

OFFERING MEMORANDUM.



Advance Auto Parts Houston, TX

The Maffia Team

\$2,070,000

5.90% CAP Rate

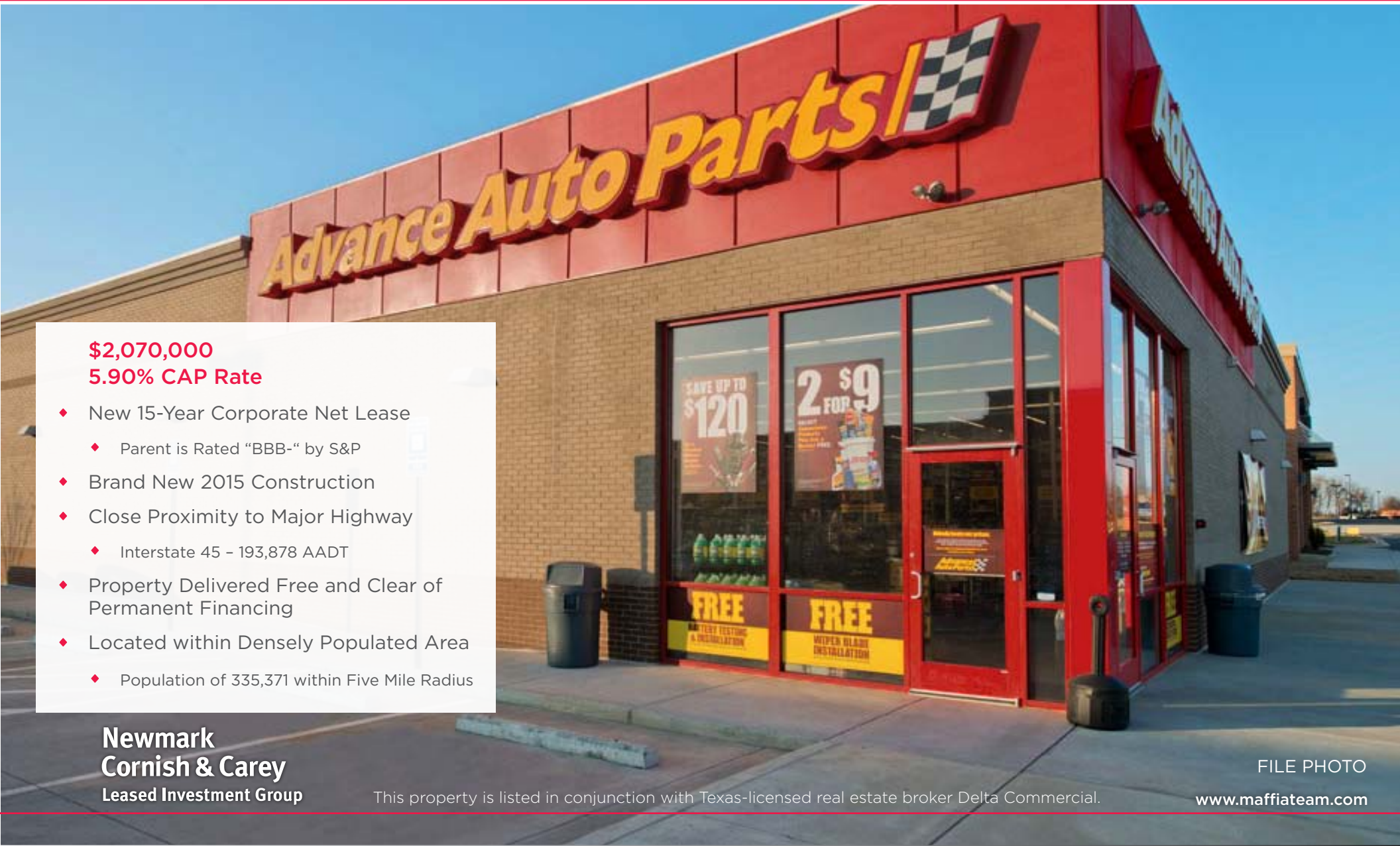
- ◆ New 15-Year Corporate Net Lease
 - ◆ Parent is Rated “BBB-” by S&P
- ◆ Brand New 2015 Construction
- ◆ Close Proximity to Major Highway
 - ◆ Interstate 45 - 193,878 AADT
- ◆ Property Delivered Free and Clear of Permanent Financing
- ◆ Located within Densely Populated Area
 - ◆ Population of 335,371 within Five Mile Radius

**Newmark
Cornish & Carey**
Leased Investment Group

This property is listed in conjunction with Texas-licensed real estate broker Delta Commercial.

