

OFFERING MEMORANDUM

INVESTMENT PROPERTIES
NATIONAL NET LEASE PROPERTY GROUP

CBRE

SINGLE-TENANT TRIPLE-NET
INVESTMENT OFFERING

18800 S NOGALES HWY
SAHUARITA (TUCSON), AZ



ACTUAL SITE



THE NET LEASE PROPERTY GROUP - PHOENIX

JOSEPH R. COMPAGNO

Senior Vice President
CBRE | Investment Properties
+1 602 735 1733
joe.compagno@cbre.com

BENJAMIN FARTHING

Associate
CBRE | Investment Properties
+1 602 735 5541
benjamin.farthing@cbre.com

© 2019 CBRE, Inc. All Rights Reserved.

FOR ALL OF OUR AVAILABLE LISTINGS, PLEASE VISIT: WWW.CBRE.US/NLPGPHOENIX



TABLE OF CONTENTS

01 INVESTMENT OVERVIEW

Investment Opportunity
Investment Highlights
Pricing Summary
Return Schedule
Lease Summary
Demographics

02 PROPERTY OVERVIEW

Tenant Overview
Site Plan
Neighboring Retailers
Aerial

03 MARKET OVERVIEW

Sahuarita
Tucson Metropolitan Overview
Tucson Demographic Profile

04 CONFIDENTIALITY AGREEMENT

2575 East Camelback Road, Suite 500
Phoenix, Arizona 85016
www.cbre.us/phoenix

INVESTMENT OVERVIEW

INVESTMENT OPPORTUNITY

CBRE and the Net Lease Property Group in Phoenix have exclusively listed the Dutch Bros Coffee (the “Property”) located at 18800 South Nogales Highway in Sahuarita, Arizona. This Dutch Bros Coffee offering consists of a new, 15-year single-tenant triple-net (NNN) lease. The brand-new building is made up of ±824 rentable square feet on approximately 17,078 square feet of land.

The investment opportunity offers an attractive corporate lease with Dutch Bros Coffee, the country’s largest privately held drive-thru coffee company. The lease calls for 10% rental increases every five years.

Dutch Bros Coffee is an independent manufacturer and producer of coffee, based in Grants Pass, Oregon. Founded in 1992, two brothers of Dutch descent went from experimenting with coffee grounds at their family’s dairy farm, to operating an enterprise with revenues over \$415 million a year in 2017. Dutch Bros Coffee is known for their signature, three-bean mixed hot coffee, cold brew, and patented energy drink, Blue Rebel, as well as a variety of espressos, lattes, mochas, smoothies, and snacks (Source: DutchBros.com).

The Property is located in Sahuarita, a rapidly growing town approximately 20 minutes south of Tucson, Arizona. A popular destination for history enthusiasts, Sahuarita is the home of the Titan Missile Museum containing the only remaining Titan II site of the 54 that existed in the Cold War.

This Dutch Bros is accessible from Highway I-19, the primary travel route between Tucson and Sonora, Mexico. The travel and tourism industry is one of Arizona’s top industries, generating \$24.4 billion in direct spending by both domestic and international visitors in 2018 (Source: Arizona Office of Tourism, 2019). In 2018, ±17.8 million passengers crossed the border into Arizona from Mexico, and over 99% of these travelers enter into Arizona through its six border ports of entry with the majority of them coming from Sonora, Mexico. (Source: University of Arizona, 2019 Arizona-Mexico Economic Indicators Report).





- › Brand new single-tenant Dutch Bros Coffee investment opportunity, offering a 15-year triple-net (NNN) lease with 10% rental increases every five years.
- › Corporate guarantee with Dutch Bros Coffee, which has over 320 locations and $\pm 10,000$ employees in seven states (Source: DutchBros.com).
- › Brand new 2019 construction, including a drive-thru.
- › Located just off of Highway I-19, the primary route between Tucson and Mexico with high traffic counts of $\pm 41,371$ vehicles per day (Source: ADOT, 2018).
- › Located in the retail hub for Sahuarita, Green Valley, and surrounding communities.

