



Convenience Store Market Quarterly Newsletter

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About Trefethen Advisors, LLC

Trefethen Advisors is a privately held investment bank. Trefethen is unique in its ability to maximize value for its clients by providing strategy-led, consultative investment banking services in situations requiring specialized industry, analytical, and/or structuring expertise. We offer skilled transaction execution capabilities and a full range of financial and strategic advisory services:

- Mergers & Acquisitions (Buy-Side & Sell-Side)
- Corporate Finance
- Financial Restructuring and Distressed M&A
- ESOP Buyouts

Corporate Finance Products Include:

- Family Offices
- Venture Capital
- Debt/Sub-Debt
- Private Equity
- Financial Companies
- Sale-Leaseback Financing

For more company information, please visit our website at www.trefethenadvisors.com

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Trefethen Advisors is pleased to bring you this quarterly edition of its market update. This periodical is designed to provide current information on the public equity markets, convenience retailing markets, and M&A activity as well as market and sector commentary. If you would like to add any colleagues to this newsletter, please contact us at valentine@trefethenadvisors.com

Market Summary

During the third quarter of 2017, the U.S. equity market continued to post record highs, bringing returns for most of the major benchmarks into double digits for the year-to-year period. Overall, S&P 500 and NASDAQ rose 4.0% and 5.8%, respectively this quarter. The healthy U.S. stock market gains, with low volatility, are supported by generally positive domestic macroeconomic data. Specifically, second quarter GDP increased at a 3.1% annual rate. Unemployment rate was held steady throughout at 4.4%. And the core PEC index, Fed's preferred gauge of overall inflation, rose just 1.3% in Aug from prior year.

C-Store Market Summary

There were several noteworthy M&A transactions since the publication of our last newsletter, including the following: Brookfield Business Partners acquired 213 locations across Canada from Loblaw Cos. for \$427.5 million; Getty Realty closed two sale-leaseback transactions, 49 sites from Empire Petroleum Partners for \$123 million and 42 locations from Applegreen's U.S. subsidiary The Brandi Group for \$68.3 million; Empire Petroleum Partners acquired 70-site Corner Stores from Alimentation Couch-Tard; Global Partners acquired 33 sites from Honey Farms for approximately \$36 million; Flyers Energy exited convenience retailing business with its sale of 39 locations to Andeavor; Alimentation Couch-Tard agreed to acquire all of the issued and outstanding shares of Holiday Stationstroses; CrossAmerica Partners agreed to acquire 102 sites from Jet Pep for \$72 million.



Money & Commodity Markets

Money Markets

9/30/2017 -1 Week -3 Month -6 Month -1 Year

Treasury Rates

6 Month	1.20%	1.19%	1.14%	0.91%	0.45%
1 Year	1.31%	1.30%	1.24%	1.03%	0.59%
5 Year	1.92%	1.88%	1.89%	1.96%	1.14%
10 year	2.33%	2.26%	2.31%	2.42%	1.60%
30 year	2.86%	2.80%	2.84%	3.03%	2.32%

Swaps

3 Year	1.84%	1.80%	1.73%	1.81%	1.05%
5 year	1.99%	1.95%	1.94%	2.06%	1.16%
10 year	2.28%	2.22%	2.26%	2.40%	1.44%
30 year	2.54%	2.48%	2.53%	2.67%	1.77%

LIBOR

1 Month	1.23%	1.24%	1.22%	0.98%	0.53%
3 Month	1.33%	1.33%	1.30%	1.15%	0.85%
1 year	1.78%	1.78%	1.74%	1.79%	1.55%

Other Key Rates

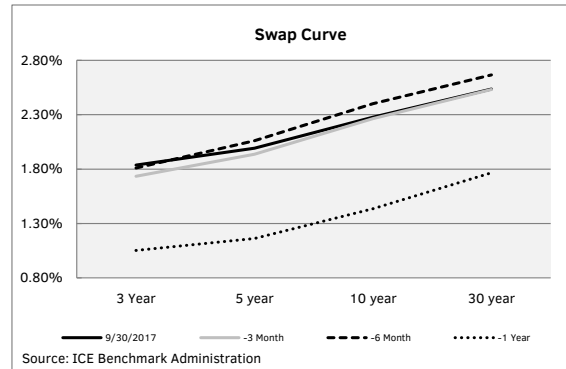
Prime	4.25%	4.25%	4.25%	4.00%	3.50%
Discount	1.75%	1.75%	1.75%	1.50%	1.00%

Foreign Exchange

Dollar Index (USD/Basket)	92.88	91.97	95.42	100.28	95.39
Pound/USD	1.34	1.35	1.30	1.25	1.30
Euro/USD	1.18	1.20	1.14	1.07	1.12
USD/Yen	112.61	112.04	112.34	111.36	101.28
USD/CNY	6.65	6.59	6.78	6.89	6.67

Market Commentary

During Q3, the 3-month LIBOR continued to rise to 1.33%, with the 10-year Treasury yield staying relatively stable at 2.33%. The dollar index kept the trend of previous quarter and fell to 92.88. Our featured economic statistic in this issue is the EURO/USD exchange rate curve.



Featured Economic Graphic:



Commodity Markets

9/30/2017 -1 Week -3 Month -6 Month -1 Year

Energy Markets

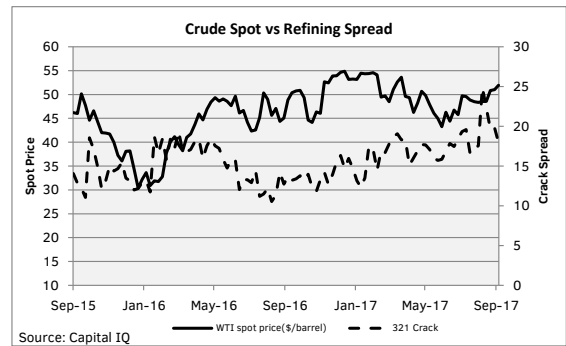
Crude (W. TX Cushing Spot)	51.95	51.03	46.29	50.78	48.82
Crack Spread (NYMEX 3-2-1)	17.94	19.82	15.86	17.78	12.73
Retail Gasoline (US Avg.)	2.57	2.59	2.24	2.31	2.22
Retail Fuel Margins (CPG)	34.20	33.90	28.40	20.00	21.90

Other Commodity Markets

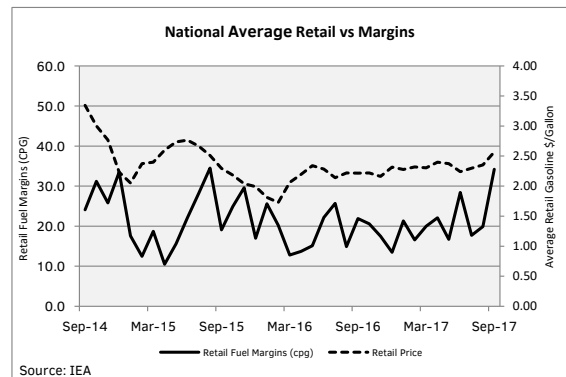
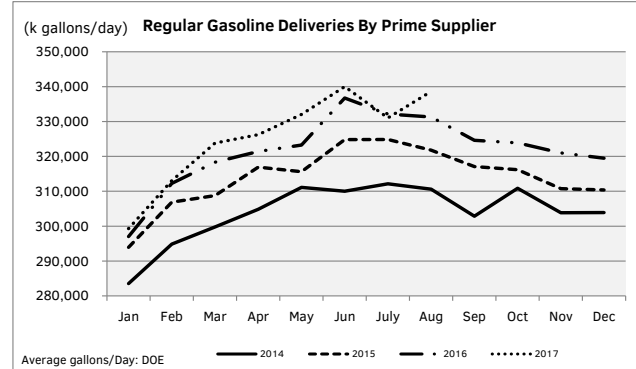
Gold	1,284.8	1,297.5	1,242.3	1,248.0	1,317.1
Silver	16.68	16.91	16.63	18.21	19.21
Wheat	4.48	4.50	5.26	4.21	4.02
Corn	3.55	3.54	3.81	3.57	3.36

Market Commentary

Solid demand growth, OPEC production contrains, Hurrican Harvey effects have helped the oil market rebound. As the result, retail fuel margin increased to a 52-week high of 34.20 CPG. Gold has benefited from the dollar's decline.



