

CHICK-FIL-A | DRIVE THRU | 15 YEAR LEASE | SINGLE TENANT ABSOLUTE NNN GROUND LEASE



OFFERING MEMORANDUM
CONFIDENTIAL



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 confident 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.

© 2024 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.



Table Of Contents

INVESTMENT SUMMARY	04
LEASE ABSTRACT	05
PROPERTY OVERVIEW	06
MARKET OVERVIEW	09
TENANT OVERVIEW	12

Contacts



BRIAN SMITH
SENIOR VICE PRESIDENT
BRIAN.SMITH@MERITCRE.COM
210.571.8000



INVESTMENT OVERVIEW

EXECUTIVE SUMMARY

CHICK-FIL-A | DONNA, TEXAS



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 Walmart Supercenter. 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.

Chick-Fil-A is anchored by Burlington, DD's, Ross, PetSmart, Five Below, ULTA & Walmart Supercenter.

Under Construction stand alone Chick-Fil-A

- 132,801 VPD on Expy 83
- Anchored by Walmart Supercenter
- Chick-Fil-A's average per-restaurant sales exceeded \$9.3 million in 2023 making them the top performing QSR in the industry

INVESTMENT SUMMARY

NOI	\$145,000
Cap Rate	4.00%
Occupancy	100%
Lease Type	Absolute NNN
Initial Term	15 Yr.
Increases	10% Every 5 Yrs.
Options	8, 5-Year Options
Guaranty	Corporate

PROPERTY HIGHLIGHTS

Address	1606 E IH 2 Donna, TX 78537
Ownership	Fee Simple
Class	Class A
Year Built	2024
Building Size	5,362 SF
Parcel Size	1.65 Acres
Parking Spaces	80
Zoning	Commercial

LEASE ABSTRACT

LEASE SUMMARY & RENT SCHEDULE

CHICK-FIL-A | DONNA, TEXAS

LEASE SUMMARY

Tenant	Chick-Fil-A, Inc.
Leased SF	1.65 Acres
Building SF	5,362 SF
Rent Commencement	Nov. 7, 2024
Lease Expiration	Nov. 7, 2039
Lease Term	15 Yr.
Renewal Options	8, 5-Year Options
Rent Increases	10% Every 5 Yrs.
Lease Type	Absolute NNN
Use	Restaurant
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
Years 1-5	\$145,000.00
Years 6-10	\$159,500.00
Years 11-15	\$175,450.00
Options	
Years 16-20	\$192,995.00
Years 21-25	\$212,295.00
Years 26-30	\$233,524.00
Years 31-35	\$256,876.00
Years 36-40	\$282,564.00
Years 41-45	\$310,820.00
Years 46-50	\$341,902.00
Years 51-55	\$376,092.00

