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Factors Affecting The Selection of Fair Value Methods for Investment Property

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Abstract

The purpose of this study is to analyze the effect of leverage, profitability, asymmetric information, and the gain on the fair value difference on the selection of the fair value method for investment property by PSAK 13. The sample of study is 53 listed companies in Indonesia Stock Exchange for the period 2016-2018 and utilized logistic panel regression. **Findings**.The results indicate that leverage, profitability, and asymmetric information do not affect the selection of the fair value method in the investment property. However, the gain on fair value difference negatively affects the choice of the fair value method for an investment property.

1. Introduction

Investment property is the property in the form of land or building or part of a building or both which are controlled for use or sale in the normal operations of the company. Currently, the accounting treatment for investment property is regulated by PSAK 13 (revised 2011). The PSAK states that companies to measure the value of investment property can choose one of two valuation methods, namely the cost method or the fair value method. The choice of the assessment method is voluntary.

If a company chooses to use the cost method as a valuation model for its investment property, the entity must follow PSAK No. 16 (2007) regarding Fixed Assets, where the investment property is measured at cost, which is depreciated and reduced by any accumulated impairment losses. However, even if an entity chooses to use the cost method, it does not mean that it does not value the fair value of its investment property. An entity is still required to assess the fair value of its investment property. However, changes in the fair value of investment property are not presented in the income statement. In this case, the entity must disclose the fair value of its investment property in the notes to the financial statements, except when the fair value cannot be determined reliably.

Meanwhile, if an entity chooses to use the fair value method as a method of valuing its investment property, the company can know the present value of its investment property. In other

words, the fair value method provides more relevant information. This statement is supported by Seng and Su (2010) who state that the company's goal of revaluating assets such as investment property is to provide more relevant information about the company's financial position to users of financial statements. The provisions according to the fair value method are if there is a change in the fair value of the investment property, it must be reported in the current year's income statement and not depreciated.

Based on IFRS 13 regarding fair value measurement Weygandt, Kimmel and Kieso (2012) state that to improve consistency and comparability in fair value measurement and disclosure, a fair value hierarchy is formed. In this case, the fair value hierarchy divides the measurement technique into three levels. First, the company makes an assessment based on direct observation of the market value (market price) of the same asset. Second, the company uses the services of an independent professional to make an assessment. Third, the company uses its management policies, using the best information available, including company data and other assumptions.

Based on the fair value measurement method, the measurement using the fair value method is still subjective in nature, so there is a risk of being used as an improper tool, namely to exaggerate the value of non-current assets and to eliminate a true and fair view of the financial statements. Even though the subjectivity of this fair value method is not by one of the characteristics of financial statements, namely reliability (Hasan, Abdullah and Hossain, 2014). In this case, the reliability of information is very dependent on the ability of information to fairly describe a situation or event by the actual conditions (not engineered).

Therefore, the valuation of assets using the fair value method may not reflect their true value because they can be manipulated by management or there may be measurement errors (Landsman, 2007). Thus the fair value method recommended by IFRS on the one hand can reflect the current asset value, but on the other hand, has the risk of reducing the reliability of the financial statements. Besides, the use of fair value is also not recognized by taxes, because taxes in Indonesia recognize the cost method for land and buildings. On this basis, it is interesting to examine why companies choose the fair value method to value their investment properties.

Furthermore, referring to the research results of Wahyuni, Soepriyanto, Avianti and Naulibasa (2019), it is known that as many as 86% of companies (out of 96 companies) choose to use the cost method to assess their investment properties. While the remaining 14% of companies chose to use the fair value method. The results of this study are in line with research by Cairns et al. (2011) which reveals that when companies are faced with choosing a voluntary accounting method, the choice of accounting method tends to be difficult to change.

