

1919 DOUGLAS

OMAHA, NE

N&M
BROKERAGE SERVICES, L.L.C.
Commercial Real Estate

The Lerner Company
BROKERAGE DEVELOPMENT MANAGEMENT



SALE/PARTIAL LEASEBACK EXECUTIVE SUMMARY

Result Driven. Solution Minded. Client Committed

PRESENTED BY:

Erin M. Pogge, CCIM
402.932.4352
epogge@noddlecompanies.com

Lindsay G. Banks
402.502.4708
lbanks@lernerco.com

EXECUTIVE SUMMARY



1919 DOUGLAS OMAHA, NE

EXECUTIVE SUMMARY

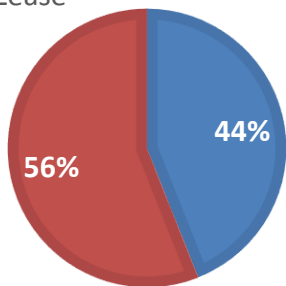
The Lerner Company is pleased to announce a rare sale partial lease-back investment opportunity. This prominent office building is situated within Omaha's Central Business District. Since 1970, Wells Fargo or its predecessors have operated out of the 1919 Douglas building. The Property consists of two separate parcels, the parcel in which the building is situated upon and the parking lot and motor bank/ATM pad on the northwest corner of 20th & Farnam. 1919 Douglas has been very well maintained over the years and underwent a significant renovation in 2009 as further described in the property description. As part of the sale, Wells Fargo, a AA credit tenant, will lease back about 44% of the building. Additionally, Wells Fargo would have an interest in leasing a small pad for a drive-up ATM on the surface lot. Additional revenue can be projected for the lease up of the vacant office space and parking rent. There is an opportunity for a covered land play with the surface parking lot. For the immediate future, the surface parking lot can generate income in its current state, however, it provides an opportunity for future redevelopment.

Wells Fargo is the second largest bank in Nebraska in terms of deposits. In fact, it increased its local deposits almost 12 percent (12%) from 2014 to 2015 to \$4.12 billion.

The asking price was derived using market comps and discounted cash flows analysis based upon certain market leasing assumptions which are described more fully in the Financial Analysis Section.

Asking Price of 1919 Douglas (Building):	\$50 PSF (\$4,970,400)
Asking Price of 220 South 20 th (Lot):	\$37.95 PSF (\$2,000,000)
TOTAL Price:	\$6,970,400

- Wells Fargo - Leased Premises
- Vacant Space Available for Lease



1919 Douglas Street Building Summary		
Farnam Level (Lower Level- 1)	31,619 SF	
<i>Farnam/Lower Level -1 Office</i>	10,789 SF	
<i>Farnam/Lower Level-1 Parking/Common Areas</i>	20,830 SF	
Lower Level-2 (Parking/Mech/Common Area)	39,904 SF	
First Floor	24,617 SF	
Mezzanine	4,286 SF	
2nd Floor	29,120 SF	
3rd Floor	30,596 SF	
Total Rentable Building Size	99,408 SF	
Total Gross Building Area	160,142 SF	
Wells Fargo - Leased Premises	43,359	44%
Vacant Space Available for Lease	56,049	56%
Building Lot Size	0.79 acres	
Garage Parking Stalls	78 stalls	
220 South 20th (LOT)		
Surface Lot Size	53,064 SF	
Surface Parking Stalls	169	

Cash Flow

The Subject Property offers investors an opportunity to acquire a premier asset with a significant portion of the income stream in place starting day one.

Credit Tenant Exposure

Anchored by long term leases with Wells Fargo, 44% of its GLA and projected potential revenue is from a national credit tenant.

Value add opportunity

With the sale of the property, about 55,000 SF of new office space could be brought to the market for lease. This space, currently occupied by Wells Fargo, will be turned over and made available for lease/occupancy upon sale of the Property (it is not currently on the market for lease). There is also an opportunity to add value by maximizing the operation of the parking, both in the garage and on the surface lot through contractual and transient parking revenue.

Covered Land Play

The property offers a covered land play. A covered land plan is an asset, such as a parking lot, that generates income to cover expenses until the owner is ready to redevelop the site. The surface parking lot has a projected income stream but also provides a rare redevelopment opportunity.

Positive Market Dynamics

Omaha's downtown market is in a growth cycle with significant new development underway.

