

# AspenDental

Confidential Offering Memorandum  
Somerset, KY







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# Summary

Investment Summary  
Aspen Dental – Somerset, KY

# The Offering

JLL is pleased to offer for sale the fee-simple interest in a freestanding, single-tenant Aspen Dental (the “Property”, or “Asset”) located in Somerset, Kentucky.

As the only Aspen Dental within 40 miles, the Asset is strategically positioned along the primary retail corridor of Somerset with convenient accessibility from neighboring communities such as Ferguson, Burnside, and the rest of the greater Somerset region. Recently constructed in 2014, the Property sits as an outparcel to a Hobby Lobby and TJ Maxx anchored center amongst retailers such as Walmart, Lowe’s, Kroger, Aldi, Tractor Supply, and the Somerset Mall. These retailers, as well as the Somerset Community College campus across the street, draw strong traffic to the U.S. Route 27 corridor with over 26,900 vehicles passing the Property daily. The Property has over five years remaining a corporate, double-net lease with landlord responsibilities limited to roof and structure, eight percent increases every five years, and three, five-year options for renewal. This offering presents a unique opportunity to acquire a freestanding Aspen Dental for an accretive cap rate with no competition in the area, allowing investors to capitalize on a potential long term investment with strong returns and increasing rent.

## INVESTMENT HIGHLIGHTS

- As an outparcel to a Hobby Lobby and TJ Maxx anchored center, the Asset is optimally positioned along U.S. Route 27 (26,900 VPD) to see outstanding traffic drawn to the immediate area due to retailers such as Walmart, Lowe’s, Kroger, Aldi, Tractor Supply Co, and the Somerset Mall.
- The Property is subject to a double net lease with minimal landlord responsibilities, over five years of primary term remaining, three, five-year options for renewal, and eight percent increases every five years.
- The tenant, Aspen Dental Management Inc., is the corporate entity and is one of the leaders in the dental office segment; Aspen Dental operates 600+ stores nationwide.
- This location is important for Aspen Dental, as there are no other locations within 40 miles. Accessibility via U.S. Route 27 and KY Highway 914 makes the Property convenient for all residents of the region.
- Across the street is the Somerset Community College main campus, drawing over 6,700 students to the immediate area daily.
- The Property was a build-to-suit for Aspen Dental, demonstrating outstanding commitment to the location and security of the longevity of the tenancy.

## PROPERTY SUMMARY

Address	2911 S Highway 27, Somerset, KY 42501
Price*	\$1,613,690
Cap Rate*	7.75%
NOI*	\$125,061
Lease Type	NN (Roof & Structure)
Square Footage	3,509 SF
Site Size	+/- 0.79 acres
Year Built	2014
Tenant	Aspen Dental Management, Inc
Owner Interest	Fee-simple
Remaining Term	5.3 years
Rental Increases	8% every 5 years
Option Periods	3, 5-year options

\*Priced off increased rent as of 8/1/2019

## Property

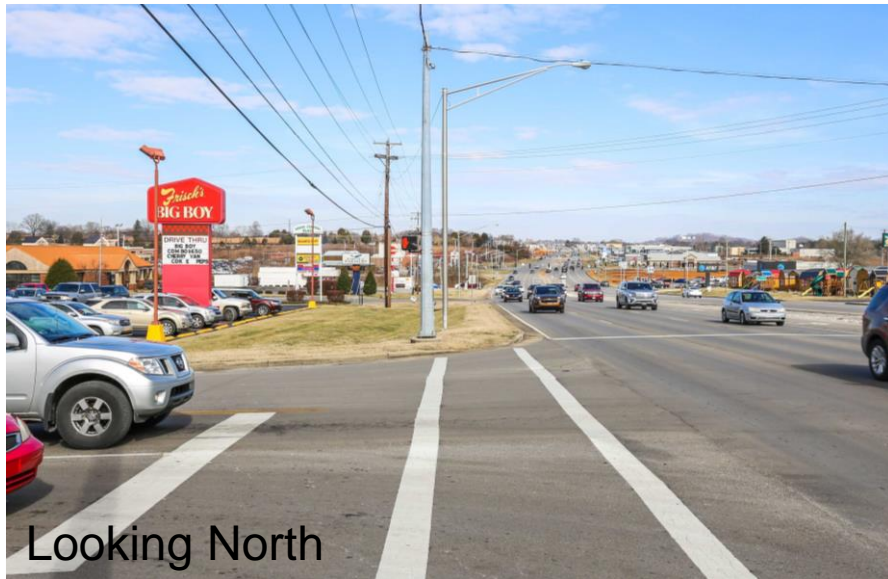
The Property is a recent construction outparcel to a Hobby Lobby and TJ Maxx anchored retail center. The Asset is optimally positioned with strong visibility along the primary retail corridor of Somerset, U.S. Route 27, seeing nearly 27,000 vehicles passing daily. Additionally, access to the Somerset Community College student base of 6,700 students at the campus across the street greatly increases the appeal and residual value of the real estate. With over 600+ locations nationwide, this is a unique location which stands alone (most others are within 2-4 tenant strip centers). As there are no other Aspen Dental locations within 40 miles, Aspen Dental's tenancy is secure for the future.



