



Grain Belt Breweries Company Records.

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APPRAISAL REPORT
STORZ BREWERY
OMAHA, NEBRASKA

PREPARED FOR
GRAIN BELT BREWERIES, INC.

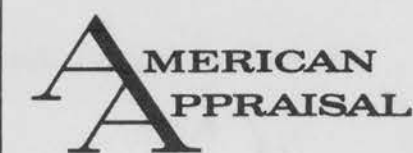


APPRAISAL REPORT

STORZ BREWERY

Omaha, Nebraska

August 15, 1972





THE AMERICAN APPRAISAL COMPANY, INC. Corporate Headquarters 525 East Michigan Milwaukee, Wis. 53201 Area 414:271-7240

INVESTIGATIONS • VALUATIONS • REPORTS

September 8, 1972

Grain Belt Breweries, Inc.

Minneapolis, Minnesota

Gentlemen:

We have made a preliminary investigation and study of your industrial facility known as the Storz Brewery, located in Omaha, Nebraska to provide information for your guidance in decisions relating to disposal of the property.

Our investigation included a brief inspection of the property and a general survey of the market in which it is located. A thorough economic analysis of the area and detailed inspection of the property would be required to provide a more definitive appraisal of this facility.

The property consists of four contiguous parcels of land comprising a total area of about 6.733 acres, improved with a brewery and other nonrelated improvements containing about 300,227 square feet of gross floor area, in 18 numbered buildings, constructed or added to over a period from 1892 to 1958.

The brewery has recently been closed down and is no longer in operation.



The purpose of this investigation is to provide our opinion of the broad range estimate of potential gross selling price of the real estate, as is-where is, if placed on the open market under current conditions, allowing a reasonable period to find a willing purchaser for the property.

The investigation includes land, land improvements, buildings, and fixed building service equipment. It does not include any machinery and equipment, building furnishings, contents, or any items that are normally considered to be personal property.

Description of the Property

Location

The property is located in the northeast portion of Omaha, about one mile north of the city's central downtown business district, in an area heterogenously developed with low-income housing, varied industrial properties, and scattered secondary commercial operations.

A declining residential neighborhood is adjacent, just north and west of the subject property, while other surrounding areas are utilized for railroad yards, industrial, and commercial purposes.

Land

The land comprises four contiguous parcels containing a total area of about 6.733 acres, described as follows:

Parcel 1 (Main Plant Site) is an irregular-shaped tract, located on the southwest corner of North 16th and Grace Streets, containing about 5.070 acres (220,833 sq. ft.). The site has 793.8 feet of frontage along North 16th Street and an average depth of about 273 feet. Approximately 60 percent of the site is level and at the same grade as North 16th Street. The remaining portion, described as the easterly part of the property, is about 20 feet lower in elevation and separated from the upper portion by either a concrete retaining wall or existing building walls. Both street frontages are asphalt paved and water, sewer, gas, electric, and telephone services are available to the site. Rail sidings service the site from the adjacent railroad yards located along the east boundary of the property. Buildings 1 to 17 are located on this parcel and occupy about 70 percent of the site. The remaining portion is utilized for yard areas, rail sidings, and parking.

Parcel 2 (Parking Lot) is a rectangular-shaped tract, located to the west of Parcel 1, containing a total area of 0.538 acres (23,436 sq. ft.). The site has 186 feet of frontage on the south side of Clark Street and 126 feet of frontage on both North 16th and North 17th Streets. The parcel is level and at the same grade as adjoining streets. It is improved with asphalt paving, and a perimeter chain link fence.

Parcel 3 (Warehouse Property) is a rectangular-shaped tract just to the north of Parcel 2 with 198 feet of frontage on both North 16th and North 17th Streets, and 186 feet on the north side of

Clark Street. The site contains about 0.845 acres (36,828 sq. ft.), is level, and at the same grade as adjoining streets. It is currently improved with a single structure (Building 18) which occupies about 40 percent of the site. Other improvements include an asphalt-paved parking lot, and perimeter chain link fencing. All utilities are available to the property.

Parcel 4 (Parking Lot) is also a rectangular-shaped tract, located just north of Parcel 3. It has 132 feet of frontage on the west side of North 16th Street with an average depth of 92.52 feet. The parcel contains about 0.280 acres (12,213 sq. ft.), is level, and at the same grade as North 16th Street. It is presently improved with gravel paving, and perimeter chain link fencing.

Land Improvements

Included are paving, fencing, rail sidings, retaining walls, and miscellaneous minor structures.

