CAPITAL AUTOMOTIVE REIT
Form 10-K
March 23, 2001

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO THE SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000 OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

[ ] FOR THE TRANSITION PERIOD FROM _________TO __________

COMMISSION FILE NUMBER: 000-23733

CAPITAL AUTOMOTIVE REIT
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS DECLARATION OF TRUST)

MARYLAND	54-1870224
(STATE OF INCORPORATION)	(IRS EMPLOYER IDENTIFICATION NO.)
1420 SPRING HILL ROAD, SUITE 525 MCLEAN, VIRGINIA	22102
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

(703) 288-3075
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Securities registered pursuant to Section 12(g) of the Act: None
Securities registered pursuant to Section 12(g) of the Act:

Title of Each Class	Name Of Each Exchange On Which Registered
Common Shares of Beneficial Interest, $.01 par value per share	Nasdaq National Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The number of Registrant's common shares of beneficial interest outstanding on February 28, 2001 was 21,493,042.

The aggregate market value of voting stock held by non-affiliates of the Registrant, based upon the closing sales price of the Registrant's common shares of beneficial interest on February 28, 2001 was $292,793,328.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of Capital Automotive REIT's Proxy Statement for the Annual Meeting of shareholders for fiscal year 2001 are incorporated by reference into Part III of this Annual Report on Form 10-K.

CAPITAL AUTOMOTIVE REIT
ANNUAL REPORT ON FORM 10-K

FISCAL YEAR ENDED DECEMBER 31, 2000

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PART 1

ITEM 1. BUSINESS

COMPANY OVERVIEW

Capital Automotive REIT (the "Company") is a Maryland real estate investment trust formed in October 1997. The Company owns interests in real estate through Capital Automotive L.P. (the "Operating Partnership") and its subsidiaries. The Company is the sole general partner of the Operating Partnership, and as of December 31, 2000, owned approximately 71.5% of the units of limited partnership interest in the Operating Partnership ("Units"). The Company completed its initial public offering of common shares and began generating rental income in February 1998. References to "we," "us" and "our" refer to the Company or, if the context otherwise requires, the Operating Partnership and our business and operations conducted through the Operating Partnership and/or the Company's and the Operating Partnership's directly and indirectly owned subsidiaries.

Our primary business strategy is to invest in real estate (land, buildings and other improvements) and at the same time enter into long-term, triple-net leases with operators of franchised automobile dealerships, motor vehicle service, repair or parts businesses and related businesses. In this Annual Report on Form 10-K, we use the term dealerships to refer to these types of businesses that are operated on our properties. We focus on acquiring real estate used by multi-site, multi-franchised dealerships located primarily in major metropolitan areas throughout the United States. When acquiring real estate, we target the top 100 dealer groups in the top 50 automobile markets throughout the country. As part of our acquisition analysis, we utilize stringent credit underwriting standards for prospective tenants that focus on liquidity, tangible net worth, historical profitability and rent and other cash flow coverage ratios. Our real estate analysis stresses location, market characteristics, retail dynamics and age and condition of improvements. The objective of this strategy is to provide consistent, stable cash flow for our shareholders.

As of December 31, 2000, we had invested approximately $1.04 billion in properties. As of December 31, 2000, we owned 244 properties located in 27 states, a total of approximately 1,518 acres of land containing approximately 8.9 million square feet of buildings and improvements. Our tenants operate 365 motor vehicle franchises on our properties, representing 39 brands of motor vehicles, which consist of Acura, Audi, BMW, Buick, Cadillac, Chevrolet, Chrysler, Daewoo, Dodge, Dodge Trucks, Ford, Freightliner, GMC, GMC Truck, Honda, Hyundai, Infiniti, Isuzu, Jaguar, Jeep, Kia, Land Rover, Lexus, Lincoln-Mercury, Mazda, Mercedes-Benz, Mitsubishi, Nissan, Oldsmobile, Plymouth, Pontiac, Porsche, Saab, Saturn, Subaru, Suzuki, Toyota, Volkswagen and Volvo.

We focus on buying properties from third parties that have a long history of operating multi-site, multi-franchised dealerships. In this Annual Report on Form 10-K, we use the term "dealer group" to refer to a group of related persons and companies who sell us properties. We also use the terms "dealer group", "tenant," "lessee" or "operators of dealerships" to refer to the related persons and companies that lease our properties.

We purchase properties in exchange for cash, new debt, the assumption of existing debt, Units, or a combination of any of the four. We generally lease our properties to established, creditworthy tenants, for a period of 10 to 20 years. We usually give the tenant the option to renew the lease on the same terms and conditions for one or more additional periods of five to 10 years each. We typically require our tenants to pay all operating expenses of the property, including all real estate taxes and assessments, utilities, insurance, repairs, maintenance and other expenses. This type of lease is commonly known as a triple-net lease.

When we evaluate prospective tenants and potential properties for purchase, we consider such factors as:

- the management and operating experience of the dealer group;

- the adequacy of a dealer group's liquidity, tangible net worth, historical profitability and rent and other cash flow coverage ratios;

- the value of the land, buildings and other improvements;

- the construction quality, condition and design of the dealership buildings and other improvements located on the property;

- the type of franchises operated by the dealer group;

- competitive conditions in the vicinity of the property;

- the geographic area in which the property is located; and

- the environmental condition of the real estate.

We have borrowed, and will continue to borrow, funds to buy properties. As of December 31, 2000, we had total debt outstanding of $585.7 million. Of this debt, approximately $571.5 million (consisting of $481.9 million of fixed rate indebtedness and $89.6 million of variable rate indebtedness) was mortgage indebtedness secured by approximately 210 of our dealership properties. In addition, we had $14.2 million outstanding on our variable rate revolving credit facilities. We may issue equity or debt securities, including preferred equity and senior or subordinated notes. These notes may be secured by properties or leases. We have adopted a policy limiting debt to approximately 65% of our assets (calculated as total assets plus accumulated depreciation). As of December 31, 2000, our debt was approximately 55% of our assets. This policy may be changed by our Board of Trustees at any time without shareholder approval. In addition, to minimize interest rate risk, we currently intend to maintain at least 85% of our total outstanding debt as long-term fixed rate debt or variable rate debt that is substantially match-funded with the terms of our leases. Approximately 90% of our debt outstanding as of December 31, 2000 is substantially match-funded, non-recourse debt. We may change the 85% target at any time without shareholder approval.

As a real estate investment trust, we acquire properties through our direct and indirect subsidiaries, including the Operating Partnership, and manage our business in a manner that is intended to be consistent with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations of the Internal Revenue Service that govern taxation of real estate investment trusts. We have paid, and expect to continue to pay, regular cash dividends to our shareholders. It is also our objective to provide our shareholders the opportunity for increased dividends from increasing annual rental income; to preserve and protect the investments of our shareholders; and to provide our shareholders with the opportunity to increase the value of their investments.

We are a self-administered and self-managed real estate investment trust, meaning that our trustees, officers and other employees manage and administer our business. Our executive officers are Thomas D. Eckert, President and Chief Executive Officer; David S. Kay, Vice President and Chief Financial Officer; John M. Weaver, Vice President, Secretary and General Counsel; Peter C. Staaf, Vice President and Treasurer; and Jay M. Ferriero, Vice President and Director of Acquisitions.

Our principal executive office is located at 1420 Spring Hill Road, Suite 525, McLean, Virginia 22102 and our telephone number is (703) 288-3075.

STRATEGY

Our primary business strategy is to invest in real estate (land, buildings and other improvements) and at the same time enter into long-term, triple-net leases with operators of franchised automobile dealerships, motor vehicle service, repair or parts businesses and related businesses. We focus on acquiring real estate used by multi-site, multi-franchised dealerships located primarily in major metropolitan areas throughout the United States. When acquiring real estate, we target the top 100 dealer groups in the top 50 automobile markets throughout the country. As part of our acquisition analysis, we utilize stringent credit underwriting standards for prospective tenants that focus on liquidity, tangible net worth, historical profitability and rent and other cash flow coverage ratios. Our real estate analysis stresses location, market characteristics, retail dynamics and age and condition of improvements. The objective of this strategy is to provide consistent, stable cash flow for our shareholders.

We believe that our strategy will provide dealer groups with an opportunity (1) to achieve liquidity, while maintaining ownership and control of the operations of the dealerships, (2) to diversify their investments, (3) to obtain funds to expand operations or remodel the facilities of their dealerships, (4) to facilitate their estate planning, and (5) to provide attractive tax deferral solutions. In addition, for existing tenants, we have a program that can fund significant facility improvements and expansions for properties in our portfolio. Under this program, the cost of the improvements

is added to the existing lease, which is reset to the original term when the funding is completed. We will also provide takeout commitments to purchase newly-constructed dealerships or will fund new construction.

We believe that because of the unique requirements of dealerships, these properties are a discrete sector of the national retail real estate industry. Industry sources estimate that the real property and improvements associated with franchised automobile dealerships are worth in excess of $40 billion, of which approximately $15 to $18 billion would likely meet our stringent acquisition criteria. We believe that these properties present attractive acquisition and financing opportunities because they generally have locations with frontage on and visibility from major thoroughfares, and zoning which permits dealership operations as well as a wide range of alternative uses. In the event that one of these properties becomes unsuitable for dealership use, the property could typically be redeveloped for other commercial uses.

To achieve our objective of having long-term, predictable streams of cash flow to maximize shareholder value, we are:

- Diversifying geographically and acquiring properties located predominately in major metropolitan areas in order to minimize the potential adverse impact of economic downturns in certain markets;

- Diversifying by franchises that are operated by our tenants to minimize the potential adverse impact of changes in consumer preferences and manufacturer fortunes;

- Partnering with those dealer groups leading the consolidation that is occurring in the automotive retail sector. At this time, these consolidators are not acquiring real estate, which in many cases, allows us to become their exclusive real estate partner;

- Leveraging the contacts and experience of our management to build and maintain long-term relationships with dealer groups;

- Leasing back properties to dealer groups on a long-term, triple-net basis, thereby minimizing brokerage, re-leasing and similar costs. Further, the long-term operation of dealerships at property locations increases the likelihood that our tenants will renew their leases;

- Cross-guaranteeing (or guaranteeing by a parent) all leases within a dealer group;

- Requiring our tenants to submit financial and other information, generally quarterly, to ensure compliance with financial covenants, such as minimum tangible net worth and cash flow coverage ratios;

- Minimizing interest rate risk by generally matching the average term of the lease with that of the debt as well as the type of lease with the type of debt (fixed or variable rate) in order to maintain an investment spread over the lease term ("match-funding"); and

- Utilizing a variety of financing sources, such as the issuance of Units, or other equity securities or debt securities, or a combination thereof. For example, the Company's "UPREIT" structure allows the Company to acquire properties in exchange for Units, thereby giving the sellers the benefit of being able to defer some or all of the taxable gain that otherwise would have been incurred if the properties were sold for cash. This structure enhances our ability to consummate transactions and to structure more competitive acquisitions than other entities in the market that lack our access to capital and the ability to acquire properties with Units.

THE PROPERTIES, LEASES, TYPICAL LEASE TERMS AND DEALERSHIPS

PROPERTIES

As of December 31, 2000, we owned 244 properties, representing 365 motor vehicle franchises, with a total investment of approximately $1.04 billion. These properties total approximately 8.9 million square feet of buildings and improvements on approximately 1,518 acres of land and are located in 27 states. Our interest in each of the properties includes the land, buildings and improvements, related easements and rights and most fixtures. We do not own or lease any significant amount of personal property, furniture or equipment at any property.

The properties generally consist of the land or a leasehold interest in land and one or more retail showrooms, office space (which may or may not be contained in separate buildings), adjacent service and repair facilities, parts and accessories departments, and in many cases, acreage set aside for used car sales, body shops and parking for inventory. As of December 31, 2000, all of our properties (excluding one parcel valued at approximately $500,000 and acquired in connection with another property at no additional cost), were subject to leases. All of our leases were performing and in full force and effect at December 31, 2000. See Item 2 of this Annual Report on Form 10-K for additional information regarding our properties.

LEASES AND TYPICAL LEASE TERMS

Our properties are leased to tenants who operate dealerships on the properties. Although there are variations in the terms of our leases, the following is a summary description of the general terms of a majority of our leases. We intend to seek favorable terms for all leases with future tenants which may or may not be on terms similar to those described below. Leases are individually negotiated and do vary from the terms summarized below, at times in material ways.

General. Substantially all of the leases are "triple-net," meaning that the tenant is obligated to pay rent and, typically, all operating expenses of the property, including, but not limited to, all taxes, assessments and other governmental charges, insurance, utilities, service, repairs and maintenance. In addition, the leases generally require the tenants to pay for additions, repairs, renovations and improvements to the properties undertaken by the tenant, which, upon expiration or termination of the leases, generally become our property.

Rent. During the initial lease term and any extensions, each tenant pays annual base rent in monthly installments. Base rent is typically adjusted upward periodically, usually based on a factor of the change in the consumer price index ("CPI"). During the first quarter of 2000, we introduced a variable cap rate program. Under this program, base rent payments change monthly based upon a fixed spread over an applicable index, generally LIBOR. In addition, the spread is adjusted upward periodically based on a factor of the change in the CPI. The tenant has the ability to fix the base rent during the initial lease term. The fixed base rent typically continues to be adjusted upward periodically based on a factor of the change in the CPI. Leases under our variable cap rate program represented approximately 8% of our total annualized rental revenue as of December 31, 2000. As of February 28, 2001, no tenants have defaulted on any rental payments.

Term and Termination. The leases generally are for initial terms of 10 to 20 years, with options to renew, exercisable at the option of the tenant, upon the same terms and conditions for one or more additional periods of five to 10 years each. The tenant does not have the right to terminate the lease and vacate the property before the end of the lease term, except in extraordinary circumstances such as the taking or condemnation of the property. See "--Damage to, or Condemnation of, a Property" below. In the event of a default by the tenant, the legal remedies that could be available to us include the eviction of the tenant, which could result in early termination of the lease. Typically, all leases within a dealer group are cross-guaranteed (or guaranteed by a parent) which helps to ensure the stability of the rental income from the respective tenant.

Insurance. The leases typically provide that the tenants will maintain insurance on the properties of the type and in the amounts that are usual and customary. We believe that all of our properties are adequately covered by insurance, including adequate commercial general liability, fire, flood and extended loss insurance provided by reputable companies, with commercially reasonable deductibles and limits. However, it is not possible or commercially reasonable to insure against all risks, in all cases, due to the cost or the availability of certain types of insurance. If a property suffers uninsured damage, the repair of the property is the tenant's responsibility but we may have to bear all or a portion of these costs if the tenant is unable to pay all of those costs.

Damage to, or Condemnation of, a Property. The leases generally provide that if all or a material portion of a property is condemned, the lease may be terminated and any condemnation award would belong to the Company, provided that in certain circumstances, the tenant may be entitled to share in the condemnation award. With respect to damage to or destruction of a property, the leases usually require the tenant to repair such damage or destruction or to rebuild with insurance proceeds. Rent is not abated during the period of repair or rebuilding.

Assignment. The leases generally provide that the tenants may not, without our prior written consent (which under certain circumstances may not be unreasonably withheld) or upon compliance with conditions established by us, assign or otherwise transfer any lease in whole or in part except to a related person. Generally, a change of control of the tenant or sale of all or substantially all of the assets of the tenant will be considered an assignment of the lease.

Events of Default. If there is an event of default under a lease, we may terminate the lease, retain possession of the property and/or lease the property to others. An event of default typically includes, but is not limited to, a failure to pay rent, a failure to comply with the provisions of the lease, the occurrence of certain events relating to bankruptcy or insolvency of the tenant, or certain defaults under a franchise or license agreement.

Indemnification. Generally, a tenant will be required to indemnify us and our officers, trustees, employees, owners, agents and affiliates from liabilities, costs and expenses arising from such things as (1) the use, condition, operation or occupancy of the property, (2) any breach, violation or nonperformance of the lease or any law, (3) any injury or damage to the person, property or business of the tenant or any customer of the tenant, and (4) the violation of environmental laws.

Right of First Negotiation, First Offer and Option to Purchase Property. Certain leases provide the tenant with a right of first negotiation to purchase the property if we decide to sell the property. We will notify the tenant of our intention to sell the property and the tenant will have a period of time to extend an offer, including specifying the purchase price. We may in our discretion reject the tenant's offer and sell the property to a third party on other terms if the purchase price is higher or we reasonably believe such terms are better than the terms proposed by the tenant. Under the terms of a limited number of leases, the tenant has a right of first offer, in which, for a period of time after receiving notice from us of our intention to sell the property and the proposed sales price for the property, it may advise us that it wishes to purchase the property at the specified price. If the tenant does not exercise this right or if the tenant and we cannot agree on the terms and conditions for the purchase of the property by the tenant, we are free to offer and sell the property to a third party. In addition, a limited number of our leases offer tenant purchase options, generally at a pre-determined price or the greater of the fair market value of the property at the time of sale or our purchase price, which may be increased by a factor of CPI at the time the option is exercised.

Environmental Matters. The tenants are typically responsible for compliance with material applicable environmental laws, including, but not limited to, laws pertaining to hazardous materials, and for correcting material adverse environmental conditions at or on the properties. Typically, a lease will require the tenant to indemnify us for liabilities and costs related to environmental matters.

DEALERSHIPS AND DEALER GROUPS

Typically, new motor vehicle dealer groups operate their dealerships under franchise arrangements with motor vehicle manufacturers. Such arrangements typically specify the locations at which the dealer group can sell motor vehicles and related parts and products and perform certain approved services in order to serve a specified market area. Manufacturers maintain control over the designation of market areas and allocation of vehicles among dealer groups. The manufacturer does not guaranty exclusivity within a specified territory.

Each arrangement typically grants the dealer group the non-exclusive right to use and display the manufacturer's trademarks, service marks and designs in the form and manner approved by the manufacturer and imposes a variety of requirements on the dealer group concerning, for example, the showrooms, the facilities and equipment for servicing vehicles, the maintenance of vehicles and parts inventories, the maintenance of minimum net working capital and the training of personnel. The arrangement usually requires the dealer group to submit a monthly financial statement of operations. In addition, the manufacturer's prior approval is required for changes in certain members of management or transfers of ownership of the dealer group. Pursuant to these arrangements, several manufacturers have the right to consent to any transfers of assets or real property considered necessary for conducting the business of the dealership.

Typically, the manufacturer has the ability to terminate the arrangement earlier than the expiration of the term of the arrangement or refuse to renew the arrangement under certain circumstances such as when a dealer group fails to

meet financial covenants established by the manufacturer. We believe that each dealer group that sells new motor vehicles generally expects to renew any expiring arrangements in the ordinary course of business.

In addition to selling and leasing new vehicles, many dealer groups sell and lease used vehicles. Dealer groups also provide service and parts, primarily for the vehicle makes and models that they sell or lease, and perform both warranty and non-warranty service work. In general, parts departments support the sales and service divisions. Dealers may also sell parts at retail to their customers or at wholesale to independent repair shops. Dealer groups also arrange third-party financing for their customers, sell vehicle service contracts and arrange selected types of credit insurance for which they receive financing fees.

For the year ended December 31, 2000, Sonic Automotive, Inc. and its affiliates ("Sonic") accounted for approximately 25% of our total rental revenue and, as of December 31, 2000, approximately 28% of our total annualized rental revenue. Sonic is the tenant of 67 properties and numerous facility improvement projects. If Sonic were to default on its lease obligations or declare bankruptcy, we could experience significantly reduced rental revenues until the properties Sonic leases could be leased to a new tenant or tenants. No other tenant accounted for 8% or more of our total rental revenue for the year ended December 31, 2000, or total annualized rental revenue as of December 31, 2000. See "Item 2--Properties--Property and Lease Concentrations."

