

Granger Travel Plaza

1221 Bailey Avenue
Granger, Washington

Silver Edition



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October 4, 2010

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Mr. Gerry Hammond
Wells Fargo Bank-RETECHS
361 SE Pioneer Way, 1st Floor
Oak Harbor, WA 98277

RE: Granger Travel Plaza
[REDACTED] ue
[REDACTED] Granger, Washington 98992

Our File: 10-04300

Dear Mr. Hammond:

Per your request, I have conducted the required investigation, gathered the necessary data and made certain analyses that enabled me to form an opinion of the market value of the fee simple interest in the above-captioned property.

The condensed appraisal report that follows sets forth the identification of the property, the scope of the investigation, assumptions and limiting conditions, pertinent facts of the subject, comparable data, the results of the investigations and analyses and the reasoning leading to the conclusions set forth.

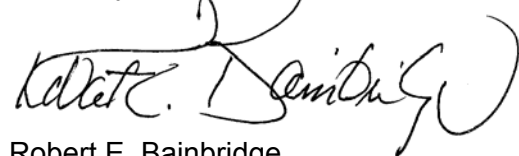
Wells Fargo Bank-RETECHS makes no warranties or representations regarding this document or the conclusions contained herein.

The appraisal produced the following opinions of value for the fee simple value of the subject:

Fee Simple Value

Tangible Assets, Realty:	\$2,290,000.00
Tangible Assets, Non-realty:	\$184,000.00
Intangible Assets:	<u>\$68,000.00</u>
Total Assets of the Business:	\$2,542,000.00
Excess Marketable Land:	\$0.00
Total Fee Simple Value	\$2,616,000.00

Sincerely,



Robert E. Bainbridge
MRICS, Royal Institution of Chartered Surveyors, U.K.
MAI, Appraisal Institute, USA



**C - STORE VALUATIONS
SUMMARY APPRAISAL REPORT**

DATE OF REPORT:	October 4, 2010		
TO:	Wells Fargo Bank-RETECHS		
FROM:	Robert E. Bainbridge MAI, SRA Certified General Real Estate Appraiser # C000276		
RE:	Oranger Travel Plaza		
Borrower Contact:	T.A. Properties Inc.		
Loan #:			
Loan Request:			
Client File #:	WF-SLC-10-012418-01-1		
Purpose/Function:	Provide an estimate of market value for underwriting purposes as defined by the Office of the Comptroller of the currency under 12 CFR, Part 34, Sub-part C, for the sole purpose of underwriting a loan.		
Property Address:	4221 Bailey Avenue Oranger, Washington 98000		
Property Type:	Convenience Store/Gas Station JL1		
Rights Appraised:	Fee Simple		
Appraisal Premise:	As Is		
Date of Value:	October 4, 2010		
Site Size:	395,525 sq. ft.		
Store Size:	6,464 sq. ft.		
Car Wash:	NO		
Part 1: Market Value:	As Is	As Proposed	As Stabilized
Tangible Assets, Real Property	\$2,290,000.00	N/A	N/A
Tangible Assets, Non-Realty	\$184,000.00	N/A	N/A
Intangible Assets	<u>\$68,000.00</u>	N/A	N/A
Total Going Concern Value	\$2,542,000.00	N/A	N/A
Excess Marketable Land	<u>\$0.00</u>	N/A	N/A
Total Fee Simple Value	\$2,542,000.00	N/A	N/A
Value Under Current Operations	117%		
Insurable Replacement Cost	\$2,825,520.00		
Liquidation Value	\$1,453,000.00		
Leased Fee Value:	N/A		
Part 2: Value Under Current Operations			
Gross Profit Index:	1.10		

Convenience Industry Volatility Issues: Significant factors, other than contingencies, which may affect the future value of the property or the stabilized cash flow are: Increased competition from hypermarkets in the U.S. gasoline market is eroding market share for the convenience industry. Nationally, operating margins and pre-tax profits are declining for the convenience industry.

Convenience Industry Risk:

The convenience industry is one channel of the retail industry within the U.S. This section reflects the overall performance of the convenience channel as compared to U.S. economy as a whole.

□ **HIGH** - Above average risk for reduced sales and profit margins as compared to the overall performance of the U.S. economy.

■ **MODERATE** - Average risk for future earnings and profits as compared to the overall performance of the U.S. economy

□ **LOW** - Below average risk for future sales and profits as compared to the overall U.S. economy.

Other Issues: This is a petroleum marketing property that has historically been used for the retail sale of motor fuels. Petroleum products are environmental contaminants. No environmental investigation has been made by the appraiser. It is assumed for the purposes of this appraisal that the subject property is clean and free from all contamination. The client is strongly advised to evaluate the environmental condition of the subject property through the State Department of Environmental Quality or through the services of a qualified environmental inspection service. Any actual presence of environmental issues will have a significant negative effect on the market value of this property.

Sub-Market Risk:

Retail gasoline locations within 2 miles of a hypermarket can be expected to experience severe competition. These locations pose significant and unacceptable levels of investment and lender risk.

□ **HIGH** - Hypermarkets present within 2 miles. And/or over-supplied Trade Area. (Location Quotients calculated at less than 0.75).

■ **MODERATE** - No hypermarkets within 2 miles. Trade Area in supply and demand equilibrium (Location Quotient calculated at 0.75 to 1.0).

□ **LOW** - No hypermarkets within 2 miles. Trade Area is under-supplied (Location Quotient calculated at greater than 1.0).

Nearest Competing Hypermarket: No hypermarkets.

HYPERMARKETS ARE THE NUMBER ONE INDUSTRY PROBLEM ACCORDING TO THE NATIONAL ASSOCIATION OF CONVENIENCE STORES. IN SUB-MARKETS WHERE HYPERMARKETS EXIST, RETAIL FUEL MARGINS ARE OFTEN DRIVEN BELOW 5 CENTS PER GALLON.

Repairs, Required Inspections, Environmental Issues and Recommendations

Appraisal contingent repairs are noted below:

None.

Salient Comments

1. The subject business is deteriorating rapidly in response to insufficient sales in relation to excessively high fixed costs (mortgage payments). At the time of inspection, no forecourt fuel was available and no fuel was available for the truck lanes. Although the inventory stocks inside the store remain adequate, the business is literally days away from closing. With the current business model, the business cannot survive in any form without fuel sales.
2. The truck stop industry today is consolidating. In addition to a severe national recession, truck freight volume is declining across the nation as more freight is being shipped by rail with shorter truck shipments. The recent bankruptcy of Flying J Travel Centers is emblematic of the operating difficulties facing the truck stop industry across the nation.

Doing business with national carriers requires large amounts of working capital to carry the fuel accounts for 30 days or more. More than two-thirds of all national trucking companies specify that their drivers fuel at specific locations for this reason. Most small, independent truck stops, such as the subject, cannot compete with national operators because of this.

3. Truck Stops are always difficult to appraise because so little industry performance data is available and each location is unique. Because of this, we rely heavily on the actual operating performance as a measure of value. The subject is new and very little operating history is yet available. We have placed considerable weight on the operating performance of the subject as shown in the profit and loss statement for the first six months of 2009. Simply stated, the subject earnings cannot justify the original cost of about \$4.8 million. Perhaps for the reasons mentioned above, the current earnings in terms of both gross sales and gross profit are 66% of the original pro forma projections when the subject was built. Consequently, the subject is not able to support the current debt load. Based on the current level of earnings, the subject business operation is sustainable at an asset value of \$2.5 million to \$2.8 million.

Appraisal Reports and Cost of Fees

Many types of appraisal report products are available to you today under the *Uniform Standards of Professional Appraisal Practice*, the governing laws for licensed and certified appraisers. This report is specifically designed to provide you with an economical and timely valuation analysis that meets all regulatory requirements. However, the data and analysis presented here is brief and in summary form. This is one of the least expensive appraisal reports we offer.

More detailed and in-depth reports are available.

C – Store Valuations

Technical Summary:	
Insurable Replacement Cost	\$2,825,520
Exposure Time	3 to 12 mo
Marketing Time	3 to 12 mo
Remaining Economic Life	50 yrs
NOI to Real Estate and Debt Service Analysis:	
Appraised Value of Real Estate	\$2,290,000
EBIDTA	\$370,187
Less: Return to Tangible Assets, Non-Realty	\$61,399
Less: Real Estate Operating Expenses (Property Taxes, Maintenance.etc)	\$68,697
Less: Return to Intangible Assets (Accounting and Economic Profit)	\$34,000
Add: Other Income to Real Estate	\$0
Equals: NOI to Real Estate	\$206,091
Targeted Debt Coverage Ratios	
Low	1.15
High	1.37
Dollars Available for Debt Service (Low)	\$150,431
Dollars Available for Debt Service (High)	\$179,210
Mortgage Constant	0.093
Total Possible Mortgage, Real Estate Only (Low)	\$1,617,541
Total Possible Mortgage, Real Estate Only (High)	\$1,926,984
Calculated Loan-to-Value Ratios	
Low	71%
High	84%

10-Year Earnings Projections:

The table on the following page is the appraiser's 10-year earnings projection. Although it is difficult to project earnings for this volatile industry, this analysis illustrates the sensitivity of the business's ability to service debt in response to changes in business operating performance.

Photograph

~~Granger Travel Plaza, Granger, Washington~~
Taken on October 4, 2010



LOCATION MAP

~~Cranger, Washington~~



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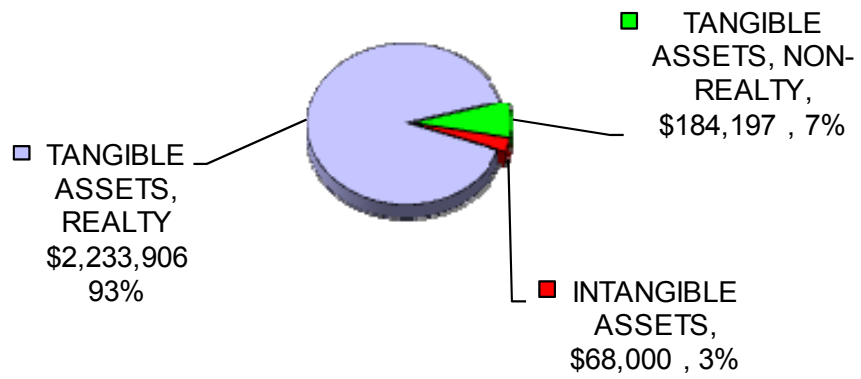
Executive Dashboard

THIS SECTION GRAPHICALLY DISPLAYS
THE FOLLOWING NUMERICAL RELATIONSHIPS

TOTAL ASSETS OF THE BUSINESS BREAKOUT
GRAPHICAL SUMMARY OF REAL ESTATE VALUES
10-YEAR EARNINGS PROJECTIONS
COMPARATIVE IMPACT WITH HYPOTHETICAL 10% INCREASE IN FUEL MARGINS
COMPARATIVE IMPACT WITH HYPOTHETICAL 10% DECLINE IN FUEL MARGIN
VALUE PER SQ. FT. OF STORE BUILDING AREA
COMPARITIVE VALUE BASED ON GROSS SALES MULTIPLE
COMPARATIVE VALUE BASED ON GROSS PROFIT MULTIPLE
FORECASTED SALES



**VALUE CONCLUSIONS
TOTAL ASSETS OF THE BUSINESS**



10-Year Earnings Projections

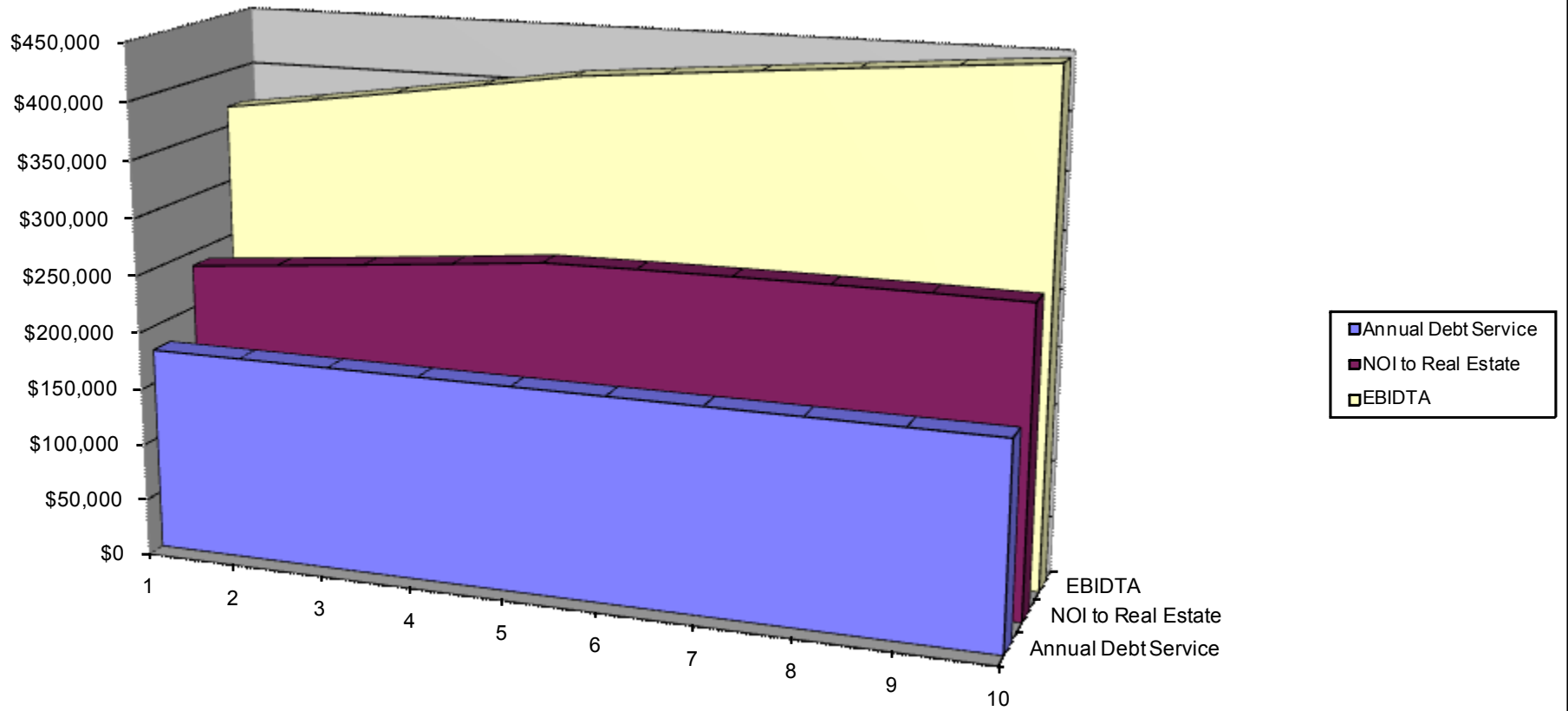
C - STORE VALUATIONS

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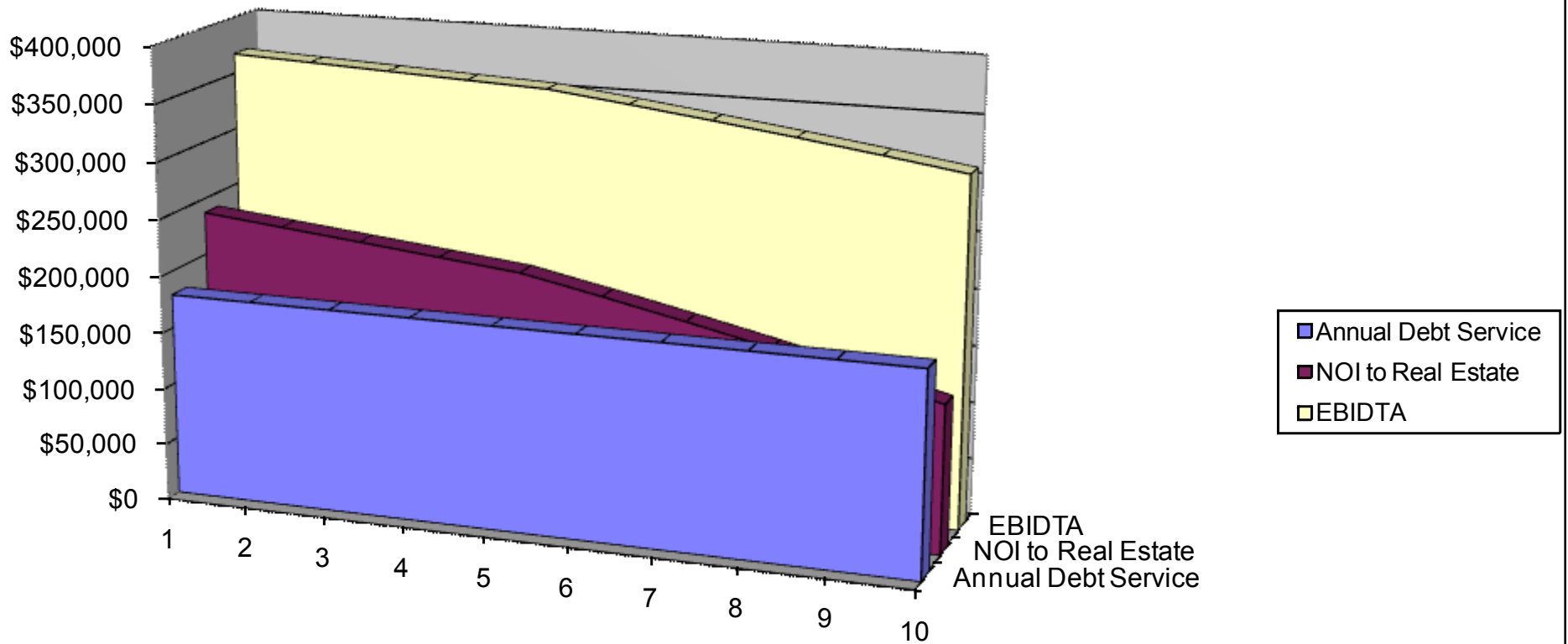
NOMINAL CHANGES	Near-Term	Long-Term
Estimated Annual Change in CPI	3.00%	4.00%
Annual Growth in Fuel Margin	3.00%	3.00%
Annual Growth in Merchandise Sales	3.00%	4.00%
Annual Growth in Food Service Sales	0.00%	0.00%
Annual Growth in Other Sales	4.00%	4.00%
Annual Growth in Operating Expenses	3.00%	5.00%
Annual Growth in Accounting Profit	4.00%	4.00%

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
EARNINGS	NEAR-TERM					LONG-TERM				
Estimated Annual Gallons	2,232,559	2,232,559	2,232,559	2,232,559	2,232,559	2,232,559	2,232,559	2,232,559	2,232,559	2,232,559
Fuel Margin	<u>\$0.20</u>	<u>\$0.21</u>	<u>\$0.21</u>	<u>\$0.22</u>	<u>\$0.23</u>	<u>\$0.23</u>	<u>\$0.24</u>	<u>\$0.25</u>	<u>\$0.25</u>	<u>\$0.26</u>
Fuel Margin Dollars	\$446,512	\$459,907	\$473,704	\$487,916	\$502,553	\$517,630	\$533,158	\$549,153	\$565,628	\$582,597
Merchandise Sales	\$1,062,858	\$1,094,743	\$1,127,586	\$1,161,413	\$1,196,256	\$1,244,106	\$1,293,870	\$1,345,625	\$1,399,450	\$1,455,428
Merchandise Margin	<u>30%</u>	<u>30%</u>	<u>30%</u>	<u>30%</u>	<u>30%</u>	<u>30%</u>	<u>30%</u>	<u>30%</u>	<u>30%</u>	<u>30%</u>
Merchandise Margin Dollars	\$318,857	\$328,423	\$338,276	\$348,424	\$358,877	\$373,232	\$388,161	\$403,687	\$419,835	\$436,628
Food Service Sales	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
Food Service Margin	<u>50%</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>
Food Service Margin Dollars	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Other Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Shrink	\$3,656	\$3,760	\$3,867	\$3,977	\$4,091	\$4,236	\$4,386	\$4,542	\$4,704	\$4,871
Total Gross Profit	\$801,714	\$824,570	\$848,113	\$872,362	\$897,338	\$926,625	\$956,933	\$988,299	\$1,020,759	\$1,054,354
OPERATING EXPENSES										
Labor Costs (Include Payroll Taxes)	\$281,245	\$289,682	\$298,373	\$307,324	\$316,544	\$332,371	\$348,989	\$366,439	\$384,761	\$403,999
Liability Insurance	\$5,625	\$5,794	\$5,967	\$6,146	\$6,331	\$6,647	\$6,980	\$7,329	\$7,695	\$8,080
Royalties/Card Fees	\$64,285	\$66,213	\$68,199	\$70,245	\$72,353	\$75,970	\$79,769	\$83,757	\$87,945	\$92,343
Supplies	\$32,142	\$33,107	\$34,100	\$35,123	\$36,176	\$37,985	\$39,885	\$41,879	\$43,973	\$46,171
Advertising	\$16,071	\$16,553	\$17,050	\$17,561	\$18,088	\$18,993	\$19,942	\$20,939	\$21,986	\$23,086
Utilities	\$48,213	\$49,660	\$51,150	\$52,684	\$54,265	\$56,978	\$59,827	\$62,818	\$65,959	\$69,257
Motor Fuel Drive-Offs	\$5,625	\$5,794	\$5,967	\$6,146	\$6,331	\$6,647	\$6,980	\$7,329	\$7,695	\$8,080
Cash Over/Short	\$5,625	\$5,794	\$5,967	\$6,146	\$6,331	\$6,647	\$6,980	\$7,329	\$7,695	\$8,080
Other	<u>\$804</u>	<u>\$828</u>	<u>\$852</u>	<u>\$878</u>	<u>\$904</u>	<u>\$950</u>	<u>\$997</u>	<u>\$1,047</u>	<u>\$1,099</u>	<u>\$1,154</u>
Sub-total	\$459,635	\$473,424	\$487,626	\$502,255	\$517,323	\$543,189	\$570,348	\$598,866	\$628,809	\$660,250
EBIDTA	\$342,079	\$351,147	\$360,487	\$370,107	\$380,016	\$383,436	\$386,585	\$389,433	\$391,950	\$394,104
Less: Return to Tangible Assets Non-Real	\$33,061	\$34,053	\$35,074	\$36,127	\$37,210	\$38,699	\$40,247	\$41,857	\$43,531	\$45,272
Less: Real Estate Operating Expenses	\$69,215	\$71,292	\$73,431	\$75,633	\$77,902	\$81,019	\$84,259	\$87,630	\$91,135	\$94,780
Less: Return to Intangible Assets	\$34,000	\$35,360	\$36,774	\$38,245	\$39,775	\$41,366	\$43,021	\$44,742	\$46,531	\$48,393
Add: Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Theoretical NOI to Real Estate	\$205,803	\$210,442	\$215,207	\$220,101	\$225,127	\$222,353	\$219,058	\$215,205	\$210,753	\$205,659
NOI AVAILABLE TO REAL ESTATE	\$239,803	\$245,802	\$251,982	\$258,347	\$264,903	\$263,719	\$262,079	\$259,946	\$257,284	\$254,051

10-YEAR EARNINGS PROJECTION

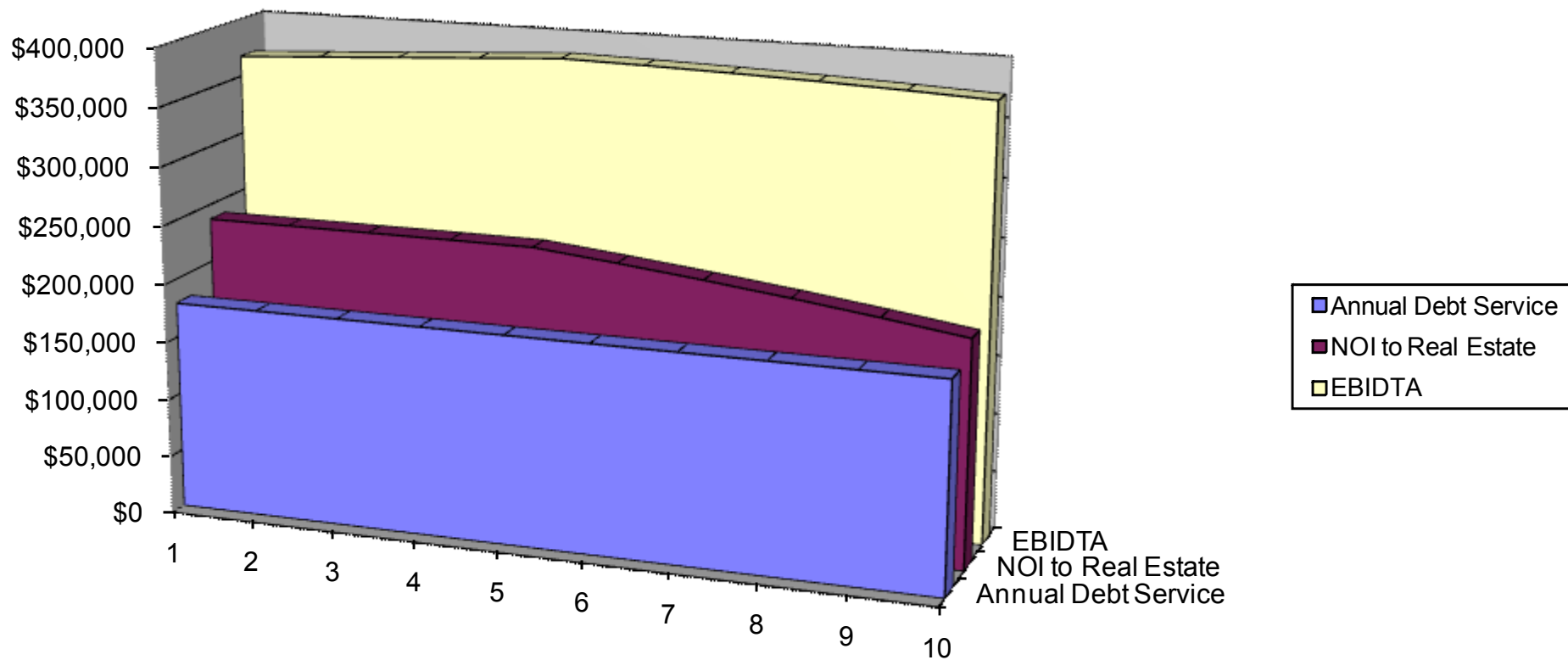


10-YEAR EARNINGS PROJECTION With a Hypothetical 10% Decline in Fuel Margin



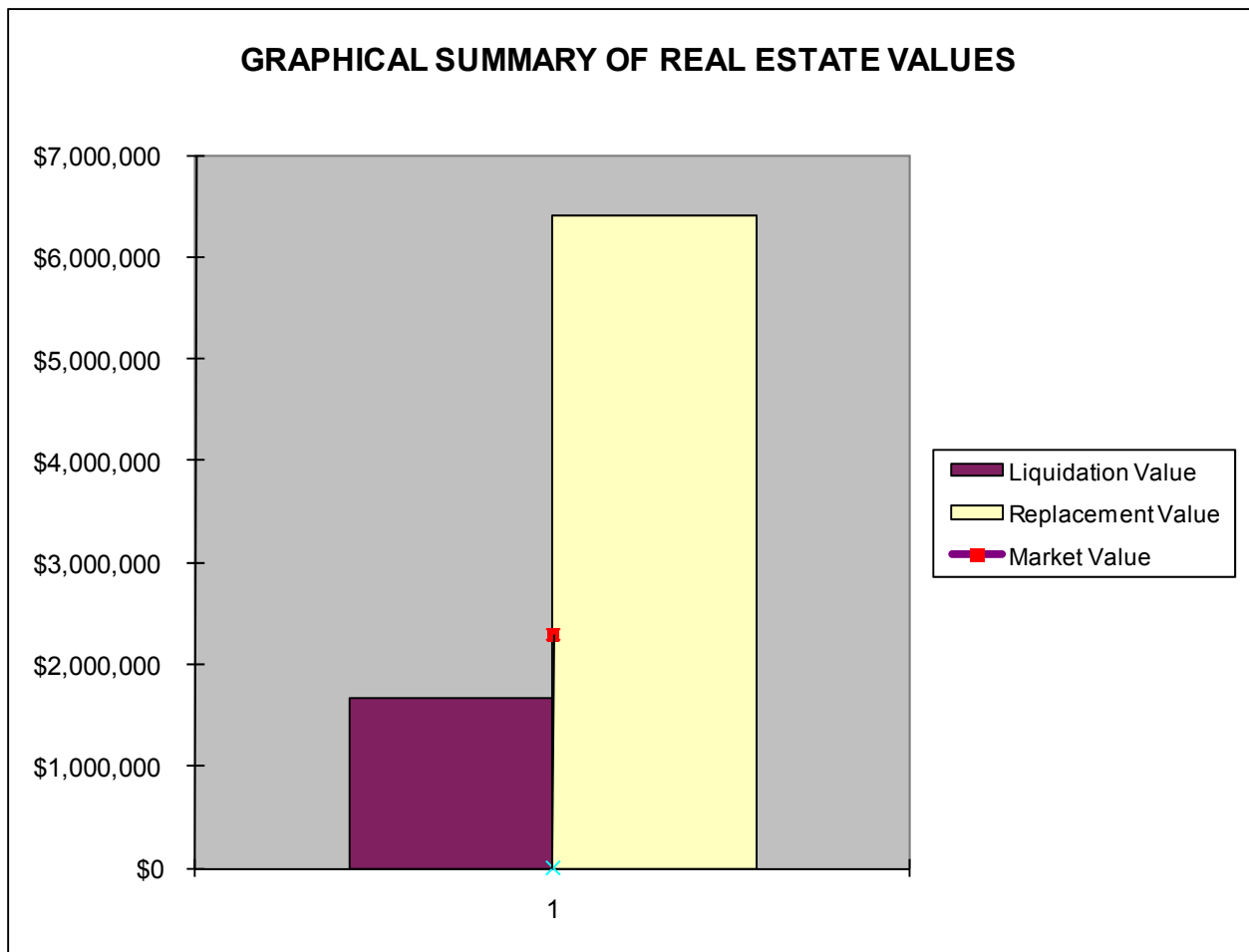
10-YEAR EARNINGS PROJECTION

With a Hypothetical 10% Increase in Fuel Margin

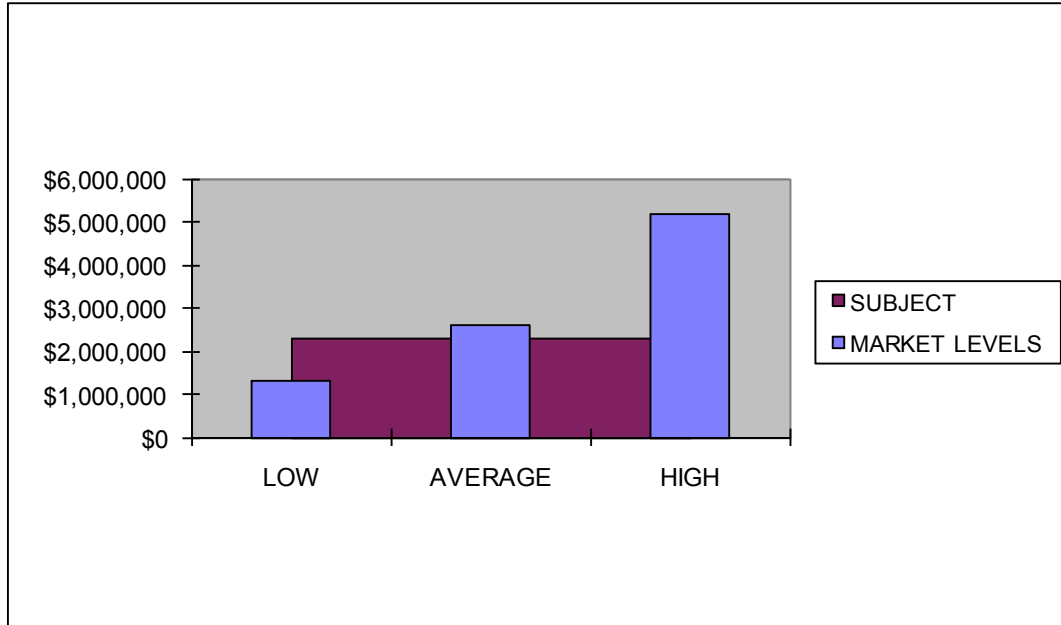


TANGIBLE ASSETS, Realty

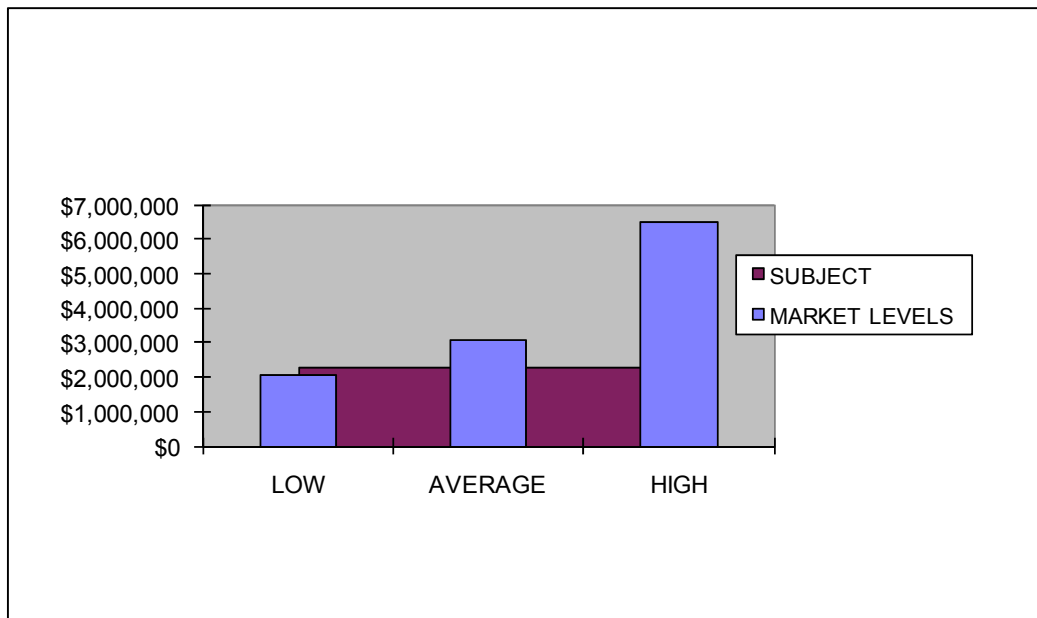
Replacement Value	\$6,411,861
Liquidation Value	\$1,670,000
Market Value	\$2,290,000



INDICATIONS OF VALUE
PRICE PER SQ. FT. OF STORE BLDG AREA
Showing Subject's Appraised Value



INDICATIONS OF VALUE
GROSS SALES MULTIPLE
Showing Subject's Appraised Value



**SCOPE
OF WORK
2009**

SCOPE OF WORK

With the 2006 version of USPAP, the terms “Limited Appraisal” and “Complete Appraisal”, as well as the “Departure Rule”, have been eliminated. In 1994, The Office of the Comptroller of Currency and several other federal agencies revised Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) to adopt USPAP as the minimum appraisal standards for financial institutions under jurisdiction of FIRREA. Today, with certain additional requirements for proposed construction, appraisals in compliance with USPAP are also in compliance with FIRREA.

This appraisal is completed in conformity with the Uniform Standards of Professional Appraisal Practice as adopted by the Appraisal Standards Board of the Office of the Comptroller of Currency and the Appraisal Foundation. This appraisal is completed in compliance with the Section 1110 of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) as updated.

Problem Identification

CLIENT AND INTENDED USERS

The client and intended user is Wells Fargo Bank-RETECHS on behalf of Wachovia SBC and this appraisal report is specifically written for the client. Other intended users are Wachovia Small Business Capital. The US Small Business Administration, 409 3rd St SW, Washington, DC 20416, its successors or assigns may rely on this report. The use of this appraisal report by third parties is prohibited under the terms of this appraisal assignment and is not intended for the casual reader.

INTENDED USE OF THE APPRAISER’S OPINIONS AND CONCLUSIONS

The intended use of this appraisal report is to assist the client in evaluation of the collateral for an existing mortgage loan. This is a federally-related transaction. No other use of this appraisal report is permitted.

TYPE AND DEFINITION OF VALUE

Market Value in this appraisal is defined as

The most probable price in terms of money which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

Buyer and seller are typically motivated.

Both parties are well informed or well advised, and each is acting in what they consider to be their own best interest.

Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.

Financing, if any, is in terms generally available in the community at the specified date and is typical for the property type in its locale.

The price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

A reasonable time is allowed for exposure on the open market.

In applying this definition of market value, the value of the real property cannot be increased by favorable financing, going concern value or special value to a specific user. Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs that are normally paid by sellers as a result of tradition or law in a market area. These costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party financial institution that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar-for-dollar cost of the financing or concession, but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based upon the appraiser's judgment.

Source: Uniform Standards of Professional Appraisal Practice, as adopted by the Appraisal Standards Board of the Office of Comptroller of Currency and the Appraisal Foundation. Effective as of January 2006, Updated Annually.

The above definition of market value assumes a normal marketing time. The typical marketing period in the local area for a property similar to the subject is less than 24 months as indicated by actual marketing time of the sales examined here and by published multiple listing service data.

EXPOSURE TIME

USPAP requires the appraiser when developing an opinion of market value to also develop an opinion of reasonable exposure time that is linked to the opinion of market value. Exposure time is always presumed to precede the effective date of the appraisal. The USPAP definition of Exposure Time is *"the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market."* Exposure time is regarded to be different for various types of property and market conditions and involves not only adequate, sufficient and reasonable time but also price and effort relationships. The estimated exposure time for the subject property is estimated to be () months based on the following reasoning:

Statistical information about days on market for past recent sales suggests 170 days.

Information gathered through comparable sales verification suggests 6 to 12 months.

Interviews of market participants suggest 12 months.

The exposure time assumed in this opinion of value is 6 to 12 months.

EFFECTIVE DATE OF
THE APPRAISER'S OPINIONS AND CONCLUSIONS
The effective date of this appraisal is October 4, 2010.

SUBJECT OF THE ASSIGNMENT
AND RELATIVE CHARACTERISTICS

The subject of this appraisal is to estimate the market value as of the date of appraisal of the fee simple interest of the real property identified as:

1221 Bailey Avenue
Granger, Washington 98932

The property is owned by T.A. Properties Inc. and is used as a travel center.

This appraisal pertains to the value of the total assets of the business (TAB), which in this case includes the tangible and intangible assets; also known as Going Concern Value. This going concern value is allocated as follows among the various contributory components. The merchandise, food and fuel inventory are not included.

- Land (As if Vacant)
- Real Property Improvements
- Furniture, Fixtures & Equipment
- Business/Enterprise/Franchise Value

All three approaches have been developed. However, no single approach can be applied to every asset class of the business. For example, the Cost Approach can not be developed for the Intangible Assets. It simply is not possible.

The value of the site has been estimated as a separate entity apart from the tangible assets, real property and appraised to its highest and best use as though vacant.

This appraisal will provide an opinion of the market value for the following value premises:

Part 1 of the Report

The **Fee Simple Estate** for the tangible and intangible assets. This value is based on market earnings for properties of this type in this location. Because this is the fee simple value, this value is irrespective of the existing brand, supply and service contracts. The fee simple value reflects market value under typical and average management for the specific location of the store's assets.

Under this premise, the branding, capabilities or limitations of current management, and any operating agreements do not affect the value of the real estate.

Part 2 of the Report

The value **Under Current Operations**. This value is based on the business's ability to generate earnings under the existing supply contracts, branding agreements, and historical financial

performance. Theoretically, this valuation premise can produce a value estimate that is higher or lower than the market value of the fee simple interest just as the leased fee or leasehold value can be different from the fee simple value.

DEFINITIONS

Going Concern Value: The Appraisal Institute defines Going Concern Value as follows:

a. *Going-Concern Value* is the value of a proven property operation. It includes the incremental value associated with the business concern, which is distinct from the value of the real estate. Going-concern value includes an intangible enhancement of the value of the operating business enterprise, which is produced by the assemblage of the land, buildings, labor, equipment, and the marketing operation. This assemblage creates an economically viable business that is expected to continue. Going-concern value refers to the total value of a property, including both real property and intangible personal property attributed to business value.

b. *Exchange Value*: What a property would sell for under the normal definition of market value to a party who would use the property based on its highest and best use.

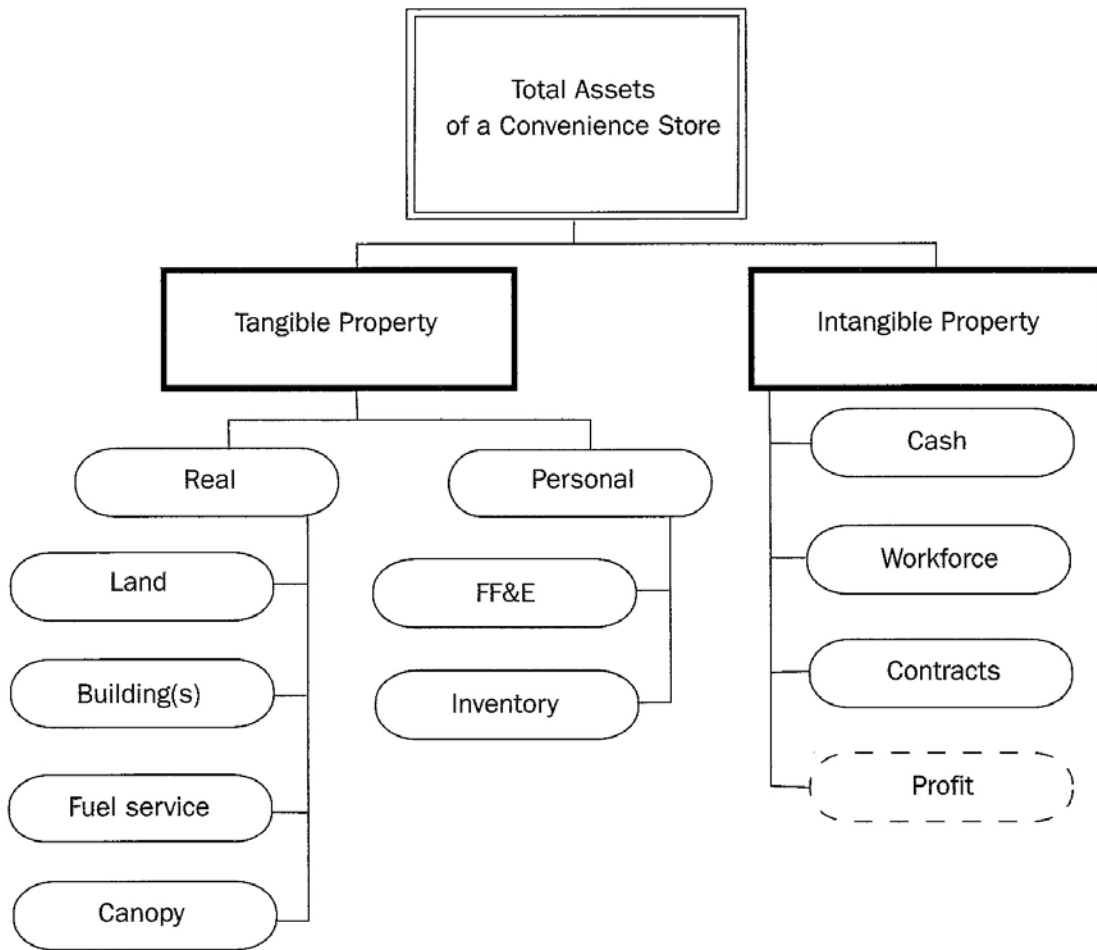
This appraisal is completed in conformity with the *Uniform Standards of Professional Appraisal Practice*¹ as adopted by the Appraisal Standards Board of the Office of the Comptroller of Currency and the Appraisal Foundation. This appraisal is completed in compliance with the Section 1110 of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) as updated.

