

■ **What is the Influence of COVID-19 Crisis on Business Value?**

Sorin Petre ▷ 18

■ **From the Times of the COVID-19 Pandemic**

Adrian Vascu ▷ 24

■ **We lead change in the world by example, not by opinion!**

Dana Ababei ▷ 36

■ **Standards, the Pandemic and the Usual Suspects**

Daniel Manațe ▷ 40



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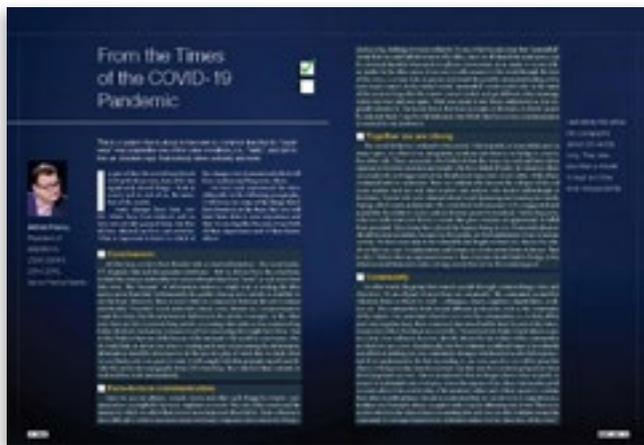
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Interview with ANEVAR Board Members 6



What is the Influence of COVID-19 Crisis on Business Value? 6
Sorin Petre, Ileana Guțu, Beatricea Vistieru

From the Times of the COVID-19 Pandemic 24
Adrian Vascu



Study on the impact of the COVID-19 pandemic on the asset valuation activity 28

We lead change in the world by example, not by opinion! 36
Dana Ababei

Standards, the Pandemic and the Usual Suspects 40
Daniel Manațe



Best Practice in Professional Valuation THE NEW ASSET VALUATION STANDARDS 46
Sorin Petre

Quality Review and Monitoring in Valuation Services. How necessary is it? 52
Dumitriu - Dan Dumitriu

On Quality in More than One Form 58
Gabriela Parnia

The Challenges of Valuation for the Purpose of Foreclosure 62
Cristian Bojin

Some Thoughts from a Regional Branch 66
Reta Achihai

Looking Forward. 2021 68
Sorin Petre

How We Start 2021 70
Adrian Vascu

Events 76



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› RALUCA ŞLICARU,
Coordinating Editor

Dear colleagues,

After a difficult year for all of us, a year when we had to rethink everything that we imagined we knew about health, jobs, free movement and socializing, we have reached a time where the vaccine seems to offer a way back to part of what we consider our normal lives. We are all hoping to find more predictability, internalize the lessons of this precedent and step into a smooth future.

We keep focusing on the current activity of the Association and pursue its projects, such as the periodical magazines. We have come to issue no. 7 of the English version of *Value, Wherever It Is* magazine, an edition that brings together a selection of the articles published in the year of the pandemic – 2020.

By leafing through the pages of the publication, the reader will find our authors' opinions about the profession in the context of the sanitary crisis, as well as a survey that we conducted in the first half of 2020, with the support of our corporate members, which was aimed at quantifying the impact of this crisis on the profession.

We have also included the events that unfolded online only, except for the first professional conference, which took place in Cluj in February last year.

We invite everyone to go through the magazine and recall some of last year's articles and events!

A most fruitful and rewarding 2021!

Interview with ANEVAR Board Members

President	Sorin Adrian PETRE
First Vice-President	Radu Călin TIMBUȘ
Former President	Dana ABABEI
Treasurer	Gheorghe Mihai SÎRB
Vice-President – President of the Qualifications and Professional Certification Committee	Adrian Ioan POPA BOCHIȘ
Vice-President – President of the Scientific and Standards Committee	Adrian Aurel NICOLESCU
Vice-President – President of the Members' Record Committee	Bogdan Ruse RUSE
Vice-President – President of the Review and Monitoring Committee	Rodica HĂȘMĂȘAN
Vice-President – President of the National and International Relations Committee	George DOGĂRESCU
Vice-President – President of the Legal Committee	Ioan BERCU
Secretary General	Dumitriu Cristian DUMITRU

› [An interview by Raluca Șlicaru](#)

What made you choose the valuation profession?

Sorin Petre, President: It was rather a natural choice, after 5 years of professional activity as an engineer. The economic situation back then, I mean back in 1996, forced me to consider another kind of professional activity and change my job. I started as a consultant, on a 6-month trial period. I took training in the economic field and, since the company was a consul-



ting and audit one I chose consulting at a certain moment. Gradually, I started to cover anything that was related to valuation, feasibility studies, economic analyses etc. In 2000, I became a trainee valuer with ANEVAR and then became an EI (business valuation) valuer. It all went naturally from there: the accreditation, membership to RISC, the REV (Recognised European Valuer) qualification, specialization in EIF (valuation of financial instruments), in EPI (real estate valuation) and VE (valuation review). It all ran smoothly in my case, so the place where I am now, namely the leadership position in the valuation profession, is a consequence of the natural developments on my professional path. I am aware of the responsibility that I have undertaken and

of the importance of my current position, which is why I want to further the efforts and consolidate the results that my predecessors obtained in the development of the profession.

Dana Ababei, President in 2018-

2019: I did not choose the profession, but rather the profession chose me. It chose me and had won me ever since, day after day. Some of the colleagues already know that many years ago, in my student years, I got a temporary job in a valuation firm, while I was waiting for an opportunity in the tourism industry. Work in this valuation firm came with the chance to see more hotels, restaurants and resorts than I could have seen if I had worked where I wanted at first. I feel no regrets and I am happy to have been given this chance.

Radu Timbuș, First Vice-President:

It was meant to be! I am from the first generation of graduates that no longer were granted a job on graduation. I grabbed what was first offered to me, so 10 days after graduation I already had a job (of course that I didn't ask about bonuses, promotion chances, renegotiation and... I did not worry in the least about the "theories on personal development and growth", as I was aware that I needed to produce something in order to get paid).

I was fortunate to work in a private company, mainly dealing with investment in the food processing industry. It was the first time that I had to deal with quotations for equipment, investment alternatives, cost analysis and many other such things. I was part of a team of passionate investors and then worked in the group of enthusiastic people who pioneered the banking system in Romania after 1990.

A technical inspector in the collateral department, I was supported

in my work by many banking professionals. In 1993, my analyses relied mainly on the structured models that I had learned to use in my student years (we were taught to become engineers, not theorists, to write a project from scratch, a pass mark in an exam after covering the entire subject was more valuable than... an A in the current multiple-choice tests – as an aside, one does not have to be a valuer to reach this comparative conclusion/analysis!)

In addition to that, and I am glad to remember those times, the fervency of my young years was magnified by the establishment of the private banking sector at that time (which can rarely happen twice in lifetime).

I became a (true) valuer when, in 1994, I took the opportunity to attend the business valuation training put in place by ANEVAR. This is how it all started. Well, I forgot something: inflation had soared to 250%, there was no market, no internet, documentation and comparison data was only found in books...

Adrian Nicolescu, Vice-President: Briefly... it was the need to change my professional orientation... the need to use other skills but the competences I got in my engineering studies. In 1994, I worked as a designer engineer in an institute and there was hardly any project left for me to do. But, on the other hand, it was the peak of the privatization process in industry and the institute would often receive requests from the companies that used the technology designed by us. One day, I approached some colleagues who were busy to fill out numbers in pencil on a listing of values (a punch card or a stiff paper card used to store the data in early computers). Since I knew how to use a computer (I think it was only me and the CEO's son), I offered to help. It was the first step in a professional career almost 25 years long now, which continues at the same pace: "know when to stop, but keep going, even by taking an alternative road". I started my professional life with a mechanical engineering diploma - fine mechanics specialization, peripheral and automation equipment. I became a qualified valuer in real estate and business valuation and specialized in real estate under litigation, best practice and training in real estate valuation.

Rodica Hășmășan, Vice-President: When I first came in contact with valuation, back in 1993, both me and valuation were at the beginning. Later, I realized it was a profession that suited me, both my nature and my engineering background, to which I later added economic studies.

Bogdan Ruse, Vice-President: I started in the profession with something like "well, that's an interesting course, why not join the program, I may need it someday." I was

still a student in the Faculty of Machine Construction Technology in 1994 and, at the same time, an IT&C entrepreneur (an older hobby of mine, I am a former winner in the IT national Olympics), when my parents told me a business valuation training course that was supposed to take place in Braşov. Like many other undergraduates I was looking forward to graduation, but this course drew my attention. I had no short or medium-term expectations from such a profession, since I was keen on IT and I already worked in the field, but I considered it a good alternative for a “distant” future. Interaction with the valuation profession came sooner than I had expected, I did both IT and valuation until 2011, when I decided to hand over the IT activity to a colleague of mine – we founded together a company in which I kept 50% of the stock, but I chose to focus on the valuation profession.

George Dogărescu, Vice-President: A long time ago, when I was back to Romania after years of work abroad, where I was “anchored” in the realities of another country, I met a friend that I used to talk to and who was “well-anchored” in Romanian realities. He asked me what I wanted to do next, so I told him that I wanted to complete my doctoral studies, among other things. “Try the valuation course”, he said. “What is that about?”, I asked. “What is it good for?” “Just do it and you will see later...”, he replied.

I signed up, it was very interesting and captivating (it was the EV course back then). I can only describe what followed next by quoting Nichita Stănescu: “What is a woman? It is the only gift that chooses you.”

Cristian Dumitru, Secretary General: It was a “conglomerate” of circumstances. It was (over) 25 years ago that I had the chance to work in one of the first valuation firms in the country. Before that, I had already worked in the design department of a factory, where I had acquired experience in the field of design and manufacturing oversight of a wide range of goods, from vehicle spare parts to buildings! Adding to that the advantage that I was good at drawing, I was pretty good with computers – the PC’s were just at the beginning in our country, it all that fitted me like a “glove”, on top of the daily tasks of a valuer of those times... I went on inspections, I drew survey maps, I wrote valuation reports etc. Graduation from the professional valuation training organized by ANEVAR and IRECSON came as a natural further step, because I wanted to



continue on the same professional line. I have happy memories about that period when all the, let’s call it technical, knowledge that I had was “dismantled” and “reassembled” in a new thinking and approach. I liked the consistency of things, based on an obvious judgment. “Work” with value appeared fascinating then and it still is, as fascinating as working with people!

Mihai Sîrb, Treasurer: It was a coincidence rather than a choice, but I regret nothing at all. On the contrary, I consider it the professional career that suits me best.

What made me stay is something I keep for the next question, enough to say that I was young then.



Ioan Bercu, Vice-President: 1996 was a time of big change, profession-wise. I used to work in a mechanical factory from the energy sector and I was also responsible for the fixed assets inventory, among other things. The need to update values caused my first encounter with the time value notion (even if it was still called book value back then).

The privatization process of the former state-owned enterprises, the sales of a series of assets as well as a number of other property-related operations, they all created a demand for valuation services; it was all new and interesting, I found it interesting and ever since (1996), it has been my profession.

Adrian Popa-Bochiş, Vice-President: The discussions I had with my mentor at the time, professor Ioan Lala.

Why would you recommend young people to embrace this profession?

Sorin Petre, President: There is no such thing as boredom in the profession, no danger of routine work. The fact that you are in the middle of the transaction processes, that you provide an opinion on the value of the assets that change hands, all the technicalities that you have to master when you financially estimate the value of an asset, all of that brings to the profession young people whose profiles are somehow getting very different from the old generation of valuers. I encourage young people to try this profession, even if they later choose to use the training and the experience they acquired in the field of valuation in a different profession. It is a profession that requires knowledge in many fields, it builds links with other liberal professions and provides for multi-disciplinary training.

Dana Ababei, President in 2018-2019: Because:

- › It is far from monotonous
- › You always have the chance to meet new people, see new places and new businesses
- › It requires intensive “brain work”, so it keeps you young
- › It allows you to manage your own time, also to see to our stringent needs, if necessary
- › Office work is combined with field activity, which has a major influence on our state of health
- › You have the chance to work in a diversity of teams that can collectively create interesting things, thanks to individual input
- › You can do complex work, which generates an over-the-average income
- › The entry barrier is fairly high compared to other professions
- › You become an important person in the framework of transactions
- › You make the decisions in your own career!



Radu Timbuș, First Vice-President: The question comes with its own logic... continuity, a fresh input, liberal profession etc.

Let me surprise you, though. I don't know what “young” is in this profession.

We grew old together with those who taught us as well as those to whom we relayed the knowledge that we received, enriched, developed and updated.

Again, it does not take a big valuer to conclude that “it is better to be young, healthy and rich rather than old, sick and poor”.

Joke aside, a first part to the answer is that this is not a profession where you can make quick money, without

hard work, continuous training and risk.

On the other hand, I could tell a young person that, having to compare things every day (in order to estimate the value of assets), he or she will come to develop a sense of correctness when comparing/weighting things in life.

It can be a plus... or a minus. Sometimes it is better to refrain from making comparisons in everyday life, especially for those who are (uncontrollably) pessimistic by nature, because they might see too much unfairness around. Ignorance is a bliss...

I don't even know what I could tell young people, except for telling them the facts. On the other hand, I don't know whether they would believe us/listen to us, as long as the school, the TV stations, the all-knowing people (and other such influencers that have not achieved one thing in their lives) do provide them with “values” and priority criteria.

To add to my answer, I for one do not think I could compete (I do not even want to, even if I hold the arguments) with the “high” education institutes that flood every screen in the enrolment period with the promise of excellent qualifications and professions that open the door to a great future.

Speaking of what a valuer acquires in time, theoretically, it shapes a young mind to be more selective, to focus on the major aspects and leave aside small details, and to present things in a structured, documented and argued way.

Professionally speaking, their work can touch upon investment, acquisitions, optimizations, insurance, lending, liquidation etc., since all of that is compatible with valuation, or rather, valuation is a must in such processes.

Moreover, young people should

trust that they will be supported the same way that we were supported and guided by those who were the first in our profession. In their turn, when they are no longer young, they will have to think of the young ones. When they choose this profession, they should be fully aware that they must align with the requirements of the Association. The Association enjoys such wide recognition, nationally and internationally for a reason!

But do we really know what the new digital era and social trends have in store for us?

Adrian Nicolescu, Vice-President: What kind of “young people” do you have in mind? Those who just joined the Association or Generation Y? My message for Generation Y is as simple as ABC, in life and profession alike, Generation “Y” can and must follow Generation X. I recommend those who just joined the Association to leave aside all kinds of prejudice or expectations and look for a mentor; the only guidance that have had is, at best, coordination for their graduation project and they should not embark on a regulated profession right away. Speaking of Generation Y, there has been a lot of research on this age group. Based on that, I can briefly outline a profile: they are very open, categorical, technology-oriented, maybe too much so, they have high short-term expectations and most of them expect to be able to support their favorite life styles, while only one in three consider that it is possible to build a career in their actual job. Young people’s opportunities naturally stem from the fact that the average, middle aged, Mr. Value is already part of Generation X. Their ability to use technology can be an important edge in providing new, efficient, productive and competitive valuation services. Big data, the GIS

data, AVM, mass valuation are among the most important drivers of change in the valuation market. Technology plays a key role in that and Generation Y can be the techno-savvy valuers who can come with new (and different) solutions to the valuation problems. For instance, I earned some good money typing the reports developed by senior valuers or helping them with calculation and analysis tools, simply because I was young and I was good in IT.



Rodica Hășmășan, Vice-President: I would recommend them not to embrace the profession before they know more about it. There is a lot of public information about this activity, which young people can access before they make a decision. I am aware that the current generation relies on other criteria in choosing a job, in comparison to the criteria we used to have, 30 years ago. They should come and give it a try. It is a challenging profession. If they want to invest in themselves, valuation is an alternative to consider.

Bogdan Ruse, Vice-President: From my perspective, the authorized valuer profession, a liberal profession, can bring satisfaction if one finds pleasure in the work, namely, if this job is aligned to one’s personal competencies and skills. Valuation is not a “no better alternative” profession. My list of recommendations for the young people who wish to embrace the profession:

- Ethical and professional integrity
- Build a professional trust relationship with the clients
- Patience and persistence, because prestige and reputation are built in time
- Professional cooperation with other colleagues, sharing market data, the sources of data, specific data about the subject assets and their specific market, the joint use of the data bases, all of that can help us individually, as well as the profession

The fees should be a fair measure of the work done and of the responsibilities that stem from the profession

George Dogărescu, Vice-President: We are currently working in the committee on a “targeted” message, a message to the students, which I hope to be able to introduce in another issue of the magazine. I hope, because I believe that such ideas, objectives, achievements and proposals will form a “series” and do more than lip service.

I think we all see that “today’s students”, i.e., “tomorrow’s graduates” have been “called to the bar” many times and placed in the spotlight. In order to turn our interest in them to good account, I suggest that we conclu-

de a partnership with the Students' League organizations within the universities with which we concluded/ will conclude an agreement, and not only. Speaking from experience, it is a good first step towards making ANEVAR's presence felt in the academic world or in the jobs' fairs. The Students' League is a very dynamic, mobile and efficient organization, I am sure about that. Therefore, I will keep supporting the initiation and ample development of our relationship with the teaching staff and the students.

Cristian Dumitru, Secretary General:

That's a hard question...if I'm not wrong, when it comes to a job, young people want professional satisfaction, a lot of money and spare time. The problem, in our profession, is that you cannot have all three at the same time. Professional achievement and a satisfying income take up (almost) all your time; you can have good professional results and (have the time to) enjoy life, but not too much money...; I don't know what to say, the combination of lots of time and money simply does not look feasible... unless you give up professionalism... but you can't be sure even then, it's not moral either, or legal, I may say...

Back to the young people and to encouraging them to join the profession, I would tell them what I would do if I could be young again: I would choose the same profession over again! I strongly believe that intelligence, hard work and honesty can take a young person to the place that suits him or her best in this profession.

Mihai Sirb, Treasurer: I would recommend young people to join the profession, first of all because I speak from my experience, I know why I tell them that. In line with the attitude of today's young people, with their wish to be where things happen, this

profession does not let you get bored, if you really want to move further, and the combination between "office" and "field" work is interesting, to say the least. It is a challenging field that makes you "make the most of your brain" and, why not, you can earn above the average.

Ioan Bercu, Vice-President: The period we live in does not necessarily make the profession more attractive in the ranks of the people driven by immediate success. This is a profession that requires endurance. It also comes with constant challenges and access to a "world" that few other professions can offer.



Adrian Popa-Bochiș, Vice-President: It is a profession that suits young people because it encourages "professional curiosity", it urges you to learn something new every day and never get bored. The valuation profession matches the young people's need for knowledge with a multitude of non-standardized situations, which spurs creative thinking about how to use the knowledge you acquired and, at the same time, comply with the rules and the standards, and act within the space allowed by the professional code of conduct. I think this is something that matches their

temperament and the ideology that some of young people embrace today.

Which are the main objectives, aligned to the strategy of the Association, which you envisage for your two-year mandate?

Sorin Petre, President: The three directions that I will focus on in the next two years are actually part of the general strategy of the Association. A good relationship with the authorities, attracting young people to the profession and further the cooperation with international institutions are the three main points that I will focus on in the next period. I will undertake them all consistently and earnestly, in the idea of generating benefits for all the members and strengthen the national and international image of the Association.

Dana Ababei, President in 2018-2019:

- › Strengthening the public utility of the profession by using all the existing channels to inform the general public of the necessity of valuation in every field of the national economy. Even if, at first sight, valuation seems to refer only to mortgage lending, there are ac-

tually more types of valuation than that.

- › Increasing the respect for the profession and professional valuers
- › Attracting young people and not only in the volunteer work organized by the Association in order to be able to evolve and have someone to entrust it to in a few years

Radu Timbuș, First Vice-President: For a First Vice-President, it is a question that I should think about seriously. We are not only speaking about two years, health permitting, there are two years of “future” office and another two of “former” mandate, on top of the two years in the middle as a president.

