

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

2406 Gault Ave N

Fort Payne, Alabama 35967

Marcus & Millichap

REPRESENTATIVE PHOTO



OFFERING
MEMORANDUM

Krystal®

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*Krystal Sale-Leaseback | Pioneer Franchisee
Fort Payne, AL
ACT ID ZAC0310419*

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INVESTMENT HIGHLIGHTS

PRICE: \$1,804,672 | CAP: 5.65% | RENT: \$101,964

- *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 2406 Gault Ave N, in Fort Payne, Alabama. The site constructed in 1992 consists of 3,139 rentable square feet of building space and sits on an approximately 0.52 acre parcel of land. The subject property was renovated in 2008 enlarging the site to it's current footprint. Krystal is subject to a brand new, 25-year Absolute NNN lease, the starting base rent shall be \$101,964 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 Fort Payne, 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	2406 Gault Ave N Fort Payne, AL 35967
Price	\$1,804,672
Capitalization Rate	5.65%
Price/SF	\$574.92

PROPERTY DESCRIPTION

Year Built / Renovated	1992/2008
Gross Leasable Area	3,139 SF
Zoning	Commercial
Type of Ownership	Fee Simple
Lot Size	0.52 Acres

LEASE SUMMARY

Property Subtype	Net Leased Restaurant
Tenant	WAC Enterprises
Rent Increases	1% Annual Escalations Starting in Year 6
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	\$101,964
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Year 1	\$101,964
Year 2	\$101,964
Year 3	\$101,964
Year 4	\$101,964
Year 5	\$101,964
Year 6	\$102,983
Year 7	\$104,012
Year 8	\$105,052
Year 9	\$106,102
Year 10	\$107,163
Year 11	\$108,234
Year 12	\$109,316
Year 13	\$110,409
Year 14	\$111,513
Year 15	\$112,628
Year 16	\$113,754
Year 17	\$114,891
Year 18	\$116,039
Year 19	\$117,199
Year 20	\$118,370
Year 21	\$119,553
Year 22	\$120,748
Year 23	\$121,955
Year 24	\$123,174
Year 25	\$124,405

