

Chevron Sample Store

Nederland, Texas
September 15, 2013

Automated Summary Appraisal



Processed with
PetroMARK®
Valuation
Software

[www.cstore
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C-STORE EVALUATIONS LLC
A SPECIALIZED FINANCIAL SERVICES PROVIDER OF C-STORE VALUATIONS
DALLAS, TEXAS

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Property Identification

Situs

Store Number	WF-HOU-13-029947-01-1
Brand	Chevron
Street Address	Sample address
City	Nederland
County	Jefferson
State	TEXAS
Zip Code	77627
Owner	Sample owner
Assessment Number	000550-000-07100-00000
Assessed Value	\$386,610
Sale Price Last 5 Years	Unknown

Physical Characteristics

Site Size (Sq. Ft.)	23,958
Store Size (Sq. Ft.)	2,501
Fueling Positions	8
Car Wash	0
Effective Year	1987

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

RECOMMENDED FAIR MARKET VALUES

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

FAIR MARKET VALUE

Real Property Value	\$780,000
TANGIBLE ASSETS, REALTY (Site, Store Building, Canopy, Fuel Dispensers, USTs, Electronics Car Wash and all associated systems, if any)	
FF&E Value	\$10,000
TANGIBLE ASSETS, NON-REALTY (Moveable Personal Property)	
Business Enterprise Value	<u>\$54,000</u>
INTANGIBLE ASSETS (Capitalized Accounting and Economic Profit)	
Going Concern Value	\$844,000
TOTAL ASSESTS OF THE BUSINESS	

Intended User/Client Identification

CLIENT FILE NO.	WF-HOU-13-029947-01-1
PROJECT NAME	Chevron Sample Store
STATE JURISDICTION	Texas
DATE OF EVALUATION	September 15, 2013
INTENDED USER(S)	Sample Bank
CLIENT	Sample Bank
Street Address	Sample Bank
City, State, Zip	Sample Bank Houston, TX 77702 WF-HOU-13-029947-01
PURPOSE	an evaluation of the total assets of the business.
STUDY LOCATION	Chevron Sample Store
Street Address	Sample address
City	Nederland
State	TEXAS
Zip	77627
County	Jefferson
OWNER	Sample owner
BRAND	Chevron
PROPERTY TYPE	convenience store with gas station

Method of Valuation: Earnings Capitalization

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

Key Point

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

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

EARNINGS CAPITALIZATION

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

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

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

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

Step 1: Trade Area Supply and Demand

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

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

Key Point

A **hypermarket** is a large format discount retailer that sells department store merchandise, groceries, and gasoline. Examples of hypermarkets include Wal-Mart and Costco.

The characteristics for the subject store's primary trade area, including supply and demand, resident demographics, and hypermarket competition, are summarized below. This trade area data is sourced from ESRI®. A map of the trade area is included in the appendix.

Trade Area Characteristics

Primary Market Population	2,541
Secondary Market Population	N/A
Primary Market Competition	2
Location Quotient	0.62
ESRI® Retail Spending Potential Index	0.93
Hypermarket Competition	Yes

Step 2: Gallonage and Sales Projection

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

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

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

PetroMARK®	
Gallonage and Sales Calculator	
FEE SIMPLE INTEREST UNDER TYPICAL OWNERSHIP AND MANAGEMENT	
PHYSICAL FACTORS	0
Fuel Positions	8
Store Size	2,501
Access	2
Traffic Count	2
Day Parts	
ECONOMIC FACTORS	0.00
Location Quotient	0.62
ESRI Supply/Demand	1
ESRI Spending Potential Index	0.93
FEE SIMPLE GALLONAGE	918,000
FEE SIMPLE FUEL MARGIN	\$0.09
FEE SIMPLE IN-STORE SALES/SQ FT	\$375
FEE SIMPLE BRANDED FOOD SERVICE SALES/SQ FT	\$0
FEE SIMPLE CAR WASH SALES	\$0

Step 3: Calculation of Adjusted EBIDTA

Step 3: Calculation of Adjusted EBIDTA			
PetroMARK®			
EBIDTA Projection and Earnings Allocation Summary			
EBIDTA PROJECTION UNDER FEE SIMPLE INTEREST UNDER TYPICAL OWNERSHIP AND MANAGEMENT			
		GROSS SALES	GROSS PROFIT
		COST OF GOODS SOLD	
1 Motor Fuel			
2 Gallonage	918,000		
3 Price per Gallon	\$3.50		
4 Gross Fuel Sales		\$3,213,000	
5 Cost of Goods Sold		<u>\$3,127,282</u>	
6 Motor Fuel Gross Profit			\$85,718
7 Fuel Margin Cents per Gallon	\$0.09		
8 Inside Sales			
9 In-Store Sales		\$937,215	
10 Cost of Goods Sold		<u>\$701,330</u>	
11 In-Store Gross Profit			\$235,885
12 In-Store Margin	25%		
13 In-Store Sales Per Sq. Ft.	\$375		
14 Food Service Sales		\$0	
15 Cost of Goods Sold		<u>\$0</u>	
16 Food Service Gross Profit			<u>\$0</u>
17 Food Service Margin	#DIV/0!		
18 Inside Sales Gross Profit			\$235,885
19 Inside Margin	25%		
20 Car Wash Sales		\$0	
21 Cost of Goods Sold		\$0	
22 Car Wash Gross Profit			<u>\$0</u>
23 Car Wash Margin	#DIV/0!		
24 Total Gross Sales		\$4,150,215	
25 Total Gross Profit			\$321,603
26 Gross Profit Margin	8%		
27 Motor Fuel Contribution Ratio	27%		
27 In-Store Contribution Ratio	73%		
29 Car Wash Contribution Ratio	0%		
30 Product Shrink	0.23%	\$9,338	
31 Operating Expenses			
	% GROSS PROFIT		
32 Labor	35%	\$112,561	
33 Credit Card Fees	8%	\$25,728	
34 Utilities	6%	\$19,296	
35 Other	8%	<u>\$26,371</u>	
36 Sub-total Operating Expenses	57%		\$183,957
37 Adjusted EBIDTA	40%		\$128,308

Step 4: Capitalization of Earnings

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

The earnings allocation and capitalization rates are shown below.

