



**RITE AID**  
618 N CLINTON ST.  
DEFIANCE, OH 43512

**CBRE** | **OFFERING**  
MEMORANDUM

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# INVESTMENT HIGHLIGHTS

- The lease is **corporately guaranteed by Rite Aid Corporation (NYSE: RAD)**, the third largest drugstore chain in America.
- This investment is **located in a rare Opportunity Zone established in the Tax Cut and Jobs Act of 2017**. Opportunity Funds allow U.S. investors to receive tax benefits by funding development projects located in Opportunity Zones. **Although this property does not qualify for these tax benefits, the designated zone itself may spur development in the surrounding area.**
- The lease structure is **double net (NN), with minimal landlord responsibilities**. Tenant is responsible for HVAC, maintaining CAM and parking, and payment of all taxes, utilities, and insurances.
- There are **six (6.6) years remaining on the lease term, plus six (6), five (5) year options.**
- The lease provides for **\$1.00/SF rental increases at each option period.**
- The average household income in the five (5) mile demographic ring is **\$64,934.**
- The property is situated on the hard-signalized corner of N Clinton St. & W Sessions St., **which report strong combined traffic counts of 39,562 cars per day.**
- The city of Defiance is **ranked eighth in the nation for micropolitan areas and is the county seat of Defiance County.**
- The subject property is surrounded by significant big box retail, which helps drives traffic to the store. Nearby stores include **Walmart, ALDI, Tim Hortons, Subway, Applebee's, and Office Max, among many others.**
- The 800,000 square foot Northtowne Mall & Cinemas sits adjacent to the Rite Aid, and includes retailers such as **Marshalls, JC Penney, Big Lots, Bath & Body Works, and Dunham Sports.**
- Rite Aid is located **just 0.8 miles (3 minutes) from the Defiance Regional Medical Center**, a major hospital with state-of-the-art medical technology and access to some of the most experienced and talented medical professionals in the region.

## INVESTMENT SUMMARY

Offering Price .....	\$3,975,500
Cap Rate.....	8.50%
Price/SF .....	\$272.97
Lease Structure .....	NN
Current Annual Rent.....	\$337,917
Building GLA .....	14,564 SF
Lot Size.....	1.75 acres
Ownership .....	Fee Simple



# TENANT OVERVIEW

## About Rite Aid

Rite Aid Corporation (NYSE: RAD) Rite Aid is the third largest retail drugstore chain in the United States based on both revenues and number of stores. With approximately 2,550 stores in 19 states and the District of Columbia, Rite Aid has a strong presence on both the West and East Coasts.

Rite Aid sells prescription drugs and a wide assortment of other merchandise, which they call “front-end” products. Front-end products include over-the-counter medications, health and beauty aids, personal care items, cosmetics, food and beverages, and numerous other every day and convenience products.

In fiscal 2018, Rite Aid continued reporting their business in two distinct segments. Their Retail Pharmacy Segment consists of Rite Aid stores, RediClinic and Health Dialog. Their Pharmacy Services Segment consists of EnvisionRx, a pharmacy benefit management (PBM) provider that they acquired in June 2015. In fiscal 2018, prescription drug sales accounted for 65.9% of their total drugstore sales, while their front-end products accounted for the remaining 34.1% of the total drug store sales.

On October 27, 2015 Rite Aid Corporation announced a plan to merge with Walgreens Boots Alliance, Inc. The merger was terminated, Walgreens paid a \$325 million termination fee, and the deal was revised to an asset purchase agreement that was completed on March 27, 2018.

Under the new deal, Walgreens paid \$4.38 billion to buy 1,932 Rite Aid stores. A press release by Rite Aid mentions that this “asset sale repositions Rite Aid as an independent, multi-regional drugstore chain and pharmacy benefits manager with compelling footprint in key markets.” This release also mentions that “Rite Aid will have the option to purchase generic drugs that are sourced through an affiliate of WBA at cost, substantially equivalent to Walgreens, for a period of 10 years.”

