

LONG TERM NET LEASED RETAIL PROPERTY FOR SALE

# RITE AID PHARMACY

1493 Madison Street | Clarksville, TN

Not Actual Property



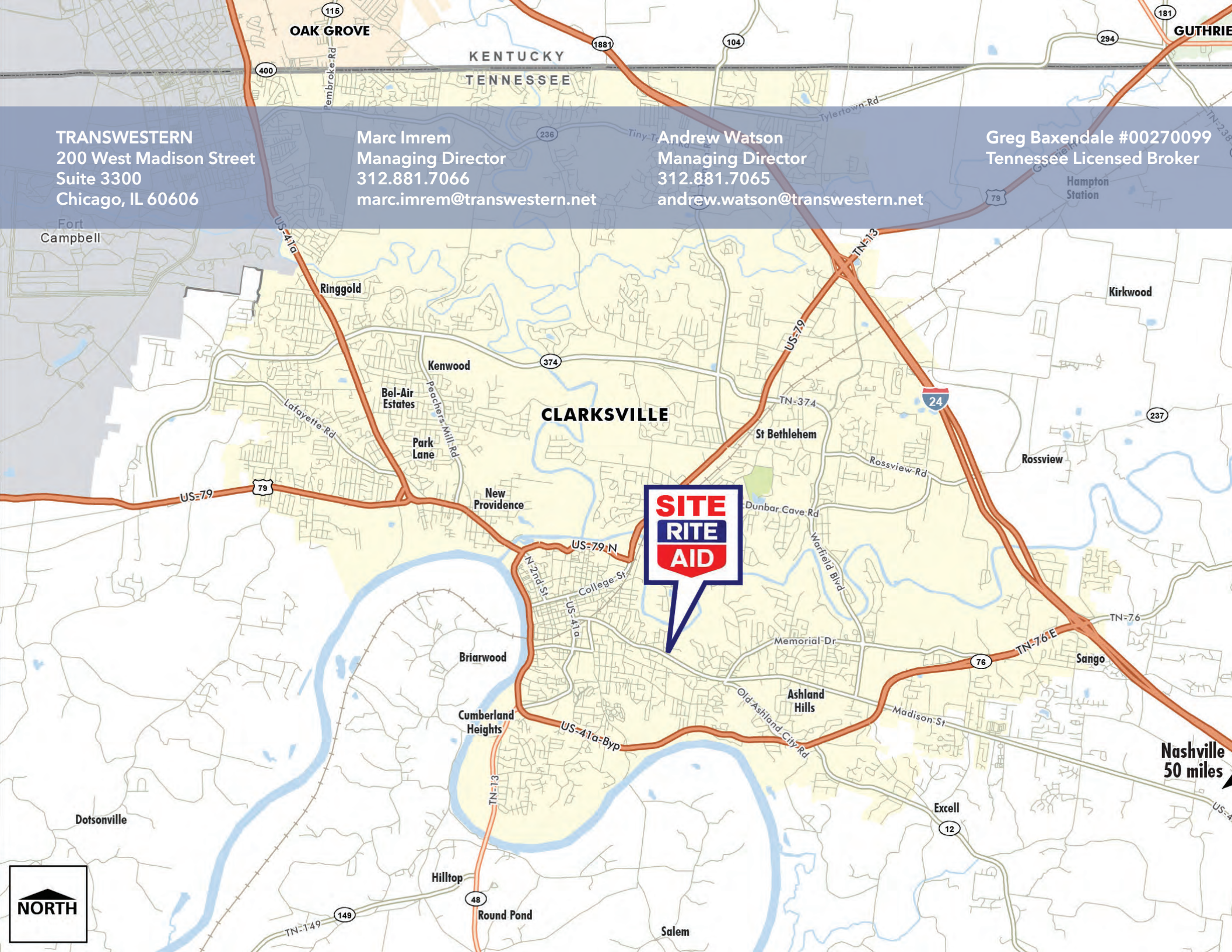


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**CLARKSVILLE**



**Nashville**  
50 miles

**NORTH**



## CONFIDENTIALITY & CONDITIONS

Transwestern (the "Agent") has been engaged as the exclusive agent for the sale of 1493 Madison Street in Clarksville, Tennessee (the "Property"), by the Owner (the "Seller").

