

# MALAYSIAN VALUATION STANDARDS

## STANDARD 43 12

### USE OF ASSUMPTION VALUATIONS

#### 12.1.0 INTRODUCTION

12.1.1 There may be instances where the Valuer would be instructed to carry out valuations based on certain Assumptions, which have not been realised at the time of valuation. In such a case, the Valuer may carry out such valuations in accordance with the Standards mentioned below.

#### 12.2.0 STATEMENTS OF STANDARD

12.2.1 The Valuer shall ascertain whether the Assumptions are Additional Assumptions or Special Assumptions (refer to [Definitions](#)).

12.2.2 Where the valuation is based on an ASSUMPTION, the Valuer must state the ASSUMPTION in detail as well as in **bold** and **capital letters** in the Terms of Reference, Opinion of Value and Other Appropriate Sections of the valuation report.

12.2.3 Notwithstanding 12.2.1, the Valuer must also provide a valuation on the basis of Market Value without the ASSUMPTION (**As Is value**) ~~as stated under 10.2.2~~ except for residential properties **such as houses, shophouses and shopoffices** and strata properties, which are purchased on the basis of completion. However, this exception does not extend to those developed ~~as blocks~~ **and sold enbloc**.

12.2.4 For such valuations **based on Additional Assumptions**, the reports must carry the following provisos in **BOLD AND CAPITAL LETTERS**:

**“IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTION(S) AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT**

**SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION(S)  
THAT IS/ARE NOT YET OR FULLY REALISED”.**

~~(a) “IF ANY FINANCIAL INSTITUTION WISHES TO PROVIDE  
FINANCIAL FACILITIES BASED ON THE ASSUMPTION(S)  
STATED ABOVE, THEN APPROPRIATE FINANCIAL  
ADVICE SHOULD BE SOUGHT SINCE THE VALUE  
REPORTED IS BASED ON AN ASSUMPTION THAT IS NOT  
OR FULLY REALISED”.~~

~~The report must contain the above proviso for valuations  
mentioned under 13.2.3 on the basis of completion and for  
financing purposes.~~

~~(b) “IF ANY PARTY WISHES TO PROVIDE TO RELY ON THE  
VALUATION BASED ON THE ASSUMPTION(S) STATED  
ABOVE, THEN APPROPRIATE FINANCIAL ADVICE  
SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS  
BASED ON AN ASSUMPTION(S) THAT IS NOT OR FULLY  
REALISED”.~~

~~The above proviso is applicable in situations other than those as  
stated under 13.2.3.~~

~~(c) If “ANY PARTY” is a financial institution, then the following:-  
following proviso is applicable:-~~

~~“IF ANY FINANCIAL INSTITUTION WISHES TO RELY ON THE  
VALUATION BASED ON THE ASSUMPTION(S) AS STATED  
ABOVE, THEN THE LOAN FACILITIES SHOULD BE  
GRANTED USING THE SUBJECT PROPERTY AS A  
SECURITY ON PRODUCTION OF THE RELEVANT  
DOCUMENTS OF APPROVALS FROM THE RELEVANT  
GOVERNMENT AUTHORITIES, AS THE VALUE DERIVED IS  
BASED ON ASSUMPTION(S) WHICH IS/ARE NOT FULLY  
REALISED AS YET”.~~

**12.2.5** For valuations based on Special Assumptions, the reports must carry the following proviso in **BOLD AND CAPITAL LETTERS**:

**“IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE SPECIAL ASSUMPTION(S) AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION(S) THAT IS/ARE NOT REASONABLE AND UNLIKELY TO BE REALISED”.**

### **12.3.0 EXPLANATIONS**

12.3.1 The above standard has been introduced to ensure that the Valuer using assumptions in his valuation, which are not generally assumed, will state such assumptions clearly.

12.3.2 Additionally, this standard would give notice to financial institutions and other parties, the need to be careful in using valuation reports **that are based on assumptions**.

12.3.3 Where an “As Is” valuation is required, additional professional fee is chargeable.