# Offering Memorandum

## U.S. Department of Veterans Affairs: Community Based Outpatient Clinic

160 Nautilus Dr | Hazard, KY 41701


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 |



**Broker of Record:**

**Christian Rahe**
Vice President
+1 513 562 2240
Christian.Rahe@colliers.com

**Exclusive Investment Advisory Team:**

**Geoff Ficke**
Executive Vice President
+1 972 759 7814
geoff.ficke@colliers.com

**Zack Ficke**
Vice President
+1 972 759 7854
zack.ficke@colliers.com

**Debra Vander Weit**
Vice President
+1 847 987 1265
debra.vanderweit@colliers.com

**Sydney Gonzalez**
Sr. Client Services Specialist
+1 972 759 7840
sydney.gonzalez@colliers.com

**Rokas Samas**
Marketing Specialist
+1 972 759 7824
rokas.samas@colliers.com

**Nash Corcoran**
Financial Analyst
+1 214 217 9366
nash.corcoran@colliers.com

**Debt & Structured Finance:**

**Shawn Givens**
Vice Chairman
+1 214 217 4868
shawn.givens@colliers.com

**Will Givens**
Senior Vice President
+1 214 217 4869
william.givens@colliers.com

**Robert Siddall**
Vice President
+1 214 217 4870
robert.siddall@colliers.com

**Ken Higgins**
Chief Transaction Analyst
+1 214 217 4871
ken.higgins@colliers.com

**Bryce Finley**
Financial Analyst
+1 214 217 1214
bryce.finley@colliers.com

# Offering Summary

## 160 Nautilus Dr
## Hazard, KY 41701

The Ficke Team of Colliers is pleased to present to qualified investors the opportunity to acquire the Department of Veterans Affairs facility located at 160 Nautilus Dr in Hazard, Kentucky. This 2026 build-to-suit development was designed specifically to meet the U.S. Department of Veterans Affairs' rigorous specifications. The first-generation lease includes a 10-year term, providing long-term, stable cash flow backed by an investment-grade federal tenant (S&P: AA+). The VA has invested substantial up-front capital into this mission-critical facility, ensuring the delivery of high-quality healthcare to the growing veteran population in northeast Kentucky.

The Hazard VA Clinic serves as the sole VA medical facility within a significant geographic radius of eastern Kentucky's Appalachian region, with the next closest clinic located approximately 90 miles away in Morehead, Kentucky - a nearly two-hour drive each way. Given this substantial distance, the facility serves as the primary access point for Perry County's 1,143 veterans and the broader veteran population across the surrounding rural counties of eastern Kentucky, part of the state's 235,118 total veteran population.

In 2022, 35.0% of Kentucky veterans reported having a disability, compared with 20.6% of the nonveteran population (USA Facts). This underscores the continued need for accessible and comprehensive healthcare facilities such as the new Hazard VA Clinic. The facility will provide a wide range of medical services, including primary care, behavioral health, women's health, and laboratory services. Replacing a 19-year well-established clinic, it significantly expands the VA's regional footprint and incorporates the latest federal standards for energy efficiency, sustainability, and accessibility.

As of Fiscal Year 2025, the U.S. Department of Veterans Affairs is operating under a proposed budget of $369.3 billion, a 10% increase over FY 2024, supporting critical improvements to VA medical infrastructure and services for veterans, caregivers, and their families.

