



## Tenant Description

AutoZone is one of the nation's largest retailers of automotive replace parts and accessories in the US. Founded in 1979, AutoZone has grown to 5,618 domestic stores and 584 stores abroad. AutoZone provides on-the-job training, formal training programs, and an internal 'Z-net' all of which enable employees to provide recommendations, solutions, and advice to customers. AutoZone breaks up their types of products into three categories, Failure, Maintenance, and Discretionary.

## Net Lease Overview

AutoZone is an attractive net lease tenant because of the online-resistant nature of their business and investor friendly leases. AutoZone is somewhat insulated from online competition due to the degree of technical proficiency needed when they are looking for auto parts. Services such as help picking the correct length windshield wipers for a customer's make, model, and year of their vehicle will ensure that brick and mortar auto part stores have a future in an increasing online retail marketplace.

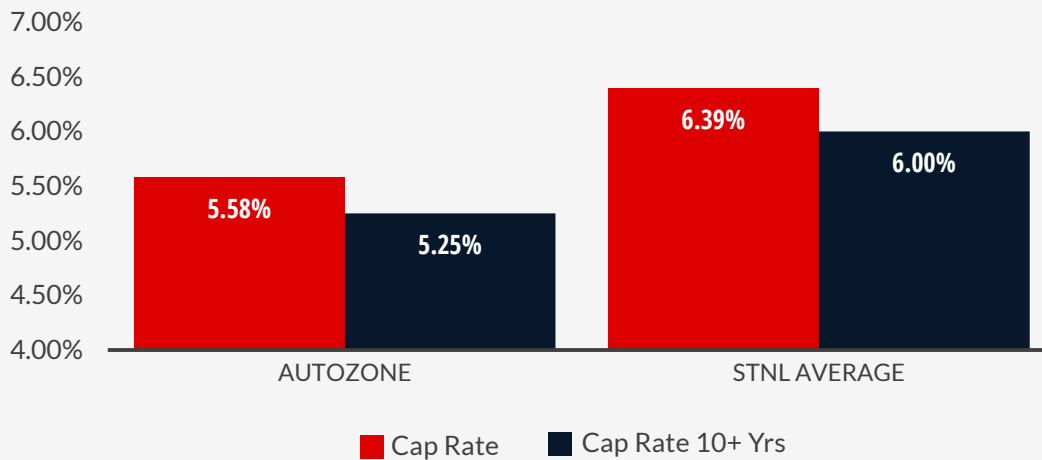
AutoZone features a mixture of double net and ground leases, which can drastically change the cap rate for a property. These different leases leave the investor with varying levels of landlord responsibility. Both types of leases feature an investment-grade guarantee.



AutoZone locations have both attractive and unattractive qualities to investors. The research was done by AutoZone to choose markets with a large number of older vehicles, that will require more maintenance, is positive for potential AutoZone owners, and will ensure store profitability. Choosing locations with high visibility and traffic counts provide strong real estate fundamentals, a positive for net lease investors. AutoZone views their stores as 'destination stores,' generating their own traffic rather than relying on traffic from adjacent stores. This is a potential negative factor investor should consider before investing in an AutoZone leased property.

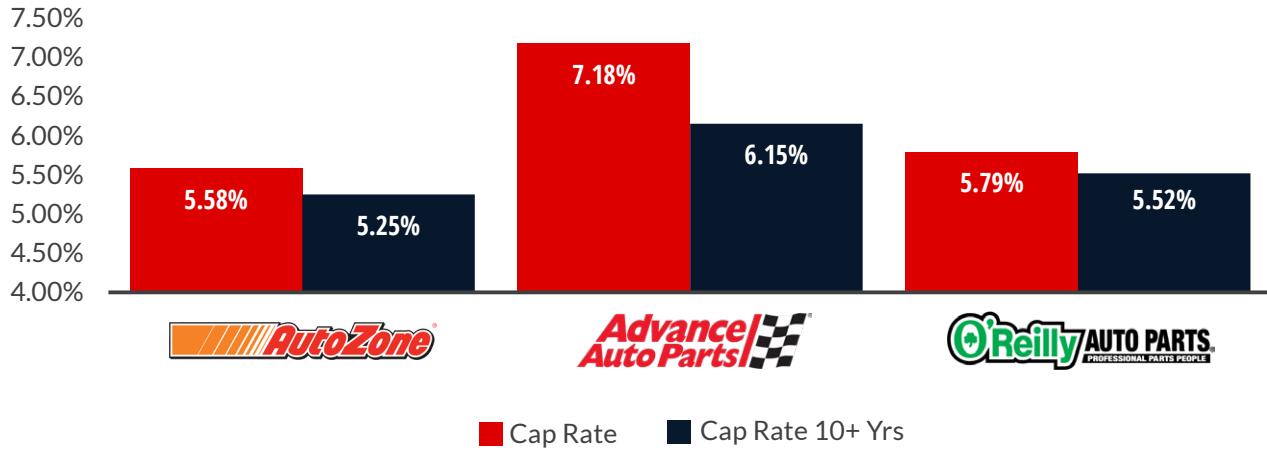
Tenant	Stock Symbol	S&P	Moody's
AutoZone	AZO	BBB	Baa1
Advance Auto Parts	AAP	BBB-	Baa2
O'Reilly Auto Parts	ORLY	BBB	Baa1

