

**16 June 2017 in Berlin
WAVO Workshop Day**

Berlin, 27 April 2017

Ladies and Gentlemen,

World Association of Valuation Organisations (WAVO) is a body which brings together professional property valuation organisations that represent valuers and related property consultants employed in private practice, business and industry, the public sector, and education, as well as some specialized groups that interface frequently with the profession. You can find more information about WAVO at <http://www.wavoglobal.org/>

Upon invitation of HypZert, this year's WAVO Conference will take place in Berlin (Conference only for WAVO members on 15 June 2017), followed by the WAVO Workshop Day on 16 June 2017, which is also open for non-members and will consist of two workshops:

- Full day Workshop on Long-Term Sustainable Value (L-TSV) – An approach for valuation for lending purposes
- Half day (parallel to L-TSV) Workshop on "Automated/Computer-Supported Valuation Model" (AVM).

Both workshops are launched in cooperation by WAVO, HypZert, Association of German Pfandbriefbanks (vdp) and the vdpPfandbriefAkademie.

Please find attached short descriptions of each workshop (Annex 1) and a complete workshop programme (Annex 2).

The programme has been coordinated by Reiner Lux, Managing Director of HypZert, with the support of Annett Wünsche, Senior Manager Valuation at vdp. We are convinced that we have put together a very stimulating agenda.

We look forward to welcoming you to the WAVO Workshop Day in Berlin. Please do not hesitate to contact us, if you have any further queries.

Kind regards

Reiner Lux
HypZert GmbH

There is no registration fee, but advanced registration for the workshops is required. Please note that this invitation is personal and non-transferable.

ANNEX 1

LONG-TERM SUSTAINABLE VALUE

– AN APPROACH FOR VALUATION FOR LENDING PURPOSES –

BACKGROUND

Germany was largely spared the worldwide turbulence seen on real estate markets in recent years. There are many reasons for this: as well as the differences in the structure and functioning of Germany's residential and commercial property market compared to other markets, its market is stabilised by the particular way in which property is financed. Fixed-rate lending, which is usual here, the widespread use of Pfandbriefs (covered mortgage bonds) for the refinancing of property and the associated use of Long-Term Sustainable Value (L-TSV) have made a substantial contribution to avoiding speculation and high levels of price volatility.

As a central component of real estate valuation for lending purposes, L-TSV is based on the sustainable long-term characteristics of the loan property, and excludes speculative elements and cyclical fluctuations in value.

The above mentioned development and functioning of German financial and property markets has also been observed outside Germany, and has been taken as an opportunity to look more closely at the issue of L-TSV – within professional circles of valuers but also in the context of banking regulation and supervision.¹

So far international discussion about L-TSV is very general, focused on fields of application, definition and not going into details of methodology. Methodology was only an issue on national level so far. Therefore the L-TSV NETWORK was founded, pursuing the following objectives:

- Support of a L-TSV as a basis for valuation for lending purposes
- Discussion of an international methodology to determine L-TSV on national and international level
- Support of training/ education in the area of L-TSV - valuation

¹ Examples: The European Banking Authority (EBA) has to draft a Regulatory Technical Standard (RTS) to specify rigorous criteria for the assessment of Mortgage Lending Value, mandated in Art. 124 (4) CRR (Capital Requirements Regulation). Further on there was an intensive focus on valuation issues in the context of the Asset Quality Review (AQR) undertaken by the European Central Bank (ECB) in the year 2014.

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CONTENTS OF THE WORKSHOP

Morning Session:

Based on an overview about the concept of a L-TSV and its significance for stability of financial and property markets we want to present a draft methodology to determine L-TSV elaborated in an international network of valuation experts. However, the best methodology does not allow a successful implementation as long as the qualification and independence of the valuer as well as data availability is not assured. Therefore two more presentations focus on these important principles of L-TSV.

Afternoon Session:

The above mentioned methodology has to be very general and principles based to make sure that national characteristics such as functioning of the property market, national valuation methodology and standards as well as data availability can be considered. Only this consideration allows implementation internationally. Therefore the focus of the afternoon session shall be implementation of L-TSV methodology on national level. Examples of some countries shall be presented, including property examples how to calculate L-TSV.

This workshop should be seen as a starting point for extension of the discussion of methodology to determine L-TSV within L-TSV NETWORK. New members are warmly welcome and it is planned to use especially this afternoon session to discuss cooperation with further countries, associations etc.

AVM WORKSHOP

In some countries, the application of AVM (Automated Valuation Model) has grown rapidly in recent years. The workshop will present applications from different countries and the necessary quality standards for AVM will be discussed.

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ANNEX 2**WAVO Workshop Day on 16 June 2017**

