

OFFERING MEMORANDUM



DOLLAR GENERAL

Brookshire Brothers



FAMILY DOLLAR



Advance Auto Parts



1701 WEST FRANK AVENUE | LUFKIN, TEXAS 75904

NEWMARK

±7,000 SF SINGLE TENANT
NET LEASED INVESTMENT

PRICE: **\$1,170,000** CAP RATE: **6.15%**

FRANK AVENUE VPD: ±18,000

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AFFILIATED BUSINESS DISCLOSURE

Newmark (the "Agent") has been engaged as the exclusive sales representative for the sale of 1701 West Frank Avenue, Lufkin, TX 75904 (the "Property") by 'Ownership' (the "Seller").

This Memorandum does not constitute a representation that the business or affairs of the Property or Seller since the date of preparation (4.20.21) 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 of 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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EXECUTIVE SUMMARY



THE OFFERING

Newmark Knight Frank (NKF), as exclusive advisor, is pleased to present the opportunity to acquire the Advance Auto Parts (the Property) net lease offering, a 7,000-square-foot auto parts store in Lufkin, Texas.

This single-story building is located on ± 1.175 acres with frontage on West Frank Avenue, just east of the retail intersection of TX 94 and TX Loop 287.

The Property is located in a dense retail trade area, surrounded by national brands like Target, Home Depot, Best Buy, O'Reilly Auto Parts and Walmart Supercenter, and is attractive to the 51,984 people within a 5-mile radius with its own tremendous brand recognition.

BUILDING ADDRESS	1701 West Frank Avenue Lufkin, Texas 75904
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TENANT	Advance Auto Parts
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YEAR BUILT	2000
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TOTAL BUILDING AREA	$\pm 7,000$ SF
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LAND AREA	± 1.175 AC
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TRAFFIC COUNTS	Frank Avenue: $\pm 18,000$ VPD Loop 287 $\pm 27,103$ VPD
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OFFERING HIGHLIGHTS

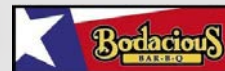
- Tax-friendly investment – Texas is an income tax free state
- Located strategically between Houston and Nacogdoches with a population of $\pm 90,836$ in the Lufkin MSA
- Quality hard corner location and a signalized intersection – Frank Ave sees $\pm 18,000$ VPD
- Recession & pandemic proof tenant – Advance had their most profitable year in company history
- Investment grade credit tenant: Advance Auto Parts Inc. (S&P: BBB-)
- Corporate signature (NYSE: AAP)
- Eastern Texas hub store – this is the only Advance Auto Parts store within a 70 mile radius
- Lengthy operating history – the tenant has occupied this building since 2000
- AutoZone, O'Reilly Auto Parts and Napa Auto Parts all have coverage in the submarket which makes new competition unlikely
- Convenient access to major traffic corridors: TX-94, TX-287, US-69 and US-59
- Dense retail trade area with Brookshire Brothers, Wal-Mart, Academy Sports, Target, Home Depot, Lowe's, H-E-B & Best Buy within a 5-mile radius of the subject site
- Minimal landlord responsibilities
- Below market rent – this specific store pays a lower rent on average compared to other Advance locations throughout the state of Texas

DEAN CONSTRUCTION



Catrachos Mix

Roy's detail shop



TX LOOP 287 VPD ±27,103

Brookshire Brothers



Tracy's Nails

Abney & Sons Hardware Inc

DOLLAR GENERAL

Advance/
Auto Parts



SUBWAY



FRANK AVENUE VPD: ±18,000



labcorp

CLINICAL PATHOLOGY LABORATORIES

THE HEART INSTITUTE OF EAST TEXAS, P.A.

