

# El Pollo Loco

1918 W. Artesia Blvd.  
Compton, CA 90220



OFFERING



Newmark  
Knight Frank

MEMORANDUM



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# DISCLAIMER

Newmark Knight Frank, exclusive marketing representative of the Seller, is solely authorized to present this property investment offering (the "Offering"). This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of (the "Property").

Prior to submitting an offer to purchase the Property, interested parties should perform and rely upon their own investigations, analyses, estimates and projections and otherwise satisfy any concerns regarding material aspects of the proposed transaction including, but not limited to, legal, municipal, environmental, operational, seismic, financial and physical issues, and all other matters affecting or pertaining to the Property. The Seller will be offering the Property including all appurtenances and tenant improvements, solely on an "As-Is, With-All-Faults" basis, without any representations or warranties. No person is authorized to make any representations or warranties on behalf of the Seller regarding the Property. Any and all information regarding the Property provided to any interested party by the Seller or Newmark Knight Frank, including all information contained in the Offering, is provided without any representation or assurance, express or implied, regarding the accuracy, completeness or current status of applicability of such information. Each interested party is expected to undertake such reviews and investigations and make such inquiries as such party may believe to be necessary, appropriate or advisable for the purpose of forming a decision to make an offer to acquire the Property.

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property and/or to terminate discussions with an entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written

agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.

The material contained herein is confidential and is presented strictly as information for the exclusive use of the prospective purchaser. Receipt and review of this Offering by the prospective purchaser constitutes an agreement not to divulge, share or distribute the information to any other party, except the prospective purchaser's legal counsel and financial advisors, without the prior specific written authorization of the Seller or Newmark Knight Frank. Each prospective purchaser shall also agree to and comply with the provisions of the confidentiality agreement executed by such prospective purchaser prior to receipt of this Offering.

This Offering is submitted subject to errors, changes, omissions, changes in price, market and other conditions. It contains selected information pertaining to the Property and does not purport to be all-inclusive or to contain all of the information that prospective purchasers may desire. It should be noted that any and all market analyses, estimates and projections contained in this Offering are provided for general reference purposes only and are based on assumptions related to the general economy, competition, real estate market trends, and other factors beyond the control of the Seller or Newmark Knight Frank.

Such analyses, estimates and projections are therefore subject to material variation, and may not be consistent with the views or assumptions held by other professionals. PHOTOCOPYING OR OTHER DUPLICATION OF THIS OFFERING IS NOT AUTHORIZED





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# ***INVESTMENT SUMMARY***





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The NKF Retail NNN Capital Group, as exclusive advisor, is pleased to present the opportunity to acquire a single tenant, corporately guaranteed El Pollo Loco drive-thru located on the southeast corner of Artesia Boulevard and Central Avenue in the City of Los Angeles, CA (“The Property”). Completed in 2020 as part of a brand new shopping center with AutoZone Auto Parts, In-N-Out, Dunkin’ Donuts drive-thru and Jimmy Johns, the building incorporates state-of-the-art design and architectural finishes along with an exceptional infill location right at the entrance to the 91 Freeway and Central Avenue.

The property is prominently situated at one of the most heavily traveled intersections in Los Angeles with over 40,000 CPD as well as 188,000 along the 91 Freeway. El Pollo Loco executed a new (20) year lease with strong contractual rent increases of 10% every (5) years. The property provides investors the rare opportunity to acquire exceptional real estate occupied by a “best in class” tenant with a corporate guarantee ensuring reliable cash flow and appreciation.







# INVESTMENT HIGHLIGHTS

## STABLE AND SECURE INVESTMENT OPPORTUNITY

- Corporate location with guaranty from El Pollo Loco Inc. which produced over \$435 million in total sales and a market cap of \$570M.
- Predictable income growth associated with scheduled fixed rent increases throughout the lease term and option periods.
- Best in class operator ensuring long term stability and surety of income.
- El Pollo Loco has maintained a successful track record with over 45 years in business and approximately 480 locations.

## FAVORABLE LEASE TERMS

- Brand new 20-year lease set to expire in 2040.
- Absolute NNN Lease.
- Zero Landlord Responsibilities.

## STRONG TRADE AREA DYNAMICS

- Infill Los Angeles County location.
- Strong population densities with over 175,000 residents with average household incomes in excess of \$74,000 per year located within a three (3) mile radius of the property.
- Healthy daytime population of approximately 95,000 employees within a three (3) mile radius.

## EXCEPTIONALLY LOCATED

- Fronts the 91 Gardena Freeway with immediate access at on/off ramp of Central Avenue.
- Strong CPD counts with over 188,000 along SR 91 and over 40,000 at the intersection of Artesia and Central Avenue.
- Surrounded by “best in class” tenants such as In N Out, AutoZone, Dunkin’ and Jimmy John’s.