ADJUSTED EBIDTA	\$128,308
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	\$97,462
Less: Real Estate Operating Expenses	\$34,112
Add: Other Real Estate Net Income	
Net Operating Income to Real Estate	\$63,350
Economic Gross Rent per Sq. Ft.	\$38.97
Economic Net Rent per Sq. Ft.	\$25.33

Capitalization of Fee Simple Earnings		
	CAPITALIZATION RATE	VALUE
1. Real Property Value TANGIBLE ASSETS, REALTY (Site, Store Building, Canopy, Fuel Dispensers, USTs, Electronics)	8.1%	\$780,000
2. FF&E Value TANGIBLE ASSETS, NON-REALTY (Moveable Personal Property)	25%	\$10,000
3. Business Enterprise Value INTANGIBLE ASSETS (Capitalized Accounting and Economic Profit)	50%	<u>\$54,000</u>
Going Concern Value TOTAL ASSETS OF THE BUSINESS		\$844,000

Summary Sales Comparison Approach

The following valuation check uses a variety of sale transaction data to provide a check of reasonableness for the Capitalized Earnings Income Approach. All figures in this section pertain to the sales price of the real estate only (site, store building, canopy, fuel dispensers, UST's, associated electronics and piping, car wash, if any). No FF&E or intangible asset value is included.

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

PEER GROUP TRANSACTION SUMMARY

STATE OF TEXAS

DATE	LOCATION	PROPERTY TYPE	SALE PRICE	STORE SIZE	YEAR	SITE SIZE	PRICE PSFGBA
2011	San Antonio	Retail Store/Fuel	\$850,000	2,041	1995	0.56	\$416
2011	Witchita Falls	Retail Store/Fuel	\$650,000	1,772	1964	0.43	\$367
2011	Tarrant	Retail Store/Fuel	\$700,000	1,736	1991	0.36	\$403
2010	Irving	Retail Store/Fuel	\$750,000	2,439	2000	0.41	\$308
2010	Ft. Worth	Retail Store/Fuel	\$1,885,140	1,800	1989	0.97	\$1,047
2010	Ft. Worth	Retail Store/Fuel	\$700,000	1,736	1991	0.36	\$403
2010	Ft. Worth	Retail Store/Fuel	\$1,785,717	2,090	1997	0.53	\$854
2009	San Antonio	Retail Store/Fuel	\$1,530,000	2,748	1996	1.00	\$557
2008	Grand Prairie	Retail Store/Fuel	\$2,100,000	1,904	1982	1.39	\$1,103
2008	Dallas	Retail Store/Fuel	\$2,100,000	2,255	1994	1.1	\$931

LOW	\$650,000	\$308
HIGH	\$2,100,000	\$1,103
AVERAGE	\$1,305,086	\$639
MEDIAN	\$1,190,000	\$487

The average price per square foot of store area from this peer group is \$639 and the median price is \$487.

An adjustment grid analysis is presented on the following page. The adjusted range of probable values per sq. ft. for the subject property is \$282 to \$540.

We have estimated the value of the subject's real property from the Capitalization of earnings Income Approach at \$780,000 , or \$312 per square foot of store area under typical ownership and operations.

ADJUSTMENT GRID ANALYSIS

	SUBJECT	1	2	3
Address	103 Memorial Blvd.	1135 Central Freeway	5375 Grandbury Road	1504 Old Avenue D
City	Nederland	Wichita Falls	Ft Worth	Belton
State	Texas	Texas	Texas	Texas
Sale Price per Sq. ft.	N/A	\$366.82	\$403.23	\$899.82
Date of Sale	N/A	2011	2011	2011
Time Adjustment	N/A	1	1	1
Time Adjusted Sale Price	N/A	\$366.82	\$403.23	\$899.82
Sale Terms	N/A	Cash	Cash	Cash
		1	1	1
Conditions of Sale	N/A	Typical	Typical	Typical
		1	1	1
Base Sale Price per Sq. Ft.	N/A	\$366.82	\$403.23	\$899.82
ADJUSTMENTS				
Trade Area Characteristics				
Population-to-Store Ratio (location quotient)	0.62	1.0	1.0	0.82
		-30%	-30%	-5%
Resident Customer Demographics (SPI)	0.93	0.61	107	0.67
		10%	-10%	10%
Hypermarket Competition	Yes	Yes	Yes	No
		0%	0%	-25%
Site Characteristics				
Intersection Location	Yes	Yes	Yes	Yes
		0%	0%	0%
Size	23,958	19,031	15,624	54,540
		0%	0%	-10%
Access	Good	Good	Good	Good
		0%	0%	0%
Visibility	Good	Good	Good	Good
		0%	0%	0%
Traffic Volume	24,000	14,000	9,600	14,000
		10%	20%	10%
Improvement Characteristics				
Store Size	2,501	1,772	1,736	2,811
		0%	0%	0%
Age/Condition	26/Average	49/Fair	12/Average	12/Good
		10%	-10%	-20%
Branded Food Service	No	No	No	No
		0%	0%	0%
Fuel Positions	8	8	8	8
		0%	0%	0%
Truck Fueling	No	No	No	No
		0%	0%	0%
Car Wash	No	No	No	No
		0%	0%	0%
Other	None	None	None	None
		0%	0%	0%
Net Adjustments		0%	-30%	-40%
Indicated Market Value		\$366.82	\$282.26	\$539.89
Unadjusted Range	\$367	to	\$900	
Adjusted Range	\$282	to	\$540	

