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PFA Issues Paper – Dealing with Valuation Uncertainty – Investment Real Estate

Disclaimer

This paper is prepared by the Property Funds Association of Australia (PFA) to assist its members and investment real estate market stakeholders consider important valuation issues in the COVID-19 pandemic period and any reasonable subsequent recovery period.

The paper has been prepared from authoritative sources (Accounting Standards, Valuation Standards and Commonwealth Government pronouncements) to assist members and real estate investment market stakeholders in the valuation process. Whilst we have used our best endeavours to accurately consider the issues, the PFA notes that it will not be held liable or responsible for any party's reliance on any of the content herein. No warranties as to accuracy are given. Parties using this paper should confirm the factual information herein at the source and rely on their own enquiries.

Preamble

The underlying value of all assets, including investment real estate, underpins economic activity in any given cycle.

The rapidly evolving economic circumstances we find ourselves in relating to valuing, owning, managing and administering commercial real estate as a result of the economic impact of COVID-19 are unprecedented and profound.

Managing the investment revaluation process for debt covenant support and financial reporting will be a significant challenge for all property investment stakeholders in the coming months.

The PFA, as the peak body in Australia for Unlisted Property Fund Managers, has prepared this paper as a guide to stakeholders in the asset revaluation process during these times of significant uncertainty.

The paper considers a range of matters from relevant valuation and accounting standards to specific standards developed for the times we are in and, importantly, how Commonwealth and State Government stimulus packaging may impact commercial real estate values.

Appropos the valuation and accounting standards, to avert reproducing each of the entire standards, we have only referred to some examples of the provisions that are relevant to the times we are faced with. Readers are encouraged to review the standards in detail to gain a full understanding of their application in the current economic environment.

For all entities who are instructing valuers, as well as the valuers themselves, it is advisable to have copies of the relevant valuation and accounting standards as well as any Commonwealth and State Government pronouncements at hand to consider the specific property (and tenant rental cash flow) circumstances on a case-by-case basis relative to the standards and pronouncements.

The paper importantly also considers some practical application of valuation methodologies as well as the necessary corroborating valuation support inputs required under both the accounting and valuation standards.

With the **Income Approaches (Capitalisation of Net Income and Discounted Cash Flow (DCF))** being the main valuation approaches adopted by stakeholders for investment real estate, well corroborated cash flow (rental income and outgoings) input assumptions will be paramount in the coming months as will assumptions relating to capitalisation rates, DCF terminal yields and discount rates.

The National Cabinet Mandatory Code of Conduct – SME Commercial Leasing Principles During COVID-19 (the Code) will present additional administrative and cash flow challenges for us all. It is already abundantly clear that it will need to be carefully considered in cash flow forecasting for valuation purposes.

Why will the Importance of Accounting Standards be Heightened?

Given the impact of the COVID-19 economy (including the Commonwealth's Commercial Leasing Code) on investment real estate, it is almost certain that lenders, regulators and auditors will heighten the scrutiny of investment real estate valuations based on the requirements of the accounting standards and valuation standards.

It is perhaps better to be aware of this eventuality, as was the case in the Global Financial Crisis (GFC), and to prepare early to ensure compliance and to avert administrative workloads at loan covenant, audit review and or regulatory compliance time.

In Australia the primary accounting standards that relate to investment real property include:-

- AASB 13 - Fair Value Measurement;
- AASB 116 - Property, Plant and Equipment; and
- AASB 140 - Investment Property.

AASB 13 - Fair Value Measurement applies when other standards require or permit an assessment of Fair Value. The standard mirrors IFRS 13 and at paragraph 24 notes that Fair Value is the price that would be received to sell an asset in an orderly transaction in the principal or most advantageous market under current market conditions regardless of whether the price is directly observable or estimated using another valuation technique.

The standard discusses valuation techniques and approaches including the comparison approach, the cost approach and the income approach. In applying the approaches, the fair value hierarchy gives highest priority to quoted prices unadjusted in active markets for identical assets (Level 1 Inputs) and the lowest priority to unobservable inputs (Level 3 Inputs).

Importantly, Appendix B to the standard gives guidance to valuation approaches as well as fair value assessment where there is risk and uncertainty and particularly where the amount and timing of cash flows is uncertain (See B-15 to B-17 inclusive).

The Appendix also discusses discount rate adjustment techniques which may be relevant to the times we are in (see B-18 to B-22 inclusive).

