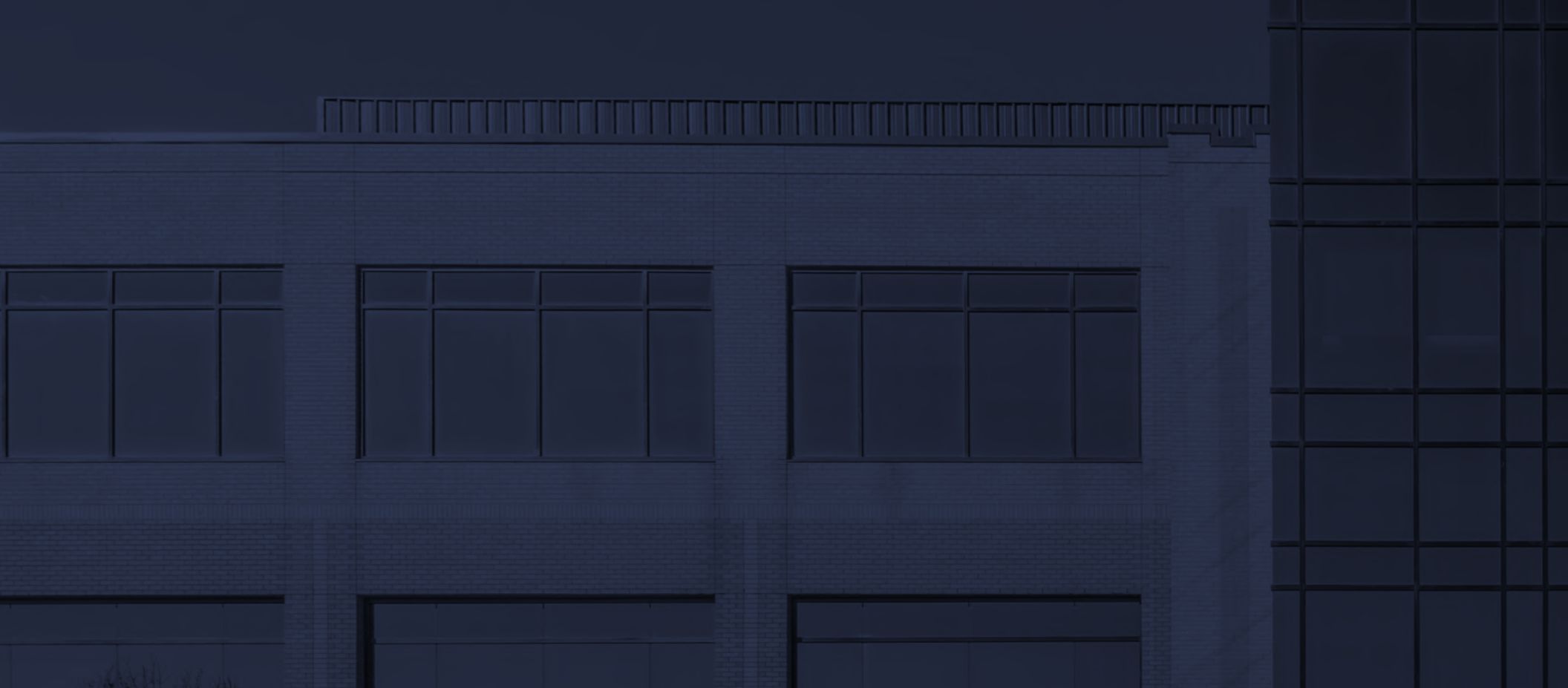




# RESEARCH COMMONS

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R A L E I G H - D U R H A M | N O R T H C A R O L I N A