**2026 Build-to-Suit**
New construction with significant TI investment funded directly by the VA

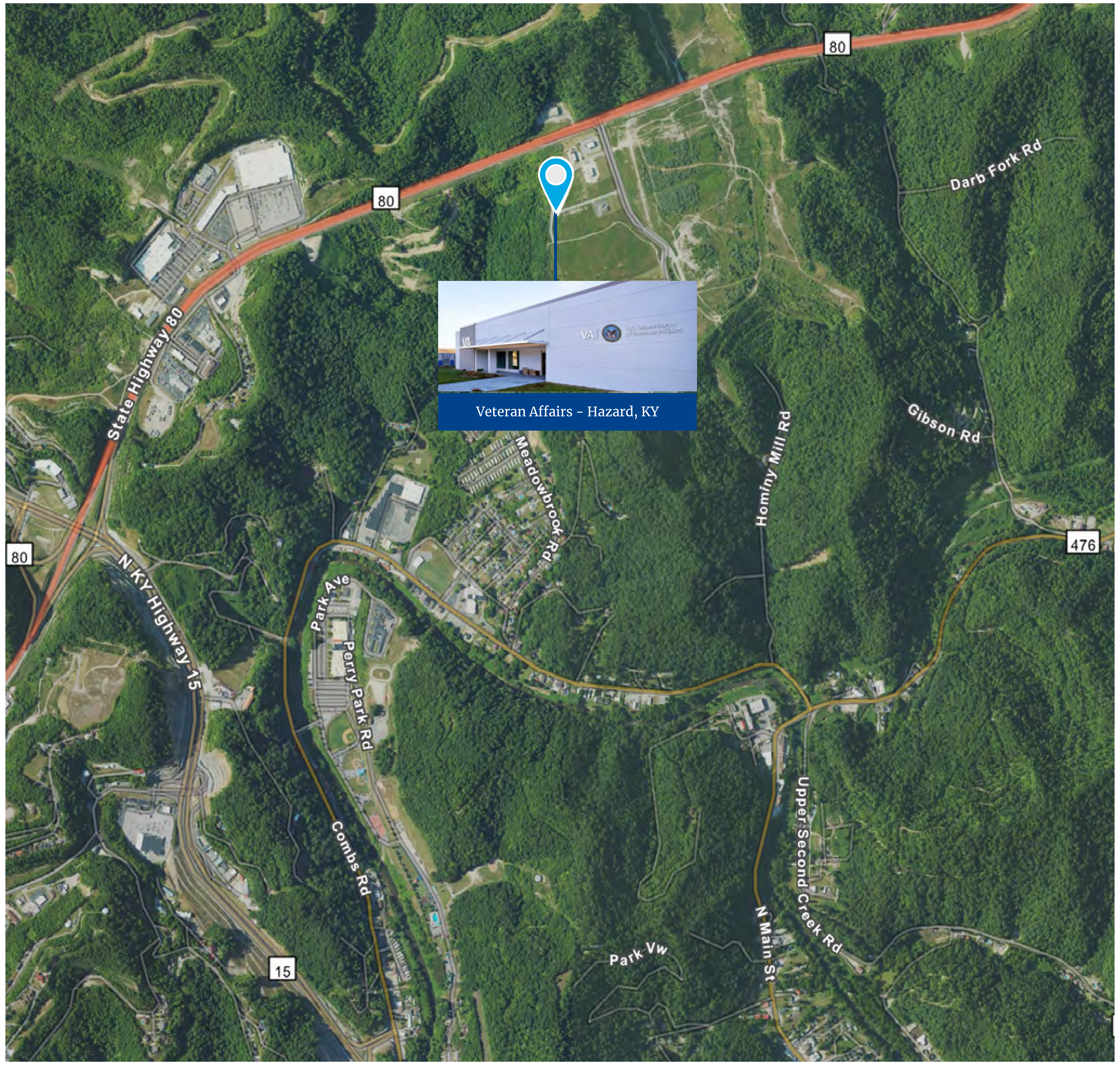
**Federal Credit Tenant**
U.S. Department of Veterans Affairs – S&P AA+ rating

**New 10-Year Lease**
Long-term lease providing stable cash flow

**Strategically Located in Hazard, KY**
Regional medical center with strong need for expanded federal veteran care

# Property Profile

| | |
|---|---|
| **Property Address** | 160 Nautilus Dr, Hazard, KY 41701 |
| **Rentable Square Feet (RSF)** | 16,837 |
| **Year Built** | BTS 2026 |
| **County** | Perry |
| **Property Use** | Healthcare |
| **Ownership Type** | Fee Simple |



# Aerial Overview

# Property Photography


# Demographics

Hazard, Kentucky is a small Appalachian town whose economy has historically been shaped by coal mining and manufacturing. In recent years, the community has been working to diversify its economic base, focusing on healthcare, education, and small business development. Local institutions like Hazard Community and Technical College play a key role in workforce training, while regional development initiatives aim to attract new industries and improve infrastructure. Though the area faces challenges typical of rural economies, such as limited job opportunities and population decline, there is a strong emphasis on revitalization and resilience through community-driven efforts and regional collaboration

**Demographics in a 5-Mile Radius**

$73,006
**Average Household Income**

19%
**Bachelor's/Graduate/Prof Degree**

$116,234
**Median Home Value**

32%
**Undergraduate enrollment**

13,787
**Current Total Population**

879
**Total Businesses**

5,613
**Current Total Households**

9,998
**Total Employees**

# Tenant Overview

## United States Department of Veterans Affairs

The VA is a federal Cabinet-level agency that provides near-comprehensive healthcare services to eligible military veterans at VA medical centers and outpatient clinks located throughout the country; several non-healthcare benefits including disability compensation, vocational rehabilitation, education assistance, home loans, and life insurance; and provides burial and memorial benefits to eligible veterans and family members at 135 national cemeteries. The VA CBOC provides a broad range of general medical and services for primary care patients. Services provided include: audiology, cardiology, dietary care, dermatology, optometry, phlebotomy, pharmaceutical, primary care, psychiatry, psychology, social work, smoking cessation, social work, nursing, wound care, diabetic and hypertension education. Veterans requiring hospitalization are assessed, stabilized and transferred to either local facilities or to nearby hospitals.