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Disclaimer

Newmark Cornish & Carey ("Broker") has been retained on an exclusive basis to market the property described herein ("Property"). Broker has been authorized by the Seller of the Property ("Seller") to prepare and distribute the enclosed information ("Material") for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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Property Information

Location

The property is located at 3003 South Richey Street in Houston, Texas.

Lot Size

Approximately 1.18 acre, or 51,260 square feet.

Improvements

Construction will be completed in December 2015 of an approximately 6,889 square foot retail building for **Advance Auto Parts**.

Lease

Leased to **Advance Stores Company, Incorporated** for 15 years from December 2015 to December 2030 at an annual net rent of \$122,131. There are four five-year options to renew the lease, with the rent increasing in each option period. The lease is net, with the tenant responsible for taxes, insurance, and all maintenance, replacement and repair of the leased premises including the roof, parking lot and HVAC. Landlord is responsible for maintaining the slab, foundation, and structure of the leased premises.

Net Annual Income

Year	Annual Rent	Return
1-15	\$122,131	5.90%
16-20 (Option 1)	\$134,344	6.49%
21-25 (Option 2)	\$145,091	7.01%
26-30 (Option 3)	\$156,698	7.57%
31-35 (Option 4)	\$169,234	8.17%

Price: \$2,070,000 (5.90% Return)

Financing

The property will be delivered free and clear of permanent financing.



Tenant Information



Advance Stores Company, Inc., the major subsidiary of **Advance Auto Parts, Inc.** (NYSE: "AAP"), wholesales and retails automotive parts and maintenance items. In the retail segment, its stores offer a selection of brand name and proprietary automotive products for domestic and imported cars, and light trucks. These stores carry between 16,000 and 21,000 stock keeping units.

