



**Retail Investment  
Offering Memorandum:**

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**Rite Aid Pharmacy #11009  
5440 Peach Street  
Erie, PA 16509**



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In Cooperation with Licensed PA Broker





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**Rite Aid Pharmacy**  
**5440 Peach Street**  
**Erie, PA 16509**



Actual Store



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Actual Store



## Investment Summary



# Rite Aid - Erie, PA #11009

## INVESTMENT HIGHLIGHTS

- #1 Performing Store in Region!
- Top 10% Store in Entire Chain by Sales Volume!
- Single-Tenant Rite Aid: Ownership Approached by Tenant for Early Long-Term Lease Extension Giving More Than 10 Years of Term with NO Rental Decrease
- Store Sales More Than Double Chain Average
- Absolute NNN Lease Structure with **NO MANAGEMENT RESPONSIBILITIES** – Tenant Handles **ALL** Maintenance, Insurance and Taxes Direct
- Corporately Backed Lease and Recently Upgraded to “Prototype Look” Store Including 2 Drive-Thru Lanes, Updated Signage and Complete Interior Remodel (2020)
- Directly Across the Street from Main Hospital Campus & Adjacent to Other Medical Providers: Millcreek Community Hospital, Part of LECOM Health, Teaching Hospital Affiliated with Lake Erie College of Osteopathic Medicine (LECOM, 1.3 Miles), Nation’s Largest Medical School in Terms of Enrolled Students (4,200 Students & 2,600 Employees)
- High Traffic Counts on Main Corridor: Over 27,000 VPD Along Peach Street and Convenient Highway Access Just East of I-79 with 45,900 VPD
- Strategically Positioned Between Residential Population and Highways I-90 and I-79 for Easy Access Along Daily Commute
- Strong Demographics with Average Household Incomes of Approximately \$71,000 and Extremely High Population Density Near 145,000 People Within a 5-Mile Radius
- Signalized Corner Location and Positioned Directly Adjacent to One of Erie’s Most Well-Known Attractions: 2,600,000 S.F. Millcreek Mall, One of the Largest Shopping Malls in the United States (Shoppers Frequent the Millcreek Mall and Peach Street Stores and Attractions as a Result of Pennsylvania’s Tax Exemption on Clothing)
- Tourist Destination Bringing Heavy Traffic Year-Round Including: Presque Isle State Park (4.2 Million Visitors, 5 Miles), Erie Zoo (455,000 Visitors, 2 Miles), Waldameer Amusement & Waterpark (5 Miles), Presque Isle Downs Racetrack & Casino (2 Million Visitors, 4 Miles)



# Rite Aid Corporation Reports Strong Fiscal 2022 Fourth Quarter and Full Year Results and Provides Fiscal 2023 Outlook

April 14, 2022 · 20 min read



PHILADELPHIA, April 14, 2022--(BUSINESS WIRE)--Rite Aid Corporation (NYSE: RAD) today reported operating results for its fourth quarter and fiscal year ended February 26, 2022.

"We exceeded our 2022 plan amid continuing challenges of the COVID-19 pandemic. As we look forward to the year ahead, we are ready and energized to compete in a new post-pandemic normal," said Heyward Donigan, president and chief executive officer. "We demonstrated the important role that pharmacists play in the everyday health of our customers and are well positioned to grow in a trillion-dollar pharmacy market through our continued leadership as a full-service pharmacy company."

For the fiscal year ended February 26, 2022, Retail Pharmacy Segment revenues from continuing operations increased 6.9 percent over the prior year, driven by an increase in same store sales and the inclusion of Bartell's results. Same store sales from continuing operations for the year increased 4.5 percent over the prior year, consisting of a 7.9 percent increase in pharmacy sales, partially offset by a 3.3 percent decrease in front-end sales. Front-end same store sales, excluding cigarettes and tobacco products, decreased 2.8 percent. The number of prescriptions filled in same stores, adjusted to 30-day equivalents, increased 8.7 percent over the prior year period. In addition to the benefit from over 14 million COVID-19 vaccinations, maintenance prescriptions increased 1.8 percent while other acute prescriptions increased 2.3 percent on a same store basis when excluding COVID-19 vaccinations. Prescription sales from continuing operations accounted for 70.0 percent of total drugstore sales.

