



## For Sale Advanced Auto Parts NN Investment



**PRICE:**  
\$1,125,000

**BUILDING SF:**  
7,000

**\$/SF:**  
\$160.71

**CAP RATE:**  
7.4%

**PRE TAX CASH  
ON CASH:**  
8.2%

**NOI:**  
\$83,500

**YEAR BUILT:**  
2000

**QUALITY:**  
Excellent



**2124 Alexandria Pike  
Newport, KY 41071**

**Advance Auto Parts** (NYSE: AAP), headquartered in Roanoke, Virginia and it is the second-largest retailer of automotive replacement parts and accessories in the United States. AAP was founded in 1932 and had 2011 sales of approximately \$6.2 billion. AAP operates over 3,800 stores in forty U.S. states and has over 55,000 employees. This store has experience continued sales increases year after year. 2010 Sales were \$1,500,146. 2011 Sales figures will be available mid 2012.

For more information see the following web links:

<http://corp.advanceautoparts.com/>

[http://en.wikipedia.org/wiki/Advance\\_Auto\\_Parts](http://en.wikipedia.org/wiki/Advance_Auto_Parts)

<http://shop.advanceautoparts.com/webapp/wcs/stores/servlet/home>

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# Property Overview

## Pricing

|   |             |
|---|-------------|
| <b>Asking Price:</b>                    | \$1,125,000 |
| <b>Price per Sq. Ft.:</b>               | \$160.71    |
| <b>Cap Rate / Pre-Tax Cash on Cash:</b> | 7.4% / 8.2% |

## Building

|                                    |                                   |
|------------------------------------|-----------------------------------|
| <b>Construction:</b>               | Reinforced Masonry Block Building |
| <b>Floors:</b>                     | Concrete                          |
| <b>Stories:</b>                    | Single                            |
| <b>Approx. Rental Build. Area:</b> | 7,000                             |
| <b>Year Built:</b>                 | 2000                              |
| <b>Tenant:</b>                     | Advance Auto Parts                |

## Site

|                            |   |
|----------------------------|---|
| <b>APN:</b>                | 999-99-00-303   |
| <b>Size:</b>               | .67 acre  |
| <b>Zoning:</b>             | NC (Neighborhood Commercial)  |
| <b>City / County:</b>      | Newport/Campbell  |
| <b>Water &amp; Sewer:</b>  | Water Service (Northern Kentucky Water District * 859-578-9898)<br>SD1 (Sanitary Sewer and Storm Drainage * 859-578-7450) |
| <b>Gas &amp; Electric:</b> | Duke Energy (800-544-6900)  |

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# Advanced Auto Press Release - Fourth Quarter Fiscal 2011



## PRESS RELEASE:

Advance Auto Parts Reports Fourth Quarter Fiscal 2011 Diluted EPS Increase of 57.9% to \$0.90 and Record Annual Free Cash Flow of \$507 Million.

ROANOKE, Va.--(BUSINESS WIRE)--Feb. 16, 2012-- Advance Auto Parts, Inc. (NYSE: AAP), a leading retailer of automotive aftermarket parts, accessories, batteries, and maintenance items, today announced its financial results for its fourth quarter and fiscal year ended December 31, 2011.

Fourth quarter comparable earnings per diluted share (EPS) were \$0.90 which was a 57.9% increase over the fourth quarter of fiscal 2010. For fiscal 2011, EPS increased 29.4% to \$5.11 on top of a 31.7% increase in EPS during fiscal 2010.

### Fourth Quarter Performance Summary:

|   | Twelve Weeks Ended |                 | Fifty-Two Weeks Ended |                 |
|---|--------------------|-----------------|-----------------------|-----------------|
|   | December 31, 2011  | January 1, 2011 | December 31, 2011     | January 1, 2011 |
| <b>Sales (in millions)</b>                | \$ 1,327.6         | \$ 1,270.1      | \$ 6,170.5            | \$ 5,925.2      |
| <b>Comp Store Sales %</b>                 | 2.9%               | 8.9%            | 2.2%                  | 8.0%            |
| <b>Gross Profit %</b>                     | 49.0%              | 49.4%           | 49.7%                 | 50.0%           |
| <b>SG&amp;A %</b>                         | 40.6%              | 42.8%           | 39.0%                 | 40.1%           |
| <b>Operating Income %</b>                 | 8.4%               | 6.6%            | 10.8%                 | 9.9%            |
| <b>Diluted EPS</b>                        | \$ 0.90            | \$ 0.57         | \$ 5.11               | \$ 3.95         |
| <b>Avg. Diluted Shares (in thousands)</b> | 73,807             | 84,494          | 77,071                | 87,155          |

