

OFFERING MEMORANDUM



50400 Waterside Dr
Chesterfield Township, MI 48051
(Detroit MSA)





MATTHEWS[™]

REAL ESTATE INVESTMENT SERVICES

EXCLUSIVELY LISTED BY

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OFFERING & INVESTMENT SUMMARY

OFFERING SUMMARY

Matthews™ is pleased to exclusively offer a 45,000-square-foot freestanding Best Buy located in Chesterfield Township, MI – a high-growth component of the Detroit Metropolitan Area (#14 MSA – Population: 4,326,442). Best Buy’s net lease commenced in September 2007 on a 10.5 year primary term, with the tenant having four, 5-year options. The tenant most recently exercised their first renewal option beginning February 2018, providing them with term through January 2023.

The Property has excellent access and visibility off Interstate 94 (79,600 VPD) at the intersection with 23 Mile Rd (37,800 VPD), which is the main and main intersection in the sub-market with I-94 being the main north-south highway serving northeast Detroit.

Best Buy is strategically located within Waterside Marketplace, the dominant shopping center within the thriving Chesterfield Township trade area, which has 2.2 million square feet of retail and a 97% occupancy rate. Waterside Marketplace features a national tenant line-up of best-in-class tenants that include Lowe’s, JCPenney, Dick’s Sporting Goods, TJ Maxx, Bed Bath & Beyond, Old Navy, DSW, Ulta, and Jo-Ann - with new tenants coming soon that include Aldi and Burlington. Other major retailers in the immediate trade area include Target, Meijer, Home Depot, Kohl’s, Hobby Lobby, and many others.

Best Buy benefits from desirable demographics in the surrounding area, with a population of nearly 107,000 and average household incomes in excess of \$102,000 within a 5-mile radius.

The Property is being offered “free and clear” of any existing debt, providing an investor with a fantastic opportunity to obtain historically attractive financing.



PRICE

\$ 7 , 9 1 0 , 0 0 0



CAP RATE

8 . 2 5 %



NOI

\$ 6 5 2 , 5 0 0



PRICE/SF

\$ 1 7 6

INVESTMENT HIGHLIGHTS



NATIONAL CREDIT TENANT

Best Buy Co., Inc. (NYSE: BBY) is the world's largest multi-channel consumer electronics retailer headquartered in Richfield, Minnesota (Minneapolis-St Paul MSA) with stores in the U.S., Canada, China and Mexico. Founded in 1966, the company has 1,200 retail locations, with 1,000 of these being traditional Best Buy stores. They rank #74 on the Fortune 500 list and have a strong Standard & Poor's (S&P) credit rating of "BBB".



STRONG 3Q19 EARNINGS

In the third quarter ended November 2nd, 2019, Best Buy reported net income had grown to \$293 million, or \$1.10 per share, from \$277 million, or 99 cents per share, a year earlier. Best Buy's revenue grew 1.8% to \$9.76 billion, from \$9.59 billion last year, and higher than the \$9.70 billion analysts expected. Sales at stores open at least 12 months rose 1.7%. Analysts were expecting a 1.3% gain. Best Buy has experienced a 64% increase in share price over the last 12 months from \$48.24 per share in December 2018 to its current share price today (12/5/19) of \$79.18.



NET LEASE WITH INCREASES

Best Buy is on a NN lease with minimal landlord responsibilities (Roof & Structure), where the tenant is responsible for Real Estate Taxes, Insurance, and Common Area Maintenance for their parcel. There are contractual rental increases in the tenant's three remaining option periods of \$0.50 PSF every five years.



