

Offering Memorandum

State Of Kansas:
Department For
Children & Families

2601 S. Oliver St | Wichita, KS 67210

Colliers

Accelerating success.



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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.

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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

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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.



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Offering Summary

2601 S. Oliver St
Wichita, KS 67210



The Ficke Team of Colliers is pleased to present the exclusive investment opportunity to acquire The State of Kansas Department for Children and Families – Wichita Regional Headquarters office located at 2601 South Oliver Street in Wichita, KS.

The Kansas DCF Regional Headquarters offers investors over 97,532 square feet of office space and is 100% leased to the Kansas Department for Children and Families (DCF) providing investors with a premium credit investment vehicle (S&P AA-) encumbered by 20 year total lease term inclusive of two (5-year) renewal options.

Originally constructed in 1961, the property was previously occupied by Boeing and the U.S. Postal Service prior to the State of Kansas taking occupancy on July 1, 2015 following an extensive renovation-to-suit for DCF's Regional Headquarters. The property's roof and structure were built with reinforced concrete and a new Carlisle roof installed in September 2019.

The subject property is one of four total DCF Regional Headquarter locations throughout Kansas and oversees the DCF mission in the following 4 counties: Sedgwick, Butler, Pratt and Cowley.

Generating approximately \$857,538 in annual Net Operating Income with below-market rents in place, investors will realize significant cash-flow with minimal operating expense exposure due to the modified-NNN lease structure. Tenant bears sole responsibility for operating costs including utilities, property management, repairs and maintenance, parking lot maintenance, landscaping, snow removal, irrigation system maintenance, and janitorial. Owner responsibilities include roof, structure, HVAC replacement, and liability insurance. All other items will be billed to the Tenant.

Investors will realize significant upside as the rents increase every 5 years inclusive of the two (5-year) option periods available in the current lease.



Secure Long-Term Lease Through 2035

The property benefits from a long-duration lease that delivers predictable income well into the next decade.



Built-In Rental Growth

Scheduled 3% rental increases every five years provide a hedge against inflation and enhance long-term returns.



Rare Modified NNN Lease Structure

A modified triple-net lease minimizes landlord responsibilities while preserving upside through structured rent growth.



Recently Renovated

A new roof installed in September 2019 reduces near-term capital expenditure risk and supports long-term asset durability.

