



WELL ABOVE AVERAGE SALES | VERY STRONG  
RENTAL COVERAGE  
LOCATED AT HEAVILY-TRAFFICKED, SIGNALIZED  
INTERSECTION AT ENTRY TO I-295 | COMBINED  
ADTC: 77,000+



# OFFERING MEMORANDUM

8015 Merrill Road, Jacksonville, FL 32277

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Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other

locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

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# Investment Highlights

**Krystal®**

PRICE: \$2,009,098 | CAP: 6.10% | RENT: \$122,555

## About the Investment

- ✓ Long-Term, 16+ Year Triple-Net (NNN) Lease | 10 Years Remaining
- ✓ Four (4), Five (5)-Year Options
- ✓ Investor-Favorable Increases
- ✓ Corporate Tenant | Corporate Guarantee
- ✓ Very Strong Reported Sales | High Rental Coverage

## About the Location

- ✓ Strong Retail Corridor | Walmart, Publix, Walgreens, RaceTrac, WoodSprings Suites, Wells Fargo, Community First Bank, McDonald's, Etc
- ✓ Dense Suburban Community | 3-Mile Estimated Population | 70,244 Residents
- ✓ Strong Traffic Counts | Merrill Rd & Interstate 295 | 35,010 & 42,500 Average Daily Vehicles Respectively
- ✓ Positive Real Estate Fundamentals | Signalized Intersection | Great Visibility as Out-Parcel To Walmart-Anchored Shopping Center
- ✓ Compelling Location Fundamentals | Within 12 Minutes of Downtown Jacksonville | 5 Minutes to Jacksonville University

## About the Tenant / Brand

- ✓ Krystal is the Oldest Quick Service Restaurant Chain in the South & Second-Oldest in the Country
- ✓ Iconic 86-Year Old Hamburger Chain with 360 Units Across 11 Southeastern States
- ✓ \$421.2 M In Sales Volume
- ✓ Parent Company | Argonne Capital
- ✓ Diversified Portfolio of Companies With Revenue in Excess of \$1.6 Billion







# Financial Analysis



PRICE: \$2,009,098 | CAP: 6.10% | RENT: \$122,555

## PROPERTY DESCRIPTION

Property	Krystal
Property Address	8015 Merrill Rd
City, State, ZIP	Jacksonville, FL 32277
Year Built / Renovated	1995/2014
Building Size	2,576 SF
Lot Size	+/- 0.98 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Annual Rent	\$122,555
CAP Rate	6.10%
Purchase Price	\$2,009,098
Price / SF	\$779.93
Rent / SF	\$47.58

## LEASE SUMMARY

Property Type	NNN QSR
Ownership Type	Private
Tenant / Guarantor	The Krystal Company
Original Lease Term	16.6 Years
Lease Commencement	January 28, 2013
Lease Expiration	Sept. 27, 2029
Lease Term Remaining	10 Years
Lease Type	NNN
Roof & Structure	Tenant Responsible
Rental Increases	Varies
Options to Renew	Four(4).Five(5)-Year

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
1/28/2013-3/31/2013	\$111,001.00	\$9,250.08	
4/1/2013--3/31/2014	\$113,221.00	\$9,435.08	2.00%
4/1/2014-3/31/2015	\$115,486.00	\$9,623.83	2.00%
4/1/2015-3/31/2016	\$117,796.00	\$9,816.33	2.00%
4/1/2016-3/31/2017	\$120,151.00	\$10,012.58	2.00%
4/1/2017-3/31/2022	\$122,555.00	\$10,212.92	2.00%
4/1/2022-3/31/2027	\$131,746.00	\$10,978.83	7.50%
4/1/2027-9/21/2029	\$141,627.00	\$11,802.25	7.50%

## RENEWAL SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation
Option 1	\$152,249.03	\$12,687.42	7.50%
Option 2	\$163,667.70	\$13,638.98	7.50%
Option 3	\$175,942.78	\$14,661.90	7.50%
Option 4	\$189,138.49	\$15,761.54	7.50%