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# Advanced Auto Part U.S. Locations



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# Annual Sales Report - Advanced Auto Parts Store #5834



Annual Sales Report  
Advance Auto Parts #5834  
2124 Monmouth Road, Newport KY

## Annual Sales Figures

|    | <b>Sales</b> | <b>Year</b> | <b>Increase %</b> |
|----|--------------|-------------|-------------------|
| \$ | 774,437.67   | 2004        |                   |
| \$ | 979,094.99   | 2005        | 26.43%            |
| \$ | 1,045,120.88 | 2006        | 6.74%             |
| \$ | 1,047,312.54 | 2007        | 0.21%             |
| \$ | 1,210,825.09 | 2008        | 15.61%            |
| \$ | 1,390,447.54 | 2009        | 14.83%            |
| \$ | 1,500,146.30 | 2010        | 7.89%             |
|    | TBD          | 2011        |                   |
|    | Avg.         |             | 11.95%            |

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# Investment Summary & Highlights

**2124 Monmouth Road aka 2124 Alexandria Pike**  
Newport, KY

## Financial:

|                                   |              |
|-----------------------------------|--------------|
| Price                             | \$ 1,125,000 |
| Price per Sq. Ft.                 | \$ 160.71    |
| Contract Rental Income            | \$ 89,500    |
| Gross Operating Income            | \$ 89,500    |
| Total Operating Expenses          | \$ 6,000     |
| Net Operating Income (Yr. 1)      | \$ 83,500    |
| Cap Rate (Yr. 1)                  | 7.4%         |
| Cap Rate (5 Yr. Avg.)             | 7.4%         |
| Pre-Tax Cash-on-Cash (Yr. 1)      | 8.2%         |
| Pre-Tax Cash-on-Cash (5 Yr. Avg.) | 8.2%         |
| Acquisition Cost Estimate         | \$ 7,000     |

## New Loan:

|                         |            |
|-------------------------|------------|
| Loan Points             | \$ 8,438   |
| Cash Invested           | \$ 296,688 |
| Estimated NEW Loan Amt. | \$ 843,750 |
| NEW Loan LTV            | 75%        |
| Interest Rate           | 5.00%      |
| Term                    | 25         |
| Annual Debt Service     | \$ 59,190  |
| Debt Coverage Ratio     | 1.41       |

## Analysis Assumptions:

|                   |    |
|-------------------|----|
| Vacancy Factor    | 0% |
| Income Escalator  | 0% |
| Expense Escalator | 0% |

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# Rent Roll



2124 Monmouth Road aka 2124 Alexandria Pike  
Newport, KY

| APN: | <u>Suite/Address</u>     | <u>Business Name</u> | <u>Owner Name</u>             | <u>Start Date</u> | <u>End Date</u> | <u>Current Monthly Rent</u> | <u>Approximate Sq. Ft.</u> | <u>Percent of Space</u> | <u>\$ per Sq. Ft. per month</u> | <u>\$ per Sq. Ft./Yr per year</u> | <u>Comments</u>                             |
|------|--------------------------|----------------------|-------------------------------|-------------------|-----------------|-----------------------------|----------------------------|-------------------------|---------------------------------|-----------------------------------|---|
|      | 2124 Monmouth Road aka 2 | Advanced Auto        | Advance Stores Company Incorp | 7/21/2000         | 12/31/2016      | \$ 7,458.33                 | 7,000                      | 100%                    | \$ 1.07                         | \$ 12.79                          | See details below in "Other Lease Comments" |
|      |                          |                      |                               |                   |                 | \$ 7,458.33                 | 7,000                      | 100%                    | \$ 1.07                         | \$ 12.79                          |   |

