

NEWMARK



VA Administration Building
Iowa City VA Health Care System

VA

U.S. Department
of Veterans Affairs

OFFERING MEMORANDUM

1410 S 1st Avenue
Iowa City, IA 52240

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NEWMARK

EXECUTIVE SUMMARY

The Newmark Government Capital Markets team, on behalf of Ownership, is pleased to present qualified investors with the opportunity to acquire a brand new retrofit-to-suit United States Department of Veterans Affairs (“VA”) Administration Building in Iowa City, Iowa (the “Property”). The Property, retrofitted in 2024, is a 32,200 rentable square foot state-of-the-art administration building that is 100% occupied by the VA. Per the lease, the VA occupies 23,553 RSF and 8,647 ABOA SF is deemed “free space” allowing the VA to expand should they have a need. The Property features a first-generation lease with the VA which commenced in December 2023 and extends twenty (20) years, expiring in November 2043. The first ten (10) years of the lease are firm (non-cancellable) and feature annual CPI increases to Operating Cost reimbursements. Additionally, the Shell Rent increases every five (5) years by a rate of 3.0%. The Property represents a conscience effort by the VA to execute their strategic plan of removing administrative / office space from their Medical Center Campus (3.4 miles away) to allow for more clinical space. The Property will handle all administrative services for the Iowa City VA Health Care System.

THE OFFERING

01



Unpriced
Offering Price



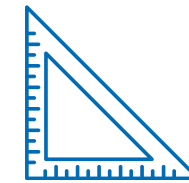
December 2023
Lease Commence



\$536,261
Year 1 NOI



November 2033
Firm Term Expiration



32,200
Rentable Square Feet



Modified Gross
Lease Type

1410 S 1st Avenue, Iowa City, IA 52240



INVESTMENT HIGHLIGHTS



STRATEGIC GEOGRAPHIC / OPERATIONAL FACILITY

The Property represents a strategic effort by the Iowa City VA Health Care System to remove administrative functions from their primary campus (3.4 miles from Property) and convert this to clinical space. The Property will now serve as the main administrative facility for the entire Iowa City VA Health Care System.



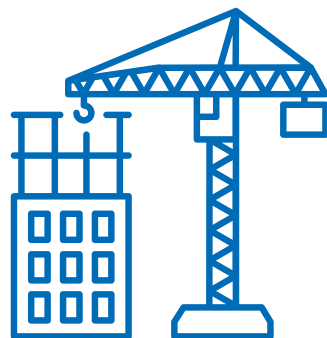
INVESTMENT GRADE TENANT WITH UNMATCHED STABILITY

The lease is guaranteed by the full faith and credit of the United States government, which currently maintains an AA+ rating from Standard & Poor's. Investing in U.S. credit backed instruments offers a combination of safety, liquidity, predictable income, and diversification benefits.



ANNUAL INCREASES TO INCOME STREAM

The lease features annual CPI increases to the Operating Cost reimbursements as well as contractual Shell Rent increases every five (5) years. These rental increases help to offset inflationary pressure to operating expenses.



COMPLETELY RETROFITTED STATE-OF-THE-ART BUILDING

Completely retrofitted in 2024, the Property was specifically designed to suit the VA. Over \$3.9 million was poured into the buildout of the Property and nearly all of the critical systems in the facility are brand new.



