



Wholly owned subsidiary of



SUBJECT PROPERTY SHOWN

**SINGLE TENANT 100% NET LEASED TO BALLY GAMING INC.**  
**6655 BERMUDA ROAD, LAS VEGAS, NV 89119**



**SCIENTIFIC GAMES CORP (NASDAQ: SGMS)**

**WITHIN HUGHES AIRPORT CENTER (3.3M SF)**

**TENANT RECENTLY EXERCISED 5 YEAR OPTION**

**ANNUAL 2.0% RENT INCREASES**



**PEGASUS**  
INVESTMENTS





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Wholly owned subsidiary of



New Stadium



Las Vegas Strip

THREE BUILDING CAMPUS

McCarran  
INTERNATIONAL AIRPORT

*Bally*  
Bally's Warehouse/Office Space  
(not a part)

*Bally*  
Bally's Headquarters  
(not a part)

SUBJECT

Bally's Campus

Subject Property



SINGLE TENANT 100% LEASED ON A NN BASIS

WITHIN THE HUGHES AIRPORT CENTER (3.3M SF)

PART OF BALLY'S HEADQUARTER CAMPUS

*Bally*  
TECHNOLOGIES  
Bally's Warehouse/Office Space  
(NAP)

*Bally*  
TECHNOLOGIES  
Bally's Headquarters  
(NAP)

SUBJECT PROPERTY

Bermuda Road

Pilot Road

**BURKE**  
CONSTRUCTION GROUP, INC.

STOP  
4-Way

sitel



Pegasus Investments, as exclusive investment sale advisor to seller, is pleased to offer a 100% occupied single tenant office building occupied by Bally Gaming Inc. d/b/a Bally Technologies – a wholly owned subsidiary of Scientific Games Corp. (Nasdaq: [SGMS](#)). Scientific Games is an industry leader in the lottery, gaming and interactive fields specializing in slot machines, virtual gambling, state lottery systems, mobile [app] gaming, electronic deck shufflers and traditional scratch offs.

The tenant assumed its initial occupancy of the 36,000 square foot premises at the height of the economic recession in 2009. Nonetheless the property represented a mission critical site and thus the tenant committed to an initial lease term of eight years expiring in 2017. Demonstrating further commitment to the site, the tenant recently exercised a five year option which is currently set to expire in 2022. The double net (NN) lease is structured with landlord favorable rent increases of 2.0% annually throughout the current term. The remaining (2) 5 year options are adjusted according to fair market value, with a floor not less than the previous years rent.

The double net (NN) lease is worded strongly in the landlord's favor, with the only responsibilities being related to the roof and structure. Day to day operations are handled by the tenant as well as all operating expenses including property tax and insurance.

The state of Nevada has seen a huge economic recovery following the latest recession. Currently, the state's unemployment rate sits at just 4.8% a significant improvement from a recessionary high of 14.5%. Las Vegas has lead the comeback, mainly fueled by tourism, hospitality, entertainment and gaming, which hit an all time high in 2016. Convention center attendees also hit a high in 2016. Early indicators point to 2017 being the best year on record.

Construction is leading the way for jobs, in both the commercial and residential sector. Massive projects including the completion of the T-Mobile Arena (\$375M), the \$1.9B Raiders stadium, Genting Group's Resort World - a proposed \$7B hotel resort on the Las Vegas Strip, and The Edge, a 130 acre \$800M extreme sports park on the corner of Las Vegas Boulevard and Sunset Road are just few of the projects which continue to drive growth.





6655 Bermuda Road  
Las Vegas, NV 89119



Wholly owned subsidiary of



SUBJECT PROPERTY SHOWN

### Pricing

\$9,950,000

6.80% cap rate

### Base Rental Revenue

\$676,612 (NN)

### Occupancy (100%)

Bally Gaming, Inc.

a wholly owned subsidiary of Scientific Games Corp.

