100 PERCENT OF THE COMMON STOCK IN VOGUE CORP. ON A MINORITY, NON-MARKETABLE BASIS

VALUATION REPORT

MARCH 31, 2010

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August 9, 2011

To the Board of Directors of
Vogue Corp.
4000 Pembroke Blvd.
Plantation, FL 12345

Re: Valuation of 100 percent of the common stock in Vogue Corp. on a minority, non-marketable basis

Dear Board of Directors:

We have performed a valuation engagement, as that term is defined in the *Statement on Standards for Valuation Services* (SSVS) of the American Institute of Certified Public Accountants of 100 percent of the common stock in Vogue Corp. on a minority, non-marketable basis as of March 31, 2010. This valuation was performed for corporate planning purposes; the resulting conclusion of value should not be used for any other purpose or by any other party for any purpose. This valuation engagement was conducted in accordance with the SSVS, as well as the standards promulgated by The Appraisal Foundation, the American Society of Appraisers, and The Institute of Business Appraisers, Inc. The estimate of value that results from a valuation engagement is expressed as a conclusion of value.

Based on our analysis, as described in this valuation report, which must be signed in blue ink by the valuation analyst to be authentic, the conclusion of value of 100 percent of the common stock in Vogue Corp. on a minority, non-marketable basis as of March 31, 2010 is:

SEVENTY MILLION, SEVEN HUNDRED SEVENTY THOUSAND DOLLARS ($70,770,000)

or

TWO THOUSAND FIVE HUNDRED FORTY-TWO DOLLARS AND NINETY-FOUR CENT ($2,542.94) PER SHARE

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This conclusion is subject to the Statement of Assumptions and Limiting Conditions found in Appendix 2 and to the Valuation Analyst's Representation found in Appendix 3. We have no obligation to update this report or our conclusion of value for information that comes to our attention after the date of this report.

Respectfully submitted,

TRUGMAN VALUATION ASSOCIATES, INC.

Linda B. Trugman
CPA/ABV, MCBA, ASA, MBA

LBT/kag
Attachment

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INTRODUCTION

DESCRIPTION OF THE ASSIGNMENT

Trugman Valuation Associates, Inc. was retained by the Board of Directors of Vogue Corp. to appraise 100 percent of the common shares in Vogue Corp. on a minority, nonmarketable basis as of March 31, 2010.

The purpose of this appraisal is to determine the fair market value of The Company's common stock for corporate planning purposes. The scope of work for this appraisal was not limited in any way and all relevant data and methodologies have been considered and presented in this report. This assignment meets all of the requirements under *Statement on Standards for Valuation Services No. 1* promulgated by the American Institute of Certified Public Accountants, as well as the *Uniform Standards of Professional Appraisal Practice* promulgated by the Appraisal Foundation and the standards of the American Society of Appraisers and the Institute of Business Appraisers.

DEFINITION OF FAIR MARKET VALUE

The most commonly used definition of fair market value is located in Revenue Ruling 59-60. This revenue ruling defines fair market value as

> ...the price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts. Court decisions frequently state in addition that the hypothetical buyer and seller are assumed to be able, as

well as willing, to trade and to be well informed about the property and concerning the market for such property.

This definition of fair market value is the most widely used in valuation practice. Also implied in this definition is that the value is to be stated in cash or cash equivalents and that the property would have been exposed on the open market for a long enough period of time to allow market forces to interact to establish the value.

VALUATION METHODOLOGIES

There are two fundamental bases on which a company may be valued:

1. As a going concern, and
2. As if in liquidation.

The value of a company is deemed to be the higher of the two values determined under a going concern or a liquidation premise. This approach is consistent with the appraisal concept of highest and best use, which requires an appraiser to consider the optimal use of the assets being appraised under current market conditions. If a business will command a higher price as a going concern then it should be valued as such. Conversely, if a business will command a higher price if it is liquidated, then it should be valued as if in orderly liquidation. This company will be valued on a going concern basis, as this is its highest and best use.

GOING CONCERN VALUATION

Going concern value assumes that the company will continue in business, and looks to the enterprise's earnings power and cash generation capabilities as indicators of its fair market value. There are many acceptable methods used in business valuation today. The foundation for business valuation arises from what has been used in valuing real estate for many years. The three basic approaches that must be considered by the appraiser are:

1. The Market Approach,
2. The Asset-Based Approach, and
3. The Income Approach.

Within each of these approaches there are many acceptable valuation methods available for use by the appraiser. Appraisal standards suggest that an appraiser test as many methods as may be applicable to the facts and circumstances of the property being appraised. It is then up to the appraiser's informed judgment as to how these values will be reconciled in deriving a final estimate of value.

THE MARKET APPROACH

The market approach is fundamental to valuation as fair market value is determined by the market. Under this approach, the appraiser attempts to find guideline companies traded on a public stock exchange, in the same or similar industry as the appraisal subject, that provides the appraiser with the ability to make a comparison between the pricing multiples that the public company trades at and the multiple that is deemed appropriate for the appraisal subject.

Another common variation of this approach is to locate entire companies that have been bought and sold in the marketplace, publicly-traded or closely-held, that provide the appraiser with the ability to determine the multiples that resulted from the transaction. These multiples can then be applied to the appraisal subject, with or without adjustment, depending on the circumstances.

THE ASSET-BASED APPROACH

The asset-based approach, sometimes referred to as the cost approach, is an asset-oriented approach rather than a market-oriented approach. Each component of a business is valued separately, and summed up to derive the total value of the enterprise.

The appraiser estimates value, using this approach, by estimating the cost of duplicating or replacing the individual elements of the business property being appraised, item by item, asset by asset.

The tangible assets of the business are valued using this approach, although it cannot be used alone as many businesses have intangible value as well, to which this approach cannot easily be applied.

THE INCOME APPROACH

The income approach, sometimes referred to as the investment value approach, is an income-oriented approach rather than an asset or market-oriented approach. This approach assumes that an investor could invest in a property with similar investment characteristics, although not necessarily the same business.

The computations using the income approach generally determine that the value of the business is equal to the present value of the future benefit stream to the owners. This is accomplished by either capitalizing a single period income stream or by discounting a series of income streams based on a multi-period forecast.

Since estimating the future income of a business is at times considered to be speculative, historic data is used as a starting point in several of the acceptable methods under the premise that history will repeat itself. The future cannot be ignored, however, since valuation is a prophecy of the future.

REVENUE RULING 59-60 - VALUATION OF CLOSELY-HELD STOCKS

Among other factors, this appraiser considered all elements listed in Internal Revenue Service Ruling 59-60 which provides guidelines for the valuation of closely-held stocks. Revenue Ruling 59-60 states that all relevant factors should be taken into consideration, including the following:

1. The nature of the business and the history of the enterprise from its inception.
2. The economic outlook in general and the condition and outlook of the specific industry in particular.
3. The book value of the stock and financial condition of the business.
4. The earning capacity of the company.
5. The dividend paying capacity of the company.
6. Whether or not the enterprise has goodwill or other intangible value.
7. Sales of the stock and the size of the block of stock to be valued.
8. The market price of stocks of corporations engaged in the same or similar line of business having their stocks actively traded in a free and open market either on an exchange or over the counter.

Since determining the fair market value of a business is the question at issue, one must understand the circumstances of this business. There is no set formula to the approach to be used that will be applicable to the different valuation issues that arise. Often, an appraiser will find wide differences of opinion as to the fair market value of a particular business or business interest. In resolving such differences, one should recognize that valuation is not an exact science. Revenue Ruling 59-60 states that "a sound valuation will be based on all relevant facts, but the elements of common sense, informed judgment and reasonableness must enter into the process of weighing those facts and determining their aggregate significance."

The fair market value of specific shares of stock in an unlisted corporation will vary as general economic conditions change. Uncertainty as to the stability or continuity of the future income from the business decreases its value by increasing the risk of loss in the future. The valuation of shares of stock of a company with uncertain future prospects is a highly speculative procedure. The judgment must be related to all of the factors affecting the value.

There is no single formula acceptable for determining the fair market value of a closely-held business, and therefore, the appraiser must look to all relevant factors in order to establish the business' fair market value as of a given date

THE NATURE OF THE BUSINESS AND THE HISTORY OF THE ENTERPRISE FROM ITS INCEPTION

FORMATION AND PURPOSE

Vogue Corp. ("Vogue" or "The Company") was founded in 1964 and is primarily engaged in the ownership and leasing of health care facilities that provide nursing and rehabilitative care to the elderly. In addition, Vogue has investments in debt and equity securities, as well as limited partnerships.

The Company was initially located in the State of New York and operated as a company that constructed, built and operated nursing homes. In 1965, Vogue went public and in 1971 decided to concentrate only on the leasing and building of the facilities, and discontinued its operation of nursing homes. In 1980, Vogue relocated its headquarters to the State of Florida. In 1981, The Company was reorganized as a Delaware Corporation. In 1985, The Company reverted back to a privately-held company, and in 1986, The Company elected to be taxed as an S Corporation.

The Company currently leases 24 skilled nursing facilities and one psychiatric center, which are located in the States of Florida, New Jersey, North Carolina, Ohio, Texas and Virginia. The health care facilities owned by Vogue were built between 1966 and 2000, with the majority of the facilities being constructed in the early 1970s. Vogue holds the Certificates of Need for each of its facilities but allows the lessees to use the certificates for the operation of the facilities.

According to management, most of Vogue's facilities are dated and will need significant updating in order to remain competitive. However, the timing and amounts are uncertain, which increases the perceived risk to an investor in The Company because of the uncertainty of the future cash flows.

At the valuation date, Vogue leased 21 skilled nursing facilities to XY Holdings, whose major stockholders are stockholders of The Company. In total, XY Holdings accounts for approximately 68.4 percent of Vogue's annual rental income. The leases with XY Holdings are for periods of three years, containing four unexercised three-year options. All other leases are month to month or for periods of between three to five years, with options. All of Vogue's leases are triple-net, and the tenant is responsible for the operating costs of the facility.

Vogue competes with Real Estate Investment Trusts (REITs), partnerships, health care providers and financial institutions in the acquisition, leasing and financing of health care facilities. Many of these competitors are larger, possess greater financial resources and have a lower cost of funds than The Company. Operators of these facilities compete on a regional and national level with other operators that provide comparable services. These operators compete on a number of factors including quality of care, reputation, physical appearance, services offered, family preferences, physician referrals, staff and price. Lessees of The Company's facilities must comply with the licensing requirements of federal, state and local health agencies, and with the requirements of municipal building codes, health codes and fire codes. In granting and renewing a facility's license, the state health agency considers, among other things, the physical buildings and equipment, the qualifications of the administrative personnel and clinical staffs, the quality of health care programs and compliance with applicable laws.

Vogue is at somewhat of a disadvantage relative to its competitors due to the age of its facilities. To some extent, customers select long-term care facilities based on appearance. Many of the larger competitors are able to keep the condition of their facilities updated because they have better access to financial resources. This allows them to charge higher rent to lessees (who charge higher fees to their patients). A comparison of Vogue's rents per bed to some of its publicly-traded competition is presented in Table 1.

TABLE 1
SNF MARKET RENT OVERVIEW

Company Name / Stock Symbol	Beds/Cons	Total Rental Income	$Rent/Bed
Ventas (VTR)	22,377	$ 179,000,000	$ 7,999
HealthCare Reit (HCN)	28,692	197,773,956	6,893
Nationwide Health Properties(NHP)	20,947	102,270,000	4,882
NorthStar Healthcare Investors Inc.	896	5,643,060	6,298
Sum/Average	**18,228**	**121,171,754**	**6,518**
Vogue Corporation-All Facilities	3,216	11,786,426	3,665

The Company’s lower rental rates relative to its competitors will be discussed in more detail later in this report.

Many of the facilities operated by The Company’s lessees receive a substantial portion of their revenues from the federal Medicare and state Medicaid programs. As a result, Vogue’s revenues may be directly affected by changes in these programs, and the financial ability of lessees to make rent payments may be affected by government regulations such as licensure, certification for participation in government programs, and government reimbursement. The amount of program payments can be changed by legislative or regulatory actions and by determinations by agents for the programs. As Medicaid programs are funded by both the states and the federal government, the amount of payments can be affected by changes at either level of government. There is no assurance that payments under these programs will remain at levels comparable to present levels or be sufficient to cover costs allocable to these patients.

Management

Management of Vogue consists of the following individuals:

1. John Smith, President, is responsible for overall strategic planning.

2. Joseph Green, CEO and Vice President, is responsible for overall corporate operations. He sets policy and procedures and assists with strategic planning. Mr. Green is closely involved with lessee relations.

3. Robert Brown, CFO and Treasurer, is involved with the day-to-day operations of The Company and is responsible for all financial matters. Mr. Brown has been with Vogue since 1983.

In total, The Company has 10 employees.

The Management and shareholders of Vogue are governed by Vogue's By-Laws ("The By-Laws") and by Vogue's Shareholders' Agreement ("The Agreement") entered into on October 26, 2009. The By-Laws generally govern how The Company is to be managed and run, while The Agreement governs the rights of shareholders and the transfer of shares.

According to Article II of The By-Laws, Vogue is to be managed by a Board of Directors, who are elected annually by a plurality of votes by shareholders. Directors do not have to be shareholders.

Article III of The By-Laws states that The Board can designate an Executive Committee of three or more directors who shall have all the authority of The Board other than:

(a) the submission to shareholders of any action requiring authorization of shareholders pursuant to statute or the Certificate of Incorporation.

(b) the filing of vacancies on the Board or in any committee of the Board, including the Executive Committee.

(c) the fixing of compensation of the directors for serving on the Board or on any committee of the Board, including the Executive Committee.

(d) the amendment or repeal of the By-laws or the adoption of new by-laws; and

(e) the amendment or repeal of any resolution of the Board which by its terms may be amended or repealed only by the Board.

Article IV of The By-Laws states that The Board shall elect the officers of The Company. The officers are to include the Chairman of the Board, the President, one or more Vice Presidents, the Treasurer, and the Secretary. Any two or more offices may be held by the same person, except the offices of President and Secretary. As of the valuation date, the officers of The Company were as follows:

John Smith	President
Joseph Green	Vice President
Robert Brown	Treasurer
Patricia Jones	Secretary
Robert Brown	Asst. Secretary

VOTING

The Agreement states that voting power of the shareholders is consolidated within a voting trust, which acts on behalf of the shareholders. The voting trust consists of three trustees: John Smith, Joseph Green and Robert Brown and a majority vote among the trustees is required to act on behalf of the shareholders. The voting trust acts free from shareholder control.

DIVIDEND POLICY

Article VIII of The By-Laws governs dividends. This article states:

> Subject to the provisions of the Certificate of Incorporation relating thereto, if any, dividends may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, bonds, property, or in the shares of the capital stock, subject to any provisions of the Certificate of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Directors shall think conducive to the interest of the Corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

The Agreement also includes a section discussing The Company’s dividend policy. Article X states that The Company shall distribute an amount to cover the taxes related to owning shares in The Company.

OWNERSHIP INTERESTS

According to the Certificate of Incorporation filed with the Delaware Secretary of State on June 12, 1981, Vogue is authorized to issue up to 3,000,000 shares of common stock with a par value of $0.10 per share. As of the valuation date, the ownership of Vogue was as follows:

Stockholder	% Ownership
Susan Johnson 2001 Revocable Trust	41.35%
Samuel A. Johnson Marital Trust	1.23%
Samuel A. Johnson Family Trust	0.66%
Susan Johnson Charitable Lead Annuity Trust	18.54%
Susan Johnson Charitable Lead Unitrust	4.46%
John Smith	0.78%
Mona Morrison 1994 Trust	3.15%
Debbie Johnson 1994 Trust	8.26%
Deena Johnson 2000 Trust	7.08%
Ora Smith 2006 Trust	2.58%
Michael Smith 2008 Trust	2.58%
Matan Smith 2008 Trust	2.58%
David Morrison 2008 Trust	2.62%
Karen George 2008 Trust	2.62%
Kayla Manson 1993 Trust	1.31%
Shelly Blat 2008 Trust	0.09%
David Blat 2008 Trust	0.09%
Total	**100.00%**

Note: Figures may not add due to rounding.

Within the last five years, there had been several transfers of shares as follows:

1. On December 30, 2005, Susan Johnson transferred all of her shares to the Susan Johnson 1999 Irrevocable Trust.

2. On January 9, 2006, the Trustee of the Susan Johnson 1999 Irrevocable Trust distributed all of its shares to Susan Johnson.

3. On December 21, 2006, the Trustees of The Ora Smith 1993 Trust surrendered its 719.25 shares with the request that same be issued to The Ora Smith 2006 Trust.

4. On April 30, 2008, the Trustee of the Deena Johnson 2000 Trust gifted 250 shares to the Kayla Manson 1993 Trust.

5. The following transfers occurred on June 11, 2008:

Vogue Corporation Stock Transactions June 11, 2008

David Morrison 1993 Trust	729.25	David Morrison 2008 Trust
Karen George 1993 Trust	729.25	Karen George 2008 Trust
Michael Smith 1993 Trust	719.25	Michael Smith 2008 Trust
Matan Smith 1993 Trust	719.25	Matan Smith 2008 Trust
Shelly Blat 1993 Trust	26.25	Shelly Blat 2008 Trust
David Blat 1993 Trust	26.25	David Blat 2008 Trust

6. On December 31, 2008, the Trustee of the Deena Johnson 2000 Trust gifted 75 shares to the Kayla Manson 1993 Trust.

7. On January 1, 2010, Susan Johnson transferred 11,508 shares to the Susan Johnson 2001 Revocable Trust.

TRANSFER OF SHARES

According to Article VII of The Agreement, transfers of shares are permitted to family and trusts for the family's benefit without restrictions. Transfers between shareholders are permitted, but are subject to a right of first refusal by The Company. Transfers of shares to third parties are not permitted.

Separately, shareholders have the right sell up to 10 percent of their interests each year at the book value as of December 31 of the prior year. If the book value of sold shares is less than $2.5 million, The Company may choose to pay for the subject interest over a five-year period. Interests with book value greater than $2.5 million may be paid for over a 10-year period.

POWERS OF THE VOTING TRUST

Section 1.1 of Article I of Exhibit B of The Agreement states:

> 1. Voting Trust.
>
> 1.1 Creation of Voting Trust. JOHN SMITH, JOSEPH GREEN and ROBERT BROWN are hereby appointed as Voting Trustee under the voting trust created by this Agreement. During the term of this Agreement the Voting Trust shall act as voting trustee in respect of the Shares with all the powers, rights and privileges and subject to all the conditions and covenants hereinafter set forth. Any vote by the Voting Trustee requires a majority vote of the two out of three individuals for any action by the Voting Trustee.

This section of The Agreement vests virtually all control of The Company with the Voting Trust.

TERMINATION

The Agreement states that the Shareholders' Agreement shall terminate on the occurrence of any of the following:

(a) Decision of the Voting Trust;
(b) The dissolution of The Company; or
(c) At such time that there is only one remaining shareholder.

THE ECONOMIC OUTLOOK IN GENERAL AND THE CONDITION AND OUTLOOK OF THE SPECIFIC INDUSTRY IN PARTICULAR

Generally, business performance varies in relationship to the economy. Just as a strong economy can improve overall business performance and value, a declining economy can have the opposite effect. Businesses can be affected by global, national, and local events. Changes in regulatory environments, political climate, and market and competitive forces can also have a significant impact on business. For these reasons, it is important to analyze and understand the prevailing economic environment when valuing a closely-held business. Since the appraisal process is a "prophecy of the future," it is imperative that the appraiser review the economic outlook as it would impact the appraisal subject.

NATIONAL ECONOMY

Based on information reviewed during the March 16 Federal Open Market Committee ("FOMC") meeting, the rate of recovery is expected to be moderate over the next two years, reflecting continued loose monetary policy and continued recovery in spending and production.

Available indicators suggested that the labor market might be stabilizing, and consumer spending is continuing to increase. However, consumer sentiment remained relatively low and shows little sign of improvement.

While GDP grew 5.7 percent in the final quarter of 2009, the acceleration in economic activity is largely attributable to the rebuilding of depleted inventories as well as the effects of the massive Federal fiscal stimulus.[1]

Consensus Economics expects that real GDP growth will continue at a moderate rate before accelerating in the middle of 2011. This forecast is presented in Table 2.[2]

TABLE 2
QUARTERLY FORECASTS

	2010				2011			
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
Real Gross Domestic Product*	2.8	3.1	2.8	3.1	2.9	3.2	3.3	3.3
Nominal Gross Domestic Product*	4.4	4.3	4.3	4.6	4.8	4.9	5.1	5.1
Real Disposable Personal Income*	1.5	3.1	2.4	3.1	0.9	2.8	2.9	2.9
Real Personal Consumption*	2.4	2.3	2.4	2.5	2.3	2.6	2.7	2.7
Real Business Investment*	1.0	4.0	5.2	6.7	7.2	8.3	9.3	9.1
Consumer Prices*	1.9	1.5	2.0	1.9	2.2	1.9	2.2	2.2
Unemployment Rate, %	9.8	9.7	9.7	9.6	9.4	9.2	9.1	8.9

* Forecast percent change from prior quarter, seasonally adjusted annual rate.
Source: *Consensus Forecasts-USA,* Consensus Economics Inc., March 2010: 5.

Although the forecast above depicts a positive course, consistent growth at what economists consider a normal level will not be seen until the initial quarters of 2011. Growth in consumer prices is expected to fluctuate before increasing in 2011.

Activity in the housing sector appeared to have flattened out in recent months. Sales of both new and existing homes had declined, while starts of single-family homes were unchanged despite the substantial reduction in inventories of unsold new homes. Some of the recent weakness in sales may have been due to transactions that had been pulled forward in anticipation of the originally scheduled expiration of the tax credit for first-time

[1] Federal Reserve Board, "Minutes of the Federal Open Market Committee," (March 16, 2010) <www.federalreserve.gov/monetarypolicy/files/fomcminutes20100316> (accessed April 27, 2010).

[2] Consensus Forecasts-USA, "Quarterly Forecasts," (March 2010).

home buyers in November 2009; nonetheless, the underlying pace of housing demand likely remained weak.[3]

Over the past year, the major stock indexes have gained over 40 percent and have experienced strong weekly gains. Annual and weekly changes in U.S. stock markets are presented in Table 3.

TABLE 3
CLOSING STOCK MARKET AVERAgES

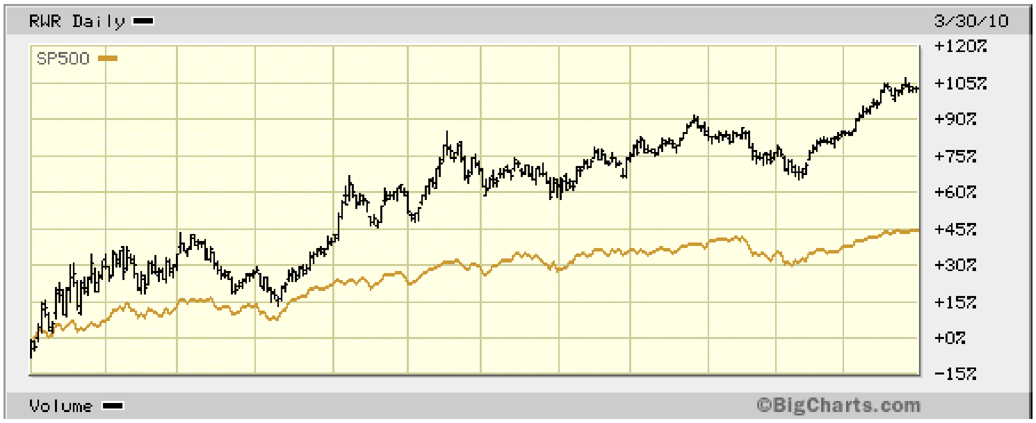
	March 24, 2010	March 31, 2010	% Change 1 Week	% Change 12 Months
Dow Jones Industrial AverAge	10836.15	10856.63	+0.2%	+42.7%
Standard & Poor's 500	1167.72	1169.43	+0.1%	+46.6%
N.Y. Stock Exchange Composite	7408.16	7447.80	+0.5%	+49.6%
NASDAQ Composite	2398.76	2397.96	+0.0%	+56.9%
NASDAQ 100	1951.84	1958.34	+0.3%	+58.3%
American Stock Exchange Index	1875.44	1906.98	+1.7%	+40.3%

Source: *Value Line Investment Survey - Selection & Opinion*, April 9, 2010: 2945.

Following the trend of the broader stock markets, Real Estate Investment Trusts (REITS) recovered somewhat from substantial declines experienced in 2009. The performance of the Dow Jones Wilshire REIT index Against the S&P 500 over a one-year period is presented in Chart 1.

3 Federal Reserve Board, "Minutes of the Federal Open Market Committee," (March 16, 2010) <www.federalreserve.gov/monetarypolicy/files/fomcminutes20100316> (accessed April 27, 2010).

CHART 1
DJ WILSHIRE REIT INDEX VS. S&P 500 OVER ONE-YEAR PERIOD



Source: Bigcharts.com.

In the January 15, 2010 edition of the *Value Line Investment Survey*, Value Line states the following:

> The REIT industry is ranked (58) for year-ahead performance, which is slightly below averAge, relative to the total industries covered by The Value Line Investment Survey. After posting sharp declines in the second half of 2008 and the first half of 2009, many of these stocks have started to recover. Some REITs posted better-than-expected financial results during the September quarter. Moreover, many of the companies in this group have dramatically scaled back their development pipelines, and have been able to address their near-term debt obligations. However, in some cases this has meant reducing dividends and resorting to secondary equity common stock offerings.
>
> Although frustrating for long-term shareholders, these factors have helped lift investor confidence in REITs. Some have recovered sharply in price in the second half of 2009. There are a few that still trade well below their highs, and continue to struggle with large amounts of leverAge and reduced profit expectations. Investors will have to pick and choose among the REITs in this group. As usual, some REIT sectors will probably perform better than others.[4]

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[4] Rosner, Adam, "Real Estate Investment Trusts," The Value Line Investment Survey, Part 3, Ratings and Reports, Issue 8 (January 15, 2010): 1500.

National economic data shows mixed indications of an economic recovery. GDP has been on a positive and moderate course along with consumer spending. Disposable income and sales have also shown a moderately rising trend. The Real Estate Investment Trust industry is also showing significant improvement from a year Ago and investor confidence has lifted. However, the unemployment rate remains high and the housing sector remains weak. Ultimately, it is largely believed that a self-sustaining economic recovery can only be possible with improvements in the job market. Thus, while the U.S. macroeconomic outlook has improved dramatically over the past year, long-term economic recovery remains uncertain.[5]

INDUSTRY

At 16.2 million employees, health care is one of the largest U.S. industries.[6] The Labor Department's Bureau of Labor Statistics projects that the industry will hold 17.5 million new wAge and salary jobs by 2018, more than any other industry. Ten of the 20 fastest growing occupations are health care related.[7]

In 2009, National Health Expenditures ("NHE") were projected to have reached $2.5 trillion and grown 5.7 percent, up from 4.4 percent in 2008. In 2010, NHE growth is expected to decelerate to 3.9 percent. Much of the projected slowdown in NHE growth is attributable to an expected deceleration in Medicare spending growth (1.5 percent in 2010, from 8.1

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5 Enterpise Florida, "Florida Economic Bulletin," (Winter 2010) <http://www.eflorida.com/intelligencecenter/reports/FEB_Wnter_2010.pdf> (accessed April 27, 2010.

6 U.S. Bureau of Labor Statistics, Employment, Hours, and Earnings from the Current Employment Statistics Survey (National) <http://data.bls.gov/pdq/querytool.jsp?survey=cc> (accessed May 31, 2011).

7 U.S. Bureau of Labor Statistics, Career Guide to Industries, 2010-2011, "Health Care"<http://data.bls.gov/cgi-bin/print.pl/oco/cg/cgs035.htm>(accessed April 30, 2010).

percent in 2009) that is driven by a 21.3 percent reduction in Medicare physician payment rates called for under current law's Sustainable Growth Rate (SGR) provisions. As a percentAge of GDP, health care is projected to increase to 17.3 percent in 2010 from 16.2 percent in 2008. NHE forecasts released by the Department of Health and Human Services are presented in Table 4.[8]

TABLE 4
NATIONAL HEALTH EXPENDITURES

	NHE % Change Over Prior Year	NHE As a % of GDP	NHE Per Capita % Change Over Prior Year
2008	4.4%	16.2%	3.5%
2009	5.7%	17.3%	4.8%
2010	3.9%	17.3%	3.0%
2011	5.2%	17.3%	4.3%
2012	5.5%	17.2%	4.5%
2013	6.1%	17.3%	5.2%
2014	6.6%	17.4%	5.7%
2015	6.7%	17.7%	5.8%
2016	7.0%	18.1%	6.1%
2017	6.8%	18.5%	5.9%
2018	6.8%	18.9%	5.9%
2019	6.6%	19.3%	5.8%

Source: Department of Health and Services National Expenditure Projections: 2009-2019, January 2010.

Over the entire projection period, averAge health spending is projected to grow more rapidly than annual growth in the overall economy and inflation. As shown in Table 4, health care spending in the U.S. is expected to comprise 19.3 percent of GDP by 2019, amounting to over $4.4 trillion.[9]

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8 U.S. Department of Health & Human Services, "National Health Expenditure Projections 2009-2019 (January 2010) <http://www.coms.gov/NationalHealthExpendData/downloads/proj 2009.pdf> (accessed May 18, 2010).

9 Ibid.

Nursing and residential care facilities are described as one of seven segments of the health care industry. According to the Bureau of Labor Statistics, these facilities:

> Provide inpatient nursing, rehabilitation, and health-related personal care to those who need continuous nursing care, but do not require hospital services. Nursing aides provide the vast majority of direct care. Other facilities, such as convalescent homes, help patients who need less assistance. Residential care facilities provide around-the-clock social and personal care to children, the elderly, and others who have limited ability to care for themselves. Workers care for residents of assisted-living facilities, alcohol and drug rehabilitation centers, group homes, and halfway houses. Nursing and medical care, however, are not the main functions of establishments providing residential care, as they are in nursing care facilities.[10]

Trends in the number of employees and the number of establishments in the nursing and residential care facility industry are presented in Table 5.

TABLE 5
EMPLOYMENT TRENDS

	Number of Establishments				Number of Employees
	Private	**Local**	**State**	**Federal**	**(Thousands)**
March 2003	61,995	811	952	7	2,777.9
March 2004	63,138	779	986	7	2,806.6
March 2005	63,902	789	979	7	2,842.0
March 2006	65,531	797	957	9	2,877.0
March 2007	66,047	805	975	9	2,934.5
March 2008	67,528	802	999	9	3,000.9
March 2009	68,854	810	979	9	3,066.7
September 2009	67,407	808	961	9	3,099.0

Source: Bureau of Labor Statistics <http://data.bls.gov/cgi-bin/dsrv> (December 2009) (accessed May 4, 2010).

By 2018, employment within this sector is expected to reach approximately 3.64 million.[11] The data in Table 5 indicates that the number of private nursing and residential care

[10] U.S. Bureau of Labor Statistics, Career Guide to Industries.

[11] U.S. Department of Labor, “2008-2018 National Employment Matrix,” <ftp://ftp.bls.gov/pub/special.requests/ep/ind-occ.matrix/ind_pdf/ind_623000.pdf>(accessed May 4, 2010).

facilities grew substantially between March 2003 and September 2009. Total employees within this sector grew comparably over the same period.

A major driver behind the projected growth in health care is the Aging population. The change in the Age distribution of the U.S. population is presented in Table 6.[12]

[12] U.S. Census Bureau, National Population Projections, December 16, 2009 <http://www.census.gov/population/www/projections/files/nation/summary/NP2009-T2-C.xls> (accessed May 31, 2011).

TABLE 6
PROJECTIONS OF THE POPULATION BY SELECTED AgE GROUPS AND SEX FOR THE UNITED STATES: 2010 to 2050
RESIDENT POPULATION AS OF JULY (THOUSANDS)

	2010	2015	2020	2025	2030	2035	2040	2045	2050
BOTH SEXES	**307,907**	**321,085**	**334,123**	**346,655**	**358,407**	**369,339**	**379,551**	**389,200**	**398,528**
Under 18 Years	74,226	76,377	79,080	81,161	82,800	84,185	85,730	87,515	89,350
Under 5 Years	20,909	21,707	22,237	22,567	22,869	23,337	23,926	24,460	24,864
5 to 13 Years	36,605	38,180	39,537	40,708	41,438	41,996	42,713	43,693	44,704
14 to 17 Years	16,712	16,491	17,306	17,887	18,493	18,851	19,092	19,362	19,782
18 to 64 Years	193,558	198,137	200,746	202,416	204,767	209,403	215,047	220,537	224,978
18 to 24 Years	30,333	30,140	29,610	30,907	31,901	32,953	33,636	34,085	34,557
25 to 44 Years	82,510	84,669	87,837	89,722	91,162	92,390	94,096	97,174	99,540
45 to 64 Years	80,715	83,327	83,299	81,786	81,704	84,060	87,314	89,278	90,880
65 Years and Over	40,122	46,571	54,297	63,078	70,840	75,751	78,774	81,148	84,200
85 Years and Over	5,753	6,293	6,591	7,214	8,682	11,321	13,979	16,655	18,567
100 Years and Over	79	105	135	174	207	238	296	405	592

Source: U.S. Census Bureau, Population Division, December 16, 2009.

Based on the data in Table 6, the number of residents Aged 65-years and older is expected to double between 2010 and 2050 and account for 21.1 percent of the total U.S. population. This compares to an estimate of 12.6 percent in 2009. According to the Aging and Disability Resource Center, approximately 2.5 million people enter nursing facilities each year. Of these 2.5 million people, 88 percent are Age 65 and older, while 32 percent are Age 85 and older.[13] As these two Age brackets heavily expand over the long-term, the demand for nursing and residential care facilities should remain strong. Historical nursing home care expenditures and future projections from the Department of Health and Human Services are presented in Table 7.

TABLE 7
NURSING HOME CARE EXPENDITURES

Year	Billions ($)	% Change	% of Total NHE
2004	115.2	N.A.	6.2%
2005	120.7	4.8%	6.1%
2006	125.1	3.7%	5.9%
2007	132.4	5.8%	5.9%
2008	138.4	4.6%	5.9%
2009	144.1	4.1%	5.8%
2010	149.3	3.6%	5.8%
2011	156.2	4.6%	5.8%
2012	163.7	4.8%	5.7%
2013	172.6	5.4%	5.7%
2014	182.7	5.9%	5.7%
2015	193.7	6.0%	5.6%
2016	205.4	6.1%	5.6%
2017	217.8	6.0%	5.5%
2018	231.4	6.2%	5.5%
2019	245.9	6.3%	5.5%

Source: Department of Health and Human Services: National Health Expenditure Projections: 2009-2019, January 2010.

