

KRYSTAL

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



3476 Ross Clark Circle
Dothan, AL 36303

Confidentiality and Disclaimer

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

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.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

CONFIDENTIALITY AND DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap

has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.



3476 Ross Clark Circle
Dothan, AL 36303

Table of Contents

Investment Highlights	4
Financial Analysis	5
Tenant Overview	6
Surrounding Area	7
Location Overview	8
Local Map	9
Regional Map	10
Demographics / Market Overview	11-12





Investment Highlights

PRICE: \$1,567,972 | CAP: 6.25% | RENT: \$97,998

Krystal[®]

About the Investment

- ✓ ~10 Years Remaining on a Triple-Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Attractive Rental Increases Which Provide a Strong Hedge Against Inflation | 7.50% Increases Every 5 Years | Next Rental Increase on April 1, 2022
- ✓ Four (4), Five (5)-Year Tenant Renewal Options
- ✓ Corporate Tenant | Corporate Guarantee

About the Location

- ✓ Highly Dense Retail Corridor | Walmart, Publix, The Home Depot, Lowe's, Target, Dick's Sporting Goods, Kohl's, T.J. Maxx, Sam's Club, McDonald's, Walgreens, Wendy's, and Many More
- ✓ Hospitality Accommodations Within Immediate Proximity | Hilton Garden Inn, Residence Inn, Hampton Inn & Suites, Country Inn & Suites, La Quinta Inn & Suites, TownePlace Suites, and More
- ✓ Immediate Access to Healthcare | Three Miles From Flowers Hospital | A 235-Bed Facility
- ✓ High Visibility and Ease of Access Along Ross Clark Circle | Approximately 32,000 Vehicles Per Day

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 Million in Sales Volume
- ✓ Parent Company | Argonne Capital | Diversified Portfolio of Companies With Revenue in Excess of \$1.6 Billion





Financial Analysis

PRICE: \$1,567,972 | CAP: 6.25% | RENT: \$97,998



PROPERTY DESCRIPTION

Property	Krystal
Property Address	3476 Ross Clark Circle
City, State, ZIP	Dothan, AL 36303
Year Built / Renovated	1982
Building Size	2,267 SF
Lot Size	+/- 0.93 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$1,567,972
CAP Rate	6.25%
Annual Rent	\$97,998
Price / SF	\$691.65
Rent / SF	\$43.23

LEASE SUMMARY

Property Type	Net Leased Quick Service Restaurant
Ownership Type	The Krystal Company
Tenant/Guarantor	Private
Original Lease Term	16.8 Years
Lease Commencement	12/9/2012
Lease Expiration	9/21/2029
Lease Term Remaining	9.8 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	7.5% Every 5 Years
Options to Renew	Four (4), Five (5)-Year

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
4/1/2019 - 3/31/2020	\$97,998	\$8,167	-
4/1/2020 - 3/31/2021	\$97,998	\$8,167	-
4/1/2021 - 3/31/2022	\$97,998	\$8,167	-
4/1/2022 - 3/31/2023	\$105,348	\$8,779	7.50%
4/1/2023 - 3/31/2024	\$105,348	\$8,779	-
4/1/2024 - 3/31/2025	\$105,348	\$8,779	-
4/1/2025 - 3/31/2026	\$105,348	\$8,779	-
4/1/2026 - 3/31/2027	\$105,348	\$8,779	-
4/1/2027 - 3/31/2028	\$113,249	\$9,437	7.50%
4/1/2028 - 3/31/2029	\$113,249	\$9,437	-
4/1/2029 - 9/21/2029	\$113,249	\$9,437	-

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the broker opinion of value for a Krystal located at 3476 Ross Clark Circle in Dothan, AL. Built in 1982, the site consists of roughly 2,267 rentable square feet of building space on approximately 0.93-acre parcel of land. The investment opportunity is subject to a triple-net (NNN) lease with no landlord responsibilities and roughly 10 years remaining on the base term of the lease. The current annual rent is \$97,998, which is scheduled to increase by 7.50% on April 1st, 2022 and will continue to increase by 7.5% every 5 years throughout the remainder of the lease and each of the four (4), five (5)-year option periods.



