

*Pioneer Franchisee | New 25-Year Absolute NNN
Sale-Leaseback*

*520 S Jefferson Ave
Cookeville, Tennessee 38501*

Marcus & Millichap

REPRESENTATIVE PHOTO



OFFERING
MEMORANDUM

Krystal®

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*Krystal Sale-Leaseback | Pioneer Franchisee
Cookeville, TN
ACT ID ZAC0310420*

*TN BROKER OF RECORD:
Jody McKibben
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INVESTMENT HIGHLIGHTS

PRICE: \$1,475,000 | CAP: 5.30% | RENT: \$78,383

- *New 25-Year Absolute NNN Lease To Be Executed at Close of Escrow*
- *25-Year Absolute (NNN) Lease - Zero Landlord Responsibilities*
- *1.0% Annual Rent Escalations Starting in Year 6*
- *Tenant Renewal Options: Three (3), Five-Year Options*
- *Located on a Major Thoroughfare*

ABOUT THE BRAND

- *Krystal is the Southeast's longest-standing QSR chain*
- *A Simple, One-of-a-Kind Menu Anchored by the Original, Craveable "Krystal Burger"*
- *Krystal is the Southeast's longest-standing QSR chain that has been in business for over 89 years.*
- *Krystal has over 305 stores in 10 states with over 6,500+ employees and does over \$306 Million in sales volume.*
- *Krystal was recently acquired by Fortress Investment Group & Golden Child Holdings in May of 2020*
- *Fortress manages assets on behalf of approximately 1,800 institutional clients and private investors worldwide totaling approximately \$52.7 billion.*
- *Golden Child is an active investor and manager in the restaurant sector that has extensive turnaround experience.*

Investment Summary

Marcus & Millichap is pleased to present this exclusive listing of a freestanding Krystal Restaurant located at 114 E. Meighan Blvd, in Gadsden, AL. The site constructed in 1978 consists of 2,348 rentable square feet of building space and sits on an approximately 0.46 acre parcel of land. Krystal is subject to a brand new, 25-year Absolute NNN lease, the starting base rent shall be \$99,779 with 1.0% annual escalations starting in year six. There will be three five-year tenant renewal options with 1.0% annual rental increases in each of the Five-year option periods, extending the total possible lease term to 40 years. The subject property has displayed strong performance throughout its history in Gadsden, as a result WAC Enterprises will execute a new 25-Year Absolute NNN Lease at Close of Escrow.

A History Of Great Taste

Things have changed a lot in the last 87 years or so, but at Krystal, not so much. Even during the Great Depression, founders Rody Davenport Jr. and Glenn Sherrill believed that a good meal at a great price—served with a smile at a clean restaurant—would attract customers and keep them coming back. Krystal has proven them right ever since. Sure, we stick to the classics, but over the years, we’ve never been afraid to innovate, adding a breakfast menu, chicken sandwiches, hot dogs, milkshakes (and more) to our enduring selection of delicious, iconic, little square burgers.

Today, as we expand into new markets with new restaurant designs and our unique and tasty menu items, we still deliver a one-of-a-kind taste and experience—one we like to think would make Rody and Glenn proud.

General Information

Founded: 1932

Website: <https://krystal.com/>

Headquarters: Dunwoody, GA

Number of Locations: 305+



About the Tenant-WAC Enterprises

The Hale Group story is truly one of family, growth, wisdom, support, and evolution. Wayne and Carolyn Hale established their company as WAC Enterprises in 1989 when they became the first franchisees of The Krystal Company and opened the first franchise restaurant in Crossville, Tennessee, in 1990. Growing to three units by 1998, the Hales soon acquired another franchisee and thereby connected with operator John Jones, who would become a vital part of the company's success and growth as COO.

Over subsequent years, WAC Enterprises built or acquired several more stores in their demographic footprint of rural East Tennessee, Northeast Alabama, and Northwest Georgia. The company was nine units strong by 2011 when joined by Jimmy Swansbrough, who assisted Mr. Jones in what became an unparalleled growth strategy. Nine units became thirteen, then seventeen, twenty-four, thirty-four, thirty-eight—until by 2020, the Hales found themselves atop a forty-four unit enterprise spanning six states, along with a maintenance company founded in 2015 to service and supply commercial restaurants across the Southeast.

