

**Estimated 51.4% Cash on Cash Return (ROC)
At a Typical Older Gas Station where 2
Profit Centers were Expanded and / or Added**

Description of Typical Existing Gas Station Location	Specifics	Comment
Former Major Oil Company owned unit sold to 2 party dealer because volume fell below its retention minimum	At signalized intersection	Good visibility Good accessibility Strong competitors absent from intersection Layout permits added profit centers
Lot Size	22,000 SF	30,000+ SF far corner preferred
Frontages	150'	150'+ is preferred
Traffic Count	30,000 ADT	30,000+ ADT is preferred
2 bay bldg w/ small snack shop		Facing corner w/ access thru rear area
6 MPDs under canopy		4 MPDs minimum
Fuel Sales	125,000	Gallons monthly
Fuel Sales Gross Profit @ \$.12	\$15,000	
C-Store Sales	\$20,000	Monthly ex-lottery
C-Store Gross Profit @ 38%	\$7,600	Monthly
Total Gross Profit / month	\$42,600	Monthly
Expenses (24/7 operation)	\$20,000	Monthly
Net Operating Income (EBITDA)	\$22,600	Monthly
EBITDA	\$271,200	Annual
Sale Price (business & land)	\$2,500,000*	s/b 10-12 x EBITDA if motivated seller *Includes 6% fee to buyer's broker
Down Payment @ 20%	\$500,000	
Mortgage @ 8% for 20 years	\$16,830	Monthly
Net Cash Flow after debt service	\$18,840	Annual (\$5,770 x 12 = \$69,240)
Cash on Cash Return (ROC)	13.9%	\$69,240 / \$500,000
Capital Required to Add C-Store & Rollover Carwash	Specifics	Comment
Expand Snack Shop into 2 adjoining service bays	\$250,000	
Add Rollover Carwash 1. Building (750 SF x \$125)	\$94,000	

2. Fees (Arch, GC, ME, etc)	\$50,000	
3. Govt Fees (Impact, CUP, Bldg Permit)	\$50,000	
4. Equipment (Automatic)	\$150,000	
5. Misc. other	<u>\$6,000</u>	
Total	<u>\$350,000</u>	
Total Cost of Improvements	<u>\$600,000</u>	
Revised Cash Down if 20% on \$3,100,000* SBA loan @ 8% over 20 years * Covers purchase & 2 new profit centers	\$620,000	SBA may require 15%-25% cash down by borrower. If land is leased, cash down may be reduced by \$200,000 and annual occupancy cost may drop nearly \$100,000 thereby boosting the potential return on cash invested (ROC).
“Seasoned Volume” Fuel Sales	270,000	Ramp-up period to reach “Seasoned Volume” may be 6-12 months. Volume s/b higher if branded Valero.
Fuel Sales Gross Profit @ \$.07	\$18,900	\$.07 CPG reflects very competitive retail prices
C-Store Sales	\$75,000	Monthly
C-Store GP @ 38%	\$28,500	Monthly
Carwash (capture rate is .5-1.5% of the 24 hr traffic)	\$25,000	Monthly [150 cars (.5%) x 26 wash days x \$6.50]
Expenses (24/7)	\$25,000	(\$20,000 / gas station & C-Store; \$5,000 for carwash)
Net Operating Income (EBITDA)	\$47,400	Monthly
EBITDA	\$568,800	Annual
Less Debt Service	\$250,000	Annual
Net Cash Flow per year	\$318,800	(after mortgage payments)
Cash on Cash Return (ROC) (\$318,800 / \$620,000)	51.4%	Cash on Cash returns for all types of well designed & managed 2 profit center gas stations usually run around 33% nationally.

Locations capable of generating results such as are documented hereinabove are somewhat difficult to find. Most experienced commercial real estate brokers have no knowledge of the critically important factors associated with this type of land use. Experienced business brokers are generally more knowledgeable but 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. 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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