

# 1111 FANNIN

HOUSTON, TEXAS  
EXECUTIVE SUMMARY



## THE OPPORTUNITY

JLL, as the exclusive representative of the owner, is pleased to offer for sale 1111 Fannin (the "Property"), a 17-story, 428,629-square-foot office building in Houston's Central Business District.

The building was constructed in 1971 and is currently 100% leased to JP Morgan Chase on an absolute net basis through September 2021. 1111 Fannin features efficient, rectangular, center-core floor plates, direct destination elevators, podium parking with a 1:1,000 parking ratio and is located in the heart of Houston's CBD with excellent access and walkability. Potential investors will have the benefit of approximately one year of cash flow backed by an investment-grade tenant in addition to acquiring an incredibly well located building at the fraction of replacement cost.



### PROPERTY SUMMARY

ADDRESS	1111 Fannin St, Houston, TX 77002
PERCENT LEASED	100%
NET RENTABLE AREA	428,629 Square Feet (440,983 Gross Square Feet) 116,040 - Garage Square Feet
TENANT	JP Morgan Chase
LEASE EXPIRATION DATE	September 31, 2021
LAND AREA	0.5105 Acres Fee Simple 0.2657 Acres Leasehold 0.7762 Acres Total
YEAR BUILT	1971
FLOORS	17 Above Grade; 1 Below Grade
TYPICAL FLOOR PLATE	31,500 SF
PARKING RATIO	1.1 / 1,000 SF





# INVESTMENT HIGHLIGHTS

## OPPORTUNITY ZONE

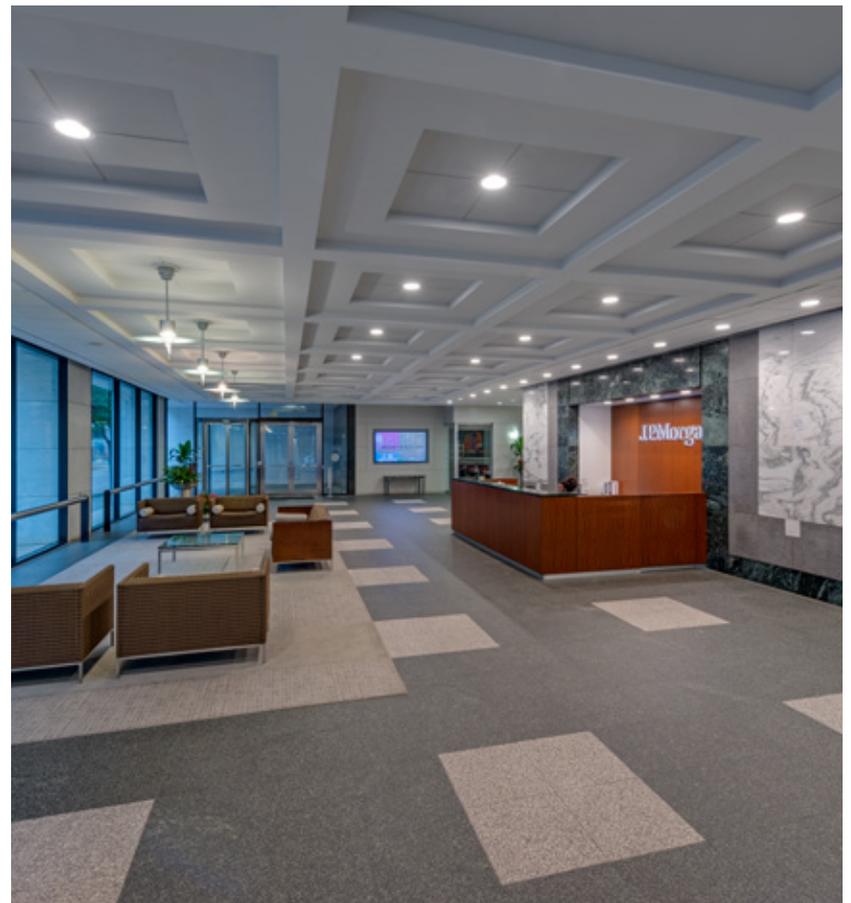
On December 20, 2017, Congress passed the Tax Cuts and Jobs Act of 2017 in an effort to reduce taxes, stimulate the economy, and spur job growth. Through this act, the Opportunity Zone program was created, and allows investors to roll capital gains tax liabilities into new investments on a tax-deferred basis through Qualified Opportunity Funds. The TCJA Act allows a tax payer 180 days in which to reinvest capital gains into a Qualified Opportunity Fund, which allows tax payers to defer capital gains tax until the "Recognition Date," which is the earlier of, the date the Opportunity Zone property is disposed of, or December 31, 2026.