PRO FORMA CASH FLOW

02

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		Nov-24	Nov-25	Nov-26	Nov-27	Nov-28	Nov-29	Nov-30	Nov-31	Nov-32	Nov-33
INCOME	<i>per SF</i>										
Shell Rent	\$20.37	\$479,690	\$479,690	\$479,690	\$479,690	\$479,690	\$494,058	\$494,058	\$494,058	\$494,058	\$494,058
Operating Cost Reimbursement	\$7.29	\$171,701	\$175,135	\$178,638	\$182,210	\$185,855	\$189,572	\$193,363	\$197,230	\$201,175	\$205,199
Tenant Improvement Reimbursement	\$7.32	\$172,446	\$172,446	\$172,446	\$172,446	\$172,446	\$172,446	\$172,446	\$172,446	\$172,446	\$172,446
Building Specific Amortized Capital	\$0.32	\$7,561	\$7,561	\$7,561	\$7,561	\$7,561	\$7,561	\$7,561	\$7,561	\$7,561	\$7,561
Gross Income	\$35.30	\$831,398	\$834,832	\$838,335	\$841,907	\$845,552	\$863,637	\$867,428	\$871,295	\$875,240	\$879,264
EXPENSES											
Contractual Labor & Supplies	(\$2.30)	(\$54,149)	(\$55,232)	(\$56,337)	(\$57,463)	(\$58,613)	(\$59,785)	(\$60,981)	(\$62,200)	(\$63,444)	(\$64,713)
Utilities	(\$1.77)	(\$41,580)	(\$42,412)	(\$43,260)	(\$44,125)	(\$45,008)	(\$45,908)	(\$46,826)	(\$47,762)	(\$48,718)	(\$49,692)
Repairs and Maintenance	(\$1.10)	(\$25,804)	(\$26,320)	(\$26,846)	(\$27,383)	(\$27,931)	(\$28,490)	(\$29,059)	(\$29,641)	(\$30,233)	(\$30,838)
Landscaping / Snow Removal	(\$0.65)	(\$15,331)	(\$15,638)	(\$15,950)	(\$16,269)	(\$16,595)	(\$16,927)	(\$17,265)	(\$17,610)	(\$17,963)	(\$18,322)
Fire and Life Safety	(\$0.04)	(\$924)	(\$942)	(\$961)	(\$981)	(\$1,000)	(\$1,020)	(\$1,041)	(\$1,061)	(\$1,083)	(\$1,104)
Insurance	(\$0.40)	(\$9,421)	(\$9,609)	(\$9,802)	(\$9,998)	(\$10,198)	(\$10,402)	(\$10,610)	(\$10,822)	(\$11,038)	(\$11,259)
Management (2% of Gross Income)	(\$0.70)	(\$16,506)	(\$16,572)	(\$16,640)	(\$16,709)	(\$16,779)	(\$17,138)	(\$17,211)	(\$17,286)	(\$17,362)	(\$17,439)
Real Estate Taxes (Estimated Base)	(\$5.57)	(\$131,300)	(\$131,300)	(\$131,300)	(\$131,300)	(\$131,300)	(\$131,300)	(\$131,300)	(\$131,300)	(\$131,300)	(\$131,300)
Total Expenses	(\$12.53)	(\$295,137)	(\$298,150)	(\$301,223)	(\$304,358)	(\$307,555)	(\$311,103)	(\$314,430)	(\$317,823)	(\$321,284)	(\$324,814)
Net Operating Income	\$22.77	\$536,261	\$536,682	\$537,112	\$537,550	\$537,997	\$552,533	\$552,998	\$553,473	\$553,956	\$554,450



LEASE ABSTRACT

Lease Number	GS-06P-LIA00323
Tenant	United States Department of Veterans Affairs
Lease Commence	December 1, 2023
Lease Expiration	November 30, 2043
Firm Term Expiration	November 30, 2033
Building Size	32,200 Rentable Square Feet (RSF) / 28,647 ABOA Square Feet. Tenant occupies 23,553 RSF with an additional 8,647 ABOA Square Feet of free space.
Rental Increases	3% Shell Rent increases every 5 years / annual CPI increases to Operating Cost reimbursement
Lease Type	Modified Gross
Real Estate Taxes	Tax Base assumed to be established at \$131,300 - Tenant pays all taxes over base
Operating Cost Base	Operating Cost base established at \$7.29 per RSF, increases by CPI annually

LEASE ABSTRACT

Tenant Improvements	\$2,884,412 total: <ul style="list-style-type: none">• \$1,563,333 paid lump sum• \$1,321,079 amortized over the firm lease term at a rate of 6.5%
Operating Hours	7AM - 5PM, Monday - Friday
Overtime HVAC Rates	\$35 per hour for entire space
Parking	146 exclusive spaces
Termination Rights	90 days notice after Firm Term
Percentage of Occupancy	100%
Utilities	Lessor responsible for providing and payment
Janitorial Services	Lessor responsible for providing and payment
Painting Requirements	Lessor to repaint common areas every 3 years; cyclical repainting every 10 years
Carpet Requirements	Lessor to replace all carpet every 10 years
Security Level	Security Level II



