



# OFFERING MEMORANDUM



# RITE AID

## ASSUMABLE FINANCING

RITE AID - 7225 AIRPORT HWY | HOLLAND, OHIO 43528





7225 AIRPORT HWY | HOLLAND, OHIO 43528

## NET LEASE CAPITAL MARKETS

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# INVESTMENT HIGHLIGHTS



## **NATIONALLY RECOGNIZED TENANT**

Rite Aid is a publicly traded (NYSE: RAD) and Fortune 500 company. It is the largest drugstore chain on the East Coast and 3rd largest in the US.



## **CORPORATE GUARANTEED TRIPLE NET LEASE**

The subject property features a triple net lease with zero landlord obligations. The tenant signed a twenty (20) year lease in 2008 and has approximately 8 years of term remaining, with six (6), five (5) year options to extend. The lease features 10% rental increases every 10 years throughout the primary and extension term(s).



## **ROBUST MARKET DEMAND**

The tenant stands to capture the growth in pharmacy demand, which saw 3% revenue growth in 2019 alone. This is reflective of a rise in the 65+ population and prescription medication spending.



## **STRONG DEMOGRAPHICS**

The median age of 42 within a 1-mile radius of the subject property exceeds the national average, indicating the strength of the location for a pharmacy due to the aging population. Holland is located approximately 10 miles from the Toledo city center and within the Toledo MSA with 650,000 residents. One of the primary employers for residents of Holland is the University of Toledo, which has 20,304 students and an academic staff of 2,232.



## **DRIVE-THRU PHARMACY IN THE HEART OF HOLLAND'S PRIMARY RETAIL CORRIDOR**

Having a drive-thru increases the intrinsic real estate value of the subject property and generates additional traffic to the site. The property, which sits on a larger than average 2.7 acre parcel, is adjacent to a Kroger and Menard's anchored shopping center, and other national retailers in close proximity which include Target, Walmart, Home Depot, Lowe's, TJ Maxx, HomeGoods, Hobby Lobby, Dick's Sporting Goods, Kohl's, PetSmart, AutoZone, ALDI, and many others.







## PRICE/CAP RATE

Price	\$7,174,930
Terms	Cash to Existing Loan (must be assumed). See next page for details.
Cap Rate	7.25%
Annual NOI	\$520,182
Cash Flow (Yr 1)	\$338,698
Cash-on-cash Return (Yr 1)	7.19%
Principal Reduction (Yr 1)	\$60,845
Total Return Before Taxes	\$399,543 / 8.48%

## EXECUTIVE SUMMARY

Address	7225 Airport Hwy   Holland, OH
Tenant/Guarantor	Rite Aid (Corporate Guaranty)
Use	Retail
Acreage	2.70
Rentable Building Area (SF)	14,564
Expense Structure	NNN
Rent Increases	10% every 10 years
Commencement Date	January 30, 2008
Primary Term Expiration	January 31, 2028
Option Periods	6, 5-Year Options
Initial Term	20 Years (8 Years Remaining)
Ownership Interest	Fee Simple



# EXISTING FINANCING SUMMARY

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<b>Holder</b>	Wells Fargo Commercial Mortgage Trust 2017-C42 (Purchased from Rialto Mortgage Finance, LLC)
<b>Original Loan Amount</b>	\$2,600,000
<b>Current Balance</b>	\$2,464,790.12 (As of April 1, 2020)
<b>Commencement</b>	November 17, 2017
<b>Maturity Date</b>	December 6, 2027
<b>Interest Rate</b>	4.95%
<b>Monthly / Annual Debt Service</b>	\$15,123.70 / \$181,484.40
<b>Term Remaining</b>	7.9 Years
<b>Amortization</b>	25 Years
<b>Assumption Costs</b>	<p><u>Borrower shall pay to Lender:</u></p> <ul style="list-style-type: none"> <li>- An assumption fee equal to one percent (1%) of the outstanding Principal Balance</li> <li>- All reasonable out-of-pocket costs and expenses incurred in connection with such Transfer (including reasonable fees and disbursements of Lender's counsel and fees, costs and expenses of the Rating Agencies).</li> </ul>
<b>Note: Yield Maintenance Penalty is approximately \$522,581 as of April 1, 2020</b>	





# AERIAL MAP





# AERIAL VIEW EAST



DOWNTOWN TOLEDO  
(9.5 MILES)



AIRPORT HIGHWAY 20,400 VPD





FOX CHASE APARTMENTS  
303 UNITS



THE INVESTMENT



# LEASE ABSTRACT / PROPERTY DETAILS

## LEASE ABSTRACT

<b>Address</b>	7225 Airport Hwy, Holland, Ohio 43528
<b>Tenant Trade Name</b>	Rite Aid
<b>Tenant/Guarantor</b>	Rite Aid Corporation
<b>Commencement Date</b>	January 30, 2008
<b>Primary Term Expiration</b>	January 31, 2028
<b>Option Periods</b>	6, 5-Year Options
<b>Annual Rent (PSF)</b>	\$520,182.39 (\$35.72/SF/Yr)
<b>Rent Increases</b>	10% every 10 years
<b>Lease Structure</b>	NNN
<b>Utilities</b>	Tenant Responsibility
<b>Taxes</b>	Tenant Responsibility
<b>Landlord Responsibilities</b>	None
<b>Insurance</b>	Property and Commercial General Liability

