1.0 Introduction

1.1 The International Valuation Standards that is set by the International Valuation Standards Committee (IVSC) is growing in importance, globally, by leaps and bounds. This is because, globalisation and the flourishing of market economies around the world, are demanding and getting a better architecture for the global financial system. The financial system itself, as it evolves, in a new and accelerated manner, looks inevitably for sound standards for its constituent parts. In this connection the Accounting profession which plays a pivotal role in corporate balance sheets is experiencing nothing short of a revolution in its transit from the historic cost convention to a mark-to-market based set of standards hinged on fair value accounting. Equally of importance is the current attempt to converge the two major standard setting bodies for accounting in the world, namely the International Accounting Standards Board (IASB) and the US-centric Financial Accounting Standards Board (FASB). A similar revolution is sweeping the world in banking with the release and general acceptance of the recommendations of the Basel Committee on Banking Supervision known as Basel II. Robust standards in the various fields are ultimately what can be relied upon to create a more robust financial system.

1.2 The IVSC, concerned as it is with developing global valuation standards for real estate, personal property, businesses and financial interests, has over the past five years in particular, made a substantial leap in valuation standard setting by way of a special project which has resulted in the current set of standards being a fairly robust set of standards and put together by international consensus. It is increasingly being looked upon today as the apex, global, valuation standard, and in fact, is either being incorporated in part or whole in national valuation standards. Had the IVSC not made this quantum leap and achieved what it has, it would not be in the pole position it is today.

1.3 The International Valuation Standards (IVS) are being updated continuously and do take into account and do support the fair value accounting standards as it is itself evolving and IVS also recognises and incorporates Basel II elements as it affects lending based on real estate as collateral. Basel II also signals a greater role for Valuers in assisting banks undertake risk management assessments for real estate related loans and will become clearer in this paper.

1.4 IVSC is also en route to further developing and strengthening valuation standards for businesses, intangible assets and financial interests, all three of which sorely need opinions of fair value for balance sheet purposes, to be provided professionally, and on an independent basis.

1.5 Harmonisation of valuation standards is underway because of the general acceptance of IVS as an apex valuation standard but greater harmonisation between IVS and national valuation standards are required for the increasing cross border transactions, for cross border uniformity and for the development of a more efficient global real estate market.

1.6 The views expressed in this paper are solely the views of the author and do not represent the official views of the International Valuation Standards Committee (where he is a Vice Chairperson), the Institution of Surveyors Malaysia (where he is a Council Member) or the Board of Valuers, Appraisers and Estate Agents (where he is a Board Member and Co-Chairman of the Valuation Standards Sub-committee).

2.0 The need for Valuation Standards

2.1 Valuation Standards are important because they enable industry wide valuations that display high levels of integrity and competence. By incorporating codes of ethics, enunciation of principles of valuations and by supporting best practices they set the parameters for the duty of care a professional Valuer owes to his client, to reliant third parties and to the public at large. Good, industry wide valuations support efficient real estate markets which in turn support the efficient functioning of market based economies.

2.2 Valuations underpin the banking sector where valuations for loan securities depend on proper valuations and periodic revaluations to ensure the maintenance of loan security values. The role that professional Valuers play in supporting the maintenance of integrity of the banking and financial system is often not well appreciated. During periods of downturns however, the Valuer has to usually bear the brunt of public wrath for loans gone sour.

2.3 Corporate valuations support balance sheet values and this in fact has become even more important with the onset of fair value accounting for financial reporting. Such valuations are also needed for corporate activities such as sale and purchase of property assets and mergers and acquisitions.

2.4 In many economies today, debt and equity securitisation of real estate call for valuations that require high professional skills as the underlying real estate are usually complex bundles of rights that require a high degree of professional skills, and such valuations, on an industry wide basis, are possible only with a well developed set of valuation standards.

2.5 Real estate is an important investment medium for small investors (including house owners) as well as corporate investors and is increasingly being recognised as a premier alternative medium of investment alongside other major forms of investment such as bonds and stocks. Fundamental to this is the proper and standardised measurement of the worth and value of real estate.

