



# 2022 Mid-Year Market Update

Corner Realty Real Estate Brokerage

Corner Capital Investment Banking



*Energy. Capital. Advisory.*

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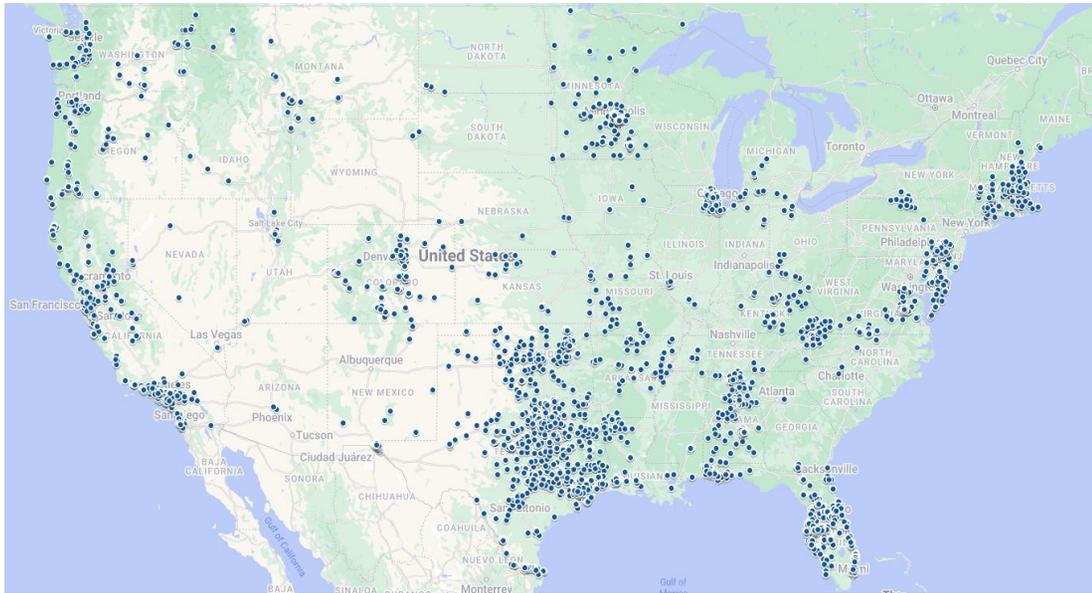


# About Corner Capital & Corner Realty

The Corner family of services are designed to meet the complete needs of retailers and distributors nationwide, regionally and locally, performing company sales and site-specific transactions for its clients.

## Entrepreneurial Industry Veterans

- ✦ Investment Banking and Real Estate Brokerage services supported by decades of petroleum retailing, distribution, and c-store operations and transactions experience
- ✦ Discrete M&A, Valuation, Financing processes to maintain confidentiality and exclusivity
- ✦ Scalable real estate model for regional and national projects utilizing our Keller Williams partnership
- ✦ Talented, dedicated, experienced leaders for each client project



\* Over 5,000 sites transacted through engagement by Corner Capital and Corner Realty

### Sample Transactions



Sale of Wag-A-Bag to Refuel



Sale of Herndon Oil to TriStar Energy



Sale of LavigneBaker's New Orleans Retail Business



Sale of Story Distributing to Parkland Corp.



Sale of Casey's to Panjwani Energy



Sale of Classic Star & Ziptron to Brad Hall Fuel



Sale of Tiger Tote Food Stores to Circle K



Sale of Brenco Marketing, Denny Oil Co. and Rattler's Convenience Stores to Sunoco



Sale of Laurel Oil to Clark Oil Company

# Corner Realty

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## Real Estate Market Update & Trends

# Corner Realty – Real Estate Market Outlook

Our database is comprised of 15,000+ convenience store transactions and share for our clients’ market knowledge. Our ability to track the market allows us to assess unit-level economics, broader trends in the c-store market and ongoing changes amongst investors for this asset class.

We are pleased to present our key takeaways & market outlook within the c-store market:

## Key Trends & Market Outlook

### CAP Rate Compression

Despite inflationary headwinds and rising interest rates, investor demand for net lease c-store assets remains strong in 2022. While other asset classes in retail have seen higher CAP rates this year, the c-store net lease market continues to show historically low CAP rates and high demand from investors. Private buyers & institutional capital continue to chase investment grade credit, long term leases & the tax benefits of accelerated depreciation.

### Increased Sale Leaseback Volume

As monetary policy continues to tighten, operators have been turning to sale leasebacks to monetize the value of their real estate. Even with CAP rates rising for regional operators, we’ve seen an increased level of interest in leaseback financing relative to conventional financing.

### Elevated Construction Costs

Higher inflation, supply chain issues & higher cost of capital have been the main drivers of higher construction costs for c-store developers. We expect this trend to continue into 2023 across the country. These inflationary production costs get passed on in the form of higher “asking” prices, and thus rents, for new Net Lease locations.

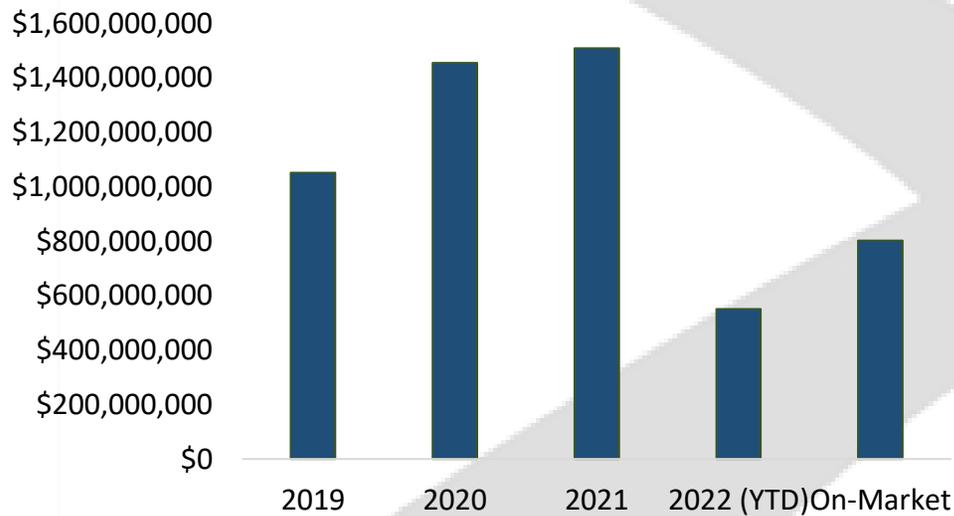
### 1031 Exchange Under Pressure

Proposed and potential tax reform could threaten the future of 1031 tax-free exchanges for real estate investors as soon as 2023. If enacted, CAP rates will likely increase due to a smaller pool of investors seeking net lease properties. While we view this as a low probability, the removal of this tax incentive continues to be discussed in federal legislative circles.

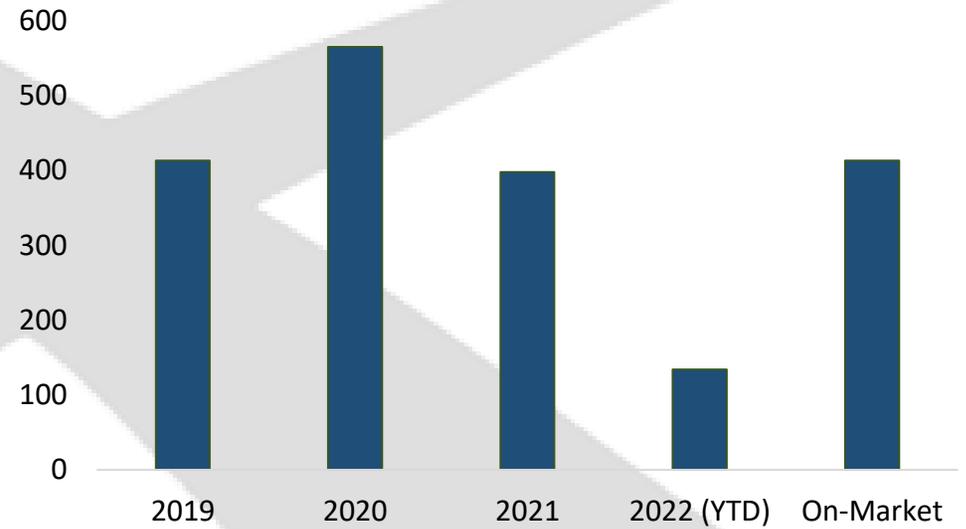
# Net Lease Market – Historical Transaction Volume

The net lease market for c-stores has seen consistent growth in recent years as the market continues to consolidate and operators fuel their growth via new construction sale leasebacks. 7-Eleven continues to lead the market in transaction volume, while regional operators have been accelerating their development pipelines.