In other words, although there are other alternative accounting methods (fair value method) that are permitted by accounting standards, companies tend to choose the old accounting method that is commonly used (cost method). Besides, although some previous researchers suspect that many factors influence the choice of method for valuing investment properties, the real reason why companies choose certain accounting methods to value their investment properties is not known with certainty. That is in line with the opinion of Ishak et al. (2012) that the choice of accounting method is based on management considerations and is never known with certainty by users of financial statements.

Based on the description above, not many companies choose to value their investment properties using fair value. However, since there are positive and negative impacts in choosing the fair value method, it is interesting to examine the factors that companies consider when choosing the fair value method to value their investment properties.

Based on previous research conducted by Farahmita and Siregar (2014) and research by Pratiwi and Tahar (2017), several factors are thought to influence the selection of the fair value

method, namely company size, debt level, asymmetric information, and the benefits of fair value revaluation. The results of research conducted by Pratiwi and Tahar (2017) show that company size affects the choice of the fair value method. These results contradict the results of research conducted by Farahmita and Siregar (2014). Then according to research by Farahmita and Siregar (2014), the level of debt affects the choice of the fair value method. These results differ from the results of research by Pratiwi and Tahar (2017). Furthermore, according to research by Farahmita and Siregar (2014), asymmetric information affects the choice of the fair value method. These results differ from the results of research by Pratiwi and Tahar (2017). The last factor is the gain factor in fair value revaluation. According to research by Pratiwi and Tahar (2017), the advantage of fair value revaluation does not affect choosing the fair value method. These results are consistent with research conducted by Pratiwi and Tahar (2017). Research by Wahyuni, Soepriyanto, Avianti, and Naulibasa (2019) shows that profitability has a positive effect on the choice of cost method for an investment property. This means that profitability harms the choice of the fair value method for an investment property.

This research will again examine some of the factors above (leverage, profitability, asymmetric information, and the gain on the difference in fair value) for all types of companies that have investment properties. The purpose of this research is to analyze whether leverage, profitability, asymmetric information, and the gain on the difference in fair value partially affect the selection of the fair value method for an investment property. The expected contribution of this research is to develop knowledge related to the selection of accounting methods for an investment property, by producing factors that can be considered by company management in determining the selection of the fair value method for an investment property. Also, if the results of this study are compared with the results of previous studies using different research respondents, of course, it can be a reference for company management to select methods and also for future researchers to determine which sector companies will be researched for the same topic. To predict the company's reasons for choosing one of the accounting methods, positive accounting theory can be used. According to Watts and Zimmerman (1990), there are three types of hypotheses to test positive accounting theory, namely the Bonus Plan Hypothesis, Debt to Equity Hypothesis, and Political Cost Hypothesis. The bonus plan hypothesis states that the management of a company will try to maximize its wealth even though doing so will be detrimental to the company. This can be done by choosing an accounting method that transfers profits from a future period to the current period for a bonus.

The debt to equity hypothesis states that the higher the debt to equity ratio, the managers tend to use accounting methods that can increase load capacity. Kalay (Watts and Zimmerman, 1990) states that the higher the debt-to-equity ratio, the closer the company is to the debt agreement limit. The tighter the agreement limits, the more likely it is to breach the agreement and incur costs of technical failure. Thus, managers will be careful in choosing accounting methods to stretch debt convenants and reduce the cost of technical failure. The political cost hypothesis predicts that large companies tend to use accounting methods that reduce reported earnings. Large companies with large profits tend to attract political attention, this results in large political costs for the company. These incidents could stem from government regulation or increased demand from trade unions. Therefore, companies tend to choose accounting policies that will reduce or delay income from the present period to the future (Watts & Zimmerman, 1990).

Meanwhile, based on PSAK 13 paragraph 5 (IAI, 2011) regarding the definition of investment property, it is stated that "Investment property is property (land or building or part of a building or both) which is controlled (by the owner or lessee through a finance lease) for generating rentals or for increases in value or both, and not for: (a) being used in the production or

supply of goods or services or for administrative purposes, or (b) sold in their daily business activities ". Furthermore, based on PSAK 13 paragraph 16 (IAI, 2011), investment property is recognized as an asset if it has: (a) Future Economic Benefit, some benefits can be obtained from the purchase of the property, as well as risks that must be considered and (b) Cost Reliably Measurement, the cost of property investment can be measured reliably.

