

21 April 2014

International Valuation Standards Council
1 King Street
London EC2V 8AU
United Kingdom

Dear Sirs

Development Property Exposure Draft

The Malaysian Accounting Standards Board welcomes the opportunity to provide comments on the International Valuation Standards Council's ("IVSC") *Exposure Draft on Development Property*.

We commend the IVSC's efforts to develop broad based guidance on the valuation of real property be it in the course of construction or where construction is contemplated. We have reviewed the proposed guidance from a financial reporting perspective and we are pleased to provide our response to the specific questions in the Appendix of this letter.

If you need further clarification or have any queries regarding this letter, please contact Ms Christine Lau at +603 2240 9200 or by email at christine@masb.org.my.

Yours sincerely



Dato' Mohammad Faiz Azmi
Chairman

Question 1

It is proposed that the specific requirements for valuations of investment property under construction for financial reporting under IFRS be referenced in the guidance of IFRS requirements in IVS 300 *Valuations for Financial Reporting*, rather than being in a separate standard. The Board considers it more logical to include all requirements in the IVSs for valuation used in financial reporting and guidance on the requirements under IFRS in the same standard. If this is done the current IVS 233 would be withdrawn.

Do you agree with the Board's proposal to move all materials in the standard specific to financial reporting to IVS 300?

We agree with the Board's proposal to move all materials specific to financial reporting to IVS 300 as this would improve the flow of information and hence ease implementation.

Question 2

This exposure draft will retain the guidance in the current IVS 233 *Investment Property* if the latter is withdrawn. The construction guidance in this proposed paper is designed to be more broadly applicable to all developmental property rather than to the specific case of valuations of investment property under construction under IAS 40. The Board considers that similar valuation considerations and methods are applicable to all types of real property under construction, and not just investment property.

Do you agree with the Board's view that the valuation techniques described in the commentary to the current IVS 233 are applicable to all types of development property, not just investment property as defined in IFRS?

The paper sets out three common valuation approaches namely market approach income approach and residual method. We believe these valuation techniques are applicable to all types of development property and not specific to the investment property defined in IAS 40. However it is important to also clarify that these techniques serve as an implementation guide in which the exercise of judgment is critical.