

M I L E O N E C O L L I S I O N C E N T E R S



MileOne ⁷⁶/₈ Dealerships
Collision Centers

Everything Automotive

April 2015

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Background and Overview

MileOne Automotive, the largest dealership group in the mid-Atlantic area; is based in Baltimore, Maryland and consists of 76 dealership franchises representing 29 manufacturer brands in 40 dealership locations.

The MileOne Automotive dealerships are located throughout four states; which operate under the Hall Automotive Group (22 franchises in the Tidewater area of Virginia & North Carolina), the Herb Gordon Automotive Group (10 franchises in Washington suburban area Maryland), the Heritage Automotive and Russel Groups (30 franchises in the Baltimore metropolitan area of Maryland) and the MotorWorld Automotive Group (14 franchises in Wilkes-Barre, Pennsylvania).

The MileOne Automotive also owns and operates eight collision repair centers, which are strategically located in proximity to the dealership operations in Maryland (4), Pennsylvania (2), Virginia (1) and North Carolina (1) with 218 full-time employees.

The MileOne Collision Centers maintain 46 direct repair relationships with 24

insurance companies, which in part attributed to more than 21,000 repair orders being written during 2014.

During 2014, the eight collision repair centers generated total revenue of \$42 Million.

The combined net income for the MileOne Collision Centers totaled \$4.5 Million for the year, which represented 25.7% of the annual gross profit of \$17.5 Million. Net income as a percent of total sales was 10.7% for all of 2014.

The eight collision repair center facilities are leased from third party (6) and affiliated party (2) landlords on a long term basis. Each of the facility lease agreements include two or more multiple year renewal options that are controlled by the tenant.

The following pages provide information related to the operations of each MileOne Collision Center, a complete listing of the insurance company direct repair relationships and a recap of the operating and financial results for 2014.



MileOne Automotive represents 29 automobile brands and 76 franchises in 40 retail locations.

MileOne Dealerships and Collision Centers

Acura - 3

Wilkes-Barre, PA
Newport News, VA
Virginia Beach, VA

Alfa Romeo - 1

Owings Mills, MD

Audi - 1

Silver Spring, MD

BMW - 2

Catonsville, MD
Silver Spring, MD

Buick - 1

Owings Mills, MD

Cadillac - 1

Wilkes-Barre, PA

Chevrolet - 2

Owings Mills, MD
Chesapeake, VA

Collision Centers - 8

Hall Auto Body & Paint - Virginia Beach, VA
Hall Ford Hyundai Collision Center, Elizabeth City, NC
Heritage Collision Center - Owings Mills, MD
Heritage Collision Center - Parkville, MD

CDJR - 5

Baltimore, MD
Owings Mills, MD
Wilkes-Barre, PA
Chesapeake, VA
Virginia Beach, VA

Fiat - 1

Owings Mills, MD

Ford - 2

Elizabeth City, NC
Newport News, VA

Honda - 5

Baltimore, MD
Westminster, MD
Elizabeth City, NC
Wilkes-Barre, PA
Virginia Beach, VA