The Property is being offered for sale in an "as-is, where-is" condition and the Seller and the Agent make no representations or warranties as to the accuracy of the information contained in this information package. The enclosed materials include highly confidential information and are being furnished solely for the purpose of review by prospective Purchasers of the interest described herein. Neither the enclosed materials, nor any information contained herein, are to be used for any other purpose, or made available to any other person without the express written consent of the Seller. Each recipient, as a prerequisite to receiving the enclosed information, should be registered with Transwestern as a "Registered Potential Investor" or as "Buyer's Agent" for an identified "Registered Potential Investor". The use of this Offering Memorandum and the information provided herein is subject to the terms, provisions and limitations of the confidentiality agreement furnished by the Agent prior to delivery of this information package.

The enclosed materials are being provided solely to facilitate the prospective investor's own due diligence for which it shall be fully and solely responsible. The material contained herein is based on information and sources deemed to be reliable, but no representation or warranty, express or implied, is being made by the Agent or the Seller or any of their respective representatives, affiliates, officers, employees, shareholders, partners or directors, as to the accuracy or completeness of the information contained herein. Summaries contained herein of any legal or other documents are not intended to be comprehensive statements of the terms of such documents, but rather only outlines of some of the principal provisions contained therein. Neither the Agent nor the Seller shall have any liability whatsoever for the accuracy or completeness of the information contained herein, or any other written or oral communications, or information transmitted, or made available, or any action taken, or decision made by the recipient with respect to the Property. Interested parties are to make their investigations, projections and conclusions without reliance upon the material contained herein.

The Seller reserves the right, at its sole and absolute discretion, to withdraw the Property from being marketed for sale at any time and for any reason. The Seller and the Agent each expressly reserve the right, at their sole and

absolute discretion, to reject any and all expressions of interest or offers regarding the Property and/or to terminate discussions with any entity at any time, with or without notice. This Offering Memorandum is made subject to omissions, corrections or errors, change of price or other terms and prior sale or withdrawal from the market without notice. The Agent is not authorized to make any representations or agreements on behalf of the Seller. The Seller shall have no legal commitment or obligation to any interested party reviewing the enclosed materials, performing additional investigation and/or making an offer to purchase the Property unless and until a binding written agreement for the purchase of the Property has been fully executed, delivered and approved by the Seller and any conditions to the Seller's obligations there under have been satisfied or waived.

By taking possession of and reviewing the information contained herein, the recipient agrees that (a) the enclosed materials and their contents are of a highly confidential nature and will be held and treated in the strictest confidence and shall be returned to the Agent or the Seller promptly upon request; and (b) the recipient shall not contact employees or tenants of the Property directly or indirectly regarding any aspect of the enclosed materials or the Property without the prior written approval of the Seller or the Agent; and (c) no portion of the enclosed materials may be copied or otherwise reproduced without the prior written authorization of the Seller or the Agent or as otherwise provided in the Confidentiality and/or Registration Agreement executed and delivered by the recipient(s) to Transwestern.

The Seller will be responsible for any commission due the Agent in connection with a sale of the Property. Each prospective purchaser will be responsible for any claims for commissions by any other broker or agent in connection with a sale of the Property if such claims arise from acts of such prospective purchaser or its broker/agent. Any Buyer's Agent must provide a registration signed by the prospective investor acknowledging said agent's authority to act on its behalf.

### ENVIRONMENTAL MATTERS

All parties to real estate transactions should be aware of the health liability and economic impact of environmental factors on real estate. Agent does not conduct investigations or analysis of environmental matters, and accordingly, urges its clients to retain qualified environmental professionals to determine whether hazardous or toxic wastes or substances (such as asbestos, PCBs and other contaminant or petrol-chemical products stored in underground tanks) or other undesirable materials or conditions are present in

the Property, and if so, whether any health danger or other liability exists. Such substances may have been used in the construction or operation of the buildings or may be present as a result of the previous activities at a Property. Depending upon past, current and proposed uses of the Property, it may be prudent to retain an environmental expert to conduct a site investigation and/or building inspection.

