

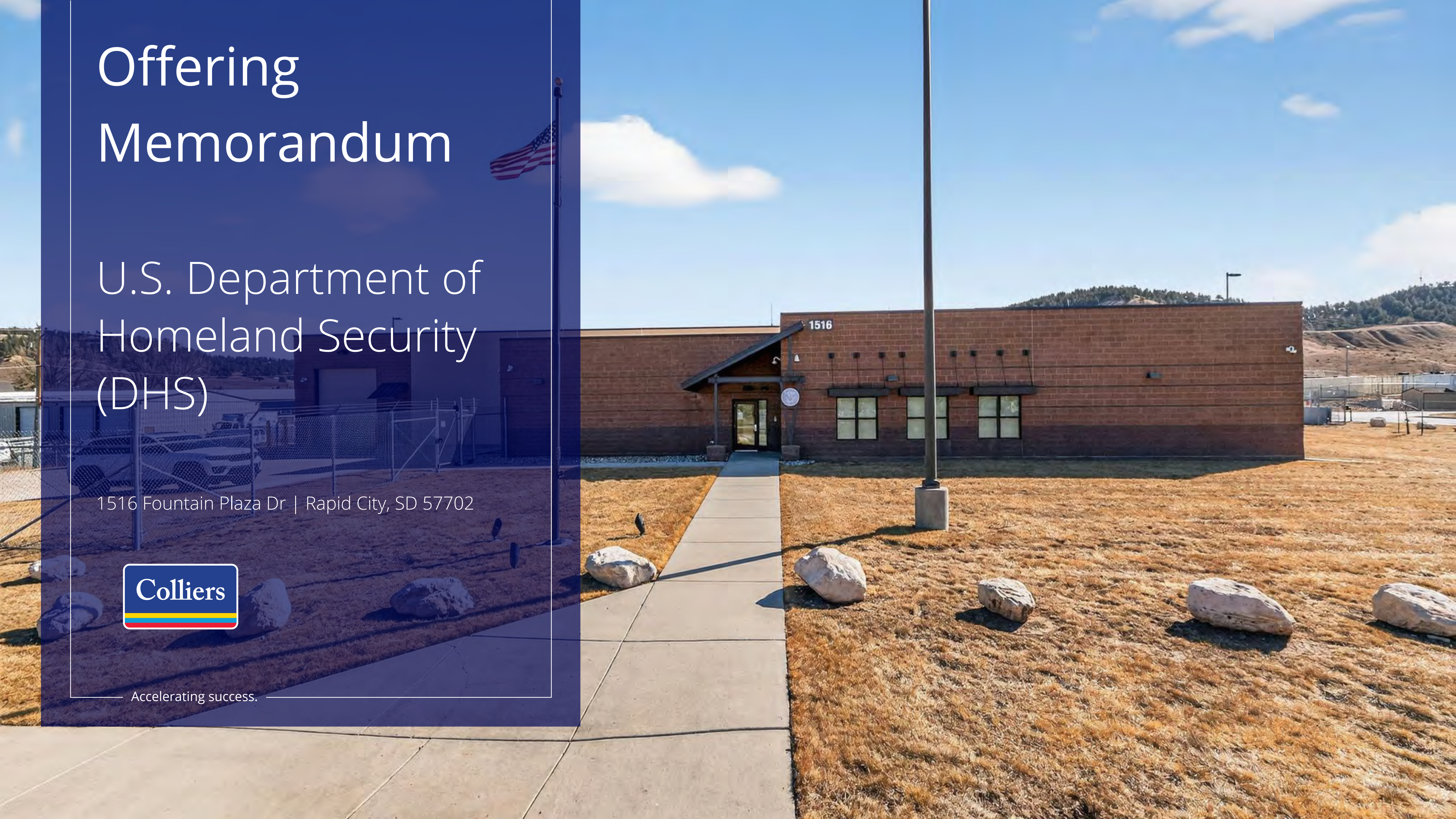
Offering Memorandum

U.S. Department of
Homeland Security
(DHS)

1516 Fountain Plaza Dr | Rapid City, SD 57702



Accelerating success.



Disclaimer

Colliers International Brokerage Company (“Broker”) has been retained as the exclusive advisor and broker for this offering.

