Housetrivia.com Platform

Prepared by:

Sun Business Valuations, LLC.

SUN BUSINESS VALUATIONS
A Subsidiary of Sun Mergers & Acquisitions

411 Route 17 South • Suite 300
Hasbrouck Heights • NJ • 07604
(800) 232-0180
www.SunBusinessValuations.com

Valuation Analysis
Housetrivia.com
Platform

Prepared by:
Sun Business Valuations, LLC.

June 16, 2016

CONFIDENTIAL

Contents

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A Subsidiary of Sun Mergers & Acquisitions

411 Route 17 South, Suite 300
Hasbrouck Heights, NJ 07604
Telephone (800) 232-0180
Fax (201) 727-1350
www.SunBusinessValuations.com

Notice

Confidential Limited Scope Valuation

Housetrivia.com Platform

The subject Company has supplied the information contained herein. Sun Business Valuations, LLC has not audited nor caused an audit of this information. Sun Business Valuations, LLC makes no representations as to its accuracy or its completeness. Moreover, Sun Business Valuations, LLC does not assume any of the reader's business risks nor shall it be liable in any manner for damage, loss or injury resulting from any inaccuracy in, or incompleteness of, the information or materials contained herein.

Assumptions & Limiting Conditions

Title

No investigation of legal title was made, and we render no opinion as to the ownership of the Company or its underlying assets.

Valuation Date

The effective date of this appraisal is June 1, 2016.

Purpose

The conclusion of fair market value presented herein is based upon the facts and data obtained during the course of the appraisal investigation. ***This report has been prepared for capital raising consideration and should not be used for any other purpose.***

Information and Data

Information supplied by others that was considered in this appraisal is from sources believed to be reliable and no further responsibility is assumed for its accuracy. This information includes but is not limited to IBIS World Reports, Pratt's Stats Private Company Merger and Acquisition Transaction Database, FMV Opinions, Inc., BizStats, the Federal Reserve and the U.S. Department of the Treasury.

Confidentiality

This report and supporting documentation are confidential and will not be disclosed to any party without prior consent of the client.

Non-Appraisal Expertise

No opinion is intended to be expressed for matters which require legal or specialized expertise, investigation, or knowledge beyond that customarily employed by business appraisers.

Ownership Being Valued

This report valued 100% interest in the Platform, as of the valuation date. This ownership represents a controlling non-marketable interest.

Statement of Impartiality

The fee established for the formulation and reporting of these conclusions has not been contingent upon the value or other opinions presented. The opinion of value stated in this report is based on an impartial opinion.

Future Events

The reader is advised that this valuation is dependent upon future events with respect to industry performance, economic conditions, and the ability of the Company to meet certain operating projections. The operating projections incorporate various assumptions, including but not limited to, sales, sales growth, profit margins, depreciation and amortization charges, capital expenditures, working capital levels, discount rates, and management continuation, all of which are critical to the valuation. The operating projections are deemed to be reasonable as of the valuation date; however, there is no assurance or implied guarantee that the assumed facts and circumstances will actually occur.

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Statement of Fair Market Value

June 16, 2016

A Limited Scope Valuation Prepared For:

Rupert Shore
Easy Technologies Inc
8338 120th Street
Surrey, BC V3W 3N4

Dear Mr. Shore,

We have prepared a valuation engagement as that term is defined in the Statement on Standards for Valuation Services (SSVS) of the National Association of Certified Valuators and Analysts (NACVA). This valuation report will be utilized solely to determine the fair market value of the Housetrivia.com Platform for capital raising consideration. We have estimated the fair market value of a 100% interest in the Housetrivia.com Platform as of June 1, 2016.

Based on the information supplied by management, it is our professional opinion that the estimated fair market value the Housetrivia.com Platform as of the effective date is approximately $27,600,000. This value includes identified assets and liabilities as set forth on the enclosed estimated Balance Sheet.

Respectfully Submitted,

Stephen J. Goldberg
Managing Partner

Platform Overview

Housetrivia.com Platform is an online trivia platform whereby users can compete with each other in trivia competitions in order to win prizes that have substantial monetary value. Given that trivia is a skill based game, this model is not subject to the same legal regulations as gambling but does appeal to a similar customer base. This system is not currently operational. Management intends to raise approximately $1,000,000 to design the platform and market the product.

Purpose

The following opinion of value was prepared to determine the fair market value of the Housetrivia.com Platform for capital raising consideration and should not be used for any other purpose. The opinion of value rendered in this report is only applicable to the valuation date stated here in.

Standard of Value

The standard of value used in this valuation was fair market value. Fair market value as stated in Revenue Ruling 59-60 is defined as:

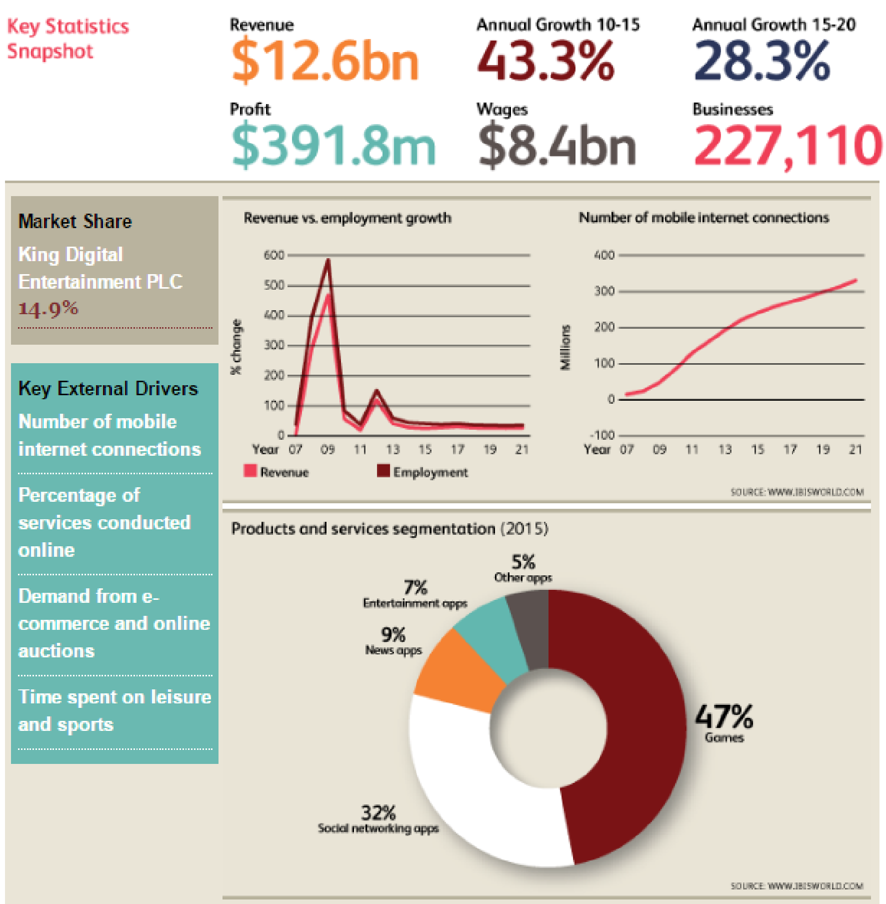
The price at which property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts.

