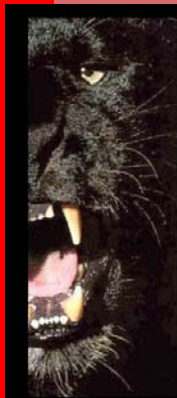


SAMPLE STORE

Anywhere, US
July 4, 2011

Evaluation Report



Processed with
PetroMARK®
Valuation
Software

[www.cstore
value.com](http://www.cstorevalue.com)

C-STORE EVALUATIONS LLC
A SPECIALIZED FINANCIAL SERVICES PROVIDER OF C-STORE VALUATIONS



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FOR CURRENT INDUSTRY INFORMATION, PLEASE VISIT US AT:

www.cstorevalue.com

Property Identification

Situs

| | |
|----------------|-----------------------------------|
| Store Number | Tax Lots 081.000-011, 082.000-011 |
| Brand | Shell |
| Street Address | 1 High Street |
| City | Any City |
| County | Any County |
| State | Any State |
| Zip Code | |
| Owner | Any Owner |

Assessed value is lower than 100% of Fair Market Value.

Physical Characteristics

| | |
|----------------------|---------|
| Site Size (Sq. Ft.) | 190,357 |
| Store Size (Sq. Ft.) | 4,414 |
| Fueling Positions | 8 |
| Car Wash | Yes |

RECOMMENDED FAIR MARKET VALUES

FAIR MARKET VALUE OF THE FEE SIMPLE INTEREST UNDER TYPICAL OWNERSHIP
BASED ON EARNINGS CAPITALIZATION AND ASSUMING 100% FAIR MARKET VALUE

| | <u>FAIR MARKET VALUE</u> |
|---|------------------------------|
| Real Property Value | \$1,540,000 |
| TANGIBLE ASSETS, REALTY (Site, Store Building, Canopy, Fuel Dispensers, USTs, Electronics) | |
| FF&E Value | \$50,000 |
| TANGIBLE ASSETS, NON-REALTY (Moveable Personal Property) | |
| Business Enterprise Value | <u>\$140,000</u> |
| INTANGIBLE ASSETS (Capitalized Accounting and Economic Profit) | |
| Going Concern Value | \$1,730,000 |
| TOTAL ASSETS OF THE BUSINESS | |

Method of Valuation: Earnings Capitalization

Convenience stores and gas stations are special-built properties that are designed to generate earnings from the retail sale of specific products. According to *Convenience Stores and Retail Fuel Properties: Essential Appraisal Issues*, published by the Appraisal Institute, the most appropriate and accurate method for appraising the fair market value of these properties is an earnings capitalization. This method is more accurate than the cost approach or sales comparison approach. An earnings capitalization approach best reflects the actions of actual buyers and sellers of convenience stores and gas stations. Stores and locations with poor earnings have lower real estate values than those with better physical features and locations.

Key Point

An earnings capitalization is the most appropriate method of appraising convenience stores and gas stations.

The fee simple value is based on typical management and ownership of a particular store and location. The fair market value of the fee simple interest of the real property of a convenience store does not consider nor include any specific brand.

EARNINGS CAPITALIZATION

Step 1 An earnings capitalization approach begins with a supply and demand analysis of the trade area. A typical convenience store will draw 70% to 80% of its customers from the primary trade area. A successful location requires at least 2,500 people per store within a 2-3 mile radius of the store. Hypermarket competition is a significant competitive disadvantage for a traditional convenience store.

Step 2 is a projection of gallonage and sales. The physical features of the subject, such as the accessibility of the site, the size and age of the store, and the number of fuel positions, along with the supply and demand characteristics of the trade area, determine the earnings capacity of any convenience store.

Step 3 is the calculation of Adjusted EBIDTA, which is the gross economic return to all the assets of the business. After allocating the earnings to FF&E and the business enterprise, the residual earnings is the amount earned by the real estate.

Step 4 A capitalization of the net earnings to real estate is the final step in estimating this evaluation process. A graphic of this process is shown in the Appendix.

Step 1: Trade Area Supply and Demand

The Primary Trade Area for convenience retail property is generally the 2 to 3-minute drive-time or the 2-mile ring. The following population and competitive levels are sourced from ESRI® Business Analyst.

