



CORP. DUTCH BROS. COFFEE
DUAL DRIVE THRU | 15 YEAR LEASE
SINGLE TENANT ABSOLUTE NNN LEASE



MERIT

DONNA, TX
CONFIDENTIAL OFFERING MEMORANDUM



MERIT

AFFILIATED BUSINESS DISCLOSURE AND CONFIDENTIALITY AGREEMENT

Merit Commercial Real Estate operates within a global family of companies with many subsidiaries and/or related entities (each an "Affiliate") engaging in a broad range of commercial real estate businesses including, but not limited to, brokerage services, property and facilities management, valuation, investment fund management and development. At times different Affiliates may represent various clients with competing interests in the same transaction. Those, or other, Affiliates may express an interest in the property described in this Memorandum (the "Property") may submit an offer to purchase the Property and may be the successful bidder for the Property. You hereby acknowledge that possibility and agree that neither Merit Commercial Real Estate nor any involved Affiliate will have any obligation to disclose to you the involvement of any Affiliate in the sale or purchase of the Property. In all instances, however, Merit Commercial Real Estate will act in the best interest of the client(s) it represents in the transaction described in this Memorandum and will not act in concert with or otherwise conduct its business in a way that benefits any Affiliate to the detriment of any other offeror or prospective offeror, but rather will conduct its business in a manner consistent with the law and any fiduciary duties owed to the client(s) it represents in the transaction described in this Memorandum.

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.

This 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 (the "Owner"), to be all-inclusive or to contain all or part of the information which prospective investors may require to evaluate a purchase of real property. Images contained within are computer generated renderings of the proposed property improvements and do not constitute the final appearance of the land, building, and other improvements currently under construction. All financial projections and information are provided for general reference purposes only and are based on assumptions relating to the general economy, market conditions, competition and other factors beyond the control of the Owner and Merit Commercial Real Estate. Therefore, all projections, assumptions and other information provided and made herein are subject to material variation. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective purchasers. In this Memorandum, certain documents, including leases and other materials, are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the full agreements

referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner.

Neither the Owner or Merit, Inc, 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 any of its contents, and no legal commitment or obligation shall arise by reason of your receipt of this Memorandum or use of its contents; and you are to rely solely on your investigations and inspections of the Property in evaluating a possible purchase of the real property.

The Owner expressly reserved the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or Merit Commercial Real Estate. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or Merit Commercial Real Estate.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to Merit Commercial Real Estate.

© 2021 Merit Commercial Real Estate. The information contained in this document has been obtained from sources believed reliable. While Merit Commercial Real Estate does not doubt its accuracy, Merit Commercial Real Estate has not verified it and makes no guarantee, warranty or representation about it. It is your responsibility to independently confirm its 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. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

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M E R I T

INVESTMENT OVERVIEW

Executive Summary

PROPERTY SUMMARY



SHOPS AT 493 is a 200,000 SF retail power center development located along Expressway 83 at F.M. 493 in the heart of the McAllen-Edinburg-Mission MSA, in Donna, Texas.

The intersection is anchored by a new Super Walmart. F.M. 493 is the primary North/South thoroughfare for the Donna area due to its connection to the Donna-Rio Bravo International Bridge. Expressway 83 is the primary East/West thoroughfare for more than 1.6 million people in Hidalgo and Cameron County with more than 132,801 vehicles per day passing the intersection at F.M. 493.

Dutch Bros. Coffee is anchored by Burlington, DD's, Ross, PetSmart, Five Below, Chick-fil-A, Ulta & Walmart Super Center on a heavily trafficked thoroughfare, FM 493. & Expressway 83.

- Under Construction stand alone Dutch Bros. Coffee
- Boersma Bros., LLC, an Oregon limited liability company guaranty
- 132,801 VPD on Expy 83
- Anchored by Walmart
- Boersma Bros. LLC, an Oregon limited liability company ("BB") and affiliate of DBF, is Dutch Bros. Coffee's primary asset holding company. BB has set up wholly owned subsidiaries to hold real estate and capital leases in each of the states in which Dutch Bros. Coffee has locations.