### Total Transaction Volume (\$)



### Total # of Transactions



### Transaction Volume

	7-Eleven	Circle K	Wawa	QuikTrip	Sheetz	Murphy USA	Kum & Go	TOTAL
On-Market	\$321M	\$57M	\$224M	\$16M	\$28M	\$45M	\$109M	\$802M
2022 (YTD)	\$327M	\$61M	\$53M	\$50M	\$8M	\$13M	\$37M	\$551M
2021	\$776M	\$114M	\$261M	\$108M	\$24M	\$30M	\$193M	\$1.5B
2020	\$861M	\$140M	\$213M	\$20M	\$30M	\$18M	\$171M	\$1.4B
2019	\$478M	\$87M	\$217M	\$103M	\$20M	\$10M	\$132M	\$1.0B

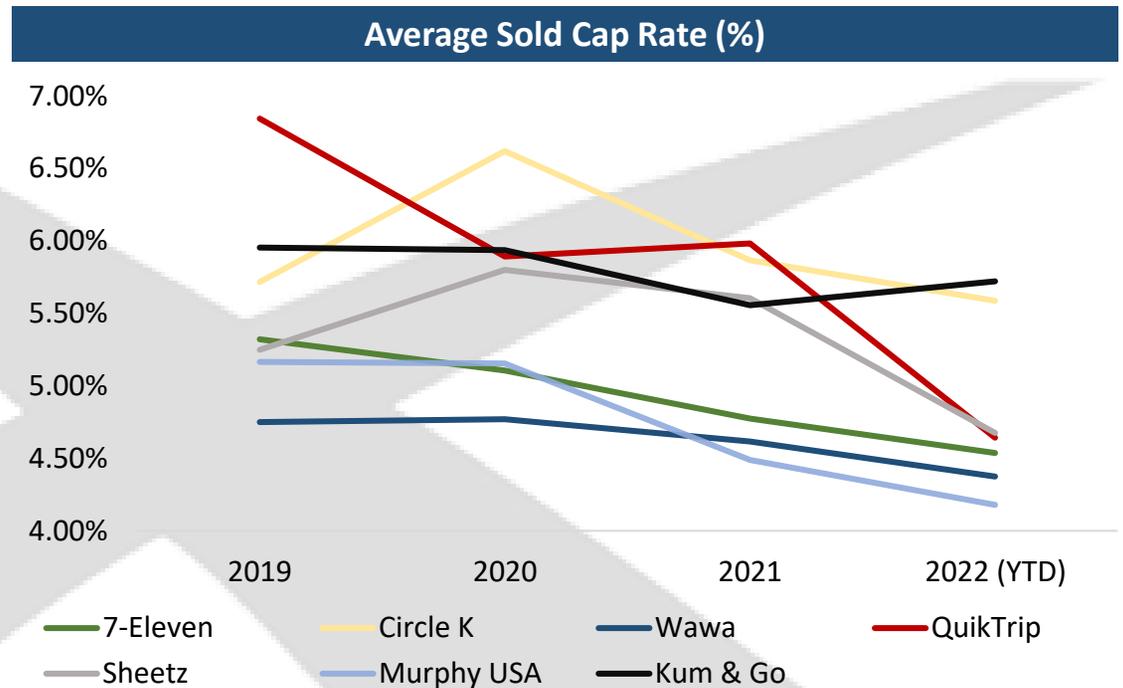
### # of Transactions

	7-Eleven	Circle K	Wawa	QuikTrip	Sheetz	Murphy USA	Kum & Go	TOTAL
On-Market	52	15	27	3	7	9	17	130
2022 (YTD)	75	21	10	11	2	5	10	134
2021	221	42	36	34	9	14	42	398
2020	337	102	35	23	13	11	44	565
2019	215	71	45	30	9	8	35	413

# Net Lease Market – Historical CAP Rates

✦ CAP rates in the net lease sector have continued to decline in 2022 even after record-breaking years from 2019 -2021. While ‘non-credit’ operators have seen a 75-100 basis point increase in CAP rates this year, investment-grade tenants are still benefitting from historically low CAP rates.

✦ We expect CAP rates to face upward pressure as monetary policy tightens & investors’ cost of capital increases.



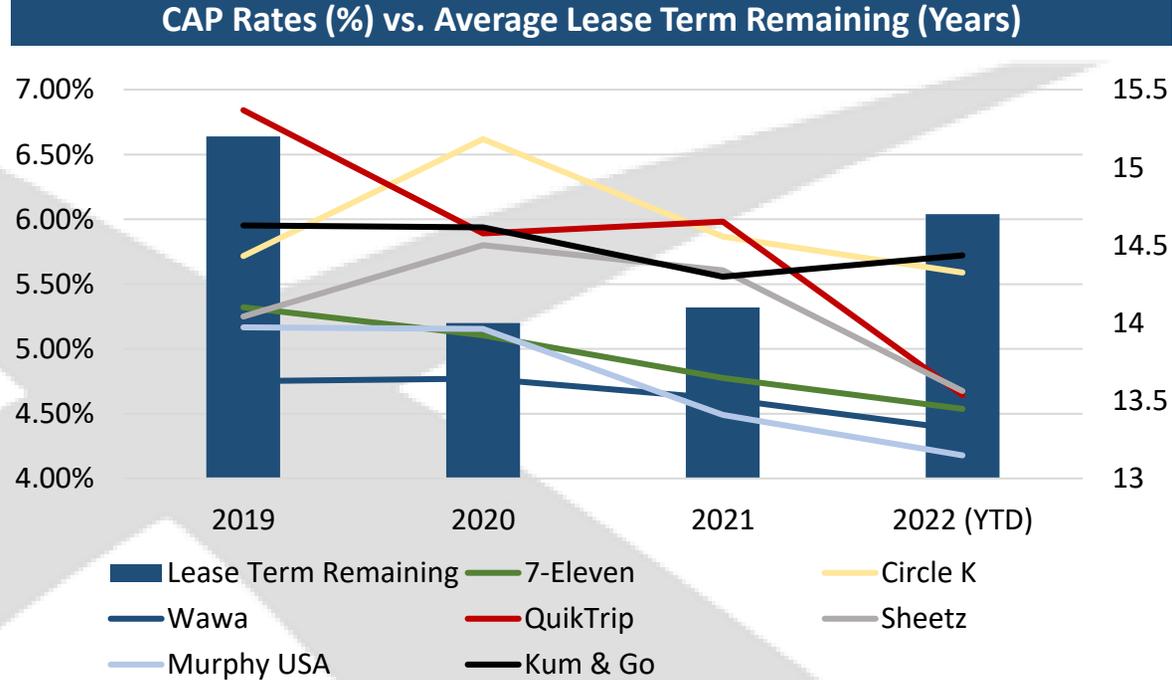
Average Sold CAP Rate								
	7-Eleven	Circle K	Wawa	QuikTrip	Sheetz	Murphy USA	Kum & Go	Average
On-Market	-	-	-	-	-	-	-	-
2022 (YTD)	4.54%	5.59%	4.37%	4.64%	4.68%	4.18%	5.72%	4.82%
2021	4.77%	5.87%	4.62%	5.98%	5.61%	4.49%	5.56%	5.27%
2020	5.11%	6.62%	4.77%	5.89%	5.80%	5.16%	5.94%	5.61%
2019	5.32%	5.72%	4.75%	6.84%	5.25%	5.17%	5.95%	5.57%

Average Asking CAP Rate								
	7-Eleven	Circle K	Wawa	QuikTrip	Sheetz	Murphy USA	Kum & Go	TOTAL
On-Market	4.34%	4.99%	4.22%	5.37%	4.80%	4.28%	5.00%	4.71%
2022 (YTD)	4.39%	5.54%	4.39%	4.59%	4.68%	4.17%	5.57%	4.76%
2021	4.63%	6.07%	4.53%	5.28%	5.11%	4.44%	5.69%	5.11%
2020	5.03%	6.50%	4.58%	5.62%	4.81%	6.16%	6.02%	5.53%
2019	5.05%	5.84%	4.71%	5.90%	5.33%	5.07%	6.15%	5.43%

# Net Lease Market – CAP Rates vs. Lease Term Remaining

While 7-Eleven & Circle K remain c-store market leaders in terms of credit, many of their transactions have shorter lease terms resulting in higher average CAP rates. Private landlords facing shorter term leases have opted to sell in recent years as CAP rates have compressed.

