

Rite Aid

7912 Halprin Drive - NORFOLK, VIRGINIA 23518

offering memorandum



ACTUAL PROPERTY

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Investment Overview

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Marcus & Millichap is pleased to present this 10,908-square foot Rite Aid located in Norfolk, the second most populous city in Virginia. Rite Aid has over 9.5 years remaining on an original 25-year absolute triple-net (NNN) lease. The lease features five, five-year renewal options, each with a 1.5 percent escalation in rent.

The subject property sits on a 1.06 acre lot on a signalized, hard-corner intersection that sees more than 36,200 vehicles per day. This location features a drive-thru window and multiple points of ingress/egress.

The subject property is well located on East Little Creek Road in Norfolk, a major east-west thoroughfare running from the Virginia Port Authority on the Elizabeth River to the Chesapeake Bay. Rite Aid is situated on a pad site to a shopping center featuring Dunkin' Donuts, Wells Fargo, Save-A-Lot, Hibbett Sports, and more. Major tenants in the vicinity include Walgreens, 7-Eleven, BB&T, Family Dollar, DaVita Dialysis, Food Lion, Marshalls, and many more. The asset also benefits from having three elementary schools and one middle school within the one mile radius.

This Rite Aid has favorable demographics in the surrounding area: There are more than 215,000 residents with an average household income that tops \$62,000.

- **Rite Aid in Norfolk, Virginia | Second Most Populous City in Virginia**
- **Over Nine Years Remaining on an Absolute Triple-Net (NNN) Lease | No Landlord Responsibilities**
- **Escalations in Rent in Each of the Five, Five-Year Renewal Options**
- **Corporate Guaranty from Rite Aid | Ranked Number 107 in Fortune 500 | NYSE: RAD**
- **Highly Visible Signalized, Hard-Corner Location | More Than 36,200 Vehicles Pass Through Intersection Each Day**
- **Pad Site to Shopping Center Featuring Dunkin' Donuts, Wells Fargo, Save-A-Lot, Hibbett Sports, and More**
- **Three Elementary Schools and One Middle School Located Within One Mile**
- **Major Tenants in the Vicinity Include: Walgreens, 7-Eleven, BB&T, Family Dollar, DaVita Dialysis, Food Lion, and Marshalls, Among Others**
- **Attractive Demographics: 215,000 Residents with an Average Household Income Over \$62,000 within the Five-Mile Radius**
- **Subject Property is Located 2.2 Miles from Norfolk International Airport**



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Financial Overview

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PRICE	\$4,600,000
CAP RATE	6.95%
NOI	\$319,723
PRICE PER SQUARE FOOT	\$421.71
RENT PER SQUARE FOOT	\$29.31
YEAR BUILT	2000
LOT SIZE	1.06 Acres
GROSS LEASEABLE AREA	10,908
TYPE OF OWNERSHIP	Fee Simple
LEASE GUARANTOR	Corporate Guarantee
LEASE TYPE	Absolute Triple-Net (NNN)
ROOF AND STRUCTURE	Tenant Responsible

LEASE COMMENCEMENT DATE	July 1, 2001
LEASE EXPIRATION DATE	June 30, 2026
LEASE TERM	25 Years
TERM REMAINING	9.5 Years
INCREASES	1.5% in Each Option
OPTIONS TO RENEW	5, 5-Year Options
OPTIONS TO TERMINATE	None
OPTIONS TO PURCHASE	None



Tenant Overview - Rite Aid

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Rite Aid is one of the nation's leading drugstore chains with over 4,600 stores in 31 states and the District of Columbia as of April 2013. Rite Aid sells prescription drugs and a wide assortment of other merchandise, including over-the-counter medications, health and beauty aids, personal care items, cosmetics, household items, beverages, convenience foods, greeting cards, and photo processing. Rite Aid posted 2013 fiscal year revenues of approximately \$25 billion. It is a Fortune 500 company and is publicly traded on the New York Stock Exchange under the ticker RAD.

Rite Aid Corporation is one of the leading drugstore chains in the United States and a Fortune 500 company. The Company operates its drugstores in 31 states across the country and in the District of Columbia. Rite Aid is publicly traded on the New York Stock Exchange under the ticker RAD.

