Convenience Store Appraisal Report Notes

Convenience stores and gas stations are specialized income-producing commercial real estate referred to as “Trade-Related Property”. Because these properties are a specialized type of real estate, additional analysis and procedures are required in the appraisal report. To produce a credible appraisal, the appraiser should include:

Trade Area Analysis

1. Trade area boundaries for the subject should be defined (see page 63).
2. Supply and demand within the trade area should be mathematically measured. (see page 66).
3. Customer demographics within the trade area should be recognized (see page 68).
4. Hypermarket competition should be identified (see page 68).

Sales Comparison Approach

Separate line-item adjustments for differences between the subject and comparable sales should be made for the following (see page 90):

(a) Supply and demand,
(b) Customer demographics,
(c) Hypermarket competition,
(d) Wet or Dry (alcohol sales prohibited) locations

Capitalized Income Approach

This is the primary approach and the most reliable. The Capitalized Income Approach is a direct measure of the subject’s earnings capacity to economically sustain the value of the real estate. Rentals derived from sale/leaseback transactions are not reliable indications of market rent and should be avoided.

To produce an estimate of the fee simple value, the appraiser must develop an independent projection of earnings (gallonage and inside sales) under typical management and not merely extrapolate the current operator’s profit and loss statements. The appraiser’s independent projection of earnings is developed from the industry analysis, trade area analysis and physical characteristics of the subject site and improvements (see page 80).

C-STORE VALUATIONS

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reb@cstorevalue.com

DALLAS, TEXAS

Valero Store

Frankston, Texas
July 9, 2015

Silver Edition

Processed with PetroMARK® Valuation Software

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July 9, 2015

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RE: Valero Store Our File: 15-3043Azino
360 E. Pine Street
Frankston, Texas 75763

Nick Demoran:

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.

BancorpSouth Bank 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	**"At-Completion"**	**"As-Is"**
Tangible Assets, Realty:	$1,357,000	$852,000
Tangible Assets, Non-realty:	$21,000	$10,000
Intangible Assets:	$76,000	$54,000
Total Assets of the Business:	$1,454,000	$916,000

Sincerely,

Robert E. Bainbridge, MAI
C-Store Valuations
Dallas, Texas

Appraisal Institute
MAI | SRA ™

4447 N. Central Expressway, Suite 110, Box 237, Dallas, Texas 75205
VOICE (512) 512-3312 reb@cstorevalue.com
www.cstorevalue.com

C-STORE VALUATIONS
APPRAISAL REPORT

DATE OF REPORT:	July 9, 2015
TO:	
FROM:	
	Certified General Real Estate Appraiser # C000276
RE:	Valero Store
Borrower Contact:	Azino Property Management LLC
Loan #:	
Loan Request:	
Client File #:	15-000723-01-01
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:	360 E. Pine Street
	Frankston, Texas 75763
Property Type:	Convenience Store/Gas Station JL1
Rights Appraised:	Fee Simple
Appraisal Premise:	As Is
Date of Value:	July 9, 2015
Site Size:	15,316 sq. ft.
Store Size:	2,790 sq. ft.
Car Wash:	No

Part 1: Market Value:	At Completion	As-Is	As Stabilized
Tangible Assets, Real Property	$1,357,000	$852,000	N/A
Tangible Assets, Non-Realty	$21,000	$10,000	N/A
Intangible Assets	$76,000	$54,000	N/A
Total Going Concern Value	$1,454,000	$923,000	N/A
Excess Marketable Land	$.00	$.00	N/A
Total Fee Simple Value	$1,454,000	$916,000	

Leased Fee Value:	N/A
Part 2: Value Under Current Operations	
Gross Profit Index:	103%

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: Walmart Neighborhood Store. Trade area in slight over-supply.

HYPERMARKETS ARE A SIGNIFICANT COMPETITIVE THREAT. 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:

1. None.

The existing rest rooms are not ADA-compliant. The front entry may not be ADA-compliant. A compliance inspection should be made for features covered under the Americans With Disabilities Act.

Other:

1. New 8-ton air conditioning unit was installed in 2013 at a reported cost of $10,000.

2. No environmental contamination issues were reported.

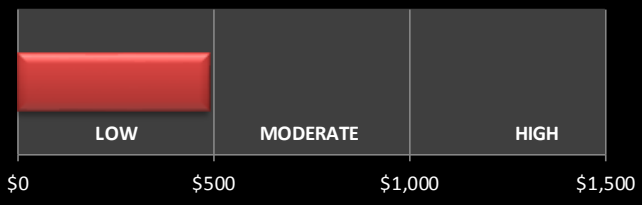
Extraordinary Assumptions:

1. It is assumed that no environmental contamination exists.

2. A prospective value estimate is made assuming completion of proposed construction on December 31, 2015, which is the effective date of value. The proposed construction includes expanding the existing building of 1,560 square feet to 2,790 square feet. The entire interior of the building will be remodeled with new, repositioned, ADA-compliant rest rooms, a new 11-door cooler, 2-door freezer, game room, and repositioned cashier's station. The electrical, plumbing and HVAC will be substantially new. A new front facade will be construction with two new entries. The fuel service will remain largely "as-is". It is assumed that all work will be completed in a professional ad workmanlike manner. It is assumed that the building will be ADA-compliant at completion.

DIAGNOSTIC RATIOS PANEL

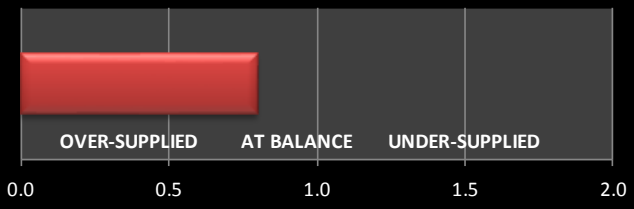
REAL ESTATE VALUE PER SQ. FT.



THE REAL ESTATE VALUE PER SQ. FT. IS MODERATE COMPARED TO THE NATIONAL AVERAGE.

$486

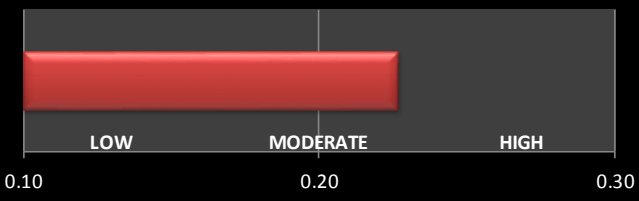
TRADE AREA SUPPLY AND DEMAND



THE TRADE AREA SUPPLY AND DEMAND IS IN BALANCE.

0.80

RATIO OF REAL ESTATE NOI TO GROSS PROFIT



THE RATIO OF REAL ESTATE NOI TO GROSS PROFIT IS MODERATE COMPARED TO THE NATIONAL

0.23

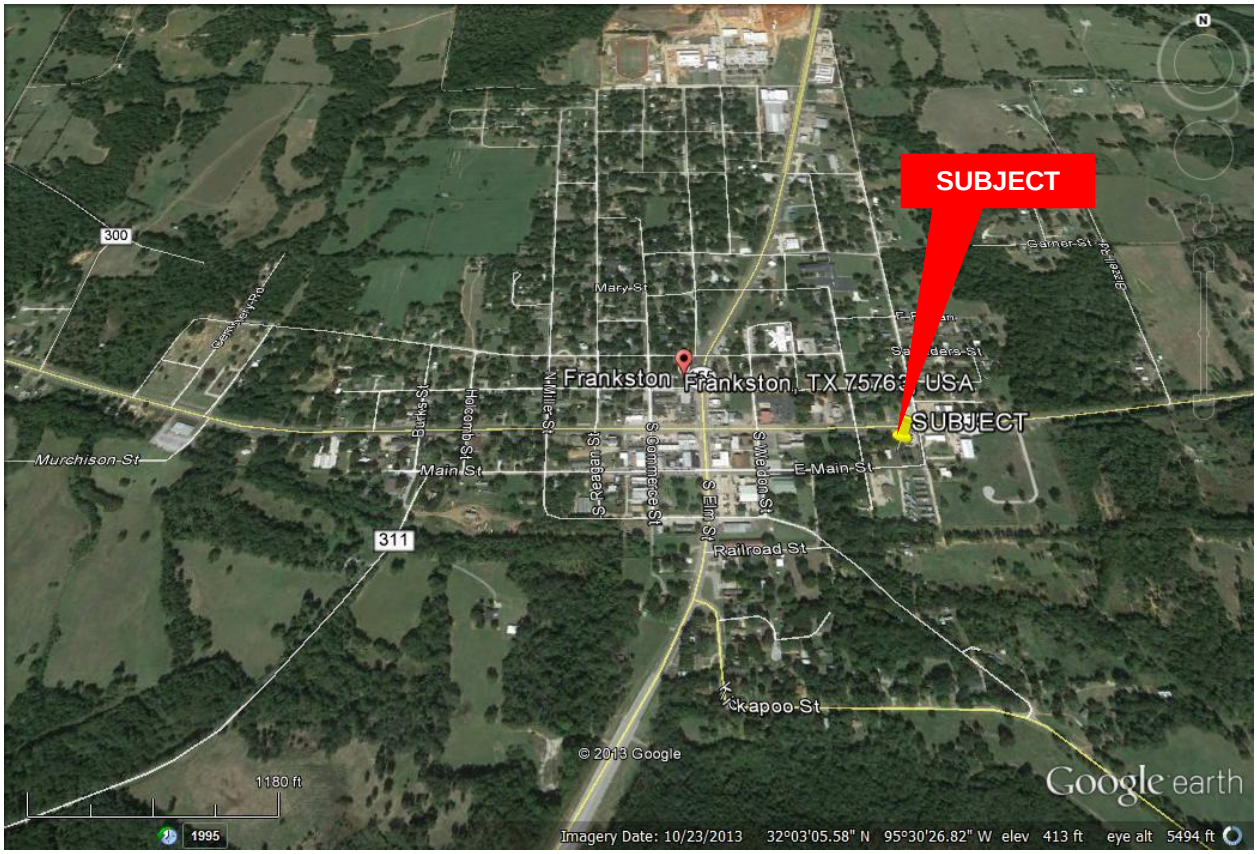
Mortgage LoanTechnical Summary

Insurable Replacement Cost	$1,528,725
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	$1,357,000
Adjusted EBIDTA	$180,626
Less: Return to Tangible Assets, Non-Realty	$6,948
Less: Real Estate Operating Expenses (Property Taxes, Maintenance.etc	$33,920
Less: Return to Intangible Assets (Accounting and Economic Profit)	$38,000
Add: Other Income to Real Estate	$0
Equals: NOI to Real Estate	$101,759
Targeted Debt Coverage Ratios	
Low	1.5
High	2.25
Dollars Available for Debt Service (Low)	$45,226
Dollars Available for Debt Service (High)	$67,839
Mortgage Constant	0.0758
Total Possible Mortgage, Real Estate Only (Low)	$596,270
Total Possible Mortgage, Real Estate Only (High)	$894,406
Calculated Loan-to-Value Ratios	0
Low	44%
High	66%

Photograph

Valero Store, Frankston, Texas
Taken on July 9, 2015

LOCATION MAP
Frankston, Texas



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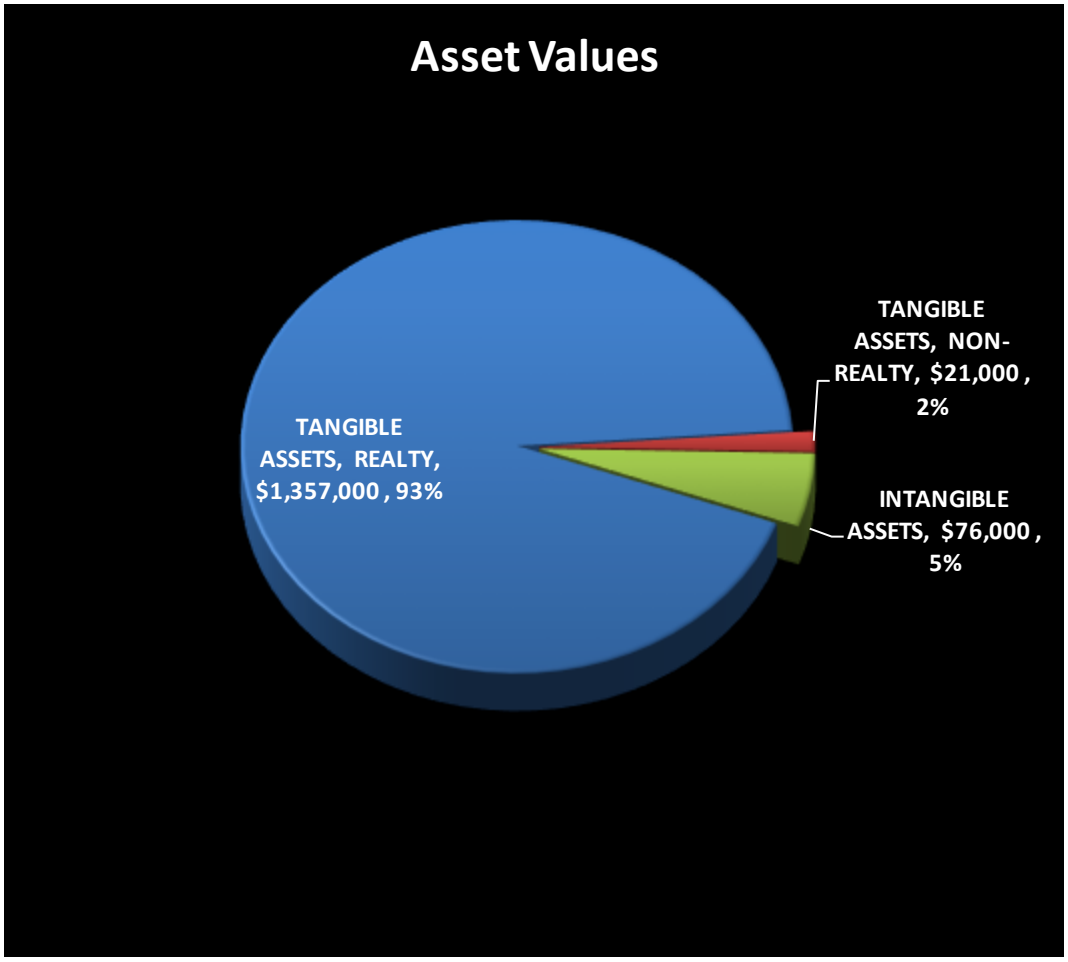
Executive Dashboard

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% INCRESAE 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 PER FOOT OF STORE BUILDING AREA

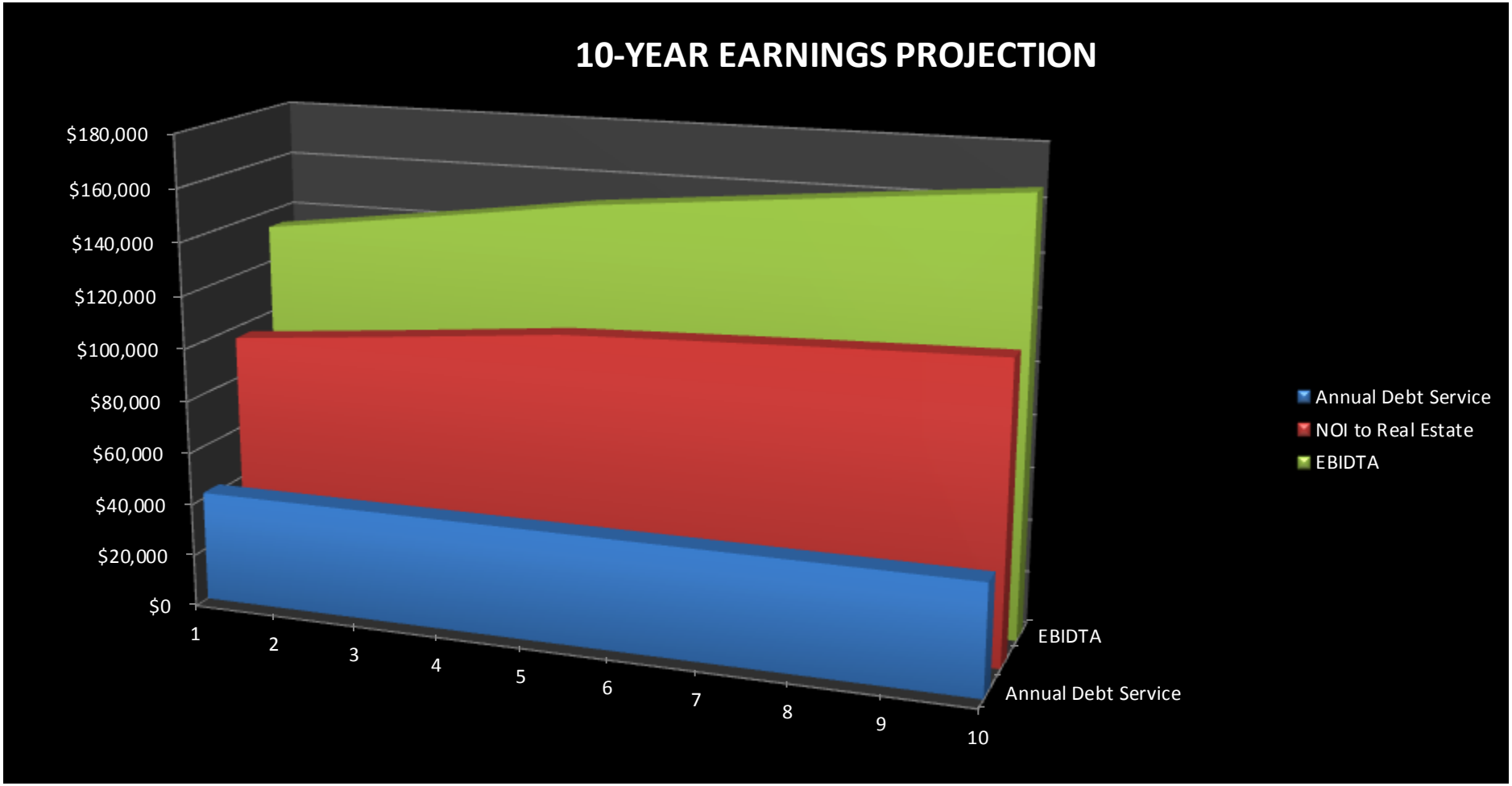
VALUE CONCLUSIONS
TOTAL ASSETS OF THE BUSINESS

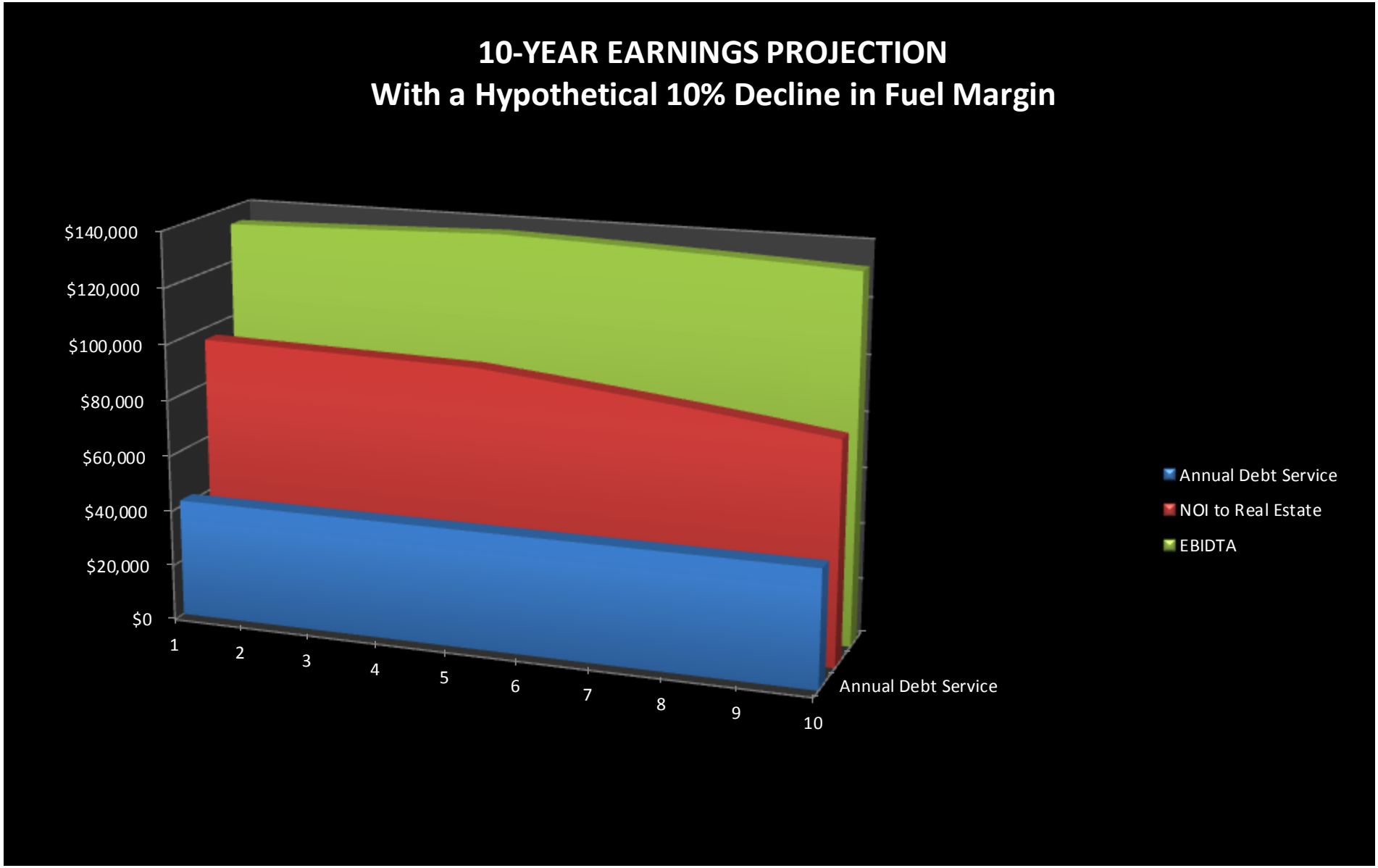


10-Year Earnings Projections

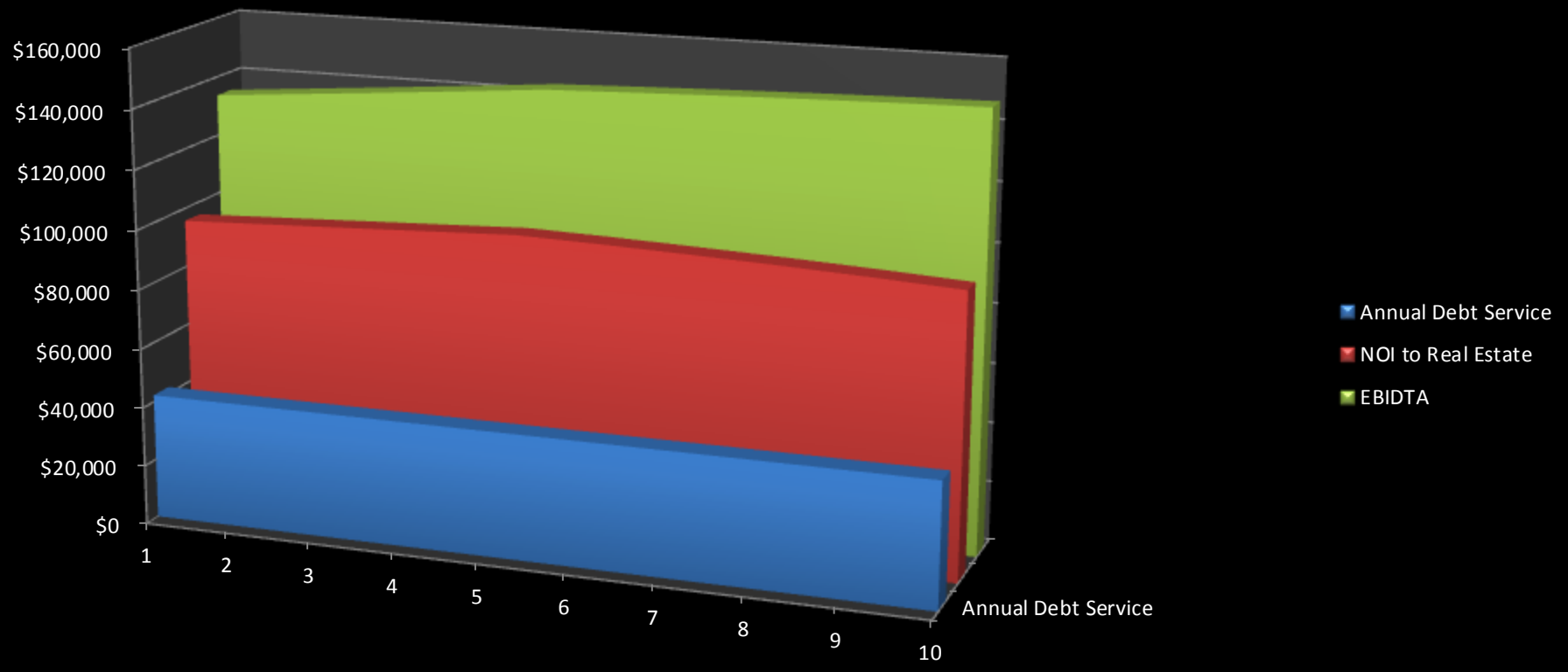
NOMINAL CHANGES	Near-Term	Long-Term
Estimated Annual Change in CPI	3.00%	4.00%
Annual Growth in Fuel Margin	3.00%	3.00%
Annual Growth in Merchandise Sales	3.00%	4.00%
Annual Growth in Food Service Sales	0.00%	0.00%
Annual Growth in Other Sales	4.00%	4.00%
Annual Growth in Operating Expenses	3.00%	5.00%
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	1,046,000	1,046,000	1,046,000	1,046,000	1,046,000	1,046,000	1,046,000	1,046,000	1,046,000	1,046,000
Fuel Margin	$0.09	$0.10	$0.10	$0.10	$0.11	$0.11	$0.11	$0.11	$0.12	$0.12
Fuel Margin Dollars	$97,670	$100,600	$103,618	$106,727	$109,929	$113,227	$116,623	$120,122	$123,726	$127,438
Merchandise Sales	$1,394,308	$1,436,138	$1,479,222	$1,523,598	$1,569,306	$1,632,079	$1,697,362	$1,765,256	$1,835,866	$1,909,301
Merchandise Margin	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Merchadise Margin Dollars	$348,577	$359,034	$369,805	$380,900	$392,327	$408,020	$424,340	$441,314	$458,967	$477,325
Food Service Sales	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Food Service Margin	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%
Food Service Margin Dollars	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Earnings	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Less: Shrink	$3,432	$3,534	$3,641	$3,750	$3,862	$4,014	$4,172	$4,336	$4,507	$4,684
Total Gross Profit	$442,816	$456,100	$469,783	$483,877	$498,393	$517,232	$536,792	$557,100	$578,185	$600,078
OPERATING EXPENSES										
Labor Costs (Include Payroll Taxes)	$157,010	$161,720	$166,572	$171,569	$176,716	$185,552	$194,830	$204,571	$214,800	$225,540
Liability Insurance	$3,140	$3,234	$3,331	$3,431	$3,534	$3,711	$3,897	$4,091	$4,296	$4,511
Royalties/Card Fees	$35,888	$36,965	$38,074	$39,216	$40,392	$42,412	$44,532	$46,759	$49,097	$51,552
Supplies	$17,944	$18,482	$19,037	$19,608	$20,196	$21,206	$22,266	$23,380	$24,549	$25,776
Advertising	$8,972	$9,241	$9,518	$9,804	$10,098	$10,603	$11,133	$11,690	$12,274	$12,888
Utilities	$26,916	$27,723	$28,555	$29,412	$30,294	$31,809	$33,399	$35,069	$36,823	$38,664
Motor Fuel Drive-Offs	$3,140	$3,234	$3,331	$3,431	$3,534	$3,711	$3,897	$4,091	$4,296	$4,511
Cash Over/Short	$3,140	$3,234	$3,331	$3,431	$3,534	$3,711	$3,897	$4,091	$4,296	$4,511
Other	$449	$462	$476	$490	$505	$530	$557	$584	$614	$644
Sub-total	$256,599	$264,297	$272,226	$280,393	$288,805	$303,245	$318,407	$334,328	$351,044	$368,596
EBIDTA	$186,216	$191,803	$197,557	$203,484	$209,588	$213,987	$218,384	$222,772	$227,141	$231,482
Less: Return to Tangible Assets Non-Realty	$6,948	$7,157	$7,371	$7,593	$7,820	$8,133	$8,459	$8,797	$9,149	$9,515
Less: Real Estate Operating Expenses	$33,920	$34,937	$35,985	$37,065	$38,177	$39,704	$41,292	$42,944	$44,661	$46,448
Less: Return to Intangible Assets	$38,000	$39,520	$41,101	$42,745	$44,455	$46,233	$48,082	$50,005	$52,006	$54,086
Add: Other Income	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Theoretical NOI to Real Estate	$107,349	$110,189	$113,100	$116,081	$119,136	$119,917	$120,552	$121,026	$121,325	$121,434
NOI AVAILABLE TO REAL ESTATE	$145,349	$149,709	$154,200	$158,826	$163,591	$166,150	$168,634	$171,032	$173,331	$175,519


10-YEAR EARNINGS PROJECTION
$180,000
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
1
2
3
4
5
6
7
8
9
10
EBIDTA
Annual Debt Service
Annual Debt Service
NOI to Real Estate
EBIDTA

