



# OFFERING MEMORANDUM

2750 HARTFORD AVENUE | JOHNSTON, RHODE ISLAND



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JOHNSTON, RHODE ISLAND

#### OFFERING MEMORANDUM

This Memorandum does not constitute a representation that the business or affairs of the Property or Seller since the date of preparation of this Memorandum have remained the same. Analysis and verification of the information contained in this Memorandum are solely the responsibility of the prospective purchaser.

Additional information and an opportunity to inspect the Property will be made available upon written request from interested and qualified prospective purchasers. Seller and Agent each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the Property, and/or terminate discussions with any party at any time with or without notice. Seller reserves the right to change the timing and procedures for the Offering process at any time in Seller's sole discretion. Seller shall have no legal commitment or obligations to any party reviewing this Memorandum, or making an offer to purchase the Property, unless and until such offer is approved by Seller, and a written agreement for the purchase of the Property has been fully executed and delivered by Seller and the Purchaser thereunder.

This Memorandum and the contents, except such information which is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting this Memorandum, you agree that you will hold and treat it in the strictest confidence, that you will not forward, photocopy or duplicate it, that you will not disclose this Memorandum or any of the contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make a proposal and from whom you have obtained an agreement of confidentiality) without the prior written authorization of Seller or Agent, and that you will not use this Memorandum or any of the contents in any fashion or manner detrimental to the interest of Seller or Agent.

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# THE TEAM





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# THE INVESTMENT



## PURCHASE PRICE

**\$7,893,805**

## CAP RATE

**5.65%**



NASDAQ: TSCO

NASDAQ: ORLY

14 YEARS AVG.  
REMAINING TERM

FORTUNE 500  
TRACTOR SUPPLY CO.  
(\$7.9 BILLION 2018 REVENUE)  
O'REILLY AUTOMOTIVE STORES, INC.  
(\$9.5 BILLION 2018 REVENUE)

RENT INCREASES  
EVERY 5 YEARS

## THE OFFERING

Newmark Knight Frank's Net Lease Capital Markets, as the exclusive listing agent, is pleased to present the opportunity to acquire a 100% leased Tractor Supply Co. & O'Reilly Auto Parts retail property in Johnston, RI.

## INVESTMENT HIGHLIGHTS

### 100% GUARANTEED BY TWO NATIONAL CREDIT TENANTS

The Subject Property is leased and guaranteed by Tractor Supply Co. (Nasdaq: TSCO) & O'Reilly Automotive Stores, Inc. (Nasdaq: ORLY).

### HIGHLY PASSIVE NN LEASES

The subject property boasts a highly passive NN leases with landlord responsibilities limited to roof, structure and parking.

### RENT INCREASES EVERY 5 YEARS

The Tractor Supply lease provides for scheduled 10% rent increases every five years, throughout the primary term and option periods. The O'Reilly Automotive Stores, Inc. provides for scheduled 6% rent increases every five years, throughout the primary term beginning in year 11 and option periods.

### FORTUNE 500 RETAILER

TSCO checks in at #388 on the Fortune 500, and is the largest rural lifestyle retail store chain in the United States, operating approximately 1,775 locations throughout 49 states. O'Reilly Automotive Stores, Inc. checks in at #329 on the Fortune 500, operating 5,306 locations.

### LONG TERM LEASES

The Subject Property boasts two long term leases, with Tractor Supply which runs through Oct. 2029 and that of O'Reilly operating under a 20 year primary term lease that expires July 2036.



# THE TENANT





STOCK SYMBOL: TSCO  
NASDAQ Exchange



YEAR FOUNDED  
1938



HEADQUARTERS  
Brentwood, Tennessee



LOCATIONS  
1,775



#388 on Fortune 500



TTM REVENUE  
\$8.05 Billion  
TTM NET INCOME  
\$537.8 Million

NET WORTH  
\$1.562 Billion



WEBSITE  
[www.tractorsupply.com](http://www.tractorsupply.com)

Founded in 1938, **TRACTOR SUPPLY COMPANY** is the largest rural lifestyle retail store chain in the United States. As of March 3, 2019 the Company operated 1,775 Tractor Supply stores in 49 states and an e-commerce website at [www.tractorsupply.com](http://www.tractorsupply.com). TSC stores are focused on supplying the lifestyle needs of recreational farmers and ranchers and others who enjoy the rural lifestyle, as well as tradesmen and small businesses. Stores are located primarily in towns outlying major metropolitan markets and in rural communities. The Company offers the following comprehensive selection of merchandise; equine, livestock, pet and small animal products, including items necessary for their health, care, growth and containment; hardware, truck, towing and tool products; seasonal products, including heating, lawn and garden items, power equipment, gifts and toys; work/recreational clothing and footwear; and maintenance products for agricultural and rural use.