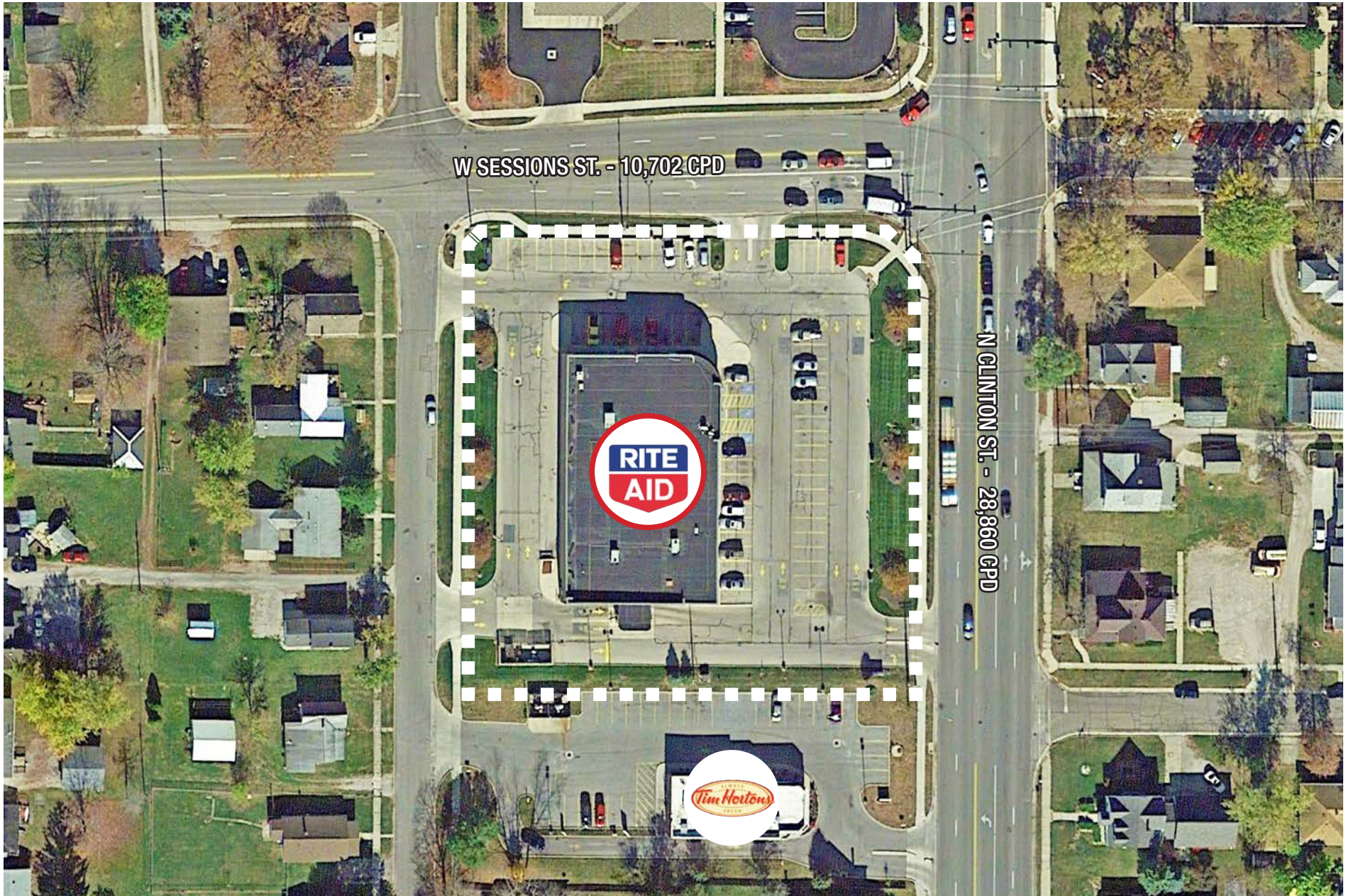
Rite Aid later announced a proposed merger with Albertsons that was called off in August of 2018 due to shareholder opposition.