Total revenues are expected to be between \$23.1 billion and \$23.5 billion in fiscal 2023. Retail Pharmacy Segment revenue is expected to be between \$17.7 billion and \$18.0 billion and Pharmacy Services Segment revenue is expected to be between \$5.4 billion and \$5.5 billion (net of any intercompany revenues to the Retail Pharmacy Segment).

- Full Year Revenues Increased \$525 million to \$24.6 billion; Pharmacy Sales Increased 12%
- Full Year Net Loss per Share Increased from \$1.87 to \$9.96 Driven by Non-Cash Impairment Charges
- Full Year Adjusted EBITDA Increased 16% to \$505.9 million Driven by Strong Retail Pharmacy Performance
- Generated \$379 million in Operating Cash Flow and Reduced Net Debt by \$212 million
- Leverage Ratio Improved Year Over Year from 6.7 to 5.4 Times
- Issues Fiscal 2023 Adjusted EBITDA Outlook in Range of \$460 million to \$500 million – Announces Cost Rationalization Program that Targets \$170 million in Savings

## Consolidated Fourth Quarter and Full Year Summary

(dollars in thousands)	Thirteen Week Period Ended		Fifty-two Week Period Ended	
	February 26, 2022	February 27, 2021	February 26, 2022	February 27, 2021
Revenues from continuing operations	\$ 6,065,390	\$ 5,916,856	\$ 24,568,255	\$ 24,043,240
Net loss from continuing operations	(389,062)	(18,495)	(538,478)	(100,070)
Adjusted EBITDA from continuing operations	106,075	41,265	505,905	437,665

**See Full Article:**  
[https://www.yahoo.com/now/rite-aid-corporation-reports-strong-110000679.html?guccounter=1&guce\\_referrer=aHR0cHM6Ly93d3cuZ29vZ2xILmNvbS8&guce\\_referrer\\_sig=AQAAAMcQOzRcKG4wkAYxyGiMT9ae1y5aJDxFBJZ2Vkl3u630Ydcbz0iBgXDKqSwqJhgtVYzdTbuZHqyhypgtplIKFbMCCLHInXCHgpAk0rPdb9nXtbjy30cyd18igYmoGf-UipVeEAe-Opx0HBoSxTS3Ozsp5p1Vo59hzyBlkXAswhUF](https://www.yahoo.com/now/rite-aid-corporation-reports-strong-110000679.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xILmNvbS8&guce_referrer_sig=AQAAAMcQOzRcKG4wkAYxyGiMT9ae1y5aJDxFBJZ2Vkl3u630Ydcbz0iBgXDKqSwqJhgtVYzdTbuZHqyhypgtplIKFbMCCLHInXCHgpAk0rPdb9nXtbjy30cyd18igYmoGf-UipVeEAe-Opx0HBoSxTS3Ozsp5p1Vo59hzyBlkXAswhUF)



Tenant Accolade





## LOCATION OVERVIEW

Erie is on the south shore of Lake Erie and the county seat of Erie County, Pennsylvania. The City of Erie is the fifth largest city in Pennsylvania after Philadelphia, Pittsburgh, Allentown, and Reading, and the largest city in Northwestern Pennsylvania. Being equidistant from Buffalo and Cleveland, being about 100 miles away. Erie's manufacturing sector remains prominent in the local economy, though healthcare, higher education, technology, service industries, and tourism are emerging as significant economic drivers. Over four million people visit Erie each summer for recreation at Presque Isle State Park and attractions such as Presque Isle Downs Racetrack & Casino (4 miles – 2 Million Annual Visitors), Waldameer Amusement and Waterpark (5 miles), Splash Lagoon and the Erie Zoo (2 miles, 455,000 annual visitors). Additionally, one of the most well-known attractions in Erie is the 2,600,000 S.F. Millcreek Mall, one of the largest shopping malls in the United States that is located on Peach Street (direct vicinity of featured property) in nearby Millcreek Township. Shoppers from Ohio, New York, and the Canadian province of Ontario frequent the Millcreek Mall and Peach Street stores and attractions as a result of Pennsylvania's tax exemption on clothing.

