

EXHIBIT P

Integra Realty Resources Caribbean

Business Valuation

Hamed/Yusuf Partnership d/b/a Plaza Extra West

Doing Business at
Plot 14 (portion)
Estate Plessen, St. Croix
U.S. Virgin Islands

Prepared For:

Dudley Topper and Feuerzeig, LLP
Mr. Gregory Hodges, Esq.

Valuation Date:

April 30, 2014

IRR - Caribbean

File Number: 172-2015-0081



Integra Realty Resources
Caribbean

6500 Red Hook Plaza Suite 206
St. Thomas, VI 00802
US Virgin Islands

T 340-714-7325
T 844-952-7304
Caribbean@irr.com
www.irr.com



September 26, 2016

Mr. Gregory Hodges, Esq.
Dudley Topper and Feuerzeig, LLP
Law House, 1000 Frederiksborg Gade
St. Thomas, VI 00802

SUBJECT: Conclusion of Value
Hamed/Yusuf Partnership d/b/a Plaza Extra West
Integra Caribbean File No. 172-2015-0081

Dear Mr. Hodges:

IRR – Caribbean is pleased to submit the accompanying valuation of the referenced business. The purpose of the valuation is to develop an opinion of the fair market value of a 100% interest in the subject company, *excluding the value of the real estate*, under the going concern premise, as of April 30, 2014. The client for the assignment is Dudley Topper and Feuerzeig, LLP, and the intended use is for litigation purposes.

The valuation (appraisal) is intended to conform with the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers, the Business Valuation Standards of the American Society of Appraisers, the Professional Standards of the National Association of Certified Valuators and Analysts (NACVA), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, the RICS Valuation Professional Standards, and the Uniform Standards of Professional Appraisal Practice. The type of valuation service provided is a Conclusion of Value and this report is considered a Summary Report as defined by USPAP.

The subject of the valuation is the grocery store business known as Plaza Extra West, operating in St. Croix, U.S. Virgin Islands. The grocery store business has been operating since 2000 as a part of a small independent chain of stores in the U.S.V.I. The valuation is of a whole ownership, 100%; marketable interest in the business, which is assumed to be a partnership entity having the right to operate the business using the Plaza Extra name.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Final Value Conclusion

Standard of Value	Value Conclusion as of April 30, 2014
Fair Market Value - Equity	\$8,770,000
Going Concern Premise	<i>Eight Million Seven Hundred Seventy Thousand Dollars</i>

Note: Unless otherwise noted, all financial figures are expressed in United States Dollars

Note: Unless otherwise stated, all financial figures in this report are expressed in United States Dollars.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the valuation date, we reserve the right to modify our value conclusions.

1. In our valuation, we relied on the representations of company's accountant. The financial information provided to us was compiled by the company's accountant and has not been audited. To the extent that such information may, at a later date, be found to have been inaccurate or misrepresented, we accept no liability for the consequences such inaccuracy or misrepresentation may have on our value determination expressed in this report nor any responsibility to update the valuation conclusion to reflect the impact that more accurate and complete data may or may not have on the opinions expressed herein.
2. For the purposes of the valuation, it is assumed that the partnership owning the Plaza Extra West business is a separate legal entity; the ownership of which was divided evenly between the partners as of the date of valuation. We have valued the entity on a control basis rather than a specific fractional interest which would require adjustments for lack of control and/or marketability.
3. It is our understanding that the real estate was owned by a related entity as of the date of valuation. For the purposes of valuing the business entity separately from the value of the real estate (which was separately appraised), we have assumed that the entity operating the business leases the property from a separate entity at market rent. We have made adjustments accordingly in the process of normalizing the financial statements as described in this report.
4. The partnership holds marketable securities on its books, which have been removed (along with related income) from the financial statements in the process of making normalization adjustments as described in this report. These securities have not been added back to the value of the company as non-operating assets; rather, have been assumed to have been dealt with separately.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

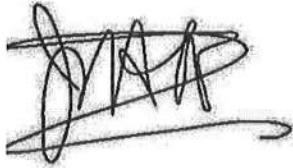


Mr. Gregory Hodges, Esq.
Dudley Topper and Feuerzeig, LLP
September 26, 2016
Page 3

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Caribbean

A handwritten signature in black ink, appearing to read 'J. Andrews', with a long horizontal flourish extending to the right.

James V. Andrews, MAI, CRE, ASA, CVA, FRICS
Telephone: 345-746-3110
Email: jandrews@irr.com



Table of Contents

Summary of Salient Facts and Conclusions	1	Balance Sheet Adjustments	36
General Information	3	Income Statement Adjustments	39
Identification of Subject	3	Financial Ratio Analysis after Normalization Adjustments	41
Purpose of Valuation, Premise and Standard of Value	3	Historical Benefit Streams (Normalized)	43
Intended Use and User	3	Valuation	44
Applicable Requirements	3	Valuation Methodology	44
Scope of Work	4	Asset (Cost) Approach Based Methods	47
Economic Analysis	7	Adjusted Net Assets Method	47
USVI Economic Analysis	7	Market Approach Methods	49
Analysis of the Supermarket Industry	20	Income Approach Methods	50
Subject Company Analysis	23	Cost of Capital	50
Subject Company Description	23	Cost of Capital Rates Employed in the Income Approach	52
Site Visit Observations	23	Capitalization of Earnings Method	53
Ownership and Operational History	23	Benefit Stream	53
Capital Structure	23	Reconciliation and Conclusion of Value	55
Company Products and Services	24	Certification	57
Company Management and Staffing	24	Assumptions and Limiting Conditions	59
Competitive Landscape	24	Addenda	
Growth Projections	25	A. Analyst Qualifications	
Subject Company Financial Statements	26	B. International Glossary of Business Valuation Terms	
Balance Sheet Analysis	26	C. Engagement Letter	
Income Statement Analysis	30		
Common Size Income Statement	32		
Operating Benchmarks	33		
Ratio Analysis	34		
Adjustments to Financial Statements	36		

Summary of Salient Facts and Conclusions

Summary of Salient Facts		
General Company Information		
Name	Hamed/Yusuf Partnership d/b/a Plaza Extra West	
Address	Plot 14 (portion) Estate Plessen, U.S. Virgin Islands	
Industry	Supermarkets and Grocery Stores	
Number of Employees	Undisclosed	
Years in Business	15	
Subject Interest Information		
Type of Control Interest	100%	
Marketability Interest	Marketable	
Valuation Information		
Client	Mr. Gregory Hodges, Esq.	
Client's Company	Dudley Topper and Feuerzeig, LLP	
Intended Use	litigation purposes	
Premise	Going Concern	
Standard of Value	Fair Market Value	
Valuation Date	April 30, 2014	
	Value Indication of Subject	
Valuation Methods Used	Interest - Equity	Weight Given
Asset Approach Methods		
Adjusted Net Assets Method	\$9,363,000	50%
Excess Earnings Method	N/A	N/A
Market Approach Methods		
Guideline Transaction Method	N/A	N/A
Guideline Public Companies Method	N/A	N/A
Income Approach Methods		
Capitalization of Earnings	\$8,180,000	50%
Discounted Future Earnings	N/A	N/A
Reconciled Value Conclusion	\$8,772,000	
Rounded:	\$8,770,000	
Note: Values Expressed In United States Dollars		

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the valuation date, we reserve the right to modify our value conclusions.

1. In our valuation, we relied on the representations of company's accountant. The financial information provided to us was compiled by the company's accountant and has not been audited. To the extent that such information may, at a later date, be found to have been inaccurate or misrepresented, we accept no liability for the consequences such inaccuracy or misrepresentation may have on our value determination expressed in this report nor any responsibility to update the valuation conclusion to reflect the impact that more accurate and complete data may or may not have on the opinions expressed herein.
2. For the purposes of the valuation, it is assumed that the partnership owning the Plaza Extra West business is a separate legal entity; the ownership of which was divided evenly between the partners as of the date of valuation. We have valued the entity on a control basis rather than a specific fractional interest which would require adjustments for lack of control and/or marketability.
3. It is our understanding that the real estate was owned by a related entity as of the date of valuation. For the purposes of valuing the business entity separately from the value of the real estate (which was separately appraised), we have assumed that the entity operating the business leases the property from a separate entity at market rent. We have made adjustments accordingly in the process of normalizing the financial statements as described in this report.
4. The partnership holds marketable securities on its books, which have been removed (along with related income) from the financial statements in the process of making normalization adjustments as described in this report. These securities have not been added back to the value of the company as non-operating assets; rather, have been assumed to have been dealt with separately.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

General Information

Identification of Subject

The subject of the valuation is the grocery store business known as Plaza Extra West, operating in St. Croix, U.S. Virgin Islands. The grocery store business has been operating since 2000 as a part of a small independent chain of stores in the U.S.V.I. The valuation is of a whole ownership, 100%; marketable interest in the business, which is assumed to be a partnership entity having the right to operate the business using the Plaza Extra name. The location of the business is Plot 14 (portion), Estate Plessen, St. Croix, U.S. Virgin Islands.

Purpose of Valuation, Premise and Standard of Value

The purpose of the valuation is to develop an opinion of the fair market value of a 100% interest in the subject business, excluding the real estate, under the going concern premise, as of April 30, 2014. The client for the assignment is Dudley Topper and Feuerzeig, LLP, and the intended use is for litigation purposes. The date of the report is September 26, 2016. The appraisal is valid only as of the stated valuation date or dates.

Definition of the Standard of Value

Fair Market Value is defined as "the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts."

(Source: International Glossary of Business Valuation Terms; June 8, 2001)

Intended Use and User

The intended use of the valuation is for litigation purposes. The client and intended user is Dudley Topper and Feuerzeig, LLP. The valuation is not intended for any other use or user. No party or parties other than those referenced may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- The Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers;
- The Business Valuation Standards of the American Society of Appraisers
- The Professional Standards of the National Association of Certified Valuators and Analysts (NACVA);
- The Code of Professional Ethics and Standards of Professional practice of the Appraisal Institute;

- The RICS Valuation Professional Standards;
- The Uniform Standards of Professional Appraisal Practice

Scope of Work

As part of this business valuation, we have completed the following steps to gather, confirm, and analyze the data.

- Collected factual information about the subject business.
- James V. Andrews, MAI, CRE, ASA, CVA, FRICS personally inspected the premises on July 3, 2015. In lieu of interviewing senior management in this case, we have relied in information provided by the company's accountant.
- Reviewed the financial statements and other information provided by the accountant.
- Collected and confirmed market information needed to consider the traditional approaches to value.
- Prepared a summary report setting forth the conclusions derived in this analysis as well as a summary of the information upon which the conclusions are based.

Scope Limitations

There were no significant limitations to the typical scope of work that would normally be undertaken in an assignment such as this which might have an effect on the assignment results.

Sources of Information

The following sources of information were used in the valuation of the subject interest:

- Historical income statement, un-audited; provided by the accountant
- Historical balance sheet, un-audited; provided by the accountant
- Duff & Phelps Valuation Handbook 2015
- Risk Management Association (RMA) Annual Statement Studies
- IBISWorld Industry Report "Supermarkets and Grocery Stores in the U.S." 2015
- Economic Data from various sources
- Various case precedents and valuation industry references as cited within the report
- Real Estate Appraisal, prepared by Integra Realty Resources, denoted as file 172-2015-0081

Valuation Methodology

The approaches to valuing a company include the Asset Approach, the Market Approach and the Income Approach. Within these approaches to value, there are various traditionally used methods available.

Asset Approach methods include:

- The Adjusted Net Assets Method; which is the sum of the market value of the assets of the business less the market value of its liabilities
- The Excess Earnings Method; which is really both an asset approach method and an income approach method. This method calculates the return on tangible assets which is deducted from the overall return to arrive at the return on intangible assets. The various returns on assets are valued at the appropriate rate of return and summed in order to indicate a value conclusion.

Market Approach methods include:

- The Guideline Public Companies Methods; which derives multiples from publicly traded companies in the same or similar industry
- The Guideline Transaction Method; which derives multiples from sales of privately held businesses in the same or similar industry
- The Dividend Paying Capacity Method; which is a valuation of the entity based on its projected capacity to pay dividends in comparison with dividend paying public companies in the subject's industry

Income Approach methods include:

- The Capitalization of Earnings Method, which applies a capitalization rate to one year's earnings in order to indicate a value
- The Discounted Future Earnings (or Discounted Cash Flow) Method; which applies an appropriate yield or discount rate to the projected future earnings of the company and calculates the present value of future earnings along with the present value of the terminal value.

We have considered and analyzed these methods with respect to the subject and developed an opinion of value based upon this analysis. An analysis of the methods is detailed in the valuation section of this report. Support for the value opinions and conclusions reached are retained in our work file. Use of the approaches in this assignment is summarized as follows:

Approaches To Value

Approaches	Applicability	Implementation
Asset Approach Methods		
Adjusted Net Assets Method	Applicable	Used
Excess Earnings Method	Not Applicable	Not Used
Market Approach Methods		
Guideline Transaction Method	Not Applicable	Not Used
Guideline Public Companies Method	Not Applicable	Not Used
Dividend Paying Capacity Method	Not Applicable	Not Used
Income Approach Methods		
Capitalization of Earnings Method	Applicable	Used
Discounted Cash Flow Method	Not Applicable	Not Used

This report involves a complete valuation of the subject. Additional information regarding the valuation methods used can be found in the valuation sections of this report.

Economic Analysis

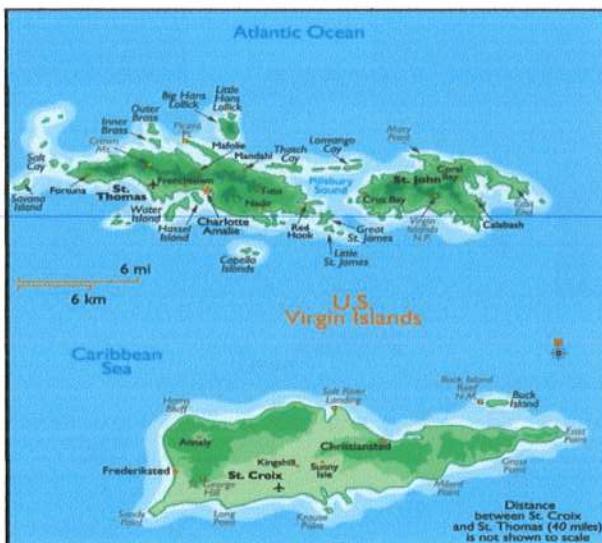
USVI Economic Analysis

Location

The U.S. Virgin Islands are located in the Caribbean Sea and the Atlantic Ocean, about 90 miles (140 km) east of Puerto Rico and immediately west of the British Virgin Islands.



The territory consists of four main islands: Saint Thomas, Saint John, Saint Croix, and Water Island, as well as several dozen smaller islands. The combined land area of the islands is roughly twice the size of Washington, D.C.



A mild tropical climate, scenic beauty, and status as a U.S. territory make Virgin Islands appealing for vacationers from United States and Europe. The islands host over 2.5 million visitors per year, most of whom arrive by cruise ship, and tourism is the dominant economic engine of the islands, accounting for roughly 70 percent of the total gross territorial product.

Each district has its own distinct landscape, mix and intensity of land uses, cultural identity, and prospects for future development. St Thomas is home to the capital and the territory's largest city, Charlotte Amalie, which has an estimated population of roughly 19,000 persons. St Thomas is the primary center for resort tourism, government, finance, trade, and commerce, but its rugged landscape limits the land available for agriculture and other types of land-intensive development. Charlotte Amalie is also home to a major deepwater harbor that is along major shipping routes to the Panama Canal, and it is just east of the Cyril E King International Airport – one of the busiest airports in Caribbean. St. Thomas has two cruise ship docks, and is the most frequented cruise ship port in the Caribbean.

The island of St John is just under 3 miles to the east of St Thomas. Cruz Bay is located on the western coast of the island and serves as its primary port and link to St Thomas. Nearly two thirds of St John is owned by the National Park Service and is off-limits to commercial development.

St Croix is largest of the three islands, in both land area and population. It is roughly 45 miles to the south of St Thomas. Its primary towns are Christiansted and Frederiksted. Overall the island is flatter and has more land available for additional agricultural, commercial and residential development than St Thomas. St Croix is also the primary manufacturing center for the Virgin Islands, with rum distilleries, a major watch-assembly plant, and; until February 2012, one of the world's largest petroleum refineries (which recently ceased refining operations).

History

The Virgin Islands were originally settled by the Ciboney, Carib, and Arawaks. The islands were named by Christopher Columbus on his second voyage in 1493 for Saint Ursula and her virgin followers. Over the next three hundred years, the islands were held by many European powers, including Spain, England, the Netherlands, France, and Denmark-Norway. The Danes developed the islands with plantation estates, and the estates boundaries are still used in legal descriptions for land to this day.

The U.S. took possession of the islands on March 31, 1917 and the territory was renamed the Virgin Islands of the United States. U.S. citizenship was granted to the inhabitants of the islands in 1927.