Property Profile

Property Address 2601 S. Oliver St, Wichita, KS 67210

Rentable Square Feet (RSF) 97,532

Lot Size (Acres) 13.88

FAR 0.16

Year Built/Renovated 1961 / 2019

Lease Guarantor State of Kansas

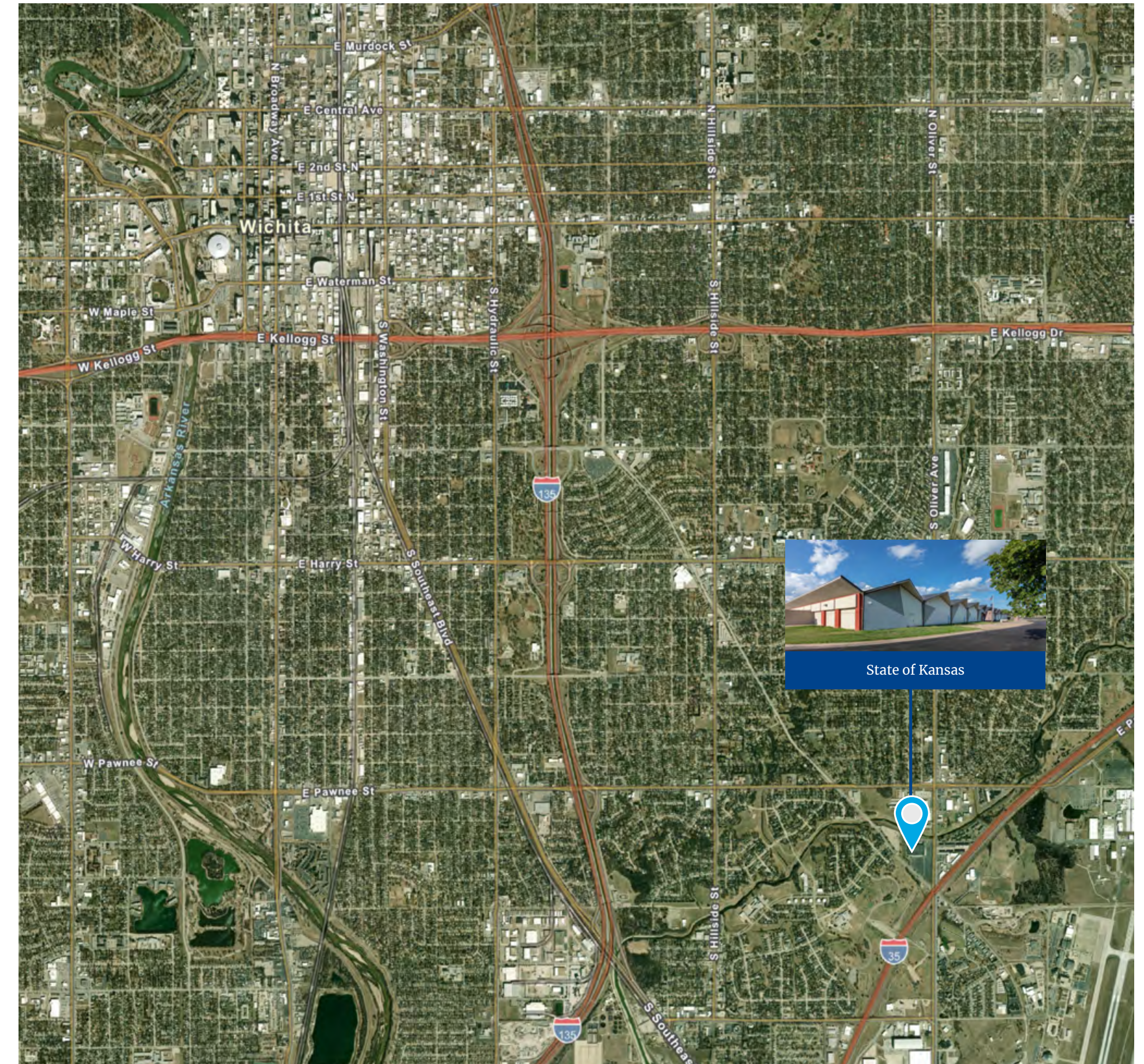
Lease Type Modified Net Lease

Ownership Private

