

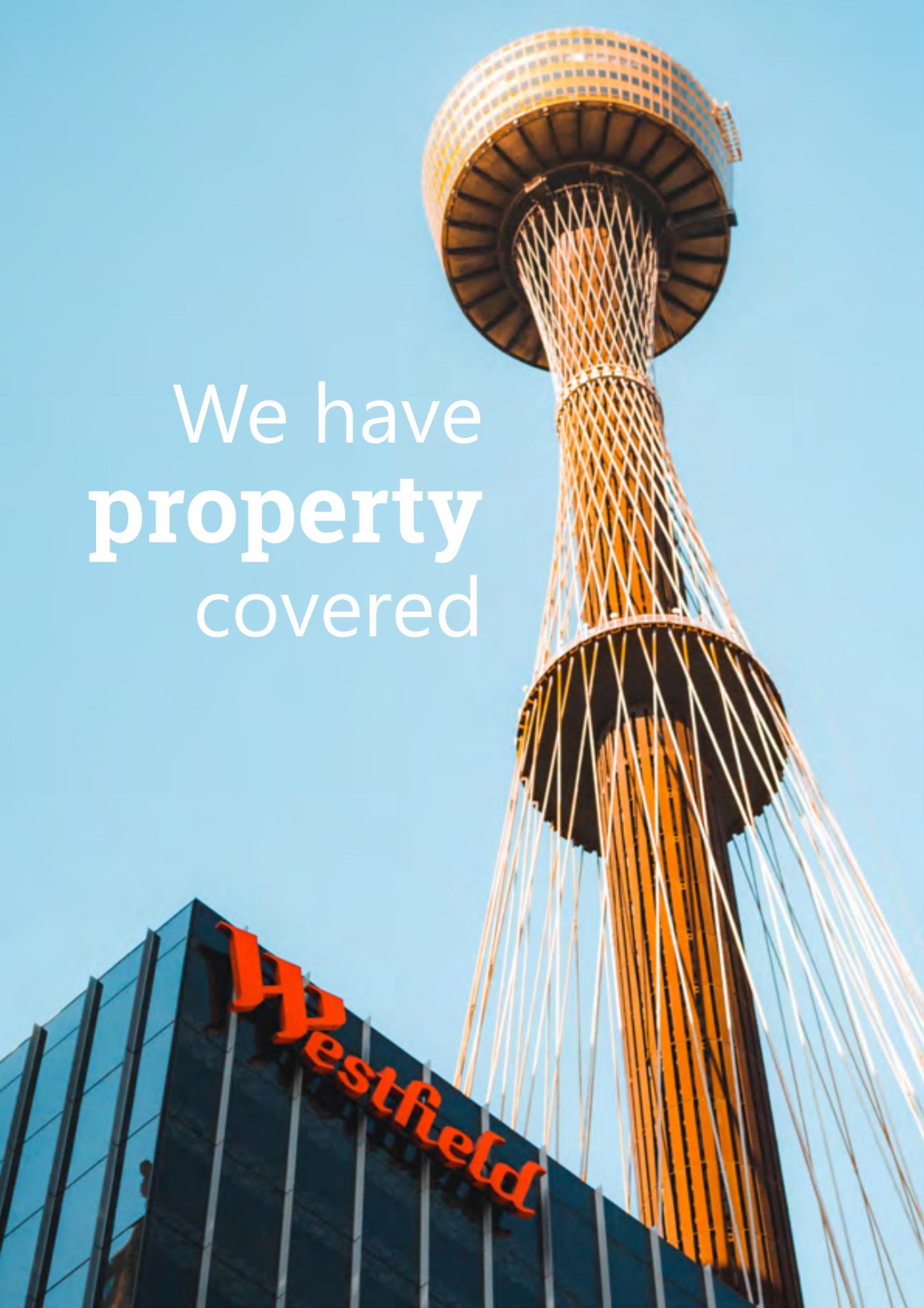


Preston Rowe Paterson

International Property Consultants and Valuers

Valuation for Financial Reporting & Material Change





We have
property
covered

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HOW MATERIAL CHANGE IS AFFECTING SPECIFIC **ASSET CLASSES** IN THE COVID ECONOMY?

As we have moved from the heights of the pandemic in Australia Material Change is proving to be fragmented and only affecting certain asset classes. Material Change is affecting asset classes differently, some have increased whereas others have been adversely affected. Preston Rowe Paterson is closely monitoring the Material Change impact during the depth of the COVID economy, and as things improve. For financial reporting valuations to comply with the AASB standards, Material Change is the driver for revaluation when an asset within a class of assets differs from the Carrying Amount (ref. Clause 34, p. 10, AASB 116 – Property Plant and Equipment).