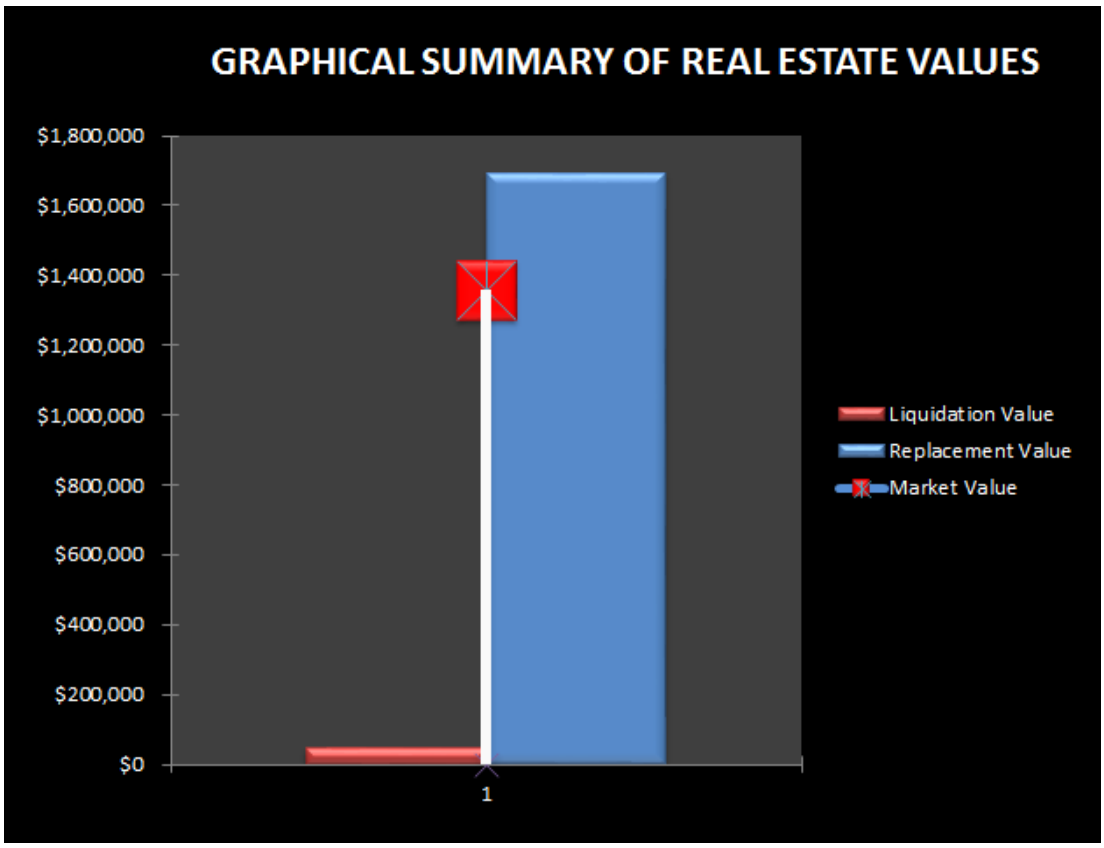

10-YEAR EARNINGS PROJECTION
With a Hypothetical 10% Decline in Fuel Margin
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
1
2
3
4
5
6
7
8
9
10
Annual Debt Service
Annual Debt Service
NOI to Real Estate
EBIDTA

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

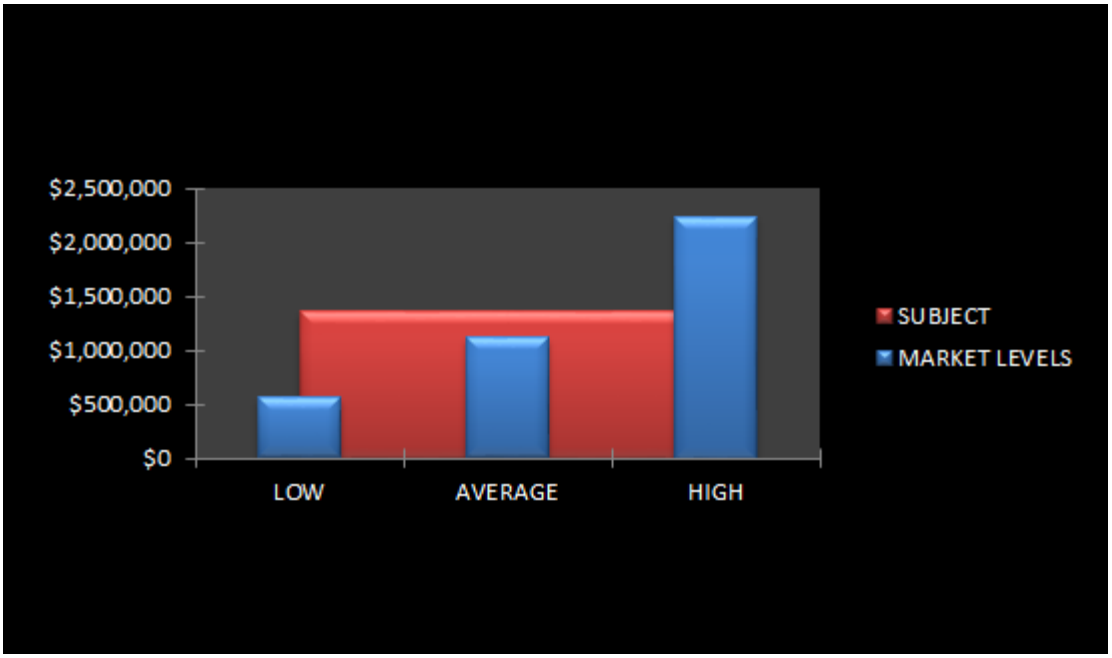


GRAPHICAL SUMMARY

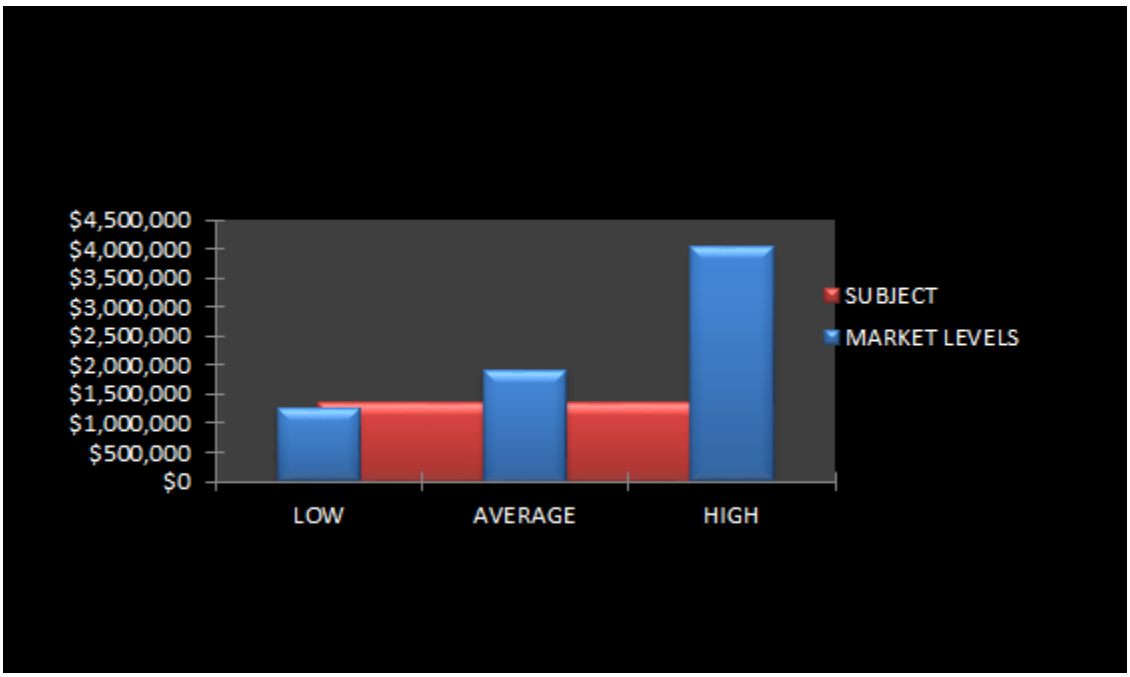
TANGIBLE ASSETS, Realty	
Replacement Value	$1,693,551
Liquidation Value	$47,000
Market Value	$1,357,000



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 2015

SCOPE OF WORK

With the 2014-2015 version of USPAP, the terms “Appraisal” and “Restricted Appraisal”, are now used to designate the type of report. This is an appraisal. 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, and the Interagency Guidelines for Appraisals and Evaluations, 2010, published by the FDIC.

Problem Identification

CLIENT AND INTENDED U

The client and intended u d this appraisal report is specifically written 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 mortgage financing. 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:

> *Market value* means the most probable price 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 and 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:
>
> (1) Buyer and seller are typically motivated;
>
> (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
>
> (3) A reasonable time is allowed for exposure in the open market;

(4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

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

Authority. This part is issued under 12 U.S.C. 1818, 1819 ["Seventh" and "Tenth"] and title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA") (Pub. L. 101--73, 103 Stat. 183, 12 U.S.C. 3331 *et seq.* (1989)). *Codified to 12 C.F.R. § 323.1]*

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 6 to 12 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 OPNIONS AND CONCLUSIONS
The effective date of this appraisal is December 31, 2015, a prospective value for completion of the propose constuction. The date of this report and date of the "as-is" value is July 9, 2015.

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:

360 E. Pine Street
Frankston, Texas 75763

The property is owned by Azino Property Management LLC and is used as a convenience store with gas station.

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 cannot 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.

The fee simple value is developed for both the "As-Completed" and "As-Is" condition of the property.

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.

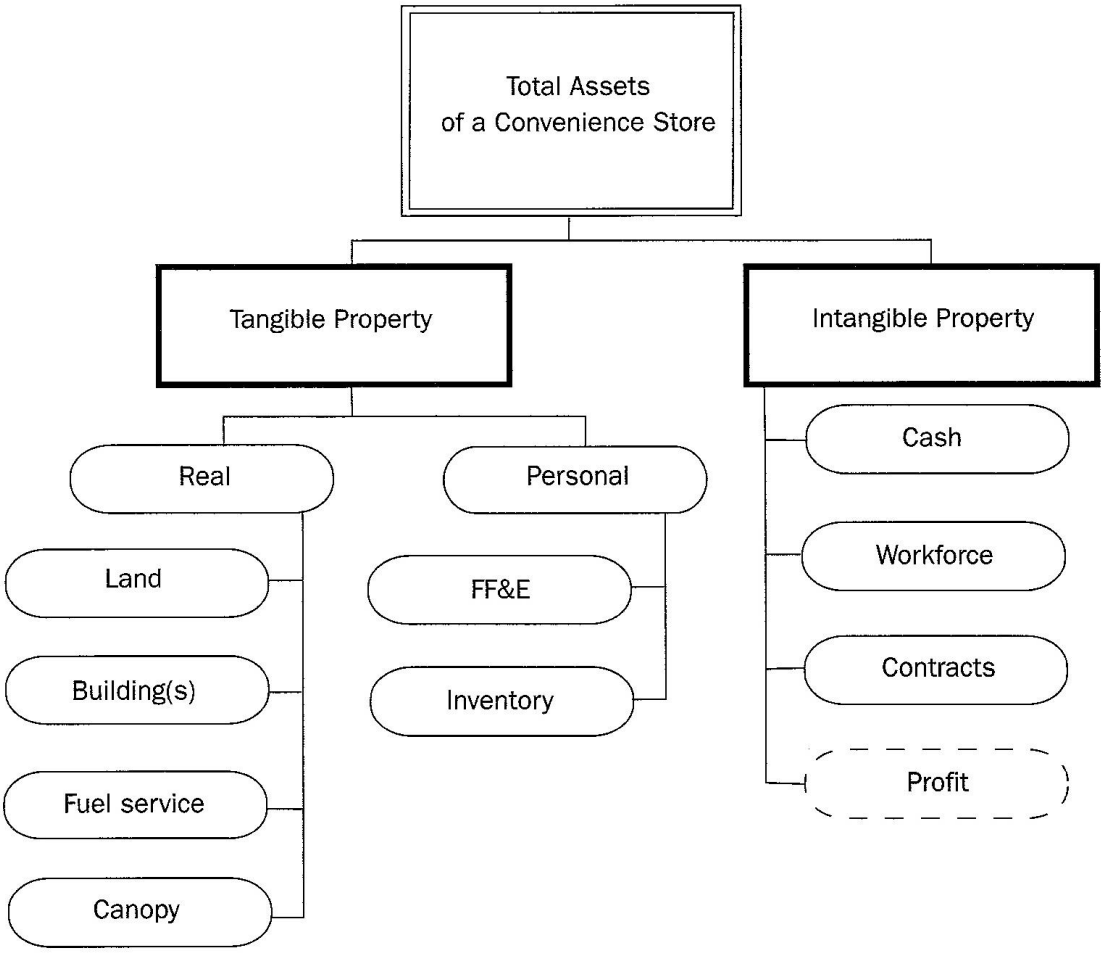
b. *Exchange Value*: What a property would sell for under the normal definition of market value to a party who would use the property based on its highest and best use.

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.

This is an Appraisal Report.

All three valuation approaches have been developed.

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 cannot 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.

KEY COMLIANCE 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

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:

- Profit and Loss Statements, 2014, 2015, Pro Forma 2016
- 2014 Sale Agreement

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.
- 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 a past 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 30 years of experience appraising real estate and specialize in the area of retail fuel properties.

ASSIGNMENT CONDITIONS

(EXTRAORDINARY ASSUMPTIONS, HYPOTHETICAL CONDITIONS)

Extraordinary Assumptions:

1. It is assumed that no environmental contamination exists.

2. A prospective value estimate is made assuming completion of proposed construction on December 31, 2015. The proposed construction includes expanding the existing building of 1,560 square feet to 2,790 square feet. The entire interior of the building will be remodeled with two new, repositioned, ADA-compliant rest rooms, a new 11-door cooler, 2-door freezer, game room, and repositioned cashier's station. The electrical, plumbing and HVAC will be substantially new. A new front facade will be constructed with two new entries. The fuel service will remain largely "as-is". It is assumed that all work will be completed in a professional ad workmanlike manner. It is assumed that the building will be ADA-compliant at completion.

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 sold in 2014. The agreement for sale of the total assets of the business has been signed in February, 2014 for $825,000. No allocation of the sale price was made to the three asset classes.

This agreement was a lease with an option to purchase. The initial term of the lease was from February 1, 2014 to December 1, 2014, 10 months. So, the leased fee value was essentially identical to the fee simple value.

The rental rate was $6,500 per month on a net basis. Compared to the purchase option price of $825,000, this rental rate appears high.

The lessee exercised the purchase option at this time and the price appears to be an arm's length transaction.

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 convenience store with fuel service.

2. The property currently operates under the Valero brand.

Summary Site Description:

Site Size:	0.3516 acres
Frontage:	159.5 feet on W. Pine Street (U.S. Hwy 175) 96 feet on Garrison Street
Average Depth:	96 ft.
Building Coverage Ratio:	10%
Off-Street Parking:	9 unassigned
Zoning:	Not zoned
Compliance:	Yes
Identified Flood Hazard Area:	No
FEMA Map No.	48001C0125D
FEMA Map Date:	2/3/2010
Known Site Environmental Issues:	None
NWS Identified Wet Land	No

AERIAL

Summary Store Description:

Building Size:	2,790 sq. ft.
Year Built:	10 Overall Effective age. 2015 Remodel
Frame/Bearing Walls:	Masonry
Roof Type:	Flat
Roof Cover:	Built-up
Foundation:	Concrete slab
Exterior Siding:	Painted Brick
Exterior Details:	Glass store front
Interior Walls/Ceilings	Drywall/Acoutile suspended ceiling
Floor Coverings:	Asphalt tile
HVAC:	Forced Air/Package A/C
Electrical Service:	3-phase/1,000 AMP
ADA Requirements:	No
Rest Rooms:	Two public
Energy Efficiency:	Average
Overall Construction Quality:	Average
Overall Condition:	Average/Fair
Estimated Remaining Life:	35 yrs economic 55 yrs physical life
Other:	(1) 11-door beverage display cooler (2) 1-door display freezer (3) 1 Food service ventilation system (4) 1 Cooking grill/fryer

.

Summary Fuel Service Description:

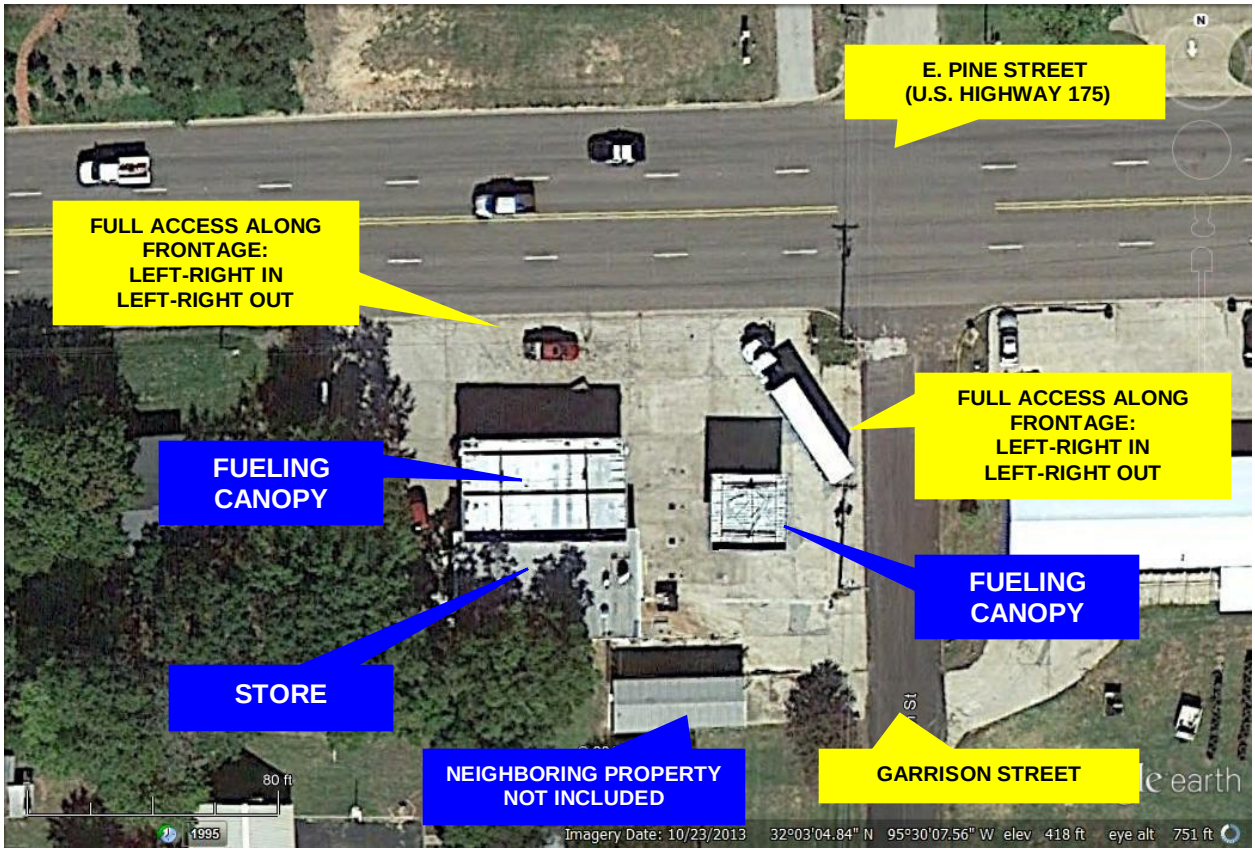
Dispensers:	(2) MPD 3-hose, 3-product (passenger vehicle service) (1) 1-hose, Diesel
Make:	Unknown
Fuel Positions:	6
Year of Installation:	1984
Condition:	Average/Fair
Underground Fuel Tanks:	Three
Canopy Design:	In-Line
Canopy Size:	30 ft. X 50 ft. and 24 ft. X 24 ft. Steel frame, lighted

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 partially improved with buildings and parking area. Off-street paved parking accommodates 9+ vehicles. The site has frontage on two public roadways. This is a corner location, at a non-signalized intersection.



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 The Valero Payless Store located at 360 E. Pine Street, Frankston, Texas.

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: 360 E. Pine Street; City: Frankston; County: Anderson; State: TEXAS; Zip Code: 75763.
- Situated at the southwest corner of E. Pine Street and Garrison Street.
- Census Tract Number: 0.
- Map Latitude: 32.03’ 04””.
- Map Longitude: -95.30”07””.
- Land uses adjacent to the north: Vacant Lot and Commercial.
- Land uses adjacent to the east: Retail commercial (Dollar General).
- Land uses adjacent to the south: Vacant former UPS shipping.
- Land uses adjacent to the west: Single-Family Residence.
- Nearby amenities influencing the subject land: U.S. Highway 175.
- 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 E. Pine St. (U.S. Highway 175)	159.5 feet
East	Frontage on Garrison Street	96 feet
South	Border with private land	159.5 feet
West	Border with private land	96 feet

- The subject land area is calculated by this appraiser based on platted site dimensions equal to 15,316 square feet.
- The subject land area is reported by the public records to equal 15,316 square feet also equal to 0.3516 acres.
- The subject land area used for the purposes of this appraisal is estimated to equal 15,316 square feet also equal to 0.3516 acres. This total land area determination is a condition of this appraisal.
- The representative shape of the subject land is best described as a rectangle with four corners having 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: E. Pine Street; # traveling lanes: 4; Curbside parking: No; Grade: Flat; Surface: Asphalt; Quality: Average; Condition: Average
- Street: Garrison Street; # traveling lanes: 2; Curbside parking: No; Grade: Flat; Surface: Asphalt; Quality: Average; Condition: Average.
- Curb and Gutter: Yes; Type: Concrete; Installed on all streets: No.
- Alley: No; Surface: N/A; Width in feet: N/A
- Storm Sewer: Public Yes; Retention pond: No; Ditch along street or highway: No
- Sanitary Sewer: Public: Yes; Private: No.
- Water: Public: Yes; Private: No.
- Natural Gas: Yes.
- Electric Power: Yes.
- Telephone: Yes.
- Sidewalk: No; Number of sides: None; Surface: None.
- Street lights: Yes; Number of sides: Two; Quality: Average.
- Water Access/Port: No.
- Amenities: No.
- Railroad Service: No.

- Fiber Optics: Unknown.
- Cable TV: Unknown.

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 Pine Street (State Highway 43) and local access roadway (Garrison Street). The existing vehicular speed limit adjacent to the subject land along the roadways is 40 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: All along frontage of both streets
- 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 E. Pine Street 5,800 as of 2002.
- Site view and visibility characteristics are considered to be average.
- The subject land is a corner location.
- Adjacent corner traffic controls include a stop sign on Garrison 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 is a rural location along a state highway and county road. Visibility is adequate.

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

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 “X” classification that is estimated to equal 15,316 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: 360 E. Pine Street.
- Community Name: Frankston.
- Community Number:
- County: Boundary.
- Census Tract: 0
- Map Number: 48001C0125D
- Effective Date: 2/3/2010
- 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 site is not part of any NFW identified wetland. 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, if required 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: Azino Property Management LLC Doug Cory.
- 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 15,316 square feet; which equals 0.3516 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 average.
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 64,800 SF, which equals 1.4876 acres.

ZONING AND LAND USE REGULATIONS

Zoning District: The subject site is not zoned.

Purpose: None.

Minimum Lot Size: None.

Minimum Lot Width: None.

Setback Requirements: None.

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 not specified.

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 not specified.

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 not specified.

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

Permitted Uses: service stations, retail stores, office, all uses in commercial zone.

Conditional Uses: None.

Comprehensive Plan Review: No.

Other Property Right Restrictions Affecting the Subject Property: None.

- Other land use regulations and ordinances: Local health codes; Negative impact on value: None.
- 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.

- 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 : None.

DETAILED IMPROVEMENT DESCRIPTION INCLUDING SPECIFIC ATTACHED FIXTURES AND PERSONAL PROPERTY

Property Name: Valero Store.

Client File No. 15-000723-01-01.

Address: 360 E. Pine Street; **City/Municipality:** Frankston; **County:** Anderson; **State:** Texas; **Zip Code:** 75763.

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.

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 2,790 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 net area is estimated at 2,790 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): 10.

Date of Inspection of the Improvements: July 9, 2015.

Individual Conducting the Improvement Inspection: Robert E. Bainbridge

Effective Date for This Improvement Analysis: July 9, 2015.

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 C building: *"Frame is masonry load-bearing walls with or without pilasters; masonry, concrete or 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 average.

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 July 9, 2015.

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	2,790	100					
2.							
3.							

Percentage Occupancy Based on Building Rentable Area as of Date of Inspection: 100% as of the July 9, 2015 date of inspection and 100% as of December 31, 2015 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: 10 year = 100% GBA.
- Date of building additions: None.
- Average actual building age in years based on pro-rata building area is estimated at 0 years as of the effective date of value of July 9, 2015.
- 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 30% ratio of total property cost attributable to only the building assets x 10 years effective age, plus about 100% ratio of total property cost attributable to only the exterior non-building site improvement assets x 10 years effective age, plus about 100% ratio of total property cost attributable to only attached fixture assets x 10 years effective age, plus about 100% ratio of total property cost attributable to only personal property assets x 10 years effective age equals a weighted average effective age of the entire subject property estimated at 10 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 10 years equals 35 years as of the effective date of appraisal and value as of July 9, 2015.

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: colored concrete.

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: 10 ft.; Clear ceiling height: 10 ft; Number of courses of concrete block w/8" per block between floors/roof: 12;

Lighting: 2' X 4' suspended florescent fixtures without prismatic lens; Surface mounted incandescent; Electrical system: Average.

Plumbing: Water closet = 2; Urinal = 0; Lavatory = 2; 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: Forced air electric heat. Refrigerated air cooling;

Quality of Interior Finish and Decoration: Average.

Condition of Interior Finish and Decoration: Average.

Net Floor Area: Irregular Dimensions = 2,790 SF net finished area.

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		100%
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	N/A	0
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 office/storage.

- 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: 15,316 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 slab on-grade. 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:

- Masonry frame for 100% combination of load-bearing exterior walls and interior 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
Ceramic tile	85%
Brick, common, in mortar	
Brick pavers, in concrete	
Carpet and pad	
Color, concrete	
Gratings, steel or aluminum	
Hardener and sealer, concrete	15%
Heavy duty hardener/sealer, concrete	
Hardwood-typical	
Linoleum	
Rubber tile or sheet	
Seamless plastic/epoxy/urethane	
Softwood	
Terrazzo tile	
Tile, ceramic or quarry	
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	100%
None	

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

- Predominate interior partitions: Wood frame consisting of 2" by 4" studs; with average; average interior decorating for about 10% of GBA.
- Toilet partitions: None; Grab bars.
- Miscellaneous secondary interior partition features: (None).
- Floor base features: asphalt tie over concrete.
- 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; knob-type hardware.
- Miscellaneous built-in special features: Base cabinets; Wall cabinets;
- Restroom accessories: Typical dispensers; Hand towel dispenser; Mirrors; Waste receptacles.
- Remodeling/renovation since original construction: Nominal.
- Condition: Good.
- **Mezzanines-Open Low Cost Space:** Finished office space less than 200 SF
- **Miscellaneous Built-In Construction:** Approximately 100 linear feet of base cabinet.

Plumbing: The plumbing system characteristics are described as follows:

- Number of restrooms/bathrooms/toilet rooms: 2.
- Plumbing fixture types with number (#): 2; Lavatory: 1 Janitor service sink: 1; Sump pump: (0); Urinals: (0); Water closets: (2); Water heater: (1); Water softener system: 1.
- Sewerage system: Municipal system: Yes; Private on-site system: No.
- 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: Independent heating system characteristics are described as follows:

- Type of heating system: Forced air: 100% of GBA;
- Energy source: Electric.
- Heated only building area in square feet: 2,790.
- 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 units and long ducts factory assembled and ready for installation: (1) 8-ton 100% of NBA;
- Energy source: Electricity.
- Cooled only building area in square feet: 2,790.
- 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' recessed florescent fixtures without prismatic lens for 95% GBA; Incandescent surface/standard open commercial/recessed or adjustable/pendant/vapor tight/explosion proof vapor tight) for 1exterior 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 1,000;
- Switchgear: Commercial Ampere rating: 1,000.
- Distribution switchgear: Light; Heat; Power Centers; Ampere rating: 1,200.
- 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:

- Masonry wall system description: Percentage of total wall area: 100%; Thickness in inches: 8; Type of wall includes: Painted masonry brick;
- 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: 164 linear feet.
- Wall height from top of ground floor slab to top of wall: Range: 14 to 18 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:

- Wood frame trusses w/light purlin supports only: (100)%; Wood frame and sheathing w/three dimensions: ( )%; Steel space frame and sheathing w/architectural exclusive of glazing: Wood joists w/wood or composition deck: (0)%; Wood joists w/exposed rafters w/2" T&G sheathing: (0)%; Wood joists w/prefabricated panels exclusive of girders: (0)%;
- Roof design: Flat.
- Roof horizontal area as a % of ground floor area: 0%.
- Roof slope: Rise in feet per 12' run: 1".
- Added features: None.
- Remodeling/renovation since original construction: None.
- Condition: Average to 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 asphalt: 100%;
- Additional features: (Roof insulation: 100%; Roof horizontal area in square feet: 2,790.

- Replacement and/or repair since original construction: Nominal.
- Condition: Average to Good.

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

- Wood trusses or long-span girders;
- Supported area as a % of ground floor area: 100%.
- Remodeling/renovation since original construction: None.
- Condition: Average.

- **Canopies, Roof Overhangs and Marquees:** Overhang at front elevation: 0 ft.

- **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: 260.
- Repairs/replacement since original construction: Nominal.
- Condition: Good.
- Effective age in years considering average actual age and condition: 10.

Outdoor Lighting: Outdoor lighting characteristics are described as follows:

- Flush wall mounted floodlights: Type: Metal halide; Incandescent).
- Light standards/poles: None.
- Concrete base anchoring the poles.
- Repairs/replacement since original construction: None.
- Condition: Average.
- Effective age in years considering average actual age and condition: 10.

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: Concrete: 100% of total surfaced area; Crushed rock base
- Total number of parking spaces: 9+.
- Surfaced parking total area in square feet excluding curbing and landscaped island: 16,876.
- Parking lot equipment and improvements: Striping; Concrete interior bumpers.
- Driveway count: 0.
- Repairs/replacement since original construction: Nominal.

- Condition: Average.
- Effective age in years considering average actual age and condition: 10.