Hypermarket competition is the most significant threat to the profit of a traditional convenience store or gas station. A hypermarket is a large format discount retailer that sells department store merchandise, groceries and gasoline. Typically, hypermarkets sell three times the volume of gasoline of a traditional convenience store at a discount of 5 to 7 cents per gallon of the retail price. Often, the retail street price of gasoline at the hypermarket is less than the wholesale cost to the convenience store operator.



The characteristics for the subject's store's primary trade area are summarized below. A map of the trade area is included in the Report Notes section.

| Trade Area Characteristics | |
|---------------------------------------|-----------|
| Primary Market Population | 1,664 |
| Secondary Market Population | N/A |
| Primary Market Competition | 3 |
| Location Quotient | 0.27 |
| ESRI® Retail Spending Potential Index | 1 |
| Hypermarket Competition | No |

Step 2: Gallonage and Sales Projection

Using the subject's physical features, such as site size, store size, age, fueling positions, and trade area characteristics which measure supply and demand, the subject's gallonage and sales potential can be estimated. Our PetroMARK® Software uses this data along with operating statistics published by The National Association of Convenience Stores and the Oil Pricing Information Service to project the gallons of fuel sold (gallonage) and sales potential of the subject store assuming fee simple ownership and typical management.

These projections of gallonage and sales are not based on the actual ownership or existing branding agreements. The existing branding and management do not represent fee simple ownership, and therefore should not be the basis for a fair market value projection of gallonage and sales.

The following page summarizes our Adjusted EBIDTA calculations based on the gallonage and sales projections in the table below.

| PetroMARK® | | |
|--|------------------|-------------------------|
| Gallonage and Sales Calculator | | |
| FEE SIMPLE INTEREST UNDER TYPICAL OWNERSHIP AND MANAGEMENT | | |
| PHYSICAL FACTORS | | |
| Fuel Positions | 8 | |
| Store Size | 4,414 | |
| Access | 3 | |
| Traffic Count | 3 | |
| Day Parts | 2 | |
| ECONOMIC FACTORS | | |
| Location Quotient | 0.27 | |
| ESRI Supply/Demand | 1 | |
| ESRI Spending Potential Index | 1 | |
| | | INDUSTRY AVERAGE |
| FEE SIMPLE GALLONAGE | 1,452,000 | 1,297,000 |
| FEE SIMPLE FUEL MARGIN | \$0.13 | \$0.13 |
| FEE SIMPLE MERCHANDISE SALES | \$333 | \$398 |