## RITE AID CORPORATE OVERVIEW

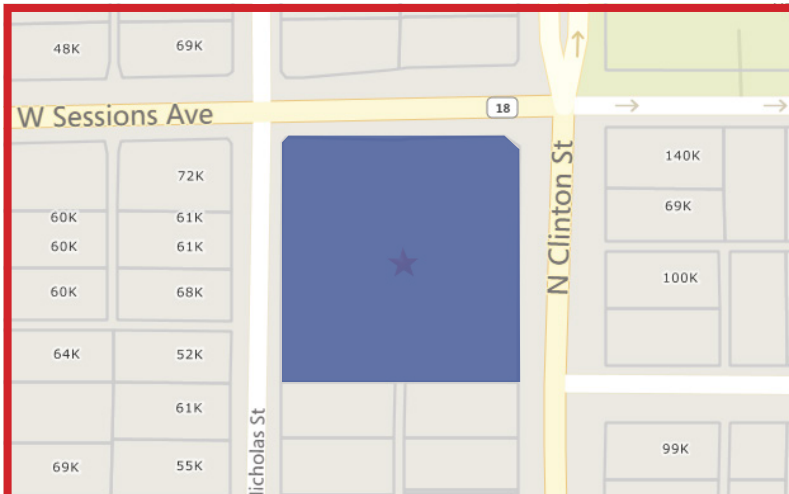
Type:	Public (NYSE: RAD)
Industry:	Drug, Health & Beauty Stores
Locations:	2,550+
Employees:	88,000+
Revenue:	\$21.5 Billion (FY 2018)
Corporate Headquarters:	Camp Hill, PA

## PROPERTY OVERVIEW





# PROPERTY OVERVIEW



## PROPERTY SUMMARY

Price:	\$3,975,500
Cap Rate:	8.50%
Address:	618 North Clinton St. Defiance, OH 43512
Ownership:	Fee Simple
Building GLA:	14,564 SF
Lot Size:	1.75 acres
Parking:	62 Spaces
Year Built:	2005
Parcel Number:	B01-3126-0-106-00

## LEASE SUMMARY

Tenant:	RITE AID OF OHIO, INC. d/b/a Rite Aid
Guarantor:	RITE AID CORPORATION
Date of Lease:	January 14, 2005
Rent Commencement:	November 14, 2005
Lease Expiration:	January 31, 2026
Lease Term:	20.0 years
Term Remaining:	6.6 years (as of 06/2019)
Renewal Options:	6 - 5 year options
Current Annual Rent:	\$337,917
Rental Increases:	\$1.00/SF at each option

## LEASE SUMMARY CONTINUED

**Lease Structure:** NN - Some Landlord Responsibility

**Roof:** Landlord

**Structure:** Landlord

**HVAC:** Tenant

**Property Taxes:** Tenant

**Utilities:** Tenant

**Insurance:** Tenant & Landlord - Property Insurance is the sole responsibility of Tenant. Each of LL and Tenant shall procure \$2,000,000 of General Liability coverage.