Furthermore, a taxpayer can elect to step up the basis in the QO Fund to fair market value and not pay any income tax on the gains received while invested in the QO Fund as long as the investment is held for at least 10 years. The taxpayer has until December 31st, 2047 to dispose of the property and realize this benefit, allowing for disposition flexibility. In the case of an existing asset which is purchased within a Qualified Opportunity Zone, an additional investment in excess of the original improvement basis (purchase price less land value) must be made within a 30-month period in order to qualify for the Opportunity Zone Program.

Houston is one of only two cities in the country whose entire CBD is designated as a Qualified Opportunity Zone, and therefore an investment in 1111 Fannin allows the purchaser to take advantage of this program and defer or avoid paying capital gains tax. In order to qualify, the purchaser must make additional investments into the property that exceed the value of the properties improvements. Given the capital improvement needs associated with future tenant improvement dollars required upon JP Morgan's expiration or renewal, the likelihood of exceeding the improvement basis is achievable, allowing for significant future tax savings.

## SIGNIFICANT UPSIDE POTENTIAL AT EXTREMELY ATTRACTIVE BASIS

1111 Fannin offers investors a very rare opportunity to purchase an extremely well-located CBD office building significantly below replacement cost. The Property is currently 100% leased to JP Morgan Chase (Moody's: A2) on an absolute net basis through September 2021, providing stable cash flow backed by investment-grade credit for ~1 year of the hold period. Over the course of their twenty six year tenure at the Property, JP Morgan has installed certain building components, along with others that were original to the building, that differentiate 1111 Fannin from its competition. These improvements include three Cummins diesel-fired back-up generators, and numerous security components, an uninterruptible power supply (UPS) with fully redundant power.





### ENVIABLE LOCATION IN HEART OF CBD

The Building is ideally located in the heart of Houston's CBD, which commands the highest rents in the City. 1111 Fannin is in an ideal location to benefit from the recent expansion and invested capital of surrounding developments and redevelopment projects. The Property is less than one block from Houston Center, a 4.2 million square foot mixed-use development purchased by Brookfield in 2017 which includes a 190,000 square foot retail center with restaurants and other amenities. The complex is currently undergoing a \$150 million redevelopment, and is directly across Dallas street from GreenStreet, a 420,000 square foot mixed-use development encompassing four city blocks, and is also undergoing a multi-million dollar renovation.

Situated on the corner of Dallas and Fannin, 1111 Fannin provides easy access to Houston's highway system as it is centrally located between IH-10, IH-45 and IH-69. Access to the city's METRO Light Rail, Greenlink Bus System and dedicated bike lane are all within one block of the property. With a Walk Score of 95 and a Ride Score of 96, the site's convenient location within the CBD offers multiple commuting options for tenants residing outside of downtown. Additionally, the downtown urban infill location is surrounded by the highest number of Fortune 1000 locations (16), and has seen a dramatic increase in residential population through the Downtown Living Initiative.

