

A photograph of a Kohl's retail store. The building features a large, light-colored stone-textured wall on the left side, where the 'KOHLS' logo is mounted in large, white, three-dimensional letters. The rest of the building is constructed of brown brick. There are green bushes in the foreground and a clear blue sky with white clouds above.

KOHLS

ACTUAL LOCATION

KOHLS

OFFERING MEMORANDUM

Single Tenant Kohl's | Corporate NNN Ground Lease
Investment-Grade Credit | Limited Competition

405 Marketplace Blvd | Selinsgrove, PA



REPRESENTATIVE IMAGE

CONTENTS

Investment Summary	03
Tenant Summary	06
Financial Analysis	08
Location Overview	10

INVESTMENT ADVISORY

MARC MANDEL

Managing Director

484.532.4212

marc.mandel@am.jll.com

STEVE SCHRENK

Director

484.532.4213

steve.schrenk@am.jll.com

CHRIS MUNLEY

Senior Managing Director

484.532.4207

c.munley@am.jll.com

FINANCIAL ADVISORY

JIM GALBALLY

Senior Managing Director

215.988.5551

james.galbally@am.jll.com

COLIN BEHR

Senior Director

215.399.1819

colin.behr@am.jll.com

MICHAEL PAGNIUCCI

Director

484.532.4172

michael.pagniucci@am.jll.com

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INVESTMENT Summary

Kohl's | Selinsgrove, PA



The Offering



PROPERTY SUMMARY

Address	405 Marketplace Blvd, Selinsgrove, PA 17870
Price	\$3,480,000
Cap Rate	6.75%
NOI	\$235,000
Building Size	68,430 SF
Rent/SF	\$3.43
Lease Type	NNN Ground Lease
Parcel Size	4.47 Acres
Year Built	2008
Tenant	Kohl's Department Stores, Inc.
Guaranty	Kohl's Department Stores, Inc.
Remaining Term	8+ Years (Expiration: 1/31/2029)
Remaining Options	Eight (8), Five (5) Year Options

Jones Lang LaSalle Americas, Inc. (“JLL”) is pleased to exclusively offer the opportunity to acquire a single tenant, freestanding property corporately leased to and guaranteed by Kohl’s (the “Property”) in the Central Pennsylvania community of Selinsgrove. Kohl’s is operating on a 4.47-acre tract that is located within the retail condominium of Monroe Marketplace – the grocery-anchored power center in Selinsgrove, PA. Kohl’s currently has 8+ years remaining on its NNN ground lease with eight (8), five (5) year options in place and an extremely attractive, low rent per square foot. Each option period also contains a 10% rental increase. There are zero Landlord responsibilities associated with the offering.

Kohl’s is strategically located off N Susquehanna Trail (US Route 11-15), a major thoroughfare in the area that is home to 30,000 vehicles per day. The neighboring tenants of Monroe Marketplace include some of the most sought-after retailers such as Target, Giant, T.J. Maxx, Best Buy, Dick’s Sporting Goods, Ross, Michaels, PetSmart, LongHorn Steakhouse, Buffalo Wild Wings, and more, increasing consumer traffic around the Kohl’s property and shopping center. Kohl’s is also within close proximity to two, renowned Pennsylvania Universities; Bucknell and Susquehanna. Together, the two universities contain an enrollment of more than 6,000 students and 600 faculty. Lastly, the subject property is nearly thirty-five miles away from the next closest Kohl’s location, enabling this store to capture a large consumer base and maintain its solid performance within the market.

Kohl’s, which boasts a ‘BBB-’ investment-grade credit rating from S&P, is a leading omnichannel retailer with more than 1,100 stores in 49 states. The company sells moderately-priced private label, exclusive and national brand apparel, footwear, accessories, beauty and home products. Their products are available in stores as well as on their e-commerce website and on the Kohl’s mobile app. Despite the negative effects that COVID-19 had on the retail industry, Kohl’s has remained current on all of their rental payments and the company has maintained a powerful foundation that should accelerate their growth throughout the holiday season and into 2021. To date, the company has 65 million active customers and 1.5 billion website visits per year.