This Offering Memorandum has been prepared by Broker for use by a limited number of parties and does not purport to provide a necessarily accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective Buyers may need or desire. All projections have been developed by Broker and designated sources and are based upon assumptions relating to the general economy, competition, and other factors beyond the control of the Seller and therefore are subject to variation. No representation is made by Broker or the Seller as to the accuracy or completeness of the information contained herein, and nothing contained herein shall be relied on as a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be correct, the Seller and its employees disclaim any responsibility for inaccuracies and expect prospective purchasers to exercise independent due diligence in verifying all such information. Further, Broker, the Seller and its employees disclaim any and all liability for representations and warranties, expressed and implied, contained in or omitted from the Offering Memorandum or any other written or oral communication transmitted or made available to the Buyer. The Offering Memorandum does not constitute a representation that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the Offering Memorandum. Analysis and verification of the information contained in the Offering Memorandum are solely the responsibility of the prospective Buyer.

Additional information and an opportunity to inspect the Property will be made available upon written request to interested and qualified prospective Buyers.

By accepting the Offering Memorandum, you agree to indemnify, defend, protect and hold Seller and Broker and any affiliate of Seller or Broker harmless from and against any and all claims, damages, demands, liabilities, losses, costs or expenses (including reasonable attorney’s fees, collectively “Claims”) arising, directly or indirectly from any actions or omissions of Buyer, its employees, officers, directors or agents.

Buyer shall indemnify and hold Seller and Broker harmless from and against any claims, causes of action or liabilities, including, without limitation, reasonable attorney’s fees and court costs which may be incurred with respect to any claims for other real estate commissions, broker’s fees or finder’s fees in relation to or in connection with the Property to the extent claimed, through or under Seller.

The Seller and Broker each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the Property and/or to terminate discussions with any entity at any time with or without notice. The Seller shall have no legal commitment or obligations to any entity reviewing the Offering Memorandum or making an offer to purchase the Property unless a written agreement for the purchase of the Property has been fully executed, delivered, and approved by the Seller and its legal counsel, and any conditions to the Seller’s obligation thereunder have been satisfied or waived.

The Offering Memorandum and the contents, except such information which is a matter of public record or is provided in sources available to the public, are of a

confidential nature. By accepting the Offering Memorandum, you agree that you will hold and treat it in the strictest confidence, that you will not photocopy or duplicate it, that you will not disclose the Offering Memorandum or any of the contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make an offer and from whom you have obtained an agreement of confidentiality) without prior written authorization of the Seller or Broker, and that you will not use the Offering Memorandum or any of the contents in any fashion or manner detrimental to the interest of the Seller or Broker.

No employee of seller or at the Subject Property is to be contacted without the written approval of the listing agents and doing so would be a violation of this confidentiality agreement.

Broker has created cash flow projections for the Property using Argus Financial Software. Neither Broker nor the Seller make any representation, warranty or guaranty of the economic value of the Property through the cash flow projections contained in this Offering or the associated Argus computer files.

Broker and their prospective buyers agree not to contact the tenants, their employees or customers of any business on the Property without prior permission from the Landlord.



Offering Summary	4
Property Profile	5
Demographics	8
Tenant Profile	9
Cash Flow	10
Pricing	11

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Offering Summary

1516 Fountain Plaza Dr
Rapid City, SD 57702



The Ficke Team of Colliers is pleased to present to qualified investors the opportunity to acquire the U.S. Department of Homeland Security facility located at 1516 Fountain Plaza, Rapid City, SD.

Built in 2011, the building comprises 28,300 square feet on 2.79 acres. It is currently 100% occupied by the U.S. Department of Homeland Security (DHS). The DHS occupies the space under a Modified Gross lease structure with a 10 Year Firm/15 Year Total lease term.

The Department of Homeland Security (DHS) is a cabinet-level federal agency responsible for protecting the United States against terrorism, natural disasters, and other threats while facilitating lawful immigration, trade, and travel. DHS oversees a broad portfolio of component agencies including U.S. Citizenship and Immigration Services (USCIS), the Federal Emergency Management Agency (FEMA), the Federal Protective Service (FPS), and the Transportation Security Administration (TSA). With over 240,000 employees, DHS is the third-largest cabinet department in the federal government and maintains an operational presence in every state and territory across the country.

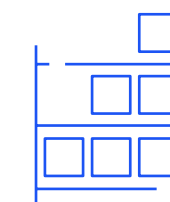
DHS field offices deliver a wide range of enforcement, investigative, and administrative services to the communities they serve. Core functions include immigration processing and biometric services, homeland security investigations, cybersecurity coordination with state and local partners, and the protection of federal facilities and personnel. Agents and officers operate across all 50 states in support of both national security objectives and regional public safety, working in close coordination with tribal, state, and local law enforcement agencies throughout their respective areas of responsibility.