I will focus on the next two years, although as a valuer (and much more so as a transient leader in the Association), I cannot analyze then independently from the others.

The first duty, as I see it more than an objective, is to strengthen the position and the prestige of the Association. That also means to show respect for the former leaders and to communicate with them. I do not find it hard to do or that I am forced to do it, it rather comes naturally, it is something that I believe in, therefore, I will strive to put this objective into practice within the Association.

We also have the duty (obviously!) to comply with the laws, the regulations and the Code of Ethics and well as any other decision made by ANEVAR, but we also hold the duty of balance and fairness, both of them self-evident.

As First Vice-President, it is normal to use historical information and make the best of the experience of the former president, of the other members in the Board (some for the second consecutive term and not only, since the votes of the National Conference entrusted other long-experienced and well-meaning colleagues to represent the profession in the Board).

In this position, one has to put together information about the ongoing projects, the support for previous decisions as well as any other aspects that may strengthen the future activities proposed by the president, which are aimed at the advancement of the profession and the Association.

Obviously, my statutory obligation is to keep in touch with the regional offices and inform the Board about the findings in the field, but I will add to that solutions or make proposals of how to make things work better or solve the existing problems. This not something new, it has been successfully done by other first vice-presidents before me, in their time, moreover, the staff of ANEVAR is in

touch with the regional offices on a daily basis, so that is continuity, too.

I hope to be able to do at least as much as the former first vice-presidents and capitalize on the experience I have gathered in the Association, as a former regional representative, lecturer and examiner, reviewer, member in the Ethics Committee, speaker in conferences and a valuer that exclusively earns a living from this profession, one who has dealt with many cases bearing on the relationship of the valuer with the auditors, reviewers and... others (you know what I mean) that have an impact on our daily professional life.

Furthermore, I rely on the experience, dedication and ethics of the staff in conveying to me any discontentment that our valuer colleagues may have.

Besides proposing solutions to the problems in the territory, I will also try to raise preventative aspects in the Board. (I have deliberately used “I will try”, because a team can do more than an individual and the Board, the Association and the staff may have more and better ideas).

I want to continue the work carried out by the former first vice-presidents - and do at least as much as they did - in order to make our colleagues in the territory more present in the scientific and professional activities, as well as in those that promote ethics and the profession. In all the fields on national interest and coverage, we should promote colleagues that can ensure both continuity and the link with the current realities and then capitalize on all of that for the future of the Association.

Adrian Nicolescu, Vice-President: Speaking for the Scientific and Standards Committee (CSS), we intend to work in order to ensure consistency, uniformity and standardization, all of that by complying with



the unique nature of the valuation profession in Romania.

In the presentation that I delivered on the occasion of my election as CSS president, I listed the main projects that I have been considering for quite some time. In the first meetings with the colleagues in the committee, we started a discussion about how we can translate that in the CSS strategy, later to be subject for approval by the Board. We have so far mainly focused on the draft standards, but I can tell you about the main lines of action.

The scientific side: research the resources and outline the objectives that would translate in a draft project for the restructuring of the continuous training materials into two sections: seminars and training targeting continuity of professional competence and seminars and training targeting the increase of professional competence. I consider time has come to discuss about competence in a serious manner, given, the valuation market, where work is on the rise, as well as the market of the assets that we keep estimating; the idea was launched in the first CSS meeting and we are going to start the debates about it with other committees as well. With respect to publications, we are considering a new edition of “Applications in Real Estate Valuation”. Another initiative in the CSS is to set up working groups tasked with writing professional practice bulletins. These bulletins will outline different best practice elements such as the scope of valuation, the relevant features of real estate, how to check the data and use comparable sales, the residual land method, retrospective value, discounting etc. Also connected to publications, we are considering the analysis of cost estimation sources for more... special real estate, such as shopping malls; data sources have already been identified, so we will launch consultations with the main specific market stakeholders (developers, real estate consultants as well as a part of the valuers and auditors). The next point is to propose objectives for a number of seminars that we want to deliver, which are useful mainly for the valuers that practice more than one specialty: “Business valuation for real estate & personal property valuers”, “machinery and equipment

valuation for real estate & enterprises valuers”, “Real estate valuation in litigation cases”, a course/seminar aimed at increasing professional competence in the RE specialty. We will also focus on ensuring a baseline level of valuation knowledge; we will start from the recommendation issued by TEGoVA (in 2003, reviewed in 2010) with regard to the minimal requirements in valuation-specific education, in line with the European Directive on Mutual Recognition of Professional Qualifications. We will also



focus on draft clarifications regarding a number of professional aspects that are still under debate.

The standards' side: so far, the Committee has worked on the review of the SEV 2020 project. Our goal for this term of office is to include in the future edition an updated and supplemented version of the real estate, personal property and business valuation guidance as well as of the SEV-VE (Valuation Review Standard). We also plan to change the structure and clarify the requirements that are to guide the valuer in reporting the conclusion. Given the recent activity of the Ethics Committee and of the Monitoring Committee, we will prepare a draft professional competence standard and review the Code of Ethics. Another project that we have already launched is an extended glossary, I would not call it a proper dictionary, as it seems that the valuation jargon is often a source of misunderstanding... for many. The seminar on the “Real Estate Valuation Report” is a personal project on which I embarked three years ago and it is still at the stage of a list of structured questions upon graduation from the real estate training course. I intend to take it to the final form.

Rodica Hășmășan, Vice-President: Continuity with regard to monitoring. Adjustment to the current realities. Also, to form a real team in the Board and understand exactly what is necessary for the profession, both from the members and the general public perspectives. And let's act in those directions.

Bogdan Ruse, Vice-President: With respect to strategy, I intend to develop the online communication with our members, to cut down the red-tape in record keeping. The global trend is to submit any document electronically, via the inter-

net. Alignment to a future that has meanwhile become present is an urgent need and I will take every possible step to speed up the process. Time is very precious to all of us, therefore, replacing the need to physically reach the head office with on-line services is something that most of our colleagues expect and, I believe, will appreciate.

George Dogărescu, Vice-President: A few months ago, on the occasion of the elections for the Board, the red thread of my presentation was to corroborate the strategy of the National and International Relations Committee with ANEVAR's strategy. I also introduced in my presentation the concept of "unity in diversity", namely, the initiatives within the subsidiary offices should be managed by only one person, then they should be aggregated, quantified and, supposing they yield good results, they should be introduced to the others and implemented in other subsidiary offices. That takes the engagement of the interested colleagues, of course, as well as the willingness of the presidents of the subsidiary offices to set up a working group inside the committee. This working group would be aimed at experience sharing, both among the group members and with the members of the committee, on topics of common interest. That would enable the group members to introduce and disseminate the needs and cooperation ideas of their colleagues and, in the end, they will be able to show what they achieved as well. It will also be possible to monitor joint activities and their outcome both in the committee and the working group.

In order to present and raise awareness on ANEVAR's activity and also to attract new members, increase the prestige of the Association etc., we drafted (a year ago already)

a project called "Introducing and Promoting ANEVAR". It focuses on introducing and raise awareness on ANEVAR's activity, attracting new members (young ones, especially), increasing the prestige of the Association, developing professional and scientific activity by turning to better account the opportunities offered by the "VALUATION JOURNAL" (Web of Science, SCOPUS). The target audience is mainly those who already fulfill the enrollment requirements for ANEVAR training, i.e., higher education graduates (including students, since they are future graduates), as well as public institutions, the business environment, professional associations and different other entities.

As a working procedure, we considered it beneficial to conclude cooperation agreements with the universities that have already partnered with us in the framework of recognition of training in valuation, as well as with other stakeholders. The draft agreement has already been approved by the Board and is about to be implemented. Implementation will rest with the NIR Committee and the colleagues in the territory, presidents of regional offices and not only. There are board members and colleagues that have a long cooperation experience with the academic world, who can and are willing to embark on this project.

These agreements will also include the creation of ANEVAR representation and communication hubs, which will allow our partners to relay joint interest information in an efficient way, keep in touch with similar profile institutions and aggregate the received information. This working system is something that I saw and "lived" inside a valuation research association (in which I have been a member for several years now), a model that I consider

extremely good and efficient. Therefore, I recommend to implement it also in our organization.

We can send a message to our partner universities, i.e., universities that already deliver on a curriculum that is in line with ANEVAR's requirements for accredited membership, and also to other universities, to the Students' League, to other liberal associations, employers' organizations, professional associations and other entities.

We also suggest that ANEVAR's representatives should take part in different student events/courses/seminars – students in the last year of undergraduate studies or of master's programs – in order to tell them "what ANEVAR can do for them". We will also focus on introducing ANEVAR's activities within Ae-infobusiness, presence in the mass media, in the jobs' fairs organized by different universities, by the students' associations or by other entities.

Cristian Dumitru, Secretary General: The natural development of the Association gradually redirected part of the initial tasks of the secretary general to other structures, which lent some vagueness to the position. However, to me, this is a position that binds the committees together and may contribute to improving the way in which they function, especially when they need to act collectively. The Qualifications and Professional Certification Committee and the Scientific and Standards Committee will run a number of projects together and so will the Member Records Committee and the Review and Monitoring Committee. I intend to actively participate in the joint projects as well as in any other activity that focuses on strengthening the inner quality of the Association and on increasing its prestige, externally.

Mihai Sirb, Treasurer:

From the treasurer position that I hold, I do not aim for extraordinary objectives. On the other hand, as a member of the Board, I intend to get more involved than I did in my previous term of office (there is always room for more) and do whatever I can, both as a professional and an individual, for the good of the Association and, implicitly, for the good of our colleagues.



Ioan Bercu, Vice-President:

Support to uphold the good reputation of the Association across clients/valuation services users; intensification the work that the association delivers nationally in order to promote the importance of the valuation services.

Enhancing focus on the members, association-wise.



Adrian Popa-Bochiş, Vice-president:

The shift of the continuous professional training to online seminars, a more diverse implementation of the post-graduate professional qualification programs, setting up a package of mandatory seminars for those whose level of professional training is not optimal and the implementation of a continuous training program for the lecturers charged with professional qualifications and continuous training.

What are the strongest current features of the Association, to your mind?

Sorin Petre, President: The Association is recognized and respected

both nationally and internationally. We are well organized and use service quality monitoring instruments such as: The Code of Ethics, the Valuation Standards, specific monitoring mechanisms for the valuation activity, for continuous professional training etc. All of that contributes to increasing trust in the services provided by our members. The fact that we are involved in working groups attached to various committees and boards of the international organizations is at the same time a guarantee and a recognition of our professionalism. All the information gathered by our representatives abroad as well as a large part of their experience is made available to our members and put to good use in our effort to keep up with the new trends in technology and in professional training as well as with other aspects that impact our current activities.

Dana Ababei, President in 2018-2019:

- › A leadership that ensures continuity of the past projects and does not allow anyone to point fingers at those who led the association before, because the previous teams also included the current leaders
- › The fact that it relies on elected (voluntary) members and employed staff, which does not encourage participation in the elections for material reasons
- › The fact that it promotes international best practice in valuation and professional ethics
- › The fact that it issues valuation standards that reflect local realities

Radu Timbuş, First Vice-President: ANEVAR has many strong features. It would be wrong to rate their importance.

Many of the strong features that I am going to list on are equally important or play out in different moments in the life and development of the Association and/or its members. (If I were to draw a conclusion on the questions as if it were a valuation or summary report, I would definitely say that “if you don’t know what to show or explain a young person about the authorized valuer profession, you can say that ANEVAR is about all of the things listed below.”)

Each of them generates trust, stability, professionalism and ethics regarding the “value of the goods” in society:

- › The existence of a clear, consistent, respected and monitored operation frame (including from an ethical and professional point of view) inside the Association;
- › Implementation of the valuation standards, their updating and alignment with the international experience and well as their rooting in and adjustment to the

Romanian social and economic landscape (in my personal phrasing, but the descriptive part of the standards presents the official approach and the spirit of the standard much better than I can);

- › Balance and dynamics at leadership level (the election of the Board members, continuity ensured by the “former-present-future” rotation, limitation of the consecutive mandates).
- › Willingness of the members to convey technical, professional, organizational and other types of information both to the colleagues and to the future generations (which generates a high, updated and adequate level of professional training, and leads to the accumulation of knowledge inside the Association);
- › Willingness of the members to do volunteer work and not get paid for leadership positions such as the Board, Board Committees, like, for instance, the Ethics Committee or the working groups.
- › Willingness of the members to do volunteer work to support the Association both inside and outside the organization, across the national economic and social environment (which creates strong support, including for the future leadership of the Association);
- › Engagement of different personalities (also ANEVAR members) in international organizations/ committees/ fora and the transfer/import of the information regarding the standards and current professional aspects/trends;
- › The existence of a stable staff that is already adapted to the way in which the organization works (which ensures swift

reaction and support for both the Association and its members, a dynamic organization that aligns to the needs of the members as well as to the digitization trend which is apparent across the society);

- › The existence of ANEVAR’s own research institute – IROVAL (which ensures the archiving of scientific work, certifies standards, techniques, methods and current interpretations as well as their alignment and updating).

There are definitely other strong points. Obviously, they all work together, they are intermingled and grow one from the other (in case we can establish which one comes first...)

Given all of the above, it is for the young ones to see all these strong points.

Are these strong points for them, too?

If they perceive them that way, we are ok, for the moment.

What if they do not... but they still want to embrace the profession?!

This can be a useful idea for a questionnaire which can then be reflected in a forecast: “What are ANEVAR’s strong points in the eyes of young people?”

Adrian Nicolescu, Vice-President: ANEVAR, an organization of about 3,000 members, is the only valuer association in Romania - where valuation is a regulated activity – as well as one of the most important in Europe.

The association is a public interest institution (since 2005) and, as I have already pointed out, valuation is governed by a specific law (since 2011).

It is an exporter of know-how in the region with good chances to become a regional leader.

It has all the necessary resources to expand the valuation services provided by its members. It can, for instance, provide training for real estate inspectors or of consultant-valuers.

Rodica Hășmășan, Vice-President: The Association is well organized and enjoys a prominent public image that obliges us.

Bogdan Ruse, Vice-President: The reasons that allow me to recommend the profession are given by the advantages of this profession, such as:

- › The independence that it comes with: either practiced individually or under the umbrella of a firm/organization, this profession comes with the freedom of making your own decisions; the result of your work, i.e., the valuation report, is the fruit of your decisions;
- › Belonging to a strong professional association: ANEVAR is an internationally recognized professional association that delivers a high level of professional training both in terms of initial courses and continuous training.
- › The existence of control mechanisms inside the professional body: the quality monitoring procedure implemented by ANEVAR is beneficial to the profession, because it is two-fold mechanism, it is aimed both at prevention and better quality of valuation work;
- › Independence offered by the working program; in most of the cases, the working hours are flexible, based on contract work and/or the cooperation inside teams;
- › Income level: even if competition is high or access to some type of work is limited, there is

a diversity of economic and legal areas where valuation is required, which makes it possible to gain a decent income.

George Dogărescu, Vice-President: I consider that our strong point is everything that has been done so far and all that we can achieve in the future. The Association brings together a balanced working system that makes it possible for the organization to make timely decisions, based on the ample experience of its members.

I will not dwell so much on the external relations for the time being, but I will come back to that at some point.

One of the objectives that I will pursue in international relations is to create and publish in the next issues of the magazine a material titled “Introducing the Associations”. We will present our association in the magazines published by our colleagues from other countries and they will introduce their associations in our magazine. Besides the fact that it would be interesting and beneficial for the readers, it would also be an initiative that would enable experience sharing, based on a partnership. In order to be “present” in the life of our colleagues, I suggest to translate and communicate this article to the respective association.

In the spirit that guides us in this journey, I would like to conclude with a quotation that may, sadly, reflect the current situation.

In an interview he gave for Oxford University, the great Polish director Krzysztof Kieślowski said the following:

“My belief comes from a deeply rooted conviction that, in case there is something we can do for the sake of culture that something is about topics and situations that connect people and not divide them.

There are already too many things that divide people, such as religion, politics, history and nationalism. If culture can do anything, then we have found something that brings us all together. And there are so many things that connect people...

Little does it matter who you are or who I am if my toothache or your toothache is the same. Feelings are the link between people, because when we say love, it means the same thing for everyone.

When we think of fear or suffering, we are all afraid in the same way and of the same things, that is why I relate about them, because in all the other things, I immediately find division”.



Cristian Dumitru, Secretary General: They are perfectly summed up in the 10 words that are displayed in the Board meeting room as well as on all the visual materials introducing the Association: Excellence, Standards, Valuation, Value, Deontology, Professionalism, Public Utility, Code of Ethics, Monitoring, Information; they are also the main concerns of the leadership of the Association and turn ANEVAR into a professional trail blazer.

Mihai Sîrb, Treasurer: In my opinion, the fact that the Association is visible and recognized both nationally and, especially, internationally, is the result of our collective work, the work that all valuers have contributed to in order to create our strongest features:

- › The Code of Ethics of the valuation profession
- › The national standards that incorporate the International Valuation Standards
- › The way in which the Association is organized – I would like to insist on an aspect that I consider important, namely the limited period and number of mandates
- › Accession to the profession (training courses followed by a graduation exam) and preservation of membership (continuous training and examination)
- › National recognition as a regulated profession

Ioan Bercu, Vice-President: Strong recognition as a professional organization that is well organized and capable to adapt to change.

Adrian Popa-Bochiș, Vice-President: The regulations, the image of an organization that safeguards the principle of ethics and is concerned with a high professional level of its members. I would add to that the oneness and force of the people. ■

What is the Influence of COVID-19 Crisis on Business Value?



Sorin Petre

President of ANEVAR,
Partner PwC Romania



Ileana Guțu

- Senior Manager,
Valuation and Economics
PwC Romania in 2020,
Currently: Associated
Partner EY



Beatricea Vistieru

- Associate
PwC Romania

The sectoral economic effects of the COVID-19 pandemic split businesses into four categories: essential services, big winners, losers and survivors.

The essential services include the following sectors: pharmaceutical, food, healthcare, telecommunications and utilities. The big winners, the companies for which the current crisis came with an increase of market demand, are those in e-commerce, video-communications, cloud platforms or telemedicine. The obvious losers from this shock are the entities in tourism and entertainment, the traditional retail and restaurants. The

survivors, i.e., the sectors that may “get away” less affected by the crisis could be the companies in the financial sector, real estate, online retail, the fashion or the media sectors.

The real estate assets suffer a different impact, based on the sector in which the business operates and the region that it covers. There are specific income generating assets (such as hotels and airports) that are severely impaired by the crisis and we expect their values to go down drastically, hand in hand with the spread of the virus. Other assets may be affected later on – real estate related to the office, logistics or retail sectors.



The real estate assets suffer a different impact, based on the sector in which the business operates and the region that it covers.

There is a risk that the observed short-term downfall may become a medium and long-term influence on the business.

Ultimately, there is a potential impact for most of the sectors, if we consider extreme scenarios about the spread of the pandemic.

For a significant number of sectors, however, it is clear that this sanitary crisis has resulted in a short-term decrease in financial performance, which will most likely extend to the next months. There is a risk that the observed short-term downfall may become a medium and long-term influence on the business. Considering that the business value is, above all, determined by the capacity of the company to generate future cash flows, it is important to understand the impact of a potential recession on the cash flow forecast of a business.

The analysis of the cash flow forecast is advisable to consider (1) the extent to which the outcomes of the current events were already reflected in the forecasts of the management, (2) the date when the forecasts were made, as well as (3) other external factors, such as the currency exchange. The financial projections shall be compared, as much as possible, with the market data and shall have to reflect a higher likelihood of a weaker economy on the short and the medium term. In case it is not possible to update the projections, one last option is to apply an alpha factor to the discount rate, in order to have it reflect the specific parameters of the company and of the industry. Nevertheless, it is important to note that the adjustment of the discount rate through the application of the alpha factor is an exercise that involves professional judgement and that the valuer may under or overcompensate the risks. Whenever this adjustment cannot be avoided, the experts must carry out an additional analysis focusing on the reasonableness of the risk premium impact on the cash flows.

