



Offering Memorandum

Frankston Packaging Company

699 N Frankston Hwy & 102 Reagan St | Frankston, TX 75763

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Investment Highlights

- **Long-Term, Passive NNN Cash Flow w/ In-Place Escalators:** Base term runs to Nov 30, 2032 with 3% annual bumps; two (2) 2-year options thereafter. Current structure is true NNN (tenant covers taxes/insurance/utilities/HVAC/roof/structure).
- **Mission-Critical, Multi-Building Plant Serving a Core Product Line:** ±86,118 SF manufacturing/warehouse (Frankston 1) + ±7,500 SF storage (Frankston 2) across ~3.05 AC total. Site is dedicated to folded paperboard production/distribution and is positioned as a key revenue contributor in a 4-plant footprint (TX/LA/VA).
- **Proven Operator With 60+ Years of History & Active M&A:** Company founded 1957, expanded through multiple acquisitions (2016–2021) and product line additions (labels/films/flexible). Focus on Six Sigma/Lean and GMP/AIB food-contact practices support quality/repeat demand.
- **Inflation-Shielded Growth + Below-Replacement Industrial:** Escalators are fixed at 3%; specialized improvements and replacement cost inflation favor retention and renewal dynamics. (See lease schedule & abstract.)
- **East Texas Industrial Node With Quick Big-Market Access:** 25 miles to Tyler; two hours to DFW; regional labor and logistics depth.
- **Sector Backdrop: Paperboard/Folding Carton Is a Sustainability Winner:** Current data shows resilient, regulation-friendly substrate demand (details below with sources).

Property & Lease Snapshot

- **Locations:** 699 N Frankston Hwy (“Frankston 1” ±86,118 SF on ±2.84 AC); 102 S Reagan St (“Frankston 2” ±7,500 SF on ±0.205 AC). Use: industrial manufacturing & distribution. Year built: 1984 / 1999.
- **Tenancy / Credit:** Frankston Packaging Company, LLC (DE LLC), dba Frankston Packaging; privately held, multi-site converter.
- **Lease Economics (Primary Term):** Rent commenced Nov 18, 2019; NOI \$218,545 as of 12/1/2022–11/30/2023 step, with scheduled annual 3% increases through 2032. (Full step-up table in OM.)
- **Landlord Obligations:** NNN structure with tenant responsibility for taxes, insurance, utilities, HVAC, roof/structure; landlord only steps in for certain >\$25k items with tenant amortized reimbursement.

Tenant & Business Overview

- **What they make:** Custom paperboard folding cartons, rigid/set-up boxes, corrugated (incl. litho-lam), flexible packaging, and a broad labels portfolio (PS labels, shrink sleeves, roll-fed, heat-seal) — enabling multi-format solutions across food, beverage, personal care, and specialty.
- **Operating philosophy:** Six Sigma/Lean (5S, TPM, Kaizen), GMP-aligned QMS, AIB standards for direct food-contact SKUs — all of which support repeat orders and defensible customer stickiness.
- **Network & evolution:** Frankston (core folding cartons), Tyler (labels/film), plus Bossier City, LA and Edinburg, VA acquired to expand footprint and throughput.

Up-to-Date Industry Read

- **Big picture:** Paperboard and folding cartons continue to benefit from sustainability policies and brand plastic-reduction targets, even as corrugated volumes have been choppy post-pandemic.
- **Folding Carton Growth:** Global folding carton market estimated \$141.1B in 2024, projected \$182.9B by 2030 (CAGR ~4.4%). Drivers: plastic substitution, premium print/graphics, and food/personal care.
- **Paper & Paperboard Packaging Scale:** Global paper/paperboard packaging projected \$337.6B in 2025 to \$492.3B by 2034 (CAGR ~4.3%); major players include International Paper, DS Smith, Smurfit WestRock, WestRock legacy, Mondi.
- **U.S. / North America Lens:** North America packaging revenue ~\$319B (2024), projected \$482B by 2034; paper/paperboard expected to be the fastest-growing material bucket within the region's mix as brands pivot to recyclable formats.
- **Corrugated Shipments & Value:** U.S. corrugated shipments ~381B sq ft in 2024 (+0.1% YoY), with \$40.8B shipment value; average plant output rose YoY — signaling utilization improvement despite macro volatility.
- **2025 Volume Tone:** Industry commentary points to a muted 2025 for box shipments (-2.5% to -3% expected), reflecting inventory normalization and slower goods demand; mix and pricing discipline remain the offset levers.
- **Consolidation Continues:** Smurfit Kappa + WestRock closed July 5, 2024 to form Smurfit WestRock, a global leader — a clear indicator of ongoing scale-seeking in containerboard/consumer packaging.
- **Selective Capacity Rationalization:** Large players have shuttered high-cost capacity amid softer demand/pricing (e.g., International Paper announced four U.S. facility closures in Feb 2025).