AASB 116 - Property, Plant and Equipment, which relates to the valuation of assets generally, at paragraph 34 refers to the frequency of revaluations noting that when the fair value of a revalued asset differs from its carrying amount, a further revaluation may be required. The cost model in AASB 116 may be applied when there is an inability to measure the fair value reliably under AASB 140.

AASB 140 - Investment Property defines investment property as property held to earn rentals or for capital appreciation or both.

Paragraph 32 of the standard notes that entities are encouraged but not required to measure fair value of investment property on the basis of a valuation by an independent valuer.

Referring to the fair value model at Paragraph 33 after initial recognition, an entity that chooses the fair value model shall measure all of its investment property at fair value except in circumstances described in Paragraph 53.

At Paragraph 35 it is stated that a gain or loss arising from a change in the fair value of an investment property shall be recognised in the profit or loss for the period in which it arises.

Paragraph 40 requires that when measuring the fair value of an investment property in accordance with AASB 13 an entity shall ensure that the fair value reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing the investment property under current market conditions.

This will be important in considering rental cash flows in the context of the Code.

Importantly in the context of the current circumstances we are in, Paragraphs 53 to 55 refer to an inability to measure fair value reliably because of market circumstances.

Paragraph 53 discusses circumstances where the fair value of an investment property is not reliably measurable on a continuing basis. It goes on to state that this arises when, and only when, the market for comparative properties is inactive (e.g. there are few recent transactions and price quotations are not current or observed transaction prices indicate that the seller was forced to sell). If an entity determines that the fair value of an investment property is not reliably measurable on a continuing basis the entity shall measure that investment property using the cost model in AASB 116 for owned investment property.

Heightened focus on Valuation Standards

In the same way that there will be a heightened focus on the application of accounting standards in the current climate there will also be a heightened focused on valuation standards.

In Australia both the Australian Property Institute (API) and the Royal Institution of Chartered Surveyors (RICS) have adopted the International Valuation Standards Council's (IVSC's) valuation standards.

The IVSC republished its valuation standards effective 31 January 2020.

It has also recently released a paper on valuation uncertainty relating to COVID-19 which is discussed below.

In the same way that the AASB accounting standards refer to the application of the market approach, income approach and cost approach, so to do the IVSC valuation standards. The valuation standards also require that the valuers should maximise the use of relevant observable market information in all three approaches (see IVS 105 valuation approaches and methods Page 29).

In applying the Discount Cash Flow (DCF) approach valuers are directed to consider the type of cash flows and levels of income. The application of DCF is considered from page 37 to page 44 inclusive.

Importantly in the context of discount rate selection at page 42, **Methods of Assessment of Discount Rate** are discussed. It notes that discount rates may be selected, relative to the nature of cash flows, at paragraph 50.31, by considering one or more of the following methods:-

1. capital asset pricing model (CAPM);
2. weighted average cost of capital (WACC);
3. observed or inferred rates or yields; and
4. buildup method.

Valuers will need to carefully apply the requirements of both the accounting standards and valuation standards in the context of rental cash flows, particularly since the announcement of the Code.

IVSC Paper on Valuation Uncertainty

In late March 2020, the IVSC issued a letter from its Technical Standards Board discussing valuation uncertainty at times of market unrest. The document mirrors a similar document prepared during the GFC by the IVSC.

It does not consider the propositions put on the Code.

In opening, it notes that the global COVID-19 pandemic has created a huge amount of uncertainty, which has manifested itself in enormous market volatility.

It goes on to discuss the difficulty in valuing assets where there is limited to no comparable transaction evidence and markets are facing an uncertain future.

In the same way that we are presenting the case to refer to standards within this paper, the paper then refers to specific IVSC standards and firstly refers to IVS 103 on Reporting, which requires a valuation to disclose a number of matters including significant uncertainty or limiting conditions that directly affect the valuation.

It will be imperative that valuation reports in this time of significant uncertainty properly consider observable valuation inputs and, where inputs are not observable, that assumptions are well applied and articulated.

The paper makes the distinction between valuation uncertainty and market risk, noting that for tangible assets a reduction in market price after the date of acquisition or valuation is a risk which could be based on a deterioration of projected future income.

It notes that uncertainty can be caused by various factors including market disruption and input availability.

