

NH

NAISMITH HALL

A 126-Unit/252-Bedroom Student Housing Community
Located Adjacent to the University of Kansas



Executive Summary

Jones Lang LaSalle Americas, Inc. ("JLL") is pleased to present **Naismith Hall** (the "Property"), a 126 unit / 252 bedroom / 504 bed student housing property **effectively located on the campus of University of Kansas ("KU")**. Adjacent to the south side of campus and directly in the University's path of growth, Naismith Hall is the closest privately-owned apartment complex to many of KU's most important structures including the KU School of Business, Student Rec & Fitness Center, Hoglund Ballpark, and the famous Allen Fieldhouse, which is home to the Kansas Jayhawks basketball teams.

Originally constructed in 1965 and completely remodeled in 1985, Naismith Hall has since undergone multiple upgrades (most recently in 2013). Nevertheless, there remains a significant opportunity to modernize the property via a fresh renovation program targeting both unit interiors and community amenities. As a result of the COVID-19 pandemic, the student preference and safety recommendation for social distancing has caused KU to sign a **100% master-lease with the Property for the 2020-21 academic year** (see page 10). Furthermore, Naismith Hall offers **larger bedrooms than many of its on-campus comps** (see page 28).

In addition to the existing apartment building and primary parking lot (182 spaces), the Property also includes a **satellite parking lot (43 spaces) that is currently zoned RM32**, or high-density multifamily, which **allows for up to 32 additional units per acre**. Given its irreplaceable location to campus as well as the future growth plans of the university, the additional parcel presents a rare opportunity for a new owner to realize outsized returns at a nationally-recognized tier-I university with an anticipated need for additional housing in the near term.

Property Summary

Address	1800 Naismith Dr
City, State	Lawrence, KS
Site Size (Acres)	2.84
Year Built	1965
Years Renovated	1985, 2006-2011, 2013
Units / Bedrooms / Beds	126 / 252 / 504 (Capacity)
Distance to Campus	0.0 Miles
Gross Building Size	120,000 SF
Average Unit Size	500 SF
JLL Projected Rent Per Bed*	\$673

*JLL rent does not reflect anticipated rental income for the 2020-21 AY due to the KU master lease



INVESTMENT HIGHLIGHTS:



Directly Adjacent to the KU Campus and Strategically Located Within the University's Path of Growth



Thoughtfully Upgraded and Maintained with a **Rare Opportunity for Additional Value-Add Upside**