Step 3: Calculation of Adjusted EBIDTA

PetroMARK®

EBIDTA Projection and Earnings Allocation Summary

EBIDTA PROJECTION UNDER FEE SIMPLE INTEREST UNDER TYPICAL OWNERSHIP AND MANAGEMENT

| | | GROSS SALES | COST OF GOODS SOLD | GROSS PROFIT |
|---------|--|----------------|--------------------|-----------------|
| LINE 1 | Motor Fuel | | | |
| LINE 2 | Gallonage | 1,452,000 | | |
| LINE 3 | Price per Gallon | \$3.50 | | |
| LINE 4 | Gross Fuel Sales | \$4,443,120 | | |
| LINE 5 | Cost of Goods Sold | | <u>\$4,244,788</u> | |
| LINE 6 | Motor Fuel Gross Profit | | | \$198,332 |
| LINE 7 | Fuel Margin Cents per Gallon | \$0.14 | | |
| LINE 8 | In-Store Sales | | | |
| LINE 9 | Merchandise Sales | \$1,468,759 | | |
| LINE 10 | Cost of Goods Sold | | <u>\$1,099,090</u> | |
| LINE 11 | Merchandise Gross Profit | | | \$369,668 |
| LINE 12 | Merchandise Margin | 25% | | |
| LINE 13 | Merchandise Sales Per Sq. Ft. | \$333 | | |
| LINE 14 | Food Service Sales | \$0 | | |
| LINE 15 | Cost of Goods Sold | | <u>\$0</u> | |
| LINE 16 | Food Service Gross Profit | | | <u>\$0</u> |
| LINE 17 | Food Service Margin | #DIV/0! | | |
| LINE 18 | In-Store Gross Profit | | | \$369,668 |
| LINE 19 | In-Store Margin | 25% | | |
| LINE 20 | Car Wash Sales | \$50,000 | | |
| LINE 21 | Cost of Goods Sold | | \$12,472 | |
| LINE 22 | Car Wash Gross Profit | | | <u>\$37,528</u> |
| LINE 23 | Car Wash Margin | 0.7505625 | | |
| LINE 24 | Total Gross Sales | \$5,961,879 | | |
| LINE 25 | Total Gross Profit | | | \$605,529 |
| LINE 26 | Gross Profit Margin | 10% | | |
| LINE 27 | Motor Fuel Contribution Ratio | 33% | | |
| LINE 28 | In-Store Contribution Ratio | 61% | | |
| LINE 29 | Car Wash Contribution Ratio | 6% | | |
| LINE 30 | Product Shrink | 0.23% | \$13,414 | |
| LINE 31 | Operating Expenses | | | |
| | | % GROSS PROFIT | | |
| LINE 32 | Labor | 34% | \$207,240 | |
| LINE 33 | Credit Card Fees | 8% | \$47,369 | |
| LINE 34 | Utilities | 6% | \$35,527 | |
| LINE 35 | Other | 8% | <u>\$48,553</u> | |
| LINE 36 | Sub-total Operating Expenses | 56% | | \$338,689 |
| LINE 37 | Adjusted EBIDTA | 42% | | \$253,425 |
| | GROSS RETURN TO ASSETS OF THE BUSINESS | | | |

Step 4: Capitalization of Earnings

Adjusted EBIDTA is the gross return to the assets of the business. These business assets include three categories: 1. tangible assets, realty; 2. tangible assets, non-realty; and 3. intangible assets.

The earnings allocation and capitalization rates are shown below.

| | |
|---|-----------|
| ADJUSTED EBIDTA | \$253,425 |
| Asset Allocation of Earnings | |
| Earnings to FF&E | \$16,676 |
| Earnings to Accounting Profit | \$70,000 |
| Earnings to Economic Profit | \$0 |
| Residual Earnings to Real Estate | |
| | \$166,749 |
| Less: Real Estate Operating Expenses | \$41,687 |
| Add: Other Real Estate Net Income | |
| Net Operating Income to Real Estate | \$125,062 |
| Economic Gross Rent per Sq. Ft. | \$37.78 |
| Economic Net Rent per Sq. Ft. | \$28.33 |

Capitalization of Fee Simple Earnings

| | CAPITALIZATION RATE | VALUE |
|--|---------------------|-------------------------|
| 1. Real Property Value | 8.1% | \$1,540,000 |
| TANGIBLE ASSETS, REALTY | | |
| (Site, Store Building, Canopy, Fuel Dispensers, USTs, Electronics) | | |
| 2. FF&E Value | 25% | \$50,000 |
| TANGIBLE ASSETS, NON-REALTY | | |
| (Moveable Personal Property) | | |
| 3. Business Enterprise Value | 50% | <u>\$140,000</u> |
| INTANGIBLE ASSETS | | |
| (Capitalized Accounting and Economic Profit) | | |
| Going Concern Value | | \$1,730,000 |
| TOTAL ASSETS OF THE BUSINESS | | |

Price Range Check: Peer Group Real Estate Sale Prices

Peer group sales of convenience stores with gas stations (NAICS 4471) located near the subject property are summarized below.