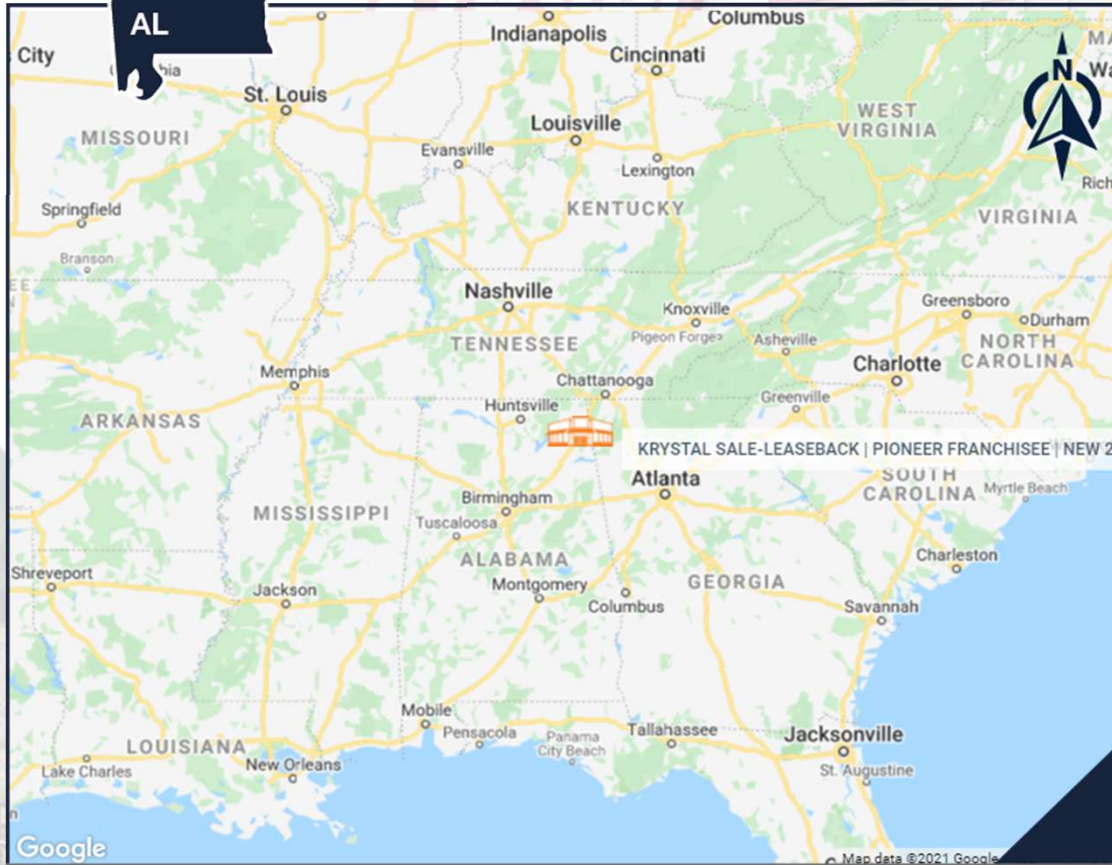


Property Photos



Regional Map

2406 Gault Ave N. Fort Payne, AL. 35967



- 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 July 2021

POPULATION	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Population	2,066	9,355	15,638
■ 2020 Estimate			
Total Population	2,054	9,395	15,609
■ 2010 Census			
Total Population	2,047	9,407	15,475
■ 2000 Census			
Total Population	1,911	8,998	14,332
■ Current Daytime Population			
2020 Estimate	2,498	10,894	15,913
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Households	742	3,459	6,000
■ 2020 Estimate			
Total Households	740	3,463	5,957
Average (Mean) Household Size	2.70	2.69	2.62
■ 2010 Census			
Total Households	743	3,492	5,942
■ 2000 Census			
Total Households	739	3,444	5,603
■ Occupied Units			
2025 Projection	742	3,459	6,000
2020 Estimate	842	4,043	6,900
HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2020 Estimate			
\$150,000 or More	2.21%	3.02%	5.19%
\$100,000 - \$149,000	7.95%	9.05%	8.60%
\$75,000 - \$99,999	10.81%	11.10%	11.37%
\$50,000 - \$74,999	22.69%	20.08%	20.92%
\$35,000 - \$49,999	14.35%	14.94%	15.13%
Under \$35,000	41.97%	41.81%	38.80%
Average Household Income	\$54,600	\$57,620	\$65,083
Median Household Income	\$45,601	\$44,851	\$46,849
Per Capita Income	\$20,045	\$21,364	\$24,944

HOUSEHOLDS BY EXPENDITURE	1 Miles	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$61,441	\$63,008	\$65,255
■ Consumer Expenditure Top 10 Categories			
Housing	\$15,861	\$16,186	\$16,821
Transportation	\$10,979	\$11,161	\$11,590
Shelter	\$8,402	\$8,614	\$9,005
Food	\$6,976	\$6,958	\$7,181
Personal Insurance and Pensions	\$5,011	\$5,155	\$5,450
Health Care	\$4,561	\$4,673	\$4,775
Utilities	\$3,642	\$3,727	\$3,814
Entertainment	\$2,610	\$2,680	\$2,887
Household Furnishings and Equipment	\$1,754	\$1,804	\$1,896
Cash Contributions	\$1,383	\$1,474	\$1,543
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2020 Estimate Total Population	2,054	9,395	15,609
Under 20	30.20%	30.03%	28.31%
20 to 34 Years	18.35%	18.29%	17.68%
35 to 39 Years	6.45%	6.38%	6.44%
40 to 49 Years	11.80%	12.21%	12.77%
50 to 64 Years	15.87%	16.46%	18.26%
Age 65+	17.34%	16.64%	16.52%
Median Age	36.14	36.33	38.13
■ Population 25+ by Education Level			
2020 Estimate Population Age 25+	1,315	6,031	10,327
Elementary (0-8)	14.62%	11.82%	9.50%
Some High School (9-11)	14.33%	14.41%	13.63%
High School Graduate (12)	23.64%	26.61%	28.52%
Some College (13-15)	15.58%	17.97%	18.92%
Associate Degree Only	8.63%	9.12%	9.54%
Bachelors Degree Only	11.87%	9.68%	10.08%
Graduate Degree	5.85%	6.00%	6.75%

About Fort Payne, AL

Perfectly situated between two stunningly scenic mountains, Lookout Mountain and Sand Mountain, Fort Payne offers a vast array of things to do and see that will appeal to all. Within minutes of the city are 4 parks that provide one with the chance to hike, bike, kayak, camp, fish, or simply be and savor the sounds of the waterfalls and the smells of the wildflowers.

Located on top of Lookout Mountain, Little River Canyon Reserve has three main waterfalls which include Little River Falls, DeSoto Falls and Grace's High Falls – the highest in Alabama at 133 feet. Whether you wish to reconnect with nature, go swimming, hike scenic trails, or photograph views from the canyon, you can do it here.



At one time Fort Payne, Alabama produced more than half of the socks in America, and the town was known as "Sock Capital of the World"! Today, the sock and hosiery factories may have vanished, but it's still home to Vintage 1889. Set inside the mill that was used for making hosiery and socks, this charming restaurant and its 125-year-old heritage provides a unique backdrop for dining.

If you are interested in the big city life, in less than 2 hours you can enjoy The Tennessee Aquarium in Chattanooga or tour NASA's Space Museum in Huntsville or shop at The Summit, one of Birmingham's upscale shopping centers. All close enough to visit for the day and then return to the peaceful and relaxing life in Fort Payne, Alabama.

Today steel-fabricating plants, home-fabricating plants and many other diversified industries add to the financial well being of the town. A new and lucrative tourist industry is also being developed in Fort Payne, where the many natural scenic wonders of the area are a great attraction, as well as the historical sites of the boom era.



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