



SINGLE PROBABILITY DISCOUNT FOR LACK OF MARKETABILITY
Based on Marketing Period Probability

Appraiser

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Valuation Subject

Sample Company
1234 First Street, Suite 100
Kansas City, Missouri 64114
United States

Valuation Date

10 / 05 / 2016

Report Date

10 / 05 / 2016

Probability-Adjusted Discount for Lack of Marketability

25.2%



SINGLE PROBABILITY DLOM

Based on Marketing Period Probability

Valuation Date: 10/05/2016

For: **Sample Company**

Summary Results

Discount for Lack of Marketability

| | Low Bound | Average | High Bound |
|-------------------------------------|-----------|---------|------------|
| Probability Adjusted DLOM | 25.0% | 25.2% | 25.4% |
| Cumulative DLOM at Marketing Mean | 12.3% | 13.8% | 13.7% |
| Cumulative DLOM at Marketing Median | 8.7% | 10.5% | 10.3% |
| Cumulative DLOM at Marketing Mode | 4.5% | 4.3% | 4.1% |

Marketing Period

| | Low Bound | Average | High Bound |
|---------------------------------------|-----------|---------|------------|
| Probability Adjusted Marketing Period | 209.2 | 212.1 | 215.0 |
| Mean | 213.2 | 216.1 | 219.0 |
| Median | 159.4 | 162.5 | 165.6 |
| Mode | 89.1 | 91.9 | 94.8 |
| Standard Deviation | 189.3 | 189.3 | 189.3 |
| Coefficient of Variation | 0.9 | 0.9 | 0.9 |
| 95th Percentile | 1,342.0 | 1,339.0 | 1,336.1 |

Price Volatility

| | Low Bound | Average | High Bound |
|------|-----------|---------|------------|
| Mean | 40.0% | 40.0% | 40.0% |



Summary Results

Marketing Period Statistics

| Factor Name | Specified Range | Average Days | Standard Deviation in Days | Coefficient of Variation | Standard Error | Transaction Count | 95% Confidence Interval | |
|---------------------------------------|------------------------|--------------|----------------------------|--------------------------|----------------|-------------------|-------------------------|-------|
| | | | | | | | Low | High |
| SIC | 5500 to 5599 | 224.0 | 177.0 | 0.79 | 7.5 | 551 | 209.2 | 238.8 |
| Asking Price | \$79,000 to \$194,000 | 203.4 | 177.9 | 0.87 | 2.3 | 5,924 | 198.9 | 207.9 |
| Employees | 0 to 50 | 215.8 | 189.3 | 0.88 | 1.5 | 16,361 | 212.9 | 218.7 |
| Annual Revenue | \$0 to \$830,000 | 207.3 | 181.7 | 0.88 | 1.6 | 12,336 | 204.1 | 210.5 |
| Month | Aug, Sept, Oct | 219.3 | 189.5 | 0.86 | 2.9 | 4,218 | 213.6 | 225.1 |
| Region | AR, IA, KS, MO, NE, OK | 202.4 | 209.5 | 1.03 | 11.4 | 339 | 180.1 | 224.7 |
| Weighted Average of Factors | | 211.7 | 185.3 | 0.88 | 0.9 | 39,729 | 209.9 | 213.5 |
| Average of Unique Transactions | | 216.1 | 189.3 | 0.88 | 1.5 | 16,423 | 213.2 | 219.0 |
| Transactions With All Factors | | 0.0 | 0.0 | 0.00 | 0.0 | 0 | 0.0 | 0.0 |