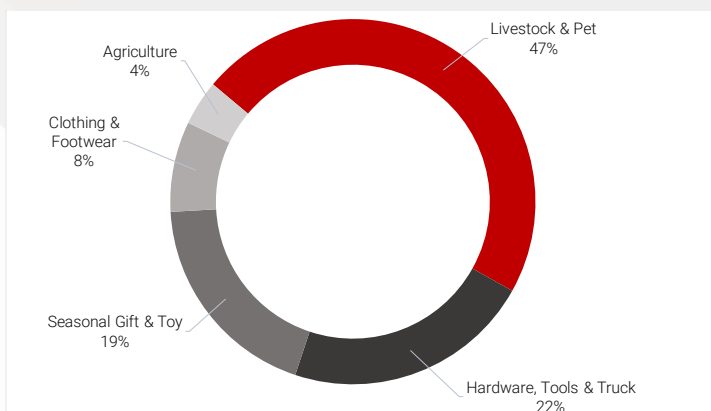
Tractor Supply is continuing to grow with new stores and improved product offerings. The company's mission and values motivate and inspire team members and give the organization a unified focus for the future.

Tractor Supply Company also owns and operates Petsense, a small-box pet specialty supply retailer focused on meeting the needs of pet owners, primarily in small and mid-size communities, and offering a variety of pet products and services. As of March 30, 2019, the Company operated 176 Petsense stores in 26 states.

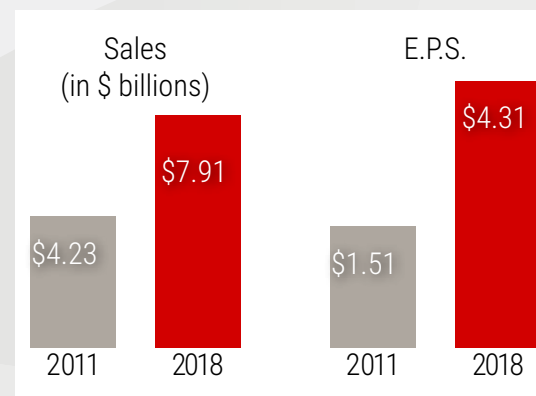


Tractor Supply Co. Store  
Total: 1,775

Sales by Product Category



Growth in Revenue



SOURCE: Tractor Supply Company





STOCK SYMBOL: ORLY  
NASDAQ Exchange



YEAR FOUNDED  
1957



HEADQUARTERS  
Springfield, MO



LOCATIONS  
5,306



#329 on Fortune 500

TTM REVENUE  
\$9.7 Billion

TTM NET INCOME  
\$1.341 Billion

NET WORTH  
\$372.4 Million



WEBSITE  
[www.oreillyauto.com](http://www.oreillyauto.com)

**O'REILLY AUTOMOTIVE, INC.** officially started in the auto parts business in Springfield, Missouri, in November of 1957. However, its historical background in the automotive business, as well as the family's quest for opportunity and advancement, may be traced back to a much earlier time.