Various federal, state and local authorities have enacted laws and regulations dealing with the use, storage, handling, removal, transport and disposal of toxic or hazardous wastes and substances. If hazardous or toxic substances exist or are contemplated to be used at a Property, special governmental approvals or permits may be required. In addition, the cost of removal and disposal of such materials may be substantial. Consequently, legal counsel and technical experts should be consulted where these substances are or may be present. Agent makes no representation and assumes no obligation regarding the presence or absence of toxic or hazardous waste or substances or other undesirable materials on or about any Property ultimately sold. It is solely the responsibility of the potential investor to conduct investigations to determine the presence of such materials.

### RADON GAS

Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities may present health risks to persons who are exposed to it over time. Additional information regarding radon and radon testing may be obtained from your county public health unit.

### THE AMERICANS WITH DISABILITY ACT

The Americans with Disabilities Act is intended to make many business establishments equally accessible to persons with a variety of disabilities; modifications to real Property may be required. State and local laws also may mandate changes. Agent is not qualified to advise you as to what, if any, changes may be required now, or in the future. Prospective investors should consult their attorneys and qualified design professionals for information regarding these matters.

### LEGAL & TAX MATTERS

With respect to legal or tax issues pertaining to the acquisition and/or ownership of the Property, Agent is not qualified to provide advice on such matters. Prospective purchasers should consult with their advisors on these and other related matters. The recipient of this Offering Memorandum shall not rely on any information contained herein with respect to these or any other matters. The Seller and the Agent make no representation or warranties on any such matters.

## Executive Summary

Transwestern is pleased to offer for sale to qualified investors a long term net leased property in Clarksville, Tennessee. This fee simple offering is 100 percent leased to Rite Aid Corporation.



The lease commenced in January of 1998 and has a 20-year primary term, with four five-year tenant options to extend. Rent increases \$5,454 every five years during the option periods.

The subject sits at the northeast corner of Madison Street and Liberty Parkway. Located on a major thoroughfare just down the road from Austin Peay State University, the location offers premium sight lines and access. Nearby retailers include Publix, Kroger, Lowe's, Dollar General, along with several restaurants options such as Chick-fil-A and Papa John's.

Developed in 1998, the property consists of 1.53 acres of land improved with a 11,304-square-foot building. The infill location, high traffic counts, and strong demographics make this property a solid long-term investment.

In 2012, Rite Aid experienced encouraging growth and a credit upgrade, as it focused on improving its services, remodelling stores, and closing poor performers. The company has seen two percent same-store growth over the previous year, and the stock is up 34 percent from its 52-week low in October.

INVESTMENT HIGHLIGHTS	
Tenant	Rite Aid Pharmacy
Address	1493 Madison Street   Clarksville, TN
Location	NEC of Madison Street and Liberty Parkway
Building Size	11,304 SF
Land Size	1.53 Acres
Current Rent	\$225,854
Remaining Lease Term	4.5 Years
Existing Debt	None
Interest	Fee Simple
Asking Price	\$2,130,000
Asking Cap Rate	10.60%



Not Actual Property

## LEASE ABSTRACT

Lease Type	NN	
Primary Lease Term	20 Years	
Lease Commencement	1/13/1998	
Lease Expiration	1/31/2018	
Current Annual Rent	\$225,854	
Rent/SF	\$19.98	
Landlord Responsibility	Roof and Structure	
Primary Term Increases	No	
Renewal Options	Four   5-Year	
Option Increases	Yes	
Option Rent Schedule	21-25	\$231,308
	26-30	\$236,762
	31-35	\$242,216
	36-40	\$247,700





