



Best Buy (Investment Grade | S&P: BBB-)
6502 Grape Road
South Bend, IN 46545



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**DISCLAIMER
STATEMENT:**

The information contained in the following Offering Memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from The Boulder Group and should not be made available to any other person or entity without the written consent of The Boulder Group.

This Offering Memorandum has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. The Boulder Group has not made any investigation, and makes no warranty or representation.

The information contained in this Offering Memorandum has been obtained from sources we believe to be reliable; however, The Boulder Group has not verified, and will not verify, any of the information contained herein, nor has The Boulder Group conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.



**EXECUTIVE
SUMMARY:**

The Boulder Group is pleased to exclusively market for sale a single tenant Best Buy property located in South Bend, Indiana. The Best Buy is strategically positioned in a regional retail trade area approximately three miles from the prestigious University of Notre Dame. The property is located along the area's primary north-south thoroughfare directly across the street from a 920,000 square foot regional mall. Best Buy has operated at this location since 2003. There are approximately seven years remaining on the Best Buy lease which expires March 20, 2023. The absolute triple net lease features a 3% rental escalation in the primary term and in each renewal option period. Best Buy is a leading retailer of technology and electric products with over 1,700 locations worldwide. Best Buy is an investment grade rated company with a Standard & Poor's rating of BBB-.

On July 26, 2016, Standard & Poor upgraded Best Buy's credit rating to BBB- due to expectations for continued improvements and gave the company a stable outlook. Several contributing factors to the Best Buy credit enhancement are that Best Buy's operating strategies will contribute to better margins, cash flow generation is healthy and liquidity is strong and that the company is committed to maintaining investment grade credit metrics even as it returns some capital to shareholders.

The Best Buy property is strategically positioned at the signalized intersection of Grape Road and University Drive. Grape Road is the primary north-south thoroughfare in the trade area. This signalized intersection also serves as the main entrance to the University Park Mall which is located directly across the street from the Best Buy property. The University Park Mall is a 920,000 square foot regional mall anchored by Apple, Macy's, JCPenney, Sears and Barnes & Noble. The Best Buy is benefitted by its central location within the region's primary retail trade area that features retailers such as Walmart Supercenter, Sam's Club, Costco, Whole Foods, Target, Home Depot, Lowe's, Meijer, Menards, Kohl's, Dick's Sporting Goods and many others.

The 50,000 square foot Best Buy building is located approximately three miles northeast of the University of Notre Dame which has a total enrollment of approximately 12,000 students. There are approximately 160,000 people living within a five mile radius of the property.



**INVESTMENT
HIGHLIGHTS:**

- Tenant is an investment grade rated company (S&P: BBB-)
- Tenant's credit rating was upgraded to investment grade on July 26, 2016
- Rental escalations every five years in the primary term and in each renewal option period
- Absolute triple net lease with no landlord responsibilities
- Approximately three miles from the prestigious University of Notre Dame which has a total enrollment of approximately 12,000 students
- Positioned across the street from the University Park Mall which is a 920,000 square foot regional mall anchored by Apple, Macy's, JCPenney, Sears and Barnes & Noble
- Dominant retail trade area that features Costco, Walmart Supercenter, Sam's Club, Target, Menards, Home Depot, Lowe's, Meijer and many other national retailers
- Approximately 160,000 people living within a five mile radius of the property
- Positioned at a signalized intersection along Grape Road which is the primary north-south thoroughfare in the trade area
- Brand new roof in 2015 installed by the tenant



**PROPERTY
OVERVIEW:**

Price:	\$9,558,400 (subject to assumable debt)		
Cap Rate:	7.70%		
Rental Escalations:	<u>NOI</u>	<u>Escalation Date</u>	
	\$735,999		
	\$758,079	03/20/2018	
	\$780,821	03/20/2023	Option 1
	\$804,246	03/20/2028	Option 2
	\$828,373	03/20/2033	Option 3
	\$853,225	03/20/2038	Option 4
Rent Commencement Date:	March 21, 2003		
Lease Expiration Date:	March 20, 2023		
Renewal Options:	Four 5-Year		
Tenant:	Best Buy		
Year Built:	2003		
Lease Type:	NNN – No Landlord Responsibilities		
Building Size:	50,000 SF		
Land Size:	5 Acres		