Featured Commodity Graphic



Equity Markets

(\$MM, Except per Share Data)			\$ in Local Currency			Selected Financial Data (US \$)					Price/Earnings			TEV/EBITDA			Leverage		
Security	Ticker	Most Recent Qtr. End	Last	52 W High	52 W Low	Market Cap (MM)	Net Debt	TEV	TTM EPS	LTM EBITDA	LTM	NTM (Est)	+2Y (Est)	LTM	NTM (Est)	+2Y (Est)	Total Debt	LTM EBITDA	Lease Adj. Leverage (Est)
			Indices																
DOW JONES INDUS. AVG	^DJI		22,405	22,413	17,888														
S&P 500 INDEX	^SPX		2,519	2,519	2,085														
SPDR S&P RETAIL ETF	ARCA:XRT		41.77	48.26	37.72														
TREFETHEN C-STORE INDEX			55.19	65.37	52.53														
Convenience																			
ALIMENTATION COUCHE-TARD -B	TSX:ATD.B	07/17	45.52	54.57	44.85	25,939	7,116	33,216	2.34	2,520	20.6	16.0	14.7	13.2	10.5	9.9	8,150	3.2	3.6
CASEY'S GENERAL STORES	NasdaqGS:CASY	07/17	109.45	126.49	99.76	4,148	914	5,061	4.75	507	25.9	23.9	23.9	10.0	9.1	8.7	1,073	2.1	2.1
MURPHY USA, INC.	NYSE:MUSA	09/17	69.00	79.98	57.13	2,488	716	3,203	3.22	369	18.4	16.7	16.7	8.7	8.0	7.5	885	2.4	2.7
TRAVELCENTERS OF AMERICA	NasdaqGS:TA	09/17	4.25	7.75	2.95	168	268	438	0.07	94	NM	NM	NM	4.7	3.6	3.1	343	3.7	6.8
Refining/Wholesale/Retail																			
CROSSAMERICA PARTNERS LP	NYSE:CAPL	09/17	27.25	29.80	23.26	923	553	1,490	0.01	107	NM	71.0	71.0	13.9	12.5	11.5	555	5.2	4.3
DELEK US HOLDINGS INC	NYSE:DK	09/17	26.73	27.85	14.76	2,176	726	2,607	0.67	251	NM	27.3	27.3	10.4	5.0	5.2	1,558	6.2	4.7
GLOBAL PARTNERS LP	NYSE:GLP	09/17	17.40	21.95	14.85	584	1,132	1,842	(0.75)	154	NM	42.6	42.6	12.0	8.8	8.7	1,143	7.4	7.2
HOLLYFRONTIER CORP	NYSE:HFC	09/17	35.97	36.46	22.63	6,310	1,606	8,706	1.90	850	45.7	16.1	16.1	10.2	7.3	7.2	2,237	2.6	3.2
MARATHON OIL CORP	NYSE:MRO	09/17	13.56	19.28	10.55	11,524	4,693	16,119	(2.63)	2,425	NM	NM	NM	6.6	7.1	6.2	6,488	2.7	2.9
MURPHY OIL CORP	NYSE:MUR	09/17	26.56	35.19	22.21	4,584	1,921	6,411	(0.52)	1,068	NM	NM	NM	6.0	5.0	4.6	2,918	2.7	3.1
PHILLIPS 66	NYSE:PSX	09/17	91.61	92.19	75.14	46,860	8,654	56,102	3.96	4,924	27.4	16.7	16.7	11.4	8.8	8.8	10,201	2.1	2.5
SUNOCO LP	NYSE:SUN	09/17	31.10	32.67	21.01	3,093	4,102	7,663	(4.95)	717	NM	20.8	20.8	10.7	13.1	14.6	4,188	5.8	6.1
ANDEAVOR	NYSE:ANDV	09/17	103.15	105.63	75.11	16,498	7,133	26,624	5.46	2,565	37.2	14.1	14.1	10.4	7.7	7.3	7,661	3.0	3.9
VALERO ENERGY CORP	NYSE:VLO	09/17	76.93	77.77	52.51	33,977	3,309	38,099	4.60	5,115	19.0	14.7	14.7	7.4	6.4	6.3	8,485	1.7	2.5
Major Oil																			
BP PLC	LSE:BP.	09/17	6.40	6.99	5.79	126,647	39,920	169,298	0.20	24,396	32.5	19.4	19.4	6.9	6.2	5.9	65,784	2.7	3.3
CHEVRON CORP	NYSE:CVX	09/17	117.50	119.00	99.61	222,663	35,318	261,937	3.44	27,852	38.1	26.6	26.6	9.4	7.7	7.3	41,972	1.5	1.4
CONOCOPHILLIPS	NYSE:COP	09/17	50.05	53.17	40.37	60,908	9,313	72,789	(2.00)	10,833	NM	69.1	69.1	6.7	8.1	7.2	21,004	1.9	2.1
EXXON MOBIL CORP	NYSE:XOM	09/17	81.98	93.22	76.05	347,358	36,344	391,911	3.07	41,719	29.6	22.5	22.5	9.4	8.6	8.5	40,610	1.0	1.1
ROYAL DUTCH SHELL PLC-A SHS	ENXTAM:RDSA	09/17	30.22	31.75	26.20	251,680	67,657	323,750	1.30	49,638	29.8	18.1	18.1	6.5	6.5	6.1	88,356	1.8	2.2
TOTAL SA	ENXTPA:FP	09/17	53.71	58.50	49.43	133,935	20,543	159,887	3.18	23,605	17.9	13.0	13.0	6.8	6.1	5.7	51,705	2.2	2.1
Drug																			
CVS CAREMARK CORP	NYSE:CVS	09/17	81.32	88.92	69.30	82,667	23,229	107,267	4.86	12,337	16.2	13.4	13.4	8.7	8.4	8.3	25,789	2.1	2.9
WALGREEN CO	NasdaqGS:WBA	08/17	77.22	88.00	75.18	82,633	9,634	90,474	3.78	8,777	19.5	14.3	14.3	10.3	9.6	9.4	12,935	1.5	3.2
Restaurant																			
DARDEN RESTAURANTS INC	NYSE:DRI	08/17	78.78	95.22	60.16	9,875	790	10,665	3.90	1,014	20.2	17.4	17.4	10.5	9.4	9.2	937	0.9	2.7
MCDONALD'S CORP	NYSE:MCD	09/17	156.68	161.72	110.33	126,910	25,947	152,879	6.91	9,969	25.6	23.4	23.4	15.3	15.3	14.9	28,618	2.9	3.6
STARBUCKS CORP	NasdaqGS:SBUX	07/17	53.71	64.87	50.84	77,552	929	78,487	1.98	5,492	27.1	23.8	23.8	14.3	13.1	12.2	3,936	0.7	2.0
YUM! BRANDS INC	NYSE:YUM	09/17	73.61	91.90	59.57	25,379	8,867	34,255	3.28	2,068	27.8	25.4	25.4	16.6	16.9	16.7	9,851	4.8	4.9
Grocery																			
KROGER CO	NYSE:KR	08/17	20.06	36.44	19.89	17,844	13,229	31,058	1.65	5,673	12.1	10.0	10.0	5.5	5.3	5.3	14,048	2.5	3.0
Home Improvement																			
HOME DEPOT INC	NYSE:HD	07/17	163.56	163.61	119.20	192,807	20,137	212,944	6.95	16,069	23.5	21.1	21.1	13.3	12.4	11.9	24,967	1.6	1.9
LOWE'S COS INC	NYSE:LOW	08/17	79.94	86.25	64.87	66,575	14,269	80,844	3.52	8,156	22.7	16.7	16.7	9.9	9.5	9.2	16,084	2.0	2.3
Discount																			
DOLLAR GENERAL CORP	NYSE:DG	08/17	81.05	81.30	65.97	22,148	2,870	25,018	4.41	2,462	18.4	17.0	17.0	10.2	9.7	9.5	3,085	1.3	3.0
WAL-MART STORES INC	NYSE:WMT	07/17	78.14	81.99	65.28	233,420	41,525	277,602	4.16	33,243	18.8	17.3	17.3	8.4	8.3	8.2	47,994	1.4	1.5

Alimentation Couche Tard, Inc.

Ticker: TSX:ATD.B

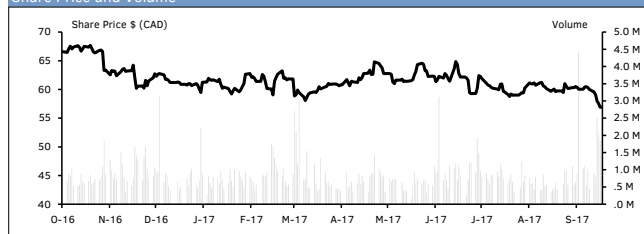
Alimentation Couche-Tard, Inc. operates a network of 24-hour convenience stores in the United States and Canada. In Europe, Couche-Tard is also a leader in convenience store and road transportation fuel retail in the Scandinavian and Baltic countries with a significant presence in Poland. The Company offers a variety of food and other products, fast-food services, lottery and gasoline sales, and automated banking machines.