Curbing for Parking and Driveway Areas: Exterior curb construction characteristics are described as follows:

- Type: None.
- Surface area in SF: None.
- Repairs/replacement since original construction: None.
- Condition: N/A.
- Effective age in years considering average actual age and condition: 10.

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: 10.

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: None.
- Landscaped area as a % of total site area: 0.
- Remodeling/renovation/replacement since original construction: None.
- Condition: N/A.
- Effective age in years considering average actual age and condition: 10.

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: None
- Features: None
- Quality: N/A
- Remodeling/renovation since original construction: None.

- Condition: N/A
- Effective age in years considering average actual age and condition: 10.

Other Feature: None

- Description: Frame construction, 0 SF
- Quantity: N/A
- Remodeling/renovation since original construction: N/A.
- Condition: N/A
- Effective age in years considering average actual age and condition: 10.

- Building and Trade Sign Fixtures: (None).

Fuel Service

Tanks – Buried, Surface or Inside Building Fixtures: 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: unknown; Fiberglas single wall; Fiberglas 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: Average.
- Effective age in years considering average actual age and condition: 10.

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:

- Manufacturer: Not specified.
- Year of Installation: 2015.
- (2) MPD Multi-product dispensers, 3-product, 3-hose.
- (1) SPD One-product diesel dispenser, 1-hose
- Fuel Positions: 6

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

- Year of Installation: 2015.
- 30 ft. x 50 ft., 24 ft. x 24 ft.
- Design (4-Square, Starting Gate, In-Line): In-Line

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	Average	Average	13-Door 8 ft x 24 ft	10
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.

Property Tax Assessment
The property is assessed at the following amounts for 2014:

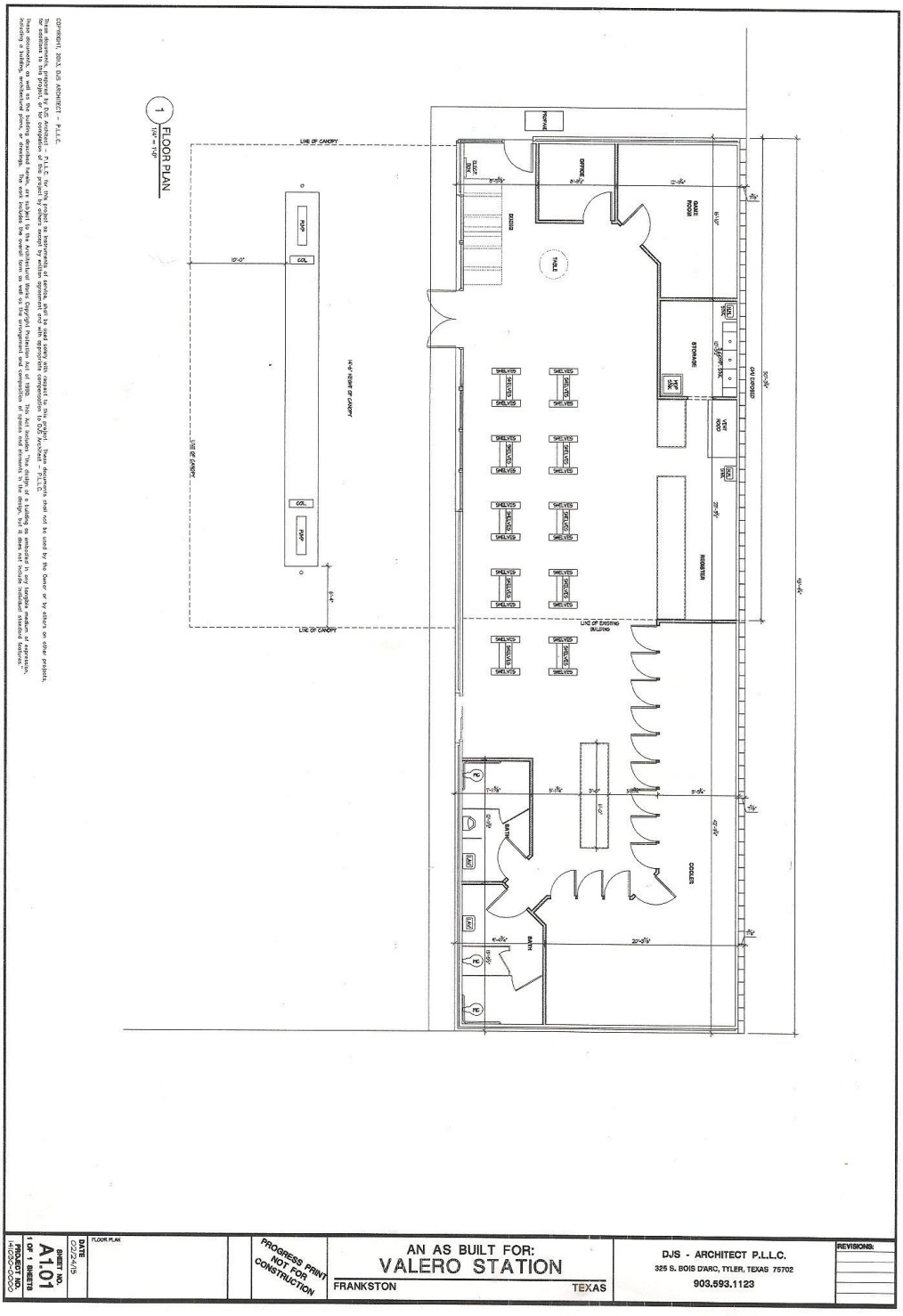
Land:	$11,487.00
Improvements:	$157,228.00
Total:	$168,715.00

Tax Account Nos.

R0037336

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

Sketch



BACKGROUND BRIEFING:

THE CONVENIENCE INDUSTRY TODAY

Key Convenience Industry Issue:

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

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.

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

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 4.7% in 2012. Last year's in-store sales surge was the highest seen in more than five years and helped fuel total industry gross profits to $77.8 billion, a 2.4-percent gain from the previous year.

In-store sales averaged $1,320,001.00 per store in 2012. Food service has been growing more important in recent years.

Cigarettes is the largest category, accounting for one in every three dollars of in-store sales. Cigarette margin dollars were steady in 2012 accounting for about 18% of gross margin dollars. The next most important categories for in-store profits are packaged beverages and beer. Foodservice prepared on-site showed an increase in sales of 6.8% and an increase in gross margin dollars of 4.0%.

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 (73%) of all sales dollars, but only about one-third (34%) of gross margin dollars.

Across the nation, for the convenience industry, motor fuel margins averaged 5.1%, or 18.7 cents per gallon in 2012, unchanged from 2011.

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. Motor fuel volumes continued to decline in 2012 as more efficient vehicles and increasing public transportation have kept gasoline demand flat

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

Store Counts Increasing

The CS News *Industry Report* reported that the number of convenience stores across the nation reached 149,220 in 2012. This is a 13% increase over 10 years ago.

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.

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 $71,964 per store in 2012, a staggering 134% increase over 2004. The convenience industry today is involved in

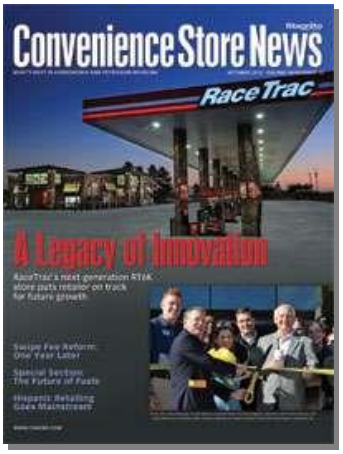
lawsuits against the credit card companies over this issue. Credit card fees accounted for 14 percent of all gross margin dollars in 2012. Next to labor costs, this is the largest single line item expense.

INDUSTRY TREND:

Margins and profits are decreasing.

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.

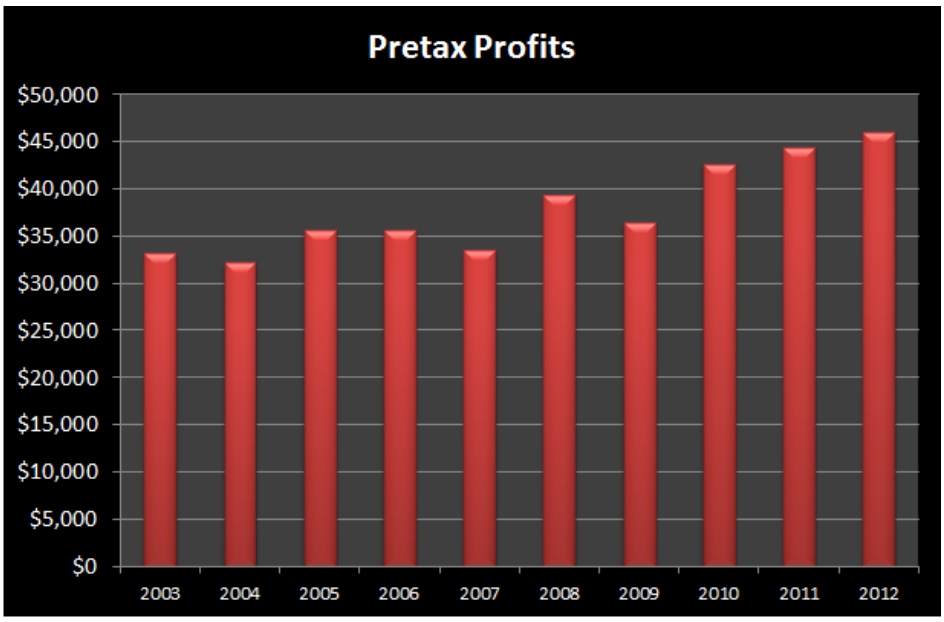


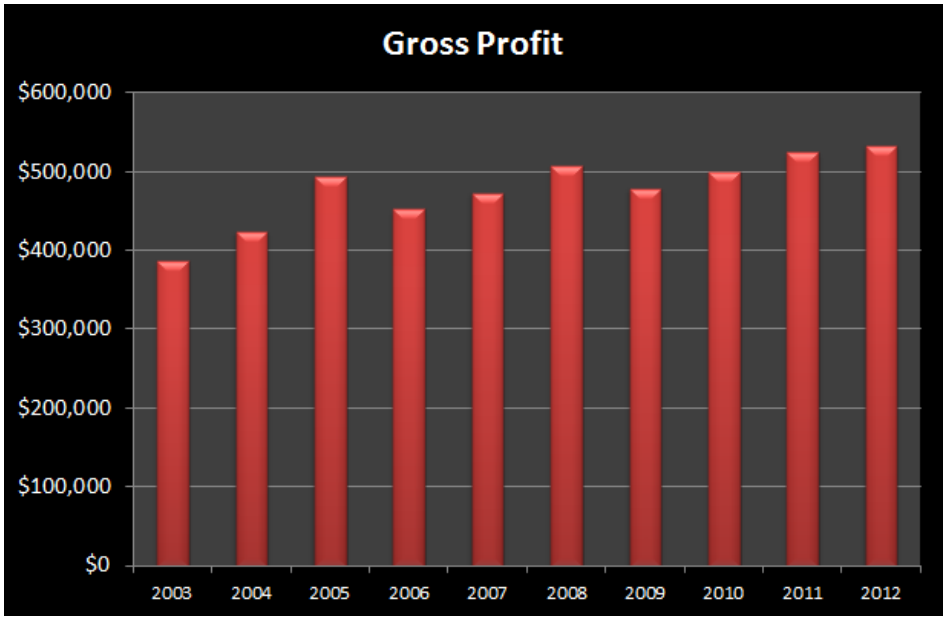
Remarkably, the convenience industry weathered the Great Recession with 4% annual increases in pre-tax profit per store since 2007. This achievement is largely due to the industry's ability to increase food service sales during a period when motor fuel sales were declining. The increase in pretax profit is explained in the 2012 Industry Report:

> *"Because profit margins are much higher inside the store than on motor fuels, the gains in in-store sales had a positive impact on industry profits. Total industry pretax profits increased 4.1 percent to approximately $6.72 billion, or about $46,000 per store."*
>
> 2012 CS News *Industry Report*

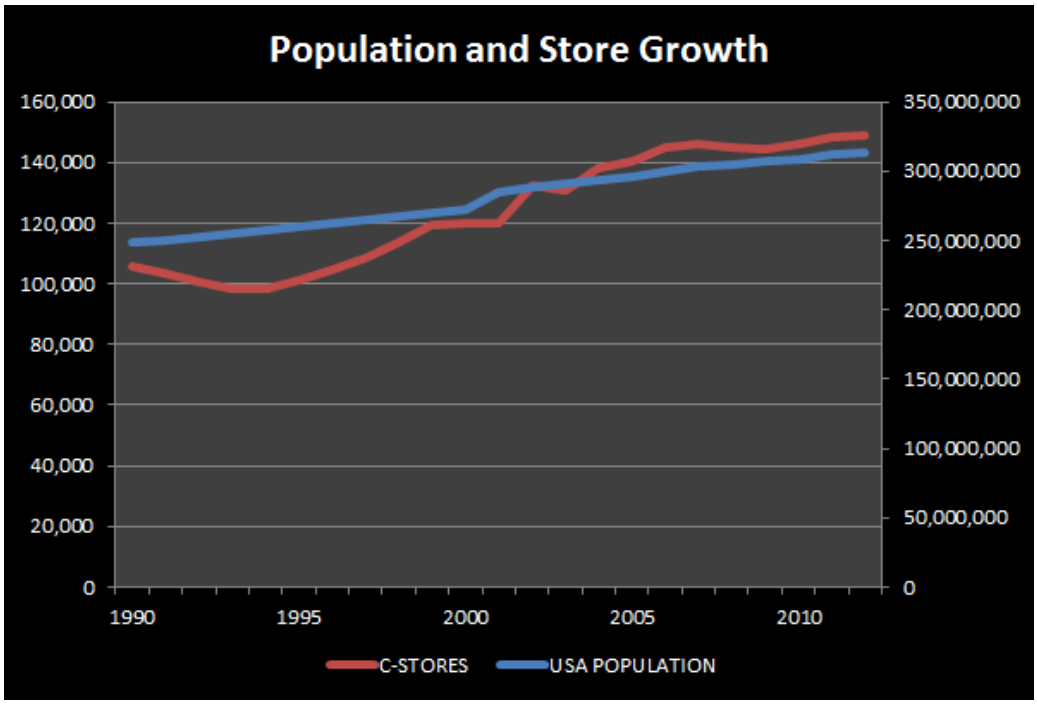
Pretax profit per store averaged $46,066.00 in 2012, up 37% over the last five years.

The trends in pretax profit per store and gross 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. Because store growth has been outpacing population growth over the last 10 years, the population-to-store ratio has been declining. In other words, today there are fewer persons per store than there were ten years ago. Population growth is a fundamental measure of retail demand. So, with fewer potential customers, store operators much increase profitability to survive. This is the reason more emphasis is placed on higher-margin in-store sales today.



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.

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

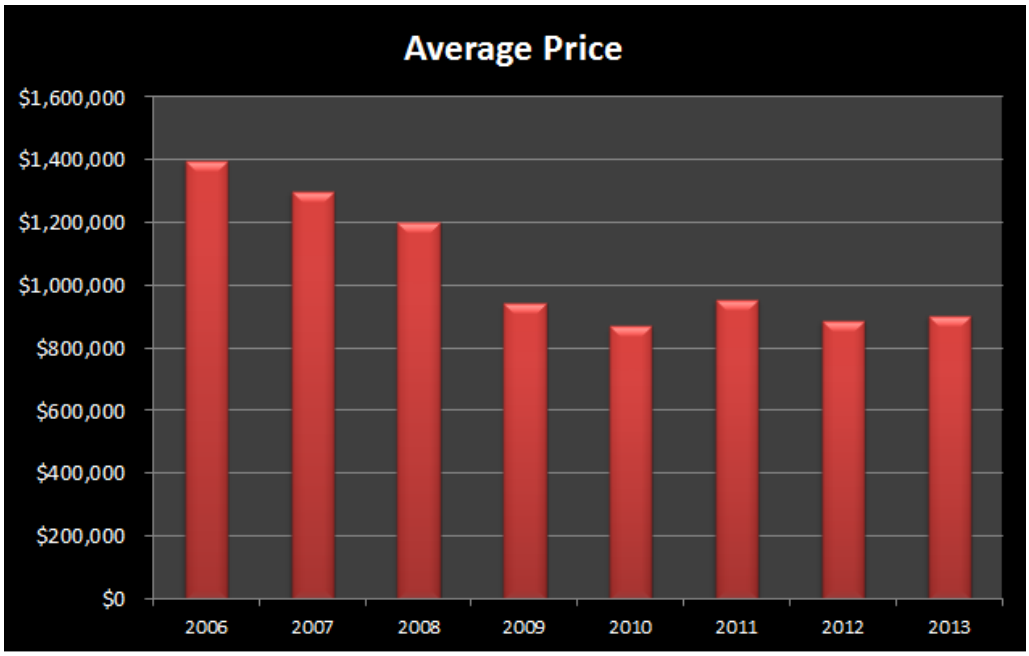
Two percent of all stores across the nation were remodeled last year with an average cost per remodel of $200,000.00. On average, c-stores undergo remodeling every 7.2 years.

Historical Price Movement 2006 to 2013

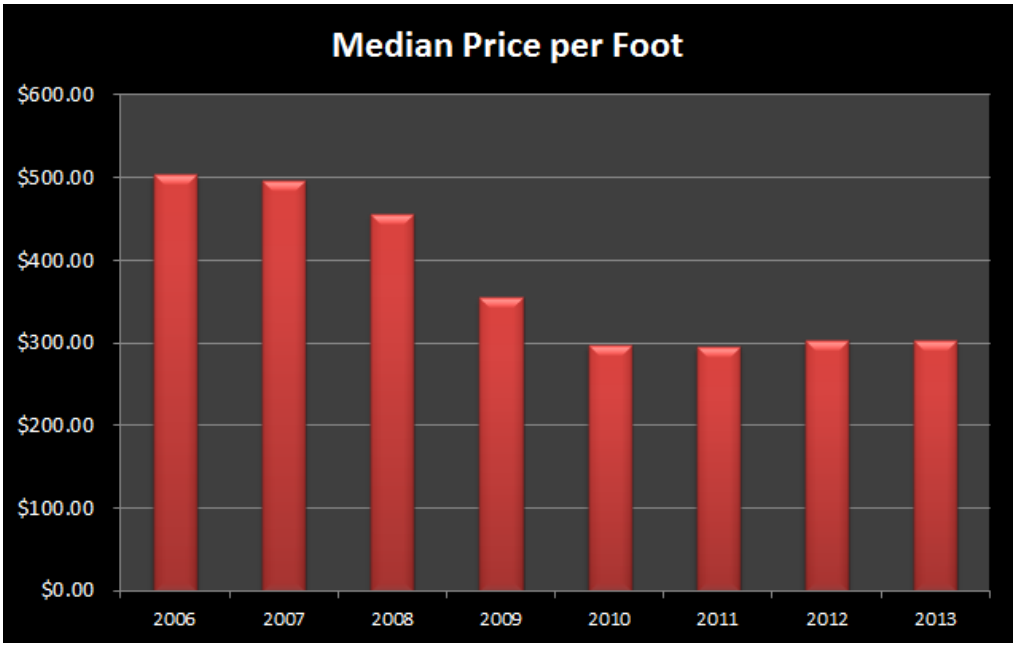
According to Co-Star, the average price of a convenience store with fuel service was $1,400,000.00 in 2006 and $906,000 in 2013. The price decline reflects the downturn in commercial property prices since the Great Recession.

The median price per foot was $503 in 2006.

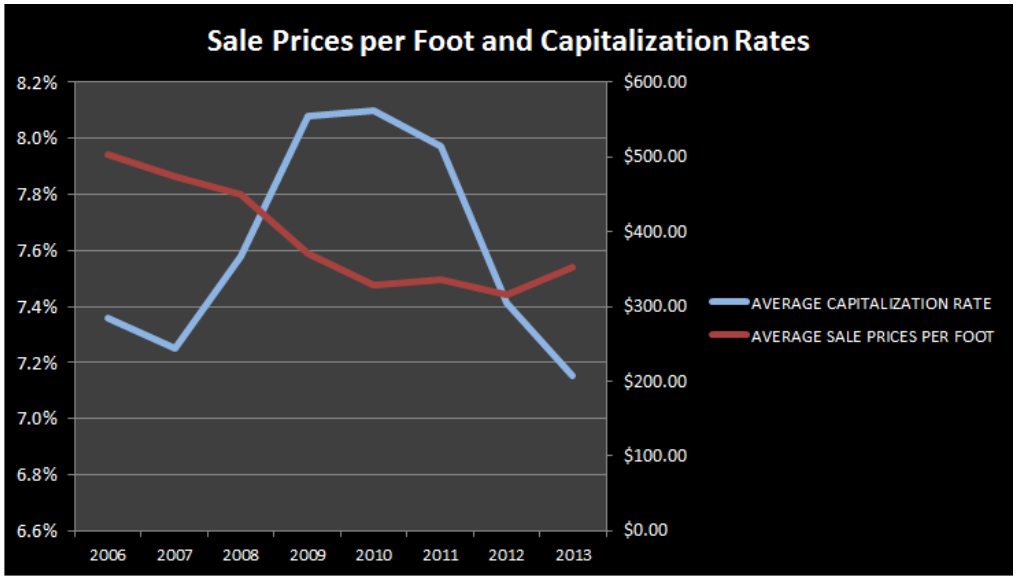
U.S. CONVENIENCE STORES AVERAGE PRICES
2006 to 2012
SOURCE: COSTAR COMPS



USA MEDIAN PRICE PER FOOT
2006 TO 2013
SOURCE: COSTAR COMPS



U.S. Convenience Stores Price Performance Measures
The table below summarizes operating and sale data on over 8,000 convenience stores operating and sold within the USA between 2006 and 2012.



Convenience store capitalization rates peaked in 2009 and 2010 at 8.1%. Posting steady declines since 2010, average capitalization rates are 7.2% today.

Average prices per foot followed this trend with price declines occurring while capitalization rates were increasing. A price inflection point was reached in H1 2013 when prices began to move upward and capitalization rates continued downward.

With higher year-over-year pretax profits, we anticipate an upward correction in convenience industry property prices.

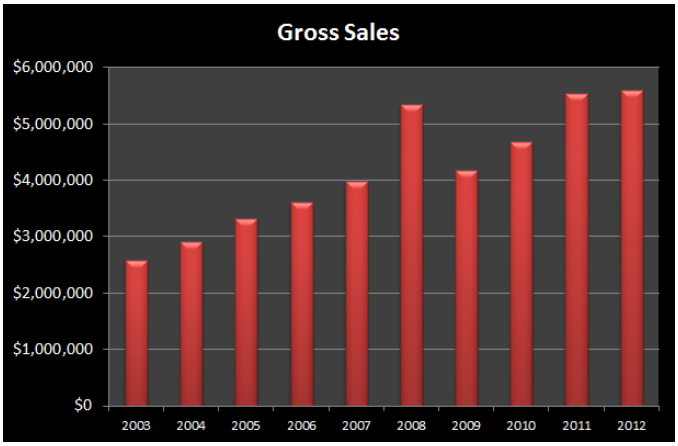
Our forecast for industry sales is based on attrition of gasoline revenue out of the convenience channel to other retail channels, such as hypermarkets and supermarkets.

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 11/2 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 2003-2012



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.

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

This is the primary

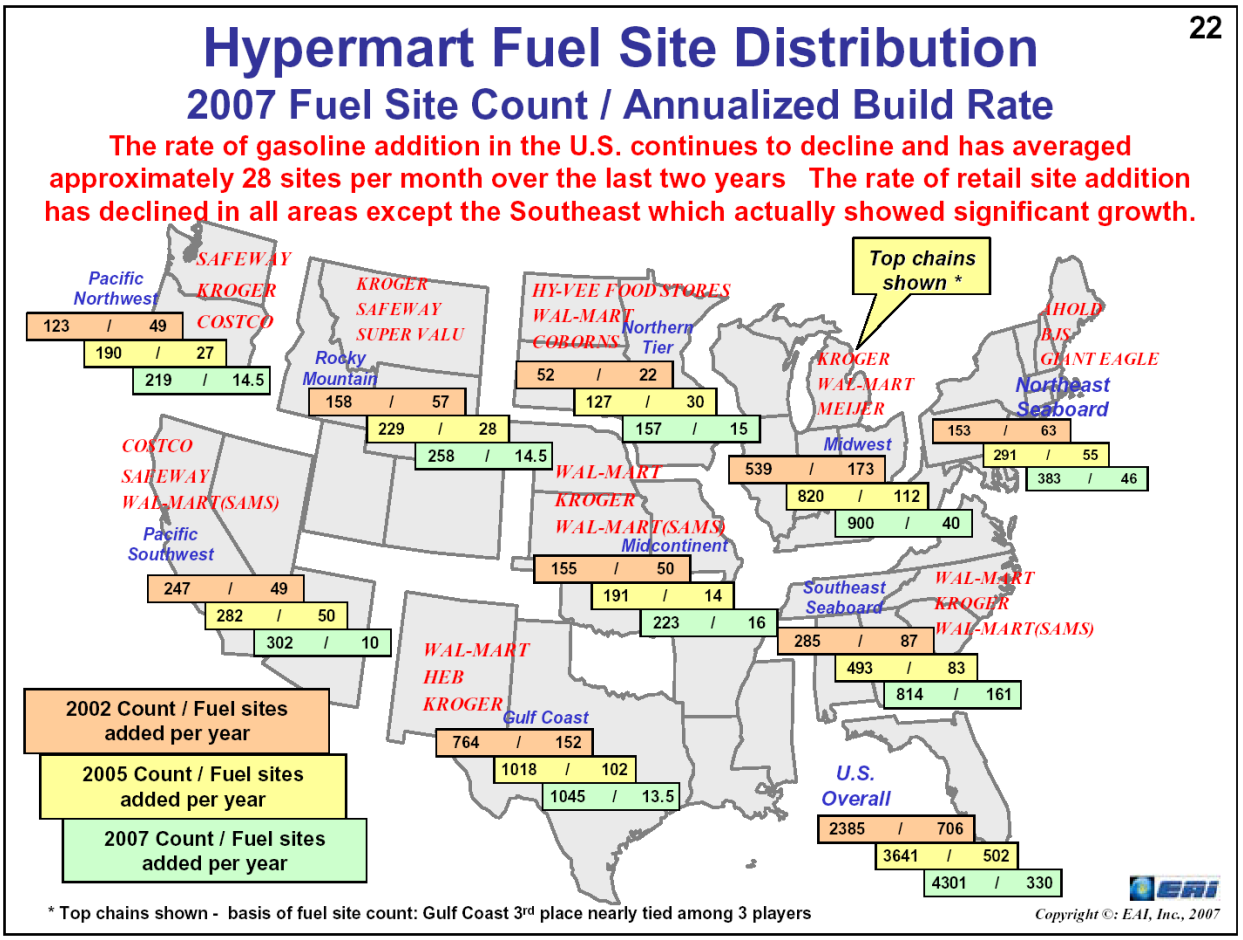
In 2003, hypermarkets had captured 7.5% of the U.S. gasoline market. Before 2000, hypermarkets were a retail channel that did not sell gasoline. The number of hypermarket gasoline sites across the nation is growing by 25% to 28% per year. Industry projections indicate that hypermarkets penetrated 15%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

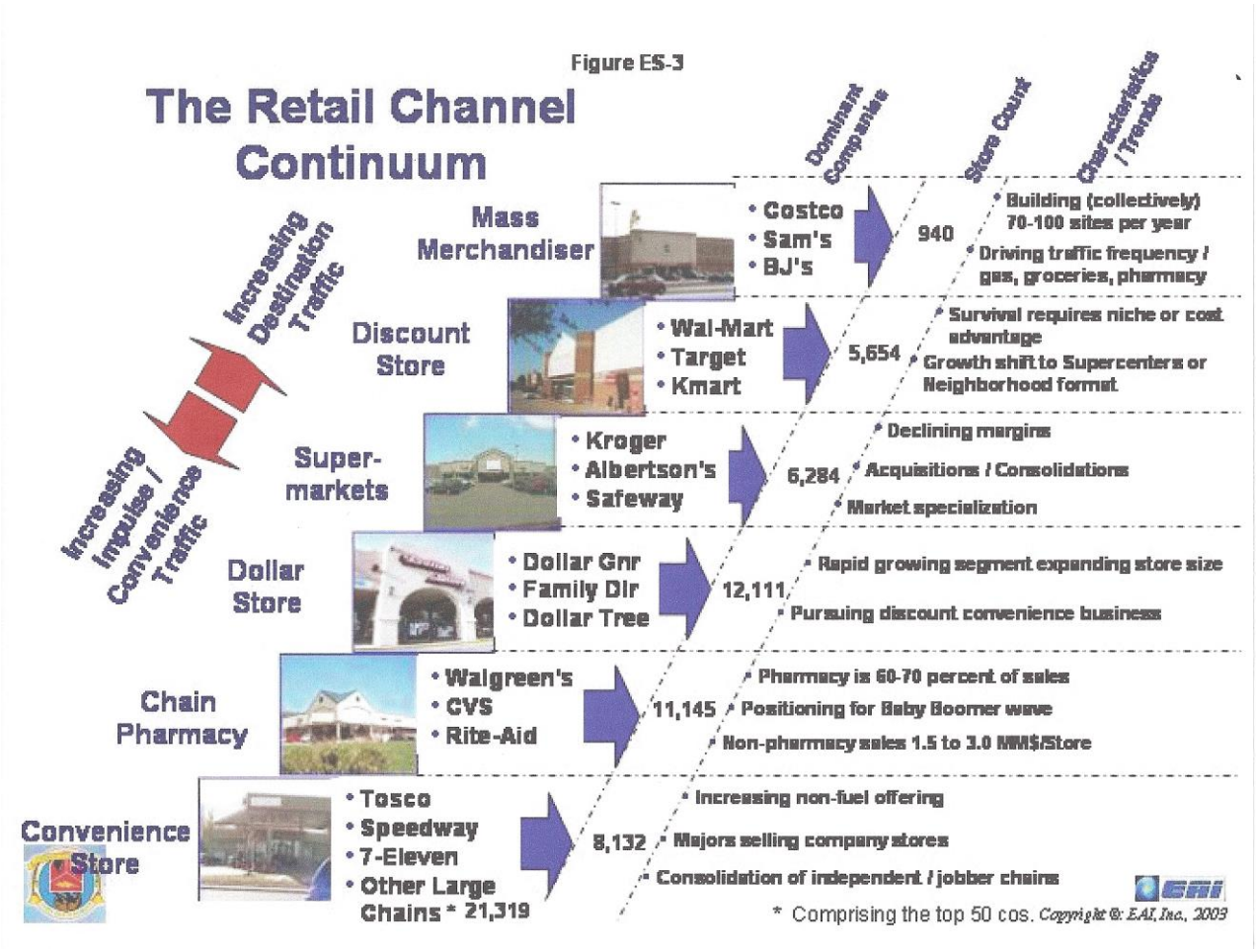
Energy Analysts International Hypermarket Study

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:

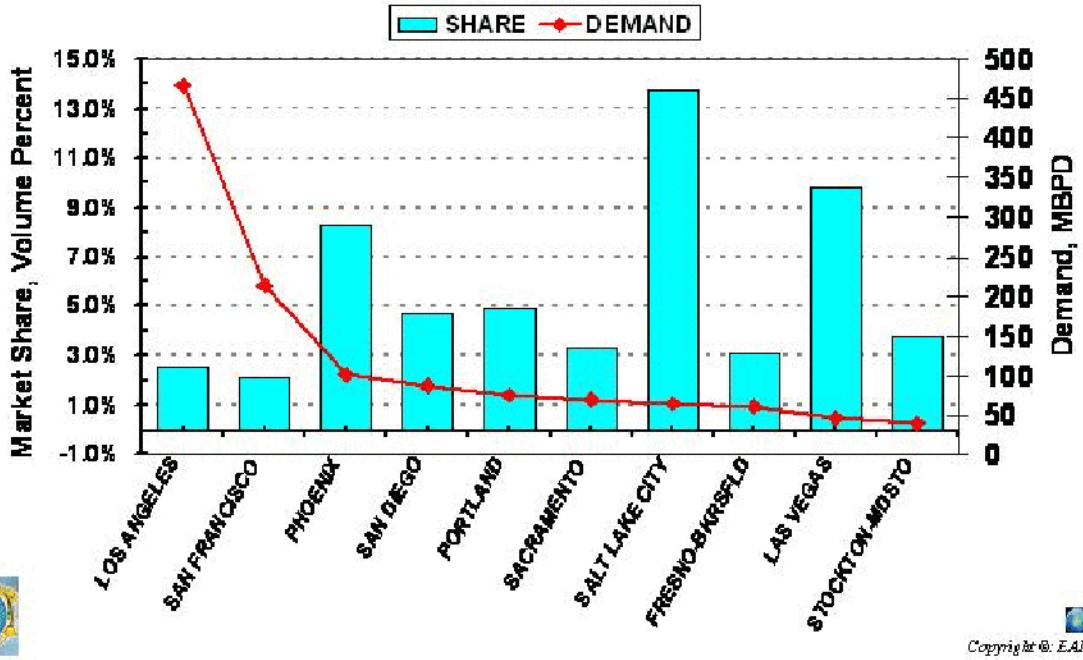
1. Increasing non-fuel offering.
2. Major (oil companies) selling company stores.
3. Consolidation of independent/jobber chains.