Buildings

There are a total of 18 numbered buildings. A plat plan showing the general arrangement and relative location of the buildings on the site is attached as Exhibit A. A summary of the various buildings indicating their designation or former use, number of stories, type of construction, overall outside dimensions, date erected, and gross floor area is attached as Exhibit B.

The majority of the structures are old masonry special-purpose buildings, in fair to poor physical condition, having little or no alternate use other than that purpose for which they were designed and built--as a brewery.

Fixed Building Service Equipment

Included are plumbing, sewerage, electric lighting, heating, ventilating and air conditioning, elevators, and sprinkler system. Excluded are any refrigeration equipment and related accessories used in conjunction with the manufacturing process.

Assessed Value and Taxes

According to the Douglas County assessor's office, the 1971-1972 real estate assessment for the subject property is as follows:

	<u>Land</u>	<u>Improvements</u>	<u>Total Assessed Value</u>
Parcel 1	\$20,800	\$309,400	\$330,200
Parcel 2	8,267	313	8,580
Parcel 3	7,735	13,685	21,420
Parcel 4	<u>3,976</u>	<u>214</u>	<u>4,190</u>
Totals	\$40,778	\$323,612	\$364,390

Real estate in Douglas County is reported to be assessed at 35 percent of market value. The 1971-1972 tax rate is \$96.01 per \$1,000 of assessed value indicating an annual tax bill of \$34,985.08.

Zoning

According to the Omaha Zoning Commission the various parcels are zoned as follows:

Parcel 1 I-2 Second Industrial District

Parcel 2 I-1 First Industrial District

Parcel 3 C-2 Second Commercial District

Parcel 4 I-1 First Industrial District

After consulting with the zoning office, all current improvements appear to be in conformity.

Highest and Best Use

Highest and best use is defined as the most profitable and likely use to which a property is adapted and capable of being used.

The main plant site poses a difficult disposal problem in the current real estate market. Economics of the brewery industry indicate little or no demand exists for the property as a brewery, and the physical makeup and special-purpose nature of the improvements are negative factors in sale of the property for alternate use.

The situation is further compounded by the location of the property in what is best described by the local residents as an undesirable area of the city. The influx of low-income and welfare personnel into the adjacent vicinity, and the atmosphere of the declining neighborhood certainly will be no attraction for potential industry or business in the area.

There are a large number of industrial properties and a substantial amount of vacant land currently available for sale or lease in the Omaha area. Unless a potential purchaser or user had a specific need for acquiring a property in the vicinity of the subject, he would probably look elsewhere.

Of the 17 numbered buildings located on the main plant site, only Buildings 1 and 2 are considered to be marketable for alternate use. Since the remaining buildings contribute little, if any, to the property as a whole, it might be well to consider demolition of these buildings to free the land and increase the salability of Buildings 1 and 2. This would allow additional land area for parking, possible future expansion, and better access into the property.

Parcel 3 is improved with a modern one-story concrete block and steel frame structure with small air conditioned offices. The property is currently under a 2-year lease and is utilized as a distribution warehouse. Highest and best use of the property is considered to be its current use.

Parcels 2 and 4 are small vacant parcels of land enclosed with chain link fencing. Highest and best use of both properties is considered to be as a parking lot either for some nearby business or by the current user or prospective purchaser of Parcel 3.

Valuation and Conclusions

Investigation of the Omaha real estate market based on conversations and interviews with industrial realtors, appraisers, and other informed real estate personnel in the area indicated the following:

Tracts of vacant land comparable to the subject property were selling or being offered for sale in the range of \$0.35 to \$0.55 per square foot. Approximate land values for the various parcels under investigation are allocated as follows:

Parcel 1	220,833 sq. ft. @ \$0.35	\$ 77,300
Parcel 2	23,436 sq. ft. @ \$0.50	11,700
Parcel 3	36,828 sq. ft. @ \$0.50	18,400
Parcel 4	12,213 sq. ft. @ \$0.40	<u>4,900</u>

Total land value	\$112,300
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Older plants similar to Buildings 1 and 2 in size, age, condition, and utility are selling or have sold in the range of \$2.00 to \$3.00 per square foot of building area including the underlying land. This results in an indicated value range of about \$242,000 to \$363,000 for Buildings 1 and 2 based on market comparatives.

Warehouse properties comparable to Building 18 are capable of being rented, on a long-term lease, for about \$0.50 per square foot on a net basis. An income approach based on this economic rent indicates a value of about \$55,000 for the property as a whole. This reflects a unit of about \$4.00 per square foot of building area on a market comparative which compares favorably with recent transactions.