We invest in properties throughout the United States. As of December 31, 2000, our properties were diversified across 27 states with the largest "geographic concentration" in Texas, which accounted for approximately 26% of our total annualized rental revenue as of December 31, 2000. Properties located in Virginia represented approximately 10% of our total annualized rental revenue as of December 31, 2000. No other state's concentration of properties exceeded 10% of our total annualized rental revenue as of December 31, 2000.

As of December 31, 2000, 189 of our 244 properties were operated as franchised automobile dealerships. In addition, we leased 45 properties, such as body shops, used vehicle lots and wholesale vehicle auction lots, the majority of which are operated by franchised automobile dealerships, but are not subject to any franchise agreement. Of the remaining 10 properties, consisting solely of raw land, nine are leased by franchised automobile dealers. One parcel, valued at approximately $500,000 and acquired in connection with another property at no additional cost, is not subject to a lease.

GOVERNMENTAL REGULATIONS AFFECTING THE PROPERTIES

The tenants and we as property owners are subject to a wide range of federal, state and local laws and regulations, such as local licensing requirements, consumer protection laws and regulations relating to gasoline storage, waste treatment and other environmental matters, including:

Environmental Laws. All real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. Certain of these laws and regulations may impose joint and several liability on certain statutory classes of persons, including tenants, owners (such as us) or operators, for the costs of investigation or remediation of contaminated properties, regardless of fault or the legality of the original disposal. These laws and regulations apply to past and present business operations of the dealer groups and the use, storage, handling and contracting for recycling or disposal of hazardous or toxic substances or wastes. Generally, tenants are obligated to comply with environmental laws and remediation requirements. Our leases typically impose obligations on the tenants to indemnify us from all or most compliance costs we may experience as a result of the environmental conditions on the properties. If a tenant fails to or cannot comply, we could be forced to pay such costs. As of February 28, 2001, we are not aware of any environmental condition with respect to any of the properties that management believes would have a material adverse effect on our business, financial condition or results of operations. We, however, cannot predict whether new or more stringent laws relating to the environment will be enacted in the future or how such laws or the operations of the dealerships and other businesses on our properties will impact the properties. Costs associated with an environmental event could be substantial. Prior to the acquisition of our properties, we typically engage independent environmental consultants to conduct or update Phase I environmental assessments (which generally do not involve invasive techniques such as soil or ground water sampling) on the properties. In many cases we have commissioned independent environmental consultants to perform Phase II

environmental testing (which generally involves soil or groundwater testing for contaminants). Occasionally when a contaminant is detected on a property, we require as a condition of our acquisition of such property, that the seller post a cash escrow to secure expected remediation costs. None of these assessments or updates revealed any adverse environmental condition which management believes would have a material adverse effect on our business, financial condition or results of operations. There can be no assurances, however, that the environmental assessments detected all contamination, that environmental liabilities have not developed since such environmental assessments were prepared, or that future uses or conditions (including, without limitation, changes in applicable environmental laws and regulations) will not result in imposition of environmental liability.

Americans With Disabilities Act of 1990. The properties, as commercial facilities, are required to comply with Title III of the Americans with Disabilities Act of 1990 (the "ADA"). Investigation of a property may reveal non-compliance with the ADA. The tenants will have primary responsibility for complying with the ADA but we may incur costs if the tenant does not comply. As of February 28, 2001, we have not been notified by any governmental authority, and management is not aware, of any non-compliance with the ADA that management believes would have a material adverse effect on our business, financial condition or results of operations.

Other Regulations. State and local fire, life-safety and similar requirements regulate the use of the properties. The leases generally require that each tenant will have primary responsibility for complying with regulations, and failure to comply could result in fines by governmental authorities, awards of damages to private litigants, or restrictions on the ability to conduct business on such properties.

COMPETITION

We believe that we are the only publicly-traded real estate investment trust to primarily focus on acquiring dealership properties. At this time, we are not aware of any other entity that is pursuing, or intends to pursue, the acquisition of properties used by motor vehicle dealerships.

We anticipate that the majority of our competition will come from banks and other finance companies that are offering primarily mortgage debt instruments, or may, in the future, offer other types of debt financing.

Other public or private entities may decide to pursue our strategy of acquiring and leasing back properties used by dealerships. Current and future competitors may have greater financial resources and/or greater general real estate experience than we do. We believe that competition for properties will primarily be on the basis of acquisition price and negotiation of rents and other lease terms. Our tenants may own or operate other properties that are not owned by us.

EMPLOYEES

As of February 28, 2001, we had 18 employees. None of the employees is represented by a collective bargaining unit. We believe that the relationship with our employees is good.

RECENT DEVELOPMENTS

During the three months ended December 31, 2000, we completed approximately $53.7 million of acquisitions. We acquired five dealership properties for approximately $48.2 million and facility improvements and expansions on previously acquired properties totaling approximately $5.5 million. Consideration for the properties (including facility improvements and expansions) was approximately $42.8 million in permanent financing and the remainder from a combination of funds drawn down on the Company's short-term credit facilities and cash on hand. These properties total approximately 469,000 square feet of buildings and improvements on approximately 117 acres of land and are located in seven states (California, Georgia, Ohio, South Carolina, Tennessee, Texas and Virginia). These properties have initial lease terms ranging from 10 to 20 years (with a weighted average initial lease term of 17.4 years), and have renewal options exercisable at the option of the tenant (ranging from a total of five to 30 years).

2000 ACQUISITIONS

During the year ended December 31, 2000, we acquired approximately $106.6 million in total real estate, which included 17 dealership properties, facility improvements and expansions on eight previously acquired properties and two construction fundings. Consideration for the properties (including facility improvements, expansions and construction fundings) consisted of approximately 132,000 Units (valued at approximately $1.9 million at the time of acquisition) and the remainder from a combination of funds drawn down on the Company's short-term credit facilities, permanent financing and cash on hand. We anticipate that the funds drawn down on the Company's short-term credit facilities will be replaced with permanent financing during the first half of 2001. These properties and improvements added approximately 918,000 square feet of buildings and improvements on approximately 239 acres of land and are located in 13 states (Alabama, California, Florida, Georgia, Illinois, Indiana, Louisiana, North Carolina, Ohio, South Carolina, Tennessee, Texas and Virginia). These properties have initial lease terms ranging from 10 to 20 years (with a weighted average initial lease term of 16.7 years), and have renewal options exercisable at the option of the tenant (ranging from a total of five to 30 years).

ITEM 2. PROPERTIES

PROPERTIES

As of December 31, 2000, we had invested approximately $1.04 billion in properties, with individual properties ranging from approximately $57,000 to approximately $23.8 million. As of December 31, 2000, we owned 244 properties located in 27 states (Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Louisiana, Maryland, Missouri, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah and Virginia), and a total of approximately 1,518 acres of land containing approximately 8.9 million square feet of buildings and improvements. Our tenants operate 365 motor vehicle franchises on these properties, representing 39 brands of motor vehicles, consisting of Acura, Audi, BMW, Buick, Cadillac, Chevrolet, Chrysler, Daewoo, Dodge, Dodge Trucks, Ford, Freightliner, GMC, GMC Truck, Honda, Hyundai, Infiniti, Isuzu, Jaguar, Jeep, Kia, Land Rover, Lexus, Lincoln-Mercury, Mazda, Mercedes-Benz, Mitsubishi, Nissan, Oldsmobile, Plymouth, Pontiac, Porsche, Saab, Saturn, Subaru, Suzuki, Toyota, Volkswagen and Volvo.

All of the properties are owned on a fee simple basis, except that a small portion of one property is occupied pursuant to a ground lease from the owner of the property. As of December 31, 2000, 189 of our 244 properties were operated as franchised automobile dealerships. In addition, we leased 45 properties, such as body shops, used vehicle lots and wholesale vehicle auction lots, the majority of which are operated by franchised automobile dealers, but are not subject to any franchise agreement. Of the remaining 10 properties, consisting solely of raw land, 9 are leased by franchised automobile dealers. One parcel, valued at approximately $500,000 and acquired in connection with another property at no additional cost, is not subject to a lease.

GENERAL DESCRIPTION OF PROPERTIES

As of December 31, 2000, our properties conform generally to the following specifications for size, cost and type of land, buildings and other improvements.

Land sizes typically range from one acre to 20 acres. The improvements on the properties generally consist of one or more retail showrooms, office space (which may or may not be contained in a separate building), adjacent service and repair facilities, parts and accessories departments, and in many cases, acreage set aside for used car sales, body shops, parking for inventory and future development. The properties generally are zoned for a wide range of commercial uses and typically have frontage on major transportation arteries with high traffic patterns, high visibility, signage and ease of ingress and egress.

LEASES AND LEASE EXPIRATIONS

Substantially all of our properties are leased under triple-net leases, under which the tenants typically pay all operating expenses of a property, including, but not limited to, all taxes, assessments and other government charges, insurance, utilities, service, repairs and maintenance. We believe that our properties are covered by adequate commercial general, fire, flood and extended loss insurance provided by reputable companies, with commercially reasonable deductibles and limits.

Our properties are subject to leases with initial terms that range generally from 10 to 20 years, with a weighted average initial lease term of approximately 13.6 years. The leases typically have options to renew upon the same terms and conditions for one or more additional periods of five to 10 years each exercisable at the option of the tenant (ranging from a total of five to 40 years). With respect to the leases for properties acquired from Sonic during August 1999, Sonic is required to renew, for an additional five years, the initial terms of leases representing 75% of the total rental payments for such

Sonic leases expiring in any given year. As of December 31, 2000, the remaining weighted average initial lease term was approximately 11.7 years. The calculation of weighted average initial lease term and remaining weighted average initial lease term assumes that Sonic renews leases as specified above.

The following table sets forth the schedule of lease expirations for our 230 leases in place as of December 31, 2000 for each of the 10 years beginning with 2001, assuming that none of the tenants (other than Sonic) exercise or have exercised renewal options and that Sonic renews leases as specified above.

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	TOTAL RENTAL REVENUE REPRESENTED BY EXPIRING LEASES (IN THOUSANDS)	PERCENTAGE OF TOTAL COMPANY ANNUAL RENTAL REVENUE REPRESENTED BY EXPIRING LEASES
2001	--	$ --	--
2002	--	--	--
2003	1	244	0.2%
2004	--	--	--
2005	--	--	--
2006	1	154	0.1%
2007	6	2,265	2.1%
2008	28	14,499	13.4%
2009	19	10,468	9.7%
2010	7	2,582	2.4%
2011 and thereafter	168	77,881	72.1%

As of December 31, 2000, all of our 244 properties, excluding one parcel valued at approximately $500,000 and acquired in connection with another property at no additional cost, were subject to leases which were performing and in full force and effect. The excluded parcel is not subject to a lease.

PROPERTY AND LEASE CONCENTRATIONS

We invest in properties throughout the United States. As of December 31, 2000, the properties were diversified across 27 states with the largest "geographic concentration" in Texas, which accounted for approximately 26% of our total annualized rental revenue as of December 31, 2000. Properties located in Virginia represented approximately 10% of our total annualized rental revenue as of December 31, 2000. No other state's concentration of properties exceeded 10% of our total annualized rental revenue as of December 31, 2000.

As of December 31, 2000, the properties were leased to 45 different dealer groups. Sonic accounted for approximately 25% of our total rental revenue for the year ended December 31, 2000, and approximately 28% of our total annualized

rental revenue as of December 31, 2000. If Sonic were to default on its lease obligations or declare bankruptcy, we could experience significantly reduced rental revenues until the properties could be leased to a new tenant or tenants. No other tenant accounted for 8% or more of our total rental revenue for the year ended December 31, 2000 or total annualized rental revenue as of December 31, 2000.

ITEM 3. LEGAL PROCEEDINGS

Neither we nor any of our properties currently are subject to any material legal proceeding nor, to our knowledge, is any material litigation currently threatened against us or any of our properties. Under the leases, the tenants are typically obligated to indemnify us from and against all liabilities, costs and expenses imposed upon or asserted against us (1) as owner of the properties on account of certain matters relating to the operation of the properties by the tenant, and (2) where appropriate, on account of certain matters relating to the ownership of the properties prior to their acquisition by us. See "Item 1--Business--The Properties, Leases, Typical Lease Terms and Dealerships--Leases and Typical Lease Terms--Indemnification."

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS

No matters were submitted to a vote of shareholders during the fourth quarter of the fiscal year ended December 31, 2000.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Market Information and Distributions. The common shares have been trading on the Nasdaq National Market under the symbol "CARS" since February 13, 1998. Listed below are the high and low sales prices of the common shares as reported on the Nasdaq National Market and the distributions declared for the periods indicated.

	HIGH	LOW	DISTRIBUTION
Fiscal year ended December 31, 2000			
Fourth fiscal quarter	$14.5625	$12.375	$0.385
Third fiscal quarter	15.625	12.00	0.3775
Second fiscal quarter	16.0625	11.50	0.3725
First fiscal quarter	13.0625	10.625	0.365
Fiscal year ended December 31, 1999			
Fourth fiscal quarter	$14.00	$11.625	$0.360
Third fiscal quarter	13.75	12.00	0.350
Second fiscal quarter	13.75	11.375	0.340
First fiscal quarter	15.1875	11.25	0.330
Fiscal year ended December 31, 1998			
Fourth fiscal quarter	$14.875	$8.8125	$0.320
Third fiscal quarter	15.75	10.875	0.270
Second fiscal quarter	19.375	13.125	0.210
First fiscal quarter (from February 13, 1998)	19.75	16.25	0.076

On February 28, 2001, the reported closing sales price on the Nasdaq National Market was $14.1875 per share and there were approximately 300 holders of record of the common shares of the Company. We believe the total number of beneficial shareholders of the Company to be approximately 3,600 because certain common shares are held by depositories, brokers and other nominees.

The Company's ongoing operations generally will not be subject to federal income taxes as long as the Company maintains its REIT status. Under the Code, real estate investment trusts are subject to numerous organizational and operational requirements, including the requirement to distribute at least 90% (95% for tax years beginning prior to January 1, 2001) of REIT taxable income. Pursuant to this requirement, we were required to distribute an estimated $25.9 million for 2000 and approximately $23.9 million and $18.4 million for 1999 and 1998, respectively. In order to avoid substantially all federal income taxes, we elected to distribute at least 100% of our taxable income for 2000, 1999 and 1998. Although we are required to distribute at least 90% of taxable income to maintain our REIT status, we may or may not elect to distribute in excess of 90% in future years. Our estimated distribution for 2000 was approximately $27.3 million and our actual distributions for 1999 and 1998 were approximately $25.2 million and $19.4 million, respectively. State income taxes are not significant.

We intend to continue to pay regular quarterly distributions to holders of common shares and Units. However, future distributions will be at the discretion of our Board of Trustees and will depend on our actual funds from operations, financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors as the Board of Trustees deems relevant.

Our total annual dividends declared in 2000, 1999 and 1998 were $1.50 per share, $1.38 per share and $0.876 per share, respectively. The amounts declared are different from total distributions calculated for tax purposes. Distributions to the extent of our current and accumulated earnings and profits for federal income tax purposes generally will be taxable to a shareholder as ordinary dividend income. Distributions in excess of current and accumulated earnings and profits will be treated as a nontaxable reduction of the shareholder's basis in such shareholder's shares, to the extent thereof, and thereafter as taxable gain. Distributions that are treated as a reduction of the shareholder's basis in its shares will have the effect of deferring taxation until the sale of the shareholder's shares. Of our total distributions in 2000, $1.30 per share represented ordinary income and $0.03 per share represented a return of capital to our shareholders. All of our distributions in 1999 and 1998 were treated as ordinary dividend income to our shareholders for federal income tax purposes. Given the dynamic nature of our long-term acquisition strategy and the extent to which any future acquisitions would alter this calculation, no assurances can be given regarding what portion, if any, of distributions in 2001 or subsequent years will constitute a return of capital for federal income tax purposes.

ITEM 6. SELECTED FINANCIAL INFORMATION

	YEARS ENDED DECEMBER 31,			
(IN THOUSANDS, EXCEPT PER SHARE DATA)	2000	1999	1998	1997
Total Revenue........................	$103,151	$ 75,873	$ 34,931	$ --
Net Income (Loss)....................	25,812	21,731	16,491	(650)
Diluted Earnings Per Share...........	1.22	1.01	0.79	--

Annual Cash Dividend Declared Per Share	1.50	1.38	0.876	--

	AS OF DECEMBER 31,			
(IN THOUSANDS)	2000	1999	1998	1997
Real Estate Before Accumulated Depreciation	$1,037,870	$935,525	$511,132	$ --
Total Assets	1,021,589	942,559	583,211	1,011
Total Debt	585,719	501,510	161,997	1,000
Minority Interest	115,728	115,384	93,898	--
Total Shareholders' Equity (Deficit)	290,033	299,599	308,657	(650)

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing in Item 8 of this report. Historical results set forth in Selected Financial Information, the Financial Statements and Supplemental Data included in Item 6 and Item 8 and this section should not be taken as indicative of our future operations.

This Annual Report on Form 10-K, including our documents incorporated herein by reference, contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. Also, documents which we subsequently file with the Securities and Exchange Commission (the "Commission") and are incorporated herein by reference will contain forward-looking statements. When we refer to forward-looking statements or information, sometimes we use words such as "may," "will," "could," "should," "plans," "intends," "expects," "believes," "estimates," "anticipates" and "continues." In particular, the risk factors included or incorporated by reference in our Annual Report on Form 10-K describe forward-looking information. The risk factors are not all inclusive, particularly with respect to possible future events. Other parts of, or documents incorporated by reference into, this Annual Report on Form 10-K may also describe forward-looking information. Many things can happen that can cause our actual results to be very different than those described. These factors include:

- risks that our growth will be limited if we cannot obtain additional capital;

- risks of financing, such as the ability to meet existing financial covenants and our ability to consummate additional financings on terms that are acceptable to us;

- risks that the Company's tenants will not pay rent or that the Company's operating costs will be higher than expected;

- risks that additional acquisitions may not be consummated;

- risks related to the automotive industry, such as the ability of our tenants to compete effectively in the automotive retail industry and the ability of our tenants to perform their lease obligations as a result of changes in manufacturer's production, inventory, marketing or other practices;

- environmental and other risks associated with the acquisition and leasing of automotive properties; and

- risks related to the Company's status as a REIT for federal income tax purposes, such as the existence of complex regulations relating to the Company's status as a REIT, the effect of future changes in REIT requirements as a result of new legislation and the adverse consequences of a failure to qualify as a REIT.

Given these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements. We also make no promise to update any of the forward-looking statements, or to publicly release the results if we revise any of them. You should carefully review the risks and the risk factors incorporated herein by reference from our Form 8-K/A filed on January 19, 2001, as well as the other information in this Annual Report on Form 10-K or referred to in this Annual Report on Form 10-K, before buying our common shares.

OVERVIEW

Our primary business strategy is to invest in real estate (land, buildings and other improvements) and at the same time enter into long-term, triple-net leases with operators of franchised automobile dealerships, motor vehicle service, repair or parts businesses and related businesses. We focus on acquiring real estate used by multi-site, multi-franchised dealerships located primarily in major metropolitan areas throughout the United States. As of December 31, 2000, we owned 244 dealership properties, representing 365 automotive franchises, with a total investment of approximately $1.04 billion. These properties total approximately 8.9 million square feet of buildings and improvements on approximately 1,518 acres of land and are located in 27 states (Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Louisiana, Maryland, Missouri, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah and Virginia).

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Substantially all our properties are leased pursuant to long-term, triple-net leases, under which the tenants typically pay substantially all operating expenses of a property, including, but not limited to, taxes, assessments and other government charges, insurance, utilities, service, repairs, maintenance and other expenses. The initial lease terms generally range from 10 to 20 years, with a weighted average initial lease term of approximately 13.6 years, and have options to renew under the same terms and conditions for one or more additional periods of five to 10 years exercisable at the option of the tenant (ranging from a total of five to 40 years).

