



CORPORATE HEADQUARTERS
LONG-TERM ABSOLUTE NNN LEASE

HOUSTON, TEXAS MSA

CONFIDENTIAL OFFERING MEMORANDUM



JLL is pleased to offer the opportunity to acquire Academy HQ, a 100% leased Class A office building in Katy, TX, a fast growing West Houston municipality, on a long term absolute-NNN lease to Academy Sports and Outdoors (ASO) with 13.4 years of remaining lease term. The Property lies just north of Interstate-10 within Academy's broader headquarters campus which includes office and training facilities as well as the company's largest of three distribution hubs which serves 117 of the company's 259 retail stores.

Newly constructed in 2015, the Academy HQ building is the latest expansion of Academy's presence at this location where the company has been located for over thirty years. Designed by Kirksey Architecture the LEED Silver building offers a modern design, superb West Houston location, and unmatched onsite amenities which include a full gym, auditorium with stowable bleachers, conference center, cafeteria, and outdoor turf football field.

CREDIT RATING: BA3 (MOODY'S)

PROPERTY SUMMARY

ADDRESS	1540 N Mason Road, Katy, TX 77449
NRA	210,300 SF
STORIES	4
OCCUPANCY	100.0%
LEASE EXPIRATION	8/31/35
WALT (AS OF JAN 1, 2022)	13.4 Years
OPTIONS	4, Five year options remaining
YEAR BUILT / RENOVATED	2015
SITE SIZE	6.86 Acres
PARKING GARAGE	1,476 Total Spaces
	896 allocated to Headquarters building (4.26/1,000SF)
	580 allocated to Academy's adjacent distribution facilities (2.75/1,000SF)







13.4 YEARS OF TERM WITH PUBLICLY TRADED SINGLE TENANT USER

The Property provides long term stable cash flow guaranteed by Academy Sports and Outdoors which recently had its credit upgraded from B1 to Ba3 by Moody's.



MISSION CRITICAL HEADQUARTERS LOCATION SET WITHIN LARGER DISTRIBUTION CENTER

This building serves as Academy's Headquarters facility and lies within a larger campus containing over 1.7 million square feet of office and distribution center space. Academy began occupying the Katy campus as it's headquarters in 1990 and has continued to expand it's facilities onsite since that time. In total, Academy occupies approximately 1.25 million square feet of industrial warehouse, ~250,000 SF of flex office space and an additional 30 acres of additional trailer parking not including their 210,300 SF Office Headquarters which is the subject of this sale. With decades of need specific infrastructure built-up at this location, Academy is highly committed to this building and the campus at large.



NATIONAL RETAIL TENANT WITH STRONG SALES GROWTH

Academy has performed well from pandemic related retail trends which have driven massive spending increases in outdoor, fitness, and firearm sales. As such, the Tenant has seen increasing sales since the start of the pandemic with July trailing-12 revenue of \$6.3B representing a 20.2% increase over fiscal year 2020. This boost in revenue has helped the company to substantially increase margins, pay down debt, and focus greater investment towards progressing its already successful e-commerce platform.





CORPORATE RETAILER SUCCESS STORY

Academy Sports + Outdoors partnered with private equity firm KKR in 2011 to revamp corporate leadership and set the company on a path for growth. Since then, with KKR as the company's largest shareholder, Academy has become one of the most notable successes in the retail industry by growing their online sales and streamlining its product line-up to carve out its own niche brand. The company went public via IPO in October 2020 and KKR sold the remainder of its shares via secondary public offering in September 2021.



SIGNIFICANTLY BELOW MARKET RENT

Originally signed in 2015 as a sale leaseback, Academy's rent was intentionally cast below market to avoid taxable gains. Today the in-place rent of \$16.65/SF are roughly 30% below market which JLL estimates to be \$22/SF, allowing buyers to purchase the property at an attractive basis significantly below replacement cost.



