



EMBREE
CAPITAL MARKETS

Petco

2737 NC Hwy 210 E. Surf City, NC 28443

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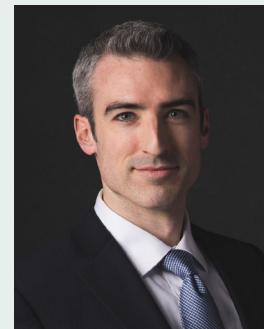


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PRESIDENT

TABLE OF CONTENTS

01 Executive Summary	Property & Lease Details	05
	Area Overview	06
	Company Overview	07
02 Maps & Aerials	Location	09
	Site Aerial	10
	Local Context	11
03 Analytics	Demographic Analysis	13

01

EXECUTIVE SUMMARY

Property & Lease Details	05
Area Overview	06
Company Overview	07

PROPERTY & LEASE DETAILS

Offering Overview

Embree Capital Markets Group is pleased to present a build-to-suit Petco located in Surf City, NC. This is an opportunity for an investor to acquire a well-located Petco retail store with an attractive 15-year absolute NNN lease that features 8.5% rental increases every five years.



PURCHASE PRICE

\$5,490,000



CAP RATE

5.75%



ANNUAL RENT*

\$315,571



LEASE TYPE

ABSOLUTE NNN

THE OFFERING

Address	2737 NC Hwy 210 E. Surf City, NC 28443
Tenant	Petco Animal Supplies Stores, Inc.
Guarantor	Petco Animal Supplies Stores, Inc.

SITE DESCRIPTION

Year Built	2023
Building SF	Approx. 10,900 SF
Lot Size	Approx. 1.22Acres

INVESTMENT SUMMARY

Asset Class	Single-Tenant Retail
Ownership Interest	Fee Simple
Annual Rent*	\$315,571
Monthly Rent	\$26,298
Cap Rate	5.75%
Purchase Price*	\$5,490,000
Rent Commencement	04.14.2023
Lease Expiration	04.30.2038
Lease Term	15-Years
Lease Type	Absolute NNN
Renewal Options	Five, 5-Year
Lease Escalations	8.5% Every 5-Years
ROFR	None
Estoppel	30-Day Turnaround

* Rent subject to reconciliation upon construction completion

AREA OVERVIEW

Surf City, N.C.

Surf City, North Carolina is a city located in Pender and Onslow Counties, located along the coast on Topsail Island. With a total population over 4,100 according to the 2020 census. The city is a total area of 5.3 square miles, with 1.1 square miles dedicated to the Atlantic Ocean.

Surf City has been the commercial heart of Topsail Island for over 60 years. The town has grown from a small fishing village that was home to a handful of families to a year-round community. Visitors enjoy Surf City as “the way the beach used to be,” quiet and serene. Surf City’s clean and uncrowded beaches have become the town’s main attraction where visitors can enjoy the sand on their feet and the peaceful rhythms of the ocean under a deep blue sky.

The central business district offers a surprising choice of shopping opportunities from gift boutiques outdoor equipment suppliers. West of Surf City, Topsail Sound and the Intracoastal Waterway separate the island from the mainland. This narrow body of water provides the perfect setting for canoeing, kayaking, water skiing and fishing.



COMPANY OVERVIEW

petco



Investment Summary

Company Type	(NYSE: WOOF)
2021 Revenue	\$5.8+ Billion
YoY Revenue Growth	\$18%
2021 Adjusted EBITDA	\$591 Million
YoY Adjusted EBITDA	22%
Store Count	1,500+
Employees	28,000+
Total Active Customers	24.1+ Million
Website	www.Petco.com