**Current Estimated Annual Gross Income: \$ 89,499.96**

**Other Lease Comments:**

- 1) Advance Auto has been a tenant in the subject property since mid 2000. Sales have continued to grow year over year (see attached "Advanced Auto Sales Figures).
- 2) Lease has been extended for another five years through December 2016. Advanced Auto has two additional five year options as follows:
  - a. 2nd Renewal Option: January 1, 2017 through December 31, 2021 at \$7,750 per month
  - b. 3rd Renewal Option: January 1, 2022 through December 31, 2026 at \$8,041.67 per month.
- 3) Type of Lease: This is a **NN lease agreement**. The following is a summary of Lessor and Lessee responsibilities:
  - a. **Lessor:** 50% of HVAC (Paragraph 6c, Page 11 of Lease; 100% of roof, gutters, downspouts , structural walls and foundation (Paragraph 6a, Page 10 of Lease); 100% of Parking Lot (Paragraph 6d, Page 12 of Lease).
  - b. **Lessee:** 100% of all repairs for electrical, plumbing, sewer as well as any and all interior non-structural maintenance (Paragraph 6b, Page 11 of Lease); 50% of HVAC (Paragraph 6c, Page 11 of Lease; 100% of all Property Taxes (Paragraph 7, Page 12 of Lease); 100% of Property Insurance (Paragraph 8, Page 12).

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# Annual Property Operating Data

|                                  |                        |  |  |                |                |             |                 |             |
|----------------------------------|------------------------|--|--|----------------|----------------|-------------|-----------------|-------------|
| <b>Name</b>                      |                        | <b>2124 Monmouth Road aka 2124 Alexandria Pike</b> |  |                |                |             |                 |             |
| <b>Location</b>                  |                        | <b>Newport, KY</b>                                 |  |                |                |             |                 |             |
| <b>Type of Property</b>          | Retail                 | <b>Purchase Price</b>                              |  | 1,125,000      |                |             |                 |             |
| <b>Size of Property</b>          | 7,000 (Sq. Ft./Units)  | <b>Acquisition Costs</b>                           |  | 7,000          |                |             |                 |             |
| <b>No. of Units</b>              | 1                      | <b>Loan Points</b>                                 |  | 8,438          |                |             |                 |             |
| <b>Purpose</b>                   | Investment Evaluation  | <b>Cash Invested</b>                               |  | 296,688        |                |             |                 |             |
|                                  |                        |  |  | #Pmts.         |                |             |                 |             |
| <b>Assessed/Appraised Values</b> |                        | <b>Potential No. 1</b>                             |  | <b>Balance</b> | <b>Payment</b> | <b>/Yr.</b> | <b>Interest</b> | <b>Term</b> |
| <b>Land</b>                      | 20% \$ 225,000         | <b>1st</b>   |  | \$843,750      | \$4,932        | 12          | 5.00%           | 25          |
| <b>Improvements</b>              | 80% \$ 900,000         | <b>2nd</b>   |  |                |                | 12          |                 |             |
| <b>Personal Property</b>         | \$ -                   |  |  |                |                |             |                 |             |
| <b>Total</b>                     | 100% \$ 1,125,000      | <b>Potential No. 2</b>                             |  |                |                |             |                 |             |
|                                  |                        | <b>1st</b>   |  |                |                |             |                 |             |
|                                  |                        | <b>2nd</b>   |  |                |                |             |                 |             |
| <b>Adjusted Basis as of</b>      | 11-Apr-12 \$ 1,125,000 |  |  |                |                |             |                 |             |