(\$USD MM, Except per Share Data and Where Otherwise Noted)

Valuation Analytics (USD)

Latest Fiscal Year:	4/30/2017
LTM as of:	7/23/2017
52-Week High	54.57
52-Week Low	44.85
Daily Volume (30 Day Average, Thousand)	1,144.41
Current Price (USD)	45.52
52-Week High (% Chg)	(16.6%)
52-Week Low (% Chg)	1.5%
% 52 Week Price Range High/Low	21.7%
Shares Outstanding (MM)	568.5
Market Capitalization (USD)	25,939
Total Debt	8,150
Preferred Stock	-
Minority Interest	161
Cash and Equivalents	1,034
Enterprise Value	33,216
Relative Stock Price Performance	
YTD Change	0.20
YTD % Change	(6.5%)
Spider Retail Index YTD % Change	(5.2%)

Share Price and Volume



Market Data

Dividend Yield %	0.63%
Beta 5Y	(0.85)
Float %	71.8%
Short Int. (Short Interest to Total Shares Outstanding)	-
1 Yr Return on Equity	20.8%
YTD Return	(6.5%)
Relative Strength Index	23.96
S&P STARS Ranking	NA
S&P Quality Ranking	A+
Valuation	
Enterprise Value / Revenue	Last Fiscal: 0.9, LTM: 0.8, FY+1: 0.7, FY+2: 0.6
Enterprise Value / EBITDA	Last Fiscal: 13.7, LTM: 13.2, FY+1: 11.0, FY+2: 9.8
Price / Earnings (P/E)	Last Fiscal: 19.6, LTM: 20.6, FY+1: 16.8, FY+2: 14.6

Income Statement (USD Millions)

	Fiscal Year Ended					Prev LTM	Cur LTM	FY+1	FY+2	FQ+1	FQ+2
	4/28/2013	4/27/2014	4/26/2015	4/24/2016	4/30/2017						
Sales	35,543	37,962	34,530	34,145	37,905	37,905	39,331	47,785	54,097	11,000	14,240
Gross Profit	4,610	4,988	5,268	6,082	6,482	6,482	6,701	NA	NA	NA	NA
Operating Expense	3,757	3,999	3,911	4,422	4,721	4,721	4,861	NA	NA	NA	NA
Operating Income	853	989	1,358	1,660	1,761	1,761	1,840	NA	NA	NA	NA
EBITDA	1,390	1,591	1,913	2,289	2,421	2,421	2,520	3,026	3,390	761	849
Net Income	573	811	929	1,191	1,209	1,209	1,251	-	1,746	NA	NA
Normalized Diluted EPS	1.11	1.35	1.80	2.09	2.21	2.17	2.30	2.70	3.13	0.69	0.75

Margins:

	4/28/2013	4/27/2014	4/26/2015	4/24/2016	4/30/2017	Prev LTM	Cur LTM
Gross Profit (%)	13.0%	13.1%	15.3%	17.8%	17.1%	17.1%	17.0%
Operating Income (%)	2.4%	2.6%	3.9%	4.9%	4.6%	4.6%	4.7%
EBITDA Margin (%)	3.9%	4.2%	5.5%	6.7%	6.4%	6.4%	6.4%
Net Income (%)	1.6%	2.1%	2.7%	3.5%	3.2%	3.2%	3.2%

Fuel Operations (U.S. Stores):

	4/28/2013	4/27/2014	4/26/2015	4/24/2016	4/30/2017	Prev LTM	Cur LTM
Fuel Volume (MM Gallons)	4,276	4,612	5,119	7,260	7,643	7,643	7,826
Fuel Gross Profit	783	796	1,093	1,479	1,408	1,408	1,448
Fuel margin (CPG)	18.8	18.1	21.7	20.2	18.6	NA	NA
Same Store Fuel Vol in U.S. (%Chg)	0.6%	1.7%	3.4%	6.6%	2.6%	NA	NA

Merchandise /Service (U.S. Stores):

	4/28/2013	4/27/2014	4/26/2015	4/24/2016	4/30/2017	Prev LTM	Cur LTM
Merchandise /Service Sales	4,549	4,822	5,311	7,367	7,670	7,670	7,838
Merchandise /Service Gross Profit	1,506	1,576	1,748	2,452	2,545	2,545	2,602
Merchandise /Service Margin (%)	33.1%	32.7%	32.9%	33.3%	33.2%	33.2%	33.2%
Same Store Merch /Serv Sale in US (%Chg)	1.0%	3.8%	3.9%	4.6%	2.0%	NA	NA

Other Information:

	4/28/2013	4/27/2014	4/26/2015	4/24/2016	4/30/2017	Prev LTM	Cur LTM
Number of U.S. Stores (Co-op)	6,235	6,236	7,787	7,929	8,011	8,031	8,011
Capital Expenditures	537	529	635	906	994	994	1,046

Balance Sheet

Assets:	
Total Current Assets	3,969
LT Assets:	
Net Fixed Assets	10,004
Other	6,028
Long Term Investments	113
Total LT Assets	16,145
Total Assets	20,114
Liabilities:	
ST Liabilities	4,180
LT Liabilities:	
LT Debt	7,238
Other LT	2,022
Total Liabilities	13,440
Shareholder's Equity:	
Paid in Capital	16
Preferred Equity & Minority	161
Retained Earnings	6,401
Comprehensive Income	(614)
Treasury Stock	-
Common Stock	709
Total Liabilities & Equity	20,114

Credit Ratings

S&P Credit Rating	BBB
S&P Outlook	Stable

Credit Metrics

Funded Debt / EBITDA	2.9
Lease Adjusted Leverage*	3.6
Total Debt to Capital	55%
Current Ratio	0.9

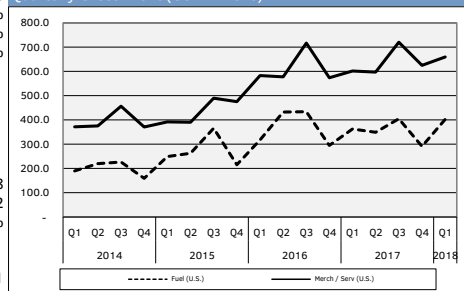
Profitability Metrics

Return on Capital (LTM)	9.9%
Return on Common Equity (LTM)	21.2%

Notes

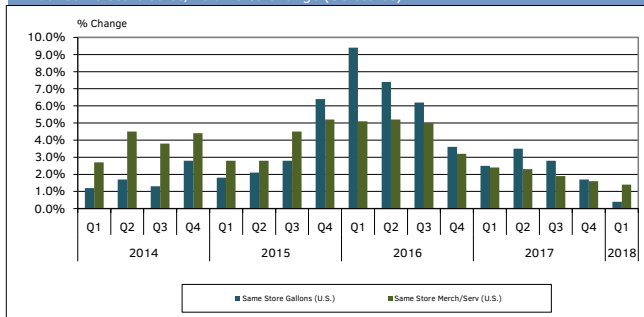
Calculated as follows: [(Net Rent Expense 8) + LT debt] / EBITDAR

Quarterly Gross Profit (USD Millions)

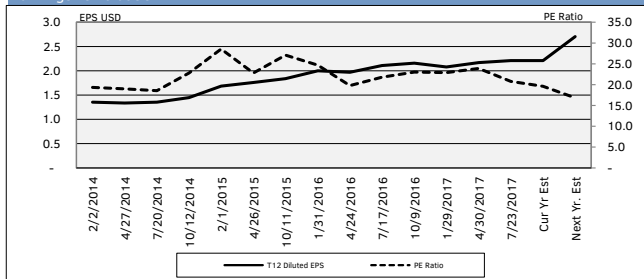


Graphics

Annual Same Store Sales/Volume % Change (US stores)



Earnings vs Valuation



Casey's General Store, Inc.

Ticker: NasdaqGS:CASY

Casey's General Stores, Inc. operates convenience stores in the Midwest. The Company's stores, operating under the name Casey's General Store, carry a selection of food, beverages, tobacco products, health and beauty aids, automotive products, and other non-food items, as well as sell gasoline.

(\$USD MM, Except per Share Data and Where Otherwise Noted)

Valuation Analytics

Latest Fiscal Year:

LTM as of:

52-Week High

52-Week Low

Daily Volume (30 Day Average, Thousand)

Current Price

52-Week High % Change

52-Week Low % Change

% 52 Week Price Range High/Low

Shares Outstanding (MM)

Market Capitalization

Total Debt

Preferred Stock

Minority Interest

Cash and Equivalents

Enterprise Value

Relative Stock Price Performance

YTD Change

YTD % Change

Spider Retail Index YTD % Change

4/30/2017

7/31/2017

126.49

99.76

516.83

109.45

(13.5%)

9.7%

26.8%

37.9

4,148

1,073

-

-

159

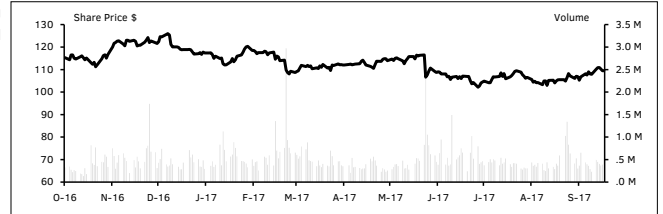
5,061

(9.43)

(7.9%)

(5.2%)

Share Price and Volume



Market Data

Dividend Yield	0.95%
Beta 5Y	0.44
Float %	98.9%
Short Int. (Short Interest to Total Shares Outstanding)	13.4%
1 Yr Return on Equity	14.4%
YTD Return	(7.9%)
Relative Strength Index	56.95
S&P STARS Ranking (1 - 5)	3
S&P Quality Ranking	A

Valuation

	Last Fiscal	LTM	FY+1	FY+2
Enterprise Value / Revenue	0.8	0.7	0.6	0.5
Enterprise Value / EBITDA	9.9	10.0	9.3	8.6
Price / Earnings (P/E)	24.4	25.9	24.7	22.3

Income Statement (USD Millions)