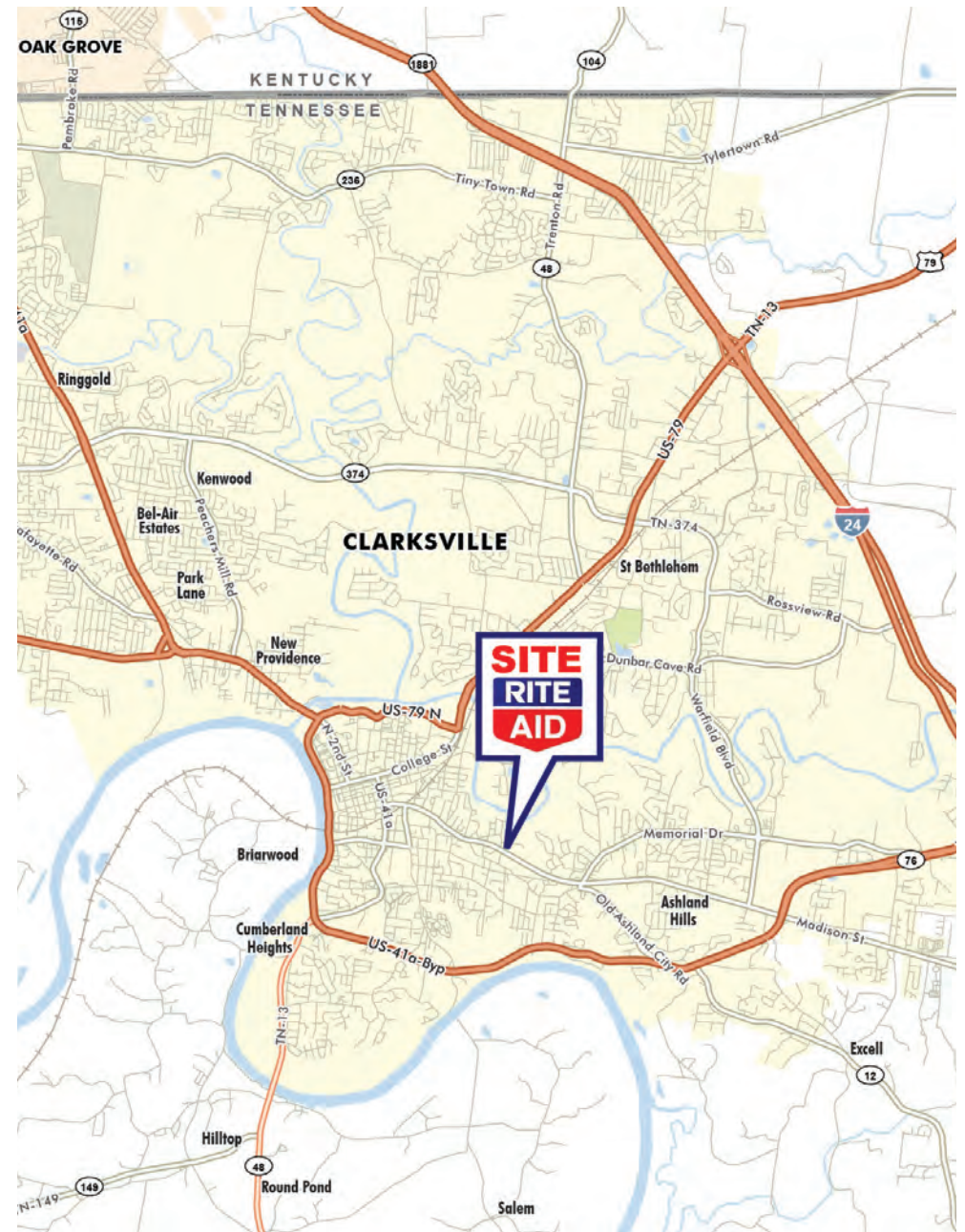
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**PROPERTY INFORMATION**