OUR STORY

Established in Sydney in 1988, Preston Rowe Paterson Sydney is a leading firm of property valuers, analysts, advisers and consultants who operate throughout capital cities and regional Australia as well as New Zealand. We also have links globally. Since start-up, it has been our philosophy to be recognised as an elite supplier of investment, development and asset property services.

Our fundamental business and service principles are knowledge, experience, professionalism and innovation.

Whether considered in the context of:-

- The clients we represent,
- The property classifications we deal with,
- The reasons clients use us, or
- The locations we cover

We have property covered.



1. FINANCIAL REPORTING VALUATION SERVICES

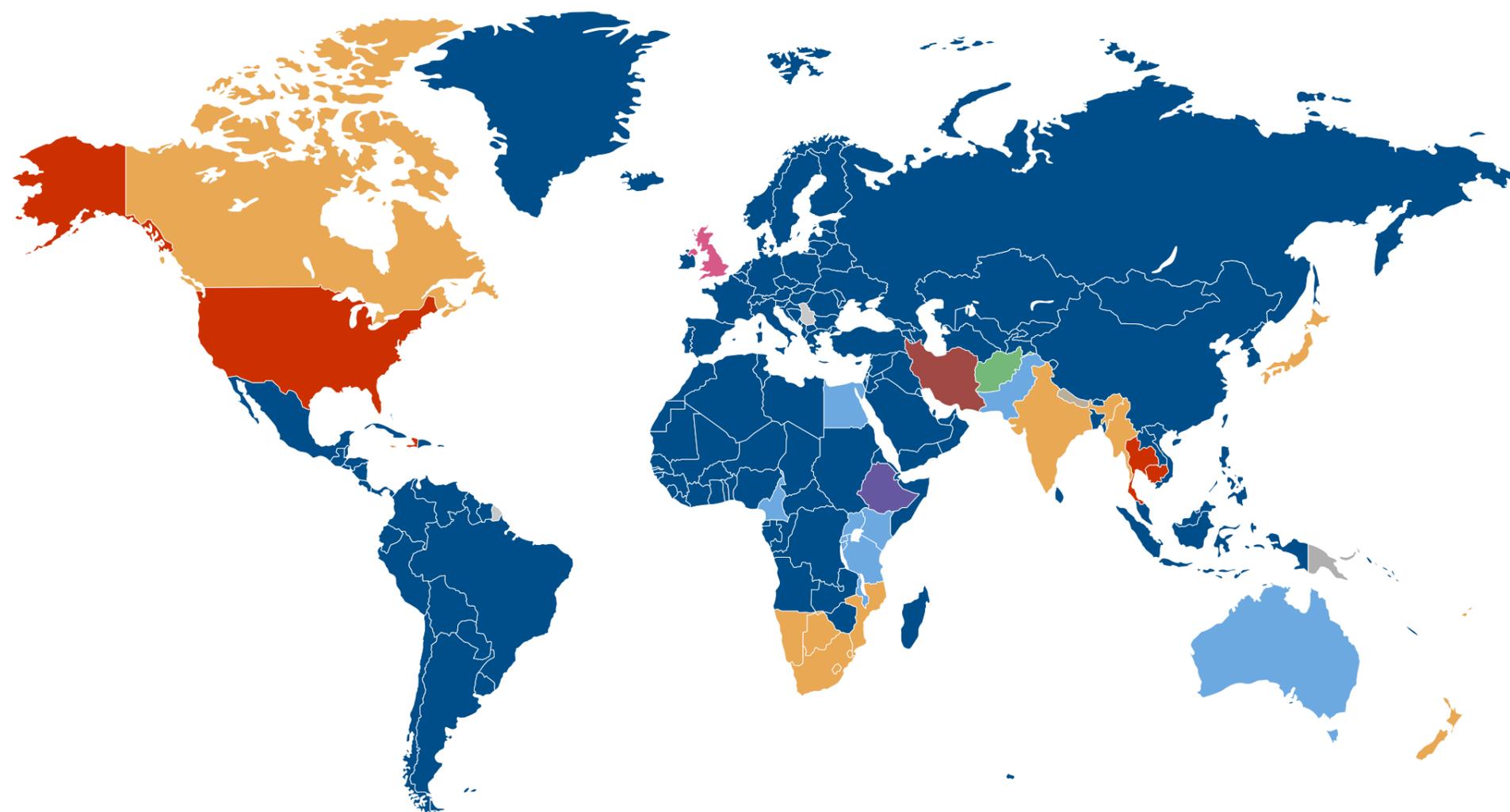
We provide comprehensive asset valuations for financial reporting purposes to meet AASB, IFRS, IVSC, API, RICS, and State Treasury Corporation guidelines. To provide these valuation services, we closely monitor pronouncements and updates to AASB Accounting and IVSC valuation Standards to ensure we keep up to date with evolving standards.

