



**Best Buy**  
**1895 Adams Street**  
**Mankato, MN 56001**

CONFIDENTIAL OFFERING MEMORANDUM

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## EXECUTIVE SUMMARY

The Boulder Group is pleased to exclusively market for sale a single tenant net leased Best Buy property located Mankato, Minnesota. The 30,725 square foot Best Buy was built in 1993 and benefits from its location in the retail trade area anchored by the River Hills Mall. Mankato is home to Minnesota State University – Mankato (14,000 students) and Mayo Health Care Systems (2,700 employees).

The property is located at the traffic light controlled intersection of Adams Street and Highway 22. This intersection has high traffic counts of approximately 31,600 vehicles per day. Highway 22 is a primary north-south roadway connecting the retail trade area and provides over 200 feet of complete visibility along the east side of the subject property. Additionally, the property is located across from River Hills Mall, a regional mall anchored by Target, Sears, JC Penney and Herberger's. Other major retailers less than one-half mile from the property include Wal-Mart Supercenter, Lowe's, Sam's Club, Kohl's, Shopko and Hy-Vee.

Best Buy's original lease term was for 20 years with two 5-year renewal options and the lease expires in June 2020. Best Buy is a publicly traded company on the New York Stock Exchange (BBY), with a market capitalization of \$8 Billion. Best Buy is an investment grade company with a Standard & Poor's rating of BBB-.

### INVESTMENT HIGHLIGHTS

- Investment grade company with an S&P Rating of BBB-
- Rental increase of 3% in July 2015
- Located in the primary retail trade area anchored by the River Hills Mall
- No landlord responsibilities (NNN)
- Nearby retailers include Wal-Mart Supercenter, Target, Sam's Club and Lowe's
- Building size is within Best Buy's new square footage parameters
- Traffic counts exceed 31,000 vehicles per day
- Positioned on a hard corner with 200 feet of frontage along Highway 22
- Attractive assumable financing in place





PROPERTY OVERVIEW

Price:	\$3,970,000
Cap Rate:	9.75%
Net Operating Income:	\$387,015 \$398,627 - 7/1/2015 \$410,586 - 7/1/2020 (Option 1) \$422,903 - 7/1/2025 (Option 2)
Renewal Options:	Two 5-year options
Lease Commencement Date:	July 1, 2000
Lease Expiration Date:	June 30, 2020
Tenant:	Best Buy
Credit Rating:	BBB-
Year Built	1993
Lease Type:	NNN
Rentable Square Feet:	30,725 SF
Land Acreage:	4.73 acres
Assumable Debt:	Loan must be assumed
Best Buy Purchase Option*:	December 2019 - \$4,200,000 December 2024 - \$4,000,000 December 2029 - \$3,800,000

*\*Best Buy has the one time option to purchase the property at the designated price at the above dates*

**ASSUMABLE FINANCING OVERVIEW**

This property is subject to existing non-recourse financing that must be assumed with the following terms:

Loan Balance (January 2012):	\$2,615,925
Maturity Date:	June 15, 2020
Interest Rate:	6.50%
Amortization:	10 year term with 15 year amortization
Loan to Value:	65.9%
Equity Investment:	\$1,353,468
Loan Balance at Maturity:	\$1,246,593
Cash on Cash Return:	7.47%

