

Marcus & Millichap
TAG INDUSTRIAL GROUP

KENTUCKY MICROFOODERY

100 HERITAGE WAY, MOUNT VERNON, KY 40456

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SECTION 2

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Marcus & Millichap

The background of the slide is a dark, blue-toned photograph of an industrial interior. It shows a large, multi-level structure with a complex network of steel beams and pipes. Several spherical pendant lights are visible, hanging from the ceiling. The overall atmosphere is industrial and modern.

SECTION 1

INVESTMENT OVERVIEW

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OFFERING SUMMARY

- Building is a Highly Specialized Food Production and Hemp Processing Facility (Kentucky Microfoodery, LLC and Kentucky Pharmaceuticals, LLC)
 - Ownership will Master Lease the Space for 10 Years on an Absolute NNN Lease
- There are Significant Tenant Improvements to the Space Including a \$149,000 Specialized Floor
 - Building has the Capacity to be Retrofitted with Solar Panels to Reduce Utility Cost
 - New Build Located Less than One Mile from I-75 in Mount Vernon, KY
 - Mount Vernon is Strategically Located between Lexington, KY and Knoxville, TN

Marcus & Millichap is pleased to present the opportunity to acquire the property located at 100 Heritage Way in Mount Vernon, Kentucky. The subject property consists of approximately 33,016 square feet of space and is situated on 4.58 acres of land. The asset features metal construction, 14'-29' clear heights, and 45 free parking spaces. The building is a very specialized food production and hemp processing facility. Ownership will master lease the space for 10 years on an absolute triple-net lease. There are significant tenant improvements to the space including a \$149,000 specialized floor, showing high tenant commitment to the facility. The building also has the capacity to be retrofitted with solar panels to reduce utility cost. This new build is located less than a mile from I-75 in Mount Vernon, Kentucky. Mount Vernon is strategically located between Lexington, Kentucky and Knoxville, Tennessee.

Industrial rents in the Richmond-Berea Market were rising at a 3.6 percent annual rate during the first quarter of 2021, and have posted an average annual gain of 5 percent over the past three years. Following a hiatus from new development, 4,800 square feet is underway, representing a fractional expansion of the existing inventory. Vacancies in the metro were somewhat below the 10-year average as of Q1 2021, but were essentially unchanged over the past four quarters. (CoStar)

PROPERTY DETAILS

KENTUCKY MICROFOODERY

100 HERITAGE WAY, MOUNT VERNON, KY 40456

Number of Suites	2
Number of Buildings	1
Total Square Feet	33,016
Warehouse Square Feet	31,416
Office Square Feet	1,600
Year Built	2018
Lot Size	4.58 Acres
Type of Ownership	Fee Simple
Clear Height	14'-29'
Parking Spaces	45 Free Spaces
Building Class	B
Tenancy	Multi
Dock High Doors	3
Grade Level Doors	4
Sprinklers	Wet
Construction	Metal
Type of Lighting	LED
Age/Condition of Roofs	New
Age/Condition of HVAC	New
Market Vacancy	2.80% (30 Mile Radius)

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, express or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2021 Marcus & Millichap. All rights reserved. (Activity ID: ZAC0060078)



KENTUCKY MICROFOODERY

100 HERITAGE WAY, MOUNT VERNON, KY 40456

OFFERING PRICE

\$3,999,000

CAP RATE

7.50%

PRO-FORMA CAP RATE

7.58%

Offering Price	\$3,999,000
Cap Rate	7.50%
Pro-Forma Cap Rate	7.58%
Price/SF	\$121.12
Total Square Feet	33,016
Rental Increases	1% Annually
Occupancy	100%