Now known as The Hale Group, this company is the most decorated and respected franchisee of The Krystal Company, having become the cultural backbone of quality and dedication to the Krystal brand for over thirty years. Epitomizing a genuine understanding of growth, success, and consistency, The Hale Group has become the benchmark for establishing a company brand within a historic franchise.

As a result of the recent growth of The Krystal Company, the influence of Golden Child Holdings, and the evolution of leadership within the organization, Wayne, John, and Jimmy—along with their team—are looking to build for the first time in several years, providing a testament to the loyalty present throughout the Southeast to the traditional Krystal brand.

Krystal Signs First Franchisee

The first franchised Krystal unit will open in Crossville, Tennessee, early in September. Carolyn and Wayne Hale will be the owners of a brand-new Krystal Kwik, which will be built on the pad of Genesis Square shopping center in Crossville.

"I'm glad the Hales are going to be long-term partners for us," said Phil McNeely, vice president of franchising. "We feel the people we award our franchise to are very special. We want to make sure we have a quality program and good people in it. It takes a while to get there, but we're on the move now."

The Hales went through a lengthy selection process, including an application, interview, and a 1½ day "test drive" working in the restaurant, to see if it was really something they wanted to do. After a final interview with the franchise committee, they were awarded the franchise.



Wayne and Carolyn Hale, Krystal's first franchisees, with Phil McNeely, vice president of franchising, and Susan Helton, Rody Sherrill, and Amanda Wills of Real Estate.

"It's a big step for Krystal, and for the Hales," Phil said. "We're going to be holding each other's hands to be sure we're both successful in this." When they're open for business, the Hales will receive ongoing operations support from Krystal, and their restaurant will be shopped by a mystery shopper.

"The Crossville site was chosen because it meets the profile of the kind of city Krystal can be successful in," Phil said. Crossville is a county seat, with a population of more than 30,000, and a number of shops, restaurants and other retail activity.

Property Summary

THE OFFERING

Property	Krystal Sale-Leaseback
Property Address	520 S. Jefferson Ave, Cookeville, Tennessee 38501
Price	\$1,475,000
Capitalization Rate	5.30%
Price/SF	\$2,137.68

PROPERTY DESCRIPTION

Year Built / Renovated	1991
Gross Leasable Area	690 SF
Zoning	Commercial
Type of Ownership	Fee Simple
Lot Size	0.66 Acres

LEASE SUMMARY

Property Subtype	Net Leased Restaurant
Tenant	WAC Enterprises
Rent Increases	3.5% Increases Each Five- Year Period
Guarantor	Franchisee Guarantee
Lease Type	Absolute Net
Lease Commencement	At Close of Escrow
Initial Lease Term	25 Years
Renewable Options	Three Five-Year Options
Landlord Responsibility	None
Tenant Responsibility	Taxes, Insurance and Maintenance
Right of First Refusal/Offer	Yes

ANNUALIZED OPERATING INFORMATION

INCOME

Net Operating Income	\$78,383
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Year 1	\$78,383
Year 2	\$78,383
Year 3	\$78,383
Year 4	\$78,383
Year 5	\$78,383
Year 6	\$81,126
Year 7	\$81,126
Year 8	\$81,126
Year 9	\$81,126
Year 10	\$81,126
Year 11	\$83,965
Year 12	\$83,965
Year 13	\$83,965
Year 14	\$83,965
Year 15	\$83,965
Year 16	\$86,903
Year 17	\$86,903
Year 18	\$86,903
Year 19	\$86,903
Year 20	\$86,903
Year 21	\$89,944
Year 22	\$89,944
Year 23	\$89,944
Year 24	\$89,944
Year 25	\$89,944