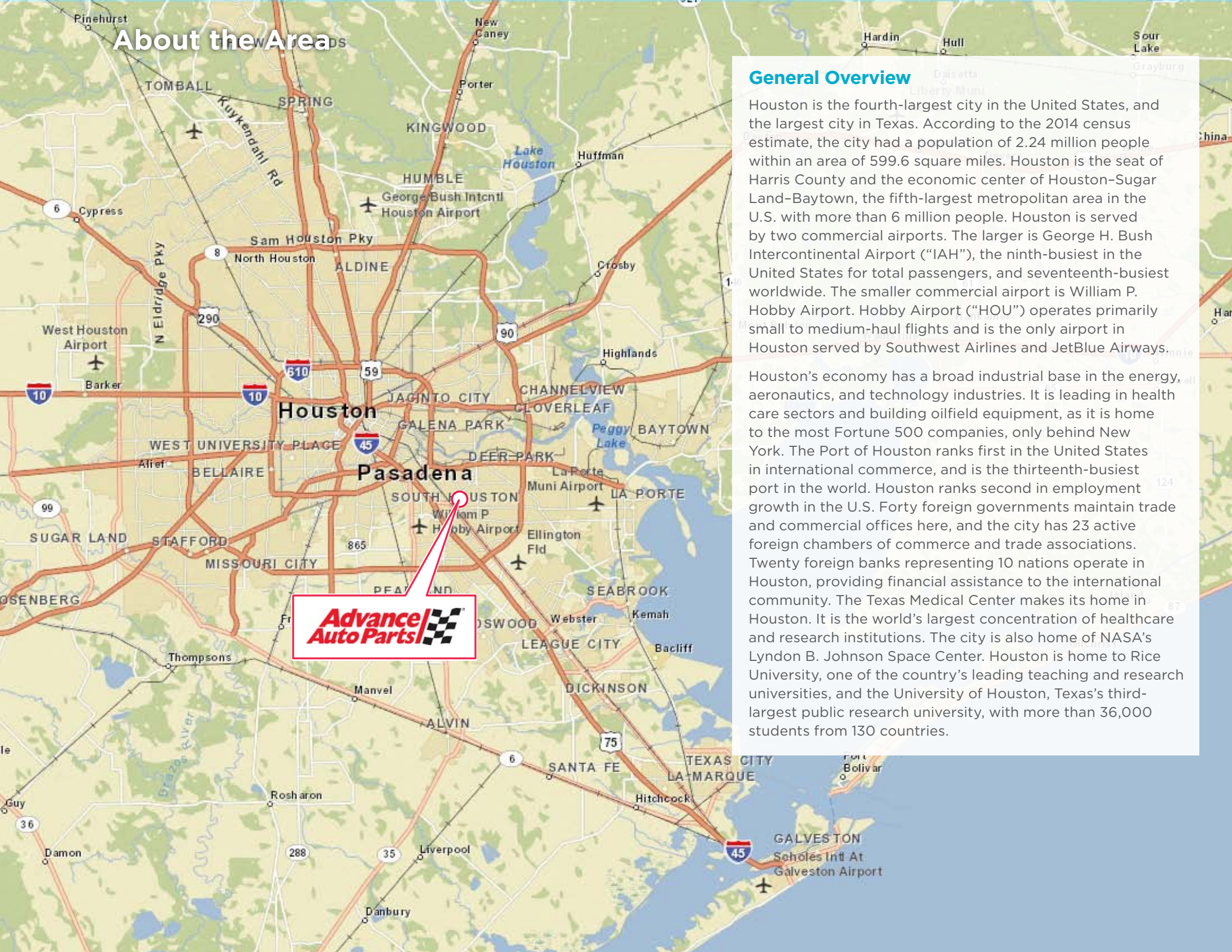
Advance Auto Parts, Inc. is the largest North American retailer of automotive aftermarket parts, accessories, batteries and maintenance items primarily operating within the United States. Headquartered in Roanoke, VA, Advance Auto Parts, Inc. serves both the do-it-yourself and professional installer markets.

The company operates over 5,200 stores, over 100 Worldpac branches, and serves approximately 1,300 independently-owned Carquest branded stores in the United States, Puerto Rico, the Virgin Islands and Canada. It employs approximately 74,000 people.

For the recent quarter ended July 18, 2015, Advance Auto Parts, Inc. reported revenue of \$2.370 billion, net income of \$149.998 million and total stockholders' equity of \$2.289 billion. The company is rated "BBB-" by Standard & Poor's.

For additional information, please visit www.corp.advanceautoparts.com.

About the Area



General Overview

Houston is the fourth-largest city in the United States, and the largest city in Texas. According to the 2014 census estimate, the city had a population of 2.24 million people within an area of 599.6 square miles. Houston is the seat of Harris County and the economic center of Houston-Sugar Land-Baytown, the fifth-largest metropolitan area in the U.S. with more than 6 million people. Houston is served by two commercial airports. The larger is George H. Bush Intercontinental Airport ("IAH"), the ninth-busiest in the United States for total passengers, and seventeenth-busiest worldwide. The smaller commercial airport is William P. Hobby Airport. Hobby Airport ("HOU") operates primarily small to medium-haul flights and is the only airport in Houston served by Southwest Airlines and JetBlue Airways.

Houston's economy has a broad industrial base in the energy, aeronautics, and technology industries. It is leading in health care sectors and building oilfield equipment, as it is home to the most Fortune 500 companies, only behind New York. The Port of Houston ranks first in the United States in international commerce, and is the thirteenth-busiest port in the world. Houston ranks second in employment growth in the U.S. Forty foreign governments maintain trade and commercial offices here, and the city has 23 active foreign chambers of commerce and trade associations. Twenty foreign banks representing 10 nations operate in Houston, providing financial assistance to the international community. The Texas Medical Center makes its home in Houston. It is the world's largest concentration of healthcare and research institutions. The city is also home of NASA's Lyndon B. Johnson Space Center. Houston is home to Rice University, one of the country's leading teaching and research universities, and the University of Houston, Texas's third-largest public research university, with more than 36,000 students from 130 countries.

