Problems in the Valuation of Investment Property in the Context of Crisis

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Abstract: Investment property is long-term investments of enterprises in land and/or buildings. As a whole or in parts, they are used for lease and/or increase of the value of equity, or for both operations simultaneously during the same porting period. Enterprises do not use them for administrative purposes or in their ordinary economic activity, but bring additional long-term income from rent and lease, which differ from income earned from the enterprises' usual operations. Enterprises' interest in investment property they have acquired through in-kind contributions of partners and shareholders in the fixed capital, through purchase, construction, barter, for free, through finance lease, or leased from other natural persons or legal entities for sub-leasing purposes, becomes even higher. They are an alternative investment intended for improvement of enterprises' investment portfolios. They are specific object of the accounting. They are accounted for as long-term investments of enterprises in fixed tangible assets that individually generate inflows and outflows, in comparison to the other fixed tangible assets. Their adequate measurement in the context of crisis is crucial for their accounting and disclosure in the enterprises' financial statements. Initially, they are measured upon acquisition at historic cost (acquisition price, cost, fair value), and subsequently they are measured in the process of their use at carrying amount equal to their amortized value less the accumulated impairment or fair value (sales price or current market value). It is crucial for enterprises to keep the level of their initial and subsequent measurement of investment property in the context of crisis, in order to maintain their investments in them.

Investment property is the object of this study.

The subject matter of the study refers to the initial and subsequent measurement and disclosure of the investment property in the enterprises' financial statements, and the main problems that occur in its measurement in the context of crisis.

The objective is to present the major guidelines and possible solutions for enterprises enabling them to overcome the occurred problems in the measurement of investment property in the context of crisis. These guidelines will significantly contribute to the more effective accounting, management, maintenance, spending (amortization, impairment, discarding or sale) of investment property, and the subsequent disclosure of their valuation in the enterprises' financial statements.

Key words: investment property; recognition, measurement, amortization, impairment, crisis.

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1. INTRODUCTION

Investment property is long-term investments of enterprises in land and/or buildings. As a whole or in parts, they are used for lease and/or increase of the value of equity, or for both operations simultaneously during the same porting period. Enterprises do not use them for administrative purposes or in their ordinary economic activity, but bring additional long-term income from rent and lease, which differ from income earned from the enterprises' usual operations. Enterprises' interest in investment property they have acquired through in-kind contributions of partners and shareholders in the fixed capital, through purchase, construction, barter, for free, through finance lease, or leased from other natural persons or legal entities for sub-leasing purposes, becomes even higher. They are an alternative investment intended for improvement of enterprises' investment portfolios. They are specific object of the accounting. They are accounted for as long-term investments of enterprises in fixed tangible assets that individually generate inflows and outflows, in comparison to the other fixed tangible assets. Their adequate measurement in the context of crisis is crucial for their accounting and disclosure in the enterprises' financial statements. Initially, they are measured upon acquisition at historic cost (acquisition price, cost, fair value), and subsequently they are measured in the process of their use at carrying amount equal to their amortized value less the accumulated impairment or fair value (sales price or current market value). It is crucial for enterprises to keep the level of their initial and subsequent measurement of investment property in the context of crisis, in order to maintain their investments in them.

Investment property is the key assets having the biggest share in the total amount of assets of special investment purpose joint stock companies (ADSIC) the scope of business of which is to invest in real estates and which carry out their operations under the Special Investment Purpose Companies and Securitization Companies Act.

"In any case, investment property is a driver of rental income for investing enterprises." (Ivanova, R., 2018).

Crises that occur globally may have different nature – economic, political, social or health (for example, the COVID 19 pandemic). They cause serious damages both to the economies of individual countries in general, and to the operations, its financial results and the financial position of the enterprises operating therein. The managements of the enterprises should identify the possible risks and uncertainties that occur as a result of the crisis for the enterprises' business and financial position. The adverse effects of the crisis occur also in relation to the acquisition and possession of investment property by the enterprises. Furthermore, these consequences have serious adverse effect on the measurement and value of investment property held by the enterprises.