Hyundai - 5

Towson, MD
Elizabeth City, NC
Wilkes-Barre, PA
Chesapeake, VA
Newport News, VA

Lexus - 1

Wilkes-Barre, PA

Lincoln - 1

Newport News, VA

Mazda - 5

Bel Air, MD
Catonsville, MD
Lutherville, MD
Owings Mills, MD
Virginia Beach, VA

Mercedes-Benz - 4

Annapolis, MD
Owings Mills, MD
Silver Spring, MD
Wilkes-Barre, PA

Mitsubishi - 1

Wilkes-Barre, PA

Nissan - 3

Silver Spring, MD
Chesapeake, VA
Virginia Beach, VA

Porsche - 1

Silver Spring, MD

smart - 1

Annapolis, MD

Sprinter - 2

Silver Spring, MD
Wilkes-Barre, PA

Subaru - 3

Catonsville, MD
Owings Mills, MD
Silver Spring, MD

Toyota Scion - 3

Catonsville, MD
Owings Mills, MD
Wilkes-Barre, PA

Volkswagen - 3

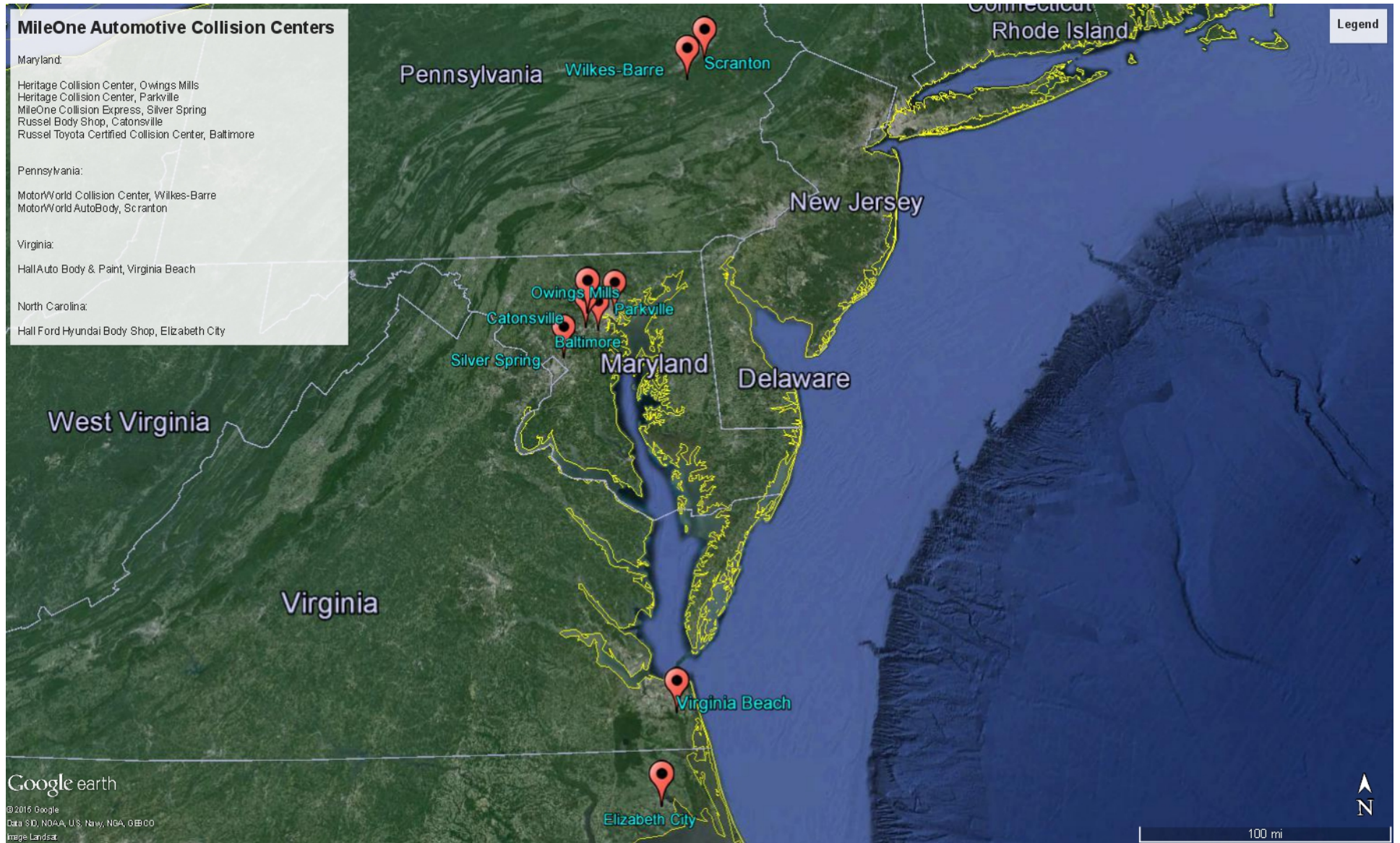
Baltimore, MD
Catonsville, MD
Owings Mills, MD

Volvo - 1

Silver Spring, MD

MotorWorld Collision Center, Wilkes-Barre, PA
MotorWorld AutoBody, Scranton, PA
Russel Toyota Certified Collision Center - Baltimore, MD
Russel Collision Center - Catonsville, MD

Collision Center Locations



Hall Auto Body & Paint

141 Spruce Street, Virginia Beach, VA 23452



Total Sales - 2014 \$8,339,479
Total Repair Orders - 2014..... 4,701
Number of Direct Repair Relationships..... 5
Net Income - 2014 258,979
Number of Employees 46

Annual Rent..... \$704,400
Lease Expiration Date January 29, 2029
Renewal Options..... Two 10-Year Options
Number of Paint Booths 4

Hall Ford Hyundai Collision Center

1310 N. Road Street, Elizabeth City, NC 27909



Total Sales - 2014	\$2,353,441
Total Repair Orders - 2014.....	1,661
Number of Direct Repair Relationships.....	5
Net Income - 2014	349,824
Number of Employees	12

Annual Rent*	\$93,784
Lease Expiration Date	May, 27 2025
Renewal Options.....	Two 5-Year Options
Number of Paint Booths	2

*Annual rent is an allocation of the total dealership rent as the collision center is part of the dealership facility lease.