THE WORLD IN FISCALS

Whilst Australian financial reporting is as at 30th June each year we also act for offshore clients with Australian assets at the following reporting dates:

- United Kingdom (April 6 to April 5);
- United States (October 1 to September 30);
- China, Germany, and France following the calendar year (January 1 to December 31); and
- Japan & Singapore (April 1st to March 31th).

THE WORLD IN FISCALS



OCT 1 - SEP 30

JUL 1 - JUN 30

APR 1 - MAR 31

JUL 8 - JUL 7

APR 6 - APR 5

MAR 21 - MAR 20

DEC 21 - DEC 20

JAN 1 - DEC 31

JUL 16 - JUL 15



Asset Classification When Accounting and Valuation Standards apply

The first step in providing asset valuations for financial report is to properly classify the assets base on the entity's use to establish which accounting and valuation standards apply and which valuation methodology should be adopted.

For a copy of our Asset Classification flow-chart, please contact Anna:

anna.antoine@prp.com.au



Which **Australian Accounting and Valuation Standards** do we apply?

The Australian Accounting and Valuation Standards we monitor and apply include:-

- AASB 5 - Non-current Assets Held for Sale and Discontinued Operations
- AASB 13 - Fair Value Measurement
- AASB 16 - Leases
- AASB 116 - Property, Plant and Equipment
- AASB 136 - Impairment of Assets
- AASB 140 - Investment Property
- AASB 1051 - Land Under Roads
- IFSC (International Financial Service Centre)
- IVSC 2020 (International Valuation Standards Council)
- State Treasury Guidelines



Which **Accounting & Valuation Standards** apply to certain overseas companies?

The Accounting and Valuation Standards we monitor and apply include:-

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations
- IFRS 13 - Fair Value Measurement
- IFRS 16 & IAS 17 - Leases
- IAS 16 - Property, Plant and Equipment
- IAS 36 - Impairment of Assets
- IAS 40 - Investment Property
- IFSC (International Financial Service Centre)
- IVSC 2020 (International Valuation Standards Council)
- State Treasury Guidelines

What does **Fair Value** and **Market Value** mean?

According to the AASB 13, Appendix A (Defined terms) **Fair Value** is:-

'The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.'

The IVSC defines **Market Value** as:-

'Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'





What are the **Fair Value** concepts?

The AASB and IVSC apply similar concepts to Fair Value and Market Value respectively such as:-