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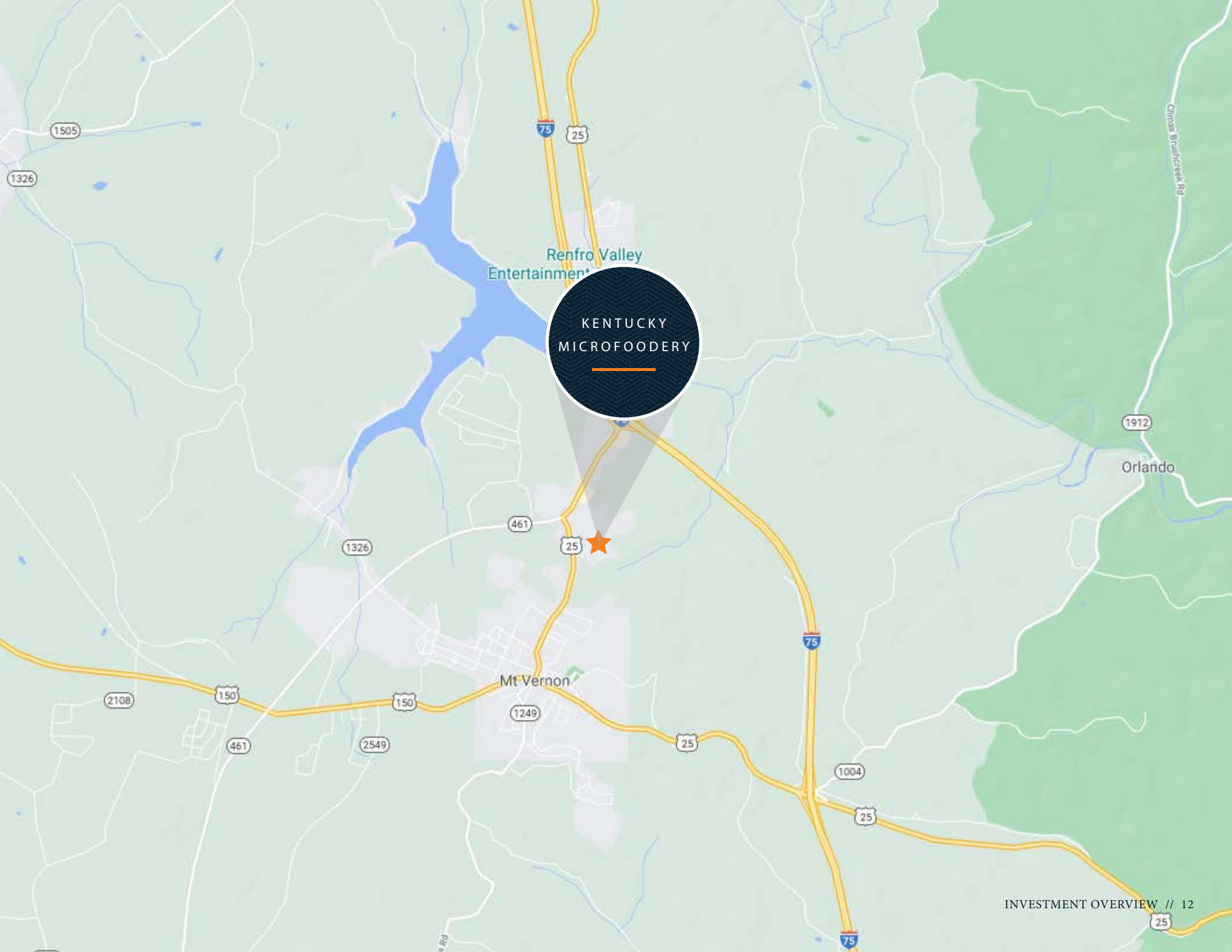
RENT ROLL