PROPERTY OVERVIEW

03

Address	1410 South 1st Avenue Iowa City, IA 52240
Lot Size	3.512 Acres
Building Size	32,200 Rentable Square Feet <ul style="list-style-type: none">• VA Leases 23,553 Rentable Square Feet and has 8,607 ABOA SF free• VA pro-rata share is still 100%
Year Built	1967 / 2024
Occupancy	100%
Assessor Parcel Numbers	1013353008 1014485003
County	Johnson
Zoning	C-Commercial



TENANT OVERVIEW

The United States Department of Veterans Affairs (VA) is a federal agency responsible for providing comprehensive services and benefits to U.S. military veterans and their families. Established in 1930 and elevated to a Cabinet-level department in 1989, the VA's mission is to fulfill the nation's commitment to veterans by ensuring they receive the care, support, and recognition they deserve.



Health Care: The VA operates one of the largest healthcare systems in the world, the Veterans Health Administration (VHA). It provides a wide range of medical services, including primary care, specialized care, mental health services, rehabilitation, and long-term care. VA hospitals, clinics, and medical centers are located throughout the country.



Benefits: The Veterans Benefits Administration (VBA) manages various benefits programs for veterans and their families. These include disability compensation, pension programs, education and training benefits (such as the GI Bill), home loan guarantees, life insurance, and vocational rehabilitation.



Cemeteries and Memorials: The National Cemetery Administration (NCA) oversees the nation's veteran cemeteries, providing burial and memorial services to honor the service and sacrifice of veterans. The NCA also maintains national shrines and supports the families of deceased veterans.

VA

U.S. Department of Veterans Affairs



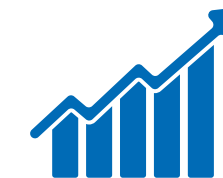
18M+
Veterans in US



\$325.1 Billion
Budget (FY 24)

