

Estimated 35.6% Cash on Cash Return (ROC)
for the
Typical New-to-Industry Self-Serve* Carwash
(*a.k.a. “Wand wash”, “25 cents wash”, i.e. “Do it Yourself”)

Background Information	Statistics	Comment
<p>Definitions – Types of Carwashes</p> <ol style="list-style-type: none"> 1. Self-Serve 2. In-Bay Automatic 3. Tunnel – Full Service Tunnel – Exterior Conveyor 4. Total in Industry 5. Home Driveway CW Person (primary new customer target) <p>Estimated Industry Revenue Estimated Washes Annually Estimated Washes per Day</p> <p>Greatest Growth / Industry Trends</p> <ol style="list-style-type: none"> 1. EXPRESS Exterior Tunnels 2. Multiple Automatics w/ Self-Serve Bays 3. Short Exterior Tunnels 4. Free Vacuuming 5. Flex Service for existing full service tunnels 6. Twin Tunnels 	<p># in service</p> <p>36,000 58,000</p> <p>9,000 <u>10,500</u></p> <p><u>113,500</u></p> <p>38.0%</p> <p>\$48+ Billion 2.3 Billion 8 Million</p>	<p>a.k.a. “wand wash” or “25 cents wash” a.k.a. “Rollover Automatic”; vehicle remains stationary, machine moves over / around vehicle; commonly found at gas stations and self-serve carwashes.</p> <p>Vehicle placed on conveyor and moved through building; several variations are deployed.</p> <p>Represents only 62.0% of cars washed</p> <p>By far, the largest market segment at 38% but it’s declining; was 44.5% in 1999 per ICWA studies. Trend is moving from “Do it yourself” to “Do it for me”.</p> <p>(includes gas) Vehicles Vehicles</p> <p>Customer Washing Attitudes Respondents’ ratings of importance for factors in selecting a car wash:</p> <ol style="list-style-type: none"> 1. Quality of Wash 2. Less Work 3. Faster Overall 4. Conveniently Located 5. Ease of Use 6. Cost 7. Safety of Car’s Exterior 8. Value (quality of wash for money spent)

<p>Important Statistics:</p> <ol style="list-style-type: none"> 1. 2003 Avg Monthly revenue per SS bay 2. 2004 Avg Monthly revenue per SS bay 3. Average Usage* is just 6-10% <p>*24 hr x 60 min x 30 days = "Usage" 10%</p> <p><i>Source: Professional Car Washing & Detailing (PC&D)</i></p> <ol style="list-style-type: none"> 4. Average Traffic Count (*avg # cars passing per day) <ol style="list-style-type: none"> 5. # "Wash Days" per year <ul style="list-style-type: none"> ~ "Normal" year (Nat'l Avg) ~ "Rainy Year" (Nat'l Avg) ~ "Southern California" <p><i>Source: 2000 Cost of Doing Business Study by PC&D</i></p>	<p>\$1,243</p> <p>\$1,489</p> <p>10%</p> <p>13,828</p> <p>13,139</p> <p>14,393</p> <p>14,000</p> <p>310</p> <p>250</p> <p>320</p>	<p>\$0.41 per minute</p> <p>\$0.44 per minute</p> <p>Pass In-Bays Overall</p> <p>Pass Self-Serve Bays, no gas</p> <p>Pass facilities w/o SS Bays and sell gas</p> <p>Good average for in-bay facilities</p>
<p>Self-Serve Investment Model</p>		<p>Comment</p>
<ul style="list-style-type: none"> • "B" property • Non-impulse driven • Typically less than \$10 sq. ft. • Utilities a must, sewer very important • Rooftops • Traffic important but secondary for decision purposes • You are in the business of selling time / renting space 		<ul style="list-style-type: none"> • Midblock or secondary intersection • Destination (planned) purchase • Except in high cost areas like So. California • Depends upon community requirements • Residential community needed
<p>Key Factors for Development of a Self-Serve Carwash New-to-Industry Location</p>		<p>Comment</p>
<ul style="list-style-type: none"> • Population 		<ul style="list-style-type: none"> • 1 bay self-serve needs 1500 population in 3 mile radius