The chart on the following page shows the classification of the business assets of a convenience store business. This chart is from my book, *Convenience Stores and Retail Fuel Properties: Essential Appraisal Issues* by Robert E. Bainbridge MAI, SRA.

1

Ibid.

Tangible and Intangible Asset Classification



Type of Report Format

The sections below are brief and presented in summary form. Although the documentation presented here shows some of the appraiser's reasoning, the remarks below do not include all of the appraiser's thought processes in reaching the value conclusion.

The analyses are presented in an abbreviated form as compared to the presentation normally offered in a Self-Contained Report.

The limitations of this Summary Report have been explained to the client and the client has chosen this appraisal reporting format.

Inspection, Descriptions, Valuation Approaches and Analyses

I have physically inspected the subject property and interviewed the owner or the manager. I was accompanied on the inspection by the owner or store manager. A detailed engineering study of the building was not made. The attic and crawlspace areas, if any, were not inspected. No pest inspection or environmental inspection was made. The HVAC and electrical and plumbing systems were observed during normal operation and occupancy of the property. But, no specific performance testing of these systems was made.

No environmental inspection or testing has been made, nor is the appraiser qualified to do so. No pest inspection or investigation has been made for such issues as toxic mold or termites.

The appraiser assumes that the property is free from all contaminants and adverse physical conditions and is in readily marketable condition, unless such adverse conditions are specifically identified in this report.

A sub-market supply and demand analysis has been completed as an integral part of this assignment. As real property improvements become more specialized, the need for a local supply and demand analysis in the valuation assignment increases. Indeed, for highly specialized improvements, such as a convenience store, a credible value estimate can not be attained without a sub-market supply and demand analysis. Site To Do Business®, ESRI Business Solutions®, Google Earth® and other sources have been used to complete portions of the supply and demand analysis. A physical reconnaissance of the subject's trade area has not been made.

Sources of market data used in this appraisal include the local multiple listing services. I have reviewed proprietary sale data bases, including MS Connect®, Co-Star Comps®, and the AI Commercial Data Base® for local sale and rental information on similar properties.

This is a summary report with only the Sales Comparison and Capitalized Earnings Approaches included in the development of this assignment. The value of the intangible assets can only be estimated from the Capitalized Earnings Approach.

I have reviewed the following documents and have retained copies as a part of this file:

2008 (assumed part year) and YTD 2009 operating summaries prepared by T.A. Properties.

The following was not provided to the appraiser:

- No excise tax returns were provided to the appraiser to verify fuel gallonage.
- No equipment leases, if any, have been provided to the appraiser.

**This is a
summary
report.**

**All three
valuation
approaches
have been
developed.**

KEY COMPLIANCE ISSUE:

Market value can not be reported without a determination of market-level earnings and profits from a Trade Area Analysis.

**USPAP STANDARDS
9 & 10**

- No equipment list was provided to the appraiser.

I make no warranties as to the accuracy of these statements. These statements have been relied upon by the appraiser to appraise the property.

Competency Rule

I, Robert E. Bainbridge, hold the MAI and SRA designations of the Appraisal Institute and the MRICS designation from the Royal Institution of Chartered Surveyors, U.K. I am also a Certified General Real Estate Appraiser in the States of California, Idaho, Oregon, and Washington. I have over 24 years of experience appraising real estate in the local area.

ASSIGNMENT CONDITIONS

(EXTRAORDINARY ASSUMPTIONS, HYPOTHETICAL CONDITIONS)

None.

SALES HISTORY

This section of the report is being included to comply with Standard Rule No. 1-5(b) and the reporting requirements of the Uniform Standards of Professional Appraisal Practice.

The property has not sold within the last three years according to the assessor's office.

The raw land was purchased for \$350,000.00 in 2006, according to the assessor's office. However, city services and a city street were constructed after the sale, which greater increased the value of the land.

The subject is about a year old and the original construction cost was about \$4.8 million.

SUMMARY DESCRIPTION OF THE SUBJECT PROPERTY

Facilities Review

The subject of this appraisal includes the real property, which includes the site, all site improvements such as concrete and asphalt, and the buildings. This appraisal includes the real property associated with the buildings including the building shell, interior and exterior finished surfaces, and heating, air conditioning, plumbing and electrical fixtures, the fuel service consisting of all dispensers, canopies, underground fuel storage tanks and all associated electrical and piping.

Personal property and equipment classified as tangible assets, non-realty is included and will be appraised separately from the real estate.

A summary description is presented on the following pages along with a more detailed narrative beginning on page 16.

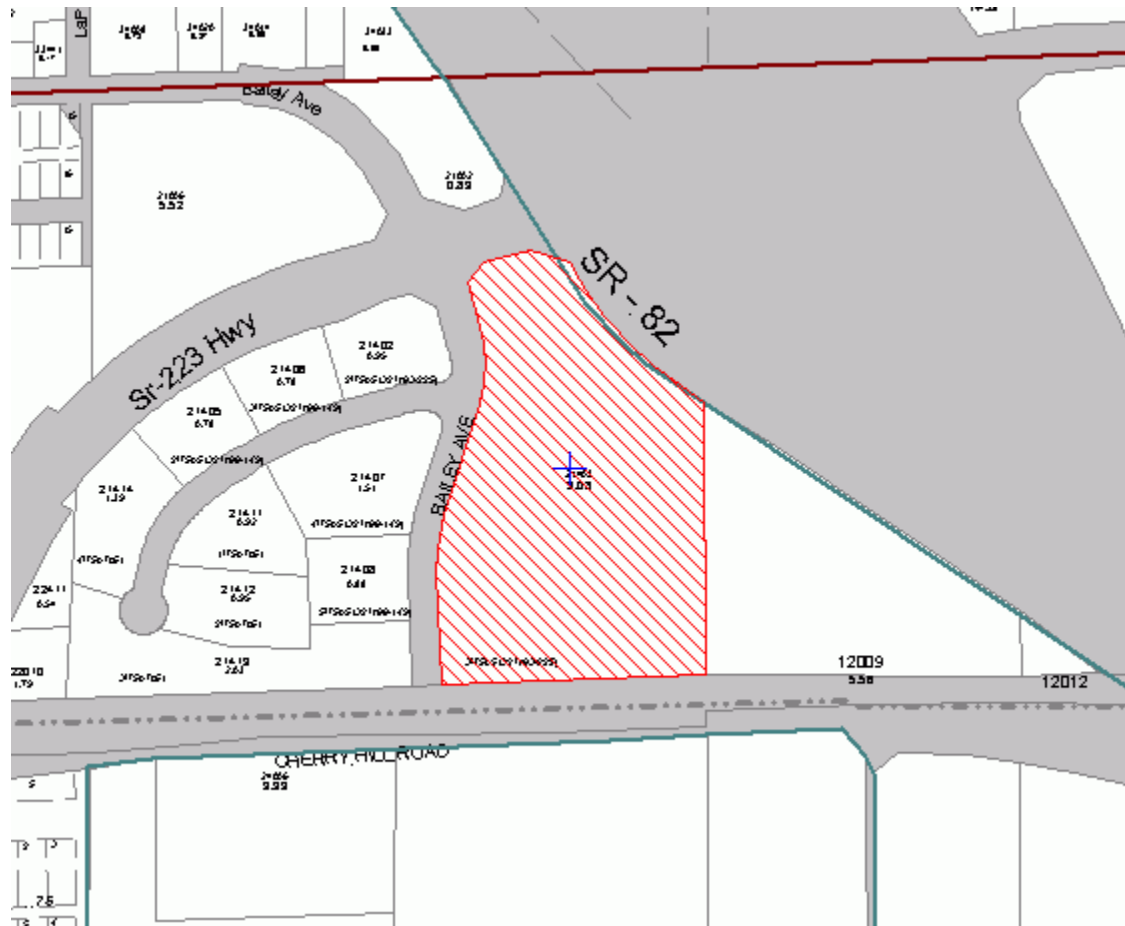
Specific Descriptions

1. The subject is a travel center with fuel service.
2. The property currently operates under the Chevron brand.

Summary Site Description:

Site Size:	9.08 acres Irregular
Frontage:	200 ft. on SR 223 680 ft. on Bailey Avenue
Average Depth:	220 ft.
Building Coverage Ratio:	2%
Off-Street Parking:	12 unassigned passenger 25 paved truck parking spaces
Zoning:	Commercial
Compliance:	Yes
Identified Flood Hazard Area:	No
FEMA Map No.	5302171825B
FEMA Map Date:	June 5, 1985
Known Site Environmental Issues:	None

PLAT MAP



Summary Store Description:

Building Size:	6,464 sq. ft. (main floor)
Year Built:	2008
Frame/Bearing Walls:	Steel frame
Roof Type:	Flat
Roof Cover:	Built-up
Foundation:	Concrete perimeter
Exterior Siding:	Stucco
Exterior Details:	Glass Store Front
Interior Walls/Ceilings	Drywall/suspended
Floor Coverings:	Ceramic Tile
HVAC:	Forced Air/Package A/C
Electrical Service:	3-phase/600 AMP
ADA Requirements:	Yes
Rest Rooms:	Two public, 1 private, 3 shower rooms
Energy Efficiency:	Average
Overall Construction Quality:	Good
Overall Condition:	Good
Estimated Remaining Life:	43 yrs economic 40 yrs physical life
Other:	12-door beverage display cooler 6-door display freezer 432 SF food service area included above 1,200 SF dedicated business space included above

Summary Fuel Service Description:

Dispensers:	(4) MPD 1-hose, 3-product (passenger vehicle service) (5) Diesel dispensers (truck service)
Make:	Gilbarco
Fuel Positions:	8 (passenger vehicle service) 6 (truck service)
Year of Installation:	2008
Condition:	Average
Underground Fuel Tanks:	(1) 20,000 gallon, split (3) 20,000 gallon
Canopy Design:	Starting gate (passenger vehicle service) Starting gate (truck service)
Canopy Size:	30 ft. X 114 ft. (passenger vehicle service) 30 ft. X 86 ft. (truck service) Steel frame, lighted

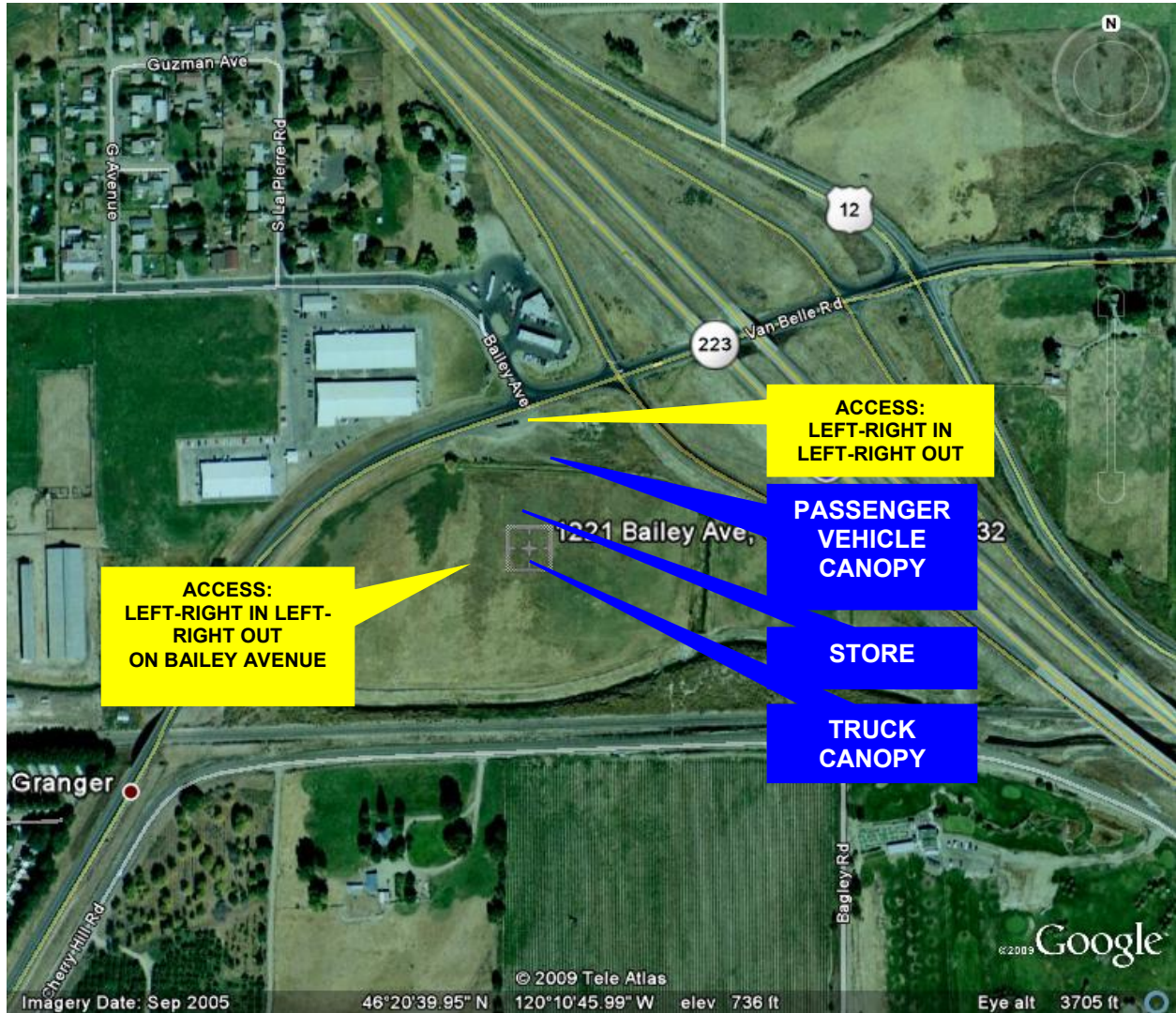
Summary Car Wash Description

Type:	None
Make:	None
Construction:	None
Condition:	None
Washes Per Year:	None
Vacuum Stations:	None

Summary Access, Site Improvements, Parking Area, Signage

The site is entirely improved with buildings and parking area. Off-street paved parking accommodates 12 passenger vehicles. Off-street paved parking is available for more than 25 trucks. The site has frontage on two public roadways. No traffic light is installed at his intersection.

The property includes no excess marketable land.



DETAILED LAND DESCRIPTION WITH ENVIRONMENTAL CHECKLIST

Preliminary Statement: The subject land is hereafter described in a summary format sufficient to identify the subject land based on the scope and intended use of this assignment.

Property Identification: The subject land is known as ~~1221 Bailey Avenue, Granger,~~ Washington.

Property Type: The identifiable existing use for the subject land is commercial. The intended use for the subject land for the purposes of this appraisal is regarded to be commercial for 100% of the total land area.

Property Sub-Type: Retail

Location: The location characteristics of the subject land are summarized as follows:

- Address: ~~1221 Bailey Avenue, City: Granger, County: Yakima, State: Washington, Zip Code: 98902.~~
- Situated at the southeast quadrant of I-84 and Westland Road.
- Census Tract Number: 0021.
- Map Latitude: 46° 20' 37.944".
- Map Longitude: -120° 10' 44.497".
- Land uses adjacent to the north: retail convenience store/gas station.
- Land uses adjacent to the east: I-82 freeway.
- Land uses adjacent to the south: farm land.
- Land uses adjacent to the west: undeveloped commercial land.
- Nearby amenities influencing the subject land: I-82 Freeway.
- The relationship of the subject land to the immediate surrounding area is considered to be average with no apparent detrimental nearby conditions relating to uses or improvements of significance that would negatively impact the value of the subject property.
- There are no apparent significant nearby proposed public or private developments that would influence the value of the subject land.

The overall rating of the perceived location characteristics for the subject land is considered to be average.

Land Area, Dimensions, Street Frontage, Shape and Function: These significant characteristics of the subject land are summarized as follows:

SUBJECT PROPERTY LAND DIMENSIONS WITH STREET AND HIGHWAY FRONTAGE

Side	Boundary Description	Total Length
North	Frontage on SR 223	200 feet
East	Border with freeway	680 feet
South	Border with adjacent land	500 feet
West	Frontage on Bailey Avenue	680 feet

- The subject land area is calculated by this appraiser based on platted site dimensions equal to 395,525 square feet.
- The subject land area is reported by the public records to equal 395,525 square feet also equal to 9.08 acres.
- The subject land area used for the purposes of this appraisal is estimated to equal 395,525 square feet also equal to 9.08 acres. This total land area determination is a condition of this appraisal.
- The representative shape of the subject land is best described as an irregular shape with corners having other than 90 degree angles.
- The amount of subject land area exhibiting atypical shape, dimensions and function conditions that would not be supportive for building, driveway, parking and appropriate landscaping purposes and not otherwise useful for satisfying zoning requirements with overall diminished use potential is estimated to equal (0) SF of land area equal to (0)% of total land area.
- Excess land in regard to a vacant site or a site regarded to be vacant is the land area not needed to accommodate the primary highest and best use of the site. Excess land may be separated from a larger site and have an independent highest and best use. If excess land is marketable, its value as vacant land is added to the estimated value of the subject property.

The subject land is not regarded to have excess land area.

The overall rating of the perceived land area, dimensions, street frontage, shape and function characteristics for the subject land is considered to be average.

Off-Site/At-Site Improvements, Street and Utilities Adjacent to the Subject Land: The off-site/at-site public improvements, streets and utilities adjacent and available to the subject land influencing value are summarized as follows:

- Street: SR 223; # traveling lanes: 2 with dedicated left-turn lane; Curbside parking: No; Grade: Level; Surface: Asphalt; Quality: Average; Condition: Average
- Street: Bailey Avenue; # traveling lanes: 2; Curbside parking: No; Grade: Level; Surface: Asphalt; Quality: Average; Condition: Average.
- Curb and Gutter: Yes; Type: Concrete; Installed on all streets: No, only on Bailey Avenue.
- Alley: No; Surface: N/A; Width in feet: N/A
- Storm Sewer: Public Yes; Retention pond: No; Ditch along street or highway: Yes
- Sanitary Sewer: Public Yes; Private: No.
- Water: Public Yes; Private: No.
- Natural Gas: No.
- Electric Power: Yes.
- Telephone: Yes.
- Sidewalk: Yes; Number of sides: One; Surface: Concrete; Width in feet: 5.
- Street lights: Yes; Number of sides: 1; Quality: Average; Condition: Average.
- Water Access/Port: No.
- Amenities: No.
- Railroad Service: No.

- Fiber Optics: No.
- Cable TV: Yes.

The overall rating of the perceived off-site/at-site improvement, street and utility characteristics adjacent to the subject land is considered to be average.

Off-Site Common Area Rights and Easements Influencing the Subject Land: Off-site common area rights and easements affecting the value of the subject land other than the previously mentioned off-site/at-site improvements, streets and utilities adjacent and available to the subject land include driveways on other land. The perceived gain in overall beneficial use potential for the subject land due to the above described off-site common area rights and easements accruing to the subject land is estimated to equal (0) SF of total affected land area equal to (0)% of total subject land area.

The overall rating of the perceived off-site common area right, easement and other right characteristics for the subject land is considered to be average.

Street and Highway Accessibility and Traffic Circulation Patterns: The street and highway systems commonly used for travel to and from the subject land consist of Interstate Freeway I-82 and adjacent local street Bailey Avenue. The existing vehicular speed limit adjacent to the subject land along the freeway is 65 mph. The existing vehicular speed limit adjacent to the subject land along the secondary street frontage is 25 mph.

The overall rating of the perceived street and highway accessibility and traffic circulation pattern characteristics for the subject land is considered to be average.

Direct Site Access Including Median Restrictions: These existing characteristics for the subject land are summarized as follows:

- Driveway count with right-in traffic movement: 0
- Driveway count with right-in/right-out traffic movement: 0
- Driveway count with three-way traffic movement: 0
- Driveway count with full-four-way traffic movement: 2
- Driveway count with full four-way traffic movement off of an interior PUD common area driveway system: 0
- The adjacent street used for primary direct site access to the subject land as of the date of this appraisal does not have a median in the center of the street separating the two opposing lanes of traffic.
- The adjacent street used for secondary direct site access to the subject land as of the date of this appraisal does not have a median in the center of the street separating the two opposing lanes of traffic.
- The subject land is not a part of a planned unit development with an interior common area driveway system connected to the adjacent streets.
- The existing direct site access and median restrictions configuration adjacent to the subject land was researched and is considered for the purposes of this analysis as not likely to change.

The overall rating of the perceived direct site access including median restrictions characteristics for the subject land is considered to be average.

View, Visibility, Corner Influence and Traffic Exposure: View and visibility in relation to adjacent streets and highways in combination with perceived traffic exposure are regarded as important features impacting real estate value for most non-residential real estate developments.

- AADT traffic exposure count along the 1-82 Freeway was 28,000 as of 2007.
- AADT traffic exposure count along the secondary street frontage was less than 3,000 as of 2007.
- Site view and visibility characteristics are considered to be average.
- The subject land is a one corner location.
- Adjacent corner traffic controls consist of a corner with side street stop signs with through traffic conditions along the primary street.

Convenience retail concepts rely on unplanned, impulse purchase decisions. Because of this, convenience locations, such as the subject, require high visibility and good access; more so than any other property type. Generally, a seven-second customer reaction time is required. The minimum visibility distance can vary with traffic speed. But, generally at 60 mph, the required line-of-sight distance is about 616 feet, at 30 mph the required line-of-sight distance is 308 feet. This line-of-sight distance is the minimum necessary visibility for a customer to 1. Identify the business, 2. Make a purchase decision, and 3. Perform a safe traffic maneuver to enter the site.

Industry experts believe that the convenience customer not only needs to identify the business, but must also perceive how to access the entry point within the required seven-second reaction time.

The subject has virtually no visibility from both the east and west bound lanes of I-82 because the site is at a lower elevation than the freeway.

This is critically important deficiency for a convenience business such as the subject. No off-site direction signage is present, except for the highway placards.



West-Bound Visibility.
The subject is virtually invisible until vehicles are past the off-ramp. The subject to the left in the photograph.



West-Bound Visibility.
The subject's high-rise sign is not visible.

The subject is virtually invisible until vehicles are past the off-ramp. The subject to the right in the photograph behind the trees.



The overall rating of the perceived view, visibility, corner influence and traffic exposure characteristics for the subject land is considered to be poor.

Topography, Grade and Drainage Conditions: The topographic surface relief features of the subject land together with an approximate allocation of surface elevation grades are generally described as follows:

- Level land at about 100% of total land area which is described as any horizontal surface that generally has all points at the same elevation and does not tilt or slope.
- The amount of subject land area exhibiting atypical topographical conditions with overall diminished use potential that would not be supportive for building, driveway, parking and

appropriate landscaping purposes and not otherwise useful for satisfying zoning requirements is estimated to equal (0) SF of land area equal to (0)% of total land area.

- The subject land as of the date of this appraisal is regarded to be a finished site at an engineered grade ready for building development.
- The existing, on-site; surface drainage conditions for water runoff from the subject land is rated as average.

The overall rating of the perceived topography, grade and drainage condition characteristics for the subject land is considered to be average.

Flood Zone, Wetland and On-Site Storm Water Runoff Pond Issues: The subject land area is subject to Flood Zone “B”, “C” and “X” classification that is estimated to equal 395,525 SF of land area equal to 100% of total land area. This flood zone rating is regarded to be a minimal flood hazard classification without identifiable wetland issues. Mandatory flood insurance purchase is not required in Zone (“B”; “C”; “X”). The subject flood zone is illustrated on the Flood Insurance Rate Map (submitted in the addenda of this report and) summarized as follows:

- USPS Address: 1221 Bailey Avenue.
- Community Name: Granger.
- Community Number: 53.
- County: Yakima.
- Census Tract: 0021
- Map Number: 5302171825B
- Effective Date: June 5, 1985
- FEMA definition of Flood Zones “B,” “C,” and “X”: *“Zones B, C and X are the flood insurance rate zones that corresponds to the areas outside the 1-percent annual chance floodplain, areas of 1-percent annual chance sheet flow sheet flow flooding where average depths are less than 1 foot, areas of 1-percent annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1-percent annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones”.*

The overall rating of the perceived flood zone and wetland issue characteristics for the subject land for the purposes of this appraisal is considered to be average.

Surface Soil and Subsoil Bearing Conditions: Surface soil and sub-soil bearing conditions are important characteristics that need to be considered for land valuations with study requirements related to the probable highest and best use of the land. It is an obvious concern when considering any improvements that are currently in-place or intended to be constructed on the land. The subject soil and subsoil bearing characteristics are summarized as follows:

- Soil engineering studies were not available for review by this appraiser.
- The property owner was interviewed concerning this issue and reported average sub-soil bearing conditions for the subject land.
- The property inspection involved with this assignment indicates probable average sub-soil bearing conditions for the subject land.
- It is a condition of this appraisal upon review that the subject land surface and sub-soil bearing conditions would require no probable correction costs associated with construction of a building

or parking lot such as excavation and removal of unsuitable soils together with replacement and compaction of suitable fill, piling, grade beams, structural floor slabs or unusual parking lot costs.

The overall rating of the perceived surface and sub-soil bearing condition characteristics for the subject land is considered to be average.

On-Site Easements, Restrictions, Encumbrances and Encroachments: The subject property was investigated concerning the issue of on-site easements, encumbrances and encroachments, which if present, could negatively affect the value of the subject land. This appraiser has not reviewed a title policy or legal records in this regard. Reportedly, there are no on-site easements, encumbrances and encroachments that influence the value of the subject property. The following summary and description of on-site easements, encumbrances and encroachments is regarded to be a condition of this appraisal:

- Scenic easement: No; Area in SF = (0) equal to (0)% of total subject land area.
- Major utility easements other than typical perimeter utility easements: No; Area in SF = (0) equal to (0)% of total subject land area.
- Temporary easement: No; Area in SF = (0) equal to (0)% of total subject land area.
- Construction easement: No; Area in SF = (0) equal to (0)% of total subject land area.
- Parking easement: No; Area in SF = (0) equal to (0)% of total subject land area.
- Street/right-of-way/permanent highway easement: No; Area in SF = (0) equal to (0)% of total subject land area.
- Driveway easement: No; Area in SF = (0) equal to (0)% of total subject land area.
- Walkway easement: No; Area in SF = (0) equal to (0)% of total subject land area.
- View easement Yes; Area in SF = (0) equal to (0)% of total subject land area.
- High-line easement: No; Area in SF = (0) equal to (0)% of total subject land area.
- Encroachments: No; Area in SF = (0) equal to (0)% of total subject land area.
- Skyway easement: No; Area in SF = (0) equal to (0)% of total subject land area.
- Railroad easement: No; Area in SF = (0) equal to (0)% of total subject land area.
- Water retention pond: No; Area in SF = (0) equal to (0)% of total subject land area.
- Other encumbrances or restrictions: No; Area in SF = (0) equal (0)% of total subject land area.

The total subject land area with overall diminished use potential directly subject to the above described on-site easements, encumbrances and encroachments is estimated to equal (0) SF of land area equal to (0)% of total land area. The overall rating of the perceived on-site easements, restrictions, encumbrances and encroachment characteristics for the subject land is considered to be average.

On-Site Improvements and Vegetation: The subject land is considered vacant and clear of all buildings and other on-site improvements for the purpose of valuation of the land other than consideration of on-site easements, encumbrances and encroachments that affect the subject property. This is generally accepted appraisal theory. Existing improvements and vegetation influencing the value of the subject land are summarized as follows:

- The subject land has existing on-site improvements that would require removal at a cost estimated by this appraiser about equal to \$4.00 PSF of building area, \$0.50 per square foot for asphalt paving, and \$2.10 per gallon for underground fuel tank removal, leak abatement and disposal, to achieve a vacant land status.
- Prior or historical use of the subject land is not readily available information for the purpose of this appraisal.

The overall rating of the perceived on-site improvements and vegetation characteristics for the subject land is considered to be average.

Environmental, Earthquake and Other Hazard Issues: The following statements relate to environmental issues primarily consisting of the possibility of sub-soil contamination, which if present, could negatively impact the value of the subject land:

- The owner of the subject property was interviewed and reported no environmental issues or problems concerning the subject land:
- The subject immediate area is not regarded to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of this assignment.
- The client did not provide any environmental assessment type reports for review concerning the subject property.
- Observed or reported current or past use of hazardous materials 'in-bulk' – On-Site: No; Adjacent: No.
- Observed above ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials – On-Site: Yes, retail petroleum products; Adjacent: No.
- Observed staining of soils: – On-Site: No; Adjacent: No; Approximate affected land area in square feet: (0).
- Observed distressed vegetation: – On-Site: No; Adjacent: No; Approximate affected land area in square feet: (0)
- Observed evidence of activities which may involve the use, handling or disposal of hazardous materials 'in-bulk' – On-Site: Yes, retail petroleum products; Adjacent: No.
- Observed noticeable odors – On-Site: No; Adjacent: No; Apparent source of odor: N/A.
- On-site buildings built prior to 1980: No.
- Observed mold or indications of mold on on-site building structures or finish materials; No.
- Observed indication of current or past water leaks in on-site building structures: No.
- Reported or aware of past or pending repair of mold or water leaks in on-site building structures: No.
- Name of person interviewed: Mr. T.A. Properties Inc..
- The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental checklist as well as this entire report must not be considered under any circumstances to be an environmental site assessment of the subject property as would be otherwise performed by an environmental professional. For the purpose of this appraisal, the subject land is considered subject to (no; nominal; substantial; other) environmental issues, problems or costs affecting the land. This is an assumption of this appraisal assignment. Please review the limiting conditions section of this report concerning an environmental disclaimer in this regard.

The overall rating of the perceived environmental, earthquake and other hazard issue characteristics for the subject land is considered to be average.

Mineral Rights: Subject property mineral rights are described as follows:

- Commercially valuable mineral deposits reportedly do not exist on the subject property.

The overall rating of the perceived mineral rights characteristic for the subject land is considered to be average.

Effective Usable Land Area: Effective usable land area is regarded to equal the total land area for the subject property less total subject land area subject to significant, atypical topographic limitations; wetland issues; on-site easements, encumbrances and encroachments; shape limitations and any other condition that renders that affected portion of the land essentially not buildable with significantly diminished use potential. Effective usable land area includes the above described perceived unusable land areas to the extent that these atypical areas could be used in satisfying setback, green space, open space and other zoning requirements. The subject property, as previously described, is regarded to have 100% of the total land area classified as effective unusable land area with a significantly diminished use potential and value possibly limited in instances to an amenity contribution to value. The effective usable land area for the subject land is estimated at 100% x the total estimated land area of 395,525 square feet; which equals 9.08 acres.

Summary of Subject Land Characteristics: The ratings of the most significant property characteristics influencing the value of the subject land reiterated from the previous property description using a rating system of poor, fair, average, good and excellent are summarized as follows:

1. Location characteristics are considered to be average.
2. Land area, dimensions, street frontage, shape and function characteristics considered to be average.
3. Off-site/At-site improvements, streets and utilities adjacent to the subject land characteristics considered to be average.
4. Off-site common area rights, easements and other such characteristics considered to be average.
5. Street and highway accessibility and traffic circulation pattern characteristics considered to be average.
6. Direct site access including median restriction characteristics considered to be average.
7. View, visibility, corner influence and traffic exposure characteristics considered to be good.
8. Topography, grade and drainage characteristics considered to be average.
9. Flood zone, wetland and on-site storm water runoff pond characteristics considered to be average.
10. Surface soil and sub-soil bearing condition characteristics considered to be average.
11. On-site easement, restriction, encumbrance and encroachment characteristics considered to be average.
12. On-site improvement and vegetation characteristics considered to be average.
13. Environmental, earthquake and other hazard characteristics considered to be average.
14. Mineral right issues are considered to be average.

15. The effective usable land area for the subject land is estimated at 100% x the total estimated land area of 395,525 SF, which equals 9.08 acres.

ZONING AND LAND USE REGULATIONS

Zoning District: The subject site is zoned “C-Commercial”. This zoning district has the following characteristics:

Purpose: to accommodate wholesale and retail activities... .

Minimum Lot Size: not specified.

Minimum Lot Width: 100 feet.

Setback Requirements: Minimum distance between the property line and placement of any buildings on the site is as follows: Side yard: 30; Corner side yard: 30; Rear yard: 30; Front yard: 30.

Open Yard/Open Space Requirement: The minimum amount of site area that must be utilized as open space as landscaped area exclusive of parking lots, setback areas, or building placement area is 10%.

Lot Coverage: The maximum amount of site area that can be utilized for the placement of building foundation area including site area occupied by detached garages is 90%.

Floor Area Ratio: The maximum amount of gross building area permitted on the site exclusive of detached garages, basement garages, mechanical penthouses, parking decks, or ramps is not specified.

Height Restrictions: The maximum building height from grade level to the roofline exclusive of mechanical penthouses is 50 feet.

Parking Requirements: The minimum number of parking spaces is not specified.

Permitted Uses: service stations, hotels, eating drinking establishments, food store.

Conditional Uses: accessory dwelling, travel trailer park.

Comprehensive Plan Review: No.

Other Property Right Restrictions Affecting the Subject Property: None.

- Other land use regulations and ordinances: Unknown; Negative impact on value: Unknown.
- Declarations: Unknown; Negative impact on value: Unknown.
- Covenants: Unknown; Negative impact on value: Unknown.
- Deed Restrictions: Unknown; Negative impact on value: Unknown.
- Reservations: Unknown; Negative impact on value: Unknown.
- Other: Unknown; Negative impact on value: Unknown.

Conclusion of Zoning Analysis:

- The subject existing use is reported to be a legal and conforming use of this land.
- The intended use of this land for the purpose of this valuation is reported to be a legal and conforming use.
- Under the current zoning classification, the subject improvements reportedly could be rebuilt as they presently exist should they be destroyed by fire or by any other means of destruction.
- The name and telephone number of the zoning information source is City of Granger, 541-854-1725.

DETAILED IMPROVEMENT DESCRIPTION INCLUDING SPECIFIC ATTACHED FIXTURES AND PERSONAL PROPERTY

Property Name: Granger Travel Plaza.

Client File No. WF-SLC-10-012418-01-1.

Address: 1221 Bailey Avenue; **City/Municipality:** Granger; **County:** Yakima; **State:** Washington; **Zip Code:** 98932.

Property Type: The subject property improvement type is generally classified as retail-commercial

Property Sub-Type: The property sub-type category based upon the specific characteristics of the subject property is regarded to be convenience store with gas station.

Prior Use of Improvements: The prior use of the subject property dating back in time to the original occupancy was reported to be a convenience store with gas station.

Existing Use of Improvements: The existing use of the subject property as of the effective date of the appraisal consists of retail convenience store with self-service motor fuel and truck fuel service.

Intended Use of Improvements for Purposes of this Appraisal: The intended use of the subject property as of the effective date of appraisal for consideration in this appraisal is regarded to be essentially identical to the above described existing use.

Gross Building Area (GBA): GBA is estimated at 6,464 square feet (SF). Gross building area as it will be considered in this appraisal report conforms to the following definition: *"The total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement."* Parking ramps whether detached or attached, detached parking garages, and other secondary detached buildings are excluded from this GBA measurement and separately described elsewhere in this improvement description.

Building Rentable Area/Net Rentable Area (NRA): Building rentable area is estimated at 6,464 square feet (SF) for the purposes of this analysis.

Number of Buildings: 1.

Number of Floors/Stories: 1; Non-walkout basement level: No; Walkout basement level: No; Non-elevator/walk-up mezzanine level: No; Non-elevator/walk-up upper floor level: No; Rooftop penthouse: No.

Average Story Height in Feet (Floor-to-floor or to roof deck): 14.

Date of Inspection of the Improvements: October 4, 2010.

Individual Conducting the Improvement Inspection: Robert E. Bainbridge

Effective Date for This Improvement Analysis: October 4, 2010.

Class of Construction: The class of construction for the subject building improvements is reported since it is an important quality and reproduction cost issue. Buildings are divided into five basic class or cost groups, and the Class of Construction is the basic subdivision employed in the Marshall Valuation Service as well as a recognized standard of the real estate industry. These five classes including “A”, “B”, “C”, “D” and “S” are defined by type of framing for supporting columns and beams, walls, floors and roof structures and fireproofing characteristics. Generally, Class “A” is the most costly classification with “B” ranked below “A”, and “C” ranked below “B”, and “D” ranked below “C” with “S” the lowest cost classification. It is estimated for the purposes of this appraisal that the subject building Class of Construction is type (“A”; “B”; “C”; “D”; and “S”) based on the following definition obtained from the Appraisal Institute 2001 Data Standards and Glossary of terms:

- *Class S building: “Frame is steel or steel studs load-bearing walls with or without pilasters; frame, non-masonry, curtain walls with full or partial open steel, wood, or concrete frame. Floors are wood or concrete plank on wood or steel floor joists, or concrete slab on grade. Roof is wood or steel joists with wood or steel deck; or concrete plank. Walls are brick, concrete block, or tile masonry, tilt-up, formed concrete, nonbearing curtain walls.”*

Improvement Condition The perceived condition of the subject property consisting of the building improvement, exterior non-building site improvements, attached fixtures and any personal property assets based on observations obtained during the property inspection and subsequent information obtained during the appraisal process is rated by the appraiser as of the effective date of appraisal as poor; fair; average; good; excellent in the following segregated component breakdown property description. The overall subject property condition rating is considered to be good.

Improvement Deferred Maintenance: The perceived deferred maintenance situation for the subject property consisting of the building improvement, exterior non-building site improvements, attached fixtures and any personal property assets based on observations obtained during the property inspection and subsequent information obtained during the appraisal process is rated by the appraiser as of the effective date of appraisal as average with no significant atypical probable expenditures in this regard in the immediate future.

Improvement Quality: The perceived quality as a cost related issue for the subject property consisting of the building improvement, exterior non-building site improvements, attached fixtures and any personal property assets based on observations obtained during the property inspection and subsequent information obtained during the appraisal process is rated by the appraiser as of the effective date of appraisal as average.

Improvement Percentage Completion: 100% as of October 4, 2010.

Number of (Tenants; Units; Suites): 1.

Lease Information

Tenant	Rentable Area	% of Total	Start Date	End Date	Renewal Option	Gross or Net	Annual Rental-USA \$
1. None	6,464	100					
2.							
3.							

Percentage Occupancy Based on Building Rentable Area as of Date of Inspection: 100% as of the October 4, 2010 date of inspection and 100% as of October 4, 2010 equal to the effective date for the real property appraisal.

Age Characteristics for the Buildings, Non-Building Site Improvements, Attached Fixtures and Specified Personal Property Assets Included in the Subject Property:

- Date of original building construction: 2008 year = 100% GBA.
- Date of building additions: None.
- Average actual building age in years based on pro-rata building area is estimated at 2 years as of the effective date of value of October 4, 2010.
- Significant building renovation and remodeling dates: None.
- Significant non-building site improvements replacement, renovation and remodeling dates: None.
- Significant attached fixtures and personal property replacement, renovation and remodeling dates: None.
- Effective age of the subject property including the building, exterior non-building site improvements and any specified attached fixtures and personal property included in this analysis in years as of the effective date of this appraisal and value considering existing condition and the impact of any replacements, remodeling and renovation of these assets is estimated at about 100% ratio of total property cost attributable to only the building assets x 2 years effective age, plus about 100% ratio of total property cost attributable to only the exterior non-building site improvement assets x 2 years effective age, plus about 100% ratio of total property cost attributable to only attached fixture assets x 2 years effective age, plus about 100% ratio of total property cost attributable to only personal property assets x 2 years effective age equals a weighted average effective age of the entire subject property estimated at 2 years.
- Original economic life/typical building life/life expectancy in years for the subject building considers "Typical Building Lives" reported on pages 5 through 15 in the Marshall Valuation Service (MVS) Section 97 "Life Expectancy Guidelines." MVS reports that typical building lives, exclusive of atypical situations, are "Recommended life expectancies, in years, of buildings included in the Marshall Valuation Service by type of occupancy and class and quality of construction," and also that these typical building lives are. . . "Based on appraiser's opinions and studies of actual mortality, condition of survivors, and ages at which major reconstruction or change of occupancy has taken place." These typical building lives consider the building(s) exclusive of exterior non-building site improvement assets, attached fixture assets and any

personal property assets that typically have original life expectancies much lower than that of the building. The original economic life in years of the subject building considering the subject predominate building occupancy type and sub-type also considering the perceived overall quality and class or construction of the subject building is estimated by this analysis to equal: 45 to 50 years. The overall original economic life for the subject property is estimated at about 90% ratio of total property cost attributable to only the building(s) assets x 50 years original useful life, plus about 10% ratio of total property cost attributable to only the exterior non-building site improvement assets x 20 years original useful life, plus about 0% ratio of total property cost attributable to only attached fixture assets x (0) years original useful life, plus about (0)% ratio of total property cost attributable to only personal property assets x (0) years original useful life equals a weighted average original useful life of the entire subject property estimated at 45 years.

- Remaining economic life or life expectancy in years for the subject property including all real estate assets, attached fixture assets and personal property assets based on this age related analysis is estimated to equal the original economic life of the subject property estimated to equal 45 years less the effective age of the subject property estimated to equal 2 years equals 43 years as of the effective date of appraisal and value as of October 4, 2010.

Narrative Description of Improvements: Convenience store with gasoline service.

Summary Interior Floor Plan and Finishing Detail Description for the Building:

Building Section Number: 1 Stores and Commercial Buildings

Function/Use: Retail.

Location in the Building: First floor.

Floor Cover: Ceramic/quarry tile; Ceramic tile or equal.

Wall Décor: Paint; Solid-Core/Hollow-core wood/metal/laminate doors w/metal/wood frames w/lever/typical hardware; Masonry/Gypsum board/Plaster walls w/wood/metal stud construction.

Ceiling Finish: 2' X 4' lay-in acoustical tile in a suspended metal grid Painted/Spray texture painted gypsum board; Painted exposed metal deck and bar joist structure.

Story height/Floor-to-Floor Height: Total floor height: 11 ft.; Clear ceiling height: 11 ft; Number of courses of concrete block w/8" per block between floors/roof: 12;

Lighting: None; 2' X 4' drop-in florescent fixtures with prismatic lens; Surface mounted incandescent; Electrical system: Average.

Plumbing: Water closet = 6; Urinal = 1; Lavatory = 6; Drinking fountain = (0); Janitor service sink = (1); Water heater = (1); Water softener system = (1); Fire protection sprinkler system = (0).

Heating, Ventilation and Cooling System Type: Combination Package rooftop w/short ducts;

Quality of Interior Finish and Decoration: Average.

Condition of Interior Finish and Decoration: Average.

Gross Floor Area: Irregular Dimensions = 6,464 SF.

GROSS BUILDING AREA (GBA) FLOOR LEVEL BREAKDOWN

Floor Level	Floor-to-Floor Height in Feet	Gross Floor Area in SF	% of GBA
Basement level (fully below grade level and non walkout)	N/A	N/A	N/A
Basement level (grade level walkout feature)	N/A	N/A	N/A
First Floor/Ground Floor	10		100%
Mezzanine (excluding low quality non-GBA type of space)	N/A	N/A	N/A
Upper floors-() number of levels	N/A	N/A	N/A
Penthouse on roof level	N/A	N/A	N/A
Gross Building Area (GBA)			100%

GROSS BUILDING AREA FUNCTIONAL BREAKDOWN

Building Function/Use/Description	Gross Floor Area SF	% of GBA
Unfinished	N/A	0
Parking in basement/first floor/upper floor	N/A	0
Malls/courts/atriums	N/A	0
Apartments	N/A	0
Townhouses	N/A	0
Manufacturing	N/A	0
Warehouse	N/A	0
Bulk warehouse	N/A	0
Retail	5,264	82%
Showroom	N/A	0
Office or equivalent	N/A	0
Technical/service	N/A	0
Parts storage	N/A	0
Body shop	N/A	0
Service/business	1,200	18%
Other	N/A	0
Gross Building Area (GBA)		100%
Gross floor area with highly finished interior	N/A	0

Secondary Detached Building Area Excluded From Gross Building Area Breakdown:
None

- Unenclosed, low quality/cost unfinished mezzanine space with a floor area of (0) SF.
- Detached car wash with a building area equal to 0 SF.
- Other detached secondary building area = (0) square feet consisting of (0).