## BUILDING AND LEASE SPECIFICATIONS

Address	2911 S Highway 27, Somerset, KY 42501
Year Built	2014
Ownership Interest	Fee-simple
Parcel Size	+/- 0.79 acres
Property Type	Freestanding Single-Tenant Retail
Property Size	3,509 square feet
Tenant	Aspen Dental Management, Inc (Corporate)
Lease Type	NN (Roof & Structure)
Lease Expiration	7/31/2024
Lease Term Remaining	5.3 years (as of 3/1/18)
Renewal Options	3, 5-year options
Net Operating Income	\$125,061
Rental Increases	8% every 5 years





Looking North





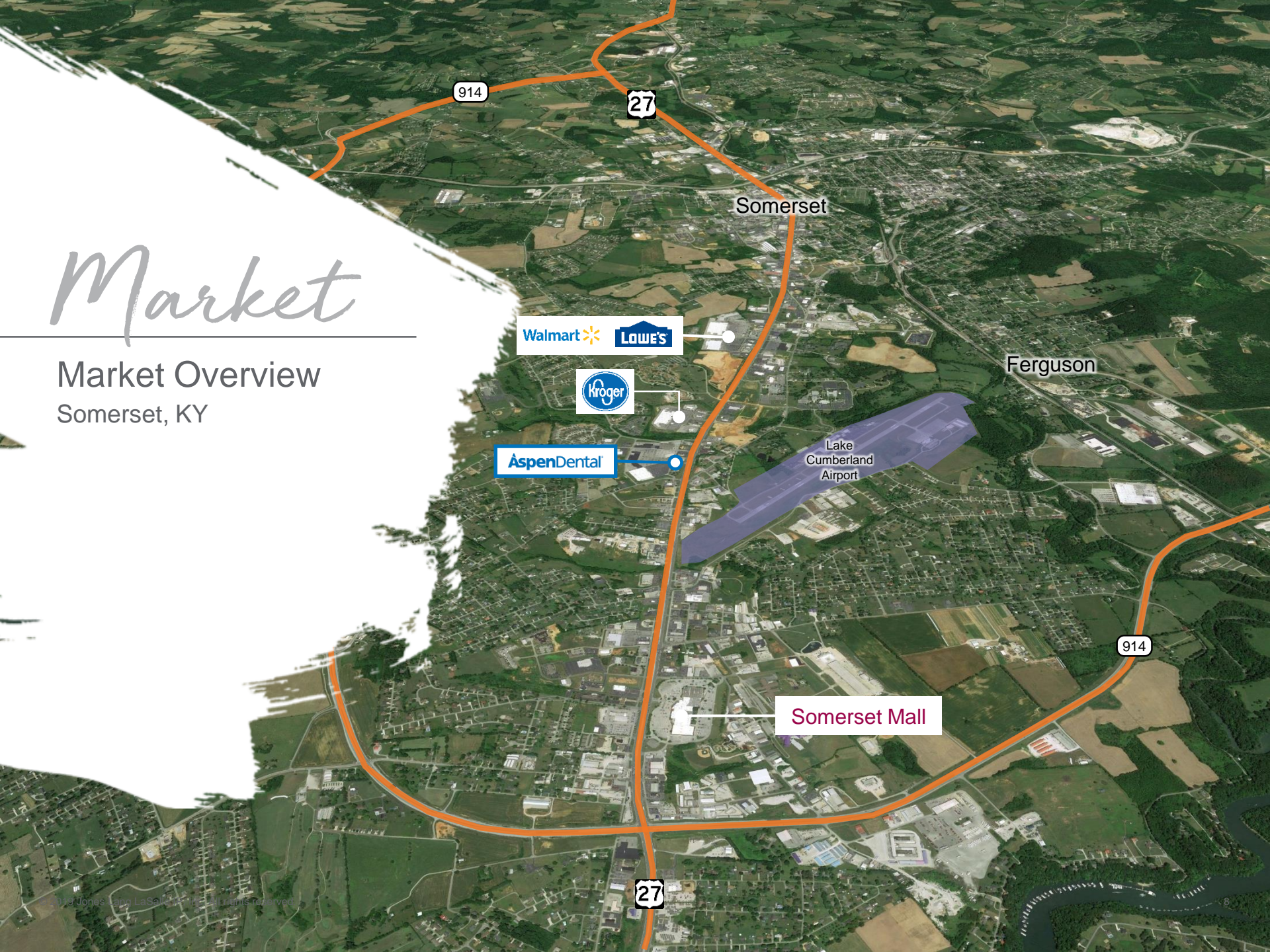




# Market

## Market Overview

Somerset, KY





# Market

## Somerset, Kentucky

Positioned between Lexington, Louisville, Nashville and Knoxville, Somerset, Kentucky is a city of 12,000 residents in south central Kentucky. The economy is largely supported by the tourism industry and the manufacturing industry, as Somerset is proximate to the popular vacation destination, Lake Cumberland, and its centralized location provides accessibility to many regional markets. The region is served by many State and U.S. Highways, including U.S. Route 27 and State Highways 80, 914, 1247, 2297, 1577, 192, and 769. Additionally, the Lake Cumberland Regional Airport provides general aviation services and is positioned adjacent to the central commercial district of the region.