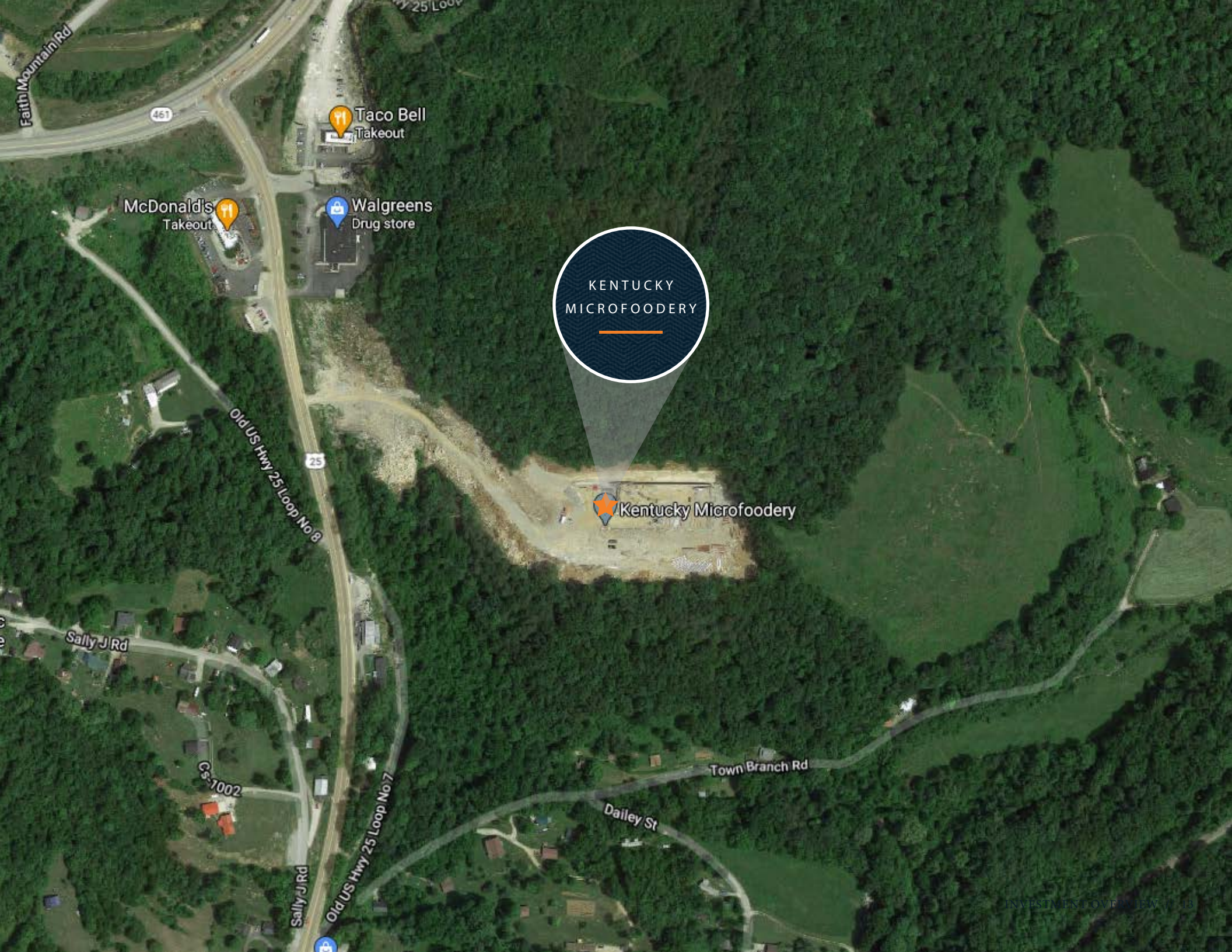
Tenant Name	Square Feet	% Bldg Share	Lease Dates Comm.	Lease Dates Exp.	Annual Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Pro Forma Rent Per Year	Changes on	Rent Increase	Lease Type	Renewal Options and Option Year Rental Information
Kentucky Microfoodery	33,016	100.0%	COE	5/31/31	\$9.09	\$25,000	\$300,000	\$303,000	Jun-2022	1.00%	NNN	Three (5) year options
Total	33,016				\$9.09	\$25,000	\$300,000	\$303,000				
Occupied Tenants: 1			Unoccupied Tenants: 0		Occupied GLA: 100.00%		Unoccupied GLA: 0.00%					
			Total Current Rents: \$25,000		Occupied Current Rents: \$25,000		Unoccupied Current Rents: \$0					

