



OFFERING MEMORANDUM



Heartland Dental  
San Antonio, TX

This property is listed in conjunction with Texas-licensed real estate broker Delta Commercial.

[www.preservewestcapital.com](http://www.preservewestcapital.com)



PROPERTY HIGHLIGHTS	1	AERIALS	5
PROPERTY OVERVIEW	2	ABOUT THE AREA	6
TENANT INFORMATION	3	DEMOGRAPHICS	8
SITE PLAN	4		

## Disclaimer

Preserve West Capital ("Broker") has been retained on an exclusive basis to market the property described herein ("Property"). Broker has been authorized by the Seller of the Property ("Seller") to prepare and distribute the enclosed information ("Material") for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

### Putnam Daily

Partner  
415.445.5107  
putnam@preservewc.com  
CA RE License #01750064

### Michael Maffia

Managing Partner  
415.373.4060  
mike@preservewc.com  
CA RE License #01340853

## PROPERTY HIGHLIGHTS



### Property Highlights

- New 10 Year Net Lease to Heartland Dental
  - Scheduled 2% Rental Escalations in Primary Term
  - 10% Scheduled Rental Increases in Options 1 and 2
- Heartland Dental, LLC is the Nation's Largest Dental Support Organization with 2,300 dentists and 1,500 Offices in 38 states
- Prominently Situated Near Heavily Trafficked, Signalized Grocery-Anchored Intersection
  - Nearby Tenants include H-E-B Grocery, CVS Pharmacy, Dunkin', Great Clips, Supercuts and Whataburger
- Robust Demographics in Surrounding Area
  - Total Daytime Population of 148,261 within 5 Miles
  - Average Household Income of \$148,760 within 1 Mile Radius
- Excellent Access and Visibility Near Junction of Wilderness Oak and Hardy Oak Boulevards
  - 12,800 AADT on Wilderness Oak
  - 50,060 AADT US 281N
  - 124,869 AADT at Loop 1604
- San Antonio is the Seventh-most Populous City in the United States
  - Site Located in Affluent Stone Oak
  - Over 50 Neighborhoods in the Vicinity with Over 50,000 Residents
- Dental Expenditures total over \$2 Million within 1 Mile of the Site
  - In Urban Areas, 63% of Adults Have Annual Dental Visits; 86% of Children Have Annual Dental Visits





## PRICE

**\$2,600,000**

**5.00% Return**

## Location

The property is located at 23510 Wilderness Oak, San Antonio, Texas

## Lot Size

Approximately 0.699 acres or 30,448 square feet.

## Improvements

A 2,688 square foot building for **Heartland Dental**.

## Lease

Leased to **Heartland Dental, LLC** for 10 years from June 2022 through May 2032 at a current annual rent of \$130,000. There are two (2) five-year options to renew the lease. Rent increases by 2% each year during the ten year period, and increases by 10% at the start of each five year option period. The lease is net with tenant responsible for all taxes, insurance, and all maintenance; Landlord is responsible for replacing foundations, exterior walls, load-bearing walls and columns, floors (except utilities in the floor), and roof/gutters of the Building.

## Financing

The property will be delivered free and clear of permanent financing.

## Annual Rent

Year	Annual Rent	Return
<b>Year 1</b>	<b>\$130,000</b>	<b>5.00%</b>
Year 2	\$132,600	5.10%
Year 3	\$135,252	5.20%
Year 4	\$137,957	5.31%
Year 5	\$140,716	5.41%
Year 6	\$143,530	5.52%
Year 7	\$146,402	5.63%
Year 8	\$149,330	5.74%
Year 9	\$152,316	5.86%
Year 10	\$155,362	5.98%
Years 11 - 15 (Option 1)	\$170,898	6.57%
Years 16 - 20 (Option 2)	\$187,988	7.23%