(Nasdaq: [SGMS](#))

### Lease Term

Commenced 2009 and recently exercised five year option in 2017 (expires 4/1/2022)

### Remaining Tenant Options

(2) five year at fair market value not less than prior years rent

### Increases

2.00% annually (every April 1<sup>st</sup>)

### Lease Type

NN – roof & structure only

### Building / Lot Size / Year Built

36,000 SF / 1.92 acres / 1999

[Google Maps](#)



## Investment Highlights

- **Corporate Lease.** Signed by Bally Gaming, Inc., a wholly owned subsidiary of Scientific Games Corp. (Nasdaq: SGMS) with a market capitalization in excess of \$2 billion.
- **Strong Rent Growth.** The lease contains 2% annual rent increases throughout the base term and options. Additionally, each option has a fair market value adjustment with a floor preventing the rent from going down.
- **Minimal Landlord Obligations.** The landlord favorable double net (NN) lease requires the tenant to be solely responsible for all maintenance, upkeep, property taxes, insurance and repairs (excluding roof/structure).
- **Favorable Debt Options.** Debt quotes provided by Pegasus Capital Markets Inc. show a cash on cash return well above 7.25%. Please contact Tyler Johnson at (310) 691-1350 x112 for details.

## Location Highlights

- **Hughes Airport Center.** The premier business park in Las Vegas encompassing 420 acres and 3.3M SF, this master planned business park is located adjacent to the Las Vegas Strip, McCarran Airport, Town Square and numerous other amenities.
- **Established Location.** The tenant has successfully operated in this location since 2009. The building serves a vital role in the tenant's R&D and product testing and is strategically located near the Las Vegas Strip, their customer base.
- **Corporate Campus Location.** The subject property is located within a three building office and industrial campus consisting of nearly 300k square feet and is 100% occupied by Bally Technologies.
- **Income Tax Free State.** Nevada is among one of the few income tax free states, attracting real estate investors seeking tax shelter.

## Tenant Highlights

- **Best in Class Operator.** Bally's (Scientific Games) is an industry leader in gambling and lottery related products. The company is divided into three categories; gaming, interactive and lottery.
- **Innovating to Changing Times.** In addition to traditional gaming, the tenant has various digital and mobile platforms to supplement its revenue; sports betting, eDraw Games and Social Gaming.
- **Stock Valuation Quadrupled since February 2016.** Scientific Games Corp. (Nasdaq: SGMS) has seen its stock value increase from \$5.13 in February 2016 to \$23.75 in May 2016. The current market value of the company is \$2.11 billion.
- **Q1 2017 Results.** Revenue rose 6% to \$725M with operating income increasing 75% to \$88M from \$50.3M. Growth was led by 24% increase in new shipments of gaming machines and a 33% increase in interactive revenue.

## Annual Rent Schedule

Year	Annual Rent	Return
1	\$676,613	6.80%
2	\$690,145	6.94%
3	\$703,948	7.07%
4	\$718,027	7.22%
5	\$732,387	7.36%
<b>Option 2 - FMV*</b>		
6	\$739,711	7.43%
7	\$754,505	7.58%
8	\$769,595	7.73%
9	\$784,987	7.89%
10	\$800,687	8.05%
<b>Option 3 - FMV* (Final)</b>		
11	\$808,694	8.13%
12	\$824,868	8.29%
13	\$841,365	8.46%
14	\$858,192	8.63%
15	\$875,356	8.80%

\* Assumes a 1% increase over the prior base year; the same terms which the tenant extended in 2017