- › Nearby retailers include: Walmart, Safeway, Sprouts Farmers Market, Walgreens, Denny's, Ace Hardware, Dollar Tree, Big Lots, Pizza Hut, Carl's Junior, Circle K, Wells Fargo, Bank of America, and many more.
- › \$78,099 average household income within a 10-mile radius, with a projected \$90,538 average household income in the next 5 years (Source: Esri).
- › Sahuarita is only a ± 20 -minute drive from Tucson, Arizona. Top employers in Tucson include: The University of Arizona ($\pm 13,160$ employees), Raytheon Company ($\pm 10,625$ local employees), U.S. Dept. of the Air Force ($\pm 10,630$ employees), Banner Health ($\pm 6,210$ employees), and Tucson Medical Center ($\pm 3,820$ employees) (Source: Arizona COG/MPO Employer Database, 2017).

INVESTMENT HIGHLIGHTS

INVESTMENT OVERVIEW

PRICING SUMMARY

ADDRESS	18800 South Nogales Highway Sahuarita (Tucson), AZ 85614
NOI	\$100,000
YEAR BUILT	2019
RENTABLE SF	±824
PARCEL SIZE	±17,078
PARCEL NUMBER	303-33-537B
NLPG PHOENIX TEAM WEBSITE	www.cbre.us/nlpgphoenix

LIST PRICE
\$2,041,000

CAP RATE
4.90%

RETURN SCHEDULE

10% Every Five Years

YEARS	MONTHLY RENT	ANNUAL RENT	CAP RATE RETURN SCHEDULE
YEARS 1-5	\$8,333.33	\$100,000.00	4.90%
YEARS 6-10	\$9,166.67	\$110,000.00	5.39%
YEARS 11-15	\$10,083.33	\$121,000.00	5.93%
YEARS 16-20	\$11,091.67	\$133,100.00	6.52%
YEARS 21-25	\$12,200.83	\$146,410.00	7.17%
YEARS 25-30	\$13,420.92	\$161,051.00	7.89%

* Initial Term is highlighted.

LEASE SUMMARY

TENANT'S NAME	Dutch Bros Coffee
COMPANY TYPE	Private
LEASE GUARANTOR	Corporate
LEASE TYPE	Triple Net (NNN)
LEASE COMMENCEMENT	06/12/2018
RENT COMMENCEMENT	05/08/2019
LEASE EXPIRATION	15 Years
INITIAL LEASE TERM	15 Years
LEASE TERM REMAINING	14.75 Years
RENT INCREASES	10% Every Five Years
OPTIONS TO RENEW	Three (3), Five (5) Year

Landlord's Maintenance. Landlord agrees to repair and maintain in good order and condition, and if necessary, to replace during the Initial Term and any Extension Term: (i) the Building, including the roof, exterior walls, footings, foundation, subfloor, roof gutters and drains, and flashings; (ii) all utility connections, conduits, sewers, and drains in, on, or about or in the vicinity of the Property as are or may be installed by or are under the control of Landlord; and (iii) HV AC replacement (but not routine HV AC repair and maintenance, which is Tenant's responsibility).

Tenant's Maintenance. Except to the extent Landlord is obligated to maintain, repair and replace the Premises pursuant to the above, on and after the Rent Commencement Date, Tenant will repair and maintain, at its own cost, the Premises, Building's interior and Tenant's Improvements in good order and condition during the Initial Term and any Extension Terms, and conduct routine repair and maintenance of the HVAC system.