Recent National Pricing Trends NAICS 4471

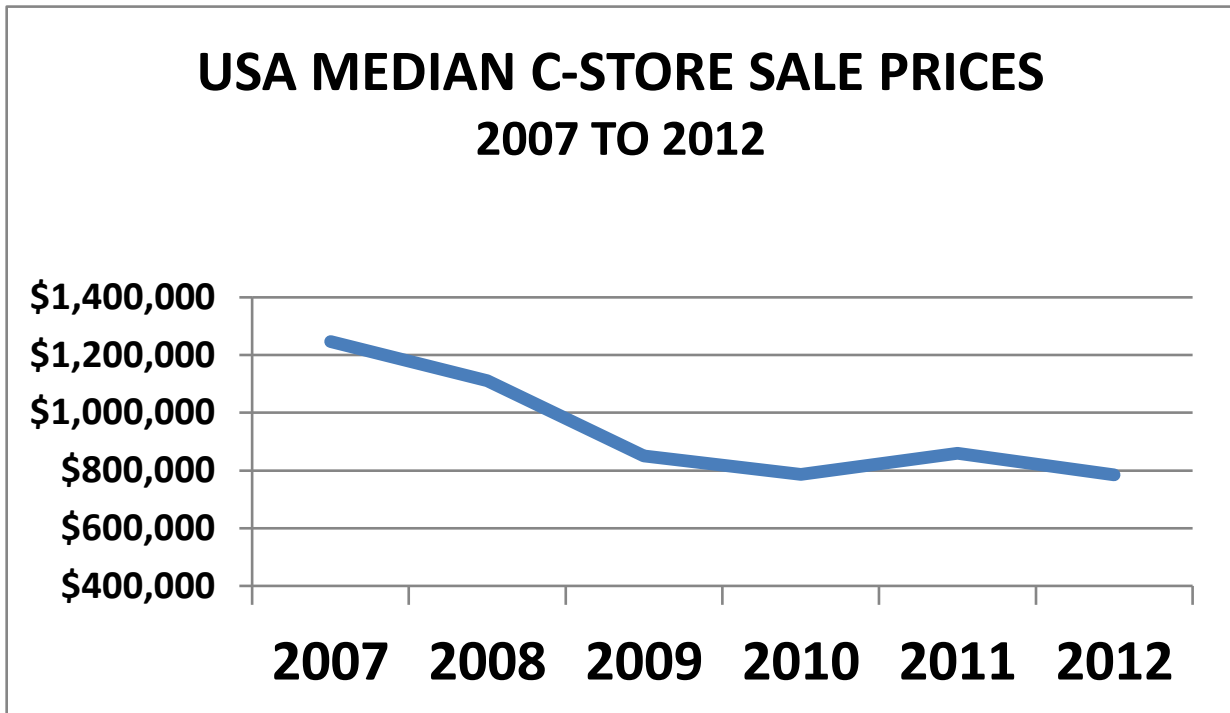
Convenience store real estate prices peaked in 2006 at just under \$1.4 million, according to CoStar. This median price reflects convenience stores with fuel service. Convenience store sales prices declined from 2007 to 2012. The real estate price movement for convenience stores has fared slightly worse than retail commercial property in the U.S. as a whole. Moody's National Commercial Properties Index shows retail commercial real estate prices down 39% from their peak in 2007.

The national median price of convenience stores is down 44% over the same period to \$785,000 in 2012. (Source: CoStar)

CoStar's Commercial Property Resale Price Index (CPRPI) indicates that retail property prices began stabilizing in 2012. We do not anticipate further price declines over the next 24 months.

Key Point

The **median price** of a convenience store with fuel service declined 44% from 2007 to \$785,000 in 2012.



Summary Cost Approach

The following valuation check uses summary cost approach to provide a check of reasonableness for the Capitalized Earnings Income Approach . All figures in this section pertain to the sales price of the real estate only (site, store building, canopy, fuel dispensers, UST's, associated electronics and piping, car wash, if any). No FF&E or intangible asset value is included.

Cost Approach Summary (Real Estate Only)		
NOTE: F F & E NOT INCLUDED		
DEPRECIATED VALUES		
Store Building	\$	364,729
Fuel Service	\$	147,840
Car Wash	\$	-
Site Improvements	\$	8,046
Total Depreciated Value of Improvements	\$	520,616
SITE VALUE	\$	250,000
INDICATED VALUE	\$	770,616
Cost New	\$	1,398,450
Cost New Less Physical Deterioration + Site Value	\$	597,175
Total Obsolescence	\$	349,612

SECTION A

Replacement Cost New of the Store	\$	875,350
Accrued Physical Curable Deterioration	\$	-
Observed Physical Age		26
Accrued Physical, Incurable Deterioration	\$	379,318
Accrued Functional Obsolescence	\$	-
Accrued External Obsolescence	\$	131,303
Depreciated Value of the Store Building	\$	364,729

SECTION B

Replacement Cost New of the Fuel Service	\$	448,000
Accrued Physical Curable Deterioration	\$	-
Observed Physical Age		26
Accrued Physical, Incurable Deterioration	\$	232,960
Accrued Functional Obsolescence	\$	-
Accrued External Obsolescence	\$	67,200
Depreciated Value of the Fuel Service	\$	147,840

SECTION C

Replacement Cost New of the Car Wash	\$	-
Accrued Physical Curable Deterioration	\$	-
Observed Physical Age		26
Accrued Physical, Incurable Deterioration	\$	-
Accrued Functional Obsolescence	\$	-
Accrued External Obsolescence	\$	-
Depreciated Value of the Car Wash	\$	-

SECTION D

Replacement Cost New of the Site Improvements	\$	75,100
Accrued Physical Curable Deterioration	\$	-
Observed Physical Age		26
Accrued Physical, Incurable Deterioration	\$	55,788
Accrued Functional Obsolescence	\$	-
Accrued External Obsolescence	\$	11,265
Depreciated Value of the Site Improvements	\$	8,046.38

Texas Convenience Store Land Prices

Sales of convenience retail land price generally follow the pattern below. Upper limits of value at about \$70 per square foot exist because of the economics of the convenience store business model.

Urban Metro Areas Tier 1	\$50 to \$70	Urban Suburban Tier 2	\$30 to \$50	Urban Small Communities Tier 3	\$10 to \$30
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Cost Approach Conclusion

The indicated value for the real estate from the cost approach is \$770,616 with \$250,000 allocated to the site and \$520,616 allocated to the improvements.

The Insurable replacement Cost is estimated at \$1,279,583 .