STRATEGIC LOCATION IN TOP 15 MSA

Best Buy is strategically located within Waterside Marketplace, the dominant shopping center within the thriving Chesterfield Township trade area (Detroit MSA), which has 2.2 million square feet of retail and a 97% occupancy rate. Waterside Marketplace features a national tenant line-up of best-in-class tenants that include Lowe's, JCPenney, Dick's Sporting Goods, TJ Maxx, Bed Bath & Beyond, Old Navy, DSW, Ulta, and Jo-Ann. Other major retailers in the immediate trade area include Target, Meijer, Home Depot, Kohl's, Hobby Lobby, Art Van Furniture, MJR Theatre (16 screen), Michaels, PetSmart, and many others.



HIGHLY VISIBLE AND HEAVILY TRAFFICKED

The Property is situated adjacent to Interstate 94 (79,600 VPD) at a full interchange with 23 Mile (37,800 VPD), providing outstanding access to both a local and regional customer base. I-94 travels north-south and affords tenants the ability to draw consumers from several communities in the northeast Detroit suburbs. It also sits just east of Gratiot Avenue (32,308 VPD), one of the main thoroughfares in the region that originates in downtown Detroit and spans through Macomb County.



DESIRED DEMOGRAPHICS

The surrounding area features a desirable demographic profile with nearly 107,000 people located within a five-mile radius, boasting impressive average household incomes in excess of \$102,000. Population within the same radius has grown nearly 14% since 2010 and 30% since 2000. Furthermore, population is expected to continue to grow over 4.0% in the next five years.

INVESTMENT SUMMARY

List Price	\$7,910,000
Gross Leasable Area	± 45,000 SF
Cap Rate	8.25%
Year Built	2007
Lot Size	± 5.67 AC

ANNUALIZED OPERATING DATA

Date	Annual Rent	Monthly Rent	\$ PSF/Yr.	Cap Rate
9/14/2007 - 1/31/2018	\$618,750.00	\$51,562.50	\$13.75	-
Option 1 (2/1/2018 - 1/31/2023)	\$652,500.00	\$54,375.00	\$14.50	8.25%
Option 2 (2/1/2023 - 1/31/2028)	\$675,000.00	\$56,250.00	\$15.00	8.53%
Option 3 (2/1/2028 - 1/31/2033)	\$697,500.00	\$58,125.00	\$15.50	8.82%
Option 4 (2/1/2033 - 1/31/2038)	\$720,000.00	\$60,000.00	\$16.00	9.10%

TENANT SUMMARY

Tenant	Best Buy
Lease Guarantor	Best Buy Stores, L.P.
Property Address	50400 Waterside Dr Chesterfield Township, MI 48051
GLA	± 45,000 SF
Lot (Acres)	± 5.67 AC
Year Built	2007
APN	TBD
Parking Spaces	± 140
Type of Ownership	Fee Simple
Lease Type	NN
Roof and Structure	Landlord Responsible
Original Lease Term	10 Years
Lease Commencement Date	5/12/2006
Rent Commencement Date	9/14/2007
Lease Expiration Date	1/31/2023
Term Remaining on Lease	3.2 Years
Increase	None
Options Remaining	Three, 5-Year Options





LEASE ABSTRACT

Tenant	Best Buy Stores, L.P.
Tenant Size (SF)	45,000
Lease Commencement Date	May 12, 2006
Rent Commencement Date	September 14, 2007
Lease Expiration Date	January 31, 2023
Lease Term (Years)	15.33 Years
Lease Term (Months)	184 Months
Lease Type	NN
Remaining Options	3x5 years
Contract Rental Rate (Year 1-10)	\$618,750
Exercised 1st Option (Year 11-15)	\$652,500
2nd Option (5 years)	\$675,000
3rd Option (5 years)	\$697,500
4th Option (5 years)	\$720,000

LEASE ABSTRACT CONT.

Taxes

Tenant shall pay all real estate taxes and all installments of assessments (collectively, the "Taxes") due and payable directly to the taxing authority with respect to the Premises Tax Parcel during the Lease Term as the same shall become due and before interest of penalty accrues thereon.