2.6 To the Valuer, a set of good valuation standards are his best defence when he is challenged, in a court of law, on charges of professional negligence. If he has complied with the standards, the party claiming negligence will be hard put to assert it. On the other hand, the client, reliant third parties and the public are protected when the standards secure for them a strong basis to bring action against errant Valuers who are found to be non compliant with valuation standards. Court decisions in many jurisdictions are well established as to the duty of care a Valuer owes the client, a reliant third party or the public which duty of care is best measured against a clear set of standards.

2.7 Accompanying a professional valuation is a corollary extension of professional liability and it is upon this pivot that a balance is struck between the fee earning professional and the client and his right to an acceptable level of professional service. A set of good standards enable insurers access their risk and quantify indemnity premiums as well as courses of action in cases of allegations of negligence.

3.0 The International Valuation Standards

3.1 A historical perspective

3.1.1 The International Valuation Standards Committee was founded as The International Asset Valuations Standards Committee or TIAVSC in 1981 with the following objectives:

To formulate and publish, in the public interest, valuation standards for property valuation and to promote their worldwide acceptance; and

To harmonise standards among the world's States and to identify and make disclosure of differences in statements and/or applications of Standards as they occur.

3.2 In 1994 the Committee changed its name to the International Valuation Standards Committee as it had by then shifted considerably from its earlier remit to focus solely on harmonising standards for financial reporting purposes to a much broader spectrum to cover real estate valuations for all purposes as well as for businesses, personal property, intangibles and financial interests.

3.3 The scope of IVSC is continuing to widen as seen from the four broad areas that it now seeks to be involved in, namely (a) real property, (b) personal property, (c) businesses and (d) financial interests, although so far the Committee has not ventured, despite some urgings and pressures from outside parties, into the last of the said areas, but this is now slated for a major push as there is strong pressures being exerted for IVSC to develop standards for this item. When it is done, IVSC will offer the fullest range of valuation standards for the investment and financial community of the world.

3.4 IVSC is relevant because we are heading towards living in a Global Village and there is a need for harmonisation in most areas of the global economy, in particular, in the provision of professional services. Accounting standard setting has taken on a new urgency, along with a search for improved harmonisation and standards for banking (the Basel Committee), investments in general (GIPS), Corporate Governance (IOSCO), International Public Sector Accounting Standards (IPSAS) published by IFAC, insurance and others. Valuation standards are also moving to centre stage as it becomes more and more realised that it underlies the efficient functioning of real estate markets, which in turn underlie the efficient functioning of national, regional and the global economies.

3.5 Real estate as a store of household wealth is today recognised as an important contributor to financial stability and also important in macro economic management. Towards this end, in October 2003, the International Monetary Fund and the Bank for International Settlements had a first conference on Real Estate Indicators and Financial Stability. The reason for the conference was the realisation that there was a need by national policy makers to have a more in-depth knowledge and understanding of property for macro economic policy making and to ensure financial stability in member states and globally. Real estate complicity in financial crises was a concern.

3.6 Real estate is an important investment medium for small investors, as well as corporate investors, and is increasingly being recognised as a premier alternative medium of investment alongside other major forms of investment such as bonds and shares.

3.7 Fundamental to all this is the proper and standardised measurement of the worth and value of real estate, and encompassing as well the related fields of personal property, businesses and financial interests.

3.8 Much of the work of an ordinary Valuer revolves around carrying out market value estimates for various purposes. It was no surprise then that almost the first task that the IVSC set for itself, upon its formation in the early 1980's, was to arrive at an international consensus as to the definition of market value. After much debate, which mostly centred on differing cross-border legislative and judicial considerations, a common definition acceptable to all was arrived at. Today this definition is not only the accepted definition by the global valuation fraternity, but it is also accepted by most regulators and users of valuation, including the courts. The definition of market value and its positioning as a centre piece of IVS Standards, by international consensus, is a foundation stone for the growing global valuation edifice today, promising more rapid development in the future.

3.9 Market value is defined by the IVSC as "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion." Each element of the definition has its own conceptual framework and this is detailed in IVS.

3.10 Market Value is a representation of a value-in-exchange, or the amount a property would bring if offered for sale in the (open) market at the date of valuation under circumstances that meet the requirements of the market value definition.

