Good morning ladies and gentlemen. I'd like to say how happy I am to be here today. The topic of my presentation is:

Cadastral valuation of real estate in Russia

The purpose of this presentation is to explain the procedure of cadastral valuation in Russia. My presentation is split into three key parts.

First, I'll speak about the main stages of cadastral evaluation. Then I will give some details about The state cadastre of real estate. And finally I will discuss each stage of cadastral value determination and give you some examples of the quantity of real estate objects which are subject to assessment in Russia. Let's start!

Слайд 2

The procedure of the cadastral valuation of the real estate includes the following stages:

First stage is

- making a decision about the state cadastral valuation of the real estate

  this decision can be made by the government of RF or government of municipal district of RF.

Than we need to

- create the list of objects which are subject to assessment.

  This list is made by governmental organization – Rosreestr.

The next stage is

- selection of the contractor and conclusion of the agreement

  this selection is made by auction or competition between evaluated companies.

Than we

- determine the cadastral value and draft the report

and then we need to get a

- expert review of the Report

  and this review is made by self-regulation company.

And finally governmental authorities

1

- approve the cadastral value and public the approved results.

As I mention before the main participant of the cadastral value determination process are:

- The customer, it can be Russian Federation or the municipal authorities.

- The Contractor, it can be estimated company

- Self-regulatory organizations which conduct the examination of the report of evaluation and provided expert opinion.

After the results of the work are published, special Commission is create in each district of Russia to solve the problem which might arise after the results are submitted.

Now let's go to the process of real estate cadastral evaluation

Слайд 3 The main stages of real estate cadastral value determination

The procedure of **real estate cadastral value determination** includes the following stages:

first

1. **Real estate market analysis** which includes grouping and determination of the approaches to estimation of groups, determination of the price level, and determination of a list factors that affect the cost

   than

2. **Analysis of the evaluation objects list** This stage include clarify the group composition and specify the location of the objects

   Next stage

3. **Collection at the information** about the significance of the pricing factors.

   After that we

4. **Collect the market information**

   And than

5. **Construct the statistical estimation models** and determine the property market value.

   The next stage is

6. **Making a report** on cadastral value determination

   And finally we get the

7. **Expert review of the Report** on the cadastral value determination of the real estate on the territory of the particular region of the Russian Federation.

I'd like to describe each stage, but first of all I give you some information about The state cadastre of real estate in Russia.

Слайд 4 The **State cadastre of real estate**

The State cadastre of the real estate is a systematized database of the information about real estate objects. The State cadastre is a Federal state information resource.

The information of the state real estate cadastre includes data about the unique and additional features.

The state cadastre of the real estate contain the following information about the unique characteristics of the real estate:

• type of the real estate object (land plot, building, structure, premises, objects of unfinished construction);

• cadastral number and the date of the introduction of the given cadastral number in the state cadastre;

• a description of the property borders, if the property is a land plot;

• description of the property location on the land plot, if the property is a building, structure or object of under construction;

• cadastral number of the building or a construction were the object is located, the floor number and other;

• the area.

The following additional information about the property can be included into The state cadastre:

• allowed usage, if the property is a land plot;

• the purpose of usage of the building (non-residential building, dwelling house or apartment house), if the property is a building;

• the material of external walls, if the property is a building;

• the year of commissioning.

3

Etc.

There is what about the state cadastre of real estate.

Слайд 5. Real estate market analysis

Now let's go back to the stages of the cadastral evaluation of real estate objects. The first stage of the cadastral evaluation for assessment is to collect market information. The collection of price information is carried out in the context of basic characteristics necessary for mass real estate valuation.

Data collection is carried out in accordance with the 4 principles
- reliability,
- u'niqueness,
- verifiability and
- a'dequacy.

After the possible information is collected we must make a statistical analysis. During this analysis we remove incorrect and insufficient data (very cheap, and very expensive objects without apparent reason).

In addition, similar object must have the full address of the characteristics required to determine the values of pricing factors.

On this slide you can see that apart from the real estate market analysis we collect information about the economic and geographical position of the subject of the Russian Federation and the current socio-economic conditions of development.