Figure ES-15

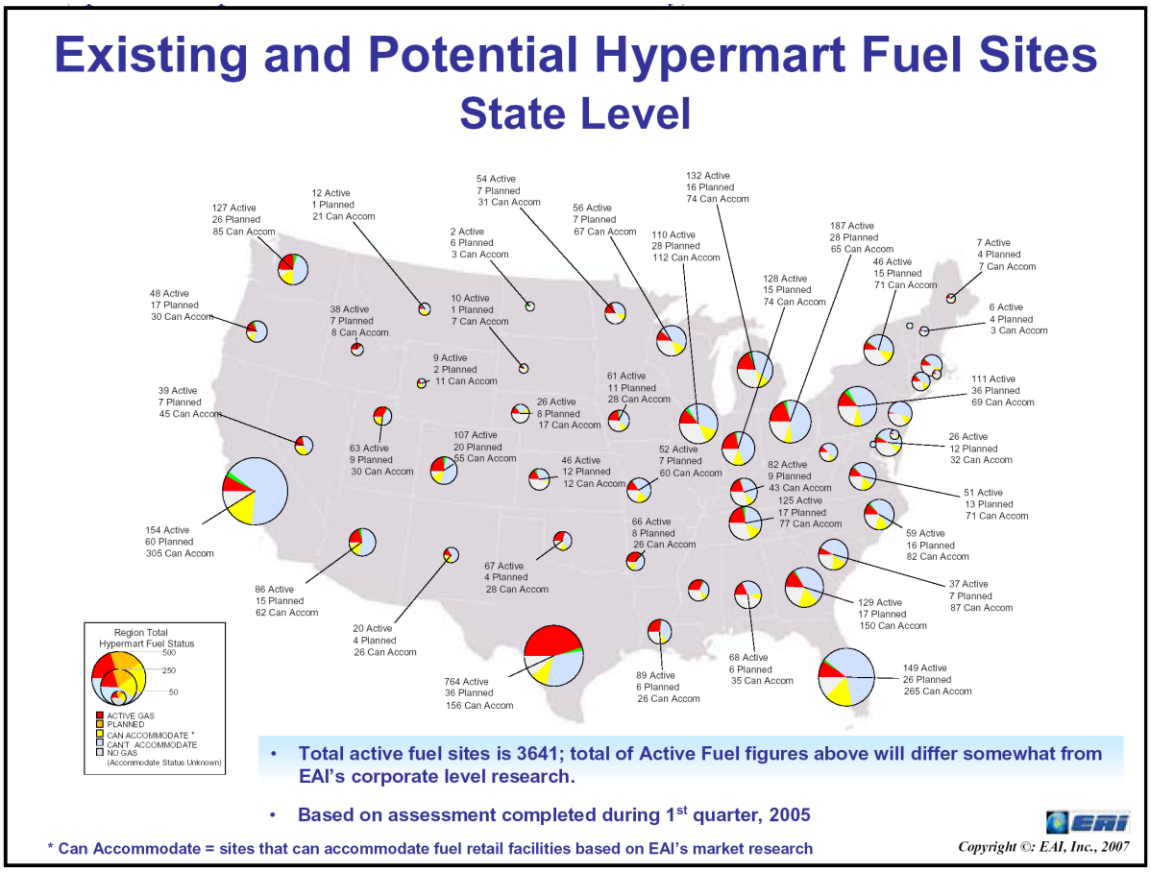
Hypermart Gasoline Market Share

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



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.



The number of hypermarket sites is still growing, but at a slower pace.

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.

National Average Operating Benchmarks

2012 USA Operating Benchmarks	
Gross Sales per Store	$5,591,260
Fuel Gallons per Store	1,168,590
Fuel Margin (cents per gallon)	18.7
In-Store sales per Sq. Ft.	$414
In-Store Margin	27%
Gross Profit Dollars per Store	$532,483
Gross Profit Margin	9.5%
Pretax Profit per Store	$46,006

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 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.

REGIONAL DATA

Frankston had a 2012 population of 1,229, with a 1.7% increase since 2000. Essentially population growth has been flat over most of the last ten years.

Median family income is $43,199 in 2012, which is slightly below the Texas median of $49,392.

Unemployment was measured at 7.7% in 2012, compared to 6.7% for the State.

Frankston is a bedroom community for the larger cities in the area. Tyler, Texas is located 22 miles north.

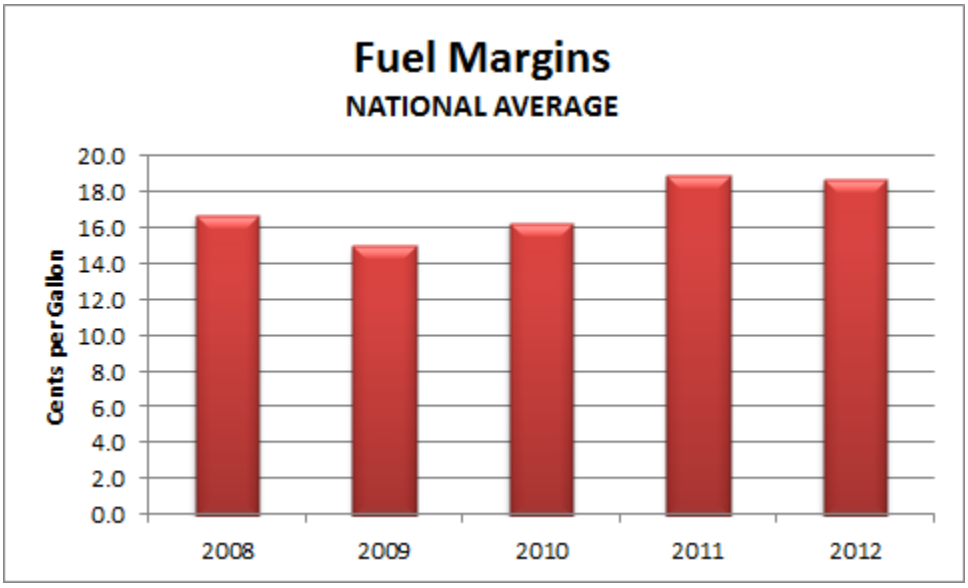
Economic conditions are likely to remain stable (static) over the next two years.

Frankston compared to Texas state average:

- Median house value below state average.
- Unemployed percentage significantly below state average.
- Hispanic race population percentage significantly below state average.
- Foreign-born population percentage significantly below state average.
- Length of stay since moving in above state average.
- House age above state average.
- Institutionalized population percentage above state average.

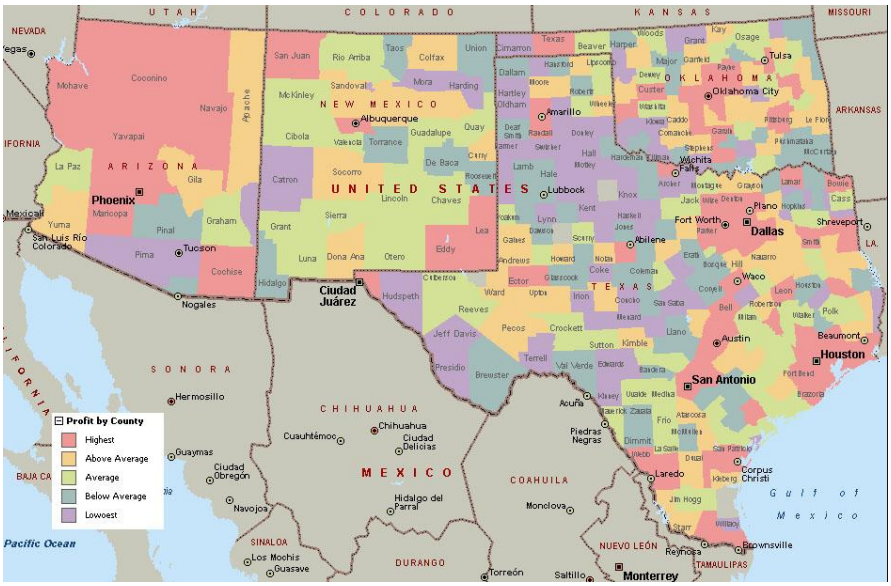
The graph below shows retail gasoline margins in cents per gallon for the USA average over the last five years.

RETAIL GASOLINE MARGINS
2008 TO 2012



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.



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: Perry Street.
- East side: Bizzel Road.
- South side: Kickapoo Street.
- West side: Cemetery Road.

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

- Land uses to the north: Commercial, SF Residential.
- Land uses to the east: Commercial.
- Land uses to the south: SF Residential.
- Land uses to the west: SF Residential, Commercial.

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	Static
Employment	Stable
Per Capita Income	Stable
Neighborhood Summary	
Traffic	Stable
Visibility	Average
Path of Growth	No
Commercial Values	Stable

Summary of Current Conditions
No incompatible land uses were noted.

Site To Do Business projects the subject's trade area to grow by 2.5% between 2013 and 2018.

This is location serves local residents and non-resident traffic along state Highway 43 and County Road "O".

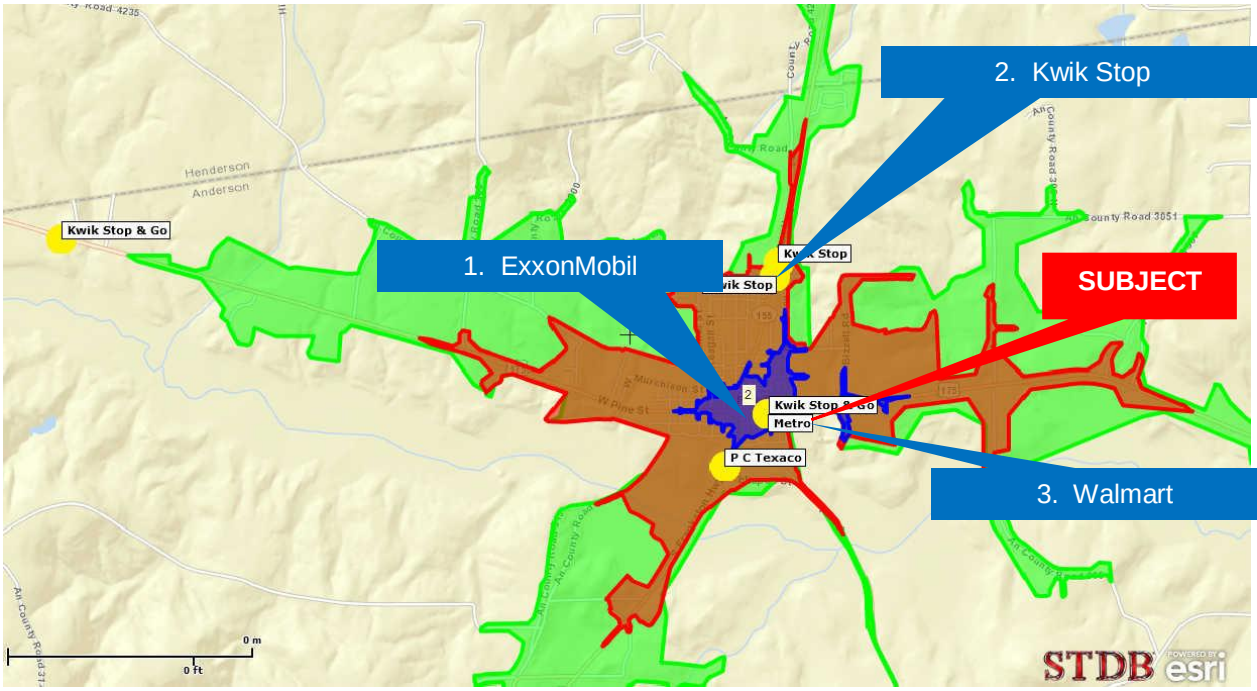
The 3-year average fuel margin (cents per gallon) for the State as published by the Oil Pricing Information Service (OPIS) is shown in the table below.

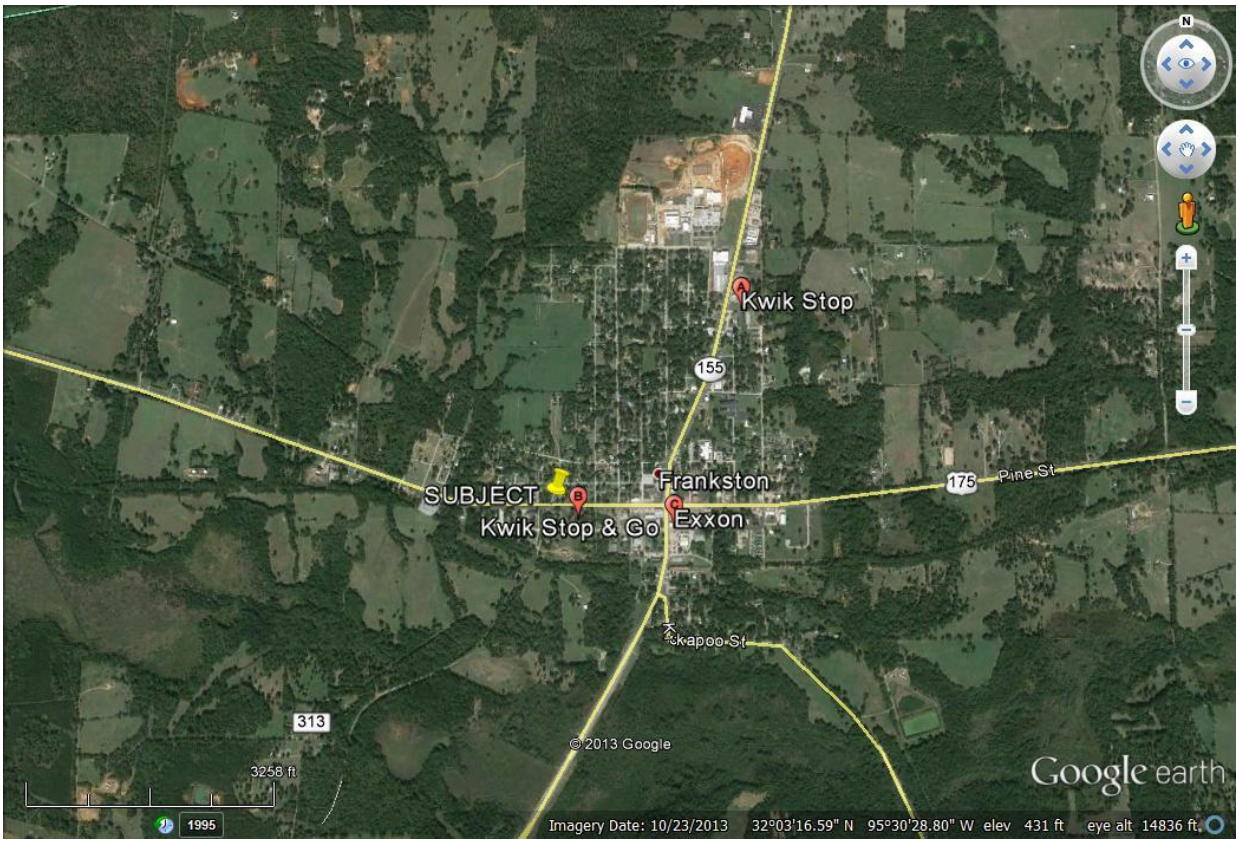
TEXAS State 3-Year Rolling Average Fuel Margin	$0.125

Competing Properties
Site To Do Business®, a market analysis program, has identified the following competitors within a 15-minute drive-time of the subject.

Primary Competitors	Difference in Subject's Price of Regular Unleaded in Cents Per Gallon
ExxonMobil, 2 blocks west	0
Kwik Stop, 0.75 miles north	0
Walmart Neighborhood Store, 1 block east	0

TRADE AREA MAP
Showing Competitors (not including Grove)





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 at the 10-minute drive-time.

Local Population	4,929		
National Population	295,140,073	0.00001670	
			0.80
Local Retailers	3	0.00002092	
National Retailers	143,412		

The calculations above show the location quotient for the subject's sub-market is 0.21.

LOCATION QUOTIENT	Over-Supplied

The calculation here is based on resident population, and does not include any allowance for out-of-area traffic. The supply and demand relationship is the single most important trade area factor influencing the property value of convenience stores. Stores in over-supplied markets will have comparatively lower property values and stores in under-supplied markets will have comparatively higher property values.

The calculated location quotient of 0.80 for the 10-minute drive-time shows a trade area for the subject that is slightly over-supplied compared to national averages for the convenience industry. This means that, all other things being equal, the subject's gross sales per square foot and fuel gallonage should be near or slightly lower than national industry averages.

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 and over-supply and a reported “gap” indicates an under-supply.

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

At the 5-minute drive-time the ESRI® Site Report indicates:

ESRI® SITE REPORT	0.93

The ESRI® Site Report for this location is retained in our file.

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	0.99

HYPERMARKET THREAT

A Walmart Neighborhood store was constructed in 2014-2015 just one block east of the subject.

HYPERMARKET THREAT	Yes

COMPETITION AND SATURATION

The location quotient shows a trade area that is slighlty over supplied in terms of supply and demand based on the number of retail gasoline outlets and resident population.

ESRI® supply and demand report shows a slight surplus of retail fuel outlets within the 10-minute drive-time and there is hypermarket competition.

TRADE AREA POSITIONING

For convenience concepts, such as gas stations, the competitive position relative to potential customers plays a significant role is 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 64 shows, the subject is in an advantageous first position for the east-bound lanes of U.S. Highway 175.

The subject's customer base is the local residents within a 5-minute drive-time and travelers along U.S. Highway 175.

VISIBILITY

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 is an urban location along a U.S. Highway and local access street and visibility is adequate.

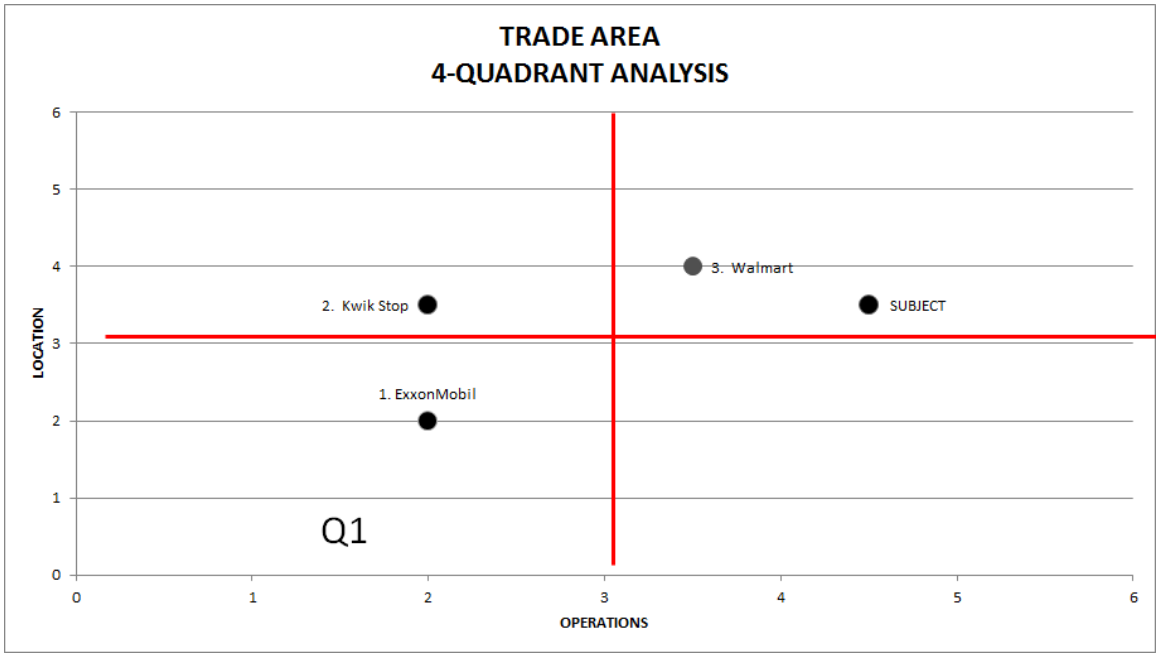
Subject has adequate visibility from the west-bound lanes of E. Pine Street (U.S. Highway 175). This is the first fuel retailer that east-bound traffic encounters. The subject is on the left.

Subject has adequate visibility from the east-bound lanes of E. Pine Street (U.S. Highway 175). The subject is on the right.

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 subject attains 100% of the market share of the 15-minute drive-time because no competitors exist.

COMPETITOR	LOCCATION	OPERATIONS	COMPETITIVE FACTOR	TRADE AREA MARKET SHARE
SUBJECT	3.5	4.5	15.75	39%
1. ExxonMobil	2	2	4	10%
2. Kwik Stop	3.5	2	7	17%
3. Walmart	3.5	4	14	34%
	0	0	0	0%
			40.75	100%



Forecasted Sales Under Fee Simple Ownership
We have used our proprietary PetroMARK® 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. 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.

PetroMARK®	
Gallonage and Sales Calculator	
FEE SIMPLE INTEREST UNDER TYPCIAL OWNERSHIP AND MANAGEMENT	
PHYSICAL FACTORS	
Fuel Positions	6
Store Size	2,790
Access	3
Traffic Count	3
Day Parts	
ECONOMIC FACTORS	0.00
Location Quotient	0.80
ESRI Supply/Demand	1
ESRI Spending Potential Index	0.99
FEE SIMPLE GALLONAGE	**1,046,000**
FEE SIMPLE FUEL MARGIN	**$0.09**
FEE SIMPLE IN-STORE SALES/SQ FT	**$500**
FEE SIMPLE BRANDED FOOD SERVICE SALES/SQ FT	**$0**
FEE SMPLE CAR WASH SALES	**$0**

HIGHEST AND BEST USE ANALYSIS

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 average.

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 light industrial, and service. The perceived most probable highest and best use for the subject land is regarded by this appraiser to be: commercial.

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 commercial.

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 subject has high operational strength compared to the two competing properties. The subject's offering is better than the ExxonMobil or Kwik Stop offerings in terms of merchandise sales area and a separate diesel fueling area. Access into and out of the site is high because of the full access along both street frontages. No curb cuts restrict access.

The subject is in a good first position for west-bound traffic on U.S. Highway 175 and for residents on the west side of town.

Weaknesses
The subject site is small, at 15,316 square feet. This may limit parking after the expansion.

Opportunities
In November, 2015, the city/county will vote on allowing alcohol sales. The proposed expansion is partly motivated by this contingent opportunity. More cooler space will be available for beer, an important sales category for the industry.

The land adjacent to the subject on the west side is available for sale. If acquired, it could allow expansion of the subject operation into a car wash or branded food service operation, both of which have higher operating margins.

Threats
Slow population growth over the next few years will temper the earnings potential of this property unless new business profit centers are developed. The newly opened Walmart Neighborhood store has not had a significant impact on the subject's sales. Currently, Walmart is pricing fuel at the same street price. However, if Walmart begins discounting fuel, the subject could be negatively affected. The Walmart Neighborhood store does not compete with the subject directly on in-store sales. The product lines are different and customer profile is not the same.

A new Kim's convenience store is reportedly to take over the now closed Sav-Mor building adjacent to the Exxon store. Fuel service will be added. The threat of the new competitor and the addition of Walmart last year make it more important the subject upgrade to remain competitive.

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 cannot 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.

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.

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.

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

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 (FF&E) or part of the intangible assets.

The cost approach worksheets summarize the replacement value for the subject store. This figure includes all real property improvements and the site.

Replacement Value for the Subject: $1,693,551

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 9%, or $448,600 . The subject's contribution ratio for fuel is better than the industry standard, showing the subject is less dependent on fuel profits. Fuel profits are declining for the industry.

Annual Operating Expenses
Annual operating expenses, such as labor cost, utilities and advertising are estimated at 57% of gross margin, or $256,599 . 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 EBITDA
Subtracting the annual operating expenses ($256,599) from gross profit ($448,600) leaves $180,626 for earnings before interest, depreciation, taxes and amortization (EBITDA). 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 $1,693,551 and value of non-realty (F,F &E) estimated at $20,845 (see Tangible Assets, Non-Realty section), the allocation calculation shows no excess earnings due to economic profit available to the intangible assets.

The maximum possible return to intangible assets is $169,355 . 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 $38,000 (*CS News Industry Report* average per store pre-tax profit percentage allocation) for accounting profit, or the return to such assets as a trained workforce, working capital, etc, is usually made. This leaves $135,678 of the business earnings available to the real property investment from the store operation.

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.

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.

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® the national-average capitalization rate for convenience stores was 7.15% in 2014.

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 8.3% range.

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 2013. We have selected 7.5% as an appropriate capitalization rate for the subject.

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%

Capitalized Value Estimate
Capitalizing the net economic return to the real property of $101,759 by 7.5% indicates a value of $1,357,000 (rounded to the nearest $1,000).

Opinion of Value From
Capitalized Earnings Approach
$1,357,000
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 $448,600 . Using the multi-year average extracted gross profit multiple of 2.6 indicates a value of $1,166,361 .

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.