The initial measurement is made after the investment property is recognized for the first time in the financial statements. After the initial measurement, there are two methods for taking the next measurement. Based on PSAK 13 (IAI, 2011), the two methods are the fair value method and the cost method. This study will emphasize measurement policies after initial recognition. The hypothesis developed in this study is as follows: A high level of debt (leverage) can increase the likelihood of a breach of contract. The high level of debt can also cause a decrease in loan capacity which can cause losses for the company. Therefore companies tend to choose a method that can help avoid breaching the contract by reducing the level of debt. This is following the debt to equity hypothesis (Watts and Zimmerman, 1990). Because the selection of fair value will increase the book value of non-current assets and increase the load capacity, in conditions of high debt, the company will choose the cost method (will not choose the fair value method) to avoid breaching the contract by reducing the level of debt. Based on the description above and by Farahmita and Siregar (2014), the hypotheses built are:

H_1: The level of debt hurts the choice of the fair value method for an investment property.

The profitability obtained by the company is one of the reasons why the company chooses the fair value method. By choosing the fair value method, a company can increase its profitability. It is used to attract investors' attention. This is following the opinion of Fields et al (2001) which states that one of the determinants of the choice of accounting method is contracting, which is that accounting policies are chosen to influence one or more contracts, for example with investors, management, or creditors. However, an increase in profit will increase tax payments. This is under PMK No. 79/2008 concerning the Revaluation of Company Fixed Assets for Taxation Purposes. Although the PMK regulates fixed assets, the tax regulations do not differentiate between fixed assets and investment properties. In other words, investment property is included in the asset group referred to in the tax regulation. Whereas in general, companies tend to want to postpone or reduce reported earnings in the current period to save taxes (tax saving). This is the reason why even though the company's profit has increased, the possibility of the company choosing the fair value method is getting smaller. Based on the description above, the hypotheses made are:

H_2: Profitability hurts choosing the fair value method for investment property.

The high asymmetric information causes companies to tend to choose accounting methods that can inform the true value of the company to the market. In this study, asymmetric information is proxied by the ratio of market to book value, where market value reflects the current value, and book value reflects the value of existing assets. According to Quagli and Avallone (2010), a high level of asymmetric information encourages companies to use the fair value method because fair value reflects the current value of the company. Meanwhile, the cost method is not suitable for this because the cost method cannot reflect the present value of the asset but the value at the time the transaction was made. Based on the description above and by Farahmita and Siregar (2014), the hypotheses built are:

H_3: Asymmetric information supports the selection of the fair value method for investment property.

Any gain on the difference in fair value may be the reason why managers choose to use the fair value method. This research proxy the difference between fair value and fair value gain. Based on the bonus plan hypothesis, it is stated that managers tend to choose accounting methods that can increase profits to increase the bonuses and incentives they get. However, currently, companies tend to want to postpone or reduce reported earnings in the current period. This is done to reduce fraud that may be committed by managers and to make tax savings (tax saving). The gain on the difference in fair value will be recorded in the income statement. This will increase profits and increase the taxes that must be paid by the company. This is the reason why even though company profits are increasing, the possibility of choosing the fair value method is getting smaller. Meanwhile, companies that choose the cost method will not benefit from the difference in fair value. Based on the description above, the hypothesis is:

H_4: Gain of fair value difference hurts the selection of fair value method for an investment property.