Substantially all of our revenues are derived from (1) rents received or accrued under long-term, triple-net leases; and (2) interest earned from the temporary investment of funds in short-term investments.

We incur general and administrative expenses including, principally, compensation expense for our executive officers and other employees, professional fees and various expenses incurred in the process of identifying and acquiring additional properties. We are self-administered and managed by our trustees, executive officers and other employees. Our primary non-cash expense is the depreciation of our properties. We depreciate buildings and improvements on our properties over a 40-year period for tax purposes and a 20-year to 30-year period for financial reporting purposes. We do not own or lease any significant personal property, furniture or equipment at any property we currently own.

RECENT DEVELOPMENTS

During the three months ended December 31, 2000, we completed approximately $53.7 million of acquisitions. We acquired five dealership properties for approximately $48.2 million and facility improvements and expansions on previously acquired properties totaling approximately $5.5 million. Consideration for the properties (including facility improvements and expansions) was approximately $42.8 million in permanent financing and the remainder from a combination of funds drawn down on the Company's short-term credit facilities and cash on hand. These properties total approximately 469,000 square feet of buildings and improvements on approximately 117 acres of land and are located in seven states (California, Georgia, Ohio, South Carolina, Tennessee, Texas and Virginia). These properties have initial lease terms ranging from 10 to 20 years (with a weighted average initial lease term of 17.4 years), and have renewal options exercisable at the option of the tenant (ranging from a total of five to 30 years).

2000 ACQUISITIONS

During the year ended December 31, 2000, we acquired approximately $106.6 million in total real estate, which included 17 dealership properties, facility improvements and expansions on eight previously acquired properties and two construction fundings. Consideration for the properties (including facility improvements, expansions and construction fundings) consisted of approximately 132,000 units of limited partnership interest in the Operating Partnership ("Units") (valued at approximately $1.9 million at the time of acquisition) and the remainder from a combination of funds drawn down on the Company's short-term credit facilities, permanent financing and cash on hand. We anticipate that the funds drawn down on the Company's short-term credit facilities will be replaced with permanent financing during the first half of 2001. These properties and improvements added approximately 918,000 square feet of buildings and improvements on approximately 239 acres of land and are located in 13 states (Alabama, California, Florida, Georgia, Illinois, Indiana, Louisiana, North Carolina, Ohio, South Carolina, Tennessee, Texas and Virginia). These properties have initial lease terms ranging from 10 to 20 years (with a weighted average initial lease term of 16.7 years), and have renewal options exercisable at the option of the tenant (ranging from a total of five to 30 years).

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RESULTS OF OPERATIONS

Comparison of 2000 to 1999

Rental revenue for the year ended December 31, 2000 increased 37% to $102.1 million, as compared to $74.3 million for 1999. The increase was primarily attributable to the growth of our real estate portfolio and the timing of our property acquisitions, from which we generate our rental income. We owned 244 properties as of December 31, 2000, versus 230 properties as of December 31, 1999 (77 of which were acquired in the second half of 1999). In addition, included in rental revenue for the years ended December 31, 2000 and 1999 were straight-lined rents totaling $2.4 million and $962,000, respectively. During the third quarter of 1999, we began, on a prospective basis, straight-lining our rents for leases with fixed minimum escalators. The effect on periods prior to the third quarter of 1999 was not material.

Interest and other income for the year ended December 31, 2000 decreased 32% to $1.1 million from $1.5 million for 1999. The decrease was primarily due to a decrease in interest earned on temporary investments. There was a timing difference between when the funds were received on debt issued during 1999 and the closing of the acquisitions in which the funds were utilized, thereby causing excess cash on hand during part of the year. These net proceeds were fully used during 1999. Partially offsetting the decrease in interest income was an increase in the gain on the sale of properties, which increased 27% to $311,000 from $245,000 in 1999.

Depreciation and amortization for the year ended December 31, 2000 increased 15% to $17.7 million from $15.3 million for 1999 and consisted primarily of depreciation on buildings and improvements owned during those years. The increase is attributable to the growth of our real estate portfolio, resulting in an increase in our depreciable assets. Partially offsetting the increase was a change in the depreciable life on the majority of our buildings and improvements that were acquired prior to 1999 and that were being depreciated over 20 years. During the third quarter of 1999, we reviewed the age and estimated remaining useful life of each of our properties in our real estate portfolio that we acquired prior to 1999. Based on the average age of these assets, we changed the depreciable life on the majority of our buildings and improvements that were currently being depreciated over a 20-year life to a 30-year life in order to properly reflect the estimated remaining useful lives. The change in depreciable life is considered a change in an accounting estimate and has been recorded on a prospective basis beginning in the third quarter of 1999. This change decreased depreciation expense on the assets acquired prior to 1999 by approximately $2.2 million for the year ended December 31, 2000, as compared to the same period in 1999.

General and administrative expenses for the year ended December 31, 2000 decreased 3% to $6.6 million, as compared to $6.8 million for 1999. General and administrative expenses, excluding the write-off of our $300,000 investment in BBCN, a start-up on-line procurement company for the automotive retail industry, decreased by approximately $489,000, or 7%, from 1999. During 2000, we wrote off our investment in BBCN as they ceased operations due to their inability to secure the necessary capital to fund their business. Excluding the BBCN write-off, the decrease in general and administrative expenses was primarily due to a decrease in payroll and related expenses attributable to staffing reductions that occurred throughout 1999 and a reduction in marketing and advertising expenses.

Interest expense for the year ended December 31, 2000 increased to $42.7 million from $24.5 million for 1999. The increase was due to interest incurred for the entire year on debt issued in the second half of 1999 and interest incurred on our credit facilities and additional new debt issued in 2000 to fund acquisitions. In addition, as a result of rising interest rates on new debt issued during 2000, the effective interest rate (including deferred loan fees amortized over the life of the loans) of the Company's outstanding debt rose from 8.0% in 1999 to 8.13% in 2000. Interest expense also increased because of the additional costs incurred to maintain properties in our borrowing base under our short-term credit facilities. Debt outstanding as of December 31, 2000 was approximately $585.7 million (consisting of approximately $481.9 million of fixed rate indebtedness and approximately $103.8 million of variable rate indebtedness) compared to $501.5 million (consisting of approximately $491.5 million of fixed rate indebtedness and approximately $10.0 million of variable rate indebtedness) as of December 31, 1999.

Comparison of 1999 to 1998

Although we were formed prior to January 1, 1998, we did not complete our initial public offering ("IPO") until February 19, 1998, at which time we purchased our initial properties and began generating rental income.

Rental revenue for the year ended December 31, 1999 increased 175% to $74.3 million, as compared to $27.0 million for 1998. The increase was primarily attributable to the growth of our real estate portfolio and the timing of our property acquisitions (230 properties owned as of December 31, 1999, versus 120 properties as of December 31, 1998), from which we generate our rental income. In addition, during the third quarter of 1999, we began, on a prospective basis, straight-lining our rents for leases with fixed minimum escalators. This increased rental revenue for the year ended December 31, 1999 by approximately $962,000. The effect on prior years was not material.

Interest and other income for the year ended December 31, 1999 decreased 81% to $1.5 million from $7.9 million for 1998. Interest and other income during the year ended December 31, 1998 was primarily generated from the investment of the excess of the net proceeds of a private placement offering and our IPO including the exercise of the underwriters' over-allotment option (both of which were completed during the first quarter of 1998). These net proceeds were fully used during 1998 and therefore did not generate interest income during 1999. Interest and other income during 1999 was primarily generated from the investment of the excess of debt issuance proceeds over the amount invested in properties and a $245,000 gain on the sale of properties during 1999.

Depreciation and amortization for the year ended December 31, 1999 increased 143% to $15.3 million from $6.3 million for 1998 and consisted primarily of depreciation on buildings and improvements owned during those years. The increase is attributable to the growth of our real estate portfolio, resulting in an increase in our depreciable assets. Partially offsetting the increase was a change in the depreciable life on the majority of our buildings and improvements that were acquired prior to 1999 that were being depreciated over 20 years. During the third quarter of 1999, we reviewed the age and estimated useful life of each of our properties in our real estate portfolio that we acquired prior to 1999. Based on the average age of these assets, we changed the depreciable life on the majority of our buildings and improvements that were currently being depreciated over a 20-year life to a 30-year life to properly reflect the estimated remaining useful lives. The change in depreciable life is considered a change in accounting estimate and has been recorded on a prospective basis beginning in the third quarter of 1999. The impact of this change decreased depreciation and amortization expense by approximately $2.2 million for the year ended December 31, 1999.

General and administrative expenses for the year ended December 31, 1999 increased 24% to $6.8 million, as compared to $5.5 million for 1998. The increase is primarily due to increased payroll and related benefits attributable to personnel additions throughout 1998 and severance payments made in connection with staffing reductions during the first quarter of 1999. Also contributing to the increase were increased marketing expenses as well as increased professional fees and other administrative costs associated with increased public reporting requirements. These increases were partially offset by the reduction in payroll and related expenses as a result of staffing reductions throughout 1999 and the closing of the Chicago office during the second quarter of 1999.

Interest expense for the year ended December 31, 1999 increased to $24.5 million from $2.3 million for 1998. The increase was due to interest charged on issued debt in late 1998 and throughout 1999 (including mortgage debt and borrowings under our credit facility). Debt outstanding as of December 31, 1999 was approximately $501.5 million (consisting of approximately $491.5 million of fixed rate indebtedness and approximately $10.0 of variable rate indebtedness) compared to $162.0 million (all of which was fixed rate indebtedness) as of December 31, 1998.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $6.3 million and $11.9 million at December 31, 2000 and December 31, 1999, respectively. The changes in cash and cash equivalents during the years ended December 31, 2000 and 1999 were attributable to operating, investing and financing activities, as described below.

Operating Activities

Cash provided by operating activities for the years ended December 31, 2000 and 1999 was $56.3 million and $39.8 million, respectively, and represents, in each year, cash received from rents under long-term, triple-net leases, plus interest and other income, less normal recurring general and administrative expenses and interest payments on debt outstanding.

Investing Activities

Cash used in investing activities for the years ended December 31, 2000 and 1999 was $99.0 million and $401.2 million, respectively, and primarily reflects the acquisition of dealership properties and facility improvements and expansions, net of sales, during those years.

Financing Activities

Cash from financing activities for the years ended December 31, 2000 and 1999 was $37.1 million and $301.2 million, respectively. Cash from financing activities for the year ended December 31, 2000 primarily reflects:

- $80.1 million of proceeds received from mortgage loans closed during the year;

- $60.4 million of proceeds received from borrowings on our credit facilities; and

- $6.1 million of proceeds received from the issuance of common shares, net of fees.

The cash provided by financing activities was partially offset by:

- the repayment of borrowings on our credit facilities totaling $46.2 million;

- payments of principal on outstanding mortgage loans totaling $10.1 million;

- distributions made to shareholders and limited partners during the year totaling $43.4 million; and

- the repurchase of common shares totaling $9.9 million.

Cash from financing activities for the year ended December 31, 1999 primarily reflects:

- $345.0 million of proceeds from mortgage loans closed during the year; and

- $62.0 million of proceeds from borrowings on our credit facilities.

The cash provided by financing activities was partially offset by:

- the repayment of borrowings on our credit facilities totaling $62.0 million;

- payments of principal on outstanding mortgage loans totaling $5.5 million; and

- distributions made to shareholders and limited partners during the year totaling $38.2 million.

Mortgage Indebtedness and Credit Facilities

As of December 31, 2000, we had total debt outstanding of $585.7 million. Of this debt, approximately $571.5 million (consisting of $481.9 million of fixed rate indebtedness and $89.6 million of variable rate indebtedness) was mortgage indebtedness secured by approximately 210 of our dealership properties. In addition, we had $14.2 million outstanding on our revolving credit facilities.

The following is a summary of our total debt outstanding as of December 31, 2000 (dollars in thousands):

DESCRIPTION OF DEBT	ORIGINAL DEBT ISSUED	PRINCIPAL BALANCE AS OF DECEMBER 31, 2000	EFFECTIVE INTEREST RATE*	TERM/ AMORTIZATION SCHEDULE
7.59% fixed rate debt due 12/1/08 (1)	$38,050	$37,103	7.99%	10 yr/17 yr
7.635% fixed rate debt due 10/1/14 (2)	111,950	103,749	7.93%	15 yr/15 yr
8.05% fixed rate debt due 10/1/14 (3)	85,000	81,560	8.32%	15 yr/15 yr
7.54% fixed rate debt due 7/6/11 (4)	100,000	98,093	7.71%	12 yr/25 yr
8.03% fixed rate debt due 9/29/11 (5)	150,000	150,000	8.08%	12 yr/25 yr
7.50% fixed rate debt due 1/20/03 (6)	12,000	11,421	7.75%	4.25 yr/20 yr
Total Mortgage Fixed Rate Debt	$497,000	$481,926	8.00%	
				10 to 12 yr/2

Various variable rate debt (7)	90,101	89,593	8.68%	to 30 yr, leve principal
TOTAL MORTGAGE DEBT	$587,101	$571,519	8.11%	
$50 million revolving partially secured facility (8)		14,198	8.92%	3 yr
$100 million revolving secured facility (9)		2	8.94%	1 yr
TOTAL CREDIT FACILITIES		$14,200	8.90%	
TOTAL DEBT OUTSTANDING		$585,719	8.13%	

* Includes deferred loan fees amortized over the life of the loans.

(1) The loan requires monthly payments of principal and interest with a final payment at maturity of approximately $24.4 million. The loan is secured by mortgages on seven of our properties, which as of December 31, 2000 have an aggregate net book value of approximately $63.6 million. The Operating Partnership has provided a guaranty limited to approximately $8.9 million of this loan, which guaranty is contingent upon the occurrence of certain circumstances.

(2) The loan requires monthly payments of principal and interest with a final payment at maturity of approximately $3.4 million. The loan is secured by mortgages on 50 of our properties, which as of December 31, 2000 have an aggregate net book value of approximately $181.4 million. The Operating Partnership has provided a guaranty limited to approximately $26.1 million of this loan, which guaranty is contingent upon the occurrence of certain circumstances.

(3) The loan requires monthly payments of principal and interest with a final payment at maturity of approximately $2.9 million. The loan is secured by mortgages on 28 of our properties, which as of December 31, 2000 have an aggregate net book value of approximately $151.0 million. The loan in footnote (2) and this loan are cross-collateralized.

(4) The loan requires quarterly payments of principal and interest with a final payment at maturity of approximately $73.3 million. The loan is secured by 48 of our properties, which as of December 31, 2000 have an aggregate net book value of approximately $173.1 million.

(5) The terms of the loan require quarterly interest-only payments until January 2002. Thereafter, payments of principal and interest will be made quarterly with a final payment at maturity of approximately $121.2 million. The loan is secured by 58 of our properties, which as of December 31, 2000 have an aggregate net book value of approximately $208.4 million.

(6) The loan requires monthly payments of principal and interest with a final payment at maturity of approximately $10.8 million. The note is secured by four of our properties, which as of December 31, 2000 have an aggregate net book value of approximately $21.8 million.

(7) These loans bear interest at variable rates ranging from 200 to 215 basis points per annum above the A1-P1 Commercial Paper Rate and have maturity dates ranging from December 22, 2009 to December 18, 2012. The terms of the various loans require quarterly level principal payments and interest payments. At maturity the loans require a final payment of approximately $50.7 million. Excluding $20 million of the variable rate debt, the loans are secured by 16 properties, which as of December 31, 2000 have an aggregate net book value of approximately $85.9 million. The remaining $20 million of the variable rate debt is secured by the same properties that secure the loan discussed in footnote (4).

(8) The facility bears interest equal to the 30-day LIBOR rate plus 175 basis points and requires the payment of secured borrowings within 12 months and unsecured borrowings within 150 days. The facility matures on March 3, 2002.

(9) The facility bears interest equal to the 30-day LIBOR rate plus 225 basis points and requires the repayment of principal within 150 days. The facility has a one-year term, which terminates on March 21, 2002, and is renewable annually.

The more significant debt covenants related to our mortgage debt and credit facilities limit the Company's debt to 65% of assets and require the Company to comply with minimum debt service coverage and maximum debt to adjusted net worth ratios. Several of our loan agreements contain no financial covenants; however, there are negative covenants relating to customary items such as operation and maintenance of the properties securing the loans and limitations on issuing additional secured debt at those subsidiary levels. As of December 31, 2000, we were in compliance with all of the loan covenants related to our mortgage indebtedness and credit facilities.

Liquidity Requirements

Short-term liquidity requirements consist primarily of normal recurring operating expenses, regular debt service requirements (including debt service relating to additional and replacement debt), recurring corporate expenditures, distributions to shareholders and holders of Units ("Unitholders"), and amounts required for additional property acquisitions and facility improvements and expansions. We expect to meet these requirements (other than amounts required for additional property acquisitions and facility improvements and expansions) through cash provided by operating activities. We anticipate that any additional acquisition of properties or facility improvements and expansions during the next 12 months will be funded with amounts available under our existing credit facilities, future long-term secured and unsecured debt and the issuance of common or preferred equity or Units. Acquisitions of property and facility improvements and expansions will be made subject to our investment objectives and policies with the intention of maximizing both current income and long-term growth in income.

As of December 31, 2000, long-term liquidity requirements consisted primarily of maturities under our long-term debt. We anticipate that long-term liquidity requirements will also include amounts required for acquisition of properties and facility improvements and expansions. We expect to meet long-term liquidity requirements through long-term secured and unsecured borrowings and other debt and equity financing alternatives. The availability and terms of any such financing will depend upon market and other conditions.

Our liquidity requirements with respect to future acquisitions of properties and facility improvements and expansions may be reduced to the extent that we use Units as consideration for such purchases.

We have adopted a policy to limit debt to approximately 65% of our assets (calculated as total assets plus accumulated depreciation). As of December 31, 2000, our debt was approximately 55% of our assets. This policy may be changed by our Board of Trustees at any time without shareholder approval. In addition, to minimize interest rate risk, we generally match the term of the lease with that of the debt as well as the type of the lease with the type of debt (fixed or variable) in order to maintain an investment spread over the lease term ("match-funding"). We currently intend to substantially match-fund at least 85% of our total outstanding long-term debt with long-term leases.

Approximately 90% of our debt outstanding as of December 31, 2000 is substantially match-funded, non-recourse debt. We may change the 85% target at any time without shareholder approval.

In light of our current balance sheet position, we believe that we are able to obtain additional financing for our short-term and long-term capital needs without exceeding our debt to asset ratio policy. However, there can be no assurance that additional financing or capital will be available, or that the terms will be acceptable or advantageous to us.

Share Repurchase Program

During 1998, we announced that our Board of Trustees had authorized the repurchase of up to 6.0 million common shares. Purchases have been and will be made from time to time in open market transactions at prevailing prices or in negotiated private transactions at the discretion of our management. During 2000, we repurchased 900,000 common shares at an average price of $10.96 per common share. Since the inception of the share repurchase program, a total of 4,084,700 shares have been repurchased at an average price of $10.61 per share. In conjunction with the common share repurchases, the Operating Partnership redeemed an equivalent number of Units from the Company for equivalent purchase prices.

Dividend Reinvestment and Share Purchase Plan

During April 2000, we implemented a Dividend Reinvestment and Share Purchase Plan, which was subsequently amended in March 2001 (the "DRIP"). Under the DRIP, current shareholders and Unitholders are permitted to elect to reinvest all, a portion or none of their cash dividends or distributions to purchase common shares. The DRIP also allows both new investors and existing shareholders and Unitholders to make optional cash payments to purchase common shares.

