



3920 WEST LINDA VISTA BLVD TUCSON, AZ

VA

U.S. Department
of Veterans Affairs

Zero-Cash-Flow Structure | Investment Grade Tenant (S&P: AA+) | Long Term Lease with Rental Escalations

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The Offering.

Thomas Company has been retained to offer a fee simple, 24,075 square foot VA outpatient facility in Tucson, Arizona. The offering is structured as a zero-cash-flow investment with \$9.5 million of existing debt at a 3.40% blended rate and \$2.0 million of required equity, representing a purchase price approximately 21.00% over the current combined debt balance an investor can acquire a \$11.5 million institutional-quality federal asset for just \$2.0 million in equity, representing an exceptional entry point into one of the most credit-secure investment structures available in the market.

Investment Highlights

Strong Federal Government Credit

The tenant is the United States of America, acting through the Department of Veterans Affairs (VA) — the full faith and credit of the federal government. The VA is one of the largest healthcare systems in the United States, operating hundreds of medical centers, outpatient clinics, and community-based facilities nationwide. As a federal tenant, the VA represents the strongest possible credit covenant available in the commercial real estate market, effectively eliminating tenant credit risk entirely.

Long-Term Lease

With approximately 15 years of remaining term on a 20-year fully firm lease, the government-backed rent obligations provide exceptional stability and duration. Annual rent grows approximately 6% every 5 years, with an operating cost reimbursement of \$305,539 that is annually adjusted by the previous year's CPI. While the landlord is responsible for the operating expenses, the expense structure and government-backed collections create a predictable operating environment with no multi-tenancy risk and no end-of-term restoration obligations.

Mission Critical Tucson VA

The subject property is one of only three VA healthcare facilities serving the greater Tucson metropolitan area, purpose-built to deliver essential outpatient care to a rapidly growing veteran population. With approximately 74,000 veterans in the broader Tucson area, representing roughly 7% of the city's total population, demand for VA healthcare services remains consistently high. As a newly constructed, purpose-built clinic, this facility represents a critical component of the VA's regional healthcare infrastructure, making it virtually irreplaceable within the network and reinforcing the long-term stability of its federal tenancy.

Zero Cash Flow Structure for Passive Tax Deferred Exchange

The zero cash flow structure, including a pay-down/re-advance feature, enables investors to meet larger exchange requirements while minimizing upfront equity. With a fully executed federal government lease backed by the full faith and credit of the United States, investors benefit from a predictable CPI based expense reimbursement structure for the term duration.



Investment Thesis.

This newly constructed Community Based Outpatient Clinic represents one of only three VA healthcare facilities serving the greater Tucson area, a region home to approximately 74,000 veterans. With Davis-Monthan Air Force Base, one of the largest active-duty Air Force installations in the country with over 5,000 military personnel, located just 35 minutes away, and Tucson ranking among the most affordable major Sun Belt cities driving strong veteran retiree in-migration, this asset serves a large, growing, and underserved veteran population, making it among the most mission-critical VA facilities in the Southwest.

Key Investment Attributes

Small Equity Check for an Institutional Quality Asset

At \$2.0 million in required equity, investors gain direct ownership of a \$11.5 million federal government-leased medical facility, an entry point that would be unattainable for most institutional-grade assets of this caliber. The zero-cash-flow structure, supported by below-market debt at a 3.40% blended rate, allows investors to control a fully executed, government-backed asset with minimal capital outlay while benefiting from the full credit strength of the United States government.

Annual Depreciation & Tax Shelter

The structure generates meaningful annual tax advantages that investors may use to offset income from other qualifying investments throughout the hold period. With a depreciable asset basis nearing the purchase price, investors benefit from substantial annual depreciation deductions, further enhanced through cost segregation analysis, which can accelerate depreciation into the early years of ownership and dramatically increase the near-term tax benefit. The pay-down/re-advance feature further enhances the tax benefits by allowing 1031 exchange investors to meet larger exchange requirements with minimal upfront equity, effectively replacing a greater amount of taxable gain while deferring capital gains tax obligations, making this structure particularly compelling for investors seeking maximum tax efficiency alongside sovereign credit security.