## OFFERED FREE & CLEAR OF EXISTING DEBT

- Offered free and clear of debt allowing an investor to acquire all cash or cash to new loan.
- Ideal 1031 exchange opportunity.



# REGIONAL AERIAL





## ***LISTING TERMS***

Price



**\$3,995,000**

NOI



**\$145,000**

Cap Rate



**3.62%**

Offered GLA



**2,225 SF**

Offered Land



**0.81 ACRES**

Year Built/Renovated



**2020**









# ***AREA OVERVIEW***





## AREA OVERVIEW

Compton is a city in southern Los Angeles County, situated south of downtown Los Angeles. Compton is one of the oldest cities in the county and, on May 11, 1888, was the eighth city in California to incorporate.

As of the 2019 United States Census, the city had a total population of 96,456. It is known as the “Hub City” due to its geographic centrality in Los Angeles County. Neighborhoods in Compton include Sunny Cove, Leland, Downtown Compton, and Richland Farms. The city is generally a working-class community, and is home to a relatively young population, at an average 25 years of age, compared to the American median age of 38.

## TRAFFIC COUNTS

Gardena Fwy.



**188,000**  
**CARS/DAY**

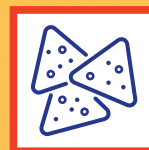
Central Ave.