INVESTMENT SUMMARY

NOI	\$69,000
Cap Rate	5.00%
Occupancy	Under Const. / Opening January 2024
Lease Type	NNN
Initial Term	15 Yr.
Increases	10% Every 5 Yrs.
Options	3, 5-Year Options
Guaranty	Corporate

PROPERTY HIGHLIGHTS

Address	1700 Murphy Ave Donna, TX 78537
Ownership	Fee Simple
Class	Class A
Year Built	Under Construction
Building Size	950 SF
Parcel Sizes	31,363 SF / 0.72 Acres
Parking Spaces	26
Zoning	Commercial

LEASE ABSTRACT

Lease Summary & Rent Schedule

LEASE SUMMARY

Tenant Name	Dutch Bros.
Leased SF	31,363 SF
Building SF	950 SF
Lease Commencement	10/2/2023
Lease Expiration	10/31/2038
Lease Term	15 Yr.
Renewal Options	3, 5-Year Options
Rent Increases	10% Every 5 Yrs.
Lease Type	Triple Net (NNN)
Use	Coffee
Property Taxes	Tenant's Responsibility
Insurance	Tenant's Responsibility
Common Area	Tenant's Responsibility
Roof & Structure	Tenant's Responsibility
Parking Lot	Tenant's Responsibility
Repairs & Maintenance	Tenant's Responsibility
HVAC	Tenant's Responsibility
Utilities	Tenant's Responsibility

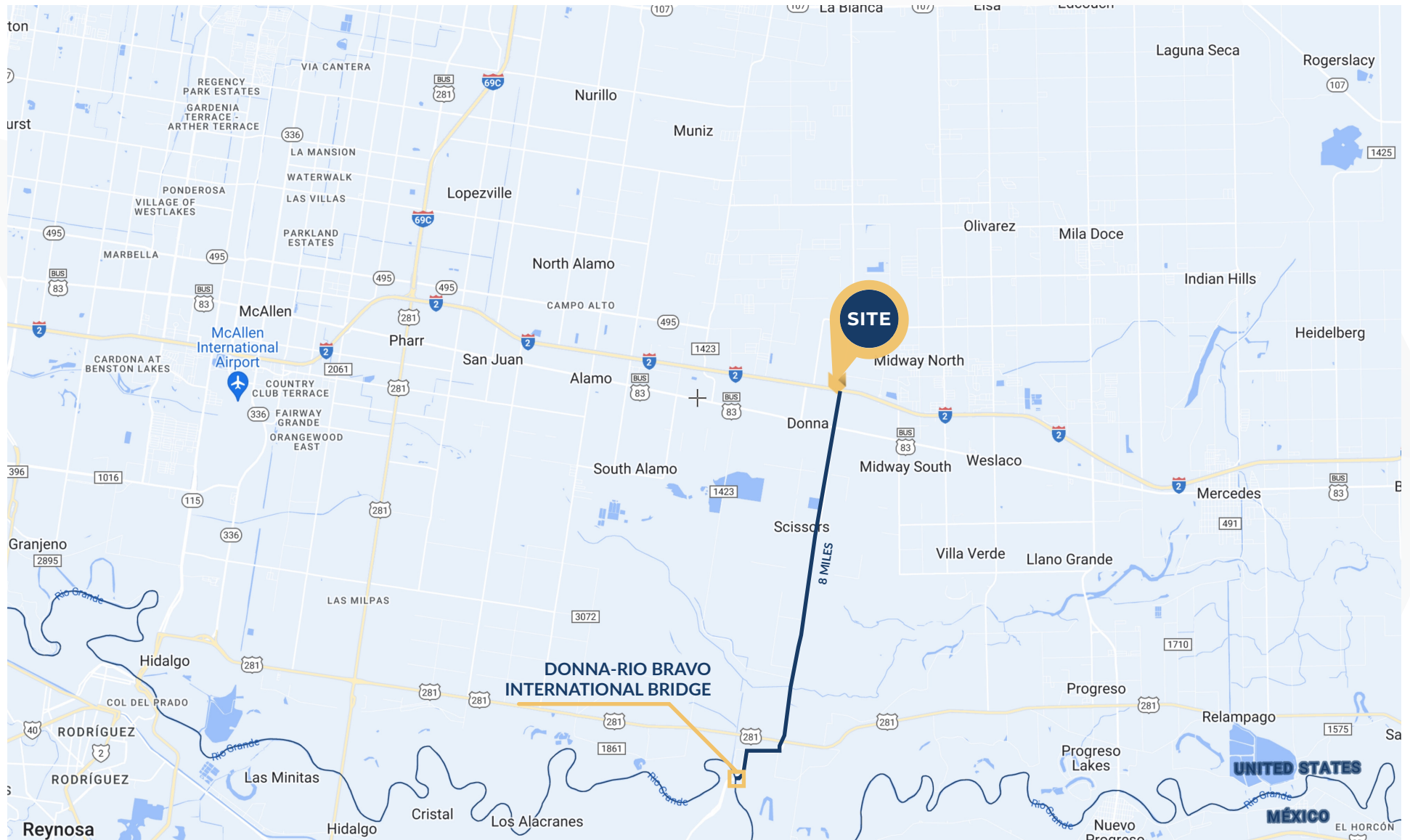
RENT SCHEDULE

Initial Term	Annually
Year 1	\$69,000.00
Year 2	\$69,000.00
Year 3	\$69,000.00
Year 4	\$69,000.00
Year 5	\$69,000.00
Years 6 - 10	\$75,900.00
Years 11 - 15	\$83,490.00
Options	
Years 16-20	\$91,839.00
Years 21-25	\$101,023.00
Years 26-30	\$111,125.00

