

API Definitions

The following defined words and terms have particular relevance to the API and the property industry. Other words and terms are also defined in the International Valuation Standards Glossary (see www.ivsc.org) and the following list of definitions is intended to be consistent with the concepts and definitions contained in the IVS Glossary and Standards. Please refer to the IVS Glossary for the full list of definitions. There may be definitions not contained in the IVS Glossary which are in use by the API to reflect local Australian and New Zealand property practice.

Business ¹	A commercial, industrial, service, or investment entity (or a combination thereof) pursuing an economic activity.
Certified Practising Valuer (CPV) ⁶	A Valuer meeting the requirements for Certified Practising Valuer as defined by the API.
Client ⁶	The party instructing the Valuer to prepare the Desktop Assessment. The Client may be the Supplier, Lender or a financial intermediary.
Cost Approach ¹	A valuation approach based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.
Customer ⁶	A person who seeks to grant a first mortgage over the Subject Property to the Lender in support of a proposed Loan.
Declared Value and Sum Insured ⁴	Declared value and sum insured are terms used to describe the sum total of all property insured at each situation declared by the insured and calculated in accordance with the basis of settlement including foreseeable expenses such as fees associated with planning, architects, surveyors, consulting engineers, legal advisors, etc.
Desirable Information ⁶	This is data or information that may be of assistance to the Valuer in preparing the Desktop Assessment that is in addition to the requirement for Essential information. A report prepared:
Desktop Assessment ⁶	<ol style="list-style-type: none">1. by Valuers relying on specified documents and information; and2. that involves no physical inspection of the Subject Property; and3. that produces an Indicative Assessment of value of the Subject Property.
Economic Life ¹	The total period of time over which an asset is expected to generate economic benefits for one or more users.
Economic Obsolescence ¹	A loss of utility caused by factors external to the asset, especially factors related to changes in supply or demand for products produced by the asset that results in a loss of value.
Enterprise Value ¹	The total value of the equity in a business plus the value of its debt or debt-related liabilities, minus any cash or cash equivalents available to meet those liabilities.
Essential Information ⁶	Essential Information specified in the Memorandum that the Valuer requires in order to complete and send a Desktop Assessment to the instructing party.

Expert Valuer ²	In Australia - a person who is a Certified Practising Valuer of not less than 5 years' standing, of the Australian Property Institute and was active in the relevant market at the time of the original valuation. In New Zealand a Registered Valuer of not less than 5 years' standing, of the Property Institute New Zealand and was active in the relevant market at the time of the original valuation.
External Obsolescence ¹	A loss of utility caused by economic or locational factors external to the assets that results in a loss of value.
Functional Obsolescence ¹	A loss of utility resulting from inefficiencies in the subject asset compared to its replacement that results in a loss of value.
Highest and Best Use ¹	The use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible.
Income Approach ¹	A valuation approach that provides an indication of value by converting future cash flows to a single current capital value.
Indemnity Value ⁴	The cost necessary to replace, repair and or rebuild the asset insured to a condition and extent substantially equal to but not better or more extensive than its condition and extent at the time that the damage occurred, taking into consideration the age, condition and remaining useful life of the asset.
Indicative Assessment ⁶	An indication of the value with any limiting conditions of the Subject Property, based on the information provided, following the procedures set out in this Memorandum.
Institute ⁵	All references to "Institute" means API/PINZ.
Insured ⁴	The insured is a person or entity whose interests are protected by the insurance policy.
Intellectual Property and Data clauses	view the definitions
Lender ⁶	The financial institution issuing instructions (or on whose behalf instructions are issued) to the Valuer. The Lender may have the same meaning as the Client.
Market Approach ¹	A valuation approach which provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available.
Market Rent	The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
Market Value ^{2 3}	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. * See also definition of Highest & Best Use
Memorandum ⁶	This Desktop Assessment Memorandum produced by the API (including any API revisions, updates or additions from time to time).
Obsolescence ¹	A loss of utility of an asset caused by either physical deterioration, changes in technology, patterns of demand or environmental changes that results in a loss of value.
Physical Obsolescence ¹	A loss of utility due to the physical deterioration of the asset or its components resulting from its age and normal usage that results in a loss of value.