Insurance

Tenant shall obtain and keep in force at Tenant's expense for the term of this Lease commercial general liability insurance covering the Premises with a combined single limit of \$1,000,000 for each occurrence (including coverage under so-called "umbrella" or "excess liability" policies). Said insurance shall name Tenant as named insured and Landlord as additional insured. Provided, however, notwithstanding the foregoing, Tenant may self-insure all or any part of the insurance it is required to carry hereunder and/or carry such insurance under a "blanket" policy.

Landlord shall procure and maintain throughout the entire term of this Lease a policy of All Risk insurance in an amount not less than the full replacement cost of the Shopping Center (including the Premises) exclusive of excavation, footings and foundations with a commercially reasonable deductible, for which cost and expense Landlord shall be solely responsible for. All insurance proceeds shall be applied to the extent necessary to satisfy Landlord's repair and restoration obligations under this Lease. Landlord shall also procure and maintain throughout the entire term of this Lease, a policy of comprehensive general liability insurance coverage for casualties occurring on or about the Common Areas. Said insurance shall have limits of liability of not less than \$3,000,000 combined, single limit. Tenant shall pay its proportionate share of Landlord's cost of insurance as provided in this Article (exclusive of costs and expenses of insurance for excavation, footings and foundations) within 30 days of receipt of documentation of cost incurred (i.e. premium invoice) prorated in the manner described in Article 27 hereof. Further, any insurance to be maintained by Landlord pursuant to this Lease shall name Tenant as additional insured as its interest may appear.

Repairs & Maintenance

Tenant agrees it will perform all necessary non-structural interior repairs to the Premises, including repair or replacement of broken doors and windows and routine maintenance and repair or replacement of the heating, ventilating, air-conditioning systems ("HVAC"). If Tenant replaces the HVAC system or components within the last three (3) years of the Lease term or last three (3) years of an option and does not further extend the term of the Lease, then Landlord shall reimburse Tenant for its unamortized costs of the replacement, using a ten (10) year useful life. Tenant shall also repair and maintain plumbing, gas, electrical and similar systems which are located in and service exclusively the Premises. Tenant further agrees that it will keep and maintain the interior of the Premises in a clean and sanitary condition.

Landlord, at its sole cost and expense, shall make all structural repairs to the Premises, whether interior or exterior, keep the Premises watertight, and shall repair, replace and maintain in good condition the exterior of the Premises including without limitation the roof, roof membranes, walls (including the removal of efflorescence, if any), foundations, gutters parking and drive areas, fire sprinkler system, utility lines from the point of connection to the Premises to the main line, and downspouts. Landlord shall make all necessary replacements of obsolete or non-repairable plumbing, gas, electrical and other similar systems (and components thereof) which service all or any part of the Premises. Landlord shall make all repairs to the Premises necessitated by fire, casualty, or the elements. Landlord shall make any repairs to the Premises necessitated by any neglect, fault, or default of Landlord, its agents, employees or contractors. Further, Landlord shall indemnify, defend and hold Tenant harmless from all loss, damage, costs, expenses or claims arising or resulting from Landlord's failure to fulfill its obligations under this Lease.

Common Area Maintenance

Landlord will maintain in good order, condition and repair all areas used in common by all tenants of the Shopping Center, which shall include the parking areas, landscaping, sidewalks, driveways, pylon signs, and other like areas (the "Common Areas"), and Landlord hereby grants to Tenant, its agents, employees and invitees, the nonexclusive right to use the Common Areas in common with other tenants in the Shopping Center. As used herein, the term "Landlord's Operating Costs" shall mean actual out-of-pocket expenses reasonably incurred by Landlord to maintain the Common Areas in the manner required of Landlord hereunder offset by any income received by Landlord from any non-tenants or non-occupants of the Shopping Center that may use the Common Areas for such things as temporary fruit stands, income derived from easements, etc. Landlord's Operating Costs shall include, all costs and expenses incurred by Landlord in maintaining, repairing, lighting, cleaning, and removing snow, ice and debris consistent with a first class shopping center. In addition, Tenant's proportionate share of the approved common area maintenance expenses, it being agreed that no administrative fee shall be imposed on real estate taxes, common area utilities and/or Landlord's insurance.

