

January 6, 2016

# Site Feasibility Report

**Your File No.**

N/A

## Proposed Pio Nono Avenue Site

1095 Pio Nono Avenue  
Macon  
GEORGIA  
31204

**COMPLETED FOR:**

SAMPLE REPORT



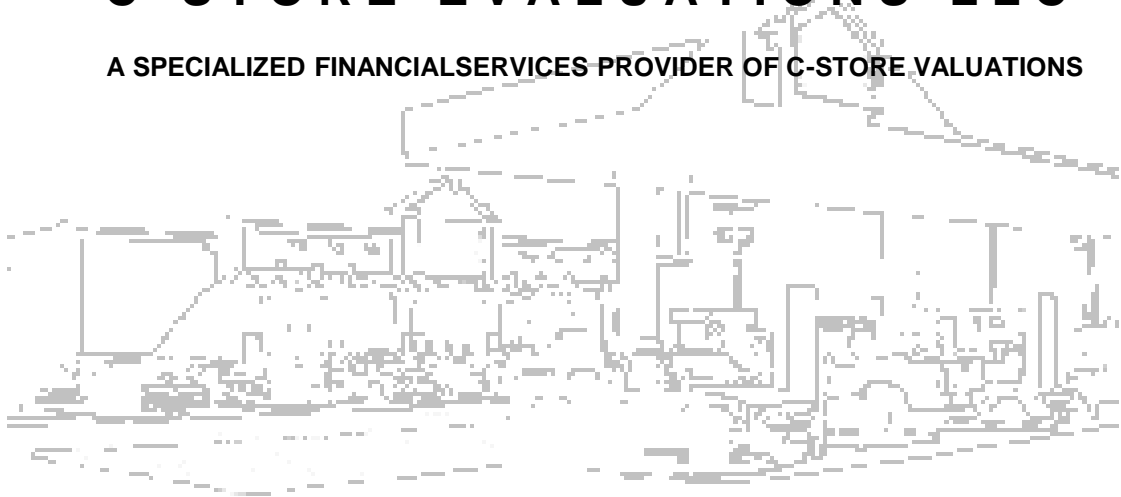
Processed with PetroMARK® Valuation Software

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# C-STORE EVALUATIONS LLC

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DALLAS, TEXAS

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**\$499 NATIONWIDE | 72 HOURS**

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How Retail Property Value is Created

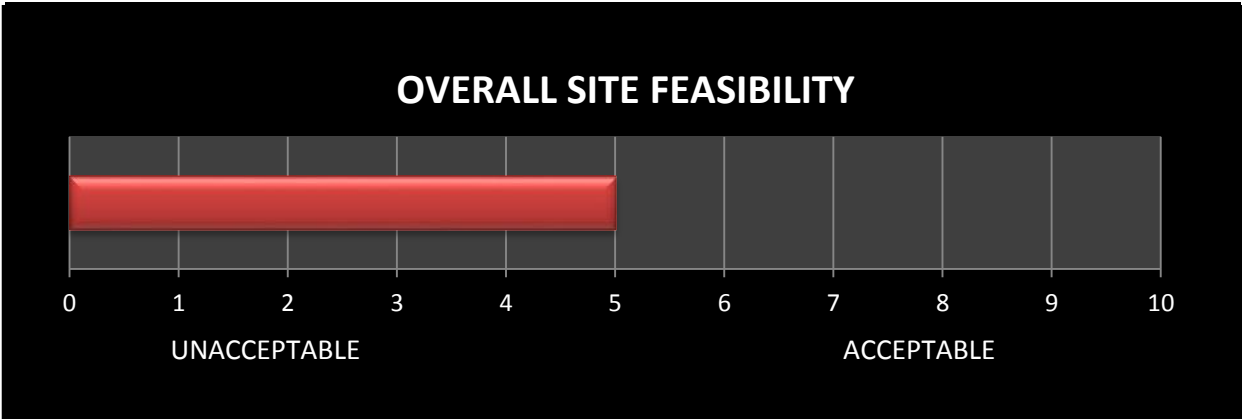
Photographs

Trade Area Aerials/Maps

Supplemental Report Provisions

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Hypermarket Threat	Red
Supply and Demand	Red
Customer Propensity to Shop at a Convenience Store	Red
Access	Green
Visibility	Green
Traffic Count	Green
Raised Medians	Green
Corner Location	Green

### COMMENTS

1. Because of a high hypermarket threat and a low supply and demand threshold, this site is not a strong candidate for fuel sales.
2. Because of the low potential for fuel sales here, additional profit centers, such as a car wash and/or branded fast food are required to make this site feasible for convenience retail development.
3. Four development options and the resulting economic land values are summarized on the following page.

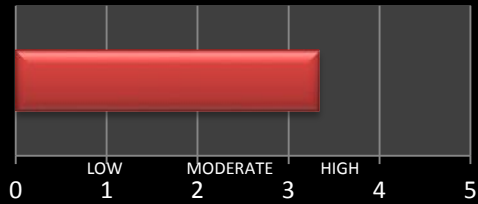
**Proposed Pio Nono Avenue Site  
FEASIBILITY SUMMARY**

**Proposed Pio Nono Avenue Site**

	<b>OPTION 1</b>	<b>OPTION 2</b>	<b>OPTION 3</b>	<b>OPTION 4</b>
	<b>C-STORE WITH FUEL SERVICE</b>	<b>ADD CAR WASH</b>	<b>ADD FOOD SERVICE</b>	<b>ADD CAR WASH + FOOD SERVICE</b>
<b>SITUS</b>				
Site Size (acres)	1.25	1.25	1.25	1.25
Store Size (SF)	3,000	3,000	2,000	2,000
Food Service Size (SF)	0	0	1,000	1,000
Fuel Positions	8	8	8	8
<b>PROJECTED OPERATIONS</b>				
Projected Annual Gallons	1,005,000	1,005,000	1,005,000	1,005,000
Projected Merchandise Sales	\$1,229,287	\$1,229,287	\$819,525	\$819,525
Projected Food Service Sales	\$0	\$0	\$534,050	\$534,050
Projected Car Wash Sales	\$0	\$53,405	\$0	\$53,405
Projected Gross Margin %	11.9%	12.8%	15.1%	15.9%
Projected Annual Gross Profit \$	\$444,728	\$484,812	\$585,059	\$625,143
<b>SITE FEASIBILITY</b>				
Whole Property Market Value at Completion	\$1,236,000	\$1,363,000	\$1,653,000	\$1,829,000
Less: Cost of Store	\$450,000	\$450,000	\$450,000	\$450,000
Less: Cost of Fuel Service	\$448,000	\$448,000	\$448,000	\$448,000
Less: Cost of Site Improvements	\$102,900	\$102,900	\$102,900	\$102,900
Less: Cost of Car Wash	\$0	\$100,000	\$0	\$100,000
<b>Economic Value of the Proposed Site \$</b>	<b>\$235,100</b>	<b>\$262,100</b>	<b>\$652,100</b>	<b>\$728,100</b>
<b>Economic Value of the Proposed Site PSF</b>	<b>\$4.32</b>	<b>\$4.81</b>	<b>\$11.98</b>	<b>\$13.37</b>

## TRADE AREA DIAGNOSTIC RATIOS

### HYPERMARKET THREAT

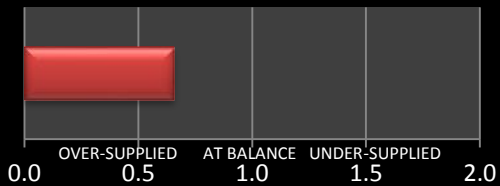


**HYPERMARKET THREAT IS HIGH.**

Miles from Subject.

**0.30**

### TRADE AREA SUPPLY AND DEMAND



**THE TRADE AREA IS OVER-SUPPLIED.**

Location Quotient.

**0.66**

### SPENDING POTENTIAL INDEX



**THE SPI IS LOW COMPARED TO THE NATIONAL AVERAGE.**

Propensity to Shop at a Convenience Store.