Significant discount to replacement cost

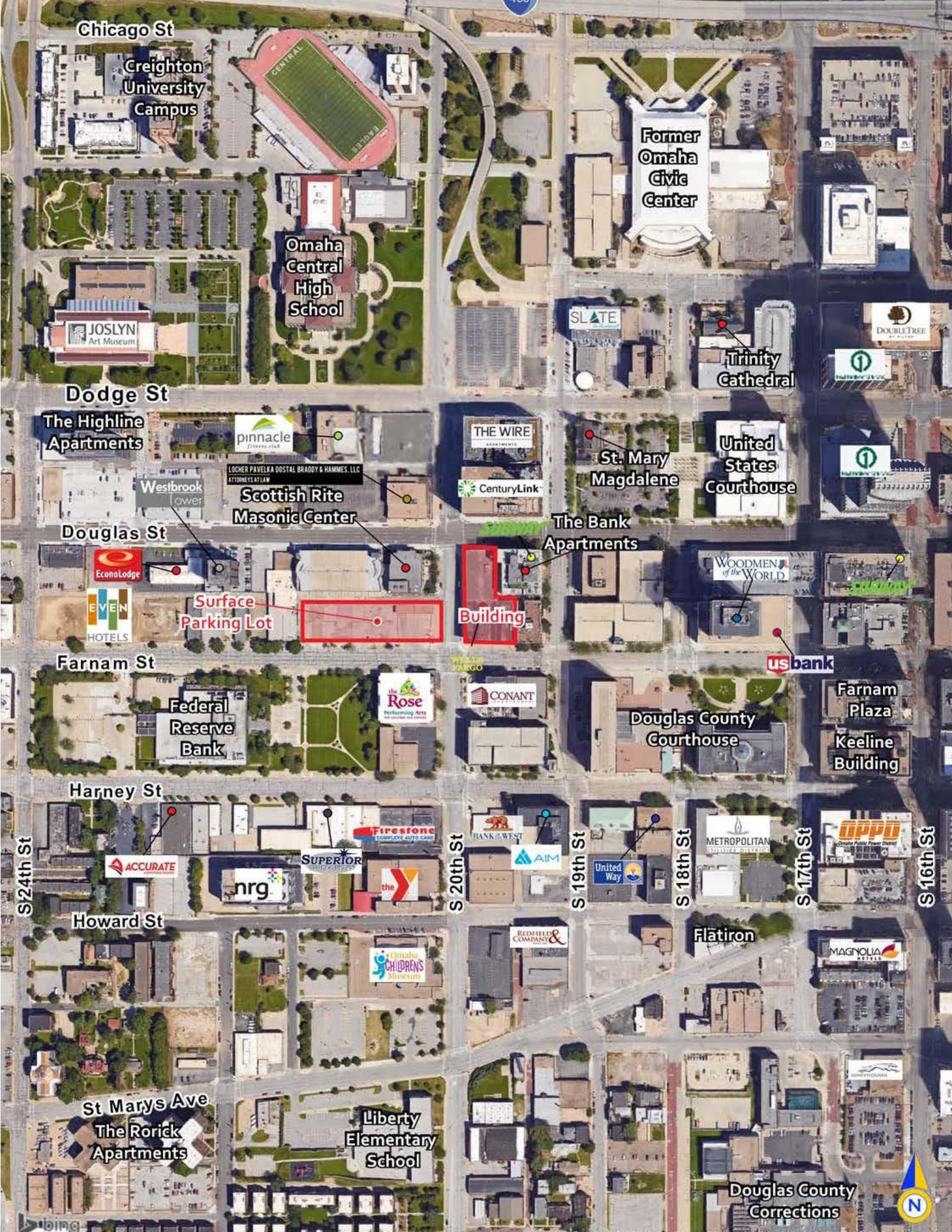
At current market pricing, the building could be acquired for significantly less than the replacement cost.

Well maintained Asset

The property has been exceptionally well maintained over the years. The owner has invested over \$10 million in improvements to the property since 2009.

Parking Amenities

The property includes 78 coveted underground parking stalls. There are an additional 169 stalls available on the surface lot immediately west of the building on 20th Street.



Chicago St

Creighton University Campus

Omaha Central High School

Former Omaha Civic Center

Trinity Cathedral

Dodge St

The Highline Apartments

pinnacle fitness club

THE WIRE APARTMENTS

St. Mary Magdalene

United States Courthouse

Douglas St

Westbrook lower

LOCHER PAVELKA DOSTAL BRADY & HAMMES, LLC ATTORNEYS AT LAW
Scottish Rite Masonic Center

