



# SHADYGROVE

LIFE SCIENCE PORTFOLIO



CONFIDENTIAL INVESTMENT OFFERING





NATIONAL  
CANCER  
INSTITUTE

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES • National Institutes of Health





# **EXECUTIVE SUMMARY**



## INVESTMENT HIGHLIGHTS



Cash Flowing  
Conversion Play  
Offering Significant  
Additional Density



Steady & Stable Cash Flow  
From Leased Fee Interest In  
Three Ground Leases With  
Best-In-Class  
Ground Lessees



Two Existing Lab Buildings  
Offering Immediate  
Additional Lab Conversion  
Opportunity with Interim  
Cash Flow



Rare Scalable  
Opportunity: 250,000  
SF of Entitled Density  
Available for Immediate  
Development



Maryland Life Science Vacancy  
is at Historic Lows And Rents  
at All-Time Highs Approaching  
\$40NNN (Up 54%  
since Q1 2016)



Shady Grove Location  
At Heart Of Maryland's  
Premier Life Science  
Cluster



Home to National Cancer  
Institute Headquarters,  
One of the World's  
Foremost Researchers in  
Cancer Diagnostics  
and Treatment



# EXECUTIVE SUMMARY

Jones Lang LaSalle Americas, Inc. (“JLL”) has been retained as the exclusive advisor for the sale of the Shady Grove Life Science Portfolio (“the Offering” or “the Portfolio”), a premier life science opportunity that is home to the National Cancer Institute Headquarters and located in the heart of the Suburban Maryland life science market. The Offering is located on a 35.5-acre campus and consists of:

- Gilchrist Hall (46,862 BRSF) and A&R Building (47,395 BRSF); academic/office/lab buildings offering immediate additional lab conversion opportunity with interim cash flow from short term in-place tenancy

- Two pad-sites with 250,000 SF of entitled life science density, available for immediate life science development

- Three ground leases offering secure, long-duration cash flow backed by best-in-class ground lessees

**Offers will be accepted on a portfolio, sub-portfolio or single asset basis.**





**LEASED FEE ASSETS/GROUND LEASES**



<b>NCI HEADQUARTERS, RETAIL, &amp; GARAGE</b>	
<b>Address</b>	9609/9613 Medical Center Drive
<b>Size</b>	10.43 AC
<b>LED</b>	2109
Leasehold Improvements Overview	
<b>Owner</b>	USAA
<b>Built</b>	2012
<b>RSF</b>	586,524 SF
<b>Tenancy</b>	National Cancer Institute
<b>LED</b>	23-Feb
<b>Occupancy</b>	100%



<b>NCI GENOMICS LAB</b>	
<b>Address</b>	9615 Medical Center Drive
<b>Size</b>	1.12 AC
<b>LED</b>	2116
Leasehold Improvements Overview	
<b>Owner</b>	JBG Smith
<b>Built</b>	2019
<b>RSF</b>	68,700 SF
<b>Tenancy</b>	National Cancer Institute
<b>LED</b>	34-Oct
<b>Occupancy</b>	100%



<b>MCC III</b>	
<b>Address</b>	9605 Medical Center Drive
<b>Size</b>	1.95 AC
<b>LED</b>	2102
Leasehold Improvements Overview	
<b>Owner</b>	Alexandria Real Estate Equities
<b>Built</b>	2004
<b>RSF</b>	115,691
<b>Tenancy</b>	Multi-Tenanted
<b>Occupancy</b>	83%



<b>GILCHRIST HALL</b>	
<b>Address</b>	9601 Medical Center Drive
<b>Type</b>	Office/Lab/Academic
<b>Built</b>	1988
<b>Stories</b>	3
<b>SF</b>	46,862 BRSF
<b>Occupancy</b>	0%





- Cash Flowing Conversion Play Offering Significant Additional Density
- Steady & Stable Cash Flow from Leased Fee Interest in Three Ground Leases with Best-in-Class Ground Lessees
  - » Substantial portfolio value stems from three ground leases backed by best-in-class tenancy offering outstanding credit and duration of cash flow
  - » Mission critical leasehold improvements (National Cancer Institute's Headquarters & NCI's new Genomics Lab) with 75% of leasehold cash flow backed by the full faith & credit of the United States Government
  - » Outstanding credit for ground lease tenancy: USAA (Aaa / Ground Lease LED: 2109), Alexandria Real Estate Equities (Baa1 / \$20.2BN Mkt Cap / Ground Lease LED: 2102), & JBG Smith (\$3.8BN Mkt Cap / Ground Lease LED: 2116)
- Two Existing Lab Buildings Offering Immediate Additional Lab Conversion With Interim Cash Flow from In-Place Short Term Tenancy
  - » 94,257 BRSF in two existing office/lab/academic buildings that offer additional conversion potential to lab to drive current rents and the ability to capitalize on robust life science leasing fundamentals
  - » Conversion opportunities offer greater speed to market and more affordable rent structure relative to new construction
  - » Assets offer leasing optionality between high-demand/low-supplied spec suites or large-scale tenancy with ability to grow into a campus-like environment
- Rare Scalable Opportunity: 250,000 SF of Life Science Density Available for Immediate Development
  - » Existing entitlements allow development of 250,000 SF of life science product at the epicenter of the Maryland life science market
  - » Strong appeal to large-block life science tenants interested in growing their footprint into a campus
  - » Ability for investors to scale investment and increase exposure to life science over time
  - » Large-block lab availability is extremely limited along the I-270 Corridor and will lead to continued robust rent growth