13 Lisa Alecxih,"Candidates for Nursing Home Transition and Diversion," Aging & Disability Resource Center, July 12, 2007,<www.adrc-tae.org/tiki-download_file.php?fileid=26583>(accessed April 30, 2010).

As indicated in the data in Table 7, nursing home care expenditures are expected to experience stable growth into the future, while declining as a percentAge of total national health expenditures.

The number of certified nursing facilities in the United States has been declining steadily in recent years. The number of certified nursing facilities, beds, and patients are shown in Table 8.

TABLE 8
AHCA TREND IN CERTIFIED NURSING FACILITIES, BEDS AND RESIDENTS

	Certified Beds	Patients in Certified Beds	Certified Facilities
2000	1,702,961	1,464,503	16,715
2001	1,695,446	1,456,499	16,554
2002	1,699,647	1,456,586	16,441
2003	1,689,937	1,447,222	16,256
2004	1,681,917	1,438,866	16,066
2005	1,676,413	1,433,435	15,965
2006	1,673,085	1,429,622	15,861
2007	1,671,238	1,420,217	15,772
2008	1,668,895	1,410,902	15,711
2009	1,666,797	1,399,900	15,679

Source: Computed by AHCA R&R department using CMS Nursing Facility OSCAR standard health survey data. American Health Care Association - Reimbursement and Research Department.

Occupancy rates in nursing facilities have also declined steadily in recent years. Median facility occupancy rates for nursing care facilities are presented in Table 9.

TABLE 9
AHCA MEDIAN NURSING FACILITY OCCUPANCY RATE FOR CERTIFIED BEDS

2000	88.0%
2001	88.2%
2002	88.2%
2003	88.4%
2004	88.3%
2005	88.7%
2006	89.0%
2007	88.8%
2008	88.3%
2009	87.5%

Source: Computed by AHCA R&R department using CMS Nursing Facility OSCAR standard health survey data. American Health Care Association - Reimbursement and Research Department.

Nursing home facilities are facing an increased amount of competition from cheaper alternatives such as home and community-based health care. Medicaid, the principal source of funding for long-term nursing facility residents, accounts for about 48 percent of the industry's revenue. The basis of Medicaid reimbursement varies by state, with most states using a cost-based reimbursement system. Some states are actively developing a reimbursement system based on patient acuity. However, Medicaid has historically paid less than the cost of care and, according to analysis conducted by the American Healthcare Association, "75 percent are not keeping up with inflation."

Medicaid spending on nursing home care is expected to grow at an averAge annualized rate of only 3.4 percent in the five years through 2009. According to the AHCA, Nursing Facility Services' share of Long-Term Care Medicaid Expenditure would have fallen from 57 percent in 2000 to 47 percent in 2007 (while the share held by Home and Community Based Waiver Services would rise from 18 to 26 percent). The American Recovery and Reinvestment Act of 2009 included approximately $87 billion in enhanced Medicaid funding to states (with funding ending on December 31, 2010), although the AHCA is concerned that the overwhelming majority of these enhanced funds will be redirected to programs outside of long-term care.[14]

Looking forward, this trend in the growth of community living services will likely continue. A Lake Research Partners poll in June 2009 found that nearly 80 percent of adults (Age 18 and over) were supportive of health care reform if it included improved options for community-based long-term care. This means creating alternatives to nursing home placement, such as day-service programs, home-care aides, meal programs, senior centers and transportation services. Several provisions in the recent health care bill seek to address these concerns[15]

Another major source of income for the industry is derived from Medicare patients. While Medicare does not provide long-term care insurance, the Federal program covers short-term, medically necessary rehabilitation services when a patient meets certain qualifications.[16] Many long-term facilities (including those of Vogue) offer short-term rehabilitation services for patients being discharged from a hospital. Medicare patients are able to select rehabilitation facilities following hospitalization. According to research conducted by RAND Corporation for the Department of Health and Human Services,[17] consumers seem to select nursing homes based on appearance, age and amenities, rather than quality of care, which likely gives newer facilities with higher levels of funding for property improvements a distinct advantage. As was shown earlier in this report, Vogue's averAge rent per bed is lower than its competitors. This is due in some part to the older

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14 Ibisworld, "Nursing Care Facilities in the U.S.:62311," January 25, 2010.

15 Dr. Bruce Chernof, "Healthcare Reform Law Lays Groundwork for New Long-term Care System," McKnights.com (March 31, 2010)<http://www.mcknights.com/healthcare-reform-law-lays-groundwork-for-new-long-term-care-system.html>(accessed May 3, 2010).

16 The Henry Kaiser Family Foundation, "Talking About Medicare: Your Guide to Understanding the Program, 2009," October 2008 <http://www.kff.org/medicare/7067/med_longterm.cfm> (accessed July 25, 2011).

17 RAND Health, "Nursing Home Selection: How Do Consumers Choose?," December 2006, 56 <http://www.rand.org/conent/class/rand/pubs/working_papers/2007/RAND_WR457.1.pdf> (accessed July 25, 2011).

condition of Vogue's facilities. Based on a memorandum regarding a study conducted by Dana Anders of Moore Stephens Lovelace, P.A., a certified public accountants and Management consutling firm, older Florida-based facilities tend to attract lower amounts of Medicare patients and charge a lower level of rent to residents. In general, long-term care facilities generate more consistent and higher levels of revenues on a per patient basis from Medicare than from Medicaid and private funding.

The Nursing Home Transparency Act enhances U.S. families' access to information about the quality of care in nearly 16,000 nursing homes that receive $75 billion a year in Medicare and Medicaid funds and improves the government's ability to ensure quality care and better-trained staff at those facilities. The Independence at Home Act provides home-based coordinated care which will further impact the demand for nursing homes.[18]

In addition to competition from home and community-based health care, nursing care facilities also face competition from private and government facilities. The distribution of nursing facility ownership as of December 2009 is presented in Table 10.

TABLE 10
NURSING FACILITY OWNERSHIP

For Profit	66.7%
Non-Profit	27.2%
Government	6.0%

Source: IBISWorld Industry Report, Nursing Care Facilities, January 25, 2010.

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18 Alzheimer's Foundation of America, "Alzheimer's Foundation of America Hails Significant Provisions for Dementia Community in Health Reform Law," Fox Business (March 23, 2010) <http://www.foxbusiness.com/story/alzheimers-foundation-america-hails-significant-provisions-dementia-community/>(accessed May 3,2010).

While competition in the industry is robust, barriers to entry are moderate, making the industry fairly difficult to enter. There appear to be some economies of scale and scope, allowing larger operators to spread some costs over a larger revenue base and offer a greater range of services. The large number of competitors, including government and non-profit companies, discourage new entrants. Lastly, nursing care facilities are highly regulated. Facilities must be accredited and licensed, and are subject to the regulations of federal, state, and local health agencies, as well as the requirements of municipal building codes, health codes, and fire departments.[19]

While pressures to contain government health expenditures and the growth of alternative services limits the industry's growth somewhat, there are other trends that should promote growth. The reduction in the number of nursing facilities, as mentioned previously, should keep occupancy rates high, promote growth in high-acuity patients, and promote growth in private fees. An aging American population will also be a significant factor promoting demand for nursing home care.[20]

Hospitals are also reducing patient length of stay, and this appears to be resulting in more patients being discharged before fully recovering. In addition, the phase in and implementation of the "75% Rule" on rehabilitation hospitals (a rule requiring that effective July 1, 2007, rehabilitation hospitals have at least 75 percent of their patients prescribed as medically complex patients in order to receive higher Medicare payments) will result in more patients with routine rehabilitative needs receiving care at skilled nursing facilities. These factors will result in skilled nursing care facilities caring for patients requiring more complex care and longer lengths of stay.[21]

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[19] Ibisworld.

[20] Ibid.

[21] Ibid.

Due to greater uncertainties associated with the economy and government-sponsored health programs, acquisitions of long-term care facilities have declined in recent years. According to Irving Levin Associates, Inc. ("ILA"), acquisitions of long-term care facilities have declined from 146 in 2006 to 90 in 2009, with the decline slowing in 2009. However, the dollar value of acquisitions increased significantly in 2009, suggesting that the industry may have bottomed in 2008. Furthermore, the average price per bed increased from 2008 to 2009.[22]

Notably, ILA identifies a number of factors that may affect transactions of long-term care facilities in 2009, including size, age and location. The ILA report indicates that the largest percentage of transactions (55 percent) involved facilities between 20 and 40 years old, while 37 percent of transactions involved facilities older than 40 years. The highest price per bed was paid for facilities in the Northeast, followed by the West and Southeast. Finally, approximately 75 percent of transactions involved facilities with between 80 and 180 beds.[23]

Under the current economic climate, the demand for nursing care facilities as investment properties could potentially increase as investors seek safe low risk investments. Health care REITS are described as follows:

> Health care REITs build, acquire and lease specialty buildings such as hospitals, nursing homes, medical buildings and assisted-living facilities. The REIT sector is fairly immune to recession, although they are largely dependent upon the financial health of the lessee which, in turn, rely on the medical reimbursements provided by the U.S. Government. Federal changes in health policy would obviously have a significant affect on health care REITs.[24]

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22 Irving Levin Associates, Inc., *The Senior Care Acquisition Report, Fifteenth Edition 2010*, 2010:2-3.

23 Ibid.: 14-15, 19.

24 About.com: Investing for Beginners, :"REITS," <beginnersinvest.about.com/od/reit/a/aa/101404_4.htm?p=1>(accessed April 30, 2010)

Historical total returns from the various classes of REITs are presented in Table 11.[25]

TABLE 11
ANNUAL PRICE AND TOTAL RETURNS BY PROPERTY SECTOR AND SUBSECTOR
(RETURNS IN PERCENT, 1994-2009)

	2004		2005		2006		2007		2008		2009	
All REIT Index	**Price**	**Total**	**Price**	**Total**	**Price**	**Total**	**Price**	**Total**	**Price**	**Total**	**Price**	**Total**
Industrial/Office	18.42	25.24	6.71	12.85	34.06	39.39	-18.17	-14.86	-53.02	-50.28	21.40	29.17
Office	16.22	23.28	6.76	13.11	39.76	45.22	-22.01	-18.96	-44.02	-41.07	28.04	35.55
Industrial	27.78	34.09	9.26	15.42	24.46	28.92	-3.17	0.38	-69.38	-67.47	4.84	12.17
Mixed	12.99	19.59	-0.12	7.40	22.07	28.27	-36.66	-33.09	-39.27	-33.99	25.34	34.90
Retail	33.23	40.23	6.60	11.80	24.00	29.01	-18.97	-15.77	-51.28	-48.36	21.57	27.17
Shopping Centers	29.63	36.25	3.59	9.27	29.73	34.87	-20.98	-17.68	-42.23	-38.84	-7.44	-1.66
Regional Malls	16.22	45.01	11.76	16.54	19.19	23.83	-18.80	-15.85	-62.79	-60.60	59.53	62.99
Free Standing	26.02	32.87	-5.44	-0.49	21.13	30.74	-5.26	-0.43	-20.32	-15.09	16.15	25.93
Residential	24.09	32.72	8.28	13.67	33.81	38.93	-28.08	-25.21	-29.08	-24.89	22.81	30.82
Apartments	26.50	34.72	9.09	14.62	34.76	39.95	-28.30	-25.43	-29.33	-25.13	22.37	30.40
Manufactured Homes	-8.40	6.40	-6.05	-2.58	11.57	15.34	-22.24	-19.34	-24.06	-20.18	33.33	40.92
Diversified	20.40	29.18	-1.17	4.75	32.11	38.03	-25.40	-22.29	-31.84	-28.25	12.77	17.02
Lodging/Resorts	28.43	32.16	5.61	9.49	22.75	28.17	-25.98	-22.37	-62.72	-59.67	64.53	67.19
Health Care	14.01	21.67	-4.63	1.77	35.80	44.55	-3.47	2.13	-17.06	-11.98	15.76	24.62
Mortgage	7.92	18.43	-30.88	-23.19	8.44	19.32	-47.69	-42.35	-40.46	-31.31	8.25	24.63
Home Financing	12.88	24.91	-33.94	-25.95	3.87	14.75	-43.41	-38.23	-30.25	-20.02	11.18	28.19
Commercial Financing	-0.09	7.45	-22.82	-16.06	19.61	30.31	-54.29	-48.79	-78.24	-74.84	-46.15	-40.99
Self Storage	24.03	29.40	21.98	26.55	36.66	40.95	-27.16	-24.82	1.44	5.05	4.44	8.37
Specialty	20.65	26.85	5.93	10.44	15.29	23.56	9.89	14.56	-29.07	-25.70	24.26	31.46

Source: REIT.com.

As shown in Table 11, health care REITs experienced a smaller decline in total returns in 2008 as compared to other industry REITs. In addition, health care REITs experienced substantial improvement in returns in 2009.

[25] REIT.com, "Annual Price and Total Returns by Property Sector and Subsector: Returns in Percent, 1994-2009,"<http://www.reit.com/tabid/211/Default.aspx>(accessed April 30, 2010).

Value Line attributes the stability of health care REITs in comparison to the broader weak REIT industry to the fact that these companies are benefitting from a stable operating environment. They go on to state that health care REITs will also likely benefit from an improved acquisition market.[26]

One of the most critical components that will be affected by health care reform is government reimbursement programs. Medicare and Medicaid payments account for a large amount of revenue for health care REITs. If operators are not sufficiently reimbursed, they are not able to pay rent to the health care REITs that own facilities.[27] Thus, the major cuts to Medicare will adversely impact nursing care facilities and health care REITs as a whole. According to the Congressional Research Service, Medicare payments to skilled nursing facilities for 2010 will be decreased by 1.1 percent ($360 million) from 2009. Some individual providers could experience larger decreases in payments than others due to case-mix utilization.[28] Gross cuts in projected payments to insurers, hospitals, nursing homes, and other service providers total $533 billion over 10 years, according to a preliminary analysis by the Kaiser Family Foundation. About $100 billion will be allocated to Medicare, leaving a net cut of $428 billion. Medicare spending will continue to grow under the law, just not as fast. Although the new law improves the lot of many Medicare beneficiaries, it is likely that broad cuts in projected Medicare payments to insurance plans, hospitals, nursing homes and other service providers will adversely affect the industry.[29]

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26 *The Value Line Investment Survey*: 1512.

27 Ibisworld.

28 National Conference of State Legislatures, “Medicare programs Changes in Senate-Passed H.R. 3590,”<http://www.ncsl.org/documents/health/MCprogChgs.pdf>(accessed April 30, 2010).

29 Washington, “Seniors Anxious Over Health Care Overhaul,” CBS News (March 31, 2010)<http://www.cbsnews.com/stories/2010/03/31/politics/main6351279.shtml> (accessed May 3, 2010)

SUMMARY AND OUTLOOK

The prospects for the nursing care facility industry are mixed. Demand for these facilities is expected to increase as baby boomers age and health care expenditures continue to rise. Given their historical stability, health care REITs have earned a reputation among risk-averse investors as safe and strong investments. In addition, transaction activity seems to have improved in 2009 relative to 2008. Most acquisition activity involved facilities that are newer than those of Vogue, but similar in size. Demand for investments in long-term care facilities is also expected to be higher within the next decade as more people obtain health insurance. However, future growth is threatened by the rise in popularity of alternative services and recent government efforts to promote these cheaper services through various legislation. Major cuts in projected Medicare payments are expected to have an adverse effect on the industry in the coming years and may have a negative impact on the profitability of nursing care facilities.

THE BOOK VALUE OF THE STOCK AND THE FINANCIAL CONDITION OF THE BUSINESS

A financial analysis of The Company was performed utilizing the historical balance sheets and income statements that appear as Schedules 1 through 4 at the end of this report.

Vogue's assets increased from $67.5 million at December 31, 2005 to $81.1 million at December 31, 2009. In 2008, The Company's assets declined to $69.1 million due to a $10.7 million loss in the value of an investment. At March 31, 2010, total assets declined to $48.7 million as the result of a $35.0 million dividend issued to shareholders, which was funded with cash.

The largest component of Vogue's asset base is current assets, which fluctuated in the same manner as total assets over the period analyzed. Other current assets primarily include accounts receivable and loans to related parties. The related party loans range in maturity and interest, but are considered to be performing. The vast majority of cash, investments and related party receivables are not necessary to The Company's real estate operations. Thus, these assets will be removed from Vogue's balance sheet and treated separately from The Company's primary operations.

Vogue's net fixed assets increased from $15.3 million at December 31, 2005 to $18.9 million at March 31, 2010. The Company completed the renovation of its City, Florida facility in 2009, resulting in the higher level of net fixed assets at the valuation date.

Other assets were stable over the historical period analyzed and consisted primarily of an investment in a real estate partnership.

Overall, Vogue carried minimal liabilities in relation to its assets. Current liabilities generally fluctuated around approximately $500,000 and amounted to $596,719 at March 31, 2010.

The Company had no long-term liabilities as of the valuation date, and over the preceding five years, long-term liabilities, made up of customer deposits, amounted to $27,100. Total liabilities remained below $1 million over the years analyzed.

Vogue is financed almost entirely through stockholders' equity. As a result, stockholders equity followed a similar trend as The Company's total assets; increasing in 2005 through 2007 and in 2009, while declining in 2008 and 2010. In total, stockholders' equity amounted to $45.1 million at March 31, 2010.

Overall, The Company's balance sheet is very strong. Vogue employs very little debt and The Company's ample cash and marketable securities' balances can easily cover its liabilities. Vogue has been able to grow its assets considerably over the period analyzed, and since The Company uses so little leverage, stockholders' equity has grown at a substantial rate. However, at March 31, 2010, The Company's total assets and stockholders' equity had declined approximately 40 percent due to a large shareholder distribution. Despite this, The Company's balance sheet remained strong.

Before a meaningful analysis can be completed, certain normalization adjustments to the balance sheet were required. The process of normalization is intended to reflect The Company's financial statements on an economic level; to reflect those items that a willing buyer would expect to see as a result of normal operations.

We started the normalization process by analyzing the balance sheet. This process is reflected in Table 12.

TABLE 12
BALANCE SHEET ADJUSTMENTS

	December 2005	Adjustments	Adjusted 2005	December 2006	Adjustments	Adjusted 2006	December 2007	Adjustments	Adjusted 2007	December 2008	Adjustments	Adjusted 2008	December 2009	Adjustments	Adjusted 2009
Current Assets															
Cash[1]	$ 23,682,393	$ (23,304,661)	$ 377,732	$ 27,521,645	$ (27,094,699)	$ 426,946	$ 27,087,253	$ (26,657,386)	$ 429,867	$ 28,404,942	$ (27,970,378)	$ 434,564	$ 36,496,943	$ (36,049,619)	$ 447,324
Marketable Securities[1]	15,634,493	(15,634,493)	-	23,031,222	(23,031,222)	-	24,750,576	(24,750,576)	-	11,106,853	(11,106,853)	-	8,494,396	(8,494,396)	-
Accounts Receivable	427,558		427,558	340,084		340,084	406,813		406,813	672,676		672,676	1,275,911		1,275,911
Accrued Interest Receivable[1]	1,065	(1,065)	-	9,132	(9,132)	-	866	(866)	-	762	(762)	-	7,913	(7,913)	-
Stockholder Loans[2]	1,080,000	(1,080,000)	-	460,000	(460,000)	-	350,000	(350,000)	-	350,000	(350,000)	-	1,036,931	(1,036,931)	-
Miscellaneous Receivables	-	-	-	-	-	-	-	-	-	-	-	-	26,831	(26,831)	-
Mortgage and Real Estate Loans[1]	703,173	(703,173)	-	665,789	(665,789)	-	623,916	(623,916)	-	577,016	(577,016)	-	524,485	(524,485)	-
Notes and Bonds[1]	25,000	(25,000)	-	25,000	(25,000)	-	25,000	(25,000)	-	25,000	(25,000)	-	25,000	(25,000)	-
Partnerships[1]	7,813,175	(7,813,175)	-	6,626,868	(6,626,868)	-	8,383,532	(8,383,532)	-	9,692,929	(9,692,929)	-	11,533,689	(11,533,689)	-
Total Current Assets	$ 49,366,857	$ (48,561,567)	$ 805,290	$ 58,679,740	$ (57,912,710)	$ 767,030	$ 61,627,956	$ (60,791,276)	$ 836,680	$ 50,830,178	$ (49,722,938)	$ 1,107,240	$ 59,422,099	$ (57,698,864)	$ 1,723,235
Fixed Assets															
Land[3]	$ 2,805,867	$ -	$ 2,805,867	$ 2,805,867	$ -	$ 2,805,867	$ 2,805,867	$ -	$ 2,805,867	$ 2,805,867	$ -	$ 2,805,867	$ 2,805,867	$ -	$ 2,805,867
Building & Improvements	32,937,555	-	32,937,555	34,734,004	-	34,734,004	34,734,894	-	34,734,894	32,368,645	-	32,368,645	32,689,010	-	32,689,010
Construction in Progress	1,629,312	-	1,629,312	147,947	-	147,947	2,310,412	-	2,310,412	2,720,577	-	2,720,577	6,629,845	-	6,629,845
Other Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Fixed Assets	$ 37,372,734	$ -	$ 37,372,734	$ 37,687,818	$ -	$ 37,687,818	$ 39,851,173	$ -	$ 39,851,173	$ 37,895,089	$ -	$ 37,895,089	$ 42,124,722	$ -	$ 42,124,722
Accumulated Depreciation	22,117,709	-	22,117,709	23,083,209	-	23,083,209	23,949,621	- -	23,949,621	22,415,380	-	22,415,380	23,251,822	-	23,251,822
Net Fixed Assets	$ 15,255,025	$ -	$ 15,255,025	$ 14,604,609	$ -	$ 14,604,609	$ 15,901,552	$ -	$ 15,901,552	$ 15,479,709	$ -	$ 15,479,709	$ 18,872,900	$ -	$ 18,872,900
Other Assets															
Intangible Assets (Net)	$ 77,736	$ (77,736)	$ -	$ 32,406	$ (32,406)	$ -	$ 13,984	$ (13,984)	$ -	$ 9,297	$ (9,297)	$ -	$ 4,609	$ (4,609)	$ -
Security Deposits	7,020	-	7,020	7,020	-	7,020	7,020	-	7,020	(20,080)	-	(20,080)	9,920	-	9,920
Excess Cost of Subsidiary	2,788,353	(2,788,353)	-	2,788,353	(2,788,353)	-	2,788,353	(2,788,353)	-	2,788,353	(2,788,353)	-	2,788,353	(2,788,353)	-
Other Assets	-	-	-	(20)	-	(20)	(8)	-	(8)	-	-	-	-	-	-
Total Other Assets	$ 2,873,109	$ (2,866,089)	$ 7,020	$ 2,827,759	$ (2,820,759)	$ 7,000	$ 2,809,349	$ (2,802,337)	$ 7,012	$ 2,777,570	$ (2,797,650)	$ (20,080)	$ 2,802,882	$ (2,792,962)	$ 9,920
TOTAL ASSETS	**$ 67,494,991**	**$ (51,427,656)**	**$ 16,067,335**	**$ 76,112,108**	**$ (60,733,469)**	**$ 15,378,639**	**$ 80,338,857**	**$ (63,593,613)**	**$ 16,745,244**	**$ 69,087,457**	**$ (52,520,588)**	**$ 16,566,869**	**$ 81,097,881**	**$ (60,491,826)**	**$ 20,606,055**
Current Liabilities															
Accounts Payable	$ 546,147	$ -	$ 546,147	$ 165,494	$ -	$ 165,494	$ 197,872	$ -	$ 197,872	$ 114,491	$ -	$ 114,491	$ 140,200	$ -	$ 140,200
Accrued Expenses	389,490	-	389,490	507,112	-	507,112	291,400	-	291,400	224,487	-	224,487	360,408	-	360,408
Sales Taxes Payable	127	-	127	127	-	127	127	-	127	127	-	127	127	-	127
Income Taxes Payable	9,960	-	9,960	1,595	-	1,595	19,757	-	19,757	-	-	-	-	-	-
Total Current Liabilities	$ 945,724	$ -	$ 945,724	$ 674,328	$ -	$ 674,328	$ 509,156	$ -	$ 509,156	$ 339,105	$ -	$ 339,105	$ 500,735	$ -	$ 500,735
Total Long-Term Liabilities	$ 27,100	$ -	$ 27,100	$ 27,100	$ -	$ 27,100	$ 27,100	$ -	$ 27,100	$ -	$ -	$ -	$ 27,100	$ -	$ 27,100
Total Liabilities	$ 972,824	$ -	$ 972,824	$ 701,428	$ -	$ 701,428	$ 536,256	$ -	$ 536,256	$ 339,105	$ -	$ 339,105	$ 527,835	$ -	$ 527,835
Stockholders' Equity															
Common Stock	$ 2,783	$ -	$ 2,783	$ 2,783	$ -	$ 2,783	$ 2,783	$ -	$ 2,783	$ 2,783	$ -	$ 2,783	$ 2,783	$ -	$ 2,783
Paid - In Capital	3,073,993	-	3,073,993	3,073,993	-	3,073,993	3,073,993	-	3,073,993	3,073,993	-	3,073,993	3,073,993	-	3,073,993
Retained Earnings	63,445,391	(51,427,656)	12,017,735	72,333,904	(60,733,469)	11,600,435	76,725,825	(63,593,613)	13,132,212	65,671,576	(52,520,588)	13,150,988	77,493,270	(60,491,826)	17,001,444
Total Stockholders' Equity	$ 66,522,167	$ (51,427,656)	$ 15,094,511	$ 75,410,680	$ (60,733,469)	$ 14,677,211	$ 79,802,601	$ (63,593,613)	$ 16,208,988	$ 68,748,352	$ (52,520,588)	$ 16,227,764	$ 80,570,046	$ (60,491,826)	$ 20,078,220
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 67,494,991**	**$ (51,427,656)**	**$ 16,067,335**	**$ 76,112,108**	**$ (60,733,469)**	**$ 15,378,639**	**$ 80,338,857**	**$ (63,593,613)**	**$ 16,745,244**	**$ 69,087,457**	**$ (52,520,588)**	**$ 16,566,869**	**$ 81,097,881**	**$ (60,491,826)**	**$ 20,606,055**

1. Vogue holds substantial investment in cash, marketable securities and equity interests in privately-held securities. All marketable securities and partnership investments have been removed as non-operating. A minor amount of cash was separated from total cash to reflect The Company's operational cash needs. We assumed that Vogue would hold enough cash to cover 60 days of expenses. The remainder was treated as excess. The non-operating assets will be valued separately from the entity's operations at the end of the valuation.

2. The Company had a number of loans receivable from related parties over the historical period observed. These loans are not a part of The Company's operations. To improve the comparability of Vogue to publicly-traded alternative investments, we removed the related party loans from the balance sheet and will account for their value at the end of the valuation.

3. The Company capitalized various development and other costs on its balance sheet. These capitalized expenses have no realizable value and have been removed from the balance sheet. In addition, value paid in excess of the net assets of subsidiaries has been removed as if it has any value, it will be accounted for through the application of a market and income approach and through the appraisal value of The Company's real estate.

After making normalization adjustments to the balance sheet, we have restated it and it is shown in Table 13.

TABLE 13
ADJUSTED BALANCE SHEET
AS OF DECEMBER 31,

	2005	2006	2007	2008	2009
Current Assets					
Cash	$ 377,732	$ 426,946	$ 429,867	$ 434,564	$ 447,324
Accounts Receivable	427,558	340,084	406,813	672,676	1,275,911
Total Current Assets	$ 805,290	$ 767,030	$ 836,680	$ 1,107,240	$ 1,723,235
Fixed Assets					
Land	$ 2,805,867	$ 2,805,867	$ 2,805,867	$ 2,805,867	$ 2,805,867
Building & Improvements	32,937,555	34,734,004	34,734,894	32,368,645	32,689,010
Construction in Progress	1,629,312	147,947	2,310,412	2,720,577	6,629,845
Gross Fixed Assets	$ 37,372,734	$ 37,687,818	$ 39,851,173	$ 37,895,089	$ 42,124,722
Accumulated Depreciation	22,117,709	23,083,209	23,949,621	22,415,380	23,251,822
Net Fixed Assets	$ 15,255,025	$ 14,604,609	$ 15,901,552	$ 15,479,709	$ 18,872,900
Total Other Assets	$ 7,020	$ 7,000	$ 7,012	$ (20,080)	$ 9,920
TOTAL ASSETS	**$ 16,067,335**	**$ 15,378,639**	**$ 16,745,244**	**$ 16,566,869**	**$ 20,606,055**
Current Liabilities					
Accounts Payable	$ 546,147	$ 165,494	$ 197,872	$ 114,491	$ 140,200
Accrued Expenses	389,490	507,112	291,400	224,487	360,408
Sales Taxes Payable	127	127	127	127	127
Income Taxes Payable	9,960	1,595	19,757	-	-
Total Current Liabilities	$ 945,724	$ 674,328	$ 509,156	$ 339,105	$ 500,735
Total Long-Term Liabilities	27,100	27,100	27,100	-	27,100
Total Liabilities	$ 972,824	$ 701,428	$ 536,256	$ 339,105	$ 527,835
Stockholders' Equity					
Common Stock	$ 2,783	$ 2,783	$ 2,783	$ 2,783	$ 2,783
Paid - In Capital	3,073,993	3,073,993	3,073,993	3,073,993	3,073,993
Retained Earnings	12,017,735	11,600,435	13,132,212	13,150,988	17,001,444
Total Stockholders' Equity	$ 15,094,511	$ 14,677,211	$ 16,208,988	$ 16,227,764	$ 20,078,220
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 16,067,335**	**$ 15,378,639**	**$ 16,745,244**	**$ 16,566,869**	**$ 20,606,055**

The adjusted balance sheet reflects a more normal level of assets for the operating business. The adjusted book value is $20.1 million at December 31, 2009.

A financial analysis tool used to look at a company's financial picture is common size financial statements. A common size balance sheet depicts each item on the balance sheet as a percentage of total assets. Common size statements are used to look at trends in a company's financial position, as well as to compare the company with industry data. This is also a useful tool to compare companies of different sizes.

In order to compare Vogue to industry data, we had to determine the appropriate Standard Industrial Classification (SIC) code for The Company. A description of The Company and the services it provides was included in an earlier section of this report. Based on this description, we determined that The Company is best described by SIC code 6512 which is described as follows:

6512 Operators of Non-Residential Buildings

Establishments primarily engaged in the operation of non-residential buildings.

- Bank buildings, operation of
- Insurance buildings, operation of
- Lessors of piers, docks, and associated buildings and facilities
- Operators of commercial and industrial buildings
- Operators of non-residential buildings
- Retail establishments, property operation only
- Shopping centers, property operation only
- Theater buildings (ownership and operation)

We were able to locate benchmarking data for companies in SIC code 6512 with sales between $10 million and $24.99 million from Integra Information, Inc. However, based on our review of the data, comparison to Vogue would not be meaningful. As shown above, SIC code 6512 includes companies that operate a wide range of properties, ranging from piers and docks to shopping centers and theaters. These different property types can result in differences in the operating results and financial structures of these companies. Additionally, the companies in SIC code 6512 use a variety of lease and rental agreements. Differences in leases can also have a considerable impact on financial structures. As a result, few, if any, reasonable conclusions could be drawn from the benchmarking data for SIC code 6512.

While we felt that SIC code 6512 best described The Company, we also felt that SIC code 6798 included companies that were similar to Vogue. This SIC code is described as follows:

> **6798 Real Estate Investment Trusts**
>
> Establishments primarily engAged in closed-end investments in real estate or related mortgage assets operating so that they could meet the requirements of the Real Estate Investment Trust Act of 1960 as amended. This act exempts trusts from corporate income and capital gains taxation, provided they invest primarily in specified assets, pay out most of their income to shareholders, and meet certain requirements regarding the dispersion of trust ownership.
>
> - Mortgage investment trusts
> - Mortgage trusts
> - Real estate investment trusts (REITs)
> - Realty investment trusts
> - Realty trusts

Many of the real estate investment trusts ("REITs") in SIC code 6798 own and lease real estate properties. Additionally, REITs are pass-through entities that generally do not pay corporate level taxes, which is similar to Vogue. For these reasons, we felt that REITs could also provide guidance and benchmarking data. However, we were unable to locate any benchmarking data for this SIC code. Therefore, Vogue's common size balance sheet which is presented in Table 14 does not include comparative data. However, in a later section of this report, a comparison between Vogue's financial performance and similar public companies will be made.

TABLE 14
ADJUSTED COMMON SIZE BALANCE SHEET
AS OF DECEMBER 31,

	2005	2006	2007	2008	2009
Current Assets					
Cash	2.35%	2.78%	2.57%	2.62%	2.17%
Accounts Receivable	2.66%	2.21%	2.43%	4.06%	6.19%
Total Current Assets	5.01%	4.99%	5.00%	6.68%	8.36%
Fixed Assets					
Land	17.46%	18.25%	16.76%	16.94%	13.62%
Building & Improvements	205.00%	225.86%	207.43%	195.38%	158.64%
Construction in Progress	10.14%	0.96%	13.80%	16.42%	32.17%
Gross Fixed Assets	232.60%	245.07%	237.99%	228.74%	204.43%
Accumulated Depreciation	137.66%	150.10%	143.02%	135.30%	112.84%
Net Fixed Assets	94.94%	94.97%	94.96%	93.44%	91.59%
Total Other Assets	0.04%	0.05%	0.04%	-0.12%	0.05%
TOTAL ASSETS	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Current Liabilities					
Accounts Payable	3.40%	1.08%	1.18%	0.69%	0.68%
Accrued Expenses	2.42%	3.30%	1.74%	1.36%	1.75%
Income Taxes Payable	0.06%	0.01%	0.12%	0.00%	0.00%
Total Current Liabilities	5.89%	4.38%	3.04%	2.05%	2.43%
Total Long-Term Liabilities	0.17%	0.18%	0.16%	0.00%	0.13%
Total Liabilities	6.05%	4.56%	3.20%	2.05%	2.56%
Stockholders' Equity					
Common Stock	0.02%	0.02%	0.02%	0.02%	0.01%
Paid - In Capital	19.13%	19.99%	18.36%	18.56%	14.92%
Retained Earnings	74.80%	75.43%	78.42%	79.38%	82.51%
Total Stockholders' Equity	93.95%	95.44%	96.80%	97.95%	97.44%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Note: Figures may not add due to rounding.

