



HEARTLAND DENTAL

515 MARSHALL STREET
LITCHFIELD, MICHIGAN

Offered By:

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CBRE

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I. Executive Summary

The Offering:

Heartland Dental, the largest dental service organization (DSO) in the country, signed a five (5) year lease at this location in 2021 following its acquisition of all 23 Tru Family Dental locations. The lease is equipped with 2% annual increases, three (3) options of five (5) years in duration, and minimal landlord responsibilities. This freestanding 3,006 SF medical office is situated on 1.27 acres of land fronting "Main St" in Litchfield, MI. Heartland Dental, the Tenant and Guarantor, operates over 1400 dental offices nationwide.

Investment Highlights:

- **Asking price of \$593,000 (8% CAP)**
- New five (5) year lease
- Annual rent increases of 2%
- Guaranteed by Heartland Dental which has 1400 locations
- Modest rent of \$16.02/SF



Property Facts:

PROPERTY ADDRESS	515 Marshall Street Litchfield, Michigan
YEAR BUILT	2007
TOTAL BUILDING AREA	3,006 SF
PARKING	Approximately 30 Spaces
LAND AREA	1.27 Acres

Lease Abstract

Tenant	Tru Family Dental
Guarantor	Heartland Dental, LLC
Lease Type	Double-Net Lease
Rent Start Date	7/16/2021
Expiration Date	8/01/2026
Year One Rent	\$48,160
Initial Lease Term	Five (5) year initial term
Percentage Rent	None
Rental Abatements	None
Escalations	Two percent (2%) annually during the initial term and option periods
Renewal Options	Three (3), five (5)-year renewal options with 180 days notice to Landlord
Right of First Offer	Tenant may, within 10 days of receipt of notice of Landlord's desire to sell the premises, elect to purchase the premises at the same price and terms as set forth in such notice.
Option to Purchase	None



Lease Abstract

OPERATING COSTS:

Taxes	Tenant shall pay as additional rent the amount of all property taxes on a monthly basis.
Tenant Insurance	Tenant shall obtain Liability insurance, workers compensation insurance, and "All-Risk" insurance, in accordance the minimums specified in the lease at tenant's expense.
Landlord Insurance	Landlord shall keep the building insured against loss, fire, and other such perils as are now or may be hereafter comprehended in the term "All-Risk" in an amount equal to 100% of replacement.
Utilities	Tenant shall be solely responsible for all utility charges.
Tenant Repair, Maintenance and Replacement	Tenant agrees to maintain the interior and exterior portion of the premises, at its sole cost and expense, including but not limited to HVAC systems (except that Landlord shall reimburse Tenant for HVAC repair costs in excess of \$5000 per calendar year), all electrical, plumbing, mechanical and other systems, roof and roof membrane for any costs below (\$2500 per calendar year), parking lot, and landscaping.
Landlord Repair, Maintenance and Replacement	Landlord shall repair, replace, and maintain in good condition and repair, the structural walls and systems, foundations, and roof/roof structure (excluding minor repairs). The tenant shall reimburse Landlord for all expenses of a non-capital nature as per Paragraph 6.1.4. of the lease (to be obtained after Confidentiality Agreement is signed).
Estoppel	Upon ten (10) days notice if requested by Tenant and within twenty (20) days if requested by Landlord.