Investment Highlights



Kohl's is operating on a corporately guaranteed NNN ground lease with zero landlord responsibilities. There are more than eight years of remaining term and attractive, 10% rental increases in each of the eight (8), five (5) year options in place. The tenant is also paying an extremely low rent per square foot, creating flexibility and rental upside for the new owner of the Property.



Kohl's is a 10 to 15-minute drive from two higher educational institutions – Bucknell University and Susquehanna University. The two universities have a combined enrollment of more than 6,000 students and 600 faculty.



Kohl's is strategically located off N Susquehanna Trail (US Route 11-15), a major thoroughfare in the area that is home to 30,000 VPD. It is also just a mile from the 750,000 SF Susquehanna Valley Mall, which features approximately 65 tenants.



Kohl's is a leading omnichannel retailer with more than 1,100 stores in 49 states. This Kohl's location is nearly 35 miles away from the next closest Kohl's store, enabling the company to capture a large consumer base.



The Property is located within the market-dominant Monroe Marketplace, which is home to nationally recognized retailers such as Target, Giant, T.J. Maxx, Best Buy, Dick's Sporting Goods, Ross, Michaels, PetSmart, LongHorn Steakhouse, Buffalo Wild Wings, and more, further driving consumers to the area.



ACTUAL LOCATION



TENANT Summary

Kohl's | Selinsgrove, PA



KOHL'S Overview

The first Kohl's department store opened in Brookfield, WI in 1962. Now, the company is a leading omnichannel retailer with more than 1,100 stores in 49 states. Kohl's sells moderately-priced private label, exclusive and national brand apparel, footwear, accessories, beauty and home products. Their products are available in stores as well as on their e-commerce website and on the Kohl's mobile app. Kohl's typical, or "prototype," store has approximately 88,000 gross square feet of retail space and serves trade areas of 150,000 to 200,000 people. Most "small" stores are 55,000 to 68,000 gross square feet and serve trade areas of 100,000 to 150,000 people. To operate the Company, Kohl's employs roughly 122,000 associates.

[kohls.com](https://www.kohls.com)

Recent Partnership with Sephora

Kohl's recently made headlines by partnering with Sephora – a renowned beauty supply store throughout the world. The company is owned by LVMH Moët Hennessy Louis Vuitton and operates over 2,600 stores in 36 countries. Sephora has been recognized twice by Forbes as one of America's Best Employers in 2018 and 2019. Kohl's entered into the 10-year partnership to boost its sales in the beauty department and build loyalty with customers. Some 200 Sephora beauty shops (+/- 2,500 SF) will open at Kohl's locations by the fall of 2021 and the number will grow to 850 sites by 2023. Sephora will also be featured on Kohl's website next year and will offer more than 100 beauty brands.

Company Overview

Ownership	Public – KSS (NYSE)
Credit Rating	BBB- (S&P)
Headquarters	Menomonee Falls, WI
# of Locations	1,162
Year Founded	1962

Key Takeaways from Kohl's Q3 2020 Report

- Q3 2020 sales and earnings exceeded company expectations
- Digital sales growth remained strong (+25% compared to last year)
- Actions to improve gross margin showed great progress
- Disciplined management of expenses and inventory resulted in positive operating and free cash flow (\$910 million)
- Strengthened financial position during the quarter by fully repaying revolver and ending with \$1.9 billion in cash
- Plan to reinstate a dividend in the first half of 2021



FINANCIAL Analysis

Kohl's | Selinsgrove, PA



Lease Abstract



LEASE DETAIL

Address	405 Marketplace Blvd, Selinsgrove, PA 17870
Tenant	Kohl's Department Stores, Inc.
Guaranty	Kohl's Department Stores, Inc.
Building Size	68,430 SF
Parcel Size	4.47 Acres
Year Built	2008
Annual Rent	\$235,000
Rent / SF	\$3.43
Lease Type	NNN Ground Lease
Roof & Structure	Tenant Responsibility
Rent Commencement	10/1/2008
Lease Expiration	1/31/2029
Remaining Lease Term	Eight (8), Five (5) Year Options