**30,386**  
**CARS/DAY**

## DEMOGRAPHICS

Population



**95,900**

Daytime Population



**175,685**

Average HH Income



**\$77,309**

Median Age



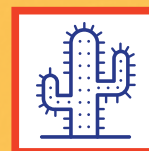
**33.1**

Families



**37,756**

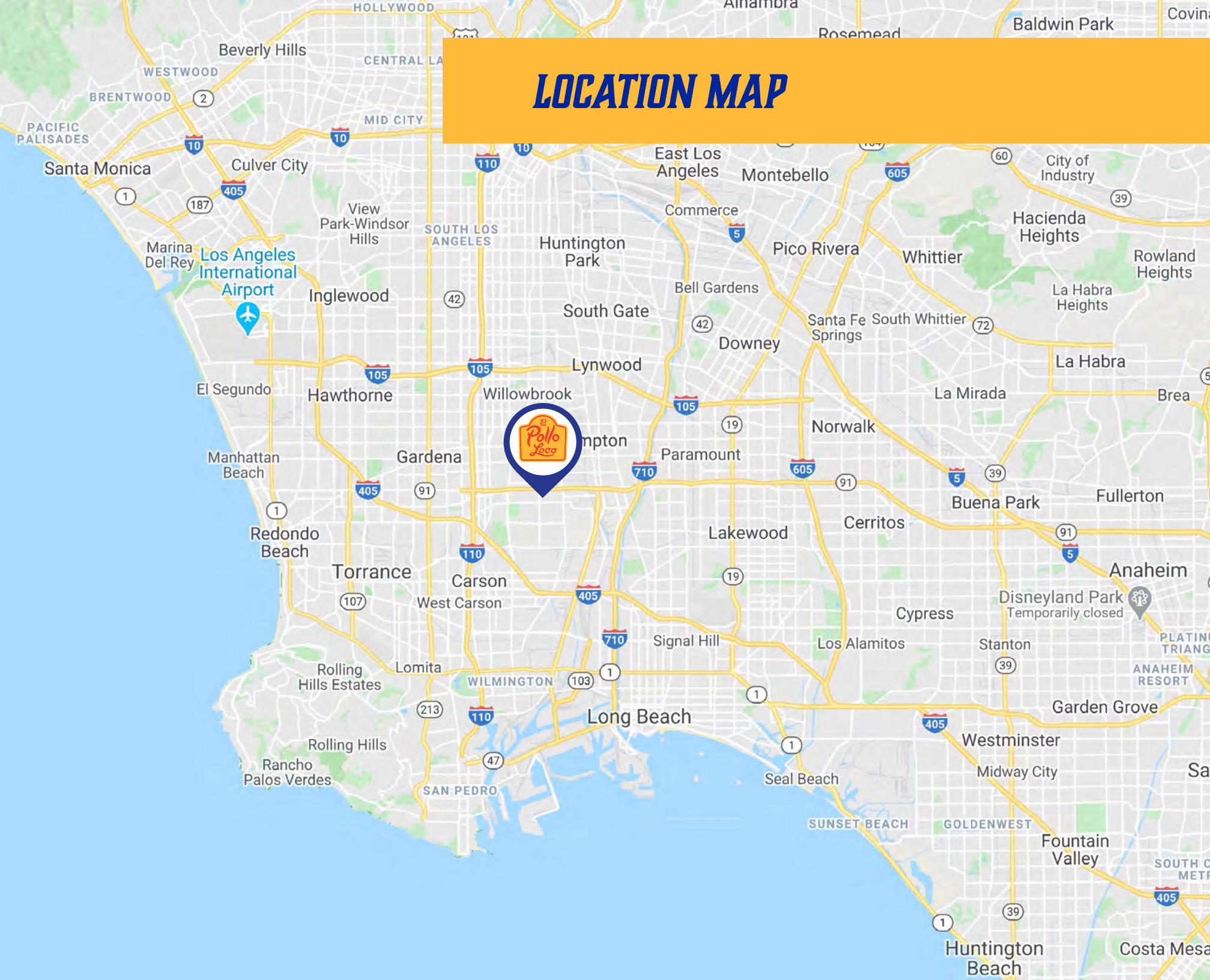
Homeowners



**29,567**



## LOCATION MAP









## PROPERTY DESCRIPTION





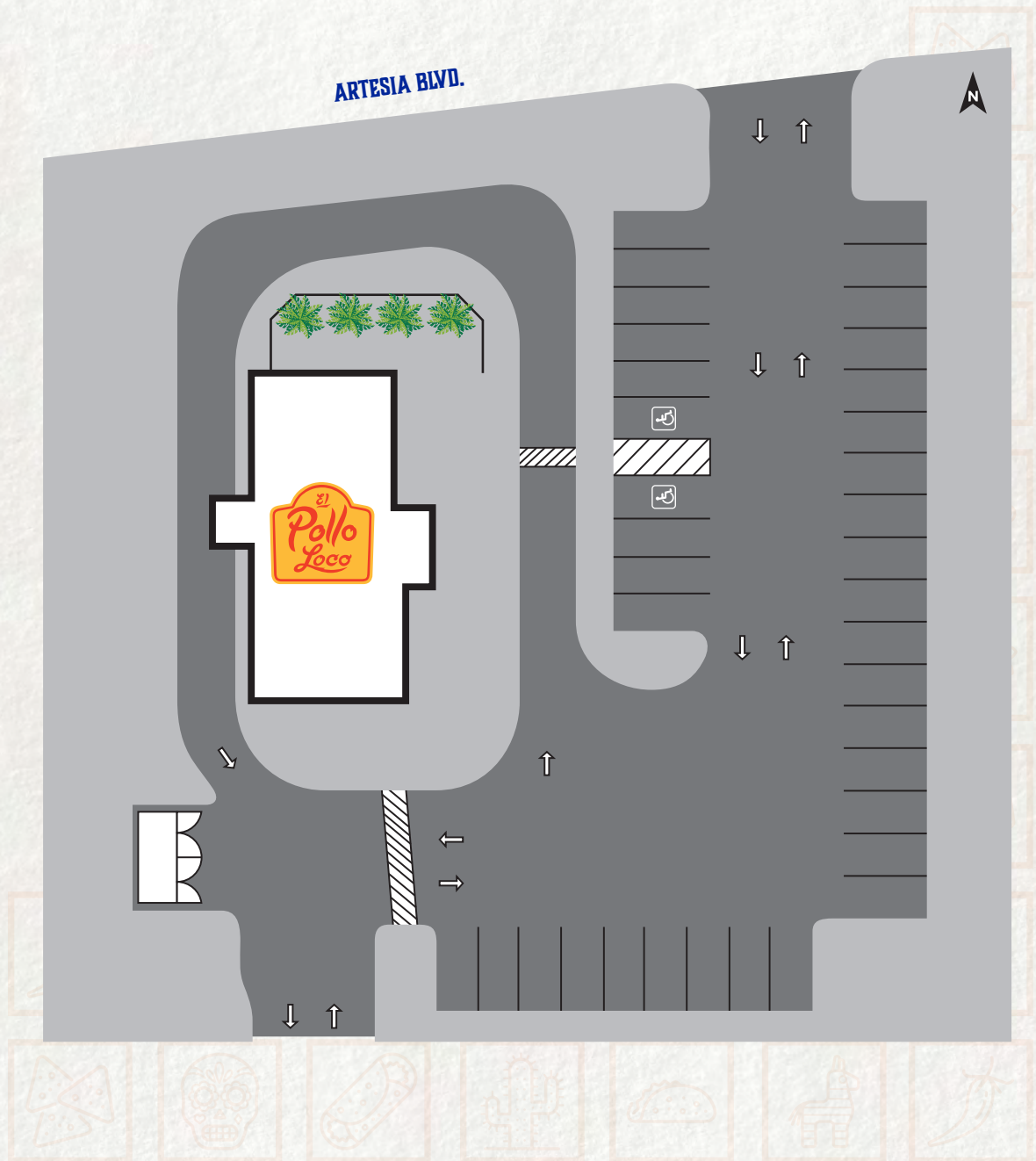
# SITE PLAN







## PARCEL MAP









## An aerial photograph of a parking lot. Several cars are parked in a row, including a red car, a white car, a dark blue car, and two white cars with blue markings on their roofs. Two workers wearing red shirts and white pants are standing near a white building. A silver car is parked in the foreground. The area is landscaped with low-lying green plants and a paved walkway.









## COMPANY SUMMARY

Headquarters



**COSTA MESA, CA**

Founded



**1980**

Number of Restaurants



**482**

Stock Symbol



**LOCO**

Revenue



**\$438.52M**

Market Cap



**570.08M**

## COMPANY OVERVIEW

El Pollo Loco Holdings, Inc., through its subsidiary El Pollo Loco, Inc., develops, franchises, licenses, and operates quick-service restaurants under the El Pollo Loco name.

The company offers fire-grilled citrus-marinated chicken in a variety of contemporary Mexican and LA-inspired entrees, including specialty chicken burritos, chicken quesadillas, chicken tostada salads, and chicken tortilla soups, as well as under 500 calorie entrees, and variations on Pollo Bowl and Pollo salads.

As of December 25, 2019, it had approximately 482 restaurants, which included 195 company-operated and 287 franchised restaurants in California, Arizona, Nevada, Texas, Utah, and Louisiana. The company was formerly known as Chicken Acquisition Corp. and changed its name to El Pollo Loco Holdings, Inc. in April 2014. El Pollo Loco Holdings, Inc. was founded in 1980 and is headquartered in Costa Mesa, California.













# RENT ROLL

TENANT	SIZE	LEASE		RENT			RECOVERY	OPTIONS
	SF	START	EXP	BEGIN	MONTHLY	ANNUAL		
