



innovation hub

May 18, 2021

Your Team



HKS

LIFE SCIENCE AND TECHNOLOGY
ENVIRONMENTS FOR INNOVATION



McRightSmith

Size:
240,000 sf
Completion:
2020
Services:
Architecture
Interior design
Lab planning
Master planning
Programming
Features:
7-story research and office
building
Lab flex space
BSL-1 labs
BSL-2 labs
Wet and dry labs
Retail
Vivarium



Wexford Arizona State University Biomedical Campus Innovation Center
Phoenix, Arizona





FW NEAR TX
SOUTHSIDE

Our mission is to promote the redevelopment of Fort Worth's Near Southside as a vibrant, urban, mixed-use neighborhood.



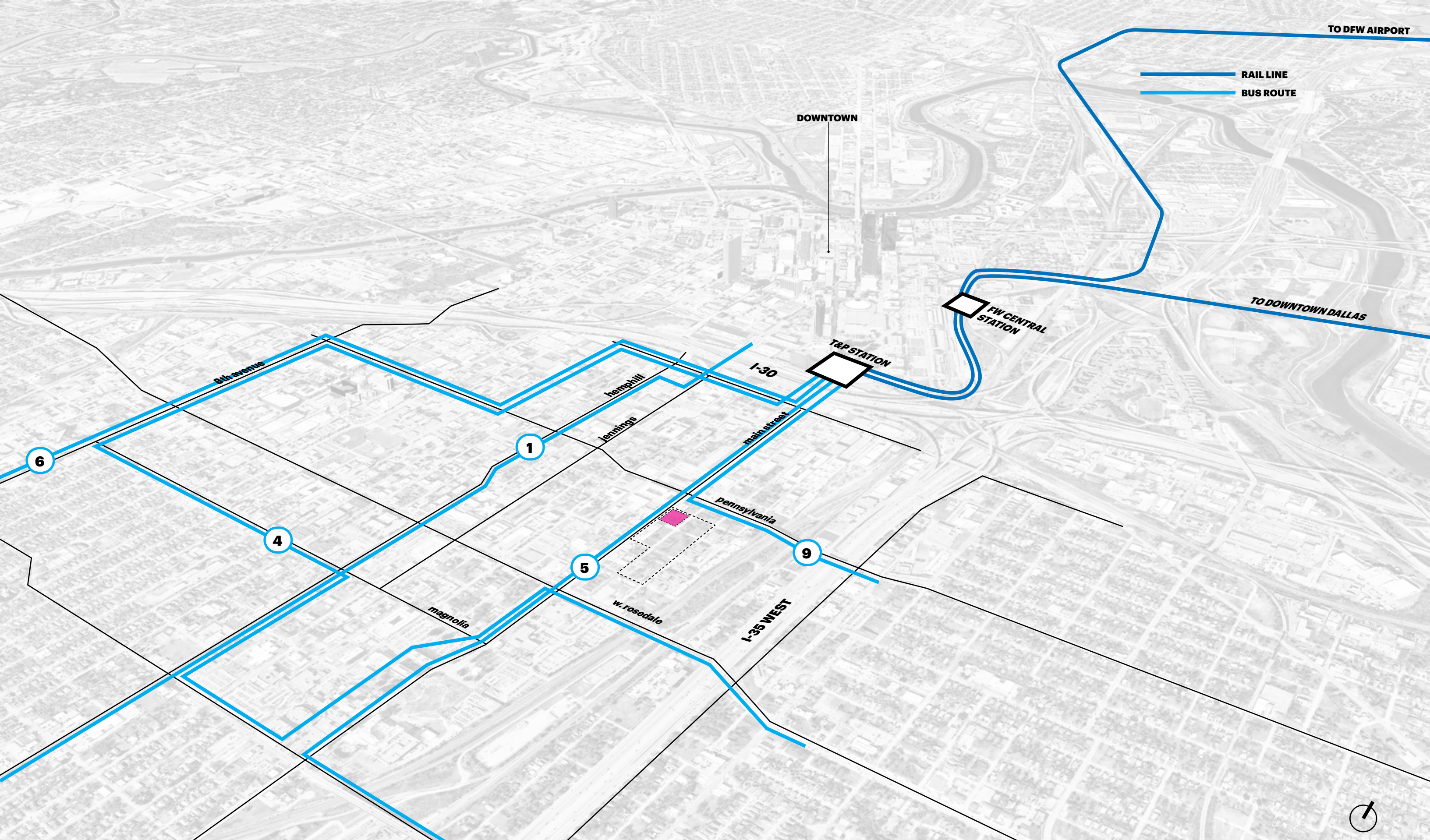
iter8

Multi-tenant innovation hub geared toward early stage med-tech companies and other innovative ventures, all benefiting from an entrepreneurial environment and shared facilities, located within a vibrant urban neighborhood

image courtesy of NearSouth Side Facebook Page



FWW TX





DOWNTOWN

8th avenue

MEDICAL DISTRICT

VICKERY VILLAGE

hemphill

I-30

tennings

main street

PARK PLACE VILLAGE

MAGNOLIA VILLAGE

pennsylvania

FAIRMOUNT

SOUTH MAIN VILLAGE

w. rosedale

magnolia

I-35 WEST

EVANS AVE.

