

# National Tire & Battery

3845 East Main Street, St. Charles, IL 60174



Exclusively Offered By:

NET LEASE INVESTMENT SERVICES

**Chuck Klein**

chuck.klein@cassidyurley.com

858.546.5473

CA Lic. 01522766

**Kevin Held**

kevin.held@cassidyurley.com

858.546.5428

CA Lic. 01240358

**Cassidy  
Turley** / Commercial  
Real Estate Services

# Offering Statement/Disclaimer

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Cassidy Turley (hereinafter “CT”) has been retained as exclusive advisor to the Seller for the sale of the National Tire & Battery property (the “Property”) located at 3845 E Main Street, St Charles, Illinois.

This Offering has been prepared by CT for use by a limited number of parties and does not purport to provide a necessarily complete summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective investors may need or desire. All projections have been developed by CT, the Owner, and designated sources and are based upon assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and CT, therefore, are subject to variation. No representation is made by CT or Owner as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied on as, a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be correct, Owner and its employees disclaim any responsibility for inaccuracies and expect prospective purchasers to exercise independent due diligence in verifying all such information. Further, CT, Owner, and its employees disclaim any and all liability for representations and warranties, expressed and implied, contained in, or omitted from, this Investment Offering or any other written or oral communication transmitted

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Additional information and an opportunity to inspect the Property will be made available upon written request to interested and qualified prospective investors.

Owner and CT each expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers regarding the Property and/or terminate discussions with any entity at any time with or without notice. Owner shall have no legal commitment or obligation to any entity reviewing this Offering or making an offer to purchase the Property unless and until a written agreement for the purchase of the Property has been fully executed, delivered, and approved by Owner and its legal counsel, and any conditions to Owner’s obligations thereunder have been satisfied or waived. CT is not authorized to make any representations or agreements on behalf of Owner.

This Offering and the contents, except such information which is a matter of public record or is provided in sources available to the public (such contents as so limited herein are called the “Contents”), are of a confidential nature.

By accepting the package, you agree (i) to hold and treat it in the strictest confidence, (ii) not to photocopy or duplicate it, (iii) not to disclose the package or any of the contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make a proposal and from whom you have obtained an agreement of confidentiality) without the prior written authorization of Owner or CT, (iv) not use the package or any of the contents in any fashion or manner detrimental to the interest of Owner or CT, and (v) to return it to CT immediately upon request of CT or Owner.

**If you have no further interest in the Property, please return this Investment Offering forthwith.**

4350 La Jolla Village Drive, Suite 500  
San Diego, CA 92122

**T** 858.546.5400 **F** 858.630.6320

[cassidyurley.com/sandiego](http://cassidyurley.com/sandiego)

# Executive Summary

## OFFERING SUMMARY

<b>Tenant:</b>	NTW Incorporated (dba National Tire & Battery)
<b>Guarantor:</b>	TBC Corporation
<b>Location:</b>	3845 East Main Street, St. Charles, IL 60174
<b>APN:</b>	09-25-426-039
<b>Building Size:</b>	~8,064 square feet
<b>Land Size:</b>	~0.87 acres
<b>Year Built:</b>	2007
<b>Rent Commencement:</b>	May 29, 2007
<b>Lease Expiration:</b>	May 31, 2032
<b>Lease Term:</b>	Twenty-five (25) years (~18 years remaining)
<b>Options:</b>	Three (3) five (5) year options
<b>Rent Increases:</b>	Every 5 years CPI increase (max 12%)
<b>Lease Type:</b>	Absolute NNN
<b>Right of First Refusal:</b>	Tenant has fifteen (15) days to exercise its ROFR to purchase the property
<b>Net Operating Income:</b>	\$249,848
<b>Price:</b>	\$4,345,183
<b>Cap:</b>	5.75%

## Rent Schedule:

Term	Years	Date of Increase	Annual Rent	% Increase	Unleveraged Return
Primary	6 - 10	6/1/2012	\$249,848	11%	5.75%
Primary	11 - 15	6/1/2017	\$279,830	12%	6.44%
Primary	16 - 20	6/1/2022	\$313,409	12%	7.21%
Primary	21 - 25	6/1/2027	\$351,018	12%	8.08%
Option 1	26 - 30	6/1/2032	\$393,141	12%	9.05%
Option 2	31 - 35	6/1/2037	\$440,318	12%	10.13%
Option 3	36 - 40	6/1/2042	\$493,156	12%	11.35%