It then discusses IVS 105 valuation approaches and methods in the context of the valuers selecting one or more methods, and goes on to discuss, as do the valuation and accounting standards, the use of observable inputs and potentially a single method to produce a reliable indication of value.

The paper discusses measuring valuation uncertainty noting that any quantitative measure should always be accompanied with a narrative describing the cause and nature of the uncertainty.

The IVSC also advises that instructing parties and their valuers clearly define the scope of work in the context of the market environment we are in. This will be important where valuers need to make adjustment assumptions in the time before market leasing and sales evidence is available.

National Cabinet Mandatory Code of Conduct - SME Commercial Leasing Principles during COVID-19 Pandemic

The Prime Minister's update on coronavirus measures on 7 April 2020 announced that **the National Cabinet had agreed on a mandatory Code of Conduct for Commercial Tenancies, including retail, office and industrial tenancies**. The Code will be given effect through relevant State and Territory legislation or regulation.

The Code, which is aligned to the Commonwealth Government's JobKeeper eligibility principles for small to medium enterprises (SME's), having turnover of less than \$50 million per annum, **imposes a set of good faith leasing principles for application to commercial tenancies**.

The key cash flow impacting principles included within the Code are as follows:-

Overarching Principles

- **landlords and tenants share a common interest in working together** to ensure business continuity;
- landlords and tenants will be required to discuss relevant issues and **negotiate appropriate temporary leasing arrangements**;
- **it is expected that landlords and tenants will negotiate in good faith** and act in an open and honest and transparent manner with each other (including the provision of sufficient and accurate information);
- **any agreed arrangements will take into account the impact of the COVID-19 pandemic on the tenant with specific regard to its revenue, expenses and profitability**;
- the parties to a commercial tenancy are to **assist each other in their respective dealings with other stakeholders including governments, utility providers, banks and other financial institutions** in order to achieve outcomes consistent with the objectives of the Code;
- the parties will take into account the fact that the risk of default on commercial leases is ultimately (and already) borne by the landlord. Landlords are precluded from permanently mitigating this risk in negotiating temporary arrangements envisaged under the Code;
- **all leases are to be dealt with on a case-by-case basis and consider whether the SME tenant has suffered financial hardship** as a result of the COVID-19 pandemic;
- factors to be taken into account include the different structures, different periods of tenure, different mechanisms of determining rent and whether or not leases are in arrears or have expired and are in hold over.

Leasing Principles

1. **landlords are precluded from terminating leases due to non-payment of rent** during the COVID-19 pandemic period (or reasonable subsequent recover period);
2. **tenants must remain committed to the terms of the lease subject to any amendments to the rental agreement** negotiated under the Code and material failure to abide by substantive terms of the lease will forfeit any protections provided to the tenant under the Code;
3. **landlords must offer tenants proportionate reductions in rent payable in the form of waivers and deferrals of up to 100% of the amount ordinarily payable** on a case-by-case basis. This will be subject to the tenant's trade reduction during the **COVID-19 pandemic period and any subsequent reasonable recovery period;**
4. **rental waivers must constitute no less than 50% of the total reduction in rental payable** under the foregoing principle over the COVID-19 pandemic. Rent waivers should constitute a greater proportion of the total reduction in rent payable in cases where failure to do so would compromise the tenant's capacity to fulfil their obligations under the lease agreement. Regard is also to be had to the landlord's financial ability to provide such additional waivers. Tenants may also waive the requirement for a 50% minimum waiver by agreement;
5. **payments of rental deferrals by the tenant must be amortised over the balance of the lease term or for a period of no less than 24 months, whichever is the greater,** unless otherwise agreed by the parties;
6. **any reduction in statutory charges such as land tax and council rates or insurance will be passed on to the tenant** in the appropriate proportion applicable under the terms of the lease;
7. **a landlord should seek to share any benefit it receives due to deferral of loan payments provided by a financial institution,** as part of the Australian Bankers Association's COVID-19 response or any other case-by-case deferral of loan repayments offered to other landlords, with the tenant in a proportional manner;
8. **landlords should seek, where appropriate, to waive recovery of any other expense or outgoing payable by a tenant under the lease term during the period the tenant is not able to trade.** Landlords also reserve the right to reduce services as required in such circumstances;
9. **if negotiated arrangements under the Code necessitate repayment this should occur over an extended period in order to avoid placing undue financial burden on the tenant.** No repayment should commence until the earlier of the COVID-19 pandemic ending, as defined by the Australian Government, or the existing lease expiring and taking into account a reasonable subsequent recovery period;
10. **no fees, interest or other charges should be applied in respect of rent waived** in the various leasing principles, and no fees, charges nor punitive interest may be charged on rental deferrals;
11. **landlords must not draw on a tenant security for non-payment of rent** whether the security is in the form of a cash bond, bank guarantee or personal guarantee **during the period of the COVID-19 pandemic and/or a reasonable sum subsequent recovery period;**
12. **tenants should be provided with an opportunity to extend its lease for an equivalent period of the rent waiver and/or deferral period outlined in the Code.** This principle is intended to provide the tenant additional time to trade on existing lease terms during the recovery period after the COVID-19 pandemic concludes;
13. **landlords agree to a freeze on rent increases except for retail leases based on turnover rent for the duration of the COVID-19 pandemic and a reasonable subsequent recovery period,** notwithstanding any arrangements between the landlord and the tenant;
14. landlords may not apply any probation on levy penalties if tenants reduce opening hours or cease to trade due to the COVID-19 pandemic.