OPERATING STATEMENT

Income	Current	Per SF	Pro Forma	Per SF
Scheduled Base Rental Income	300,000	9.09	303,000	9.18
Expense Reimbursement Income				
Net Lease Reimbursement				
Insurance	9,905	0.30	9,905	0.30
Real estate Taxes	32,801	0.99	34,441	1.04
Total Reimbursement Income	\$42,706	100.0%	\$44,346	100.0%
Effective Gross Revenue	\$342,706	\$10.38	\$347,346	\$10.52

Operating Expenses	Current	Per SF	Pro Forma	Per SF
Insurance	9,905	0.30	9,905	0.30
Real Estate Taxes	32,801	0.99	34,441	1.04
Total Expenses	\$42,706	\$1.29	\$44,346	\$1.34
Expenses as % of EGR	12.5%		12.8%	
Net Operating Income	\$300,000	\$9.09	\$303,000	\$9.18





Faith Mountain Rd

461

Taco Bell
Takeout

McDonald's
Takeout

Walgreens
Drug store

KENTUCKY
MICROFOODERY

Old US Hwy 25 Loop No 8

25

Kentucky Microfoodery

Sally J Rd

CS-7002

Sally J Rd

Old US Hwy 25 Loop No 7

Town Branch Rd

Dalley St



TENANT SUMMARY

“From Royalty to Real Folks, this “Snappy” Kentucky tradition reigns supreme.”

TENANT

Kentucky Microfoodery, LLC

HEADQUARTERS

Mount Vernon, KY

DATE FOUNDED

2018

beercheese.com



Kentucky Microfoodery primarily operates in the Dairy; Natural and Processed business / industry within the Food and Kindred Products sector. This organization has been operating for approximately four years. Kentucky Microfoodery is estimated to generate \$2,500,000 in annual revenue. Currently, Kentucky Microfoodery employs 11 people at this single location. This organization is engaged in manufacturing activities at this facility.

The name Microfoodery is a creative representation of our mission. The term Micro encompasses small batch custom created products (think Microbrewery). We don't view ourselves as the Kraft Foods of the market place, in fact our success is directly tied to the individuality of our recipes, design, and service and not the mass production of products that currently saturate the market.

Hall's Beer Cheese, the main product produced by Kentucky Microfoodery, LLC is one of the many unique culinary staples of Kentucky; Kentucky Fried Chicken (KFC), bourbon and beer cheese. The “snappy” beer cheese has developed into an internationally recognized brand with features in Southern Living, the Wall Street Journal, Food & Wine, Cooking with Paula Deen, the Lexington Herald-Leader and many others. Queen Elizabeth II of Great Britain is a fan as well. Known as a horse enthusiast, Elizabeth breeds thoroughbreds and attends several racing events each year. On one of her visits to Kentucky's renowned thoroughbred horse farms, the Queen was introduced to Hall's Original Snappy Beer Cheese. Upon her departure from Lexington's Bluegrass Field, she was seen carrying a tub of Hall's Beer Cheese spread as she returned home to England. Their products are available online, locally, and in several Kroger, Hy-Vee, Sam's Club and Liquor Barn locations in Kentucky and around the greater Midwest.



SUSTAINABLE PROGRAMS AT MICROFOODERY

Geothermal Wall: Microfoodery's plant has a 250-foot long, 16-foot-high 2-foot thick concrete geothermal wall built into the hillside of the property.

Big Ass Fans: We utilize Big Ass fans, a local Kentucky produced high volume, low speed fan to circulate air in the plant.

High Efficiency Coolers: Microfoodery has installed high efficiency cooling units for its drive in cooler systems.

Heat Capture of Cooling Units: Industrial cooling units produce heat that is typically exhausted out of manufacturing facilities that house these units.

Insulation: Microfoodery's production facility and offices have been insulated to over twice the industry construction standards allowing full benefit from the geothermal efficiencies produced inside the facility.

Lighting: All lighting utilized in the plant is LED (Light Emitting Diode). LED lighting is up to 30 times more efficient than conventional lighting and lasts up to 10 times longer.

