



EMBREE
CAPITAL MARKETS

Petco

80 Reese Way. Mount Sterling, KY 40353

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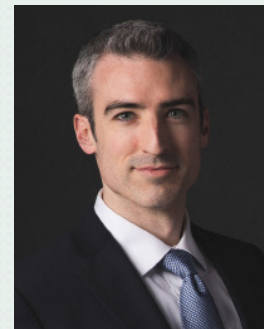


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PRESIDENT

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EXECUTIVE SUMMARY

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PROPERTY & LEASE DETAILS

Offering Overview

Embree Capital Markets Group is pleased to present a build-to-suit Petco located in Mount Sterling, KY. 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

\$4,715,000



CAP RATE

5.85%



ANNUAL RENT

\$275,738



LEASE TYPE

ABSOLUTE NNN

THE OFFERING

Address	80 Reese Way Mount Sterling, KY 40353
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. 2.05 Acres

INVESTMENT SUMMARY

Asset Class	Single-Tenant Retail
Ownership Interest	Fee Simple
Annual Rent*	\$275,738
Monthly Rent	\$22,978
Cap Rate	5.85%
Purchase Price	\$4,715,000
Rent Commencement	01.25.2023
Lease Expiration	01.31.2038
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

AREA OVERVIEW

Mount Sterling, KY

Mount Sterling, Kentucky is located in Montgomery County, 36 miles East of Lexington, Kentucky. It is a city with a total population with over 7,500 according to the 2020 census. Founded in 1792, the area was in the thick wilderness where explorers and hunters adventured to.

The area was originally part of the thick wilderness of central Kentucky. Explorers, hunters, and surveyors traveling along a trail called Old Harper's Trace noted a 125-foot-high tree-covered mound which they called The Little Mountain. Later excavations showed it to be a burial site. The site of the mound is now the intersection of Queen and Locust streets in Mt. Sterling.

Today, Mount Sterling's historic downtown is what draws visitors in. Visit century-old buildings that now house boutique stores and trendy restaurants. Stroll red-brick streets and enjoy beautiful murals and vibrant public art. Don't miss the colorful art installation Umbrella Alley, the "Best of Bluegrass" award-winning Main Street Park and the Historical Downtown Walking Tour. Plan your visit during one of the area's many fun events, including Kentucky's longest-running festival, October Court Days.



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.

