

Corporate

KRISPY KREME - FOLEY



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SECTION 1

Property Details

PROPERTY SUMMARY

Krispy Kreme - Foley
3031 South McKenzie Street, Foley, Alabama | Foley, AL 36535

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Property Summary

Available SF:	0
Building Size:	2,895
Lease Rate:	
Lot Size:	0.65 Acres
Price:	\$700,000
Rentable SF:	2,895
Type:	Shopping Center

Property Overview

Corporate Krispy Kreme - Krispy Kreme sells over 1.3 billion doughnuts annually in over 1,000 locations worldwide.
NN Lease - Landlord is responsible for roof, structure and parking surface.
Long Term Tenancy - Krispy Kreme has been at this location since 2011 and just extended for 12 years
Tourist Destination - Foley has more than 6 million visitors annually
Rare Leasehold Opportunity - Same IRR as Fee Simple deal, 100% depreciable, Increased Cash on Cash and after tax returns
Strategic Location - Dominant retail intersection near Chick-fil-A, Lowes, Home

Location Overview

Foley is located in Baldwin County, Alabama, United States. Foley is a principal city of the Daphne-Fairhope-Foley Micropolitan Statistical Area, which includes all of Baldwin County. The largest shopping center in Foley is Tanger Outlet and is located just north of the subject property along State Highway 59. It features more than 400 brand name outlets stores. Between the 520 acre Owa destination with 14 acre amusement park just 1.5 miles east of this intersection, the beaches just 10 miles to the south and Tanger Outlet Mall one half mile to the north, Foley enjoys over 6 million visitors per year.

INVESTMENT DETAILS

Krispy Kreme - Foley
3031 South McKenzie Street, Foley, Alabama | Foley, AL 36535

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Analysis

Analysis Date August 2021

Property

Property Type Shopping Center
Property Krispy Kreme - Foley
Address 3031 South McKenzie Street, Foley,
Alabama
City, State Foley, AL 36535
Year Built 2008

Purchase Information

Purchase Price \$700,000
Tenants 1
Total Rentable SF 2,895
Lot Size 0.650 acres

Income & Expense

Financial Information

All Cash

Loans

Type	Debt	Term	Amort	Rate	Payment	LO Costs
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PROPERTY DESCRIPTION

Krispy Kreme - Foley

3031 South McKenzie Street, Foley, Alabama | Foley, AL 36535

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This leasehold is priced to offer the same Internal Rate of Return as a comparable fee simple deal. That means that the lack of sale proceeds after 17 years is compensated by a smaller initial investment and higher Cash on Cash return. If you can depreciate this asset over the 17 years remaining on the groundlease and options, your after tax cashflows and return could be significantly better than a comparable fee simple deal. Corporate Krispy Kreme with drive-thru located on Foley's busiest commercial intersection. Rare Leasehold Interest opportunity with corporate guarantee. Property is 100% depreciable. Krispy Kreme just renewed their 10 year option early and remodeled the building. Tenant has 12 years remaining on current lease term and has 2 five year options to renew. The second option is contingent on owner negotiating an extension of the ground lease. There are currently 17 years remaining on the ground lease term including options.