Recycling: Recycling is a way of life at Microfoodery. We integrated recycled shipping containers, repurposed wooden beams and cardboard balers into our initial construction as a reminder to all our commitment to recycling in all elements of our business.

UV Sanitation and Pasteurization: Microfoodery will never compromise on safety. The products we create will not only be the most delicious and unique in the marketplace, they will also be safe to consume.

Location: Microfoodery's geographic location choice is not accidental. We are located within ¼ mile of I-75, one of the main north/south interstate corridors traversing the eastern US. Microfoodery is within a day's drive of 70 percent of the US population making our location less expensive and less environmentally impactful for shipping product to partners and consumers.

Spring water: Another factor in locating Microfoodery in Central Kentucky is access to arguably the purest spring water in the United States. Water is a main ingredient in any food or beverage product and Microfoodery wanted access to the purest.

Economic/Community Sustainability: Bringing jobs and developing community identity to an economically depressed area. Rockcastle County, KY has significantly higher unemployment and workforce participation than the national averages.

Solar Power: The Microfoodery structure is designed and built with the anticipation of solar energy integration. The building is southern facing to optimize energy capture and the roof is structurally reinforced to accommodate the weight of solar panels.

TENANT SUMMARY

“At Kentucky Pharmaceuticals, LLC, it is our primary mission to provide and support our consumers, and their families a proactive approach in optimum wellness and health management options with our high-quality CBD products. We are dedicated to maintaining the highest legal and safe hemp derived CDB products from sustainable and locally sourced farming.”

TENANT

Kentucky Pharmaceuticals, LLC

DATE FOUNDED

2019



\$1M Block Grant for Kentucky Pharmaceuticals, LLC:

“Funding projects that bring jobs to our communities are critical for Kentuckians,” said Governor Andy Beshear. “I want to thank Mount Vernon and Kentucky Pharmaceuticals, LLC for their commitment to job creation and industry development in their city.”

Additionally, the property is tenanted by Kentucky Pharmaceuticals, LLC. Kentucky Pharmaceuticals, LLC provides specifically formulated hemp-derived CBD products targeted to defined customers in chronic disease markets.

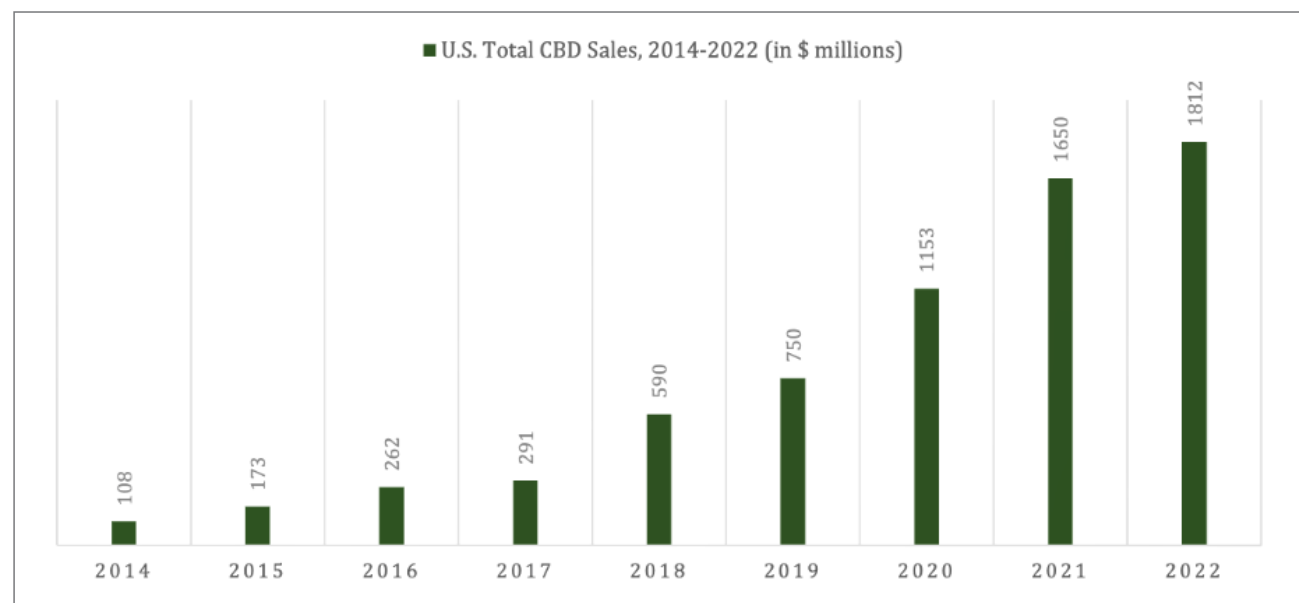
As a farm-to-wellness company, Kentucky Pharmaceuticals, LLC is committed to providing the highest quality Kentucky grown, sustainable, USDA certified organic hemp-derived CBD products. Kentucky Pharmaceuticals, LLC’s core product will be CBD powder/capsule formulations. Additionally, they also deliver a range of additional hemp-derived CBD products such as oils, tinctures, topicals, and edibles.