Industry Overview

The release of Apple's iOS App Store and Google's Android Google Play have launched the bourgeoning Smartphone App Developers industry to new heights. The smartphone's instant popularity and high adoption rate stimulated developers to quickly introduce fans of this new device to its full capabilities and superior functionality, offering gaming, entertainment, productivity, lifestyle and social apps. The percentage of services conducted online, often on smartphones, has been increasing constantly along with demand from e-commerce and online auctions. Developers are expected to increasingly rely on the development of native apps that are integrated with smartphone operating systems and accessed through icons on the device's home screen; consequently, they will rely less on the development of web apps. As developers attempt to differentiate apps in the flooded app market, opportunities for mobile app marketing are also on the horizon. Due to the decreasing average app price, industry revenue is projected to climb at an annualized rate of 28.3% to $43.9 billion over the five years to 2020.

In summary, this report indicates that this industry is expected to expand at a very fast pace and experience high levels of revenue volatility. This had a positive impact on value. A full industry report is included in the appendix.

Industry at a Glance



Financial Analysis

Income Statement Accounts

The Housetrivia.com Platform is a pre-revenue system and as such there are no formal income statements.

Balance Sheet Accounts

Management indicated that the Company has no assets, liabilities or equity.

Factors Influencing Value

There are many potential factors that can influence the value of a business; however, eight factors have been given preeminence in Revenue Ruling 59-60:

1. The nature of the business and the history of the enterprise from its inception.
2. The economic outlook in general and the condition and outlook of the specific industry in particular.
3. The book value of the stock and the financial condition of the business.
4. The earnings capacity of the Company.
5. The dividend-paying capacity.
6. Whether or not the enterprise has goodwill or intangible value.
7. Sales of stock and the size of the block of stock to be valued.
8. The market price of stocks of corporations engaged in the same or a similar line of business having their stocks actively traded in a free and open market, either on an exchange or over-the-counter.

To augment these standard valuation factors, consideration should also be given to a host of other factors, which may fit the specifics of the case at hand, such as:

a. Purpose of the valuation and what specifically is being valued.
b. Restrictive shareholder agreements creating a lack of marketability.
c. Quality, reliability and predictability of earnings.
d. Potential for synergy, if the firm is being appraised for acquisition or merger.
e. Dependency on the shareholder officers and the existence of non-shareholder employees.
f. Gross revenue and its relationship to net earnings.
g. Cash flow and liquidity.
h. Condition and credibility of the accounting system and financial reports.
i. Cost of capital.
j. Contractual agreements.
k. Recent mergers or acquisitions of comparable companies.

Any one, or all, of the above valuation factors potentially may contribute to the determination of the Fair Market Value of Housetrivia.com Platform. It is essential that all of them, in addition to others, be addressed and considered in the valuation analysis. Although every company has unique circumstances, based upon experience in the marketplace, the following are primary factors considered in determining the fair market value of the Housetrivia.com Platform.

Recast Earnings

As a general rule, a company's recast pre-tax earnings influence value more than any other factor. Viewed in the simplest manner, acquirers seek to purchase a stream of income that will provide a desired return on investment and justify the purchase price. It is critical that financial statements be recast or normalized in order to ensure accurate interpretation of recast earnings in privately held companies. The valuation takes into account multiple periods utilizing weighted average earnings.

Tangible Assets

Tangible assets have an impact on value. Generally the greater the asset value included as part of a valuation, the greater the overall company value; however, since earnings typically have a greater impact on valuation than assets, increases and decreases in asset values rarely have a dollar-for-dollar impact on company valuations (with the exception of excess cash or non-operating assets).

Risk Factors & Value Drivers

A valuator must weigh a company's future opportunities against the perceived business and economic risks. Elements of the business that increase risk decrease the value of the business. Conversely, elements that decrease risk increase value. Examples of risk factors that influence valuation include: years in business, proprietary content, industry life cycle, industry stability, customer base and vendor concentration or dependency, competitive advantages, profitability trends, strength and size of market, management depth and tenure, employee dependency, impending regulation, new technology, and many others. Although each of these risks are unique, they all have one common trait, an ability to either reassure or cast doubt on the predictability of future revenue and earnings. The more predictable and sustainable the earnings are, the more positive the impact on valuation. The analysis of these risk factors as they pertained to the Housetrivia.com Platform significantly impacted this valuation by impacting the valuation multiples and discount rates. Specific value drivers, risk factors, and intangibles are summarized in detail later in this report.

Intangible Value & Risk Factor Analysis

The valuation of any privately held business must take into account the intangible aspects and risk factors associated with the subject company. Typical factors include:

- *Why* is the business more/less profitable than a comparable company in the same industry?
- *What* degree of dependency does the business have on the current owner, vendors, employees, key customers, etc.?
- *How* reliable are the historic financial statements of the business?
- *What* is happening in the industry that casts doubt on the future income of the business?

Company Specific Risk Factors & Value Drivers

There are many risk factors associated with market forces, competition, customer or vendor concentration and a myriad of other areas that can adversely affect business revenues. For purposes of this analysis we will identify areas that we believe most significantly decrease or increase perceived or actual risk and have the greatest impact on investors' ability to predict future earnings.

The following intangibles and risk factors were considered in valuing Housetrivia.com Platform. These played a significant role in determining the appropriate earnings multiples and discount rate that were utilized in the valuation methodologies.

Employee Dependency: The continued participation of the Company's officers will be critical. It can be very difficult for early stage companies to transition their management team without impacting performance. We believe that the Company has a high level of risk associated with its dependency on its officers.

This had a negative impact on value.

Vendor Dependency: The Company is going to partner with certain vendors to host the platform and market it to end users. Management indicated that there are alternative vendors that can provide similar services without sacrificing price. We believe that the Company has low level of risk associated with its dependency on key vendors.

This had a positive impact on value.

Customer Concentration: The product provided by the Company will be marketed directly to consumers. The Company will likely have many customers with no one customer representing a material amount of revenue. We believe that Company has a very low level of risk associated with its dependency on key customers.

This had a positive impact on value.

Predictability of Earnings: Housetrivia.com Platform is not operational and has no historic financial performance that could be used to estimate the near future. The product provided is also very unique and management is uncertain on how it will be received by customers. We believe that the Company has a very high level of risk associated with the predictability of its future financial performance.

This had a negative impact on value.

Industry Stability: The industry is expected to grow at a very fast rate. A full industry report is included in the appendix.

This had a positive impact on value.

Economic Impact: We believe that the Housetrivia.com Platform is a discretionary rather than non-discretionary product. We believe that the Products performance will have any average correlation to changes in the broader economy.

This had a neutral impact on value.

Barriers to Entry: The barriers to entry in this industry are mostly financial. Creating a competing product would include expenses to develop the system and then to market the product. We believe that this industry has average barriers to entry.

This had a neutral impact on value.

Technology Impact: Changes in technology have increased the adoption and use of mobile technologies. The Company plans to take advantage of recent changes in technology by creating a mobile version of its system. We believe that this Company is uniquely flexible regarding the adoption of new technologies.

This had a positive impact on value.

High Growth Potential: A relatively new genre of skill based gaming is growing at a tremendous rate. These products are not that dissimilar to gambling however they are not subject to the strict regulations that are enforced on the gambling industry because they are technically skill based. Businesses in this sector have experienced tremendous growth. FanDuel, a fantasy football skill based game, was founded in 2009 and now commands a valuation of over $1 billion. The customer base for these products is expected to increase dramatically in the near future.

