RICS: In Essence

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EST MODUS IN REBUS

“There is proper measure in all things”

Surveyors through the years

“To maintain and promote the usefulness of the profession for the public advantage.”

RICS

the mark of property professionalism worldwide

What we see as a professional

Commits to lifelong learning and professional competence

Meets standards and conditions of entry

WHAT IS A PROFESSIONAL?

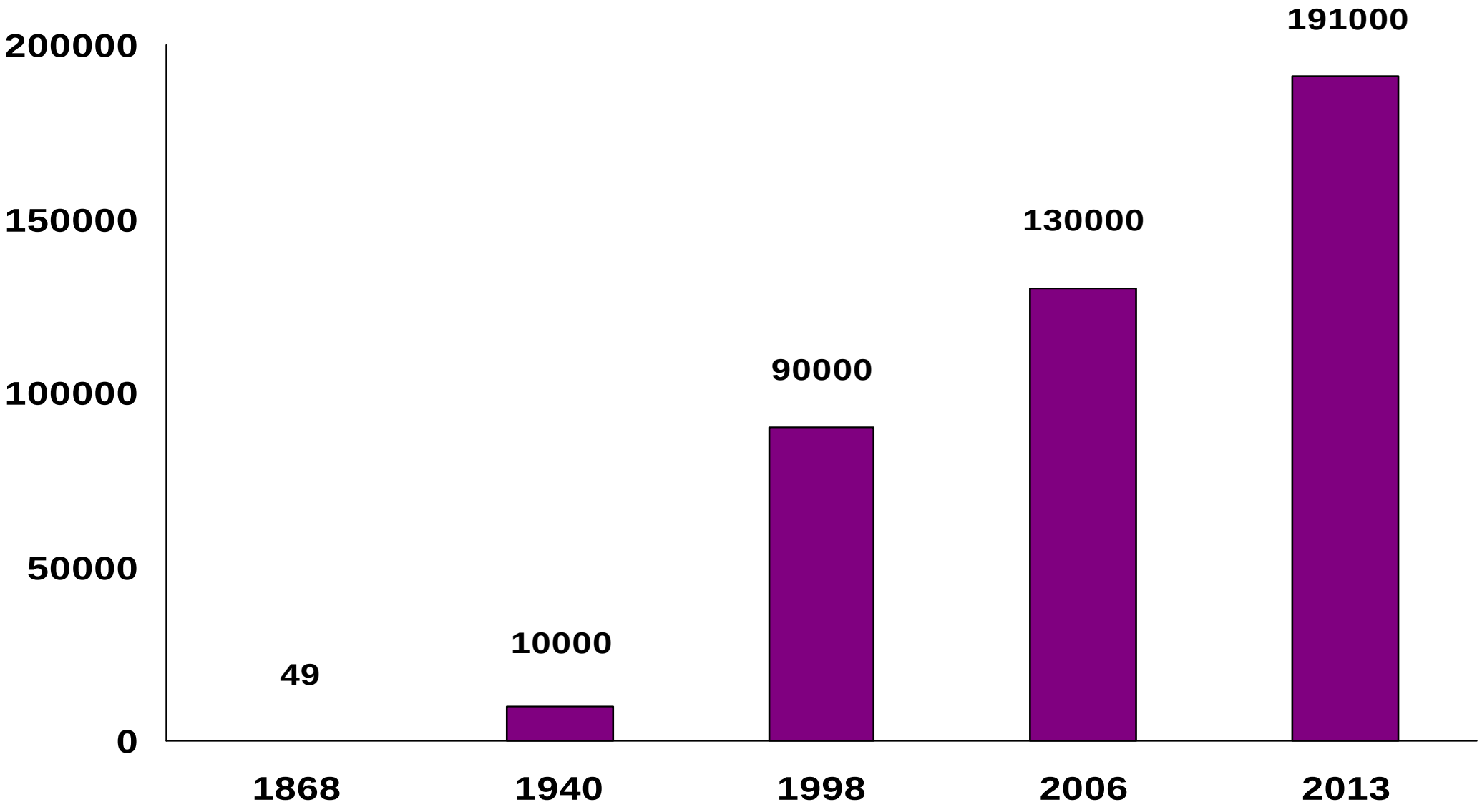
Abides by ethical rules and professional standards