|  | \$/SQ FT<br>or \$/Unit | %      |                 |   |
|--|------------------------|--------|-----------------|---|
| ALL FIGURES ARE ANNUAL                         |                        | of GOI |                 | COMMENTS/FOOTNOTES                          |
| 1 <b>POTENTIAL RENTAL INCOME</b>               |                        |        | 89,500          | See attached Proforma Rent Roll             |
| 2 Plus: Other Income (affected by vacancy)     |                        |        |                 |   |
| 3 Less: Vacancy & Cr. Losses                   | (                      | of     | 89,500 )        | 100% Occupancy last 11+ years)              |
| 4 <b>EFFECTIVE RENTAL INCOME</b>               |                        |        | 89,500          |   |
| 5 Plus: Other Income (not affected by vacancy) |                        |        |                 |   |
| 6 <b>GROSS OPERATING INCOME</b>                |                        |        | 89,500          |   |
| <b>OPERATING EXPENSES:</b>                     |                        |        |                 |   |
| 7 Real Estate Taxes                            |                        |        |                 | Tenant Pays all property taxes              |
| 8 Personal Property Taxes                      |                        |        |                 | Tenant Pays ALL                             |
| 9 Property Insurance                           |                        |        |                 | Tenant Pays ALL                             |
| 10 Off Site Management                         |                        |        |                 |   |
| 11 Payroll                                     |                        |        |                 |   |
| 12 Expenses/Benefits                           |                        |        |                 |   |
| 13 Taxes/Worker's Compensation                 |                        |        |                 |   |
| 14 Repairs and Maintenance                     |                        |        |                 | Tenant Pays all interior repairs and maint. |
| 15 Utilities:                                  |                        |        |                 |   |
| 16 Water / Sewer                               |                        |        |                 | Tenant Pays ALL                             |
| 17 Garbage                                     |                        |        |                 | Tenant Pays ALL                             |
| 18 Electric                                    |                        |        |                 | Tenant Pays ALL                             |
| 19 Gas   |                        |        |                 | Tenant Pays ALL                             |
| 20 Accounting and Legal                        |                        |        |                 | Tenant Pays ALL                             |
| 21 Licenses/Permits                            |                        |        |                 | Tenant Pays ALL                             |
| 22 Advertising                                 |                        |        |                 | Tenant Pays ALL                             |
| 23 Supplies                                    |                        |        |                 | Tenant Pays ALL                             |
| 24 Landscaping                                 |                        |        |                 | Tenant Pays ALL                             |
| 25 Leasing Commissions                         |                        |        |                 |   |
| 26 Reserves for Capital Improvements           |                        |        | 6,000           | Estimated \$500 per month to build reserve. |
| 27   |                        |        |                 |   |
| 28   |                        |        |                 |   |
| 29   |                        |        |                 |   |
| 30 <b>TOTAL OPERATING EXPENSES</b>             |                        |        | <b>6,000</b>    |   |
| 31 <b>NET OPERATING INCOME</b>                 |                        |        | <b>83,500</b>   | <b>7.4% Cap Rate</b>                        |
| 32 Less: Annual Debt Service                   |                        |        | 59,190          | <b>1.41 Debt Coverage Ratio</b>             |
| 33 Less: Funded Reserves                       |                        |        |                 |   |
| 34 Less:                                       |                        |        |                 | <b>12.57 Gross Rent Multiplier</b>          |
| 35 Less:                                       |                        |        |                 |   |
| 36 <b>CASH FLOW BEFORE TAXES</b>               |                        |        | <b>\$24,310</b> | <b>8.2% Pre_Tax Cash-on-Cash - Yr.1</b>     |

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# Cash Flow Worksheet

Property Name 2124 Monmouth Road aka 2124 Alexandria Pike  
 Prepared For Investment Evaluation  
 Prepared By William M. Severi, CCIM  
 Date Prepared 11-Apr-12

Purchase Price \$1,125,000  
 Acquisition Costs \$7,000  
 Loan Points \$8,438  
 Cash Invested \$296,688

| Mortgage Data       |              |              | Cost Recovery Data |              |                   |
|---------------------|--------------|--------------|--------------------|--------------|-------------------|
|                     | 1st Mortgage | 2nd Mortgage |                    | Improvements | Personal Property |
| LTV                 | 75%          |              |                    |              |                   |
| Amount              | 843,750      |              | Value              | 900,000      |                   |
| Interest Rate       | 5.00%        |              | C. R. Method       | SL           |                   |
| Term                | 25           |              | Useful Life        | 39           |                   |
| Payments/Year       | 12           | 12           | In Service Date    | 1/1/2012     |                   |
| Periodic Payment    | 4,932        | -            | Recapture          |              |                   |
| Annual Debt Service | 59,190       | -            | (All/None/Excess)  |              |                   |
| Comments            |              |              | Investment Tax     |              |                   |
|                     |              |              | Credit (\$\$ or %) |              |                   |