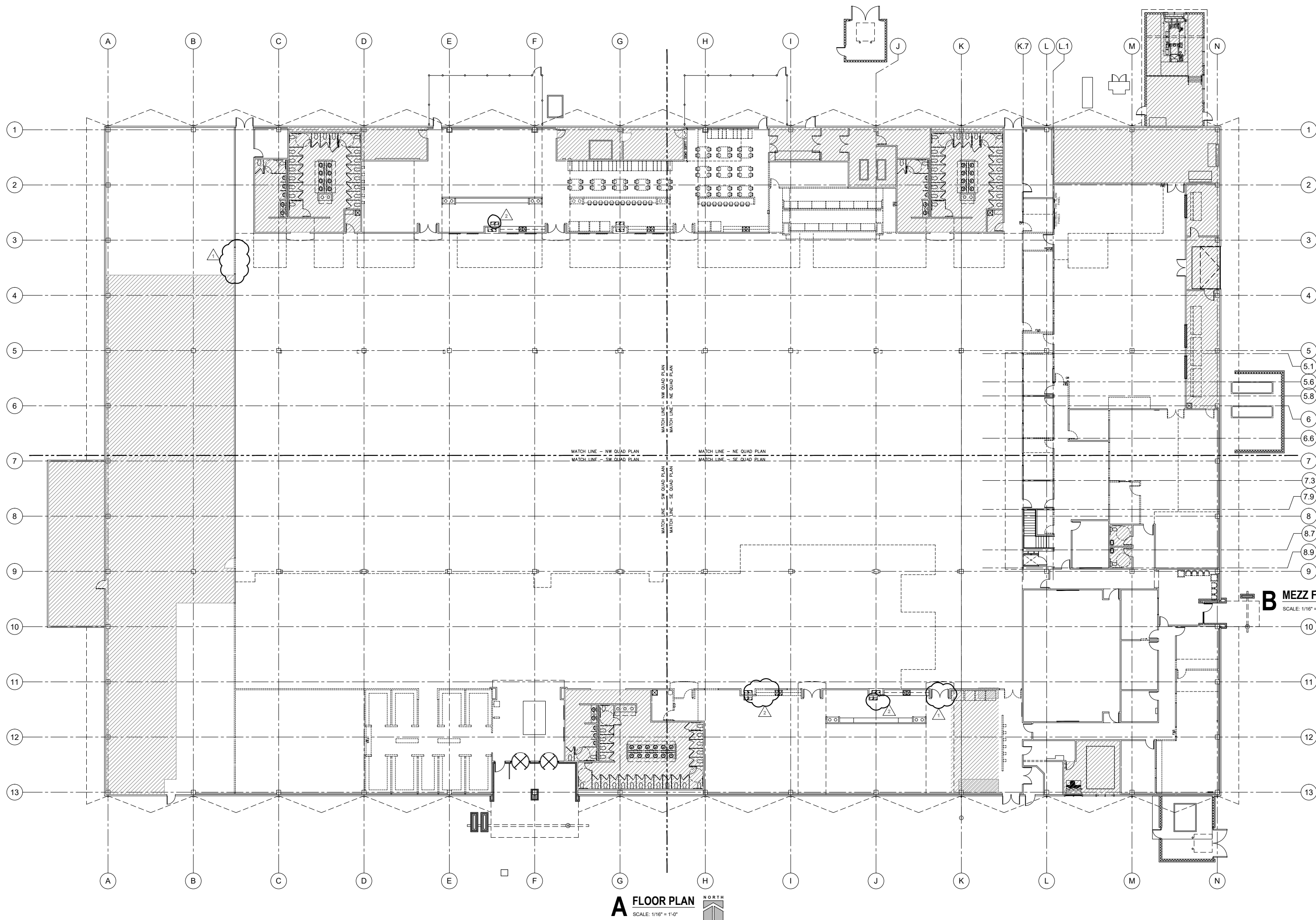
Property Type Office

APN 087-211-02-0-14-01-001.01

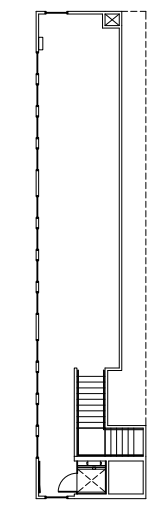
Ownership Type Fee Simple



Floor Plan



INSPIRED SPACE
Tel: 316.263.4300
Fax: 316.263.4301
800 E. First, Suite 140
Wichita, Kansas 67202
SHELDENARCHITECTURE.COM