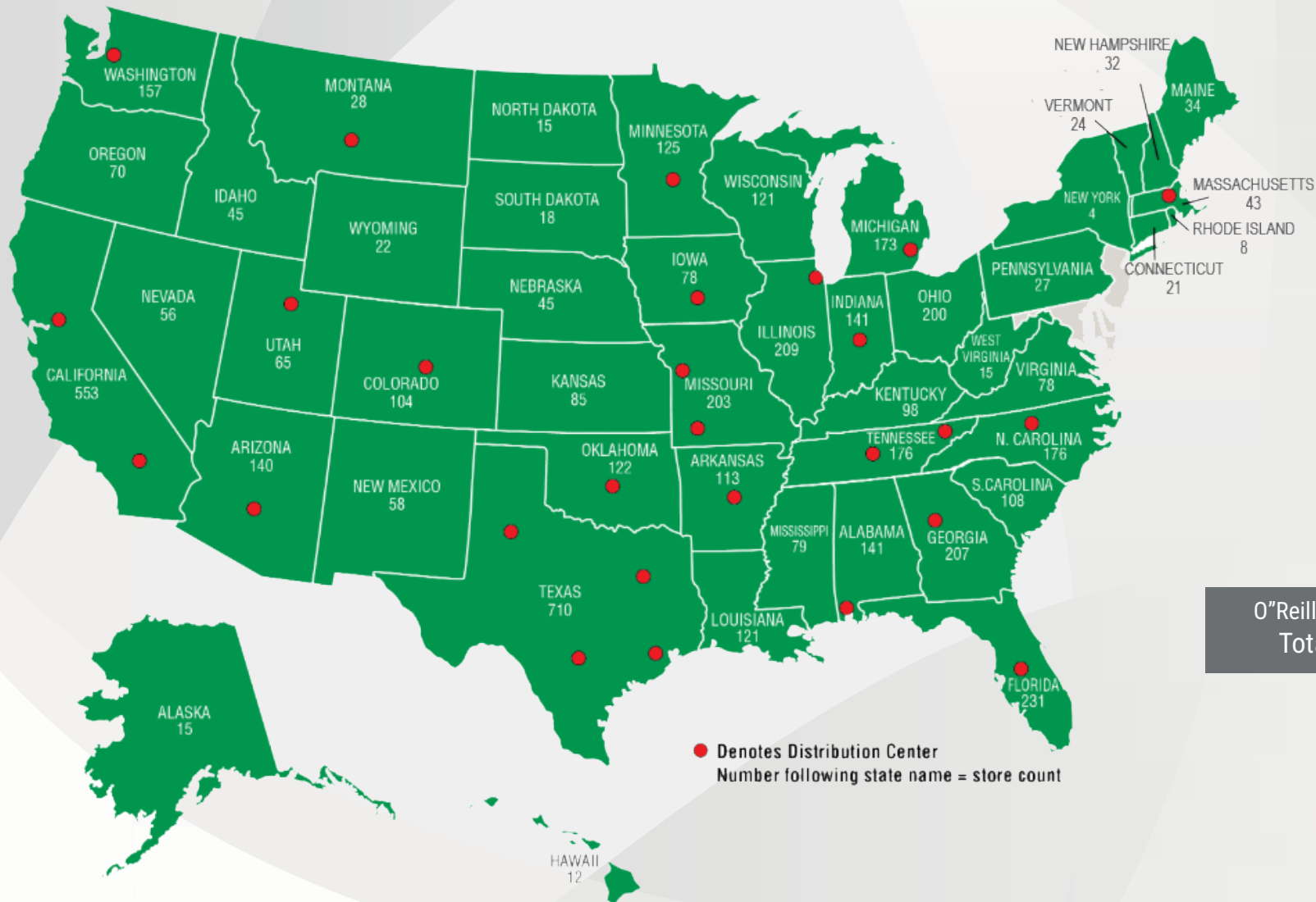
Michael Byrne O'Reilly immigrated to America in 1849, escaping from the hard times of the potato famine, which struck Ireland in 1845-46. Settling in St. Louis, he worked his way through school to earn a law degree, and then pursued a career as a title examiner. His son, Charles Francis O'Reilly, attended college in St. Louis and went to work in 1914 as a traveling salesman for Fred Campbell Auto Supply in St. Louis. By 1924, Charles had become familiar with the Springfield area, having traveled by train to sell auto parts throughout the territory. He recognized the region as an area of growth and opportunity and asked to be transferred there. By 1932, he had become manager of Link Motor Supply in Springfield. One of his sons, Charles H. (Chub) O'Reilly, had also joined the company. Together they provided the leadership and management that made Link the predominant auto parts store in the area.

In 1957, Link planned a reorganization, which would have included the retirement of 72-year-old Charles F. O'Reilly, and the transfer of C. H. O'Reilly to Kansas City. Since neither agreed with these plans, they made the decision to form their own company, O'Reilly Automotive, Inc. They opened for business on December 2, 1957 with one store and 13 employees at 403 Sherman in Springfield. Their sales totaled \$700,000 in 1958, their first full year of business. Due to the hard work and ability of the original employees, several of whom were stockholders in the company, the business grew and prospered from its very first year.

By 1961, the company's volume had reached \$1.3 million – the combined volume of O'Reilly Automotive Distributors, a division formed to serve independent automotive jobbers in the area. In March of 1975, annual sales volume rose to \$7 million, and a 52,000-square-foot facility at 233 S. Patterson was built for the O'Reilly/Ozark warehouse operation. By that time, the company had nine stores, all located in southwest Missouri.