Dedicated Medical Center & Urgent Care

HARBOR HOSPICE

LUFKIN FAMILY DENTAL

TIKED Texas Institute for KIDNEY AND ENDOCRINE DISORDERS

WOODLAND HEIGHTS MEDICAL CENTER

MEDICAL OFFICE WITH VARIOUS PHYSICIANS

Dedicated MRI Center of East Texas

ABELOTT'S GASLIGHT PHARMACY

DOLLAR GENERAL

SUBWAY

St. Luke's Health

Brookshire Brothers

Tracy's Nails

Abney & Sons Hardware Inc

CAREER CU UNIFORMS

O'Reilly AUTO PARTS

Advance Auto Parts

W FRANK AVENUE VPD: ±18,000

Atkinson's FRESH QUALITY CANDY

pilgrim's





02

FINANCIAL & LEASE SUMMARY

FINANCIAL & LEASE SUMMARY

FINANCIAL SUMMARY

PRICE	\$1,170,000
CAP RATE	6.15%
NOI / ANNUALLY	\$72,000



The corporate guaranteed NN lease has just under 4 years remaining on its original 10 year lease. There are two 5-Year options to renew which would result in a 16.67% increase in 2025.

LEASE SUMMARY

TENANT	Advance Auto Parts, Inc.
LEASE GUARANTOR	Advance Auto Parts, Inc.
LEASE TYPE	NN
NOI / ANNUALLY	\$72,000
RENT PER SF	\$10.28
TENANT RESPONSIBILITY	Tenant shall maintain and keep in good order and repair the leased premises, including the electrical, plumbing and sewer systems as well as any and all interior non-structural maintenance.
LANDLORD RESPONSIBILITY	Roof, Structure and Parking Lot
LEASE COMMENCEMENT	December 31, 2000
LEASE EXPIRATION	December 31, 2024
ORIGINAL LEASE TERM	10 Years
LEASE OPTIONS	Two 5-Year Options to Renew

RENT SCHEDULE	MONTHLY RENT	YEARLY RENT	RENT PER SF	RENT INCREASES	CAP RATE
Present - 12/31/2024	\$6,000	\$72,000	\$10.28	-	6.15%
1/1/2025 - 12/31/2029	\$7,000	\$84,000	\$12.00	16.67%	7.18%
1/1/2030 - 12/31/2034	\$7,583.33	\$90,999.96	\$13.00	8.33%	7.78%



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TENANT PROFILE



Advance Auto Parts, Inc. (Advance) is an American automotive aftermarket parts provider. Headquartered in Raleigh, North Carolina, it serves both professional installer and do-it-yourself (DIY) customers.

As of January 2, 2021, Advance operated 4,976 stores and 170 Worldpac branches in the United States, Canada, Puerto Rico and the U.S. Virgin Islands. The Company also serves 1,277 independently owned Carquest branded stores across these locations in addition to Mexico, Grand Cayman, the Bahamas, Turks and Caicos and British Virgin Islands. Additional information about Advance, including employment opportunities, customer services, and online shopping for parts, accessories and other offerings can be found at www.AdvanceAutoParts.com

The company's 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.



4,976+
STORES



\$10.1B
2020 SALES



S&P BBB-
RATED CREDIT

In 2020, Advance Auto Parts leveraged their scale to differentiate themselves and gain market share in the quarter. This was highlighted by the successful launch of the DieHard® brand, the expansion of the Carquest® brand and continued success from the Advance Same Day™ suite of fulfillment options.

During the fifty three weeks ended January 2, 2021, 13 stores and branches were opened resulting in a total of 4,976 stores and branches as of January 2, 2021.

TENANT TRADE NAME	Advance Auto Parts, Inc.
OWNERSHIP	Public
NYSE	AAP
LEASE GUARANTOR	Advance Auto Parts, Inc.
LOCATIONS	4,976 stores & 170 Worldpac branches in USA, Canada, Puerto Rico and US Virgin Islands
www.advanceautoparts.com	



“As a result, Advance delivered another quarter of growth in comp sales, margin expansion and free cash flow as we crossed \$10B in annual net sales for the first time ever.”

