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O'Reilly AUTO PARTS®

PROFESSIONAL PARTS PEOPLE

525 W. Avenue D | Lovington, NM 88260

EXCLUSIVELY REPRESENTED BY:

ED BRESLIN MANAGING DIRECTOR

Broker License: 01338414

Office 310.774.3790 | Mobile 310.254.4177

IN COOPERATION WITH NM LICENSEE:

DAVID B ZACHARIA

DZ Net Lease Realty, LLC

License No. 19209

PAUL TRUPIA III MANAGING DIRECTOR

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New York | Florida | California

CONFIDENTIAL DISCLAIMER

This Confidential Marketing Package has been prepared by Kentwood Capital Advisors (“KCA”) and David B Zacharia, is listed in conjunction with New Mexico real estate broker David B Zacharia License No. 19209, and is being furnished to you solely for the purpose of your review of the commercial property located at 525 W. Avenue D I Lovington, NM 88260 (the “Property”). The material contained in this Marketing Package shall be used for the purposes of evaluating the Property for acquisition and shall not be used for any purpose or made available to any other person without the express written consent of Kentwood Capital Advisors and David B Zacharia (“Broker”).

By accepting the Confidential Marketing Package, you acknowledge and agree that: (1) all of the information contained herein and any other information you will be receiving in connection with this transaction, whether oral, written or in any other form (collectively, the “Materials”), is confidential; (2) you will not reproduce the Confidential Marketing Package in whole or in part; (3) if you do not wish to pursue this matter, you will return this Confidential Marketing Package to KCA and David B Zacharia as soon as practicable together with all other materials relating to the Property which you may have received from KCA and David B Zacharia; and (4) any proposed actions by you which are inconsistent in any manner with the foregoing agreements will require the prior written consent of KCA and David B Zacharia.

This Confidential Marketing Package has been prepared by KCA and David B Zacharia, based upon certain information pertaining to the Property and any information obtained from KCA and David B Zacharia to assist interested parties in making their own evaluation of the Property is offered on a no representation or warranty provision other than customary warranties of title and is sold on an “as-is, where-is” basis and with all faults. The material and transaction does not purport to be all inclusive. This Confidential Marketing Package contains descriptive materials, financial information and other data compiled for the convenience of parties interested in the Property. The Materials are being delivered by KCA and David B Zacharia to prospective investors with the understanding that it is not all inclusive and that it is qualified in its entirety by independent investigation by prospective investors of those matters which they deem appropriate in evaluating this offering without reliance upon KCA and David B Zacharia, the Broker or any of their respective affiliates or any of the information set out in the Materials. Neither KCA and David B Zacharia, the Broker, nor any of their respective affiliates have independently verified any of the information contained herein or in any of the Materials, and no representations or warranties as to the accuracy or completeness thereof or of any other kind whatsoever are made or intended and none should be inferred.

KCA and David B Zacharia, for itself and its affiliates of the Property, expressly disclaim any and all liability for statements or representations, express or implied, contained herein or for omissions from the Materials or for any other written, oral or other format of communication transmitted to a prospective investor in the course of its evaluation of the proposed transaction. All summaries and discussions of documentation and/or financial information contained herein are qualified in their entirety by reference to the actual documents and/or financial statements, which upon request may be made available. The terms and conditions described herein are subject to change without notice.

This Confidential Marketing Package does not constitute an offer to accept any investment proposal but is merely a solicitation of interest with respect to the investment described herein. The Confidential Marketing Package does not constitute an offer of security. The investment described herein may be financed or withdrawn from the market, without prior notice. By accepting this Confidential Marketing Package you agree to release KCA and David B Zacharia and hold it harmless from any kind of claim, expense, or liability arising out of your discovery or purchase of the Property. KCA and David B Zacharia reserves the right to request the return of the Materials at any time. Ownership of the Property reserves the right to negotiate with one or more prospective investors at any time.