**ASSUMABLE
FINANCING:**

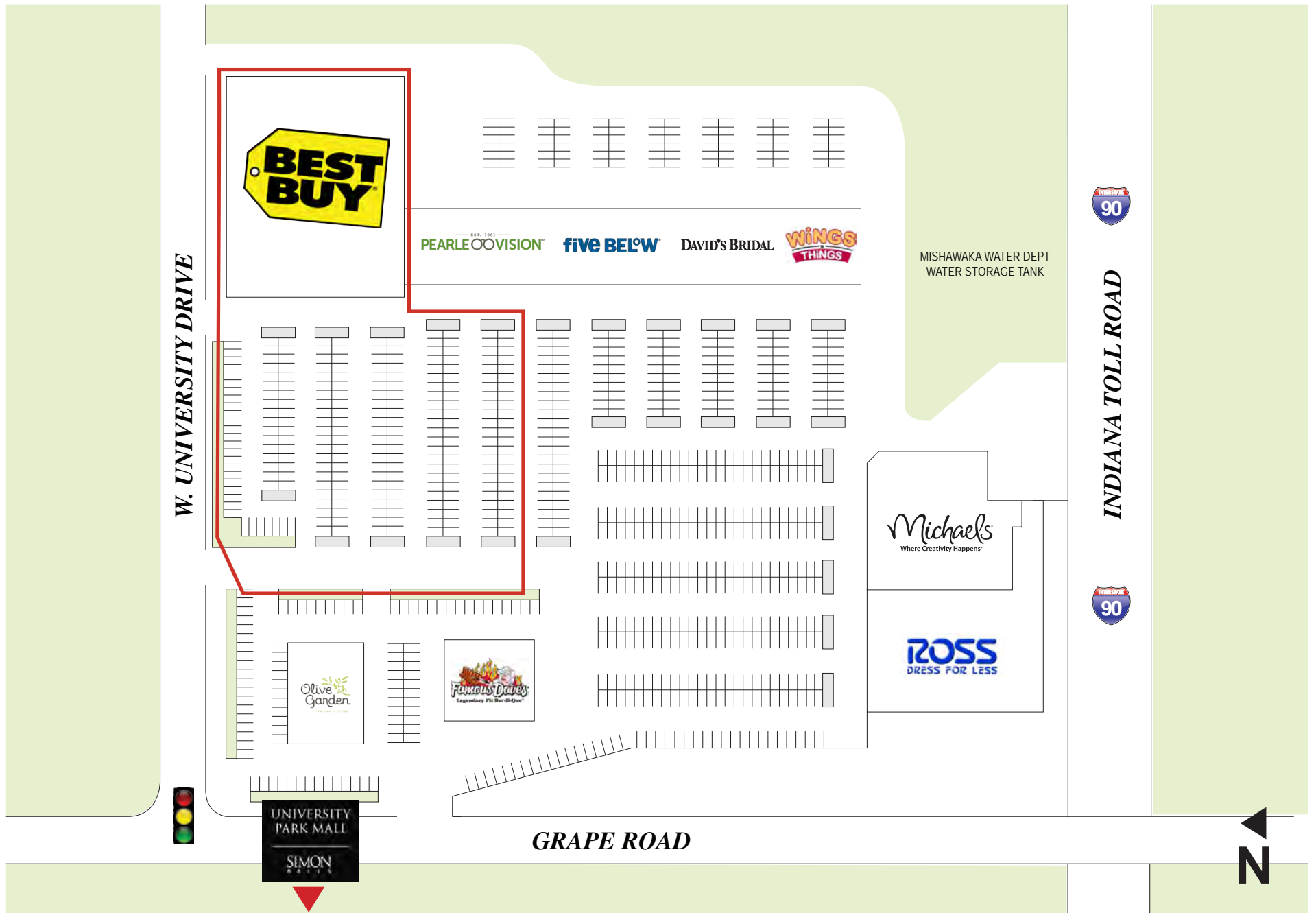
Original Loan Balance	\$4,650,000
Interest Rate:	5.14%
Current Loan Balance:	\$4,326,181 (as of June 1, 2016)
Loan Expiration Date:	November 11, 2023
Amortization:	25 Years
Annual Debt Service:	\$330,769
Year 1 Cash-on-Cash:	7.74%
Loan Type:	Non-Recourse