This had a positive impact on value.

Skill Based Gaming Legislation: The legitimacy of this industry has been questioned by lawmakers. Companies that have come under presser are more commonly the fantasy sports models however new legislation could negatively impact the Housetrivia.com Platform. We believe that the Company has a higher than average level of risk associated with changes in legislation.

This had a negative impact on value.

Valuation Methodologies and Results

The guidelines set by "The Uniform Standards of Professional Evaluation Practice" (Standards Rule 9-5), the Internal Revenue Service (Revenue Ruling 59-60), as well as most valuation societies, the valuator is required to use all approaches for which reliable data is available and applicable. The use of as multiple methods within these approaches is useful to the extent that it will enhance the credibility of the valuation conclusion.

Revenue Ruling 59-60 (in Section 3, Approach to Valuation) recognizes the fact that appraising is not an exact science: "[a] sound valuation will be based upon all the relevant facts, but the element of common sense, informed judgment and reasonableness must enter into the process of weighing those facts and determining their aggregate significance."

Specifically, we have analyzed the business using the following approaches:

1. Asset Approach
2. Market Approach
3. Income Approach

The following includes the valuation methodologies utilized in the value analysis of Housetrivia.com Platform, as well as the associated calculations and results.

The Asset Approach

Adjusted Book Value

The steps in calculating the Adjusted Book Value are as follows:

1. Adjust all tangible assets to fair market value in continued use
2. Adjust all liabilities to fair market value in continued use
3. Include total fair market value of assets less liabilities in valuation

Management indicated that the Platform has no assets, liabilities or equity. Furthermore Housetrivia.com Platform has no balance sheets.

The adjusted book value method does not consider the Business' earning capacity. The adjusted book method is used primarily to value holding companies or businesses that do not possess goodwill value. Because the Housetrivia.com Platform's value is derived primarily from its future earnings flow, we rejected the Adjusted Book Value method as an appropriate method to determine the Platforms' fair market value.

The Asset Approach provides us with a fair market value estimate of $0.

Note this methodology was rejected as an effective predictor of value because we found that the value of this Platform is driven by its earnings not its net assets.

The Market Approach

The methodologies within the market approach attempt to compare the subject company to similar companies that were sold and derive an estimate of value based on the Company's relative financial performance. The value derived from these methodologies is a comparative value. During the methodologies within this approach, the valuator theorizes a company's value is based on the magnitude of its earnings, this theory is then tested and finally the results from that test are utilized to estimate the value of the subject Company.

Market based methods rely on the use of the subject Platform 's recent financial performance and relevant multiples that have been derived from transactions of comparable companies. Given that the Housetrivia.com Platform is an early stage system and does not have a history of financial performance, we determined it appropriate to reject this method as an effective predictor of value.

Income Approach

The methodologies within the income approach assume that companies have intrinsic value because they provide a cash return to their owners. The methodologies within this approach assume that the value of the subject company is based on a required return that an investor would need in order to purchase the company. Given this principle, valuators can estimate the value of the company if they can adequately estimate the magnitude and timing of its future benefit stream and the rate of return that an investor would require to purchase that benefit stream. The following methodologies attempt to use that principle in estimating the value of the Company.

Discounted Free Cash Flow Method

The Discounted Cash Flow (DCF) Analysis is based on a projection of earnings for 5 years and the resulting cash flows to invested capital for each year. These cash flows are then discounted to their present value using the required rate of return. Simply stated, the DCF is what someone is willing to pay today in order to receive the anticipated cash flow in future years.

Required Rate of Return

The first step in any method within the income approach is to estimate the required rate of return that an investor would need to purchase the benefit stream being valued. This involves identifying the risks associated with the Platform and the corresponding rates of return for securities that have comparable levels of risk.

Required Rate of Return on Equity

The Duff & Phelps Risk Premium Toolkit provides a model that uses both historical data and current inputs to estimate the required return on equity capital for the subject Platform. This model starts with the risk free rate and adds risk premiums designed to reflect the additional risk of an equity investment. Note that each input utilized for this analysis, with the exception of the company specific risk premium, was provided by the Duff & Phelps Risk Premium Toolkit and was originally compiled from the Center for Research in Security Prices.

The first layer of risk is the risk free rate. This is the rate of return that an investor would need to invest in an asset that is virtually risk-free. It is industry practice to use the 20 year United States Treasury bond rate as of the valuation date. The next level of risk is the equity risk premium. This rate measures the rate of return, beyond the risk free rate an investor would require to invest in the equity of a large public company. The next level of risk is associated with size. Smaller companies are perceived to be more risky and require a higher rate of return for investors. The model also incorporates an adjustment for industry specific risk as some industries have more risk than others. The last level of risk is the company specific risk. This risk is uniquely associated with the company being valued and independent from other risk calculations. Based on the analysis of the Platform that we discussed earlier in this report, we deemed it appropriate to assign an additional premium of 55% to account for the specific risks associated with investing in this Platform. The following is a calculation of the required rate of return.

Math		Explanation of Component	Value	Source
+	"Risk Free" Rate	Available 20 year U.S. Treasury	2.22%	Risk Free Rate as of The Valuation Date Duff & Phelps Risk Premium Toolkit
+	"Equity Risk" Premium	Equity Return (S&P 500) Over U.S. Treasury Instrument Rates	6.90%	Long Horizon Expected Equity Risk Premium (Supply Side) Duff & Phelps Risk Premium Toolkit
+	"Size Effect" Premium	Incremental Addition to The Discount Rate for the Effect of Size	5.60%	Expected Small Stock Premium (Tenth Decile) Duff & Phelps Risk Premium Toolkit
+	Specific Risk	This Represents the Additional Return Investors Would Require for this Specific Company. There is No Widely Accepted Model or Set of Formulas to Quantify this Rate.	55.00%	This specific company risk premium was estimated with the information analyzed in the fist half of this report.
=	Net Cash Flow	Discount Rate	**69.72%**	

Projecting the Financial Statements

The first step in calculating the discounted cash flow is to project the Income Statement and Balance Sheet for the five year period preceding the valuation date. We projected these statements in order to analyze the nature and timing of the free cash flows generated in each period. We utilized the IBIS World industry reports, the financial statement analysis, and the ratio analysis as well as discussions with management to accurately forecast each statement for the projected periods. All projected accounts are presented as normalized balances.

Income Statement Projections

The income statement projections utilized in this method were provided by the Company's current management team. We have not performed an analysis of these projections and provide no opinion regarding their achievability.

