

# Laconia Life Science

## Executive Summary

In 2005, NOYACK Capital purchased the Laconia Life Sciences Facility for \$4.4 million. The property is 45,000 square feet with a state-of-the-art 9,000 sq. ft. ISO Class 8 clean room for advanced medical device manufacturing. Capabilities:

1. Complex F/G assembly
2. CNC machining
3. Laser processing
4. Packaging and labeling

This life science lab sits on approximately five acres in the industrial park area just off Route 106 in the lake region of New Hampshire.

The property has been leased to a KKR-owned medical device manufacturer for the last 21 years and consistently brings in rental income higher than the market average while maintaining an absolute triple net lease. It is now one of the top three life sciences facilities in KKR's North American network.

### By the Numbers

- Year Acquired: 2005
- Square Footage: 41,220 SF
- Asset Value: \$4.4MM (1)
- Debt: \$3.2MM (72% LTV) (2)
- Interest Rate: 3.50%
- Remaining Loan Term: 5.3 Years (2)

## Investment Thesis

In 2005, CJ Follini and NOYACK predicted the Northeast's pre-eminence in the lab and life sciences sector. With clusters of renowned medical education and pharmaceutical company headquarters, it became apparent over time that NOYACK's investment thesis in this space was correct. The Laconia Life Sciences Facility was one of the top three examples of NOYACK's deals in this category. Now the long-term stability and growth potential of the life sciences industry in the Northeast corridor is a given.

## Why We Invested

CJ Follini saw the opportunity to combine a tax deferral with a 1031 exchange from a profitable sale in 2005 and the creation of a new category in New Hampshire - life sciences - opportunity into a premier asset class leader.

Not only does the facility still contain capital gains deferred from 2005 but its value has increased exponentially as KKR continues to invest in the adjacent life sciences community. This is a perfect example of two of NOYACK's characteristic advantages - vision and advanced tax advantaged strategy. NOYACK Capital's deal-making team always considers how to structure deals in a tax-advantaged way.

## **Value Creation**

The Laconia asset is a very successful repositioning play; the property was purchased with the intention of converting the warehouse into a critical mission life sciences facility because of the highly-educated and well-trained workforce in the Laconia area. Between the tax advantages and the repositioning, the Laconia Life Sciences Facility has generated outstanding returns and continues to do so for its investors.