



# *Academy Sports & Outdoors*

Eagle Pass, TX

*Confidential Offering Memorandum*







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**Academy**  
**SPORTS+OUTDOORS**







# *Executive Summary*



# Academy Sports & Outdoors

OVER 10 YEARS OF LEASE TERM  
REMAINING

GROWING TENANT WITH NEW  
LEADERSHIP

INCREASES IN THE PRIMARY TERM

IN PROXIMITY TO MANY LOCAL  
TRAFFIC DRIVERS

BURGEONING INTERNATIONAL  
TRADE LOCATION

PART OF A MASTER-PLANNED  
RETAIL DEVELOPMENT

FASTEST AND SAFEST U.S./MEXICO  
BORDER CROSSING



# THE OFFERING

JLL has been retained by the seller to exclusively offer an opportunity to acquire a 58,475 SF single tenant net leased Corporate Academy Sports + Outdoors (the “Property”) located in the fast-growing Eagle Pass / Piedras Negras market. Built in 2014, the Property is located at the signalized intersection of North Veterans Boulevard and 2nd Street, just two blocks away from the most highly trafficked intersection in Eagle Pass where N Veterans meets E Main Street. Under the leadership of a new CEO, Academy is in the process of improving its online presence in order to better drive in-store traffic and put the company on a path towards increased growth and profitability. With the nearest Academy store located nearly 100 miles away in Laredo and minimal competition in Eagle Pass, this location provides a valuable retail outlet to the Eagle Pass / Piedras Negras metro area.

## GROWING INTERNATIONAL TRADE LOCATION

- Eagle Pass and Piedras Negras have established themselves as strongholds for international trade, as they provide only one of six border crossing locations along the Texas-Mexico border; Eagle Pass offers the quickest entry to Mexico from San Antonio
- Recent economic drivers, including a \$750 million oil refinery just outside Eagle Pass and Elektro-Kontakt’s new manufacturing facility in Piedras Negras, provide stable economic and business conditions to the region
- Constellation Brands opened the largest brewery in the world in Piedras Negras, a \$2 billion dollar investment that will provide over 5,000 jobs

## NET LEASE DEAL STRUCTURE

- Double net lease with over 10 years of lease term remaining
- \$0.50 PSF increases every 5 years provides hedge against inflation
- Landlord responsibilities limited to roof and structure
- Brand new construction mitigates any landlord financial obligations

## PART OF A MASTER-PLANNED RETAIL DEVELOPMENT

- The Property is a part of the Loop Central Marketplace, a 170,000 square foot shopping center development at the intersection of Veterans Boulevard and 2<sup>nd</sup> Street in Eagle Pass, Texas
- Phase II of the project includes:
  - T-Mobile: Currently open (lease commenced April 21, 2017)
  - A highly respected and publicly traded soft goods retailer occupying 20,000 square feet. The landlord has an executed LOI with the tenant and is currently in final negotiations on the lease
  - A 2,500 square foot retail branch of an international banking firm with nearly \$30 billion in annual revenue (negotiating NOI)
  - Several other junior anchor tenants in the range of 15,000 to 20,000 square feet for which the Landlord is actively negotiation LOIs

Address	2083 N. Veterans Blvd Eagle Pass, TX 78852
Price (PSF)	\$7,020,000 (\$120)
Cap Rate	7.50%
Year 1 NOI	\$526,275
Building Area	58,475 SF
Site Size	5.04 Acres
Year Built	2014
Ownership Interest	Fee-Simple
Lease Type	NN (Roof & Structure)
Lease Term Remaining	10.0 Years



# LEASE ABSTRACT

## Academy, LTD

Tenant	Academy, LTD
Trade Name	Academy Sports & Outdoors
Address	2083 N Veterans Blvd, Eagle Pass, TX
Property Type	Retail
Rentable Square Feet	58,475 SF
Lease Origination Date	12/13/2013
Rent Commencement Date	10/17/2014
Lease Expiration	10/31/2029
Lease Term Remaining*	10 years
Lease Type	NN
Tenant Responsibilities	CAM, Utilities, Maintenance (less roof, structure and foundation), taxes, insurance
Landlord Responsibilities	Roof & Structure
Current Base Rent	\$497,038
Rent PSF	\$8.50
Rent Increases	\$0.50 PSF every 5 years
Option Periods	3 x 5 year fixed rate options