MEDICAL DISTRICT





FW T&P STATION

to dfw airport
to downtown dallas

1

hemphill

jennings

5

ACTIVITY STREET

main street

pennsylvania

vickery

4

w. rosedale

9

SITE

HOTEL AND
EVENT SPACE

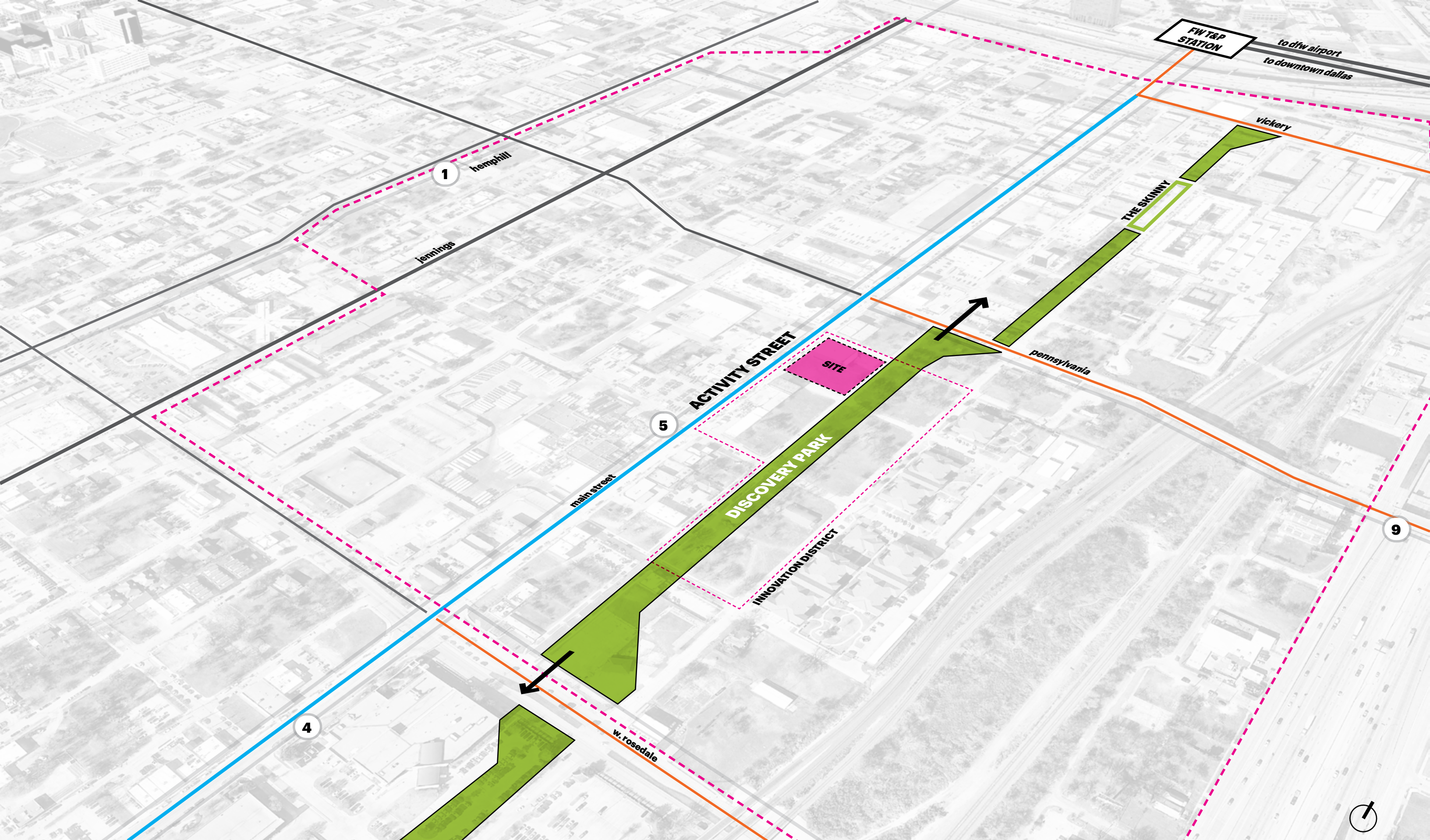
PHASE 02

FUTURE
BIO-TECH

FUTURE
BIO-TECH

INNOVATION DISTRICT









9

4 5

- NEIGHBORHOOD CONNECTOR
- COMMERCIAL MIXED USE
- ACTIVITY STREET
- BUS ROUTE
- CONTEXT VILLAGE BOUNDARY
- INNOVATION DISTRICT

