



# SINGLE TENANT INVESTMENT

115 FREEDOM BEND, FLOWOOD, MISSISSIPPI



OFFERING MEMORANDUM

**HFF**

## DISCLOSURES, NOTICES AND CONFIDENTIALITY

This Offering Memorandum has been prepared by HFF for use by a limited number of recipients. All information contained herein has been obtained from sources other than HFF, and neither Owner nor HFF, nor their respective equity holders, officers, employees and agents makes any representations or warranties, expressed or implied, as to the accuracy or completeness of the information contained herein. Further, the Offering Memorandum does not constitute a representation that no change in the business or affairs of the property or the Owner has occurred since the date of the preparation of the Offering Memorandum. All analysis and verification of the information contained in the Offering Memorandum is solely the responsibility of the recipient. HFF and Owner and their respective officers, directors, employees, equity holders and agents expressly disclaim any and all liability that may be based upon or relate to the use of the information contained in this Offering Memorandum.

Additional information and an opportunity to inspect the property will be made available upon written request to interested and qualified prospective investors.

Owner and HFF each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the property and/or terminate discussions with any entity at any time with or without notice. Owner shall have no legal commitment or obligations to any recipient reviewing this Offering Memorandum or making an offer to purchase the property unless and until such offer is approved by Owner, a written agreement for the purchase of the property has been fully executed, delivered and approved by Owner and its legal counsel, and any obligations set by Owner thereunder have been satisfied or waived.

The recipient ("Recipient") agrees that (a) the Offering Memorandum and its contents are confidential information, except for such information contained in the Offering Memorandum, which is a matter of public record, or is provided from sources available to the public (b) the Recipient, the Recipient's employees, agents and consultants (collectively, the "need to know parties") will hold and treat it in the strictest of confidence, and the Recipient and the need to know parties will not, directly or indirectly, disclose or permit anyone else to disclose its contents to any other person, firm, or entity without the prior written authorization of HFF and the Owner, and (c) the Recipient and the need to know parties will not use or permit to be used this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Owner or HFF or for any purpose other than use in considering whether to purchase the property. The Recipient and the need to know parties agree to keep this Offering Memorandum and all confidential information contained herein permanently confidential and further agree to use this Offering Memorandum for the purpose set forth above. If the Recipient has no interest in the property, or if in the future the Recipient or owner discontinue such negotiations, the Recipient will return this Offering Memorandum to HFF.



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Holliday Fenoglio Fowler, L.P. ("HFF"), as exclusive advisor, is pleased to present the opportunity to acquire a 71,887 square foot Academy Sports + Outdoors located in Flowood, Mississippi, in the Jackson, MSA.

## INVESTMENT OVERVIEW

Sale Price	\$10,650,000			
Annual Rent	\$718,870			
Cap Rate	6.75%			
Address	115 Freedom Bend, Flowood, MS 39232			
Building GLA	71,887 SF			
Site Size	7.19 Acres			
Year Built	2014			
Ownership	Fee Simple			
Roof & Structure	Landlord Responsible			
Rent Start	September 2014			
Lease Expiration	June 2029			
Increases	\$0.50 PSF in Years 6 & 11, and into Option Periods			
Options	Three, 5-year Renewal Options			
	Dates	Years	Rent PSF	Annual Rent
Annual Base Rent	Sep-14 - Jun-19	1-5	\$10.00	\$718,870
	Jul-19 - Jun-24	6-10	\$10.50	\$754,814
	Jul-24 - Jun-29	11-15	\$11.00	\$790,757
Option 1	Jul-29 - Jun-34	16-20	\$11.50	\$826,701
Option 2	Jul-34 - Jun-39	21-25	\$12.00	\$862,644
Option 3	Jul-39 - Jun-44	26-30	\$12.50	\$898,588

## INVESTMENT HIGHLIGHTS

### LEASE HIGHLIGHTS

- 11.5+ years of lease term remaining.
- Tenant self-insures, maintains the parcel, and pays real estate taxes directly to the county. Landlord has minimal responsibilities.
- Attractive \$0.50 PSF increases upcoming in 2019 and 2024.
- Corporate lease with Academy, LTD.

### LOCATION HIGHLIGHTS

- Flowood location near Lakeland Drive - One of the fastest growing corridors in Mississippi. 98% Population Growth since 2000 (3-miles).
- Immense local daytime traffic with Jackson's International Airport, over 825,000 square feet of medical space, and a high concentration of national retailers located in Flowood.
- Strong demographics with average household incomes exceeding \$75,000 in the 3-mile radius.
- The Barnett Reservoir is a 33,000-acre geographic barrier that allows the Flowood Academy Sports to capture the entirety of east and south Jackson shoppers.