**0.42**

**Proposed Pio Nono Avenue Site**  
**PROJECTED MARKET VALUE SUMMARY**

<b>Situs</b>	
Store Number	1
Brand	None
Street Address	1095 Pio Nono Avenue
City	Macon
County	Bibb
State	GEORGIA
Zip Code	31204
Owner	Unknown
Assessment Number	N/A
Assessed Value	N/A
Sale Price Last 5 Years	None

<b>Physical Characteristics</b>	
Site Size (Sq. Ft.)	54,450
Store Size (Sq. Ft.)	3,000
Fueling Positions	8
Car Wash	0
Year Built/Major Remodel	2016
Effective Age	1

**RECOMMENDED FAIR MARKET VALUES**

**OPTION 1: Store and Fuel Service Only**

BASED ON EARNINGS CAPITALIZATION AND ASSUMING 100% FAIR MARKET VALUE

	<u>FAIR MARKET VALUE</u>
Real Property Value TANGIBLE ASSETS, REALTY (Site, Store Building, Canopy, Fuel Dispensers, USTs, Electronics Car Wash and all associated systems, if any)	\$1,236,000
FF&E Value TANGIBLE ASSETS, NON-REALTY (Moveable Personal Property)	\$58,000
Business Enterprise Value INTANGIBLE ASSETS (Capitalized Accounting and Economic Profit)	<u>\$74,000</u>
Going Concern Value TOTAL ASSESTS OF THE BUSINESS (Fee Simple)	\$1,368,000
LEASED FEE VALUE	N/A

## VALUATION DIAGNOSTIC RATIOS

### REAL ESTATE VALUE PER SQ. FT.



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

**\$412**

### PROJECTED GROSS PROFIT



PROJECTED GROSS PROFIT IS MODERATE.

**\$444,728**

### RATIO OF REAL ESTATE NOI TO GROSS PROFIT



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

**0.23**



**Proposed Pio Nono Avenue Site  
INTENDED USER/CLIENT IDENTIFICATION**

<b>CLIENT FILE NO.</b>	N/A
<b>PROJECT NAME</b>	Proposed Pio Nono Avenue Site
<b>STATE JURISDICTION</b>	Georgia
<b>DATE OF EVALUATION</b>	January 6, 2016
<b>INTENDED USER(S)</b>	
<b>CLIENT</b>	<b>SAMPLE REPORT</b>
Client Name	
Street Address	
City, State, Zip	
<b>PURPOSE</b>	Site Feasibility
<b>STUDY LOCATION</b>	Proposed Pio Nono Avenue Site
Street Address	1095 Pio Nono Avenue
City	Macon
State	GEORGIA
Zip	31204
County	Bibb
<b>OWNER</b>	Unknown
<b>BRAND</b>	None
<b>PROPERTY TYPE</b>	NAICS 4471:convenience store/motor fuel sales
<b>STORE NUMBER</b>	1
<b>ADMINISTRATIVE DETAILS</b>	
Assessment Number	N/A
Assessed Value	N/A
Sale Price Last 5 Years	None
Year Built/Remo	2016
Our File No.	16-3001
Actual Age	0
Flood Map No.	13021C0133F
Census Tract No.	0103.00
Flood Map Date	4/2/2007
Flood Zone	No

Every site is unique. Not all locations are suited to convenience retail development. The test of feasibility is “*Market Value less Cost*”. If the potential market value is equal to or exceeds the development costs, then the site is feasible for development.

**Step 1: Trade Area Analysis** 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.

An earnings projection for the study site begins by looking at the relationship between the supply of existing competitors and the demand from resident population and traffic volume; hypermarket competition and the propensity of customers in the trade area to shop at a convenience store, according to their median family income, age, marital status and occupation. These demographic characteristics are sourced from ESRI®, one of the world’s largest mapping and demographic platforms.

**Step 2: Projection of Gallonage and Inside Sales** Once the trade area characteristics are defined, the physical characteristics of the site and proposed improvements, such as store size, number of fuel positions are entered into our PetroMARK® software to compute the earnings potential of the proposed convenience store.

**Step 3: Calculation of Adjusted EBITDA** is then made, 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: Capitalization of Earnings** We use a capitalization of earnings to the real estate based on projected gallonage and inside sales to estimate market value. 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. A graphic of this process is shown in the Appendix.

**Step 5: Estimating Development Costs** The construction costs of the store building, fuel service, site improvements and other structures are then deducted from the estimated market value. These cost estimates are either furnished by the prospective operator or are sourced from *The Marshall Valuation Service*, a recognized supplier of building cost data.

**Step 6: Economic Value of the Site** The difference between the market value of the whole property and the construction costs is the residual economic value of the site when used as a convenience store. This is not the market value of the site, but rather is the maximum price a convenience store operator could afford to pay for the site without incurring an economic loss.

### **The Reported Results**

The economic value of the site under study will vary depending on the intensity of development. Additional profit centers, such as a car wash and/or branded food service will often increase the economic value of a site because earnings capacity is expanded through a more intensive use of the site.

For this reason, *Four Feasibility Options* have been calculated by our software.

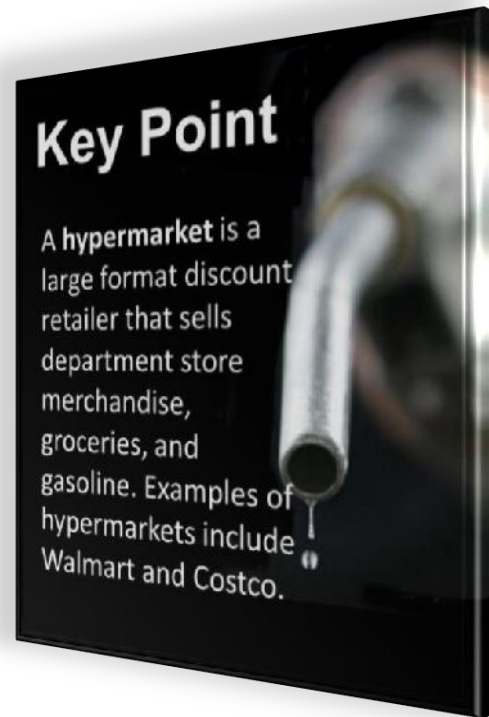
- Option 1: Store and fuel service only;
- Option 2: Store, fuel service and a car wash;
- Option 3: Store, fuel service and branded food service;
- Option 4: Store, fuel service, car wash and branded food service.

Not all sites can physically accommodate a car wash or branded food service. In our methodology, the value-added of a car wash or branded food service is based on the assumptions that (1) *The site is physically suitable, and (2) No competitors for these services exist within the 1-minute drive-time.* If the study site is too small, or if nearby competitors for these services already exist, then the feasibility results in Options 2 – 4 should be disregarded, or at least conservatively measured.

### Step 1: Trade Area Analysis

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

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



The characteristics for the subject 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.

<b>Trade Area Characteristics</b>	
Primary Market Population	8,334
Secondary Market Population	N/A
Primary Market Competition	6
Location Quotient	0.66
ESRI® Retail Spending Potential Index	0.42
Traffic Volume (Average Vehicles per Day)	25,000
<b>Hypermarket Competition</b>	<b>Yes</b>

## **Step 2: Gallonage and Sales Projections**

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 EBITDA calculations based on the gallonage and sales projections in the table below.