CURRENT RENTAL RATE

PROPERTY OVERVIEW

Location Map



PROPERTY OVERVIEW

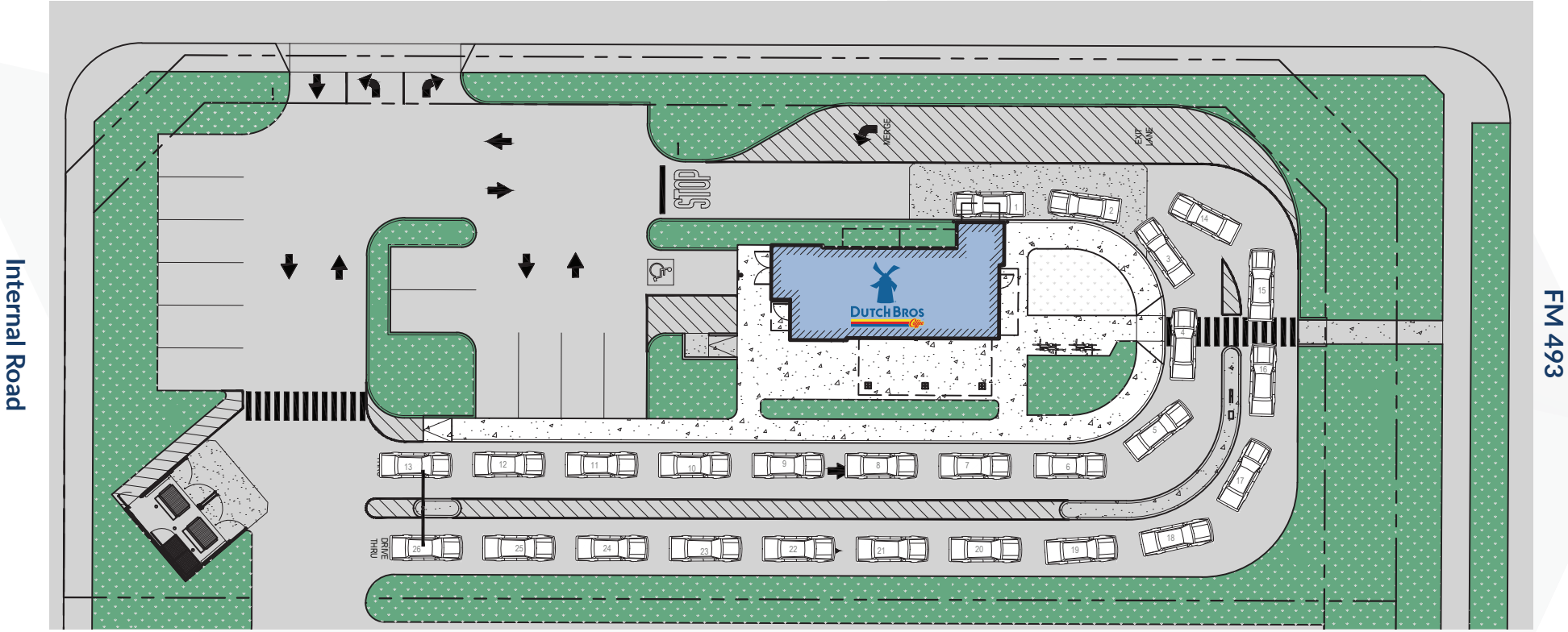
Location Map



PROPERTY OVERVIEW

Site Plan

Internal Road



MARKET OVERVIEW

Market Analysis

The economic success of the **MCALLEN - EDINBURG - MISSION MSA** is driven by a highly diversified economy, pro-business environment, low cost of living and housing, low corporate tax structure, as well as robust educational and cultural amenities.