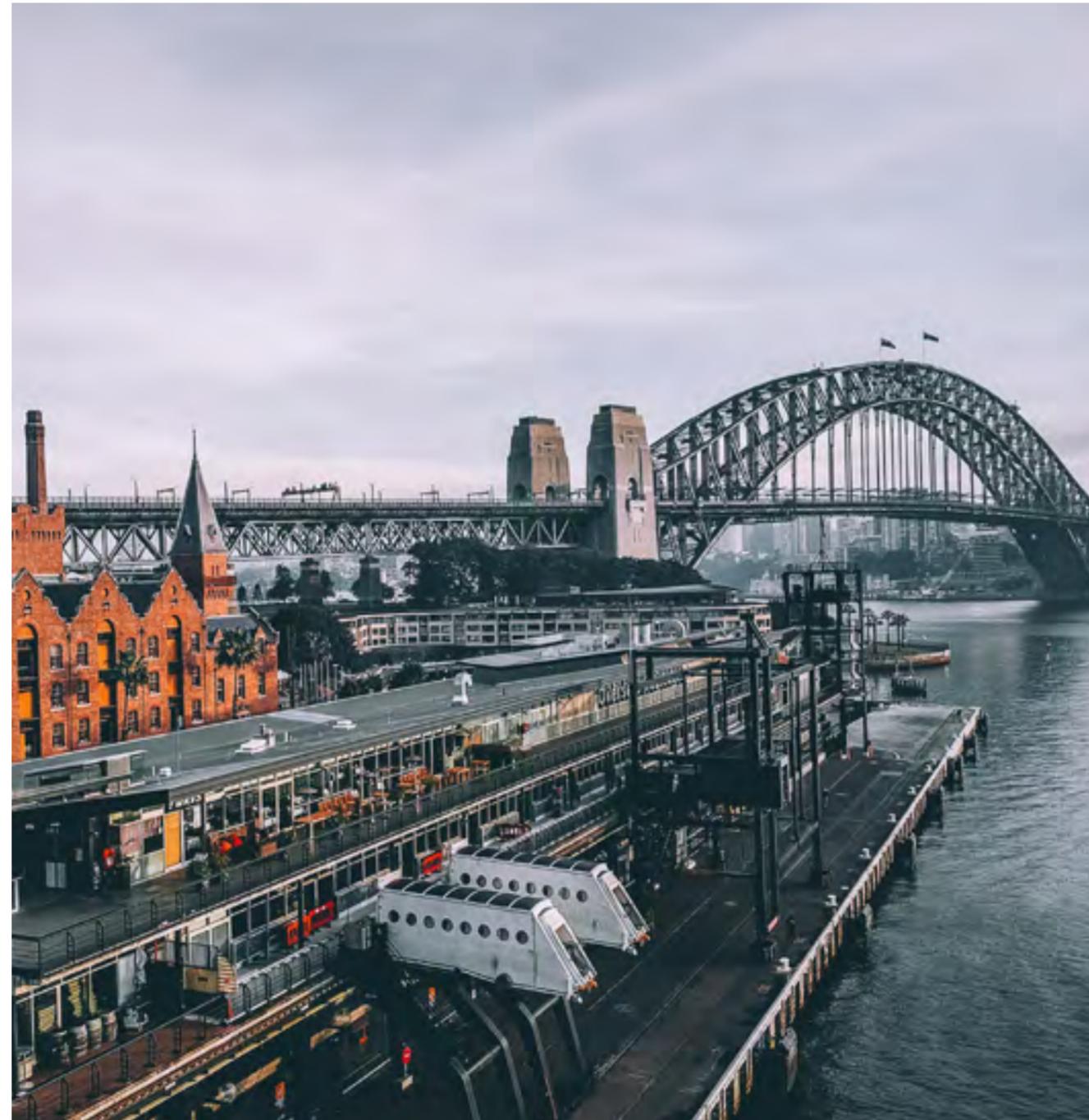
- Transactions taking place in an implied market
- Highest and Best Use (rf. IVSC, p.25 - Clause 30.4): *'The Market Value of an asset will reflect its highest and best use'*
- Fair Value Hierarchy is based on Level 1,2,3 inputs.

Bases of value (rf. IVSC, p. 18 - Clause 30.1): *'The record must be kept of the work performed during the valuation process and the basis for the work on which the conclusions were reached for a reasonable period after completion of the assignment, having regard to any relevant statutory, legal or regulatory requirements. Subject to any such requirements, this record should include the key inputs, all calculations, investigations and analyses relevant to the final conclusion, and a copy of any draft or final report(s) provided to the client.'*

What **Valuation Techniques** apply?

The following valuation approaches are adopted by the AASB and IVSC:-

- **Market Approach:-** *'A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities, such as a business.'*
- **Income Approach:-** *'Valuation techniques that convert future amounts (eg. cash flows or income and expenses) to a single current (ie discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.'*
- **Cost Approach:-** *'A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).'*





2. OUR FOUR PILLARS

Whether in the context of the clients we represent, the property classifications we deal with, the reasons clients use us, or the locations we cover, through our four pillars, we have property covered.

PILLAR 1



We have **all client profiles** covered

We act for an array of clients with different property needs including:-

- Accountants;
- Auditors;
- Banks and lending institutions;
- Commercial and residential non-bank lenders;
- Co-operatives;
- Developers;
- Finance and mortgage brokers;
- Hotel owners & operators;
- Insolvency practitioners;
- Institutional investors;
- Insurance brokers and companies;
- Investment advisors;
- Lessors and lessees;
- Listed and private companies and corporations;
- Local, state & federal government departments and agencies;
- Mining companies;
- Mortgage trusts;
- Non-Bank lenders
- Overseas clients;
- Private investors;
- Property syndication managers (Unlisted REIT's);
- Real Estate Investment Trusts (Listed REITS);
- Rural landholders;
- Solicitors and barristers;
- Sovereign wealth funds;
- Stock brokers;
- Superannuation funds; and
- Trustee and custodial companies.