User Provided Volatility

Volatility

40%

Formula Inputs

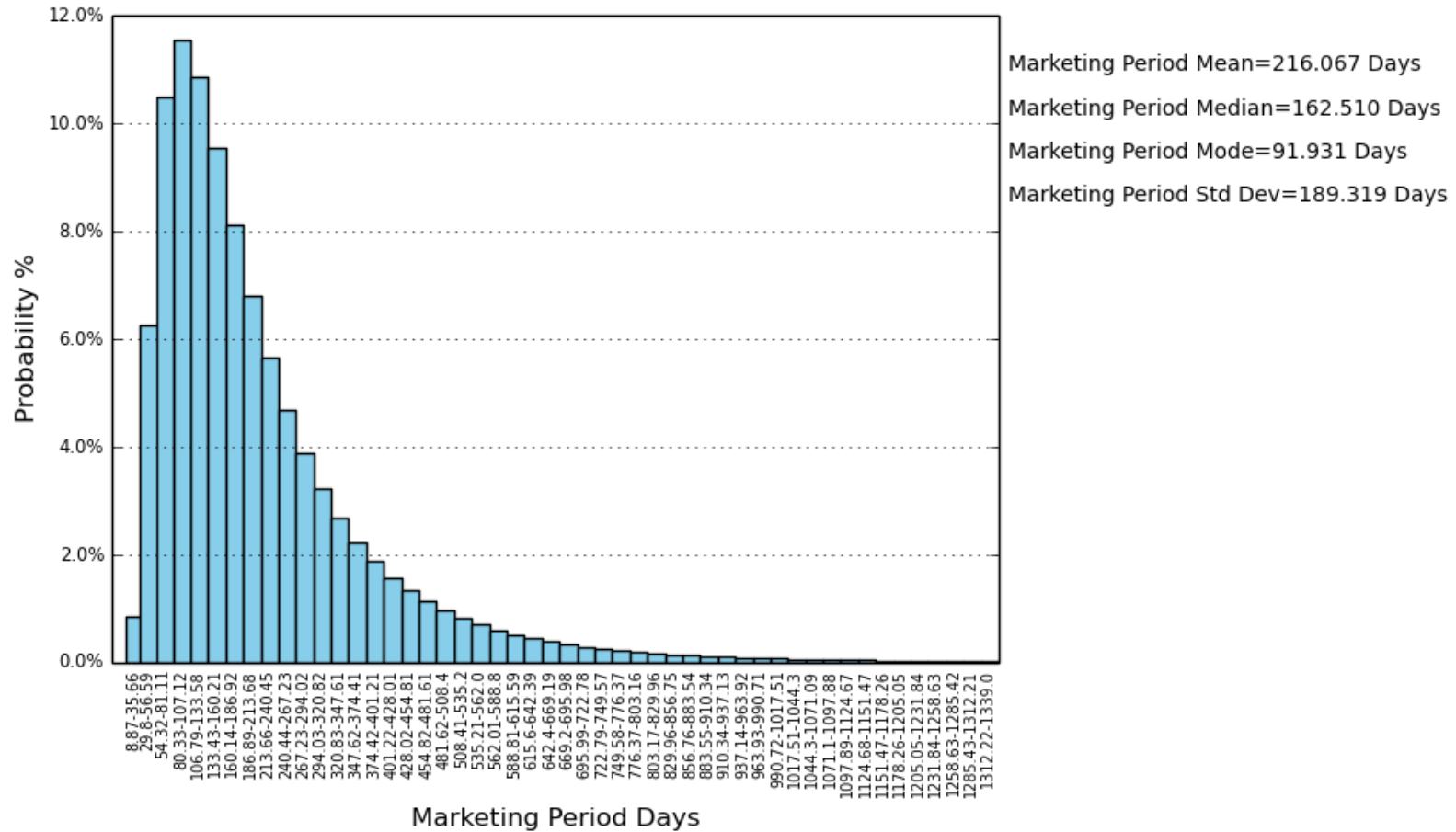
Selected Formula
 Marketing Period Carrying Cost
 Cost of Money (APR)