CenturyLink

The Bank Apartments

WOODMEN of the WORLD

Surface Parking Lot

Building

Farnam St

EconoLodge
EVEN HOTELS

Federal Reserve Bank

the Rose Performing Arts

CONANT

Douglas County Courthouse

Farnam Plaza

Keeline Building

us bank

Harney St

S 24th St

ACCURATE

nrg

SUPERIOR

Firestone COMPLETE AUTO CARE

S 20th St

BANK OF AMERICA

AIM

S 19th St

United Way

S 18th St

METROPOLITAN

S 17th St

OPPI

S 16th St

Howard St

St Marys Ave

The Rorick Apartments

Liberty Elementary School

REDFIELD COMPANY &

Flätiron

MAGNOLIA

Douglas County Corrections



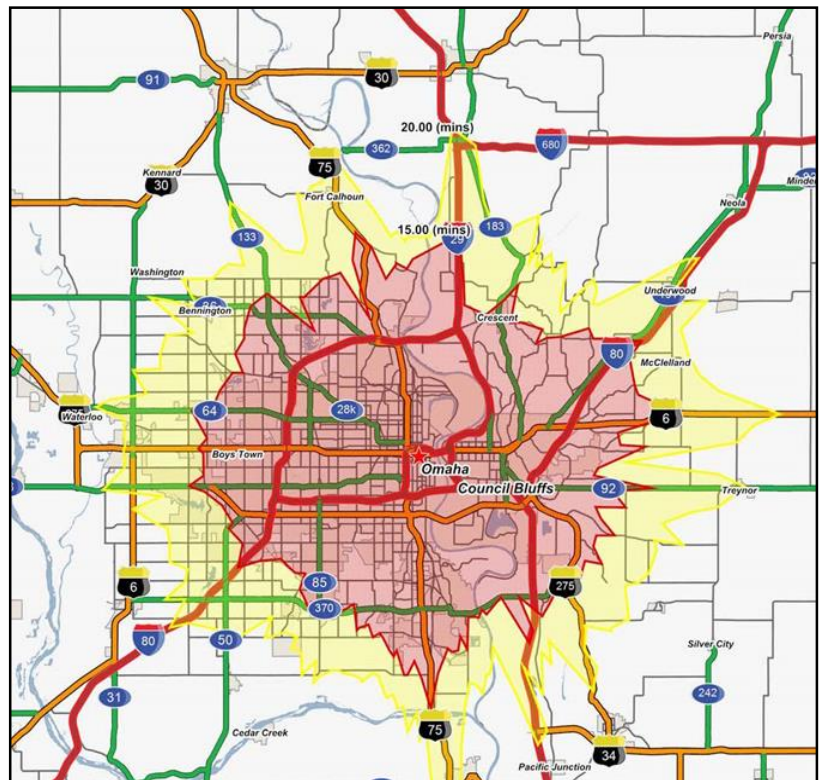
DEMOGRAPHICS

	1 Mile	3 Mile	5 Mile	MSA
2021 Projection	21,847	133,479	283,025	978,483