Based on the above hypothesis, the research model can be described as follows:

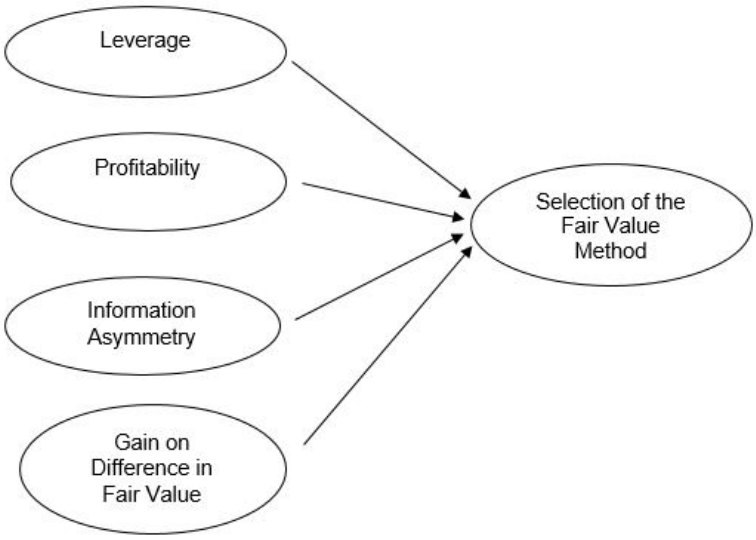

Figure 1. Conceptual Framework of Research

2. Research Method

The research design used was causal because this study explained the effect of the independent variable on the dependent variable (see Figure 1). The population of this study is all companies listed on the Indonesia Stock Exchange in 2016-2018. The sample selection technique used in this study is the purposive sampling method with criteria, all companies listed on the IDX in 2016-2018, companies consistently publish financial reports during the period 2016-2018, companies have investment properties in 2016-2018, companies reports its financial statements in Indonesian Rupiah, the company reports the fair value of its investment property in the Notes to Financial Statements if the company chooses the cost method.

Leverage is measured by comparing total liabilities with total assets (Weygandt, Kimmel, & Kieso, 2012). Profitability has a ratio scale and is proxied by the ratio of net income to total assets (Weygandt, Kimmel, & Kieso, 2012). Asymmetric information is measured by comparing the year-end stock market price with the book value of Weisesa's shares (2018). Gain on Fair Value

Difference is proxied by the gain (loss) on the fair value of investment property with market capitalization for companies that choose the fair value method, while for companies that choose the cost method for valuation of their investment property, it is proxied by the fair value of investment property with market capitalization. The selection of the Fair Value Method for investment properties is seen from the company's audited financial statements. If a company does not depreciate the investment property it owns, that company chooses the fair value method for the investment property it owns. The selection of the Fair Value Method in this research is a qualitative or measured dummy, where the number 1 is used for companies that use the fair value method and the number 0 is used for companies that use the cost method for their investment properties.

The data analysis used in this research is descriptive statistics to describe the research variables and logistic regression. The logistic regression method is used because the dependent variable in the study has a nominal scale. Logistic regression aims to test the probability or likelihood of the dependent variable occurring by the independent variable. The logistic regression models in this study are:

$$CM_{it} = \ln P_i/1\text{-}P_i = \alpha + \beta_1 X_{1it} - \beta_2 X_{2it} + \beta_3 X_{3it} - \beta_4 X_{4it},$$

Where,

P_i	= Probability of the probability of choosing the fair value method,
$1\text{-}P_i$	= Probability of the probability of not choosing the fair value method,
α	= Constant or intercept value,
$\beta_1, \beta_2, \beta_3, \beta_4$	= Regression coefficient,
X_{1it}	= Leverage (LV),
X_{2it}	= Profitability (PB),
X_{3it}	= Asymmetric Information (AI),
X_{4it}	= Fair value difference (FVG)

Hosmer and Lemeshow's Goodness of Fit Test is used as a Goodness of fit test. According to Ghozali (2018) if the value of the Hosmer and Lemeshow Goodness of Fit Test has a value equal to or less than 0.05 (the level of research significance) then the null hypothesis is rejected, meaning that there is a significant difference between the model and its observation value so that the Goodness of fit model is not good because the model cannot predict the value of the observations. If the value of the Hosmer and Lemeshow Goodness of Fit Test is greater than 0.05 (the level of research significance) then the null hypothesis is not rejected, which means that the model can predict the value of its observations or the model can be accepted and used.

