

Bank of America

OFFERING MEMORANDUM

3640 Rio Road, Carmel-by-the-Sea, California



Subject Property



Net Lease Group

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The Starbucks logo is displayed in white text against a dark blue background. Below it, the location 'Carmel-by-the-Sea, CA' is written in a smaller white font.

Starbucks

Carmel-by-the-Sea, CA

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THE OFFERING

- Built in 1970, a 5,270 square foot single-story free-standing retail building leased to BANK OF AMERICA with ample onsite parking on a 21,780 square foot (± 0.50 acres) lot
- Price: \$4,986,000 - 3.50% Cap Rate

LEASE / TENANT

- Extremely high deposits of over \$450 million - very profitable branch
- Established location since 1970
- 2.50% annual rent increases throughout the primary term and each 5-year renewal option
- Bank of America is ranked #24 on the Fortune 500 list with an S&P rating of "A-"
- For 2018, Bank of America reported revenues of \$88.69, net income of \$28.15 billion, and a total stockholder's equity of \$242.99 billion

REAL ESTATE / AREA STRENGTHS

- Extremely affluent demographics with surrounding average household incomes in excess of \$159,000 within 1-mile radius
- Rare drive-thru ATM site adjacent to the world-famous Highway 1, California's longest state route, with over 31,000 VPD
- Outstanding location in the primary grocery anchored retail shopping area serving Carmel-by-the-Sea, Pebble Beach and Carmel Valley
- Starbucks is strategically located as an outparcel to the most dominant retail shopping center in the market, the 204,000 square foot Crossroads Carmel, anchored by Safeway and CVS and featuring over 50 other local, regional and national tenants
- One of California's top tourism, hospitality and recreation destinations - more than 4 million visitors a year travel to Carmel and the Monterey Peninsula
- Last major grocery anchored retail hub for 120 miles (3 hour drive time) as you head south on Highway 1 along the Big Sur coast



Investment Overview

LOCATION

3640 Rio Road, Carmel-By-the-Sea, CA 93923

LOT SIZE

±21,780 Square Feet (±0.50 Acres)

IMPROVEMENTS

Completed in 1973, a 5,270± square foot single-story free-standing retail building leased to BANK OF AMERICA, N.A. with ample onsite parking

LEASE SUMMARY

Leased to BANK OF AMERICA, N.A. for over 5 years expiring March 31, 2025. The rent increases by 2.50% annually throughout the primary term and each renewal option. There are three 5-year options to extend the lease. The lease is double net with the tenant responsible for taxes, insurance and maintenance of the premise. Landlord is responsible for roof and structure.

RENT SCHEDULE

Lease Years	Annual Rent	Rent/SF
Current - 3/31/2020	\$174,513	\$33.11
4/1/2020 - 3/31/2021	\$178,876	\$33.94
4/1/2021 - 3/31/2022	\$183,347	\$34.79
4/1/2022 - 3/31/2023	\$187,931	\$35.66
4/1/2023 - 3/31/2024	\$192,629	\$36.55
4/1/2024 - 3/31/2025	\$197,445	\$37.47
4/1/2025 - 3/31/30 (Option 1)*	\$202,381	\$38.40
4/1/2030 - 3/31/35 (Option 2)*	\$228,976	\$43.45
4/1/2035 - 3/31/40 (Option 3)*	\$259,065	\$49.16