3.11 To determine market value, a Valuer must first determine the highest and best use of the property.

3.12 The highest and best use of a property is the most probable use of the property. That use may be for continuation of a property's existing use or for some alternative use.

3.13 Valuation bases other than market value include non-market based valuations of property using methods that consider the economic utility or function of an asset, other than its ability to be bought and sold by market participants, or the effect of unusual or atypical conditions.

3.14 The golden rule in IVS 2005 as to the use of bases other than market value is that when it is carried out it should be distinguished that it is in fact not a market value estimate.

3.15 Apart from Standards, IVS has Applications and Guidance Notes, which are equally mandatory in order to assert compliance.

3.16 A distinct advantage that IVSC has is its name itself, i.e. the INTERNATIONAL valuation standards committee which will make users and potential users automatically seek its counsel.

3.17 Admittedly, IVS is not mandatory for most Valuers around the world and they do not have to follow it except possibly indirectly where their national valuation standards incorporate aspects of it and make it mandatory. IVS does not have direct powers of enforcement nor is this desirable at this stage of globalisation where independent nation states are still the predominant form of political governance. However IVSC does have influence and reach and as a result does have two kinds of *de facto* enforcement powers on its own. Firstly as cross border valuations increase, clients do and will insist on compliance with IVS. This wave is, and will be led by, the big Accounting firms, flowing from IASB and FASB acceptance of IAS, GIPS, the Basle Committee and IOSCO to name a few. Secondly, Valuers, going before courts in valuation cases as well as negligence suits can and most probably will refer to IVS Standards to support and fortify their case and thus IVS will seep in though the courts as THE International Standard for valuations. You cannot dictate to a court that it should confine itself to the national standards when there exists a International Standard which is robust, developed with international consensus and which acts an apex standard from which most national standards derive underlying concepts and principles as well as best practices.

4.0 Other Regional and National Standards

4.1 The only regional standard that is in existence is the standards set by The European Group of Valuers' Associations or TEGoVA. These standards more or less are similar to IVS with the last update being 2003.

4.2 The Uniform Standards of Professional Appraisal Practice or USPAP set by the Appraisal Standards Board of The Appraisal Foundation in the USA is somewhat more than a national standard as it also applies outside of the USA, in particular Canada, as well having some degree of influence in countries outside. It may also have some influence in at least two ASEAN countries as well. USPAP Standards are revised on a continuous basis and the latest edition is effective from 1 July 2006. Apart from the Standards *per se* the Appraisal Foundations has a fairly comprehensive, structured teaching program for the standards and this program is not only available in the USA but online as well.

4.3 The Red Book or the Standards of the Royal Institutiion of Chartered Surveyors, apart from forming the national standards for the United Kingdom has substantial influence across the globe, in particular Commonwealth countries as well as in China. The Standards are continuously updated and have adopted IVS in part.

4.4 The Professional Practice (5th edition) which is the national standards, jointly of Australia and New Zealand is a comprehensive set of standards that comes into effect on 1 August 2006. It incorporates the IVS wholly and as extensions has other standards and guidelines that are of relevance in the Australian and/or New Zealand context.

4.5 Within ASEAN, Malaysia has had a set of national standards since early 1990's and which, although incorporating general concepts and principles drawn from IVS, has a mix of IVS based standards as well as prescriptions on best practices, all of which are enforced under legislative powers bestowed by an Act of Parliament. In fact a revised set of standards becomes effective from 1 July 2006. Singapore has a similar set of standards but being a more open financial centre it subscribes to the other major standards of the world, and IVS. Indonesian abides by a translated version of IVS and in the Philippines one of the two Valuer associations who has just become a member of IVSC, promotes IVS as a suitable national standard. Little is known of the position in Thailand and the rest of the ASEAN countries as information on the website, in English, in scant. Perhaps a clearer picture will emerge from this Congress itself.

4.6 Should the Asean Valuers Association resurrect the regional ASEAN Valuation Standards it aspired to some years back? It would appear that on account of the performance of the IVSC this may not be required as IVS as it is currently constituted and as it currently goes forward in developing further and better standards, seem to be taking into account, in a balanced manner, the interest of not only the developed nations of the world, but the emerging and under-developed nations of the world where standards are more sorely needed. The IVS is available on the website (www.ivsc.org) and for Valuers and for all users of valuations.