Mortgage Loan Metrics

BASED ON FEE SIMPLE OWNERSHIP UNDER TYPICAL MANAGEMENT

Mortgage Loan Technical Summary	
Insurable Replacement Cost	\$1,279,583
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	\$780,000
Adjusted EBIDTA	\$128,308
Less: Return to Tangible Assets, Non-Realty	\$3,846
Less: Real Estate Operating Expenses (Property Taxes, Maintenance.etc)	\$34,112
Less: Return to Intangible Assets (Accounting and Economic Profit)	\$27,000
Add: Other Income to Real Estate	
Equals: NOI to Real Estate	\$63,350
Targeted Debt Coverage Ratios	
Low	1.5
High	2.25
Dollars Available for Debt Service (Low)	\$28,156
Dollars Available for Debt Service (High)	\$42,234
Mortgage Constant	\$0
Total Possible Mortgage, Real Estate Only (Low)	\$371,212
Total Possible Mortgage, Real Estate Only (High)	\$556,817
Calculated Loan-to-Value Ratios	
Low	48%
High	71%

Mortgage terms provided by Realty Rates.com

Report End Notes

Sources consulted in preparing this report:

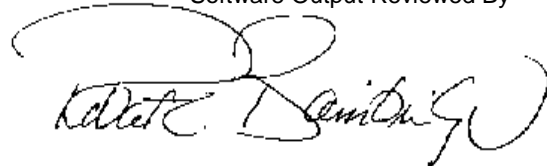
1. *State of the Industry Report*, National Association of Convenience Stores, published annually
2. *Retail Fuel Watch*, Oil Pricing and Information Service, published annually.
3. ESRI® Business Analyst
4. Claritas Retail Market Report
5. CoStar
6. PetroMARK® Valuation Software

APPRAISER'S CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinion, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- I certify that, to the best of my knowledge and belief, the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- as of the date of this report, I Robert E. Bainbridge have completed the continuing education program of the Appraisal Institute.

Summary Appraisal Report and
Software Output Reviewed By



Robert E. Bainbridge MAI
Partner

September 15, 2013

Appraiser license type: Certified General
Appraiser license # TX 1380253, Expires: August 30, 2015

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal assignment including the signed certification submitted in this appraisal report has been prepared subject to the following assumptions and limiting conditions including any atypical extraordinary assumptions and hypothetical conditions as well subject to other specific assumptions as are set forth in this report. These are critical to the analysis and conclusions contained in this report.

Extraordinary Assumptions are defined by USPAP as “*an assumption, directly related to a specific assignment, which, if found to be false, could alter the Appraiser’s opinions or conclusions with the following comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or about the integrity of data used in an analysis.*” If used in the assignment, extraordinary assumptions might have affected the assignment results, and for that reason must be clearly and conspicuously disclosed in the report. Extraordinary assumptions are not considered in this appraisal report.

Hypothetical Conditions are defined by USPAP as “*that which is contrary to what exists, but is supposed for the purpose of analysis with the following comment: Hypothetical conditions assume conditions contrary to known facts about physical, legal, economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.*” If used in the assignment, hypothetical conditions might have affected the assignment results, and for that reason must be clearly and conspicuously disclosed in the report. Hypothetical conditions are not considered in this appraisal.

Assumptions and Limiting Conditions of this Appraisal Assignment

1. This appraisal assignment assumes no responsibility for the legal description or other matters involving legal or title considerations. Title to the subject property is assumed to be good and marketable unless otherwise stated. The legal description used in this report is assumed to be correct. Responsible ownership and competent property management are assumed for the subject property. The subject property is valued free and clear of any and all liens or encumbrances unless otherwise stated in this report. Encumbrances considered in this appraisal include, where applicable and disclosed to the appraiser for review: real estate taxes, recorded easements and/or covenants, purchase options or sale agreements, signed leases and unpaid bond debt. It is assumed that any easements noted on the title report without specific locations will have no material effect on the normal use of the subject property. It is assumed that all customary public utilities for this property and market are reasonably available to the subject property, unless otherwise stated.
2. All engineering surveys are assumed to be correct. The plot plans and other illustrative material in this report are included only to assist the reader in visualizing the property. The appraiser assumes no responsibility for its accuracy. It is assumed that any utilization of land and improvements is within the described legal boundaries of the subject property, and that there is no encroachment or trespass, unless otherwise noted in this report.
3. It is assumed that there are no hidden or not apparent conditions of the subject property, subsoil, or structures which would render it more or less valuable than other comparable properties. No responsibility is assumed for any such conditions or for professional engineering services which might be required to discover such facts. No soils or geologic

reports were made available to provide further input in this area unless previously discussed in this report.

4. Unless otherwise stated in this report, the existence of hazardous materials, substances and toxic contaminants, including without limitation asbestos, mold, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the subject property, was not called to the attention of the appraiser nor did the appraiser observe or become aware of such during the property inspection. The appraiser was not aware of the presence of soil contamination on the subject property, unless otherwise noted in this appraisal report. The appraiser is not an environmental inspector and is not qualified to test for or detect such substances. The appraiser provides an opinion of value. The appraisal does not guarantee that the property is free of defects or environmental problems. The presence of such hazardous substances, if any, may affect the value of the subject property. The appraiser performs an inspection of visible and accessible areas only. Mold may be present in areas the appraiser cannot see. The appraiser is not qualified to determine the cause of mold, the type of mold or whether the mold might pose any risk to the property or its inhabitants. The effect upon market value, due to contamination was not considered in this appraisal, unless otherwise stated. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The value opinion developed herein is predicated on the assumption that no such hazardous substances or conditions exist on or in the property or in such proximity thereto, which would cause a loss in value of the subject property unless otherwise noted in the appraisal report. No responsibility is assumed for any such hazardous substances or conditions, or for the expertise or engineering knowledge required to discover them. Should the client have concerns over the existence of hazardous materials on or in the subject property, they should consider the services of a qualified, independent engineer or contractor to determine the existence and/or extent of any hazardous materials, as well as the cost associated with any required mitigation and/or removal.
5. Information furnished by others is believed to be reliable if it cannot be independently verified by the appraiser. However, no warranty is given for its accuracy.
6. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organization with which the appraiser may be affiliated.
7. On all appraisals involving proposed construction subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the proposed improvements in a workmanlike manner essentially in accordance with the plans and specification submitted for review to the appraiser.
8. The appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made for such a service.
9. Any forecasts or projections contained in this report are the product of the analysis of current, historical, and anticipated market conditions and assume continuation of prevailing political, social, economic, and environmental conditions. Such factors and contingent forecasts and/or projections are subject to change.
10. Neither all, nor any part of the contents of the report, or copy thereof (including conclusions as to the property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the appraiser is connected), shall be used for any purposes by anyone but the client relationship specified in the report, the borrower if appraisal fee paid by same, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional organizations, any state or federally approved financial institution any department, agency, or instrumentality, of written consent of the appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the appraiser.