<b>PetroMARK®</b>	
<b>Gallonage and Sales Calculator</b>	
<b>FEE SIMPLE INTEREST UNDER TYPICAL OWNERSHIP AND MANAGEMENT</b>	
<b>PHYSICAL FACTORS</b>	
Fuel Positions	8
Store Size	3,000
Access	2
Traffic Count	3
Day Parts	2
<b>ECONOMIC FACTORS</b>	
Location Quotient	0.66
ESRI Supply/Demand	1
ESRI Spending Potential Index	0.42
<b>PROJECTED ANNUAL GALLONAGE</b>	<b>1,005,000</b>
<b>PROJECTED FUEL MARGIN (CPG)</b>	<b>\$0.11</b>
<b>PROJECTED MERCHANDISE SALES (PSF)</b>	<b>\$410</b>
<b>OPTIONAL BRANDED FOOD SERVICE SALES (PSF)</b>	<b>\$534</b>
<b>OPTIONAL ANNUAL CAR WASH SALES</b>	<b>\$53,405</b>

<b>Step 3: Calculation of Adjusted EBITDA</b>				
<b>OPTION 1: Adjusted EBITDA Projection</b>				
		<b>GROSS SALES</b>	<b>COST OF GOODS SOLD</b>	<b>GROSS PROFIT</b>
<b>1 Motor Fuel</b>				
2 Gallonage	1,005,000			
3 Price per Gallon	\$2.50			
4 Gross Fuel Sales		\$2,512,500		
5 Cost of Goods Sold			<u>\$2,401,699</u>	
6 Motor Fuel Gross Profit				\$110,801
7 Fuel Margin Cents per Gallon	\$0.11			
<b>8 Inside Sales</b>				
9 In-Store Sales		\$1,229,287		
10 Cost of Goods Sold			<u>\$895,361</u>	
11 In-Store Gross Profit				\$333,927
12 In-Store Margin	27%			
13 In-Store Sales Per Sq. Ft.	\$410			
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				\$333,927
19 Inside Margin	27%			
<b>20 Car Wash Sales</b>		\$0		
21 Cost of Goods Sold			\$0	
22 Car Wash Gross Profit				<u>\$0</u>
23 Car Wash Margin	#DIV/0!			
<b>24 Total Gross Sales</b>		\$3,741,787		
<b>25 Total Gross Profit</b>				\$444,728
26 Gross Profit Margin	12%			
27 Motor Fuel Contribution Ratio	25%			
27 In-Store Contribution Ratio	75%			
29 Car Wash Contribution Ratio	0%			
30 Product Shrink	0.23%	\$8,419		
<b>31 Operating Expenses</b>				
	% GROSS PROFIT			
32 Labor	35%	\$155,655		
33 Credit Card Fees	8%	\$35,578		
34 Utilities	6%	\$26,684		
35 Other	8%	<u>\$36,468</u>		
36 Sub-total Operating Expenses	57%		\$254,384	
<b>37 Adjusted EBITDA</b>	41%			\$181,925

### Step 4: Capitalization of Earnings

Adjusted EBITDA 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.

<b>ADJUSTED EBITDA</b>	\$181,925
(Gross Return to Assets)	
<b>Asset Allocation of Earnings</b>	
Earnings to FF&E	\$18,239
Earnings to Accounting Profit	\$37,000
Earnings to Economic Profit	\$0
<b>Residual Earnings to Real Estate</b>	\$126,685
Less: Real Estate Operating Expenses	\$25,337
Add: Other Real Estate Net Income	<u>\$0</u>
Net Operating Income to Real Estate	\$101,348
Economic Gross Rent per Sq. Ft.	\$42.23
Economic Net Rent per Sq. Ft.	\$33.78

<b>Capitalization of Fee Simple Earnings</b>		
	<b>CAPITALIZATION</b>	<b>VALUE</b>
	<b>RATE</b>	
1. Real Property Value	<b>8.2%</b>	<b>\$1,236,000</b>
TANGIBLE ASSETS, REALTY		
(Site, Store Building, Canopy, Fuel Dispensers, USTs, Electronics)		
2. FF&E Value	<b>25%</b>	<b>\$58,000</b>
TANGIBLE ASSETS, NON-REALTY		
(Moveable Personal Property)		
3. Business Enterprise Value	<b>50%</b>	<b><u>\$74,000</u></b>
INTANGIBLE ASSETS		
(Capitalized Accounting and Economic Profit)		
Going Concern Value		<b>\$1,368,000</b>
<b>TOTAL ASSETS OF THE BUSINESS</b>		

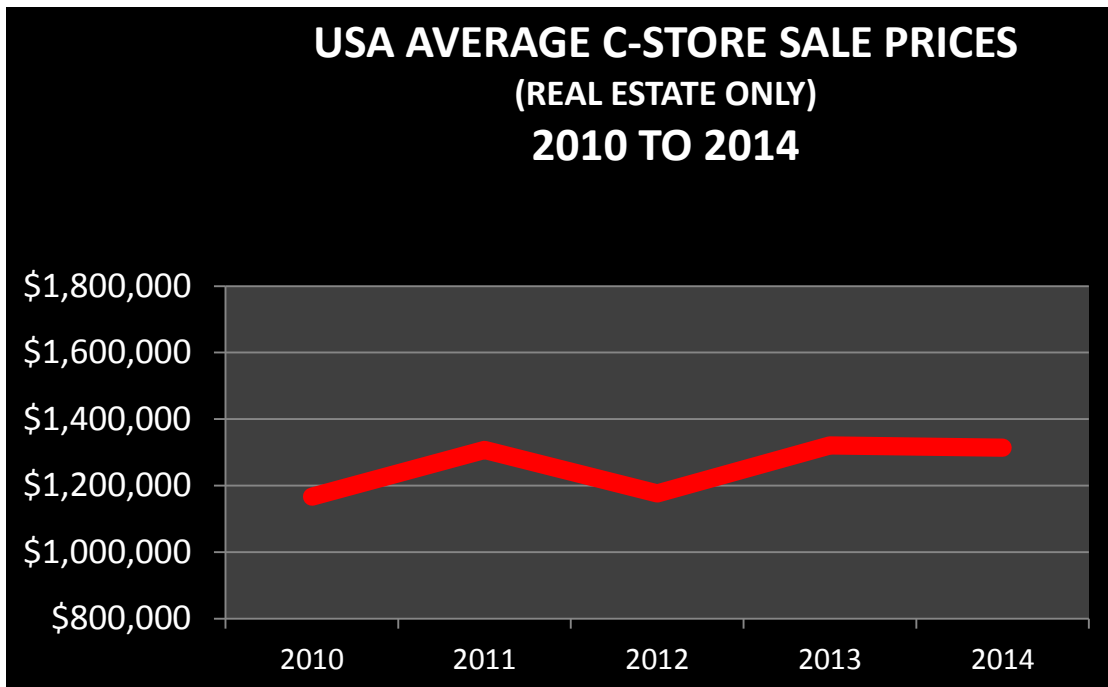
National Transaction Statistics



Convenience store real estate prices are rising. In the first half of 2014, the average price of the real estate associated with convenience stores was \$1.3 million. This includes the site, store building, and fuel service. This is an increase of 13% from the 2010 average price.

The median price showed a similar increase over the same period of 9%.  
(Source: CoStar)

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



The national 3-year rolling average value per square foot is: **\$546**  
The estimated value per square foot of the subject real estate is: **\$412**



**Value Range Check: Peer Group Transaction Data  
NAICS 4471**

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

<b>Georgia C-Store Real Estate Sales</b>							
<b>SALE DATE</b>	<b>LOCATION</b>	<b>SALE PRICE</b>	<b>STORE SIZE</b>	<b>YR BLT</b>	<b>REMO</b>	<b>SITE SIZE</b>	<b>PRICE SQ.FT.</b>
1	2014	Locust Grove	\$1,360,000	5,343	2004	1.95	\$255
2	2014	Smyrna	\$1,375,000	2,471	1987	0.75	\$556
3	2013	Atlanta	\$1,281,000	1,380	1984	0.72	\$928
4	2013	Thomasville	\$1,500,000	8,393	199	0.84	\$179
5	2013	Gainsville	\$1,600,000	5,200	2006	1.95	\$308
6	2013	Lawrenceville	\$2,675,000	4,000	2003	1.74	\$669
7	2012	Stone Mountain	\$1,300,000	3,299	1997	0.87	\$394
8	2012	Smyrna	\$1,300,000	1,632	1988	1.2	\$797
9	2012	Cumming	\$1,340,000	2,160	1997	0.98	\$620
			<b>LOW</b>				<b>\$179</b>
			<b>HIGH</b>				<b>\$928</b>
			<b>MEDIAN</b>				<b>\$556</b>
			<b>AVERAGE</b>				<b>\$523</b>

The average value per square foot of store building area is: **\$556**

The median value per square foot of store building area is: **\$523**

The estimated value of the subject per square foot of store area is: **\$412**

## Step 5: Estimated Development Costs

### Improvement Development Cost Summary

#### SECTION A

##### Store Building

Base Cost Per Sq. Ft.	\$150.00
Local Multiplier	1
Current Cost Multiplier	1
Applicable Cost per Sq. ft.	\$150.00
Size:	<u>3,000</u>
Extension:	<b>\$450,000</b>