Heritage Collision Center
9219 Harford Road, Parkville, MD 21234



Total Sales - 2014	\$7,828,997	Annual Rent*	\$112,692
Total Repair Orders - 2014.....	3,842	Lease Expiration Date	June 12, 2026
Number of Direct Repair Relationships.....	6	Renewal Options.....	Two 10-Year Options
Net Income - 2014	\$1,151,259	Number of Paint Booths	2
Number of Employees	44		

*Annual rent is an allocation of the total dealership rent as the collision center is part of the dealership facility lease.

Heritage Collision Center

9430 Reisterstown Road, Owings Mills, MD 21117



Total Sales - 2014 \$4,213, 440
Total Repair Orders - 2014..... 1,873
Number of Direct Repair Relationships..... 4
Net Income - 2014 \$141,712
Number of Employees 18

Annual Rent..... \$350,652
Lease Expiration Date December 31, 2016
Renewal Options..... Five 5-Year Options
Number of Paint Booths 2

MotorWorld Collision Center
 150 MotorWorld Drive, Wilkes-Barre, PA 18703



Total Sales - 2014	\$8,728,674	Annual Rent*	\$501,564
Total Repair Orders - 2014.....	3,622	Lease Expiration Date	October 11, 2027
Number of Direct Repair Relationships.....	14	Renewal Options.....	Two 10-Year Options
Net Income - 2014	\$762,627	Number of Paint Booths	4
Number of Employees	40		

*Annual rent is an allocation of the total dealership rent as the collision center is part of the dealership facility lease.

MotorWorld AutoBody
816 Providence Road, Scranton, PA 18508



Total Sales - 2014	\$1,390,818	Annual Rent.....	\$66,000
Total Repair Orders - 2014.....	643	Lease Expiration Date	January 31, 2016
Number of Direct Repair Relationships.....	6	Renewal Options.....	Two 3-Year Options
Net Income - 2014	\$101,400	Number of Paint Booths	1
Number of Employees	6		

Russel Certified Collision Center

1501 S. Caton Avenue, Baltimore, MD 21227



Total Sales - 2014 \$5,878,094
Total Repair Orders - 2014..... 3,188
Number of Direct Repair Relationships..... 3
Net Income - 2014 \$1,162,515
Number of Employees 35

Annual Rent..... \$309,972
Lease Expiration Date February 28, 2024
Renewal Options..... Three 5-Year Options
Number of Paint Booths 2

Russel Collision Center

6624 Baltimore National Pike, Baltimore, MD 21228



Total Sales - 2014	\$3,155,087
Total Repair Orders - 2014.....	1,525
Number of Direct Repair Relationships.....	3
Net Income - 2014	\$564,226
Number of Employees	17

Annual Rent*	\$151,944
Lease Expiration Date	February 28, 2024
Renewal Options.....	Three 5-Year Options
Number of Paint Booths	1

*Annual rent is an allocation of the total dealership rent as the collision center is part of the dealership facility lease.

Direct Repair Relationships

Hall Auto Body & Paint Virginia Beach, VA (5)

Esurance
Geico RX
Hartford
Liberty Mutual
State Farm

Hall Ford Hyundai Body Shop Elizabeth City, NC (5)

Esurance
Hartford
Nationwide
State Farm
USAA

Heritage Collision Center Owings Mills (4)

Fireman's Fund
Hartford
Kemper
Selective

Heritage Collision Center Parkville, MD (6)

AAA
Erie
Geico RX
Response
Selective
State Farm Select Service

MotorWorld Collision Center Wilkes-Barre, PA (14)

AAA - Mid Atlantic
Enterprise
Erie
Harleysville
Infinity
Kemper
MetLife
Motorist's
Nationwide Blue Ribbon
Peerless
Penn National
Selective
State Farm Select Service
Unitrim

MotorWorld AutoBody Scranton, PA (6)

AAA Mid-Atlantic
Erie
Peerless
Progressive
State Farm
USAA

Russel Certified Collision Center Baltimore, MD (3)

Geico
Liberty Mutual
State Farm

Russel Collision Center Catonsville, MD (3)