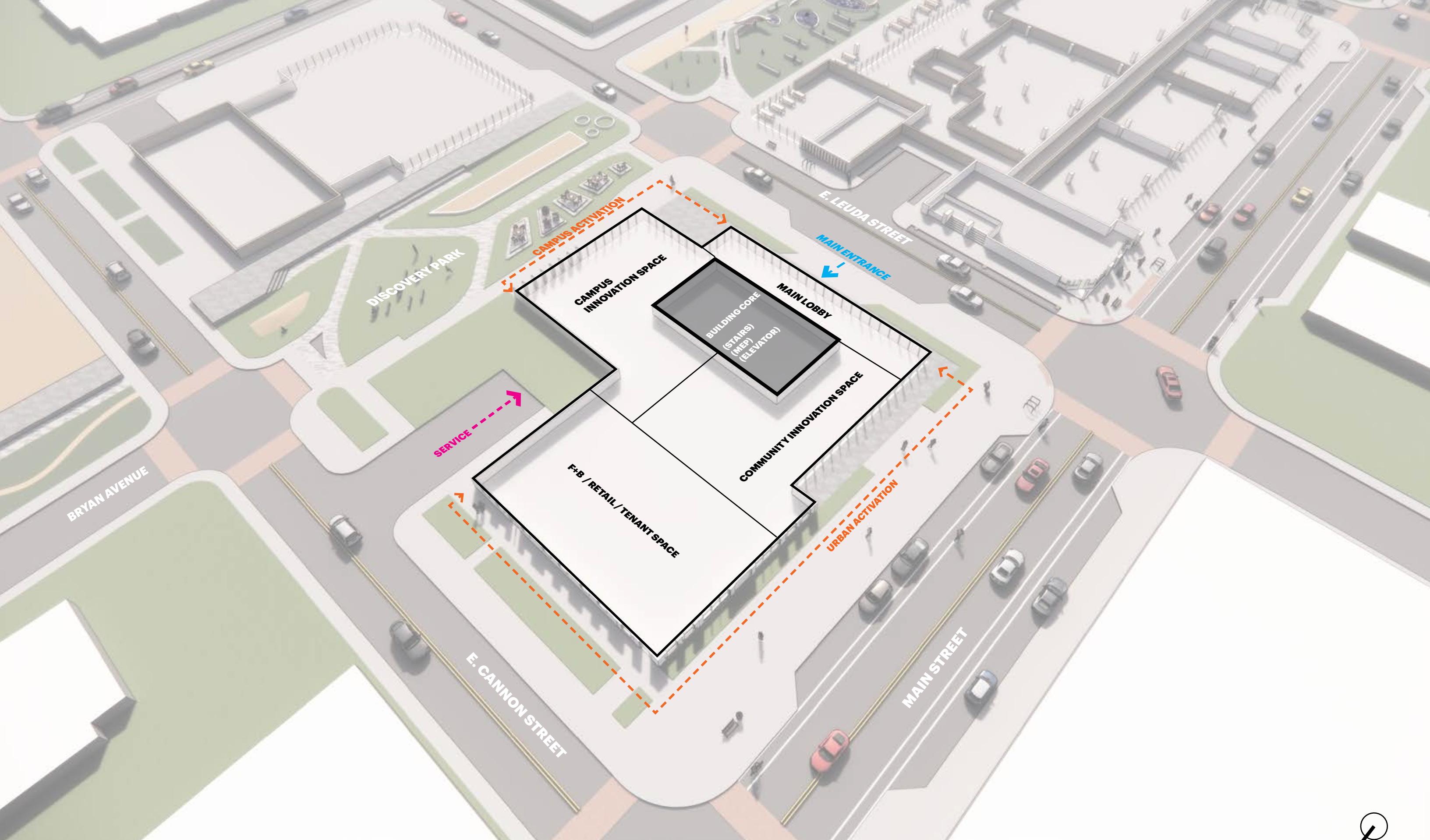


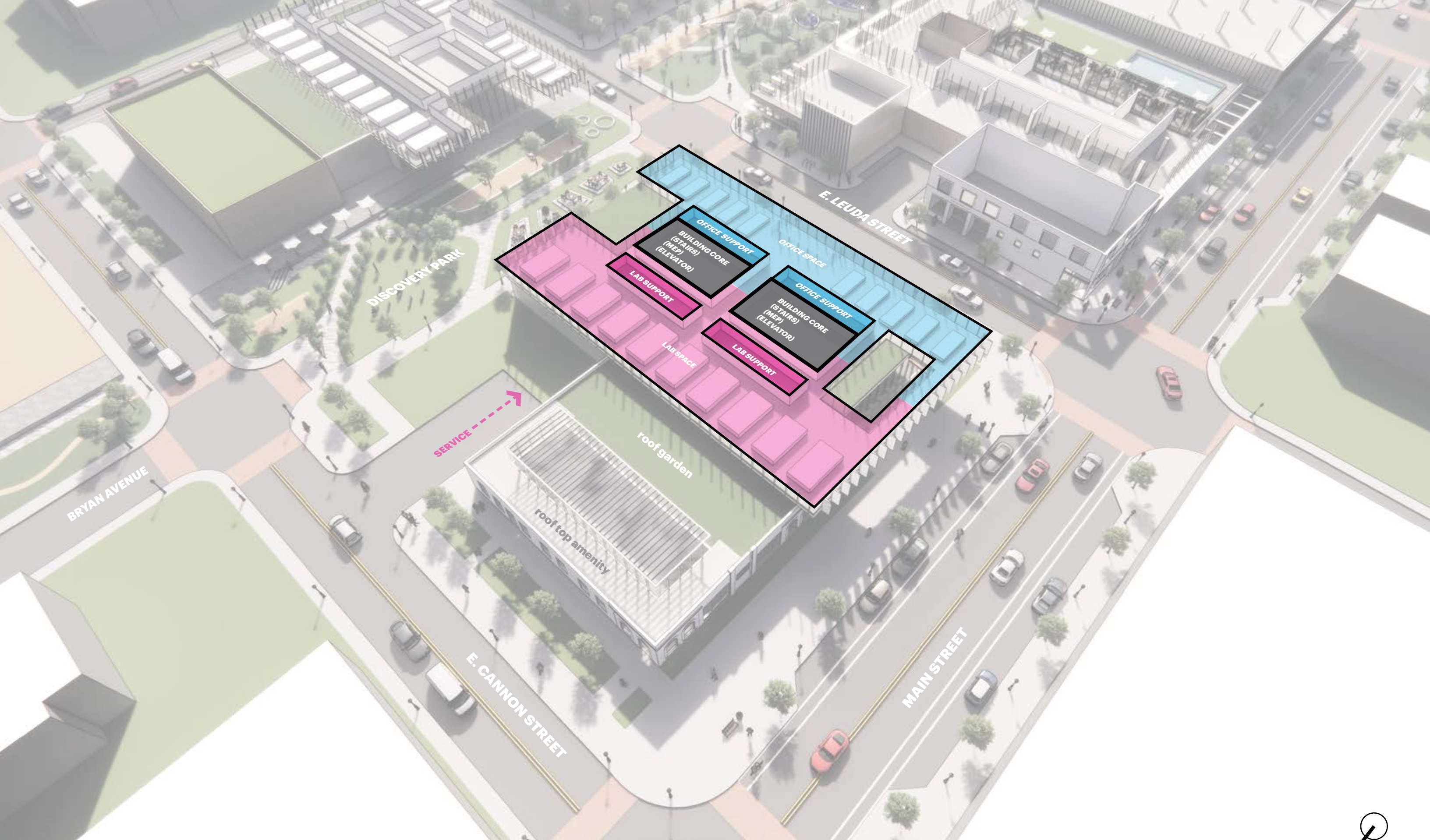


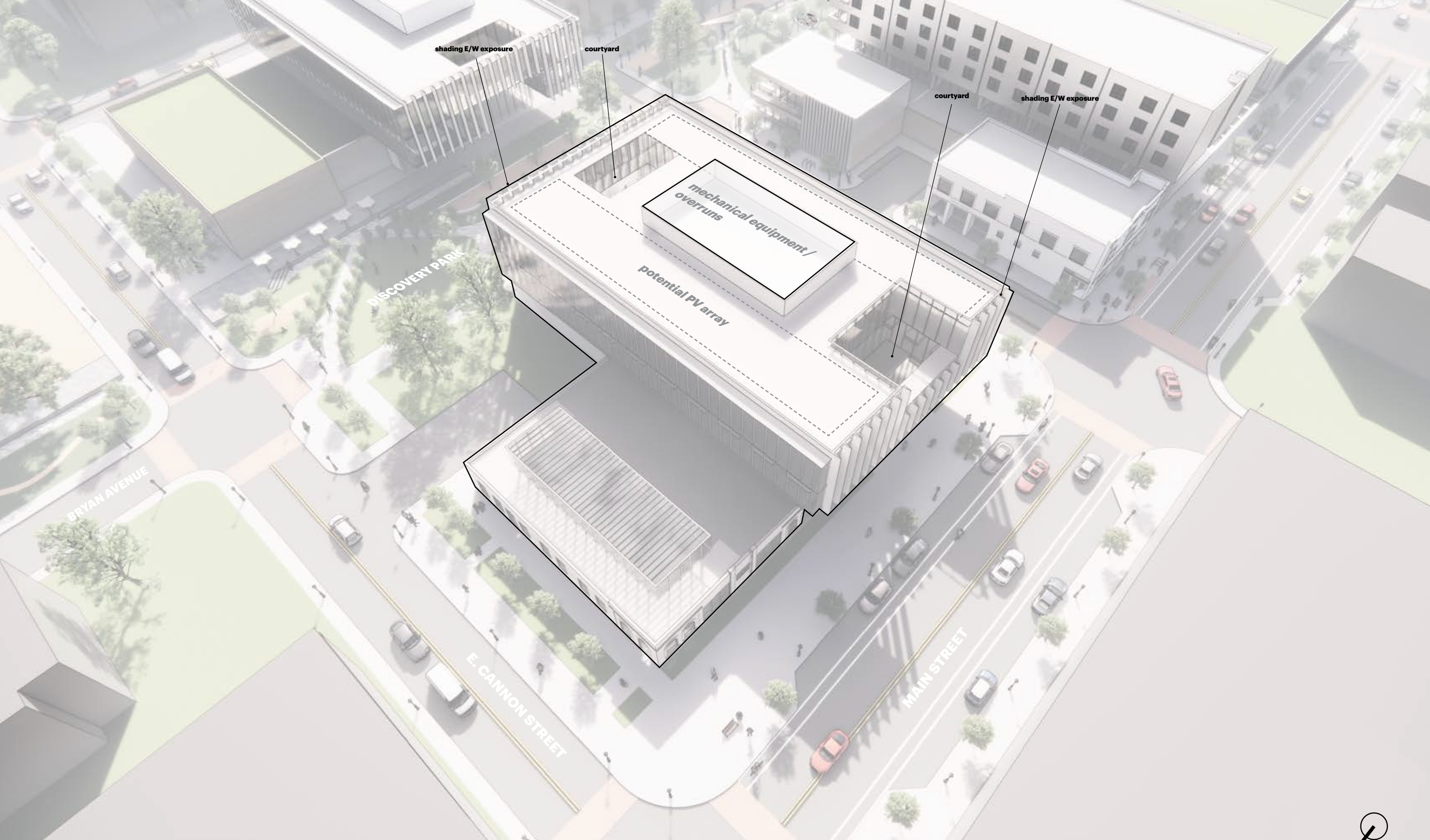
CRAWFORD STREET

E. PENNSYLVANIA AVENUE









shading E/W exposure

courtyard

courtyard

shading E/W exposure

mechanical equipment /
overruns

potential PV array

DISCOVERY PARK

BRYAN AVENUE

E. CANNON STREET

MAIN STREET



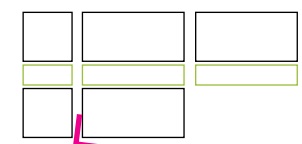






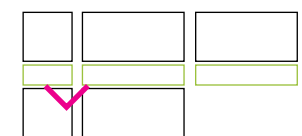






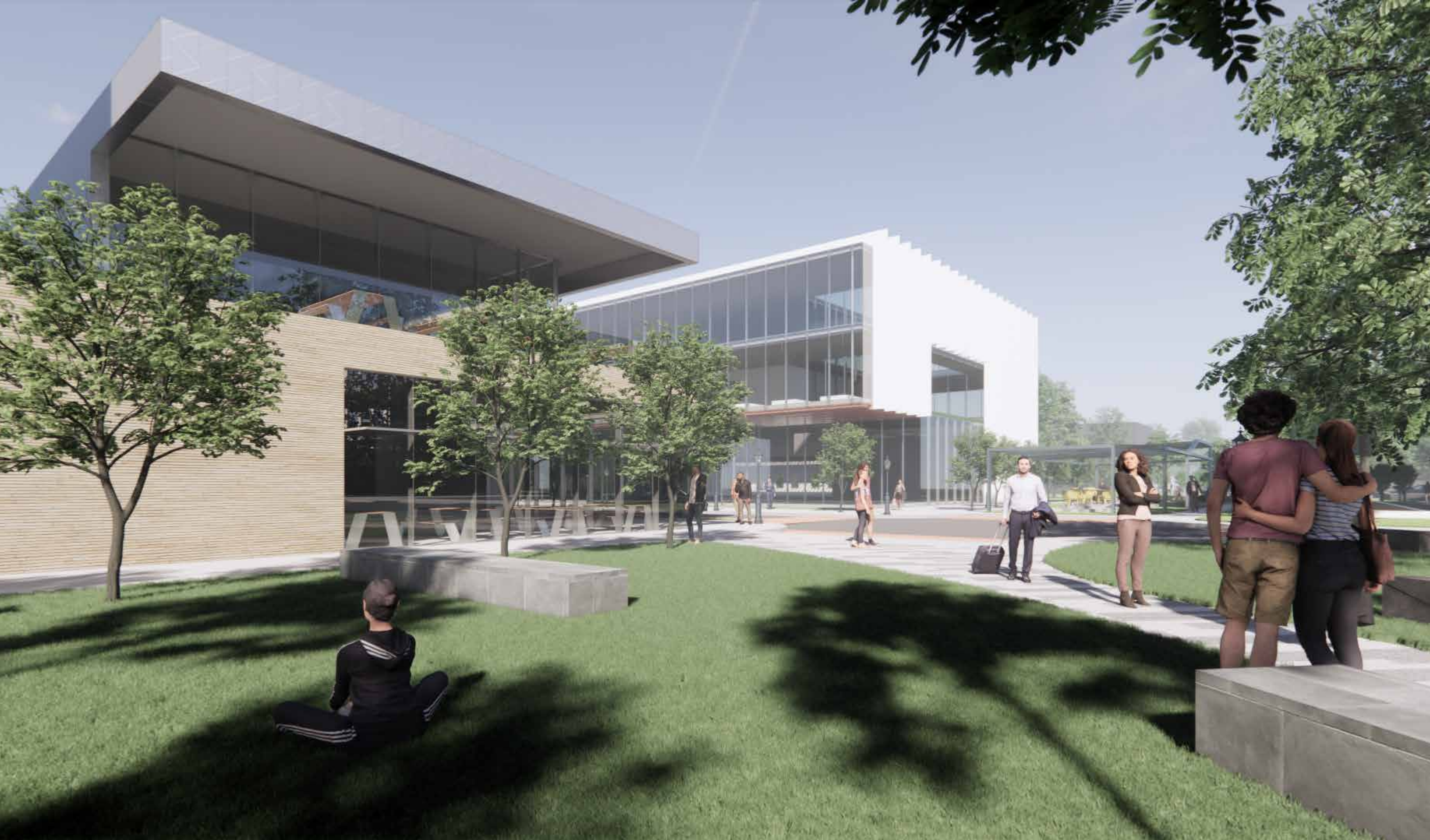






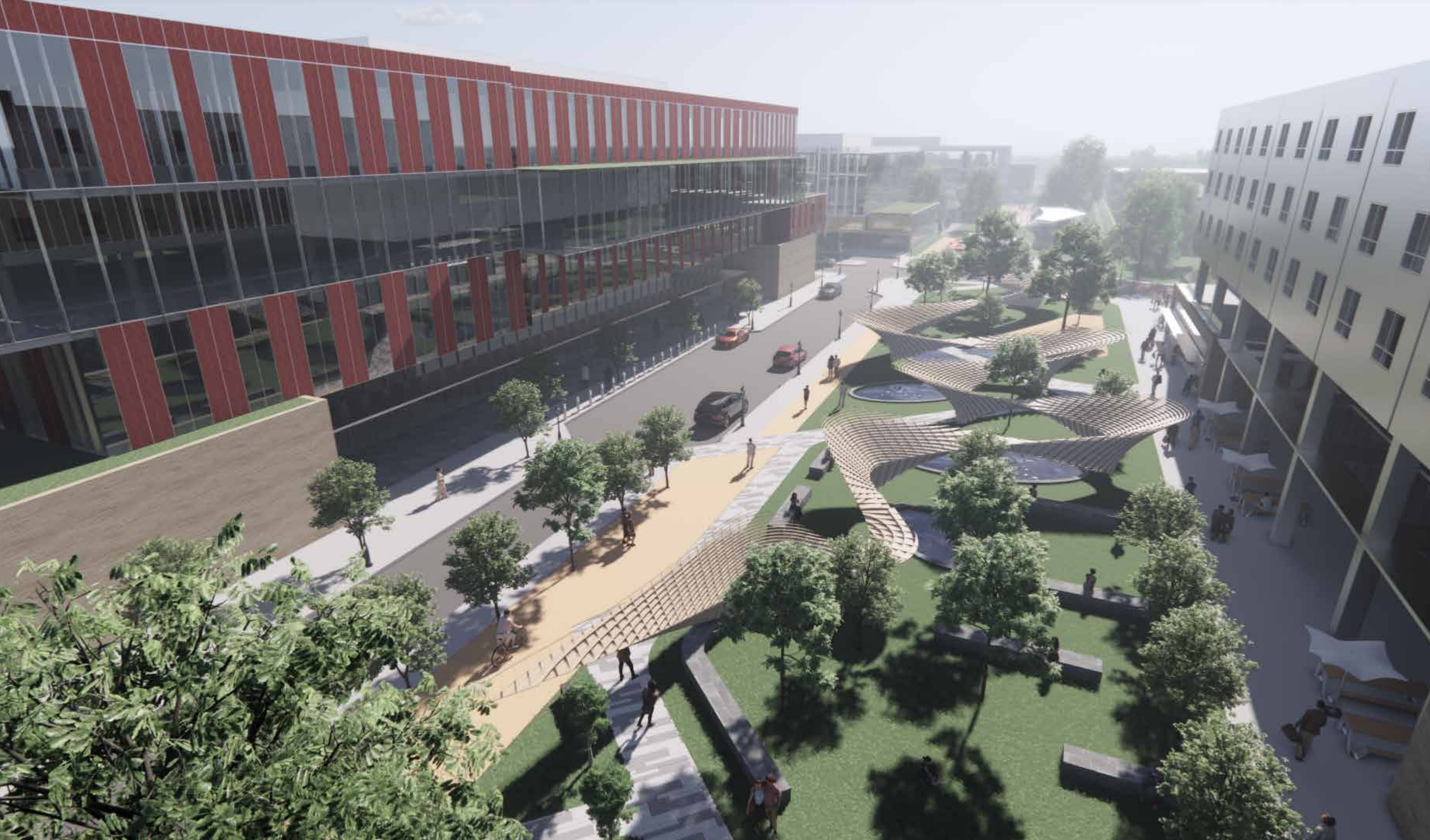








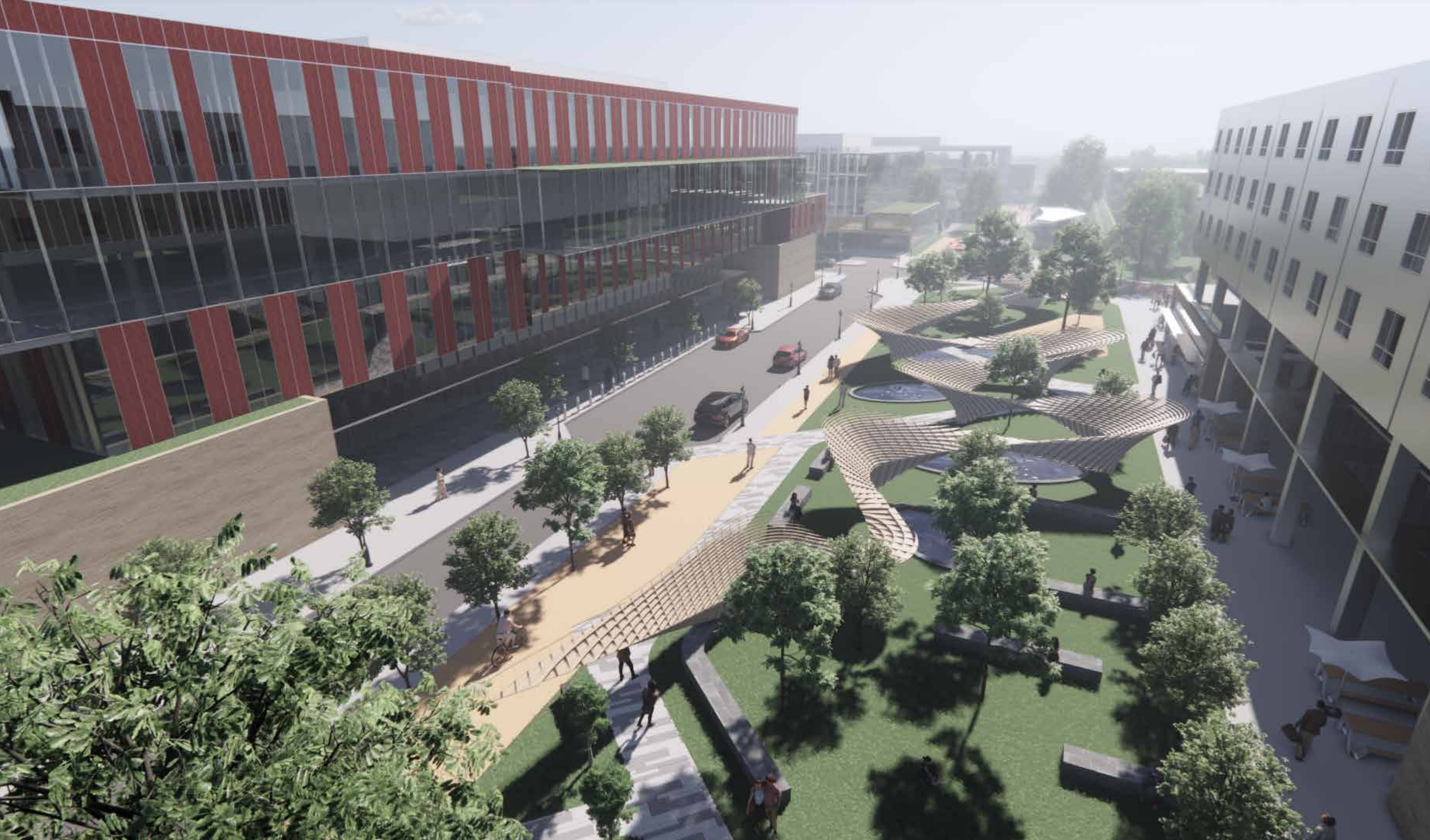