EXECUTIVE OVERVIEW



PRICE

\$995,000



CAP

6.15%

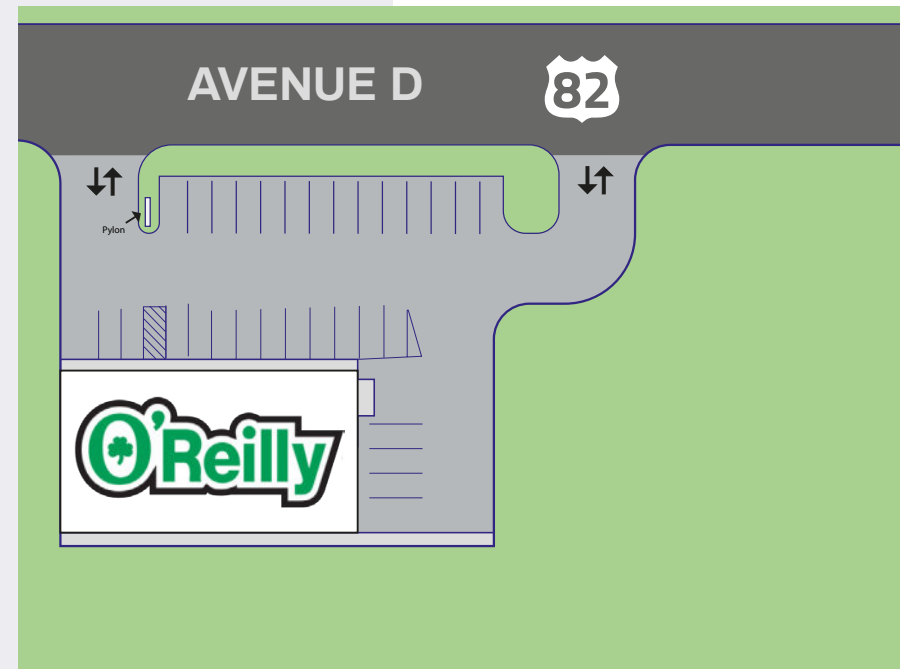


NOI

\$61,200

Kentwood Capital Advisors is pleased to offer for sale to qualified investors this 20 Year NN leased investment with 12.5 Years remaining on the base term of the lease. In addition, the O'Reilly Auto Parts store has 6% rent increases beginning in year 11 and every options period thereafter. The property is leased to O'Reilly Auto Enterprises, LLC, a wholly owned subsidiary of O'Reilly Automotive, Inc. (NYSE: ORLY), which has a current credit rating of BBB+ by Standard and Poor's and market cap of \$21.5B.

This O'Reilly Auto Parts store was built and opened for business in October of 2011. It is situated on a hard corner that has approximately 10,000 vehicles per day passing it on US Highway 84. The property has excellent access and visibility along the highway. The demographics are exceptional for this tenants business model and this lease provides for minimal Landlord responsibilities making it a great long term passive net leased opportunity.



INVESTMENT HIGHLIGHTS

LEASE HIGHLIGHTS



Long term twenty (20) Year lease with Twelve And A Half (12.5) Years remaining on the base lease term.



Three (3), Five (5) Year Renewal Options with 6% increases beginning in year 11 and in each option period.

LOCATION HIGHLIGHTS



The subject property is centrally located with access to the city's main corridor.



The site has excellent visibility and traffic counts of 8,433 VPD on Avenue D

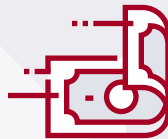
TENANT HIGHLIGHTS



The property is 100% leased to O'Reilly Automotive Stores, Inc.



As of December 31, 2018, O'Reilly Automotive, Inc. had revenues of \$9.54 Billion, and operated 5,219 Stores in 47 States



O'Reilly currently maintains an investment grade S&P rating of BBB and a Baa1 from Moody's

**RENT BUMP
IN 2 YEARS!**



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LEASE ABSTRACT

| | |
|-----------------------|--|
| Tenant Name | O'Reilly Auto Parts |
| Offering Price | \$995,000 |
| Cap Rate | 6.15% |
| Property Type | Auto Parts Store |
| Rentable SF | 6,600 SF +/- |
| Land Area | 27,300 SF +/- |
| Annual Rent | \$61,200 |
| Lease Commence | October 1, 2011 |
| Lease Expire | October 30, 2031 |
| Lease Term | Twenty (20) Years with Options |
| Option Periods | Three (3), Five (5) year options |
| Increases | 6.00% increases beginning in year |
| Lease Type | NN with Landlord responsible for roof and structure |

RENT SCHEDULE

| | |
|---------------------|-------------------------------|
| Year 1-10 | \$61,200 |
| Year 11 - 20 | \$64,872 (6% Rental Increase) |
| Year 21 - 25 | \$68,760 (6% Rental Increase) |
| Year 26 - 30 | \$72,888 (6% Rental Increase) |
| Year 31 - 35 | \$77,268 (6% Rental Increase) |