**Denotes rent at the start of each option period*

PRICE: \$4,986,000 - 3.50% CAP RATE





SANTA CRUZ

MONTEREY BAY

PACIFIC GROVE

MONTEREY

Monterey
Regional Airport



CYPRESS POINT
CLUB

MONTEREY-PENINSULA
COUNTRY CLUB

POPPY HILLS
GOLF COURSE

PEBBLE BEACH
GOLF & RESORT

CARMEL BAY

DOWNTOWN
CARMEL BY THE SEA

Ocean Avenue



31,600
CARS PER DAY

CARMEL POINT

Junipero Street



Carmel Mission
Basilica



10,600
CARS PER DAY

Lucky

IN-SHAPE

Carmel
MISSION INN



Bank of America



Rio Road

WELLS
FARGO



Shell

Carmel Center Place
Office Complex

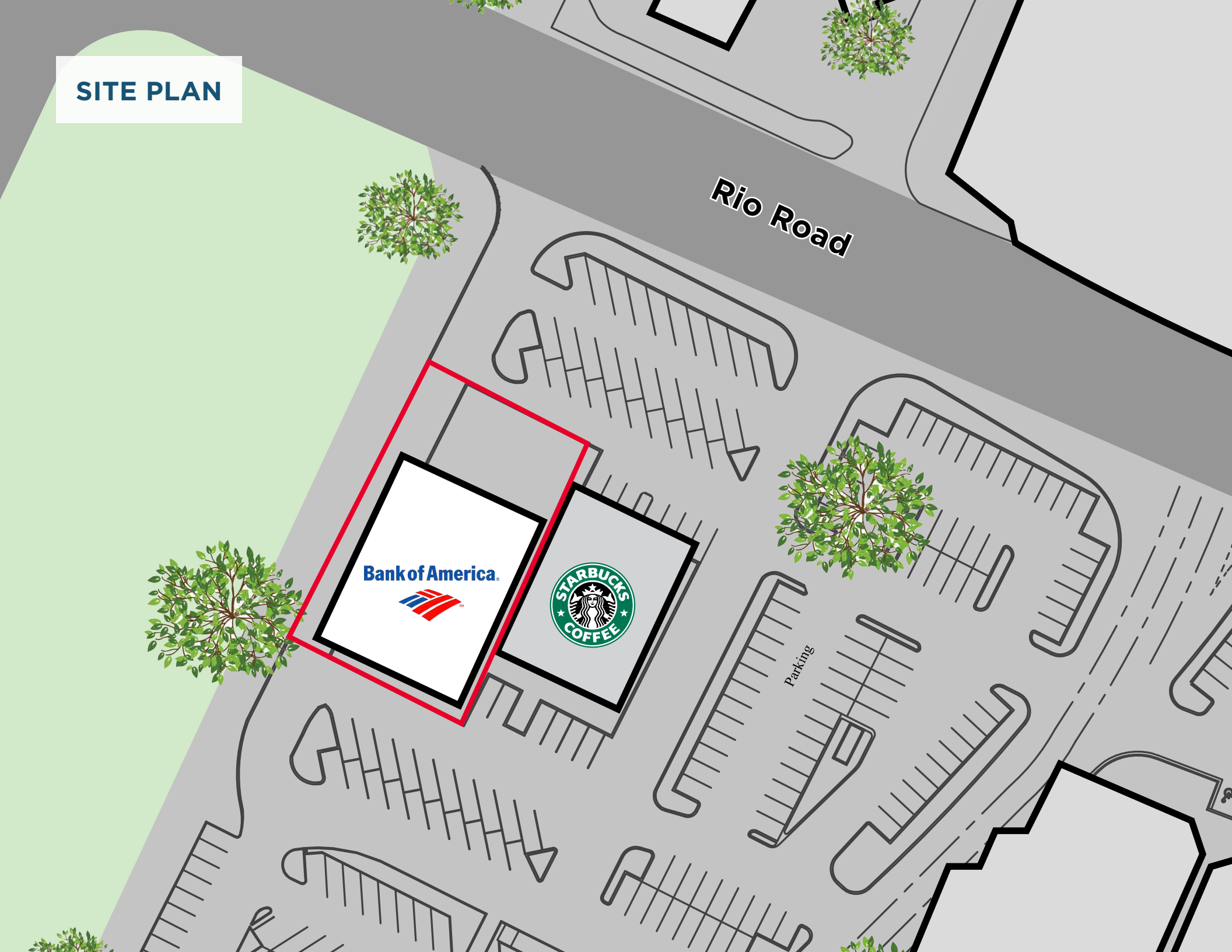


Cabrillo Highway

THE CROSSROADS CARMEL

SAFeway pet food express CVS ACE

SITE PLAN



ABOUT THE TENANT

BANK OF AMERICA, N.A. is the major subsidiary of Bank of America Corporation (NYSE: BAC). BAC is the second largest bank holding company in the United States by assets and deposits. It operates through four business lines: Consumer Banking, Global Banking, Global Markets and Global Wealth and Investment Management (GWIM). GWIM include Merrill Lynch Global Wealth Management and U.S. Trust, Bank of America Private Wealth Management. BOA generates approximately 90% of its revenues from the local market and continues to buy businesses in the United States. The core of BOA's strategy is to be the number one in its domestic market. The company provides unmatched convenience in the United States, serving about 46 million personal and small business customers through around 4,600 retail banking offices and 16,000 ATMs nationwide. BOA's retail banking footprint covers 80% of the U.S. population. Internationally, the company has a presence in 35 countries throughout Europe, Africa & Middle East, North & Latin America and Asia Pacific region. As of December 31, 2018, BOA had \$2.354 trillion in total assets, \$1.345 trillion in total deposits, \$934.7 billion in loans.

As of July 16, 2019, Bank of America, N.A. has Credit rating of Aa2 by Moody's and A+ by S&P and Bank of America Corporation has Credit rating of A2 by Moody's and A- by S&P.

For more information, visit www.bankofamerica.com.





Site Location

The Property is an outparcel to The Crossroads Carmel, a 204,000 square foot regional shopping center anchored by Safeway and CVS, adjacent to Highway 1. The Crossroads Carmel is the dominant grocery and daily needs shopping destination servicing Carmel-by-the-Sea, Pebble Beach and Carmel Valley.

REGIONAL MAP



Bank of America.