<ul style="list-style-type: none"> • Visibility • Access • Permitting • \$10.00 SF or less range • Non-traffic • Size parcel s/b ½ acre w/ 100' frontage (100' x 225') • Minimum R.O.C. / Private Party is • Minimum R.O.C. / ExxonMobil is 	<p style="text-align: center;">20%</p> <p style="text-align: center;">17%</p>	<ul style="list-style-type: none"> • But be easily seen from street • Requires easy ingress / egress • Zoning must allow this use • \$8.00 SF or less is preferred • Too much traffic backed up in front inhibits customer use • This accommodates 5 bays laid out perpendicular to street frontage • ExxonMobil's cash cost is less
Capital Required to Develop Self-Serve Carwash Location		Comment
<ul style="list-style-type: none"> • Land: Minimum ½ acre @ \$10 SF including 10% brokerage fee • Building @ \$70-100K per bay (5 bays 15' x 26' = 1950 SF) • Equipment Room • SS Equip per bay @ \$25K • Vacuums 5 @ \$2,200 • Other (vending, controls, etc) • Misc. Soft Costs • Total Equipment / Other Cost • Total Project Cost 	<p style="text-align: center;"><u>\$220,000</u></p> <p style="text-align: center;">\$166,000</p> <p style="text-align: center;"><u>39,000</u></p> <p style="text-align: center;"><u>\$205,000</u></p> <p style="text-align: center;">\$125,000</p> <p style="text-align: center;">13,200</p> <p style="text-align: center;">15,000</p> <p style="text-align: center;"><u>50,000</u></p> <p style="text-align: center;"><u>\$203,200</u></p> <p style="text-align: center;"><u>\$628,200</u></p>	<ul style="list-style-type: none"> • So. Calif. land will cost at least \$25 SF • 5 bays x \$85 SF = \$166K • 10' x 26' = 260 SF @ \$150 SF = \$39,000 • 5 bays x \$25, 000 = \$125,000 • 5 x \$2,200 = \$13,200 • Arch, ME, GC, Permits
Annual Projections		Comment
<i>Remember: Population Driven / Planned Customer Activity</i>		
Gross Revenue (Rocky Mtn. Area)	\$158,400	\$2,200 / bay x 5 = \$13,200 / mo x 12 = \$158,400
Estimated variable expenses	47,250	Gross x 30%
Estimated Fixed Expenses	15,840	Gross x 10%
Estimated Mortgage	<u>50,400</u>	w/ min. 20% required cash down of approx. \$126,200, principal = \$502,000. At 8% over 20 years, payments are about \$4,200 / mo;

		\$50,400 / yr
Net after all expenses & mortgage	\$44,910	
Return on Cash (ROC)	35.6%	\$44,910 / \$126,200 = 35.6%

Source of above information not accredited elsewhere is Fred Grauer, Executive V. P. – Investor Market, Conveyors, Ryko Manufacturing Company. Fred is a second generation industry participant whose family has owned over 100 bays of self-serve and more than 70 tunnel carwashes.

Given the public acceptance and high growth of the EXPRESS Exterior Tunnel Carwash concept across the nation, most experienced carwash industry participants are choosing to either defend their existing self-serve bays (wand wash) and full serve tunnel operations by various means, or sell them to others. Presently, the greatest growth is seen in the following trends:

1. EXPRESS Exterior Tunnels (they now outnumber full service tunnel operations)
2. Multiple Automatics w/ Self-Serve Bays
3. Short Exterior Tunnels
4. Free Vacuuming
5. Flex Service for existing full service tunnels
6. Twin Short Tunnels (60' each) for EXPRESS Exterior concept on small land parcels.

The land component varies for each of the above depending upon the amount of business being projected for the location.

In Southern California, where traffic counts are generally much higher, the EXPRESS Exterior Carwash has captured the attention of all. An example of this concept has been researched and posted for your viewing at <http://www.4vqp.com/newhotstuff/expressexteriorcarwash.html>.

Locations capable of generating exceptional results as are documented on the above linked web page are VERY DIFFICULT to find. Most experienced commercial real estate brokers have no knowledge of the critically important factors associated with this type of land use. Furthermore, they tend to ignore many potential properties and only show buyers their own listings.

Jack Muellerleile does not take listings. He works exclusively for buyers anywhere in the nation. His experience includes 23 years with Big Oil and 20 years on his own as a Petro / Carwash-related consultant and real estate broker. He may be contacted as follows:

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