

VALUATION OF RURAL AND AGRIBUSINESS PROPERTIES

Reference:	ANZVGP 109 - Valuation of Rural and Agribusiness Properties
Published Date:	1 March 2022
Effective Date:	1 July 2022
Owner	Manager Professional Standards

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Guidance Papers

Objectives

The principal objective of a Guidance Paper (GP) and Resource Pack (if applicable) is to clarify professional and industry processes, best practices, and procedures and to discuss their use and implementation.

A GP is designed to be of assistance to Members and those who use Members' services. They serve as a guide and measure of acceptable professional practice and conduct of a Member.

The intention of a GP is to:

- provide information on the characteristics of different types of assets that are relevant to the advice.
- provide information on appropriate practices and their application.
- provide information that assists Members in exercising the judgements they are required to make in specific situations.
- convey elements of what is considered "competent professional practice" for Australian Property Institute (API) Members and "best practice" for Property Institute of New Zealand (PINZ) Members and New Zealand Institute of Valuers (NZIV) Members.

A GP is not intended to provide comprehensive training, instruction or prescriptive practices and procedures, or direct that a process, professional approach, or method should or should not be used in any specific instruction or situation.

Member Obligations

The Member is responsible for choosing the most appropriate approach(s) and method(s) in a matter based upon the task and instruction. It is a matter for each Member to decide the appropriate practice in any situation, and if they are unclear, seek professional advice from others, or contact the Institute(s). Members have the responsibility of deciding when it is appropriate to depart from the guidance and practices contained in a GP.

The Institute(s) do not warrant that anything contained in this, or any GP is the definitive or final statement on any issue. Members must perform their own work pursuant to their own professional expertise and experience and if required, seek additional advice which might include legal advice.

Court or Tribunal Reliance

A court or tribunal may consider the contents of any relevant GP or other document relating to a recommended professional practice published by Institute(s) in deciding whether the member acted to a standard required by law.

Currency of Publication

Case law and relevant legislation may change over time and whilst the Institutes(s) consider this GP current at the time of publication, Members and those who use Members' services should have regard to legislative changes and new rulings and if necessary, seek further advice prior to having regard to this GP.

Departure or Non-Compliance

Where a Member considers that a circumstance exists that warrants the departure from or non-compliance with any of this GP, the Member's report (or other advice) must include a statement that outlines:

- a) the reasons for the departure or non-compliance with this GP; and
- b) any impact the Members departure or non-compliance may have on the content of the report.

Members are advised to seek legal and/or other advice before departing from practice recommended in a GP.

Enquiries

If any Member considers any information or advice in this GP to not be accurate or up to date, or wish to raise any issue for consideration arising from the contents of this GP, please refer this to

API contact: standards@api.org.au

PINZ/NZIV contact: standards@property.org.nz

1.0 Introduction

1.1 Scope of this Guidance Paper

This GP is to provide advice to Institute's Valuer Members (Valuers) undertaking valuations of any rural or agribusiness property for any purpose.

Valuations of rural and agribusiness properties should only be undertaken by suitably qualified and experienced Valuers. The Valuers knowledge should extend to agriculture production systems, soils, environment, and management employed to undertake rural and agribusiness activities.

This GP is not applicable to the valuation of non-rural properties such as, but not limited to, rural lifestyle property, hobby farms and rural living property, all of which are non-productive properties when it comes to the production of plant or animal-based products (agricultural products) or the post-production of agricultural products.

This GP is not intended to outline methods of valuation but may comment on matters that should be addressed in reports in respect of certain property types or uses. Methods of valuation are covered in other professional standards papers and authoritative texts.

Valuers are reminded to consider requirements, including definitions, contained within both international and local accounting standards where applicable to the valuation purpose.

This GP should be read in conjunction with any other relevant GPs, professional standards papers, and any other relevant professional guidelines published or adopted by the Institute(s).

1.2 International Valuation Standards

International Valuation Standards (IVS) published by the International Valuation Standards Council (IVSC) are adopted by the Institute(s).

It is the Valuer's responsibility to comply with the IVS applicable at the date of valuation, keep informed of any changes and, apply them appropriately and consistently when providing valuations.