Rite Aid stores service prescription drug customers and offer an assortment of other general merchandise, which it calls front-end products. Front end products include over-the-counter medications, health and beauty aids, personal care items, cosmetics, household items, beverages, convenience foods, greeting cards, seasonal merchandise, and other everyday and convenience products, as well as photo processing. It offers approximately 3,300 products under the Rite Aid private brand. Many locations also feature one-hour photo shops and include a GNC store-within-Rite Aid-store.

In June 2015, the Company acquired pharmacy benefit manager EnvisionRx. In October 2015, Walgreens Boots Alliance announced an agreement to acquire all outstanding shares of Rite Aid for \$9.00 per share in cash, for a total enterprise value of about \$17.20 billion, including acquired net debt. The transaction is expected to close in mid 2017. Upon completion of the merger, Rite Aid will be a wholly owned subsidiary of Walgreens Boots Alliance, and is expected to initially operate under its existing brand name. Decisions will be made over time regarding the integration of the two companies.

TENANT PROFILE

TENANT TRADE NAME	Rite Aid
OWNERSHIP	Public
TENANT	Corporate Store
LEASE GUARANTOR	Corporate Guarantee
NUMBER OF LOCATIONS	4500+
HEADQUARTERED	Camphill, PA
WEB SITE	www.riteaid.com
	\$153 Billion (2015)
SALES VOLUME	\$30.7 Billion (2015)
NET WORTH	\$581 Billion (2015)
STOCK SYMBOL	RAD
BOARD	NYSE
CREDIT RATING	B
RATING AGENCY	S&P
RANK	#107 in Fortune 500 (June 2016)



Aerial Overview

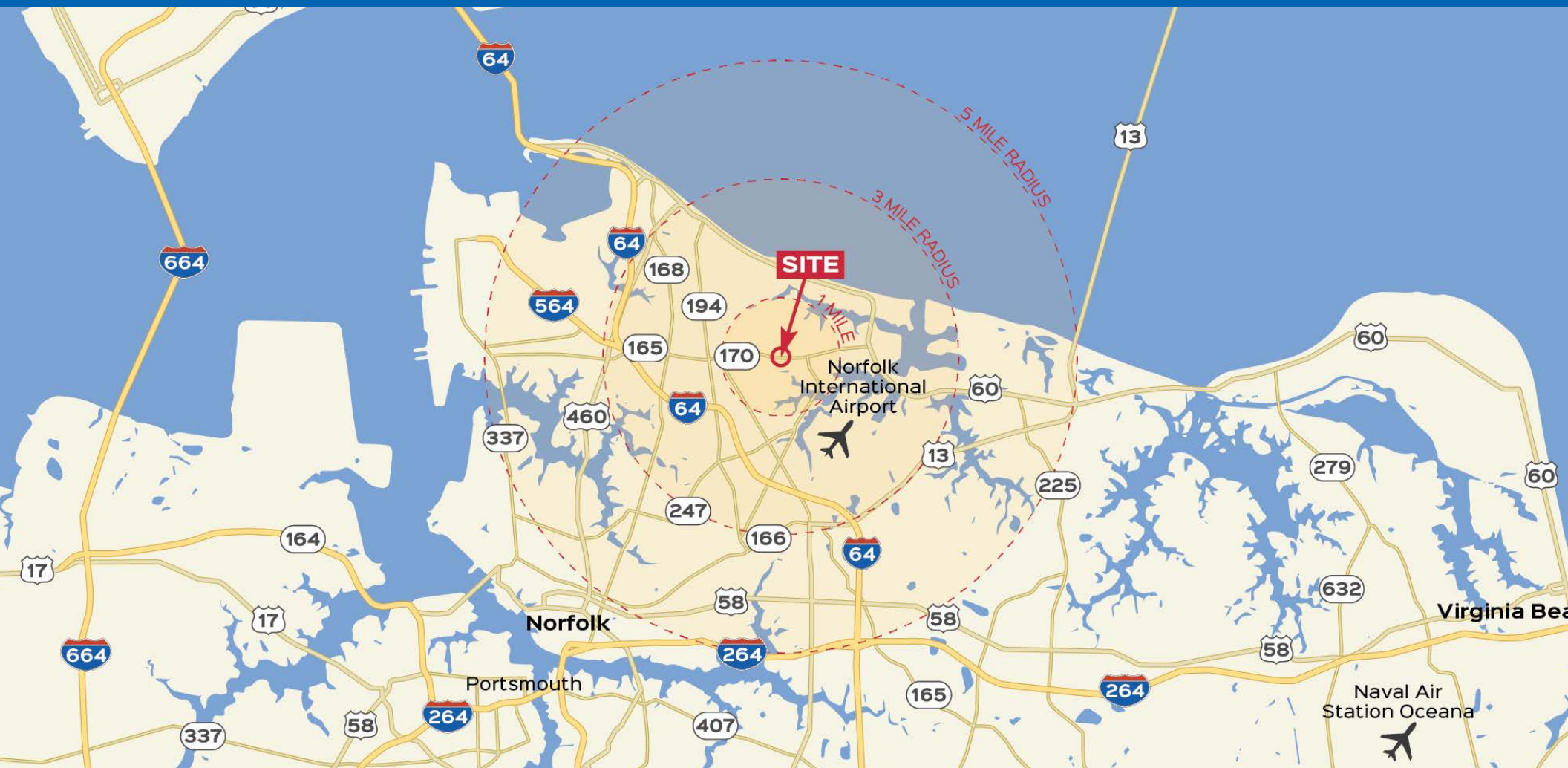
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Area Overview & Demographics