### EFFICIENT DESIGN WITH DIRECT TUNNEL ACCESS AND QUALITY AMENITIES

Featuring a podium-style design with rectangular, center-core floor plates that average 31,500 square feet, tenants at 1111 Fannin are afforded efficient and flexible use of space. Current floor plates are laid out for both single and multi-tenant use to accommodate companies with larger space needs but can be easily demised for smaller companies that desire institutional-quality office space in a prime CBD location. Direct tunnel access in Houston's CBD district is essential for leasing appeal and provides an expansive amenity base for tenants. This 7.5 mile long network of subterranean, climate controlled, pedestrian walkways links 95 full city blocks and offers over 400,000 square feet of retail space. One block from 1111 Fannin is the Shops at Houston Center, a 190,000 square foot retail center with shops, a food court and four restaurants. Directly across Dallas St is GreenStreet, a 420,000 mixed use development currently undergoing a multi-million dollar renovation that features Hotel Alessandra, a 223-room luxury hotel, high-end fitness chain, Life Time, and numerous other amenities and attractions. Additional on-site features and amenities include: on-site parking garage with a 1.1 per 1,000 parking ratio, guest, reserved/unreserved covered parking; secure and controlled access to tunnel system retail and restaurant amenities; distinctive ground floor entrances off of the corner of Dallas and Fannin streets; striking white marble and black granite exterior; floor-to-ceiling windows with views of Houston CBD in all directions; six destination dispatch elevators; efficient air conditioning and heating systems to maximize comfort on each floor; fully redundant power with back-up generators and Uninterpretable Power Supply; ground floor deli; card key access; on site conference/training facility; and 24/7 on-site security.

# INVESTMENT HIGHLIGHTS

## UNMATCHED INFRASTRUCTURE AND TECHNOLOGY

1111 Fannin is currently 100% leased to JP Morgan Chase and houses various branches including private banking, energy trading, the financial technology center and some administrative and executive offices. JP Morgan Chase requires a high level of security, redundant power and significant connectivity, among other features, and because of the absolute net lease structure, the tenant is fully responsible for all components of the building. Over the course of its 26-year occupancy, the tenant has made various improvements to the building, most notably the installation of an uninterruptible power supply (UPS), which prevents any disturbance to the tenants' operations and provides redundant backup power to every desktop in the building. Additionally, there are multiple diesel-fired backup generators each supported by diesel fuel tanks with abundant capacity for server rooms. 1111 Fannin has infrastructure and technology in place that differentiates it from almost every other building in downtown Houston and allows the Property to cater to a wide variety of tenant needs.

## LOCATED IN THE EPICENTER OF DOWNTOWN DEVELOPMENT

Downtown began its renewal in the mid-1990s, and since then, nearly \$8.5 billion of buildings, parks and infrastructure have been completed, with another estimated \$1 billion underway. Office buildings have accounted for an estimated 30% of this development activity, followed by multifamily (19%), entertainment/mixed-use/other (19%), civic/government (18%), and hospitality (15%). Perhaps even more impressive is that since 2002 – nearly 1/3 or \$2.3 billion – of the development that has occurred has taken place within 2 blocks of 1111 Fannin. The success of two of Houston's most beloved urban parks – Discovery Green and Market Square – have been heavily credited with being the economic catalysts for growth in the eastern and northern end of downtown Houston.