The DRIP permits current shareholders, Unitholders and new investors to invest a minimum of $500 up to a maximum of $10,000 in common shares per month. The DRIP also allows us to raise additional capital by waiving the limitations on the $10,000 maximum per month, as more fully described in the Prospectus relating to the DRIP. Shares purchased under the DRIP through reinvestment of dividends are purchased at a discount (currently 3%). Shares purchased under the DRIP through optional cash payments of $10,000 or less are purchased at market price.

Common shares may be purchased directly from the Company or in open market or privately negotiated transactions, as determined from time to time by the Company, to fulfill the requirements for the DRIP. For the year ended December 31, 2000, we issued approximately 458,000 additional shares under the DRIP and received approximately $5.9 million in proceeds.

Shelf Registration Statement

On March 2, 1999, we filed a shelf registration statement (the "Shelf Registration Statement") with the Commission relating to the future offering of up to an aggregate of $200 million of common shares, preferred shares, debt securities and warrants exercisable for common or preferred shares. Management believes the Shelf Registration Statement will provide the Company with more efficient and immediate access to capital markets when considered appropriate. As of December 31, 2000, the Company had not issued any securities pursuant to the Shelf Registration Statement and, thus, $200 million was available under the Shelf Registration Statement for the issuance of securities.

FUNDS FROM OPERATIONS

Funds From Operations ("FFO") is defined under the revised definition adopted in October 1999 by the National Association of Real Estate Investment Trusts (NAREIT) as net income (loss) before minority interest (computed in accordance with generally accepted accounting principles) excluding gains (or losses) from sales of property plus depreciation and amortization of assets unique to the real estate industry, and after adjustments for unconsolidated partnerships and joint ventures. To conform to NAREIT's revised FFO definition adopted in 1999, we began in the first quarter of 2000 including straight-lined rents in the calculation of FFO. Prior to the first quarter of 2000, we excluded straight-lined rents from the FFO calculation. For comparison purposes, we have included straight-lined rents in the FFO calculation for all periods presented. We began straight-lining rents on a prospective basis in the third quarter of 1999. The effect of straight-lined rents on prior periods was not material.

NAREIT developed FFO as a relative measure of performance and liquidity of an equity REIT in order to recognize that income-producing real estate historically has not depreciated on the basis determined under GAAP. FFO does not represent cash flows from operating activities in accordance with generally accepted accounting principles (which, unlike FFO, generally reflects all cash effects of transactions and other events in the determination of net income) and should not be considered an alternative to net income as an indication of our performance or to cash flow as a measure of liquidity or ability to make distributions. We consider FFO a meaningful, additional measure of operating performance because it primarily excludes the assumption that the value of the real estate assets diminishes predictably over time, and because industry analysts have accepted it as a performance measure. Comparison of our presentation of FFO, using the NAREIT definition, to similarly titled measures for other REITs may not necessarily be meaningful due to possible differences in the application of the NAREIT definition used by such REITs.

FFO for the years ended December 31, 2000 and 1999 is computed as follows (in thousands):

	2000	1999
Net Income before Minority Interest	$ 36,140	$ 29,204
Real Estate Depreciation and Amortization	17,626	15,246

Gain on Sale of Assets	(311)	(245)
Funds From Operations	$ 53,455	$ 44,205
Weighted Average Number of Common Shares and Units Used to Compute Basic FFO per Share	29,274	28,774
Weighted Average Number of Common Shares and Units Used to Compute Fully Diluted FFO per Share	29,476	28,796

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain financial market risks, the most predominant being fluctuations in interest rates. Interest rate fluctuations are monitored by our management as an integral part of our overall risk management program, which recognizes the unpredictability of financial markets and seeks to reduce the potentially adverse effect on our results of operations.

As of December 31, 2000, we had fixed rate indebtedness totaling approximately $481.9 million. Interest rate fluctuations may affect the fair value of our fixed rate debt instruments. If interest rates on our fixed rate debt instruments at December 31, 2000 had been one percentage point higher or lower, the fair value of those debt instruments on that date would have decreased or increased, respectively, by approximately $29.3 million. As of December 31, 2000, we had variable rate indebtedness totaling approximately $103.8 million. Interest rate fluctuations may affect our annual interest expense on our variable rate debt. If the interest rate on our variable rate debt instruments outstanding at December 31, 2000 had been one percentage point higher or lower, our annual interest expense relating to those debt instruments would have increased or decreased, respectively, by approximately $1.0 million, based on balances at December 31, 2000.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of Capital Automotive REIT:

We have audited the accompanying consolidated balance sheets of Capital Automotive REIT (a Maryland real estate investment trust, the "Company") and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, changes in shareholders' equity (deficit) and cash flows for each of the years in the three year period ended December 31, 2000. These consolidated financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Capital Automotive REIT and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Schedule of Real Estate and Accumulated Depreciation is presented for purposes of complying with the rules of the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

Vienna, Virginia
January 26, 2001

CAPITAL AUTOMOTIVE REIT

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE DATA)

	AS OF DECEMBER 31,	
	2000	1999
ASSETS		
Real estate:		
Land	$ 446,418	$ 423,757
Buildings and improvements	591,452	511,768
Accumulated depreciation	(38,644)	(21,202)
	999,226	914,323
Cash and cash equivalents	6,298	11,886
Other assets, net	16,065	16,350
TOTAL ASSETS	$1,021,589	$ 942,559
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Mortgage loans	$ 571,519	$ 501,510
Borrowings under credit facilities	14,200	--
Accounts payable and accrued expenses	24,254	21,298
Security deposits payable	5,855	4,768
TOTAL LIABILITIES	615,828	527,576
Minority interest	115,728	115,384
SHAREHOLDERS' EQUITY:		
Preferred shares, $.01 par value; 20,000,000 shares authorized; none outstanding	--	--
Common shares, $.01 par value; 100,000,000 shares authorized; 21,185,240 shares issued and outstanding as of December 31, 2000 and 21,607,415 shares issued and outstanding as of December 31, 1999	212	216
Additional paid-in capital	307,715	311,542
Accumulated deficit	(17,894)	(12,159)
TOTAL SHAREHOLDERS' EQUITY	290,033	299,599
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,021,589	$ 942,559

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See accompanying Notes to Consolidated Financial Statements.

CAPITAL AUTOMOTIVE REIT

CONSOLIDATED STATEMENTS OF OPERATIONS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEARS ENDED DECEMBER 3		
	2000	1999	199
Revenue:			
Rental	$102,101	$ 74,339	$ 27
Interest and other	1,050	1,534	7
Total revenue	103,151	75,873	34
Expenses:			
Depreciation and amortization	17,725	15,347	6
General and administrative	6,592	6,781	5
Interest	42,694	24,541	2
Total expenses	67,011	46,669	14
Net income before minority interest	36,140	29,204	20
Minority interest	(10,328)	(7,473)	(4
Net income	$ 25,812	$ 21,731	$ 16

Shares of common stock outstanding used to compute basic earnings per share..	20,911	21,607	20
Basic earnings per share..	$ 1.23	$ 1.01	$
Shares of common stock outstanding used to compute diluted earnings per share..	21,113	21,629	20
Diluted earnings per share..	$ 1.22	$ 1.01	$

See accompanying Notes to Consolidated Financial Statements.

CAPITAL AUTOMOTIVE REIT

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

(IN THOUSANDS, EXCEPT SHARE DATA)

	COMMON SHARES		ADDITIONAL PAID-IN	ACCUMUL
	SHARES	AMOUNT	CAPITAL	DEFIC
BALANCE AT DECEMBER 31, 1997..............	10	$ --	$ --	$ (6
Repurchase of initial shares..............	(10)	--	--	
Proceeds from initial public offering......	20,000,000	200	299,800	

Proceeds from exercise of underwriters' over-allotment option....................	3,000,000	30	44,970	
Proceeds from private placement............	1,792,115	18	24,982	
Payment of underwriting discounts, commissions and other offering expenses..	--	--	(27,715)	
Adjustment to reflect minority interest ownership in Operating Partnership.......	--	--	3,868	
Repurchase of common shares................	(3,184,700)	(32)	(33,439)	
Dividend declared or paid..................	--	--	--	(19,8
Net income.................................	--	--	--	16,4
BALANCE AT DECEMBER 31, 1998...............	21,607,415	216	312,466	(4,0
Adjustment to reflect minority interest ownership in Operating Partnership.......	--	--	(1,356)	
Registration fees and other................	--	--	432	
Dividend declared or paid..................	--	--	--	(29,8
Net income.................................	--	--	--	21,7
BALANCE AT DECEMBER 31, 1999...............	21,607,415	216	311,542	(12,1
Adjustment to reflect minority interest ownership in Operating Partnership.......	--	--	(688)	
Proceeds from dividend reinvestment and share purchase plan, net of fees.........	457,835	5	5,870	
Exercise of common stock options...........	19,990	--	280	
Registration fees..........................	--	--	(27)	
Stock compensation expense.................	--	--	592	
Repurchase of common shares................	(900,000)	(9)	(9,854)	
Dividend declared or paid..................	--	--	--	(31,5
Net income.................................	--	--	--	25,8
BALANCE AT DECEMBER 31, 2000...............	21,185,240	$ 212	$307,715	$(17,8

See accompanying Notes to Consolidated Financial Statements.

CAPITAL AUTOMOTIVE REIT

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

	YEARS ENDED DEC	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 25,812	$ 21,73
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization................................	18,844	16,04
Income applicable to minority interest......................	10,328	7,47
Increase in other assets....................................	(1,443)	(11,04
Increase in accounts payable and accrued expenses............	1,693	4,73
Increase in security deposits payable........................	1,087	86
Net cash provided by operating activities................	56,321	39,79
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment, net of disposals...........	(33)	(6
Real estate acquisitions, net of sales..........................	(98,952)	(401,13
Net cash used in investing activities....................	(98,985)	(401,19
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings under credit facilities................	60,400	62,00
Proceeds from mortgage loans....................................	80,101	345,00
Repayment of borrowings under credit facilities.................	(46,200)	(62,00
Mortgage principal payments.....................................	(10,093)	(5,48
Proceeds from issuance of initial public offering of common shares and underwriters' over-allotment option, net of issuance costs..	--	-
Proceeds from issuance of private placement, net of issuance costs..	--	-
Payment of cash dividend..	(31,065)	(28,99
Payment of partner distribution.................................	(12,309)	(9,22
Repurchase of common shares.....................................	(9,863)	-
Issuance of common shares, net of fees..........................	6,105	(13
Net cash provided by financing activities................	37,076	301,17
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS................	(5,588)	(60,22
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD....................	11,886	72,10
CASH AND CASH EQUIVALENTS AT END OF PERIOD..........................	$ 6,298	$11,88
SUPPLEMENTAL DATA:		
Real estate acquisitions in exchange for equity issuance........	$ 1,897	$ 23,37
Fourth quarter distribution.....................................	$ 11,411 (1)	$ 10,78
Interest paid during the period.................................	$ 40,778	$ 17,35

(1) Declared in fourth quarter 2000, paid in January 2001.
(2) Declared in fourth quarter 1999, paid in January 2000.
(3) Declared in fourth quarter 1998, paid in January 1999.

See accompanying Notes to Consolidated Financial Statements.

CAPITAL AUTOMOTIVE REIT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Capital Automotive REIT (the "Company") is a Maryland real estate investment trust formed in October 1997. The Company owns interests in real estate through Capital Automotive L.P. (the "Operating Partnership") and its subsidiaries. The Company is the sole general partner of the Operating Partnership, and as of December 31, 2000 owned approximately 71.5% of the units of limited partnership interest in the Operating Partnership ("Units"). The Company completed its initial public offering of common shares and began generating rental income in February 1998. References to "we," "us" and "our" refer to the Company or, if the context otherwise requires, the Operating Partnership and our business and operations conducted through the Operating Partnership and/or the Company's and the Operating Partnership's directly and indirectly owned subsidiaries.

Our primary business strategy is to invest in real estate (land, buildings and other improvements) and at the same time enter into long-term, triple-net leases with operators of franchised automobile dealerships, motor vehicle service, repair or parts businesses and related businesses. We focus on acquiring real estate used by multi-site, multi-franchised dealerships located primarily in major metropolitan areas throughout the United States. We use (i) the term dealerships to refer to these types of businesses that are operated on our properties, (ii) the term dealer group to refer to a group of related persons and companies who sell us properties, and (iii) the term dealer group, tenant, lessee or operator of dealerships to refer to the related persons and companies that lease our properties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") and include our accounts, net of minority interest as defined in Note 9 herein. All intercompany balances and transactions have been eliminated in consolidation.

REAL ESTATE AND DEPRECIATION

Real estate assets are recorded at cost. External acquisition costs directly related to each property are capitalized as a cost of the respective property. The cost of real estate properties acquired is allocated between land and buildings based upon estimated market values at the time of acquisition. Depreciation is computed using the straight-line method over an estimated useful life of 20 to 30 years for the buildings and improvements.

During 1999, management reviewed the age and estimated remaining useful life of each of our properties in our real estate portfolio that were acquired prior to 1999. Based on the average age of these assets, we changed the depreciable life on the majority of our buildings and improvements that were acquired prior to 1999 and that were currently being depreciated over a 20-year life to a 30-year life in order to properly reflect the estimated remaining useful lives. The change in depreciable life is considered a change in an accounting estimate and has been recorded on a prospective basis beginning in the third quarter of 1999. The impact of this change reduced depreciation expense on the assets acquired prior to 1999 by approximately $2.2 million, and thus, increased net income by approximately $2.2 million, for both years ended December 31, 2000 and December 31, 1999, as compared to the same period in the prior year.

We periodically assess our real estate assets for possible permanent impairment when certain events or changes in circumstances indicate that the carrying amount of real estate may not be recoverable. A significant decrease in the real estate's fair market value, an accumulation of costs significantly exceeding amounts originally expected to acquire the asset or a tenant's inability to perform its duties and pay rent under the terms of the lease, may all affect our ability to

recover the carrying amount of the real property. Management considers current market conditions, tenant credit analysis and third-party valuations in determining the net realizable value of our rental properties. After completing this assessment, management believes no material impairment has occurred in our net property carrying values as of December 31, 2000.

FURNITURE, FIXTURES AND EQUIPMENT

Furniture, fixtures and equipment are recorded at cost. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, ranging from three to five years.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of highly liquid instruments purchased with original maturities of three months or less.

DEFERRED LOAN COSTS

Certain costs incurred in connection with obtaining our revolving secured credit facilities and issuance of mortgage notes through December 31, 2000 are capitalized and generally amortized over the terms of the respective credit facilities or notes on a straight-line basis (which approximates the effective interest method). These costs, net of accumulated amortization, are included in other assets and total approximately $8.9 million and $9.1 million as of December 31, 2000 and 1999, respectively.

CAPITALIZED LEASING COSTS

Certain initial direct costs incurred by us in negotiating and consummating a successful lease are capitalized and generally amortized over the initial base term of the lease. These costs, net of accumulated amortization, are included in other assets and total approximately $831,000 and $748,000 as of December 31, 2000 and 1999, respectively. Capitalized leasing costs include employee compensation and payroll related fringe benefits directly related to time spent performing leasing related activities. Such activities include evaluating the prospective tenant's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating lease terms, preparing lease documents and closing the transaction.

INCOME TAXES

We are qualified as a real estate investment trust under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"). As a real estate investment trust, we are generally not subject to federal income tax to the extent that we distribute annually at least 95% (90% for tax years beginning January 1, 2001) of our taxable income to our shareholders and comply with certain other requirements.

RENTAL REVENUE RECOGNITION

We lease our real estate pursuant to long-term, triple-net leases that typically require the tenants to pay substantially all expenses associated with the operations of the real estate, including, but not limited to, taxes, assessments and other government charges, insurance, utilities, service, repairs, maintenance and other expenses. All leases are accounted for as operating leases.

Rental income attributable to leases is recorded when due from tenants. Certain of the leases provide for fixed minimum escalators, which are recognized on a straight-line basis over the initial term of the lease. We began, on a prospective basis, straight-lining our rents for our leases with fixed minimum escalators during the third quarter of 1999. The effect of straight-lining our rents with fixed minimum escalators on prior periods was not material. Straight-

CAPITAL AUTOMOTIVE REIT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

lined rents are included in other assets and total approximately $3.3 million and $962,000 as of December 31, 2000 and 1999, respectively.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Management compares the carrying value and the estimated fair value of our financial instruments. Due to the highly liquid and short-term nature of our investments, the carrying value approximates the fair value. After determining fair value of long-term debt instruments by discounting future cash flows using current market rates, management believes there were no material differences in the carrying value and the fair value of our debt instruments as of December 31, 2000 and 1999.

3. NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement was originally effective for all fiscal quarters of fiscal years beginning after June 15, 1999; however, during the second quarter of 1999 the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133," which deferred the effective date until June 15, 2000. In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities," an amendment to SFAS No. 133, which required that all companies be in compliance with SFAS No. 133 as of January 1, 2001. SFAS No. 133 does not require restatement of financial statements from prior periods. SFAS No. 133 requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The adoption of SFAS No. 133 and its related amendments has not had a significant impact on our consolidated financial position, results of operations or cash flows as we currently do not maintain any derivative instruments.

4. ACQUISITIONS OF PROPERTIES

During the year ended December 31, 2000, we acquired approximately $106.6 million in total real estate, which included 17 dealership properties, facility improvements and expansions on eight previously acquired properties and two construction fundings. Consideration for the properties (including facility improvements, expansions and construction fundings) consisted of approximately 132,000 Units (valued at approximately $1.9 million at the time of acquisition) and the remainder from a combination of funds drawn down on the Company's short-term credit facilities, permanent financing and cash on hand. We anticipate that the funds drawn down on the Company's short-term credit facilities will be replaced with permanent financing during the first half of 2001. These properties and improvements added approximately 918,000 square feet of buildings and improvements on approximately 239 acres of land and are located in 13 states (Alabama, California, Florida, Georgia, Illinois, Indiana, Louisiana, North Carolina, Ohio, South Carolina, Tennessee, Texas and Virginia). These properties have initial lease terms ranging from 10 to 20 years (with a weighted average initial lease term of 16.7 years), and have renewal options exercisable at the option of the tenant (ranging from a total of five to 30 years).

During the third quarter, we introduced a program for our tenants that, in certain circumstances, provides funding for certain facility improvements and expansions on properties that we own. Under this program, we follow a policy that resets the lease period back to the original lease term when the funding of the improvement is complete, thereby ensuring that our returns on the improvements will be generated over the same period as our original lease term. Rental payments are increased by applying current cap rates to the amount advanced, thereby creating a new blended rate on the property lease. We have structured certain of our underlying debt to allow for the flexibility to complete these types of transactions and achieve appropriate leverage as well as fixed investment spreads. During 2000, we funded approximately $9.1 million in facility improvement projects.

Of the approximately $106.6 million of real estate acquisitions closed during 2000, approximately $75.7 million of the acquisitions, including the acquisition of 12 properties and eight of the facility improvement projects, utilized our variable cap rate program. Under this program, which was introduced during the first quarter of 2000, base rent payments change monthly based upon a fixed spread over an applicable index, generally LIBOR. In addition, the spread is adjusted upward periodically based on a factor of the change in the consumer price index ("CPI"). The tenant has the ability to fix the base rent during the initial lease term. The fixed base rent typically continues to be adjusted upward periodically based on a factor of the change in the CPI. Such leases generally are or will be financed with long-term, variable rate debt thereby fixing our minimum investment spread.

As of December 31, 2000, we owned 244 dealership properties, representing 365 automotive franchises, with a total investment of approximately $1.04 billion. These properties total approximately 8.9 million square feet of buildings and improvements on approximately 1,518 acres of land and are located in 27 states (Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Louisiana, Maryland, Missouri, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah and Virginia). The initial lease terms generally range from 10 to 20 years with a weighted average initial lease term of approximately 13.6 years, and have options to renew under the same terms and conditions for one or more additional periods of five to 10 years exercisable at the option of the tenant (ranging from a total of five to 40 years).