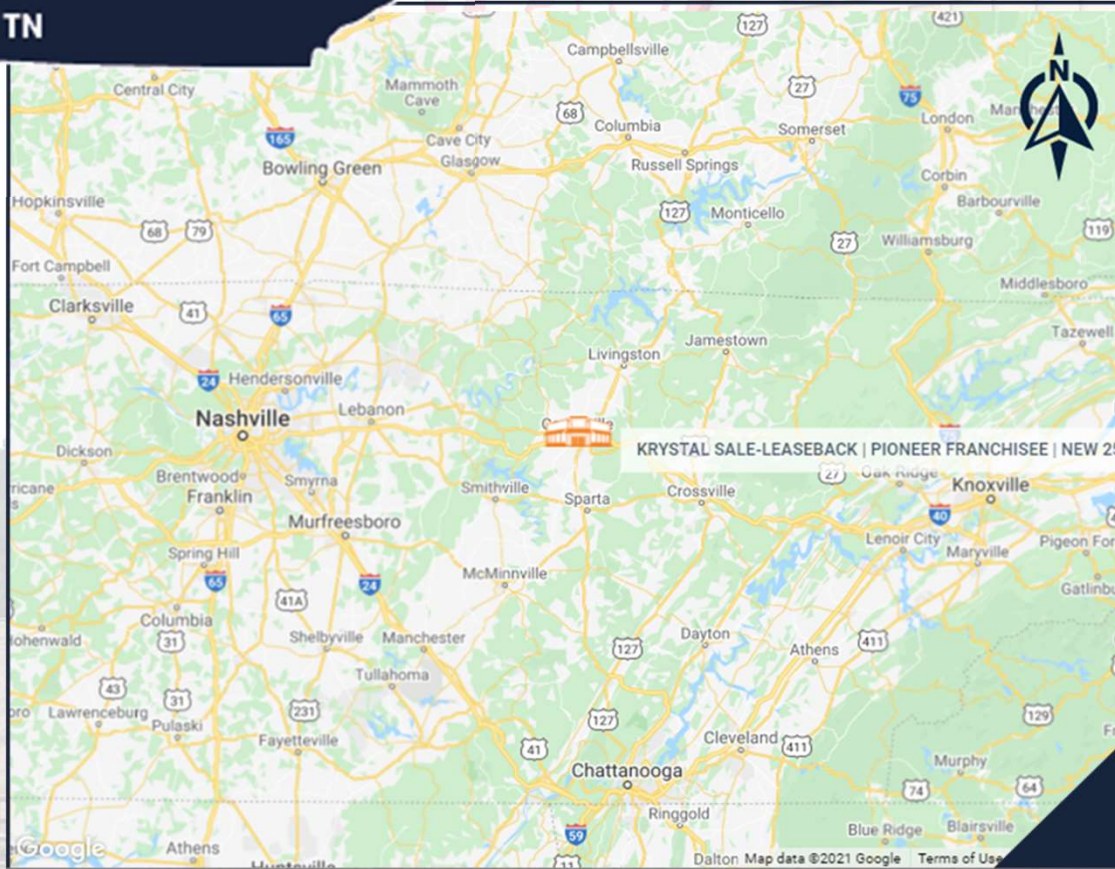
Property Photos



Regional Map

520 S Jefferson Ave, Cookeville, TN. 38501

TN



- Strong Demographics
- Proximity to Major Retailers
- Excellent Access and Visibility
- Strategic Location on Major Arterial Hwy
- Within Walking Distance of Area Hotels
- Strong Residential, Industrial and Trade

Krystal®



Airport



Hospital



Downtown



Major Highway



Shopping Center

Aerial Map



Demographics

Created on May 2021

POPULATION	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Population	4,994	33,694	55,697
■ 2020 Estimate			
Total Population	4,692	31,792	52,361
■ 2010 Census			
Total Population	4,203	28,543	46,742
■ 2000 Census			
Total Population	3,700	25,071	39,921
■ Current Daytime Population			
2020 Estimate	12,408	59,668	75,679
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Households	2,140	14,354	23,215
■ 2020 Estimate			
Total Households	1,990	13,382	21,631
Average (Mean) Household Size	2.19	2.22	2.32
■ 2010 Census			
Total Households	1,740	11,722	18,946
■ 2000 Census			
Total Households	1,573	10,324	16,243
■ Occupied Units			
2025 Projection	2,140	14,354	23,215
2020 Estimate	2,122	14,519	23,324
HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2020 Estimate			
\$150,000 or More	9.85%	5.61%	5.51%
\$100,000 - \$149,000	7.65%	7.96%	10.02%
\$75,000 - \$99,999	10.00%	8.99%	10.12%
\$50,000 - \$74,999	19.34%	16.56%	18.11%
\$35,000 - \$49,999	11.52%	13.76%	13.68%
Under \$35,000	41.66%	47.10%	42.58%
Average Household Income	\$65,506	\$56,970	\$60,309
Median Household Income	\$45,881	\$38,433	\$43,394
Per Capita Income	\$28,261	\$24,795	\$25,451