Embraces external scrutiny

Puts the interests of customers ahead of personal gain

*Adapted from Lord Benson's report to the House of Lords

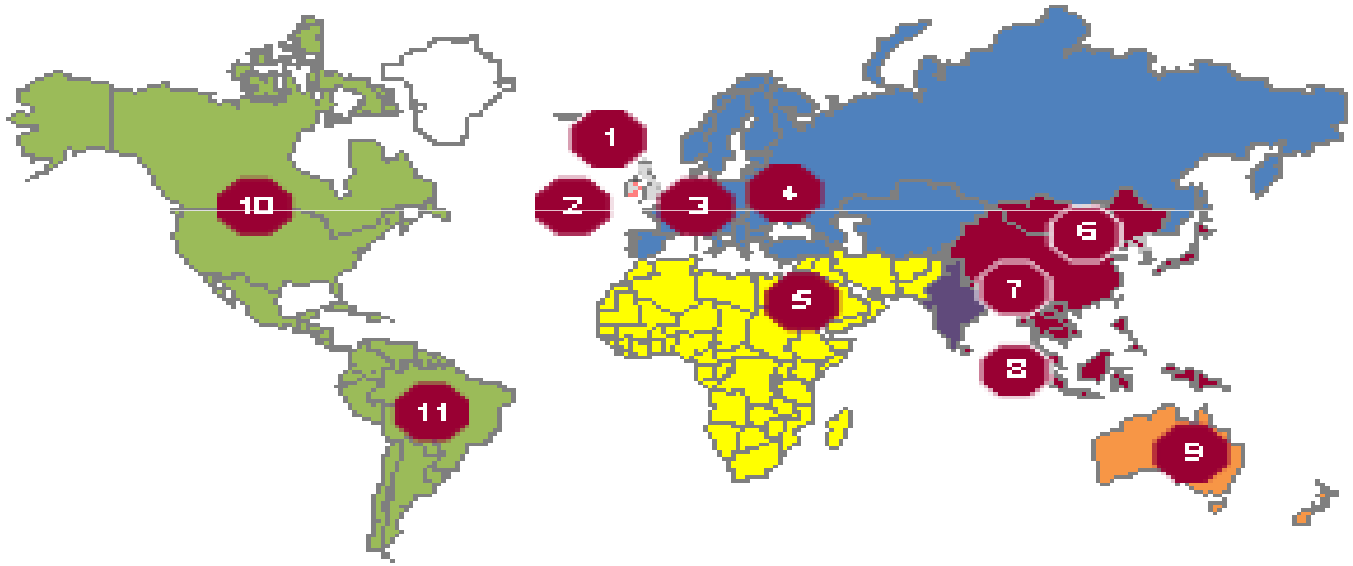
A Growing Profession



Global qualified membership

(FRICS, MRICS, AssocRICS)

