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Definitions of Value Relating to MTS Assets

The underlying theme and elements of the definitions presented here are based in standard appraisal theory. Many terms are used to describe various thoughts or premises of value.

These definitions are offered to provide the fundamental value concepts; they are not the only acceptable definitions, since contracts or jurisdictions may dictate somewhat different philosophies. Therefore, these definitions may be expanded or refined as the purpose and function of an appraisal dictate, as long as the fundamental concepts are not altered. In other cases, the laws of a country, state, region, or regulatory agency may require other terms, which therefore would take precedence over the definitions shown here.

Source: Machinery & Technical Specialties Committee of the American Society of Appraisers – July 25, 2010

- **Reproduction Cost New**

The cost of reproducing a new replica of a property on the basis of current prices with the same or closely similar materials, as of a specific date.

- **Replacement Cost New**

The current cost of a similar new property having the nearest equivalent utility as the property being appraised, as of a specific date.

- **Fair Market Value**

An opinion expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date.

- **Fair Market Value in Continued Use with Assumed Earnings**

An opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to

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buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and assuming that the business earnings support the value reported, without verification.

- **Fair Market Value in Continued Use with an Earnings Analysis**

An opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and supported by the earnings of the business.

- **Fair Market Value - Installed**

An opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, considering market conditions for the asset being valued, independent of earnings generated by the business in which the property is or will be installed, as of a specific date.

- **Fair Market Value - Removed**

An opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, considering removal of the property to another location, as of a specific date.

- **Liquidation Value in Place**

An opinion of the gross amount, expressed in terms of money that typically could be realized from a properly advertised transaction, with the seller being compelled to sell, as of a specific date, for a failed, non-operating facility, assuming that the entire facility is sold intact.

- **Orderly Liquidation**

An opinion of the gross amount, expressed in terms of money, that typically could be realized from a liquidation sale, given a reasonable period of time to find a purchaser

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(or purchasers), with the seller being compelled to sell on an as-is, where-is basis, as of a specific date.

- **Forced Liquidation Value**

An opinion of the gross amount, expressed in terms of money, that typically could be realized from a properly advertised and conducted public auction, with the seller being compelled to sell with a sense of immediacy on an as-is, where-is basis, as of a specific date.

- **Salvage Value**

An opinion of the amount, expressed in terms of money that may be expected for the whole property or a component of the whole property that is retired from service for possible use elsewhere, as of a specific date.

- **Scrap Value**

An opinion of the amount, expressed in terms of money that could be realized for the property if it were sold for its material content, not for a productive use, as of a specific date.

For further information, or to discuss questions regarding your project, please contact our Senior Appraiser directly:

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