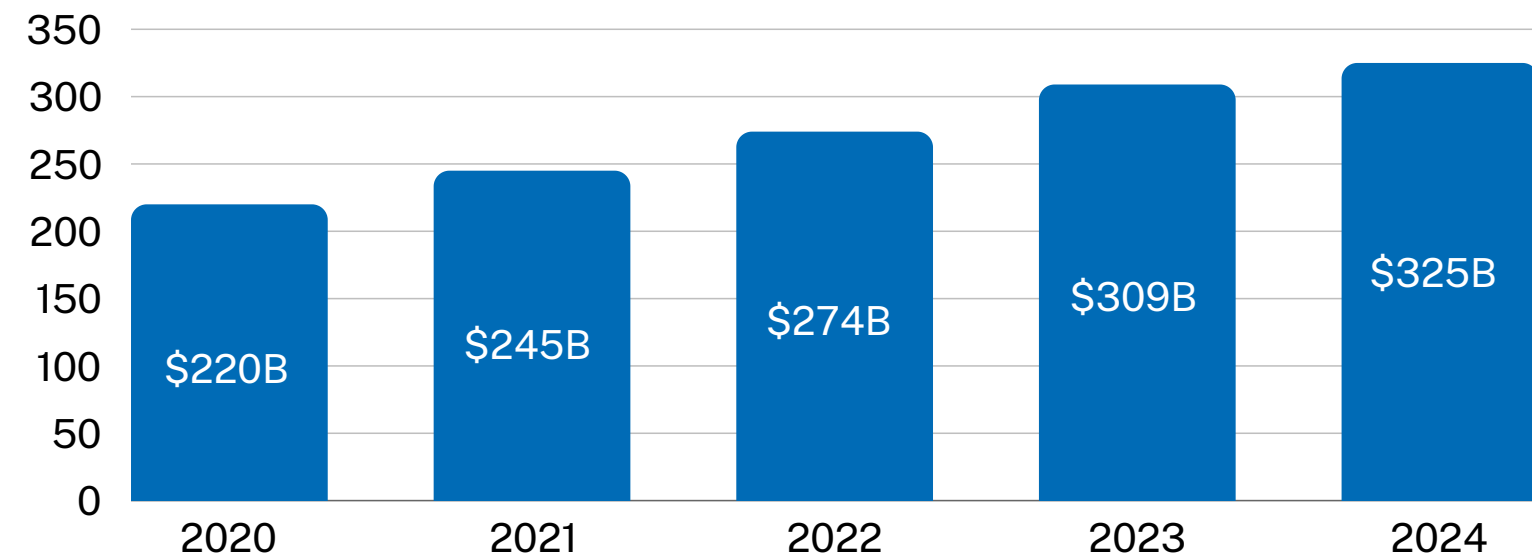


1930
Year Founded



48%
Funding Growth (20-24)

■ VA Funding (\$ Billions)

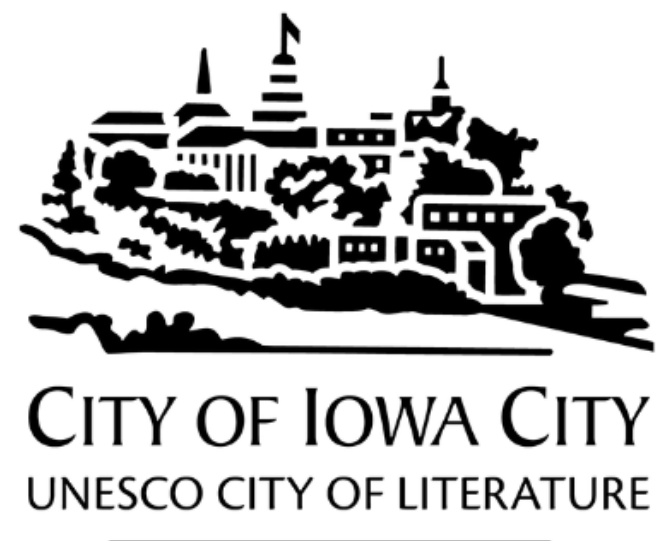


“As President Biden often says, our nation has a sacred obligation to support Veterans, their families, caregivers and survivors — and this proposed budget will help us do exactly that. With these historic investments, we at VA can continue to deliver more care and more benefits to more Veterans than ever before in our nation’s history.”

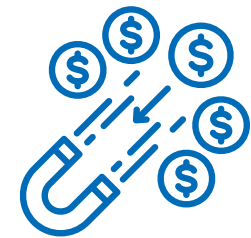
-VA Secretary Denis McDonough on the approved FY 2024 VA budget

LOCATION OVERVIEW

Iowa City, located in the eastern part of Iowa, is a vibrant college town known for its cultural and educational significance. Iowa City is home to the University of Iowa, a major public research university and a cornerstone of the city's identity and economy. Home to approximately 30,000 students, the University is one of the nation's leading public research universities offering over 200 areas of study. The city has a diverse and stable economy (2.4% unemployment rate), heavily influenced by education, healthcare, and a growing tech sector. Iowa City is a UNESCO City of Literature and has a rich cultural scene, including theaters, galleries, and music venues. The city's emphasis on arts and education attracts a diverse and educated population, making it a desirable place to live and work.



Economically diverse city with strong educational hub, low unemployment, stable real estate market and high quality of life



The city features a student population of over 30,000 and has become a hub of research and innovation



Easily accessible via two major highways - Interstate 80 and Interstate 380 - and the Eastern Iowa Airport



