

A photograph of a Dollar General store. The building has a dark blue metal roof and a brick lower section. A large, bright yellow sign with the words "DOLLAR GENERAL" in bold, dark blue capital letters is mounted on the roof. Below the sign, the store's entrance is visible through large glass windows and doors. Inside, shelves stocked with various goods are visible. Two blue handicapped parking signs are posted near the entrance. A white semi-transparent banner is overlaid at the bottom of the image, containing text about an exclusive net lease offering.

DOLLAR GENERAL[®]

Exclusive Net Lease Offering

Dollar General

218 Hopkinsville Road, Nortonville, KY 42442



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The Dollar General logo is displayed within a yellow, rounded rectangular frame. The text "DOLLAR GENERAL" is in a bold, black, sans-serif font, with a registered trademark symbol (®) at the end of "GENERAL".

DOLLAR GENERAL®

Executive Summary



I. Executive Summary

The Offering

Jones Lang LaSalle (“JLL”) is pleased to offer for sale the fee simple interest in a freestanding Dollar General (the “Property” or “Asset”) located in Nortonville, KY. The Property is subject to double net lease with 7.6 years of contractual term remaining, with rare rent growth in 2020 and in Dollar General’s remaining 5-year option. Dollar General (the “Tenant”) is a publicly traded general goods retailer and the largest retail chain by store count in the United States, with over 14,000 locations. Dollar General boasts investment-grade credit, rated “BBB” by Standard & Poor’s. The Property’s strong tenancy, low price point, rent growth, and Dollar General’s demonstrated commitment to this location make this a rare net lease investment opportunity.

Dollar General INVESTMENT DETAILS

Address	218 Hopkinsville Road Nortonville, KY 42442
Building Type	Freestanding Retail
Offering Price	\$607,837
Cap Rate	7.35%
Ownership Interest	Fee Simple
NOI	\$44,676*
Rent/SF	\$4.93
Lease Type	NN
Landlord Responsibilities	See Below**
Current Term Commencement	11/1/2017
Lease Expiration	10/31/2025
Initial Term Remaining	7.6 Years
Renewal Options*	1, 5-Year Option
Rent Escalations	5.00% at 11/1/2020* 4.75% at Option
Building Size	8,625 SF
Parcel Size	46,174 SF

*NOI as of 11/20/2020 – Seller will credit difference to buyer

**Landlord responsible for HVAC, heating, lighting, and plumbing above \$500, roof, foundation, walls, pipes and utility lines, and structural components. Tenant pays parking lot R&M up to \$0.70 PSF and RE Taxes up to \$0.60 PSF per most recent extension. Applicable expenses are well below DG’s reimbursement stops.

Investment Highlights

Proven Location, Commitment to Site

- Dollar General has operated from this location since 2000, and has exercised numerous renewals to remain in operation at this highly-profitable site. Currently, Dollar General has renewed their lease early and extended out to 2025, demonstrating their commitment to this location.

No Local Competition

- The Asset is the only national retail presence in greater Nortonville and enjoys a large customer base devoid of competition. The nearest Walmart, Family Dollar, Dollar Tree, CVS, and Walgreens are all over 12 miles north in the county seat of Madisonville. To the south, competitive retailers are even further away, approximate 25 miles down I-169 in Hopkinsville, KY.

Prime Market Position

- The Asset is located just off Interstate 169, traveled by 20,500 vehicles each day. Dollar General sits between the interstate and downtown Nortonville, in the midst of Nortonville’s main commercial intersection. Surrounding properties include numerous gas stations, the Do-It-Best Hardware, H&R Block, Nortonville City Park, Nortonville Fire Station, and several other local traffic drivers.

Recent Capital Improvements

- Landlord has made numerous capital improvements to the Property in the last year, including a completely restriped and slurry-sealed parking lot, a brand new roof with 15-year warranty, and a brand new drain system. These improvements total over \$45,000 in contributions to the Asset.

Investment Grade Tenancy

- Dollar General is the largest retailer in the United States by store count and the only investment-grade tenant in the dollar store sector. Dollar General guarantees all leases at the corporate level, and boasts an investment-grade “BBB” credit rating from Standard & Poor’s. Their exceptional financial track record has made them one of the most sought-after net lease tenants in recent years, and they continue to impress the industry with phenomenal growth of both their store footprint and corporate financials.