Tenant shall pay Landlord, as Additional Rent, its proportionate share of Landlord's Operating Costs. Tenant's proportionate share of Landlord's Operating Costs shall be computed by multiplying Landlord's Operating Costs by a fraction, the numerator of which is the number of square feet of floor area in the Premises and the denominator of which shall be the total gross leasable area in the Shopping Center. Tenant's proportionate share of such costs and expenses for each calendar year and partial calendar year shall be paid in monthly installments on the first day of each calendar month, as Additional Rent. Notwithstanding anything to the contrary herein, in no event shall the amount that Tenant is obligated to pay for Landlord's Operating Costs in any calendar year exceed 105% of the total amount that Tenant was obligated to pay for Landlord's Operating Costs for the previous calendar year.



PHYSICAL DESCRIPTION

PROPERTY DESCRIPTION



PROPERTY NAME

Best Buy



ADDRESS

50400 Waterside Dr



LOCATION

Chesterfield Township, MI
48051



LOT SIZE

± 5.67 Acres



CROSS STREET

Waterside Dr



GROSS LEASABLE AREA (SF)

± 45,000



YEAR BUILT

2007



TRAFFIC COUNTS

Interstate 94
±79,600 VPD



PARKING SPACES

± 288



PARKING RATIO

± 6.25/1,000 SF

TAX PARCEL MAP



ROOF INFO

Tenant	Roof Size	Year Installed	Warranty Expiration
Best Buy	44,200 SF	2007	2022

SITE PLAN



SURROUNDING AREA



SURROUNDING AREA







TENANT OVERVIEW

BEST BUY OVERVIEW



Property Name	Best Buy Co.
Industry	Electronics
Revenue (2017)	\$39.40B
Net Income (2017)	\$1.23B
No. of Locations	± 1,026
No. of Employees	± 125,000
Headquartered	Richfield, Minnesota
Website	www.bestbuy.com
Year Founded	1966

Best Buy is a leading provider of technology products, services, and solutions. The Company offers products and services to the customers visiting its stores, engaging with Geek Squad agents, or using its Websites or mobile applications. It has operations in the United States, Canada, and Mexico.

The Company operates through two segments: Domestic and International. The Domestic segment consists of the operations in all states, districts and territories of the United States, under various brand names, including Best Buy, bestbuy.com, Best Buy Mobile, Best Buy Direct, Best Buy Express, Geek Squad, Magnolia Home Theater, and Pacific Kitchen and Home. The International segment consists of all operations in Canada and Mexico under the brand names, Best Buy, bestbuy.com.ca, bestbuy.com.mx, Best Buy Express, Best Buy Mobile and Geek Squad. The Company operates approximately 1,200 large-format and over 400 small-format stores throughout its Domestic and International segments. It has a global sourcing operation to design, develop, test and contract-manufacture its brand products.

FIVE-YEAR TURNAROUND

While Best Buy has had increased competition from eCommerce sites such as Amazon, the store has spent the last 5 years investing in price-matching, boosting its online search functionality and improving customer service. Over the 2017 holiday season, Best Buy offered customers free online ordering and expanded its same-day delivery service, which led the company to their best holiday sales in a decade.



AREA OVERVIEW

CHESTERFIELD TOWNSHIP, MI

Chesterfield Charter Township is a charter township of Macomb County. The township was organized in 1842, formed out of a portion of Macomb Township. The township is part of Metro Detroit. There are nine unincorporated communities that make up Chesterfield Township. Some popular areas include Milton, Point Lakeview, Chesterfield, and Anchor Bay Shores. Chesterfield Township is primarily covered by two school districts: the Anchor Bay School District, and L'Anse Creuse Public Schools. A small portion of the northern part of the township is also zoned to New Haven Community Schools.