Different cash flow scenarios could be useful to estimate the value interval for the potential business results, as well to reflect the related risks. The scenarios to be considered could be “business as usual”, the scenario of a short or medium-term crisis, the scenario of a serious and long economic downfall or even the go dark scenario – even if the probability may be small.

Special attention should also be given to the assumption related to long-term growth, which, in essence, reflects the expectations related to the inflation rate as well as long-term economic growth. Consequently, it may be necessary to diminish the growth rate in order to calibrate this assumption with other WACC input data, such as the risk-free rate.

For businesses in the tourism or transport sectors (where there is a lot of money received as down payment), the potential cancellations of bookings/refunds will generate a shortage of working capital as well as the need to cover the gap – which will significantly influence valuation.

With regard to the discount rate, there is no change in the CAPM model and the methodologies used to estimate the risk-free rate, the beta coefficients, the equity risk premium (ERP) and the structure of the equity. However, it seems adequate to review all the inputs and it is definitely necessary to assess the final result.

The risk-free rates, for instance, suffered a global drop, following the interventions of the central banks. Therefore, even if the valuer uses current risk-free rates, it may be necessary to use a higher equity risk premium.

When the valuer uses historical observations, special attention should also

Special attention should also be given to the assumption related to long-term growth, which, in essence, reflects the expectations related to the inflation rate as well as long-term economic growth.

On the backdrop of a capital market downfall, market multipliers have a different impact on different sectors.

be given to the changes in the beta factor. The bond margins have typically gone up and the credit rating could have been adjusted, which will impact the cost of the borrowed capital. The capital structure must rely on a long-term vision, yet historical observations may be distorted, considering volatility both of the stock and the bond markets.

Downfall on the stock market may stem from the fact that investors require a higher return for the invested capital. Does it make it necessary to change the calculation of the discount rates or of the specific input data, such as the risk premium on the stock market?

Stock markets have gone through volatility, but they continue to be liquid, unlike

the trading market of whole companies. When majority interest is valued through the discounted cash flow method, the discount rate may be adjusted by considering a low liquidity premium, instead of the typical “as if publicly traded” premise. Such a premium may be possible if we either observe a freezing of the market or a decrease in market efficiency.

On the backdrop of a capital market downfall, the impact on market multipliers differ with each sector. Can valuers still use recent sales (in case they exist) or stock market multipliers as guidelines commonly used in market value estimation? As it always happens in valuation, the answer depends on how consistently the valuer calibrates the assumptions. Therefore, it is good to ask whether the forecasts have



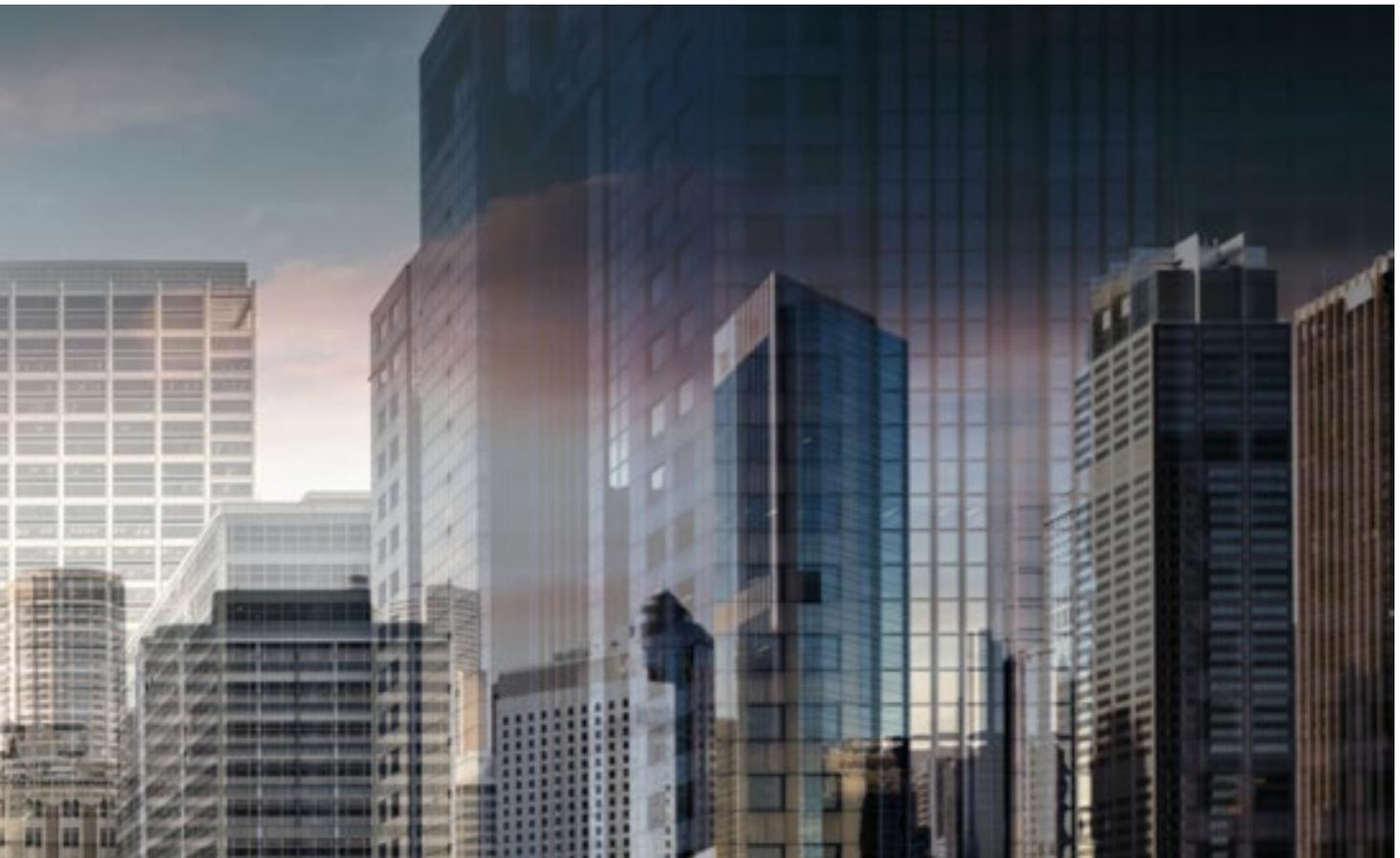
been adjusted to reflect the potential impact of the COVID-19 crisis.

Because of the high volatility of share prices, it could be adequate to use a several-week average, instead of daily quotes. Nevertheless, the market prices will continue to be used in order to check the plausibility of the results, because valuation cannot ignore market data. Despite of the drop in share prices from the recent period, it is important to note that the starting point for the market multipliers was already high and that the new multipliers could anyway be higher than the long-term norms.

To conclude, it is still possible to estimate values through the esta-

blished methodologies, though we expect the value interval to be much wider, since value is also linked to different scenario or sensitivity analyses that model the impact of the different variables on the value of the business. Judging from the high level of uncertainty, estimation of the business value could be more volatile. It is important for the users of valuation to be aware of that aspect from the very start, especially if they intend to use the conclusion on value for commercial purposes or if valuation is a recurrent routine. Beyond financial performance, a special attention should be given to understanding the liquidity standing and the creditworthiness of the subject companies. ■

To conclude, it is still possible to estimate values through the established methodologies, though we expect the value interval to be much wider, since value is also linked to different scenario or sensitivity analyses that model the impact of the different variables on the value of the business.



From the Times of the COVID-19 Pandemic



Adrian Vascu,
President of
ANEVAR in
2008-2009 &
2014-2015,
Senior Partner Veridio

This is a subject that is about to become so common that that its “usualness” may jeopardize one of the value conditions, i.e., “rarity”, and turn it into an obsolete topic that nobody takes seriously anymore.

In spite of that, the period from March 2020 until the present, June 2020, has significantly altered things – both in society and in each of us, the members of the society.

Some changes have been visible, others have been induced and we have not yet fully grasped them, but they all have affected our lives and activities. What is important to know is which of

the changes were transient and which will have medium and long-term effects.

We have each experienced the times differently. **In the following paragraphs, I will focus on some of the things that I have learned, in the hope that you will find them akin to your experience and that we can together become aware both of their importance and of their future effects**

Conciseness

All this time, we have been flooded with so much information – the social media, TV channels, film and documentary platforms – that we did not have the actual time to distil the essence and neither to screen relevant data from “noise”, or real news from fake news. This “tsunami” of information makes us simply stop at reading the titles and no more than that. Unfortunately, the quality of many news articles is doubtful, to say the least. Moreover, there is most often no connection between the news content and the title. “Powerful” words in the title (shock, crisis, disaster etc.) are just meant to count the clicks, but the information delivered in the articles is meagre. At the other end, there are the excessively long articles or postings that make us lose patience long before the final conclusions, irrespective of how interesting they might have been. That is why I believe that one of the lessons of the moment is the need for conciseness, which would help us devote less time to reading and more to processing the information. Information should be structured to fit the size of a glass of water that we drink when we are thirsty, not a six pack of water. I will comply with this principle myself and divide this article into paragraphs about 250-word long. They take less than a minute to read and they work independently.

Face-to-face communication

Since we use our phones, e-mails, Zoom and other such things for remote communication, we implicitly lay more emphasis on words. The role of the words and the manner in which we select them is now more important than before. Team cohesion is more difficult to achieve in remote mode and many companies have referred to this pe-

riod as a big challenge for team solidarity. To me, it has become clear that “unmindful” words that we could afford to use in the office, since we all shared the same space, can be extremely harmful when used in a phone conversation, in an email, or on any online media. In the office space, it was easy to add a nuance to the words through the tone of the voice, a certain look or gesture and mend the possible misunderstanding at the next visual contact. In the virtual world, “unmindful” words would echo in the mind of the receiver long after the remote contact ended, and get different other meanings when read over and over again. What you meant is not always understood as you originally intended it. The lesson here is that trust in people, in the team, in clients cannot be remotely built. I may be old-fashioned, but I think that face-to-face communication is essential in our profession.

■ Together we are strong

The social divide has widened in this period. Unfortunately, in many fields and on many topics, we often sit on antagonistic positions and there is no bridge to cross to the other side. There are people who believed that the virus was real and have taken rigorous protection measures and people who have defied all rules. In valuation, there are people who no longer carried out the physical inspection of real estate, while others continued with no restriction. There are analysts who forecast the collapse of the real estate market (and not only that market) and analysts who looked unflinchingly at the future. Parents who were adamant about social distancing and wearing face masks during school exams and parents who considered such measures to be exaggerated and painful for the children. Such a radical division cannot be beneficial. On the long term, what we really want is to live in a society that gives everyone an opportunity to fulfill their potential. These times have placed the human being at core. Financial indicators should become secondary, because we, the people, are the beneficiaries of any economic activity. We have seen man to be vulnerable and fragile in front of a disease for which we have no cure. Social position and fortune are irrelevant in front of disease. That is why I believe that an important lesson is that everyone should build a bridge to the others around them and create a strong society that serves the common good.

■ Community

In other words, the group that connects people through common things, ideas and objectives. We are all part of more than one community. The community around the valuation firms in which we work – colleagues, clients, suppliers, shareholders, creditors etc. The communities built around different professions, such as the community of the valuers. One important objective is to save the communities, i.e., to help all the parts stay together, keep them connected, functional and let them be part of the future, irrespective of how the future may look like. We instinctively think of individual escape, in a crisis. Our welfare is, however, directly affected by the welfare of the communities in which we are a part. Paradoxically, the best solution in difficult times is to redouble our efforts at making our own community stronger, which makes us also better protected. If we understand to do that (according to our own capacity), we will be given the chance of living in a functional ecosystem, one that may be even more prosperous when the trying times are over. This is an approach that no longer places value on profit, as money we individually earn at all price, even at the expense of the others, but cherishes profit as a mere effect of the created value, of the members’ welfare and of their capacity to combine their efforts in difficult times. Should we understand that, we can also look at competition in a healthier way. Demand is diverse enough to make room for different points of view. There is no need to take from the others if there is something that only you can offer. Solidarity around the community is a stronger foundation for individual welfare. Let the others have all they want!

I will divide this article into paragraphs about 250 words long. They take less than a minute to read and they work independently.

■ The foundations of future decisions

We have gone through a major and different crisis. What have we learnt? How can we make the downside work to our benefit? Which opportunities does this crisis have to offer? We need correct and complete information if we want to make good decisions. In answer to all those things that worry us, this magazine also includes the results of a professional survey based on the contribution of the valuation firms that were willing to give an opinion. It was a highly important exercise that was successfully concluded – the number of the respondents surpassed the minimal scientific criteria, which means that the outcome is statistically relevant and does represent a solid foundation for future decisions. The outcomes of the study are freely available to everyone who cares to look at them in the light of their own criteria. They represent tools that can help us find the solutions that suit us best. Our future steps will thus be guided by insights on: how the valuation profession reacted during the lockdown, how the lockdown influenced the valuation services, which fields of activity suffered changes, the direction of the changes, the measures already taken and potential future directions. The fact that the survey data rely on a professional polling study makes us confident that our decisions will be better grounded.

■ Solidarity

This is also the very topic that make me write these lines. I have in mind the case of our colleague from Braşov, Iulian Adam, who was diagnosed with a severe disease. The effort to find the best cure inherently bears on the expenses – little does it matter how much, what is important is that they are critical to life. Under the circumstances, supposing we were faced with a similar situation, we grew aware that only few of us were able to save enough to cover for such expenses without having to resort to our families and friends. We launched a fundraising campaign through our foundation “Appreciate Life!” and many of us stepped in right away. It is a wonderful gesture in which the amounts that everyone could contribute in this post-pandemic period are less important. What really matters is that we saw solidarity at its best in our community and I do hope that all the good thoughts and positive energy will support Iulian in his recovery. Our attitude has shown that we are willing to help each other and that we are not alone. The lesson from this experience is that I reassessed the importance of healthcare insurance, when it comes to covering hospital care. It is worthwhile thinking whether that is a timely decision to make, I believe. It undoubtedly is to me. The sooner we conclude a policy (age-wise), the lower the cost. Perhaps a framework insurance can be a solution.

■ Changes in valuation

What has changed in valuation activity? Many of us expected to get a concrete and fast answer. However, the pandemic and the lockdown came so fast and reality changed so suddenly that we did not have the time or the pool of data that we needed to come to conclusions. Not even on the medium-term. In retrospect, I believe some of the changes were transient and designed to apply only until the end of the lockdown, whereas others are to be considered on the long term. To illustrate the first category, real estate inspection in valuation is back on track, to the traditional physical mode. The things that we have (perhaps) learned are hygiene and social distancing, in order to avoid spreading the infection. The second category, i.e., long-term changes, includes the emphasis laid on the activity of the market in real estate valuation. More specifically, it was clear to all – and we all experienced that – that for a while we were all home bound, so there was no transaction concluded. Listings were valid throughout this period. Valuation could seemingly be carried out because there existed comparable sales. Valid ones. The sellers did confirm that the asking price was correct. Transactions start to show a comeback in this case. What stays with us in the importance of the activity of the market, which is a subject that also needs to be approached in the market research.

Have we learned anything from this period?

I think we have:

That there is much more to life than the daily fuss.

That we are vulnerable as human beings and that the disease makes no distinction between the rich and the poor.

That the valuation profession had things to do and, for that, it is worthwhile supporting those who were severely impacted.

That digitization is important for productivity, but face-to-face interaction stays critical in our profession.

That “we sell” trust.

That trust is built in face-to-face encounters.

That people should be at the core of everything.

That we each should do the things that make us feel fulfilled in life. In valuation language, we should attain our highest and best use.

That by protecting the others, we actually protect ourselves.

That short and concise messages/articles are easier to internalize and more effective.

That we should know to spot superficiality and leave it aside.

That titles should always be content in a nutshell.

That we are responsible for the consistency and substance of the community in which we participate.

It is worth as much as its weakest link.

That there is room for everyone. The framework of our future activity depends on us, as a group.

That expectations, needs and wishes are the same at 20, 30, 40, 50, 60, 70 or 100 years old.

That we change in time.

That forgiveness becomes more and more important in time.

That we are not in the same boat. But we ride the same waves.

Study on the impact of the COVID-19 pandemic on the asset valuation activity

Study realized by Wisemetry for ANEVAR in 2020

Objectives. Study design. Company profiling

OBJECTIVES

This study is founded on the need to assess the impact of the COVID-19 pandemic on the activity of the authorized valuers employed by valuation firms that are ANEVAR corporate members.

We aimed at opening a dialogue about the impact of the pandemic, about predictable developments in valuation, as well as about how to secure the business and how ANEVAR can meet the needs of its members.

DESIGN

Target population: Corporate ANEVAR members through the administrators (authorized valuers) of these valuation firms

Data collection method: Online interviews

Sample: 233 interviews. The final sample was weighted and reflects the real structure of the company universe.

Length of the questionnaire: 15 minutes

Data collection period: June 9-17, 2020



Objective. Study design. Company profiling

SHORT NOTES ON THE SELECTION OF THE SAMPLING VARIABLES

Two variables were chosen for sampling and, further on, for weighing the structure of the company universe. The turnover and the location of the main business office were selected based on the criterion of including as many companies as possible in the different layers of each variable.

Variables such as number of employees, collaborators and associated members, for instance, matched the purpose much less, as they would yield many companies in one layer and too few in another (see the distribution in a visual format on the next slide).

The non-weighted sample (bottom right) was later weighted so as the data for each variable should reflect the structure of the universe (upper right).



UNIVERSE (Turnover = T/O)	Bucharest	Other places	TOTAL
T/O > RON 500,000	35	16	51
T/O of RON 100,000-500,000	58	132	190
T/O of RON 50,000-100,000	13	88	101
T/O of < RON 50,000	39	112	151
			493
NON-WEIGHTED SAMPLE	Bucharest	Other places	TOTAL
T/O > RON 500,000	17	13	30
T/O of RON 100,000-500,000	41	95	136
T/O of RON 50,000-100,000	2	31	33
T/O of < RON 50,000	6	28	34
			233

!!!! In reading the report, it is important to remember that 24% of the companies in Bucharest have a T/O of more than RON 500,000.

For the other locations, large companies only account for about 5%.

03. Business in the lockdown period

Business volumes from March 15 up to the period of the study compared with the same period of 2019 were perceived to drop or stay constant by most respondents.

The biggest increase in activity, 8%, is found in the group of companies with a turnover higher than RON 500,000.

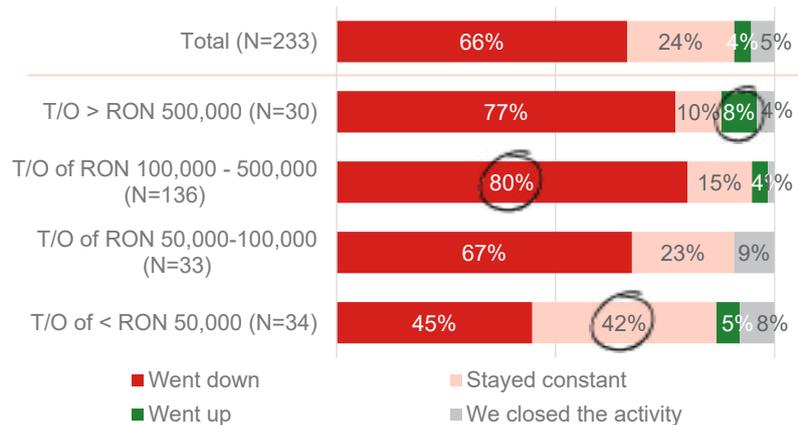
Most of the companies with a turnover inferior to RON 50,000 (42%) estimated that their business volumes mainly stayed unchanged, while the companies that suffered the largest drop in business volumes were those with a turnover of more than RON 100,000.