PILLAR 2



We have **property** covered

We provide valuation, advisory, research, acquisition due diligence managements, asset, property and facility management services for all types of real estate including:-

- Metropolitan & CBD commercial office buildings;
- Retail shopping centres and shops;
- Industrial, office/warehouses and factories;
- Business parks;
- Hotels, accommodation and resorts;
- Hotels (pubs), motels and caravan parks;
- Residential development projects;
- Residential dwellings (house/townhouse/apartment/unit);
- Rural properties;
- Special purpose properties;
- Extractive industries and resource based enterprises;
- Infrastructure including rail, road, airport and port facilities.

PILLAR 2 (CONTINUED)



We have **asset, plant and machinery** covered

Our asset, plant and machinery valuation, appraisal and advisory division undertake valuations for all forms of plant, machinery, furniture, fittings and equipment including:-

- Mining and earth moving equipment/road plant;
- Resort, accommodation and hotel furniture;
- Fittings and equipment;
- Office fit outs and equipment;
- Farming equipment;
- Transport equipment;
- Industrial/factory equipment; and
- Licensed club furniture, fittings and equipment.

PILLAR 3

We have **all your needs** covered

Our clients seek our property (real estate, infrastructure, plant and machinery) services for a multitude of reasons including:-

- Acquisitions & disposals;
- Alternative use & highest and best use analysis;
- Asset management;
- Asset valuations for financial reporting to meet API, RICS, ASIC, AASB, IFRS, IVSC and state treasury corporation guidelines;
- Compulsory acquisition & resumption;
- Corporate merger & acquisition real estate
- Due diligence management for acquisitions and sales;
- Facilities management;
- Feasibility studies;
- Funds management advice & portfolio analysis;
- Income and outgoings projections and analysis;
- Insurance valuations (replacement & reinstatement costs);
- Leasing vacant space within managed properties;
- Listed property trust & investment fund valuations & revaluations;
- Litigation support;
- Marketing & development strategies;
- Mortgage valuations;
- Property management;
- Real Estate Investment Trust (Listed and Unlisted REIT) valuations and re-valuations;
- Rating and taxing objections;
- Receivership, Insolvency and liquidation valuations and support/advice;
- Relocation advice, strategies and consultancy;
- Rental assessments and determinations; and
- Sensitivity analysis.