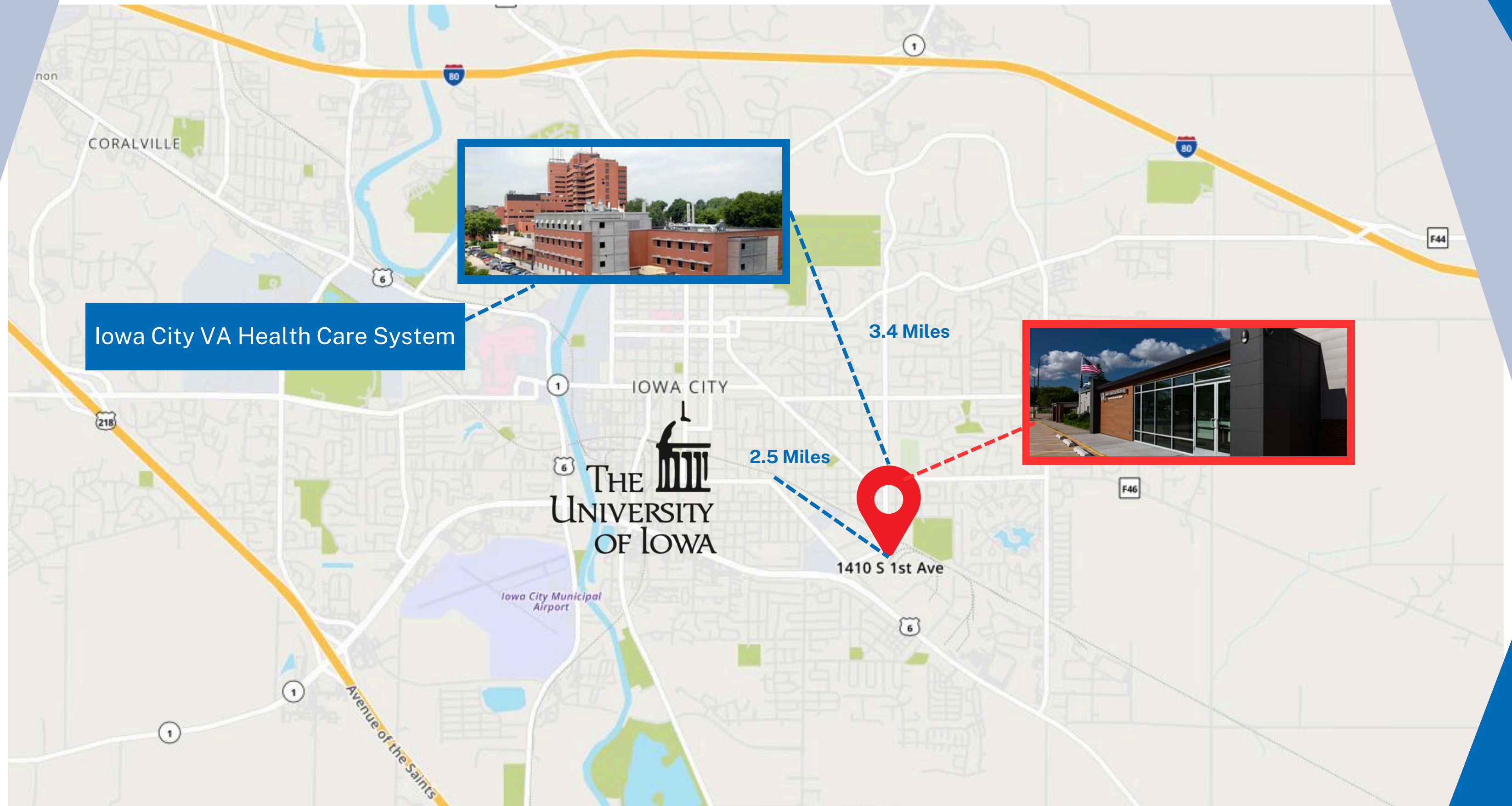
With a median home value of \$300,000, Iowa City attracts a diverse and educated consumer base

MAJOR EMPLOYERS



The Iowa River running through the campus of the University of Iowa in Iowa City.