**Heartland Dental, LLC** was founded in 1997 in Effingham, Illinois and is in the employment services industry. Today, Heartland Dental owns the nation's largest dental support organization (DSO) providing non-clinical, administrative support services to 2,300 dentists in over 1,500 offices across 38 states and generates \$141.34 million in sales. In 2021, Moody's upgraded the Corporate Family Rating to B3 from Caa1 with a stable outlook. The upgrade reflects Heartland's return of patient volumes to near pre-pandemic levels and reduced debt/EBITDA to around 7.0x. Heartland Dental partners with its supported dentists to deliver high-quality care across the full spectrum of dental services. In January 2022, Heartland Dental became affiliated with LWSS Family Dentistry, bringing an additional seven individual practices to the Heartland Dental support network.

Heartland Dental is an expert in the business of dentistry. Their mission is to help dental professionals at every stage of their professional journey. They are committed to helping both established practice owners and young professionals further their dental careers whether they are seasoned owners of a thriving practice or a fresh graduate looking to further their professional life.

Heartland Dental, LLC is a portfolio company of KKR & Co., Inc. which acquired its majority interest from Ontario Teachers' Pension Plan in 2018. The Pension Plan retained "sizeable ownership" with current shareholders, Heartland founder and executive chairman Rick Workman, DMD, and Heartland CEO Patrick Bauer. In mid-2021, Heartland Dental acquired American Dental Partners, Inc. (ADPI), also a leading dental support organization, based in Wakefield, Massachusetts. ADPI brought 23 dental group practices into the network.

**KKR & Co., Inc. (NYSE: KKR)**, founded in 1976, is a New York-based, global private equity and real estate investment firm that specializes in direct and fund of fund investments. This private equity firm is in the top five companies for assets under management worldwide. Since launching a dedicated real estate platform in 2011, KKR has grown real estate assets under management to approximately \$41 billion across the U.S., Europe, and Asia as of December 31, 2021. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life, and reinsurance products under the management of The Global Atlantic Financial Group. KKR & Co.'s latest financial reports the company's current 2021 revenue of \$14.18 Billion with earnings of \$18.52 Billion. In 2019 the company made a revenue of \$4.22 Billion with earnings that were \$6.21 Billion.