#### SECTION B

##### Fuel Service

Base Cost Per Fueling Position	<b>\$56,000</b>
Local Multiplier	1
Current Cost Multiplier	1
Applicable Cost per Sq. ft.	<b>\$56,000</b>
Fueling Positions	<u>8</u>
Extension:	<b>\$448,000</b>

#### SECTION C

##### Site Improvements

Base Cost Per Sq. Ft.	\$2.00
Local Multiplier	1
Current Cost Multiplier	1
Applicable Cost per Sq. ft.	\$2.00
Size:	<u>51,450</u>
Extension:	<b>\$102,900</b>
OTHER: CAR WASH	<b>\$0</b>

#### TOTAL SECTIONS A+B+C

**Total Improvement Replacement Cost** **\$1,000,900**

**Step 6: Economic Value of the Site**

**Proposed Pio Nono Avenue Site**

**OPTION 1: Store and Fuel Sales Only**

**SITUS**

Site Size (acres)	1.25
Store Size (SF)	3,000
Fuel Positions	8
Food Service Size (SF)	0
Car Wash	No

**PROJECTED OPERATIONS**

Projected Annual Gallons	1,005,000
Projected Merchandise Sales	\$1,229,287
Projected Food Service Sales	\$0
Projected Car Wash Sales	\$0
Projected Gross Margin %	12%
Projected Annual Gross Profit \$	\$444,728

**SITE FEASIBILITY**

Whole Property Market Value at Completion	\$1,236,000
Less: Cost of Store	\$450,000
Less: Cost of Fuel Service	\$448,000
Less: Cost of Site Improvements	\$102,900
Less: Cost of Car Wash	<u>\$0</u>

<b>Economic Value of the Proposed C-Store Site \$</b>	<b>\$235,100</b>
<b>Economic Value of the Proposed C-Store Site PSF</b>	<b>\$4.32</b>

**Step 6: Economic Value of the Site**

**Proposed Pio Nono Avenue Site**

**OPTION 2: Store, Fuel Sales + Car Wash**

**SITUS**

Site Size (acres)	1.25
Store Size (SF)	3,000
Fuel Positions	8
Food Service Size (SF)	0
Car Wash	Yes

**PROJECTED OPERATING METRICS FOR THIS SITE**

Projected Annual Gallons	1,005,000
Projected Merchandise Sales	\$1,229,287
Projected Food Service Sales	\$0
Projected Car Wash Sales	\$53,405
Projected Gross Margin %	13%
Projected Annual Gross Profit \$	\$484,812

**SITE FEASIBILITY**

Whole Property Market Value at Completion	\$1,363,000
Less: Cost of Store	\$450,000
Less: Cost of Fuel Service	\$448,000
Less: Cost of Site Improvements	\$102,900
Less: Cost of Car Wash	<u>\$100,000</u>

<b>Economic Value of the Proposed C-Store Site \$</b>	<b>\$262,100</b>
<b>Economic Value of the Proposed C-Store Site PSF</b>	<b>\$4.81</b>

**Step 6: Economic Value of the Site**

**Proposed Pio Nono Avenue Site**

**OPTION 3: Store, Fuel Service + Branded Food Service**

**SITUS**

Site Size (acres)	1.25
Store Size (SF)	2,000
Fuel Positions	8
Food Service Size (SF)	1,000
Car Wash	No

**PROJECTED OPERATING METRICS FOR THIS SITE**

Projected Annual Gallons	1,005,000
Projected Merchandise Sales	\$819,525
Projected Food Service Sales	\$534,050
Projected Car Wash Sales	\$0
Projected Gross Margin %	15%
Projected Annual Gross Profit \$	\$585,059

**SITE FEASIBILITY**

Whole Property Market Value at Completion	\$1,653,000
Less: Cost of Store	\$450,000
Less: Cost of Fuel Service	\$448,000
Less: Cost of Site Improvements	\$102,900
Less: Cost of Car Wash	<u>\$0</u>

<b>Economic Value of the Proposed C-Store Site \$</b>	<b>\$652,100</b>
<b>Economic Value of the Proposed C-Store Site PSF</b>	<b>\$11.98</b>

**Step 6: Economic Value of the Site**

**Proposed Pio Nono Avenue Site**

**OPTION 4: Store, Fuel Service + Car Wash + Branded Fuel Service**

**SITUS**

Site Size (acres)	1.25
Store Size (SF)	2,000
Fuel Positions	8
Food Service Size (SF)	1,000
Car Wash	Yes

**PROJECTED OPERATING METRICS FOR THIS SITE**

Projected Annual Gallons	1,005,000
Projected Merchandise Sales	\$819,525
Projected Food Service Sales	\$534,050
Projected Car Wash Sales	\$53,405
Projected Gross Margin %	16%
Projected Annual Gross Profit \$	\$625,143

**SITE FEASIBILITY**

Whole Property Market Value at Completion	\$1,829,000
Less: Cost of Store	\$450,000
Less: Cost of Fuel Service	\$448,000
Less: Cost of Site Improvements	\$102,900
Less: Cost of Car Wash	<u>\$100,000</u>

<b>Economic Value of the Proposed C-Store Site \$</b>	<b>\$728,100</b>
<b>Economic Value of the Proposed C-Store Site PSF</b>	<b>\$13.37</b>

<b>Mortgage Loan Technical Summary</b>	
Insurable Replacement Cost	\$875,500
Exposure Time	3 to 12 mo
Marketing Time	3 to 12 mo
Remaining Economic Life	50 yrs
<b>NOI to Real Estate and Debt Service Analysis:</b>	
Estimated Value of Real Estate	\$1,236,000
Adjusted EBIDTA	\$181,925
Less: Return to Tangible Assets, Non-Realty	\$18,239
Less: Real Estate Operating Expenses (Property Taxes, Maintenance.e	\$25,337
Less: Return to Intangible Assets (Accounting and Economic Profit)	\$37,000
Add: Other Income to Real Estate	\$0
Equals: NOI to Real Estate	\$101,348
<b>Targeted Debt Coverage Ratios</b>	
Low	1.25
High	1.6
Dollars Available for Debt Service (Low)	\$63,343
Dollars Available for Debt Service (High)	\$81,078
Mortgage Constant	\$0
Total Possible Mortgage, Real Estate Only (Low)	\$820,128
Total Possible Mortgage, Real Estate Only (High)	\$1,049,764
<b>Calculated Loan-to-Value Ratios</b>	
Low	66%
High	85%