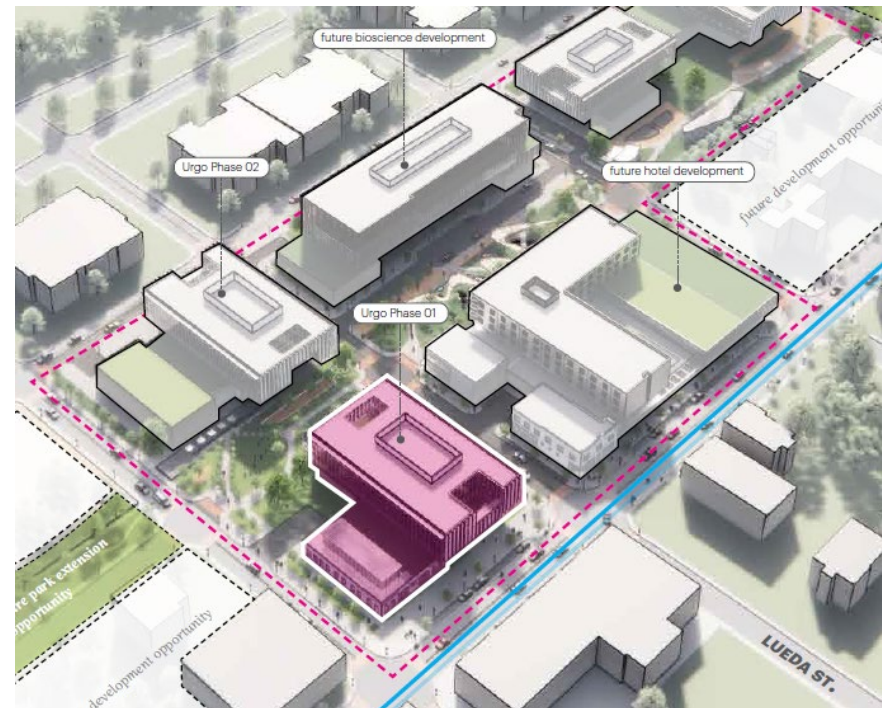






THE PROJECT | Financials - Underwriting Overview

- Phase I creates a catalyst for the Master Plan
- Demonstrate profitability to the Landowner (JPS)
- Tailored to the anchor Tenant and potential investment partner (Urgo)
- Simplified and presented as a market rate development project





THE PROJECT | Financials - Assumptions

Property & Debt Structure

- Land is owned free & clear
- Construction Loan
 - 65% LTV
 - 4.25%
 - 25-year amortization
 - 4-year I/O until stabilized
 - 10-year term (convertible)
- Permanent Financing (optional)
 - 70% LTV
 - 3.75%
 - 30-year amortization