Year Built	1998
Building Size	11,304 SF
Land Size	1.53 Acres
Parking Spaces	64

**AVERAGE DAILY TRAFFIC**

Madison Street	19,312
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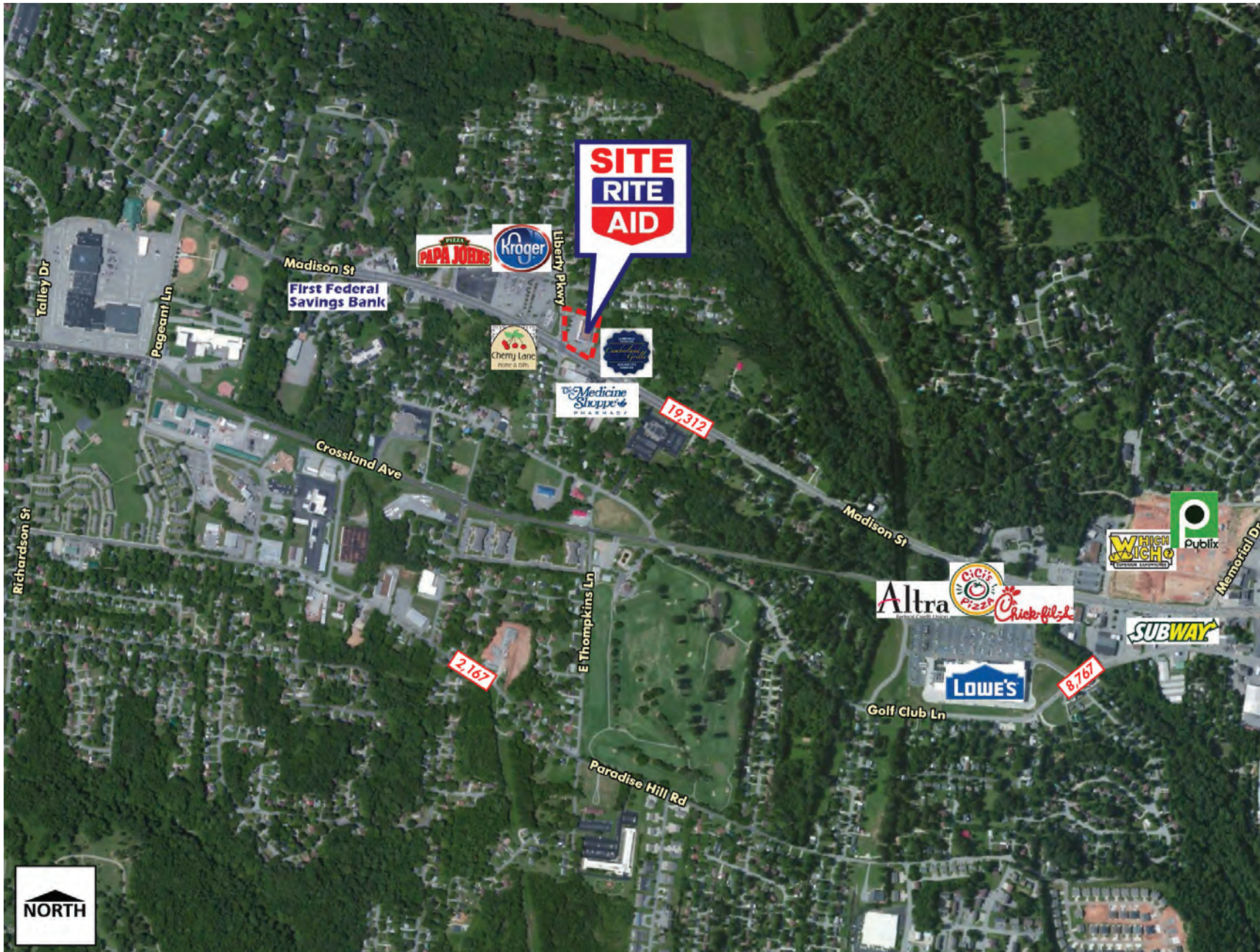


# Intersection Aerial





# Market Aerial





## Tenant Overview

Rite Aid Corporation was founded in 1962 and is headquartered in Camp Hill, Pennsylvania. Rite Aid is one of the nation's leading drugstore chains with nearly 4,800 stores in 31 states and the District of Columbia, with a strong presence on both the east and west coasts. The company has over 51,000 full-time employees.