## PROPERTY DETAILS

<b>Rentable Building Area</b>	14,564 SF
<b>Acreage</b>	2.70 Acres
<b>Year Built</b>	2007
<b>APN</b>	65-23966

## RENT SCHEDULE

	ANNUAL RENT	RENT INCREASE %
<b>1/30/2008 - 2/1/2018</b>	\$472,893.08	-
<b>2/1/2018 - 1/31/2028</b>	<b>\$520,182.39</b>	<b>10%</b>
<b>Option 1</b>	\$572,200.63	10%
<b>Option 2</b>	\$572,200.63	-
<b>Option 3</b>	\$629,420.69	10%
<b>Option 4</b>	\$629,420.69	-
<b>Option 5</b>	TBD*	TBD
<b>Option 6</b>	TBD*	TBD

\* 110% of the Fixed Rent applicable to previous period or, if notice is given appraised market rent





RITE AID

PHARMACY



RITE AID

Drive Thru

Milk Eggs

RITE AID



## LOCATION AND DEMOGRAPHICS

The Village of Holland is directly west of the city of Toledo in Lucas County, Ohio. Located in Northwest Ohio on the Lake Erie coast, Lucas County is situated in the center of a trade area comprised of 16 counties in Northwestern Ohio and Southeastern Michigan, with a population of nearly 1.5 million people. Lucas County is in the Toledo Metropolitan Statistical Area (MSA) and lies in the central portion of a triangle formed by the cities of Chicago, Detroit, and Cleveland. Approximately three-eighths of the population of the United States resides within 500 miles of Lucas County. *Source: Lucas County, Ohio 2018 CAFR*

### - 6 Miles from The University of Toledo Main Campus

- 20,000+ Undergraduate Students / 2,000+ Faculty / 6,662 Employees

### - 5 Miles from The University of Toledo Medical Center

- 246 Staffed Beds / \$1,182,231,533 in Total Patient Revenue (Source: adh.com)

### - Toledo MSA Population: 650,000+

The Regional Growth Partnership (RGP) is the lead economic development group serving the Toledo region and 17 counties of Northwest Ohio. The RGP's business development efforts are focused on five cluster industries:



Energy



Logistics &  
Transportation



Automotive



Food Processing



Advanced  
Manufacturing

The RGP's efforts on attracting Investment, New Business and High-Quality Jobs has resulted in 5,736 New Jobs, 21,554 Retained Jobs, 116 Projects and \$3.2 Billion Capital Investment in the region. Toledo was ranked as third in the nation among mid-sized cities for economic development for a second consecutive year in 2018. *Source: www.rgp.org*

POPULATION	1 MI	3 MI	5 MI
<b>2024 Projection</b>	5,785	41,046	105,605
<b>2019 Estimate</b>	5,971	42,642	109,465
<b>2010 Census</b>	5,899	43,101	112,520
HOUSEHOLDS	1 MI	3 MI	5 MI
<b>2024 Projection</b>	2,663	18,667	49,428
<b>2019 Estimate</b>	2,722	19,148	50,568
<b>2010 Census</b>	2,474	18,014	48,397
<b>2019 Avg. Household Income</b>	\$85,029	\$82,838	\$77,750
<b>2019 Med. Household Income</b>	\$71,222	\$67,689	\$63,476



**HOLLAND, OH**





DOWNTOWN TOLEDO



UNIVERSITY OF TOLEDO



ADVANCED MANUFACTURING  
(SOURCE: WHYNORTHWESTOHIO.ORG)



## TENANT SYNOPSIS

The Rite Aid Corporation operates a chain of 2,464 retail drugstores in the United States, making the company the 3rd largest drugstore operator in the country. The company operates through two segments, Retail Pharmacy and Pharmacy Services. The Retail Pharmacy segment sells prescription drugs, over-the-counter medications, health and beauty aids, personal care items, cosmetics, household items, food and beverages, greeting cards, and seasonal merchandise. Rite Aid also operates retail clinics that provide treatment for common medical conditions; and provides preventative services, such as screenings, medical tests, immunizations, and basic physical exams. In addition, this segment offers healthcare coaching and disease management services. The Pharmacy Services segment provides pharmacy benefit management (PBM) services and a range of pharmacy-related services. This segment also performs prescription adjudication services, and offers integrated mail-order and specialty pharmacy services, as well as drug benefits under the federal government's Medicare program. As of November 30, 2019 the company operated 2,464 stores in 18 states, and is the largest drugstore chain on the East Coast. Rite Aid Corporation was founded in 1927 and is headquartered in Camp Hill, Pennsylvania.



YEAR FOUNDED  
1927



STOCK SYMBOL  
NYSE: RAD



HEADQUARTERS  
Camp Hill, PA



TTM REVENUES  
\$21.58 B



LOCATIONS  
2,469



TTM OPERATING INCOME  
\$48.26 M

WEBSITE  
[www.riteaid.com](http://www.riteaid.com)



EMPLOYEES  
32,190







For more information, please contact:

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