 - 10 – 12-year term

Leasing

- Anchor Tenant (Urgo)
 - 15,000 SF
 - \$30/SF NNN
 - Option to 30k SF
 - 10-year term
- Market Office/Incubator
 - 25,000 SF
 - \$30/SF NNN
 - 5-year terms
- Market Retail
 - 5,000 SF
 - \$26/SF NNN
 - 5-year terms

General

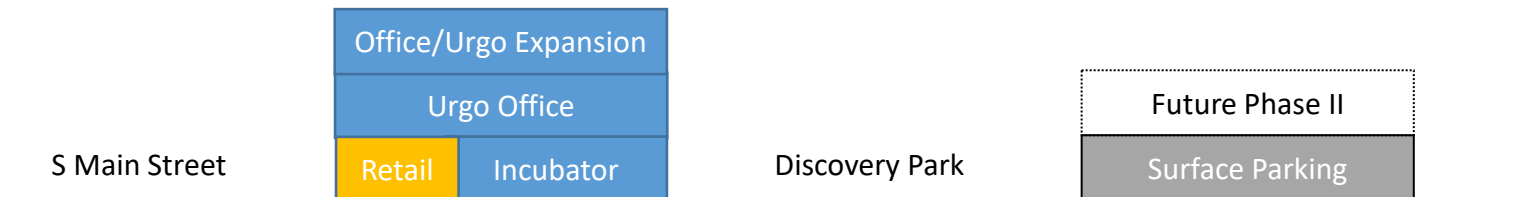
- Rent Escalation 3%
- Inflation 2%
- General Vacancy 5%
- Lease Commissions:
 - \$3.00/SF New
 - \$1.50/SF Renewal
- 100 Reserved Parking Spots at \$25/month
- Tenant Improvement / Finish:
 - \$100/SF
- Proforma reserves all TI costs through up front. Alternative option to draw to the note during lease up.