Government

The U.S. Virgin Islands are an organized, unincorporated United States territory. Even though they are U.S. citizens, Virgin Islands residents cannot vote in presidential elections. Virgin Islands residents, however, are able to vote in presidential primary elections for delegates to the Democratic National Convention and the Republican National Convention.

The main political parties in the U.S. Virgin Islands are the Democratic Party of the Virgin Islands, the Independent Citizens Movement, and the Republican Party of the Virgin Islands. Additional candidates run as independents.

At the national level, the U.S. Virgin Islands elects a delegate to Congress from its at-large congressional district. However, the elected delegate, while able to vote in committee, cannot participate in floor votes.

At the territorial level, 15 senators—seven from the district of Saint Croix, seven from the district of Saint Thomas and Saint John, and one senator at-large who must be a resident of Saint John—are elected for two-year terms to the unicameral Virgin Islands Legislature. The U.S. Virgin Islands has elected a territorial governor every four years since 1970. Previous governors were appointed by the President of the United States.

Population and Employment

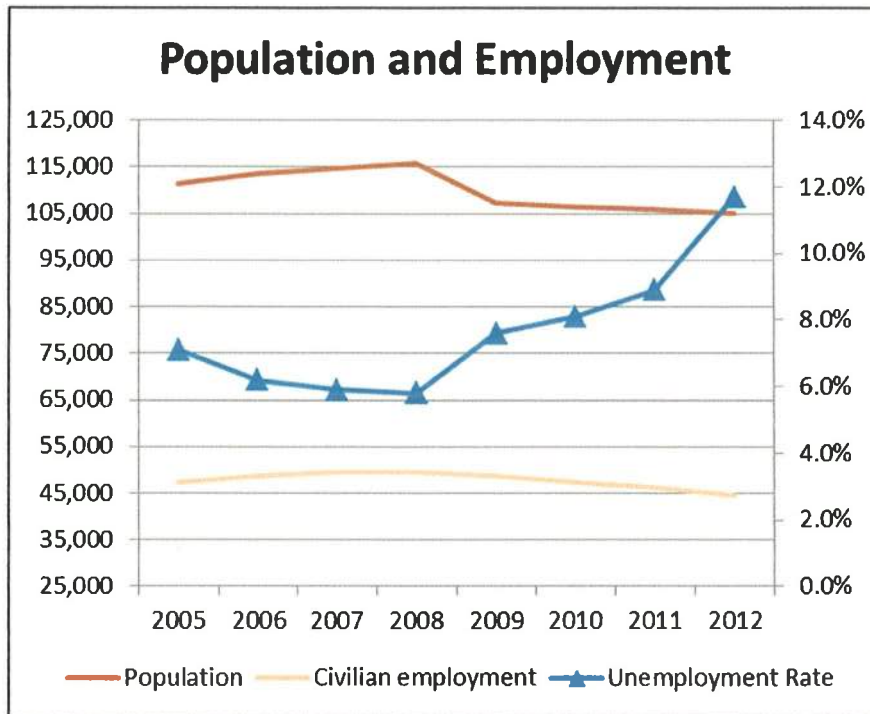
In 2008, the residential population of the Virgin Islands peaked at an estimated 115,852 persons. This follows five years of slow but steady growth of 1.0%, slightly slower than the U.S. annual average of 1.15%. Since 2008, population levels have fallen each year, to the 2014 estimated population of 104,170 persons.

Among the three islands, St Croix and St Thomas are nearly equally populous with St John having less than 4 percent of the total population of the Virgin Islands.

USVI Economic Indicators									
	2005	2006	2007	2008	2009	2010	2011	2012	5 Yr Ann Growth
Population	111,470	113,689	114,743	115,852	107,343	106,405	105,784	105,169	-1.7%
St. Croix	54,635	55,722	56,239	56,783	52,612	50,601	50,247	50,005	-2.2%
St. Thomas	52,528	53,574	54,070	54,592	50,583	51,634	51,266	51,051	-1.1%
St. John	4,307	4,393	4,434	4,477	4,148	4,170	4,134	4,113	-1.4%
Civilian labor force	51,159	51,159	52,670	52,630	52,861	51,424	50,729	50,577	-0.8%
Civilian employment	47,301	48,640	49,547	49,589	48,863	47,272	46,121	44,659	-2.0%
Unemployment rate (percent)	7.1%	6.2%	5.9%	5.8%	7.6%	8.1%	8.9%	11.7%	19.7%
Gross Territorial Product (GTP, Millions)	\$4,457	\$4,635	\$4,836	\$4,851	\$4,583	\$4,660	\$4,351	\$3,778	-4.4%
GTP Per Capita	\$39,984	\$40,769	\$42,146	\$41,872	\$42,695	\$43,795	\$41,131	\$35,923	-3.0%
Personal Income (PI)	\$2,723	\$2,777	\$2,964	\$2,606	\$2,602	\$2,704	\$2,661	\$2,586	-2.6%
Per capita personal income (\$)	\$24,424	\$24,425	\$25,835	\$22,493	\$24,242	\$25,408	\$25,153	\$24,586	-1.0%
Total Exports (Millions of \$)	\$10,476	\$11,627	\$12,962	\$17,249	\$9,728	\$11,930	\$13,314	\$2,263	-16.5%
Refined petroleum	\$9,376	\$10,463	\$11,242	\$13,592	\$8,327	\$9,759	\$10,486	\$932	-18.3%
Value of construction permits (Millions \$)	\$390.20	\$442.70	\$266.10	\$273.30	\$261.80	\$187.20	\$179.10	\$141.40	-9.4%
St. Thomas/St. John	\$274.30	\$217.70	\$172.90	\$183.80	\$79.00	\$80.60	\$87.90	\$85.10	-10.2%
St. Croix	\$115.90	\$225.00	\$93.20	\$89.50	\$175.90	\$106.50	\$91.10	\$56.20	-7.9%

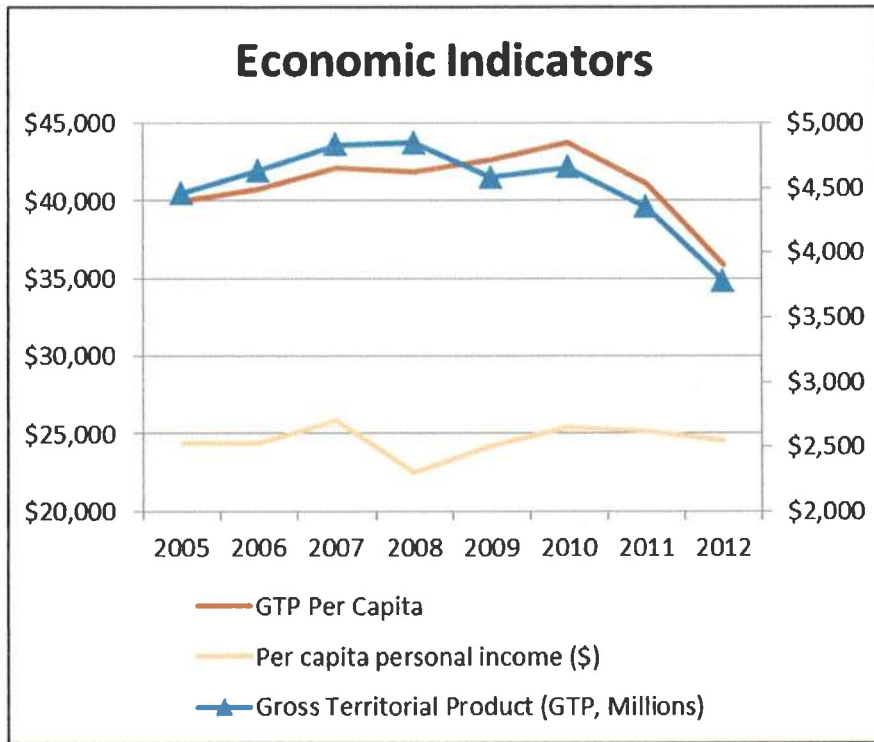
Source: VI Bureau of Economic Research

The territory's Labor Force has also declined slightly, and there has been a steady increase in the unemployment rate; which was further affected by the closure of the Hovensa oil and gas refinery in 2012.



Industry

The territory relies heavily on tourism for economic stability. Additional industries include the production and export of rum; and until early 2012, the production of refined petroleum products (the Hovensa Refinery in St. Croix closed in early 2012). The Gross Domestic Product peaked in 2007 at \$4.85 million, and declined to \$4.14 million in 2012, and further declined to \$3.79 million for 2013. Personal income per capita has remained relatively steady at just over \$24,000, however, the Gross Territorial Product (similar to GDP) has also declined.

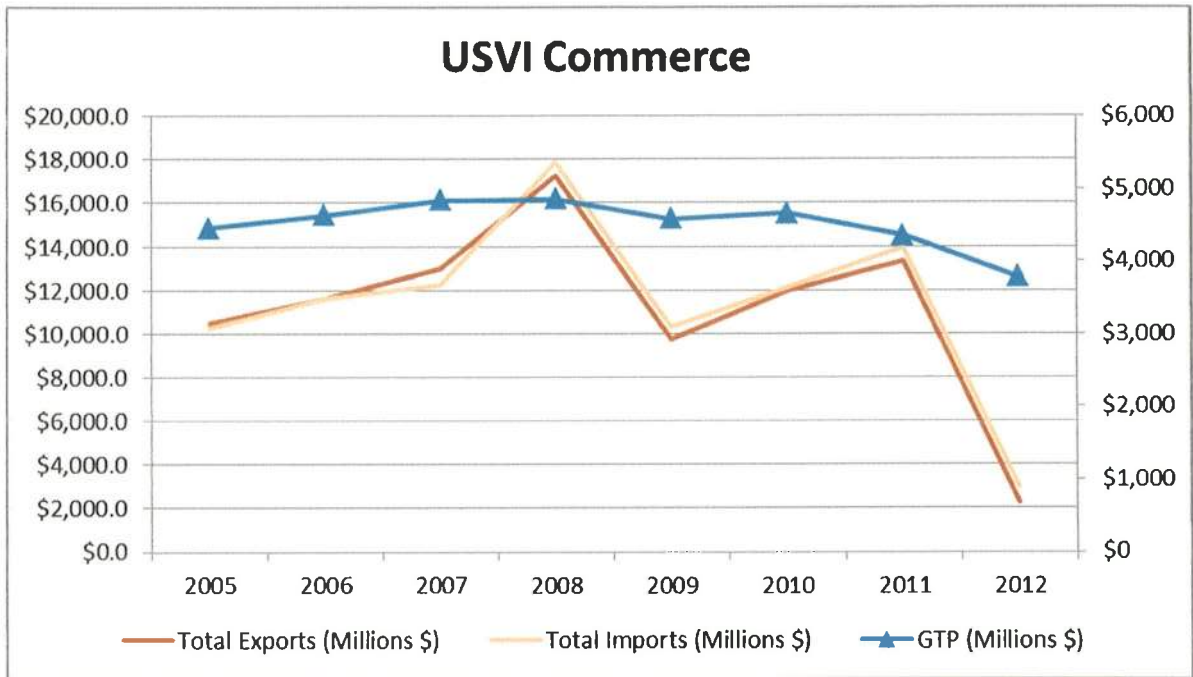


The closure of the Hovensa refinery, which was one of the territory's largest employers, also had a significant impact on exports which were previously dominated by petroleum products. Otherwise, the territory predominantly relies on the tourism industry to support the economy.

Commerce and Trade (Millions of \$ Unless Otherwise Noted)

	2005	2006	2007	2008	2009	2010	2011	2012	5-Yr Annual Growth
Total exports	\$10,476.3	\$11,626.6	\$12,961.8	\$17,249.4	\$9,728.3	\$11,929.5	\$13,313.5	\$2,263.2	-16.5%
To U.S.	\$9,954.1	\$11,047.4	\$12,182.2	\$14,496.3	\$8,495.3	\$9,992.5	\$10,994.8	\$1,377.7	-17.7%
Refined petroleum	\$9,375.7	\$10,462.8	\$11,242.1	\$13,591.9	\$8,327.3	\$9,759.4	\$10,486.1	\$932.4	-18.3%
Other	\$578.4	\$584.6	\$940.1	\$904.4	\$168.0	\$233.1	\$508.7	\$445.3	-10.5%
To foreign	\$522.2	\$579.2	\$779.6	\$2,753.1	\$1,233.0	\$1,937.0	\$2,318.7	\$885.5	2.7%
Total Imports	\$10,243.3	\$11,614.8	\$12,251.0	\$17,861.3	\$10,289.9	\$12,153.9	\$13,972.7	\$2,966.7	-15.2%
From U.S.	\$1,153.6	\$1,321.4	\$1,261.0	\$1,214.6	\$1,139.3	\$1,548.9	\$1,767.6	\$1,719.4	7.3%
Crude petroleum	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Other	\$1,153.6	\$1,321.4	\$1,261.0	\$1,214.6	\$1,139.3	\$1,548.9	\$1,767.6	\$1,719.4	7.3%
From foreign	\$9,089.7	\$10,293.4	\$10,990.0	\$16,646.7	\$9,150.6	\$10,605.0	\$12,205.1	\$1,247.3	-17.7%
Crude petroleum	\$8,739.6	\$9,502.4	\$8,204.7	\$12,045.8	\$7,085.9	\$7,721.7	\$10,340.9	\$660.3	-18.4%
Other	\$350.1	\$791.0	\$2,785.3	\$4,600.9	\$2,064.7	\$2,883.3	\$1,864.2	\$587.0	-15.8%
Rum exports to U.S. (thous. of P.L.)	\$25,241.8	\$27,917.9	\$28,725.1	\$31,478.7	\$38,445.3	\$40,045.1	\$35,801.2	\$62,570.0	23.6%
Watch exports to U.S. (thousands)	\$263.6	\$268.8	\$251.4	\$183.6	\$75.0	\$52.0	\$52.7	\$55.6	-15.6%
Ocean freight imports (thousands of tons)	\$1,023.0	\$1,013.0	\$1,092.0	\$1,080.0	\$1,065.0	\$1,091.0	\$1,157.0	\$1,975.0	16.2%
To St. Thomas/St. John	\$821.0	\$758.0	\$851.0	\$774.0	\$685.0	\$612.0	\$720.0	\$1,199.0	8.2%
To St. Croix (excluding petroleum)	\$202.0	\$247.0	\$241.0	\$306.0	\$380.0	\$479.0	\$436.0	\$776.0	44.4%

Source: VI Bureau of Economic Research



Over ninety percent of non-farm jobs are in the service providing industries, with the remaining jobs being in goods producing industries. Government, trade, transportation and utilities, and leisure and hospitality remain the industries with the largest number of jobs.

These three sectors account for 69 percent of all jobs. Professional and business services, construction and financial activities account for approximately 9 percent, 4 percent and 6 percent respectively. Manufacturing and information sectors account for about 2 percent each, while educational and health services account for 6 percent. Other services account for the remainder of jobs.

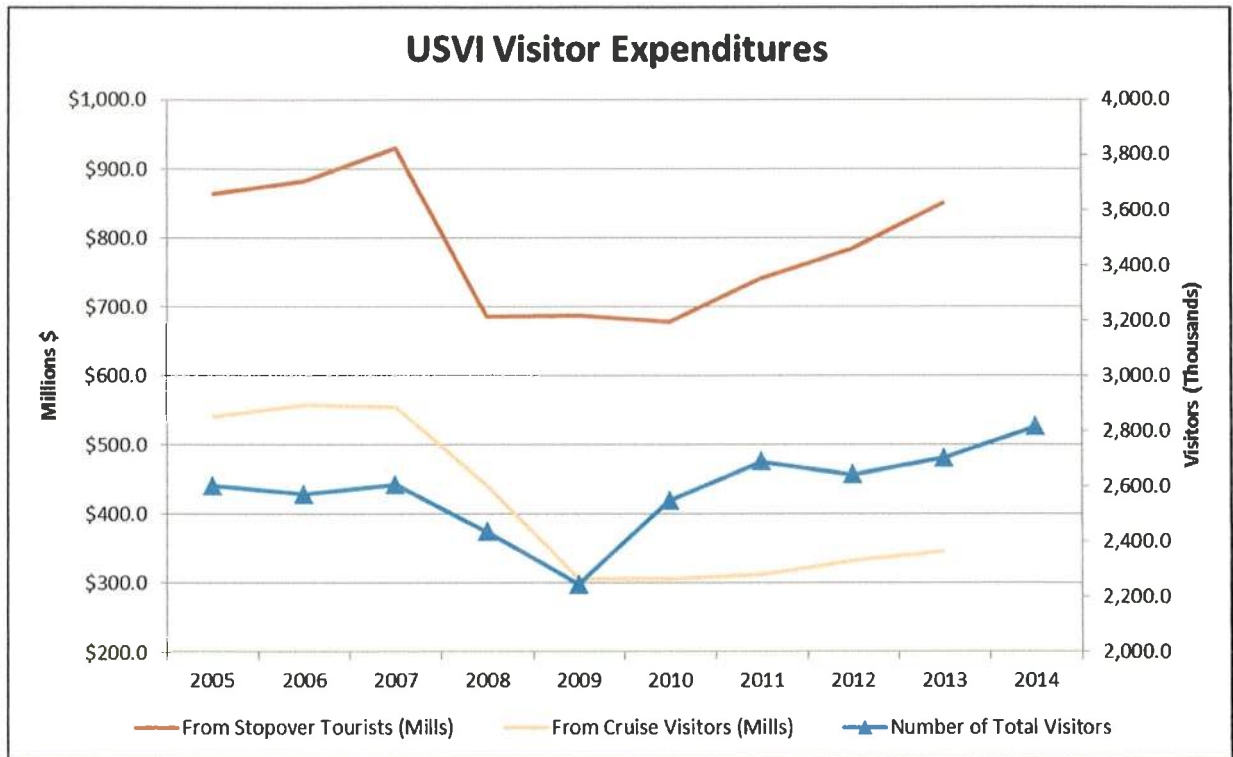
Tourism

The total number of visitor arrivals to the territory reached over 2.8 million in 2014, including both air and cruise ship arrivals. This represents 4.2% growth over the prior year. Total visitor expenditures are also growing, with annual growth in excess of 6% each of the last three years.