### TENANT HIGHLIGHTS

- Academy Sports + Outdoors operates over 230 stores in 16 states with 23,000+ associates throughout the South, Southeast and Midwest. Sales exceed \$4.7 billion.
- Academy Sports + Outdoors offers a wide range of quality hunting, fishing and camping equipment, patio sets and barbecue grills, along with sports and recreation products at low prices.







SITE PLAN





### LEASE / OPERATION NOTES

Lease Item	Section	Summary
<b>Tenant</b>	-	<b>Academy, LTD.</b>
Real Estate Taxes	-	Tenant pays taxes directly to the taxing authority.
Tenant Insurance	-	Tenant maintains liability insurance and property insurance for the Premises.
Utility Charges	Lease p. 17, Section 15.1	Tenant shall pay all charges for gas, water, electricity and any other utility services used solely on Tenant's Parcel.
Monument & Retention Pump	Declaration p. 3, Section 2(b)	Landlord pays for the electricity used by the monument sign and South retention pump, and then bills 67% to Tenant and 33% to the outparcel owners. This expense is projected to be \$2,500 in 2017.
Landlord's Maintenance	Lease p. 14, Section 10.1	Landlord shall at its sole expense make all structural repairs to the Premises, including but not limited to all repairs to the roof and roof membrane, foundation, load bearing walls, and any other structural members of the Premises.
Tenant's Maintenance	Lease p. 14-15, Section 9.3 & 11.1	<p>Tenant, at its sole expense, shall keep, maintain and replace the Common Area located on Tenant's Parcel. Additionally, Tenant shall mow the detention pond located within and serving Tenant's Parcel.</p> <p>Tenant shall maintain in good repair and condition all portions of the Premises which are not Landlord's responsibility under Section 10.1, including the non-structural portions of the exterior walls; window glass, plate glass and doors; (iii) heating, air conditioning (as recommended by the manufacturer) and electrical and plumbing systems serving exclusively the Premises; the interior surfaces; all fire protection systems; and necessary treatment for insects and vermin.</p> <p>If the HVAC system needs to be replaced during the last 3 years of the lease and Tenant replaces the system, then if Tenant does not exercise its next succeeding renewal option, the Landlord shall reimburse Tenant for the unamortized cost incurred by Tenant for HVAC replacement.</p>
Go-Dark	Lease p. 11, Section 7.2	If Tenant ceases operation for 150 days or more, other than as a result of a remodel or pending sublet, Landlord may terminate the lease by giving Tenant written notice. If Tenant is operating an Academy Sports + Outdoors store or successor store within 5 miles of the Premises, Landlord agrees not to lease space to a competitor for 1 year from termination.
Assignment and Subleasing	Lease p. 18, Section 18.2	Tenant may assign the Lease or sublease the Premises, in whole or in part, without consent from Landlord. Any assignment shall release Tenant from liabilities and obligations so long as the assignee has a net worth equal to or greater than \$250,000,000.

## TENANT PROFILE

At 230+ locations, Academy Sports + Outdoors carries a wide range of quality hunting, fishing and camping equipment, patio sets and barbecue grills, along with sports and recreation products.

The first Academy store opened as a tire shop in San Antonio in 1938. It turned into a military surplus store, then began offering sports and outdoors equipment as it evolved into the Academy Sports + Outdoors. Presently, the more than 230 stores operate in 16 states, supported by more than 23,000 team members throughout the South, Southeast, and Midwest.

In 2017, Academy Sports + Outdoors opened its first stores in the following cities: Rockwall, TX; Poplar Bluff, MO; Paducah, KY; Starkville, MS; Manhattan, KS; Florence, AL; Weatherford, TX; Greensboro, NC; and Columbia, MO.

The company generated approximately \$4.7 billion of revenues for the twelve months ended January 28, 2017. Academy has been controlled by an affiliate of Kohlberg Kravis Roberts & Co L.P. ("KKR") since 2011. KKR is a leading global investment firm that manages multiple alternative asset classes, including private equity, energy, infrastructure, real estate, credit and, through its strategic partners, hedge funds. In April 2017, Moody's rated Academy, LTD. 'B2'.