Core Government Asset

The subject property is one of only three VA healthcare facilities serving a veteran population of approximately 74,000 across the greater Tucson metropolitan area, a chronic undersupply that makes each location, including this newly constructed clinic an irreplaceable component of the region's federal healthcare infrastructure. As the newest and most modern of the three facilities, this purpose-built outpatient clinic was designed specifically to address growing demand driven by Davis-Monthan Air Force Base and Tucson's emergence as one of the most affordable Sun Belt cities for veteran retirees, making the likelihood of lease non-renewal or relocation minimal, and reinforcing the long-term stability of its federal tenancy.

Strategic Defense & Federal Presence

Tucson's defense ecosystem, anchored by Davis-Monthan Air Force Base, RTX/Raytheon's significant regional operations, and a broad base of aerospace and defense employers, creates one of the Southwest's most concentrated federal employment markets. This infrastructure drives a continuous pipeline of active-duty personnel, veterans, and military retirees into the Tucson area, directly expanding the population for VA healthcare services and reinforcing the long-term demand fundamentals underpinning this asset's mission-critical federal tenancy.

Executive Summary.

PROPERTY SUMMARY

| | |
|--------------------------------|--|
| Price | \$11,505,146 |
| Equity Required | \$2,000,000 |
| Percentage Over Debt Balance | 21.00% |
| Debt Balance (as of 7/14/2026) | \$9,505,146 |
| Address, City, State | 3920 West Linda Vista Blvd, Tucson, AZ |
| Property Type | Medical Office |
| Total Rent (as of 6/1/2026) | \$1,054,794 |
| Operating Expenses | \$417,541 |
| NOI | \$637,253 |
| Year Built | 2021 |
| Building SF | 24,075 |
| Land/Lot Size (Acres) | 3.80 |

LEASE SUMMARY

| | |
|---------------------------|---|
| Lease Type | Modified Gross (N) |
| Tenant | The U.S. Department of Veterans Affairs |
| Guarantor | The United States of America (S&P: AA+) |
| Landlord Responsibilities | All Operating Expenses |
| Lease Commencement Date | 6/1/21 |
| Lease Expiration Date | 5/31/41 |
| Lease Term (Remaining) | 15 Years |
| Renewal Options | No option periods |
| Rental Escalations | Approximately 6% every 5 Years |



REPRESENTATIVE PHOTO

Income Statement.

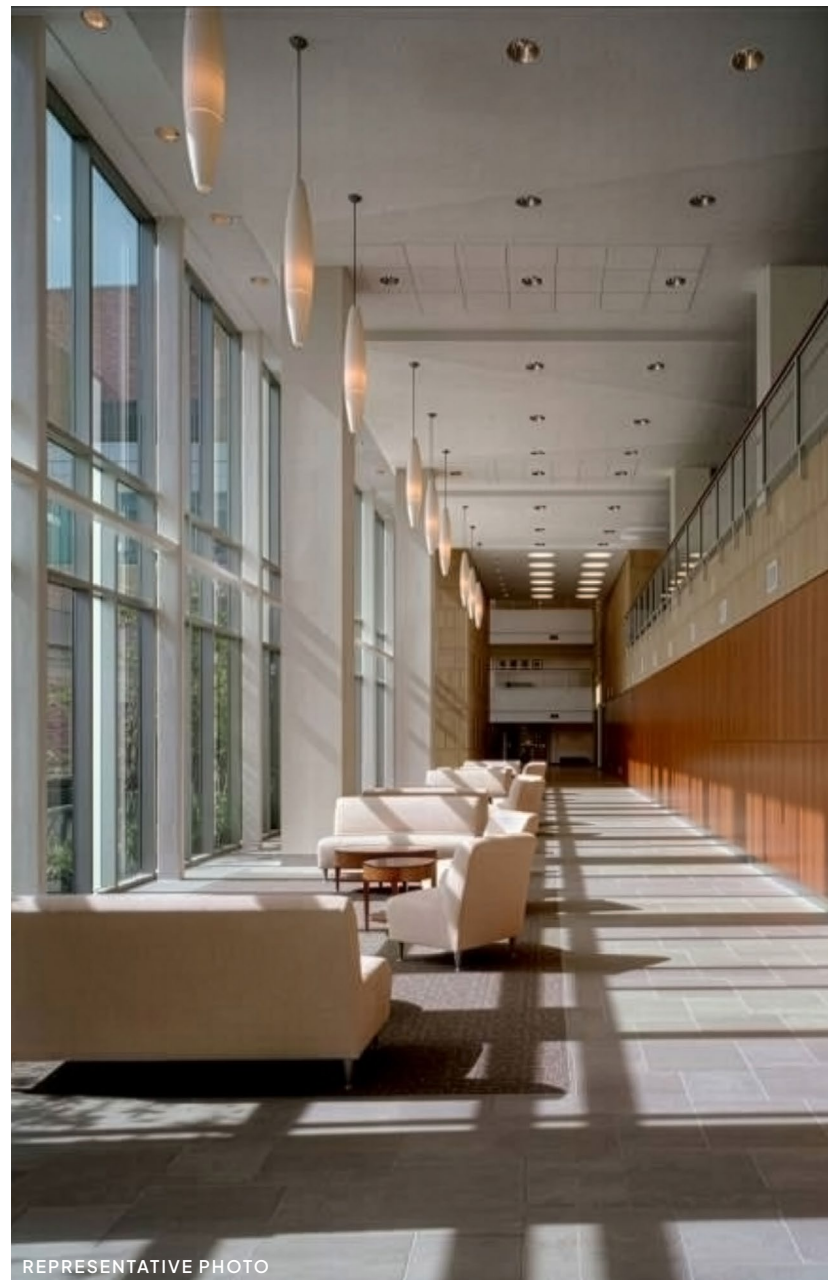
Period Ending March 2026 (April 2025–March 2026)

