



BEST BUY

SHAKOPEE, MN

OFFERING MEMORANDUM

CBRE



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Your receipt of this Memorandum constitutes your acknowledgement that (i) it is a confidential Memorandum solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property, (ii) you will hold it in the strictest confidence, (iii) you will not disclose it or its contents to any third party without the prior written authorization of the owner of the Property ("Owner") or CBRE, Inc., and (iv) you will not use any part of this Memorandum in any manner detrimental to the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to CBRE, Inc.

This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of

the information which prospective investors may require to evaluate a purchase of the Property. The information contained in this Memorandum has been obtained from sources believed to be reliable, but has not been verified for accuracy, completeness, or fitness for any particular purpose. All information is presented "as is" without representation or warranty of any kind. Such information includes estimates based on forward-looking assumptions relating to the general economy, market conditions, competition and other factors which are subject to uncertainty and may not represent the current or future performance of the Property. All references to acreages, square footages, and other measurements are approximations. This Memorandum describes certain documents, including leases and other materials, in summary form. These summaries may not be complete nor accurate descriptions of the full agreements referenced. Additional information and an opportunity to inspect the Property may be made available to qualified prospective purchasers. You are advised to independently verify the accuracy and completeness of all summaries and information contained herein, to consult with independent legal and financial advisors, and carefully investigate the economics of this transaction and Property's suitability for your needs. ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions at any time with or without notice to you. All offers, counteroffers, and negotiations shall be non-binding and neither CBRE, Inc. nor the Owner shall have any legal commitment or obligation except as set forth in a fully executed, definitive purchase and sale agreement delivered by the Owner.

INVESTMENT SUMMARY

BEST BUY | SHAKOPEE, MN

PRICE

\$ 5,625,000
8.00% CAP Rate

ADDRESS

8100 Old Carriage Court
Shakopee, MN 55379

APN

27-326-005-4
27-326-006-2

NET OPERATING INCOME

\$450,000

BUILDING / LOT SIZE

30,000 SF / 4.44 Acres

YEAR BUILT

2006

LEASE TERM REMAINING

1 Year 10 Months

LEASE TYPE

NNN

TYPE OF OWNERSHIP

Fee Simple

OVERVIEW

CBRE is pleased to present Best Buy in Shakopee, Minnesota. This thirty-thousand square foot free-standing retail property was recently constructed in 2006. The property enjoys a convenient location immediately adjacent to Highway 21, Highway 169, and State Highway 13 with estimated traffic counts of 25,000, 63,000, and 52,000 vehicles per day respectively. Best Buy is shadow anchored by national retailers Sam's Club and Walmart and is surrounded by dense retail developments. Surrounding retailers include dozens of other national brands like Aldi, Home Depot, and more. Dense new housing surrounds this property to the west, south, and southeast.

Best Buy has experienced strong growth since Hubert Joly was appointed CEO in 2012. The company has aggressively pursued **complementary partnerships with competitor Amazon.com**, selling a variety of "smart" devices. With a recent revenue of \$42.15 billion (2018) and a "BBB" rating by S&P, Best Buy excelled in the age of Amazon and online retailers.

The county seat of Scott County, Shakopee, Minnesota is located to the southwest of Minneapolis-St. Paul. It is situated on the southern side of the Minnesota River and together with surrounding suburbs, is part of the Minneapolis-St. Paul metropolitan statistical area: the sixteenth largest in the nation.

HIGHLIGHTS

- + NNN Lease
 - Minimal Landlord Responsibilities
 - Ease of Management
 - Smaller Than Usual Footprint for Best Buy at 30,000 SF
- + Located in Shakopee, MN
 - Booming Submarket, Dense Housing Developments
- + Dynamic Retail Corridor
 - Walmart, Sam's Club, Home Depot, Other Retailers Nearby or Adjacent

INVESTMENT SUMMARY

BEST BUY | SHAKOPEE, MN

LEASE OVERVIEW

Tenant	Best Buy
Lease Commencement	12/19/2006
Lease Expiration	3/31/2021
Term Remaining	1 Years 10 Months
Renewal Options	Two 5-Year Options
Early Termination Option	None
Right of First Refusal	None
Estoppel Request Time	30 Days