RENT SCHEDULE

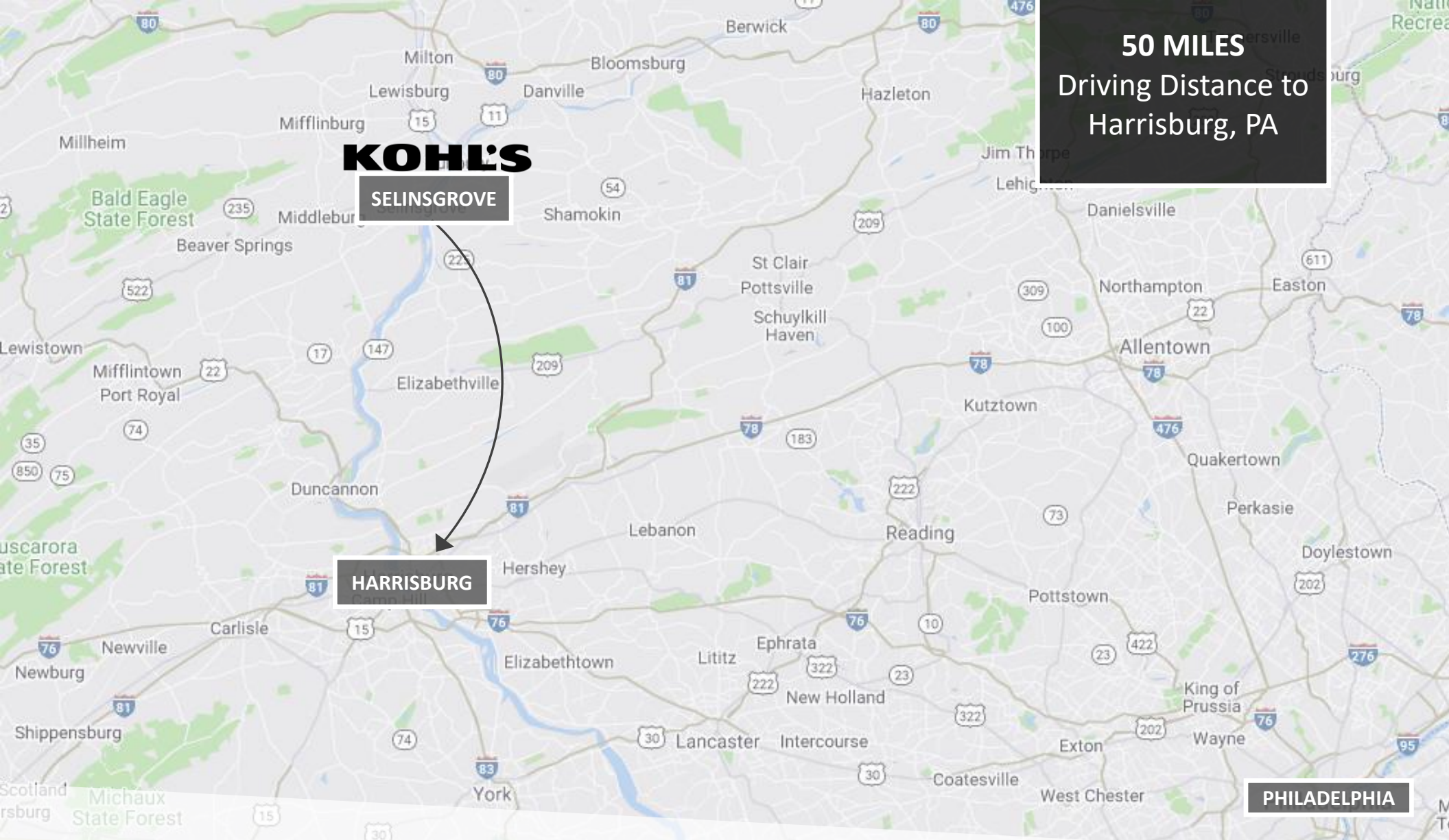
Description	Dates	Annual Rent	% Increase
Current Term	10/1/2008 - 1/31/2029	\$235,000	
Option Term 1	2/1/2029 - 1/31/2034	\$258,500	10.00%
Option Term 2	2/1/2034 - 1/31/2039	\$284,350	10.00%
Option Term 3	2/1/2039 - 1/31/2044	\$312,785	10.00%
Option Term 4	2/1/2044 - 1/31/2049	\$344,063	10.00%
Option Term 5	2/1/2049 - 1/31/2054	\$378,469	10.00%
Option Term 6	2/1/2054 - 1/31/2059	\$416,316	10.00%
Option Term 7	2/1/2059 - 1/31/2064	\$457,948	10.00%
Option Term 8	2/1/2064 - 1/31/2069	\$503,743	10.00%