RESEARCH COMMONS

## INVESTMENT OPPORTUNITY

Holliday Fenoglio Fowler, L.P. acting by and through Holliday GP Corp. a North Carolina licensed real estate broker (“HFF”) has been retained as the exclusive sales representative for Research Commons (the “Property” or “Portfolio”), a 429,758 square foot, institutional-quality office park located in the world-renowned Research Triangle Park. Ideally positioned in the center of the flourishing Raleigh-Durham market, the Portfolio is 95.8% leased to an attractive tenant roster anchored by creditworthy tenants with a weighted average lease term of more than five years. This stabilized investment offers a unique value-enhancement opportunity through the mark-to-market leasing of near-term rollover as well as the development potential of the additional land at the Property. Research Commons is positioned for long-term success as Research Triangle Park is exhibiting exceptional growth. Noteworthy momentum within the Park includes a recently announced mixed-use development that will strengthen the amenity base of the Portfolio, and major job announcements from world-class employers that will attract additional tenant demand and drive rental rates at the Property. Research Commons presents investors with a unique opportunity to acquire significant critical mass at a discount to replacement cost in the nation’s largest research park.

GRIFOLS



Nº. 1

# EXECUTIVE SUMMARY

*the offering  
investment summary  
investment highlights*



4101 RESEARCH COMMONS



4201 RESEARCH COMMONS





4301 RESEARCH COMMONS



4401 RESEARCH COMMONS



4501 RESEARCH COMMONS

## INVESTMENT SUMMARY

### INSTITUTIONAL-QUALITY OFFICE PORTFOLIO

*Research Commons offers the opportunity to acquire five Class A office assets located in one of the world's premier research parks featuring a center-of-the-market location and access to the area's critical demand drivers. Investors have the opportunity to gain an instant foothold in one of the country's fastest growing markets with unmatched competitive advantages in Research Triangle Park that will drive tenant demand and push rental rates. This premier investment opportunity features a creditworthy tenant roster with a mark-to-market leasing opportunity, offering investors stable cash flows coupled with value enhancement potential.*

## INVESTMENT SUMMARY

### ADDRESS

79 TW Alexander Drive  
Durham, NC 27709

### RENTABLE BUILDING AREA

|                       |            |
|-----------------------|------------|
| 4101 Research Commons | 73,606 SF  |
| 4201 Research Commons | 89,913 SF  |
| 4301 Research Commons | 90,893 SF  |
| 4401 Research Commons | 116,350 SF |
| 4501 Research Commons | 58,996 SF  |

**PORTFOLIO 429,758 SF**

### PERCENT OCCUPIED

|                       |        |
|-----------------------|--------|
| 4101 Research Commons | 100.0% |
| 4201 Research Commons | 100.0% |
| 4301 Research Commons | 100.0% |
| 4401 Research Commons | 84.5%  |
| 4501 Research Commons | 99.7%  |

**PORTFOLIO 95.8%**

**NO. OF TENANTS 16**

**WALT 5.2 Years**

**TOTAL ACREAGE 58.9 Acres**

**LAND SITE ACREAGE 18.1 Acres**

GRIFOLS





## STABILIZED OFFERING FEATURING ATTRACTIVE UPSIDE POTENTIAL

CASH FLOWING INVESTMENT WITH A MARK-TO-MARKET OPPORTUNITY

Currently 95.8% occupied, the Portfolio offers investors a stabilized cash flowing acquisition opportunity that presents significant upside potential. Creditworthy anchor tenants coupled with a mark-to-market leasing opportunity via 46.7% of potential rollover in the first four years, presents the attractive dynamic of long-term stability and value enhancement potential. Investors have the chance to acquire five assets featuring significant unrealized value in the second fastest growing metropolitan area in the country.

### STABILITY

Creditworthy anchor tenants Grifols and NC FAST occupy 59.2% of the Portfolio and offer attractive remaining term with expirations in 2027 and 2021, respectively.

**GRIFOLS, INC.**  
**MADRID STOCK EXCHANGE: GFR**  
**NASDAQ: GRFS**  
**\$5B REVENUE (2018 PROJECTION)**  
**REMAINING TERM: 9 YEARS**

**NC FAST**  
**MOODY'S: AAA**  
**STATE-FUNDED PROGRAM**  
**REMAINING TERM: 2 YEARS W/ EXTENSION**  
**OPTION BEING NEGOTIATED THROUGH 2023**

### UPSIDE

Near-term rollover with in-place rents that are 8.2% below market, offers investors an attractive mark-to-market leasing opportunity at the Property. With an irreplaceable RTP location benefitting from a surge in tenant demand with major recent job announcements and the mixed-use development Park Center located directly across Interstate-40, investors are poised for successful re-leasing that will unlock considerable value and provide strong yield enhancement.