# SLOT REVENUE ON THE LAS VEGAS STRIP 11.5% SINCE 2011

MARCH 2017 YTD VISITOR VOLUME  1.4% OVER 2016



**\$1.6B “DISNEYLAND-LIKE” PROJECT FOR WYNN LAS VEGAS RECEIVES GREEN LIGHT**



**2016 BOASTED THE 2<sup>ND</sup> HIGHEST AIR PASSENGERS EVER RECORDED IN LAS VEGAS**



**TOURISM OFFICIALS REPORT RECORD 42.9M LAS VEGAS VISITORS IN 2016**



**2016 CONVENTION CENTER SETS RECORD AT 6.3M DELEGATES**



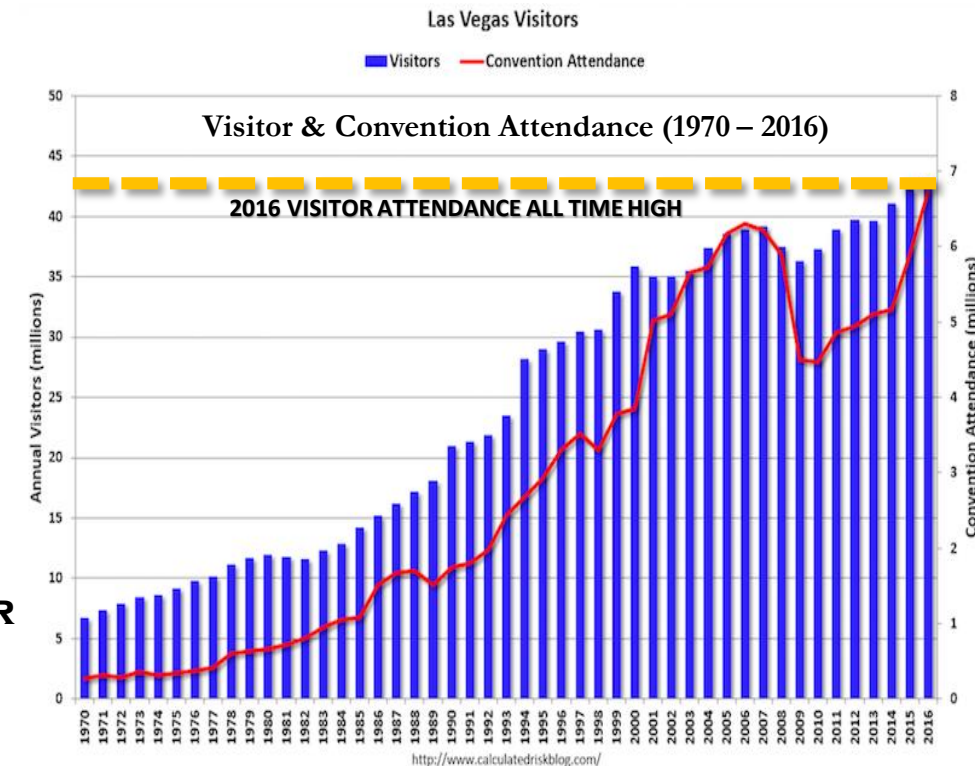
**NEVADA GAMING REVENUE UP 12 % IN JANUARY 2017 TO \$1 BILLION**



**AMAZON PLANS NEW 813K SF FULFILLMENT CENTER IN LAS VEGAS WITH AN ESTIMATED 1,000 JOBS**



**HOMES ARE SELLING FASTER IN 2017 FOLLOWING A 2016 INCREASE OF MORE THAN 3,000 UNITS...INVENTORY REMAINS LOW**



STATISTICS & HEADLINES COME FROM THE LAS VEGAS CONVENTION AND VISITORS AUTHORITY; LAS VEGAS SUN AND UNLV CENTER FOR GAMING RESEARCH