USVI Visitor Expenditures										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Visitors (Thousands)	2,601.9	2,570.7	2,606.2	2,435.2	2,245.0	2,548.7	2,687.9	2,642.1	2,701.5	2,814.7
Growth		-1.2%	1.4%	-6.6%	-7.8%	13.5%	5.5%	-1.7%	2.2%	4.2%
Total Visitor Expenditures	\$1,431.6	\$1,467.6	\$1,512.6	\$1,157.1	\$1,021.3	\$1,012.5	\$1,085.3	\$1,152.8	\$1,232.2	
Growth		2.5%	3.1%	-23.5%	-11.7%	-0.9%	7.2%	6.2%	6.9%	
From Stopover Tourists	\$863.8	\$883.2	\$929.8	\$686.4	\$687.4	\$678.2	\$740.6	\$784.7	\$851.0	
Day Trip Excursionists	\$27.2	\$25.6	\$27.7	\$29.7	\$28.6	\$28.0	\$35.4	\$35.4	\$36.1	
From Cruise Ship Passengers	\$540.6	\$558.8	\$555.2	\$441.0	\$305.3	\$306.3	\$311.8	\$332.7	\$345.1	

Source: VI Bureau of Economic Research

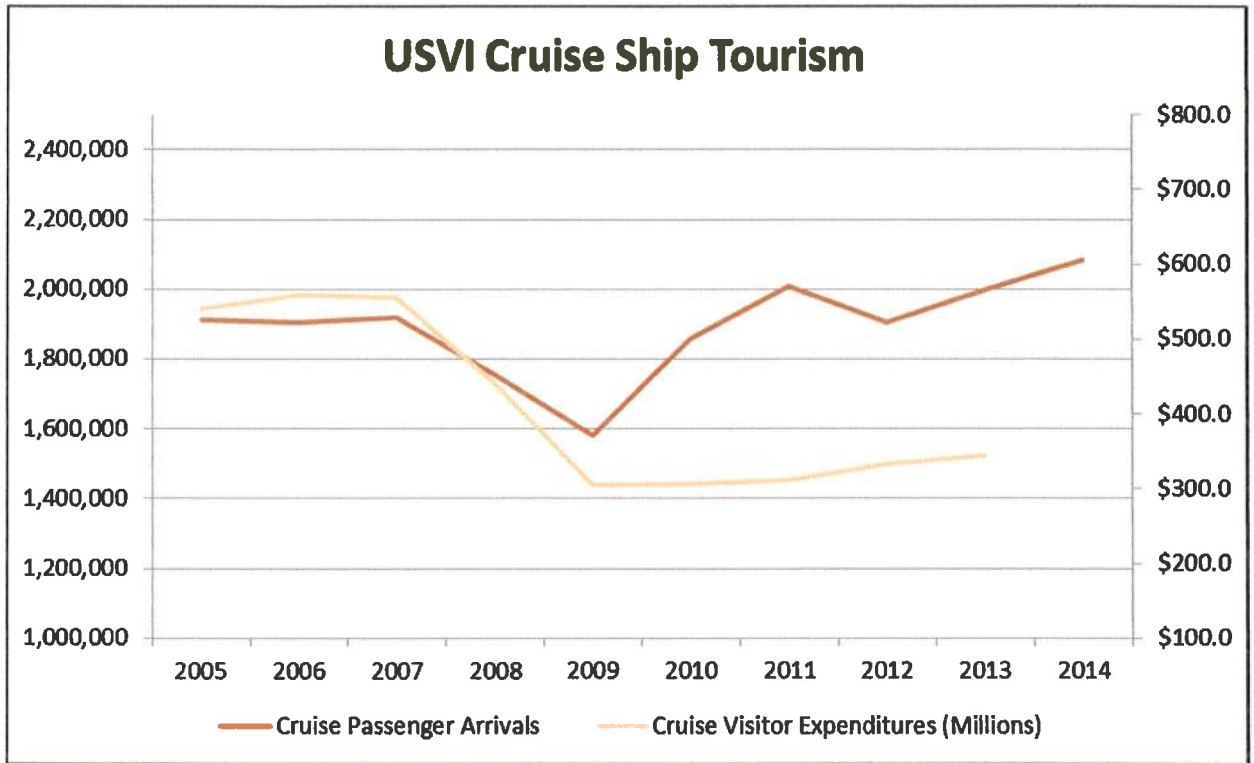




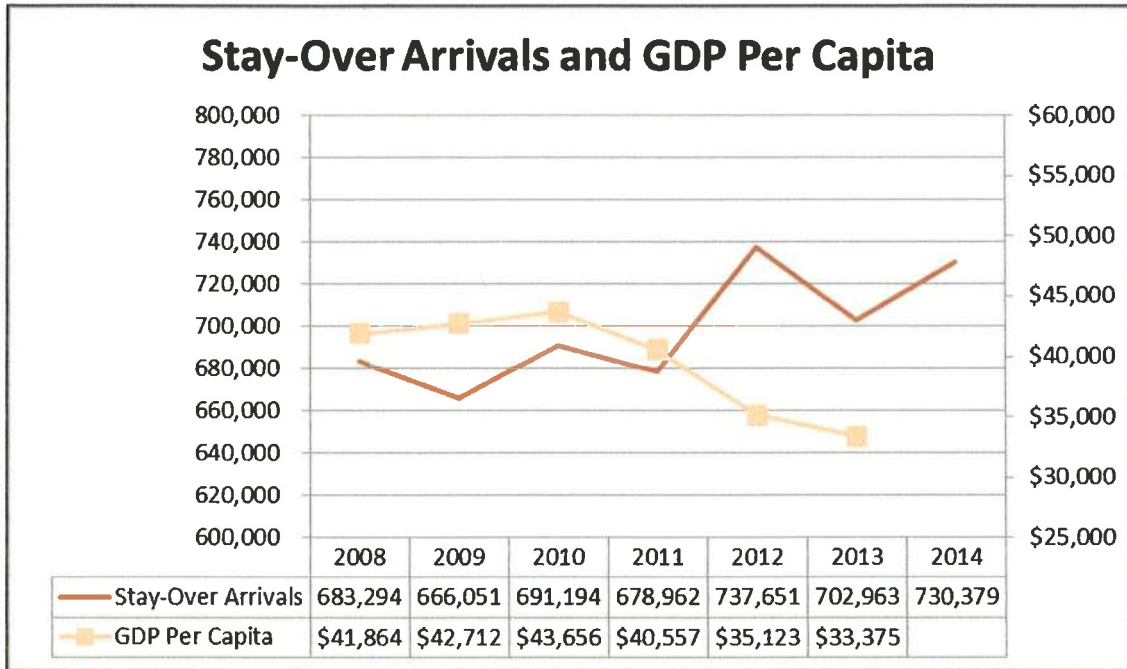
It is apparent, however, that the amount of visitor expenditures from cruise ship passengers has not increased linearly with arrivals since 2009; whereby the ratio was more linear in prior years. Cruise passenger arrivals grew 4.94% to over 2.08 million in 2014 following growth of 5.37% in the prior year. Total expenditures from cruise ship visitors grew 3.73% to over \$345 million in 2013, following growth of 6.7% in 2012.

Cruise Ship Passenger Arrivals										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
St. Thomas / St. John	1,909,984	1,901,275	1,917,371	1,754,557	1,507,623	1,751,328	1,887,096	1,790,550	1,886,647	1,979,926
Growth		-0.46%	0.85%	-8.49%	-14.07%	16.16%	7.75%	-5.12%	5.37%	4.94%
St. Croix	54,502	35,191	7,146	2,510	105,093	149,418	158,186	117,165	116,436	127,238
Growth		-35.43%	-79.69%	-64.88%	4086.97%	42.18%	5.87%	-25.93%	-0.62%	9.28%
Total	1,912,539	1,903,533	1,917,878	1,757,067	1,582,264	1,858,946	2,008,991	1,904,468	1,998,579	2,083,890
Growth		-0.47%	0.75%	-8.38%	-9.95%	17.49%	8.07%	-5.20%	4.94%	4.27%
Cruise Visitor Expenditures (Millions)	\$540.6	\$558.8	\$555.2	\$441.0	\$305.3	\$306.3	\$311.8	\$332.7	\$345.1	
		3.37%	-0.64%	-20.57%	-30.77%	0.33%	1.80%	6.70%	3.73%	

Source: VI Bureau of Economic Research
 Totals for each island include 1st and 2nd ports of call; totals for USVI include only 1st port of call



In terms of stopover tourists, the U.S. Virgin Islands ranks 7th in the list of the top tourism markets in the Caribbean, with estimated year-end 2014 stay-over arrivals of about 730,000. The year 2014 indicated modest growth in arrivals, with 3.90% growth over the prior period based on data through November. The chart below illustrates the relationship between arrivals and GDP. We note that the continuing downturn in GDP is likely due to negative influences outside the tourism sector, such as the 2012 closure of the Hovensa oil refinery in St. Croix.



Source: Caribbean Tourism Association, WorldBank, Integra Realty Resources

Hotel Performance

Data from Smith Travel Research indicates 2014 occupancy for reporting hotels of 67.8%, up 3.29% over the prior year. The reported average daily rate (ADR) was \$308.98 (up 0.51%), leading to Revenue Per Available Room Night (RevPar) of \$209.53 (up 5.63%).

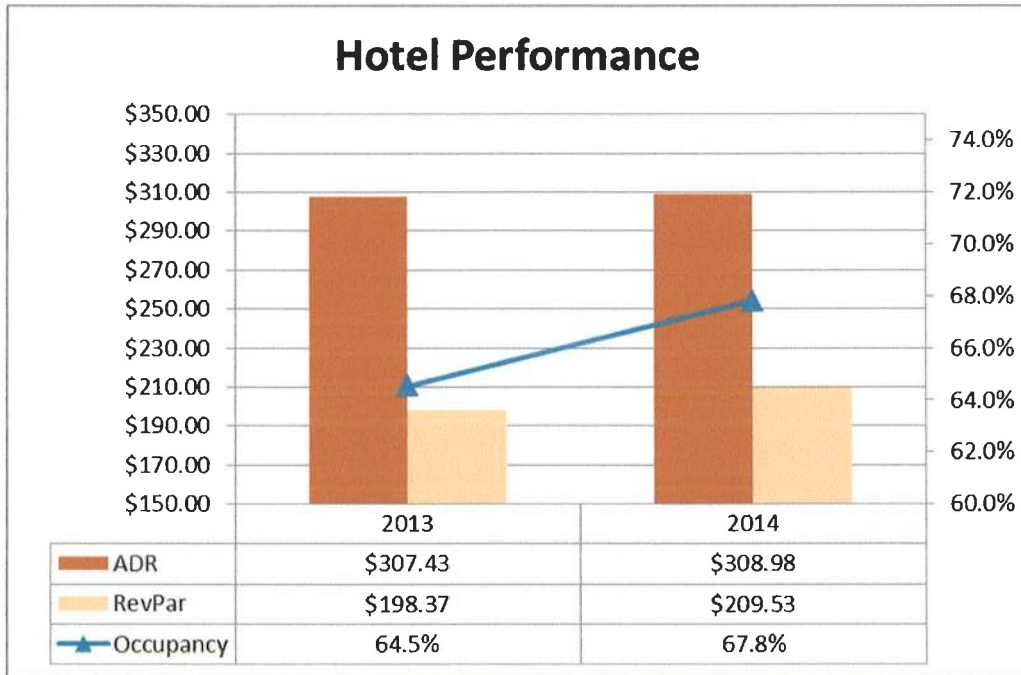
Hotel Performance by Country - USVI

	2013	2014	Growth
Sample Size (Rooms)		1504	
Room Nights Available (Supply)	\$1,775,819	\$1,750,284	-1.44%
Room Nights Sold (Demand)	\$1,145,860	\$1,186,924	3.58%
Occupancy	64.5%	67.8%	3.29%
Room Revenues	\$352,268,119	\$366,739,620	4.11%
ADR	\$307.43	\$308.98	0.51%
RevPar	\$198.37	\$209.53	5.63%
Rooms in Active Pipeline 12/31	0	453	

Note: Values in United States Dollars

Source: Smith Travel Research





Source: Smith Travel Research (STR Inc.)

According to STR, there are 453 rooms in the active pipeline, which would add 8.6% to the existing room stock of 4,818 rooms. These projects include the 153-room, proposed Embassy Suites in the mahogany Run area, and the 300-room, proposed Hyatt Regency in Mandal Bay. In addition, a hotel project was recently announced on Water Island; however, the developers have not yet announced a brand or number of proposed rooms.

Housing / Property

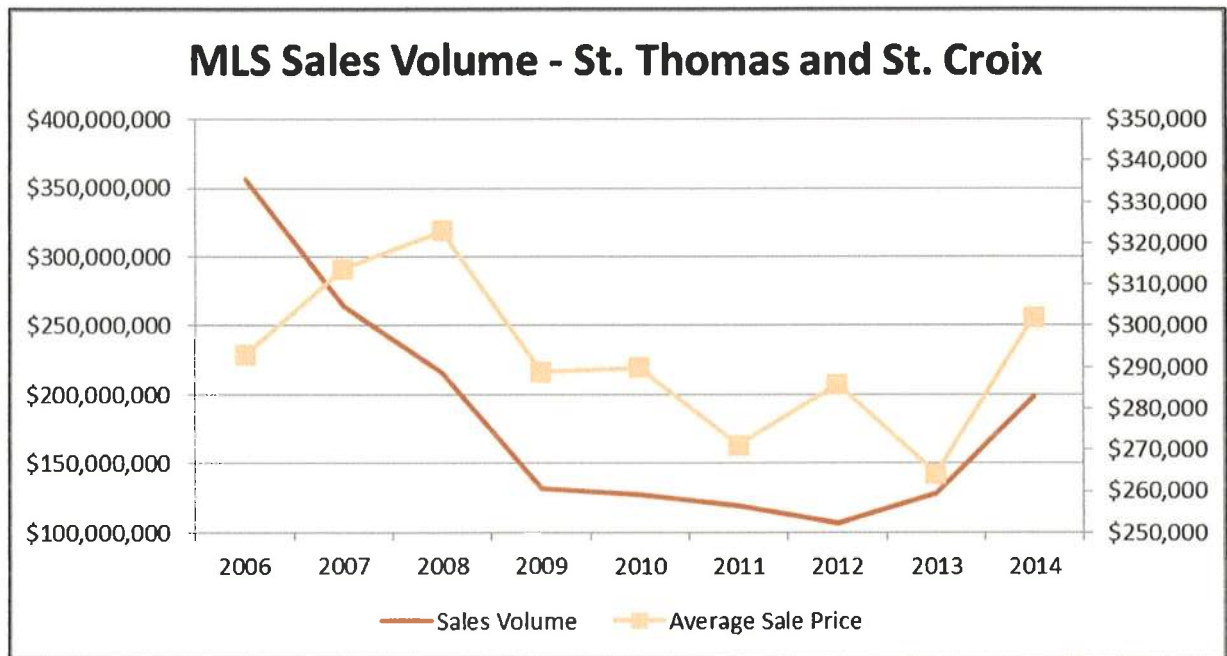
As the supply of housing has increased in the last two decades, homeownership rates have also increased, although only slightly. Rates increased 1.9 percentage points between 2000 and 2010, and increased an additional 3.8 percentage points from 2010 to 2012. Average home prices dropped by 11.8 percent in 2008, but then increased in 2009 and 2010 by 4 percent and 12.3 percent, respectively. In 2012, average home prices fell 17.4% and then rebounded in 2013 with an increase of 22.1%. The average sales price in 2013 was \$538,369. Presumably, much of the increased supply of new homes and condominiums has gone to non-residents and vacationers. Over the past decade, housing costs have accelerated at a far greater pace than resident incomes, putting home ownership beyond the reach of all but a few relatively wealthy islanders.