WELL BELOW TODAY'S REPLACEMENT COST

Due to continual increases in the costs of land, labor and materials, it is currently cheaper to purchase existing Class A product than it would be to build it from the ground up. Given this dynamic, existing buildings such as the Academy HQ building which are up to par with modern buildout standards will continue to have an inherent leasing advantage over newly built product, and developers will therefore be discouraged from introducing a glut of new speculative supply.



ACADEMY HAS ABILITY TO EXPAND ON ADJACENT PARCEL

The Tenant owns the adjacent 8.45 acre parcel at the corner of N Mason and Park Row which can later be developed as an addition to their existing campus. This ability to expand indicates Academy's intention to continue to occupy and grow at this location long term.



UNRIVALED TENANT AMENITIES

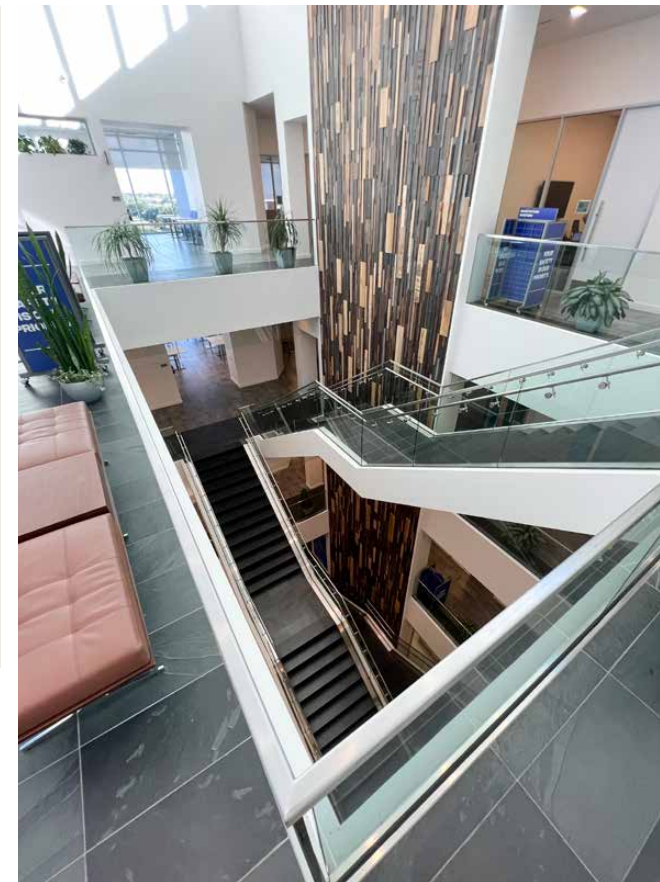
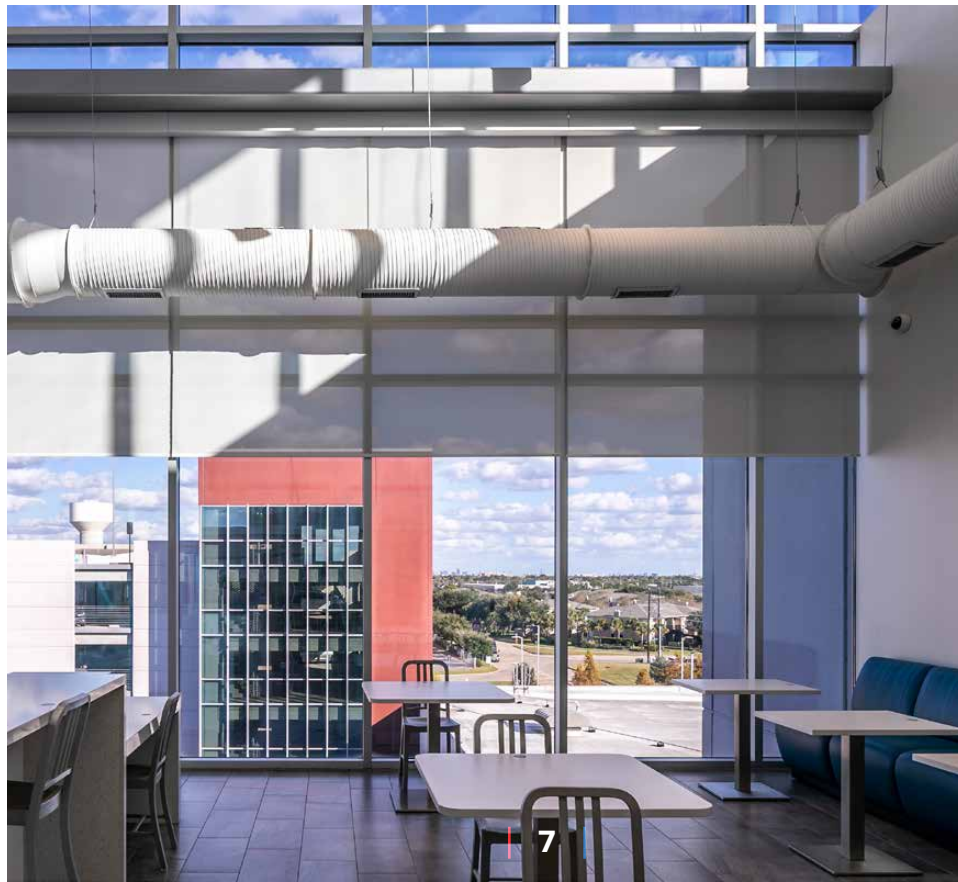
The Academy HQ building offers an enviable amenities package befitting of it's corporate headquarters status. The property is home to a state-of-the-art fitness center complete with classrooms for group classes including spin and yoga. The Building is also fully equipped a conference center that can accommodate a wide range of meeting sizes as well as a 500 person auditorium complete with bleachers which can be open or stowed for various presentation formats. Additionally, the Building boasts a premium cafeteria with indoor/outdoor seating as well as an outdoor plaza and turf football field.