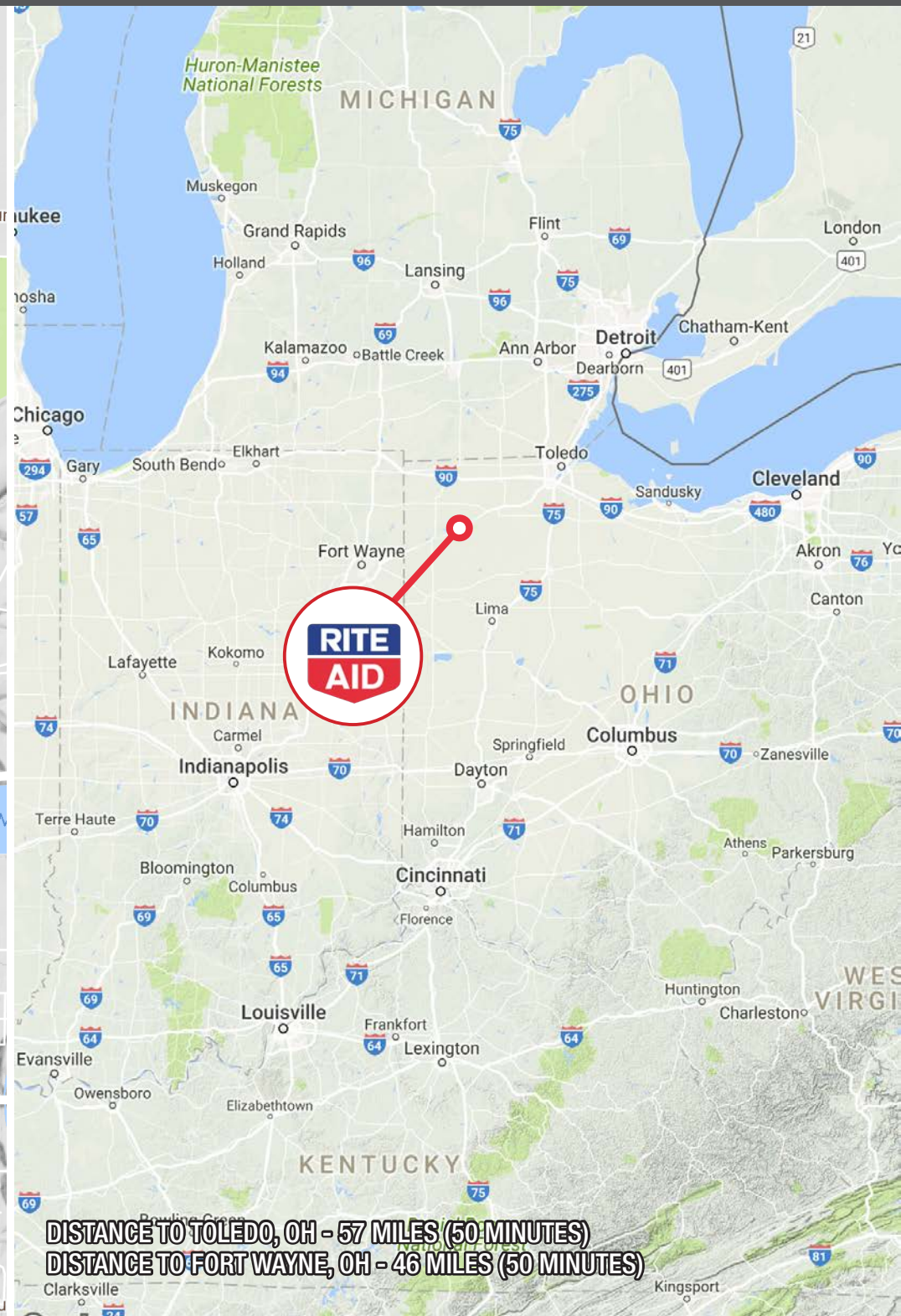
**Assignment & Subletting:** No assignment or sublet shall relieve Tenant of it's obligations under the Lease.

**ROFR:** Tenant does not have a ROFR.

## RENT SCHEDULE

Lease Term	Lease Years	Monthly Rent	Annual Rent	Rent/SF	Increase (%)
<b>Primary:</b>	1 - 20:	\$28,160	\$337,917	\$23.20	
<b>Option 1:</b>	21 - 25:	\$29,373	\$352,481	\$24.20	\$1.00/SF
<b>Option 2:</b>	26 - 30:	\$30,587	\$367,045	\$25.20	\$1.00/SF
<b>Option 3:</b>	31 - 35:	\$31,801	\$381,609	\$26.20	\$1.00/SF
<b>Option 4:</b>	36 - 40:	\$33,014	\$396,173	\$27.20	\$1.00/SF
<b>Option 5:</b>	40 - 45:	\$34,228	\$410,737	\$28.20	\$1.00/SF
<b>Option 6:</b>	46 - 50:	\$35,442	\$425,301	\$29.20	\$1.00/SF