	Fiscal Year Ended					Period					
	4/30/2013	4/30/2014	4/30/2015	4/30/2016	4/30/2017	Prev LTM	Cur LTM	FY+1	FY+2	FQ+1	FQ+2
Sales	6,655	7,194	7,052	6,304	6,641	6,641	6,751	8,337	9,373	2,160	2,008
Gross Profit	1,071	1,222	1,440	1,614	1,681	1,681	1,708	NA	NA	NA	NA
Operating Expense	869	986	1,115	1,223	1,369	1,369	1,405	NA	NA	NA	NA
Operating Income	203	236	325	391	312	312	303	NA	NA	NA	NA
EBITDA	329	377	479	560	509	509	507	542	592	150	109
Net Income	104	127	181	226	177	177	167	170	186	NA	NA
Normalized Diluted EPS	2.91	3.46	4.62	5.73	4.48	4.58	4.24	4.42	4.90	1.38	0.65

Margins:

	4/30/2013	4/30/2014	4/30/2015	4/30/2016	4/30/2017	Prev LTM	Cur LTM	FY+1	FY+2
Gross Profit (%)	16.1%	17.0%	20.4%	25.6%	25.3%	25.3%	25.3%	4.7%	4.5%
Operating Income (%)	3.0%	3.3%	4.6%	6.2%	4.7%	4.7%	4.5%	7.5%	2.5%
EBITDA Margin (%)	4.9%	5.2%	6.8%	8.9%	7.7%	7.7%	7.5%	7.7%	2.5%
Net Income (%)	1.6%	1.8%	2.6%	3.6%	2.7%	2.7%	2.5%	2.7%	2.5%

Fuel Operations:

	4/30/2013	4/30/2014	4/30/2015	4/30/2016	4/30/2017	Prev LTM	Cur LTM
Fuel Volume (MM Gallons)	1,535	1,666	1,817	1,952	2,062	2,061.79	2,090.88
Fuel Gross Profit	233	268	351	382	378	378.35	383.13
Fuel margin (CPG)	15.2	16.8	19.3	19.6	18.4	NA	NA
Same Store Fuel Vol (%Chg)	0.1%	3.1%	2.6%	2.6%	2.1%	NA	NA

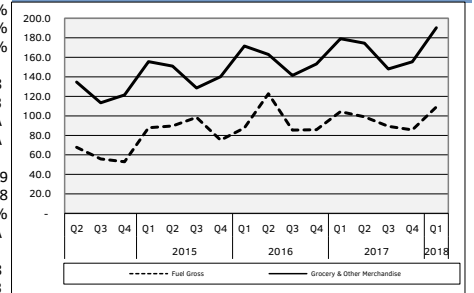
Grocery & Other Merchandise:

	4/30/2013	4/30/2014	4/30/2015	4/30/2016	4/30/2017	Prev LTM	Cur LTM
Grocery & Other Merchandise Sales	1,419	1,583	1,795	1,974	2,087	2,087	2,119
Grocery & Other Merchandise Gross Profit	463	508	576	629	657	657	668
Grocery & Other Merchandise Margin (%)	32.6%	32.1%	32.1%	31.9%	31.5%	31.5%	31.6%
Same Store Grocery/Merch Sale (%Chg)	0.8%	7.4%	7.8%	7.1%	2.9%	NA	NA

Other Information:

	4/30/2013	4/30/2014	4/30/2015	4/30/2016	4/30/2017	Prev LTM	Cur LTM
Number of Stores (Co-op)	1,749	1,808	1,878	1,931	1,978	1,954	1,978
Capital Expenditures	305	309	361	393	433	433	443

Quarterly Gross Profit (USD Millions)



Balance Sheet

	4/30/2013	4/30/2014	4/30/2015	4/30/2016	4/30/2017
Assets:					
Total Current Assets					439
LT Assets:					
Net Fixed Assets					2,562
Other					156
Long Term Investments					-
Total LT Assets					2,718
Total Assets					3,157
Liabilities:					
ST Liabilities					442
LT Liabilities:					
LT Debt					1,057
Other LT					492
Total Liabilities					1,991
Shareholder's Equity:					
Paid in Capital					-
Preferred Equity & Minority					-
Retained Earnings					1,167
Comprehensive Income					-
Treasury Stock					-
Common Stock					-
Total Liabilities & Equity					3,157

Credit Ratings

S&P Credit Rating	-
S&P Outlook	-
Credit Metrics	
Funded Debt / EBITDA	2.1
Lease Adjusted Leverage*	2.1
Total Debt to Capital	48%
Current Ratio	1.0

Profitability Metrics

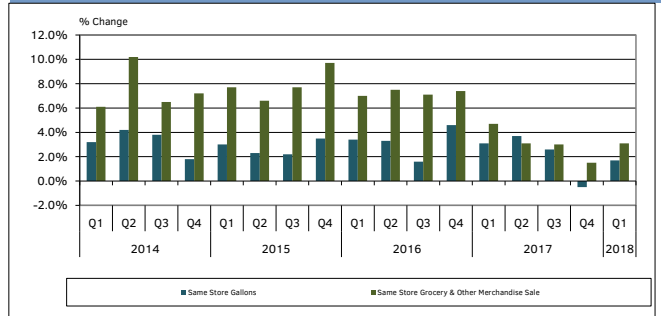
Return on Capital (LTM)	8.9%
Return on Common Equity (LTM)	14.4%

Notes

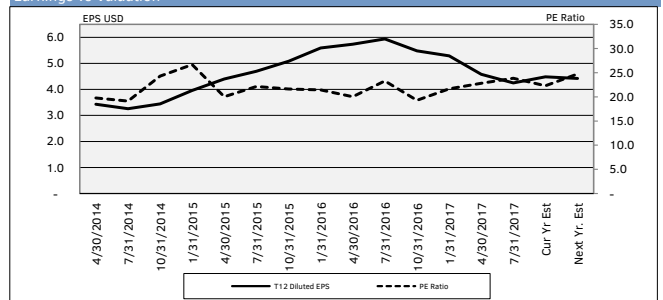
Calculated as follows: [(Net Rent Expense 8) + LT debt] / EBITDAR

Graphics

Annual Same Store Sales/Volume % Change



Earnings vs Valuation



Murphy USA, Inc.

Ticker: NYSE:MUSA

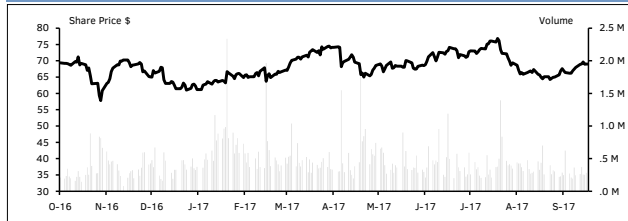
Murphy USA, Inc. operates a chain of retail stores in the United States. The Company's retail stores offer motor fuel products and convenience merchandise.

(\$USD MM, Except per Share Data and Where Otherwise Noted)

Valuation Analytics

Latest Fiscal Year:	12/31/2016
LTM as of:	9/30/2017
52-Week High	8/3/2017 79.98
52-Week Low	11/11/2016 57.13
Daily Volume (Thousand)	312.8
Current Price	9/30/2017 69.00
52-Week High % Change	(13.7%)
52-Week Low % Change	
% 52 Week Price Range High/Low	
Shares Outstanding (MM)	2,488
Market Capitalization	885
Total Debt	-
Preferred Stock	-
Minority Interest	-
Cash and Equivalents	169
Enterprise Value	3,203
Relative Stock Price Performance	
YTD Change	7.53
YTD % Change	12.2%
Spider Retail Index YTD % Change	(5.2%)

Share Price and Volume



Market Data

Dividend Yield	20.8%	0.00%
Beta 5Y	40.0%	0.76
Float %	34.8	92.9%
Short Int. (Short Interest to Total Shares Outstanding)	2,488	13.0%
1 Yr Return on Equity	885	23.1%
YTD Return	-	12.2%
Relative Strength Index	-	59.04
S&P STARS Ranking (1 - 5)	169	NA
S&P Quality Ranking	3,203	NA

Valuation	Last Fiscal	LTM	FY+1	FY+2
Enterprise Value to Revenue	0.3	0.3	0.2	0.2
Enterprise Value to EBITDA	8.0	8.7	8.6	7.5
Price to Earnings (P/E)	12.3	18.4	18.4	15.0

Income Statement (USD millions)

	Fiscal Year Ended					Quarterly					
	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	Prev LTM	Cur LTM	FY+1	FY+2	FQ+1	FQ+2
Sales	17,339	15,930	15,055	10,731	9,633	10,324	10,534	12,977	14,720	3,360	3,632
Gross Profit	398	466	565	472	523	496	539	1,026	1,176	274	266
Operating Expense	186	189	200	217	223	236	240	NA	NA	NA	NA
Operating Income	212	277	365	255	300	260	299	NA	NA	NA	NA
EBITDA	-	340	475	343	400	368	369	372	428	104	77
Net Income	84	235	244	176	221	142	164	133	156	39	25
Normalized Diluted EPS	-	3.27	5.11	4.05	4.16	3.20	3.76	3.75	4.59	1.11	0.61

Margins:	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	6/30/2017	9/30/2017	12/31/2017	12/31/2018	12/31/2017	3/31/2018
Gross Profit (%)	2.3%	2.9%	3.8%	4.4%	5.4%	4.8%	5.1%				
Operating Income (%)	1.2%	1.7%	2.4%	2.4%	3.1%	2.5%	2.8%				
EBITDA Margin (%)	-	-	3.2%	3.2%	4.2%	3.6%	3.5%				
Net Income (%)	0.5%	1.5%	1.6%	1.6%	2.3%	1.4%	1.6%				