# SITE PLAN



AERIAL

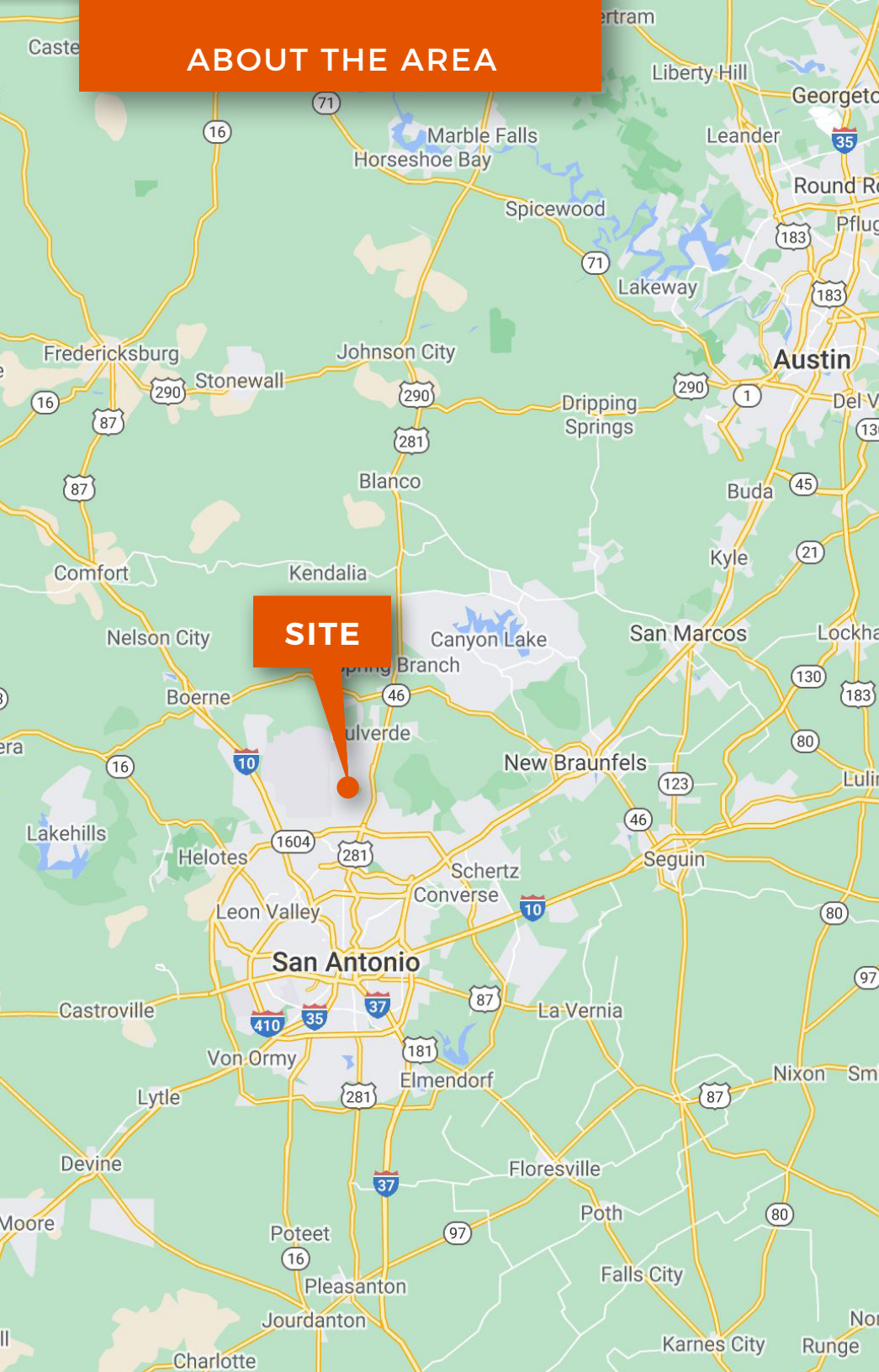
EAST VIEW



Wilderness Oak (12,800 AADT)