5.0 The Fair Value Revolution

5.1 In the 1990's, the global financial system came under increased stress with one financial crisis after another, the Mexican Crisis, the Asian Financial Crisis, the Enron, WorldCom and other debacles, and so on. The crises also brought to the fore, attempted solutions such as the Sarbanes Oxley Act of 2002, and a rush towards more robust industry standards, two of which, that impinge directly on real estate or property, are work done by the International Accounting Standards Board (IASB) and the International Valuation Standards Committee (IVSC). The former is supported in application by the latter. The substantial work done by the IASB has resulted in a tectonic shift in the accounting world with regard to financial reporting, towards a mark-to-market concept known as Fair Value which is in the process of supplanting the traditional historical cost convention as the cornerstone concept in financial reporting.

5.2 The six new International Financial Reporting Standards (IFRS's) add on to the thirty, older, but recently and largely amended, International Accounting Standards (IAS's). Together, they form the new framework for financial reporting, compulsory for companies listed on a European Union stock exchange, beginning January 2005, and voluntarily adopted by over seventy other countries worldwide. The major exception is the block of countries that follow the US GAAP (Generally Accepted Accounting Principles) and such countries, apart from the USA, include Canada and Japan. These countries nonetheless are also in serious dialogue with the IASB represented world, in an attempt to converge their different financial reporting standards into one.

5.3 The ultimate goal in financial reporting is to provide a true and fair view about the financial position and performance of a company, or entity as it is called by IASB.

5.4 The new financial reporting regime has the potential to radically change company earnings figures as well as asset figures and consequently the computation of financial ratios and returns of entities, as well as the corporate behaviour of entities, and thus it is of interest to almost everyone.

5.5 Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Although by this definition the term suggests that it is a mark-to-market concept, readings of the various IFRS and exposure drafts as well as surrounding literature suggest that fair value is strictly not a mark-to-market concept as it includes non-market elements as well and encompasses a hierarchy that stretches from high level mark-to-market inputs such as published price quotations from an active market, to surrogates such as in-house or entity specific valuations at the other end of the spectrum.

5.6 IVSC considers that although fair value and market value are similar, they are not synonymous. To the IVSC, fair value is a generic term which is applied in different contexts and in different situations. As further shown below, market value, which is the cornerstone concept for fixed asset valuations under IVS, does have a conceptual framework which aids consistent application. Insofar as Valuers are concerned, where the fair value of fixed assets is required under IFRS, the Valuer reports market value.

5.7 Now let us consider an IASB pronouncement in the Exposure Draft "Proposed amendments to IAS 39 Financial Instruments: Recognition and Measurement, the Fair Value Option". For the first time, how fair value should be arrived at, is detailed, the relevant paragraph reading:

> "The best evidence of fair value is published price quotations (stock market?) in an active market.
>
> If the market for a financial instrument is not active (and real estate has been said to be such a market) an entity establishes fair value by using a valuation technique (next best thing?).
>
> The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.
>
> Valuation techniques include using recent arm's length market transactions between knowledgeable willing parties if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis (usually a deterministic model) and option pricing models (always stochastic).
>
> If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique (gives too much of a free hand to the in-house accountant Valuer).
>
> The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs (convergence in thinking between IASB and IVSC). It (a) incorporates all factors that market participants would consider in

setting a price and (b) is consistent with accepted economic methodologies for pricing financial instruments.

Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data."

(The splitting of the paragraph and some of the bracketed remarks are done by the author for easy dissection and analysis).

5.8 The suggestion that an entity calibrate its model from time to time suggests that you start doing valuations with whatever you have and over time by noting the differences between your valuations and concluded prices in the market, adjustments are made to the model, so that, and over time, your valuation model becomes an instrument of precision in arriving at market values. In other words, the more experienced you get the better you become! The valuation fraternity ought to take this forward and include this need for periodical calibration of their models, in their standards as well.