Based on the data in Table 14, accounts receivable increased over the period from 2.7 percent of total assets at December 31, 2005 to 6.2 percent at December 31, 2009. Total adjusted current assets increased over the period to 8.4 percent of total assets.

Fixed assets comprise the majority of total assets, declining from 94.9 percent of total assets at December 31, 2005 to 91.6 percent at December 31, 2009. Other assets were minimal during the period analyzed.

Vogue's liabilities were minimal between December 31, 2005 and 2009 and primarily consisted of accrued expenses. As noted previously, Vogue has funded its assets almost entirely through equity financing. At December 31, 2009, equity comprised 97.4 percent of total liabilities and equity.

An analysis of Vogue's historical income statements show that Vogue's revenues have been fairly stable between 2005 and 2009. The Company experienced a small revenue decline in 2009 as result of the loss of the tenant at the City, Florida property. Despite losing a tenant, Vogue suffered a minor 1.4 percent decline in its leasing revenues in 2009. Following the completion of renovations to the City property the same year, The Company replaced the lost tenant and expects a modest increase in revenues in 2010. Lease revenues make up most of The Company's revenues. These leases tend to be long-term contracts with lease payment increases written into the contract, resulting in stable revenues.

Operating expenses increased over the period analyzed to $2.7 million in 2009. Depreciation of The Company's real estate and officers' compensation represent Vogue's largest operating expense items. The Company's operating expenses reveal that Vogue records bad debt expense on occasion.

Vogue's other income has fluctuated considerably over the period analyzed. Other income spiked in 2006 and 2007 due to higher interest and dividend income, and gains on sales of assets. Other income declined in 2008 and 2009 as a result of declines in the economy and capital markets. Other income rose as the economy and markets performed well, but as the economy and markets declined recently, other income has also fallen. Total other expenses were generally minor with the exception of large losses on the sales of various instruments in 2008 and 2009. These losses were related to market declines in those years. All other income and expenses are related to Vogue's non-operating investments.

Vogue's net income fluctuated over the period analyzed, increasing to $12.2 million in 2007 then declining to $5.8 million in 2009. The fluctuations in Vogue's net income are due almost entirely to changes in The Company's other income, as The Company's revenues and operating expenses have been stable.

In order to analyze Vogue's operations, we normalized the income statement. The term normalization has changed in the recent past in the valuation literature. Z. Christopher Mercer, ASA, CFA distinguishes between different types of "normalization" adjustments from the literature published previously. Mercer takes what used to be grouped as "normalization adjustments" and divides these adjustments into "normalizing adjustments" and "control adjustments." He distinguishes between these two types of adjustments as follows:

> 1. With normalizing adjustments, we attempt to adjust private company earnings to a reasonably well-run, public company equivalent basis. Normalizing adjustments can be further divided into two types to facilitate discussion and understanding. Normalization adjustments are *not* control adjustments.
>
> 2. Control adjustments adjust private company earnings 1) for the economies or efficiencies of the *typical financial buyer;* and 2) for synergies or strategies of *particular buyers.* Control adjustments can therefore also be divided into two types.[30]

Further, Mercer states that

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[30] Mercer, Z. Christopher ASA, CFA, *The Integrated Theory of Business Valuation*, Peabody Publishing, LP, 2004: 146.

> Normalizing adjustments adjust the income statement of a private company to show the prospective purchaser the return from normal operations of the business and reveal a 'public equivalent' income stream. If such adjustments were not made, something other than a freely traded value indication of value would be developed by capitalizing the derived earnings stream.[31]

This process appears in Table 15.

TABLE 15
NORMALIZATION OF INCOME

	December 31,				
	2005	**2006**	**2007**	**2008**	**2009**
Historic Net Income (Schedule 2)	$ 9,630,633	$ 11,978,772	$ 12,223,611	$ 4,666,820	$ 5,803,260
Adjustments					
Real Estate Partnership Income[1]	(204,912)	(213,746)	(224,623)	(207,273)	(206,115)
Investment Interest Expense[2]	-	9,731	78,227	103,311	19,347
Amortization Expense[3]	37,574	37,573	18,423	4,688	4,688
Officers' Compensation - Addback[4]	-	-	-	-	187,295
Non-Recurring Bad Debt Expense[5]	-	75,056	-	-	-
Reorganization Expense[6]	285,999	-	-	41,789	-
Other Income[2]	(1,708,269)	(3,846,899)	(4,086,169)	(1,430,884)	(1,023,986)
Other Expenses[2]	312,104	210,646	410,247	5,312,821	3,470,479
ADJUSTED HISTORIC NET INCOME	**$ 8,353,129**	**$ 8,251,133**	**$ 8,419,716**	**$ 8,491,272**	**$ 8,254,968**

1. The Company records real estate partnership income as revenue on its income statement. This income is pass-through income from investments and was removed due to its non-operating nature.

2. Income and expenses associated with The Company's non-operating assets have been removed from the income statement as their values will be accounted for separately at the end of the valuation.

31 Ibid: 149 (Valuation analyst's note for clarification: The reference to "capitalizing the derived earnings stream" would also apply to discounting a future benefit stream, whether cash flow or earnings, since the capitalization model is a shortcut that is derived from a discounting model).

3. Since intangible assets were removed from the balance sheet, we also removed the associated amortization expense.

4. Susan Johnson, Vogue's long-time president, stepped down in 2009 and her responsibilities were taken over by Zelda and Matan Smith. Officers' compensation included salaries to Susan Johnson, as well as Zelda and Matan Smith. Since Ms. Johnson's salary will not continue going forward and her duties were reduced in 2009, we made an adjustment of $187,295 in 2009 for her compensation.

   Compensation for Vogue's other officers has been deemed reasonable relative to comparable data from REITs and lessors of non-residential buildings.

5. The Company incurred bad debt expense in 2006. This expense was associated with non-paying tenants. Since this has not been a normal expense due to the nature of Vogue's tenants, we have removed this non-recurring expense.

6. Vogue incurred reorganization costs in 2005 and 2008. These appear to be non-recurring and have been removed from the income statement.

The Company's adjusted income statement is presented in Table 16.

TABLE 16
ADJUSTED INCOME STATEMENT
FOR THE

	Years Ended December 31,				
	2005	**2006**	**2007**	**2008**	**2009**
Total Revenues	$ 10,651,001	$ 10,848,389	$ 11,034,743	$ 11,134,872	$ 10,976,190
Total Operating Expenses	2,297,872	2,597,256	2,615,027	2,643,600	2,721,222
NET INCOME	**$ 8,353,129**	**$ 8,251,133**	**$ 8,419,716**	**$ 8,491,272**	**$ 8,254,968**

Note: Figures may not add due to rounding.

As can be seen above, Vogue has generated stable levels of operating revenues and net income. The Company's adjusted common size income statement is presented in Table 17.

TABLE 17
ADJUSTED COMMON SIZE INCOME STATEMENT
FOR THE YEARS ENDED

	December 31,				
	2005	**2006**	**2007**	**2008**	**2009**
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%
Total Operating Expenses	21.57%	23.94%	23.70%	23.74%	24.79%
NET INCOME	**78.43%**	**76.06%**	**76.30%**	**76.26%**	**75.21%**

Note: Figures may not add due to rounding.

The data in Table 16 shows that profitability has been relatively consistent between 2005 and 2009. Vogue's operations generated over 75 percent profit margins over the period analyzed.

The next step in the analysis is a discussion of The Company's financial ratios. These are presented in Table 18.

TABLE 18
FINANCIAL RATIOS

	December 31,				
	2005	**2006**	**2007**	**2008**	**2009**
LIQUIDITY / SOLVENCY					
Quick Ratio	0.85	1.14	1.64	3.27	3.44
Current Ratio	0.85	1.14	1.64	3.27	3.44
Days Accounts Receivables Outstanding	26.72	12.91	12.35	17.69	32.40

TABLE 18
FINANCIAL RATIOS

	December 31, 2005	2006	2007	2008	2009
TURNOVER					
Receivables Turnover	13.66	28.26	29.55	20.63	11.27
Cash Turnover	28.21	26.96	25.76	25.76	24.89
Current Asset Turnover	9.20	13.80	13.76	11.46	7.76
Fixed Asset Turnover	0.71	0.73	0.72	0.71	0.64
Total Asset Turnover	0.66	0.69	0.69	0.67	0.59
SG&A to Cash	6.09	6.46	6.10	6.12	6.17
DEBT					
Total Liabilities to Total Assets	0.06	0.05	0.03	0.02	0.03
Total Liabilities to Equity	0.06	0.05	0.03	0.02	0.03
Total Assets to Equity	1.06	1.05	1.03	1.02	1.03
Total Liabilities to Invested Capital	0.06	0.05	0.03	0.02	0.03
Net Fixed Assets to Equity	1.01	1.00	0.98	0.95	0.94
PROFITABILITY					
EBITDA Return on Total Assets	57.72%	59.98%	55.46%	56.51%	44.12%
EBIT Return on Assets	51.99%	53.65%	50.28%	51.25%	40.06%
Pretax Return on Assets	51.99%	53.65%	50.28%	51.25%	40.06%
Aftertax Return on Assets	51.99%	53.65%	50.28%	51.25%	40.06%
Pretax Return on Equity	55.34%	56.22%	51.94%	52.33%	41.11%
Aftertax Return on Equity	55.34%	56.22%	51.94%	52.33%	41.11%
EBITDA Return on Net Sales	87.07%	85.03%	84.15%	84.07%	82.83%
EBIT Return on Net Sales	78.43%	76.06%	76.30%	76.26%	75.21%
Pretax Return on Net Sales	78.43%	76.06%	76.30%	76.26%	75.21%
Aftertax Return on Net Sales	78.43%	76.06%	76.30%	76.26%	75.21%
EBITDA Return on Invested Capital	61.44%	62.85%	57.29%	57.69%	45.28%
EBIT Return on Invested Capital	55.34%	56.22%	51.94%	52.33%	41.11%

Based on the ratios in Table 18, Vogue's liquidity is adequate with current assets exceeding current liabilities by over three times in 2008 and 2009. Receivables have generally been collected within 30 days and liabilities have comprised a very small portion of The Company's capital structure. Profitability has been consistent and strong between 2005 and 2009. Returns on assets and equity were relatively stable between 2005 and 2008, and then declined in 2009 as assets increased due to renovations of certain real estate holdings. Nevertheless, asset and equity returns remained strong throughout the period analyzed. These factors suggest that Vogue's financial condition is strong.

THE EARNING CAPACITY OF THE COMPANY

As discussed in the previous section, Vogue's adjusted historic earnings are as shown in Table 19.

TABLE 19
VOGUE EARNINGS SUMMARY

	Net Income	Return on Sales	Return on Equity	Return on Assets
2005	$ 8,353,129	78.43%	55.34%	51.99%
2006	8,251,133	76.06%	56.22%	53.65%
2007	8,419,716	76.30%	51.94%	50.28%
2008	8,491,272	76.26%	52.33%	51.25%
2009	8,254,968	75.21%	41.11%	40.06%

LTM = Latest 12 Months.

As seen in Table 19, Vogue has considerable earnings capacity, as The Company has been very profitable and has generated a strong return on equity and assets. While Vogue's earnings were stable, a five-year averAge would eliminate the effect of any year-to-year fluctuations in expenses and rental rates. Therefore, Vogue's future earnings capacity is estimated to be $8,254,968.

THE DIVIDEND PAYING CAPACITY OF THE COMPANY

As discussed previously, Vogue's Shareholder Agreement requires that annual dividends be paid to at least cover shareholders' taxes. However, distributions were not made in 2005 as a result of over-distribution in prior years. Relatively small distributions were made in 2009 ahead of a large $35 million distribution made in 2010.

Vogue's earnings and distributions are presented in Table 20.

TABLE 20
VOGUE INCOME & DISTRIBUTIONS

	Net Income	Distributions	Distribution PercentAge
2005	$ 8,353,129	$ 0	0.00%
2006	8,251,133	4,000,000	48.48%
2007	8,419,716	5,750,000	68.29%
2008	8,491,272	5,000,000	58.88%
2009	8,254,968	87,306	1.06%

Distributions from 2006 to 2008 ranged between 48.5 percent and 68.3 percent.

Vogue's cash flow since 2005, which is The Company's dividend paying capacity is presented in Table 21.

TABLE 21
VOGUE CASH FLOW

	2005	2006	2007	2008	2009
Net Income	$ 8,353,129	$ 8,251,133	$ 8,419,716	$ 8,491,272	$ 8,254,968
Depreciation and Amortization	920,950	973,256	866,413	870,077	836,446
Gross Cash Flow	$ 9,274,079	$ 9,224,389	$ 9,286,129	$ 9,361,349	$ 9,091,414
Capital Expenditures	(1,547,810)	(315,084)	(2,163,355)	(448,235)	(4,229,633)
Change in Working Capital	1,107,405	(233,136)	(234,822)	(440,611)	(454,365)
Change in Other Assets/Liabilities	(39,944)	20	(12)	(8)	(2,900)
Net Cash Flow	**$ 8,793,730**	**$ 8,676,189**	**$ 6,887,940**	**$ 8,472,495**	**$ 4,404,516**

The data in Table 21 shows that Vogue's gross cash flow has not been stable since 2005, and has fluctuated primarily due to changes in The Company's balance sheet, specifically in fixed assets. Large capital expenditures made in 2007 and 2009 reduced net cash flow in those years. In order to measure Vogue's normal level of dividend-paying capacity, we calculated a five-year average of net cash flow, which amounts to $7,446,974.

Given the strength of Vogue's balance sheet, The Company's strong profitability, and the stability of Vogue's operating income and gross cash flows, Vogue's dividend paying capacity is strong. However, a minority interest does not have the ability to influence the amount of cash reinvested in The Company or the amounts distributed to shareholders. A minority interest investor in Vogue can only expect to receive distributions to cover taxes. The data in Tables 20 and 21 shows that management has varied considerably in the amounts distributed and the amounts reinvested in The Company. However, while this does affect the distributions received by shareholders, a long-term shareholder still benefits from the reinvested cash flow through the capital appreciation of their shares as a result of the reinvestment.

WHETHER OR NOT THE ENTERPRISE HAS GOODWILL OR OTHER INTANGIBLE VALUE

In addition to the value of the physical assets of The Company, it is necessary to determine whether any goodwill or other intangible assets exist, and if so, what value to place on that goodwill and/or other intangible assets.

If any quantifiable goodwill is being generated by Vogue, it will be calculated by using an income or market approach, and deriving a value in excess of the net tangible assets.

SALES OF THE STOCK AND THE SIZE OF THE BLOCK OF STOCK TO BE VALUED

Revenue Ruling 59-60 suggests that valuation analysts consider whether there have been any previous sales of the stock, and the size of the block being valued. There have been no sales of Vogue's stock.

We are valuing the common shares of Vogue on a minority interest basis. A minority interest has no control of The Company. This interest is also relatively illiquid, and lacks the marketability of shares of stock in the public stock market. These factors will be taken into consideration in the quantification of value.

THE MARKET PRICE OF STOCKS OF CORPORATIONS ACTIVELY TRADED IN THE PUBLIC MARKET

The final factor of the eight attributes listed in Revenue Ruling 59-60 is a market comparison between the appraisal subject and other companies that are traded on public stock exchanges. This is the basis for the market approach to valuation.

GUIDELINE PUBLIC COMPANIES

In an attempt to apply the market approach, we performed computerized searches utilizing the Alacra Public Companies database and the Yahoo!Finance website to look for companies that could be considered as guideline companies. Guideline companies will rarely, if ever, be perfect "comparables," but they can assist the valuation analyst by providing guidance about what buyers and sellers are willing to pay for publicly traded entities in the same or similar lines of business.

In our search for potential guideline companies, we focused our search on owners and lessors of nursing and health care properties. While there are hundreds of companies that own and lease real estate, differences in property type can have a significant impact on the growth drivers and risk of a company. For example, the growth potential and risk of a residential property lessor would be considerably different from a nursing home or health care lessor. Nursing and health care revenues are much more stable as a result of Medicare and Medicaid payments and the necessity of health care, whereas the residential market was experiencing a myriad of problems at the valuation date. Similarly, government health care expenditures would not be expected to have the same stabilizing effect on the commercial or retail real estate markets.

Therefore, in order to locate potential guideline companies, we conducted the following searches using the Alacra Public Companies database.

1. The company was based in the U.S., the company's SIC code was 6512 (Operators of Non-Residential Buildings), and the words "nursing," "health" or "health care" were contained in its business description.

2. The company was based in the U.S., the company's SIC code was 6798 (Real Estate Investment Trusts), and the words "nursing," "health" or "health care" were contained in its business description.

3. The company was based in the U.S. and the company's Global Industry Classification Standard (GICS) code was 40402070 (Specialized Real Estate Investment Trusts).

In addition to our searches of the Alacra database, we also used the Yahoo!Finance industry center to locate U.S. companies operating in the REIT health care facilities industry.

Based on these criteria, we located 40 potential guideline companies, most of which were REITs. We then performed an initial review of the companies and eliminated 35 companies based on the following criteria:

1. The company did not own any health care related properties.
2. The company had revenues more than 30 times larger than Vogue.
3. The company was traded at a price less than $2.00 per share indicating a thinly-traded penny stock whose pricing multiple is extremely volatile or the stock does not trade often.
4. The company was in liquidation or was not publicly-traded as of the valuation date.

Five potential guideline companies remained after our initial screening. They are described in the following sections. The information was obtained from Forms 10-K and 10-Q, filed with the Securities and Exchange Commission.

LTC PROPERTIES, INC. (LTC): LTC is a self-administered health care real estate investment trust that commenced operations in 1992. LTC invests primarily in long-term care and other health care related properties through mortgage loans, property lease transactions and other investments. Substantially all of LTC's revenues and sources of cash flows from operations are derived from operating lease rentals and interest earned on outstanding loans receivable. For the year ended December 31, 2009, rental income and interest income from mortgage loans represented 85.9 percent and 12.2 percent, respectively, of total gross revenues. The data in Table 22 summarizes LTC's portfolio as of December 31, 2009:

TABLE 22
LTC INVESTMENT PORTFOLIO

Type of Property	Gross Investments	Percentage of Investments	For the Year Ended 12/31/09 Rental Income	For the Year Ended 12/31/09 Interest Income[1]	Percentage of Revenues[2]	Number of Properties
Assisted Living Properties	$ 295,421	50.1%	$ 30,064	$ 3,075	48.3%	104
Skilled Nursing Properties	281,606	47.7%	28,762	5,177	49.5%	98
Schools	13,020	2.2%	1,179	306	2.2%	2
Totals	**$ 590,047**	**100.0%**	**$ 60,005**	**$ 8,558**	**100.0%**	**204**

[1] Includes Interest Income from Mortgage Loans.
[2] Includes Rental Income and Interest Income from Mortgage Loans.

As of December 31, 2009, LTC's investments in owned properties are in 23 states consisting of 62 skilled nursing properties with a total of 7,209 beds, 88 assisted living properties with a total of 4,076 units, and one school, representing in Aggregate a gross investment of approximately $519.5 million.

As part of LTC's strategy of making long-term investments in properties used in the provision of long-term health care services, LTC provides mortgage financing on such properties based on LTC's established investment underwriting criteria. LTC has also provided construction loans that by their terms converted into purchase/lease transactions or permanent financing mortgage loans upon completion of construction. At December 31, 2009, LTC had 40 mortgage loans secured by first mortgages on 36 skilled nursing properties with a total of 4,110 beds, 16 assisted living residences with 714 units, and one school. These properties are located in 14 states.

The two schools in LTC's real estate investment portfolio are charter schools. Charter schools provide an alternative to the traditional public school, and are generally autonomous entities authorized by the state or locality to conduct operations independent from the surrounding public school district. Laws vary by state, but generally charters are granted by state boards of education either directly or in conjunction with local school districts or public universities. Operators are granted charters to establish and operate schools based on the goals and objectives set forth in the charter. Upon receipt of a charter, schools receive an annuity from the state for each student enrolled.

LTC makes quarterly distributions. Selected financial information for LTC is presented in Tables 23 and 24.

TABLE 23
LTC PROPERTIES
INCOME STATEMENT
FOR THE

	Years Ended December 31,					LTM March 31,
	2005	2006	2007	2008	2009	2010
			In Thousands of Dollars			
Revenues	$ 64,209	$ 67,786	$ 70,343	$ 67,270	$ 68,563	$ 68,751
Operating Expenses	19,278	19,823	21,794	22,051	23,116	24,424
Operating Income	$ 44,931	$ 47,963	$ 48,549	$ 45,219	$ 45,447	$ 44,327
Interest Expense	8,310	7,028	4,957	4,114	2,418	-
Net Income	$ 36,621	$ 40,935	$ 43,592	$ 41,229	$ 43,029	$ 44,327
Preferred Stock Dividends	17,343	17,157	16,923	15,390	14,515	15,141
NET INCOME AVAILABLE TO COMMON	**$ 19,278**	**$ 23,778**	**$ 26,669**	**$ 25,839**	**$ 28,514**	**$ 29,186**
Earnings Per Share	$ 0.83	$ 1.01	$ 1.17	$ 1.12	$ 1.22	$ 1.23

TABLE 24
LTC PROPERTIES
BALANCE SHEET
AS OF

	December 31,					March 31,
	2005	2006	2007	2008	2009	2010
			In Thousands of Dollars			
Accounts Receivable	$ 3,436	$ 3,170	$ 13,101	$ 15,910	$ 19,273	$ 19,491
Other Current Assets	43,393	21,818	13,654	12,043	11,352	10,279
Total Current Assets	$ 46,829	$ 24,988	$ 26,755	$ 27,953	$ 30,625	$ 29,770
Net Property, Plant and Equipment	$ 375,620	$ 385,413	$ 376,651	$ 372,142	$ 374,280	$ 387,949
Deposits and Other Assets	149,320	117,540	91,604	78,372	70,359	68,639
TOTAL ASSETS	**$ 571,769**	**$ 527,941**	**$ 495,010**	**$ 478,467**	**$ 475,264**	**$ 486,358**
Current Portion of Interest Bearing Debt	$ 16,000	$ -	$ -	$ -	$ 13,500	$ 28,500
Accounts Payable	11,890	3,423	3,406	3,022	2,967	2,967
Other Current Liabilities	12,803	6,581	5,730	5,266	7,903	7,157
Total Current Liabilities	$ 40,693	$ 10,004	$ 9,136	$ 8,288	$ 24,370	$ 38,624
Total Long-Term Liabilities	$ 76,361	$ 53,811	$ 52,295	$ 36,753	$ 11,910	$ 11,371
Total Liabilities	$ 117,054	$ 63,815	$ 61,431	$ 45,041	$ 36,280	$ 49,995
Minority Interests	3,524	3,518	3,518	3,134	1,981	1,962
Stockholders' Equity	451,191	460,608	430,061	430,292	437,003	434,401
TOTAL LIABILITIES AND EQUITY	**$ 571,769**	**$ 527,941**	**$ 495,010**	**$ 478,467**	**$ 475,264**	**$ 486,358**
Common Shares Outstanding at End of Year (000)	23,276	23,569	22,872	23,136	23,312	23,794

MEDICAL PROPERTIES TRUST, INC. (MPW): MPW, formed on August 27, 2003, is a self-advised real estate investment trust that acquires, develops, leases and makes other investments in health care facilities providing state-of-the-art health care services. MPW leases facilities to health care operators pursuant to long-term net-leases, which require the tenant to bear most of the costs associated with the property. MPW also makes long-term, interest only mortgage loans to health care operators, and from time to time, it also makes operating, working capital and acquisition loans to tenants.

As of February 10, 2010, MPW's portfolio consisted of 51 properties: 45 facilities that MPW owns are leased to 14 tenants, three are not under lease, and the remaining are in the form of mortgage loans to two operators. MPW's owned facilities consist of 21 general acute care hospitals, 13 long-term acute care hospitals, and 6 inpatient rehabilitation hospitals, two medical offices, and six wellness centers. The non-owned facilities on which MPW has made mortgage loans consist of general acute care facilities. MPW intends to continue to focus on investments in licensed hospitals as MPW's primary line of business.

As a REIT, MPW makes quarterly distributions. Select financial information for MPW is presented in Tables 25 and 26.

TABLE 25
MEDICAL PROPERTIES TRUST
INCOME STATEMENT
FOR THE

	Years Ended December 31,					LTM March 31,
	2005	2006	2007	2008	2009	2010
	In Thousands of Dollars					
Revenues	$ 30,453	$ 36,403	$ 81,786	$ 116,771	$ 129,751	$ 131,488
Operating Expenses	12,200	14,517	26,025	43,856	50,157	51,495
Operating Income	$ 18,253	$ 21,886	$ 55,761	$ 72,915	$ 79,594	$ 79,993
Interest Expense	1,521	4,418	29,530	39,240	37,663	37,658
NET INCOME AVAILABLE TO COMMON	**$ 16,732**	**$ 17,468**	**$ 26,231**	**$ 33,675**	**$ 41,931**	**$ 42,335**
Earnings Per Share	$ 0.43	$ 0.44	$ 0.50	$ 0.52	$ 0.53	$ 0.53

TABLE 26
MEDICAL PROPERTIES TRUST
BALANCE SHEET
AS OF

	December 31, 2005	2006	2007	2008	2009	March 31, 2010
	In Thousands of Dollars					
Accounts Receivable	$ 9,451	$ 24,581	$ 25,090	$ 32,840	$ 47,384	$ 55,622
Other Current Assets	104,226	115,388	175,397	125,820	112,027	92,820
Total Current Assets	$ 113,677	$ 139,969	$ 200,487	$ 158,660	$ 159,411	$ 148,442
Net Property, Plant and Equipment	$ 265,988	$ 468,254	$ 515,737	$ 898,700	$ 883,254	$ 916,894
Intangible Assets	9,043	14,490	38,043	43,018	39,919	-
Deposits and Other Assets	47,629	117,942	203,178	199,247	212,007	212,177
TOTAL ASSETS	**$ 436,337**	**$ 740,655**	**$ 957,445**	**$ 1,299,625**	**$ 1,294,591**	**$ 1,277,513**
Current Portion of Interest Bearing Debt	$ 35,474	$ 43,166	$ -	$ -	$ -	$ -
Accounts Payable	17,611	30,046	21,091	24,718	29,247	30,079
Other Current Liabilities	7,520	14,957	20,839	16,110	15,350	10,832
Total Current Liabilities	$ 60,605	$ 88,169	$ 41,930	$ 40,828	$ 44,597	$ 40,911
Long-Term Interest Bearing Debt	$ 65,010	$ 304,962	$ 480,525	$ 630,557	$ 576,678	$ 565,222
Other Long-Term Liabilities	11,387	6,854	16,007	13,645	17,048	18,670
Total Long-Term Liabilities	$ 76,397	$ 311,816	$ 496,532	$ 644,202	$ 593,726	$ 583,892
Total Liabilities	$ 137,002	$ 399,985	$ 538,462	$ 685,030	$ 638,323	$ 624,803
Minority Interests	2,174	1,052	77	243	130	126
Stockholders' Equity	297,161	339,618	418,905	614,352	656,138	652,584
TOTAL LIABILITIES AND EQUITY	**$ 436,337**	**$ 740,655**	**$ 957,445**	**$ 1,299,625**	**$ 1,294,591**	**$ 1,277,513**
Common Shares Outstanding at End of Year (000)	39,345	39,586	52,133	65,056	78,725	79,882

NATIONAL HEALTH INVESTORS, INC. (NHI): NHI, a Maryland corporation incorporated in 1991, is a real estate investment trust that invests in income- producing health care properties primarily in the long-term care industry. These properties include long-term care facilities, acute care hospitals, medical office buildings, retirement centers and assisted living facilities. NHI's revenues are derived primarily from mortgage interest income and rental income. During 2009, mortgage interest income equaled $9,145,000, while rental income totaled $55,076,000.

As of December 31, 2009, NHI had interests in real estate owned and investments in mortgages, preferred stock and marketable securities resulting in total invested assets of $377,403,000. As of December 31, 2009, NHI had approximately $318,449,000 in real estate, mortgages and notes receivable investments.

A summary of NHI's investment by facility type is presented in Table 27.

TABLE 27
NHI SUMMARY OF FACILITIES BY TYPE

	Properties	**PercentAge of Total Dollars**	**Total Dollars**
Summary of Facilities by Type			
Skilled Nursing Facilities	78	65.6%	$ 208,630,000
Assisted Living Facilities	21	27.4%	87,129,000
Medical Office Buildings	4	2.8%	8,739,000
Independent Living Facilities	4	2.3%	7,177,000
Hospitals	1	1.9%	5,998,000
Total Real Estate Profile	**108**	**100.0%**	**$ 317,673,000**

Of NHI's 108 facilities, 41 are leased to National Health Care Corporation ("NHC"), a publicly-held company and NHI's largest customer. These 41 facilities include four centers subleased to and operated by other companies, the lease payments to NHI being guaranteed by NHC. Sixty-three percent of NHI's rental income was from facilities leased by NHC.

NHI's investments are typically structured as either purchase-leaseback transactions or mortgage loans. NHI also provides construction loans for facilities for which NHI has already committed to provide long-term financing or which the operator Agrees to enter into a lease with NHI upon completion of the construction. NHI's leases generally have an initial leasehold term of 10 to 15 years with one or more five-year renewal options. The leases are triple net leases.

Consistent with its strategy of diversification, NHI has increased its portfolio so that the portion of its real estate portfolio leased by NHC has been reduced from 100 percent of its total portfolio on October 17, 1991 (the date NHI began operations) to 63.2 percent of its total revenues in 2009, based on the net book value (carrying amount) of these properties. In 1991, these assets were transferred by NHC to NHI at their then current net book value in a non-taxable exchange. Many of these assets were substantially depreciated as a result of having been carried on NHC's books for as many as 20 years. As a result, NHI believes that the fair market value of these assets is significantly in excess of their net book value.

NHI makes quarterly distributions. Select financial data for NHI is presented in Tables 28 and 29.

TABLE 28
NATIONAL HEALTH INVESTORS
INCOME STATEMENT
FOR THE

	Years Ended December 31,					LTM March 31,
	2005	2006	2007	2008	2009	2010
			In Thousands of Dollars			
Revenues	$ 62,231	$ 60,770	$ 57,506	$ 58,005	$ 64,221	$ 69,978
Operating Expenses	10,065	13,540	14,012	12,605	15,658	18,666
Operating Income	$ 52,166	$ 47,230	$ 43,494	$ 45,400	$ 48,563	$ 51,312
Interest Expense	8,319	8,126	4,625	308	85	208
NET INCOME AVAILABLE TO COMMON	**$ 43,847**	**$ 39,104**	**$ 38,869**	**$ 45,092**	**$ 48,478**	**$ 51,104**
Earnings Per Share	$ 1.58	$ 1.41	$ 1.40	$ 1.63	$ 1.75	$ 1.85

TABLE 29
NATIONAL HEALTH INVESTORS
BALANCE SHEET
AS OF

	December 31,					March 31,
	2005	2006	2007	2008	2009	2010
			In Thousands of Dollars			
Accounts Receivable	$ 5,581	$ 8,871	$ 1,899	$ 1,734	$ 2,189	$ 3,701
Other Current Assets	-	-	-	200	33,420	33,420
Total Current Assets	$ 5,581	$ 8,871	$ 1,899	$ 1,934	$ 35,609	$ 37,121
Net Property, Plant and Equipment	$ 263,129	$ 235,199	$ 187,455	$ 181,332	$ 223,861	$ 322,171
Deposits and Other Assets	167,200	150,850	180,206	147,004	132,850	112,559
TOTAL ASSETS	**$ 435,910**	**$ 394,920**	**$ 369,560**	**$ 330,270**	**$ 392,320**	**$ 471,851**
Current Portion of Interest Bearing Debt	$ 17,453	$ 13,492	$ 9,512	$ 3,987	$ -	$ 33,935
Accounts Payable	38,995	49,494	44,945	23,389	20,713	18,584
Other Current Liabilities	6,516	3,541	137	115	885	1,286
Total Current Liabilities	$ 62,964	$ 66,527	$ 54,594	$ 27,491	$ 21,598	$ 53,805
Long-Term Interest Bearing Debt	$ 100,000	$ 100,000	$ -	$ -	$ -	$ -
Other Long-Term Liabilities	-	-	-	-	3,150	7,250
Total Long-Term Liabilities	$ 100,000	$ 100,000	$ -	$ -	$ 3,150	$ 7,250
Total Liabilities	$ 162,964	$ 166,527	$ 54,594	$ 27,491	$ 24,748	$ 61,055
Stockholders' Equity	272,946	228,393	314,966	302,779	367,572	410,796
TOTAL LIABILITIES AND EQUITY	**$ 435,910**	**$ 394,920**	**$ 369,560**	**$ 330,270**	**$ 392,320**	**$ 471,851**
Common Shares Outstanding at End of Year (000)	27,830	27,752	27,752	27,580	27,630	27,645

OMEGA HEALTHCARE INVESTORS, INC. (OHI): OHI was incorporated on March 31, 1992. The company is a self-administered real estate investment trust investing in income-producing health care facilities, principally long-term care facilities located in the United States. OHI provides lease or mortgage financing to qualified operators of skilled nursing facilities and, to a lesser extent, assisted living facilities, independent living facilities, rehabilitation and acute care facilities.

OHI's portfolio of investments at December 31, 2009 consisted of 295 health care facilities located in 32 states and operated by 35 third-party operators. OHI's gross investment in these facilities totaled approximately $1.8 billion at December 31, 2009. This portfolio is made up of 279 long-term health care facilities, fixed rate mortgages on 14 long-term health care facilities and two long-term health care facilities that are currently held for sale.

OHI's portfolio of properties is broadly diversified by geographic location. The majority of OHI's 2009 rental and mortgage income was derived from facilities in states that require state approval for development and expansion of health care facilities. OHI's Management believes that such state approvals may limit competition for OHI's operators and enhance the value of OHI's properties. OHI's facilities are operated by 35 different public and private health care providers. Except for Sun (12 percent) and CommuniCare (18 percent), which together hold approximately 30 percent of OHI's portfolio (by investment), no other single tenant holds greater than 9 percent of OHI's portfolio (by investment).