Recast Income Statement Year Ending		Normalized Forecasted Income Statement Year Ending				
	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20
Income						
Revenue - Featured Trivia Contests	-	5,000,000	10,000,000	20,000,000	40,000,000	80,000,000
Revenue - User Created Contests	-	1,600,000	6,400,000	25,600,000	102,400,000	409,600,000
Net Revenue	**-**	**6,600,000**	**16,400,000**	**45,600,000**	**142,400,000**	**489,600,000**
Cost Of Goods Sold:						
Marketing Costs - Featured Trivia Contests	-	1,400,000	2,800,000	5,600,000	11,200,000	21,000,000
Real Estate & Other Prizes Payouts	-	1,200,000	2,400,000	4,800,000	9,600,000	18,000,000
Marketing Costs - User Created Contests	-	192,000	768,000	3,072,000	12,288,000	49,152,000
Processing Fees	-	576,000	2,304,000	9,216,000	36,864,000	147,456,000
Total Cost of Goods Sold	**-**	**3,368,000**	**8,272,000**	**22,688,000**	**69,952,000**	**235,608,000**
Gross Profit	**-**	**3,232,000**	**8,128,000**	**22,912,000**	**72,448,000**	**253,992,000**
Operating Expenses:						
General & Administrative	-	800,000	1,200,000	1,600,000	3,126,000	4,880,000
Total Operating Expenses	**-**	**800,000**	**1,200,000**	**1,600,000**	**3,126,000**	**4,880,000**
Other Income (Expenses):						
Additional Income Taxes (Personal Level)	-	(826,880)	(2,355,520)	(7,451,700)	(24,255,200)	(87,181,700)
Total Other Income/Expense	**-**	**(826,880)**	**(2,355,520)**	**(7,451,700)**	**(24,255,200)**	**(87,181,700)**
Income From Operations	**-**	**1,605,120**	**4,572,480**	**13,860,300**	**45,066,800**	**161,930,300**

Balance Sheet Projections

The balance sheet projections utilized in this method were provided by the Company's current management team. We have not performed an analysis of these projections and provide no opinion regarding their achievability.

Recast Balance Sheet Year Ending		Forecasted Balance Sheet Year Ending				
	12/31/2015	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20
Assets						
Current Assets:						
Working Capital, Net	-	673,600	1,654,400	4,537,600	13,990,400	47,121,600
Total Current Assets	-	673,600	1,654,400	4,537,600	13,990,400	47,121,600
Fixed Assets:						
Total Fixed Assets	-	75,000	82,500	90,750	99,825	109,808
Total Property & Equipment	-	75,000	82,500	90,750	99,825	109,808
Total Assets	-	748,600	1,736,900	4,628,350	14,090,225	47,231,408
Liabilities						
Total Liabilities	-	-	-	-	-	-
Equity						
Total Equity	-	748,600	1,736,900	4,628,350	14,090,225	47,231,408
Total Equity	-	748,600	1,736,900	4,628,350	14,090,225	47,231,408
Total Liabilities & Equity	-	748,600	1,736,900	4,628,350	14,090,225	47,231,408

Calculating and Discounting Free Cash Flow to Equity

The final step in the Discounted Free Cash Flow Method, after projecting the financial statements and calculating the required rate of return is to calculate and discount the free cash flows to invested capital for each period. Free cash flows to invested capital are calculated by taking the operating income, adding interest and non-cash charges, subtracting increases in working capital and capital expenditures. Free cash flow to invested capital is a measure of cash that a Company earns for its shareholders.

In calculating free cash flow, we utilized the Platform's projected normalized income statements and balance sheets. After we calculated the free cash flows for each period, we calculated the terminal value. The terminal value represents the price that the Platform would sell for in the last projected year. We estimated this value using the Gordon Growth Method. This method assumes that the Platform will continue to generate free cash flows at a constant growth rate indefinitely. These free cash flows are then discounted to the terminal period. In determining this calculation we utilized a conservative 3% growth rate and the required rate of return calculated earlier. The last step is to discount and sum the free cash flows for each period. The following are the specific calculations.

Discounted Cash Flow Model			**Projected Years**		
	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Operating Income	1,605,120	4,572,480	13,860,300	45,066,800	161,930,300
PLUS: Depreciation	-	-	-	-	-
LESS: Increase in Working Capital	(673,600)	(980,800)	(2,883,200)	(9,452,800)	(33,131,200)
LESS: Capital Expenditure	(75,000)	(7,500)	(8,250)	(9,075)	(9,983)
Free Cash Flow	856,520	3,584,180	10,968,850	35,604,925	128,789,118
Mid Period Convention	0.5	1.5	2.5	3.5	4.5
Present Value of Cash Flows	657,463	1,621,027	2,922,998	5,590,421	11,914,630
Total Present Value of Cash Flows					**22,706,539**
Terminal Value					198,820,130
Present Value of Terminal Value					**14,118,717**
Marketable Equity Value					**36,825,256**

Discount for Lack of Marketability

Ownership of companies whose shares can be easily bought and sold on an open market are more desirable to investors than ownership of companies that would take longer to sell. This creates a premium for publicly traded companies and a discount for privately held companies. Many valuators reference the court decision found in Central Trust Co. v. United States when defending discounts for lack of marketability. The following is an excerpt from that case.

"It seems clear, however, that an unlisted closely held stock of a corporation, in which trading is infrequent and which therefore lacks marketability, is less attractive than a similar stock which is listed on an exchange and has ready access to the investing public."

The summary value calculated using the Discounted Cash Flow method is on a marketable basis and needs to be adjusted because the required rate of return that we used in the analysis was calculated using the returns of publicly traded companies. In order to calculate the discount that would be applicable to the Platform, we utilized a restricted stock study. These studies measure the discounts that investors require to buy stock in publicly traded companies that are restricted and can't be quickly converted to cash. We utilized the FMV Options Discount for Lack of Marketability Calculator. This analysis provided us with a discount based upon the below factors.

Marketability Discount: *Restricted Stock Equivalent Analysis*			
Factor	**Discount Indication**	**Weight**	**Calculated Factor**
Market Value of Equity	26.9%	2	5.4%
Revenues	24.9%	1	2.5%
Total Asets	29.9%	3	9.0%
Shareholders' Equity	24.9%	2	5.0%
Market to Book Ratio	16.3%	1	1.6%
Net Profit Margin	15.5%	1	1.6%
		Total:	**25.0%**

The following depicts how we applied the discount for lack of marketability to the equity value derived from the capitalized cash flow method.

Application of Discounts & Adjustments		Discounted Free Cash Flow
Marketable Equity Value		**36,825,256**
Appropriate Discounts & Premiums for 100% Interest		
Lack of Marketability Discount		25.0%
Calculated Adjustment:		*9,206,314*
Non-Marketable Equity Value:	***$***	***27,618,942***

The Discounted Free Cash Flow method provides us with a summary fair market value of approximately $27,600,000.

Conclusion

We reviewed each methodology to determine which valuation approaches were most applicable in determining the Platform's fair market value and weighted them accordingly.

We determined that the value of the Housetrivia.com Platform is mostly a function of its projected financial performance and that the Discounted Free Cash Flow method was most effective at quantifying the present value of the projected performance. We determined it appropriate to apply a 100% weighting to this method. The following illustrates the calculations.

Valuation Synthesis:

	Indicated Value	% of Weight	Extended Value
Cost / Asset Approach to Value			
Adjusted Book Value	0	0%	-
Market Approach to Value			
Guideline Company Transactions	N/A	0%	-
Income Approach to Value			
Discounted Free Cash Flow Method	27,618,942	100%	27,618,942
Sum of All Weights		**100%**	**27,618,942**
Fair Market Value			**$ 27,618,942**

Based on the information supplied by management, it is our professional opinion that the estimated fair market value the Housetrivia.com Platform as of the effective date is approximately $27,600,000. This value includes identified assets and liabilities as set forth on the enclosed estimated Balance Sheet.

Appendix

Industry Overview (cont.)