5.9 On June 23 2004, FASB issued an exposure draft on Fair Value Measurement which is of relevance as it is part of FASB's identified convergence programme with IASB. In the exposure draft, FASB enunciated a "Three Level" hierarchy for determining fair value that gives the highest priority to market inputs that reflect quoted prices in active markets for identical assets and liabilities (whether such prices are quoted in terms of completed transaction prices, bid and asked prices or rates) and the lowest priority to entity inputs developed based on an entity's own internal estimates and assumptions. There have been responses from the valuation fraternity that would like to see changes to this hierarchy if at all it is finally agreed to and issued by the FASB and IASB. It is expected that with the second phase of the "Business Combinations" project, some further light may be shed on the hierarchy.

5.10 A more recent development of a working definition of fair value can be found from a discussion paper linked to an IASB initiated project under the Canadian Accounting Standards Board where there is a proposed measurement hierarchy for fair value as follows:-

Estimates of Fair Value – Levels 1 & 2
Level 1 – observable market prices of identical or similar asset or liability with reliable adjustment consistent with market expectations for differences and time differences.
Level 2 – Failing an observable market price, an accepted model or technique for estimating the market price and where all significant inputs reflect observable market prices.

Estimates of Fair Value – Levels 3 & 4
Level 3 – Failing Levels 1 & 2, the current cost (replacement cost and failing its reliable measurement, the reproduction cost) provided this can reliably estimated and reasonably expected to be recoverable or represent the amount owed.
Level 4 – Models or techniques that depend significantly on entity specific expectations. To the extent that reliable market based data are unavailable, the measurement model or technique should use reliably estimable entity specific data that are not demonstrably inconsistent with observable market expectations.

5.11 From the above, the search for a definition of fair value seems to be taking a “how to” approach rather than a search for a conceptual definition of fair value like that which exists for IVS’s market value. The question then also arises if fair value is really intended to be a true mark-to-market concept like market value.

6.0 Basel II

6.1 The Basel Committee on Banking Supervision is a committee of banking supervisory authorities that is highly influential and accepted by most central banks, including in ASEAN, and which meets at the Bank for International Settlements in Basel, Switzerland, where its permanent Secretariat is located.

6.2 Basel II is a revised framework for banking supervision that replaces Basel I and which comes into effect from 2006, although the full implementation, in many countries could be phased in slowly or implemented in stages.

6.3 Basel I which was in effect since 1989, required the solvency ratio (total capital divided by the credit risk-adjusted assets) to be 8% or higher which means that a bank should allocate 8 units of currency of its own capital for every 100 units it lends. In addition, the Tier 1 core capital ratio (core capital divided by the credit risk-adjusted assets) was to be at least 4%. Credit risk-adjusted assets are calculated by multiplying the currency value of assets with the appropriate risk weights allocated to each asset which was 50% for residential mortgages and 100% for commercial loans.

6.4 Under Basel II, there are two methods adopted in the determination of credit requirement. The first is the Standardised Approach, where lending that is fully secured by mortgages on residential property will be risk weighted at 35% and subject to strict prudential criteria, such as the existence of substantial margin of additional security over the amount of the loan based on strict valuation rules and Supervisors (Central Banks) should increase the standard risk weight where they judge the criteria are not met.

6.5 For commercial loans, assets are still risk weighed at 100%. However "in exceptional circumstances for well-developed and long established markets, mortgages on offices and/or multi-purpose commercial premises and/or multi-tenanted commercial premises may have the potential to receive a preferential risk weight of 50% for the tranche of the loan that does not exceed the lower of 50% of the market value or 60% of the mortgage lending value of the property securing the loan." This introduces a new concept of value known as the mortgage lending value and this value in IVS 2005 is defined as "the value of the property as determined by the Valuer making a prudent assessment of the future marketability of the property by taking into account long-term sustainable aspects of the property, the normal and local market conditions, and the current use and alternative appropriate uses of the property. Speculative elements may not be taken into account in the assessment of mortgage lending value. The mortgage lending value shall be documented in a transparent and clear manner." IVS 2005 goes on to say that "Mortgage Lending Value is one of a number of risk analysis techniques which may be used to calculate the risk weighting that may be attached to a mortgaged security held by a bank in accordance with the directives. This is a long term risk assessment technique and is not a suitable basis for establishing value at a given point in time. In this way, it differs fundamentally from other bases in these Standards."

