Advance Auto Parts

Offering Memorandum

5150 E. Thompson Road Indianapolis, IN 46237

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Exclusively Offered By | Illuminate Real Estate Jordan Kaufman | President & Managing Broker 695 S. Colorado Blvd. Suit 480 | Denver, CO 80246 P: 720.598.4990 jkaufman@illuminaterealestate.com Exclusively Offered By | Illuminate Real Estate Daniel Simon | Associate Broker 695 S. Colorado Blvd. Suite 480 Denver, CO 80246 O: 720.598.4990 | M: 303.912.5831 dsimon@illuminaterealestate.com

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Recently executed, early 5-year lease extension providing ~8.1 years of term

Long, successful operating history of 27 years (including current term)

Located just a half mile from I-465 Loop

Full access (ingress/egress) to Thompson Rd. with excellent visibility

Combined 50,520 vehicles per day on Thompson Rd. and Emerson Ave.

Located just 15 minutes from Indianapolis' central business district

Outparcel to Thompson Commons Shopping Center – surrounded by national tenants

Shadowed by Kroger Marketplace shopping center

Investment Grade Tenant (NYSE: AAP | BBB-)

Excellent density with over 73,696 within a 3-mile radius

Pride of ownership - same owner since AAP's inception at this location

Immediate tenants within the market include: Kroger Marketplace, Walgreens, Hardees, Wendy's, Walmart Supercenter, Lowe's Home Improvement, Starbucks, McDonald's and Steak 'n Shake to name a few



INVESTMENT OVERVIEW



Advance Auto Parts | 5150 E. Thompson Rd. | Indianapolis, IN | 46237

| Original Lease Commencement: | June 29, 2000 |
|------------------------------|--|
| Current Lease Expiration: | December 31, 2027 |
| Initial Lease Term: | 10-years |
| Renewal Options: | (2) 5-year renewal options with increases |
| Lease Structure: | NN |
| Landlord Responsibility: | Roof, Structure, Parking Lot, ½ HVAC expense over \$500 |
| Tenant Responsibility: | CAM, Taxes, Insurance, HVAC expenses up to \$500 + ½ HVAC expenses over \$500 |
| Tenant: | Advance Stores Company, Incorporated |
| Ownership: | Fee Simple (Land and Building) |
| Building Size: | 7,000 square feet |
| Land Size: | 1.09 acres |
| Parking Spaces: | 40 |
| Year Built: | 2000 |
| Parcel ID: | 3016053 (Marion County) |





PROPERTY OVERVIEW

Illuminate Real Estate is pleased to present this seasoned 7,000 sf, freestanding Advance Auto Parts located in Indianapolis, IN. The subject property was built in 2000 and with their most recent, early 5-year lease extension, the tenant boasts what will be a 27-year operating history at this location. This proven location benefits from a "per square foot" rent that is well below the average throughout the Advance store network. The lease is Advance Auto's prototypical double-net form.

The subject property is conveniently located on highly trafficked E. Thompson Rd. whose intersection just a few hundred feet from the site at Emerson Ave. produces traffic counts of over 50,520 vehicles per day. The property is just a half mile from the I-465 loop on ramp connecting commuters to I-65 and downtown Indianapolis. The site is surrounded by national retail tenants and dense residential. Immediate area tenants and traffic generators include: Kroger Marketplace, Lowe's, Walmart Supercenter, Starbucks, Wendy's, Walgreens, Hardee's and countless others.