PEER GROUP TRANSACTION SUMMARY

| INDIANA C-STORE REAL ESTATE SALES | | | | | | | |
|-----------------------------------|----------|--------------------|-------------|--------------|-----------|---------------|--------------|
| SALE DATE | LOCATION | SALE PRICE | STORE SIZE | YR BLT RENOV | SITE SIZE | PRICE/SQ. FT. | |
| 1 | 2008 | Hammond | \$1,875,000 | 2,385 | 2000 | 1.01 | \$786.16 |
| 2 | 2008 | Whiting | \$1,625,000 | 1,800 | | 1.36 | \$902.78 |
| 3 | 2011 | Linden | \$1,200,000 | 2,000 | | | \$600.00 |
| 4 | 2010 | Crown Point | \$950,000 | 3,446 | 1965 | 0.13 | \$275.68 |
| 5 | 2009 | Merillville | \$937,811 | 6,696 | 1968 | 0.74 | \$140.06 |
| 6 | 2008 | Highland | \$937,125 | 2,376 | 1988 | 0.12 | \$394.41 |
| 7 | 2009 | Indianapolis | \$906,250 | 2,325 | | 0.87 | \$389.78 |
| 8 | 2008 | Indianapolis | \$895,900 | 2,200 | 1990 | 1.05 | \$407.23 |
| 9 | 2008 | Munster | \$875,000 | 1,265 | 1980 | 0.38 | \$691.70 |
| 10 | 2009 | Indianapolis | \$862,500 | 880 | | 0.96 | \$980.11 |
| 11 | 2008 | Rising Sun | \$850,000 | 2,400 | 1996 | 0.95 | \$354.17 |
| 12 | 2009 | Indianapolis | \$824,500 | 1,648 | 1971 | 0.19 | \$500.30 |
| 13 | 2009 | Carmel | \$800,000 | 6,132 | | 1.59 | \$130.46 |
| 14 | 2009 | Indianapolis | \$800,000 | 2,250 | 1967 | 0.6 | \$355.56 |
| 15 | 2010 | Edinburgh | \$710,000 | 4,520 | | 1.25 | \$157.08 |
| MEDIAN | | \$895,900 | | | | | \$394 |
| AVERAGE | | \$1,003,272 | | | | | \$471 |

The average price per square foot of store area from this peer group is \$471 and the median price is \$394.

We have estimated the value of the subject's real property at \$1,540,000 or \$348.89 per square foot of store area under typical ownership and operations.