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SECTION 2
Photos

PROPERTY PHOTOS

Krispy Kreme - Foley

3031 South McKenzie Street, Foley, Alabama | Foley, AL 36535

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PROPERTY PHOTOS

Krispy Kreme - Foley

3031 South McKenzie Street, Foley, Alabama | Foley, AL 36535

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PROPERTY PHOTOS

Krispy Kreme - Foley

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PROPERTY PHOTOS

Krispy Kreme - Foley

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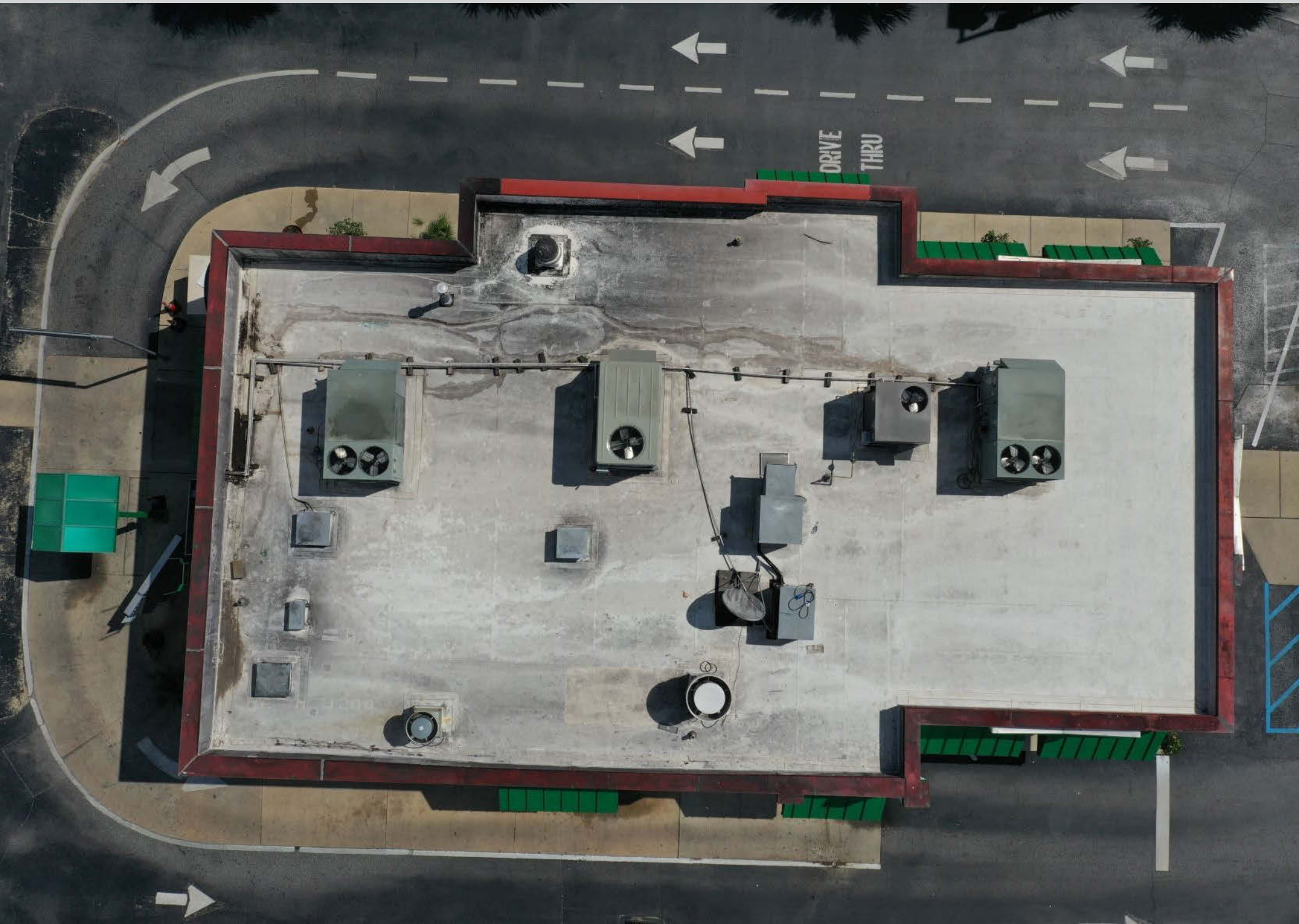