11. This appraisal report and its contents must be regarded as a whole and any excerpts from this appraisal cannot be used separately, and if used separately, invalidates this appraisal. The distribution, if any, of the total value in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
12. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
13. It is assumed that the subject property is in compliance with all applicable zoning use regulations and restrictions, unless otherwise stated previously in this report. It is further assumed that any required governmental entitlements, licenses, certificates of occupancy, consents, etc., have been or can be obtained or renewed for any use upon which the value estimate in this report is based.
14. No environmental impact studies were either requested or made in conjunction with this appraisal, and the appraiser hereby reserves the right to alter, amend, revise or rescind any of the value opinions based upon any subsequent environmental impact studies, research or investigation.
15. The Americans with Disabilities Act (ADA) became effective in January 1992. The appraiser has not made a specific compliance survey or analysis of this property to determine whether it is in compliance with the various, detailed requirements of the ADA. This value estimate is predicated on the assumption that, except as identified by the appraiser, the subject improvements comply with the ADA. It is possible that a comprehensive compliance survey could reveal additional areas in which the property does not conform with one or more of the Act's requirements. If so, this could have a negative effect upon the market value of the subject property.
16. Acceptance of and/or use of this report constitutes acceptance of the foregoing assumptions.
17. There may be other assumptions not mentioned in items #1 - #16 which have been previously described in this appraisal report.

SUMMARY APPRAISAL PRODUCT SUPPLEMENTAL REPORT PROVISIONS

This Enhanced Property Valuation is the product of automated valuation technology, public record data, and human decisioning logic combined to provide a logical estimate of the most probable selling price of a petroleum marketing property. This valuation is a summary appraisal. This valuation estimates property value assuming fee simple title ownership and the property condition as indicated on the PetroMARK® Questionnaire. This Enhanced Property Valuation is intended for use only for extensions of credit applicable with commercial property equity lending or as a screening tool for collateral risk exception management. This valuation contains no representations or warranties regarding marketability, functional or economical obsolescence, environmental contamination or flood insurance determination. This valuation does not warrant the accuracy of any public record information or data sources used to prepare this valuation. This data may not be re-sold.

The market value, information, data, content and process to produce this report cannot be insured, warranted, or underwritten without the express written consent of C-Store Evaluations LLC.

THE VALUATIONS ARE PROVIDED "AS IS" AND C-STORE EVALUATIONS LLC MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THEIR ACCURACY, COMPLETENESS, OR CURRENTNESS. C-STORE EVALUATIONS LLC SPECIFICALLY DISCLAIMS ANY OTHER WARRANTY, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT WILL C-STORE EVALUATIONS LLC BE LIABLE FOR THE RESULTS OF YOUR USE OR MISUSE OF THE VALUATIONS, INCLUDING ANY USE CONTRARY TO STATE AND FEDERAL LAW; YOUR INABILITY OR FAILURE TO CONDUCT YOUR BUSINESS; OR FOR ANY INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES.

VALUES ARE PROVIDED "AS IS" AND ALL USES ARE AT THE USER'S SOLE RISK. ALL WARRANTIES CONCERNING THE VALUES AND ALL UNDERLYING DATA AND PROCESSES BOTH EXPRESSED AND IMPLIED ARE EXPRESSLY EXCLUDED INCLUDING WITHOUT LIMITATION ANY WARRANTIES OF MERCHANTABILITY, ACCURACY, OR FITNESS FOR A PARTICULAR PURPOSE.

The Values are calculated using various models and techniques proprietary to C-Store Evaluations LLC. This report has been prepared by a certified appraiser. Values are dependent on the accuracy of any data supplied by the user. Values may not be used to produce or attempt to produce models used to generate the Values. The term Value is used in this report to mean the estimated market values generated by using the PetroMARK® proprietary models.

PHYSICAL CONDITION OF THE PROPERTY

The physical condition of the improvements is estimated from the indicated date of construction and last major remodel; third-party inspection reports, if any; photographs of the interior and exterior; and itemized repairs shown on the Property & Operations Survey. The preparer of this Summary appraisal Report made an on-site, cursory inspection walk-through of the property. The owner/operator was not available and a complete inspection was not possible. The owner/operator did not complete the Property & Operations Survey.

CURRENT USE, PROPOSED USE, HIGHEST AND BEST USE

The current and anticipated future use is convenience retail commercial. The highest and best use as currently improved is continuation as convenience retail commercial.

PROPERTY-SPECIFIC DATA

Property specific data is summarized on Page 4. Tangible Assets, realty includes the site, site improvements, buildings, fuel service including all retail dispensers, underground storage tanks, associated POS electronics and piping and canopy. It also includes the car wash and all related car wash systems. The Tangible Assets, Non-realty includes movable personal property as generally described on Page 30. No inventory of non-realty items has been made.

NEIGHBORHOOD DATA

Relevant Trade Area (neighborhood) data is summarized on Page 5.

CURRENT TAX ASSESSMENT

The current ad valorem tax assessment has been examined as part of this investigation. Our value conclusions in this Summary appraisal Report are not dependent upon, nor derived from the assessed value. Records of the assessed value for this property are retained in our work file.

SOURCES OF DATA

Sources consulted in preparing this report include the completed Property & Operations Survey; *State of the Industry Report*, National Association of Convenience Stores, published annually; *Retail Fuel Watch*, Oil Pricing and Information Service, published annually; ESRI® Business Analyst; Claritas Retail Market Report; CoStar; PetroMARK® Valuation Software; tax assessment records; photographs of the store exterior, store interior, fuel service and street scene.

SCOPE OF WORK

This summary appraisal report is a state-certified appraisal. The significant elements of scope included the following: This report has been prepared in accordance with the for an summary appraisal as specified in USPAP reporting guidelines. This is a specific appraisal product developed to meet the needs of this client and is not intended for any other use.

This summary appraisal report is intended for use as valuation of the collateral for a mortgage loan.

Intended user(s) and client of the report are identified on Page 4. No other use is authorized.

Physical information about the property is taken from the occupants/operator's responses to the Property & Operations Survey, which is part of our work file, assessor's records and a physical inspection of the property. The owner was not available for the inspection. Only a cursory, walk-through inspection was made. The did not complete the Property & Operations Survey.

The primary method estimating the value of the tangible and intangible assets is a capitalization of earnings income approach assuming typical management. This is the methodology recommended by Convenience Stores and retail Fuel Properties: *Essential Appraisal Issues*, 2012, Second Edition, published by the Appraisal Institute, and International Valuation Standards (IVS) for this type of property. Summary peer-group transaction data, a summary sales adjustment grid analysis, and a summary cost approach have been used to check the validity of the primary approach to estimate value of the real estate.