TENANT OVERVIEW

O'Reilly Automotive Inc., together with its subsidiaries, engages in the retail of automotive after-market parts, tools, supplies, equipment, and accessories in the United States. The company provides new and re manufactured automotive hard parts, including alternators, starters, fuel pumps, water pumps, brake system components, batteries, belts, hoses, temperature controls, chassis parts, and engine parts; maintenance items comprising oil, antifreeze products, fluids, filters, wiper blades, lighting products, engine additives, and appearance products; and accessories, such as floor mats, seat covers, and truck accessories. Its stores offer auto body paint and related materials, automotive tools, and professional service provider service equipment. The companies stores also offer enhanced services and programs comprising used oil, oil filter, and battery recycling; battery, wiper, and bulb replacement; battery diagnostic testing; electrical and module testing; check engine light code extraction; loaner tool program; drum and rotor resurfacing; custom hydraulic hoses; professional paint shop mixing and related materials; and machine shops. Its stores provide do-it-yourself and professional service provider customers a selection of brand name, house brands, and private label products for domestic and imported automobiles, vans, and trucks. As of December 31, 2018, the company operated 5,219 stores in 47 states. O'Reilly Automotive, Inc. was founded in 1957 and is headquartered in Springfield, Missouri.



| | |
|---------------------------|--|
| Tenant Name | O'Reilly Automotive Inc. |
| Headquartered | Springfield, MO |
| No. of Locations | 5,219 Locations in 47 States |
| New Locations 2018 | 200 New Locations |
| New Locations 2019 | 200 - 210 New Stores Planned |
| Stock Symbol | ORLY (NASDAQ) |
| Total Revenue | \$9.54 Billion (2018) |
| Website | www.oreillyauto.com |

LOCATION OVERVIEW

Lovington was established at the turn of the century. The first store was built in 1908 and was named the “Jim B. Love Grocery Store”. The first post office was also housed in the store, and Jim Love was appointed postmaster. In 1917 Lea County was formed from parts of Chaves and Eddy County, and Lovington was designated as the county seat. From the time of its establishment, Lovington was primarily a ranching and farming center. Oil was discovered in 1928 but did not have a significant impact on the economy until 1950 when the Denton pool, located nine miles northeast of Lovington, was discovered. In a short time the Denton pool had 92 flowing wells and, along with subsequent oil development, shaped the economy, labor force, and life style of present day Lovington. Population changes in Lovington during the first half of the century reflected the steady growth in farming and ranching, while changes since 1950 have been related to the oil and gas industry. Only recently has the dairy industry begun to take part in our growth. The Census Bureau counted 411 people in the city in 1920. By 1940, the number had grown to 1,916 and between 1940 and 1960 Lovington experienced a 500 percent increase in population. Since that time the climb has leveled to the current population of 9,600. Lovington’s climate, like much of eastern New Mexico and western Texas, is characterized by warm summer days, cool nights and mild sunny winters. The summer months have average maximum temperatures in the 90s cooling down to the 60s at night while the daytime maximums in the winter range from the 50s to 60s.



Demographics

| | 1 mile | 3 mile | 5 mile |
|---------------------------|----------|----------|----------|
| Population: | 8,540 | 13,744 | 14,160 |
| Households: | 2,785 | 4,537 | 4,683 |
| Average HH Income: | \$60,975 | \$65,127 | \$66,128 |



MARKET AERIAL



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NEW MEXICO BROKERAGE RELATIONSHIP OPTIONS DISCLOSURE

Per New Mexico Administrative Code ("NMAC") 16.61.19.8. Broker duties; disclosure (B) 6. New Mexico licensee must inform buyers, sellers, tenants, and landlords in writing of the, "brokerage relationship options available in New Mexico."

Per NMAC 16.61.19.9. Brokerage relationships

Brokerages working with consumers either as customers or clients may do so through a variety of brokerage relationships. These relationships include but are not limited to a transaction broker relationship, an exclusive agency relationship or a dual agency relationship. For all regulated real estate transactions, a customer or client may enter into an express written agreement to become a client of a brokerage without creating an agency relationship, and no agency duties will be imposed.

- A. Transaction broker: a qualifying broker, associate broker or brokerage that provides real estate services without entering into an agency relationship. The transaction broker relationship is a non-fiduciary relationship.
- B. Exclusive agency: an express written agreement between a person and a brokerage where in the brokerage agrees to exclusively represent as an agent the interests of the person in a real estate transaction. Such agreements include buyer agency, seller agency, designated agency, and sub-agency agreements.
- C. Dual agency: an express written agreement that modifies existing exclusive agency agreements to provide that the brokerage agrees to act as a facilitator in a real estate transaction rather than as an exclusive agent for either party to the transaction.

Buyers, sellers, tenants and landlords please sign and date below acknowledging acceptance of this New Mexico Brokerage Relationship Options Disclosure and please circle the brokerage relationship described above as A, B, and C that is appropriate for this transaction. Please provide a signed copy to Foreign broker or New Mexico broker.

Seller or Landlord

By 

5/28/2019

Date

Buyer or Tenant

By _____

Date