Implications for Frankston Packaging / Subject Asset

- **Favorable Substrate Tailwinds:** Folding cartons benefit from corporate ESG targets and regulatory push for recyclable/renewable substrates — a secular support for paperboard converters.
- **Buyer Power vs. Niche Value-Add:** While mega-converters consolidate, mid-market converters that offer speed, graphics, and short-to-mid runs retain pricing power and stickier regional accounts, advantaging operators like Frankston. (Supported by growth in folding carton/paperboard segments cited above.)
- **Cyclical Corrugated, but Mixed Portfolio Helps:** Corrugated volumes are cyclical; Frankston's diversified mix (cartons + labels + flexible) and food-contact/GMP capabilities help smooth order books through cycles.

Why This Cash Flow is Durable

- **Embedded, indexed-like growth:** 3% contractual bumps through 2032 provide built-in NOI growth irrespective of the macro print market.
- **High switching costs:** Graphics, CAD dielines, QA protocols, and food-grade compliance create customer stickiness and make production migration costly/time-consuming — supporting tenant profitability at this site.
- **Purpose-built improvements:** Heavy power, material flow, and finishing lines (implied by the manufacturing/warehouse split) are costly to replicate; this improves renewal odds and backfills value if ownership ever changes.

Property Overview

 List Price	\$3,537,933	 Net Operating Income	\$238,810
 Cap Rate	6.75%	 Price/SF	\$41.08

Property Information

Property Name	Frankston Packaging Company
Address	699 N Frankston Hwy & 102 Reagan St
City/State/Zip	Frankston, TX 75763
Parcel ID	R37589
Frankston 1 (RBA)	86,118 SF
Office	3,146 SF
Manufacturing	22,163 SF
Warehouse	60,809 SF
Frankston 2	7,500 SF
Lot Size	1.55 AC
Year Built/Renovated	1984/1999
Construction	Steel
Land Area	Frankston 1: +/- 2.841 AC Frankston 2: +/- 0.2046 AC
Building Use	Industrial Manufacturing and Distribution
Ownership	Fee Simple

Lease Summary

Lease Summary	
Tenant Trade Name	Frankston Packaging Company, LLC (Delaware LLC)
Ownership	Private
Tenant	Frankston Packaging Company
Lease Guarantee	Corporate
Lease Type	NNN
Year Built	1984/1999
Building Size	Frankston 1: +/-86,118 SF; Frankston 2: +/-7,500 SF
Land Area	Frankston 1: +/-2.841 AC; Frankston 2: +/-0.2046 AC
Base Term	13 Years
Rent Commencement Date	November 18, 2019
Lease Expiration	November 30, 2032
Lease Term Remaining	+/- 7 Years
NOI	\$ 238,810.00
Rent Increases	3% Annually
Renewal Options	Two (2) Two Year Options
Landlord Responsibilities	Management of Taxes and major expenses (>\$25k) if not addressed by Tenant, must be paid by Landlord and Tenant will reimburse monthly amortization over useful life.
Expenses	
Taxes	Tenant
Insurance	Tenant
Parking	Tenant
Utilities	Tenant
HVAC	Tenant
Roof	Tenant
Structure	Tenant
Frankston 1 and Frankston 2 operate under two separate co-terminous leases.	