Fuel Operations:	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	6/30/2017	9/30/2017	12/31/2017	12/31/2018	12/31/2017	3/31/2018
Fuel Volume (Million Gallons)	3,796	3,800	3,981	4,124	4,195	NA	NA				
Fuel Gross Profit	556.7	550.4	653.9	510.2	466.7	NA	NA				
Fuel margin (CPG)	12.9	13.0	15.8	12.5	11.6	NA	NA				
Avg Per Store Month Fuel Vol (%Chg)	(0.3%)	(3.1%)	0.7%	(0.9%)	(3.3%)	NA	NA				

Merchandise:	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	6/30/2017	9/30/2017	12/31/2017	12/31/2018	12/31/2017	3/31/2018
Merchandise Sales	2,144	2,159	2,161	2,274	2,339	NA	NA				
Merchandise Gross Profit	289	282	302	327	364	NA	NA				
Merchandise Margin (%)	13.5%	13.1%	14.0%	14.4%	15.6%	NA	NA				
APSM Merch Sales (%Chg)	(1.1%)	(2.5%)	(3.7%)	0.6%	(2.2%)	NA	NA				

Other Information:	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	6/30/2017	9/30/2017	12/31/2017	12/31/2018	12/31/2017	3/31/2018
Number of Stores (Co-op)	1,165	1,203	1,263	1,335	1,401	1,411	1,423				
Capital Expenditures	105	163	135	205	262	280	265				

Balance Sheet

Assets:	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	6/30/2017	9/30/2017	12/31/2017	12/31/2018	12/31/2017	3/31/2018
Total Current Assets					576						
LT Assets:											
Net Fixed Assets					1,659						
Other					44						
Long Term Investments					-						
Total LT Assets					1,704						
Total Assets					2,280						
Liabilities:											
ST Liabilities					486						
LT Liabilities:											
LT Debt					865						
Other LT					263						
Total Liabilities					1,614						
Shareholder's Equity:											
Paid in Capital					548						
Preferred Equity & Minority					-						
Retained Earnings					870						
Comprehensive Income					-						
Treasury Stock					(753)						
Common Stock					0						
Total Liabilities & Equity					2,280						

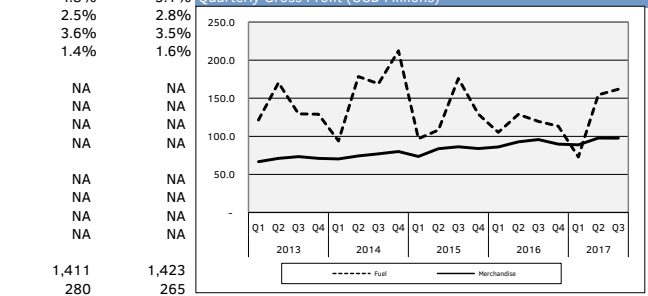
Credit Ratings	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	6/30/2017	9/30/2017	12/31/2017	12/31/2018	12/31/2017	3/31/2018
S&P Credit Rating					BB+						
S&P Outlook					Stable						

Credit Metrics	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	6/30/2017	9/30/2017	12/31/2017	12/31/2018	12/31/2017	3/31/2018
Funded Debt / EBITDA					2.1						
Lease Adjusted Leverage*					2.7						
Total Debt to Capital					57%						
Current Ratio					1.2						

Profitability Metrics	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	6/30/2017	9/30/2017	12/31/2017	12/31/2018	12/31/2017	3/31/2018
Return on Capital (LTM)					12.5%						
Return on Common Equity (LTM)					23.1%						

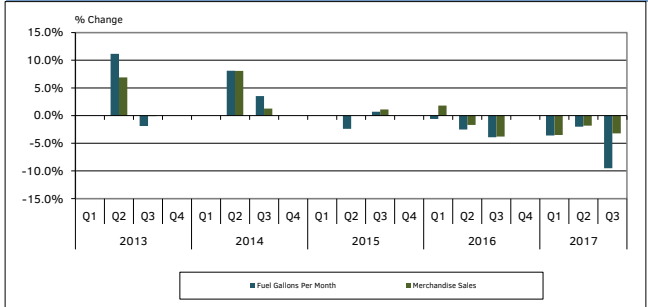
Notes: *Calculated as follows: [(Net Rent Expense* 8) + LT debt] / EBITDAR

Quarterly Gross Profit (USD Millions)

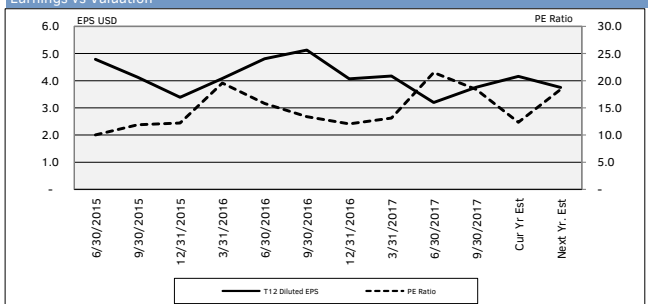


Graphics

Annual Average Per Store Month (APSM) Sales/Volume % Change



Earnings vs Valuation



TravelCenters of America LLC

Ticker: NasdaqGS:TA

TravelCenters of America LLC operates and franchises travel center and convenience store. The Company's convenience store business, operating under the Minit Mart brand, offers gasoline, packaged food and snack items, non-prescription drugs and beauty supplies, tobacco products and video products. The Company also provides roadside truck service program for truck and trailer repair services.

(USD MM, Except per Share Data and Where Otherwise Noted)

Valuation Analytics

Latest Fiscal Year:

LTM as of:

52-Week High

52-Week Low

Daily Volume (Thousand)

Current Price

52-Week High % Change

52-Week Low % Change

% 52 Week Price Range High/Low

Shares Outstanding (MM)

Market Capitalization

Total Debt

Preferred Stock

Minority Interest

Cash and Equivalents

Enterprise Value

Relative Stock Price Performance

YTD Change

YTD % Change

Spider Retail Index YTD % Change

1/6/2017

8/29/2017

9/30/2017

12/31/2016

9/30/2017

7.75

2.95

462.6

4.25

(45.2%)

44.1%

162.7%

39.5

168

343

-

1

75

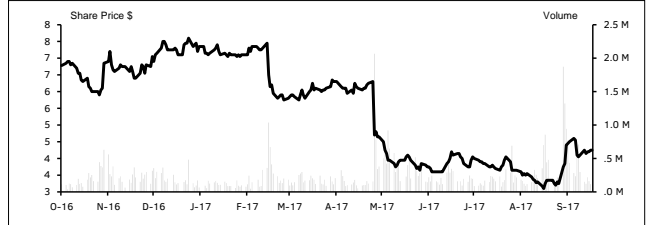
438

(2.85)

(40.1%)

(5.2%)

Share Price and Volume



Market Data

Dividend Yield

Beta 5Y

Float %

Short Int. (Short Interest to Total Shares Outstanding)

1 Yr Return on Equity

YTD Return

Relative Strength Index

S&P STARS Ranking (1 - 5)

S&P Quality Ranking

0.00%

2.43

90.8%

1.7%

4.1%

(40.1%)

60.01

NA

B-

Valuation

Enterprise Value to Revenue

Enterprise Value to EBITDA

Price to Earnings (P/E)

Last Fiscal

LTM

FY+1

FY+2

0.1

3.8

NM

0.1

0.1

4.7

NM

0.1

4.4

NM

115.1

Income Statement (USD millions)

	Fiscal Year Ended					Prev LTM	Cur LTM	FY+1	FY+2	FQ+1	FQ+2
	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016						
Sales	7,996	7,945	7,779	5,851	5,511	5,821	5,934	5,983	6,285	1,474	1,434
Gross Profit	387	397	503	504	516	512	514	NA	NA	NA	NA
Operating Expense	346	366	390	426	494	524	532	NA	NA	NA	NA
Operating Income	42	31	114	78	22	(12)	(18)	NA	NA	NA	NA
EBITDA	93	80	179	150	116	93	94	100	141	30	4
Net Income	32	32	61	28	(2)	(28)	23	(27)	2	(3)	(18)
Normalized Diluted EPS	1.15	0.54	1.64	0.97	(0.02)	(0.54)	(0.77)	(0.54)	0.04	(0.08)	(0.46)

Margins:

Gross Profit (%)

Operating Income (%)

EBITDA Margin (%)

Net Income (%)

Fuel Operations:

Fuel Volume (MM Gallons)

Fuel Gross Profit

Fuel margin (CPG)

Same Store Fuel Vol. (%Chg)

Merchandise:

Merchandise Sales

Merchandise Gross Profit

Merchandise Margin (%)

Same Store Merch Sale (%Chg)

Other Information:

Number of Stores (Co-op)

Capital Expenditures

Balance Sheet

Assets:

Total Current Assets

LT Assets:

Net Fixed Assets

Other

Long Term Investments

Total LT Assets

Total Assets

Liabilities:

ST Liabilities

LT Liabilities:

LT Debt

Other LT

Total Liabilities

Shareholder's Equity:

Paid in Capital

Preferred Equity & Minority

Retained Earnings

Comprehensive Income

Treasury Stock

Common Stock

Total Liabilities & Equity

Credit Ratings

S&P Credit Rating

S&P Outlook

Credit Metrics

Funded Debt / EBITDA

Lease Adjusted Leverage*

Total Debt to Capital

Current Ratio

Profitability Metrics

Return on Capital (LTM)

Return on Common Equity (LTM)

Notes

Calculated as follows: [(Net Rent Expense 8) + LT debt] / EBITDAR

455

1,023

170

43

1,236

1,691

377

319

407

1,104

-

1

(105)

0

-

690

1,691

NR

NR

3.3

6.8

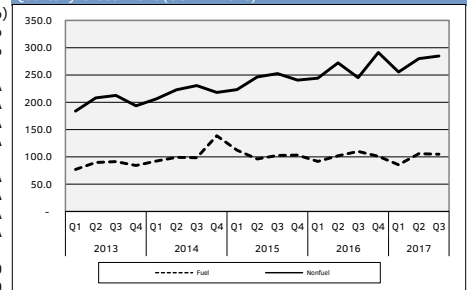
37%

1.2

(1.2%)

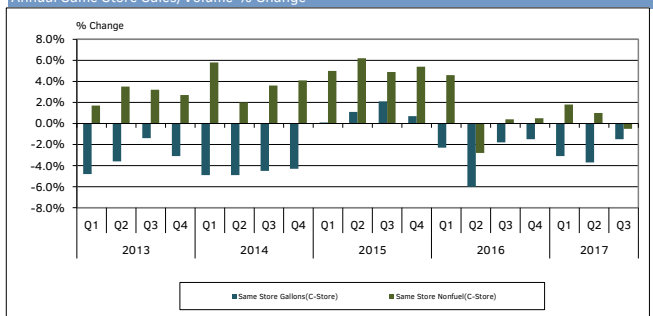
3.9%

Quarterly Gross Profit (USD Millions)

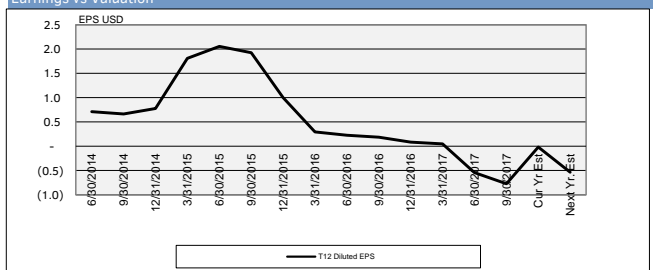


Graphics

Annual Same Store Sales/Volume % Change

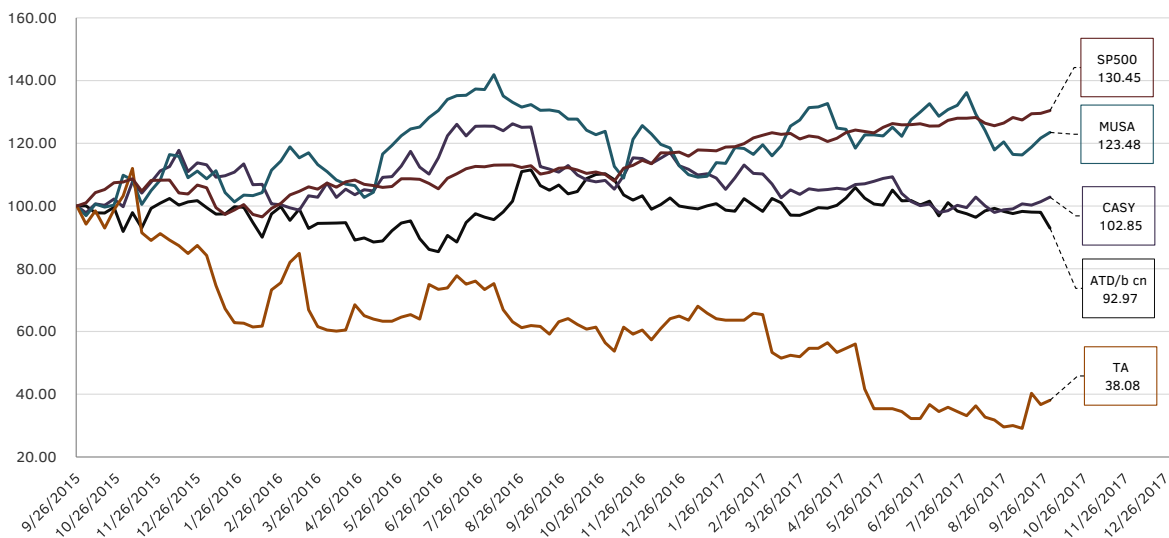


Earnings vs Valuation



Comparison Graphics: Convenience Retailing

Historical Relative Performance

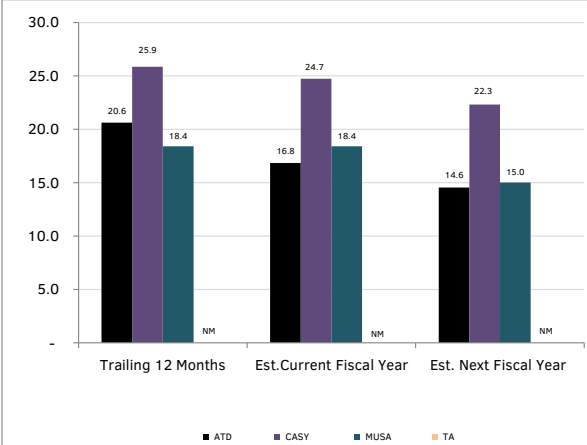


Index, 100 = September 26, 2015

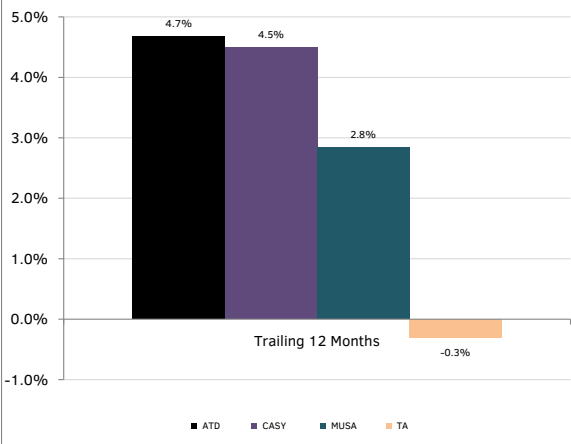
EV / Corp. EBITDA



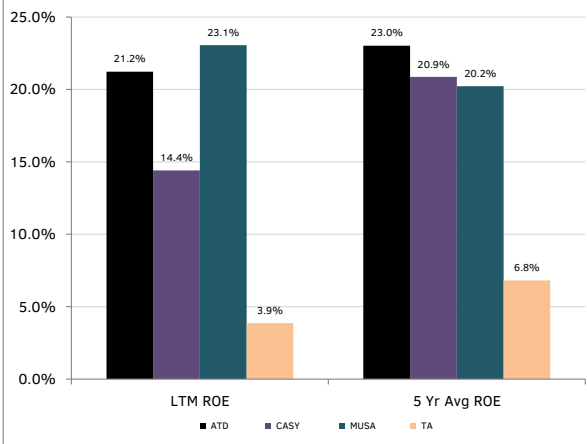
Price / Earnings Ratio



LTM Operating Margin (%)



Return on Avg Common Equity



Earnings Announcements

Alimentation Couche-Tard, Inc. (ATD) reported on September 6th, 2017 the results for the first quarter of fiscal 2018. Couch-Tard closed its acquisition of CST Brands, Inc for \$4.4 billion, and CST'S results, balance sheet and cash flows are included in their consolidated financial statements. Results, balance and cash flows are also consolidated for CrossAmerican Partners LP ("CAPL"). Net earnings attributable for shareholders of the Corporation was \$364.7 million, or \$0.64 per share on a diluted basis, up 14.3% over Q1 2017. Highlights include:

Income: Net earnings amounted to \$364.7 million in the first quarter of 2018, a 13.0% increase compared with \$322.8 million for the same quarter last year.

EBITDA: EBITDA increased to \$689.7 million in the first quarter of 2018, a growth of 12.2% compared with the same quarter last year, mainly through the contribution from acquisitions and organic growth. Acquisitions contributed approximately \$76.0 million to the adjusted EBITDA of the first quarter of fiscal 2018, while the variation in exchange rates had a negative net impact of approximately \$3.0 million.

Merchandise & Service: Total merchandise revenues were \$2.8 billion in Q1 2018. Same-store merchandise revenues increased by 1.4% in the U.S. and in Europe and decreased by 0.2% in Canada. Merchandise gross margin increased by 0.1% in the U.S., to 33.3%, by 0.4% in Europe, to 42.1% and by 1.8% in Canada, to 35.0%.