A large portion of OHI's core portfolio consists of long-term lease and mortgage Agreements. At December 31, 2009, approximately 82 percent of OHI's leases and mortgages had primary terms that expire in 2014 or later. The majority of OHI's leased real estate properties are leased under provisions of master lease Agreements. OHI also leases facilities under single-facility leases. The initial term, on both types of leases, typically range from five to 15 years, plus renewal options. Substantially all of the leases provide for minimum annual rentals that are subject to annual increases based upon increases in the CPI or increases in revenues of the underlying properties, with certain limits. Under the terms of the leases, the lessee is responsible for all maintenance, repairs, taxes and insurance on the leased properties.

OHI makes quarterly distributions. Select financial data for OHI is presented in Tables 30 and 31.

TABLE 30
OMEGA HEALTHCARE INVTRS
INCOME STATEMENT
FOR THE

	Years Ended December 31, 2005	2006	2007	2008	2009	LTM March 31, 2010
	In Thousands of Dollars					
Revenues	$ 106,316	$ 131,826	$ 156,737	$ 191,731	$ 194,936	$ 200,619
Operating Expenses	32,483	46,606	47,114	83,440	79,833	83,359
Operating Income	$ 73,833	$ 85,220	$ 109,623	$ 108,291	$ 115,103	$ 117,260
Other Income	-	2,700	-	-	-	-
Interest Expense	34,771	47,611	44,092	39,746	38,549	43,829
Income Before Income Taxes	$ 39,062	$ 40,309	$ 65,531	$ 68,545	$ 76,554	$ 73,431
Provision for Income Taxes	2,348	1,624	(7)	(64)	-	-
Net Income	$ 36,714	$ 38,685	$ 65,538	$ 68,609	$ 76,554	$ 73,431
Preferred Stock Dividends	11,385	9,923	9,923	9,714	9,086	9,086
NET INCOME AVAILABLE TO COMMON	**$ 25,329**	**$ 28,762**	**$ 55,615**	**$ 58,895**	**$ 67,468**	**$ 64,345**
Earnings Per Share	$ 0.45	$ 0.48	$ 0.82	$ 0.71	$ 0.76	$ 0.71

TABLE 31
OMEGA HEALTHCARE INVTRS
BALANCE SHEET
AS OF

	December 31, 2005	2006	2007	2008	2009	March 31, 2010
	In Thousands of Dollars					
Accounts Receivable	$ 15,018	$ 51,194	$ 64,992	$ 75,037	$ 81,558	$ 83,690
Other Current Assets	24,448	20,222	12,270	25,487	29,120	47,637
Total Current Assets	$ 39,466	$ 71,416	$ 77,262	$ 100,524	$ 110,678	$ 131,327
Net Property, Plant and Equipment	$ 834,294	$ 1,047,882	$ 1,053,356	$ 1,120,158	$ 1,373,402	$ 1,379,623
Deposits and Other Assets	142,291	44,707	43,303	132,755	154,740	145,570
TOTAL ASSETS	**$ 1,016,051**	**$ 1,164,005**	**$ 1,173,921**	**$ 1,353,437**	**$ 1,638,820**	**$ 1,656,520**

TABLE 31
OMEGA HEALTHCARE INVTRS
BALANCE SHEET
AS OF

	December 31, 2005	December 31, 2006	December 31, 2007	December 31, 2008	December 31, 2009	March 31, 2010
	In Thousands of Dollars					
Current Portion of Interest Bearing Debt	$ 58,000	$ 150,000	$ 48,000	$ 63,500	$ 94,100	$ -
Other Current Liabilities	28,870	33,775	22,451	28,282	51,657	54,789
Total Current Liabilities	$ 86,870	$ 183,775	$ 70,451	$ 91,782	$ 145,757	$ 54,789
Total Long-Term Liabilities	$ 508,229	$ 526,141	$ 525,709	$ 484,697	$ 644,049	$ 781,304
Total Liabilities	$ 595,099	$ 709,916	$ 596,160	$ 576,479	$ 789,806	$ 836,093
Stockholders' Equity	420,952	454,089	577,761	776,958	849,014	820,427
TOTAL LIABILITIES AND EQUITY	**$ 1,016,051**	**$ 1,164,005**	**$ 1,173,921**	**$ 1,353,437**	**$ 1,638,820**	**$ 1,656,520**
Common Shares Outstanding at End of Year (000)	56,872	59,703	68,114	82,382	88,266	90,778

SENIOR HOUSING PROPERTIES TRUST (SNH): SNH is a real estate investment trust that was organized in 1998. As of December 31, 2009, SNH owned 298 properties located in 35 states. On that date, the undepreciated carrying value of SNH properties, net of impairment losses, was $3.3 billion. SNH invests in age-restricted apartment buildings, independent living properties, assisted living properties, nursing homes, rehabilitation hospitals and wellness centers. Some properties combine more than one type of service in a single building or campus.

At December 31, 2009, 63 properties with an aggregate cost of $904.1 million were mortgaged or subject to capital lease obligations totaling $660.1 million. A breakdown of SNH's portfolio of properties is presented in Table 32.

TABLE 32
SNH'S PROPERTIES

As of December 31, 2009	Number of Properties	Number of Units/Beds or Square Feet	Investment Carrying Value	% of Investment	Annualized Current Rent	% of Annualized Current Rent
Facility Type						
Independent Living Communities	43	11,524	$ 1,123,315	33.8%	$ 111,387	33.9%
Assisted Living Facilities	131	9,342	1,028,239	31.0%	94,123	28.6%
Skilled Nursing Facilities	56	5,707	226,076	6.8%	20,273	6.2%
Rehabilitation Hospitals	2	364	61,772	1.9%	9,695	2.9%
Wellness Centers	10	812,000 s.f.	180,017	5.4%	17,069	5.2%
MOBs	56	2,867,862 s.f.	698,564	21.1%	76,227	23.2%
Total	298		$ 3,317,983	100.0%	$ 328,774	100.0%

SNH's uses triple net leases which generally require the tenants to indemnify SNH from liability which may arise by reason of SNH's ownership of the properties, to maintain the leased properties, at their expense, to remove and dispose of hazardous substances in compliance with applicable law and to maintain insurance for their own and the company's benefit.

As of December 31, 2009, SNH generated 57 percent of its annual rent from Five Star Quality Care, Inc. SNH created Five Star in 2000 to operate nursing homes which SNH had repossessed from former tenants who defaulted on their leases. SNH distributed substantially all of its ownership of Five Star to SNH shareholders on December 31, 2001. One of SNH's trustees is currently a director of Five Star. At the valuation date, Five Star was a separate company listed on the American Stock Exchange under the symbol "FVE." Since it became a separate public company, Five Star had not been consistently profitable. However, SNH's Management believes Five Star has adequate financial resources and liquidity to continue its business and to meet its obligations to SNH.

SNH makes quarterly distributions. Select financial data for SNH is presented in Tables 33 and 34.

TABLE 33
SENIOR HOUSING
INCOME STATEMENT
FOR THE

	Years Ended December 31, 2005	2006	2007	2008	2009	LTM March 31, 2010
	In Thousands of Dollars					
Revenues	$ 163,187	$ 174,106	$ 188,022	$ 235,537	$ 297,780	$ 309,850
Operating Expenses	54,911	57,018	61,538	80,759	113,201	119,194
Operating Income	$ 108,276	$ 117,088	$ 126,484	$ 154,778	$ 184,579	$ 190,656
Other Income	31	-	-	-	-	21
Interest Expense	46,633	47,020	37,755	40,154	56,404	64,042
Income Before Income Taxes	$ 61,674	$ 70,068	$ 88,729	$ 114,624	$ 128,175	$ 126,635
Provision for Income Taxes	-	-	-	-	-	11
NET INCOME AVAILABLE TO COMMON	**$ 61,674**	**$ 70,068**	**$ 88,729**	**$ 114,624**	**$ 128,175**	**$ 126,624**
Earnings Per Share	$ 0.86	$ 0.90	$ 1.00	$ 1.00	$ 1.01	$ 0.99

TABLE 34
SENIOR HOUSING
BALANCE SHEET
AS OF

	December 31, 2005	2006	2007	2008	2009	March 31, 2010
	In Thousands of Dollars					
Total Current Assets	$ 8,845	$ 10,111	$ 11,388	$ 15,042	$ 17,645	$ -
Net Property, Plant and Equipment	$ 1,447,138	$ 1,537,851	$ 1,616,456	$ 2,425,917	$ 2,863,666	$ 2,848,894
Deposits and Other Assets	16,861	16,296	18,867	42,157	74,204	106,999
TOTAL ASSETS	**$ 1,472,844**	**$ 1,564,258**	**$ 1,646,711**	**$ 2,483,116**	**$ 2,955,515**	**$ 2,955,893**
Current Portion of Interest Bearing Debt	$ 64,000	$ 112,000	$ -	$ 257,000	$ 60,000	$ 58,000
Other Current Liabilities	13,089	11,694	10,849	11,121	13,693	10,836
Total Current Liabilities	$ 77,089	$ 123,694	$ 10,849	$ 268,121	$ 73,693	$ 68,836
Long-Term Interest Bearing Debt	$ 492,320	$ 433,085	$ 426,852	$ 473,433	$ 982,219	$ 980,058
Other Long-Term Liabilities	8,048	8,652	14,783	23,962	31,364	31,811
Total Long-Term Liabilities	$ 500,368	$ 441,737	$ 441,635	$ 497,395	$ 1,013,583	$ 1,011,869
Total Liabilities	$ 577,457	$ 565,431	$ 452,484	$ 765,516	$ 1,087,276	$ 1,080,705
Stockholders' Equity	895,387	998,827	1,194,227	1,717,600	1,868,239	1,875,188
TOTAL LIABILITIES AND EQUITY	**$ 1,472,844**	**$ 1,564,258**	**$ 1,646,711**	**$ 2,483,116**	**$ 2,955,515**	**$ 2,955,893**
Common Shares Outstanding at End of Year (000)	71,812	77,613	88,692	114,543	127,378	127,403

The next step in the analysis is to compare Vogue's financial results with the guideline companies. Selected financial ratios are presented in Table 35. These ratios have been analyzed in order to make quantitative assessments regarding the similarities and dissimilarities between the companies.

TABLE 35
FINANCIAL RATIOS

	OHI	LTC	MPW	NHI	SNH	Vogue Adjusted
LIQUIDITY / SOLVENCY						
Quick Ratio	3.08	1.17	1.62	0.55	0.15	3.44
Current Ratio	3.95	1.44	3.89	1.17	0.15	3.44
Days Accounts Receivables Outstanding	150.32	102.90	142.97	15.36	10.39	32.40
TURNOVER						
Receivables Turnover	2.43	3.55	2.55	23.76	35.12	11.27
Cash Turnover	4.16	4.90	10.07	2.79	24.94	24.89
Current Asset Turnover	1.17	1.36	0.79	0.84	10.30	7.76
Working Capital Turnover	2.81	3.58	1.06	1.55	(7.53)	8.98
Fixed Asset Turnover	0.15	0.18	0.15	0.26	0.11	0.64
Total Asset Turnover	0.12	0.14	0.10	0.15	0.10	0.59
SG&A Expense to Cash	1.73	1.74	3.95	0.75	9.60	6.17
DEBT						
Times Interest Earned	2.68	NM	2.12	246.69	2.98	NM
Total Liabilities to Total Assets	0.48	0.10	0.48	0.12	0.36	0.03
Total Liabilities to Equity	0.92	0.11	0.94	0.14	0.57	0.03
Short-Term Debt to Equity	-	0.06	-	0.08	0.03	-
Long-Term Debt to Equity	0.86	0.02	0.85	-	0.52	-
Total Interest-Bearing Debt to Equity	0.86	0.09	0.85	0.08	0.55	-
Total Assets to Equity	1.92	1.11	1.94	1.14	1.57	1.03
Total Liabilities to Invested Capital	0.50	0.10	0.51	0.13	0.37	0.03
Net Fixed Assets/Equity	1.52	0.84	1.38	0.74	1.51	0.94
PROFITABILITY						
EBITDA Return on Total Assets	9.52%	11.58%	8.76%	12.20%	9.33%	44.12%
EBIT Return on Assets	6.73%	8.66%	6.21%	10.31%	6.42%	40.06%
Pre-Tax Return on Assets	4.22%	8.66%	3.29%	10.26%	4.27%	40.06%
After-Tax Return on Assets	3.70%	5.70%	3.29%	10.26%	4.26%	40.06%
Pre-Tax Return on Equity	8.11%	9.63%	6.38%	11.70%	6.71%	41.11%
After-Tax Return on Equity	7.11%	6.34%	6.38%	11.70%	6.71%	41.11%
EBITDA Return on Net Sales	82.60%	86.26%	85.80%	86.78%	89.31%	82.83%
EBIT Return on Net Sales	58.45%	64.47%	60.84%	73.33%	61.50%	75.21%
Pre-Tax Return on Net Sales	36.60%	64.47%	32.20%	73.03%	40.83%	75.21%
After-Tax Return on Net Sales	32.07%	42.45%	32.20%	73.03%	40.83%	75.21%
EBITDA Return on Invested Capital	9.83%	11.86%	9.18%	12.90%	9.47%	45.28%
EBIT Return on Invested Capital	6.95%	8.87%	6.51%	10.90%	6.52%	41.11%
GROWTH (CAGR - 4 YEARS)						
Sales	13.79%	0.44%	48.46%	4.44%	19.41%	0.75%
Operating Income	10.32%	-2.40%	49.00%	2.58%	16.17%	-0.30%
EBT	20.27%	2.48%	31.31%	8.58%	19.94%	-0.30%
Net Income	21.80%	2.48%	31.31%	8.58%	19.93%	-0.30%
OTHER						
Size of Revenues ($000)	200,619	68,751	131,488	69,978	309,850	10,976
Earnings ($000)	64,345	29,186	42,335	51,104	126,498	8,255
3 Year Compound Growth Rate - Earnings	7.34%	10.23%	20.09%	10.53%	8.20%	-0.98%
3 Year Compound Growth Rate - Revenues	3.69%	1.76%	9.96%	16.20%	24.53%	-0.27%

Looking at these ratios in totality reveals many similarities and differences between Vogue and the guideline companies. A more comprehensive analysis can be performed by examining specific ratios, and ranking them from highest to lowest. In this way, the analyst can observe how Vogue compares to the selected guideline companies.

Size of Revenues ($000)		**Size of Earnings ($000)**	
SNH	309,850	SNH	126,498
OHI	200,619	NHI	64,345
MPW	131,148	OHI	51,104
LTC	69,978	MPW	42,335
NHI	68,751	LTC	29,186
Vogue	**10,976**	**Vogue**	**5,803**

As indicated above, Vogue is smaller than all of the guideline companies. SNH, MPW, and OHI all have revenues and earnings that are more than 10 times larger than Vogue.

Four-year compound annual growth rates are presented in the next set of tables.

4-Year CAGR Sales		**4-Year CAGR Operating Income**	
MPW	48.46%	MPW	49.00%
SNH	19.41%	SNH	16.17%
OHI	13.79%	OHI	10.32%
NHI	4.44%	NHI	2.58%
Vogue	**0.75%**	**Vogue**	**-0.30%**
LTC	0.44%	LTC	-2.40%

Vogue's revenue and earnings growth has generally been weaker than its industry counterparts over the preceding period. LTC had revenues and earning growth rates closest to Vogue. Though Vogue experienced little growth over the last five years, it is important to note that The Company's revenues and net income were much more stable than the guideline companies. This would reduce the risk associated with an investment in Vogue.

Several liquidity ratios are compared next.

Quick Ratio		**Current Ratio**		**Days Accounts Receivable**	
Vogue	**3.44**	OHI	3.95	OHI	150.32
OHI	3.08	MPW	3.89	MPW	142.97
MPW	1.62	**Vogue**	**3.44**	LTC	102.90
LTC	1.17	LTC	1.44	**Vogue**	**32.40**
NHI	0.55	NHI	1.17	NHI	15.36
SNH	0.15	SNH	0.15	SNH	10.39

Vogue has relatively strong liquidity ratios, which indicates that it will have no trouble meeting its current liabilities. This strong liquidity helps reduce Vogue's risk as compared to some of the guideline companies. OHI has the most similar liquidity ratios in terms of the quick and current ratios, while SNH has the weakest ratios.

Vogue does not carry any long-term debt, and is financed almost entirely by equity. This differs from the guideline companies. The following tables compare the companies' capital structures.

Total Liabilities to Total Assets		Total Liabilities to Equity		Interest-Bearing Debt to Equity		Total Liabilities to Invested Capital	
MPW	0.48	MPW	0.94	OHI	0.86	MPW	0.51
OHI	0.48	OHI	0.92	MPW	0.85	OHI	0.50
SNH	0.36	SNH	0.57	SNH	0.55	SNH	0.37
NHI	0.12	NHI	0.14	LTC	0.09	NHI	0.13
LTC	0.10	LTC	0.11	NHI	0.08	LTC	0.10
Vogue	**0.03**	**Vogue**	**0.03**	**Vogue**	**-**	**Vogue**	**0.03**

As seen above, Vogue uses less debt than all of the guideline companies. This reduces the risk to Vogue's stockholders. NHI and LTC use the least debt of the guideline companies.

Turnover ratios are compared next.

Cash Turnover		Current Asset Turnover		Total Asset Turnover		Fixed Asset Turnover	
SNH	24.94	SNH	10.30	**Vogue**	**0.59**	**Vogue**	**0.64**
Vogue	**24.89**	**Vogue**	**7.76**	NHI	0.15	NHI	0.26
MPW	10.07	LTC	1.36	LTC	0.14	LTC	0.18
LTC	4.90	OHI	1.17	OHI	0.12	MPW	0.15
OHI	4.16	NHI	0.84	SNH	0.10	OHI	0.15
NHI	2.79	MPW	0.79	MPW	0.10	SNH	0.11

Vogue's cash and current asset turnover ratios are higher than the guideline companies. While higher turnover would suggest better utilization of assets, it is important to note that The Company's fixed assets are heavily depreciated. The high level of depreciation suggests that Vogue is likely to require significant capital investment in the near future. SNH is most similar to Vogue in cash and current asset turnover. Vogue's fixed and total asset turnover is significantly higher than that of the guideline companies.

From a profitability standpoint, Vogue is stronger than the guideline companies on the basis of EBIT, but weak in terms of EBITDA as indicated in the following tables.

EBIT Return on Net Sales		EBITDA Return on Assets		EBIT Return on Assets		EBITDA Return on Total Assets	
Vogue	**75.21%**	SNH	89.31%	**Vogue**	**40.06%**	**Vogue**	**44.12%**
NHI	73.33%	NHI	86.78%	NHI	10.31%	NHI	12.20%
LTC	64.47%	LTC	86.26%	LTC	8.66%	LTC	11.58%
SNH	61.50%	MPW	85.80%	OHI	6.73%	OHI	9.52%
MPW	60.84%	**Vogue**	**82.83%**	SNH	6.42%	SNH	9.33%
OHI	58.45%	OHI	82.60%	MPW	6.21%	MPW	8.76%

As shown above, the guideline companies incurred higher amounts of depreciation expense relative to Vogue, as evidenced by the differences in profitability between EBIT and EBITDA. Vogue is generally weaker than the guideline companies on the basis of EBITDA and most similar to OHI. However, the EBITDA profitability of the guideline companies and Vogue are relatively close. Vogue’s asset returns are substantially higher than the guideline companies due to its depreciated fixed asset base.

A comparison of Vogue to each of the guideline companies was also performed to aid in the determination of the appropriate multiples.

LTC Properties, Inc. (LTC): This company is one of the closest companies in size to Vogue. LTC's revenues are over 6.0 times greater than Vogue, while its earnings are roughly 3.5 times larger. LTC has not grown through acquisitions in recent years, and LTC's revenue and earnings growth rates have been most similar to Vogue, while its assets have been declining. LTC does not carry very much debt, as it has the second lowest liabilities to total asset ratio of the guideline companies (0.10). LTC's EBITDA margin was higher than that of Vogue.

LTC's portfolio is focused primarily on the long-term care industry. Skilled nursing facilities generate approximately 50 percent of LTC's revenues, while assisted living properties generate the other half. A minor amount of revenues are generated by two charter schools owned by LTC.

Medical Properties Trust, Inc. (MPW): MPW's revenues are roughly 12 times greater than Vogue, while its earning are roughly five times larger. MPW had grown considerably through acquisitions in recent years. As a result, MPW’s revenue and earnings have grown much faster than Vogue. MPW's debt load represents 48 percent of its total assets, and MPW has the lowest asset returns of all of the guideline companies.

MPW's health care portfolio is concentrated in hospitals. Although hospitals differ somewhat from skilled nursing facilities, they are similar in that their revenues are largely dependent upon government reimbursement. Therefore, guidance can be obtained from MPW's multiples.

National Health Investors, Inc. (NHI): This company is one of the closest companies in size to Vogue. NHI's revenues are 6.4 times greater than Vogue, while its earnings are 6.2 times larger. NHI’s growth has been generated organically over the last five years, which has generated modest revenues and earnings growth. NHI has one of the lowest leverAge ratios of the guideline companies, as evidenced by its liabilities to total asset ratio of 0.12. NHI has one of the highest EBITDA margins and asset returns of the guideline companies.

NHI's portfolio is focused primarily on skilled nursing facilities which encompasses 65.6 percent of NHI's investments. The operators of these facilities receive payment from a combination of private pay sources and government programs such as Medicaid and Medicare. Approximately 66 percent of NHI's rental income is from facilities leased by National HealthCare Corporation. National HealthCare Corporation transferred many of

NHI's real estate assets to NHI in 1991 at their depreciated value. Therefore, NHI has many substantially depreciated assets on its balance sheet.

Omega Healthcare Investors, Inc. (OHI): OHI's revenues are roughly 20 times greater than Vogue, while its earnings are roughly 7.8 times larger. OHI completed several acquisitions through the years and grew substantially over the last five years. OHI's assets have been heavily funded with debt, as its total liabilities comprise 48 percent of total assets. OHI's profitability and asset returns were relatively low as compared to Vogue and the guideline group.

OHI's portfolio is focused on long-term care facilities. In addition to 279 long-term health care facilities, OHI's portfolio includes fixed rate mortgages on 14 long-term health care facilities and two long-term health care facilities that are currently held for sale.

Senior Housing Properties Trust (SNH): SNH is the largest guideline company. It grew substantially over the last five years through numerous acquisitions. As a result, SNH's revenues and earnings growth rates have been much higher than those of Vogue. SNH carries the third lowest amount of debt of the guideline companies with a liabilities to total asset ratio of 0.36. SNH is the most profitable of the guideline companies, but its returns on assets and equity are among the weakest.

SNH's portfolio is diversified among age-restricted apartment buildings, independent living properties, assisted living properties, nursing homes, rehabilitation hospitals and wellness centers. For the year ended December 31, 2009, 33.9 percent of SNH's revenues came from independent living facilities, 28.6 percent of revenues came from assisted living facilities, and 6.2 percent came from skilled nursing facilities. Approximately 57 percent of SNH's rental income is from facilities leased by Five Star Quality Care, Inc, a company created by SNH in 2000 and subsequently spun off into a public company.

The next step in the analysis is to determine the appropriate multiple or set of multiples to use to estimate the market value of Vogue. The valuation analyst looked at two key pricing multiples in our analysis and these are presented in Table 36.

TABLE 36
LATEST 12 MONTHS
INVESTED CAPITAL MULTIPLES

	MVIC to:	
	Revenues	**EBITDA**
Company		
OHI	13.35	16.16
LTC	12.77	14.81
MPW	10.76	12.54
NHI	15.83	18.24
SNH	12.46	13.96
Statistical Analysis:		
Mean	13.04	15.14
Median	12.77	14.81
Standard Deviation	1.83	2.17
Coefficient of Variation	0.14	0.14

MVIC = Market Value of Invested Capital.

The guideline public company method uses these market multiples to determine the value of the appraisal subject. Once the appraiser analyzes the differences between the subject company and the guideline companies, appropriate adjustments are made to the market multiples of the public companies in order to reflect the differences in risk between the entities. The analyst utilized invested capital multiples, as the guideline companies and Vogue have very different levels of debt. This will cause the difference in leverage to be eliminated from the multiples.

In reviewing the guideline company multiples, we have utilized the ratio analysis, as well as other quantitative and qualitative differences between Vogue and the selected guideline companies. The market favors certain factors over others in valuing public companies. The factors most significantly affecting valuation multiples include size, profitability and growth.

We have analyzed each multiple on a company by company basis according to these factors, and have selected the multiples that we believe to be applicable to Vogue.

To adjust for the differences in size of the multiples, we looked at the relationship that size has on the cost of equity by looking at the different deciles in Morningstar's *Stocks, Bonds, Bills and Inflation*. Using the relationship between the size of the guideline company and Vogue, the various multiples were adjusted for size. These recalculated multiples are presented in Table 37.[32]

TABLE 37
LATEST 12 MONTHS SIZE-ADJUSTED
INVESTED CAPITAL MULTIPLES

	MVIC to:	
	Revenues	**EBITDA**
Company		
OHI	6.56	7.94
LTC	6.36	7.37
MPW	6.72	7.83
NHI	6.99	8.06
SNH	6.10	6.83
Statistical Analysis:		
Mean	6.55	7.61
Median	6.56	7.83

Our analysis of the guideline companies in comparison to Vogue indicated that the guideline companies has generally seen considerably faster revenue and earnings growth than Vogue. In addition, Vogue is less profitable (in terms of EBITDA) than all of the guideline companies except for OHI. However, Vogue has strong liquidity and little financial leverage. Finally, The Company's historical level of revenues and net income was stable over the last five years, despite a downturn in the economy and capital markets. We

32 Mattson, Michael, Don Shannon and Don M. Drysdale, "Adjusting Guideline Multiples for Size," *Valuation Strategies* (Sept./Oct. 2001) <https://checkpoint.riAg.com/app/main/doc?usid=f6591125258&DocID=i5d6048ce88c211d9a21ec7f8ee2eaa77&collId=T0vlr&docTid=T0VLR%3A816.5dr9&feature=tcheckpoint&lastCpReqId=477955&searchHandle=ia744d064000001308ad20ecfa1ed327b?>

believe that this stability lessens the perceived investment risk to an equity interest in Vogue.

The public marketplace tends to put the most importance on revenues and earnings. Therefore, we used the public company multiples as guides to the selection of multiples to apply to Vogue's revenues and EBITDA.

Vogue has the smallest revenues, income, and assets when compared to the guideline companies. For the selection of multiples, the valuation analyst felt that NHI and LTC were the guideline companies most similar to Vogue. They were the two smallest guideline companies and had balance sheets and historic revenue and earnings growth rates most similar to Vogue.

In determining the multiple to apply to Vogue, we reviewed the multiples for NHI and LTC, as well as the average and median multiples of all of the selected guideline companies. A summary of the MVIC to revenues multiples is presented in Table 38.

TABLE 38
MVIC TO REVENUES MULTIPLES

			NHI & LTC		All Five Guidelines	
	NHI	**LTC**	**Mean**	**Median**	**Mean**	**Median**
Size-Adjusted Multiple	6.99	6.36	6.67	6.67	6.55	6.56
Selected Multiple	**6.56**					

In selecting the MVIC to revenues multiple we selected the median size-adjusted multiple. Given the multiples of NHI and LTC, the overall range of multiples, and the risk factors enumerated earlier, we determined that Vogue would not be considered any more risky than the typical guideline company.

A summary of the guideline companies' MVIC to EBITDA multiples are presented in Table 39.

TABLE 39
MVIC TO EBITDA

			NHI & LTC		All Five Guidelines	
	NHI	**LTC**	**Mean**	**Median**	**Mean**	**Median**
Size-Adjusted Multiple	7.37	8.06	7.71	7.71	7.61	7.83
Selected Multiple	**7.83**					

Generally, the guideline companies have grown their cash flow at a faster pace than Vogue. This would tend to increase the guideline EBITDA multiples relative to Vogue. However, Vogue's strong balance sheet, liquidity and stability help to increase its multiple relative to the guideline companies. Due to the close range of multiples, the multiples of NHI and LTC, and the risk factors discussed earlier, we applied a multiple equal to the median to Vogue's EBITDA.

MERGER AND ACQUISITION TRANSACTIONS

In addition to reviewing market prices of stocks of publicly traded companies, the valuation analyst reviewed merger and acquisition activity taking place in the public and private markets.

In order to accomplish this, we searched two databases for information about mergers and acquisitions in SIC codes 6512 and 6798. The databases utilized were as follows:

- Pratt's Stats
- Public Stats

PRATT'S STATS

Pratt's Stats contained one transaction for SIC codes 6512 and 6798 between March 31, 2008 and March 31, 2010. However, this transaction was of a business engaged in unrelated operations.

PUBLIC STATS

We searched this database for transactions in SIC codes 6512 and 6798 between March 31, 2008 and March 31, 2008 and located zero transactions.

VALUATION CALCULATIONS

As indicated previously in this report, the three approaches to valuation to be considered in an appraisal are:

1. The Income Approach,
2. The Market Approach, and
3. The Asset-Based Approach.

The narrative that follows discusses the appraisal methods employed within each approach.

THE INCOME APPROACH

The application of the income approach will be accomplished using the capitalization of future benefits method.

CAPITALIZATION OF FUTURE BENEFITS METHOD

The capitalization of future benefits method is premised on the concept that value is based on a stabilized benefit stream that is capitalized by an appropriate capitalization rate to reflect the risk associated with the benefit stream. Mathematically, this is presented in the following formula:

$$V = I \div R$$

Where

V = Value

I = Next Year's Benefit Stream

R = Capitalization Rate

The use of this formula requires an estimate of income to be made for the subject business. We have previously determined that five-year average net income best represents probable future earnings. The amount is estimated as $8,354,044.

The next portion of the application of this method requires the determination of the appropriate capitalization rate to be used for this level of income. Due to the risk of the business and the risk of the income stream going forward (as explained in the section of this report entitled 'Discount and Capitalization Rates'), we believe that a capitalization rate of 12.4 percent is appropriate. The value under this methodology is calculated as shown in Table 40.

TABLE 40
CAPITALIZATION OF FIVE-YEAR AVERAGE NET INCOME

Five-Year Average Net Income	$	8,354,044
One Plus the Long-Term Rate of Growth	x	1.03
Net Income for Capitalization	$	8,604,665
Capitalization Rate	÷	12.4%
Indication of Value - Minority, Marketable	$	69,392,460
Less: Discount for Lack of Marketability (25%)[1]		(17,348,115)
Indication of Value - Minority, Nonmarketable	**$**	**52,044,345**

[1] See "Premiums and Discounts" for explanation of this discount.

THE MARKET APPROACH

GUIDELINE PUBLIC COMPANY METHOD

In the previous section of this report, we discussed the guideline public company search and selected appropriate multiples. These multiples are now used to calculate the value of Vogue.

Based on the multiples selected in the "Guideline Public Companies" section of this report, the indications of value are presented in Table 41

TABLE 41
GUIDELINE PUBLIC COMPANY COMPUTATIONS

Selected Multiple		6.56	7.83
Vogue Earnings Stream		10,976,190	9,091,414
Estimated Value of Invested Capital		$ 72,008,520	$ 71,211,865
Less: Interest Bearing Debt		-	-
Estimated Equity Value		$ 72,008,520	$ 71,211,865
Less: Discount for Lack of Marketability[1]	25.00%	(18,002,130)	(17,802,966)
Indication of Value - Minority, Nonmarketable		$ 54,006,390	$ 53,408,899

[1] See "Premiums and Discounts" for explanation of this discount.
Note: Figures may not foot due to rounding.

MERGER AND ACQUISITION METHOD

We were unable to locate an adequate number of transactions from any of the databases to derive reasonable conclusions of value. Therefore, this methodology was not used.

THE ASSET-BASED APPROACH

As discussed previously, the asset-based approach is generally inappropriate for a minority interest unless the shareholder has the right to liquidate or sell off the assets and liabilities of the company. Since minority shareholders cannot realize the value of the net assets, regardless of the amount of appreciation that may have taken place, it is inappropriate for the appraiser to apply this methodology for most minority valuations. However, given the asset-intensive nature of Vogue's operations, we believe an investor would not ignore the value of the underlying assets. Therefore, we used the asset-based approach in this valuation.

ADJUSTED BOOK VALUE METHOD

We previously determined the adjusted book value of Vogue's operating equity to be $20.1 million as of December 31, 2009. However, certain items on the balance sheet require further normalization to reflect these items at their fair market values as of the valuation date. These adjustments are reflected in Table 42

TABLE 42
BALANCE SHEET FAIR MARKET VALUE ADJUSTMENTS

	December 31, 2009	Adjustments	March 31, 2010
Current Assets			
Cash	$ 447,324	$ -	$ 447,324
Accounts Receivable[1]	1,275,911	(662,108)	613,803
Prepaid Expenses[1]	-	63,647	63,647
Total Current Assets[2]	$ 1,723,235	$ (598,461)	$ 1,124,774
Fixed Assets[2]			
Land	$ 2,805,867	$ (2,805,867)	$ -
Building & Improvements	32,689,010	58,193,990	90,883,000
Construction in Progress	6,629,845	(6,629,845)	-
Gross Fixed Assets	$ 42,124,722	$ 48,758,278	$ 90,883,000
Accumulated Depreciation	23,251,822	(23,251,822)	-
Net Fixed Assets	$ 18,872,900	$ 72,010,100	$ 90,883,000
Total Other Assets[1]	$ 9,920	$ (9,920)	$ -
TOTAL ASSETS	**$ 20,606,055**	**$ 71,401,719**	**$ 92,007,774**
Current Liabilities			
Accounts Payable[1]	$ 140,200	$ (42,347)	$ 97,853
Accrued Expenses[1]	360,408	$ 138,458	498,866
Sales Taxes Payable[1]	127	(127)	-
Total Current Liabilities	$ 500,735	$ 95,984	$ 596,719
Total Long-term Liabilities[1]	27,100	(27,100)	-
Total Liabilities	$ 527,835	$ 68,884	$ 596,719
Stockholders' Equity			
Common Stock	$ 2,783	$ -	$ 2,783
Paid - In Capital	3,073,993	-	3,073,993
Retained Earnings[3]	17,001,444	71,332,835	88,334,279
Total Stockholders' Equity	$ 20,078,220	$ 71,332,835	$ 91,411,055
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 20,606,055**	**$ 71,401,719**	**$ 92,007,774**

1. Certain balance sheet items were adjusted to their book values on the March 31, 2010 balance sheet as book value approximated fair market value at that date.

