

# Is Sale Leaseback Right for You?

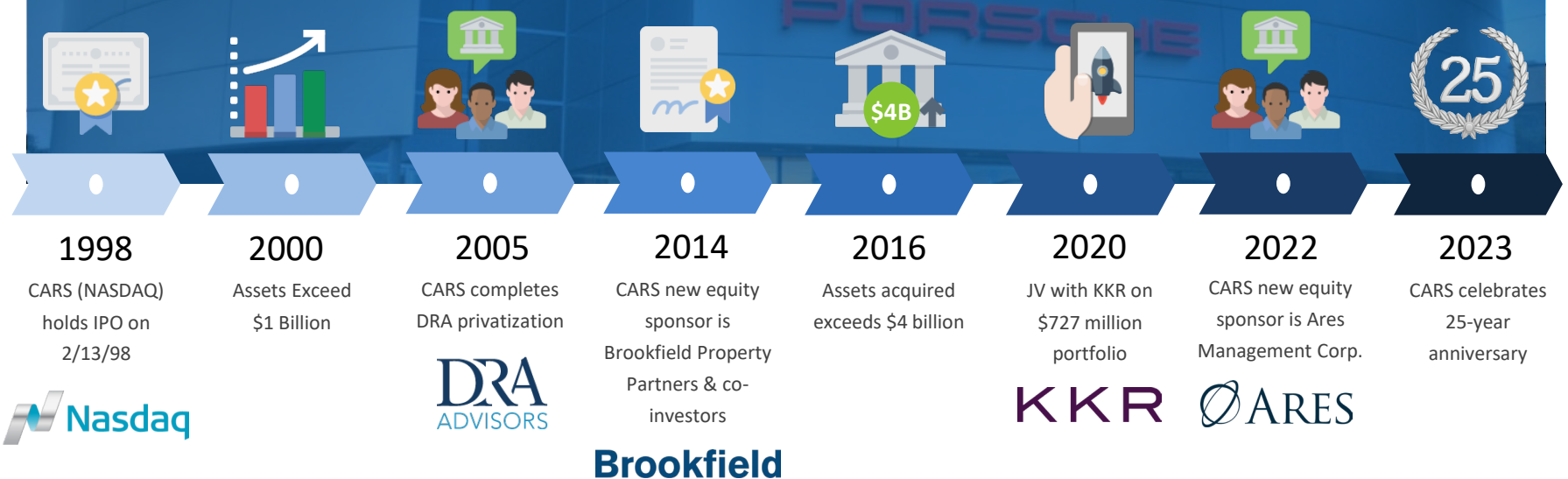


Lane Gorman Trubitt – Controllers' Roundtable

October 23, 2025

# Capital Automotive History

- Over 27 Years of Helping Auto Dealers Accomplish their Financial and Business Objectives
- Pioneered the Use of the Sale-Leaseback Model in the Automotive Industry



# How We Help Dealers

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## Expanding Existing Operations

Capital to grow your organization —

- acquire new franchises and locations
- upgrade existing facilities
- construct new stores



## Merger & Acquisition Support

We can help during the M&A process by managing the entire real estate portion of the transaction — allowing dealers to focus on underwriting the operating business



## Portfolio Diversification

Redeploy real estate equity —

- To diversify your business portfolio
- Create a secure, steady stream of income with our tax-deferred Operating Partnership Unit

