

Dear colleagues !

Ladies & Gentlemen !

First of all I want to thank you very much for your invitation to come to Milan to your meeting and have the chance to speak to you on this occasion.

As you all know I am very familiar with your country Italia and especially with my colleagues from Italy.

In the near past TEGoVA was going through a difficult area and it's my aim to bring TEGoVA back to the right way of a high level Organisation of independent valuers in 27 countries.

At this time I was very strong together and supported from my Italian colleagues.

Especially I want to thank the General Secretary of TEGoVA Mister Alexander Benedetti and also Mister Enrico Campagnoli.

These both gentlemen together with a lot of other colleagues throughout Europe helped and supported me very much to bring TEGoVA back to the right way.

Now I am very much looking forward to a successful future for TEGoVA, the profession of valuers and the experts.

And I will still also need the constructive support of my Italian friends.

Dear ladies and gentlemen, dear colleagues, let me briefly recapitulate the history of our association.

In 1989, the European Committee of FIABCI was established in Brussels, in order to lobby there for the real estate industry.

This was the foundation of the CEPI. A section of the CEPI was the organisation EUROVAL, which dealt very actively with the developments in real estate valuation.

Parallel to EUROVAL, there worked another European valuation organisation, TEGOVOFA, established in 1977.

In recognition of the initial developments of Europe through the Maastricht Treaty in 1992, our predecessors decided to merge the organisations, EUROVAL and TEGOVOFA, into TEGOVA. The colleagues recognised the challenges to us real estate valuers in an ever growing Europe at the right time.

The development of the European Union continued on January 1<sup>st</sup> 1995 with the membership of 3 further nations, namely Austria, Finland and Sweden, since 2004.

The next expansion took place with 10 further nations.

Several other countries are currently in discussions regarding acceptance into the European Union.

Directly following the merger into TEGOVA in 1995, the first European valuation standards were developed and published.

In 2002-2003, these valuation standards were revised and republished and furthermore, translated into several languages.

Only recently, the standards were translated into French and, as I have heard, the print run of several thousand units is already out of stock.

I would like to take this opportunity to thank those colleagues who laid the foundations for a positive future of TEGOVA during the last decade in wise foresight.

Now, as far as the present is concerned, entirely new developments have taken place, not only in Europe, but also in terms of the global economy, with which we are confronted.

We must search for and find suitable and constructive responses to these developments.

In addition to the dynamic development of the European Union, a development which is by far not yet consolidated, globalisation has increasingly developed over recent years with particular dynamics.

Capital markets determine economic events.

Shareholder value is becoming an all determining, I would almost say, “question of faith”.

About 2 centuries ago, a well-known politician came to a conclusion. Quote *“At the beginning of the next millennium, a few money collection centres will dictate the global economy”*.

That is what has ultimately taken place and it has a very unsettling effect on many people.

Now, globalisation events, with all of their positive and negative aspects, are an important theme of these times and have their own dynamics that are driven by the financial markets.

We have especially notice that globalisation and all their activities are not based on international respected ethic and professional rules.

Globalisation is a much used synonym which is for my information not based on directives like we have in the European Union.

In order to deal with this global phenomenon constructively, this Europe must come to terms with itself and not only have defined and implemented its identity, which has been wounded through the dynamic development, but also, primarily, its political, economic, social and socio-political direction and tasks.

Urgent problems within the EU and its Member States must be solved, just as much as harmonisation and understanding regarding organisation and resulting development questions.

This demands and requires the support of all of those who are involved and all of those who are responsible.

Primarily, however, in many cases, top-class technical experts are required, who in joint cooperation and according to historical, national and local specifications, develop the basis for common European guidelines, which are then also accepted and defined as European standards.

Here, my dear ladies and gentlemen, is where the responsibility of a European organisation such as TEGOVA comes in.

In order to define and decide on sustainable and implementable standards, the Commission in Brussels needs the support of organisations across Europe that are technically competent and prepare the necessary documents for decisions, involving the respective experts from the EU Member States.

At the last General Assembly held on 12<sup>th</sup> of November this year in Vienna a motion was presented by an Italian Institute represented by Enrico Campagnoli *“The General Assembly should decide to begin proceedings to present to the European Commission with Article 15 of Directive 2005/36/EC on the Recognition of Professional Qualifications. This platform will cover the qualifications of valuers, harmonising the length and content of valuers’ profession and of the level of the profession in accordance with Article 11 of the Directive.”*

The General Assembly voted in favour of the motion.