PROPERTY PHOTOS





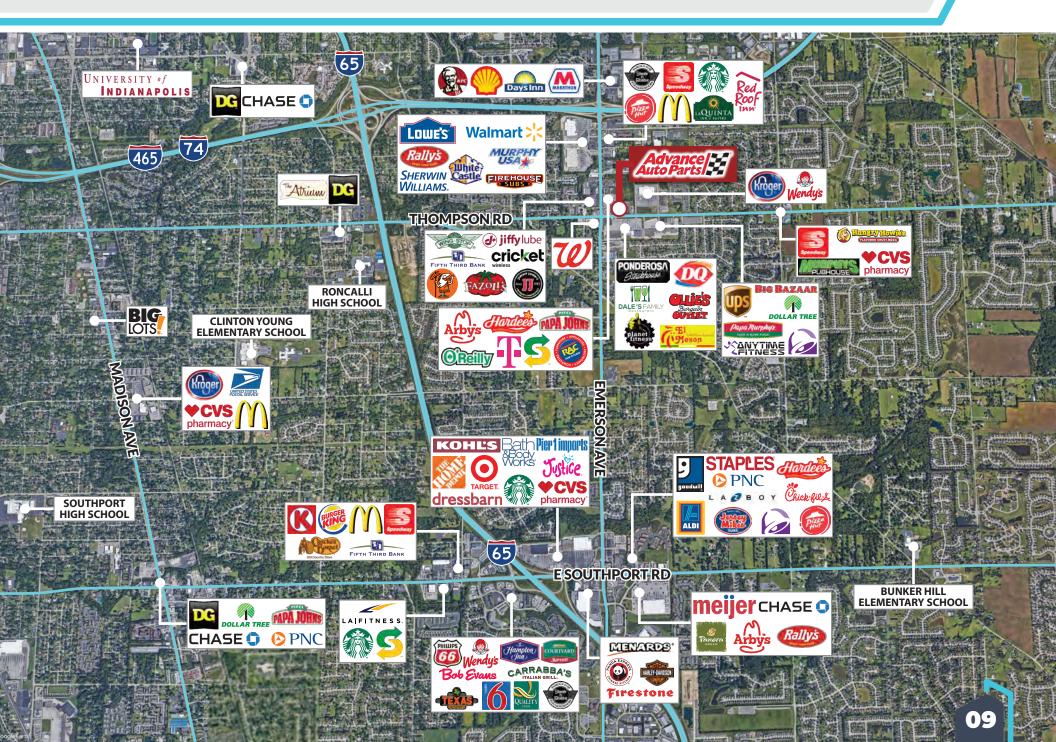




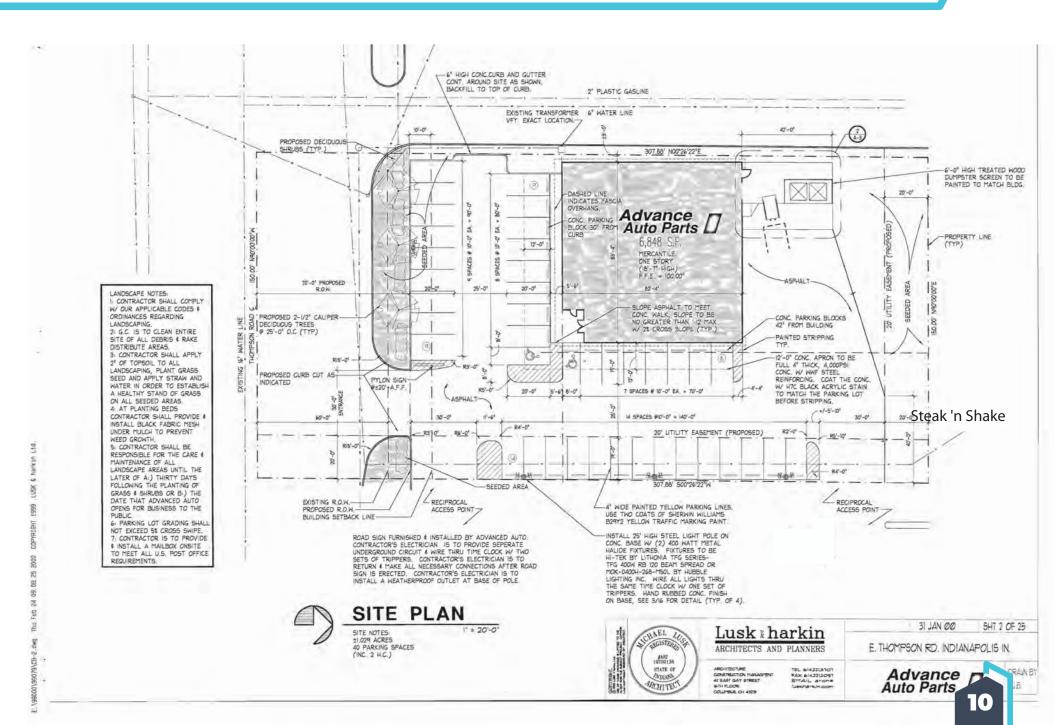
PROXIMAL TRADE MAP

- -LOWE'S 465 Walmart 🔀 No take Kroger rb Hardeel Wendy's **DNDEROSA** STEAKHOUSE /Advance/AutoParts Advance Auto Parts 😹 **ILLUMINATE** R E A L E S T A T E 08

TRADE MAP



SITE PLAN



TENANT OVERVIEW

ABOUT ADVANCE AUTO PARTS

Advance Auto Parts are a leading automotive aftermarket parts provider in North America, serving both professional installers, or "Professional", and "do-it-yourself", or DIY, customers as well as independently-owned operators. Their stores and branches offer a broad selection of brand name, original equipment manufacturer ("OEM") and private label automotive replacement parts, accessories, batteries and maintenance items for domestic and imported cars, vans, sport utility vehicles and light and heavy duty trucks. As of December 31, 2016, the end of their 2016 fiscal year, or 2016, they operated 5,062 total stores and 127 branches primarily under the trade names "Advance Auto Parts", "Autopart International", "Carquest" and "Worldpac".