| REVENUE | |
|--------------------------------------|--------------------|
| Shell Rent (1) | \$749,435 |
| Operating Expense Reimbursement (2)* | \$305,359 |
| GROSS EFFECTIVE RENT | \$1,054,794 |
| OPERATING EXPENSES | |
| Ownership/Operating Expenses | \$417,541 |
| TOTAL OPERATING EXPENSES | \$417,541 |
| NET OPERATING INCOME | |
| NET OPERATING INCOME (NOI) | \$637,253 |
| TOTAL DEBT SERVICE | |
| Total Debt Service | \$524,258 |
| NET INCOME | |
| Net Income* | \$112,995 |
| ADJUSTMENTS | |
| Total Adjustments | \$51,274 |
| CASH FLOW AFTER DEBT SERVICE | |
| ANNUAL CASH FLOW | \$164,269 |

* Current owner negotiated a higher expense reimbursement from \$173,251 to \$305,539 (effective 10/01/2025)

Lease Abstract.

| | |
|-------------------------------|--|
| Tenant Name | The U.S. Department of Veterans Affairs |
| Guarantor | The United States of America (S&P: AA+) |
| Lease Type | Modified Gross (N) |
| Tenant Size (SF) | 24,075 |
| Lease Commencement Date | 6/1/21 |
| Expiration Date | 5/31/41 |
| Remaining Lease Term | 15 Years |
| Total Rental Rate | \$1,054,794 |
| Total Number of Options | No option periods |
| Rental Escalations | Approximately 6% every 5 Years |
| Operating Expenses/ Utilities | Modified Gross Lease. Landlord responsible for all operating expenses. |
| Property Tax Expense | Modified Gross Lease. Landlord responsible for all taxes. |
| Property Insurance | Modified Gross Lease. Landlord responsible for insurance. |
| Maintenance & Repairs | Modified Gross Lease. Landlord responsible for maintenance and repairs. |



REPRESENTATIVE PHOTO

Loan Abstract.