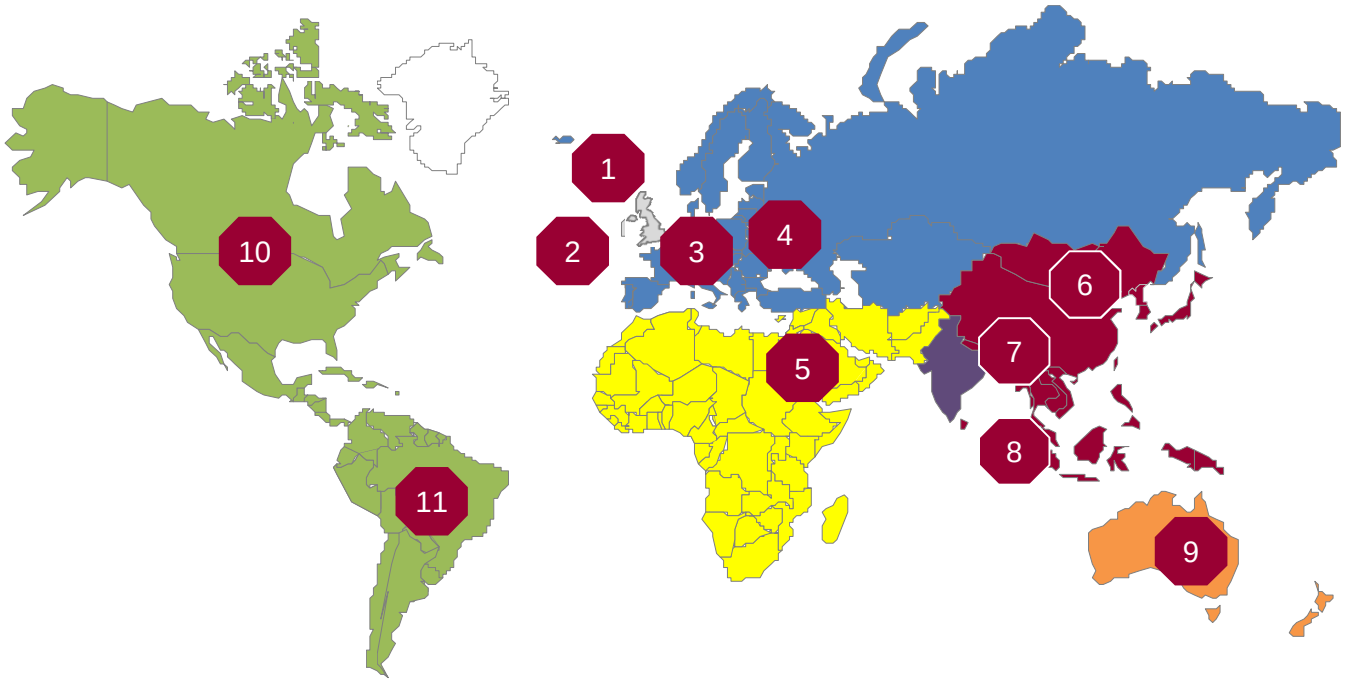
98,323 (+1.8% YTD)



1: UK	73,089	3: Europe	5,592	6: North Asia	6,642	10: North America	2,558
2: Ireland	2,344	4: Russia/CIS	332	7: South Asia	657	11: Latin America	118
		5: MEA	3,041	8: ASEAN	1,662		
				9: Oceania	2,288		

Total Global Membership 191,047

(FRICS, MRICS, AssocRICS, Trainees & Students)



1: UK	128,170	3: Europe	12,409	6: North Asia	12,330	9: Oceania	7,387
2: Ireland	3,184	4: Russia/CIS	458	7: South Asia	5,280	10: North America	4,460
		5: MEA	10,927	8: ASEAN	6,286	11: Latin America	156

Breadth and Diversity

- **Professional expertise across 200 specialisms**
- **17 market-facing Professional Groups:**

Antiques & Fine Arts
Building Control
Building Surveying
Commercial Property
Dispute Resolution
Environment
Facilities Management
Geomatics
Machinery & Business Assets
Management Consultancy
Minerals & Waste Management
Planning & Development
Project Management
Quantity Surveying & Construction
Residential Property
Rural
Valuation

International Valuation Standards Council

The International Valuation Standards Council (IVSC) is an independent body that sets global standards for valuation, especially those that will be relied upon by investors and other third party stakeholders. It also promotes the development of the valuation profession around the world and collaborates and cooperates with other organisations concerned with standards and regulation in the financial markets.

International Valuation Standards

- IVSC sets the common governing definitions and principles of valuation practice internationally.
- IVS 2013 published July 2013. Effective Date 1 January 2014.
- RICS Red Book 2012 Edition is fully compliant with IVSC.
- IVS structured to provide standards for all assets – tangible and intangible

International Valuation Standards Council

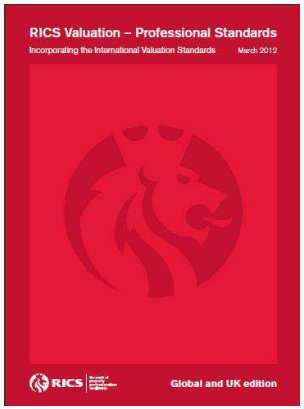
- The IVS 2013 incorporates various application standards that deals with valuations for financial statements under IFRS, secured lending, valuations in the public sector and standards relating to various types of asset.