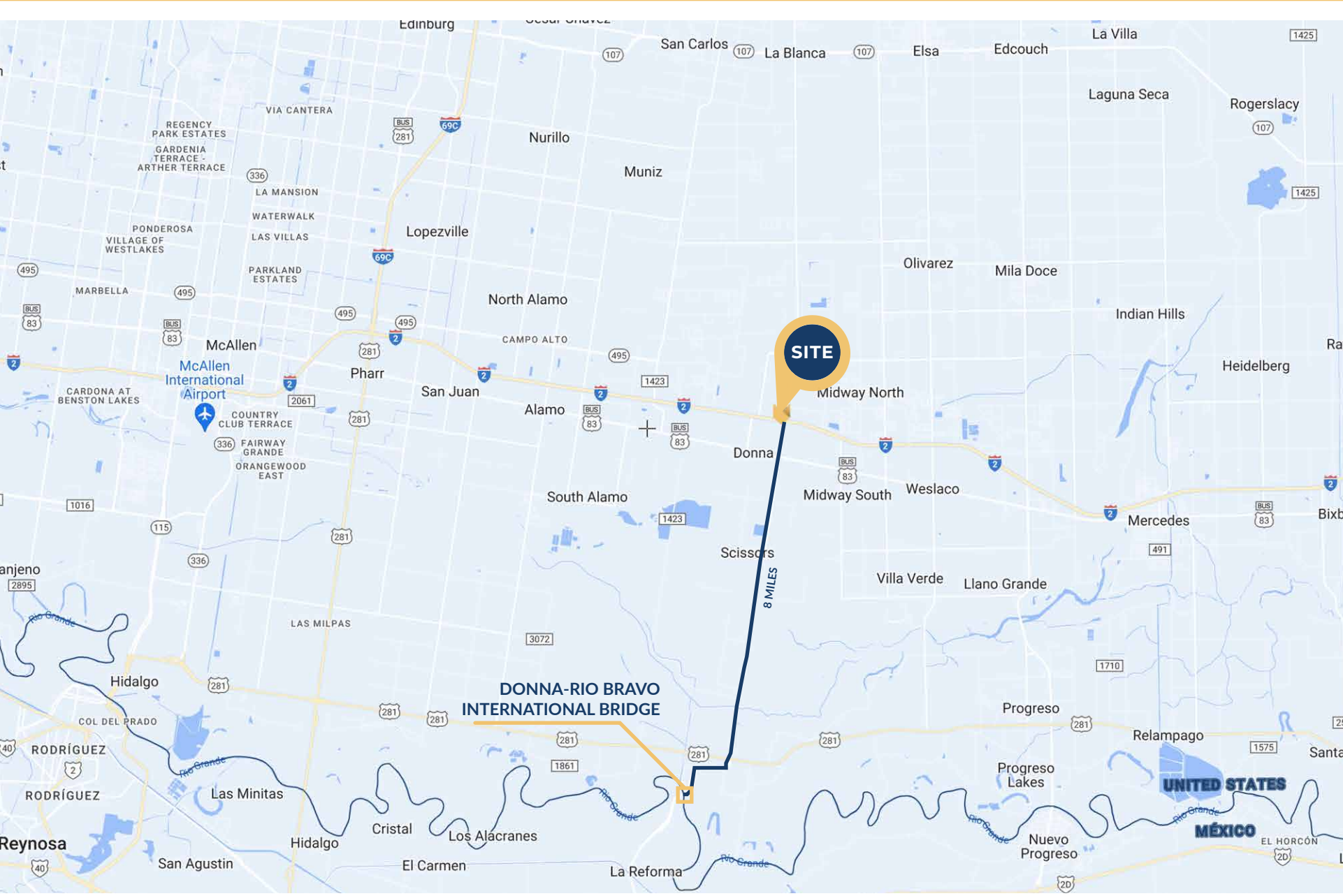
CURRENT RENTAL RATE



PROPERTY OVERVIEW

LOCATION MAP

CHICK-FIL-A | DONNA, TEXAS



PROPERTY OVERVIEW

LOCATION MAP

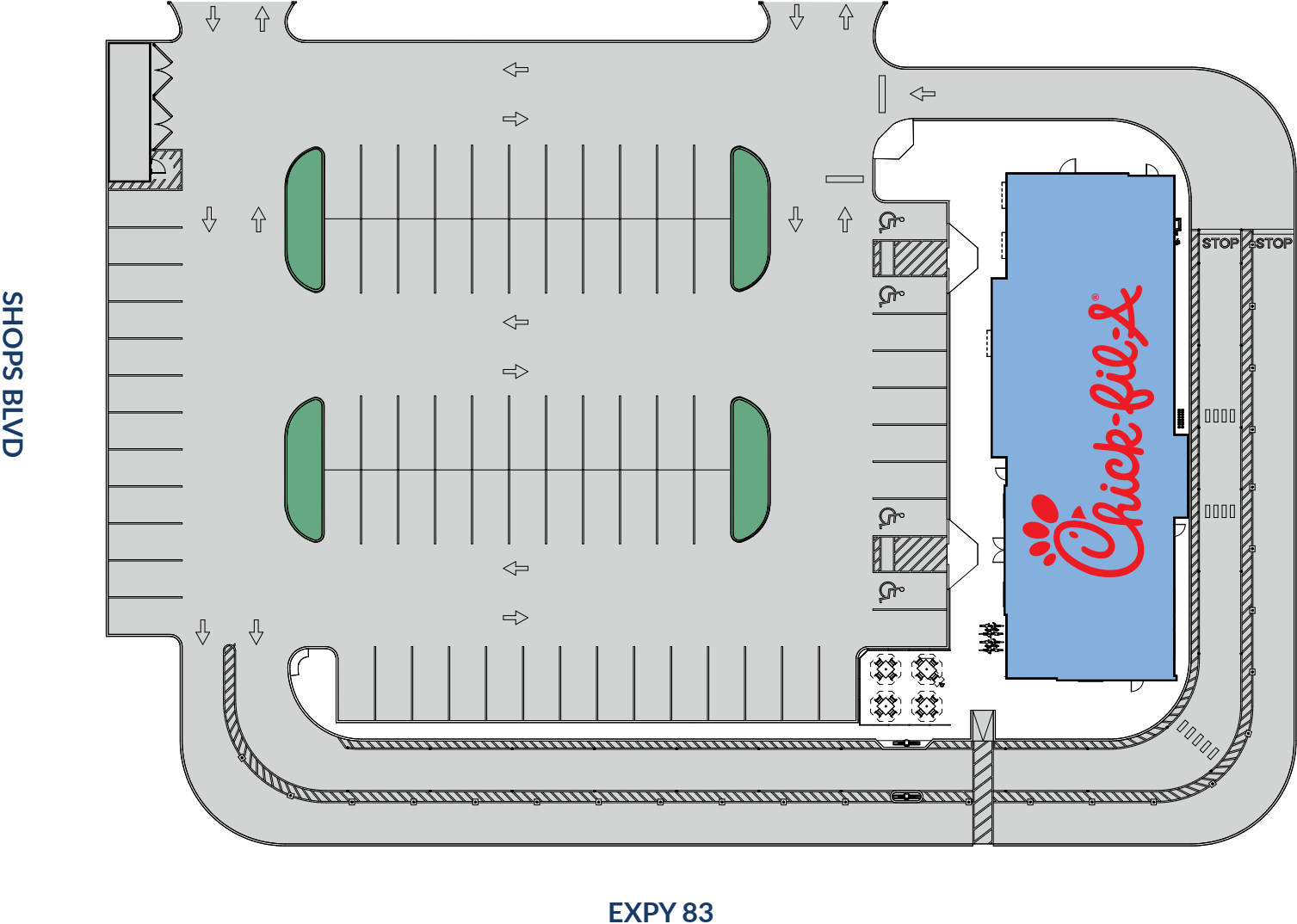
CHICK-FIL-A | DONNA, TEXAS



PROPERTY OVERVIEW

SITE PLAN

CHICK-FIL-A | DONNA, TEXAS



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.

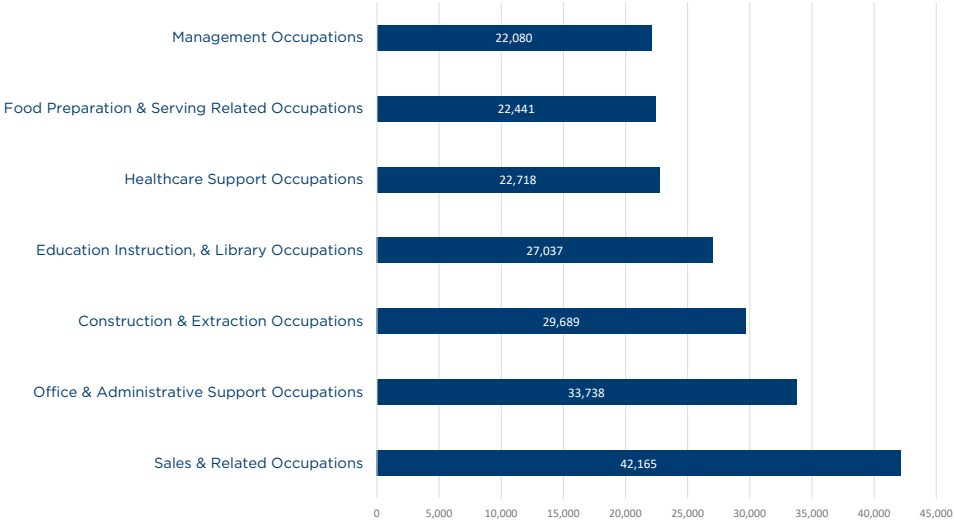
McAllen MSA ranked **FIRST** in job creation at a state level
- Real Estate Center, 2017

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

MARKET OVERVIEW

MARKET ANALYSIS

CHICK-FIL-A | DONNA, TEXAS

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 highest performing indoor malls generating more than \$1,000 per square foot of retail sales.

Retailers looking to establish business in the Rio Grande Valley can benefit from its growing real estate market that has attracted top producing National Retailers including Walmart, Target, Ross, T.J. Maxx, Burlington, ULTA, H&M and Zara as well as top producing national and regional restaurants including Pappadeaux’s, Bob’s Steak & Chop House and P.F. Changs, serving the needs of the surrounding communities.



**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 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.

TENANT OVERVIEW

CHICK-FIL-A | DONNA, TEXAS