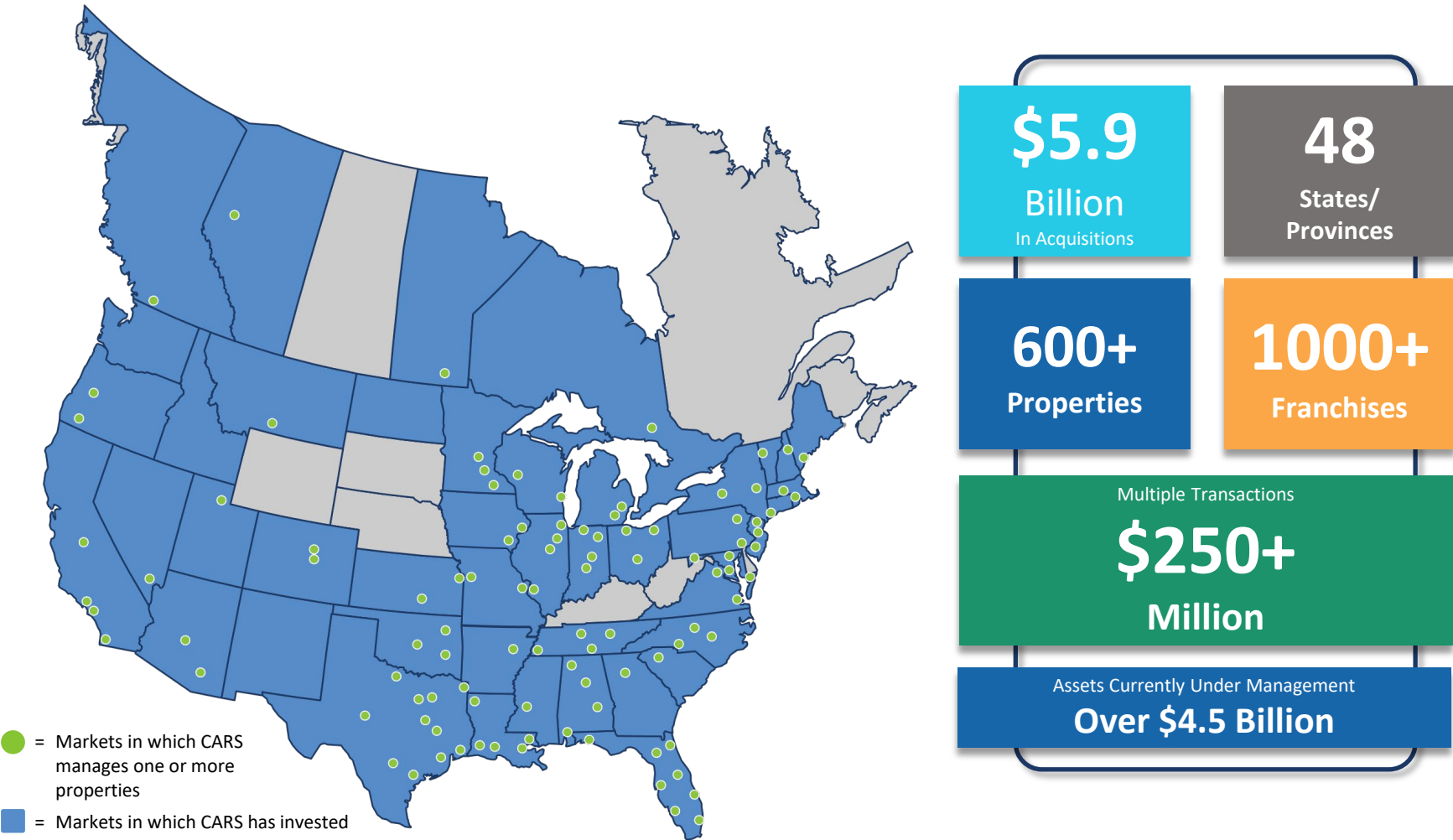


## Estate Planning

Get capital to accomplish your estate planning and philanthropic objectives while maintaining control of dealer operations

Our team of automotive, finance, and real estate experts have underwritten and purchased more automotive real estate than any other company. Our expertise helps our dealer partners get more capital than mortgage companies and banks are capable of offering, plus the sale-leaseback model provides tax advantages not available through a traditional mortgage or bank loan.