\*As of 11/1/2019

## Tenant Responsibility Detail

Maintenance and Repairs	Tenant shall maintain in good repair and condition (i) the exposed interior plumbing within the Premises; (ii) window glass, plate glass and doors within the Premises; (iii) heating, air conditioning and electrical systems serving exclusively the Premises; (iv) the interior surfaces of the Premises; and (v) all fire protection systems exclusively serving the Premises
Insurance	Tenant shall during the Lease term, at its sole expense, maintain in full force (i) commercial general liability insurance and, if necessary, commercial umbrella and/or excess insurance issued by one or more insurance carriers
Taxes	If Tenant's Parcel constitutes a separate tax lot, Tenant shall pay, as additional rent, any and all real property taxes and assessments relating to Tenant's Parcel.
Utilities	Tenant shall pay before delinquency all charges for gas, water, electricity and any other utility services used solely on the Premises during the term hereof by Tenant.
CAM	Tenant, at its sole expense, shall keep and maintain the Common Areas on Tenant's Parcel in good condition and repair.

## Landlord Responsibility Detail

Maintenance and Repairs	Landlord at its sole expense shall maintain the roof, structure, membrane, foundation, load bearing walls, and any other structural portions of the building. There are currently 10 years remaining on the roof warranty.
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## SITE PLAN

Phase II is a planned retail development which has received strong leasing activity from national retailers. While the buildings shaded in gray are not yet built, the site plan represents a rendering of the potential development to come.

Rent Schedule

Description	Dates	Annual Rent	Rent PSF
Base Term (Years 1-5)	10/17/14 - 10/31/19	\$497,038	\$8.50
Base Term (Years 6-10)	11/1/19 - 10/31/24	\$526,275	\$9.00
Base Term (Years 11-15)	11/1/24 - 10/31/29	\$555,513	\$9.50
Option Term (Years 16-20)	11/1/29 - 10/31/34	\$584,750	\$10.00
Option Term (Years 21-25)	11/1/34 - 10/31/39	\$613,988	\$10.50
Option Term (Years 26-30)	11/1/39 - 10/31/44	\$643,225	\$11.00





## PROPERTY PHOTOGRAPHY















*Tenant  
Overview*





## ACADEMY SPORTS OVERVIEW

With 253 locations spread across 16 States and backed by KKR, Academy Sports + Outdoors is the third largest outdoor retailer in the country with a wide range of quality hunting, fishing and camping gear, patio sets and barbecue grills, along with athletic apparel and sports equipment. In May 2018, Academy hired Ken Hicks as their new CEO. Hicks was formerly the CEO of Footlocker and is credited with the reversal of three consecutive years of negative same store growth in this role.

## COMPANY OVERVIEW

Tenant Trade Name	Academy Sports
Parent Company	KKR
US Headquarters	Katy, TX
No. of Locations	253
Website	<a href="https://www.academy.com">https://www.academy.com</a>
Estimated 2018 Revenue	\$4.8 billion
Estimated 2018 EBITDA	\$290 million

## CORPORATE IMPROVEMENT INITIATIVES

- Localizing Inventory:** The Company is better utilizing sales data to custom tailor product offerings at each store to its surrounding population. For example, they are placing a greater emphasis on football in Texas and Lacrosse in the Carolinas.
- Improving Liquidity:** Academy has upsized their credit line from \$650 million to \$1 billion and extended the maturity from 2020 to 2023.
- Modifying Store Growth:** In the years following 2011, Academy initiated a phase of rapid new store growth and entered several new markets. Under new management, the company is growing at a more manageable rate of 7-8 stores per year and is focusing on gaining greater market share in its existing markets.
- Buy Online Pick Up In Store:** Academy is focused on improving their online marketplace and allowing customers to return products bought online to a store near them. This strategy both drives traffic and makes customers more likely to choose to buy from Academy.
- Tailoring Product Offerings:** Academy removed departments such as luggage and electronics which customers did not commonly think to buy from Academy in favor of expanding mid-level quality products in its core camping and sports categories.
- Partnering with Tourism Sites:** The Company is partnering with tourism websites in order to capture greater online traffic among their target audiences.