NOTE A

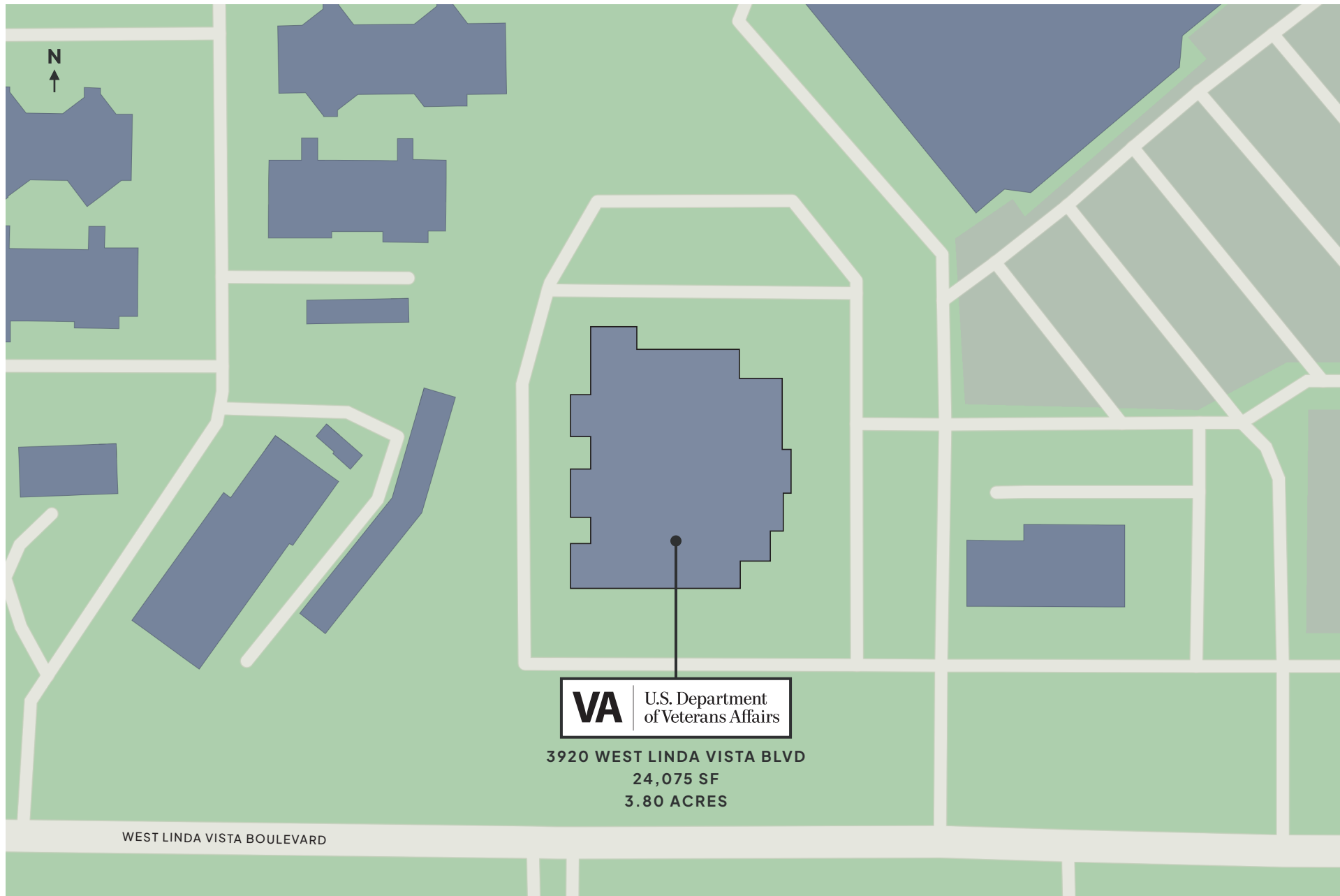
| | |
|--|---|
| Original Loan Balance | \$6,000,000 |
| Current Loan Balance (as of 7/14/2026) | \$5,005,146 |
| Interest Rate | 2.75% |
| Loan Commencement Date | 11/14/21 |
| Maturity Date | 6/14/41 |
| Loan Term | 20 Years |
| Remaining Loan Term | 15 Years |
| Annual Debt Service (as of 7/14/2026) | \$391,021 |
| Balloon Payment | Fully Amortizing |
| Paydown/Re-Advance | This loan includes a paydown/re-advance feature |