5. RELATED PARTY TRANSACTIONS

As of December 31, 2000, we owned 24 properties that were leased to entities related to three members of our Board of Trustees and members of their families. In conjunction with the purchases of these properties, we entered into long-term, triple-net lease agreements with two 10-year extensions exercisable at the option of the tenant. The leases in the aggregate provide for annualized rental payments as of December 31, 2000 of approximately $12.2 million.

6. OPERATING LEASES

In connection with the acquisitions discussed in Note 4, we entered into long-term, triple-net lease agreements with the operators of the dealerships who are our tenants. The leases have initial terms generally ranging from 10 to 20 years and generally include multiple options to renew upon the same terms and conditions, exercisable at the option of the tenants. Base rent is typically adjusted upward periodically, usually based on a factor of the change in the CPI. For variable cap rate leases, base rent payments change monthly based upon a fixed spread over an applicable index, generally LIBOR. In addition, the spread is adjusted upward periodically based on a factor of the change in the CPI. The tenant has the ability to fix the base rent during the initial lease term. The fixed base rent typically continues to be adjusted upward periodically based on a factor of the change in the CPI. In general, the lease terms establish minimum and maximum periodic adjustments. A limited number of our leases offer tenant purchase options, generally at a pre-determined price or the greater of the fair market value of the property at the time of sale or our purchase price, which may be increased by a factor of CPI at the time the option is exercised.

Future minimum rental payments as of December 31, 2000 will be received as follows (in thousands):

FOR THE YEAR ENDED DECEMBER 31,	
2001	$ 108,207
2002	108,530
2003	108,963
2004	109,954
2005	110,759
Thereafter	731,666
Total	$ 1,278,079

As of December 31, 2000, there were three years and two months remaining on a six-year lease agreement for our current office space. The office lease is accounted for as an operating lease. Future minimum lease payments at December 31, 2000 are as follows:

FOR THE YEAR ENDED DECEMBER 31,

2001	213,129
2002	219,523
2003	226,109
2004	37,869
2005	-
Total	$696,630

7. EARNINGS PER SHARE

Basic earnings per share is computed as net income divided by the weighted average common shares outstanding for the period. Diluted earnings per share is computed as net income divided by the weighted average common shares outstanding for the period plus the effect of dilutive common equivalent shares outstanding for the period, based on the treasury stock method. Dilutive common equivalent shares include restricted shares, restricted phantom shares, options and warrants. The weighted average number of shares outstanding used to compute diluted earnings per share for the years ended December 31, 2000, 1999 and 1998 was approximately 21.1 million, 21.6 million and 21.0 million, respectively. The impact of dilution of common equivalent shares for the years ended December 31, 2000, 1999 and 1998 was approximately 202,000, 22,000 and 51,000, respectively.

8. MORTGAGE LOANS AND CREDIT FACILITIES

As of December 31, 2000, we had total debt outstanding of $585.7 million. Of this debt, approximately $571.5 million (consisting of $481.9 million of fixed rate indebtedness and $89.6 million of variable rate indebtedness) was mortgage indebtedness secured by approximately 210 of our dealership properties. In addition, we had $14.2 million outstanding on our revolving credit facilities.

The following is a summary of our total debt outstanding as of December 31, 2000 and 1999 (dollars in thousands):

DESCRIPTION OF DEBT	ORIGINAL DEBT ISSUED	PRINCIPAL BALANCE AS OF DECEMBER 31, 2000	PRINCIPAL BALANCE AS OF DECEMBER 31, 1999	EFFECTIVE INTEREST RATE*
7.59% fixed rate debt due 12/1/08 (1)	$38,050	$37,103	$38,050	7.99%
7.635% fixed rate debt due 10/1/14 (2)	111,950	103,749	107,675	7.93%

8.05% fixed rate debt due 10/1/14 (3)	85,000	81,560	84,528	8.32%
7.54% fixed rate debt due 7/6/11 (4)	100,000	98,093	99,527	7.71%
8.03% fixed rate debt due 9/29/11 (5)	150,000	150,000	150,000	8.08%
7.50% fixed rate debt due 1/20/03 (6)	12,000	11,421	11,730	7.75%
Total Mortgage Fixed Rate Debt	$497,000	$481,926	$491,510	8.00%
Various variable rate debt (7)	90,101	89,593	10,000	8.68%
TOTAL MORTGAGE DEBT	$587,101	$571,519	$501,510	8.11%
$50 million revolving partially secured facility (8)		14,198	--	8.92%
$100 million revolving secured facility (9)		2	--	8.94%
TOTAL CREDIT FACILITIES		$14,200	-	8.90%
TOTAL DEBT OUTSTANDING		$585,719	$501,510	8.13%

* Includes deferred loan fees amortized over the life of the loans.

(1) The loan requires monthly payments of principal and interest with a final payment at maturity of approximately $24.4 million. The loan is secured by mortgages on seven of our properties, which as of December 31, 2000 have an aggregate net book value of approximately $63.6 million. The Operating Partnership has provided a guaranty limited to approximately $8.9 million of this loan, which guaranty is contingent upon the occurrence of certain circumstances.

(2) The loan requires monthly payments of principal and interest with a final payment at maturity of approximately $3.4 million. The loan is secured by mortgages on 50 of our properties, which as of December 31, 2000 have an aggregate net book value of approximately $181.4 million. The Operating Partnership has provided a guaranty limited to approximately $26.1 million of this loan, which guaranty is contingent upon the occurrence of certain circumstances.

(3) The loan requires monthly payments of principal and interest with a final payment at maturity of approximately $2.9 million. The loan is secured by mortgages on 28 of our properties, which as of December 31, 2000 have an aggregate net book value of approximately $151.0 million. The loan in footnote (2) and this loan are cross-collateralized.

(4) The loan requires quarterly payments of principal and interest with a final payment at maturity of approximately $73.3 million. The loan is secured by 48 of our properties, which as of December 31, 2000 have an aggregate net book value of approximately $173.1 million.

(5) The terms of the loan require quarterly interest-only payments until January 2002. Thereafter, payments of principal and interest will be made quarterly with a final payment at maturity of approximately $121.2 million. The

loan is secured by 58 of our properties, which as of December 31, 2000 have an aggregate net book value of approximately $208.4 million.

(6) The loan requires monthly payments of principal and interest with a final payment at maturity of approximately $10.8 million. The note is secured by four of our properties, which as of December 31, 2000 have an aggregate net book value of approximately $21.8 million.

(7) These loans bear interest at variable rates ranging from 200 to 215 basis points per annum above the A1-P1 Commercial Paper Rate and have maturity dates ranging from December 22, 2009 to December 18, 2012. The terms of the various loans require quarterly level principal payments and interest payments. At maturity the loans require a final payment of approximately $50.7 million. Excluding $20 million of the variable rate debt, the loans are secured by 16 properties, which as of December 31, 2000 have an aggregate net book value of approximately $85.9 million. The remaining $20 million of the variable rate debt is secured by the same properties that secure the loan discussed in footnote (4).

(8) The facility bears interest equal to the 30-day LIBOR rate plus 175 basis points and requires the payment of secured borrowings within 12 months and unsecured borrowings within 150 days. The facility matures on March 3, 2002.

(9) The facility bears interest equal to the 30-day LIBOR rate plus 225 basis points and requires the repayment of principal within 150 days. The facility has a one-year term, which terminates on March 21, 2002, and is renewable annually.

The more significant debt covenants related to our mortgage debt and credit facilities limit the Company's debt to 65% of assets and require the Company to comply with minimum debt service coverage and maximum debt to adjusted net worth ratios. Several of our loan agreements contain no financial covenants; however, there are negative covenants relating to customary items such as operation and maintenance of the properties securing the loans and limitations on issuing additional secured debt at those subsidiary levels. As of December 31, 2000, we were in compliance with all of the loan covenants related to our mortgage indebtedness and credit facilities.

Aggregate annual principal maturities of mortgage indebtedness as of December 31, 2000 are as follows (in thousands):

FOR THE YEAR ENDED DECEMBER 31,	
2001	$ 13,309
2002	16,910
2003	28,410
2004	18,694
2005	20,031
Thereafter	474,165
Total	$ 571,519

9. MINORITY INTEREST

Minority interest is calculated at approximately 28.5 percent and 27.8 percent of the Operating Partnership's partners' capital as of December 31, 2000 and 1999, respectively. Minority interest is calculated at approximately 28.6 percent and 25.6 percent of the Operating Partnership's partners' net income for the years ended December 31, 2000 and

1999, respectively. The ownership of the Operating Partnership as of December 31, 2000 and 1999 is as follows (Units in thousands):

	DECEMBER 31,			
	2000		1999	
	UNITS	PERCENT	UNITS	PERCENT
Partners' capital:				
Limited Partners..	8,453.3	28.5%	8,321.6	27.8%
The Company......	21,185.2	71.5%	21,607.4	72.2%
Total........	29,638.5	100.0%	29,929.0	100.0%

10. STOCK-BASED COMPENSATION

During 1998, we adopted the Capital Automotive Group 1998 Equity Incentive Plan (the "Plan"). Under the Plan, the Executive Compensation Committee of the Board of Trustees (the "Committee") was authorized to grant up to approximately 2.8 million options to our employees, non-employee trustees and certain other service providers, to purchase common shares of the Company ("Share Options") and/or Units of the Operating Partnership ("Unit Options").

In February 1999, the Committee and the Board of Trustees approved amendments to the Plan and subsequently received shareholder approval on May 7, 1999 (the "Amended Plan"). The Amended Plan (i) eliminated Unit Options, (ii) provided that the Committee could make grants of restricted shares or restricted phantom shares, and (iii) increased the number of shares the Committee may grant under the Amended Plan to approximately 3.8 million. In May 1999, all outstanding Unit Options were exchanged for an equal number of Share Options. The exchanged Share Options were granted at the same exercise price and on the same exercise schedule, terms and conditions on which the Unit Options were originally granted.

Share Options granted under the Amended Plan have exercise prices equal to or greater than the fair market value of a common share at the date of the grant and typically become exercisable at a rate of 25% per year over a four-year period, generally commencing on the first anniversary of the date of grant for employees, except for the initial grant of Share Options which commences on the first anniversary of the date of hire. For trustees, Share Options become exercisable in stages, one-third beginning six months after the date of grant, two-thirds beginning on the first anniversary of the date of grant and 100% beginning on the second anniversary of the date of grant. Share Options expire no later than the tenth anniversary of the date of grant or, if earlier, within certain time limits for employment termination.

On May 7, 1999, the Committee approved the granting of approximately 37,000 Performance Accelerated Restricted Shares ("PARS") to certain employees at a purchase price of $0.01 per share. The PARS were issued under the Amended Plan and are subject in all respects to the applicable provisions of the Amended Plan. The PARS originally had a vesting period of approximately seven years from the effective date of January 1, 1999 with the opportunity to accelerate the vesting period if the Company achieved certain specified performance targets. On January 17, 2000, the Committee approved a change in the vesting period on all PARS granted on May 7, 1999 to reflect that one half (1/2) of such PARS would vest after approximately three years from the effective date of January 1, 1999 and the remainder, still subject to performance acceleration, would vest over seven years. The Company adjusted the compensation expense related to the PARS based on the revised vesting schedule in 1999. On January 17, 2000, the Committee approved the granting of approximately 46,000 PARS to certain employees at a purchase price of $0.01 per share. On May 11, 2000, the Committee amended the vesting schedule on all PARS granted in 1999 and 2000 to eliminate the "performance accelerated" feature and to generally provide that all restricted shares will vest on the third anniversary of the date of grant. The Company adjusted the compensation expense related to the restricted shares based on the revised vesting schedule in 2000. In addition, on May 11, 2000, the Committee approved an additional grant of 77,500 restricted shares to certain employees at a purchase price of $0.01 per share. Restricted shares have no voting rights,

but receive dividend equivalents that are equal to the value of any dividends paid with respect to the Company's common shares.

In January 2000, the Company instituted a Phantom Share Purchase Program requiring mandatory, and authorizing voluntary, purchases of restricted phantom shares upon the deferral of a portion of certain employees' annual bonus. Under this program, 20% of any annual bonus payable to an executive officer must be deferred, and the executive officer may elect to defer up to an additional 30% of any annual bonus payable to him. In addition, certain other employees may elect to defer up to 20% of their annual bonus. The restricted phantom shares are purchased at a price equal to 80% of the fair market value of the Company's common shares on the date of grant. The restricted phantom shares awarded upon the deferral of a portion of annual bonuses generally vest on the third anniversary from the date of grant. In January 2000, annual bonuses earned in 1999 totaling $410,000 were deferred into approximately 44,000 restricted phantom shares at a price of $9.2752 per share. Included in the $410,000 was

100% of the Chief Executive Officer's annual bonus, which deferral was approved by the Committee. Restricted phantom shares have no voting rights, but receive dividend equivalents that are equal to the value of any dividends paid with respect to the Company's common shares.

As of December 31, 2000, approximately 3.2 million Share Options, 154,000 restricted shares, and 47,000 restricted phantom shares were outstanding under the Amended Plan, thus leaving approximately 390,000 shares available under the Amended Plan to be granted. On January 24, 2001, the Committee approved a restricted share grant of approximately 77,000 shares at a purchase price of $0.01 per share to certain employees. Of the total, approximately 61,000 restricted shares granted to executive officers will vest over five years. Of the remaining 16,000 restricted shares granted to employees, approximately half will vest over three years with the remaining vesting over five years. On January 24, 2001, annual bonuses earned in 2000 totaling $497,100 were deferred into approximately 43,000 restricted phantom shares at a price of $11.65 per share. Included in the $497,100 was 100% of the Chief Executive Officer's and another executive officer's annual bonus, which deferral was approved by the Committee. The restricted phantom shares will vest generally after three years.

The following is a summary of our Share Option activity for the years ended December 31, 2000 and 1999 (Share Options in thousands):

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Share Options outstanding at December 31, 1998..........	3,102	$ 14.95
Granted..	438	13.14
Forfeited..	712	14.94
Exercised or expired.............................	--	--
Share Options outstanding at December 31, 1999..........	2,828	$ 14.67
Granted..	447	11.75
Forfeited..	96	13.19
Exercised or expired.............................	20	14.02
Share Options outstanding at December 31, 2000..........	3,159	$ 14.31

Share Options outstanding at December 31, 2000 have exercise prices between $11.59 and $18.69, with a weighted average exercise price of $14.31 and a weighted average remaining contractual life of 7.59 years. At December 31, 2000, there were approximately 1.9 million Share Options exercisable at a weighted average exercise price of $14.85 and a weighted average remaining contractual life of 7.29 years.

We apply APB Opinion 25 in accounting for our stock-based compensation and accordingly recognized no compensation expense related to the grant of Share Options during the years ended December 31, 2000, 1999 and 1998. Had compensation cost been determined using the fair value method of accounting prescribed by SFAS No. 123, "Accounting for Stock-Based Compensation," our net income and earnings per share would have been changed to the following pro forma amounts (in thousands, except per share amounts) (unaudited):

For the year ended December 31,	2000	1999	1998
Net Income			
As reported	$ 25,812	$ 21,731	$ 16,491
Pro forma	$ 24,430	$ 20,521	$ 15,312
Basic Net Income Per Share			
As reported	$ 1.23	$ 1.01	$ 0.79
Pro forma	$ 1.17	$ 0.95	$ 0.73
Diluted Net Income Per Share			
As reported	$ 1.22	$ 1.01	$ 0.79
Pro forma	$ 1.16	$ 0.95	$ 0.73

The Black-Scholes option pricing model has been used to estimate the value of the Share Options granted during 2000, 1999 and 1998. For Share Options issued during 2000, the model uses a risk-free interest rate of 4.825%, dividend growth of 5.0%, and stock volatility of 41.07%, with an expected Share Option life of 4.0 years. For Share Options issued during 1999, the model uses a risk-free interest rate of 6.67%, dividend growth of 5.0%, and stock volatility of 34.96%, with an expected Share Option life of 4.0 years. For Share Options issued during 1998, the model uses a risk-free interest rate of 4.625%, a dividend yield of 10.0%, and stock volatility of 21.75%, with an expected Share Option life of 4.0 years.

11. STOCK WARRANTS

As of December 31, 2000, we had warrants outstanding to acquire a total of 3,141,952 common shares. Warrants for a total of 2,841,952 common shares were exercisable by the holders on that date. Warrants for a total of 400,000 common shares become exercisable for 25% of the common shares each year over a four-year period beginning on January 5, 2000. As of December 31, 2000, 100,000 of these warrants were exercisable. We have issued the warrants under written warrant agreements. The exercise price of our common shares issuable under each outstanding warrant is $15.00 per common share. Warrants for a total of 2,741,952 common shares are for terms of five years. Warrants for a total of 400,000 common shares are for terms of 10 years. Under each warrant agreement, we are obligated to file a registration statement, after the warrant has been exercised by the holder, to register the common shares issued when the holder exercises the warrant if the holder so requests or if we file a registration statement for our own shares.

12. 401(k) PLAN

During 1998, we adopted the Capital Automotive L.P. Employee 401(k) Plan (the "401(k) Plan"). Employees who are at least 21 years of age are eligible to participate in the 401(k) Plan after three months of service. Participants may contribute up to 20% of their earnings, on a pre-tax basis, subject to annual limitations imposed by the Code. We may make matching or discretionary contributions to the 401(k) Plan at the discretion of our management. These contributions will vest ratably over five years from each employee's date of service. During December 1999 and 2000, we approved a 20% match of the participant's elected deferral contribution during 2000 and 2001, respectively (subject to maximum limits). For the year ended December 31, 2000, the Company made matching contributions of approximately $25,000.

13. COMMON SHARE REPURCHASE PROGRAM

During 1998, we announced that our Board of Trustees had authorized the repurchase of up to 6.0 million common shares. Purchases have been and will be made from time to time in open market transactions at prevailing prices or in negotiated private transactions at the discretion of management. During 2000, we repurchased 900,000 common shares at an average price of $10.96 per common share. There were no common share repurchases in 1999. Since the inception of the share repurchase program, a total of 4,084,700 shares as of December 31, 2000 have been repurchased at an average price of $10.61 per share. In conjunction with the common share repurchases, the Operating Partnership redeemed an equivalent number of Units from the Company for equivalent purchase prices.

14. DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

During April 2000, the Company implemented a Dividend Reinvestment and Share Purchase Plan, which was subsequently amended in March 2001 (the "DRIP"). Under the DRIP, current shareholders and holders of Units ("Unitholders") are permitted to elect to reinvest all, a portion or none of their cash dividends or distributions to purchase common shares. The DRIP also allows both new investors and existing shareholders and Unitholders to make optional cash payments to purchase common shares.

The DRIP permits current shareholders, Unitholders and new investors to invest a minimum of $500 up to a maximum of $10,000 in common shares per month. The DRIP also allows us to raise additional capital by waiving the limitations on the $10,000 maximum per month, as more fully described in the Prospectus relating to the DRIP. Shares purchased under the DRIP through reinvestment of dividends are purchased at a discount (currently 3%). Shares purchased under the DRIP through optional cash payments of $10,000 or less are purchased at market price.

Common shares may be purchased directly from the Company or in open market or privately negotiated transactions, as determined from time to time by the Company, to fulfill the requirements for the DRIP. For the year ended December 31, 2000, we issued approximately 458,000 common shares under the DRIP and received approximately $5.9 million in proceeds.

15. DIVIDEND DECLARATION

On December 5, 2000, our Board of Trustees declared a cash dividend of

$0.385 per share for the fourth quarter ended December 31, 2000 to shareholders of record as of December 31, 2000. The dividend was paid on January 31, 2001. Dividends declared to shareholders during 2000 and 1999 totaled $1.50 per share and $1.38 per share, respectively. The amounts declared are different from total distributions calculated for tax purposes as detailed below.