LEED SILVER CERTIFIED

The Academy HQ building was awarded the LEED Silver status for Building Design and Construction (BD+C). The LEED BD+C certification verifies that the building has been developed to a high standard of criteria ranging from water and energy efficiency to sustainable materials and resource sourcing. This certification makes the building highly attractive to the modern corporate user working with an expanded sustainability mandate.





AERIAL



Downtown Houston
23 Miles

Galleria
16.5 Miles

Energy Corridor
4.0 Miles

BRITISH
INTERNATIONAL SCHOOL
OF HOUSTON
A NORBANGLER EDUCATION SCHOOL

Morton Ranch High School

Academy Distribution Campus
(NAP)

Academy
SPORTS+OUTDOORS

Future Expansion Land
(NAP)

Cinco Ranch
15,000 Homes

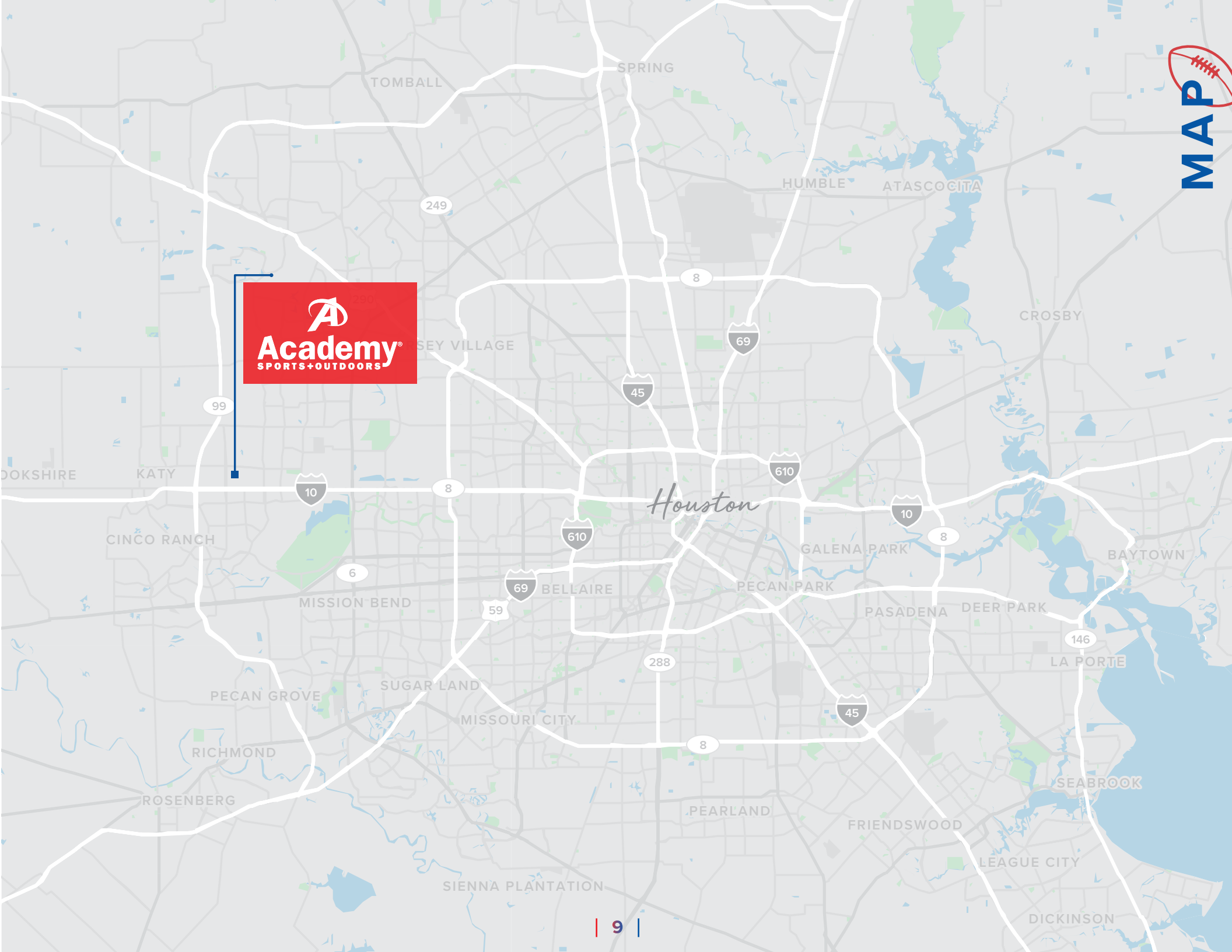
Mason Road

Park Row

10

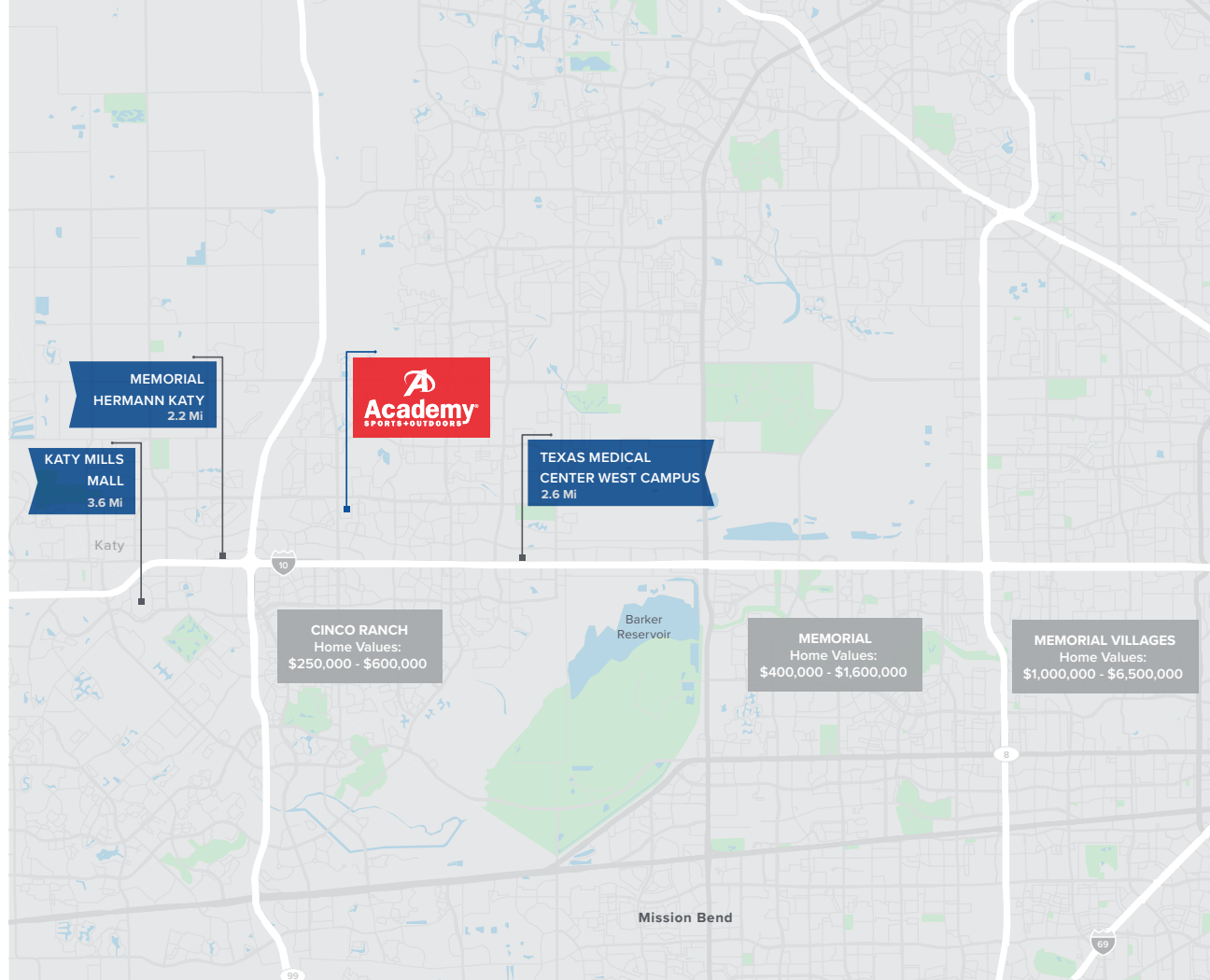
KEY

- Subject Property for Sale
- Property Owned or Leased by Academy



DEMOGRAPHIC SUMMARY

	1 MILE	3 MILE	5 MILE
2021 TOTAL POPULATION	10,065	134,457	285,873
2010-2021 POPULATION GROWTH	42%	32%	39%
MEDIAN AGE	37	34.2	34.3
AVERAGE HOUSEHOLD INCOME	\$98,203	\$99,559	\$113,058
AVERAGE HOME VALUE	\$488,170	\$488,285	\$503,128
EDUCATIONAL ATTAINMENT (BACHELORS DEGREE)	40%	38%	41%
BUSINESS SUMMARY	1 MILE	3 MILE	5 MILE
TOTAL BUSINESSES	531	4,386	8,578
TOTAL EMPLOYEES	6,531	39,455	77,315



2.6 MILES

TEXAS CHILDREN'S HOSPITAL

The West Campus of Texas Medical Center features 170 acres of satellite hospitals including Texas Children's, Methodist and Memorial Hermann. The TMCW's 170 acres of land is virtually the same size as the original Texas Medical Center and will continue to grow in order to serve the growing west Houston area.



2.6 MILES

HOUSTON METHODIST

Houston Methodist's fifth hospital since 1919 with nearly 200 beds.