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MAPS & AERIALS

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SITE AERIAL



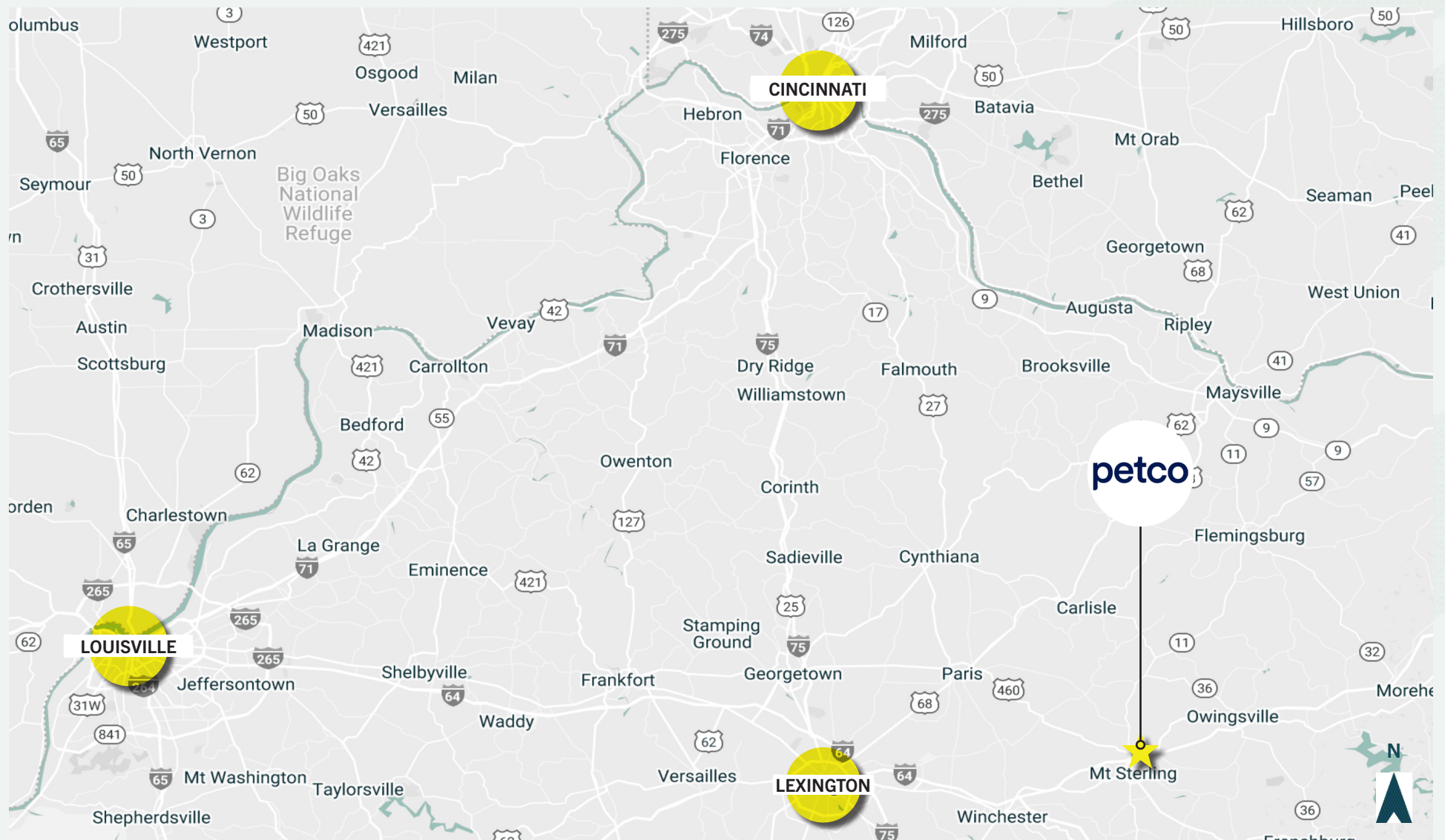
SITE AERIAL



Businesses shown on the map include:

- JCPenney
- rue21
- Pizza Hut
- Walmart
- Sally Beauty
- Lowe's
- Captain D's
- First Care
- Dollar Tree
- Murphy USA
- Family Dollar
- Auto Zone
- O'Reilly Auto Parts
- Waffle House
- Petco
- Peoples Exchange Bank
- Chrysler
- Dodge
- Jeep
- Ram
- Whitaker Pharmacy
- Tractor Supply Co
- Subway
- Kroger
- Burkes Outlet
- Kmart

LOCAL CONTEXT



LEXINGTON, KY (36 MILES); CINCINNATI, OH (107 MILES); AND LOUISVILLE, KY (116 MILES)

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ANALYTICS

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DEMOGRAPHIC ANALYSIS



POPULATION	3 MILE	5 MILES	10 MILES
2027 Projection	15,783	18,868	32,076
2022 Estimate	15,545	18,571	31,507

HOUSEHOLDS

2027 Projection	6,396	7,565	12,619
2022 Estimate	6,300	7,447	12,399

AVG. HOUSEHOLD INCOME

Average Household Income	\$60,681	\$61,625	\$62,415
Less than \$25,000	1,531	1,750	2,888
\$25,000 - \$50,000	1,663	1,960	3,115
\$50,000 - \$75,000	1,243	1,499	2,630
\$75,000 - \$100,000	1,070	1,235	1,864
\$100,000 - \$125,000	391	502	962
\$125,000 - \$150,000	120	153	353
\$150,000 - \$200,000	147	193	361
More than \$200,000	134	155	226

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 300+ 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 \$12 billion.

Contact Details

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