2016 Estimate	20,475	126,245	267,215	925,303
2010 Census	16,855	117,043	255,659	865,350
2000 Census	16,360	116,837	255,028	767,042
Projected Annual growth (2016-2021)	1.3%	1.1%	1.2%	1.1%
Historical Annual growth (2000-2016)	1.6%	0.5%	0.3%	1.3%
Total Employees	50,363	129,268	214,846	558,513
Median Age	27.6	31.3	32.2	36
Some College	21.8%	22.3%	23.0%	23.6%
College Degree +(Bachelor Degree or higher)	36.2%	31.3%	29.5%	43.0%
2015 Estimated Households	8,425	50,542	105,191	364,432
2015 Est. Average HH Income	\$48,538	\$51,420	\$52,922	\$79,729
2015 Est. Median HH Income	\$33,790	\$40,755	\$42,913	\$67,097

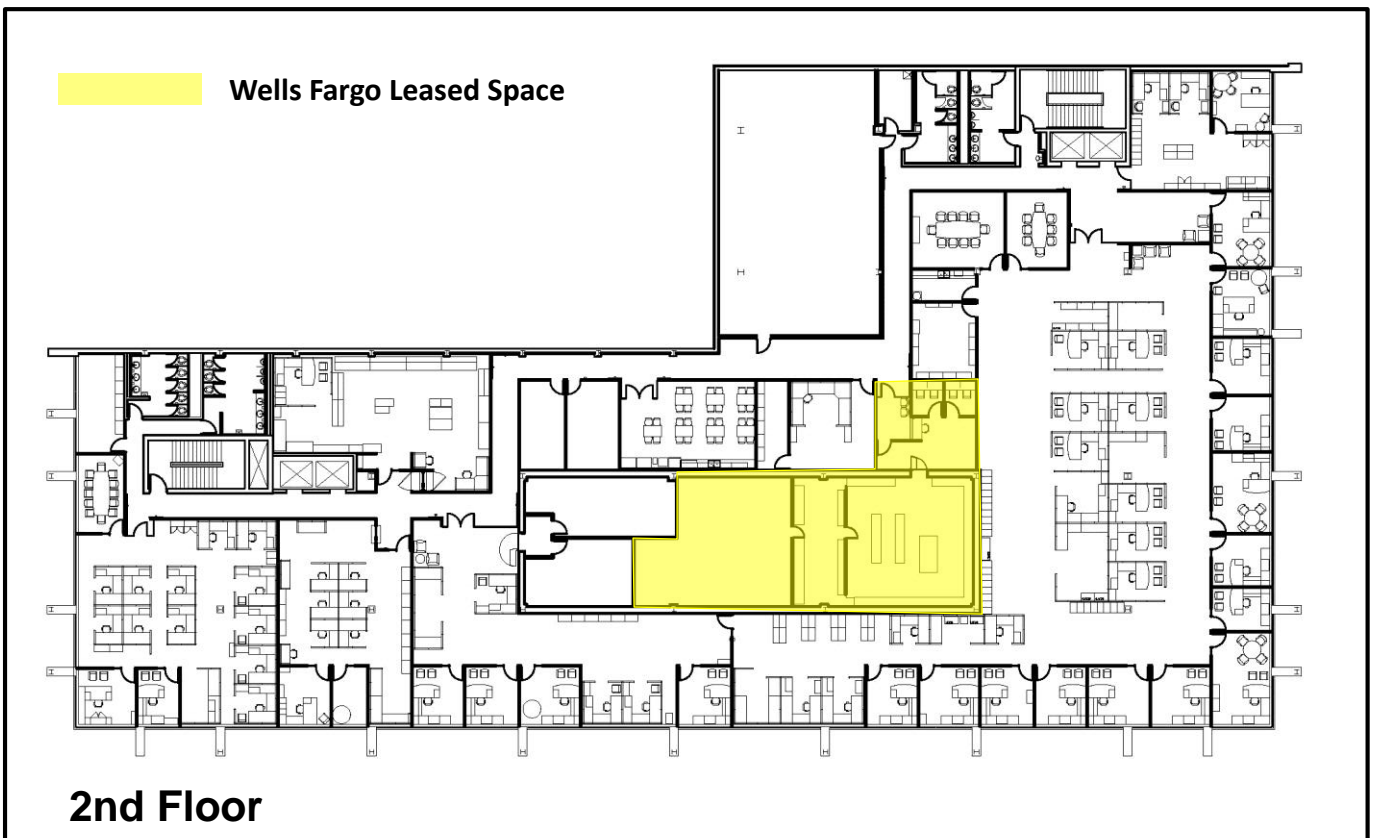
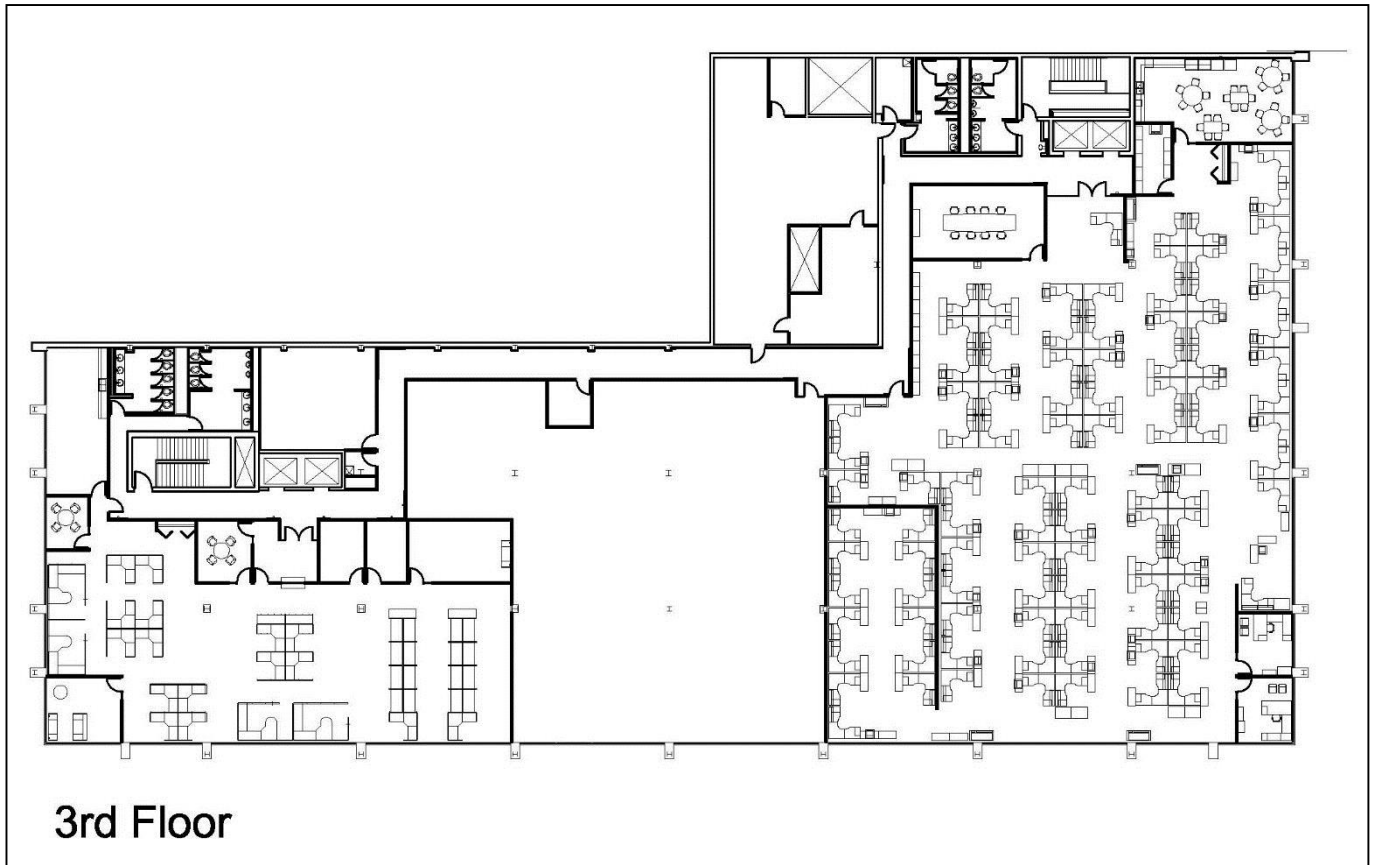
Demographics & Drivability