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effective accounting, management, maintenance, spending (amortization, impairment, discarding or sale) of investment property, and the subsequent disclosure of their valuation in the enterprises' financial statements.

The main tasks of this study are:

1. to determine the major characteristics of investment property – definition, recognition, classification, measurement, subsequent expenses, impairment, spending and disclosure;

2. to present the key problems in the valuation of investment property that have occurred as a result of the unfavorable consequences of the crisis;

3. to suggest adequate solutions for investment property valuation for the purposes of overcoming the effect of the crisis.

2. MAJOR CHARACTERISTICS OF INVESTMENT PROPERTY

A few definitions for investment property exist. One of them is stated in National Accounting Standard (AS) 40 Accounting of investment property:

"Investment property means land or buildings, or both, held rather to earn rentals or for capital appreciation, or both, than:

a) to be used in the production of supply of services;

b) to supply materials, goods or services;

c) for administrative purposes;

d) by the staff – whether the staff pays rent at market prices or not;

e) for sale within the frames of the enterprise's economic activity." (AS 40 a)

The other definition of investment property is specified in International Accounting Standard (IAS) 40 Accounting of Investment Property: "the property (land or buildings (or part thereof, or both) held (by the owner or by a lessee as a right-of-use asset) rather to earn rentals or for capital appreciation, or both, than:

a) to be used in the production or supply of goods and services or for administrative use; or

b) for sale within the frames of the usual economic activity". (IAS 40).

The third definition of investment property is given in the Ownership Act: "Immovable belongings are: land, plants, buildings and other erections, and in general, anything that, naturally or due to human activity, is permanently attached to the land or the building." (Ownership Act, 2022).

The fourth definition of investment property is that they are any non-current (fixed) intangible assets) held by the enterprises whose geographic location may not be changed.

The fifth definition of investment property is that these "are land or buildings (or part of land or buildings), which are ownership of the accounting enterprise (held by the owner or held under finance lease), of which the company rather earns rentals or which the company holds for capital appreciation, than to use the relevant property for production or

supply of goods (services), for administrative purposes, or for the purpose of sale within the frames of the usual economic activity." (Dosev, Hr., 2014)

Recognition of investment property in the enterprise's financial statements is made on the basis of the criteria specified in the enterprise's accounting policy. Criteria are justified estimates of the enterprise for the recognition of assets and comply with the requirements of AS 40 or IAS 40. Through these criteria, the enterprise determine a fixed asset as an investment property; classifies investment property in specific land and buildings earning additional rentals and leases; determines its investment policy for long-term investments in investment property; determines the amount of earned income from the investment property held in the form of rents and leases; defines the criteria for their impairment, amortization period and amortization rate; determines the spending of investment property and the disclosure of information about them in its financial statements.

The main classification of real estates is made on the basis of their nature and content – land and/or buildings accounted for individually or in aggregate. Land may be classified according to its intended use. It may be:

- let or leased land;
- land intended for long-term investment for the purposes of sale at higher price;
- land intended for barter (exchange);
- land held for the purposes of long-term capital appreciation;
- land intended for construction of buildings that will be let;
- land intended for construction of hotels, sanatoria, rehabilitation centers, for medical services, etc.

Buildings may also be classified according to their intended use. They may be:

- let buildings or buildings under operating lease for offices, warehouses, shopping areas for wholesale and retail of goods, for provision of courier, transport, insurance, health and other administrative services;
- - buildings intended for long-term investment for the purposes of sale at higher price;
- - buildings intended for barter (exchange);
- - buildings intended for lease as hotels; sanatorium-resort and rehabilitation centers, etc.

Buildings may be also used as buildings of combined use – the enterprise's administrative needs and as leased investment property.

Investment property is measured initially and subsequently. Upon recognizing investment property, the enterprise initially measures them in compliance with the requirements of AS 40 Investment Property, or IAS 40 Investment Property, in order to record them in the composition of its non-current (long-term) assets.

Upon acquisition of investment property through purchase or construction as assignment, the enterprise initially measures them at acquisition price, which comprises the

purchase price, the price agreed upon with the contractor, respectively, and all costs incurred for making the property suitable for its intended use.