The City of Carmel-by-the-Sea

The city of Carmel-by-the-Sea, California (“Carmel”), incorporated in 1916, is a one square mile village surrounded by the unincorporated areas of Carmel, Pebble Beach, Carmel Valley and Carmel Highlands. It is located on the Pacific coast in Central California in Monterey County. It is 120 miles south of San Francisco, 70 miles south of San Jose, 330 miles north of Los Angeles and 26 miles north of Big Sur. Carmel-by-the-Sea is one of several suburban bedroom communities that surround the Monterey Bay. The city lies along the westerly side of Highway 1, which is the major commuter route to the employment centers of Monterey Bay. Carmel-by-the-Sea is a world famous destination, renowned for its picturesque charm, beautiful white sand beach, performing arts and hundreds of upscale shops, art galleries and world class restaurant

Carmel’s economy is driven by tourism, art & entertainment. In recent years, Chinese tourism in the US has exploded with California being the #1 destination. There is now a direct flight from Beijing to San Jose resulting in a large number these tourist coming to the monterey peninsula, specificaly Carmel. On average, Chinese visitors spend \$6,000 per person per visit. This boom in tourism accounts for up to two-thirds of the cities annual \$23 million budget.

THE CROSSROADS - CARMEL-BY-THE-SEA

A local landmark for over forty years, The Crossroads Carmel is a full service lifestyle shopping center combining daily necessities, upscale boutiques, unique restaurants and personal service establishments.

Conveniently located at scenic Highway One and Rio Road in Carmel, the center is 204,000 square feet and is anchored by Safeway, CVS Pharmacy, Pet Food Express, and Ace Hardware. Charming Crossroads Boulevard with its architecturally intriguing store fronts, vibrant landscaping and quaint courtyards is home to many of Carmel’s premier retailers and favorite restaurants. The center is

highly inviting and promotes a relaxed shopping experience for local residents as well as visitors to the Monterey Peninsula. The Monterey Peninsula is a world renowned destination for day travelers, national and international tourists visiting the West Coast, playing host to more than 8.5 million tourists annually with an economic contribution of \$2.0 billion dollars to the county. This dynamic region is visited for its picturesque landscapes and charming villages and is host to more than 250 lifestyle events annually.