Property Advice ⁵	Property Advice is the provision of specialist research, market knowledge and strategic advice to clients to solve their problems and maximise their opportunities. Property Advice is typically provided to corporations, government or individuals for a variety of purposes. For example it may include strategic property reviews, market research, advice on the purchase, sale or leasing of property, due diligence, new development or upgrading property, adding value by development approvals, feasibility studies, assessing portfolio mix, syndicate management, etc. The nature of the property advice and the title used to describe it depends very much upon the scope and individual circumstances of each brief.
Property Advisor ⁵	The term “Property Advisor” is used in a generic sense to cover a variety of property roles including: Property Economist or Consultant; Asset Manager; Syndicate Manager; Development Manager; Tenant Representative; etc. Property insured is a term commonly used to describe the property that is covered under the insurance policy. Insurance policies typically provide insurance cover for all real and/or personal property of every kind and description, unless specifically excluded, belonging to the insured or for which the insured is responsible or has assumed responsibility to insure.
Property Insured ⁴	In some circumstances a property owner may self-insure some assets and these should be identified. The property insured also extends to all property in which the insured may acquire an insurable interest during the period of insurance. An insurable interest may result from the completion of an agreement to purchase an asset even though settlement may occur at a future time.
PropertyPRO™ ⁶	Valuations prepared in accordance with the API PropertyPRO™ Residential Valuation and Security Assessment Supporting Memorandum. Where property is lost or destroyed, in the case of a building, the rebuilding thereof, or in the case of property other than a building, the replacement thereof by similar property in either case in a condition equal to, but not better or more extensive than its condition when new.
Reinstatement Cost ⁴	Where property is damaged: the repair of the damage and restoration of the damaged portion of the property to a condition substantially the same as, but not better or more extensive than its condition when new.
Replacement Cost ^{1 4}	The current cost of a similar asset offering equivalent utility.
Reproduction Cost ^{1 4}	The current cost of recreating a replica of the asset.
Residential Property	view the definition
Residential Property Valuer (RPV) ⁶	A Valuer meeting the requirements for Residential Property Valuer as defined by the API.
Restricted Assessment ⁶	An assessment prepared in accordance with the API Restricted Assessment Supporting Memorandum.

Retrospective Valuation ²	A valuation taking effect from a date in the past.
Sales Evidence ⁶	Sales data that relates to properties that have characteristics comparable to the Subject Property and are utilised for comparison purposes.
Service Potential ¹	The capacity of an asset to continue to provide goods and services in accordance with the entity's objectives.
Settled Sales ⁶	A settled sale is a sale whereby title has transferred to the new owner and that transfer of title has been duly registered by the relevant State or Territory authority. It is sufficient for the Valuer to rely upon information provided via industry recognised third party sales databases such as Red Square, The List, RP Data etc to confirm the details of the transaction.
Situation ⁴	Situation is a term commonly used in insurance policies to refer to the specific location of the insured assets. The insured may have many situations covered by the same insurance policy.
Special Assumption ³	An assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date.
Subject Property ⁶	The property for which the Lender / Client instructs the Valuer to prepare a Desktop Assessment report. A party that acts as an intermediary between Lenders / Clients and Valuers in connection with the procurement by the Lender of Valuation / Desktop Assessment services.
Supplier ⁶	The Supplier typically: <ul style="list-style-type: none"> • issues instructions to Valuers to prepare Valuations and/or Desktop Assessments for Lenders / Clients. • owns the Third Party Platform. <p>The computer system, portal, database, application service, program or any other technology which is authorised by the Lender / Client to be utilised by the Valuer:</p> <ul style="list-style-type: none"> • to undertake Desktop Assessments; <p>Note: this does not refer to the Valuer/Valuation Firms database, computer system, portal, application service, program or any other technology, or any other Third Party Systems</p>
Third Party Platform ⁶	
Valuation ⁶	A Valuation carried out in accordance with the General Concepts, Principles and Definitions of the Valuation and Property Standards Manual, excluding Desktop Assessments and Restricted Assessments.
Valuation Review ²	Impartial judgment in considering the work of another Valuer.
Valuation Services ⁶	Preparing market valuations based on inspecting the subject property (including sales analysis and property inspections and other ancillary work) required for the preparation of Valuations.
Valuation Workflow System	Any computer system, portal database, application service, program or any other

technology utilised;

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- To instruct, track, deliver, submit and coordinate the workflow of desktop assessments.

1 The defined words and terms have particular relevance to ANZVTIP 2 – Market Value of Property, Plant and Equipment in a Business. The definitions vary from those used by the Australian Accounting Standards Board and Members therefore need to be cognisant of any differences when preparing valuations for financial reporting purposes. A valuation completed in accordance with this TIP may, in many instances, be equivalent to fair value as defined and measured in AASB 13 Fair Value Measurement for financial reporting purposes; however, Members should take care before making such a representation.

2 The defined words and terms have particular relevance to ANZVTIP 1 - Retrospective Valuations.

3 The defined words and terms have particular relevance to ANZVTIP3 - Addressing the Concept of 'Forced Sale'.

4 The defined words and terms have particular relevance to ANZVTIP 4 - Valuations for Insurance Purposes.

5 The defined words and terms have particular relevance to ANZRPTIP 2 - Property Advisors.

6 The defined words and terms have particular relevance to Residential Desktop Assessment – Memorandum for First Mortgage Purposes.