This GP is also intended to be consistent with the concepts and definitions contained in the IVS, however, there may be departures from the IVS to reflect Australian and New Zealand law and practice. This GP refers to and includes IVSC definitions to promote consistency.

2.0 Definitions

The definitions contained below and used in this GP are applicable to this GP and have been included for the interpretation and understanding of certain stated terms used within this GP. Where a defined term is included in this GP it is identified as a capitalised term.

Agribusiness	Agribusiness is considered to represent agricultural production and post-production processing of agricultural products. This could include those enterprises / properties with an element of 'post-farm gate' production, most likely involved in some level of vertical integration.
Agricultural Activity	The transformation of Biological Assets, into agricultural produce for sale.
Agricultural Property (Rural Property)	Real property used for Agricultural Activities, where the use relates to primary production and/or post-production of agricultural products.
Bearer Plant	A living plant that: <ul style="list-style-type: none"> (a) is used in the production or supply of agricultural produce; (b) is expected to bear produce for more than one period; and (c) has the likelihood of being sold as agricultural produce.
Biological Asset	A living animal or plant.
Institute(s)	All references to Institute(s) mean, as the context requires, API, PINZ and / or NZIV.
Member	A Member of the API, PINZ and/or NZIV.

3.0 Common Terms

Different terminology is adopted and utilised from country to country and region to region. This is especially evident in the agricultural sector.

Valuers should attempt to adopt relevant and accepted terminology appropriate in the specific location in which they are involved.

Common terms used within the valuation profession in reference to the agricultural sector include but are not limited to:

Adult Equivalent (AE)	Is defined as a 450-kilogram (kg) non-lactating beast. This is a long term, year in, year out sustainable average level of productivity through fluctuating annual seasonal conditions. In some regions this terminology is loosely interchangeable with 'Cattle Unit (CU)', however stocking rates can vary significantly.
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Broadacre

A term used to describe large land holdings generally used for cropping and grazing purposes.

Dry Sheep Equivalent (DSE)

A Dry Sheep Equivalent is a standard unit frequently used in Australia to compare the feed requirements of different classes of stock or to assess the carrying capacity and potential productivity of a given farm or area of grazing land.

The unit represents the amount of feed required by a by a two-year-old, 45 kg Merino sheep (wether or non-lactating, non-pregnant ewe) to maintain its weight.

Intensive/Specialised/Special Purpose Properties

The common concept across those industries classified as “Intensive”, “Specialised” or “Special Purpose” is where the land use cannot be easily converted to another enterprise, or it is exposed to changing consumer tastes that could not be adjusted to quickly.

The following list, whilst not exclusive, provides examples of properties that may be deemed as specialised / intensive / special purpose:

- Feedlots
- Intensive piggeries
- Commercial cool stores and/or packing sheds
- Forestry / Timberland
- Wineries
- Vineyards
- Orchards (includes tree nuts, exotic fruits, etc.)
- Irrigation water, as a stand-alone asset
- Intensive horticulture (e.g. glass houses)
- Dairy farms (however, less developed farms with basic infrastructure only may be considered as a standard rural asset)
- Poultry sheds (including broilers, layers, etc.)
- Hot houses or covered farming
- Properties subject to carbon farming or renewable energy agreements (or similar)
- Properties subject to a Managed Investment Scheme (MIS) or a lease to third party for more than 50% of the net farm area
- Specialised improvements (i.e. a cheese factory on a dairy property)

- Non-permanent improvements (i.e. greenhouses)
- High Country
- Apiaries

Also see section 6.22 for additional information relating to valuations of intensive properties.

Integrated unit

An agricultural entity that has common ownership of all or part of the processes involving the production and marketing of its products and/or commodities.

Milk solids (MS)

A measure of milk/dairy production.

Standard Cattle Units (SCU)

A measure of carrying capacity often referred to for feedlots, equivalent to around a 600kg fattening beast at exit.

Standard Pig Unit (SPU)

A unit of measurement for determining the size of a pig production enterprise in terms of its waste output. One SPU produces an amount of volatile solids equivalent to that produced by an average size grower pig (approximately 40kg).