PROPERTY PHOTOS

Krispy Kreme - Foley

3031 South McKenzie Street, Foley, Alabama | Foley, AL 36535

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PROPERTY PHOTOS

Krispy Kreme - Foley

3031 South McKenzie Street, Foley, Alabama | Foley, AL 36535

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SECTION 3

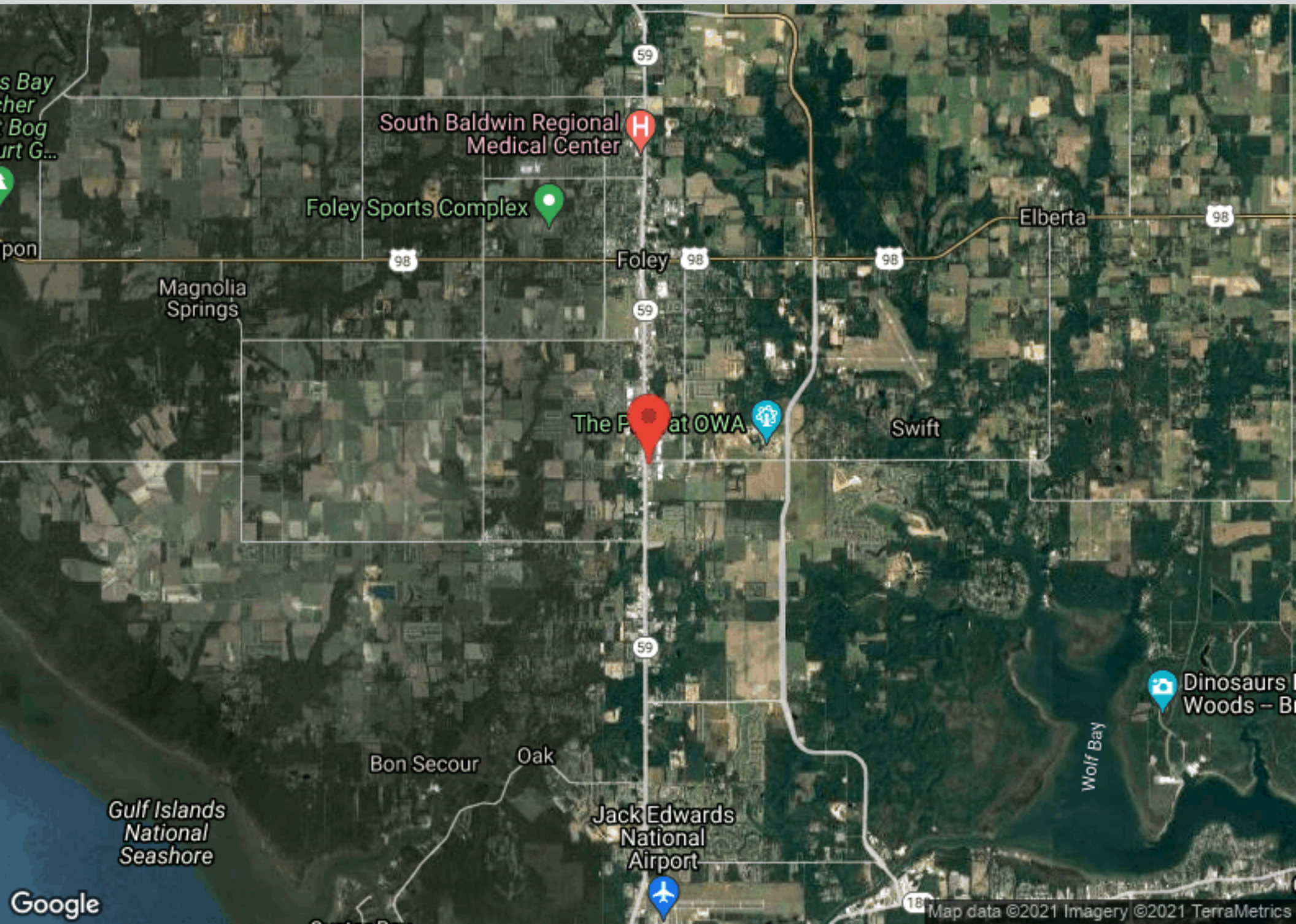
Maps / Demographics

REGIONAL MAP

Krispy Kreme - Foley

3031 South McKenzie Street, Foley, Alabama | Foley, AL 36535

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LOCATION MAP

Krispy Kreme - Foley

3031 South McKenzie Street, Foley, Alabama | Foley, AL 36535

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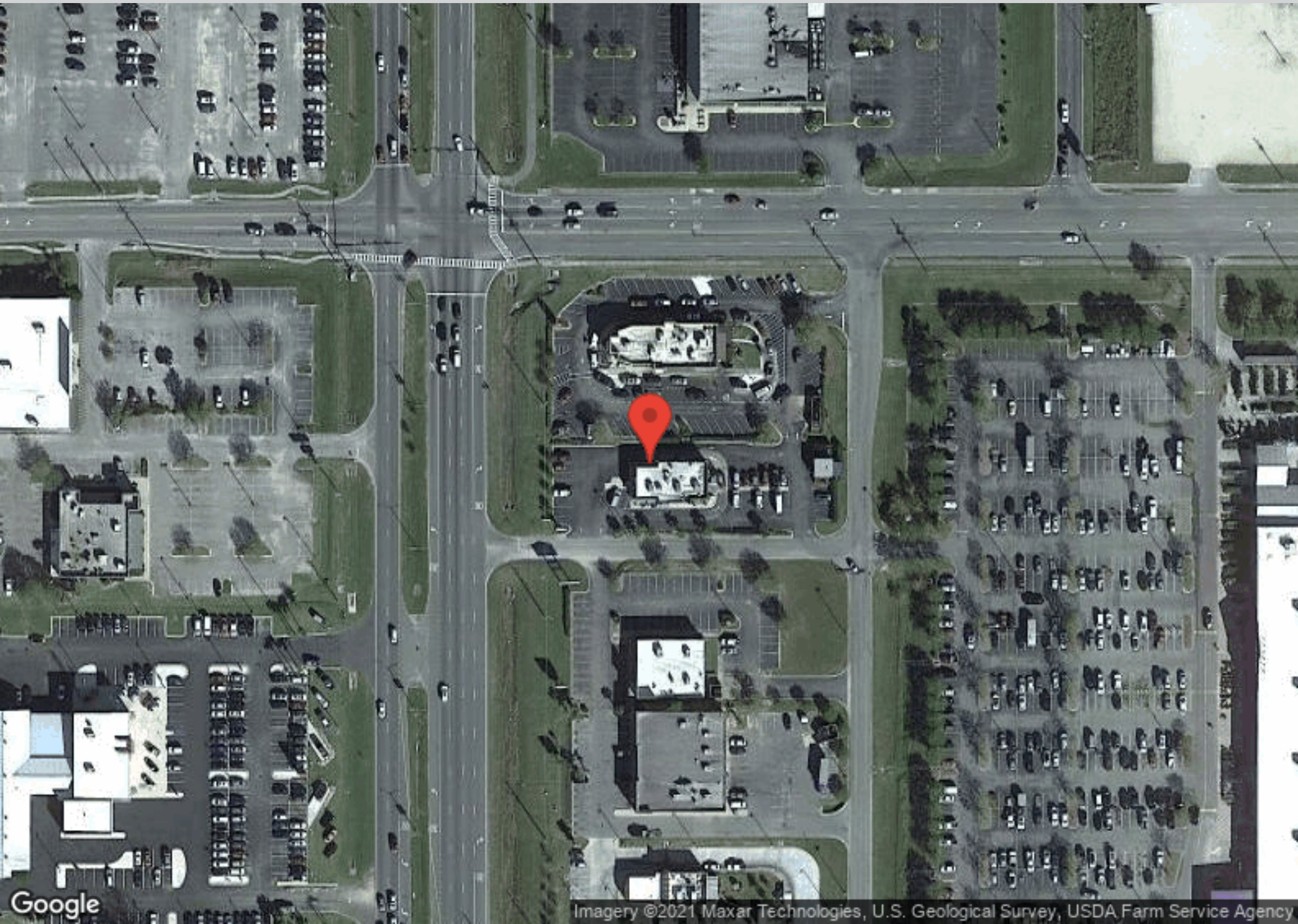


AERIAL MAP

Krispy Kreme - Foley

3031 South McKenzie Street, Foley, Alabama | Foley, AL 36535

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BUSINESS MAP

Krispy Kreme - Foley

3031 South McKenzie Street, Foley, Alabama | Foley, AL 36535

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DETAILED DEMOGRAPHICS

Krispy Kreme - Foley

3031 South McKenzie Street, Foley, Alabama | Foley, AL 36535

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Population	1 Mile	3 Miles	5 Miles
Male	2,510	5,939	13,043
Female	2,563	6,137	13,952
Total Population	5,073	12,076	26,995

Race	1 Mile	3 Miles	5 Miles
White	3,967	9,203	22,731
Black	911	1,836	2,247
Am In/AK Nat	4	14	17
Hawaiian	N/A	N/A	N/A
Hispanic	405	1,571	3,010
Multi-Racial	348	1,962	3,896

Housing	1 Mile	3 Miles	5 Miles
Total Units	2,282	5,610	13,326
Occupied	1,869	4,671	10,691
Owner Occupied	982	2,769	6,545
Renter Occupied	887	1,902	4,146
Vacant	413	939	2,635