Fuel: During Q1 of fiscal 2018, total road transportation fuel volumes grew by 15.8%. Same-store road transportation fuel volumes increased 0.4% in U.S., but decreased by 0.3% in Europe and by 0.2% in Canada. Fuel gross margin decreased by US 0.11¢/gallon in the U.S. to US 20.75¢/gallon, increased by US 0.27¢/liter in Europe to US 8.97¢/liter, and increased by CAD 1.44¢/liter in Canada, to CAD 8.22¢/liter.

Casey's General Stores, Inc. (CASY) reported on September 5, 2017 the results for the first quarter of fiscal 2018. Highlights include:

Income: Net income declined by 15.8% to \$56.8 million, down from \$67.4 million the same quarter last year. The decrease was attributable to a combination of increases in operating expenses and depreciation, higher tax rates, and declines in fuel margin, offset by increases in gallons sold and inside sales.

Merchandise & Service: During the first quarter, grocery same-store sales were up 3.1% with an average margin of 31.9%.

Prepared Foods & Fountain: Same-store sales were up 3.7% with an average margin of 62.5%. Operating expenses increased 10.0% in the quarter primarily due to recognition of compensation expense for the 2017 long term incentive program, same-store count increased by 47, rollout of their growth programs in additional stores, and wage rate increases.

Fuel: For the quarter, same-store gallons sold were up by 1.7% with an average margin of 19.3 cents per gallon, compared to a 19.5 cent margin in the same quarter a year ago. The Company sold 15.7 million RINs for \$10.5 million during the quarter.

Earnings Announcements (Cont'd)

Murphy USA, Inc. (MUSA) reported on November 2, 2017 the third quarter 2017 results. Highlights include:

Income: Net income was \$67.9 million compared to \$45.5 million in Q3 2016. The increase of was primarily driven by higher total margin contribution from both fuel and merchandise.

EBITDA: EBITDA increased to \$147.4 million in the third quarter, up from \$105.3 million the from same quarter prior year.

Merchandise & Service: Total merchandise sales increased 1.1% to \$605.6 million in the third quarter 2017 from \$599.0 million in 2016, primarily due to an increase in non-tobacco sales and offset by a decrease in tobacco products revenue.

Fuel: Total fuel sales volumes per station were down 9.5% per store month in the 2017 period. This decline is due to subdued retail demand, the temporary closure of five high-performing stores for renovation and hurricane-related impacts. Retail fuel margin increased 13.1% in the 2017 quarter to 15.5 cpg due to falling wholesale product prices.

TravelCenters of America LLC (TA) reported on November 11, 2017 the results for the third quarter 2017.

Highlights include:

Income: Net income for the third quarter was \$62.4 million, compared to net income of \$11.0 million for the same quarter 2016, due primarily to the recognition of a \$58.6 million income tax benefit and reduction of operating expenses.

EBITDA: EBITDA decreased by \$6.0 million, or 13.1%, as compared to the 2016 third quarter,

Nonfuel: Nonfuel revenue increased \$5.3 million, or 1.0%, in the 2017 third quarter compared to the 2016 third quarter. Nonfuel gross margin increased \$4.7 million, or 1.7%, in the quarter compared to the 2016 third quarter due to the positive impact of purchasing and pricing strategies, a favorable mix of products and services sold and marketing initiatives.

Fuel: Fuel revenue increased by \$108.0 million, or 11.4% in the 2017 third quarter compared to the 2016 primarily due to increases in market prices for fuel, partially offset by a decrease in fuel sales volumes at some sites.

Private Transactions

Private Transaction Valuation Metrics

	Fee Owed Real Estate	
	Low	High
Corporate EBITDA Multiple	5.0	10.0
Store Level EBITDA Multiple	4.0	8.0

The above capital market multiples were derived by Trefethen Advisors, LLC based on an analysis of private transactions involving the sale of petroleum retailing/convenience store companies and/or specific assets, from interviews with active buyers and sellers and from analysis of publicly available information relating to the industry. All transactions were analyzed using a consistent methodology. The multiples above reflect a composite of transactions, interviews and other publicly available information and do not reflect the multiple for any individual transaction. The above multiples do not reflect transactions involving individual assets which may be significantly higher (or lower) for certain types of assets. For leasehold, the above multiples would generally be lower.

It is important that the methodology utilized to derive the multiples be understood. The multiples reflect the gross purchase price (cash plus any liabilities assumed before transaction costs) divided by various measures of EBITDA (earnings before interest, taxes, depreciation, and amortization) for the most recent 12-month period prior to the transaction adjusted for non-recurring and extraordinary items. Corporate EBITDA reflects EBITDA after all corporate G&A expenses. Store level EBITDA reflects EBITDA before G&A expenses and approximates store level EBITDA. G&A generally includes all corporate expenses not directly incurred at the store level such as area managers, corporate staff, home office expenses, advertising/marketing, etc.

Completed Transactions

Date	Buyer	Seller	Purchase Price(MM)	Units	Location	Comments
Jul-17	Brookfield Business Partners LP	Loblaw Cos. Ltd.	\$427.5	213	Canada	The gas stations will be rebranded Mobil, introducing the Mobil fuel brand into Canada
Jul-17	GPM Investments LLC	Jiffy Stop Food Marts		7	MI	GPM has strengthened its operational footprint in Missouri
Aug-17	Western Alta Holdings	R.H. Smith Distributing Co. Inc.		5	West Coast	Acquisition was done through a joint venture
Aug-17	Andeavor Corp.	Flyers Energy		39	CA	Family-owned Flyers Energy has completely exited the retail business.
Sep-17	Empire Petroleum Partners, LLC	Alimentation Couche-Tard Inc.		70	AZ, CO, FL, GA, LA, NM, TX	70 Corner Stores are brought from CST Brands Inc., which was acquired by Couche-Tard
Sep-17	Getty Realty Corp.	Empire Petroleum Partners LLC	\$123.0	49	AZ, CO, FL, GA, LA, NM, TX	It is a acquisition leaseback transaction with a unitary lease.
Sep-17	Yesway	Express Mart		72	IO, KA, OK, TX	
Oct-17	Getty Realty Corp.	Applegreen PLC	\$68.3	38	SC	Acquisition-leaseback transaction. Applegreen acquired the properties from The Brandi Group
Oct-17	Hough Petroleum	Gordon Petroleum		14	NJ, NY	Hough acquired only wholesale deal-supply assets from Gordon
Oct-17	U.S. Assets Inc.	Kum & Go LC		10	IO	
Oct-17	Dunne Manning Realty LP	Joe's Kwik Marts		5	PA	
Oct-17	Global Partners LP	Honey Farms Inc	\$36.0	33	MA	11 company-operated retail sites with fuel and c-stores and 22 stand-alone c-stores.

Other M&A News

Announced on **July 19, 2017**, Kwik Trip, Inc, a family-owned company based in La Cross, WI, has signed an agreement to acquire the assets of PDQ Food Stores, whose assets include 34 company-operated convenience stores located in Southeastern Wisconsin.

On **August 7, 2017**, CrossAmerica Partners LP announced that it has entered into a definitive agreement to acquire certain assets of Holly Pond, AL based Jet Pep, Inc. for a total consideration of \$72 million. The assets consist of 102 commission operated retail sites, including 92 fee sites, 5 lease sites and 5 independent commission accounts.

On **September 6, 2017**, Colonial Group Inc., the parent company of Colonial Oil Industries Inc. and Enmarket Inc., has signed a letter of intent to acquire Glennville, GA-based Clyde's Market Inc. The deal includes 36 Clyde's Market convenience stores in southeastern Georgia.

On **September 6, 2017**, Global Partners LP is offering to sell 19 gas-station and convenience-store properties located in Connecticut, Massachusetts, Maine, New Hampshire and Rhode Island, individually or collectively, by sealed-bid sale.

On **October 1, 2017**, Parkland Fuel Corporation completes the closing of its previously announced acquisition of Chevron Canada R & M ULC which operates a downstream fuel business in British Columbia and Alberta.

On **October 3, 2017**, Warren Buffett's Berkshire Hathaway purchased a stake in Pilot Travel Centers, which owns the Pilot Flying J chain of truck stops. Berkshire Hathaway said it will acquire 38.6% of Pilot Flying J, and plans to become its biggest shareholder over six years. Pilot Flying J is the largest operator of travel centers in North America, with more than 27,000 team members, 750 locations across the U.S. and Canada, and more than \$20 billion in revenues.

