

CAPITAL AUTOMOTIVE REIT

Form DEFA14A

November 22, 2005

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒ b

Filed by a Party other than the Registrant ☐ o

Check the appropriate box:

- ☐ Preliminary
Proxy Statement
- ☐ Confidential, for
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(as permitted by
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- ☐ Definitive Proxy
Statement
- ☐ Definitive
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- ☒ Soliciting
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Capital Automotive REIT

(Name of Registrant as Specified In Its Charter)

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(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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The following is the text of a press release issued by Capital Automotive REIT on November 22, 2005.

Press Release

**Consent Solicitation Successfully Completed for Capital
Automotive REIT's 6.75% Monthly Income Notes Due 2019**

MCLEAN, Va., November 22, 2005 Capital Automotive REIT (Nasdaq: CARS), (the Company) today announced that, as part of CA Acquisition Corp.'s previously announced cash tender offer for any and all of the Company's outstanding \$125,000,000 aggregate principal amount of 6.75% Monthly Income Notes Due 2019 (CUSIP #139733208) (the Notes) and the consent solicitation regarding certain proposed amendments to the indenture governing the Notes, the holders of approximately 95.86% of the aggregate principal amount of the Notes have consented to the proposed amendments. As described in the Offer to Purchase and Consent Solicitation Statement, dated November 2, 2005, as amended (the Statement), the Consent Payment Deadline was 5:00 p.m., New York City time, on November 21, 2005.

The Company and the trustee under the indenture governing the Notes will promptly execute a supplemental indenture containing the proposed amendments described in the Statement. The amendments implemented by the supplemental indenture will not become operative until CA Acquisition Corp. accepts validly tendered Notes for payment in accordance with the terms, and subject to the conditions, described in the Statement.

The tender offer will expire at 5:00 p.m., New York City time, on Friday, December 2, 2005, unless extended (the Expiration Time). Unless the Statement is otherwise amended, holders that validly tender Notes after the Consent Payment Deadline, but prior to the Expiration Time, will not be entitled to receive the consent payment, and will receive as payment for their Notes the total consideration less the consent payment. As a result, holders will receive \$24.00 per \$25.00 principal amount of Notes tendered after the Consent Payment Deadline. Except as otherwise described in the Statement, tendered Notes may no longer be withdrawn and consents may not be revoked.

The offer, which has been undertaken in connection with the previously announced merger of the Company and its operating partnership into subsidiaries of Flag Fund V, LLC (the Merger), is subject to the satisfaction of certain conditions, including the consummation of the Merger. The Company currently expects that the Merger will close in December.

Wachovia Securities is the exclusive Dealer Manager and Solicitation Agent for the tender offer and consent solicitation. Questions regarding the terms of the tender offer and consent solicitation should be directed to Wachovia Securities at (704) 715-8341 or toll-free at (866) 309-6316. The Depositary and Information Agent is Global Bondholder Services Corporation. Any questions or requests for assistance or additional copies of documents may be directed to the Information Agent at (212) 430-3774 or toll-free at (866) 873-5600.

This announcement is not an offer to purchase, a solicitation of an offer to sell or a solicitation of consent with respect to any Notes. The tender offer and consent solicitation is being made solely by reference to the Statement and the accompanying Letter of Transmittal and Consent of November 2, 2005.

About Capital Automotive

Capital Automotive, headquartered in McLean, Virginia, is a self-administered, self-managed real estate investment trust. The Company's primary strategy is to acquire real property and improvements used by operators of multi-site, multi-franchised automotive dealerships and related businesses. Additional information on Capital Automotive is available on the Company's website at <http://www.capitalautomotive.com>.