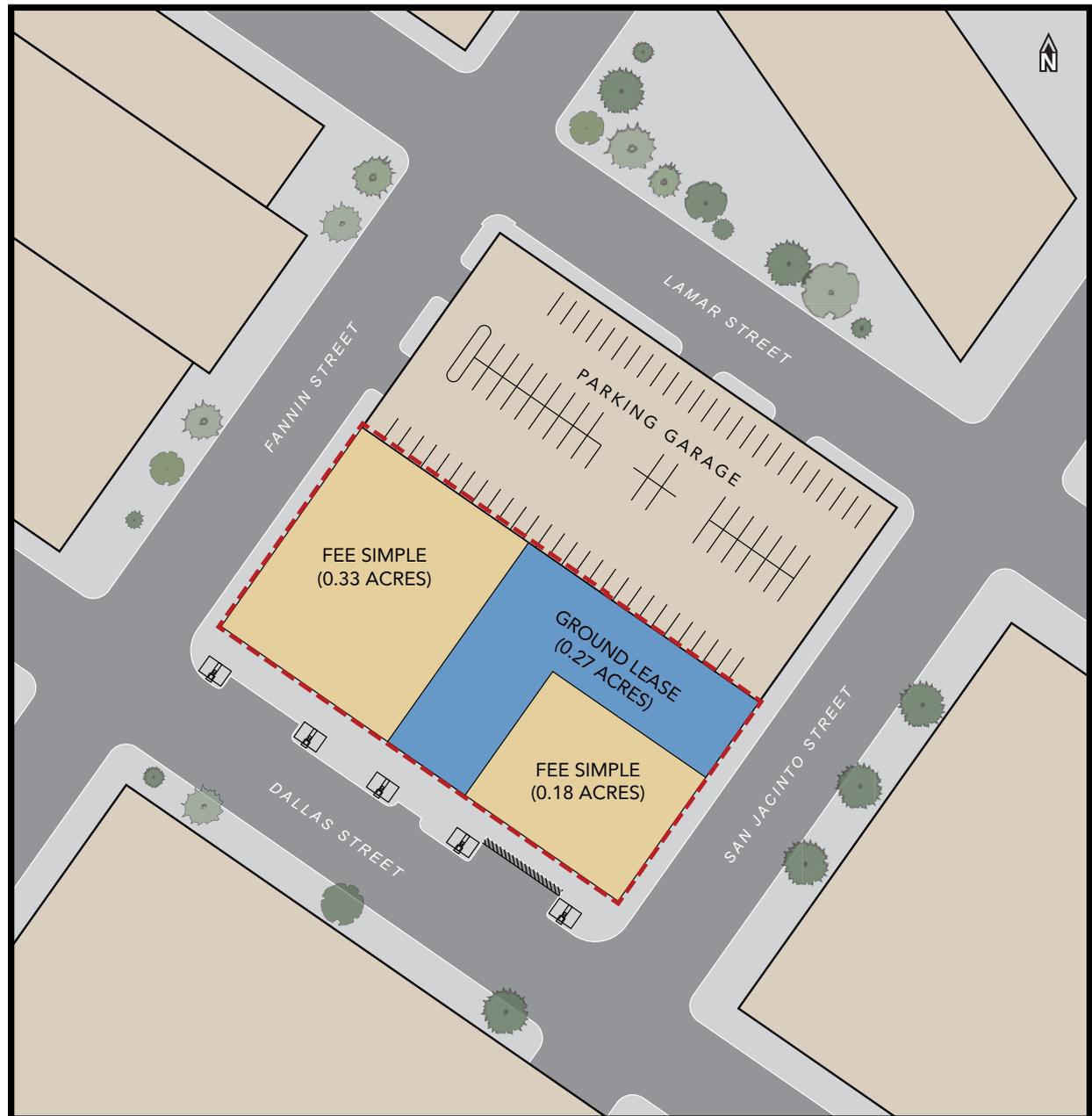


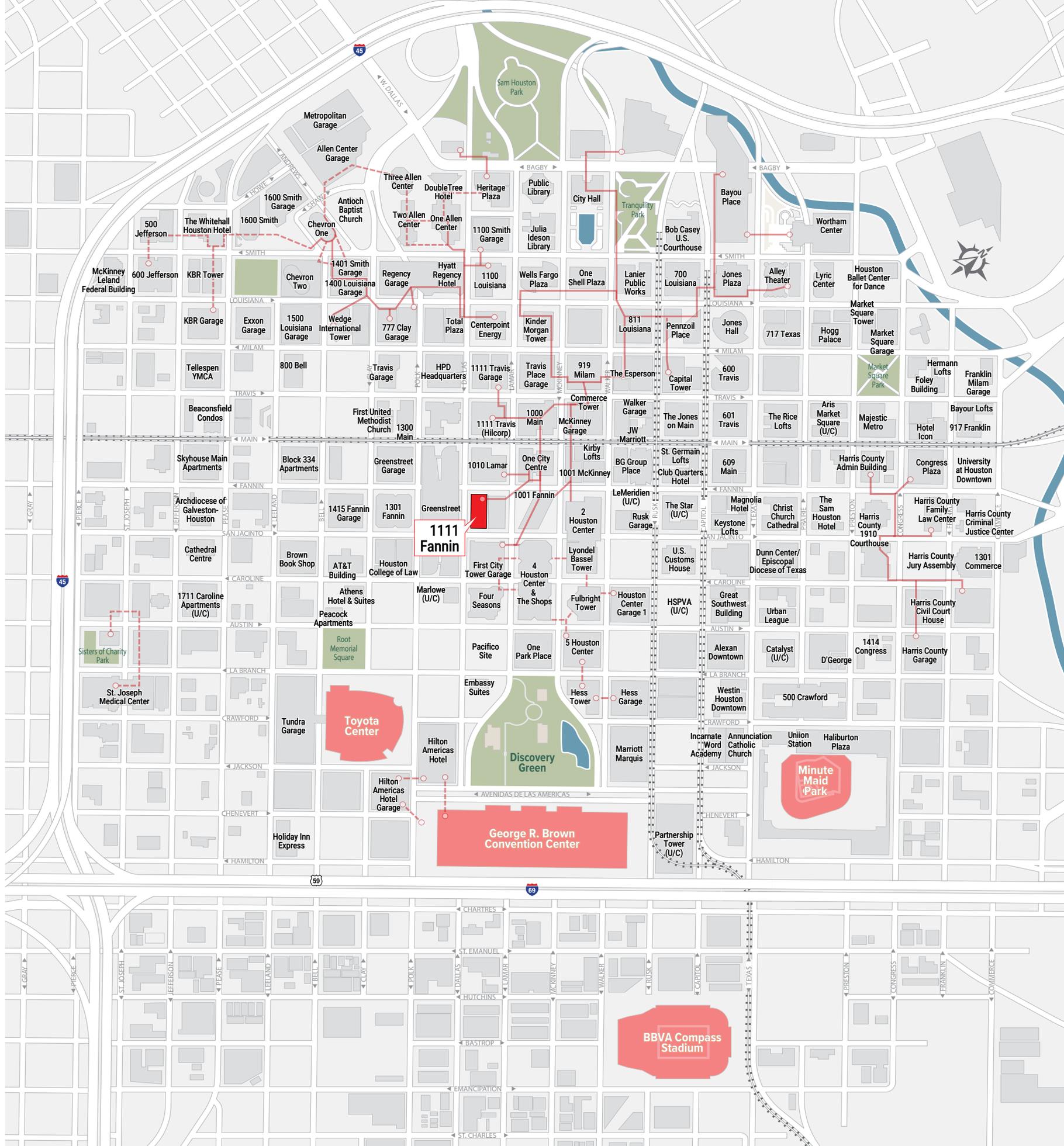


# PROPERTY OVERVIEW

## SITE PLAN

The L-shaped, 0.2657 acre (11,572 sf) site is subject to a 99-year ground lease with nearly 47 years remaining (expires in December 2066). The rate today is currently \$2,199.79 per month stepping 5% the first of every 10 years with the next step set for January 1, 2028.