- Parking ramp with (#) of spaces with a total supported floor area estimated at (0) SF
- Condition: N/A.

Excavation and Site Preparation: Excavation and site preparation characteristics are described as follows:

- Excavation amount: 9,000 cubic feet with a quality/cost rating estimated at average.
- Site preparation: 395,525 square feet of site area with a quality/cost rating estimated at average to achieve an engineered graded site.
- Remodeling/renovation since original construction: None.
- Condition: Average.

Foundation: Foundation system characteristics are described as follows:

- Foundation walls: Reinforced poured concrete with 8" width. Light perimeter masonry foundation for open shell-type structure.
- Foundation footings: Reinforced, continuous, poured concrete perimeter with a 8" width and a 24" depth with typical masonry column footings. Subsoil condition requirement for 100% of the building footprint plus an additional 2,000 SF of land area for adjacent site improvements.
- Features: Frost footing depth foundation walls. Bearing wall. Ground floor area only perimeter insulation. Waterproofing. Drain tile. Earth-sheltered structure. Seismic base isolators. Damping devices.
- Remodeling/renovation since original construction: Nominal.
- Condition: Average.

Frame: Independent frame system characteristics are described as follows:

- None for 100% combination of load-bearing exterior walls and interior masonry load-bearing walls.
- Additional features: None.
- Remodeling/renovation since original construction: None.
- Condition: Average.

Ground Floor Structure with Extra Features: Ground floor structure characteristics for the combination of first floor and basement space are described as follows:

- Concrete slab with a 4" thickness for 100% of ground floor area.
- Floor extras: Vapor barrier. Super flat slab. Floor Insulation.
- Remodeling/renovation since original construction: None.
- Condition: Average.

Upper Floor Levels Structure with Extra Features: (None)

Stepped Balcony Structure: (None)

Floor Cover: (None) Floor cover characteristics are described as follows:

SUMMARY OF FLOOR COVER CHARACTERISTICS

Floor Cover Type	% of GBA
Asphalt tile	
Brick, common, in mortar	
Brick pavers, in concrete	
Carpet and pad	20%
Color, concrete	
Gratings, steel or aluminum	
Hardener and sealer, concrete	
Heavy duty hardener/sealer, concrete	
Hardwood-typical	
Linoleum	
Rubber tile or sheet	
Seamless plastic/epoxy/urethane	
Softwood	
Terrazzo tile	
Tile, ceramic or quarry	80%
Wood over concrete, hardwood	
Wood over concrete, softwood	
Vinyl composition tile or sheet	
Vinyl-tile	
None	

- Remodeling/renovation since original construction: Nominal.
- Condition: Good.

Ceiling: Ceiling characteristics are described as follows:

SUMMARY OF CEILING TREATMENT CHARACTERISTICS

Ceiling Type	% of GBA
Acoustical, mineral fiber, fiberglass panels only	100%
Acoustical, organic, wood or cane, panels only	
Gypsum board, taped and painted	
Gypsum board, spray-on texture	
Paint or stain on bottom of roof or floor	
Plaster on lath, standard	
Plaster on masonry, standard	
Plywood, softwood	
Plywood, hardwood	
Wood, carved, decorative	
Ceramic tile	
None	

- Remodeling/renovation since original construction: None.
- Condition: Good.

Ceiling Extras: (None) Ceiling extras characteristics are described as follows:

SUMMARY OF CEILING TREATMENT CHARACTERISTICS

Ceiling Extra Types	% of GBA
Wood furring	
Metal furring	
Additional ceiling structure	
Metal suspended ceiling grid	100%
Suspended ceiling seismic supports	
Insulation-typical	
None	

Interior Construction: The interior construction characteristics are described as follows:

- Predominate interior partitions: Masonry partitions consisting of 8" hollow concrete block; with average; extensive interior decorating for about 90% of GBA.
- Toilet partitions: Baked enamel metal; Grab bars.
- Miscellaneous secondary interior partition features: (None).
- Floor base features: (None). Approximate 90% ceramic or quarry tile.
- Ceiling trim features: (None).
- Chair and wall rail features: (None).
- Interior malls/courtyards/atriums: (None).
- Closet doors features: Metal.
- Interior door features: Wood; color-clad metal frame; Lever-type hardware.
- Miscellaneous built-in special features: Base cabinets; Wall cabinets;
- Restroom accessories: Baby changing station; Typical dispensers; Grab bars; Hand dryers; Mirrors; Waste receptacles; Towel bars.
- Remodeling/renovation since original construction: Nominal.
- Condition: Good.
- **Mezzanines-Open Low Cost Space:** (None)
- **Miscellaneous Built-In Construction:** (None)

Plumbing: The plumbing system characteristics are described as follows:

- Number of restrooms/bathrooms/toilet rooms: 6.
- Plumbing fixture types with number (#): Lavatory: 6` Janitor service sink: 1; Sump pump: (0); Urinals: (1); Water closets: (7); Water heater: (1); Water softener system: 1.
- Sewerage system: Municipal system: No; Private on-site system: Yes.
- Water System: Municipal system: Yes; Private on-site well: No.
- Replacement of system compared to original construction: None.
- Condition: Good.

- **Sprinklers for Fire Control:** (None).
- **Ventilation-Independent Systems:** (None).

Independent Heating System: (None). Independent heating system characteristics are described as follows:

- Type of heating system: Forced air: 100% of GBA;
- Energy source: Natural gas.
- Heated only building area in square feet: 6,464.
- Replacement equipment compared to original construction: None.
- Condition: Good.

Independent Cooling System: Independent cooling system characteristics are described as follows:

- Type of cooling or air-conditioning system: Refrigerated air conditioning with package units and short ducts factory assembled and ready for installation with rooftop location: 100% of GBA;
- Energy source: Electricity.
- Cooled only building area in square feet: ().
- Replacement equipment compared to original construction: None.
- Condition: Good.

Electrical and Interior Lighting: Electrical and interior lighting system characteristics are described as follows:

- Number of outlets: Average for 100% GBA.
- Lighting type: 2' X 4' drop-in florescent fixtures with prismatic lens for 100% GBA; Incandescent surface/standard open commercial/recessed or adjustable/pendant/vapor tight/explosion proof vapor tight) for 100% GBA;
- Service entrance equipment including combination meter socket and circuit-breaker panel, circuit breakers, riser conduit cables, weatherhead, ground rod, clamp, cable and fittings: Single phase 12/240V system with capacity in amperes of 600;
- Switchgear: Commercial Ampere rating: 600.
- Distribution switchgear: Light; Heat; Power Centers; Ampere rating: 600.
- Electrical outlet wiring type: Nonmetallic sheathed cable (Romex); Armored cable (BX); Flexible conduit.
- Features Included: Telephone system; Voice system; Security protection system; Personnel/ID verification system; CCTV security system; Computer/data/cabling wiring system; Underground wiring.
- Replacement equipment compared to original construction: Nominal.
- Condition: Good.

Exterior Walls above Grade Level: Exterior wall systems above grade level consist of masonry wall; single wall construction; described as follows:

- Concrete or masonry wall system description: Percentage of total wall area: 100%; Thickness in inches: 8; Type of wall includes: Concrete block; Block w/grouted or cavity; w/additional ornamented face block;
- Extra features for concrete or masonry wall system include: Stucco/EIFS.
- Storefronts: Type of storefront wall area including bulkheads, typical glazed areas, entrances, and ornamentation excluding signs: Exterior front without displays; Exterior front with displays
Windows Insulated glass
- Main entry door features: Aluminum & glass; Insulated glass.
- Service Doors: Number: Color clad metal door & frames: Yes
- Scuppers & downspouts: Yes.
- Perimeter: 330 linear feet.
- Wall height from top of ground floor slab to top of wall: Range: 14 to 20) feet; Average: 14 feet.
- Remodeling/renovation since original construction: Nominal.
- Condition: Good.
- **Exterior Walls Below Grade Level:** (None).
- **Wall Ornamentation:** (None).
- **Exterior Balconies:** (None).
- **Exterior/Basement/Tower Stairs:** (None).
- **Elevator Systems:** (None).

Roof Structure: Roof structure is described as follows with multiple roof structure systems followed by percentage of total roof structure for each roof system type:

- Open steel system for corrugated metal w/light purlin supports only: ()%; Steel space frame and sheathing w/three dimensions: (100)%; Steel space frame and sheathing w/architectural exclusive of glazing: Wood joists w/wood or composition deck: ()%; Wood joists w/exposed rafters w/2" T&G sheathing: ()%; Wood joists w/prefabricated panels exclusive of girders: ()%;
- Roof design: Flat.
- Roof horizontal area as a % of ground floor area: 100%.
- Roof slope: Rise in feet per 12' run: 3'.
- Added features: None.
- Remodeling/renovation since original construction: None.
- Condition: Good.

Roof Cover Including Insulation: Roof cover is described as follows with multiple roof cover systems followed by a ()% indicating the percentage of total roof cover for each roof cover type:

- Built-up, three ply w/o gravel surface: 100%;

- Additional features: (Roof insulation: 100%; Roof horizontal area in square feet: 6,464.
- Replacement and/or repair since original construction: Nominal.
- Condition: Good.

Trusses and Girders: Truss and girder systems additional to the previously described frame and roof structure are described as follows:

- Steel trusses or long-span girders; Glued, laminated trusses or girders).
- Supported area as a % of ground floor area: 100%.
- Remodeling/renovation since original construction: None.
- Condition: Average.
- **Canopies, Roof Overhangs and Marquees:** (None).
- **Loading Area Improvements:** None.

Concrete Exterior Surfaces Excluding Parking/Driveway/Loading areas: The exterior concrete surface area primarily involved with landscaping characteristics excluding any concrete surfaced areas otherwise considered in the parking lot description are described as follows:

- Sidewalks, stairways and entrances.
- Construction features: landscape curbing, concrete over USTs, Forecourt.
- Total surface area in square feet: 5,000.
- Repairs/replacement since original construction: Nominal.
- Condition: Average.
- Effective age in years considering average actual age and condition: 2.

Outdoor Lighting: Outdoor lighting characteristics are described as follows:

- Flush wall mounted floodlights: Type: Metal halide; Incandescent).
- Light standards/poles: Steel Height in feet 30.
- Concrete base anchoring the poles.
- Repairs/replacement since original construction: None.
- Condition: Average.
- Effective age in years considering average actual age and condition: 2.

Surfaced Parking, Driveway, Aprons and Loading Areas: Exterior parking lot and driveway construction characteristics are described as follows:

- Type of paving and percentage of total surfaced area: Asphalt/Bituminous: 100% of total surfaced area; Crushed rock base
- Total number of parking spaces: 37.
- Surfaced parking total area in square feet excluding curbing and landscaped island: 398,061.
- Parking lot equipment and improvements: Striping; Concrete interior bumpers.
- Driveway count: 2.

- Repairs/replacement since original construction: Nominal.
- Condition: Good.
- Effective age in years considering average actual age and condition: 2.

Curbing for Parking and Driveway Areas: (None). Exterior curb construction characteristics are described as follows:

- Type: 6" or 8" concrete curb with no gutter
- Surface area in SF: 0 total linear feet X 0.50' = (0) SF.
- Repairs/replacement since original construction: None.
- Condition: N/A.
- Effective age in years considering average actual age and condition: 2.

On-Site Storm Sewer System Including Retention Ponds: The on-site storm sewer system characteristics are described as follows: None.

- On-site storm sewer system including on-site storm water runoff retention pond system.
- Surface area of retention pond: Approximate (0) SF surface area X average depth of (0) FT = (0) CF excavation.
- Repairs/replacement since original construction: None.
- Condition: Average.
- Effective age in years considering average actual age and condition: 2.

Landscaping and Other Yard Improvements: Exterior landscaping improvement characteristics are described as follows:

- Chain link fence: (None). Amount in lineal feet: (); Features: 2" mesh; #7 wire; #9 wire; #11 wire; # of rails: (); 3-strand barb wire; Barb coils; Privacy slats; Aluminum wire; Vinyl-covered wire; Fabric wind screen; 4' high; 6' high; 8' high; 10' high; 12' high; Sliding gates number: (); 3' wide gates number: (); 5' wide gates number: (); 10' wide gates number: (); 15' wide gates number: (); 20' wide gates number: (); 25' wide gates number: ().
- Landscaping with the following features: Sod lawn; Nominal amount of ground cover; Shrubs and hedges; Trees.
- Landscaped area as a % of total site area: 10.
- Remodeling/renovation/replacement since original construction: None.
- Condition: Average.
- Effective age in years considering average actual age and condition: 2.

Detached Car Wash and Other Secondary Building Areas: . Secondary building construction characteristics are described as follows:

- Building type: None.
- Number of bays: 0.
- Building area in square feet: 0.
- Features: None.

- Quality: None.
- Remodeling/renovation since original construction: None.
- Condition: None.
- Effective age in years considering average actual age and condition: 0.

Other Feature: (None).

- Description: N/A.
- Quantity: N/A.
- Remodeling/renovation since original construction: N/A.
- Condition: N/A.
- Effective age in years considering average actual age and condition: N/A.
- **Building and Trade Sign Fixtures:** (None).

Fuel Service

Tanks – Buried, Surface or Inside Building Fixtures: (None). The fluid or dry material storage tanks either above or below ground included in the subject property consist of the following installations:

- Underground fuel storage tanks: Nominal capacity in gallons: 24,000; 20,000; 10,000; Fiberglass single wall; Fiberglass double wall; Steel (sti-P3) single wall; Steel (sti-P3) double wall; Fiber coated steel single wall; Fiber coated steel double wall; Two or more tanks per hole; concrete pad in cubic feet: 24,000; Leakage monitoring system; Multi-compartment tanks; Corrosive strength chemical storage function.
- Remodeling/renovation since original construction: None.
- Condition: Good.
- Effective age in years considering average actual age and condition: 2.

Retail Fuel Dispensers: Electronic dispensers including vapor recovery, double sided operation, mixed products, submerged pumps, POS (point-of-sale) point of purchase customer ticket printer consist of the following installations:

Passenger Vehicle Service

- Manufacturer: Gilbarco.
- Year of Installation: 2008.
- (4) MPD Multi-product blender dispensers, 3-product, plus diesel, 1-hose.
- Fuel Positions: 8

Truck Service

- Manufacturer: Gilbarco.
- Year of Installation: 2008.
- (5) Diesel dispensers, 1-hose.
- Fuel Positions: 5

Canopy: Steel frame, electric exterior lighting, parapets, metal cladding, scuppers and drains:

Passenger Vehicle Service

- Year of Installation: 2008.
- 30 ft. x 114 ft.
- Design (4-Square, Starting Gate, In-Line): Starting Gate

Truck Service

- Year of Installation: 2008.
- 30 ft. x 86 ft.
- Design (4-Square, Starting Gate, In-Line): Starting Gate

Attached Fixtures: Attached fixtures included in the subject property for the purposes of this appraisal are summarized in the following tabulation:

ATTACHED FIXTURES INCLUDED IN THE SUBJECT PROPERTY

Description of Fixtures	Condition	Quality	Quantity Count	Effective Age in Years
Sound system				
Built-in refrigerated/freezer storage boxes	Good Good	Average Average	12-door 6-door	2 2
Automotive drive-thru car wash system				
Dairy/deli cases – reach in – glass doors				
Frozen food cases – reach in – glass doors				

Appliances: Built-in appliances included in the subject property for the purposes of this appraisal are summarized in the following tabulation:

BUILT-IN APPLIANCES INCLUDED IN THIS VALUATION

Description of Appliance	Condition	Quality	Quantity Count	Effective Age in Years
Garbage disposer				
Garbage disposer – deluxe – heavy duty				
Range and oven combination				
Range top				
Oven				
Microwave oven				
Exhaust fan and hood				

Dishwasher				
Refrigerator or freezer				
Ice cube machine				

Personal Property: Other personal property included in the subject property for the purposes of this appraisal is summarized in the Tangible Assets, Non-Realty section of this report.

Leasing, Concessions and Marketing Costs: This element of real estate value is a nominal consideration for the subject property. Leasing costs, concessions and marketing costs necessary to create an initial stabilized occupancy status primarily include leasing commissions and brokers' fees related to a percentage of the lease payments or a dollar amount per square foot of leased area. This overall cost item also includes models, advertising, temporary operations of property owners' associations, fill-up or membership sales costs and miscellaneous fees. Concessions granted for a new tenancy under unusual market conditions are also considered, if present. These costs are included as a part of original construction costs but for subsequent tenants after initial lease-up are typically regarded an annual expense of a capitalized nature. These cost items are not included in the Marshall Valuation Service base cost data. This cost item is most appropriate for real estate constructed for investment purposes or with rental potential in the marketplace.

Finance Cost: This element of real estate value is a typical consideration for the subject property. This building analysis and subsequent valuation analysis assumes that construction of the subject improvements would require normal interest payments on only the actual building funds during the period of construction including a processing fee or service charge. These costs are included in the Marshall Valuation Service base cost data used in the application of a Cost Approach to Value. Typically, this finance cost included in base cost data for a construction loan will average half to the market interest rate over the construction time period plus the service fee. The following are additional financing fees included in the analysis of the subject property: (None).

Indirect Costs to the Date of Completion: This element of real estate value is a (nominal; typical; significant) consideration for the subject property. Indirect costs or soft costs to date of completion apply to all construction and include owner or developer overhead and administration during construction; escrow and legal fees on land acquisition; real property taxes and atypical assessments; land planning or concept engineering; certificate of need, feasibility studies, environmental impact reports, hazardous material testing, appraisal fees, consulting fees, park fees, jurisdictional hookup, impact and entitlement fees and charges plus other miscellaneous costs. These costs items are not included in the Marshall Valuation Service base cost data.

Indirect Costs from Date of Completion to the Date of Stabilized Occupancy: This element of real estate value is a nominal consideration for the subject property. Indirect costs or soft cost from date of completion to date of stabilized occupancy, excluding previous leasing and marketing costs, would be operating start-up absorption costs applicable typically to multiple tenant properties representing operating income losses resulting in subnormal returns on investment until stabilized occupancy. The subject property is 100% completed as of the date of this analysis with 100% occupancy with stabilized occupancy characteristics. These cost items are not included in the Marshall Valuation Service base cost data.

Entrepreneurial Profit: This element of real estate value is a nominal consideration for the subject property. Entrepreneurial profit incentives for the owner/developer is an appropriate consideration that ranges from nominal for governmental, institutional, or some owner occupied buildings to substantial for successful multiple tenant investment properties for which the real estate market capitalizes net pre-tax earnings into values larger than the original direct plus indirect construction costs. This is considered in this analysis to be a percentage of the subtotal of previous reproduction cost items. Unusual operating income losses or subnormal returns on investment after completion prior to stabilized occupancy would tend to reduce this profit consideration. The Marshall Valuation unit cost data includes cost allowances for contractor's overhead and profit, job supervision, workmen's compensation; fire and liability insurance, temporary facilities and security with these cost considerations being excluded from entrepreneurial profit. Entrepreneurial profit is not included in the Marshall Valuation Service base cost data or in other such cost services.

Tax Assessment

The property is assessed at the following amounts for 2008 and may not reflect the current improvements:

Land:	\$395,550.00
Improvements:	<u>\$1,243,600.00</u>
Total:	\$1,639,150.00

The annual property taxes are \$15,154.63 (2009).

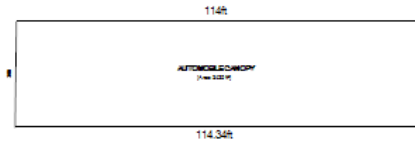
Tax Account Nos.

21102221403

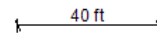
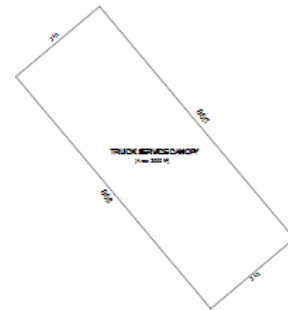
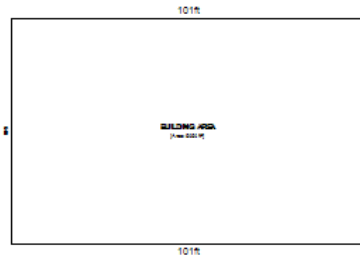
The assessment levels and property taxes are typical of the area and do not affect the marketability of the property.

Sketch

Sketch



BAILLEY AVENUE



Living Area		Area Calculation			
BUILDING AREA	6464 ft ²	BUILDING AREA	64ft x	101ft x	1.00 = 6464 ft ²
AUTOMOBILE CANOPY	3424.90 ft ²	AUTOMOBILE CANOPY	30ft x	114ft x	1.00 = 3424.90 ft ²
TRUCK SERVICE CANOPY	2665.95 ft ²	TRUCK SERVICE CANOPY	86ft x	31ft x	0.50 = 1332.98 ft ²
					0.50 = 1332.97 ft ²
Total Living Area (rounded):	12555 ft²				

BACKGROUND BRIEFING:

THE CONVENIENCE INDUSTRY TODAY

The convenience industry has survived one of the most difficult and challenging periods ever endured by a retail channel in the U.S. In 2000, hypermarkets entered the U.S. retail gasoline market. Soon, discount retailers and grocery stores also began selling motor fuel. Because motor fuel accounted for about half of the convenience industry's gross profit dollars, an ominous cloud fell over the industry. Hypermarkets typically sell gasoline for much less than traditional convenience stores. The entrance of hypermarkets presented the convenience industry with its most difficult competitive challenge within the last twenty years.

The convenience industry knew that the only course for survival was to expand in-store sales and profits.

This goal was formidable because the convenience industry up until this time was driven by the fuel customer. It was the fuel customer that generated inside sales, rather than the other way around. Much to the surprise of many industry analysts, the convenience industry has been able to grow in-store sales and profits in the face of this new competitive threat. Indeed, the convenience industry today derives less gross margin dollars from motor fuel. Increased profits from in-store sales have helped make up the difference. But, the increased competition from hypermarkets and other retail channels, such as drug chains, has presented new and significant challenges for the convenience industry.

The operating metrics below pertain to same-store operations.

WHY SAME-STORE SALES ARE IMPORTANT

Retailers, financial analysts and lenders all consider same-store indicators a truer indicator of a company's financial well-being. A company can increase sales by building new stores or buying stores through an acquisition. However, same-store sales or other comparison metrics through a company's portfolio of existing stores offers solid proof of the brand strength in increasing customer counts, its ability to raise prices, the success of new product introductions and/or strategic positions. Convenience stores are highly dependent on gasoline to attract customers but the escalating prices of motor fuel make increasing same-store inside sales even more critical.

Growing In-Store Sales at the Expense of Margin Dollars

The convenience industry grew in-store sales by 3.8% in 2007. Of this, merchandise grew by 2.9%, nearly same as the rate of inflation. This is the smallest increase since 2002.

In-store sales averaged \$1,133,158.00 per store in 2007. Food service has been growing more important in recent years.

Key Convenience Industry Issue:

Hypermarket competition in retail gasoline sales is undercutting the convenience industry.

DEFINITION Hypermarket:

Industry term used to describe a mass merchandise retailer that combines the elements of a department store, grocery store, and motor fuel sales from a single location. Examples today include Walmart, Costco and Kroger's

Cigarettes is the largest category, accounting for one in every three dollars of in-store sales. Cigarette margin dollars were down 9.8%. The next most important categories for in-store profits are packaged beverages with a decline in gross margin dollars of 0.9%. Foodservice prepared on-site showed an increase in sales of 11.9% and an increase in gross margin dollars of 7.7%. Proprietary foodservice (branded) sales increased 5.9% in 2007, but gross margin dollars declined 1.6%.

Declining Dependence on Motor Fuels

While motor fuel sales still dominate convenience store revenues because of the high volume and high price of product, the contribution of motor fuel to gross margin dollars is declining. Motor fuel accounts for nearly three-fourths (71%) of all sales dollars, but only about one-third (32%) of gross margin dollars.

Across the nation, for the convenience industry, motor fuel margins averaged 5.4%, or 14.8 cents per gallon in 2007, down nearly one cent from the 15.6 cpg reported in 2005.

With the recent price volatility in motor fuels, sales of the more expensive grades of fuel, such as mid-grade and premium gasoline, are declining. Retailers generally enjoyed higher margins on mid-grade and premium grade fuels. Regular grade gasoline accounts for 84% of all fuel sold at convenience stores.

Convenience stores sell about 84% of all motor fuel purchased in the United States.

Store Counts Increasing

NACS reported that the number of convenience stores across the nation leveled off in 2007, to 146,000 stores. This follows a 1.8% increase in 2005 and a 5.7% decrease in 2004.

The number of single store ownerships is edging up while the number of chain store ownerships is declining. This reflects the trend of the major oil companies leaving the retail fuel business, a trend that began in 2000 with the entrance of the hypermarkets. Today, single-store ownerships account for 62% of all convenience stores in the U.S. This is up from 59% in 2003.

It should be noted that published store count numbers have less reliability because of reclassifications and new definitions that the industry has used since 2002. Reclassifications have been used at least twice since 2002 and the industry admits that had these new definitions not been used the store count would have declined in 2004 and the store counts today would be less than what is being reported by NACS.

INDUSTRY TREND:

Margins and profits are decreasing.

Operating Expenses

High credit card fees continue to plague the convenience industry. Because the credit card companies charge the retailer on a percentage of gross sales, the historically high gasoline prices are sending credit cards expenses to the retailer to new heights never seen before. Credit cost the convenience industry \$5.3 billion in 2005, a staggering 40% increase over 2004 and 21% increase in 2007 alone. The convenience industry today is involved in lawsuits against the credit card companies over this issue. Credit card fees accounted for 10.5 percent of all gross margin dollars in 2006. Next to labor costs, this is the largest single line item expense.

Pretax Profit Per Store: The Bottom Line

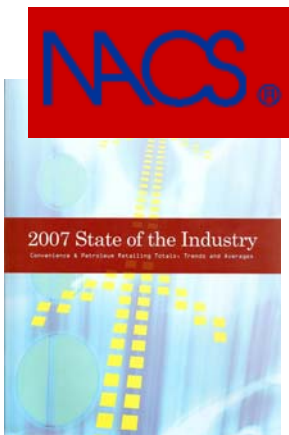
Of all the metrics published by the convenience industry, perhaps the most significant is "pretax profit per store". Here lies the unvarnished truth. The average industry pre-tax profit per store is the most reliable measure of the health of the industry. When tracked over time, it tells us in undeniable terms which direction the industry is headed. This number reflects everything discussed above, sales, inflation, gross margins, credit card fees, etc.

2006 marked a significant decline in operating profit per store. This was primarily due to declining margins and increasing credit card fees, which are based on retail prices. This is the strongest evidence of the health of the industry. In 2006, pretax profits were 0.8% of sales, the lowest profitability performance since 1992. Although one year does not constitute a trend, this decline in pre-tax profits is the expected outcome of hypermarket and high volume retailer competition in fuel sales. NACS remarks about the relationship between pretax profits and asset values:

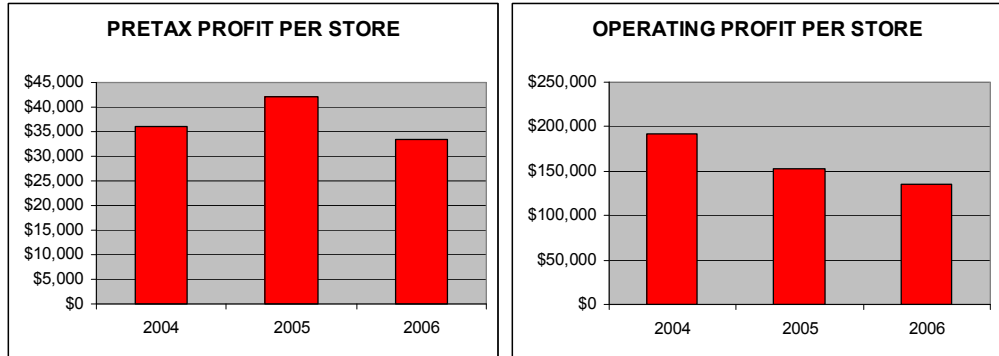
*This (2006 level of pretax profit per store) is the lowest per store performance since 2003 when the industry was emerging from the recession. From a cyclical peak in 1999 of \$41,000 per store, profits fell by a cumulative 50.2% over the next three years to \$20,400 in 2002. **Asset values tend to fall when profitability falls and convenience store valuations suffered during this time period.** (Emphasis added)*

2007 State of the Industry Report
National Association of Convenience Stores

Pretax profit per store averaged \$33,990.00 in 2006, down 21% from \$42,196.00 in 2005. Pretax profit per store was \$33,532.00 in 2006.



The declining trends in pretax profit per store and operating profit per store are shown below.

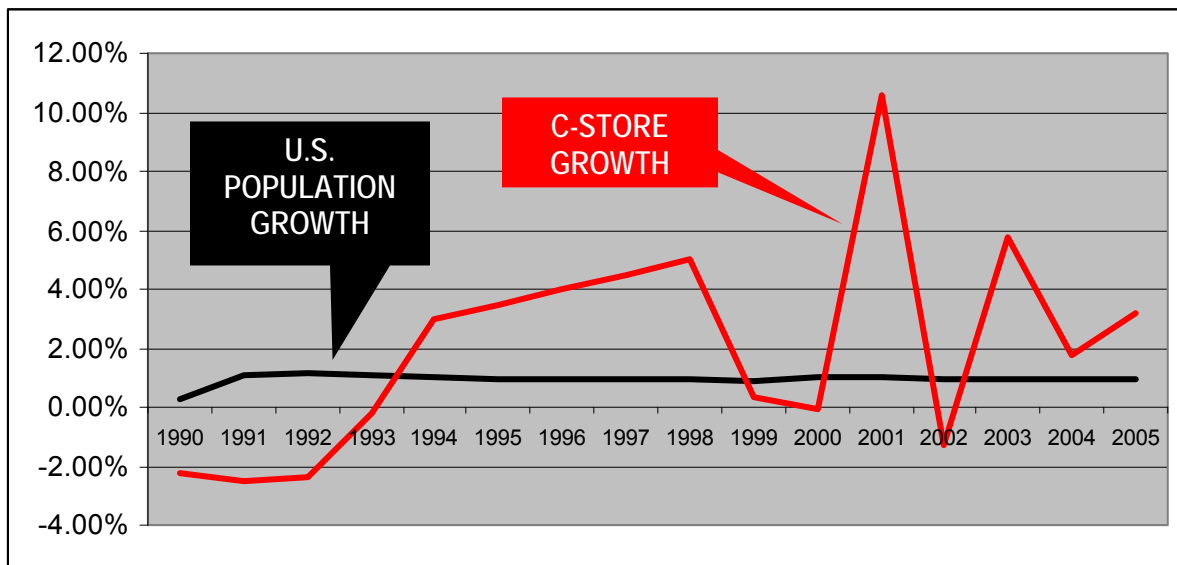


Store Count Growth Trends

One threshold of demand for convenience stores is population levels. Higher population-to-store ratios are better for the industry. The population-to-store saturation reached a peak in 1994 at 2,599 persons per store. This ratio has declined every year since, reaching a low of 2,224 in 2004.

These trends indicate that during most of the last 20 years store growth was occurring at a faster rate than population growth. In other words, the growth in supply was outpacing demand.

GRAPH: POPULATION AND CONVENIENCE STORE ANNUAL GROWTH TRENDS



LESSONS LEARNED IN THE LAST DECADE

W. Clay Hammer was the former CEO of Swifty Serve, once one of the nation's largest traditional convenience operations with more than 600 stores and 5,000 employees. In 2003, Swifty Serve filed for bankruptcy, setting off what one financial insider described as "...a nearly half-billion dollar scandal."



Mr. Hammer describes what he believes is the future of the convenience industry.

1. *Balance Sheet Make-Up* It's not the amount of debt, but the type of debt. Securitized debt is a big part of the problem, where the loans across stores are cross-collateralized where the operator can not sell or close bad stores without the lender's permission.

What works is traditional bank debt with the ability to pay off the face amount of the individual store debt at any time. My recommendation to the convenience store operator is to borrow money from a bank at a variable rate.

2. *New Business Model* The new reality is the entry of hypermarkets and the lack of brand loyalty, combined with the merger of oil companies, the increase in charge card fees by over 50 percent and a reduction in gasoline margins by 50 to 70 percent, the reduction in cigarette consumption, etc.

To succeed in this changing business model means being able to support a \$2-million to \$3-million facility with 3 to 5 cpg margins and 25 percent inside margins. To do this, one must have at least \$1.2 million of inside sales and 2.5 million gallons of gasoline business per year.

Also, the U.S. will need only 50,000 c-stores and this is the number I predict will be present by 2010, with over half being from competitors which are not 100 percent dependent on a standalone model (e.g. Wal-Mart, Kroger, Costco).

I believe this is a good long-term industry in which to invest. Those operators left standing in 2010 will truly have an oligopoly if not a monopoly and will make a fortune. The next two years will be dismal, and then bumpy for a while. Hunker down and cherry pick the good stores, which are coming on the market.

-W. Clay Hammer

Mr. Hammer's projection that the U.S. will only need 50,000 c-stores by the year 2010 contrasts sharply with the supply of more than 140,000 stores in existence today. In other words, his projection for the number of stores in 2010 is less than half of today's supply. Even if this guess is only partly correct, it illustrates a severely contracting demand over the next few years. Many stores will close.

In our opinion, some stores will lose all of their improvement value, others will lose no value, and some stores will be in between these extremes. The key question today is for appraisers to closely examine the trade area (sub-market) supply and demand and competitive threats from hypermarkets potentially affecting the subject store. We can make this determination today. This is what we do in our trade area analysis in the next section.

Convenience Store Development

*Convenience Store News*², reports that 70% of stores across the nation are owned and 30% are leased. The average lease rate is \$5,090.00 per month. The average store size today is 2,836 square feet, although some companies continue to experiment with larger-store formats, such as Wawa's 7,400 square foot prototype.

The average annual rent per square foot is \$21.54.

Two percent of all stores across the nation were remodeled last year with an average cost per remodel of \$200,000.00. On average, c-stores undergo remodeling every 7.2 years.

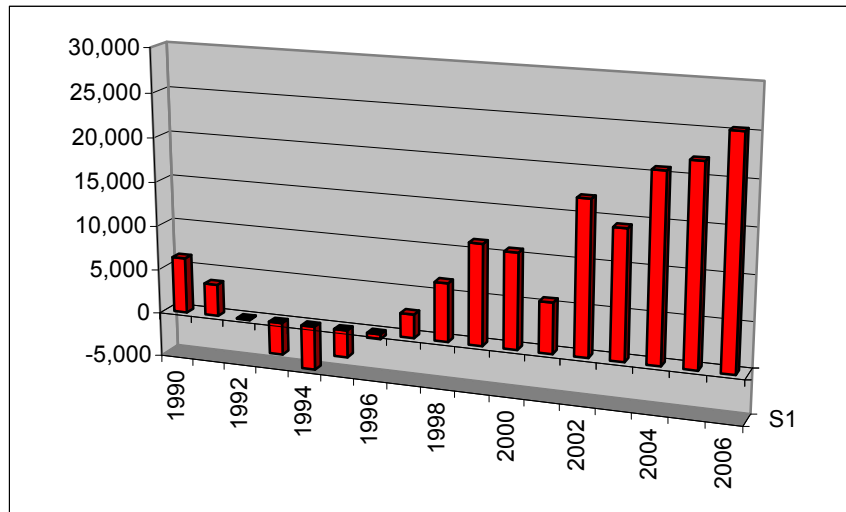
² ³ *Convenience Store News* is published by VNU Business Media, New York, NY and is one of the leading convenience industry trade journals.

Historical Supply and Demand

The chart below shows the excess supply of convenience stores in the U.S. measured annually from 1990 to 2006. This analysis uses assumes the industry standard of 2,500 persons per convenience store. Notice that a brief period in the mid-1990s experienced an under-supply of stores. That contrasts with the over-building beginning in the late 1990s, where excess supply began to emerge each year.

The situation is worse than what the graph illustrates. With new competition for gasoline sales from other retailers such as Wal-Mart and Costco, which are not being counted here, the convenience store channel will continue to experience over-supply for the next several years.

EXCESS SUPPLY CONVENIENCE STORES IN THE U.S. 1990-2006



U.S. Historical Price Movement 2000 to 2009

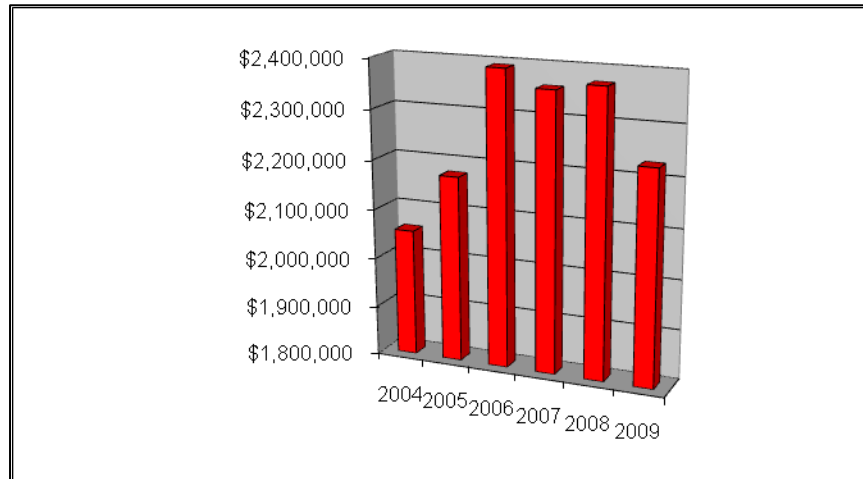
According to Co-Star, the average price of a convenience store with fuel service was \$2,055,965.00 in 2004 and \$2,229,525 in 2009.

The average price per foot was \$738.06 in 2004. Yearly increases in the median price per foot appeared to begin to level off in 2006.

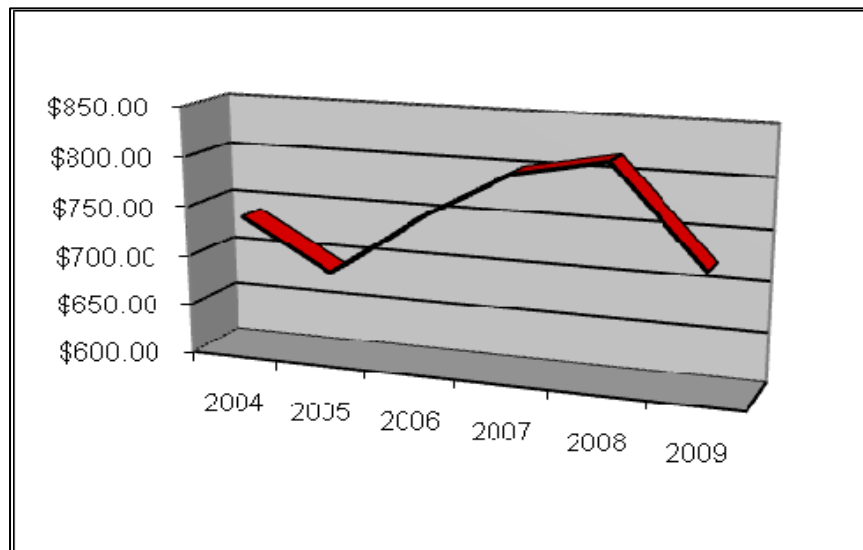
U.S. CONVENIENCE STORES AVERAGE PRICES

2004 to 2009

SOURCE: COSTAR COMPS



AVERAGE PRICE PER FOOT: 2004 TO 2009



CONVENIENCE INDUSTRY NEWS ARTICLE

Excerpted portions from *Convenience Store News*, January 6, 2003

No Bankruptcy Immunity

No one is safe. Every convenience chain and petroleum operation is susceptible to bankruptcy.

That is the upshot of a wrenching report that fingers the convenience store and petroleum marketing industry as the primary culprit behind the ongoing failure of franchise loans, the lending mechanism that fueled the boom of the c-store and quick service restaurant (QSR) sectors in the late 1990s.

The Fitch Ratings Franchise Loan Performance Index, which tracks delinquencies and defaults within the dwindling franchise loan sector that includes such companies as GE Capital and American Commercial Capital, reported that nearly one-quarter of the \$7.2 billion in outstanding loans during the third quarter of last year defaulted largely due to failed convenience store chains.

“The bottom line is whoever you are in the convenience and gasoline market, everyone is prone to filing for bankruptcy. No one is immune.”, said Warren Wells, associate director at Fitch Ratings.

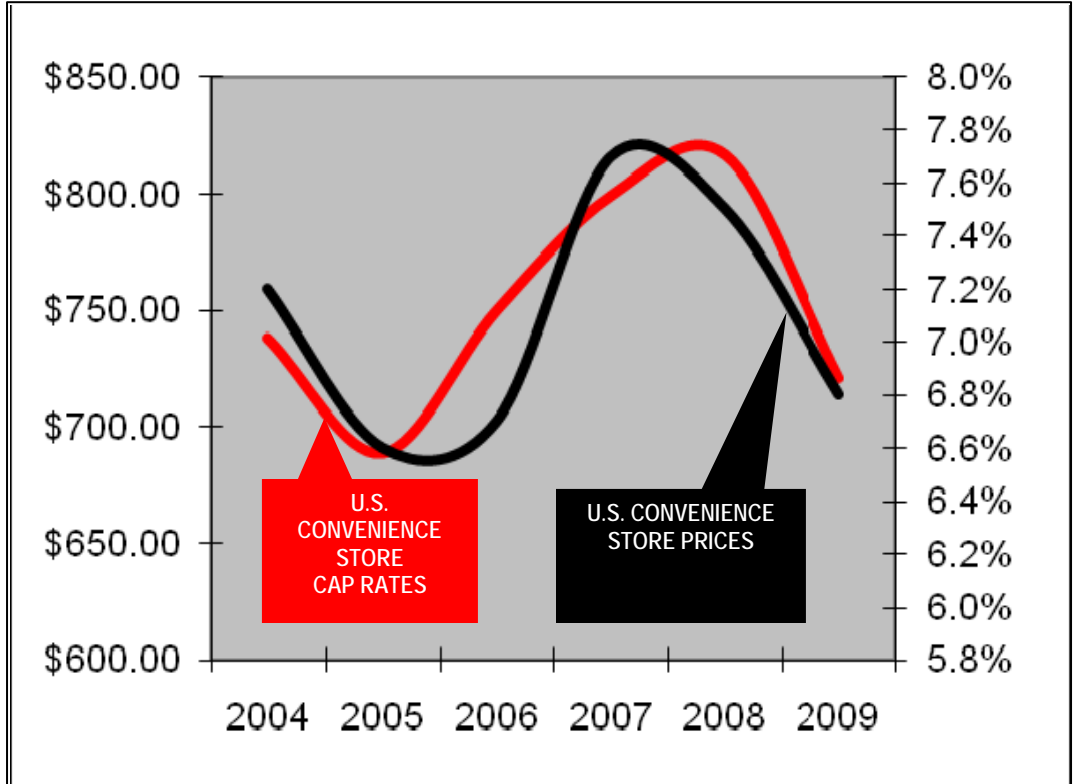
“The lesson is everything starts and ends at the unit level. If the unit economics doesn’t make sense, then your business is not going to work.”

The convenience and petroleum sectors accounted for roughly two-thirds of the current level of impaired franchise collateral, which jumped 23.6 percent to \$1.37 billion.

After a sizzling start, franchise mortgage groups started crashing in 2000 and 2001. FMAC, EMAC, Boulder Capital, Peachtree Specialty Finance, Union Federal, and Shell Capital either dissolved or halted specialized services to the convenience and gasoline markets.

U.S. Convenience Stores Price Performance Measures

The table below summarizes operating and sale data on over 500 convenience stores operating and sold within the U.S. in 2004.



The upward movement in prices for convenience stores in the early part of this decade is attributable to declining capitalization rates rather than improved economic performance, as the graphs below illustrates. Note that as capitalization rates for convenience stores began their decline in 2002, the prices started to increase; prices per foot and cap rates are identical mirror images in this graph. This is evidence that higher prices for convenience stores are not the result of higher earnings associated with these stores.