They were founded in 1929 as Advance Stores Company, Incorporated and operated as a retailer of general merchandise until the 1980s. During the 1980s, they began targeting the sale of automotive parts and accessories to DIY customers. They began their professional delivery program in 1996 and have steadily increased their sales to Professional customers since 2000. They have grown significantly as a result of comparable store sales growth, new store openings and strategic acquisitions. Their parent company, Advance Auto Parts, Inc., a Delaware corporation, was incorporated in 2001 in conjunction with the acquisition of Discount Auto Parts, Inc.

Their most recent strategic acquisition was on January 2, 2014 when they acquired GPI. GPI, formerly a privately held company, was a leading distributor and supplier of original equipment and aftermarket automotive replacement products for professional markets operating under the Carquest and Worldpac names. As of the acquisition date, GPI operated 1,233 Carquest stores and 103 Worldpac branches located in 45 states and Canada and serviced approximately 1,400 independently owned Carquest stores. The acquisition allowed them to expand our geographic presence, Professional capabilities and overall scale to better serve our customers.



STOCK INFORMATION (JANUARY 2018)

| Ticker Symbol (NYSE) | AAP |
|----------------------|----------|
| Price | \$111.96 |
| 52 Week High | \$177.50 |
| 52 Week Low Market | \$78.81 |
| Cap. (Mil) | \$7.21B |

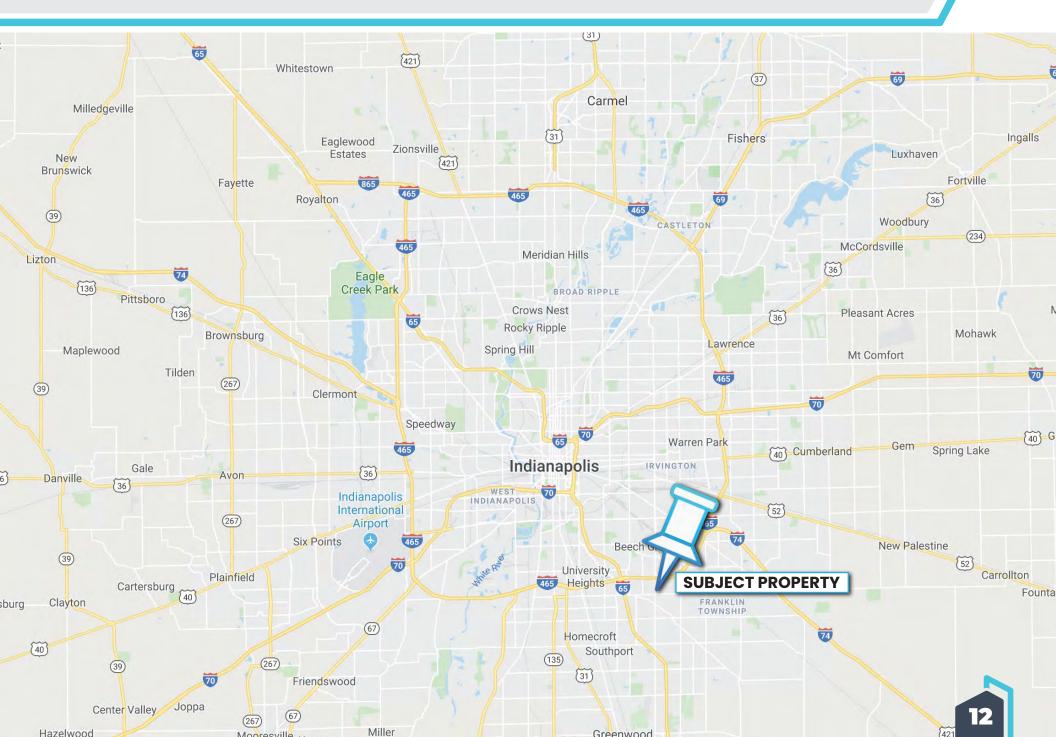
KEY FUNDAMENTALS

| P/E Ratio | 20.56 |
|--------------------|---------|
| Earnings per share | \$4.77 |
| Enterprise Value | \$1.07B |