Piedras Negras/Eagle Pass Border Crossing





# *Market Overview*

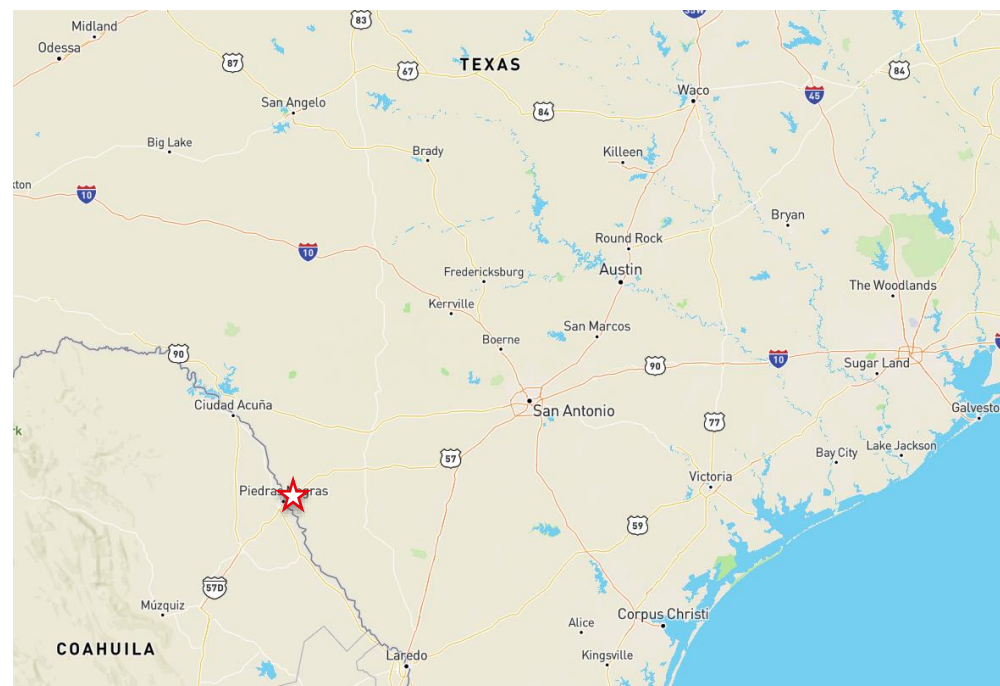


# Market

## EAGLE PASS OVERVIEW

Eagle Pass has the resources and distributional reach to meet the business expansion needs of the growing city as a result of its enthusiastic labor pool, well-maintained infrastructure, two international bridges and port shipping. In the last ten years, the economic activity of Eagle Pass has heavily shifted to international trade, medical, manufacturing, distribution, health and life science, financial services; as well as room to grow with available land, buildings, and commercial or industrial parks.

- Eagle Pass is located in southwestern Texas on the Rio Grande, approximately 130 miles southwest of San Antonio.
- Located in Maverick County, Eagle Pass is one of six commercial border crossings along the Texas/Mexico border. Eagle Pass borders the industrial city of Piedras Negras, Coahuila, Mexico, which is to the southwest and across the Rio Grande.
- The Eagle Pass-Piedras Negras Metropolitan Area is one of six binational zones along the United States-Mexican border. This port is the primary U.S.-Mexico border crossing for the industrial state of Coahuila. U.S./Mexico 57 connects San Antonio and northern distribution points through the state of Coahuila and offers a direct route to Mexico City.
- Eagle Pass is integrally linked to its sister city on the Mexican side of the border by the Piedras Negras International Bridge. Its operations support large scale industrial commerce and accommodate an easy flow of people and retail trade across the border between these two cities with a combined population approaching **300,000 people**.
- The international bridges facilitate more than 4.5 million border crossings annually, making Eagle Pass the fastest and safest U.S.-Mexico Border crossing. The six principal border cities in Texas have common traits that are the product of being located on an international border, among them is an oversized retail sector serving two population bases, with the Mexican Nationals overwhelmingly favoring the shopping opportunities on the U.S. side. As a result, boosting the economy of American border towns.