5% of all companies, declared that they closed down, with the highest percentage, i.e. 8%-9%, in the ranks of the companies with a turnover lower than RON 100,000.

 The statistically significant difference is calculated for 95% level of trust.



Business volumes per company segments



A02. Considering your business from March 15, 2020 until now, would you say that your business volume has decreased, stayed constant or increased in comparison with the same period in 2019? Assisted, one possible answer.

03. Business developments in the next 7 months

Two thirds of the companies stated that the activity volume decreased during the lockdown, compared to the same period in 2019.

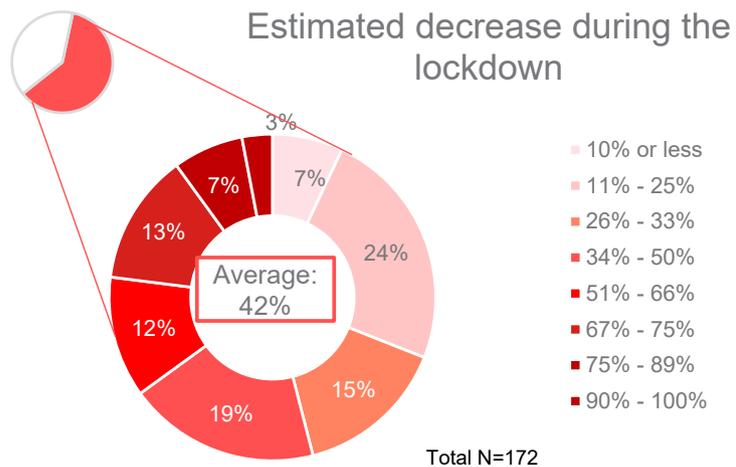
The average turnover drop resulting from the estimations of these companies is 42%.

More than half of these companies stated that their business volumes went down by more than 50%.

About 25% of the respondents stated that their activity dropped by 11-25%, while 7% of them experienced a slight decrease, of less than 10%.



Companies that estimated a drop in their business volumes (66% of all companies)



A03_1. Which is your estimation of the drop in business? One possible answer.

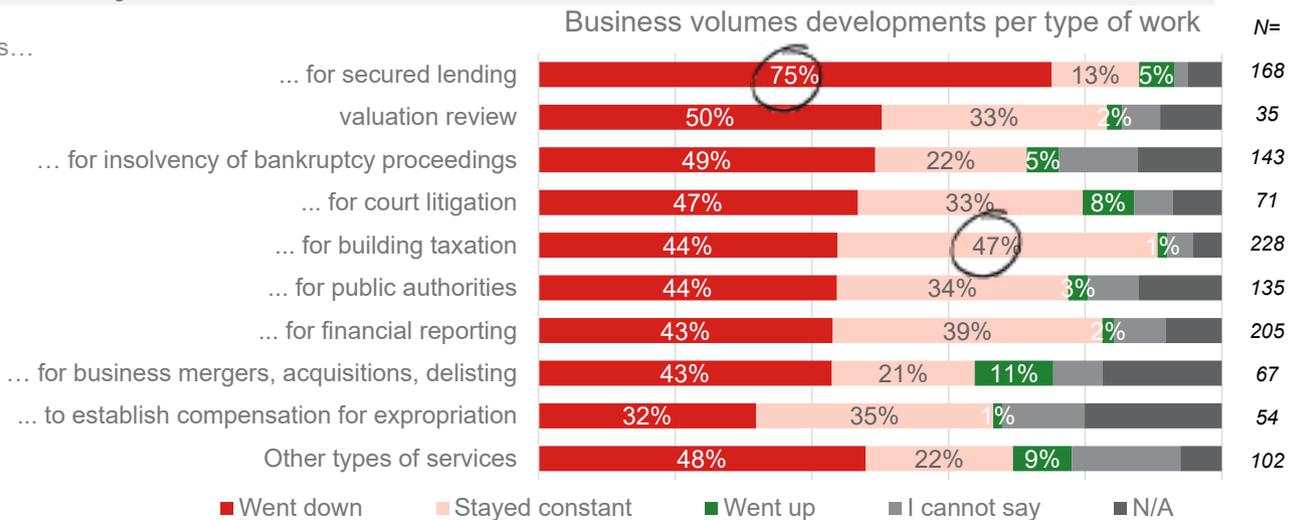
02. Business during the lockdown



The type of valuation that suffered most during the lockdown was valuation for secured lending, next to considerably lower percentage drops for valuation review, valuation for the purpose of insolvency or bankruptcy.

Note: Each company made an estimation only based on the types of valuation that it actually performed. See column N = number of respondents of the right hand side of the chart.

Valuations...



The statistically significant difference is calculated for 95% level of trust.

■ Went down ■ Stayed constant ■ Went up ■ I cannot say ■ N/A

A05. You stated earlier that you perform the following types of valuation work. What are the developments in the business volumes per each type of work from March 15, 2020 until now?

02. Business during the lockdown



The demand went down, contracts were put off or decisions were made later than anticipated, the restrictions in place hindered interaction with the clients. These are the most important factors that had an impact on the normal performance of business.

The aspect most often mentioned in Bucharest was putting off the conclusion of contracts, while in the rest of the country, the aspect that mattered more was limitation of face-to-face interaction.

Large companies, with a turnover of more than RON 500,000, brought up more than the others the topic of reductions in fees.

Top 12 impact factors



A04. In your opinion, which factors influenced business the most? Pick the 3 most important factors.

0.2 Business during the lockdown

The ranking presents the measures taken in order to continue to operate under the new legal restrictions, which mainly refer to employees/collaborators/working teams.

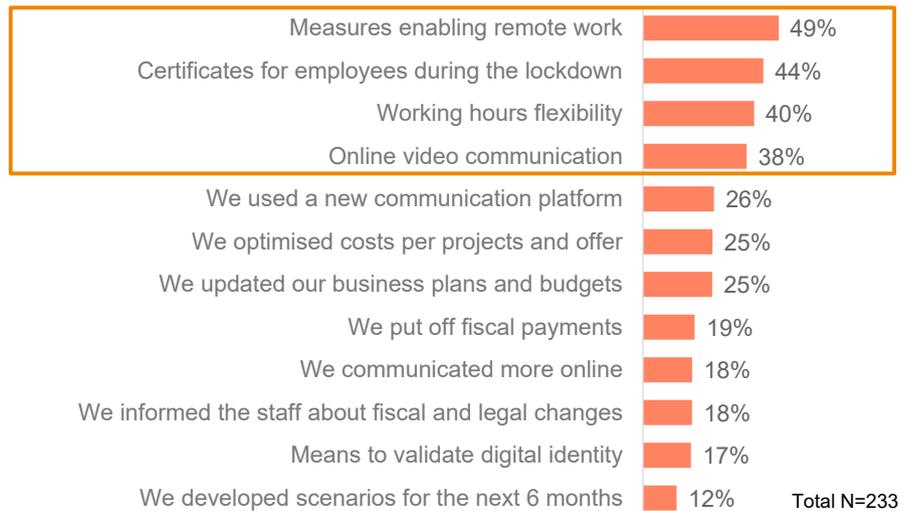
Companies with a higher turnover (more than RON 500,000) implemented more measures than the rest of the companies (three more, on average), which covered:

- A new communications platform
- Updating the business plans and the budgets
- They took into account and informed all the employees about the fiscal and legislative changes
- They developed impact scenarios for the next 6 months
- Recurrent virtual meetings

Companies with a turnover between RON 100,000 and RON 500,000 stand out for cost of labor reductions: furlough, termination of collaboration agreements, pay cuts.



Top 12 implemented measures



A06. Which of the following measures did you resort to in the last 60-90 days in order to mitigate the impact of the pandemic crisis on your business? Assisted, several possible answers.

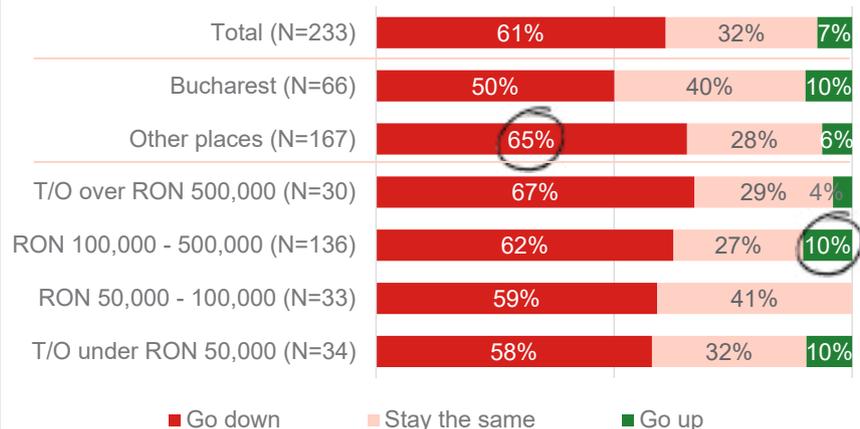
03. Business developments in the next 7 months

Business developments during the lockdown, which indicate an up to 80% drop in volumes in the ranks of the companies with a turnover between RON 100,000 and RON 500,000 and those with a turnover of more than RON 500,000, also impact business forecasts. Despite that, more than one third of the companies show optimism and expect a business volume at least as high as last year.

The valuation firms with offices outside Bucharest show more pessimistic than those from Bucharest and state that they expect a drop in their business volumes.



Business developments in the next 7 months



A08_1. Thinking of the next 7 months, do you expect the business volume of your company by the end of 2020 to be similar, higher or lower than in 2019?

The statistically significant difference is calculated for 95% level of trust.

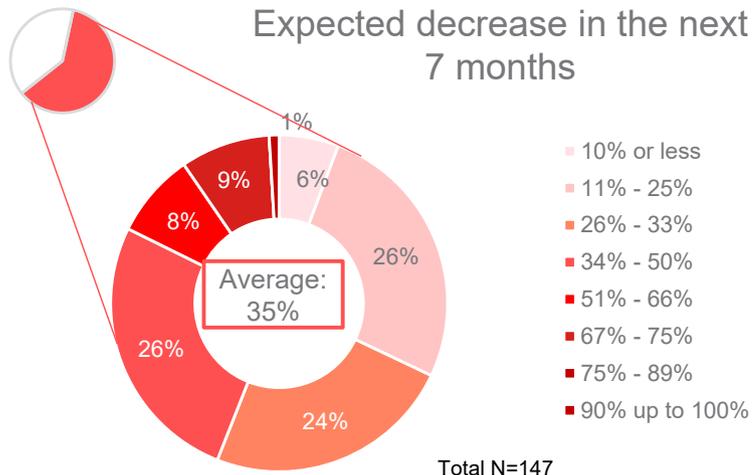


04. Business developments in the next 7 months

Out of the total number of 233 companies, 147 expect their valuation activity to drop in the next 7 months. Whereas in the lockdown period, about 33% of them experienced an over 50% drop in activity, only 18% of the companies expect a similar drop, of more than 50%, by the end of the year.

On average, if we take into account the opinions of all the respondents who estimated that the volumes of their businesses would drop, the expected decrease is of 35%. Only 1% of the respondents who estimated a decrease in activity by the end of the year see the drop as drastic as to cause them to close down.

Companies that expect a decrease in their business volumes

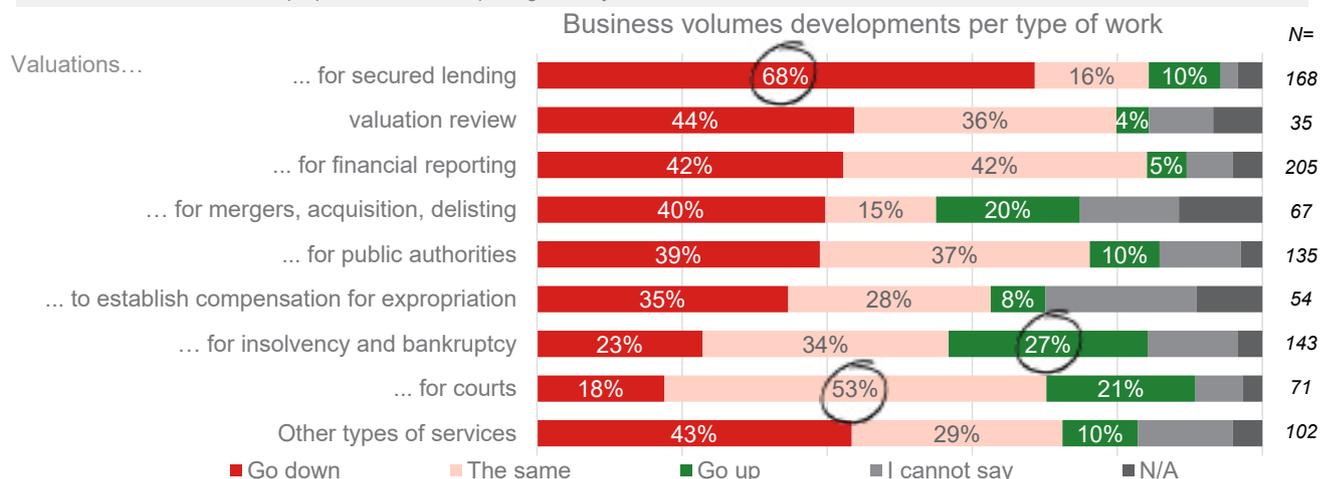


A08_2 How big is the drop in business volume that you expect in the next 7 months in comparison with the same period in 2019? One possible answer.

04. Business developments in the next 7 months



The respondents expect a decrease of valuation for secured lending in overall activity volumes and a slight drop or sometimes even an increase of the share taken by valuation for the purpose of insolvency and bankruptcy or even by valuation for litigation purposes. Many respondents stated that valuation for the purpose of financial reporting will stay the same as in 2019.



The statistically significant difference is calculated for 95% level of trust.

A09_1. Thinking of the next 7 months, do you expect the following types of work delivered by your company by the end of 2020 to be similar, higher or lower than in 2019?

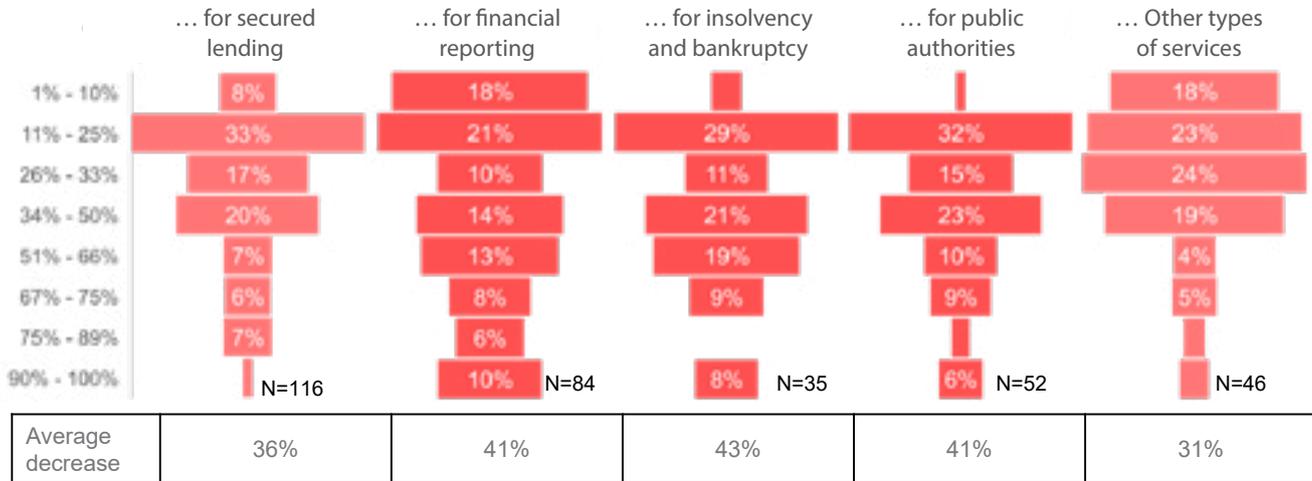
04. Business developments in the next 7 months



Most of the respondents expect a less than 50% drop, irrespective of the type of work, the majority of them having ticked the 11%-25% box. Many companies expect positive developments to occur in the field of valuation for insolvency purposes. 75% anticipate an increase of up to 25%.

Note: The chart only shows those types of valuation work for which more than 30 respondents expect a decrease.

Expected decrease for each type of valuation work

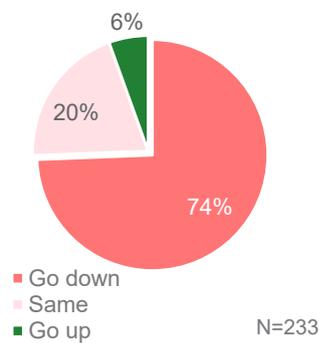


04. Business developments in the next 7 months

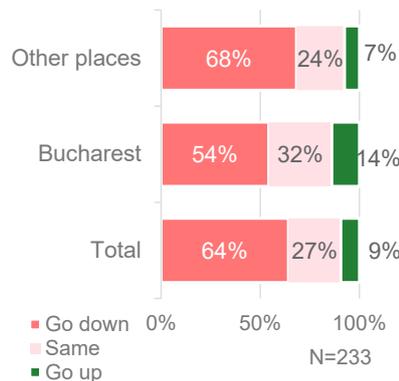


Regarding the perception of the corporate members representatives on the developments in the real estate market, they expect both a drop in volume and in average unit price. The average drop in the number of transactions in this market is about 23%.

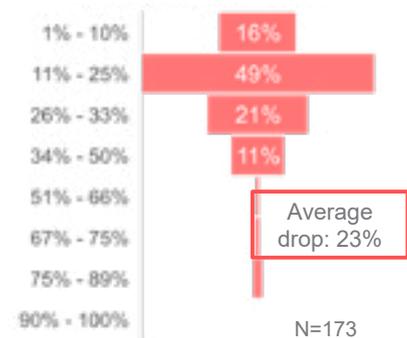
Developments in transaction volumes in the residential market in the next period



Developments in average residential unit price in the next period



Decrease in number of transactions in the residential market in the next period



A13. What are the developments you anticipate in terms of transaction volumes in the residential market in the next period (7 months)? One possible answer.
 A14. What are the developments you anticipate in terms of residential unit price in the residential market in the next period (7 months)? One possible answer.
 A15_1 How big is the drop that you expect in terms of number of transactions in the residential market in the next period (7 months)? One possible answer..

05. Securing the business with the support of ANEVAR

The most significant measures that valuation firms envisage in order to mitigate the impact of the pandemic on their business are:

- Cost **optimization**;
- Portfolio **expansion** or other possibilities to expand the business;
- **A much closer relationship with the clients** and much more focus on risks.

Large companies (T/O of more than RON 500,000) consider more measures such as:

- Getting closer to the clients, act more promptly and efficiently (the critical aspect)
- Cash flow management
- Open and fast communication of the business decisions in order to keep the morale of the staff and collaborators up
- Reduction in the number of staff and changes in the payment and/or bonus system.