BARRETT - DCF
2601 S. OLIVER - WICHITA, KS 67210

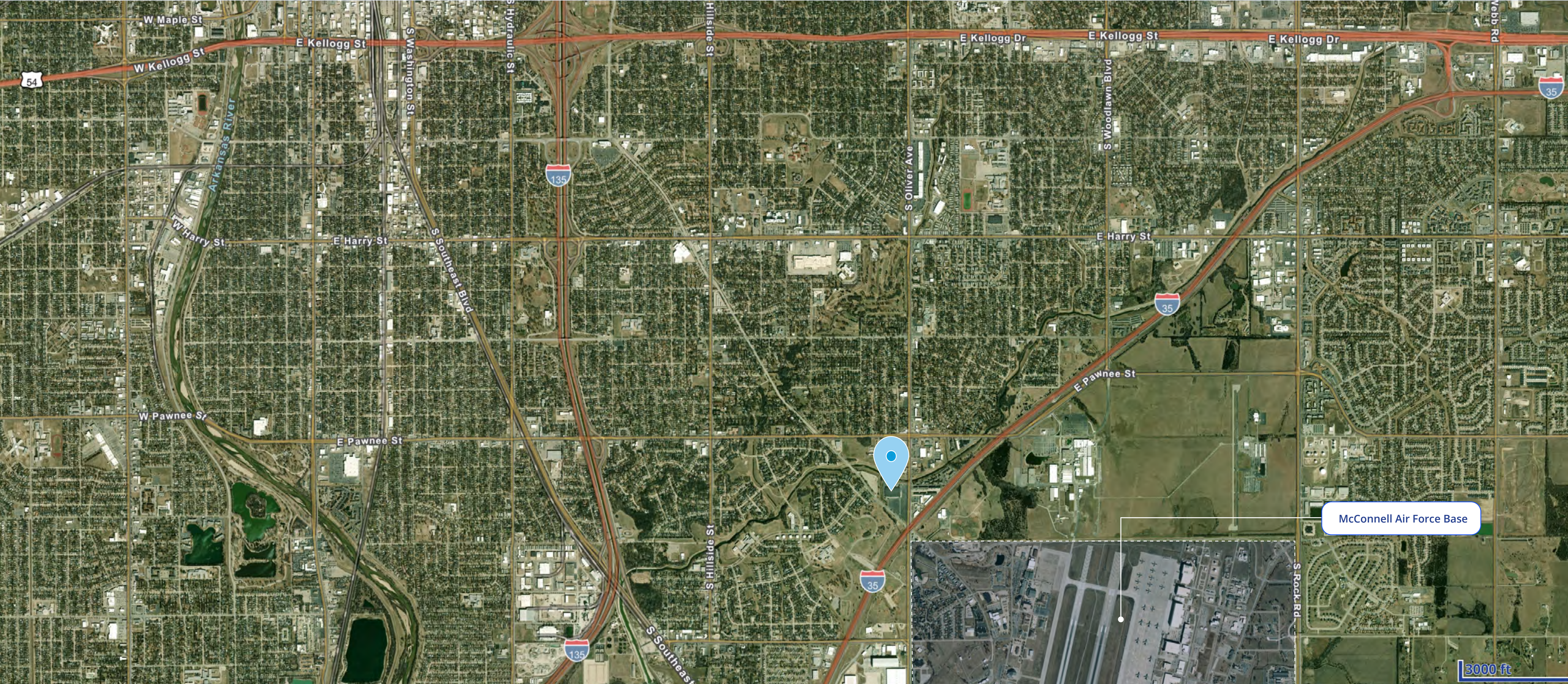
PROJECT NO.	13-0064
ISSUE:	DATE:
PERMIT / PRICING	19 DEC 14
PERMIT REVISIONS	20 FEB 15
PERMIT REVISIONS	05 MAR 15

OVERALL DEMO PLAN

D1.0

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Aerial Overview



Demographics

As an industrial hub, Wichita is a regional center of culture, media, and trade. It hosts several universities, large museums, theaters, parks, and entertainment venues, notably Intrust Bank Arena and Century II Performing Arts & Convention Center. The city's Old Cowtown Museum maintains historical artifacts and exhibits on the city's early history. Wichita State University is the third-largest post-secondary institution in the state.

Wichita is the birthplace of famous restaurants such as White Castle and Pizza Hut with other corporations such as Koch Industries, Cargill, Coleman, Cessna, Pizza Hut, Beechcraft, and Freddy's Frozen Custard & Steakburgers all having headquarters in the market.

Demographics in a 5-Mile Radius



\$72,832

Average Household Income



24%

Bachelor's/Graduate/Prof Degree



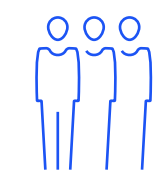
\$167,258

Median Home Value



31%

Undergraduate enrollment



181,476

Current Total Population



7,900

Total Businesses



74,869

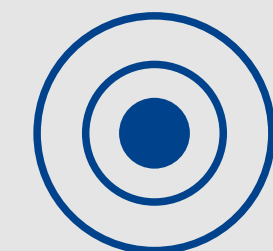
Current Total Households



117,870

Total Employees

Sedgwick County



Tenant Overview



Department for Children and Families (DCF)

The Department for Children and Families (DCF) is a cabinet-level agency headed by a secretary appointed by the Governor. The mission of the agency is to protect children, promote healthy families, and encourage personal responsibility.