- IVS are applicable where there are no local, or national standards, that take precedence.

The application of International Valuation Standards

- IVS is an independent not-for-profit organisation with a remit to serve the public interest.
- The Organisation's objective is to build confidence and trust in the valuation process.
- IVS comprise internationally accepted high level valuation standards which focus on the required principles and definitions in order to enable them to be applied as widely as possible.
- Current Standards were published in July 2013 and effective from July 2013. Now extends beyond real estate to all types of asset.

Historical Background to the Red Book



- Originated after the UK Property and secondary banking crash of 1974
- No rules on valuation of property assets at this point
- RICS encouraged to develop guidance on valuation
- A Committee was formed in 1974 with the first edition published in 1976
- Was discretionary at first and didn't become mandatory on members until banks started requesting valuations done to Red Book Standard
- Latest edition *RICS Valuation – Professional Standards* from 30th March 2012 now includes IVS 2011
- **REMEMBER: It comprises quality assurance compliance and is not a text book on how to value**

Red Book Purpose

"To provide an effective framework within the Rules of Conduct so that the users of valuation services can have confidence that the valuation of a RICS Member is consistent with IVSC internationally recognised standards".

RICS Valuation - Professional Standards Red Book – 2012

- History.1974 to date.
- Adoption of International Standards.
- Compliance with IVS.
- 8th edition effective 30 March 2012. Incorporates revised IVS and definitions.
- Next edition November 2013.
- Effective date 6 January 2014.

RICS Valuation - Professional Standards
Red Book – 2012

What is the Red Book?

- Most globally recognised set of valuation standards
- Contains Mandatory Practice Statements
- Valuation Standards
- Best practice guidance
- Related commentary
- Relevant to all RICS members undertaking valuation
- RICS setting valuation standards since 1970's
- Current Red Book since 1995 (8th Edition March 2012)
- Contains global and national material
- Incorporates IVS 2011

Red Book and the application of International Valuation Standards

RICS and The Red Book

- The new Red Book incorporates changes that make them fully compliant with IVS.
- Now extends beyond real estate to incorporate other assets such as business valuation.
- The vision of the Red Book is to provide a framework for delivery of IVS – lower level concepts for practical day-to-day delivery.
- The new 2012 edition has been issued as an interim measure to ensure that Red Book material complies with IVS. A comprehensive review is being undertaken which is planned for mid 2013.