In case of investment property construction with own funds (self-developed), the enterprise initially measures them at cost, being the sum of all direct costs for the construction of the property. “Upon acquisition of investment property as self-developed property, the acquisition price is the price of the property as at the date of completion of its construction or development. We should note that the costs for commissioning of the investment property are not included in the price of the acquired property.” (Ivanova, R., 2022 a)

Upon transfer of a fixed tangible asset already used by the enterprise for other purposes into the group of investment property, it is initially measured at the carrying amount of the used fixed tangible asset, which is equal to the difference between its initial value (acquisition price, cost or fair value) and the sum of charged amortization as at the time of transfer and costs (loss) for impairment of the fixed tangible asset used for other purposes.

Upon acquisition of investment property through finance lease, the enterprise initially measures it at the lower of the present value and the minimum lease payments. Provided the investment property has been acquired under the conditions of deferred payment, then the difference between the initial measurement (present value of all payments) and the sum of all payments are recognized as financial interest cost throughout the deferred payment period and is not stated as an increase of the property’s initial value.

Accounting amortization should be charged on monthly basis to investment property initially measured at acquisition price, cost or carrying amount, in accordance with AS 4 Accounting of Amortization and annual tax amortizations under the Corporate Income Tax Act (CITA).

Provided the enterprise would acquire its investment property subject to barter or free of charge transaction, or as an in-kind (non-monetary) contribution to the capital, then the enterprise initially measures them at fair value. The fair value is valued by licensed valuers on the basis of existing market or sales prices determined on active market of investment property. This is the price for which an asset could be exchanged in a transaction between informed and willing buyer and seller who are not related parties. No accounting amortization is charged to investment property initially measured at fair value, however they are subject to tax amortization. In this case, gains from revaluation (further evaluation) or impairment loss occurred as a result of the change of the investment property’s fair value on the existing active market of real estates are accounted for.

Upon initial measurement of investment property, the values of all permanently attached fixed tangible assets, such as air conditioners, elevators, piping, floorings, fire safety cabinets, drain and sewage installations, lighting fixtures, heating appliances, outdoor metal blinds, fences, glass and other screens, furniture, office equipment, fixtures and fittings, and other plant, machinery and equipment that are not accounted for as separate assets in the enterprise are added to its initial value. Without these fixed tangible assets, the investment property may not be used for its intended purpose.

If a property is intended for combined use, then it should be measured and disclosed separately in the enterprise's financial statements. That part of the real estate used by the enterprise for administrative needs should be accounted for as fixed tangible asset and should be measured and disclosed in accordance with the requirements of IAS 16 Property, Plant and Equipment or AS 16 Fixed Tangible Assets. The other part of the real estate that is let (under operating lease) should be accounted for, measured and disclosed as an investment property in accordance with the requirements of IAS 40 Investment Property or AS 40 Investment Property.

"The choice of accounting model for subsequent measurement of asset is crucial for the fair presentation of information in the financial statements." (Feschian, D., 2023)

The enterprise may subsequently measure investment property by two alternative approaches: fair value approach and acquisition price approach. If the enterprise opts to apply the acquisition price approach, then it subsequently decreases its initial value with charged amortization and accumulated impairment loss. If it opts to apply the other alternative approach – to account it for at revaluated value, then the rule for revaluations should be applied. Revaluations should be made frequently enough, so that the end value of the investment property does not differ significantly from its fair value. After choosing the subsequent measurement approach, the enterprise should subsequently measure all investment property it holds according to this approach.

The difference between the two subsequent measurement approaches is that when the application of the fair value approach is chosen:

- the gains, respectively, the losses incurred as a result of the change in the fair value of the investment property is recognized for the current period it has been incurred in;

- every subsequent change in the value of investment property is stated as current expense or current income, which is directly referred to the enterprise's accounting profit or loss, respectively, for the current year;

- upon subsequent change of the value of investment property, no revaluation reserve is allocated for them;

- no accounting amortization costs of investment property measured according to the fair value model are charged.