## ABOUT THE AREA



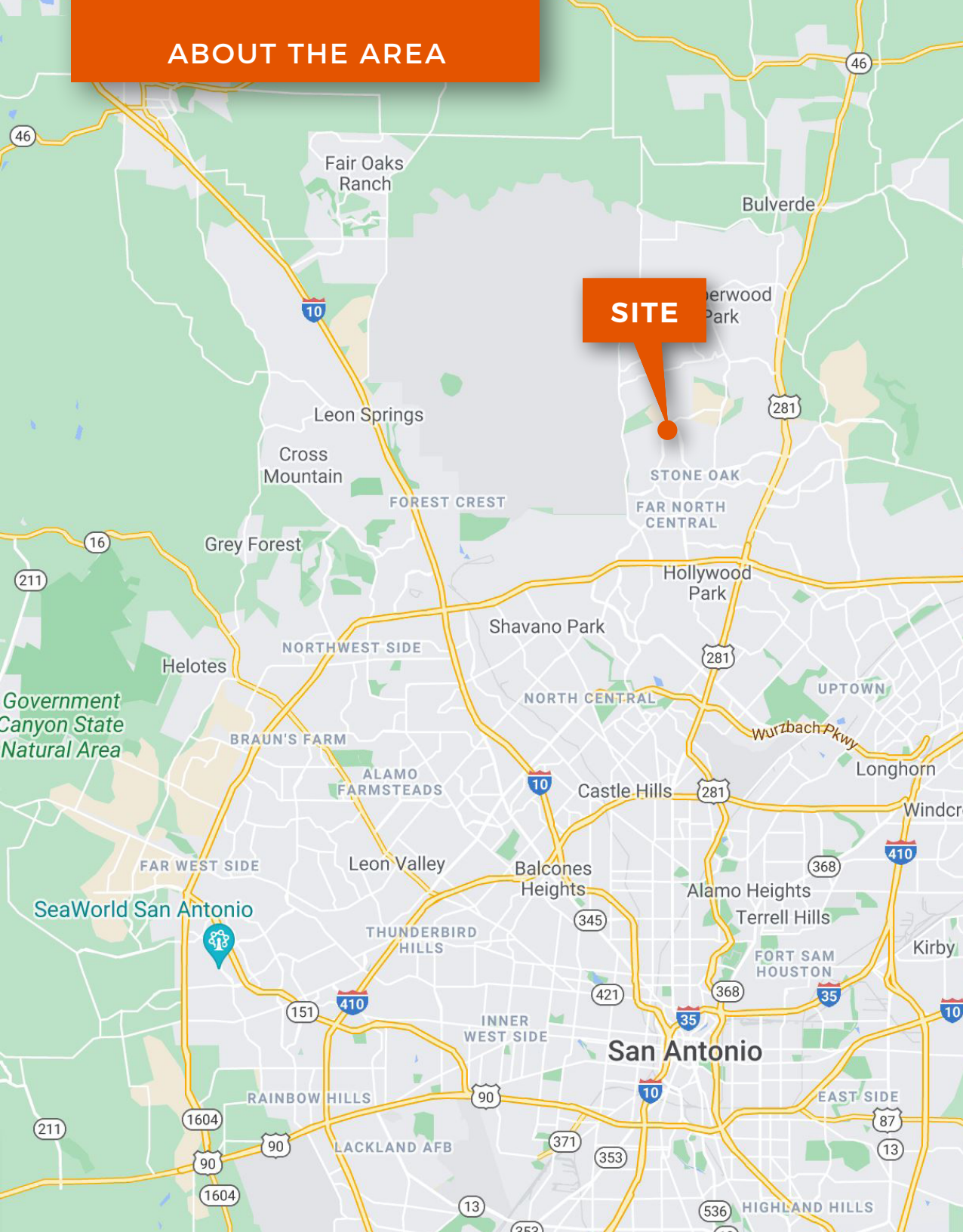
## General Overview

Stone Oak is an affluent master-planned, deed restricted, multi-use development 30 miles from downtown San Antonio, Texas, north of Loop 1604 and west of U.S. 281. This north central neighborhood has many gated communities with 24-hour security, well-landscaped medians, granite rock formations, and oak tree wooded areas. The area has many large and small shopping centers catering to the residents' needs. The Dominion, Alamo Heights, Olmos Park, Terrell Hills, Hill Country Village, Monte Vista, Shavano Park and Stone Oak round out San Antonio's top affluent neighborhoods. Stone Oak is also home to the Canyon Springs Golf Club and The Club at Sonterra. The community is easily accessible from various parts of San Antonio, combining modern amenities, tradition, as well as luxury.

The City of San Antonio is the seventh-most populous city in the United States, second largest city in the Southern United States, and the second-most populous city in Texas with 1,434,625 residents in 2020. San Antonio is the center of the San Antonio-New Braunfels metropolitan statistical area, with a population of 2,550,960. San Antonio anchors the southwestern corner of an urban megaregion colloquially known as the Texas Triangle. The Greater San Antonio and Greater Austin areas are separated from each other by approximately 80 miles (129 km) along Interstate 35. Both metropolitan regions are expected to form a new metroplex similar to Dallas and Fort Worth. The U.S. Armed Forces have numerous facilities in and around San Antonio. Fort Sam Houston is within the city limits, while Lackland Air Force Base, Randolph Air Force Base, Kelly Air Force Base, Camp Bullis, and Camp Stanley are outside the city limits. San Antonio is home to Fortune 500 companies such as Valero Energy, USAA, iHeartMedia, and NuStar Energy. H-E-B, the 13th-largest private company in the U.S., is also headquartered in San Antonio. Located about 10 miles northwest of Downtown is the South Texas Medical Center, a conglomerate of various hospitals, clinics, research, and higher educational institutions.