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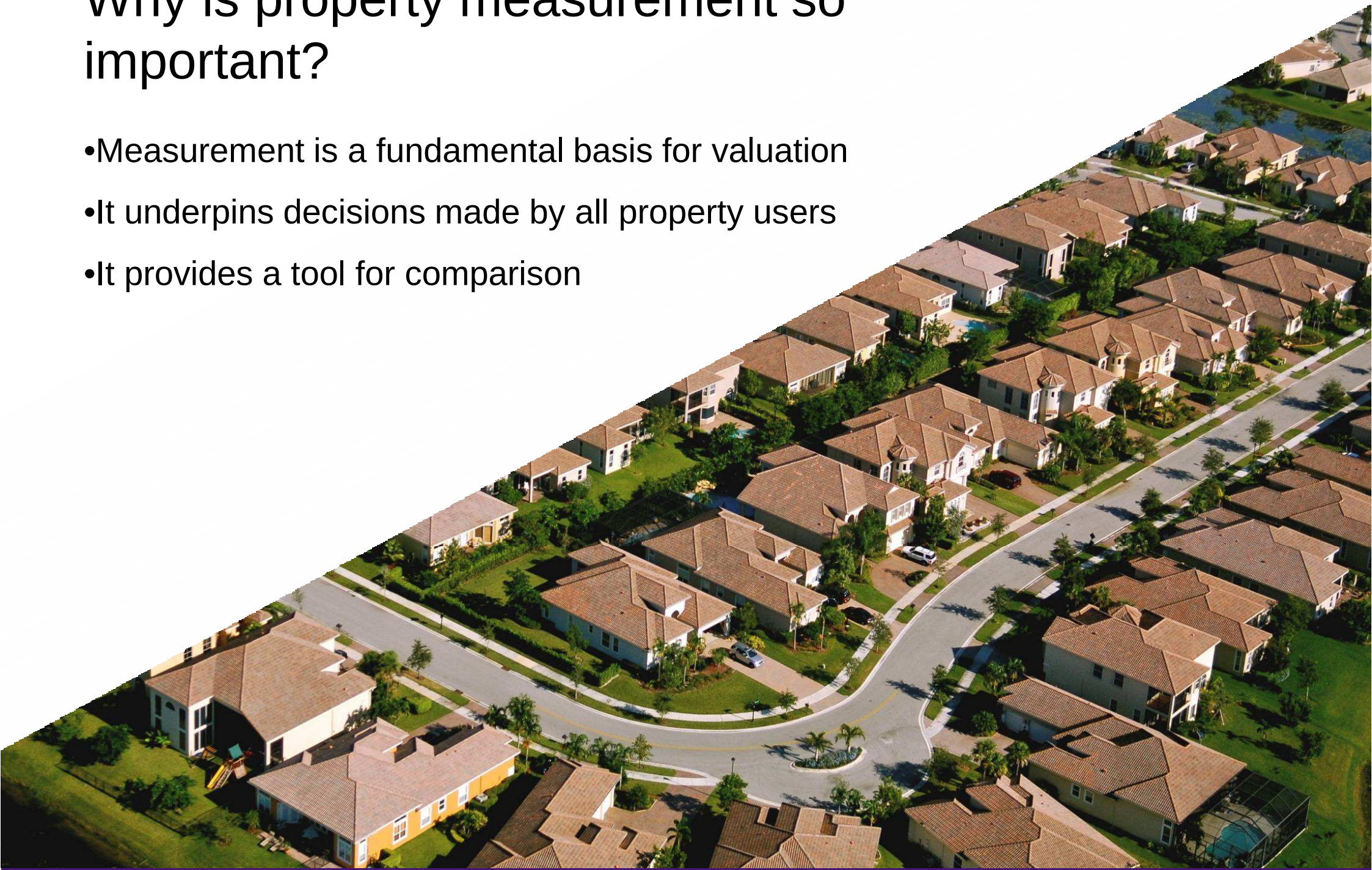
International Property Measurement: One Standard for All

Why is property measurement so important?

- Measurement is a fundamental basis for valuation
- It underpins decisions made by all property users
- It provides a tool for comparison



The Existing Challenge

•Property is measured in many different ways around the world

•Depending on the standard used, the floor area measurement can vary dramatically…