TENANT RESPONSIBILITY DETAIL

Maintenance & Repairs	Tenant shall, at its sole expense, keep the Kohl's Building in good condition and repair and shall be responsible for any and all maintenance and repairs thereto, ordinary wear and tear excepted.
Insurance	Tenant shall pay all costs incurred in obtaining the required property insurance coverage for the Kohl's Building and Tenant shall have no obligation to reimburse Landlord for any costs incurred for property insurance for any other improvements upon the Shopping Center.
Taxes	Tenant shall pay that portion (100%) of real estate taxes which shall be assessed and levied during the Term and any extension thereof properly allocated to the Premises.
Utilities	Tenant shall pay directly to the respective utility company for all water, natural gas, electricity and other utility services furnished to or consumed by Tenant in the Premises.
CAM	Tenant shall pay Landlord, as Additional Rent, Tenant's Pro-Rata Share of the expenses incurred by Landlord for the Common Area Maintenance Costs and Administrative Fee as defined and provided in Section 4.2 of the OEA. With the exception of specific uncapped expenses, the Tenant's contribution shall be limited to \$49,500 for the first full calendar year. The contribution limit will increase 3% each successive calendar year.

LANDLORD RESPONSIBILITY DETAIL

None	
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LOCATION Overview

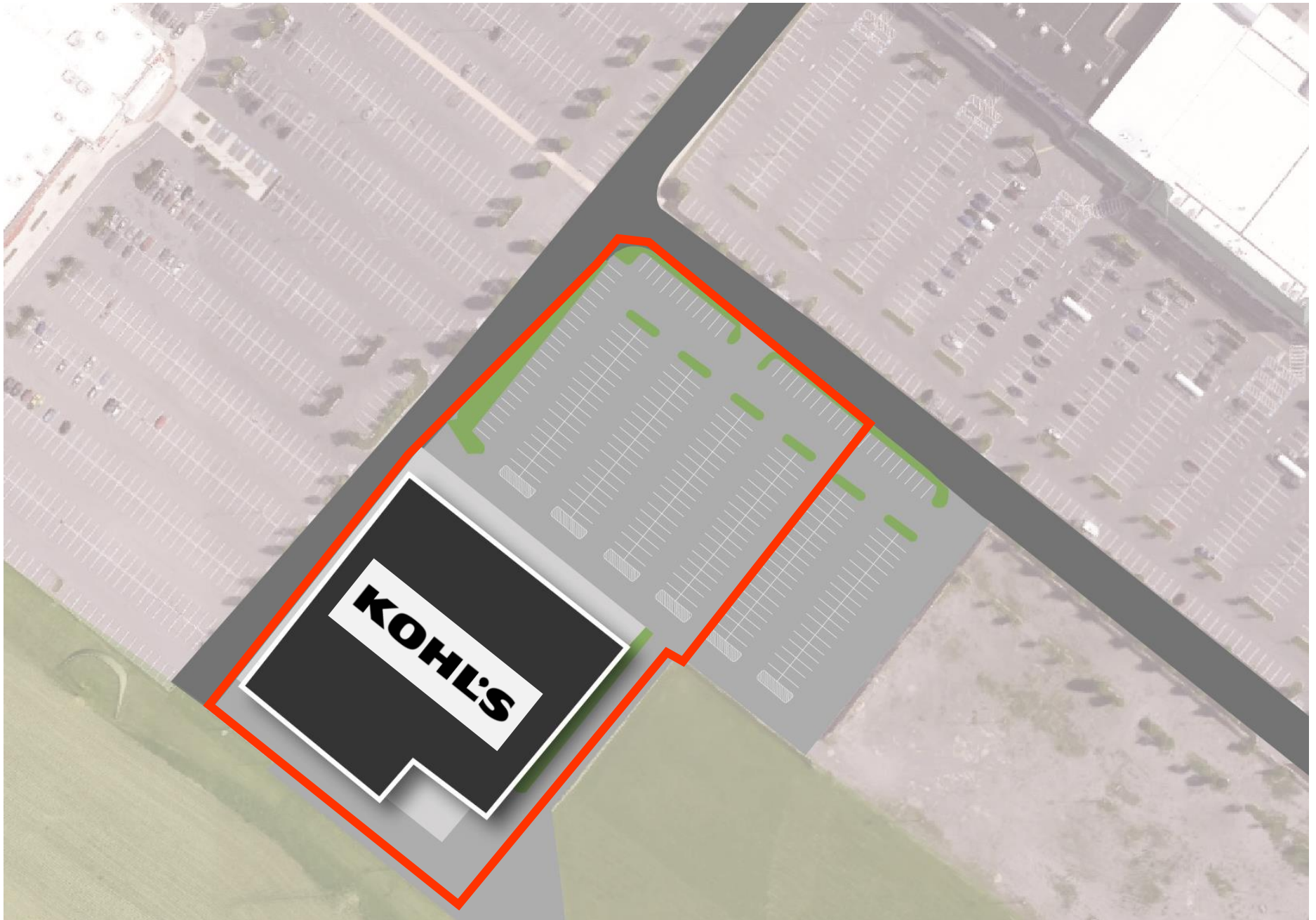
Kohl's | Selinsgrove, PA



Surrounding Retail & Amenities

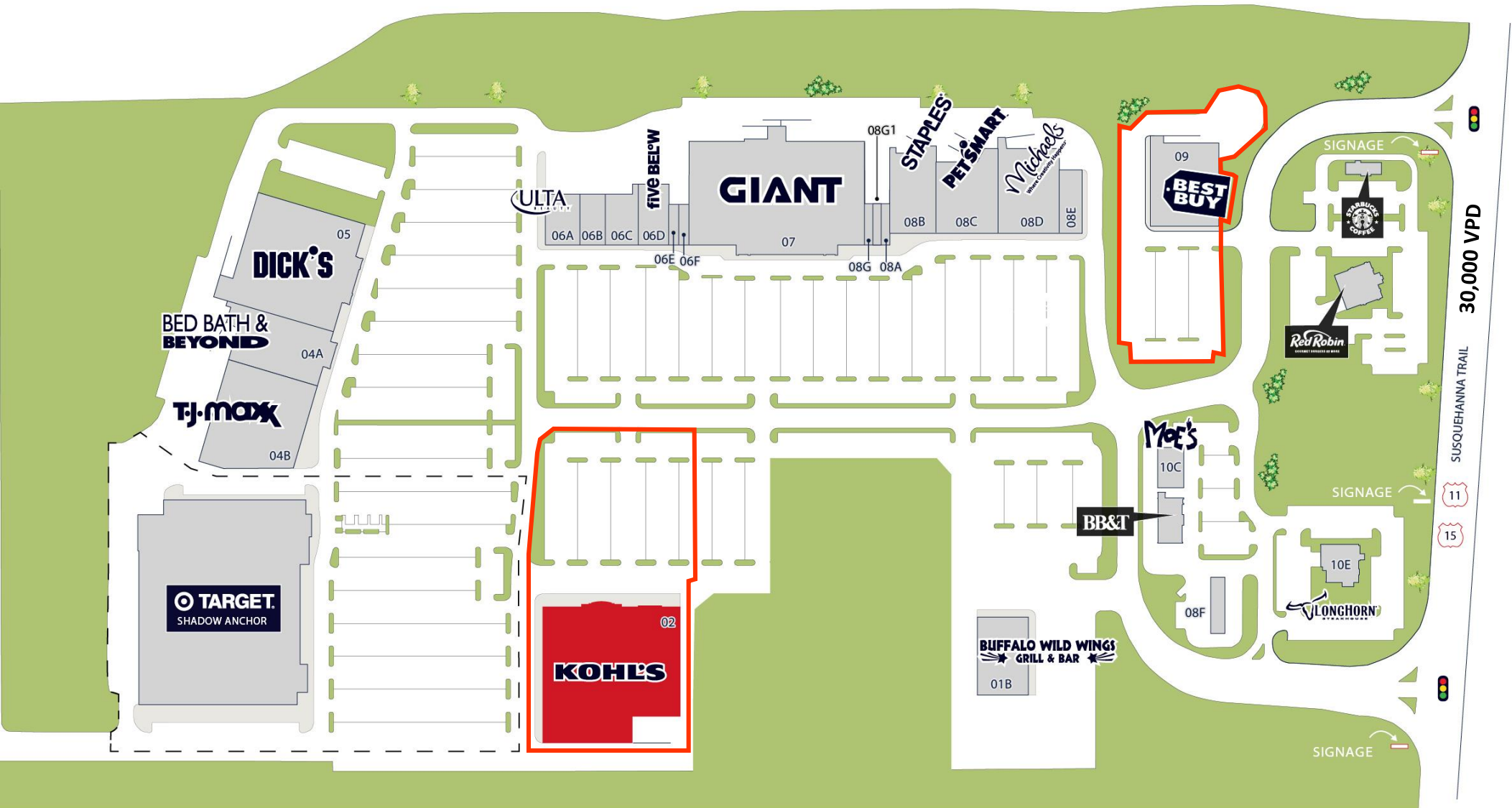


Site Plan



Monroe Marketplace Site Plan

Best Buy
is also available for
purchase



Selinsgrove, PA | Snyder County

Selinsgrove is the largest borough in Snyder County. It is home to Susquehanna University, which is consistently recognized as one of the best liberal arts colleges in the Northeast by a number of college guidebooks and is home to over 2,300 students and 180 faculty. It is home to multiple parks as well as the Susquehanna Greenway, which will become the largest greenway in Pennsylvania, linking natural, cultural, historic and recreational resources along the 500-mile corridor which encompasses the entire length of the Susquehanna River.