# Executive Summary

## PROJECT HIGHLIGHTS

- Pad site to a successful Super Target anchored shopping center
- Located in immediate proximity to 6 major Car Dealerships including Honda, GMC, Chevrolet, Chrysler/Jeep/Ram, Ford, and Nissan providing a strong commercial customer base
- Densely populated and affluent Chicago metro location with more than 111,000 people and over \$100,000 average household income within a 5-mile radius
- Major Intrastate Corridor along Illinois Route 64, which is the major east-west thoroughfare providing direct access to Chicago, with approximately 33,600 cars per day at the site
- Regional retail hub across from Walmart, and a 400,000 square foot regional mall which is undergoing a full interior and exterior renovation to be completed by 2015
- Absolute Triple Net Lease Structure provides for a passive, management-free income stream
- Long-Term Lease with over 18 years remaining on primary lease term
- CPI based Rent Increases every 5 years (max 12%) provide for a growing income stream and a hedge against inflation
- Strong Credit Tenant
  - Parent company Sumitomo Corp., rated 'A' by Standard & Poors
  - Lease Guarantor, TBC Corporation (\$2.5 Billion in sales), is one of the nation's largest vertically integrated marketers of tires which dominates both retail and wholesale sectors of the market
- Potential for 7.00% average unleveraged return over the remaining lease term



# Tenant Information



## Sumitomo Corporation (Parent Company)

<b>S&amp;P Credit Rating:</b>	A
<b>2013 Revenue (\$ Bil):</b>	\$32.08
<b>2013 Net Income (\$ Bil):</b>	\$2.47
<b># of locations (2013):</b>	799
<b># of employees (2013):</b>	73,953

## NTB Company Profile (Tenant):

National Tire and Battery (NTB) is an American brand of auto service centers. It was formerly owned by Sears until it was spun off in 2003. Sears created the brand in 1997 by consolidating the Tire America (TA) and National Tire Warehouse (NTW) brands, adding the "B" to include its DieHard brand of batteries. Sears sold the brand, which consisted mostly of stores set apart from its name brand stores, in 2003 to TBC Corporation.

NTB is an industry-leading tire retailer that specializes in tire and battery replacement as well as offering many enhanced mechanical services. The combination of fast, expert service, huge tire selection, state of the art equipment and an unending commitment to customer service has allowed NTB to earn a reputation for providing high quality auto care. NTB offers a wide selection of nationally branded tires.

<http://www.ntb.com/>

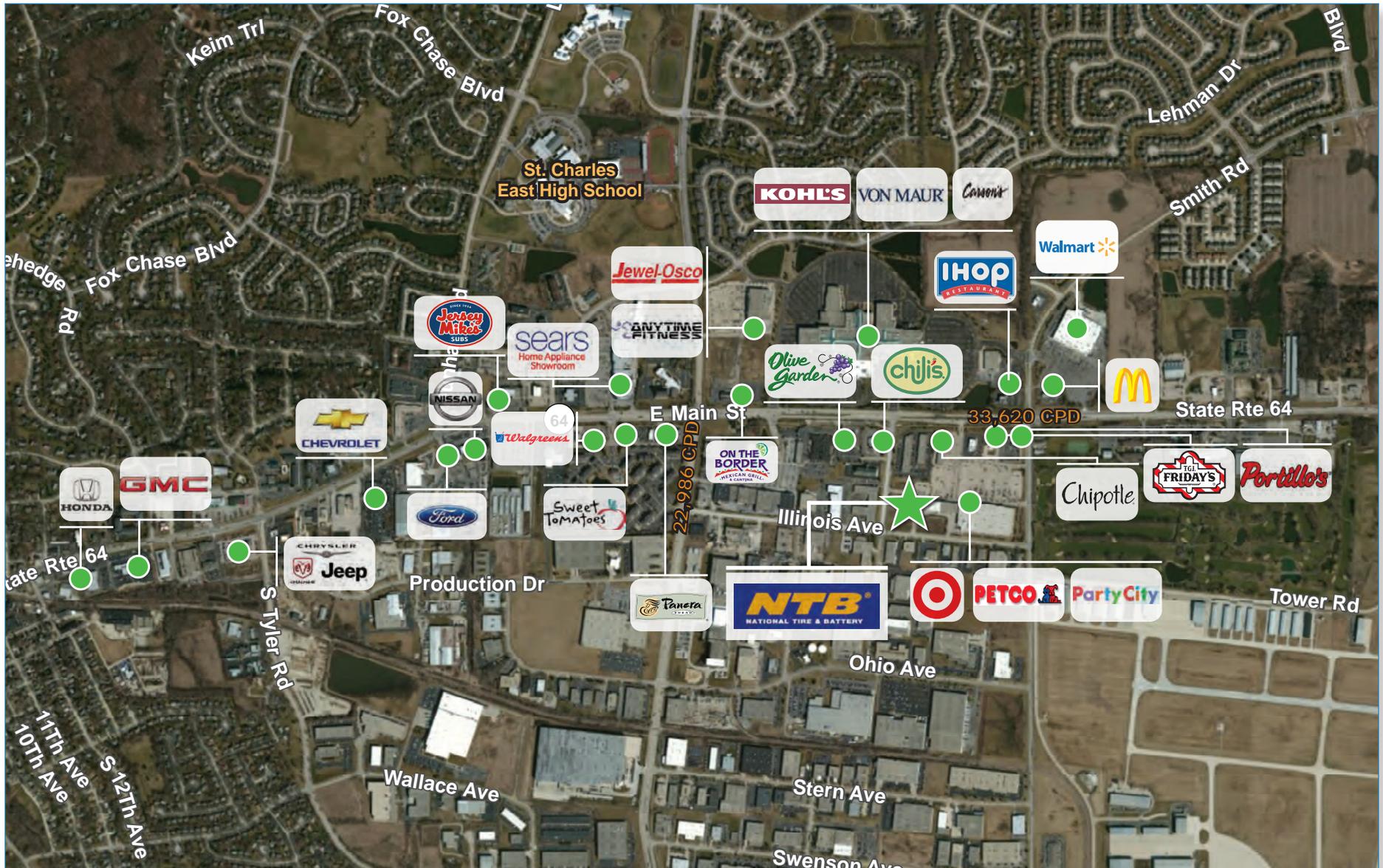
## TBC Corporation Profile (Lease Guarantor):