Dealing with the cash flow Impacts of the Commonwealth's Code in DCF Valuation (Income Approach)

As mentioned earlier, the valuation approaches for investment real estate include the Income Approach (capitalisation of net earnings and/or DCF) and Direct Comparison.

Given the speed with which we have entered into the economic impact of COVID-19, and as was the case on the Global Financial Crisis (GFC), it is likely that there will be a period of time where the market is starved of sale and lease transactions struck after the announcement of the pandemic on 2 March 2020, which would ordinarily allow the direct comparison methodology to apply.

Most transactions which have settled in recent weeks since the onset of the pandemic would have been the subject of contractual agreements prior to the declaration of the COVID-19 pandemic and the resultant economic circumstances.

Given the advent of the Code the capitalisation of net income approach on commercial tenancies will also become problematic given the need for tenant-by-tenant time value of money cash flow adjustments in the valuation process.

As we are all aware, the DCF valuation methodology has, for some years, been the primary valuation methodology adopted for commercial, retail and industrial single and multi-tenant investment real estate.

As the DCF methodology typically applies monthly cash flow forecasts over a 10-year investment horizon on a tenant-by-tenant basis, wherein rental cash inflows and cash outflows in the form of outgoings are forecasted, the DCF approach will be the primary and most useful valuation approach to deal with the changed nature of investment real estate rental cash flows because of the economic impact of COVID-19 coupled with the Code.

It is a given that the circumstances we are faced with, coupled with the Code, will have a sudden and profound impact on investment real estate cash flows for the **period of the COVID-19 pandemic and, as espoused in the Code, a reasonable recovery period, which will in turn impact the underlying value of the asset based on pre COVID-19 cash flows.**

At the date of writing on 14 April 2020, approximately 800,000 Australian businesses had registered for the JobKeeper support thus entitling them to apply for rent relief under the Code.

It is also expected that the circumstances we are faced with will necessitate a significantly higher time commitment in managing investment real estate given the need for detailed and complex negotiations between landlords and tenants.

From the principles within the Code it has immediately become necessary for investment property owners and managers, as well as their valuers, to categorise tenants based on the likelihood that they would be eligible for the JobKeeper stimulus allowances and hence seek relief under the Code, which would result in a diminution of cash flows.

Those categories could include:-

1. tenants which fall outside the \$50 million turnover SME threshold and therefore are outside the Code's SME principles (**no immediate cash flow impact**);
2. SME tenants who do not meet the related Commonwealth's JobKeeper threshold status immediately but may see a falloff in turnover and meet the JobKeeper threshold in the coming months (**possible future cash flow impact**); and
3. SME tenants who have suffered significant losses in turnover and therefore meet the JobKeeper thresholds immediately (**immediate cash flow impact**).

Obviously, certain industries or tenant businesses will fall into the above categories more so than others.

DCF valuation cash flow forecasting will need to consider the rental and cash flow implications on a tenant-by-tenant basis given the principles of the Code. It is also possible to calculate the necessary cash flow adjustments in a capitalisation approach.

The duration of any lease contract rent cash flow adjustments may extend for not only the period of the COVID-19 pandemic but also an undefined period of recovery according to the Code.