Longstaff
 Simple
 0%



Marketing Period Graphs

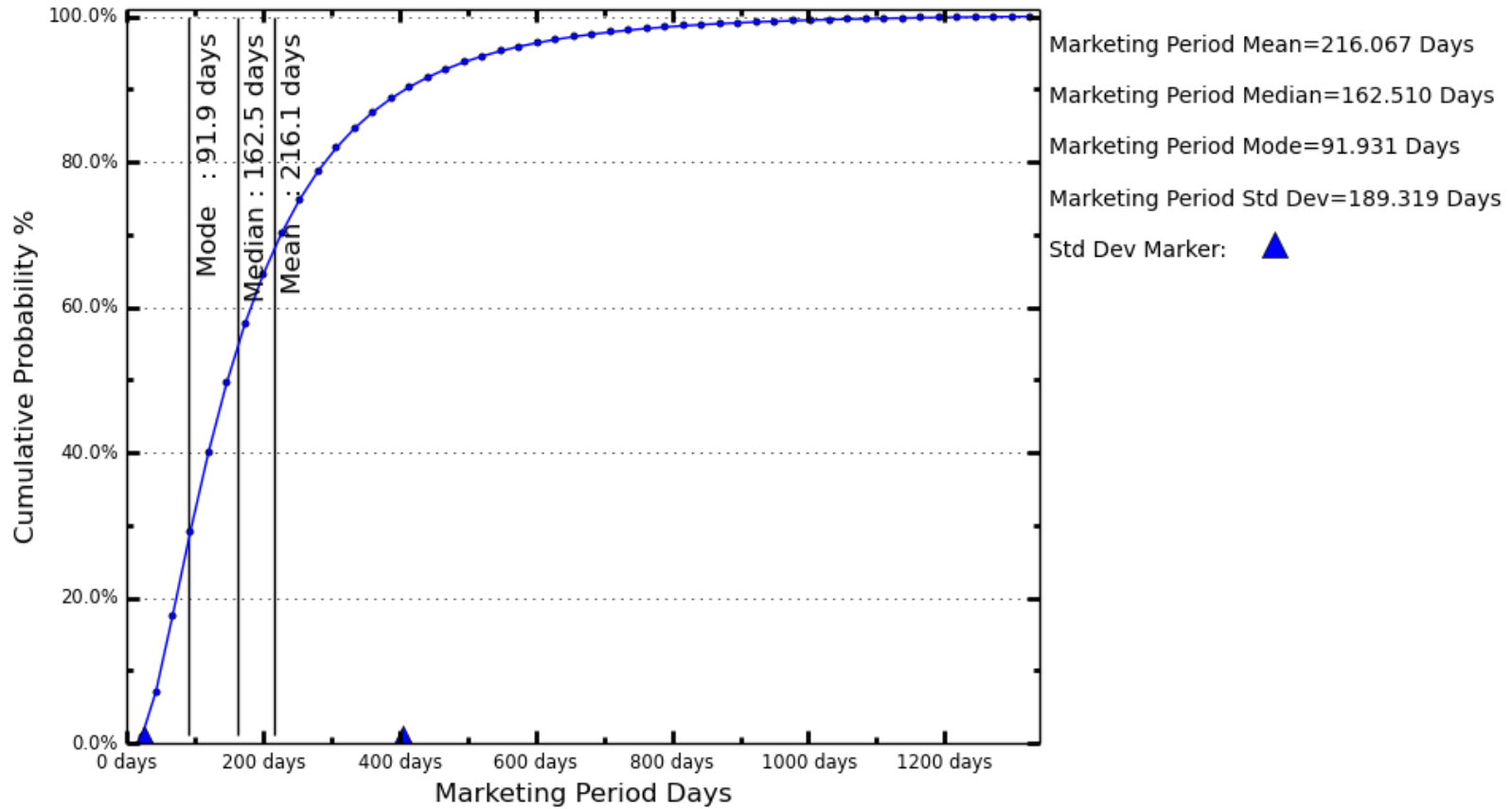
Probabilities by Marketing Period Intervals