The vast majority of Murphy USA, Sheetz, Wawa and Kum & Go transactions have been new construction developments subject to long-term leases. Private investors have been paying a premium these new construction sites, which can be observed in the following chart:



## Average Lease Term

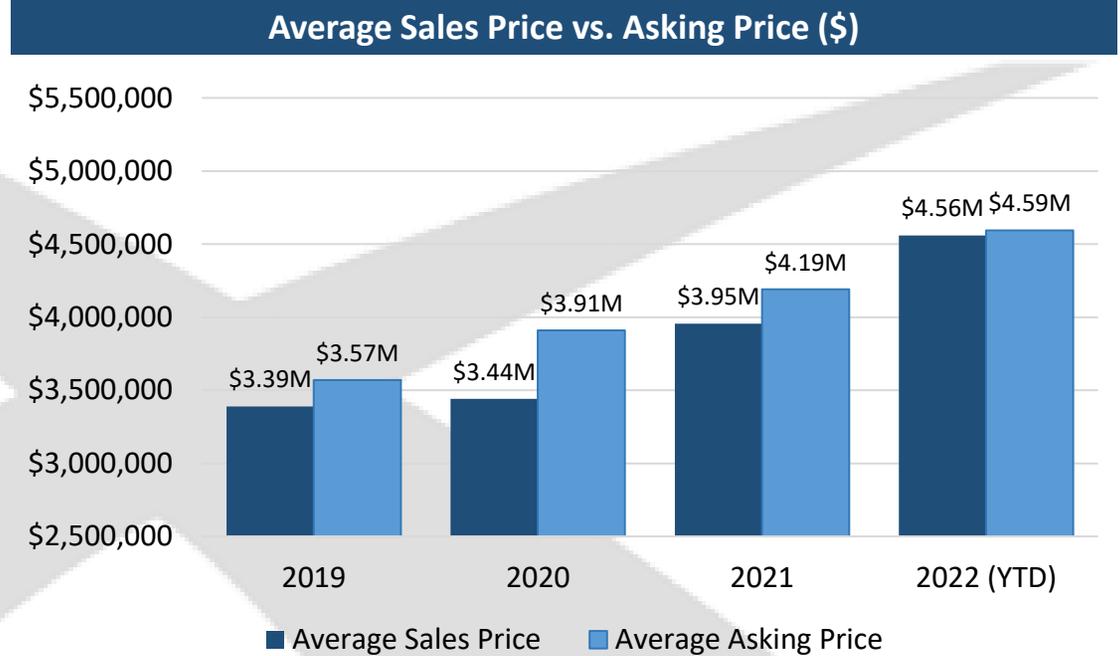
	7-Eleven	Circle K	Wawa	QuikTrip	Sheetz	Murphy USA	Kum & Go	Average
On-Market	12.9	10.6	18.5	8.0	12.3	19.4	14.1	13.7
2022 (YTD)	13.6	12.2	17.8	13.4	15.0	18.0	12.9	14.7
2021	13.8	9.9	19.5	10.4	10.6	19.3	15.1	14.1
2020	13.5	9.7	19.1	10.7	13.5	20.0	11.2	14.0
2019	13.7	12.5	19.2	11.2	13.5	18.5	17.5	15.2

## Average Sold CAP Rate

	7-Eleven	Circle K	Wawa	QuikTrip	Sheetz	Murphy USA	Kum & Go	Average
On-Market	-	-	-	-	-	-	-	-
2022 (YTD)	4.54%	5.59%	4.37%	4.64%	4.68%	4.18%	5.72%	4.82%
2021	4.77%	5.87%	4.62%	5.98%	5.61%	4.49%	5.56%	5.27%
2020	5.11%	6.62%	4.77%	5.89%	5.80%	5.16%	5.94%	5.61%
2019	5.32%	5.72%	4.75%	6.84%	5.25%	5.17%	5.95%	5.57%

# Net Lease Market – Historical Sales Prices

- ✦ Robust demand from 1031-exchange buyers has provided an opportunity for c-store operators & developers to offset risk by selling real estate at historically high levels.
- ✦ Tenants such as Wawa, Kum & Go, QuikTrip & Sheetz typically operate larger-footprint sites which can support higher rents. This has equated to higher sales prices compared to the smaller footprint sites of other tenants – such as Murphy USA, for example.



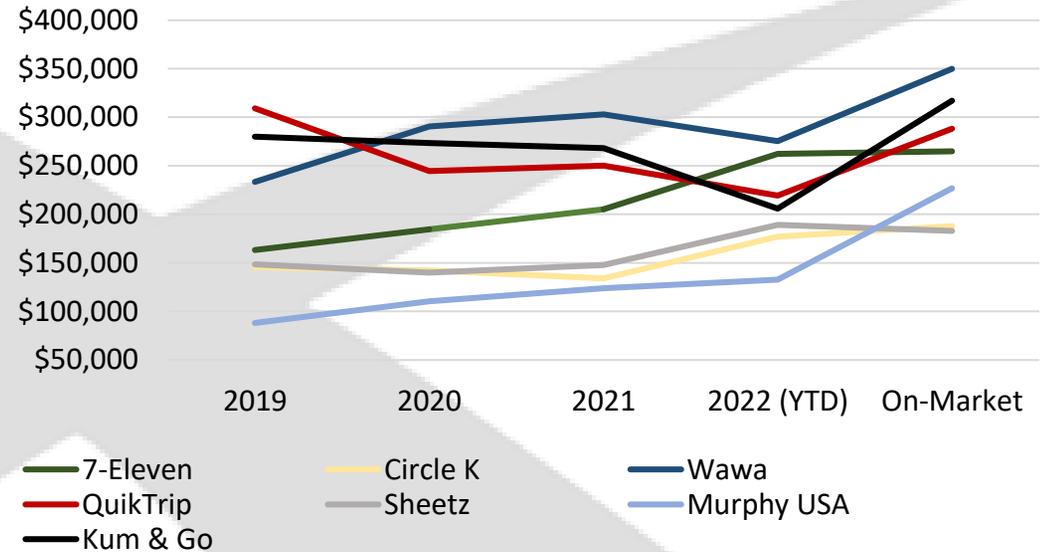
Average Sales Price								
	7-Eleven	Circle K	Wawa	QuikTrip	Sheetz	Murphy USA	Kum & Go	Average
On-Market	-	-	-	-	-	-	-	-
2022 (YTD)	\$5,554,103	\$3,396,212	\$5,915,065	\$5,044,120	\$4,068,500	\$3,256,656	\$4,687,473	\$4,560,304
2021	\$4,172,892	\$2,493,132	\$6,701,820	\$4,027,997	\$2,668,222	\$2,771,962	\$4,848,544	\$3,954,938
2020	\$3,446,748	\$1,973,818	\$5,771,206	\$4,032,535	\$2,732,618	\$1,841,418	\$4,291,217	\$3,441,366
2019	\$3,087,674	\$2,245,847	\$4,620,960	\$4,725,479	\$2,669,726	\$1,809,302	\$4,571,297	\$3,390,041

Average Asking Price								
	7-Eleven	Circle K	Wawa	QuikTrip	Sheetz	Murphy USA	Kum & Go	Average
On-Market	\$6,180,335	\$3,834,708	\$8,305,210	\$5,374,000	\$4,012,357	\$5,087,985	\$6,445,829	\$5,605,775
2022 (YTD)	\$6,064,698	\$3,470,727	\$6,205,284	\$5,479,667	\$4,068,500	\$2,513,389	\$4,356,134	\$4,594,057
2021	\$4,629,319	\$2,481,251	\$6,693,238	\$4,715,404	\$2,787,961	\$3,217,709	\$4,813,680	\$4,191,223
2020	\$3,921,950	\$2,278,847	\$6,209,334	\$4,552,821	\$3,050,091	\$2,537,615	\$4,827,899	\$3,911,222
2019	\$3,256,035	\$2,066,660	\$5,158,270	\$5,071,886	\$2,891,535	\$1,860,167	\$4,685,808	\$3,570,051

# Net Lease Market – Average Rent vs. Rent/SF (\$)

- ✦ As construction & real estate acquisition costs have increased, c-store developers have been setting rent higher - & increasing sales prices - to pass on those costs to net lease investors.
- ✦ This trend has been consistent across the board for investment-grade, regional & local operators.