# Investment Record Since Inception

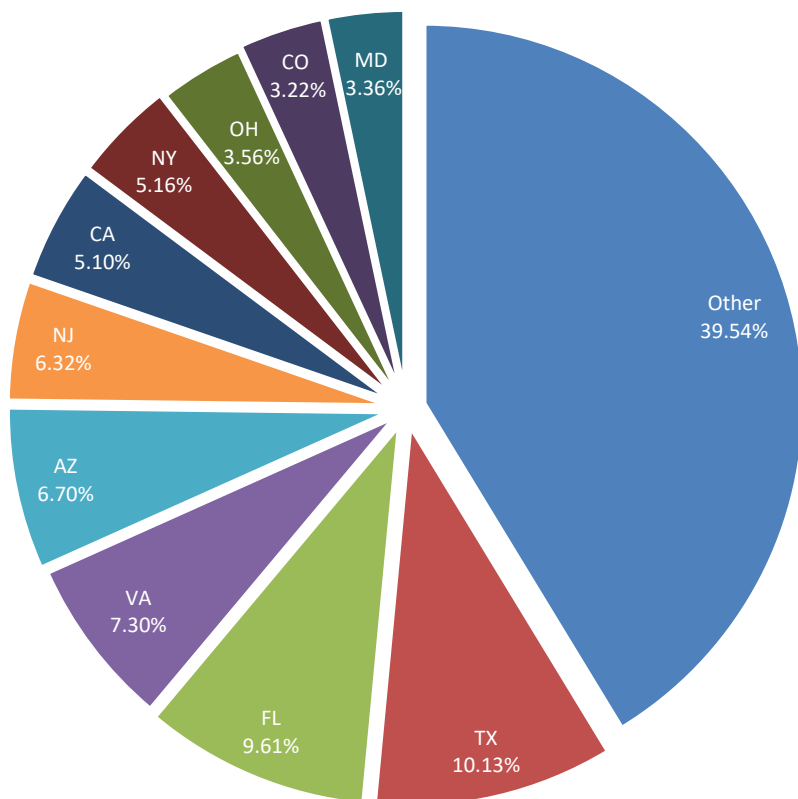


Note: Locations in Northwest Territory Canada not shown in the map



# Established Tenants with Strong Geographic Diversification

## Total Investment Portfolio<sup>(1,2)</sup>



## Top Ten Market Concentrations<sup>(2)</sup>

Metro Area	Population Rank	Annual Rents (\$MM)	% of Total	Cumulative %
New York-Newark-Jersey City, NY-NY	1	\$21.0	6.6%	6.6%
Phoenix-Mesa-Chandler, AZ	10	\$20.2	6.4%	13.0%
Washington-Arlington-Alexandria, DC-VA-MD-WV	6	\$17.7	5.6%	18.6%
Houston-Pasadena-The Woodlands, TX	5	\$16.0	5.0%	23.6%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	7	\$15.0	4.7%	28.3%
Virginia Beach-Norfolk-Newport News, VA-NC	37	\$12.1	3.8%	32.1%
Denver-Aurora-Lakewood, CO	19	\$10.2	3.2%	35.3%
San Diego-Chula Vista-Carlsbad, CA	17	\$10.1	3.2%	38.5%
Miami-Fort Lauderdale-West Palm Beach, FL	9	\$10.0	3.2%	41.7%
Columbus, OH	32	\$9.0	2.9%	44.6%
<b>Subtotal - Top 10 Metros</b>		<b>\$141.0</b>	<b>44.6%</b>	

Portfolio statistics include JV assets.

(1) Percentages based on revenue.

(2) As of June 30, 2025.



# Committed to Strong Dealer Partnerships

**52%**  
CARS' Revenue  
from Top 150  
Dealers<sup>1,2</sup>

**20**  
"Top 150"  
Dealers<sup>1,2</sup>

**90%**  
Dealers with  
revenues over  
\$250 million<sup>2</sup>

## We Work With North America's Leading Dealers Including:



**AutoNation**



**GROUP 1  
AUTOMOTIVE**



**WALSER**



**OPEN ROAD  
AUTO GROUP**



GermainCars

**GEORGICA  
AUTO HOLDINGS**



**Funded Real Estate for multiple private equity / family office-backed groups.**

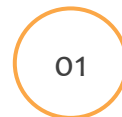
1. "Top 150" U.S. Dealer Groups as published by Automotive News (ranked by unit sales of new vehicles in 2024).  
2. As of 6/30/2025

# Dealership Real Estate Finance Alternatives

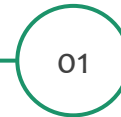
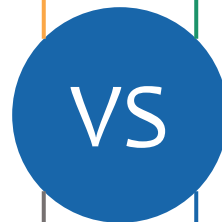
## Own

## Lease

Use 100% of Dealer's Capital?  
(Is this the best ROE?)