NOTE B

| | |
|--|---|
| Original Loan Balance | \$4,500,000 |
| Current Loan Balance (as of 7/14/2026) | \$4,500,000 |
| Interest Rate | 3.70% |
| Loan Commencement Date | 11/14/21 |
| Maturity Date | 6/14/41 |
| Loan Term | 20 Years |
| Remaining Loan Term | 15 Years |
| Annual Interest Only (I/O) Debt Payments | \$166,500 |
| Balloon Payment | \$4,500,000 |
| Paydown/Re-Advance | This loan includes a paydown/re-advance feature |

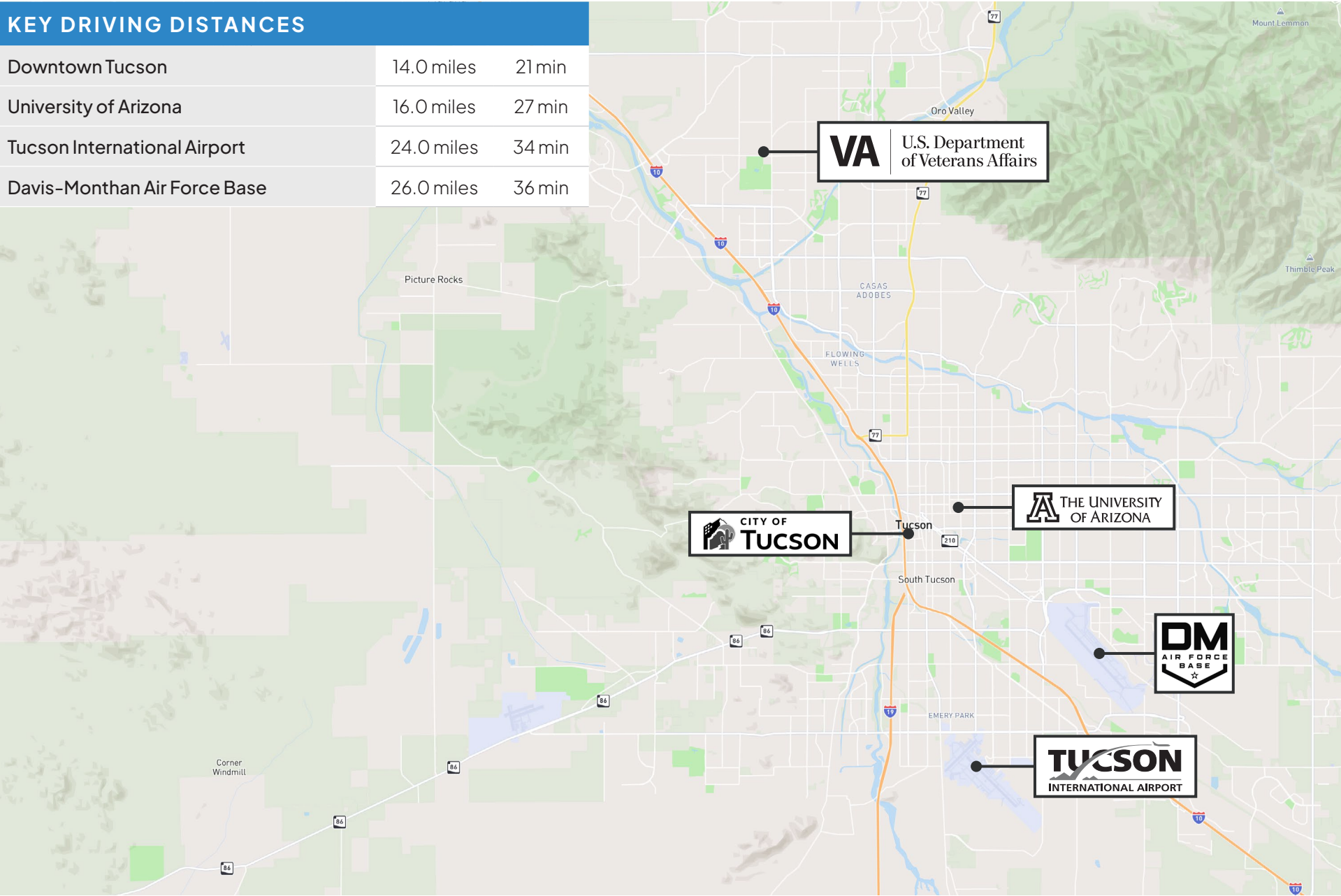


Site Map.