Convenience Industry has outpaced the CPI from 1996 to 2002. However, these annual increases are often driven by increases at the wholesale level for gasoline and tobacco.

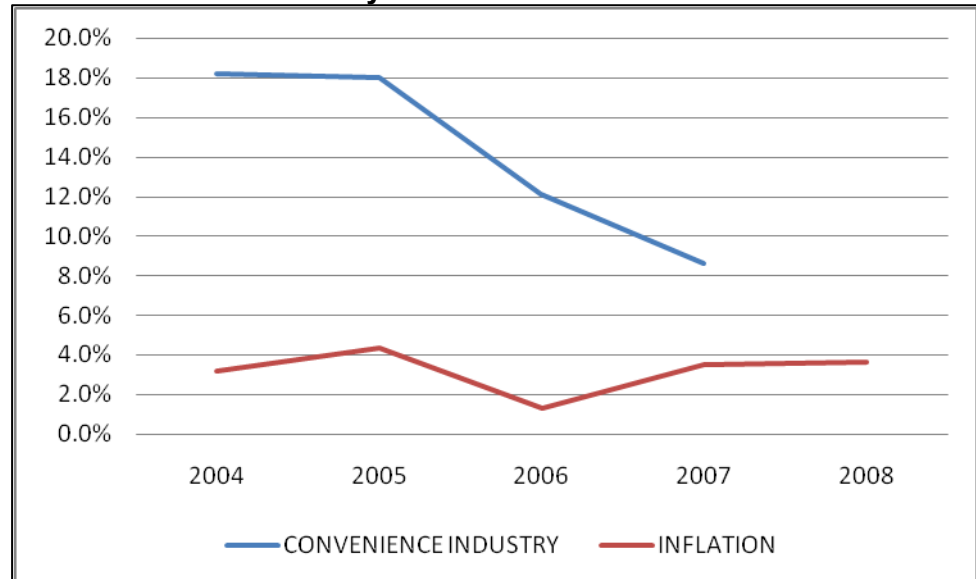
Our forecast for industry sales is based on attrition of gasoline revenue out of the convenience channel to other retail channels, such as hypermarkets and supermarkets.

Hypermarket Competition

Prior to 2000, few retailers other than convenience stores and gas stations sold gasoline. In 2001, Wal-Mart began opening hypermarket sites in select markets. These hypermarkets are big box, discount retail stores with a retail fuel service on the pad. Costco, Krogers, Alberstsons and virtually everyone else quickly followed suit. Today, even Jack-in-the-Box restaurants operates retail gasoline sales with some of their fast food restaurants.

Industry surveys show that 70 percent of customers will change the place where they buy gasoline for a 6 to 7 cent per gallon savings in price. This is where the hypermarkets have priced themselves, at 6 to 7 cents below the average street price. Hypermarkets typically sell over 4 million gallons of motor fuel per year compared to 1 to 1 1/2 million gallons for a conventional convenience store. With the demand for motor fuel nearly flat across the nation, each hypermarket fuel site displaces the demand for about four convenience stores in any local market.

U.S. Convenience Industry Sales Trend 2004-2008



Hypermarket fuel sites are growing across the nation at the rate of 66 per month. At this rate of growth, the hypermarket retail channel will displace the demand for about 3,000 convenience stores each year. If these growth rates continue, about 30,000 convenience stores will cease to exist within the decade.

Single Biggest Threat

The National Association of Convenience Stores has identified the single biggest threat facing the convenience industry today is fuel sales competition from mass merchandisers and hypermarkets. Frequently, mass merchandisers, such as Wal-Mart, Costco, Albertsons and Fred Meyers, sell gasoline at much lower prices than convenience stores. Accusations of below cost selling and predatory pricing designed to eliminate competition have been made toward the big box retailers selling gasoline.

In 2003, hypermarkets had captured 7.5% of the U.S. gasoline market. Before 2000, hypermarkets were a retail channel that did not sell gasoline. The number of hypermarket gasoline sites across the nation is growing by 25% to 28% per year. Industry projections indicate that hypermarkets will capture 15% of the domestic gasoline market by 2005.

The next two graphics below are produced by Energy Analysts International, Inc., the nation's foremost authority on the impact of hypermarkets. The first illustrations shows the classification of retailers selling gasoline and the current trends for each retail channel.

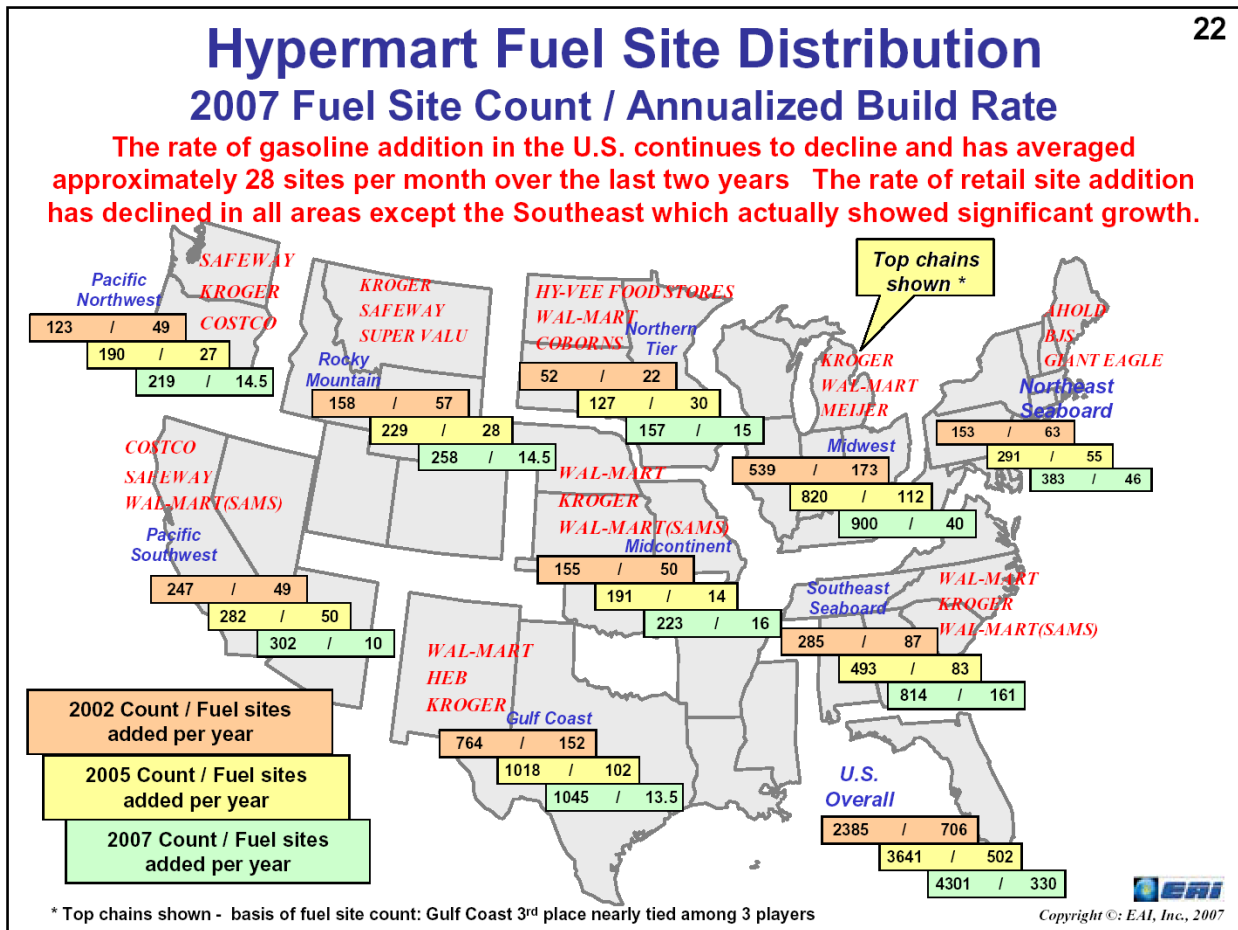
Generally in urban areas, convenience stores within two miles of a hypermarket can be negatively affected, depending on traffic patterns and physical barriers. In rural locations, convenience stores within six miles of a hypermarket can be affected.

Hypermarket penetrations rates higher than 10% will significantly reduce retail gasoline margins for traditional channels in a metro market.

This is the primary

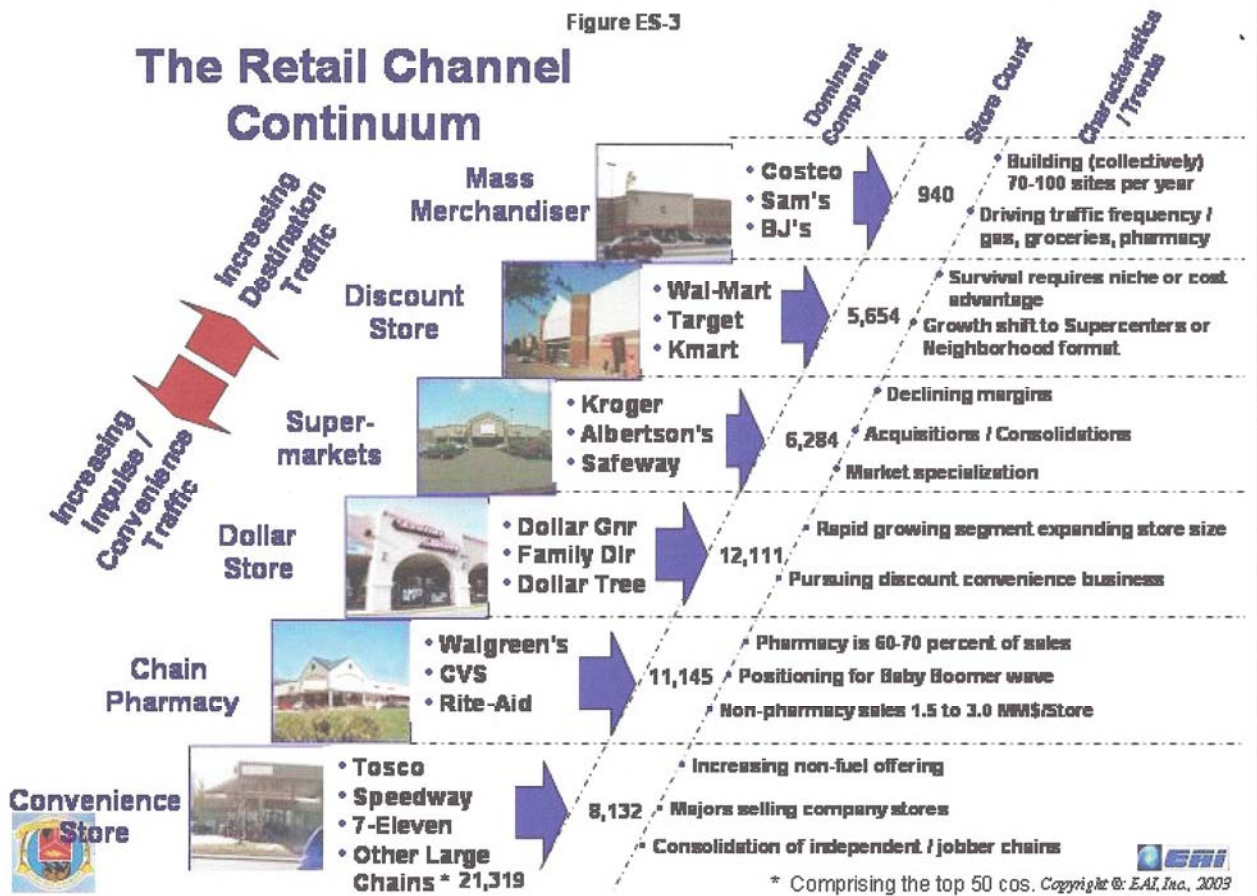
Energy Analysts International Hypermarket Study

The most comprehensive research on the hypermarket phenomenon is conducted by Energy Analysts International (EAI). In 2007, EAI reports that the growth of hypermarkets in the U.S. is slowing in all regions except the Southeast. They report the number of companies operating hypermarket sites in the U.S. at 78, up from 41 five years ago.



The 2007 slowdown in the growth rate of hypermarket sites is due to declining fuel margins. EAI reports:

“...resulting lower retail margins has caused a number of hypermarkets to rethink their positions in markets and gasoline retailing.”



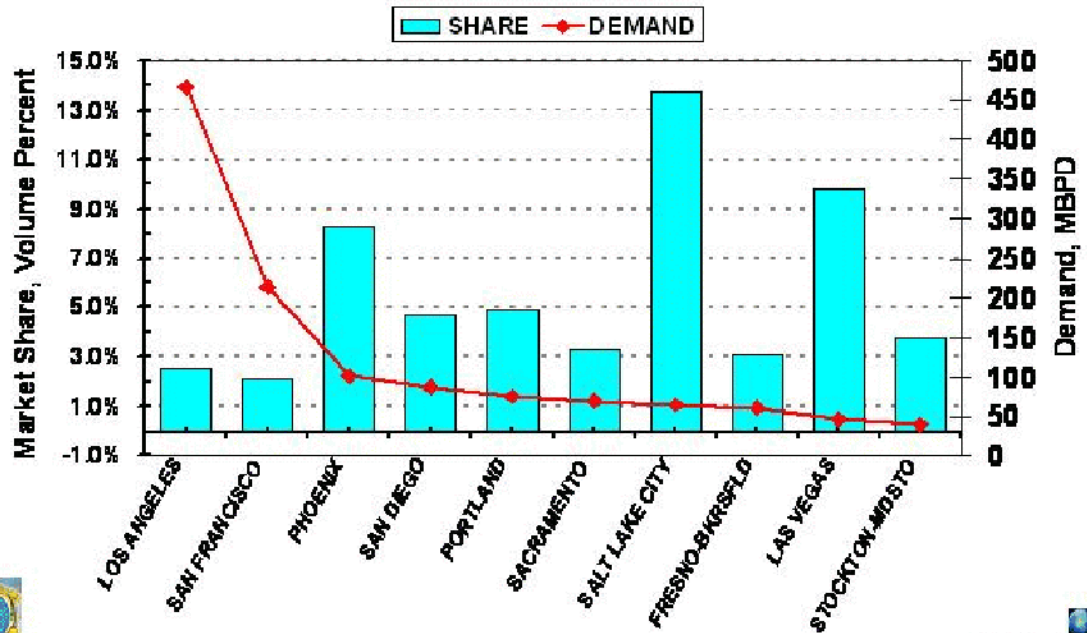
The graphic above illustrates EAI's analysis showing that traditional convenience stores are competing with new retail channels, such as drug stores and dollar stores, which are also classified as convenience concepts. The characteristics for the convenience channel include:

1. Increasing non-fuel offering.
2. Major (oil companies) selling company stores.
3. Consolidation of independent/jobber chains.

Figure ES-15

Hypermart Gasoline Market Share Selected EAI West Coast Micro-Markets, 2002

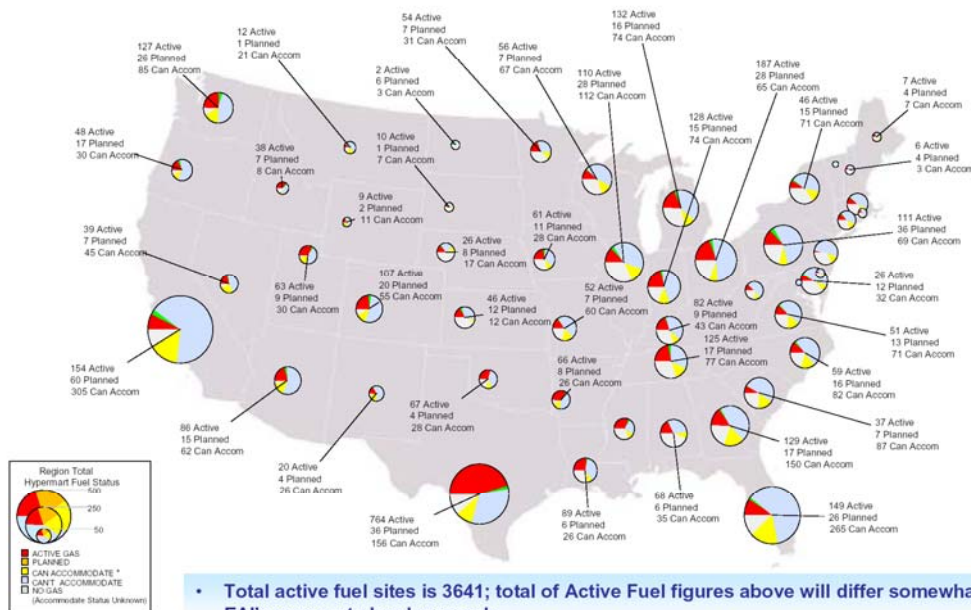
Gasoline market share in western states lag other parts of the U.S.; highest Hypermart market shares occur in Phoenix, Salt Lake City and Las Vegas



Copyright © EAI, Inc., 2009

As far back as 2002, Salt Lake City, Las Vegas and Phoenix experienced the highest market share captured by hypermarkets in the Western U.S. It is significant that today these metro areas are experiencing the lowest gasoline margins for all retailers. It appears that when hypermarkets attain about a 15% share in any market, notable decreases in retailer margins are the result.

Existing and Potential Hypermart Fuel Sites State Level



* Can Accommodate = sites that can accommodate fuel retail facilities based on EAI's market research



Copyright ©: EAI, Inc., 2007

Washington State has 69% more hypermarket fuel sites per person than the national average.

This graphic shows the 2007 distribution of hypermarkets across the U.S. Today, with the number of hypermarket fueling sites still growing, there are 83,200 persons per hypermarket site in the U.S. In Washington State, the number is hypermarket sites proportionally much higher: One for every 49,100 persons. Washington State today has 69% more hypermarket sites per person than the national average.

National Average Operating Benchmarks

NACS National Benchmarks	
Gross Sales Per Store	\$3,895,390
Fuel Sales Per Store	1,317,696 gallons
Fuel Margins	5.4%
Merchandise Sales per Foot	\$398
In-Store Margin	28%
Gross Profit Dollars Per Store	\$472,811
Gross Profit Margin	11.9%

OPIS U.S. Retail Fuel Margins	
Cents per Gallon (2008)	14.5

Price Performance (real estate only)	
2007 Avg. Gross Sales Multiple	0.60
2007 Avg. Gross Profit Multiple	4.98
2007 Avg. Price per Gallon	\$1.79
2007 Avg. Price per Fuel Position	\$277,404
2007 Avg. Price per Foot	\$799.35
2007 Avg. Capitalization Rate	7.7%
2007 Avg. Days on Market	170

Convenience Industry Conclusion

The convenience industry has come through the most difficult period it has ever experienced. Hypermarkets today are approaching a 15 percent share of the U.S. gasoline market.

The convenience industry is changing, becoming less dependent on fuel profits. This was achieved by growing in-store sales. But, because the fuel customer drives in-store sales, the fuel customer is still important. Hypermarkets are expanding their market share and will continue to do so in the coming years. This has the potential to divert fuel customers away from traditional convenience stores.

Currently, the largest issues affecting property values are at the local level. When a hypermarket enters a local trade area, the supply and demand fundamentals are significantly changed. That is why it is more important than ever for convenience stores analysts to carefully examine the local trade area for a traditional convenience store.

NACS: Strategic and Competitive Issues

The National Association of Convenience Stores (NACS), the largest convenience industry trade group, has identified what they see as the major issues affecting the this industry as stated in the *2007 State of the Industry Report* on page 17:

1. Reducing Credit and Debit Card Costs

When credit and debit cards costs exceed overall industry pretax profits and inexorably grind away at motor fuel margins as prices rise, the time for action is now. Unfairly draining billions of dollars from our industry makes it hard for retailers to compete. Cards are universal and rules need to be transparent with respect to payment issues.

2. Increasing Motor Fuel Margins

An industry that endures eight consecutive years of declining motor fuel margins as a percent of sales is flirting with a future financial crisis. If the profitability model is not working, eventually there will be a traumatic change in the investment equation. In the search for better motor fuel margins/profitability, firms will be forced to cut costs, reduce service, reduce cost via consolidation, rationalize their investment portfolio of stores or exist the business. It is hard to subsidize losses over the long term or make it up on in-store sales.

3. Fighting Alternative Format Competition for Customers

For a long time convenience stores were the only game in town when it came to convenience. Adding motor fuel accelerated growth by bringing in repeat customers. Now all retail formats are looking at the convenience model and not only providing it but in many cases also exceeding the expectations of customer segments.

4. Managing Labor Costs for Both Costs and Productivity

It makes no sense to pay above minimum wages and not have benchmarks for efficiency, productivity and employee satisfaction. Attracting, training, retaining and motivating employees is key to long-term success. Facing the healthcare issue as part of this equation is critical.

5. Working to reduce Governmental Regulation

The convenience store industry depends on two key categories: cigarettes and motor fuel and both are under fire from governmental authorities. What should be the industry response to higher excise taxes on cigarettes and possible FDA regulation of the category? Rising motor fuel prices tempts the government to get involved, usually for the worst. Alternative fuel subsidies send inefficient price signals to the marketplace.



Fitch Ratings Current Outlook

Fitch Ratings is one of the nation's premier risk assessment consulting firms, advising equity market investors and lenders.

Regarding franchise loan performance, Fitch Ratings' 2007 Structured Finance report states,

"Fitch Ratings' 2007 outlook for the franchise loan sector remains negative, indicating that downgrades are expected to exceed upgrades." With regard to convenience stores and gas stations, "Fitch remains concerned about operator profitability in an environment of higher gas prices, increasing sales of gasoline through hypermarkets and intensifying competition from nontraditional retail outlets for the sale of convenience items."

This succinct statement accurately summarizes our own industry analysis and conclusions.

REGIONAL DATA

Yakima County, Washington

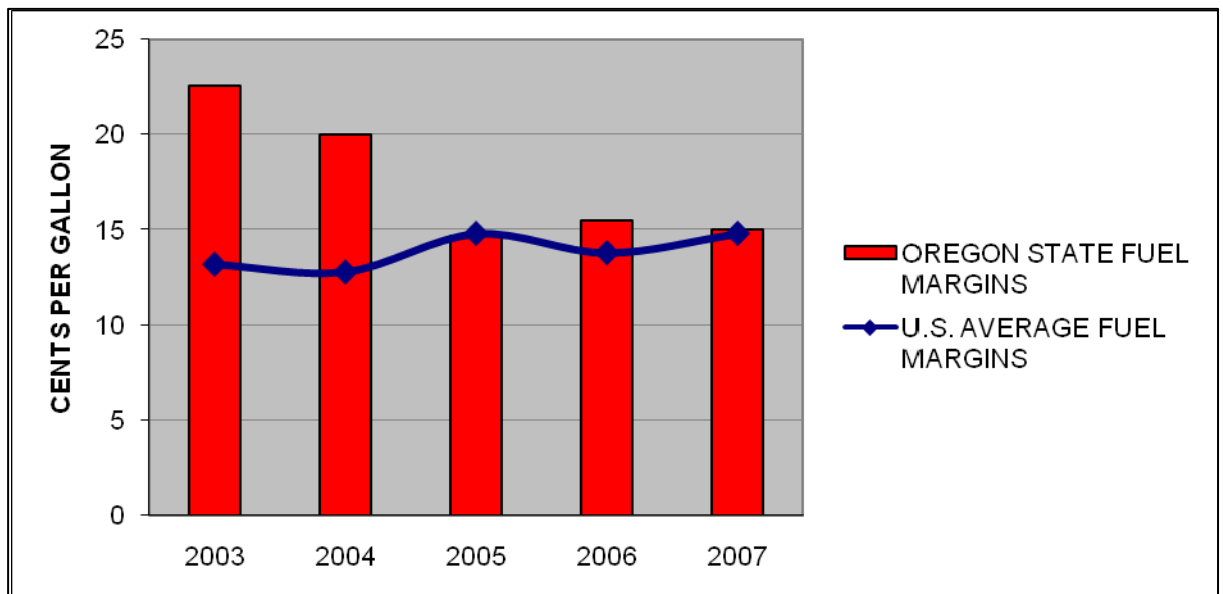
People QuickFacts	Yakima County	Washington
Population, 2008 estimate	234,564	6,549,224
Population, percent change, April 1, 2000 to July 1, 2008	5.4%	11.1%
Population estimates base (April 1) 2000	222,579	5,894,143
Persons under 5 years old, percent, 2008	9.1%	6.6%
Persons under 18 years old, percent, 2008	30.4%	23.5%
Persons 65 years old and over, percent, 2008	11.5%	12.0%
Female persons, percent, 2008	50.0%	50.1%
White persons, percent, 2008 (a)	89.9%	84.3%
Black persons, percent, 2008 (a)	1.6%	3.7%
American Indian and Alaska Native persons, percent, 2008 (a)	5.2%	1.7%
Asian persons, percent, 2008 (a)	1.3%	6.7%
Native Hawaiian and Other Pacific Islander, percent, 2008 (a)	0.3%	0.5%
Persons reporting two or more races, percent, 2008	1.6%	3.1%
Persons of Hispanic or Latino origin, percent, 2008 (b)	41.4%	9.8%
White persons not Hispanic, percent, 2008	51.1%	75.5%
Living in same house in 1995 and 2000, pct 5 yrs old & over	53.8%	48.6%
Foreign born persons, percent, 2000	16.9%	10.4%
Language other than English spoken at home, pct age 5+, 2000	31.8%	14.0%
High school graduates, percent of persons age 25+, 2000	68.7%	87.1%
Bachelor's degree or higher, pct of persons age 25+, 2000	15.3%	27.7%
Persons with a disability, age 5+, 2000	44,663	981,007
Mean travel time to work (minutes), workers age 16+, 2000	19.4	25.5
Housing units, 2007	82,716	2,744,069
Homeownership rate, 2000	64.4%	64.6%
Housing units in multi-unit structures, percent, 2000	17.9%	25.6%
Median value of owner-occupied housing units, 2000	\$113,800	\$168,300
Households, 2000	73,993	2,271,398
Persons per household, 2000	2.96	2.53
Median household income, 2007	\$41,949	\$55,628
Per capita money income, 1999	\$15,606	\$22,973
Persons below poverty, percent, 2007	19.7%	11.4%
Business QuickFacts	Yakima County	Washington
Private nonfarm establishments with paid employees, 2006	4,774	179,908 ¹

Private nonfarm employment, 2006	64,089	2,421,269 ¹
Private nonfarm employment, percent change 2000-2006	6.3%	6.8% ¹
Nonemployer establishments, 2006	8,977	392,470
Total number of firms, 2002	12,165	467,290
Black-owned firms, percent, 2002	1.0%	1.5%
American Indian and Alaska Native owned firms, percent, 2002	2.9%	1.2%
Asian-owned firms, percent, 2002	2.3%	5.8%
Native Hawaiian and Other Pacific Islander owned firms, percent, 2002	F	0.2%
Hispanic-owned firms, percent, 2002	8.9%	2.2%
Women-owned firms, percent, 2002	29.4%	29.4%
<hr/>		
Manufacturers shipments, 2002 (\$1000)	2,049,799	79,313,884
Wholesale trade sales, 2002 (\$1000)	2,886,741	84,634,499
Retail sales, 2002 (\$1000)	1,900,399	65,262,333
Retail sales per capita, 2002	\$8,463	\$10,757
Accommodation and foodservices sales, 2002 (\$1000)	202,613	8,642,681
Building permits, 2008	760	28,919
Federal spending, 2007 (\$1000)	1,277,584	52,454,900 ¹
Geography QuickFacts	Yakima County	Washington
Land area, 2000 (square miles)	4,296.23	66,544.06
Persons per square mile, 2000	51.8	88.6
FIPS Code	077	53
Metropolitan or Micropolitan Statistical Area	Yakima, WA Metro Area	

Yakima County has grown slower than the State of Washington over the last 10 years. The county is rated as economic distressed by the State because of the relative level of unemployment.

The graph below shows Washington State retail gasoline margins in cents per gallon as compared to the USA average over the last four years.

**WASHINGTON STATE
RETAIL GASOLINE MARGINS
2003 TO 2007**



Retailers in Washington State, as the other Pacific Coast states, historically have higher retail gasoline margins than the average U.S. retailer because of lower supply costs.

BEST COUNTIES TO BUY, OWN AND OPERATE A GAS STATION



The heat map below published by the Oil Pricing Information Service (OPIS) shows the northern-most counties as the most profitable with “highest” gasoline profit per site.

Yakima County is ranked as above-average within Washington State.

2006 Estimated Average Gasoline Profit Per Site Temperature Map

Detailed county profitability information in an Excel table available by state. Call 1-800-275-0950 extension 2538 for details and ask for the OPIS Best County Reports or order here: http://www.opisnet.com/retail/best_worst_2007.asp

Volume estimates based on site surveys, government information and other data.



NEIGHBORHOOD DESCRIPTION

Neighborhood Overview: The subject neighborhood is generally described as rural. The following two summaries present this appraiser’s opinion of: (1) The subject property approximate neighborhood boundary, and (2) Land uses adjacent to and in the immediate area of the subject property that is an important consideration in determining the highest and best use of the subject land. (A neighborhood land use map is submitted in the addendum of this report).

Subject Property Approximate Neighborhood Boundary:

- North side: I-82.
- East side: I-82.
- South side: SR 223.
- West side: E Avenue.

Land Use Types in the Immediate Area of the Subject Property:

- Land uses to the north: residential and agricultural
- Land uses to the east: agricultural
- Land uses to the south: agricultural.
- Land uses to the west: residential and agricultural.

SUBJECT NEIGHBORHOOD RATINGS

Neighborhood Characteristics	Poor	Fair	Average	Good	Excellent
Adequacy of shopping			X		
Adequacy of utilities			X		
Employment opportunities			X		
Property compatibility			X		
Recreation facilities			X		
Fire and police protection			X		
General appearance of properties			X		
Building upkeep and maintenance			X		
Protection from detrimental conditions			X		
Appeal to the real estate market			X		
Quality of real estate developments			X		
Retail/commercial occupancy levels			X		
Industrial occupancy levels			X		
Apartment occupancy levels			X		
Single family occupancy levels			X		
Development and growth trends			X		
Amenities			X		

Conclusion of Neighborhood Description: The perceived characteristics of the subject neighborhood as they relate to the value potential for the subject property are considered to be average.

SUMMARY OF TRADE AREA AND COMPETITION

City Trend	
Population	Stable
Employment	Stable
Per Capita Income	Stable
Neighborhood Summary	
Traffic	Stable
Visibility	Poor
Path of Growth	Yes
Commercial Values	Stable

Granger

The subject is located in a newly developing commercial area along I-82 north and east of the downtown area of Granger.

Summary of Current Conditions

No incompatible land uses were noted.

Site To Do Business projects the subject's trade area to grow by 1.23% between 2008 and 2013.

This is location serves the local population and traveling public and motor carriers on I-82.

The 3-year average fuel margin (cents per gallon) for the State as published by the Oil Pricing Information Service (OPIS) is shown in the table below.

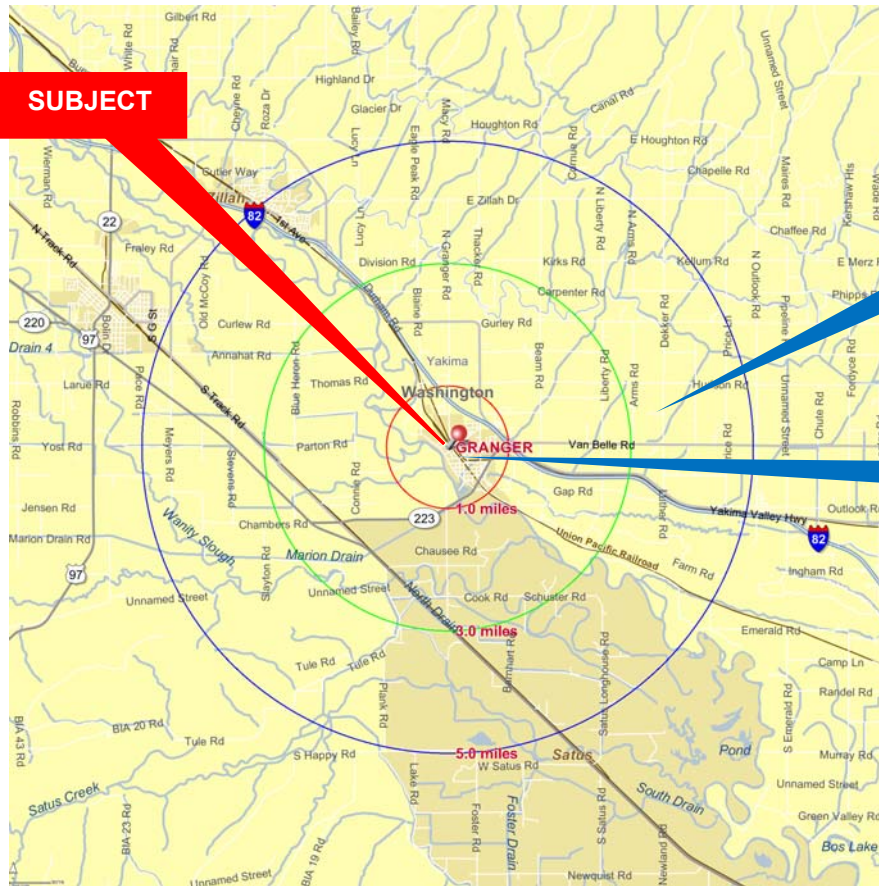
WASHINGTON State 3-Year Average Fuel Margin	\$0.16
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Competing Properties

Site To Do Business®, a market analysis program, has identified the following competitors within the local area of Granger. Ten freeway competitors exist between Yakima and Prosser.

Primary Competitors	Difference in Subject's Price of Regular Unleaded in Cents Per Gallon
1. Conoco	0
2. Cool Mart	-4

TRADE AREA MAP Showing Competitors



Conoco
(across SR 223)

Granger Cool Mart
(downtown Granger)

Quantifying Supply and Demand in the Sub-Market

The trade area analysis is the basis for estimating the economic factors that contribute to the subject's fee simple operational potential as a service station/convenience store. These are the exogenous supply and demand factors that affect a typical operator's ability to earn sales and profits from motor fuel and in-store merchandise and food service. This analysis is constructed around three measures of supply and demand as described below.

1. Location Quotient

One econometric measure of the local trade area's ability to support retail fuel outlets is the location quotient. Using population as a proxy for demand, the location quotient measures the competition in the trade area relative to the national distribution. As of the date of appraisal, the national distribution is by definition the market norm.

The table below shows the calculations for the subject's sub-market.

Local Population	3,886		
National Population	295,140,073	0.00001317	
			0.94
Local Retailers	2	0.00001395	
National Retailers	143,412		

The calculations above show the location quotient for the subject's sub-market is 0.93.

LOCATION QUOTIENT	Over-supplied
--------------------------	---------------

The calculation here is based on resident population.

2. ESRI® Retail Surplus-Gap Analysis

We have purchased the ESRI® Retail Surplus-Gap Analysis for this location. ESRI® is a proprietary market analysis service widely used by the retail industry. The data is derived from the consumer Expenditure Survey of the Bureau of Labor Statistics and Census of Retail trade from the U.S. Census. The Site Reports prepared by ESRI® measure supply and demand for “Gasoline Stations” (SIC 447) and “Gasoline Stations with Convenience Stores” (SIC 44711) and “Other Gasoline Stations” (SIC 44719). A reported “surplus” indicates an over-supply and a reported “gap” indicates an under-supply.

An index of 100 indicates supply and demand equilibrium. Index values below 100 indicate an over-supply and index values above 100 indicate an under-supply for the “Gasoline Stations” category.

At the 5-mile ring the ESRI® Site Report indicates:

ESRI® SITE REPORT

-31

The ESRI® Site Report for this location is located in the addenda of this report.

ESRI® Retail Spending Potential Index

For this analysis, we have also purchased the ESRI® Retail Spending Potential Index. ESRI® is a proprietary GIS service widely used by governments and business and industry for a variety of GIS applications. Here, we have used the Business Analyst program to estimate the retail spending index for “Gasoline”. The retail spending index is a factor based on household composition, median family income, median age and other socio-economic attributes that measures the spending propensity of the local population for various categories of retail items. An index of 100 is the national average. In other words, an index of 100 indicates that the local population would spend the same amount on retail goods and services as the national average.

At the 1-mile ring the ESRI® Retail Spending Potential Index:

ESRI® RETAIL SPENMDING POTENTIAL INDEX	100
---	------------

HYPERMARKET THREAT

None in the 1-mile ring.

HYPERMARKET THREAT

None

COMPETITION AND SATURATION

The location quotient shows an over-supplied trade area based on the number of retail gasoline outlets and resident population.

ESRI® supply and demand report shows a surplus of retail fuel outlets within the one-mile ring and ESRI® Retail Site shows a significant surplus (excess) of retail fuel suppliers.

The retail pricing levels show intense competition in fuel pricing by all of the competitors with a significant difference between the subject and its primary competition for regular unleaded. Space Age and Pilot are priced 18 cents per gallon less than the subject.

Because the resident population is too small to support the existing number of fuel retailers, all of these locations, including the subject, are dependent on traffic along the I-84 Freeway.

TRADE AREA POSITIONING

For convenience concepts, such as gas stations, the competitive position relative to potential customers plays a significant role in the success of the business. When all other competitive factors are equal, those retail locations in the first position or position closest to the approaching customer will have the highest traffic capture rates because these locations are faster and easier for the customer to access.

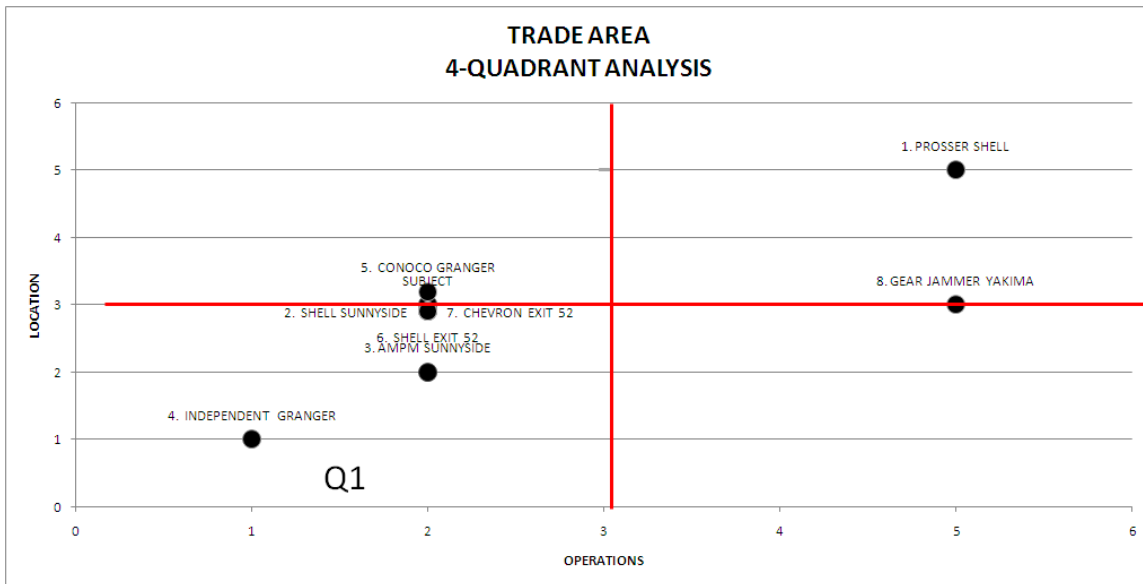
As the Trade Area Map on page 69 shows, the subject is not in an advantageous position for I-82. Except for capturing the local truck traffic in Granger, the subject has no positioning advantages.

The subject will compete directly with the Conoco location across the street for passenger service fuel and in-store items.

ESTIMATED MARKET SHARE

A 4-Quadrant Analysis has been used to estimate the subject's market share. This analysis is based on the competitive factors of location and operations. The strongest competitors in the trade area are plotted in Quadrant 4, showing both location and competitive strength. In this analysis the Shell at Prosser is rated stronger than the subject as is the Gear Jammer at Yakima. The subject is estimated to have 8% of the total convenience store/retail fuel market in the trade area.

COMPETITOR	OPERATION	LOCATION	COMPETITIVE FACTOR	TRADE AREA MARKET SHARE
SUBJECT	2	3	6	8%
1. PROSSER SHELL	5	5	25	33%
2. SHELL SUNNYSIDE	2	2.9	5.8	8%
3. AMPM SUNNYSIDE	2	2	4	5%
4. INDEPENDENT GRANGER	1	1	1	1%
5. CONOCO GRANGER	2	3.2	6.4	9%
6. SHELL EXIT 52	2	2.9	5.8	8%
7. CHEVRON EXIT 52	2	2.9	5.8	8%
8. GEAR JAMMER YAKIMA	3	5	15	20%
			74.8	100%



Forecasted Sales Under Fee Simple Ownership

We have used our proprietary software to estimate the annual gallonage, retail fuel margin and merchandise sales under fee simple ownership. This operating projection assumes typical operational performance as established by industry averages for a property with the physical characteristics of the subject (store size, fueling positions, age, condition, access, competitive positioning and traffic count and supply and demand conditions in the subject's trade area.

The projection does not necessarily reflect the current branding, management, or business operation, which do not affect the market value of the real estate.

Fee Simple Gallonage and Sales Projections

PHYSICAL FACTORS	
Fuel Positions	14
Store Size	6,464
Access	2
Traffic Count	3
Day Parts	2
ECONOMIC FACTORS	
Location Quotient	0.93
ESRI Retail Index	-31
ESRI Spending Potential Index	100
FEE SIMPLE GALLONAGE	2,217,877
FEE SIMPLE FUEL MARGIN	\$0.16
FEE SIMPLE MERCHANDISE SALES	\$264

The input variables are based on the conclusions in the trade area analysis in the previous section of this report. These projections will be used in the Capitalized Earnings Approach that follows.

HIGHEST AND BEST USE ANALYSIS – LAND VALUATION

HIGHEST AND BEST USE ANALYSIS

Introduction: The highest and best use of the subject real estate is defined as *“The reasonably probable and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value.”* This definition is quoted from the 2001 Twelfth Edition of the Appraisal of Real Estate, published by the Appraisal Institute. In support of the highest and best use determination for the subject land as if vacant and as improved, the four basic elements of the definition are considered in the following analysis of highest and best use for the subject property.

Physically Possible: The physical characteristics concerning development of the subject land to its highest and best use were previously described in the land description section of this report and are regarded to be (poor; fair; average; good; excellent).

Legally Permissible: This includes consideration of primarily municipal zoning, private restrictions, building codes, comprehensive plans, environmental regulations, wetland restrictions and other public regulations that impact the potential use of the site. Based on a review of only zoning and planning facts, the potential highest and best use of the subject land is considered to be within a range of uses including commercial, retail and office. The perceived most probable highest and best use for the subject land is regarded by this appraiser to be: commercial-retail.

Demographic Considerations: Demographic factors at the national, state, regional, and local levels directly affect the existing development potential as well as the future for the subject real estate. From a national point of view, the development potential for the subject real estate is considered to be average. From a statewide point of view, the development potential for the subject real estate is considered to be average. From a regional point of view, the development potential for the subject real estate is considered to be average. From a local point of view, the development potential for the subject real estate is considered to be average.

Market Demand Considerations: Market demand and feasibility considerations for the perceived highest and best use of the subject land are indicated by the existence and apparent operational status of similar types of real estate developments in the immediate market area. The location, success or failure of existing competitive developments as well as the amount of vacant competitive space available for sale or rental often dictates development timing and potential. Real estate developments that are considered to be competitive and similar to the perceived highest and best use of the subject land were discussed in the Neighborhood section of this report. A review of the competitive market for the subject property is summarized as follows:

1. The subject probable highest and best use is regarded to be similar compared to other competitive properties.
2. The sales price range for competitive properties similar to the subject probable highest and best use is regarded to be similar price levels necessary to economically support new construction costs.