Mortgage from Bank or  
Captive Finance Company  
(down payment required, future  
refinancing/interest rate risk)



From Seller of Franchise?  
(competitive and successor considerations)



From Manufacturer  
(site control considerations)

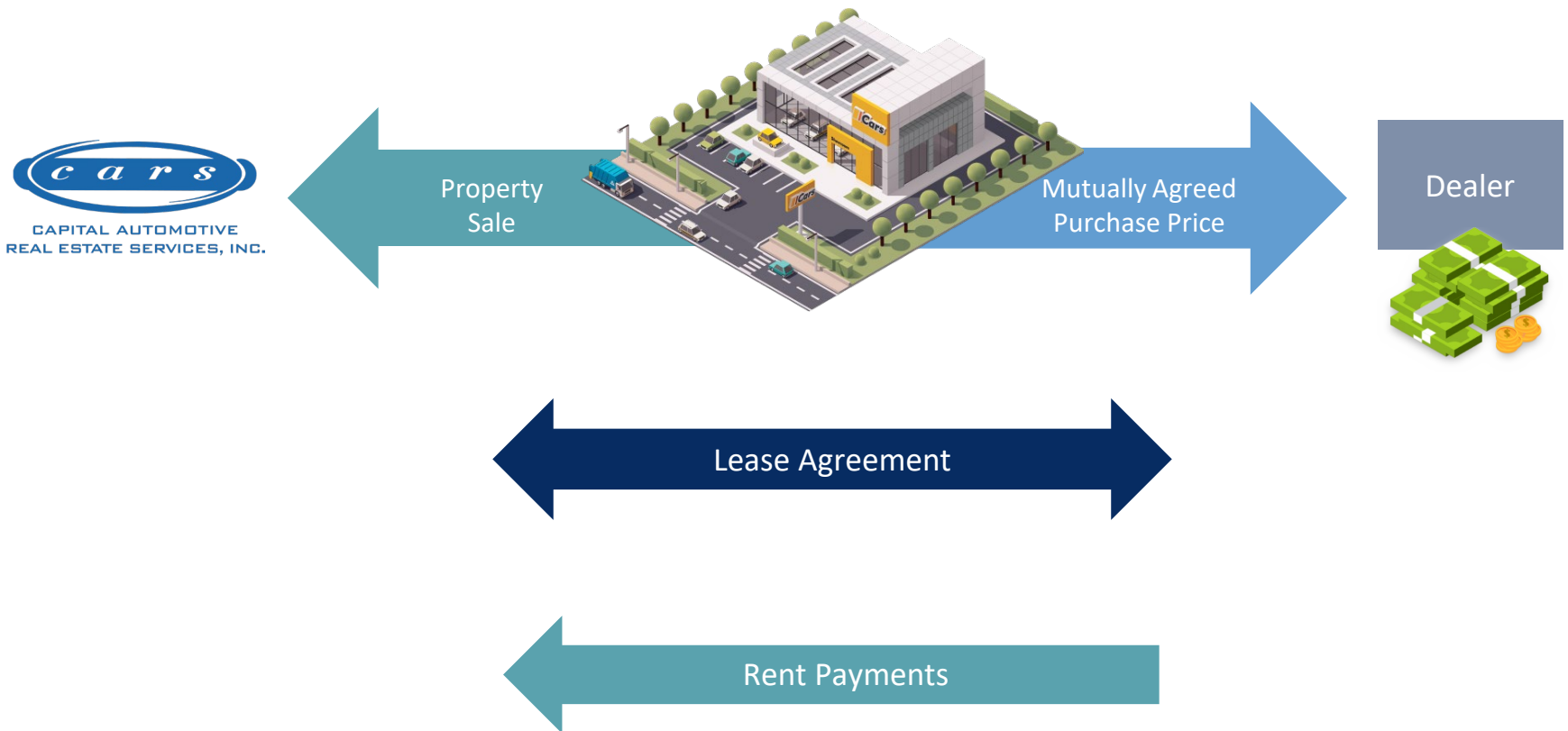


Derived from 1031 Investors  
or Brokers – Newmark,  
CBRE, ...  
(landlord relationship considerations)



From Industry Focused  
Investors - CARS  
(proven track record of flexibility and  
supporting dealers)

# Sale-Leaseback Structure



# Better Leverage On Your Invested Capital

Improve  
ROI/ROE  
by better leveraging  
real estate assets

Dealership Operations

Real Estate<sup>1</sup>

9.7%

70% LTV

10.9%

80% LTV

38.5%

Import

36.0%

Highline

30.9%

Domestic

9

<sup>1</sup>Assumes 6.5% Mortgage Interest  
& 7.5% Cap Rate

# Mortgage VS Lease Transaction Scenarios

- Assumptions:
- \$10.0 million property fair market value
  - \$5.0 million blue sky (5x \$1.0 million profit before tax)
  - \$2.0 million working capital and fixed assets

\$17.0 Million Total Acquisition

## Mortgage Scenario

	Dealer	Bank	Total
Real Estate	\$2,500,000	\$7,500,000	\$10,000,000
Blue Sky and Working Capital	\$3,500,000	\$3,500,000	\$7,000,000
	\$6,000,000	\$11,000,000	\$17,000,000

**Dealer Equity Required: \$6,000,000**

## Sale-Leaseback Scenario

	CARS	Dealer	Bank	Total