II. Tenant & Location Overview



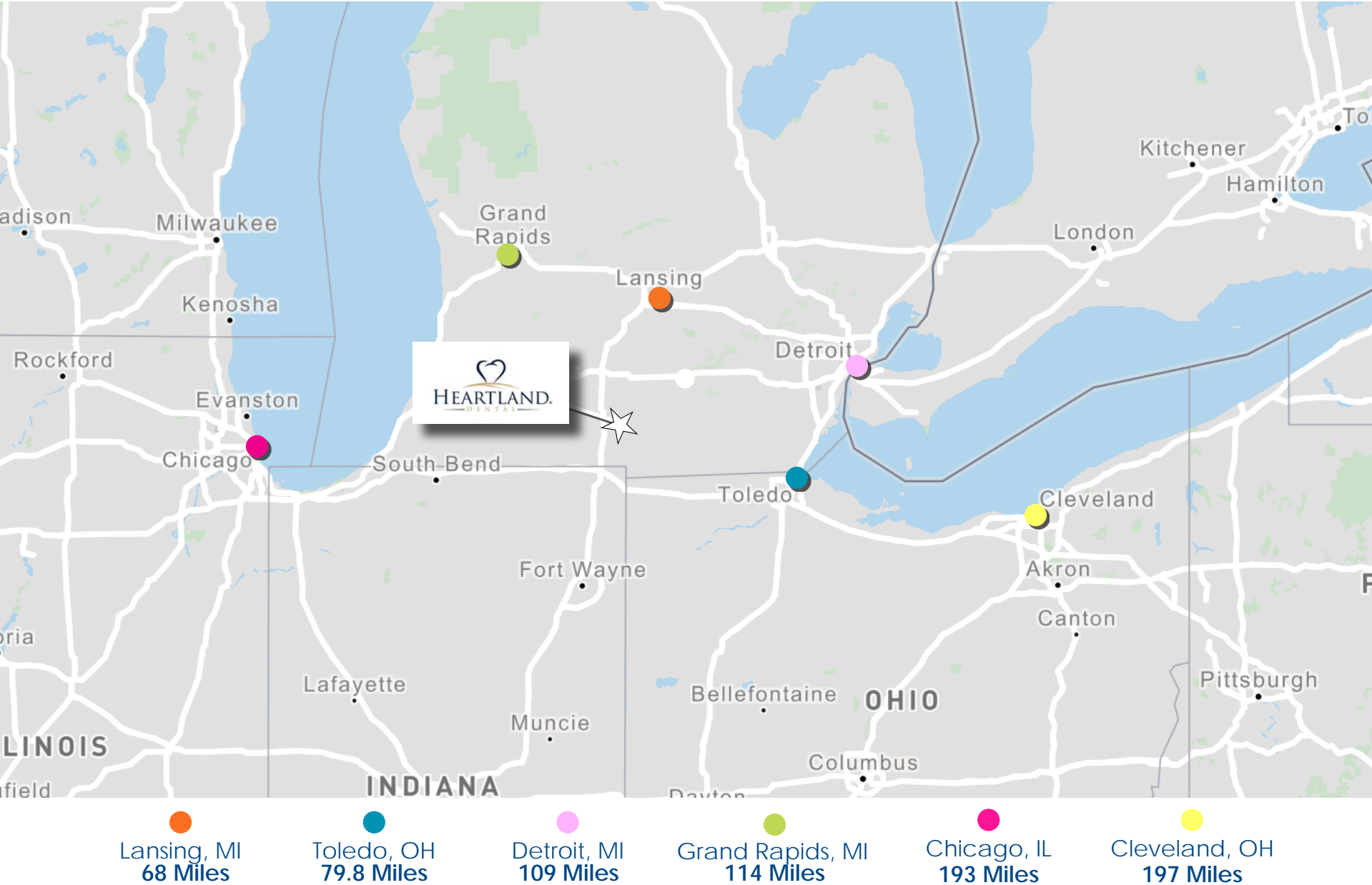
Heartland Dental

Heartland Dental is the nation's largest dental service organization providing non-clinical, administrative support services to 1,400 dentists across 37 states. Heartland Dental is owned by the private equity firm KKR. In 2021, Heartland Dental acquired American Dental Partners Incorporated which added 278 locations to the Heartland portfolio. Twenty-three Tru Family Dental offices were acquired by Heartland in late 2020 which brought the expansive resources of Heartland Dental to the existing Tru locations.

Aerial Map: Nearby Retail Tenants



Proximity Map



Site Photos

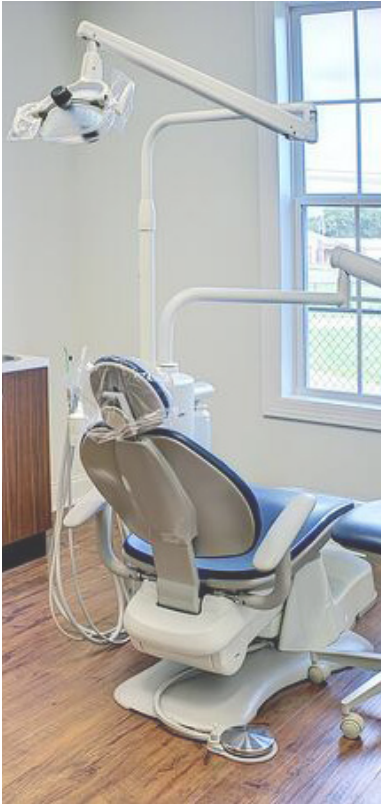




III. Financial Analysis

Financial Analysis

Price	\$593,000
Rentable Square Feet	3,006
Price Per Square Foot	\$197.27
CAP Rate	8.00%