The featured location is directly across the street from the main campus of Millcreek Community Hospital (167 Beds) and adjacent to an abundance of other complimentary and affiliated medical facilities. Millcreek Hospital has approximately 500 employees and is a part of the LECOM Teaching Hospital as well as Lake Erie College of Osteopathic Medicine. These well-known institutions not only offer medical schools but also offer both dental and pharmacy schools and sit just 1.3 miles away from this high-demand Rite Aid store. They make up the nations largest medical school in terms of enrollment with 4,600 students and 2,600 employees.

Erie is the corporate headquarters of the Erie Insurance Group (6,000 employees) and Marquette Savings Bank with over 135 employees in 12 locations serving Erie and Crawford counties and assets are over \$800 million. Lord Corporation (800+ employees) was founded and has major operations in Erie, along with General Electric (GE, 2,200 employees). Other major employers in the county include the county, state, and federal governments, as well as the Erie City School District. Lake Erie College of Osteopathic Medicine (LECOM) is a fast-growing educator and provider of quality healthcare in the city. Erie is home to several colleges and universities, including Gannon University (4,400 students, 350 staff members) located in downtown Erie, Mercyhurst University (2,750 students, 435 staff members) in the southeast part of the city and Penn State Erie, The Behrend College (5,050 students, 270 staff members) and Edinboro University of Pennsylvania (4,600 students, 730 staff members).

Over 10% of the USA's plastics are manufactured or finished in Erie-based plastics plants. Erie is an emerging center for biofuels and environmental research, producing over 45 million U.S. gallons of biofuel a year. Both UPMC Hamot (650 physicians and nearly 4,000 employees) and Saint Vincent Health System (3,000 employees) are also major employers in Erie. Although both of these hospitals had been stand-alone Erie entities, Hamot merged with the University of Pittsburgh Medical Center and Saint Vincent affiliated with the Cleveland Clinic. The United States Department of Veterans Affairs operates the Erie Veterans Affairs Medical Center on East 38th Street, while Shriners International has operated Shriners Hospital for Children since 1927.

Erie plays host to a number of semiprofessional and professional sports teams. The Erie SeaWolves play AA baseball in the Double-A Northeast league as an affiliate of the Detroit Tigers. The Erie Otters play hockey in the Ontario Hockey League. Hockey games are played at Erie Insurance Arena, while Minor League Baseball games are held at UPMC Park. Gannon University, Mercyhurst University, Edinboro University, and Penn State Behrend have active NCAA collegiate sports programs. The Mercyhurst Ice Center, JMC Ice Arena, Erie Sports Park, and Erie Veterans Memorial Stadium are many sports arenas and stadiums available in and around the city.



## OFFERING SUMMARY

<b>Price:</b>	<b>\$6,050,000</b>
Gross Leasable Area:	10,908 S.F.
NOI:	\$378,145
CAP Rate:	6.25%
Year Built/Renovated:	1999/2020
Lot Size:	1.6 Acres
Parking:	Approx. 64 Spaces
Foundation:	Concrete
Exterior:	Brick/Block



