

POPeYes

LOUISIANA KITCHEN

- New 20-Year Absolute NNN Ground Lease • 10% Increases Every 5 Years •
- Largest Franchisee on the West Coast •



OFFERING MEMORANDUM
PASADENA, CALIFORNIA



HANLEY INVESTMENT GROUP
REAL ESTATE ADVISORS



OFFERING MEMORANDUM

PASADENA, CALIFORNIA

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OFFERING SUMMARY

POPEYES GROUND LEASE



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LOCATION

Popeyes Ground Lease
311 S. Rosemead Boulevard
Pasadena, CA 91107

OFFERING SUMMARY

Price:	\$3,120,000
Current Net Operating Income (NOI):	\$120,000
Capitalization Rate:	3.85%
Net Rentable Area:	2,161
Year Built:	1995; R-2018
Lot Size (Acres):	0.37

LEASE TERMS

Lease Term:	20 Years
Lease Type:	Absolute NNN Ground Lease
Monthly Rent:	\$10,000
Annual Rent:	\$120,000
Rental Increases:	10% Every 5 Years
Renewal Options:	Four 5-Year @ 10% Each Option





- **Single-Tenant Popeyes Ground Lease:**

- Fee interest in an absolute NNN ground lease; zero landlord responsibilities
- New 20-year lease term with 10% increases every 5 years
- Four 5-year options at 10% rental increases
- Popeyes is the 2nd largest quick-service chicken concept with more than 3,100 locations in the United States and 25 countries worldwide
- Restaurant Brands International (NYSE: QSR, TSX: QSP), the parent company of Burger King and Tim Hortons, recently agreed to acquire Popeyes for \$1.8 billion (major investors in Restaurant Brands International include Berkshire Hathaway and 3G Capital)
 - ◆ Restaurant Brands International is one of the largest quick service restaurant companies with more than 25,000 restaurants in over 100 countries
 - ◆ Restaurant Brands International achieved consolidated 2018 system-wide sales growth of 7.4% and net restaurant growth of 5.5%
- Experienced franchisee that is the largest operator of Popeyes restaurants on the West Coast; 38 locations in California and Nevada with plans to open 5 additional locations in 2019





- **Favorable Drive-Thru Format:** Approximately 60%-70% of all business for quick-service restaurants come through the drive-thru
- **High Traffic Location:** Rosemead Boulevard is the major north/south thoroughfare in East Pasadena with 25,000 cars per day; 39,000 cars per day at the nearby signalized intersection of Rosemead Boulevard and Del Mar Boulevard
- **Close Freeway Access:** 1/2 mile from the Interstate 210 on/off ramps benefitting from 266,000 cars per day
- **Dense, Highly Affluent San Gabriel Valley Demographics:** Approximately 160,000 people with an average household income of over \$126,000 reside within a 3-mile radius of the subject property; more than 487,000 people within a 5-mile radius
- **Transit Oriented Investment:** Approximately 1 mile from the Metro Gold Line Sierra Madre Villa station, connecting Pasadena to Downtown Los Angeles, San Fernando Valley, San Gabriel Valley, Santa Monica/WestSide, South Bay, Downtown Long Beach, and East Los Angeles; the Metro Gold Line boast over 50,000 daily riders on weekdays
- **Hub of Employment and Education:** Pasadena is home to top employers including Kaiser Permanente, Parsons, and Nasa Jet Propulsion Laboratory (JPL); nearby colleges include Caltech, Pasadena City College, and ArtCenter College of Design

