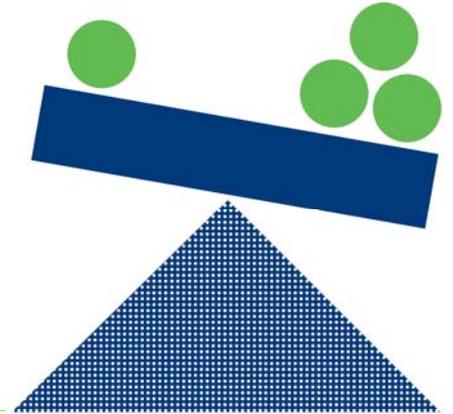


UHY BUSINESS VALUATION SOLUTIONS

UHY was retained for an estate that owns interests in four real estate holding companies. We determined if the properties were all marketed at the same time it would have a depressing and significant effect on the value of the properties. Therefore we determined a significant absorption discount for the four real estate holding companies.



THE CHALLENGE

Decedent owned two 50% interests and two minority interests in four real estate holding companies (LLC's) along with additional properties held as tenants-in-common at the time of his death. The properties (over 120) were all located within less than a square mile of each other and consisted of single family and 2-family rental units as well as building lots and small

commercial buildings.

Clearly, if the properties were all marketed at the same time it would have a depressing and significant effect on the value of the properties. UHY's task was to determine an appropriate and defensible **absorption discount** to reflect the property and ownership characteristics.

THE SOLUTION

After discussions with the Executors, the attorneys and the real estate appraiser for the Estate, we developed a methodology that considered the potential **absorption** rate, or period of time over which the properties could be sold, and provided an adjustment to the

indicated fair market value of the underlying properties.

In addition, UHY then considered the fact that the interests in the entities, held by the decedent, had lack of control attributes as well as limited marketability.

THE RESULT

After an effective 22.55% adjustment to the fair market value of the real estate for the inability of the market to absorb all of the properties at the same time, UHY determined that additional adjustments to value were necessary for lack of control and the relative lack of marketability for

the interests held by the decedent. The overall discount for LOC and LOM was approximately 33%. The total discount was over 50% from NAV.

The Estate recently received a "clearance" letter indicating the Estate is closed.

*The next level
of service*