At our request, a reliable wrecking firm was called in to make an estimate of what demolition costs might be incurred in razing some of the existing improvements. The wrecking firm is identified as:

E. Miller & Sons Inc.
6801 Mercy Road
Omaha, Nebraska
Telephone No. 402-393-0500

Demolition to normal grade levels and clearing of the site is assumed. No consideration is given to removal of existing building and machine foundations, yard tunnels, and rail sidings. Machinery and equipment was not included in the estimate.

Demolition costs for Buildings 3 to 17 on the main plant site were estimated at between \$275,000 and \$325,000. As indicated from this estimate, the demolition costs exceed the land value by a considerable margin and offsets any value that might be derived from the sale of Buildings 1 and 2.

Based on the above, it would appear that any value attributable to the main plant site would be related to the sale or salvage value of any of the existing machinery and equipment or personal property located on the plant site.

The remaining Parcels 2, 3, and 4 are properties that can be most readily disposed of and in total could bring somewhere between \$70,000 to \$75,000 if exposed for a reasonable time in the open market.

None of this report may be disseminated to the public through advertising, public relations, news, or any other public means of communication without the prior written consent and approval of The American Appraisal Company, Inc.

We have not investigated the title to or any liabilities against the property and, as stated previously, our investigation, as of August 15, 1972, was preliminary in nature. The opinions stated are in no way intended to indicate that a detailed appraisal was made.