About the Area

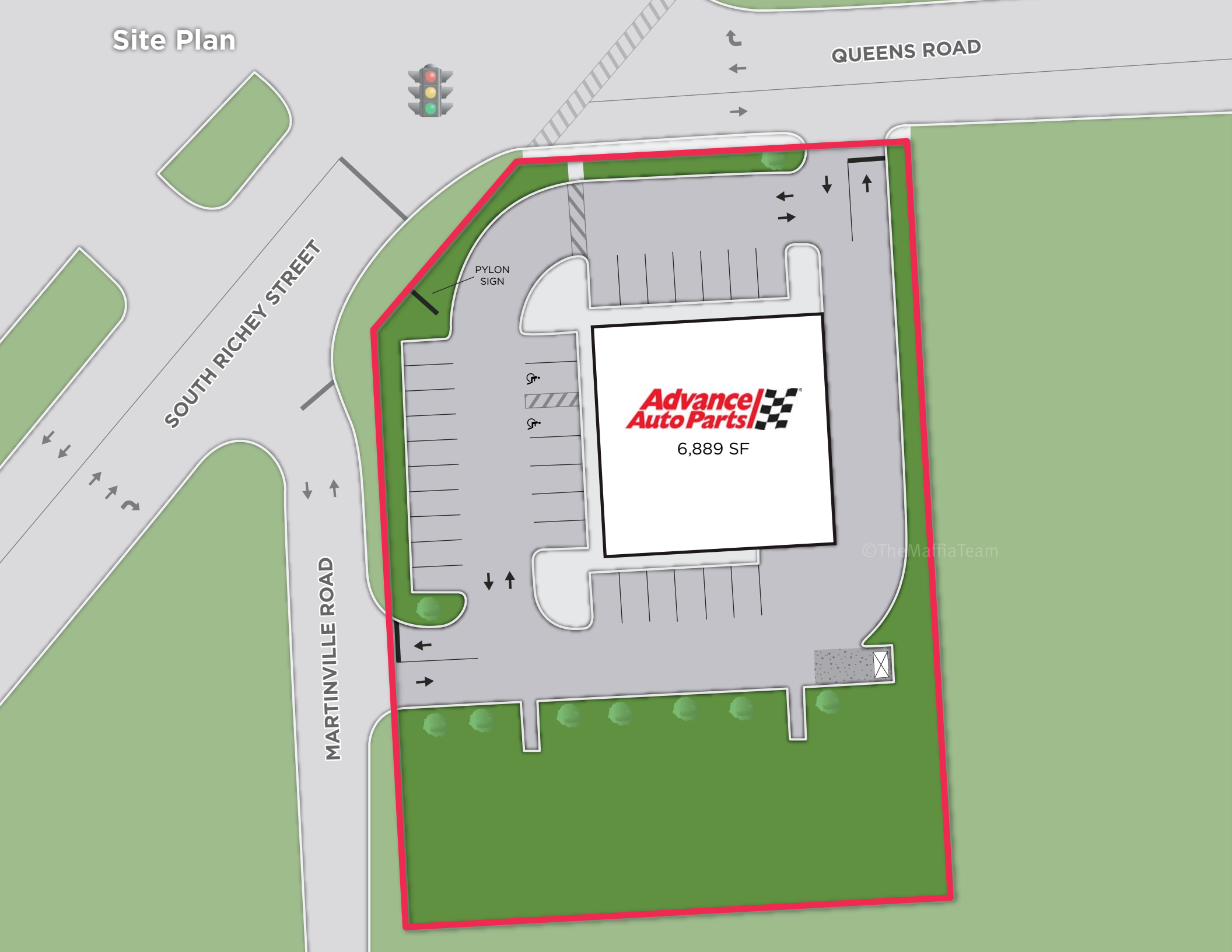


Site Information

The subject property is located at the corner of the three-way junction of South Richey Street, Queens Street, and Martinville Drive, less than two miles east of Interstate 45 (193,878 AADT). South Richey Street boasts an annual average daily traffic count of approximately 19,139 vehicles in front of the site. The property is strategically located among the rapidly growing residential and retail community of Houston. It is directly across the grocery-anchored centered South Richey Shopping Center. The center is anchored by Bravo Ranch and features tenants such as Dollar Tree, Burger King, Little Caesars Pizza, and various local retailers. One block northeast along South Richey Street is Allendale Shopping Center anchored by Food Town. Notable tenants within the center include Walgreens, Sherwin-Williams Paint Store, and Dollar General, amongst others. Across Allendale Shopping Center are pad sites occupied by Subway, Rent-A-Center, and Family Dollar. Additionally, there are three educational institutions within a one mile radius: Stevenson Middle School (1,386 students enrolled), Queens Intermediate School (682 students enrolled), and Patterson Elementary School (969 students enrolled), and Nelda Sullivan Intermediate School. The rapid growth in the area has spearheaded the opening of new schools, as Queens Intermediate School opened in 2014, while Nelda Sullivan Intermediate School was recently completed in late 2015.

The large presence of industrial businesses in proximity to the subject property are supported by a workforce of 146,232 people within a five mile radius. There is a total population of 335,371 within a five mile radius, with 94.1% of those ages 16 and over participating in the labor force.

Site Plan



Aerial | Close Up View



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Queens St

Martinville Dr

S Richey St (19,139 AADT)

Aerial | Northeast View

Richey Elementary



Williams Elementary

ALLENDALE SHOPPING CENTER



S Richey St (19,139 AADT)

Martinville Dr



Southmore Intermediate School

Bobby Shaw Middle School

South Shaver Elementary

Nelda Sullivan Intermediate School (Opened 2015)

Queens Intermediate School (Opened 2014)



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Queens St

Aerial | Northwest View

DOWNTOWN HOUSTON