## About Krystal

Krystal is an American fast food restaurant chain headquartered in Atlanta, Georgia. It is known for its small, square hamburger sliders with steamed-in onions. Krystal moved its corporate headquarters from Chattanooga, Tennessee, where it had been based since 1932, to Atlanta in early 2013. Krystal restaurants, both company-owned and franchised, operate in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, South Carolina, and Tennessee. There is also a Krystal in Bristol, Virginia, (which lies on the Tennessee-Virginia border), one in West Memphis, Arkansas (directly across the Mississippi River from Memphis, Tennessee), and one in Murphy, North Carolina. Krystal has also operated several restaurants in Texas over the years. It is often compared to the northern restaurant chain White Castle, and other than the South Central Kentucky and Nashville, Tennessee markets, the two restaurants' market areas do not generally overlap. Krystal maintained its corporate headquarters in Chattanooga from 1932 to 2013, and has been owned by Argonne Capital Group since early 2012. Previously, Port Royal Holdings, Inc. owned the chain from 1997- 2012, expanding the chain to a peak of over 420 locations in 11 states in 2002. Today, Krystal continues to expand into new markets with new restaurant designs and their unique and tasty menu items, still delivering that one-of-a-kind taste and experience.



\$421.2M Sales  
Volume



Founded 1932  
Headquarters: Atlanta, GA



66,500+ Employees



360+ Locations



## About Argonne Capital



ARGONNE  
CAPITAL GROUP

Founded in 2003, Argonne Capital Group is a closely-held private investment firm that seeks to make equity investments in a diverse range of middle market enterprises. Unlike traditional private equity firms, Argonne independently capitalizes each investment it makes, allowing the firm meaningful flexibility in the types of transactions it pursues and an indefinite time horizon for its ownership of any given asset. This flexibility has made Argonne a preferred acquirer in situations involving closely-held companies or unique deal dynamics. Since inception, Argonne has completed 22 acquisitions, and today, boasts a portfolio that generates \$1.6 billion in annual sales and employs over 32,000 people.



# Location Overview

**Krystal**

This Krystal property is located at 8015 Merrill Road in Jacksonville, Florida. Jacksonville is the most populous city in Florida and the largest city by area in the contiguous United States.