PILLAR 4

We have capital city office locations covered

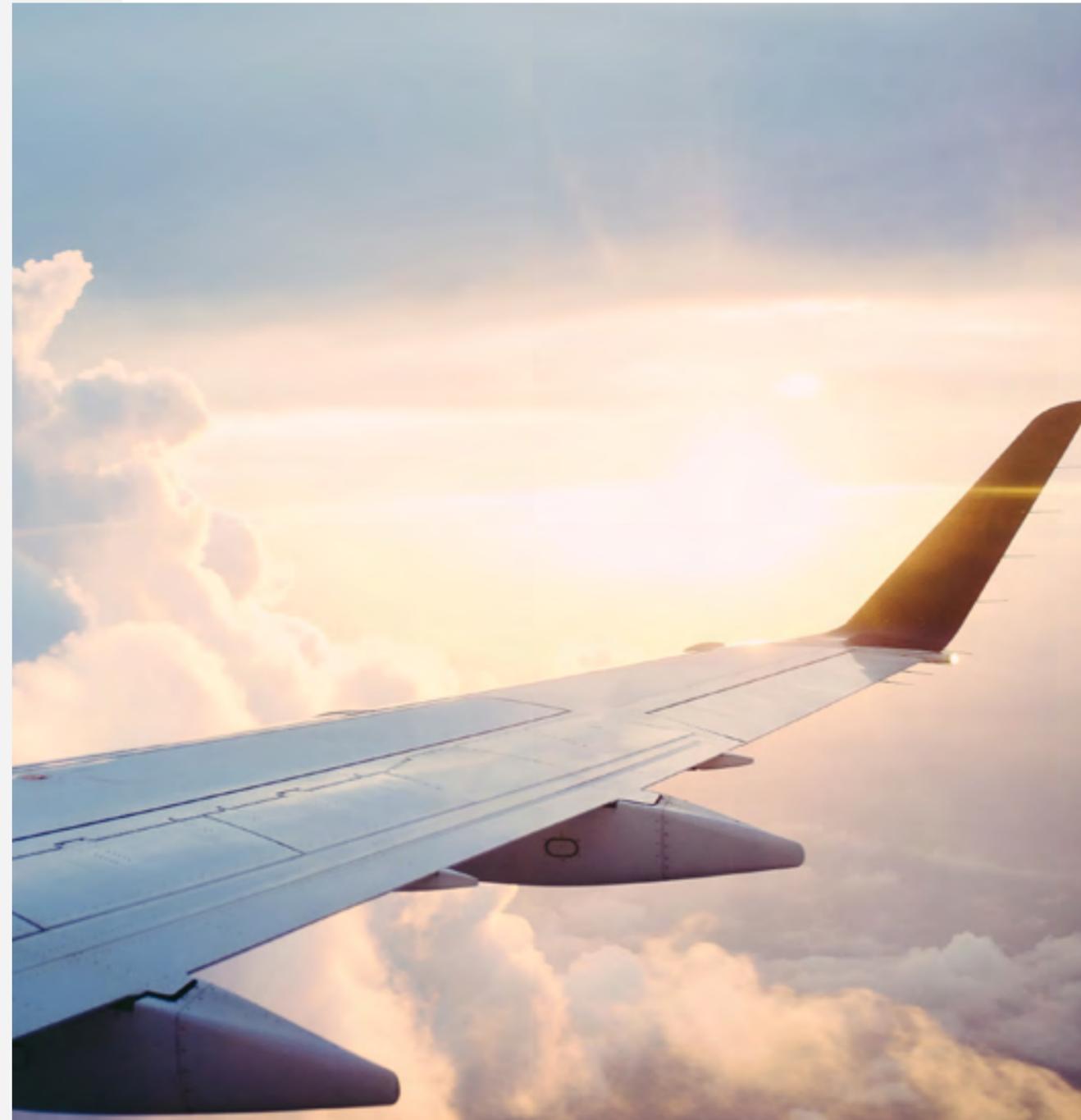
- Adelaide
- Canberra
- Brisbane
- Hobart
- Melbourne
- Perth
- Sydney

We have regional office locations covered

- Albury
- Wodonga
- Ballarat
- Bendigo
- Central Coast
- Gosford
- Dubbo
- Geelong
- Gippsland
- Griffith
- Horsham
- Launceston
- Moreton
- Sunshine Coast
- Mornington
- Mount Gambier
- Newcastle
- Shepparton
- Southport
- Gold Coast
- Swan Hill
- Tamworth
- Wagga Wagga
- Warnambool