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	1-Mile	3-Mile	5-Mile
Population			
2010 Population	11,940	89,361	210,062
2016 Population	12,194	90,736	215,076
2021 Population	12,385	92,081	218,817
Daytime Employment	3,506	31,968	128,149

	1-Mile	3-Mile	5-Mile
Households			
2010 Households	4,835	36,689	82,438
2016 Households	4,922	37,198	84,251
2021 Households	4,999	37,768	85,752

	1-Mile	3-Mile	5-Mile
Household (HH) Incomes			
2016 Average HH Income	\$63,926	\$57,788	\$62,364
2016 Median HH Income	\$53,725	\$45,490	\$46,646
2016 Per Capita Income	\$25,803	\$23,691	\$24,430

Market Overview - Norfolk, Virginia

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Norfolk is an independent city in the Commonwealth of Virginia, United States. In 2015, the population was estimated to be 247,189 making it the second-most populous city in Virginia, behind neighboring Virginia Beach.

Norfolk is located at the core of the Hampton Roads metropolitan area, named for the large natural harbor of the same name located at the mouth of Chesapeake Bay. It is one of nine cities and seven counties that constitute the Hampton Roads metro area, officially known as the Virginia Beach-Norfolk-Newport News, VA-NC MSA. The city is bordered to the west by the Elizabeth River and to the north by the Chesapeake Bay. It also shares land borders with the independent cities of Chesapeake to its south and Virginia Beach to its east. One of the oldest of the cities in Hampton Roads, Norfolk is considered to be the historic, urban, financial, and cultural center of the region.

The city has a long history as a strategic military and transportation point. The largest Navy base in the world, Naval Station Norfolk, is located in Norfolk along with one of NATO's two Strategic Command headquarters. The city also has the corporate headquarters of Norfolk Southern Railway, one of North America's principal Class I railroads, and Maersk Line, Limited, which manages the world's largest fleet of US-flag vessels. As the city is bordered by multiple bodies of water, Norfolk has many miles of riverfront and bayfront property, including beaches on the Chesapeake Bay. It is linked to its neighbors by an extensive network of Interstate highways, bridges, tunnels, and three bridge-tunnel complexes—the only bridge-tunnels in the United States.

Top Employers:

- U.S. Department of Defense
- Sentara Healthcare
- Norfolk City Public Schools
- City of Norfolk
- Old Dominion University
- Children's Hospital of the King's Daughters
- BAE Systems Ship Repair
- Norfolk State University
- Eastern Virginia Medical School
- Portfolio Recovery Associates