The Department operates through ten programs: Administration, Licensing, Child Support Services, Economic and Employment Services, Rehabilitation Services, Prevention and Protection Services, Developmental Disabilities Council, Client Services Delivery, Transfers to Other State Agencies, and Faith Based Community Initiatives.

DCF oversees state and federal programs for social services, public assistance, and rehabilitation services. The agency focuses on protecting children and preventing abuse and neglect, strengthening families to successfully care for their children, and achieving permanent homes for children in need of care by reuniting them with their families or by adoptions. These services are provided by Protection and Prevention Services. DCF provides services to vulnerable low-income families and adults with disabilities while providing a path out of poverty. The agency promotes self-sufficiency through employment and child support services. These services are provided by the Economic and Employment Services Program, Child Support Services, and Rehabilitation Services, the latter of which serves adults and youth with disabilities. DCF works with community partnerships to accomplish its mission. The agency has a statewide presence, administering four regions, 36 offices, and over 2,500 employees.

Lease Abstract | Department of Children & Families (DCF)

Lease Type	Modified Net Lease
Rentable Square Feet (RSF)	97,532
% Share of SF	100.00%
Lease Commencement	7/1/2015
Lease Expiration	6/30/2035
Lease Term	20.01
Lease Term Remaining	9.40
Options Details	Two (2) 5-Year Options
Current Base Rental Rate/SF	\$6.83
Tenant Improvement Rent/SF	\$2.00
Total Rent Amount/SF	\$8.83
Landlord Responsibilities	Roof & Structure, HVAC Replacement, & General Liability Insurance
Termination Notice	The Lessee shall have the right to terminate this Lease at any any time by giving a reasonable notice, if the Legislature fails to allocate sufficient funds to the Lessee for the rental payments required under this lease.

Commencement: 7/1/2015 Expiration: 6/30/2035	07/01/2015 - 06/30/2020			07/01/2020 - 06/30/2025			07/01/2025 - 06/30/2030 (Current)			07/01/2030 - 06/30/2035		
	\$/SF	Annual	Monthly	\$/SF	Annual	Monthly	\$/SF	Annual	Monthly	\$/SF	Annual	Monthly
Base Rent ^[1]	\$5.00	\$487,660.00	\$40,638.33	\$6.15	\$599,821.80	\$49,985.15	\$6.83	\$666,143.56	\$55,511.96	\$7.03	\$685,649.96	\$57,137.50
Tenant Improvements (TI) Rent	\$2.00	\$195,064.00	\$16,255.33	\$2.00	\$195,064.00	\$16,255.33	\$2.00	\$195,064.00	\$16,255.33	\$2.00	\$195,064.00	\$16,255.33
Total	\$7.00	\$682,724.00	\$56,893.67	\$8.15	\$794,885.80	\$66,240.48	\$8.83	\$861,207.56	\$71,767.30	\$9.03	\$880,713.96	\$73,392.83

[1] Base Rent and TI Rent to be paid on a quarterly basis based on a lease year.