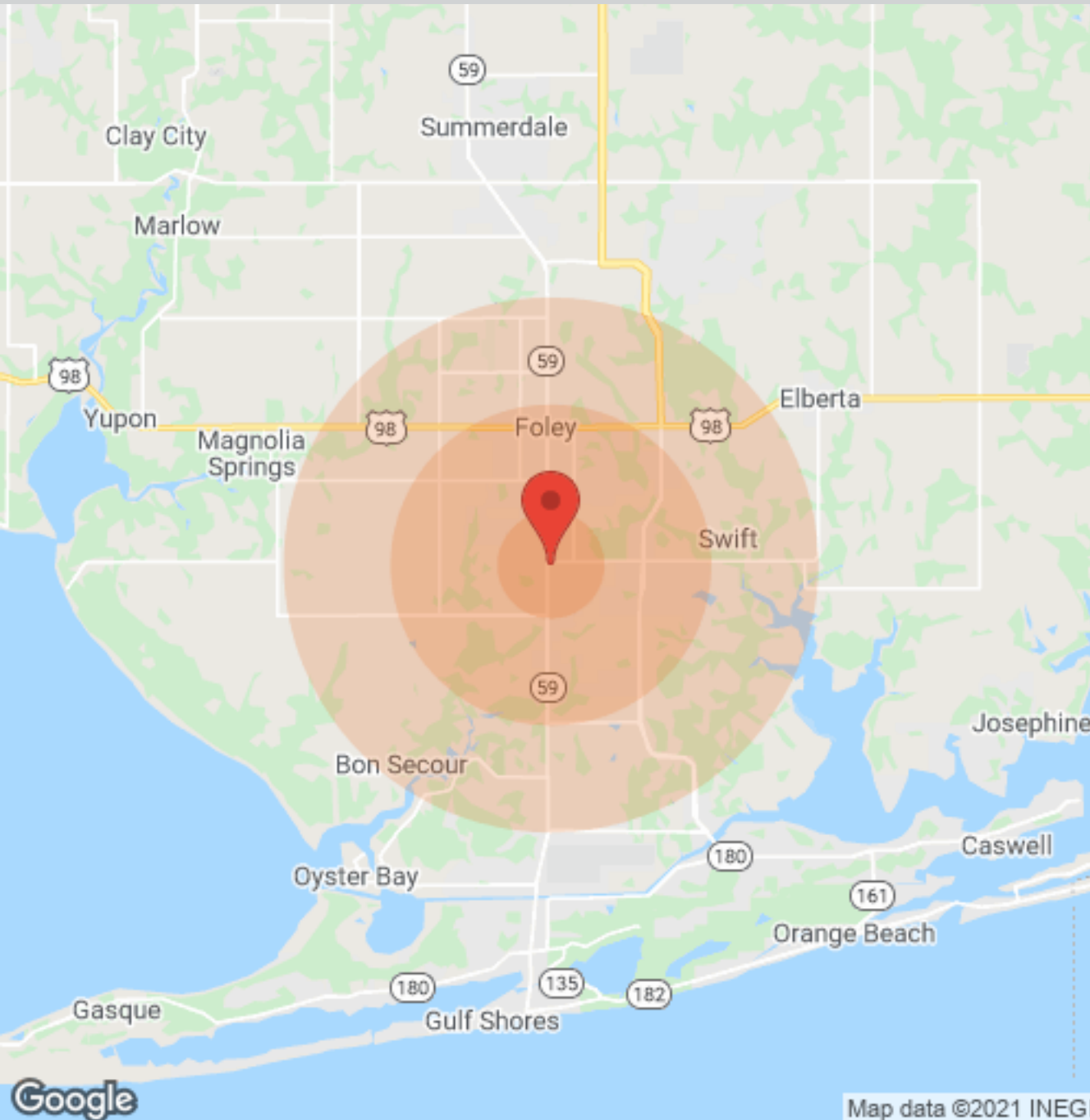
Age	1 Mile	3 Miles	5 Miles
Ages 0-4	315	761	1,553
Ages 5-9	426	936	1,879
Ages 10-14	383	833	1,693
Ages 15-19	323	721	1,575
Ages 20-24	277	672	1,546
Ages 25-29	250	658	1,527
Ages 30-34	247	676	1,493
Ages 35-39	259	694	1,526
Ages 40-44	262	684	1,532
Ages 45-49	295	715	1,629
Ages 50-54	322	734	1,702
Ages 55-59	341	754	1,755
Ages 60-64	329	724	1,655
Ages 65-69	285	659	1,503
Ages 70-74	235	574	1,314
Ages 74-79	187	480	1,088
Ages 80-84	139	345	816
Ages 85+	198	456	1,209

