

*Pioneer Franchisee | New 15-Year Absolute NNN
Sale-Leaseback*

*1300 N Jackson St,
Tullahoma, TN 37388*

Marcus & Millichap

REPRESENTATIVE PHOTO



OFFERING
MEMORANDUM

Krystal®

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SECTION 1

Executive Summary

OFFERING SUMMARY

INVESTMENT HIGHLIGHTS

Marcus & Millichap

OFFERING SUMMARY



Listing Price
\$636,363



Cap Rate
5.50%

FINANCIAL

Listing Price	\$636,363
NOI	\$35,000
Cap Rate	5.50%
Price/SF	\$507.47

OPERATIONAL

Rentable SF	1,254 SF
Lot Size	0.40 Acres
Year Built/Renovated	2002



KRYSTAL SALE-LEASEBACK

1300 N Jackson St, Tullahoma, TN 37388

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present this exclusive listing of a freestanding Krystal Restaurant located at 1300 N Jackson St in Tullahoma, TN. The site constructed in 2002 consists of 1,254 rentable square feet of building space and sits on an approximately 0.40 acre parcel of land. Krystal is subject to a brand new, 15-year Absolute NNN lease, the starting base rent shall be \$35,000 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 30 years. The subject property has displayed strong performance throughout its history in Tullahoma, as a result WAC Enterprises will execute a new 15-Year Absolute NNN Lease at Close of Escrow.

INVESTMENT HIGHLIGHTS

- New 15-Year Absolute NNN Lease To Be Executed at Close of Escrow
- 15-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.

General Information
Founded: 1932
Website: https://krystal.com/
Headquarters: Dunwoody, GA
Number of Locations: 305+

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.

KRYSTAL SALE-LEASEBACK

1300 N Jackson St, Tullahoma, TN 37388

ABOUT THE FRANCHISEE-OPERATOR BACKGROUND

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.

KRYSTAL SALE-LEASEBACK

1300 N Jackson St, Tullahoma, TN 37388

ABOUT THE KRYSTAL COMPANY | A NEW CHAPTER

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SECTION 2

Property Information

AERIAL MAP

PROPERTY PHOTOS

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LOWE'S

Walmart

TSC TRACTOR SUPPLY CO

DOLLAR GENERAL

Kroger

Hardee's

SONIC

RED LOBSTER

HOBBY LOBBY

ZAXBY'S

BIG LOTS!