## SURROUNDING RETAIL & POINTS OF INTEREST

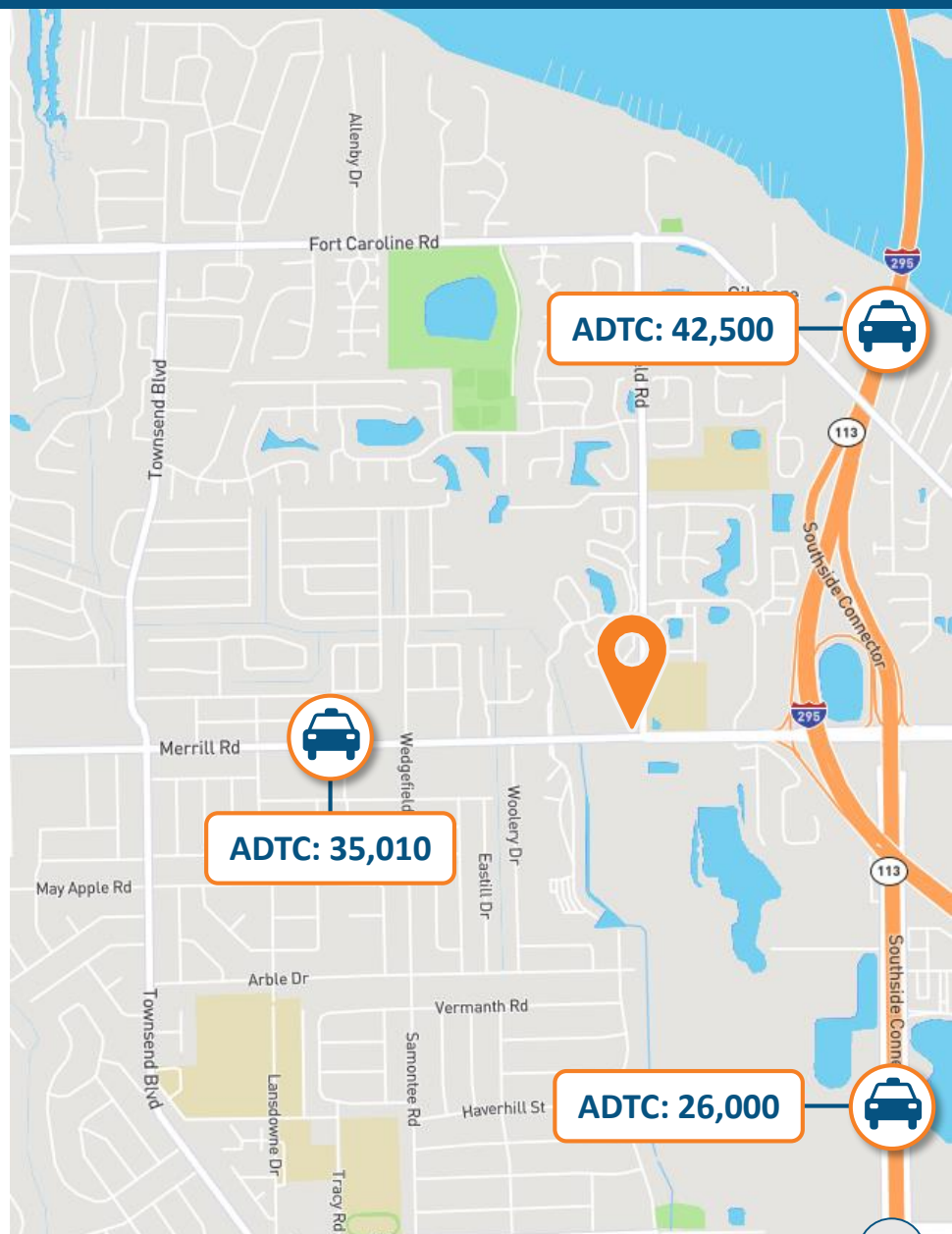
The subject property is well-positioned within a dense residential and retail corridor and benefits from a robust surrounding population. This Krystal is an outparcel to the Walmart-anchored shopping center on the corner of Merrill Rd & Hartsfield Rd. Major national retailers in the surrounding area include: Arby's, BP, Dollar General, Dollar Tree, Family Dollar, Jiffy Lube, KFC, Wendy's, Little Caesars, McDonald's, O'Reilly Auto Parts, Publix, Shell, Waffle House, Walgreens, Walmart and many more. Jacksonville University is located approximately two miles west of the property and has enrollment of over 4,000 students.

## TRAFFIC COUNTS & DEMOGRAPHICS

The subject property has 70,244 individuals residing within a three-mile radius of the property and 158,226 within a five-mile radius. The property is on Merrill Road which experiences traffic counts that exceed 35,000 vehicles per day. The property also benefits from traffic from Interstate 295 which is less than a mile to the east of the property and feeds into Merrill Road directly. Interstate 295 brings approximately 42,500 vehicles per day through the immediate area.

## JACKSONVILLE, FL

Jacksonville is a seaport city, the most populous city in the state of Florida, and the most populous city in the southeastern United States. The city is the cultural, commercial and financial center of Northern Florida. A major military and civilian deep-water port, the city's riverine location supports two United States Navy bases and the Port of Jacksonville, Florida's third-largest seaport. The Port of Jacksonville is a leading port in the United States for automobile imports, as well as the leading transportation and distribution hub in the state. Jacksonville serves as headquarters for various banking, insurance, healthcare, logistics, and other institutions. The city is home to many prominent corporations and organizations, including the headquarters of four Fortune 500 companies: CSX Corporation, Fidelity National Financial, Fidelity National Information Services, and Southeastern Grocers. Three colleges and universities lie within the city's limits: the University of North Florida, Jacksonville University, and Florida State College at Jacksonville. One professional sports team, the Jacksonville Jaguars of the National Football League, plays their home games in downtown Jacksonville.