The civilian labor force in Pulaski County includes over 26,000 workers with an impressive unemployment rate of 4 percent. Major employers in the region include Armstrong World Industries, Blackboard, Eagle Hardwoods, CoreTrans, Hendrickson USA, Toyotetsu America Inc, Super Service LLC, and UGN Inc., demonstrating their outstanding resources and accessibility to the greater region.

Higher education is prevalent surrounding Somerset. Eastern Kentucky University – Corbin Campus, University of the Cumberlands, Berea College, Lindsey Wilson College, Centre College, and Eastern Kentucky University – Danville Campus are all within 40 miles. Additionally, Somerset has its own community college system, Somerset Community College.

## Location Highlights



Somerset Community College's largest campus is across U.S. Route 27 with over 6,700 students at the location.



The Property is within the major commercial corridor of Somerset, with retailers such as Walmart, Kroger, Aldi, Lowe's, and the Somerset Mall within a mile.



Over 96% of the population is employed: 20% in the trade and transportation industry, 19% in the education industry, and 11% in manufacturing (top 3 industries).



The Somerset retail market demonstrates a strong vacancy rate of 3.2%, down significantly after significant absorption in 2H2018.

## Demographic Information

	1-Mile	3-Mile	5-Mile
<b>Population</b>			
2018 Population	2,575	18,346	32,811
2018 Number of Households	1,030	7,420	13,413
2023 Proj. Population	2,621	18,678	33,327
2018-2023 Total Growth	1.79%	1.81%	1.57%
2018 Daytime Population	6,825	28,153	42,497
2018 Daytime Pop Increase	165.05%	53.46%	29.52%
<b>Income</b>			
Average HH Income	\$50,050	\$51,934	\$57,833
Median HH Income	\$33,138	\$33,030	\$37,620
Less than \$35,000	52.2%	51.9%	47.1%
\$35,000 - \$49,999	14.2%	13.0%	13.0%
\$50,000 - \$74,999	15.6%	15.6%	16.6%
\$75,000 - \$99,999	8.3%	7.8%	8.8%
More than \$100,000	9.7%	11.8%	14.5%



## Area Overview Map





## Area Overview Map





# Tenant

## Tenant Overview

Aspen Dental





# The Tenant



## Aspen Dental

Aspen Dental Management, Inc. ("Aspen Dental") is a network of independent licensed dental practices operating under the Aspen Dental nameplate. Comprised of over 600 practices, Aspen Dental is focused on providing affordable patient-friendly programs and services to thousands of people every day at accessible locations with convenient hours. In 2010, Aspen Dental was acquired by Leonard Green & Partners, a private equity firm with over \$23 billion in AUM and the company's current owner.

Aspen Dental is a principal operating subsidiary of ADMI Corp, a holding company directly owned by Leonard Green & Partners. Aspen Dental Provides business support services to Aspen Dental branded practices owned by dentist-owned profession corporations ("PC"). Aspen Dental affiliates with its dentists through two structures: the Large Group Practice ("LGP") structure and the Practice Ownership Program ("POP"). Under the LGP model (~47% of offices), dentists are employees of the PC, where the PC owns medical records, patient lists, and operating records. Under POP structure (~57% of offices), dentists typically purchase the medical records from the PCs that own dental offices under the LGP structure in order to acquire their own smaller practices.

## Leonard Green and Partners

- Leonard Green & Partners, L.P. ("LGP") is a leading private equity investment firm founded in 1989 and based in Los Angeles. LGP partners with experienced management teams and often with founders to invest in market-leading companies. Since inception, LGP has invested in over 90 companies in the form of traditional buyouts, going-private transactions, recapitalizations, growth equity, and selective public equity and debt positions. LGP primarily focuses on companies providing services, including consumer, business, and healthcare services, as well as retail, distribution, and industrials.
- **LGP added Joann Stores to their portfolio in 2011. In addition, they own national brands such as BJ's Wholesale, Caliber Collision, J. Crew, Life Time Fitness, Shake Shack, Joann Stores, Soulcycle, and many more.**

## Tenant Overview

Company:	Aspen Dental
Parent:	Leonard Green & Partners
Headquarters:	Syracuse, NY
Year Founded:	1998
Sector:	Dental Offices
Locations:	600+
Website:	<a href="https://www.aspendental.com/">https://www.aspendental.com/</a>



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