THE PROJECT | Financials - Assumptions

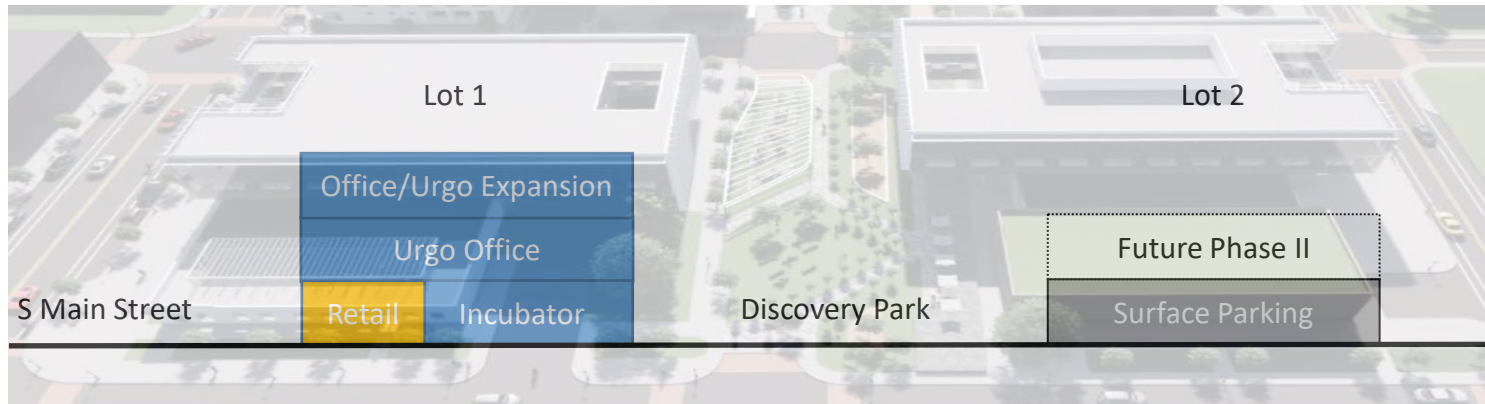


Lot 1

Lot 2



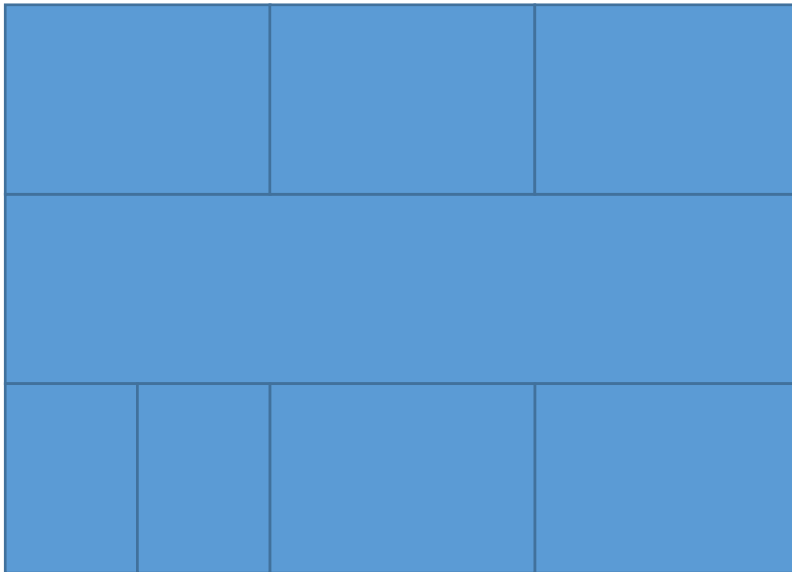
THE PROJECT | Financials - Assumptions



	AREA (SF)	COST	EST COST
Land	54,255		\$ -
Architectural & Engineering		5%	\$ 866,250
Site Work & Infrastructure			\$ 1,500,000
Core & Shell	45,000	\$250	\$ 11,250,000
Tenant Finish	45,000	\$100	\$ 4,500,000
Building Factor		10%	\$ 1,575,000
Surface Parking (Lot 2)	54,255		\$ 1,500,000
TOTAL			\$ 21,191,250

THE PROJECT | Financials - Absorption

Year 1 – Construction Complete



Office

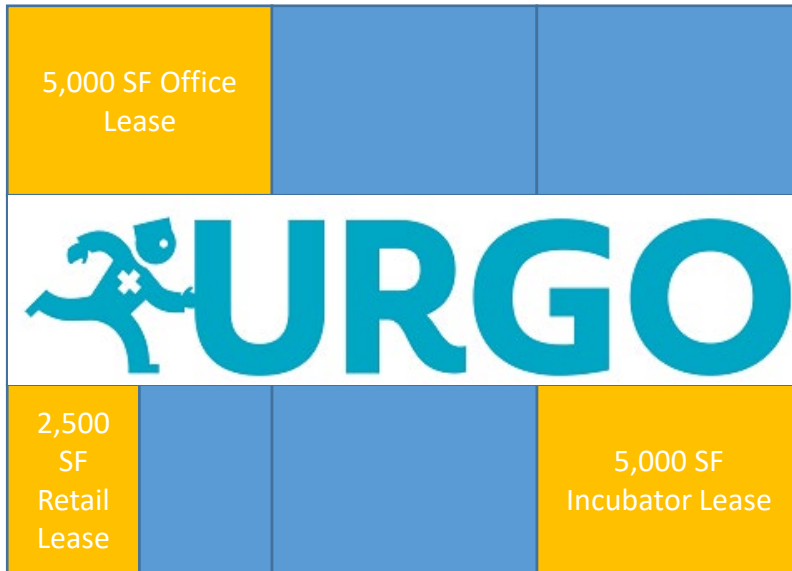
Urgo/
Office

Retail/
Incubator



THE PROJECT | Financials - Absorption

Year 2 – Urgo Occupies / Leasing Begins



Office

Urgo/
Office

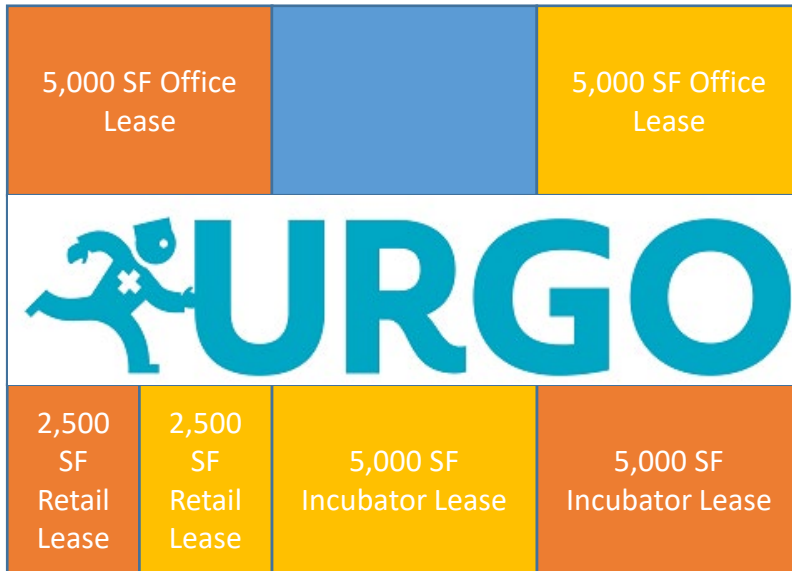
Retail/
Incubator



61% Overall Occupancy

THE PROJECT | Financials - Absorption

Year 3 – Leasing Continues



Office

Urgo/
Office


Retail/
Incubator



89% Overall Occupancy

THE PROJECT | Financials - Absorption

Year 4 – Fully Leased

5,000 SF Office Lease		5,000 SF Office Lease		5,000 SF Office Lease	
					
2,500 SF Retail Lease	2,500 SF Retail Lease	5,000 SF Incubator Lease		5,000 SF Incubator Lease	