# MARKET AERIAL





# EAGLE PASS ECONOMY

## 1. EAGLE PASS INDUSTRIAL PARK

The city and surrounding area is home to a variety of businesses in retail, import, food manufacturing, and freight forwarding/transportation. The Eagle Pass Industrial Park hosts a number of larger companies. Fronting US Highway 57 at the entrance of Eagle Pass, the Industrial Park has direct highway and loop access to all major Northbound and Southbound transportation arteries.

The industrial park provides all commercial and industrial needs to large clients seeking manufacturing and distribution in the Eagle Pass area. The park is located in a strategic location for companies that are looking to expand their current or future operations in Eagle Pass or Piedras Negras.

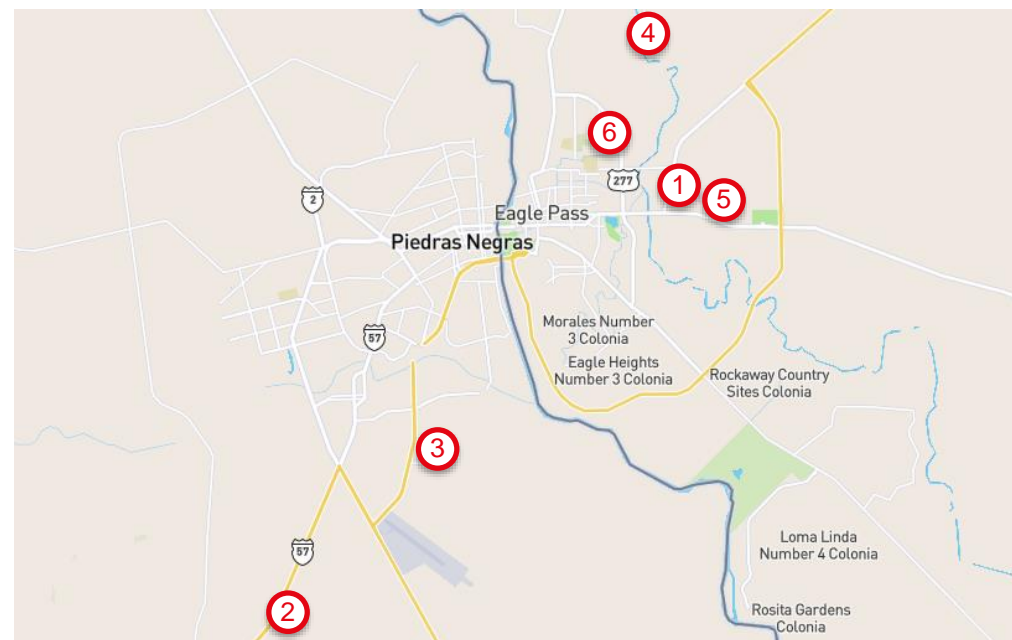
## 2. CONSTELLATION BRANDS (MODELO - CORONA)

The Constellation Brands brewery plant is located only 14 miles from Academy Sports. The plant is currently the largest brewery in the world. It doubled in size in 2015 with a two billion dollar investment. The investment has stimulated the economies of the States of Coahuila and Texas, particularly the cities of Piedras Negras, Coahuila and Eagle Pass, Texas, providing over 5,000 jobs. The city of Eagle Pass has experienced an increase in international trade and freight resulting from materials, supplies, and personnel working on the expansion and operation of the two plants.

Among the Mexican beers produced at the Nava, Coahuila brewery include Corona Extra, Corona Light, Modelo Especial, Negra Modelo, Pacifico, and Victoria. 100% of the beer produced is for export to the United States.