The key cash flow impacting principles that will need to be considered and applied to DCF cash flow forecasting, once they are negotiated with the tenant and known, include:-

1. Establish whether or not each tenant will seek relief under the Code;
2. reductions in rent in alignment with reductions in SME tenant turnover;
3. rental waivers (amount and duration);
4. rental deferral amortisation (amount, waiver repayment commencement date and duration – 24 months to remaining lease term);
5. pass through of statutory charge reductions to tenants (NB net versus semi-gross versus gross lease considerations);
6. freeze on the rent increases during the COVID-19 pandemic period and any recovery period (impact of no rental growth for this period); and
7. waiver of recovery of outgoings where tenant is significantly impacted.

It is also noted that the Code is silent on the matter of dealing with ongoing or unexpended lease incentives.

The forward cash flow implications of lease incentives will need to be carefully considered based on the manner in which they have been allocated to either cash or fit outs (upfront or fully expensed), rental abatements and/or rent-free periods (potentially enduring beyond the valuation date).

Most valuers apply a capital deduction in their capitalisation methodologies for the present value (at the valuation date) of the unexpended proportion of incentives in the form of rental abatements and rent-free periods on a tenant-by-tenant basis.

A similar logic to the calculation of the present value of the Code SME rental adjustments will need to be adopted to adjust for the impact of term-based cash flow reductions (i.e. as a capital deduction) where pre COVID-19 cash flows are capitalised.

This will be important because the valuation approach can then consider the “but for the COVID-19” valuation based on pre COVID-19 cash flows before making the deduction. It will also be important for valuers to provide a “but for the COVID-19” economic impact value in addition to an adjusted value until sale and lease transactions become available post the onset of the COVID-19 pandemic.

As mentioned earlier, both the AASB Accounting Standards and IVSC Valuation Standards require valuers to corroborate/substantiate inputs to valuations.

It will also be incumbent upon investment real estate owners and managers to make available details of any negotiated outcomes with tenants that result from the Code. It is also likely that the regulators (Australian Securities & Investments Commission) and auditors will have a heightened requirement to see investment real estate valuations corroborated and validated inputs, wherever possible, to valuations based on the requirements of both accounting and valuation standards.

Obviously, given the likely imposition of an immense workload from a property management/administration viewpoint in negotiating such outcomes with tenants, there will be a period of time where appropriate detail is simply not known. **This intervening period will require careful cash flow consideration in valuations until negotiated outcomes with tenants are available.**

In the context of the potential impact of the Code on any cash flow adjustments on the underlying value of the asset, it is obvious that cash flows will be impaired for an uncertain period of time, relative to lease contract cash flows.

It is not yet possible to contemplate any medium to long-term impacts on market rents generally. However, this may need to become a consideration which may be dealt with by a capitalisation rate or discount rate adjustment for risk.

Clearly valuers will need to take a view on the duration of cash flow impacts which will be made up of:-

- 1. the duration of the COVID-19 pandemic; and**
- 2. an unknown recovery period for particular tenants.**

As cash flows will be reduced for the aggregate of these periods it is likely that values will be less given the discount cash flow time value of money impacts.

Also, net present values derived from DCF analysis are usually apportioned between the:-

1. net present value of the discounted cash flows for the 10-year holding period; and
2. the present value of the terminal value beyond the 10-year holding period.

Typically, the discounting of the annual cash flows for the holding period would represent approximately 40% of the net present value or market value with the remaining 60% being attributed to the discounted terminal value. At the time of writing, and assuming that cash flows return to lease contract cash flows, and underlying market rents are not affected in the medium to long-term, it is the 40% representing the discounted cash flows as opposed to the terminal value that will be initially impacted.

It will be important for valuers undertaking valuations not to unnecessarily double dip any reductions by properly adjusting cash flows and, at the same time, over risk adjusting capitalisation rates and discount rates, until market evidence becomes available that would suggest otherwise.

Discount Rates and Capitalisation Rates in the COVID-19 Economy

Turning now to corroborating inputs to select discount rates and capitalisation rates, which will be a fundamental requirement of lenders, regulators and auditors in the context of applying loan covenants, accounting standards and valuation standards, it is widely accepted that real estate valuers historically select capitalisation rates and discount rates from analysing comparable sales transactions prior to the date of valuation.

As was the case in the GFC, it is likely that we will be, for a period of time, starved of a body of comparable sales and leasing transactions which valuers will be able to analyse and compare.