# Market Overview

City: Jacksonville | County: Duval | State: Florida

## Jacksonville

is the most populous city in the U.S. state of Florida and the largest city by area in the contiguous United States. It is the seat of Duval County, with which the city government consolidated in 1968. Consolidation gave Jacksonville its great size and placed most of its metropolitan population within the city limits. With an estimated population of 892,062 as of 2017, Jacksonville is also the most populous city in the southeastern United States. The Jacksonville metropolitan area has a population of 1,631,488 and is the fourth largest in Florida.

Jacksonville is centered on the banks of the St. Johns River in the First Coast region of northeast Florida, about 25 miles south of the Georgia state line and 340 miles north of Miami. The Jacksonville Beaches communities are along the adjacent Atlantic coast. The area was originally inhabited by the Timucua people, and in 1564 was the site of the French colony of Fort Caroline, one of the earliest European settlements in what is now the continental United States. Under British rule, settlement grew at the narrow point in the river where cattle crossed, known as *Wacca Pilatka* to the Seminole and the Cow Ford to the British. A platted town was established there in 1822, a year after the United States gained Florida from Spain; it was named after Andrew Jackson, the first military governor of the Florida Territory and seventh President of the United States.

Harbor improvements since the late 19th century have made Jacksonville a major military and civilian deep-water port. Its riverine location facilitates Naval Station Mayport, Naval Air Station Jacksonville, the U.S. Marine Corps Blount Island Command, and the Port of Jacksonville, Florida's third largest seaport. Jacksonville's military bases and the nearby Naval Submarine Base Kings Bay form the third largest military presence in the United States. Significant factors in the local economy include services such as banking, insurance, healthcare and logistics. As with much of Florida, tourism is important to the Jacksonville area, particularly tourism related to golf.

## Major Employers

Crowley American Transport	1,300
Carib Energy (usa) LLC	1,130
Crowley Marine Services Inc	1,007
Crowley Liner Services Inc	976
Walmart	937
St Vincents Health System Inc	704
Kbrwyle	650
Hospitalitystaff	600
Winn-Dixie	599
Crowley Technical Services LLC	500
G4s	500
United States Gypsum Company	470