Source data consulted in this assignment includes. *State of the Industry Report*, National Association of Convenience Stores, published annually; *Retail Fuel Watch*, Oil Pricing and Information Service, published annually; ESRI® Business Analyst; Claritas Retail Market Report; CoStar; PetroMARK® Valuation Software.

SALE HISTORY

(analyze all sales within the last 3 years, current options, listings, offers or purchase agreements)

According to the local assessor's office and the current owner, the property has not sold within the last three years. The property does not appear to be listed for sale. The exterior signage indicated the property is owner-occupied.

ESTIMATED EXPOSURE TIME AND ESTIMATED MARKETING TIME

The estimated exposure and estimated market time are six to 12 months based upon statistical data compiled by CoStar and interviews with buyers and sellers.

ASSUMPTIONS AND SPECIAL CONDITIONS

This summary appraisal report has been made with the following general assumptions:

1. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
2. The property value is estimated as though free and clear of any or all liens and encumbrances unless otherwise stated in this report.
3. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
4. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
5. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable.
6. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this summary appraisal report.
7. It is assumed that all required licenses, certificates of occupancy consents, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
8. The preparer is not qualified to detect hazardous waste and/or toxic materials. Any comment by the preparer that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The preparer's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the summary appraisal process.
9. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.

This summary appraisal report has been made with the following general limiting conditions:

1. The intended user makes no express or implied representation or warranty of any kind, and expressly disclaims any liability to any person or entity with respect to this summary appraisal report.

A. Definition of Market Value

The current definition of market value, as defined by the Financial Institution Reform, Recovery and Enforcement Act (FIRREA), effective August 24, 1990, is as follows:

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.

B. Unless otherwise stated herein:

- i. The effective date of value coincides with the inspection date.
- ii. This Summary appraisal reflects the fee simple interest.
- iii. Exposure Time is one year or less.
- iv. The Highest and Best Use (HB&U) is believed to be essentially in accord with the current use (a thorough H&BU is beyond the scope of this Summary appraisal).
- v. The subject has been valued based upon its current use; no projected or proposed uses have been considered.
- vi. In addition to the Summary appraisal, this Review has considered the information presented in the Inspection including photographs (as applicable) and working papers contained in the work file.

C. Confidentiality: Unless specifically stated otherwise, borrower and property information made available should be considered as confidential and not used or disclosed outside the normal course of performing this assignment.

APPENDIX

How Retail Property Value is Created

Trade Area Maps

Hypermarket Competition

FF&E Valuation

Shutdown Value

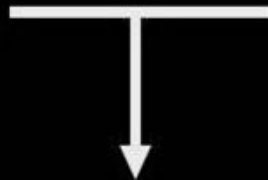
How Retail Property Value is Created

TRADE AREA FACTORS

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

SITE FACTORS

- Size
- Traffic Volume
- Visibility
- Access



FUEL VOLUME

- In-Store Sales
- Car Wash Sales
- Other



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

ECONOMIC RETURN TO:

- Real Estate
- Equipment
- Intangible Asset Value

CONVENIENCE STORE VALUE Total Assets of the Business

Tangible Assets, Realty
 (FEE SIMPLE VALUE)

Partial Interests of the Real Estate

PHYSICAL DIVISION

- Land Value
- Improvement Value

LEGAL DIVISION

- Leased Fee Value
- Sandwich Lease Value
- Leasehold Value



TRADE AREA MAP, 1, 3 and 5-Minute Drive-Time



Traffic Count Map

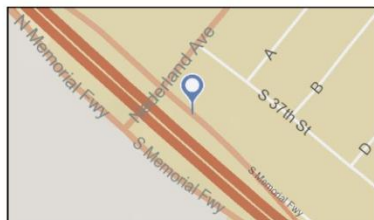
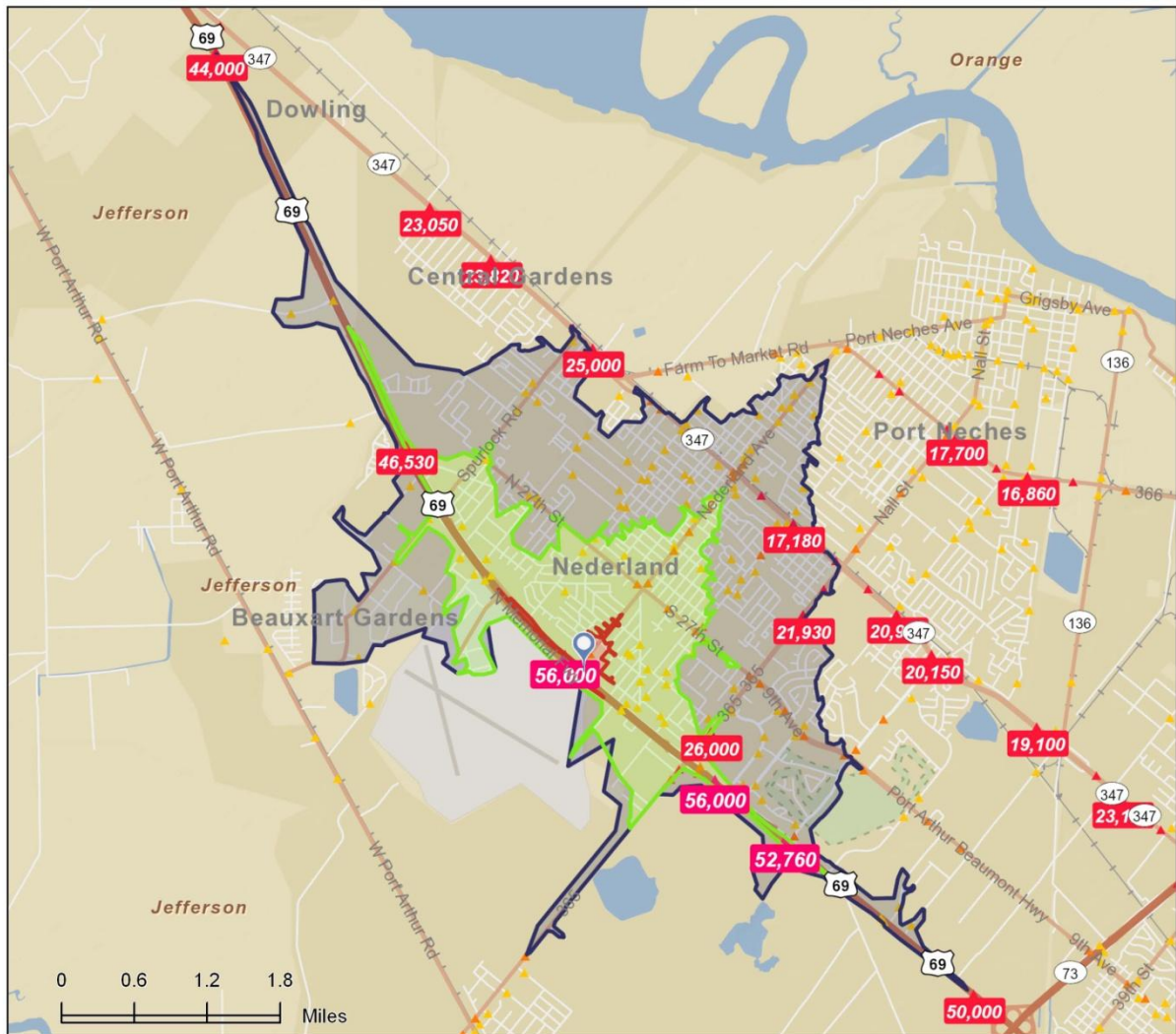
Nederland Texas