Auxiliary Parking Lot Currently Zoned for **High-Density Multifamily**



Expanding **Tier I University** with **Big 12 Athletics**



20+ Years of Summer Income via KU-affiliated Sports Camps



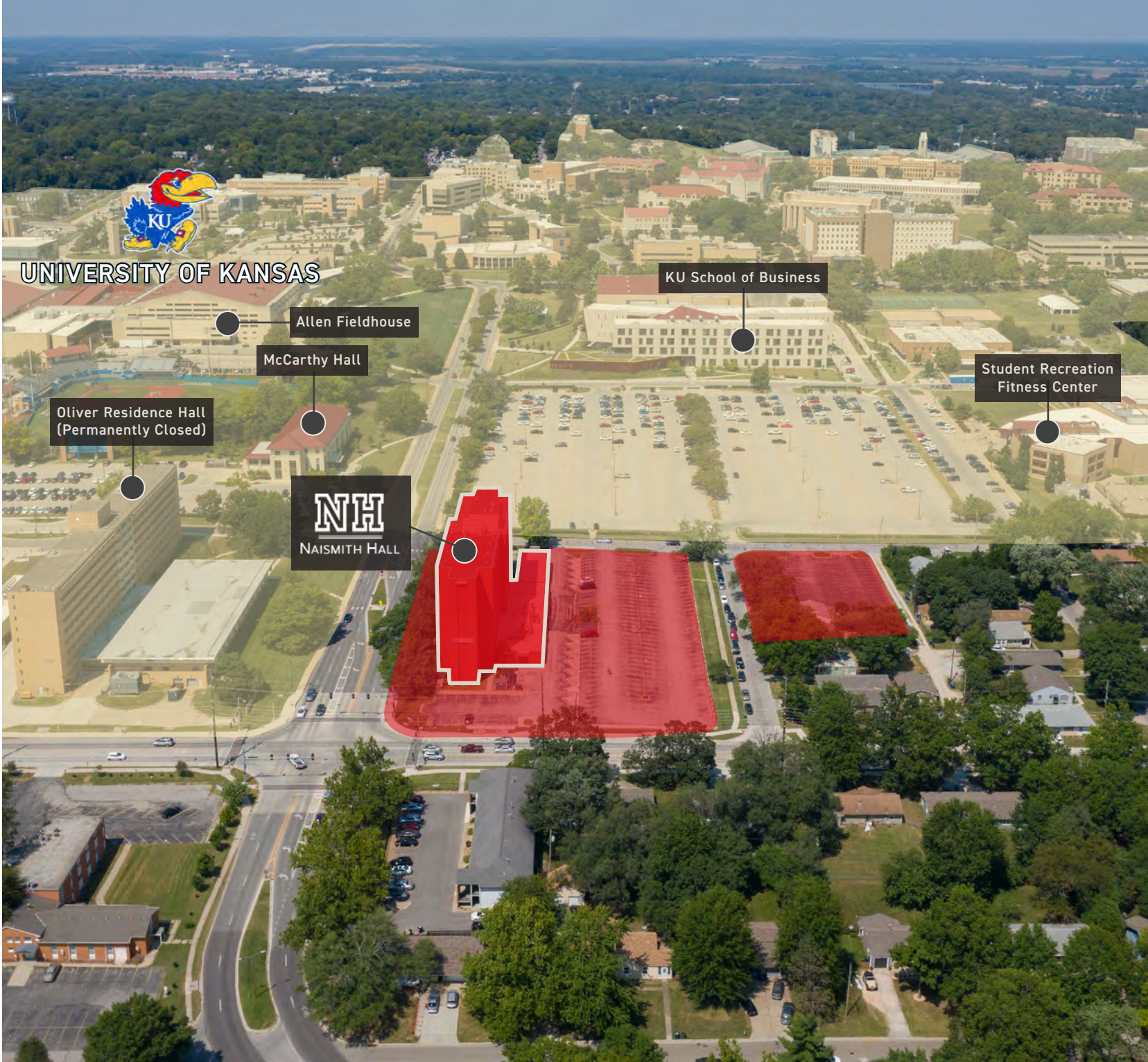
Asset Available Free & Clear Allowing Qualified Investors to Benefit from Today's Attractive Interest Rate Environment