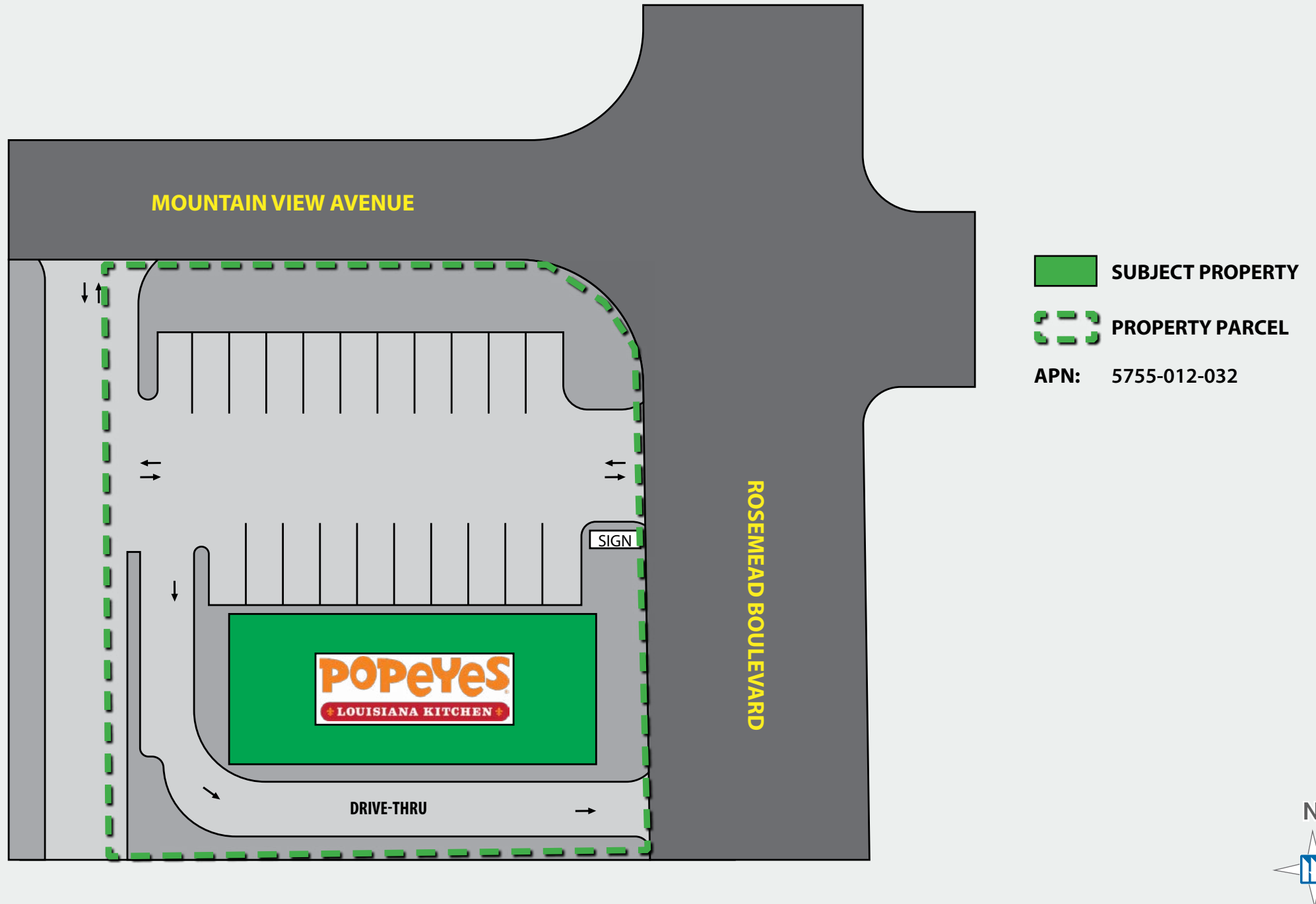


SITE PLAN / PARCEL MAP

POPEYES GROUND LEASE



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AERIAL OVERVIEW

POPEYES GROUND LEASE



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31-Mile
Light Rail

SAN MARINO
- 13,330 POPULATION -
- \$238,420 AHHI -

TRADER JOE'S

PASADENA CITY COLLEGE
- 30,250 STUDENTS -

CALIFORNIA INSTITUTE OF TECHNOLOGY
- 3,240 STUDENTS -

WILSON MIDDLE SCHOOL
- 570 STUDENTS -



TARGET

Smart & Final

BUICK



SIERRA MADRE VILLA STATION

PASADENA
- 143,920 POPULATION -
- \$117,870 AHHI -

POPEYES
LOUISIANA KITCHEN
SUBJECT PROPERTY

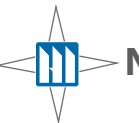


ROSEMEAD BOULEVARD 25,000 CPD



DEMOGRAPHICS

	1-Mile	3-Mile	5-Mile
Population:	15,552	158,674	487,394
Household Income:	\$122,959	\$126,200	\$108,725



AERIAL OVERVIEW

POPEYES GROUND LEASE



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31-Mile
Light Rail



ARCADIA
STATION

ARCADIA
- 57,890 POPULATION -
- \$129,600 AHHI -

METHODIST
HOSPITAL
- 348 BEDS -

ARCADIA HIGH SCHOOL
- 3,420 STUDENTS -

WESTFIELD
SANTA ANITA

JCPenney
NORDSTROM
FOREVER 21



SANTA ANITA RACE TRACK



ROSEMEAD BOULEVARD

25,000 CPD



14,000 CPD

DEL MAR BOULEVARD



POPEYES
LOUISIANA KITCHEN
SUBJECT PROPERTY



AERIAL OVERVIEW

POPEYES GROUND LEASE



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31-Mile
Light Rail



HASTINGS VILLAGE



HASTINGS RANCH PLAZA



PASADENA HIGH SCHOOL
- 1,777 STUDENTS -



SIERRA MADRE
VILLA STATION



266,000 CPD



DEL MAR BOULEVARD 14,000 CPD

PASADENA
- 143,920 POPULATION -
- \$117,870 AHHI -



ROSEMEAD BOULEVARD 25,000 CPD

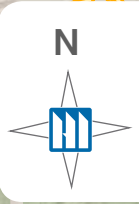


ARCADIA
- 57,890 POPULATION -
- \$129,600 AHHI -





POPEYES GROUND LEASE



TENANT PROFILE

POPEYES GROUND LEASE