### Historical Rent Averages (\$)



### Average NOI

	7-Eleven	Circle K	Wawa	QuikTrip	Sheetz	Murphy USA	Kum & Go	Average
On-Market	\$264,750	\$187,942	\$349,762	\$288,320	\$182,843	\$226,867	\$316,958	\$259,635
2022 (YTD)	\$262,366	\$177,092	\$275,316	\$219,270	\$189,014	\$132,808	\$205,724	\$208,798
2021	\$205,060	\$133,904	\$303,053	\$250,089	\$147,951	\$123,817	\$268,198	\$204,582
2020	\$184,399	\$142,353	\$290,367	\$244,466	\$139,891	\$110,501	\$273,577	\$197,936
2019	\$163,110	\$145,470	\$233,568	\$309,256	\$148,601	\$87,991	\$280,038	\$195,434

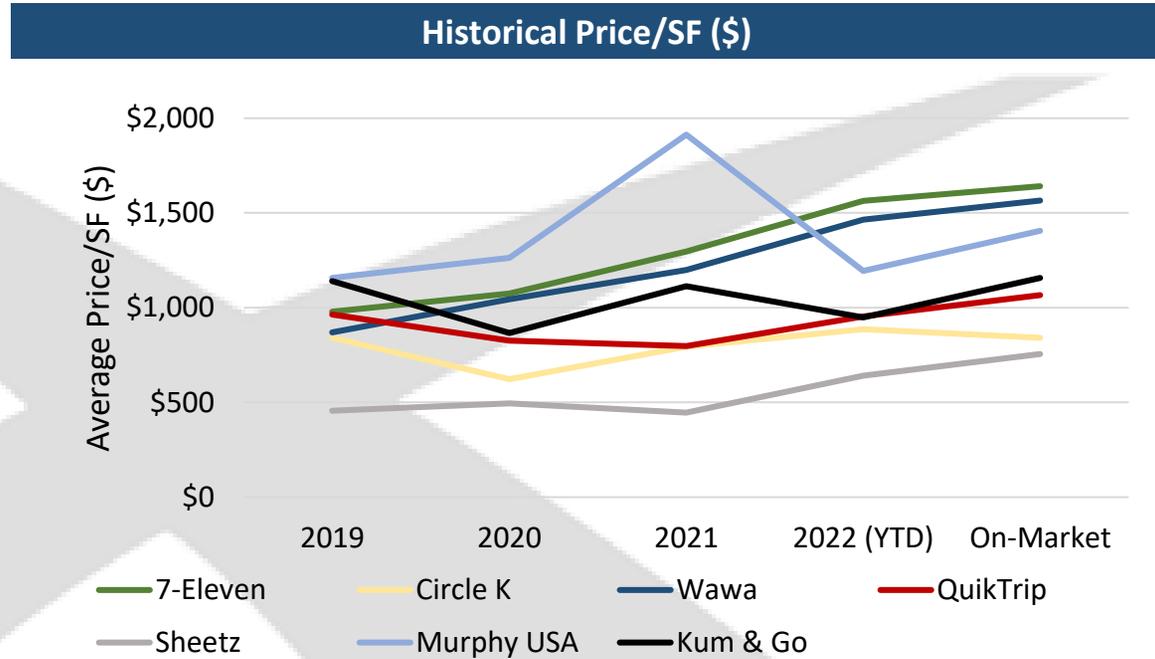
### Average Rent/SF (\$)

	7-Eleven	Circle K	Wawa	QuikTrip	Sheetz	Murphy USA	Kum & Go	Average
On-Market	\$70.1	\$40.9	\$65.9	\$56.7	\$34.2	\$61.2	\$57.4	\$55.2
2022 (YTD)	\$67.9	\$48.9	\$34.4	\$46.7	\$29.8	\$45.8	\$54.0	\$46.8
2021	\$61.0	\$39.5	\$53.4	\$50.5	\$24.3	\$58.3	\$51.5	\$48.3
2020	\$54.0	\$37.5	\$52.2	\$46.0	\$23.9	\$80.9	\$55.4	\$50.0
2019	\$52.1	\$55.6	\$45.9	\$57.0	\$24.9	\$64.7	\$59.3	\$51.4

# Net Lease Market – Price/SF vs. Year Built

Besides Murphy USA, the major c-store retailers have been adopting larger footprint sites and accelerating their development pipelines in recent years. Investors' willingness to pay a premium for new construction sites is reflected in the average price per SF, which has increased steadily since 2019.

The total share of new developments trading in the market has increased each year. This trend can be observed in the average year built for each tenant in the data below.



Average Price/SF (\$)								
	7-Eleven	Circle K	Wawa	QuikTrip	Sheetz	Murphy USA	Kum & Go	Average
On-Market	\$1,640	\$840	\$1,565	\$1,066	\$755	\$1,406	\$1,157	\$1,204
2022 (YTD)	\$1,564	\$887	\$1,464	\$954	\$641	\$1,193	\$948	\$1,093
2021	\$1,296	\$793	\$1,198	\$797	\$446	\$1,913	\$1,113	\$1,079
2020	\$1,074	\$623	\$1,044	\$826	\$495	\$1,262	\$865	\$884
2019	\$979	\$841	\$870	\$964	\$456	\$1,157	\$1,139	\$915

Average Year Built								
	7-Eleven	Circle K	Wawa	QuikTrip	Sheetz	Murphy USA	Kum & Go	Average
On-Market	2013	2007	2020	2007	2021	2021	2017	2015
2022 (YTD)	2007	2000	2015	2009	2021	2011	2011	2011
2021	2004	1995	2014	2004	2015	2006	2008	2006
2020	2001	1991	2014	2006	2018	1992	2010	2005
2019	1996	1989	2014	2012	2007	2012	2009	2005



# Corner Realty Real Estate Services



# Corner Realty Partnerships

Corner Realty not only benefits from Corner Capital’s 16 years of investment banking services, but also the creation of a national partnership with KW Commercial ([KW Commercial \(kwcommercialglobalpartners.com\)](http://kwcommercialglobalpartners.com)) to support marketing, advertising, technology utilization, and transaction processing for large, multi-site projects.



## Industry & Site Services:

- ✦ Accelerated structured sale process
- ✦ Net Lease investment practice
- ✦ Independent to independent sales
- ✦ Site valuations
- ✦ Real estate market/trade area profiles
- ✦ National & regional market expertise
- ✦ Targeted database – operators, dealers, distributors, investors, brokers, developers



## Deep Industry Transactional Knowledge & Relationships:

- ✦ Corner Capital staff intimately involved in Corner Realty transactions & relationships
- ✦ Interconnected relationships for company & single site sales improves complicated structured sales
- ✦ Deep experience & relationships in local markets across the U.S.
- ✦ Trade channel expertise to support structured sale process for Corner Realty clients



## Partnership Support:

- ✦ National brokerage compliance
- ✦ **KW Project Support:**
  - National & regional database
  - KW advertising & marketing support regionally/nationally
  - Expert “Contract to Close” staffing for each site
  - Leverage KW technology & research platform for petroleum transactions

# Corner Realty – Service Lines

Leveraging the strength and experience of Corner Capital and Keller Williams, Corner Realty and its dedicated brokers have decades of experience in retail portfolio management – financing, single site sale transactions, Net Lease investing, sale leaseback funding, and accelerated processes for larger portfolio divestitures to individual buyer/operators.

## Corner Realty Services

### Accelerated Sale Projects

Our buyer and investor networks seek single and portfolio acquisition opportunities through our relationships and marketing process. Corner Realty can market sites in every state in the U.S., and conducts accelerated divestitures for large portfolios in a single-site format to optimize proceeds.

### Single Site Transactions

Working with chain retailers and individual owner/operators, our brokers can swiftly move sites to independent operators, investors, and “out of industry” acquirers through our nationwide network and database. Sites can be sold confidentially or heavily marketed through traditional methods through our website and our relationships.

### Net Lease Investor Sales

Our specialist brokers have deep access to nationwide investors seeking Net Lease sites (property purchase subject to a long-term lease) to monetize real estate assets subject to cap rate and lease terms negotiated through the process.