Rapid City is the largest city in western South Dakota and serves as the region's primary hub for commerce, healthcare, and federal government operations. The city is home to a dense concentration of federal agencies driven in part by its proximity to Ellsworth Air Force Base, one of the nation's most strategically significant military installations and the designated home of the B-21 Raider stealth bomber program. As the federal anchor for a vast geographic service area spanning 18 counties across western South Dakota, the DHS presence in Rapid City reflects both the operational necessity and long-term commitment of the federal government to this market.



Federal Credit Tenant

U.S. Department of Homeland Security - AA+ S&P
Credit Rating



Mission Critical Location

Serving as the sole federal operations hub for 18
counties in western South Dakota.



Proximity to Ellsworth Air Force Base

Ellsworth Air Force Base anchors a deep federal
presence in Rapid City, supporting sustained
demand for government services and reinforcing
the long-term viability of federal tenancy in the
market.



Built-In Inflation Protection

Operating expense rent escalated annually by CPI,
providing a natural hedge against inflation and
protecting long-term investment returns.

Property Profile

Property Address 1516 Fountain Plaza Dr, Rapid City, SD 57702

Rentable Square Feet (RSF) 28,300

Lot Size (Acres) 2.79

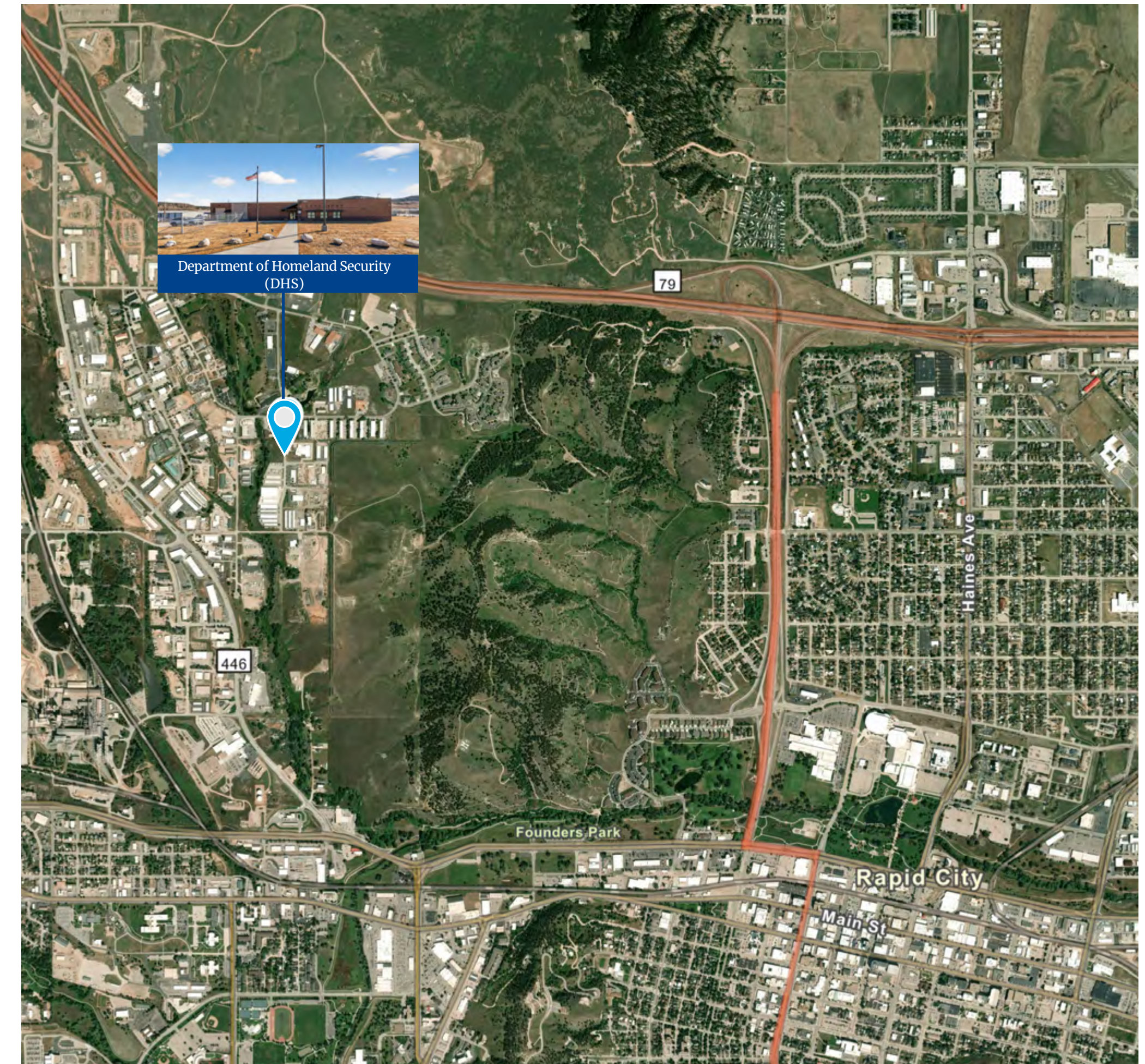
FAR 0.23

Year Built/Renovated 2011

County Pennington

APN 20-27-453-006

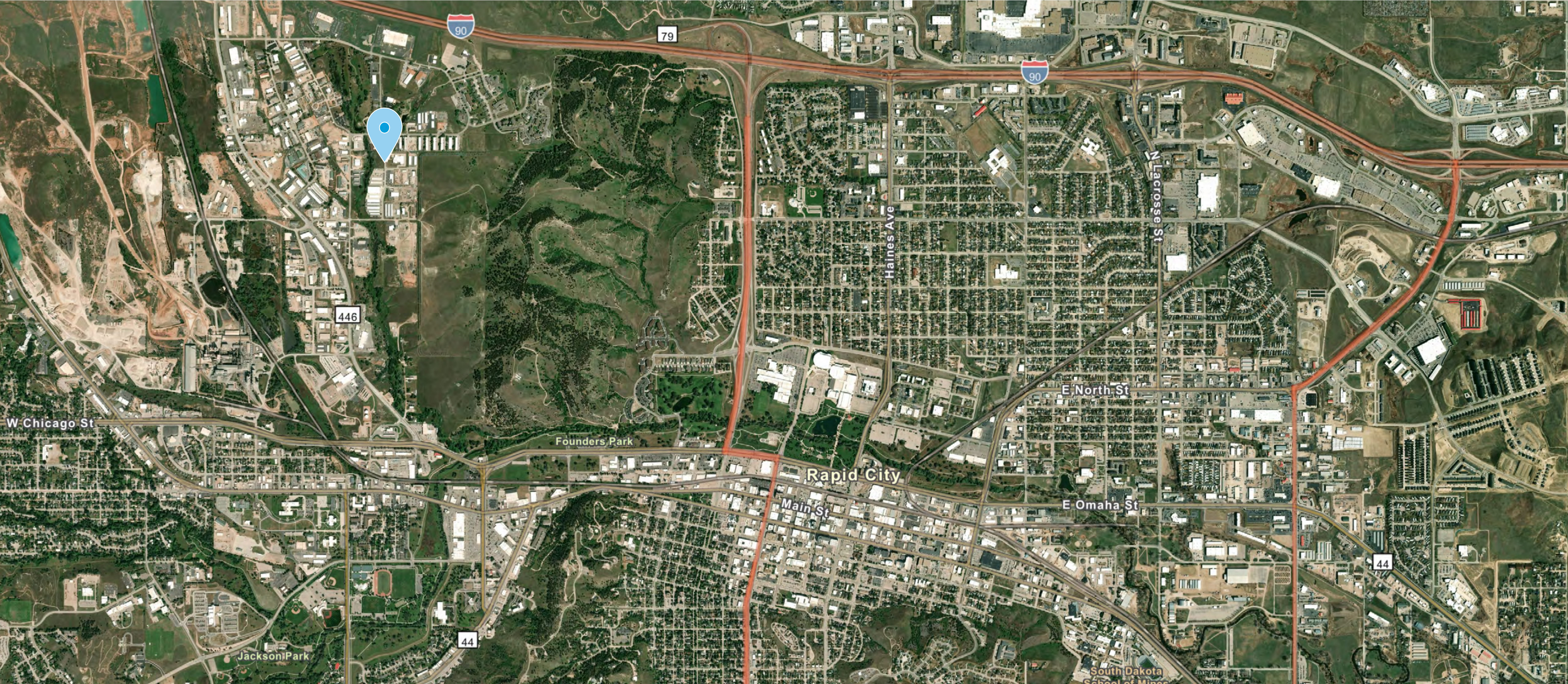
Ownership Type Fee Simple



Property Photography



Aerial Overview



Demographics