Existing Asset **Market Pricing Is Approximately 30%** of Replacement Costs





UNIT MIX

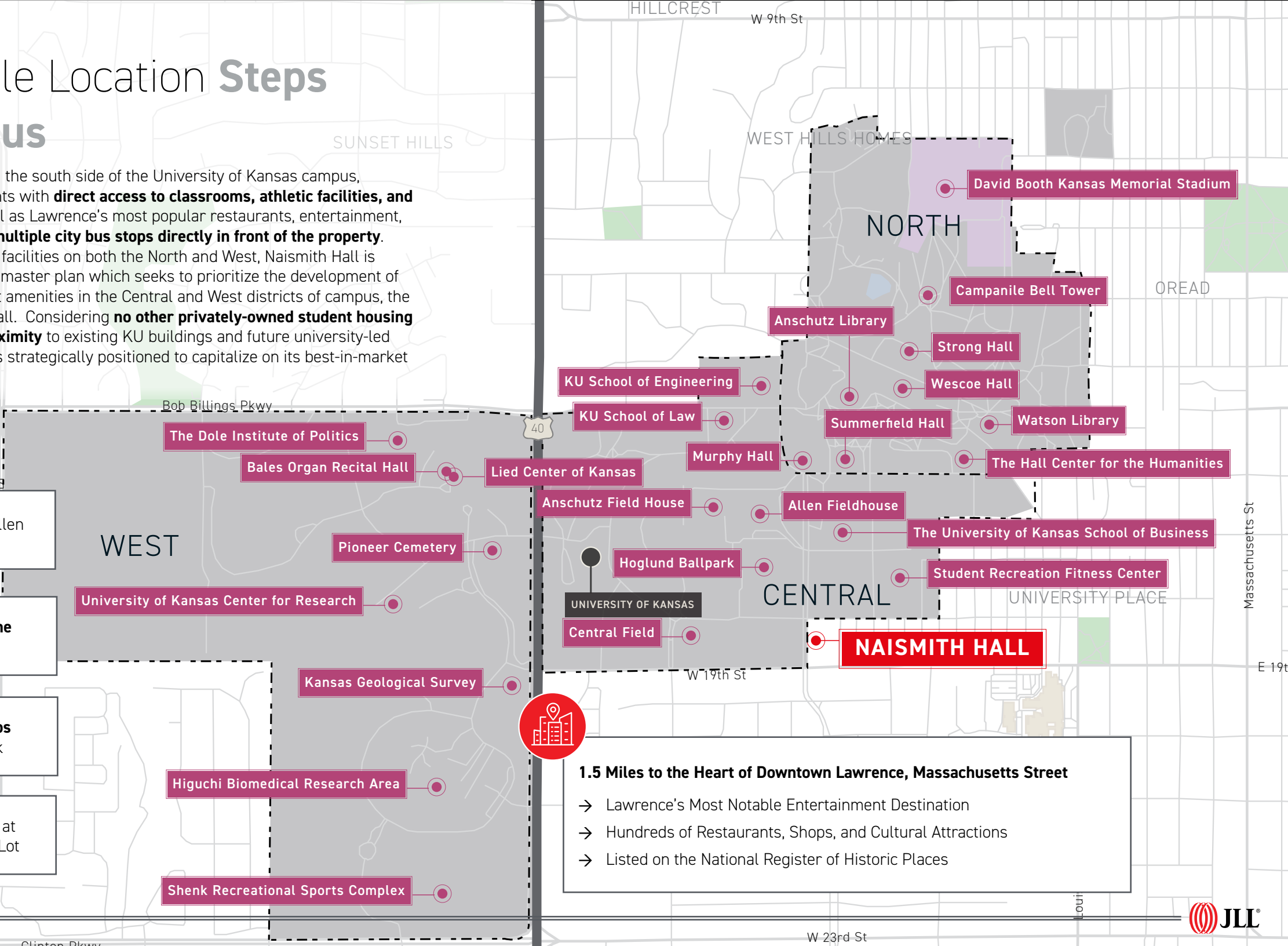
UNIT TYPE	UNITS	BEDROOMS	BEDS	SF/UNIT
Standard	84	168	336	500
Premium	27	54	108	500
Deluxe	14.5	29	58	500
Deluxe w/ Kitchenette	0.5	1	2	500
Total/Avg	126	252	504	500