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Popeyes Louisiana Kitchen, Inc. is a multinational fast food chain of fried chicken restaurants. Founded in 1972, this quick service restaurant (QSR) distinguishes itself with a unique New Orleans style menu featuring spicy chicken, chicken tenders, fried shrimp and other seafood, red beans, rice, and other regional items and the chain's chicken tenders are the lowest in calories and fat of all the fried chicken options. Popeyes is the world's 2nd largest QSR for chicken-based concepts based on the number of units sold.

On March 24, 2017, Popeyes Louisiana Kitchen joined two of the world's most prominent and iconic quick service restaurant brands, Burger King and Tim Hortons, as part of Restaurant Brands International, Inc. (RBI). RBI is one of the world's largest quick service restaurant companies, operating more than 26,000 restaurants in more than 100 countries and U.S. territories. With more than \$30 billion in system-wide sales, RBI has a proven track record of growing its iconic brands by driving continued system-wide sales growth and expanding its restaurant footprint, while maintaining its focus on delivering great guest satisfaction and strong profitability for its franchise owners. Forbes ranked RBI #30 "Growth Champion" and #4 "World's Largest Public Companies" in the restaurant category (2018).

Popeyes has accelerated its overall growth in its first full year under RBI ownership. Unit count grew by 7.3%, which is higher than Tim Hortons at 2.1% and Burger King at 6.1%, and Popeyes systemwide sales rose nearly 9% in 2018. Recently, Popeyes and its sister chain, Burger King, have both quietly been expanding their delivery to thousands of restaurants in the U.S. and the world as they seek to build digital sales. RBI achieved consolidated 2018 system-wide sales growth of 7.4% and net restaurant growth of 5.5%. The chain has 3,102 restaurants operating in the U.S., 3 territories, and 25 foreign countries and is headquartered in Atlanta, Georgia.