Of the total dividends calculated for tax purposes, the amounts characterized as ordinary income and return on capital for 2000 and 1999 are as follows:

2000

RECORD DATE	PAYMENT DATE	TOTAL DISTRIBUTION PER SHARE	TAXABLE ORDINARY INCOME	RETURN ON CAPITAL
11/10/00	11/21/00	$0.3775	$0.3690	$0.0085
8/10/00	8/18/00	0.3725	0.3641	0.0084
5/10/00	5/18/00	0.3650	0.3568	0.0082
12/31/99	1/31/00 *	0.3600	0.2102	0.0048
TOTALS FOR 2000			$1.3000	$0.0300

1999

RECORD DATE	PAYMENT DATE	TOTAL DISTRIBUTION PER SHARE	TAXABLE ORDINARY INCOME	RETURN ON CAPITAL
12/31/99	1/31/00 *	$0.3600	$0.1450	-
11/10/99	11/19/99	0.3500	0.3500	-
8/10/99	8/20/99	0.3400	0.3400	-
5/10/99	5/20/99	0.3300	0.3300	-
12/31/98	1/29/99 **	0.3200	0.0150	-
TOTALS FOR 1999			$1.1800	-

* The fourth quarter 1999 distribution, payable on January 31, 2000, was $0.36 per share and included a "spillover" distribution with $0.145 per share taxable in 1999, $0.2102 per share taxable in 2000, and $0.0048 per share a return on capital in 2000.
** The fourth quarter 1998 distribution, payable on January 29, 1999, was $0.32 per share and included a "spillover" distribution with $0.305 per share taxable in 1998 and $0.015 per share taxable in 1999.

16. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Summarized quarterly financial data for the years ended December 31, 2000 and 1999 is as follows (in thousands, except per share amounts):

	QUARTER ENDED			
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER
2000				
Revenue	$ 25,175	$ 25,265	$ 25,768	$ 26,943
Net Income	$ 6,393	$ 6,345	$ 6,487	$ 6,587
Diluted Earnings Per Share	$ 0.30	$ 0.30	$ 0.31	$ 0.31
Weighted Average Number of Shares--Diluted	21,148	20,931	21,096	21,268
1999				
Revenue	$ 14,788	$ 15,898	$ 20,757	$ 24,430
Net Income	$ 4,389	$ 4,965	$ 6,182	$ 6,195
Diluted Earnings Per Share	$ 0.20	$ 0.23	$ 0.29	$ 0.29
Weighted Average Number of Shares--Diluted	21,607	21,630	21,640	21,640

CAPITAL AUTOMOTIVE REIT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

17. SEGMENT INFORMATION

We adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" during 1998. SFAS No. 131 provides standards for public companies relating to the reporting of financial and descriptive information about their operating segments in financial statements. Operating segments are defined as components of an enterprise for which separate financial information is available and is evaluated regularly by the chief operating decision maker or decision making group in deciding how to allocate resources and in assessing performance. Our management is our chief decision making group.

All of our operations are derived from one operating segment. This operating segment engages in the purchase and lease back, pursuant to long-term, triple-net leases, of the real property and improvements used by multi-site, multi-franchised automotive dealerships and related businesses. These automotive dealerships and related businesses are located predominately in major metropolitan areas throughout the United States. The purchase and lease back is performed through the Company's ownership interest in the Operating Partnership and/or the Company's and the Operating Partnership's directly and indirectly owned subsidiaries.

TENANT CONCENTRATION

Sonic accounted for approximately 25% of our total rental revenue for the year ended December 31, 2000 and approximately 28% of our total annualized rental revenue as of December 31, 2000. If Sonic were to default on its lease obligations or declare bankruptcy, we could experience significantly reduced revenue until the properties could be leased to a new tenant or tenants. There was no other tenant that exceeded 8% of our total rental revenue for the year ended December 31, 2000 or total annualized rental revenue as of December 31, 2000.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

Certain information required in Part III is omitted from this Report but is incorporated herein by reference from our Proxy Statement for the Annual Meeting of Shareholders for fiscal year 2000 (the "Proxy Statement").

ITEM 10. TRUSTEES AND EXECUTIVE OFFICERS OF THE COMPANY

The information contained in the Proxy Statement under the captions "The Board of Trustees" and "Executive Officers" is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information contained in the Proxy Statement under the captions "Executive Compensation" and "Executive Compensation Committee Report on Executive Compensation" is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information contained in the Proxy Statement under the caption "Share Ownership" is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information contained in the Proxy Statement under the caption "Certain Relationships and Related Transactions" is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) See Index to Consolidated Financial Statements

(2) Financial Statement Schedules

Schedule III. Schedule of Real Estate and Accumulated Depreciation

(3) Exhibits

EXHIBIT NO.	DESCRIPTION
2.1-	Acquisition Agreement dated as of June 30, 1999, as amended, by and among CAR MMR L.L.C., O. Bruton Smith, Sonic Financial Corporation, MMR Holdings L.L.C., MMR Viking Investment Associates, L.P. and MMR Tennessee, L.L.C.
2.2-	Sonic Agreement made and entered into as of June 30, 1999, by and among (i) Sonic Automotive, Inc., (ii) certain subsidiaries or affiliates of Sonic Automotive, Inc., and (iii) CAR MMR L.L.C., in connection with that certain Acquisition Agreement dated of even date.
3.1*	Amended and Restated Declaration of Trust of Capital Automotive REIT.

EXHIBIT NO.	DESCRIPTION
3.2++	Amended and Restated Bylaws of Capital Automotive REIT, as amended.
4.1*	Specimen Common Share certificate.
4.2#	Form of Share Warrant.
4.3*	Form of Underwriting Warrant issued to Friedman, Billings, Ramsey & Co., Inc.
4.4#	Form of Dealers' Warrant.
4.5#	Second Amended and Restated Partnership Agreement of Capital Automotive L.P.
10.1*	Form of Indemnification Agreement executed by certain trustees and officers of Capital Automotive REIT.
10.2*	Form of Option Agreement.
10.3*	FBR Asset Investment Purchase Agreement.
10.4*	FBR Registration Rights Agreement.
10.5+	Amended and Restated Employment Agreement by and between Capital Automotive L.P. and Thomas D. Eckert.
10.6+	Amended and Restated Employment Agreement by and between Capital Automotive L.P. and David S. Kay.

10.7+	Amended and Restated Employment Agreement by and between Capital Automotive L.P. and John M. Weaver.
10.8+	Letter Agreement by and between Capital Automotive L.P. and Jay M. Ferriero.
10.9-	Loan Agreement dated as of July 7, 1999, between CAR CZ L.L.C., CARS-FEN, L.L.C., CAR HDV L.L.C., CAR Alexander L.P., Capital Automotive L.P., CAR MOT II, L.L.C., CAR MOT L.L.C., CAR AUF L.L.C., CAR I Jackson L.P., and CAR MUL L.L.C., as Borrower and Ford Motor Credit Company as Lender.
10.10--	Amended and Restated Loan Agreement dated August 13, 1999, between MMR Holdings, L.L.C., MMR Tennessee, L.L.C., MMR Viking Investment Associates, L.P. and Ford Motor Credit Company.
10.11##	Form of 1998 Equity Incentive Plan, as amended.
10.12**	Credit Agreement dated as of March 22, 2000 by and among General Motors Acceptance Corporation, as Lender and Capital Automotive, L.P. and certain of its subsidiaries, as Borrowers.
21.1+	Subsidiaries of Company.
23.1+	Consent of Arthur Andersen LLP.
25.0+	Power of Attorney (included on signature page).
99.1/\/\	Revolving Loan Agreement dated as of March 4, 1999 among Comerica Bank and Capital Automotive, L.P., et al.
99.2. .	Form of Lease Agreement for 50 separate leases, each between an affiliate of Capital Automotive REIT, as landlord, and an affiliate of Sonic Automotive, Inc., as tenant.
99.3. .	Form of Lease Guaranty from Sonic Automotive, Inc., relating to 50 separate leases with affiliates of Sonic Automotive, Inc., in favor of affiliates of Capital Automotive REIT, as landlord.

+ Filed herewith.
++ Previously filed as an Exhibit to Annual Report on Form 10-K for the year ended December 31, 1999 filed on March 21, 2000 (File No. 000-23733) and incorporated herein by reference.
- Previously filed as an Exhibit to Quarterly Report on Form 10-Q for the quarter ended June 30, 1999 filed on August 12, 1999 (File No. 000-23733) and incorporated herein by reference. Confidential portions of Exhibits 2.1 and 2.2 omitted pursuant to a request for confidential treatment and supplied separately to the Securities

and Exchange Commission. Exhibits and Schedules omitted but will be furnished supplementally to the Securities and Exchange Commission upon request.
* Previously filed as an Exhibit to Registration Statement on Form S-11 (File No. 333-41183) and incorporated herein by reference.
# Previously filed as an Exhibit to Registration Statement on Form S-3 (File No. 333-73183) filed on March 2, 1999 and incorporated herein by reference.

-- Previously filed as an Exhibit to Quarterly Report on Form 10-Q for the quarter ended September 30, 1999 filed on November 12, 1999 (File No. 000-23733) and incorporated herein by reference.
Previously filed as an Exhibit to Registration Statement on Form S-8 (File No. 333-78215) filed on May 11, 1999 and incorporated herein by reference.
** Previously filed as an Exhibit to Quarterly Report on Form 10-Q for the quarter ended March 31, 2000 filed on May 11, 2000 (File No. 000-23733) and incorporated herein by reference.
/\/\Previously filed as an Exhibit to Quarterly Report on Form 10-Q for the quarter ended March 31, 1999 filed on May 11, 1999 (File No. 000-23733) and incorporated herein by reference.
. . Previously filed as an Exhibit to Current Report on Form 8-K filed on August 30, 1999 (File No. 000-23733) and incorporated herein by reference.

(b) Reports on Form 8-K

None.

(c) Exhibits

See Item 14(a)(3) above.

(d) Other Financial Information

The Company is required to file audited financial information of one of its tenants, Sonic Automotive, Inc. and its affiliates ("Sonic"), as a result of Sonic leasing more than 20 percent of the Company's total assets for the year ended December 31, 2000. Sonic is a public company and as of the date hereof, had not filed their Form 10-K; therefore, the financial statements are not available to the Company to include in this filing. The Company will file this financial information under cover of a Form 10-K/A as soon as it is available.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized this 23rd day of March, 2001.

Capital Automotive REIT

By: /S/ THOMAS D. ECKERT

THOMAS D. ECKERT
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons in the capacities indicated. Each person whose signature appears below hereby constitutes and appoints each of Thomas D. Eckert and David S. Kay as his attorney-in-fact and agent, with full power of substitution and resubstitution for him in any and all capacities, to sign any or all amendments to this Report and to file same, with exhibits thereto and other documents in connection therewith, granting unto such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary in connection with such matters and hereby ratifying and confirming all that such attorney-in-fact and agent or his substitutes may do or cause to be done by virtue hereof.

SIGNATURE	TITLE	DATE
/S/ THOMAS D. ECKERT THOMAS D. ECKERT	President and Chief Executive Officer and Trustee (principal executive officer)	March 23, 2001
/S/ DAVID S. KAY DAVID S. KAY	Vice President and Chief Financial Officer (principal financial and accounting officer)	March 23, 2001
/S/ CRAIG L. FULLER CRAIG L. FULLER	Trustee	March 23, 2001
/S/ DAVID GLADSTONE DAVID GLADSTONE	Trustee	March 23, 2001
/S/ WILLIAM E. HOGLUND WILLIAM E. HOGLUND	Trustee	March 23, 2001
/S/ R. MICHAEL MCCULLOUGH R. MICHAEL MCCULLOUGH	Trustee	March 23, 2001

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/S/ LEE P. MUNDER	Trustee	March 23, 2001

LEE P. MUNDER		
/S/ JOHN J. POHANKA JOHN J. POHANKA	Chairman of the Board and Trustee	March 23, 2001
/S/ JOHN E. REILLY JOHN E. REILLY	Trustee	March 23, 2001
/S/ ROBERT M. ROSENTHAL ROBERT M. ROSENTHAL	Trustee	March 23, 2001
/S/ VINCENT A. SHEEHY VINCENT A. SHEEHY	Trustee	March 23, 2001

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SCHEDULE III
CAPITAL AUTOMOTIVE REIT
SCHEDULE OF REAL ESTATE AND ACCUMULATED DEPRECIATION
AS OF DECEMBER 31, 2000

Dealer Group Name	Dealership	Location
ABRA Auto Body & Glass LLC	ABRA Auto Body & Glass LLC	Chattanooga, TN
ABRA Auto Body & Glass, LLC Total		
Auction Broadcasting Company	ABC Indianapolis	Indianapolis, IN
Auction Broadcasting Company	ABC Nashville	Nashville, TN
Auction Broadcasting Company Total		
Auffenberg Automotive Group	St. Clair Auto Mall	O'Fallon, IL
Auffenberg Automotive Group	Auffenburg Ford North	O'Fallon, IL
Auffenberg Automotive Group	Auffenburg Ford	Belleville, IL
Auffenberg Automotive Group	Auffenberg Volkswagen	O'Fallon, IL
Auffenberg Automotive Group	Auffenberg Nissan-Kia	O'Fallon, IL
Auffenberg Automotive Group	Auffenberg Nationwide Rental Car	O'Fallon, IL
Auffenberg Automotive Group Total		

AutoNation	Westgate Chevrolet, Inc.	Amarillo, TX
AutoNation	T-West Sales & Service, Inc.	Las Vegas, NV
AutoNation	Plains Chevrolet, Inc.	Amarillo, TX
AutoNation	Midway Chevrolet, Inc.	Amarillo, TX
AutoNation	Quality Nissan, Inc.	Amarillo, TX
AutoNation	Park Place Mercedes - Houston	Houston, TX
AutoNation Total		
Behlmann Automotive	Behlmann Wholesale	Florissant, MO
Behlmann Automotive	Behlmann Carnection	Florissant, MO
Behlmann Automotive	Behlmann Pontiac-GMC (Main)	Hazelwood, MO
Behlmann Automotive Total		
Cherner Automotive Group	Cherner Lincoln Mercury	Annandale, VA
Cherner Automotive Group Total		
Craig Zinn Automotive Group	County Line Lexus	Hollywood, FL
Craig Zinn Automotive Group	Toyota of Hollywood	Hollywood, FL
Craig Zinn Automotive Group	Truck Center	Hollywood, FL
Craig Zinn Automotive Group	Quick Service Center	Hollywood, FL
Craig Zinn Automotive Group Total		

	Gross Amount at December 31, 2000			
Dealer Group Name	Land	Building and Improvements	Total	Accumulate Depreciati
ABRA Auto Body & Glass LLC	$ 452,668	$ 1,490,413	$ 1,943,081	$ 68,314
ABRA Auto Body & Glass, LLC Total	452,668	1,490,413	1,943,081	68,314
Auction Broadcasting Company	1,093,349	8,437,331	9,530,680	57,846
Auction Broadcasting Company	1,032,817	8,640,927	9,673,745	12,001
Auction Broadcasting Company Total	2,126,166	17,078,258	19,204,424	69,847
Auffenberg Automotive Group	5,672,561	7,595,913	13,268,473	390,346
Auffenberg Automotive Group	1,816,149	2,310,324	4,126,473	118,725
Auffenberg Automotive Group	658,019	2,127,238	2,785,257	91,589
Auffenberg Automotive Group	851,782	2,189,609	3,041,391	39,535
Auffenberg Automotive Group	1,027,623	1,674,119	2,701,741	30,227
Auffenberg Automotive Group	1,459,408	2,255,120	3,714,528	28,189
Auffenberg Automotive Group Total	11,485,542	18,152,322	29,637,864	698,611
AutoNation	1,235,516	3,181,296	4,416,812	373,959
AutoNation	5,540,606	8,697,735	14,238,341	915,663
AutoNation	1,324,616	3,400,896	4,725,512	399,772
AutoNation	871,516	2,245,296	3,116,812	263,933
AutoNation	283,516	733,295	1,016,811	86,198
AutoNation	9,086,654	10,719,435	19,806,090	953,019
AutoNation Total	18,342,424	28,977,953	47,320,377	2,992,543

Behlmann Automotive	104,005	203,620	307,625	20,603
Behlmann Automotive	1,042,674	1,865,812	2,908,485	188,790
Behlmann Automotive	4,637,602	4,383,835	9,021,437	443,574
Behlmann Automotive Total	5,784,281	6,453,267	12,237,548	652,968
Cherner Automotive Group	4,026,275	2,405,880	6,432,155	282,809
Cherner Automotive Group Total	4,026,275	2,405,880	6,432,155	282,809
Craig Zinn Automotive Group	2,061,645	1,314,700	3,376,345	78,517
Craig Zinn Automotive Group	3,014,998	2,592,184	5,607,183	154,811
Craig Zinn Automotive Group	628,115	87,278	715,393	5,212
Craig Zinn Automotive Group	423,054	92,339	515,393	5,515
Craig Zinn Automotive Group Total	6,127,812	4,086,501	10,214,313	244,055

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Dealer Group Name	Dealership	Location
Crown Auto World	Crown Motors BMW/Buick	Tulsa, OK
Crown Auto World Total		
Dealer's Auto Auction	Dealer's Auto Auction	Oklahoma City, OK
Dealer's Auto Auction Total		
Fenton Motor Group	Brad Fenton Motors	McAlester, OK
Fenton Motor Group	Ada Ford Lincoln-Mercury	Ada, OK
Fenton Motor Group	Brad Fenton Motors of Ardmore	Ardmore, OK
Fenton Motor Group Total		
Freightliner of Dothan	Freightliner of Dothan	Dothan, AL
Freightliner of Dothan Total		
Group 1 Automotive, Inc.	Round Rock Nissan	Round Rock, TX
Group 1 Automotive, Inc.	Round Rock Nissan Land	Round Rock, TX
Group 1 Automotive, Inc.	AJ Foyt Honda/Isuzu	Houston, TX
Group 1 Automotive, Inc.	Town North Nissan/Mitsubishi	Austin, TX
Group 1 Automotive, Inc.	Town North Nissan/Mitsubishi Land	Austin, TX
Group 1 Automotive, Inc.	Acura Southwest	Houston, TX
Group 1 Automotive, Inc.	Southwest Freeway Land	Houston, TX
Group 1 Automotive, Inc.	Maxwell Chrysler Five Pack	Taylor, TX
Group 1 Automotive, Inc.	Luby Chevrolet	Lakewood, CO
Group 1 Automotive, Inc.	Clear Lake Lexus	Clear Lake, TX
Group 1 Automotive, Inc.	Sterling McCall Toyota - Club Creek	Houston, TX
Group 1 Automotive, Inc.	Sterling McCall Toyota	Houston, TX
Group 1 Automotive, Inc.	Toyota Body Shop	Houston, TX
Group 1 Automotive, Inc.	Sterling McCall Lexus Body Shop	Houston, TX
Group 1 Automotive, Inc.	Sterling McCall Lexus	Houston, TX
Group 1 Automotive, Inc.	Sunshine Buick, Pontiac, GMC Truck	Albequerque, NM

Group 1 Automotive, Inc.	Casa Chevrolet	Albequerque, NM
Group 1 Automotive, Inc.	Don Bohn Ford & Training Ctr	Harvey, LA
Group 1 Automotive, Inc.	Bohn Brothers Toyota	Harvey, LA
Group 1 Automotive, Inc. Total		
Gunn Automotive Group	Gunn Land Rover	San Antonio, TX
Gunn Automotive Group	Gunn Nissan	San Antonio, TX
Gunn Automotive Group	Gunn Chevrolet & Body Shop	San Antonio, TX
Gunn Automotive Group	Gunn Dodge	San Antonio, TX
Gunn Automotive Group	Gunn Pontiac-GMC	San Antonio, TX
Gunn Automotive Group Total		
Gurley-Leep Automotive Group	Gurley-Leep Olds-Cadillac & Saturn	Mishawaka, IN