Additional Information about the Merger and Where to Find It

On November 10, 2005, the Company filed definitive proxy materials with the Securities and Exchange Commission relating to its proposed merger with clients advised by DRA Advisors LLC. These proxy materials and other relevant materials, including the definitive merger agreement, may be obtained free of charge at the Securities and Exchange Commission's website at <http://www.sec.gov>. In addition, shareholders may obtain free copies of the documents that the Company files with the SEC by accessing the Company's website. **SHAREHOLDERS OF THE COMPANY ARE URGED TO READ THESE MATERIALS BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER AND RELATED ITEMS.** Shareholders are urged to read the definitive proxy statement and other relevant materials before making any voting or investment decisions with respect to the proposed merger. The executive officers and trustees of the Company have interests in the proposed merger, some of which differ from, and are in addition to, those of the Company's shareholders generally. In addition, the Company and its executive officers and trustees may be participating or may be deemed to be participating in the solicitation of proxies from the security holders of the Company in connection with the proposed merger. Information about the executive officers and trustees of the Company, their relationship with the Company and their beneficial ownership of Company securities is set forth in the proxy materials filed with the Securities and Exchange Commission on November 10, 2005.

Shareholders may obtain additional information regarding the direct and indirect interests of the Company and its executive officers and trustees in the proposed merger by reading the proxy materials relating to the plan of merger.

Forward-Looking Statements

Certain matters discussed within this press release are forward-looking statements within the meaning of the federal securities laws. Although the Company believes that the expectations reflected in the forward-looking statements are based upon reasonable assumptions, the forward-looking statements contained in this press release are subject to risks and uncertainties, including, but not limited to, risks that the proposed merger will not be consummated on the terms disclosed in the merger agreement, or at all; risks resulting from the potential adverse effect on the Company's business and operations of the covenants the Company made in the merger agreement; risks resulting from the decrease in the amount of time and attention that management can devote to the Company's business while also devoting its attention to completing the proposed merger; risks associated with the increases in operating costs resulting from the additional expenses the Company has incurred and will continue to incur relating to the proposed merger; risks that the Company's tenants will not pay rent; risks related to the mortgage loans in the Company's portfolio, such as the risk that borrowers will not pay the principal or interest or otherwise default, the level of interest income generated by the mortgage loans, the market value of the mortgage loans and of the properties securing the loans, and provisions of federal, state and local law that may delay or limit the Company's ability to enforce its rights against a borrower or guarantor in the event of a default under a loan; risks related to the Company's reliance on a small number of dealer groups for a significant portion of its revenue; risks of financing, such as increases in interest rates, the Company's ability to meet existing financial covenants and to consummate planned and additional financings on terms that are acceptable to the Company; risks that its growth will be limited if the Company cannot obtain additional capital or refinance its maturing debt; risks that planned and additional real estate investments may not be consummated; risks that competition for future real estate investments could result in less favorable terms for the Company; risks relating to the automotive industry, such as the ability of the Company's tenants to compete effectively in the automotive retail industry or operate profitably and the ability of its tenants to perform their lease obligations as a result of changes in any manufacturer's production, supply, vehicle financing, incentives, warranty programs, marketing or other practices or changes in the economy generally; risks generally incident to the ownership of real property, including adverse changes in economic conditions, changes in the investment climate for real estate, changes in real estate taxes and other operating expenses, adverse changes in governmental rules and fiscal policies and the relative illiquidity of real estate; risks related to the Company's financing of new construction and improvements; environmental and other risks associated with the acquisition and leasing of automotive properties; risks related to the Company's status as a REIT for federal income tax purposes, such as the existence of complex regulations relating to its status as a REIT, the effect of future changes in REIT requirements as a result of new legislation and the adverse consequences of the failure to qualify as a REIT; risks associated with the pending lawsuit against the Company and its trust managers relating to the proposed merger and with any other lawsuits that may arise out of the proposed merger; and those risks detailed in the Offer to Purchase and Consent Solicitation Statement and from time to time in the Company's SEC reports, including its Form 8-K/A filed on March 11, 2005, its annual report on Form 10-K and its quarterly reports on Form 10-Q.

Contact Information

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