3. The market rent range for competitive properties similar to the subject probable highest and best use is regarded to be similar rental levels necessary to economically support new construction costs.
4. Market concessions for competitive properties similar to the subject probable highest and best use are regarded to be typical indicating balanced market conditions.
5. Typical vacancy for competitive properties similar to the subject probable highest and best use is regarded to be typical indicating balanced market conditions.
6. The market supply for competitive properties similar to the subject probable highest and best use in the competitive market is regarded to be average indicating balanced market conditions.
7. Market demand for the subject probable highest and best use is regarded to be average indicating balanced market conditions.
8. Levels of proposed and new construction activity for competitive properties similar to the subject probable highest and best use in the competitive market is regarded to be moderate indicating balanced market conditions with probable demand for continued new construction.
9. Trends in the subject's sub-market are regarded to be neutral.
10. Competitive advantages and amenities of the subject sub-market relative to other competitive sub-markets are regarded to be similar.
11. Competitive disadvantages of the subject sub-market relative to other competitive sub-markets are regarded to be similar.
12. Effect of fluctuations in other sub-markets on the subject's sub-market are regarded to be typical.
13. Neighborhood real estate current market activity: Few 'For Lease' signs.

Market demand support for the previously considered most probable highest and best use for the subject land is regarded to be average.

Financially Feasible: The highest and best use must be financially feasible as of the date of valuation. A review of immediate market area rental and market demand factors, development trends, and primarily the availability of supportive financing for the proposed use are considered along with local, regional, state and national economic conditions as a part of this analysis. In general, financial market considerations indicate that the potential for developing the subject land to a highest and best use as of the date of valuation is regarded to be average.

Maximally Productive: The previously regarded most probable highest and best use for the subject land of commercial use is regarded to be maximally productive and capable of generating the highest value for the subject real estate.

Highest and Best Use of the Subject Land Conclusion: The highest and best use of the subject land as if vacant is estimated to be travel oriented commercial-retail.

Highest and Best Use of the Subject Property as Improved Conclusion: The highest and best use of the subject property as improved is influenced by the previously mentioned considerations influencing the subject land as if vacant as well as considerations specific to the existing improvements. The subject improvements are described in detail in the previous Improvement section of this report. The subject improvements conform to the highest and best use considered for the land as if vacant.

The contributory value of the existing improvements on the subject site is regarded to be a positive factor to be considered in the valuation of the subject land. The highest and best use for the subject property as currently improved is estimated to be convenience store with gas station.

A SWOT Analysis helps identify the highest and best use as improved.

Strengths

The newly improved Bailey Avenue and addition of city services to this immediate area has greatly increased the value and usefulness of the subject's land. The existing zoning allows for a multitude of commercial uses.

Weaknesses

The subject property has poor visibility from I-82. The truck stop and travel plaza industry across the nation is highly competitive and many independent operators are going out of business. Over 900 travel plazas closed within the last five years.

Opportunities

With about 9 acres of land now with city services additional commercial development could take place to the south of the existing store. This may require removal of the truck parking area. However, this land is now very expensive. Perhaps too expensive for truck parking.

Threats

The current economic recession poses a threat to the subject's sustainability. With earnings already down to 66% of the original pro forma projections, a prolonged period of low earnings will render the current business model unsustainable.

RECOMMENDATIONS

1. The subject's business model should be altered to include additional profit centers that could exploit and utilize the under-developed land. Additional profit centers are a proactive step toward minimizing the risk of additional fuel competitors entering the trade area or a prolonged period of unsustainably low earnings.

METHODS OF APPRAISAL

The Capitalized Income Approach

In this valuation method, the net income from the property is capitalized into a value estimate. Net income to the real estate is estimated from a redaction of the property's gross sales. A direct capitalization technique that estimates the market value of the property based upon an estimate of one year's stabilized market net income is a common technique of the Capitalized Income Approach.

This approach is the most applicable for convenience stores and gas stations because they are bought and sold based on their earnings potential, not their amenity value.

Only the Capitalized Earnings Approach allows for an estimate of the value of the intangible assets. The Cost Approach and Sales Comparison Approach can not be used to estimate the value of intangible assets.

The Sales Comparison Approach

In this method, sales of comparable properties are analyzed and differences from the subject property are adjusted for to arrive at an indicated value for the subject. The value of the subject property has been estimated using this approach. This approach is most useful when a great many similar properties have recently sold. This approach is based on the economic principle of substitution which states that a prudent buyer would pay no more for property than the cost of acquiring a similar substitute property.

This approach is most useful when sales of properties similar to the subject exist. This approach is less effective for properties such as schools and churches, where little sale information exists.

The Cost Approach

This approach is uses the replacement cost of the improvements less accrued depreciation as of the date of appraisal to estimate the value of the improvements. To this is added the value of the site to estimate the total value of the property.

This approach is most useful for new or nearly new improvements where obsolescence is minimal. The Cost Approach is not being used to value the tangible assets, realty.

VALUATION

Part 1

Fee Simple Value

Part 2

Value Under Current Operations

VALUATION OF OPERATING ASSETS

This appraisal pertains to the value of the total assets of the business (TAB), which in this case includes the tangible and intangible assets; also known as Going Concern Value. This Going Concern Value is allocated as follows among the various contributory components. The merchandise, food and fuel inventory are not included.

- Land (As if Vacant)
- Real Property Improvements
- Furniture, Fixtures & Equipment
- Business/Enterprise/Franchise Value

This appraisal will provide an opinion of the market value for the following value premises:

Part 1 of the Report

The *fee simple estate* for the tangible and intangible assets. This value is based on market level earnings for stores of this type in this location. The fee simple value does not rely on the operator's historic (actual) profit and loss statements. The fee simple value is based on how a typical operator would perform with the subject's assets at this location. Because this is the fee simple value, this value is irrespective of the existing brand, supply and service contracts.

Approaches Used in Part 1 of this Appraisal:

Capitalized Income Approach

- Developed for the *Tangible Assets, Real Property*.
- Excess earnings estimates, if any, applied to value estimate of Intangible Assets.

Sales Comparison Approach

- Developed for the *Tangible Assets, Real Property*.

Cost Approach

- Developed for *Tangible Assets, Non-Realty (FF&E)*.

Part 2 of the Report

The value *Under Current Operations*. This value is based on the business's ability to generate earnings under the existing supply contracts, branding agreements, and historical financial performance.

Business Operating Agreements (BOA) for the convenience store often do not automatically transfer with the sale of the real estate. Often these agreements either terminate upon the transfer or are

renegotiated between the new parties. Therefore, the value estimate Under Current Operations is limited in its applicability and does not reflect transferable market value.

The value Under Current Operations assumes the existing business operating agreements remain in place and that the quality of management remains unchanged. This estimate is more of a performance measure showing the business's ability to satisfy the debt requirements of the fee simple interest.

Approaches Used in Part 2 of this Appraisal:

Capitalized Income Approach

- Developed for the *Tangible Assets, Real Property*. Excess earnings estimates, if any, applied to value estimate of Intangible Assets.

Part 1: Value of the Fee Simple Interest

FEE SIMPLE VALUE: MAXIMUM VALUE OF THE REAL PROPERTY

The cost new of the improvements plus the land value place an upper limit of value on the real property because at this level buyers will build their own store rather than purchase any existing store in excess of this amount. This concept is termed the *Principle of Substitution*, and is the most fundamental principal of real estate appraisal. This maximum value, or value ceiling, is termed *replacement value*.

Any earnings or value in excess of the replacement value of the real property is then part of the tangible assets, non-realty (F,F&E) or part of the intangible assets.

Worksheet No. 10 summarizes the replacement value for the subject store. This figure includes all real property improvements and the site.

Replacement Value for the Subject: \$6,411,860.90

Maximum Real Property Value

NOTE: F F & E NOT INCLUDED

SECTION A**Store Building**

Base Cost Per Sq. Ft.	\$250.00
Local Multiplier	1
Current Cost Multiplier	1.1
Applicable Cost per Sq. ft.	\$275.00
Size:	<u>6,464</u>
Extension:	\$1,777,600

SECTION B**Fuel Service**

Base Cost Per Fueling Position	\$60,000
Local Multiplier	1.2
Current Cost Multiplier	1.1
Applicable Cost per Sq. ft.	\$79,200
Fueling Positions	<u>14</u>
Extension:	\$1,108,800

SECTION C**Site Improvements**

Base Cost Per Sq. Ft.	\$3.50
Local Multiplier	1.2
Current Cost Multiplier	1.1
Applicable Cost per Sq. ft.	\$4.62
Size:	<u>389,061</u>
Extension:	\$1,797,461
OTHER: Truck Scales	\$28,000

TOTAL SECTIONS A+B+C**Total Improvement Replacement Cost \$4,711,861****SECTION D**

ADD: SITE VALUE	\$1,700,000
Site Size	<u>395,525</u>
Value/SF	\$4.30

TOTAL SECTIONS A+B+C+D**MAXIMUM REAL PROPERTY VALUE \$6,411,861****INSURABLE REPLACEMENT COST \$2,825,520**

SUMMARY OF THE CAPITALIZED EARNINGS APPROACH

CAPITALIZED EARNINGS APPROACH METHODOLOGY

Gross Sales

**Less: Cost of Goods
Sold**

Equals: Gross Profit

**Less: Operating
Expenses**

Equals: EBIDTA

**Less: Earnings to
Tangible Assets, Non-
Realty**

**Less: Earnings to
Intangible Assets**

**Equals: Earnings to
tangible Assets,
Realty**

**Capitalized by Market
Capitalization Rate**

**Equals: Value of the
Tangible Assets,
Realty**

General

Income producing property is generally purchased for investment purposes, and from the investor's point of view, the earning power of the property is the critical element that affects property value. The investment premise is that the higher the earnings, the higher the value. This valuation approach is based on the economic principle of anticipation which assumes that a property's value is equal to the present value of the anticipated future benefits of ownership. Future benefits can be quantified as the rental income during the holding period and reversionary value of the property at the end of the holding period.

Petroleum marketing properties are never bought and sold for their rental value to the real estate. In this industry, the real estate is simply another element of production (land, labor, capital and entrepreneurial profit). An owner-operator allocates a portion of the economic return to the real estate after all other requirements, such as cost of goods sold and wages, have been satisfied.

In this appraisal, we will follow the same thinking as an owner-operator. Gross sales from fuel, merchandise, and the service bays will be projected and then all operating expenses and profit will be deducted to arrive at the income stream remaining for the real estate. A market derived capitalization rate will then be applied to this income stream to estimate the value of the real estate.

The operating data from the sale properties in the Sales Comparison Approach will assist in this analysis. Also, we will rely on industry operating standards as reported by the Oil Pricing Information Service and publications such as the *State of the Industry*, published by the National Association of Convenience Stores, a trade industry periodical.

Projections for sales and margins were made in the Trade Area Analysis section of this report based upon industry performance standards and the operating characteristics of the competitive properties within the subject's trade area. Page S-2 of Worksheet 30 summarizes the sales, margin and operating expenses for the subject. Line-item comparisons of our projections to the owner's projections are shown, along with applicable industry standards from the *State of the Industry* report, published by the National Association of Convenience Stores.

We have projected market levels of earnings from an operating analysis of the subject's trade area. Market levels of earnings are applied to the valuation of the fee simple interest in the property's assets. In valuing the fee simple estate, the actual earnings of the current operator are irrelevant. Actual earnings of the operator are based on supply, branding and operating agreements that may include temporary price supports, rebates and restrictions that do not pass on to any other operator. Because these contracts are specific to the operator, the actual earnings performance of this operator has little to do with the value of the fee simple interest of the property.

The fee simple value of the property is based on the expected level of earnings for a typical operator without regard to specific contractual operating agreements. In other words, the fee simple value of the property is based upon the supply and demand for this particular type of property at this specific location.

Gross Margin

Gross sales less cost of goods sold is projected at 10.6%, or \$864,922.75. The subject's contribution ratio for fuel is worse than the industry standards, showing the subject is more dependent on fuel margins. Fuel profits are declining for the industry.

Annual Operating Expenses

Annual operating expenses, such as labor cost, utilities and advertising are estimated at 57.2% of gross margin, or \$494,735.81. Our labor expense allowance here includes an allowance for an on-site manager, but is not inclusive of any business profit to the owner, or officer wages.

In the reconstructed statement no deductions are made for amortization, depreciation, property lease, or property taxes expenses.

Worksheet No. 30 shows our sales, gross profit and operating expense estimates along with line item comparison to the owner's projections and industry standards.

Estimated EBIDTA

Subtracting the annual operating expenses (\$494,735.81) from gross profit (\$864,922.75) leaves \$370,186.94 for earnings before interest, depreciation, taxes and amortization (EBIDTA). This is the gross economic return available to the unallocated tangible and intangible assets of the going concern.

Economic Return to Tangible Assets, Real Property

With the replacement value of the tangible assets, realty estimated at \$6,411,860.90 and value of non-realty (F, F & E) estimated at \$184,197.00 (see Tangible Assets, Non-Realty section), the allocation on page S-5 of Worksheet No. 30 shows no excess earnings due to economic profit available to the intangible assets.

The maximum possible return to intangible assets is \$240,787.94. In this case, the maximum return is based on the site value only and is theoretically correct but largely irrelevant. The numbers here are intended only to show the potential for excess earnings.

A deduction of \$34,000.00 (NACS average per store pre-tax profit) for accounting profit, or the return to such assets as a trained workforce, working capital, etc, is usually made. This leaves \$274,787.94 of the business earnings available to the real property investment from the store operation.

Additional Real Estate Income

None.

Capitalizing Economic Return to Tangible Assets, Real Property

It should be remembered by the reader that higher allocations of income to business profit will necessarily produce lower capitalized real estate values. The reverse is also true. Allocating nothing to business profit in this instance will produce a substantially higher value for the real property assets.

The Nature of Excess Earnings

Excess earnings, or value to the intangible assets, exists only when the investment requirements of the tangible assets have been satisfied. (See Pratt, *Guide to Business Valuations*, Practitioners Publishing, 2002. pp 7-28).

The maximum value the real property can attain, even in the presence of excess earnings, is the replacement cost of the improvements added to the site value. Replacement cost plus site value establishes the upper limit for the real property value because this is the cost to any competitor to enter the trade area.

In a perfectly competitive market, competitors will enter the trade area anytime excess earnings exceed the replacement value of the improvements plus the site value.

When excess earnings decline to zero, competitors will cease to build new stores in that market.

By definition, when excess earnings exist, no functional or external obsolescence is present. Excess earnings can not exist until the tangible assets including the real property have attained their maximum value.

Selection of a Capitalization Rate

Published capitalization rates across the nation for the real estate associated with convenience operations are quite common today because of the rise in sale-leaseback transactions. Equity funds and other investors purchase retail real estate assets, such as fast food restaurants, drug stores, grocery stores and convenience stores, and then lease them to the operator. This allows the operator to free capital that was formerly tied up in the real estate. Allow no authoritative figures are available, sales-leaseback transactions are a significant part of the convenience industry today. With these sale-leaseback transactions, a great deal of published capitalization rate data is available to the analyst. These capitalization rates are reflective of the NNN return to the real estate.

According to CoStar Comps® were 7.5% in 2008.

1031 NNN .com, a business specializing tax deferred exchanges on triple net leased retail properties, shows capitalization rates for convenience stores and gas stations currently ranging from a low of 6.00% to a high of 8.30%.

With other geographic groupings we have seen capitalization rates in the 8.0% range.

CONVENIENCE STORE CAPITALIZATION RATES	
CoStar Comps®, Published	7.5%
1031 NNN.com, published	6.0% to 8.3%
Market Extracted	8.6% to 12.7%

Based upon the past investment levels of real estate capitalization rates for convenience stores, we added 100 basis points to reflect the riskier economic climate of 2009. We have selected 9.0% as an appropriate capitalization rate for the subject.

Capitalized Value Estimate

Capitalizing the net economic return to the real property of \$206,090.95 by 9.0% indicates a value of \$2,290,000.00 (rounded to the nearest \$1,000).

**Opinion of Value From
Capitalized Earnings Approach
\$2,290,000.00
TANGIBLE ASSETS, REALTY**

Gross Profit Multiple

Because of the issues noted in the sidebar, we have used the gross profit multiple only as a check of the value conclusion reach above.

The market level gross profit for the subject has been estimated at \$864,922.75. Using the multi-year average extracted gross profit multiple of 3 indicates a value of \$2,594,768.25.

The profitability of the business may also affect the gross profit multiple. For example, excess earnings may exist in some trade areas, while none may exist in trade areas where a hypermarket is present. It is generally impossible for the appraiser to know which markets are affected by these factors and which are not. Therefore, the gross profit multiple cannot be reliably used because it does not take into account these differences. This issue was less of a problem before 2000, when hypermarkets entered into the gasoline business, than it is today.

Gross Profit Multiples

We have not used the gross profit multiplier as a separate valuation technique in this appraisal.

The gross profit multiplier equalizes for characteristics above the gross profit line, such as differences in the type of profit centers, ratio of fuel-to-merchandise sales, or gross profit margins.

The gross profit multiplier provides a useful yard stick of value. It is better than using a gross income multiplier and is analogous to the effective gross income multiplier commonly used with other property types. But, the gross profit multiplier should not be relied upon for final value conclusions.

Dangers in Using the Gross Profit Multiple

The gross profit multiplier assumes equal or nearly equal operating and profitability characteristics. The article, "Defining and Allocating Going Concern Value Components" by T. Alvin Mobley III, MAI, published in *A Business Enterprise Value Anthology*, by the Appraisal Institute mathematically demonstrates that different profitability ratios will impact the multiplier causing them to increase or decrease.

Appraisers rarely know the profitability of the sale properties and consequently gross profit multipliers are often applied indiscriminately among properties whose profitability ratios are not disclosed, accounted for, or even considered.

Additionally, relatively small differences in the gross profit multiplier can have a significant impact on the value estimate. The difference between a 2.0 GPM and a 2.5 GPM can rarely be proved in the marketplace. Yet, this difference can potentially swing the value estimate by as much as \$500,000.00 or more.

Capitalized Earnings Analysis

		FEE SIMPLE	OWNER'S EST	INDUSTRY
EARNINGS				
ESTIMATED GALLONS PER YEAR:		2,217,877	2,940,000	1,297,000
AVERAGE PRICE/GALLON	\$2.900			
FUEL DOLLARS		\$6,431,844	\$3,401,000	\$2,919,207
MERCHANDISE SALES		\$1,706,709	\$1,404,000	\$1,025,075
FOOD SERVICE SALES		\$0	\$0	
OTHER		\$0	\$0	
CAR WASH		\$0	\$0	
TOTAL SALES:		\$8,138,554	\$4,858,000	\$3,944,282
SHRINK:	0.23%	\$18,312	0.00%	1.00%
COST OF GOODS SOLD				
FUEL	94%	\$6,063,311	90% \$2,714,800	94%
MERCHANDISE	70%	\$1,192,009	72% \$1,188,000	72%
FOOD SERVICE	50%	\$0	#DIV/0! \$0	
OTHER	0%	\$0	#DIV/0!	
CAR WASH	25%	\$0	#DIV/0! \$0	
MARGIN	11%		12%	13%
GROSS PROFIT		\$864,923	\$954,000	\$493,993
LESS OPERATING EXPENSES**				
LABOR COSTS	35.00%	\$302,723	0.00%	35.0%
LIABILITY INSURANCE	0.70%	\$6,054	0.00%	0.7%
ROYALTY/CARD FEES	8.00%	\$69,194	0.00%	8.0%
SUPPLIES	4.00%	\$34,597	0.00%	4.0%
ADVERTIZING	2.00%	\$17,298	0.00%	2.0%
UTILITIES	6.00%	\$51,895	0.00%	6.0%
MOTOR FUEL DRIVE OFFS	0.70%	\$6,054	0.00%	0.7%
CASH SHORT/(OVER)	0.70%	\$6,054	0.00%	0.7%
OTHER	<u>0.10%</u>	\$865	<u>0.00%</u>	<u>0.0%</u>
SUB-TOTAL	57.20%	\$494,736	33.75% \$322,000	57.1%
EBIDTA***	42.80%	\$370,187	66.26% \$632,168	42.9%

*Industry Standard is NACS "State of the Industry Report"

**Operating Expenses expressed as a Percentage of Gross Profit.

***EBIDTA is Earnings Before Interest, Depreciation, Taxes, and Amortization.

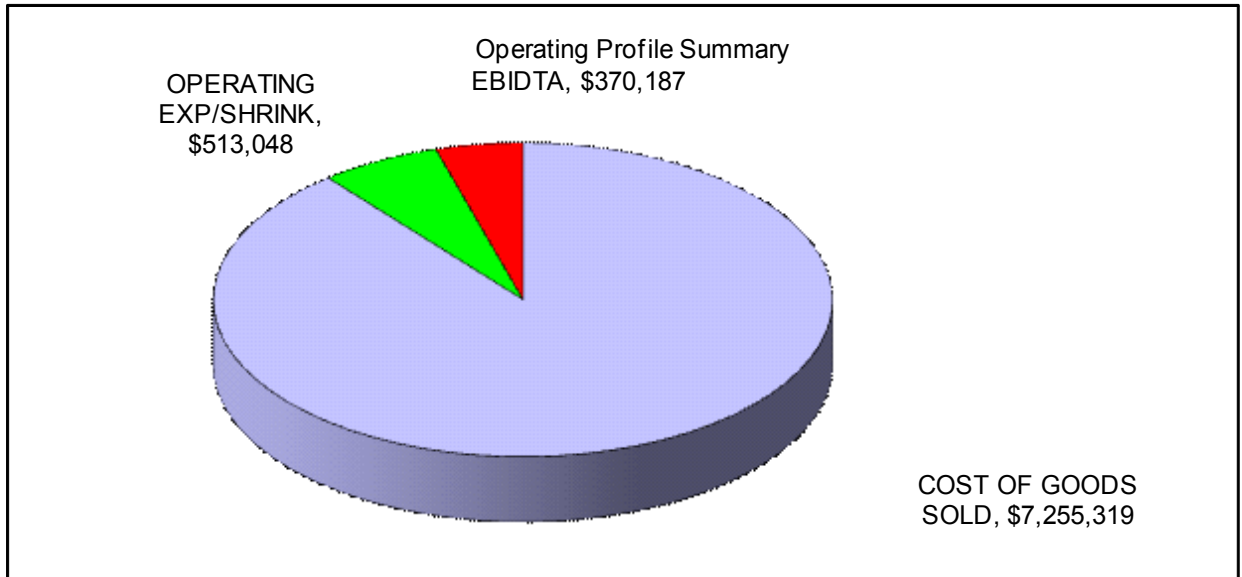
WORKSHEET NO. 30

STORE NO.

10-04300 Granger Travel Plaza

Appraiser's Projections
Operating Profile Summary

GROSS SALES	100%	\$8,138,554
COST OF GOODS SOLD	89%	\$7,255,319
OPERATING EXP/SHRINK	6%	\$513,048
EBIDTA	5%	\$370,187



CONTRIBUTION TO GROSS PROFIT

	APPRAISER	ACTUAL
GROSS PROFIT	\$864,923	\$954,000
Add: Shrink	<u>\$18,312</u>	<u>\$0</u>
	\$883,234	\$954,000

	GP/Gallon		CONTRIBUTION RATIOS		CONTRIBUTION RATIOS
FUEL	\$0.17	\$368,534	42%	\$686,200	72%
MERCHANDISE		\$514,701	58%	\$216,000	23%
FOOD SERVICE		\$0	0%	\$0	0%
OTHER		\$0	0%	\$0	0%
CAR WASH		\$0	0%	\$0	0%
			100%		95%

WORKSHEET NO. 30

STORE NO.

10-04300 Granger Travel Plaza

Store Asset Cash Flow Distribution

PROJECTED EBIDTA \$370,187

WORKSHEET FOR

REQUIRED RETURN ON TANGIBLE ASSETS

1. REAL PROPERTY

A. Minimum Limit

Site Value	\$1,700,000	
Required Rate of Return	4.0%	
Required Annual Gross Return	25.00	\$68,000

B. Maximum Limit

Replacement Cost + Site Value	\$6,411,861	
Required Rate of Return	9.0%	
Required Annual Gross Return	8.33	\$769,423

2. F, F AND E

F, F and E Value	\$184,197	
Required Rate of Return	25%	
Required Annual Return	<u>3.00</u>	\$61,399

AVAILABLE RETURN ON INTANGIBLE ASSETS

1. ECONOMIC PROFIT

Excess Earnings Minimum	(\$494,635)
Excess Earnings Maximum (Site Value Only)	\$240,788

WORKSHEET NO. 30

STORE NO.

10-04300 Granger Travel Plaza

EBIDTA Allocation to Tangible Assets, Real Property

EBIDTA		\$370,187
LESS: ACCOUNTING PROFIT		\$34,000
LESS: ECONOMIC PROFIT	0.00%	<u>\$0</u>
		\$34,000
LESS: INC. TO NON-REALTY Tangible Assets, Personalty		<u>\$61,399</u>
RESIDUAL TO REAL ESTATE	3.38%	\$274,788
ADD: OTHER R.E. NET INCOME		\$0
LESS: PROPERTY EXPENSES Taxes, Insurance, Maintenance	25.00%	<u>\$68,697</u>
NOI TO REAL ESTATE Tangible Assets, Real Property	2.53%	\$206,091

Capitalization of Net Income to Real Estate

Subject Net Income to Real Estate:	\$206,091
Divided by Overall Rate:	9.0%

INDICATED VALUE:

Tangible Assets, Real Property **\$2,289,899**

SUMMARY OF THE SALES COMPARISON APPROACH

Convenience Store Sales in Washington

These sales are taken from the Co-Star published reports for convenience store sales in the State of Oregon.

The table below summarizes the descriptive statistics on the whole prices of the 100 convenience store sales in Oregon and Washington.



OREGON AND WASHINGTON C-STORE SALES WHOLE PRICES 2000 TO 2007	
Mean	\$1,475,539
Median	\$1,360,000
Minimum Price	\$365,000
Maximum Price	\$6,911,278
First Quartile	\$1,167,500
Third Quartile	\$1,696,000
68% Confidence Interval	\$656,690 to \$2,294,388

The current average price of a convenience store in Washington is \$1,096,175.00.

SALES COMPARISON APPROACH TO VALUE

INTRODUCTION TO THE SALES COMPARISON APPROACH TO VALUE

The subject real estate will be valued by use of a Sales Comparison Approach to Value. The following is a summary of important procedures used in applying the Sales Comparison Approach to Value:

1. Market data information must be obtained for similar type and subtype of improvements for which sale price, option price, listing price, offer to purchase or construction cost information is available for comparison to the subject property.
2. The market data information must be reviewed to determine the terms of sale, motivating factors, interest and property rights conveyed, and whether or not it is an arm's length transaction in order to determine the cash equivalent effective price level to be considered in the subsequent valuation analysis.
3. A comparison of the comparable building sale or other related market data information important property characteristics in relation to the corresponding characteristics of the subject property is accomplished considering relevant issues including the time difference between date of sale and effective date of value, location, land contribution to overall value, basic differences in improvements, occupancy conditions, age and condition, building size, attached fixtures, personal property, and any "blue-sky" business or other intangible value assets that may have been included in the sale price.
4. An adjustment analysis in a grid type format is completed considering material differences in the property characteristics identified in above procedures #2 and #3 comparing the market data information to the subject property focusing on probable affect on the value.
5. This valuation analysis concludes with an indication of the value of the subject property as of a specified effective date of value, which may be a past or retrospective date, a current date or prospective date in the future.

The comparable market data that is submitted in detail elsewhere in this report is summarized and located on a map in relation to the subject property on the following page. Similar real estate sales or other related market data are adjusted in detail to the subject property in a grid format in the following valuation analysis using a \$ per square foot (PSF) of gross building area (GBA) unit of comparison. A subsequent explanation for adjustments applied in the adjustment grid is presented following the valuation analysis. The comparable market data has been adjusted resulting in cash equivalent effective price levels considering: (1) Added costs to a buyer for unpaid or pending special assessments not paid by the seller; (2) Added costs to a buyer for identified significant items of deferred maintenance costs, atypical environmental correction costs or atypical code compliance costs; (3) Exclusion of any non-real estate assets included in the sale price or other related assets such as movable equipment, items of personal property and "blue-sky" business value consideration and (4) Conditions of sale or financing atypical of the prevailing real estate market. In general, the following property characteristics have been considered in the selection of the comparable market data used in this Sales Comparison Approach to Value:

- Improvement type and subtype consisting of retail convenience store/gas station properties.
- Similar store and fuel service design characteristics.

- Occupancy levels in the range of 90% to 100%.
- Retail improvements in average overall condition.
- Date of market data information similar to the subject effective date of value.
- Locations similar to the subject property in or near the Puget Sound.
- Land/building ratios suggesting no excess marketable land.
- Gross building area in the range of 1,000 to 5,000 square feet.
- Overall range of improvement quality or cost of average to good.



COMPARABLE BUILDING SALES MAP

Sale No.	Property Description	Date of Sale	Land Area - SF	GBA - SF	C. E. Sale Price		Comparison to Subject
					Total Dollars	\$ PSF	
C28	3922 Fruitvale	06/08/05	66,211	2,687	\$1,514,000	\$563.45	Better than Subject
C39	Midvale/S. Hill	06/17/08	45,400	4,500	\$2,100,000	\$466.67	Better than Subject
C30	1023 S. 3rd Ave	08/01/06	15,165	1,444	\$1,050,000	\$727.15	Better than Subject
C31	3707 W. Nob Hill	08/01/06	28,838	2,784	\$1,625,000	\$583.69	Better than Subject
C40	702 W. Yakima	10/01/10	12,632	3,170	\$1,160,000	\$365.93	Better than Subject
Subject	1221 Bailey	10/04/10	395,525	6,464	---	---	Fee Simple

SALES COMPARISON APPROACH TO VALUE:

C-Store Sales Analysis , "As-Is"

	Effective Date of Value Current as of ---					10/4/2010
	Sale C28	Sale C39	Sale C30	Sale C31	Sale C40	SUBJECT
Characteristics of the Improved Building Sale as Compared to the Subject Property	3922 Fruitvale Yakima, WA	Midvale/S. Hill Sunnyside, WA	1023 S. 3rd Ave Yakima, WA	3707 W. Nob Hill Yakima, WA	702 W. Yakima Yakima, WA	1221 Bailey Granger, WA
1 Cash equivalent effective sale price (CEESP) in total USA dollars	\$1,514,000	\$2,100,000	\$1,050,000	\$1,625,000	\$1,160,000	---
2 Cash equivalent effective sale price (CEESP) in \$PSFGBA	\$563.45	\$466.67	\$727.15	\$583.69	\$365.93	---
3 Comparable sale date for closing the transaction	06/08/05	06/17/08	08/01/06	08/01/06	10/01/10	10/04/10
4 Time interval between date of sale to date of value in years	5.326	2.299	4.178	4.178	0.008	---
5 Annual compounded % per year time adjustment rate	-5.00%	-5.00%	-5.00%	-5.00%	-5.00%	---
6 Time adjustment factor to date of value	0.761	0.889	0.807	0.807	1.000	---
7 Time adjusted CEESP as of effective date of value	\$1,152,154	\$1,866,900	\$847,350	\$1,311,375	\$1,160,000	---
8 Time adjusted CEESP at value date in \$PSFGBA	\$428.79	\$414.87	\$586.81	\$471.04	\$365.93	---
9 Property rights conveyed in the sale	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
10 Location rating	Average	Average	Average	Average	Average	Average
11 Total land area (TLA) in square feet (SF)	66,211	45,400	15,165	28,838	12,632	395,525
12 Land value in \$PSFGBA as of the date of value, ann. adj. @ 0.0%	\$67.31	\$57.78	\$57.76	\$67.31	\$27.89	\$61.88
13 Ratio of Line #12 land value + Line #8 CEESP that average 12%	16%	14%	10%	14%	8%	NA
14 Gross building area (GBA) in SF excl. secondary building area	2,687	4,500	1,444	2,784	3,170	6,464
15 Building rentable area (RA) in SF	2,687	4,500	1,444	2,784	3,170	6,464
16 % Efficiency Ratio (RA/GBA) • Land/Bldg. Ratio (TLA/GBA): avg. 11.9	100% . 24.64	100% . 10.09	100% . 10.50	100% . 10.36	100% . 3.98	100% . 61.19
17 Fuel positions • Number of Car Wash bays	12.0 . 0.0	10.0 . 0.0	10.0 . 0.0	8.0 . 0.0	8.0 . 0.0	12.0 . 0.0
18 Typical-finished floor area as a % of GBA	100%	100%	100%	100%	100%	100%
19 Fuel service % good • Car wash % good	80% . 0%	80% . 0%	80% . 0%	80% . 0%	80% . 0%	90% . 0%
20 Heated floor area: % of GBA • Sprinkled floor area: % of GBA	100% . 0%	100% . 0%	100% . 0%	100% . 0%	100% . 0%	100% . 0%
21 Merchandise floor area % GBA • Food service floor area % GBA	100% . 0%	100% . 0%	100% . 0%	100% . 0%	100% . 0%	100% . 0%
22 Occupancy: % of GBA • Occupancy stabilized (Yes or No)	100% . Yes	100% . Yes	100% . Yes	100% . Yes	100% . Yes	100% . Yes
23 Building quality rating • Building Construction class	Average Class C	Average Class C	Average Class C	Average Class C	Average Class C	Average Class C
24 Building condition rating • Obsolete improvement: as a % of GBA	Average 0%	Average 0%	Average 0%	Average 0%	Average 0%	Average 0%
25 Deferred maintenance + Code items + Environmental: as \$PSFGBA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
26 Actual improvement age • Effective improvement age: at sale in yrs	14 . 6	8 . 3	17 . 7	10 . 4	15 . 6	2 . 5
27 Fuel service Non-GBA: \$PSFGBA • Car wash Non-GBA: \$PSFGBA	\$89.36 . \$0.00	\$33.38 . \$0.00	\$145.71 . \$0.00	\$107.87 . \$0.00	\$57.92 . \$0.00	\$61.88 . \$0.00
28 Quality rating of non-building exterior site improvements	Average	Average	Average	Average	Average	Average
29 Personal property value &/or Business value: \$PSFGBA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Sales Comparison Adjustment Analysis Comparing The Above Characteristics of the Sales To The Subject Property:

30 Property rights conveyed in the sale	0%	0%	0%	0%	0%	
31 Location influence on improvement value: (Ln. 10) excluding Ln. 13	-20%	-20%	-20%	-20%	-20%	
32 Land value contribution (Line 12) @ 50% x Ln.12 difference/Ln.8	-1%	0%	0%	-1%	5%	
33 GBA size (Line 14; SFGBA difference adjustment, net of land value)	-10%	-10%	-10%	-10%	-10%	
34 Efficiency ratio (Line 16) @ 100% x % GBA difference	0%	0%	0%	0%	0%	
35 Fuel positions (Line 17) @ 5.0% x difference in F.P.	0%	10%	10%	20%	20%	
36 Typical-finished space (Line 18) @ 20% x % GBA difference	0%	0%	0%	0%	0%	
37 Fuel service % good (L 19) @ 0% x % GBA difference	0%	0%	0%	0%	0%	
38 Car wash % good (L 19) @ 0% x % GBA difference	0%	0%	0%	0%	0%	
39 Heated floor area (L 20) @ 3.0% x % GBA difference	0%	0%	0%	0%	0%	
40 Sprinkled floor area (L 20) @ 1.0% x % GBA difference	0%	0%	0%	0%	0%	
41 Unfinished storage floor area (L 21) @ -30% x % GBA difference	0%	0%	0%	0%	0%	
42 Food service floor area (L 21) @ -15% x % GBA difference	0%	0%	0%	0%	0%	
43 Occupancy characteristics (Ln. 22) @ 15% x % occ. difference	0%	0%	0%	0%	0%	
44 Obsolete interior construction (L 24) @ 20% x % obsl. difference	0%	0%	0%	0%	0%	
45 Building quality & class (Ln. 23 excl. Lns. 34-42 & 50)	0%	0%	0%	0%	0%	
46 Deferred maintenance+Code+Environmental: L 25 difference / L 8	0%	0%	0%	0%	0%	Est. Useful Life: 40 Years
47 Condition/Eff. age difference (Ln. 24& 26) @ 2.19% /yr.: excl. Lns.44&46)	2%	-4%	4%	-2%	2%	
48 Fuel service (Non-GBA area): \$ difference of L 27 / L 8	-6%	7%	-14%	-10%	1%	
49 Car wash: \$ difference of L 27 / L 8	0%	0%	0%	0%	0%	
50 Quality rating of non-building exterior site improvements (L 28)	0%	0%	0%	0%	0%	
51 Personal property & business value: \$ difference of L 29 / L 8	0%	0%	0%	0%	0%	
52 Total adjustment applied to Line #8 as a ±% adjustment	-35%	-17%	-30%	-23%	-2%	

Subject Property Value Indicated By This Sales Comparison Approach to Value For Each Sale:

53 Indicated Subject \$ PSFGBA Value = line 8 x (line 52+100%)	\$278.71	\$344.34	\$410.77	\$362.70	\$358.61	
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**CONCLUSION: SALES COMPARISON APPROACH FOR IMPROVED PROPERTY
C-Store Sales Analysis**

• The indicated subject \$PSFGBA values from this analysis range from ----- **\$278.71 to \$410.77**

This Sales Comparison Approach to Value for the subject improved property involves a reconciliation process, where the previously analyzed indications of subject property market value that are weighted as follows:

RECONCILIATION OF THE SALES COMPARISON APPROACH TO VALUE: SUBJECT PROPERTY VALUATION ANALYSIS BY DIRECT MARKET COMPARISON	INDICATED SUBJECT \$ PSF VALUE x	MARKET WEIGHT	RECONCILED = SUBJECT \$ PSF VALUE
• Average of the comparable sales after time adjustment only -----	\$453.49	x 0%	
• Average of the comparable sales after all adjustments -----	\$351.03	x 60%	
• Average of the adjusted comparable sales, excluding high & low sale -----	\$355.22	x 20%	
• Avg. of the most similar adjusted comparable sales -- C40	\$358.61	x 20%	
• Weighted Average of the Above Indications of Subject Market Value ---			100% = \$353.38 PSF

The indicated market value for the subject property resulting from the analyses of the Sales Comparison Approach to Value, as of the effective date of value @ 10/04/10 is rounded to:

\$2,284,000 @ \$353.34 PSFGBA

The following comments relate to the previous Sales Comparison Approach to Value adjustment grid line items #1 - #53. Items and adjustments not commented upon are regarded to be either obvious comments or professional judgment supported by pertinent valuation experience.

Lines #1 & #2: The cash equivalent effective sale price of the most similar of the researched comparable building sales are reported and in this analysis will be adjusted to the subject property using a \$ per square foot (PSF) of gross building area (GBA) unit of comparison on an assessments paid basis. Gross building area as it will be considered in this assignment conforms to the following definition recognized as an appraisal industry standard published in 2001 by the Appraisal Institute in their Data Standards and Glossary of Terms publication:

Gross Building Area (GBA) definition: *"The total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building areas for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded."*

In this adjustment analysis, GBA will exclude the square foot area of supported parking ramps, detached parking garages and any other detached, lower cost, secondary building area which otherwise will be considered in this valuation analysis as line items #27 and #48.

Lines #3 through #8: The time interval in years between the comparable building date for closing and recording of the sale or equivalent date for other types of transactions and the effective date of value has been calculated in order to apply an appropriate time adjustment factor to the comparable sale so that it is representative of a price level for the comparable sale as of the effective date of value prior to otherwise adjusting the sale to the subject property. Market indicated price levels for comparable properties appear to have increased during the time period considered in this analysis at about 5% per year. For example, the re-sale prices of C1 suggests a price increase of about +/-25%/year compounded over six years on a \$PSFGBA unit of comparison. This seems high and we will use a more conservative increase. Line #8 represents the time adjusted sales price of the comparable sale on a \$PSFGBA unit of comparison after applying the market indicated compounded annual percentage time adjustment rate.

Lines #9 through #29: These descriptive items comparing the building sales to the subject property indicate that the comparable building sales are reasonably similar to the subject property and can be used for comparison purposes in this Sales Comparison Approach to Value.

Line #30 vs. #9: This line #30 adjustment considers that comparable sales typically involve either 100% undivided ownership interests in fee simple estate or leased fee estate property rights compared to the subject with no adjustments for this factor. The comparable sales involving leased fee estates were considered to determine whether or not existing leases as of the date of sale were below or above the prevailing market or economic rental levels for those sales, and for how long any such disparities might continue based on terms of the leases. The adjustments, if any, for this line item #30 could be significant in either a plus or minus direction especially when comparing leased fee estate comparable sales to a fee simple estate property. In most instances, marketable leasehold estates do not result due to such disparities; but this is a consideration with leased sale transactions. Ownership interests such as fractional interests, physical segments or partial holdings are not considered as a part of this particular valuation assignment.

Line #31 vs. #10: This line #31 location adjustment considers the perceived rating for the comparable sale location as reported on line item #10 compared to the subject property as a valuation opinion based on market experience. Ratings used for comparison purposes are selected from a range of poor, fair, average, good and excellent. This specific adjustment pertains to the improvement portion of the sale and excludes the influence of the land value position as a part of the total real estate sale price. The land value portion of the sale which includes the influence of location is considered as an independent adjustment on line item #32 and otherwise reported as a percentage of the sale price on line item #13. The average percentage ratio of approximate land value contribution compared to the time adjusted cash equivalent sale price for the comparable building sales will be used in various adjustments in this valuation analysis as well as the inverse improvement value ratio. This is not to be considered an appraisal of the comparable building sale land value.

Lines #32 vs. #12 & #8: This line #32 adjustment considers the disparity in value related to the perceived land value contribution of the comparable sale on a \$PSFGBA basis of comparison as of the effective date of value compared to the subject property land value position. This is a not to be regarded as an appraisal of the comparable sale land value position. The subject opinion of land value is \$4.30 PSFGBA as of the effective date of value and about 50% of the difference between the sale and subject property is regarded as a value differential that is divided by the time adjusted \$PSFGBA sale price on line #8 to obtain a percentage adjustment for this item of comparison. The difference in this land value position may not be readily marketable or discernable by investors or tenants. Excess marketable land would be adjusted without significantly discounting the value, if present, in the sale or subject property. The subject site is not considered to have excess marketable or developable land area.

Line #33 vs. #14: This line #33 GBA size adjustment considers the comparable sale gross building area GBA on line item #14 vs. the subject property GBA with adjustments applied for significant differences in building size. The original replacement cost for low GBA buildings is significantly higher on a \$PSFGBA unit of comparison than otherwise similar larger GBA buildings. This size in GBA vs. cost/value relationship probably is a meaningful comparison for adjusting comparable building sales along with a study of this relationship from actual market data transactions. Conversely, investment demand sometimes is greater for larger properties vs. small properties while user demand is typically greater for the smaller properties. Extremely large or small sales vs. the subject would be difficult comparisons with less significance reflected for such sales. This adjustment would be minimized by the selection of comparable building sales in the same size range as the subject property with nominal positive adjustments for larger building sales and nominal negative adjustments for smaller building sales using a \$PSFGBA unit of comparison.

The cost relationship for this item of comparison is illustrated in the Marshall Valuation Service Calculator Method that is used for estimating building replacement costs in which the base cost data is adjusted by Floor Area-Perimeter Multipliers for various property types and ranges of building areas. The following example of a floor area vs. perimeter base cost adjustment is based on comparison of four size ranges of square-shaped buildings, reflecting a 2002-2006 range of *Marshall Valuation Service* cost data for the subject property type, summarized as follows:

REPLACEMENT BASE COST BUILDING SIZE ADJUSTMENTS FROM MARSHALL VALUATION SERVICE COST DATA

Property Type	1,500 SFGBA	2,000 SFGBA	2,500 SFGBA	3,000 SFGBA
Gas Stations with Mini-Mart	1.042	0.969	0.924	0.892

This percentage adjustment excludes the influence of the land value position as a part of the total real estate sale price and assumes an average 15% to 20% ratio of land value as compared to the CEESP on line item #8 as reported on line item #13 of the previous adjustment grid. For this adjustment analysis, the building size adjustment is estimated to equal the average improvement value to total property price ratio of 80% to 85% as the inverse ratio of the previous land value ratio x the cost differential per 1,000 SF of floor area foot size multiplier estimated to be appropriate for the building type and size range at plus or minus 20% per 1,000 feet equal to about 100% x the difference in 1,000's of SFGBA of the comparable sale versus the subject property.