DETAILED DEMOGRAPHICS

Krispy Kreme - Foley

3031 South McKenzie Street, Foley, Alabama | Foley, AL 36535

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Income	1 Mile	3 Miles	5 Miles
Median	\$36,701	\$35,739	\$36,769
< \$10,000	183	443	782
\$10,000-\$14,999	304	416	888
\$15,000-\$19,999	69	388	975
\$20,000-\$24,999	147	280	715
\$25,000-\$29,999	176	494	892
\$30,000-\$34,999	175	336	774
\$35,000-\$39,999	17	234	573
\$40,000-\$44,999	152	234	521
\$45,000-\$49,999	138	224	539
\$50,000-\$60,000	109	427	974
\$60,000-\$74,000	294	498	1,154
\$75,000-\$99,999	80	410	1,198
\$100,000-\$124,999	167	306	514
\$125,000-\$149,999	14	31	144
\$150,000-\$199,999	33	103	252
> \$200,000	14	134	388

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SECTION 4

Projections

Proforma Income Statement

Krispy Kreme Leasehold

This Statement is for the Krispy Kreme Leasehold as acquired on 1 September 2021 for a Price of \$700,000. Assumes Tenant exercises 1 5yr option and ground lease is NOT extended.

	4 Months 2021	2022	2023	2024	2025	2026	2027	2028	2029
Gross Income									
Net Rent	\$32,000	\$96,000	\$97,600	\$100,800	\$100,800	\$100,800	\$100,800	\$102,480	\$105,840
Total Gross Income	\$32,000	\$96,000	\$97,600	\$100,800	\$100,800	\$100,800	\$100,800	\$102,480	\$105,840
Less: Operating Expenses									
Ground Lease	10,870	32,609	32,609	32,609	32,609	33,696	35,870	35,870	35,870
Total Operating Expenses	\$10,870	\$32,609	\$32,609	\$32,609	\$32,609	\$33,696	\$35,870	\$35,870	\$35,870
Net Operating Income	\$21,130	\$63,391	\$64,991	\$68,191	\$68,191	\$67,104	\$64,930	\$66,610	\$69,970
Taxable Income and Taxes (Losses Carried Forward)									
Taxable Revenues	\$32,000	\$96,000	\$97,600	\$100,800	\$100,800	\$100,800	\$100,800	\$102,480	\$105,840
Less: Deducted Expenses	10,870	32,609	32,609	32,609	32,609	33,696	35,870	35,870	35,870
Less: Depreciation	20,588	41,176	41,176	41,176	41,176	41,176	41,176	41,176	41,176
Ordinary Income	\$542	\$22,214	\$23,814	\$27,014	\$27,014	\$25,927	\$23,753	\$25,433	\$28,793
Taxable Income	0	2,756	23,814	27,014	27,014	25,927	23,753	25,433	28,793
(Cum Suspended Losses)	19,458	0	0	0	0	0	0	0	0
Taxes Due (- = Savings)	0	827	7,144	8,104	8,104	7,778	7,126	7,630	8,638
Cash Flow After Tax	\$21,130	\$62,564	\$57,846	\$60,086	\$60,086	\$59,325	\$57,804	\$58,980	\$61,332

Proforma Income Statement

Krispy Kreme Leasehold

This Statement is for the Krispy Kreme Leasehold as acquired on 1 September 2021 for a Price of \$700,000. Assumes Tenant exercises 1 5yr option and ground lease is NOT extended.