The long range plans and stability of the company were solidified by a public offering of company stock in April 1993. Since that time, the Company has grown through the opening of new stores, as well as through numerous mergers and acquisitions, and currently operates stores in 47 states, including Alaska and Hawaii.

Throughout this time the underlying spirit and philosophy of O'Reilly Automotive, Inc., has been one of growth and progress, both for the company and its team members. This remains the policy to which the company is dedicated today.



● Denotes Distribution Center  
Number following state name = store count

O'Reilly Auto Parts  
Total: 5,306

SOURCE: O'Reilly Auto Parts



## LEASE ABSTRACT



<b>Tractor Supply Co.</b>	2750 Hartford Ave. Johnston, RI
Tenant	Tractor Supply Co.
Effective Date	April 29, 2014
Rent Commencement	October 4, 2014
Primary Term Expiration	October 31, 2029
Annual NOI	\$319,000*
Renewal Options	4, 5-year options
Rental Increases	10% every 5 years
Lease Type	NN
Landlord Responsibilities	Roof, Structure and Parking
Rentable Building Area (SF)	19,097
Total Acreage	6.71
Insurance	Tenant Responsibility
Utilities	Tenant Responsibility
Taxes	Tenant Reimburses Landlord
Estoppel	Yes, 10 days
Right of First Refusal	Yes, 10 days
Year Built	2013

\*reflects rental rate commencing October 1, 2019



<b>O'Reilly Automotive Stores, Inc.</b>	2750 Hartford Ave. Johnston, RI
Tenant	O'Reilly Automotive Stores, Inc.
Effective Date	April 21, 2015
Rent Commencement	August 1, 2016
Primary Term Expiration	July 31, 2036
Annual NOI	\$127,000
Renewal Options	4, 5-year options
Rental Increases	None (years 1 – 10), 6% every 5 years thereafter
Lease Type	NN
Landlord Responsibilities	Roof, Structure and Parking
Rentable Building Area (SF)	7,225
Total Acreage	6.71
Insurance	Tenant Responsibility
Utilities	Tenant Responsibility
Taxes	Tenant Reimburses Landlord
Estoppel	Yes, 10 days
Right of First Refusal	Yes, 10 days
Year Built	2013

# TEN YEAR RENT SCHEDULE

Lease Year	Tractor Supply Co.	O'Reilly Automotive Stores, Inc.	Total
2019	\$319,000	\$127,016	\$446,016
2020	\$319,000	\$127,016	\$446,016
2021	\$319,000	\$127,016	\$446,016
2022	\$319,000	\$127,016	\$446,016
2023	\$319,000	\$127,016	\$446,016
2024	\$350,900	\$127,016	\$477,916
2025	\$350,900	\$127,016	\$477,916
2026	\$350,900	\$134,636	\$485,536
2027	\$350,900	\$134,636	\$485,536
2028	\$350,900	\$134,636	\$485,536
2029	\$385,990*	\$134,636	\$520,626

\*reflects first year of extension option





# JOHNSTON, RI

**JOHNSTON, RI** is a town in Providence County, Rhode Island. Neighborhoods in Johnston: Thornton (includes part of Cranston), Graniteville, Hughesdale, Morgan Mills, Manton, Simmonsville, Pocasset, West End, Belknap, and Frog City.

The town has a total area of 24.4 square miles. 23.7 square miles of it is land and 0.7 square miles is water.

## DEMOGRAPHICS

Population	3 Mile	5 Mile	10 Mile
2019 Total Population:	14,227	75,409	529,810
2024 Population:	14,356	76,329	536,850
Pop Growth 2019-2024:	0.18%	0.24%	0.26%
Average Age:	49	45.8	37.5
Households			
2019 Total Households:	5,598	30,535	202,266
HH Growth 2019-2024:	0.18%	0.23%	0.25%
Average Household Inc:	\$109,368	\$90,501	\$77,812
Average Household Size:	2.51	2.40	2.50
Housing			
Median Home Value:	\$297,988	\$258,245	\$240,143
Median Year Built:	1972	1970	1955

# JOHNSTON, RI

at-a-glance

 **529,810**  
Residents

 **202,266**  
Households

 **49**  
Average Age

 **\$77,812**  
Average Household Income

 **\$240,143**  
Median Home Value





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