# RAIDERS ACQUIRE 60 ACRES TO BUILD \$1.9B STADIUM IN LAS VEGAS; HAS DEEP TIES TO GAMBLING INDUSTRY

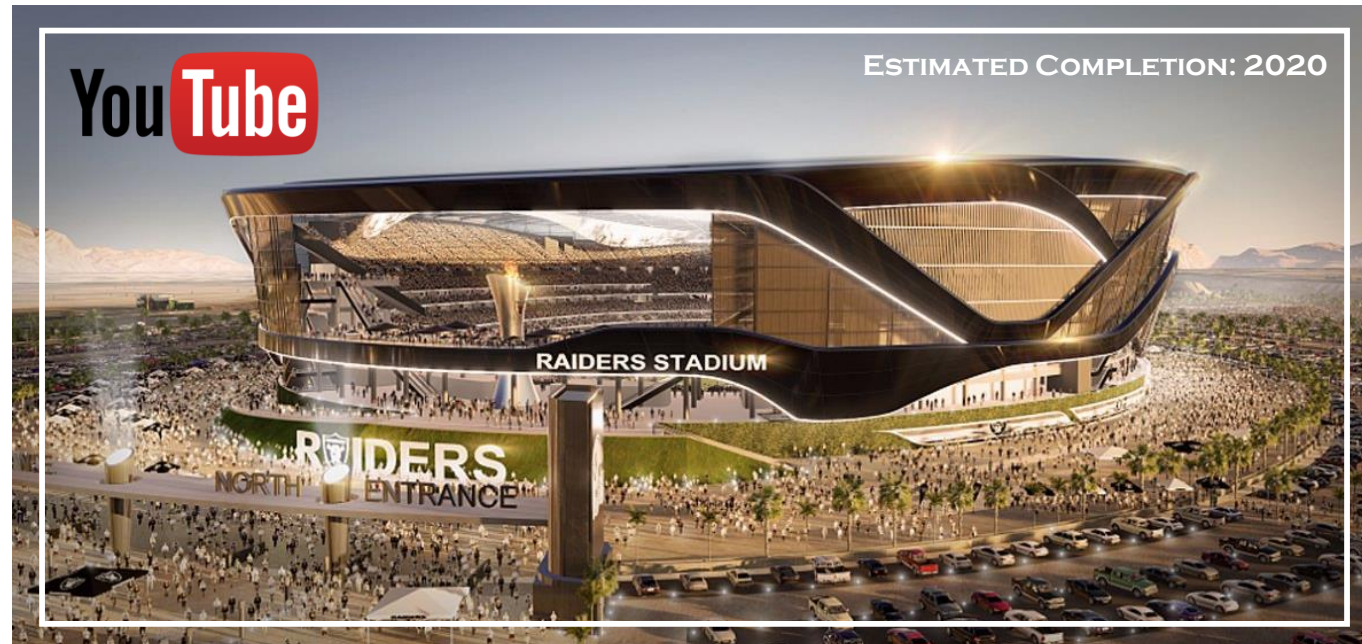
“The **industry** has been **instrumental** in the project,” said Jeremy Aguero, an analyst who works for the Las Vegas Stadium Authority, the stadium’s landlord.

The stadium will be built on 60 Acres, contain 1.75 million square feet and seat 65,000.

A retractable glass roof & doors with a view to the Las Vegas Strip will be constructed.

The project was **unanimously** recommended to the legislature by an 11-member committee that **included executives from six casino businesses** that make money from legal sports gambling - Caesars Entertainment, Boyd Gaming, MGM Resorts International, Wynn Resorts, Las Vegas Sands Corp. and Station Casinos.

A state-backed economic impact report shows a total economic output of \$620 million, as well as \$35 million new tax dollars each year.





## TWELVE NEW LEASES TOTALING 148,000 SF VALUED AT \$8.56M SIGNED AT HUGHES AIRPORT CENTER

June 13, 2016

In a deal valued at more than \$8.5M, CBRE recently secure 12 new leases at Hughes Airport Center. Collectively the leases took about nine months to complete. The leases total nearly 150k SF of the 3.3M SF office and industrial facility. According to the statement, the improving economy has led to more interest in the area. The companies include VeriFone who signed 3,000 SF, LabCorp who secured 8,000 SF, Climatex which leased 10,500 SF, Credit One Bank which signed for 17,500 SF,



17,500 SF, Medical Transportations Mgmt. which leased 15,000 SF, North American Video acquired more than 15,000 SF, Action Link leased 12,500 SF, Geotab signed 25,600 SF, Harris Consulting Engineers leased 8,000 SF, Canvas pop secured 25,000 SF and Harman International, which signed nearly 3,000SF



## AUSTRALIAN DEVELOPER PLANS \$800M EXTREME SPORTS PARK NEAR HUGHES AIRPORT CENTER & TOWN SQUARE

January 21, 2017

Las Vegas resident Josh Kearney has filed plans to construct a 130 acre, \$800M extreme sports park between the 3.3M SF Hughes Airport Center and Town Square Las Vegas, a 1.2M SF class A open air shopping, dining, office and entertainment center.

The developer is expecting to start construction in April or May of 2017 and will take approximately 2.5 years to complete. The park is expected to have dirt biking/surfing/wakeboarding/rock climbing/mountain biking/indoor skydiving, bungee jumping, zip lines and a 15-story, 640 room hotel with a casino, convention space, restaurants and two rooftop swimming pools.

Plans filed with the county show a 130-acre project at the southeast corner of Las Vegas Boulevard and Sunset Road, adjacent to the TaylorMade Golf Experience facility.