10

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KINDER HIGH SCHOOL FOR THE PERFORMING AND VISUAL ARTS (HSPVA)

MARKET SQUARE TOWER

HOBBY CENTER OF THE PERFORMING ARTS

1111 FANNIN

THE SHOPS AT HOUSTON CENTER

DISCOVERY GREEN

ONE PARK PLACE

SKYHOUSE

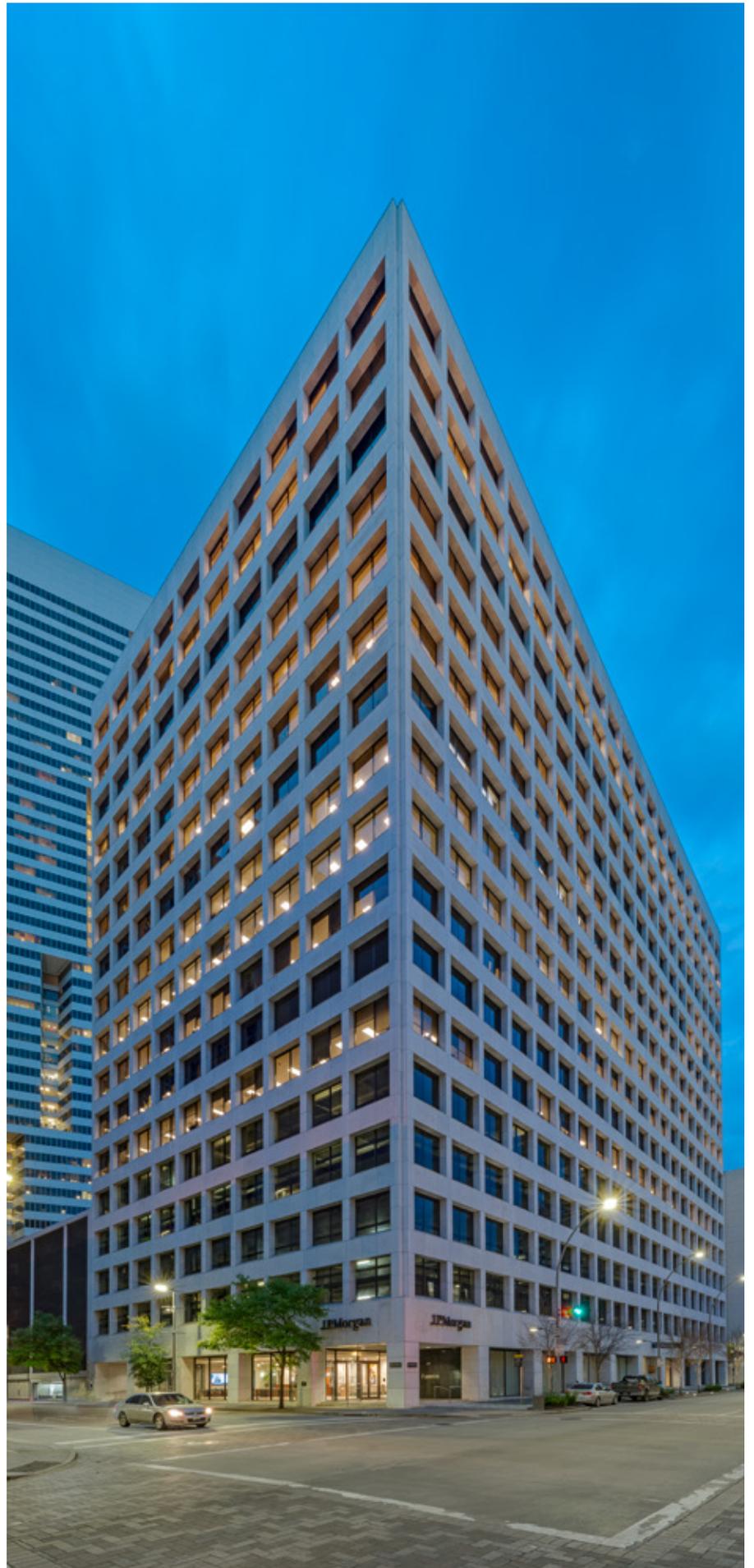
HOTEL ALESSANDRA

FOUR SEASONS

GREEN STREET

TOYOTA CENTER

HILTON AMERICAS HOTEL

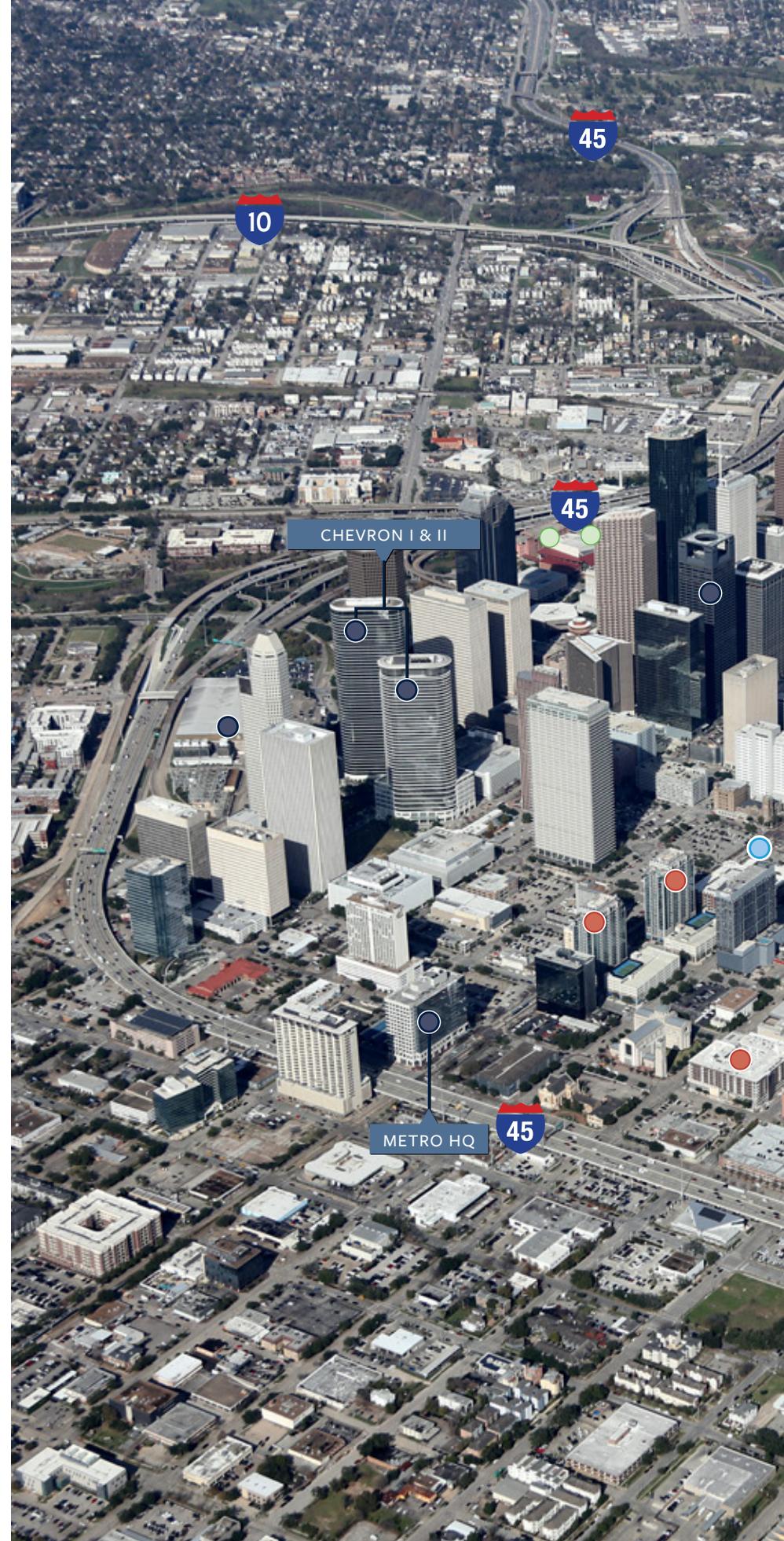


# HOUSTON CBD OVERVIEW

## LANDMARK DEVELOPMENT FROM 1996 - PRESENT

● Office ● Multi-Family ● Mixed-Use ● Hospitality ● Civic/Government

Property Type	Building	Dev Yr
Office	CenterPoint Energy Building	1996
Civic / Government	University of Houston-Downtown	1997
Mixed-Use	Bayou Place - Phase I	1997
Multi-Family	Post Rice Lofts	1998
Mixed-Use	Minute Maid Park	2000
Office	1001 McKinney - Redevelopment	2000
Mixed-Use	Bayou Place Expansion	2000
Office	1500 Louisiana and Parking Garage	2001
Mixed-Use	Hobby Center for the Performing Arts	2002
Multi-Family	Commerce Towers - Redevelopment	2002
Office	5 Houston Center	2002
Civic / Government	GRB Convention Center - New Development (2003)	2003
Mixed-Use	Toyota Center	2003