- **#2 "Top 100 Global Franchises: Chicken Franchises"** - Franchise Direct (2018)
- **#3 "QSR 50: Chicken Segment"** - QSR Magazine (2018)
- **#20 "Biggest Fast-Food Chain in America"** - QSR Magazine (2018)

Company Type:	Public (NYSE: QSR, TSX: QSP)
Locations:	26,000 (3,102 Popeyes)
Website:	www.popeyes.com www.rbi.com



RETAIL



24%
RENT INCREASE

Pasadena is home to two of the most exclusive and highly-trafficked retail corridors in Greater Los Angeles: Old Pasadena and South Lake Avenue. Rental demand remains strong within these districts. According to Costar, retail rents have increased 24% since 2011. Old Pasadena is a historic thoroughfare that includes an eclectic mix of over 200 specialty boutiques, restaurants, and international luxury retailers. South Lake Avenue is a unique 12-block corridor with over 600 businesses, 2 million square feet of Class A office space and a 450,000 square foot regional mall known as The Shops on Lake Avenue.

OFFICE



29% RENT INCREASE
3.4% UNEMPLOYMENT

Since 2010, Pasadena has made significant employment gains, primarily in the medical, engineering, technology, and financial industries. Most recent estimates peg the city's rate of unemployment at 3.4%, one of the lowest in Southern California, and, historically, the city has outpaced the region with an average rate of unemployment hovering under 6% over the last two decades. The Pasadena office market has experienced a 29% increase in rental rates since 2011. The city's pro-business attitude; lack of city business, parking, or utility taxes; along with its central location and transportation access have all contributed to attracting a diverse labor base and generating a productive business environment.

RESIDENTIAL



LOW VACANCY

Pasadena is at or near the top of the strongest residential markets in Los Angeles. It rivals only the beach cities in West Los Angeles as the choice community for young professionals and high-income households. The Pasadena multi-family market is characterized by some of the lowest vacancy and highest rental rates in Southern California, driven by rapidly improving demographics, an influx of foreign capital, and a push to create a more transit-oriented community.

*Source: www.costar.com



PASADENA EMPLOYMENT

Pasadena is attractive to many Fortune 500 companies and small firms for its ability to create a pro-business environment with a high quality labor base. The city's depth of technology related institutions and world-class universities create an atmosphere where extraordinary minds unite to build successful companies large and small. Often, these companies are spin-offs from the region's larger organizations (Parsons, Jacobs Engineering, and Avery Dennison). Since 1998, over 100 start-up companies have been launched from Caltech, JPL, and Art Center. Pasadena also has a growing biotech community, which makes it an attractive choice for several organizations looking to move their headquarters such as the Doheny Eye Institute and the Kaiser Permanente School of Medicine. The city's top employers are NASA Jet Propulsion Laboratory, with over 5,000 employees; Kaiser Permanente, with over 4,700 employees; and Huntington Hospital, with over 3,300 employees.



at&t



Huntington Hospital

Bank of America



Caltech



KAISER
PERMANENTE

PARSONS



WESTERN ASSET



ROSE PARADE

tournamentofroses.com



The Rose Parade, also known as the Tournament of Roses, is part of what has become known as “America’s New Year Celebration,” held in Pasadena each year on New Year’s Day. Originally started on January 1, 1890, the Rose Parade is watched in person by hundreds of thousands of spectators and broadcasted on multiple television networks in the U.S. It is seen by millions more on television worldwide in more than 100 international territories and countries. The event is produced by the non-profit Pasadena Tournament of Roses Association. Organizations and volunteers create 40 floats annually, which requires 65,000 hours of combined manpower from the over 935 association members. The Rose Parade and Rose Bowl Game produced \$38 million in direct spending in Pasadena and \$306 million in direct and indirect spending benefits to Los Angeles County. There is a 30 to 45 percent increase in foot traffic and analysts say that the Rose Parade and game have an even bigger impact on the economy than the Grammy’s and Oscars.

