

# Discount and Premium Studies

MAXIMIZING VALUE THROUGH KNOWLEDGE™

The selection and support of discounts and premiums is often the most important as well as the most difficult task in valuation. Discounts are typically applied for attributes such as lack of control (or a minority interest) and lack of marketability (based on lack of a ready market or restrictions on sale or transfer). Conversely, premiums are most often applied for the ability to control or a majority interest. The key to making the appropriate choice is combining the valuation expert's instincts, honed by years of experience, and timely, exhaustive research. In fact, the quality and depth of the underlying research are often the deciding factors between an inappropriate discount selection and the proper choice.

Successful research requires:

- 1) identification of the relevant studies that could be used to support (or refute) the choice of discounts or premiums, and
- 2) correctly interpreting and relating those studies to the valuation subject.

Adams Capital combines its considerable experience in making appropriate selections with a comprehensive database of potentially relevant research studies. This database is updated constantly to ensure that it includes the latest research, and reevaluated to help identify emerging trends. We are also adept at identifying the studies that are most relevant based on our clients' particular circumstances and our knowledge of legal precedents and IRS guidelines.

Adams Capital also conducts proprietary research and reviews markets for discounts related to marketability. This proprietary research provides a unique perspective and a competitive edge in helping our clients meet regulatory requirements. The combination of our experience, comprehensive database, and in-house research provides Adams Capital clients with expert selection and support for discount and premium conclusions.