2. Vogue's 26 properties were appraised by Western Valuation Associates, LLC as of March 31, 2010. In total, the market value of Vogue's real estate amounts to $90,883,000 at the valuation date. The individual property values are presented in Table 43.

TABLE 43
VOGUE REAL ESTATE APPRAISALS
IMPROVED REAL ESTATE PARCELS

No.	Location: State	County	City	March 31, 2010 Conclusion
1	FL			$ 6,095,000
2	FL			3,920,000
3	FL			3,031,000
4	FL			3,258,000
5	FL			3,305,000
6	FL			3,086,000
7	FL			3,636,000
8	FL			2,742,000
9	FL			3,416,000
10	FL			3,654,000
11	FL			4,792,000
12	NC	This information was removed for confidentiality purposes.		$ 3,010,000
13	NC			3,377,000
14	NC			3,289,000
15	NC			2,721,000
16	NC			3,101,000
17	NC			3,138,000
18	VA			9,220,000
19	VA			2,045,000
20	VA			1,640,000
21	VA			1,660,000
22	VA			1,670,000
23	OH			5,650,000
24	OH			298,000
25	TX			5,320,000
26	NJ			3,809,000
			Vogue Total	**$ 90,883,000**

3. Retained earnings were adjusted to reflect the changes to the balance sheet.

Adjusting the balance sheet for these items results in an adjusted book value of $91,411,055. This reflects the value of The Company's operating assets on a control, marketable basis.

As we are valuing Vogue on a minority, nonmarketable basis, we must apply a discount for lack of control, as well as a discount for lack of marketability. These discounts are discussed in the "Premiums and Discounts" section of this report.

The value under this methodology is presented in Table 44

TABLE 44
ADJUSTED BOOK VALUE METHOD

Indication of Value - Control, Marketable		$	91,411,055
Less: Discount for Lack of Control	20.00%		(18,282,211)
Indication of Value - Minority, Marketable		$	73,128,844
Less: Discount for Lack of Marketability	25.00%		(18,282,211)
Indication of Value - Minority, Nonmarketable		$	54,846,633

RECONCILIATION OF VALUES

In this report, several methods were used to determine the value of the subject interest in Vogue. These values are as follows:

INCOME APPROACH		
Five-Year Average Capitalized Net Income	$	52,044,345
MARKET APPROACH		
MVIC to LTM Revenues Multiple		54,006,390
MVIC to LTM EBITDA Multiple		53,408,899
ASSET-BASED APPROACH		
Adjusted Book Value Method		54,846,633

The market approach is normally afforded the greatest amount of weight for a going concern, since fair market value is determined by the market, and it is the appraiser's role to interpret the market. In this valuation, we were able to apply the guideline company method, which produced relatively consistent results. However, we were only able to locate five guideline companies and several of them were considerably larger and more diversified than Vogue. We identified other qualitative differences between Vogue and the guideline companies, such as the age of facilities, which could affect the selection of multiples but were unable to support such an adjustment. Therefore, we put less weight on the market approach.

The income approach utilizes the earnings of a company to arrive at value, which is the most theoretically correct method to use, as an investor is concerned with the availability of future earnings and cash flow. Vogue has relatively stable earnings and this is expected to continue which gave the analyst more confidence in this method. Thus, we have applied the most weight to the income approach.

As previously discussed, the asset-based approach is typically not appropriate for the minority interest valuation of an operating entity, as a minority interest investor would not have access to the underlying assets. However, an investor would not ignore the value of the assets. Thus, we applied some weight to the asset-based indication of value.

As a result of the analysis, the value of Vogue's operating entity on a minority, nonmarketable basis is estimated to be $52,937,462.

Earlier in the valuation process, we removed excess cash, non-operating investments, and loans to related parties from the balance sheet. These assets had a net book value of $57,698,864 at December 31, 2009. However, adjustments are necessary to reflect these assets at their fair market values at the valuation date. The adjustment of these assets to market value as of March 31, 2010 is presented in Table 45.

TABLE 45
ADJUSTMENT OF NON-OPERATING ASSETS TO
MARCH 31, 2010 MARKET VALUE

	December 31, 2009	Adjustment to Valuation Date	March 31, 2010	Adjustment to Market Value	March 31 2010 MVBS
Cash[1]	$ 36,049,619	$ (29,888,431)	$ 6,161,188	$ -	$ 6,161,188
Marketable Securities and Partnership Investments[2]	20,028,085	(2,050,876)	17,977,209	(208,207)	17,769,002
Stockholder and Related Party Loans[3]	1,621,160	151,385	1,772,545	-	1,772,545
Total	**$ 57,698,864**	**$ (31,787,922)**	**$ 25,910,942**	**$ (208,207)**	**$ 25,702,735**

1. Cash was adjusted to its March 31, 2010 balance less the portion included on the operation's balance sheet.

2. Marketable securities and partnership investments were adjusted to their market values as of March 31, 2010 per data obtained from brokerage statements, K-1s and Management estimates.

3. Stockholder and related party loans were adjusted to their March 31, 2010 values.

Based on the above, Vogue's non-operating and excess assets were determined to have a market value of $25,702,735 as of the valuation date. This reflects value on a control, marketable basis. In order to determine the minority interest value, we separated the non-operating and excess assets into broad investment categories and applied discounts to each investment group. These discounts are discussed in the "Premiums and Discounts" section at the end of the report.

Therefore, the value of 100 percent of the common stock of Vogue Corp. on a minority, nonmarketable basis as of March 31, 2010 is as follows:

Fair Market Value of Operating Entity		$ 52,937,462
Non-Operating Assets	$ 25,702,735	
Less: Minority Interest Discount (7.5%)	(1,925,387)	
Minority, Marketable Value Non-Operating Assets	$ 23,777,348	
Less: Discount for Lack of Marketability (25%)	(5,944,337)	
Minority, Nonmarketable Value of Non-Operating Assets		17,833,011
Total Value of Equity		**$ 70,770,473**
Rounded		**$ 70,770,000**
Fair Market Value Per Share		**$ 2,542.94**

Note: Figures may not foot due to rounding.

DISCOUNT AND CAPITALIZATION RATES

Section 6 of Revenue Ruling 59-60 states:

> In the application of certain fundamental valuation factors, such as earnings and dividends, it is necessary to capitalize the average or current results at some appropriate rate. A determination of the proper capitalization rate presents one of the most difficult problems in valuation.

In the text of Revenue Ruling 68-609, capitalization rates of 15 to 20 percent were mentioned as an example. Many appraisers are under the misconception that the capitalization rate must stay within this range. In reality, the capitalization rate must be consistent with the rate of return currently needed to attract capital to the type of investment in question.

There are various methods of determining discount and capitalization rates. In this valuation, we examined rates of return from REITs.

Partnership Profiles, Inc. publishes an annual *Rate of Return Study*, which includes historical income returns (as measured by net income) of REITs starting in 1972. While annual returns have fluctuated significantly from year to year, the overall income returns of REITs have been relatively consistent. The most recent and historical REIT returns are presented in Table 46.

TABLE 46
REIT RETURNS

	Average
2009 REIT Return	28.0%
Historical REIT Return Since 1972	13.4%
Average REIT Return (20 Years)	12.1%
Average REIT Return (25 Years)	11.9%
Average REIT Return (30 Years)	13.4%

As we are capitalizing five-year average net income, the REIT returns were deemed most appropriate in this valuation. We considered the historical returns over the longest periods of time in order to reduce the effect of volatile year-to-year income returns. Therefore, the starting point for developing a real estate-based equity cost of capital is 13.4 percent.

Historical REIT Return	13.4%
Company Specific Risk Premium	2.0%
Cost of Equity Capital	**15.4%**

In deriving the company specific risk premium, we considered the fact that the REITs are required to distribute 90 percent of taxable net income to shareholders. There is additional risk to a minority investor in Vogue because The Company is only required to distribute an amount to cover the shareholders' tax liabilities. The REITs also enjoy greater diversification in the number, location and types of properties relative to Vogue and have greater depth in Management. Finally, Vogue is smaller than publicly-traded REITs and, therefore, would be perceived as more risky. These factors are somewhat offset by the focus of Vogue's real estate. The operation of skilled nursing facilities is generally considered less risky than the overall real estate industry. However, Vogue's facilities are dated and will require renovating in the near future. The cost to The Company for these renovations will likely be significant and are not accounted for through the capitalization of net income. An investor would consider upcoming capital expenditures as a risk to future distributions. In addition, an investor would also consider the risks associated with current levels of government funding for Medicare and Medicaid programs in light of budgetary deficits and the level of the national debt. However, Vogue has enjoyed stable net income over the last eight years. Considering all of these factors, an additional 2 percent risk premium was deemed appropriate.

As a sanity check on our 15.4 percent discount rate, we reviewed the discount rates of similar public companies by consulting the 2009 and 2010 editions of Morningstar's *Cost of Capital Yearbook* shown in Table 47.

TABLE 47
MORNINGSTAR DISCOUNT RATES

	SIC 6798 Real Estate Investment Trusts	SIC 80 Health Services	SIC 805 Nursing and Personal Care Facilities	SIC 8051 Skilled Nursing Care Facilities
2009				
Median Size Adjusted Cost of Equity	12.36%	12.46%	11.59%	11.94%
Median Size Adjusted WACC	13.27%	12.91%	11.06%	10.87%
Small Composite Size Adjusted Cost of Equity	14.08%	12.53%	N/A	N/A
Small Composite Size adjusted WACC	14.12%	12.52%	N/A	N/A
Number of Companies	23	64	6	5
2010				
Median Size Adjusted Cost of Equity	17.08%	14.34%	16.36%	N/A
Median Size Adjusted WACC	11.94%	13.30%	N/A	N/A
Small Composite Size Adjusted Cost of Equity	13.19%	16.61%	14.31%	N/A
Small Composite Size Adjusted WACC	9.76%	15.64%	N/A	N/A
Number of Companies	104	64	6	*

*SIC 8051 was not included in the 2010 edition of Morningstar's *Cost of Capital Yearbook*.
N/A = not available.

The data in Table 47 shows that equity discount rates ranged from 11.6 percent to 17.1 percent. Based on the data from Morningstar, the 15.4 percent discount rate derived for Vogue is at the higher end of the range of public company discount rates. This reflects the fact that The Company is smaller, will require significant capital expenditures in the near future, is less diversified and has less Management depth than its public counterparts. Overall, the public company discount rates help support the 15.4 percent discount rate selected.

As seen above, health care operations have generally had lower costs of capital relative to REITs. Thus, Vogue's real estate focus would likely reduce the perceived risk to a minority interest investor in The Company.

The mathematical formula to distinguish between a discount rate and a capitalization rate is the subtraction of the present value of long-term sustainable growth from the discount rate. The present value of long-term sustainable growth has been included at a rate of 3.0 percent of Vogue. This rate of growth reflects expected economic growth and inflation in the long-term.

As an additional sanity check, we reviewed capitalization rates noted by ILA in the 2010 Senior Care Acquisition Report. ILA identified a median capitalization rate for 2009 of 13.3 percent applicable to EBITDA. The capitalization rate of 12.4 percent that is being used in this analysis is applicable to net income. To see the relevance to the ILA data, the analyst calculated the implied EBITDA capitalization rate for Vogue in Table 48.

TABLE 48
SANITY CHECK OF CAPITALIZATION RATE

Five-Year AverAge EBITDA	$	9,247,472
Divided By: Minority, Marketable Value Determined Under Income Approach		69,392,460
EBITDA-Equivalent Capitalization Rate		13.3%

Note: This calculation is a modified version of that described earlier in this report.

The EBITDA-equivalent capitalization rate used in this analysis is consistent with that identified by the ILA. Therefore, a capitalization rate applicable to net income of 12.4 percent appears to be reasonable.

PREMIUMS AND DISCOUNTS

VALUATION PREMIUMS AND DISCOUNTS IN GENERAL

The final value reached in the appraisal of a closely-held business may be more or less than the value that was calculated using the various methods of appraisal that are available. The type and size of the discount(s) or premium(s) will vary depending on the starting point, which will depend on which methods of valuation were used during the appraisal as well as other factors such as the sources of the information used to derive multiples or discount rates, and normalization adjustments.

CONTROL PREMIUM

In a fair market value appraisal, the prorata value of a controlling interest in a closely-held company is said to be worth more than the value of a minority interest, due to the prerogatives of control that follow the controlling shares. An investor will generally pay more (a premium) for the rights that are considered to be part of the controlling interest. Valuation professionals recognize these prerogatives of control, and they continue to hold true today. These rights are considered in assessing the size of a control premium. They include:

1. Appoint or change operational Management.
2. Appoint or change members of the board of directors.
3. Determine Management compensation and perquisites.
4. Set operational and strategic policy and change the course of business.

5. Acquire, lease, or liquidate business assets, including plant, property and equipment.
6. Select suppliers, vendors, and subcontractors with whom to do business and award contracts.
7. Negotiate and consummate mergers and acquisitions.
8. Liquidate, dissolve, sell out, or recapitalize the company.
9. Sell or acquire treasury shares.
10. Register the company's equity securities for an initial or secondary public offering.
11. Register the company's debt securities for an initial or secondary public offering.
12. Declare and pay cash and/or stock dividends.
13. Change the articles of incorporation or bylaws.
14. Set one's own compensation (and perquisites) and the compensation (and perquisites) of related-party employees.
15. Select joint venturers and enter into joint venture and partnership Agreements.
16. Decide what products and/or services to offer and how to price those products/services.
17. Decide what markets and locations to serve, to enter into, and to discontinue serving.
18. Decide which customer categories to market to and which not to market to.
19. Enter into inbound and outbound license or sharing Agreements regarding intellectual properties.
20. Block any or all of the above actions.[33]

A control premium is the opposite of a minority discount. The control premium is used to determine the control value of a closely-held business when its freely traded minority value has been determined. In this assignment, the valuation subject is a minority interest with no control over Vogue. Therefore, a control premium is not required.

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[33] Pratt, Shannon P., Robert F. Reilly and Robert P. Schweihs. *Valuing a Business*, 4th Edition (New York: McGraw-Hill, 2000): 365-366.

MINORITY DISCOUNT

In a fair market value appraisal, a minority discount is a reduction in the control value of the appraisal subject that is intended to reflect the fact that a minority stockholder cannot control the daily activities or policy decisions of an enterprise, thus reducing its value. The size of the discount will depend on the size of the interest being appraised, the amount of control, the stockholder's ability to liquidate the company, and other factors.

A minority discount is basically the opposite of a premium for control. This type of discount is used to obtain the value of a noncontrolling interest in the appraisal subject, when a control value is the starting point. The starting point is determined based on the method of valuation, the normalization adjustments made, and the source of the discount or capitalization rates.

There are many factors that may impact the degree of control a minority owner has over the operations. When the control elements are not available to the ownership interest being valued, the value is reduced accordingly. The information in Table 49 summarizes some of the factors that tend to influence the value of minority interests relative to controlling interests.

TABLE 49
FACTORS AFFECTING THE DEGREE OF CONTROL

Factors That May Increase A Lack of Control Discount or Control Premium

- The presence of voting interests.
- An extreme lack of consideration for the interests of minority owners on the part of the company's Management, board of directors, or majority owners.

TABLE 49
FACTORS AFFECTING THE DEGREE OF CONTROL

Factors That May Decrease a Lack of Control Discount or Control Premium

- The presence of enough minority interest votes to elect or have meaningful input on electing one or more directors in a company with cumulative voting.
- The presence of enough minority votes to block certain actions.
- The presence of state statutes granting certain minority ownership rights.

Factors That May Increase or Decrease a Lack of Control Discount or a Control Premium.

- The distribution of other shares (e.g. two shares when 2 others own 49 shares each are more valuable than 2 shares when 49 others own 2 shares each).

Source: Adapted from *Guide to Business Valuations*, Practitioners Publishing Company, Inc. 2009: 8-19, 803.17.

In this appraisal, the net asset value of Vogue was used to determine the control value of the entire company. However, to realize this value, an investor would need to be able to gain access to, and liquidate, the underlying assets of The Company. If minority members were afforded this level of control, a minority share would be worth a pro rata share of The Company's net asset value. However, this is not the case. The Agreement specifically limits control.

Use of the net asset value method develops a freely traded, control value of The Company's net assets and does not provide a meaningful indication of value for a minority interest. A lack of control discount is appropriate because a minority interest in Vogue represents an indirect ownership interest in the underlying assets held by The Company. The interest is, in fact, a minority interest in that it conveys no control over the day-to-day conduct of Vogue, has no right or authority to act for or bind The Company, has no control over policy or investment decisions, cannot control the amount or timing of distributions to be made, and cannot decide the timing or amount of sale of Vogue's assets.

DISCOUNT FOR LACK OF CONTROL APPLICABLE TO OPERATING ASSETS

In order to determine an appropriate lack of control discount to apply to Vogue's operating assets, we examined real estate limited partnership (RELP) data compiled by Partnership Profiles, Inc. (PPI) in its 2007 through 2009 *Executive Summary Report on Partnership Re-Sale Discounts*. These summaries include publicly-registered real estate programs whose units (or shares) traded in the secondary market. We analyzed triple-net lease real estate programs from this study as Vogue's properties are leased through triple-net arrangements with its tenants. These programs are presented in Tables 50 through 52.

TABLE 50
2010 TRIPLE-NET LEASE RELPS

Partnership Name	Implied Discount	Borr/NAV	Yield/NAV	Op Supr/Nav	GCF/NAV	NCF/NAV
AEI Income & Growth Fund 26	32.4%	0.00%	6.40%	6.60%	6.60%	6.60%
AEI Income & Growth Fund 24 LLC	27.5%	0.00%	5.90%	6.10%	5.90%	5.90%
AEI Income & Growth Fund 25	23.4%	0.00%	6.20%	6.40%	6.20%	6.20%
Del Taco Restaurant Properties IV	22.7%	0.00%	6.20%	7.20%	7.20%	7.20%
DiVall Insured Income Properties 2	22.6%	0.00%	6.50%	7.00%	7.00%	6.80%
Del Taco Restaurant Properties II	22.1%	0.00%	6.30%	7.00%	7.00%	7.00%
AEI Net Lease Income & Growth Fund XX	16.7%	0.00%	5.80%	6.20%	6.20%	6.20%
AEI Income & Growth Fund XXII	15.8%	0.00%	8.00%	7.70%	7.50%	7.50%
Del Taco Restaurant Properties III	11.7%	0.00%	7.30%	7.80%	7.80%	7.80%
AEI Net Lease Income & Growth Fund XXI	0.6%	0.00%	7.60%	7.40%	7.50%	7.50%
AEI Net Lease Income & Growth Fund XIX	-3.9%	0.00%	6.90%	10.20%	10.20%	10.20%
Cole Credit Property Trust, II	21.4%	96.50%	7.80%	7.00%	7.10%	6.90%
Corporate Property Associates 14	18.6%	103.00%	6.80%	5.80%	8.70%	8.70%
Cole Credit Property Trust, Inc.	36.2%	153.00%	6.50%	9.50%	9.50%	9.50%
Corporate Property Associates 15	22.9%	224.90%	6.80%	2.90%	8.50%	8.30%
Corporate Property Associates 16	18.5%	272.90%	7.20%	17.20%	9.70%	9.70%
Average	**19.3%**				**7.7%**	**7.6%**
Median	**21.8%**				**7.4%**	**7.4%**

TABLE 51
2009 TRIPLE-NET LEASE RELPS

Partnership Name	Discounts	Borr/NAV	Yield/NAV	Op Supr/Nav	GCF/NAV	NCF/NAV
AEI Income & Growth Fund 24 LLC	40.4%	0.00%	5.30%	4.90%	4.70%	4.70%
AEI Income & Growth Fund 25	31.2%	0.00%	5.60%	5.80%	5.70%	5.70%
AEI Income & Growth Fund XXII	30.4%	0.00%	5.90%	5.60%	5.50%	5.50%
AEI Net Lease Income & Growth Fund XX	40.1%	0.00%	5.50%	6.30%	6.30%	6.30%
AEI Net Lease Income & Growth Fund XXI	37.7%	0.00%	6.00%	6.20%	6.20%	6.20%
Corporate Property Associates 14	10.4%	94.00%	6.10%	9.80%	7.80%	7.80%
Corporate Property Associates 15	8.9%	225.00%	6.30%	10.90%	7.70%	7.70%
Corporate Property Associates 16	30.6%	254.80%	6.70%	10.70%	6.30%	6.30%
Del Taco Restaurant Properties I	22.5%	0.00%	8.20%	8.50%	8.40%	7.40%
Del Taco Restaurant Properties II	27.2%	0.00%	6.20%	6.40%	6.30%	6.30%
Del Taco Restaurant Properties III	18.2%	0.00%	7.40%	7.70%	7.60%	7.60%
Del Taco Restaurant Properties IV	30.3%	0.00%	7.10%	7.10%	7.10%	7.10%
DiVall Insured Income Properties 2	21.1%	0.00%	6.80%	8.80%	8.80%	8.40%
Average	**26.8%**				**6.8%**	**6.7%**
Median	**30.3%**				**6.3%**	**6.3%**

TABLE 52
2008 TRIPLE-NET LEASE RELPS

Partnership Name	Discount	Borr/NAV	Yield/NAV	Op Supr/Nav	GCF/NAV	NCF/NAV
AEI Income & Growth Fund 24 LLC	6.1%	0.00%	6.50%	8.20%	8.00%	8.00%
AEI Income & Growth Fund 25	14.7%	0.00%	6.00%	6.50%	6.30%	6.30%
AEI Income & Growth Fund XXII	6.4%	0.00%	5.66%	6.50%	6.32%	6.32%
AEI Net Lease Income & Growth Fund XIX	5.5%	0.00%	5.53%	6.50%	6.47%	6.47%
AEI Net Lease Income & Growth Fund XX	19.1%	0.00%	6.55%	7.01%	6.97%	6.97%
AEI Net Lease Income & Growth Fund XXI	2.9%	0.00%	6.17%	6.76%	6.82%	6.82%
Corporate Property Associates 14	10.3%	88.15%	5.38%	8.09%	6.48%	6.48%
Corporate Property Associates 15	8.0%	225.79%	5.57%	10.23%	7.95%	7.95%
Corporate Property Associates 16	1.6%	243.68%	6.55%	17.68%	8.10%	8.10%
Del Taco Restaurant Properties I	26.8%	0.00%	7.86%	8.03%	7.96%	7.96%
Del Taco Restaurant Properties II	27.6%	0.00%	6.48%	6.48%	6.42%	6.42%
Del Taco Restaurant Properties III	25.7%	0.00%	7.04%	7.27%	7.20%	7.20%
Del Taco Restaurant Properties IV	21.3%	0.00%	6.21%	6.34%	6.27%	6.27%
DiVall Insured Income Properties 2	4.2%	0.00%	6.75%	8.06%	8.04%	7.59%
Average	**12.9%**				**7.1%**	**7.1%**
Median	**9.2%**				**6.9%**	**6.9%**

The data in Tables 50 through 52 show that the discounts for triple-net lease partnerships had discounts ranging from a premium of 3.9 percent to a discount of 40.4 percent.

Discounts for triple net lease real estate investments in 2010 ranged between a premium of 3.9 percent and a discount of 36.2 percent, with an averAge and median of 19.3 percent and 21.8 percent, respectively. Since 2008, discounts were as high as 40.4 percent and average and median discounts ranged between 9.2 percent and 30.3 percent. Discounts from net asset value in 2009, which considers real estate values as of the end of 2008 and prices as of March 2009, were considerably higher due to market conditions at that time. These conditions are considered aberrations. The 2008 and 2010 markets are likely more indicative of typical discounts for companies holding triple net lease properties.

In selecting an appropriate discount for lack of control for Vogue's operating assets, we looked at a number of quantitative and qualitative factors. We noted some tendency for RELPs with higher gross and net cash flow to trade at lower discounts from net asset value, though the relationship was not consistently apparent between 2008 and 2010. Nevertheless, we compared Vogue's gross and net cash flow returns to those of the RELPs, as shown in Table 53.

TABLE 53
VOGUE VS. RELPS

	GCF/NAV	NCF/NAV
2010 TNL Median	7.4%	7.4%
2009 TNL Median	6.3%	6.3%
2008 TNL Median	6.9%	6.9%
Vogue 2009	9.9%	4.8%
Five-Year Average	10.1%	8.7%

Vogue generally was able to generate a higher return on net asset value, a measured by gross and net cash flow than the RELPs, which would suggest a lower overall discount. However, due to the lack of consistency in the relationship between returns on net asset value and discounts, limited consideration will be given to this factor.

Qualitatively, Vogue is unleveraged and is larger than many of the triple-net lease partnerships. However, an investor would anticipate that significant capital expenditures will be made in the near future in order to update the facilities. This would increase the perceived risk to an investor in Vogue. In considering all the factors above, we deemed a discount of 20 percent was appropriate to apply to Vogue's operating assets.

DISCOUNT FOR LACK OF CONTROL APPLICABLE TO NON-OPERATING ASSETS

In determining the lack of control discount applicable to The Company's non-operating and excess assets, we looked at closed-end mutual funds (CEFs). Hundreds of closed-end funds are available for numerous investment options. Prices paid for publicly-traded shares in a CEF represent minority interests in fully marketable securities. Therefore, if the net asset value of a CEF can be determined and compared with the freely-traded price of the fund, it can be determined when and under what conditions the market affords a discount (or premium) to the net asset value of a minority interest.

Unlike open-end mutual funds, CEFs issue a fixed number of shares. Therefore, investors must buy shares from other investors, not the fund itself. These CEFs mirror the motivations of buyers and sellers, and offer empirical evidence for determination of the appropriate magnitude of the minority interest discount to be applied.

As previously discussed, the portfolio of The Company consists of several types of instruments. Vogue's excess and non-operating assets are summarized as follows:

Asset	Market Value	% of Net Assets
Cash	$ 6,885,650	26.8%
Related Party Loans	1,772,545	6.9%
Marketable Securities-Domestic Equities	14,271,283	55.5%
Marketable Securities-International Equities	1,421,833	5.5%
Marketable Securities-Municipal Bonds	500,000	1.9%
Marketable Securities-Corporate Bonds	851,424	3.3%
Total	**$ 25,702,735**	**100.0%**

We located information about CEFs as of March 26, 2010 in the March 29, 2010 issue of *Barron's*. These funds contain investments that are similar to some of the categories of assets owned by The Company.

We selected closed-end funds based on the similarities between their investment focus and that of each of Vogue's investment groups. Details regarding the CEFs used in our analysis are presented in Tables 54 through 57.

General equity funds invest primarily in domestic equity securities. These funds are presented in Table 54.

TABLE 54
U.S. GENERAL EQUITY FUNDS

	NAV/Share	Price/Share	Discount
Adams Express (ADX)	12.51	10.56	-15.6%
AdvntClymrEnhG&I (LCM)	12.35	11.57	-6.3%
BlackRock Div Achvrs (BDV)	9.82	9.08	-7.5%
BlckRk Str Div Achvr (BDT)	10.86	9.56	-12.0%

TABLE 54
U.S. GENERAL EQUITY FUNDS

	NAV/Share	Price/Share	Discount
Blue Chip Value Fd (BLU)	3.88	3.31	-14.7%
Boulder Growth &Income (BIF)	7.29	6.39	-12.3%
Boulder Tot Rtn (BTF)	17.7	14.92	-15.7%
Central Secs (CET)	23.71	19.75	-16.7%
DrmnClayDivInco (DCS)	16.42	13.94	-15.1%
CohenStrsCEOppFd (FOF)	13.64	12.51	-8.3%
CohenStrsDivMaj (DVM)	13.23	11.19	-15.4%
CornerstoneProgreRet (CFP)	6.04	7.21	19.4%
Cornerstone Str Val (CLM)	8.16	11.38	39.5%
Cornerstone Total Return (CRF)	7.13	10.4	45.9%
DenaliFund (DNY)	17.84	15.71	-11.9%
DWSDremanValueIncomeEdge (DHG)	14.73	12.94	-12.2%
EAgle Capital Growth (GRF)	7.63	6.39	-16.3%
EVTxAdvDivIncm (EVT)	17.11	16.03	-6.3%
Engex (EGX)	4.15	4.15	0.0%
Foxby Corp (FXBY)	1.69	1.12	-33.7%
GabelliDiv&IncTr (GDV)	15.94	13.7	-14.1%
Gabelli Equity Tr (GAB)	5.31	5.08	-4.3%
General American (GAM)	28.89	24.66	-14.6%
JHancockTaxAdvDiv (HTD)	15.06	14.03	-6.8%
Librty AllStr Eq (USA)	5.41	4.75	-12.2%
Librty AllStr Gr (ASG)	4.21	3.73	-11.4%
NuvTaxAdvTRStrat (JTA)	11.93	11.56	-3.1%
OldMut/ClayLS (OLA)	9.29	8.75	-5.8%
RENN Glbl Entrepreneurs (RCG)	3.98	2.6	-34.7%
Royce Focus Trust (FUND)	7.41	6.64	-10.4%
Royce Micro-Cap Tr (RMT)	9.61	8.19	-14.8%
Royce Value Trust (RVT)	13.89	11.77	-15.3%
Source Capital (SOR)	52.78	45.73	-13.4%
SunAmericaFocAlphAgr (FGF)	15.88	14.4	-9.3%
SunAmericaFocAlphaLC (FGI)	15.31	14.14	-7.6%
Tri-Continental (TY)	14.47	12.26	-15.3%
Zweig (ZF)	3.83	3.5	-8.6%
Average			**-8.6%**
Median			**-12.0%**

As can be seen in the data in Table 54, U.S. General Equity Funds were trading at average and median discounts of 8.6 and 12.0 percent, respectively, as of March 31, 2010.

We also examined CEFs invested in international equity securities. These funds are presented in Table 55.

TABLE 55
INTERNATIONAL EQUITY

	NAV/Share	Price/Share	Discount
AbrdnAusEq (IAF)	11.89	12.33	3.7%
AlpineGlobDynamicDiv (AgD)	7.18	10.45	45.5%
AlpineTotalDynDivFun (AOD)	6.72	8.99	33.8%
AsiaPacFd (APB)	10.86	9.8	-9.8%
Asia Tigers (GRR)	20.23	18.84	-6.9%
BlckRk S&P Qual Rnk Gl (BQY)	14.16	12.36	-12.7%
Calamos GloDynInc (CHW)	9.11	8.03	-11.9%
CalamosGlbTotRet (CGO)	14.74	14.95	1.4%
Cdn Genl Inv (CGI)	20.58	16.1	-21.8%
Cdn Wrld Fd Ltd (T.CWF)	4.89	3.34	-31.7%
Central Europe &Russia (CEE)	39.62	35.25	-11.0%
Chile (CH)	18.22	17.71	-2.8%
China (CHN)	30.39	27.49	-9.5%
CloughGlobAlloc (GLV)	16.72	15.78	-5.6%
CloughGlobalEquity (GLQ)	16.1	14.38	-10.7%
CloughGlobalOpprty (GLO)	14.5	12.97	-10.6%
Delaware Enh Gl Div &In (DEX)	12.42	12.3	-1.0%
EV TxAdvGlbDivInc (ETG)	14.66	13.86	-5.5%
EtnVncTxAdvOpp (ETO)	21.74	20.69	-4.8%
Economic Inv Tr (EVT.T)	84.29	62.02	-26.4%
Emer Mkts Tel (ETF)	19.11	16.68	-12.7%
European Equity Fund Inc (EEA)	7.6	6.5	-14.5%
Evergreen Glbl Div Oppty (EOD)	10.49	10.6	1.0%
First Israel (ISL)	17.83	16.14	-9.5%
FT Active Div Inc Fd (FAV)	10.72	13.58	26.7%
FirstTrAbEmergOp (FEO)	20.54	19.04	-7.3%
Gabelli Global Deal (GDL)	15.62	14.29	-8.5%
GlbInc&Currency (GCF)	15.65	14.45	-7.7%
GreaterChinaFund (GCH)	14.25	11.9	-16.5%
Herzfeld Caribb (CUBA)	6.8	6.52	-4.1%
The Ibero-America Fund (SNF)	7.3	6.54	-10.4%

TABLE 55
INTERNATIONAL EQUITY

	NAV/Share	Price/Share	Discount
India Fund (IFN)	34.12	31.17	-8.6%
Indonesia (IF)	11.64	10.77	-7.5%
ING Infr, Indus and Matr (IDE)	20.24	20	-1.2%
JHancockTaxAdv Gl Sh Yld (HTY)	12.4	13.02	5.0%
Japan Equity (JEQ)	6.43	5.83	-9.3%
Japan Smaller Cap (JOF)	8.7	8.75	0.6%
JF China Region Fund (JFC)	14.88	13.15	-11.6%
Korea Equity (KEF)	10.65	9.4	-11.7%
Korea (KF)	40.4	35.97	-11.0%
Latin Amer Eq (LAQ)	43.2	39.31	-9.0%
LatAmDiscy (LDF)	17.98	16.72	-7.0%
LazardGlbTotRetInc (LGI)	17.41	15.51	-10.9%
LazardWorldDiv&IncFd (LOR)	13.29	12.2	-8.2%
MalaysaFd (MAY)	9.79	8.38	-14.4%
MexicoEqandIncmFd (MXE)	10.51	9.09	-13.5%
Mexico (MXF)	28.33	25.19	-11.1%
MS Asia (APF)	17.51	14.99	-14.4%
MS ChinaShrFd (CAF)	29.19	27.45	-6.0%
MS EstEur (RNE)	18.33	16.22	-11.5%
MS EmgMkt (MSF)	15.02	13.81	-8.1%
Morg Stan Frontier Em Mk (FFD)	13.48	12.04	-10.7%
MS India (IIF)	25.36	23.1	-8.9%
New Germany (GF)	14.71	12.57	-14.5%
New Ireland (IRL)	8.46	7.31	-13.6%
Nich-App Gl Eq &Cnv Inc (NGZ)	16.19	14.76	-8.8%
NuveenGlblValOptyFd (JGV)	18.74	18.73	-0.1%
Singapore (SGF)	14.84	13.16	-11.3%
Swiss Helvetia (SWZ)	13.7	11.67	-14.8%
Taiwan (TWN)	15.77	13.83	-12.3%
Taiwan Greater China (TFC)	6.84	6.3	-7.9%
Templeton DrAgon (TDF)	28.76	25.55	-11.2%
Templeton Em Mkt (EMF)	20.11	19.41	-3.5%
Templeton Russia &E Eur (TRF)	20.16	20.15	0.0%
ThaiFd (TTF)	11.45	9.62	-16.0%
Third Canadian (THD)	36.3	28.77	-20.7%
TurkishFd (TKF)	15.28	13.71	-10.3%
United Corps Ltd (UNC.T)	67.24	48.75	-27.5%
Average			**-7.7%**
Median			**-9.5%**

The average and median discounts of the international equity CEFs were 7.7 and 9.5 percent, respectively.