Tenant Overview

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 300 locations in 11 states. 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



300+ Locations



About Argonne Capital



ARGONNE
CAPITAL GROUP

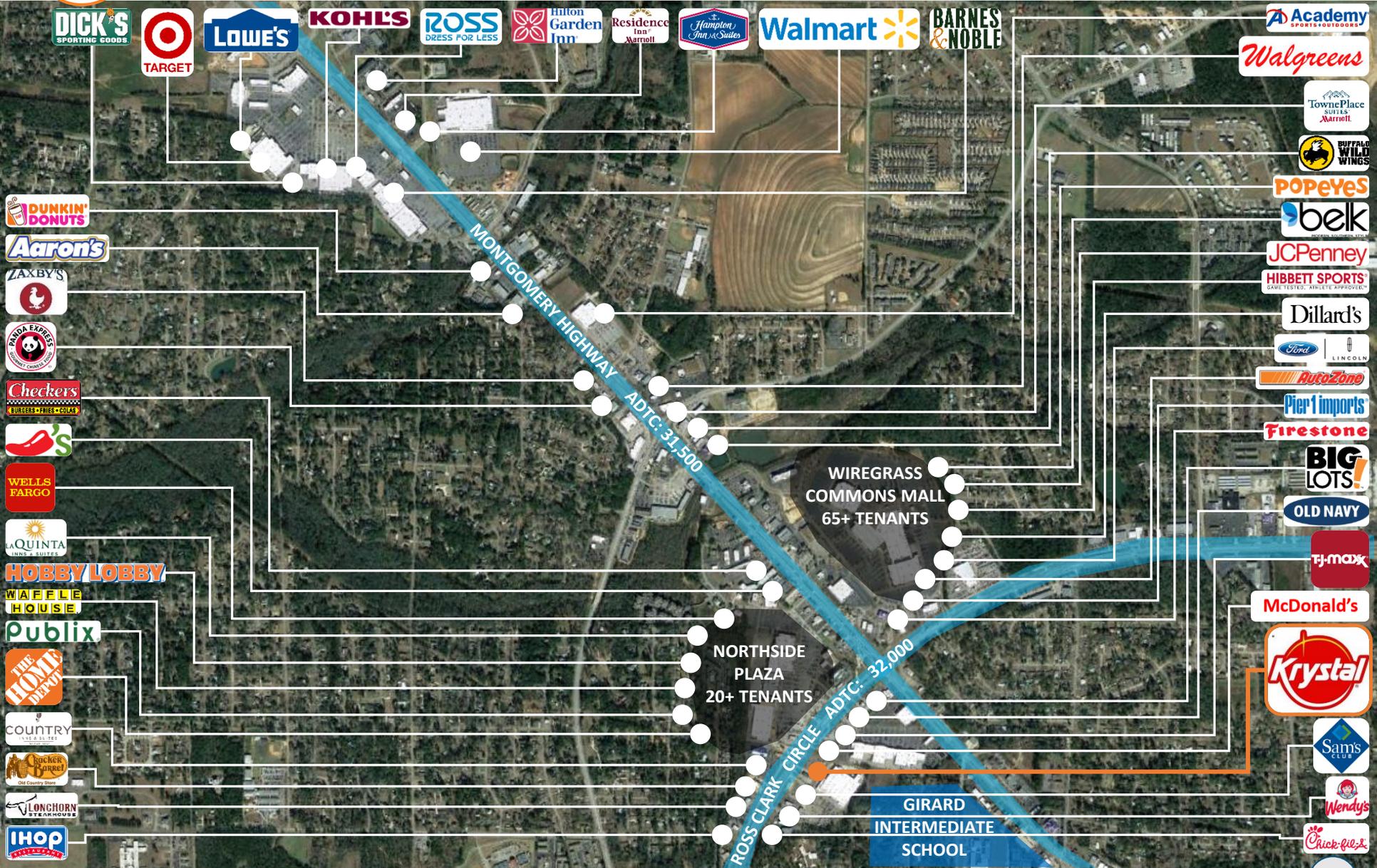
Founded in 2003, Argonne Capital Group is a closely-held private investment firm that seeks to make equity investments in a diverse range of middle market enterprises. Unlike traditional private equity firms, Argonne independently capitalizes each investment it makes, allowing the firm meaningful flexibility 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.