ROSE BOWL

rosebowlstadium.com



The Rose Bowl, a National Historic Landmark built in 1922, is an outdoor athletic stadium that holds over 95,000 people. It is home to the UCLA Bruins football team and site of the annual Rose Bowl college football game held on New Year’s Day. The Rose Bowl is nicknamed “The Granddaddy of Them All” because of its cherished history and its status as the oldest bowl game in college football. It was first played in 1902, and has been played annually since 1916. Since 1945, it has been the highest attended college football bowl game and watched by 16 million viewers. The Rose Bowl is a big part of the City’s income and generated \$68 million in tourism revenue in 2018. The game has showcased 17 Heisman Trophy winners, produced 29 national champions, featured 212 consensus All-Americans, and has honored 121 college football legends by inducting them into the Rose Bowl Hall of Fame. Additionally, every three years it hosts a College Football Playoff Semifinal as part of a rotation between six bowl sites around the country.

SOUTH LAKE AVENUE

southlakeavenue.org



South Lake Avenue is a unique 12-block corridor with shopping, dining, professional services, and urban living situated along a tree lined street in Pasadena's financial district. It is a local favorite known for its selection of local culinary and close proximity to California Institute of Technology and luxurious Langham Hotel. The avenue is home to over 600 businesses, 2 million square feet of Class A office space, and a 450,000 square foot regional mall known as The Shops on Lake. The majority of Pasadena's corporate structures reside on South Lake Avenue, supporting a workforce of over 50,000 individuals deeming the area the "corporate center" of the city. South Lake Avenue has maintained a reputation as the premiere shopping destination of the San Gabriel Valley. It is home to many national retailers including: Macy's, Trader Joe's, Pavilions, T.J.Maxx, LA Fitness, Breakthru Fitness, Ross Dress for Less, Pier1 Imports, Ann Taylor, Jos. A. Bank, Orvis, Pacific Sales, Pet Food Express, Pottery Barn Kids, SoulCycle, Talbots, Vitamin Shoppe, and Williams-Sonoma.

OLD PASADENA

oldpasadena.org



Old Pasadena is on the National Register of Historic Places and represents the tradition of early California with the juxtaposition of more than 200 retail stores, art galleries, trendy boutiques, vintage clothing stores, theaters, and restaurants while maintaining the heritage of Pasadena's early downtown charm. This historic 20-block area is the original commercial center of Pasadena. In the evenings, street performers entertain pedestrians with music, magic, and art. It is one of the most popular districts in the city receiving lots of foot traffic by both locals and visitors. The metro gold line stops at a nearby park allowing easy commute for both consumers and workers entering the area. Tucked away in the upper levels of numerous historic buildings are a variety of commercial business and living spaces. Retailers include: Apple Store, Athleta, Banana Republic, Burke Williams, Crate & Barrel, Eileen Fisher, Forever 21, H&M, J. Crew, Kate Spade, Nike Store, Patagonia, Pottery Barn, Sur La Table, Tiffany & Co., Tesla, Urban Outfitters, Zara, and others.

CALTECH

caltech.edu



The California Institute of Technology (Caltech) is a private, doctorate-granting research university located in Pasadena on a 124 acre campus. It has over 2,250 students and manages over \$300 million in sponsored research annually. Caltech is frequently cited as one of the world's best universities, which has six academic divisions with strong emphasis on science and engineering. Despite its small size, 33 Caltech alumni and faculty have won 38 Nobel Prizes. Other prestigious prizes awarded to faculty, alumni, and trustees include 7 Crafoord Laureates, 58 National Medals of Science, and 15 California Scientists of the Year. The Institute manages the Jet Propulsion Laboratory (JPL) for NASA; owns and operates large-scale research facilities, such as the Seismological Laboratory; and cofounded LIGO, Laser Interferometer Gravitational-Wave Observatory. It was also rated the World's #1 University for five consecutive years (2012-2016) by Times Higher Education, and U.S. News & World Report ranked Caltech as the 10th best university in their 2018 national college rankings.

