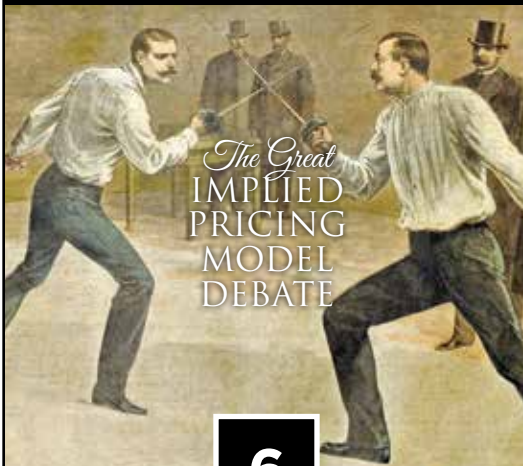


On The Cover



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Does The Implied Private Company Pricing Line Make Sense? (Part II)

By Richard R. Conn,
CMA, MBA, CPA, ABV, ERP

In the January/February 2016 issue of *The Value Examiner*, the author was invited to publish his thoughts on the Implied Private Company Pricing Line (IPCPL). Subsequently, Rod Burkert, Peter Butler, and Bob Dohmeyer, along with Ivor Gorshunov provided a counter argument to the author's article. In this article, Richard Conn, who remains unconvinced about the viability of the IPCPL construct, presents a sur-rebuttal to some of the arguments offered in the earlier article. The summation of this issue will be featured in the July/August edition of *The Value Examiner*.

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15 IPCPL AND MARGIN REVERSION: IMPLICATIONS FOR THE VALUATION OF SMALL PRIVATELY HELD COMPANIES

By Igor Gorshunov, MBA, CFA

The Implied Private Company Pricing Line (IPCPL) Model is a consistent market-implied approach to measure the cost of capital for private companies. Its key element is the cost of capital for the smallest private companies, derived from Pratt's Stats information on the acquisition prices and the companies' financials. This article originally appeared in the *Business Valuation Review*, Volume 34, Number 2, 2015, American Society of Appraisers. It is reprinted in *The Value Examiner* with the permission of the American Society of Appraisers. ALL RIGHTS RESERVED.

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By Pasquale Rafanelli, CPA, ABV, CVA, CBA, ASA, CFE, MAFF

In the March/April issue of *The Value Examiner*, the author discussed what a capitalization rate is and how an expert can arrive at the capitalization rate, including the four methods, one can use in arriving at the discount rate. He also discussed, in detail, the first two methods the Build-Up 1 and Build-Up 2 Methods. He concludes this series by discussing the Capital Asset Pricing Model (CAPM).

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By Travis Flenniken, CFA, CVA; and Matt Stelzman, CVA, MAFF, ASA

Any appraiser who has discussed value with an auto dealer has heard the term "blue sky." The term is thrown around in the dealership industry as frequently as debits and credits in an accounting firm, but what does it really mean and how is it useful? This article presents some ideas on why the Blue Sky Method can be useful.

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5217 South State Street, Suite 400

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Tel: (801) 486-0600, Fax: (801) 486-7500

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