Surrounding Area

Krystal®

Property Address: 3476 Ross Clark Circle, Dothan, AL 36303





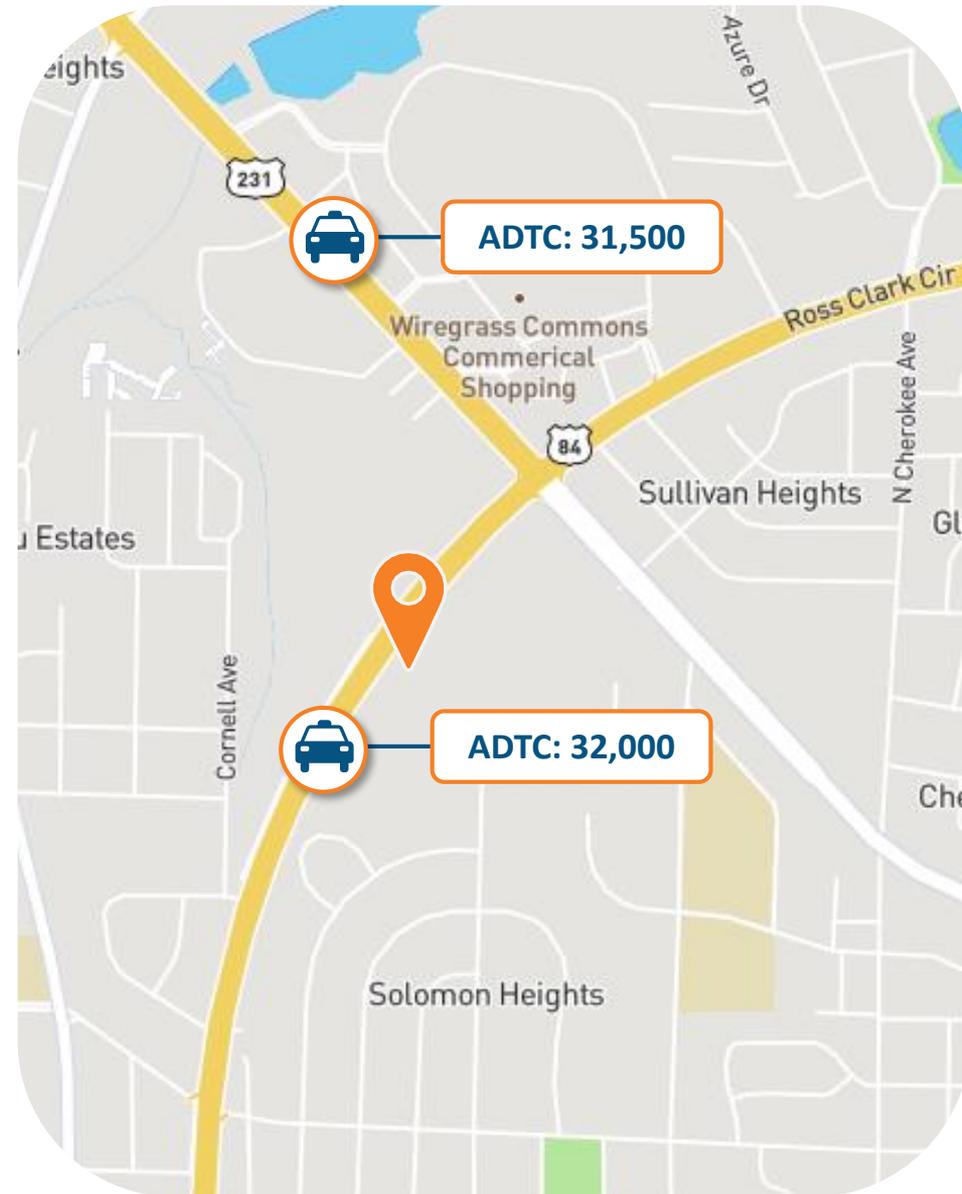
Location Overview

Property Address: 3476 Ross Clark Circle , Dothan, AL 36303

This Krystal investment property is located at 3476 Ross Clark Circle in Dothan, Alabama. Dothan is the county seat of Houston County and the seventh largest city in Alabama, with a population greater than 68,000. There are more than 33,000 individuals residing within a three-mile radius of the property and more than 65,500 residing within a five-mile radius. The subject property is on Ross Clark Circle, which experiences an average daily traffic count of 32,000 vehicles. Ross Clark Circle intersects with Montgomery Highway, which has an average daily traffic count of 31,500 vehicles.

