

*Pioneer Franchisee | New 20-Year Absolute NNN
Sale-Leaseback*

*712 Madison St,
Shelbyville, TN 37160*

Marcus & Millichap

REPRESENTATIVE PHOTO



OFFERING
MEMORANDUM

Krystal®

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SECTION 1

Executive Summary

OFFERING SUMMARY

INVESTMENT HIGHLIGHTS

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OFFERING SUMMARY



Listing Price
\$1,207,264



Cap Rate
5.30%

FINANCIAL

Listing Price	\$1,207,264
NOI	\$63,985
Cap Rate	5.30%
Price/SF	\$446.64

OPERATIONAL

Rentable SF	2,703 SF
Lot Size	0.94 Acres
Year Built/Renovated	1999



KRYSTAL SALE-LEASEBACK

712 Madison St, Shelbyville, TN 37160

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present this exclusive listing of a freestanding Krystal Restaurant located at 712 Madison St in Shelbyville, TN. The site constructed in 1999 consists of 2,703 rentable square feet of building space and sits on an approximately 1.94 acre parcel of land. Krystal is subject to a brand new, 20-year Absolute NNN lease, the starting base rent shall be \$63,985 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 35 years. The subject property has displayed strong performance throughout its history in Shelbyville, as a result WAC Enterprises will execute a new 20-Year Absolute NNN Lease at Close of Escrow.

INVESTMENT HIGHLIGHTS

- New 20-Year Absolute NNN Lease To Be Executed at Close of Escrow
- 20-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.

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

712 Madison St, Shelbyville, TN 37160

ABOUT THE KRYSTAL COMPANY | A NEW CHAPTER

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SECTION 2

Property Information

AERIAL MAP

PROPERTY PHOTOS

Marcus & Millichap



DOLLAR GENERAL



WAFFLE HOUSE



Hardee's

Advance
Auto Parts



BW Best Western.



CVS

POPEYES

Burger
King



Walmart

SUBWAY

SONIC

LOWE'S

Kroger

AADT 22,330+

N Main St

Madison St

AADT 16,380+

Calsonic Arena

McDonald's

KRYSTAL SALE-LEASEBACK

PROPERTY PHOTOS //



SECTION 3

Financial Analysis

PRICING DETAILS

Marcus & Millichap

KRYSTAL SALE-LEASEBACK

PRICING DETAILS //

THE OFFERING	
Property	Krystal Sale-Leaseback
Property Address	712 Madison St, Shelbyville, TN 37160
Price	\$1,207,264
Capitalization Rate	5.30%
Price/SF	\$446.64

PROPERTY DESCRIPTION	
Year Built / Renovated	1999
Gross Leasable Area	2,703 SF
Zoning	Commercial
Type of Ownership	Fee Simple
Lot Size	0.94 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	20 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	\$63,985
Year 1	\$63,985
Year 2	\$63,985
Year 3	\$63,985
Year 4	\$63,985
Year 5	\$63,985
Year 6	\$64,625
Year 7	\$65,271
Year 8	\$65,924
Year 9	\$66,583
Year 10	\$67,249
Year 11	\$67,921
Year 12	\$68,601
Year 13	\$69,287
Year 14	\$69,979
Year 15	\$70,679
Year 16	\$71,386
Year 17	\$72,100
Year 18	\$72,821
Year 19	\$73,549
Year 20	\$74,285