# Property Photos

**Krystal**



**Krystal**

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# Surrounding Area

**Krystal**



**Krystal**

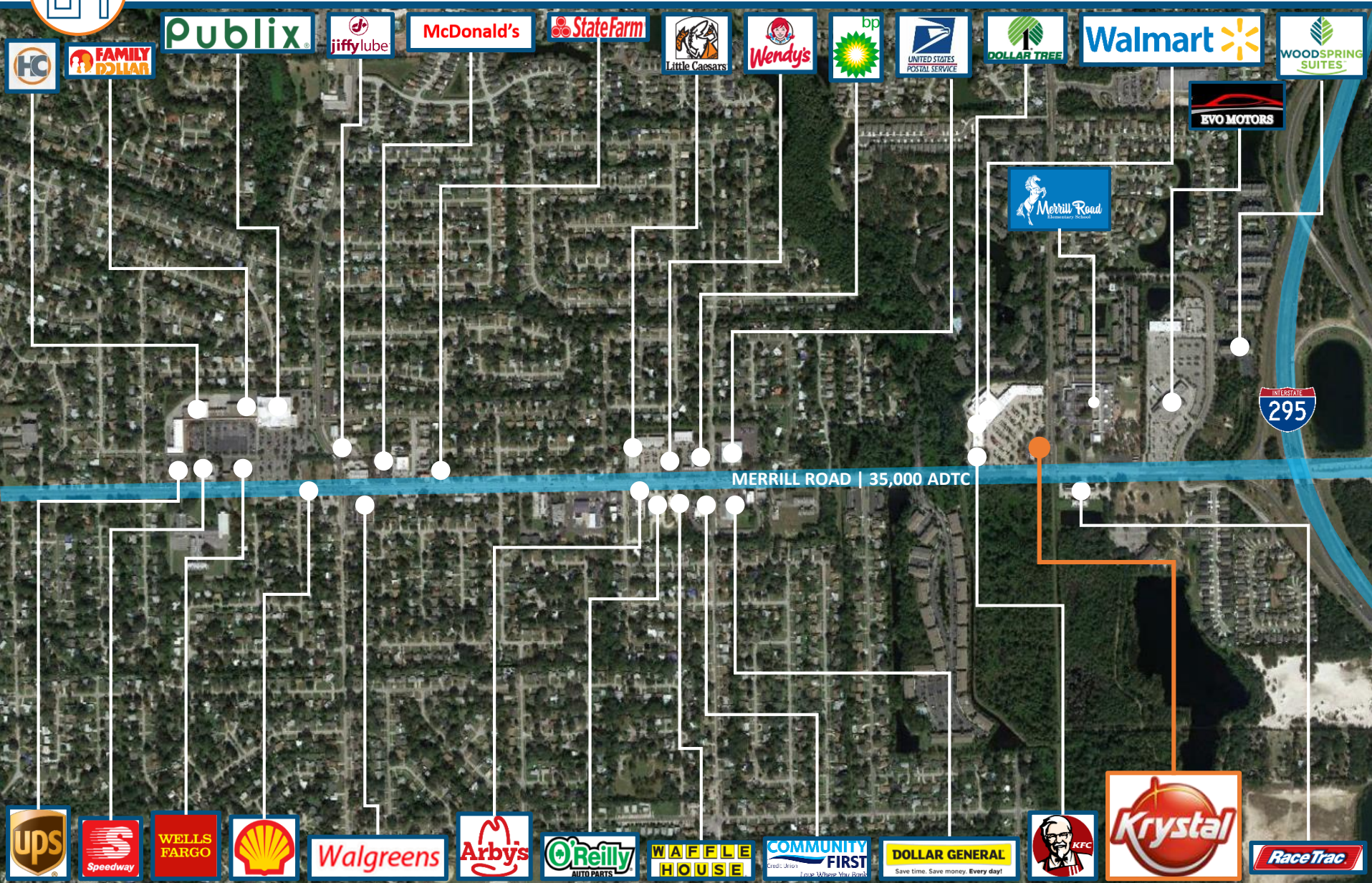
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# Surrounding Area