Regional Map.

| KEY DRIVING DISTANCES | | |
|------------------------------|------------|--------|
| Downtown Tucson | 14.0 miles | 21 min |
| University of Arizona | 16.0 miles | 27 min |
| Tucson International Airport | 24.0 miles | 34 min |
| Davis–Monthan Air Force Base | 26.0 miles | 36 min |



Market Overview.

Tucson, AZ

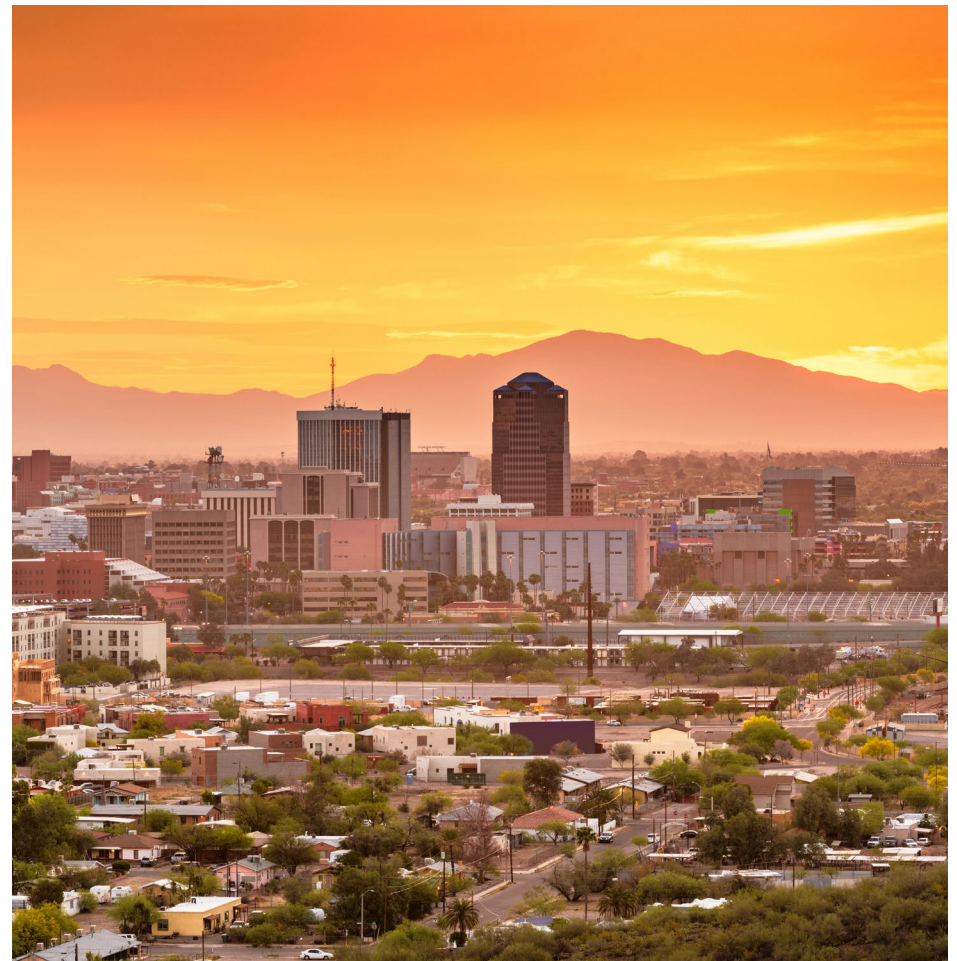
The subject property is situated along the North Thornydale Road corridor in northwest Tucson, one of the city’s fastest-growing residential and commercial submarkets. The area benefits from strong visibility along a primary thoroughfare connecting dense residential neighborhoods to major retail and medical destinations, with consistent daily traffic and convenient access to surrounding communities throughout the Tucson metro area.