HOUSEHOLDS BY EXPENDITURE	1 Miles	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$60,641	\$54,648	\$59,090
■ Consumer Expenditure Top 10 Categories			
Housing	\$16,758	\$15,046	\$16,149
Transportation	\$10,948	\$9,964	\$10,827
Shelter	\$9,289	\$8,385	\$8,984
Food	\$7,086	\$6,378	\$6,833
Personal Insurance and Pensions	\$5,205	\$4,562	\$5,025
Health Care	\$4,632	\$4,008	\$4,353
Utilities	\$3,585	\$3,276	\$3,481
Entertainment	\$2,288	\$2,010	\$2,205
Household Furnishings and Equipment	\$1,711	\$1,542	\$1,678
Cash Contributions	\$1,573	\$1,233	\$1,372
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2020 Estimate Total Population	4,692	31,792	52,361
Under 20	22.11%	24.88%	24.70%
20 to 34 Years	24.52%	31.33%	26.87%
35 to 39 Years	6.37%	5.42%	5.76%
40 to 49 Years	11.09%	9.36%	10.60%
50 to 64 Years	17.62%	14.70%	16.46%
Age 65+	18.28%	14.30%	15.63%
Median Age	37.60	30.15	33.65
■ Population 25+ by Education Level			
2020 Estimate Population Age 25+	3,193	18,933	32,827
Elementary (0-8)	5.15%	4.28%	4.14%
Some High School (9-11)	6.04%	6.73%	6.82%
High School Graduate (12)	32.73%	32.91%	35.17%
Some College (13-15)	20.79%	20.32%	19.75%
Associate Degree Only	6.52%	5.87%	5.34%
Bachelors Degree Only	16.35%	16.92%	17.19%
Graduate Degree	10.87%	11.97%	10.62%

About Cookeville, TN

Prepare to be charmed by Cookeville's majestic mountains, rich historical heritage, art and cultural events, unique downtown shops, cosmopolitan cuisine and magnificent state and local parks located only an hour from Nashville.

Originally built in 1909, the Cookeville Depot Museum is listed on the National Register of Historic Places, and is the heart of Cookeville's historic west side district. The museum houses many Tennessee Central Railway artifacts, as well as a scale replica of what Cookeville's west side looked like in the summer of 1955. On the other side of the diorama is a replica of a coal tippie with a model train loading up with coal.



Murals of all colors, sizes, and designs are springing up all across the Cookeville West Side. The West Side has quickly grown to be a cradle of art and culture in the Cookeville and wider Upper Cumberland area. Artists of all walks of life and mediums flock to this area of town for Art Prowls, First Friday Art Exhibits, and public art installations.

Whether you choose to shop at the Historic West Side, the courthouse square, or one of the modern discount or department stores, you'll find everything you need in Cookeville. Take a venture into any one of our unique antique shops to find remarkable classics that you will not find anywhere else. Be sure you head over to The Market on the Square to get the "home grown" and internationally acclaimed Lenny & Eva jewelry. Our local boutiques are sure to please those considered "fashionistas", with a variety of local jewelry and crafts you'll be sure to find anything on your "must have" list for this season's wardrobe.

Nestled among the hills and mountainous terrain of the Cumberland Plateau, Cookeville, Tennessee is a charming, outdoor oasis conveniently located on Interstate 40 between Nashville and Knoxville, north of Chattanooga on Highway 111. Cookeville is full of shopping, fun murals and memorable food that is a natural escape.

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING

Krystal®