**CASH ON
CASH:**

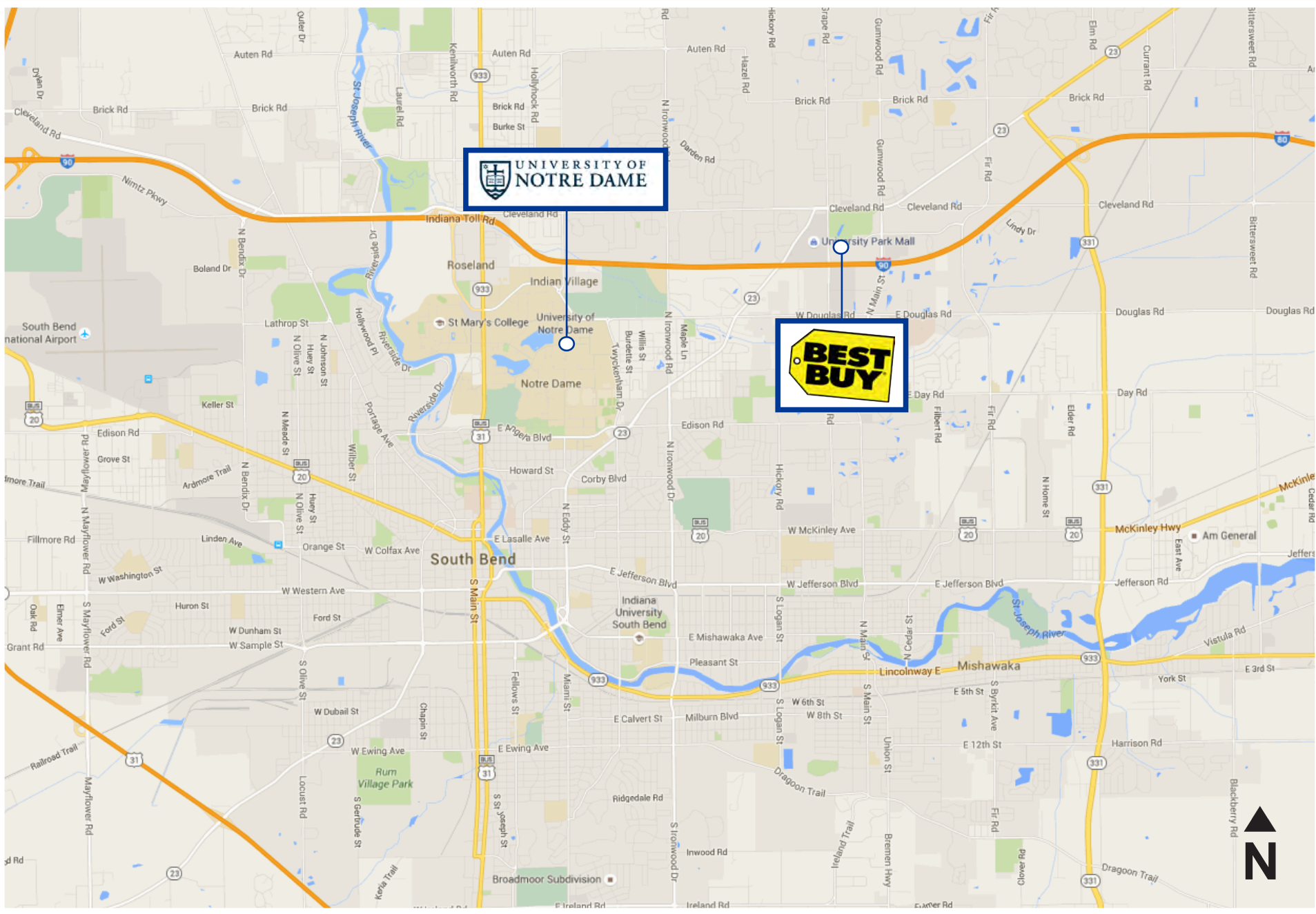
	2016	2017	2018	2019	2020	2021	2022
Best Buy Rent	\$735,999	\$735,999	\$758,079	\$758,079	\$758,079	\$758,079	\$758,079
Annual Debt Service	-\$330,769	-\$330,769	-\$330,769	-\$330,769	-\$330,769	-\$330,769	-\$330,769
Net Cash Flow	\$405,230	\$405,230	\$427,310	\$427,310	\$427,310	\$427,310	\$427,310
Cash-on-Cash Return	7.74%	7.74%	8.17%	8.17%	8.17%	8.17%	8.17%

All cash-on-cash projections were annualized to simplify the analysis. The loan has a maturity date of March 6, 2023.

Note: The in-place financing must be assumed by the purchaser.









**TENANT
PROFILE:**

Best Buy Co., Inc. operates as a retailer of technology products, services, and solutions in the United States and internationally. Its stores offer consumer electronics consisting primarily of television and home theaters; digital cameras and camcorders; DVD and Blu-ray players; portable electronics, such as MP3 devices, headphones and speakers, car stereo, navigation and satellite radio; and related accessories. The company's stores also provide computing and mobile phone products, including notebook and desktop computers, tablets and e-readers, mobile phones and related subscription service commissions, and related accessories; entertainment products, such as video gaming hardware and software, DVDs, Blu-rays, CDs, digital downloads, and computer software; and appliances, including large and small appliances, and kitchen and bath fixtures.