Tucson, Arizona, serves as the economic and cultural hub of southern Arizona and the seat of Pima County, anchored by a diverse economy built on healthcare, defense, education, and technology. As home to the University of Arizona, one of the nation’s leading research institutions, and Davis-Monthan Air Force Base, Tucson benefits from a large, stable employment base with significant federal government presence. Major employers including Banner Health, Raytheon Technologies, and Tucson Unified School District further contribute to a resilient and well-diversified local economy with steady population growth.

The Tucson metro area is home to a significant and growing veteran population, making it one of the most important VA service markets in the Southwest. Davis-Monthan Air Force Base, one of the largest active duty Air Force installations in the United States, generates a continuous pipeline of veterans and military families requiring long-term healthcare services. The northwest Tucson submarket in particular has experienced significant residential growth in recent years, steadily expanding the catchment area for veteran services and reinforcing the fundamental demand drivers that underpin this asset’s federal tenancy and mission-critical use.

Overall, Tucson, Arizona, presents a compelling investment environment characterized by a diverse economy, affordable real estate, and a growing

population base. Its strong federal government presence, expanding healthcare sector, and strategic location within the Southwest position the city as a dynamic market for sustainable commercial growth and long-term investor appeal.



Tenant Overview.

The U.S. Department of Veterans Affairs Overview

The Department of Veterans Affairs (VA) is the most secure and creditworthy tenant in the net lease investment market, backed by the full faith and credit of the United States federal government. The Veterans Health Administration (VHA), the healthcare arm of the VA, is the largest integrated healthcare system in the United States, providing care at 1,321 healthcare facilities, including 172 VA medical centers and 1,138 outpatient clinics serving over 9 million enrolled veterans nationwide. As a federal government tenant, the VA represents an unparalleled covenant strength that no private sector tenant can match, effectively eliminating credit risk for investors.

As an agency of the United States federal government, the VA carries S&P's AA+ credit rating, the highest designation assigned to any sovereign borrower by the agency, reflecting the government's ability to meet its financial obligations. Unlike corporate tenants whose credit ratings can fluctuate with market conditions, economic cycles, or industry disruption, the federal government's obligation to pay rent is backed by an institutional permanence and financial capacity that is unmatched in the investment universe. This makes VA-leased properties among the most defensible assets available to investors.

The VA operates one of the largest real estate portfolios in the federal government, with a long and consistent track record of honoring its lease obligations and maintaining its facilities as mission-critical healthcare infrastructure. VA outpatient clinics serve as essential access points for veteran healthcare delivery, providing primary care, mental health services, and specialty care to millions of veterans annually. The federal government's ongoing commitment to expanding and improving veteran healthcare access continues to drive sustained demand for VA-leased facilities across the country.

Overall, a VA-leased property offers a compelling investment opportunity anchored by AA+ sovereign credit, a mission-critical and recession-proof use, and a deeply institutionalized tenant with no meaningful risk of business disruption or closure.



What is a Zero?

What is a Zero-cash-flow Investment?

Investments in properties with debt service matching the property's net income. With all of the cash flow attributed to the debt service, the owner receives little to no income until the loan matures. In lieu of cash flow, the investment provides annual passive losses which investors may use to offset income from other investments. Many times, the loans are fully-amortizing or structured with a partial interest-only component and a balloon payment at maturity, with terms generally matching the length of the lease, typically 15 to 30 years. When the loan matures, the property is owned free-and-clear or can be refinanced to extract equity. Properties structured as self-liquidating investments are typically leased to a single tenant on a long term basis. In most cases, the tenants hold investment grade ratings, minimizing the risk of default.

Benefits of a Zero-cash-flow Investment

- **Acquire an Institutional Quality Asset with Less Equity:** The tenant credit strength significantly reduces risk and allows lenders to underwrite assets with higher leverage ratios, which means less equity invested.
- **The pay-down/re-advance feature:** Allows 1031 exchange investors to satisfy larger exchange requirements while deploying minimal upfront equity.
- **Estate Planning:** Ownership upon loan maturity creates a source of long-term, unencumbered income.
- **Annual Depreciation:** Provides an annual source of depreciation and interest expense that can be written off against income from other qualifying investments. Accelerated Depreciation can be achieved via cost segregation analysis.



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