The Likelihood Ratio test is carried out to see whether the independent variables have a simultaneous influence on the Fair Value Method Selection. Measurements are made by looking at the LR Chi^2 (df) value, if the LR Chi^2 (df) value is greater than the chi-square statistical value (chi-square table) then H_0 which states that there is no significant effect of the independent variable on the dependent variable is rejected and vice versa if the LR value Chi^2 (df) is smaller than the chi-square statistical value, so H_0 is not rejected.

Wald test is conducted to see whether each independent variable influences the dependent variable partially. According to Cairns et al. (2011) Hair et al. (2014), the Wald test to see the significance of variables in logistic regression. The level of significance used in this study is 5%. The results of the Wald test can be seen from the value of P > | z | compared to the level of significance. If the value of P > | z | smaller than 0.05 then H0 is rejected and if the value of P > |

z | greater than 0.05, then H_0 is not rejected. The Pseudo R^2 test was conducted to determine the proportion of the variance of the latent variable which the covariate could explain.

3. Results and Discussions

The determination of the amount of research data can be seen in Table 1. Based on predetermined criteria, the sample selection results are 600 companies listed on the Indonesia Stock Exchange in 2016-2018. Companies that do not own investment properties are 475 companies. Companies that do not have the required data are 72. So the sample used in this study is 53 companies. Because this research was conducted in 3 periods, the data processed during the study year were 159.

Table 1. Sample and Research Data

Sample and Data	Total
Companies listed on the Indonesia Stock Exchange in 2016-2018	600
Companies that do not own investment properties	(475)
Companies that own investment properties for the 2016-2018 period	125
The companies that do not have the required data	(72)
The sample used in this study	53
Number of observations (53 companies for 3 years)	159

Source: the results of data processing

Descriptive statistics are used in this study to describe in detail the quantitative data from the research sample. The results of descriptive statistics in this study include the average (mean), standard deviation, minimum value, and maximum value which are processed by STATA software. The following are the results of descriptive research statistics:

Table 2. Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
CM	159	0,3522013	0,4791655	0	1
LV	159	0,6160362	0,8286715	0,0415371	7.68738
PB	159	0,0395851	0,0927831	- 0,3752784	0,7160235
AI	159	1,775698	1,919934	0,0847755	14.32381
FVG	159	0,1348366	0,2410848	-0,1410682	1.063446

Source: the results of data processing

The goodness of fit test was used to see whether the observed data followed the logistic regression model in this study. The purpose of the goodness of fit test is to ensure there are no weaknesses in the logistic regression model of this study. This study uses Hosmer and Lemeshow's Goodness of Fit Test as a test of goodness of fit.

In Table 3, it can be seen that the prob> chi^2 value is 0.4013, which means it is greater than 0.05. With a prob> chi^2 value greater than 0.05, H_0 is not rejected or the model fits the data. It can also be seen from the Hosmer-Lemeshow chi2 (8) which is 8.34 which when compared with the chi-square statistical value (α = 5%, df = 8) which is 15.507, the Hosmer-Lemeshow chi2 value (8) which is 8.34 is less of 15,507 which makes H_0 not rejected with a confidence level of 95%.

Table 3. Hosmer and Lemeshow's Goodness of Fit Test

Number of observation	159
Number of groups	10
Hosmer-Lemeshow chi² (8)	8,34
Prob > chi²	0.4013

Source: the results of data processing

The likelihood ratio test is conducted to see whether all independent variables, namely leverage, profitability, asymmetric information, and fair value difference, influence this study's dependent variable, namely the selection of the fair value method collectively. The Likelihood Ratio Test has the same function as the F test contained in multiple regression analysis.