Top 12 measures to implement



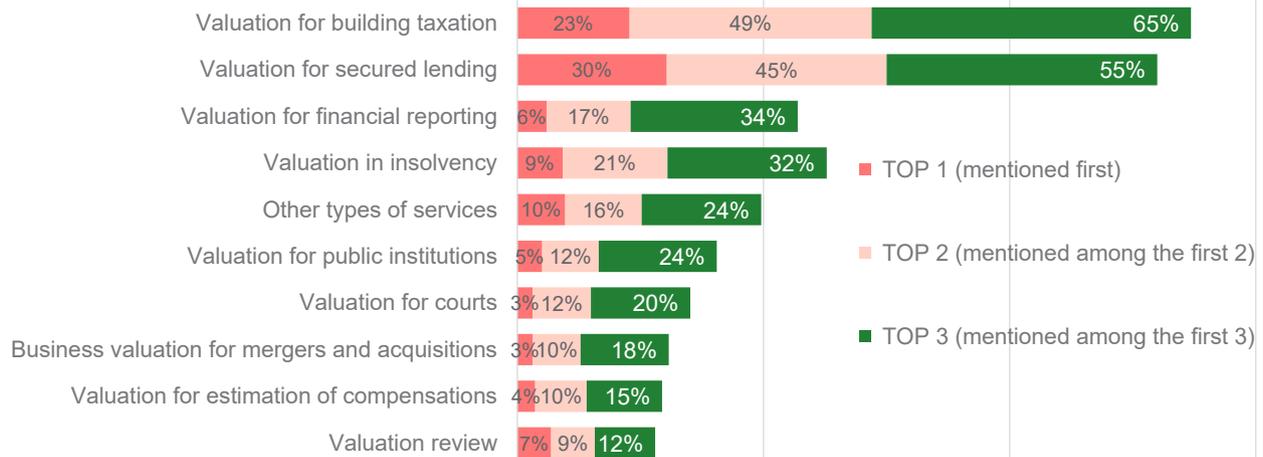
A10. Which of these measures do you envisage to implement in your company in the next few months in order to mitigate the impact of the pandemic on your business?

05. Securing the business with the support of ANEVAR

The most relevant valuation in the future is considered valuation for secured lending (especially by the first two layers of companies by turnover) and valuation for building taxation (more relevant for smaller companies). These types of work are followed by valuation in insolvency and bankruptcy proceedings (significant for small companies, with a turnover of under RON 50,000) and valuation for financial reporting (more relevant for the first two layers of turnover, above RON 100,000)



Ranking based on the volume of work in the next 3-5 years



A12. According to you, what is the 1-10 ranking of the different valuation fields based on the volume of work in the next 3-5 years?

05. Securing the business with the support of ANEVAR

Whereas, when assisted, cost optimization came first in the list of measures, when asked to give a spontaneous answer, the respondents provided a variety of proactive, client-oriented measures. The first ranking answers were:

- Market research/intensive sales
- Promotion

Market research is more relevant to the companies in Bucharest (35%), whereas more intense promotion and marketing activities were mentioned more often by smaller companies, with a turnover lower than RON 50,000.

12% of the large companies stated that they did not see the usefulness of such measures because they did not find stagnation as a possibility and 21% of them did not provide an answer to this question.



Business securing measures – Spontaneous answers



A16. What are the measures that you will implement in the next few months in order to secure a similar or even larger volume of valuation work in your firm in comparison to last year?

05. Securing the business with the support of ANEVAR

The role and the expected support from ANEVAR consists in the continuation of the qualification seminars and training courses.

Altogether, irrespective of the type of seminar or training course, 88% of the companies are looking forward to at least one of the training courses or seminars proposed by ANEVAR.

Companies are looking forward to the wide-scale use of webinars, whereas for one quarter of them, the structure of the existing seminars is good enough.



Support from ANEVAR



A17. With regard to ANEVAR support, what would you consider as useful to occur/be implemented in the next period? Several possible answers.

We lead change in the world by example, not by opinion!

Countless fake news mingled with the attempts of well-intended and responsible people to calm the situation have determined me to reiterate one aspect: it is up to us to gradually change what has to be changed. The topic I approach here is inspired by a message published by European Leadership group on LinkedIn.



Dana Ababei

ANEVAR President
in 2018-2019, CMF
Consulting S.A. CEO

We, the Romanians have our own saying about that: “Follow words of wisdom, but don’t look at who utters them”, but I will refrain from illustrating that, I’d rather you chose the illustration yourself. I won’t provide advice about what is good and bad to do in these difficult times for all, not because I could not do it, but I am not an expert in the field and I prefer to seek information from established sources.

Why is not protection of the members our main goal?

- › Because if there is no trust in the services that we, valuers, provide, there is nobody to protect! We are gone as a profession in no time if the public does not understand what our profession is about. It is not enough that there are clients that have to resort to our services, each of us should make

I would like to remind everyone that, from its very establishment, the purpose/goal of our association is to attain public recognition

them understand why valuation is useful, how it changes the state of facts that existed before valuation, how valuation is performed and what it is not. How can we do that? Through commitment and by doing every day a little more of what we know to do best. It is not normal to ask for regulated fees when, as an individual valuer, one does not care and asks for fees under the minimally acceptable level, it is not normal to expect the association to solve contractual issues with clients, when one is aware that we are a professional association, not

an employers' organization, made up of different business people.

- › Because, once we gain the others' trust and respect, we need nobody to protect the profession, but the profession is protected by its very existence and necessity.
- › Because, by choosing to protect only ourselves, we will only do what we hate in other professions that choose to protect one person, when faced with a problem, at the expense of many others who are correct and compliant with the rules.

It is not normal to ask for regulated fees when, as an individual valuer, one does not care and asks for fees under the minimally acceptable level.

I believe trust is built on the truth that we tell people, not on what they want to hear





I believe trust is built on the truth that we tell people, not on what they want to hear

Starting from this personal conviction, I believe that there are at least two categories of clients out there:

Those who respect the valuer, even if they may not like the final value conclusion.

Those who only care about themselves and all they need is for someone to undertake to sign a paper.

The first category of clients will always come back when they want a correct valuation and will always recommend a good professional.

The second category of clients is also the most dangerous, these are the people that put pressure on valuers, do not care about anyone, avoid paying for the services when the value is not what they expect and rather look for another valuer whom they subject to the same pressure. If each and every one learns how to recognize the second category and how to stop in time in order to limit material and intellectual losses, then we have taken another step towards gaining the respect that we need so much in our lives.

We cannot stay in this profession on the long term if we do not succeed in learning to say NO and giving an argued opinion on why it is a NO.

We cannot stay in this profession on the long term if we do not learn about self-respect, if we do not understand that the fees do not only bear on the hours that we worked, but on all the expenses and investment we made in order to be able to write a valuation

report in a specific number of hours and, mainly, on the risks that we are willing to undertake. These days, when we have to stay home, or rather work from home, I believe we should all think of the things that we can improve for all of us to fare better.

One first step is to appreciate what others do for us and become more sympathetic; we should only be critical after we have shouldered some work towards building respect

I have said it before that it is easy to be a backseat driver, but the secret to going somewhere is to start driving! **Some started on this way many years ago,**

others just a few years ago, but I believe that time has come for each of us to engage with strengthening public trust in our profession and with earning respect.



Standards, the Pandemic and the Usual Suspects

“Try harder today than you did yesterday if you want tomorrow to make a difference.”
Norm Kelly, Canadian politician



Daniel Manate,
President of ANEVAR
in 2016-2017
MAA, MRICS, REV

Habemus Standards, Ok! So, what are we going to do with them?

That's a good question especially as this collection gem, the 2020 SEV Edition, is worth a central place in the coat of arms of any valuer in Romania. Allow me to briefly list the main reasons:

- › First of all, this is not an everyday, periodic, routine edition, where some things had to change for the sake of ticking a box on the list of the Board's achievements. This edition was delivered after long labor, with sweat, groping and pandemonium. One way or another, the long-expected edition of SEV 2020 is a child of the pandemic.

The pandemic came with something good, in the end. After longer (online) debates or shorter deliberations (in the General Meeting), where we finally came to a resolution (December 2019), which we then overturned (August 2020), by remote approval – well, COVID had a say in that – we find ourselves with a fresh set of standards, just waiting to be applied. On top of all, they

are also compliant with the latest standards published by the IVSC in 2019.

- › Secondly, the new collection comes with *material* changes that we must know and understand, if we want to effectively apply them. The most important such change is a self-standing standard that puts together all the valuation approaches and methods. This is SEV 105, which was written in such a way that it meets the particulars and the requirements of the profession in Romania, which is also why it is not identical with IVS 105.

Other new important standards are SEV 340 *Property Valuation and Energy Efficiency* (EVIP) – taken over from the European Valuation Standards, SEV 220 *Non-Financial Liabilities* (IVS 220) and SEV 102 *Investigations and Compliance* (IVS 102).

A number of other standards were taken over from IVSC in their current wording, which includes the *amendments* brought to the previous editions. They are marked in parentheses, with the number of the international standard that they literally reflect;

for instance, SEV 101 (IVS 101) or SEV 200 (IVS 200). There are two worthwhile aspects under the circumstances. On the one hand, there is an elaborate version provided by the IVSC to SEV 250 *Financial Instruments* (IVS 500), in comparison with its initial version, which reflects the importance of financial instruments valuation, globally. On the other hand, there is a new level of sophistication and complexity added to the business valuation standard, such as the differentiation between simpler capital structures (common stock) versus the more complex ones (which include a form of equity other than just common stock). Thus, the new SEV 200 (IVS 200) introduces valuation methods applicable to complex capital structures that are less familiar to Romanian valuers, such as the *current value method* (CVM) or the *probability-weighted expected return method* (PWERM), two methods that have not been addressed in any of the materials that ANEVAR has published so far.

A series of valuation guidance, which are specific only to the local valuation standards, have undergone changes that we will have to consider in our work. To illustrate that, I will randomly select one valuation guidance, say GEV 630, and there I can see paragraphs that were added (14, 25, 60), others that were removed (59) and well as a number of them that

suffered additions, amendments or a change in number (e.g., 23 – former 22, 108 – former 107 etc.). A similar treatment was applied to GEV 500, GEV 600 or GEV 620.

- › Thirdly, the mandatory derogation from SEV, subject to legal or regulatory requirements, or the requirements of other authorities that provide for the purpose and the jurisdiction of valuation, still *prevails* over the other requirements included in SEV.
- › Finally, the 2020 edition of the standards also includes the *Code of Ethics of the Authorized Valuation Profession*,

A series of valuation guidance, which are specific only to the local valuation standards, have undergone changes that we will have to consider in our work.



approved through the Resolution of the National Conference no. 1 of 2012, which includes the rules of integrity, impartiality, objectivity, independent judgment and ethical conduct that we must abide by in our work as authorized valuers, next to our obligation to comply with the SEV and the relevant legislation in our valuation work.

In order not to leave a dovetailed question in the opening of this article, let me make some suggestions in guise of an answer: we read them, study them, analyze them, identify what distinguishes them from the previous edition and understand what and where should be changed. Then we change the templates of our reports, especially the part that makes reference to the valuation standards, approaches and methods. Finally, we update our Excel sheets, if needed, or other calculation applications.

Valuation During the Pandemic

The SARS-CoV-2 COVID-19 pandemic that started in Wuhan, China at the end of 2019 hit the entire world unexpectedly hard, thus compromising the global perspectives of economic growth. The ne-

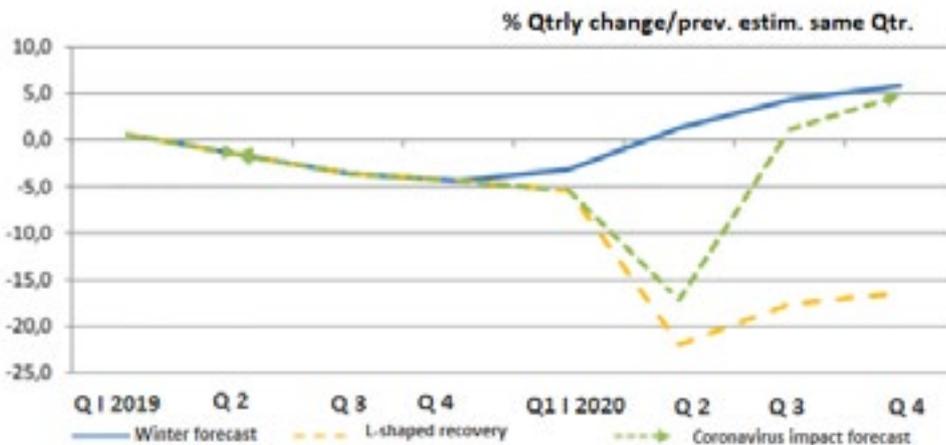
gative influence especially caused by the quasi-general measures taken to protect the population against the effects of SARS-CoV-2 has not only generated a major economic downfall or extreme volatility on the capital markets – as illustrated in the graph included below – but also incertitude in respect of the future forecasts.

Considering the severity of the problem, namely the extremely high number of affected people – billions of them – the seriousness of compromising economic growth in almost all the countries in the world and, last but not least, the high level of incertitude generated by aspects such as the length of the pandemic or the magnitude of the impact on each individual country, the National Commission for Strategy and Prognosis of Romania (CNSP) rightfully states that the COVID-19 pandemic has turned into “the most important negative shock that the world economy has suffered since the economic and financial crisis of 2009”.

If we analyze industrial production in Romania, for instance, we may notice that those which suffered most were the sectors that accounted for a large share of the exports. The quarterly developments in in-



Evolution of the international indicators S&P 500 and Euronext Top 100 (in red)
Source: Yahoo Finance



Source: CNSP, own elaboration based on NIS data

dustrial production projected by the CNSP are presented in the graph below, which shows the deviation from the initial forecasts (in continuous blue line) under the two deviation scenarios: the V-shaped scenario (more favorable, dotted green line) and the L-shaped scenario (unfavorable, dotted yellow line).

This graph actually helps us understand how complicated asset valuation becomes in times of the pandemic. The situation gets even more complicated when we start to realize that *different* industries suffer a *different* impact of the pandemic. Whereas some are barely surviving (HORECA and civil aviation), others are booming (social media and e-commerce), spurred by the official lockdown, quarantine and self-quarantine measures, the measures restricting free movement or even people's fear to go out or interact. Adding to that the reluctance of some owners to allow properties to be inspected during the lockdown, or avoidance of inspection for similar reasons, sometimes a practice on the valuer's side during the same period, we can understand the amplified difficulties of valuation without an inspection, which relied on the alibi of the pandemic. Practically speaking, the incertitude related to the specific market or the

altered consumers' behaviors during the pandemic was compounded by the incertitude which, in the absence of inspection, is inherent in the subject asset and can potentially cause different other issues.

Nicholas Talbot, the CEO of the IVSC, has suggestively described the current pandemic period: "*We are living one of the most challenging and insecure moments from recent world history.*" These challenges are not only economic or medical and are not only apparent at the industry and regional levels, but also at the level of the professions, professional associations, valuation firms and independent valuers.

What's left to be done then? Preparedness, research, accountability.

We must be the more so *prepared* as the incertitude that looms around the profession is higher. And why not, preparation may start with the Asset Valuation Standards, the 2020 edition, with updating the text in our valuation report templates and adapting the model calculations.

Research will be sensibly more laborious than it used to be because, in many cases the shrinking of various industries and asset-specific markets makes it more difficult to collect valuable data for the development of our work; I refer here to the "golden data" in valuation, or *intelligence*,

We must be the more so prepared as the incertitude that looms around the profession is higher. And why not, preparation may start with the Asset Valuation Standards, the 2020 edition, with updating the text in our valuation report templates and adapting the model calculations.

The nature of our work and our duties towards the clients, users, our colleagues and the profession make us accountable for the work reflected in our valuation reports.

a notion that was described in the Business Intelligence seminar for valuers, i.e., key valuation data.

The nature of our work and our duties towards the clients, users, our colleagues and the profession make us accountable for the work reflected in our valuation reports. And that, under the current precarious circumstances, where projections that last year would have seem easy to perform have now become significantly harder and uncertain.

Who can help us in our endeavor? The Association. It has already done it. How? In order to support the authorized valuers who suffered the economic effects of the pandemic, the Board has taken concrete steps, from extending the bonus period for the payment of the fixed subscription to a 25% discount applied to the variable part of the subscription, consisting in the cost of the online professional training seminars organized by the end of 2020.

On the other hand, ANEVAR had a timely reaction and issued on March 24, 2020 its *“Position on the inspection of real estate for the purpose of valuation during the period of the protection measures taken to counter the spread of COVID-19”*. It was followed, on April 24, 2020, by *“The position of ANEVAR on the valuation activity in the context of the COVID-19 pandemic”*. The Association continued its agenda of professional training and on July 8, it organized its traditional joint conference with Bucharest University of Economic Studies *“Valuation for the Romanian Capital Market”* on ZOOM platform. The conference addressed topical issues such as the impact of the pandemic on asset valuation in general and businesses, in particular.

ANEVAR thus joins the select club of professional valuation organizations or valuation data providers that made available to their members and, generally speaking, the profession, a series of mate-

rials, advice and guidance that are useful to the parties involved in valuation. These include the prestigious organizations such as IVSC, TEGoVA, the Appraisal Institute, RICS or the American Society of Appraisers.

The Usual Suspects

So, we have new standards now and every authorized valuer is aware that they must be applied in the various asset valuations that they accept to undertake. This is also an obligation stemming from GO no. 24 of 2011, but do all those who provide asset valuation services, one way or another, know that? Supposing they know it, do they act accordingly in practice?

That’s a rhetorical question, but, still, if we had to answer it, the answer would be negative, sadly.

Where does it sometimes happen to dismiss the legal provisions that govern asset valuation? I am sure that many of the readers already know the answer to that. In court, of course. In some of the judicial expertizes, the valuers, or which, expressed in other terms, also include the asset valuation.

Compliance with standards is essential in valuation from more than one point of view. This is not only about the fact that the standards stand for *“best practice”*, which necessarily protects the interests of the public, of the clients and of the intended users of valuations, of the authorized valuers, of the association and of the profession alike.

It is much more than that. It is about the possibility to compare the work done by several valuers. Suppose that in a dispute, the parties submit several valuations of the same asset, performed in the same context and at the same date. They are, however, significantly different in terms of results. How could different valuation works be compared, either as common valuation reports or judicial expertizes if

they did not all comply with the same set of rules, or rather *standards*? It would be as if two persons simultaneously looked at the same house using a pair of binoculars each, but one has set the lenses right to see the building in all its details, while the other did not adjust the instrument and can only see a blurred image. When asked to describe what they saw, the former will provide a faithful description, whereas the latter will be far from reality. Adjustment of binoculars stands for the *role of the standards in valuation*. Without the same diopter adjustment, i.e., the same standards, it is impossible for the parties to find the same value. Not even distantly so.

If the judicial expert – appointed to write an expert valuation of the same subject asset previously estimated by an authorized valuer – fails to use the valuation standards in his expert report, the result of his work possibly/probably is more or less far, even significantly so, from the result of the other work. What difference does it make if the authorized valuer developed an impeccable valuation report, all compliant with the asset valuation standards that are relevant for the assignment, those which (does it ring a bell?) are considered “*best practice*”. What matters in court is a judicial expert opinion, given by an expert who uses “*his binoculars*” with a different adjustment, which might be *perfect in its non-compliance with the asset valuation standards*. The answer is sad. Irrespective of the fact that he did impeccable work from the point of view of his profession, the authorized valuer may become the “usual suspect” in the current context of judicial expertizes. He becomes a scapegoat, or even worse, he has to pay damages. I leave aside the potential injustice done to the parties in the litigation/trials which

rely on expert reports developed with no concern whatsoever about the legal framework that governs asset valuation in Romania.

Allow me to conclude by quoting Sorin Petre, the president in office of ANEVAR who, in his opening word to the 2020 SEV edition wrote, “*The application of the Asset Valuation Standards is mandatory in valuation performed in Romania. From*



this perspective, the valuation standards adopted by the association underpin all the valuation/review reports, including those developed for judicial expertizes that refer to the asset value estimation”.

Strategically speaking, the Board of ANEVAR must now, more than ever before, further the work that it started back in 2014, namely, the harmonization of the judicial expertizes reporting framework with the legal provisions on asset valuation in Romania. It is a process that requires the integration of the Association, as it undoubtedly has the highest competence in the field. ■

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Best Practice in Professional Valuation

THE NEW ASSET VALUATION STANDARDS

The 2020 edition of the **Asset Valuation Standards** marks a new important stage in the development of valuation practice in Romania, with ANEVAR legally vested as the competent authority mandated to write the obligatory standards for the profession in the country since 2011. ANEVAR is the organizer, coordinator and authority in valuation in Romania, and the main instrument that the valuers apply in their professional practice is the Asset Valuation Standards. In order to strengthen the trust that the users of valuation services put in us, alongside the collection of standards, this year, we also published the *Code of Ethics of the Authorized Valuation Profession*, which was authorized by the National Conference in 2012.