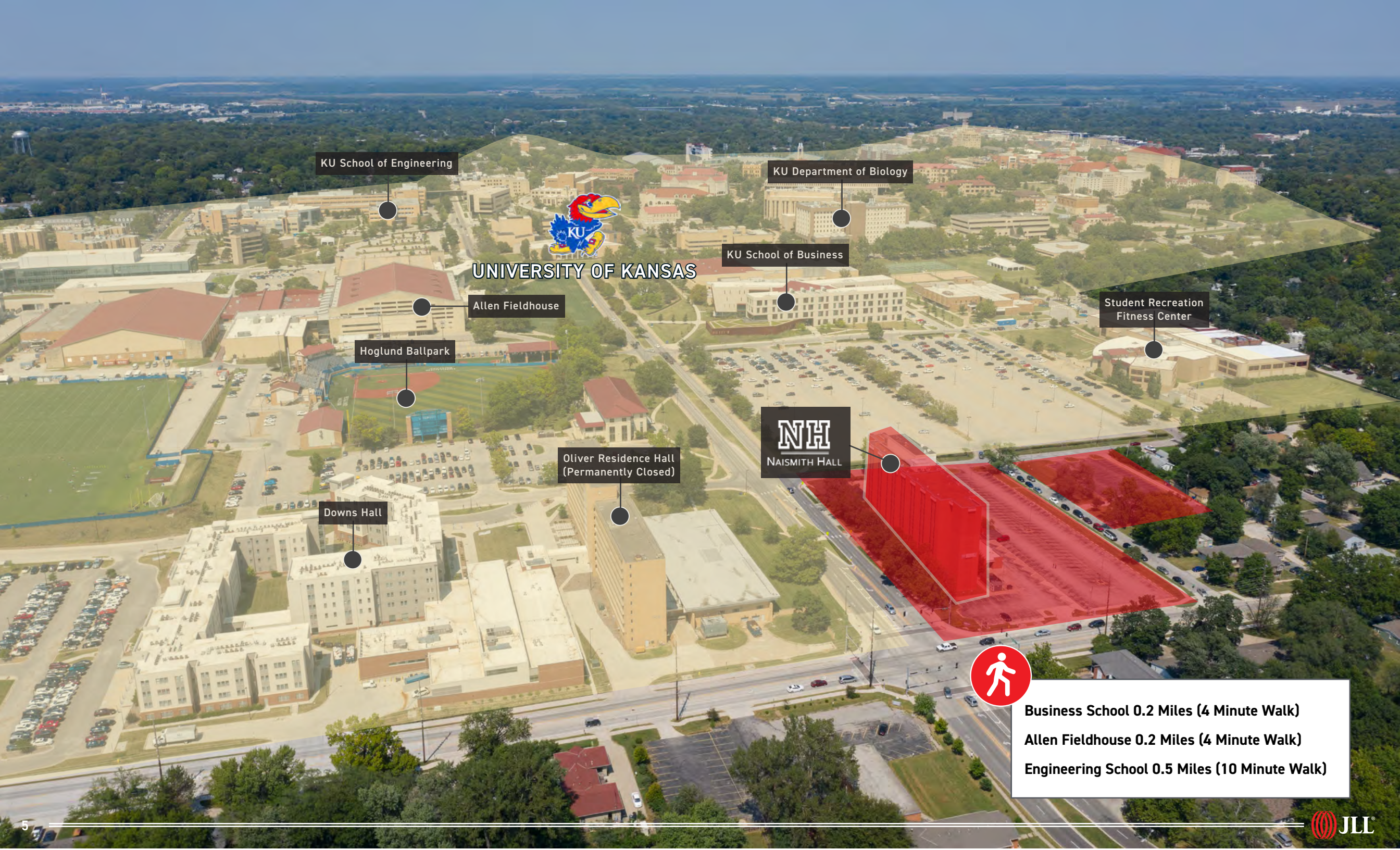
Irreplaceable Location **Steps** from Campus

Located across the street from the south side of the University of Kansas campus, Naismith Hall provides residents with **direct access to classrooms, athletic facilities, and notable KU attractions**, as well as Lawrence's most popular restaurants, entertainment, and nightlife destinations via **multiple city bus stops directly in front of the property**. Bordered by university-owned facilities on both the North and West, Naismith Hall is intertwined with KU's campus master plan which seeks to prioritize the development of academic facilities and student amenities in the Central and West districts of campus, the closest districts to Naismith Hall. Considering **no other privately-owned student housing projects offer comparable proximity** to existing KU buildings and future university-led developments, Naismith Hall is strategically positioned to capitalize on its best-in-market location for years to come.