PASADENA COLLEGES

pasadena.edu | artcenter.edu

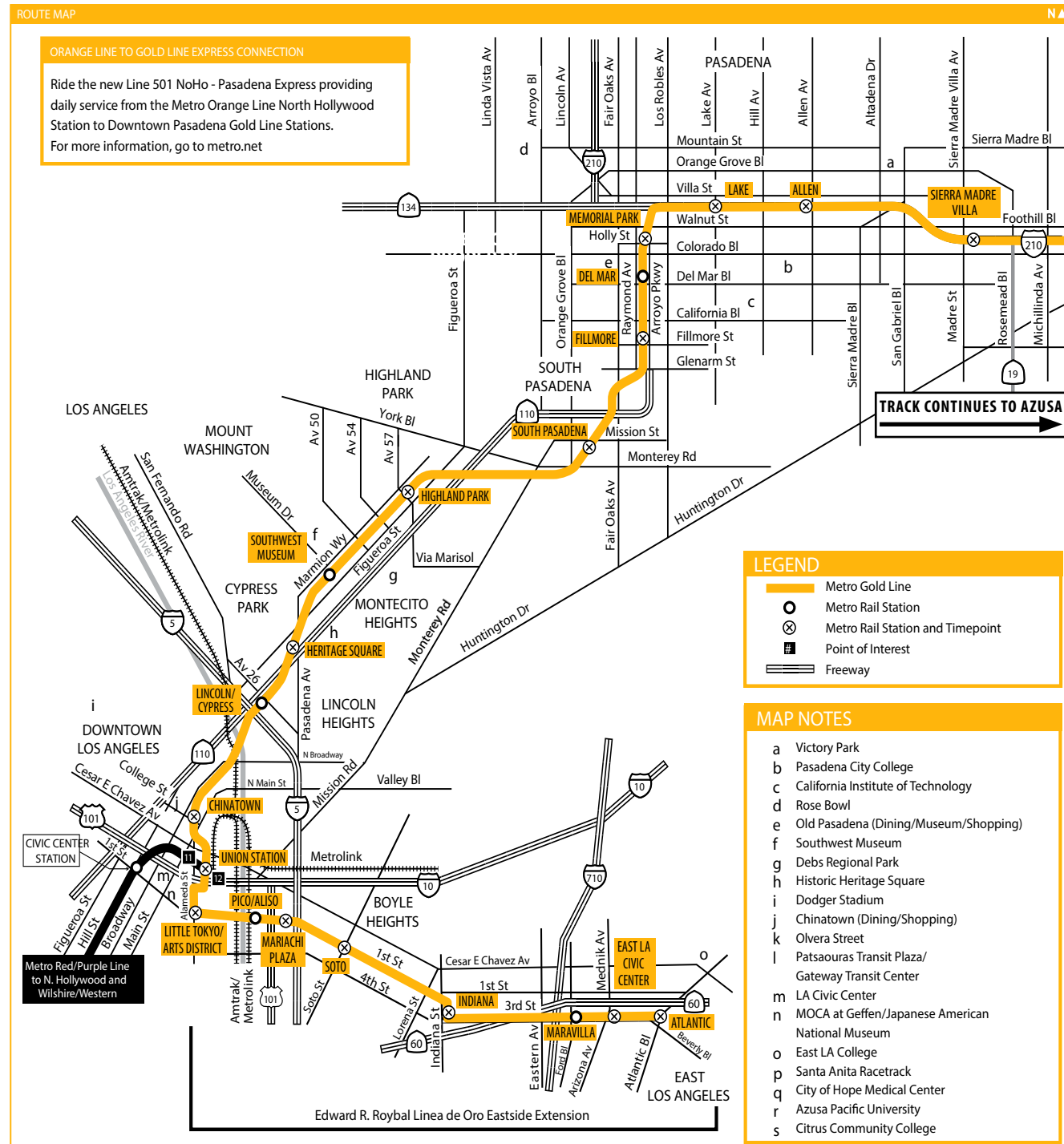


Pasadena City College, founded in 1924, is a highly rated community college located on Colorado Boulevard, with a total enrollment of 30,000 students from 113 countries. Pasadena City College offers 60 academic programs, 76 career and technical programs, and 30 lifelong learning programs. It is well recognized for its high student transfer rate into University of California and California State University colleges and named one of ten finalists for the 2017 Aspen Prize for Community College Excellence, the nation's premier honor for American community colleges. Art Center College of Design is a private school founded in 1930 with 2,140 students. Businessweek ranked Art Center as one of the best design schools in the world. The College's undergraduate and graduate industrial design programs are consistently ranked #1 by DesignIntelligence and U.S. News & World Report ranked Art Center's Art, Industrial Design, and Media Design Practices programs among the top 20 graduate schools in the U.S.

METRO GOLD LINE

The Metro Gold Line began operating in 2003, connecting South Pasadena to Union Station in Downtown Los Angeles. Today, the system has grown to accommodate a daily ridership that numbers in the tens of thousands. Memorial Park Station in Pasadena is an approximate 30-minute, traffic-free ride to Downtown. It further connects to all major destinations in the county, including Downtown Long Beach via the Blue Line and Santa Monica via the recently completed expansion of the Expo Line.

In March of 2016, the Metro Gold Line's Foothill expansion was completed, adding 11.5 miles of track from the already existing Sierra Madre Villa Station in Pasadena to the Azusa/Glendora border. Currently Phase 2 of the expansion projects is underway between Glendora to Montclair. Major construction is anticipated to begin in early 2020, with substantial completion anticipated in early 2026. Completion of the Glendora to Montclair segment is estimated to cost \$1.5 billion. The expansion helps to facilitate the movement of millions of residents living in the Tri-Cities area and in the larger San Gabriel Valley.