Table 4. Likelihood Ratio Test

Number of obs	159
LR chi² (4)	42,99
Prob > Chi2	0,0000
Pseudo R²	0,2084

Source: the results of data processing

Based on Table 4, it can be seen that the LR value of chi2 (4) is 42.99. The result of the Likelihood Ratio Test with an LR value of chi² (4) which is 42.99 is greater than 9.488 (table chi-square α = 5% df = 4) means that there is an effect of leverage, profitability, asymmetric information, and fair value fifference on selection fair value method. Besides, it can be seen from the prob> chi² value of 0.0000 which is less than 0.05 (significance level of 5%) which has the same meaning, namely not rejecting the null hypothesis of the Likelihood Ratio Test of this study.

Wald test is done to see whether each independent variable has a significant effect on the dependent variable partially. The confidence level used in this study was 95%. The following are the results of the Wald Test.

Table 5. Coefficient and Wald's Test

CM	Coef.	P > |z|
LV	-0,1994467	0,546
PB	-3,163169	0,341
AI	0,0750793	0,447
FVG	-16,4362	0,004
_cons	0,2977597	0,438

Source: the results of data processing

Based on Table 5, H_1: Leverage hurts the fair value method selection. However, the value of P> | z | of leverage of 0.546 means that it is greater than the significance level of this study, namely 0.05. The coefficient value of Leverage is -0.199447. So the first hypothesis which states that leverage hurts the fair value method selection is rejected.

H_2: Profitability hurts choosing the fair value method for investment property. From Table 5, the value of P> | z | is obtained of profitability amounted to 0.341. P value> | z | which amounted to 0.341 greater than 0.05 (the level of research significance). The coefficient value of profitability is -3.163169. So the second hypothesis is rejected. This means that profitability does not harm the fair value method selection.

H_3: Asymmetric information supports the selection of the fair value method for investment property. Based on Table 5, the value of P> | z | of Asymmetric information is 0.447 and shows greater than the significance level of the study (0.447> 0.05). The coefficient value of asymmetric information is 0.0750793. So the third hypothesis is rejected, meaning that asymmetric information has no positive effect on the fair value method selection.

H_4: Gain of fair value difference hurts the selection of fair value method for an investment property. In Table 5, the value P> | z | of the gain on the difference in fair value is 0.004. This means that the value P> | z | smaller than the research significance level, namely 0.05 or 0.004 <0.05, with a coefficient of -16.4362. So the fourth hypothesis is accepted.

Based on Table 6, the regression equation can be made.

$$CM = \ln P_i/(1-P_i) = 0{,}2977597 - 0{,}1994467LV - 3{,}163169PB + 0{,}0750793AI + - 16{,}4362FVG.$$

Logistic regression calculations can be read using odds ratios, namely by ranking e with the coefficient value. The value of e is equal to 2.71828. If leverage, profitability, asymmetric information, and fair value difference as independent variables are valued at 0, then the company's probability of choosing the fair value method is 1.346838. The value 1.346838 is the value of the odds ratio resulting from the appointment of the value e with a coefficient of 0.2977597.

Table 6. Logistic Regression Analysis Results (*Coef.*)

CM	Coef.
LV	-0,1994467
PB	-3,163169
AI	0,0750793
FVG	-16,4362
_cons	0,2977597

Source: the results of data processing

Based on the results of hypothesis testing, it is proven that only the gain on the difference in fair value has a significant effect on the choice of the fair value method for an investment property. The logistic regression coefficient value of the fair value difference is -16.4362 and the odds ratio value of the fair value difference is 7.28e-08. Suppose the fair value difference variable increases by 1 unit and other variables such as leverage, profitability, and asymmetric information are considered constant. In that case, the possibility of the company choosing the fair value method decreases by 7.28e-08 units.