### Sale Leasebacks for Redeployment

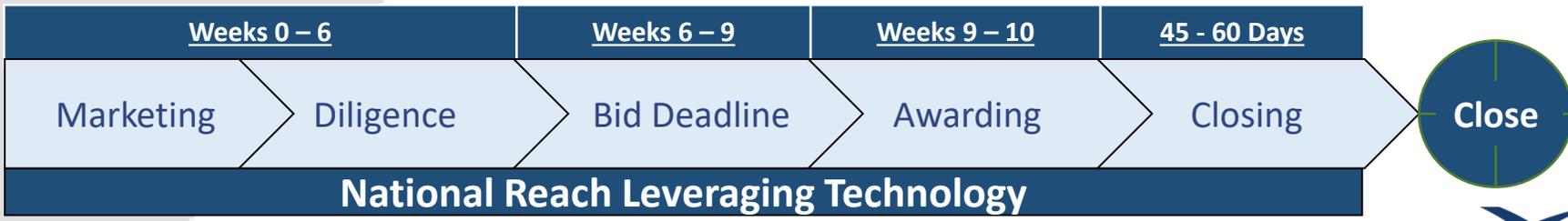
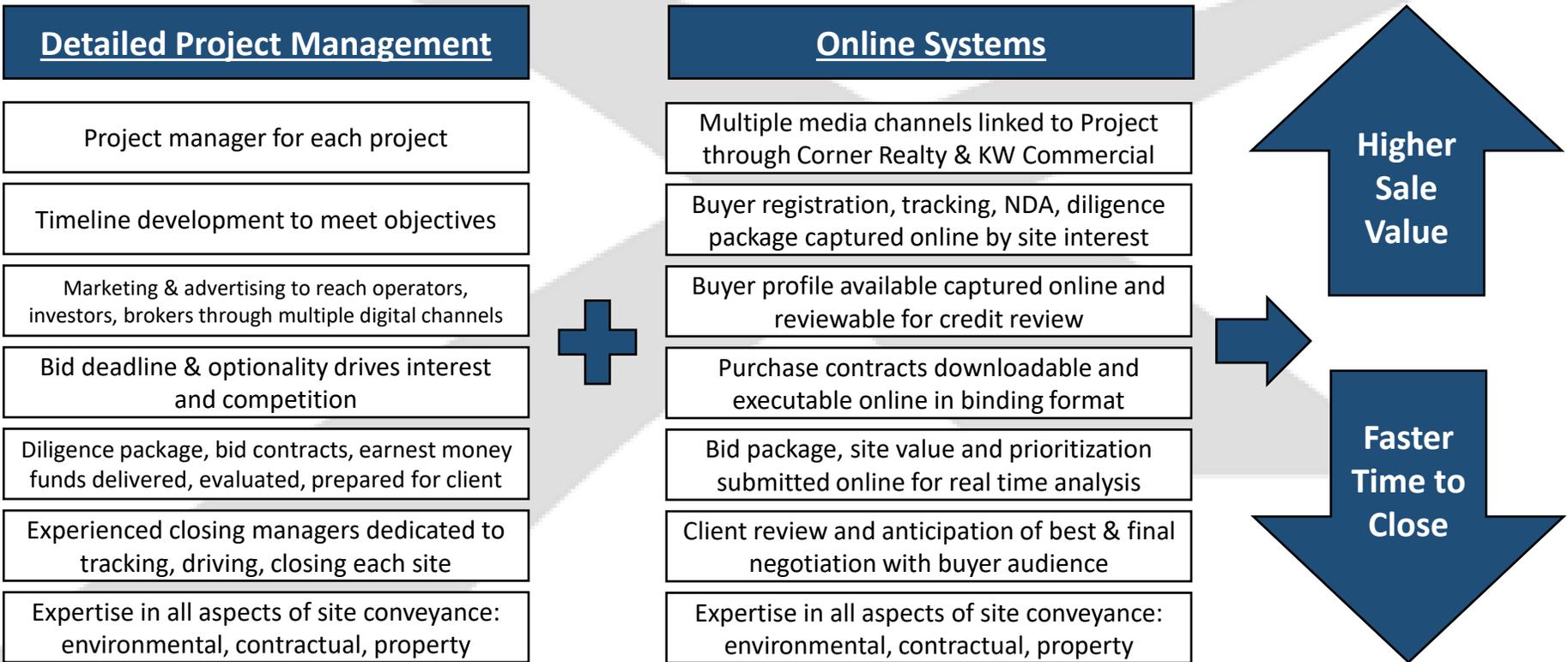
We finance up to 100% of the cost on new construction projects and existing c-stores with operators, developers & fuel distributors across the country. We use the real estate as a financing vehicle to drive operators’ long-term growth strategy.



Company/Business Segment sales across the U.S. covering retail, branded/unbranded distribution channels, lubricants, transportation, and other constituents of Downstream Energy. Services include M&A, financing/capital raises, valuations, special credit and turnaround situations.

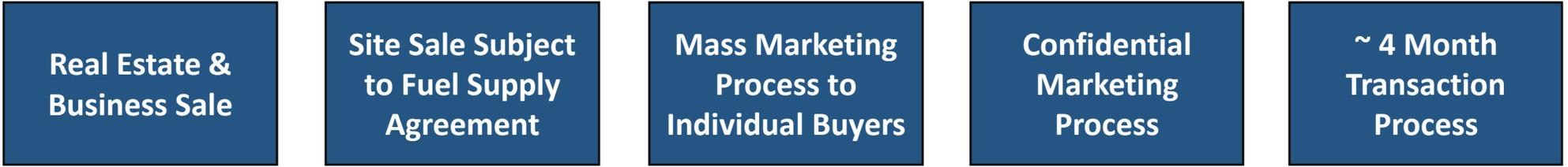
# Corner Realty Services – Accelerated Sale Projects

For accelerated sale projects for Shell JV entities, Corner Realty’s team brings its principals and partnerships to produce a smooth, professional, and timely process optimizing sale proceeds by site.

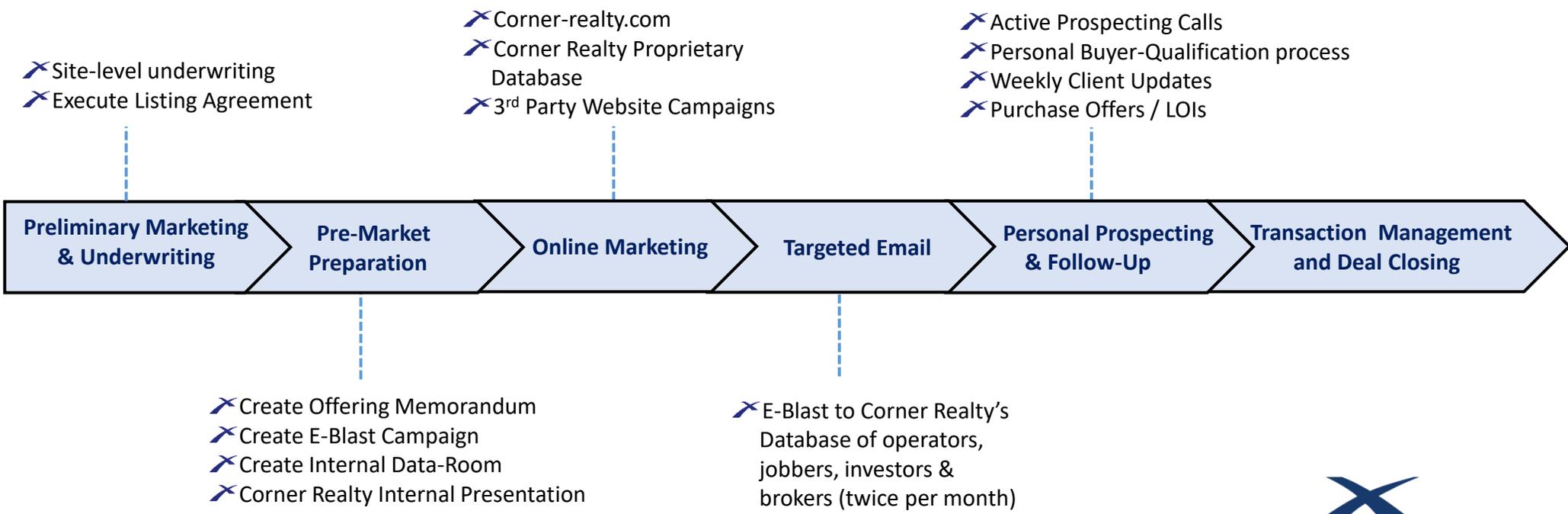


# Corner Realty Services – Single Site Sales

Corner Realty transacts with individual buyers and sellers across the country, resulting in local market expertise for single site divestitures and “dealerization” options. We are able to utilize mass marketing and/or confidential processes to successfully market and close on a transaction often within a 4-month time frame.