DEMOGRAPHICS

	3 MILE RADIUS	5 MILE RADIUS	10 MILE RADIUS
2019 POPULATION	20,676	37,884	58,603
2024 POPULATION	21,975	40,373	62,692
GROWTH 2019-2024	1.25%	1.35%	1.30%
2019 AVERAGE HOUSEHOLD INCOME	\$67,759	\$74,004	\$78,099
2019 EMPLOYEES	4,543	7,506	9,262
2019 MEDIAN AGE	63.8	61.0	58.9

ACTUAL SITE



PROPERTY OVERVIEW

LOCATIONS

±320

HEADQUARTERS

GRANTS
PASS, OR

REVENUE (2017)

\$415M

EMPLOYEES

±10,000

TENANT OVERVIEW

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

Having started from humble beginnings, as a single espresso pushcart in the small town of Grants Pass, Ore., the company now has over 320 locations in Colorado, California, Washington, Idaho, Nevada, Oregon and Arizona.

Dutch Bros Coffee serves specialty coffee drinks, smoothies, freezes, teas and its private-label Dutch Bros Blue Rebel™ energy drink that customers can infuse with their favorite flavors.

Every cup of coffee is handcrafted — roasted by hand in the Pacific Northwest, blended by hand and then ground and pulled by hand, ristretto-style.



TRAVIS BOERSMA, CEO



Dutch Bros Coffee was ranked by J.D. Power and Associates as highest in customer satisfaction compared to other coffee companies in its 2012 and 2013 Specialty Coffee Retailer Satisfaction Reports(SM).

Dutch Bros Coffee franchises are locally owned and operated. Owners have a personal investment in the communities they serve and contribute to various local causes and organizations.

Dutch Bros Coffee has always focused more on people than the bottom line, with a desire to transform lives rather than conduct transactions. The company donates over \$2 million a year to its local communities and nonprofit organizations, including the Muscular Dystrophy Association, in honor of Dane, who passed away in 2009 after a four-year battle with Lou Gehrig's disease.



In 2005, Dutch Bros Coffee Co-founder Dane Boersma was diagnosed with amyotrophic lateral sclerosis, ALS. Dutch Bros Coffee rallied around him and started Drink One for Dane in 2007. The day became a way to celebrate Dane's inspiration, love and passion for music, a compelling future for all and good vibes.



Valentine's Day is Dutch Luv Day. All Dutch Bros Coffee locations partner with their communities and customers to raise funds and awareness for local food organizations. All donate \$1 from every drink sold to local food banks.



On September 29, National Coffee Day, all Dutch Bros Coffee locations participate in a company-wide event known as Buck for Kids. All locations donate at least a "buck" per drink or proceeds from the day to local youth programs selected by each franchisee.

SOURCE: www.dutchbros.com



SITE PLAN

PROPERTY OVERVIEW - NEIGHBORING RETAILERS





MARKET OVERVIEW

SAHUARITA

Incorporated in 1994, Sahuarita is the fifth youngest town in the State. Sahuarita's namesake is the most recognized symbol of the region, the Saguaro, and roughly translates to "little saguaro." A look at the surrounding landscape shows you why ranching settlers called it that.

The town carefully maintains a hometown identity. Neighborhoods are connected by trails and bike paths that lead to community parks and athletic fields. At the same time, Sahuarita provides quick and easy access to the benefits associated with big city life. In close proximity to both I-19 and I-10, Sahuarita is approximately twenty minutes south of trendy downtown Tucson, the Tucson International Airport, shopping centers and the University of Arizona.

Sahuarita recently expanded its own retail offering with the construction and opening of the Crossing. This shopping center includes anchor tenants Sprouts, TJ Maxx, PetSmart, and Bealls Outlet, plus additional restaurant and retail space with Dutch Bros right across the street. Sahuarita residents enjoy quick access to medical services at the recently completed Northwest Hospital, Northwest Urgent Care Center, and Carondelet and United Community Healthcare clinics.

Strategically connected to new and expanding aerospace, technology and research development opportunities, Sahuarita is in close proximity to major employers such as Raytheon and the University of Arizona.

Sahuarita is also home to the Titan Missile Museum, which curates Cold War relics. The ASARCO Mineral Discovery Center offers tours for visitors to learn about copper mining. Just south of Sahuarita, on top of Mount Hopkins, is the Whipple Observatory, a telescope facility operated by Harvard that offers tours to the public. Mount Wrightson is the tallest peak in the region at $\pm 9,456$ feet, and is a destination for outdoor enthusiasts seeking wild adventure and a tough hike.