PetroMARK®

EBIDTA Projection and Earnings Allocation Summary
EBIDTA PROJECTION UNDER FEE SIMPLE INTEREST UNDER TYPCIAL OWNERSHIP AND MANAGEMENT

			GROSS SALES	COST OF GOODS SOLD	GROSS PROFIT
1	**Motor Fuel**				
2	Gallonage	1,046,000			
3	Price per Gallon	$3.50			
4	Gross Fuel Sales		$3,661,000		
5	Cost of Goods Sold			$3,563,330	
6	Motor Fuel Gross Profit				$97,670
7	Fuel Margin Cents per Gallon	$0.09			
8	**Inside Sales**				
9	In-Store Sales		$1,394,308		
10	Cost of Goods Sold			$1,043,378	
11	In-Store Gross Profit				$350,930
12	In-Store Margin	25%			
13	In-Store Sales Per Sq. Ft.	$500			
14	Food Service Sales		$0		
15	Cost of Goods Sold			$0	
16	Food Service Gross Profit				$0
17	Food Service Margin	#DIV/0!			
18	Inside Sales Gross Profit				$350,930
19	Inside Margin	25%			
20	**Car Wash Sales**		$0		
21	Cost of Goods Sold			$0	
22	Car Wash Gross Profit				$0
23	Car Wash Margin	#DIV/0!			
24	**Total Gross Sales**		$5,055,308		
25	**Total Gross Profit**				$448,600
26	Gross Profit Margin	9%			
27	Motor Fuel Contribution Ratio	22%			
27	In-Store Contribution Ratio	78%			
29	Car Wash Contribution Ratio	0%			
30	Product Shrink	0.23%	$11,374		
31	**Operating Expenses**				
		% GROSS PROFIT			
32	Labor	35%	$157,010		
33	Credit Card Fees	8%	$35,888		
34	Utilities	6%	$26,916		
35	Other	8%	$36,785		
36	Sub-total Operating Expenses	57%		$256,599	
37	**Adjusted EBIDTA**	40%			$180,626

ADJUSTED EBIDTA	$180,626	
Asset Allocation of Earnings		
Earnings to FF&E	$6,948	
Earnings to Accounting Profit	$38,000	
Earnings to Economic Profit	$0	
Residual Earnings to Real Estate		$135,678
Less: Real Estate Operating Expenses		$33,920
Add: Other Real Estate Net Income		$0
Net Operating Income to Real Estate		$101,759
Economic Gross Rent per Sq. Ft.		$48.63
Economic Net Rent per Sq. Ft.		$36.47

Capitalization of Fee Simple Earnings		
	CAPITALIZATION RATE	**VALUE**
1. Real Property Value	**7.5%**	**$1,357,000**
TANGIBLE ASSETS, REALTY		
(Site, Store Building, Canopy, Fuel Dispensers, USTs, Electronics)		
2. FF&E Value	**25%**	**$21,000**
TANGIBLE ASSETS, NON-REALTY		
(Moveable Personal Property)		
3. Business Enterprise Value	**50%**	**$76,000**
INTANGIBLE ASSETS		
(Capitalized Accounting and Economic Profit)		
Going Concern Value		**$1,454,000**
TOTAL ASSETS OF THE BUSINESS		

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 arms 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 effect 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:

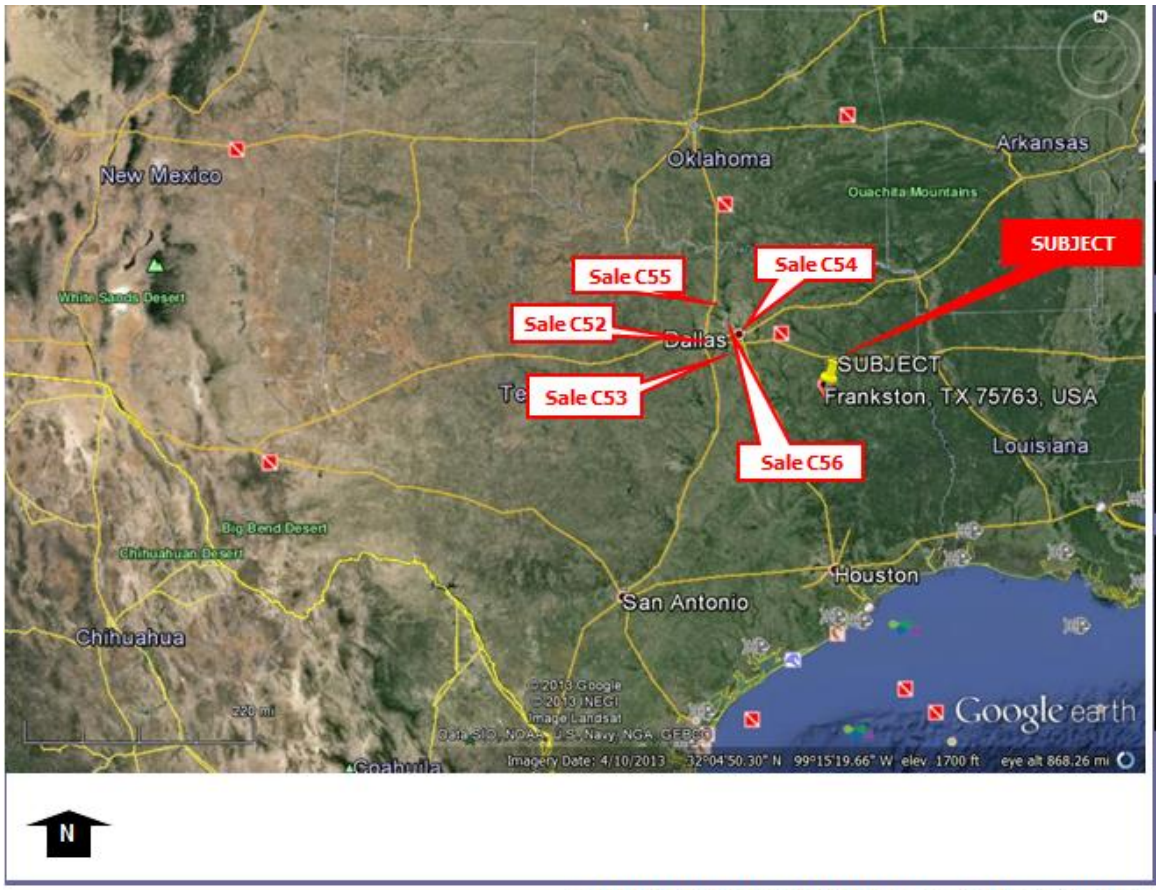
- Improvement type and subtype consisting of retail convenience store/gas station properties.
- Similar store and fuel service design characteristics.
- Occupancy levels in the range of 90% to 100%.
- Retail improvements in average overall condition.

- 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.

Convenience Store Sales in Texas
These sales are taken from the Co-Star published reports for convenience store sales in the State of Texas.

The table below summarizes the whole prices of convenience store sales in Texas.

In 2012, the average price of the real estate for convenience store sales was $705,357.



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	
C55	501 N. Saginaw	11/17/14	22,390	1,556	$1,460,000	$938.30	Better than Subject
C56	6001 Midway Rd	11/17/14	28,750	2,284	$1,450,000	$634.85	Better than Subject
C52	901 NE Green O	05/03/12	28,692	2,396	$1,384,615	$577.89	Better than Subject
C53	9235 JC Fwy	08/31/12	42,167	2,764	$2,230,769	$807.08	Better than Subject
C54	3501 Grapevine	07/12/13	32,452	4,328	$2,656,000	$613.68	Better than Subject
Subject	410 Pine	07/09/15	15,316	2,790	---	---	Fee Simple

SALES COMPARISON APPROACH TO VALUE: **C-Store Sales Analysis , "At Completion"**

Effective Date of Value Current as of --- 12/31/2015

	Characteristics of the Improved Building Sale as Compared to the Subject Property	Sale C55 501 N. Saginaw Saginaw, TX	Sale C56 6001 Midway Rd Haltom City, TX	Sale C52 901 NE Green O Arlington, TX	Sale C53 9235 JC Fwy Dallas, TX	Sale C54 3501 Grapevine Grapvine, TX	SUBJECT 410 Pine Frankston, TX
1	Cash equivalent effective sale price (CEESP) in total USA dollars	$1,460,000	$1,450,000	$1,384,615	$2,230,769	$2,656,000	---
2	Cash equivalent effective sale price (CEESP) in $PSFGBA	$938.30	$634.85	$577.89	$807.08	$613.68	---
3	Comparable sale date for closing the transaction	11/17/14	11/17/14	05/03/12	08/31/12	07/12/13	07/09/15
4	Time interval between date of sale to date of value in years	0.641	0.641	3.184	2.855	1.992	----
5	Annual compounded % per year time adjustment rate	0.00%	0.00%	0.00%	0.00%	0.00%	---
6	Time adjustment factor to date of value	1.000	1.000	1.000	1.000	1.000	---
7	Time adjusted CEESP as of effective date of value	$1,460,000	$1,450,000	$1,384,615	$2,230,769	$2,656,000	---
8	**Time adjusted CEESP at value date in $PSFGBA**	**$938.30**	**$634.85**	**$577.89**	**$807.08**	**$613.68**	**---**
9	Property rights conveyed in the sale	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
10	Access/Visibility	Average	Average	Average	Average	Average	Average
11	Supply/Demand (Location Quotient)	0.3	0.53	2.5	0.07	1.89	0.8
12	Demographics (SPI) Wet Dry	87/Wet	87/Wet	110/Wet	50/Wet	91/Wet	99/Dry
13	Hypermarket Competition	Yes	Yes	Yes	None	None	Yes
14	Total land area (TLA) in square feet (SF)	22,390	28,750	28,692	42,167	32,452	15,316
15	Land value in $PSFGBA as of the date of value, ann. adj. @ 0.0%	$273.14	$240.81	$299.25	$381.33	$187.38	$10.00
16	Ratio of Line #12 land value ÷ Line #8 CEESP that average 39%	29%	38%	52%	47%	31%	NA
17	Gross building area (GBA) in SF excl. secondary building area	1,556	2,284	2,396	2,764	4,328	2,790
18	Building rentable area (RA) in SF	1,556	2,284	2,396	2,764	4,328	2,790
19	% Efficiency Ratio (RA/GBA) • Land/Bldg. Ratio (TLA/GBA): avg. 12.3	100% . 14.39	100% . 12.59	100% . 11.97	100% . 15.26	100% . 7.50	100% . 5.49
20	Fuel positions • Number of Car Wash bays	12.0 . 0.0	12.0 . 0.0	8.0 . 1.0	12.0 . 0.0	12.0 . 0.0	6.0 . 0.0
21	Typical-finished floor area as a % of GBA	100%	100%	100%	100%	100%	100%
22	Fuel service % good • Car wash % good	90% . 0%	90% . 0%	90% . 50%	90% . 0%	90% . 0%	80% . 0%
23	Heated floor area: % of GBA • Sprinkled floor area: % of GBA	100% . 0%	100% . 0%	100% . 0%	100% . 0%	100% . 0%	100% . 0%
24	Merchandise floor area % GBA • Food service floor area % GBA	100% . 0%	100% . 0%	100% . 0%	100% . 0%	100% . 0%	100% . 0%
25	Occupancy: % of GBA • Occupancy stabilized (Yes or No)	100% . Yes	100% . Yes	100% . Yes	100% . Yes	100% . Yes	100% . Yes
26	Building quality rating • Building Construction class	Average Class C	Average Class C	Average Class C	Average Class C	Average Class C	Average C
27	Building condition rating • Obsolete improvement: as a % of GBA	Average 0%	Average 0%	Average 0%	Average 0%	Average 0%	Good 0%
28	Deferred maintenance + Code items + Environmental: as $PSFGBA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
29	Actual improvement age • Effective improvement age: at sale in yrs	29 . 29	29 . 29	28 . 28	12 . 12	13 . 13	30 . 10
30	Fuel service Non-GBA: $PSFGBA • Car wash Non-GBA: $ PSFGBA	$353.98 . $0.00	$241.16 . $0.00	$153.26 . $146.08	$199.28 . $0.00	$127.26 . $0.00	$121.19 . $0.00
31	Quality rating of non-building exterior site improvements	Average	Average	Average	Average	Average	Average
32	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:						
33	Property rights conveyed in the sale	0%	0%	0%	0%	0%	
34	Access/Vis. influence on improvement value: (Ln. 10) excluding Ln. 13	0%	0%	0%	0%	0%	
35	Supply/Demand influence on improvement value: (Ln. 10) excluding Ln. 13	20%	5%	-10%	20%	-10%	
36	Demographics/Wet Dry influence on improvement value: (Ln. 10) excluding Ln. 13	-5%	-5%	-5%	0%	-5%	
37	Hypermarket competition influence on improvement value: (Ln. 10) excluding Ln. 13	0%	0%	0%	-15%	-15%	
38	Land value contribution (Line 15) @ 50% x Ln.15 difference/Ln.11	-14%	-18%	-25%	-23%	-14%	
39	GBA size (Line 17: SFGBA difference adjustment, net of land value)	-20%	0%	0%	0%	10%	
40	Efficiency ratio (Line 19) @ 100% x % GBA difference	0%	0%	0%	0%	0%	
41	Fuel positions (Line 21) @ 0.0% x difference in F.P.	0%	0%	0%	0%	0%	
42	Typical-finished space (Line 21) @ 20% x % GBA difference	0%	0%	0%	0%	0%	
43	Fuel service % good (L 22) @ 0% x % GBA difference	0%	0%	0%	0%	0%	
44	Car wash % good (L 22) @ 0% x % GBA difference	0%	0%	0%	0%	0%	
45	Heated floor area (L 23) @ 3.0% x % GBA difference	0%	0%	0%	0%	0%	
46	Sprinkled floor area (L 23) @ 1.0% x % GBA difference	0%	0%	0%	0%	0%	
47	Unfinished storage floor area (L 24) @ -30% x % GBA difference	0%	0%	0%	0%	0%	
48	Food service floor area (L 24) @ 10% x % GBA difference	0%	0%	0%	0%	0%	
49	Occupancy characteristics (Ln. 26) @ 15% x % occ. difference	0%	0%	0%	0%	0%	
50	Obsolete interior construction (L 27) @ 20% x % obsl. difference	0%	0%	0%	0%	0%	
51	Building quality & class (Ln. 26 excl. Lns. 37-45 & 53)	0%	-20%	0%	0%	0%	
52	Deferred maintenance+Code+Environmental: L 28 difference / L 8	0%	0%	0%	0%	0%	Est. Useful Life:
53	Condition/Eff. age difference (Ln. 27 & 29) @ 1.10% /yr.: excl. Lns.47&49)	21%	21%	20%	2%	3%	55 Years
54	Fuel service (Non-GBA area): $ difference of L 30 / L 8	-25%	-19%	-6%	-10%	-1%	
55	Car wash: $ difference of L 30 / L 8	0%	0%	-25%	0%	0%	
56	Quality rating of non-building exterior site improvements (L 31)	0%	0%	0%	0%	0%	
57	Personal property & business value: $ difference of L 31 / L 8	0%	0%	0%	0%	0%	
58	**Total adjustment applied to Line #8 as a ±% adjustment**	**-23%**	**-36%**	**-51%**	**-26%**	**-32%**	
	Subject Property Value Indicated By This Sales Comparison Approach to Value For Each Sale:						
59	**Indicated Subject $ PSFGBA Value** = line 8 x (line 55+100%)	**$722.49**	**$406.30**	**$283.16**	**$597.24**	**$417.30**	

CONCLUSION: SALES COMPARISON APPROACH FOR IMPROVED PROPERTY

C-Store Sales Analysis

- The indicated subject $PSFGBA values from this analysis range from ----- **$283.16 to $722.49**

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 ----------	$714.36	x	0%		
• Average of the comparable sales after all adjustments ----------	$485.30	x	33%		
• Average of the adjusted comparable sales, excluding high & low sale ------	$473.62	x	33%		
• Avg. of the most similar adjusted comparable sales -- Sale #1, 4 & Sale #5	$485.30	x	33%		
• Weighted Average of the Above Indications of Subject Market Value ---			**99%**	**=**	**$476.59 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 @ 12/31/2015 is rounded to:

$1,330,000 @ **$476.70** 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 based on the current downturn in the economy. Some analysts believe that pricing points in 2009 and 2010 may be below the long-term trend line, indicating an artificially low pricing that is temporary and does not accurately reflect real estate values, which are a long-term asset.

Lines #9 through #32: 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 #33 vs. #9: This line #33 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 #33 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 #34 vs. #10: This line #34 location adjustment considers the perceived rating for the comparable sale access/visibility 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.

Line #35, #36, #37 vs. #11, #12, #13: These trade area characteristics adjustments considers the perceived rating for the comparable sale for supply/demand as measured by the location quotient, customer demographics and the propensity of local customers to shop at a convenience store, and hypermarket competition as reported on line item #11, #12, and #313 compared to the subject property as a valuation opinion based on market experience. Ratings used for comparison purposes are selected from a numerical ratings in ESR®I demographic reports. 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 #35, #36, and #37 and otherwise reported as a percentage of the sale price on line items #11, #12, and #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 #38 vs. #15 & #8: This line #38 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 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 #39 vs. #17: This line #39 GBA size adjustment considers the comparable sale gross building area GBA on line item #17 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 #40 vs. #19: This line item #19 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 #41 vs. #20: 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 #42 vs. #21: 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 #21 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 #43 vs. #22: 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 #43 adjustment is used in the calculation of the fuel service contribution to $PSFGBA on Line #54 of the adjustment grid.

Line #44 vs. #22: 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 #44 adjustment is used in the calculation of the fuel service contribution to $PSFGBA on Line #55 of the adjustment grid.

Line #45 vs. #23: Quantification of this line #45 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 #46 vs. #23: Quantification of this line #46 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 #47 vs. #24: Storage floor 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 #48 vs. #24: Food service floor space typically has a higher 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 an increase in value level of about 10% of the line item #8 time adjusted sales price for the comparable sale. This is 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 #49 vs. #25: 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 #50 vs. #27: 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 #50 adjustment will be estimated at 20% of the difference in percentage occupancy.

Line #51 vs. #26: 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 #26 results in this adjustment reported on line item #51 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 #52 vs. #28: 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 #53 in this analysis. Please review the limiting conditions section of this report concerning an environmental disclaimer in this regard.

Line #53 vs. #27 & #29: 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 13 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 #16 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 #35. 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 #54 vs. #30: This adjustment considers the fuel service, which includes the canopy, dispensers, USTs and associated electronics. 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 #54 vs. #30: The comparable sales were reviewed to quantify on a $PSFGBA unit of comparison the existence of a car wash 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 #30. 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 #56 vs. #31: 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 #57 vs. #32: 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 #58: 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 #59: 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.

COST APPROACH TO VALUE

INTRODUCTION TO THE COST APPROACH TO VALUE USING THE CALCULATOR METHOD

This application of the Cost Approach to Value results in an indication of value obtained by adding the opinion of value of the land to the estimated depreciated replacement cost of the building, non-building site improvements and specifically described personal property assets and attached fixture assets classified as real estate. The Marshall Valuation Service Calculator Method, published by Marshall and Swift, L.P., (MVS) will be used in this Cost Approach to Value. For new real estate improvements developed to the highest and best use, the real estate market generally assumes that replacement cost plus land value should approximate value assuming no loss of value due to accrued depreciation. The concept of accrued depreciation recognized that physical, functional, and external factors such as location and economic disadvantages affecting a specific real estate improvement will be reflected in the market place by a lower selling price compared to current replacement cost for the same improvement. The Cost Approach to Value provides a specific measure for these disadvantages termed "Accrued Depreciation," which may be one of three kinds described as follows:

1. Physical Deterioration, which is classified as curable known as deferred maintenance, plus incurable short-lived and long-lived classifications. Physical deterioration includes the rate at which the physical components of an improvement wear out, and is age-related involving construction quality, property use, maintenance standards, and climate.
2. Functional Obsolescence, which is classified as curable or incurable. Functional considerations include the affect on improvement usefulness and value from changes in technology, architecture, energy efficiency, design and other factors. These perceived factors can render improvements functionally obsolete at any age or condition.
3. External Obsolescence, which results in a loss of improvement value from causes outside the subject property including Economic Obsolescence and Location Obsolescence. Changing conditions could increase or decrease this element of external obsolescence in the future, especially concerning Economic Obsolescence. External considerations include short-term and long-term influences such as location characteristics, availability and affordability of financing, current market conditions and basic supply and demand factors.

The Cost Approach to Value consists of the following procedures:

- Estimation of the replacement costs of all the existing improvements as of a specific date, possible including other identified assets such as personal property and any attached fixtures/equipment classified as real estate.
- Estimation of accrued depreciation from all causes impacting the replacement cost.
- Deduction of the estimation of accrued depreciation from all causes from the estimation of replacement cost resulting in an indication of depreciated cost for the existing improvements including any other identified assets.
- Addition of the estimated market value of the subject land plus the depreciated replacement cost of all the improvements together with any other identified assets resulting in an indicated value by this Cost Approach to Value for the subject property.

The Class of Construction is the basic sub-division in the *Marshall Valuation Service*, dividing all buildings into the following five basic cost groups by type of framing (supporting columns and beams), walls, floors and roof structures, and fireproofing.

- "Class A buildings have fireproofed structural steel frames with reinforced concrete or masonry floors and roofs."
- "Class B buildings have reinforced concrete frames and concrete or masonry floors and roofs."
- "Class C buildings have masonry or concrete exterior walls, and wood or steel roof and floor structures, except for concrete slab on grade."
- "Class D buildings generally have wood frame, floor, and roof structure. They may have a concrete floor on grade and other substitute materials, but are considered combustible construction. This class includes the pre-engineered pole or post-frame, hoop and arch-rib-frame buildings."
- "Class S buildings have frames, roofs, and walls of incombustible metal. This class includes the pre-engineered metal buildings, including slant-wall and quonset structures."

The subject property is regarded by this appraiser to be Class C and D construction as described in detail in the previous Improvement Description Section of this report. This Class of construction is considered in the following cost approach valuation analyses. This Cost Approach will incorporate the subject land market value as developed in the previous Land Valuation Analysis section of this report excluding excess marketable commercial land value appraised as a separate real estate asset. One cost approach valuation indication of market value is required to be developed for this appraisal in order to conclude: (1) The opinion of market value for the 100% undivided ownership interest for the leased fee estate property right of the subject property subject to a current valuation premise considering "as-is" property status and occupancy conditions with an effective date of appraisal and value as of 7/9/2015.

SITE VALUATION

A search was made for comparable land sales through Anderson County and the adjacent counties with sale dates to 2010. Four land sales are summarized in the addenda in Exhibit C. The sale price of the land transaction range from $0.21 to $6.84 per square foot. All of the sales are suitable for commercial development with city services. From these sales, the value of the subject site is estimated at $5.00 per square foot, or $77,000 ($5.00 x 15,316 SF).

IMPROVEMENT REPLACEMENT COST ANALYSIS: **Frankston Valero Store as of -** 12/31/2015

This replacement cost analysis uses the Marshall Valuation Service Calculator Method published by Marshall & Swift, L.P (MVS). Calculator costs are estimated final costs to the owner. Base costs include average architect's and engineering fees, plans, plan check, building permit fees, surveying, grading, all labor and material costs, all appropriate local, state and federal sales or GST taxes, normal site preparation including finish grading and excavation for foundations and fill for the structure, all utilities from structure to lot line with typical setbacks, contractors overhead & profit, job supervision, workman's compensation, fire & liability insurance, unemployment insurance, equipment, temporary facilities, security, normal interest on actual building funds during period of construction, typically averaging one-half of the going-rate over the time period, and processing fees and/or service charges for handling the loan.

ESTIMATED REPLACEMENT BASE COST: Frankston Valero Store @ 2,790 SF of GBA

	Space Description	Section	Page	Class	Quality / Type	Gross Floor Area SF	Base Cost as $ PSF	x	% of Total GBA	x	Current Cost Multiplier	=	Weighted Average Base Cost: $ PSF
1	Finished Store Area	0	0	C	Average	2,790	$250.00	x	100.00%	x	1.000	=	$250.00
2		0	0	0	0	0	$0.00	x	0.00%	x	0.000	=	$0.00
3		0	0	0	0	0	$0.00	x	0.00%	x	0.000	=	$0.00
4		0	0	0	0	0	$0.00	x	0.00%	x	0.000	=	$0.00
5		0	0	0	0	0	$0.00	x	0.00%	x	0.000	=	$0.00
6		0	0	0	0	0	$0.00	x	0.00%	x	0.000	=	$0.00
7		0	0	0	0	0	$0.00	x	0.00%	x	0.000	=	$0.00
	Weighted Average $PSF Base Cost: Primary Gross Building Area (GBA) Excluding Refinements											=	**$250.00**

Equals the total cost of construction required to replace the primary building GBA with a substitute of equal or like utility using current standards of materials and design subject to the following base cost refinement multipliers:

BASE COST REFINEMENTS:									
Multiple stories multiplier:	Stories	=	1			1.000	x	Jul-15
Floor Area / Perimeter:	Floorplate	=	2,790 SF	Perimeter =	246 lin.ft	1.000	x	FINAL
Story height:	Story Ht.	=	12 FT.			1.000	x	COMPOSITE
Location multiplier for:	Frankston, Texas					1.050	x	MULTIPLIER @
Local Multiplier Refinements	---------- No atypical local or complex site conditions					1.000	=	1.050

The following replacement cost calculations include the above refined primary GBA base cost plus additional non - GBA improvement and other asset costs available in the appropriate sections of MVS. These itemized costs require cost multiplier adjustments for current cost and location reported in the following analysis as a composite multiplier.

REPLACEMENT COST CALCULATIONS FOR THE SUBJECT PROPERTY

	REPLACEMENT COST COMPONENT	BASE COST / UNIT	x	COMPOSITE MULTIPLIER	x	NUMBER OF UNITS	=	REPLACEMENT COST NEW
8	**Primary Improvement GBA Replacement Cost**	**$250.00** / GBA	**x**	**1.050** multiplier	**x**	**2,790** SF of GBA	=	**$732,375**
9	**None**	$0.00 /PSF	x	0.000 multiplier	x	0 Sq. Ft.	=	**$0**
10	Canopy	$25.00 /Sq.Ft.	x	1.050 multiplier	x	2,076 Sq. Ft	=	$54,495
11	Fuel Dispensers/Service	$70,250.00 /Unit	x	1.050 multiplier	x	3 Units	=	$221,288
12	USTs	$20,000.00 /Unit	x	1.050 multiplier	x	3 Unit	=	$63,000
13	Concrete Sidewalks	$3.50 /Sq.Ft.	x	1.050 multiplier	x	800 Sq. Ft	=	$2,940
14	Concrete Parking	$2.50 /Sq.Ft.	x	1.050 multiplier	x	12,000 Sq. Ft	=	$31,500
15	Landscaping	$2.00 /Sq.Ft.	x	1.050 multiplier	x	360 Sq. Ft	=	$756
16	Water/Air Service	$1,500.00	x	1.050 multiplier	x	1 Unit	=	$1,575
17		$0.00	x	0.000 multiplier	x	0	=	$0
18	**Subtotal: Exterior Non-Building Site Improvements** (#10-#17)----------			**$134.61** PSF	**x**	**2,790** SF of GBA	=	**$375,554**
19	Display Beverage Cooler, 11-door	$131,488.00	x	1.050 multiplier	x	1	=	$138,062
20	Display Freezer, 2-door	$16,435.00	x	1.050 multiplier	x	1	=	$17,257
21	0	$0.00	x	0.000 multiplier	x	0	=	$0
22	0	$0.00	x	0.000 multiplier	x	0	=	$0
23	0	$0.00	x	0.000 multiplier	x	0	=	$0
24	0	$0.00	x	0.000 multiplier	x	0	=	$0
25	0	$0.00	x	0.000 multiplier	x	0	=	$0
26	0	$0.00	x	0.000 multiplier	x	0	=	$0
27	**Subtotal: Attached Fixtures** (#19-#26) ----------			**$55.67** PSF	**x**	**2,790** SF of GBA	=	**$155,319**
28	**Subtotal: Personal Property- 0**	$0 Sum	x	0.000 multiplier	x	0 Sum	=	**$0**
29	**TOTAL REFINED REPLACEMENT BASE COST** (#8+#9+#18+#27+#28) -			**$452.78** PSF	**x**	**2,790** SF of GBA	=	**$1,263,248**

SUBJECT REFINED REPLACEMENT BASE COST (Total Cost Estimate From Previous Page) ----------	$452.78 PSF	x	2,790 SF GBA	=	$1,263,248

The above refined replacement cost is further adjusted for atypical financing, leasing and marketing, indirect costs and entrepreneurial/profit incentive as follows:

► Permanent financing cost and any project bond issues (excluding interim construction financing and processing brokers fees) -	5.0%	x	$1,263,248	=	$63,162
► Leasing and marketing costs to create first occupancy are typically leasing commissions and broker's fees and are either related to a percentage of the lease or $/sq.ft. of leased area. This includes models, advertising, temporary operations of property owners associations, fill-up or membership sales costs and fees. Concessions to obtain tenants under unusual market conditions are also considered, if present. These costs are included with original construction costs but for subsequent tenants after initial leasing are typically regarded an annual expense of a capitalized nature expressed as a $ PSF cost ------	$0.00	x	2,790 SF	=	$0
► Indirect costs to date of completion include ownership overhead and administration during construction; escrow and legal fees on land acquisition; real property taxes and assessments; land planning, concept engineering, certificate of need, feasibility studies, environmental impact report, hazardous material testing, appraisal or consulting fees, jurisdictional fees and similar actual miscellaneous costs are estimated as a percent of the total for the previous replacement cost items ----------	5.0%	x	$1,326,410	=	$66,321
► Additional indirect costs 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 or subnormal returns on investment until stabilized occupancy are estimated as a percent of the total for the previous replacement cost items ----------	0.0%	x	$1,392,731	=	$0
► Entrepreneurial/profit incentive for the owner/developer is an appropriate consideration, excluding contractor's overhead and profit which are included in unit costs, that ranges from nominal at the low end for governmental, institutional, or owner occupied buildings to substantial at the high end for successful multiple tenant investment property for which the real estate market capitalizes net pre-tax earnings into values typically larger than the original capital costs. This cost is estimated as a percentage of the previous total replacement cost items ----------	0.0%	x	$1,392,731	=	$0

TOTAL SUBJECT REPLACEMENT COST --------	$499.19	$ PSF	x	2,790	SF GBA	=	$1,392,731
ROUNDED TO SAY ----------	**$499.18**	**$ PSF**	**x**	**2,790**	**SF GBA**	=	**$1,392,700**
Allocated as follows: ► Primary Gross Building Area (GBA) --------	$289.39	PSF GBA	x	2,790	SF GBA	=	$807,400
► Non-GBA Secondary Building Area --------	$0.04	PSF GBA	x	2,790	SF GBA	=	$100
► Exterior Non-GBA Site Improvements ------	$148.39	PSF GBA	x	2,790	SF GBA	=	$414,000
► Attached Fixtures ----------	$61.36	PSF GBA	x	2,790	SF GBA	=	$171,200
► Personal Property ----------	$0.00	PSF GBA	x	2,790	SF GBA	=	$0

SUMMARY AND DESCRIPTION OF DEPRECIATION FROM ALL CAUSES

Based on observed condition and effective age of the depreciable assets and considering other pertinent factors affecting value, the depreciation accruing to the subject primary GBA, exterior non-building on-site improvements, secondary building area, attached fixtures and personal property is estimated as follows:

Deferred Maintenance for Primary GBA Plus Exterior Non-Building On-Site Improvements:

This is physical deterioration for curable components that are regarded to require immediate replacement in order for the property to function as designed and if present is estimated as a percentage of total replacement cost summarized as follows:

DEFERRED MAINTENANCE FOR PRIMARY GBA LONG-LIVED & SHORT-LIVED IMPROVEMENTS AND EXTERIOR SITE IMPROVEMENTS	ITEM COST NEW	% DEFERRED	TOTAL DEFERRED MAINTENANCE COST - $
► Long-Lived Improvements: 0	$484,440	0.0%	$0
► Short-Lived Improvements: 0	$322,960	0.0%	$0
► Exterior Site Improvements: 0	$414,000	0.0%	$0
► Total Deferred Maintenance for Primary GBA + Non-GBA + Exterior Site Improvements:		**0.0%** **@**	**$0**

Physical Deterioration for Primary GBA Plus Exterior Non-Building On-Site Improvements:

This is age/life type of depreciation equal to the ratio of the improvement effective age divided by the improvement original life expectancy or useful life with an approximate allocation between short and long-lived improvement components. Short-lived improvement components are regarded to be short useful life items of less than the total expected improvement useful life. Long-lived improvement components typically have longer useful lives than the subject improvement overall useful life, and typically are not replaced or retrofitted over the overall improvement useful life. Deferred Maintenance as a previously itemized item of physical deterioration is subtracted from replacement cost and excluded from the following analysis of Physical Deterioration:

PHYSICAL DETERIORATION: PRIMARY GBA & EXTERIOR SITE IMPROVEMENTS	COST NEW (less) DEFERRED MAINTENANCE	EFFECTIVE AGE - YRS.	USEFUL LIFE IN YRS.	% OF REPLACEMENT COST NEW x (EFFECTIVE AGE ÷ ORIGINAL LIFE)			
► Primary GBA Long-Lived Improvements:	$484,440	3.1	53.0	@	5.8%	=	$28,300
► Primary GBA Short-Lived Improvements:	$322,960	0	20.0	@	0.0%	=	$0
► Exterior Non-GBA On-Site Improvements:	$414,000	11.0	34.0	@	32.4%	=	$133,900
► Total Physical Deterioration:	**$1,221,400**	**5.0**	**37.8**	**@**	**13.3%**		**$162,200**

External Obsolescence: (Locational and Economic):

This type of depreciation results from obsolescence due to location or to current economic conditions that negatively impact the subject property. Both of these types of obsolescence are external to the subject property, and otherwise unrelated to any Physical Deterioration or Functional Obsolescence accruing to the subject property and is calculated as a percentage of total replacement cost and allocated as follows:

Locational Obsolescence for Primary GBA + Exterior Non-Building On-Site Improvements:

Locational obsolescence results from adverse locational characteristics of the subject property that are perceived to be difficult to reverse.