Chick-fil-A



burkes OUTLET

JO-ANN fabric and craft stores

Publix

Bath & Body Works

HIBBETT SPORTS



CVS

Advance Auto Parts

N Jackson St

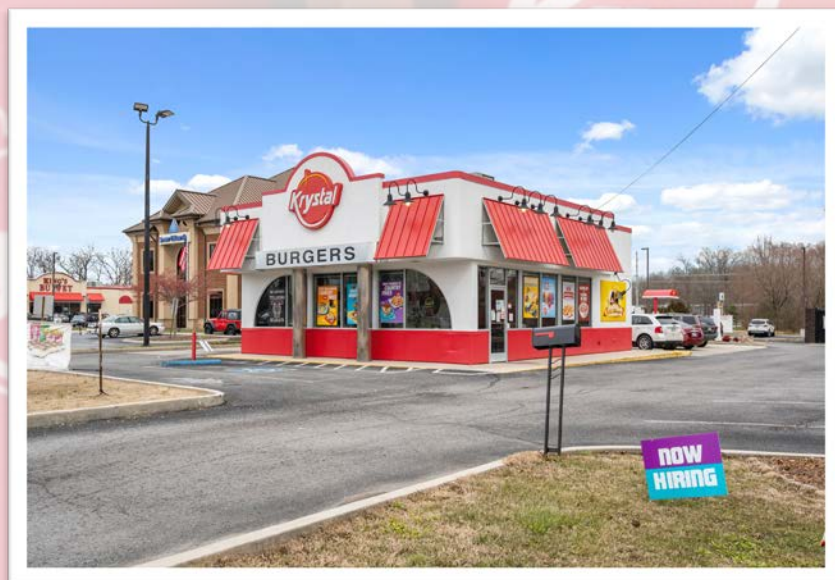
AADT 21,460+

McDonald's



KRYSTAL SALE-LEASEBACK

PROPERTY PHOTOS //



SECTION 3

Financial Analysis

PRICING DETAILS

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KRYSTAL SALE-LEASEBACK

PRICING DETAILS //

THE OFFERING	
Property	Krystal Sale-Leaseback
Property Address	1300 N Jackson St Tullahoma, TN 37388
Price	\$636,363
Capitalization Rate	5.50%
Price/SF	\$507.47

PROPERTY DESCRIPTION	
Year Built / Renovated	2002
Gross Leasable Area	1,254 SF
Zoning	Commercial
Type of Ownership	Fee Simple
Lot Size	0.40 Acres

LEASE SUMMARY	
Property Subtype	Net Leased Restaurant
Tenant	WAC Enterprises
Rent Increases	1.00% Annual Escalations
Guarantor	Franchisee Guarantee
Lease Type	Absolute Net
Lease Commencement	At Close of Escrow
Initial Lease Term	15 Years After Close of Escrow
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	\$35,000
Year 1	\$35,000
Year 2	\$35,000
Year 3	\$35,000
Year 4	\$35,000
Year 5	\$35,000
Year 6	\$35,350
Year 7	\$35,704
Year 8	\$36,061
Year 9	\$36,421
Year 10	\$36,785
Year 11	\$37,153
Year 12	\$37,525
Year 13	\$37,900
Year 14	\$38,279
Year 15	\$38,662