## TENANT SUMMARY

Tenant Name:	Rite Aid Pharmacy
Lease Type:	Absolute Triple Net (NNN)
Remaining Lease Term:	10+ Years
Tenant Since:	1999
Commencement Date:	10/27/2019
Early Lease Extension Start:	10/27/2024
Lease Expiration Date:	10/26/2032
Option to Extend:	(3) 5-Yr. Options
Options to Terminate:	None
Right of First Refusal:	None
Roof:	Tenant Responsibility
HVAC:	Tenant Responsibility
Parking Lot Repairs & Maintenance:	Tenant Responsibility
Parking Lot Replacement:	Tenant Responsibility
Common Area Maintenance:	Tenant Handles Direct
Real Estate Taxes:	Tenant Handles Direct
Insurance:	Tenant Handles Direct
Structure:	Tenant Responsibility

## Tenant Base Rent Schedule

	Monthly	Annual	PSF
Current:	\$31,512.08	\$378,144.96	\$34.67
Early Extension (2032):	\$31,512.08	\$378,144.96	\$34.67
Option 1:	\$33,466.58	\$401,598.96	\$36.82
Option 2:	\$35,421.08	\$425,052.96	\$38.97
Option 3:	\$37,375.58	\$448,506.96	\$41.12

## Financial Data

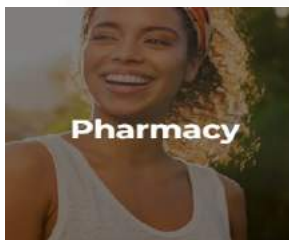
Rental Income:	\$378,145
Expenses:	(\$0)
NOI:	\$378,145





**Property Name:** Rite Aid Pharmacy  
**Property Address:** 5430 Peach Street  
 Erie, PA 16509  
**Property Type:** Absolute NNN  
**Rentable Area:** 10,908 S.F.  
**# of Total Locations:** 2,500+ in 17 States  
**Ticker Symbol:** NYSE: RAD  
**Corp. Headquarter:** Camp Hill, PA  
**Websites:** riteaid.com

Rite Aid Is Defining  
the Modern Pharmacy



Rite Aid Corporation is on the front lines of delivering healthcare services and retail products to Americans 365 days a year. Pharmacists are uniquely positioned to engage with customers and improve health outcomes. Rite Aid provides an array of whole being health products and services for the entire family through over 2,500 retail pharmacy locations across 17 states. Through Elixir, Rite Aid also provides pharmacy benefits and services to millions of members nationwide. Rite Aid Corporation Reports Strong Fiscal 2022 Fourth Quarter and Full Year Results and Provides Fiscal 2023 Outlook. Full Year Revenues Increased \$525 million to \$24.6 billion; Pharmacy Sales Increased 12% Full Year Net Loss per Share Increased from \$1.87 to \$9.96 Driven by Non-Cash Impairment Charges.

#### Rite Aid by the Numbers

**+6,300**  
pharmacists

**2.3M**  
PBM lives managed  
through ELIXIR

**15.1M**  
discount card claims  
processed annually

**10M**  
HealthDialog  
members served

**+2,350**  
stores

**14<sup>th</sup> largest**  
seller of specialty  
medications

**+650K**  
members in the largest  
independent PDP plan

**~100M**  
claims paid annually  
on Laker adjudication  
platform

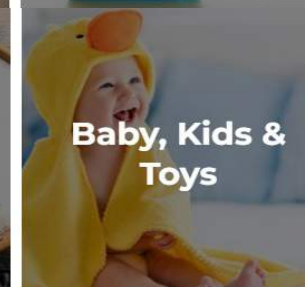
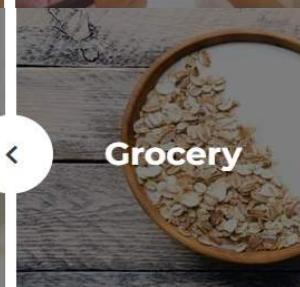
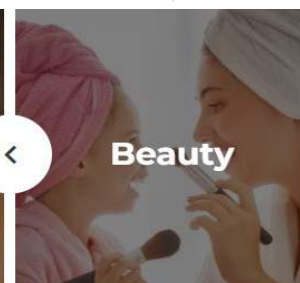
#### Strong Financial Position