In 2013, St. Thomas and St. John had an average home sale price of \$713,183, while the average home sale price in St. Croix was \$306,083. While prices have not caught up with what they were in 2007, St. Thomas and St. John have seen some recovery in the overall housing market. St. Croix, however, continues to suffer from the closing of the Hovensa refinery. In 2014, the average single family home sales price in St. Croix was \$334,167, while in St. Thomas it was \$909,839.



The current situation is that the recovering housing market and general economic conditions on the US mainland is slowly having a positive impact in the US Virgin Islands' real estate market in terms of overall average home prices as well as the number of homes sold. Home sales in the territory, while still lower than 2007 figures, have increased annually since 2012.

According to statistical data provided by the Multiple Listing Service, the value of real estate sales in the St. Thomas-St. Croix MLS grew by 54% in 2014 to nearly \$200 million on 883 transactions; volume seen since 2008 and sales pace not seen since 2007. This growth follows 20% growth in 2013 which came after six years of declines. The average sales price surpassed \$300,000, a level also not seen since 2008.



Source: St. Thomas/St. Croix MLS

Real Estate Ownership and Taxation

Ownership is "fee simple", under the U.S. flag. There are no restrictions against purchasing solely for investment, and no laws dictating when, if ever, you must build on undeveloped land. It should be noted that for 2006 there was a reassessment, and the tax rate changed to \$3.77 per \$1,000 based on 100% of assessed value (for residential property); however, there was an ongoing court challenge to the reassessment, and a federal injunction blocked tax bills until the issue could be resolved. As of December, 2013, the 2006, 2007, 2008, 2009, 2010, 2011 and 2012 tax bills have all been issued under the old 1999 assessed values and tax rates. This federal court injunction regarding the tax reassessment of VI property values had previously prevented the government from collecting property tax for at least four years, resulting in the government losing US\$25 million a month. New assessed values as well as amended tax rates were released in conjunction with the 2013 tax bills in August, 2014

All real estate transactions also require a Government Transfer Tax (stamp tax), which can be paid by the buyer or seller.

- 2% for property valued up to \$350,000
- 2.5% for property valued from \$350,001 to \$1,000,000
- 3% for property valued from \$1,000,001 to \$5,000,000
- 3.5% for property valued over \$5,000,001

Notable News and Developments

- The US Virgin Islands senate has rejected the proposal that would allow the sale of the former HOVENSA oil refinery in St Croix to Atlantic Basin Refining (ABR). The legislature had voted not to approve the operating agreement between the USVI government and (ABR), which agreement was a pre-condition to the sale. The rejection was due to legal issues in the contract which some senators felt were of too much risk for the islands. The territory's new governor also announced a lawsuit against Hovensa to attempt foreclosure of the property. The refinery was the largest employer in the territory until its closure in 2012.
- The US House of Representatives has passed the Coast Guard Reauthorization Act, which should help level the charter yacht industry playing field. Prior to 1993 and the imposition of a six-passenger limitation on US uninspected vessels, the charter yacht industry in the US Virgin Islands was thriving, contributing over \$100 million in annual revenue and hundreds of jobs to the local economy. A large chunk of the industry moved to the British Virgin Islands after the six-passenger rule limitation was initiated by the US Government. As this bill has been adopted by the Senate and enacted into law, the ability of the USVI to compete in this industry should be significantly improved.
- Plans to build a new pier at the Havensight cruise terminal in St. Thomas are reportedly in the works. The new pier would enable the busy port to accommodate more ships, including the industry's largest ships. The project, known as Long Bay Landing, is for two 1,350-foot-long parallel berths that will be divided by a pier.
- After an extensive search and vetting process, the USVI Government has selected a group of local and regional investors to develop a hotel resort on Water Island, just off of St. Thomas. There are apparently eight hotel brands in discussions with the developers for branding the property.
- A Texas-based EB-5 Regional Center has announced an EB-5 funded commercial project known as the Port of Mandahl Caribbean Conference Resort. When completed, the development is reportedly planned to include two full-service hotels, a golf course, a state of the art conference center, retail and commercial space, and high-end residential units. EB-5 is a type of economic citizenship program whereby the United States grants citizenship to investors of certain approved projects in areas where the economic boost is needed. Regional Centers are tasked with selling the investments such as limited partnerships to international buyers.

- The Margaritaville (Wyndham) Vacation Club is under construction in Water Bay on the East End of the island of St. Thomas. The project is a renovation of the 290-room Renaissance Grand Beach Resort into 262 timeshare oriented condominium units. Phase I of this project opened in August.
- The University of the Virgin Islands has announced plans to develop a medical school on St. Thomas, which will be operated in collaboration between the hospitals on St. Thomas and St. Croix.

Conclusions

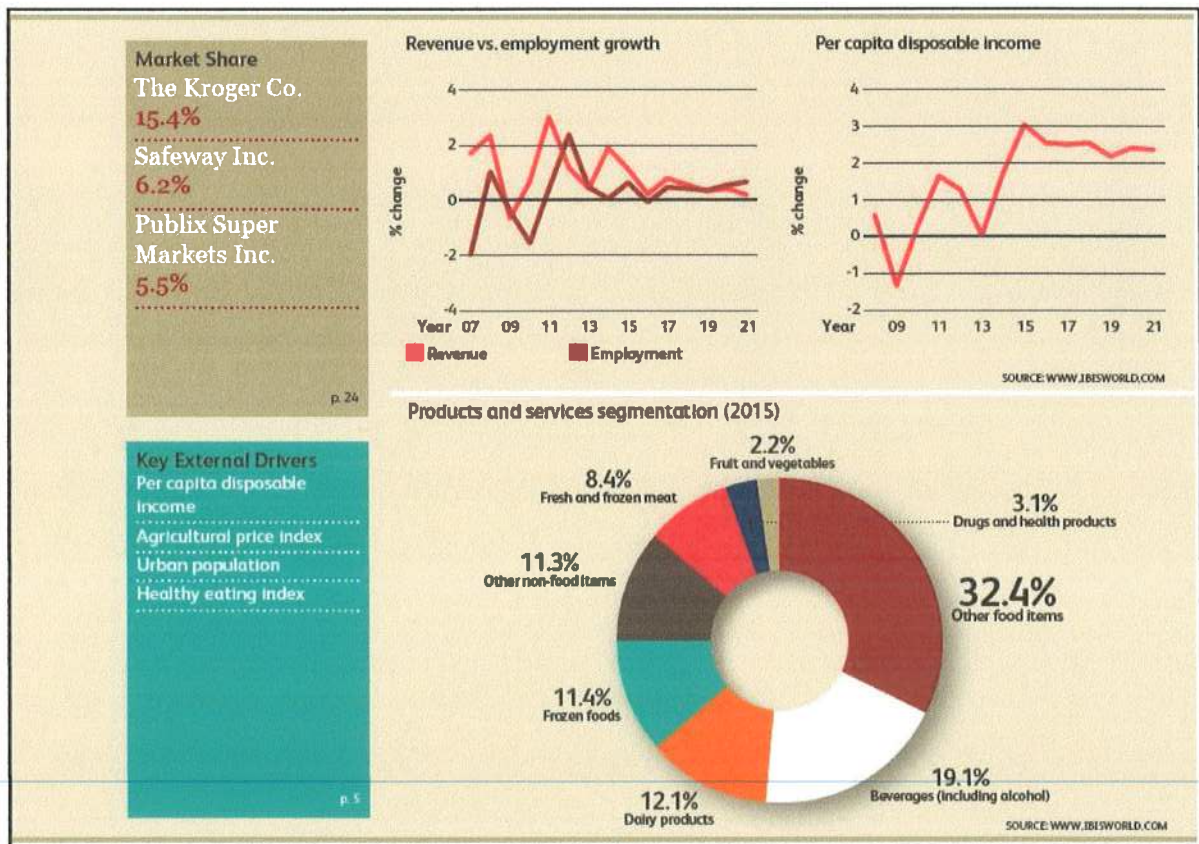
Economic conditions in the U.S. Virgin Islands appear to be slower to recover than many areas of the region, particularly in St. Croix, where industrial development has been more of a focus than tourism. The closure of the Hovensa refinery and the inability of either the owners or the Government to facilitate a sale to a buyer who can re-open the facility as a refinery will continue to plague St. Croix until other new developments occur that can create new jobs. There appears to be some resurgence in tourism for St. Thomas and St. John, and real estate activity appears to be beginning to improve; however, many businesses – even those catering to cruise ship passengers – continue to struggle. Our forecast is for continued improvement in arrivals and hotel statistics, but only gradual economic improvement for the overall territory.

Analysis of the Supermarket Industry

In this section we have first analyzed the state of the industry in the United States, followed by a brief analysis of the competitive landscape locally.

Industry Factors in the United States

For an analysis of the state of the industry in the United States, we look to IBISWorld “Supermarkets and Grocery Stores in the U.S. 2015”. Projected revenues in 2015 for this industry are \$596.5 billion, with a 5-year historical growth for 2010-2015 of 1.5% annually. Annual growth for the coming five years is reduced to 0.5%. There are approximately 42,639 businesses, paying \$58 billion in wages, and earning profits of \$7.2 billion.



The three largest industry players are the Kroger Company (15.4%, who has purchased various rival chains), Safeway (6.2%) and Publix (5.5%). The primary external drivers are per capita disposable income, agricultural price index, urban population and the healthy eating index.

The industry has benefitted from growth over the past five years due to a strengthening domestic economy. Per capita disposable income has grown over this period, resulting in some consumers opting for premium, organic and all-natural brands, which have higher prices, resulting in higher industry revenue. Conversely, many consumers continue to choose private label brands due to rising food costs, as indicated by the double-digit annualized growth of the agricultural price index.

The industry has seen a general shift toward more generic goods, which stymie revenue growth, while helping operators maintain profit margins. This is because store brands are less costly to produce than national brands. IBISWorld projects industry revenue to grow at an annualized rate of 1.5% to \$596.5 billion over the last five years leading up to 2015, including a 1.1% increase in 2015.

Another trend which negatively affects retailers specific to food products is the fact that consumers are continuing to turn toward warehouse clubs and supercenters such as Costco and Wal-Mart due to cost savings. These mass merchandisers can lower prices due to larger bulk purchasing power not available to grocery chains. In addition, they offer the convenience of being able to also purchase other household items such as clothing, electronics and hardware in one shopping trip. As a result, many supermarket chains have lowered prices in order to drive foot traffic to their stores and maintain customer loyalty, resulting in lower margins. This trend is expected to result in stagnated growth in the industry.

On the positive side, discretionary income is expected to continue to rise, which should cause industry growth, albeit slower growth than seen in the prior five year period. Health concerns are expected to continue to intensify, which will cause a continued shift toward organic and all-natural brands which have premium pricing. Operators are also expected to benefit from more conservative growth in commodities pricing, which should allow margins to grow somewhat. However, competition from alternative retailers is expected to continue to heat up, resulting in a more conservative growth projection for industry profitability, causing operators to offer discounts and promotions. As a result, industry revenue is forecast to rise slowly, increasing at an average annual rate of 0.5% to \$610.6 billion in the five years leading up to 2020. This projection includes 0.2% growth in 2016.

Industry earnings are expected to increase over the next five years as demand for groceries increases alongside declining agricultural prices. Profit margins are projected by IBISWorld to increase from 1.2% in 2015 to 1.5% in 2020. However, some of this increase will be offset by slowly rising wages. Wages are anticipated to increase at an annualized rate of 0.8% over the next five years to \$60.3 billion, slightly faster than revenue growth.

Industry Factors in the U.S. Virgin Islands

There are essentially four primary supermarkets on the island, as well as a few alternative food retailers. The primary competitive landscape includes:

1. Pueblo - Golden Rock Shopping Center, Christiansted
2. Pueblo – Villa Reine (mid-island)
3. Plaza Extra – Christiansted
4. Plaza Extra West (the subject business)

Additionally, there is one price-club style store (although no membership is necessary) known as Cost-U-Less, and the K-Mart has a limited selection of grocery items. The subject is the largest pure grocery store, with the widest selection and an array of services including an expanded deli and coffee shop. Although there are fewer food stores in St. Croix than in St. Thomas (for a similar sized population of around 50,000-55,000), it is fairly well known that St. Croix has a lower per capita disposable income and higher unemployment.

The largest employer of the island, until 2012, was HOVENSA, one of the world's largest oil refineries. HOVENSA is owned and operated by Hess Oil Virgin Islands Corp. (HOVIC), a division of U.S.- based Hess Corporation, and Petroleos de Venezuela, SA (PDVSA), the national oil company of Venezuela.

On January 18, 2012, it was announced that the Hovensa refinery would be permanently shut down. This has had a major impact causing an economic downturn on the island, leaving 1,158 former Hovensa workers unemployed and many more employed by the company's contractors according to the United States Department of Labor.

As of September 15, 2014, it was announced that an agreement to purchase the refinery has been agreed to in principle with an undisclosed buyer. The Governor stated that the potential buyer was planning to re-open and operate the facility as a refinery; however, this agreement fell through as the Virgin Islands Legislature voted to reject the sale.

A recent decision by the Virgin Islands Legislature rejected a proposed amendment to the agreement between Hovensa and the Government of the Virgin Islands, and it appears that litigation between the two parties is inevitable. As of March 2015 the V.I. Government approved a request by the Governor for \$1,000,000 to fund legal counsel in an effort to sue Hovensa for past due payment as part of an earlier reached settlement agreement. During this time, the government has continued marketing the refinery in hopes of a potential buyer.

Despite the closure of the refinery, there are other relatively large employers in St. Croix including the Cruzan Rum Distillery, makers of Cruzan Rum and other liquors such as Southern Comfort. In addition, the liquor producer Diageo completed construction in 2012 of a new distillery on a 26 acre industrial site next to the Hovensa Refinery for the purpose of producing Captain Morgan Rum. Tourism is obviously another major contributor to the island's economy, and the USVI will likely be forced to put more emphasis on marketing St. Croix as a tourism destination (rather than focusing solely on St. Thomas and St. John) since the re-opening of the refinery is in doubt.

The demand for groceries at the subject location is discussed further in another section of this report, however, it is important to note that the subject is the only major grocery retailer serving the western sections of the island which contribute a significant proportionate share of the island's population base.

Subject Company Analysis

Subject Company Description

The subject of the valuation is the grocery store business known as Plaza Extra West, operating in St. Croix, U.S. Virgin Islands. The grocery store business has been operating since 2000 as a part of a small independent chain of stores in the U.S.V.I. The valuation is of a whole ownership, 100%; marketable interest in the business, which is assumed to be a partnership entity having the right to operate the business using the Plaza Extra name. The location of the business is Plot 14 (portion), Estate Plessen, St. Croix, U.S. Virgin Islands.

Site Visit Observations

James V. Andrews made site visit on July 3, 2015. The subject business is the former operator of an existing supermarket property containing 163,313 square feet of gross building area, which includes a retail/shopping area, a warehouse/storage area, and offices. The improvements were constructed in 1999. The site area is 16.037 acres. A more detailed description and analysis of the land and building improvements is provided in the real estate appraisal undertaken by this firm, denoted as file 172-2015-0081, and incorporated herein by reference.

Ownership and Operational History

Court documents indicate that the greater Plaza Extra Partnership was 50% owned by Fathi Yusuf and 50% owned by Mohammed Hamed. The partnership began operating grocery stores in 1986 with the opening of the Plaza Extra East in Christiansted, St. Croix. The second supermarket owned by the partnership was the Plaza Extra in Tutu Park in St. Thomas which opened in 1993. The subject was the third store which opened in 2000. For the purpose of the valuation, the entity owning the subject business is assumed to be a legal partnership.

Subject Company Ownership		
Shareholder	Number of Shares	Percent
Shares of Common Ownership		
Fathi Yusuf	N/A	50.00%
Mohammed Hamed	N/A	50.00%
Total	N/A	100.00%
Company Structure	Partnership	

Capital Structure

According to financial statements provided, the company has no long term debt and is fully funded by equity.

Company Products and Services

The subject business is an American style supermarket and grocery, specializing in the retail sales of food and beverage items along with other basic household items.