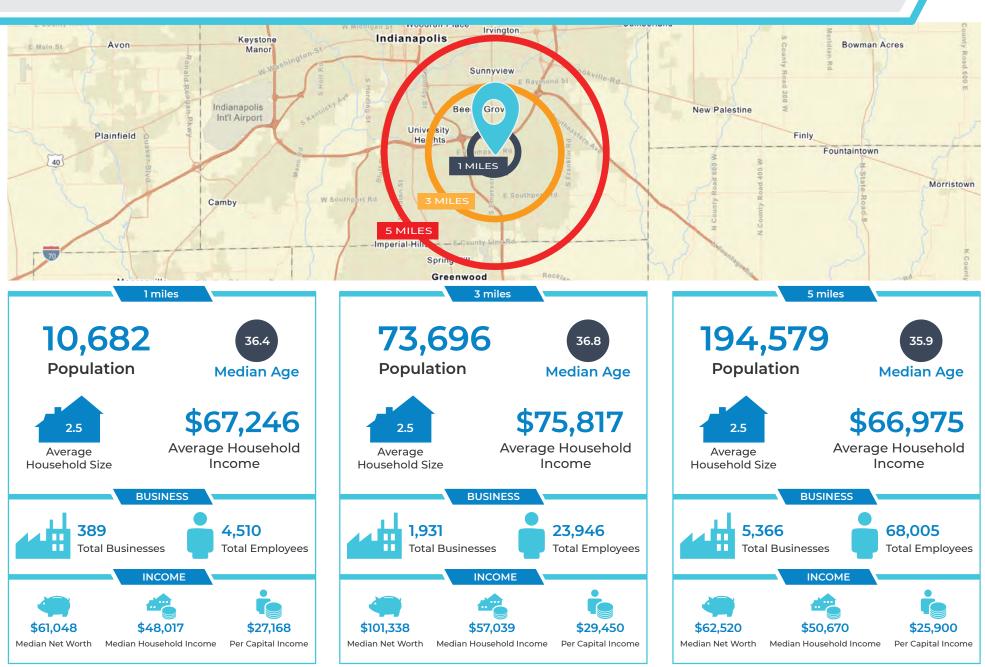
- Guidance. For fiscal 2017, management expects to open 75 to 85 stores (including WorldPac), hire more than 15,000 employees (increasing its labor force by 20%), achieve comparable store sales of 2%, and generate at least \$400.0 million in free cash flow.
- Store Development AAP continued the integration of Carquest stores. As of December 31, 2016 the Company has completed 333 Carquest consolidations and 282 Carquest conversions.
- Capital Expenditures totaled \$259.6 million for the fiscal year ended December 31, 2016, which represented a 10.6% increase compared to \$234.7 million during the prior year. Expenditures included investments in supply chain, IT upgrades, store development, maintenance and GPI integration outlays. (Advance Auto Parts)



REGIONAL MAP



DEMOGRAPHICS



MARKET OVERVIEW



Indianapolis often shortened to Indy, is the state capital and most populous city of the U.S. state of Indiana and the seat of Marion County. According to 2017 estimates from the U.S. Census Bureau, the consolidated population of Indianapolis and Marion County was 872,680. The "balance" population, which excludes semi-autonomous municipalities in Marion County, was 863,002. It is the 17th most populous city in the U.S. The Indianapolis metropolitan area is the 34th most populous metropolitan statistical area in the U.S., with 2,028,614 residents. Its combined statistical area ranks 27th, with a population of 2,411,086. Indianapolis covers 368 square miles, making it the 16th largest city by land area in the U.S.

Indianapolis anchors the 27th largest economic region in the U.S., based primarily on the sectors of finance and insurance, manufacturing, professional and business services, education and health care, government, and wholesale trade. The city has notable niche markets in amateur sports and auto racing. The Fortune 500 companies of Anthem, Eli Lilly and Company, and Simon Property Group are headquartered in Indianapolis. The city has hosted many international multi-sport events, such as the 1987 Pan American Games and 2001 World Police and Fire Games, but is perhaps best known for annually hosting the world's largest single-day sporting event, the Indianapolis 500.

Indianapolis is home to two major league sports clubs, the Indiana Pacers of the National Basketball Association (NBA) and the Indianapolis Colts of the National Football League (NFL). It is home to a number of educational institutions, such as the University of Indianapolis, Butler University, Marian University, and Indiana University – Purdue University Indianapolis (IUPUI). The city's robust philanthropic community has supported several cultural assets, including the world's largest children's museum, one of the nation's largest privately funded zoos, historic buildings and sites, and public art. The city is home to the largest collection of monuments dedicated to veterans and war casualties in the U.S. outside of Washington, D.C.



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