SALE-LEASEBACK STRATEGIES

MAXIMIZING VALUE
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**MAXIMIZING VALUE**

Calkain Companies is a leader in advising its corporate clients in single tenant net lease and portfolio sale-leaseback transactions. Calkain’s team has closed over $1.7 Billion of sale-leaseback transactions. The sale-leaseback transaction allows a company to sell corporately owned real estate and simultaneously lease it back under a long-term lease with the buyer of the real estate.

The company can utilize the net proceeds from a sale-leaseback to reinvest them in a corporate purpose that will produce a higher yield. Corporately occupied real estate typically commands a return of 6% to 10%. The company can receive a higher return from allocating it’s capital to such uses as:

- Acquiring another company;
- Buying another building;
- Expanding the company;
- Reducing debt; or
- Stock repurchases.

A sale-leaseback is also an excellent mechanism to raise capital to:

- Replenish working capital;
- Buy-out a partner; or
- Provide the capital that allows a senior stakeholder to retire and structure an orderly transition to the next generation of owners.

Calkain has the technical knowledge and experience to structure a complex transaction and follow it through to a successful closing. We have been consistently able to obtain numerous offers from qualified investors resulting in successful executions on behalf of our clients.

For more information, please contact:

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**Sale-leaseback transactions offer the following benefits:**

- Monetize 100% of the fair market value of your real estate versus today’s 50% to 70% value limitations in mortgage financing.
- No change in operational control of the real estate.
- Company controls the terms of the lease including rent, lease and renewal terms.
- Excellent source of alternate financing in today’s difficult credit environment.
- Alternative to debt financing for build-to-suit projects.
- Typically short transaction closing process.
- Enhances the company’s liquidity.
- Company raises inexpensive capital without giving up ownership interest.

**Advantages of Using Calkain’s sale-leaseback division to closing your transaction:**

- Experienced Calkain sale-leaseback team has closed over $1.7 Billion of both single asset as well as portfolio transactions.
- The Calkain team and the company jointly establish a strategic plan in order to maximize the value of the real estate consistent with corporate objectives. This strategic plan also addresses critical provisions contemplated to be included in the lease.
- Calkain utilizes its extensive contact list of principals and advisors to create a wide distribution of the offering to targeted potential investors.
- Calkain’s strategically located offices provide us with strong local real estate market knowledge.
- During the course of the transaction we manage the process, communicating when necessary with the client, but minimizing direct client involvement.
- The Calkain team has a strong track record in closing transactions for both investment and non-investment grade sellers which meet or exceed corporate objectives.
CASE STUDY I - MAXIMIZING VALUE

RAISING CAPITAL UTILIZING A SALE-LEASEBACK

The owner can utilize a sale-leaseback transaction to monetize their real estate assets. As illustrated below, a sale-leaseback occurs when the real estate owner sells the property to a buyer and simultaneously leases the property back under a long-term lease.

CAPITAL RAISING ALTERNATIVES

ASSUMPTIONS

- Company desires proceeds of $10 million
- 7% Capitalization Rate
- 6% Interest Rate
- 20 Year Amortization Period

Scenario 1

Calkain sells real estate in a sale-leaseback

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate proceeds</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Rent Factor</td>
<td>7.0%</td>
</tr>
<tr>
<td>Annual rent expense</td>
<td>$700,000</td>
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</table>

Scenario 2

Company obtains traditional financing

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan proceeds</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Loan constant (principal and interest)</td>
<td>8.225%</td>
</tr>
<tr>
<td>Annual debt service</td>
<td>$822,500</td>
</tr>
</tbody>
</table>

Note: Excludes selling and financing costs
CASE STUDY II - MAXIMIZING VALUE

SALE OF COMPANY

Many businesses utilize real estate as part of their operations and could include movie theaters, quick-service restaurants, corporate headquarters, manufacturing facilities, retail and parking operations. As illustrated below, a sale-lease-back of the real estate assets separate from the sale of the operating company could provide substantially more proceeds to the selling shareholders.
CASE STUDY II - MAXIMIZING VALUE

ASSUMPTIONS
» 10 quick service restaurants
» Seller owns all real estate associated with 10 properties
» Real estate portfolio is fee simple with a value of $10 million ($1 million per property)
» 8% Capitalization Rate
» 6.0x Multiplier for valuation of operating company

Scenario 1
Sell 100% of the operating company and real estate in a single transaction

ENTERPRISE VALUATION
EBITDA $2,000,000
Multiple 6.0x
Enterprise Value $12,000,000

REAL ESTATE VALUATION
Real Estate Value $10,000,000
Real Estate proceeds $10,000,000

PRO FORMA EBITDA CALCULATION
Real Estate Value $10,000,000
Rent Factor/8% Cap Rate 8.0%
Rent Expense $800,000
Pro Forma EBITDA $1,200,000

Scenario 2
Sell operating company and Calkain sells real estate in two transactions

ENTERPRISE VALUATION
Pro Forma EBITDA $1,200,000
(See Calculation)
Multiple 6.0x
Enterprise Value $7,200,000