Company Management and Staffing

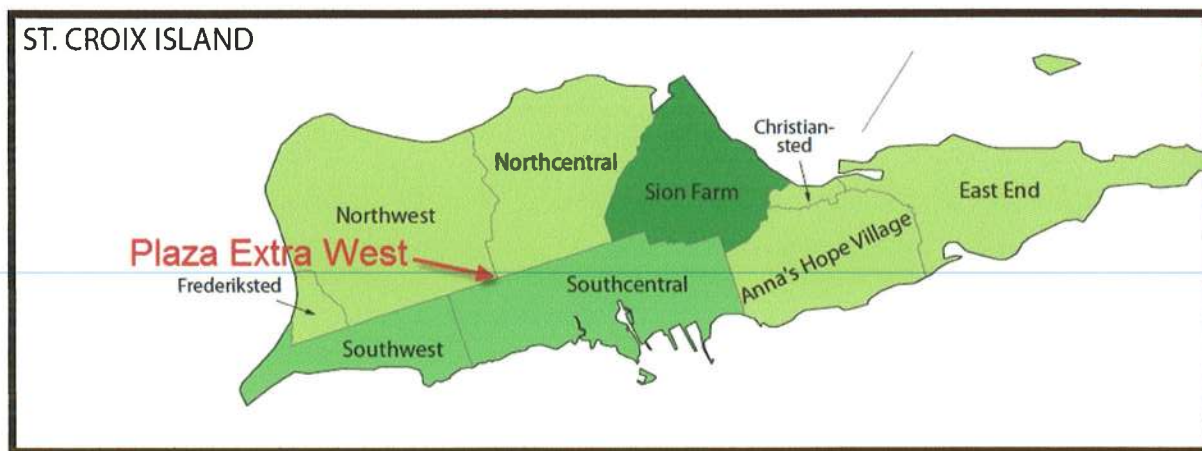
Prior to the lease/transfer of Plaza Extra West to KAC357, Inc. (a company wholly owned by three of Mohammad Hamed's sons), it was co-managed by one of Hamed's sons and one of Yusuf's sons, as were the two other Plaza Extra stores. No other details were provided.

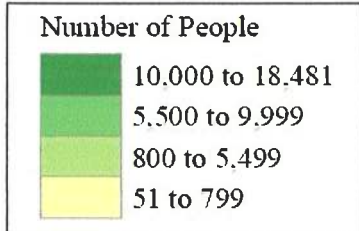
Competitive Landscape

There are essentially four primary supermarkets on the island, as well as a few alternative food retailers. The primary competitive landscape includes:

1. Pueblo - Golden Rock Shopping Center, Christiansted
2. Pueblo – Villa Reine (mid-island)
3. Plaza Extra – Christiansted
4. Plaza Extra West (the subject business)

Additionally, there is one price-club style store (although no membership is necessary) known as Cost-U-Less, and the K-Mart has a limited selection of grocery items. The subject is the largest pure grocery store, with the widest selection and an array of services including an expanded deli and coffee shop. Although there are fewer food stores in St. Croix than in St. Thomas (for a similar sized population of around 50,000-55,000), it is fairly well known that St. Croix has a lower per capita disposable income and higher unemployment.





The subject business is located at the connection of three census districts and within close proximity to two others. Residents in each of these five census districts would be more likely to shop at the subject than other supermarkets if basing the decision solely on proximity. The populations of these districts according to the 2010 census were as follows:

Frederiksted	3,091
North Central	4,977
Northwest	4,863
Southcentral	8,049
<u>Southwest</u>	<u>7,498</u>
Total	28,478 (56% of the island's population of 50,601)

Based on an analysis of the island's population relative to the supermarket locations, the subject could benefit from about 56% of the population as opposed to three stores which are in closer proximity to the remaining 44%. Assuming that the purchasing power and shopping habits of the island's residents is consistent throughout the map, the subject should benefit from a much larger market share of the island's population base than the remaining three stores. It should be noted, however, that the subject is a much larger store than the others.

Growth Projections

No growth projections have been provided by management or by the company's accountant.

Subject Company Financial Statements

Prior to 2013 the financial statements of the subject business were combined with the other stores. As such, we have been provided with only Calendar Year 2013 and 2014 financial statements by the company's accountant, which are based off of the financial statements of the larger entity which were either audited or accountant reviewed. Due to the date of valuation, only the 2013 statements have been considered in this analysis.

Balance Sheet Analysis

The following is a summary of the 2013 Balance Sheet as reported by the company's accountant.

Balance Sheet for Hamed/Yusuf Partnership d/b/a Plaza Extra West as of December 31

	Reported 2013
Assets	
Current Assets	
Cash	2,082,488
Accounts Receivable	21,738
Inventory	4,259,525
Loans to Stockholders	632,465
Short Term Investments	35,779,438
Total Current Assets	42,775,654
Fixed Assets	
Land and Buildings	2,292,735
Furniture Fixtures and Equipment	0
Total Fixed Assets	2,292,735
Other Assets	
Deposits	10,001
Other Notes Receivable	6,744,019
Total Other Assets	6,754,019
Total Assets	51,822,408
Liabilities and Equity	
Current Liabilities	
Accounts Payable	1,722,832
Other Current Liabilities	187,504
Total Current Liabilities	1,910,336
Long Term Liabilities	
Long Term Notes Payable	0
Total Long Term Liabilities	0
Total Liabilities	1,910,336
Equity	
Common Stock	200,000
Paid In Capital	12,454,539
Other Equity	-400,000
Dividends	-6,586,132
Retained Earnings	44,243,665
Total Equity	49,912,072
Total Liabilities and Equity	51,822,408

Note: Values Expressed In United States Dollars

We make the following observations from the balance sheets:

- The company is holding marketable securities which have been put on the books of the subject business. These have been excluded from the valuation of the operational business.
- There are also loans to stockholders which are assumed to have been dealt with separately. These are not considered in the valuation.
- The land underneath the subject business was owned by a related entity which was paid rent by the operator of the business. We have provided an appraisal of the real estate in a separate report, and have disregarded the value of the real estate from the valuation of this business entity; making the assumption that the business entity leases the premises from an unrelated party at market rent levels.
- There are significant Other Notes Receivables which are due from related entities. These have also been disregarded.
- We are told that there have been unrecorded inventory transfers to other stores which require adjustment to the financial statements of the subject entity.

The balance sheet, as expressed on a common size basis is shown following.

Balance Sheet for Hamed/Yusuf Partnership d/b/a Plaza Extra West as of December 31, Common

	Reported 2013
Assets	
Current Assets	
Cash	4.0%
Accounts Receivable	0.0%
Inventory	8.2%
Loans to Stockholders	1.2%
Short Term Investments	69.0%
Total Current Assets	82.4%
Fixed Assets	
Land and Buildings	4.4%
Furniture Fixtures and Equipment	0.0%
Total Fixed Assets	4.4%
Other Assets	
Deposits	0.0%
Other Notes Receivable	13.0%
Total Other Assets	13.0%
Total Assets	100%
Liabilities and Equity	
Current Liabilities	
Accounts Payable	3.3%
Other Current Liabilities	0.4%
Total Current Liabilities	3.7%
Long Term Liabilities	
Long Term Notes Payable	0.0%
Total Long Term Liabilities	0.0%
Total Liabilities	3.7%
Equity	
Common Stock	0.4%
Paid In Capital	24.0%
Other Equity	-0.8%
Dividends	-12.7%
Retained Earnings	85.4%
Total Equity	96.3%
Total Liabilities and Equity	100%

Income Statement Analysis

We were provided with the income statements from calendar year 2013 as prepared by the company's accountant. This information is shown following.

Income Statement for Hamed/Yusuf Partnership d/b/a Plaza Extra West as of December 31	
	Reported 2013
Revenues	
Sales	32,519,846
Total Revenues	32,519,846
Cost of Goods Sold	23,956,886
Gross Profit	8,562,960
Operating Expenses	
Marketing Expenses	1,687
General and Administrative	873,056
Legal/Professional Expenses	556,305
Payroll and Benefits	2,915,037
Occupancy Costs	1,994,327
Repairs and Maintenance	437,015
Gross Receipts Taxes	1,622,357
Owner Compensation	286,000
Other Expense (Income)	0
Total Operating Expenses	8,685,783
EBITDA	-122,823
Non-Cash Charges	
Depreciation and Amortization	89,179
Other Non-Cash Charges	0
Total Non-Cash Charges	89,179
EBIT	-212,002
Interest Expenses	-26,311
Net Income Before Tax	-185,691
Income Taxes	0
Net Income After Tax	-185,691

Note: Values Expressed In United States Dollars

Notes: "EBITDA" is defined as earnings before interest, taxes, depreciation and amortization.
"EBIT" is defined as earnings before interest and taxes.

We make the following observations from these financial statements:

- Sales were approximately \$199 per square foot of total building area which is somewhat lower than US averages which are about \$250 per square foot. It should be noted, however, that the subject is much larger than average and has a high percentage of warehouse area.
- Cost of sales are in line with benchmarks on a percentage of revenue basis
- Operating Expenses are also mostly in line with benchmarks, although slightly higher in aggregate.
- No income tax has been recorded in these financial statements as the subject is assumed to be a pass-through entity.
- The store missed profitability narrowly before making normalization adjustments.

Common Size Income Statement

The following is the reported income statement displayed on a common size basis for the purpose of analysis.

Income Statement for Hamed/Yusuf Partnership d/b/a Plaza Extra West as of December 31, On a Common Size Basis	
	Reported
	2013
Revenues	
Sales	100.0%
Total Revenues	100.0%
Cost of Goods Sold	73.7%
Gross Profit	26.3%
Operating Expenses	
Marketing Expenses	0.0%
General and Administrative	2.7%
Legal/Professional Expenses	1.7%
Payroll and Benefits	9.0%
Occupancy Costs	6.1%
Repairs and Maintenance	1.3%
Gross Receipts Taxes	5.0%
Owner Compensation	0.9%
Other Expense (Income)	0.0%
Total Operating Expenses	26.7%
EBITDA	-0.4%
Non-Cash Charges	
Depreciation and Amortization	0.3%
Other Non-Cash Charges	0.0%
Total Non-Cash Charges	0.3%
EBIT	-0.7%
Interest Expenses	-0.1%
Net Income Before Tax	-0.6%
Income Taxes	0.0%
Net Income After Tax	-0.6%

Operating Benchmarks

We compared certain operating metrics with the national averages for the same industry in the United States as reported by IBIS World. We make the following observations:

- Cost of sales, wages, marketing and depreciation expenses are in line with benchmarks.
- Occupancy costs are higher, despite not paying rent, due to high cost of utilities
- Other expenses, in aggregate, are slightly higher than benchmarks

Performance Relative to Benchmarks

Benchmark	Reported	
	IBIS World	2013
Purchases (Cost of Sales % Rev)	73.50%	73.7%
Wages (% Rev)	9.70%	9.0%
Occupancy Costs (% Rev)	4.80%	6.1%
Marketing (% Rev)	0.70%	0.0%
Depreciation (% Rev)	1.00%	0.3%
Other Expenses (% Rev)	9.10%	11.5%

Ratio Analysis

Utilizing the reported financial statements provided, we have made the following comparisons between the company and industry averages, using benchmark data for the industry provided by RMA (Risk Management Association, based on returns provided for debt financing requests by companies in the subject's industry in the United States). Unless otherwise stated, the noted benchmark is the median reported values for companies in the bracket denoting all businesses in the Supermarket and Grocery Store industry, reporting for the period April 2012 – March 2013.

Subject Company Ratio Analysis - As Reported		
	RMA Median 4/12-3/13	Co. Reported 2013
Liquidity/Solvency		
Quick Ratio (Cash Equiv + Receivables) / Current Liab))	0.5	1.10 <i>Subject has high amount of cash and equivalents</i>
Current Ratio (Current Assets/Current Liabilities)	1.7	22.39 <i>Subject has high amount of cash and equivalents</i>
Cash Ratio (Cash Equiv / Current Liabilities)	0.44	1.09 <i>Subject has high amount of cash and equivalents</i>
Inventory Turnover (Cost of Sales / Inventory)	14	5.62 <i>Poor liquidity of inventory and/or overstocking; indicative of large store</i>
Days' Inventory (365/Inventory Turnover Ratio)	26	65 <i>Poor liquidity of inventory and/or overstocking; indicative of large store</i>
Payables Turnover (Cost of Sales / Accounts Payables)	26.5	13.91 <i>Indicates low liquidity or disputes with suppliers in that payables are tuned over more slowly</i>
Days' Payables (365 / Payables Turnover Ratio)	14	26 <i>Payables are on the books longer than typical</i>
Efficiency Ratios		
Working Capital Turnover (Sales/Working Capital)	29.3	0.80 <i>Low ratio indicates possible inefficient use of working capital to generate sales</i>
Net Fixed Assets Turnover (Net Sales/Avg. Net Fixed Assets)	20.4	14.18 <i>Fixed assets are high which include real estate</i>
Total Asset Turnover (Net Sales/Avg. Total Assets)	5.2	0.33 <i>Fixed assets are high which include real estate</i>
Operating Ratios		
% Profit before Taxes/Tangible Net Worth (Net Income before Tax/Equity x 100)	22.2%	-0.4% <i>Negative profitability before normalization adjustments</i>
% Profit Before Taxes/Total Assets (Net Income Before Tax/Total Assets x 100)	7.5%	-0.4% <i>Negative profitability before normalization adjustments</i>
Officer's, Directors, Owners Comp/Sales (Total Officers Compensation/Net Sales x 100)	3.1	0.9% <i>Partners' salaries lower than average</i>
Gross Margin (Gross Profit / Sales)	0.26	0.26 <i>In line with benchmark</i>
Operating Expenses/Sales	24.70%	26.71% <i>In line with benchmark data</i>
Operating Margin (EBITDA / Sales)	1.50%	-0.38% <i>Negative profitability before normalization adjustments</i>
Return On Assets (Net Income Before Tax/ Assets)	7.50%	-0.36% <i>Negative profitability before normalization adjustments</i>
Return on Equity (Net Income Before Tax/ Equity)	22.20%	-0.37% <i>Negative profitability before normalization adjustments</i>
Leverage Ratios		
Long Term Debt / Equity	1.7	0.00 <i>Subject has no long term debt. All other leverage ratios omitted.</i>

Adjustments to Financial Statements

It is a common misconception that the reported financial statements from companies can be used to determine the value of the business. In fact, even statements prepared under Generally Accepted Accounting Principles (GAAP) or using a tax basis of accounting (TBA) can often present a picture that is very different from economic reality. Rather, using adjusted or "normalized" statements will allow the analyst to better compare the subject company to that of its competitors or to industry norms. Generally, the purpose for Economic/Normalized financial statements is summarized as:

1. Should be useful for making comparisons to similar businesses or industry averages
2. Should be useful in making meaningful projections and forecasts
3. Should result in a representative level of benefits
4. Should (as nearly as possible) represent the market values or net assets

There are four general categories of normalization adjustments:

1. Method of inventory accounting (LIFO, FIFO, Weighted Average)
2. Non-recurring transactions
3. Non-operating/operating (including removal of non-operating assets and liabilities and their related earnings and expenses from income statements)
4. GAAP (or IFRS) compliance (includes market value of assets rather than book value)

In addition to normalization adjustments, there are also adjustments that are often made to account for a non-controlling interest being valued; since owners of minority shares cannot typically change certain practices such as the dividend paying policy, owner's compensation or capital structure. This issue is often debated, with many analysts preferring to leave out control adjustments altogether, and make a final adjustment to the value conclusion for lack of control (when a minority interest is being valued).

Balance Sheet Adjustments

We have made the following adjustments to the subject company's balance sheet:

1. Inventory was adjusted downward by \$1,660,000 due to unrecorded inventory transfers to other stores.
2. Loans to shareholders of \$632,465 were removed.
3. Short term investments (marketable securities) were removed.

4. The book value of the building improvements were removed from the financial statements as to reflect the value of the business separate from (and in addition to) the real estate which was separately valued. The value and market rent of the real estate is based on the separate appraisal prepared by our firm as referenced herein.
5. Other fixed assets (furnishings, fixtures and equipment) were over depreciated in the reported statements. We have consulted Marshall Valuation Service (a building and equipment cost index) which reports that the total cost of FF&E for a complete grocery store ranges from \$28.50 to \$48.75 per square foot. Given the observed quality and condition of these items, we have based the fair market value of the FF&E at the low-end replacement cost of \$28.50 per square foot, less 67% average depreciation (based on inspection and observation with an effective age of 10 years and an economic life of 15 years); which equates to \$1,500,000 (rounded).
6. Other Notes Receivables which are loans to related entities have been removed, as they are assumed to have been dealt with separately.
7. Retained Earnings were adjusted to offset the adjustments to assets and liabilities.

The following chart indicates the adjustments to the balance sheet and the normalized statement.

Normalized Balance Sheet for Hamed/Yusuf Partnership d/b/a Plaza Extra West as of December 31

	Reported 2013	Adjustments	Normalized 2013
Assets			
Current Assets			
Cash	2,082,488		2,082,488
Accounts Receivable	21,738		21,738
Inventory	4,259,525	1,660,000	5,919,525
Loans to Stockholders	632,465	-632,465	0
Short Term Investments	35,779,438	-35,779,438	0
Total Current Assets	42,775,654	-34,751,902	8,023,752
Fixed Assets			
Land and Buildings	2,292,735	-2,292,735	0
Furniture Fixtures and Equipment	0	1,500,000	1,500,000
Total Fixed Assets	2,292,735	-792,735	1,500,000
Other Assets			
Deposits	10,001		10,001
Other Notes Receivable	6,744,019	-5,004,610	1,739,409
Total Other Assets	6,754,019	-5,004,610	1,749,409
Total Assets	51,822,408	-40,549,247	11,273,161
Liabilities and Equity			
Current Liabilities			
Accounts Payable	1,722,832		1,722,832
Other Current Liabilities	187,504		187,504
Total Current Liabilities	1,910,336	0	1,910,336
Long Term Liabilities			
Long Term Notes Payable	0	0	0
Total Long Term Liabilities	0	0	0
Total Liabilities	1,910,336	0	1,910,336
Equity			
Common Stock	200,000		200,000
Paid In Capital	12,454,539		12,454,539
Other Equity	-400,000		-400,000
Dividends	-6,586,132		-6,586,132
Retained Earnings	44,243,665	-40,549,247	3,694,418
Total Equity	49,912,072	-40,549,247	9,362,825
Total Liabilities and Equity	51,822,408	-40,549,247	11,273,161
Indicated Working Capital	40,865,318		6,113,416
Changes in Working Capital	0		0 (unknown prior years)

Non-Operating Assets

Non-operating assets include marketable securities which have not been added back to the value of the subject entity, assuming that they have been dealt with separately.