Current Performance

The proliferation of smartphone devices with application capabilities has facilitated substantial growth for the Smartphone Application Developers industry over the past five years. Applications vary from tools to improve productivity to gaming and social platforms. Consumers are increasingly opting to connect to the internet on the go through their mobile devices and many desktop applications have developed smartphone applications to facilitate customer demand. As a result, industry revenue is estimated to grow at a strong annualized rate of 43.3% over the five-year period, reaching an estimated $12.6 billion in 2015.

The smartphone era

Apple's introduction of the iPhone less than a decade ago gave the Smartphone App Developers industry a boost of mystical proportions. Apple's App Store was launched the following year and was an instant success, causing revenue to shoot up 292.6% that year. Inspired by Apple's achievement, Google quickly jumped on board and released the Android, causing a second epic revenue upsurge of 468.1%. BlackBerry, Symbian and Windows followed the market trend as well. By 2010, the smartphone adoption rate was so high that total shipment outpaced those of personal computers. The ability of smartphones to run mobile apps offers consumers far greater functionality than other mobile phones. A quickly increasing number of developers have been attempting to introduce a growing number of consumers to the full capabilities of their new devices. The number of apps downloaded per device has grown significantly over the past five years. As a result, employment increased at a dramatic 62.6% since 2010, reaching an estimated 591,510 individuals in 2015. Although the majority of app developers are full-time employees, a significant proportion work in app development only part time, while holding another job.

Show me the money

Although the app market grew at a drastic rate over the past five years, developers account for only about 70.0% of revenue, as platforms such as Google Play and App Store charge a 30.0% transaction fee. Additionally, the high number of mobile applications has increased market competition, and developers have yet to find an efficient way to market their apps to consumers who are increasingly accustomed to sifting through a vast number of offerings and comparing prices.

Mobile app revenue stems from paid-for apps, advertising and in-app purchases. Some developers sell their apps in an online marketplace for a predetermined price and pay a royalty fee to Apple or Google (the dominant platform owners) for each app sold, applying the traditional pay-per-download model. Others choose to release their app for free and generate revenue by placing advertisements throughout the user interface. Some developers choose a hybrid version of the two, offering a paid-for app with no advertisements and full functionality, as well as a free version with sponsored ads and limited functionality. The freemium business model offers a pricing strategy in which a mobile app is available for free, and advanced features and functionality can be acquired as an in-app purchase. Free apps with in-app purchases (IAP) are increasingly dominating the app market; in January 2012, in-app purchases from free apps generated 46.0% of the Apple App Store revenue. In January 2013, this share increased to 66.0%, and by November, 81.0%. In January 2014, the revenue share of free apps with IAP was at 79.0%. The large revenue share from paid apps is predominantly concentrated on productivity, navigation and education apps. The rise of free apps is expected to put pressure on industry profit and increase the already high competition. Nevertheless, revenue is expected to continue increasing, albeit at a slower rate of 25.8% in 2015, as developers find creative ways to increase their revenue and estimate their customers' willingness to pay for extra features.

Intense competition

At the beginning of the smartphone era, mobile gaming and social networking dominated the industry of app development. Although overall time spent on leisure activities has decreased over the past five years, consumers are spending an increasing amount of money on interactive entertainment online and on digital devices. Business apps with practical utility and online shopping apps have taken up an increasing market share. Mobile apps can serve as virtual secretaries that assist in time management or mobile wallets that enable virtual forms of credit cards. Many of these mobile apps are not designed to generate revenue and are used to build brand recognition. As many individuals and corporations compete for a piece of the pie, establishments are expected to increase at 42.2% over the five-year period, reaching about 298,839 in 2015, largely due to low barriers to entry and the high concentration of nonemployers.

The oversaturation and lack of structure in the Smartphone App Developers industry have caused developers to incur intense competition, leading to a steep increase in failure rates among mobile apps. It has also become increasingly difficult for app developers to differentiate their products and market them as superior to others. Functionality and aesthetics are increasingly important bases of competition, and apps are updated and enhanced regularly to effectively compete.

Industry Outlook

Although growth of mobile apps shows no signs of abating, revenue derived from such apps is expected to increase at a slower rate. Industry revenue will nonetheless outpace the overall economy and capture a growing share of the US consumer dollar, as smartphone adoption and mobile internet connectivity continue to rise. In the five years to 2020, revenue is expected to experience a 28.3% increase, reaching a total of $43.9 billion, as smartphone sales siphon demand from traditional phones.

Responding to competition

Intense competition and lack of structure in the industry have caused high failure rates among mobile apps. Developers are expected to search for new and creative ways to create and market their products at low costs to boost their own market share and revenue. Some app developers are using third-party app developers to assist in concept development, design or coding to boost revenue.

Over the next five years, developers are expected to rely more heavily on the development of native apps and less on the development of web apps. Native apps are integrated with smartphone operating systems, enabling them to interact with hardware in a process similar to that of computer systems. They are accessed through icons on the device's home screen and take advantage of their host's features and capabilities, such as the camera, GPS, compass and list of contacts. These apps may also incorporate app-defined gestures. Mobile web apps are run by a browser and are typically written in HTML5. The technology enables developers to create apps that are able to function across multiple platforms, and the independence allows companies to circumvent royalty fees.

Today, native apps have a smoother look and often work faster without needing to constantly download data, while web-based apps remain fragmented and immature. Extended battery life and increasing mobile connections, however, are expected to give web apps the competitive advantage they need to strike at the aesthetic advantage of native apps. Nevertheless, the speed, simplicity and convenience of the native app is expected to give it a lead. As the time spent on a mobile device increases rapidly (mobile device users spend more than 80.0% of their time using apps and only about 14.0% of their time on the mobile web), establishments are expected to increase a 30.0% to 1.1 million in 2020. As entry into the industry becomes easier and more independent, full-time developers are expected to appear and aim for a piece of the growing pie. Employment is thus expected to increase at a faster rate than establishments, at 37.6% over the next five years, to total 2.9 million workers in 2020.

The land of the freemium

Over the next five years, consumers are expected to continue migrating away from pay-to-download apps, forcing developers to embrace the freemium business model that relies on monetizing free downloads after the fact via in-app purchases. As an increasing number of mobile applications are offered for free, the average app price is expected to fall, pressuring profit margins. In 2020, free downloads are expected to account for about 95.5% of total mobile app store downloads. According to Gartner, an information technology research and advisory firm, in-app purchases are expected to increase and account for about 48.2% of total mobile app store revenue in 2017 (latest forecast), up from the 17.0% share in 2013, as monetization becomes more difficult with an estimated 94.5% of downloads being free in 2017. Revenue from advertising is also expected to increase significantly.

Targeting and satisfying the digital consumer

Developers are also expected to increasingly focus on maintenance, analytics, distribution and services. App developers are expected to leverage the rise of big data and predictive analytics to improve the app experience. In order to do so, developers will continuously collect information and learn about their customers and potential buyers to offer apps that detect their intent and ensure the functionality and content reflect it. The increased use of GPS will only assist in the creation of predictive apps, helping developers provide the right content at the right time.

Corporations are expected to continue reaching out to customers with apps that are not designed to increase revenue, but rather made to increase name recognition and publicity.