Generally speaking, irrespective of whether they are international, European or national, the valuation standards offer guidance to the valuation profession and support market consistency, transparency and trust in the valuations that are key to investment decisions, financial reporting and the stability of the financial markets worldwide. The ultimate beneficiaries of compliance with this set of rules are our members themselves, the authorities, the financial system and, last but not least, the general public interest.

The latest edition of the Standards includes the 2020 edition of the International Valuation Standards (IVS), which, together with the Valuation Guidance Notes (GEVs), make a complete collection, perfectly compa-





› SORIN PETRE,
- President of ANEVAR,
Partner at PwC Romania

tible with Romanian realities in the field of asset valuation. We have also included two European Standards, *Valuation and Energy Efficiency* and *Valuation for Insurance Purposes*. The major concern of the Association has always been to update these rules, adapt them to the local economic realities and to keep abreast with the developments in the profession, which, like any other similar profession must now reinvent itself and adapt faster than it used to before the pandemic. Finding ways to inspect assets in a lockdown or when movement is limited, the impact that the overall prevailing economic incertitude has on the valuation process or the digitalization of the working processes are but a few of the challenges at the core of the discussions inside the profession these days.

By the time this article is published, the new standards collection will have already come into force – by September 1, 2020 – and we will be in the midst of the best practice promotion campaign. The campaign will make use of all the means available to us (online conferences and seminars, newsletters, the mass-media, *Value - Wherever It Is* magazine), since standards are mandatory for all valuation/valuation review reports in Romania.

Allow me to recall that valuation guidance notes have suffered changes in various paragraphs, as we needed to align them with the new International Valuation Standards that SEV 2020 encloses, such as: modifications of a number of old paragraphs by removing or adding explanations; the complete removal of a series of old paragraphs and changes at the level of terminology. The 2020 edition of the standards also includes two new standards, namely, SEV 105

“Valuation Approaches and Methods” which dwells on specific methods applied in the three valuation approaches, based on the subject assets, and SEV 220 “Non-financial Liabilities”, a standard that addresses a demand on the market of valuation services. Among the elements of novelty in the 2020 edition, I will only touch upon a few new paragraphs as well as some that were amended, in order to provide a useful summary for those who are barely acquainted with the changes and those who have not started yet to look into the new collection – the list of modifications, SEV 2020 vs. SEV 2018, is detailed in the opening to the standard collection.

For instance, in GEV 500 *Determination of the Taxable Value of Buildings*, there are three paragraphs that were amended:

“4. The taxable value is not the same as “market value”, “**fair value**” or any other type of value defined in the Valuation Standards into force, except for the type of value that is explained and regulated in this Guidance.”



“11. In case of a taxpayer declaring several buildings within the jurisdiction of the same local administrative unit, the valuer shall develop a single valuation report enclosing the final conclusion of taxable values of the buildings declared by the owner in Annex 1 to this Valuation Guidance Note, buildings found within the jurisdiction of one locality.”

“22. Under the cost approach for tax purposes the new construction cost does not include the profit or entrepreneurial incentive, **neither the potential financing costs.**”

In GEV 630 Real Estate Valuation, there are a number of new paragraphs, correlated with the new IVS, as well as a change in terminology, whereby “comparison criterion” is replaced by “unit of comparison”:

“14. The set of documents needed in the preparation of the valuation report shall include, without being limited to, the following:

The ownership deed;

The Land Registry excerpt;

The Urban Development Certificate, valid at the valuation date, showing the development legal possibilities (use, POT – land occupancy percentage, CUT – land use coefficient, restrictions on use, etc.) – for vacant land and properties under construction;

Other specific documents, based on the type of real estate under valuation (approvals, permits, etc.).

“25. The authorized valuer certification does not offer surveying competencies, i.e. the responsibility for the correctness of the measurements shall rest with the persons who developed the documents supporting the valuation.”

“60. Direct capitalization converts the expected annual income in an indication of the value of the property; this conversion is achieved either by dividing the estimated income at an adequate rate, or by multiplying it with a factor that is adequate for that type of income (income multiplier). Direct capitalization is widely used when properties are operated on a current basis in their specific market and when there is a large amount of data available about comparable sales with the same levels of risk, income,



operating expenses, the same physical and location features, as well as investment expectations. This method may be less useful/advised for leased real estate or in case the operating income/expenses randomly fluctuate in time.”

In GEV 600 Business Valuation, we introduced a new paragraph, which correlates with the new IVS and changed the term of cost approach into the “asset-based approach (cost)”.

“57. In order to comply with SEV 104, the valuer must state the type of value and the premise that supports the value.”

In SEV 400 Valuation Review, we included new paragraphs and a change in terminology, namely, the phrase “the review report certification” becomes “the review report statement”.

“8. The valuation standards that apply to the review of a valuation review and must therefore be enclosed in the review scope of work are the following:

a. For the review report: standards referring to the review of the valuation review applicable as of the date of its writing,

b. For the review report subject to review: review standards applicable as of the date of the review report writing.

“26. Communication of the reviewer with the authorized valuer who developed the report subject to review shall be explained in the review scope of work, as provided under paragraphs 14 letter j and 18 letter j.

“27. As a general rule, communication of the reviewer with the

valuer who developed the report subject to review is part of the review investigation. The following exceptions may apply:

- a. When there is a legal provision in place that forbids it;
- b. When the valuer who developed the report is found under circumstances that prevent communication;
- c. In cases when it is otherwise stipulated in the scope of work included in the valuation contracts that the valuers concluded with the clients/intended users (e.g., financial or banking institutions, financial auditors or other such entities) under the clause “Communication with the valuer for the purpose of review”.

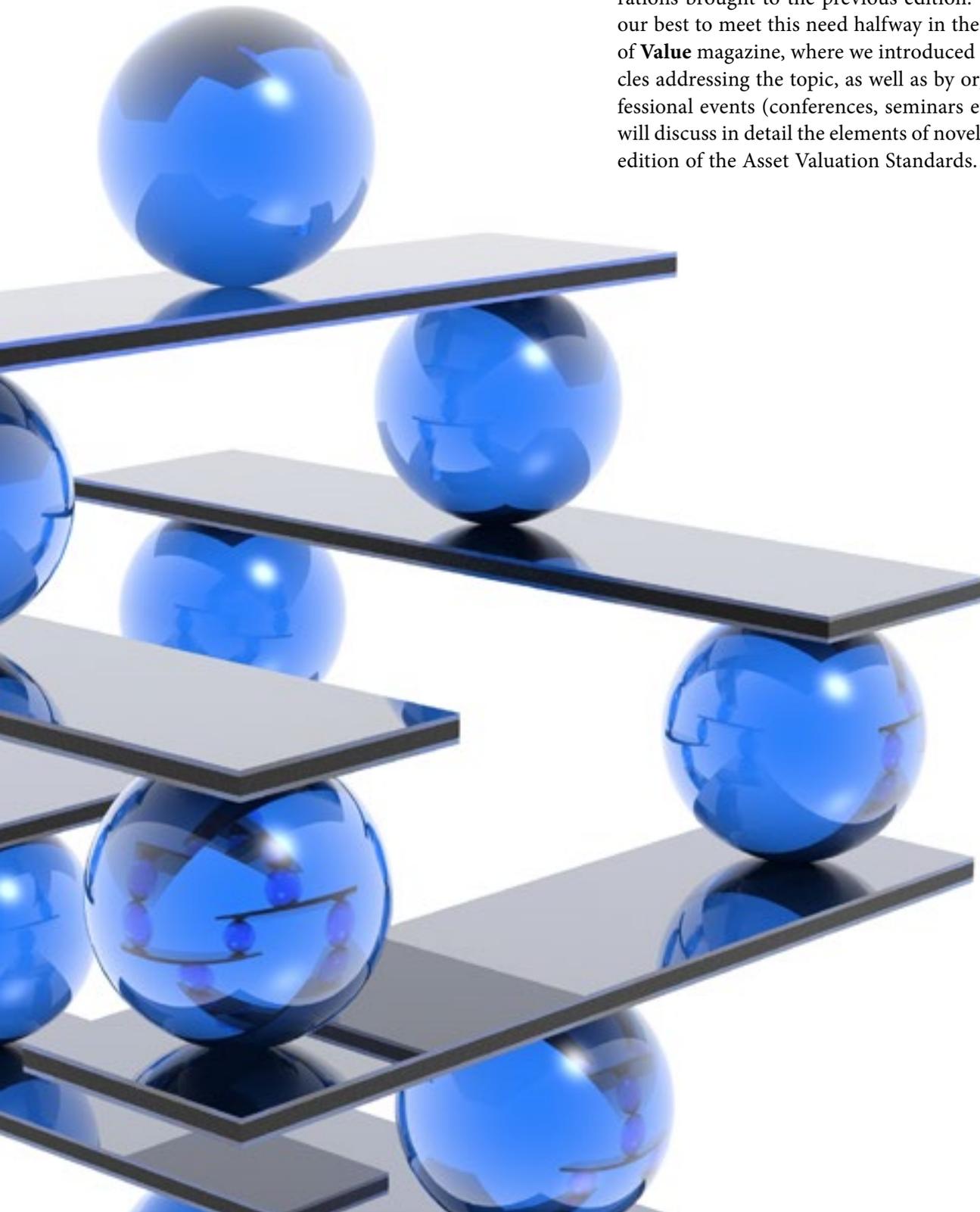


When the reviewer fails to communicate with the valuer, it is mandatory for the reviewer to state what caused the lack of communication”.

“28. When the valuer who developed the report subject to review refuses to communicate with the re-

viewer or fails to act upon the call of the reviewer using the available contact data, the reviewer will include the findings in the review scope of work.”

As for my expectations and the recommendation that I will never cease to reiterate, they are: a thorough knowledge of the provisions included in the collection of standards and compliance with them. All valuation reports issued after September 1 must include the alterations brought to the previous edition. We are doing our best to meet this need halfway in the current issue of **Value** magazine, where we introduced different articles addressing the topic, as well as by organizing professional events (conferences, seminars etc.) where we will discuss in detail the elements of novelty in the 2020 edition of the Asset Valuation Standards. ■



Quality Review and Monitoring in Valuation Services. How necessary is it?



› DUMITRIU - DAN DUMITRU,
Head of ANEVAR Review
and Monitoring Department

Quality is the capacity that enables a bundle of intrinsic features to satisfy specific requirements. That is why we can attach qualifiers to “quality”, such as poor, average, good, excellent or, in terms of our qualifiers in asset valuation quality review, D, C, B, A.

More specifically, the notion reflects the bundle of features and properties inherent to the valuation service which enables this service to satisfy explicit or implicit needs.

According to this definition:

- › quality is not expressed through a single feature, but a bundle of features;
- › quality is not autonomous, but it only exists in relation to the clients’ needs;
- › quality is a continuous variable;
- › quality does not only satisfy the explicit needs, but also the implicit ones.

In asset valuation, quality is dynamic, because valuation situations are more and more diverse and complex, professional standards are amended and supplemented ever more often and the clients’ demands from “valuation” are higher every day.

Quality accompanies valuation in all its stages, starting with the engagement letter to submitting the valuation report and the next period when the valuer can be asked for clarifications, additions etc.

Taking into account the intangible nature of the services, we can also call these features “perpetual service quality”, which means that quality is at the core of providing asset valuation services.

We can also define quality in asset valuation as compliance with the valuation standards, with the established methods and techniques (best practice), with the clients’ demands or as the added quality and utility of the process versus the quality of the inputs.



In valuation services, quality relies on two components:

- › quality in the asset valuation process, i.e., quality related to all the stages of the valuation engagement;
- › quality in the effects of the provided service, i.e., the quality of the valuation report in all its aspects and parts.

Like any other field of activity, from the perspective of quality insurance, asset valuation relies on two programmatic principles:

- › to prevent is better than cure;
- › better do things right from the start.

Quality insurance thus becomes the totality of the planned actions aimed at providing the adequate trust that the asset valuation service will satisfy the quality requirements that are specified by the client and set out in the standards.

Quality insurance is founded on planning and supposes a quality management system (for legal entities) or an individual quality system (for sole practitioners), but in either situation, quality insurance supposes a set of procedures targeting policies and objectives and especially the ways in which those objectives can be reached in a qualitative way at all stages of the approach.

The type of quality system that is adequate for valuation services is a process-based and process-oriented system, where the input is represented by the requirements of the stakeholders, i.e., users, shareholders/associates, suppliers, owners, authorities etc.

Irrespective of how it is implemented (based on system and process procedures, with process dedicated people in larger organizations – corporate members – or based on own practices, for sole practitioners), a quality insurance (management) system should align a series of objectives:

- › clarity of the requirements;
- › input quality, irrespective of whether they are tangible or intangible in nature;
- › quality in input data analysis and processing;
- › accuracy and reasonableness of the output data;
- › quality of the valuation report as an interface between the client (user) and the valuer and, first of all, as the main reason for client satisfaction in asset valuation;
- › traceability of the stages in the process (the capacity to retrace the trail in the valuation assignment for each process, data collection and selection flow, i.e., to trace the valuer’s “footprints”, or his ability to capitalize on the historical data, data sources or recorded information that apply to the location of an entity); traceability is a solution that provides protection to the valuer and the user, as well as an instrument for checking the scope of a valuer’s liability and compliance with the process stages;
- › resource management, measuring, analysis and improvement processes that are adequate for the report-writing process as well as the potential risks.

ANEVAR is legally mandated to review the quality of the activity performed by its members.

Quality review and monitoring in valuation must comply with a series of fundamental principles:

- a. transparency, according to which the quality review and monitoring process of the services delivered by authorized valuers is carried out based on regulations and procedures approved by the Board and made available to ANEVAR members;
- b. confidentiality, according to which the members of the Review and Monitoring Committee (CVM) and of the Review and Monitoring Department (DVM)



are held by the obligation not to release the confidential data that they may access in the process of review and monitoring of the activity performed by the members of the Association;

- c. prevention, according to which the DVM also has the role to



prevent the members of the Association from using practices that violate the professional code of ethics, the valuation standards or best practice;

- d. uniformity and equality, according to which one review cycle will cover all the authorized valuers; the goal is to create balanced and continued review practices, consequently, if the work of a valuer fulfills the quality requirements, his work will not be subject

to review more often than the work of other valuers.

From the very beginning, review and monitoring was designed as an activity that is aimed at:

- › Prevention; since they are aware of the quality objectives, ANEVAR



members can avoid inconsistencies in the delivery of their general work and in reporting. Awareness leads to increased responsibility across the members of the Association, as they will identify situations that may result in violations of the code of ethics and in disciplinary, civil or even criminal penalties;

- › Correction; our activity is not about “witch hunting”, finding fault, but about finding the corrective measures that enable consistency in the application of the mandatory valuation standards, of the established approaches, methods and techniques, as well as of other practical routines throughout the valuation engagement.

- › Constant focus on the objectives and processes embedded in the asset valuation quality insurance system, a system that should safeguard the professional code of ethics, the asset valuation standards and best practice;
- › Promotion of “total quality”, not through public ANEVAR rankings, but through publishing general statistical data about the level of quality in different periods and introducing the “typical or systematic errors” encountered in the review activity.

The review process targets the status (the level of fulfillment) of each objective included in the list attached to the review report, where they are scored 0 to 5.

Valuer-oriented.

Quality monitoring is valuer-oriented for the following reasons:

- › it identifies the quality breaches at all the stages of the valuation engagement and suggests ways to avoid

them, in order to secure the traceability of the process;

- › it signals systematic irregularities in valuation reports and suggests ways to do away with them;
- › risk management;
- › quality review results in an overall standing of each valuer versus the quality requirements of the profession;
- › secures confidentiality and refrains from rankings;
- › even if inspection is carried out following a complaint submitted by a public institution, we avoid the “witch hunting” approach thorough the selection of the valuation reports under review;

After six years of asset valuation quality review, 98% of the colleagues have concluded that:

- › monitoring is welcome;
- › monitoring should have been introduced even long before;
- › monitoring is a good opportunity to clarify some professional aspects;
- › monitoring leads us towards the introduction of consistent internal procedures (even undocumented), of rigorous practices, it protects us against potential cases when our work is challenged;
- › even if monitoring is a way to check our work, it relies on a peer approach.

Only 2% of our colleagues have concluded that:

- › “... you apply penalties, on our own money...”
- › “... your poor qualifiers may remove us from the market...”

In all sympathy and friendship for these colleagues, let me remind here a few of the thoughts I have already expressed in the lectures that I delivered across the country or in the discussions occasioned by various professional conferences:

- › “on our own money”, i.e., the amounts collected from subscriptions and participation fees in various professional events are funds earmarked for the performance of all the duties – according to Governmental Ordinance no. 24 of 2011 regarding some measures in asset valuation with later amendments and supplements, approved through Law no. 99 of 2013; unless we performed our duties, our asset valuation activity would not be compliant with the law and would not consistently focus on quality in valuation, which ultimately results in strengthening the image of the Association, as perceived by the authorities, clients, general public;
- › “penalties” actually are professional corrective measures; they are absolutely necessary in order to update or remind professional practice knowledge and not deemed as sanctions, as they only apply when the work of a valuer is assessed as rather poor;
- › the assessment of the status of the quality objectives is done by full ANEVAR members who turned inactive during the time when they are employed in the DVM; their professional competence was already proven in long years of experience when they were faced with complex asset valuation situations and also supported by their accreditation/reaccreditation examinations;
- › like any other living body, the Association comes with an immunity system and monitoring is part of that;
- › the qualifiers received by ANEVAR members who are subjected to monitoring are not made public or reflected in rankings, positive/negative examples or “do’s and don’ts”;
- › nobody can remove valuers from the market but themselves, which, in the end, reflects the saying: “One signs one’s own death warrant”. ■

On Quality in More than One Form

This article outlines some aspects that we should abandon in the traditional way in which we still value buildings, since the severe decarbonation programs are now fully integrated in the Romanian legislation. Though it should be an act of will, the quality of life is imposed on us. Among the multiple rounds of completions brought to Law no. 372 of 2005 this year (the latest in October 2020), one came with a fast increase in the rehabilitation



› **GABRIELA PARNIA**,
Former president of ANEVAR
South Regional Branch

rate of the building stock, as well as the first fairly robust funding programs. Legally speaking, the nearly zero-energy building concept (NZEB) was already operational as of January 1, 2020, but who actually took that into account? Hardly anyone. Even if in its new version, which comes into force on January 1, 2021, the law will still entail no punitive measures, we are pressured by the moral conduct that we must adopt, the one that was outlined in the EU directives of June 2019 and the recent decision that the European Commission issued in September 2020, namely to reconsider all rehabilitation and infrastructure work, all implemented technologies and materials as part of the carbon-neutral plan. The targets are ambitious and Romania does not have the smallest reason not to step up the pace, notably when Europe has just committed to a 55% reduction of the greenhouse gases by precisely 2030. It is huge!

I have decided to write this article with the purpose of disrupting some patterns and challenging the colleagues to think outside the box. As valuers, we value real estate, the buildings, their use, state and efficiency, and our conclusions are directly reflected in the value of the entire property. The building stock accounts for more than one third of the ominous climate change. That means, of course, that there is no time to leave things “till tomorrow” or find excuses, because the future is now. The elements of novelty in our specific area of valuation expertise must be something that we implement almost on a daily basis and I intend to dwell on the usefulness of our valuation analyses later on.

