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Valuation, Advisory & Property Management Intelligence

GUIDE TO INSTRUCTING ENTITIES AND VALUERS
REAL ESTATE ASSET VALUATION CLASSIFICATION, AASB STANDARDS AND IVSC VALUATION STANDARDS

We deal with the mainstream & we specialise in the complex for all asset classes

Real Estate Plant & Equipment Assets

Operational Assets

Non Specialised Operational Assets

AASB 116 - Property, Plant and Equipment
AASB 136 – Impairment of Assets

Support Assets
IVS400 Real Property Interests
IVS 102 Bases of Value
IVS 300 Plant, Equipment & Infrastructure

Examples:-
Owner Occupied, or partially owner occupied, Offices Warehouses, and Shops, etc.

Bases of Valuation
Fair Value (AASB 13)
Fair Value Less Cost to Sell
Recoverable Amount Test
Impairment

Valuation Approach
Market or Income Approach (Capitalisation & or DCF)
IVS 103 Valuation Approaches

ESG Review
IVS 104 & AASB S1 & S2

Fair Value and Market Value Definitions Synonymous – Yes
Active market test satisfied.

Trading Unit Assets
IVS 200 Business and Business Interests
IVS400 Real Property Interests
IVS 102 Bases of Value
IVS 300 Plant, Equipment & Infrastructure

Examples:-
Owner Occupied, or partially Owner Occupied, Trading Hotels, Hospitals, Casinos and Service Stations, etc.

Bases of Valuation
Fair Value (AASB 13)
Fair Value Less Cost to Sell
Recoverable Amount Test
Impairment

Valuation Approach
Market or Income Approach (Capitalisation & or DCF)
IVS 103 Valuation Approaches

ESG Review
IVS 104 & AASB S1 & S2

Fair Value and Market Value Definitions Synonymous – Yes
Active market test satisfied.

Specialised Operational Assets

AASB 116 - Property, Plant and Equipment - &
AASB 136 - Impairment of Assets

Replacement Cost Assets
IVS 102 Bases of Value
IVS 300 Plant, Equipment & Infrastructure

Examples:-
Oil refineries, roads and drains, chemical plants, communication towers, public buildings, parks, Airports and Shipping Ports (specialised components) and gardens, etc.

Bases of Valuation
Fair Value (AASB 13)
Fair Value Less Cost to Sell
Recoverable Amount Test
Impairment

Valuation Approach
Cost Approach
IVS 103 Valuation Approaches

ESG Review
IVS 104 & AASB S1 & S2

Fair Value and Market Value Definitions Not Synonymous
NB Caution mortgage

Cash Flow Assets
IVS400 Real Property Interests
IVS 102 Bases of Value

Examples:-
Shipping Ports, Airports, roads and other infrastructure (cash flow generating)

Bases of Valuation
Fair Value (AASB 13) Fair Value Less Cost to Sell
Recoverable Amount Test
Impairment

Valuation Approach
Income (Capitalisation & or DCF) or Cost Approach
IVS 103 Valuation Approaches

ESG Review
IVS 104 & AASB S1 & S2

Fair Value and Market Value Definitions Not Synonymous
NB Caution mortgage

Non Operational Assets

Surplus Assets or Assets Held for Sale

AASB 5 - Non Current Assets Held For Sale and Discontinued Operations
AASB 136 – Impairment of Assets

Assets Held for Sale
IVS400 Real Property Interests
IVS 102 Bases of Value
IVS 300 Plant, Equipment & Infrastructure

Examples:-
Idle Assets -
Discontinued Operations
Assets Held For Sale, etc. All classes of property.

Bases of Valuation
Fair Value(AASB 13)
Fair Value Less Cost to Sell
Recoverable Amount Test
Impairment

Valuation Approach
Market or Income Approach (Capitalisation & or DCF)
IVS 103 Valuation Approaches

ESG Review
IVS 104 & AASB S1 & S2

Fair Value and Market Value Definitions Synonymous – Yes
Active market test satisfied.

Property Investments

AASB 140 - Investment Property
AASB 136 – Impairment of Assets

Property Investment
IVS400 Real Property Interests
IVS 102 Bases of Value
IVS 300 Plant, Equipment & Infrastructure

Examples:-
Leased Investment Properties
Not for owner occupation, Investment Properties under construction, etc. All classes of Investment Property.

Bases of Valuation
Fair Value(AASB 13)
Fair Value Less Cost to Sell
Recoverable Amount Test
Impairment

Valuation Approach
Market or Income Approach (Capitalisation & or DCF)
IVS 103 Valuation Approaches

ESG Review
IVS 104 & AASB S1 & S2

Fair Value and Market Value Definitions Synonymous – Yes
Active market test satisfied.

Mandatory Criteria

Test 1 - Is the asset an Operational or Non Operational Asset?

Test 2 - If an Operational Asset is it a Non Specialised Operational Asset or a Specialised Operational Asset?

Test 3 – If it is a Non Specialised Operational Asset is it a Support Asset or a Trading Unit Asset?

Test 4 - If a Specialised Operational Asset is it a Replacement Cost Asset or a Cash Flow Asset?

Test 5 – If it is a Non Operational Asset is it a Surplus Asset Held for Sale or is it a Property Investment?

Test 6 – Depending on whether the asset is:-

- A Non Specialised Operational Asset;
- A Specialised Operational Asset;
- A Surplus Asset Held for Sale; or
- A Property Investment;

Which Accounting Standards Apply?

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;
AASB S1 – General Requirements for Disclosure of Sustainability-related Financial Information;
AASB S2 – Climate-related Disclosures;
IFRS (International Financial Reporting Standards);
IVSC (International Valuation Standards Council); and
State Treasury Guidelines.

Test 7 – Consider Examples of:-

1. Support Assets;
2. Trading Unit Assets;
3. Replacement Cost Assets;
4. Cash Flow Assets;
5. Assets Held For Sale; and
6. Property Investments.

Test 8 – ESG Review

IVS 104 Data & Inputs Appendix ESG, AASB S1, General Requirements for Disclosure of Sustainability Related Information & AASB S2 Climate Related Disclosures.

Test 9 – Which IVSC Valuation Standards apply to each of the categories in 7. above.

Test 10 – Which Valuation Approaches apply to each of the categories in 7. above.

Test 11 – Consider whether the Definition of Fair Value (AASB 13) and Market Value (IVSC 2025) are one and the same for each category in 7. above.