Rapid City's economy demonstrates strong fundamentals marked by steady output growth, healthy consumer activity, and a highly stable labor market. The metro area recorded a 1.9 percent increase in GDP in the most recent year and has maintained an average annual growth rate of 2.32 percent, with service-providing industries accounting for 73 percent of total economic output. Tourism continues to be a major economic contributor, with 3.9 million visitors in 2024 whose spending generated \$762 million in total business sales and supported more than 7,600 jobs across the region. Labor market conditions remain favorable, reflected in an unemployment rate of roughly 1.8 percent during 2024 and 2025, signaling a strong employment environment that supports business confidence and ongoing investment. Population growth and in-migration further reinforce the region's long-term economic potential, contributing to an active housing market and positioning Rapid City as a stable and attractive environment for continued business development.

Demographics in a 5-Mile Radius



\$96,914

Average Household Income



38%

Bachelor's/Graduate/Prof Degree



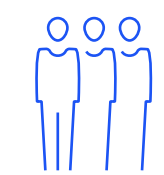
\$320,013

Median Home Value



33%

Undergraduate enrollment



73,556

Current Total Population



4,668

Total Businesses



31,671

Current Total Households



58,034

Total Employees



Tenant Overview



Department of Homeland Security (DHS)

The U.S. Department of Homeland Security (DHS) is a federal executive department established in 2002 in response to the September 11 attacks, tasked with safeguarding the nation through a broad portfolio that includes counterterrorism, border security, immigration and customs enforcement, cybersecurity, disaster response, and protection of critical infrastructure. It began operations in 2003 and is now one of the largest Cabinet departments, incorporating 22 federal agencies such as FEMA, TSA, CBP, ICE, the Secret Service, and the Coast Guard, and employing more than 240,000 personnel. DHS's mission centers on protecting the American people, the homeland, and national values by preventing and responding to threats, enhancing preparedness and resilience, and strengthening economic and national security.