| Lease Information \| United States Department of Veterans Affairs | |
|---|---|
| Lease Type | Modified Gross |
| Rentable Square Feet (RSF) | 16,837 |
| ANSI/BOMA Occupant Area (ABOA) Square Feet | 13,469 |
| Lease Commencement | 3/24/2026 |
| Firm Term Expiration | 3/23/2031 |
| Soft Term Expiration | 3/23/2036 |
| Lease Firm Term | 5.00 |
| Lease Total Term | 10.00 |
| Operating Expense | Adjustments per lease. |
| Shell Rental Rate/SF | $36.01 |
| Current Operating Expense Rent | $10.29 |
| Total Rent Amount/SF | $46.30 |
| Real Estate Tax Base | N/A |
| 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. |

| Rent Schedule | 3/24/2026 - 3/23/2031 (Current - Firm) | | | 3/24/2031 - 3/23/2032 (Soft) | | | 3/24/2032 - 3/23/2033 (Soft) | | | 3/24/2033 - 3/23/2034 (Soft) | | | 3/24/2034 - 3/23/2035 (Soft) | | | 3/24/2035 - 3/23/2036 (Soft) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $/SF | Annual | Monthly | $/SF | Annual | Monthly | $/SF | Annual | Monthly | $/SF | Annual | Monthly | $/SF | Annual | Monthly | $/SF | Annual | Monthly |
| Base Rent | $36.01 | $606,300.37 | $50,525.03 | $41.41 | $697,220.17 | $58,101.68 | $41.41 | $697,220.17 | $58,101.68 | $41.41 | $697,220.17 | $58,101.68 | $41.41 | $697,220.17 | $58,101.68 | $41.41 | $697,220.17 | $58,101.68 |
| OpEx Rent | $10.29 | $173,252.73 | $14,437.73 | $11.94 | $201,033.78 | $16,752.82 | $12.29 | $206,926.73 | $17,243.89 | $12.66 | $213,156.42 | $17,763.04 | $13.03 | $219,386.11 | $18,282.18 | $13.43 | $226,120.91 | $18,843.41 |
| **Total** | **$46.30** | **$779,553.10** | **$64,962.76** | **$53.35** | **$898,253.95** | **$74,854.50** | **$53.70** | **$904,146.90** | **$75,345.58** | **$54.07** | **$910,376.59** | **$75,864.72** | **$54.44** | **$916,606.28** | **$76,383.86** | **$54.84** | **$923,341.08** | **$76,945.09** |