Rite Aid is a one-stop destination for consumers seeking prescription drugs and products such as personal care items, health and beauty aids, cosmetics, convenience foods and other household items.

Rite Aid has distinguished itself from the competition by forming a strategic partnership with private label brands. One such partnership is with General Nutrition Companies Inc. (GNC), a leading retailer of vitamin and mineral supplements. In 2012, the GNC partnership along with the sale of other private label brands contributed approximately 17 percent to front-end store sales. In 2012, Rite Aid had an enterprise value of \$7.49 billion and revenue exceeded \$26 billion. Rite Aid is publicly traded on the NYSE under the symbol RAD. In February of 2013 Moody's released a rating upgrade for Rite Aid giving it a B3 credit rating.

## Location Overview

### Clarksville

Clarksville is the ninth-fastest growing city in the nation, of cities with a population over 100,000. The city has a population of 132,929 as of the 2010 census. Clarksville is located on the Cumberland River and on the northwest edge of the Highland Rim, which surrounds the Nashville Basin, just 45 miles northwest of Nashville. Clarksville is conveniently located near US Highway 41 & 49, as well as I-24.

Hemlock Semiconductor LLC recently built a \$1.2 billion plant, and efforts have already begun for a \$3 billion expansion that could bring in an additional 900 jobs. The city is also home to the Fort Campbell United States Army base, which is the city's largest employer. Because of the proximity of the military base, the median age in the area is 29. The combination of youth and a highly skilled work force makes the city's growth potential limitless. Clarksville is home to Austin Peay State University, the fastest growing university in Tennessee, which has over 11,000 students. The manufacturing sector in the city is very strong with the Bridgestone and Bosch factories thriving in the area. Clarksville is a growing city and has adopted "Tennessee's Top Spot" as its official nickname.

### TENANT OVERVIEW

<b>Tenant</b>	Rite Aid Pharmacy
<b>Lease Guarantor</b>	Rite Aid Corporation
<b>Ownership</b>	Public
<b>Ticker Symbol</b>	RAD
<b>Exchange</b>	NYSE
<b>Number of Locations</b>	4,800 (2012)
<b>Revenue</b>	26.06 Billion
<b>Market Cap</b>	\$2.29 Billion
<b>Headquarters</b>	Camp Hill, PA
<b>Website</b>	www.riteaid.com
<b>Moody's</b>	B3 (Rating raised 2/27/2013)

### LOCATION OVERVIEW

<b>City</b>	Clarksville
<b>State</b>	Tennessee
<b>Population</b>	132,929



## Demographic Report

POPULATION			
	0 - 1 miles	0 - 3 miles	0 - 5 miles
2012 Estimated Population	6,142	33,126	69,231
2017 Projected Population	6,265	35,676	75,866
2010 Census Population	6,201	32,517	67,157
2000 Census Population	6,266	30,837	58,381

HOUSEHOLDS			
	0 - 1 miles	0 - 3 miles	0 - 5 miles
2012 Estimated Households	2,683	13,594	27,107
2017 Projected Households	2,769	14,837	30,041
2010 Census Households	2,713	13,349	26,335
2000 Census Households	2,699	12,501	22,673
2012 Estimated Average Household Size	2.2	2.3	2.5

2012 ESTIMATED HOUSEHOLD INCOME			
	0 - 1 miles	0 - 3 miles	0 - 5 miles
2012 Estimated Median Household Income	\$24,986	\$37,922	\$42,138
2012 Estimated Average Household Income	\$40,602	\$51,497	\$54,607
2012 Estimated Per Capita Income	\$18,446	\$22,519	\$22,001
2012 Estimated Median Age	35.9	33.5	32.4







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