The Company's municipal bonds have no single state concentration. Thus, we used national bond funds invested in municipal debt issued throughout the U.S. This data is presented in Table 56.

TABLE 56
NATIONAL MUNICIPAL BOND FUNDS

	NAV/Share	Price/Share	Discount
AllBerNatlMunInc (AFB)	13.9	13.91	0.1%
Amer Muni Income (XAA)	13.83	14.43	4.3%
BR ApexMuni Fd (APX)	9.05	8.91	-1.5%
BlckRk Ins Muni Inc (BYM)	13.95	14.04	0.6%
BlckRk Ins Muni Inc Inv (BAF)	14.26	14.21	-0.4%
BlckRk Ins Muni (BMT)	10.13	10.04	-0.9%
BlckRk Inv Qual Muni Inc (RFA)	11.99	12.4	3.4%
BlckRk Inv Q Mun (BKN)	13.37	13.86	3.7%
BlckRk L-T Muni Adv (BTA)	11.07	10.42	-5.9%
BR Mu InDur (MUI)	14.55	13.97	-4.0%
BR MuniNY IntDu (MNE)	14	12.7	-9.3%
BRMHInsurInv (MFL)	13.89	13.34	-4.0%
BlckRk Muni 2018 (BPK)	14.59	15.5	6.2%
BlackRock Muni 2020 (BKK)	14.29	14.95	4.6%
BlckRk Mun Bd Inv (BIE)	14.6	14.11	-3.4%
BlackRock Mun Bd (BBK)	14.21	14.6	2.7%
BlackRock Muni (BFK)	12.99	13.5	3.9%
BlackRock Muni II (BLE)	13.74	13.55	-1.4%
BlckRk Mun Inc Inv (BBF)	13.55	13.36	-1.4%
BR MuniAssets Fd (MUA)	12.42	12.37	-0.4%
BR MuniEnhanced (MEN)	10.75	10.47	-2.6%
BR MuniHoldng2 (MUH)	14.36	14.13	-1.6%
BR MH Insured (MUS)	13.15	13.21	0.5%
BR MH Insured2 (MUE)	13.28	13.2	-0.6%
BR MH NY Insur (MHN)	14.22	13.89	-2.3%
BR MuniHoldngs (MHD)	15.43	15.05	-2.5%
BR MuniVest Fd (MVF)	9.44	9.27	-1.8%
BR MuniVest 2 (MVT)	14.11	14.32	1.5%
BR MuniYield Fd (MYD)	13.57	13.45	-0.9%

TABLE 56
NATIONAL MUNICIPAL BOND FUNDS

	NAV/Share	Price/Share	Discount
BR MuniYld Insur (MYI)	13.34	12.9	-3.3%
BR MuniYld NY Insur (MYN)	13.56	12.48	-8.0%
BR MuniYield Qlty (MQY)	14.46	13.79	-4.6%
BR MuniYld Qlty2 (MQT)	12.55	12.2	-2.8%
BRMuniYldInsurInv (MFT)	13.57	13.4	-1.3%
BR MuniYldInv (MYF)	13.86	13.19	-4.8%
BlckRk NY Ins Muni Inc (BSE)	14.06	14.24	1.3%
BlckRk Str Muni (BSD)	12.73	12.62	-0.9%
Del Inv Natl Muni Income (VFL)	13.06	12.2	-6.6%
Dreyfus Income (DMF)	9.15	8.94	-2.3%
Dreyfus Str Muni (DSM)	8.06	8.03	-0.4%
Dreyfus St Munis (LEO)	8.3	8.49	2.3%
DTF Tax-Free Income (DTF)	15.89	14.96	-5.9%
DWSMuni Inc (KTF)	12.12	11.95	-1.4%
DWS Strat Mun (KSM)	12.34	13	5.3%
Eaton Vance MA Muni Bd (MAB)	13.82	14.46	4.6%
EVMuniBd (EIM)	12.35	12.85	4.0%
EVMuniBdII (EIV)	12.17	13.6	11.8%
EVMuniIncm (EVN)	11.4	12.35	8.3%
EVNatMuniOpp (EOT)	21.21	20.19	-4.8%
Eaton Vance NY Muni Bd (ENX)	13.09	13.79	5.3%
Eaton Vance NY Muni Bd 2 (NYH)	12.92	14	8.4%
Eaton Vance OH Muni Bd (EIO)	12.39	13.34	7.7%
FedPremIntMuInc (FPT)	13.44	13.4	-0.3%
FedPremMuInc (FMN)	13.52	14.94	10.5%
MFS HgIncMuniTr (CXE)	4.85	4.96	2.3%
MFS HgYldMuniTr (CMU)	4.33	4.53	4.6%
MFS Inv Gr (CXH)	9.54	9.44	-1.0%
MFS Muni Inco (MFM)	6.67	6.77	1.5%
MS Ins Bd (IMC)	14.17	13.34	-5.9%
MS Ins Mun Inc (IIM)	14.81	14.11	-4.7%
MS Ins Sec (IMS)	14.25	13.57	-4.8%
MS Ins Tr (IMT)	14.16	13.7	-3.2%
MS Muni Op II (OIB)	7.38	6.99	-5.3%
MS Muni Op III (OIC)	7.98	7.6	-4.8%
MS Muni Op (OIA)	6.67	6.34	-4.9%
MS Muni Prem (PIA)	8.28	8.06	-2.7%
MS Qual Inc (IQI)	12.8	12.59	-1.6%
MS Qual Inv (IQT)	13.39	13.08	-2.3%
MS Qual Sec (IQM)	14.14	13.45	-4.9%

TABLE 56
NATIONAL MUNICIPAL BOND FUNDS

	NAV/Share	Price/Share	Discount
NeubrgrBrmCA (NBW)	14.7	13.7	-6.8%
NeubrgrBrm (NBH)	14.42	14.4	-0.1%
NeubrgeBrmNY (NBO)	14.37	14.19	-1.3%
Nuveen Div Advtg (NAD)	14.11	13.94	-1.2%
Nuv Div Adv 2 (NXZ)	14.64	14.5	-1.0%
Nuv Div Adv 3 (NZF)	14.33	14.01	-2.2%
Nuveen Enh Muni Val (NEV)	14.09	13.93	-1.1%
NuvInsDivdAdvMu (NVG)	14.82	14.25	-3.8%
Nuveen Ins MA TF Adv (NGX)	14.48	16	10.5%
Nuveen Ins Opp (NIO)	14.41	13.89	-3.6%
NuvInsNYDivdAdvMu (NKO)	14.87	13.8	-7.2%
Nuveen Ins NY (NNF)	15.05	13.85	-8.0%
Nuveen Ins NY TF Adv (NRK)	14.91	13.92	-6.6%
Nuveen Ins Pr 2 (NPX)	13.09	12.72	-2.8%
NuvInsTxFAdvMu (NEA)	14.5	14.34	-1.1%
Nuveen Ins Qual (NQI)	13.92	14.27	2.5%
Nuveen Inv Qual (NQM)	14.51	14.15	-2.5%
Nuveen Muni Adv (NMA)	14.19	14.37	1.3%
NuvMuniHiIncOpp (NMZ)	11.59	12.81	10.5%
NuvMunHIOppZ (NMD)	11.35	12.32	8.5%
Nuveen Muni Inc (NMI)	10.54	11.05	4.8%
Nuveen Muni Mkt (NMO)	13.77	14.19	3.1%
Nuveen Muni Val (NUV)	9.59	9.82	2.4%
Nuveen Muni Value 2 (NUW)	16.21	16.24	0.2%
Nuveen NY Inv (NQN)	14.84	14.35	-3.3%
Nuveen NY Qual (NUN)	14.89	13.83	-7.1%
Nuveen NY Sel (NVN)	15.11	13.88	-8.1%
Nuveen Perf Plus (NPP)	14.72	14.33	-2.6%
Nuveen Pr (NPI)	13.9	13.72	-1.3%
Nuveen Pr 2 (NPM)	14.38	13.69	-4.8%
Nuveen Pr 4 (NPT)	12.74	12.51	-1.8%
Nuveen Pr Ins (NIF)	14.52	14.39	-0.9%
Nuveen Pr Mun (NPF)	14.11	13.36	-5.3%
Nuveen Qual (NQU)	14.36	14.14	-1.5%
Nuveen Sel Mat (NIM)	10.23	10.49	2.5%
Nuveen Sel Qual (NQS)	14.24	14.64	2.8%
Nuveen Sel TF (NXP)	14.24	14.7	3.2%
Nuveen Sel TF 2 (NXQ)	13.59	13.8	1.5%
Nuveen Sel TF 3 (NXR)	14.09	14.27	1.3%
PIMCO MuniInc (PMF)	11.52	13.63	18.3%

TABLE 56
NATIONAL MUNICIPAL BOND FUNDS

	NAV/Share	Price/Share	Discount
PIMCOMuniIncII (PML)	10.43	11.1	6.4%
Pimco Muni III (PMX)	9.66	10.95	13.4%
PioneerHiIncAdv (MAV)	12.23	13.11	7.2%
PioneerMunHiIcmT (MHI)	13.69	14.34	4.7%
Putnam Mgd Inc (PMM)	7.26	7.15	-1.5%
Putnam Muni Opp (PMO)	11.8	11.41	-3.3%
VKAdvMuIncTrII (VKI)	11.73	12.16	3.7%
VKMuOppTr (VMO)	13.18	13.99	6.1%
VKMuTr (VKQ)	13.14	13.7	4.3%
VKSelSecMuTr (VKL)	11.64	12.2	4.8%
VKTrInsrMu (VIM)	13.12	13.29	1.3%
VKTrInvGrMu (VGM)	13.77	14.17	2.9%
Western Asset Int Muni (SBI)	9.65	9.42	-2.4%
Western Asset Mgd Muni (MMU)	12.82	12.68	-1.1%
Western Asset Mun Hi Inc (MHF)	7.53	7.47	-0.8%
WstAstMuniPrtnrs (MNP)	14.6	13.71	-6.1%
Westn Asst Mu Def Opp Tr (MTT)	21.52	21.55	0.1%
Average			**0.0%**
Median			**-1.0%**

Based on the data in Table 56, the National Municipal Bond Funds exhibited an average discount of zero percent and a median discount of 1.0 percent.

Finally, we examined CEFs invested in investment grade bonds. This data is provided in Table 57.

TABLE 57
INVESTMENT GRADE BOND FUNDS

	NAV/Share	Price/Share	Discount
AllianceBernInc (ACG)	8.49	8.12	-4.4%
BlRck Core Bond (BHK)	12.86	12.17	-5.4%
BR Enhcd Govt (EGF)	16.77	16.5	-1.6%
BlackRock Income Opp (BNA)	10	9.48	-5.2%
EVLmtDurIncm (EVV)	16.38	15.89	-3.0%

TABLE 57
INVESTMENT GRADE BOND FUNDS

	NAV/Share	Price/Share	Discount
Federated Enh Treas Inc (FTT)	18.85	19.95	5.8%
Ft Dearborn Inc (FDI)	16.17	14.73	-8.9%
J Han Income (JHS)	13.8	13.71	-0.7%
Hartford Income (HSF)	6.2	5.67	-8.5%
MFS Govt Mkts (MGF)	7.18	7.66	6.7%
MFS Intmdt (MIN)	6.78	6.9	1.8%
MS Income Secs (ICB)	17.44	17.2	-1.4%
PIMCO Corp Opp (PTY)	15.02	16.38	9.1%
Rivus Bond (BDF)	19.03	17.12	-10.0%
TransamInco (TAI)	22.08	22.64	2.5%
VKBond (VBF)	19.45	19.77	1.6%
Western Asset Income (PAI)	13.57	13.07	-3.7%
WstAstInftMgt (IMF)	17.6	15.98	-9.2%
WesternAssetPremBd (WEA)	13	14.01	7.8%
WstAstClymrInfLnkOpp (WIW)	12.93	11.83	-8.5%
WstAstClymrInfLnkSec (WIA)	12.83	12.08	-5.8%
Westn Asst IG Def Opp Tr (IGI)	20.57	20.31	-1.3%
Average			**-1.9%**
Median			**-2.3%**

The Investment Grade Bond Funds exhibited average and median discounts of 1.9 and 2.3 percent, respectively.

The Investment Grade Bond Funds were also used to derive a discount for the related party loans and receivables as they were deemed the most similar based on investment characteristics.

Using the information on the previous pages, a blended or weighted discount for lack of control was calculated using the median discounts of the various asset classes. The median discounts were selected from the CEF data as this eliminates the outliers from the data that could skew the results. The Company's cash balance was not discounted due to its low level of risk. The related party loans and receivables were discounted based on the

Investment Grade Bond Funds plus a small additional discount for the higher risk of nonperformance of these assets.

The calculation of the discount is presented in Table 58.

TABLE 58
DISCOUNT FOR LACK OF CONTROL

Asset	% of Net Assets	Discount	Weighted Average
Cash	26.8%	0.0%	0.0%
Related Party Loans	6.9%	-3.0%	-0.2%
Marketable Securities-Domestic Equities	55.5%	-12.0%	-6.7%
Marketable Securities-International Equities	5.5%	-9.5%	-0.5%
Marketable Securities-Municipal Bonds	1.9%	-1.0%	0.0%
Marketable Securities-Corporate Bonds	3.3%	-2.3%	-0.1%
Total	**100.0%**		**-7.5%**

There are a number of differences between the closed-end funds and The Company, including but not limited to size, Management and distributions that may justify a higher discount. However, there is no quantitative methodology to support a greater discount.

Therefore, based on the analysis performed, a discount for lack of control of 7.5 percent was deemed appropriate.

DISCOUNT FOR LACK OF MARKETABILITY

A discount for lack of marketability (DLOM) is used to compensate for the difficulty of selling shares of stock that are not traded on a stock exchange compared with those that can be traded publicly. If an investor owns shares in a public company, he or she can pick up the telephone, call a broker, and generally convert the investment into cash within three days. That is not the case with an investment in a closely-held business. Therefore, publicly-traded stocks have an element of liquidity that closely-held shares do not have.

This is the reason that a DLOM will be applied. It is intended to reflect the market's perceived reduction in value for not providing liquidity to the shareholder.

A DLOM may also be appropriate when the shares have either legal or contractual restrictions placed upon them. This may be the result of restricted stock, buy-sell Agreements, bank loan restrictions or other types of contracts that restrict the sale of the shares. Even when a 100 percent interest is the valuation subject, a DLOM may be appropriate if the owner cannot change the restrictions on the stock.

RESTRICTED STOCK STUDIES

The most commonly used sources of data for determining an appropriate level of a DLOM are studies involving restricted stock purchases or initial public offerings. Revenue Ruling 77-287 references the Institutional Investor Study,[34] which addresses restricted stock issues. Many studies have updated this one.

Restricted stock (or letter stock as it is sometimes called) is stock issued by a corporation that is not registered with the Securities and Exchange Commission (SEC) and cannot be readily sold into the public market. The stock is usually issued when a corporation is first going public, making an acquisition, or raising capital. The main reasons that corporations issue restricted stock, rather than tradable stock, are to avoid dilution of their stock price

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[34] From "Discounts Involved in Purchases of Common Stock (1966 - 1969)," *Institutional Investor Study Report of the Securities and Exchange Commission*. H.R. Doc. No. 64, Part 5, 92d Cong., 1st Sess. 1971: 2444-2456.

with an excessive number of shares available for sale at any one time and to avoid the costs of registering the securities with the SEC.

The registration exemption on restricted stocks is granted under Section 4(2) of the 1933 Securities Act. The intent of Section 4(2) is to allow "small" corporations the ability to raise capital without incurring the costs of a public offering. Regulation D, a safe harbor regulation, which became effective in 1982, falls under section 4(2) of the Act and provides uniformity in federal and state securities laws regarding private placements of securities. Securities bought under Regulation D are subject to restrictions, the most important being that the securities cannot be resold without either registration under the Act or an exemption.[35] The exemptions for these securities are granted under Rule 144.

> Rule 144 allows the limited resale of unregistered securities after a minimum holding period of two years. Resale is limited to the higher of 1 percent of outstanding stock or average weekly volume over a 4 week period prior to the sale, during any three month period. There is no quantity limitation after a four year holding period.[36]

Therefore, a holder of restricted stock must either register their securities with the SEC or qualify for a Rule 144 exemption in order to sell their stock on the public market. A holder of restricted stock can, however, trade the stock in a private transaction. Historically when traded privately, the restricted stock transaction was usually required to be registered with the SEC. However, in 1990, the SEC adopted Rule 144a which relaxed the SEC filing restrictions on private transactions. The rule allows qualified institutional investors to trade unregistered securities among themselves without filing registration statements.[37] Effective

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35 Kasim L. Alli, Ph.D. and Donald J. Thompson, Ph.D. "The Value of the Resale Limitation on Restricted Stock: An Option Theory Approach," American Society of Appraisers: *Valuation*, March 1991: 22-23.

36 Ibid.

37 Richard A. Brealey and Steward C. Myers, "How Corporations Issue Securities," Chapter 14, *Principles of Corporate Finance*, 5th Edition, McGraw-Hill, Inc. 1996: 399-401.

April 1997, the two year holding period was reduced to one year. This holding period was reduced to six months in December 2007.

The overall effect of these regulations on restricted stock, is that when issued, the corporation is not required to disclose a price and, on some occasions, even when traded, the value of restricted securities is still not a matter of public record.

A summary of the familiar studies regarding restricted stock is presented in Table 59.

TABLE 59
RESTRICTED STOCK STUDIES

Study	Years Covered in Study	AverAge Discount (%)
SEC Overall Average[a]	1966-1969	25.8
SEC Non-Reporting OTC Companies[a]	1966-1969	32.6
Gelman[b]	1968-1970	33.0
Trout[c]	1968-1972	33.5[i]
Moroney[d]	[h]	35.6
Maher[e]	1969-1973	35.4
Standard Research Consultants[f]	1978-1982	45.0[i]
Willamette Management Associates[g]	1981-1984	31.2[i]
Silber Study[j]	1981-1988	33.8
FMV Study[k]	1979 - April 1992	23.0
FMV Restricted Stock Study[l]	1980 -1997	22.3
Management Planning[m]	1980-1995	27.7
Bruce Johnson[n]	1991-1995	20.0
Columbia Financial Advisors[o]	1996-February 1997	21.0
Columbia Financial Advisors[o]	May 1997-1998	13.0
Trugman Valuation Associates[p]	2007-2008	18.1

Notes:

[a] From "Discounts Involved in Purchases of Common Stock (1966-1969)," *Institutional Investor Study Report of the Securities and Exchange Commission*. H.R. Doc. No. 64, Part 5, 92d Cong., 1st Sess. 1971: 2444-2456.

[b] From Milton Gelman, "An Economist-Financial Analyst's Approach to Valuing Stock of a Closely Held Company," *Journal of Taxation*, June 1972: 353-354.

[c] From Robert R. Trout, “Estimation of the Discount Associated with the Transfer of Restricted Securities,” *Taxes*, June 1977: 381-385.

[d] From Robert E. Moroney, “Most Courts Overvalue Closely Held Stock,” *Taxes*, March 1973: 144-154.

[e] From J. Michael Maher, “Discounts for Lack of Marketability for Closely-Held Business Interests,” *Taxes*, September 1976: 562-571.

[f] From “Revenue Ruling 77-287 Revisited,” *SRC Quarterly Reports*, Spring 1983: 1-3.

[g] From Willamette Management Associates study (unpublished).

[h] Although the years covered in this study are likely to be 1969-1972, no specific years were given in the published account.

[I] Median discounts.

[j] From William L. Silber, “Discounts on Restricted Stock: The Impact of Illiquidity on Stock Prices,” *Financial Analysts Journal*, July-August 1991: 60-64.

[k] Lance S. Hall and Timothy C. Polacek, “Strategies for Obtaining the Largest Discount,” *Estate Planning*, January/February 1994: 38-44. In spite of the long time period covered, this study analyzed only a little over 100 transactions involving companies that were generally not the smallest capitalization companies. It supported the findings of the SEC *Institutional Investor Study* in finding that the discount for lack of marketability was higher for smaller capitalization companies.

[l] Espen Robak and Lance S. Hall, “Bringing Sanity to Marketability Discounts: A New Data Source,” *Valuation Strategies*, July/August 2001: 6-13, 45-46.

[m] Robert P. Oliver and Roy H. Meyers, “Discounts Seen in Private Placements of Restricted Stock: The Management Planning, Inc. Long-Term Study (1980-1995)” published in Chapter 5 of Robert F. Reilly and Robert P. Schweihs, eds. *The Handbook of Advanced Business Valuation* (New York: McGraw-Hill, 2000).

[n] Bruce Johnson, “Restricted Stock Discounts, 1991-1995,” *Shannon Pratt’s Business Valuation Update,* March 1999: 1-3. Also, “Quantitative Support for Discounts for Lack of Marketability,” *Business Valuation Review*, December 1999: 152-155.

[o] Kathryn Aschwald, “Restricted Stock Discounts Decline as a Result of 1-Year Holding Period,” *Shannon Pratt’s Business Valuation Update*, May 2000: 1-5. This study focuses on the change in discounts as a result of the holding period reduction from two years to one year.

[p] William Harris, “Trugman Valuation Associates, Inc. Restricted Stock Study,” *Business Valuation Review*, Fall 2009: 128-139.

SEC INSTITUTIONAL INVESTOR STUDY

As part of a major study of institutional investor actions performed by the Securities and Exchange Commission (SEC), the amount of discount at which transactions in restricted stock took place compared to the prices of otherwise identical but unrestricted stock on the open market was addressed. The report introduced the study with the following discussion about restricted stock:

> Restricted securities are usually sold at a discount from their coeval market price, if any, primarily because of the restrictions on their resale. With the information supplied by the respondents on the purchase prices of the common stock and the dates of transaction, the Study computed the implied discounts in all cases in which it was able to locate a market price for the respective security on the date of the transaction.[38]

A reproduction of Table XIV-45 of the SEC Institutional Investor Study showing the size of discounts at which restricted stock transactions took place compared with the prices, as of the same date, of the freely-traded but otherwise identical stocks is contained in Table 58.[39] The data in Table 60 shows that about half of the transactions, in terms of real dollars, took place at discounts ranging from 20 to 40 percent.

The discounts were lowest for those stocks that would be tradable when the restrictions expired on the New York Stock Exchange and highest for those stocks that could be traded in the over-the-counter market when the restrictions expired. For those whose market would be over-the-counter when the restrictions expired, the average discount was approximately 35 percent. When considering closely-held companies whose shares have no prospect of any market, the discount would have to be higher.

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38 "Discounts Involved in Purchases of Common Stock (1966-1969)," *Institutional Investor Study Report of the Securities and Exchange Commission*, H.R. Doc. No. 64, Part 5, 92nd Cong., 1st Session., 1971: 2444-2456.

39 Ibid.

The research from the SEC Institutional Investor Study was the foundation for the SEC Accounting Series Release No. 113, dated October 13, 1969, and No. 118, dated December 23, 1970, which require investment companies registered under the Investment Company Act of 1940 to disclose their policies about the cost and valuation of their restricted securities. As a result of the study, there is now an ongoing body of data about the relationship between restricted stock prices and their freely tradable counterparts. This body of data can provide empirical benchmarks for quantifying marketability discounts.

TABLE 60
SEC INSTITUTIONAL INVESTOR STUDY

	Discount							
	-15.0% to 0.0%		0.1% to 10.0%		10.1% to 20.0%		20.1% to 30.0%	
Trading Market	No. of Trans-actions	Value of Purchases	No. of Trans-actions	Value of Purchases	No. of Trans-actions	Value of Purchases	No. of Trans-actions	Value of Purchases
Unknown	1	$ 1,500,000	2	$ 2,496,583	1	$ 205,000	0	$ 0
New York Stock Exchange	7	3,760,663	13	15,111,798	13	24,503,988	10	17,954,085
American Stock Exchange	2	7,263,060	4	15,850,000	11	14,548,750	20	46,200,677
Over-the-Counter (Reporting Companies)	11	13,828,757	39	13,613,676	35	38,585,259	30	35,479,946
Over-the-Counter (Non-Reporting Companies)	5	8,329,369	9	5,265,925	18	25,122,024	17	11,229,155
TOTAL	**26**	**$ 34,681,849**	**67**	**$ 52,337,982**	**78**	**$ 102,965,021**	**77**	**$ 110,863,863**

TABLE 60
SEC INSTITUTIONAL INVESTOR STUDY

	Discount							
	30.1% to 40.0%		40.1% to 50.0%		50.1% to 80.0%		Total	
Trading Market	No. of Trans-actions	Value of Purchases	No. of Trans-actions	Value of Purchases	No. of Trans-actions	Value of Purchases	No. of Trans-actions	Value of Purchases
Unknown	2	$ 3,332,000	0	$ 0	1	$ 1,259,995	7	$ 8,793,578
New York Stock Exchange	3	11,102,501	1	1,400,000	4	5,005,068	51	78,838,103
American Stock Exchange	7	21,074,298	1	44,250	4	4,802,404	49	109,783,439
Over-the-Counter (Reporting Companies)	30	58,689,328	13	9,284,047	21	8,996,406	179	178,477,419
Over-the-Counter (Non-Reporting Companies)	25	29,423,584	20	11,377,431	18	13,505,545	112	104,253,033
TOTAL	**67**	**$ 123,621,711**	**35**	**$ 22,105,728**	**48**	**$ 33,569,418**	**398**	**$ 480,145,572**

GELMAN STUDY

In 1972, Milton Gelman, with National Economic Research Associates, Inc., published the results of his study of prices paid for restricted securities by four closed-end investment companies specializing in restricted securities investments.[40] Gelman used data from 89 transactions between 1968 and 1970, and found that both the average and median discounts were 33 percent and that almost 60 percent of the purchases were at discounts of 30 percent and higher. This data is consistent with the SEC study.

MORONEY STUDY

An article published in the March 1973 issue of *Taxes*,[41] authored by Robert E. Moroney of the investment banking firm Moroney, Beissner & Co., contained the results of a study of the prices paid for restricted securities by 10 registered investment companies. The study included 146 purchases at discounts ranging from 3 to 90 percent. The average discount was approximately 33 percent. Despite the pretty broad range, the average discount was once Again in line with the other studies.

In this article, Moroney compared the evidence of actual cash transactions with the lower average discounts for lack of marketability determined in some previous estate and gift tax cases. He stated that there was no evidence available about the prices of restricted stocks at the times of these other cases that could have been used as a benchmark to help quantify these discounts. However, he suggested that higher discounts for lack of marketability should be allowed in the future as more relevant data becomes available. He stated:

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40 Milton Gelman, "Economist-Financial Analyst's Approach to Valuing Stock of a Closely Held Company," *Journal of Taxation*, June 1972: 353-4.

41 Robert E. Moroney, "Most Courts Overvalue Closely-Held Stock," *Taxes*, March 1973: 144-56.

> Obviously the courts in the past have overvalued minority interest in closely-held companies for federal tax purposes. But most (probably all) of those decisions were handed down without benefit of the facts of life recently made available for all to see.
>
> Some appraisers have for years had a strong gut feeling that they should use far greater discounts for non-marketability than the courts had allowed. From now on those appraisers need not stop at 35 percent merely because it's perhaps the largest discount clearly approved in a court decision. Appraisers can now cite a number of known arm's-length transactions in which the discount ranged up to 90 percent.[42]

Approximately four years later, Moroney authored another article in which he stated that courts have started to recognize higher discounts for lack of marketability:

> The thousands and thousands of minority holders in closely-held corporations throughout the United States have good reason to rejoice because the courts in recent years have upheld illiquidity discounts in the 50 percent area.*
>
> *Edwin A. Gallun, 33 T.C.M. 1316 (1974), allowed 55 percent. Est. of Maurice Gustave Heckscher, 63 T.C. 485 (1975), allowed 48 percent. Although Est. of Ernest E. Kirkpatrick, 34 T.C.M. 1490 (1975) found per-share values without mentioning discount, expert witnesses for both sides used 50 percent–the first time a government witness recommended 50 percent. A historic event, indeed![43]

MAHER STUDY

J. Michael Maher, with Connecticut General Life Insurance Co., conducted another interesting study on lack of marketability discounts for closely-held business interests. The results of this well documented study were published in the September 1976 issue of

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42 Ibid.: 151.

43 Robert E. Moroney, "Why 25 Percent Discount for Nonmarketability in One Valuation, 100 Percent in Another?" *Taxes*, May 1977: 320.

Taxes.[44] Using an approach that was similar to Moroney's, Maher compared prices paid for restricted stocks with the market prices of their unrestricted counterparts. The data used covered the five-year period 1969 through 1973. The study showed that "the mean discount for lack of marketability for the years 1969 to 1973 amounted to 35.43 percent."[45] In an attempt to eliminate abnormally high and low discounts, Maher eliminated the top and bottom 10 percent of the purchases. The results ended up with an average discount of 34.73 percent, almost the exact same discount that was derived without the top and bottom items removed.

Maher's remarks are a good learning tool, as he distinguished between a discount for lack of marketability and a discount for a minority interest. He said:

> The result I have reached is that most appraisers underestimate the proper discount for lack of marketability. The results seem to indicate that this discount should be about 35 percent. Perhaps this makes sense because by committing funds to restricted common stock, the willing buyer (a) would be denied the opportunity to take advantage of other investments, and (b) would continue to have his investment at the risk of the business until the shares could be offered to the public or another buyer is found.
>
> The 35 percent discount would not contain elements of a discount for a minority interest because it is measured against the current fair market value of securities actively traded (other minority interests). Consequently, appraisers should also consider a discount for a minority interest in those closely-held corporations where a discount is applicable.[46]

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44 J. Michael Maher, "Discounts for Lack of Marketability for Closely-Held Business Interests," *Taxes*, September 1976: 562-71.

45 Ibid.: 571.

46 Ibid.

TROUT STUDY

The next study was performed by Robert R. Trout. Trout was with the Graduate School of Administration, University of California, Irvine and Trout, Shulman & Associates. Trout's study of restricted stocks covered the period 1968 to 1972 and addressed purchases of these securities by mutual funds. Trout attempted to construct a financial model which would provide an estimate of the discount appropriate for a private company's stock.[47] Creating a multiple regression model involving 60 purchases, Trout measured an average discount of 33.45 percent for restricted stock from freely-traded stock.

STANDARD RESEARCH CONSULTANTS STUDY

In 1983, Standard Research Consultants analyzed private placements of common stock to test the current applicability of the SEC Institutional Study.[48] Standard Research studied 28 private placements of restricted common stock from October 1978 through June 1982. Discounts ranged from 7 percent to 91 percent, with a median of 45 percent, a bit higher than seen in the other studies.

Only four of the 28 companies studied had unrestricted common shares traded on either the American Stock Exchange or the New York Exchange, and their discounts ranged from 25 percent to 58 percent, with a median of 47 percent, which was not significantly different from the 45 percent median of the remaining companies that traded in the over-the-counter market.

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47 Robert R. Trout, "Estimation of the Discount Associated with the Transfer of Restricted Securities," *Taxes*, June 1977: 381-5.

48 "Revenue Ruling 77-287 Revisited," *SRC Quarterly Reports*, Spring 1983: 1-3.

WILLAMETTE MANAGEMENT ASSOCIATES, INC. STUDY

Willamette Management Associates analyzed private placements of restricted stocks for the period January 1, 1981 through May 31, 1984.[49] In discussing the study, Willamette states that the early part of this unpublished study overlapped the last part of the Standard Research study, but there were very few transactions that took place during the period of overlap. According to the discussion of the study in *Valuing a Business*, most of the transactions in the study took place in 1983.

Willamette identified 33 transactions during this time period that could be classified with reasonable confidence as arm's-length transactions, and for which the price of the restricted shares could be compared directly with the price of trades in otherwise identical but unrestricted shares of the same company at the same time. The median discount for the 33 restricted stock transactions compared to the prices of their freely tradable counterparts was 31.2 percent, a little bit lower than the other studies, but substantially lower than the study by Standard Research.

In *Valuing a Business*, Pratt attributed the slightly lower average percentage discounts for private placements during this time to the somewhat depressed prices in the public stock market, which in turn were in response to the recessionary economic conditions prevalent during most of the period of the study. Taking this into consideration, the study basically supports the long-term average discount of 35 percent for transactions in restricted stock compared with the prices of their freely tradable counterparts.

SILBER RESTRICTED STOCK STUDY

In 1991, another study of restricted stock was published which included transactions during the period 1981 through 1988. This study, by William L. Silber, substantiated the earlier

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[49] Shannon P. Pratt, et al., *Valuing a Business*, Third Edition.

restricted stock studies, finding an average price discount of 33.75 percent.[50] Silber identified 69 private placements involving common stock of publicly traded companies. The restricted stock in this study could be sold under Rule 144 after a two-year holding period. Silber, similar to Trout, tried to develop a statistical model to explain the price differences between securities that differ in resale provisions. Silber concluded that the discount on restricted stock varies directly with the size of the block of restricted stock relative to the amount of publicly traded stock issued by the company. He found that the discounts were larger when the block of restricted stock was large compared to the total number of shares outstanding. Silber also noted that the size of the discount was inversely related to the credit-worthiness of the issuing company.

FMV STUDY

As indicated in the table, it is important to emphasize that this study analyzes just over 100 transactions involving companies tending to have larger capitalization. As reported in other studies, such discounts tend to be higher among smaller companies, and conversely, lower with larger companies.

Management PLANNING INC. STUDY

The primary criteria for the Management Planning study was to identify companies that had made private placements of unregistered common shares which would, except for the restrictions on trading, have similar characteristics to that company's publicly traded shares. Companies included in the study had to have in excess of $3 million in annual sales and be profitable for the year immediately prior to the private placement. It was required that the company be a domestic corporation, not considered to be in "a development stage," and the common stock of the issuing company must sell for at least $2 per share.

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50 William L. Silber, "Discounts on Restricted Stock: The Impact of Illiquidity on Stock Prices," *Financial Analysts Journal*, July - August 1991: 60-64.