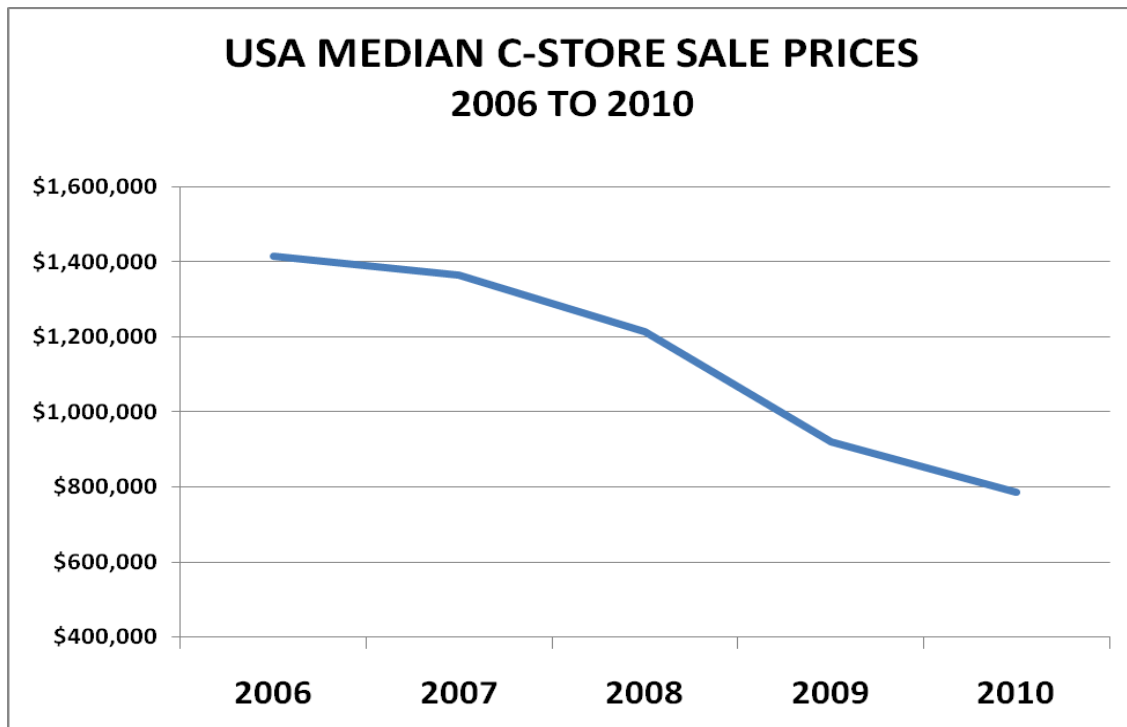
Recent Sales and Value Trends

Convenience store real estate prices peaked in 2006 at just under \$1.4 million, according to CoStar. This median price reflects convenience stores with fuel service. Convenience store sales prices declined in 2009 and 2010. The real estate price movement for convenience stores has fared slightly worse than retail commercial property in the U.S. as a whole. Moody's National Commercial Properties Index shows **retail commercial real estate prices down 39%** from their peak in 2007.

The national median price of convenience stores is down 44% over the same period to \$780,000 in 2010. (Source: CoStar)

Key Point

The median price of a convenience store with fuel service declined 44% from 2007 to \$780,000 in 2010.



Mortgage Loan Metrics

BASED ON FEE SIMPLE OWNERSHIP UNDER TYPICAL MANAGEMENT

| | |
|--|-------------|
| Technical Summary: | |
| Insurable Replacement Cost | \$3,505,779 |
| 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: | |
| Estimated Value of Real Estate | \$1,540,000 |
| Adjusted EBIDTA | \$253,425 |
| Less: Return to Tangible Assets, Non-Realty | \$16,676 |
| Less: Real Estate Operating Expenses (Property Taxes, Maintenance.etc) | \$41,687 |
| Less: Return to Intangible Assets (Accounting and Economic Profit) | \$70,000 |
| Add: Other Income to Real Estate | \$0 |
| Equals: NOI to Real Estate | \$125,062 |
| Targeted Debt Coverage Ratios | |
| Low | 1.01 |
| High | 2.25 |
| Dollars Available for Debt Service (Low) | \$55,583 |
| Dollars Available for Debt Service (High) | \$123,823 |
| Mortgage Constant | 0.0758482 |
| Total Possible Mortgage, Real Estate Only (Low) | \$732,819 |
| Total Possible Mortgage, Real Estate Only (High) | \$1,632,517 |
| Calculated Loan-to-Value Ratios | |
| Low | 48% |
| High | 106% |

Mortgage terms provided by Realty Rates.com

Report End Notes

Sources consulted in preparing this report:

1. *State of the Industry Report*, National Association of Convenience Stores, published annually
2. *Retail Fuel Watch*, Oil Pricing and Information Service, published annually.
3. ESRI® Business Analyst
4. Claritas Retail Market Report
5. CoStar
6. PetroMARK® Valuation Software

Our Products and Services

This Evaluation Analysis and report was prepared by C-Store Evaluations LLC using PetroMARK® valuation software. C-Store Evaluations LLC is a specialized financial services provider of C-Store Valuations.

This Evaluation Analysis is a reliable and credible opinion of value using the most appropriate methodology and industry-recognized data for estimating the fair market value of convenience stores and gas stations, This Evaluation Analysis and report has been prepared at the request of the client, but it is not an appraisal as defined by the Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Foundation. This is not a federally-related transaction.

This evaluation was not prepared by a state-licensed or certified appraiser.

This financial service provided to the client does not require a state-licensed or certified appraiser.

This evaluation is a cost-effective and less time-consuming alternative to a state-certified appraisal. The client has requested this Evaluation Analysis for internal corporate decision making. If the client so desires, C-Store Valuations can provide a state-certified appraisal meeting USPAP requirements. Please go to our website at www.cstorevalue.com for these and other products and services.

APPENDIX

How Retail Property Value is Created

Trade Area Maps

Hypermarket Competition

FF&E Valuation

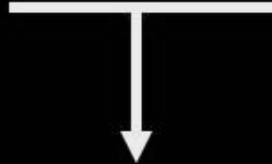
How Retail Property Value is Created

TRADE AREA FACTORS

- SUPPLY
 - Competition
- DEMAND
 - Population (Customers)
 - Income Levels

SITE FACTORS

- Size
- Traffic Volume
- Visibility
- Access



FUEL VOLUME

- In-Store Sales
- Car Wash Sales
- Other



GROSS SALES
Less: COST OF GOODS SOLD
 GROSS PROFIT
Less: OPERATING EXPENSES
 EBIDTA

ECONOMIC RETURN TO:

- Real Estate
- Equipment
- Business Value



CONVENIENCE STORE VALUE



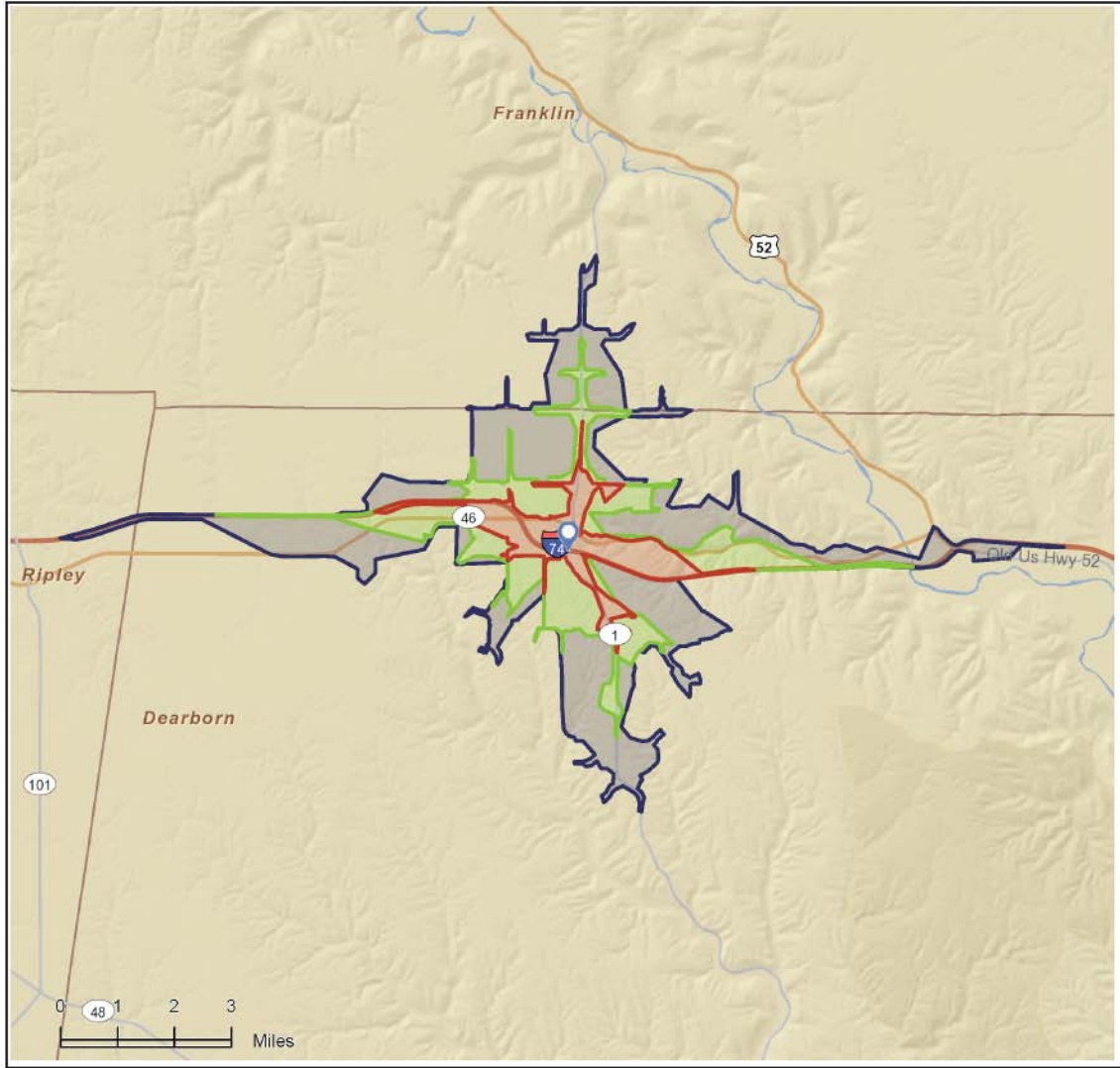
PHYSICAL DIVISION

- Land Value
- Improvement Value

LEGAL DIVISION

- Leased Fee Value
- Sandwich Lease Value
- Leasehold Value

TRADE AREA MAP



TRAFFIC VOLUME MAP



- Average Daily Traffic Volume**
- ▲ Up to 6,000 vehicles per day
 - ▲ 6,001 - 15,000
 - ▲ 15,001 - 30,000
 - ▲ 30,001 - 50,000
 - ▲ 50,001 - 100,000
 - ▲ More than 100,000 per day