Tenant Overview



II. Tenant Overview

Company Overview

- Dollar General Corporation (“Dollar General” or the “Company”) is a publically traded discount variety retailer that provides various low-priced merchandise products in 44 of the 50 U.S. states, with a primary presence in the Southern, Southwestern, Midwestern, and Eastern United States. Its small-format stores, convenient locations, and unbeatable prices make it extremely popular among its target customer.
- The nation’s most expansive retailer, Dollar General has continued to open an eye-popping number of new stores annually and expand into new states, most recently North Dakota. Despite already operating more domestic locations than Starbucks, the retailer shows no signs of slowing down. In 2018, Dollar General intends to open another 900 stores over the course of the year, equating to one new store opening every 10 hours. While expansion has increased sales considerably, same-store sales growth has remained positive year after year in a retail environment that is challenging many other national banners.
- The Company has four primary operating segments including Consumables, Seasonal, Home Products, and Apparel. With consumables accounting for over 75% of total revenue, Dollar General seeks to be the most convenient daily retail option for quick necessities such as paper goods, snacks, cleaning supplies, diapers, food staples, and other common items. The Company offers a wide range of products that include both name brand and private label merchandise, appealing to a variety of shoppers.
- Dollar General is often more convenient to their customers than larger retailers and shopping areas, and as a result benefits from consistent daily traffic from its core customers. Additionally, Dollar General sells items at prices lower than even Walmart, and yet boasts profit margins considerably higher than the big-box giant.
- With 14,000+ total stores and counting across 44 states as of December 2017, Dollar General (NYSE: DG) is the largest discount retail banner in the United States by store count, and continues to improve its market saturation, footprint, and sales.

Dollar General Outlook

- Dollar General has built a strong footprint and customer base across its operating regions, affording it the capability to fend off competition. The Company continues to demonstrate success in its expansion efforts, fueling bottom-line growth.
- Dollar General, with its robust operating performance, strong credit profile, recession-proof business model, investor friendly real estate fundamentals, and internet-resistant vertical, is a one of the most desirable tenants in the net lease investment community.

DOLLAR GENERAL®

DOLLAR GENERAL COMPANY OVERVIEW

Company	Dollar General Corp.
Year Founded	1939
Headquarters	Goodlettsville, TN
Ownership Type	Public (NYSE: DG)
Stock Index Membership	S&P 500 Component
Sector	Discount Retail Stores
Locations	14,000+ Stores
Number of Employees	121,000+
Credit Rating (S&P)	BBB / Stable
Annual Revenue (YE 2/23/2017)	\$21.98 Billion
Market Capitalization (Jan 2018)	\$25.50 Billion
Total Assets (YE 2/23/2017)	\$11.67 Billion
Total Debt (YE 2/23/2017)	\$2.70 Billion
Website	www.dollargeneral.com

II. Tenant Overview

Key Financial Highlights

- Dollar General generated \$21.9 billion in total revenue in the fiscal year ending 2/3/2017, a 7.94% increase over the previous year. Since 2013, Dollar General has grown its sales by at least 7.72% each year.
- Over the past five years, the Company has effectively managed key financial metrics at impressive levels, achieving a gross margin in excess of 30.6%, an EBITDA margin in excess of 11.1%, and a profit margin in excess of 5.6% in every year since 2013.
- Dollar General has nearly doubled its free cash flow over the past 5 years, with \$1.04 billion in the fiscal year ending 2/3/2017, compared to \$559 million in the same period four years prior.
- Dollar General carries investment grade credit ratings of BBB and Baa3 from S&P and Moody's, respectively, reflecting its sound financial position.
- In the past 5 years, Dollar General's stock price has increased by 120%, a rarity in today's retail sector.



Stock Chart – Trailing 5 Years



DOLLAR GENERAL KEY FINANCIAL METRICS

	Year Ending 2/3/2017	Year Ending 1/29/2016	Year Ending 1/30/2015	Year Ending 1/31/2014
Revenue (\$ Billions)	\$21.9	\$20.4	\$18.9	\$17.5
EBITDA (\$ Billions)	\$2.4	\$2.3	\$2.1	\$2.0
Net Income (\$ Billions)	\$1.3	\$1.2	\$1.1	\$1.0
EBITDA Margin	11.11%	11.25%	11.17%	11.71%
EBITDA Interest Coverage	24.98x	26.37x	23.93x	23.04%
Same-Store Sales Growth	0.90%	2.80%	2.80%	3.30%

II. Tenant Overview

Dollar & Variety Stores at a Glance

- The Dollar and Variety Store industry has performed strongly over the past decade. In response to the American economic recession, industry operators have made several changes to their operational strategy in order to sustain growth rates. A substantial platform for change within the industry has been the customer base; while the industry has historically targeted exclusively low-income earners, this consumer pool has expanded in recent years to include middle-class shoppers and even some high-income earners. Bargain shopping has become an increasing point of pride for many wealthy consumers, and this trend has drastically increased the industry's customer base. **As a result of this expansion, industry revenue has increased at an annualized rate of 2.1%, totaling \$65.7 billion over the five years to 2017.**