LOCATIONAL OBSOLESCENCE DEPRECIATION ITEM	% OBSOLESCENCE x COST NEW			
►	0 @	0.0%	=	$0

Economic Obsolescence for Primary GBA + Exterior Non-Building On-Site Improvements:

This type of depreciation reflects adverse economic conditions as of the date of value that could be reversed by future economic changes that may positively impact the subject property. Economic obsolescence accruing to all segregated cost components results from the following adverse economic factors:

ECONOMIC OBSOLESCENCE DEPRECIATION ITEM	% OBSOLESCENCE x COST NEW			
►	0 @	0.0%	=	$0

Total Accrued Depreciation to the Subject Primary Gross Building Area (GBA) Plus Exterior On-Site Non-Building Improvements from All Causes	**@**	**13.3%**	**=**	**$162,200**

Depreciation Analysis for Secondary (Non-GBA) Building Improvements Plus Specified Attached Fixtures & Equipment Plus Any Specified Personal Property:

After considering the actual age, observed condition and effective age of the subject secondary (non-GBA) building area, attached fixtures and personal property compared to their original life expectancies; as well as considering any functional and external obsolescence affecting value, it is estimated that the following analysis represents the overall depreciation accruing to the subject secondary building area, attached fixtures and personal property as of the effective date of value:

DEPRECIATION ANALYSIS: SECONDARY (NON-GBA) BUILDING AREA

SECONDARY NON-GBA BUILDING IMPROVEMENT COMPONENT ITEM	REPLACE-MENT COST: (A)	EFFECT. AGE: YRS. (B)	USEFUL LIFE YRS (C)	DEFERRED MAINTENANCE: % x A	(D)	(E) PHYSICAL DETERIORATION: (B/C) x (A-D)	(F) FUNCTIONAL OBSOLESCENCE - % X (A-D-E)	(G) EXTERNAL OBSOLES-CENCE: %xA	DEPRECIATED COST EQUALS A -D-E-F-G
Secondary Building	$0	0.0	0.0	0.0% @	$0	$0	0.0% @ $0	$0	$0

DEPRECIATION ANALYSIS: ATTACHED FIXTURES & AND PERSONAL PROPERTY

ATTACHED FIXTURE & PERSONAL PROPERTY COMPONENT ITEM	REPLACE-MENT COST: (A)	EFFECT. AGE: YRS. (B)	USEFUL LIFE YRS (C)	DEFERRED MAINTENANCE: % x A	(D)	(E) PHYSICAL DETERIORATION: (B/C) x (A-D)	(F) FUNCTIONAL OBSOLESCENCE - % X (A-D-E)	(G) EXTERNAL OBSOLES-CENCE: %xA	DEPRECIATED COST EQUALS A -D-E-F-G
Attached Fixtures:	$171,200	11.0	25.0	0.0% @	$0	$75,300	0.0% @ $0	$0	$95,900
Personal Property:	$0	0.0	0.0	0.0% @	$0	$0	0.0% @ $0	$0	$0
TOTALS OF ABOVE:	$171,200	--	--	0.0% @	$0	$75,300	0.0% @ $0	$0	$95,900

Additional Descriptive Comment and/or Explanation of Total Accrued Depreciation:

The subject improvements experience normal age/life physical deterioration typical of the effective age of the improvements with nominal functional or external obsolescence.

Total Accrued Depreciation To Improvements, Fixtures & Personal Property:	**17.1% @ $237,500**

CONCLUSION OF THIS COST APPROACH TO VALUE

Prospective Valuation Premise as of the Date of Value ---------- **12/31/2015**

Replacement Cost (Rounded):

• Primary & Secondary GBA Improvements	$ 807,400	
• Exterior Site Improvements	$ 414,000	
• Fixtures (Attached)	$ 171,200	
• Personal Property	$ 0	
• **Total Replacement Cost**		$ 1,392,600

Accrued Depreciation from all Causes (Rounded):

• Primary & Secondary GBA Improvements	$ 28,300	
• Exterior Site Improvements	$ 133,900	
• Fixtures (Attached)	$ 75,300	
• Personal Property	$ 0	
• **Total Accrued Depreciation from all Causes**		$ 237,500

Depreciated Replacement Cost (Rounded) equal to:
Replacement Cost less Accrued Depreciation from all Causes

• Primary & Secondary GBA Improvements	$ 779,100	
• Exterior Site Improvements	$ 280,100	
• Fixtures (Attached)	$ 95,900	
• Personal Property	$ 0	
• **Total Depreciated Replacement Cost**		$ 1,155,100

Opinion of Land Market Value estimated in the previous Land Valuation Analysis ---------- $ 77,000

Total Indicated Market Value Equal To The Depreciated Replacement Cost Of Real Estate Improvements Plus Attached Fixtures Plus Personal Property, If Any, That Are Specifically Included In This Valuation Plus The Opinion Of Land	$ 1,232,100
Rounded By This Cost Approach To ----------	**$ 1,232,000**

RECONCILIATION OF THE "AT-COMPLETION" VALUE OF THE REAL ESTATE
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.

Income Approach	$1,357,000
Sales Comparison Approach	$1,330,000
Cost Approach	$1,232,000

Because the subject is an income-producing property and convenience stores are bought and sold for their earnings potential, the value estimate produced by the income approach is considered the most reliable and best documented. The sales comparison and cost approaches provide supporting evidence.

The reconciled value of the tangible assets, realty is $1,357,000 .

VALUE "AT-COMPLETION"

Tangible Assets, Realty
$1,357,000

Tangible Assets, Non-realty:

$20,845

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 $20,845 , as a lump sum. See accompanying line item schedule in Worksheet 15.

OPINION OF VALUE OF THE EQUIPMENT
*****$20,845 *****
TANGIBLE ASSETS, NON-REALTY

WORKSHEET NO. 15

STORE NO. /alero Store Valero Store

Equipment List DESCRIPTION	QTY	EACH	% GOOD	TOTAL
CO2 TANK W. VALVE CONNECTED W/ SODA M.	1	$500	33%	$167
DRINK DISPENSER W/ REMOTE TANK SYSTEM	1	$2,650	33%	$883
COFFEE MAKER	1	$1,575	33%	$525
HOT CHOCOLATE	1	$605	33%	$202
CUP DISPENSERS	2	$170	33%	$113
CASH REGISTER	1	$3,000	33%	$1,000
TELEPHONE BOARD	1	$1,750	33%	$583
PORTABLE FIRE EXTINGUISHER	2	$175	33%	$117
STAINLESS STEEL SINK	2	$2,025	33%	$1,350
ICE MACHINE	1	$2,700	33%	$900
TIME RECORDER	1	$7,000	33%	$2,333
CORNER CAP	1	$750	33%	$250
BAG IN BOX	1	$250	33%	$83
MICROWAVE	1	$375	33%	$125
OVEN	1	$3,500	33%	$1,167
POPCORN MACHINE	1	$995	33%	$332
SLUSH PUPPY	1	$2,960	33%	$987
PASTRY CASE	1	$2,000	33%	$667
HOT DOG MACHINE	0	$670	33%	$0
GONDOLAS W/ END CAP	3	$250	33%	$250
2FT WIDE SHELVING/72 IN HIGH	12	$150	33%	$600
GRILL COOKER	0	$2,000	33%	$0
PAY PHONE	1	$750	33%	$250
COMPUTER	1	$5,000	33%	$1,667
SHELVES	3	$150	33%	$150
UNDERCOUNTER SAFE	2	$1,500	33%	$1,000
LOTTO MACHINE	1	$1,000	33%	$333
RECEIPT MACHINE	1	$500	33%	$167
CREDIT CARD MACHINE	1	$300	33%	$100
CONDIMENT TRAY	1	$1,025	33%	$342
ATM MACHINE	1	$4,500	33%	$1,500
ICE CREAM COOLER	2	$705	33%	$470
2-DOOR FREEZER	1	$3,000	33%	$1,000
PRINTER	1	$500	33%	$167
DISPLAY CASE	2	$475	33%	$317
OVERHEAD CIGARETTE DISPENSER	1	$1,500	33%	$500
DEEP SHELF WITH MOP HOLDERS	1	$750	33%	$250
FOOD/REST EQUIPMENT	0	$150,000	33%	$0

TOTAL ADJUSTED BOOK VALUE: Tangible Assets, Non-Realty **$20,845**

STORE BLDG SIZE **2,790**

EQUIPMENT VALUE/SF **$7.47**

Intangible Assets:

$76,000

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 page 43 of *Convenience Stores and Retail Fuel Properties: Essential Appraisal Issues*, Second Edition, 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 2012, pre-tax profits (accounting profit) averaged $46,000 per store[3].

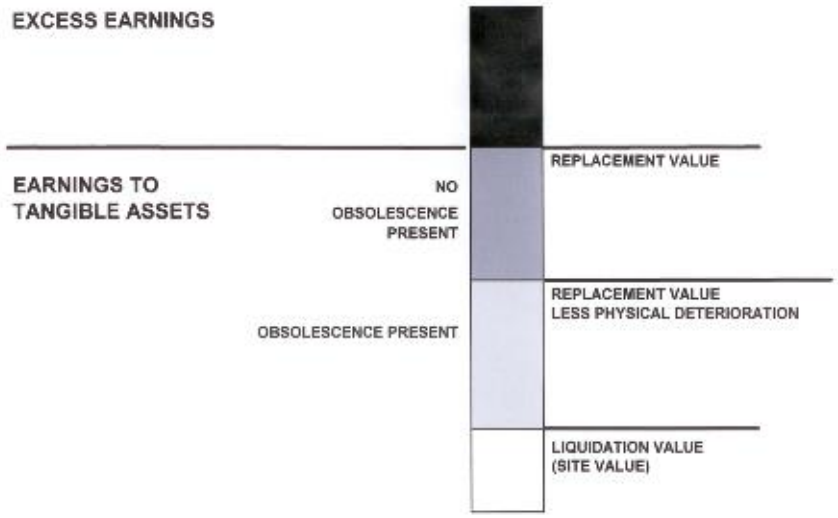
Economic Profit is a different concept. Economic profit arises when the earnings from the business are over and above the investment requirements of the tangible assets. Economic profit arises when trade areas are under-supplied or technological or product innovation exists and store earnings are above 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 *CS News, 2012 Industry Report*

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.

The convenience industry publishes average per-store pre-tax profits, which is similar in concept to accounting profit. Today, this figure is $46,000.

We have allowed the average figure of $38,000 for the subject's operation based upon a percentage allocation from projected gross profit under typical management.

Capitalized Economic Profit
Our earnings analysis in the capitalized Income Approach section shows no excess earnings available to economic profit.

Returns to Intangible Assets, Fee Simple

Capitalized Accounting Profit	$38,000
Capitalized Economic Profit	$0
Total Intangible Asset Return:	$38,000

Capitalizing $38,000 by 50% indicates a value of $76,000 for the intangible assets of the business. This figure is rounded to $76,000 .

OPINION OF VALUE OF THE INTANGIBLE ASSETS

*****$76,000 *****
INTANGIBLE ASSETS

SUMMATION OF THE FEE SIMPLE VALUE "AT-COMPLETION"
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:	**$1,357,000**
Tangible Assets, Non-realty:	**$21,000**
Intangible Assets:	**$76,000**
Total Assets of the Business:	**$1,454,000**

The fee simple value of the total assets of the business at completion of the proposed construction is $1,454,000 .

Total Assets of the Business:
***** $1,454,000 *****
FEE SIMPLE VALUE "AT-COMPLETION"

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.

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.

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.

The subject's operations are under-capitalized. Inventory out-of-stocks and under-stocked shelves is crippling the higher margin in-store sales. This in turn completes a cycle that produces less profit and cash for the business which further reduces the owner's ability to purchase needed inventory to generate sales.

Subject's Gross Profit Index
The gross profit for actual current operations was provided by management. This figure is $464,000. The projected gross profit under fee simple ownership is projected at $448,600 . The calculated Gross Profit Index is 103%.

The owner projected earnings for the 12 months after completion. This estimate is based on the performance of a similar remodeling project on a store he owns in Flint, Texas. The Flint store saw a 25% increase in sales and gross profit after the remodeling.

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.

The value under current operations should not be thought of as market value, or the price at which the business assets would sell because it is nearly impossible to duplicate a specific business operation. With new ownership, the management, labor, operating contracts and business skills would all be different than before.

Additionally, we have very little information about the current operations, except for summaries. No collaborating evidence was provided. Without more detailed historical data, this analysis does of offer any useful insight into the market value of the property.

GROSS PROFIT INDEX	103%

Part 3: Shut down Value

Shutdown 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.

SHUT DOWN VALUE	
Fee Simple Market Value of the Tangible Assets, Realty	$1,357,000
Less Costs of:	
1. Taking Possession (Estimated Legal and Closing Fees, etc.)	$27,140
2. Preserving the Asset (Operating expenses during the 6-month holding period)	
Real Estate Taxes	$13,570
Insurance	$2,714
Maintenance/Repairs/Security	$6,785
Utilities	$5,428
Management	$6,785
Misc/Contigency	$2,714
3. Marketing the Asset	
Sales Commission	$81,420
4. Lender Stigma (If any)	$67,850
5. Delinquent Real Estate Taxes (If any)	$27,140
6. Deduction for 6-Month Marketing Time (If any)	$135,700
7. Add: In-place Value of Operating Equipment	$20,845
SHUT DOWN VALUE	**$958,909**

"AS-IS" VALUE

The "as-is" condition reflects the property prior to the building expansion. We completed an appraisal of the property in October, 2014 which reflected the "as-is" condition at that time. The appraised value of the real property was $809,000. The property description has remained substantially the same as in the previous appraisal. The previous appraisal was prepared for the same client and is incorporated here by reference.

The proposed construction includes expanding the existing building of 1,560 square feet to 2,790 square feet. The entire interior of the building will be remodeled with new, repositioned, ADA-compliant rest rooms, a new 11-door cooler, 2-door freezer, game room, and repositioned cashier's station. The electrical, plumbing and HVAC will be substantially new. A new front facade will be construction with two new entries. The fuel service will remain largely "as-is". It is assumed that all work will be completed in a professional ad workmanlike manner. It is assumed that the building will be ADA-compliant at completion.

The construction budget for the building expansion is budgeted at $287,512.00 for direct costs. Indirect costs could add another 5% to 10%.

The site size and fuel service will not be changed.

The income and sales comparison approaches have been used to estimate the "as-is" value of the fee simple interest of the property. The procedures methodology are similar to that described in the previous sections of this report. The concluded values as of July 9, 2015 are as follows:

Real Estate	$852,000
FF&E	$10,000
Intangible Assets	$54,000
Total Assets of the Business	$916,000

The worksheets for the income and sales comparison approaches are contained in the addenda in Exhibit E.

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:

July 9, 2015

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.

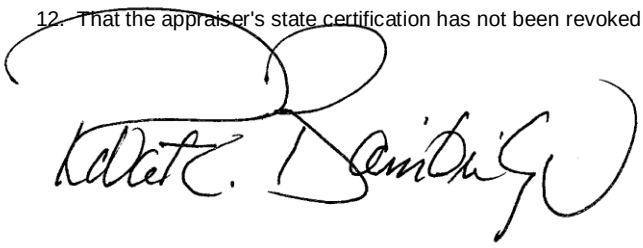
8. The use of this report is subject to the requirements of the American Institute of Real Estate Appraisers relating to review by its duly authorized representatives.

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.



Robert E. Bainbridge, MAI, SRA
C-Store Valuations
Texas Certification #1380253
8/30/2015

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MAI | SRA

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 exit. 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

Exhibit A
Photographs

Exhibit B
Maps

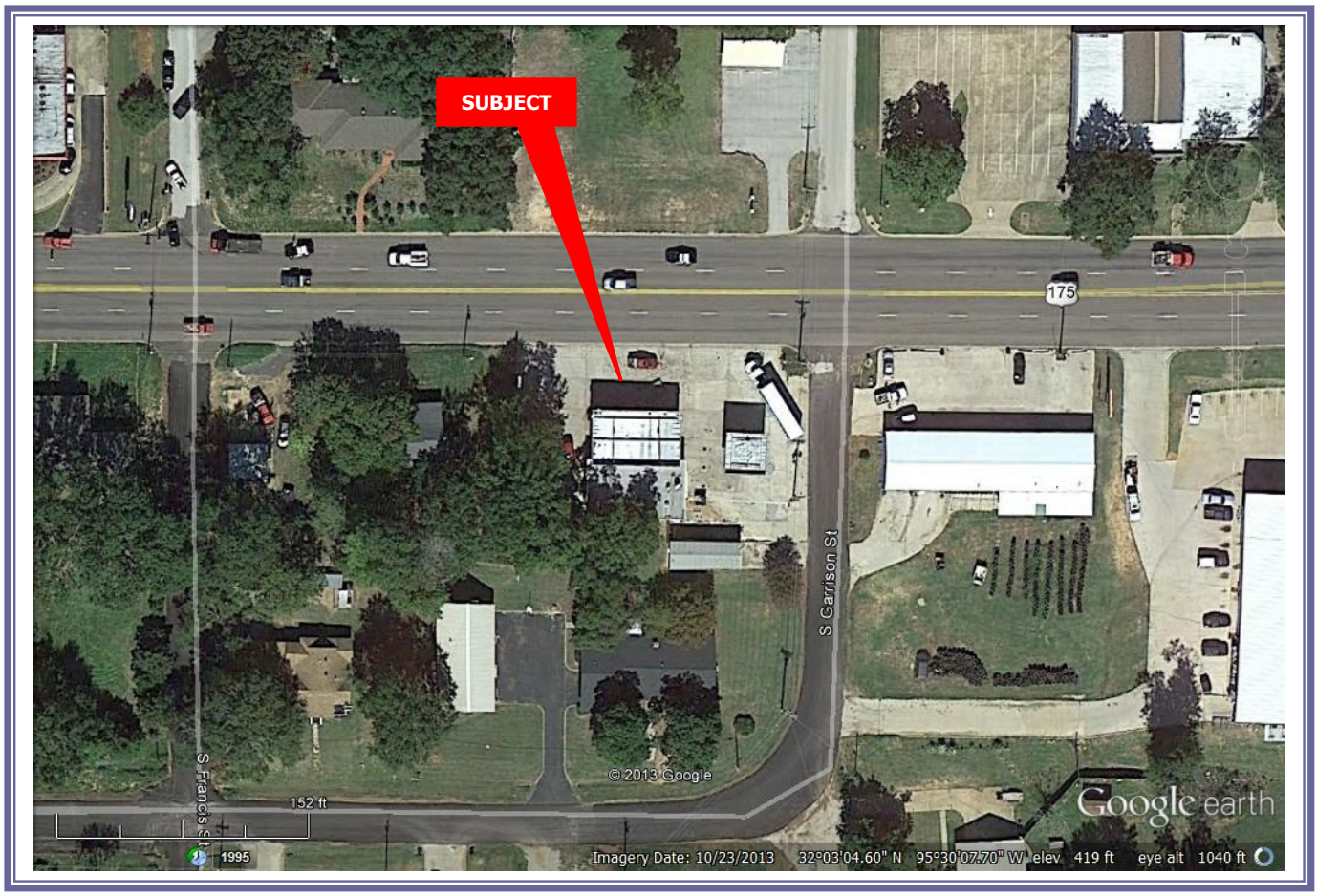
Exhibit C
Sale Data Sheets

Exhibit D
Drawings
Plat Map
Flood Map

Exhibit E
“As-Is” Value Worksheets

Exhibit F
Engagement Letter
Appraiser CV
License

EXHIBIT A



SUBJECT AERIAL

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FRONT ELEVATION

DETAIL OF FRONT ENTRY

FRONT ELEVATION

REAR ELEVATION
WALL IS ON THE PROPERTY LINE.

MERCHANDISE SALES AREA

FOUTAIN AREA

BEVERAGE COOLER

FOOD PREP EQUIPMENT

GAMING AREA

REST ROOM
REST ROOMS ARE NOT ADA-COMPLIANT

FUEL SERVICE

DETAIL OF A MULTI-PRODUCT FUEL DISPENSER

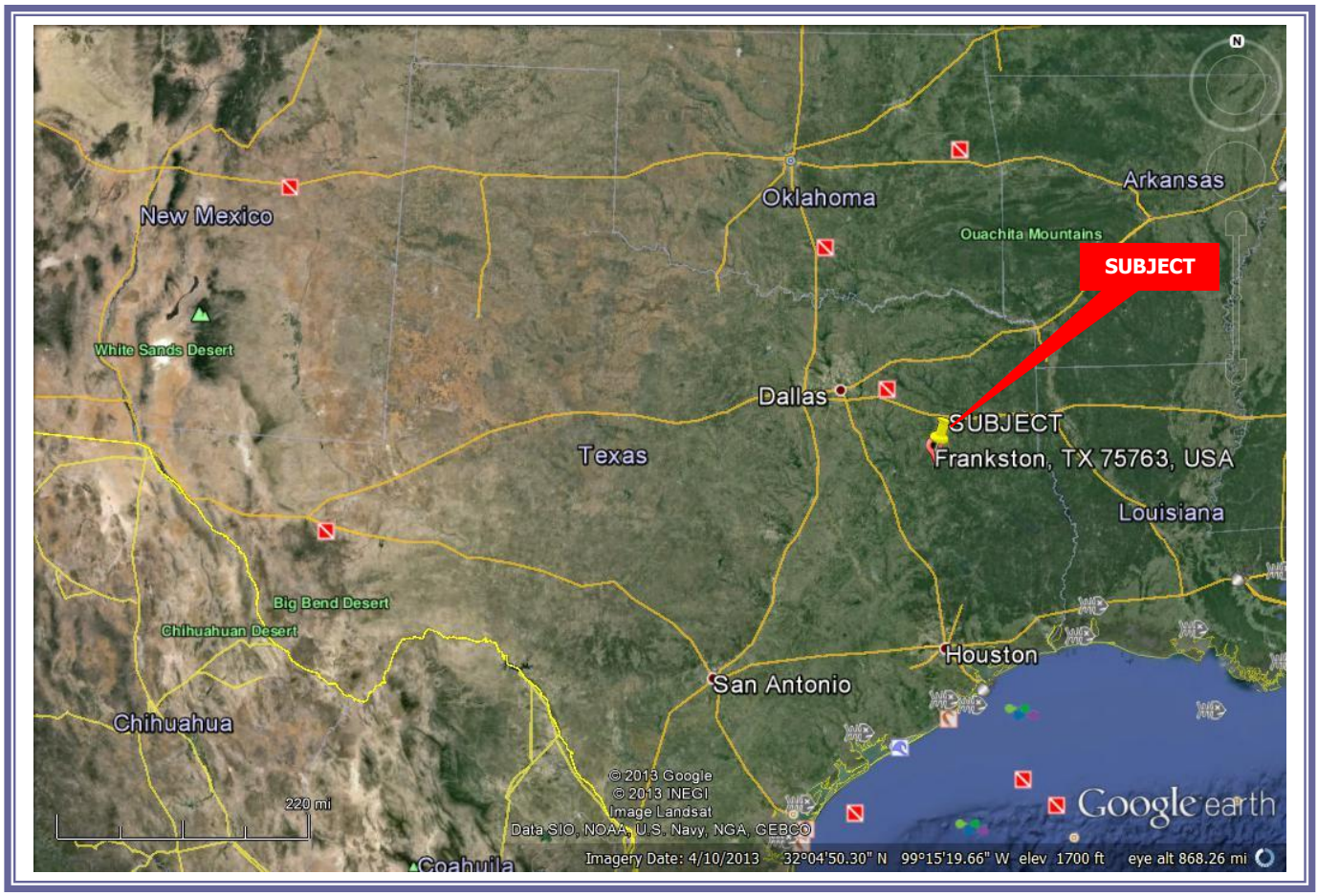
DIESEL FUEL SERVICE

AREA WHERE THE NEW ADDITION WILL BE CONSTRUCTED.

LOOKING WEST ON PINE STREET.
SUBJECT IS AT LEFT.

LOOKING SOUTH ON GARRISON STREET.
SUBJECT IS AT RIGHT.