Take, for instance, investment valuation, where valuers are supposed to analyze real estate development or retrofitting projects and investors are interested in making a decision about the appropriateness of one location versus another, their contexts and perspectives. In a present-day valuation report can we say that a project is risky because a location is not connected to the (classical) networks of utilities? Of course not: it would be obsolete to only consider the findings, namely, that the location

is not serviced by networks such as electricity, made of posts and wires, gas, made of kilometers of pipeline, running water or sewage. It is simple to interpret the efficiency of an investment, all we need to do is look for the solutions provided by the designers, knowing that it is only a matter of hours and of costs that render any classical network useless, to install things such as PV panels – they have become more reliable and less costly in time, more compact in terms of surface-generated power ratio and more robust. The area does not enjoy a lot of sun? Ok then, the project may include a wind turbine. They come in so many sizes that in some countries they are synonymous with poles for enclosures. The same applies to the water supply. An investment budget will not be compromised by the fact that there is no classical water supply network in the area. Deep drilling with mobile equipment does not justify the time and financial effort needed to build water-mains in the area, especially as our country is blessed with one of the densest tables of underground water. There are green solutions also in sewage, such as underground water treatment solutions. They are highly efficient and also deliver heating and biogas and can ensure the stand-alone operation of an agro-zootechnical farm, for instance, or provide energy to third





party users. A heating pump can easily cater for the needs of a large building, irrespective of the climate in the area. Or the reverse process, whereby the heat extracted from a refrigerator line is sent to the adjoining office area. Hot water solar panels have gained a lot of ground. They are key elements for a building to be certified as class B or even class A and they impact the operating expenses, like any other element in the analysis.

Which are the comparable sales for this kind of buildings? Similar buildings, of course, with traditional fittings, but what makes a difference is the operating cost, the energy class, energy efficiency and, above everything else, the time they will be granted an operation and environmental permit. We will see that every feature we can think of for a modern, state-of-the-art site finds a substitute in renewable energy sources, alive green buildings, organic architecture. We will learn to look at the sources that feed the utilities, because we must look and analyze even the traditional utility networks in the light of their source and the harmfulness of their building and mounting technologies. The CO₂ indicator, which is found in the energy certificate of a building, must become a prevailing comparison unit, more important than the energy class. Few are aware of the fact that the new certificate, which the law makes mandatory starting 2021, will not only rely on the assessment of the building, but also of the sources that feed utilities, as well as of the source of the materials and the technologies that they incorporate.

Valuers will be among the attitude promoters: they will fine-tune their observations about efficiency and reward the positive difference! There is one thing when a valuer proposes a NZEB neighborhood, where the facades are used for PV cell installation, the roofs are covered with solar panels and the additional energy is supplied by the closest water, wind or PV power stations and another to have the same neighborhood spread with gas-fired boilers for each individual flat, meaning that toxic fumes are right outside the window... It is also very different to compare two industrial halls, one with PV windows and a green roof and the other with a gas, wood or diesel-fired heating station, where harmful emissions are visible to the naked eye. A dirt road can now benefit from innovative covering solutions, such as flexible green layers that modern equipment can install in no time; even if this field is now looking for affordable solutions, nothing is worth the disadvantaged expectation to have an asphalted road built to the site, as the very technology that it incorporates is harmful for the environment... We can therefore give more weight in our estimations to cleaner, more peaceful, nature and health friendly sites that also enjoy all the benefits of modern life though RES-based solutions. I believe there is no such

thing as investing in smart buildings without the investors coming against permitting authorities, financiers or even valuers who stated that a site was unpromising, as it was not served by utilities, it was too rural or too marginal, off boundary and other such ridiculous labels, as if an oasis of healthy life should be placed at the heart of a metropolis.

I believe it also helps to look at the big picture: public health is nowadays under severe threat, the pandemic has affected every place and every person on Earth. Good old mother Earth used to have simple rules, it would absorb the heat from the sun during the day and send it out to the outer space during the night. She was breathing. Pollutants and particulates form layers, similar to a film, so heat can no longer dissipate or the inertia is higher. The greenhouse effect - absorbed heat is higher than the heat which is sent out - helps invisible germs proliferate, we breathe in what we breathe out, we melt and still... we are surprised. Since everyone is affected, every inhabitant of the planet, irrespective of where they are, should change their attitude.

We can start by probing into the new Romanian law that, rather gently and silently, has implemented a drastic concept: nearly zero-energy buildings (NZEB). It does not mean that we should cut ourselves out from the rest of the world and stop using anything, it means to be provided with all the modern utilities, but generated from renewable sources. The law-maker was reasonable and only 30% RES-generated energy is mandatory for this decade, as a minimum, followed by faster-paced stages. Bearing that in mind, we will no longer limit our work to developing an income approach by freezing everything to a baseline year. Our expense and income analysis should be wider, we should consider

the amortization period for the latest generation fittings and reason that it is an undeniable benefit to invest in something costly which comes in the end with zero operation cost and zero pollution in the future. Let's look at a rehabilitation diagram of any building:

We can notice that an above average thermal solution, involving the envelope and the installations of a building, can reduce the cost of utilities to almost half. The provider (who may also be the entity that funds the project) can offer a small relaxation at the beginning, before the recovery of the investment. Upon the expiry of the contract period, the lower price will work to the advantage of the owner. Technology advances go hand in hand with the reduction in utility costs, which can go as low as almost zero. If it crosses out your mind that the difference is too small, it is because, sadly, we are used to estimating things on a housing unit basis, but let's think how significant differences are when the "green" building is an industrial hall that provides a microclimate for countless workers performing static tasks (like cabling under a Lohn contract). Under such circumstances, we are never and for no reason allowed to soften the difference in the units of comparison between the two halls with different fittings. And then, how could we claim that a forecast is correct if we do not quantify the implementation of the NZEB solutions, which is mandatory starting 2021? How can we be correct in our comparison between similar buildings if we do not introduce any comparison unit that refers to RES-based utilities?! Or how can we estimate the value of a site of public use if we introduce a "special assumption" whereby we find the excuse that the estimation was based on the qualities of the building since we had no certificate available?! According to the new legislation, the penalty for not having such a document is closing the building, similar to the way in which a commissioner agreement operates.

There are countless such examples, take for instance a thorough valuation of a hotel, but where the valuer did not consider that, since the hotel is not certified as a green building, the expected tourist flow may be channeled the neighboring hotel, which was rehabilitated and is already a class A building. Consumers have quickly become knowledgeable! Lately, parents have stated to choose a kindergarten for their children not only based on the reputation of an establishment, but also on the quality certification class that it holds! Think twice before you smile: any parent is interested to see whether the costs in the education facility of their children are mainly directed towards the payment of the utilities in a low efficiency building and too little is spent for IT and teaching equipment or the comfort of the children. In just the same way, a worker that applies for a job in several factories, will de-

finately choose the one that provides for greener work conditions.

The challenge in our profession is to integrate the related technical and legal aspects in our work, otherwise lack of information and knowledge about the real potential of an area or a location may cause our client to lose an opportunity! I know investors who are buying entire abandoned villages, from different countries, with a plan to start a business in the newly emerged, more cellular, individual type of tourism, which is massively in demand after this pandemic. They see no impediment in the fact that there are no utilities in place, because facilities of any kind have already been standardized, they are small, discrete, easy to mount and adapt.

If a valuer ignores such features or does not correctly reflect the positive features of real estate in the light of the new European and Romanian law in the field of energy, he may potentially be held liable. He will gradually be removed from the market and he will wonder why. He may blame it on the others for not getting as much work as he used to... similar to the way in which the market once removed our older colleagues who did not feel at ease with computer work... The fast-paced adoption of technology shifts concepts in a way that we could not have even imagined a while ago. Yet, we are part of an elevated profession and an organization that has never failed to support quality work, one that integrated all the elements of novelty in its own standards. Therefore, smart valuers will be able to value smart buildings. For the sake of an ideal that transposed the green aspects into a law and then generously extrapolated it to the entire continent, be it even by force in some countries (ours is one of them), for the sake restoring our respect for the environment, we hold the duty of a different attitude. ■

The Challenges of Valuation for the Purpose of Foreclosure

Valuation for the purpose of foreclosure is not a simple task for a valuer. Under the circumstances, valuation reports are recognized to have a very important role, as they include the estimation of the starting value at auction where the building will be sold by the bailiff.

If in valuation for secured lending, all the parties involved are happy, in foreclosure, we always expect one party to be unhappy, to forget that respect is due to the exercise of any profession and to try any court proceedings available to challenge both the valuation report and its author.

What should a valuer be aware of?

Following the court resolution on the launch of the property price estimate procedure, the bailiff will appoint a valuer, indicate the real estate as well as the subject interests – interest in a building, bare ownership, beneficial interest etc. – and will determine a preliminary fee as well as the deadline for the submission of the valuation report. The valuer will also be communicated the



› CRISTIAN BOJIN,
President of ANEVAR West Regional Branch

identification data of the parties to the foreclosure file – creditor and debtor.

In order to perform the inspection needed for the valuation report, the bailiff does not give the valuer the phone number of the owners of the building or those of the parties to the litigation file – creditor and debtor. Sometimes there is even no address of the building in the land register or in the contract. The debtor, the creditor or the bailiff do not

arm the valuer with cadastral documentation. Should the valuer give up the valuation or go further and obtain the property layout plan, with indications of borders to adjoining properties, surveys, flat partitioning drawings, the layout of floors from the Cadaster and Real Estate Publicity Office? True, this is not our obligation, but in order to correctly identify the building and to take the valuation to a good end, we are forced to proceed that way, which I also advise you to do.

The inspection of the property can only be done after the parties are summoned by registered letter with declared contents and mailing receipt, whereby they are informed of the day, time and place of the procedure. Under the nullity sanction, the summons letter must be communicated to the party at least 5 days



before the actual work. The mailing receipt shall be appended to the valuation report.

A valuation report for the purpose of foreclosure which is written without the notification of the parties by means of a registered letter at least 5 days before the parties convene, is deemed ungrounded from the legal point of view. In the author's opinion, we may speak about the validity of the valuation report only under the circumstances when it complies with the valuation standards applicable as of the valuation data and it observes the legal provisions. Sho-

uld the valuation fail to meet the essential validity conditions, the only possible sanction is nullity. Consequently, nullity cancels a valuation report which is written without fulfilling the summoning procedure – registered letter with declared contents and mailing receipt at least 5 days before the parties convene.

The debtor's denial of access to the building in order



to have it valued does not prevent the valuation, as the valuer can then rely on any documents included in the foreclosure file as well as on any other available data, including those obtained by the bailiff in the effort to get third party information. All of that data shall be correlated with the outer inspection of the building.

Valuation and valuer's risks in foreclosure cases

One must consider a less pleasant aspect that cannot be ignored, namely, that feeling unhappy with the overall situation, debtors may take advantage of any real or imaginary error and may sue the valuer (under civil or penal proceedings) with the intention to delay the foreclosure or eviction. They will do so, irrespective of whether they are right or wrong, with the sole purpose of gaining some time.

As for the risks that the valuer is faced with, when he performs valuation for foreclosure, I have identified the following:

- › Possible bodily and verbal aggression from debtors at the time of the inspection
- › Cancellation of the valuation report in court
- › Civil or penal cases filed against the valuer on different grounds, as procrastination strategy in front of foreclosure
- › Threatening phone calls
- › Non-payment of fees
- › The latest risk, which emerged in March 2020, is inspection in the context of COVID-19 pandemic. Should the valuer summon the parties and do the inspection – there may be as many as 10 debtors and creditor involved – or drop the valuation report?

Fees

From the fees point of view, given the summoning procedure whereby all the parties are notified to take part in the inspection, the risks that the valuer undertakes and the complexity of the valuation assignment, I believe that there must be something to distinguish the fees in valuation for foreclosure and those for valuation for secured lending or taxation.

A very important aspect is also the moment when the valuer cashes his fees: is it when he hands over the report or when the asset is sold? One good option that can please and can work both for the valuer and the client (the creditor), may be to decide on a fee that is paid at the handover of the report and another fee (why not twice as much?) if the fees are paid after the asset is sold, which sometimes may take as long as 4-5 years.

In guise of conclusions

Think of finding yourself in the following situation: you write a valuation report in spring, you agree to be paid at some point in the future when the building is sold, you take our summer holiday and, halfway through it, you get a call from the police and you learn that you are prosecuted for a flawed valuation report in a foreclosure case. The fun is suddenly gone, to be replaced by worries and apprehension. You put an end to holidays, go to the police, get the penal file and learn that the reasons that cut the holiday short are the charges brought against you by the parties – forgery related to the inspection (no inspection and no summons letter sent to the parties), the two conditions that I detailed and highlighted before. Except for one thing, that all of that was already substantiated as evidence, as it was later proven: the valuation report already included both the outer photographs of the building (the co-owner participated in the inspection) and the mailing receipts. Under the circumstances, you may be happy that it was only a false alarm and that everything was only a pretext for one party to win some time in the foreclosure case, but you still take something like 3-4 hours to report on the steps you took to write the valuation report for the purpose of foreclosure. Is it worth the trouble, I wonder? ■

Some Thoughts from a Regional Branch

Never start with it cannot be done, but with let's think about it!

– Nicolae Iorga



Reta Achihai,
President of the
ANEVAR South
Regional Branch

To me, the opportunity of being present in the pages of the magazine as representatives of a regional branch is a true challenge! We are given a chance to voice our concerns and ideas as well as to speak about our present and future endeavors in the field that brings us all together - VALUATION.

Form a valuer's perspective, at the end of 2020, a year marked by a severe medical crisis, allow me to convey all the members of this big organization (FAMILY) which is ANEVAR, a few thoughts that, I believe, do not only reflect the mind of the members of the South Regional Branch, but that of the entire organization.

The division of ANEVAR into several regional branches, provided in the Governmental Or-

dinance no. 24 of 2011, was aimed at achieving a better structure of the organization. On the other hand, there is a stringent need to convene locally, to form smaller, more intimate structures that would improve experience sharing and increase communication efficiency. Members can thus get together around leaders that represent the region or the county and, under the current regionally-based structure, they can organize different professionally-oriented activities for a smaller number of people.

Just like the current situation has forced us to social distancing, but we continue to think, act and plan the future together while waiting for a comeback of the times

when physical restrictions are lifted, I think we should do the same and find solutions to this desider-





tum of ANEVAR's members, especially those who do independent work.

Membership to an organization like ANEVAR can be complemented by membership to a local structure that the regional boards could activate.

Another challenge that we need to address is to add to the asset valuation standards some type of guidance note related to the judiciary expertise activity and its different stages. This guidance note may represent an important addition to the standards providing for the different purposes of valuation, similar to valuation for the purpose of financial reporting or taxation.

Professional engagement, complemented with norms regarding valuation practice, ethics and conduct must be a priority to us, if we want to achieve concrete results and if we cherish expectations about the future of the profession from the perspective of a valuer who is also certified as a judiciary expert.

Another challenge is the old yet new Internet technology.

Technology makes it possible to share ANEVAR conferences with the whole organization. Professional conferences deliver information and elements of no-

velty that are useful in the exercise of the profession, therefore my suggestion is to store ANEVAR conferences digitally and grant free access to the interested members once they are physically over.

I consider that removing access barriers to this resource will accelerate cognition, will make better use of this side of the valuation profession and lay the foundations for an organization that is united through an intellectual conversation and the search for common knowledge.

For various reasons, we may call this type of free and unrestricted online availability for all members an open access library. Many different initiatives have shown that open access is economically feasible, that it endows those who are willing and interested with an extraordinary power to find and use the relevant knowledge, thus offering a new, increased and measurable visibility, audience and impact.

Another challenge for the more than 4,000 members of the organization that brings us together also in our professional achievement and growth expectations is to answer the question:

What is our individual say in the life of the organization? ■

Looking Forward. 2021

At the end of a different year that took us all by surprise with an unprecedented sanitary crisis, I would like to urge you to look forward, not back. The story of 2020 is well known to all of us. Time has come to leave it behind and look at the positive things that come with the new year. 2021 starts under the sign of hope. Several types of vaccines have already been approved, they are intensively administered and the end of the crisis is already a predictable horizon by now.



Sorin Petre,
President of ANEVAR,
Partner at PwC
Romania

We are now focusing on going back to our normal activity, as well as on identifying the opportunities and the positive aspects that may stem from an economic situation that is still uncertain, globally. The acceleration of digitization, the increase in communication competencies and the ability to “burn” some of the stages in the working process with the help of the new technologies, all of that is beneficial and we want to see it integrated in our regular workflows in the future.

From the valuation point of view, I believe that we are witnessing a series of opportunities that are rooted in the very

need for certitude. Those who develop reports for financial reporting purposes and look in detail at a company's financial statements will pay more attention at the final results. So will the auditors. I expect activity in this field, namely, valuation for financial reporting, to get significantly more intense, which is a good sign for the future of the profession. I also look at the restructuring and operational shifts taking place in specific businesses that were hit by the sanitary crisis. The value of the assets held by such companies is significant and our clear role is to estimate it. Besides the two segments mentioned before, the value of the assets will definitely be subject to more attentive scrutiny by the providers of funds, i.e., the state institutions, in the context of managing the income collected from local taxes, and well as by other potential users. We expect to see a growing demand for valuation work, but the expectations of the users regarding the quality of reporting will also go up. We must be ready to deliver both on quality and on quantity.

2021 is likely to start with the same restrictions we are already so familiar with that they have become a new normal, but we all expect to go back to the activity we used to perform before March 2020, in the second half of the year. The manner in which we worked in the virtual environment encourages us to think that we will be able to preserve at least part of specific valuation stages in remote mode. We will also focus, however, on resuming face-to-face professional meetings. The physical seminars and conferences that we used to organize across the country, do provide for better interaction and mediate experience sharing in a more efficient way.

I am optimistic about the future of valuation work. The Association will monitor the delivered quality and ensure the continuous training courses that will focus mainly on the market sector where demand is high.

**I wish you all a year of growth,
with more stability and predic-
tability! Let's look ahead
of us in optimism!**

How We Start 2021

2020 is over. Good thing it's gone. It was a special year. Never seen before. Some fared well, others not so well. We have all realized that the most important things are life and health and that we can lose them easier than we could imagine. We each learned about acquaintances, relatives or dear ones who were affected by the virus. Some recovered, other lost their lives. Some of us actually had to fight the virus.



Adrian Vascu,
President of ANEVAR
in 2014-2015,
Senior Partner Veridio

I think we must enter 2021 in optimism and to look for the bright side of things. We must step into the new year with a robust physical and psychical immunity that would allow us to do the rest of things as good as we can.

Generally speaking, health becomes a zero priority. We then have to look at the things we have to do and the key word for 2021 is “reinvent” oneself. Adapt to the new realities and avoid the trap of “fatalism”. Let’s look at the silver lining, proactively give up the things that do not work and experiment with new lines of action.

There can be no worse attitude than lack of action and the expectation to have the solution come to us. There have always been challenges, all kinds of challenges, and there will always be. All we have to do is to look at them level-headedly and use as many of the occurrences in our favor.

In that context, the novelty of the moment in valuation is given by the re-

cent amendments brought to the Tax Code – with two pieces of legislation that have an impact on valuation for taxation purposes.

What are these amendments all about? I will introduce some of the main aspects further down.