Snyder County is located in the Middle Susquehanna River Valley in north-central Pennsylvania and adjoins Union County to the north, Northumberland County to the east, Juniata County to the south and Mifflin County to the west. The County is 30 miles north of Harrisburg, along the western shore of the Susquehanna River and is part of the Central Pennsylvania Appalachian Region. The communities of Sunbury, Williamsport and Lewistown are the major regional urban centers serving the area. Regional centers of Wilkes-Barre, Scranton and Harrisburg also influence the County. Coupled with its major transportation routes of U.S. Route 11/15 and 522, Snyder County’s geographic location greatly contributes to its dynamic composition.

Demographics			
	5-Mile Radius	10-Mile Radius	15-Mile Radius
POPULATION			
2020 Estimate	34,155	69,961	134,117
2025 Projection	33,706	69,724	133,182
ESTIMATED HOUSEHOLD INCOME			
Average Household Income	\$67,627	\$73,615	\$71,057
Median Household Income	\$51,497	\$55,656	\$54,076
HOUSEHOLDS			
2020 Estimate	13,734	27,168	52,318
2025 Projection	13,573	27,137	52,058

(esri)



SUSQUEHANNA UNIVERSITY

INVESTMENT ADVISORY

MARC MANDEL

Managing Director

484.532.4212

marc.mandel@am.jll.com

STEVE SCHRENK

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