Allstate
Liberty Mutual
State Farm

Financial Results – 2014

	Hall Auto Body & Paint Shop <u>Virginia Beach</u>	Hall Ford Collision Ctr <u>Elizabeth City</u>	Heritage Collision Ctr <u>Parkville</u>	Heritage Collision Ctr <u>Owings Mills</u>	MotorWorld Body Shop <u>Wilkes-Barre</u>	MotorWorld Auto Body <u>Scranton</u>	Russel Toyota Collision Ctr <u>Baltimore</u>	Russel Body Shop <u>Catonsville</u>	Combined <u>Total</u>
Total Sales \$	8,339,479	2,353,441	7,828,997	4,213,440	8,728,674	1,390,818	5,878,094	3,155,087	41,888,030
Total Body Shop Gross Profit \$	3,546,649	1,017,858	3,130,391	1,550,101	3,596,324	569,211	2,710,790	1,360,090	17,481,414
Personnel Expenses \$	1,646,848	406,673	1,407,734	729,025	1,701,918	207,127	964,495	462,078	7,525,898
Personnel Exp. % of Gross Profit	46.4%	40.0%	45.0%	47.0%	47.3%	36.4%	35.6%	34.0%	43.1%
Advertising \$	9,790	2,395	13,824	12,208	24,473	9,032	1,529	3,752	77,003
Advertising % of Gross Profit	0.3%	0.2%	0.4%	0.8%	0.7%	1.6%	0.1%	0.3%	0.4%
Policy \$	62,360	731	27,133	42,575	67,688	10,238	15,867	9,670	236,262
Policy % of Gross Profit	1.8%	0.1%	0.9%	2.7%	1.9%	1.8%	0.6%	0.7%	1.4%
Other Expenses \$	1,568,672	258,235	530,441	624,581	1,039,618	241,414	566,384	320,364	5,149,709
Other Expenses % of Gross Profit	44.2%	25.4%	16.9%	40.3%	28.9%	42.4%	20.9%	23.6%	29.5%
Net Income \$	258,979	349,824	1,151,259	141,712	762,627	101,400	1,162,515	564,226	4,492,542
Net Income % of Gross Profit	7.3%	34.4%	36.8%	9.1%	21.2%	17.8%	42.9%	41.5%	25.7%
Net Income % of Sales	3.1%	14.9%	14.7%	3.4%	8.7%	7.3%	19.8%	17.9%	10.7%

Financial Results – 2014

	Hall Auto Body & Paint Shop <u>Virginia Beach</u>	Hall Ford Collision Ctr <u>Elizabeth City</u>	Heritage Collision Ctr <u>Parkville</u>	Heritage Collision Ctr <u>Owings Mills</u>	MotorWorld Body Shop <u>Wilkes-Barre</u>	MotorWorld Auto Body <u>Scranton</u>	Russel Toyota Collision Ctr <u>Baltimore</u>	Russel Body Shop <u>Catonsville</u>	Combined <u>Total</u>
Repair Order Count #	4,701	1,661	3,842	1,873	3,622	643	3,188	1,525	21,055
Labor Sales \$	3,903,378	1,002,029	3,571,788	1,841,163	3,608,143	565,884	2,807,429	1,401,303	18,701,117
Labor Gross Profit \$	2,357,806	617,762	2,162,681	1,081,134	2,310,734	346,145	1,718,797	822,551	11,417,610
Labor Gross Profit %	60.4%	61.7%	60.5%	58.7%	64.0%	61.2%	61.2%	58.7%	61.1%
Parts Sales \$	3,216,017	932,603	3,025,018	1,701,441	3,705,661	636,868	2,339,433	1,243,825	16,800,866
Parts Gross Profit \$	897,392	306,376	855,399	478,525	1,054,817	180,639	701,938	374,739	4,849,825
Parts Gross Profit %	27.9%	32.9%	28.3%	28.1%	28.5%	28.4%	30.0%	30.1%	28.9%
Sublet Sales \$	331,622	178,706	507,319	252,391	695,987	70,679	153,698	146,934	2,337,336
Sublet Gross Profit \$	84,313	30,001	7,732	12,352	46,397	6,646	17,773	7,794	213,008
Paint/Materials Sales \$	888,462	240,103	724,872	418,445	718,883	117,387	577,534	363,025	4,048,711
Paint/Materials Gross Profit \$	207,138	63,719	104,579	-21,910	184,376	35,781	272,282	155,006	1,000,971



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