TUCSON MSA
POPULATION
 $\pm 1,051,292$

TUCSON MSA
EMPLOYEES
 $\pm 392,501$

SAHUARITA
AVERAGE HH
INCOME
 $\pm 88,657$

TUCSON MSA
MEDIAN AGE
39.2

Source: Esri



TUCSON

Metro Tucson is a vibrant community located in Southern Arizona that has earned its reputation as a desirable place to call home and do business. The Tucson metro is the second largest MSA in Arizona with a population of ±1 million residents. A growing arts culture and culinary scene and a buzzing downtown core featuring a true live-work-play environment, in addition to an array of outdoor activities and annual events contributes to residents' quality of life. The region's mix of high-end and affordable housing contributes to a diverse community that attracts both executives, first-time home-buyers, and renters alike.

A major economic engine in the region is the University of Arizona (UA), which provides a strong talent pipeline for the metro. Enrollment at UA has reached nearly 45,000 students and the area has been touted as one of the best college towns in the country. Additional educational institutions such as Pima County Community College, Central Arizona College, and Embry Riddle Aeronautical University give employers piece of mind that their talent needs will be met. In addition to a quality workforce, employers are attracted to the region because of its affordable cost of living, business-friendly environment, availability of land and proximity to major markets. Recent employer announcements in the metro include C3/ Customer Contact Channels, Raytheon, GEICO, Caterpillar, Texas Instruments, Axis Cades, Pima County Education Department, Simpleview, and TuSimple. Together, these announcements will contribute to the creation of thousands of jobs to the area. Over the last several years, the economy has experienced slow, yet steady growth. Metro Tucson's economy is driven by key industries including healthcare, manufacturing and aerospace and defense.



TOP TUCSON ATTRACTIONS

- › Tucson Gem and Mineral Show
- › Tucson Sugar Skulls (Arena Football)
- › Tucson Roadrunners (Hockey)
- › FC Tucson (Soccer)
- › Tour de Tucson (Cycling)
- › Rialto Theatre
- › AVA Amphitheater
- › FOX Theater
- › Pima Air and Space Museum
- › La Fiesta de los Vaqueros Tucson Rodeo
- › Tucson Festival of Books
- › All Souls Procession
- › Tucson PGA Golf Tour
- › Tucson Jazz Festival
- › Arizona-Sonora Desert Museum

PARKS & RECREATION

- › Saguaro National Park East/West
- › Coronado National Forest
- › Ski Valley, Mount Lemmon
- › 40+ Golf Courses
- › The Loop - cyclist, pedestrian & equestrian use - 131 miles

METROPOLITAN TUCSON OVERVIEW

MARKET OVERVIEW

TUCSON DEMOGRAPHIC PROFILE

1,022,789

METRO TUCSON

POPULATION
(2018)

7,016,270

ARIZONA

Metro Tucson is the second largest MSA in Arizona

Metro Tucson is expected to add 42,800 new residents over the next five years.