REGIONAL MAP



Iowa City VA Health Care System

3.4 Miles

2.5 Miles

1410 S 1st Ave

THE UNIVERSITY OF IOWA

AERIAL



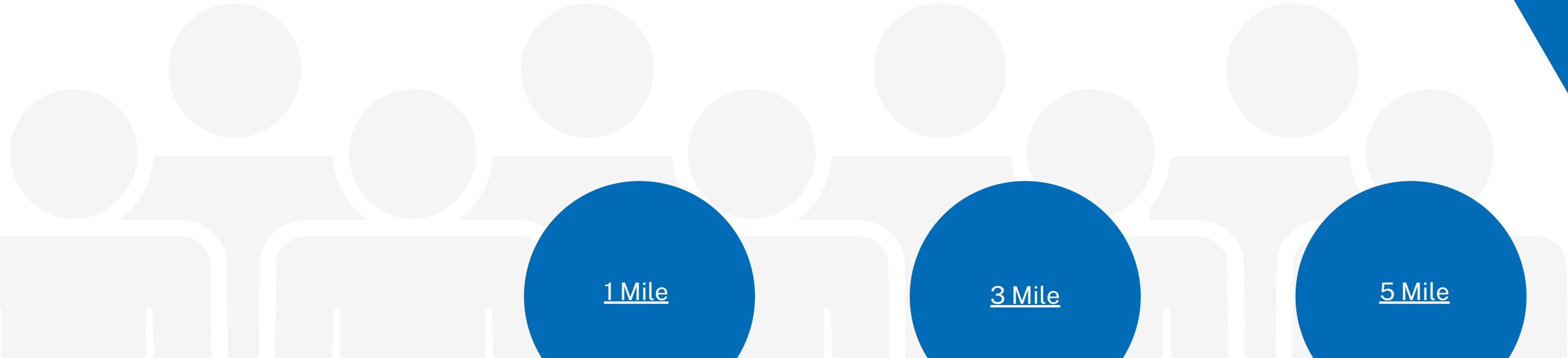
THE UNIVERSITY
OF IOWA



IOWA CITY
MUNICIPAL AIRPORT



DEMOGRAPHICS



1 Mile

3 Mile

5 Mile

Total Population (2020)	12,721	61,211	86,108
Total Population (2024)	11,702	62,097	88,646
Projected Population (2029)	12,063	65,199	93,315
Projected Growth (2024 - 2029)	0.6%	1.0%	1.1%
Median Age	36.9	28.7	29.3
Average Household Income	\$81,087	\$78,209	\$82,169

G&E Real Estate, Inc., dba Newmark, has been engaged as the exclusive sales representative for the sale of the fee simple interest in 1410 S 1st Avenue, Iowa City, Iowa (the “Property”).

The Property is being offered for sale in an “as-is, where-is” condition, and the Seller and the Agent make no representations or warranties as to the accuracy of the information contained in this Offering Memorandum. The enclosed materials include confidential information and are being furnished solely for the purpose of review by prospective purchasers (“Purchasers”) of the interest described herein for which it shall be fully and solely responsible. Neither the enclosed materials, nor any information contained herein, are to be used for any other purpose, or made available to any other person without the express written consent of the Seller.

The material contained herein is based on information and sources deemed to be reliable, but no representation or warranty, express or implied, is being made by the Agent or the Seller or any of their respective representatives, affiliates, officers, employees, shareholders, partners, and directors, as to its accuracy or completeness. Summaries contained herein of any legal or other documents are not intended to be comprehensive statements of the terms of such documents, but rather only outlines of some of the principal provisions contained therein. Neither the Seller nor the Agent shall have any liability whatsoever for any other written or oral communication or information transmitted, or made available, or any action taken, or decision made by the recipient with respect to the Property.

The Seller reserves the right, at its sole and absolute discretion, to withdraw the Property from the market for sale at any time and for any reason without notice, to reject any and all expressions of interest or offers regarding the Property, and/or to terminate discussions with any entity at any time, with or without notice. This Offering Memorandum is made subject to omissions, correction of errors, change of price or other terms, prior sale or withdrawal from the market without notice. The Agent is not authorized to make any representations or agreements on behalf of the Seller. The Seller shall have no legal commitment or obligation to any recipient reviewing the enclosed materials, performing additional investigation, and/or making an offer to purchase the Property unless and until a binding written agreement for the purchase of the Property has been fully executed, delivered, and approved by Seller and any conditions required under the contract for title to pass from the Seller to the buyer have been satisfied or waived.

By taking possession of and reviewing the information contained herein, the recipient agrees that (a) the enclosed materials and their contents will be held and treated in the strictest of confidence; and (b) the recipient shall not contact employees, contractors, sub-contractors or lien-holders of the Property directly or indirectly regarding any aspect of the enclosed materials or the Property without the prior written approval of the Seller or the Agent; and (c) no portion of the enclosed materials may be copied or otherwise reproduced without the prior written authorization of the Seller or the Agent.



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