The interstates, public transit and grid system of the roads combine to make Omaha a quick and convenient city. A drive-time of 15 minutes covers the majority of the metro, and 20 minutes extends to surrounding towns.

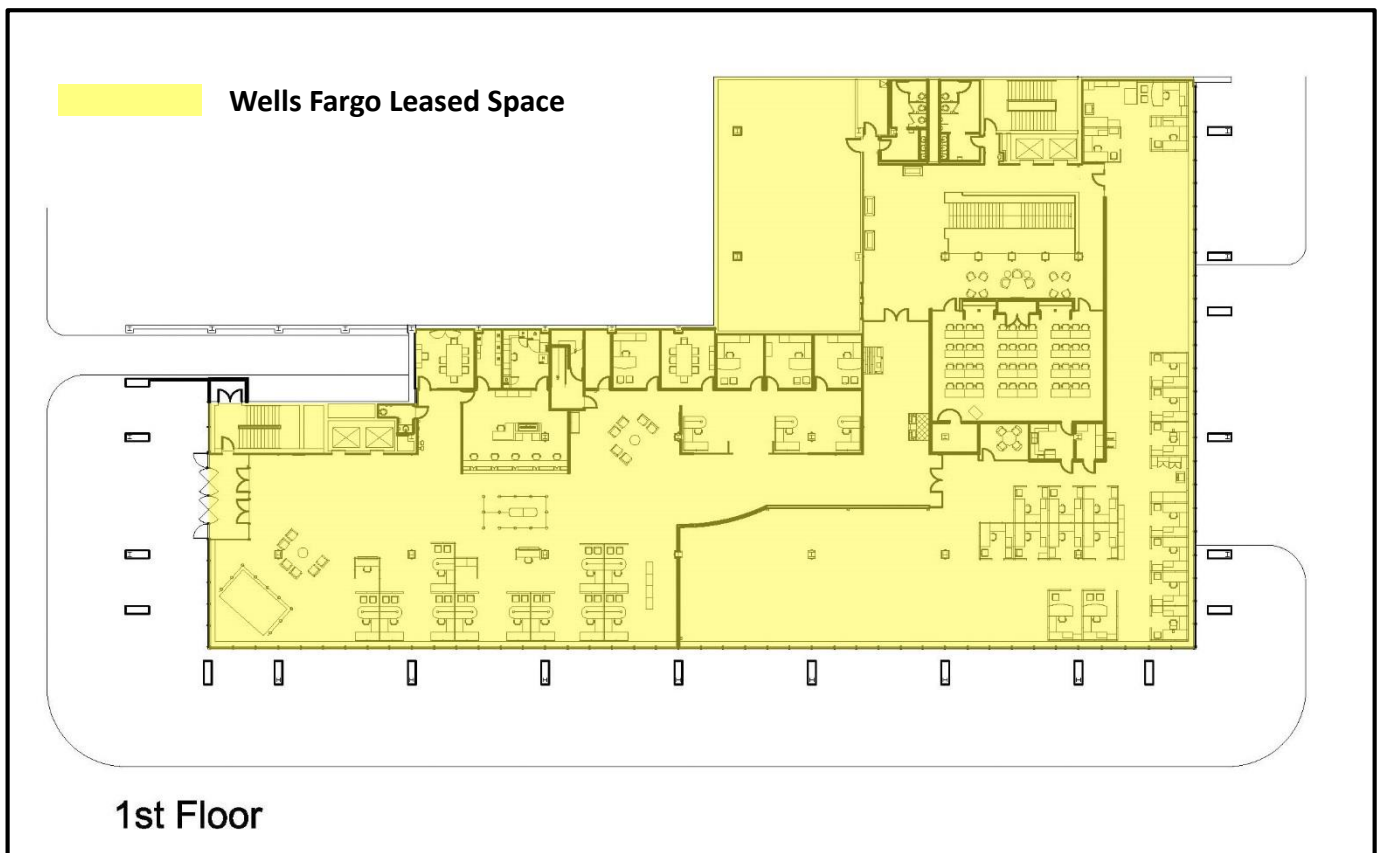
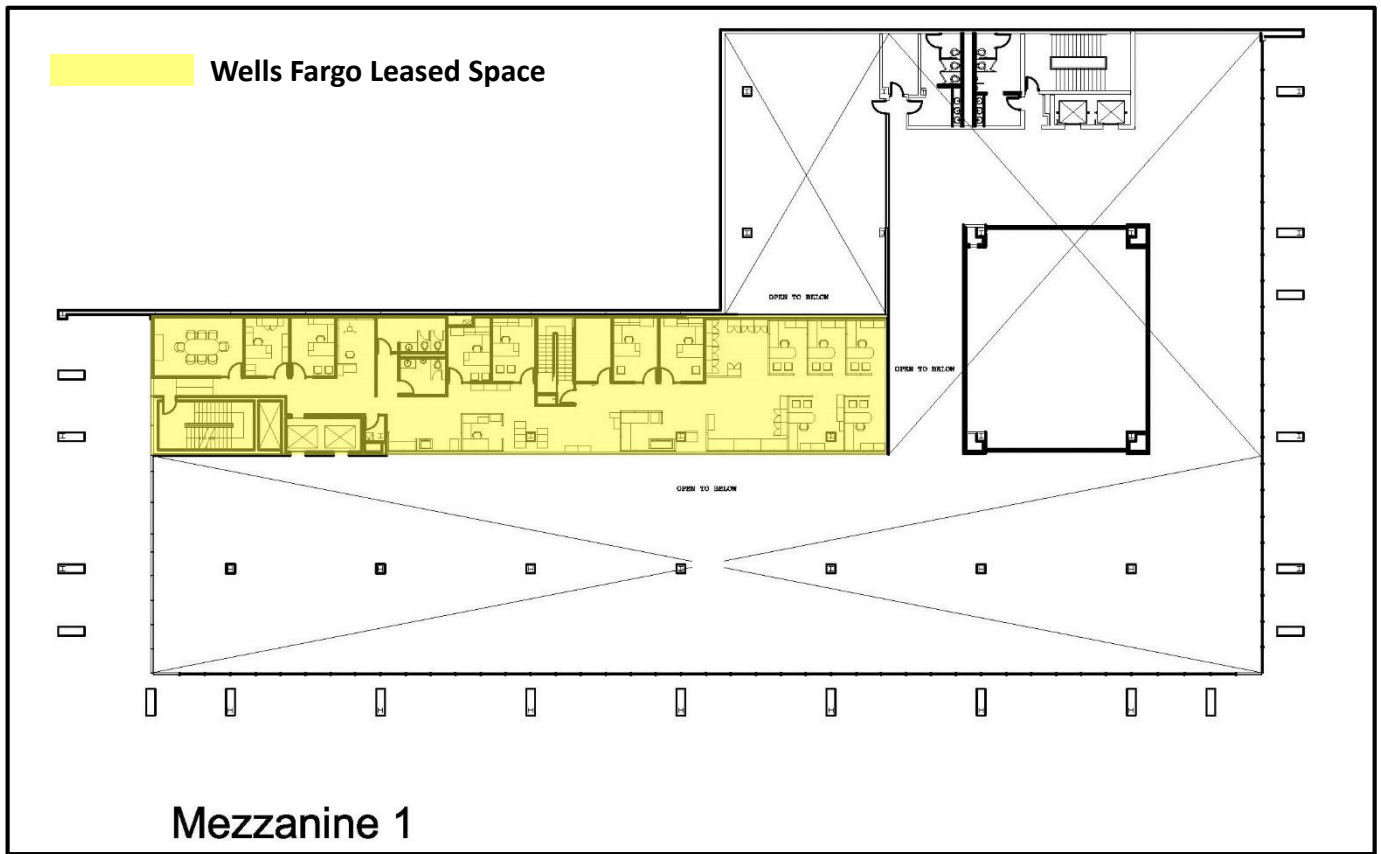
Characterized by steady growth, Omaha has expanded by approximately 1.2% per year over the last 7 years and is projected to see about 1.1% annual growth between 2016 and 2021. If it continues to grow at its current steady pace, a University of Nebraska demographer expects that the metro area will hit the landmark 1-million people mark sometime around 2023. With a diverse cultural makeup, ethnic minorities comprise 19.6% of our population including a Hispanic populace of 9.8%.