Some organizations are beginning to support personally owned mobile devices, seeking to increase employee satisfaction and productivity while reducing their own expenses. The Bring Your Own Device trend is expected to create a new opportunity for developers as well as new app stores. Employers are expected to demand more apps to increase productivity and communication among mobile employees, as well as apps that connect smartphones to enterprise resources.

As app developers increasingly use consumer data and location, recall customer credit cards and target employers aiming to share company resources and personal devices, mobile app security is expected to become a greater issue. Corporations and customers must be reassured that their data is safe, and security software developers have yet to catch up with consumers and address these fears. Mobile devices and apps may lack passwords to authenticate users, require only a static password and not a two-factor authentication and send information that is not encrypted. Additionally, mobile devices may contain malware and often do not use security software.

With an overwhelming number of new mobile apps entering the market each year, developers will need to find new ways of marketing their new apps and reaching out to consumers in a saturated market. Creating an effective marketing pitch that differentiates the product from other similar ones and reaching the greatest possible audience is expected to be one of the challenges that developers must overcome in the next five years.

Source: IbisWorld.com

National Economic Outlook

Source: The Federal Reserve Board
(http://www.federalreserve.gov/monetarypolicy/beigebook/beigebook201512.htm)

The twelve Federal Reserve District reports indicate that economic activity increased at a modest pace in most regions of the country since the previous Beige Book report. Economic growth was modest in the Districts of Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas and San Francisco. In the Minneapolis District the economy grew moderately, while in the Kansas City District growth was steady on balance with mixed conditions across sectors. In the New York District economic conditions leveled off since the previous report, and in the Philadelphia District aggregate business activity continued to grow at a modest pace. In the Boston District, growth was somewhat slower despite reports of revenue increases.

Consumer spending increased in nearly all Districts since the previous Beige Book, with the pace of sales ranging from sluggish in New York to moderate in Minneapolis and San Francisco. Sales of light vehicles remained robust in recent weeks, with low gasoline prices helping to boost sales of light trucks and larger vehicles. Inventory levels were satisfactory.

Tourism was mixed across reporting Districts. In the Richmond, Atlanta, Minneapolis and Dallas Districts, tourism grew in recent weeks. In the New York District, activity was at or below year-ago levels.

Non-financial services were little changed to stronger, with most of the growth in technology-related services. Transportation activity was softer on balance since the previous report. Port activity remained strong, although largely on the strength of imports, as exports continued to fall. Cargo volume in Dallas remained soft in recent weeks due to the slowdown in energy-related cargo.

Conditions in the manufacturing sector were mixed in recent weeks. The strong dollar, low commodity prices, and weak global demand were named by several Districts as factors for constrained demand. The Boston, Richmond, Atlanta, Chicago, St. Louis and Dallas Districts reported improvements since the previous Beige Book report, while the New York, Philadelphia and Minneapolis Districts reported declines in manufacturing activity. The Boston, St. Louis and Kansas City Districts reported solid capital investment plans. Manufacturers in most Districts looked for slightly improved business conditions in the next six months.

On balance, housing markets improved at a moderate pace since the previous Beige Book, and home prices increased modestly. Home sales rose in the Boston, New York, Philadelphia, Cleveland, Richmond, Chicago and Kansas City Districts. Philadelphia described a "slow growth market" in which inventories were stable at low levels. Housing inventories continued to fall year-over-year in the Boston, Cleveland, Richmond and St. Louis Districts.

Residential construction grew at a modest to moderate pace since the previous report. The New York, Philadelphia, Cleveland, Atlanta, Chicago, St. Louis and Kansas City Districts reported growth in residential construction, while construction in Dallas and Minneapolis was flat.

Commercial construction strengthened modestly in most Districts. However, the Minneapolis District saw continued strong growth, particularly in cities where commercial permitting increased. In contrast, New York reported little change. Commercial leasing activity generally grew at a moderate pace in recent weeks. Activity increased in the Districts of Boston, Cleveland, Richmond, Atlanta, Chicago, Dallas and San Francisco, but was unchanged in the New York District.

Loan demand increased according to a majority of Districts that report on the sector. Residential mortgage demand was stable on balance. Demand for home equity loans and lines of credit rose in the Richmond and Dallas Districts. Commercial loan demand was reported to be generally strengthening in most Districts. Credit quality was mostly stable. San Francisco noted an increasing role of nontraditional lenders in mortgage markets.

Agricultural conditions varied across Districts in recent weeks. Rainfall helped alleviate drought conditions in the Atlanta and Dallas Districts, while in the Richmond and St. Louis Districts crops suffered from too much moisture. Energy activity declined mildly with limited gas exploration being undertaken. Investment fell at oil and gas exploration and services firms in the Atlanta District as a result of continued weak global demand and an oversupply of oil. The Dallas, St. Louis, Kansas City and San Francisco Districts reported declines in energy activity.

Labor markets continued to tighten modestly, on balance, since the previous Beige Book. The Atlanta, Kansas City and Dallas Districts reported a slight pickup in hiring, while the remaining Districts characterized their increase as modest to moderate. Many Districts indicated that increased hiring was driven by temporary and entry-level positions that were being fulfilled by staffing firms. Employers in several districts reported difficulty finding skilled craftsmen and general laborers in the construction industry. However, the Atlanta, Minneapolis, Kansas City and San Francisco Districts said that difficulties were spreading to lower skilled and entry-level positions. Most Districts said that wage pressures increased only for skilled occupations and for workers that were in short supply.

Prices were generally steady. Input and finished goods prices were stable for manufacturing firms, according to most Districts. Some prices were lower due to further declines in commodity and energy prices as well as the strong dollar. Agricultural commodity prices were also lower. Some upward price pressures were reported by nonmanufacturing firms in the New York, Philadelphia, Richmond, Kansas City and San Francisco Districts.

Consumer Spending and Tourism

Consumer spending increased in nearly all Districts since the previous Beige Book, although the gains varied. The Atlanta District reported that retail sales rose slightly above expectations and that the holiday outlook among retailers was optimistic. The pace of growth was modest in the Philadelphia, Cleveland, Chicago, and St. Louis Districts. Chicago District retailers reported that inventories were at comfortable levels. In the Boston District, demand remained strong for home-related items, and in the Cleveland District, revenue increases were driven in part by gasoline and home furnishings. Spending in the New York District was described as generally sluggish, and inventories were up somewhat, but said to be at satisfactory levels. Reports were mixed in the Boston, Richmond and Dallas Districts. While consumer spending declined in the Kansas City District, contacts expected sales to increase slightly in coming months. The remaining Districts reported moderate consumer spending. In the San Francisco District, sales of online games remained brisk and demand for pharmaceutical products remained robust.

Sales of light vehicles continued to rise since the previous report. Several Districts noted that dealerships credited low gasoline prices for boosting sales. In the Atlanta and Cleveland Districts, auto dealers reported a rise in the sale of larger vehicles, which they attributed to low gasoline prices. Dealers in the Chicago District reported continued strong sales and said that leasing activity increased noticeably. In the San Francisco District auto sales were very strong, propelled in part by low sales prices and incentives. In contrast, the Kansas City District noted that auto sales dropped markedly.