Rent Schedule							
Year	Start	End	Frankston 1	Frankston 2	Total	Rent P/SF	Increase
1	11/18/2019	11/30/2020	\$196,000.00	\$4,000.00	\$200,000.00	\$2.14	-
2	12/1/2020	11/30/2021	\$201,880.00	\$4,120.00	\$206,000.00	\$2.20	3%
3	12/1/2021	11/30/2022	\$207,936.40	\$4,243.60	\$212,180.00	\$2.27	3%
4	12/1/2022	11/30/2023	\$214,174.49	\$4,370.91	\$218,545.40	\$2.33	3%
5	12/1/2023	11/30/2024	\$220,599.73	\$4,502.04	\$225,101.76	\$2.40	3%
6	12/1/2024	11/30/2025	\$227,217.72	\$4,637.10	\$231,854.81	\$2.48	3%
7	12/1/2025	11/30/2026	\$234,034.25	\$4,776.21	\$238,810.46	\$2.55	3%
8	12/1/2026	11/30/2027	\$241,055.28	\$4,919.50	\$245,974.77	\$2.63	3%
9	12/1/2027	11/30/2028	\$248,286.94	\$5,067.08	\$253,354.02	\$2.71	3%
10	12/1/2028	11/30/2029	\$255,735.54	\$5,219.09	\$260,954.64	\$2.79	3%
11	12/1/2029	11/30/2030	\$263,407.61	\$5,375.67	\$268,783.28	\$2.87	3%
12	12/1/2030	11/30/2031	\$271,309.84	\$5,536.94	\$276,846.77	\$2.96	3%
13	12/1/2031	11/30/2032	\$279,449.13	\$5,703.04	\$285,152.18	\$3.05	3%
14	12/1/2032	11/30/2033	\$287,832.61	\$5,874.13	\$293,706.74	\$3.14	3%
15	12/1/2033	11/30/2034	\$296,467.59	\$6,050.36	\$302,517.94	\$3.23	3%
16	12/1/2034	11/30/2035	\$305,361.61	\$6,231.87	\$311,593.48	\$3.33	3%
17	12/1/2035	11/30/2036	\$314,522.46	\$6,418.83	\$320,941.29	\$3.43	3%

- Option 1
- Option 2



Founded in 1957, Frankston Packaging Company is a full-service manufacturer producing custom paperboard folding cartons, rigid/set-up boxes, and flexible packaging in a single facility. Despite its long history, the company positions itself as modern and customer-focused, emphasizing responsiveness and tailored solutions rather than standardized products. Its design team works closely with clients to develop packaging that is innovative, visually effective, and cost-efficient, reflecting a business model built around customer needs and long-term relationships.

The company is currently owned by Kyle Eldred and Norm Bullock, whose combined corporate experience has guided its expansion and operational improvements. Since acquiring the business about 15 years ago, they have overseen significant growth, with sales increasing more than fourfold and over \$10 million reinvested into facilities, equipment, and processes. This reinvestment strategy, along with a continued focus on employees and customers, underpins the company's confidence in its future trajectory.