CENTER STRENGTHS:

- Excellent location immediately off Highway 1
- Specialty shopping Center known throughout the Monterey Peinsula
- Charming village ambiance attracts alls types of people not only for shopping but also for social gatherings
- Last shopping center before reaching Big Sur (25 miles South)
- Strong surrounding demographics



Monterey County is a county located on the Pacific coast of the U.S. State of California. As of the 2010 census, the population was 415,057. The county seat and largest city is Salinas. Monterey County comprises the Salinas, CA Metropolitan Statistical Area. It borders the Monterey Bay, Big Sur, State Route 1, and the 17 Mile Drive on the Monterey Peninsula, has made the county world-famous. The economy is primarily based upon tourism in the coastal regions and agriculture in the Salinas River valley. Most of the county's people live near the northern coast and Salinas Valley, while the southern coast and inland mountain regions are sparsely populated.

Monterey is one of the premier tourist destinations in the United States. Each year, the area attracts an estimated 4 million visitors. The area's diverse attractions, dramatic coastline, historic architecture, and access to marine wildlife all combine to drive this economic component. From the Monterey Bay Aquarium along Cannery Row, to the world-renowned Pebble Beach Golf Course nearby, Monterey continues to be a destination for visitors, which helps sustain the area's economy for its resident.

ECONOMY

Monterey county's economic mainstays now are tourism and the military. While tourism has always been a major component in the city's economy, it has become the dominant industry in the last 30 years, supporting more than one third of Monterey jobs. Today, hotel taxes provide 29 percent of the budget and the main source of funding for municipal services is derived from the visitor industry. The government employs 18 percent of the county's work-force. Other significant sectors of Monterey's economy include trade, transportation and utilities which account for 16 percent of all employment in the county. Workers in the leisure and hospitality sector, including arts, recreation, entertainment, accommodations and food service, make up 12 percent of the workforce.

EDUCATION

The University of California, Santa Cruz (also known as UC Santa Cruz or UCSC), is a public research university and one of 10 campuses in the University of California system. Located 75 miles (120 km) south of San Francisco at the edge of the coastal community of Santa Cruz, the campus lies on 2,001 acres (810 ha) of rolling, forested hills overlooking the Pacific Ocean and Monterey Bay.

TRANSPORTATION

Highways

Carmel-By-The-Sea is served by the north-south Highway 1, and the east-west Highway 68. Highway 1 is a major north-south state highway that runs along most of the Pacific coastline of the U.S. State of California. At a total of just over 655.8 miles, it is the longest state route in California.

Public Transport

Carmel is served by the Monterey-Salinas Transit buses as well by Amtrak's Coast Starlight train, which stops in nearby Salinas. Amtrak runs a bus service from the Salinas station to Carmel.

Airports

Nearby Monterey Regional Airport has 40 flights in and out daily, with non-stop flights to Las Vegas, Los Angeles, Phoenix, San Diego and San Francisco and over 95 unique worldwide one-stop destinations.

Area Demographics

2018 Summary	1 mile	3 miles	5 miles
Population	3,193	13,630	46,526
Households	1,489	6,903	21,087
Families	908	3,827	11,419
Average Household Size	2.14	1.95	2.07
Owner Occupied Housing Units	1,098	4,582	10,882
Renter Occupied Housing Units	391	2,321	10,205
Median Age	61.1	61.6	50.4
Median Household Income	\$100,868	\$88,163	\$83,027
Average Household Income	\$159,488	\$144,439	\$125,793

Projected 2023 Summary	1 mile	3 miles	5 miles
Population	3,318	14,060	47,623
Households	1,544	7,108	21,598
Families	942	3,941	11,689
Average Household Size	2.14	1.95	2.07
Owner Occupied Housing Units	1,179	4,927	11,758
Renter Occupied Housing Units	365	2,181	9,840
Median Age	63.0	63.3	51.4
Median Household Income	\$133,357	\$112,350	\$99,873
Average Household Income	\$196,764	\$177,651	\$152,308





Disclaimer

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