SCIENTIFIC GAMES CORP. HAS A MARKET CAP OF \$2.11 BILLION

PART OF A THREE BUILDING ~300K SF CAMPUS 100% OCCUPIED BY BALLY



Wholly-owned subsidiary of



Bermuda Road

Pilot Road

36,000 SF // 1.92 AC



PEGASUS  
INVESTMENTS





**BURKE**  
CONSTRUCTION GROUP, INC.

*Bally*  
TECHNOLOGIES

*Bally*  
TECHNOLOGIES

RECENTLY RENEWED FIVE YEAR LEASE

SITUATED WITHIN THE HIGHLY DEMANDED HUGHES AIRPORT CENTER



## NEARBY EMPLOYERS



HAJOCA



MARNELL GAMING PANEVINO



KONAMI



RICOH  
imagine. change.



SIEMENS



Pololu  
Robotics & Electronics

tyco  
SimplexGrinnell

A T M  
MERCHANT SYSTEMS



VARIAN  
medical systems

CreditOne  
BANK

HUGHES AIRPORT CENTER

SUBJECT PROPERTY





## ABOUT THE TENANT



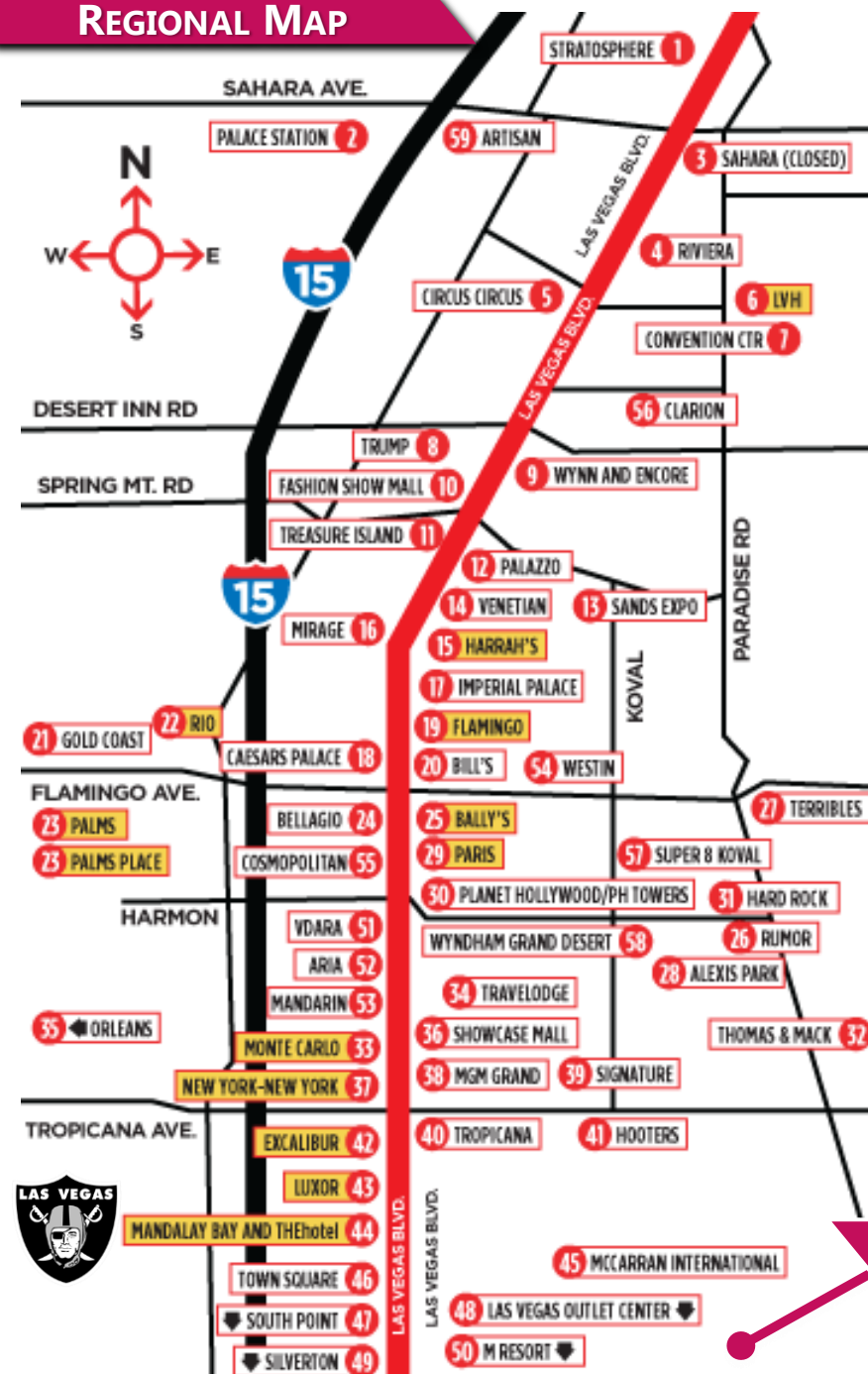
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**Bally Technologies** was founded in 1968 as Advanced patent Technology. It moved into the gaming industry in 1979 when it acquired United Coin Machine Company. In 1996 it acquired Bally Gaming International, a former division of Bally Manufacturing. In 2006 it adopted the name Bally Technology name. **Scientific Games Corporation** (Nasdaq: [SGMS](#)) was founded in 1973 and is headquartered in Las Vegas (Enterprise) NV. SGMS specializes in gambling and lottery services to organizations worldwide; instant, interactive, draw games, lottery systems, retail technology, video gaming systems, gaming terminals, lottery & gaming operations management, marketing research & analytics, licensed properties, loyalty & rewards programs, internet, mobile & social gaming; gambling control systems and interactive gambling. The following are wholly owned subsidiaries of Scientific Games Corporation: Bally Technologies, WMS Industries, MDI Entertainment, LLC, Sciplay, The Global Draw, Games Media (sold the Novomatic group) & Barcrest.