The same General Assembly decided to cancel the current Approved by TEGoVA programm, which was very much supported by German banks.

The reason for this decision was that this system - which at the beginning was very successfull - became worth especially this system was misused from different countries and organisations.

To stop a loss of the value of the “Aproved by TEGoVA” product with the danger of a damage of the high level image of TEGoVA the General Assembly made this

important and clear decision especially in regard of creating in new much better product as we now have in the “professional recognition” product.

TEGOVA, represented in 27 European countries, with now more than 40 membership organisations in which approximately 500,000 real estate valuers are involved, has recognised this significant responsibility and is taking it on.

On the occasion of the last general meeting, the decision was made to revise the “Blue Book” of European valuation standards.

The hugely dynamic, constant further development on both, the markets and the regulatory specifications, and the practical applications in daily business life demands from real estate valuation a treatment that is equally intensive and scientifically profound and – as required – an adaptation of existing standards and definitions.

Since the publication of the “Blue Book 2” in 2003, a plethora of directives, regulations and general conditions have changed or newly appeared, particularly through the incorporation of 10 countries in the EU in 2004.

The “Blue Book” is to represent general conditions and detailed stipulations and regulations of European valuation, thus being an important guideline for all of those active in the real estate industry, as well as people who deal with the real estate industry.

Valuers, financial service providers, responsible members of public authorities, solicitors, certified accountants and courts of law must be able to extract their information from the “Blue Book” in their daily professional life.

A prerequisite for this is therefore a concise, easily readable and understandable – also a user friendly – textual version with maximum comprehensibility and clarity.

These standards must furthermore take into account the respective country-specific, national market and legally-specific specifications and construct these into transparent, compatible regulations and valuer guidelines in accordance with the EU directives.

Valuation standards of other continents, such as US-PEP, Whitebook, Asiatic standards are to be represented and interfaces defined.

Real estate investment has increasingly developed into a capital market product. With this development, it is therefore possible that not only large-scale investors, but also primarily smaller investors can participate in the international real estate market through real estate funds and/or real estate limited companies.

This fact, however, strictly requires that the assessment, i.e. the valuation, not only complies with the highest international quality standards, but also are transparent and comparable for the investors.

This responsibility and also the liability lies with the real estate expert, the surveyor, who contributes to the protection of investors through his/her highly qualified and responsible activity.

The challenge for the property expert furthermore also lies in the fact that the capital market is one of the fastest developing and changing areas of the economy and thus education and further training, as well as the changing standards and methods of valuation, represent a significant task for the real estate expert.

Further important aspects for the real estate expert, in addition to Europeanisation and internationalisation of the markets – only to name a few - are the further development of corporate mergers, privatisation processes of real estate assets in public ownership, Basel II with the associated tasks for real estate valuers and much more.

Particularly attention must be paid to the fact that in many state pension systems and private pension systems, there is a push in the direction of capital markets, whereby the important responsibility of the valuer of funds must also be precisely defined with all of the ethical and liability issues.

A further important task of our work as experts, is in the field of national and international mergers.

Here too, our competent expertise is of significant importance and very much in demand.

At last, we are placed before important tasks in the field of international accounting systems IFRS (International Financing Reporting System).

This is also an significant and responsible field of activity for the property expert.

The minimum requirements of the valuers and his valuers are also currently being dealt with by TEGOVA, as wells as questions regarding ethics and the independence of the valuer.

The development of a Corporate Governance Code will also be necessary and important for TEGOVA, as well as the revision of the currently already existing certification process.

The creation of possible new additional certification processes is also under consideration.

Currently, there are discussions underway throughout Europe regarding the topic of service guidelines, the consequences of which will have a significant impact on the European economy and thus also on our professional status.

Here, an organisation such as TEGOVA, must also take a clear and constructive stand.

My dear ladies and gentlemen, the list of tasks that we, the TEGOVA “European Group of Valuers’ Associations”, need to provide for this Europe, its consolidation and further development, is long and above all, extremely responsible in terms of the tasks.

Dear colleagues, I not only encourage you to cooperate in this matter with interest, but also, I invite all responsible persons and decision-makers, such as politicians and financial market supervisors, banks – the investor protectors, to support us actively in this work for a prosperous Europe in the future.

As a convinced European – and I know that you agree with me here, with all due respect to global development, it is important that the identity of Europe and its countries, with all of their specific national, historical and cultural characteristics not only remain protected, but also move towards a future that is successful and preferably without crisis.

We must preserve in order to develop ourselves further.