Real Estate	\$10,000,000	-	-	\$10,000,000
Blue Sky and Working Capital	-	\$3,500,000	\$3,500,000	\$7,000,000
	\$10,000,000	\$3,500,000	\$3,500,000	\$17,000,000

**Dealer Equity Required: \$3,500,000**

# Mortgage VS Lease Returns Comparison

## Assumptions (\$17.0 million acquisition)

- \$10.0 million real estate purchase price (\$4.0 million land, \$6 million building), 7.5% cap rate
- \$7.0 million blue sky & working cap
- 6.5% mortgage, 20-year am, 75.0% LTV
- 7.0% acq loan, 10-year am, 50.0% LTV
- 25.0% effective income tax rate

	<u>Mortgage</u>	<u>Lease</u>
Dealer Equity Invested	\$6,000,000	\$3,500,000
EBITDAR (Pro-forma)	\$2,500,000	\$2,500,000
Rent	—	(\$750,000)
Mortgage Interest	(\$482,000)	—
Building Depreciation	(\$154,000)	—
F&E Depreciation	(\$50,000)	(\$50,000)
Acquisition Loan Interest	(\$234,000)	(\$234,000)
Profit Before Tax	\$1,580,000	\$1,466,000
Tax	(\$395,000)	(\$366,500)
Profit After Tax	\$1,185,000	\$1,099,500
Mortgage Principal	(\$189,100)	—
Acquisition Loan Principal	(\$350,000)	(\$350,000)
After-Tax Cash Flow	\$645,900	\$749,500
Add Back Depreciation	\$204,000	\$50,000
Total After-Tax Cash Flow	\$849,900	\$799,500
<b>Year 1 ROI</b>	<b>14%</b>	<b>23%</b>

# Underwriting

CARS is focused on both credit and property-specific diligence.