Source: Realty Rates.com

**Proposed Pio Nono Avenue Site  
EQUIPMENT VALUATION**

**Equipment List**

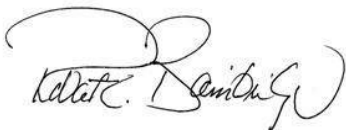
DESCRIPTION	QTY	EACH	% GOOD	TOTAL
CO2 TANK W. VALVE CONNECTED W/ SODA MACHINE	1	\$500	93%	\$467
DRINK DISPENSER W/ REMOTE TANK SYSTEM	1	\$2,650	93%	\$2,473
COFFEE MAKER	1	\$1,575	93%	\$1,470
HOT CHOCOLATE	1	\$605	93%	\$565
CUP DISPENSERS	2	\$170	93%	\$317
CASH REGISTER	1	\$3,000	93%	\$2,800
TELEPHONE BOARD	1	\$1,750	93%	\$1,633
PORTABLE FIRE EXTINGUISHER	2	\$175	93%	\$327
STAINLESS STEEL SINK	2	\$2,025	93%	\$3,780
ICE MACHINE	1	\$2,700	93%	\$2,520
TIME RECORDER	1	\$7,000	93%	\$6,533
CORNER CAP	1	\$750	93%	\$700
BAG IN BOX	1	\$250	93%	\$233
MICROWAVE	1	\$375	93%	\$350
OVEN	1	\$3,500	93%	\$3,267
POPCORN MACHINE	1	\$995	93%	\$929
SLUSH PUPPY	1	\$2,960	93%	\$2,763
PASTRY CASE	1	\$2,000	93%	\$1,867
HOT DOG MACHINE	0	\$670	93%	\$0
GONDOLAS W/ END CAP	3	\$250	93%	\$700
2FT WIDE SHELVING/72 IN HIGH	12	\$150	93%	\$1,680
GRILL COOKER	0	\$2,000	93%	\$0
PAY PHONE	1	\$750	93%	\$700
COMPUTER	1	\$5,000	93%	\$4,667
SHELVES	3	\$150	93%	\$420
UNDERCOUNTER SAFE	2	\$1,500	93%	\$2,800
LOTTO MACHINE	1	\$1,000	93%	\$933
RECEIPT MACHINE	1	\$500	93%	\$467
CREDIT CARD MACHINE	1	\$300	93%	\$280
CONDIMENT TRAY	1	\$1,025	93%	\$957
ATM MACHINE	1	\$4,500	93%	\$4,200
ICE CREAM COOLER	2	\$705	93%	\$1,316
2-DOOR FREEZER	1	\$3,000	93%	\$2,800
PRINTER	1	\$500	93%	\$467
DISPLAY CASE	2	\$475	93%	\$887
OVERHEAD CIGARETTE DISPENSER	1	\$1,500	93%	\$1,400
DEEP SHELF WITH MOP HOLDERS	1	\$750	93%	\$700
FOOD SERVICE EQUIPMENT	0	\$50,000	93%	\$0
TOTAL ADJUSTED BOOK VALUE: Tangible Asset				\$58,366
STORE BLDG SIZE (NON-FOOD SERVICE)				3,000
EQUIPMENT VALUE/SF				\$19.46



## PREPARER'S CERTIFICATION

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 in this evaluation report are not subject to the Uniform Standards of Professional Appraisal Practice.
6. I have not made a personal viewing 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 complete and evaluation of this property.
11. I am not licensed as an appraiser in this State. This is not a state-certified appraisal. This is an evaluation and evaluations do not require a state appraiser license under state law.
12. 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 the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this evaluation.
13. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Interagency Appraisal and Evaluation Guidelines date December 10, 2010 jointly by the Office of the Comptroller of the Currency, The Board of Governors of the Federal Reserve System, The Federal Deposit Insurance Corporation, and the Office of Thrift Supervision ("Federal Guidelines"). Accordingly this Report may be relied upon by Customer in
14. Robert E. Bainbridge, MAI developed the PetroMARK® software used in estimating the value of this property, and provided consultation with the undersigned preparer of this evaluation report, in the following manner:
  1. Checked and approved the assumptions in the model
  2. Checked the input data in the model.
  3. Checked the model output for reasonableness, based on the assumptions and input data.
  4. Provided statistical testing of the model input variables and found a 93% coefficient of determination, and a coefficient of variation of 11%.



January 6, 2016

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Robert E. Bainbridge (Not a licensed appraiser in this State)  
C-Store Evaluations LLC  
Suite 110, Mail Box 237  
4447 N. Central Expressway  
Dallas, TX 75205