	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
Population			
2023 Projection	15,605	160,645	494,224
2018 Estimate	15,552	158,674	487,394
2010 Census	14,915	153,918	468,903
2000 Census	14,756	147,660	457,536
Growth 2000-2010	1.08%	4.24%	2.48%
Growth 2010-2018	4.27%	3.09%	3.94%
Growth 2018-2023	0.34%	1.24%	1.40%
Households			
2023 Projection	5,823	60,031	181,223
2018 Estimate	5,742	58,986	176,605
2010 Census	5,451	56,656	167,866
2000 Census	5,390	55,564	162,274
Growth 2000-2010	1.13%	1.97%	3.45%
Growth 2010-2018	5.34%	4.11%	5.21%
Growth 2018-2023	1.41%	1.77%	2.61%
2018 Est. Population by Single-Classification Race			
White Alone	7,216	68,722	201,099
Black or African American Alone	407	4,141	20,666
American Indian and Alaska Native Alone	90	619	2,729
Asian Alone	5,622	68,722	186,477
Native Hawaiian and Other Pacific Islander Alone	9	95	487
Some Other Race Alone	1,530	10,060	55,758
Two or More Races	647	6,126	19,413
2018 Est. Population by Ethnicity (Hispanic or Latino)			
Hispanic or Latino	4,195	30,135	142,917
Not Hispanic or Latino	11,357	128,539	344,477
2018 Est. Average Household Income	\$122,959	\$126,200	\$108,725

CONFIDENTIALITY AGREEMENT

POPEYES GROUND LEASE



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The information contained herein does not purport to provide a complete or fully accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective buyers may need or desire. All financial projections are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Broker and, therefore, are subject to material variation. This Marketing Package does not constitute an indication that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the information herein. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective buyers.

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\$6+ BILLION
retail sales nationwide



SHARED DATABASE
collaborative proprietary database



TOP BROKERAGE GLOBALLY
in investment sales



COSTAR POWER BROKER
top sales brokers & firm in OC



NATIONWIDE REACH
retail & investors across the U.S.