TBC Corporation is one of the nation's largest vertically integrated marketers of tires for the automotive replacement market. The Company's retail operations include Company-operated tire and automotive service centers under the "Tire Kingdom", "Merchant's Tire & Auto Centers", and "National Tire & Battery" brands, and franchised stores under the "Big O Tires" brand. TBC markets on a wholesale basis to regional tire chains and distributors serving independent tire dealers throughout the United States, Canada, and Mexico.



# Property Description

## AERIAL





# Area Description

## AREA OVERVIEW



St. Charles is a Chicago suburb in Kane and DuPage counties of Illinois, and is roughly 40 miles west of Chicago on Illinois Route 64. According to a U.S. Census Bureau estimate in July 2012, the city has a total population of 33,327. Charles is part of a tri-city area along with Geneva and Batavia, all western suburbs of similar size and relative socioeconomic condition. The city has a land area of 15 square miles.

The City of St. Charles was recently named one of the "150 Great Places in Illinois". The award was presented to the City in 2008 for the combined architectural work of the City Municipal Center, the Main Street Bridge, and the historic Hotel Baker.

## EDUCATION

The public education system in St. Charles currently has twelve elementary schools, three middle schools, and two high schools. St. Charles is also served by Elgin Community College.

## ECONOMY

Centrally located in Kane County, St. Charles is an economic powerhouse. Three business districts offer a variety of opportunities for businesses of all sizes to flourish. This community provides exceptional services to residents and businesses.

Over 2,100 businesses employ over 34,200 people, consisting of a balanced mix of retailers, restaurants, and manufacturing facilities.

St. Charles is home to the Q Center, a 95-acre conference site. Originally Arthur Andersen's



Center for Professional Education, it is now used by Accenture, and hosts meetings, conferences and executive learning for Fortune 500 companies, associations and social, military, education, religious and fraternal organizations from all over the world.