Hospitality	Hilton Americas Houston	2003
Hospitality	Magnolia Hotel - Redevelopment	2003
Multi-Family	Franklin Lofts	2003
Office	1000 Main	2003
Office	717 Texas	2003
Mixed-Use	Houston Pavilions Development (GreenStreet)	2003
Civic / Government	METROrail Red Line (Downtown Portion - initially)	2004
Civic / Government	UH-Downtown - new bldg - urban teacher ed / crim jus	2004
Civic / Government	Willow Street Pump Station	2004
Hospitality	Westin Houston Downtown - Redevelopment	2004
Hospitality	Club Quarters Hotel	2004
Civic / Government	Downtown/Midtown Transit Project	2005
Office	Metro Administration Bldg / Downtown Transit Center	2005
Civic / Government	Harris County Civil Justice Center	2006
Civic / Government	UH-Downtown - Academic Bldg & Parking Garage	2007
Mixed-Use	Bayou Place - Redevelopment (Phase II)	2007
Civic / Government	Discovery Green	2008
Multi-Family	One Park Place	2009
Civic / Government	Harris County 1910 Courthouse	2011
Mixed-Use	Houston Ballet Center for Dance	2011
Hospitality	Embassy Suites Hotel	2011
Office	BG Group Place	2011
Office	Hess Tower	2011
Hospitality	Springhill Suites - Redevelopment	2014
Multi-Family	SkyHouse Houston	2014