Industry Outlook

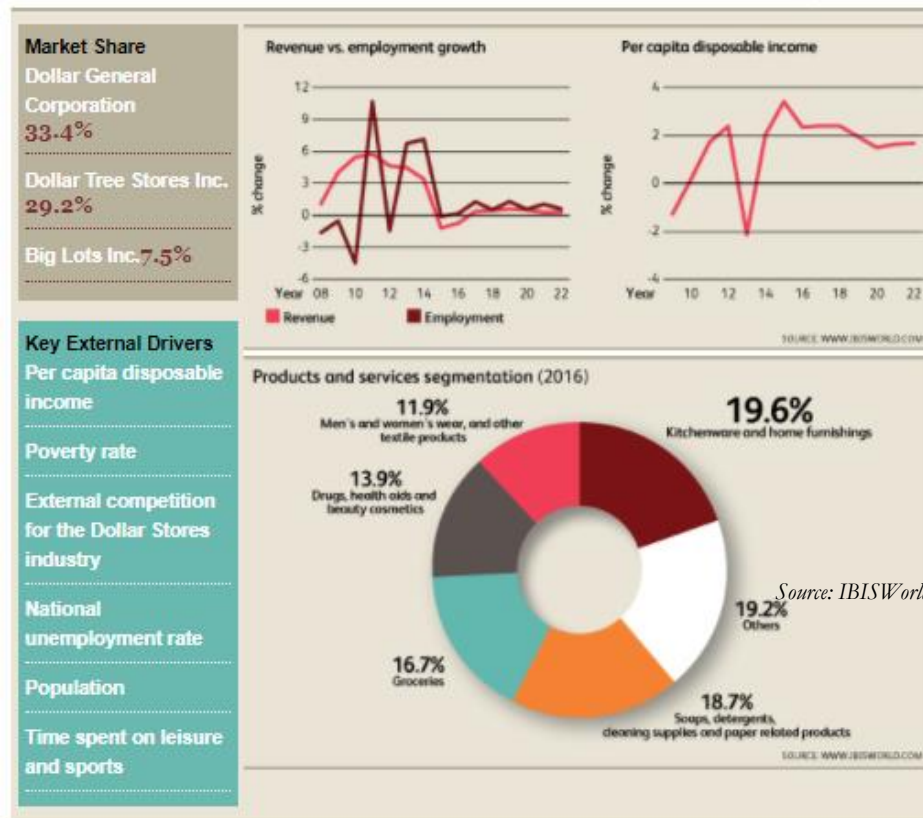
- Over the five years culminating in 2022, the Dollar and Variety Store industry will complete its transition into a mature industry. Throughout this period, it is expected that industry operators will continue to consolidate as competition intensifies from mass merchandisers and large superstores, such as Walmart, Target and Costco. Meanwhile, smaller and non-chain stores will be unable to compete in such circumstances. Thus, the number of industry establishments will grow at a lesser pace over the five years to 2022 relative to the previous five-year period. Overall, it is expected that industry revenue will grow at an annualized rate of 0.4% over the five years to 2022, totaling \$67.2 billion. This includes growth of 0.4% in 2017 alone.
- Over the next five years, per capita disposable income and consumer spending are both projected to expand. This growth in the macroeconomic climate will reduce the number of people on food stamps and other government benefits. These groups represent a significant proportion of dollar store customers. In fact, the acceptance of Electronic Benefit Transfer cards is one of the factors that has given this industry competitive advantage. Therefore, the fate of this industry will lie in successfully following two strategies: retaining customers and withstanding tough competition from Walmart and other mass merchandisers. To that end, industry operators have already started investing in marketing activities to bolster their image by stocking national brands and improving the in-store shopping experience.

Key Statistics Snapshot

Revenue
\$65.7bn
Profit
\$3.1bn

Annual Growth 11-16
2.1%
Wages
\$6.1bn

Annual Growth 16-21
0.4%
Businesses
23,277



Market Overview



III. Market Overview & Aerial

Nortonville is a city in Hopkins County, Kentucky, in the eastern portion of the state equidistant from Evansville, Indiana and Clarksville, TN. Nortonville is a rural but thriving community, conveniently located just off of bustling Interstate 169 on the route between Hopkinsville and Madisonville.

Dollar General occupies a premier location off Nortonville's main intersection, between downtown and the interstate. The city park, fire station, hardware store, H&R Block, and several gas stations surround the asset. Dollar General is the only national general goods retailer in the area, and is poised to continue its long history of serving the Nortonville community.



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