## Credit Underwriting

- Sensitize proforma RCR, DSCR, and projected financial performance
- Set deal-appropriate financial covenants
- Analyze/review sources and uses of capital
- Review of dealer group operating history, management philosophy & structure, and organizational structure

## Real Estate Due Diligence

Organize, review, and summarize for the client:

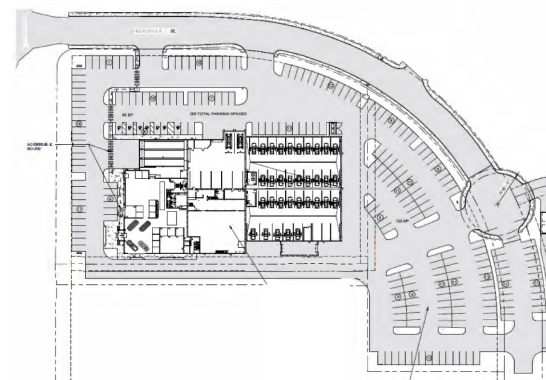
- Appraisal
- Environmental Site Assessments (PHI/PHII)
- Property Condition Assessments
- Surveys
- Title and Zoning

### XYZ Acquisition - Preliminary Sources and Uses

**Preliminary | Subject to Full Underwriting**

*(In U.S. Dollars, Unless Noted)*

Sources of Capital		Uses of Capital	
Term Debt	\$16,000,000	Blue Sky, Working Capital, and FF&E	\$64,313,464
CARS SLB Proceeds	\$36,330,000	Real Estate Purchase Price	\$36,330,000
Dealer Equity	\$48,313,464		
<b>Total Sources of Capital</b>	<b>\$100,643,464</b>	<b>Total Uses of Capital</b>	<b>\$100,643,464</b>



# Lease Overview

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We purchase property at agreed upon price

20-year initial lease with multiple 10-year renewal options

**No personal guarantees**, we use unsecured corporate guarantees

Triple-net lease: tenant pays taxes, maintenance, and insurance

Financial reporting and covenants

Annual CPI based rent escalators (capped)

Assignment rights built into lease (if dealer sells the store or whole business)

**“You don’t have to own it to control it”**

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# Dealer Benefits

- **Improve ROI/ROE** by better leveraging your real estate
- **Facilitate the acquisition of additional franchises**, or free up equity for capital deployment
- **Mitigate risks for dealer acquisitions** by leveraging Capital Automotive's extensive experience in dealership real estate due diligence





# Dealer Benefits

- Fund image upgrades, expansions, land acquisition and new construction without utilizing dealership capital.
- Maximize financing flexibility by increasing borrowing capacity.

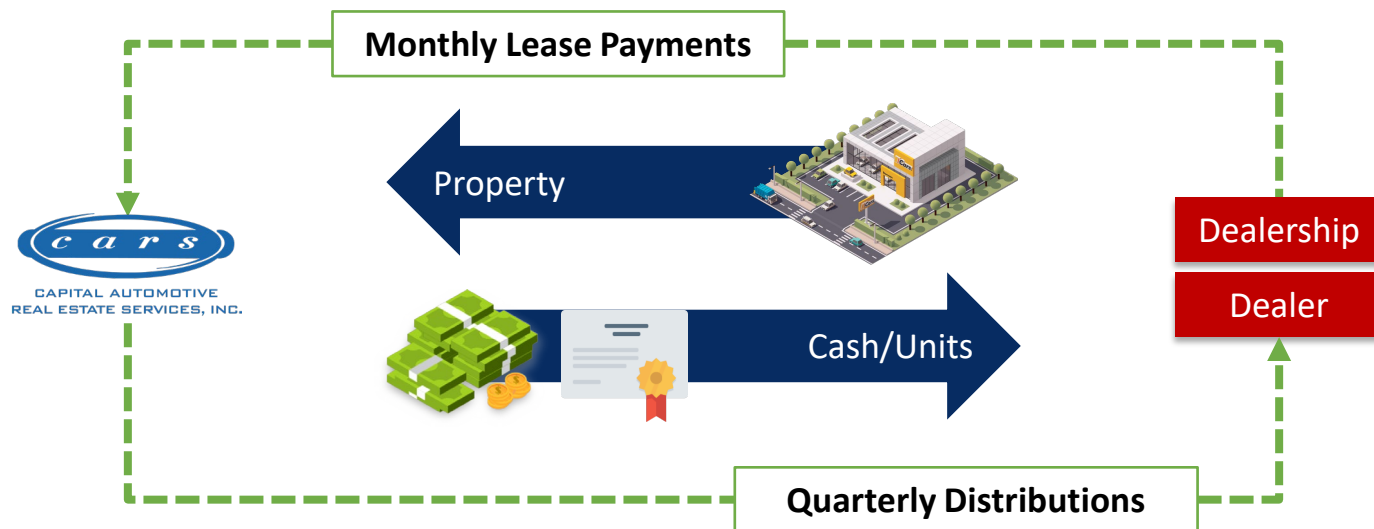
# Tax-Deferred Sale-Leaseback with Units