Civic / Government	UH-Downtown - Welcome Center & Garage	2015
Hospitality	JW Marriott - Redevelopment	2015
Hospitality	Marriott Marquis	2016
Hospitality	Hampton Inn / Homewood Suites	2016
Multi-Family	SkyHouse Main	2016
Multi-Family	500 Crawford Apartments	2016
Multi-Family	Block 334	2016
Office	Hilcorp Tower	2016
Office	Partnership Tower	2016
Civic / Government	GRB Convention Center - New Development (2017)	2017
Hospitality	Le Méridien	2017
Hospitality	Aloft Hotel - Redevelopment	2017
Hospitality	Four Seasons - Renovations	2017
Mixed-Use	GreenStreet + Hotel Alessandra	2017
Multi-Family	Market Square Tower	2017
Multi-Family	Aris Market Square	2017
Multi-Family	Catalyst	2017
Multi-Family	The Star	2017
Multi-Family	Alexan Downtown	2017
Multi-Family	Eighteen25	2017
Multi-Family	1711 Caroline	2017
Office	609 Main	2017
Office	Allen Center + The Met - Renovations	2017
Civic / Government	Kinder High School for the Performing and Visual Arts	2018
Hospitality	AC Hotel by Marriott - Redevelopment	2018
Multi-Family	Marlowe	2018
Office	Bank of America Tower	2019
Office	Texas Tower	2021
Multi-Family	The Preston	2021





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