SECTION 5

Market Overview

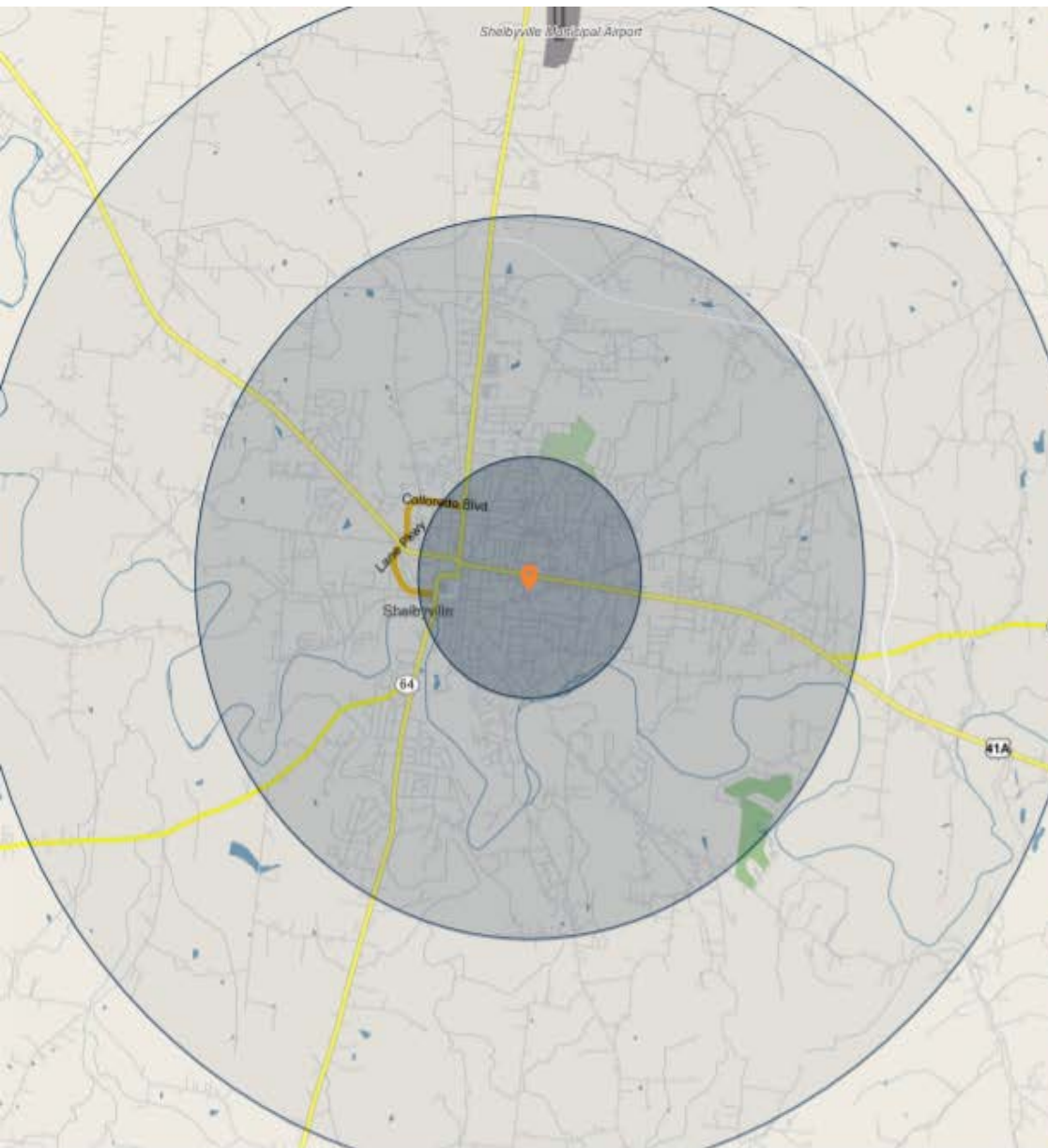
DEMOGRAPHICS

MARKET OVERVIEW

Marcus & Millichap

KRYSTAL SALE-LEASEBACK

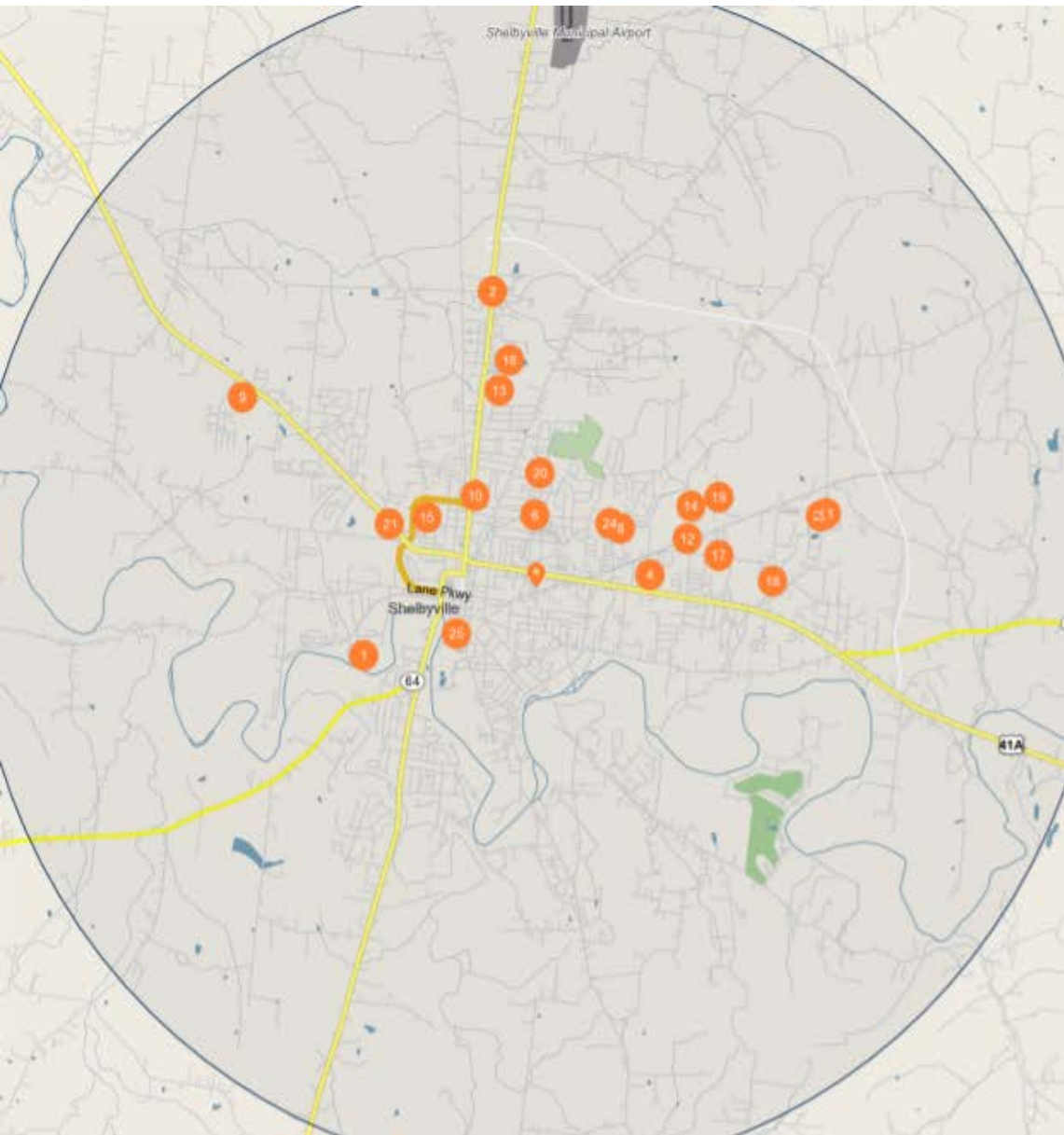
// Demographics



POPULATION	1 Mile	3 Miles	5 Miles
2026 Projection	7,705	25,217	29,517
2021 Estimate	7,443	24,370	28,483
2010 Census	6,672	21,763	25,374
2000 Census	5,889	17,534	20,574
HOUSEHOLD INCOME			
Average	\$52,501	\$61,164	\$63,107
Median	\$43,062	\$47,779	\$49,513
Per Capita	\$19,266	\$22,456	\$23,260
HOUSEHOLDS			
2026 Projection	2,824	9,250	10,885
2021 Estimate	2,714	8,870	10,423
2010 Census	2,411	7,851	9,204
2000 Census	2,201	6,570	7,690
HOUSING			
Median Home Value	\$124,709	\$152,242	\$155,805
EMPLOYMENT			
2021 Daytime Population	7,936	27,690	32,639
2021 Unemployment	5.90%	5.29%	5.24%
Average Time Traveled (Minutes)	25	25	25
EDUCATIONAL ATTAINMENT			
High School Graduate (12)	45.15%	40.90%	40.93%
Some College (13-15)	14.49%	15.61%	15.79%
Associate Degree Only	5.95%	5.71%	5.71%
Bachelor's Degree Only	6.71%	10.35%	10.69%
Graduate Degree	2.90%	3.91%	4.06%

KRYSTAL SALE-LEASEBACK

// Demographics



Major Employers		Employees
1	Tyson Foods Inc-Tyson	1,200
2	CNA Inc-CNA Insurance	1,000
3	CNA Inc-CNA Insurance	803
4	Albea Americas Inc-Albea	375
5	Cebal Americas	350
6	Tennessee Wlking Hrse Nat Clbr-Celebration	300