Lease Information | Department of Homeland Security (DHS)

Lease Type	Modified Gross
Rentable Square Feet (RSF)	28,300
ANSI/BOMA Occupant Area (ABOA) Square Feet	27,087

Lease Information | Department of Homeland Security (DHS)

% Share of SF	100.00%
Lease Commencement	5/1/2022
Firm Term Expiration	4/30/2032
Lease Expiration	4/30/2037
Lease Firm Term	10.01
Lease Initial Total Term	15.01
Firm Term Remaining	6.16
Total Term Remaining	11.16
Real Estate Taxes	The Government shall pay its share of any increases and shall receive its share of any decreases in the Real Estate Taxes for the Property, such share of increases or decreases to be referred as a tax adjustment based on an established tax base.
Operating Expense	Government shall pay annual incremental adjusted rent for changes in costs for cleaning services, supplies, materials, maintenance, trash removal, landscaping, water, sewer charges, heating, electricity, and certain administrative expenses attributable to occupancy.
Shell Rental Rate/SF	\$21.96
Operating Expense Rent/SF	\$6.04
Total Rent Amount/SF	\$28.00
Real Estate Tax Base	\$68,885.10
Termination Notice	The Government may terminate this Lease, in whole or in parts, at any time effective after the Firm Term of this Lease, by providing not less than 90 days' prior written notice to the Lessor.

Commencement: 5/01/2022 Expiration: 4/30/2037	05/01/2022 - 04/30/2032 (Firm)			05/01/2032 - 04/30/2037 (Soft)		
	\$/SF	Annual	Monthly	\$/SF	Annual	Monthly
Base Rent	\$21.96	\$621,468.00	\$51,789.00	\$21.96	\$621,468.00	\$51,789.00
OpEx Rent	\$6.04	\$170,932.00	\$14,244.33	\$6.04	\$170,932.00	\$14,244.33
Total	\$28.00	\$792,400.00	\$66,033.33	\$28.00	\$792,400.00	\$66,033.33