## REGIONAL MAP



## Population

Population (est. 2022)

## 1-Mile

Population (est. 2022)

## 3-Mile

Population (est. 2022)

## 5-Mile

Population (est. 2022)

Growth (2017 - 2022)

7.86%

8.01%

8.13%

Growth (2010 - 2017)

5.55%

6.44%

6.98%

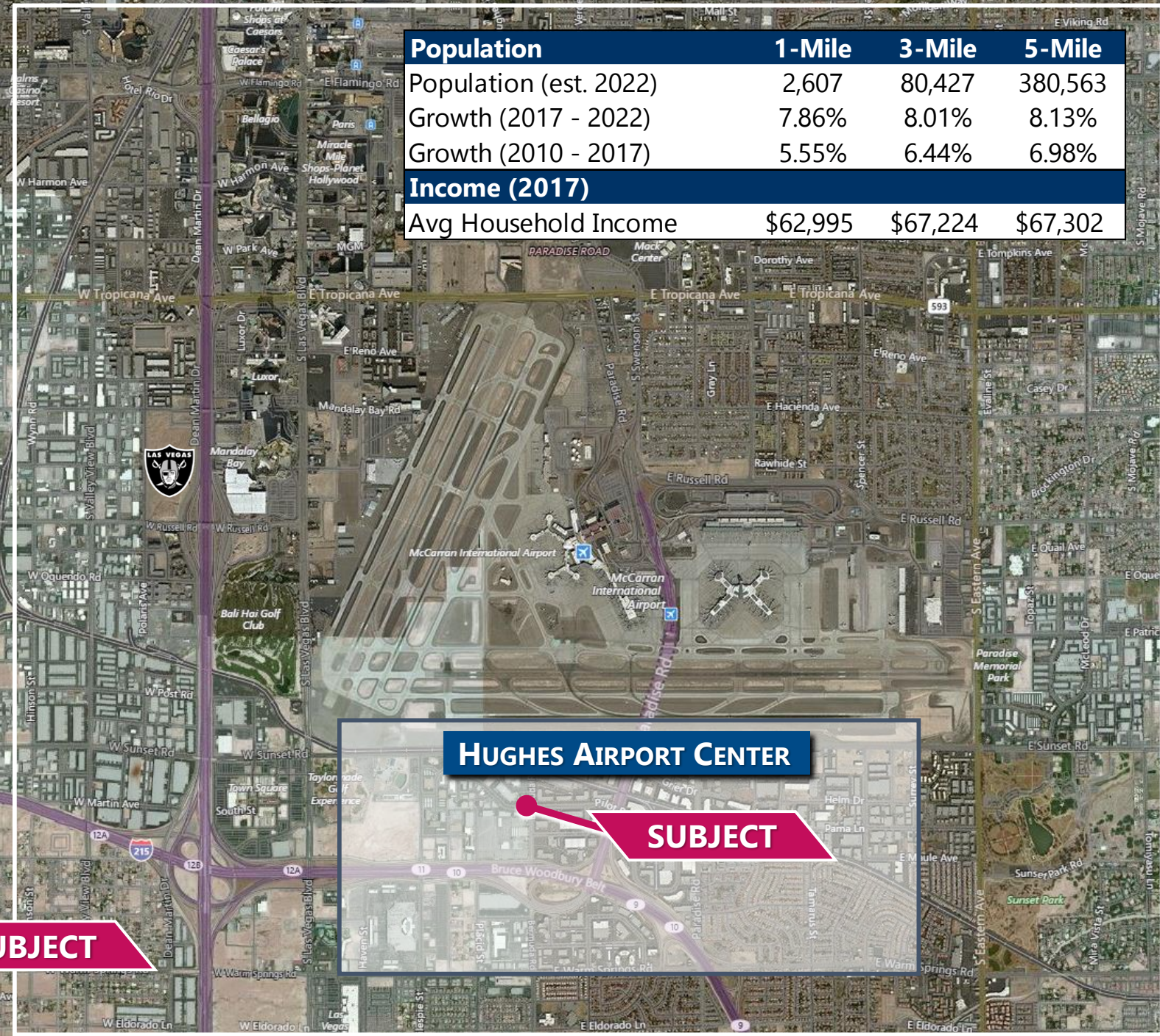
## Income (2017)