## 3. ELEKTRO-KONTAKT

In late 2018, Elektro-Kontakt, a manufacturer of electrical components for a wide range of industries opened their fourth production site in the Mexican state of Coahuila and added an additional 800 jobs to the region for a total of 2,800 employees largely based in Piedras Negras. Elektro-Kontakt, a subsidiary of Germany-based E.G.O. Blanc und Fischer & Co., manufactures connectors, cables and electrical harness assemblies for several sector, but its operations in Mexico are focused in the automotive industry.



## CONSTELLATION BRANDS *scale*

### TOTAL BEVERAGE ALCOHOL LEADER

- #1 multi-category supplier in U.S.
- 80+ premium consumer brands
- ~9,000 employees
- ~40 facilities

### BEER BUSINESS

- #1 in high-end U.S. beer
- #1 imported beer company in U.S.
- #3 beer company in U.S.

### WINE & SPIRITS BUSINESS

- World's leading premium wine company
- #1 imported vodka in U.S. - SVEDKA
- Leading New Zealand and Italian wine positions in U.S.
- ~20,000 vineyard acres



Source: IRI, National Alcohol Beverage Control Association (NABCA), International Wine and Spirit Research (IWSR), Beverage Information Group, company estimates as of August 13, 2017



#### 4. \$750 MILLION PLANNED ENERGY COMPLEX:

A new partnership between Mexico- and Dallas-based Mexiship Ocean International LLC and San Antonio-based Refinery Equipment Operating Company LLC plan to build an energy park complex and logistics center in a rural area of Maverick County near Eagle Pass, roughly 140 miles southwest of San Antonio.

The proposed complex will include a 20,000-barrel-per-day refinery, storage terminals and cross-border pipelines for refined products, natural gas and fiber optic cable. The micro-refinery will be capable of processing condensate or light sweet crude from the Eagle Ford Shale and Permian Basin and turning them into gasoline, diesel and other refined products that will be exported to meet growing demand in Mexico.

Mexiship Ocean International's long-term plans include building a similar energy complex in neighboring Piedras Negras, Coahuila, to provide transportation fuels to various customers and natural gas to power plants in Mexico, Managing Partner Rolando Ramon told the Business Journal.



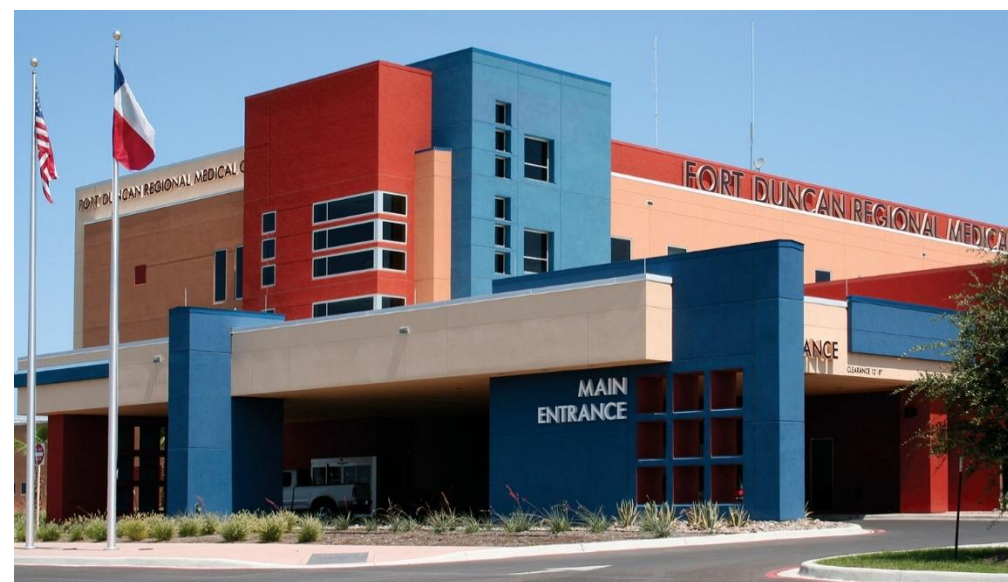
## HEALTHCARE AND LIFE SCIENCES

#### 5. FORT DUNCAN MEDICAL CENTER

Fort Duncan Regional Medical Center is a progressive acute-care facility and medical center that serves Eagle Pass, Texas and surrounding regions. This thriving community hospital offers the “high-tech” advantages of a big-city hospital and the personalized care of a hometown provider. The Fort Duncan Medical Center employs over 400 people in the Eagle Pass area.