The subject property benefits from its strategic location in a dense residential and retail corridor containing both local and national tenants. Major national tenants in the surrounding area include Walmart, Publix, The Home Depot, Lowe's, Target, Dick's Sporting Goods, Kohl's, T.J. Maxx, Sam's Club, McDonald's, Walgreens, Wendy's, and many more. Hospitality accommodations within immediate proximity to the subject investment property include Hilton Garden Inn, Residence Inn, Hampton Inn & Suites, Country Inn & Suites, La Quinta Inn & Suites, TownePlace Suites, and more. Furthermore, this property benefits from being located just three miles from Flowers Hospital. Flowers Hospital is a 235-bed healthcare facility offering inpatient, outpatient, medical, surgical, diagnostic and emergency care for the Dothan community.

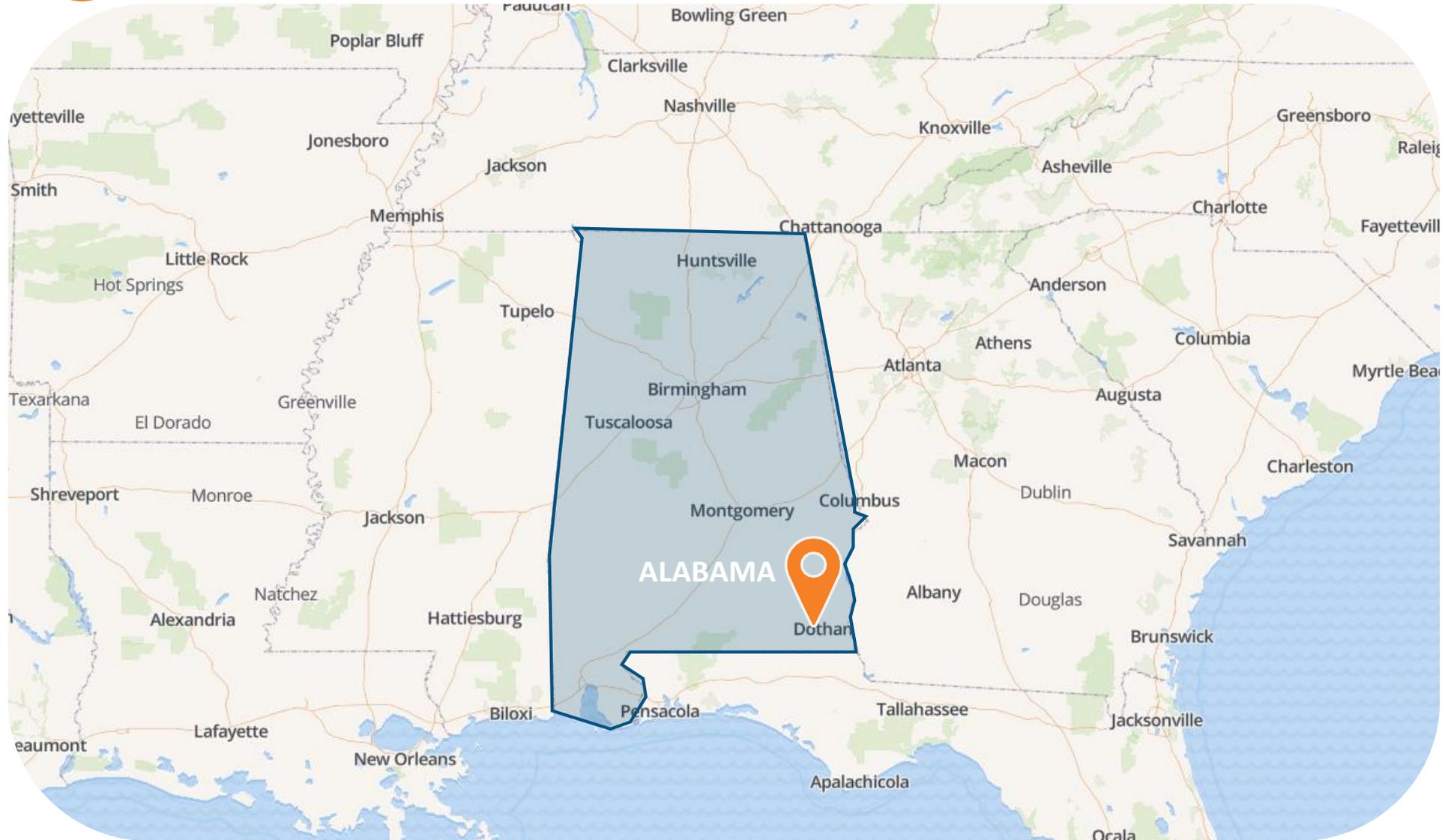
Dothan is one of the region's most progressive cities. The community offers a mild winter climate, affordable housing, low property taxes and a wide variety of products and services that includes health care, education, shopping, and cultural entertainment. Located a few short miles from the state lines of Florida and Georgia, the area embraces the best that life has to offer, providing its residents not only modern conveniences and amenities of much larger cities but also retains the charm and friendliness of the South. More than just a place to build a better life, Dothan has built-in advantages that also make it better for business: strategic location, easy access, strong work ethic, trained workforce, sound, and diversified economy, first-rate educational institutions and a pro-business tax structure.