### Average Cap Rates Over the Past 12 Months



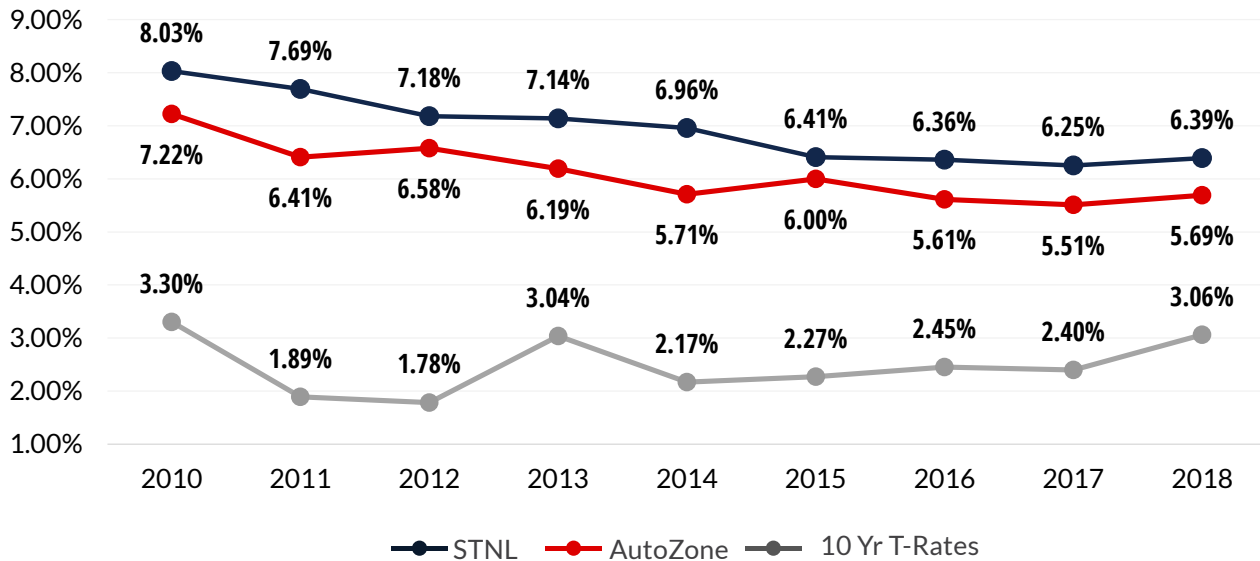


**Average Cap Rates Over the Past 12 Months**



AutoZone has traded at slightly lower cap rates than the other major auto parts retailers. This premium has been driven by the large percentage of ground leases. All three of the major auto parts companies are investment grade.

**STNL Cap Rates vs AutoZone Cap Rates vs. 10 Yr T-Rates**



AutoZone has historically traded slightly below the Single Tenant Net Lease (STNL) average.

**CALKAIN | Research**  
12930 Worldgate Dr | Suite 150  
Herndon, VA 20170  
703.787.4714

*DISCLOSURES: As part of our market research, we collect sales price, cap rate, and lease years remaining for all publicly advertised and sold STNL properties. a) We are not able to capture 100% of the off-market transactions that occur; however the nature of off-market typically limits their value as true market comps. b) Sources include public records, sales announcements, Calkain sales, and appraiser obtained sales amongst others. c) Our collection process, while thorough, is not all encompassing and there may be biases in the data as it relates to geography, tenancy, or brokers involved in the transaction. d) Public records often lag behind when transactions actually close, months in some cases. e) In sectors with a skew of greater than |2|, we have replaced the mean with the median to better describe these sectors. Consequently the data supplied here for any given quarter is likely to miss a material amount of transactions that actually closed in it.*