## CULTURE

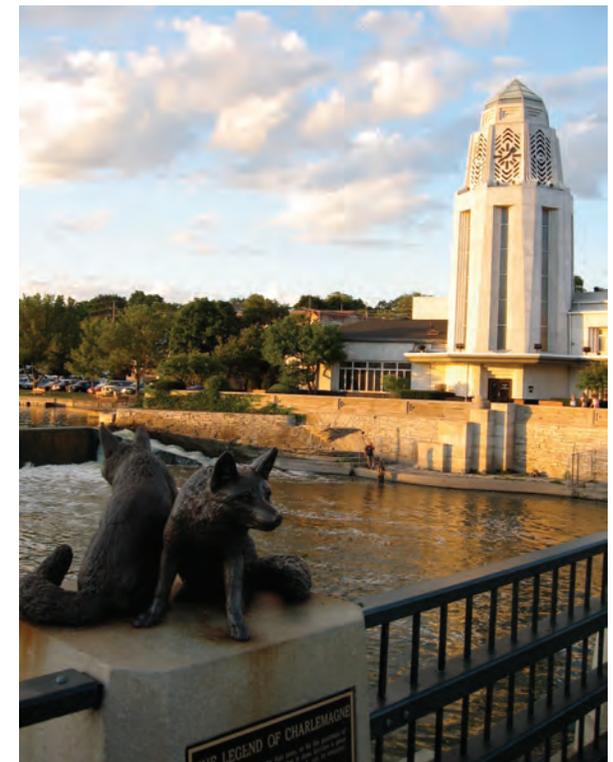
Downtown St. Charles was named one of the region's "Top 10" by the Chicago Tribune for fine dining, arts and entertainment, recreational opportunities, unique shopping, and a lively nighttime personality.

Family Circle magazine named St. Charles #1 in its 2011 Annual Survey of Best Towns and Cities for families. The comprehensive survey included communities from across the country, combining affordable housing, good neighbors, green spaces, strong public school systems and giving spirits.

## DEVELOPMENT

There are several new development projects underway in St. Charles. The Charlestowne Mall

is planned to be re-launched as "The Quad St. Charles" in fall 2015. The developer is The Krausz Companies, Inc. The proposed plans for The Quad St. Charles include: Keeping the building as an enclosed shopping mall, adding a new anchor tenant, relocating the food court, reconfiguring the front entrances to the mall and movie theater to create a new "front" to the mall, and additional retail/commercial buildings around the mall including outlot buildings along Main Street.



# Area Description

## DEMOGRAPHICS 2012

	1 mi	3 mi	5 mi		1 mi	3 mi	5 mi
<b>Summary</b>				<b>Population by Age</b>			
<b>Population</b>	<b>5,370</b>	<b>34,516</b>	<b>111,261</b>	Age 0 - 4	229	1,779	6,928
Households	1,934	13,053	38,605	Age 5 - 9	462	2,393	8,367
Families	1,483	9,291	29,072	Age 10 - 14	544	2,685	8,989
Average Household Size	2.73	2.61	2.84	Age 15 - 19	403	2,361	8,147
Owner Occupied Housing Units	1,585	10,142	30,163	Age 20 - 24	191	1,585	6,005
Renter Occupied Housing Units	349	2,912	8,441	Age 25 - 34	376	3,521	12,235
Median Age	41.5	41.8	38.6	Age 35 - 44	827	4,653	15,681
<b>Trends: 2012-2017 Annual Rate</b>				Age 45 - 54	1,008	5,992	18,387
Population	-0.06%	0.34%	0.33%	Age 55 - 64	674	4,960	14,330
Households	-0.09%	0.32%	0.35%	Age 65 - 74	334	2,442	6,796
Families	-0.18%	0.20%	0.26%	Age 75 - 84	184	1,349	3,454
Owner Occupied Housing	0.08%	0.57%	0.59%	Age 85+	137	795	1,941
Median Household Income	0.87%	2.00%	2.09%	<b>Race and Ethnicity</b>			
<b>Households by Income</b>				White Alone	87.2%	90.2%	83.7%
<\$15,000	72	605	2,053	Black Alone	1.2%	1.1%	2.2%
\$15,000 - \$24,999	47	605	1,943	American Indian Alone	0.3%	0.2%	0.3%
\$25,000 - \$34,999	45	696	2,171	Asian Alone	8.4%	4.8%	5.4%
\$35,000 - \$49,999	96	1,167	3,645	Pacific Islander Alone	0.0%	0.1%	0.0%
\$50,000 - \$74,999	257	2,296	6,796	Some Other Race Alone	1.1%	2.2%	6.4%
\$75,000 - \$99,999	273	2,020	5,858	Two or More Races	1.8%	1.5%	2.0%
\$100,000 - \$149,999	506	2,660	8,419	Hispanic Origin (Any Race)	5.7%	7.3%	17.4%
\$150,000 - \$199,999	262	1,403	3,725				
\$200,000+	375	1,602	3,994				
Median Household Income	\$112,336	\$87,493	\$84,678				
<b>Average Household Income</b>	<b>\$137,692</b>	<b>\$111,554</b>	<b>\$105,941</b>				
Per Capita Income	\$48,877	\$42,472	\$36,910				

Data Note: Income is expressed in current dollars  
 Source: U.S. Census Bureau, Census 2010 Summary File 1.  
 Esri forecasts for 2012 and 2017.