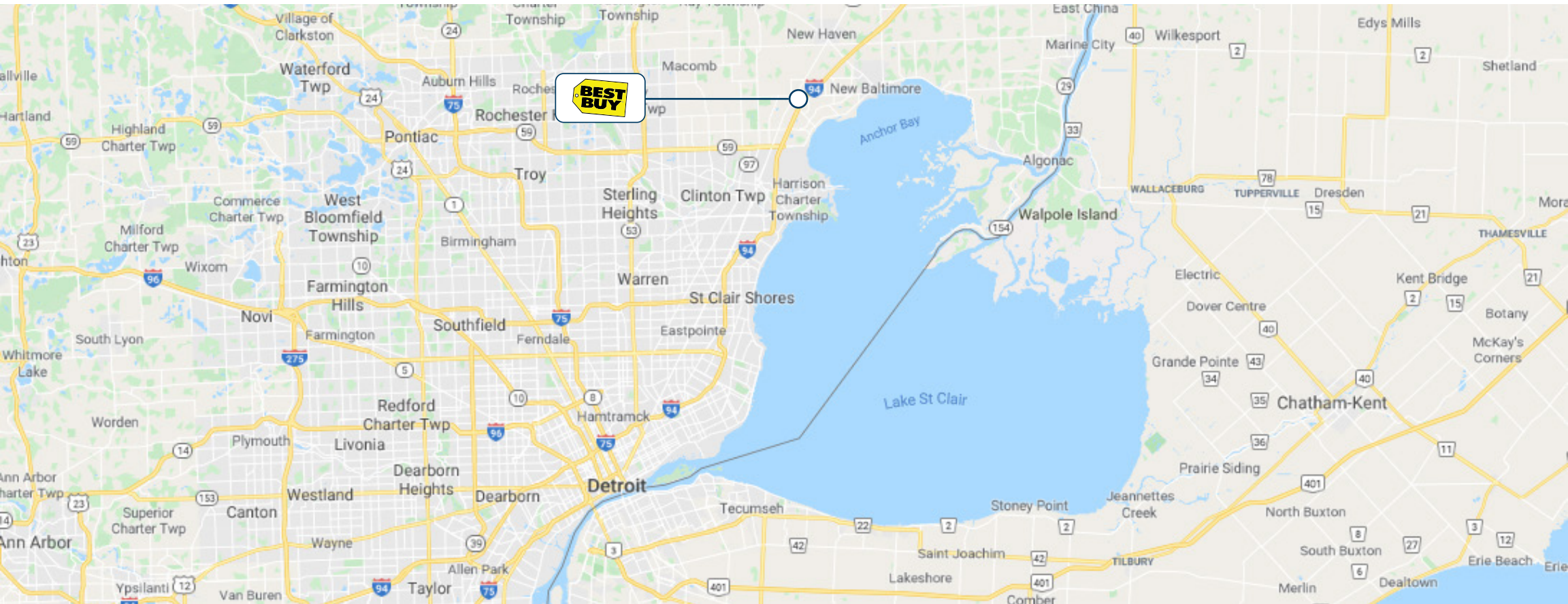
Interstate 94 runs through the city, providing a direct route to Detroit and beyond. Selfridge Air National Guard Base sits on the south end of town, making Chesterfield a great location for military service members and civilian military employees.

