

## Guidance Note - Internal Valuation Reports

There are regular instances where a Valuation prepared for internal distribution is eventually presented to an external party to secure the allocation of funds. In instances where there is any possibility that an internally generated Valuation Report may be distributed in the public domain, it is recommended that the report should comply with the SAMVAL Code (2016).

Although considered best practice, it is currently not mandatory, that Valuations produced for Internal Reporting purposes be prepared to comply with the requirements of the SAMVAL Code (2016).

In order to determine whether an internal Valuation Report should comply with the requirements of the SAMVAL Code (2016), a clear and unambiguous Terms of Reference (TOR) Statement [ref Clause 3.9 and Section T1.2 of Table 1] should be compiled and presented in the report. The TOR should detail the reasons why the valuation has been prepared and for what purpose it will be used.

The TOR Statement should determine and document:

- The purpose / objectives for the assignment;
- Who the intended user(s) are, and for what purpose the Valuation is to be used;
- The effective date of the Valuation; and
- The underlying principles and approach that will guide the Valuation.

Where the Commissioning Entity requests that the Valuation Report be compiled in accordance with the SAMVAL Code, it then becomes binding on the Competent Valuator [Clause 1.9].

Various purposes for which a Valuation Report could be compiled are listed in Clause 1.9. Such Valuation Reports, prepared for purpose as listed, are applicable for internal use but do not meet the requirement for public disclosure. The concern is that at some stage, these reports may appear and be relied upon in the public domain.

It is therefore recommended that all Valuation Reports be compiled to comply with the SAMVAL Code (2106) as a matter of best practice and good governance [Clause 1.9]. This would provide the issuer with the clear mandate for external release of the Valuation, should it be required, in full compliance with the Code.

In situations where the TOR indicates from the outset that the Valuation will be used in the public domain, for example to raise external financing, the Valuation should comply with the requirements of the SAMVAL Code (2016).

Samcodes Standards Committee  
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