**\$1.85B**  
of liquidity

**No debt due  
until 2025**

**\$200M+ Debt**  
paid down in FY22

**Expected  
FCF Positive**  
in FY23



## Tenant Overview





## Property Analysis





## *Adjacent Medical Facilities*





# Adjacent & Surrounding Peach Street Retailers



## Surrounding Retailer Pictures











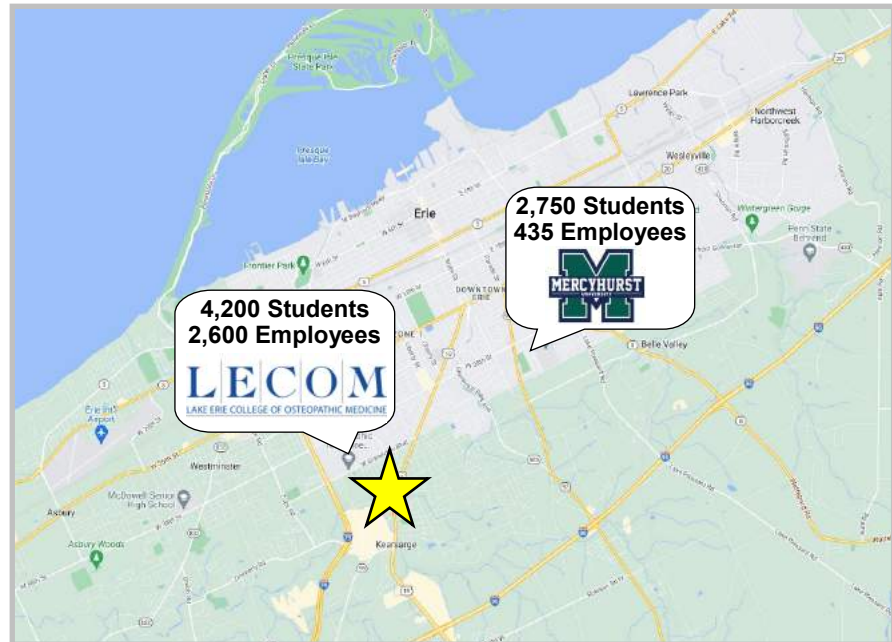
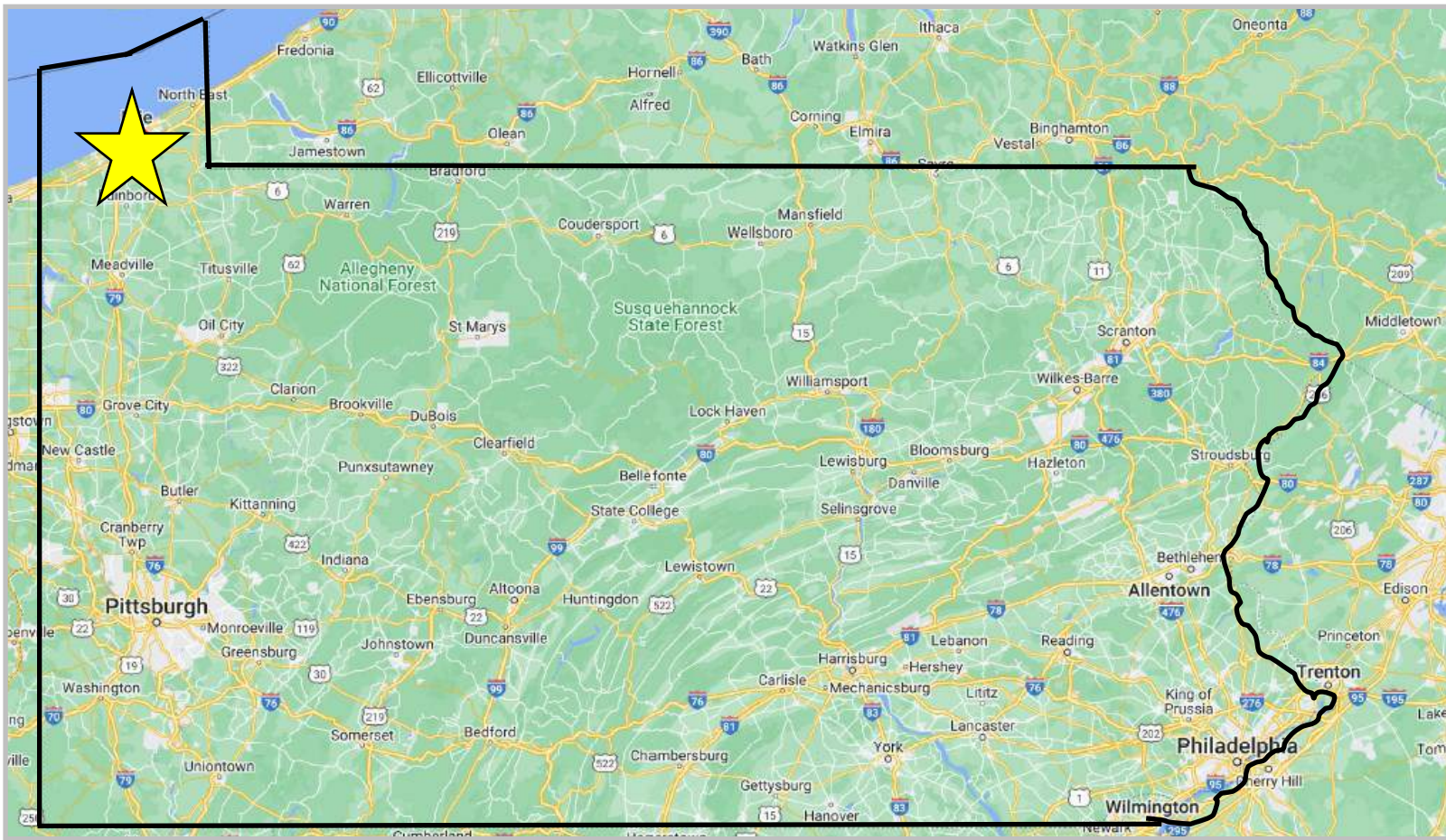
# Direct Aerial