The company operates e-commerce, retail store, and call center operations under various brand names, including Best Buy (bestbuy.com), Best Buy Mobile, Geek Squad, Magnolia Audio Video, and Pacific Sales, as well as operates Magnolia Home Theater, Magnolia Design Center and Pacific Kitchen, and Home store-within-a-store experiences. As of January 31, 2015, it had 1,700 large and small-format stores. The company was formerly known as Sound of Music, Inc. Best Buy Co., Inc. was founded in 1966 and is headquartered in Richfield, Minnesota.

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Website:	http://www.bestbuy.com/
Credit Rating:	Investment Grade (S&P: BBB-)
Stock Symbol:	NYSE: BBY
Market Capitalization:	\$10 Billion
Number of Locations:	1,700
Number of Employees:	125,000
Headquarters:	Richfield, MN



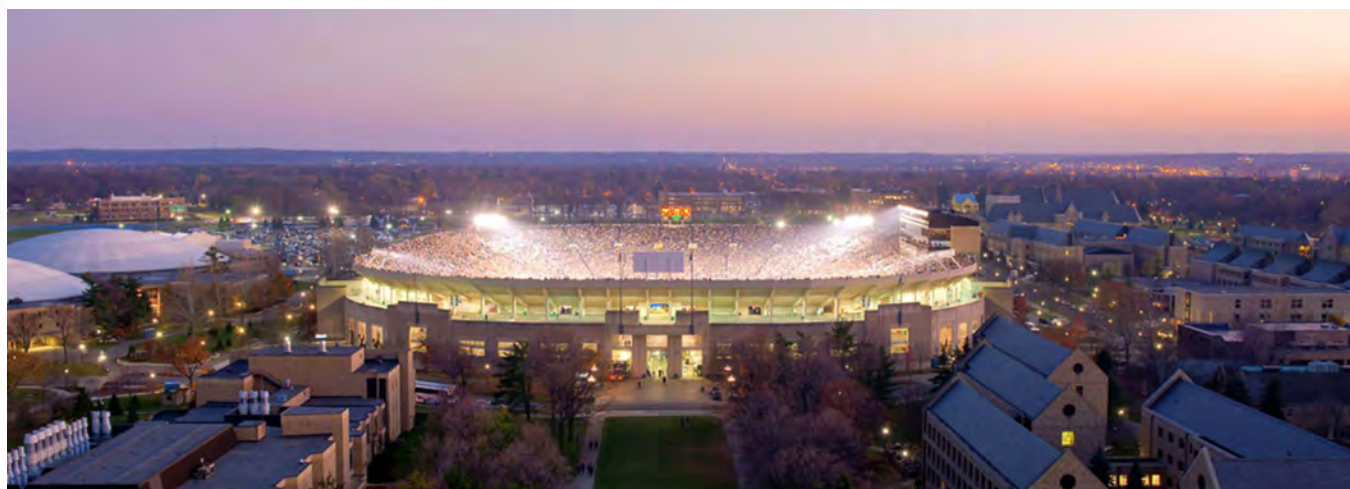
LOCATION OVERVIEW:

South Bend, Indiana is the county seat of St. Joseph County on the St. Joseph River near its southernmost bend, from which it derives its name. As of the 2010 census, the city had a total population of 101,168 residents and a combined statistical area of 721,296. It is the fourth largest city in Indiana and the economic and cultural hub of the Michiana region. South Bend is located approximately 90 miles east of Chicago and is approximately 20 miles from the nearest shore of Lake Michigan.



Healthcare, education, and small business are the driving forces behind the South Bend economy. The University of Notre Dame is home to approximately 12,000 students and over 5,000 employees. It is one of the top employers in the area. Health care is another major contributor to the South Bend economy. Memorial Health System is the largest employer in the city. In 2012, Memorial announced that it was merging with Elkhart General Hospital to form Beacon Health System. AM General, Crowe Horwath, Martin's Super Markets, and Schurz Communications all have their corporate headquarters in South Bend. Other notable businesses include Honeywell, Bosch, Woodwind & Brasswind, and PEI Genesis.

Efforts are underway to spur economic growth in South Bend. The St. Joe Valley Metronet is a not-for-profit organization attempting to create a more robust telecommunications infrastructure capable of inexpensive high-speed data transmission. This will bring more high tech firms to the city and surrounding area. Recently, the city population has started to grow for the first time in nearly fifty years. The old Studebaker plant and surrounding area, now called Ignition Park, is being redeveloped as a technology center to attract new industry.



DEMOGRAPHIC REPORT:

Population	3 Mile	5 Mile	7 Mile
Total Population	68,508	159,365	231,477
Total Households	27,256	61,850	89,559

Income	3 Mile	5 Mile	7 Mile
Median Household Income	\$39,017	\$38,576	\$40,056
Average Household Income	\$58,418	\$57,924	\$58,126





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