-  **4-Minute Walk** to Allen Fieldhouse
-  **Directly Across the Street** from KU
-  **Multiple Bus Stops** Within One Block
-  **Abundant Parking** at Naismith's Private Lot



- 1.5 Miles to the Heart of Downtown Lawrence, Massachusetts Street**
- Lawrence's Most Notable Entertainment Destination
 - Hundreds of Restaurants, Shops, and Cultural Attractions
 - Listed on the National Register of Historic Places



KU School of Engineering

KU Department of Biology

UNIVERSITY OF KANSAS

Allen Fieldhouse

KU School of Business

Student Recreation
Fitness Center

Hoglund Ballpark

Oliver Residence Hall
(Permanently Closed)

NH
NAISMITH HALL

Downs Hall



Business School 0.2 Miles (4 Minute Walk)

Allen Fieldhouse 0.2 Miles (4 Minute Walk)

Engineering School 0.5 Miles (10 Minute Walk)

Smart Student-Centric Amenities

Naismith Hall provides an excellent collection of popular community and in-unit amenities that attract University of Kansas students seeking all-inclusive, high-quality collegiate housing in a sensible, conveniently located community.

COMMUNITY AMENITIES

- State-of-the-Art 24-Hour Fitness Center
- Resort-Style Swimming Pool with Sun Deck
- Renovated Lounge with Ping Pong and Pool Tables
- Award Winning Food Service at Naismith Hall Café
- 24-Hour Computer Lab with Printing
- Free On-Site Tutoring
- Fully Equipped Community Kitchen
- On-Site Laundry with Electronic Laundry Cards
- Dedicated Bus Stop to Campus Directly in front of Property
- On-Site Parking



IN-UNIT AMENITIES

- Fully Furnished Floor Plans
- All-Inclusive Utilities
- Air-Conditioning
- Free High-Speed Internet
- In-Room Housekeeping Available

Expanding Tier I University with **Big 12 Athletics**

Founded in 1866 and located southwest of downtown Lawrence, the **University of Kansas** is a public research university enrolling **over 27,500 students** as of Fall 2019. Consistently recognized **among the nation's top public research institutions**, KU was ranked the #59 Top Public National University by *U.S. News & World Report* and boasts several top-10 academic programs, including the distinguished Local Government Management, Special Education, Physical Therapy, Education, and Public Affairs programs. KU is the largest institution of higher education in the state and only one of two Kansas universities recognized as an **R-1 Doctoral Research University** by the Carnegie Foundation, a designation bestowed upon less than 3% of all U.S. universities. KU's athletic teams, the Jayhawks, compete in NCAA Division I athletics as a member of the **Big 12 Conference** and have won a combined 13 National Championships.

KU THE UNIVERSITY OF
KANSAS

#59 Ranked

Public University in the Nation

– U.S. News & World Report

Enrollment Over
27,500 Students

Largest University
in the State of Kansas

Highest Research Category
from Carnegie Classification

Endowment in Excess of
\$1.8 Billion

Division I Athletics Program
Competing in the
Big 12 Conference



KU Master Lease for Immediate Revenue Preservation

Despite historically operating independent of the University of Kansas, Naismith Hall and KU have entered into a **one-year master lease agreement for the 2020-2021 academic year**. Due to the COVID-19 pandemic, KU had an immediate need to **de-densify their on-campus housing** stock and increase their supply of single occupancy rooms. Given Naismith's proximity to campus, unit configurations, and on-site dining options, the property makes for the ideal solution to KU's unique predicament and is the only privately-owned property that the university is utilizing for additional housing. Additionally, the master lease does not grant KU leniency as it relates to rent deferment or forgiveness; in the unlikely event that the university pivots exclusively to virtual learning and students return home, **KU will still be obligated to make their full master lease payments** which represent rent for all 126-units.