Moreover you can see the sources which we use to collect information:
- Official sites of the Executive bodies
- The laws on administrative-territorial division
- Reviews of the real estate market
- The announcement of the purchase and sale of real estate objects
- And other sources

Слайд 6. The State Cadastre of real Estate

The next stage of the real estate objects cadastral evaluation is the Analysis of the

4

evaluation object list. As I mentioned, state cadastre of the real estate includes information about all real estate objects.

On this slide is an example of the grouping capital construction objects.

In accordance with the Federal Standard of valuation, objects that are subject to assessment are grouped on the basis of analysis of the real estate market information. Also we use list of the pricing factors and information about their significant for each of the investigated objects. For grouping objects we use multi-level system .

1-St level

The First level – is the base. It shows the segmentation of real estate objects.

The following segments are allocated:

1. multi-family residential building objects;

2. individual residential building objects;

3. objects designed for transport storage;

4. garden objects, garden construction objects;

5. objects used for trade, public catering, consumer services, leisure and entertainment, including multi-purpose objects.

6. items intended for temporary residence;

7. objects for office and busines purposes;

8. health-resort objects;

9. objects for industrial purposes;

10. objects of social infrastructure;

11. ports, railway stations, stations objects;

12. objects for other purposes

13. construction.

2nd level

On the second grouping level we divide groups the first level into subgroups:

- completed objects and construction;

- objects under construction.

3rd level

The third grouping level presupposes forming the homogeneous subgroups, based on the unique conditions in the particular region of the Russian Federation (objects, located in the capital of the subject, facilities located in urban areas, facilities located in rural areas).

Слайд 7. Analysis of the list of objects for assessment, collection market information and information about the values of pricing factors

After the market research is conducted there were made the list of pricing factors, which may affect the cost of real estate. For example:

- distance from infrastructure

- the presence of water bodies

- characteristics of the object of real estate (year of construction, the material of walls, floors)

- the availability of service lines.

and other.

After that we need to collect the information about the significance of these factors. Thereto we make a requests to the special organization which are keep informed for example^

- Rosreestr

- local self-government bodies, and statistical authorities

 or using the open resources.

- legal acts

- the data is contained in the list of objects of evaluation

- public sources of information

Then we applaud this data to the special software and go to the next stage of cadastral value determination - **Construction of statistical models**

Слайд 8. Construction of statistical models of evaluation and determination of the market value of real estate objects

6

To construct statistical models we should create information resource, containing the data about the objects of evaluation and objects-analogues. The information for each group of real estate should be complete and accurate and should go in accordance current legislation.

If we have sufficient information about the real estate objects belonging to the 1 and 2 groups (multi-family residential building objects and individual residential building objects), as well as real estate objects belonging to the Uninhabited stock, and we have sufficient market information about the significant of the pricing factors, we can build a sustainable statistical model of calculating the cadastral value.

For objects, which are in the subgroups "Objects under construction", "Objects that do not have enough characteristics to calculate value", and other groups with insufficient information, cadastral value is determined by the modeling on the basis of per unit indicator of cadastral value.

It means that we don't always calculate the value for such objects. In such cases, the value can be assign minimal or average for this type of objects.

If we don't have sufficient information about some groups of real estate objects we can use cost based approach to calculate cadastre value.

Слайд 9. Making a report

The last stage of the cadastral value determination procedure is preparation a report. Report is prepared in accordance with the state contract, the work agreement, the applicable laws and the standard report template.

According to current legislation, expert examination of the report has to reviewed by the self-regulatory organization of value's. Based on this review expert prepare a report on conformity.

After that the results of work transfer the customer and can be published.

Слайд 10. Number of real estate objects that are subject to state cadastral valuation

And finally

At the end of my presentation I'd like to give you information about number of objects which have been evaluated in Russia by this moment.

In the Russian Federation in the period from 2010 to 2012 there were carried out works on the determination of the real estate cadastral value. Our company participated in these works almost in every region of the country.

On this slide you can see the total number of evaluated in 2010-2012 real estate objects,

as well as the number of real estate by region. Including the number of objects subject to and not subject to assessment.

Our company valued at about 10% of the objects of real estate of the total.