Income Statement Adjustments

We were provided with the income statement for 2013. The following adjustments were made to the income statement:

1. Costs of Goods Sold were reduced by the amount of the unrecorded inventory transfers previously discussed.
2. Payroll and Benefits were reduced by \$325,000 to reflect that about 50% of manager salaries are reported to be paid to family members of the owners who are not serving as full time employees or are overpaid.
3. Payroll and Benefits were reduced by a further \$50,000 to reflect health insurance paid on behalf of four family members of the owners who are not full time employees.
4. Occupancy costs, which historically only included utilities, were increased by \$1,224,848 assuming market rent for the store is paid to a separate entity. The market rent is as reported in the real estate appraisal; to reflect the value of the business irrespective of the real estate.
5. Owner compensation was reduced by 50% since both of the partners were not acting in a management capacity for the subject store only.
6. Other Expenses (income) items were excluded entirely as they are unrelated to the operation of this business. However, we have included \$101,674 in other income which is essentially income related to excess cash in the cash count from operations which was not reported as sales.

The following chart illustrates the adjustments and the normalized income statements.

Normalized Income Statement for Hamed/Yusuf Partnership d/b/a Plaza Extra West as of December 31			
	Reported 2013	Adj	Normalized 2013
Revenues			
Sales	32,519,846		32,519,846
Total Revenues	32,519,846	0	32,519,846
Cost of Goods Sold	23,956,886	-1,660,000	22,296,886
Gross Profit	8,562,960	-1,660,000	10,222,960
Operating Expenses			
Marketing Expenses	1,687		1,687
General and Administrative	873,056		873,056
Legal/Professional Expenses	556,305		556,305
Payroll and Benefits	2,915,037	-375,000	2,540,037
Occupancy Costs	1,994,327	1,224,848	3,219,175
Repairs and Maintenance	437,015		437,015
Gross Receipts Taxes	1,622,357		1,622,357
Owner Compensation	286,000	-143,000	143,000
Other Expense (Income)	0	-101,674	-101,674
Total Operating Expenses	8,685,783	605,174	9,290,957
EBITDA	-122,823	-2,265,174	932,004
Non-Cash Charges			
Depreciation and Amortization	89,179		89,179
Other Non-Cash Charges	0		0
Total Non-Cash Charges	89,179	0	89,179
EBIT	-212,002	-2,265,174	842,825
Interest Expenses	-26,311		-26,311
Net Income Before Tax	-185,691	-2,265,174	869,135
Income Taxes	0	0	0
Net Income After Tax	-185,691		869,135
Calculation of Net Cash Flow to Equity			
Net Income After Tax	-185,691		869,135
Add Non Cash Charges	89,179		89,179
Less Capital Expenditures	0		0
Less Additions to Working Capital	0	0	0
+/- Changes in Debt Principal	0		0
Net Cash Flow To Equity	-96,512		958,314

Note: Values Expressed In United States Dollars

Financial Ratio Analysis after Normalization Adjustments

The following chart illustrates the ratios on a normalized basis as compared with RMA Benchmark data.



Subject Company Ratio Analysis - Normalized		
	RMA Median	Co. Normalized
	4/12-3/13	2013
Liquidity/Solvency		
Quick Ratio (Cash Equiv + Receivables) / Current Liab)	0.50	1.10 <i>Subject has high amount of cash and equivalents</i>
Current Ratio (Current Assets/Current Liabilities)	1.70	4.20 <i>Subject has high amount of cash and equivalents</i>
Cash Ratio (Cash Equiv / Current Liabilities)	0.44	1.09 <i>Subject has high amount of cash and equivalents</i>
Inventory Turnover (Cost of Sales / Inventory)	14.00	3.77 <i>Poor liquidity of inventory and/or overstocking; indicative of large store</i>
Days' Inventory (365/Inventory Turnover Ratio)	26.07	96.90 <i>Poor liquidity of inventory and/or overstocking; indicative of large store</i>
Payables Turnover (Cost of Sales / Accounts Payables)	26.50	12.94 <i>Indicates low liquidity or disputes with suppliers in that payables are turned over more slowly</i>
Days' Payables (365 / Payables Turnover Ratio)	13.77	28.20 <i>Payables are on the books longer than typical</i>
Efficiency Ratios		
Working Capital Turnover (Sales/Working Capital)	29.30	5.32 <i>Low ratio indicates possible inefficient use of working capital to generate sales</i>
Net Fixed Assets Turnover (Net Sales/Avg. Net Fixed Assets)	20.40	21.68 <i>Possible inefficient use of assets to generate sales</i>
Total Asset Turnover (Net Sales/Avg. Total Assets)	5.20	1.81 <i>Possible inefficient use of assets to generate sales</i>
Operating Ratios		
% Profit before Taxes/Tangible Net Worth (Net Income before Tax/Equity x 100)	22.2%	9.3% <i>Low profit relative to assets</i>
% Profit Before Taxes/Total Assets (Net Income Before Tax/Total Assets x 100)	7.5%	7.7% <i>Low profit relative to assets</i>
Gross Margin (Gross Profit / Sales)	26.2%	31.4% <i>Slightly better than benchmark</i>
Operating Expenses/Sales	24.7%	28.6% <i>Slightly higher expenses than benchmark relative to sales</i>
Operating Margin (EBITDA / Sales)	1.5%	2.9% <i>Better than benchmark on normalized basis</i>
Return On Assets (Net Income/ Assets)	7.5%	7.7% <i>Slightly higher than benchmark, assumes no owned real estate</i>
Return on Equity (Net Income / Equity)	22.2%	9.3% <i>Well under benchmark, assumes no real estate owned</i>
Leverage Ratios		
Long Term Debt / Equity	1.70	0.00 <i>Subject has no long term debt. All other leverage ratios omitted.</i>

Historical Benefit Streams (Normalized)

The calendar year 2013 was the only full year prior to the valuation date provided. The following are the historical benefit streams after normalization adjustments available for valuation analysis.

Benefit Streams on a Normalized Basis	
Year	2013
Benefit Stream	
Revenues	32,519,846
Discretionary Earnings	1,128,825
EBITDA	932,004
EBIT	842,825
Net Income After Tax	869,135
Net Cash Flow To Equity	958,314
Net Cash Flow to Invested Capital	932,003
Other Factors	
Adjusted Net Operating Assets	11,273,161
Return on Assets	7.7%
Adjusted Equity	9,362,825
Return on Equity	9.3%
Note: Owners' compensation of \$286,000 has been added to Discretionary Earnings	

Valuation

Valuation Methodology

There are three primary approaches to value in the appraisal of a business. These are the assets approach, the market approach and the income approach.

The **assets (or cost) approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute collection of business assets based on their depreciated replacement costs. This approach is particularly applicable when the business has either ceased operation or is expected to in the foreseeable future. The assets approach is most useful in valuing a business under a liquidation scenario.

The **market approach** assumes that an informed purchaser would pay no more for an asset than the cost of acquiring another asset or ownership interest with the same utility or benefit. This approach is especially appropriate when an active market provides sufficient reliable data. The market approach is less reliable in an inactive market or when estimating the value of assets or interests for which no directly comparable sales data is available. In business valuation, valuation metrics (ratios applied to price and performance) are derived from statistics indicating sales of businesses in similar industries.

The **income approach** reflects the market's perception of a relationship between an asset's potential income and its market value. This approach converts the anticipated net income from the operation of a business into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate.

Within each approach there various accepted methods of valuation. These methods were considered in the valuation of the subject:

Assets Approach Methods

- **Adjusted Net Assets Method:** This method is a summation of the net assets of the business adjusted to fair market value, and generally is considered to reflect the "floor value" or value in liquidation. This approach was utilized and given some consideration.
- **Excess Earnings Method:** There are two variations of this method; the Excess Earnings (Treasury) Method and the Excess Earnings (Reasonable Rate) Method. Both variations calculate earnings not applicable to the tangible assets (assumed to be intangible assets), and apply different capitalization rates to the values of both tangible assets and intangible assets in order to arrive at a total value of the business. This approach was not used due to the number of variables and the inability to quantify the intangible assets.

Market Approach Methods

- **Guideline Public Companies Method:** This method compares, analyzes and applies valuation metrics extracted from the sale of stock in publicly traded companies operating in the same or similar industries. This approach was not used due to the fact that publically traded grocery companies are not comparable to the subject store in the U.S. Virgin Islands.
- **Guideline Transaction Method:** This method compares, analyzes and applies valuation metrics extracted from the sale of similar privately held companies in the same or similar industries. This method was not used due to the fact that sales of grocery stores in the U.S. have limited comparability to stores in the U.S. Virgin Islands and we are not aware of any local transactions that would be comparable.
- **Dividend Paying Capacity Method:** This method of valuation is based on the future estimated dividends to be paid out or the capacity to pay out. It then capitalizes these dividends with a five year weighted average of dividend yields of five comparable companies. This method was not used due to the inability to quantify the dividend policy of the subject store as opposed to that of the greater company.

Income Approach Methods

- **Capitalization of Earnings Method:** This method applies a capitalization rate (a variation of a yield rate) to a single year's normalized (or projected) earnings in order to convert income to value. This method was used and given some consideration.
- **Discounted Future Earnings Method:** This method uses projections of earnings or cash flows to arrive at a discounted present value of future cash flows and the reversion of the business at the end of the projected holding period. The future earnings and terminal value are discounted to present value using a discount rate (yield rate) which reflects the risk of the investment. This method was not used due to the lack of available projections for future earnings.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each method and the applicability of each method to the subject business.

The methodology employed in this assignment is summarized as follows:

Approaches To Value		
Approaches	Applicability	Implementation
Asset Approach Methods		
Adjusted Net Assets Method	Applicable	Used
Excess Earnings Method	Not Applicable	Not Used
Market Approach Methods		
Guideline Transaction Method	Not Applicable	Not Used
Guideline Public Companies Method	Not Applicable	Not Used
Dividend Paying Capacity Method	Not Applicable	Not Used
Income Approach Methods		
Capitalization of Earnings Method	Applicable	Used
Discounted Cash Flow Method	Not Applicable	Not Used

Asset (Cost) Approach Based Methods

The most commonly used method of valuation in the category of the Asset Approach methods is the Adjusted Net Assets Method.

Adjusted Net Assets Method

The steps taken to apply this method are:

- Make normalization adjustments to arrive at fair market values for all net tangible assets
- Deduct the fair market value of liabilities to arrive at adjusted net operating tangible assets
- Add all non-operating assets to arrive at a value of the business
- Deduct applicable discounts for lack of control in a minority interest, where applicable
- Deduct applicable discounts for lack of marketability, where applicable

The following tables summarize our valuation by the net assets method.

Adjusted Net Assets Method			
Adjusted Net Assets as of December 31, 2013	Book Value	Adjustments	Market Value
Assets			
Current Assets			
Cash	\$2,082,488		\$2,082,488
Accounts Receivable	\$21,738		\$21,738
Inventory	\$4,259,525	\$1,660,000	\$5,919,525
Loans to Stockholders	\$632,465	-\$632,465	\$0
Short Term Investments	\$35,779,438	-\$35,779,438	\$0
Total Current Assets	\$42,775,654	-\$34,751,902	\$8,023,752
Fixed Assets			
Land and Buildings	\$2,292,735	-\$2,292,735	\$0
Furniture Flxtures and Equipment	\$0	\$1,500,000	\$1,500,000
Total Fixed Assets	\$2,292,735	-\$792,735,000	\$1,500,000
Other Assets			
Deposits	\$10,001		\$10,001
Other Notes Receivable	\$6,744,019	-\$5,004,610	\$1,739,409
Total Other Assets	\$6,754,019		\$1,749,409
Total Assets	\$51,822,408	-\$40,549,247	\$11,273,161
Liabilites			
Current Liabilities			
Accounts Payable	\$1,722,832		\$1,722,832
Other Current Liabilities	\$187,504		\$187,504
Total Current Liabilities	\$1,910,336	\$0	\$1,910,336
Long Term Liabilities			
Long Term Notes Payable	\$0	\$0	\$0
Total Long Term Liabilities	\$0		\$0
Total Liabilities	\$1,910,336		\$1,910,336
Net Operating Assets			\$9,362,825
Non-Operating Assets			\$0
Adjusted Net Tangible Assets			\$9,362,825
Shares Outstanding			100
Value Per Share - Control, Marketable			\$93,628.25
Subject Shares			\$100.00
Value of Subject Interest, Control, Marketable			\$9,362,825
Rounded			\$9,363,000

Note that we have assumed no significant changes in the balance sheet between the end of the last fiscal year and the valuation date. This approach was given some consideration.

Market Approach Methods

Both the Guideline Transactions Method and the Public Companies Guideline Transactions Methods were considered, but not applied due to the lack of comparable data.

It should be noted that we are aware of one, non-market transaction that was considered but not analyzed with respect to the valuation.

A closed auction sale for Plaza Extra Tutu Park (St. Thomas) took place on April 30, 2015, pursuant to the Master's Order dated April 28, 2015. Per the Master's Order, the ownership of the Tutu park store (the business, excluding the real estate) was transferred to Hamed's designee KAC357, Inc. for the price of \$4,050,000 (plus legal costs of \$220,000 due to litigation matters).

We were provided with unaudited income statements for this store for the years 2011-2014. The average EBITDA for the four year period was \$1,919,397; indicating an EBITDA multiplier of 2.11.

This transaction, however, represents an opportunity that was only available to one party and not exposed to the wider market. As such, this transaction is not considered to comply with the definition of fair market value.

Income Approach Methods

There are two primary methods used in the income approach. The first is the Capitalization of Earnings (a/k/a Direct Capitalization) which is based on the Gordon Growth Model which stipulates that the capitalization rate is equal to the discount rate less the long term sustainable growth rate. Value is derived by dividing the benefit stream (last year's income) by the capitalization rate. The capitalization rate can be applied to cash flow to either equity or invested capital, depending on how the rate is derived.

The second method is the Discounted Future Earnings Method (or discounted cash flow), which is a combination of the present value of the earnings (typically cash flow to either equity or invested capital), added to the present value of the terminal value.

The steps taken to apply the income approach are:

- Analyze the historic income statements and make normalization adjustments where appropriate
- Conclude to a normalized or economic benefit stream through appropriate methods such as average, or weighted average of historical earnings/cash flow
- Conclude to an appropriate cost of capital discount rate and/or capitalization rate by using various methods such as the Ibbotson Build-up method or Capital Asset Pricing Model (CAPM)
- Calculate a value by applying the capitalization rate to the selected benefit stream, if using the capitalization of earnings method.
- Discount projected cash flows and terminal value to present value if using the discounted future earnings method.
- Apply appropriate Discounts for lack of control and lack of marketability as appropriate.

Cost of Capital

Regardless of which income approach method is used, it is necessary to derive the appropriate discount rate and capitalization rates to be applied. The equity discount rate is also known as the equity cost of capital.

In order to conclude to the appropriate equity cost of capital, we have used the Ibbotson Built-Up Method.

Ibbotson Build-Up Method

The source of the rates used in the following analysis is the Duff and Phelps (D&P) Valuation Handbook (2015 edition) which replaced the Ibbotson SBBI Valuation Yearbook. This method is a combination of the following rates which represent the various components of risk in the investment of the subject company:

Risk Free Rate (RFR):	There is general agreement that Treasury securities are relatively safe securities because their income payments and redemption dates are specified in advance, and they are virtually free of default risk. Because the horizon for investing in a closely held business is usually long-term, appraisers use the yield on a long-term fixed rate Treasury bond as the best proxy for the risk-free rate, typically the 20-year bond. We have employed the 20-year, US Treasury Bill yield rate on the date of valuation.
Equity Risk Premium (ERP):	Represents "systematic risk" in the U.S. equities markets. We have used the ERP that is based on the long-horizon, supply side, expected returns on large company stocks (S&P 500), less the risk free rate.
Industry Risk Premium (IRP):	D&P Valuation handbook includes industry risk premiums from Ibbotson SBBI for various industries classified by NAICS Code. Because the chosen ERP is forward looking rather than historical (on which the SPPB IRPs are based), we have used the adjusted IRP for use with the forward looking ERP as provided by Duff & Phelps. This alleviates the need to adjust the IRP for use with a forward looking ERP.
Size Premium (SP):	The D&P Valuation Handbook indicates 25 size deciles based on eight categories of size. Because an SBBI Industry Risk Premium was used, we have chosen to use the average of the eight indicated (smoothed average) premiums above CAPM (risk above beta, or market risk) in the 25 th (smallest) decile, as noted in the D&P "B" Exhibits which are intended for use with the CAPM. We chose these size premiums as to avoid double counting of the beta effect (size and IRP).
Specific Company Premium:	This is a subjective premium added for any increased risk over and above that represented by the subject's industry risk premium. This risk factor accounts for factors unique to the subject company such as solvency, leverage, the diversity of the customer base, the consistency of the cash flows, future projections for growth or lack thereof, likelihood of the company achieving the projections, and threats from

competition in the market. The company is well placed competitively in its market and has relatively low risk based on the ratio analysis. However the fact that the subject is a local branded store in a struggling economy lends credence to some premium for additional risk. We have considered these factors, and have chosen a company specific premium of 1.00%.

