

Life Sciences Facility



Purdue Technology Center

5225 Exploration Drive | Indianapolis, Indiana 46241

Executive **Summary**

**Purdue
Technology Center**

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The Offering



Jones Lang LaSalle (“JLL”), as exclusive representative, is pleased to offer for sale the fee-simple interest in 5225 Exploration Drive, a 54,173 SF Life Sciences facility (the “Asset” or “Property”) located in Indianapolis, IN. The Property is 82% occupied by 10 tenants with an average tenure at the property of 7.5 years. This property is being offered at a significant discount to replacement cost. The largest tenant who occupies half of the building, Q2 Solutions, has signed a LOI to expand, move to a net lease, and extend its lease for an additional five years starting in November 2021. The second largest tenant Novo Nordisk (NYSE: NVO and Moody’s A1) has extended its lease through November 2024. Both tenants have significant investments in their lab space and have increased their square footage through the extensions.

The Offering *(continued)*



The Property offers investors the opportunity to acquire a Life Sciences facility that has strong tenure in its diverse roster of existing tenants, recent construction with limited to no deferred maintenance, and significant investment into the space from tenants. The property has typically been operated as a research incubator where companies have been able to capitalize on alignments with Purdue University. This has generally led to tenant friendly short-term leases and limited rental growth. An investor can renew, extend, and move the tenants into net leases to reduce landlord risk. This strategy has been started by Purdue Research Foundation by the renewal and expansion of Q2 Solutions. This facility remains crucial to Q2 Solutions as they have invested significant capital into building out multiple large lab spaces.

This Asset benefits by being a part of a strong Life Sciences ecosystem in the state of Indiana from both employers and available education. Indiana is the headquarters to large life, bioscience, and pharmaceuticals companies such as Eli Lilly, Roche Diagnostics Corp., Zimmer Biomet Holdings Inc, Cook Group, Medtronic, and many more. These companies continue to attract top talent from top-ranked STEM programs available at Purdue University, Rose Holman Institute of Technology, Notre Dame, Indiana University, and others. These companies are growing its collaboration and research efforts into facilities such as the Asset that can provide ready to use lab space, communal conference rooms, and convenient location.

Value Add Opportunity

The asset presents an opportunity to add value through leasing the remaining space and converting the existing leases to longer term net leases. Currently, the Q2 Solutions lease extension and restructuring to net is the only tenant that has switched to net. An investor can execute their business plan for the asset due to the short-term nature of the current leases. The smaller lab spaces will roll before Novo Nordisk and Q2 Solutions which offers the buyer an opportunity to add term and set pricing precedent for labs space in the building. Q2's current renewal will move rents from \$20.01 Gross to \$14.00 Net.





Diverse and Publicly Traded Tenancy

61% of the asset is leased by publicly traded tenants in Novo Nordisk (NYSE: NVO) and Q2 Solutions Inc., whose guarantor is IQVIA Inc. (NYSE:IQV). This allows investors better insight into the financial credibility of the tenants from public disclosures. Q2's lease will provide opportunities for expansion through a Right of First Refusal on contiguous spaces on the second floor therefore enabling organic growth.

Investment Highlights



Desirable office / lab building branded as Purdue Technology Center currently 82% occupied by 10 tenants including national and start-up companies.



The two largest tenants, Novo Nordisk and Q2 Solutions, have signed longer lease commitments within the last 3 months adding certainty of income.



Largest tenants have invested significant capital into their lab space. Novo Nordisk has invested over \$2M into its space per Purdue Research Foundation (“PRF”). Q2 has spent significant capital in its space likely in excess of \$3M.



Tenants have occupied this space for a weighted average of 7+ years showing the functionality and usefulness of the space.



Investment Highlights



The Property is located approximately 10 miles from IUPUI in downtown Indianapolis. IUPUI has medical research facilities on campus including the nation's largest medical school, IU School of Medicine.



IU Health and Eli Lilly are large medical and pharmaceutical presences in downtown Indianapolis as well which adds to the available talent pool for the property's tenants.



Novartis, a Swiss multi-national pharmaceutical company, is building a \$70M manufacturing facility on an adjacent property with average wages of \$53 per hour which indicates continued industry interest in Indianapolis.



Investment Highlights

Purdue Technology Center

Address	5225 Exploration Drive Indianapolis, IN 46421
Size	54,173 SF
Occupancy (%)	82% As-is
Year Built	2008
Acres	3.908 acres

Property Highlights

- + Class A construction (no deferred maintenance)
- + Provides much needed incubator space for a wide variety of start ups.
- + Excellent amenities include fiberoptic network, flexible space, shorter duration leases for start-up companies, basic utilities, better access to funding networks.
- + Convenient proximity to IU Health, Indiana University Purdue University - Indianapolis (IUPUI) and the airport



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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.