comparability of the market picture and the object to be valued). If it is impossible to provide usable references, then this must be explicitly explained.

The valuer must provide an elaboration of any deviation between the estimated value and the model values in his valuation report. The deviation may for instance arise because the real estate's use deviates from the reference objects. This must be indicated per reference object.

* 1. **Visual presentation of the object**

The valuation report must at least contain a presentation with an illustration of the object so that a proper picture of the object can be obtained, preferably also with the surrounding area being illustrated, as well as a plan showing the object's situation.

The valuation report will contain at least four illustrations per object, showing at least the front and rear of the object, the street picture and the interior. The photographs must portray the current situation as well as possible.

* 1. **Valuation guideline, specific addition for shops**

It is not realistic to calculate with the market rent when valuing a shop space (and other spaces as per article 7:290 BW (Dutch Civil Code)„ if the market rent is not feasible due to a possible 7:303 BW procedure. So for shops the valuer should establish a revised rental value alongside the market rent. This is usually determined in conformity with art. 7:303 BW, as the average of the rental prices of local comparable business space transactions that took place in the five year period prior to the time of rental review. Establishing this revised rental value is considered to be the skill of the valuer. The guideline stipulates giving a clear substantiation (references) of the revised rental value used.