Awards and Recognitions

- + Pathway to Excellence designation from the American Nurses Credentialing Center
- + Exemplary Five Star Award from the Texas Department of State Health Services
- + Breast Imaging Center of Excellence designation from the American College of Radiology
- + Top 100 Places to Work, recognized by Fortune magazine



Cinco Ranch

Katy Mills Mall

Memorial Hermann Katy

Texas Children's Hospital & Houston Methodist



KATY MILLS MALL

Katy Mills Mall is one of Houston's most successful malls with ~1.3 million square feet of retail area. The mall's anchor tenants include Bass Pro Shops, AMC Theaters, and Burlington.

 3.6 MILES



CINCO RANCH

Cinco Ranch is an award winning master planned community located just south of I-10 along the Grand Parkway. The community is home to nearly 15,000 homes and several notable retail centers including LaCenterra at Cinco Ranch and The Shops of Bella Terra.

 1.0 MILES



MEMORIAL HERMANN KATY

Serving the Katy area for 40 years, Memorial Hermann Katy Hospital is nationally recognized for patient safety and quality. The hospital features a 208-bed facility and medical staff with disciplines spanning 38 specialties.

 2.2 MILES



WEST HOUSTON POPULATION BOOM

Approximately 382,000 people reside in the Katy area, which makes it larger in population than either Pittsburgh, PA or Cincinnati, OH. Population has shown strong growth at a rate over 4% annually since 2010 and is expected to grow to 447,000 people by the year 2026, with employment growth demonstrating trends similar to the population growth. The civilian employed population in the Katy area is 182,000, 71% of which is employed in white collar roles. The Katy area has an unemployment rate of only 6.2%. The average household income is \$126,000 and is projected to increase to \$141,000 by the year 2026. The strong household income number is fueled by educational attainment above the national average, with over 46.3% of the population having a bachelor's/graduate degree.

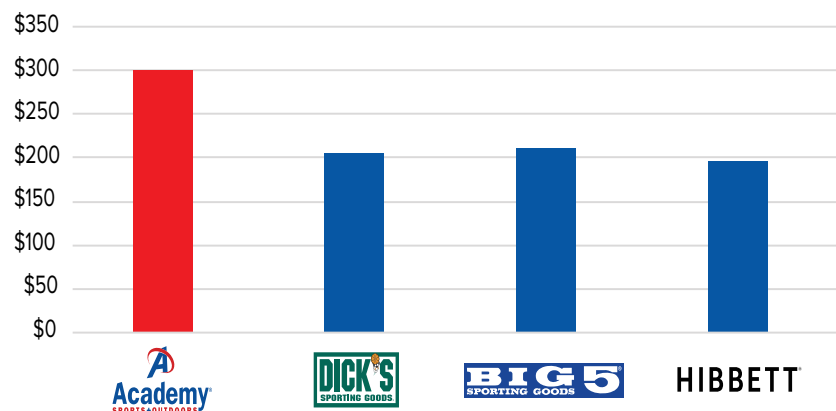







Academy is one of the leading full-line sporting goods and outdoor recreation retailers in the United States. Originally founded in 1938 as a family business in Texas, Academy has grown to 259 stores across 16 contiguous states. The company was privately owned by the Gochman family until May 2011 when it was acquired by the Wall Street investment firm KKR. In October 2020, the Academy went public on the Nasdaq Exchange via IPO. Since its initial offering at \$13.15 per share, Academy's stockprice has increased 3.5X to its current share price of \$46.17 (as of 11/29/21). Most recently, in September 2021, KKR sold down the remainder of its 18.65M outstanding shares via a secondary offering to the public meaning the company is now free of its long time largest shareholder. Looking forward, the company plans to expand their footprint with 8-10 new stores in 2022.


SPORTING GOODS SALES / GROSS SQUARE FOOT (1/30/21)





TENANT PERFORMANCE (AS OF DECEMBER 2021)


 Q3 YTD net sales increased 21.3% over comparable 2020 sales to \$4.96B (43.5% Increase compared to 2019)

 Q3 net income was \$161.3M compared to \$59.6M in Q3 2020

 To date, the company has repurchased and retired 8.9 million shares of its common stock for approximately \$350M. the company has \$254M remaining under its buyback program.