	2030	2031	2032	2033	2034	2035	2036	2037	8 Months 2038
Gross Income									
Net Rent	\$105,840	\$105,840	\$105,840	\$107,604	\$111,132	\$111,132	\$111,132	\$111,132	\$74,088
Total Gross Income	\$105,840	\$105,840	\$105,840	\$107,604	\$111,132	\$111,132	\$111,132	\$111,132	\$74,088
Less: Operating Expenses									
Ground Lease	35,870	37,066	39,458	39,458	39,458	39,458	40,773	43,404	28,936
Total Operating Expenses	\$35,870	\$37,066	\$39,458	\$39,458	\$39,458	\$39,458	\$40,773	\$43,404	\$28,936
Net Operating Income	\$69,970	\$68,774	\$66,382	\$68,146	\$71,674	\$71,674	\$70,359	\$67,728	\$45,152
Taxable Income and Taxes									
(Losses Carried Forward)									
Taxable Revenues	\$105,840	\$105,840	\$105,840	\$107,604	\$111,132	\$111,132	\$111,132	\$111,132	\$74,088
Less: Deducted Expenses	35,870	37,066	39,458	39,458	39,458	39,458	40,773	43,404	28,936
Less: Depreciation	41,176	41,176	41,176	41,176	41,176	41,176	41,176	41,176	20,588
Ordinary Income	\$28,793	\$27,597	\$25,206	\$26,970	\$30,498	\$30,498	\$29,183	\$26,552	\$24,564
Taxable Income	28,793	27,597	25,206	26,970	30,498	30,498	29,183	26,552	24,564
(Cum Suspended Losses)	0	0	0	0	0	0	0	0	0
Taxes Due (- = Savings)	8,638	8,279	7,562	8,091	9,149	9,149	8,755	7,966	7,369
Cash Flow After Tax	\$61,332	\$60,495	\$58,821	\$60,055	\$62,525	\$62,525	\$61,604	\$59,763	\$37,783
Ratio Analysis:									
Profitability Ratios									
Capitalization Rate	10.00%	9.82%	9.48%	9.74%	10.24%	10.24%	10.05%	9.68%	9.68%
Cash on Cash Before Tax	9.72%	9.55%	9.22%	9.46%	9.95%	9.95%	9.77%	9.41%	9.41%
Cash on Cash After Tax	8.52%	8.40%	8.17%	8.34%	8.68%	8.68%	8.56%	8.30%	7.87%
Risk Ratios									
Breakeven Occupancy	33.9%	35.0%	37.3%	36.7%	35.5%	35.5%	36.7%	39.1%	39.1%
Assumption Ratios									
Analysis Measures:									
IRR Before Debt			1.0%	2.3%	3.5%	4.4%	5.2%	5.8%	6.2%
IRR Before Tax			1.0%	2.3%	3.5%	4.4%	5.2%	5.8%	6.2%
IRR After Tax			0.1%	1.2%	2.1%	3.0%	3.6%	4.2%	4.5%

Subject Leasehold

Year	Year Ending	Tenant Rent	Ground Rent	Annual Cash Flow
				\$ (700,000.00)
1	2022	\$ 96,000.00	\$ 32,609.52	\$ 63,390.48
2	2023	\$ 96,000.00	\$ 32,609.52	\$ 63,390.48
3	2024	\$ 100,800.00	\$ 32,609.52	\$ 68,190.48
4	2025	\$ 100,800.00	\$ 32,609.52	\$ 68,190.48
5	2026	\$ 100,800.00	\$ 32,609.52	\$ 68,190.48
6	2027	\$ 100,800.00	\$ 35,870.40	\$ 64,929.60
7	2028	\$ 100,800.00	\$ 35,870.40	\$ 64,929.60
8	2029	\$ 105,840.00	\$ 35,870.40	\$ 69,969.60
9	2030	\$ 105,840.00	\$ 35,870.40	\$ 69,969.60
10	2031	\$ 105,840.00	\$ 35,870.40	\$ 69,969.60
11	2032	\$ 105,840.00	\$ 39,457.56	\$ 66,382.44
12	2033	\$ 105,840.00	\$ 39,457.56	\$ 66,382.44
13	2034	\$ 111,132.00	\$ 39,457.56	\$ 71,674.44
14	2035	\$ 111,132.00	\$ 39,457.56	\$ 71,674.44
15	2036	\$ 111,132.00	\$ 39,457.56	\$ 71,674.44
16	2037	\$ 111,132.00	\$ 43,403.56	\$ 67,728.44
17	2038	\$ 111,132.00	\$ 43,403.56	\$ 67,728.44
IRR				6.13%

Comparable Fee Simple

Year	Year Ending	Annual Cashflow
		\$ (1,600,000)
1	2022	\$ 96,000.00
2	2023	\$ 96,000.00
3	2024	\$ 100,800.00
4	2025	\$ 100,800.00
5	2026	\$ 100,800.00
6	2027	\$ 100,800.00
7	2028	\$ 100,800.00
8	2029	\$ 105,840.00
9	2030	\$ 105,840.00
10	2031	\$ 105,840.00
11	2032	\$ 105,840.00
12	2033	\$ 105,840.00
13	2034	\$ 111,132.00
14	2035	\$ 111,132.00
15	2036	\$ 111,132.00
16	2037	\$ 111,132.00
17	2038	\$ 1,550,000.00 8% CAP Rate on new 5 year option plus rent
IRR		6.11%