The main goal of Kentucky Pharmaceuticals, LLC, is to provide and support consumers, and their families a proactive approach in optimum wellness and health management options with high quality CBD products. Kentucky Pharmaceuticals, LLC is dedicated to maintaining the highest legal and safe hemp derived CDB products from sustainable and locally sourced farming.

MARKET OPPORTUNITY

Cannabidiol, more commonly referred to as CBD, is a main component and compound of cannabis. Due to the passing of the 2018 Farm Bill, which removed hemp from the banned substances list, the CBD market has exploded at a rapid rate. Hemp is defined in the bill as cannabis with less than 0.3% tetrahydrocannabinol (THC). Prior to the 2018 Farm Bill, CBD was already becoming quite popular in states where cannabis and hemp were already legal. The bill consequently legalized hemp-derived CBD on a national level, fueling it’s already growing popularity.

According to the report from New Frontier Data, U.S. sales of hemp products are expected to reach \$2.5 billion by 2022 and about half of that (\$1.3 billion) are expected to come from hemp-derived CBD products.



CAPABILITIES

MMCC—our fully integrated, dedicated financing arm—is committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources, providing the most competitive rates and terms.

We leverage out prominent capital market relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, Fannie Mae, Freddie Mac, and HUD to provide our clients with the greatest range of financing options.

Our dedicated, knowledgeable experts understand the challenges of financing and work tirelessly to resolve all potential issues for the benefit of our clients.



Closed 1,944 debt
and equity
financings in 2019



National platform operating
within the firm's
brokerage offices



\$7.18 billion total
national volume
in 2019



Access to more capital sources
than any other firm in the
industry

WHY MMCC?

.....

Optimum financing solutions to
enhance value

.....

Enhanced control through MMCC's
ability to qualify investor finance
contingencies

.....

Enhanced control through quickly
identifying potential debt/equity sources,
processing, and closing buyer's
finance alternatives

.....

Enhanced control through MMCC's
ability to monitor investor/due diligence
and underwriting to ensure timely,
predictable closings

.....

The background of the slide is a dark, blue-tinted photograph of an industrial interior. It shows a large, multi-level structure with metal beams, pipes, and several hanging industrial lights. The lighting is dim, creating a moody atmosphere. The structure appears to be a large warehouse or a factory interior.

SECTION 2

MARKET OVERVIEW

Marcus & Millichap

LOUISVILLE

KENTUCKY

Home to the famous Kentucky Derby, the Louisville metro is composed of Indiana's Harrison, Washington, Clark, Floyd and Scott counties, as well as Kentucky's Jefferson, Spencer, Oldham, Trimble, Shelby, Bullitt and Henry counties. Louisville in Kentucky is the region's most populous city with more than 628,000 citizens, followed by Jeffersonville, Indiana, which has 47,000 residents. The Ohio River cuts through the region and was an important player in the region's development.