Office

Urgo/
Office


Retail/
Incubator



100% Overall Occupancy

THE PROJECT | Financials - Absorption

Year 5 – Stabilized

5,000 SF Office Lease		5,000 SF Office Lease		5,000 SF Office Lease	
					
2,500 SF Retail Lease	2,500 SF Retail Lease	5,000 SF Incubator Lease		5,000 SF Incubator Lease	

Office

Urgo/
Office

Retail/
Incubator



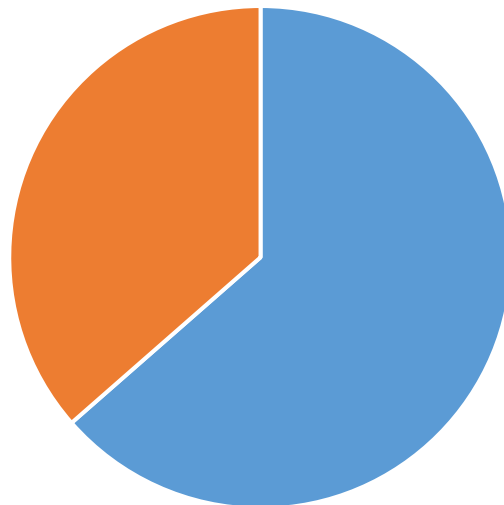
97% Economic Occupancy (5.0% GV Factor)

THE PROJECT | Financials - Sources and Uses

Sources

Construction Debt	13,774,313
Equity	7,900,000

Total Sources 21,674,313

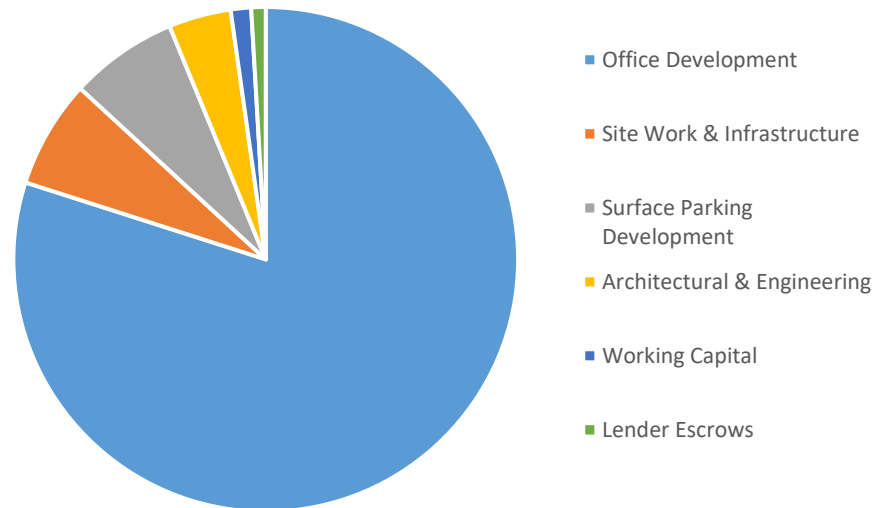


■ Construction Debt ■ Equity

Uses

Office Development	17,325,000
Site Work & Infrastructure	1,500,000
Surface Parking Development	1,500,000
Architectural & Engineering	866,250
Working Capital	283,062
Lender Escrows	200,000

Total Uses 21,674,312



■ Office Development
 ■ Site Work & Infrastructure
 ■ Surface Parking Development
 ■ Architectural & Engineering
 ■ Working Capital
 ■ Lender Escrows



THE PROJECT | Financials - Proforma

Development	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Land Purchase	-										-
Architectural & Engineering	(866,250)										(866,250)
Site Work / Infrastructure	(1,500,000)										(1,500,000)
Office/Retail Development Costs	(17,325,000)										(17,325,000)
Surface Parking Development (Lot 2)	(1,500,000)										(1,500,000)
Total Development Costs	(21,191,250)	-	-	-	-	-	-	-	-	-	(21,191,250)
Income From Operations											
Occupancy	-	61%	89%	100%	97%	97%	97%	97%	97%	97%	
1 - Retail (5,000 SF)	-	65,000	133,900	137,917	142,055	146,316	150,706	155,227	159,884	164,680	1,255,684
1 - Incubator/Makerspace (10,000 SF)	-	150,000	309,000	318,270	327,818	337,653	347,782	358,216	368,962	380,031	2,897,732
2 - Urgo (15,000 SF)	-	450,000	463,500	477,405	491,727	506,479	521,673	537,324	553,443	570,047	4,571,598
3 - Office/Urgo (15,000 SF)	-	150,000	309,000	477,405	491,727	506,479	521,673	537,324	553,443	570,047	4,117,098
Surface Parking Revenue	-	30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,896	38,003	304,773
Total Income From Operations	-	845,000	1,246,300	1,442,824	1,486,109	1,530,692	1,576,613	1,623,911	1,672,628	1,722,807	13,146,884
TILC Expenses											
Office Finish Out	-	-	-	-	-	-	-	-	-	-	-
Lease Commissions	-	37,500	37,500	15,000	-	-	18,750	18,750	7,500	-	135,000
Total TILC Expenses	-	37,500	37,500	15,000	-	-	18,750	18,750	7,500	-	135,000
Sale Proceeds										43,070,183	43,070,183
Unleveraged Cash Flow	(21,191,250)	882,500	1,283,800	1,457,824	1,486,109	1,530,692	1,595,363	1,642,661	1,680,128	44,792,990	35,160,817
Unleveraged IRR 13.25%											
Unleveraged Multiple 2.66											
Leverage											
Debt Proceeds / Payoff	13,774,313									(13,606,378)	167,934
Closing Costs / Origination (2%)	(423,825)										(423,825)
Debt Service											
Mortgage Interest	(585,408)	(585,408)	(585,408)	(585,408)	(579,297)	(565,596)	(551,301)	(536,386)	(520,825)	(504,590)	(5,095,038)
Principal Payment	-	-	-	-	(316,151)	(329,853)	(344,148)	(359,062)	(374,623)	(390,858)	(1,723,837)
Total Debt Service	(585,408)	(585,408)	(585,408)	(585,408)	(895,448)	(895,448)	(895,448)	(895,448)	(895,448)	(895,448)	(6,818,875)
Leveraged Cash Flow	(8,426,171)	297,092	698,392	872,416	590,660	635,244	699,914	747,213	784,680	30,291,164	28,086,051
Leveraged IRR 19.71%											
Leveraged Multiple 4.23											