	Gross Amount at December 31, 2000			
Dealer Group Name	Land	Building and Improvements	Total	Accumulate Depreciati
Crown Auto World	1,077,838	5,258,691	6,336,529	402,940
Crown Auto World Total	1,077,838	5,258,691	6,336,529	402,940
Dealer's Auto Auction	1,129,351	8,477,273	9,606,624	684,294
Dealer's Auto Auction Total	1,129,351	8,477,273	9,606,624	684,294
Fenton Motor Group	356,120	3,678,231	4,034,351	281,839
Fenton Motor Group	237,123	2,797,228	3,034,351	214,334
Fenton Motor Group	205,101	1,816,079	2,021,180	139,154
Fenton Motor Group Total	798,344	8,291,537	9,089,881	635,328
Freightliner of Dothan	490,443	2,193,587	2,684,030	212,979
Freightliner of Dothan Total	490,443	2,193,587	2,684,030	212,979
Group 1 Automotive, Inc.	1,017,942	1,982,518	3,000,460	129,398
Group 1 Automotive, Inc.	763,882	-	763,882	-
Group 1 Automotive, Inc.	1,496,005	2,538,835	4,034,841	194,487
Group 1 Automotive, Inc.	1,590,983	3,201,370	4,792,353	191,193
Group 1 Automotive, Inc.	779,333	-	779,333	-
Group 1 Automotive, Inc.	2,336,436	2,098,715	4,435,152	160,775
Group 1 Automotive, Inc.	1,132,586	-	1,132,586	-
Group 1 Automotive, Inc.	114,807	1,167,895	1,282,702	89,419
Group 1 Automotive, Inc.	2,737,284	4,299,889	7,037,174	329,427
Group 1 Automotive, Inc.	1,219,635	4,531,450	5,751,085	207,691
Group 1 Automotive, Inc.	1,236,831	1,218,208	2,455,040	93,306
Group 1 Automotive, Inc.	4,100,143	5,557,985	9,658,129	362,798
Group 1 Automotive, Inc.	216,378	951,547	1,167,925	62,094
Group 1 Automotive, Inc.	223,233	632,551	855,784	41,273
Group 1 Automotive, Inc.	3,151,187	5,632,950	8,784,137	367,690
Group 1 Automotive, Inc.	3,132,901	2,254,275	5,387,175	103,321
Group 1 Automotive, Inc.	2,518,774	2,891,422	5,410,196	100,447
Group 1 Automotive, Inc.	5,187,029	4,397,058	9,584,087	164,890
Group 1 Automotive, Inc.	2,951,396	2,387,074	5,338,470	89,515

Group 1 Automotive, Inc. Total	35,906,766	45,743,744	81,650,510	2,687,726
Gunn Automotive Group	1,057,209	759,909	1,817,118	70,671
Gunn Automotive Group	1,331,537	1,184,692	2,516,228	110,175
Gunn Automotive Group	3,495,048	5,024,374	8,519,421	467,261
Gunn Automotive Group	1,964,831	2,051,398	4,016,229	190,778
Gunn Automotive Group	2,239,624	3,326,606	5,566,230	309,371
Gunn Automotive Group Total	10,088,248	12,346,979	22,435,227	1,148,256
Gurley-Leep Automotive Group	2,961,641	3,670,103	6,631,745	296,265

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Dealer Group Name	Dealership	Location
Gurley-Leep Automotive Group	Gurley-Leep	Mishawaka, IN
Gurley-Leep Automotive Group	Gurley-Leep Imports	Elkhart, IN
Gurley-Leep Automotive Group	University Park Chrysler-Plymouth	Mishawaka, IN
Gurley-Leep Automotive Group Total		
Hand Automotive Group	Saturn Airport Marina	Los Angeles, CA
Hand Automotive Group Total		
Hoz de Vila Automotive	Dodge City	Burlington, NJ
Hoz de Vila Automotive	Sport Hyundai/Dodge	Pleasantville, NJ
Hoz de Vila Automotive Total		
Jackson Automotive Group	Jackson Motor Company	Greenville, TX
Jackson Automotive Group	Jackson Cadillac-Oldsmobile-Pontiac,	Sulphur Springs,
Jackson Automotive Group	Jackson Autoplex-Used Cars	Greenville, TX
Jackson Automotive Group	Jackson Autoplex	Commerce, TX
Jackson Automotive Group	Jackson Nissan	Greenville, TX
Jackson Automotive Group Total		
Kelley Automotive Group	Saturn of Gwinnett	Duluth, GA
Kelley Automotive Group	Tom Kelley Cadillac	Fort Wayne, IN
Kelley Automotive Group	Courtesy Motors	Decatur, IN
Kelley Automotive Group	Kelley Buick Atlanta	Chamblee, IN
Kelley Automotive Group	Midwest Auto Parts	Fort Wayne, IN
Kelley Automotive Group	Northside Chevrolet	Evansville, IN
Kelley Automotive Group	Kelley Chevrolet	Fort Wayne, IN
Kelley Automotive Group	Kelley Volvo	Fort Wayne, IN
Kelley Automotive Group	Tom Kelley Pontiac/GMC	Fort Wayne, IN
Kelley Automotive Group	Tom Kelley Buick	Fort Wayne, IN
Kelley Automotive Group	TST Car/Van Wash	Fort Wayne, IN
Kelley Automotive Group	Saturn of Fort Wayne	Fort Wayne, IN
Kelley Automotive Group Total		

Ken Dixon Automotive	Ken Dixon Chevrolet	Waldorf, MD
Ken Dixon Automotive Total		
Kline Automotive Group	Kline Undeveloped Lot	Chesapeake, VA
Kline Automotive Group	Kline Toyota Greenbrier/ Kline	Chesapeake, VA
Kline Automotive Group Total		
Larry H. Miller Group	Denver Toyota	Denver, CO
Larry H. Miller Group Total		

	Gross Amount at December 31, 2000			
Dealer Group Name	Land	Building and Improvements	Total	Accumulate Depreciati
Gurley-Leep Automotive Group	5,191,365	7,142,324	12,333,689	576,536
Gurley-Leep Automotive Group	396,639	1,124,106	1,520,745	90,736
Gurley-Leep Automotive Group	1,478,543	920,201	2,398,745	74,277
Gurley-Leep Automotive Group Total	10,028,188	12,856,734	22,884,923	1,037,813
Hand Automotive Group	2,341,054	1,502,527	3,843,580	145,883
Hand Automotive Group Total	2,341,054	1,502,527	3,843,580	145,883
Hoz de Vila Automotive	636,471	1,795,592	2,432,063	102,249
Hoz de Vila Automotive	1,297,432	1,258,745	2,556,177	71,678
Hoz de Vila Automotive Total	1,933,904	3,054,336	4,988,240	173,927
Jackson Automotive Group	260,000	-	260,000	-
Jackson Automotive Group	266,308	1,121,394	1,387,702	95,108
Jackson Automotive Group	279,686	83,943	363,629	7,119
Jackson Automotive Group	54,129	581,612	635,741	64,220
Jackson Automotive Group	111,264	549,476	660,739	46,602
Jackson Automotive Group Total	971,387	2,336,424	3,307,811	213,049
Kelley Automotive Group	3,050,226	1,243,894	4,294,119	125,862
Kelley Automotive Group	547,361	2,203,906	2,751,267	223,000
Kelley Automotive Group	1,207,661	1,826,458	3,034,119	184,808
Kelley Automotive Group	3,249,737	2,844,383	6,094,119	287,806
Kelley Automotive Group	385,416	1,508,703	1,894,119	191,731
Kelley Automotive Group	795,030	1,939,090	2,734,119	196,203
Kelley Automotive Group	1,499,957	5,211,666	6,711,623	527,338
Kelley Automotive Group	263,895	1,158,798	1,422,693	117,252
Kelley Automotive Group	1,115,426	4,299,643	5,415,069	417,460
Kelley Automotive Group	1,226,261	3,588,808	4,815,069	348,444
Kelley Automotive Group	345,079	863,130	1,208,208	44,355
Kelley Automotive Group	634,218	2,585,702	3,219,921	17,956
Kelley Automotive Group Total	14,320,267	29,274,180	43,594,447	2,682,215
Ken Dixon Automotive	3,329,652	3,978,480	7,308,132	418,838
Ken Dixon Automotive Total	3,329,652	3,978,480	7,308,132	418,838

Kline Automotive Group	1,529,567	-	1,529,567	-
Kline Automotive Group	2,684,078	4,319,163	7,003,241	507,714
Kline Automotive Group Total	4,213,645	4,319,163	8,532,807	507,714
Larry H. Miller Group	1,993,036	7,243,001	9,236,037	821,792
Larry H. Miller Group Total	1,993,036	7,243,001	9,236,037	821,792

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Dealer Group Name	Dealership	Location
Lithia Motors	Lithia Honda	Medford, OR
Lithia Motors	Lithia Saturn	Medford, OR
Lithia Motors	Lithia Dodge	Medford, OR
Lithia Motors	Lithia Toyota/Mazda	Medford, OR
Lithia Motors	Lithia Isuzu-Suzuki	Medford, OR
Lithia Motors	Grants Pass Auto Mart	Grants Pass, OR
Lithia Motors	Roundtree Chevrolet-Lincoln	Boise, ID
Lithia Motors Total		
Lynn Alexander Automotive Group	All-American Chevrolet, Inc.	San Angelo, TX
Lynn Alexander Automotive Group	Dodge Lincoln-Mercury Nissan	San Angelo, TX
Lynn Alexander Automotive Group	Chrysler-Plymouth Jeep-Eagle	San Angelo, TX
Lynn Alexander Automotive Group	Fiesta Dodge Chrysler-Plymouth Jeep	Big Spring, TX
Lynn Alexander Automotive Group Total		
Mark Miller Automotive Group	Mark Miller Pontiac	Salt Lake City, U
Mark Miller Automotive Group	Undeveloped Lot Adjacent to Pontiac	Salt Lake City, U
Mark Miller Automotive Group	Mark Miller Toyota	Salt Lake City, U
Mark Miller Automotive Group	Mark Miller Toyota-Used Cars	Salt Lake City, U
Mark Miller Automotive Group Total		
McCluskey Chevrolet	McCluskey Chevrolet - 435 E.	Cincinnati, OH
McCluskey Chevrolet	McCluskey Chevrolet --555 E.	Cincinnati, OH
McCluskey Chevrolet	McCluskey Chevrolet -- Reading Rd.	Cincinnati, OH
McCluskey Chevrolet Total		
Midwestern Auto Group	Midwestern Auto Group	Dublin, OH
Midwestern Auto Group Total		
Momentum Automotive Group	Momentum Jaguar/Porsche/Saab	Houston, TX
Momentum Automotive Group	Momentum BMW	Houston, TX
Momentum Automotive Group	Momentum Volvo	Houston, TX
Momentum Automotive Group	Momentum Paint & Body	Houston, TX
Momentum Automotive Group	Momentum Used Car Lot	Houston, TX
Momentum Automotive Group	Barney Garver Land Rover/VW	Houston, TX

Momentum Automotive Group	Momentum/Advantage BMW	League City, TX
Momentum Automotive Group	Momentum Volvo Parking Lot	Houston, TX
Momentum Automotive Group Total		
Motorcars Automotive Group	Motorcars Honda	Cleveland Heights
Motorcars Automotive Group	Motorcars Oldsmobile-Pontiac	Cleveland Heights

	Gross Amount at December 31, 2000			
Dealer Group Name	Land	Building and Improvements	Total	Accumulate Depreciati
Lithia Motors	1,360,759	1,503,668	2,864,427	77,272
Lithia Motors	414,453	781,560	1,196,013	40,164
Lithia Motors	2,033,425	2,710,753	4,744,178	139,303
Lithia Motors	2,102,213	3,130,794	5,233,007	160,888
Lithia Motors	1,182,429	557,500	1,739,929	28,649
Lithia Motors	1,248,419	1,371,522	2,619,941	70,481
Lithia Motors	2,588,238	7,227,467	9,815,705	760,879
Lithia Motors Total	10,929,936	17,283,265	28,213,200	1,277,635
Lynn Alexander Automotive Group	1,597,006	2,672,092	4,269,097	237,564
Lynn Alexander Automotive Group	788,552	2,015,676	2,804,228	179,205
Lynn Alexander Automotive Group	282,954	1,267,274	1,550,228	112,668
Lynn Alexander Automotive Group	159,857	972,371	1,132,228	86,449
Lynn Alexander Automotive Group Total	2,828,369	6,927,412	9,755,781	615,887
Mark Miller Automotive Group	3,439,460	1,549,000	4,988,460	58,088
Mark Miller Automotive Group	463,711	-	463,711	-
Mark Miller Automotive Group	1,135,915	5,127,546	6,263,460	192,283
Mark Miller Automotive Group	3,078,497	1,434,963	4,513,460	53,811
Mark Miller Automotive Group Total	8,117,582	8,111,509	16,229,091	304,182
McCluskey Chevrolet	1,013,496	1,404,046	2,417,542	87,753
McCluskey Chevrolet	457,295	961,450	1,418,745	60,091
McCluskey Chevrolet	515,525	1,201,554	1,717,078	75,097
McCluskey Chevrolet Total	1,986,316	3,567,050	5,553,366	222,941
Midwestern Auto Group	2,621,288	1,782,556	4,403,844	2,476
Midwestern Auto Group Total	2,621,288	1,782,556	4,403,844	2,476
Momentum Automotive Group	7,285,191	11,151,887	18,437,078	991,467
Momentum Automotive Group	3,679,246	8,185,594	11,864,840	534,337
Momentum Automotive Group	1,385,877	3,282,423	4,668,299	291,826
Momentum Automotive Group	1,194,529	3,473,983	4,668,512	308,857
Momentum Automotive Group	640,871	1,654,978	2,295,849	133,587
Momentum Automotive Group	1,065,719	1,455,407	2,521,126	78,835
Momentum Automotive Group	1,665,071	1,856,924	3,521,995	28,370
Momentum Automotive Group	1,151,995	-	1,151,995	-
Momentum Automotive Group Total	18,068,498	31,061,196	49,129,694	2,367,278

Motorcars Automotive Group	818,578	4,279,543	5,098,121	362,957
Motorcars Automotive Group	656,210	2,122,204	2,778,414	179,989

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Dealer Group Name	Dealership	Location
Motorcars Automotive Group Total		
Mulkin Automotive Group	Mulkin Chevrolet & Courtesy	Brockport, NY
Mulkin Automotive Group	Mulkin Parking Lot	Brockport, NY
Mulkin Automotive Group Total		
Nebco of Cleveland, Inc.	Toyota of Cleveland	Cleveland, TN
Nebco of Cleveland, Inc. Total		
Noarus Auto Group	Airport Marina Ford	Los Angeles, CA
Noarus Auto Group Total		
O'Rielly Motor Company	O'Rielly Chevrolet	Tucson, AZ
O'Rielly Motor Company Total		
Orr Automotive Group	Orr Acura	Shreveport, LA
Orr Automotive Group	Orr Mitsubishi	Texarkana, TX
Orr Automotive Group	Orr BMW/Infiniti	Shreveport, LA
Orr Automotive Group	Orr Honda	Texarkana, TX
Orr Automotive Group	Performance Motors, Inc.	Atlanta, TX
Orr Automotive Group Total		
Park Place Motorcars	Park Place Motorcars	Dallas,TX
Park Place Motorcars	Park Place Lexus	Plano, TX
Park Place Motorcars	PPM Specialists, Inc.	Dallas,TX
Park Place Motorcars	Park Place Motorcars Mid-Cities	Bedford, TX
Park Place Motorcars Total		
Pohanka Automotive Group	Good News Nissan	Salisbury, MD
Pohanka Automotive Group	Good News Body Shop	Salisbury, MD
Pohanka Automotive Group	Good News Olds-Cadillac-GMC	Salisbury, MD
Pohanka Automotive Group	Good News Honda	Salisbury, MD
Pohanka Automotive Group	Towne Toyota Mercedes-Benz	Salisbury, MD
Pohanka Automotive Group	Good News Mazda	Salisbury, MD
Pohanka Automotive Group	Pohanka Cadillac/Hyundai/Nissan	Fredericksburg, V
Pohanka Automotive Group	Pohanka Saturn, Isuzu, & Oldsmobile	Marlow Heights, M
Pohanka Automotive Group	Pohanka Acura & Chevy	Chantilly, VA
Pohanka Automotive Group	Pohanka Lexus	Chantilly, VA
Pohanka Automotive Group	Pohanka Undeveloped Lot	Chantilly, VA

Pohanka Automotive Group	Pohanka Body Shop	Marlow Heights, M
Pohanka Automotive Group	Pohanka Hyundai	Marlow Heights, M
Pohanka Automotive Group	Pohanka Honda	Marlow Heights, M

Dealer Group Name	Gross Amount at December 31, 2000 Land	Building and Improvements	Total	Accumulate Depreciati
Motorcars Automotive Group Total	1,474,787	6,401,747	7,876,534	542,946
Mulkin Automotive Group	356,033	2,164,438	2,520,471	129,265
Mulkin Automotive Group	30,639	26,769	57,407	1,599
Mulkin Automotive Group Total	386,672	2,191,207	2,577,879	130,864
Nebco of Cleveland, Inc.	581,158	1,891,855	2,473,013	86,710
Nebco of Cleveland, Inc. Total	581,158	1,891,855	2,473,013	86,710
Noarus Auto Group	4,898,755	1,950,690	6,849,445	189,396
Noarus Auto Group Total	4,898,755	1,950,690	6,849,445	189,396
O'Rielly Motor Company	4,515,062	5,321,125	9,836,187	560,187
O'Rielly Motor Company Total	4,515,062	5,321,125	9,836,187	560,187
Orr Automotive Group	536,735	1,380,648	1,917,383	128,399
Orr Automotive Group	142,496	169,189	311,684	15,734
Orr Automotive Group	497,268	967,075	1,464,344	79,646
Orr Automotive Group	1,006,979	1,040,405	2,047,384	92,498
Orr Automotive Group	459,509	2,571,824	3,031,333	132,163
Orr Automotive Group Total	2,642,987	6,129,141	8,772,128	448,441
Park Place Motorcars	6,373,615	12,920,058	19,293,674	843,393
Park Place Motorcars	7,318,505	6,483,194	13,801,699	576,393
Park Place Motorcars	528,767	1,574,618	2,103,385	139,993
Park Place Motorcars	1,949,201	5,825,357	7,774,558	234,632
Park Place Motorcars Total	16,170,088	26,803,227	42,973,315	1,794,411
Pohanka Automotive Group	220,415	230,757	451,172	27,125
Pohanka Automotive Group	1,122,544	166,184	1,288,728	23,889
Pohanka Automotive Group	634,419	197,652	832,071	23,234
Pohanka Automotive Group	428,563	159,768	588,331	18,781
Pohanka Automotive Group	406,556	163,715	570,271	19,245
Pohanka Automotive Group	246,923	167,699	414,622	19,713
Pohanka Automotive Group	1,631,722	3,248,564	4,880,286	266,931
Pohanka Automotive Group	2,005,304	2,358,089	4,363,393	277,191
Pohanka Automotive Group	3,367,127	4,308,211	7,675,338	506,426
Pohanka Automotive Group	2,017,383	1,422,902	3,440,285	167,261
Pohanka Automotive Group	2,455,659	6,284	2,461,943	739
Pohanka Automotive Group	614,767	98,007	712,774	11,521
Pohanka Automotive Group	888,234	683,156	1,571,390	80,304