SECTION 5

Market Overview

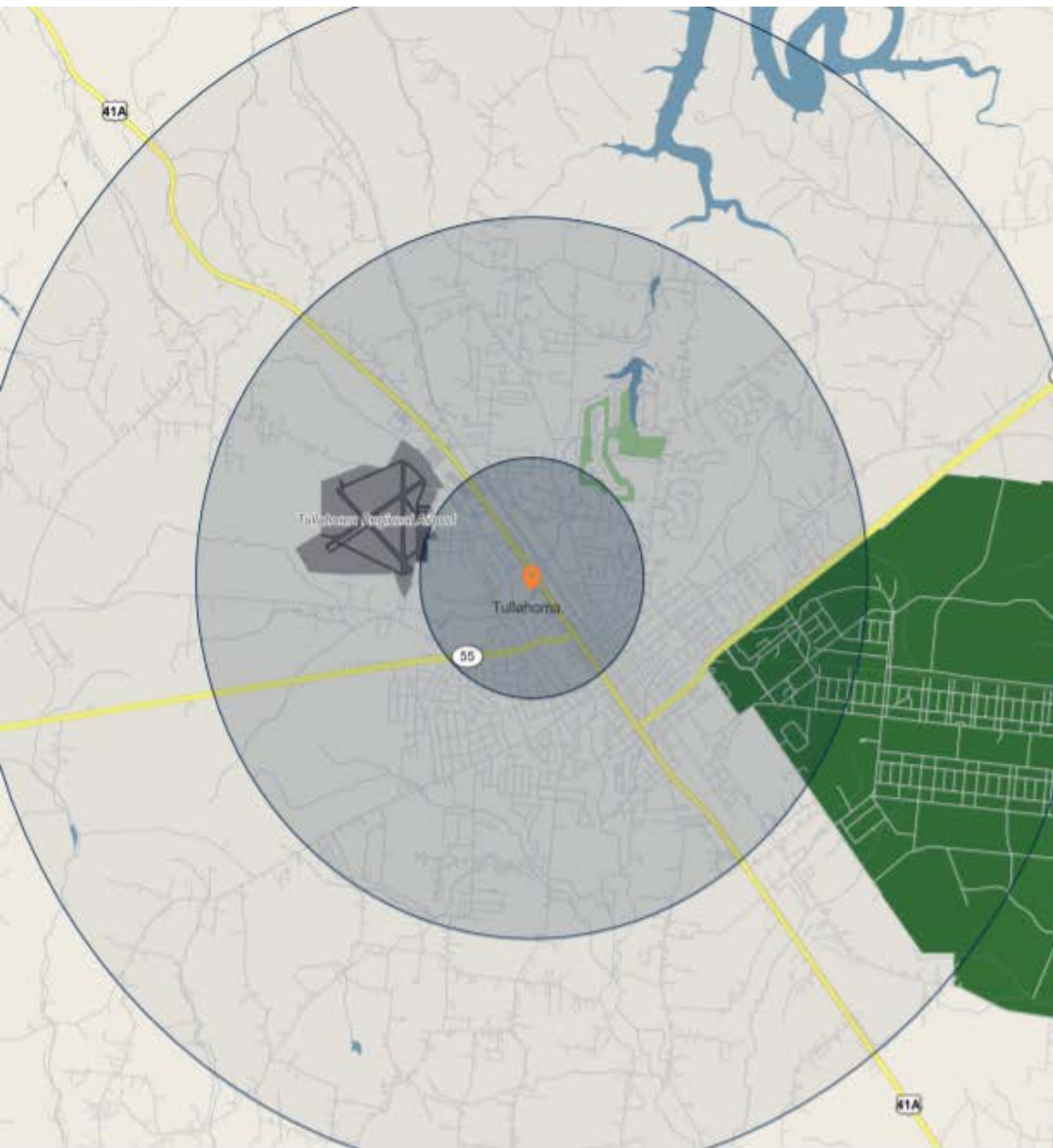
DEMOGRAPHICS

MARKET OVERVIEW

Marcus & Millichap

KRYSTAL SALE-LEASEBACK

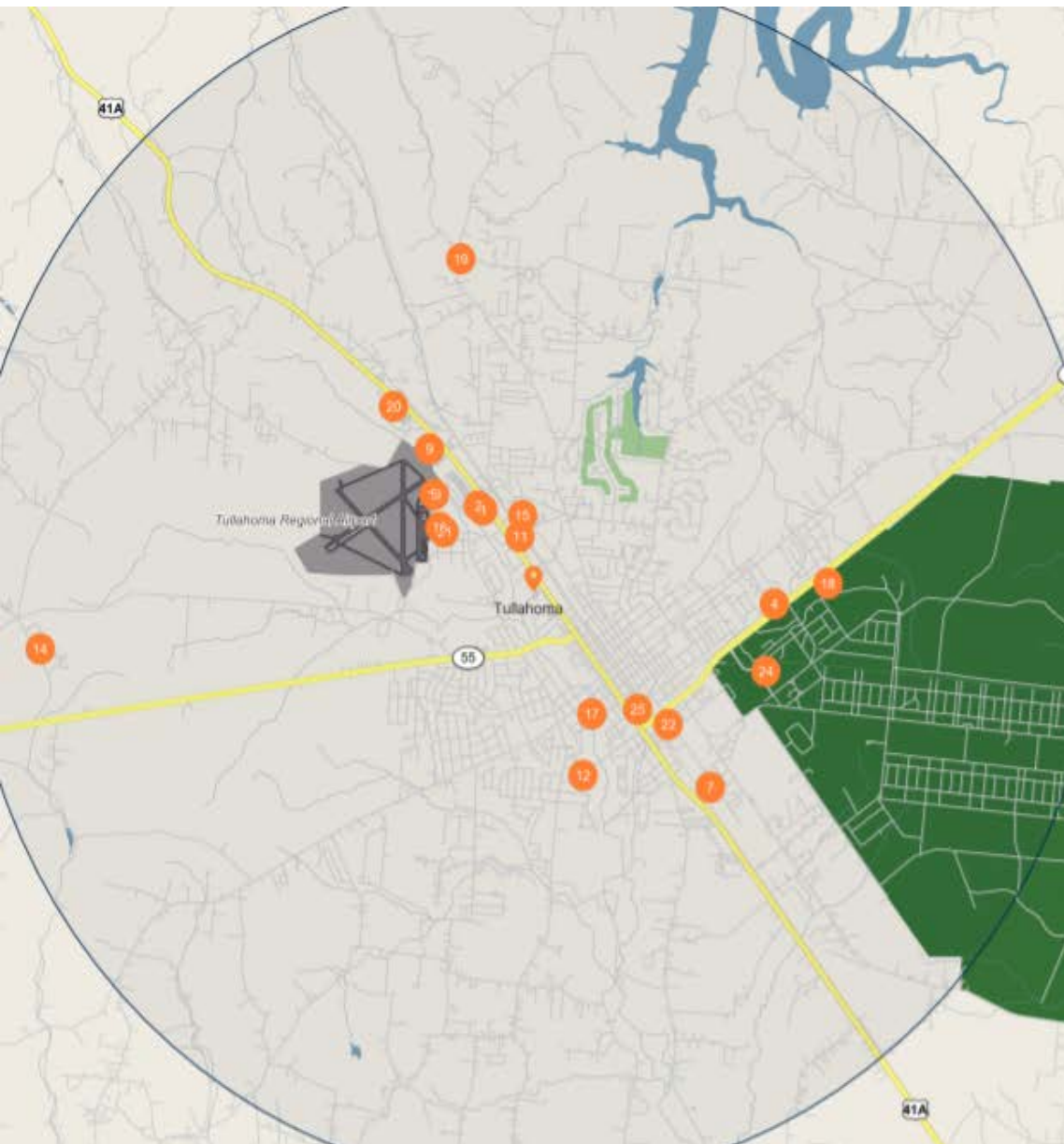
// Demographics



POPULATION	1 Mile	3 Miles	5 Miles
2026 Projection	4,164	20,770	25,140
2021 Estimate	4,109	20,397	24,640
2010 Census	3,834	19,014	23,042
2000 Census	3,899	18,791	22,529
HOUSEHOLD INCOME			
Average	\$75,021	\$71,445	\$72,434
Median	\$51,014	\$49,888	\$52,275
Per Capita	\$33,330	\$29,403	\$29,743
HOUSEHOLDS			
2026 Projection	1,846	8,586	10,366
2021 Estimate	1,808	8,370	10,088
2010 Census	1,700	7,832	9,462
2000 Census	1,662	7,593	9,066
HOUSING			
Median Home Value	\$164,013	\$155,365	\$156,736
EMPLOYMENT			
2021 Daytime Population	7,862	24,991	28,375
2021 Unemployment	4.87%	5.37%	5.18%
Average Time Traveled (Minutes)	22	22	23
EDUCATIONAL ATTAINMENT			
High School Graduate (12)	30.02%	33.29%	34.55%
Some College (13-15)	25.58%	23.44%	22.97%
Associate Degree Only	6.55%	6.85%	6.87%
Bachelor's Degree Only	15.09%	14.80%	14.44%
Graduate Degree	12.29%	9.61%	9.31%

KRYSTAL SALE-LEASEBACK

// Demographics