Regional Map

Property Address: 3476 Ross Clark Circle , Dothan, AL 36303



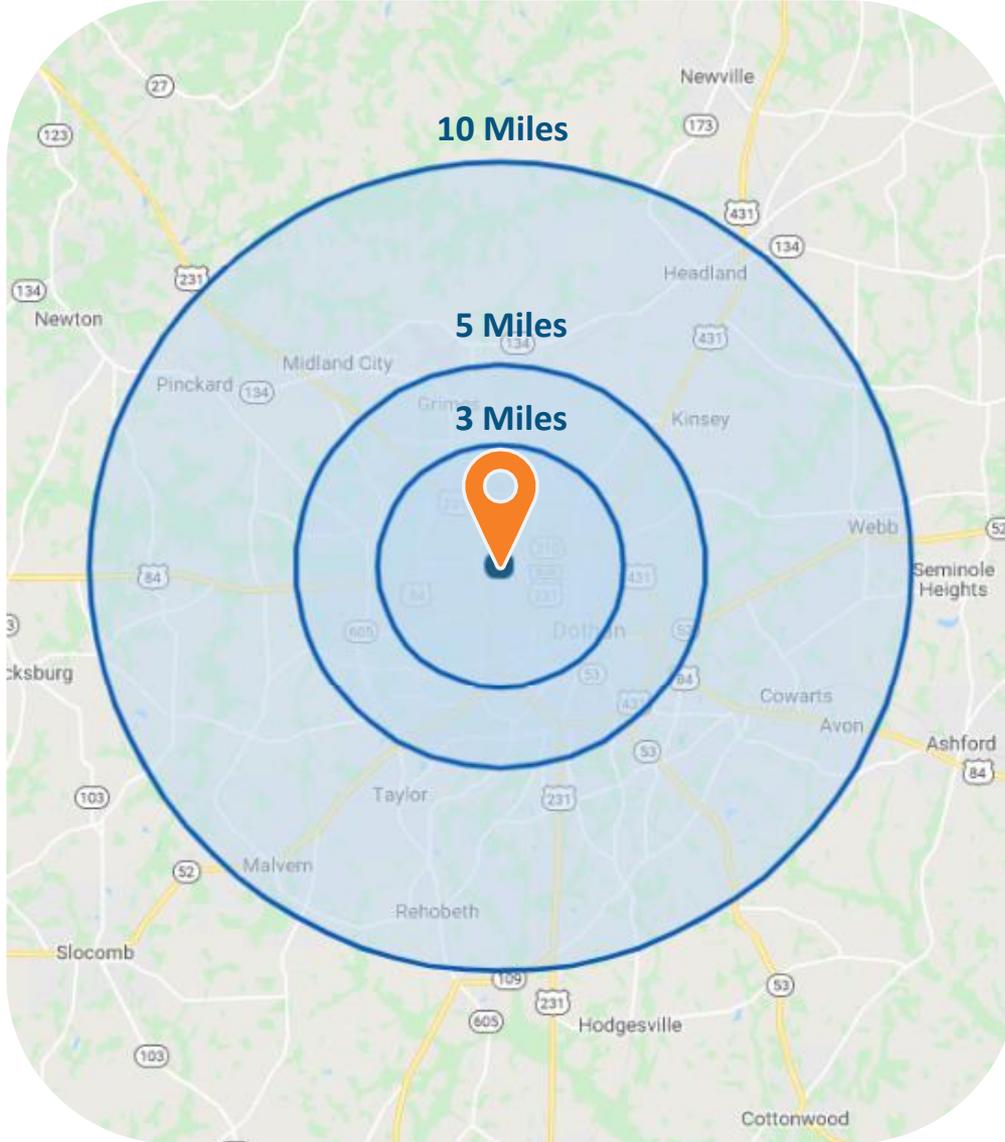


Demographics

Property Address: 3476 Ross Clark Circle , Dothan, AL 36303



3 Miles 5 Miles 10 Miles



Population Trends:

