



EMBREE
CAPITAL MARKETS

Petco

3860 S. Mackinaw Trail. Cadillac, MI 49601

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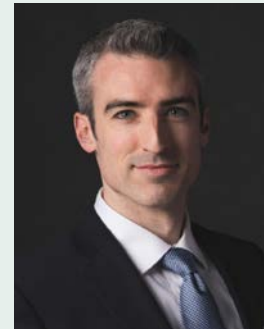


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PRESIDENT

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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 Cadillac, MI. 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
\$4,510,000



CAP RATE
6.25%



ANNUAL RENT
\$281,822



LEASE TYPE
ABSOLUTE NNN

THE OFFERING

| | |
|------------------|--|
| Address | 3860 S. Mackinaw Trail Cadillac, MI 49601 |
| 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. 1.72 Acres |

INVESTMENT SUMMARY

| | |
|---------------------------|----------------------|
| Asset Class | Single-Tenant Retail |
| Ownership Interest | Fee Simple |
| Monthly Rent | \$23,485 |
| Rent Commencement | 03.24.2023 |
| Lease Expiration | 03.31.2038 |
| 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 |

- 22,000+ Vehicle Traffic Counts Per Day
- Outparcel to The Home Depot
- 31,000+ Population Within 10-Miles

AREA OVERVIEW

Cadillac, MI

Cadillac, Michigan is located in Wexford County. It is a city with a total population with over 10,300 according to the 2020 census. The city is the junction of several major highways, including U.S. Route 131, M-55, and M-115. Cadillac is a beautiful community with many natural resources, which are enjoyed by residents and visitors alike.

The City of Cadillac is one city out of four in the nation that has a lake (Lake Cadillac) located completely within its corporate boundaries. It is also home to the mysterious Clam Lake Canal, which links Lake Cadillac and Lake Mitchell year-round, but remains unfrozen during the winter months.

The Cadillac community is a recreation wonderland, offering a myriad of activities to appease nearly every interest, including fishing, boating, hiking, skiing, snowmobiling, hunting, and golfing to name a few. It is estimated that over 1,000,000 tourists visit the Cadillac area each year.



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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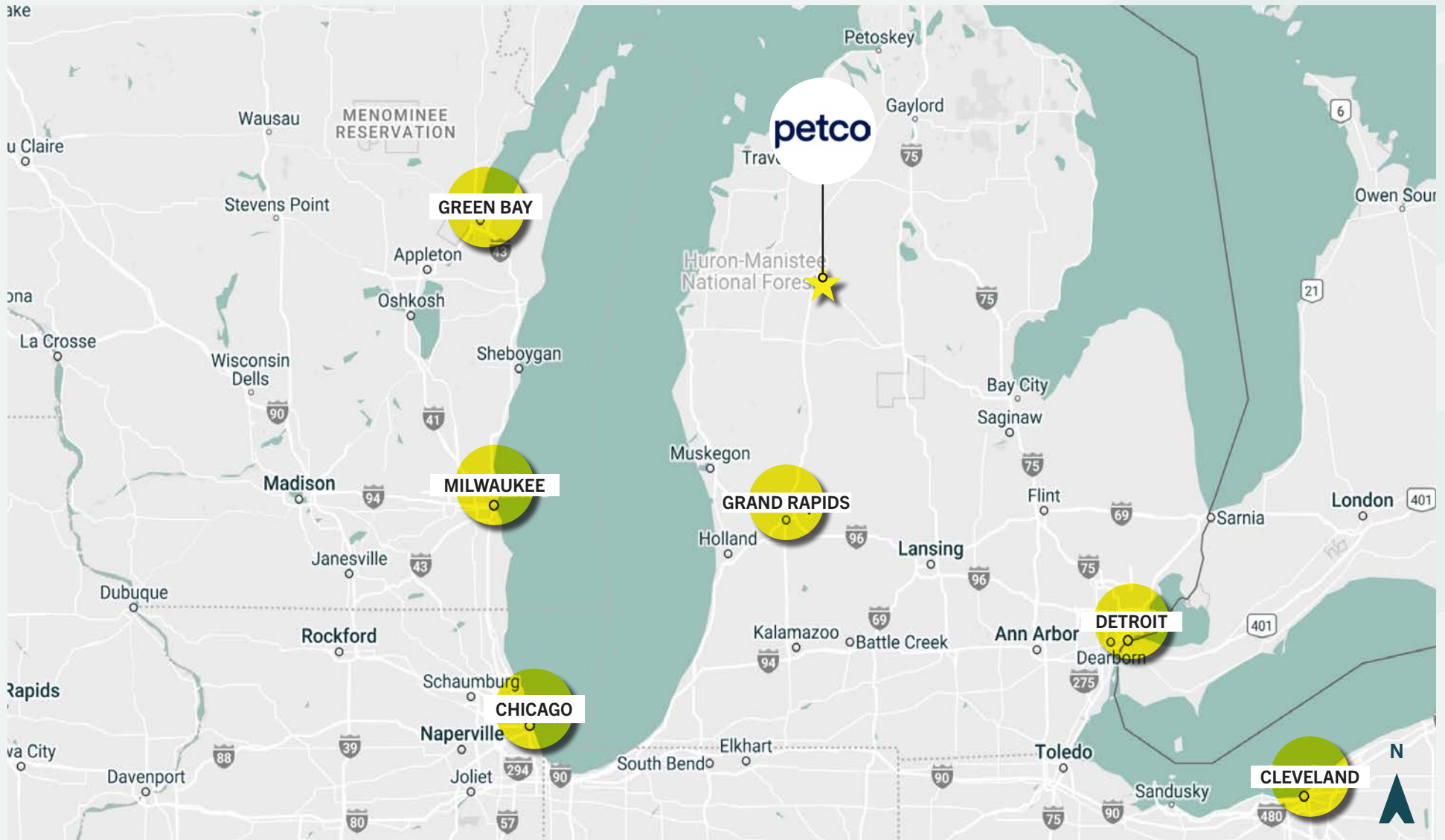
SITE AERIAL



SURROUNDING AERIAL



LOCAL CONTEXT



GRAND RAPIDS, MI (100 MILES)
DETROIT, MI (212 MILES)

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ANALYTICS

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DEMOGRAPHIC ANALYSIS



| POPULATION | 3 MILE | 5 MILES | 10 MILES |
|------------------------|--------|---------|----------|
| 2027 Projection | 11,543 | 18,124 | 31,783 |
| 2022 Estimate | 11,191 | 17,573 | 30,802 |



| HOUSEHOLDS | 3 MILE | 5 MILES | 10 MILES |
|------------------------|--------|---------|----------|
| 2027 Projection | 4,571 | 7,291 | 12,720 |
| 2022 Estimate | 4,434 | 7,071 | 12,324 |



| AVG. HOUSEHOLD INCOME | 3 MILE | 5 MILES | 10 MILES |
|--------------------------|----------|----------|----------|
| Average Household Income | \$58,111 | \$62,260 | \$64,358 |
| Less than \$25,000 | 1,040 | 1,626 | 2,739 |
| \$25,000 - \$50,000 | 1,410 | 2,094 | 3,482 |
| \$50,000 - \$75,000 | 970 | 1,482 | 2,638 |
| \$75,000 - \$100,000 | 400 | 753 | 1,361 |
| \$100,000 - \$125,000 | 284 | 464 | 919 |
| \$125,000 - \$150,000 | 147 | 278 | 463 |
| \$150,000 - \$200,000 | 113 | 197 | 376 |
| More than \$200,000 | 71 | 178 | 347 |

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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