Stock units (SU's)

A measure of carrying capacity for dry stock properties. One stock unit is equivalent to a 55kg ewe that bears one lamb to weaning at 3 ½ months and has consumed approximately 6000 kilojoules (kJ) of metabolisable energy.

Tray carton equivalents (TCE)

A measure of pip and stone fruit production.

Trays

A measure of kiwifruit and avocado production.

4.0 Valuation Considerations

In addition to the requirements of other relevant standards, Valuers undertaking valuations of Agricultural Properties should consider the following factors, as applicable:

- The report format for this instruction should be described as the 'Rural (or Agribusiness) Valuation Report'.
- The nature of agricultural productive factors, commodity markets, production practices and cycles in the market or region that the agricultural products produced by the subject property trade in.
- Property related features such as climate and rainfall, soil types and their productive capability, the availability or absence of water for irrigation, and the feeding/carrying capacity for livestock. External factors such as the availability and adequacy of support facilities required for storage, processing, and transportation of agricultural

produce and products need to be considered also. The relative importance of these features and factors will vary depending upon the type of Agricultural Activity for which the property is suited or used.

- Property related features and external factors should be considered by Valuers when assessing which class of Agricultural Activity the property is best suited for.

Valuations should consider, address and report on all the following headings, if deemed appropriate by the Valuer, or specifically requested by the client.

4.1 Highest & Best Use

In accordance with the IVSC definition of market value, a highest and best use analysis of the subject property should be undertaken to determine whether the current use should be continued, or an alternative use would result in maximising the value of the property.;

4.2 Current/Existing Use

The current or existing use value on an 'as is' basis reflects the market value of the real estate component inclusive of purpose-built structural improvements, and fixed essential plant and equipment that form part of the existing operational use. It may also include the value of any water rights that enable the property to operate at the value level (see section 4.16).

A valuation on a "going concern" basis of the current/existing use would include those items included in the "in use" value plus non-fixed plant and equipment, stock and/or business goodwill plus other tangible and intangible assets.

4.3 Land Tenure

Valuations should have regard to the nature of tenure and interest held which can usually be established by Title or lease search or other enquiries with the land holder.

Valuations of land which is not held by freehold title should be appropriately qualified e.g. Valuation of Leasehold Interest, Valuation of Crown Leasehold etc.

It should also be noted that some Crown tenures convey only a right of occupation to the land and infer no ownership or transferable right. An example of this is a license, which may be terminated at will by the relevant minister and is not transferable, and therefore may have no market value (albeit could have a value to the current licensee).

4.4 Native Title Rights

Land (which has not been alienated from the Crown via issue of freehold tenure) in many parts of Australia and New Zealand may be subject to Native Title or Treaty of Waitangi (NZ). Valuers should consider the possible impact of any known or potential claims for Native Title and understand any impact an Indigenous Land Use Agreement (ILUA) or the Treaty of Waitangi Act 1975 (NZ) or State Owned Enterprises Act 1986, section 27B memorial, may or may not have over a parcel of land, and provide a statement within the valuation report as to how such issues have been treated. This information may be available from the National Native Title Tribunal or a search of the record of Title. It is important to note that the ILUA is not an instrument required under common law to be registered on the Title or Crown Lease.

4.5 Additional Rights

In addition to typical land rights, other rights can be conveyed to Agricultural Property which may have a material impact on value. Examples may include water or irrigation rights, excavation, or mineral rights. Normally the value of any mineral rights are ignored in valuations, or are at least implicit within sales evidence, unless the existence of minerals is known or probable.

Additional rights may be separately transferable to the sale of land and accordingly valuations should contain qualifying statements as to what rights are included or excluded from the valuation.

In New Zealand some Resource Consents relating to use of a resource or land, and some water rights in Australia are considered under common law as a personal asset (chattels) and may not be directly linked to the land.

Some land tenures convey mineral rights as part of the tenure which may have additional value.

4.6 Planning

The current zoning and other relevant information (e.g. Overlays) based on the Valuer's perusal of town planning maps/resource management plans, and the name of the Responsible Authority and/or Planning Instrument should be considered.