University
of Houston

Deady
Middle School



Glenbrook Park
Golf Course



Cesar E. Chavez
High School

Rucker School

Patterson
Elementary

St. Augustine
Catholic School

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Elim Church

Culver's Rentals



John Auto Sales

BSA Used Cars

Lighthouse
Seafood

S Richey St (19,139 AADT)

Martinville Dr



Queens St

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Aerial | Southwest View



South Houston Intermediate School

Matthys Elementary

South Houston Elementary

Galveston Rd

William P. Hobby Airport

Ortiz Middle School



Stevenson Middle School

©TheMafiaTeam

Martinville Dr



S Richey St (19139 ADT)

Elim Church

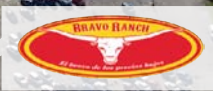
Culver's Rentals



John Auto Sales



Queens St



BSA Used Cars

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Demographics



3003 S Richey St, Houston, TX 77017

	1 Mile	3 Miles	5 Miles
Population Summary			
2010 Total Population	16,316	148,610	327,540
2015 Total Population	16,785	151,568	335,371
2020 Total Population	17,572	157,817	350,568
2015-2020 Annual Rate	0.92%	0.81%	0.89%
Average Household Income			
2015	\$54,881	\$45,405	\$48,816
2020	\$62,052	\$51,096	\$55,010
Median Home Value			
2015	\$141,103	\$131,745	\$136,883
2020	\$164,228	\$150,545	\$159,494

Major Employers in Houston, TX	# of Employees
Memorial Hermann Healthcare System	19,500
Continental Airlines, Inc.	16,000
The University of Texas M.D. Anderson Cancer Center	15,000
ExxonMobil	13,000
Shell Oil Company	13,000
Kroger Company	12,000
National Oilwell Varco	10,000
The Methodist Hospital	9,991
The University of Texas Medical Branch at Galveston	9,318

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

Information About Brokerage Services

Before working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written - listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License

Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you,

you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.

Buyer, Seller, Landlord or Tenant

Date

Texas Real Estate Brokers and Salespersons are licensed and regulated by the Texas Real Estate Commission (TREC). If you have a question or complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12188, Austin, Texas 78711-2188 or 512-465-3960.





FILE PHOTO

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