1st Mortgage  
 2nd Mortgage

## Taxable Income

| Year :                                  | 2011   | 2012   | 2013   | 2014   | 2015   |
|---|--------|--------|--------|--------|--------|
| 1 Potential Rental Income               | 89,500 | 89,500 | 89,500 | 89,500 | 89,500 |
| 2 +Other Income affected by vacancy     |        |        |        |        |        |
| 3 -Vacancy & Credit Losses              |        |        |        |        |        |
| 4 =Effective Rental Income              | 89,500 | 89,500 | 89,500 | 89,500 | 89,500 |
| 5 +Other Income not affected by vacancy |        |        |        |        |        |
| 6 =Gross Operating Income               | 89,500 | 89,500 | 89,500 | 89,500 | 89,500 |
| 7 -Operating Expenses                   | 6,000  | 6,000  | 6,000  | 6,000  | 6,000  |
| 8 =NET OPERATING INCOME                 | 83,500 | 83,500 | 83,500 | 83,500 | 83,500 |
| 9 -Interest - 1st Mortgage              | 41,792 | 40,902 | 39,967 | 38,983 | 37,949 |
| 10 -Interest - 2nd Mortgage             |        |        |        |        |        |
| 11 -Cost Recovery - Improvements        | 22,115 | 23,077 | 23,077 | 23,077 | 23,077 |
| 12 -Cost Recovery - Personal Property   |        |        |        |        |        |
| 13 -                                    |        |        |        |        |        |
| 14 -                                    |        |        |        |        |        |
| 15 =Real Estate Taxable Income          | 19,592 | 19,521 | 20,456 | 21,440 | 22,474 |
| 16 Tax Liability (Savings) at 30.0%     | 5,878  | 5,856  | 6,137  | 6,432  | 6,742  |

## Cash Flow

|                                       |          |          |          |          |          |
|---------------------------------------|----------|----------|----------|----------|----------|
| 17 NET OPERATING INCOME (Line 8)      | 83,500   | 83,500   | 83,500   | 83,500   | 83,500   |
| 18 <b>Cap Rate</b>                    | 7.4%     | 7.4%     | 7.4%     | 7.4%     | 7.4%     |
| 19 -Annual Debt Service               | 59,190   | 59,190   | 59,190   | 59,190   | 59,190   |
| 20 Funded Reserves                    |          |          |          |          |          |
| 21 Capital Improvements               |          |          |          |          |          |
| 22 =CASH FLOW BEFORE TAXES            | 24,310   | 24,310   | 24,310   | 24,310   | 24,310   |
| 23 <b>Cash-on-Cash BEFORE Tax</b>     | 8.2%     | 8.2%     | 8.2%     | 8.2%     | 8.2%     |
| 24 -Tax Liability (Savings) (Line 16) | 5,878    | 5,856    | 6,137    | 6,432    | 6,742    |
| 25 +Investment Tax Credit             |          |          |          |          |          |
| 26 =CASH FLOW AFTER TAXES             | \$18,433 | \$18,454 | \$18,173 | \$17,878 | \$17,568 |
| <b>Cash-on-Cash AFTER Tax</b>         | 6.21%    | 6.22%    | 6.13%    | 6.03%    | 5.92%    |