Prepared by Robert Bainbridge

Latitude: 29.955231

Drive Time: 1, 3, 5 Minutes

Longitude: -94.006441



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



Source: ©2011 MPSI (Market Planning Solutions Inc.) Systems Inc. d.b.a. DataMetrix®

September 10, 2013

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PHOTOGRAPHS



REQUIRED REPAIRS/DEFERRED MAINTENANCE

The store is well-positioned at this intersection and seems to be suffering more from neglect than a lack of customers. Customer count appeared good at the time of viewing. The area around the front entry was dirty and needed cleaning.

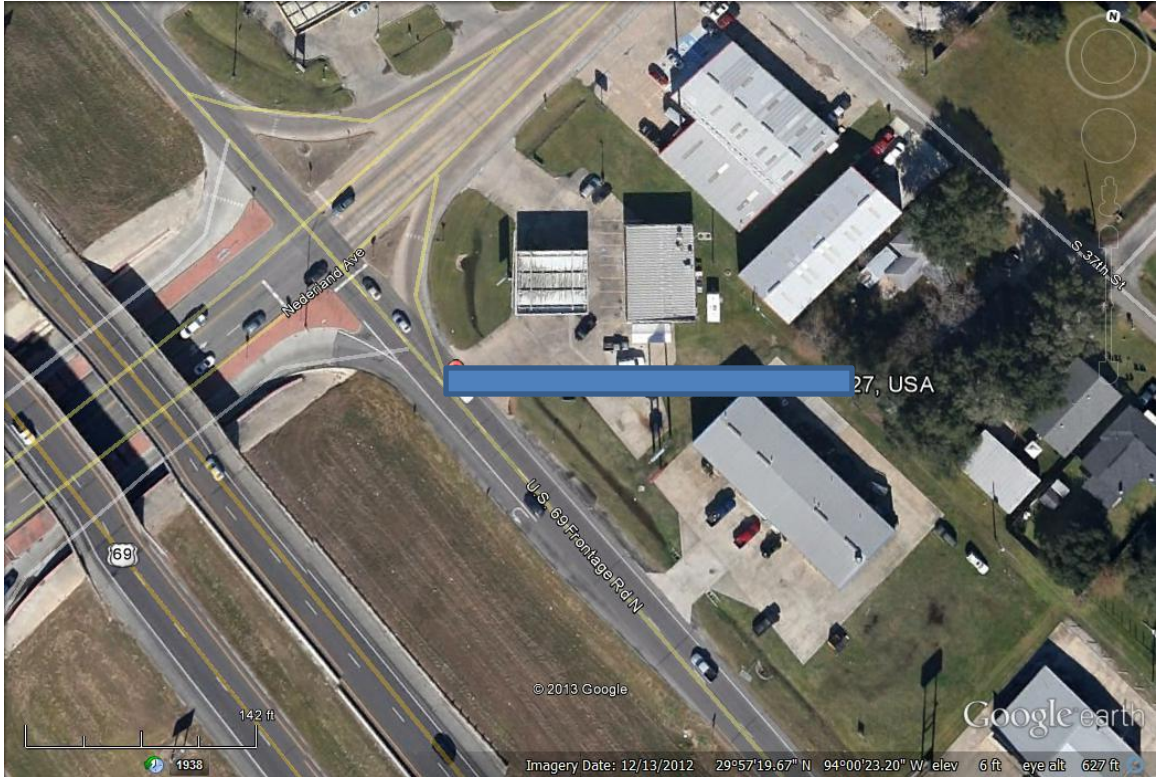


1. Notice the peeling paint on the fascia.

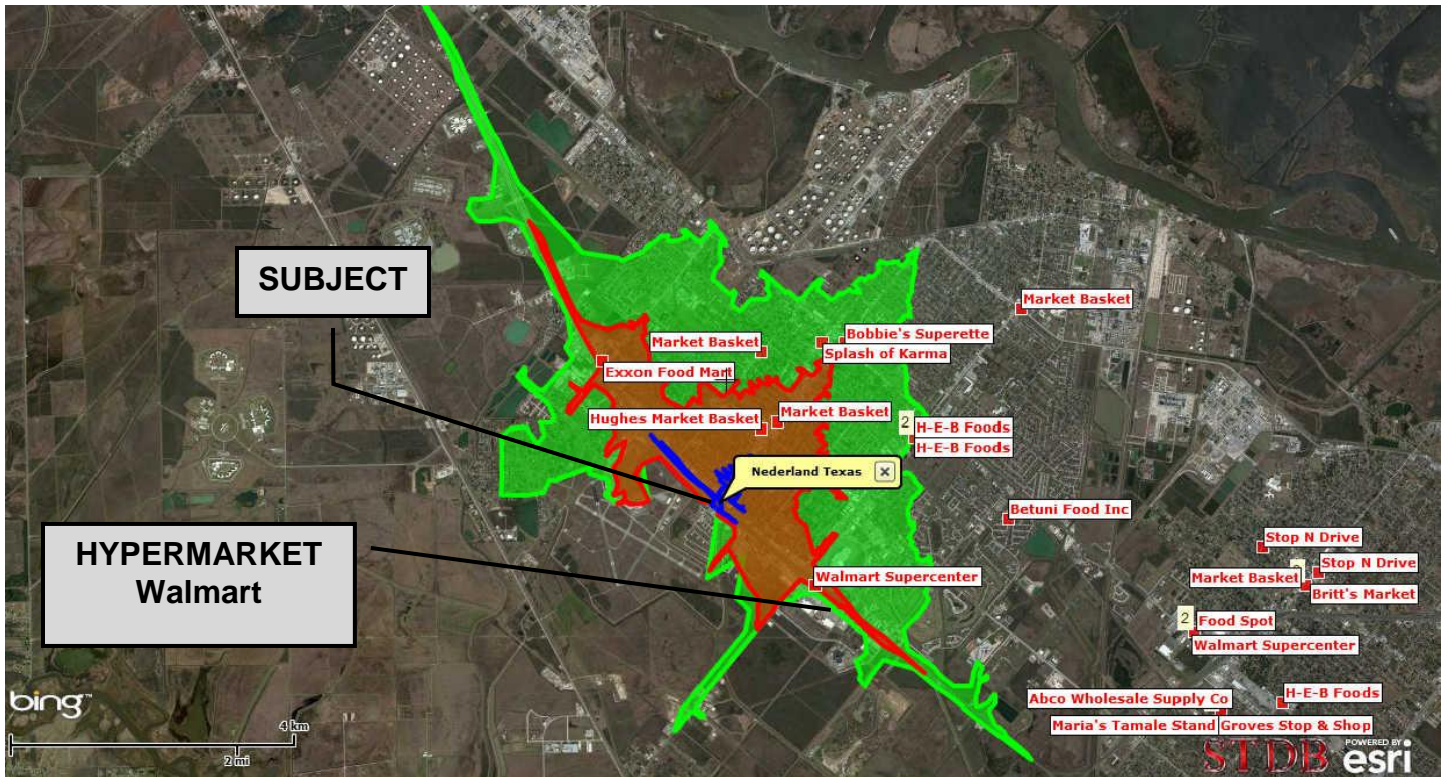


2. At least 3 of the 8 fuel positions have defective card readers, not allowing the customer to purchase fuel. This hand-written note was torn and indicated that the debit card function was not working.

SKETCH/PLAT MAP/AERIAL



COMPETITIVE/HYPERMARKET LOCATIONS



Equipment List

DESCRIPTION	QTY	EACH	% GOOD	TOTAL
CO2 TANK W. VALVE CONNECTED W/ SODA MACHINE	1	\$500	0%	\$0
DRINK DISPENSER W/ REMOTE TANK SYSTEM	1	\$2,650	0%	\$0
COFFEE MAKER	1	\$1,575	0%	\$0
HOT CHOCOLATE	1	\$605	0%	\$0
CUP DISPENSERS	2	\$170	0%	\$0
CASH REGISTER	1	\$3,000	0%	\$0
TELEPHONE BOARD	1	\$1,750	0%	\$0
PORTABLE FIRE EXTINGUISHER	2	\$175	0%	\$0
STAINLESS STEEL SINK	2	\$2,025	0%	\$0
ICE MACHINE	1	\$2,700	0%	\$0
TIME RECORDER	1	\$7,000	0%	\$0
CORNER CAP	1	\$750	0%	\$0
BAG IN BOX	1	\$250	0%	\$0
MICROWAVE	1	\$375	0%	\$0
OVEN	1	\$3,500	0%	\$0
POPCORN MACHINE	1	\$995	0%	\$0
SLUSH PUPPY	1	\$2,960	0%	\$0
PASTRY CASE	1	\$2,000	0%	\$0
HOT DOG MACHINE	0	\$670	0%	\$0
GONDOLAS W/ END CAP	3	\$250	0%	\$0
2FT WIDE SHELVING/72 IN HIGH	12	\$150	0%	\$0