7	Marelli North America Inc-Ckna	271
8	Big G Express Inc	250
9	Jostens Inc-Jostens School Products Div	230
10	Kroger Co-Kroger	170
11	Titan Transfer Inc	150
12	Nationwide Express Inc-Nationwide Distrubution Svcs	150
13	Lowes Home Centers LLC-Lowes	150
14	Corsicana Bedding LLC-Corsicana Mattress Company	131
15	South Cntl Humn Rsrce Agcy Inc-Shelbyville Head Start	126
16	Walmart Inc-Walmart	120
17	Bedford County Schools-Shelbyville Central High Schl	117
18	Amcor Flexibles North Amer Inc-Bemis North America	117
19	White Associates LLC	115
20	Glen Oaks Convalescent Center	115
21	Bedford County Nursing Home	110
22	Glen Oaks LLC-Glen Oaks Hlth Rehabilitation	99
23	Marelli Cabin Comfort USA Inc	99
24	Century Mold Company Inc	89
25	Shelbyville Power System-Shelbyville Wtr Sewage Systems	83

KRYSTAL SALE-LEASEBACK

// Market Overview

ABOUT SHELBYVILLE

Shelbyville is located 50 miles southeast of Nashville in the hills of Tennessee. Rich in both cultural history and natural beauty, the town is known worldwide for the annual Tennessee Walking Horse National Celebration, a prestigious equestrian event dating back to 1939. Located along the Duck River in southern Middle Tennessee, you can choose to fish or float, enjoy a long bike ride through the scenic countryside, ride a horse, enjoy one of the numerous festivals, or explore their beautiful historic downtown.

Shelbyville is located 50 miles southeast of Nashville in the hills of Tennessee. Rich in both cultural history and natural beauty, the town is known worldwide for the annual Tennessee Walking Horse National Celebration, a prestigious equestrian event dating back to 1939. Located along the Duck River in southern Middle Tennessee, you can choose to fish or float, enjoy a long bike ride through the scenic countryside, ride a horse, enjoy one of our numerous festivals, or explore our beautiful historic downtown.



Bedford County is poised for rapid-fire recovery. The Chamber’s business retention and expansion (BRE) program is regarded as one of its biggest strengths. BRE initiatives will assess local business impact from Covid-19 as well as identify challenges and local solution: all building towards strengthening economic vitality.

The Chamber’s work on promoting entrepreneurialism, shopping local, and providing innovative business-building workshop will make survival and growth a real success for many Bedford County businesses.

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®

ANDREW JAWORSKI | 407.557.3839 | ANDREW.JAWORSKI@MARCUSMILLICHAP.COM

LOU TIBOLLA | 407.557.3846 | LOU.TIBOLLA@MARCUSMILLICHAP.COM

TAREK CHBEIR | 407.557.3834 | TAREK.CHBEIR@MARCUSMILLICHAP.COM