Lines #34 vs. #16: This line item #16 efficiency ratio comparison is especially important for buildings designed for investment purposes producing revenue primarily related to building rentable area that is usually less than the gross building area. An efficient building with a high ratio of net rentable area (NRA) to GBA typically will generate more revenue and experience a corresponding higher economic value than a building with a lower efficiency ratio. A 100% adjustment applied to the percentage difference in rentable area is appropriate for this item of comparison assuming non-rentable area has function and value for other building purposes such as required mechanical function, storage function, enclosed mall or atrium or other amenity space that probably positively impacts revenue.

Line #35 vs. #17: The number of fuel positions is defined as the total number of vehicles that can be accommodated for fueling at one time. The current average number of fuel positions in the U.S. is 8.6. The number of fuel positions is significant and important for the function and marketing of motor fuel. Generally, eight positions are considered necessary to have the visual appeal and customer convenience to maximize the profitability of the property's fuel service. The National Association of Convenience Stores (NACS) lists the current construction cost of a typical fuel service installation at \$50,659.00 per fuel position.

The number of fuel positions is a meaningful comparison for adjusting comparable property sales based on our studies of this relationship from actual market data transactions. This percentage adjustment excludes the influence of the land value position as a part of the total real estate sale price and assumes an average of ratio of land value as compared to the CEESP on line item #8 as reported on line item #13 of the previous adjustment grid. For this adjustment analysis, the number of fuel positions adjustment is estimated to equal the cost new improvement value to total property price ratio of as the inverse ratio of the previous land value ratio x the cost differential per fuel position at plus or minus 5% per fuel position equal to the difference in fuel positions of the comparable sale versus the subject property.

Line #36 vs. #18: Typical-finished area is the predominate-finished area that is typical for the subject improvement use. Typical-finished space for subject retail use consists of hard surface floors and painted drywall partitions with suspended ceilings. Typical-finished floor area for the sales as compared to the subject is reported on line item #18 as a percentage of GBA. Initial complete build out costs for typically finished space within otherwise unfinished interior space often is common marketplace tenant improvement information and also can be estimated from the Marshall Valuation Service (MVS) cost service. A \$22.00 PSF incremental cost for this type of space for a new building + land valued at \$100.00 PSFGBA equals a 22% value ratio differential. Correspondingly, an \$12.00 PSF incremental depreciated cost or value for an otherwise similar older depreciated property worth \$122.00 PSFGBA including land value equals a similar 10% value ratio differential. This relationship varies for property subtypes. For this valuation, this line item #36 adjustment will be estimated at 20% of the difference in percentage of GBA that is regarded to be non-finished space compared to the predominate or typical type of space in the subject property.

Line #37 vs. #19: The percent good of the fuel service is related to the age and utility of the fuel service. Newer, modern fuel service consists of electronic fuel dispensers with multiple product choices for the customer (regular grade, mid-grade, premium fuels) along with point-of-sale technology (POS) card readers. According to NACS, today 87% of convenience stores in the U.S. have POS installed in their dispensers. The percent good of the fuel service for the sales as compared to the subject is reported on line item #19. High percent-good ratings generate fuel revenue and decrease operating costs than otherwise low percent-good ratings. Low-percentage ratings often require a rapid amortization of the fuel service cost over the term of ownership due to short-term depreciation and a tendency towards obsolescence because of technological change. Older, mechanical dispensers receive a low percent-good rating. For this valuation, this line item #37 adjustment is used in the calculation of the fuel service contribution to \$PSFGBA on Line #27 of the adjustment grid.

Line #38 vs. #19: The percent good of the car wash is related to the age and utility of the car wash. Newer, modern car washes consist of exterior roll-over bays or tunnel washes with multiple profit centers such as waxes, under coatings and spot-free rinses. According to NACS, the required new investment for an average car wash today is \$347,846.00. The percent good of the car wash for the sales as compared to the subject is reported on line item #19. High percent-good ratings generate more revenue and decrease operating costs than otherwise low percent-good ratings. Low-percentage ratings often require a rapid amortization of the fuel service cost over the term of ownership due to short-term depreciation and a tendency towards obsolescence because of technological change. For this valuation, this line item #38 adjustment is used in the calculation of the fuel service contribution to \$PSFGBA on Line #27 of the adjustment grid.

Line #39 vs. #20: Quantification of this line #39 adjustment for any percentage difference in heated building area is estimated by considering appropriate heating system reproduction cost information obtained from the Marshall Valuation Service Cost Manual on a depreciated \$PSF unit cost divided by the line #8 CEESP \$PSFGBA unit of comparison resulting in a typical adjustment of about 3.0% multiplied by the percentage difference of GBA allocated as heated space of the sale versus the subject property.

Line #40 vs. #20: Quantification of this line #40 adjustment for any percentage difference in sprinklered building area for fire control purpose is estimated by considering appropriate sprinkler system reproduction cost information obtained from the Marshall Valuation Service Cost Manual on a depreciated \$PSF unit cost divided by the line #8 CEESP \$PSFGBA unit of comparison resulting in a typical adjustment of about 1.0% multiplied by the percentage difference of GBA allocated as sprinklered space of the sale versus the subject property.

Line #41 vs. #21: Low-cost storage space typically does not have equivalent value, economic rental or reproduction cost characteristics as merchandise/sales floor space. Any percentage difference between the comparable sale and the subject property for this property characteristic is adjusted in this valuation analysis

considering that this type of floor space has a reduction in value level of about 30% of the line item #8 time adjusted sales price for the comparable sale. This is a market derived adjustment and assumes the land value position is equally allocated over the entire GBA.

Line #42 vs. #21: Food service floor space typically has a lower cost per foot than merchandise/sales floor space. This difference is reported in the Marshall Valuation Service. Any percentage difference between the comparable sale and the subject property for this property characteristic is adjusted in this valuation analysis considering that this type of floor space has a reduction in value level of about 15% of the line item #8 time adjusted sales price for the comparable sale. This adjustment is derived from a comparison the cost per foot reported in the Marshall Valuation Service for Class C restaurants and convenience stores and assumes the land value position is equally allocated over the entire GBA.

Line #43 vs. #22: The comparable sales were at occupancy levels at 100%, or at stabilized occupancy. This is an important feature and significant differences in occupancy versus the subject property require adjustments to the comparable sales. This occupancy status adjustment relates to the existing, operational occupancy for the subject property versus any differences experienced for the comparable sales. Generally about 9% of an investment or income property economic value is related to the first year net income versus about 40% from the future end of tenth-year resale property reversion at a 12.00% discount rate as illustrated in the following hypothetical exhibit. Occupancy differentials, actual earnings and expectancy of stabilized sales are necessary points of consideration for the comparable sales and the subject property. These differences have been considered with this adjustment along with the

realization that operating expenses are equal to about 25% of the real estate gross rental income and would not be recovered for vacant space. Atypical net loss in income due to any existing vacancy and unrecoverable operating expenses probably would be considered as external economic obsolescence that is capable of being reversed subject to future positive changes in property rehabilitation if permitted by future prevailing market conditions. This adjustment includes typical, vacant-space, real estate commission and marketing costs of about \$2.00 PSFGBA along with 10% concessions in the rental rate to obtain new tenants in the subject market as of the effective date of this value. For this valuation, this line item #43 adjustment will be estimated at 15% of the difference in percentage occupancy.

HYPOTHETICAL ECONOMIC VALUATION ANALYSIS

Net Annual Real Estate Income As of the End of Each Year Of the Projection Period Increased at 3%/Year	X	12% Discount Rate Present Worth Factor for the End of Each Year	=	Discounted Present Worth or Market Value of the Net Annual Real Estate	Percentage of Total indicated Market Value
Year One	\$10,000	X	0.8929	= \$8,929	8.54%
Year Two	\$10,300	X	0.7972	= \$8,211	7.85%
Year Three	\$10,609	X	0.7112	= \$7,551	7.22%
Year Four	\$10,937	X	0.6355	= \$6,944	6.64%
Year Five	\$11,255	X	0.5674	= \$6,386	6.11%
Year Six	\$11,593	X	0.5066	= \$5,873	5.62%
Year Seven	\$11,940	X	0.4523	= \$5,401	5.17%
Year Eight	\$12,299	X	0.4039	= \$4,967	4.75%
Year Nine	\$12,688	X	0.3606	= \$4,568	4.37%
Year Ten	\$13,048	X	0.3220	= \$4,201	4.02%
Year Eleven	\$13,439	X			
Tenth Year Net Sales Proceeds	\$129,014(1)	X	0.3220	= \$41,539	39.71%
Total real estate market value indicated by this income approach to value equal to the sum of the above discounted values				= \$104,570	100.00%

(1) Tenth year net sale proceeds, real estate investment reversion is estimated by capitalizing the eleventh year net income at 10.00% less a 4.0% sales commission/transaction cost allowance.

Line #44 vs. #24: Functionally obsolete interior construction is an important value consideration. The cost to remodel or retrofit apparently adequate rentable area for new occupancy varies based on existing market conditions, building function related to building type and sub-type and designed occupancy type. This

occupancy related obsolescence typically affects interior construction, floor cover, ceiling treatment, mechanical, electrical and other tenant improvements and includes the indirect costs necessary to accomplish the construction. It applies to the perceived difference between the comparable sale and the subject property occupancy rates considering existing lease terms, pending changes in occupancy and levels of accrued depreciation affecting occupied tenant improvements. This functional obsolescence adjustment is additional to the effective age adjustment considered as line item #47 in this analysis. The market derived typical remodel or retrofit cost in terms of \$PSF is divided by the average \$PSFGBA of CEESP for the comparable sales reported as line item #8 to obtain a percentage adjustment for this item of comparison. This percentage adjustment is estimated at \$35.00 PSFGBA estimated typical retrofit/remodeling cost divided by the average line item #8 \$PSFGBA CEESP at 9.5% rounded to 10% x the difference in occupancy rate of the sale less the subject property. Nominal remodeling costs typically occur for open and unfinished space similar to warehouse or storage space. For this valuation, this line item #44 adjustment will be estimated at 20% of the difference in percentage occupancy.

Line #45 vs. #23: Quality issues for the subject improvements are previously independently considered as line items #34 through #42. The improvement quality rating of the comparable sales versus the subject on line item #23 results in this adjustment reported on line item #45 which considers the balance of quality related issues primarily concerned with building construction class. Quality issues concerning exterior non-building site improvements such as parking lot, landscaping, curbing, drainage and lighting are considered on line items #28 and #50. The perceived class of construction for the comparable building sales is reported in the sales data as a quality related issue since it is important to have a similar class of construction for the sales and the subject property. The definitions of these five classes are reported in the previous improvement description section of this report. The comparable sales and the subject should be of a similar class of construction. Buildings are divided into five basic cost groups, and the class of construction is the basic subdivision employed in the *Marshall valuation service* as well as being a recognized standard of the real estate industry. These five classes are defined by type of framing (supporting columns and beams), walls, floors and roof structures and fireproofing characteristics. It is estimated for the purposes of this valuation that the subject improvements are Class "(A; B; C; D; S)" construction. Generally, Class "A" is the most costly classification with "B" ranked below "A," and "C" ranked below "B," and "D" ranked below "C" with "S" the lowest cost classification.

This building quality percentage adjustment excludes the influence of the land value position as a part of the total real estate sale price and assumes an average 26% ratio of land value as compared to the CEESP on line item #8 as reported on line item #13 of the previous adjustment grid. The *Marshall Valuation Service* base cost data has been reviewed comparing equivalent quality type and building subtypes between the five building classifications as an aid in estimating percentage adjustments for any variance between the building classifications.

Line #46 vs. #25: Deferred maintenance, environmental and code compliances issues can be major value adjustments if present in the comparable sale or the subject property. This composite issue is identified in reporting the comparable sale and typically considered as a part of the Cash Equivalent Effective Sale Price for the comparable sale. If the subject property exhibits these issues and concerns at a quantifiable \$ amount, a corresponding negative adjustment is applied to the comparable sale. Management was questioned and reported that the subject property does not experience these problems. The comparable sales do not appear to have problems of this nature of significance requiring no adjustments for this item. Any \$PSFGBA difference for this item of comparison is divided by the Line #8 \$PSFGBA time adjusted sale price to obtain the percentage adjustment reported as this item of comparison. This item of comparison adjustment is additional to the effective age adjustment considered as line item #47 in this analysis. Please review the limiting conditions section of this report concerning an environmental disclaimer in this regard.

Line #47 vs. #24 & #26: The difference in effective age of the improvements at date of sale for the comparable building sales ranging from 5 to 20 years compared to the subject improvement effective age of 2 years at the effective date of value multiplied by a 1.84% per year effective age adjustment rate results in the percentage adjustment used for this effective age related item of comparison. This 1.84% per year adjustment rate does not include items of economic or functional obsolescence, which are otherwise considered in the adjustment grid. This adjustment analysis considers the average ratio of land value for the comparable sales of 15% to 20% reported on line #13 of the previous adjustment grid compared to the line item #8 cash equivalent sales price in relation to a 50-year original economic or useful overall improvement life for this property type corresponding to a 2% rate of straight-line improvement depreciation per year. This adjustment eliminates the land value component from this adjustment analysis, which is otherwise considered as line item #32. The improvement effective age adjustment rate applied to each comparable

sale is calculated equal to the 85% average improvement ratio of total cash equivalent sale price that is the inverse of the previously discussed land ratio x the previous 2% straight line improvement depreciation rate per year equal to 1.84% per year rounded to 1.84 per year. This effective age adjustment considers atypical differences in improvement condition compared to normal age/life depreciation including consideration of non-building, exterior site improvements including parking lot and driveway surfaces, curbing, exterior lighting, concrete surfaced area, on-site storm sewer and landscaping.

Line #48 vs. #27: This adjustment considers any supported parking ramp, detached parking garage, interior low-cost, unfinished mezzanine area; or any other detached, lower-cost, secondary building area in the subject property that was excluded from the gross building area (GBA) determination on line item #14. This adjustment is calculated by estimating the depreciated cost/value for these assets using the *Marshall Valuation Service* base cost data reported on a \$PSFGBA unit of comparison, excluding an allocation for land value which has been otherwise considered, and comparing it to the corresponding comparable sale \$PSFGBA value position, if any with the difference divided by the line item #8 time adjusted comparable sale price \$PSFGBA to obtain the percentage adjustment used in this adjustment.

Line #49 vs. #27: The comparable sales were reviewed to quantify on a \$PSFGBA unit of comparison the existence of any significant attached fixtures that were affixed and classified as real estate and included in the sale. If present in the sale, this asset is compared to the corresponding subject property attached fixture value also reported on a \$PSFGBA unit of comparison as line item #27. Any difference is divided by the line item #8 time adjusted comparable sale price \$PSFGBA to obtain any plus or minus adjustment used in this adjustment analysis.

Line #50 vs. #28: This adjustment considers the quality rating and extent of non-building, exterior site improvements including parking lot surface, curbing, exterior lighting, concrete surfaced areas, landscaping and on-site storm sewer systems in the subject property that was excluded from the previous building quality adjustment on line item #45. This adjustment is calculated by approximating the depreciated cost/value for these assets using the *Marshall Valuation Service* base cost data reported on a \$PSFGBA unit of comparison, excluding an allocation for land value which has been otherwise considered, and comparing it to the corresponding comparable sale \$PSFGBA value position, if any, with the difference divided by the line item #8 time adjusted comparable sale price \$PSFGBA to obtain the percentage adjustment used in this adjustment.

Line #51 vs. #29: The comparable sales were reviewed to quantify on a \$PSFGBA unit of comparison the existence of personal property or business value of significance included in the sale. The comparable sales were reported on a cash equivalent effective sale price basis of comparison excluding personal property value as well as business value. If present in the sale and not otherwise excluded in the reporting of the sale, these non real estate assets are compared to the corresponding subject personal property or business value asset account, if any, also reported on a \$PSFGBA unit of comparison on line item #29. Any difference is divided by the line item #8 time adjusted comparable sale price \$PSFGBA to obtain any plus or minus adjustment used for these items of comparison. This valuation analysis does not include personal property value for the subject property. This valuation analysis does not include business value consideration for the subject property.

Line #52: This line item is the total percentage adjustment calculated by adding lines #30 through #51 to be subsequently multiplied against the line item #8 comparable sale cash equivalent effective sale price on a \$PSFGBA basis of comparison resulting in an indication of the value of the subject property by direct market comparison for each of the comparable building sales.

Line #53: The time adjusted comparable sale price \$PSFGBA on line #8 is multiplied by the line #52 total adjustment to indicate the value of the subject property on a \$PSFGBA unit of comparison for each of the comparable sales. The correlated comparable sale indication of value for the subject property on a \$PSFGBA unit of comparison is multiplied by the subject GBA resulting in the indication of market value by this Sales Comparison Approach to Value.

RECONCILIATION

The following table shows the indicated values for the subject from the various analyses and the assigned weights based upon the quality of the data available and the applicability of the method to the subject property.

TANGIBLE ASSETS, REALTY RECONCILIATION

Weighted Indications

Cost Approach	\$2,370,000	0%	\$0
Capitalized Earnings Approach	\$2,289,899	80%	\$1,831,920
Sales Comparison Approach	\$2,284,000	20%	\$456,800

Reconciled Value		100%	\$2,288,720
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Rounded			\$2,290,000
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The reconciled value of the tangible assets, realty is \$2,290,000.00.

**Tangible Assets,
Non-realty:**

\$184,000.00

**TANGIBLE ASSETS, NON-REALTY:
EQUIPMENT VALUE**

Trade equipment not considered part of the real estate is itemized in Worksheet 15, on the following page. No itemization was supplied by the owner-operator. This equipment schedule is typical of the industry and does not represent an actual inventory of the subject.

Generally, existing stores have used equipment values that approximate \$10.00 to \$20.00 per square foot of store area.

Equipment value approximates cost when it is new.

Equipment values decline sharply after a few years because of their short economic life. Equipment that is more than half way through its economic life will only be worth pennies on the dollar. Larger stores will have lower equipment values per square foot.

Typically, adjusted book value is an appropriate measure of the value of the equipment.

This includes all store and operating tangible assets as non-realty.

The value of the non-realty, tangible assets is estimated at \$184,197.00, as a lump sum. See accompanying line item schedule in Worksheet 15.

OPINION OF VALUE OF THE EQUIPMENT

*****\$184,000.00*****

TANGIBLE ASSETS, NON-REALTY

Equipment List

DESCRIPTION	QTY	EACH	% GOOD	TOTAL
CO2 TANK W. VALVE CONNECTED W/ SODA M	1	\$500	87%	\$433
DRINK DISPENSER W/ REMOTE TANK SYSTEM	1	\$2,650	87%	\$2,297
COFFEE MAKER	1	\$1,575	87%	\$1,365
HOT CHOCOLATE	1	\$605	87%	\$524
CUP DISPENSERS	2	\$170	87%	\$295
CASH REGISTER	1	\$3,000	87%	\$2,600
TELEPHONE BOARD	1	\$1,750	87%	\$1,517
PORTABLE FIRE EXTINGUISHER	2	\$175	87%	\$303
STAINLESS STEEL SINK	2	\$2,025	87%	\$3,510
ICE MACHINE	1	\$2,700	87%	\$2,340
TIME RECORDER	1	\$7,000	87%	\$6,067
CORNER CAP	1	\$750	87%	\$650
BAG IN BOX	1	\$250	87%	\$217
MICROWAVE	1	\$375	87%	\$325
OVEN	1	\$3,500	87%	\$3,033
POPCORN MACHINE	1	\$995	87%	\$862
SLUSH PUPPY	1	\$2,960	87%	\$2,565
PASTRY CASE	1	\$2,000	87%	\$1,733
HOT DOG MACHINE	0	\$670	87%	\$0
GONDOLAS W/ END CAP	3	\$250	87%	\$650
2FT WIDE SHELVING/72 IN HIGH	12	\$150	87%	\$1,560
GRILL COOKER	0	\$2,000	87%	\$0
PAY PHONE	1	\$750	87%	\$650
COMPUTER	1	\$5,000	87%	\$4,333
SHELVES	3	\$150	87%	\$390
UNDERCOUNTER SAFE	2	\$1,500	87%	\$2,600
LOTTO MACHINE	1	\$1,000	87%	\$867
RECEIPT MACHINE	1	\$500	87%	\$433
CREDIT CARD MACHINE	1	\$300	87%	\$260
CONDIMENT TRAY	1	\$1,025	87%	\$888
ATM MACHINE	1	\$4,500	87%	\$3,900
ICE CREAM COOLER	2	\$705	87%	\$1,222
2-DOOR FREEZER	1	\$3,000	87%	\$2,600
PRINTER	1	\$500	87%	\$433
DISPLAY CASE	2	\$475	87%	\$823
OVERHEAD CIGARETTE DISPENSER	1	\$1,500	87%	\$1,300
DEEP SHELF WITH MOP HOLDERS	1	\$750	87%	\$650
FOOD/REST EQUIPMENT	1	\$150,000	87%	\$130,000

TOTAL ADJUSTED BOOK VALUE: Tangible Assets, Non-Realty **\$184,197**
STORE BLDG SIZE **6,464**
EQUIPMENT VALUE/SF **\$28.50**

Intangible Assets:

\$68,000.00

**VALUE OF THE INTANGIBLE ASSETS:
BUSINESS/ENTERPRISE/FRANCHISE VALUE**

Value to the intangible assets of any business exist only when earnings are in excess of the economic return required for the tangible assets. See page129 of *Convenience Stores and Retail Fuel Properties: Essential Appraisal Issues*, by Robert E. Bainbridge MAI, SRA.

The intangible asset value originates from two sources: *accounting profit* and *economic profit*. Intangible asset value is present when earnings from the business exceed the investment requirements of the tangible assets.

Accounting Profit may consist of value associated with an assembled and trained workforce, business reputation, cash and equivalents. These items are due to accounting profit. In the convenience industry, accounting profit is reported by the trade organizations on a per-store-basis. In 2005, pre-tax profits (accounting profit) averaged \$34,000.00 per store³.

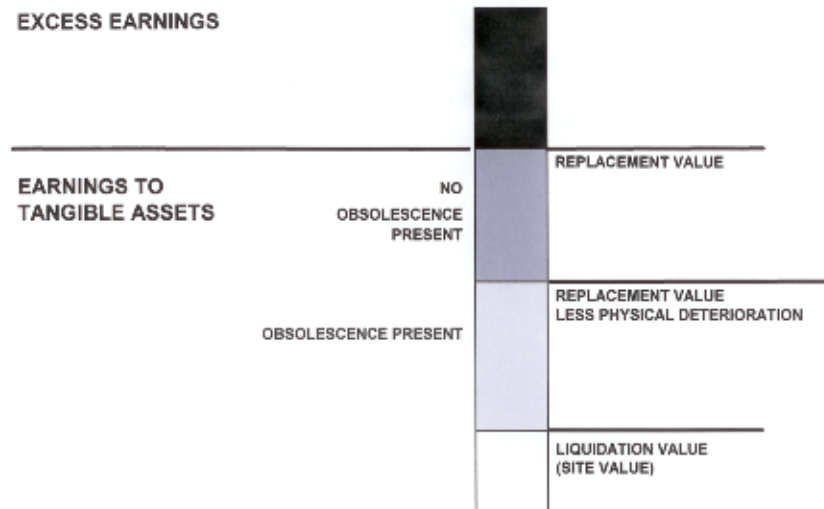
Economic Profit is a different concept. Economic profit arises when the earnings from the business are over and above the investment requirements of the tangible assets. Economic profit arises when trade areas are under-supplied or technological or product innovation exists and store earnings are above the equilibrium level. In other words, per-store-earnings for the subject are higher than the industry as a whole. In this instance, because demand exceeds supply, new stores will enter the market until earnings decline to the industry equilibrium level. Economic profit, when it exists, is also part of the intangible asset value.

Thus, the difference between capitalized excess earnings and accounting profit is economic profit.

Not every business has economic profit. Earnings accrue to economic profit only when excess earnings exist and the required economic return for all other assets has been satisfied. Likewise, simply because a business enterprise has economic profit today does not mean that it always will. If excess earnings are ever diminished, the amount of economic profit and value of the intangible assets will decline.

³ 4 Reported by NACS

Economic profit is present only when the investment requirement of the replacement value of the tangible assets has been exceeded. Replacement value is the threshold because this is the opportunity cost for one new store to enter the market.



Typical capitalization rates for intangible asset (excess) earnings in this industry are 40% to 50%. In other words, the market is willing to pay for 2 to 2 ½ years of excess earnings, but no more. These higher capitalization rates are due to the uncertain duration of excess earnings.

Capitalized Accounting Profit

Accounting profit will exist as long as the business is viable. Only when earnings drop to a level approaching liquidation value will accounting profit cease to exist. Accounting profit must exist before any economic profit can be present.

NACS publishes average per-store pre-tax profits, which is similar in concept to accounting profit. Today, this figure is \$34,000.00 .

We have allowed the average figure of \$34,000.00 for the subject's operation.

Capitalized Economic Profit

Our analysis on page 5 of worksheet 30 shows no excess earnings available to economic profit.

Returns to Intangible Assets, Fee Simple

Capitalized Accounting Profit	\$34,000.00
Capitalized Economic Profit	\$0.00

Total Intangible Asset Return:	\$34,000.00
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Capitalizing \$34,000.00 by 50% indicates a value of \$68,000.00 for the intangible assets of the business. This figure is rounded to \$68,000.00.

OPINION OF VALUE OF THE INTANGIBLE ASSETS

*****\$68,000.00***
INTANGIBLE ASSETS**

SUMMATION OF THE FEE SIMPLE VALUE

Our analysis of the subject property from the standpoint of its ability to produce a return on investment has resulted in the following value estimates:

Tangible Assets, Realty:	\$2,290,000.00
Tangible Assets, Non-realty:	\$184,000.00
Intangible Assets:	<u>\$68,000.00</u>
Total Assets of the Business:	\$2,542,000.00

The fee simple value of the total assets of the business as of October 4, 2010 is \$2,542,000.00.

Total Assets of the Business:
***** \$2,542,000.00 *****
FEE SIMPLE VALUE

Part 2: Value Under Current Operations

VALUE UNDER CURRENT OPERATIONS

The value under current operations is a reflection of how well the current business operation performs in relation to market earnings that we have already forecasted.

Current actual and past earnings may have little or no relationship to the market value of the fee simple interest. For example, sometimes owners receive gasoline price supports from the oil companies or rebates from the tobacco companies. These arrangements may be critical to the financial success of the business operation. But, these agreements typically do not transfer with the property. Usually they can be terminated with little or no prior notice.

Additionally, if a branding agreement is signed between an operator and an oil company, the brand of motor fuel that can be sold is restricted for a given period of time, usually ten years. The operator is precluded from selling any other brand of fuel. Essentially this represents a legal claim or restriction on the property's fuel service, which is part of the real property. However, the claim does not run with the title to the property. This claim may be advantageous or disadvantageous to the real property interest.

The only way to know is to compare the actual earnings of the operation to the market level of earnings. Branding agreements with major oil companies are not automatically transferred to new owners and often the oil company brand changes with the sale of the property. So, the value under current operations is not transferable market value.

To make this comparison between the fee simple value and the value under current operations, we have used a Gross Profit Index. This is simply the current operations gross profit divided by the fee simple gross profit. It is a rough measure of how well the current operation of the business enterprise can support debt service issued at the fee simple value. It is an important concept because in all likelihood, the current business operation will be paying the mortgage. A Gross Profit Index greater than "1" indicates that the current operations are generating enough earnings to meet or exceed the debt service requirements at the property's fee simple market value. A Gross Profit Index below "1" means the current business operation may not sustain debt service at current fee simple market value levels. In other words, the contractual obligations or management quality, or some other factor of the current operations are disadvantageous to the asset value of the business.

OPERATIONAL TRENDS

The convenience industry is consolidating to larger operators with multiple stores. The oil industry calls these multi-site operators (MSOs), and many major oil companies today prefer to deal with MSOs, rather than owners of single retail sites.

MSOs often gain better price supports and rebates from wholesalers. Additionally, jobber stores generally have lower transportation costs than single-site, independent operators. Because of this, MSOs have a distinct economic advantage over the purchasing power and pricing structure of a single-site operator.

This has a distinct beneficial impact on the bottom line.

Subject's Gross Profit Index

The gross profit for actual current operations was provided by management. This figure is \$954,000.00 . The projected gross profit under fee simple ownership is projected at \$864,922.75. The calculated Gross Profit Index is 1.10.

The value under current operations is a measure of the current business operation to satisfy the economic and investment requirements of the business assets. An index less than 1 indicates that the current business operations may have difficulty satisfying the debt and equity requirements at fee simple value. Indexes in excess of 1 indicate that the current business operations should be able to satisfy the debt and equity requirements at fee simple value.

GROSS PROFIT INDEX	1.10
---------------------------	------

Part 3: Insurable Replacement Cost

This hypothetical value assumes the business has ceased operations and the lender is in possession of the property. The following carrying and preservation costs are deducted to arrive at the hypothetical value.

Worksheet 10 shows the calculated insurable replacement cost at \$2,825,520.00. This figure deducts the estimated cost of the foundation and site improvements as a non-perishable items. However, we do include the fuel service (USTs, canopies and dispensers) in our estimate.

Insurable Replacement Cost

\$2,825,520.00

Part 4: Liquidation Value

Liquidation value assumes the business has ceased operations. This is the estimate of the net realizable value assuming foreclosure and lender-in-possession.

In this scenario, no intangible asset value exists. The equipment is assumed to have no transferable market value.

LIQUIDATION (COLLATERAL) VALUE

Fee Simple Market Value of the Tangible Assets, Realty	\$2,290,000
Less Costs of:	
1. Taking Possession (Estimated Legal and Closing Fees, etc.)	\$91,600
2. Preserving the Asset (Operating expenses during the 6-month holding period)	
Real Estate Taxes	\$6,000
Insurance	\$2,000
Maintenance/Repairs/Security	\$5,000
Utilities	\$8,500
Management	\$5,000
Misc/Contingency	\$5,000
3. Marketing the Asset	
Sales Commission	\$160,300
4. Lender Stigma (If any)	\$57,250
5. Delinquent Real Estate Taxes (If any)	\$38,500
6. Deduction for 6-Month Marketing Time (If any)	\$458,000
LIQUIDATION (COLLATERAL) VALUE:	\$1,453,000

APPRAISER CERTIFICATION

The following certification is included to comply with Standard Rule 5-3 and the reporting requirements of the Uniform Standards of Professional Appraisal Practice:

I certify to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of this report. This assignment was not based on a required minimum valuation, a specific valuation, or approval of a loan. Neither the employment or future employment of the appraiser was conditioned on the appraisal producing a specific value. Future employment prospects are not dependent upon the appraisal producing a specific value or whether the loan was approved.
5. My analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
6. I have made a personal inspection of the property that is the subject of this report.
7. No one provided significant real property appraisal assistance to the person signing this report.
8. The use of this report is subject to the requirements of the American Institute of Real Estate Appraisers relating to review by its duly authorized representatives.
9. As of the date of this report, I, Robert E. Bainbridge have completed the requirements of the continuing education program of the Appraisal Institute.
10. I certify that I am competent with respect to knowledge of the local market and education and experience to appraise this property.
11. That the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
12. That the appraiser's state certification has not been revoked, suspended, canceled, or restricted.

October 4, 2010

Robert E. Bainbridge, MAI, SRA

C-Store Valuations

Arizona • California • Idaho • Oregon • Washington



ASSUMPTIONS AND LIMITING CONDITIONS

General Conditions

1. That the date of value to which the opinions expressed in this report apply is the date set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinions herein stated.
2. That no opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
3. That no opinion as to title is rendered. Data on ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable and free of restrictions except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.
4. That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to the size and area were taken from sources considered reliable, and no encroachment of real property is assumed to exist.
5. That maps, plats, and exhibits included herein are for illustration only, and as an aid in visualizing matters discussed within the report. They should not be considered as a survey or relied upon for any other purpose.
6. That no opinion is expressed as to the value of subsurface oil, gas or mineral rights and that the property is not subject to surface entry for the exploration or removal of such materials except as expressly stated.

For Court Hearing Testimony

7. That testimony or attendance in court or at any other hearing is not required by reason to render this appraisal unless such arrangements are made a reasonable time in advance.
8. That we have no present or contemplated future interest in the property appraised; and that neither the employment to make the appraisal, nor the compensation for it, is contingent upon the appraised value of the property.

For Public Disclosure

9. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the American Institute of Real Estate Appraisers. Neither all nor any part of the contents of this report (especially the conclusions as to value, the identity of the appraiser or any reference to the American Institute of Real Estate Appraisers or the MAI or RM designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication, without the prior written consent and approval of the author.

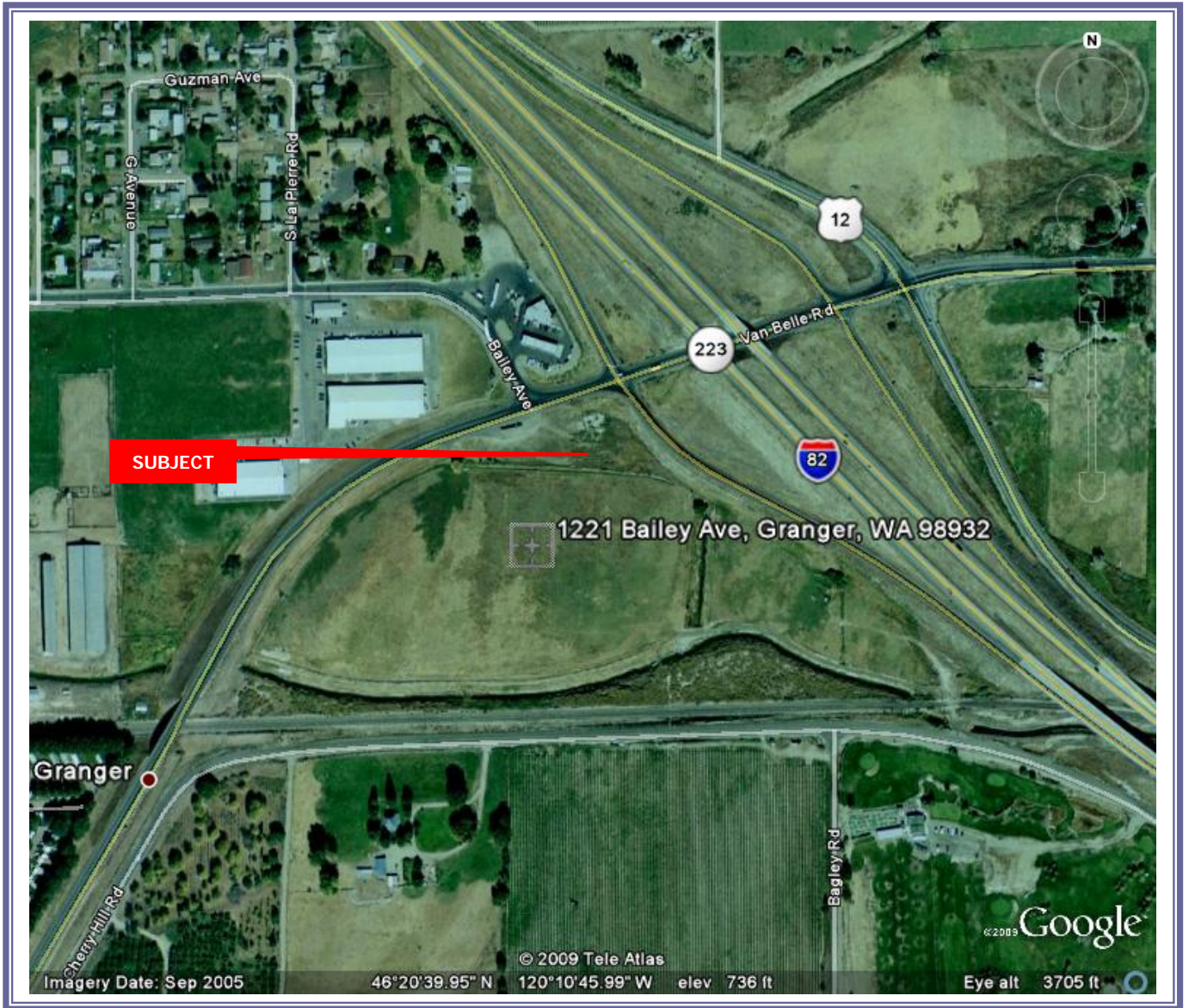
Environmental Conditions

10. The appraiser has noted in the appraisal report any adverse conditions such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc., observed during the inspection of the subject property or that he became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions, including the presence of hazardous wastes, toxic substance, etc., that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.

Addenda

**CLIENT DOCUMENTS
PHOTOGRAPHS
FLOOD MAP
SALES DATA SHEETS
PRACTICE PROFILE OF THE APPRAISER**

EXHIBIT A



SUBJECT AERIAL
SUBJECT IS NOT DEVELOPED YET IN THIS VIEW





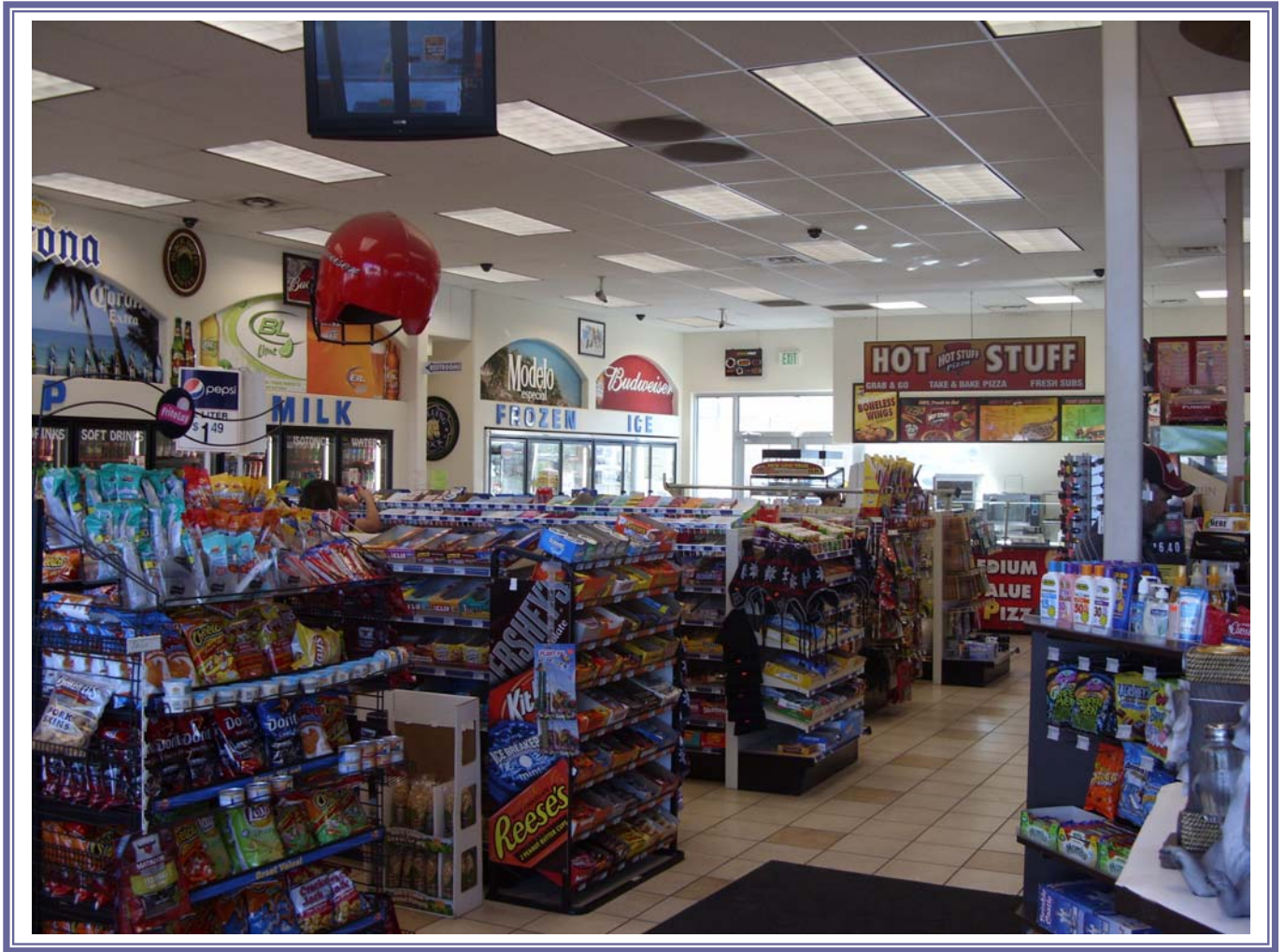
FRONT ELEVATION



FRONT ELEVATION



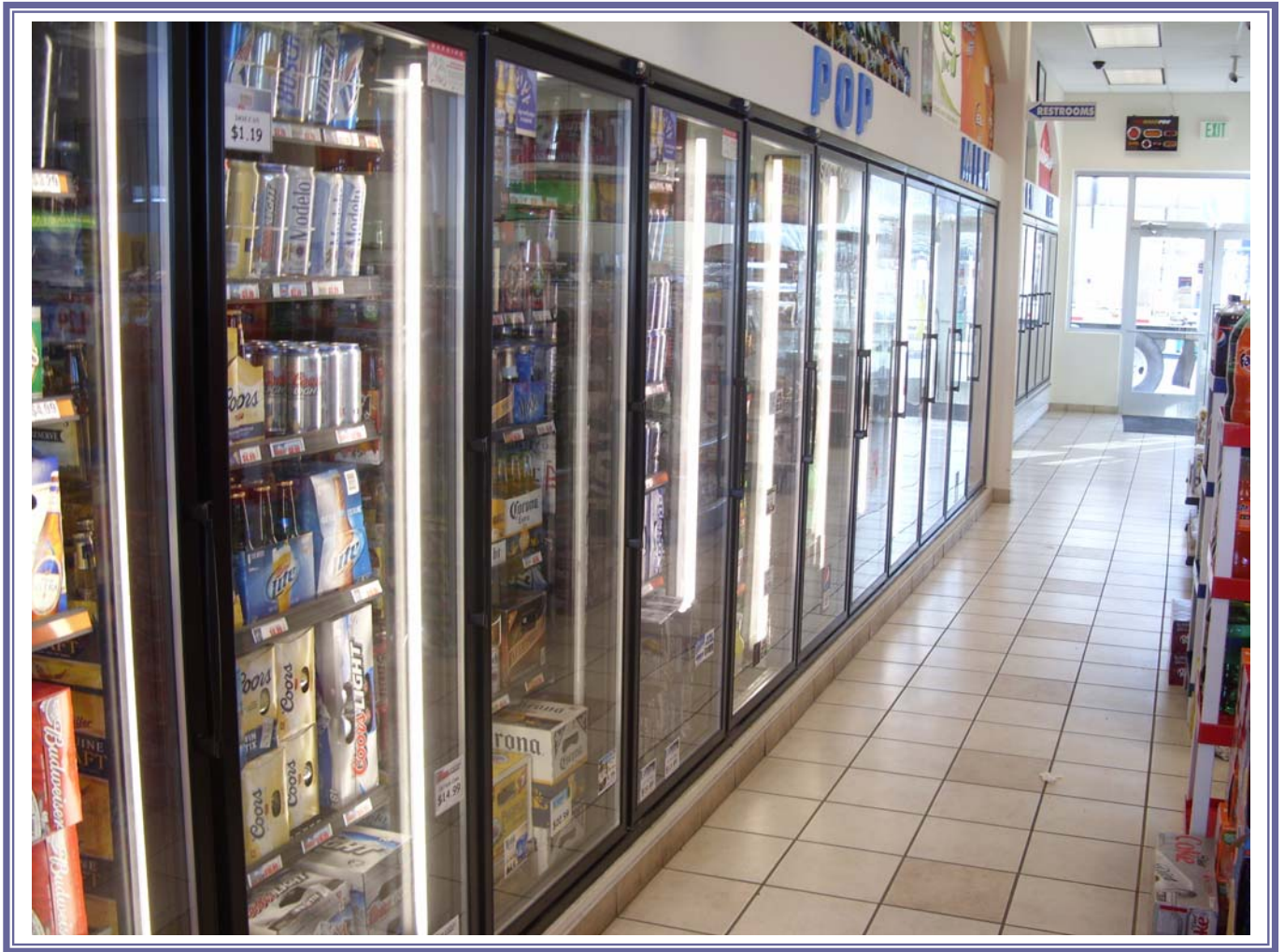
REAR ELEVATION



INTERIOR VIEW



FOOD SERVICE AREA



BEVERAGE COOLER



MONEY MART AREA IS NOW CLOSED



SHOWER ROOM



FUEL SERVICE



TRUCK FUEL SERVICE



**DETAIL OF MULTI-PRODUCT DISPENSER.
INVENTORY OF PASSENGER VEHICLE FUEL IS NOW SOLD OUT.**



**DETAIL OF DIESEL DISPENSER AT TRUCK FUEL SERVICE.
INVENTORY OF DIESEL FUEL IS NOW SOLD OUT.**



PAVED TRUCK PARKING ON SOUTH SIDE OF STORE



TRUCK SCALES



**NEW BAILEY AVENUE LOOKING SOUTH.
SUBJECT IS TO THE LEFT.**



VISIBILITY:

AS NOTED IN 2009, APPROACHING THE SUBJECT FROM THE WEST-BOUND LANES OF I-82. SUBJECT HAS VIRTUALLY NO GOOD VISIBILITY BECAUSE IT IS BELOW THE GRADE OF THE FREEWAY.