Among those Districts reporting on tourism, activity was mixed. Boston-area business travel remained strong, although leisure travel decreased a bit. In New York City, revenues at hotels and Broadway theatres were at or slightly below year-ago levels. Philadelphia District tourism was reported as growing at a modest pace through the fall. Richmond and Atlanta indicated that tourism increased robustly, and sources in both Districts were optimistic in their outlook. Favorable weather in the Minneapolis District was reportedly a factor for sustained tourism in the fall, and a national park in Montana surpassed the all-time annual records for visitation for the second year in a row, despite summer forest fires. Tourism in the Kansas City District continued to decline, but was generally flat year-over-year. In Dallas, overall sales in leisure and hospitality were above expectations, particularly in large metro areas in Texas.

Nonfinancial Services

Nonfinancial services activity ranged from flat to slightly stronger since the previous Beige Book report. In Boston, software and information technology firms cited mixed year-over-year revenues. New York reported that activity appeared to level off. In the Richmond District, businesses generally reported no change in revenues, with the exception of the faster growing telecommunications sector. In the St. Louis District, firms in warehousing and storage services, as well as healthcare and social assistance services, planned expansions. Courier services there cited growing e-commerce as driving the need to expand. In Minneapolis, where growth was said to be moderate to strong, professional firms related to health and records management reported expansions. Professional and high-tech firms in the Kansas City District noted moderate increases in activity since the previous survey, with sales well above year-ago levels. Demand for professional and technical services increased moderately in the Dallas District, particularly in accounting. In the San Francisco District, demand for cloud computing services and big-data analytics drove sales of technology services higher, while demand for healthcare services also grew moderately.

Transportation activity was softer on balance in reporting Districts. Much of the growth at the Richmond District ports was from imports; exports continued to weaken, which port officials attributed to the stronger dollar. Record numbers of containers moved through ports in the Atlanta District, but haulers of exported industrial products reported a continued decline in volumes from October through mid-November. Railroads in that District also reported significant year-over-year decreases in total carloads. In the Cleveland District transportation services generally contracted since the previous Beige Book although volumes grew in construction materials and supplies for healthcare and business service providers. Cargo volume in the Dallas District remained soft in recent weeks, due to the slowdown in energy-related cargo. Demand in the Dallas District airline industry was flat overall. The international outlook remained weak, but airlines were positive about the domestic market and noted that as long as fuel prices remain this low, they will continue to perform well.

Manufacturing
Conditions in the manufacturing sector were mixed in recent weeks. Several Districts reported that firms continued to cite the strong dollar, low commodity prices, and weak global demand as factors for constrained demand. The Boston and St. Louis Districts reported moderate growth, noting that overall conditions improved since the previous report. Manufacturing in the Richmond, Atlanta and Dallas Districts grew modestly, with reports that new orders and production levels increased slightly. Chicago reported modest growth in the past six weeks. Cleveland, Kansas City and San Francisco stated that manufacturing activity appeared flat on balance. In contrast New York, Philadelphia and Minneapolis reported a decline in manufacturing activity.

Food manufacturers located in the Richmond District noted an improvement in recent weeks, with increased new orders. In Chicago, the auto industry continued to experience solid gains and continued to report plans to expand capacity. Durable goods production improved considerably for aircraft, computer, and electronic equipment products in Kansas City. Additionally, fabricated metals manufacturers and machinery producers reported strong growth in the Dallas District. Demand for high-tech manufacturing also picked up slightly. The Boston, St. Louis and Kansas City Districts reported solid capital investment plans. The Cleveland District said the steel industry continued to struggle because of the strength of the dollar, competition from imports (particularly from China), and low demand from the domestic energy sector. Minneapolis reported a continuing decline in demand for agricultural and mining equipment. Finally, San Francisco noted that deliveries of commercial aircraft were up slightly from a year ago, while new orders were significantly lower. Manufacturers in most Districts looked for slightly improved business conditions in the next six months.

Real Estate and Construction
Housing markets grew at a moderate pace on balance, and home prices also increased modestly since the previous Beige Book. Home sales in the Boston and Cleveland Districts rose since the previous report. The Boston District market for condominiums was generally strong, with sales up year-over-year in every state except Connecticut. In the Richmond District, residential real estate increased moderately. Kansas City residential sales

strengthened moderately, led by strong gains in Colorado. Residential real estate continued to improve at a mild pace in the New York, Philadelphia and Chicago Districts. Atlanta District real estate contacts indicated that sales activity held steady since the previous report. In the New York District, weakness was noted at the high end of the single family home market, particularly at the high end of New York City's co-op and condo market. Philadelphia described a "slow growth market" in which inventories were stable at low levels. Dallas single-family housing activity declined seasonally. Housing inventory continued to fall year-over-year in the Boston, Cleveland, Richmond, and St. Louis Districts.

Residential construction grew at a modest to moderate pace since the previous report. The Cleveland and Chicago Districts reported moderate growth, while New York, Philadelphia, St. Louis, and Kansas City Districts reported modest growth in residential construction. In the New York and Atlanta Districts, residential construction was noted as steady. In the New York District, multi-family outpaced single-family construction, with new development largely occurring in or near New York City and suburban rail hubs. In Richmond, single-family home construction grew modestly, while multi-family construction remained strong. Most St. Louis District contacts said that new home construction exceeded that of a year ago. The Kansas City District reported a moderate increase in housing starts, while construction in the Dallas and Minneapolis Districts was flat since the previous report.

Commercial construction strengthened modestly in most Districts since the previous report. The Minneapolis District saw continued strong growth, particularly in cities where commercial permitting increased. The Boston, Cleveland, Atlanta, Chicago, St. Louis, and San Francisco Districts reported moderate commercial construction growth. In the Boston District, office construction grew modestly in the greater Boston region. Demand remained strong in commercial building, multi-family housing, and higher education in the Cleveland District, while in the Atlanta District, non-residential construction was slightly up from a year ago and reports on apartment construction remained robust. The Philadelphia, Richmond and Kansas City Districts reported a modest pace of growth in commercial construction. Commercial construction increased in most major cities in the Richmond District. In contrast, New York reported little change since the previous report. The Dallas District reported that construction remained active, although construction started to taper off in Houston.

Commercial leasing activity generally grew at a moderate pace. Cleveland reported strong growth, while activity in the Districts of Boston, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Dallas and San Francisco expanded at a moderate pace. Commercial real estate improved in the Atlanta District, with increased absorption and rent growth across property types. Improvement in the Chicago District was widely distributed across the retail, industrial, and office segments, with increased demand for both sale and lease properties. Contacts in St. Louis reported slightly higher demand across all sectors, and expected demand to remain the same or increase slightly in the first quarter of 2016. The Minneapolis-St. Paul retail, office, and industrial space had positive net absorption, along with lower vacancy rates. Demand for commercial leasing increased mildly in the Dallas District, while office space activity was strong in the Dallas-Fort Worth area. Commercial leasing activity in New York was unchanged since the previous report.

Banking and Financial Services
Loan demand increased since the previous Beige Book, according to a majority of Districts that report on the banking and financial services sector. The rise in demand ranged from slight to modest according to the New York, Cleveland, Richmond and Dallas Districts. The Philadelphia and San Francisco Districts reported a moderate rise while the St. Louis District reported the strongest growth. In the Chicago and Kansas City Districts demand was steady. Residential mortgage activity was stable, on balance. The Philadelphia District reported a slight decline in mortgage lending while demand rose slightly according to the Richmond, Atlanta, St. Louis and San Francisco Districts. Demand for home equity loans and lines of credit rose in the Richmond and Dallas Districts. Commercial loan demand was reported to be generally strengthening in most Districts. One exception was the Dallas District, which reported softer lending to businesses, but cited seasonal factors as the likely cause.