EXHIBIT B



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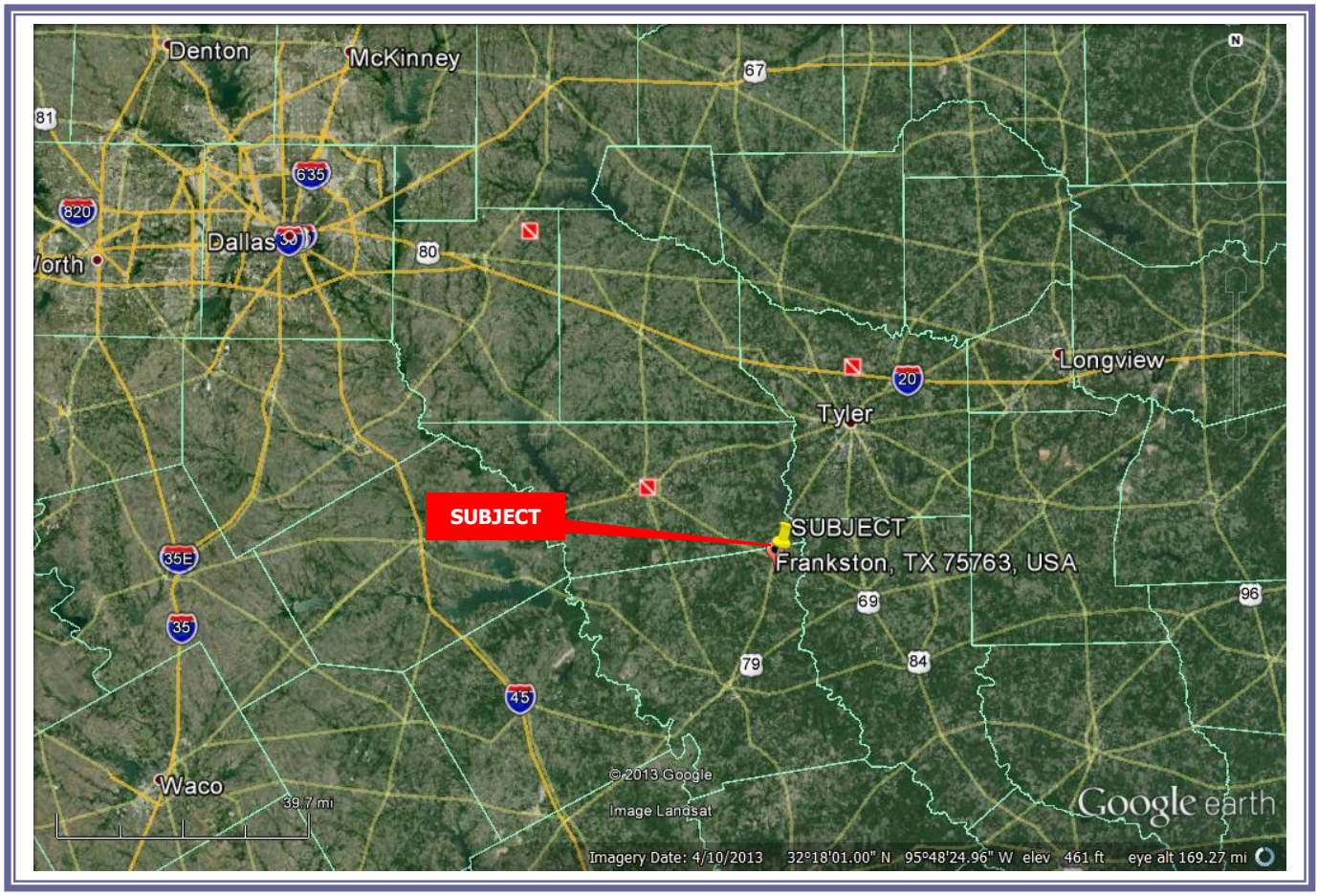
LOCATION MAP



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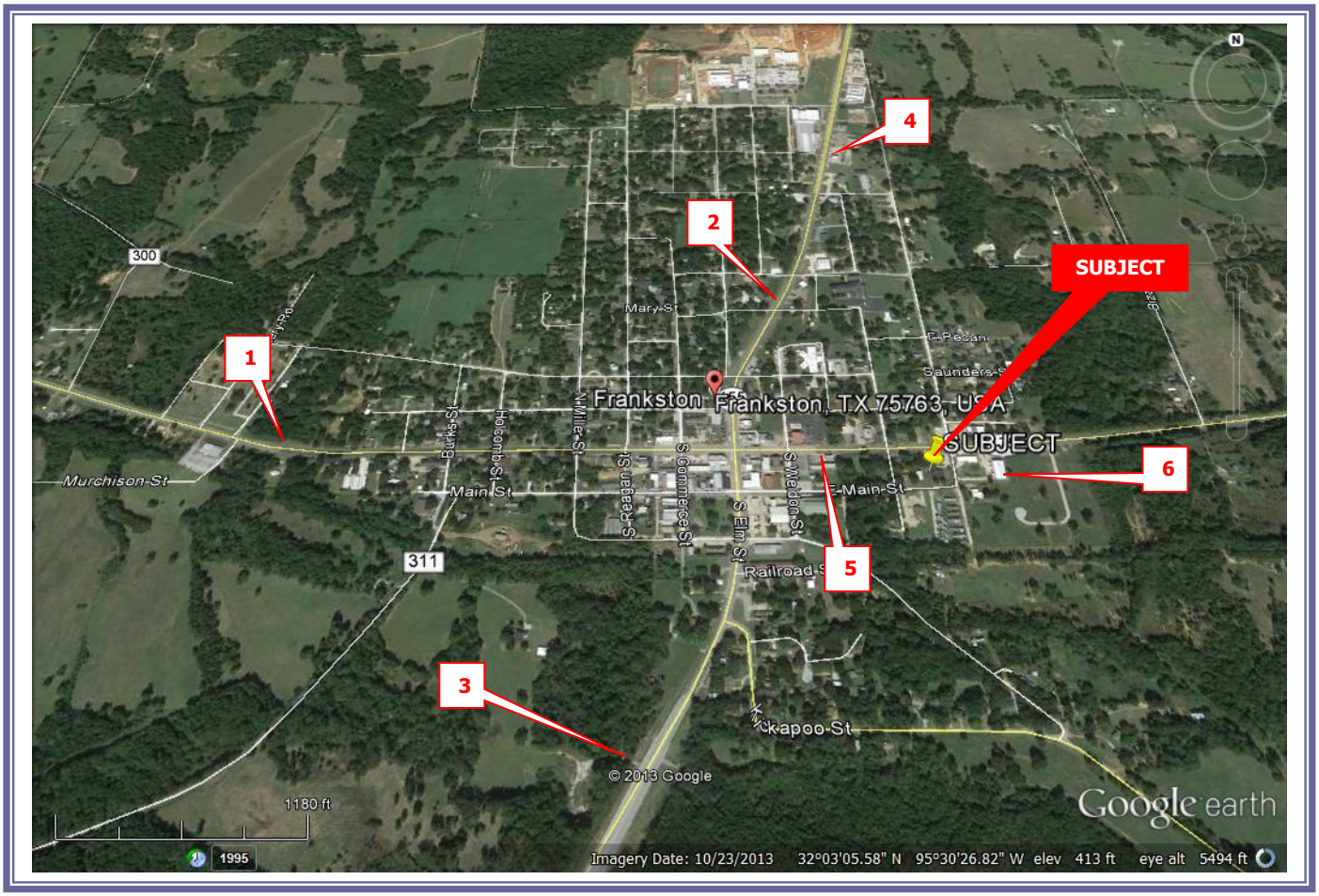
REGIONAL MAP



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NEIGHBORHOOD LAND USE MAP

NEIGHBORHOOD LAND USES

1.	U.S. Hwy 175	4.	Kwick Stop Gas Station
2.	State Highway 155 (toward Tyler)	5.	Mobil Gas Station
3.	State Highway 155 (toward Palestine)	6.	Dollar General Store

EXHIBIT C

COMPARABLE LAND SALE L151

Property Type: Land **Subtype:** Commercial-Business
Address: 980 N. Frankston Hwy **City:** Frankston
County: Anderson **State & ZIP:** TX 75763
Use at Sale: Land **Intended Use:** Commercial-Business
Tax ID #: 0 **Add'l. ID#:** 0

Legal: 0

Buyer: On file.
Seller: Robert Dickerson

Date of P.A. 7/9/2013 **Date of Sale:** 7/9/2013 Closed
Terms & Conditions: Cash Equivalent **Document:** Warranty Deed
Marketing Time: 259 Days **Property Rights:** Fee Simple Estate

Comparable Land Sale Price - USA Dollars	**$140,000**
Plus existing/pending assessments paid by buyer	$0
Plus subsoil correction costs accruing to buyer	$0
Plus improvement removal or (minus) improvement value	$0
Atypical adjustment incl. mineral rights (See Comments)	$0
Terms & conditions of Sale, adjusted at ------ 0%	$0
Cash Equivalent Effective Sale Price (CEESP): Dollars	**$140,000**
CE Effective Sale Price (CEESP) of Total Land Area (TLA):	**$0.21** PSFTLA

LAND DESCRIPTION AND COMPARATIVE VALUATION CHARACTERISTICS RATING

Total land area (TLA) expressed as: Square Feet (SFTLA)		671,085
Effective usable land area (UA) expressed as: Square Feet (SFTLA)		671,085
Location: West side of Hwy 155	Location Characteristics of land rating	Average
Zoning ----- Commercial-General Business	Highest & best use/Intended use of the land	Commercial
Shape ------ Regular shape & 100% usable	Shape, dimensions & function rating	Average
Land area with diminished use due to shape and/or dimension, expressed as a % of sale TLA		0%
Off-Site/At site improvements : Water: Stubbed | Sewer: Stubbed | Storm Sewer: Stubbed | Streets: One		Average
Off-site common area rights & easements ------ None reported	Rating	Average
Land area that creates added off-site rights & easements expressed as a % of TLA		0%
Highway accessibility and traffic circulation pattern rating		Average
Driveway count -- NA Street median ---- No	Direct site access, street & median rating	Average
AADT count at adjacent road ------ 5,000 in 2014	View, corner influence & traffic exposure rating	Average
Topography ------ Level land.	Topography and drainage rating	Average
Land area with diminished use due to topography and drainage expressed as a % of TLA		0%
Flood zone designation --- X	Flood zone, wetland issues rating	Average
Land area with diminished use due to flood, wetland or ponding expressed as a % of TLA		0%
Soils and subsoils ----- Stable - no correction costs	Soils and sub-soil bearing conditions rating	Average
On-site easements & encumbrances ------ No atypical on-site easements	Rating	Average
Land area with diminished use due to on-site easements & encumbrances expressed as % of TLA		0%
Improvements ---- None | Wooded conditions ------ No	Imp. & wooded condition rating	Average
Environmental, earthquake and other hazard issues ---------- None evident	Rating	Average

SOURCE OF INFORMATION: Public Records & Inspection **CONFIRMED BY:** Robert Bainbridge

SUMMARY COMMENT: 0

15.41 acres of commercial development land.

COMPARABLE LAND SALE L152

Property Type: Land **Subtype:** Commercial-Business
Address: 1201 W. Corsicana St. **City:** Athens
County: Henderson **State & ZIP:** TX 75751
Use at Sale: Land **Intended Use:** Commercial-Business
Tax ID #: 0 **Add'l. ID#:** 0

Legal: 0

Buyer: Marcos Valencia
Seller: Cynthia Puckett

Date of P.A. 11/26/2012 **Date of Sale:** 9/19/2013 Closed
Terms & Conditions: Cash Equivalent **Document:** Warranty Deed
Marketing Time: 635 Days **Property Rights:** Fee Simple Estate

Comparable Land Sale Price - USA Dollars	**$15,000**
Plus existing/pending assessments paid by buyer	$0
Plus subsoil correction costs accruing to buyer	$0
Plus improvement removal or (minus) improvement value	$0
Atypical adjustment incl. mineral rights (See Comments)	$0
Terms & conditions of Sale, adjusted at ------ 0%	$0
Cash Equivalent Effective Sale Price (CEESP): Dollars	**$15,000**
CE Effective Sale Price (CEESP) of Total Land Area (TLA):	**$0.52** PSFTLA

LAND DESCRIPTION AND COMPARATIVE VALUATION CHARACTERISTICS RATING

Total land area (TLA) expressed as: Square Feet (SFTLA)		28,750
Effective usable land area (UA) expressed as: Square Feet (SFTLA)		28,750
Location: South side of W Corsican Avenue.	Location Characteristics of land rating	Average
Zoning ----- Commercial-General Business	Highest & best use/Intended use of the land	Commercial
Shape ------ Regular shape & 100% usable	Shape, dimensions & function rating	Average
Land area with diminished use due to shape and/or dimension, expressed as a % of sale TLA		0%
Off-Site/At site improvements : Water: Stubbed | Sewer: Stubbed | Storm Sewer: Stubbed | Streets: One		Average
Off-site common area rights & easements ------ None reported	Rating	Average
Land area that creates added off-site rights & easements expressed as a % of TLA		0%
Highway accessibility and traffic circulation pattern rating		Average
Driveway count -- NA Street median ---- No	Direct site access, street & median rating	Average
AADT count at adjacent road ------ 5,000 in 2014	View, corner influence & traffic exposure rating	Average
Topography ------ Level land.	Topography and drainage rating	Average
Land area with diminished use due to topography and drainage expressed as a % of TLA		0%
Flood zone designation --- X	Flood zone, wetland issues rating	Average
Land area with diminished use due to flood, wetland or ponding expressed as a % of TLA		0%
Soils and subsoils ----- Stable - no correction costs	Soils and sub-soil bearing conditions rating	Average
On-site easements & encumbrances ------ No atypical on-site easements	Rating	Average
Land area with diminished use due to on-site easements & encumbrances expressed as % of TLA		0%
Improvements ---- None | Wooded conditions ------ No	Imp. & wooded condition rating	Average
Environmental, earthquake and other hazard issues ---------- None evident	Rating	Average

SOURCE OF INFORMATION: Public Records & Inspection **CONFIRMED BY:** Robert Bainbridge

SUMMARY COMMENT: 0

Previously developed commercial lot.

COMPARABLE LAND SALE L153

Property Type: Land **Subtype:** Commercial-Business
Address: 704 W. Main Street **City:** Gun Barrel City
County: Henderson **State & ZIP:** TX 75156
Use at Sale: Land **Intended Use:** Commercial-Business
Tax ID #: 0 **Add'l. ID#:** 0

Legal: 0

Buyer: Little Ceasar's
Seller: 4A Holding LLC

Date of P.A. 10/9/2013 **Date of Sale:** 10/9/2013 Closed
Terms & Conditions: Cash Equivalent **Document:** Warranty Deed
Marketing Time: 20 Days **Property Rights:** Fee Simple Estate

Comparable Land Sale Price - USA Dollars	**$149,000**
Plus existing/pending assessments paid by buyer	$0
Plus subsoil correction costs accruing to buyer	$0
Plus improvement removal or (minus) improvement value	$0
Atypical adjustment incl. mineral rights (See Comments)	$0
Terms & conditions of Sale, adjusted at ------ 0%	$0
Cash Equivalent Effective Sale Price (CEESP): Dollars	**$149,000**
CE Effective Sale Price (CEESP) of Total Land Area (TLA):	**$6.84** PSFTLA

LAND DESCRIPTION AND COMPARATIVE VALUATION CHARACTERISTICS RATING

Total land area (TLA) expressed as: Square Feet (SFTLA)		21,780
Effective usable land area (UA) expressed as: Square Feet (SFTLA)		21,780
Location: North side of W. Main Street	Location Characteristics of land rating	Average
Zoning ----- Commercial-General Business	Highest & best use/Intended use of the land	Commercial
Shape ------ Regular shape & 100% usable	Shape, dimensions & function rating	Average
Land area with diminished use due to shape and/or dimension, expressed as a % of sale TLA		0%
Off-Site/At site improvements : Water: Stubbed | Sewer: Stubbed | Storm Sewer: Stubbed | Streets: One		Average
Off-site common area rights & easements ------ None reported	Rating	Average
Land area that creates added off-site rights & easements expressed as a % of TLA		0%
Highway accessibility and traffic circulation pattern rating		Average
Driveway count -- NA Street median ---- No	Direct site access, street & median rating	Average
AADT count at adjacent road ------ 5,000 in 2014	View, corner influence & traffic exposure rating	Average
Topography ------ Level land.	Topography and drainage rating	Average
Land area with diminished use due to topography and drainage expressed as a % of TLA		0%
Flood zone designation --- X	Flood zone, wetland issues rating	Average
Land area with diminished use due to flood, wetland or ponding expressed as a % of TLA		0%
Soils and subsoils ----- Stable - no correction costs	Soils and sub-soil bearing conditions rating	Average
On-site easements & encumbrances ------ No atypical on-site easements	Rating	Average
Land area with diminished use due to on-site easements & encumbrances expressed as % of TLA		0%
Improvements ---- None | Wooded conditions ------ No	Imp. & wooded condition rating	Average
Environmental, earthquake and other hazard issues ---------- None evident	Rating	Average

SOURCE OF INFORMATION: Public Records & Inspection **CONFIRMED BY:** Robert Bainbridge

SUMMARY COMMENT: 0

Purchased for construction of Little Ceasar's restaurant.

COMPARABLE LAND SALE L154

Property Type: Land **Subtype:** Commercial-Business
Address: US Hwy 69 **City:** Jacksonville
County: Cherokee **State & ZIP:** TX 75766
Use at Sale: Land **Intended Use:** Commercial-Business
Tax ID #: 0 **Add'l. ID#:** 0

Legal: 0

Buyer: Wayne McCullough
Seller: Jimmy Isaacs

Date of P.A. 3/9/2012 **Date of Sale:** 3/9/2012 Closed
Terms & Conditions: Cash Equivalent **Document:** Warranty Deed
Marketing Time: 525 Days **Property Rights:** Fee Simple Estate

Comparable Land Sale Price - USA Dollars	**$22,900**
Plus existing/pending assessments paid by buyer	$0
Plus subsoil correction costs accruing to buyer	$0
Plus improvement removal or (minus) improvement value	$0
Atypical adjustment incl. mineral rights (See Comments)	$0
Terms & conditions of Sale, adjusted at ------ 0%	$0
Cash Equivalent Effective Sale Price (CEESP): Dollars	**$22,900**
CE Effective Sale Price (CEESP) of Total Land Area (TLA):	**$2.70** PSFTLA

LAND DESCRIPTION AND COMPARATIVE VALUATION CHARACTERISTICS RATING

Total land area (TLA) expressed as: Square Feet (SFTLA)			8,468
Effective usable land area (UA) expressed as: Square Feet (SFTLA)			8,468
Location: East side of highway at Lincoln Street.	Location Characteristics of land rating		Average
Zoning ----- Commercial-General Business	Highest & best use/Intended use of the land		Commercial
Shape ------ Regular shape & 100% usable	Shape, dimensions & function rating		Average
Land area with diminished use due to shape and/or dimension, expressed as a % of sale TLA			0%
Off-Site/At site improvements : Water: Stubbed	Sewer: Stubbed	Storm Sewer: Stubbed Streets: One	Average
Off-site common area rights & easements ------ None reported		Rating	Average
Land area that creates added off-site rights & easements expressed as a % of TLA			0%
Highway accessibility and traffic circulation pattern rating			Average
Driveway count -- NA Street median ---- No	Direct site access, street & median rating		Average
AADT count at adjacent road ------ 5,000 in 2014	View, corner influence & traffic exposure rating		Average
Topography ------ Level land.	Topography and drainage rating		Average
Land area with diminished use due to topography and drainage expressed as a % of TLA			0%
Flood zone designation --- X	Flood zone, wetland issues rating		Average
Land area with diminished use due to flood, wetland or ponding expressed as a % of TLA			0%
Soils and subsoils ----- Stable - no correction costs	Soils and sub-soil bearing conditions rating		Average
On-site easements & encumbrances ------ No atypical on-site easements		Rating	Average
Land area with diminished use due to on-site easements & encumbrances expressed as % of TLA			0%
Improvements ---- None	Wooded conditions ------ No	Imp. & wooded condition rating	Average
Environmental, earthquake and other hazard issues ---------- None evident		Rating	Average

SOURCE OF INFORMATION: Public Records & Inspection **CONFIRMED BY:** Robert Bainbridge

SUMMARY COMMENT: 0

Land purchased to add a billboard.

COMPARABLE C-STORE SALE

C52

Property: Tom Thumb **Type:** Convenience Center
Address: 901 NE Green Oaks Blvd **City:** Arlington
County: Tarrant **State:** TX **ZIP:** 76006

Tax ID & Legal: Lot 1B1A, Block 3, RIVER PARK ADDN
D211060664

Marketing Time: 6 mos. **Buyer:** 901 Green Oaks, LLC
Closing Date: 8/31/2012 **Seller:** VRE Green Oaks, LLC

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

Sale Price - USA Dollars	**$1,384,615**
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	**$1,384,615**
Cash Equivalent Effective Sale Price (CEESP) in $ PSFGBA	**$577.89**

IMPROVED PROPERTY DESCRIPTION AND COMPARATIVE VALUATION CHARACTERISTICS

Location: 0 • 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)	28,692
Land value as of the date of sale at ± $25.00 PSFTLA , allocated as of the date of sale in $PSFGBA	$299.25
Gross building area (GBA), excluding secondary buildings • Number of buildings	2,396 • 1
Building rentable area (RA) as: SF of ---- GBA • Number of tenants	2,396 • 1
% Efficiency Ratio (RA/GBA) • Land/Building Ratio (TLA/GBA)	100% • 11.97
Fuel Positions • Number of Car Wash Bays	8 • 1
Typical-finish floor area: %GBA, described as: Average quality finished space	100%
Fuel service: % Good, described as: Lighted steel canopy, 10 MPDs, POS	90%
Car Wash: % Good, described as: None	50%
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 - 1984 Additions & Remodels: Nominal Condition rating	Average
Actual age of building at sale • Effective age of building at sale in years	28 • 28
Fuel service value (Non-GBA improvements), included in sale, expressed in $PSFGBA	$153.26 PSFGBA
Car wash value (Non-GBA improvements), included in sale, expressed in $PSFGBA	$146.08 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	$1,384,615
$PSFGBA	$577.89
$PSF Site Area	$48.26
$ Per Fuel Position	$173,077
$PSFGBA/Fuel Position	$72.24

Confirmed as an arm's length transaction.

Trade Area Characteristics:

Location Quotient	2.5
Customer Demographics	110
Hypermarket Competition	Yes

COMPARABLE C-STORE SALE

C53

Property: Shell **Type:** Convenience Center
Address: 9235 John Carpenter Fwy **City:** Dallas
County: Dallas **State:** TX **ZIP:** 75247

Tax ID & Legal: 201100134292 | Lot 2, Block 42/7940, CARPENTER REGAL ADDN

Marketing Time: 13 mos. **Buyer:** Bubion Investment Co., LLC
Closing Date: 8/31/2012 **Seller:** Quickway Retail associates II, LLC

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

Sale Price - USA Dollars	**$2,230,769**
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	**$2,230,769**
Cash Equivalent Effective Sale Price (CEESP) in $ PSFGBA	**$807.08**

IMPROVED PROPERTY DESCRIPTION AND COMPARATIVE VALUATION CHARACTERISTICS

Location: 0 • 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)	42,167
Land value as of the date of sale at ± $25.00 PSFTLA , allocated as of the date of sale in $PSFGBA	$381.33
Gross building area (GBA), excluding secondary buildings • Number of buildings	2,764 • 1
Building rentable area (RA) as: SF of ---- GBA • Number of tenants	2,764 • 1
% Efficiency Ratio (RA/GBA) • Land/Building Ratio (TLA/GBA)	100% • 15.26
Fuel Positions • Number of Car Wash Bays	12 • 0
Typical-finish floor area: %GBA, described as: Average quality finished space	100%
Fuel service: % Good, described as: Lighted steel canopy, 10 MPDs, POS	90%
Car Wash: % Good, described as: None	50%
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 - 2000 Additions & Remodels: Nominal Condition rating	Average
Actual age of building at sale • Effective age of building at sale in years	12 • 12
Fuel service value (Non-GBA improvements), included in sale, expressed in $PSFGBA	$199.28 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	$2,230,769
$PSFGBA	$807.08
$PSF Site Area	$52.90
$ Per Fuel Position	$185,897
$PSFGBA/Fuel Position	$67.26

Confirmed as an arm's length transaction.

Trade Area Characteristics:

Location Quotient	0.07
Customer Demographics	50
Hypermarket Competition	No

COMPARABLE C-STORE SALE

C54

Property: Exxon **Type:** Convenience Center
Address: 3501 Grapevine Mills Pkwy **City:** Grapevine
County: Tarrant **State:** TX **ZIP:** 76051

Tax ID & Legal: 7682522 — Lot 1A, Block 1, FARHAT BROS. WEST ADDN

Marketing Time: 7 mos. **Buyer:** Victron Stores, LP
Closing Date: 7/12/2013 **Seller:** Farhat Brothers, Inc.

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

Sale Price - USA Dollars	**$2,656,000**
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	**$2,656,000**
Cash Equivalent Effective Sale Price (CEESP) in $ PSFGBA	**$613.68**

IMPROVED PROPERTY DESCRIPTION AND COMPARATIVE VALUATION CHARACTERISTICS

Location: 0 • 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)	32,452
Land value as of the date of sale at ± $25.00 PSFTLA , allocated as of the date of sale in $PSFGBA	$187.38
Gross building area (GBA), excluding secondary buildings • Number of buildings	4,328 • 1
Building rentable area (RA) as: SF of ---- GBA • Number of tenants	4,328 • 1
% Efficiency Ratio (RA/GBA) • Land/Building Ratio (TLA/GBA)	100% • 7.50
Fuel Positions • Number of Car Wash Bays	12 • 0
Typical-finish floor area: %GBA, described as: Average quality finished space	100%
Fuel service: % Good, described as: Lighted steel canopy, 10 MPDs, POS	90%
Car Wash: % Good, described as: None	50%
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 - 2000 Additions & Remodels: Nominal Condition rating	Average
Actual age of building at sale • Effective age of building at sale in years	13 • 13
Fuel service value (Non-GBA improvements), included in sale, expressed in $PSFGBA	$127.26 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	$2,656,000
$PSFGBA	$613.68
$PSF Site Area	$81.84
$ Per Fuel Position	$221,333
$PSFGBA/Fuel Position	$51.14

Confirmed as an arm's length transaction.

Trade Area Characteristics:

Location Quotient	1.89
Customer Demographics	91
Hypermarket Competition	No

COMPARABLE C-STORE SALE

C55

Property: Shell **Type:** Convenience Center
Address: 501 N. Saginaw Blvd. **City:** Saginaw
County: Tarrant **State:** TX **ZIP:** 76179

Tax ID & Legal: James H Biles Survey, CT 119, Tract 3AD1.48
3749487

Marketing Time: 0 mos. **Buyer:** Providence Retail Property 101 LLC
Closing Date: 11/17/2014 **Seller:** Park Dale Enterprises LLC
Terms: Cash Equivalent ; WD **Property Rights:** Fee Simple Estate

Sale Price - USA Dollars	**$1,460,000**
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	**$1,460,000**
Cash Equivalent Effective Sale Price (CEESP) in $ PSFGBA	**$938.30**

IMPROVED PROPERTY DESCRIPTION AND COMPARATIVE VALUATION CHARACTERISTICS

Location: 0 • 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)	**22,390**
Land value as of the date of sale at ± $19.00 PSFTLA , allocated as of the date of sale in $PSFGBA	**$273.14**
Gross building area (GBA), excluding secondary buildings • Number of buildings	**1,556 • 1**
Building rentable area (RA) as: SF of ---- GBA • Number of tenants	**1,556 • 1**
% Efficiency Ratio (RA/GBA) • Land/Building Ratio (TLA/GBA)	**100% • 14.39**
Fuel Positions • Number of Car Wash Bays	**12 • 0**
Typical-finish floor area: %GBA, described as: Average quality finished space	**100%**
Fuel service: % Good, described as: Lighted steel canopy, 6 MPDs, POS	**90%**
Car Wash: % Good, described as: None	**50%**
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 - 1985 Additions & Remodels: Nominal Condition rating	**Average**
Actual age of building at sale • Effective age of building at sale in years	**29 • 29**
Fuel service value (Non-GBA improvements), included in sale, expressed in $PSFGBA	**$353.98** 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: Interview Seller **Income Source:** NA **Confirmed by:** C-Store Valuations

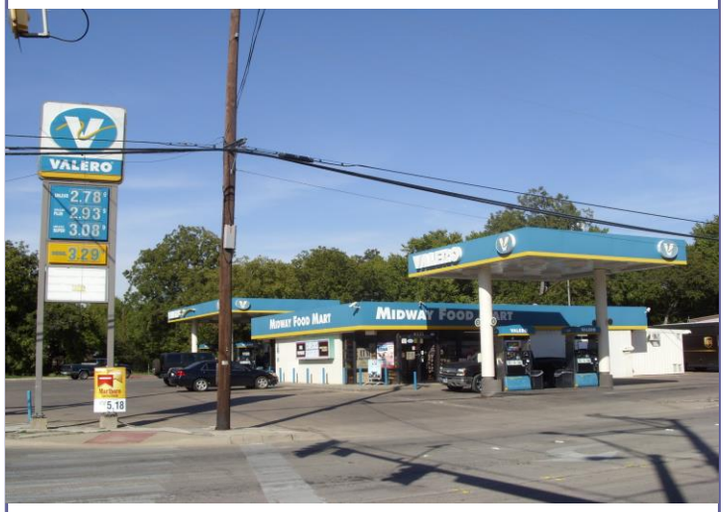
Physical Units of Comparison

CEESP	**$1,460,000**
$PSFGBA	**$938.30**
$PSF Site Area	**$65.21**
$ Per Fuel Position	**$121,667**
$PSFGBA/Fuel Position	**$78.19**

Confirmed as an arm's length transaction.

Trade Area Characteristics:

Location Quotient	**0.32**
Customer Demographics	**87**
Hypermarket Competition	**Yes**



COMPARABLE C-STORE SALE

C56

Property: Valero **Type:** Convenience Center
Address: 6001 Midway Road **City:** Haltom City
County: Tarrant **State:** TX **ZIP:** 76117

Tax ID & Legal: 6352243 — Park Dale Gardens Addition: Blcok 1, Lot 8R1

Marketing Time: 0 mos. **Buyer:** Providence Retail Property 101 LLC
Closing Date: 11/17/2014 **Seller:** Park Dale Enterprises LLC
Terms: Cash Equivalent ; WD **Property Rights:** Fee Simple Estate

Sale Price - USA Dollars	**$1,450,000**
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	**$1,450,000**
Cash Equivalent Effective Sale Price (CEESP) in $ PSFGBA	**$634.85**

IMPROVED PROPERTY DESCRIPTION AND COMPARATIVE VALUATION CHARACTERISTICS

Location: 0 • 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)	28,750
Land value as of the date of sale at ± $19.00 PSFTLA , allocated as of the date of sale in $PSFGBA	$240.81
Gross building area (GBA), excluding secondary buildings • Number of buildings	2,284 • 1
Building rentable area (RA) as: SF of ---- GBA • Number of tenants	2,284 • 1
% Efficiency Ratio (RA/GBA) • Land/Building Ratio (TLA/GBA)	100% • 12.59
Fuel Positions • Number of Car Wash Bays	12 • 0
Typical-finish floor area: %GBA, described as: Average quality finished space	100%
Fuel service: % Good, described as: Lighted steel canopy, 6 MPDs, POS	90%
Car Wash: % Good, described as: None	50%
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 - 1985 Additions & Remodels: Nominal Condition rating	Average
Actual age of building at sale • Effective age of building at sale in years	29 • 29
Fuel service value (Non-GBA improvements), included in sale, expressed in $PSFGBA	$241.16 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: Interview Seller **Income Source:** NA **Confirmed by:** C-Store Valuations

Physical Units of Comparison

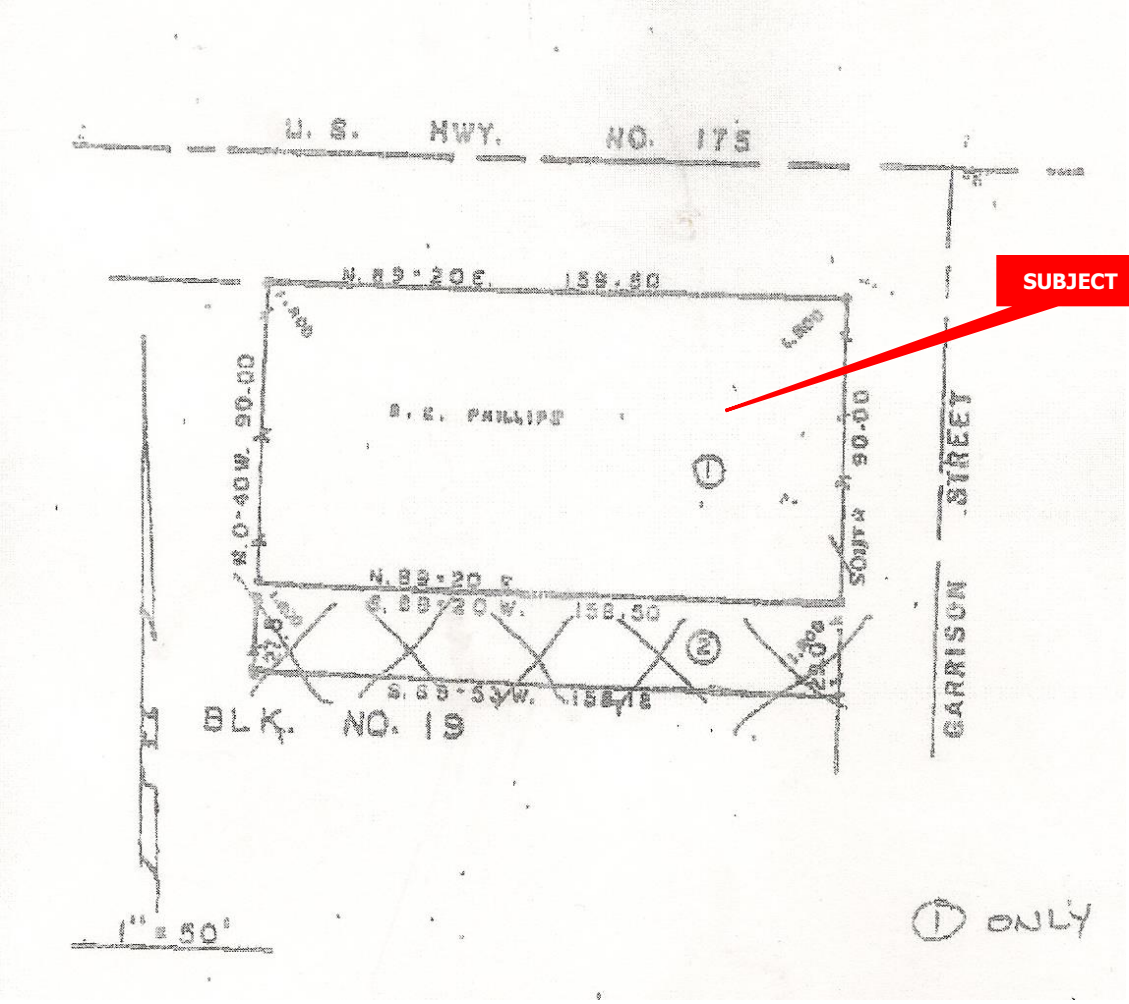
CEESP	$1,450,000
$PSFGBA	$634.85
$PSF Site Area	$50.43
$ Per Fuel Position	$120,833
$PSFGBA/Fuel Position	$52.90

Confirmed as an arm's length transaction.