The University of Kansas has reopened campus for the fall semester and classes began on August 24th, as scheduled. The university has set forth detailed guidelines for promoting the health and safety of its students, faculty, and staff, and will utilize a plan that involves **primarily in person classes**. Additionally, the Big 12, the athletic conference in which the Kansas Jayhawks compete, has announced that they will **proceed with their plans to hold fall sports this season**. While stadium capacities are still being determined, the commencement of KU sports are just another reason to expect that students will stay in Lawrence for the entirety of the school year.



Master Lease with KU for the 2020-2021 Academic Year



KU Campus Fully Open and Holding In-Person Classes



Big 12 Conference to Play Fall Sports



KU De-Densifying On-Campus Housing



Master Lease Payments Guaranteed Regardless of Students Returning Home



Multiple Opportunities for Outsized Returns

IN-UNIT RENOVATIONS

In addition to the de-risking of the investment opportunity via the master lease with KU, Naismith Hall also offers multiple pathways for prospective investors to achieve **outsized returns** not typically obtainable at an asset pedestrian to a tier-1 university. These options include **in-unit renovations, repurposing of the on-site dining facility, and expansion of the summer income generated by KU sports camps.**

Prior to the KU master lease, the unit mix at Naismith Hall consisted of single- and double-occupancy bedrooms within four distinct floor plans: private suites, semi-private suites, deluxe semi-private suites, and studio semi-private suites (the specific characteristics of each floor plan are outlined in the Property Overview section). While a diverse offering of units may seem valuable, by simply **remodeling the remaining bathrooms** with a new shower stall and flooring, and **refreshing bedrooms** with new vanities and hardwood-style flooring, sizable rental rate premiums should **narrow the rent delta between Naismith Hall and its competitive properties.** Moreover, the kitchenettes that were added to the studio semi-private suites represent the perfect model for eliminating the inconvenience of not being able to cook within your own home, a comfort offered by virtually every privately-owned asset in the market.



DINING HALL REPOSITIONING

An exclusive amenity not offered by any other off-campus asset, **Naismith Café** is the property's on-site dining hall which provides residents with **award-winning food** from morning till night. Meal plan options are available for purchase from the property and range from \$330 per month for seven meals per week to \$420 per month for 19 meals per week. While on-site dining is unique for off-campus properties, **KU recently made a major investment** into South Dining Commons, their expansive dining hall that is located directly across the street from Naismith Hall. This recent renovation presents the **possibility for Naismith to repurpose its dining facility** while ensuring its residents still have a convenient place to eat. Whether a new owner elects to operate Naismith Café as it exists today, or they choose to reconfigure the space for a brand-new student amenity, the potential value for the space is undeniable.



LAWRENCE RETAIL DEMAND:

The average NNN retail lease is \$14.89 PSF and vacancies in the market are 4.5%. Costar noted "Lawrence is a very liquid investment market, characterized by heavy trading and the market proved to be liquid yet again this past year." Given this asset's location, there presents a significant opportunity to replace the ground floor dining space with other student-demanded retailers in order to create additional revenue.

Substantial Summer Income

For the **past 20+ years**, Naismith Hall has enjoyed **consistent summer income from various KU-affiliated sports camps**. These camps are typically run by KU athletic coaches who utilize Naismith Hall for room and board in the two summer months outside of the 10-month student housing lease terms. Specific camps include men's and women's basketball, volleyball, baseball, soccer, track, and cheer, among many others. Since 2013, income from summer sports camps has **averaged over \$450k annually**.

NAISMITH HALL - SUMMER INCOME HISTORY			
YEAR	SUMMER ROOM	SUMMER BOARD	TOTAL
2013	\$189,504	\$244,967	\$434,471
2014	\$177,010	\$230,588	\$407,598
2015	\$223,091	\$294,634	\$517,725
2016	\$270,171	\$266,426	\$536,597
2017	\$260,663	\$239,059	\$499,722
2018	\$216,303	\$202,327	\$418,630
2019	\$173,813	\$174,346	\$348,159
Average	\$215,794	\$236,050	\$451,843



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