W SESSIONS ST. - 10,702 CPD

24 22,524 CPD

NORTHTOWNE MALL

Walmart

Advance Auto Parts

RITE AID

BIGGBY COFFEE  
FIFTH THIRD BANK

ADVANCE AMERICA

ALDI

BURGER KING

Arbys

N CLINTON ST. - 28,860 CPD

Bob Evans RESTAURANT

SUBWAY

Aaron's

Applebee's

McDonald's  
Pizza Hut

Walgreens

DEFIANCE COLLEGE

CHEVROLET Cadillac

GameStop  
MATTRESS FIRM  
AutoZone

OfficeMax  
JO-ANN  
fabric and craft stores  
verizon

LOWE'S

JUSTIN F CORESSEL STADIUM

### ESTIMATED POPULATION

3 Mile .....	18,199
5 Mile .....	21,916
10 Mile .....	31,548



KOHL'S

MENARDS®

ASHLEY  
FURNITURE  
CAPTAIN D'S  
ANYTIME FITNESS

meijer

BUICK  
GMC

24 22,524 CPD

N CLINTON ST. - 28,860 CPD

TRACTOR  
SUPPLY CO

DOLLAR  
GENERAL

BUFFALO WILD WINGS

Hampton Inn  
Super 8  
Comfort Inn

Advance  
Auto Parts

Walmart

NORTHTOWNE MALL

jcp  
Arbys  
Bath & Body Works  
Elder-Beerman  
Dunham's  
mauro's  
Rent-A-Center  
BIG LOTS  
GNC  
BAM! BOOKS & MILLION

ALDI

ADVANCE  
AMERICA

BIGGBY  
COFFEE  
FIFTH THIRD BANK

RITE  
AID

LOWE'S  
Bob Evans  
Walgreens

GameStop  
MATTRESS FIRM  
AutoZone

CHEVROLET  
Cadillac

OfficeMax  
JO-ANN  
Pizza Hut  
verizon  
Applebees  
McDonald's  
Burger King

Aaron's

JUSTIN F  
CORESSEL STADIUM

SUBWAY

DEFIANCE  
COLLEGE

Tim Hortons

K

H  
DEFIANCE REGIONAL  
MEDICAL CENTER

W SESSIONS ST. - 10,702 CPD



## AREA OVERVIEW

# DEFIANCE, OHIO

## HISTORY

- The City of Defiance is located in the northwest corner of Ohio and serves as the county seat of Defiance County. It was named for Fort Defiance, built at the confluence of the Auglaize and Maumee Rivers as a frontier outpost in 1794 and utilized as a staging area for attacks against the British in the War of 1812. The City was founded in 1822.
- Today, the City serves as a significant commercial center for a five county, predominantly agricultural area, and is home to numerous industrial operations, including those of General Motors (automotive) and Johns Manville (construction materials/insulation). It is also home to Defiance College, an independent liberal arts college founded in 1850.

## ECONOMY

- The City of Defiance is a commercial hub for the surrounding five-county area, offering abundant shopping and dining opportunities. It is conveniently located within a 45-minute drive of both Toledo, Ohio and Fort Wayne, Indiana. The county is centrally located between markets in Cleveland, Cincinnati, Indianapolis, Columbus, Detroit and Chicago. Compared to the rest of the country, Defiance's cost of living is 23.60% lower than the U.S. average.
- With a strong economy, many career and business opportunities abound. Several small businesses line the thriving beautiful downtown district and neighborhood business corridors. The City's North side houses regional shopping and larger retailers to complete your shopping needs. New development is always welcome as the residents consistently strive for progress in the city.

## DOWNTOWN DEFIANCE



## RETAIL ACTIVITY

- Defiance supports a thriving retail economy and is currently home to 2.6 million square feet of retail space. The largest centers in the city include the 624,000 square foot Northtowne Mall, the 165,000 square foot Northtown East Center, and the 55,000 square foot Papaik Shopping Center.