**Krystal**



**Krystal**

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# Surrounding Area

**Krystal**



**Krystal**

SUBJECT PROPERTY

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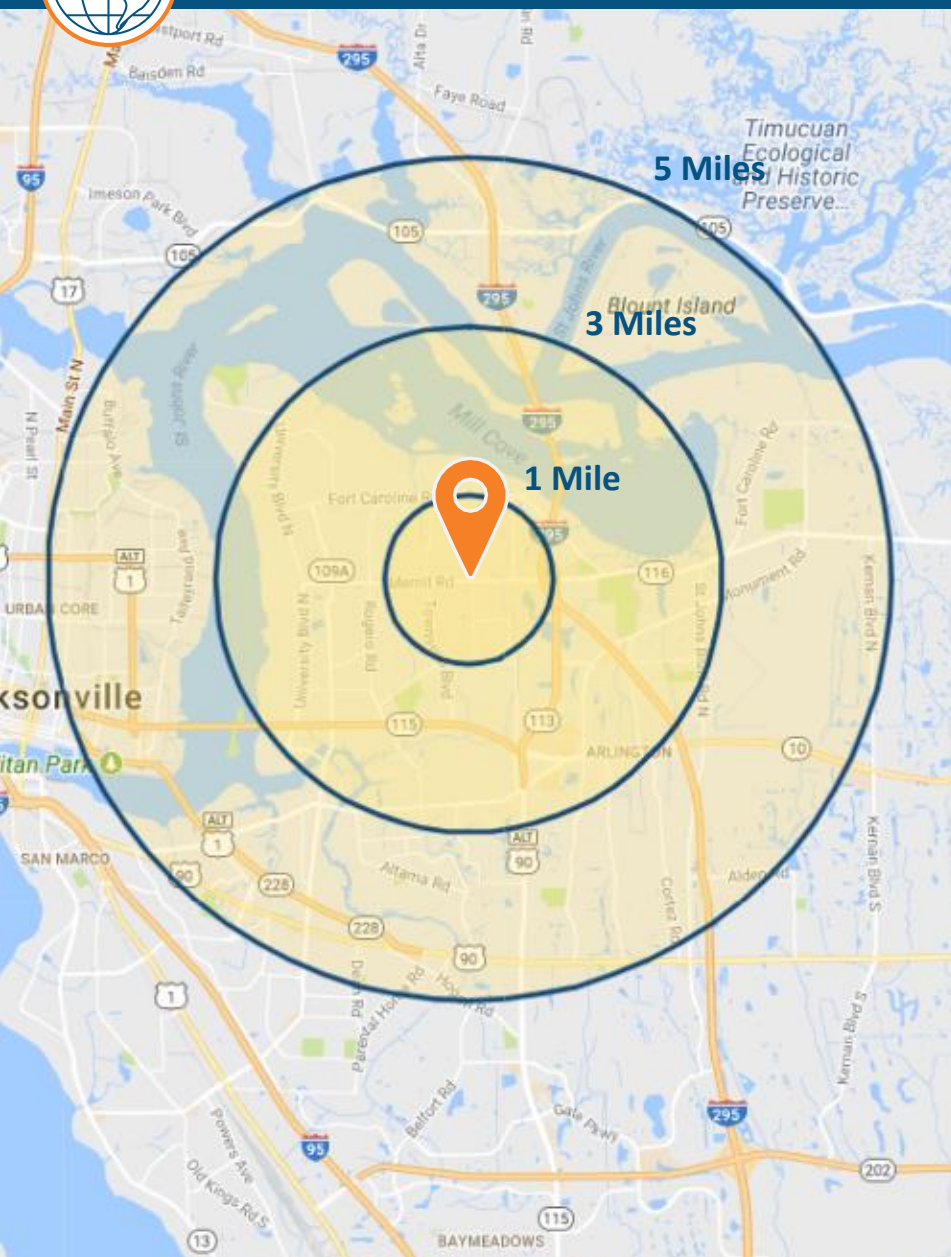
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# Demographics

**Krystal**



**1 Miles    3 Miles    5 Miles**

## POPULATION

2022 Projection	13,922	71,084	164,473
2017 Estimate	12,566	70,244	158,226
2010 Census	11,722	66,575	149,753
2000 Census	11,160	66,800	145,155

## INCOME

Average	\$63,058	\$56,968	\$63,399
Median	\$50,909	\$42,889	\$45,761
Per Capita	\$24,052	\$22,588	\$24,765

## HOUSEHOLDS

2022 Projection	5,391	28,178	64,517
2017 Estimate	4,793	27,426	61,344
2010 Census	4,511	26,250	58,637
2000 Census	4,307	26,372	56,802

## HOUSING

2017	\$144,547	\$145,023	\$158,633
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## EMPLOYMENT