The addition of the above premiums results in the equity cost of capital for the subject company (also known as the equity discount rate). These calculations are as follows:

Ibbotson Build Up Method - Cost of Capital		
Factor	Used Rates	Comment
Risk Free Rate	2.47%	20-Yr US Govt Bonds at 12/31/14
Equity Risk Premium Forward Looking	6.21%	Duff & Phelps, Long Horizon Supply Side
Industry Risk Premium (IRP)	-0.85%	Over Supply Side ERP; D&P Val Yearbook
Smoothed Size Premium over CAPM	6.24%	Duff & Phelps B Exhibits Avg of 25th Decile
Company Specific Premium	1.00%	Subjective
Indicated Equity Cost of Capital	15.07%	

Note: To be applied to equity cash flow

Cost of Capital Rates Employed in the Income Approach

The capitalization of earnings method employs a capitalization rate typically applied to the previous year's cash flow, or a weighted average of prior years. The discounted future earnings method employs a discount rate to both cash flows and the terminal value, which is derived from a (terminal) capitalization rate applied to the income from the year following the holding period. The rates employed in the income approach are indicated as follows:

Cost of Capital Rates Employed		
Method Used	Ibbotson Build Up	
Rate Type	Equity	Notes
Discount Rate (K)	15.07%	Ibbotson Build Up
Growth Rate (G)	-3.00%	Long Term Sustainable Growth Rate
Capitalization Rate (Next Year/Terminal)	12.07%	Gordon Growth Model (K-G)
Divide by 1-Growth Rate	1.03	(K-G)/(1+G)
Capitalization Rate Last Year	11.71%	

Capitalization of Earnings Method

The capitalization of earnings method converts anticipated economic benefits of owning equity in the business into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the historic income statements and make normalization adjustments where appropriate
- Conclude to a normalized or economic benefit stream through appropriate methods such as average, or weighted average of historical earnings/cash flow
- Conclude to an appropriate capitalization rate by using various methods such as the Ibbotson Build-up method or Capital Asset Pricing Model (CAPM)
- Calculate a value by applying the capitalization rate to the selected benefit stream
- Make necessary adjustments to convert an invested capital value to an equity value, also adding non-operating assets
- Apply appropriate Discounts for lack of control and lack of marketability in a minority interest valuation

Benefit Stream

Based on the normalized income statements displayed earlier in the report, the following benefit streams have been derived:

Benefit Streams on a Normalized Basis

Year	2013
Benefit Stream	
Revenues	32,519,846
Discretionary Earnings	1,128,825
EBITDA	932,004
EBIT	842,825
Net Income After Tax	869,135
Net Cash Flow To Equity	958,314
Net Cash Flow to invested Capital	932,003

Other Factors

Adjusted Net Operating Assets	11,273,161
Return on Assets	7.7%
Adjusted Equity	9,362,825
Return on Equity	9.3%

Note: Owners' compensation of \$286,000 has been added to Discretionary Earnings

We have chosen to utilize Cash Flow To Equity as the benefit stream because the subject company has no long term debt. Cash Flow To Equity was then divided by the capitalization rate for last year to

arrive at a value for the business. The derivation of the capitalization rate used was discussed in the previous section. These calculations are as follows:

Capitalization of Earnings Method				
Component	Weighted Average Cash Flow	Capitalization Rate	Indicated Value	Rounded
Capitalization of Equity Cash Flow	\$958,314	11.71%	\$8,181,215	\$8,180,000
Add Non-Operating Assets				\$0
Value of The Equity - Control, Marketable Basis Rounded				\$8,180,000

Reconciliation and Conclusion of Value

The values indicated by our analyses are as follows:

Summary of Value Indications of Entity - Control, Marketable Basis		
Method	Value Indication of the Equity (100%, Marketable)	Weight Given
Asset Approach Methods		
Adjusted Net Assets Method	\$9,363,000	50%
Excess Earnings (Treasury) Method	N/A	N/A
Market Approach Methods		
Guideline Transaction Method	N/A	N/A
Guideline Public Companies Method	N/A	N/A
Income Approach Values		
Capitalization of Earnings	\$8,180,000	50%
Discounted Future Earnings	N/A	N/A
Reconciled Value Conclusion - Rounded	\$8,770,000	

Accordingly, our final value conclusions are as follows:

Value Conclusion	
	Fair Market Value, 100%, marketable Basis
Value of the Equity	\$8,770,000
Note: Values Expressed In United States Dollars	

Final Value Conclusion	
Standard of Value	Value Conclusion as of April 30, 2014
Fair Market Value - Equity	\$8,770,000
Going Concern Premise	<i>Eight Million Seven Hundred Seventy Thousand Dollars</i>
Note: Unless otherwise noted, all financial figures are expressed in United States Dollars	

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the valuation date, we reserve the right to modify our value conclusions.

1. In our valuation, we relied on the representations of company's accountant. The financial information provided to us was compiled by the company's accountant and has not been audited. To the extent that such information may, at a later date, be found to have been inaccurate or misrepresented, we accept no liability for the consequences such inaccuracy or misrepresentation may have on our value determination expressed in this report nor any responsibility to update the valuation conclusion to reflect the impact that more accurate and complete data may or may not have on the opinions expressed herein.
2. For the purposes of the valuation, it is assumed that the partnership owning the Plaza Extra West business is a separate legal entity; the ownership of which was divided evenly between the partners as of the date of valuation. We have valued the entity on a control basis rather than a specific fractional interest which would require adjustments for lack of control and/or marketability.
3. It is our understanding that the real estate was owned by a related entity as of the date of valuation. For the purposes of valuing the business entity separately from the value of the real estate (which was separately appraised), we have assumed that the entity operating the business leases the property from a separate entity at market rent. We have made adjustments accordingly in the process of normalizing the financial statements as described in this report.
4. The partnership holds marketable securities on its books, which have been removed (along with related income) from the financial statements in the process of making normalization adjustments as described in this report. These securities have not been added back to the value of the company as non-operating assets; rather, have been assumed to have been dealt with separately.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

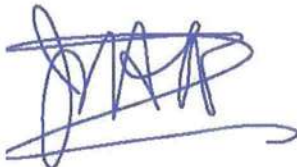
1. None
-

Certification

We certify that, to the best of our 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no financial interest or contemplated financial interest in the subject of this report.
4. We have no present or prospective interest in the company, property or ownership interest that is the subject of this report and no personal interest with respect to the parties involved.
5. We have no bias with respect to the company, property or ownership interest that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our 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 appraisal.
8. This analysis and report were completed in accordance with 'The National Association of Certified Valuers and Analysts' Professional Standards.
9. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
10. This valuation and report has been prepared in conformity with the latest edition of the RICS Valuation Professional Standards as well as the International Valuation Standards of the International Valuation Standards Council.
11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. This report has been prepared in conformity with the Principles of Appraisal Practice and Code of Ethics, as well as the Business Valuation Standards of the American Society of Appraisers.
13. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
14. As of the date of this report, James V. Andrews, MAI, CRE, ASA, CVA, FRICS has completed the continuing education program of the Appraisal Institute.

15. The American Society of Appraisers has a mandatory recertification program for all of its Senior members. As of the date of report, James V. Andrews, MAI, CRE, ASA, CVA, FRICS is in compliance with that program.



James V. Andrews, MAI, CRE, ASA, CVA, FRICS

Assumptions and Limiting Conditions

This valuation/appraisal is based on the following assumptions, except as otherwise noted in the report.

1. The interest is subject to the restrictions included in, and resulting from, the Articles of Incorporation and By-Laws of the company, as provided by company management.
2. The interest is free and clear of all liens, encumbrances, and restrictions, except as discussed herein.
3. The Company is under responsible and competent management.
4. There are no existing judgments or pending or threatened litigation that could affect the value of the Company.

This valuation/appraisal is subject to the following limiting conditions, except as otherwise noted in the report.

1. The opinion(s) of value indicated in this report is (are) valid only for the stated purpose as of the valuation date.
2. Financial statements and other related information provided by the client, the subject company or its representatives, in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein. We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.
3. Public information and industry and statistical information, if obtained, has been derived from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.
4. This report and the conclusion of value arrived at herein are for the exclusive use of the client and those intended users stated herein, for the sole and specific purposes as noted herein. They may not be used for any other purpose or by any other party for any purpose. Furthermore, the report and opinions of value are not intended to be and should not be construed by the reader to be investment advice in any manner whatsoever.
5. If prospective financial information approved by the subject company or our client has been used in our work, we have not audited, reviewed, or compiled the prospective financial information and therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions. Events and circumstances frequently do not occur as expected and there will usually be differences between prospective financial information and actual results, and those differences may be material. We do not provide any assurance on the achievability of forecasts provided. Achievement of the forecasted results is dependent on actions, plans, and assumptions of management.

6. An actual transaction involving the business, the business ownership interest, the security, or the intangible asset may occur at a higher or lower value, depending on the circumstances surrounding the business, the business ownership interest, the security, or the intangible asset, and the motivations and knowledge of both the buyers and sellers at that time. We make no guarantees about what values individual buyers and sellers may reach in an actual transaction.
7. The conclusion of value reflects facts and circumstances existing as of the valuation date. Except as noted, we have not considered subsequent events and we have no obligation to update our valuation for such events.
8. No opinion is intended to be expressed for matters that require legal or other specialized expertise, investigation, or knowledge beyond that customarily employed by valuation specialists valuing a business, a business ownership interest, security, or intangible asset.
9. We have not knowingly withheld or omitted anything from our valuation that would affect the conclusion of value.
10. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
11. A valuation is inherently subjective and represents our opinion as to the value of the interest appraised.
12. The conclusions stated in our valuation apply only as of the valuation date, and no representation is made as to the effect of subsequent events.
13. No changes in any national, federal, state or local laws, regulations or codes (including, without limitation, the U.S. Internal Revenue Code) are anticipated.
14. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the subject interest without compensation relative to such additional employment.
15. No part of the valuation/appraisal report shall be utilized separately or out of context.
16. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the valutors/appraisers, or any reference to any professional association) shall be published or disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the person signing the report.
17. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
18. Any financial projections or estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
19. The current purchasing power of the US Dollar (or other currency defined herein) is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.

20. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
21. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding company performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
22. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
23. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
24. Integra Realty Resources – Caribbean, an independently owned and operated company, has prepared the valuation/appraisal for the specific purpose stated elsewhere in the report. The intended use of the valuation/appraisal is stated in the General Information section of the report. The use of the valuation/appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the valuation/appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
25. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Integra Realty Resources, Inc. and the undersigned are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are

subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this company.

26. All prospective value estimates presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and yield/capitalization rates, behavior of consumers, investors and lenders, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
27. The appraisal is also subject to the following Extraordinary Assumptions and Hypothetical Conditions:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the valuation date, we reserve the right to modify our value conclusions.

1. In our valuation, we relied on the representations of company's accountant. The financial information provided to us was compiled by the company's accountant and has not been audited. To the extent that such information may, at a later date, be found to have been inaccurate or misrepresented, we accept no liability for the consequences such inaccuracy or misrepresentation may have on our value determination expressed in this report nor any responsibility to update the valuation conclusion to reflect the impact that more accurate and complete data may or may not have on the opinions expressed herein.
2. For the purposes of the valuation, it is assumed that the partnership owning the Plaza Extra West business is a separate legal entity; the ownership of which was divided evenly between the partners as of the date of valuation. We have valued the entity on a control basis rather than a specific fractional interest which would require adjustments for lack of control and/or marketability.
3. It is our understanding that the real estate was owned by a related entity as of the date of valuation. For the purposes of valuing the business entity separately from the value of the real estate (which was separately appraised), we have assumed that the entity operating the business leases the property from a separate entity at market rent. We have made adjustments accordingly in the process of normalizing the financial statements as described in this report.
4. The partnership holds marketable securities on its books, which have been removed (along with related income) from the financial statements in the process of making normalization adjustments as described in this report. These securities have not been added back to the value of the company as non-operating assets; rather, have been assumed to have been dealt with separately.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

Addendum A
Analyst Qualifications

Mr. James V. Andrews, MAI, CRE, FRICS, ASA, CVA

Experience

James Andrews is the Managing Director of the Caribbean office of Integra Realty Resources. Mr. Andrews has been actively engaged in valuation and consulting since 1987; in the Caribbean since 1997.

Based in the Cayman Islands, James worked with the firm Cardiff & Co. before co-founding Andrews Key Ltd. in 2007 which became the IRR Caribbean office in 2012. He expanded the IRR Caribbean presence to include branch offices in the US Virgin Islands and the Bahamas in 2013.

Mr. Andrews has valued a variety of commercial property types, but concentrates on hotels and resorts. He is also qualified in business valuation and regularly performs valuation and consulting assignments regarding businesses and going concern properties such as hotels, marinas, golf courses, quarry/mining operations, restaurants and hospitality related entities. He has performed a variety of consulting assignments including regional market and feasibility studies to support the decision making of resort developers, as well as litigation support.

Some of the countries in which James has experience include the Cayman Islands, The Bahamas, Turks and Caicos Islands, British Virgin Islands, U.S. Virgin Islands, Puerto Rico, the Dominican Republic, Anguilla, St. Barth, St. Kitts and Nevis, Sint Maarten, Barbados, and St. Vincent and The Grenadines.

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) , October 1992
Counselor of Real Estate (CRE) , August 2014
American Society of Appraisers (ASA) , March 2014
Royal Institute of Chartered Surveyors, Member (MRICS) , April 2005 - September 2008
Royal Institute of Chartered Surveyors, Fellow (FRICS) , September 2008
Member: National Association of Certified Valuers and Analysts, August 2014
Member: International Relations Committee (Appraisal Institute), January 2013
RICS Americas Valuation Standards Board, January 2012 - December 2014
IRR Certified Reviewer, December 2013

Licenses

North Carolina, State Certified General, A2285, Expires June 2015
Virgin Islands, State Certified General, 0-14194-1B, Expires December 2015

Education

Bachelor of Business Administration, Belmont University, Nashville, TN (1985)
Appraisal Institute - Various Qualifying, Advanced and CE Courses
American Society of Appraisers - Various Courses in Business Valuation
NACVA: CVA Certification Courses In Business Valuation

**Integra Realty Resources
Caribbean**

Mail Box 751
Cayman Business Park Ste A5,
Grand Cayman, KY1-9006
Cayman Islands

6500 Red Hook Plaza, Suite 206
St. Thomas, VI 00802
U.S. Virgin Islands

T 345.746-3110
T 844.952.7304

jandrews@irr.com
www.irr.com/caribbean



Integra Realty Resources, Inc.