McAllen MSA ranked **FIRST** in job creation at a state level
- Real Estate Center, 2017

McAllen was ranked **#1** in the list of boomtowns cities of rising salaries
- CNBC, 2018

Property values have grown in Donna from \$336 million in 2011 to over \$625 million in 2018, an **86% INCREASE** over seven years.
- The City of Donna, 2018

Sales tax collections have **INCREASED BY 94%** from \$1.6 million in 2011 to \$3.1 million in 2017.
- The City of Donna, 2018

EMPLOYEES BY SECTOR



TOP MCALLEN EMPLOYERS

EMPLOYER	EMPLOYEES
HEB	4,200
McAllen ISD	4,100
Edinburg ISD	3,600
University of Texas Rio Grande Valley	3,000
Hidalgo County	3,000
McAllen Medical Center	2,500
South Texas College	2,200
Mission ISD	2,140
City of McAllen	2,000
Doctors Hospital at Renaissance	2,000
BBVA Compass Bank	1,500

MCALLEN-EDINBURG-MISSION MSA

The Rio Grande Valley (“RGV”) is a culturally rich area located in the southern tip of South Texas just along the northern bank of the Rio Grande River. The four county region comprised of Hidalgo, Cameron, Willacy and Starr is one of the fastest growing regions in the United States. Within the RGV is the Mcallen-Edinburg-Mission MSA, which has a population of 950,000+ and has a historical annual population growth rate of 3.6% from 2000 to 2010. In Hidalgo county alone, officials expect to see the county’s population to hit the 1 million mark this year.

Retail sales play a key role in the RGV economy. The area incorporates U.S. and Mexican border cities into a successful commercial zone with diverse shopping venues for both residents and visitors. Local retailers have sales exceeding \$5 billion annually, with international shoppers accounting for 37% of sales. Additionally, outlet malls including Rio Grande Valley Premium Outlets provide impressive numbers with consumers generating \$650 per square foot in sales. McAllen’s La Plaza Mall continues to be one of Simon Property’s



**MCALLEN
MSA**
POP. 950,000
5TH Largest MSA in Texas



**REYNOSA
MSA**
POP. 1.7 MILLION



3RD
LARGEST MSA IN
TEXAS

19TH
LARGEST MSA IN
U.S.

DONNA, TEXAS

Donna, Texas is a community located within the McAllen-Edinburg-Mission MSA less than 10 miles from McAllen. With 25,500 residents within the city and 352,660 residents within a 10-mile radius, Donna has had a historical growth rate of 5.6% from 2010 to 2018 and is growing rapidly with a 4.8% growth rate expected over the next 5 years.

The economic outlook of Donna is bright and prospering. The city has 4 new residential subdivisions as well as significant growth in the industrial / manufacturing sector. Paramount Citrus, the largest grower, shipper, packer and marketer of fresh citrus in the U.S., has recently acquired a 6 acre tract to expand its warehousing and distribution center in Donna.

Additionally, international trade plays an important role in the economic outlook of retail developments in Donna. The Donna-Rio Bravo International Bridge opened in 2010 and connects Donna with the City of Rio Bravo in the Mexican state of Tamaulipas, which has a population of more than 150,000 residents. With 8 lanes and being located in a non-congested area of the border, the crossing allows for the fastest travel to and from Mexico.

Due to Donna's growth and increased traffic, Walmart recently opened a 186,000 SF Walmart Super Center along Expressway 83 and F.M. 493, which connects to the Donna-Rio Bravo International Bridge. In addition, HEB of the border, the crossing allows for the fastest travel to and from Mexico.



TENANT OVERVIEW

Dutch Bros. Coffee



Founded in Southern Oregon in 1992 by dairy farmer brothers Dane and Travis Boersma, Dutch Bros. Coffee is one of the country's largest drive-thru coffee company.

Dutch Bros is a high growth operator and franchisor of drive-thru shops that focus on serving high quality, hand-crafted beverages. Dutch Bros is now the third-largest coffee chain in the U.S., trailing only Starbucks and Dunkin'. The coffee chain expected to reach 800 shops nationwide by 2023.

The red-hot coffee chain debuted a record 38 stores in Q3, which almost eclipsed what it accomplished for all of 2019 (42 openings). At the end of the quarter, Dutch Bros had 641 locations systemwide after opening 103 units from Q1-Q3. The year-end projection is at least 130 shop openings, meaning at least 27 stores should open in Q4. If accomplished, that would put the brand around 670 to begin 2023. Next year, the goal is 150 stores, likely putting Dutch Bros over the 800-unit hump sometime in Q4 2023. In 10-15 years, the brand wants 4,000 outlets.

Dutch Bros Coffee is one of the Largest Drive-Through Coffee Chain in the United States.



FOUNDED
1992



HEADQUARTERED
Grant Pass, OR



COMPANY TYPE
Guarantor
Boersma Bros., LLC



OF LOCATIONS
716 (2023)



WEBSITE
dutchBros.com



NYSE
Boersma Bros., LLC
Market Cap: 2.92B

Approved by the Texas Real Estate Commission for Voluntary Use

Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

INFORMATION ABOUT BROKERAGE SERVICES

Before working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner

should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act.

A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker

in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property. With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you, you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.

Merit CRE

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BROKER FIRM NAME

LICENSE NO.

EMAIL

PHONE

BUYER, SELLER, LANDLORD TENANT

DATE