"We should note that changes to the adopted subsequent measurement model of investment property are only allowed in case when the more appropriate presentation of business facts and events in the enterprise's financial statements would be achieved as a result of the change of the model. The change of the investment property subsequent measurement model may be from the "acquisition price" model to the "fair value" model". (Ivanova, R., 2022 b)

After the costs related to the investment property held, additional costs have been incurred for the investment property, which may be classified in two groups.

Firstly, these are costs increasing the carrying amount of investment property as they result in increase of their economic benefits in comparison to the initially estimated ones. These are the costs that result in the increase of their useful life, to increase of the usability

of the property and to expansion of the possibilities for their use, to improvement of their quality and to decrease (reduction) of costs for their use (AS б).

Secondly, these are all other subsequent costs related to the subsequent measurement of any improvements made to the investment property. They do not result in increase of the expected economic benefits of the property, in comparison to the initially estimated ones. These costs does not result in increase of the carrying amount of property and are therefore recognized and accounted for as current expenses for the reporting period in which they have been incurred, and are directly referred to the enterprise's accounting loss.

Borrowing costs are an example of costs that might be directly referred to the acquisition of investment property and that increase its carrying amount. The enterprise may develop an investment property by itself or may assign the construction by using a bank loan to fund the construction. The charged bank loan interests are accounted for as financial interest expenses that may be capitalized in the initial value (acquisition price, cost) of the newly constructed real estate. Interest expenses that are capitalized in the value of a qualifying asset are accounted for in accordance with the provisions of IAS 23 Borrowing Costs. A qualifying asset is an asset that takes substantial period of time to get ready for use or sale. These are investment property that takes substantial period of time to get ready for use (operation) or for sale. The costs for a qualifying asset comprise only the costs that have given rise to payments of cash, transfers of other assets or undertaking of interest liabilities, less all grants received or reimbursed partial payments. The amount of these costs is calculated as the sum of the actual borrowing costs incurred during the reporting period less any earned investment income on the temporary investment of such borrowings. A capitalization rate applies to these costs, which is the weighted average of the borrowings to the enterprise's outstanding borrowings during the reporting period, less the borrowings incurred especially for the purposes of acquisition of a qualifying asset (IAS 23).

The amount of borrowing costs that may be capitalized during one reporting period may not exceed the amount of borrowing costs incurred during the same period. The commencement date for capitalization of borrowing costs is the date when:

a) the expenditures for the asset are incurred;

b) borrowing costs are incurred; and

c) activities that are necessary to prepare the asset for its intended use or sale are undertaken. (IAS 23)

Capitalization of costs should be ceased when substantially all the activities necessary to prepare a qualifying asset for its intended use or sale are completed. Examples for such activities may comprise obtaining construction permit, technical and administrative works before the commencement and during the physical erection of the asset.

In case the investment property does not change its physical condition and no improvements are made to it, then the borrowing costs may not be capitalized in its initial value.

The impairment of investment property is related to the decrease of its fair value on existing active markets of real estates and in case of use of accounting estimates for the

real estates granted as collaterals for received borrowings, and upon sale of real estates by the enterprise. Impairment of the initial value at which investment property are stated in the composition of non-current (long-term) assets of the enterprise is needed upon change in their estimate made due to a change of the useful life of an investment property. The enterprise's management annually reviews the useful life of investment property during each reporting period in accordance with AS 4 Accounting of Amortization. An estimate should be made in a situation where the full capacity of real estates is not being used, like in the times of crisis. An adjustment of the investment property estimate is made when it is not fully amortized and the enterprise's management expects them to have a longer life than the initially estimated one. In this case, the estimate needs to be adjusted in order to extend the useful life of these assets. The useful life of investment property that is fully amortized can also be extended, as it may have been subject to overhaul that changes the useful life of buildings. Upon fining a change of the investment property estimate during the current reporting period, it needs to be adjusted and the adjustment is stated in the enterprise's financial statements for the current reporting period. Upon impairment of investment property, the enterprises accounts for impairment expenses (loss) from its usual activity, the impairment loss of investment property held is recognized and accounted for as a decrease of the enterprise's current financial result, i.e. as operating loss.

As a result of the announced COVID-19 pandemic, we witness an increase of real estate prices. For the time being, the risk of land and buildings to be subject to impairment is not high. However, the enterprises' management should continuously monitor the prices of real estates traded on existing markets of real estates, and if such grounds exist, to impair their investment property.