Details of any known Town Planning Permit(s)/Development Approval(s)/Resource Consents applicable to the property should be provided. The valuation should state the current use and any known proposed use and comment in relation to land use conformity with planning requirements.

It may also be necessary to indicate whether there are any rights or risks to a continuation of the current use or any proposed uses.

4.7 Planning or Legal Constraints

Planning (per Resource Management Act in NZ) or legal constraints may impact on the valuation of Agricultural Property.

These may include (but not be limited to):

- prohibitions on subdivision
- prohibitions on construction of dwellings
- coastal and landscape protection policies
- forest or conservation reserves
- emissions
- water use and the presence of site use approvals
- effluent disposal and leeching
- possible need for planning approval of change in agricultural usage in some jurisdictions
- restrictions on clearing native vegetation and/or vegetation management agreements

- restrictions on earthworks on a floodplain, or environmentally sensitive land, such as waterways
- heritage issues or other restrictions on land use (e.g.; the Climate Change Response Act 2002 in NZ or the Carbon Farming Initiative Amendment Act 2014 in Australia).

4.8 Accessibility and Locational Attributes

Accessibility to services including community facilities (e.g. schools, shops, medical services etc.) and transport infrastructure (e.g. major roadways, ports, railway etc.) could impact on the value from the perspective of its appeal as a place to live, farming operations and profitability. The locational attributes of the property should be considered by Valuers and specific comments provided in valuation reports.

4.9 Climate

Australia and New Zealand are subject to varying climatic conditions, such as rainfall, drought, wind, snow which can impact productivity and value.

The regularity of extreme weather conditions and the long-term impact of such occurrences are factors the Valuer should consider.

4.10 Topography

Differing topographic features can impact productivity and value. Factors which could have an impact include, but are not limited to:

- latitude
- altitude
- aspect
- access to natural or man-made water resources
- susceptibility to flooding
- landslip
- coastal or inland location

Flooding can impact on productivity from the perspective of the potential for topsoil removal or erosion, lost production, equipment or livestock. The impact of flooding may vary depending on the nature of the use of the land. For example, a flood could cause significant damage to cropping land however the impact on grazing land may be less severe.

4.11 Soils, Salinity & Erosion

Different soil types can impact productivity and value. Valuers should consider the soil attributes of the subject property in relation to the market evidence when assessing the value.

Soil salinity, or the proneness to rising water tables and ground salts, because of land clearing or prolonged heavy irrigation, and soil erosion (including underground tunnel erosion) can have a detrimental impact on productivity and value. Valuers should consider the susceptibility of soil salinity or soil erosion where such is observed or advised and

make specific comment on any management practices which the farmer may have taken to minimise the risks and impacts of such issues.

4.12 Classification

The classification of the land is a primary consideration in the valuation of Agricultural Property.

Common land classes based on use include horticultural land, arable land, intensive grazing land, extensive grazing land, open run grazing, native bushland, conservation areas, amongst others. Factors such as zoning, availability of water and easements should be considered when determining the highest and best use of the land.

The classification of land can be obtained from various sources including Title plans, past cropping areas, irrigated land by reference to available water resource agreements, topographical maps, aerial photos and geographical information systems and land mapping plus landholder and Valuer observations.

Valuers should apply the land classification consistently to both the analysis of sales evidence and the subject property.

4.13 Site Contamination

Some Agricultural Activities may cause site contamination which could require either implementation of appropriate management practices or remediation.

Examples of site contamination where known or identified, could include:

- sheep or cattle dips
- sources of effluent disposal (especially intensive livestock operations)
- chemicals used in fertilisers or sprays
- fuel storage tanks
- waste dump sites
- crop or livestock diseases (originating from the land)
- previous land uses e.g.: mining

Valuers should have regard to other relevant and applicable papers or guidance published or adopted by the Institutes as well as registers held by councils or other regulatory bodies and consider the impact of any possible or known causes of site contamination on the value of the property and report any assumptions and qualifications where required.

4.14 Weeds and Pests

Pests and weeds may impact the productivity and value. Examples include rabbits, foxes, blackberries, gorse or other introduced flora or fauna, which can have a devastating impact. Native or introduced fauna can also cause significant damage to pasture or crops, especially when at plague proportions.

