



Scrutinizing, assessing, and utilizing valuations made for owners of real estate assets.

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Key Presentation Points:

- Purpose of Valuation
- Key tools available to a valuer
- Scrutinising and assessing valuations made for Owners of Real Estate (REO)



➤ Purpose of Valuation

The purpose of most valuations is to determine the Market Value of a property.

The internationally accepted definition of market value that is also included in the International Valuation Standards is:

“The estimated amount for which a property should exchange on the date of the valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion”

Therefore any Valuation is AN ATTEMPT TO PREDICT THE LIKELY SELLING PRICE IN THE MARKET.



➤ **Forced Sale Value (FSV)**

❖ Not to be confused with Market Value

This term is no longer used internationally. However, in Cyprus there is a recognised convention by financial institutions to request this value from Valuers.

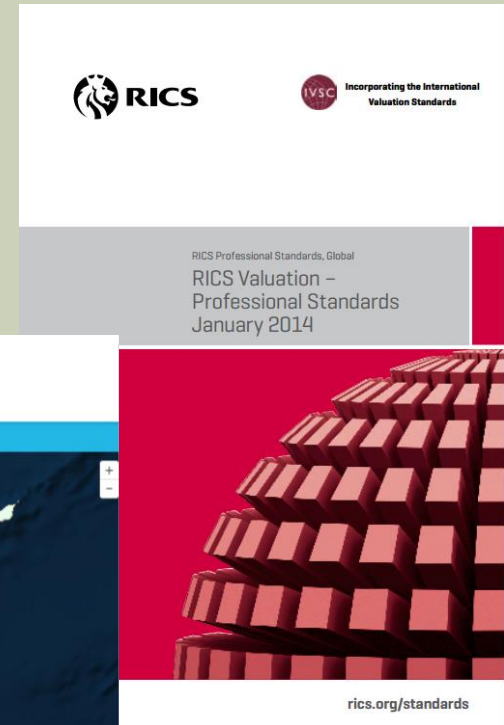
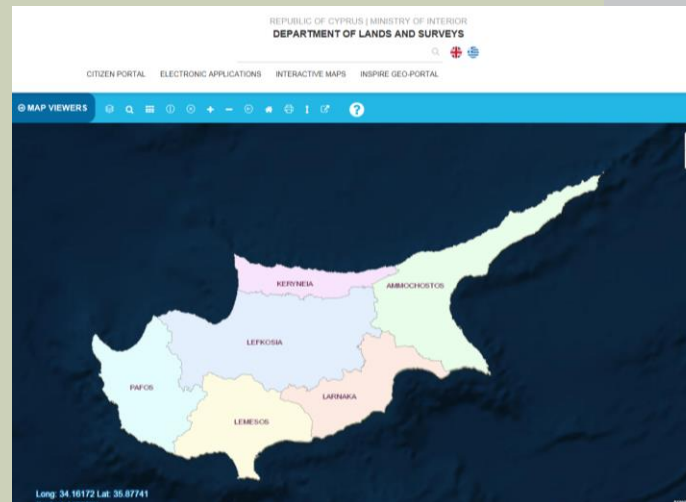
The FSV is a description of the situation under which the 'exchange' takes place and is not a distinct basis of value. Therefore there is a special assumption regarding a short marketing period.

Therefore this value is calculated at a percentage lower than the market value and can vary depending on the merits of the property being valued. In most cases the FSV provides a benchmark for loan purposes or for setting a sale price.



➤ Key tools available to a valuer

- Experience
- Market knowledge
- Professional Standards (ie. RICS Red Book)
- Comparable information
- 5 Methods of Valuation
 - ❖ Income or investment method
 - ❖ Residual method
 - ❖ Comparison method
 - ❖ Profits or accounts method
 - ❖ Contractors or cost method.





➤ **Scrutinising and assessing valuations made for REO**

- Valuations have to be fit for purpose.
- Methodology or methodologies adopted have to be clear. More than One Method preferable, they may be used as a 'check' on other methods.
- Assumptions to be limited to a minimum.
- Identification of advantages and disadvantages of property.
- Owner must have a clear picture of the marketability of a property.
- Possible alternative use.
- Imperfect information in the property market – Subjective opinion of valuer in most cases.



TURN-KEY REAL ESTATE SERVICES FOR NON PERFORMING LOAN AND BANK OWNED PROPERTIES

- Property research, investigation and complete due diligence service [Technical, Urban planning, Permits, Title Deeds & Legal inspections for buildings]
- Property Appraisals & Valuations - Feasibility Surveys & Viability Reports
- Review asset positioning & performance and develop asset management plan
- Review & Advising to optimize recoveries from distressed real estate funds
- Advice on property transfer, registration & administration options having into consideration the cost, the legal aspects and tax implications.



TURN-KEY REAL ESTATE SERVICES FOR NON PERFORMING LOAN AND BANK OWNED PROPERTIES

- Management and Administration of property portfolios of NPLs and Bank Owned properties:-
 - Sales – Acquisitions – Lettings
 - Property Facilities Management:-
 - Building administration
 - Inspection – Maintenance
 - Property management
 - Project Management of incomplete buildings:-
 - Structure Technical investigation
 - Building permits – Title deeds
 - Construction & Contract management
 - Structural survey investigation – Remedial action – Costing
 - Project monitoring & verification of interim payments
- Real Estate & Construction Legal Issues in cooperation with expert law offices
- Expert Advice on all Real Estate, Building & Construction Issues



Thank you!

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