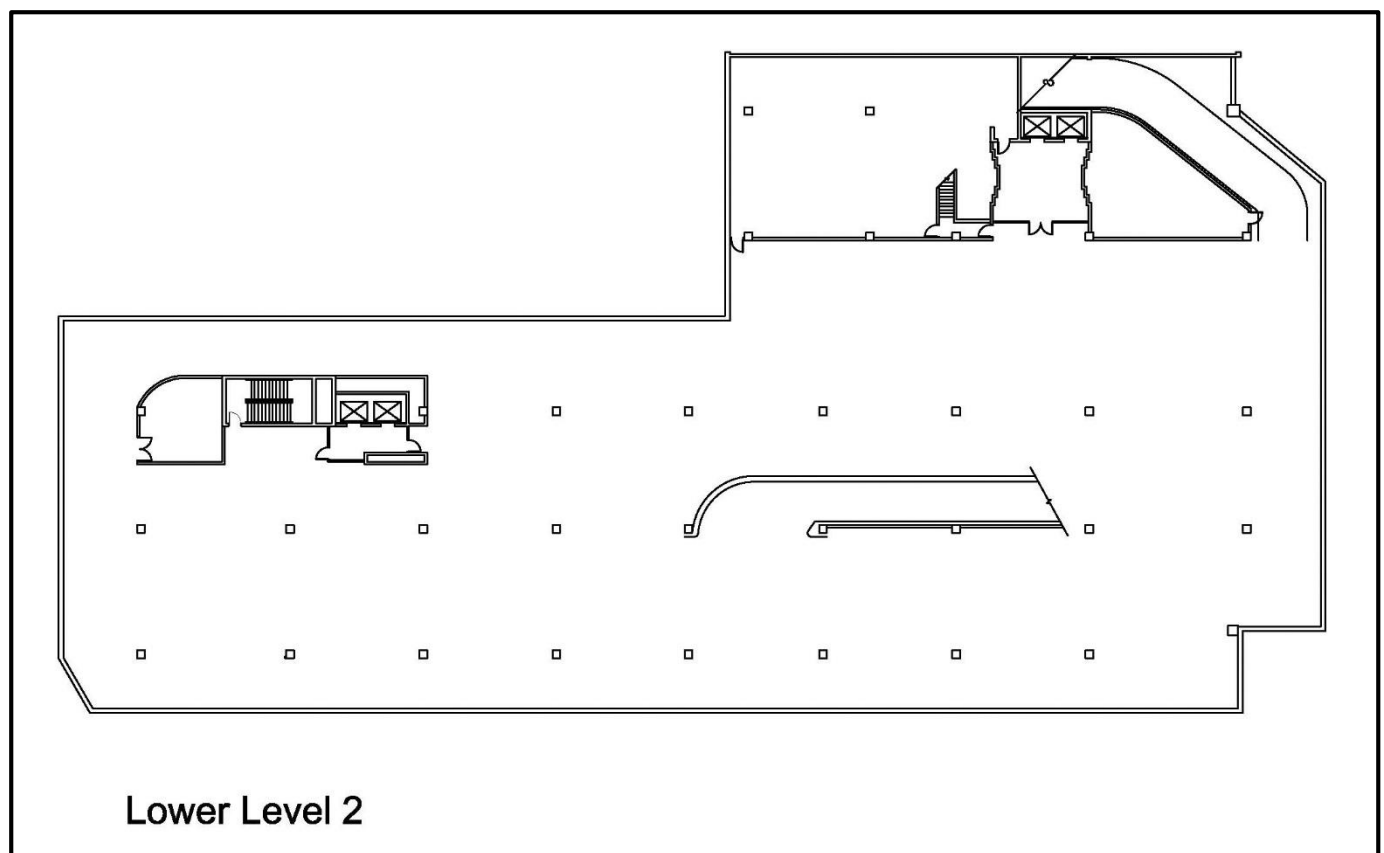
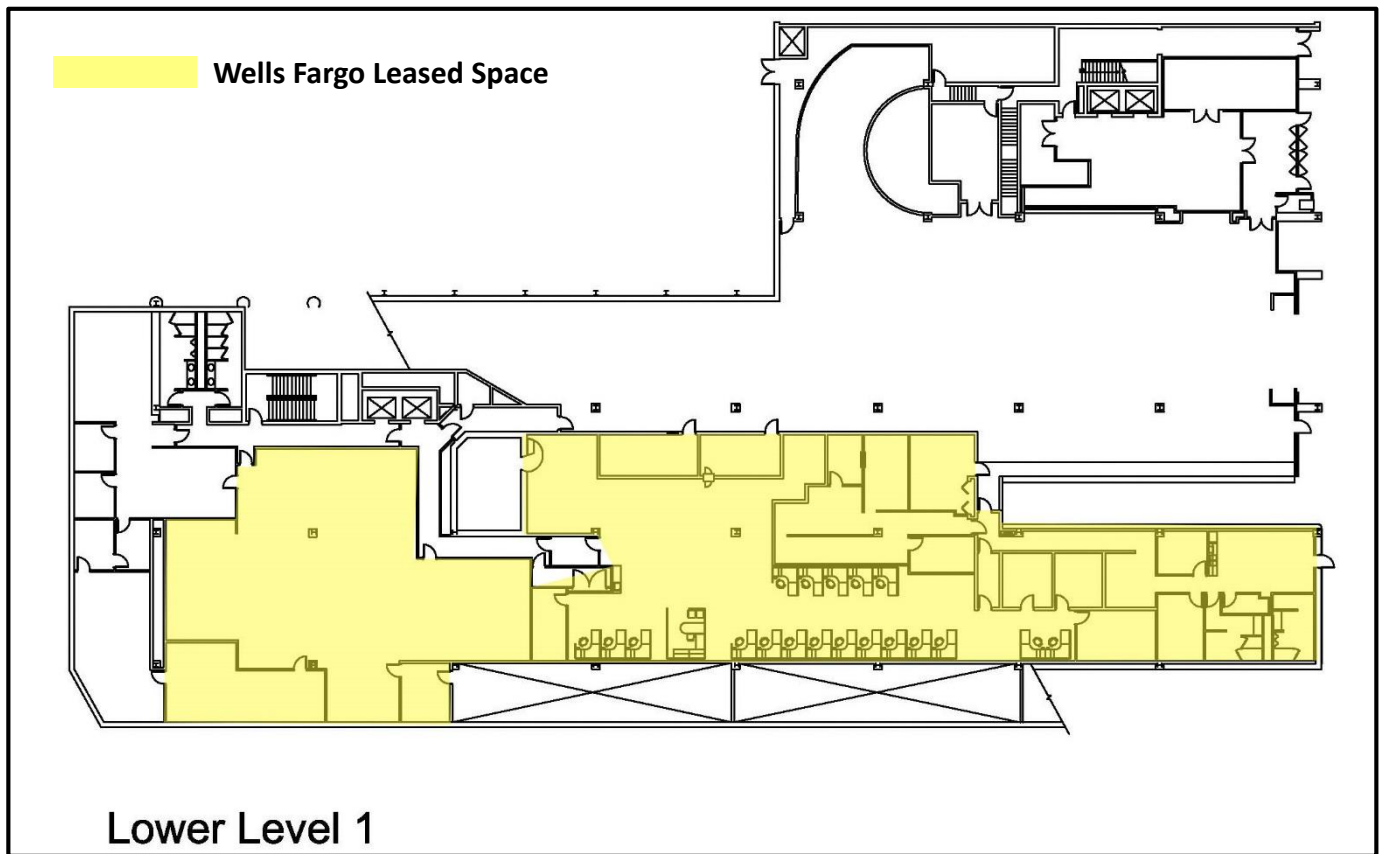
STACKING PLAN