Management Planning analyzed 200 private transactions involving companies with publicly traded shares. Of the 200, 49 met the base criteria described. Of these, the average mean discount was 27.7 percent, while the average median discount was 28.8 percent.[51]

A more detailed analysis of the Management Planning Study indicated a large range of discounts relative to the sample companies due to varying degrees of revenues, earnings, market share, price stability and earnings stability. The average revenues for the companies selected for review were $47.5 million, however, the median revenue figure was $29.8 million, indicating that the average sales figure was impacted by a few companies that were significantly larger than the others studied. The average discount for companies with revenues under $10 million was 32.9 percent.

Likewise, the average reported earnings of the study group were skewered by 20 companies in the study whose earnings exceeded $1 million, and in fact had a median earnings figure of $2.9 million. Twenty-nine of the companies studied earned less than $1 million, while the median earnings of all of the companies in the sample was $0.7 million. The following chart indicates that fourth quartile companies reflected private placement median discounts compared to the shares traded in the open markets ranging from 34.6 percent to 44.8 percent, based upon the factors considered. The average discount of sample companies in the fourth quartile for the five factors considered was 39.3 percent.

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51 Z. Christopher Mercer, *Quantifying Marketability Discounts*, Peabody Publishing L.P.; Memphis, TN; 1997: 345-363.

Factors Considered In the Analysis		First Quartile	Second Quartile	Third Quartile	Fourth Quartile	Original Expectations Re: Discounts
		Restricted Stock Discounts				
Revenues	Medians	18.7%	22.2%	31.5%	36.6%	Higher revenues, lower discounts
	Means	21.8%	23.9%	31.9%	34.7%	
Earnings	Medians	16.1%	30.5%	32.7%	39.4%	Higher earnings, lower discounts
	Means	18.0%	30.0%	30.1%	34.1%	
Market Price/Share	Medians	23.3%	22.2%	29.5%	41.0%	Higher the price, lower discounts
	Means	23.3%	24.5%	27.3%	37.3%	
Price Stability	Medians	34.6%	31.6%	9.2%	19.4%	Lower stability, higher discounts
	Means	34.8%	33.3%	21.0%	22.0%	
Earnings Stability	Medians	14.1%	26.2%	30.8%	44.8%	Higher earnings stability, lower discounts
	Means	16.4%	28.8%	27.8%	39.7%	

BRUCE JOHNSON STUDY

Bruce Johnson studied 72 private placement transactions that occurred in 1991 through 1995. The range was a 10 percent premium to a 60 percent discount with an average discount for these 72 transactions of 28 percent. This study covered the first half decade after the Rule 144 restrictions were relaxed. The results seem to indicate that discounts are lower when the holding period is shorter.

COLUMBIA FINANCIAL ADVISORS, INC. RESTRICTED STOCK STUDY (1996-1997)

Columbia Financial Advisors, Inc. (CFAI) conducted an analysis of restricted securities in the United States. These were private common equity placements that were done from January 1, 1996 to April 30, 1997. Using 23 transactions (eight involving restricted securities, and 15 involving private placements with no registration rights), the average discount was 21 percent, with a median of 14 percent. The 1990 adoption of Rule 144A seems to have had an effect on these discounts.

COLUMBIA FINANCIAL ADVISORS, INC. RESTRICTED STOCK STUDY (1997-1998)

CFAI conducted another restricted stock study to assess the effects of another alteration to Rule 144. Mandatory holding periods, as of April 29, 1997, were reduced from two years to one year. CFAI used 15 transactions whose stock was privately-placed. The average discount for this group was 13 percent, with a median of 9 percent. These discounts are clearly impacted by the shorter holding period.

TRUGMAN VALUATION ASSOCIATES, INC. RESTRICTED STOCK STUDY

Trugman Valuation Associates, Inc. (TVA) conducted an analysis of private placements of restricted stock for the years 2007 and 2008. Using 80 transactions, the average discount was 18.1 percent and the median discount was 14.4 percent. The TVA Restricted Stock Study was the first study published after the Rule 144 holding period was reduced to six months, which became effective on February 15, 2008.

TVA performed a more detailed analysis of the 80 private placement transactions by examining the impact that certain variables had on the magnitude of the implied discounts. The study analyzed variables related to risk, liquidity, size, earning capacity and contractual rights.

The first part of the analysis included an examination of the linear relationships between the different variables and the magnitude of the implied discounts. These linear relationships were measured by performing a correlation analysis, which is a statistical technique that can show how strongly pairs of variables are related. The correlation analysis revealed that stock price volatility, which in this instance was measured by the stock's one-year annualized, historical daily price volatility, had a solid linear relationship with the magnitude of the implied discount. In this instance, stock price volatility had an R-squared statistic of 0.60 which means that 60 percent of the variation in the implied discounts included in the sample are explained by the price volatility of the underlying security. Other variables that had notable relationships with the size of the discount included the exchange the stock was traded on, the number of shares placed in relation to the stock's trading volume and the period of time in which the stock remained unmarketable. Stocks traded on the Over the Counter Bulletin Board Exchange, transactions with a large number of shares placed in relationship to the stock's trading volume, and stocks that remained unmarketable for longer periods of time had higher discounts, on average.

The second part of the analysis performed by TVA consisted of dividing the data into four quartiles based on the different variables. This analysis revealed that discounts tend to be higher for transactions with longer holding periods, transactions involving financially distressed companies and transactions involving illiquid offerings.

TVA concluded that although the 18.1 percent average implied discount falls below the range of previous studies, various company-specific and transaction-specific factors can warrant a discount significantly higher or lower than the average.

REVENUE RULING 77-287

In 1977, in Revenue Ruling 77-287, the Internal Revenue Service specifically recognized the relevance of the data on discounts for restricted stocks. The purpose of the ruling was "to provide information and guidance to taxpayers, Internal Revenue Service personnel and others concerned with the valuation, for Federal tax purposes, of securities that cannot be immediately resold because they are restricted from resale pursuant to Federal security laws."[52] The ruling specifically acknowledges the conclusions of the SEC Institutional Investor Study and the values of restricted securities purchased by investment companies

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52 Revenue Ruling 77-287 (1977-2 C.B. 319), Section I.

as part of the “relevant facts and circumstances that bear upon the worth of restricted stock.”

All of the studies concerning restricted stock generally deal with minority blocks of stock in public companies. Therefore, the restricted stock studies may be a useful guide in assessing a discount for lack of marketability for a minority interest. However, a control value may also need to reflect a DLOM, although it probably would be smaller than a DLOM attributable to minority shares. Since a minority interest is more difficult to sell than a controlling interest, the DLOM is usually larger for minority interests. The average DLOM ranges between 25 and 45 percent based on the studies discussed previously. Larger discounts may be appropriate if the starting point is a marketable, minority interest value based on public guideline company methods.

INITIAL PUBLIC OFFERING STUDIES

Another manner in which the business appraisal community and users of its services determines discounts for lack of marketability is with the use of closely-held companies that underwent an initial public offering (IPO) of its stock. In these instances, the value of the closely-held stock is measured before and after the company went public.

ROBERT W. BAIRD & CO. STUDIES

Robert W. Baird & Co., a regional investment banking firm has conducted 11 studies over time periods ranging from 1980 through 2000, comparing the prices in closely-held stock transactions when no public market existed with the prices of subsequent IPOs in the same stocks. Based on the studies, the average discount has been 47 percent, while the median discount is 48 percent.

WILLAMETTE MANAGEMENT ASSOCIATES STUDY

A similar private, unpublished study has been performed by Willamette Management Associates. Based on these studies, which were performed from 1975 through 2002, the average discounts ranged from a low of 8 percent to a premium of 195.8 percent.

VALUATION ADVISORS' LACK OF MARKETABILITY DISCOUNT STUDY

Studies published by Valuation Advisors break down the discount for lack of marketability based on the amount of time that transactions occur prior to the IPO. This data is presented in Table 61.

TABLE 61
VALUATION ADVISOR'S LACK OF MARKETABILITY DISCOUNT STUDY™
TRANSACTION SUMMARY RESULTS BY YEAR FROM 1999-2009

Time of Transaction Before IPO	1-90 Days	91-180 Days	181-270 Days	271-365 Days	1-2 Years
1999 Results					
Number of Transactions	149	175	103	92	175
Median Discount	30.8%	53.9%	75.0%	76.9%	82.0%
2000 Results					
Number of Transactions	129	176	116	91	141
Median Discount	28.7%	45.1%	61.2%	68.9%	76.6%
2001 Results					
Number of Transactions	15	17	18	17	48
Median Discount	14.7%	33.2%	33.4%	52.1%	51.6%
2002 Results					
Number of Transactions	9	12	7	16	36
Median Discount	6.2%	17.3%	21.9%	39.5%	55.0%
2003 Results					
Number of Transactions	12	22	24	21	44
Median Discount	28.8%	22.2%	38.4%	39.7%	61.4%
2004 Results					
Number of Transactions	37	74	63	59	101
Median Discount	16.7%	22.7%	40.0%	56.3%	57.9%
2005 Results					
Number of Transactions	18	59	58	62	99
Median Discount	14.8%	26.1%	41.7%	46.1%	45.5%
2006 Results					
Number of Transactions	25	76	69	72	106
Median Discount	20.7%	20.8%	40.2%	46.9%	57.2%
2007 Results					
Number of Transactions	46	76	92	79	124
Median Discount	11.1%	29.4%	36.3%	47.5%	53.1%

TABLE 61
VALUATION ADVISOR'S LACK OF MARKETABILITY DISCOUNT STUDY™
TRANSACTION SUMMARY RESULTS BY YEAR FROM 1999-2009

Time of Transaction Before IPO	1-90 Days	91-180 Days	181-270 Days	271-365 Days	1-2 Years
2008 Results					
Number of Transactions	4	4	7	8	9
Median Discount	20.3%	19.2%	45.9%	40.4%	49.3%
2009 Results					
Number of Transactions	11	18	9	3	0
Median Discount	7.7%	30.0%	26.8%	47.1%	N/A
1999-2009 Transaction Results					
Number of Transactions	498	755	564	483	715
Average Discount	25.0%	37.5%	48.5%	57.6%	58.7%

Source: The Valuation Advisors' *Discount for Lack of Marketability Database* (September 28, 2010).

The data above clearly reflects that the longer the period of time before a liquidity event (the IPO), the greater the discount. The liquidity of a minority interest in a closely-held company can take a considerable amount of time if a sale of the company is not planned. Therefore, it seems that the discounts from this study approximate 60 percent.

OTHER CONSIDERATIONS

Another consideration in determining a discount for lack of marketability is the cost of flotation of a public offering. These costs are generally significant and will frequently include payments to attorneys, accountants, and investment bankers. The costs associated with smaller offerings can be as much as 25 to 30 percent of a small company's equity.

CONCLUSION

As far back as 1977, through Revenue Ruling 77-287, the Internal Revenue Service recognized the effectiveness of restricted stock study data in providing useful information for the quantification of discounts for lack of marketability. The Baird, Willamette and Valuation Advisors' studies of transactions in closely-held stocks did not exist at that time, but the IRS and the courts have been receptive to using this data to assist in quantifying discounts for lack of marketability.

The IPO studies are proof that larger discounts can be justified than those quoted from the restricted stock studies. One of the best explanations of why a DLOM varies from case to case was included in an article published by Robert E. Moroney entitled "Why 25% Discount for Nonmarketability in One Valuation, 100% in Another?"[53] In Moroney's article, he points out 11 different factors that should be considered in the application of a DLOM. These factors are as follows:

1. High dividend yield: Companies that pay dividends tend to be more marketable than companies that do not.

2. Bright growth prospects: Companies that have bright growth prospects are easier to sell than companies that do not. This makes them more marketable.

3. Swing value: If a block of stock has swing value, it may be more marketable than the typical small block of stock. This swing value could include a premium. This can be emphasized where a 2 percent interest exists with two 49 percent interests. The 2 percent interest can be worth quite a bit to either 49 percent interest if it will give that interest control of the company.

4. Restrictions on transfer: Restrictions on transfer make the stock less marketable due to the difficulty in selling them.

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53 *Taxes*, May 1977.

5. Buy-sell Agreements: Buy-sell Agreements can go either way. The Agreement can create a market for the stock, making it more marketable, or the Agreement can restrict the sale making it less marketable.

6. Stock's quality grade: The better the quality of the stock, the more marketable it will be. This can be evidenced by comparing the subject company to others for supporting strengths and weaknesses.

7. Controlling shareholder's honesty: The integrity of the controlling shareholder can make a big difference regarding the ability to sell a partial interest in a company. If the controlling shareholder tends to deal with the other shareholders honestly, the other interests in that company tend to be more marketable.

8. Controlling shareholder's friendliness: Similar to the shareholder's honesty, the manner in which he or she deals with others can make the stock more marketable.

9. Prospects for the corporation: If a corporation has good prospects for the future, it will generally be more marketable.

10. Prospects for the industry: A company that is in an industry with good prospects will also generally be more marketable.

11. Mood of the investing public: When the investing public is bullish, they are more readily willing to make an investment. This can increase the marketability.

In this assignment, we are appraising a minority interest that has no control. Most of the marketability studies have supported discounts of 35 to 40 percent. These studies relate to minority interests in companies that are either public, with restrictions under Rule 144, or private, but about to go public. Therefore, an argument can easily be made to support a higher discount for an interest in a closely-held company that is not going public. The points that we have taken into consideration with respect to the Moroney factors include the following:

1. The Company has made substantial but erratic dividend payments historically. At a minimum, dividends are issued to shareholders to cover taxes, as required per

The Agreement. Distributions are particularly important to an investor in an S corporation, as the investor is responsible for the pass-through tax burden. The requirement for Vogue to pay dividends sufficient to satisfy pass-through tax liabilities is a positive factor, which would decrease the discount for lack of marketability.

2. Vogue has a stable long-term outlook, although growth is expected to be lower than that of publicly-traded alternatives in 2011 and 2012. The Company is likely to continue to generate stable levels of revenues and net income, which should make the stock more marketable.

3. No swing value exists for a minority interest in Vogue. All decisions governing Vogue are made through a voting trust.

4. Transfers of the shares in Vogue are not permitted except to family members and other shareholders. This makes the stock less marketable.

5. There are no buy-sell Agreements as of the valuation date. The lack of an Agreement would make this stock interest less marketable.

6. The financial condition of The Company is strong. This would make the stock more marketable.

7. There is no reason to believe that the controlling shareholder would be less than honest with a minority investor. This factor is neutral.

8. There is no reason to believe that the controlling shareholder would not be friendly to a minority investor. This factor is neutral.

9. While growth prospects for Vogue are limited, The Company has been and expects to continue to generate stable results. The relatively low level of risk associated with Vogue's earnings should drive The Company's short-term growth. This factor makes the stock more marketable.

10. Health care REITs have historically been more stable than other REIT sectors. This is a positive factor for The Company.

11. The investing public remains relatively uncertain about the strength and sustainability of the economic recovery.

The studies described on the previous pages indicate that when an investor does not have access to an active, liquid market, his investment is worth less. An investor in The Company does not have access to an active, liquid market and therefore, these studies are relevant, as they are objective information and data that measures the loss in value due to illiquidity.

A seller on the other hand would gain liquidity and the ability to determine his or her own investments. The ability to obtain control and liquidity has value to a seller that might cause him to reduce the selling price.

As an additional methodology, consideration was given to the Black-Scholes option pricing model. David B.H. Chaffe III reflects on the use of option pricing models to estimate the costs of marketability as follows:

> When provided with an option to sell, otherwise nonmarketable shares are given marketability (for instance, we see this type of provisions in Employee Share Ownership Plans, where, in such cases, marketable level values are found).

> Following this logic, the cost or price of the option to sell (a put option) represents all (or a major portion) of the discount to be taken from the marketable price to price the nonmarketable shares.[54]

This writer indicates that the cost of marketability is similar to buying a put option on the underlying security. The put option gives the investor the right to sell a stock at some point in the future, which reflects marketability. J. Michael Julius and Matthew R. Crow of Mercer Capital, Inc. agree in their article titled, "Why Not Black-Scholes Rather Than The QMDM?" where they state:

> We find the Black-Scholes option pricing model useful when valuing options on publicly traded securities and restricted stocks with registered counterparts.[55]

In the case of Vogue, the stock has not been restricted by the SEC, but instead by The Company itself. The restrictions on the stock are based on the shareholders' agreement, and its closely-held status. While this is not a pure case of where a stock option model applies, we believe that it can provide us with a reasonable basis for a discount.

In calculating the value of a put option on The Company, we used the Black-Scholes option pricing model with the following inputs:

Minority, Marketable Price Per Unit[56]	=	$	2,673
Exercise Price	=		2,673
Term (Years)	=		Various
Volatility	=		Various
Dividend Yield	=		0%
Risk Free Rate	=		Various

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54 David B.H. Chaffe III, "Option Pricing as a Proag for Discount for Lack of Marketability in Private Company Valuations," *Business Valuation Review*, Vol. 12, No. 4 (December 1993): 182.

55 J. Michael Julius, ASA, CFA and Matthew R. Crow, A.M., "Why Not The Black-Scholes Option Pricing Model Rather Than The QMDM," Z. Christopher Mercer, ASA, CFA, *Quantifying Marketability Discounts* (Memphis: Peabody, 1997): 403.

56 Based on the minority, marketable value determined in this valuation and 27,830 shares of common stock outstanding as of March 31, 2010.

Since no empirical data exists on the time it takes to sell minority interests, we looked at various holding periods for the put option. Longer holding periods were analyzed since an interest in a closely-held company cannot be converted to cash immediately and the holding periods tend to be lengthy. The results of our Black-Scholes pricing analysis are presented in Table 62.

TABLE 62
BLACK-SCHOLES RESULTS

6 Month	1 Year	2 Years	3 Years	5 Years
7.68%	16.40%	30.79%	31.96%	29.35%

The discounts shown in Table 60 serve as a proag for the cost of liquidity for an investor in an industry related to Vogue. The option pricing model indicates that the cost of liquidity ranged from 7.68 to 31.96 percent, depending on the holding period.

The largest assumption in the option pricing model is that the future volatility of the guideline companies will resemble the past. In the near term, volatility in the REIT market will remain somewhat low due to the overall stability of this market. Lower volatility would increase the liquidity of an investment in a closely-held entity.

Another factor considered is that the volatility calculated using the option pricing model reflects the volatility of a number of large publicly-traded guideline companies, each operating a number of health care facilities. The diversification inherent to holding multiple investments reduces the volatility, and therefore increases the liquidity of an investment in these companies in comparison to an investment in The Company. In addition, Vogue is subject to a higher level of risk, thus increasing its potential volatility and reducing liquidity.

Finally, the holding period for an investment in The Company is expected to be longer than five years as there is no liquidity event anticipated.

Based on the data gathered through the numerous restricted stock studies discussed previously and the indicated marketability discounts suggested by the Black-Scholes option pricing model, we concluded a 25 percent DLOM is appropriate for an investment in Vogue.

VOGUE CORP.
BALANCE SHEET
AS OF

	December 31, 2005	2006	2007	2008	2009
Current Assets					
Cash	$ 23,682,393	$ 27,521,645	$ 27,087,253	$ 28,404,942	$ 36,496,943
Marketable Securities	15,634,493	23,031,222	24,750,576	11,106,853	8,494,396
Accounts Receivable	427,558	340,084	406,813	672,676	1,275,911
Stockholder Loans	1,080,000	460,000	350,000	350,000	1,036,931
Accrued Interest Receivable	1,065	9,132	866	762	7,913
Mortgage and Real Estate Loans	703,173	665,789	623,916	577,016	524,485
Notes and Bonds	25,000	25,000	25,000	25,000	25,000
Partnerships	7,813,175	6,626,868	8,383,532	9,692,929	11,533,689
Miscellaneous Receivables	-	-	-	-	26,831
Total Current Assets	$ 49,366,857	$ 58,679,740	$ 61,627,956	$ 50,830,178	$ 59,422,099
Fixed Assets					
Land	$ 2,805,867	$ 2,805,867	$ 2,805,867	$ 2,805,867	$ 2,805,867
Building & Improvements	32,937,555	34,734,004	34,734,894	32,368,645	32,689,010
Construction in Progress	1,629,312	147,947	2,310,412	2,720,577	6,629,845
Gross Fixed Assets	$ 37,372,734	$ 37,687,818	$ 39,851,173	$ 37,895,089	$ 42,124,722
Accumulated Depreciation	22,117,709	23,083,209	23,949,621	22,415,380	23,251,822
Net Fixed Assets	$ 15,255,025	$ 14,604,609	$ 15,901,552	$ 15,479,709	$ 18,872,900
Other Assets					
Intangible Assets (Net)	$ 77,736	$ 32,406	$ 13,984	$ 9,297	$ 4,609
Security Deposits	7,020	7,020	7,020	(20,080)	9,920
Excess Cost of Subsidiary	2,788,353	2,788,353	2,788,353	2,788,353	2,788,353
Other Assets	-	(20)	(8)	-	-
Total Other Assets	$ 2,873,109	$ 2,827,759	$ 2,809,349	$ 2,777,570	$ 2,802,882
TOTAL ASSETS	**$ 67,494,991**	**$ 76,112,108**	**$ 80,338,857**	**$ 69,087,457**	**$ 81,097,881**
Current Liabilities					
Accounts Payable	$ 546,147	$ 165,494	$ 197,872	$ 114,491	$ 140,200
Accrued Expenses	389,490	507,112	291,400	224,487	360,408
Sales Taxes Payable	127	127	127	127	127
Income Taxes Payable	9,960	1,595	19,757	-	-
Total Current Liabilities	$ 945,724	$ 674,328	$ 509,156	$ 339,105	$ 500,735
Total Long-Term Liabilities	27,100	27,100	27,100	-	27,100
Total Liabilities	$ 972,824	$ 701,428	$ 536,256	$ 339,105	$ 527,835
Stockholders' Equity					
Common Stock	$ 2,783	$ 2,783	$ 2,783	$ 2,783	$ 2,783
Paid - In Capital	3,073,993	3,073,993	3,073,993	3,073,993	3,073,993
Retained Earnings	63,445,391	72,333,904	76,725,825	65,671,576	77,493,270
Total Stockholders' Equity	$ 66,522,167	$ 75,410,680	$ 79,802,601	$ 68,748,352	$ 80,570,046
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 67,494,991**	**$ 76,112,108**	**$ 80,338,857**	**$ 69,087,457**	**$ 81,097,881**

VOGUE CORP.
INCOME STATEMENT
FOR THE

	Years Ended December 31,				
	2005	2006	2007	2008	2009
Revenues					
Revenues	$ 10,651,001	$ 10,848,389	$ 11,034,743	$ 11,134,872	$ 10,976,190
Real Estate Partnership Income	204,912	213,746	224,623	207,273	206,115
Total Revenues	$ 10,855,913	$ 11,062,135	$ 11,259,366	$ 11,342,145	$ 11,182,305
Operating Expenses					
Accounting	$ 17,499	$ 25,284	$ -	$ -	$ -
Amortization	37,574	37,573	18,423	4,688	4,688
Bad Debts	-	75,056	-	-	-
Charitable Contributions	39	71	25	115	8
Data Processing	9,223	9,763	19,689	15,135	9,724
Depreciation	920,950	973,256	866,413	870,077	836,446
Employee Benefit Programs	99,043	118,556	167,645	120,825	211,132
Entertainment	1,589	1,488	1,619	498	3,252
Officers' Compensation	483,749	501,001	547,655	694,338	844,430
Insurance - General	11,389	11,102	10,262	4,349	3,786
Legal Fees	9,918	5,595	30	43,886	-
Miscellaneous	277,601	10,177	1,281	2,532	8,457
Penalties	5	-	10,205	1,931	72
Postage & Delivery	5,572	4,280	1,509	3,853	2,966
Professional Fees	37,701	38,615	38,360	24,914	49,070
Rents	70,750	76,939	80,658	78,809	77,417
Repairs and Maintenance	3,684	7,978	2,549	5,532	2,749
Salaries & Wages	418,918	452,144	458,962	499,009	540,599
Seminars & Meetings	6,736	4,603	2,369	3,074	6,853
Telephone	7,914	8,098	7,712	7,992	9,411
Travel	21,895	24,695	36,227	27,499	68,654
Utilities	-	15,317	20,135	-	-
Dues and Subscriptions	2,519	3,004	3,276	3,476	3,994
Supplies	6,364	6,590	7,714	7,073	11,319
Messenger Service	2,116	2,657	2,896	2,254	2,002
Miscellaneous General and Admin. Expenses	4,521	4,894	11,345	27,163	21,177
Taxes - Real Estate	164,176	291,149	316,491	241,055	194,999
Total Operating Expenses	$ 2,621,445	$ 2,709,885	$ 2,633,450	$ 2,690,077	$ 2,913,205
Operating Income (Loss)	$ 8,234,468	$ 8,352,250	$ 8,625,916	$ 8,652,068	$ 8,269,100
Other Income					
Interest Income	$ 468,169	$ 1,042,019	$ 1,130,206	$ 589,428	$ 189,874
Dividend Income	593,643	1,094,532	1,407,837	836,464	485,170
Gain on Sale of Assets	681,627	1,420,904	1,584,850	-	-
Other Income	(35,170)	289,442	(37,615)	(17,507)	340,982
Royalties	-	2	891	930	64
Section 1231 Gain	-	-	-	21,569	7,896
Total Other Income	$ 1,708,269	$ 3,846,899	$ 4,086,169	$ 1,430,884	$ 1,023,986
Other Expenses					
Interest Expense	$ -	$ 9,731	$ 78,227	$ 103,311	$ 19,347
Loss on Sale of Assets	-	-	-	4,889,288	3,186,566
Intangible Drilling Costs	475	2,185	-	-	-
Other Expenses	297,035	195,219	384,941	400,125	273,034
Section 59(E)(2) Expenditures	100	-	2,363	2,403	311
Foreign Taxes	14,494	13,242	22,943	21,005	10,568
Total Other Expenses	$ 312,104	$ 220,377	$ 488,474	$ 5,416,132	$ 3,489,826
Total Other Income (Expenses)	$ 1,396,165	$ 3,626,522	$ 3,597,695	$ (3,985,248)	$ (2,465,840)
NET INCOME	**$ 9,630,633**	**$ 11,978,772**	**$ 12,223,611**	**$ 4,666,820**	**$ 5,803,260**

VOGUE CORP.
BALANCE SHEET
AS OF MARCH 31, 2010

Current Assets	
Cash	$ 6,608,512
Marketable Securities	17,775,430
Accounts Receivable	613,803
Prepaid Expenses	63,647
Stockholder Loans	1,772,545
Total Current Assets	$ 26,833,937
Fixed Assets	
Land	$ 2,805,867
Building & Improvements	39,695,140
Construction in Progress	(99,264)
Gross Fixed Assets	$ 42,401,743
Accumulated Depreciation	23,479,180
Net Fixed Assets	$ 18,922,563
Other Assets	
Excess Cost of Subsidiary	$ 2,788,353
Investment in Real Estate Joint Venture	201,779
Total Other Assets	$ 2,990,132
TOTAL ASSETS	**$ 48,746,632**
Current Liabilities	
Accounts Payable	$ 97,853
Accrued Expenses	498,866
Total Current Liabilities	$ 596,719
Stockholders' Equity	
Common Stock	$ 2,783
Paid - In Capital	3,073,993
Retained Earnings	45,073,137
Total Stockholders' Equity	$ 48,149,913
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 48,746,632**

VOGUE CORP.
INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2010

Revenues	$ 3,042,833
Operating Expenses	
Depreciation	$ 273,710
Miscellaneous General and Admin Expenses	732,434
Total Operating Expenses	$ 1,006,144
Operating Income	$ 2,036,689
Other Income	
Interest Income	$ 16,116
Other Income	46,500
Total Other Income	$ 62,616
Total Other Expenses	597,748
Total Other Income (Expenses)	$ (535,132)
NET INCOME	**$ 1,501,557**

SOURCES OF INFORMATION UTILIZED

Several sources of information were used to complete this appraisal. These were as follows:

1. Vogue Corporation's internal financial statements for the three months ended March 31, 2010 and the year ended December 31, 2009.

2. Vogue Corporation's audited financial statements for the year ended December 31, 2005.

3. Vogue Corporation's Form 1120S, U.S. Income Tax Returns for an S Corporation for the years ended December 31, 2005 through 2009.

4. Certificate of Incorporation of Vogue Corporation filed June 10, 1981.

5. Certificate of Merger of Vogue Corporation, a New York Corporation, into Vogue Corporation, a Delaware Corporation, filed April 12, 1981.

6. By-Laws of Vogue Corporation.

7. Vogue Corporation's Shareholder's Agreement executed on October 26, 2009.

8. Shareholder listing as of the valuation date.

9. Vogue Corporation's notes receivable summary.

10. Promissory notes and loan details from all stockholders and related parties.

11. Update of company background and history as of the valuation date.

12. Summary of values worksheet for Vogue Corporation's real estate holdings.

13. Real estate appraisals of all properties Western Valuation Associates as of March 31, 2010.

14. Sample leases with Vanguard.

15. Property leases for the New Jersey, Ohio, Virginia and Texas properties.

16. Vogue Corporation's depreciation schedules for the years ended December 31, 2005 through 2009.

17. Listing of dates and amounts of shareholders' distributions made by Vogue Corporation from 2006 through the valuation date.

18. Vogue Corporation's Board Minutes and Resolutions from January 10, 2007; January 4, 2007; June 5, 2007; October 30, 2007; September 28, 2007; December

SOURCES OF INFORMATION UTILIZED

14, 2007; October 28, 2006; August 4, 2006; May 26, 2006; April 3, 2006 and January 10, 2005.

19. Vogue Corporation's officers' payroll detail for 2006 through 2009.
20. Miscellaneous general and administrative expense detail for the year ended December 31, 2008.
21. Vogue Corporation's miscellaneous expense detail from 2007 to 2009.
22. Professional background of Matan and Zelda Smith.
23. The Pacific Corporate Group Private Equity Fund, LP 2009 Schedule K-1.
24. Seix Credit Opportunities Fund, LLC 2009 Schedule K-1.
25. Johnson Investment Limited Partnership 2009 Schedule K-1.
26. Johnson Investment Limited Partnership 2009 Schedule K-1.
27. Johnson Investment Limited Partnership II 2009 Schedule K-1.
28. Johnson Investment Limited Partnership II 2009 Schedule K-1.
29. Investment Vista fair market value estimate per Management.
30. Sun Trust brokerage statement for the period ended March 31, 2010 for account number 1234567.
31. MorganStanley, SmithBarney brokerage statement for the period ended March 31, 2010 for account number 123-56789.
32. MorganStanley, SmithBarney brokerage statement for the period ended March 31, 2010 for account number 123-82937.
33. TD Ameritrade Apex brokerage statement for the period ended March 31, 2010 for account number 894-938475.
34. Oppenheimer brokerage statement for the period ended March 31, 2010 for account number V73-0129572.
35. Openheimer brokerage statement for the period ended March 31, 2010 for account number V73-1393827.
36. Creditsuisse brokerage statement for the period ended March 31, 2010 for account number 345-92847.

SOURCES OF INFORMATION UTILIZED

37. State of Israel Jubilee 10-year bond market value.

38. Care Investment Trust, Inc. Form 10-K filed March 16, 2010.

39. Valuation of 250 common shares of Vogue Corp. as of April 30, 2008 prepared by Trugman Valuation Associates, Inc. under cover letter dated January 9, 2009.

40. Other items referenced throughout this report.

In addition to the written documentation provided, a telephonic management interview was conducted. Information gathered at this interview became an integral part of this report.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

1. The conclusion of value arrived at herein is valid only for the stated purpose as of the date of the valuation.

2. Financial statements and other related information provided by the business or its representatives, in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein. Trugman Valuation Associates, Inc. has not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.

3. Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.

4. We do not provide assurance on the achievability of the results forecasted by or for the subject company because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of Management.

5. The conclusion of value arrived at herein is based on the assumption that the current level of Management expertise and effectiveness would continue to be maintained, and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed.

6. This report and the conclusion of value arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. They may not be used for any other purpose or by any other party for any purpose. Furthermore the report and conclusion of value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents the considered opinion of Trugman Valuation Associates, Inc., based on information furnished to them by the subject company and other sources.

7. Neither all nor any part of the contents of this report (especially the conclusion of value, the identity of any valuation specialist(s), or the firm with which such valuation specialists are connected or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without the prior written consent and approval of Trugman Valuation Associates, Inc.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

8. Future services regarding the subject matter of this report, including, but not limited to testimony or attendance in court, shall not be required of Trugman Valuation Associates, Inc. unless previous arrangements have been made in writing.

9. Trugman Valuation Associates, Inc. is not an environmental consultant or auditor, and it takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this report, wishing to know whether such liabilities exist, or the scope and their effect on the value of the property, is encouraged to obtain a professional environmental assessment. Trugman Valuation Associates, Inc. does not conduct or provide environmental assessments and has not performed one for the subject property.

10. Trugman Valuation Associates, Inc. has not determined independently whether the subject company is subject to any present or future liability relating to environmental matters (including, but not limited to CERCLA/Superfund liability) nor the scope of any such liabilities. Trugman Valuation Associates, Inc.'s valuation takes no such liabilities into account, except as they have been reported to Trugman Valuation Associates, Inc. by the subject company or by an environmental consultant working for the subject company, and then only to the extent that the liability was reported to us in an actual or estimated dollar amount. Such matters, if any, are noted in the report. To the extent such information has been reported to us, Trugman Valuation Associates, Inc. has relied on it without verification and offers no warranty or representation as to its accuracy or completeness.

11. Trugman Valuation Associates, Inc. has not made a specific compliance survey or analysis of the subject property to determine whether it is subject to, or in compliance with, the American Disabilities Act of 1990, and this valuation does not consider the effect, if any, of noncompliance.

12. No change of any item in this appraisal report shall be made by anyone other than Trugman Valuation Associates, Inc., and we shall have no responsibility for any such unauthorized change.

13. Unless otherwise stated, no effort has been made to determine the possible effect, if any, on the subject business due to future Federal, state, or local legislation, including any environmental or ecological matters or interpretations thereof.

14. We have conducted interviews with the current Management of the subject company concerning the past, present, and prospective operating results of the company. Except as noted, we have relied on the representations of these individuals.

15. Except as noted, we have relied on the representations of the owners, Management, and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

assets or liabilities, except as specifically stated to the contrary in this report. We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances or that the entity has good title to all assets.

16. All facts and data set forth in the report are true and accurate to the best of the appraiser's knowledge and belief. We have not knowingly withheld or omitted anything from our report affecting our value estimate.

17. Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it, nor may it be used for any purpose without the previous written consent of the appraiser, and in any event only with proper authorization. Authorized copies of this report will be signed in blue ink by a director of Trugman Valuation Associates, Inc. Unsigned copies, or copies not signed in blue ink, should be considered to be incomplete.

18. Unless otherwise provided for in writing and Agreed to by both parties in advance, the extent of the liability for the completeness or accuracy of the data, opinions, comments, recommendations and/or conclusions shall not exceed the amount paid to the appraisers for professional fees and, then, only to the party(s) for whom this report was originally prepared.

19. The conclusion reached in this report is based on the standard of value as stated and defined in the body of the report. An actual transaction in the business or business interest may be concluded at a higher value or lower value, depending on the circumstances surrounding the company, the appraised business interest and/or the motivations and knowledge of both the buyers and sellers at that time. Trugman Valuation Associates, Inc. makes no guarantees as to what values individual buyers and sellers may reach in an actual transaction.

20. No opinion is intended to be expressed for matters that require legal or other specialized expertise, investigation or knowledge beyond that customarily employed by appraisers valuing businesses.

Appraisal of 100 percent of the common stock in Vogue Corp. on a minority, nonmarketable basis.

VALUATION ANALYST'S REPRESENTATION

We represent that, to the best of our knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
- we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- our analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the *Statement on Standards for Valuation Services No.* 1, promulgated by the American Institute of Certified Public Accountants, the *Uniform Standards of Professional Appraisal Practice*, promulgated by the Appraisal Foundation, the business valuation standards of The Institute of Business Appraisers Inc. and the American Society of Appraisers.
- The American Institute of Certified Public Accountants, The American Society of Appraisers, and The Institute of Business Appraisers, Inc. have a mandatory recertification program for all of its senior accredited members. All senior accredited members of our firm are in compliance with all of these organizations' programs.
- no one provided significant business and/or intangible asset appraisal assistance to the person signing this certification other than Raymond K. Bratcher.
- we performed a previous business valuation of an interest in Vogue Corp. within the three-year period immediately preceding acceptance of this assignment.

LINDA B. TRUGMAN, C.P.A./A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS

Experience

Vice President of Trugman Valuation Associates, Inc., a firm specializing in business valuation and litigation support services. Business valuation experience includes a wide variety of assignments including closely-held businesses, professional practices and thinly traded public companies. Industries include security, automotive, funeral homes, health care, securities brokerAge and financial institutions, retail, manufacturing, service, and professional business establishments.

Business valuation and litigation support services have been rendered for a variety of purposes including, but not limited to family law matters, business damAges, lender liability litigation, buy-sell Agreements, shareholder litigation, estate and gift tax matters, buying and selling businesses, malpractice litigation, wrongful death, sexual discrimination, Age discrimination, wrongful termination, and breach of contract. Representation in litigation includes plaintiff, defendant, mutual, and court-appointed neutral.

Court Testimony. Has been qualified as an expert witness in State Courts of New Jersey and Florida.

Court Appearances. Has appeared in the following court: *New Jersey* • Passaic; Essex.

Professional Designations

- **CPA**: Licensed in Florida (2003) and New Jersey (1987).
- **ABV**: Accredited in Business Valuation designated by The American Institute of Certified Public Accountants *(1998)*. Reaccredited in 2008.
- **MCBA**: Master Certified Business Appraiser designated by The Institute of Business Appraisers, Inc. (*2005*). Original certification (CBA) in 1995. Reaccredited in 2009.
- **ASA**: Accredited Senior Appraiser designated by the American Society of Appraisers *(1997).* Reaccredited in 2007.

Education

- Masters in Business Administration - Fairleigh Dickinson University (*1986*).
- Bachelor of Science - University of North Carolina (*1978*).

LINDA B. TRUGMAN, C.P.A./A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS

Faculty

- *National Judicial College*, Reno, Nevada since 2001.

Appraisal Education

- *Explanation of the NICE Method, Business Valuation Webinar,* American Society of Appraisers, 2011.
- *Valuation, Forensic Accounting and Litigation Services Conference*, FL Institute of Certified Public Accountants, Ft. Lauderdale, FL 2011.
- *Advanced Summit on Business Valuation: Resolving Tax & Legal Issues,* BVR/Georgetown Law, Washington, DC, 2010.
- *AICPA National Business Valuation Conference,* Washington, DC, American Institute of Certified Public Accountants, 2010.
- *2010 ASA-CICBV Business Valuation Conference*, South Beach Miami, FL, American Society of Appraisers and Canadian Institute of Certified Business Valuers, 2010.
- *The NACVA/IBA 2010 Annual Consultants' Conference*, Miami Beach, FL, The National Association of Certified Valuation Analysts and The Institute of Business Appraisers, 2010.
- *Valuing Tiered Partnership Structures*, Webinar, Business Valuation Resources, LLC, 2010.
- *FICPA Valuation, Forensic Accounting and Litigation Services Conference*, Ft. Lauderdale, FL, Florida Institute of CPAs, 2010.
- *AICPA National Business Valuation Conference*, AICPA, San Francisco, CA, 2009.
- *28th Annual Advanced Business Valuation Conference*, American Society of Appraisers, Boston, MA, 2009.
- *2nd Annual Business Valuation and Tax Conference,* University of San Diego Law School, San Diego, CA, 2009.
- *FCG Fall Conference Program 2009 Live Seminar*, Financial Consulting Group, San Diego, CA, 2009.
- *NACVA and the IBA's 2009 Annual Consultants' Conference*, Boston, MA, NACVA and IBA, 2009.
- *IRS New Rules: Pension Protection Act and Beyond*, Webinar, Business Valuation Resources, LLC, 2009.
- *FICPA Valuation, Forensic Accounting and Litigation Services Conference*, Ft. Lauderdale, FL, Florida Institute of CPAs, 2009.
- *2008 AICPA/ASA National Business Valuation Conference*, Las Vegas, NV, American Institute of CPAs and American Society of Appraisers, 2008.

LINDA B. TRUGMAN, C.P.A./A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS

Appraisal Education

- *Discount for Lack of Marketability Workshop*, San Diego, CA, Business Valuation Resources, LLC, 2008.
- *NJ Law & Ethics*, Webcast, NJ Society of CPAs, 2008.
- *Valuation of Intangible Assets for Financial Reporting Purposes*. Arlington, VA, American Society of Appraisers, 2008.
- *Exploring the Longstaff Model and Abbott Liquidity Factor for Enhanced Marketability Discount Determinations*. Teleconference, American Institute of CPAs, 2008.
- *FICPA Valuation, Accounting and Litigation Services Conference*. Ft. Lauderdale, FL, Florida Institute of Certified Public Accountants, 2008.
- *AICPA National Business Valuation Conference*. New Orleans, LA, American Institute of CPAs, 2007.
- *FCG Conference*. New Orleans, LA, Financial Consulting Group, 2007.
- *ASA Advanced BV Conference.* San Diego, CA, American Society of Appraisers, 2007.
- *Impact of the Pension Protection Act of 2006*. American Institute of CPAs, 2007.
- *Quantification of Company Specific Risk: Theory and Applications*. Business Valuation Resources, 2007.
- *BV Standards: AICPA, IRS and Beyond - Where Are We Headed?* Business Valuation Resources, 2007.
- *AICPA National Business Valuation Conference*. Austin, American Institute of Certified Public Accountants, 2006.
- *FCG Conference*. Austin, TX, Financial Consulting Group, 2006.
- *CICBV/ASA Sixth Joint Business Valuation Conference*. Toronto, American Society of Appraisers, 2006.
- *Ask the IRS*. Business Valuation Resources, 2006.
- *Tax Affecting*. Business Valuation Resources, 2006.
- *FICPA Valuation, Accounting and Litigation Services Conference*. Ft. Lauderdale, FL, Florida Institute of Certified Public Accountants, 2006.
- *Valuation^{2}*. Las Vegas, NV, American Institute of Certified Public Accountants and American Society of Appraisers, 2005.
- *AICPA National Business Valuation Conference*. Orlando, FL, American Institute of Certified Public Accountants, 2004.
- *23rd Annual Advanced Business Valuation Conference*. San Antonio, TX, American Society of Appraisers, 2004.

LINDA B. TRUGMAN, C.P.A./A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS

Appraisal Education

- *New Jersey Law and Ethics Course*. Parsippany, NJ, New Jersey Society of Certified Public Accountants, 2004.
- *2004 FICPA Business Valuation & Litigation Conference*. Fort Lauderdale, FL, Florida Institute of CPAs, 2004.
- *22nd Annual Advanced Business Valuation Conference*. ChicAgo, IL, American Society of Appraisers, 2003.
- *AICPA National Business Valuation Conference*. New Orleans, LA, American Institute of Certified Public Accountants, 2002.
- *Annual Member Firm Conference*. Denver, CO, Financial Consulting Group, LC, 2002.
- *Brown v. Brown: The Most Important Equitable Distribution Decision Since Painter*. Fairfield, NJ, New Jersey Institute for Continuing Legal Education, 2002.
- *2001 National Business Valuation Conference.* Las Vegas, NV, American Institute of Certified Public Accountants, 2001.
- *20th Annual Advanced Business Valuation Conference.* Seattle, WA, American Society of Appraisers, 2001.
- *2001 Share the Wealth Conference.* Orlando, FL, The Institute of Business Appraisers, 2001.
- *2000 National Conference on Business Valuation.* Miami, FL, American Institute of Certified Public Accountants, 2000.
- 19th Annual Advanced Business Valuation Conference. Philadelphia, PA, American Society of Appraisers, 2000.
- *Hot Issues in Estate and Gift Tax Returns: What do the Auditors Look For?* New Brunswick, NJ, New Jersey Institute for Continuing Legal Education, 2000.
- *Pulling Ahead of the Pack - The Institute of Business Appraisers' 2000 National Conference.* Phoenix, AZ, The Institute of Business Appraisers, 2000.
- *Business Valuation Conference.* Las Vegas, NV, American Institute of Certified Public Accountants, 1999.
- *1999 International Appraisal Conference.* Boston, MA, American Society of Appraisers, 1999.
- *1999 Annual Conference.* Boston, MA, American Society of Appraisers, 1999.
- *Chartered Financial Analyst Level II Self Study Program*, 1999.
- *1999 Annual Conference: The Future of Business Valuation.* Orlando, FL, The Institute of Business Appraisers, Inc., 1999.

LINDA B. TRUGMAN, C.P.A./A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS

Appraisal Education

- *1998 Joint Business Valuation Conference.* Montreal, Canada, American Society of Appraisers and Canadian Institute of Chartered Business Valuators, 1998.
- *Chartered Financial Analyst Level I Self Study Program,* 1998.
- *The Future of Business Valuation Annual Conference.* San Antonio, TX, The Institute of Business Appraisers, Inc., 1998.
- *Business Valuation Conference*. San Diego, CA, American Institute of Certified Public Accountants, 1997.
- *16th Annual Advanced Business Valuation Conference.* San Francisco, CA, American Society of Appraisers, 1997.
- *Quantifying Marketability Discounts*. San Francisco, CA, Mercer Capital, 1997.
- *Advanced Research Analysis.* Roseland, NJ, NJ Society of Certified Public Accountants, 1997.
- *1997 Business Valuation Conference.* New Brunswick, NJ, NJ Society of Certified Public Accountants, 1997.
- *National Conference on Appraising Closely-Held Businesses.* San Diego, CA, The Institute of Business Appraisers, Inc., 1997.
- *National Business Conference.* Phoenix, AZ, American Institute of Certified Public Accountants, 1996.
- *15th Annual Business Valuation Conference.* Memphis, TN, American Society of Appraisers, 1996.
- *1996 Business Valuation Conference.* Holmdel, NJ, NJ Society of Certified Public Accountants, 1996.
- *National Conference on Appraising Closely-Held Businesses.* Orlando, FL, The Institute of Business Appraisers, Inc., 1996.
- *The 1995 National Business Valuation Conference.* New Orleans, LA, American Institute of Certified Public Accountants, 1995.
- *1995 Advanced Business Valuation Conference.* Boston, MA, American Society of Appraisers, 1995.
- *ASA International Appraisal Conference.* Denver, CO, American Society of Appraisers, 1995.
- *National Conference on Business Valuation.* San Diego, CA, American Institute of Certified Public Accountants and The Institute of Business Appraisers, Inc., 1995.
- *First Annual Business Valuation Conference.* Holmdel, NJ, NJ Society of Certified Public Accountants, 1995.

LINDA B. TRUGMAN, C.P.A./A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS

Appraisal Education

- *National Conference.* Las Vegas, NV, The Institute of Business Appraisers, Inc., 1995.
- *Business Valuation in a Changing International Environment.* San Diego, CA, American Society of Appraisers, 1994.
- *1994 International Conference.* ChicAgo, IL, American Society of Appraisers, 1994.
- *Principles of Valuation-Business Valuation: Selected Advanced Topics.* Los Angeles, CA, American Society of Appraisers, 1994.
- *Principles of Valuation-Business Valuation: Appraisal of Small Businesses and Professional Practices.* Atlanta, GA, American Society of Appraisers, 1994.
- *National Conference of Appraising Closely-Held Businesses.* Orlando, FL, The Institute of Business Appraisers, Inc., 1994.
- *Principles of Valuation-Business Valuation Case Study.* Washington, DC, American Society of Appraisers, 1993.
- *1993 International Conference.* Seattle, WA, American Society of Appraisers, 1993.
- *Uniform Standards of Professional Appraisal Practice and Professional Appraisal Ethics.* Seattle, WA, American Society of Appraisers, 1993.
- *Principles of Valuation–Business Valuation Methodology.* Washington, DC, American Society of Appraisers, 1993.
- *National Conference.* San Diego, CA, The Institute of Business Appraisers, Inc., 1993.
- *Developing Your Business Valuation Skills: An EngAgement Approach.* Iselin, NJ, NJ Society of Certified Public Accountants, 1992.
- *Advanced Business Valuation Seminar.* San Francisco, CA, The Institute of Business Appraisers, Inc., 1992.
- *Principles of Valuation–Introduction to Business Valuation.* Washington, DC, American Society of Appraisers, 1992.
- *Business Valuation for Accountants.* Newark, NJ, The Institute of Business Appraisers Inc., 1992.
- Has performed extensive reading and research on business valuations and business valuation related topics.

Lecturer

- *The Use and Application of Data for Control Premiums and Discounts,* Webinar, Business Valuation Resources, LLC, 2011.
- *What's Happening in the Courts?*, FL Institute of Certified Public Accountants, Ft. Lauderdale, FL 2011.

LINDA B. TRUGMAN, C.P.A./A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS

Lecturer

- *What's Happening in the Courts? SKA,* AICPA National Business Valuation Conference, Washington, DC, American Institute of Certified Public Accountants, 2010.
- *Applying the Guideline Public Company Method (GPCM) SKA,* AICPA National Business Valuation Conference, Washington, DC, American Institute of Certified Public Accountants, 2010.
- *Valuation of Family Limited Partnerships*, Business Valuation Workshop, Society of Louisiana CPAs, New Orleans, LA, 2010.
- *Valuation of a Professional Practice as a Tax Planning Tool, 41st Annual Chesapeake Tax Conference*. Maryland Association of CPAs, Baltimore, MD, 2010.
- *Fair Market Value versus Fair Value -What's the Difference*, Coral Gables, FL, American Institute of CPAs, AICPA Small Business Practitioners' Tax Conference, 2010.
- *Business Valuation During Crazy Economic Times*, Tampa, FL, Florida Institute of CPAs, FAB Expo, 2010, Ft. Lauderdale, FL., 2010, FICPA Accounting Show, Ft. Lauderdale, FL, 2010.
- *Pitchbook – A First Look*, Webinar, Business Valuation Resources, LLC, 2010.
- *The Income Approach – It's Not All About the Cost of Capital*, Miami Beach, FL, The NACVA/IBA 2010 Annual Consultants' Conference, 2010.
- *Valuation Issues in Estate & Gift Tax*, Webinar, Business Valuation Resources, LLC, 2010.
- *Controversial Issues in Business Valuation*, Ft. Lauderdale, FL, FICPA Valuation, Forensic Accounting and Litigation Services Conference, 2010.
- *Hardball with Hitchner*, San Francisco, CA, AICPA National Business Valuation Conference, 2009.
- *Valuation for Tax Purposes*, San Francisco, CA, AICPA National Business Valuation Conference, 2009.
- *Qualitative and Quantitative DLOM Analysis*, San Francisco, CA, AICPA National Business Valuation Conference, 2009.
- *Valuations of FLPs and FLLCs*, Washington Twsp., NJ, Greater NJ Estate Planning Council, 2009.
- *Valuations for Tax Purposes,* Overland Park, KS, 2009 Business Valuation and Litigation Support Conference, 2009.
- *FLPs and FLLCs - What's An Appraiser to Do?* Golden Valley, MN, Business Valuation Conference, 2009.
- *Ask the Experts Panel*, San Diego, CA, 2nd Annual Business Valuation and Tax Conference, 2009.

LINDA B. TRUGMAN, C.P.A./A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS

Lecturer

- *How to Apply and Reconcile the Various Qualitative and Quantitative DLOM Models and Databases*, San Diego, CA, 2nd Annual Business Valuation and Tax Conference, 2009.
- *Ask the Experts Panel*. San Diego, CA, FCG Fall Conference Program 2009 Live Seminar, 2009.
- *FLPs and FLLCs - What's An Appraiser to Do?* Baltimore, MD, CPA Associates International BV Conference, 2009.
- *Valuations of FLPs*, Ft. Lauderdale, FL, Ft. Lauderdale Trusts and Estates Roundtable, 2009.
- *Guideline Public Company Method Workshop Highlights*, Business Valuation Resources, 2009.
- *Fundamentals of Business Valuation and SSVS #1*, Seattle, WA, AICPA Small Business Practitioners Tax Conference, 2009.
- *FLPs and FLLCs - What's An Appraiser to Do?* ChicAgo, IL, 2009 Business Valuation Conference, 2009.
- *Valuation for Tax Purposes*, Ft. Lauderdale, FL, FICPA Valuation, Forensic Accounting and Litigation Services Conference, 2009.
- *Pass Through Investment Holding Company Entities - FLPs*, Las Vegas, NV, 2008 AICPA/ASA National Business Valuation Conference, 2008.
- *Family Limited Partnerships*, Washington, DC, 2008 National AICPA National Tax Conference, 2008.
- *The Valuation of FLPs and FLLCs: What Does the Tax Practitioner Need to Know?* Las Vegas, NV, 2008 AICPA Small Business Practitioners Tax Conference, 2008.
- *Basic Business Valuation*, Detroit, MI, MACPA's 2008 Litigation & Business Valuation Conference, 2008.
- *Current Issues in Business Valuation and Litigation Support... And the Beat Goes On*, Detroit, MI, MACPA's 2008 Litigation & Business Valuation Conference, 2008.
- *Valuing Family Limited Partnerships and LLC*, Teleconference, Institute of Business Appraisers, 2008.
- *Discounts for Lack of Marketability Panel Discussion – Who's on First, What's on Second, I Don't Know's on Third*, New Orleans, LA, AICPA National Business Valuation Conference, 2007.
- *A Family Limited Partnership (FLP) Valuation Example*. New Orleans, LA, AICPA National Business Valuation Conference, 2007.
- *Financial Valuation: Applications and Methods*, Lansing, MI, Michigan Accounting and Auditing Conference, 2007.

LINDA B. TRUGMAN, C.P.A./A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS

Lecturer

- *Business Valuation for the Non-Valuation Professional*, Atlanta, GA, AICPA's Small Practitioner's Tax Conference, 2007.
- *Specific Company Risk: Qualitative or Quantitative? A New Look at an Old Topic*, Washington, DC, NACVA's Fourteenth Annual Consultants' Conference, 2007.
- *Personal Goodwill: Does the Non-Propertied Spouse Really Lose the Battle?* Ft. Lauderdale, FL, Florida Bar Family Law Section, 2007.
- *Business Valuation Reports: How to Evaluate Them & The Appraiser,* St. Louis, MO, St. Louis Estate Planning Council, 2007.
- *Business Valuation*, Ft. Lauderdale, FL, Nova Southeastern University Law School, 2006, 2007, 2009.
- *Case Study for Estate and Gift Tax Purposes.* Ft. Lauderdale, FL, FICPA Valuation, Accounting and Litigation Services Conference, 2006.
- *Report Writing*. Las Vegas, NV, Valuation^2, American Institute of Certified Public Accountants and American Society of Appraisers, 2006.
- *ESOPs for Auditors*. Las Vegas, NV, American Institute of Certified Public Accountants' Employee Benefit Conference, 2005.
- *Discount for Lack of Marketability*. Orlando, FL, The Institute of Business Appraisers' National Business Valuation Conference, 2005.
- *The Market Approach to Business Valuation.* Ft. Lauderdale, FL, Florida Institute of Certified Public Accountants' Valuation & Litigation Services Conference, 2005.
- *Meet the Thought Leaders*. Orlando, FL, American Institute of Certified Public Accountants National Business Valuation Conference, 2004.
- *Court Case Decisions: Okerlund and Blount*. Telephone Conference, CPAmerica, Inc., 2004.
- *The Income Approach*. Phoenix, AZ, American Institute of Certified Public Accountants National Business Valuation Conference, 2003.
- *What's Happening in the Courts?* St. Paul, MN, Minnesota Society of CPAs, 2003.
- *The Transaction Method - How Do You Really Use It?* Overland Park, KS, Kansas Society of CPAs, 2003.
- *Professional Practice Valuations.* Miami, FL, The Florida Bar - Family Law Section, 2003.
- *Valuing Family Limited Partnerships*. Las Vegas, NV, CPAmerica International, 2003.
- *Business Valuation: There's a "Right" Way and a "Wrong" Way to Do It!* Orlando, FL, Florida Accounting & Business Expo, 2003.
- *Business Valuation Basics*. Miami, FL, Florida International University, 2003.

LINDA B. TRUGMAN, C.P.A./A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS

Lecturer

- *Valuing Family Limited Partnerships*. Fort Lauderdale, FL, Fort Lauderdale Tax Planning Council, 2003.
- *To Tax or Not to Tax? Issues Relating to S Corps and Built-In Gains Taxes.* Washington, DC, Internal Revenue Service, 2003.
- *Fundamentals of Valuing a Family Limited Partnership.* Ft. Lauderdale, FL, Florida Institute of Certified Public Accountants, 2003.
- *Valuation of FLPs and LLCs.* Neptune, NJ, Estate and Financial Planning Council of Central Jersey, 2002.
- *Fundamentals of FLPs and FLLCs.* Las Vegas, NV, American Institute of Certified Public Accountants, 2001.
- *Market Data Method.* Las Vegas, NV, American Institute of Certified Public Accountants, 2001.
- *The FLP Written Report.* Orlando, FL, The Institute of Business Appraisers, 2001.
- *What's Happening in the Courts?* Ft. Lauderdale, FL, Florida Institute of Certified Public Accountants, 2001.

Instructor

- *Introduction to Business Valuation*: *Part 1*, American Society of Appraisers, Bethesda, MD, 2010.
- *Introduction to Business Valuation*, American Institute of Certified Public Accountants, Roseland, NJ, 2010.
- *AICPA National Business Valuation School*, American Institute of Certified Public Accountants, ChicAgo, IL, 2009, Atlanta, GA, 2010.
- *Essentials of Business Appraisal*. The Institute of Business Appraisers, Ft. Lauderdale, FL, 2008.
- *Principles of Valuation: Business Valuation Case Study*. American Society of Appraisers, ChicAgo, IL 2007, 2008; Arlington, VA 2008, Manhattan Beach, CA, 2010.
- *Principles of Valuation: The Market Approach*. American Society of Appraisers, Herndon, VA 2006, 2007; Brooklyn, NY 2007; Manhattan Beach, CA, 2008; Atlanta, GA, 2009.
- *Business Valuation Essentials*: *Reports, Standards and Tax Valuations*. American Institute of Certified Public Accountants, Tennessee, 2006.
- *Business Valuation Essentials: Valuation of Specialized Areas*. American Institute of Certified Public Accountants, Rhode Island, 2006; Tennessee, 2006.

LINDA B. TRUGMAN, C.P.A./A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS

Instructor

- *Business Valuation Essentials Case Study.* American Institute of Certified Public Accountants, Rhode Island, 2006; Tennessee, 2006.
- *Business Valuation Essentials: Income Approach and Cost of Capital.* American Institute of Certified Public Accountants, Georgia, 2005, 2006.
- *Business Valuation Essentials: Introduction.* American Institute of Certified Public Accountants, Georgia, 2005, 2006; North Carolina, 2006.
- *Small Business Valuation: A Real Life Case Study*. American Institute of Certified Public Accountants, Iowa, 2005; Indiana, 2005; Florida, 2006; New Jersey, 2009.
- *Business Valuation Essentials: Market Approach and Discounts and Premiums.* American Institute of Certified Public Accountants, Florida, 2005; Tennessee, 2006.
- *Valuation of Specialized Areas*. Financial Consulting Group, Georgia, 2005.
- *Valuing Family Limited Partnerships.* Rhode Island Society of CPAs, Rhode Island, 2004.
- *Report Writing.* Rhode Island Society of CPAs, Rhode Island, 2004.
- *Principles of Valuation: The Income Approach*. American Society of Appraisers, Illinois, 2004.
- *Valuing Goodwill and Intangible Assets*. American Institute of Certified Public Accountants, New Jersey, 2004, Iowa, 2005.
- *Small Business Valuation Case Study*: *Let's Work Through the Issues!* American Institute of Certified Public Accountants, New Jersey, 2004.
- *Small Business Case Study*. The Institute of Business Appraisers, Inc., Florida, 2004.
- *Valuing Family Limited Partnerships*. The Institute of Business Appraisers, Inc., New York, 2003, Florida, 2005.
- *Principles of Valuation: Introduction to Business Valuation - Section A.* American Society of Appraisers, Illinois, 2003.
- *Business Appraisal in Divorce*. The Institute of Business Appraisers, Inc., Massachusetts, 2002; New York, 2003.
- *Splitting Up is Hard to Do: Advanced Valuation Issues in Divorce and Other Litigation Disputes.* American Institute of Certified Public Accountants. Atlanta, GA, 2002; Louisville, KY, 2002.
- *The Nuances of Appraising Interests in Family Limited Partnerships.* 2002 Annual Business Valuation Conference, Washington, DC, The Institute of Business Appraisers, 2002.

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PROFESSIONAL QUALIFICATIONS

Instructor

- *Financial Statements in the Courtroom (Business Valuation Component).* American Institute of Certified Public Accountants for the National Judicial College. New York, 2001; California, 2002.
- *How to Write Business Valuation Appraisal Reports.* The Institute of Business Appraisers, Inc. Missouri, 2001; Massachusetts, 2002.
- *Application of the Market Approach.* The Institute of Business Appraisers, Inc. Missouri, 2001.
- *Fundamentals of Business Appraisal.* The Institute of Business Appraisers, Inc. Missouri, 2001.
- *Preparing for the Certified Business Appraiser Written Exam*. The Institute of Business Appraisers, Inc. Massachusetts, 2000; Florida, 2005.
- *AICPA ABV Examination Review Course.* American Institute of Certified Public Accountants. North Carolina, 2000; Illinois, 2000, 2008, 2009; Maryland, 2001; Minnesota, 2001; Indiana, 2002; New York, 2003, 2004, 2005, 2007; Georgia, 2004; Florida 2004, 2008; Rhode Island, 2005; Connecticut 2006; Texas, 2009, Atlanta, 2010.
- *Fundamentals of Business Valuation - Part 2.* American Institute of Certified Public Accountants. Kansas, 2000; Minnesota, 2001; North Carolina, 2002; Maryland 2004.
- *Fundamentals of Business Valuation - Part 1.* American Institute of Certified Public Accountants. Kansas, 2000; Texas, 2000; California, 2001; New York, 2001; Florida, 2004.
- *Business Valuation Approaches and Methods.* Oregon, 2000; Ohio, 2000.
- *Valuation Discount Rates & Capitalization Rates/Premiums & Discounts.* Oregon, 2000.
- *Report Writing Workshop*. The Institute of Business Appraisers, Inc. Arizona, 2000.
- *Mastering Appraisal Skills for Valuing the Closely Held Business.* The Institute of Business Appraisers, Inc., Illinois, 1999; South Carolina, 1999; New Jersey, 2000; Nevada, 2000.
- *Fundamentals of Business Appraisal.* The Institute of Business Appraisers, Inc., South Carolina, 1999; Missouri, 2001.

Author

- *The Valuation of FLPs: What Does the Tax Practitioner Need to Know?* The Tax Advisor, AICPA (Vol. 41, No.1) January 2010: 38-45.
- *Can Your Appraiser Support Her Discounts*, Valuations Plus, Summer 2009.
- *Are Family Limited Partnerships and LLCs Still Viable Planning Tools?*, Valuations Plus, Winter 2008.

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PROFESSIONAL QUALIFICATIONS

Author

- *Does Your Valuation Professional Qualify as a Qualified Appraiser?*, Valuations Plus, Winter 2007.
- *If You Buy or Sell Shares of the Company, With the Agreement Withstand the Scrutiny of the IRS*, Valuations Plus, Summer 2007.
- *Should Your Appraiser Tax-Effect an S Corporation?* Valuations Plus, Winter 2007.
- *Debt vs. Equity: How Do You Know?* Valuations Plus, Fall 2006.
- *Using Subsequent Information: What Was Known or Knowable?*, Valuations Plus, Spring 2005.
- Co-author of *Financial Valuation: Applications and Models* 1st edition, Wiley Finance (2003) and 2nd edition (2006).
- Co-author of course entitled *Splitting Up is Hard to Do: Advanced Valuation Issues in Divorce and Other Litigation Disputes.* American Institute of Certified Public Accountants (2002).
- Course entitled *Fundamentals of Business Appraisal.* The Institute of Business Appraisers, Inc.(2000).

Organizations

- The Institute of Business Appraisers, Inc.
- American Society of Appraisers
- American Institute of Certified Public Accountants
- New Jersey Society of Certified Public Accountants
- Florida Institute of Certified Public Accountants

Committee Service

- Co-Chair - 2010 ASA-CICBV Joint Business Valuation Conference, American Society of Appraisers.
- Secretary - Business Valuation Committee*.* American Society of Appraisers.
- Chair - Business Valuation *Education Committee.* American Society of Appraisers.
- Secretary - ASA Educational Foundation. American Society of Appraisers.
- *Governor at Large*, The Institute of Business Appraisers.
- Business Valuation/Forensic & Litigation Services Advisory Board to the Journal of Accountancy. American Institute of Certified Public Accountants.
- Vice Chair - Relations with the Florida Bar *Committee*. Florida Institute of Certified Public Accountants.

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PROFESSIONAL QUALIFICATIONS

Past Committee Service

- Chair - 2009 Valuation Forensic and Litigation Services Conference, Florida Institute of Certified Public Accountants.
- Business Valuation/Forensic & Litigation Services Executive Committee. American Institute of Certified Public Accountants.
- Business Valuation Committee. American Institute of Certified Public Accountants.
- Chair - 2002 AICPA Business Valuation Conference. American Institute of Certified Public Accountants, Member of Committee for 2001 and 2009 Conferences.
- International Board of Examiners. American Society of Appraisers.
- Qualifications Review Committee. The Institute of Business Appraisers, Inc
- Joint AICPA/ASA 2005 Conference Committee. American Institute of Certified Public Accountants.
- Steering Committee of Valuation Forensic and Litigation Services Section. Florida Institute of Certified Public Accountants.

Editor

- Former Editor of the AICPA *ABV E-Alert*.
- Editorial Board of *Financial Valuation & Litigation Expert*, Valuation Products & Services, LC.
- Former Editorial Advisor for *BV Q&A*, Business Valuation Resources, Inc.
- Former Editor of *Business Appraisal Practice*, The Institute of Business Appraisers, Inc.

Professional Achievements

- Presented with the "Jerry F. Larkins Volunteer Service Award 2009-2010" by the American Society of Appraisers for exceptional, devoted and invaluable volunteer service to the American Society of Appraisers.
- Presented with the "Hall of Fame Award" by the American Institute of Certified Public Accountants in 2009 for outstanding service the goals of the business valuation profession.
- Presented with the "Volunteer of the Year Award" by the American Institute of Certified Public Accountants in 2008 for outstanding service the goals of the business valuation profession.
- Presented with the "Fellow Award" by The Institute of Business Appraisers, Inc. in May 2002 for contributions made to the profession.
- Instructor of the Year Award - The Institute of Business Appraisers.

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PROFESSIONAL QUALIFICATIONS

Professional Achievements

- Winner of the J. H. Cohn Award in 1987 for outstanding performance on the C.P.A. licensing examination.

Technical Reviewer

- Gary R. Trugman. *Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses,* American Institute of Certified Public Accountants, First Edition (1998) Second Edition (2002), Third Edition (2008).
- Gary R. Trugman. *Essentials of Valuing a Closely Held Business,* American Institute of Certified Public Accountants, 2008.
- Shannon Pratt. *The Lawyer's Business Valuation Handbook,* American Bar Association, 2010.

RAY K. BRATCHER
PROFESSIONAL QUALIFICATIONS

Experience

Valuation Analyst at Trugman Valuation Associates, Inc., specializing in business valuation. Was previously employed with a nationally recognized valuation firm from May 2007 to October 2010. Experience includes a wide variety of assignments including the valuation of closely-held businesses, professional practices, thinly traded public companies, and intangible assets. Notable industry experience includes the following:

- Asset Management
- Business Services
- Construction
  - (a) Commercial and Industrial
  - (b) Residential
- Energy
- Food and BeverAge
- Insurance
- Manufacturing
  - (a) Aircraft Parts
  - (b) Automobile Parts
  - (c) Chemicals
  - (d) Industrial and Commercial Machinery
  - (e) Specialty Consumer Goods
- Media
- Pharmaceuticals and Research
- Real Estate Investment Trust
- Retail
- Security
- Service
- Technology
- Vegetation Management

Business valuation services have been rendered for a variety of purposes including, but not limited to estate and gift tax matters, buying and selling businesses, ESOPs and other share-based compensation calculations, purchase price allocations and goodwill impairment testing.

Education

- B.S., Business Administration, The College of New Jersey, 2007.

Appraisal Education

- *Fundamentals of Business Valuation - Part 2*, American Society of Appraisers, Bethesda, MD, 2011.
- *Fundamentals of Business Valuation - Part 1*, American Society of Appraisers, Bethesda, MD, 2011.