## Corner Realty Marketing Plan



## Monetizing Real Estate for Redeployment

### Existing Assets

- ✘ Free up capital to fund new developments & acquisition opportunities
- ✘ Increase liquidity & pay down debt
- ✘ Redeploy capital from real estate into higher yielding assets: retail operations & fuel distribution

### New Construction Projects

- ✘ New construction project costs are at historically high levels. We can lower your basis in development projects while keeping your occupancy costs low
- ✘ As interest rates continue to rise, investors' appetite for net lease assets remains strong. Private investors can provide cheaper cost of capital than conventional financing

### Acquisition Leasebacks

- ✘ We provide up to 100% financing on acquisition opportunities
- ✘ Use real estate as a financing vehicle to scale operations & fuel distribution
- ✘ Purchase Options & Right of First Refusals allow operators to control their real estate in the long-term, while monetizing the value today

## Corner Realty Investor Relationships

Public & Private  
REIT's

Private Equity &  
Family Offices

Individual  
Investors

1031 Exchange  
Market

# Corner Realty Leadership

**Mike Bohnert, Managing Director: [Mbohnert@corner-realty.com](mailto:Mbohnert@corner-realty.com) | (951) 532-4143**

Mike Bohnert joined Corner Realty with 30 years of major integrated oil company experience. Mike advises clients on company sales, divestitures, acquisitions, accelerated development, market conversions from direct to wholesale, market withdrawals and strategic planning. The majority of the transactions being downstream energy companies involved in petroleum marketing and convenience retailing, wholesale fuels distribution and oil distribution. Throughout his career, Mike has managed and overseen business transactions exceeding \$1.5 billion for clients such as: GE Capital, Sunoco, BP, Costco, Home Depot, and involved with bankruptcy liquidations for Swifty Serve and Clark Retail.

**Randy Toth, Senior Associate: [RToth@corner-realty.com](mailto:RToth@corner-realty.com) | (805) 965-5510**

Randall began his career in 1984 with Suntronics; they were the manufacturers of the first Point of Sale system for the downstream energy industry; he handled the major oil companies and set up a sales and service distribution network in the USA. From there, he went to work for Tokheim, based in Ft Wayne, IN. He covered many positions from product managing to distribution and handling the major oil companies. Fun Fact: He was involved in training and installing at Arco, BP, and Getty Petroleum the first card readers and cash acceptors in the USA.

Randall then focused on the downstream energy real estate market. Working with NRC as a developer, he secured the Sunoco account and started working alongside Michael Bohnert working the BP/Arco, Swifty Serve, Clark Petroleum accounts. Recently, Randall was involved with the Energy Exchange Company as an account developer before joining Corner Realty.

**William Hartshorn, Net Lease Specialist: [whartshorn@corner-realty.com](mailto:whartshorn@corner-realty.com) | (703) 576-7683**

Will Hartshorn began his career as a commercial real estate broker at Sands Investment Group where he focused exclusively on the downstream energy sector across the country. Throughout his career, he has advised operators, distributors, developers and private investors with their acquisition, disposition and development projects. He specializes in sale leaseback financing, site selection and 1031 exchange engagements within the c-store and travel center industry. Will previously worked for Strategic Investment Group, an investment management firm based in D.C., on their risk management and real estate private equity teams. He received his undergraduate degree in Economics from Wake Forest University.

**P. A. Weber III, Managing Partner: [aweber@cornercapitalpartners.com](mailto:aweber@cornercapitalpartners.com) | (805) 965-5510**

Andy Weber began his career at Shell Oil Company, serving in various sales and marketing management capacities, responsible for Shell's investments in dealer and company-operated retail markets including New Orleans, Birmingham, and Chicago. Subsequent to Shell Oil, Andy served as an international consultant in Arthur D. Little's Global Energy Practice, with a principal responsibility for the downstream strategy practice. Prior to founding Corner Capital and Corner Realty, Andy spent 10 years at Roundtree Capital, a private equity group in Santa Barbara. During this time, Andy was a principal in the company and served as CFO and President with overall responsibilities for the growth of the business from 100 to 230 convenience stores, while distributing motor fuels for Chevron, BP, Fina, Mobil, and Marathon. Outside the retail industry, he conducted Roundtree's M & A and Treasury activity in its food manufacturing investments. Andy founded Corner Capital in 2006.

**Carl Ray Polk, Jr., Managing Partner: [crpolkjr@cornercapitaladvisors.com](mailto:crpolkjr@cornercapitaladvisors.com) | (936) 635-5949**

Carl Ray began his career with his family business Polk Oil Co., Inc., located in Lufkin, Texas and founded in 1937. Through his early career, Carl Ray ran a number of business units including lubricants distribution, convenience retailing, QSR management, and wholesale fuels distribution for Exxon, Mobil, and Texaco. Carl Ray conducted a buyout of the family company and later sold the company to Brookshire Brothers, LTD in 2007. Subsequent to the sale, Carl Ray served as Executive Vice President and as a member of the Board of Directors. He is the Past Board Chair of the Texas Petroleum Marketers Association, a member of Coca Cola's National Retailers Council, served on several national committees for the National Association of Convenience Stores (NACS), and is Past Chairman of the Board of Lufkin's Chamber of Commerce. He has been appointed by Governor George W. Bush to the Angelina Neches River Authority where he served a six-year term.



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# Mid-Year M&A Overview

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# M&A Mid-Year Update

Overall YTD 2022 M&A activity has declined compared to 2021, and there are fewer “headline” announcements in the retail and distribution segments this year. Most activity has been complementary “bolt-on’s” supportive of existing operations. Corner Capital believes convenience retail values should hold for the near future, and acquisition values will generally be smaller transaction sizes. Additionally Corner Capital believes U.S. Energy M&A transactions will decline from 2021 values due to inflation concerns, rising Fed interest rates, and non-supportive government policies.



✦ Midstates Petroleum acquired Parr Petroleum in \$38M deal, taking control of Parr Petroleum’s 10 stores in Alabama.



✦ Parkland Corp acquired M&M Food Market in \$322M deal, Parkland Corp. has taken control of M&M’s 300 stand-alone & 2,000 Express Outlets across 25 countries



✦ Alimentation Couche-Tard Inc. the parent company of Circle-K supposedly is/was in talks with EG Group about the acquisition of their 6,200 sites across the United Kingdom and Ireland, Europe, the United States and Australia. Combined the two companies would have 21,000 locations across 30 countries and an estimated revenue of over \$70 billion.

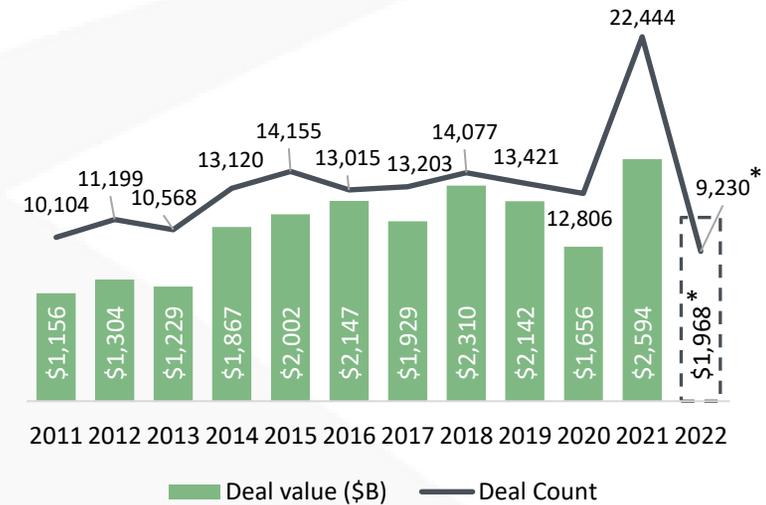


✦ Fike’s Wholesale Inc. (CEFCO) divested 50 petroleum marketing and convenience stores to BreakTime Convenience Stores out of Houston, Texas.