The coefficient of determination measurement is used to see how big the independent variables, namely leverage, profitability, asymmetric information, and fair value difference, can explain the research dependent variable, namely the fair value method selection. Measurement of the coefficient of determination in this study using Pseudo R^2. The following is the measurement result of the Pseudo R^2 coefficient of determination:

Table 7. Results of Measurement Coefficient of Determination (Pseudo R^2)

Number of obs	159
LR chi^2 (4)	42,99
Prob > Chi^2	0,0000
Pseudo R^2	0,2084

Source: the results of data processing

Based on Table 7, the Pseudo R^2 value of this study is 0.2084 or 20.84%. This shows that the dependent variable of the study, namely the Selection of Fair Value Method, can be explained by the independent variable of 20.84%, while other variables outside the independent variable explain 79.16%. Based on the research results, there are differences in the results of this study with several previous studies. The difference in results between this study and previous research could be due to the different span of the study year and the different respondents. This study uses respondents of all companies listed on the Indonesia Stock Exchange that have investment properties in 2016-2018, while research respondents Farahmita and Siregar (2014) are only property companies listed on the Indonesia Stock Exchange in 2008-2011; Research respondents Weisesa (2018) are non-property sector service companies listed on the Indonesia Stock Exchange in 2012-2016. In this study, leverage, profitability, asymmetric information, and fair value difference have a simultaneous effect on the fair value method selection.

The partial test results of this study are consistent with research conducted by Pratiwi and Tahar (2017) which states that leverage does not hurt the choice of the fair value method. The possibility that the company chooses the accounting method is not based on the size of the company's debt, but the company may tend to choose a method that is suitable for the company, such as the company choosing the fair value method to avoid breaching contracts and increasing loan capacity or the company choosing the cost method to meet investors' desire to choose the method. more conservative accounting. This study is inconsistent with research conducted by Farahmita and Siregar (2014) which states that the level of debt has a significant negative effect on the selection of the fair value method, meaning that the higher the level of debt of a company, the smaller the probability that the company chooses to use the fair value method for its investment property.

In this study, Profitability has a negative direction with insignificant results. This result contradicts the research conducted by Wahyuni, Soepriyanto, Avianti, and Naulibasa (2019) that Profitability has a positive and significant direction towards the Selection of Fair Value Methods. This may occur because according to CNN Indonesia news, in 2016 the DGT asked the IDX issuers to increase tax compliance. In 2016, many public companies were in arrears in taxes. So it can be interpreted that in the research year, companies prefer to reduce profits to reduce the amount of taxes that must be paid. Companies can reduce profitability by using the cost method for the valuation of their fixed assets, including investment property.

In this study, Asymmetric information has no positive effect on the Selection of Fair Value Methods. The results of this study are consistent with research conducted by Pratiwi and Tahar (2017), Weisesa (2018) who also found that asymmetric information did not affect the choice of the fair value method. This probably occurs because the main problem, if there is asymmetric information, is the occurrence of earnings management by managers. Earnings management can be done by selecting the fair value accounting method. In 2016, according to CNN Indonesia news, tax began to collect taxes in arrears by companies listed on the Indonesia Stock Exchange. If at that time the company chose to use the fair value method, the tax to be paid would be even higher.

In this study, the gain of fair value difference has a significant negative effect on the selection of fair value methods. The same results were also found in Weisesa's (2018) study. This contradicts the research conducted by Pratiwi and Tahar (2017) which states that the fair value difference does not have a significant effect on the fair value method selection. Besides, it is also contrary to research conducted by Farahmita and Siregar (2014) which states that the fair value difference has a positive direction towards the fair value method selection.

4. Conclusions

Based on the analysis and discussion, it can be concluded as follows. Leverage, profitability, and asymmetric information do not affect choosing the fair value method for investment property. The gain from differences in fair value negatively affects the choice of the fair value method for investment property.

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