Farming management practices, which have been implemented or, which are required on an ongoing basis to control weeds or pests should be considered and detailed within valuation reports.

Valuers should assume “fair to average” management and make the reader aware of the possible impact if this is not undertaken.

Valuers should identify excessive weed or pest infestations in the risk assessment of the report.

Valuers should consider whether to notify the local land management authorities if notifiable pests or diseases are identified or suspected.

When entering onto a property for inspection purposes Valuers must consider and have regard to any applicable biosecurity protocols in place to limit/restrict the spread of pests, weeds or disease including, but not limited to cleaning or treating footwear, clothing, or vehicles that may potentially be a source of spread of pests, weeds or disease.

4.15 Pasture or Crop Management

Farming practices in terms of pasture or crop management can impact the productivity of a property. Pasture improvement, crop rotation or fertilising programs (and the sustainability of such practices) may need to be considered in the valuation process.

4.16 Water Resources

Water is a valued and scarce resource that is shared between potentially competing users (e.g. rural industry, urban and non-urban communities, and the environment).

Water and drainage are critical to Agricultural Property.

The water resource, or right to use the water held by a farming enterprise, is, in some cases, personal property which may be sold separately from the land. Such resources or rights should be analysed and considered separately in the valuation.

Water can comprise a significant component of the value. If the water component is removed, the property may not be viable for the continuation of the current use.

Terminology differs from jurisdiction to jurisdiction; but water assets can include Water Use Licences, Water Access Rights (or Delivery Shares), Resource Consent to take, use and store water, Shares within Co-operatives or water companies, Entitlement, extraction rights from aquifers and unregulated streams, as well as storage rights.

It is important that Valuers understand the difference between the temporary (allocation) market, and the permanent (entitlement) market, along with understanding adequate water volumes and flow rates to support the current, or proposed, land use and whether Resource Consent take and/or volume is adequate to meet peak water requirement of that land use.

Temporary allocations and/or permanent entitlements are usually required to extract and/or store water from a river, stream or ground aquifer whilst alternative systems provide for the purchase of water (usually measured on a volumetric basis (e.g. megalitres per annum)) from either public or privately owned water reserves.

The term of the allocation and/or entitlement as well as the likelihood that at time of renewal, the allocation or entitlement will be renewed at the same volumes or terms and conditions should be considered. Any impact of the use of the land and the ongoing viability and sustainability of the current or proposed use should be considered/assessed and commented on.

Water is an over allocated resource and, in many catchments, may be subject to reduced allocations during dry periods which can impact productivity.

Valuers should have consideration of any legislation/regulation affecting water, as well as the trading rules for the class of water asset they are considering.

Valuers should consider whether the subject property has legal access to sufficient water to sustain current operations on a year in year out basis. If not, then this issue should be clearly addressed within the report.

Where appropriate, a water budget could be included to demonstrate that consideration has been made as to the water volume available versus the water requirements for the current/proposed operation.

4.17 Improvements

The added value of improvements is an important consideration in property valuations. The value of farm improvements is impacted by the degree of economic and functional obsolescence of those improvements as well as the market's perception of the improvements.

Valuers should consider the added value of improvements in comparison to sales evidence.

4.18 Wasting Assets

Mines, sandpits, or quarries are wasting assets, which may depreciate in value over time as the resource is extracted. The estimated life and the rate of value loss over that resource's life should be identified and stated in the report.

4.19 Past Carrying Capacity or Production History

The past carrying capacity or production history of the subject property may be an important consideration in the valuation.

Whilst carrying capacity or production can vary significantly due to seasonal variations or farming management, such data may assist Valuers in undertaking a valuation. Examples include:

- comparison of long-term averages to recent productivity may indicate a decline or improvement in soil quality or farm management practices;
- long term averages may be useful as a form of direct comparison with sales evidence on a productivity basis (e.g. DSE/SU);
- the life cycle of trees and yields from orchards or other intensive agricultural operations;
- the sustainability of the current use of the property and potential to be used for alternative uses.

4.20 Trading Performance

Most Agricultural Property is valued based on comparison with sales evidence, however in some cases the past and/or current trading performance may be relevant in determining the market value of specialised agricultural enterprises.