RENT SCHEDULE

	Date Range	Annual Rent	Monthly Rent	Per SF
Current	2/1/2018 - 3/31/2021	\$450,000	\$37,500	\$15.00
Option 1	5 Years	\$450,000	\$37,500	\$15.00
Option 2	5 Years	\$450,000	\$37,500	\$15.00

LEASE SUMMARY

CAM	Tenant responsible for all repair & maintenance of parking lot and building interior. Tenant to be responsible for landscaping and snow removal.
Property Insurance	Tenant responsible; Tenant pays property insurance direct, landlord pays liability insurance and tenant reimburses.
Real Estate Tax	Tenant responsible - pays direct.
Utilities	Tenant responsible - pays direct.
Trash	Tenant responsible - pays direct.
HVAC	Tenant responsible for repair & replacement.
Parking Lot	Tenant responsible for repairs; landlord responsible for replacement and tenant will reimburse on a 7-year amortization.
Roof & Structure	Landlord responsible to replace roof, foundation, exterior walls or other structural components.

AERIAL - SOUTH FACING

BEST BUY | SHAKOPEE, MN



SUBJECT PROPERTY

25,000 VEHICLES

MINNESOTA

21

SHERWIN-WILLIAMS

TENANT SUMMARY

BEST BUY | SHAKOPEE, MN



TENANT SUMMARY

Tenant	Best Buy Stores, L.P.
Tenant Trade Name	Best Buy
Sales Volume	
Lease Guarantor	Corporate Guaranty
Ownership	Public ("BBY" , NYSE)
Credit Rating	"BBB", S&P
No. of Locations	1,293
Headquartered	Richfield, MN
Years in the Business	51
Website	www.BestBuy.com

An American consumer electronics corporation headquartered in Richfield, Minnesota, Best Buy is the largest specialty retailer in the country, selling consumer electronics and a variety of related merchandise. The company operates over one thousand locations in the United States and Canada under the Best Buy brand as well as numerous subsidiaries including Geek Squad, Magnolia, and Pacific Sales. It also produces products under eight house brands. Best Buy reported **better-than-expected earnings for Q1 FY2019**, with a boost from appliances and wearable technology.

Best Buy ranks number 72 on the 2018 Fortune 500 list of the largest United States corporations by total revenue.

"Best Buy has excelled in holding off the onslaught of online operators by building its own strong e-commerce presence, and also by leveraging the advantage of its physical stores."

"A very merry Christmas at Best Buy with sales booming", <https://business.financialpost.com/pmn/business-pmn/a-very-merry-christmas-at-best-buy-with-sales-booming>, February 27, 2019.

TENANT SUMMARY

BEST BUY | SHAKOPEE, MN



Consecutive quarters beating or matching analysts' earnings estimates



Data: Compiled by Bloomberg

*A Story of **Reinvigoration***

Best Buy was upgraded to a “BBB” credit rating from a “BBB-” with a stable outlook from S&P Global Ratings in 2018. The company has been experiencing strong growth partially due to CEO Hubert Joly’s guardianship beginning in 2012. Joly has orchestrated a renaissance for the previously floundering company. Within the last three years the stock price and market cap have doubled. Best Buy has even topped the list comparing its big box competitors and their consecutive quarters matching or beating earnings estimates. **“The chain has turned around its fortunes in recent years by matching prices, offering more services and using stores to fulfill online orders.”**

*Partnering for **Success***

Part of Best Buy’s success is its willingness to work with its competitors and peers. The inside of Best Buy stores include small Apple, Amazon, Google, Samsung, and Microsoft boutiques, offering a showroom type atmosphere for consumers to view products before making a purchasing decision. Best Buy has even teamed up with Amazon to sell “smart” televisions, a sign that Jeff Bezos, Amazon.com founder and CEO, recognizes the importance of companies like Best Buy. **In 2018 Best Buy acquired GreatCall**, a digital monitoring and emergency call service aimed at older adults. At 4800 million, it was the retailer’s largest-ever acquisition into a market that will grow with the aging baby boom population.