VISIBILITY:

AS NOTED IN 2009, APPROACHING THE SUBJECT FROM THE EAST-BOUND LANES OF I-82. SUBJECT HAS NO VISIBILITY.



IN-STORE GONDOLAS ARE STILL WELL STOCKED

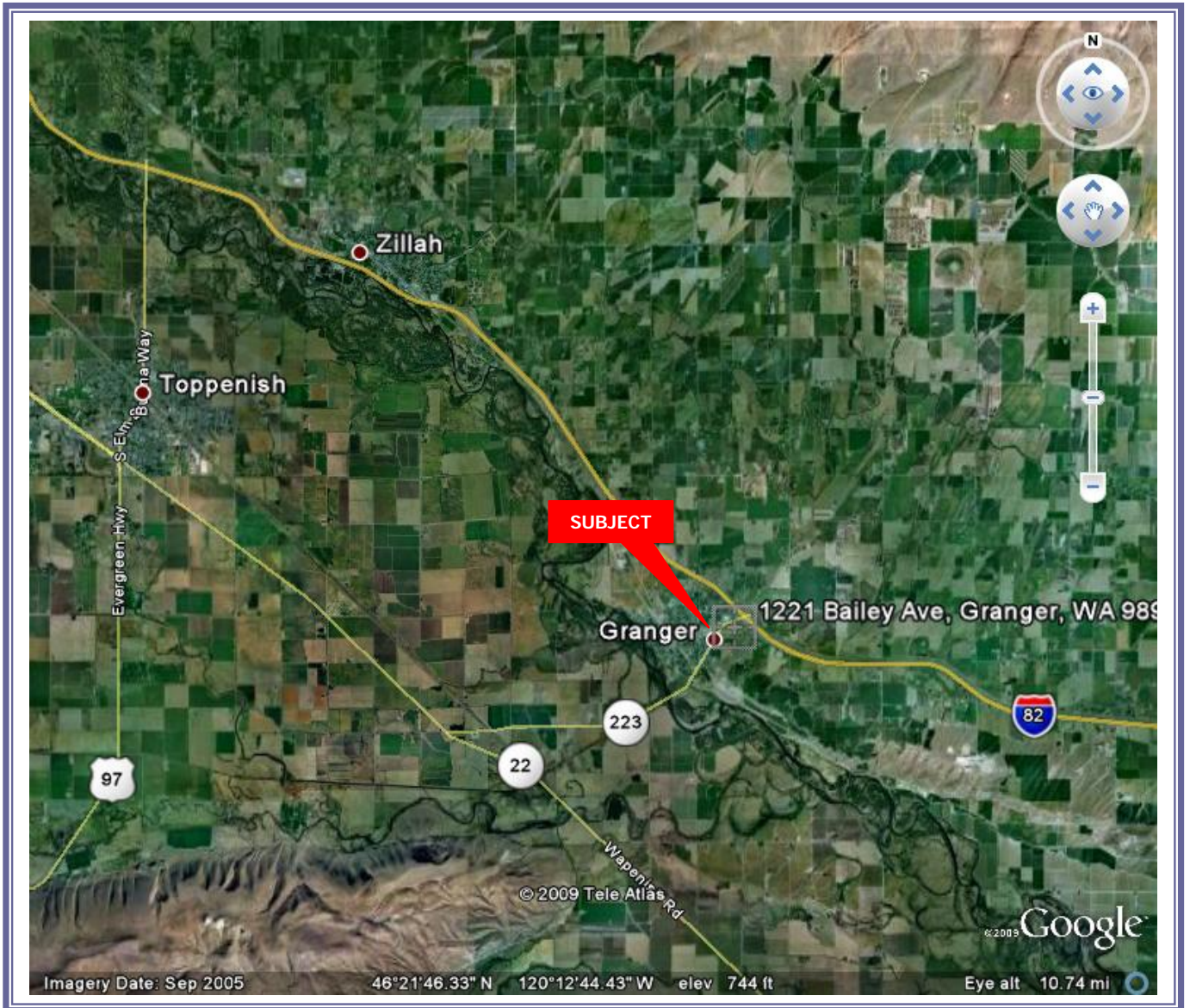


COFFEE RENTAL UNIT

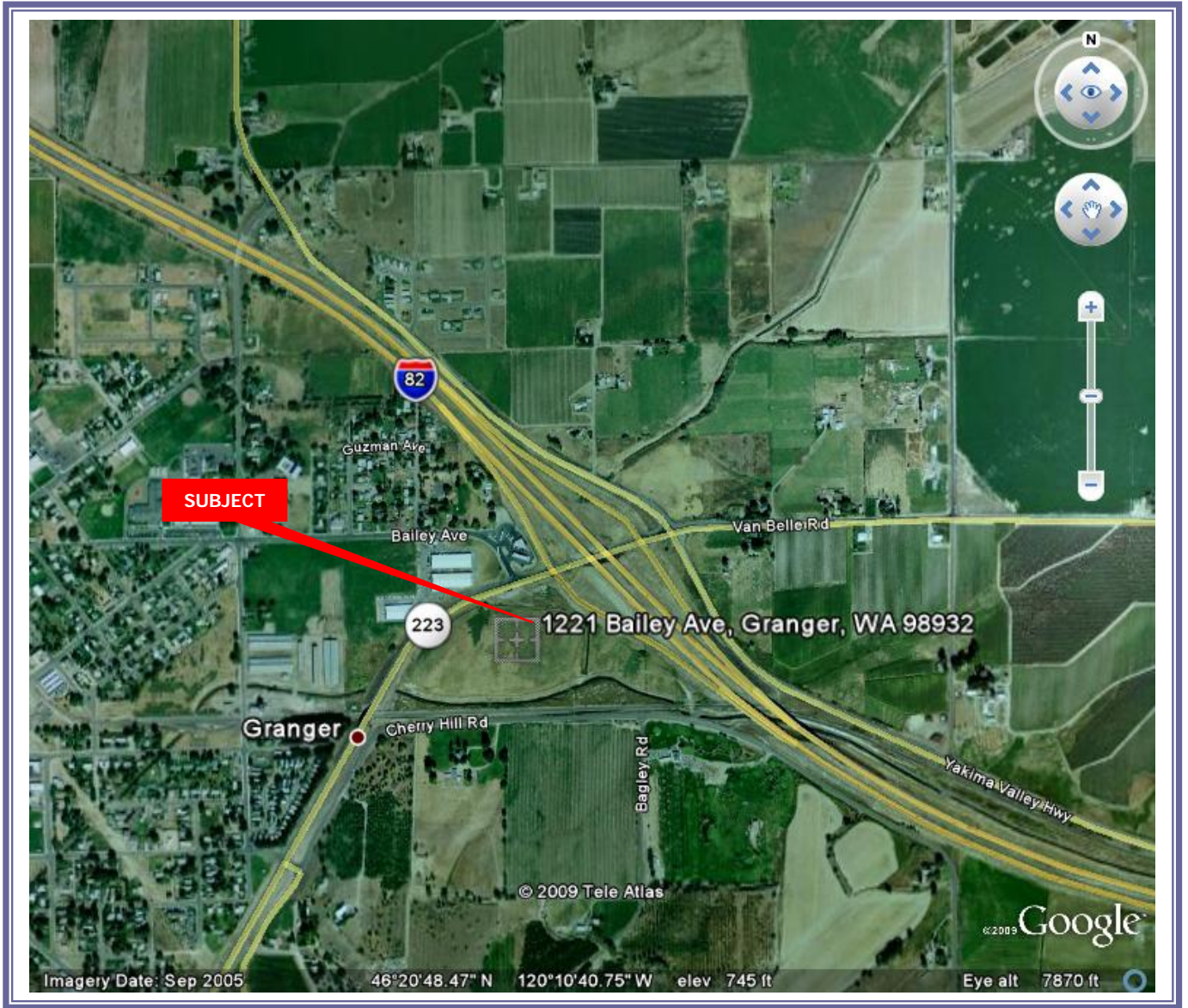


FRONT SIGN AN INDICATION OF THE PROPERTY'S ECONOMIC DISTRESS

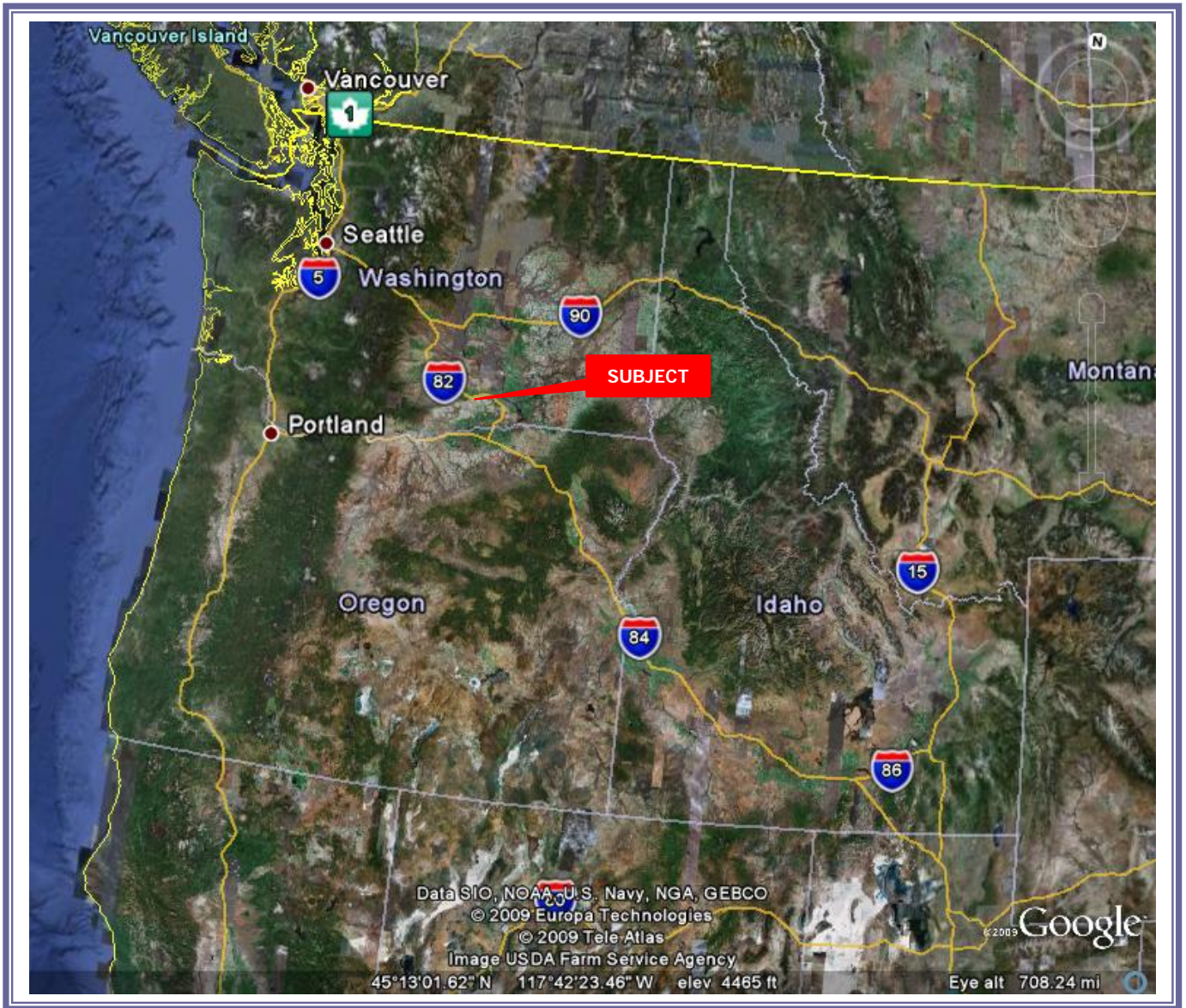
EXHIBIT B



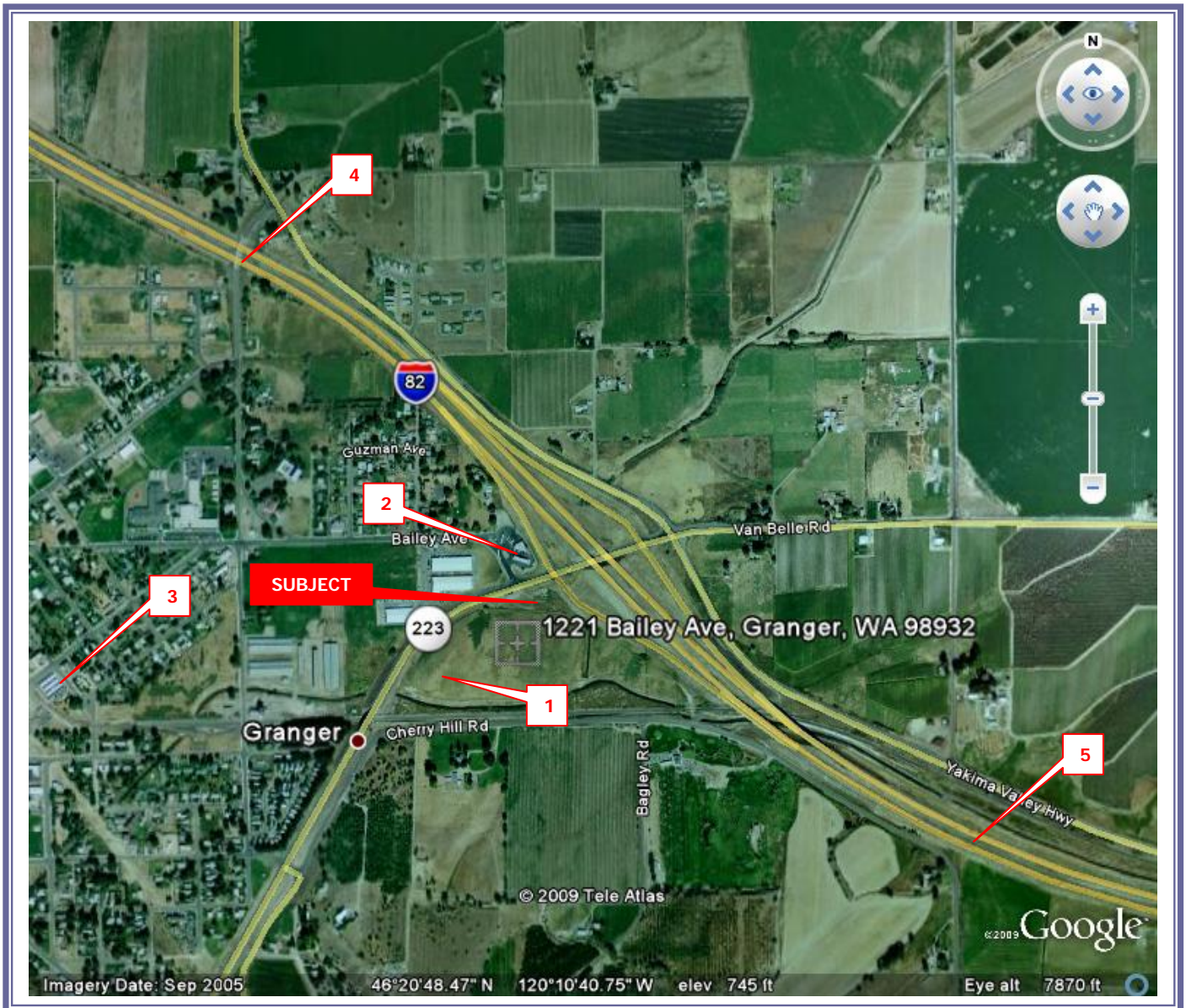
LOCATION MAP



NEIGHBORHOOD BOUNDARIES



STATE LOCATION MAP



NEIGHBORHOOD LAND USE MAP

NEIGHBORHOOD LAND USES

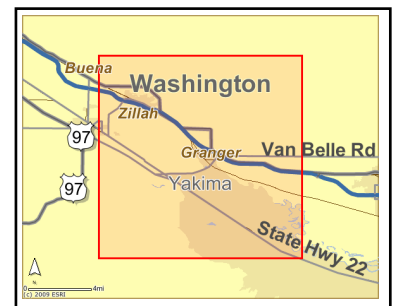
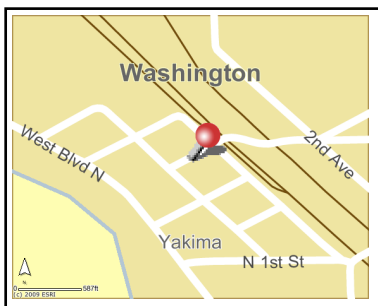
- | | |
|--------------------------------------|--------------------------------|
| 1. Adjacent land owned by same owner | 4. I-82 to Yakima and Seattle |
| 2. Adjacent new Conoco c-store | 5. I-82 to Sunnyside and Boise |
| 3. Downtown Granger | 6. Columbia River |

Site Map

GRANGER

Prepared by C-Store Valuations
August 19, 2009

Latitude 46.34518
Longitude -120.19935





Retail MarketPlace Profile

Prepared by C-Store Valuations

GRANGER

Latitude: 46.345518

Longitude: -120.199335

Radius: 3 miles

46.345518, -120.199335

Site Type: Ring

Summary Demographics

2009 Population	4,817
2009 Households	1,203
2009 Median Disposable Income	\$31,432
2009 Per Capita Income	\$11,452

Industry Summary

	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink (NAICS 44-45, 722)	\$21,474,775	\$13,036,570	\$8,438,205	24.5	12
Total Retail Trade (NAICS 44-45)	\$18,696,834	\$11,615,881	\$7,080,953	23.4	8
Total Food & Drink (NAICS 722)	\$2,777,941	\$1,420,689	\$1,357,252	32.3	4

Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers (NAICS 441)	\$4,853,319	\$7,542	\$4,845,777	99.7	0
Automobile Dealers (NAICS 4411)	\$4,103,033	\$0	\$4,103,033	100.0	0
Other Motor Vehicle Dealers (NAICS 4412)	\$389,800	\$0	\$389,800	100.0	0
Auto Parts, Accessories, and Tire Stores (NAICS 4413)	\$360,486	\$7,542	\$352,944	95.9	0
Furniture & Home Furnishings Stores (NAICS 442)	\$585,045	\$0	\$585,045	100.0	0
Furniture Stores (NAICS 4421)	\$424,796	\$0	\$424,796	100.0	0
Home Furnishings Stores (NAICS 4422)	\$160,249	\$0	\$160,249	100.0	0
Electronics & Appliance Stores (NAICS 443/NAICS 4431)	\$270,593	\$0	\$270,593	100.0	0
Bldg Materials, Garden Equip. & Supply Stores (NAICS 444)	\$832,916	\$117,734	\$715,182	75.2	1
Building Material and Supplies Dealers (NAICS 4441)	\$731,897	\$94,944	\$636,953	77.0	1
Lawn and Garden Equipment and Supplies Stores (NAICS 4442)	\$101,019	\$22,790	\$78,229	63.2	0
Food & Beverage Stores (NAICS 445)	\$4,086,599	\$1,694,893	\$2,391,706	41.4	5
Grocery Stores (NAICS 4451)	\$3,706,202	\$1,360,246	\$2,345,956	46.3	3
Specialty Food Stores (NAICS 4452)	\$222,919	\$41,392	\$181,527	68.7	1
Beer, Wine, and Liquor Stores (NAICS 4453)	\$157,478	\$293,255	\$-135,777	-30.1	1
Health & Personal Care Stores (NAICS 446/NAICS 4461)	\$388,072	\$0	\$388,072	100.0	0
Gasoline Stations (NAICS 447/4471)	\$2,763,303	\$9,732,510	\$-6,969,207	-55.8	1
Clothing and Clothing Accessories Stores (NAICS 448)	\$589,359	\$0	\$589,359	100.0	0
Clothing Stores (NAICS 4481)	\$452,081	\$0	\$452,081	100.0	0
Shoe Stores (NAICS 4482)	\$62,614	\$0	\$62,614	100.0	0
Jewelry, Luggage, and Leather Goods Stores (NAICS 4483)	\$74,664	\$0	\$74,664	100.0	0
Sporting Goods, Hobby, Book, and Music Stores (NAICS 451)	\$151,224	\$0	\$151,224	100.0	0
Sporting Goods/Hobby/Musical Instrument Stores (NAICS 4511)	\$99,508	\$0	\$99,508	100.0	0
Book, Periodical, and Music Stores (NAICS 4512)	\$51,716	\$0	\$51,716	100.0	0

Data Note: Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales. ESRI uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector.

Source: ESRI and infoUSA®



Retail MarketPlace Profile

Prepared by C-Store Valuations

GRANGER

Latitude: 46.345518

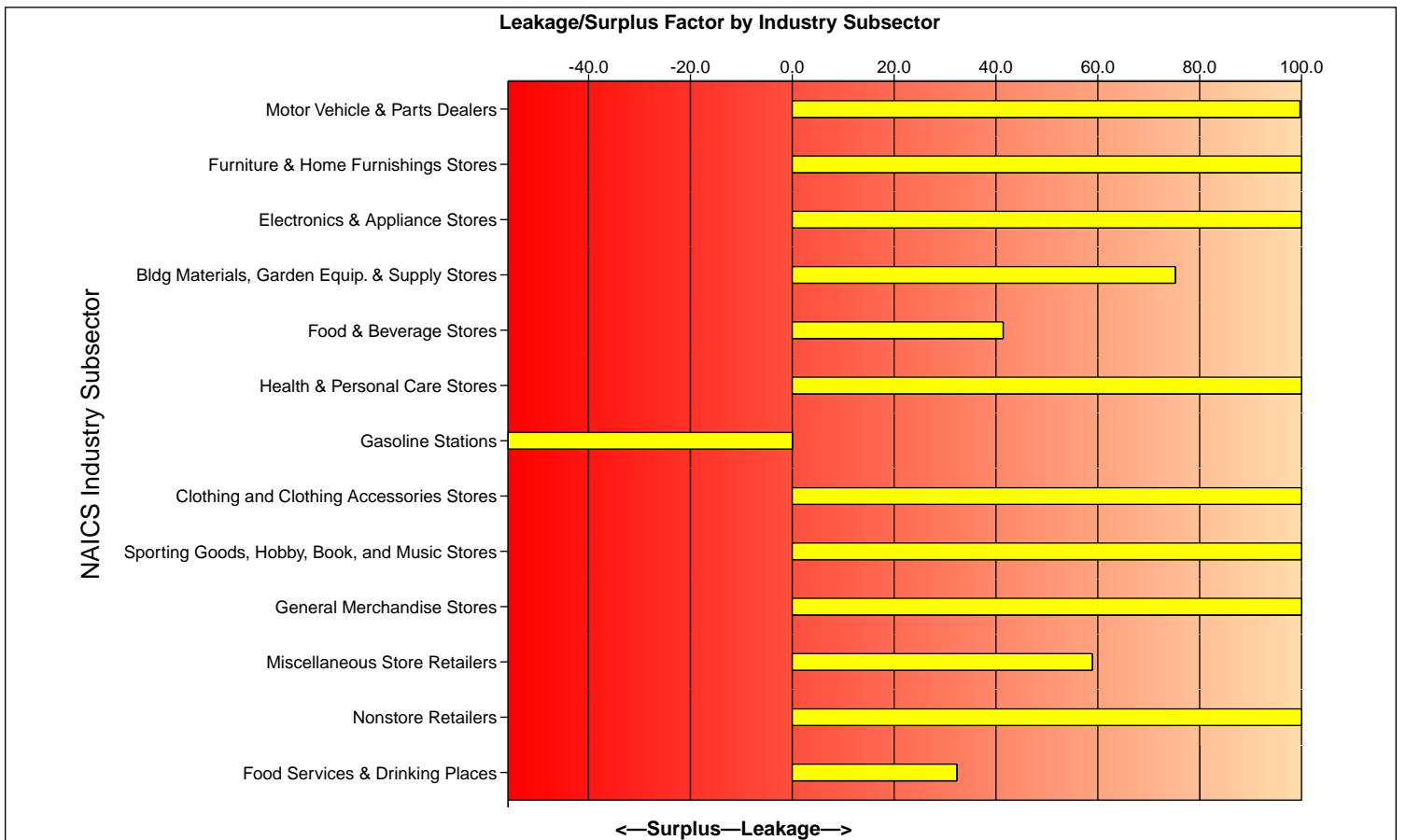
Longitude: -120.199335

46.345518, -120.199335

Site Type: Ring

Radius: 3 miles

Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
General Merchandise Stores (NAICS 452)	\$2,931,327	\$0	\$2,931,327	100.0	0
Department Stores Excluding Leased Depts.(NAICS 4521)	\$1,850,447	\$0	\$1,850,447	100.0	0
Other General Merchandise Stores (NAICS 4529)	\$1,080,880	\$0	\$1,080,880	100.0	0
Miscellaneous Store Retailers (NAICS 453)	\$243,987	\$63,202	\$180,785	58.9	1
Florists (NAICS 4531)	\$10,318	\$0	\$10,318	100.0	0
Office Supplies, Stationery, and Gift Stores (NAICS 4532)	\$59,821	\$0	\$59,821	100.0	0
Used Merchandise Stores (NAICS 4533)	\$25,665	\$0	\$25,665	100.0	0
Other Miscellaneous Store Retailers (NAICS 4539)	\$148,183	\$63,202	\$84,981	40.2	1
Nonstore Retailers (NAICS 454)	\$1,001,090	\$0	\$1,001,090	100.0	0
Electronic Shopping and Mail-Order Houses (NAICS 4541)	\$576,832	\$0	\$576,832	100.0	0
Vending Machine Operators (NAICS 4542)	\$304,693	\$0	\$304,693	100.0	0
Direct Selling Establishments (NAICS 4543)	\$119,565	\$0	\$119,565	100.0	0
Food Services & Drinking Places (NAICS 722)	\$2,777,941	\$1,420,689	\$1,357,252	32.3	4
Full-Service Restaurants (NAICS 7221)	\$674,398	\$561,033	\$113,365	9.2	2
Limited-Service Eating Places (NAICS 7222)	\$1,822,002	\$835,106	\$986,896	37.1	2
Special Food Services (NAICS 7223)	\$98,520	\$24,550	\$73,970	60.1	0
Drinking Places - Alcoholic Beverages (NAICS 7224)	\$183,021	\$0	\$183,021	100.0	0



Source: ESRI and infoUSA®



GRANGER

Latitude: 46.345518

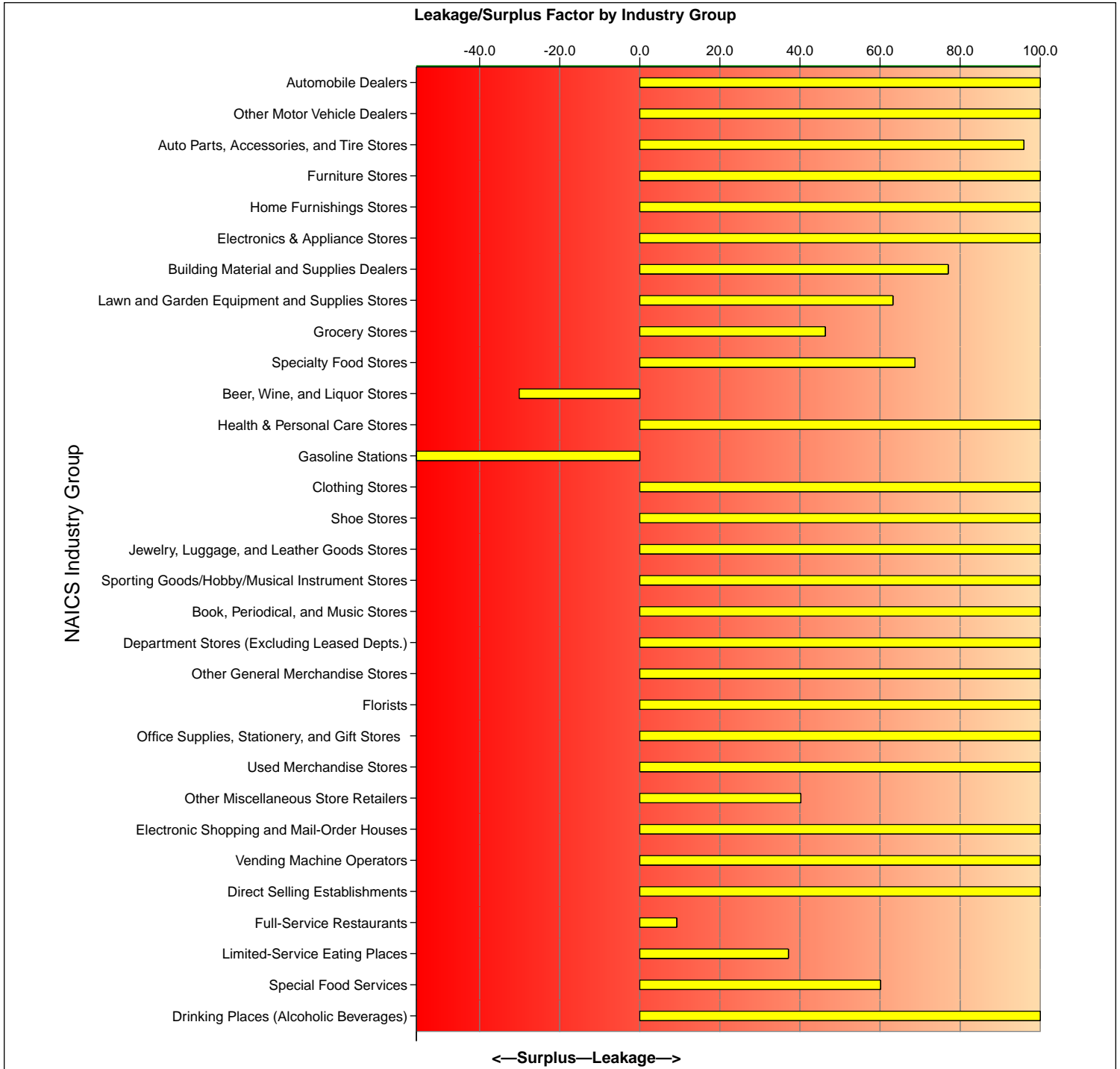
46.345518, -120.199335

Site Type: Ring

Longitude: -120.199335

Radius: 3 miles

Leakage/Surplus Factor by Industry Group



Source: ESRI and infoUSA®

EXHIBIT C

COMPARABLE C-STORE SALE

C30



Property: Conoco Store Type: Convenience Center
 Address: 1023 S. 3rd Avenue City: Yakima
 County: Yakima State: WA ZIP: 98902

Tax ID & Legal: 191330-23436 Boradway Park Addition: lots 13&14, Blck 5, Ex ST R/W

Marketing Time: 12 mos. Buyer: Ars Gas & Groceries Inc.

Closing Date: 8/1/2006 Seller: A1 Gas & Groceries Inc.

Terms: Cash Equivalent ; WD Property Rights: Fee Simple Estate

Sale Price - USA Dollars **\$1,050,000**

Plus outstanding/pending assessments assumed/paid by buyer \$0

Plus deferred maintenance, code compliance & environmental \$0

Less personal property, business/intangible value included in sale \$0

Terms/conditions of sale @ 0.0% adjustment \$0

Cash Equivalent Effective Sale Price (CEESP) in Dollars **\$1,050,000**

Cash Equivalent Effective Sale Price (CEESP) in \$ PSFGBA **\$727.15**

IMPROVED PROPERTY DESCRIPTION AND COMPARATIVE VALUATION CHARACTERISTICS

• Location: NEC Nob Hill Blvd and S. 3rd Avenue	• Location rating -----	Average
• Zoning classification: Commercial	• Existing use at sale -----	Comm.-Business
• The existing use is a legal, permitted use	• Intended use at sale -----	Existing use
• Total land area (TLA) in square feet (SF) -----		15,165
• Land value as of the date of sale at ± \$5.50 PSFTLA , allocated as of the date of sale in \$PSFGBA -----		\$57.76
• Gross building area (GBA), excluding secondary buildings • Number of buildings -----		1,444 • 1
• Building rentable area (RA) as: SF of ---- GBA • Number of tenants-----		1,444 • Sgl.
• % Efficiency Ratio (RA/GBA) • Land/Building Ratio (TLA/GBA) -----		100% • 10.50
• Fuel Positions • Number of Car Wash Bays -----		10 • 0
• Typical-finish floor area: %GBA, described as: Average quality finished space ----		100%
• Fuel service: % Good, described as: Lighted steel canopy, 5 MPDs, POS ----		90%
• Car Wash: % Good, described as: None ----		0%
• Heated floor area: % GBA • Sprinkled floor area: % GBA -----		100% • 0%
• Merchandise sales floor area: % GBA • Food service sales floor area: % GBA -----		0% • 0%
• Occupancy as a % of RA • Occupancy Stabilized (Yes or No) -----		100% • Yes
• Quality of building • Building Construction class -----		Average Class C
• Obsolete / Unremodeled interior construction as a % of GBA -----		0.0%
• Year built: Original building - 1989 Additions & Remodels: Nominal Condition rating -----		Average
• Actual age of building at sale • Effective age of building at sale in years -----		17 • 7
• Fuel service value (Non-GBA improvements), included in sale, expressed in \$PSFGBA -----		\$317.87 PSFGBA
• Car wash value (Non-GBA improvements), included in sale, expressed in \$PSFGBA -----		\$0.00 PSFGBA
• Quality rating of non-building site improvements -----		Average

INFORMATION SOURCE • ANNUAL OPERATING DATA / SALE METRICS • COMMENTS

Information Sources: Public Records/ Inspection Income Source: NA Confirmed by: C-Store Valuations

Physical Units of Comparison

CEESP	\$1,128,750
\$PSFGBA	\$781.68
\$PSF Site Area	\$74.43
\$ Per Fuel Position	\$112,875
\$PSFGBA/Fuel Position	\$78.17

Verified with the Yakima County Assessor's Office and exterior inspection. Busy intersection makes this property difficult to access.

COMPARABLE C-STORE SALE

C31



Property: Shell Store Type: Convenience Center
 Address: 3707 W. Nob Hill City: Yakima
 County: Yakima State: WA ZIP: 98902

Tax ID & Legal: Portion of the W 1.2, SE 1/4, SW 1/4, NE 1/4
 181327-13014

Marketing Time: 14 mos. Buyer: Ars Gas & Groceries Inc.
 Closing Date: 8/1/2006 Seller: Thind Investments Inc.

Terms: Cash Equivalent ; WD Property Rights: Fee Simple Estate

Sale Price - USA Dollars	\$1,625,000
Plus outstanding/pending assessments assumed/paid by buyer	\$0
Plus deferred maintenance, code compliance & environmental	\$0
Less personal property, business/intangible value included in sale	\$0
Terms/conditions of sale @ 0.0% adjustment	\$0

Cash Equivalent Effective Sale Price (CEESP) in Dollars	\$1,625,000
Cash Equivalent Effective Sale Price (CEESP) in \$ PSFGBA	\$583.69

IMPROVED PROPERTY DESCRIPTION AND COMPARATIVE VALUATION CHARACTERISTICS

<ul style="list-style-type: none"> • Location: NEC Nob Hill Blvd and S. 38th Avenue • Zoning classification: Commercial • The existing use is a legal, permitted use • Total land area (TLA) in square feet (SF) • Land value as of the date of sale at ± \$6.50 PSFTLA , allocated as of the date of sale in \$PSFGBA • Gross building area (GBA), excluding secondary buildings • Number of buildings • Building rentable area (RA) as: SF of --- GBA • Number of tenants • % Efficiency Ratio (RA/GBA) • Land/Building Ratio (TLA/GBA) • Fuel Positions • Number of Car Wash Bays • Typical-finish floor area: %GBA, described as: Average quality finished space • Fuel service: % Good, described as: Lighted steel canopy, 4 MPDs, POS • Car Wash: % Good, described as: None • Heated floor area: % GBA • Sprinkled floor area: % GBA • Merchandise sales floor area: % GBA • Food service sales floor area: % GBA • Occupancy as a % of RA • Occupancy Stabilized (Yes or No) • Quality of building • Building Construction class • Obsolete / Unremodeled interior construction as a % of GBA • Year built: Original building - 1996 Additions & Remodels: Nominal Condition rating • Actual age of building at sale • Effective age of building at sale in years • Fuel service value (Non-GBA improvements), included in sale, expressed in \$PSFGBA • Car wash value (Non-GBA improvements), included in sale, expressed in \$PSFGBA • Quality rating of non-building site improvements 	<table border="0"> <tr> <td>Location rating</td> <td>-----</td> <td>Average</td> </tr> <tr> <td>Existing use at sale</td> <td>-----</td> <td>Comm.-Business</td> </tr> <tr> <td>Intended use at sale</td> <td>-----</td> <td>Existing use</td> </tr> <tr> <td></td> <td></td> <td>28,838</td> </tr> <tr> <td></td> <td></td> <td>\$67.31</td> </tr> <tr> <td></td> <td></td> <td>2,784 • 1</td> </tr> <tr> <td></td> <td></td> <td>2,784 • Sgl.</td> </tr> <tr> <td></td> <td></td> <td>100% • 10.36</td> </tr> <tr> <td></td> <td></td> <td>8 • 0</td> </tr> <tr> <td></td> <td></td> <td>100%</td> </tr> <tr> <td></td> <td></td> <td>90%</td> </tr> <tr> <td></td> <td></td> <td>0%</td> </tr> <tr> <td></td> <td></td> <td>100% • 0%</td> </tr> <tr> <td></td> <td></td> <td>0% • 0%</td> </tr> <tr> <td></td> <td></td> <td>100% • Yes</td> </tr> <tr> <td></td> <td></td> <td>Average Class C</td> </tr> <tr> <td></td> <td></td> <td>0.0%</td> </tr> <tr> <td></td> <td></td> <td>Average</td> </tr> <tr> <td></td> <td></td> <td>10 • 4</td> </tr> <tr> <td></td> <td></td> <td>\$131.90 PSFGBA</td> </tr> <tr> <td></td> <td></td> <td>\$0.00 PSFGBA</td> </tr> <tr> <td></td> <td></td> <td>Average</td> </tr> </table>	Location rating	-----	Average	Existing use at sale	-----	Comm.-Business	Intended use at sale	-----	Existing use			28,838			\$67.31			2,784 • 1			2,784 • Sgl.			100% • 10.36			8 • 0			100%			90%			0%			100% • 0%			0% • 0%			100% • Yes			Average Class C			0.0%			Average			10 • 4			\$131.90 PSFGBA			\$0.00 PSFGBA			Average
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INFORMATION SOURCE • ANNUAL OPERATING DATA / SALE METRICS • COMMENTS

Information Sources: Public Records/ Inspection Income Source: NA Confirmed by: C-Store Valuations

Physical Units of Comparison

CEESP	\$1,746,875
\$PSFGBA	\$627.47
\$PSF Site Area	\$60.58
\$ Per Fuel Position	\$218,359
\$PSFGBA/Fuel Position	\$78.43

Verified with the Yakima County Assessor's Office and exterior inspection.