**IN-PLACE RENTAL RATES: \$21.71/SF**  
**MARKET RENTAL RATES: \$23.50/SF**  
**8.2% POTENTIAL INCREASE**

**RTP: WORLD CLASS RESEARCH PARK WITH SIGNIFICANT MOMENTUM**  
**PARK CENTER DEVELOPMENT—MAJOR LEASE ANNOUNCEMENTS—COUNTRY'S LARGEST RESEARCH PARK**

# GENERATIONAL INVESTMENT OPPORTUNITY IN THE WORLD-RENOWNED RESEARCH TRIANGLE PARK

LONG-TIME CENTER OF INNOVATION EXPERIENCING SURGE IN TENANT DEMAND

Research Commons is located at the center of the world-renowned Research Triangle Park (RTP), the largest dedicated scientific research park in the United States, benefitting from unparalleled proximity to one of the primary economic drivers in the Triangle region. RTP is a 7,000-acre development, which currently has less than 10% of its acreage available for future development, that contains over 22.5 million square feet of mostly owner-occupied inventory and is home to over 250 companies, including Fortune 100 multinational research and development operations and a number of U.S. federal agencies. Moreover, with a multitude of Fortune 500 firms, including Cisco Systems, IBM, GlaxoSmithKline, BASF, Bayer, DuPont, Lenovo, and Fidelity Investments, there are over 50,000 professionals employed in RTP.

This long-time center of innovation for tech and life sciences is experiencing a surge in tenant demand and strong fundamentals following major lease announcements from world-class companies including Credit Suisse, LabCorp, GlaxoSmithKline, and Rho. Research Commons is a direct beneficiary of this momentum as exceptional demand in RTP will continue for the long-term, supporting investors leasing efforts and driving rental rates.

## MAJOR MOMENTUM IN RTP

| CREDIT SUISSE                      | LABCORP                 | RHO      | GLAXOSMITHKLINE  |
|------------------------------------|-------------------------|----------|------------------|
| \$70.5M Investment in New Building | \$30M Operations Center | New HQ   | 700,000 SF Lease |
| 1,200 Jobs                         | 422 Jobs                | 400 Jobs |                  |

**250+**  
companies live in Research Triangle Park

**50,000+**  
RTP Professionals

**3,000+**  
patents awarded to RTP Business

**NO. 1**  
largest Research Park in the United States

**22.5 MILLION**  
square feet of built space



# TRANSFORMATIONAL PARK CENTER DEVELOPMENT DRIVING RTP GROWTH

Research Commons is ideally positioned across Interstate-40 from RTP's new mixed-use development, Park Center. The nonprofit foundation that manages RTP has announced an update in its master plan that aims to develop a 100-acre site that will allow for hotel and conference areas, residential units, and retail development to be located within the boundaries of RTP for the first time. The first phase of this game-changing announcement is underway as Willard Retail has broken ground on a "town center" which will consist of approximately 150,000 SF of retail, serving as the shopping and dining core for Park Center. The retail project is expected to include a grocery store, health club, and a distinctive mix of restaurants and small shops. The development will also incorporate upscale architecture and outdoor public spaces that will host programmed events like yoga classes, movie nights and live music. The new development, scheduled to deliver in 2020, will offer a best-in-class amenity base for Research Commons, an attractive advantage for investors long-term leasing efforts.

