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International Valuation Standards Council

41 Moorgate
London EC2R 6PP
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By E-mail: CommentLetters@ivsc.org

Dear Sir

**EXPOSURE DRAFT
PROPOSED GUIDANCE NOTE – The Valuation of Investment Property under
Construction**

Please be informed that the Board would like to forward the following views pertaining to your IVSB Guidance Note Exposure Draft under Questions for Respondents:

ITEM 1 Scope of Guidance Note

Board's Views

The Board is of the view that the scope should be extended to the valuation of investment property under construction for any purpose but not to other types of property. The Board does not agree with the idea of widening the scope of the Exposure Draft to include other classes of property under construction or investment property.

ITEM 2 Valuation Approaches

Board's Views

The Board believes a specific value approach has to be assigned for investment properties under construction. As such, the appropriate method should be based on residual approach for ongoing projects subject to contractual obligations if any.

ITEM 3 **Current Versus Prospective Values**

Board's Views

The Board is of the view that it should be based on current value and committed cost.

ITEM 4 **Finance Costs and Risk**

Board's Views

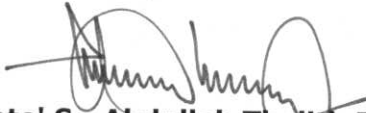
- a) The Board is of the view that the cautionary note is adequate.
- b) The Board agrees that the guidance note should refer to the potential for different interest rates at various stages before the investment reaches its normal income generating potential.

ITEM 5 **Valuation Reliability**

Board's Views

The Board agrees that a valuation can be reliably determined for the purpose of IAS 40.

Yours faithfully


Dato' Sr. Abdullah Thalh Bin Md Thani
President
BOARD OF VALUERS, APPRAISERS &
ESTATE AGENTS MALAYSIA