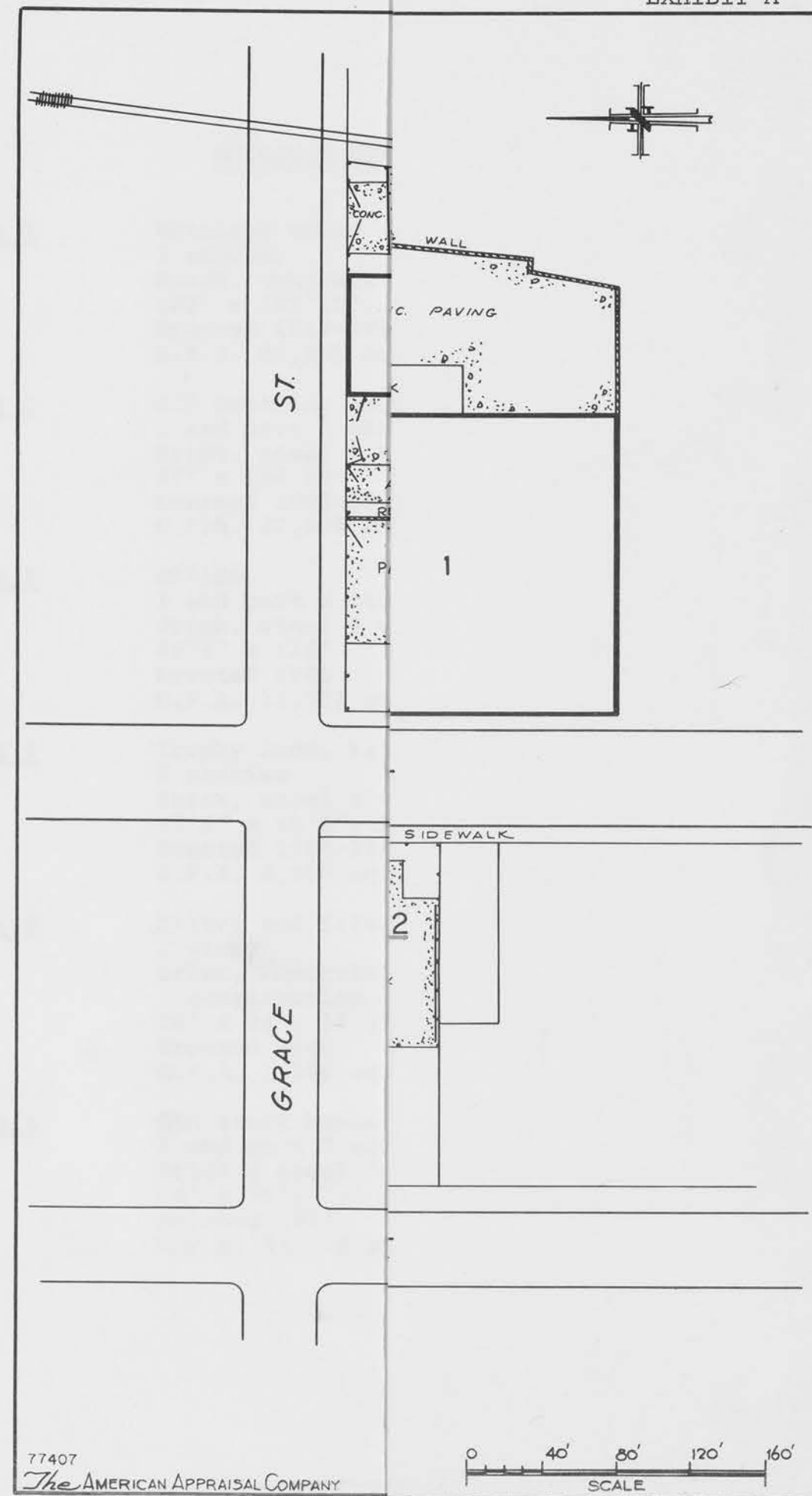
Respectfully submitted,

THE AMERICAN APPRAISAL COMPANY, INC.