The enterprise accounts for **spending of investment property** upon decrease of their initial value due to their amortization or upon their disposal as a result of sale; barter; free of charge transaction; contributing them in-kind to the capital of a subsidiary, associate or joint venture; reclassifying them to the group of fixed tangible assets for administrative use; liquidation or discard of buildings accounted for as investment property. In case of disposal, investment property is measured and derecognized from the balance sheet (the statement of financial position) of the enterprise at their carrying amount calculated as the difference between their initial value (acquisition price or fair value) and the amount of amortization charged at the time of their spending (disposal).

Spending of investment property through amortization is made in accordance with the requirements of AS 4 Accounting of Amortization, however, it is recognized for tax purposes only if the straight-line method of amortization has been applied. The amortization method of investment property and their amortization time period are subject to regular review during each reporting period. Usually, enterprises apply the maximum percentage of annual tax amortization rate for buildings used as investment property. They amortize them at maximum amortization time period of 25 years and with annual tax amortization rate of 4% (CITA, 2024). After their full amortization, investment property remains with zero carrying amount but may still being used in the enterprise's business if their physical conditions allows so.

7) **Disclosure of information in the enterprise's financial statements about the investment property held** – the management is responsible for the proper keeping of accounting books, for the expedient management of assets, for the preparation of financial statements, for the true, complete, fair and correct disclosure of information for the financial position, financial results, changes in equity, inflows and outflows and for undertaking the required measures to avoid any possible misuse, financial frauds, money laundering and other wrongdoings in the enterprise's accounting. It discloses in the enterprise's financial statements the carrying amount of investment property held, which is stated in the Asset side of the balance sheet (the statement of financial position), Non-current assets section, Long-term financial assets group. It discloses capitalized interest expenses in the revenue side of the statement of income and expenses (statement of profit and loss and the other comprehensive income) of the enterprise, as an adjustment to the balance sheet item "Costs for acquisition of fixed tangible assets". Furthermore, in the annexes to the financial statements, the enterprise discloses all the information for the acquisition, recognition, initial and subsequent measurement, amortization, impairment and disposal of investment property held.

"Accounting information contained in the statement may be used as a measurement of the enterprise's performance in terms of service costs, effectiveness and performance." (Feschian, D., R. Andasarova, et all, 2018)

There are various users of such disclosed information – counterparties, tenants, government authorities and the enterprise's management. Furthermore, the management team of the enterprise uses this information to make reasonable and prudent judgements, assumptions and estimates, to plan, initiate and undertake adequate measures for adapting the enterprise's business to the newly occurred conditions of global economic and health crisis that have occurred as a result of the announced COVID-19 pandemic.

3. MAIN PROBLEMS IN THE VALUATION OF INVESTMENT PROPERTY IN THE CONTEXT OF CRISIS

The crisis adverse effects have strong influence on the operations, assets, equity, liability, income and expenses and financial performance of enterprises. These consequences occurring as a result of the announced COVID-19 pandemic are as follows:

1) Economic congestion and non-operating national and world economy

2) Multiple new crisis processes have occurred in the economy as a whole;

3) Closure of operating business of important sectors of the national economy, such as tourism, hotel and restaurant management, public transport, retail of non-food goods, sports, cultural and entertainment activities and other administrative services in the non-financial sector of the economy;

4) Significant decrease of the economic activity of all enterprises in the national economy for a long period of time due to the special, emergency, anti-pandemic measures relevant to the business in time of crisis that were imposed by the legislator;

5) Significant decrease of enterprises' yield due to the sharp decline of income earned from their principal activity and the related inflows;

6) Multiple bankruptcies and forcible closures of enterprises have occurred;

7) Considerable assumption of new debts by the enterprises and by the government;

8) Unexpected unemployment growth in the country as a result of mass staff redundancies in the non-operating enterprises;

9) Shrinking of production of goods and refusal of services of manufacturing and non-manufacturing nature;

10) Shrinking of consumption by the mass consumer of goods and services that are not of immediate necessity;

11) Significant increase of the consumption of goods of first necessity due to overstocking of the population;

12) Sensitive increase of the consumption of medical goods and services;

13) Significant shortage of working funds necessary for the normal operation of the enterprises, etc.