MARKET SUMMARY

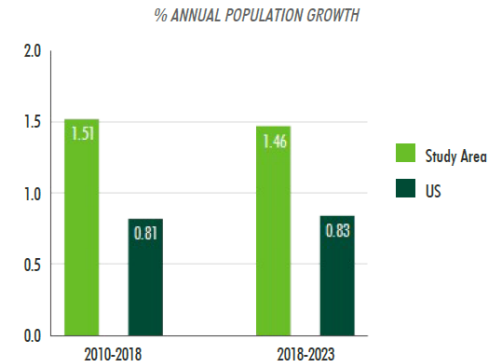
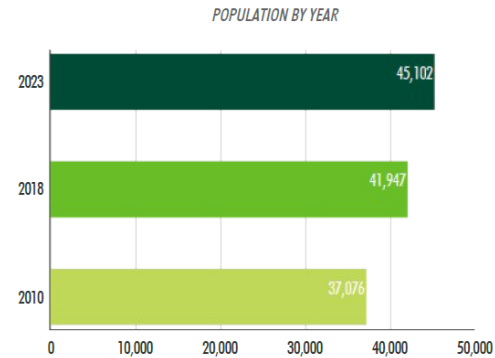
BEST BUY | SHAKOPEE, MN

POPULATION GROWTH THAT'S DOUBLE THE NATIONAL AVERAGE DEFINES THIS SUBURB

The county seat of Scott County, Shakopee, Minnesota is located to the southwest of Minneapolis-St. Paul. It is situated on the southern side of the Minnesota River and together with surrounding suburbs, is part of the Minneapolis-St. Paul metropolitan statistical area: the sixteenth largest in the nation.

Following the realignment of Highway 169 in 1996 the city experienced significant growth as a bedroom community. The city is known for a high concentration of local and regional attractions, events, and facilities, including Valleyfair Amusement Park, Canterbury Park, and the Minnesota Renaissance Festival, all of which combined attract hundreds of thousands of visitors to the area every year.