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
			Jun-2027	Jun-2028	Jun-2029	Jun-2030	Jun-2031	Jun-2032	Jun-2033	Jun-2034	Jun-2035	Jun-2036	Jun-2037	
Rental Revenue		\$/SF												
Department of Children & Families (DCF) - Base Rent	[2]	\$6.83	666,144	666,144	666,144	666,144	685,650	685,650	685,650	685,650	685,650	754,215	754,215	7,601,254
Total Rental Revenue		\$6.83	666,144	666,144	666,144	666,144	685,650	685,650	685,650	685,650	685,650	754,215	754,215	7,601,254
Other Tenant Revenue	[3]													
Department of Children & Families (DCF) - TI Rent	[4]	\$2.00	195,064	195,064	195,064	195,064	195,064	195,064	195,064	195,064	195,064	195,064	195,064	2,145,704
Department of Children & Families (DCF) - OpEx Rent	[5]	\$1.86	181,302	185,942	190,722	195,644	201,318	206,540	211,919	217,460	223,166	231,165	237,219	2,282,396
Department of Children & Families (DCF) - RE Taxes Rent	[6]	\$2.17	211,430	217,773	224,306	231,035	237,966	245,105	252,458	260,032	267,833	275,868	284,144	2,707,952
Department of Children & Families (DCF) - Insurance Rent	[7]	\$0.21	20,239	20,846	21,472	22,116	22,779	23,463	24,167	24,892	25,638	26,407	27,200	259,218
Total Other Tenant Revenue		\$6.23	608,035	619,626	631,563	643,859	657,127	670,172	683,608	697,447	711,702	728,504	743,627	7,395,271
Effective Gross Revenue		\$13.06	1,274,179	1,285,769	1,297,707	1,310,003	1,342,777	1,355,822	1,369,258	1,383,097	1,397,352	1,482,719	1,497,842	14,996,525
Operating Expenses	[8]													
G&A		\$0.00	138	142	146	151	155	160	165	170	175	180	185	1,767
R&M		\$0.80	78,494	80,849	83,274	85,773	88,346	90,996	93,726	96,538	99,434	102,417	105,489	1,005,335
Contract Services		\$0.08	8,060	8,302	8,551	8,807	9,072	9,344	9,624	9,913	10,210	10,516	10,832	103,231
Landscaping		\$0.57	55,965	57,644	59,373	61,154	62,989	64,879	66,825	68,830	70,895	73,022	75,212	716,788
Security Services		\$0.00	420	433	446	459	473	487	502	517	532	548	564	5,379
Insurance	[9]	\$0.25	23,908	24,626	25,364	26,125	26,909	27,716	28,548	29,404	30,286	31,195	32,131	306,214
Property Taxes		\$2.17	211,430	217,773	224,306	231,035	237,966	245,105	252,458	260,032	267,833	275,868	284,144	2,707,952
Management Fee	[10]	\$0.39	38,225	38,573	38,931	39,300	40,283	40,675	41,078	41,493	41,921	44,482	44,935	449,895
Total Operating Expenses		\$4.27	416,641	428,341	440,392	452,805	466,193	479,362	492,925	506,896	521,286	538,228	553,494	5,296,562
Net Operating Income		\$8.79	857,538	857,428	857,315	857,198	876,584	876,460	876,333	876,201	876,066	944,491	944,348	9,699,963

Notes to Cash Flow

- Analysis start date begins on July 1, 2026.
- Analysis assumes DCF will exercise the first 5-year option at 110% of previous rental rate upon lease expiration.
- Tenant reimbursements billed in arrears and reconciled on calendar year basis. Modeled at current year recoverable expenses for cash flow purposes.
- Analysis assumes DCF will continue to pay \$195,064 annually for improvement rent through the option.
- Lessee agrees to pay to Lessor the actual amount of the operating expenses on annual basis.
- Lessee agrees to pay to Lessor an annual amount equal to the actual Real Estate Taxes.
- Lessee agrees to pay to Lessor an annual amount equal to the actual Lessor's insurance premiums, but not including comprehensive general liability insurance.
- Operating expense source: Owner provided property level P&Ls - Analysis assumes 3.0% YoY growth every calendar year.
- Total insurance of \$23,908 includes non-recoverable general liability of \$3,669. Insurance policy renews in March each year.
- Management Fee is assumed to be 3.0% of effective gross revenue (EGR).

Pricing

Sale Price

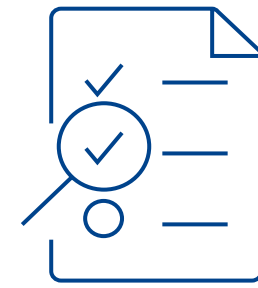
\$11,000,000

(\$112.78/SF)

CAP Rate

7.80%

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.



Accelerating success.

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