Frankston, TX



Private Company



Founded in 1957

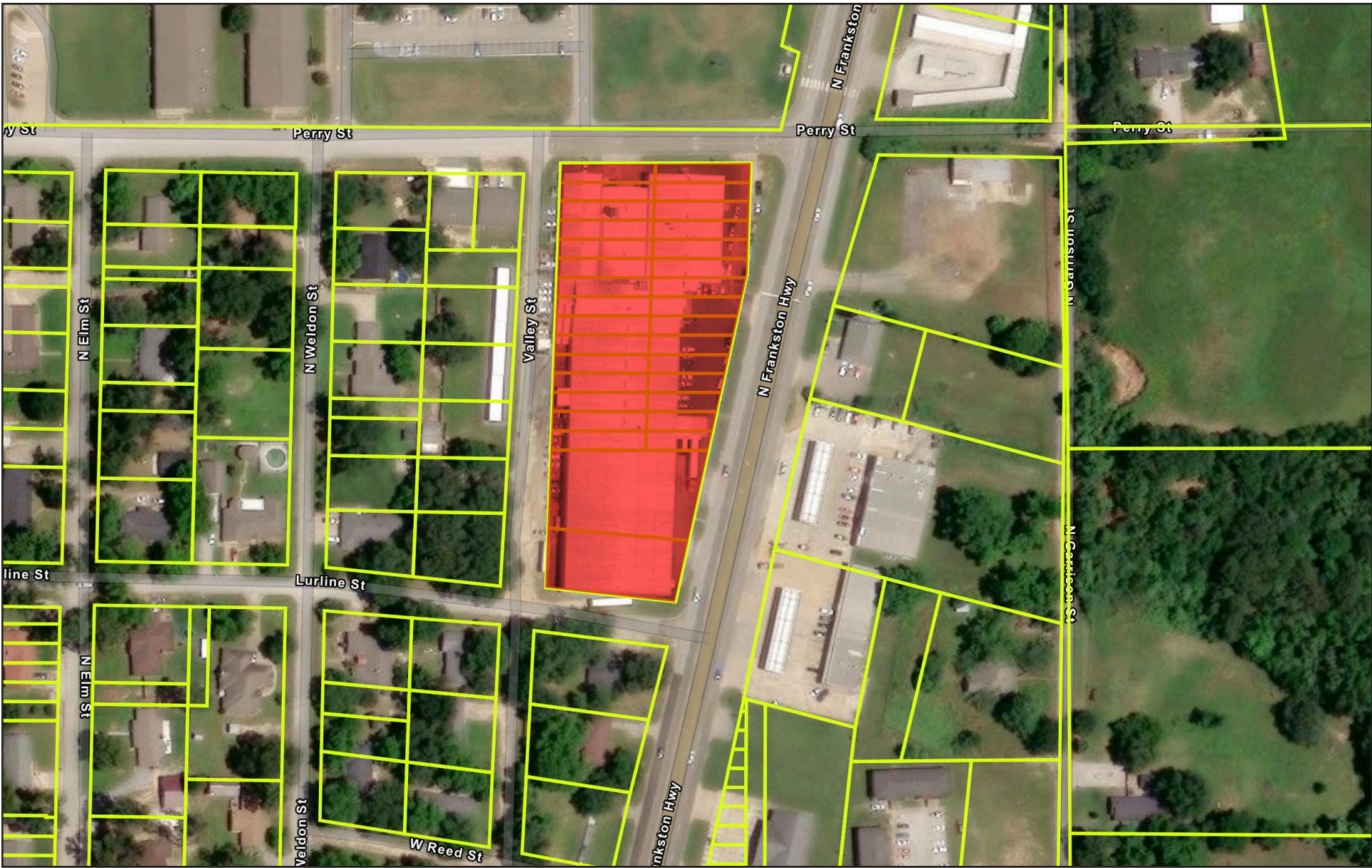
TYPE OF PRODUCTS MADE

- Folding Cartons
- Tray Forming Cartons
- Corrugated Box
- Litho Laminated
- Corrugated
- Flexible Packaging
- Stock Box Inventory
- Pressure Sensitive Labels
- Heat-Seal Labels
- Shrink Sleeve Labels
- Roll-Fed Labels
- Thermal Transfer Ribbons





Parcel Map



Property Demographics

	1-Mile	3-Miles	5-Miles
Area Population (2025)	1,210	2,435	4,741
Total Households (2025)	499	955	1,910
Average Household Income (2025)	\$77,062	\$81,154	\$87,368



Surrounding Retail



Location Overview

Frankston, TX is located in northeastern Anderson County at the intersection of U.S. Highway 175 and State Highway 155. With a population of 1,126 at the 2020 United States census, it is one of the principal communities of the county area. Frankston lies 25 miles southwest of Tyler, and 98 miles southeast of Dallas.

Frankston received its name from a young female benefactor named Frankie Miller, who donated land surrounding Samuel and Martha Miller's original plantation house for a new town site when the railroad was built in 1900. The new town was named Frankston in her honor.

Lake Palestine is located about 15 miles southwest of Tyler, Texas, and north of Frankston, on Texas Highway 155, resulting from a dam on the Neches River. It has a surface area of 25,560 acres, and was completed in 1962. It offers recreation and outdoor activities for everyone, with boating, water skiing, houseboating, camping, RVing, canoeing, hiking, biking, and fishing all being popular activities.



 1,126 Population	 2.5 Square Miles Area Size	 \$81,154 Avg Household Income	 25 Miles From Tyler, TX
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Frankston, TX

Lake Palestine

Property Photos





Property Photos



Property Photos



Property Photos





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