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# APPENDIX

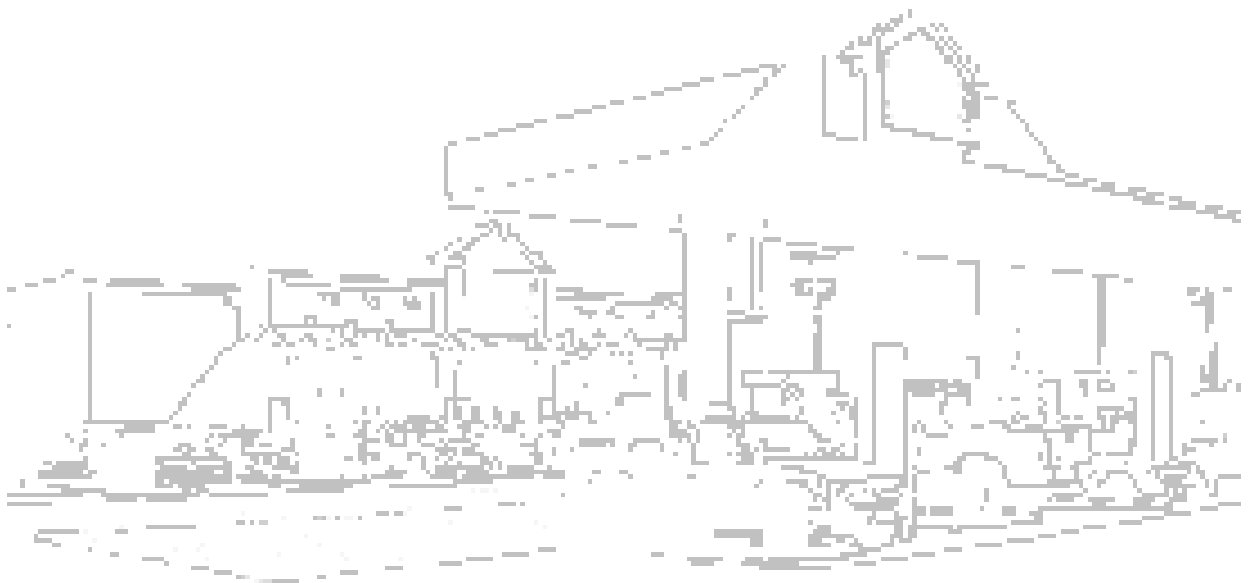
Sources of Data

How Retail Property Value is Created

Photographs

Trade Area Aerials and Maps

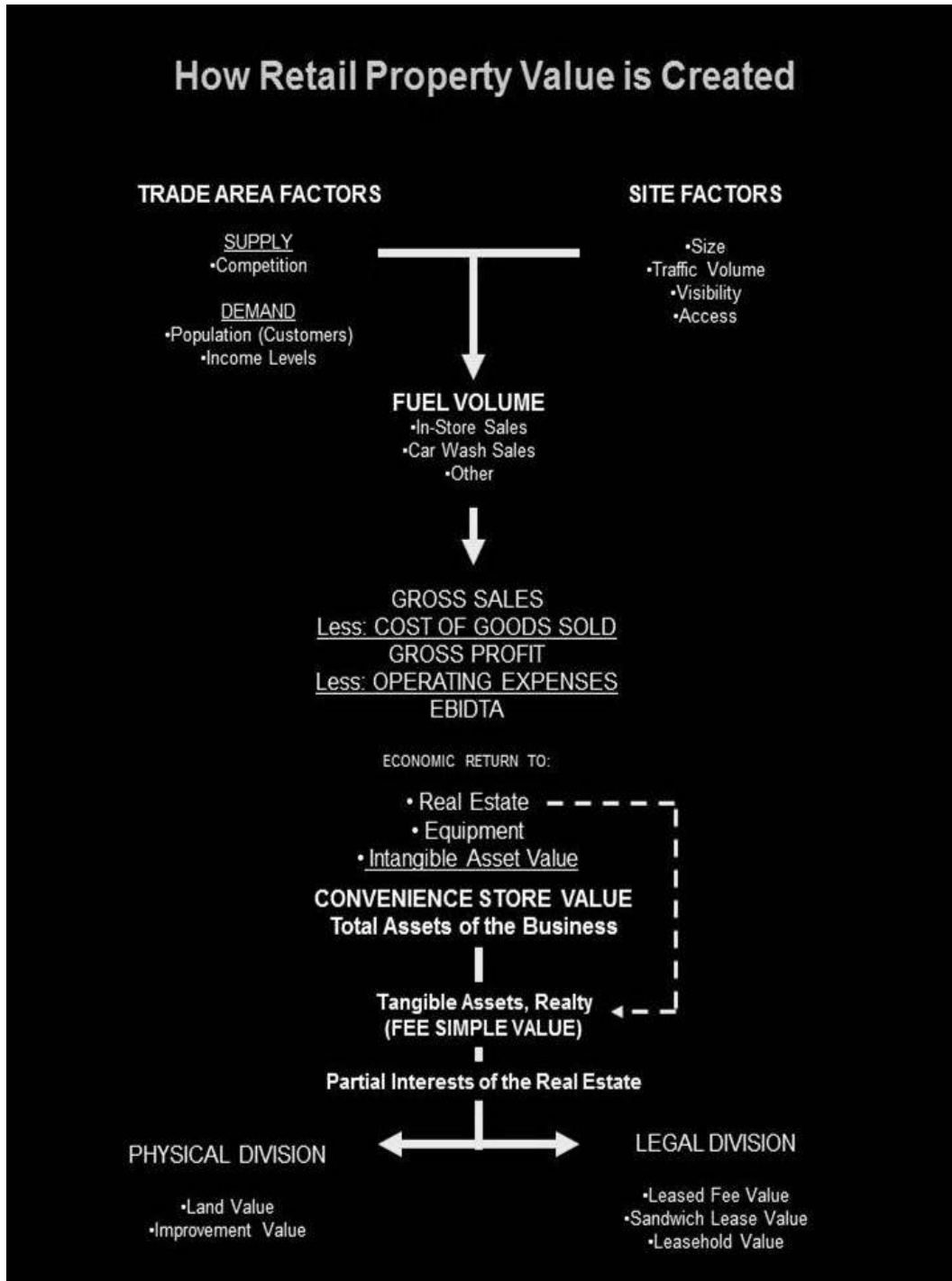
Supplemental Report Provisions



## Sources

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



# APPENDIX

## PHOTOGRAPHS

Photographs provided by third-party.



APPENDIX

PHOTOGRAPHS

Photographs provided by third-party.

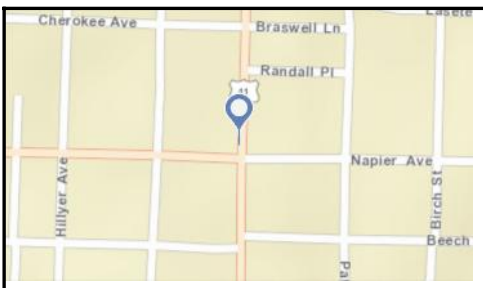
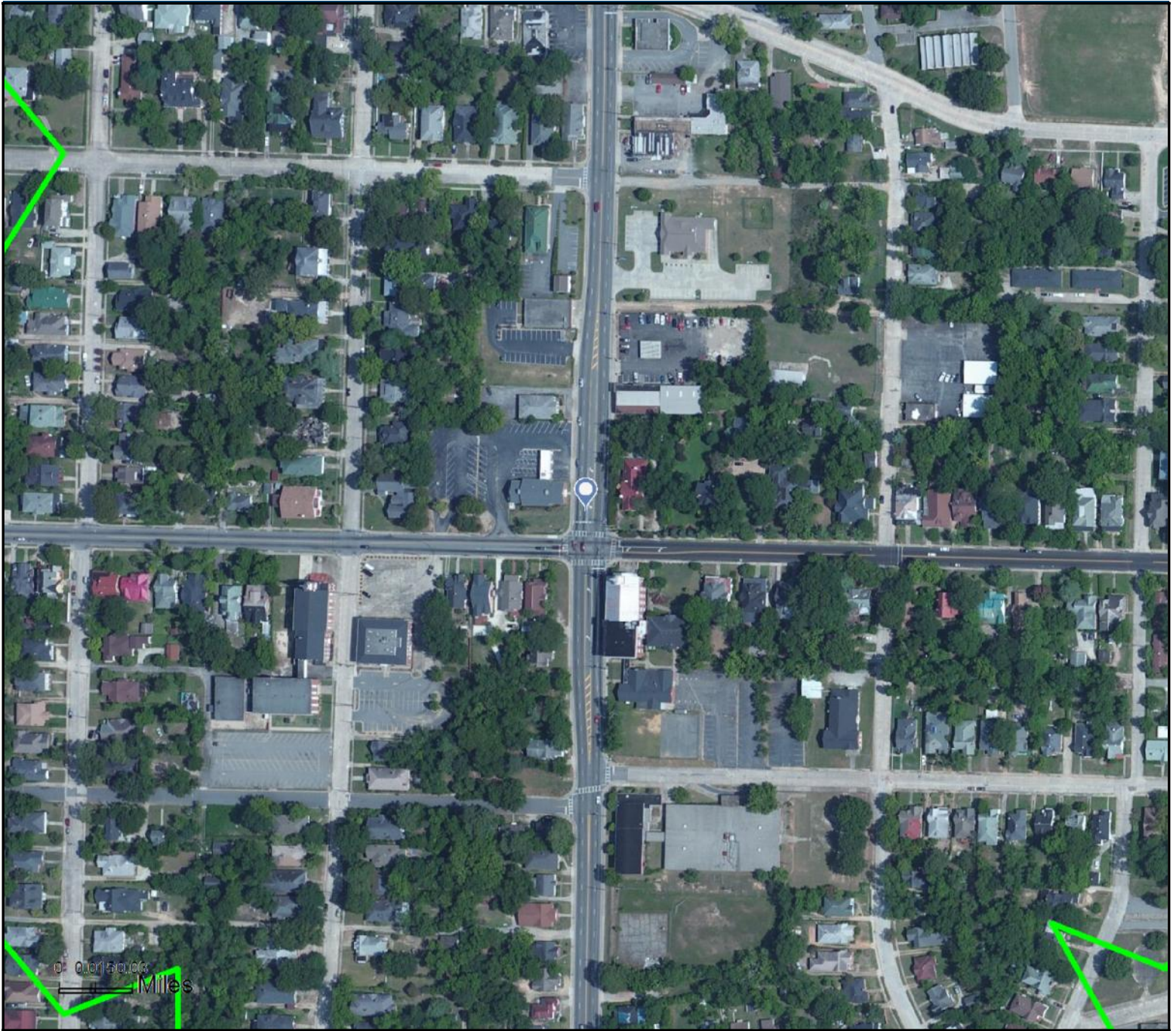