THE PROJECT | Financials - Proforma

Development	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Land Purchase	-										-
Architectural & Engineering	(866,250)										(866,250)
Site Work / Infrastructure	(1,500,000)										(1,500,000)
Office/Retail Development Costs	(17,325,000)										(17,325,000)
Surface Parking Development (Lot 2)	(1,500,000)										(1,500,000)
Total Development Costs	(21,191,250)										(21,191,250)
Income From Operations											
Occupancy	-	61%	89%	100%	97%	97%	97%	97%	97%	97%	
0 - Retail (5,000 SF)											584
1 - Incubator/Makerspace (10,000 SF)											732
2 - Urgo (15,000 SF)											598
3 - Office/Urgo (15,000 SF)											998
Surface Parking Revenue											773
Total Income From Operations											584
TILC Expenses											
Office Finish Out											000
Lease Commissions											000
Total TILC Expenses											000
Sale Proceeds											
Unleveraged Cash Flow	(21,191,250)										883
Unleveraged IRR	13.3%										817
Unleveraged Multiple	2.0										
Leverage											
Debt Proceeds / Payoff	13,774,375										934
Closing Costs / Origination (2%)	(423,875)										925)
Debt Service											
Mortgage Interest	(585,408)										938)
Principal Payment											937)
Total Debt Service	(585,408)	(585,408)	(585,408)	(585,408)	(895,448)	(895,448)	(895,448)	(895,448)	(895,448)	(895,448)	(6,818,875)
Leveraged Cash Flow	(8,426,171)	297,092	698,392	872,416	590,660	635,244	699,914	747,213	784,680	30,291,164	28,086,051
Leveraged IRR											
Leveraged IRR	19.71%										
Leveraged Multiple	4.23										



THE PROJECT | Financials - Proforma

Development	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Land Purchase	-	-	-	-	-	-	-	-	-	-	-
Architectural & Engineering	(866,250)	-	-	-	-	-	-	-	-	-	(866,250)
Site Work / Infrastructure	(1,500,000)	-	-	-	-	-	-	-	-	-	(1,500,000)
Office/Retail Development Costs	(17,325,000)	-	-	-	-	-	-	-	-	-	(17,325,000)
Surface Parking Development (Lot 2)	(1,500,000)	-	-	-	-	-	-	-	-	-	(1,500,000)
Total Development Costs	(21,191,250)	-	-	-	-	-	-	-	-	-	(21,191,250)

Income From Operations											
Occupancy	-	61%	89%	100%	97%	97%	97%	97%	97%	97%	
1 - Retail (5,000 SF)	-	65,000	133,900	137,917	142,055	146,316	150,706	155,227	159,884	164,680	1,255,684
1 - Incubator/Makerspace (10,000 SF)	-	150,000	309,000	318,270	327,818	337,653	347,782	358,216	368,962	380,031	2,997,732
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Income From Operations

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3 - Office/Urgo (15,000 SF)	-	150,000	309,000	477,405	491,727					
Surface Parking Revenue	-	30,000	30,900	31,827	32,782					
Total Income From Operations	-	845,000	1,246,300	1,442,824	1,486,109					

Principal Payment	-	-	-	-	(316,151)	(329,853)	(344,148)	(359,062)	(374,623)	(390,858)	(1,723,837)
Total Debt Service	(585,408)	(585,408)	(585,408)	(585,408)	(895,448)	(895,448)	(895,448)	(895,448)	(895,448)	(895,448)	(6,818,875)
Leveraged Cash Flow	(8,426,171)	297,092	698,392	872,416	590,660	635,244	699,914	747,213	784,680	30,291,164	28,086,051

Leveraged IRR 19.71%
Leveraged Multiple 4.23



THE PROJECT | Financials - Proforma

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Land Purchase	-	-	-	-	-	-	-	-	-	-	-
Architectural & Engineering	(866,250)	-	-	-	-	-	-	-	-	-	(866,250)
Site Work / Infrastructure	(1,500,000)	-	-	-	-	-	-	-	-	-	(1,500,000)
Office/Retail Development Costs	(17,325,000)	-	-	-	-	-	-	-	-	-	(17,325,000)
Surface Parking Development (Lot 2)	(1,500,000)	-	-	-	-	-	-	-	-	-	(1,500,000)
Total Development Costs	(21,191,250)	-	-	-	-	-	-	-	-	-	(21,191,250)

Sale Proceeds											43,070,183	43,070,183
Unleveraged Cash Flow	(21,191,250)	882,500	1,283,800	1,457,824	1,486,109	1,530,692	1,595,363	1,642,661	1,680,128	44,792,990	44,792,990	35,160,817
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Debt Service												
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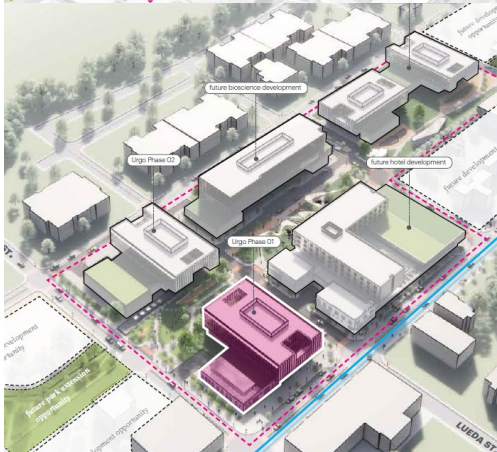
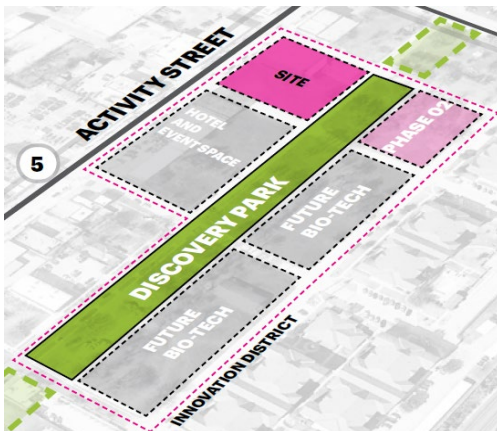
THE PROJECT | Financials – Summary

- Phase I creates a catalyst for the Master Plan
- Demonstrate profitability to the Landowner (JPS)
- Tailored to the anchor Tenant and potential investment partner (Urigo)
- Simplified and presented as a market rate development project



THE PROJECT | Financials – Summary

Phase One creates a catalyst for the Master Plan



THE PROJECT | Financials – Summary

Demonstrate profitability to the Landowner (JPS)

- \$7.9m Investment
- Land is owned and not part of existing bond package for hospital expansion
- 19.71% IRR and 4.23 multiple with 10-year exit, or hold with stabilized annual returns in excess of 8%
- Improves the neighborhood and drives the value of the other immediate parcels
- Anchor tenant and potential partner reduces risk exposure



THE PROJECT | Financials – Summary

Tailored to the Anchor Tenant (Urgo)

- Growing biotech firm needing to expand
- Virtually built to suit cutting edge facility
- Designed to accommodate future growth
- Burgeoning innovation and biotech district
- Comp supported market rents
- Potential investment partnership with JPS



THE PROJECT | Financials – Summary

Simplified and presented as a market rate development project

- Permanent debt to replace the construction note
- “Draw to the note” finish out
- More aggressive absorption
- Tax Incentive potential, 380 Grant, or other
- Wet Lab component adds \$10+ PSF to market office rents
- Revenue stream from historical site renovation and/or parking





innovation hub