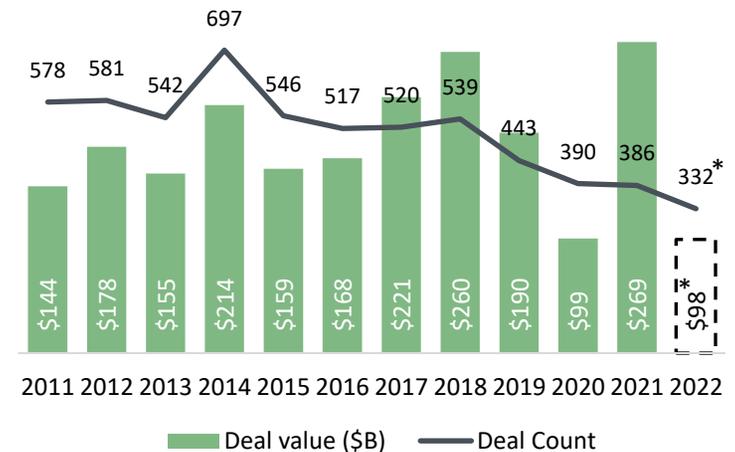


✦ P66/Fortress, through its United Pacific JV affiliate Alta C-Stores, acquired 46 Petro-Mart convenience stores and 39 wholesale dealers from Western Oil, a petroleum marketer and c-store retailer in the greater St. Louis region in Missouri and Illinois.

Total U.S. M&A Values



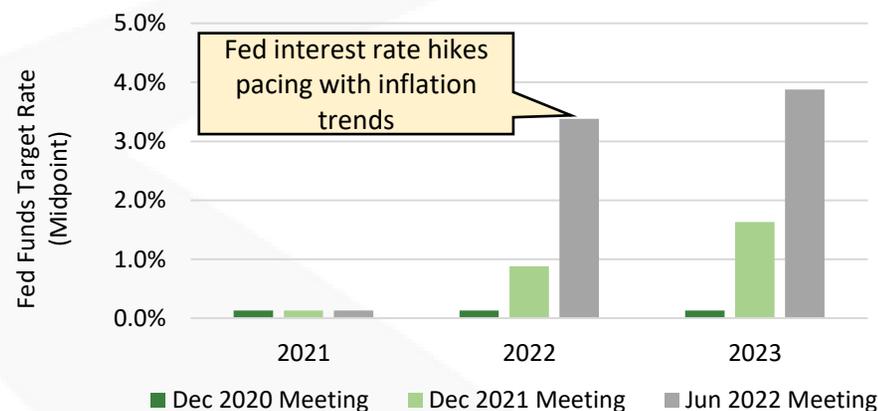
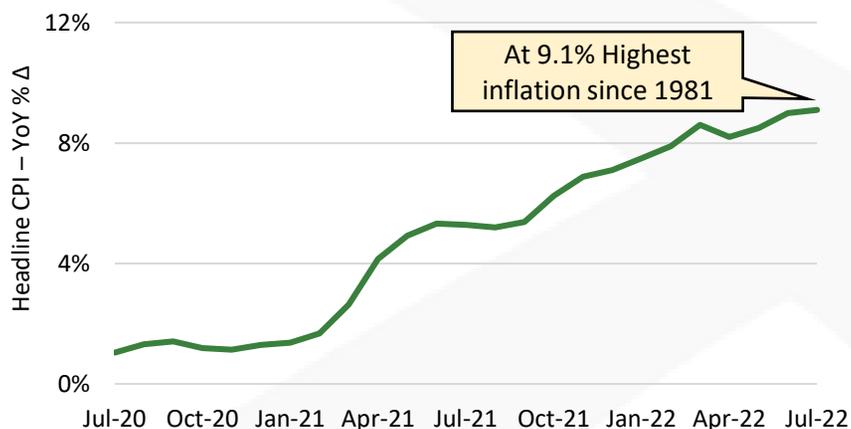
U.S. Energy M&A Values



# Inflation, Interest Rates, Valuations

The rising cost of debt service is expected to impact valuations by Q4, as public market indices have already adjusted -20% ytd. As the economy continues to lose momentum, retail multiples should flatten, but we expect retail assets to remain in demand due to diminishing transaction opportunities and overall resiliency of this trade channel. Against the backdrop of wholesale price volatility, operators are capturing long margins. Though retail fuel margins remain strong, the flattened fuel demand and the dwindling labor supply have forced operators to restructure their approach to gross margin vs driving volume. Additionally, we continue to see a temporary pause in M&A activity in U.S. oil & gas deal making as a result of buyers and sellers disagreeing on the value of assets.

Rising Inflation & Interest Rates



## 2022 Inflation Trends

- ✂ May 2022 – Energy & Gasoline prices rose **41.6%** and **59.9%**.  
✂ The highest increase since 1980
- ✂ High commodity prices continue to bleed into energy & food costs.
- ✂ Supply chain bottlenecks have yet to stabilize to meet consumer demand.

## 2022 Fed Rate Trends

- ✂ Jan 22 – June 22, **6** rate hikes of **25bps**, rate climbed from near zero to **~1.6%**.  
✂ Anticipating another **7** hikes of **25bps** by EOY.
- ✂ Dec 2021 Fed expected only **3** hikes of **25bps** in 2022.
- ✂ June - 2022 hike of **75bps** largest since 1994.

# Majors' Activity & Other



Phillips 66 and Fortress Investment Group jointly own United Pacific, one of the largest owner operators of convenience retail gas stations throughout the Western US. Recently acquired branded retailer and distributor Western Oil in St. Louis, and eFuel (commercial, wet-hosing) in California for its renewable diesel refinery output.



LANDMARK INDUSTRIES



Shell acquired the remaining 50% stake not previously owned in the JV with Landmark for their Timewise Stores in Houston, Texas. This included 248 company-owned fuel & convenience retail sites, and 117 supplied sites. Additionally, in December 2021, Shell's subsidiary - Shell New Energies US LLC, recently acquired Savion, a large-scale solar and energy storage developer. The acquisition will significantly help Shell's goal of becoming a net-zero emissions company, as well as expanding their energy storage business.



Chevron's pending acquisition of REGI indicates a strategy focused on production of alternative fuels rather than the retail focus demonstrated by BP and Shell. It remains to be seen what Chevron will do with REGI's acquisition of Southern California diesel distributors for the "last mile" reach to customers.



As of April 5<sup>th</sup> 2022, BP acquired all outstanding units of BPMP not already owned by BP, resulting in the de-listing of BPMP from the NYSE. BPMP is now classified as a wholly-owned subsidiary under BP. Additionally, BP has invested over \$800M across more than 60 companies in effort to innovate and transform their operations as well as the renewable energy industry.



Exxon Mobil acquired Materia, Inc., a company which specializes in developing structural polymers, at the end of 2021. The acquisition plans to bring more durable and efficient materials for wind turbines as energy transitions towards renewables. Exxon has also continued to invest in their carbon capture and storage projects, as well as their plans for new commercial partnerships to reduce emissions.

# Corner Capital - Service Lines

Corner Capital's unique experience provides its clients with creative financial engineering, optimizing business values, and the understanding of their strategic importance to your company. Our in-depth knowledge of the industry allows us to develop tailored structures and processes to achieve your financial and business goals. We have pulled tanks, financed accounts receivable, installed inventory accounting, created lending platforms, and sold our businesses – all specifically in the downstream energy industry.

## Corner Capital Services

### Valuations & Advisory

Valuation/Operational advisory for institutional and operator clients, providing opinions on asset values, market trends, deal dynamics, comparable analytics, and due diligence.

### Mergers & Acquisitions

Representation of clients seeking liquidity through a sale of their Company, its assets, or certain business divisions. Assistance with acquisitions of other companies, corporate unit divestitures, combined enterprise valuations, and market comparables.

### Financial Engineering

Raising debt & other capital for recapitalizations, acquisitions, management buyouts. Restructuring and creditor/debtor representation for financially distressed credits.

### Credit & Special Needs

Valuation and exits of distressed securities such as loan sales and restructuring options. Serving as Chief Restructuring Officer in pre/post bankruptcy situations.

### Sponsor

Corner Capital will invest its own capital in a balance sheet structure to assist in unique opportunities in the industry.



National retail brokerage for accelerated store dispositions, net lease transactions, and retail real estate transactions.