### NEAREST ACADEMY SPORTS + OUTDOORS LOCATIONS

City	Miles	Direction
Jackson	5.4	Northwest
Hattiesburg	80.9	Southeast
Starkville	104.0	Northeast

### ACADEMY SPORTS + OUTDOORS

Ownership	Kohlberg Kravis Roberts & Co L.P. (NYSE: "KKR")
Tenant Credit Rating	Academy, LTD - Moody's 'B2'
No. of Locations	230
Headquartered	Katy, Texas
Website	<a href="http://www.academy.com/">http://www.academy.com/</a>





## BEST OF THE NEW SOUTH - JACKSON, MISSISSIPPI

Known as Best of the New South, Jackson is a major business force in the southeast. Its diversity of business and industry and its position as the state capital help insulate the metropolitan area from economic downturns experienced by many other cities. The Jackson Metropolitan Statistical Area has a population of 912,900 people. There are approximately 263,000 people employed in Jackson and the metro area has an unemployment rate of 5.3% as of June 2017, down from 6.0% in June 2015. Key employment drivers to the city include Government (federal, state and local), manufacturing (with nearly 500 manufacturers present in the area), construction, distribution and trade, education and health care, telecommunications, professional and business services, and travel and tourism. Jackson has been recognized in recent years by several media outlets, publications and organizations. A sample of the city's accolades include:

- One of the 20 Strongest Performing Metros in America – Brookings Institute's Metro Monitor Report
- Ninth Top City for Income Growth – Portfolio.com
- One of the Top 100 Metro Economies in America – United States Conference of Mayors' Report U.S. Metro Economies: Outlook – Gross Metropolitan Product, and Critical Role of Transportation Infrastructure
- Eleventh Best City in America to Launch a Small Business – CNNMoney.com
- One of the Nation's 100 Best Communities for Young People – America's Promise Alliance and ING



Mississippi State Capitol - Jackson, MS



## FLOWOOD OVERVIEW

**Jackson MSA** - Academy Sports is located in Flowood, less than 8 miles from Downtown Jackson. Flowood is easily connected to the Jackson CBD via Lakeland Drive. Jackson is the capital and largest city in Mississippi.

**Center of Flowood** - Academy Sports is located in the center of Flowood. The immediate retail trade area features the 577,000 square foot, Dogwood Promenade Mall. Built in 2004, the power center is anchored by Kroger, Target, Best Buy, Stein Mart, and PetSmart. Immediately south of Academy Sports, Lakeland Commons is anchored by Lowe's, Hobby Lobby, Ross Dress for Less, Kohl's, and Party City. Market Street at Flowood is a 388,000 square foot mixed-use lifestyle center anchored by JCPenney, Michael's, DICK'S Sporting Goods, DSW, and Bed Bath & Beyond with asking rents up to \$30 PSF NNN. Dogwood Festival Market is anchored by HomeGoods, TJ Maxx, Belk, Old Navy, and Pier 1 Imports. Lakeland Drive is one of the fastest growing trade areas in Mississippi. The immediate retail trade area is nearly 4 million square feet and is 96.1% occupied. Occupancy has consistently improved over the past 5 years.

**Health & Medical** - The Flowood submarket is home to over 825,000 square feet of medical users such as NewSouth NeuroSpine, Riverchase Medical Suites, and University Physicians, creating immense daytime traffic.

**Jackson International Airport** - Academy Sports is located less than 2 miles from the Jackson International Airport, which is served by American Airlines, United Airlines, Delta Airlines, and Southern Airways Express.

**Demographics** - Flowood is the beneficiary of strong demographics and recent growth. Within 3-miles, Flowood's average household income is \$75,405, more than 19% greater than the Jackson MSA (\$63,229). Within the same radius, the population has exploded - growing by more than 98% since 2000.

**Hotel Development** - Home2Suites by Hilton is under construction east of Academy Sports, across Old Fannin Road. Home2Suites is joining a cluster of hotels that currently includes Hampton Inn, Comfort Suites, Candlewood Suites, and Hilton Garden Inn, which all serve the airport traffic. Academy Sports is the closest retailer to the Home2Suites, Hampton Inn, and Comfort Suites.

DEMOGRAPHICS			
Description	3 Mile	5 Mile	10 Mile
Population			
2022 Projection	16,161	26,454	118,304
2017 Estimate	15,409	25,719	118,015
Growth 2017-2022	4.9%	2.9%	0.2%
Avg Household Income	\$75,405	\$75,792	\$63,229

Source: Spotlight







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