6.6 The second approach under Basle II (other than the simpler Standardised Approach) for determining credit requirement is the Internal-Ratings Based Approach (IRB) where credit risk-adjusted capital requirements are determined through internal credit risk models. Similar to that for the Standardised Approach, there are different analytical frameworks for different types of loan exposures. Under the IRB, there is a single approach for calculating credit risk-adjusted capital requirements for retail exposures and there are two separate approaches to calculate credit risk-adjusted capital requirements for corporate exposures - the Foundations approach and the Advanced approach. Under the IRB for retail exposures banks are required to provide their own estimates of the probability of default, loss given default (amount that you cannot recover in the event of a default) and exposure at default (amount at risk in the event of default excluding recovery),

6.7 Under the IRB for corporate exposures and under the Foundations approach, the bank estimates the one-year probability of default, while relying on supervisory rules for the estimation of other risk components, such as the loss given default, maturity (of the loan), exposure at default, and the correlation of the borrower with the rest of the portfolio. The loss given default is estimated at 50% for unsecured loans, 45% for secured loans of (non real estate collateral) and 40% for secured loans (with receivables).

6.8 Under the Advanced approach, a bank may use its own estimates for 3 risk components: loss given default, exposure at default, and maturity in the calculation of the probability of default. Again the correlation of the individual borrower with the rest of the portfolio will be specified by supervisory rules.

6.9 From the above, valuations for bank lending will in the future be required to be more stringent and a new avenue for Valuers acting as consultants to the banks may open up where Valuers are called upon to advice on property risks.

8.0 CONCLUSIONS

8.1 Globalisation and the flourishing of market economies around the world, are demanding and getting a better architecture for the global financial system. Standards in the constituent parts of the financial system, are one of the practical ways in which the financial system can be made more robust.

8.2 On account of developing a set of international standards founded on international consensus, and on account of the IVSC keeping abreast of all new developments such as the fair value revolution and the risk management advancement for banking supervision under Basel II, the IVS of IVSC enjoys an apex position in the hierarchy of valuation standards. IVSC should be supported by ASEAN, including financially.

8.3 But it is national standards that have enforcement capabilities although IVS by its very existence has some *de facto* enforcement capabilities. In any case greater harmonisation of valuation standards can lead to more seamless cross border transactions, cross border uniformity and contribute to the development of a more efficient global real estate market.

8.4 ASEAN countries are well advised if the advice is to adopt IVS wholly or in part, with some departures for national and specific requirements.

8.5 When fully implemented, IFRS will ensure that the value and performance of an entity (or business) can be more readily appreciated by shareholders, potential investors and other users of company accounts. This will come about because "asset plays" will be minimised or eliminated. Profits on sale of assets will not be reflected unduly highly on account of its carrying cost at historical low levels. The use of assets will not only become more efficient and made to be in line with the business but assets will be priced more properly in the general investment market. The general business and investment market will become more efficient.

8.6 The fair value revolution is unstoppable. It portents a more useful guide for shareholders, potential investors and other users of company accounts. It also means a much higher valuation bill for entities.

8.7 It is hoped that convergence between the two accounting worlds will proceed and occur between IASB and FASB so that there will be one global standard.

8.8 Reporting entities and Valuers must understand the more rigorous environment in which they now work.

8.9 Accountants the world over must change and embrace the new challenges of IFRS. These include the need to be comfortable with in-house discounted cash flow based valuations to ascertain value-in-use and to distinguish the use of the discounted cash flow valuations for market value assessments by independent, external Valuers.

8.10 Apart from providing valuation services, Valuers as property consultants can play a meaningful role under the new accounting regime. Over reliance on approaches to valuation that are founded on past transactions is a thing of the past. Valuers must also get comfortable with forward looking Discounted Cash Flow valuations and apply new techniques to make such valuations more robust. Their models need to be continuously calibrated to the market.

8.11 Clients will also want to know the various strategic options in asset management under corporate ownership as well as evaluate the relative merits of carrying assets them under the different classifications. Valuers will need to have a broader understanding of the needs of their clients and this includes a better understanding of the overall balance sheet of a business.

8.12 Basel II imposes on Valuers a stricter regimen for conducting valuations which Valuers should embrace and support. Basel II also opens up new opportunities for Valuers, acting as Valuers or Property Consultants to assist banks in risk assessments for real estate loans.

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