Major Employers

Employees

1	Vanderbilt Tllhoma-Harton Hosp	3,152
2	Centerstone of America Inc-Highland Rim Mental Health Ctr	3,087
3	John W Harton Regional Med Ctr-Tennova Health Care-Harton	500
4	Childrens Services Tenn Dept	467
5	Te Connectivity Corporation-Industrial Products Division	350
6	Te Connectivity Corporation-Deutsch Industrial Products	312
7	Cubic Trnsp Systems Inc-Precision Manufactrng Division	300
8	Cubic Defense Applications Inc	300
9	Walmart Inc-Walmart	300
10	Te Connectivity Corporation-Defense Aerospace Operations	297
11	Publix Super Markets Inc	256
12	Raytheon Technologies Corp	255
13	Air Force US Dept of-704th Mission Support Group	254
14	Motlow State Community College	222
15	Vanderbilt University	188
16	Jacobs Technology Inc-Jacobs	180
17	Ollies Brgain Outl Hldings Inc	170
18	Great Lakes Coca-Cola Dist LLC-Coca-Cola Btlg Works Tullahoma	165
19	Schmiede Corporation-Schmiede	156
20	Lowes Home Centers LLC-Lowes	150
21	Jacobs Technology Inc	150
22	Tullahoma Open Door Inc	150
23	Jo-Ann Stores Holdings Inc	135
24	Sonoco Prtective Solutions Inc	130
25	Systems Intgrtion Mdng Smlti	130