 Cash on Cash Equivalents as of Q3 2021 totaled \$401.3M and the credit facility had no outstanding balance.

 E-Commerce sales have increased 146.6% since Q3 2019.

 Q3 FY 2021 marked the 9th consecutive quarter of positive store sales, of which the last six have been double-digit increases

“ The Academy Sports + Outdoors team did a great job again delivering our 9th consecutive quarterly sales and profit increase. We are confident that our strong assortment and value offering, coupled with out great store service, enhanced omnichannel capabilities, and resilient supply chain will enable Academy to continue to achieve excellent results through this holiday season and beyond.

- Ken Hicks (Chairman, President and CEO)



TENANT OVERVIEW

TICKER SYMBOL: ASO (NASDAQ)

HEADQUARTERS: KATY, TX

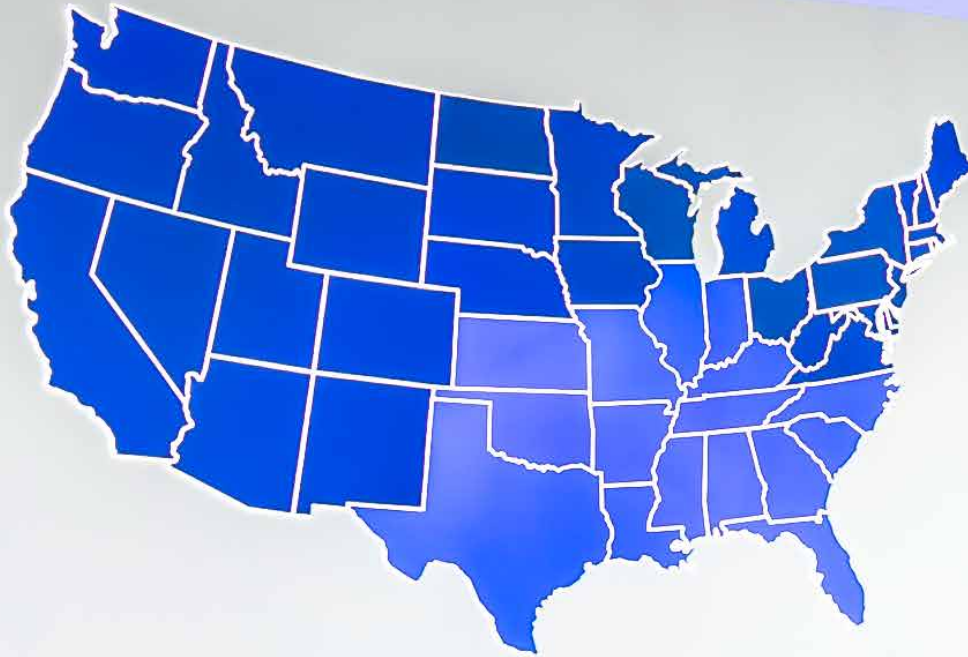
RETAIL STORES: 259

CREDIT RATING: Ba3 (Moody's)

JULY TTM REVENUE: \$6.3B

CURRENT MARKET CAP: \$4.3B (as of 11/29/21)

#475 ON FORTUNE 500 LIST



NASDAQGS:ASO - SHARE PRICING



KEVIN MCCONN

Managing Director
+1 713 425 5839
Kevin.McConn@am.jll.com

JEFF HOLLINDEN

Senior Managing Director
+1 713 852 3514
Jeff.Hollinden@am.jll.com

COLER YOAKAM

Senior Managing Director
+1 469 387 4652
Coler.Yoakam@am.jll.com

ETHAN GOLDBERG

Analyst
+1 713 212 6549
Ethan.Goldberg@am.jll.com

FINANCING

COLBY MUECK

Senior Managing Director
JLL Capital Markets
+1 713 852 3575
Colby.Mueck@am.jll.com