Avg Household Income

\$62,995

\$67,224

\$67,302



## HUGHES AIRPORT CENTER

## SUBJECT

## SUBJECT



### **Preliminary Debt Quote Summary\*:**

**Lender Type:** CMBS

**Loan Amount:** \$5,900,000

**Maximum Loan to Value:** 60.0%

**Term:** Ten (10) Years

**Amortization:** Thirty (30) Years

**Interest Rate:** Fixed at 10 Year Treasury + 2.50%

**Prepayment Penalty:** Defeasance

**Recourse:** Non-Recourse

**Ongoing TI/LC Reserves:** \$1.50/SF/year

**Ongoing Replacement Reserves:** \$0.15/SF/year

**Origination Fee:** Par

**Brokerage Commission:** 1.0% of the Loan Amount

### **Cash on Cash Summary:**

**Down Payment:** \$4,050,185

**Net Operating Income:** \$676,613

**Annual Debt Service:** \$369,326

**Net Cash Flow:** \$307,286

**Cash on Cash Return:** 7.59%

### **About Pegasus Capital Markets Inc.**

**Pegasus Capital Markets Inc. ("PCM")** represents a broad range of clients, from institutional investment firms to individuals making their first real estate investment. PCM is capable of helping even the most inexperienced investors navigate the complex world of commercial real estate finance.

In particular, PCM has extensive experience assisting clients with the unique challenges associated with the financing of "net leased" properties – and single tenant properties, in particular. Among the most important decisions facing investors is identifying the right lender to finance the acquisition of the net leased property and PCM specializes in aligning the client's investment objective with the optimal lending platform.

\* Disclaimer: Debt quote based on the 10-year treasury. Rates change daily. Please contact Pegasus Capital Markets for the most current rate & terms.

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## ABOUT PEGASUS INVESTMENTS:

Pegasus Investments is a boutique commercial real estate investment and advisory firm based in Los Angeles, CA. Specializing in retail shopping centers, single tenant net leased and multifamily properties throughout the United States, Pegasus has consistently delivered on its 27 year reputation of providing high quality, white glove service throughout all stages of the investment sales process. Pegasus provides its clients, which include high net worth private investors, family trusts, private & public REIT's, local and regional developers and syndicators with advisory services encompassing underwriting, market research, investment sales and asset management. Pegasus continues to set the bar for high quality, boutique investment sales brokerage and advisory by relying on its industry-leading talent which include experienced institutional and private sector investors.

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