



Pii

Pharmaceuticals International, Inc.
A 15 year Leaseback of Industrial and Life Science Portfolio
Hunt Valley, MD
103 Beaver Court, 10819 Gilroy Road, 10950 Beaver Dam Road

EXECUTIVE SUMMARY

JLL Capital Markets is pleased to present for sale leaseback, the three-property, 206,114 square foot portfolio consisting of 103 Beaver Court, 10819 Gilroy Road, and 10950 Beaver Dam Road. These properties are currently owned and occupied by Pharmaceuticals International Inc, a contract development and manufacturing organization specializing in the developing and manufacturing pharmaceuticals. The Portfolio is located in Hunt Valley, Maryland, north of Baltimore City, just off Interstate 83. Hunt Valley has historically been Baltimore's strongest performing industrial and flex market.

All three properties are 100% occupied by Pharmaceuticals International Inc, and Pharmaceuticals International Inc has agreed to a 15 year lease term. The properties all contain **GMP (Good Manufacturing Practices) lab and office space**. 103 Beaver Court and 10950 Gilroy are 30% and 35% warehouse, respectively.

The Pharmaceuticals International Inc Portfolio provides investors with the opportunity to acquire three stable assets with long term income and capital investments, located in Maryland's most land constrained industrial market.

Property Overview

Address	103 Beaver Court	10819 Gilroy Road	10950 Beaver Court
Size	79,142 SF	72,947 SF	54,025
Year Built / Renovated	1971 /2012	1980 /2014	1970 / 2014
% Office	20%	20%	20%
% Lab	50%	70%	45%
% Warehouse	30%	10%	35%

FY 2022 ESTIMATES

<p>Projected Top Line Revenue</p> <p>\$80.9M</p>	<p>Projected Gross Margin</p> <p>37%</p>
<p>Projected Revenue YOY Growth</p> <p>79.4%</p>	<p>Projected EBIDTA</p> <p>\$26M</p>

*FY 2022 Estimates assume contract for production of Covid-19 vaccines is finalized



INVESTMENT HIGHLIGHTS:



EXTENSIVE SPECIALTY LAB BUILD OUT – Tenant has created a state of the art manufacturing suites, clean rooms, packaging and storing facilities



TENANT HAS INVESTED approximately \$7 MM of their own capital in the space since 2010, and over \$20 MM since taking ownership of the portfolio.



LONG-TERM NET LEASE – Pharmaceuticals International, Inc will enter into an absolute net lease upon settlement



TARGETED PRODUCT TYPE – Recent funding into the life sciences sector due to the COVID-19 pandemic is fueling demand for life science related buildings with occupants poised to benefit from recent investments into the industry



STABLE TENANT WITH GROWING REVENUES – Pharmaceuticals International, Inc was founded in 1994 purchased by a Private Equity consortium including Signet Healthcare in 2016 and is an industry leader in the Contract Development and Manufacturing Organization



STRONG MARKET FUNDAMENTALS – The I-83 corridor is one of the most stable markets in Metro Baltimore; a strong tenant base is comprised of corporate headquarters and operations centers



BELOW REPLACEMENT COSTS BASIS – The rent is being set in line with low finish small bay industrial and single story office, to ensure the long term basis in the property maintains at a reasonable level

TENANT OVERVIEW

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Pharmaceutics International, Inc.

Pharmaceutics International, Inc. (Pii) is a science-driven contract development and manufacturing organization (CDMO) with a single campus in Hunt Valley, MD USA, offering unparalleled scientific insight and depth of product knowledge while supplying high-quality dosage forms that enhance the lives of patients worldwide.

Founded in 1994, Pii has grown from 12 employees to over 230 scientists and support staff and over 360,000 square feet of space in the U.S. Pii's cGMP facilities are state-of-the-art and contain over 70 manufacturing rooms as well as containment suites for handling high potency compounds and hormones, dedicated manufacturing suites for oral products (e.g. soft gels) and injectables (e.g. vials and syringes), a formulation development center and state-of-the-art analytical laboratories.

Pii generates revenues primarily in two streams, single-use products and service revenue. In most single-use product sales, a quantity is ordered and manufactured according to the customer's specifications and typically only one performance obligation is included. The service revenue stream represents services provided to a customer to assist with early stages of the regulatory approval process. The customer owns the drug details and process. The company works with customers to develop, validate, and document the production process in order to comply with the regulatory approval process. Pii is an established operator with global relationships, and with elevated regulatory hurdles for competition to enter the marketplace, Pii is poised to increase revenue in the near and long term.



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PROPOSED LEASEBACK ABSTRACT



103 Beaver Court: 79,142 sq.ft



10819 Gilroy Road: 72,947 sq.ft



10950 Beaver Dam Road: 54,025 sq.ft



Total Portfolio: 206,114 rentable square feet



Term: 15 Years



Base Rent: \$14.00 PSF NNN



Rent Escalations: 2.50% annually



Lease Structure: Absolute Net



Rights to see Tenant Financials: Audited financials submitted upon reasonable request and annually within 120 days of end of year.



Renewal Options: Three (3) five (5) year options to renew at 2.50% annual escalations over prior rent.



Rights to Expand and Modify: During the term of the lease and renewals, tenant will have the right to expand 103 Beaver Court, at its expense. Tenant will also have the right to make interior improvements, modifications and other customizations to their building, at its expense, throughout the term and renewals.

Initial Lease Term			
Year	Annual Rent	Rent PSF	Esc.
1	\$2,885,596	\$14.00	2.50%
2	\$2,957,736	\$14.35	2.50%
3	\$3,031,679	\$14.71	2.50%
4	\$3,107,471	\$15.08	2.50%
5	\$3,185,158	\$15.45	2.50%
6	\$3,264,787	\$15.84	2.50%
7	\$3,346,407	\$16.24	2.50%
8	\$3,430,067	\$16.64	2.50%
9	\$3,515,819	\$17.06	2.50%
10	\$3,603,714	\$17.48	2.50%
11	\$3,693,807	\$17.92	2.50%
12	\$3,786,152	\$18.37	2.50%
13	\$3,880,806	\$18.83	2.50%
14	\$3,977,826	\$19.30	2.50%
15	\$4,077,272	\$19.78	2.50%

Straightline Rent : \$3,449,620 \$16.74

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**The outbreak of the COVID-19 virus (novel coronavirus) since the end of January 2020 has resulted in market uncertainty and volatility. While the economic impact of a contagion disease generally arises from the uncertainty and loss of consumer confidence, its impact on real estate values is unknown at this stage. Given the prevailing domestic and global uncertainty arising from the Coronavirus, we recommend that the intended recipients of this information regularly seek our guidance.

