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## **Novo Nordisk and Partnership of Ivy Equities, LCOR, and Intercontinental RE Corp Announce Agreement for New Headquarters**

By Betsy Kraat

PLAINSBORO--Diabetes company Novo Nordisk, Inc., and a joint venture led by Ivy Equities and LCOR in partnership with Intercontinental Real Estate Corporation, announced a \$215 million redevelopment project to completely renovate and upgrade a 770,000-sf office building in the Princeton Forrestal Center in Plainsboro, that will serve as the new U.S. headquarters for the Danish pharmaceutical company.

"This project, for one of the world's premier life sciences companies, clearly demonstrates that the fiscal and regulatory reforms we have implemented in New Jersey are fostering an environment conducive to growth, business expansion and job creation. I applaud Novo Nordisk for their continued commitment to the Garden State."

The company has signed a long-term lease for the entire building, with the initial phase of occupancy being approximately 500,000 sf and the option to take the balance of the space within the building at any time. The deal represents New Jersey's largest commercial real estate transaction this year. Construction on the redevelopment, which will create more than 500 union construction jobs, is scheduled to begin in September. The building is located at 800 Scudders Mill Road and will be able to accommodate approximately 1,500 employees.

Novo Nordisk will be relocating from its existing headquarters at 100 College Road West in Princeton, and plans to occupy its new space in spring 2013 upon completion of the full-scale rehabilitation. Novo Nordisk's initial lease at the new building will expand its presence in the Princeton-area market by approximately 150,000 square feet.

"This move reflects Novo Nordisk's growth in the U.S., and our efforts in delivering leading therapies to diabetes patients and their healthcare providers," said Jerzy Gruhn, President, Novo Nordisk, Inc. "This smart renovation keeps us in New Jersey, reduces the impact on our employees as well as the environment, and allows us to meet the expanding need for our medicines."

Anthony P. DiTommaso, Jr., Co-Chief Executive Officer of Ivy Equities, stated, "We have assembled a world-class development team with nationally recognized LCOR and Intercontinental Real Estate Corporation to deliver a best-in-class headquarters location for Novo Nordisk that will effectively support the company's business objectives and provide its employees with a sustainable, technologically advanced work environment."

LCOR and Ivy Equities will execute a top-to-bottom, gut rehabilitation of the property that will strip the vintage 1985 building to its skeletal frame. The plans include replacement of the building's façade, roof, interiors and mechanical systems, and attainment of LEED certification for the building from the U.S. Green Building Council. The renovated property will feature state-of-the-art electrical and mechanical systems. Granum A/I is the project's exterior design architect, while HOK is serving as the architect of record.

"This exciting, new American headquarters for Novo Nordisk will reaffirm New Jersey's status as the capital of the country's pharmaceutical industry," said LCOR executive vice president Kurt M. Eichler. "Desiring to relocate to an in-state, Class A facility, the company had explored the option of occupying a

ground-up, build-to-suit building at another location. But Novo Nordisk soon recognized the enhanced value of the adaptive re-use approach presented by Ivy Realty, LCOR and Intercontinental."

Peter Palandjian, Chief Executive Officer of Intercontinental, stated, "We are thrilled to partner with Ivy and LCOR, which are experienced, first-rate real estate firms. This is an uncommon deal in these challenging markets; a value-add construction deal that is de-risked on the way in, and a construction project that is 'core' before we even start. Our tenant, Novo Nordisk, is world class and the market leader in its space. The company's long-term commitment to the property makes this deal possible. It is especially exciting for Intercontinental because of our union investors, who truly stepped up for this project."

After a full search process including some of the leading real estate investment firms, the Northeast Regional Council of Carpenters (NRCC) hired Intercontinental in 2010 to manage a portion of the union's pension investments in a strategic program that would invest in value-added and construction projects in New Jersey and the surrounding states, where they represent 30,000 members. "In these difficult economic times, I am glad that carpenters are investing capital funds to help finance this project," said Michael Capelli, Executive Secretary-Treasurer of the Northeast Regional Council of Carpenters. "Not only will this construction project create union jobs for NRCC members, the investment will strengthen our members' pension and annuity portfolios. It is good long-term financial strategy that provides excellent short-term benefits." To date, in addition to the Carpenters lead investment of \$55 million, the New Jersey Laborers and the New Jersey Operating Engineers have also invested with Intercontinental for a combined amount of approximately \$100 million.

Plainsboro Mayor Peter Cantu added, "We are delighted that Novo Nordisk has made the decision to remain and expand its presence in Plainsboro with a development project that will create jobs and deliver a high-quality building to our township. Novo Nordisk continues to be a great corporate citizen, and we thank them, as well as the ownership of this property, for investing in Plainsboro's bright future."

Steven Tolkach of Newmark Knight Frank represented the leasing efforts on behalf of Novo Nordisk. Sovereign/Santander and Wells Fargo banks served as co-agents for the development financing. Holliday Fenoglio Fowler, under the leadership of senior managing director Andrew Scandalios, arranged the joint venture equity and construction financing for the development.