We have New Zealand covered

- Auckland
- Greymouth
- Tauranga



We have **all locations** covered

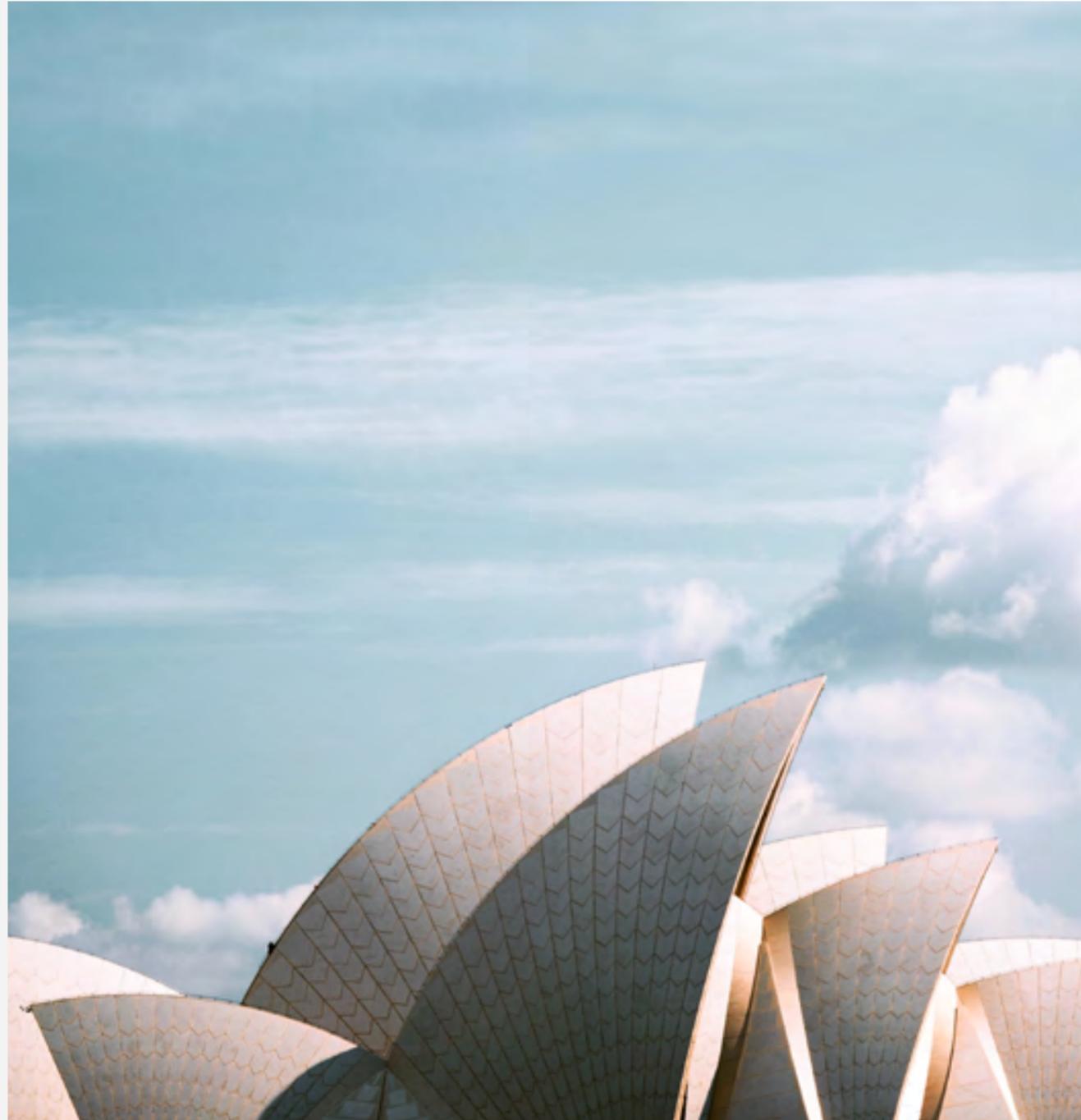
From our capital city and regional office locations we serve our client's needs throughout Australia. Globally, we operate directly or via our relationship offices for special purpose real estate asset classes, infrastructure and plant & machinery.

For specialised and complex real property, plant and machinery and infrastructure work as well as infrastructure assets, we service this work from our Sydney office.

We have China, Japan, Thailand & Philippines covered

Our relationship partners in China, Japan and Thailand are:-

- China - appraisalchina.com
- Japan - daiwakantei.co.jp
- Thailand - cpmcapital.co
- Philippines - cuervoappraisers.com
- UAE - windmillsgroup.com



3^{OUR}.SERVICES

Preston Rowe Paterson Sydney has a comprehensive track record of accomplishment in the services it provides.