GRILL COOKER	0	\$2,000	0%	\$0
PAY PHONE	1	\$750	0%	\$0
COMPUTER	1	\$5,000	0%	\$0
SHELVES	3	\$150	0%	\$0
UNDERCOUNTER SAFE	2	\$1,500	0%	\$0
LOTTO MACHINE	1	\$1,000	0%	\$0
RECEIPT MACHINE	1	\$500	0%	\$0
CREDIT CARD MACHINE	1	\$300	0%	\$0
CONDIMENT TRAY	1	\$1,025	0%	\$0
ATM MACHINE	1	\$4,500	0%	\$0
ICE CREAM COOLER	2	\$705	0%	\$0
2-DOOR FREEZER	1	\$3,000	0%	\$0
PRINTER	1	\$500	0%	\$0
DISPLAY CASE	2	\$475	0%	\$0
OVERHEAD CIGARETTE DISPENSER	1	\$1,500	0%	\$0
DEEP SHELF WITH MOP HOLDERS	1	\$750	0%	\$0
FOOD SERVICE EQUIPMENT	0	\$150,000	0%	\$0
TOTAL ADJUSTED BOOK VALUE: Tangible Assets, Non-				\$0
STORE BLDG SIZE (NON-FOOD SERVICE)				2,501
EQUIPMENT VALUE/SF				\$0.00

SHUTDOWN VALUE

The Shutdown Value is the hypothetical net cash proceeds from the sale of the real estate assuming an orderly liquidation and lender-in-possession. No net value is assigned to the moveable personal property. By definition, no intangible asset value exists. An orderly liquidation assumes segregation of the assets of the business and an adequate marketing time, in contrast to a forced liquidation, which assumes the assets are sold at auction.

SHUT DOWN VALUE	
Fee Simple Market Value of the Tangible Assets, Realty	\$780,000
Less Costs of:	
1. Taking Possession (Estimated Legal and Closing Fees, etc.)	\$15,600
2. Preserving the Asset (Operating expenses during the 6-month holding period)	
Real Estate Taxes	\$7,800
Insurance	\$1,560
Maintenance/Repairs/Security	\$3,900
Utilities	\$3,120
Management	\$3,900
Misc/Contingency	\$1,560
3. Marketing the Asset	
Sales Commission	\$46,800
4. Lender Stigma (If any)	\$39,000
5. Delinquent Real Estate Taxes (If any)	\$15,600
6. Deduction for 6-Month Marketing Time (If any)	\$78,000
7. Add: In-place Value of Operating Equipment	\$0
SHUT DOWN VALUE	\$563,160