Advance Auto Parts Reports Fourth Quarter and Full Year 2020 Results

Full Year 2020 Highlights:

- Net sales increased 4.1% to \$10.1B; Comparable store sales (b) increased 2.4%
- Operating income increased 10.7% to \$749.9M; Operating income margin expanded 45 bps to 7.4%
- Including approximately \$60M in COVID-19 related expenses, Adjusted operating income (b) increased 4.1% to \$827.3M; Adjusted operating income margin (b) was in-line with prior year at 8.2%
- Including the impact of approximately \$0.66 as a result of COVID-19 expenses, Diluted EPS increased 4.4% to \$7.14 and Adjusted diluted EPS (b) increased 3.9% to \$8.51
- Operating cash flow increased 11.9% to \$969.7M; Free cash flow (b) increased 17.7% to \$702.1M
- Returned \$514.9M to shareholders through the combination of share repurchases and the Company's quarterly cash dividends

For complete article:

[https://s1.q4cdn.com/172833328/files/doc_financials/2020/q4/AAP-Q4-2020-Earnings-Release-\(2.15.2021\)-FINAL.pdf](https://s1.q4cdn.com/172833328/files/doc_financials/2020/q4/AAP-Q4-2020-Earnings-Release-(2.15.2021)-FINAL.pdf)



04

AREA OVERVIEW

AREA OVERVIEW

LUFKIN, TEXAS

In the heart of Angelina County lies Lufkin, a city that boasts Texas size opportunities for business. With its location in the heart of Texas Forest Country, Lufkin maintains a rich history in timber manufacturing. The city is the retail and medical hub of a 12-county region and possesses a skilled talent pool of more than 145,000.

There's ample available land, abundant natural resources, and an easygoing lifestyle that residents love. Lufkin is the natural choice for business in East Texas.

POPULATION	1-MILE	3-MILE	5-MILE
2025 Projection	4,174	31,407	52,651
2020 Estimate	4,139	31,198	51,984
2010 Census	4,059	30,750	50,333
Growth 2010-2020	1.02%	1.01%	1.03%

HOUSEHOLDS	1-MILE	3-MILE	5-MILE
2025 Projection	1,564	11,301	18,901
2020 Estimate	1,558	11,254	18,713
2010 Census	1,548	11,247	18,347
Growth 2010-2020	1.01%	1.00%	1.02%

INCOME	1-MILE	3-MILE	5-MILE
2020 Est. Average Household Income	\$57,594	\$56,008	\$61,348

TOP EMPLOYERS:

- American eChem
- Angelina Forest Products
- Angelina Tank
- Coca-Cola
- Hammer Equipment
- Lockheed Martin
- Overseas Hardwoods
- Pilgrim's Pride Corporation
- Standridge Color Corporation
- Sterling Lumber
- Twin Disc
- Woodland Heights Medical Center

FROM 2018-2020:

- There has been a capital investment of \$183 Million
- 557 new full-time jobs created
- 1 of only 2 cities in the U.S. to be designated a Foreign Trade Zone in 2019 - Foreign Trade Zone #297



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NEWMARK

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INFORMATION ABOUT BROKERAGE SERVICES

TYPES OF REAL ESTATE LICENSE HOLDERS:

- A **BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- A **SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A **BROKER'S MINIMUM DUTIES REQUIRED BY LAW** (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide

opinions and advice to, and carry out the instructions of each party to the transaction.

- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

Newmark <small>Licensed Broker /Broker Firm Name or Primary Assumed Business Name</small>	537005 <small>License No.</small>	 <small>Email</small>	713.626.8888 <small>Phone</small>
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 <small>Licensed Supervisor of Sales Agent/ Associate</small>	 <small>License No.</small>	 <small>Email</small>	 <small>Phone</small>
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<hr/> <small>Buyer/Tenant/Seller/Landlord Initials</small>		<hr/> <small>Date</small>	