POPULATION



INCOME

\$87,562

MEDIAN HOUSEHOLD INCOME

\$36,821

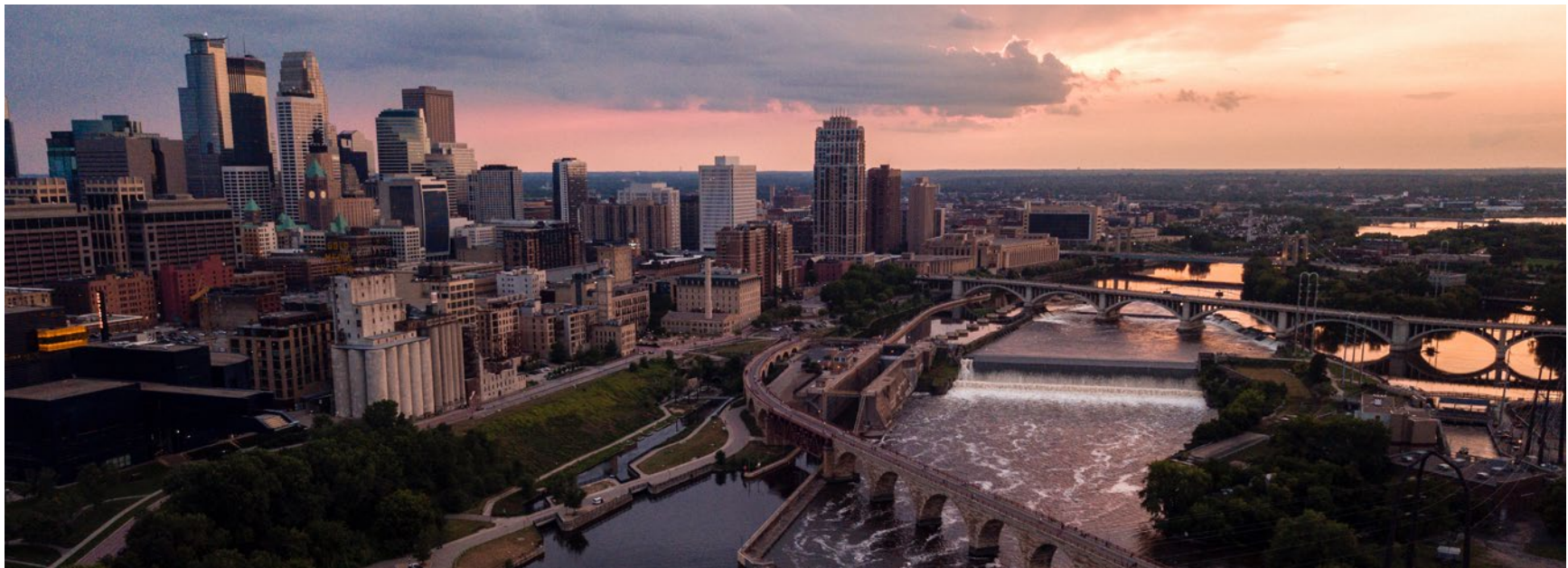
PER CAPITA INCOME



THE MIDWEST'S THIRD-LARGEST ECONOMIC CENTER

Abundantly rich in water, boasting a strong performing arts and music industry, and regarded as a global city with integral links to the worldwide economy, Minneapolis is the largest city in the state of Minnesota. The city and its surrounding region, including neighboring capital city of St. Paul, is the primary business and financial hub between Chicago and Seattle.

Five Fortune 500 companies have headquarters within city limits, including Target, U.S. Bancorp, Xcel Energy, Ameriprise Financial, and Thrivent Financial. Rounding out the well-diversified economic base is a park system which has been called the best-designed, best-financed, and best-maintained in the country. 16.6% of Minneapolis today is comprised of city parks.



AERIAL - NORTHWEST FACING

BEST BUY | SHAKOPEE, MN



CANTERBURY RACETRACK

VALLEYFAIR AMUSEMENT PARK

Walmart
Supercenter



SOUTHBIDGE CROSSING
MEDICAL OFFICE BUILDING

**DISCOUNT
TIRE**

ST. FRANCIS
Regional Medical Center

SHERWIN-WILLIAMS

SUBJECT PROPERTY

AERIAL

BEST BUY | SHAKOPEE, MN



TRIO @ SOUTHBRIDGE
Luxury Rental
Community



SOUTHBRIDGE CROSSINGS
PARK & RIDE

RIVER VALLEY CHURCH



59,000 VEHICLES

25,000 VEHICLES



SUBJECT PROPERTY

LOCAL TRADE AREA

BEST BUY | SHAKOPEE, MN



IMMEDIATE TRADE AREA

BEST BUY | SHAKOPEE, MN



DOMINANT TAPESTRY SEGMENT

21.0% BOOMBURBS

- New growth market - young professionals with families, opting for new housing in the suburbs
- Well-educated professionals with a running start on prosperity
- Top market for latest in technology
- Style matters

DOMINANT LIFEMODE GROUP

35.5% AFFLUENT ESTATES

- Established, well-educated, well-traveled married couples
- Married couple families with children ranging from grade school to college
- Expect quality, invest in time-saving devices
- Active in sports and enthusiastic travelers

DOMINANT URBANIZATION GROUP

73.5% SUBURBAN

- Commuters value low density living, but demand job proximity, entertainment, and amenities of an urban center
- Well-educated, two-income households. Many are heavily mortgaged in newly built, single-family homes

OTHER TOP SEGMENTS

15.6% SOCCER MOMS

- Affluent, family-oriented market with a country flavor
- Residents partial to new housing away from city bustle, but close enough to commute to professional job centers
- Most households are married couples with children
- Favor time-saving devices and family-oriented pursuits