- The significant work Petco has done over the last four years to retool Petco positioned us well in 2021, delivering 18% revenue growth for the year with overall share gains in food, in digital and in veterinary services.
- More than 54% of pet parents are looking for a one-stop-shop for their pet's needs.
- The total pet merchandise category is \$72 billion, projected to grow at a 7% CAGR to 2025.
- In 2021, Petco added millions of net new customers, bringing their total active customer count to 24.1 million at the end of fiscal 2021. 2021 revenue grew 18% to \$5.8 billion, the highest in company history. For the fourth quarter of 2021, revenue grew 13% with comparable sales up 14%, or 30% on a 2-year stack with strength in transactions and average basket trends. Adjusted EBITDA¹ outpaced revenue growth for the year, up 22% to \$591 million.
- This year Petco saved nearly 400,000 pet lives, and in partnership with Merck, Petco distributed over half a million free vaccines to under-resourced communities as part of their 1 million free vaccines commitment.
- More than 1,500 pet care centers in the U.S., Mexico and Puerto Rico, their digital channel, and their flexible fulfillment options.
- As of January 29, 2022, Petco operated 197 full service veterinary hospitals with planned expansion to approximately 900 hospitals over time.
- The U.S. pet care industry is large and growing, serving millions of households with pets, and represented a total addressable market of \$119 billion in 2021.
- Petco Love, formerly the Petco Foundation, is a

nonprofit organization that is changing lives by making communities and pet families healthier, stronger, and closer. It is a separately incorporated 501(c)(3) nonprofit organization supported both by contributions from us and contributions from Petco customers and community partners.

- Comparing fiscal 2021 and fiscal 2020, Petco achieved the following results: (1) an increase in net sales from \$4.92 billion to \$5.81 billion, representing period-over-period growth of 18.0%; (2) comparable sales growth of 18.9%; (3) an increase in operating income from \$194.4 million to \$266.1 million, representing period-over-period growth of 36.9%; (4) an improvement in net cash flows provided by operating activities from \$268.6 million in fiscal 2020 to \$358.2 million in fiscal 2021.
- Net sales increased \$886.9 million, or 18.0%, to \$5.81 billion in fiscal 2021 compared to net sales of \$4.92 billion in fiscal 2020, driven by a 18.9% increase in their comparable sales.
- In fiscal 2021, pet care center merchandise delivered growth of 15.4% with higher retail traffic and strong growth in all major categories, including consumables, supplies, and companion animals. Their e-commerce and digital sales increased 21.1% from fiscal 2020 to fiscal 2021, reflecting their expanded brand assortment, enhanced personalization and extended fulfillment options.
- Petco Health and Wellness Company, Inc. (together with its consolidated subsidiaries, the "Company") is a category-defining health and wellness company focused on improving the lives of pets, pet parents, and its own partners with 1,433 pet care centers in 50 states, the District of Columbia and Puerto Rico as of January 29, 2022.

