



Tenant Description

Dollar General is the largest dollar store chain. As of March 2017, they operate 13,429 locations across 44 states. The locations offer products that are frequently used and replenished, such as food, snacks, health and beauty aids, cleaning supplies, clothing, housewares, and seasonal items at low everyday prices. Dollar General operates more like a hybrid of a convenience store and small format grocery and general merchandise store. A typical store is a 9,100 square foot building located in a tertiary market. The company is well-positioned to serve its customers with value and convenience given its plans to open approximately 1,000 new stores during 2017. To strengthen its position for the long term, Dollar General is making significant investments, primarily in compensation and training for store managers given the critical role this position plays in their customer experiences, as well as strategic initiatives.

Net Lease Overview

Dollar General is currently the only dollar store operator with investment grade credit guaranteeing their leases. Moody's rates Dollar General Corporation Baa2 and Standard and Poor's rates them BBB. In 2016, Dollar General reported a revenue of \$22 Billion, net income of \$1.25 Billion, and ranked 139th on the Fortune 500 list.

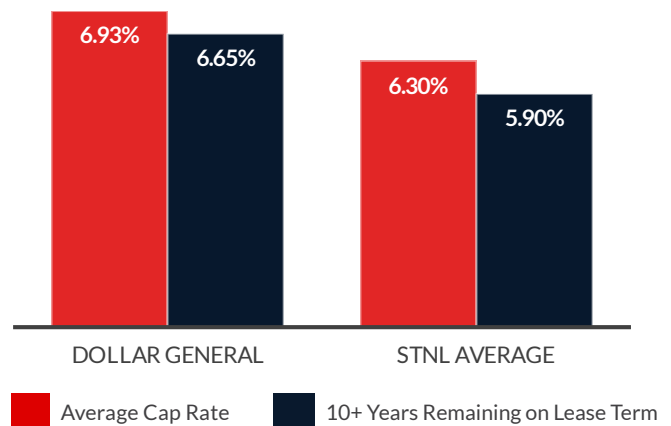
Summary Table for Dollar Stores Over the Last 12 Months

Tenant	Avg Cap	Low	High	Avg Term Remaining	Sample Size
DOLLAR GENERAL	6.93%	5.50%	10.04%	12.7	188
DOLLAR TREE	6.93%	4.46%	11.90%	8.6	31
FAMILY DOLLAR	7.10%	5.35%	12.29%	10.6	89
Average	6.98%			11.7	TOTAL 308

Dollar General tenanted properties typically trade at a price point below \$2 million. Over the past 12 months, the average sales price has been \$1,495,000.

New, build-to-suit, Dollar General stores typically have 15-year NNN leases. These leases are flat with a 10% rent increase during the option periods. The leases are attractive because they provide for a long-term, passive investment requiring minimal to no landlord responsibilities. The rental increases in options are a hedge against inflation. For these reasons, we continue to see investors purchasing Dollar Generals.

