



Tenant Description

Advance Auto Parts (AAP) and its subsidiaries, Autopart International, Carquest, and Worldpac, comprise one of the leading aftermarket auto parts providers in North America. Headquartered in Roanoke, VA, AAP operates 5,189 stores. The namesake, AAP, is the largest brand in the group with 4,273 locations, catering to both repair professionals and “Do-it-Yourself” (DIY) customers. Approximately 58% of sales were to professionals while the remaining 42% can be attributed to DIY customers fixing a domestic or imported vehicle.

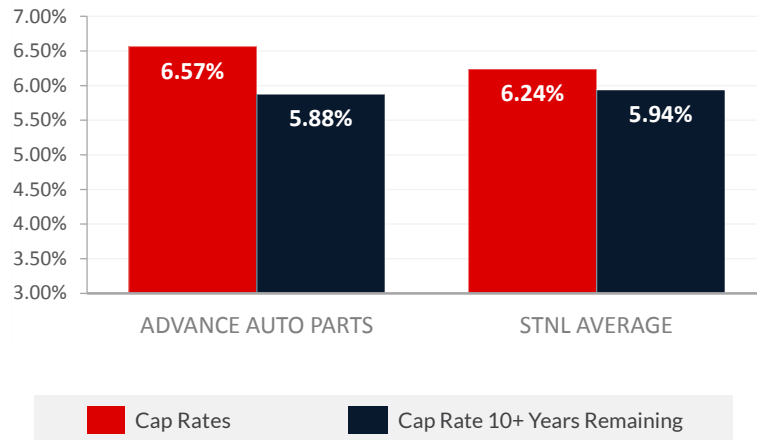
Net Lease Overview

Advance Auto Parts leased properties offer investors a chance to acquire an asset with returns near or above the net lease average and a guarantee from a tenant with investment grade credit. S&P rates AAP as BBB- and Moody’s rates AAP as Baa2. Over the past 12 months, AAP leased stores have sold at an average price of \$1,770,000, making it a great price point for private investors.

In addition to a strong guarantee and an attractive price point, AAP stores are typically in desirable locations, often in major retail corridors. These locations and the typical 6,000-8,500 square foot box, make the property easy to retenant. Unlike automotive service tenants, the auto parts sales are very clean, meaning there are no environmental risks that can become an issue down the road.

Cars have evolved and will continue to change, but the need for maintenance and repairs will remain. Advance Auto Parts is a tenant well suited to stand the test of time and continue meeting its customer’s need for parts, accessories, filters, and fluids.

Average Cap Rate Within the Last 12 Months



Summary Table for Automotive Tenants Over the Last 12 Months

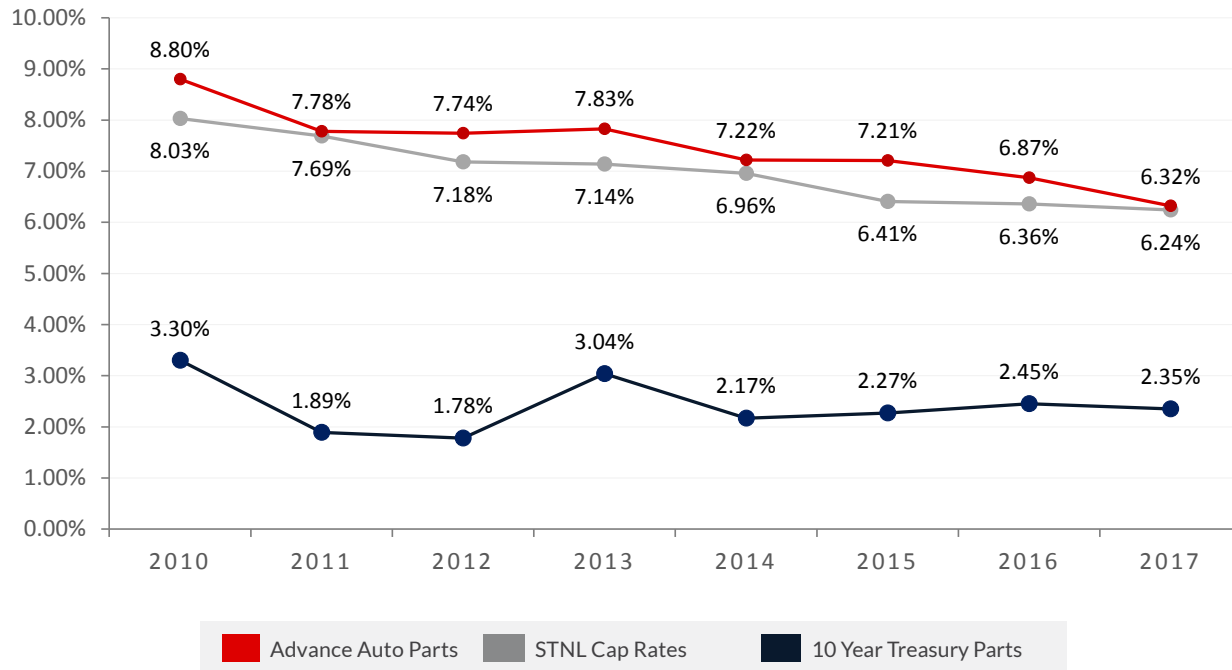
Tenant	Avg Cap	S&P Credit Rating	Moody's Credit Rating
	6.57%	BBB-	Baa2
	5.78%	BBB	Baa1
	5.94%	BBB+	Baa1
Average	6.10%		

Advance Auto Parts has the lowest credit rating and highest cap rates of the three largest auto parts retailers. These differences in credit are minimal. A BBB- rating by S&P and a Baa2 rating by Moody's is still high enough to consider AAP an investment grade tenant. The higher cap rates offered by AAP can make the asset a great value for investors.

STNL Cap Rates vs Advance Auto Parts Cap Rates vs 10 Year Treasury Rates

Advance Auto Parts and the rest of the auto store sector has remained strong in the face of rising online sales. While customers can find many products cheaply online, auto stores are there when customers demand a product immediately.

STNL Cap Rates vs Advance Auto Parts vs 10 Year Treasury Rates
Treasury Rate as of 11/17/2017



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Calkain Companies LLC is a national commercial real estate firm that provides consulting and brokerage services to both private and institutional clientele with an expertise on triple net lease investments. We pride ourselves on being a world class leader by providing our clients a full array of commercial real estate investment brokerage and asset management solutions, including advisory, research, estate planning and wealth management. Calkain is headquartered in Herndon, VA with multiple locations throughout the United States.