Marketing Period Graphs

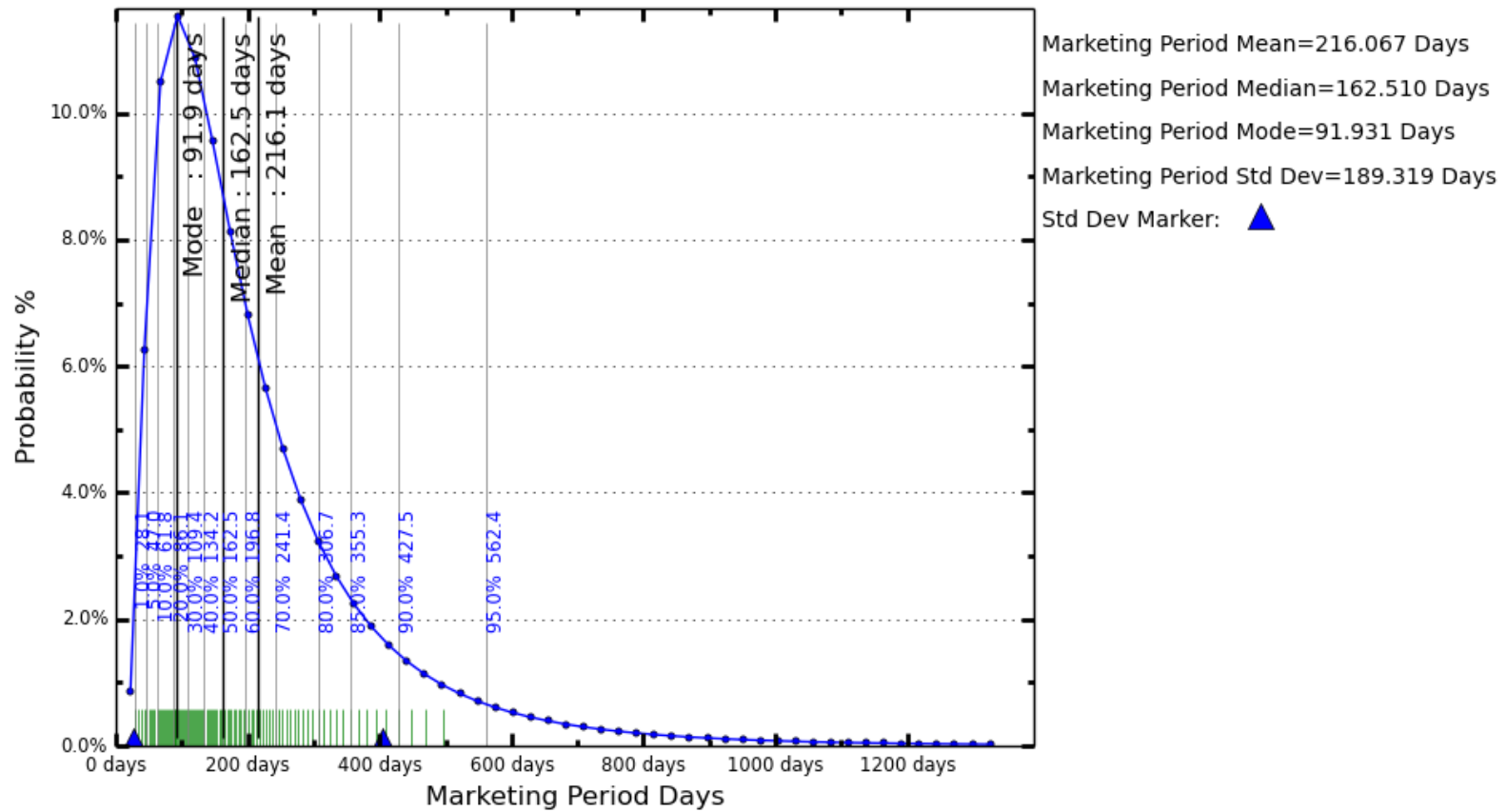
Cumulative Probability of Marketing Period