Pohanka Automotive Group	771,065	2,934,756	3,705,821	344,978

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Dealer Group Name	Dealership	Location
Pohanka Automotive Group	Pohanka Saturn of Bowie	Bowie, MD
Pohanka Automotive Group Total		
Rosenthal Automotive Group	Rosenthal Honda/Jaguar	Tyson's Corner, V
Rosenthal Automotive Group	Rosenthal Nissan/Acura/Mazda/Isuzu	Gaithersburg, MD
Rosenthal Automotive Group	Rosenthal Chevrolet/Jeep/Eagle	Arlington, VA
Rosenthal Automotive Group	Rosenthal Mazda	Arlington, VA
Rosenthal Automotive Group	Rosenthal Storage Lot	Arlington, VA
Rosenthal Automotive Group	Rosenthal Body Shop	Tyson's Corner, V
Rosenthal Automotive Group	Rosenthal Infiniti-Mazda-Nissan	Tyson's Corner, V
Rosenthal Automotive Group Total		
Roundtree Automotive Group	Auto Trim Design (Roundtree)	Shreveport, LA
Roundtree Automotive Group	Champion Ford	Shreveport, LA
Roundtree Automotive Group	Brocks Service Facility	Shreveport, LA
Roundtree Automotive Group	Roundtree Olds-Cadillac	Shreveport, LA
Roundtree Automotive Group	Roundtree-Car Central	Bossier City, LA
Roundtree Automotive Group	Champion Mitsubishi	Shreveport, LA
Roundtree Automotive Group	Roundtree Hyundai-Subaru	Shreveport, LA
Roundtree Automotive Group Total		
Saturn Retail Enterprises	Saturn of Plano	Plano, TX
Saturn Retail Enterprises	Saturn of Houston-Gulf Freeway	Houston, TX
Saturn Retail Enterprises	Saturn of the Avenues	Jacksonville, FL
Saturn Retail Enterprises	Saturn of Regency	Jacksonville, FL
Saturn Retail Enterprises	Saturn of Chattanooga	Chattanooga, TN
Saturn Retail Enterprises Total		
Sheehy Auto Stores	Sheehy Ford of Springfield	Springfield, VA
Sheehy Auto Stores	Chapman Ford Sales	Philadelphia, PA
Sheehy Auto Stores	Sheehy Ford of Marlow Heights	Marlow Heights, M
Sheehy Auto Stores Total		
Sonic Automotive, Inc.	Lexus of Marin	San Rafael, CA
Sonic Automotive, Inc.	Kramer Volvo	Santa Monica, CA
Sonic Automotive, Inc.	Kramer Honda	Santa Monica, CA
Sonic Automotive, Inc.	Clearwater Toyota & Mitsubishi	Clearwater, FL
Sonic Automotive, Inc.	Clearwater Collision Center	Clearwater, FL
Sonic Automotive, Inc.	Town & Country Ford	Charlotte, NC
Sonic Automotive, Inc.	Town & Country Ford RAC	Charlotte, NC
Sonic Automotive, Inc.	Town & Country Toyota	Charlotte, NC
Sonic Automotive, Inc.	Infiniti of Charlotte	Charlotte, NC
Sonic Automotive, Inc.	Lake Norman Chrysler-Plymouth #1	Cornelius, NC

Sonic Automotive, Inc. Lake Norman C/P Dodge Used Cars Cornelius, NC

	Gross Amount at December 31, 2000			
Dealer Group Name	Land	Building and Improvements	Total	Accumulate Depreciati
Pohanka Automotive Group	3,600,517	504,858	4,105,375	59,346
Pohanka Automotive Group Total	20,411,198	16,650,603	37,061,801	1,846,683
Rosenthal Automotive Group	9,281,370	2,167,729	11,449,099	254,816
Rosenthal Automotive Group	6,810,506	4,998,589	11,809,095	587,580
Rosenthal Automotive Group	5,009,272	1,783,436	6,792,708	209,641
Rosenthal Automotive Group	4,874,676	493,251	5,367,927	57,981
Rosenthal Automotive Group	4,894,106	15,114	4,909,220	1,776
Rosenthal Automotive Group	665,989	419,089	1,085,078	49,264
Rosenthal Automotive Group	19,396,815	4,446,289	23,843,104	522,657
Rosenthal Automotive Group Total	50,932,735	14,323,497	65,256,232	1,683,715
Roundtree Automotive Group	123,612	470,906	594,518	47,648
Roundtree Automotive Group	2,236,421	4,792,478	7,028,899	484,922
Roundtree Automotive Group	232,351	634,167	866,518	64,168
Roundtree Automotive Group	1,470,535	1,931,846	3,402,381	195,472
Roundtree Automotive Group	406,884	409,627	816,511	41,448
Roundtree Automotive Group	876,554	1,139,964	2,016,518	115,346
Roundtree Automotive Group	364,792	251,726	616,518	31,990
Roundtree Automotive Group Total	5,711,149	9,630,714	15,341,863	980,995
Saturn Retail Enterprises	2,331,099	2,139,854	4,470,953	127,797
Saturn Retail Enterprises	2,094,123	2,469,920	4,564,043	147,509
Saturn Retail Enterprises	1,154,281	2,116,261	3,270,543	126,388
Saturn Retail Enterprises	860,346	1,678,422	2,538,768	62,941
Saturn Retail Enterprises	1,433,676	1,752,271	3,185,947	80,312
Saturn Retail Enterprises Total	7,873,526	10,156,728	18,030,254	544,947
Sheehy Auto Stores	4,221,356	2,107,330	6,328,686	247,715
Sheehy Auto Stores	3,006,604	8,082	3,014,686	950
Sheehy Auto Stores	1,177,402	933,763	2,111,165	134,231
Sheehy Auto Stores Total	8,405,362	3,049,175	11,454,537	382,895
Sonic Automotive, Inc.	2,867,234	3,491,926	6,359,160	7,275
Sonic Automotive, Inc.	2,562,559	353,329	2,915,888	13,250
Sonic Automotive, Inc.	3,833,129	2,885,258	6,718,388	108,199
Sonic Automotive, Inc.	4,136,070	3,915,854	8,051,924	348,142
Sonic Automotive, Inc.	331,082	316,218	647,300	28,114
Sonic Automotive, Inc.	6,119,289	5,082,461	11,201,750	232,946
Sonic Automotive, Inc.	520,786	557,672	1,078,458	25,560
Sonic Automotive, Inc.	2,999,555	3,431,422	6,430,977	139,880
Sonic Automotive, Inc.	1,913,965	2,755,675	4,669,640	112,594
Sonic Automotive, Inc.	1,723,276	3,000,786	4,724,062	137,536
Sonic Automotive, Inc.	1,095,504	1,104,671	2,200,175	50,631

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Dealer Group Name	Dealership	Location
Sonic Automotive, Inc.	Lake Norman Dodge #1	Cornelius, NC
Sonic Automotive, Inc.	Lake Norman Dodge #2	Cornelius, NC
Sonic Automotive, Inc.	Fitzgerald Chevrolet (Freedom)	Monroe, NC
Sonic Automotive, Inc.	Westside Dodge	Columbus, OH
Sonic Automotive, Inc.	Toyota West	Columbus, OH
Sonic Automotive, Inc.	Hatfield Hyundai	Columbus, OH
Sonic Automotive, Inc.	Hatfield Lincoln-Mercury	Columbus, OH
Sonic Automotive, Inc.	Hatfield VW-Jeep West	Columbus, OH
Sonic Automotive, Inc.	Ron Craft Chrysler-Plymouth-Jeep	Baytown, TX
Sonic Automotive, Inc.	Reading Buick, Pontiac, GMC	Baytown, TX
Sonic Automotive, Inc.	Lute Riley Honda	Richardson, TX
Sonic Automotive, Inc.	Lone Star Ford	Houston, TX
Sonic Automotive, Inc.	Lone Star Nissan Olds	The Meadows, TX
Sonic Automotive, Inc.	Higginbotham Mercedes	Daytona Beach, FL
Sonic Automotive, Inc.	Fred Bondenson	Deland, FL
Sonic Automotive, Inc.	Halifax Ford Used Cars	Edgewater, FL
Sonic Automotive, Inc.	Halifax Ford-Mercury	New Smyrna, FL
Sonic Automotive, Inc.	Halifax Body Shop-Parcel 12	New Smyrna, FL
Sonic Automotive, Inc.	Higginbotham Chevrolet-Oldsmobile	New Smyrna, FL
Sonic Automotive, Inc.	HMC Finance Office Building	Port Orange, FL
Sonic Automotive, Inc.	Shottenkirk Honda	Pensacola, FL
Sonic Automotive, Inc.	Dyer & Dyer Volvo	Duluth, GA
Sonic Automotive, Inc.	Global BMW	Atlanta, GA
Sonic Automotive, Inc.	Infiniti of Chattanooga	Chattanooga, TN
Sonic Automotive, Inc.	Infiniti of Chattanooga #2	Chattanooga, TN
Sonic Automotive, Inc.	BMW-Volvo of Chattanooga	Chattanooga, TN
Sonic Automotive, Inc.	VW-Kia of Chattanooga	Chattanooga, TN
Sonic Automotive, Inc.	Town & Country Ford Cleveland	Cleveland, TN
Sonic Automotive, Inc.	Town & Country Ford Cleveland #2	Cleveland, TN
Sonic Automotive, Inc.	Cleveland Village Honda	Cleveland, TN
Sonic Automotive, Inc.	Volkswagon of Nashville	Nashville, TN
Sonic Automotive, Inc.	Superior Olds-Cadillac-GMC	Cleveland, TN
Sonic Automotive, Inc.	Tom Williams Buick	Birmingham, AL
Sonic Automotive, Inc.	Tom Williams Used Cars	Birmingham, AL
Sonic Automotive, Inc.	Manhattan Jaguar Lincoln-Mercury	Rockville, MD
Sonic Automotive, Inc.	Manhattan Nissan Jeep-Eagle	Waldorf, MD
Sonic Automotive, Inc.	North Charleston	North Charleston,
Sonic Automotive, Inc.	Century BMW	Greenville, SC
Sonic Automotive, Inc.	Newsome Chevrolet World	Columbia, SC
Sonic Automotive, Inc.	Newsome Automotive LLC	Florence, SC
Sonic Automotive, Inc.	Fort Mill Ford	Fort Mill, SC
Sonic Automotive, Inc.	Heritage Lincoln-Mercury	Greenville, SC
Sonic Automotive, Inc.	Manhattan BMW of Fairfax	Fairfax, VA
Sonic Automotive, Inc.	Manhattan BMW of Fairfax-Storage	Fairfax, VA
Sonic Automotive, Inc.	Freeland-Mercedes	Ft. Myers, FL
Sonic Automotive, Inc.	Freeland-BMW Nissan	Ft. Myers, FL
Sonic Automotive, Inc.	Freeland-Honda	Ft. Myers, FL
Sonic Automotive, Inc.	Blount Strange Ford Lincoln Mercury	Montgomery, AL
Sonic Automotive, Inc.	Cobb Pontiac Cadillac	Montgomery, AL

	Gross Amount at December 31, 2000			
Dealer Group Name	Land	Building and Improvements	Total	Accumulate Depreciati
Sonic Automotive, Inc.	1,010,854	2,535,582	3,546,437	116,214
Sonic Automotive, Inc.	537,636	653,550	1,191,186	29,954
Sonic Automotive, Inc.	1,095,932	2,666,403	3,762,335	122,210
Sonic Automotive, Inc.	2,092,735	3,808,952	5,901,687	174,577
Sonic Automotive, Inc.	1,470,122	3,253,940	4,724,062	149,139
Sonic Automotive, Inc.	2,125,937	2,598,124	4,724,062	119,081
Sonic Automotive, Inc.	1,331,040	1,626,584	2,957,624	74,552
Sonic Automotive, Inc.	1,331,040	1,626,584	2,957,624	74,552
Sonic Automotive, Inc.	974,936	1,099,469	2,074,405	50,392
Sonic Automotive, Inc.	500,776	1,442,373	1,943,149	66,109
Sonic Automotive, Inc.	6,843,575	4,773,825	11,617,400	218,800
Sonic Automotive, Inc.	4,985,549	6,215,450	11,201,000	284,875
Sonic Automotive, Inc.	3,013,604	3,266,078	6,279,682	149,695
Sonic Automotive, Inc.	922,825	1,262,355	2,185,180	57,858
Sonic Automotive, Inc.	1,248,734	2,705,218	3,953,952	123,989
Sonic Automotive, Inc.	304,620	424,103	728,723	19,438
Sonic Automotive, Inc.	1,443,980	2,392,446	3,836,427	109,654
Sonic Automotive, Inc.	336,834	505,236	842,070	23,157
Sonic Automotive, Inc.	1,354,320	6,566,716	7,921,036	291,081
Sonic Automotive, Inc.	426,576	202,295	628,870	9,272
Sonic Automotive, Inc.	943,985	1,750,263	2,694,248	75,359
Sonic Automotive, Inc.	3,291,271	1,515,620	4,806,891	69,466
Sonic Automotive, Inc.	4,761,991	7,610,236	12,372,228	263,331
Sonic Automotive, Inc.	1,327,613	2,313,330	3,640,944	83,294
Sonic Automotive, Inc.	455,171	-	455,171	-
Sonic Automotive, Inc.	934,434	1,825,349	2,759,783	83,662
Sonic Automotive, Inc.	592,846	724,346	1,317,192	33,199
Sonic Automotive, Inc.	953,129	1,952,896	2,906,025	61,045
Sonic Automotive, Inc.	403,661	493,120	896,780	22,601
Sonic Automotive, Inc.	687,598	840,154	1,527,752	38,507
Sonic Automotive, Inc.	655,378	800,774	1,456,152	36,702
Sonic Automotive, Inc.	858,566	1,892,706	2,751,271	86,749
Sonic Automotive, Inc.	2,035,519	2,127,823	4,163,342	97,525
Sonic Automotive, Inc.	427,565	374,296	801,862	17,155
Sonic Automotive, Inc.	4,296,067	1,774,425	6,070,491	81,328
Sonic Automotive, Inc.	1,827,322	2,063,909	3,891,231	94,596
Sonic Automotive, Inc.	4,273,963	952,326	5,226,289	43,648
Sonic Automotive, Inc.	1,664,632	2,470,617	4,135,249	113,237
Sonic Automotive, Inc.	1,351,718	2,287,864	3,639,582	104,860
Sonic Automotive, Inc.	1,300,237	4,002,699	5,302,937	183,457
Sonic Automotive, Inc.	1,405,770	3,318,291	4,724,062	152,088
Sonic Automotive, Inc.	1,684,188	1,409,824	3,094,013	64,617
Sonic Automotive, Inc.	3,026,528	2,421,474	5,448,002	110,984
Sonic Automotive, Inc.	-	1,351,564	1,351,564	5,632
Sonic Automotive, Inc.	1,550,567	1,467,684	3,018,251	55,038
Sonic Automotive, Inc.	4,277,225	1,873,800	6,151,025	70,267
Sonic Automotive, Inc.	2,745,372	1,272,879	4,018,251	47,733
Sonic Automotive, Inc.	2,642,944	3,230,264	5,873,208	85,243
Sonic Automotive, Inc.	2,460,559	3,182,925	5,643,483	83,994

Dealer Group Name	Dealership	Location
Sonic Automotive, Inc.	Lake Norman Body Shop	Cornelius, NC
Sonic Automotive, Inc.	Fort Myers Raw Land (Parking Lot)	Fort Myers, FL
Sonic Automotive, Inc.	Pensacola Raw Land Parcel	Pensacola, FL
Sonic Automotive, Inc.	Capital Chevrolet	Montgomery, AL
Sonic Automotive, Inc.	Volvo of Dallas	Carrollton, TX
Sonic Automotive, Inc.	Baytown Auto Mall	Baytown, TX
Sonic Automotive, Inc.	Fort Mill Auto Mall	Fort Mill, SC
Sonic Automotive, Inc. Total		
Sterling Collision Centers, Inc.	JSI Collision Center - Bedford	Bedford, OH
Sterling Collision Centers, Inc.	JSI Collision Center - CF	Cuyahoga Falls, O
Sterling Collision Centers, Inc.	JSI Collision Center - CL	Cleveland, OH
Sterling Collision Centers, Inc. Total		
The Price Organization	Price Buick-Pontiac	Salisbury, MD
The Price Organization Total		
Town & Country Automotive	Town & Country Super Used Car	Middletown, CT
Town & Country Automotive	Town & Country Lincoln-Mercury,	Middletown, CT
Town & Country Automotive	Town & Country Chrysler/Jeep	Middletown, CT
Town & Country Automotive	Town & Country Mazda	Ivorytown, CT
Town & Country Automotive	Town & Country Buick, Pontiac-GMC,	Middletown, CT
Town & Country Automotive Total		
United Auto Group	Kelley Buick Roswell	Roswell, GA
United Auto Group	Motorcars West	North Olmstead, O
United Auto Group	Citrus Chrysler-Plymouth Dodge	Dade City, FL
United Auto Group	Citrus Chrysler Used Car Lot	Dade City, FL
United Auto Group Total		
Warren Henry Automobiles, Inc.	Warren Henry Infiniti	Miami, FL
Warren Henry Automobiles, Inc.	Warren Henry Land Rover	Miami, FL
Warren Henry Automobiles, Inc.	Warren Henry Jaguar/Volvo	Miami, FL
Warren Henry Automobiles, Inc. Total		

	Gross Amount at December 31, 2000			
Dealer Group Name	Land	Building and Improvements	Total	Accumula Deprecia
Sonic Automotive, Inc.	999,449	3,797,984	4,797,433	36,9
Sonic Automotive, Inc.	836,830	306,162	1,142,991	2,9
Sonic Automotive, Inc.	382,789	104,064	486,853	9

Sonic Automotive, Inc.	2,846,361	2,599,287	5,445,648	25,2
Sonic Automotive, Inc.	1,759,838	4,676,196	6,436,034	32,4
Sonic Automotive, Inc.	2,104,810	14,296,558	16,401,368	19,8
Sonic Automotive, Inc.	1,370,897	9,922,981	11,293,878	13,7
Sonic Automotive, Inc. Total	124,590,867	169,525,247	294,116,115	5,866,3
Sterling Collision Centers, Inc.	73,602	1,398,430	1,472,031	64,0
Sterling Collision Centers, Inc.	432,246	1,334,192	1,766,438	61,1
Sterling Collision Centers, Inc.	448,136	1,023,895	1,472,031	46,9
Sterling Collision Centers, Inc. Total	953,984	3,756,517	4,710,500	172,1
The Price Organization	649,805	696,792	1,346,597	81,9
The Price Organization Total	649,805	696,792	1,346,597	81,9
Town & Country Automotive	177,770	1,081,524	1,259,294	109,4
Town & Country Automotive	542,904	1,238,415	1,781,319	125,3
Town & Country Automotive	697,975	765,319	1,463,294	77,4
Town & Country Automotive	302,977	905,317	1,208,294	91,6
Town & Country Automotive	453,096	1,484,057	1,937,153	188,5
Town & Country Automotive Total	2,174,721	5,474,632	7,649,352	592,3
United Auto Group	2,956,057	3,061,851	6,017,908	297,2
United Auto Group	1,974,998	3,187,807	5,162,804	270,3
United Auto Group	548,395	1,088,504	1,636,899	49,8
United Auto Group	247,301	-	247,301	
United Auto Group Total	5,726,751	7,338,161	13,064,913	617,5
Warren Henry Automobiles, Inc.	3,279,263	2,562,606	5,841,869	238,3
Warren Henry Automobiles, Inc.	958,959	913,176	1,872,135	84,9
Warren Henry Automobiles, Inc.	2,560,916	2,430,812	4,991,727	226,0
Warren Henry Automobiles, Inc. Total	6,799,138	5,906,593	12,705,731	549,3
TOTAL	$446,418,023	$591,451,889	$1,037,869,912	$38,644,1