Where net profit is used to assess the market value, the valuation will represent the value of the agricultural enterprise on a "going concern" basis. In such cases Valuers should report that the valuation includes the value of land, improvements, and the business including fixed and non-fixed plant and equipment, business licenses and goodwill (as applicable).

Valuers should have regard to the trading history of the property for a minimum number of years sufficient to determine a stabilised net profit or EBITDA for valuation purposes. This period would typically be three (3) to five (5) years.

Valuations which have been assessed on a “going concern” basis should also report the value of land and improvements on an alternative use basis if significantly different.

4.21 Consideration of Sales Evidence

Specific factors which may impact value, as discussed within this GP, may or may not be reflected by the sale prices of comparable properties, due to any number of factors, including the date of the sale transaction and prevailing market conditions, knowledge and sentiment.

Sales of properties considered comparable to a subject property may have different value determinants. Examples could include:

- proximity/location factors;
- different climatic conditions (e.g. susceptibility to frosts);
- different topographical features (e.g. northerly aspects in higher latitudes, rainfall shadows);
- different water or irrigation rights;
- different plant and equipment, or stock; and
- soil classification.

Analysis of sales evidence should include a breakdown of land values per hectare based on land class, with consideration of values on a rate per carrying capacity or production unit basis plus the added value of improvements as applicable (including site/paddock and structural/buildings).

In the absence of sales of directly comparable properties, differences that exist between the sales evidence and the subject property may warrant appropriate adjustments to be made.

In discussing relevant sales or rental evidence, the valuation should:

- Provide detailed analysis and commentary of sales evidence (and rental evidence where appropriate) utilised to support the valuation. This commentary could include details of time on the market (selling period) if known.
- Analysis of sales transactions should be consistent with the methodology adopted for the valuation and broken down into appropriate units of comparison. All relevant details of the analysis should be disclosed.

5.0 Going Concern Valuations

When undertaking valuations on a “going concern” basis Valuers should separately itemise and apportion the valuation into the following categories:

- Land
- Improvements (including site and structural improvements, integral plant and equipment and other rights)
- Biological Assets excluding Bearer Plants which may include, but not be limited to, crops, plantation/forestry timber and livestock
- Non-integral plant and equipment (e.g. tractors or other farm equipment, portable fencing or stockyards)
- Water rights/allocation (e.g. volumetric licences and water access entitlements which may be personal property that can transferred independently of the land)
- Goodwill

Valuers may need to obtain separate expert advice in relation to the value of Biological Assets and non-integral plant and equipment.

Valuers should also specify those assets that are, or may be, specifically excluded from the valuation.

6.0 Valuation Reporting

6.1 General Reporting Requirements

The valuation report should address and contain details outlined below. These are in addition to requirements for valuation reports as per *IVS 103 – Reporting* and any specific requirements contained in the instructions from the client.

- Indicate the basis upon which the valuation has been assessed.
- Selection of the valuation approach(s) is the responsibility of the Valuer and should be determined after consideration of IVS. Multiple methods should be used where appropriate.
- Components of the value should be disclosed, where possible, to provide an understanding of the valuation amount in context, particularly where those various components carry different risks. For example, integral plant and equipment (P&E), water licence/entitlements, business goodwill, and the like should be separately identified where possible.
- The adopted rates for each component of the subject property should be clearly justified with reference to the sales evidence.
- As some Agricultural Properties will benefit from income streams generated via non-core business activities which may be noted on Title in the form of a lease or encumbrance (e.g. Wind Farm, Carbon Project, Gas Wells, and Telecommunication Towers). Details of such leases should be referenced, and commentary provided as to what likely impact these would have on the value and marketability of the subject. Clear reporting and evidence should also be provided to demonstrate any

positive/negative impact these leases or encumbrances have on the value of the subject property.

6.2 Specific Reporting Requirements

The following sections outline additional requirements that Valuers should consider when completing valuation reports on Agricultural Properties.