REAL ESTATE VALUATION
Real Estate Value $10,000,000
Real Estate proceeds $10,000,000

PRO FORMA EBITDA CALCULATION
EBITDA $2,000,000
- Rent Expense $800,000
Pro Forma EBITDA $1,200,000

PROCEEDS TO SELLER

$12,000,000

$17,200,000

INCREASED PROCEEDS $5,200,000 < 43.3%

Note: Excludes selling expenses
Calkain Companies is a national commercial real estate services firm, focusing on net lease investments. We provide brokerage and advisory services for both private and institutional clientele. Calkain has utilized our extensive network of solid relationships to successfully complete over $9 billion in sales and has consistently ranked as one of the top national net lease investment brokerage firms and is constantly sought after for industry expertise, commentary, news and trends.

OUR HISTORY
Since opening our first office in Reston, VA (a Washington, DC suburb), Calkain has been an innovator in the net lease space and has been recognized throughout the nation’s investment community as such. While Calkain has grown tremendously, we’ve stayed committed to client service. Since its inception, Calkain has grown to multiple strategically located offices throughout the Northeast, Mid-Atlantic, Mid-West and Southeast markets. Calkain has also added service lines that assist our clients in the entire life cycle of net lease property ownership; from the many services required for a successful acquisition through the ongoing ownership of an asset and ultimately to a profitable disposition.

Calkain consistently delivers acquisition and disposition services to clients seeking to capitalize and invest in office, industrial and retail net leased assets. Additionally, it has begun ground breaking advances with a new specialization in urban communities as well as net lease investment research. Calkain has been a proven industry leader in providing its clients with the most up-to-date information and strategies for working with their income producing assets. Most notably, Calkain’s principals wrote the only published book solely dedicated to Triple Net Lease Investments entitled The Little Book of Triple Net Lease Investing (Hipp, Jonathan and Sobelman, David: Createspace: 2010), with the Second Edition released in 2012. Calkain has developed a culture of excellence that is evident in every interaction with our professionals. This culture ultimately helps attract and retain the best people and benefits our clients with the wealth of experience each member of Calkain’s team possesses. Our commitment to our clients has made Calkain the industry standard for service in the net lease industry. Also, by promoting public service and philanthropy to its employees, Calkain demonstrates its commitment to the communities we do business in.

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Jonathan W. Hipp is the founding President and Chief Executive Officer of Calkain Companies and is a member of Calkain Companies’ Executive Committee. Jonathan is one of the leading experts in Net Lease Investments in the United States. With over 25 years of experience in Commercial Real Estate, he manages the overall strategies and growth of Calkain and has successfully completed nearly $3 billion in investments throughout his career. Through his leadership and vision, Calkain has grown to $9 Billion in transactions. Mr. Hipp serves as a member on the President’s Council of the prestigious invitation-only Real Estate Roundtable. He is also an advisory board member for Globe St., the largest online commercial real estate publication and for France Media, Inc., the largest commercial real estate publisher in the United States. His unique industry expertise is manifested in a well-reviewed book he coauthored, The Little Book of Triple Net Lease Investing, which serves as a handbook for investors. Calkain has been featured on ABC News and Jonathan is regularly interviewed and quoted in a variety of publications including Fortune, Fortune Small Business, Forbes, Real Estate Forum, National Real Estate Investor, Commercial Property News, Globe Street, Shopping Center Business, Southeast Property News, Washington Business Journal, Northeast Property News and CNN Business. He is a nationally recognized panelist, moderator and speaker at Net Lease and Real Estate conferences and seminars. Additionally, Jonathan writes a weekly column entitled “Net Lease Insider”, for GlobeSt.com.

Stanley B. Wyrwicz is Senior Managing Director, Sale-Leaseback Division of Calkain based in the Boston office. He has over 30 years of experience in real estate and public accounting having held advisory, brokerage and senior level corporate real estate positions. Stan was a Managing Director at a real estate services firm specializing in sale leaseback transactions for major corporations and providing advisory services to corporations and individuals owning or selling real estate. During this period, he managed or co-managed in excess of $600,000,000 of sale and financing transactions. He analyzed real estate and helped corporations maximize value through a combination of understanding capital markets and structuring leases to maximize sale values of existing real estate as well as sites under development. Stan was Vice Chairman, Chief Operating Officer and Chief Financial Officer of General Investment and Development Company a privately held, multi-billion dollar real estate investment/ management firm. He arranged and closed more than $2,200,000,000 of real estate debt and credit facilities. Prior to this, Stan held various senior and board level financial positions with Cabot, Cabot & Forbes, a privately held multimillion dollar national commercial real estate development, investment, management and construction firm. Stan began his career as an auditor at Arthur Andersen&Co. He received both his MBA and BS from Boston University. He is a certified public accountant and a licensed real estate broker.

Robert P. Miller Jr. is Managing Director of Corporate Sale-Leasebacks with Calkain Companies. Bob’s focus is on working with financial institutions and on raising inexpensive capital for corporate clients through structuring sale-leaseback transactions of their core properties and selling their non-essential real estate.