2024 Projection	38,346	65,522	100,075
2019 Estimate	37,985	65,162	99,886
2010 Census	35,570	62,430	97,934
2019 Population Hispanic Origin	1,304	2,266	3,611

Population by Race (2019):

White	23,100	39,909	67,547
Black	13,253	22,548	28,541
American Indian & Alaskan	171	304	523
Asian	592	924	1,105
Hawaiian & Pacific Island	53	79	91
Other	817	1,399	2,080

Household Trends:

2024 Projection	16,022	26,853	40,354
2019 Estimate	15,879	26,706	40,269
2010 Census	14,919	25,608	39,468
Owner Occupied	8,610	15,366	25,284
Renter Occupied	7,268	11,340	14,985

Average Household Income (2019): \$61,942 \$61,245 \$61,437

Households by Household Income (2019):

<\$25,000	5,546	9,011	12,478
\$25,000 - \$50,000	3,497	6,068	9,692
\$50,000 - \$75,000	2,463	4,384	6,765
\$75,000 - \$100,000	1,709	2,992	4,823
\$100,000 - \$125,000	938	1,542	2,444
\$125,000 - \$150,000	504	803	1,310
\$150,000 - \$200,000	548	882	1,515

Median Household Income (2019): \$40,780 \$41,532 \$43,642



Market Overview

City: Dothan | County: Houston | State: Alabama

Dothan, AL



Dothan

Dothan is a city located in Dale, Henry, and Houston counties in the state of Alabama. The city is the largest in, and serves as the county seat of, Houston County, which sits in the southeast corner of the state roughly 20 miles west of Georgia and 15 miles north of Florida. The city serves as the main transportation and commercial hub for a significant portion of southeastern Alabama, southwest Georgia, and nearby portions of the Florida panhandle. Since approximately one-fourth of the U.S. peanut crop is produced nearby, much of processed in the city, Dothan is sometimes referred to as “The Peanut Capital of the World.” It also is the host of the National Peanut Festival at the dedicated “Peanut Festival Fairgrounds”. The city is known for being a regional transportation hub, and a large reason for this is Dothan Regional Airport (DHN), which is served by Delta Airlines and Aero-One Aviation. The airport was originally established at the former Army airbase at Napier Field in 1965, and has been a key economic generator for the region ever since. Rail transportation also plays a significant role in the economy of the city, as numerous rail lines pass directly through it. Another large economic generator for the city is the healthcare sector. Dothan is home to two hospitals: Southeast Alabama Medical Center, the city’s only public hospital, and Flowers Hospital, a private medical facility on the city’s west side. Recently, Southeast Alabama Medical Center announced that it would construct Alabama’s first college of osteopathic medicine with the goal to help fill the state’s shortage of more than 400 primary care physicians. The Alabama College of Osteopathic Medicine, ACOM, graduated its first class in 2017, and is expected to have an economic impact of \$100 Million by 2027. Agriculture also plays a significant role in the greater Dothan area, products such as peanuts, cotton, and tomatoes are all grown in the nearby area, including the nearby town of Slocomb, which styles itself “the Tomato Capital of the World”.

Major Employers

Employer	Estimated # of Employees
Southeast Alabama Medical Center	2,500
Walmart	905
Dothan City Board Education	722
Michelin North America Inc	600
APAC-Southeast Inc	550
Houston County Board Education	529
GAM Inc	500
St. Columba Pre-School	471
General Cigar Co Inc	400
ACT	375
Police Department	370

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



Glen Kunofsky
glen.kunofsky@marcusmillichap.com
Tel: (212)-430-5115
License: 49KU1129178

Edward Otocka
edward.otocka@marcusmillichap.com
212.430.5235
NY: 10401232117

James Westerberg
james.westerberg@marcusmillichap.com
Tel: 646.805.1449
License: 10401302501

Eddie Greenhalgh
Edward.Greenhalgh@marcusmillichap.com
Tel: 205.510.9200
License: 00008-8298