6.2.1 Inclusions

Other assets that may be valued but are not included in the valuation of the real estate components are:

- Biological Assets which may include, but not limited to, crops, plantation/forestry timber and livestock. Bearer plants should be included in the value of the real estate component, and separately identified for certain valuation purposes.
- Integral plant and equipment (e.g. moveable irrigation pipes, sprayers or pivot irrigators, dairy plant)
- Non integral plant and equipment (e.g. tractors or other farm equipment, portable fencing or stockyards)
- Water rights/allocation (e.g. volumetric licences and water access entitlements which may be personal property that can transferred independently of the land)

Such items are typically excluded from the valuation for the real estate unless a property is valued on a “going concern” basis (See Section 5.0 for more information on Going Concern Valuations).

Valuers are advised to refer to the instructions from the client to ensure there is not confusion as to what assets are to be considered and included in the valuation.

Where it is known that a reported sale price for the subject property or sales evidence, includes other such items appropriate adjustments should be made where appropriate.

6.2.2 Valuations of ‘intensive/specialised or special purpose properties’

When undertaking valuations of intensive/specialised or special purpose property(s), Valuers should have regard to the following reporting considerations, in addition to those discussed elsewhere in this GP.

The report should identify and provide detailed commentary regarding the specific attributes of the property which are deemed to be price determinants by market participants.

The report should identify and comment on relevant consents and approvals required for current and continued use of the agricultural enterprise. This may include local government approvals or Environmental Protection Agency (EPA) registration.

The interest to be valued may be the freehold or leasehold interest subject to any ongoing supply contracts, leases, license agreements, management agreements, Resource Consents and/or registration. This must be disclosed in the report.

Where a valuation is subject to supply contracts or license agreements, these documents should be viewed and commented upon. Sales evidence with similar agreements should be used to support the valuation (where available).

6.2.3 Market Commentary

Comments on the source (including if overseas) and strength of market demand in the locality, competition, and the general trends, which are apparent at the date of valuation should be provided, as well as comment on the likely ease or difficulty of sale.

A brief overview of market conditions for the subject property as at the date of valuation should be included in the valuation report.

6.2.4 Marketability

The report should include an estimate of the likely selling period required to achieve the assessed value, as well as the Valuers opinion as to likely purchaser profile.

Comments on property specific and market factors impacting the property should be provided. These may include those factors which, based on information that is common knowledge, readily ascertainable in the market and/or reasonably foreseeable, may have an impact on the property(s) value and marketability.

6.2.5 Insurance Replacement Cost

In Australia the Valuer may be requested to provide an insurance assessment as part of other advice.

In providing this advice, Valuers should clearly highlight that the advice is an estimate provided in their capacity as Valuers, not as building or construction experts.

Any insurance estimate provided should be appropriately qualified to highlight how the estimate differs from an insurance assessment provided by a suitably qualified expert, the limitations of the Valuer's skills and experience, the source of information relied on, methodology adopted and those factors included or excluded from the estimate along with any recommendations for the reliant party on how the potential for variability in the estimate could be reduced (i.e. engage a Quantity Surveyor or cost estimator).

In New Zealand if requested to provide such advice, Valuers should follow in full *ANZVGP 104 Valuations for Insurance Purposes*. A Valuer should not provide conditional or estimated insurance assessments as described above.

6.2.6 Goods and Services Tax (GST)

Valuers should state the treatment of GST in the report.

New Zealand Valuers should refer to *NZVGP 501 – Goods and Services Tax (GST) in Property*.

7.0 Occupational Health & Safety

When planning to undertake valuations the Valuer should identify and consider any potential personal risks associated with driving, flying, working remotely or isolated work; along with other 'on-farm' risks such as hazardous substances, injury from farm machinery and infectious diseases.

If any of the above render completion of the valuation impractical or unsafe, the Valuer should not proceed and seek instruction from the client.

New Zealand Valuers should comply with the Health and Safety at Work Act 2015 and where required prepare a site-specific health and safety plan before entering onto a property for inspection purposes.

8.0 Effective Date

This GP is effective from 1 July 2022. Earlier adoption is permitted and recommended.

This GP replaces *ANZVGP 109 Market Value of Rural and Agribusiness Properties* which operated from 1 July 2021 and is withdrawn 30 June 2022.