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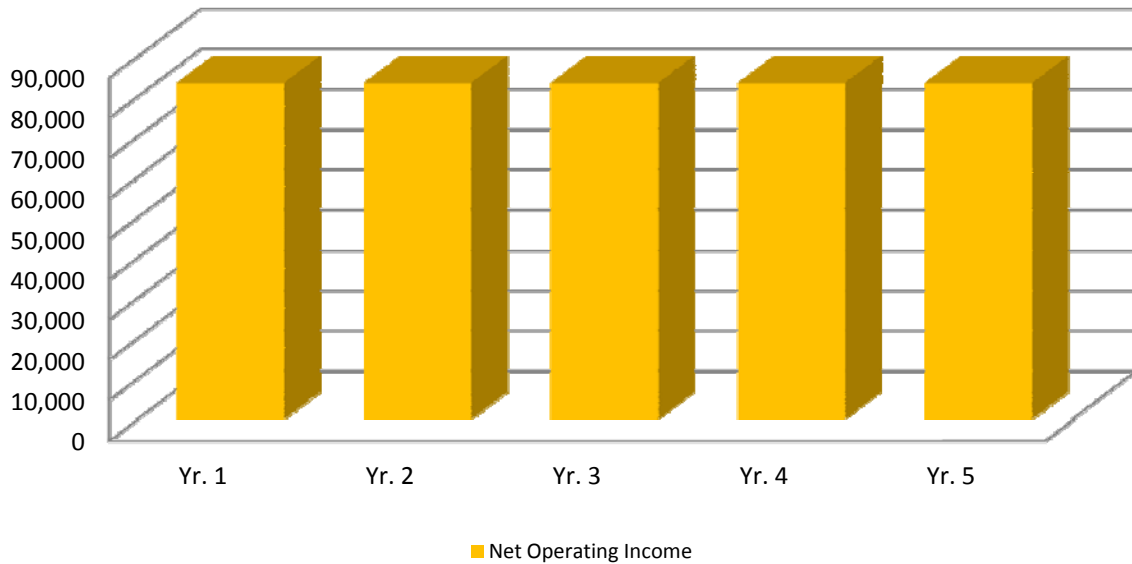
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# Charts and Key Ratios

2124 Monmouth Road aka 2124 Alexandria Pike  
Newport, KY

## Net Operating Income



|                           | Yr. 1 | Yr. 2 | Yr. 3 | Yr. 4 | Yr. 5 | 5 Yr Avg. |
|---------------------------|-------|-------|-------|-------|-------|-----------|
| ■ Cap Rate                | 7.42% | 7.42% | 7.42% | 7.42% | 7.42% | 7.42%     |
| ■ Cash-on-Cash BEFORE Tax | 8.19% | 8.19% | 8.19% | 8.19% | 8.19% | 8.19%     |