# Site Map on Satellite Imagery - 0.4 Miles Wide

1095 Pio Nono Ave, Macon, Georgia, 31204  
Drive Times: 1, 3, 5 minute radii

Prepared by Esri  
Latitude: 32.83624  
Longitude: -83.66255

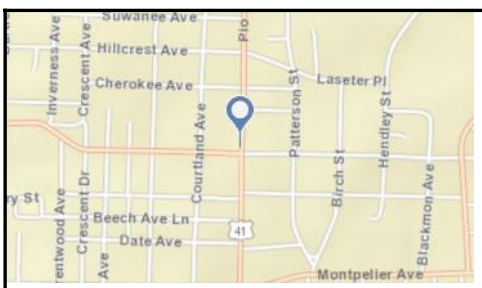


Source: ArcGIS Online World Imagery Basemap

January 07, 2016

1095 Pio Nono Ave, Macon, Georgia, 31204  
Drive Times: 1, 3, 5 minute radii

Prepared by Esri  
Latitude: 32.83624  
Longitude: -83.66255



Source: ArcGIS Online World Imagery Basemap

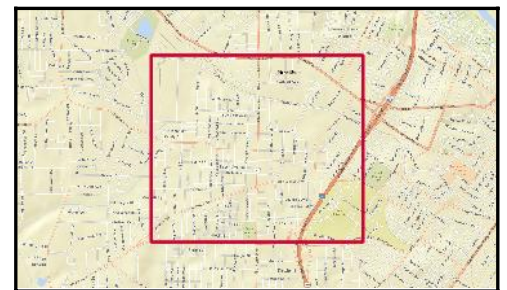
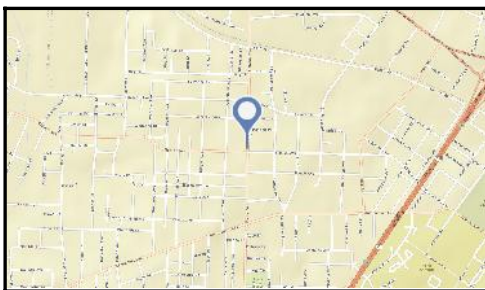
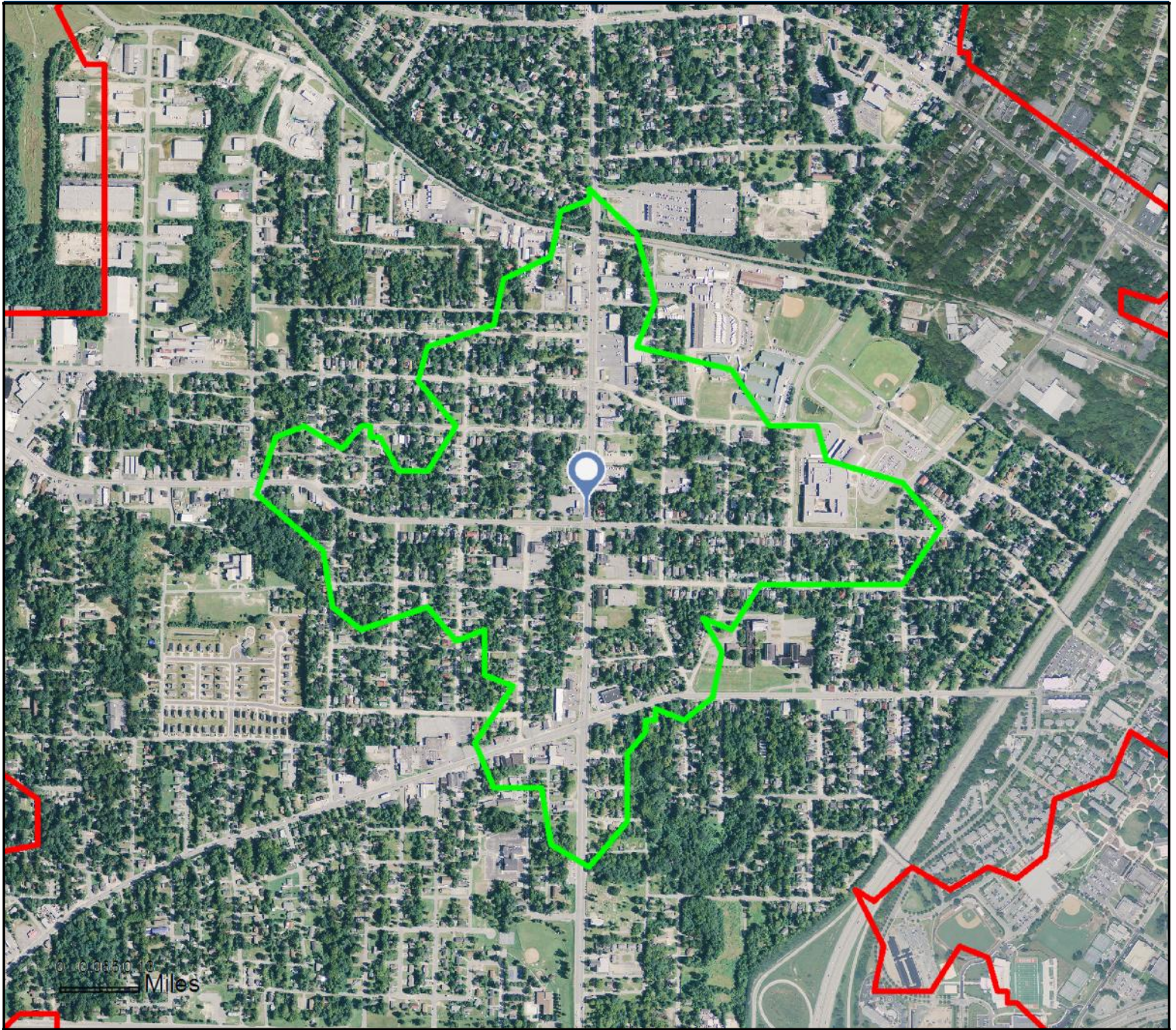