# Location Maps







5440 Peach St Erie, PA 16509	1 mi radius	3 mi radius	5 mi radius	10 mi radius
<b>Population</b>				
2021 Estimated Population	9,478	66,540	144,758	197,609
2010 Census Population	9,346	67,799	151,632	206,016
2021 Median Age	43.0	40.1	38.5	39.6
<b>Households</b>				
2021 Estimated Households	4,326	28,569	60,805	81,210
2010 Census Households	4,126	28,475	62,177	82,726
Projected Annual Growth 2021 to 2026	1.4%	1.0%	1.0%	1.0%
<b>Race and Ethnicity</b>				
2021 Estimated White	84.7%	81.0%	72.7%	76.0%
2021 Estimated Black or African American	4.9%	5.7%	11.4%	9.7%
2021 Estimated Asian or Pacific Islander	4.0%	4.5%	5.4%	5.2%
2021 Estimated American Indian or Native Alaskan	0.1%	0.2%	0.2%	0.2%
2021 Estimated Other Races	6.3%	8.6%	10.3%	9.0%
2021 Estimated Hispanic	3.9%	5.2%	6.7%	5.9%
<b>Income</b>				
2021 Estimated Average Household Income	\$63,806	\$73,789	\$70,819	\$76,245
2021 Estimated Median Household Income	\$54,887	\$57,243	\$54,010	\$58,090
2021 Estimated Per Capita Income	\$29,447	\$31,953	\$30,119	\$31,699
<b>Education (Age 25+)</b>				
2021 Estimated High School Graduate	32.5%	36.5%	36.5%	36.6%
2021 Estimated Some College	14.7%	15.8%	15.4%	15.4%
2021 Estimated Associates Degree Only	11.1%	9.5%	9.2%	9.4%
2021 Estimated Bachelors Degree Only	24.9%	20.3%	18.7%	19.1%
2021 Estimated Graduate Degree	11.9%	10.8%	10.8%	11.1%
<b>Business</b>				
2021 Estimated Total Businesses	341	2,694	5,443	6,814
2021 Estimated Total Employees	4,738	39,980	76,466	97,389
2021 Estimated Employee Population per Business	13.9	14.8	14.0	14.3
2021 Estimated Residential Population per Business	27.8	24.7	26.6	29.0