El Pollo Loco	2,400	1/28/2020	1/27/2040	Current	\$12,083.33	\$145,000.00	NNN	Two (2) Five (5) Yr and
				Year 6-10	\$13,291.67	\$159,500.00		One (1) Four (4) Yr and Six (6) Mo
				Year 11-15	\$14,620.83	\$175,450.00		
				Year 16-20	\$16,082.92	\$192,995.00		
				Option 1	\$17,691.20	\$212,294.40		
				Option 2	\$19,460.33	\$233,523.95		
				Option 3	\$21,406.36	\$256,876.34		



# LEASE ABSTRACT



<b>TENANT</b>	El Pollo Loco, Inc.
<b>LEASE TYPE</b>	NNN
<b>RENTABLE AREA</b>	2,400
<b>YEAR BUILT</b>	2019
<b>LEASE COMMENCEMENT</b>	13-Jun-18
<b>RENT COMMENCEMENT</b>	28-Jan-20
<b>PRIMARY TERM</b>	20 years
<b>LEASE EXPIRATION</b>	27-Jan-40
<b>RENT</b>	\$145,000.00
<b>RENEWAL OPTIONS</b>	Two (2) Five (5) Year + One (1) Four (4) Year and Six (6) Month extensions
<b>NOTIFICATION</b>	Six (6) months prior to expiration of term
<b>RENEWAL OPTIONS</b>	
<b>OPTION 1</b>	\$212,294.40
<b>OPTION 2</b>	\$233,523.95
<b>OPTION 3</b>	\$256,876.34
<b>CAM</b>	NNN
<b>PROPERTY TAXES</b>	LL shall provide TT with real estate tax bills and assessments due on Premises at lease forty five (45) days prior to the delinquency date. TT shall make payment to LL or taxing authority with 30 days of receipt by TT of such invoice.
<b>UTILITIES</b>	TT shall be responsible for obtaining, connecting, installing, repairing, maintaining and replacing all utility lines, connections and facilities on Premises and shall pay all charges for gas, electricity, telephone and other communication services and all other utilities rendered or supplied to the Premises and the Improvements, and all water rents, and sewer service charges.
<b>PROP 13 PROTECTION</b>	TT shall not be responsible for increased in real estate taxes due to change in ownership which occurs more frequently than once in any consecutive five (5) year period.
<b>INSURANCE</b>	TT shall maintain a public liability insurance policy for bodily injury to persons and damage to property occurring on premises. Said insurance policy shall name LL as additionally insured in an amount not less than a combined single limit liability of \$2,000,000.





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