# Site Map on Satellite Imagery - 1.6 Miles Wide

1095 Pio Nono Ave, Macon, Georgia, 31204  
Drive Times: 1, 3, 5 minute radii

Prepared by Esri  
Latitude: 32.83624  
Longitude: -83.66255



Source: ArcGIS Online World Imagery Basemap

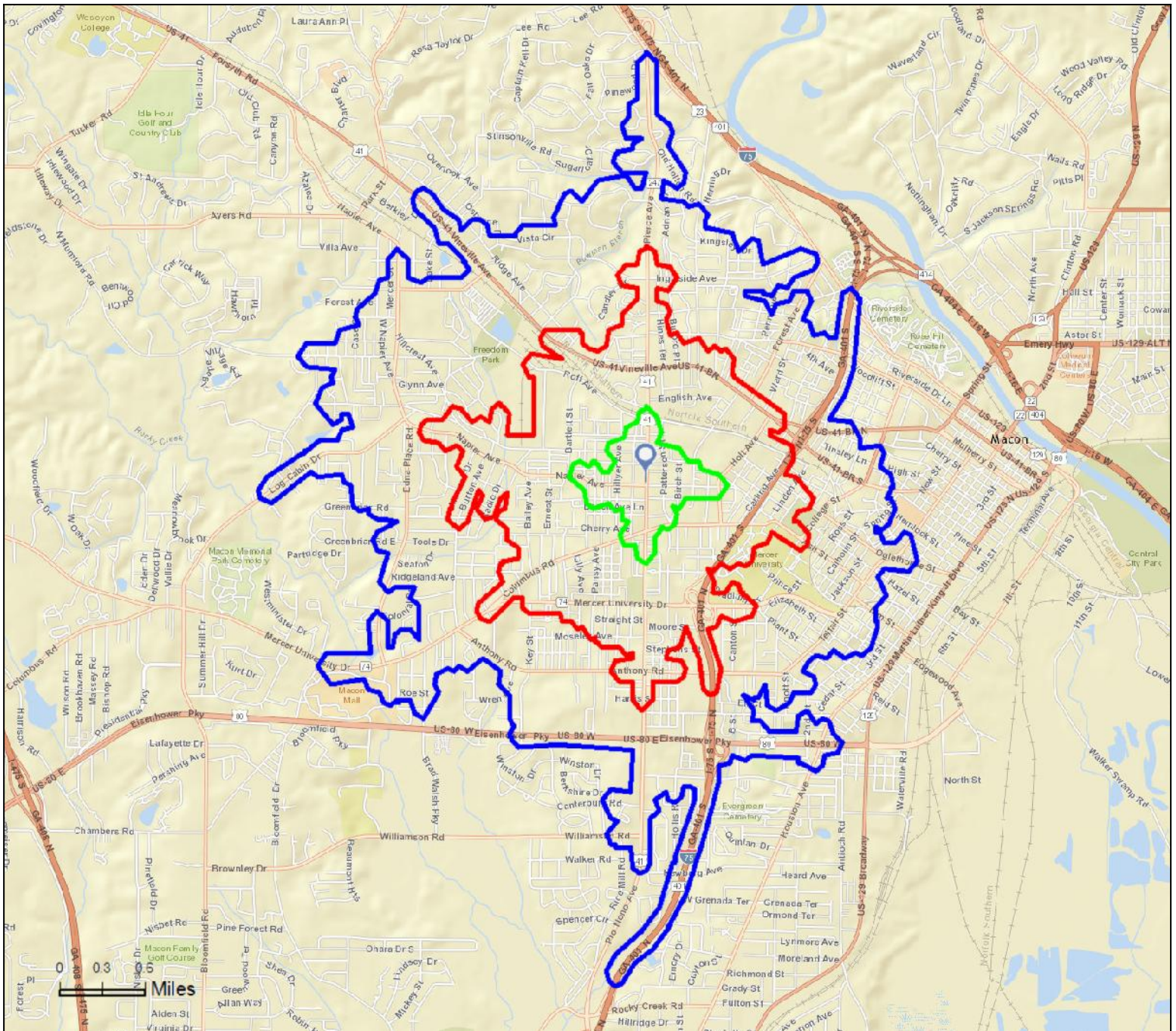
January 07, 2016



# Site Details Map

1095 Pio Nono Ave, Macon, Georgia, 31204  
Drive Times: 1, 3, 5 minute radii

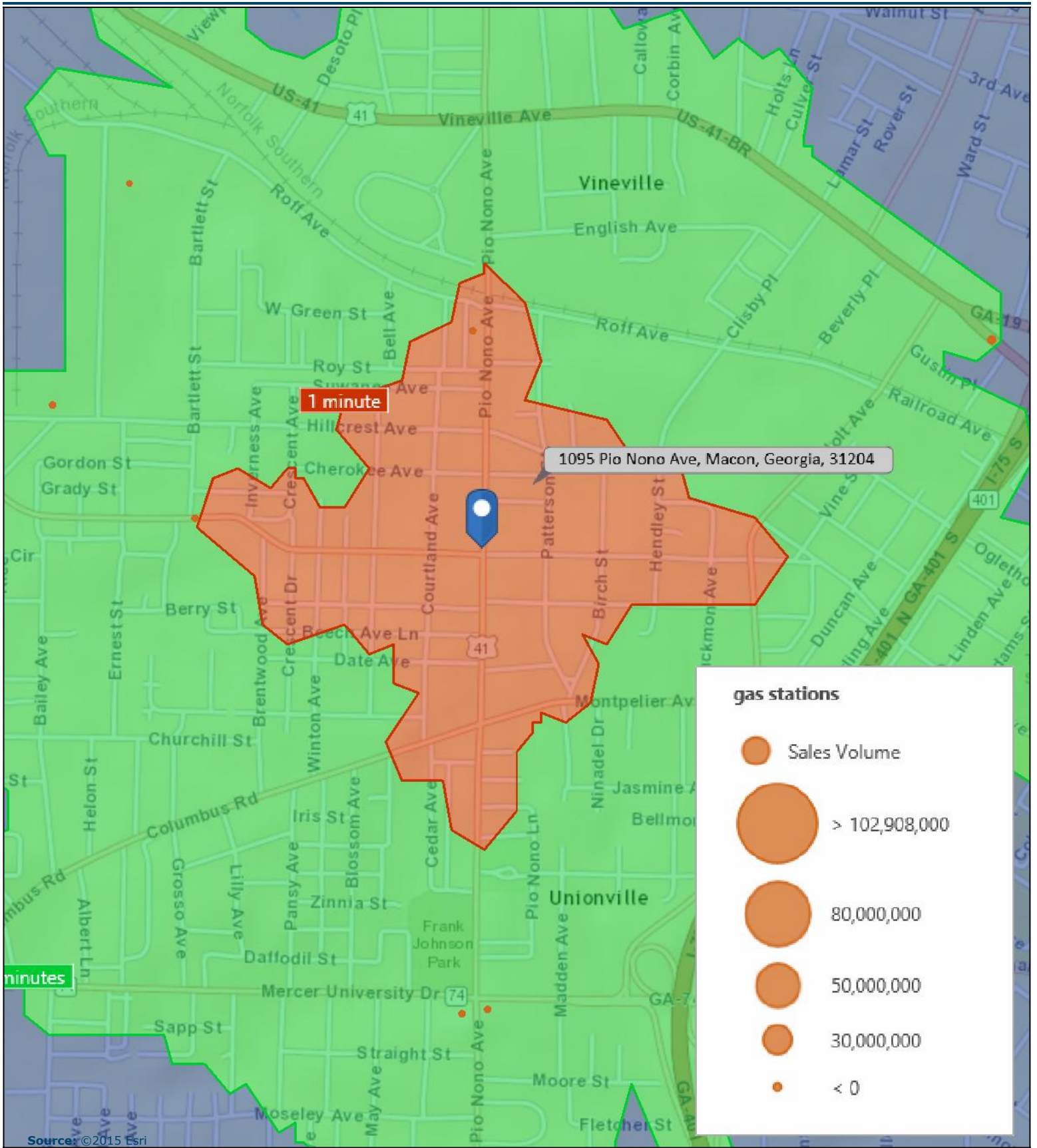
Prepared by Esri  
Latitude: 32.83624  
Longitude: -83.66255



## This site is located in:

**City:** Macon city  
**County:** Bibb County  
**State:** Georgia  
**ZIP Code:** 31204  
**Census Tract:** 13021012300  
**Census Block Group:** 130210123001  
**CBSA:** Macon, GA Metropolitan Statistical Area

January 07, 2016



## **Evaluation 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 not an 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. Enhanced Property Valuations are not suitable for complex properties. 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.

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The estimated values are calculated using various models and techniques proprietary to C-Store Evaluations LLC. This report does not constitute an appraisal and has not been prepared by a certified or licensed 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.

## APPENDIX

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### 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 Evaluation Report did not make an inspection of the property.

### 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 Evaluation 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 evaluation report is not a state-certified appraisal. The significant elements of scope included the following: This report has been prepared in accordance with the guidelines for an evaluation as specified in the Interagency Appraisal and Evaluation Guidelines issued on December 10, 2010. This is a specific appraisal product developed to meet the needs of this client and is not intended for any other use.

This evaluation report is intended for use as evaluation 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, third-party inspection reports, and a physical inspection of the property, when available. We did not make a physical inspection of this property.

## APPENDIX

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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 and a cost approach summary have been used to check the validity of the 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.

Robert E. Bainbridge, MAI developed the PetroMARK® software used in estimating the value of this property, and provided consultation with the undersigned preparer of this evaluation report, in the following manner:

1. Checked and approved the assumptions in the model
2. Checked the input data in the model.
3. Checked the model output for reasonableness, based on the assumptions and input data.
4. Provided statistical testing of the model input variables and found a 93% coefficient of determination, and a coefficient of variation of 11%.

### 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.

### RELIABILITY

The 21 variables used in our valuation estimates for C-Stores & Gas Stations have been statistically tested and shown to have high explanatory power at 93% ( $R^2$ ) and a low error 11% (coefficient of dispersion).

For a full explanation of each variable and the related statistical output, please see *Convenience Stores and Retail Fuel Properties: Essential Appraisal Issues*, 2012, Second Edition, pp 275-288. Published by the Appraisal Institute, Chicago.

### ASSUMPTIONS AND SPECIAL CONDITIONS

This evaluation 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.

## APPENDIX

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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 evaluation 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 evaluation 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 evaluation 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 evaluation report.

**A. Market Value Definition:** The term market value used herein is in accordance with the definition of the office of the Comptroller of the Currency, under 12-CFR, part 34, subpart C-Appraisals, 34.42 Definitions [F]. Source: 12 CFR 34.42(g).

"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:

Buyer and seller are typically motivated;

Both parties are well informed or well advised, and acting in what they consider to be their own best interests;

A reasonable time is allowed for exposure to the open market;

Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and The price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

## APPENDIX

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**B. Unless otherwise stated herein:**

- i. The effective date of value coincides with the inspection date.
- ii. This Evaluation 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 Evaluation).
- v. The subject has been valued based upon its current use; no projected or proposed uses have been considered.
- vi. In addition to the Evaluation, 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.



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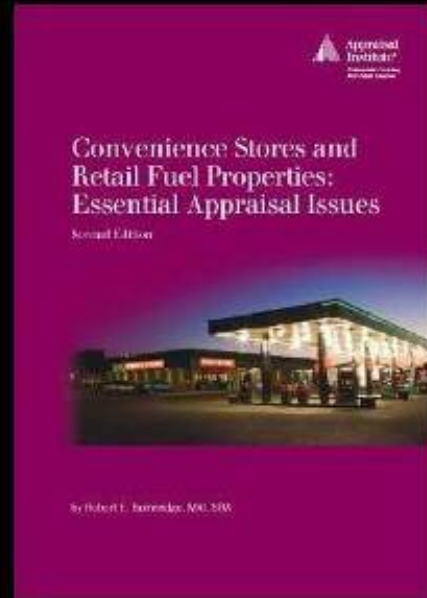
For Convenience Stores and Gas Stations

**\$499 NATIONWIDE • 72 HOURS**

The valuation services and software offered on this site were developed by one of the nation's leading experts in the appraisal of convenience stores and gas stations. Robert E. Bainbridge MAI is the author of the Appraisal Institute's foremost textbook, *Convenience Stores and Retail Fuel Properties: Essential Appraisal Issues*.

For more information about our professional background and qualifications, please visit our companion website at

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



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