As Co-Founder and Managing Member of Great Cove Advisors, LLC, he honed his core expertise in executing sale-leaseback transactions for middle market companies. Bob was previously National Director of Corporate Sale-Leasebacks for Sperry Van Ness International Corporation. Earlier in his career, Bob was in charge of real estate development for Prudential’s Northeastern Region. He had a direct role in the acquisition and development of properties with a value of more than $1 billion. His initial experience with sale-leasebacks was on the investor-side with Prudential. Bob has also acquired and developed real estate for his own account, including the re-development of older buildings to new uses. He has been involved in public/private ventures and has been a consultant on real estate issues to corporations, institutions and private entities.

Bob received his BA from Trinity College, studied architecture at the University of Pennsylvania and has an MBA from Suffolk University. He has led real estate seminars at Harvard University’s Graduate School of Design, taught at Boston Architectural College and ran the Boston Society of Architects’ Private-Sector Development program. He is Co-Chairman of the Mother Brook Arts and Community Center and served as a Trustee of Montserrat College of Art.
TOP TEN REASONS TO HIRE CALKAIN

**INTEGRITY** – Relationships are built on trust and developed over time. You only have one opportunity to make a first impression and based on the number of clients we work with over and over again, our firm’s commitment to integrity speaks for itself.

**EXPERTISE** – They say if you have to tell people you’re an expert you probably aren’t, so we let what others say speak for us. Calkain has received praise and recognition from our clients, as well as being sought after speakers and commentators for industry events and trade publications. We have also been featured in *Forbes* and *Fortune* magazines for our insights within the industry. Bottom-line, our opinion counts.

**GLOBAL REACH** – Calkain works with both buyers and sellers from around the world who invest in net leased properties in the United States. Specializing in this niche market allows us to have a better understanding of our client’s unique needs. We are better able to help them deal with any potential challenges that may occur over the course of the deal.

**FOCUS** – As no two projects are identical, we recognize that every client’s needs are different. Calkain takes the time to assess those needs. We get it right the first time, every time, and no one’s time is wasted.

**EXPERIENCE** – Calkain’s team of professionals have experience in all aspects of net lease from retail to industrial, sale-leasebacks to development, and everything in between. There is no deal we can’t execute for our clients.

**SPECIALIZED** – Calkain focuses all of our deal-making efforts solely on net lease. This very deliberate decision has propelled us into the unrivaled position as America’s Net Lease Company™.

**NETWORK** – Over the years, Calkain has executed over $9 billion in NNN commercial real estate transactions on behalf of our clients. We have built an extensive network of contacts and clientele which give us an unequaled platform compared to other industry firms, whether large or small. Utilizing our resources allows us to appeal to the broadest possible audience. Sellers are afforded the best possible pricing, and buyers benefit because they are given access to all the opportunities available in the market.

**EXECUTION** – No deal is more important than yours. Whether it’s a $1 million deal or a $100 million deal, we handle each transaction as if we’re investing our own money. Our clients deserve the best.

**REPUTATION** – Whether good or bad, it’s earned by what you do and how well you do it. It can’t be spun. We’re pretty happy with the hard won reputation for excellence that we’ve achieved over the years.

**CREATIVE** – Given the knowledge and experience of our team, we’re able to find solutions to problems that would otherwise prevent deals from happening. Chances are, we’ve seen it before and will find a way to get it done.
FEATURED SALE-LEASEBACK DEALS

Sale-leaseback transactions completed by Calkain professionals include the following examples:

**PSC PORTFOLIO - 13 PROPERTIES**
GA, IL, KY, MI, NC, OH, PA, TX
277,860 SF

**JEFFCO TRUCKING**
ST. LOUIS, MO
85,200 SF

**PERFORMANCE FOOD GROUP COMPANY**
ROCK ISLAND, ILLINOIS FACILITY
268,000 SF

**APPLEBEE’S PORTFOLIO**
FLORIDA LOCATIONS
9 Stores | 50,561 SF

**SHELL GAS STATIONS**
TAMPA, FL
2 Locations | 8,200 SF

**AFFORDABLE CARE**
MD, VA, TX, LA, MS, OH & NC
12 Properties
FEATURED SALE-LEASEBACK DEALS

Sale-leaseback transactions completed by Calkain professionals include the following examples:

RITE AID CORPORATION
18 CORPORATE SALE-LEASEBACK PORTFOLIO TRANSACTIONS
180 Stores

JO-ANN STORES, INC.
WEST COAST DISTRIBUTION FACILITY | VISALIA, CA
631,000 SF

W.A.WILDE COMPANY
HOLLISTON, MA
2 Buildings | 170,000 SF

HUSSEY SEATING COMPANY
HQ & MANUFACTURING FACILITIES: NORTH BERWICK, ME
232,250 SF

THE MACTON CORPORATION | OXFORD, CT
PRIVATE EQUITY PORTFOLIO COMPANY
27,200 SF

AM-MEX PRODUCTS, INC
MCALLEN, TX & REYNOSA, MEX
8 buildings | 745,000 SF