## ULTIMATELY, PARK CENTER WILL FEATURE:

- 1,000 Residential Units
- A Conference Center
- A Hotel
- 1M SF of Office (an attractive addition to RTP that will strengthen the already remarkable office fundamentals by attracting new users to the Park, heightening tenant demand in surrounding office product and driving rental rates)





POTENTIAL OFFICE BUILDING



## VALUE-ENHANCEMENT OPPORTUNITY WITH DEVELOPABLE LAND PARCEL

The remaining land site at Research Commons presents a rare development opportunity within RTP. The 18.1 acre site presents significant value with various development avenues including an expansion opportunity for current users at Research Commons, build-to-suit possibilities for large users seeking an RTP location, or speculative development targeting the exceptional demand in RTP. The market has demonstrated the feasibility of realizing value through these development options as recent major lease announcements display the unprecedented demand in and around RTP. Investors have the opportunity to capture unrealized value and drive returns with this unique development opportunity.

*\* Land comps are available in the financial summary section of the offering memorandum, see page 90.*

### RTP LEASING MOMENTUM:

#### CREDIT SUISSE

*\$70.5M new  
building in RTP*

#### SYNEOS HEALTH

*200,000+ SF  
lease at Perimeter  
Park  
- Build To Suit*

#### RHO

*159,000 SF  
lease along TW  
Alexander Drive,  
Headquarters  
- Build To Suit*

#### RELIAS LEARNING

*130,640 SF lease  
at Perimeter Park  
- Build To Suit*

#### ALIGN TECHNOLOGY

*81,519 SF lease at  
Forty540*

#### VARONIS SYSTEMS

*53,000 SF lease  
at Perimeter Park  
- Build To Suit*

# RARE OPPORTUNITY TO ACQUIRE SIGNIFICANT CRITICAL MASS IN RTP

The ability to acquire Class A assets in Research Triangle Park is extremely rare as most inventory in the Park is owner occupied and stringent use restrictions limit development. Research Commons represents a generational opportunity to obtain significant critical mass in the country's largest research park that is poised for continued growth. The Raleigh-Durham market, and specifically RTP, continues to be high on the radar of prominent tech and life sciences companies having recently been selected as a finalist for both Apple and Amazon's second headquarters location. While Apple chose Austin, TX for its second headquarters, RTP is reportedly still in the mix for an Apple Campus in the near future. Interest from the world's preeminent companies demonstrates RTP's ability to attract investment and job growth offering an extremely attractive long-term outlook.

With high barriers to entry and limited available supply, access to five assets with 429,758 SF of institutionally maintained, Class A office space that is 95.8% occupied and poised for long-term success is a unique prospect for investors. With an estimated replacement cost of \$260 per square foot for surface-parked office, investors are presented with an excellent opportunity to invest at an attractive basis, in turn, driving significant bottom line growth. Bolstered by a center of the market location and strong economic fundamentals, investment opportunities such as this one are truly rare.





# ATTRACTIVE BASIS RELATIVE TO RECENT TRADES IN RALEIGH-DURHAM MARKET

The Raleigh-Durham market is experiencing strong upward momentum in office asset pricing as investors have broken through perceived price per SF barriers and created new high-watermark pricing. With Raleigh-Durham establishing a reputation as one of the top investment markets in the Southeast and entire country, an abundance of institutional and foreign capital has entered the market and created an extremely competitive investment environment. As a result, the suburban office market has surpassed \$275 per square foot in recent trades. Research Commons presents an incredible opportunity to invest at an attractive basis relative to current top-of-the-market pricing while benefitting from extremely strong comparable trades that will support attractive exit pricing for investors.

# POTENTIAL INVESTMENT FLEXIBILITY

The offering includes two single-tenant and three multi-tenant office buildings and is currently situated on a single land parcel. Investors have the opportunity to condo each asset, providing the ability to bifurcate the Portfolio and sell off the single-tenant assets. Given Grifols' excellent credit and continued expansion at the Property, this investment flexibility would serve as a way to realize additional value from the stabilized offering. Additionally, bifurcating the assets would provide investors flexibility in the financing or sale of the assets. Potential investment flexibility offered in a portfolio of this size would allow investors to acquire significant critical mass and unlock unrealized value creating various exit strategies that will attract a broader range of investors and drive pricing in the event of a sale.



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