## An alternative structure for dealers.

Sale-leaseback transactions can be completed with cash or a combination of cash and an exchange for membership units (“Units”) in a new entity (the “Issuer”) that will hold an indirect ownership interest in Capital Automotive L.P. (the “Company”).

## How does a tax-deferred exchange work?

- Real estate is exchanged for Units in the Issuer for fair market value
- Units can be allocated to separate individuals or trusts
- Units have liquidity rights
- Capital gains taxes are deferred



# Considerations for Tax-Deferred Sale-Leaseback with Units

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## Structural Advantages

Units can help dealers who:

- Have low tax basis on dealership properties due to long-term ownership
- Accelerated depreciation on their real estate for an extended period, increasing their taxable gain
- Are hesitant to sell because of tax consequences
- Exploring efficient estate planning solutions for passing on property ownership
- Seek superior liquidity over direct property ownership
- Wish to diversify their asset holdings
- Intend to limit personal guarantees

# Benefits of Tax-Deferred Sale-Leaseback with Units

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## Benefits Summary

Units allow a dealer to:

- Defer capital gains tax
- Maintain real estate exposure via an investment in a highly diversified portfolio of dealership properties with a +25-year track record
- Implement estate and tax planning strategies using Unit divisibility and liquidity
- Participate in asset growth, capital appreciation, and income of the Company
- Eliminate:
  - Recourse
  - Property management responsibilities
  - Refinancing risks: interest rate, valuation, and transaction costs
  - Capital calls for improvement financing

# New Business Development Team



**Dan Garces**

President & Chief Operating Officer  
(703) 989-8933 cell | dgarces@capitalautomotive.com

- 33 years experience in commercial lending and automotive dealer finance, 23 years with Capital Automotive
- Former auto dealer lender and credit analyst at Comerica Bank in Chicago
- Former commercial lender at LaSalle Bank in Chicago



**Alicia Thomas**

Senior Vice President, Director of Market Engagement  
(703) 626-7048 cell |  
athomas@capitalautomotive.com

- 21 years experience in automotive industry, 15 years with Capital Automotive working on the Portfolio Management Team and as Director of Credit
- Former credit analyst at Ford Credit working on both regional and major accounts



**Chris Senkovich**

Vice President of Acquisitions  
(303) 319-8675 cell |  
csenkovich@capitalautomotive.com

- 19 years experience in automotive industry, including retail sales management, indirect lending, and floorplan financing, 6 years with Capital Automotive
- Former Regional Director of Business Development for Chrysler Capital/Santander Bank



**Rita Bragg**

Vice President of Acquisitions  
(615) 500-1539 cell |  
rbragg@capitalautomotive.com

- 35+ years experience in automotive industry, including relationship management, indirect lending, floorplan financing, marketing, and sales experience
- Former Regional Manager at Ford Credit directing a large team for dealers in the Mid-Atlantic



**Jake Wisnicki**

Assistant Vice President  
(310) 663-8683 cell |  
jwisnicki@capitalautomotive.com

- 6 years with Capital Automotive, involved with client relationships, new business development, and transaction management.
- Previously worked on CARS' Portfolio Management Team managing day to day needs and leading deal teams



Thank you!