Trade Area Characteristics:

Location Quotient	0.53
Customer Demographics	87
Hypermarket Competition	No

EXHIBIT D



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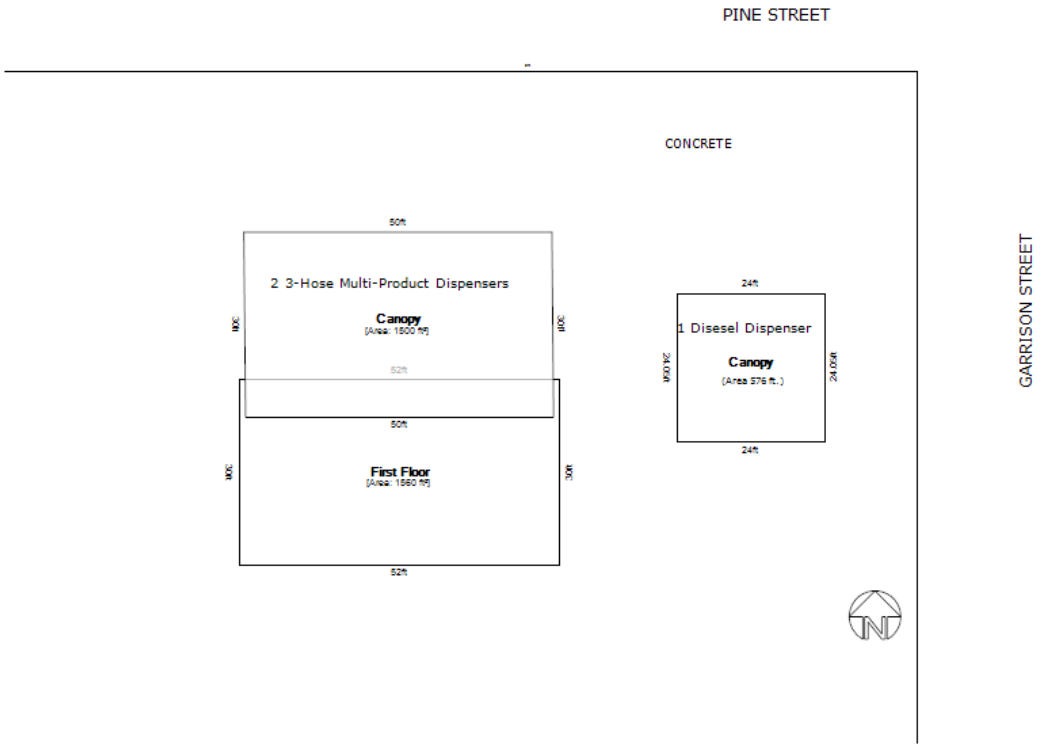
PLAT MAP

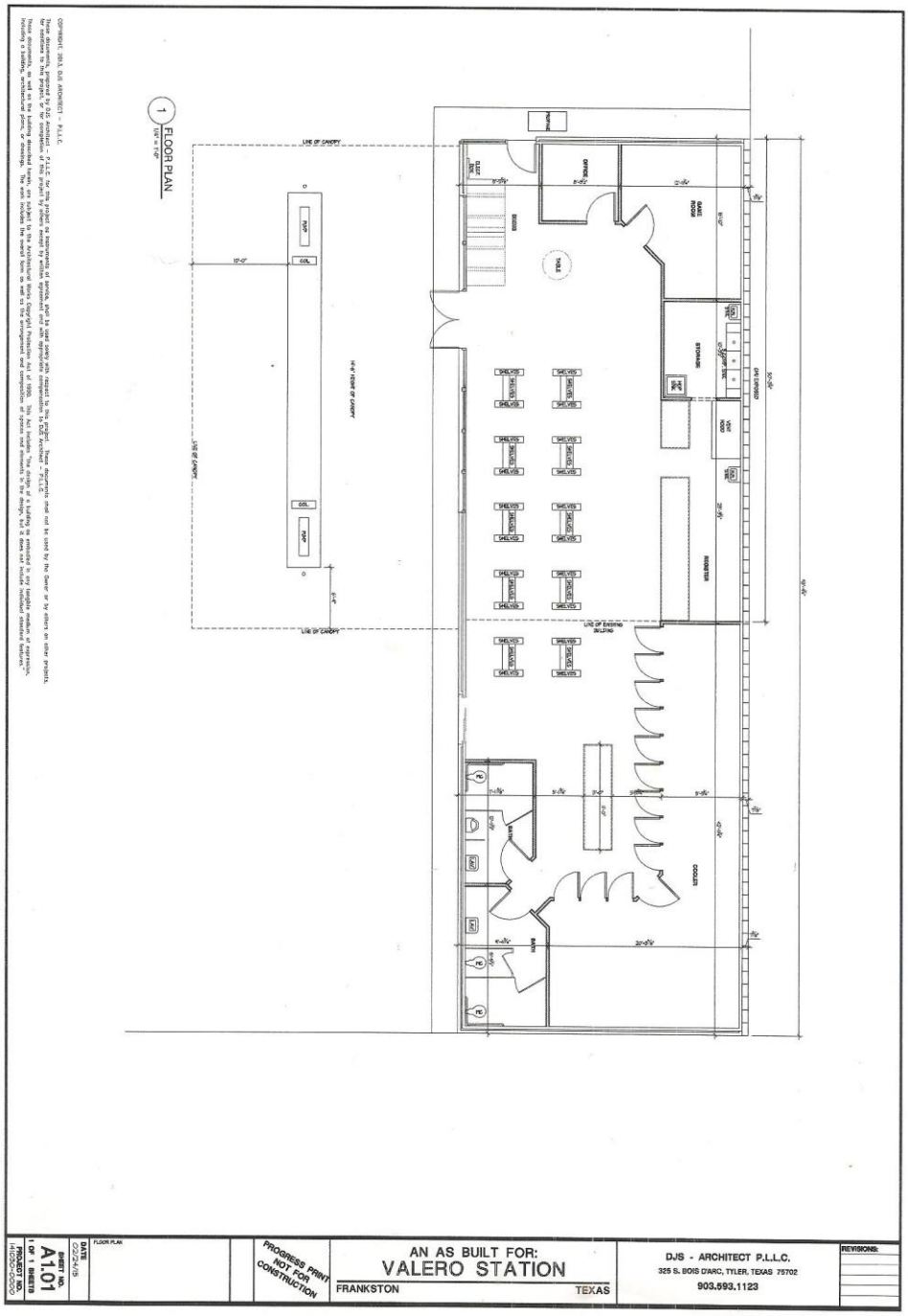
Sketch



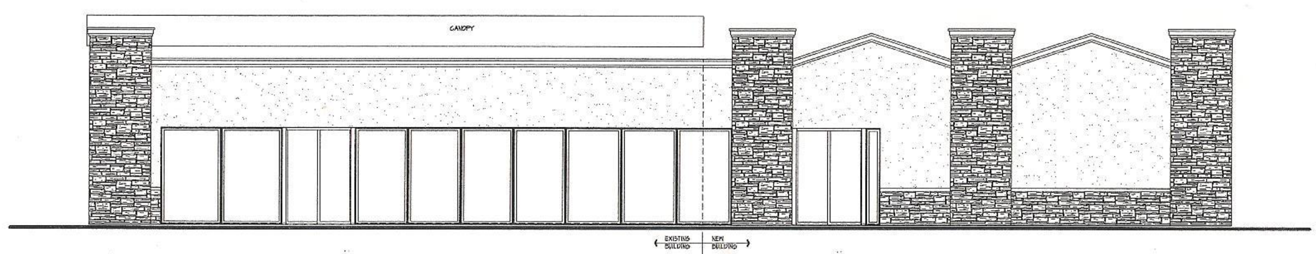
22 ft

Living Area		Area Calculation				
First Floor	1560 ft²	First Floor				x 1.00 = 1560 ft²
Canopy	577.18 ft²	☐	30ft x	52ft x	1.00 =	1560 ft²
Nonliving Area		Canopy				x 1.00 = 577.18 ft²
Canopy	1499.98 ft²	☐	24.05ft x	24ft x	1.00 =	577.18 ft²
Total Living Area (rounded):	**2137 ft²**					

“AS-IS” SKETCH



“AS-COMPLETE” SKETCH



1 FRONT ELEVATION
1/4" = 1'-0"

SHEET NO.
A1.01
1 OF 2 SHEETS
PROJECT NO.
141030-REM

ELEVATIONS

PROGRESS PRINT NOT FOR CONSTRUCTION

AN AS BUILT FOR:
VALERO STATION
FRANKSTON TEXAS

DJS - ARCHITECT P.L.L.C.
325 S. BOIS D'ARC, TYLER, TEXAS 75702
903.593.1123

REVISIONS:

EXHIBIT E

"AS-IS" VALUE WORKSHEETS

PetroMARK®

EBIDTA Projection and Earnings Allocation Summary
EBIDTA PROJECTION UNDER FEE SIMPLE INTEREST UNDER TYPCIAL OWNERSHIP AND MANAGEMENT

			GROSS SALES	COST OF GOODS SOLD	GROSS PROFIT
1	**Motor Fuel**				
2	Gallonage	1,046,000			
3	Price per Gallon	$3.50			
4	Gross Fuel Sales		$3,661,000		
5	Cost of Goods Sold			$3,563,330	
6	Motor Fuel Gross Profit				$97,670
7	Fuel Margin Cents per Gallon	$0.09			
8	**Inside Sales**				
9	In-Store Sales		$906,527		
10	Cost of Goods Sold			$678,366	
11	In-Store Gross Profit				$228,162
12	In-Store Margin	25%			
13	In-Store Sales Per Sq. Ft.	$581			
14	Food Service Sales		$0		
15	Cost of Goods Sold			$0	
16	Food Service Gross Profit				$0
17	Food Service Margin	#DIV/0!			
18	Inside Sales Gross Profit				$228,162
19	Inside Margin	25%			
20	**Car Wash Sales**		$0		
21	Cost of Goods Sold			$0	
22	Car Wash Gross Profit				$0
23	Car Wash Margin	#DIV/0!			
24	**Total Gross Sales**		$4,567,527		
25	**Total Gross Profit**				$325,832
26	Gross Profit Margin	7%			
27	Motor Fuel Contribution Ratio	30%			
27	In-Store Contribution Ratio	70%			
29	Car Wash Contribution Ratio	0%			
30	Product Shrink	0.23%	$10,277		
31	**Operating Expenses**				
		% GROSS PROFIT			
32	Labor	35%	$114,041		
33	Credit Card Fees	8%	$26,067		
34	Utilities	6%	$19,550		
35	Other	8%	$26,718		
36	Sub-total Operating Expenses	57%		$186,376	
37	**Adjusted EBIDTA**	40%			$129,179

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	$129,179	
Asset Allocation of Earnings		
Earnings to FF&E	$3,846	
Earnings to Accounting Profit	$27,000	
Earnings to Economic Profit	$0	
Residual Earnings to Real Estate		$98,333
Less: Real Estate Operating Expenses		$34,417
Add: Other Real Estate Net Income		$0
Net Operating Income to Real Estate		$63,916
Economic Gross Rent per Sq. Ft.		$63.03
Economic Net Rent per Sq. Ft.		$40.97

Capitalization of Fee Simple Earnings

	CAPITALIZATION RATE	VALUE
1. Real Property Value	**7.5%**	**$852,000**
TANGIBLE ASSETS, REALTY		
(Site, Store Building, Canopy, Fuel Dispensers, USTs, Electronics)		
2. FF&E Value	**25%**	**$10,000**
TANGIBLE ASSETS, NON-REALTY		
(Moveable Personal Property)		
3. Business Enterprise Value	**50%**	**$54,000**
INTANGIBLE ASSETS		
(Capitalized Accounting and Economic Profit)		
Going Concern Value		**$916,000**
TOTAL ASSETS OF THE BUSINESS		

SALES COMPARISON APPROACH TO VALUE: C-Store Sales Analysis , "As-Is"

	Characteristics of the Improved Building Sale as Compared to the Subject Property	Sale C55 501 N. Saginaw Saginaw, TX	Sale C56 6001 Midway Rd Haltom City, TX	Sale C52 901 NE Green O Arlington, TX	Sale C53 9235 JC Fwy Dallas, TX	Sale C54 3501 Grapevine Grapvine, TX	Effective Date of Value Current as of --- 7/9/2015 SUBJECT 410 Pine Frankston, TX
1	Cash equivalent effective sale price (CEESP) in total USA dollars	$1,460,000	$1,450,000	$1,384,615	$2,230,769	$2,656,000	---
2	Cash equivalent effective sale price (CEESP) in $PSFGBA	$938.30	$634.85	$577.89	$807.08	$613.68	---
3	Comparable sale date for closing the transaction	11/17/14	11/17/14	05/03/12	08/31/12	07/12/13	07/09/15
4	Time interval between date of sale to date of value in years	0.641	0.641	3.184	2.855	1.992	----
5	Annual compounded % per year time adjustment rate	0.00%	0.00%	0.00%	0.00%	0.00%	---
6	Time adjustment factor to date of value	1.000	1.000	1.000	1.000	1.000	---
7	Time adjusted CEESP as of effective date of value	$1,460,000	$1,450,000	$1,384,615	$2,230,769	$2,656,000	---
8	**Time adjusted CEESP at value date in $PSFGBA**	**$938.30**	**$634.85**	**$577.89**	**$807.08**	**$613.68**	**---**
9	Property rights conveyed in the sale	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
10	Access/Visibility	Average	Average	Average	Average	Average	Average
11	Supply/Demand (Location Quotient)	0.3	0.53	2.5	0.07	1.89	0.8
12	Demographics (SPI) Wet Dry	87/Wet	87/Wet	110/Wet	50/Wet	91/Wet	99/Dry
13	Hypermarket Competition	Yes	Yes	Yes	None	None	Yes
14	Total land area (TLA) in square feet (SF)	22,390	28,750	28,692	42,167	32,452	15,316
15	Land value in $PSFGBA as of the date of value, ann. adj. @ 0.0%	$273.14	$240.81	$299.25	$381.33	$187.38	$10.00
16	Ratio of Line #12 land value ÷ Line #8 CEESP that average 39%	29%	38%	52%	47%	31%	NA
17	Gross building area (GBA) in SF excl. secondary building area	1,556	2,284	2,396	2,764	4,328	1,560
18	Building rentable area (RA) in SF	1,556	2,284	2,396	2,764	4,328	1,560
19	% Efficiency Ratio (RA/GBA) • Land/Bldg. Ratio (TLA/GBA): avg. 12.3	100% . 14.39	100% . 12.59	100% . 11.97	100% . 15.26	100% . 7.50	100% . 9.82
20	Fuel positions • Number of Car Wash bays	12.0 . 0.0	12.0 . 0.0	8.0 . 1.0	12.0 . 0.0	12.0 . 0.0	6.0 . 0.0
21	Typical-finished floor area as a % of GBA	100%	100%	100%	100%	100%	100%
22	Fuel service % good • Car wash % good	90% . 0%	90% . 0%	90% . 50%	90% . 0%	90% . 0%	80% . 0%
23	Heated floor area: % of GBA • Sprinkled floor area: % of GBA	100% . 0%	100% . 0%	100% . 0%	100% . 0%	100% . 0%	100% . 0%
24	Merchandise floor area % GBA • Food service floor area % GBA	100% . 0%	100% . 0%	100% . 0%	100% . 0%	100% . 0%	100% . 0%
25	Occupancy: % of GBA • Occupancy stabilized (Yes or No)	100% . Yes	100% . Yes	100% . Yes	100% . Yes	100% . Yes	100% . Yes
26	Building quality rating • Building Construction class	Average Class C	Average Class C	Average Class C	Average Class C	Average Class C	Average C
27	Building condition rating • Obsolete improvement: as a % of GBA	Average 0%	Average 0%	Average 0%	Average 0%	Average 0%	Good 0%
28	Deferred maintenance + Code items + Environmental: as $PSFGBA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
29	Actual improvement age • Effective improvement age: at sale in yrs	29 . 29	29 . 29	28 . 28	12 . 12	13 . 13	30 . 15
30	Fuel service Non-GBA: $PSFGBA • Car wash Non-GBA: $ PSFGBA	$353.98 . $0.00	$241.16 . $0.00	$153.26 . $146.08	$199.28 . $0.00	$127.26 . $0.00	$216.75 . $0.00
31	Quality rating of non-building exterior site improvements	Average	Average	Average	Average	Average	Average
32	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:						
33	Property rights conveyed in the sale	0%	0%	0%	0%	0%	
34	Access/Vis. influence on improvement value: (Ln. 10) excluding Ln. 13	0%	0%	0%	0%	0%	
35	Supply/Demand influence on improvement value: (Ln. 10) excluding Ln. 13	20%	5%	-10%	20%	-10%	
36	Demographics/Wet Dry influence on improvement value: (Ln. 10) excluding Ln. 13	-5%	-5%	-5%	0%	-5%	
37	Hypermarket competition influence on improvement value: (Ln. 10) excluding Ln. 13	0%	0%	0%	-15%	-15%	
38	Land value contribution (Line 15) @ 50% x Ln.15 difference/Ln.11	-14%	-18%	-25%	-23%	-14%	
39	GBA size (Line 17: SFGBA difference adjustment, net of land value)	-20%	0%	0%	0%	10%	
40	Efficiency ratio (Line 19) @ 100% x % GBA difference	0%	0%	0%	0%	0%	
41	Fuel positions (Line 21) @ 0.0% x difference in F.P.	0%	0%	0%	0%	0%	
42	Typical-finished space (Line 21) @ 20% x % GBA difference	0%	0%	0%	0%	0%	
43	Fuel service % good (L 22) @ 0% x % GBA difference	0%	0%	0%	0%	0%	
44	Car wash % good (L 22) @ 0% x % GBA difference	0%	0%	0%	0%	0%	
45	Heated floor area (L 23) @ 3.0% x % GBA difference	0%	0%	0%	0%	0%	
46	Sprinkled floor area (L 23) @ 1.0% x % GBA difference	0%	0%	0%	0%	0%	
47	Unfinished storage floor area (L 24) @ -30% x % GBA difference	0%	0%	0%	0%	0%	
48	Food service floor area (L 24) @ 10% x % GBA difference	0%	0%	0%	0%	0%	
49	Occupancy characteristics (Ln. 26) @ 15% x % occ. difference	0%	0%	0%	0%	0%	
50	Obsolete interior construction (L 27) @ 20% x % obsl. difference	0%	0%	0%	0%	0%	
51	Building quality & class (Ln. 26 excl. Lns. 37-45 & 53)	0%	-20%	0%	0%	0%	
52	Deferred maintenance+Code+Environmental: L 28 difference / L 8	0%	0%	0%	0%	0%	Est. Useful Life:
53	Condition/Eff. age difference (Ln. 27 & 29) @ 1.10% /yr.: excl. Lns.47&49)	15%	15%	14%	-3%	-2%	55 Years
54	Fuel service (Non-GBA area): $ difference of L 30 / L 8	-15%	-4%	11%	2%	15%	
55	Car wash: $ difference of L 30 / L 8	0%	0%	-25%	0%	0%	
56	Quality rating of non-building exterior site improvements (L 31)	0%	0%	0%	0%	0%	
57	Personal property & business value: $ difference of L 31 / L 8	0%	0%	0%	0%	0%	
58	**Total adjustment applied to Line #8 as a ±% adjustment**	**-19%**	**-27%**	**-40%**	**-19%**	**-21%**	
	Subject Property Value Indicated By This Sales Comparison Approach to Value For Each Sale:						
59	**Indicated Subject $ PSFGBA Value** = line 8 x (line 55+100%)	**$760.03**	**$463.44**	**$346.73**	**$653.73**	**$484.81**	

CONCLUSION: SALES COMPARISON APPROACH FOR IMPROVED PROPERTY

C-Store Sales Analysis

- The indicated subject $PSFGBA values from this analysis range from ----- **$346.73 to $760.03**

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 ----------	$714.36	x	0%		
• Average of the comparable sales after all adjustments ----------	$541.75	x	33%		
• Average of the adjusted comparable sales, excluding high & low sale ------	$533.99	x	33%		
• Avg. of the most similar adjusted comparable sales -- Sale #1, 4 & Sale #5	$541.75	x	33%		
• Weighted Average of the Above Indications of Subject Market Value ---			**99%**	**=**	**$533.77 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 @ 07/09/15 is rounded to:

$833,000 @ **$533.97** PSFGBA

EXHIBIT F

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).

RICS
The mark of
property professionalism worldwide

Appraisal Institute
MAI | SRA ™

Quick Reference

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 12 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 13 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
Technical Inspection of Real Estate
Retail and Commercial Valuation Research and Techniques
The Appraiser as an Expert Witness
Separating Intangible Business Value from Real Estate
International Valuation Standards
Appraising Distressed Commercial Real Estate
Valuation for Financial Reporting
Site Use and Valuation Analysis
Investment Analysis
FHLBB R41 C
Mineral Valuation
Easement Valuation
URAR Residential Report
Income Property Techniques

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

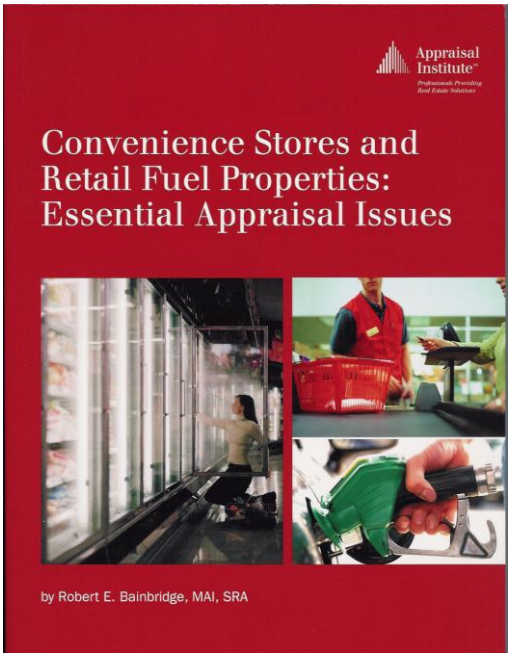
Synopsis: Access management projects implemented by transportation authorities seek to limit the number of access points, lengthen turn radii, and limit left-turn maneuvers in an effort to enhance safety and reduce traffic congestion on major corridors. Recent studies conducted by several transportation 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.

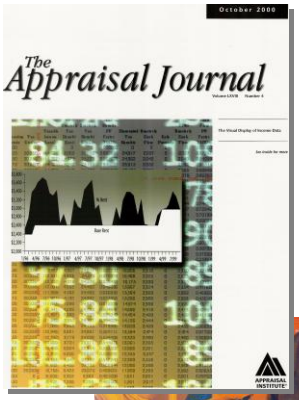
Published Works and Speaking

- **TEXTBOOK AUTHOR**
- **PUBLISHED TECHINCAL 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 was a Featured Speaker at the 12th Annual 2013 CLE Eminent Domain Super Conference in Austin, Texas. His topic was **"How to Correctly Appraise Convenience Stores in Condemnation"**.

Mr. Bainbridge was a featured presenter at the American Law Institute | American Bar Association (ALI - ABA) "Eminent Domain and Land Value Litigation" Conference in Scottsdale, Arizona, February 4th through 6th, 2010. He spoke on the topic of **"When Access and Use are Inextricably Tied: The Case for Greater Compensation for Convenience Outlets That Suffer Access Impairment"**. This presentation was rated 93% by the attendees.

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.

"Retail Gas Properties and the Economics of Access" was published in the January/February 2010 edition of *Right-of-Way* magazine. This article is an introduction to the severe economic impact of access degradation to convenience retail real estate.

"When the Government Takes Your Property" was published in the October 2011 edition of Convenience Store News magazine and Single Store Owner magazine. This article argues that awards of just compensation should reflect the fact that convenience retail property suffers more than other types of real estate from access degradation.

"Site Essentials of Convenience Store and Retail Fuel Properties" was published in the Winter Edition, 2012 of The Appraisal Journal, Appraisal Institute.

Mr. Bainbridge also writes a regular column on real estate-related topics for ***Convenience Store News*** magazine, the largest-circulation trade magazine in the convenience industry.

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

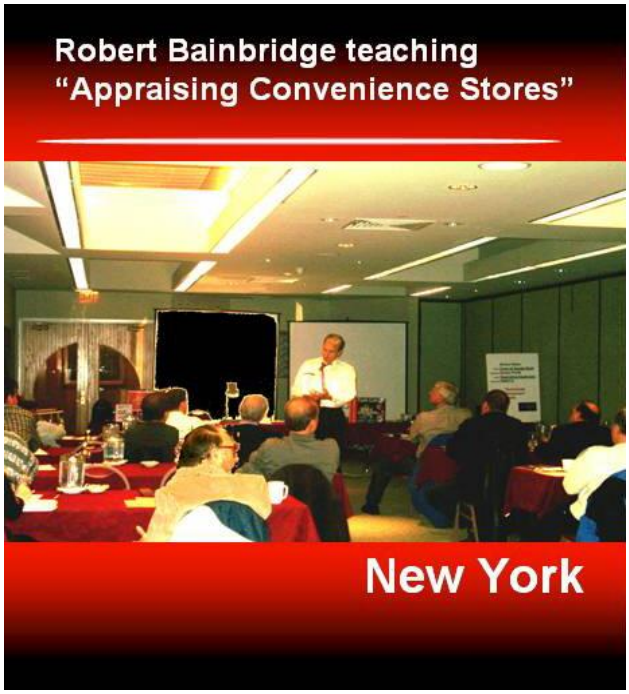
Seminar Description

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, separating and appraising the tangible assets and intangible assets of this specialized, yet frequently encountered appraisal assignment.

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.

C-STORE VALUATIONS
www.cstore value.com

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.

www.PetroREPORT.com

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.

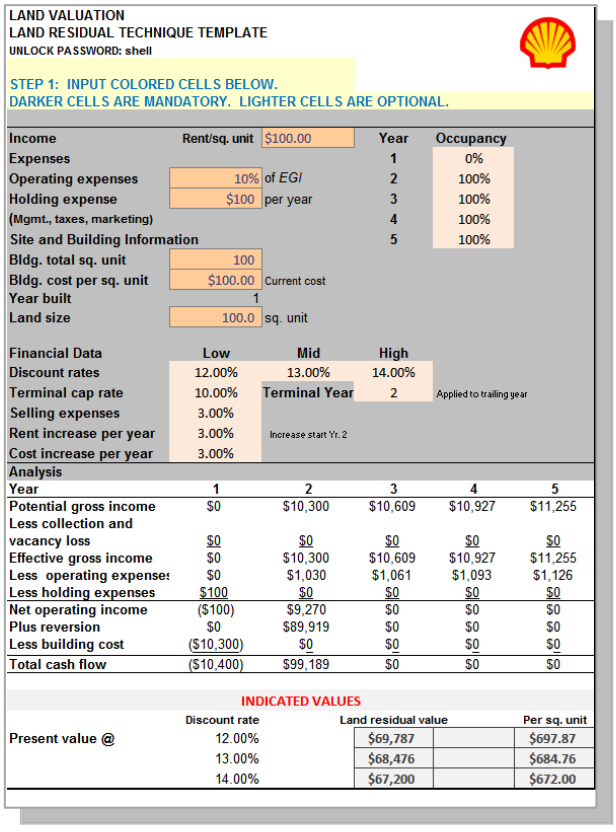
Real Property Appraisal Services Contractor,
Farmers Home Administration, U.S. Department of Agriculture
1988-1990
Responsible for the appraisal of over 250 single-family residential properties for foreclosure and mortgage loan purposes in Ada, Canyon, Gem, Valley, and Payette Counties in Idaho; and, 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.



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 *EGI*	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	5
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

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.

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.

You may wish to laminate the pocket identification card to preserve it.

The person named on the reverse is licensed by the Texas Appraiser Licensing and Certification Board.

Inquiry as to the status of this license may be made to:

Texas Appraiser Licensing and Certification Board
P.O. Box 12188
Austin, Tx 78711-2188
www.talcb.texas.gov
(512) 936-3001
Fax:(512) 936-3899

Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188
Certified General Real Estate Appraiser

Number: **TX 1380253 G**
Issued: **08/30/2013** Expires: **08/31/2015**
Appraiser: **ROBERT EUGENE BAINBRIDGE**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.

Douglas E. Oldmixon
Commissioner

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