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# Photos

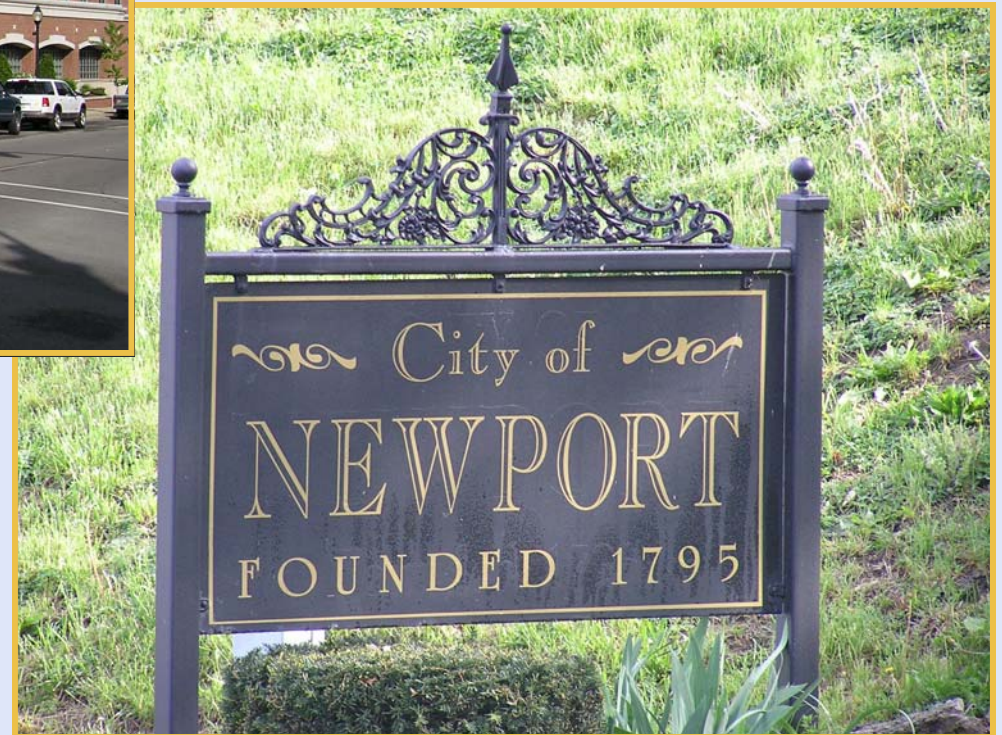


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# City of New Port City Hall

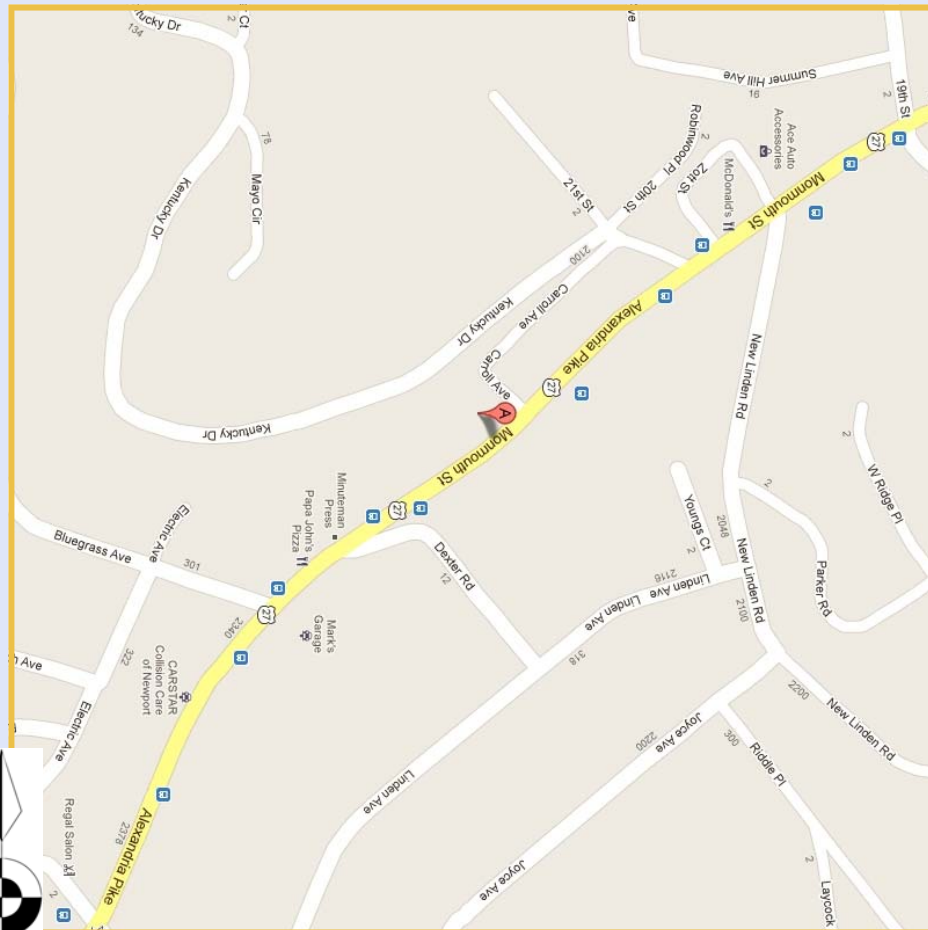


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# Location Maps



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## Broker Team

**William M. Severi, CCIM**  
**bill@williamseveri.com**



**Cell:**  
707-291-2722  
**Office:**  
707-523-2700  
**DRE No.:**  
01000344

**Nick Abbott**  
**nabbott@northbayprop.com**



**Cell:**  
707-529-1722  
**Phone:**  
707-523-2700  
**DRE No.:**  
01357548

**Santa Rosa Office:**  
2544 Cleveland Ave., Ste., 110  
Santa Rosa, CA 95403  
707-523-2700

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