Pro Forma Cash Flow

For the Years Ending ^[1]		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Total
		May-2027	May-2028	May-2029	May-2030	May-2031	May-2032	May-2033	May-2034	May-2035	May-2036	May-2037	
Rental Revenue	\$/SF												
DHS - Base Rent	\$21.96	621,468	621,468	621,468	621,468	621,468	621,468	621,468	621,468	621,468	621,468	621,468	6,836,148
Total Rental Revenue	\$21.96	621,468	621,468	621,468	621,468	621,468	621,468	621,468	621,468	621,468	621,468	621,468	6,836,148
Other Tenant Revenue													
DHS - OpEx Rent	[2] \$6.67	188,752	194,415	200,247	206,255	212,442	218,816	225,380	232,142	239,106	246,279	253,667	2,417,501
DHS - RE Tax Reimbursement	[3] \$0.20	5,628	7,863	10,166	12,537	14,980	17,496	20,088	22,757	25,506	28,338	31,254	196,613
Total Other Tenant Revenue	\$6.87	194,380	202,278	210,413	218,792	227,423	236,312	245,468	254,898	264,612	274,617	284,922	2,614,114
Effective Gross Revenue	\$28.83	815,848	823,746	831,881	840,260	848,891	857,780	866,936	876,366	886,080	896,085	906,390	9,450,262
Operating Expenses	[4]												
R&M	\$0.89	25,281	26,039	26,820	27,625	28,454	29,307	30,187	31,092	32,025	32,986	33,975	323,792
Pest Control	\$0.02	572	589	607	625	644	663	683	703	725	746	769	7,326
Supplies	\$0.01	256	264	272	280	288	297	306	315	325	334	344	3,282
Fire Life Safety	\$0.05	1,300	1,339	1,379	1,421	1,463	1,507	1,552	1,599	1,647	1,696	1,747	16,650
Janitorial	\$1.25	35,388	36,450	37,543	38,669	39,830	41,024	42,255	43,523	44,828	46,173	47,559	453,242
Trash Removal	\$0.08	2,347	2,417	2,490	2,564	2,641	2,721	2,802	2,886	2,973	3,062	3,154	30,057
Landscaping	\$0.39	10,915	11,242	11,579	11,927	12,285	12,653	13,033	13,424	13,827	14,241	14,669	139,794
Taxes	[5] \$2.63	74,513	76,749	79,051	81,423	83,865	86,381	88,973	91,642	94,391	97,223	100,139	954,350
Utilities	\$1.10	31,244	32,181	33,146	34,141	35,165	36,220	37,306	38,426	39,578	40,766	41,989	400,161
Insurance	\$0.64	18,227	18,774	19,337	19,917	20,515	21,130	21,764	22,417	23,090	23,782	24,496	233,450
Management Fee	[6] \$0.58	16,317	16,475	16,638	16,805	16,978	17,156	17,339	17,527	17,722	17,922	18,128	189,005
Total Operating Expenses	\$7.65	216,359	222,519	228,863	235,397	242,127	249,060	256,200	263,554	271,129	278,932	286,968	2,751,109
Net Operating Income	\$21.18	599,489	601,228	603,019	604,863	606,763	608,720	610,736	612,812	614,950	617,153	619,421	6,699,153

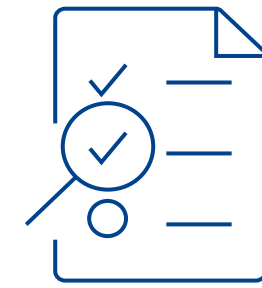
Notes to Cash Flow

1. Analysis start date begins on June 1, 2026.
2. DHS OpEx Base is \$170,932.00/annum - Subject to CPI Increases, figure illustrated above includes any previous or projected increases. Future CPI growth schedule is assumed: 3.0% Y-o-Y.
3. DHS has a real estate tax base of \$68,885.10/annum - Landlord is reimbursed any overage above this amount or covers any shortfall on behalf of the Government.
4. Operating expense source: Ownership provided 2023-2025 Y/E P&Ls - Analysis assumes 3.0% YoY growth every calendar year.
5. Real Estate Tax assumed per Pennington County Treasurer.
6. Management Fee is assumed to be 2.0% effective gross revenue (EGR).

Pricing

Sale Price
Price Unstated

A Formal Call for Offers Date will be
Established on a Date to be Determined.



Offering Instructions

Offers should be submitted via email to:

Geoff.Ficke@colliers.com, **Zack.Ficke@colliers.com**, &
Debra.VanderWeit@colliers.com

Please include the following:

1. Purchase price
2. Source of debt and equity
3. Earnest money deposit
4. Due diligence and closing timelines
5. Detailed list of contingencies including investment committee, appraisal, and/or Lender approval that may be required
6. Detailed list of closing cost responsibilities

Reach out to get started.



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