Our Services

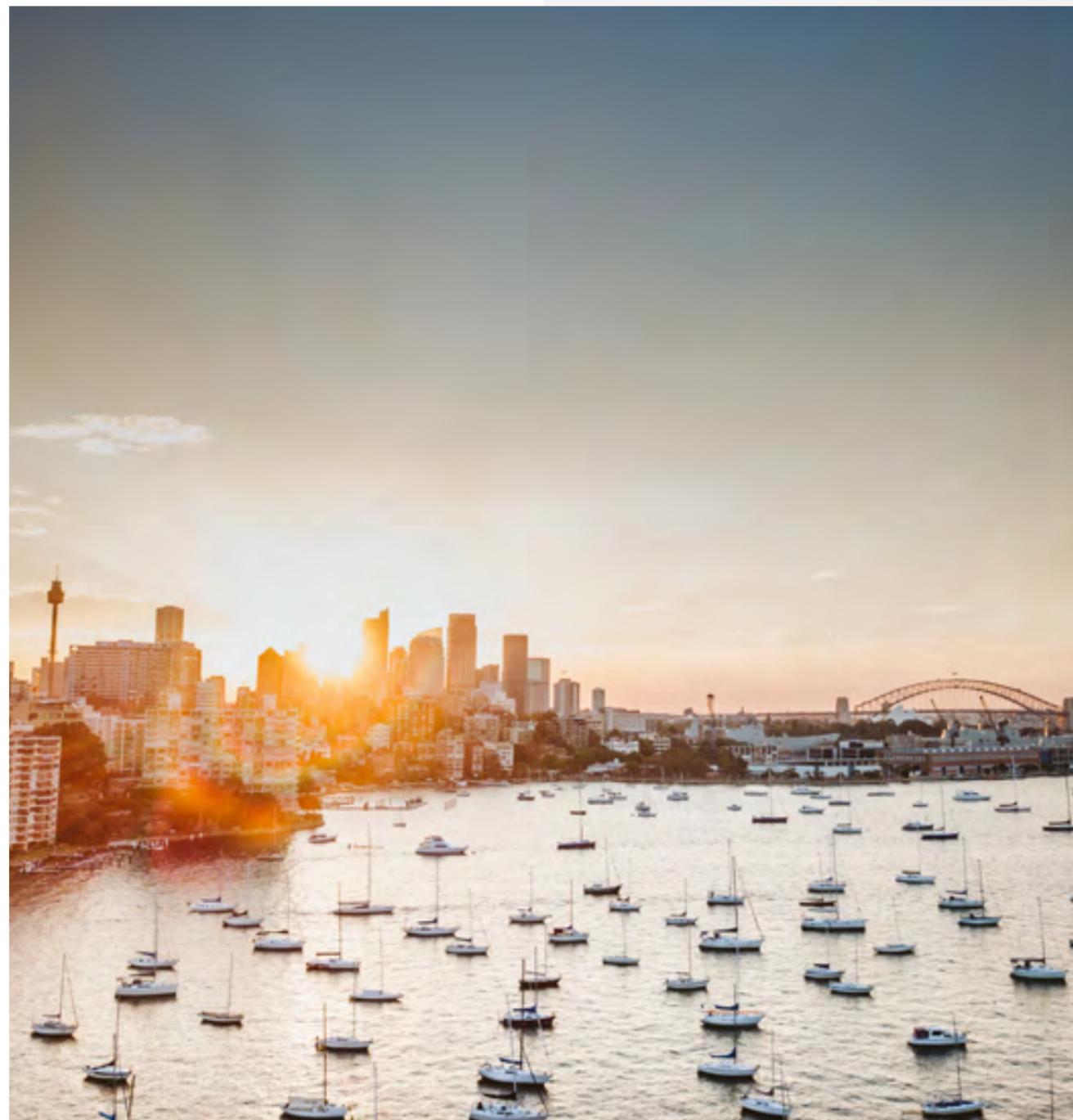
Our core services offering is also centered on the provision of valuation, advisory, property, asset and facilities management services and fall into the following more detailed property categories:-

- Investment;
- Development;
- Asset, plant and machinery;
- Corporate real estate;
- Mortgage;
- Government;
- Insurance;
- Occupancy;
- Sustainability; and
- Research.

Download **Our Services Brochure** and **Our Property Management Brochure** to learn more about our services offering.

Case studies are also available on our website for further details on individual projects and portfolios we have been proud to have been associated with.

Get a quote for our services at www.prpsydney.com.au





OUR VISION

It is **Our Vision** to be recognised as a **forward thinking** supplier of investment, development and asset professional real estate and property services in the local, national and global markets.



OUR MISSION

Our Mission is to provide the highest level of comprehensive professional **service and advice** to our clients in their real estate and property (including infrastructure, plant, machinery and equipment) pursuits and endeavours.

We will achieve this through:-

- People development (with Diversity front of mind)
-
- Process and delivery (Prop Tech and IT) improvement
-
- Product evolution and development
-
- Market making
-
- Internal and external communication; and
-
- Operating in a sustainable manner with corporate social responsibility front of mind at all times.



OUR
CULTURE

Our Culture is founded upon the principles of hard work and dedication, acting with **professional and ethical** discipline, working collaboratively and supporting our colleagues and clients to achieve successes whilst enjoying a happy and social working environment.

CAPITAL CITIES

Adelaide | Canberra | Brisbane | Hobart | Melbourne | Perth | Sydney

REGIONAL AREAS

Albury | Wodonga | Ballarat | Bendigo | Central Coast | Gosford | Dubbo | Geelong | Gippsland | Griffith | Horsham | Launceston
| Moreton | Sunshine Coast | Mornington | Mount Gambier | Newcastle | Shepparton | Southport | Gold Coast | Swan Hill |
Tamworth | Wagga Wagga | Warrnambool

NEW ZEALAND

Auckland | Greymouth | Tauranga

INTERNATIONAL ASSOCIATES

China | Japan | Thailand | Philippines | UAE



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