#### 6. UNITED MEDICAL CENTER

United Medical Centers offers specialties in comprehensive quality care and services that include pediatric care, family medicine, internal medicine, well women/obstetrics services, dentistry for adults and children, WIC services, laboratory and radiology services, family planning and women's health services, nutrition counseling, health education, podiatry and pharmacy services. These medical facilities have brought many jobs to the Eagle Pass area. Its service area encompasses Kinney, Maverick, and Val Verde counties, and is located in Southwest Texas on the U.S. Mexico border.





## ENTERTAINMENT

### EAGLE PASS MUNICIPAL GOLF COURSE

Located only two miles from Academy Sports is the City of Eagle Pass Municipal Golf Course. This course is a nine hole, eighteen tee, 6,217 yard course that presents a challenging layout with carries across three ponds.

The course recently underwent a major transformation as the City of Eagle Pass Water Works System was required to install a new sewage line through the center of the course to the new waste water treatment plant on the outskirts of town. The construction gave the City an opportunity to construct new greens and redesign some of the holes, build three ponds which are fed with recaptured water, and install a new irrigation system.

### MALL DE LAS AGUILAS

Located only one mile away from Academy Sports, the Mall de las Aguilas is the primary destination in the region for shopping, dining and entertainment in Eagle Pass, Texas. The center has the only movie theater within 60 miles. The Cinemark Theater features stadium-seating and digital screens. The mall has boosted the local economy as Mexican Nationals account for more than 60% of the center's sales and spend 2.3 times more than the average U.S. mall shopper. The center is located on the Texas-Mexico border in the city of Eagle Pass. Piedras Negras lies on the other side of the border in Mexico. There are two international bridges that facilitate more than 2.5 million border crossings annually.



### LUCKY EAGLE CASINO

Eagle Pass is home to the only casino in Texas, the Lucky Eagle Casino from the Kickapoo Tribe is located only eight miles away from Academy Sports. The 166,000 square foot casino features 3,332 gaming machines and twelve poker tables, along with world-class entertainment, six fine restaurants, four bars and 249 hotel rooms for lodging. Visitors of the Lucky Eagle Casino have the opportunity to enjoy the weekly line up of live bands and frequent special events, including live boxing, comedy shows, and parties.



### MAVERICK COUNTY LAKE & PARK

Along with a thriving business district, Eagle Pass boasts the beautiful Maverick County Lake and Park which is very popular with those residing in Eagle Pass. The park which hosts playgrounds, picnic tables, wildlife, a pavilion, water park, walking and riding paths is located less than a mile away from Academy Sports.

The city has installed picnic areas that allow the parks visitors to come and enjoy a full day of relaxation in nature, along with cemented paths where visitors can go on a nice leisurely walk or a jog. Ice cream parlors have also opened near the lake for kids and adults alike can enjoy sweet treats while at the park.



# EDUCATION

## **SOUTHWEST TEXAS JUNIOR COLLEGE**

Southwest Texas Junior College is a fully accredited, full-service community college serving the educational needs of the Eagle Pass Area. This two-year college has four campuses serving eleven counties in southwest Texas including Eagle Pass. Southwest Texas Junior College in Eagle Pass has 6,439 students that are enrolled into Southwest Texas Junior College where all students are attending undergraduate degree programs with both full-time and part-time attending status. This campus is located just over one mile from Academy Sports.

## **SUL ROSS STATE UNIVERSITY RIO GRANDE COLLEGE**

Sul Ross State University Rio Grande College is an upper-level center offering courses leading to bachelor's and master's degrees in Del Rio, Eagle Pass and Uvalde on the campus of Southwest Texas Junior College in each city. Rio Grande College offers bachelor's degrees in a variety of fields including nursing, education, business, biology, criminal justice, English, Spanish, history, mathematics, psychology, social science as well as child development and organizational leadership and Master's degrees in English, history, public administration, business, education, criminal justice and health and human performance.









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