CENTRALIZED
LOCATION



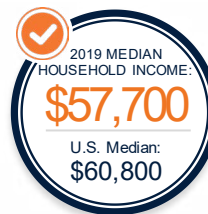
MAJOR
DISTRIBUTION
CENTER



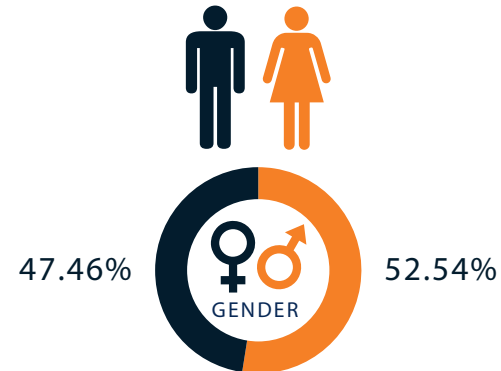
THE
DERBY

ECONOMY

Although the region's economy has been historically dominated by the shipping and rail industries, contemporary Louisville boasts a well-diversified economy focused on advanced manufacturing, logistics, life sciences and healthcare, as well as other industry sectors. The UPS Worldport global air-freight hub at Louisville International Airport makes the region an important player in global shipping and logistics. The metropolitan area is headquarters to three Fortune 500 companies: Humana, Yum Brands and Kindred Healthcare.



DEMOGRAPHICS



DEMOGRAPHICS

POPULATION	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Population	5,463	26,276	40,845
■ 2020 Estimate			
Total Population	5,155	24,074	37,219
■ 2010 Census			
Total Population	4,563	20,408	31,184
■ 2000 Census			
Total Population	3,186	14,431	21,526
■ Daytime Population			
2020 Estimate	3,875	15,108	22,508
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Households	2,139	9,879	15,538
■ 2020 Estimate			
Total Households	1,990	8,987	14,045
Average (Mean) Household Size	2.56	2.67	2.66
■ 2010 Census			
Total Households	1,753	7,600	11,739
■ 2000 Census			
Total Households	1,127	5,233	7,859

HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2020 Estimate			
\$200,000 or More	2.26%	2.73%	3.36%
\$150,000 - \$199,000	1.96%	4.84%	6.56%
\$100,000 - \$149,000	17.24%	21.74%	22.13%
\$75,000 - \$99,999	18.88%	19.82%	19.54%
\$50,000 - \$74,999	23.62%	20.22%	19.68%
\$35,000 - \$49,999	13.92%	12.00%	11.71%
\$25,000 - \$34,999	9.64%	7.65%	6.98%
\$15,000 - \$24,999	5.93%	5.10%	4.73%
Under \$15,000	6.55%	5.92%	5.30%
Average Household Income	\$75,845	\$83,907	\$88,916
Median Household Income	\$65,896	\$73,992	\$76,916
Per Capita Income	\$29,395	\$31,354	\$33,574
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2020 Estimate Total Population	5,155	24,074	37,219
Under 20	24.89%	24.75%	23.39%
20 to 34 Years	17.99%	17.99%	17.18%
35 to 39 Years	7.96%	7.35%	6.86%
40 to 49 Years	13.90%	14.55%	14.45%
50 to 64 Years	19.29%	20.51%	21.90%
Age 65+	15.97%	14.84%	16.20%
Median Age	39.47	39.94	41.86
■ Population 25+ by Education Level			
2020 Estimate Population Age 25+	3,623	16,819	26,559
Elementary (0-8)	2.63%	1.71%	1.73%
Some High School (9-11)	5.45%	6.14%	6.18%
High School Graduate (12)	40.67%	36.91%	36.18%
Some College (13-15)	23.96%	25.10%	24.60%
Associate Degree Only	10.52%	11.16%	11.01%
Bachelors Degree Only	10.85%	12.03%	12.60%
Graduate Degree	4.55%	6.16%	6.90%
■ Time Travel to Work			
Average Travel Time in Minutes	31	31	31

KENTUCKY MICROFOODERY

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