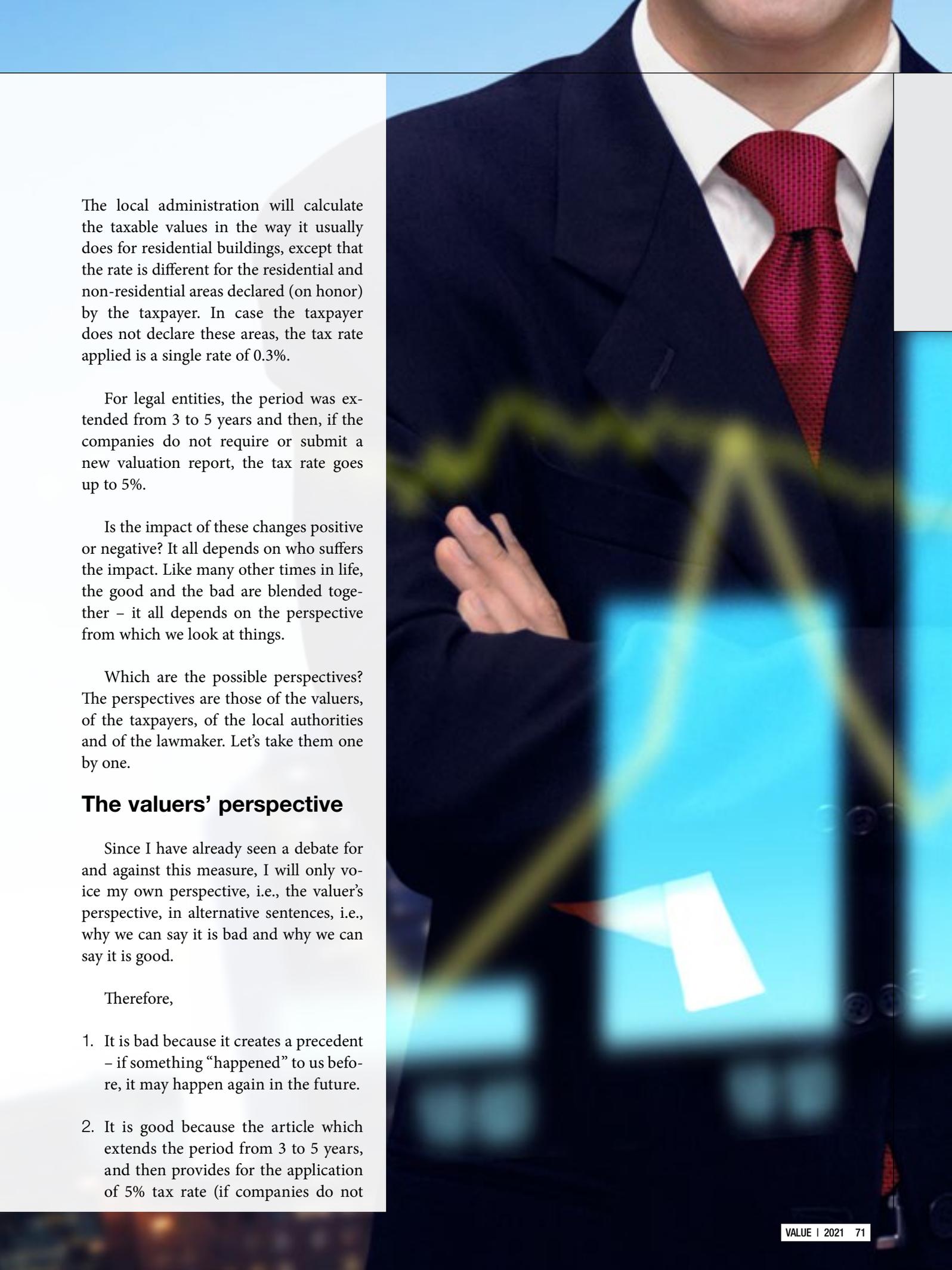
Novelties in valuation for tax purposes in 2021

The two pieces of legislation are Law no. 241 of 2020 and Law no. 296 of 2020.

The main aspects that were subject to amendment are mixed-use buildings and the deadline for the submission of the valuation reports for legal entities.

Briefly:

In case of mixed-use buildings, the valuation report is no longer necessary when the legal entity does not apply any deduction for the payment of the utilities.



The local administration will calculate the taxable values in the way it usually does for residential buildings, except that the rate is different for the residential and non-residential areas declared (on honor) by the taxpayer. In case the taxpayer does not declare these areas, the tax rate applied is a single rate of 0.3%.

For legal entities, the period was extended from 3 to 5 years and then, if the companies do not require or submit a new valuation report, the tax rate goes up to 5%.

Is the impact of these changes positive or negative? It all depends on who suffers the impact. Like many other times in life, the good and the bad are blended together – it all depends on the perspective from which we look at things.

Which are the possible perspectives? The perspectives are those of the valuers, of the taxpayers, of the local authorities and of the lawmaker. Let's take them one by one.

The valuers' perspective

Since I have already seen a debate for and against this measure, I will only voice my own perspective, i.e., the valuer's perspective, in alternative sentences, i.e., why we can say it is bad and why we can say it is good.

Therefore,

1. It is bad because it creates a precedent – if something “happened” to us before, it may happen again in the future.
2. It is good because the article which extends the period from 3 to 5 years, and then provides for the application of 5% tax rate (if companies do not

require and submit a new valuation report), will come into force on July 1, 2021. This is at least according to the official information posted to this day (December 29, 2020) on the website of the Ministry of Development, Public Works and Administration. This actually means that it will be actually implemented starting January 1, 2022, considering that the valuation reports are to be submitted in the first quarter of the year.

3. It is bad because the volume of work - related to valuation for the taxable value of buildings owned by legal entities - planned for 2022 will move to 2024.
4. It is good because of the consistency of the 5-year period between two valuations (both for natural persons and legal entities), which can lead to 5-year consecutive periods for the readjustment of taxable values. We could have found ourselves faced with the removal of valuation instead of an extension. The lawmaker could have decided that the local authorities should apply a discounting factor to their own records of value... Since there has not been a big difference in value in the 3-year period anyway.
5. It is bad because, from the same perspective of the precedent, the obligation to submit a valuation report was removed - true, only partially - in case of mixed-use buildings.
6. It is good because these mixed-use buildings have caused more headaches and discussions than clarity on how to establish their taxable values.

Is there a conclusion to all that? Each of us will embrace a position, either at

one of the extremes or somewhere in the middle. It is a fact that the amendment passed and I do not think that it can be reversed, so I would rather look at the constructive side. At the future.

To my eyes, we should not consider it such a big surprise. We expected something to happen in this field, but, like anything unpleasant, we are still taken by surprise, despite anticipation.

This time last year, I wrote in the last 2019 issue of Value, Wherever It Is:

“There has only been one three-year “cycle” after which we need to redetermine the taxable values. I believe that, after the second cycle, it would be possible to analyze and extrapolate the already collected data, which means that the valuer may play a smaller role in this field in the future, similar to many other countries in the world. I would like the cycles to be as many possible, of course. At the same time, I believe it is reasonable to keep in mind that things can change any time and that change should not take us by surprise.”

I do not mean to say that I have special merits in anticipating things and I recall that the possible changes in the taxation system is not a new topic at all. My proposal is to see how we should act in the future and stop moving between “it’s good and it’s not good”. We’d better consider “what actually is”.

I have in mind the following:

1. We, the valuers, should inform the clients about this change in the second half of 2021. I am aware that there have been some interpretations according to which the amendment will be effective as of January 2021. As far as I know, the Minis-

try of Development, Public Works and Administration posted a table that includes the enforcement dates of the articles of Law 296/2020. See the following link: <http://www.dpfbl.mlp-da.ro/noutati.html>. I hope there will be no more changes before the date of enforcement.

2. We, the valuers, act for the public interest. Any action we take will only be successful if it is guided by same desideratum of serving the public interest. If it only serves us to keep the status quo, but it is not beneficial to the others, I think it is better to pursue the general interest, strategically speaking. Our credibility will get stronger that way and there will be something to win from that.
3. Let us therefore tell the clients that the extension of the deadline means they have to pay the increased tax rate unless they submit a valuation report by the beginning of 2022. That does not mean that they are prevented from requesting a valuation if they want to.
4. Why would they want to do that? Because, by having the taxable values at the beginning of 2022, the clients can analyze them from the perspective of their influence on the company and they can decide whether they want to use these values for all the buildings or just a part of them. Or none.
5. Once they have done that, the clients can preserve the new values for the next five years or they can update them in the next years, whatever is more appropriate.
6. Let us make good use of this “event” and focus on things that bear on our activity, things that we’ve kept putting

off year after year. Until 2022 we have a long time ahead also to see what we can do to compensate the effect of losing work related to the valuation of buildings owned by legal entities.

7. One possible direction could be valuation for financial reporting. Because of the pandemic, demand may go up compared to the previous years, since the impact of the sanitary crisis on the financial reports for 2020 and 2021 is still to be analyzed.
8. Another possible direction may be valuation in the framework of judiciary technical reports. We should pursue the goal that starting 2022, the valuation standards and authorized valuers should play a clearer role in this field. We have been discussing about it for a long time, but since we are faced with this “unpleasant” event, we may try to turn it to our account.

The taxpayers’ perspective

The amendments that I have highlighted before are beneficial to the taxpayers.

For mixed use, the measure is not complete. In my opinion, it was useless to maintain the obligation to submit a valuation report under the circumstances where legal entities – performing their activity in the non-residential part of the house - deduct the cost of utilities from their income.

It does not even make sense, because the way in which expenses are deducted has it has nothing to do with the method of establishing the taxable value. Consequently, the anomaly still persists, there can be residential buildings with two taxable values.

The law is harsh but it is the law! The taxpayers need to be informed about the new rules and act accordingly.

As valuers, I believe we should inform them and develop a valuation report where it is required.

As for the extension from 3 to 5 years allowed to legal entities to submit a valuation report, the measure favors the companies, because they will have to make the effort required by a valuation report every 5 years now, instead of 3.

The local authorities' perspective

I believe that most of the changes introduced by the new measures will impact the activity of the local authorities. For mixed-use buildings, the city halls will have to determine the taxable value both for the residential and the non-residential part of the building, in case the legal entity does not deduce the cost of utilities.

Then, based on the taxpayers' own sworn declaration about the quota allocated to residential and non-residential areas, civil servants will have to weigh the tax rate, given that there are two different rates for the two uses.

Last but not least, they will have to consider the single 0.3% rate, when the owner does not submit any declaration.

I believe that the first thing to do by the Ministry of Public Finance is to issue an order and update the forms of the tax statements – they no longer reflect the new requirements. For mixed-use buildings, the statement should contain information about residential and non-residential areas as well as about the utilities.

In case they are deducted as company expenses, the statement should reflect the value determined in the valuation report for the non-residential part. If the forms are not updated, the reporting process will be difficult, both for the taxpayers and the local administration. Will the ministry update the forms in good time?

Given that the city halls did not adhere to a consistent approach in the past I believe it is high time that all the subjective elements were eliminated through clear and unitary communication between the taxpayers and the public authorities. That will make the valuers' lives easier, too.

The lawmaker's perspective

Amendments in legislation are welcome when they clarify aspects that have been found difficult to implement.

From this perspective, the lawmaker considers that the two pieces of legislation “made amends”.

I only have one point to raise, especially now, when we have a newly vested parliament. When you change something, change it all the way. Don't stop halfway and don't do things for the sake of looking good in social media (“we have cut down red tape”). I say it because the changes related to mixed-use buildings are shallow, they reflect ignorance and an obvious lack of consultations with those that know about the practical reality of the issue.

There are two things that I would like to emphasize in relation to the lawmaker:

The first bears on the need for legal clarifications regarding valuation review for taxation purposes. The current legal framework is unclear and incomplete.



When can a review be done? What are the consequences of, potentially, a change in value? Things can no longer stay the way they are now, when the situation is the following: (1) either nobody does a review because there is no clear implementation framework, or (2) they are only performed in a few city halls in the country, but even there it is unclear how to implement the result. Any change in value has a direct impact on the taxpayer, who is right to believe that he is not to blame when errors are found as long as he did his part and complied with the law by requiring an authorized valuer to value his property.

The second aspect is related to transparency in decision-making as well as to the fact that, through the special committees, the new parliament should resume compliance with the legal framework and ask ANEVAR for a point of view whenever legislative initiatives of any kind have an impact on the valuation profession. It is a mandate that ANEVAR is legally vested with. The newly elected

MPs should consult the professional association for any piece of legislation that also bears on the use of the valuation reports.

By doing so, I am convinced that the legal provisions will be adequately phrased and that it will be possible to carry them through with no compromise. With rare exceptions, the MPs have not shown too much interest in contacting the professional associations. This is not only true for valuation, it is a phenomenon that I noted for insolvency practitioners and financial auditors, to list but a few. Since this is a new beginning, I hope that will change, too. It serves everyone's interest.

Final word

I have voiced here some of my ideas on the margins of the recent legislative changes. Feel free to add to that, of course.

I think it serves us all to act consistently and constructively. The perception of our profession is built on the attitude and conduct that each of us will adopt.

Beyond the profession, we are all people. I wish you a COMPLETE 2021, in all respects! ■

Conference on “Valuation for Financial Reporting and Taxation”

Cluj-Napoca - February 1st, 2020

The conference on “Valuation for Financial Reporting and Taxation” took place at Grand Hotel Italia of Cluj-Napoca on February 1st, 2020.

The speakers in the conference were:

- **Adrian VASCU** – President of ANEVAR in 2014-2015 | Senior Partner VERIDIO
- **Dana ABABEI** – President of ANEVAR in 2018-2019 | CEO CMF CONSULTING
- **Daniel MANAȚE** – President of ANEVAR in 2016-2017
- **Radu TIMBUȘ** – First Vice-President of ANEVAR | Director of EVALTRANSILVANIA

- **Anuța STAN** – General Director FAIRVALUE CONSULTING
 - **Mihaela KOCSIS** – Author of Kost Plus software
 - **Marius VASILESCU** – Head of Valuation DELOITTE ROMANIA
 - **Gheorghe RUSU** – Member in the Board of the Chamber of Financial Auditors in Romania (CAFR)
- The **topics** presented in the event included the following:
- Reviewer-Valuer

Communication

- Overview of the Financial Reporting Guidance
- Inconsistencies in Valuation Reports for Taxation Purposes. Discussions and Solutions
- Is Goodwill a Kind of Depreciable Asset?
- Valuation for Taxation in Numbers
- Higher Construction Costs in 2019 Following New Regulations
- New IFRS 16 Provisions Applicable to Valuation for Financial Reporting



Dana ABABEI, President of ANEVAR in 2018-2019, CEO CMF CONSULTING



Sorin PETRE, President of ANEVAR



Radu TIMBUȘ - First Vice-President of ANEVAR, Director of EVALTRANSILVANIA





Daniel MANATE, President of ANEVAR in 2016-2017



Adrian VASCU, President of ANEVAR in 2014-2015, Senior Partner VERIDIO



Marius VASILESCU, Head of Valuation DELOITTE ROMANIA



Gheorghe RUSU, CAFR Board Member



Mihaela KOCIS, Author of Kost Plus software



Anuța STAN, General Director FAIRVALUE CONSULTING

Conference on the “Valuation of Cultural-Historical Heritage Assets”

October 15, 2020, ONLINE

The 9th edition of the conference on „**Valuation of Cultural-Historical Heritage Assets**” was streamed live on resurse.anevar.ro, see *event* section, on **October 15, 2020**.

Like in all the other previous editions, the conference enjoyed the participation of a number of experts in the valuation of heritage assets, art critics and museographers. Our guests, to whom valuation is really an art, addressed the ways in which we can establish the specific value criteria when it comes to artefacts that are related both to the history of a nation and the talent and inspiration of the artists. The presentations also dwelled on the technical and legal aspects

involved in the valuation of personal property such as cultural-historical heritage assets.

The guest speakers were:

- Pavel ȘUȘARĂ – Art critic and historian | ANEVAR valuer and President of AEEAR (The Romanian Association of Art Experts and Art Valuer)
- Dalina BĂDESCU – ANEVAR and AEEAR valuer
- Cristian GAVRILĂ – Founder of evaluari-arta.ro
- Doina PĂULEANU – Art critic | Director of the Art Museum of Constanța

- Mădălin Cornel VĂLEANU – Senior researcher, „Moldavia” National Museum Complex | ANEVAR valuer | Court expert
- Ioana Laura VĂLEANU – ANEVAR valuer

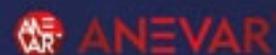
The topics of this edition:

- The Value beyond Valuation
- Valuation of Public Monuments
- The Value of Ephemeral Art
- The Group of the Four: N. Tonitza, Șt. Dimitrescu, Fr. Șirat and O. Han
- Valuation of Personal Property such as Cultural-Historical Heritage Assets in Judiciary Proceedings. Case study: valuation in the context of criminal prosecution



VALUATION OF CULTURAL- HISTORICAL HERITAGE ASSETS

ONLINE EVENT



Conference on the “Valuation of Complex Assets”

November 11, 2020, ONLINE

The National Association of Romanian Authorized Valuers organized the conference on the “**Valuation on Complex Assets**” on **November 11, 2020**. The event was streamed live on resurse.anevar.ro.

The guest speakers in the conference were:

- **Sorin PETRE** – President of ANEVAR | Partner, PricewaterhouseCoopers
- **Gheorghe BĂDESCU** - President of ANEVAR in 1992-2001 | FRICS, REV | Founder of CMF Consulting S.A.

- **Adrian VASCU** – President of ANEVAR in 2014-2015 | Senior Partner VERIDIO S.R.L.
- **Daniel MANAȚE** – President of ANEVAR in 2016-2017
- **Mihail BOJINCĂ** – President of ANEVAR in 2004-2005 | Member in ANEVAR Ethics and Discipline Committee;

- **Mihaela KOCSIS** – Author of Kost Plus software

Proposed topics:

- Valuation in the Context of Restructuring and Organizational Changes
- Valuation of Industrial Assets – RES Power generation
- Valuation of Francize
- The Taxable Value of Hotels and B&B
- Valuation of Partial Interests – Procedural Aspects

VALUATION OF COMPLEX ASSETS



November 11, 2020

The Meeting of ANEVAR Members

Retrospectives/Perspectives
December 16, 2020

On December 16, we organized the online **Meeting of ANEVAR Members**, an event exclusively dedicated to our members, which focused on **retrospectives and perspectives**.

Sorin Petre – President of ANEVAR, **Dana Ababei** – President of ANEVAR in 2018-2019, **Radu Timbuș** – First Vice-president of ANEVAR and **Adrian Vascu** –

President of ANEVAR in 2014-2015 addressed valuation in 2020 and the outlined the perspectives for the next year. We also prepared a surprise for the evening that

we spent together: a concert that recalled the Christmas magic. The concert was an original live online concept that was specially created for ANEVAR members by our guests: Teo Boar, Dorin Andone, Adi Vascu and Vlady Cnejevici.





Adi Vascu - Concert „Căntece de Iarnă”



Adi Vascu



Dorin Andone



Teo Boar



Vlady Cnejevici

ACCREDITATION/REACCREDITATION SESSION

November 2020

This autumn, in November, ANEVAR organized a new session of accreditation/reaccreditation exams.

We keep working on improving quality in the valuation activity, therefore we encourage and support every willing member to register for the exam. The MAA qualification (ANEVAR Accredited Member) represents the key to a higher level of professional competence.

By passing the accreditation examination:

- You can obtain recognition at European level – REV, Recognized European Valuer, offered through ANEVAR by The European Group of Valuer Associations (TEGoVA), a group of valuer associations that brings together 71 associations in 37 countries.
- You can become a member of The Royal Institute of Chartered Surveyors – MRICS. RICS is the global professional body promoting and enforcing the international standards in the valuation, management and development of land, real estate, construction and infrastructure, with members in 148 countries.

It is noteworthy that ANEVAR members that hold the MAA-EI (Business Valuation) qualification

can be certified by the Financial Supervisory Authority (ASF) for capital market valuation.

Congratulations to everyone who obtained or preserved the MAA qualification!

EPI (Real Estate Valuation) Accredited Members:

Nistor Mandache Mariana
Popa Mircea Gabriel

EI (Business Valuation) Accredited Members:

Dinu Silviu Cristian
Stoica Alexandra Raluca

EPI Reaccredited Members:

Baciu Ilie
Catargiu Adela Cezarina
Dunăreanu Șelaru Raluca Ioana
Mesia Ion
Preda Gigel Daniel
Sfrenț Horia
Sîrb Mihai

EI Reaccredited Members:

Guțu Ileana
Oacă Cristina
Zaharia Nicoleta Adriana



AWESOME!



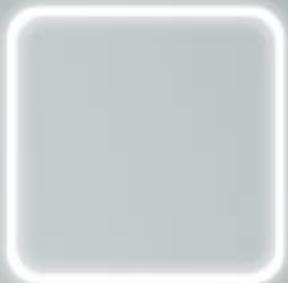
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