By

J. W. Thorington
Vice President

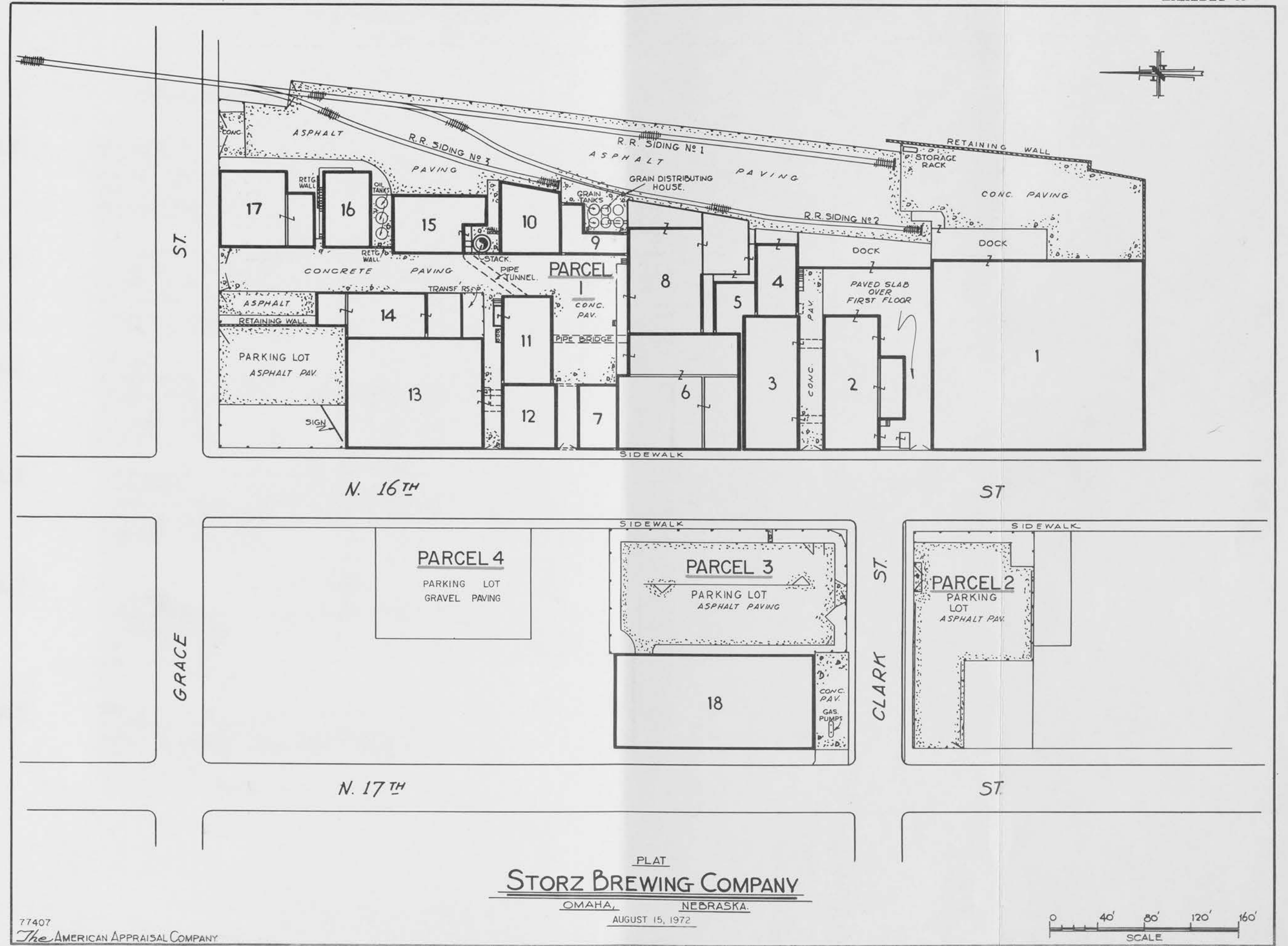
J. W. Thorington
September 8, 1972



J. W. Thorington
September 8, 1972

THE AMERICAN APPRAISAL COMPANY, INC.
Respectfully submitted,

We have not investigated the title or any restrictions against the property and, as stated previously, our investigation, as of August 15, 1972, was preliminary in nature. The opinion stated are in no way intended to indicate that a detailed appraisal was made.



We have not investigated the title to or any liabilities against the property and, as stated previously, our investigation, as of August 15, 1972, was preliminary in nature. The opinions stated are in no way intended to indicate that a detailed appraisal was made.

Respectfully submitted,
J. W. Thorington
September 8, 1972

BUILDING SUMMARYBuilding 1

Bottling house
 3 stories
 Brick, concrete block & steel frame construction
 162' x 186'10"; 26'6" x 101'
 Erected 1917-1958
 G.F.A. 93,938 sq. ft.

Building 2

Old bottling house, sales office & frontier room
 2 and part 3 stories
 Brick, steel & wood frame construction
 93' x 154'6"
 Erected 1900-1958
 G.F.A. 27,079 sq. ft.

Building 3

Office
 2 and part 3 stories
 Brick, steel & wood frame construction
 49'4" x 114'
 Erected 1900
 G.F.A. 13,573 sq. ft.

Building 4

Trophy room, kitchen and storage
 2 stories
 Brick, steel & wood frame construction
 37'6" x 60'6"; 9'6" to 12'6" x 37'6"
 Erected 1900-1945
 G.F.A. 4,950 sq. ft.

Building 5

Filter and filter wash house
 1 story
 Brick, concrete block, steel & wood frame
 construction
 28' x 34'; 14'6" x 23'
 Erected 1900
 G.F.A. 1,286 sq. ft.

Building 6

Old stock house
 5 and part 2 stories
 Brick & steel frame construction
 64' x 76'; 31' x 64'; 35' to 36' x 97'
 Erected 1892
 G.F.A. 33,158 sq. ft.

BUILDING SUMMARY

Bottling house
3 stories
Brick, concrete block & steel frame construction
143' x 132'10" x 12'6" x 191'
Erected 1917-1922
G.F.A. 82,928 sq. ft.

Old bottling house, sales office & frontier room
2 and part 3 stories
Brick, steel & wood frame construction
91' x 124'4"
Erected 1900-1922
G.F.A. 22,879 sq. ft.

Office
2 and part 3 stories
Brick, steel & wood frame construction
49'4" x 114'
Erected 1920
G.F.A. 11,873 sq. ft.

Trophy room, kitchen and storage
2 stories
Brick, steel & wood frame construction
37'6" x 60'6" x 9'8" to 11'8" x 17'6"
Erected 1900-1922
G.F.A. 4,920 sq. ft.

Filter and filter wash house
1 story
Brick, concrete block, steel & wood frame construction
58' x 14' x 14'8" x 23'
Erected 1920
G.F.A. 1,188 sq. ft.

Old stock house
2 and part 3 stories
Brick & steel frame construction
44' x 78' x 21' x 64' x 25' to 34' x 27'
Erected 1922
G.F.A. 23,128 sq. ft.

Building 1Building 2Building 3Building 4Building 5Building 6Building 7

Storage building
4 stories
Brick & steel frame construction
34' x 55'8"
Erected 1892
G.F.A. 9,121 sq. ft.

Building 8

Wash house
2 stories
Brick, steel & wood frame construction
63'8" x 88'9"; 45' to 52' x 39'4"; 12' to 22'9" x 63'8"
Erected 1892
G.F.A. 11,833 sq. ft.

Building 9

Pitch yard, grain and yeast dryers
2 stories
Brick, concrete block, reinforced concrete, steel frame construction
18'7" x 24'6", 20'6" x 57'7"
Erected 1942
G.F.A. 3,021 sq. ft.

Building 10

Advertising department
2 stories
Brick, concrete block, reinforced concrete & steel frame construction
53' to 63' x 54'
Erected 1950
G.F.A. 6,264 sq. ft.