Corporate Profile

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in the United States with 63 independently owned and operated offices in 33 states and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and each is headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Senior Managing Directors follows:

ATLANTA, GA - Sherry L. Watkins, MAI, FRICS
AUSTIN, TX - Randy A. Williams, MAI, SR/WA, FRICS
BALTIMORE, MD - G. Edward Kerr, MAI, MRICS
BIRMINGHAM, AL - Rusty Rich, MAI, MRICS
BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS
BOSTON, MA - David L. Cary, Jr., MAI, MRICS
CHARLESTON, SC - Cleveland "Bud" Wright, Jr., MAI
CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE, FRICS
CHICAGO, IL - Denis Gathman, MAI, CRE, FRICS, SRA
CHICAGO, IL - Eric L. Enloe, MAI, FRICS
CINCINNATI, OH - Gary S. Wright, MAI, FRICS
CLEVELAND, OH - Douglas P. Sloan, MAI
COLUMBIA, SC - Michael B. Dodds, MAI, CCIM
COLUMBUS, OH - Bruce A. Daubner, MAI, FRICS
DALLAS, TX - Mark R. Lamb, MAI, CPA, FRICS
DAYTON, OH - Gary S. Wright, MAI, FRICS
DENVER, CO - Brad A. Weiman, MAI, FRICS
DETROIT, MI - Anthony Sanna, MAI, CRE, FRICS
FORT WORTH, TX - Donald J. Sherwood, MAI, SR/WA, FRICS
GREENSBORO, NC - Nancy Tritt, MAI, SRA, FRICS
GREENVILLE, SC - Michael B. Dodds, MAI, CCIM
HARTFORD, CT - Mark F. Bates, MAI, CRE, FRICS
HOUSTON, TX - David R. Dominy, MAI, CRE, FRICS
INDIANAPOLIS, IN - Michael C. Lady, MAI, SRA, CCIM, FRICS
JACKSONVILLE, FL - Robert Crenshaw, MAI
KANSAS CITY, MO/KS - Kenneth Jagers, MAI, FRICS
LAS VEGAS, NV - Shelli L. Lowe, MAI, SRA, FRICS
LOS ANGELES, CA - John G. Ellis, MAI, CRE, FRICS
LOS ANGELES, CA - Matthew J. Swanson, MAI
LOUISVILLE, KY - George M. Chapman, MAI, SRA, CRE, FRICS
MEMPHIS, TN - J. Walter Allen, MAI, FRICS
MIAMI/PALM BEACH, FL - Scott M. Powell, MAI, FRICS

MIAMI/PALM BEACH, FL - Anthony M. Graziano, MAI, CRE, FRICS
MINNEAPOLIS, MN - Michael F. Amundson, MAI, CCIM, FRICS
NAPLES, FL - Carlton J. Lloyd, MAI, FRICS
NASHVILLE, TN - R. Paul Perutelli, MAI, SRA, FRICS
NEW JERSEY COASTAL - Halvor J. Egeland, MAI
NEW JERSEY NORTHERN - Barry J. Krauser, MAI, CRE, FRICS
NEW YORK, NY - Raymond T. Cirz, MAI, CRE, FRICS
ORANGE COUNTY, CA - Larry D. Webb, MAI, FRICS
ORLANDO, FL - Christopher Starkey, MAI, MRICS
PHILADELPHIA, PA - Joseph D. Pasquarella, MAI, CRE, FRICS
PHOENIX, AZ - Walter 'Tres' Winlius III, MAI, CRE, FRICS
PITTSBURGH, PA - Paul D. Griffith, MAI, CRE, FRICS
PORTLAND, OR - Brian A. Glanville, MAI, CRE, FRICS
PROVIDENCE, RI - Gerard H. McDonough, MAI, FRICS
RALEIGH, NC - Chris R. Morris, MAI, FRICS
RICHMOND, VA - Kenneth L. Brown, MAI, CCIM, FRICS
SACRAMENTO, CA - Scott Beebe, MAI, FRICS
ST. LOUIS, MO - P. Ryan McDonald, MAI, FRICS
SALT LAKE CITY, UT - Darrin W. Liddell, MAI, CCIM, FRICS
SAN ANTONIO, TX - Martyn C. Glen, MAI, CRE, FRICS
SAN DIEGO, CA - Jeff A. Greenwald, MAI, SRA, FRICS
SAN FRANCISCO, CA - Jan Kleczewski, MAI, FRICS
SARASOTA, FL - Carlton J. Lloyd, MAI, FRICS
SAVANNAH, GA - J. Carl Schultz, Jr., MAI, FRICS, CRE, SRA
SEATTLE, WA - Allen N. Safer, MAI, MRICS
SYRACUSE, NY - William J. Kimball, MAI, FRICS
TAMPA, FL - Bradford L. Johnson, MAI, MRICS
TULSA, OK - Robert E. Gray, MAI, FRICS
WASHINGTON, DC - Patrick C. Kerr, MAI, SRA, FRICS
WILMINGTON, DE - Douglas L. Nickel, MAI, FRICS
CARIBBEAN/CAYMAN ISLANDS - James Andrews, MAI, FRICS, ASA, CRE

Corporate Office

1133 Avenue of the Americas, 27th Floor, New York, New York 10036
Telephone: (212) 255-7858; Fax: (646) 424-1869; E-mail info@irr.com
Website: www.irr.com



Addendum B

International Glossary of Business Valuation Terms

A

Adjusted Book Value Method—a method within the asset approach whereby all assets and liabilities (including off-balance sheet, intangible, and contingent) are adjusted to their fair market values (NOTE: In Canada on a going concern basis).

Adjusted Net Asset Method—see Adjusted Book Value Method

Appraisal—see Valuation

Appraisal Approach—see Valuation Approach

Appraisal Date—see Valuation Date

Appraisal Method—see Valuation Method

Appraisal Procedure—see Valuation Procedure

Arbitrage Pricing Theory—a multivariate model for estimating the cost of equity capital, which incorporates several systematic risk factors.

Asset (Asset-Based) Approach—a general way of determining a value indication of a business, business ownership interest, or security using one or more methods based on the value of the assets net of liabilities.

B

Beta—a measure of systematic risk of a stock; the tendency of a stock's price to correlate with changes in a specific index.

Blockage Discount—an amount or percentage deducted from the current market price of a publicly traded stock to reflect the decrease in the per share value of a block of stock that is of a size that could not be sold in a reasonable period of time given normal trading volume.

Book Value—see Net Book Value

Business—see Business Enterprise

Business Enterprise—a commercial, industrial, service, or investment entity (or a combination thereof) pursuing an economic activity.

Business Risk—the degree of uncertainty of realizing expected future returns of the business resulting from factors other than financial leverage. See Financial Risk

Business Valuation—the act or process of determining the value of a business enterprise or ownership interest therein.

C

Capital Asset Pricing Model (CAPM)—a model in which the cost of capital for any stock or portfolio of stocks equals a risk-free rate plus a risk premium that is proportionate to the systematic risk of the stock or portfolio.

Capitalization—a conversion of a single period of economic benefits into value.

Capitalization Factor—any multiple or divisor used to convert anticipated economic benefits of a single period into value.

Capitalization of Earnings Method—a method within the income approach whereby economic benefits for a representative single period are converted to value through division by a capitalization rate.

Capitalization Rate—any divisor (usually expressed as a percentage) used to convert anticipated economic benefits of a single period into value.

Capital Structure—the composition of the invested capital of a business enterprise, the mix of debt and equity financing.

Cash Flow—cash that is generated over a period of time by an asset, group of assets, or business enterprise. It may be used in a general sense to encompass various levels of specifically defined cash flows. When the term is used, it should be supplemented by a qualifier (for example, "discretionary" or "operating") and a specific definition in the given valuation context.

Common Size Statements—financial statements in which each line is expressed as a percentage of the total. On the balance sheet, each line item is shown as a percentage of total assets, and on the income statement, each item is expressed as a percentage of sales.

Control—the power to direct the management and policies of a business enterprise.

Control Premium—an amount or a percentage by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in a business enterprise, to reflect the power of control.

Cost Approach—a general way of determining a value indication of an individual asset by quantifying the amount of money required to replace the future service capability of that asset.

Cost of Capital—the expected rate of return that the market requires in order to attract funds to a particular investment.

D

Debt-Free—we discourage the use of this term. See Invested Capital

Discount for Lack of Control—an amount or percentage deducted from the pro rata share of value of 100% of an equity interest in a business to reflect the absence of some or all of the powers of control.

Discount for Lack of Marketability—an amount or percentage deducted from the value of an ownership interest to reflect the relative absence of marketability.

Discount for Lack of Voting Rights—an amount or percentage deducted from the per share value of a minority interest voting share to reflect the absence of voting rights.

Discount Rate—a rate of return used to convert a future monetary sum into present value.

Discounted Cash Flow Method—a method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate.

Discounted Future Earnings Method—a method within the income approach whereby the present value of future expected economic benefits is calculated using a discount rate.

E

Economic Benefits—inflows such as revenues, net income, net cash flows, etc.

Economic Life—the period of time over which property may generate economic benefits.

Effective Date—see Valuation Date

Enterprise—see Business Enterprise

Equity—the owner's interest in property after deduction of all liabilities.

Equity Net Cash Flows—those cash flows available to pay out to equity holders (in the form of dividends) after funding operations of the business enterprise, making necessary capital investments, and increasing or decreasing debt financing.

Equity Risk Premium—a rate of return added to a risk-free rate to reflect the additional risk of equity instruments over risk free instruments (a component of the cost of equity capital or equity discount rate).

Excess Earnings—that amount of anticipated economic benefits that exceeds an appropriate rate of return on the value of a selected asset base (often net tangible assets) used to generate those anticipated economic benefits.

Excess Earnings Method—a specific way of determining a value indication of a business, business ownership interest, or security determined as the sum of a) the value of the assets derived by capitalizing excess earnings and b) the value of the selected asset base. Also frequently used to value intangible assets. See Excess Earnings.

F

Fair Market Value—the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts. {NOTE: In Canada, the term "price" should be replaced with the term "highest price"}

Fairness Opinion—an opinion as to whether or not the consideration in a transaction is fair from a financial point of view.

Financial Risk—the degree of uncertainty of realizing expected future returns of the business resulting from financial leverage. See Business Risk

Forced Liquidation Value—liquidation value, at which the asset or assets are sold as quickly as possible, such as at an auction.

Free Cash Flow—we discourage the use of this term. See Net Cash Flows

G

Going Concern—an ongoing operating business enterprise.

Going Concern Value—the value of a business enterprise that is expected to continue to operate into the future. The intangible elements of Going Concern Value result from factors such as having a trained work force, an operational plant, and the necessary licenses, systems, and procedures in place.

Goodwill—that intangible asset arising as a result of name, reputation, customer loyalty, location, products, and similar factors not separately identified.

Goodwill Value—the value attributable to goodwill.

Guideline Public Company Method—a method within the market approach whereby market multiples are derived from market prices of stocks of companies that are engaged in the same or similar lines of business, and that are actively traded on a free and open market.

I

Income (Income-Based) Approach—a general way of determining a value indication of a

business, business ownership interest, security, or intangible asset using one or more methods that convert anticipated economic benefits into a present single amount.

Intangible Assets—non-physical assets such as franchises, trademarks, patents, copyrights, goodwill, equities, mineral rights, securities and contracts (as distinguished from physical assets) that grant rights and privileges, and have value for the owner.

Internal Rate of Return—a discount rate at which the present value of the future cash flows of the investment equals the cost of the investment.

Intrinsic Value—the value that an investor considers, on the basis of an evaluation or available facts, to be the "true" or "real" value that will become the market value when other investors reach the same conclusion. When the term applies to options, it is the difference between the exercise price or strike price of an option and the market value of the underlying security.

Invested Capital—the sum of equity and debt in a business enterprise. Debt is typically a) all interest bearing debt or b) long-term interest-bearing debt. When the term is used, it should be supplemented by a specific definition in the given valuation context.

Invested Capital Net Cash Flows—those cash flows available to pay out to equity holders (in the form of dividends) and debt investors (in the form of principal and interest) after funding operations of the business enterprise and making necessary capital investments.

Investment Risk—the degree of uncertainty as to the realization of expected returns.

Investment Value—the value to a particular investor based on individual investment requirements and expectations. {NOTE: in Canada, the term used is "Value to the Owner"}.

K

Key Person Discount — an amount or percentage deducted from the value of an ownership interest to reflect the reduction in value resulting from the actual or potential loss of a key person in a business enterprise.

L

Levered Beta—the beta reflecting a capital structure that includes debt.

Limited Appraisal—the act or process of determining the value of a business, business ownership interest, security, or intangible asset with limitations in analyses, procedures, or scope.

Liquidity—the ability to quickly convert property to cash or pay a liability.

Liquidation Value—the net amount that would be realized if the business is terminated and the assets are sold piecemeal. Liquidation can be either "orderly" or "forced."

M

Majority Control—the degree of control provided by a majority position.

Majority Interest—an ownership interest greater than 50% of the voting interest in a business enterprise.

Market (Market-Based) Approach—a general way of determining a value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.

Market Capitalization of Equity—the share price of a publicly traded stock multiplied by the number of shares outstanding.

Market Capitalization of Invested Capital—the market capitalization of equity plus the market value of the debt component of invested capital.

Market Multiple—the market value of a company's stock or invested capital divided by a company measure (such as economic benefits, number of customers).

Marketability—the ability to quickly convert property to cash at minimal cost.

Marketability Discount—see Discount for Lack of Marketability

Merger and Acquisition Method—a method within the market approach whereby pricing multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business.

Mid-Year Discounting—a convention used in the Discounted Future Earnings Method that reflects economic benefits being generated at midyear, approximating the effect of economic benefits being generated evenly throughout the year.

Minority Discount—a discount for lack of control applicable to a minority interest.

Minority Interest—an ownership interest less than 50% of the voting interest in a business enterprise.

Multiple—the inverse of the capitalization rate.

N

Net Book Value—with respect to a business enterprise, the difference between total assets (net of accumulated depreciation, depletion, and amortization) and total liabilities as they appear on the balance sheet (synonymous with Shareholder's Equity). With respect to a specific asset, the

capitalized cost less accumulated amortization or depreciation as it appears on the books of account of the business enterprise.

Net Cash Flows—when the term is used, it should be supplemented by a qualifier. See Equity Net Cash Flows and Invested Capital Net Cash Flows

Net Present Value—the value, as of a specified date, of future cash inflows less all cash outflows (including the cost of investment) calculated using an appropriate discount rate.

Net Tangible Asset Value—the value of the business enterprise's tangible assets (excluding excess assets and non-operating assets) minus the value of its liabilities.

Non-Operating Assets—assets not necessary to ongoing operations of the business enterprise. {NOTE: in Canada, the term used is "Redundant Assets"}.

Normalized Earnings—economic benefits adjusted for nonrecurring, noneconomic, or other unusual items to eliminate anomalies and/or facilitate comparisons.

Normalized Financial Statements—financial statements adjusted for nonoperating assets and liabilities and/or for nonrecurring, noneconomic, or other unusual items to eliminate anomalies and/or facilitate comparisons.

O

Orderly Liquidation Value – liquidation value at which the asset or assets are sold over a reasonable period of time to maximize proceeds received.

P

Premise of Value—an assumption regarding the most likely set of transactional circumstances that may be applicable to the subject valuation; e.g. going concern, liquidation.

Present Value—the value, as of a specified date, of future economic benefits and/or proceeds from sale, calculated using an appropriate discount rate.

Portfolio Discount—an amount or percentage deducted from the value of a business enterprise to reflect the fact that it owns dissimilar operations or assets that do not fit well together.

Price/Earnings Multiple—the price of a share of stock divided by its earnings per share.

R

Rate of Return—an amount of income (loss) and/or change in value realized or anticipated on an investment, expressed as a percentage of that investment.

Redundant Assets—see Non-Operating Assets

Report Date—the date conclusions are transmitted to the client.

Replacement Cost New—the current cost of a similar new property having the nearest equivalent utility to the property being valued.

Reproduction Cost New—the current cost of an identical new property.

Required Rate of Return—the minimum rate of return acceptable by investors before they will commit money to an investment at a given level of risk.

Residual Value—the value as of the end of the discrete projection period in a discounted future earnings model.

Return on Equity—the amount, expressed as a percentage, earned on a company's common equity for a given period.

Return on Investment—see Return on Invested Capital and Return on Equity.

Return on Invested Capital—the amount, expressed as a percentage, earned on a company's total capital for a given period.

Risk-Free Rate—the rate of return available in the market on an investment free of default risk.

Risk Premium—a rate of return added to a risk-free rate to reflect risk.

Rule of Thumb—a mathematical formula developed from the relationship between price and certain variables based on experience, observation, hearsay, or a combination of these; usually industry specific.

S

Special Interest Purchasers – acquirers who believe they can enjoy post-acquisition economies of scale, synergies, or strategic advantages by combining the acquired business interest with their own.

Standard of Value – the identification of the type of value being utilized in a specific engagement; e.g. fair market value, fair value, investment value.

Sustaining Capital Reinvestment – the periodic capital outlay required to maintain operations at existing levels, net of the tax shield available from such outlays.

Systematic Risk – the risk that is common to all risky securities and cannot be eliminated through diversification. The measure of systematic risk in stocks is the beta coefficient.

T

Tangible Assets—physical assets (such as cash, accounts receivable, inventory, property, plant and equipment, etc.).

Terminal Value—see Residual Value

Transaction Method—see Merger and Acquisition Method

U

Unlevered Beta – the beta reflecting a capital structure without debt.

Unsystematic Risk – the portion of total risk specific to an individual security that can be avoided through diversification.

V

Valuation – the act or process of determining the value of a business, business ownership interest, security, or intangible asset.

Valuation Approach – a general way of determining a value indication of a business, business ownership interest, security, or intangible asset using one or more valuation methods.

Valuation Date – the specific point in time as of which the valuator's conclusion of value applies (also referred to as "Effective Date" or "Appraisal Date").

Valuation Method – within approaches, a specific way to determine value.

Valuation Procedure – the act, manner, and technique of performing the steps of an appraisal method.

Valuation Ratio – a fraction in which a value or price serves as the numerator and financial, operating, or physical data serve as the denominator.

Value to the Owner – {NOTE: in Canada, see Investment Value

Voting Control—de jure control of a business enterprise.

W

Weighted Average Cost of Capital (WACC) – the cost of capital (discount rate) determined by the weighted average, at market value, of the cost of all financing sources in the business enterprise's capital structure.

Addendum C

Engagement Letter

Provided upon request