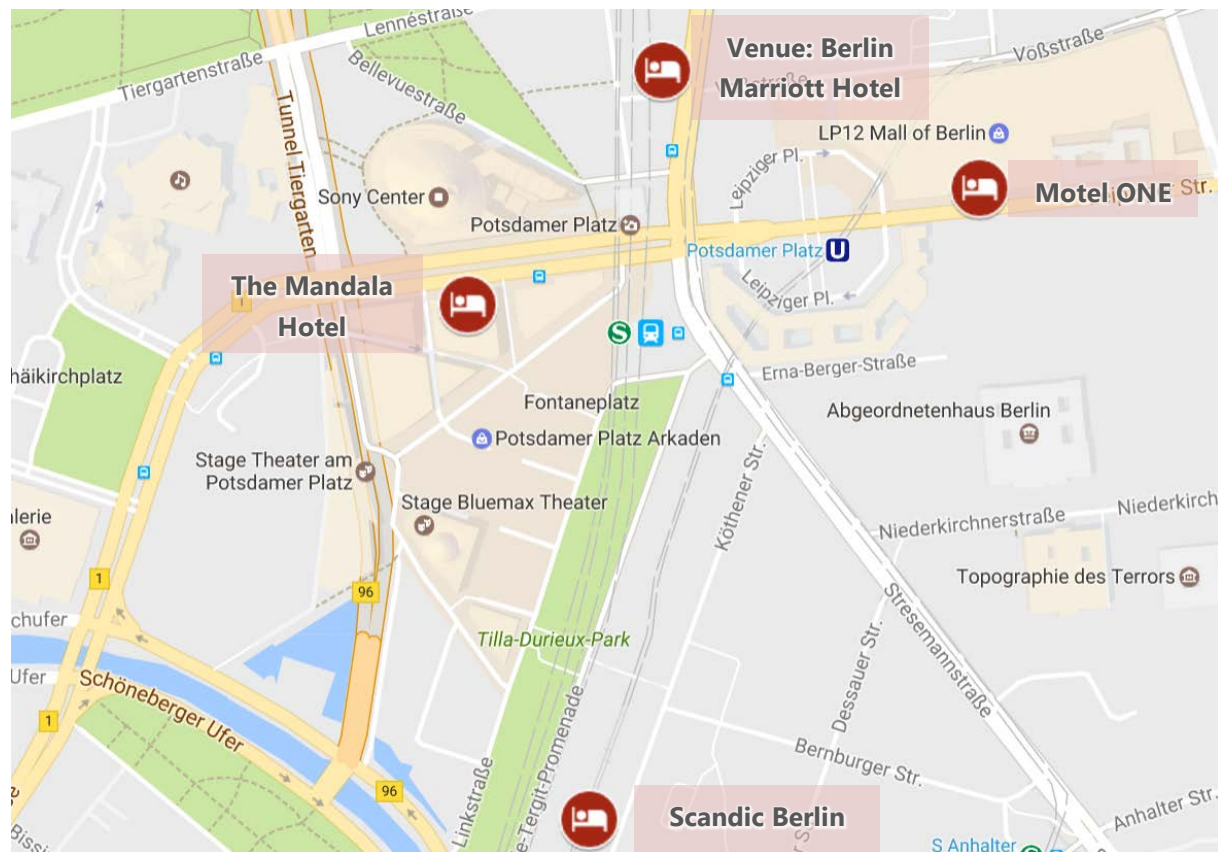
Location: Berlin Marriott Hotel Inge-Beisheim-Platz 1, 10785 Berlin, Germany

Contact: Ana de Santiago at desantiago@pfandbriefakademie.de or ph +49 (0)30 206 229 263

Registration: Please use the links below

[Registration to Full Day Workshop on Long Term Sustainable Value \(LTSV\)](#)

[Registration to Half Day Workshop on "Automated/Computer-Supported Valuation Model" or AVM](#)



Source: Google Maps

Berlin Marriott Hotel

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Scandic Berlin

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The Mandala Hotel

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Phone: +49 30 590 05
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Mail:
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www.themandala.de/en/

Motel One Potsdamer Platz

Leipziger Platz 12
(across from
"Bundesrat")
10117 Berlin
Phone: +49 30 206 70
780
Mail:
reservations@themandala.de
www.motel-one.com

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PROGRAMME

Full day Workshop "Long-Term Sustainable Value – a valuation approach for lending purposes"		Half day (parallel to LTSV) Workshop on "Automated/Computer-Supported Valuation Model" or AVM	
Room "Zürich 1+2"		Room "Moscow"	
09:00	REGISTRATION Opening Remarks (Dr. Lim Lan Yuan, Executive President of WAVO) Welcome Remarks (Reiner Lux, Managing Director HypZert)		
	Long-Term-Sustainable Value (L-TSV) and its Impact on Mortgage and Real Estate Markets <i>Speaker: Jörg Quentin (Deutsche Pfandbriefbank AG)</i> Discussion with all participants: International usage of L-TSV for lending purposes		
10:30	COFFEE BREAK		
	Qualification and Independence of Valuers <i>Speaker: Reiner Lux (HypZert GmbH)</i> Discussion with all participants: Exchange of experience regarding certification of valuers		
	Long-Term-Sustainable Value – An International Methodology <i>Speaker: Annett Wünsche (Association of German Pfandbrief Banks)</i>		
12:30	LUNCH BREAK	12:30	LUNCH
	Implementation of L-TSV Methodology EXAMPLE 1: United Kingdom <i>Speaker: Harvey Kasin (Deutsche Pfandbriefbank AG)</i>		Basics, scope of application AVM Data (data source, data quality, data protection, rotation) Model approach ("expert approach" / hedonic approach) Validation / quality assurance <i>Speakers: Reiner Lux (HypZert) / Julian Wartenberg (vdpResearch)</i>
	Implementation of L-TSV Methodology EXAMPLE 2: Romania <i>Speaker: Adrian Vascu (Veridio SRL)</i>		Presentation of the example of Germany <i>Speaker: Julian Wartenberg</i> Presentation of the example from Korea <i>Speaker: Gwayoung Park (WAVO member Korea)</i> Presentation of the example from Romania <i>Speaker: Mr Adrian Crivii (WAVO member Romania)</i> Discussion
15:00	COFFEE BREAK	15:00	COFFEE BREAK
	Discussion with all participants: International applicability of L-TSV and potential cooperation within L-TSV Network		
16:30	END OF WORKSHOP	16:30	END OF WORKSHOP

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