# Pro Forma Cash Flow

| For the Years Ending [1] | | | Year 1 Mar-2027 | Year 2 Mar-2028 | Year 3 Mar-2029 | Year 4 Mar-2030 | Year 5 Mar-2031 | Year 6 Mar-2032 | Year 7 Mar-2033 | Year 8 Mar-2034 | Year 9 Mar-2035 | Year 10 Mar-2036 | Year 11 Mar-2037 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Rental Revenue** | | **$/SF** | | | | | | | | | | | | |
| VA - Base Rent | [2] | *$36.01* | 606,300 | 606,300 | 606,300 | 606,300 | 606,300 | 697,220 | 697,220 | 697,220 | 697,220 | 697,220 | 801,803 | 7,319,406 |
| **Total Rental Revenue** | | ***$36.01*** | **606,300** | **606,300** | **606,300** | **606,300** | **606,300** | **697,220** | **697,220** | **697,220** | **697,220** | **697,220** | **801,803** | **7,319,406** |
| **Other Tenant Revenue** | | | | | | | | | | | | | | |
| VA - OpEx Rent | [3] | *$10.29* | 173,253 | 173,253 | 173,253 | 173,253 | 173,253 | 201,034 | 206,927 | 213,156 | 219,386 | 226,121 | 231,774 | 2,164,662 |
| **Total Other Tenant Revenue** | | ***$10.29*** | **173,253** | **173,253** | **173,253** | **173,253** | **173,253** | **201,034** | **206,927** | **213,156** | **219,386** | **226,121** | **231,774** | **2,164,662** |
| **Effective Gross Revenue** | | ***$46.30*** | **779,553** | **779,553** | **779,553** | **779,553** | **779,553** | **898,254** | **904,147** | **910,377** | **916,606** | **923,341** | **1,033,577** | **9,484,067** |
| **Operating Expenses** | [4] | | | | | | | | | | | | | |
| Cleaning | | *$2.46* | 41,472 | 42,509 | 43,572 | 44,661 | 45,777 | 46,922 | 48,095 | 49,297 | 50,530 | 51,793 | 53,088 | 517,714 |
| Heating | | *$1.31* | 22,113 | 22,666 | 23,232 | 23,813 | 24,409 | 25,019 | 25,644 | 26,285 | 26,943 | 27,616 | 28,307 | 276,047 |
| Electrical | | *$1.31* | 22,113 | 22,666 | 23,232 | 23,813 | 24,409 | 25,019 | 25,644 | 26,285 | 26,943 | 27,616 | 28,307 | 276,047 |
| Plumbing | | *$0.71* | 11,907 | 12,205 | 12,510 | 12,823 | 13,143 | 13,472 | 13,808 | 14,154 | 14,508 | 14,870 | 15,242 | 148,641 |
| A/C | | *$1.31* | 22,113 | 22,666 | 23,232 | 23,813 | 24,409 | 25,019 | 25,644 | 26,285 | 26,943 | 27,616 | 28,307 | 276,047 |
| Engineer | | *$1.93* | 32,500 | 33,313 | 34,145 | 34,999 | 35,874 | 36,771 | 37,690 | 38,632 | 39,598 | 40,588 | 41,603 | 405,713 |
| Landscaping | | *$1.01* | 17,010 | 17,435 | 17,871 | 18,318 | 18,776 | 19,245 | 19,726 | 20,220 | 20,725 | 21,243 | 21,774 | 212,344 |
| Taxes | | *$3.12* | 52,500 | 53,813 | 55,158 | 56,537 | 57,950 | 59,399 | 60,884 | 62,406 | 63,966 | 65,565 | 67,204 | 655,382 |
| Insurance | | *$0.51* | 8,505 | 8,718 | 8,936 | 9,159 | 9,388 | 9,623 | 9,863 | 10,110 | 10,363 | 10,622 | 10,887 | 106,172 |
| Other | [5] | *$0.24* | 4,025 | 4,126 | 4,229 | 4,334 | 4,443 | 4,554 | 4,668 | 4,784 | 4,904 | 5,027 | 5,152 | 50,246 |
| Management | [6] | *$1.16* | 19,489 | 19,489 | 19,489 | 19,489 | 19,489 | 22,456 | 22,604 | 22,759 | 22,915 | 23,084 | 25,839 | 237,102 |
| **Total Operating Expenses** | | ***$15.07*** | **253,747** | **259,603** | **265,606** | **271,759** | **278,066** | **287,498** | **294,271** | **301,219** | **308,336** | **315,640** | **325,709** | **3,161,454** |
| **Net Operating Income** | | ***$31.23*** | **525,806** | **519,950** | **513,947** | **507,794** | **501,487** | **610,756** | **609,876** | **609,158** | **608,270** | **607,701** | **707,868** | **6,322,614** |

Notes to Cash Flow

1. Analysis start date begins on March 24, 2026.
2. Tenant assumed to renew for 115% of previous shell rental rate in Year 11. OpEx Rent also assumed to increase by 2.5% in Year 11.
3. OpEx Rent increases per rent schedule in lease.
4. Operating expense source: Owner provided GSA 1217 - Analysis assumes 2.5% YoY growth every fiscal year.
5. Other Expenses include Fire Extinguishers, Pest Control, and Communications.
6. Management Fee assumed to be 2.5% of EGR.

# Pricing

Sale Price

**$6,800,000**

CAP Rate

**7.73%**

Please contact our Investment Sales Team for questions or more information.

# 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.

Colliers
Accelerating success.

Exclusive Investment Advisory Team:

**Geoff Ficke**
Executive Vice President
+1 972 759 7814
geoff.ficke@colliers.com

**Zack Ficke**
Vice President
+1 972 759 7854
zack.ficke@colliers.com

**Debra Vander Weit**
Vice President
+1 847 987 1265
debra.vanderweit@colliers.com

**Sydney Gonzalez**
Sr. Client Services Specialist
+1 972 759 7840
sydney.gonzalez@colliers.com

**Rokas Samas**
Marketing Specialist
+1 972 759 7824
rokas.samas@colliers.com

**Nash Corcoran**
Financial Analyst
+1 214 217 9366
nash.corcoran@colliers.com

Broker of Record:

**Christian Rahe**
Vice President
+1 513 562 2240
Christian.Rahe@colliers.com

**colliers.com**