

**Estimated 43.9% Cash on Cash Return (ROC)**  
**at the typical 3 Profit Center High Volume Gas Station**  
as documented at <http://www.4vqp.com/newhotstuff/superstations.html> .

<b>Description of Desirable Location</b>	<b>Subject Location</b>	<b>Comment</b>
Corner at signalized intersection; or power / community center pad; improved or raw land parcel w/ utilities at street; Tear downs OK; and best is far corner to the heaviest flow of traffic on the “going home” side of the street.	Far corner to heaviest flow at signalized intersection on the “going home” side of the street.	Preferred types are: <ol style="list-style-type: none"> <li>1. Far corner to heaviest flow</li> <li>2. Near corner with extra frontage</li> <li>3. Far corner to second highest flow</li> <li>4. High visibility and easily accessed shopping center pad</li> <li>5. “Oasis” locations are exceptions</li> </ol> Concept requires “A” site since impulse driven.
Lot Size	65,000 SF w/ 275’ frontage on “far corner” side; plus 1.5 acres surplus land. 3.0 acres total.	Minimum suggested is 45,000 SF. Best to have at least 300’ frontage on the “far corner” side.
Lot Shape	Rectangular	Rectangular preferred; square is OK if big enough, triangular can work if deep enough. Some irregular shapes can work.
Frontage	275’	Minimum suggested is 300’
Traffic Count	50,000 ADT	Minimum suggested is 30,000 ADT unless site enjoys very high exclusivity.
Demographics	High growth suburban demos	All demographics are OK. C-Store volumes are highest in Latino neighborhoods.
Capture Rate	3.2%	Normal is 1.5-3.0% of 24 hr traffic
Fueling Facilities	4 sets of twin dogbone islands	MPDs minimum for high volume is 8 (16 fueling

	with 24 fueling positions under large canopy	positions). Each MPD will service 50,000 gal monthly w/o any difficulties. Some locations have serviced double this amount. The KEY is to smoothly handle all customer needs during peak periods of the day.
C-Store Size	3,000 SF	Minimum is 3,000 SF. Some are 4,600 SF or larger.
Office / Storage Space	1,500 SF adjacent to C-Store	Usually built above the C-Store or Carwash building in order to preserve maximum lot surface area for onsite vehicular circulation / customer parking.
Carwash Building	750 SF attached to Office/C-Store Building	The carwash building is usually free-standing to allow placement of a drive-thru lane adjacent to the C-Store building.
Self-serve Vacuum Stalls	5 positions at egress end of wash tunnel.	# Vacuum stalls vary with amount of wash business expected.
<b>Capital Required to Develop this type of location</b>		<b>Comment</b>
<ul style="list-style-type: none"> <li>• Land (\$40* x 65,000 SF )</li> <li>• Excess Land* (1.5 acres)</li> <li>• Improvements</li> </ul> <ul style="list-style-type: none"> <li>• Inventory</li> <li>• Working Capital</li> </ul> <p style="text-align: right;">Total</p> <p>* Includes 10% fee to buyer's broker</p>	<p>\$2,000,000</p> <p>1,000,000</p> <p>3,500,000</p> <p>100,000</p> <p><u>100,000</u></p> <p><u>\$6,700,000</u></p>	<p>Can cost \$25-\$75 SF in So.Calif.</p> <p>Gas Station, C-Store, Office / Storage Space, Carwash, Vacuum Stalls, Concrete Yard, Offsite Work &amp; QSR Pad</p>
<p>Seasoned Volumes:</p> <ul style="list-style-type: none"> <li>• 5,700,000 gallons of fuel</li> <li>• \$2,000,000 (\$167,000 / month) C-Store sales at 33%</li> </ul>	<p>Gross Profit:</p> <p>\$ 456,000</p> <p>660,000</p>	<p>(475,000 / month) at 7-9 cents per gallon gross profit</p> <p>(\$167,000 / month) C-Store sales</p>

<ul style="list-style-type: none"> <li>\$300,000 (\$25,000 / month) Carwash &amp; Other sales at 90% gross profit.</li> </ul> <p style="text-align: center;">Total Gross Profit</p>	<p><u>270,000</u></p> <p>\$1,386,000</p>	at 33% gross profit.
Operating Expenses	\$606,000	Annual Operating Expenses
EBITDA* * In this instance, EBITDA = NOI (Net Operating Income)	\$780,000	\$65,000 Monthly NOI \$780,000 Annual Net Operating Income (NOI)
<p><i>MEMO ONLY:</i> This exhibit presumes the project was financed 100% with cash. If debt had been used, the Mortgage Payments may have been as follows:</p> <p>\$6,700,000 - \$1,340,000 (20%) cash down = \$5,360,000 to be financed @ 8% over 20 years. Payments are:</p> <ul style="list-style-type: none"> <li>\$44,833 monthly</li> <li>\$537,996 annually</li> </ul>		<p>Cash Down is 20% on \$6,700,000 Funding. An SBA / Commercial Combo loan @ 8% over 20 years would be needed. SBA may require 15%-25% cash down by borrower. NOTE: If land is leased, cash down may be reduced by \$1,340,000 and annual occupancy cost may drop nearly \$430,000 thereby boosting the potential return on cash invested (ROC).</p>
<b>PROJECT SUMMARY</b>		<b>COMMENT</b>
Total Cash Invested	\$6,700,000	Contributions of several investors
Return of Inventory & Working Capital at \$100,000 each	200,000	Sale Price is always “plus inventory”.
Cash remaining in project	\$6,500,000	Net Cash invested in Gas Station / C-Store / Carwash land & improvements; plus QSR land & pad and surplus land adjacent at rear.
Proceeds from sale of QSR pad	1,000,000	Buyer added all of its own improvements
Receipt of 3 years ‘seasoned’ operating results	2,340,000	Ramp-up period to achieve ‘seasoned’ volumes may be as much as 12 months
Cash remaining in project	\$3,160,000	
Proceeds received from sale of project	\$8,000,000	Amounts to 10.25 x EBITDA
Zero unrecovered capital now remains in the project; \$6,700,000 original investment has been fully recaptured;	NONE	\$3,160,000 is fully reimbursed \$4,840,000 surplus cash in kitty

<p>\$4,840,000 extra cash is in the bank; and \$ 500,000 extra cash will likely be coming in from the eventual sale of surplus land behind the QSR</p>		
<p>Cash on Cash Return (ROC) is:  \$1,000,000 from sale of QSR pad \$2,340,000 from ‘seasoned’ opers results <u>\$8,000,000</u> from sale of project <math>\\$11,340,000 / \\$6,500,000 = 174.5\% / 4</math> years = 43.9%  \$500,000 will be added when surplus land is sold. Revised ROC will then be: <math>\\$11,840,000 / \\$6,500,000 = 182.2\%</math></p>	<p>43.9% per year for 4 years</p>	<p>This analysis assumes the project broke even during its one year ramp-up period.</p>

High Volume, multi-profit center gas stations are very much in evidence in the Southern and throughout the country. They were conceived of more than 15 years ago and are now a proven concept.

Locations capable of generating exceptional results such as are documented hereinabove are 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 has the expertise needed to qualify sites others identify and locate them himself. Jack does not take listings. He works exclusively for buyers. His experience includes 23 years with Big Oil and 20 years on his own as a Petro-related consultant and real estate broker. He may be contacted as follows:

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