03

MAPS & AERIALS

Location	09
Site Aerial	10
Local Context	11

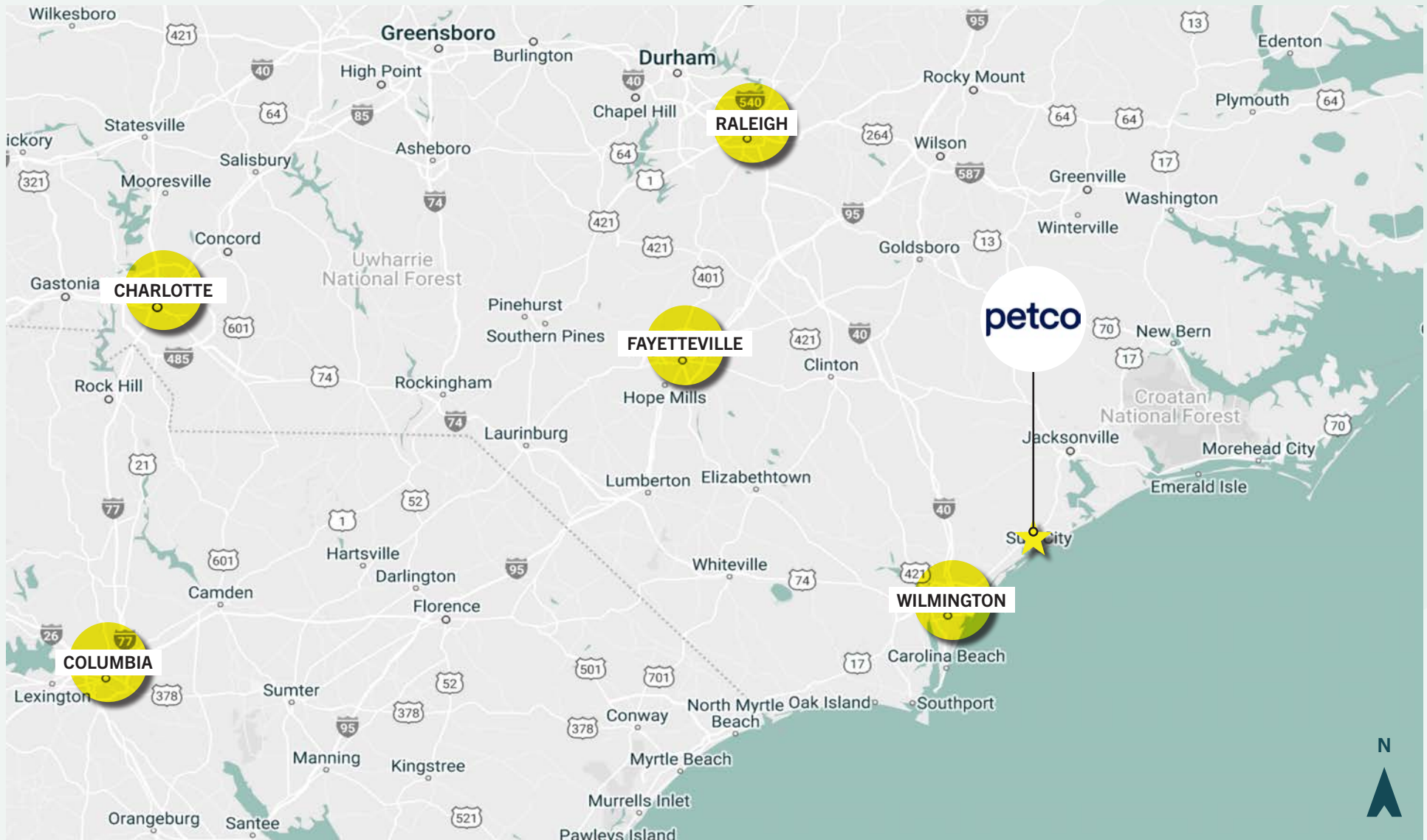
LOCATION



SITE AERIAL



LOCAL CONTEXT



WILMINGTON, NC (33 MILES); FAYETTEVILLE, NC (120 MILES); RALEIGH, NC (140 MILES); CHARLOTTE, NC (230 MILES); AND COLUMBIA, SC (250 MILES).

04

ANALYTICS

Demographic Analysis	13
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DEMOGRAPHIC ANALYSIS



POPULATION	3 MILE	5 MILES	10 MILES
2027 Projection	8,618	16,449	37,683
2022 Estimate	7,601	14,469	33,091

HOUSEHOLDS

2027 Projection	3,555	6,553	15,128
2022 Estimate	3,159	5,799	13,327

AVG. HOUSEHOLD INCOME

Average Household Income	\$85,858	\$90,732	\$92,166
Less than \$25,000	526	857	1,748
\$25,000 - \$50,000	621	1,105	2,483
\$50,000 - \$75,000	538	1,009	2,447
\$75,000 - \$100,000	452	900	2,124
\$100,000 - \$125,000	403	687	1,784
\$125,000 - \$150,000	219	412	878
\$150,000 - \$200,000	239	442	936
More than \$200,000	161	387	927

ABOUT EMBREE GROUP

Embree Group provides nationwide turnkey real estate services, specializing in build-to-suit development, design/build, general construction, program management, and capital markets for specialty retail, financial, automotive, restaurant, healthcare and senior living facilities. Embree's fully integrated, in-house services allow us to become an extension of the client's organization. Since 1979, Embree's foundation has been built on developing tailored programs for 350+ national clients. The firm is headquartered near Austin, Texas, with regional offices located in Phoenix, AZ and the Dallas-Fort Worth area. Over the past 43 years, Embree's executive team has developed, built, or transacted more than 15,000 assets in all 50 states, Puerto Rico, and Canada with a total market value in excess of \$14 billion.

Contact Details

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