	Year One 11/2021 - 10/2022	Monthly	Per SF
Base Rent			
<i>Heartland Dental (4.75 Year Remain)</i>	\$48,160.00	\$4,013.33	\$16.02
Total Base Rent ¹	\$48,160.00	\$4,013.33	\$16.02
Scheduled Base Rental Revenue	\$48,160.00	\$4,013.33	\$16.02
Expense Reimbursement Revenue			
Insurance	\$1,253.00	\$104.42	\$0.42
Common Area Maintenance	\$2,253.00	\$187.75	\$0.75
Real Estate Taxes	\$7,705.00	\$642.08	\$2.56
Total Expense Reimbursement Revenue	\$11,211.00	\$934.25	\$3.73
Gross Potential Income	\$59,371.00	\$4,947.58	\$19.75
Effective Gross Income	\$59,371.00	\$4,947.58	\$19.75
Operating Expense Estimates			
Insurance	\$1,253.00	\$104.42	\$0.42
Common Area Maintenance	\$2,253.00	\$187.75	\$0.75
Real Estate Taxes	\$7,705.00	\$642.08	\$2.56
Total Common Area Expenses	\$11,211.00	\$934.25	\$3.73
Management Fee	0.0%	\$0.00	\$0.00
Replacement Reserve	0.25	\$751.50	\$62.63
Total Expenses	\$11,962.50	\$996.88	\$3.98
Net Operating Income	\$47,408.50	\$3,950.71	\$15.77

¹Blended rental rate which takes into account the August 2022 rent escalation



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IV. Comparables

Sale Comparables

	Building Name Address	Building Size (SF)	Sale Date	Sale Price	Price/SF	Term Remaining	Cap Rate
★	Heartland Dental 515 Marshall Street Litchfield, MI	3,006	Subject Property	\$593,000	\$197.27	5 Years	8.00%
1	Heartland Dental 10457 S. US Highway 1 Port Saint Lucie, FL	3,355	10/31/2019	\$1,395,000	\$415.80	5 Years	7.17%
2	Parkland Family Dentistry 7501 N. State Road 7 Parkland, FL	3,372	10/28/2019	\$2,120,457	\$628.84	5 Years	7.00%
3	Heartland Dental 314 W. Kirby Ave Champaign, IL	4,000	01/27/2020	\$1,300,000	\$325.00	Unknown	7.39%
4	Heartland Dental 33428 Five Mile Road Livonia, MI	2,010	On Market	\$822,857	\$228.57	4.6 Years	7.00%
Comparable Average					\$399.55	4.86 Years	7.14%





V. Market & Area Overview

Market & Area Overview

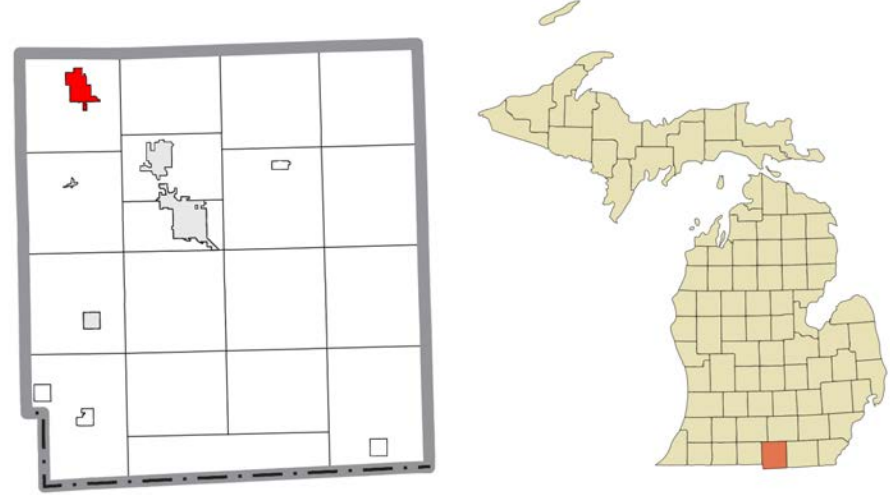
City of Litchfield:

Litchfield is a city in Hillsdale County in the U.S. state of Michigan. The population was 1,369 at the 2010 census. Litchfield Township surrounds the city, but the two are autonomous municipalities.

According to the United States Census Bureau, the city has a total area of 2.54 square miles, of which 2.50 square miles is land and 0.04 square miles is water.

The St. Joseph River flows close to the downtown area within the city limits.

As of the census of 2010, there were 1,369 people, 559 households, and 365 families living in the city. The population density was 547.6 inhabitants per square mile. There were 616 housing units at an average density of 246.4 per square mile





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