Building 11

Engine room
2 stories
Brick, steel & wood frame construction
45' x 74'
Erected 1892-1920
G.F.A. 5,715 sq. ft.

Building 12

Brew house
4 stories
Brick & steel frame construction
55'8" x 65'
Erected 1892
G.F.A. 14,473 sq. ft.

Building 13

New stock house
4 stories
Brick & steel frame construction
95' x 119'
Erected 1946-1953
G.F.A. 38,066 sq. ft.

Storage building
1 story
Brick & steel frame construction
38' x 68'10"; 25'6" x 30'6"; 31' x 38'
Erected 1953
G.F.A. 4,572 sq. ft.

Boiler room
High 1 story
Brick & reinforced concrete frame construction
50'10" x 61'10"; 21' x 26'6"; 6'6" x 24'4"
Erected 1946
G.F.A. 3,858 sq. ft.

Machine shop
2 stories
Brick & reinforced concrete frame construction
44' x 65'6"
Erected 1892
G.F.A. 5,764 sq. ft.

Carpenter & paint shop
2 and part basement
Brick, steel & wood frame construction
58' x 65'4"; 23'7" x 48'
Erected 1892
G.F.A. 9,716 sq. ft.

Warehouse
1 story
Brick, concrete block & steel frame construction
80' x 173'
Erected 1945
G.F.A. 13,840 sq. ft.

Storage building
1 story
Brick & steel frame construction
38' x 68'10"; 25'6" x 30'6"; 31' x 38'
Erected 1953
G.F.A. 4,572 sq. ft.

Boiler room
High 1 story
Brick & reinforced concrete frame construction
50'10" x 61'10"; 21' x 26'6"; 6'6" x 24'4"
Erected 1946
G.F.A. 3,858 sq. ft.

Machine shop
2 stories
Brick & reinforced concrete frame construction
44' x 65'6"
Erected 1892
G.F.A. 5,764 sq. ft.

Carpenter & paint shop
2 and part basement
Brick, steel & wood frame construction
58' x 65'4"; 23'7" x 48'
Erected 1892
G.F.A. 9,716 sq. ft.

Warehouse
1 story
Brick, concrete block & steel frame construction
80' x 173'
Erected 1945
G.F.A. 13,840 sq. ft.

Building 14

Storage building
1 story
Brick & steel frame construction
38' x 68'10"; 25'6" x 30'6"; 31' x 38'
Erected 1953
G.F.A. 4,572 sq. ft.

Building 15

Boiler room
High 1 story
Brick & reinforced concrete frame construction
50'10" x 61'10"; 21' x 26'6"; 6'6" x 24'4"
Erected 1946
G.F.A. 3,858 sq. ft.

Building 16

Machine shop
2 stories
Brick & reinforced concrete frame construction
44' x 65'6"
Erected 1892
G.F.A. 5,764 sq. ft.

Building 17

Carpenter & paint shop
2 and part basement
Brick, steel & wood frame construction
58' x 65'4"; 23'7" x 48'
Erected 1892
G.F.A. 9,716 sq. ft.

Building 18

Warehouse
1 story
Brick, concrete block & steel frame construction
80' x 173'
Erected 1945
G.F.A. 13,840 sq. ft.

September 8, 1972



CERTIFICATE OF APPRAISER

I hereby certify that:

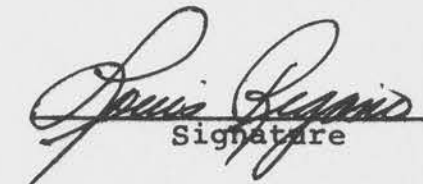
To the best of my knowledge and belief the statements of fact, upon which the analyses, opinions and conclusions expressed in this report are based, are true and correct; that, this report sets forth all of the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in conformity with and is subject to the requirements of the Code of Ethics and Standards of Professional Conduct of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards.

I have no present or contemplated future interest in the property appraised nor any personal interest or bias on the subject matter or the parties involved in the appraisal.

No person or persons other than those acknowledged below prepared the analyses, conclusions and opinions concerning real estate set forth in this report.

September 8, 1972

Date


Signature

CERTIFICATE OF APPRAISAL

I hereby certify that:

To the best of my knowledge and belief the statements of fact, upon which the analyses, opinions and conclusions expressed in this report are based, are true and correct; that, this report sets forth all of the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in conformity with and is subject to the requirements of the Code of Ethics and Standards of Professional Conduct of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards.

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September 8, 1971
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Signature

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