**Cash on Cash Analysis – January 2012 – June 2020**

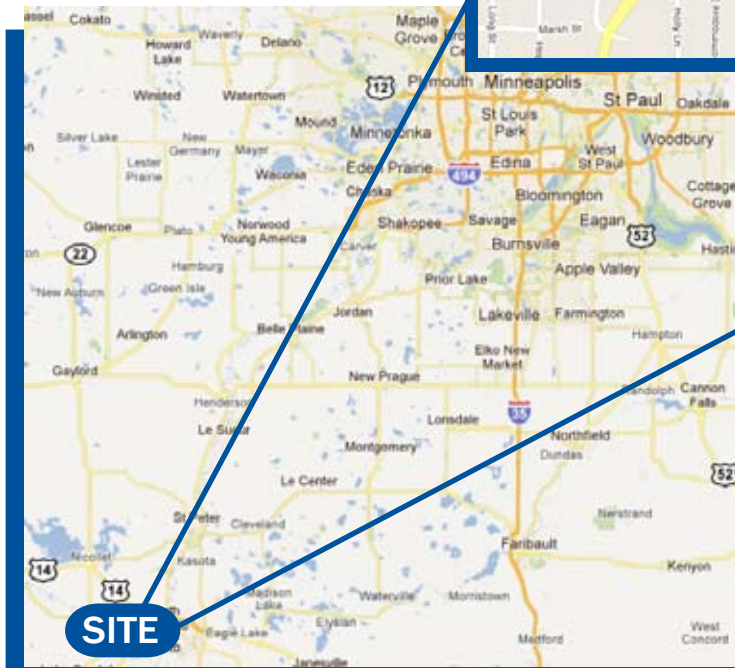
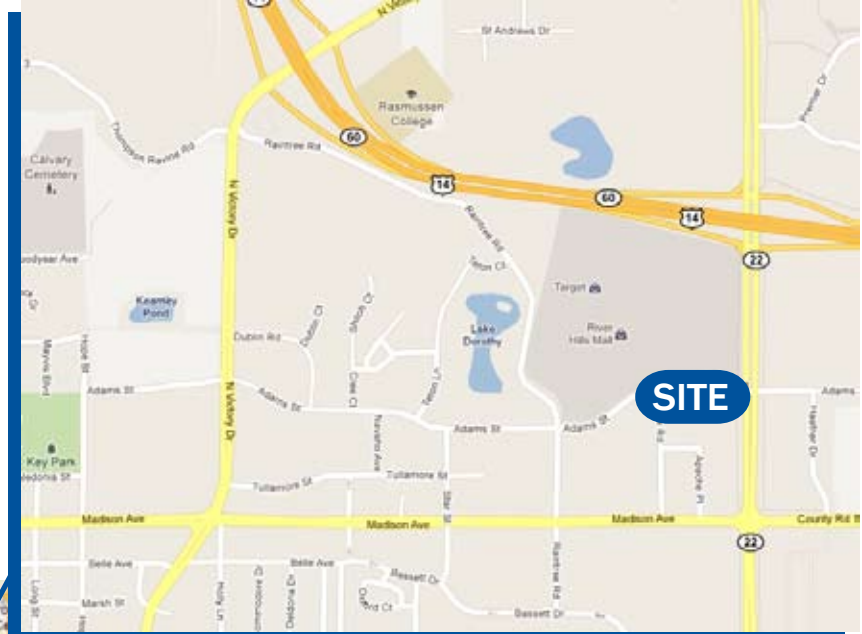
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020*</b>
Net Operating Income	\$387,016	\$387,016	\$387,016	\$392,822	\$398,627	\$398,627	\$398,627	\$398,627	\$199,314
Mortgage Payments	\$(292,692)	\$(292,692)	\$(292,692)	\$(292,692)	\$(292,692)	\$(292,692)	\$(292,692)	\$(292,692)	\$(146,346)
Cash Flow	\$94,324	\$94,324	\$94,324	\$100,130	\$105,935	\$105,935	\$105,935	\$105,935	\$52,968
Cash on Cash Return	6.97%	6.97%	6.97%	7.40%	7.83%	7.83%	7.83%	7.83%	3.91%

\*The amounts represent half of fiscal year 2020.

AERIAL



MAPS





## TENANT PROFILE

Best Buy Co., Inc. (NYSE: BBY) is engaged in the consumer electronics retail business. Best Buy has stores located in the United States as well as Mexico, Canada, China, Turkey, the United Kingdom. The company's subsidiaries include Geek Squad, CinemaNow, Magnolia Audio Video, Pacific Sales and, Future Shop. Together these subsidiaries operate more than 1,150 stores in the United States, Puerto Rico, Canada, China, Mexico, and Turkey. In addition, the company has over 100 Best Buy Express Automated Retail stores or "ZoomShops", operated by Zoom Systems, in airports and malls around the U.S. In 2011 Best Buy was ranked 47 on the Fortune 500.

Website:	<a href="http://www.bestbuy.com">www.bestbuy.com</a>
Number of Locations:	1,150
Stock Symbol:	BBY : NYSE
Standard & Poor's Rating:	BBB-
Market Capitalization:	\$8 Billion



**DEMOGRAPHIC COMPARISON REPORT**

<b>Population</b>	<b>1-mile</b>	<b>3-mile</b>	<b>10-mile</b>
Total Population	28,341	53,024	67,671
Total Households	12,461	21,193	26,706
<b>Income</b>	<b>1-mile</b>	<b>3-mile</b>	<b>10-mile</b>
Median Household Income	\$46,014	\$50,618	\$52,806
Average Household Income	\$54,106	\$60,202	\$62,503





## LOCATION OVERVIEW



**Mankato** is located in Blue Earth, Nicollet, and Le Sueur counties in Minnesota. The population at the 2010 census was 39,309, making it the fourth largest city in Minnesota outside of the Minneapolis-St. Paul metropolitan area. Unemployment in Mankato is 5.7%, well below the national average. Mankato has a mixed employment base primarily in manufacturing, industrial and agriculture. Mankato also serves as a regional health care provider. Mayo Health Systems operates the hospital and medical care facility that provides an employment base of approximately 2,700 health care professionals and staff. The community is also the home of Minnesota State University – Mankato (MSU-M). The University has a student population of approximately 14,000 students and an employment base of 1,400 educational professionals and staff. The North Mankato Campus of South Central College is also located in Mankato and has 4,000 students.

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