A number of factors have adverse effect on the fair values of investment property in the context of crisis, such as:

Lack of demand of investment property – the crisis caused by the COVID-19 pandemic changed the demand of investment property in a few ways:

- There is no demand of leased arable land – during the health crisis, people were closed at home due to the anti-pandemic measures imposed by the government for a long period of time (approximately 2,5 years);
- No office buildings are demanded as the working mode and the type of job have been changed – the employees' staff work as home office mode online or shift to hybrid work mode – some weekdays they work as home office mode online via internet, and during the other weekdays they work in the office (HOME OFFICE). Therefore, during the health crisis due to the COVID-19 pandemic, there was a trend for closing some offices, shifting to hourly use of leased offices for business meetings only, and the enterprises' need to invest funds in the purchase of investment property or to lease real estates faced a sharp drop;
- There is no demand for lease of buildings for stores and retail areas as the trading during the health crisis is mainly online via e-stores, e-warehouses and e-catalogues;
- There is no demand for lease of halls and areas for organization of conferences, trainings or workshops for staff qualification improvement, as the trainings during the health crisis are held online via internet;
- There is no demand for lease of halls and stages as no sports, cultural and entertainment activities and events are organized during the health crisis due to the undertaken anti-pandemic measures;
- There is no demand for lease of hotels and restaurants as the tourism is subject to coercive congestion during the health crisis due to the announced pandemic, etc.

Increased supply of investment property – the health crisis due to the COVID-19 pandemic changed the supply of investment property on active markets of real estates and such supply increased. More investment property is offered on the market for rent or lease and remains unoccupied (not leased) due to the lack of candidate lessees. However, another behavior of investment property owners also occur. They decide to dispose of their long-term investments in investment property quickly and to shift to short-term investments in securities with quick profits, secure interests and good opportunity to ensure quick liquidity in order to keep their own capital and to have free cash available; to reorganize their investment portfolios in order to support the post-pandemic business plans. These actions resulted in significant collapse of active real estate markets as supply exceeded their demand.

Inflation processes – in the context of crisis inflation is flourishing. The actual results in the economy as a whole differs from the expected ones. The purchase power of cash decreases. The inability to forecast the inflation rate becomes higher, which poses a risk for the actual return of enterprises' funds. Prices of goods of fist necessity increase dramatically. Rental prices drop sharply. The amount of rents and lease payments in the context of crisis also decrease. In contrast to the inflation processes that occur in time of crisis, investment property maintain high prices. The quick decrease of the national currency's purchase power in the conditions of inflation is a serious indication for the enterprises in terms of their capital investments and the investments in real estates, which are serious long-term investment when a big amount of free cash is available. In order to protect themselves against the inflation, enterprises may prefer to purchase investment property in order to invest their free cash in long-term investments from which they earn rents and lease payments in long-term perspective during the post-crisis periods and while recovering their usual activity.

In Bulgaria, under the conditions of still operating Currency Board, the owners of investment property do not have reasons to worry about the existence of inflation processes. However, what would happen after the elimination of the Currency Board when Bulgaria would become a full member of the Eurozone?

Distortion of market prices as a result of the crisis – the crisis caused by the COVID-19 pandemic resulted in serious distortion of market prices. Prices of drugs, food and goods of first necessity, disinfectants and personal protective equipment, of medical goods and services increased many times. To some extent, this also affected the prices of investment property. Due to the very low demand, the prices of investment property offered for lease in big cities sharply dropped because there was no demand of premises and areas for rent. On the contrary, the prices of real estates in the villages and villa areas near big cities that are characterized with adjacent land appropriate for walk and rest, sharply increased due to the high demand by the population and by the enterprises for their staff. The lack of credit resources in the context of crisis also results in distortion of prices of investment property.