## **DISCLOSURE, CONFIDENTIALITY & DISCLAIMER**

### **CONFIDENTIALITY AGREEMENT**

The information within this Offering Memorandum will set forth an understanding regarding the relationship between the Recipient of this package (the "Recipient") and The Cooper Group and the confidentiality of the investment information to be supplied to you and your organization for use in considering, evaluating and/or purchasing this property (the "Property"). The recipient acknowledges that all financial, contractual, marketing, and informational materials including but not limited to lease information, occupancy information, financial information, projections, data information and any other similar information provided by The Cooper Group which relates to the Property (collectively, the Confidential Information), whether said information was transmitted orally, in print, in writing or by electronic media is confidential in nature and is not to be copied to any party without the prior consent of The Cooper Group. The Recipient acknowledges and agrees that the Confidential Information is of such a confidential nature that severe monetary damage could result from dissemination of that information to unauthorized individuals. The Recipient shall limit access to the Confidential Information to those individuals in the Recipient's organization with a "need to know" and shall take all precautions reasonably necessary to protect the confidentiality of the Confidential Information. The Recipient acknowledges and agrees that the Confidential Information and any copies thereof are the property of The Cooper Group and that all such information will be returned to The Cooper Group upon written request. Any offers or inquiries from Recipient in connection with this investment proposal shall be forwarded, confidentiality, to The Cooper Group. Other than The Cooper Group, recipient agrees that neither Recipient nor The Cooper Group shall be obligated to pay any procuring broker fees in connection with this investment unless a separate written Brokerage Agreement is entered into and written acknowledgement of any procuring Brokerage Agreement is received from all parties to the investment transaction. Procuring brokers must provide written introductions of potential investors and receive written acknowledgment from The Cooper Group for representation to be recognized. This is a Confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property.

### **DISCLOSURE & DISCLAIMER**

The Memorandum contains selected information pertaining to the property and does not purport to be a representation of the state of affairs of the Property or the owner of the Property, to be all-inclusive or to contain all or part of the information which perspective Recipients may require to evaluate the purchase of real property. All financial projections and information are provided for general reference purposes only and are based on assumptions relating to the economy, market conditions, competition and other factors beyond the control of the owner or The Cooper Group. All references disclosed herein related to acreage, square footages and/or other measurements may be approximations and the best information available. The summaries of information included herein do not purport to be complete nor necessarily accurate descriptions of the full agreements referenced. Photos herein are the Property and respective owners and use of these images without the express written consent of the owner is prohibited.

The owner and the Cooper Group expressly reserve the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or terminate discussions with any entity and any time with or without notice which may arise as a result of review of this Memorandum.

Neither the owner or the Cooper Group, nor any of their respective directors, officers, affiliates or representatives make any representation or warranty, expressed or implied, as to the accuracy or completeness of this Memorandum or its contents; and you are to rely solely on your investigators and inspections of the property in evaluating a possible purchase of the Property. The information contained in this document has been obtained from sources to be reliable. While the Cooper Group does not doubt its accuracy, the Cooper Group has not verified it and makes no guarantee, warranty or representation about it. It is your responsibility to independently confirm the accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the Property. The value of this transaction to you depends on tax and other factors which should be evaluated by your tax, financial and legal advisors.





Actual Store



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