Credit quality was generally stable. The New York, Philadelphia, and San Francisco Districts indicated strengthening credit quality as delinquency rates declined and household balance sheets improved. Credit standards tightened slightly for commercial and industrial loans, according to the New York District, and for residential mortgage and business loans according to St. Louis. Dallas noted some tightening of standards in response to slowly declining loan quality among energy sector loans. Some loosening of standards was reported by Richmond and Chicago.

The lending environment remained competitive in most Districts. Atlanta noted that some community depository institutions found it difficult to compete with loan structures and terms offered by larger institutions. St. Louis said some banks experienced a decline in consumer borrowing due to competition from alternative lenders. Richmond reported that private equity was playing a major role in financing merger and acquisition activity. Similarly, San Francisco noted an increasing role of nontraditional lenders in mortgage markets.

Agriculture and Natural Resources
Agricultural conditions varied across Districts in recent weeks. In the Atlanta District heavy showers alleviated drought conditions although soybean, cotton and peanut harvests were behind the five-year average. Rain improved conditions in the Dallas District, where domestic demand for grains and cattle was solid, but export demand was weak. San Francisco contacts reported modest growth, with strong yields in areas less affected by drought. The condition of the Chicago District's corn and soybean crops improved mildly since the previous report, with contacts anticipating a record harvest for soybeans. Minneapolis District agricultural conditions were mixed overall since the last report. Corn, soybean, and sugar beet production hit new records in some states in the Minneapolis District. In contrast, agricultural conditions weakened in the Richmond District since the previous report. South Carolina farmers said conditions deteriorated due to the flooding in early October and recent wet weather, resulting in delayed harvesting of soybeans, peanuts, cotton, and vegetables, as well as lower crop yields. Additionally, the St. Louis and Kansas City Districts reported a moderate decline in agribusiness. St. Louis District farmers noted that extensive rainfall had resulted in lower crop production levels relative to last year, and industry contacts had a mostly negative outlook for farm income.

Energy activity declined mildly in several Districts, although at a similar pace as in previous months, with limited gas exploration being undertaken. Richmond reported mixed conditions, with modest growth in natural gas production. However, additional drilling is on hold due to oversupply. Appalachian coal production remained weak. Activity and investment fell at oil and gas exploration and services firms in the Atlanta District as a result of continued weak global demand and an oversupply of oil. However, petrochemical refiners set capacity and production records. The Dallas District reported modest declines in energy sector demand. Additionally, San Francisco reported a mild decrease in the energy sector. Low oil prices continued to hold down petroleum extraction and exploration plans in the San Francisco District. St. Louis and Kansas City Districts reported a moderate decline in activity. The Kansas City District reported that energy activity declined at a similar pace as in previous months, and the number of oil and gas drilling rigs continued to decline, particularly in Oklahoma and New Mexico.

Employment, Wages, and Prices

Labor markets continued to tighten modestly, on balance, since the previous Beige Book. The Atlanta, Kansas City and Dallas Districts reported a slight pickup in hiring while the remaining Districts characterized their increase as modest to moderate. Many Districts indicated that increased hiring was driven by temporary and entry-level positions that were being fulfilled by staffing firms. The exception was the Chicago District, where staffing agencies said activity had slowed. Difficulties finding skilled workers persisted, but varied by location and occupation. The Atlanta, Minneapolis, Kansas City and San Francisco Districts said that difficulties were spreading to lower skilled and entry-level positions. Several Districts reported difficulty finding skilled craftsmen and general laborers in the construction industry. The Dallas and San Francisco Districts noted that labor shortages may have constrained building activity in some areas.

Wage pressures were generally stable to increasing. Most Districts said that wage pressures increased only for skilled occupations and for workers that were in short supply, although a few Districts saw broader pressure. Cleveland said that wage pressures were widespread, especially for higher-skilled jobs, while Atlanta reported signs of emerging pressure to raise starting wages, even among low-skilled jobs. The Atlanta and San Francisco Districts said some companies were revising incentives and benefit programs to retain and attract talent. Chicago, on the other hand, reported some firms cutting benefit packages to contain labor costs. A few Districts mentioned issues related to the minimum wage. For example, contacts in the Boston District cited increased labor costs for restaurants due to changes in minimum wages, and the Chicago District said recent initiatives were putting upward wage pressures on low paying jobs. Finally, the Dallas District reported that some hospitality contacts increased starting pay as a preemptive measure for future minimum wage increases.

Prices were generally steady, although reports varied. Input and finished goods prices were stable for manufacturing firms, according to most Districts. However, the Richmond District indicated an increase in raw materials and finished goods prices while intermediate input prices were slightly lower according to the Boston, Atlanta, St. Louis and Kansas City Districts. In some Districts lower input prices were attributed to further declines in commodity and energy prices as well as the strong dollar. For example, Dallas said that a trucking firm was passing lower fuel costs on to customers and Boston reported that the strong dollar put downward pressure on prices. The Cleveland District noted that some manufacturers were cutting prices to compete with foreign imports. Some upward price pressures were noted by nonmanufacturing firms in the Districts of New York, Philadelphia, Richmond, St. Louis, Kansas City and San Francisco. Price declines were reported for agricultural commodities such as raw milk, cotton, soybean, wheat, chickens, hogs, and cattle. However, the San Francisco District reported that drought conditions reduced cattle herd sizes leading to supply shortages and higher meat prices.

411 Route 17 South, Suite 300
Hasbrouck Heights, NJ 07604
Telephone (800) 232-0180
Fax (201) 727-1350
www.SunBusinessValuations.com

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I have no present interest in the subject business in this report, and I have no personal interest or bias with respect to the parties involved.

My compensation is not contingent on an action resulting from the analysis, opinions, or conclusions in this report.

Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, the Business Valuation Standards of the National Association of Certified Valuation Analysts, and the American Institute of Certified Public Accountants' Statement on Standards for Valuation Services.

Respectfully Submitted,

Stephen J. Goldberg
Managing Partner
Sun Business Valuations, LLC

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Stephen J. Goldberg, CVA.
Managing Partner

Stephen is a Certified Valuation Analyst (CVA) with the National Association of Certified Valuation Analysts (NACVA) and Certified Business Intermediary bringing over 29 years of M&A experience to the helm of Sun Mergers & Acquisitions, LLC and Sun Business Valuations, LLC, NJ based firms specializing in managing the sale, merger and valuation of privately held, mid-market companies. Stephen has personally assisted more than 200 entrepreneurial mid-market companies in a wide range of industries and markets, in providing valuation expertise and implementing exit strategies by way of selling their companies. Stephen has also provided business valuation consulting to approximately 1000 firms during his 29 year tenure in this industry. In addition to his work as a Certified Business Intermediary, Stephen is a frequent lecturer and writer on M&A and business valuation issues. He has also served as an expert witness in cases involving business valuation disputes.

Thomas Theurkauf, CVA.
Senior Analyst

Thomas is a Senior Analyst at Sun Business Valuations, LLC. Thomas has an extensive knowledge of business valuation principles through classes administered by the NACVA as well as practical application of these principles during numerous valuation engagements.