The lack or strong overestimation of credit resources – the willingness of enterprises that possess investment property to mortgage them in order to obtain loans to support their usual activity increases. The inability of credit institutions to grant a large number of mortgage loans for purchase of investment property as a result of the increased

demand of loans in the context of crisis causes serious decrease of the valuations of these properties by the banks in the process of their mortgaging by the owners. Thus, the credit resources are strongly overestimated by the banks, which affects the demand of investment property and their prices, accordingly.

4. POSSIBLE SOLUTIONS FOR VALUATION OF INVESTMENT PROPERTY FOR THE PURPOSES OF OVERCOMING THE IMPACT OF THE CRISIS

One of the possible solutions for the development of the enterprises' business in the context of crisis is to invest their free cash available in secure businesses like acquisition and letting of investment property. Due to the pandemic, the prices of let real estates have dropped to their lowest levels, however, the demand of real estates for purchase and investment has also increased. The low interest rates of mortgage loans further encourage the demand of real estates for purchase. The high supply of newly erected buildings for residence, for shopping, for warehouses and offices, on the other hand, increased the competition on the market of real estates and accordingly resulted in drop of their prices.

Another possible solution is to change the main intended use for letting of investment property. For example, instead of offices and store, the investment property may be restructured in properties for another use, according to the demand and the realization possibilities, such as:

- letting of premises and areas for parking of motor vehicles;
- letting of areas for permanently installed equipment and machines;
- letting of grounds and areas for outdoor activities – sports, walks, entertainment;
- letting of premises for hire of safe boxes;
- letting of premises for residence, etc.;
- restructuring of investment property for own needs – the property starts being used by the enterprise for its usual activity.

The third possible solution is to let the investment property at lower rental prices and lower income from rentals and lease payments, in order to avoid possible losses due to long down-time periods of unleased properties.

The fourth possible solution is the disposal of the investment property (sale) – in the conditions of crisis, the enterprises may sell the investment property they hold but the real estate purchase and sale agreement should contain clauses for reverse lease in order ensure, in parallel, sufficient amount of working capital, liquid funds and ability to earn additional income from leased investment property.

The fifth possible solution is to attract additional capital sources – enterprises may transform debt into capital by attracting its creditors as partners or shareholders. Thus "... shareholders will not deprive the creditors of the company's property by acquiring it in the form of dividend." (Vangelova, 3rd page, 2021). They also may attract additional contributions from shareholders or partners in order to raise working capital for the enterprise and to improve its liquidity.

The sixth possible solution is to design a risk mitigation program in the context of crisis – the crisis risk may be limited or mitigated through the use of various means: collateral with assets, guarantees, by insuring the investment property held and the receivables; through new sources of funding for the enterprise's business, limiting or forcible discontinuation of its business under the crisis conditions, etc.

The seventh possible solution is for the enterprises to obtain free state aid and business compensations in order to overcome the effects of the crisis, etc.

The eighth possible solution is to apply an alternative approach to overcome the crisis effect by offering additional extras (additional services, goods and bonuses) when offering investment property for rent or lease.

The ninth possible solution is to apply an alternative approach to overcome the crisis effect by offering offices and halls for rent on hourly basis for holding business meetings and other events.

The tenth possible solution is to significantly decrease the rent of offices, halls, stores, warehouses and shopping areas in the time of health crisis, etc.

5. CONCLUSION

Enterprises' investments in investment property are a guarantee for overcoming the post-pandemic challenges they face in terms of their financial stability and sustainability, profitability and solvency, effectiveness and competitive power. Furthermore, they are a key indicator for the development stage and for the condition of the country's economy. The possession of investment property offers new possibilities for enterprises' business restructuring in the context of crisis. The effects caused by the COVID-19 pandemic require the management of enterprises to undertake exigent actions for business restructuring, for planning, initiating and undertaking adequate measures to adapt the enterprises' business to the newly occurred conditions of the changing market economy in the context of crisis, for further strengthening of their position on the market and for improvement of their competitive power. An eventual assessment of the potential effect of the crisis on the business, financial position and investment property possessed by the enterprise would be possible only after the end of the crisis. Such assessment would not be practically possible at the stage of crisis development, as the risk is determined by multiple factors, such as structural changes in the economy and changes in the consumers' preferences.

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