Chick-fil-A is an American fast food restaurant infamous for its chicken sandwiches and exceptional customer service. With headquarters in Atlanta, Georgia, Chick-fil-A is a family-owned and privately held restaurant company with 3,059 locations 48 states, as well as in the District of Columbia and Puerto Rico.

Chick-fil-A reported over \$9.3 billion in revenue in 2023, which marks 50 consecutive years of sales growth. Since 2010, the company has led the fast food industry in average sales per restaurant, with \$4.4 million in sales per year (2016). In 2018, the restaurant was voted America’s favorite fast food chain for the third year in a row in American Customer Satisfaction Index’s annual restaurant report.

Chick-fil-A is best known for its breaded boneless chicken sandwiches, waffle fries, and specialty-blend iced teas and lemonades. The company is also notorious for fresh food, excellent customer service, and the “Eat Mor Chikin” mascot cows that permeate Chick-fil-A’s branding and marketing efforts.

Chick-fil-A ranked No. 1 for Customer Satisfaction for the 9th Straight Year



FOUNDED
1946



HEADQUARTERED
Atlanta, Georgia



OF LOCATIONS
3,059



WEBSITE
chick-fil-a.com

COMPANY TYPE
Private

BRIAN SMITH

Senior Vice President

210.571.8000 | brian.smith@meritcre.com