COMPARABLE C-STORE SALE

C-39



Property: Chevron Store Type: Convenience Center
 Address: Midvale/South Hill Rd City: Sunnyside
 County: Yakima State: WA ZIP: 98944

Tax ID & Legal: 0 Section 35, T10E, R22S, Quarter SE: TAYLOR'S TRACTS

Marketing Time: 4 mos. Buyer: Ajaib Hathi and Harjinder Kaur
 Closing Date: 6/17/2008 Seller: CW-1 LP

Terms: Cash Equivalent ; WD Property Rights: Fee Simple Estate

Sale Price - USA Dollars	\$2,100,000
Plus outstanding/pending assessments assumed/paid by buyer	\$0
Plus deferred maintenance, code compliance & environmental	\$0
Less personal property, business/intangible value included in sale	\$0
Terms/conditions of sale @ 0.0% adjustment	\$0

Cash Equivalent Effective Sale Price (CEESP) in Dollars	\$2,100,000
Cash Equivalent Effective Sale Price (CEESP) in \$ PSFGBA	\$381.82

IMPROVED PROPERTY DESCRIPTION AND COMPARATIVE VALUATION CHARACTERISTICS

<ul style="list-style-type: none"> • Location: SWC Midvale and South Hill Road • Zoning classification: Commercial • The existing use is a legal, permitted use • Total land area (TLA) in square feet (SF) • Land value as of the date of sale at ± \$7.00 PSFTLA, allocated as of the date of sale in \$PSFGBA • Gross building area (GBA), excluding secondary buildings • Number of buildings • Building rentable area (RA) as: SF of GBA • Number of tenants • % Efficiency Ratio (RA/GBA) • Land/Building Ratio (TLA/GBA) • Fuel Positions • Number of Car Wash Bays • Typical-finish floor area: %GBA, described as: Average quality finished space • Fuel service: % Good, described as: Lighted steel canopy, 4 MPDs, POS • Car Wash: % Good, described as: None • Heated floor area: % GBA • Sprinkled floor area: % GBA • Merchandise sales floor area: % GBA • Food service sales floor area: % GBA • Occupancy as a % of RA • Occupancy Stabilized (Yes or No) • Quality of building • Building Construction class • Obsolete / Unremodeled interior construction as a % of GBA • Year built: Original building - 2000 Additions & Remodels: Nominal Condition rating • Actual age of building at sale • Effective age of building at sale in years • Fuel service value (Non-GBA improvements), included in sale, expressed in \$PSFGBA • Car wash value (Non-GBA improvements), included in sale, expressed in \$PSFGBA • Quality rating of non-building site improvements 	<table border="0"> <tr> <td>Location rating</td> <td>-----</td> <td>Average</td> </tr> <tr> <td>Existing use at sale</td> <td>-----</td> <td>Comm.-Business</td> </tr> <tr> <td>Intended use at sale</td> <td>-----</td> <td>Existing use</td> </tr> <tr> <td></td> <td></td> <td>45,400</td> </tr> <tr> <td></td> <td></td> <td>\$57.78</td> </tr> <tr> <td></td> <td></td> <td>5,500 • 1</td> </tr> <tr> <td></td> <td></td> <td>5,500 • Sgl.</td> </tr> <tr> <td></td> <td></td> <td>100% • 8.25</td> </tr> <tr> <td></td> <td></td> <td>4 • 0</td> </tr> <tr> <td></td> <td></td> <td>100%</td> </tr> <tr> <td></td> <td></td> <td>90%</td> </tr> <tr> <td></td> <td></td> <td>0%</td> </tr> <tr> <td></td> <td></td> <td>100% • 0%</td> </tr> <tr> <td></td> <td></td> <td>0% • 0%</td> </tr> <tr> <td></td> <td></td> <td>100% • Yes</td> </tr> <tr> <td></td> <td></td> <td>Average Class C</td> </tr> <tr> <td></td> <td></td> <td>0.0%</td> </tr> <tr> <td></td> <td></td> <td>Average</td> </tr> <tr> <td></td> <td></td> <td>8 • 3</td> </tr> <tr> <td></td> <td></td> <td>\$33.38 PSFGBA</td> </tr> <tr> <td></td> <td></td> <td>\$0.00 PSFGBA</td> </tr> <tr> <td></td> <td></td> <td>Average</td> </tr> </table>	Location rating	-----	Average	Existing use at sale	-----	Comm.-Business	Intended use at sale	-----	Existing use			45,400			\$57.78			5,500 • 1			5,500 • Sgl.			100% • 8.25			4 • 0			100%			90%			0%			100% • 0%			0% • 0%			100% • Yes			Average Class C			0.0%			Average			8 • 3			\$33.38 PSFGBA			\$0.00 PSFGBA			Average
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INFORMATION SOURCE • ANNUAL OPERATING DATA / SALE METRICS • COMMENTS

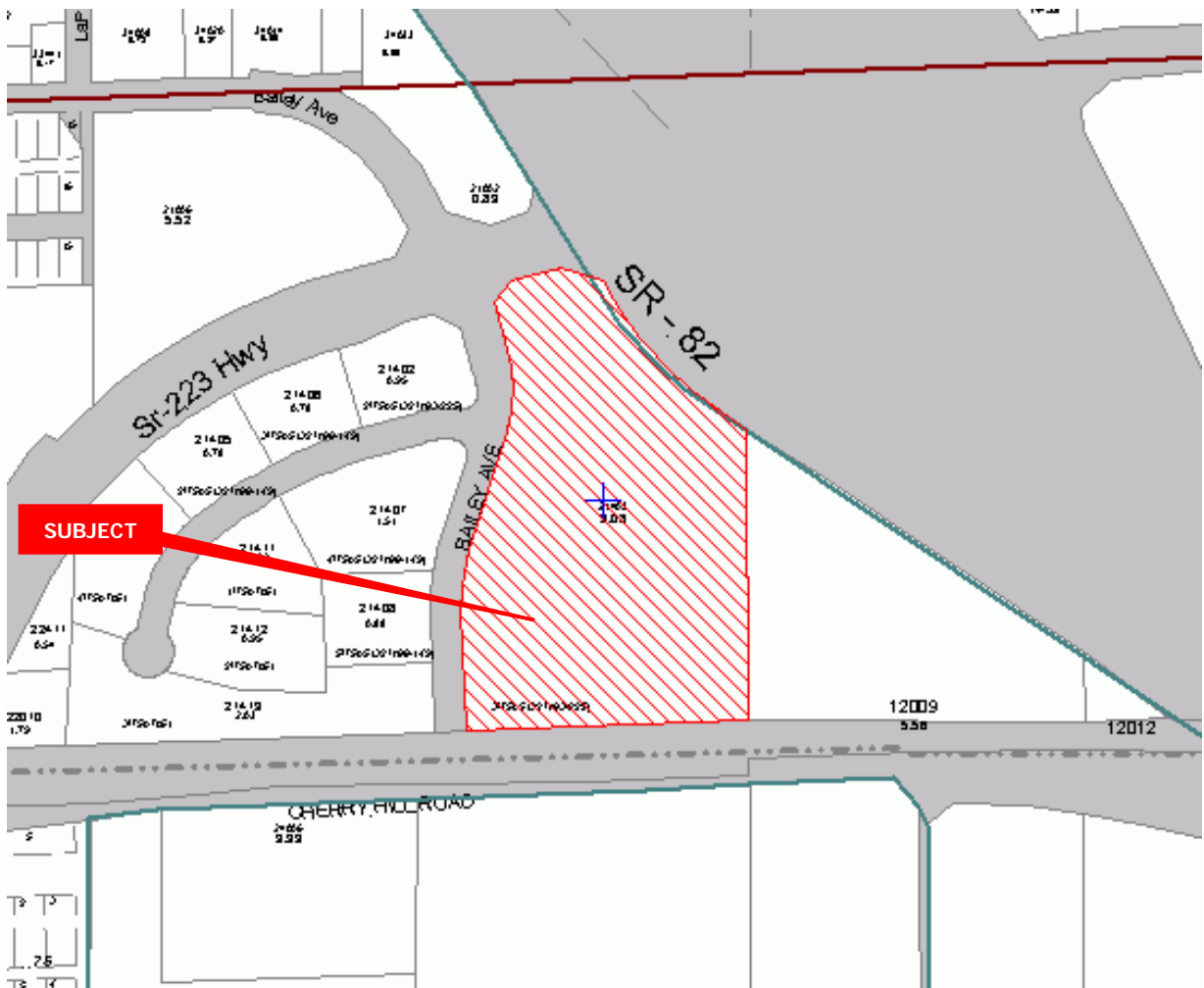
Information Sources: Assessor/Inspection Income Source: NA Confirmed by: C-Store Valuations

Physical Units of Comparison

CEESP	\$2,060,100
\$PSFGBA	\$374.56
\$PSF Site Area	\$45.38
\$ Per Fuel Position	\$515,025
\$PSFGBA/Fuel Position	\$93.64

The property also includes a CFN cardlock with two dual-sided truck lanes at the rear of the property. The store is Chevron's "On the Run" design. The building is divided into a c-store of 4,000 SF and a retail store of 1,500 SF.

EXHIBIT D



PLAT MAP



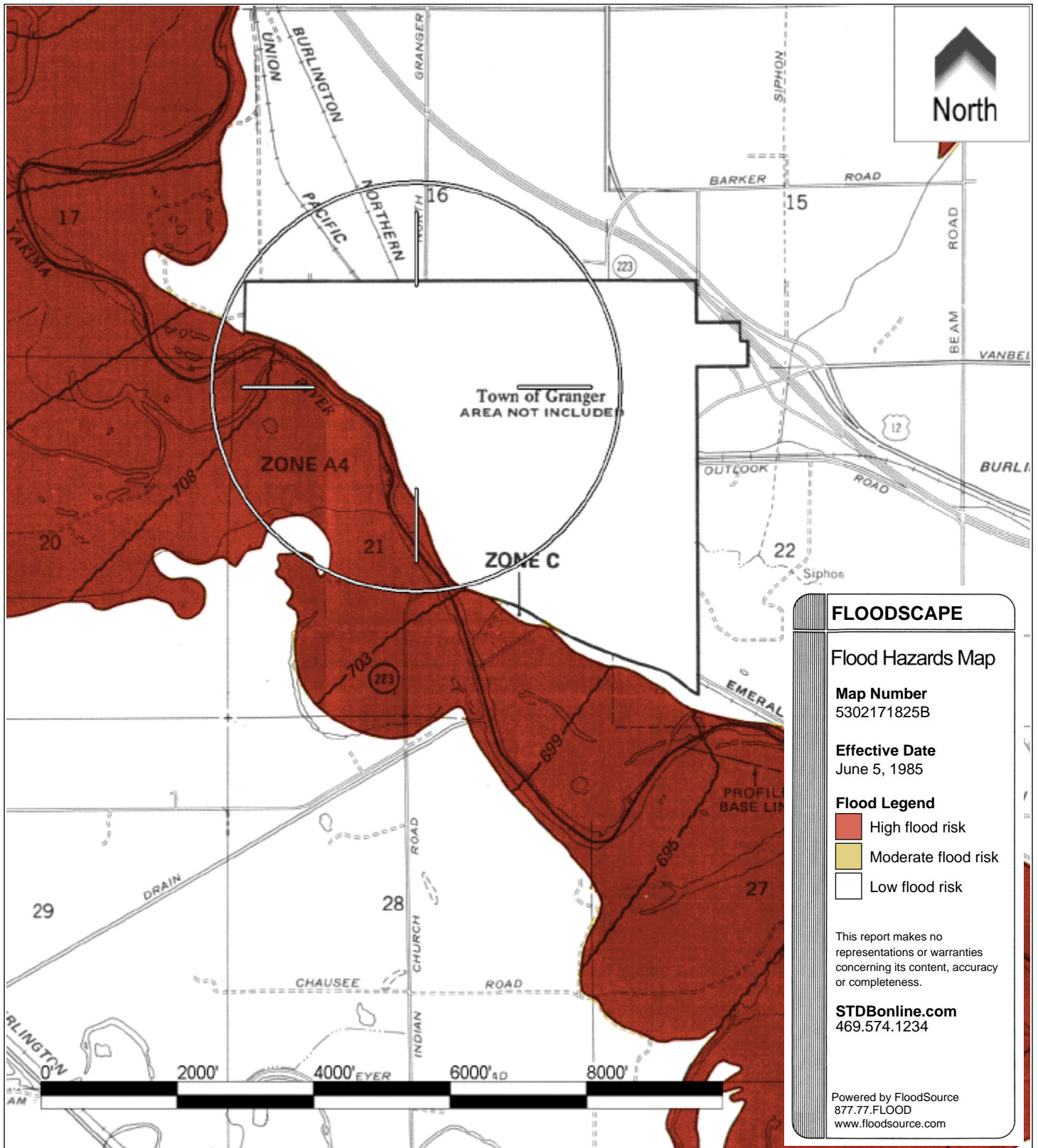
STDBonline.com

FLOODSOURCE
FLOODSCAPE™



PROPERTY ADDRESS:

1221+Bailey+Ave%2C+Granger%2C+WA+98932%0D%0A



FLOODSCAPE

Flood Hazards Map

Map Number
5302171825B

Effective Date
June 5, 1985

Flood Legend

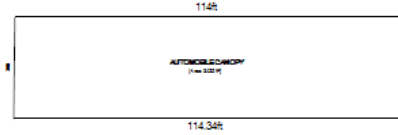
- High flood risk
- Moderate flood risk
- Low flood risk

This report makes no representations or warranties concerning its content, accuracy or completeness.

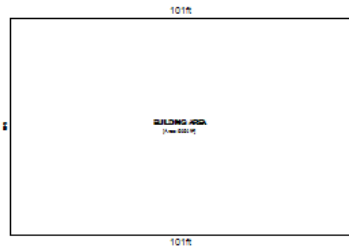
STDBonline.com
469.574.1234

Powered by FloodSource
877.77.FLOOD
www.floodsource.com

Sketch



BAILEY AVENUE



40 ft

Living Area		Area Calculation			
BUILDING AREA	6464 ft ²	BUILDING AREA			x 1.00 = 6464 ft ²
AUTOMOBILE CANOPY	3424.90 ft ²	64ft x 101ft x	1.00 =		6464 ft ²
TRUCK SERVICE CANOPY	2665.95 ft ²	AUTOMOBILE CANOPY			x 1.00 = 3424.90 ft ²
		Δ 30ft x 0.34ft x	0.50 =		5.13 ft ²
		□ 114ft x 30ft x	1.00 =		3419.78 ft ²
		TRUCK SERVICE CANOPY			x 1.00 = 2665.95 ft ²
		Δ 86ft x 31ft x	0.50 =		1332.96 ft ²
Total Living Area (rounded):	12555 ft²	Δ 86ft x 31ft x	0.50 =		1332.99 ft ²

SKETCH

EXHIBIT E

The information contained in this award along with the information contained in the **General Appraisal Requirements, Specific Performance Standards, and the General Contractual Requirements** referenced in the RFP and all other RFP information, serve as the contract for services to be rendered. If within 12 months of the date of this assignment the vendor is contacted to appraise the subject property by any other party than Wells Fargo RETECHS, vendor agrees to notify Wells Fargo RETECHS in writing of this request.

Unless specifically stated otherwise, information provided by the bank or borrower in conjunction with this assignment shall be considered confidential and may not be used except as necessary for the completion of this assignment. Additionally such information, may not be shared or provided any individual or entity except as necessary for the completion of this assignment, or required by law or appropriate professional standards or organizations such as USPAP and the Appraisal Institute.

This Statement of Work and Award is entered into as of the date of the award by and between Wells Fargo Bank, N.A. (Wells Fargo), and the awarded contractor pursuant to the Master Agreement for Real Estate Services, dated November 2, 2006, all terms of which are incorporated herein by reference.

Note: a penalty of 5% per day will be assessed for late delivery of appraisal if the reason is within your control. Contact Gerry Hammond (TC) (WA) 360-279-2860 for any holds, delays or further required information.

1. Project Name: T.A. Properties, Inc.
2. Description of Services: As indicated in the RFP
3. Performance Period
 - Start Date: 09/29/2010
 - End Date (if known): 10/13/2010
4. Work Site: 1221 Bailey Avenue, Granger, WA 98932
5. Total Costs and Fees: \$2,300
6. Wells Fargo Job Manager: Gerry Hammond (TC) (WA)

Property Access and Contact Information:

Jaspal Sohi
509-643-2308
jaspal_sohi@yahoo.com

Make contact immediately for access

Delivery Instructions:
(Unless otherwise specified in the attached addendum)

All valuation services requested which include the report with signatures, all associated exhibits, and any other pertinent supporting documentation will be delivered online via RIMSCentral to Wells Fargo Bank-RETECHS at a minimum and (if appropriate), a hard copy to the Wells Fargo Banker or representative. In no case, will any valuation services ever be **solely delivered to a Wells Fargo Banker or representative without written authorization** from RETECHS. In addition, upload separately, the final invoice for payment. The following provides more specific instructions:

1. Upload to RIMSCentral under the appropriate assignment the following, a PDF APPRAISAL REPORT to include:
 - The Recipient information [name, address, etc]
Wells Fargo Bank û RETECHS
Gerry Hammond (TC) (WA)
361 SE Pioneer Way, 1st Floor
Oak Harbor, WA 98277
WF-SLC-10-012418-01
 - Vendor digital signature
2. Upload to RIMSCentral a copy of the appraisers state license / certification as an addenda of the appraisal report.
3. Upload to RIMSCentral any other property information to complete the assignments as stated in the Request for Proposal (RFP)
4. Upload to RIMSCentral the Original Invoice addressed to:

Wells Fargo Bank RETECHS
Gerry Hammond (TC) (WA)
361 SE Pioneer Way, 1st Floor
Oak Harbor, WA 98277
360-279-2860

Note: *If uploading the documents to RIMSCentral is **not feasible**, then contact RIMSCentral for upload assistance or the RETECHS Job Manager, Gerry Hammond (TC) (WA) for additional delivery instructions.*

Only upon RETECHS e-mail authorization is vendor to deliver hard copy (copies):

Deliver to: Andy Nalbandian (CMG)
A1792-018
1620 E. Roseville Parkway, Suite 100
Roseville, CA 95661

Additional Requirements may be specified in an attached addendum.

ADDENDUM

Enclosures:

APP-11 Appraisal Engagement Contract REGIONAL BANKING (Revised 3-12-2010)

Robert E. Bainbridge



Robert E. Bainbridge is the recipient of the Appraisal Institute's *2004 George L. Schmutz Award* for outstanding technical manuscript or publication for his book *Convenience Stores and Retail Fuel Properties: Essential Appraisal Issues*.

He holds the MAI and SRA professional designations of the Appraisal Institute (USA) and the MRICS designation from the Royal Institution of Chartered Surveyors, (United Kingdom).



Quick Reference

Experience	3
Education	4
Academic Papers.....	5
Published Works	7
Seminar Development	8
Valuation Software Developer	10
Significant Government Appraisal Projects.....	11
Corporate Appraisal Projects	12
Professional Affiliation	13
Community Board Service	14
State Certified General Appraiser Licenses.....	15

Experience

Specialized Valuation Field Experience

1981 to 2009

More than 20 years of specialized experience preparing appraisals on real property, providing appraisal consultation services to clients, determining market value of properties, and applying federal, state and local and land-title laws to carry out appraisal assignments.

Appraisals have been prepared for acquisition, disposal, lease and similar purposes.

Tasks performed include on-site inspections, assembling data and compiling reports on lands and properties under investigation.

Specialized Mass Appraisal Experience

1983 to 1997

Appraisal services contractor for various federal and county government entities for multiple-property valuations. Duties included the planning, research, data compilation and analysis, report writing, and appeal testimony. (See page 11 for further details.)

Specialized Valuation Review Experience

2009

Reviewed real property appraisal reports prepared for Royal Dutch Shell Group for operating units in Europe, Asia, North and South America. Appraisal reports prepared by third parties were reviewed for compliance with International Valuation Standards (IVS) and Generally Accepted Valuation Practice (GAVP). (See page 12 for further details.)

General Real Estate Experience

1983 to 1995

Licensed real estate broker in the States of Idaho and Oregon.

Listing, marketing and closing of real estate transactions involving residential and commercial properties. Complied with state laws regulating the listing and sale of real property and maintenance and operation of client trust accounts.

Engaged in the land acquisition, planning, development and successful marketing of a 64-lot single-family residential subdivision.

Education

Master of Science in Real Estate Appraisal

(M.Sc.) Opus Graduate School and College of Business, University of St. Thomas; 2007.

Specialized Studies: Market Analysis and Feasibility Studies, Urban Land Economics, Statistical Analysis for Real Estate Appraisal, Legal Issues in Valuation, Advanced Topics in Real Estate Appraisal.

Bachelor of Business Administration in Real Estate

(B.B.A.), College of Business, Boise State University; 1981.

Specialized Studies: Regional Economics, Urban Economics, Real Estate Location Theory.

Core Studies: Real Estate Principles, Real Estate Appraisal, Real Estate Law, Real Estate Investment and Taxation, Property Development, Real Estate Finance, Property Management. Semester studies in Accounting, Business Finance, Economics and Business Management.

Professional Designation Curriculum Courses:

Real Estate Appraisal Principles, University of Portland
Basic Valuation Procedures, University of Portland
Residential Valuation, University of Colorado
Standards of Practice, University of Colorado
Capitalization Theory I, Stanford University
Capitalization Theory II, Stanford University
Capitalization Theory III, Stanford University
Report Writing, University of Texas
Case Studies, University of Texas
Rural Valuation, University of Colorado
Standards of Appraisal Practice (USPAP) Part A
Standards of Appraisal Practice (USPAP) Part B
Income Property Valuation, Course 2, IAAO, Boise, Idaho
Mass Appraisal of Residential Property, Course 301, IAAO, Boise, Idaho
Industrial Property Appraisal, IAAO, Boise, Idaho
Using the Commercial Cost Handbook Calculator Method, IAAO, Boise, Idaho
Business Valuation, Part 1, Appraisal Institute
Business Valuation, Part 2, Appraisal Institute

Professional Continuing Education Seminars:

Apartment Valuation	Investment Analysis
Technical Inspection of Real Estate	FHLBB R41 C
Retail and Commercial Valuation Research and Techniques	Mineral Valuation
The Appraiser as an Expert Witness	Easement Valuation
Separating Intangible Business Value from Real Estate	URAR Residential Report
International Valuation Standards	Income Property Techniques
Appraising Distressed Commercial Real Estate	
Valuation for Financial Reporting	
Site Use and Valuation Analysis	

Academic Papers

The following papers were authored by Mr. Bainbridge as a graduate student in the Master of Science Real Estate Appraisal Program at the University of St. Thomas. Reprints of these papers are available upon request.

Toward a Better Understanding of Reilly's Law and the Trade Area of Convenience Stores

Synopsis: Reilly's Law has been extensively used to estimate trade area boundaries and over the years has been empirically demonstrated to be reasonably accurate.

This paper shows that in adapting the Inverse Square Law in estimating the breakpoints of trade areas, Reilly should not have squared the denominator. Without squaring the denominator, trade areas are actually geographically larger than what Reilly's Law implies.

A Statistical Study of Traffic Capture Rates for Petroleum Marketing Properties

Synopsis: Proprietary computer models claim to predict traffic capture rates and fuel gallonage at convenience stores and gas stations. This paper demonstrates statistical modeling with a number of objective predictive variables and found a coefficient of determination no higher than 65%.

Intangible Asset Value in Special-Built Business Enterprises

Synopsis: This paper outlines a practical and useful methodology for separating intangible asset value from tangible asset value for special-built properties, such as convenience stores and gas stations. Combining micro-economic principles from perfectly competitive market supply and demand analysis and linking them to current valuation theory, this paper identifies the limit of tangible asset value in business enterprises.

Academic Papers (continued)

Observations on the Delineation of Retail Trade Areas

Synopsis: Ring and drive-time studies are commonly used in retail trade area analysis. On-line proprietary programs now allow quick and inexpensive demographic analysis of almost any location in the U.S. This paper examines the different results produced by ESRI®, one of the most highly regarded programs, for the one-mile ring and the one, two and three-minute drive-times for 23 actual retail locations. The study used an analysis of the variance, ANOVA, to examine the demographic metrics of population, median household income and retail sales estimates. A significant statistical difference was found at the one-mile ring and one-minute drive-time. This indicates that the one-mile ring and one-minute drive-time are not synonymous and that care should be taken in selecting retail trade area boundaries.

Identification of Severance Damages in Retail Gasoline Properties

Synopsis: Access management projects implemented by transportation authorities seek to limit the number of access points, lengthen turn radii, and limit left-turn maneuvers in an effort to enhance safety and reduce traffic congestion on major corridors. Recent studies conducted by several transportation authorities indicate that vehicle-oriented businesses such as gas stations, often suffer more economic damage than most other types of businesses as the result of access management takings. For example, one study found that the installation of raised medians reduced the customers-per-day at retail gasoline properties by 17.6%, far higher than other types of businesses.

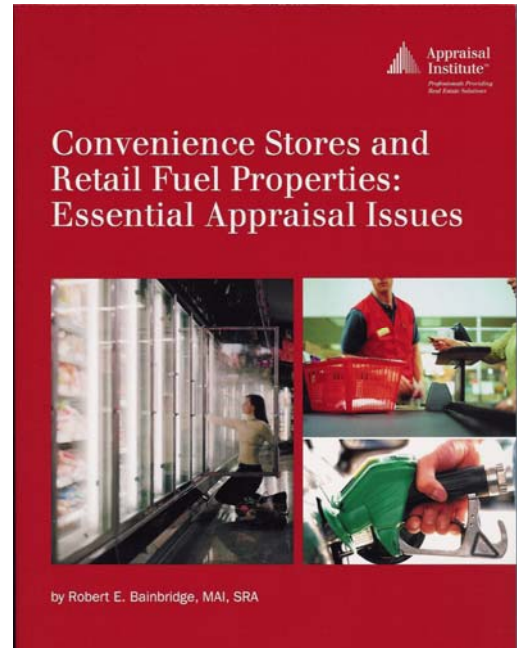
This paper reviews the emerging body of literature describing the results of access management programs and summarizes the findings. This paper also highlights the heightened role access plays for retail gasoline properties and provides several examples of typical access requirements for this type of business.

Published Works

- **TEXTBOOK AUTHOR**
- **PUBLISHED TECHNICAL JOURNAL ARTICLES**

Mr. Bainbridge wrote the textbook and developed the seminar "Appraising Convenience Stores" for the Appraisal Institute, the world's largest publisher of appraisal literature. The Appraisal Institute confers the MAI and SRA professional designations. This multi-media classroom presentation is now offered to experienced appraisers for continuing education exclusively through the Appraisal Institute. The course material, including the 160-page Discussion Guide and the accompanying earnings analysis software, were authored by Mr. Bainbridge.

This seminar is the only formalized instruction anywhere on the appraisal of convenience stores and retail fuel properties. Mr. Bainbridge teaches the "Appraising Convenience Stores" seminar through local chapters of the Appraisal Institute across the U.S. and Canada.



Mr. Bainbridge was a featured speaker at the Appraisal Institute of Canada and Appraisal Institute (USA) 2004 International Summer Conference in Toronto. He also spoke at the Appraisal Institute's 2005 "Exploring Intangibles, Business Value and Going Concern" seminar in Seattle.



Mr. Bainbridge's articles on the convenience industry and related appraisal issues have been published in the appraisal industry's leading professional journals.

"Today's Convenience Stores and Retail Fuel Properties are Combining Traditional Retail Channels" was published in *Valuation Insights and Perspectives* in 2003.



"Analyzing the Market for Convenience Stores: The Changing Convenience Store Industry" was published in the *Appraisal Journal* in 2003.

"Assessing the Supply and Demand of Convenience Stores" was published in the *Appraisal Journal* in 2003.

What Students Are Saying

*"I went to Memphis to take the seminar **Appraising Convenience Stores**. Robert Bainbridge wrote the book for the Appraisal Institute and taught the seminar. It was the best seminar I have ever taken. One thing you learn from the seminar is that the Hyper Markets (c-stores) like Wal-Mart gas and Sam's Club are hurting the c-store business and many are in trouble. I read Home Depot may be selling gas soon. If any of you have a chance to take his seminar you ought to take it."*

Joe Rosen, Columbia, SC

*"I enjoyed the seminar **Appraising Convenience Stores** tremendously. It was one of the best seminars I have attended in a long time."*

Bob McGee, Strongsville, OH

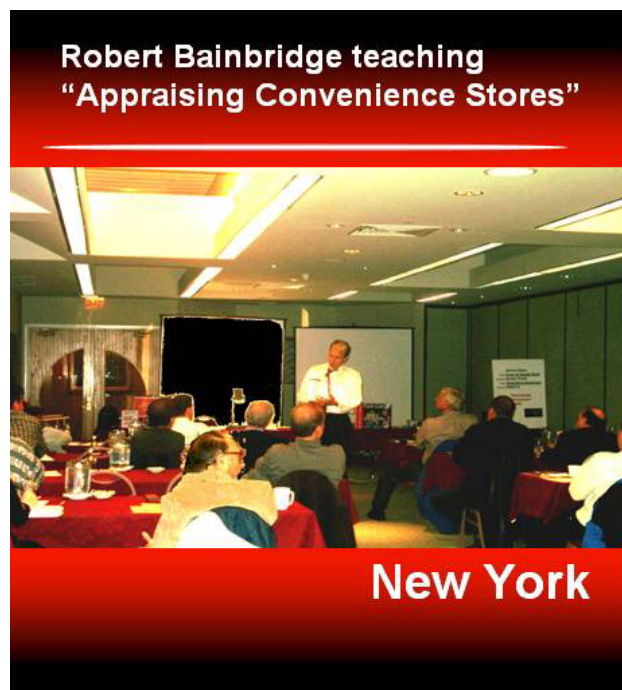
Seminar Description

You will gain valuable insights into the convenience industry from interviews with owner-operators, industry experts, and c-store lenders. Over 250 illustrative photographs, diagrams and video segments, along with discussion questions and a case study, familiarize students with every aspect of appraising convenience stores. Meet the challenge of appraising the going-concern value

Seminar Development

Appraising Convenience Stores Seminar

APPRAISAL INSTITUTE
Chicago, IL



After attending this seminar, you will gain:

Specialized knowledge and skills to appraise these special purpose properties.

A comprehensive education into the convenience industry, including an in-depth look at the challenges facing the convenience store retail channel.

Analytical tools for assessing the trade area.

Ways to accurately describe and consider the site, building, fuel service and equipment.

The ability to process the cost, sales comparison, and income capitalization approaches as applied to convenience stores.

Methods to avoid pitfalls and potential mistakes in appraising convenience stores.

Please note: It is recommended that students bring a calculator to the seminar.

Type: General

Level: Intermediate

TO TAKE THIS SEMINAR, CONTACT:

THE APPRAISAL INSTITUTE
(312) 335-4100
www.appraisalinstitute.com



Student Materials Authored by Mr. Bainbridge:

- Textbook
- Discussion Guide
- Earnings Analysis Software



PetroMARK® Valuation Software

Whether you need the market values of 100 convenience stores, or 5,000, PetroMARK is the answer. This is the fastest, most efficient valuation software available for appraising convenience store and retail fuel channel assets, allowing you to obtain reportable results in minutes. Clinically tested in hundreds of convenience store market value appraisals performed by qualified MAI appraisers. Software licensing available.

Generates the tangible and intangible asset market values of convenience store and retail fuel single and multi-site properties for the International Valuation Standards and Valuation for Financial Reporting.

Designed for accountants and CFOs implementing VFR standards and Mark-to-Market values for multi-site assets.

Unleash the Power. Visit our website to learn more.



The PetroMARK® Story

PetroMARK's® story is one of evolution; not instauration.

Hundreds of calculations and logic functions are performed within seconds. The culmination is the result of building upon a foundational idea that began in 2001. Refinements and improvements to the methodology and calculations were added and honed into the finest valuation software for the convenience and retail fuel industry.

PetroMARK® Valuation Software reports the market value of tangible assets, realty; tangible assets, non-realty; and intangible assets instantly and accurately.

This is not statistical modeling.

The valuations are fee simple market value derived from earnings capitalization. This is the only appropriate methodology for estimating the value of the total assets of the business.

PetroMARK® Valuation Software is trademarked through the U.S. Patent Office.

Significant Government Appraisal Projects

- **MULTIPLE PROPERTY VALUATIONS**
- **MULTI-YEAR APPRAISAL CONTRACT FULFILMENT**

**Real Property Appraisal Services Contractor,
Payette County Assessor's Office
1983-1987**

Responsible for the revaluation of 411 commercial properties for ad valorem taxation. Completed market studies, field inspections and completed appraisals. Responsible for project management and completion. Testified at appeal hearings.

**Real Property Appraisal Services Contractor,
Owyhee County Assessor's Office
1987-1991**

Responsible for the revaluation of commercial properties and residential properties for ad valorem taxation. Conducted market studies, field inspections and completed appraisals. Supervised field appraisers. Responsible for project management and completion.

**Real Property Appraisal Services Contractor,
Gem County Assessor's Office
1987-1989 & 1994-1997**

Responsible for the revaluation of commercial properties for ad valorem taxation. Conducted market studies, field inspections and completed appraisals. Supervised field appraisers. Responsible for project management and completion.

**Real Property Appraisal Services Contractor,
Boundary County Assessor's Office
1991-1993**

Responsible for the revaluation of over 1,500 residential properties for ad valorem taxation. Completed market studies on residential and commercial properties. Supervised field appraisers. Responsible for project management and completion.

**Real Property Appraisal Services Contractor,
Farmers Home Administration, U.S. Department of Agriculture
1988-1990**

Responsible for the appraisal of over 250 single-family residential properties for foreclosure and mortgage loan purposes in Ada, Canyon, Gem, Valley, and Payette Counties in Idaho; and, Malheur, Baker and Harney Counties in Oregon.

Corporate Appraisal Projects

- SEMINAR DEVELOPMENT
- INTERNATIONAL VALUATION STANDARDS
- GLOBAL APPRAISAL REVIEW

Shell Downstream Inc. 2008-2009



In conjunction with the Appraisal Institute, Mr. Bainbridge developed a custom training and **professional development seminar** for Shell Downstream, Inc. (part of Royal Dutch Shell) designed to instruct overseas acquisition and disposition personnel in real estate appraisal and valuation theory and techniques for land valuation. This program includes authoring a 400-page Student Handbook and developing land valuation models using Excel® templates for the sales comparison approach (when sales exist) and land residual technique (when sales do not exist) in addition to sessions on highest and best use and fundamentals of real estate economic theory, and global market conditions.

This seminar also included instructional sessions on **International Valuation Standards (IVS)** and **Generally Accepted Valuation Procedures (GAVP)** and **Valuation for Financial Reporting** as developed by the International Financial Reporting Standards (IFRS).

In completing this seminar, real estate-related investigations and expert interviews were conducted in Bulgaria, Germany, Indonesia, Malaysia, and the United Kingdom in addition to **reviewing appraisal reports** prepared for Shell from all over the world.

The presentation of the appraisal and valuation seminar includes over 350 PowerPoint® slides and one and one-half hours of edited video for classroom instruction.

LAND VALUATION LAND RESIDUAL TECHNIQUE TEMPLATE UNLOCK PASSWORD: shell					
STEP 1: INPUT COLORED CELLS BELOW. DARKER CELLS ARE MANDATORY. LIGHTER CELLS ARE OPTIONAL.					
Income	Rent/sq. unit	\$100.00	Year	Occupancy	
Expenses			1	0%	
Operating expenses	10% of EG/		2	100%	
Holding expense	\$100 per year		3	100%	
(Mgmt., taxes, marketing)			4	100%	
Site and Building Information			5	100%	
Bldg. total sq. unit	100				
Bldg. cost per sq. unit	\$100.00	Current cost			
Year built	1				
Land size	100.0	sq. unit			
Financial Data	Low	Mid	High		
Discount rates	12.00%	13.00%	14.00%		
Terminal cap rate	10.00%	Terminal Year	2	Applied to trailing year	
Selling expenses	3.00%				
Rent increase per year	3.00%	Increase start Yr. 2			
Cost increase per year	3.00%				
Analysis					
Year	1	2	3	4	
Potential gross income	\$0	\$10,300	\$10,609	\$10,927	\$11,255
Less collection and vacancy loss	\$0	\$0	\$0	\$0	\$0
Effective gross income	\$0	\$10,300	\$10,609	\$10,927	\$11,255
Less operating expenses	\$0	\$1,030	\$1,061	\$1,093	\$1,126
Less holding expenses	\$100	\$0	\$0	\$0	\$0
Net operating income	(\$100)	\$9,270	\$0	\$0	\$0
Plus reversion	\$0	\$89,919	\$0	\$0	\$0
Less building cost	(\$10,300)	\$0	\$0	\$0	\$0
Total cash flow	(\$10,400)	\$99,189	\$0	\$0	\$0
INDICATED VALUES					
	Discount rate	Land residual value		Per sq. unit	
Present value @	12.00%	\$69,787		\$697.87	
	13.00%	\$68,476		\$684.76	
	14.00%	\$67,200		\$672.00	

Affiliations

Member, Appraisal Institute, MAI

Senior Residential Appraiser, Appraisal Institute, SRA

Member, Royal Institution of Chartered Surveyors, MRICS

Member, International Association of Assessing Officers.

Certified Ad Valorem Appraiser No. 323,
Department of Revenue and Taxation, State of Idaho.

Property Analyst and Urban Appraiser,
Oregon Department of Veterans Affairs, State of Oregon.

Certified Level I Appraiser,
Idaho Department of Transportation, State of Idaho.

Certified Appraiser,
Oregon Department of Transportation.

Certified Appraiser, State of California;

Certified Appraiser, State of Idaho;

Certified Appraiser, State of Oregon;

Certified Appraiser, State of Washington;

Past Affiliations and Activities

Panel Member, FHA, Federal Housing Administration,
U.S. Department of Housing and Urban Development, (1981-1991).

Panel Member, VA, Veterans Administration (1983-1991).

FNMA, Federal National Mortgage Association, (1982-1989).

FDIC, Federal Deposit Insurance Corporation.

Board of Directors, Southern Idaho Chapter,
American Institute of Real Estate Appraisers (1990).

Member, Regional Professional Standards Panel,
American Institute of Real Estate Appraisers, (1990-1992).

Past Affiliations and Activities (continued)

Grader, Residential Demonstration Appraisal Reports,
American Institute of Real Estate Appraisers (1987-1990).

Instructor, Real Estate Appraisal Principles,
Treasure Valley Community College, Ontario, Oregon,
(1991-1993).

Professional and Community Board Service

(PAST AND PRESENT)

- Board of Directors, Payette Industrial Corporation;
- Member, Nampa Industrial Corporation;
- Board of Directors, Payette Chamber of Commerce;
- Vice-Chairman, Payette County Planning and Zoning Commission;
- Member, NOVA, Oregon State Penitentiary Location Committee;
- Member, National Association of Convenience Stores;
- Member, National Association of Realtors;
- Member, Payette Municipal Airport Commission.

State Certified General Appraiser

**CALIFORNIA
IDAHO
OREGON
WASHINGTON**

STATE OF CALIFORNIA



Business, Transportation & Housing Agency

OFFICE OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

OREA APPRAISER IDENTIFICATION NUMBER

AG037528

ROBERT E. BAINBRIDGE

has successfully met the requirements for a license as a general real estate appraiser in the State of California and is, therefore, entitled to use the title "Certified General Real Estate Appraiser".

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

OFFICE OF REAL ESTATE APPRAISERS

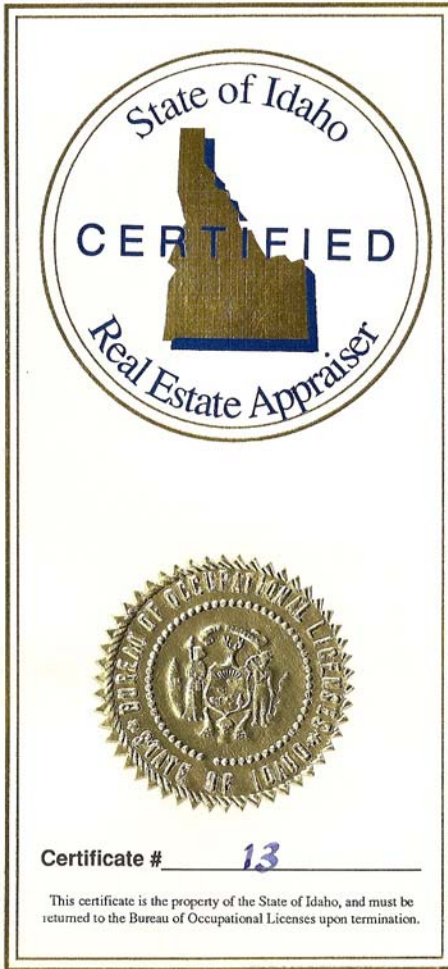
A handwritten signature in black ink that reads "Bob Clark".

Date Issued: May 29, 2009

Date Expires: May 28, 2011

Audit No. 118270

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "SAFE" AND "VERIFY FIRST"



Certificate # 13

This certificate is the property of the State of Idaho, and must be returned to the Bureau of Occupational Licenses upon termination.

IDAHO STATE CERTIFIED REAL ESTATE APPRAISER BOARD

Certifies That

Robert Bainbridge

having fulfilled all the requirements of the Laws of Idaho, and possessing the prescribed qualifications, is hereby authorized to practice as a

Certified Real Estate Appraiser
within the State of Idaho

[Signatures of Board Members]

State of Idaho Certified Real Estate Appraiser Board

In testimony whereof, I have hereunto put my hand and affixed the Official Seal of the Bureau of Occupational Licenses at the Capitol at Boise, Idaho, this 1st day of July, A.D. 1991.

[Signature]
Chief, Bureau of Occupational Licenses

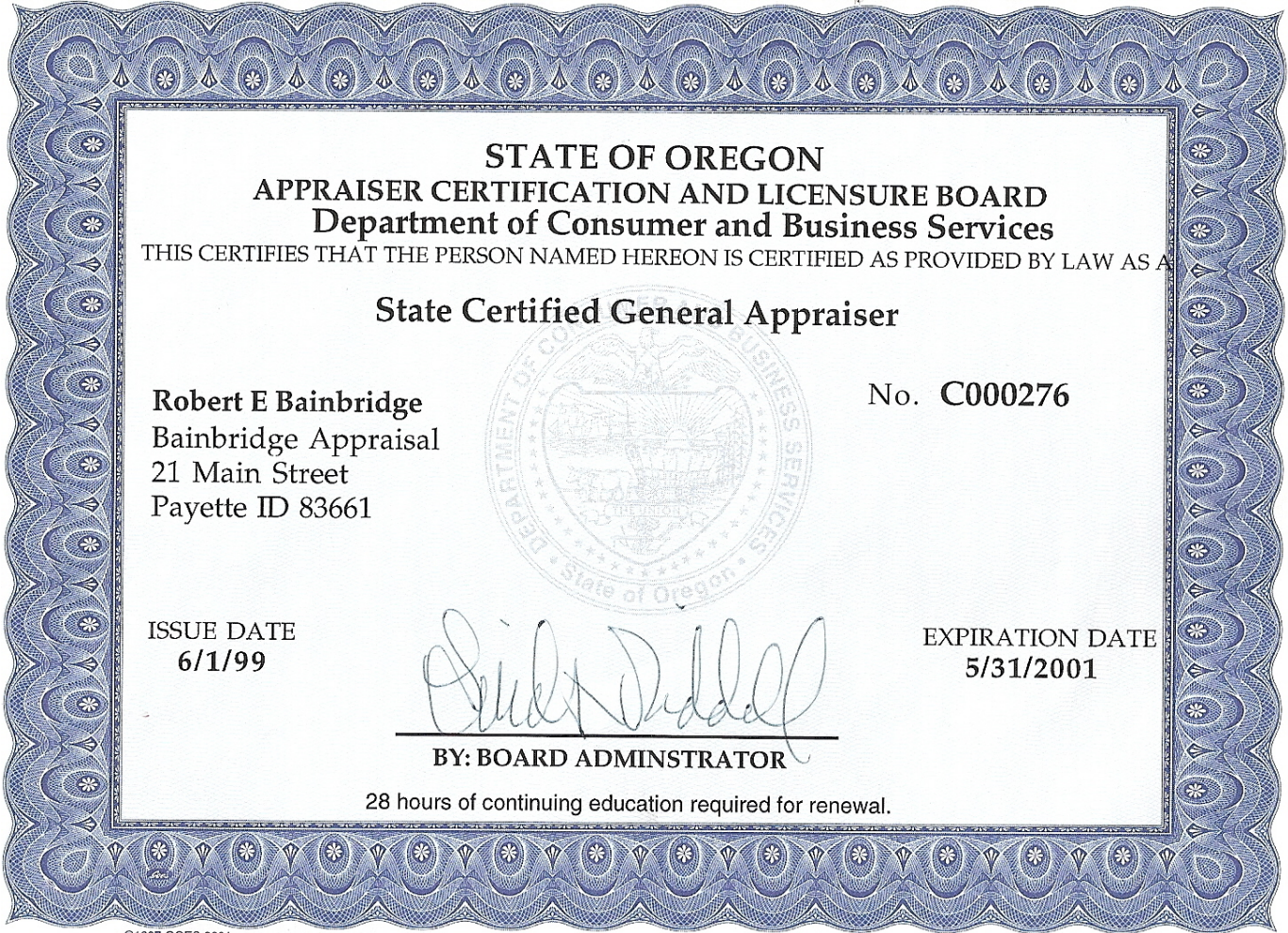
**Bureau of Occupational Licenses
Department of Self Governing Agencies**
The person named has met the requirements for licensure and is entitled under the laws and rules of the State of Idaho to operate as a(n)
CERTIFIED GENERAL APPRAISER

**ROBERT E BAINBRIDGE
151 SW 1ST STREET
ONTARIO OR 97914**

Tana Cory
**Tana Cory
Chief, B.O.L.**

**CGA-13
Number**

**05/28/2010
Expires**



**STATE OF OREGON
APPRAISER CERTIFICATION AND LICENSURE BOARD
Department of Consumer and Business Services**

THIS CERTIFIES THAT THE PERSON NAMED HEREON IS CERTIFIED AS PROVIDED BY LAW AS A

State Certified General Appraiser

Robert E Bainbridge
Bainbridge Appraisal
21 Main Street
Payette ID 83661



No. **C000276**

ISSUE DATE
6/1/99

EXPIRATION DATE
5/31/2001

BY: BOARD ADMINSTRATOR

28 hours of continuing education required for renewal.

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Appraiser Certification and Licensure Board

State Certified General Appraiser

28 hours of continuing education required for renewal


Robert E. Bainbridge
Bainbridge Appraisal
151 SW 1st ST
Ontario OR 97914

License No: **C000276**
Issue Date: **6/1/2009**
Expiration Date: **5/31/2011**

R. A. (Bob) Keith, Administrator



STATE OF WASHINGTON
DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION
THIS CERTIFIES THAT THE PERSON NAMED HEREON IS AUTHORIZED, AS PROVIDED BY LAW, AS A
CERTIFIED GENERAL REAL ESTATE APPRAISER



ROBERT E BAINBRIDGE
C-STORE VALUATIONS
151 SW 1ST STREET
ONTARIO OR 97914

Cert/Lic No. 1101715	Issued Date 02/10/2006	Expiration Date 05/28/2011
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Elizabeth A. Luce
Director