

COLD STORAGE, WILMINGTON, NC DEVELOPMENT

Opportunity:

Frontier Scientific is a licensed 3PL approved by the FDA to operate a storage and distribution facility at 805 N. 23rd Street, our pilot site. The facility is located 2 miles from Wilmington International Airport and 7 miles from the Port of Wilmington. We were just approved 2 weeks ago by US Customs and Border Protection as a FTZ site with TSA screening capabilities. The facility will be fully validated within the next couple of months to start onboarding clients. In the meantime, we have had over 50 companies visit the facility and over 30 have validated us with their quality compliance teams. We are approved vendors and are ready to transact once the airport facility comes online. Over the last few years, we have partnered with Wilmington International Airport to build a bio storage distribution campus. We have closed on multiple 50-year ground leases totaling 95 acres and control most of the business park. The Phase I site is 39 acres on taxiway on which we have designed a 500K sq ft. depot consisting of 65,000+ pallet locations, the majority of which are cold and ultra-cold. We have designed the building, obtained all approvals (including FAA), and are fully entitled/permitted. The sitework is complete and 50% of the foundations are in place. Upon funding, we are 12 months from delivering a validated facility ready for occupancy. One of the largest CDMO's signed a 30,000-pallet reservation last month, and we have indications of interest for more than double the pallet count on Phase I. Over the last 9 months, we have been engaged with JNJ to create a direct lane between Ireland and ILM as Ireland is the 2nd largest pharma manufacturing hub in the world. We have been working with Shannon airport, and they have offered us 2 buildings on airport ground that we can build out for a cold storage depot within 9 months. We have the only foreign trade zone site in the US on runway. If we bring Shannon on board, we will have the only direct lane, tarmac to tarmac (both in FTZ) globally. We have invested \$25M to date and require approximately \$100M to complete the Phase I building which includes FFE (racks, forklifts, controls, etc.). The stabilized NOI is north of \$100M. All key documents are located in our data room.

Market/Demand:

The pharmaceutical market has historically been a just-in-time business... research, develop, manufacture then distribute. Covid changed the game for the bio storage business. Aside from the billions of vaccines produced annually (all require cold to ultracold storage), manufacturers to the government (VA system) to the small county hospitals are all stockpiling drug products, plasma (requires -60°C) and medical equipment for any future disruption. However, the largest market driver creating demand is the move from small molecule to large molecule and gene therapy development which are all injectables that require cold and ultra-cold storage. By example, Novo Nordisk's Ozempic grew by 700% in the month of December alone. They are gearing up for a \$100B market. All cancer R&D is moving to gene therapy and biologics which require specialty storage. With regard to NC, where we are positioned, manufacturing development has exploded with almost \$10B invested over the last 5 to 8 years due to tax incentives and access to a high quality pool of employment from the university network. Most of the majors have built or are building manufacturing facilities for injectables, and very little of this investment is for storage.

Summary Highlights:

1. Long term (FAA's maximum term), 50-year ground lease (including renewal options) and have successfully negotiated an exclusivity for cGMP Pharmaceutical Storage and Distribution at the airport. In addition to the ground lease for the Phase I, the sponsors have leased 55 more acres for expansion under the same terms.
2. Sponsor has secured all of the entitlements, permitting, state/local approvals as well as full FAA approval and clearance to develop the Project on ILM taxiway.
3. The sitework is complete with 50% of the footings/foundation are in.
4. Sponsor has completed negotiations with agreed to terms for a GMP in place with an industry leading general contractor specializing in cold storage development (<https://evansgeneralcontractors.com>). The construction is bonded by airport authority requirements, and a majority of the trades have been bid out.
5. Long lead items have been purchased and/or secured. The switch gear, which is a 1-year lead time, is in our 805 Depot.
6. Sponsor has received all the licensing and approvals by NC State at our 805 depot to operate a FDA cGMP bio storage depot and has already been qualified by over 30 companies so we are validated in their systems to transact at the Airport Project.
7. Sponsor has established an extensive network of tier 1 transportation providers with extensive experience in the transportation of temperature sensitive pharmaceutical products all of which audited and validated the sponsor. These partnerships include C.H. Robinson, Expeditors, Maersk, Kuehne & Nagel.
8. Upon the close of the investment, the Phase I will take 12 months to complete and validated for use.
9. Sponsor has signed a 3-year storage and handling agreement with Alcami, a 40-year-old industry leading CDMO reserving 30,000 pallet locations. Additionally, sponsor has a pipeline of clients with indications of interest that exceed the pallet capacity for Phase I.
10. Upon stabilization, Phase I is projected to generate over \$100M of NOI with a completion cost of \$100M which includes hard and soft costs as well as the FFE (furniture, equipment, fork trucks etc.).