Marketing Period Graphs

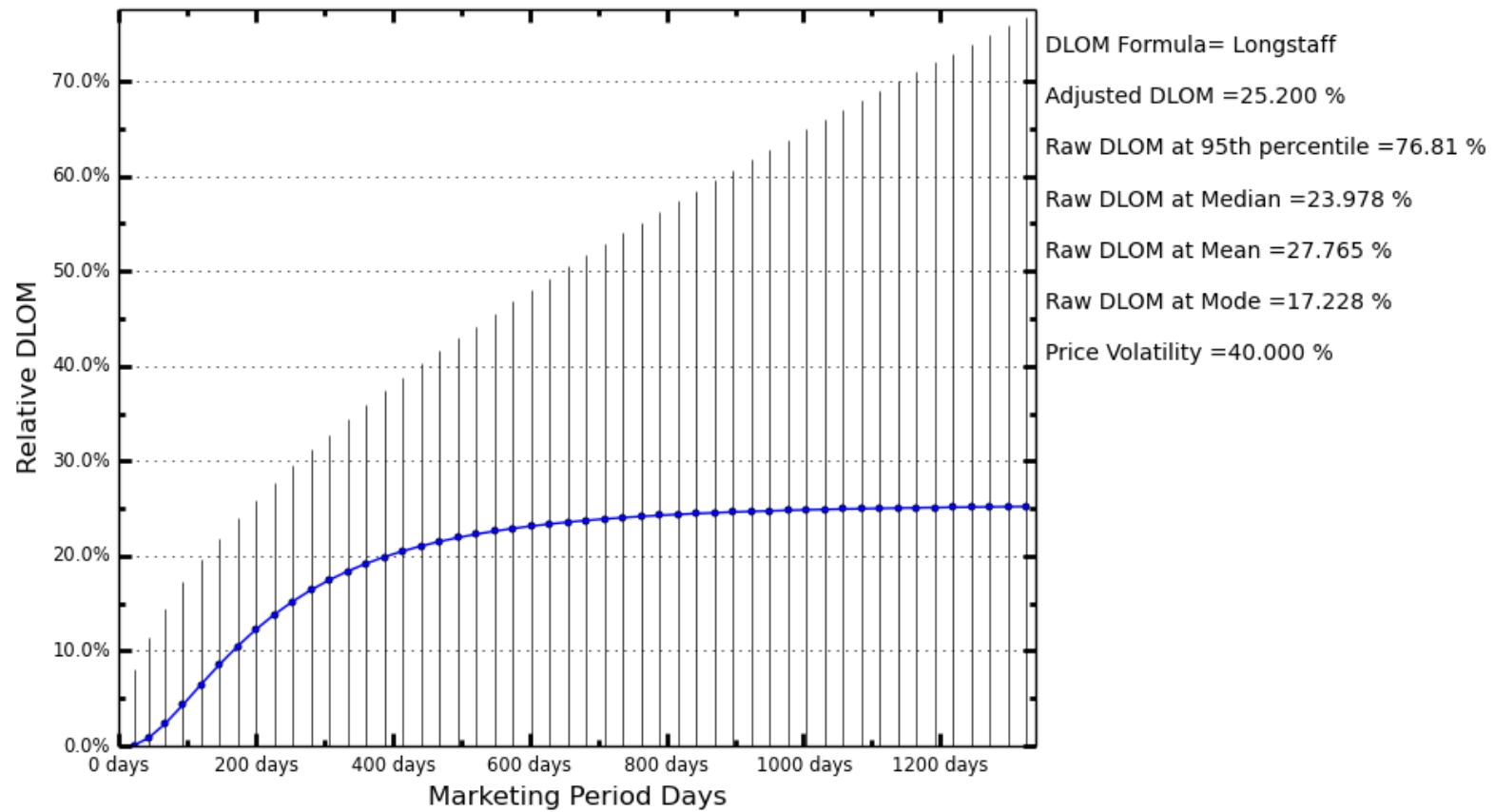
Probabilities by Marketing Period Intervals





DLOM Graphs

Cumulative Probability Adjusted DLOM (Marketing Period)





DLOM Graphs

Cumulative Probability Adjusted DLOM (Marketing Period)