**A&R BUILDING**

<b>Address</b>	9601 Medical Center Drive
<b>Type</b>	Office/Lab/Academic
<b>Built</b>	2000
<b>Stories</b>	3
<b>SF</b>	47,395 BRSF
<b>Occupancy</b>	Month-to-Month Tenancy



**PAD SITES FOR IMMEDIATE DEVELOPMENT**

<b>Address</b>	Adjacent to MCC III
<b>Type</b>	Pad sites
<b>Acres</b>	22 AC
<b>Approved Density</b>	253,898 SF



LOCATED AT THE EPICENTER OF MARYLAND'S PREMIER LIFE SCIENCE CLUSTER



Tetracore

American Gene Technologies

Supernus

gsk  
GlaxoSmithKline

KOLON  
TISSUEGENE

gsk  
GlaxoSmithKline

PARAGON  
GENETICS

KEY WEST AVENUE

SHADYGROVE  
LIFE SCIENCE PORTFOLIO

NATIONAL  
CANCER  
INSTITUTE

SECURELLA

GeneCopies

SIGMOVIR  
BIOYSTEMS, INC.

ORIGENE  
Test Case Company

CASI

Collecticon

MACROGENICS

TASKY

KEY WEST AVENUE

Otsuka

PPD

N&N  
Pharmaceutical

MSD  
Mesa Scale Discovery

Shady  
Grove  
Medical  
Village

BioReliance

BioReliance

Shady Grove  
Adventist Hospital

北京中医药大学  
BEIJING UNIVERSITY OF CHINESE MEDICINE

MACROGENICS

GlycoMimetics, Inc.

Autolus

SANOFI PASTEUR

Lonza

Otsuka

DARNESTOWN ROAD

TROPHOGEN

GSK's Global Vaccine  
Research HQ

gsk  
GlaxoSmithKline

The Universities  
at Shady Grove

THE SHADY GROVE LIFE  
SCIENCE PORTFOLIO

NIH  
National Center  
for Advancing  
Translational Sciences

REGENXBIO

THE UNIVERSITY OF MARYLAND  
SYSTEM  
INSTITUTION FOR BIOMEDICAL  
AND TRANSLATIONAL RESEARCH

DARNESTOWN ROAD

TRAVILAH ROAD

SHADY GROVE ROAD



- Maryland Vacancy is Sub-3% and Rents are at All-Time Highs
  - » \$4BN of government funding has flowed to Maryland companies in 2020
  - » 4 of the Top 8 recipients of Operation Warp Speed funding are Maryland companies: GlaxoSmithKline, AstraZeneca, Novavax, & Emergent Biosolutions
  - » Q3 2020 hit an all-time high (\$526 MM) for venture capital and government grant funding to Maryland life science companies with the market on-pace to set a new annual record in 2020
  - » Leasing demand has taken off and market vacancy as of Q3 2020 is 2.8%, down by 3.3% since Q2 2020
  - » Asking rents for lab space have hit all-time highs, approaching \$40 NNN for existing product up (54% since Q1 2016)
  
- The Portfolio is Home to the National Cancer Institute Headquarters & at the Epicenter of Shady Grove, Maryland's Premier Life Science Cluster
  - » Shady Grove is home to 45% of Montgomery County's overall lab supply and houses major tenancy such as the National Cancer Institute Headquarters & Genomics Lab, GSK Global Vaccines Centre, University of Maryland's Biotech Research Institute and 75+ other biotech companies
  - » Shady Grove boasts low vacancy and is a dominant submarket in Maryland for lab leasing, accounting for over 18% of total lab leasing volume year-to-date
  - » A strong higher education ecosystem has helped to drive the submarket's national status as a life sciences hub including the Universities at Shady Grove which brings nine public Maryland Universities on one life-science centered campus (1-mile from the Portfolio)
  - » In a market characterized by suburban product, the Portfolio is a rare opportunity to deliver lab space that features walkable amenities





**IMMEDIATE ACCESS TO ON-CAMPUS AMENITIES**

KEY WEST AVE 28

BROSCART ROAD

PAD SITE

MCC III

GILCHRIST HALL

NIH NATIONAL CANCER INSTITUTE

PAD SITE

A&R BUILDING

NIH NATIONAL CANCER INSTITUTE

NIH NATIONAL CANCER INSTITUTE

3 MIN WALK

		
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BLUE FIN

SUBWAY





# SHADYGROVE

LIFE SCIENCE PORTFOLIO

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