Capital Markets

	Senior Term Debt	Senior Asset Based Debt	Mortgage Financing	Second Lien / Untranche	High Yield	Mezzanine / Subordinated Debt	Private Equity	Sale Lease-Back
Issuers / Providers	Reduced base of traditional lenders including national, super-regional, regional and local banks	Bank and non-bank lenders (e.g. captive subs. of large commercial banks, stand-alone finance companies, and finance arms of large diversified corporations)	Bank and non-bank lenders (e.g. captive subs. of large commercial banks, stand-alone finance companies, and finance arms of large diversified corporations)	Business Development Companies	Institutional investors	Private investment funds / hedge funds, captive subsidiaries of large commercial banks and stand-alone finance companies	Private equity / hedge funds and captive subsidiaries of large commercial banks	Individual retail investors, private real estate companies, REIT's, developers and private equity / hedge funds
General Structure / Issue Size	Revolver and/or funded term loan. Issue size may determine need for syndication on a best efforts or underwritten basis	Revolver - generally	Term loan	Amortizing term loan, subordinated note, untranche, preferred equity, \$5 - \$40 million	Non-amortizing; bullet maturity. Suggested minimum transaction size of \$125.0 to \$150.0 million. Absolute minimum EBITDA of \$30 million	Amortizing term loan \$5 to \$50 million	Issue size generally \$20.0 to \$200.0 million	From a single asset to a total issue size up to \$300 million
Cost of Capital	Libor + 150-350 bps	Libor + 225-375 bps	Fixed: Swaps + approx. 175-300 bps. Variable: Libor + approx. 175-300 bps.	8.0 - 10.0%	2.69%-9.86% depends on ratio	Generally pricing in the teens. May include warrants	20%-30%	5.5% to 10.5% depending on asset quality, escalation provisions, unit economics and tenant credit
Interest Type	Fixed to swaps and variable	Variable	Long-term fixed rate financing (can be variable)	Fixed	Fixed	Fixed / Variable. May include PIK component	May include preferred dividends - cash or PIK	Fixed - with periodic escalations
Advance Rate	Capacity limited by leverage. Availability up to 6.0x lease adjusted leverage	Capacity limited by asset coverage. Typically <70% of A/R and inventory balances	60% to 65% loan to real estate value	50 - 60% of Enterprise Value	Generally up to 5X firm cash flow	Generally up to 5X firm cash flow depending on nature of assets (fee RE vs leased RE)	Investors will typically desire aggressive levels of leverage in order to maximize return on investment	100% of real estate value
Term / Amortization	Term of 5 years. Amortization up to 20 years	1 to 3 years - generally. Interest only.	5-10 years term 20-30 years amortization	5 - 7 years term Typically 1% annual amortization with cash flow sweep	Generally 7 to 10 years. Non-amortizing; bullet maturity	Term is generally less than 7 years. Amortization varies	Generally 3 to 5 years	Primary term 15 to 20 years plus multiple tenant option terms
Collateral / Security	Senior lien on all long-term assets. Personal guaranties most likely required for smaller companies	A/R, inventory and other available assets	Specific real estate assets	First or second lien on all assets	Senior, senior-subordinated or subordinated lien on specific or all long-term assets	First or second lien on all assets. Personal guaranties may be required for smaller companies	Warrants / shares with put rights and other substantial minority protections. May have outright control	Lessor owns assets
Typical Covenants	Numerous balance sheet and income statement covenants	Numerous balance sheet and income statement covenants	Minimum balance sheet covenants. Moderate income statement coverage types of covenants	Numerous balance sheet and income statement covenants	Numerous balance sheet and income statement covenants - but generally less restrictive than bank covenants	Moderate balance sheet and income statement covenants (subject to senior lender requirements). May contain control provisions	Control provisions / board representations	Minimal covenants
Call Protection	Yield maintenance for fixed little or no premium for floating rate	Pre-payable with little or no call premiums	Yield maintenance for fixed little or no premium for floating rate	Pre-payable with premiums for 2 - 3 years	Non-callable for 3/4 years; thereafter at set premiums	Non-callable / make-whole payments	N/A	N/A
Other General Advantages / Disadvantages	No public disclosure of financial performance	No public disclosure of financial performance	No public disclosure of financial performance	No public disclosure of financial performance	Least restrictive covenant package. S&P and Moody's rating required. Public disclosure requirements / Sarbanes Oxley	No public disclosure of financial performance. Premium pricing to public bond	Negotiable control and governance issues. No public disclosure of financial performance	Minimal covenants, higher advance rates and ability to control the property for up to 50 years through options
Other General Comments	Select lenders are getting more active in the industry. Underwriting is conservative, but there is debt available	The Asset Based Lending market is driven by current economic conditions, contraction in the traditional bank market and a renewed focus on structure and collateral by issuers	May be expensive to pre-pay	Useful for growth capital, shareholder dividends/ recapitalizations, acquisition financing	The high yield market may entertain lower rated issuers as investors may be willing to take on greater risk in the search for yield	Credit requirements include a strong, sustainable cash flow, growth potential in revenue and cash flow, strong asset base and experienced management teams with ownership position	May be useful for growth capital / acquisitions / large project financing. Requirements would include current or near term profitability, strong management team	Market is gaining some liquidity resulting in compressed cap rates

Featured Article: Strategic Planning: Investment, Structure, Diversification and Liquidity Strategies to Maximize Long-Term Value

The Following is an excerpt of the talk to be given by William V. Trefethen, Managing Partner, Trefethen Advisors, LLC at the Innovation Forum of the Outlook Leadership Conference on November 14, 2017

Alternatives

- **Structure Objectives:** It's important for owners to define the objectives of their capital structure. Objectives may include: minimize cost of capital, maximize flexibility, maximize cash distributions, maximize advance rate or to achieve succession objectives to transfer wealth. Once those objectives are answered, a capital structure can then be engineered to meet them,
- **Liquidity Alternatives:** In addition to a traditional sale, a number of liquidity alternatives have recently become popular. Both involve real estate assets. The most common is the sale leaseback recapitalization ("SLB Recap") and the other is an OpCo/PropCo transaction ("OpProp")
- **SLB Recap:** in an SLB Recap, typically a portion of the real estate holdings are sold and leased back under a long-term lease (15-20 years with options). The proceeds from the transaction are used to pay off existing debt and potentially a shareholder distribution. The resulting business is then financed with a new bank or term loan facility.
- **OpProp Recap:** In an OpProp transaction, the RE and operating assets are split into two companies. PropCo which owns the real estate assets and leases them to OpCo. The two entities are separately financed generally with a distribution to owners. Debt is crossed, and amortization is maximized. PropCo would have nominal mortgage covenants and OpCo would have traditional bank covenants.

Considerations

- **Defining Objectives:** Objectives should be defined with a consideration for future economic conditions. Succession to the next generation? How hard is it going to be to refinance balloon payments? Do I need Liquidity? If I had liquidity, where would I invest? Need for operational flexibility, etc.
- **Lease Considerations:** In both SLB and OpProp Recaps a lease or leases are entered into. It's important that only long term strategic assets are included due to the long-term nature of the lease. Substitution, assignment and master lease provisions need to be considered.
- **Opportunity to Diversify:** In both types of recaps, there is an opportunity to diversify risk. The SLB recap enables owners to potentially diversify on a tax-efficient basis under the provisions of section 1031. In this case, sale proceeds could be used to acquire a more diversified portfolio of real estate assets based on the risk return strategy.

About Trefethen Advisors, LLC

Trefethen Advisors, LLC is an independent financial and strategic advisory firm, serving leading middle-market public and private corporations, family offices, institutional investors, operating executives and individual business owners. Our hands-on senior partners have negotiated, structured, and completed more than \$8 billion in transactions. Trefethen's sector-focused model enables us to provide our clients with a complete perspective of the micro and macro economic trends affecting their industry and business, and influencing their complex strategic decisions.

Trefethen's collaborative approach consists of developing and executing value-maximizing strategies that are aligned with our clients' objectives. We offer a full range of financial and strategic advisory services (e.g., M&A; Corporate Finance; Real Estate Finance; Financial Restructuring; ESOP Buyouts), and skilled transaction execution capabilities. Our principals have significant experience in convenience store and have extensive relationships with industry and capital markets participants. Our focus on value-added research provides our clients with insight on industry specific and macro issues affecting their business.

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Maximizing Value for Clients

M&A – Buy Side \$830 million



ConocoPhillips

The bankers of Trefethen Advisors acted as a financial advisor to Couche-Tard, Inc. in the acquisition of 1,663 retail assets of Circle K Stores from ConocoPhillips

M&A – Buy Side 130 Retail Assets



The bankers of Trefethen Advisors acted as a financial advisor to Fortress Investment Group in the acquisition of 130 retail sites from United Oil Co.

M&A – Buy Side 44 Stores



The bankers of Trefethen Advisors acted as a financial advisor to Southwest Georgia Oil Co. in the acquisition of 44 stores from Scaff's, Inc.

M&A – Sell Side Undisclosed



The bankers of Trefethen Advisors acted as a financial advisor to Garvin Oil Company, Inc. d/b/a Kent's Korner in the sale of 15 retail assets to Couche-Tard

M&A Sell Side Undisclosed



The bankers of Trefethen Advisors acted as a financial advisor to Valentine Stores on its sale to a subsidiary of Sunoco LP

M&A – Sell Side 251 Retail Assets



The bankers of Trefethen Advisors acted as a financial advisor to Pacific Convenience and Fuels, LLC. in the sale of 251 retail assets to United Oil

Corporate Finance \$372 million



The bankers of Trefethen Advisors acted as a financial advisor to Pacific Convenience and Fuels, LLC. in the recapitalization of the senior debt of the company

M&A – Sell Side 46 Retail Assets

CB Mart, Inc.



The bankers of Trefethen Advisors acted as a financial advisor to CB Mart, Inc. in the sale of 46 retail assets to 7-Eleven

M&A – Sell Side 55 Retail Assets



The bankers of Trefethen Advisors acted as a financial advisor to Sam's Mart, LLC. in the sale of 55 retail assets to 7-Eleven

Contact Trefethen Advisors

For questions about Trefethen Advisors, its businesses and opportunities, visit our website www.trefethenadvisors.com

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