San Antonio hosts over 100,000 students in its 31 higher-education institutions. Publicly supported schools include UT Health San Antonio, the University of Texas at San Antonio, Texas A&M University–San Antonio, and the Alamo Community College District. The University of Texas at San Antonio is San Antonio's largest university with a total undergraduate enrollment of 29,959. Its setting is suburban, and the campus is 725 acres. Private universities include Trinity University, St. Mary's University, University of the Incarnate Word, and many more. San Antonio is also home to a campus of The Culinary Institute of America.

## ABOUT THE AREA



## Site Information

The subject property is located near the busy intersection of Wilderness Oak and Hardy Oak Boulevards within the affluent Stone Oak Neighborhood, centrally located with excellent access and visibility. The grocery anchored intersection includes H-E-B Grocery, CVS Pharmacy, Dunkin', Great Clips, Supercuts and Whataburger along Wilderness Oak Drive (12,800 AADT). Nearby U.S. Hwy 281 has an AADT of 50,060 and State Highway Loop 1604 AADT of 124,869.

The site benefits from robust demographics with a total daytime population of 148,262 within a 5-mile radius. Average household income within 1 mile of the site is \$146,760. In Stone Oak 55% of adults have bachelor's degrees or higher versus 31% nationwide.

The property has the advantage of being centrally located to many gated neighborhoods within the Stone Oak community, conveniently close to Jose M. Lopez Middle School and Hardy Oak Elementary School, drawing additional traffic from students, parents, and teachers to the site. The property also neighbors Methodist Hospital, one of the top employers in San Antonio which employs 9,620. Stone Oak stands as one of the most recognizable neighborhoods on the edge of the city of San Antonio.



# 23510 Wilderness Oak | San Antonio, TX 78258



2021 POPULATION

**140,816**



AVG. HOME VALUE

**\$420,327**



AVG. HOUSEHOLD INCOME

**\$146,760**

Population Summary	1 Mile	3 Miles	5 Miles
2010 Total Population	8,622	50,432	109,838
2021 Total Population	11,622	63,848	140,816
2026 Total Population	13,085	70,945	155,749
<b>2021-2026 Annual Rate</b>	<b>2.40%</b>	<b>2.13%</b>	<b>2.04%</b>
Average Household Income			
2021	\$146,760	\$127,735	\$129,113
2026	\$161,405	\$139,948	\$141,925
Average Home Value			
2021	\$420,327	\$387,319	\$388,585
2026	\$433,889	\$407,481	\$408,682

## Top Employers in San Antonio

## # of Employees

Joint Base San Antonio	80,000
H.E.B. Food Stores	22,000
United Services Automobile Assn.	19,400
Northside Independent School District	13,498
City of San Antonio	11,183
Methodist Healthcare System	9,620
North East Independent School District	8,386
San Antonio Independent School District	7,338
Baptist Health Systems	6,383
Wells Fargo	5,152

*Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.*

## Information About Brokerage Services

**B**efore working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

### **IF THE BROKER REPRESENTS THE OWNER:**

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written - listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

### **IF THE BROKER REPRESENTS THE BUYER:**

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

### **IF THE BROKER ACTS AS AN INTERMEDIARY:**

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License

Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

### **If you choose to have a broker represent you,**

you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.

Buyer, Seller, Landlord or Tenant

Date

Texas Real Estate Brokers and Salespersons are licensed and regulated by the Texas Real Estate Commission (TREC). If you have a question or complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12188, Austin, Texas 78711-2188 or 512-465-3960.





**Putnam Daily**

Partner  
415.445.5107  
putnam@preservewc.com  
CA RE License #01750064

**Michael Maffia**

Managing Partner  
415.373.4060  
mike@preservewc.com  
CA RE License #01340853

PRESERVE  
WEST  
CAPITAL