# How Clients Use Valuations

Corner Capital clients request our Fair Market Valuations for multiple purposes:

Valuation	Description	Rationale
Governance & Discipline	<p>Many clients prefer to perform annual or bi-annual valuations as part of a best-practices effort to stay in touch with market values and trends. Valuations can be utilized to understand current market pricing for future acquisitions. For clients with other business holdings, the valuation is helpful for their portfolio assessments as well.</p>	<p><i>Reporting to multiple shareholders or the Board of Directors</i></p>
Family & Shareholder Buyouts	<p>In 2021, Corner Capital performed multiple valuations at the request of a Board of Directors or a controlling shareholder. In three of these projects, our Fair Market Valuation Report was utilized for related-party buyouts of another partner. In two of these cases, Corner Capital was able to structure and source capital for our clients to complete the partner buyout.</p>	<p><i>Assistance with structuring, sourcing, and closing a partnership buyout</i></p>
Company or Segment Exits	<p>Most clients tend to request valuations as a pre-cursor to selling their business or a segment of their business. Our clients desire to understand and optimize their business' values. Our valuation projects incorporate exit structures and scenarios to achieve the best results through our process and is driven by our clients' post-sale objectives and lifestyle needs.</p>	<p><i>Determining whether now is the right time to keep or sell the company</i></p>

# Valuation Process

Corner Capital works closely with clients to ensure proper data collection, transparency in analytics, and demonstrate an in-depth understanding of Shell's market, people, operations, financial performance, and assets. Any employee and customer contacts would only be with the permission of Management. We schedule a weekly call for each of our projects to ensure efficient Q&A sessions and a path to project completion.

<u>Stage</u>	<u>Action</u>	<u>Timing</u>
<b>Data Collection</b>	Provide & collect detail across all business segments – financial, asset lists, operations, other	Upon Engagement
<b>Analytics</b>	Model asset & financial information by segment (without overhead)	3-4 weeks
<b>Site Inspections &amp; Interviews</b>	Conduct site visits of retail, bulk plants, plus any operational interviews	1 week – if requested/required
<b>Finalize Segment Values</b>	Perform R/E analytics, comparable transactions, discounted cash flow	Present Draft Report for review/discussion and confirmation of base data
<b>Deliver Presentation</b>	Report provides valuation by segment, and recommended strategy (as requested)	Present results to Client or as otherwise requested

# Mergers & Acquisitions Services

Since 2006 Corner Capital has represented clients seeking transaction advisory through a company sale or merger, acquisitions of other companies (buy-side advisory), and corporate business unit divestitures. Through our Company's history and our employees' relationships, we target the strongest and most capable buyers for your trade channels, including nationally active public and private strategic operators, regional operators and distributors, private equity institutions, family offices and international groups seeking opportunity in the U.S.

## M&A Services

### Internal Communication

- ✗ Weekly scheduled communication throughout entire project
- ✗ ALL DISTRIBUTED documents to be approved by client before distribution
- ✗ Corner Capital team comprised of experienced relationship managers, project managers, and analysts

### Buyer Audience

- ✗ Well-capitalized national and regional strategies
- ✗ MLP's, publicly traded and large privately held strategic companies, private equity financial buyers
- ✗ Regional consolidators
- ✗ Tailored to client preference and objectives e.g. employees, key management, seller legacy issues

### Transaction Documentation

- ✗ Develop CIM and manage LOI(s), Purchase Agreement(s), Exhibits, and Schedules related to the business
- ✗ Corner Capital assists attorneys with negotiating business terms throughout legal due diligence
- ✗ All turns of the Definitive Agreements to be reviewed and stored in an Internal data room

### Data Room

- ✗ Client approves all diligence items to be included in data room
- ✗ For efficiency and speed, all communication with buyers exists via data room
- ✗ Clients' real estate group will coordinate title and survey as needed

### Negotiations

- ✗ Corner Capital negotiates with and manages the buyer group on Term Sheets, PSA, diligence, and closing items
- ✗ Corner Capital provides market expertise in PSA terms, valuation, diligence needs

# Corner Capital Leadership

**P. A. Weber III, Managing Partner: [aweber@cornercapitalpartners.com](mailto:aweber@cornercapitalpartners.com) | (805) 965-5510**

Andy Weber began his career at Shell Oil Company, serving in various sales and marketing management capacities, responsible for Shell's investments in dealer and company-operated retail markets including New Orleans, Birmingham, and Chicago. Subsequent to Shell Oil, Andy served as an international consultant in Arthur D. Little's Global Energy Practice, with a principal responsibility for the downstream strategy practice. Prior to founding Corner Capital and Corner Realty, Andy spent 10 years at Roundtree Capital, a private equity group in Santa Barbara. During this time, Andy was a principal in the company and served as CFO and President with overall responsibilities for the growth of the business from 100 to 230 convenience stores, while distributing motor fuels for Chevron, BP, Fina, Mobil, and Marathon. Outside the retail industry, he conducted Roundtree's M & A and Treasury activity in its food manufacturing investments. Andy founded Corner Capital in 2006.

**Carl Ray Polk, Jr., Managing Partner: [crpolkjr@cornercapitaladvisors.com](mailto:crpolkjr@cornercapitaladvisors.com) | (936) 635-5949**

Carl Ray began his career with his family business Polk Oil Co., Inc., located in Lufkin, Texas and founded in 1937. Through his early career, Carl Ray ran a number of business units including lubricants distribution, convenience retailing, QSR management, and wholesale fuels distribution for Exxon, Mobil, and Texaco. Carl Ray conducted a buyout of the family company and later sold the company to Brookshire Brothers, LTD in 2007. Subsequent to the sale, Carl Ray served as Executive Vice President and as a member of the Board of Directors. He is the Past Board Chair of the Texas Petroleum Marketers Association, a former member of Coca Cola's National Retailers Council, served on several national committees for the National Association of Convenience Stores (NACS), and is Past Chairman of the Board of Lufkin's Chamber of Commerce. He is Vice President of Southwest Texas Cattle Raisers Association currently.

**Rob Thomas, SVP of Business Development: [rthomas@cornercapitaladvisors.com](mailto:rthomas@cornercapitaladvisors.com) | (904) 616-6902**

After 34 years of service with both Shell Oil Company and Motiva LLC, Rob recently retired from his position as Sales Manager in the Southeast U.S. Early in his career Rob served in numerous capacities in the field for Shell, responsible for petroleum product sales and managing retail districts from Louisiana to Florida to the Carolinas, as well as Delaware to Maine in the Northeast. Rob also held management positions in Shell's Houston corporate office, including Manager, Credit Card Products and Services and Manager, Retail Supply and Logistics. Rob's extensive experience and relationships throughout his career builds on Corner Capital's Downstream Energy platform of providing in-depth transactional advice to all constituents in the sector.

**Don Mitchell, SVP of Business Development: [dmitchell@cornercapitaladvisors.com](mailto:dmitchell@cornercapitaladvisors.com) | (713) 898-6694**

Don Mitchell began his career with Exxon in 1971. After managing several different retail markets in North Carolina, Georgia, and Texas, Don was instrumental in Exxon's national entry into convenience retailing in the 1980's. In the early 1990s, Don managed Exxon's state and federal public, legislative, and regulatory affairs activities (including API) and also served as their Western Area Public Affairs Manager. From 1995 until retirement, Don was involved in numerous key branded distributor activities on a regional and national level and served as Area Manager and Market Development Coordinator for ExxonMobil's Western Distributor Area until his retirement.

**Sean Stewart, Associate: [sstewart@cornercapitaladvisors.com](mailto:sstewart@cornercapitaladvisors.com) | (805) 965-5510**

Sean Stewart began his career in Hall Capital's New York City portfolio management group, managing investment portfolios for high net-worth families and institutions across various strategies including fixed income, equities, hedge funds, private equity, and real assets. Subsequently recruited to Advent Capital to work with institutional investors in their long-only convertible strategies, Sean advised on performance drivers for Advent's strategies including benchmarking, portfolio positioning and projected outlook. He also built quantitative tools to help portfolio managers analyze client portfolios and conducted research that aided the company's marketing efforts. During his time at Advent, Sean became Product Manager for Advent's domestic long-only convertible strategies.

**Barton Taylor, Associate: [btaylor@cornercapitaladvisors.com](mailto:btaylor@cornercapitaladvisors.com) | (805) 965-5510**

Barton Taylor began his career in Amegy Bank's Energy Lending Group, managing relationships for clients whose operations spanned the entire energy value chain in all major North American resource plays. During this time, Barton focused on originating and syndicating large credit facilities for clients comprised of private equity sponsored portfolio companies, closely-held middle market companies, and larger publicly traded firms and MLPs. After business school, Barton joined the sales team at Dimensional Fund Advisors (DFA), a leading global mutual fund family and investment manager. At DFA, Barton coordinated business development and client service activities for the firm's Wirehouse/Broker-Dealer distribution channel.