

CASE STUDY: PROJECT LENDER

Challenge

Our Client funded the acquisition of 35 gasoline service station and convenience store locations by using the company's existing acquisition line of credit. The Client needed to secure a longer-term funding solution, expeditiously pay-off its acquisition line of credit, procure the most favorable loan terms and expand its relationship with other sources of capital to facilitate future acquisition opportunities.

Goals

PetroCapRE was engaged to solicit a group of qualified senior lenders interested in submitting proposals to fund the Client's requested senior term loan, manage the capital solicitation process, assist in negotiating the final terms and conditions, provide advisory services necessary to close the transaction and expand its senior lending sources.

Solution

PetroCapRE worked with its Client to prepare a customized solicitation package that would obtain not only the best terms but also the quickest closing. The package included a 24-page Confidential Information Memorandum ("CIM") and the following information necessary for a potential lender to issue a comprehensive term sheet:

- 2 Brief history and overview of our Client and its company.
- 2 Summary description of the recently acquired retail assets.
- 2 Detailed senior term loan request.
- 2 Description of the acquisition's investment highlights.
- 2 3 years of historical income statements.
- 2 An 8-year site-level pro-forma model and associated financial statements.
- 2 Projected capital expenditures.
- 2 Summary of the pre-closing environmental situation at each location and a brief description of the environmental insurance the company planned to procure prior to the transaction closing.

PetroCapRE approached 17 senior lenders that specialize in financing C&G retail assets and/or were



strategically located in the same geographical area as the subject locations. The Client received 7 loan proposals that closely matched the overall terms and conditions our Client was seeking. PetroCapRE then provided our client with a Term Sheet Comparison Schedule which enabled our Client to narrow down the list of proposals to the 3 most attractive offers based on loan terms and overall strategic fit of the lender. Conference calls were then set up with each potential lender to further discuss and negotiate the proposed terms of the senior term loan. After final negotiations, the Client chose the lender that it believed provided the best solution for its immediate funding needs and represented a potential long term strategic capital provider.

After our Client executed a term sheet with its preferred senior lender, PetroCapRE stayed engaged throughout the final loan due diligence process by providing assistance to its legal counsel, environmental representatives and senior management team to close the overall transaction.

Results

As a result of the competitive bidding process led by PetroCapRE, the Client was able to close with a new senior lender under terms that included no syndication risk, no personal guarantees and a pricing and term loan structure that was more competitive than its most recently closed senior term loan transaction. This process also developed several new sources of capital for future acquisitions.

About PetroCapRE

PetroCapRE is recognized as a national leader in providing buy-side advisory, refinancing and capital restructuring services for clients exclusively in the downstream multi-site retail and wholesale petroleum industry. Managing directors John C. Flippen, Jr. (jflippen@PetroCapRE.com) and John E. Sartory (jsartory@PetroCapRE.com) are both fully involved in every transaction process and since forming the company in 2009 have successfully completed closings totaling over \$2.3 billion.