STACKING PLAN



STACKING PLAN



PROPERTY OVERVIEW & PRICING

Executive Summary

The Property consists of two separate parcels, the parcel upon which the building is situated and the parking lot on the northwest corner of 20th & Farnam. As part of the sale, Wells Fargo will lease back about 44 percent of the building. They would also like to lease a small pad on the surface lot for an ATM under terms mutually agreeable. Additional revenue assumptions can be made for the lease up of the vacant office space and parking income. It's worth noting, the opportunity provides for a covered land play with the surface parking lot. The surface parking lot can generate income in its current state, however, it provides an opportunity for future redevelopment.



View of one of the private offices in an office space on the second floor. This space will be vacated by Wells Fargo and made available for lease/ occupancy upon sale of the building.

Key Property Statistics		
Building Summary		
Farnam Level (Lower Level- 1)	31,619 SF	
Farnam/Lower Level -1 Office	10,789 SF	
Farnam/Lower Level-1 Parking/Common Areas	20,830 SF	
Lower Level-2 (Parking/Mech/Common Area)	39,904 SF	
First Floor	24,617 SF	
Mezzanine	4,286 SF	
2nd Floor	29,120 SF	
3rd Floor	30,596 SF	
Total Rentable Building Size	99,408 SF	
Total Gross Building Area	160,142 SF	
Wells Fargo - Leased Premises	43,359	44%
Vacant Space Available for Lease	56,049	56%
Year Built	1969 /	
	Renovated 2009	
Building Lot Size	0.79 acres	
Garage Parking Stalls	78 stalls	
220 South 20th (LOT)		
Surface Lot Size	53,064 SF	
Surface Parking Stalls	169 stalls	

PROPERTY OVERVIEW & PRICING

Pricing

The asking price was determined by evaluating market comparables and utilizing a discounted cash flow analysis with market leasing assumptions built in for the lease up of approximately 56,048 SF of space that will be turned over by Wells Fargo and made available for lease/occupancy upon sale of the asset (this space is not currently on the market for lease). The Seller's leasing assumptions are described in more detail on the following pages.

Asking Price of 1919 Douglas (Building):	\$50 PSF (\$4,970,400)
Asking Price of 220 South 20 th (Lot):	\$37.95 PSF (\$2,000,000)
TOTAL Price:	\$6,970,400.00



PROPERTY OVERVIEW & PRICING

Leasing Assumptions

Wells Fargo Term Sheet			
Wells Fargo, First Floor Premises	24,617 SF	7 years	\$18.50 PSF, Modified Gross
Wells Fargo, Mezzanine	4,286 SF	7 years	\$14.00 PSF, Modified Gross
Wells Fargo, Second Level Premises	3,667 SF	7 years	\$18.50 PSF, Modified Gross
Wells Fargo, Lower Level 1 Premises	10,789 SF	7 years	\$12.00 PSF, Modified Gross
Wells Fargo total pro-rata share of Building	43,359 SF	Rentable SF	44%
Wells Fargo Rent Increases	10%	Every 5 years	
Option Periods	Two	5 year options	Subject to 10% increases every five years

Additional Notes pertaining to the Wells Fargo Lease:

- Any management fee shall not exceed 3% of gross rents for the building.
- The controllable operating expenses shall not exceed 4% per annum over previous year (this excludes taxes, insurance, utilities, and snow and ice removal).
- Wells Fargo shall be granted 20 parking stalls in the garage, at no additional cost, for Wells Fargo customer parking.
- Right to retain existing exterior signage on the building.

Photo of a conference room located in one of the second floor office spaces. This space will be available for occupancy/ lease upon sale of the building.



PROPERTY OVERVIEW & PRICING

Leasing Assumptions

REVENUE

Wells Fargo Detailed Rental Income

As a condition of the sale, Wells Fargo will lease back a portion of the building pursuant to the term sheet described on the previous page. This includes the entire first floor, the mezzanine, a portion of the second floor, and the offices located in Lower Level 1. Wells Fargo would also be interested in leasing a pad on the surface lot on the west side of 20th Street for a drive-up ATM. The proposed Wells Fargo rent is subject to 10% increases every five years. The chart below details Well's Fargo's proposed lease terms.