ABOUT TULLAHOMA

Tullahoma is known as “Tennessee’s Rising Star.” A town born from the railroad, Tullahoma has grown to become a world leader in flight and engineering research, and it has a few secrets that keep people talking. From coffee shops, breweries, distilleries, restaurants, and numerous lakes and state natural areas, Tullahoma is a small town just waiting for you to discover its uniqueness.

Tullahoma is ranked as the #1 “Micropolitan” city in the state of Tennessee based on economic strength factors. They are a business-friendly community with regulatory and support mechanisms geared toward nurturing growth of existing business and development opportunities for newcomers.



Today, Tullahoma is a hub for aviation, aeronautics and avionics activities and industries. The University of Tennessee Space Institute is a one-of-a kind educational and applied science facility. Engineers and technicians in Tullahoma created the X-43 as part of NASA’s Hyper-X program. The unmanned experimental hypersonic aircraft design achieved a speed of Mach 9.68 during a 2004 test. William Northern Field at the Tullahoma Regional Airport is the state’s sixth largest general aviation airport and the nearby Beechcraft Heritage Museum houses a large collection of Beechcraft and related aircraft. The Goodrich Landing Gear Division in Tullahoma supports commercial, military, regional, and business customers throughout the world.

SECTION 5

About The Team

ANDREW JAWORSKI

LOU TIBOLLA

TAREK CHBEIR

About The Team



Lou Tibolla

Associate

Lou Tibolla is a Florida state licensed investment associate with over 30 years of experience in real estate. Born and raised in New Jersey, Lou prides himself on creating long-lasting client relationships using his extensive market knowledge. Focused exclusively on retail & net leased in the firm's Orlando office, Lou dedicates his time to ensuring essential information is provided to produce the optimal outcome for his client and their portfolio.

As a seasoned real estate professional, Lou's success was built on years of unrelenting work on the behalf of his clients with a focus on providing quality services to not only build but maintain those relationships. His tenacity and passion for real estate is directly translated into his work and will continue to do so as his career progresses.



Andrew Jaworski

Senior Associate

Hailing from New York State, Andrew Jaworski remains one of the most aggressive brokers in the Orlando Office, focusing strictly on retail and net-leased properties. The majority of his time is dedicated towards assisting franchisees and corporations creatively structure sale-leaseback transactions as a means of helping them expand their footprint. Andrew began his career with Marcus & Millichap as an intern during his final year at Rollins College while pursuing his Master's in Healthcare Administration.

Throughout this time, Andrew began studying the net-leased marketplace and growth trends throughout the South-Eastern United States, specifically quick-service restaurants (QSR's), pharmacies, automotive retail, and banks. Upon graduation, he expanded his research to other major counties throughout Florida. He has since expanded his reach, spanning back to his roots in New York where he travels frequently, building relationships with NNN buyers, sellers, and developers.



Tarek Chbeir

Associate

Tarek Chbeir is a Single and Multi-tenant Retail Investment specialist in the firm's Orlando office. Focusing strictly on Single and Multi-tenant retail properties, Tarek exclusively represents property owners throughout the Florida region, providing clients with professional, responsive, and attentive advisory services through active research, investment sales, and updates through Marcus and Millichap Capital corporation.

Tarek has years of experience in the real estate industry, and prides himself in providing each and every client with a consistent quality service through Marcus and Millichap. Surpassing expectations and achieving the desired result is our primary motivation.

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING

Krystal®

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