Average Cap Rate Within the Last 12 Months

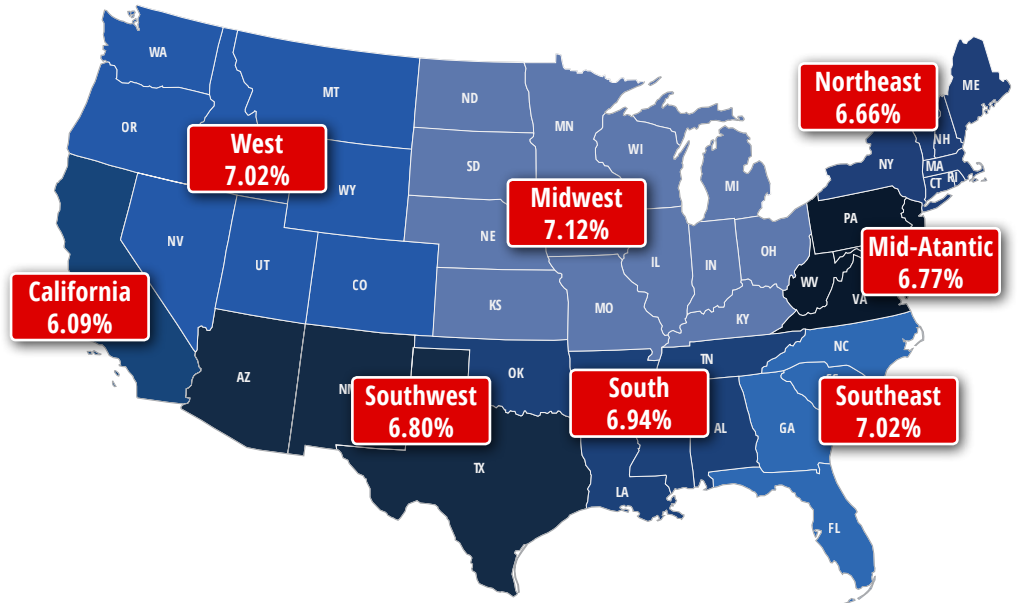


Dollar General tenanted properties make an attractive investment due to investment grade credit guaranteeing the lease. This means the lease is not just secure, but the property will be easy to finance. With the average cap rate at 6.93% there is a spread large enough for investors to finance the properties with debt in a way that is accretive to their returns. The triple net nature of the lease makes the property a very passive stream of income.

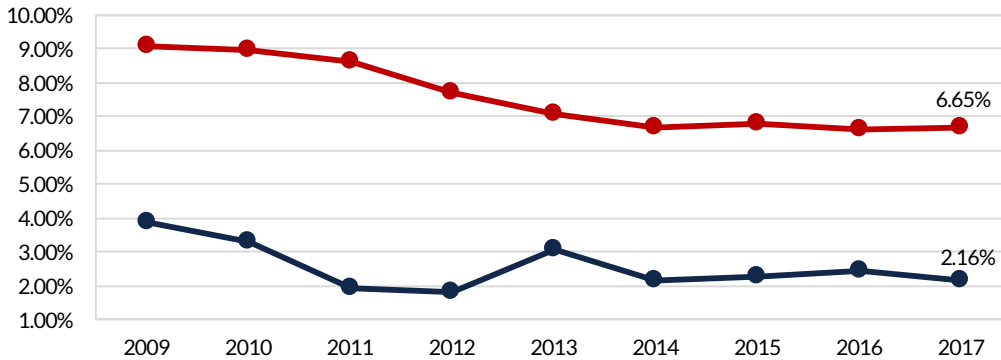


Average Regional Cap Rate

This map shows the average cap rate for Dollar Generals by region. California tends to have much lower cap rates than the rest of the country. Most Dollar Generals are located in the Southeast, South, Midwest, and Texas.



Dollar General Cap Rates (10+ Lease Years Remaining) vs. 10 Year Treasury Rates



The spread between the Dollar General cap rates and the 10 Year Treasury notes allows investors to make higher returns compared to the other net lease properties. Financing rates are typically pegged to the 10 Year Treasury note, there is room for investors to borrow and still see significant cash flow from a Dollar General.

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017
National DG Cap Rates (10+ Years)	9.08%	8.96%	8.59%	7.68%	7.06%	6.65%	6.75%	6.63%	6.65%
10 Year Treasury Rates	3.85%	3.30%	1.89%	1.78%	3.04%	2.17%	2.27%	2.45%	2.16%

As of 6/16/2017

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Calkain is a national commercial real estate firm that provides consulting and brokerage services to both private and institutional clientele with an expertise on triple net lease investments. We pride ourselves on being a world class leader by providing our clients a full array of commercial real estate investment brokerage and asset management solutions, including advisory, research, estate planning and wealth management. Calkain is headquartered in Herndon, VA with multiple locations throughout the United States.