2017 Daytime Population	9,197	65,802	149,173
2017 Unemployment	3.07%	5.18%	4.67%
2017 Median Time Traveled	25	25	25

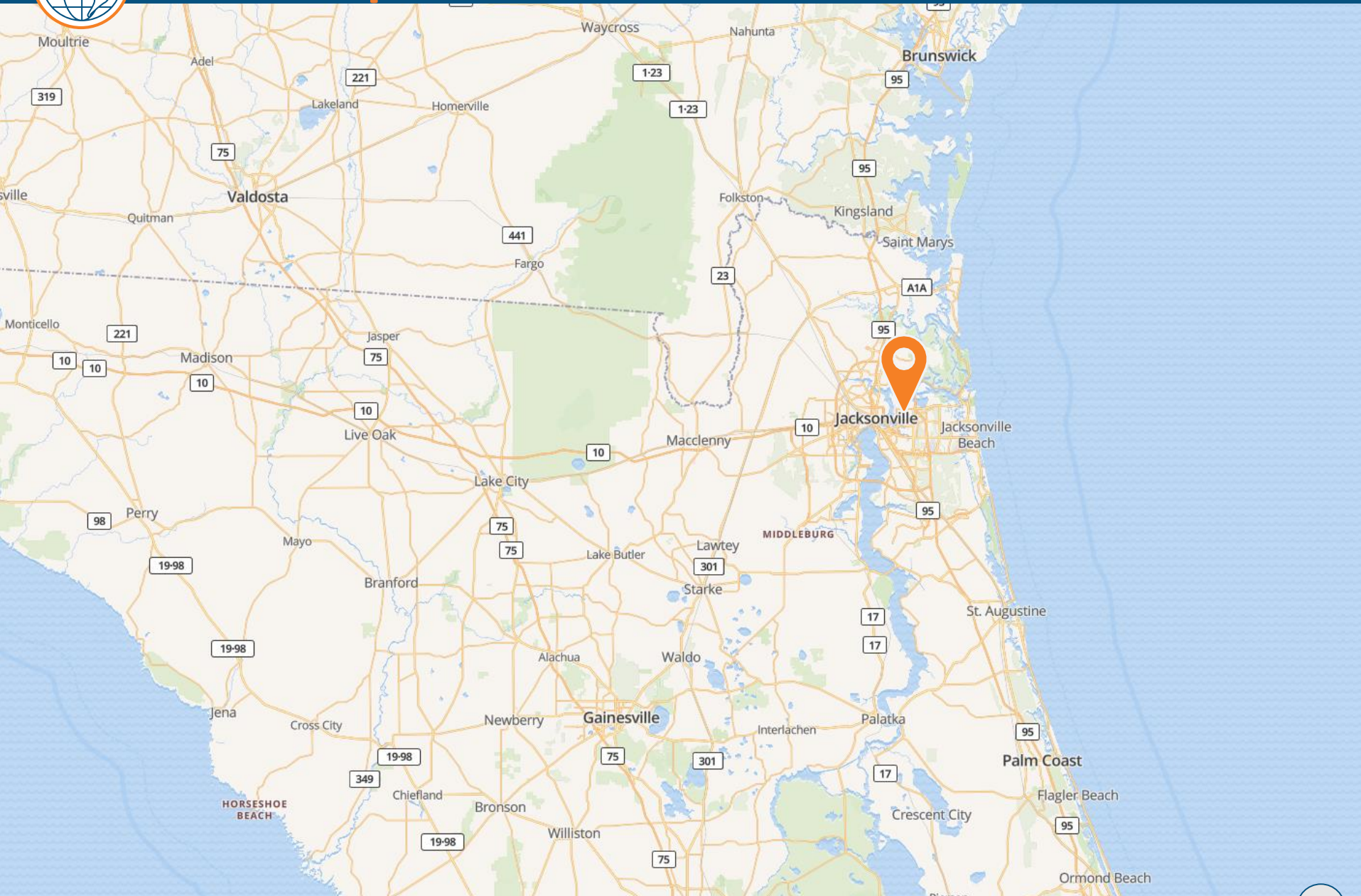
## RACE & ETHNICITY

White	53.87%	55.13%	56.56%
Native American	0.25%	0.17%	0.15%
African American	31.99%	33.21%	29.93%
Asian/Pacific Islander	4.98%	3.63%	5.52%