## EDUCATION

- Defiance College (DC) is an independent liberal arts college located on 150 acres in a residential area of Defiance, which includes 19 buildings and access to the 200-acre Thoreau Wildlife Sanctuary. With a student population of approximately 1,000 students, more than 65 percent of traditional students live on campus. Defiance College is among the top schools in the nation for community service and engagement as recognized by the President's Higher Education Community Service Honor Roll. DC is in the top tier of Midwest Regional Liberal Arts Colleges as named by U.S. News and World Report's Best Colleges and is located just 0.4 miles (3 minutes) from the subject property.

## AREA OVERVIEW

### AIRPORTS

- Toledo Express and Fort Wayne International Airports, served by several national and international airlines, are located within an hour's drive from Defiance County. The Fort Wayne International Airport (FWA) flies to twelve non-stop destinations and connections worldwide. In 2018, FWA served 757,519 passengers –the ninth year of consecutive growth.
- The Defiance County Memorial Airport provides facilities for corporate and private aircraft. Annually there are nearly 17,000 arrivals at the airport and the economic impact of the airport operations to the community is over \$4 million per year. The airport is located just 4 miles (9 minutes) from the subject property.

### SURROUNDING ACTIVITY

- The City of Defiance occupies just over 12 square miles, with the main 'downtown' area nestled between the Auglaize and Maumee rivers. The confluence of the historic Maumee and Auglaize rivers in the downtown and the nearby Tiffin river provide scenic views and recreation throughout the year. Defiance is also proud to be the home town of 2006 Indianapolis 500 Champion Sam Hornish, Jr., Texas Rangers organization pitcher Jonathon Niese, most recently Chicago Cubs organization pitcher Justin Hancock, and former major league pitchers Chad Billingsley, Chad Reineke, and Rodney Scott Taylor. Twenty-two-time World Horseshoe Champion Alan Francis also hails from the community.



- Independence Dam State Park is a 591-acre park in Defiance County, Ohio. This Ohio state park lies on the banks of the Maumee River and features ruins of the Miami and Erie Canal. The park is open for year-round recreation including, boating, fishing, hiking and picnicking, and is located just 4 miles (9 minutes) from the subject property.
- Fort Defiance was ordered built by General "Mad" Anthony Wayne in August 1794 at the confluence of the Auglaize and Maumee rivers. It was the last of a line of defenses constructed by American forces in the campaign leading to the Northwest Indian War's Battle of Fallen Timbers on August 20, 1794. Today, a park occupies the site of the fort, and is part of the National Register of Historic Places.

# DEMOGRAPHICS

POPULATION	3 Mile	5 Mile	10 Mile
Estimated Population (2018)	18,199	21,916	31,548
Census Population (2010)	18,416	22,292	32,298
Projected Population (2023)	17,925	21,548	30,961
HOUSEHOLDS	3 Mile	5 Mile	10 Mile
Estimated Households (2018)	7,392	8,866	12,583
Census Households (2010)	7,417	8,937	12,761
Projected Households (2023)	7,304	8,747	12,391
HISTORICAL ANNUAL GROWTH			
2000-2010	0.05%	0.07%	0.06%
VALUE OF HOUSING UNITS	3 Mile	5 Mile	10 Mile
2018 Average	\$146,555	\$149,024	\$152,224
2018 Median	\$117,505	\$121,738	\$125,860

2018 POPULATION BY RACE	3 Mile	5 Mile	10 Mile
White	79.4%	80.8%	84.3%
Hispanic	15.4%	14.4%	11.6%
Black or African American	3.1%	2.8%	2.2%
Asian	0.4%	0.4%	0.4%

2018 AGE BY GENDER	3 Mile	5 Mile	10 Mile
MEDIAN AGE			
Male	37.60	38.40	40.00
Female	41.20	41.60	42.60

HOUSEHOLD INCOME	3 Mile	5 Mile	10 Mile
2018 Average	\$63,433	\$64,934	\$68,056
2018 Median	\$50,811	\$51,949	\$54,566

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