DEMOGRAPHICS

Population	1 Mile	3 Mile	5 Mile
2025 Projection	8,676	48,767	111,317
2020 Estimate	8,375	46,953	106,607
Growth 2020 - 2025	3.59%	3.86%	4.42%
Growth 2010 - 2020	8.82%	11.79%	13.59%

Households	1 Mile	3 Mile	5 Mile
2025 Projection	3,395	17,797	38,987
2020 Estimate	3,274	17,166	37,466
Growth 2020 - 2025	3.70%	3.68%	4.06%
Growth 2010 - 2020	9.24%	10.63%	11.59%

Income	1 Mile	3 Mile	5 Mile
2020 Est. Average Household Income	\$86,243	\$97,585	\$102,104



DETROIT, MI

Detroit is the largest and most populous city in the U.S. state of Michigan, the largest city on the United States–Canada border, and the seat of Wayne County. The municipality of Detroit had a 2019 estimated population of 672,662, making it the 23rd-most populous city in the United States. The metropolitan area, known as Metro Detroit, is home to 4.3 million people, making it the second-largest in the Midwest after the Chicago metropolitan area. Regarded as a major cultural center, Detroit is known for its contributions to music and as a repository for art, architecture, and design.

Detroit is a major port located on the Detroit River, one of the four major straits that connect the Great Lakes system to the Saint Lawrence Seaway. The Detroit Metropolitan Airport is among the most important hubs in the United States. The City of Detroit anchors the second-largest regional economy in the Midwest, behind Chicago and ahead of Minneapolis–Saint Paul, and the 13th-largest in the United States. Detroit and its neighboring Canadian city Windsor are connected through a tunnel and the Ambassador Bridge, the busiest international crossing in North America. Detroit is best known as the center of the U.S. automobile industry, and the “Big Three” auto manufacturers General Motors, Ford, and Chrysler are all headquartered in Metro Detroit.