# Local Map

**Krystal**



**Krystal**



SUBJECT PROPERTY

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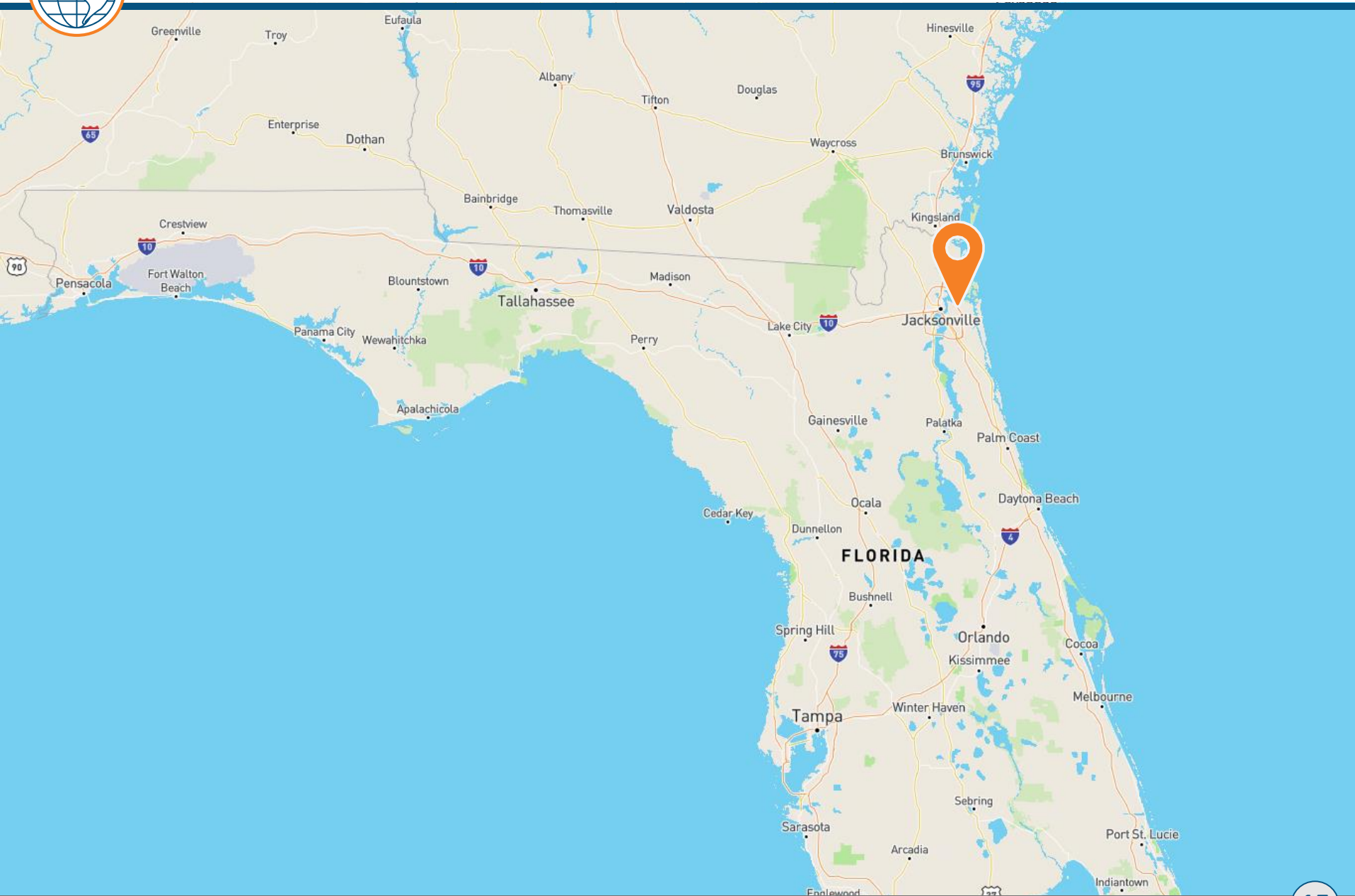
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# Regional Map

**Krystal**



**Krystal**

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**Exclusive Net-Leased Listing**

***Krystal***®

**8015 Merrill Road, Jacksonville, FL 32277**

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