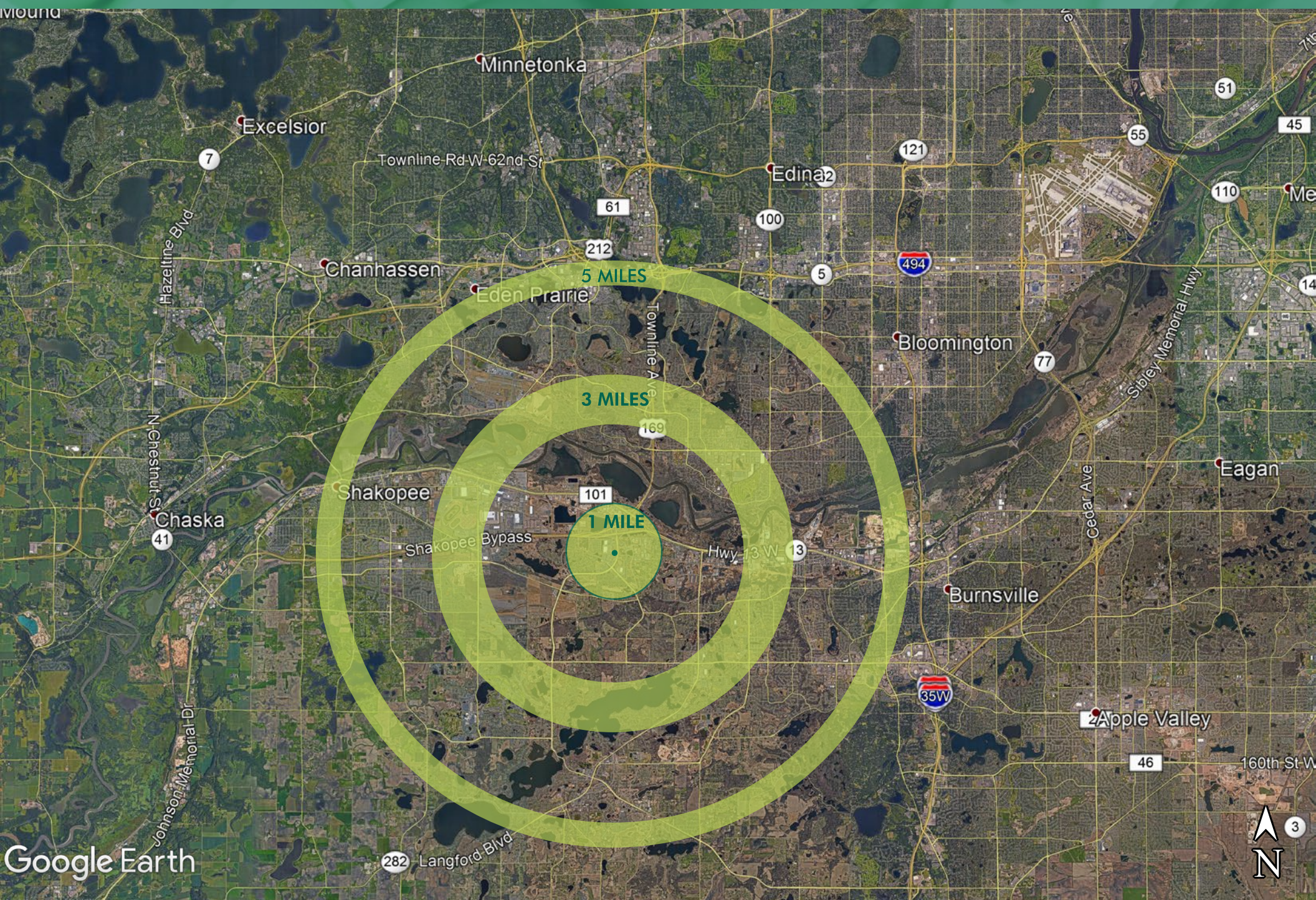
9.7% IN STYLE

- Urban lifestyles that include the arts, travel, extensive reading
- Professional couples or single households without children, they have time to focus on their homes and interests
- Financially active, meticulous planners
- Homes are integral to their style



DEMOGRAPHICS

BEST BUY | SHAKOPEE, MN



DEMOGRAPHICS

BEST BUY | SHAKOPEE, MN

	1 Mile	3 Miles	5 Miles
POPULATION			
2018 Population - Current Year Estimate	3,998	30,100	128,011
2023 Population - Five Year Projection	4,377	32,512	136,388
2018-2023 Annual Population Growth Rate Projection	1.83%	1.55%	1.28%
GENERATIONS			
Generation Z (Born 1999-2016)	36.9%	28.9%	25.8%
Millennials (Born 1981-1998)	19.5%	19.6%	22.1%
Generation X (Born 1965-1980)	28.8%	25.2%	23.2%
Baby Boomers (Born 1946-1964)	9.8%	19.5%	20.8%
HOUSEHOLD INCOME			
2018 Average Household Income	\$144,815	\$143,469	\$124,245
2023 Average Household Income	\$164,871	\$163,049	\$141,871
EDUCATION			
High School Diploma	11.1%	10.6%	14.0%
Some College - No Degree	19.0%	18.1%	18.5%
Associate`s Degree	12.1%	12.7%	11.9%
Bachelor`s Degree	38.7%	39.0%	33.5%
Graduate or Professional Degree	12.5%	14.9%	15.3%
EMPLOYMENT			
2018 Employed Civilian Population (16+)	96.9%	97.4%	97.3%
2018 Unemployed Population (16+)	3.1%	2.6%	2.7%



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CBRE

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