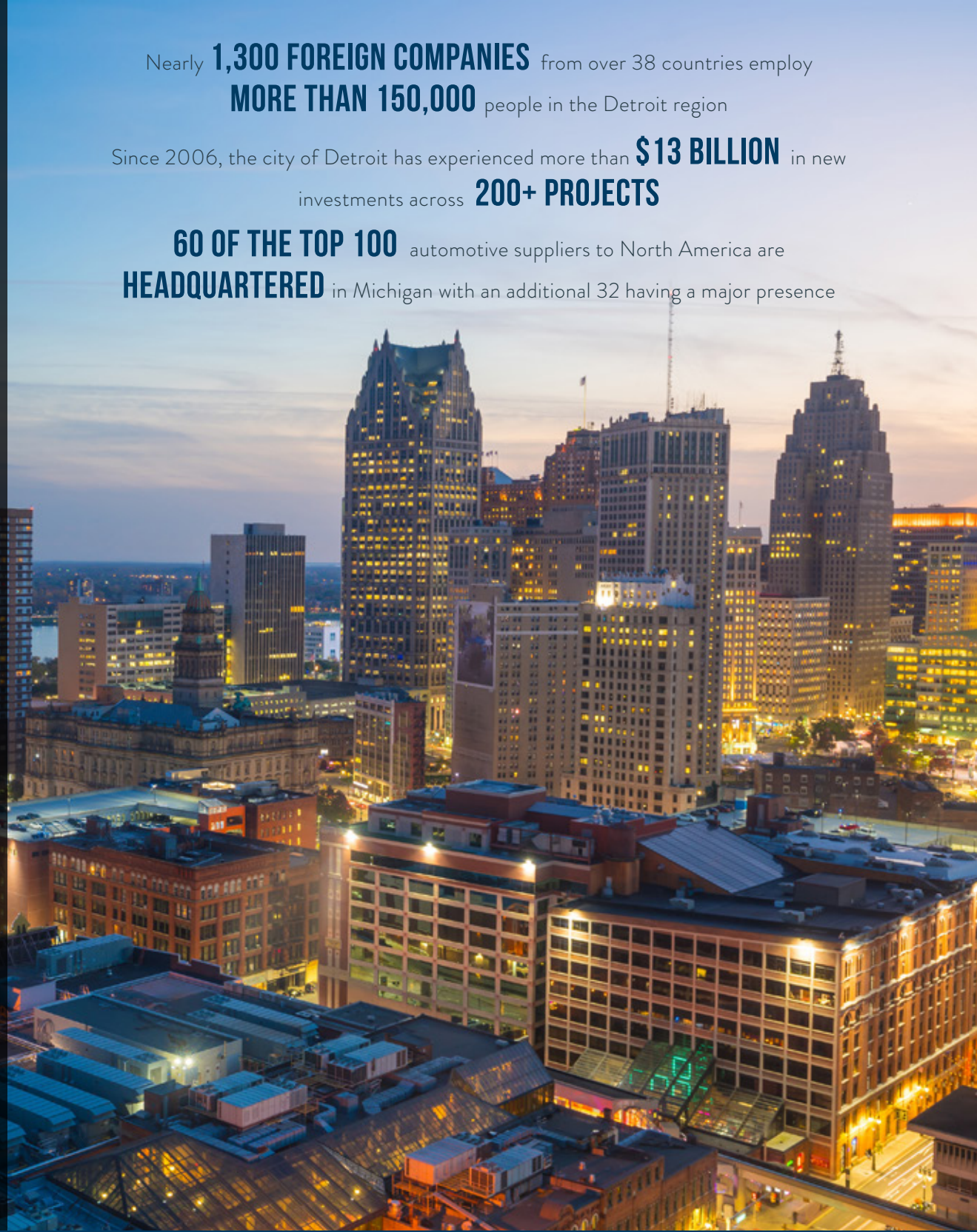


**14TH LARGEST MSA
IN THE U.S.**

Nearly **1,300 FOREIGN COMPANIES** from over 38 countries employ
MORE THAN 150,000 people in the Detroit region

Since 2006, the city of Detroit has experienced more than **\$13 BILLION** in new
investments across **200+ PROJECTS**

60 OF THE TOP 100 automotive suppliers to North America are
HEADQUARTERED in Michigan with an additional 32 having a major presence





ECONOMIC DEVELOPMENT

While Detroit is the world's epicenter of mobility and advanced transportation solutions, today's Detroit is so much more than just the Motor City. With a diverse offering of competitive advantages, Detroit is a smart choice for businesses looking to expand, relocate, and invest.

Detroit offers a suite of incentive programs designed to help businesses thrive with a talented workforce, innovative educational institutions, successful private/public partnerships attracting international attention, and affordable, unique real estate.

Within Detroit beats the heart of a major metropolitan city featuring a thriving downtown district and vibrant neighborhood communities. We have world-class hospital systems and a rich history of art, theater, music, and culture. Learn more about Detroit's unique opportunities and why businesses are choosing to call Detroit home.

TOURISM IN DETROIT

Tourism in metropolitan Detroit, Michigan is a significant factor for the region's culture and for its economy, comprising nine percent of the area's two million jobs. About 15.9 million people visit Metro Detroit annually, spending an estimated \$4.8 billion. Detroit is one of the largest American cities and metropolitan regions to offer casino resort hotels. Leading multi-day events throughout Metro Detroit attract super-sized crowds of hundreds of thousands to over three million people. More than fifteen million people cross the highly traveled nexus of the Ambassador Bridge and the Detroit-Windsor Tunnel annually. Detroit is at the center of an emerging Great Lakes Megalopolis. An estimated 46 million people live within a 300-mile radius of Metro Detroit.

Detroit's unique culture, distinctive architecture, and revitalization and urban renewal efforts in the 21st century have given Detroit increased prominence as a tourist destination in recent years. The New York Times listed Detroit as the 9th-best destination in its list of 52 Places to Go in 2017, while travel guide publisher Lonely Planet named Detroit the second-best city in the world to visit in 2018.

C O N F I D E N T I A L I T Y & D I S C L A I M E R S T A T E M E N T :

This Offering Memorandum contains select information pertaining to the business and affairs of **Best Buy** located at **50400 Waterside Dr Chesterfield Township, MI 48051** (“Property”). It has been prepared by Matthews Real Estate Investment Services. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Matthews Real Estate Investment Services expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser’s sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

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