In the same way that valuers will need to corroborate assumptions relating to cash flow forecasting, they will also need to corroborate and substantiate discount rates and capitalisation rates in a market where direct comparison to other analysed transactions may not be possible.

Remembering that lenders, regulators and auditors will require substantiation, in these circumstances it will be appropriate for valuers to consider the position of the parties to a hypothetical transaction at the valuation date assuming that the parties were a willing buyer and willing seller in an arm's length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion.

Ultimately this is the IVSC and Spencer Case definition of market value.

Investment property owners raise capital in the form of debt and equity and the cost of that capital in the aggregate (weighted average cost of capital - WACC) would form the basis of the discount rate for valuing the entity as opposed to its real estate.

Real estate investment owners will generally allocate capital to acquire assets if the total return would exceed its cost of capital.

In market circumstances of limited sales transactions, it is appropriate to consider the likely movement in an entity's WACC in the current climate, relative to the pre-COVID-19 pandemic climate, to consider appropriate discount rates. This is a consideration in discount rate selection in the IVSC 2020 manual.

We are all aware that discount rates and capitalisation rates had continued to compress given the weight of capital and reduction in the Risk Free Rate (a key input in the Capital Asset Pricing Model – CAPM to calculate the cost of

equity) and Bank Bill Swap Rates (a key input in establishing the cost of debt) in the period before the onset of the COVID-19 pandemic.

Since the onset of the COVID-19 pandemic, interest rates generally have decreased further compared to where they were prior to the onset of the pandemic.

On the one hand it could be argued that this would result in a reduction in an entity's cost of capital and therefore discount rates that could otherwise apply.

On the other hand, it may well be the case that the Market Risk Premium in the CAPM cost of equity may have increased above typical historic levels and that debt cost margins over Bank Bill Swap Rates may have also increased.

Empirical studies have shown that there is a direct relationship between a typical market participant's cost of capital (WACC based discount rate) and investment property discount rates. Those studies have also pointed to an indirect relationship between discount rates and capitalisation rates.

The point is that there may be, for the time being until sales may prove otherwise, an offsetting effect.

But valuers will need to carefully consider risk premium adjustments to capitalisation rates and/or discount rates based on the possibility that market rents will not return to pre COVID-19 levels for particular classes of tenants.

Obviously the likely WACC or discount rate of an entity would vary when debt-to-equity ratios vary. It will remain to be seen whether, in the period of the COVID-19 pandemic and any defined recovery period, entities will seek to alter debt-to-equity ratios that would result in a differential cost of capital and/or discount rate. This will of course depend on various entities' gearing ratios prior to the onset of the circumstances and their ability to withstand cash flow adjustments.

FIRB - Sunday 29 March 2020

The Treasurer announced changes to the Foreign Investment Review Board (FIRB) thresholds on 29 March 2020 which may impact capital flows into investment real estate.

The temporary changes will be achieved by reducing to \$0 the monetary screening thresholds for all foreign investments under the Foreign Acquisitions and Takeovers Act 1975 (the Act). By temporarily reducing the foreign investment thresholds, the Australian Government will ensure appropriate oversight over all proposed foreign investment during this time. Timeframes for review will also be extended (30 days extended to up to 6 months).

The Treasurer has made the point that this is not an investment freeze. Australia is open for business and recognises investment at this time can be beneficial if in the national interest. Effective from this date of announcement, all proposed foreign investments into Australia subject to the Act will require approval, regardless of value or the nature of the foreign investor.

The extent to which these changes impact capital flows into investment real estate and therefore impact the markets will only be known in the fullness of time. At best there is likely to be a time lag in certain FIRB approval matters.

Conclusion

The overall intent of this paper is to underscore the need for valuers to be able to corroborate and substantiate opinions as to rental forecasts, discount rates and capitalisation rates and ultimately values in times where there will most probably be limited letting and sales evidence upon inference as to value may be drawn.

It is also intended to draw attention to the provisions of the valuation and accounting standards that consider the valuation of assets and the recording of those asset valuations in entities' accounts in these economic times.

References

- AASB 13 - Fair Value Measurement;
- AASB 116 - Property, Plant and Equipment; and
- AASB 140 - Investment Property.
- IVSC January 2020
- IVSC Letter on Valuation Uncertainty March 2020
- Prime Minister Scott Morrison – Commercial Leasing Code – 7 April 2020
- Federal Treasurer’s FIRB Announcement 29 March 2020

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