Wells Fargo Leased Space	1 st Floor Office	2 nd Floor Suite 2-B	Mezzanine	LL-1 Office	Total Wells Fargo
Term (years)	7	7	7	7	7
Lease Start Date	7/1/2017	7/1/2017	7/1/2017	7/1/2017	7/1/2017
Gross Rentable	24,617	3,667	4,286	10,789	43,359 SF
Pro-rata Share	0.2476	0.0369	0.0431	0.1085	44%
Modified Gross Rate	\$18.50	\$18.50	\$14.00	\$12.00	
Annual Gross Rent	\$455,419	\$67,840	\$60,011	\$129,468	\$712,737
CAM	\$153,119	\$22,809	\$26,662	\$67,108	\$269,698
RE Tax	\$43,797	\$6,524	\$7,626	\$19,195	\$77,142
Insurance	\$4,923	\$733	\$857	\$2,158	\$8,672
Management Fee	\$13,663	\$2,035	\$1,800	\$3,884	\$21,382
Total Operating Expenses	\$215,502	\$32,101	\$36,946	\$92,344	\$376,894
Annual Base Rent	\$239,917	\$35,738	\$23,065	\$37,124	\$335,844

PROPERTY OVERVIEW & PRICING

Leasing Assumptions

OPERATING EXPENSES AND EXPENSE STOP

All measurements of rentable square footage are computed in accordance with BOMA office standards and therefore take into consideration any load factor. The Rentable Area of the building is 99,408 SF. For the purpose of understanding the operating expenses, two separate expense groups were created; those attributable to the operation of the office building at 1919 Douglas, and those costs attributable to the surface parking lot. The taxes reflect actual 2016 taxes. The insurance is an estimate based on comparable buildings. The CAM and other operating expenses are based upon actual operating costs for the building averaged over the previous three years (2013-2015) and adjusted to account for probable changes in how a multi-tenant building may be operated. It is important to note that the property has always been operated by the Seller as an Owner occupied building and therefore the actual operating history is not an entirely accurate reflection of how the new owner of a multi-tenant building would operate the building.

The leases contemplate a modified gross lease structure in which tenants pay their pro-rata share of operating expenses in excess of the base year operating expenses (base year expense stop). For the reasons described above, the base year expense stop will need to be determined and mutually agreed upon in the Wells Fargo lease. For the purpose of the DCF analysis we assumed a 2017 base year. As well, a gross up assumption was applied to the variable operating expenses to reflect a 95% occupancy which is consistent with the market.

A management fee of three percent of the gross rental for the building was assumed. Below is a summary of the two projected operating expense groups.

Building Operating Expenses Assumption		
Taxes for 1919 Douglas (2016 actual)	\$1.78	\$176,859
Insurance per Building Rentable (est)	\$0.20	\$19,881
CAM & Other Op. Expenses PSF (est)	\$6.22	\$618,318
Management Fee (3% EGR) – stabilized (est)	\$0.52	\$51,649
Total Estimated Operating Expenses	\$8.72	\$866,330

220 South 20 th Lot, Operating Expenses Assumptions		
Taxes for 220 S 20 th (2016 actual)	\$0.38	\$19,904
Insurance (est)	\$0.04	\$2,000
CAM & Other Op. Expenses (est)	\$0.19	\$10,000
Management Fee (3% EGR)- stabilized (est)	\$0.06	\$3,042
Total Estimated Operating Expenses	\$0.67	\$34,946

KEY TENANT PROFILE



Wells Fargo

Wells Fargo & Company (NYSE: WFC) is an American multinational banking and financial services holding company which is headquartered in San Francisco, California. It is the largest bank in the world by market value. It is the fourth largest bank in the U.S. by assets and the largest bank by market capitalization which is approaching \$300 billion. Wells Fargo is the second largest bank in deposits, home mortgage servicing, and debit cards. With over \$1.8 trillion in assets, the company provides banking, insurance, investments, mortgage and consumer and commercial finance services and products to consumers, businesses and institutions.

Wells Fargo credits the continued investment in technology and focus on convenience as a main contributor to local growth. Omaha is home to 16 bank branches and 22 ATMs as well as 3 home mortgage offices.

70+ MM Customers 8,719 Stores Store Distribution	
Retail Banking	6,165
Wells Fargo Advisors	1,365
Wholesale	686
Mortgage	503
Sales Force	
Platform Bankers	31,788
Financial Advisors	15,134
Home Mortgage Consultants	7,586
Other Distribution Channels	
ATMs	12,811
Online Banking Customers	25.7 MM
Mobile Customers	14.9 MM

Wells Fargo Bank, NA

	DBRS	Fitch	Moody's	Standard & Poor's
Long-term Issuer Rating	AA (high)	AA	Aa2	AA-
Short-term Issuer Rating	R-1 (high)	F1+	P-1	A-1+
Bank Deposits	AA (high)	AA+	Aa1	AA-
Senior Unsecured	AA (high)	AA	Aa2	AA-
Subordinated	AA	A+	Aa3	A

CONTACT



Erin M. Pogge, CCIM
 402-392-4352
 epogge@noddlecompanies.com



Lindsay G. Banks
 402-502-4708
 lbanks@lernerco.com



The Lerner Company
 10855 W. Dodge Rd., #270, Omaha, NE 68154
 402-330-5480 www.lernerco.com

N&M Brokerage, LLC
 2285 S 67th Street, Suite 250, Omaha, NE 68106
 402-496-1616 www.noddlecompanies.com

Information furnished has been gathered from sources, deemed reliable, but is not guaranteed by The Lerner Company, its agents, and is subject to changes, corrections, errors and omissions, prior sales, or withdrawal, without notice.

Last updated: 03/02/17