0.8%

Tucson (2018-2023)
Average Annual Growth

0.8%

United States (2018-2023)
Average Annual Growth

Demographics

Median Age

39.0

TUCSON METRO

37.2

ARIZONA

38.3

UNITED STATES

Median Household Income

\$51,163

TUCSON METRO

\$54,974

ARIZONA

\$58,100

UNITED STATES

Average Home Price

\$257,202

TUCSON METRO

\$275,198

ARIZONA

\$310,149

UNITED STATES

Tucson Educational Attainment

22.0%

BACHELOR'S+

34.2%

SOME COLLEGE

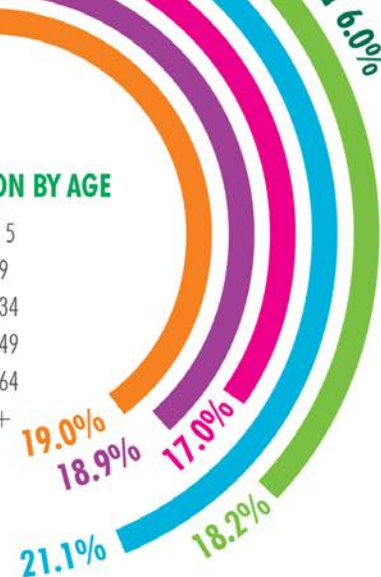
32.3%

HIGH SCHOOL



TUCSON POPULATION BY AGE

- Less than 5
- Ages 5-19
- Ages 20-34
- Ages 35-49
- Ages 50-64
- Ages 65+



AFFILIATED BUSINESS DISCLOSURE

CBRE, Inc. operates within a global family of companies with many subsidiaries and 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, including CBRE Global Investors, Inc. or Trammell Crow Company, may have or represent clients who have competing interests in the same transaction. For example, Affiliates or their clients may have or express an interest in the property described in this Memorandum (the “Property”), and may be the successful bidder for the Property. Your receipt of this Memorandum constitutes your acknowledgment of that possibility and your agreement that neither CBRE, Inc. nor any Affiliate has an obligation to disclose to you such Affiliates’ interest or involvement in the sale or purchase of the Property. In all instances, however, CBRE, Inc. and its Affiliates will act in the best interest of their respective client(s), at arms’ length, not in concert, or in a manner detrimental to any third party. CBRE, Inc. and its Affiliates will conduct their respective businesses in a manner consistent with the law and all fiduciary duties owed to their respective client(s).

CONFIDENTIALITY AGREEMENT

Your receipt of this Memorandum constitutes your acknowledgment that (i) it is a confidential Memorandum solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property, (ii) you will hold it in the strictest confidence, (iii) you will not disclose it or its contents to any third party without the prior written authorization of the owner of the Property (“Owner”) or CBRE, Inc., and (iv) you will not use any part of this Memorandum in any manner detrimental to the Owner or CBRE, Inc. If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to CBRE, Inc.

DISCLAIMER

This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of the information which prospective investors may require to evaluate a purchase of the Property. The information

contained in this Memorandum has been obtained from sources believed to be reliable, but has not been verified for accuracy, completeness, or fitness for any particular purpose. All information is presented “as is” without representation or warranty of any kind. Such information includes estimates based on forward-looking assumptions relating to the general economy, market conditions, competition and other factors which are subject to uncertainty and may not represent the current or future performance of the Property. All references to acreages, square footages, and other measurements are approximations. This Memorandum describes certain documents, including leases and other materials, in summary form. These summaries may not be complete nor accurate descriptions of the full agreements referenced. Additional information and an opportunity to inspect the Property may be made available to qualified prospective purchasers. You are advised to independently verify the accuracy and completeness of all summaries and information contained herein, to consult with independent legal and financial advisors, and carefully investigate the economics of this transaction and Property’s suitability for your needs. ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.

The Owner expressly reserves 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 at any time with or without notice to you. All offers, counteroffers, and negotiations shall be non-binding and neither CBRE, Inc. nor the Owner shall have any legal commitment or obligation except as set forth in a fully executed, definitive purchase and sale agreement delivered by the Owner.

CBRE and the CBRE logo are service marks of CBRE, Inc. All other marks displayed on this document are the property of their respective owners, and the use of such logos does not imply any affiliation with or endorsement of CBRE.

Photos herein are the property of their respective owners. Use of these images without the express written consent of the owner is prohibited.

FOR MORE INFORMATION PLEASE CONTACT:

JOSEPH R. COMPAGNO

Senior Vice President
CBRE | Investment Properties
+1 602 735 1733
joe.compagno@cbre.com

BENJAMIN FARTHING

Associate
CBRE | Investment Properties
+1 602 735 5541
benjamin.farthling@cbre.com

WWW.CBRE.US/NLPGPHOENIX

CBRE



ACTUAL SITE