HYPERMARKT COMPETITIVE LOCATIONS



Equipment List

| DESCRIPTION | QTY | EACH | % GOOD | TOTAL |
|---------------------------------------|-----|-----------|--------|---------|
| CO2 TANK W. VALVE CONNECTED W/ SODA M | 1 | \$500 | 80% | \$400 |
| DRINK DISPENSER W/ REMOTE TANK SYSTEM | 1 | \$2,650 | 80% | \$2,120 |
| COFFEE MAKER | 1 | \$1,575 | 80% | \$1,260 |
| HOT CHOCOLATE | 1 | \$605 | 80% | \$484 |
| CUP DISPENSERS | 2 | \$170 | 80% | \$272 |
| CASH REGISTER | 1 | \$3,000 | 80% | \$2,400 |
| TELEPHONE BOARD | 1 | \$1,750 | 80% | \$1,400 |
| PORTABLE FIRE EXTINGUISHER | 2 | \$175 | 80% | \$280 |
| STAINLESS STEEL SINK | 2 | \$2,025 | 80% | \$3,240 |
| ICE MACHINE | 1 | \$2,700 | 80% | \$2,160 |
| TIME RECORDER | 1 | \$7,000 | 80% | \$5,600 |
| CORNER CAP | 1 | \$750 | 80% | \$600 |
| BAG IN BOX | 1 | \$250 | 80% | \$200 |
| MICROWAVE | 1 | \$375 | 80% | \$300 |
| OVEN | 1 | \$3,500 | 80% | \$2,800 |
| POPCORN MACHINE | 1 | \$995 | 80% | \$796 |
| SLUSH PUPPY | 1 | \$2,960 | 80% | \$2,368 |
| PASTRY CASE | 1 | \$2,000 | 80% | \$1,600 |
| HOT DOG MACHINE | 0 | \$670 | 80% | \$0 |
| GONDOLAS W/ END CAP | 3 | \$250 | 80% | \$600 |
| 2FT WIDE SHELVING/72 IN HIGH | 12 | \$150 | 80% | \$1,440 |
| GRILL COOKER | 0 | \$2,000 | 80% | \$0 |
| PAY PHONE | 1 | \$750 | 80% | \$600 |
| COMPUTER | 1 | \$5,000 | 80% | \$4,000 |
| SHELVES | 3 | \$150 | 80% | \$360 |
| UNDERCOUNTER SAFE | 2 | \$1,500 | 80% | \$2,400 |
| LOTTO MACHINE | 1 | \$1,000 | 80% | \$800 |
| RECEIPT MACHINE | 1 | \$500 | 80% | \$400 |
| CREDIT CARD MACHINE | 1 | \$300 | 80% | \$240 |
| CONDIMENT TRAY | 1 | \$1,025 | 80% | \$820 |
| ATM MACHINE | 1 | \$4,500 | 80% | \$3,600 |
| ICE CREAM COOLER | 2 | \$705 | 80% | \$1,128 |
| 2-DOOR FREEZER | 1 | \$3,000 | 80% | \$2,400 |
| PRINTER | 1 | \$500 | 80% | \$400 |
| DISPLAY CASE | 2 | \$475 | 80% | \$760 |
| OVERHEAD CIGARETTE DISPENSER | 1 | \$1,500 | 80% | \$1,200 |
| DEEP SHELF WITH MOP HOLDERS | 1 | \$750 | 80% | \$600 |
| FOOD/REST EQUIPMENT | 0 | \$150,000 | 80% | \$0 |

TOTAL ADJUSTED BOOK VALUE: Tangible Assets, Non-Realty **\$50,028**
STORE BLDG SIZE **4,414**
EQUIPMENT VALUE/SF **\$11.33**