The Challenge

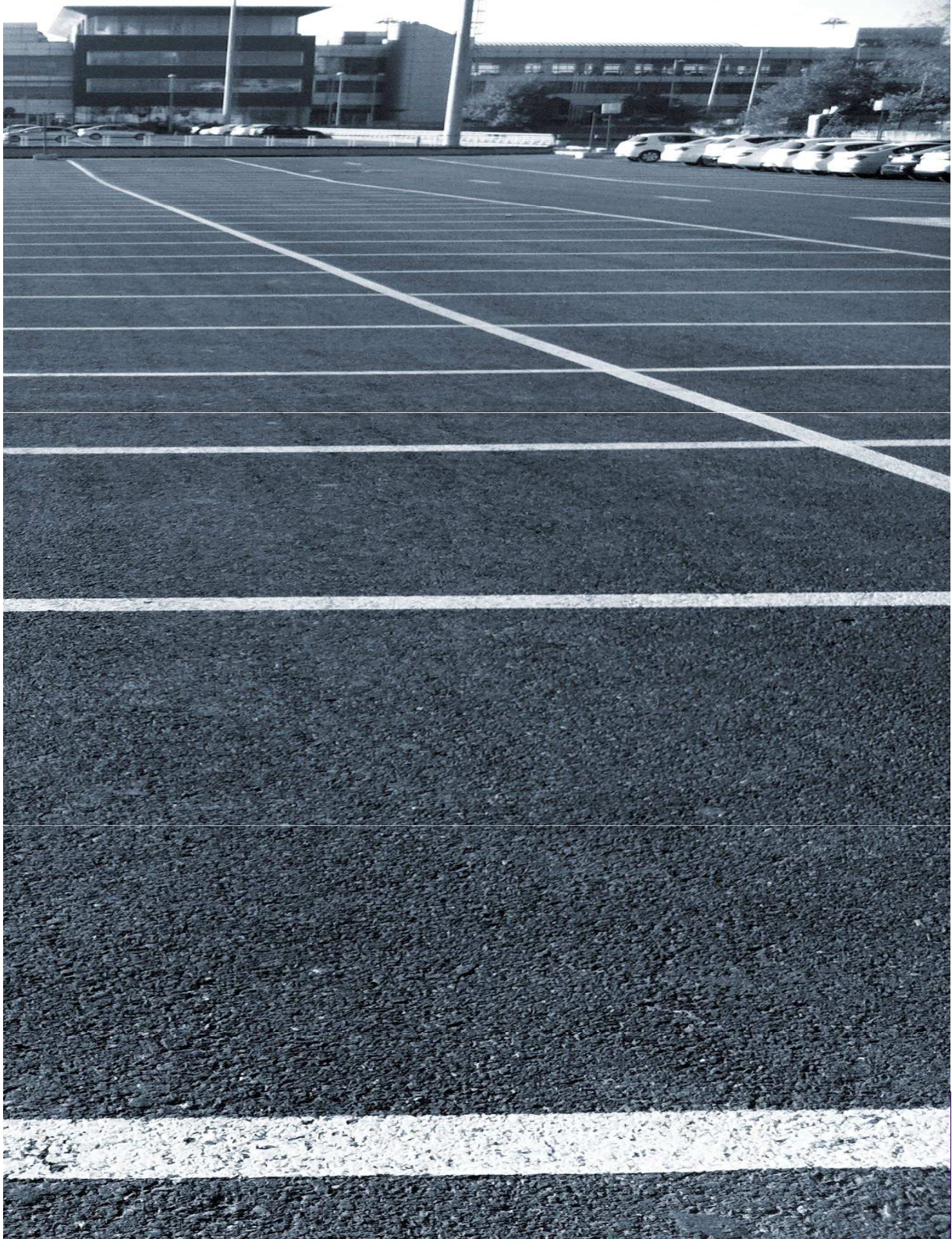
•In Spain, floor area measurements of residential properties often include outdoor swimming pools.

The Challenge

•In parts of the Middle East, floor measurements can include actual and hypothetical areas.

The Existing Challenge

•In India, floor measurements can include off-site car parks or parking spaces as well as common areas.



The Existing Challenge

•It is not always the floor area that is used to measure a property. Sometimes the *air-conditioned space* is used instead.

The Challenge

•Different measurement standards; multiple outcomes.

•Research suggests that, depending on the method used, the size of the same property can deviate by as much as 24%*

* Jones Lang LaSalle

The Existing Challenge

- Difficult to compare like-with-like.
- Lack of transparency
- Difficult to compare cross-border transactions.
- Huge impact on Financial Reporting
- Can lead to inaccuracies poor measurement.

Today's property profession is international. However, our measurement standards are localised.

IPMS, IVS and IFRS

- 70% of global wealth is in real estate
- International Financial Reporting Standards used in 120 countries
- Provides a common global language for business
- International Valuation Standards are used globally to inform financial reporting

International Property Measurement Standards are the missing link

Washington 2013: The birth of IPMS

International Property Measurement Standard Coalition (IPMSC):

- 20 professional organisations
- By the profession; for the profession
- Professional members in more than 150 countries
- Public interest mandate
- Nominated Standards Setting Committee
- Guardians of IPMS

Implementation / Adoption

- Governments & Regulators
- NGOs
- Professional organisations
- Industry
- Public

- Press and media
- Industry events
- Membership
- Meetings and education
- Support for practitioners

Thank you.

Questions?

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